

November 2007

**Pension Plan
Presentation Report
Third Quarter 2007**

San José Police and Fire Retirement System

MERCER

Investment Consulting

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Executive Summary

Executive Summary

Asset Allocation

The San José Police and Fire Department Retirement Plan had a market value of \$2,805.5 million at September 30, 2007, a \$67.4 million increase from the value at the end of the second quarter. At year-end, the Plan's assets were allocated across domestic equity (38.1%), international equity (22.5%), international emerging markets equity (6.6%), domestic core fixed income (19.7%), long-duration fixed income (3.8%), real estate (7.5%), private market equity (1.6%), and cash (0.3%). At September 30, 2007, the asset class allocations were within the guidelines and generally close to their targets. Domestic equity was 4.1% above its target allocation of 34.0%, international equity was 2.5% above its target allocation of 20.0%, international emerging market equity was 1.6% above its target allocation of 5.0%, domestic core fixed income was 0.3% below its target allocation of 20.0%, long-duration fixed income was 0.2% below its target allocation of 4.0%, private equity was 3.4% below its target allocation of 5.0%, and real estate was 4.5% below its target allocation of 12.0%.

Total Fund Performance

The Total Fund underperformed the return of the Total Fund Benchmark for the quarter and year-to-date. However it has matched or outperformed the Total Fund Benchmark for 1, 3, and 5 years. The Total Fund placed near or above the Russell/Mellon Total Funds Billion Dollar–Public Universe median for all periods.

Surging energy costs, a rapidly declining dollar, the sub-prime lending meltdown, and the subsequent action taken by the Federal Reserve made market headlines in the third quarter.

Financial markets faced extreme volatility beginning in mid-July, as fears of the sub-prime crisis sent the markets into a downward spiral. Central banks across the globe injected liquidity into the markets to help stabilize the looming credit crunch. On August 17, the Federal Open Market Committee (FOMC) further responded by cutting the discount rate by 50 basis points to 5.75%. On September 18, the FOMC cut the federal funds target rate by 50 basis points to 4.75% and the discount rate an additional 50 basis points. Markets rallied after the September rate cuts and traded near record highs at the end of September.

Despite the crisis, the U.S. economy is expected to hold up well, as analysts forecast a 2.7% growth rate in GDP for the third quarter. Inflation measures eased during the quarter. Consumer prices including food and energy, as measured by the Consumer Price Index, rose at an annual rate of 1.0% in the third quarter and 2.8% over the past 12 months. Excluding food and energy, prices rose at an annual rate of 2.5% for the quarter and 2.1% over the trailing year. The Producer Prices Index for finished goods increased at a seasonally adjusted annual rate of 1.4% during the quarter and 4.4% over the trailing 12 months. The Federal Reserve Board reported that preliminary production capacity utilization was 82.1% at the end of September, an increase of 0.3% since the end of the second quarter and 1.1% above the average for the period from 1972 – 2006. The unemployment rate rose to 4.7% from 4.5% at the end of June and from 4.6% a year earlier; however, average hourly wage rates jumped at an annual rate of 4.4% during the quarter.

Oil prices jumped to over \$80/barrel at the end of September and the U.S. dollar declined against all major currencies. The

housing market, as measured by the National Association of Home Builders/Wells Fargo Housing Market Index, declined further – below last quarter’s 15-year low. The yield curve steepened after the rate cut as 3-month Treasuries fell from 4.82% at the end of June to 3.82% at the end of September. Ten-year Treasuries experienced a more modest decline, falling from 5.03% to 4.59%.

The large cap domestic equity market performed modestly well during the quarter, returning 2.0% as measured by the Russell 1000 Index. Continued increases in energy prices contributed to strong gains in the integrated oils (+10.7%) and other energy (+6.9%) sectors. Technology (+7.2%) also performed well. The financial services (–3.9%), autos & transportation (–3.3%), and consumer discretionary (–2.8%) sectors retreated during the quarter after market woes in July. Small cap stocks, as measured by the Russell 2000 Index, declined 3.1%, significantly trailing large cap equity. Growth considerably outperformed value in both the large cap and small cap markets in the third quarter and year-to-date.

The international equity markets slightly outpaced domestic markets in the third quarter, appreciating 2.2% in U.S. dollar terms as measured by the MSCI EAFE Index. The dollar’s continued slide added value during the period, as the index returned –2.5% in local currency terms. Hong Kong and Finland led all developed markets: Hong Kong returned 23.9% in U.S. dollar terms and 23.2% in local currency terms, while Finland gained 19.0% in U.S. dollar terms and 13.0% in local currency terms. Ireland and Austria lagged the greater markets: Ireland declined 12.2% in U.S. dollar terms and 16.6% in local currency terms, while Austria depreciated 8.4% in U.S. dollar terms and 13.0% in local currency terms. A weak dollar vs. the Japanese yen had a significant impact on performance, as Japan returned -7.6% in local currency terms

vs. -0.8% in U.S. dollar terms. Emerging markets once again significantly outperformed their developed counterparts, appreciating 14.5% in U.S. dollar terms and 12.6% in local currency terms as measured by the MSCI EM Index. China advanced 41.9% in U.S. dollar terms, while Peru returned 104.1% year-to-date. A number of emerging markets declined in value in U.S. dollar terms including Pakistan (–5.7%), Mexico (–4.4%), Sri Lanka (–8.7%), and Venezuela (–8.8%). The fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, appreciated 2.8% during the third quarter. Longer-term issues outperformed shorter-term issues, as the Lehman Brothers Long-Term Government/Credit Bond Index returned 3.5%. AAA issues outperformed lower-quality issues in the investment grade credit space, while low-grade junk bonds (CA-D) depreciated 11.9% following the sub-prime fallout. High-yield bonds gained 0.4% during the quarter, as measured by the Lehman Brothers Intermediate U.S. Corporate High Yield Bond Index. Mortgages, as measured by the Lehman Brothers Mortgage-Backed Securities Index, returned 2.6%, while Treasuries, as measured by the Lehman Brothers Treasury Bond Index, advanced 3.8%.

Large Cap Index Equity – Rhumblin Advisers

Rhumblin held \$254.8 million at quarter-end. This represented an increase of \$5.2 million from the end of the second quarter.

For all periods shown, Rhumblin tracked the S&P 500 Index within 30 basis points.

Large Cap Growth Equity – Globalt, Inc.

Globalt held \$47.5 million at quarter-end. This represented an increase of \$2.2 million from the end of the second quarter.

The manager is currently being reviewed in a large cap growth manager search.

Globalt underperformed the Russell 1000 Growth Index for all periods except the recent quarter. The portfolio placed below the Mercer U.S. Equity Large Cap Growth Universe median for all periods.

Strong stock selection in consumer discretionary, technology, and autos & transportation were performance contributors for the quarter. Performance was hurt by the portfolio's poor stock selection in utilities and health care. An underweight to other energy also was a detractor.

Large Cap Growth Equity – INTECH

INTECH held \$51.1 million at the end of the quarter. This represented an increase of \$1.8 million from the end of the second quarter.

The portfolio underperformed the Russell 1000 Growth Index for all periods except since inception. The portfolio placed below the Mercer U.S. Equity Large Cap Growth Universe median for all periods.

The largest detractor from performance was the portfolio's poor stock selection and sector allocation in the technology sector. Poor stock selection in materials & processing also hurt the portfolio's results, but the effect was mitigated by the sector's overweight allocation relative to the index. Overweight allocation in consumer discretionary, when compared to the index, also detracted from the portfolio's returns, but this was mitigated by strong stock selection. The fund's strong stock selection in health care benefited results, as that performed well for the quarter.

News Item Dated November 9, 2007

The team recently implemented two enhancements to the process: a capitalization constraint that is intended to reduce the portfolio's sensitivity to changes in market diversity and an enhancement to the covariance estimation process. INTECH stressed that these changes are permanent and were not adopted to adapt to certain market conditions. The team continues to implement a consistent process based on stock covariance estimates and relative volatility measures. The underlying theory is still intact, and the team constantly strives to improve the preciseness of the covariance matrix. We expect there to be periods of underperformance and outperformance as a result of INTECH's process.

Performance across strategies has struggled recently as the adverse effects of market diversity have created a headwind. The reduction in market diversity, or when large-caps outperform small-caps, is likely to hurt the portfolios as the process overweights smaller-cap stocks that tend to exhibit higher relative volatility. Janus has not exerted pressure on INTECH in the midst of recent underperformance, and continues to take a hands-off approach. As part of the firm's succession planning, INTECH is expected to add several investment professionals in the coming years.

We received a demonstration of INTECH's trading operations. The trading team groups every account into six tranches that are traded throughout the course of six days to control transaction costs and dispersion between accounts. The team also assigns trades to brokers in a way that ensures best execution. Overall, we were impressed with the systems and procedures.

Issues to Watch

INTECH experienced net asset outflows of approximately \$2.2 billion during the most recent quarter. We will monitor the potential impacts to the firm in the event that additional losses occur over coming quarters. In light of INTECH's recent underperformance, clients should have a base understanding of the firm's process and theory so they can set appropriate expectations regarding future performance.

News Item Dated September 6, 2007

INTECH announced that Executive Vice President Jennifer Young has been promoted to president of INTECH and has signed a 10-year employment contract with the firm. Young has been with the firm since 1999, largely responsible for client relations, consultant relations, and client service. She will continue to report to Chairman and CEO Robert Garvy.

Additionally, Dr. Adrian Banner has been promoted to senior investment officer from director of research, and Dr. Vassilios Papathanakos has been promoted to director of research from associate director of research. Banner and Papathanakos joined the firm in 2002 and 2006 respectively.

Mercer View

While Robert Fernholz, CIO, and Robert Garvy hold employment agreements with the firm until 2012, we view these promotions as the next step to ensuring a well-devised succession plan. These changes will not impact the firm's investment process or the management of the strategies, so we are not changing our ratings at this time. However, we plan to discuss these changes in more depth during our next onsite, later this year.

Large Cap Growth Equity – New Amsterdam Partners

New Amsterdam held \$166.1 million at September 30, 2007. Assets have increased by \$0.8 million since the end of the second quarter.

The portfolio underperformed the S&P 500 Index and the Mercer U.S. Equity Large Cap Growth Universe median for all periods except 5 years and since inception.

Strong stock selection in technology, health care, consumer discretionary, consumer staples, materials & processing, and utilities contributed to performance for the quarter. Detracting from performance was poor stock selection in financial services, other energy, producer durables, and autos & transportation. An underweight allocation and poor stock selection in integrated oils also hurt performance.

Large Cap Value Equity – UBS Global Asset Management

At September 30, 2007, UBS managed \$141.9 million in assets, \$1.7 million less than at the previous quarter-end.

The portfolio underperformed the Russell 3000 Index for the quarter, year-to-date, and 1 year. The portfolio placed below the Mercer U.S. Equity Large Cap Value Universe median for all periods evaluated.

Unfavorable stock selection in technology, health care, consumer discretionary, and materials & processing detracted from performance for the quarter. Unfavorable exposure in consumer staples, integrated oils, and autos & transportation also hampered performance. Benefiting performance was favorable stock selection in the financials sector, which made

up 21.3% of the total portfolio.

Large Cap Value Equity – Boston Partners Asset Mgmt

At September 30, 2007, Boston Partners managed \$154.6 million in assets, an increase of \$1.3 million since the prior quarter-end.

The portfolio outperformed the Russell 1000 Value Index and Mercer U.S. Equity Large Cap Value Universe median for all periods evaluated.

Favorable stock selection in health care, consumer staples, and producer durables helped performance for the quarter. An overweight and investments in the technology sector had a positive impact on performance. Poor stock selection in financial services was the greatest detractor from performance for the portfolio. Both unfavorable stock selection and allocation in consumer discretionary also hurt results.

Small Cap Growth Equity – Provident Investment Counsel

At September 30, 2007, Provident managed \$79.4 million in assets, \$3.3 million more than at the end of the second quarter. The quarter saw a \$1.5 million cash out flow.

Provident outperformed the Russell 2000 Growth Index for all periods. The portfolio placed above or near the universe median for all periods.

The portfolio's strong security selection in technology, health care, consumer discretionary, other energy, materials & processing, and producer durables benefited performance for the quarter. Unfavorable stock selection in financial services

and autos & transportation detracted from results.

Small Cap Index Equity – Rhumblin Advisers

At September 30, 2007, Rhumblin managed \$104.7 million. This represented a \$3.3 million decrease in assets from the end of the second quarter.

For all periods shown, the fund tracked the Russell 2000 Index within 30 basis points.

Small Cap Value Equity – TCW Group

At quarter-end, TCW Group managed \$68.4 million in assets, a decrease of \$6.8 million from the previous quarter.

For all periods evaluated except 5 years, TCW underperformed the Russell 2000 Index. It placed below the Mercer U.S. Equity Small Cap Value Universe median for all periods.

Poor stock selection in technology, consumer discretionary, integrated oils, other energy, and materials & processing detracted from results. Unfavorable allocations and holdings in health care and producer durables also hurt performance while favorable allocations to technology and financial services contributed to performance.

Research Note Dated July 31, 2007

Issues to watch

Will the market's return to higher levels of volatility and preference for growth help the product's performance?

Galluccio and Suvall are patient investors, but there is a fine line between being patient and holding on to a stock too long. Galluccio admitted that he did not harvest enough of the Value

Added portfolio's gains from 2003 and paid for that mistake in 2004 returns. Because both portfolios are prone to wide swings in performance, we will monitor closely the team's adherence to its sell discipline.

Highlights

These products are not for the faint of heart. The portfolios are typically overweight technology and underweight financials, so volatility can be extreme. The team feels its strength is stock selection, and we agree. However, during periods of underperformance, sector allocation has accounted for an average of almost 50% of the return, as the market rewards sectors the team finds unattractive. While sector weights can vary substantially from the benchmark, we feel the team is fully aware of the bets in the portfolio and the risks they present. The investment philosophy leads us to suggesting these strategies be used as satellite holdings, rather than stand-alone portfolios, in their respective capitalization spaces.

The three-year performance for both products show poorly on a relative basis and, as a result, the funds have experienced substantial client departures and fund outflows. Assets in the Value Opportunities portfolio dropped from a high of \$5.0 billion at the end of 2004 to \$3.8 billion currently, while assets in the Value Added strategy during the same period were cut in half from a high of \$2.4 to their current level of \$1.2 billion. Because of the outflows, the Value Added portfolio has reopened to new clients.

Although performance has been poor, we continue to cautiously support the Value Opportunities strategy. We have confidence in the team's fundamental research and steadfast adherence to the investment discipline. Both analysts we spoke with knew their sectors very well and were equally comfortable talking about both mid- and small-cap names they covered.

Gibbons was able to speak in depth on the investment thesis on every stock that we chose from the energy and industrial sectors. Boyle has spent her whole career on the TCW team and was well versed on the investment philosophy and the individual retail names she covered.

The performance for the Value Added portfolio has been somewhat better than that of the Value Opportunities, although the three-year return still substantially lags its peer group. Galluccio feels the market is shifting and the increased volatility and outperformance of growth will benefit both strategies. He also feels that the private equity has validated the team's philosophy, as the Value Added portfolio has had 38 names taken out and the Value Opportunities 7 over the previous 18 months. While different on an absolute basis, the rates of takeovers are similar when compared on a percentage-of-holdings basis, which confirms the style similarity of the portfolios. We continue to believe that the Value Added portfolio should have a slightly lower rating because of the extensive number of names held in the portfolio. Galluccio contends that the diversification is necessary for risk control purposes, but the high number of names has done little to reduce the portfolio's tracking error and we feel it dilutes the fundamental research, which we consider the team's strength.

International Equity – AQR Capital Management

At quarter-end, AQR held \$124.4 million, marking a decrease of \$0.4 million from last quarter.

For all periods except the recent quarter, AQR outperformed or matched the MSCI EAFE Net Index. It placed in the bottom half of the Mercer International Equity Universe for all periods.

The largest performance detractor was the fund's poor stock

selection in the UK. Holdings in Finland, France, Italy, Spain, and Sweden also hurt results. Favorable stock selection in Japan and Germany helped performance.

News Item Dated August 22, 2007

We held a conference call with AQR to discuss the current market environment, the impact AQR is seeing on its strategies and any changes to the process or models going forward. AQR's comments can be applied across the spectrum of its strategies, including long-only, 130/30, and market-neutral strategies.

AQR observed the first evidence of the massive de-leveraging in the U.S. on July 26. Across the board, factors in the models were down and exhibiting unusual correlations. The markets seemed to stabilize briefly, but on August 2 and 3, massive selling and de-leveraging began again. What started as a U.S.-only phenomenon had spread around the globe by August 6. As markets stabilized again between August 10 and 13, AQR observed a reversion to more "normal" conditions – specifically, the factors began exhibiting expected behavior, with some up and others down.

Based on discussions with prime brokers, AQR estimates that between July 26 and August 9, approximately \$100 billion in notional positions was unwound. In terms of magnitude, the one-month drawdown as a result of this has been slightly smaller than the 16-month drawdown after the tech bubble. According to AQR, this event can be attributed to multi-strategy managers' liquidating equity books to cover margin calls on highly leveraged fixed income strategies after credit markets suffered in July. Selling took place across the spectrum of equity markets, but small cap stocks were hit harder than larger cap ones.

In its long-only strategies, AQR adhered to a philosophy of holding and waiting rather than rebalancing and locking in the losses. As markets have stabilized, AQR began rebalancing the long-only strategies with a slight tilt to value factors, to capture the disjoint in fundamentals in the market.

In its models, AQR observed that the more commonly used factors were hit harder than the proprietary, internally developed ones. An advantage for AQR has been the flexibility around strict industry-neutrality, which is a differentiator from other quant managers, as these industry factors performed relatively better. This trend reaffirmed for AQR the importance of innovation. AQR looks to focus research on areas such as industry-specific factors and unique data sources, to help maintain its edge going forward. Also look for AQR to keep specific research efforts and details proprietary and not distribute or publish work more broadly.

Given the lack of fundamental news or changes at the onset, AQR views the recent market events as technical driven. AQR intends to remain focused on fundamentals driving stock prices, and anticipates that fundamentals will rebound over the intermediate term (6 to 24 months).

Mercer View

This difficult market environment does not change our view of AQR, and we affirm our ratings of the long-only equity strategies. We currently do not rate the firm's market-neutral or absolute-return hedge funds. AQR's dedication to the research of new factors and maintaining factor efficacy has been a key advantage of the firm, and we expect this to continue to be the case going forward. We do not feel that the poor performance this past month on the hedge fund side has any impact on the health of the business overall, nor do we think it will meaningfully impact the firm going forward. We will keep the

field apprised as warranted.

International Equity – Brandes Investment Partners

Brandes had \$244.6 million under management at September 30, 2007. This represented a decrease in assets of \$2.4 million from the previous quarter. There was a cash outflow of \$3.0 million during the recent quarter.

For all periods shown except for 5 years and since inception, Brandes underperformed the MSCI EAFE Net Index and the Mercer International Equity Universe median.

The portfolio's weak stock selection in Netherlands and Japan hurt performance during the recent quarter. Unfavorable allocations to Finland, Australia, Hong Kong, Canada, and the United States also detracted from results. Helping performance was the portfolio's holdings in Spain and Switzerland and exposure to Korea.

Research Note Dated August 20, 2007

Issues to watch

Woods is director of research, is chief investment officer, is on the Large Cap Investment Committee (IC), is on the Investment Oversight Committee, and heads up the Tech & Healthcare sector team. Morris is also on both the Large Cap IC and Investment Oversight Committee. She leads the Consumer Products and Telecommunications sector teams. We view Woods and Morris as two of the most experienced and talented individuals in the firm, so we want to ensure that neither is overburdened.

Secondly, can Brandes continue to thrive without stagnating? During the last two years, only two people have dropped off the four Investment Oversight Committee, William Pickering,

who is retiring in 2009, and Barbara Kyrillos, who remains on the analyst team. While seven analysts have been added as non-voting members, we are curious to find out how fresh the dialogue is among the various ICs (as a policy, Brandes does not allow outsiders to attend or listen in on IC meetings).

Highlights

Brandes has been remarkably consistent since our last meeting in August 2006. The only significant personnel announcement was that William Pickering declared his intention to retire in 2009 (see news item dated February 12, 2007). He dropped off the IC membership, but Pickering remains on the Investment Oversight Committee, which is the main body responsible for Brandes's overall investment philosophy and approach. This Committee also determines IC membership, with the assistance of the partners. In 2007, Brandes added a total of seven new non-voting members to the four investment committees.

Despite having very little available capacity in its equity strategies, Brandes does not have any plans to change its product line-up. There are no equity products in incubation, and there are no thoughts about launching a long-short or active extension fund. As Schireson noted, Brandes does not have the skill set to short stocks. That would be fundamentally different than anything it has ever done. We are heartened to see that the firm is steadfast to its philosophy, even though that limits asset growth.

Brad Chapman walked through a stock idea to illustrate the consistent investment discipline. He selected Weiqiao Textile, the largest Chinese manufacturer of cotton yarn, grey fabric, and denim. Chapman described a compelling case for the investment: low-cost producer, relatively high margins, and largest market participant. The negatives (exposure to commodity business, 60% owned by parent company,

exchange-rate risk) were minimal compared to the margin of safety in the price. Our sole concern with this example was that Chapman relied heavily on the sell-side research to provide information to him. He looked at some of the English language statements, but those did not weigh as heavily in his decision-making. In fairness, we have met numerous other Brandes analysts over the years and have been impressed with the diligence with which they have conducted primary research. We are willing to allow that in this circumstance, Chapman did a reasonable job, and the IC performed its role in stressing and attacking his work. On the other hand, we will be concerned if future security selection examples demonstrate as much reliance upon other sources for research.

International Equity – William Blair & Company

At September 30, 2007, William Blair managed \$261.2 million. This represented a \$13.1 million increase in assets from the end of the previous quarter. There was a \$3.0 million cash outflow during the recent quarter.

For all periods evaluated, the portfolio outperformed the MSCI AC World Free ex-U.S. Net Index and placed above the Mercer International Equity Universe median.

The portfolio's security selection in Belgium, France, Germany, Italy, Netherlands, and United Kingdom contributed to outperformance. Both favorable allocation and holdings in Japan also helped returns. Although exposure to emerging markets overall slightly detracted from performance overall, the fund's favorable overweight to Brazil helped. Holdings in China hurt results.

Emerging Markets Equity – Alliance Capital Management

At quarter-end, Alliance managed \$96.7 million in assets, marking an increase of \$8.7 million from the end of the previous quarter. There was a cash outflow of \$2.7 million during the quarter.

For all periods except 5 years and since inception, the portfolio underperformed the MSCI Emerging Markets Free Index. The portfolio placed below the Mercer Emerging Markets Equity Universe median for all periods observed.

The portfolio's Asian holdings were the primary driver of underperformance, especially those from Korea, Taiwan, and China. The portfolio's underweight in the information technology sector helped results.

Emerging Markets Equity – Boston Company Asset Mgmt

Boston Company had \$89.6 million under management at September 30, 2007. This represented a \$3.8 million increase in assets from the end of the previous quarter. There was a \$2.5 million outflow during the quarter.

For all periods evaluated, the portfolio underperformed the MSCI Emerging Markets Free Index and the Mercer Emerging Markets Equity Universe Median.

Performance was hurt by the portfolio's Asian market exposure (53.2% weighting), primarily to China, Malaysia, Philippines, Indonesia, Thailand, and Taiwan. The portfolio's poor stock selection in South Africa and Brazil also detracted from performance. Favorable exposure to Hong Kong boosted performance.

News Item Dated October 23, 2007

BCAM announced today the promotion of Dave Cameron to president and CEO of BCAM reporting to Corey Griffin, chairman. Cameron most recently served as BCAM’s chief investment officer (CIO). Previously, Griffin served as both the CEO and chairman of the firm and will now focus solely on being the chairman.

BCAM also announced that John Truschel was promoted to CIO, succeeding Cameron in that role. Truschel most recently served as the firm’s director of Portfolio Strategy.

Mercer View

We view these promotions positively in light of the recent turnover BCAM has experienced with the departure earlier this year of Patrick Sheppard, president and chief operating officer, as well as the departures of Remi Browne and the International Core team. The investment teams will now report to Truschel, and Truschel had worked with these teams previously in his capacity as director of Portfolio Strategy. The investment teams likely perceive having a CEO from the investment side as a positive development, and Cameron appears to be viewed highly within the firm as he has risen through the ranks. We did not get the impression that Griffin has any desire to step down in relinquishing his CEO title. The fact that these promotions were internal should help firm stability. In addition, the firm plans on rolling out a new compensation structure in the coming weeks, which should also have retention benefits. This news will not change any of Mercer’s existing ratings on BCAM’s products.

News Item Dated August 7, 2007

BCAM has informed us that Remi Browne and Daniel LeVan, portfolio managers of international core and international small cap strategies, have left the firm to join Munder Capital

Management (Munder). Brown and LeVan will also be joined by five other team members: Peter Carpenter, Robert Cerow, Peter Collins, John Evers, and Jeffrey Sullivan. Browne and his team were originally with Standish Mellon and joined BCAM in 2003, when their parent company merged the equity efforts at the two firms. Our contact at BCAM could not give a clear reason for the departures, but believes that long-term compensation and product proliferation may have been issues.

Dave Cameron, BCAM’s CIO, is assuming leadership of the affected portfolios. He will be supported by Bill Patzer, a portfolio manager on Browne’s team; John Truschel, head of BCAM’s portfolio strategy teams; Maureen Ghublikian, a portfolio strategist on Browne’s team; and Larry Peruzzi, the lead trader on the strategies. Patzer, who had been hired for Browne’s team two years ago and is the only remaining team member, is expected to take the lead day-to-day role on the strategies.

Mercer View

In light of this news, we are recommending the following ratings changes. (Browne and his team also managed Global Core Equity, Global Small Cap Equity, and Emerging Markets Core Equity but those strategies have not been rated.)

Strategy	Current Rating	Proposed Rating
Non-US Core	B	C
Non-US Small Cap	B	C

Although Browne’s strategies were not highly rated by Mercer, we are concerned about the implications of the team’s departure for the firm, especially in light of COO Patrick Sheppard’s impending departure. We have to wonder what is happening at the firm to cause these high-level departures and whether the underlying issues will spill over to other teams at

the firm. The latest development does not affect the non-U.S. value equity team, and we are not recommending any changes to those ratings. We will be meeting with BCAM in the near future to discuss this issue and will inform the field of any further developments.

News Item Dated August 3, 2007

TBC has informed us that effective August 24, 2007, Patrick Sheppard, president and chief operating officer, has decided to leave TBC to pursue other opportunities. His direct areas of responsibility include operations, technology, compliance, trading and finance. Until a successor is named, Chairman and CEO Corey Griffin will oversee Sheppard's functional areas and will work with him during the transition period. An interim management team will be created until a permanent replacement is determined.

Mercer View

We do not expect a direct impact to the investment teams since none of these teams reported to Sheppard. Sheppard had only been in the position since 2005, and we do not know at this point what led to his resignation. TBC is one of the subsidiaries of the newly formed BNY Mellon. We do not know if the resignation was related to the merger, which was completed in July, and we are watching integration issues closely. At this point, we have not noted any negative impacts to the investment teams related to the merger. We will continue to monitor the situation and keep the field abreast of any further developments.

Core Fixed Income – Seix Investment Advisors, Inc.

At quarter-end, Seix managed \$274.6 million in assets, an increase of \$8.2 million from the previous quarter-end.

Seix outperformed the Lehman Brothers Aggregate Bond Index for all periods evaluated. The portfolio placed above or near the Mercer U.S. Fixed Core Universe median for all periods evaluated.

Helping performance was the portfolio's non-Treasury holdings, as those benefited from recovering rallies.

Core Fixed Income – Western Asset Management Company

WAMCo held \$278.9 million at quarter-end. Assets increased \$6.1 million during the quarter.

The portfolio underperformed the Lehman Brothers Aggregate Bond Index and placed in the bottom quartile of the universe for the quarter, year-to-date, and 1 year. For 3 and 5 years, it placed in the top quartile of the Mercer U.S. Fixed Core Universe and outperformed the index.

The portfolio benefited from changes to its duration position, overweight to short term interest rates, and exposure to Treasury inflation-protected securities. An overweight to mortgage-backed securities and the finance sector hurt performance. The portfolio's exposure to high-yield and non-dollar bonds also detracted performance.

Long Duration Fixed Income – Income Research & Management

Income Research & Management held \$105.6 million at quarter-end. Assets increased \$3.7 million during the quarter.

For all periods evaluated except the quarter and since inception, the portfolio outperformed the Lehman Brothers US

Government/Credit Long Term Index. The portfolio placed near the Mercer U.S. Fixed Long Duration Universe median for all periods.

The portfolio's overweight to Treasuries and underweight to corporates helped performance. Unfavorable allocations to agencies and financials detracted performance during the quarter.

Real Estate – MIG Realty Advisors

MIG managed \$49.7 million in assets at September 30, 2007.

For all periods evaluated except the recent quarter, the portfolio underperformed the NCREIF Property Index and placed in the bottom decile of the Mercer U.S. Real Estate Open End Universe.

Real Estate – Kennedy Associates

Kennedy managed \$99.6 million in assets at September 30, 2007.

For all periods evaluated, the portfolio underperformed the NCREIF Property Index and placed in the bottom decile of the Mercer U.S. Real Estate Open End Universe.

Real Estate – Multi-Employer Property Trust

MEPT managed \$60.1 million in assets at September 30, 2007.

The portfolio underperformed the NCREIF Property Index for all periods except year-to-date. Compared against the Mercer U.S. Real Estate Open End Universe, it was ranked below or matched the median.

Private Market Equity – Pantheon Ventures

Pantheon was funded September 23, 2005. Pantheon held \$17.5 million at quarter-end. There was a cash inflow of \$2.5 million during the quarter.

Private Market Equity – Portfolio Advisors

Portfolio Advisors was funded October 17, 2005. Portfolio Advisors held \$16.1 million at quarter-end. A cash inflow of \$0.4 million occurred during the quarter.

Research Note Dated September 4, 2007

Issues to watch

In addition to recently expanding its efforts to investing in Asian private equity, PA is contemplating raising separate funds to invest in secondaries and co-investments. Although PA intends to expand its investment team, we would like to ensure that PA has appropriate resources in place to execute these investments.

Highlights

PA continues to be based in Darien, CT. During the summer of 2007, the firm expanded geographically and opened a European office in Zurich, Switzerland. Almost coincidentally, PA was hired as an advisor for two Swiss clients – Avadis Vorsorge and the City of Zurich. In addition, the team has collaborated with United Overseas Bank in a joint venture to invest in Asia. PA is currently raising UOB Portfolio Advisors Pan Asian Select Fund, L.P. with a target capitalization of \$200 million. The firm has raised \$160 million thus far and invested in 10 managers in countries such as India, China, Japan and Australia and sectors such as growth capital, small buyouts and special situations.

PA has constructed a very senior investment team consisting of six managing directors and five senior vice presidents. A small vice president/analyst team supports the investment professionals. In the past year, the team hired Nicolas von der Schulenburg to assist in its European investment activity, Harry Pieramdri to aid in its real estate efforts and Ryan Butler, a junior investment professional, to assist the senior investment team. Over the next year, PA intends to increase the depth of the junior investment team to better leverage the senior investment professionals' time. In addition, the firm intends to continue to expand its infrastructure, adding to its finance, legal and portfolio administration teams. PA continues to tout that it has not lost a senior investment professional since the inception of the firm.

As the team has expanded, PA has decided to increase the number of voting members on its Investment Committee (IC) in an effort to give its vice president-level investment professionals more of a voice in the decision-making process. Currently, the IC has 10 voting members, a number that has increased from the original six managing directors. In addition, instead of requiring a unanimous vote, PA has moved to a supermajority voting structure. The supermajority voting system may allow up to one dissenting vote from a managing director or up to two dissenting votes from a vice president. We believe this will further strengthen the process as it encourages additional debate and allows for the next level of investment professionals, and potentially the next generation, to contribute to the decision-making process.

Although PA continues to be very disciplined in growing its organization and increasing assets under management, particularly with its advisory business, it has developed separate sector funds where it makes sense. For example, although PA has invested in real estate through its main private

equity fund of funds, it has decided to segregate this sector into a separate fund because it made sense for its client base. In addition, although PA has increased its secondaries investments historically within its main private equity fund, the firm is contemplating raising a separate secondary fund. Finally, the firm is considering developing a co-investment fund to capitalize on numerous opportunities it has received in this market.

PAPEF IV closed with a target capitalization of \$982 million in commitments consisting of \$250 million to the buyout sector, \$256 million to the venture sector, \$320 million to the special situations sector, \$116 million to the real estate sector and \$39 million to the international sector. PAPEF IV is currently 100% committed. The firm will begin fundraising for PAPEF V with a similar target capitalization of \$1 billion. The fund is expected to follow the same investment strategy as its predecessor funds and a similar "menu-driven" structure that offers investors flexibility to select from among various sector funds. However, PA has changed the menu structure on PAPEF V to accommodate its investors' needs. In addition to spinning out its real estate sector into a dedicated fund, PA Real Estate Fund III, PA changed its menu to include five sectors, including three "core sectors": diversified buyout, venture capital, and special situations; and two "sub-sectors": European buyout and U.S. middle market buyout.

Private Market Equity – HarbourVest Partners

HarbourVest was funded December 23, 2005. HarbourVest held \$10.3 million at quarter-end. A cash inflow of \$0.9 million occurred during the quarter.

Recommendations

Recommendations

Large Cap Index Equity – Rhumblin Advisers

- Rhumblin is tracking the S&P 500 Index as expected. Retention recommended.

Large Cap Growth Equity – Globalt, Inc.

- Globalt underperformed the Russell 1000 Growth Index for all periods except the recent quarter. The portfolio placed below the Mercer U.S. Equity Large Cap Growth Universe median for all periods. The manager is currently being reviewed for replacement in a large cap growth manager search.

Large Cap Growth Equity – INTECH

- The portfolio underperformed the Russell 1000 Growth Index for all periods except since inception. The fund placed below the Mercer U.S. Equity Large Cap Growth Universe median for all periods. We recommend leaving the fund on the Watch List and monitoring it for improved performance. Please see the news items in the Executive Summary.

Large Cap Growth Equity – New Amsterdam Partners

- The portfolio underperformed the S&P 500 Index and the Mercer U.S. Equity Large Cap Growth Universe median for all periods except 5 years and since inception. Retention recommended.

Large Cap Value Equity – UBS Global Asset Management

- The portfolio underperformed the Russell 3000 Index for the quarter, year-to-date, and 1 year, but outperformed the index for longer periods. The portfolio placed below the Mercer U.S. Equity Large Cap Value Universe median for all periods evaluated. Retention recommended; however, we recommend placing the firm on the Watch List if performance does not improve by the end of next quarter.

Large Cap Value Equity – Boston Partners Asset Management

- The portfolio outperformed the Russell 1000 Value Index and Mercer U.S. Equity Large Cap Value Universe median for all periods evaluated. We recommend taking the firm off the Watch List.

Small Cap Growth Equity – Provident Investment Counsel

- Provident outperformed the Russell 2000 Growth Index for all periods. The portfolio placed above or near the universe median for all periods. We recommend taking the firm off the Watch List.

Small Cap Index Equity – Rhumblin Advisers

- Rhumblin is tracking the Russell 2000 Index as expected. Retention recommended.

Small Cap Value Equity – TCW Group

- For all periods evaluated except 5 years, TCW underperformed the Russell 2000 Index. It placed below the Mercer U.S. Equity Small Cap Value Universe median for all periods. After monitoring the fund for several periods, we have not seen any improvements, especially for the longer tracking periods. Our recommendation is to terminate the relationship. Please see research note in the Executive Summary.

International Equity – AQR Capital Management

- For all periods except the recent quarter, AQR outperformed or matched the MSCI EAFE Net Index. It placed in the bottom half of the Mercer International Equity Universe for all periods. Retention recommended. Please see news item in the Executive Summary.

International Equity – Brandes Investment Partners

- For all periods shown except 5 years and since inception, Brandes underperformed the MSCI EAFE Net Index and Mercer International Equity Universe median. Retention recommended. Please see research note in the Executive Summary.

International Equity – William Blair & Company

- For all periods evaluated, the portfolio outperformed the MSCI AC World Free ex-U.S. Net Index and placed above the Mercer International Equity Universe median. Retention recommended.

Emerging Markets Equity – Alliance Capital Management

- For all periods except 5 years and since inception, the portfolio underperformed the MSCI Emerging Markets Free Index. The portfolio placed below the Mercer Emerging Markets Equity Universe median for all periods observed. We recommend keeping the firm on the Watch List.

Emerging Markets Equity – Boston Company Asset Management

- For all periods evaluated, the portfolio underperformed the MSCI Emerging Markets Free Index and the Mercer Emerging Markets Equity Universe median. We recommend keeping the firm on Probation for the time being, unless there have been major changes in the portfolio management team for the strategy itself, and then termination should be considered. Please see news items in the Executive Summary.

Core Fixed Income – Seix Investment Advisors, Inc.

- Seix outperformed the Lehman Brothers Aggregate Bond Index for all periods evaluated. The portfolio placed above or near the Mercer U.S. Fixed Core Universe median for all periods evaluated. We recommend taking the firm on the Watch List.

Core Fixed Income – Western Asset Management Company

- The portfolio underperformed the Lehman Brothers Aggregate Bond Index and placed in the bottom quartile of the universe for the quarter, year-to-date, and 1 year. For 3 and 5 years, it placed in the top quartile of the Mercer U.S. Fixed Core Universe and outperformed the index. We recommend retention.

Long Duration Fixed Income – Income Research & Management

- For all periods evaluated except the quarter and since inception, the portfolio outperformed the Lehman Brothers US Government/Credit Long Term Index. The portfolio placed near the Mercer U.S. Fixed Long Duration Universe median for all periods. Retention is recommended.

Real Estate – MIG Realty Advisors

- For all periods evaluated except the recent quarter, the portfolio underperformed the NCREIF Property Index and placed in the bottom decile of the Mercer U.S. Real Estate Open End Universe. We recommend keeping the firm on Probation.

Real Estate – Kennedy Associates

- For all periods evaluated, the portfolio underperformed the NCREIF Property Index and placed in the bottom decile of the Mercer U.S. Real Estate Open End Universe. We recommend keeping the firm on Probation.

Real Estate – Multi-Employer Property Trust

- The portfolio underperformed the NCREIF Property Index for all periods except year-to-date. Compared against the Mercer U.S. Real Estate Open End Universe, the portfolio was ranked below or matched the median. Retention recommended.

Private Market Equity – Pantheon Ventures

- Pantheon was funded September 23, 2005.

Private Market Equity – Portfolio Advisors

- Portfolio Advisors was funded October 17, 2005. Please see research note in the Executive Summary.

Private Market Equity – HarbourVest Partners

- HarbourVest was funded December 23, 2005.

Comments on Asset Allocation

- It shall be the policy of the Plan to invest its assets in accordance with the maximum and minimum range, valued at market, for each asset as stated below:

<u>Asset Class</u>	<u>Minimum %</u>	<u>Target %</u>	<u>Actual %</u>	<u>Maximum %</u>
Domestic Equity	29	34	38.1	39
International Equity	10	20	22.5	25
Emerging Markets Equity	0	5	6.6	8
Domestic Core Fixed Income	15	20	19.7	25
Long-Duration Fixed Income	0	4	3.8	7
Real Estate	0	12	7.5	17
Private Equity	0	5	1.6	8
Cash			0.3	

At September 30, 2007, the asset class allocations were within the guidelines and generally close to their targets. Domestic equity was 4.1% above its target allocation of 34.0%, international equity was 2.5% above its target allocation of 20.0%, emerging markets equity was 1.6% above its target allocation of 5.0%, real estate was 4.5% below its target allocation of 12.0%, and private equity was 3.4% below its target allocation of 5.0%. We anticipate that, as opportunities present themselves, the allocations to real estate and private equity will be funded from domestic and international equities.

Watch List/Probation

- Globalt placed on the Watch List in the fourth quarter of 2001. Placed on Probation in the first quarter of 2002. Removed from Probation but kept on the Watch List in the fourth quarter of 2004. Placed on Probation in the third quarter of 2006. Placed on Termination status in the fourth quarter of 2006. Termination recommended in the second quarter of 2007.
- INTECH placed on the Watch List in the second quarter of 2007.
- New Amsterdam placed on the Watch List in the first quarter of 1999 and was put on Probation in the third quarter of 1999. Removed from Probation but kept on the Watch List in the fourth quarter of 2000. Removed from the Watch List in the first quarter of 2001.
- UBS placed on the Watch List in the third quarter of 1999. Placed on Probation in the first quarter of 2000. UBS placed on the Watch List in the first quarter of 2002. Removed from the Watch List in the fourth quarter of 2002.
- Boston Partners put on Probation during the fourth quarter of 1998 and moved to the Watch List in the third quarter of 2000, then removed from the Watch List in the second quarter of 2001. Placed on the Watch List in the fourth quarter of 2002. Placed on Probation in the first quarter of 2005. Removed from Probation but kept on the Watch List in the third quarter of 2005. Taken off the Watch List in the third quarter of 2007.
- Provident placed on the Watch List in the second quarter of 2000. Removed from the Watch List in the third quarter of 2003. Placed on the Watch List in the fourth quarter of 2004. Taken off the Watch List in the third quarter of 2007.
- TCW placed on the Watch List in the fourth quarter of 2004. Placed on Probation in the second quarter of 2005. Termination recommended in the third quarter of 2007.
- Alliance Capital (Emerging Markets Equity) placed on the Watch List in the third quarter of 2003. Removed from the Watch List in the second quarter of 2004. Placed on the Watch List in the second quarter of 2007.
- Boston Company Asset Management placed on the Watch List in the third quarter of 2002. Removed from the Watch List in the second quarter of 2003. Placed on the Watch List in the third quarter of 2005. Placed on Probation in the third quarter of 2006.
- Seix placed on the Watch List in the third quarter of 2002. Removed from the Watch List in the fourth quarter of 2003. Placed on the Watch List in the third quarter of 2004. Taken off the Watch List in the third quarter of 2007.
- WAMCo placed on the Watch List in the second quarter of 2005. Removed from the Watch List in the fourth quarter of 2005.

- MIG was on Probation from the second quarter of 1998 until third quarter of 1999, when they were removed from Probation and placed on the Watch List. MIG was removed from the Watch List in the first quarter of 2002. Placed on the Watch List in the third quarter of 2004. Placed on Probation in the fourth quarter of 2005.
- Kennedy Associates was placed on the Watch List in the fourth quarter of 2006. Kennedy Associates was placed on Probation in the second quarter of 2007.

Asset Allocation

San Jose Police and Fire Retirement System

Asset Summary
As of September 30, 2007

	Total Market Value	% of Total Fund	% of Asset Class	Equity & Convertible		Fixed Income		Cash & Equivalents		Alternative	
	\$			\$	-- %	\$	-- %	\$	-- %	\$	-- %
Total Fund	2,805.5	100.0%	100.0%	--	-- %	--	-- %	--	-- %	--	-- %
Domestic Equity	1,068.5	38.1	100.0	1,052.2	98.5	--	--	16.4	1.5	--	--
Index Equity											
RhumbLine Advisers - Large Cap Index Equity	254.8	9.1	23.8	253.6	99.5	--	--	1.2	0.5	--	--
Growth Equity	264.7	9.4	24.8	259.4	98.0	--	--	5.4	2.0	--	--
GLOBALT, Inc. - Large Cap Growth Equity	47.5	1.7	4.4	47.1	99.2	--	--	0.4	0.8	--	--
INTECH - Large Cap Growth Equity	51.1	1.8	4.8	50.1	98.1	--	--	1.0	1.9	--	--
New Amsterdam Partners - Large Cap Growth Equity	166.1	5.9	15.5	162.1	97.6	--	--	4.0	2.4	--	--
Value Equity	296.5	10.6	27.7	290.5	98.0	--	--	6.0	2.0	--	--
UBS Global Asset Management - Large Cap Value Equity	141.9	5.1	13.3	140.7	99.2	--	--	1.2	0.8	--	--
Boston Partners Asset Mgmt. - Large Cap Value Equity	154.6	5.5	14.5	149.8	96.9	--	--	4.8	3.1	--	--
Small Cap Growth											
Provident Investment Counsel - Small Cap Growth Equity	79.4	2.8	7.4	77.0	97.0	--	--	2.4	3.0	--	--
Small Cap Core											
RhumbLine Advisers	104.7	3.7	9.8	104.0	99.4	--	--	0.6	0.6	--	--
Small Cap Value											
TCW Group - Small Cap Value Equity	68.4	2.4	6.4	67.6	98.9	--	--	0.8	1.1	--	--

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

San Jose Police and Fire Retirement System

Asset Summary
As of September 30, 2007

	Total Market Value	% of Total Fund	% of Asset Class	Equity & Convertible		Fixed Income		Cash & Equivalents		Alternative	
International Established Markets	\$ 630.2	22.5%	100.0%	\$ 625.2	99.2%	\$ 0.0	0.0%	\$ 5.0	0.8%	\$ --	-- %
AQR Capital Management, LLC International Equity	124.4	4.4	19.7	124.4	100.0	--	--	0.0	0.0	--	--
Brandes Investment Partners - International Equity	244.6	8.7	38.8	241.4	98.7	0.0	0.0	3.2	1.3	--	--
William Blair & Company - International Equity	261.2	9.3	41.4	259.4	99.3	0.0	0.0	1.8	0.7	--	--
International Emerging Markets	186.3	6.6	100.0	96.7	51.9	--	--	0.0	0.0	89.6	48.1
Alliance Capital Mgmt Emerging Markets Equity	96.7	3.4	51.9	96.7	100.0	--	--	0.0	0.0	--	--
Boston Company Asset Mgmt. Emerging Markets Equity	89.6	3.2	48.1	--	--	--	--	--	--	89.6	100.0
Domestic Core Fixed Income	553.5	19.7	100.0	0.0	0.0	626.6	113.2	(73.2)	(13.2)	--	--
Seix Investment Advisors, Inc - Fixed Income	274.6	9.8	49.6	0.0	0.0	271.3	98.8	3.2	1.2	--	--
Western Asset Management - Fixed Income	278.9	9.9	50.4	--	--	355.3	127.4	(76.4)	(27.4)	--	--
Long Duration Fixed Income											
Income Research & Mgmt., Inc. Long Duration	105.6	3.8	100.0	--	--	104.9	99.4	0.7	0.6	--	--

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

San Jose Police and Fire Retirement System

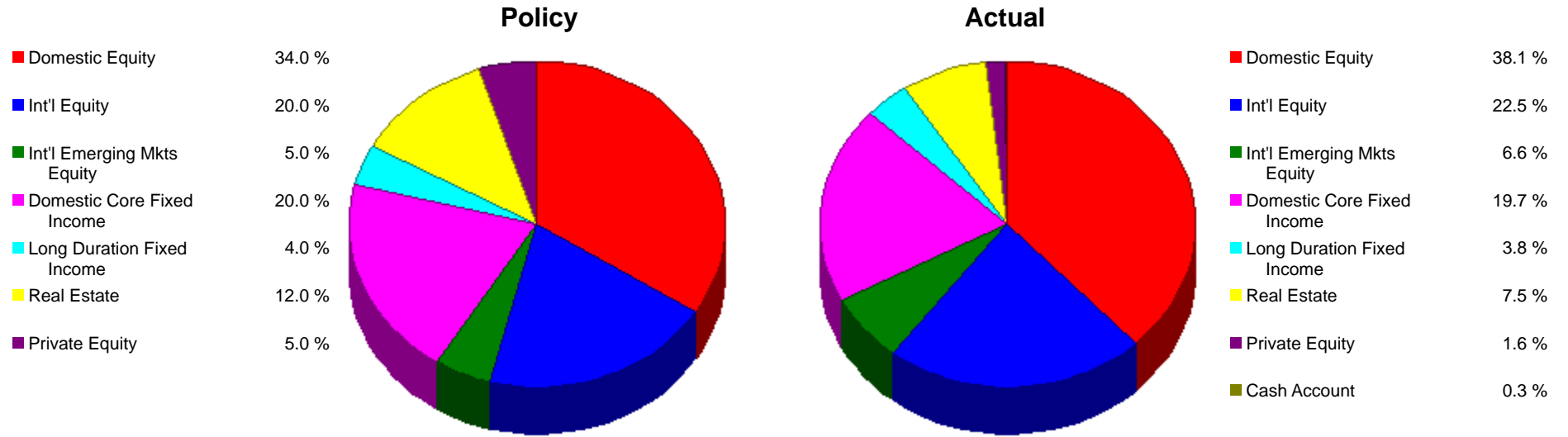
Asset Summary
As of September 30, 2007

	<u>Total Market Value</u>	<u>% of Total Fund</u>	<u>% of Asset Class</u>	<u>Equity & Convertible</u>		<u>Cash & Equivalents</u>		<u>Alternative</u>	
Real Estate	\$ 209.5	7.5%	100.0%	\$ --	--%	\$ --	--%	\$ --	--%
Kennedy Associate Real Estate - Real Estate	99.6	3.6	47.6	--	--	--	--	--	--
MIG Realty Advisors - Real Estate	49.7	1.8	23.7	--	--	--	--	--	--
Dummy Record MEPT	60.1	2.1	28.7	--	--	--	--	--	--
Private Equity	43.9	1.6	100.0	--	--	--	--	43.9	100.0
Pantheon Ventures	17.5	0.6	39.8	--	--	--	--	17.5	100.0
Portfolio Advisors	16.1	0.6	36.6	--	--	--	--	16.1	100.0
HarbourVest Partners, LLC	10.3	0.4	23.5	--	--	--	--	10.3	100.0
Cash Account									
Cash Account	8.0	0.3	100.0	0.0	0.1	8.0	99.9	--	--

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

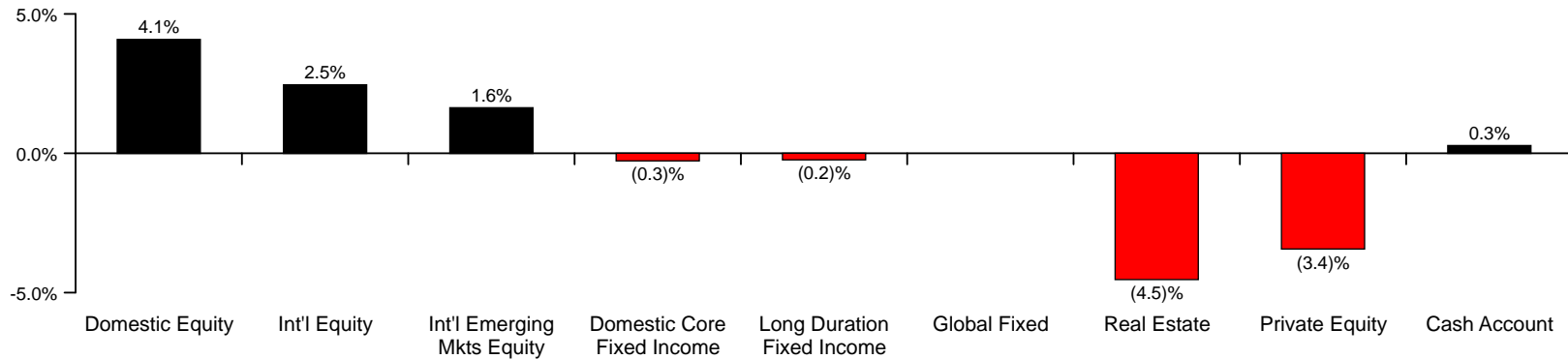
San Jose Police and Fire Retirement System

Asset Allocation
As of September 30, 2007



Total Market Value
\$ 2,805,503,018

Asset Allocation vs. Policy



Numbers may not add due to rounding

San Jose Police and Fire Retirement System
 Asset Allocation
 As of September 30, 2007

Prior Asset Allocation - June 30, 2007

■ Domestic Equity	38.9 %
■ Int'l Equity	22.6 %
■ Int'l Emerging Mkts Equity	6.3 %
■ Domestic Core Fixed Income	19.7 %
■ Long Duration Fixed Income	3.7 %
■ Real Estate	7.2 %
■ Private Equity	1.4 %
■ Cash Account	0.1 %



**Total Market Value
 \$ 2,738,103,662**

Current Asset Allocation - September 30, 2007

■ Domestic Equity	38.1 %
■ Int'l Equity	22.5 %
■ Int'l Emerging Mkts Equity	6.6 %
■ Domestic Core Fixed Income	19.7 %
■ Long Duration Fixed Income	3.8 %
■ Real Estate	7.5 %
■ Private Equity	1.6 %
■ Cash Account	0.3 %



**Total Market Value
 \$ 2,805,503,018**

San Jose Police and Fire Retirement System
Financial Reconciliation
Quarter Ending September 30, 2007

Manager	Beginning Market Value	Net Cash Flow	Investment Income	Capital Gain/Loss	Net Investment Gain/Loss	Ending Market Value
GLOBALT, Inc. - Large Cap Growth Equity	45,273,487	--	149,919	2,086,905	2,236,823	47,510,310
INTECH - Large Cap Growth Equity	49,294,545	22,460	126,021	1,650,793	1,776,814	51,093,818
TCW Group - Small Cap Value Equity	75,220,228	--	118,288	(6,937,523)	(6,819,235)	68,400,993
Provident Investment Counsel - Small Cap Growth Equity	76,070,892	(1,500,000)	123,834	4,725,019	4,848,853	79,419,745
RhumbLine Advisers	107,961,644	23,240	409,716	(3,705,504)	(3,295,788)	104,689,095
UBS Global Asset Management - Large Cap Value Equity	143,613,836	--	619,605	(2,368,351)	(1,748,746)	141,865,090
Boston Partners Asset Mgmt. - Large Cap Value Equity	153,342,307	--	783,550	499,342	1,282,891	154,625,198
New Amsterdam Partners - Large Cap Growth Equity	165,346,015	--	461,802	324,030	785,831	166,131,846
RhumbLine Advisers - Large Cap Index Equity	249,578,040	765	1,182,326	4,031,836	5,214,162	254,792,966
Boston Company Asset Mgmt. Emerging Markets Equity	85,755,327	(2,500,000)	--	6,349,039	6,349,039	89,604,365
Alliance Capital Mgmt Emerging Markets Equity	88,013,746	(2,691,861)	--	11,368,124	11,368,124	96,690,009
AQR Capital Management, LLC International Equity	124,763,876	(207,123)	207,123	(331,167)	(124,044)	124,432,709
Brandes Investment Partners - International Equity	247,048,670	(2,975,625)	1,625,405	(1,124,771)	500,634	244,573,679
William Blair & Company - International Equity	248,145,844	(2,998,273)	733,130	15,343,459	16,076,590	261,224,160
Income Research & Mgmt., Inc. Long Duration	101,879,795	--	1,953,775	1,770,634	3,724,409	105,604,204
Seix Investment Advisors, Inc - Fixed Income	266,445,350	(2,085)	3,276,931	4,842,532	8,119,463	274,562,728
Western Asset Management - Fixed Income	272,812,947	--	4,133,014	1,968,597	6,101,611	278,914,559
HarbourVest Partners, LLC	8,242,122	871,952	28,048	1,199,459	1,227,507	10,341,581
Portfolio Advisors	14,956,449	402,382	22,716	702,616	725,332	16,084,163
Pantheon Ventures	14,516,764	2,535,000	65,000	378,189	443,189	17,494,954

San Jose Police and Fire Retirement System
 Financial Reconciliation
 Quarter Ending September 30, 2007

Manager	Beginning Market Value	Net Cash Flow	Investment Income	Capital Gain/Loss	Net Investment Gain/Loss	Ending Market Value
MIG Realty Advisors - Real Estate	48,139,226	--	--	1,552,772	1,552,772	49,691,999
Dummy Record MEPT	58,325,168	--	--	1,798,798	1,798,798	60,123,966
Kennedy Associate Real Estate - Real Estate	90,691,121	--	--	8,954,819	8,954,819	99,645,941
Cash Account	2,666,265	4,792,265	512,623	13,787	526,410	7,984,940
Total	\$2,738,103,662	(\$4,226,904)	\$16,532,825	\$55,093,434	\$71,626,259	\$2,805,503,018

Performance

San Jose Police and Fire Retirement System
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
Total Fund	\$ 2,805.5	100.0 %	2.4 %	54	9.7 %	53	17.5 %	31	14.4 %	50	15.0 %	58	10.0 %
<i>Rank vs. Total Funds Billion Dollar - Public</i>													
<i>Total Funds Billion Dollar - Public Med</i>			2.5		10.0		16.2		14.4		15.2		--
<i>Total Fund Benchmark</i>			2.9		9.9		17.0		14.4		14.7		--
Total Domestic Equity Fund	1,068.5	38.1	0.4	55	7.9	64	15.8	63	13.5	70	16.7	67	12.0
<i>Rank vs. Mercer US Equity Combined Universe</i>													
<i>Mercer US Equity Combined Universe Med</i>			0.9		9.8		17.4		15.0		18.1		--
<i>S&P 500 - Total Return Index</i>			2.0		9.1		16.4		13.1		15.5		12.5
Index Equity													
<i>RhumbLine Advisers - Large Cap Index Equity</i>	254.8	9.1	2.1	38	9.1	54	16.4	58	13.1	75	15.4	80	11.4
<i>RhumbLine Advisers - Large Cap Index Equity-Net</i>	254.8	9.1	2.1		9.1		16.4		13.0		15.3		11.3
<i>Rank vs. Mercer US Equity Combined Universe</i>													
<i>Mercer US Equity Combined Universe Med</i>			0.9		9.8		17.4		15.0		18.1		--
<i>S&P 500 - Total Return Index</i>			2.0		9.1		16.4		13.1		15.5		11.1
Growth Equity													
<i>GLOBALT, Inc. - Large Cap Growth Equity</i>	47.5	1.7	4.9	57	11.8	71	16.9	75	10.7	86	12.5	85	0.6
<i>GLOBALT, Inc. - Large Cap Growth Equity-Net</i>	47.5	1.7	4.8		11.5		16.4		10.2		12.0		0.2
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>													
<i>Mercer US Equity Large Cap Growth Universe Med</i>			5.4		14.8		20.8		13.8		15.1		--
<i>Russell 1000 Growth Index</i>			4.2		12.7		19.4		12.2		13.8		2.2
<i>Russell 1000 Growth + 1%</i>			4.5		13.6		20.4		13.2		14.8		3.2
<i>INTECH - Large Cap Growth Equity</i>	51.1	1.8	3.6	73	9.9	82	16.2	81	12.1	71	--		12.7
<i>INTECH - Large Cap Growth Equity-Net</i>	51.1	1.8	3.5		9.5		15.5		11.4		--		12.1
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>													
<i>Mercer US Equity Large Cap Growth Universe Med</i>			5.4		14.8		20.8		13.8		15.1		--
<i>Russell 1000 Growth Index</i>			4.2		12.7		19.4		12.2		13.8		11.0
<i>Russell 1000 Growth + 1%</i>			4.5		13.6		20.4		13.2		14.8		12.0

San Jose Police and Fire Retirement System
Performance Summary
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	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
New Amsterdam Partners - Large Cap Growth Equity	\$ 166.1	5.9 %	0.5 %	96	7.5 %	94	14.3 %	90	12.0 %	71	16.0 %	38	13.7 %
New Amsterdam Partners - Large Cap Growth Equity-Net	166.1	5.9	0.4		7.2		14.0		11.7		15.6		13.3
Rank vs. Mercer US Equity Large Cap Growth Universe													
Mercer US Equity Large Cap Growth Universe Med			5.4		14.8		20.8		13.8		15.1		--
S&P 500 - Total Return Index			2.0		9.1		16.4		13.1		15.5		11.8
S&P 500 + 1%			2.3		9.9		17.4		14.1		16.5		12.8
Value Equity													
UBS Global Asset Management - Large Cap Value Equity	141.9	5.1	(1.2)	69	6.4	66	13.8	70	14.5	64	17.3	68	12.1
UBS Global Asset Management - Large Cap Value Equity-Net	141.9	5.1	(1.3)		6.1		13.5		14.1		16.9		11.7
Rank vs. Mercer US Equity Large Cap Value Universe													
Mercer US Equity Large Cap Value Universe Med			0.0		7.8		15.7		15.2		18.1		--
Russell 3000 Index			1.5		8.8		16.5		13.7		16.2		10.8
Russell 3000 + 1%			1.8		9.5		17.5		14.7		17.2		11.8
Boston Partners Asset Mgmt. - Large Cap Value Equity	154.6	5.5	0.8	34	8.9	35	18.5	23	16.9	24	18.6	35	11.9
Boston Partners Asset Mgmt. - Large Cap Value Equity-Net	154.6	5.5	0.8		8.7		18.1		16.6		18.3		11.5
Rank vs. Mercer US Equity Large Cap Value Universe													
Mercer US Equity Large Cap Value Universe Med			0.0		7.8		15.7		15.2		18.1		--
Russell 1000 Value Index			(0.2)		6.0		14.4		15.2		18.1		11.5
Russell 1000 Value + 1%			0.0		6.7		15.4		16.2		19.1		12.5
Small Cap Growth													
Provident Investment Counsel - Small Cap Growth Equity	79.4	2.8	6.5	15	18.8	23	29.6	22	17.4	38	19.0	57	9.5
Provident Investment Counsel - Small Cap Growth Equity-Net	79.4	2.8	6.2		17.9		28.3		16.2		17.8		8.4
Rank vs. Mercer US Equity Small Cap Growth Universe													
Mercer US Equity Small Cap Growth Universe Med			1.9		14.5		24.0		16.7		19.7		--
Russell 2000 Growth Index			0.0		9.3		18.9		14.1		18.7		4.7
Russell 2000 Growth + 2%			0.5		0.9		20.9		16.1		20.7		6.7
Small Cap Core													
RhumbLine Advisers	104.7	3.7	(3.1)	47	3.3	67	12.4	62	--		--		10.4
RhumbLine Advisers-Net	104.7	3.7	(3.1)		3.2		12.4		--		--		10.4
Rank vs. Mercer US Equity Small Cap Core Universe													
Mercer US Equity Small Cap Core Universe Med			(3.2)		5.2		14.1		14.5		19.7		--
Russell 2000 Index			(3.1)		3.2		12.3		13.4		18.8		10.1

San Jose Police and Fire Retirement System
 Performance Summary
 Period Ending September 30, 2007

	Market Value	% of Total Fund	Quarter	YTD	Annualized			Inception to Date
					1 Year	3 Years	5 Years	
Small Cap Value								
TCW Group - Small Cap Value Equity	\$ 68.4	2.4 %	(9.1)% 85	(1.5)% 78	6.8 % 79	10.2 % 93	18.9 % 64	10.0 %
TCW Group - Small Cap Value Equity-Net	68.4	2.4	(9.1)	(2.0)	6.1	9.3	17.9	9.1
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>								
<i> Mercer US Equity Small Cap Value Universe Med</i>			(4.8)	3.1	12.2	14.2	19.8	--
<i> Russell 2000 Index</i>			(3.1)	3.2	12.3	13.4	18.8	12.6
<i> Russell 2000 + 2%</i>			(2.6)	4.7	14.3	15.4	20.8	14.6

San Jose Police and Fire Retirement System
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
Total Intl Equity - Established Markets	\$ 630.2	22.5 %	2.7 %	52	14.8 %	52	27.7 %	47	24.7 %	50	25.1 %	47	12.2 %
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>Mercer Intl Equity Universe Med</i>			2.8		15.1		27.2		24.7		25.0		--
<i>MSCI EAFE Net Dividend Index</i>			2.2		13.2		24.9		23.2		23.6		8.2
AQR Capital Management, LLC International Equity	124.4	4.4	(0.1)	88	13.2	63	26.7	53	--		--		25.0
AQR Capital Management, LLC International Equity-Net	124.4	4.4	(0.3)		12.7		25.9		--		--		24.3
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>Mercer Intl Equity Universe Med</i>			2.8		15.1		27.2		24.7		25.0		--
<i>MSCI EAFE Net Dividend Index</i>			2.2		13.2		24.9		23.2		23.6		23.2
<i>MSCI EAFE NET +1.5%</i>			2.6		14.3		26.4		24.7		25.1		24.7
Brandes Investment Partners - International Equity	244.6	8.7	0.2	86	10.5	83	21.4	83	23.1	73	25.9	32	15.8
Brandes Investment Partners - International Equity-Net	244.6	8.7	0.1		10.1		20.8		22.5		25.2		15.2
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>Mercer Intl Equity Universe Med</i>			2.8		15.1		27.2		24.7		25.0		--
<i>MSCI EAFE Net Dividend Index</i>			2.2		13.2		24.9		23.2		23.6		8.4
<i>MSCI EAFE NET +1.5%</i>			2.6		14.3		26.4		24.7		25.1		9.9
William Blair & Company - International Equity	261.2	9.3	6.6	15	20.2	16	34.9	13	28.6	14	27.3	20	20.1
William Blair & Company - International Equity-Net	261.2	9.3	6.4		19.7		34.2		27.9		26.5		19.3
<i>Rank vs. Mercer Intl Equity Universe</i>													
<i>Mercer Intl Equity Universe Med</i>			2.8		15.1		27.2		24.7		25.0		--
<i>MSCI All Country World Ex United States Net Index</i>			4.6		17.4		30.5		26.0		25.8		18.7
<i>MSCI AC World x US Net + 1.5%</i>			5.0		18.6		32.0		27.5		27.3		20.2
Total Intl Equity - Emerging Markets	186.3	6.6	10.5	78	29.1	82	50.4	89	37.6	89	37.3	82	29.6
Alliance Capital Mgmt Emerging Markets Equity	96.7	3.4	13.3	50	33.6	60	56.9	58	40.6	69	39.3	64	31.2
Alliance Capital Mgmt Emerging Markets Equity-Net	96.7	3.4	13.0		32.7		55.5		39.3		37.9		29.9
Boston Company Asset Mgmt. Emerging Markets Equity	89.6	3.2	7.6	95	24.5	97	43.8	96	34.6	98	35.4	95	28.2
Boston Company Asset Mgmt. Emerging Markets Equity-Net	89.6	3.2	7.2		23.4		41.9		33.1		34.0		26.9
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>													
<i>Mercer Emerging Markets Equity Universe Med</i>			13.3		35.0		58.5		42.4		40.4		--
<i>MSCI Emerging Markets Index</i>			14.5		34.8		58.6		41.3		39.1		29.2
<i>MSCI Emerging Markets + 2%</i>			15.0		36.3		60.6		43.3		41.1		31.2

San Jose Police and Fire Retirement System
Performance Summary
Period Ending September 30, 2007

	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
Total Domestic Core Fixed Income Fund	\$ 553.5	19.7 %	2.6 %	55	3.3 %	82	4.9 %	80	4.6 %	16	5.4 %	19	8.7 %
<i>Rank vs. Mercer US Fixed Core Universe</i>													
<i> Mercer US Fixed Core Universe Med</i>			2.7		3.9		5.3		4.2		4.7		--
<i> Lehman Brothers Aggregate Bond</i>			2.8		3.8		5.1		3.9		4.1		--
<i>Seix Investment Advisors, Inc - Fixed Income</i>	274.6	9.8	3.0	19	4.2	25	5.6	23	4.1	53	5.1	28	6.3
<i>Seix Investment Advisors, Inc - Fixed Income-Net</i>	274.6	9.8	3.0		4.0		5.4		4.0		4.9		6.1
<i>Rank vs. Mercer US Fixed Core Universe</i>													
<i> Mercer US Fixed Core Universe Med</i>			2.7		3.9		5.3		4.2		4.7		--
<i> Lehman Brothers Aggregate Bond</i>			2.8		3.8		5.1		3.9		4.1		6.1
<i> LB Aggregate + 0.5%</i>			3.0		4.2		5.6		4.4		4.6		6.6
<i>Western Asset Management Company</i>	278.9	9.9	2.2	80	2.5	95	4.1	94	4.7	14	6.2	9	6.7
<i>Western Asset Management Company-Net</i>	278.9	9.9	2.2		2.3		3.9		4.4		6.0		6.5
<i>Rank vs. Mercer US Fixed Core Universe</i>													
<i> Mercer US Fixed Core Universe Med</i>			2.7		3.9		5.3		4.2		4.7		--
<i> Lehman Brothers Aggregate Bond</i>			2.8		3.8		5.1		3.9		4.1		4.7
<i> LB Aggregate + 0.5%</i>			3.0		4.2		5.6		4.4		4.6		5.2
Long Duration Fixed Income	105.6	3.8	3.3	53	2.7	45	3.8	40	--		--		3.6
<i>Income Research & Mgmt., Inc. Long Duration</i>	105.6	3.8	3.3	53	2.7	45	3.8	40	--		--		3.6
<i>Income Research & Mgmt., Inc. Long Duration-Net</i>	105.6	3.8	3.3		2.5		3.5		--		--		3.3
<i>Rank vs. Mercer US Fixed Long Duration Universe</i>													
<i> Mercer US Fixed Long Duration Universe Med</i>			3.5		2.5		3.8		4.7		5.7		--
<i> Lehman Brothers U.S. Gov/Credit-Long Term</i>			3.5		2.6		3.7		4.3		5.4		3.9
<i> Lehman Brothers U.S. Gov/Credit-Long Term +0.5%</i>			3.7		3.0		4.2		4.8		5.9		4.4

San Jose Police and Fire Retirement System
Performance Summary
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	Market Value	% of Total Fund	Annualized										
			Quarter		YTD		1 Year		3 Years		5 Years		Inception to Date
Total Real Estate Fund	\$ 209.5	7.5 %	2.6 %	82	8.6 %	97	13.5 %	97	12.9 %	100	8.7 %	100	7.6 %
<i>Rank vs. Mercer US Real Estate Open End Universe</i>													
<i>Mercer US Real Estate Open End Universe Med</i>			4.0		13.5		18.3		18.9		15.2		--
<i>NCREIF Property Index - EWB Calc</i>			3.6		12.2		17.3		18.0		14.8		8.6
MIG Realty Advisors - Real Estate	49.7	1.8	4.2	47	6.6	99	9.3	100	11.5	100	10.3	100	8.2
MIG Realty Advisors - Real Estate-Net	49.7	1.8	4.1		6.3		8.8		11.0		9.8		7.3
<i>Rank vs. Mercer US Real Estate Open End Universe</i>													
<i>Mercer US Real Estate Open End Universe Med</i>			4.0		13.5		18.3		18.9		15.2		--
<i>NCREIF Property Index - EWB Calc</i>			3.6		12.2		17.3		18.0		14.8		8.6
<i>NCREIF PROPERTY + 1.5%</i>			3.9		13.3		18.8		19.5		16.3		10.1
Kennedy Associate Real Estate - Real Estate	99.6	3.6	1.2	97	6.4	100	13.4	100	12.3	100	--		11.8
Kennedy Associate Real Estate - Real Estate-Net	99.6	3.6	1.1		6.0		12.8		11.7		--		11.1
<i>Rank vs. Mercer US Real Estate Open End Universe</i>													
<i>Mercer US Real Estate Open End Universe Med</i>			4.0		13.5		18.3		18.9		15.2		--
<i>NCREIF Property Index - EWB Calc</i>			3.6		12.2		17.3		18.0		14.8		16.6
<i>NCREIF PROPERTY + 1.5%</i>			3.9		13.3		18.8		19.5		16.3		18.1
MEPT	60.1	2.1	3.3	59	13.5	50	16.8	84	--		--		16.6
MEPT-Net	60.1	2.1	3.1		12.8		15.8		--		--		15.7
<i>Rank vs. Mercer US Real Estate Open End Universe</i>													
<i>Mercer US Real Estate Open End Universe Med</i>			4.0		13.5		18.3		18.9		15.2		--
<i>NCREIF Property Index - EWB Calc</i>			3.6		12.2		17.3		18.0		14.8		16.8
<i>NCREIF PROPERTY + 1.5%</i>			3.9		13.3		18.8		19.5		16.3		18.3
Total Private Equity	43.9	1.6											
Pantheon Ventures	17.5	0.6											
Portfolio Advisors	16.1	0.6											
HarbourVest Partners, LLC	10.3	0.4											

REPORT NOTES

1. The Russell/Mellon Trust Total Funds Billion Dollar – Public Universe median includes all assets of public funds.
2. The Total Fund Benchmark Index consists of 34% S&P 500 Index, 20% MSCI EAFE Index, 5% MSCI Emerging Markets Free Index, 20% Lehman Brothers Aggregate Index, 4% Lehman Brothers Long Government/Credit Index, 12% NCREIF Property Index, and 5% Russell 2000 Index to reflect the transition to private equity market as stated in the Investment Policy.
 - Prior to 01/05, the Index consisted of 35% S&P 500, 15% MSCI EAFE, 5% MSCI Emerging Markets, 28% LB Aggregate, 5% Citigroup WG Bond, and 12% NCREIF.
 - Prior to 10/01, the Index consisted of 35% S&P 500, 10% MSCI EAFE, 35% LB Aggregate, 10% Citigroup WG Bond and 10% NCREIF.
3. Total Fund inception data is from January 1971.
4. Total Domestic Fixed Income Fund inception data is from January 1970.
5. Total Global Fixed Income Fund inception data is from January 1991.
6. Total Domestic Equity Fund inception data is from August 1985.
7. Total International Equity Established Markets Fund inception data is from April 1991.
8. Total International Equity Emerging Markets Fund inception data is from September 2001.
5. Total Real Estate Fund inception data is from January 1986.
6. Seix Investment Advisors inception data is from October 1999.
7. Western Asset Management inception data is from August 2002.
8. Rhumblin Advisers (Large Cap Equity) inception data is from April 1992. In February 2007, the manager's return of 1.13% was used because of a \$15 million inflow that occurred during the month. The manager can revalue their portfolio daily, while Mercer uses custodial statements that are valued monthly.
9. UBS Global Asset Management inception data is from April 1993.
10. Boston Partners inception data is from July 1996.
11. Globalt, Inc. inception data is from July 1998.
12. New Amsterdam Partners inception data is from January 1995.
13. TCW Group inception data is from November 2001.
14. Provident Investment Counsel inception data is from January 1998.
15. Brandes Investment Partners, L.P. inception data is from January 1997.
16. William Blair & Company inception data is from March 2002.
17. Alliance Capital Management and Boston Company Asset Management inception data is from September 2001.
18. MIG Realty Advisors inception data is from January 1986.
19. INTECH and Kennedy Associates inception date is October 1, 2003.
20. Rhumblin Advisers (Small Cap Equity) inception data is from December 2004.
21. Income Research & Management inception date is January 3, 2005. For the first quarter 2007, Mercer calculated a gross return of 1.22% and a net return of 1.15% versus the manager's gross return of 1.03% and net return of 0.96%. Mercer uses custodial statement pricing for performance calculation, which may differ from the investment manager.
22. Pantheon Ventures inception date is September 23, 2005.
23. Portfolio Advisors inception date is October 17, 2005.

24. HarbourVest inception date is December 23, 2005.
25. AQR Capital Management inception date is June 30, 2006.
26. Multi-Employer Property Trust inception date is June 30, 2006.
27. Kennedy Custom Benchmark was provided by Kennedy Associates Real Estate.

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Percentile rankings for managers, funds or indices in performance floating bar exhibits may not match Universe percentiles due to rounding. Only performance composites submitted by investment managers by Mercer's deadline for a particular quarter are included in that quarter's Manager Universe calculation. Composites submitted after the deadlines are included in the Manager Universe at Mercer's discretion. Because Mercer Manager Universes are based upon information

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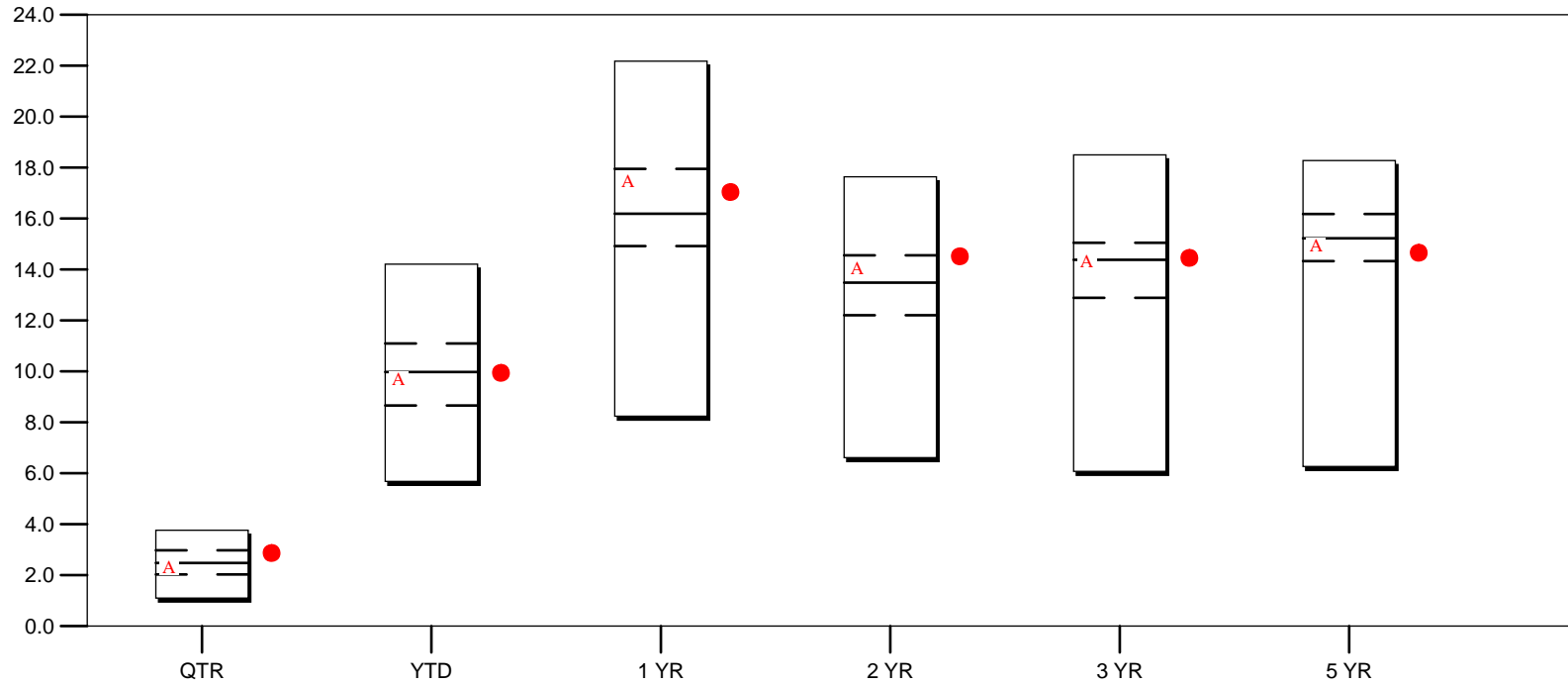
Total Fund

Total Funds Billion Dollar - Public

Return Quartiles

Periods Ending September 30, 2007

Annualized Rate of Return %



5th Percentile	3.76	14.21	22.18	17.64	18.50	18.27
25th Percentile	2.98	11.10	17.95	14.56	15.05	16.17
Median	2.48	9.97	16.19	13.48	14.38	15.22
75th Percentile	2.03	8.66	14.92	12.20	12.88	14.32
95th Percentile	1.10	5.68	8.24	6.61	6.07	6.27
# of Participants	40	38	38	38	36	35
● TF BENCHMARK	2.87	9.94	17.04	14.51	14.45	14.65
A Total Fund	2.36 , 54	9.73 , 53	17.54 , 31	14.11 , 40	14.38 , 50	15.00 , 58

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

	Total Fund	US Equity	US Fixed Income	Non-US Equity	Non-US Fixed	Alternative Inv.	Real Estate	Cash	Total							
Market Value in US Dollars																
Total Funds Billion Dollar - Public																
Total	498,240.25	168,308.30	34%	112,326.83	23%	113,671.82	23%	11,534.34	2%	27,928.90	6%	13,978.18	3%	3,552.84	1%	91%
Average	15,098.19	5,100.25		3,403.84		3,666.83		961.20		2,538.99		998.44		444.11		
Maximum		59.85%		79.68%		31.31%		11.08%		31.12%		11.96%		8.47%		
5th		51.85%		52.34%		30.15%		8.80%		25.01%		11.05%		7.82%		
25th		42.42%		26.98%		23.11%		5.72%		9.03%		6.92%		5.24%		
Median		36.52%		23.21%		20.93%		4.28%		6.14%		5.49%		2.69%		
75th		31.02%		18.57%		18.51%		2.01%		5.26%		4.41%		2.24%		
95th		17.27%		13.55%		15.01%		0.00%		3.70%		0.00%		.67%		
Minimum		15.11%		13.14%		14.16%		0.00%		3.13%		0.00%		0.00%		

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

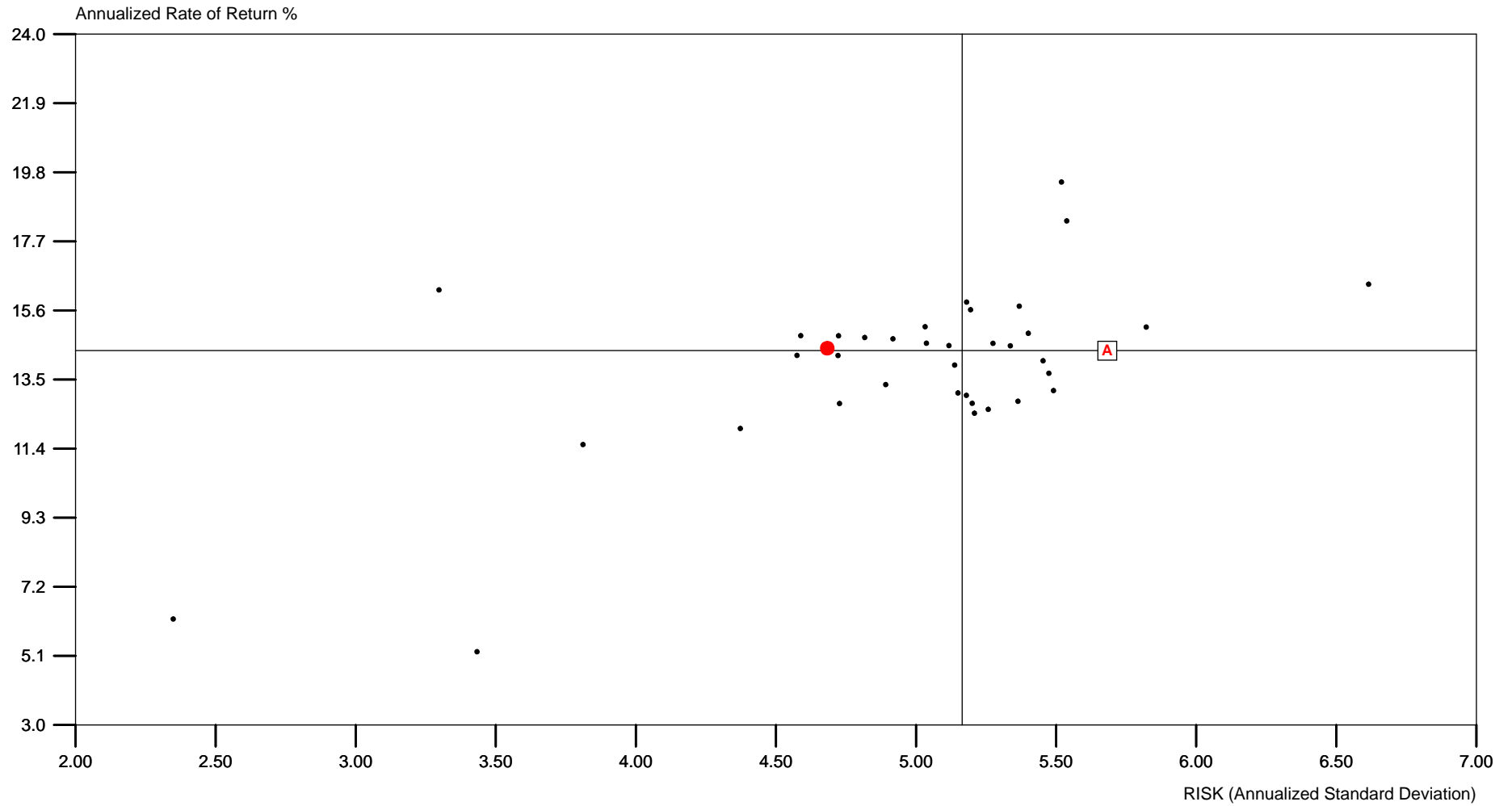
Total does not equal 100% due to asset class market values not reported.
 Mercer

Total Funds Billion Dollar - Public

Risk-Return Comparisons

3 Years Ending September 30, 2007

36 Portfolios



A Total Fund 14.38, 50
● TF BENCHMARK

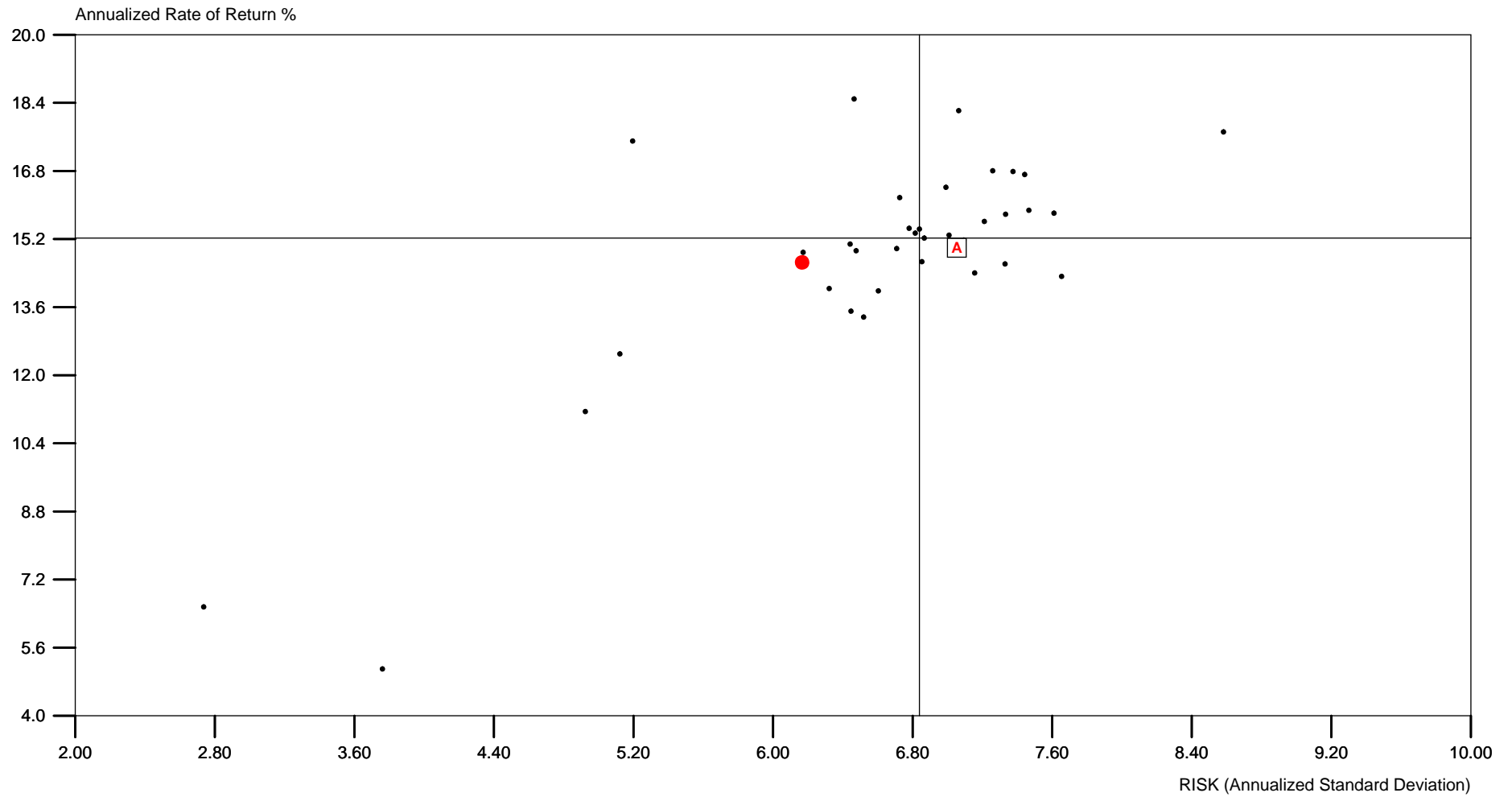
Mercer

Total Funds Billion Dollar - Public

Risk-Return Comparisons

5 Years Ending September 30, 2007

35 Portfolios



A Total Fund 15.00, 58
● TF BENCHMARK

Mercer

ATTRIBUTION DETAIL

San Jose

Total Fund

Annualized 1 Year Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	17.5	100.0	17.0	0.5	(0.1)	0.4
US Equity	38.3	15.8	39.0	15.9	0.0	0.0	(0.1)
Non-US Equity	29.3	32.2	25.0	31.1	0.6	0.3	0.9
Fixed Income	23.4	4.8	24.0	4.9	0.0	0.0	0.0
Real Estate	7.5	12.7	12.0	17.3	0.0	(0.3)	(0.4)
Cash	0.3	29.8	---	---	0.0	0.0	0.0
Other	1.1	13.3	---	---	0.0	0.0	0.0

Currency USD

Policy Benchamrk is 34% S&P 500, 20% LB Aggregate, 20% MSCI EAFE, 12% NCREIF Property, 5% Russell 2000 Index, 5% MSCI Emerging Markets Free, and 4% LB US Govt/Credit Index- Long Term.

Mercer

ATTRIBUTION DETAIL

San Jose

Total Fund

Annualized 2 Years Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>
TOTAL	100.0	14.1	100.0	14.5	0.0	(0.4)	(0.4)
US Equity	38.4	12.5	39.0	13.3	0.0	(0.3)	(0.3)
Non-US Equity	29.1	26.1	25.0	25.2	0.4	0.2	0.6
Fixed Income	24.7	4.2	24.0	4.2	(0.1)	0.0	(0.1)
Real Estate	6.8	12.1	12.0	17.5	(0.2)	(0.3)	(0.6)
Cash	0.3	28.7	---	---	0.0	0.0	0.0
Other	0.8	10.3	---	---	0.0	0.0	0.0

Currency USD

Policy Benchamrk is 34% S&P 500, 20% LB Aggregate, 20% MSCI EAFE, 12% NCREIF Property, 5% Russell 2000 Index, 5% MSCI Emerging Markets Free, and 4% LB US Govt/Credit Index- Long Term.

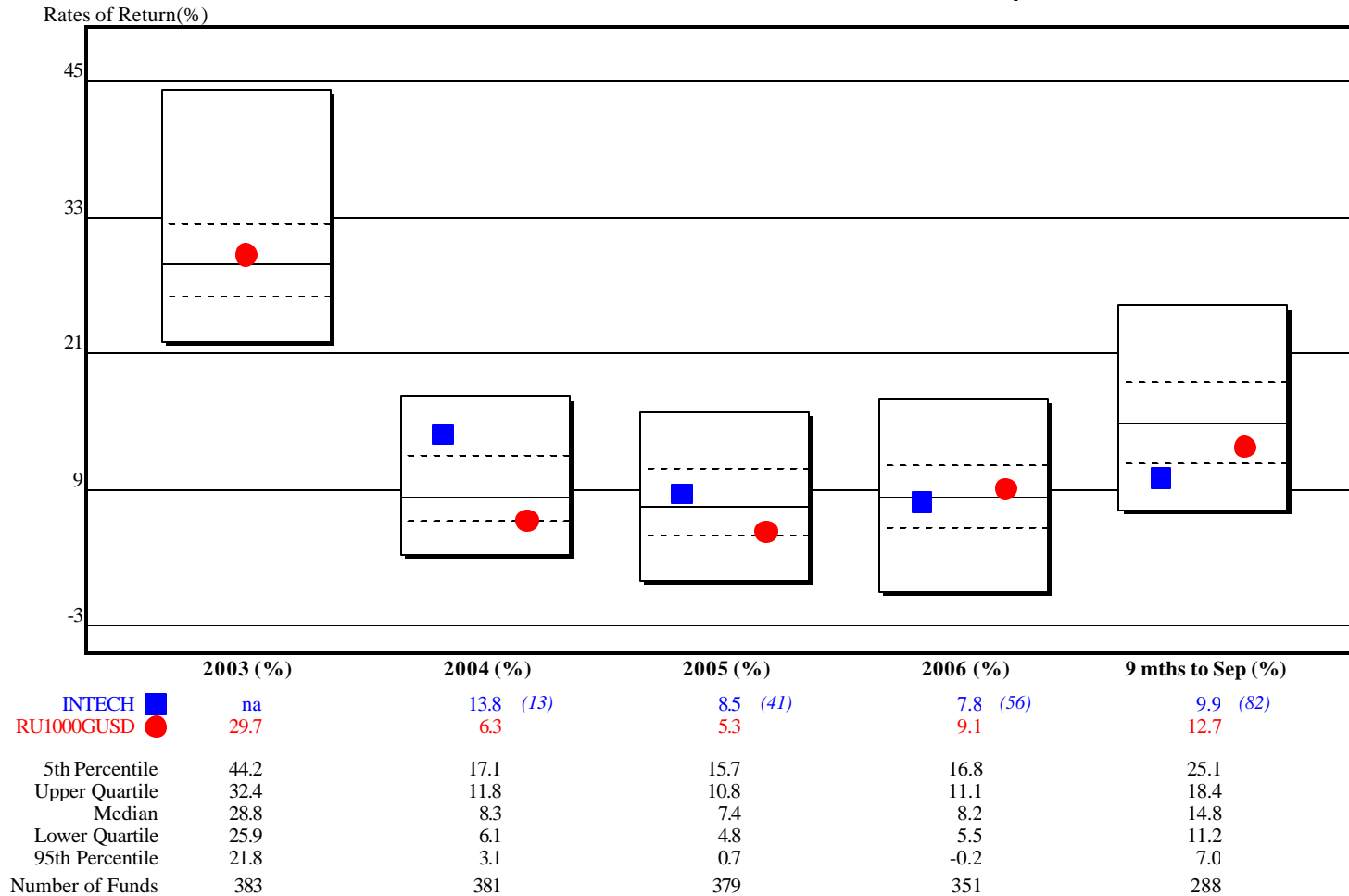
Mercer

Presentation

INTECH

Comparison with the Mercer US Equity Large Cap Growth Universe

Performance before fees for Calendar Years and 9 months ended September 2007



- INTECH outperformed the Russell 1000 Growth Index for all periods shown except 2006 and year-to-date. Performance placed above or near the Mercer U.S. Equity Large Cap Growth Universe median in 2004, 2005 and 2006.

Returns Consistency Analysis

US Equity Large Cap Growth (all funds) Quarterly Returns - before fees
 Quarterly returns from Dec 2003 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
INTECH	16	4	25%	3	19%	8	50%	1	6%	48	8	50%

Benchmark:

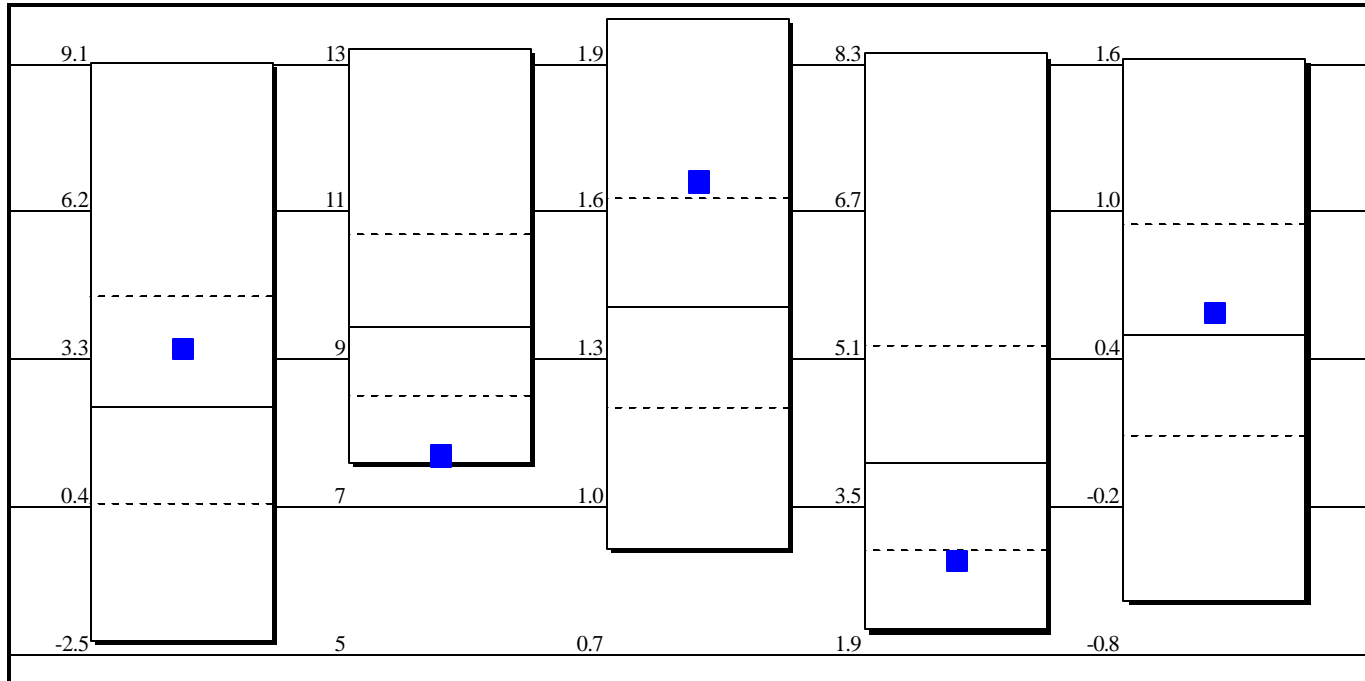
RU1000GUSD	16	0	0%	5	31%	11	69%	0	0%	56
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- For the 4-year period, INTECH has placed below the universe median 56% of the time with 1 quarter in the bottom quartile.

INTECH

Comparison with the Mercer US Equity Large Cap Growth Universe

Risk and Return Characteristics (calculated quarterly) versus RU1000GUSD for the period from Dec 2003 to Sep 2007

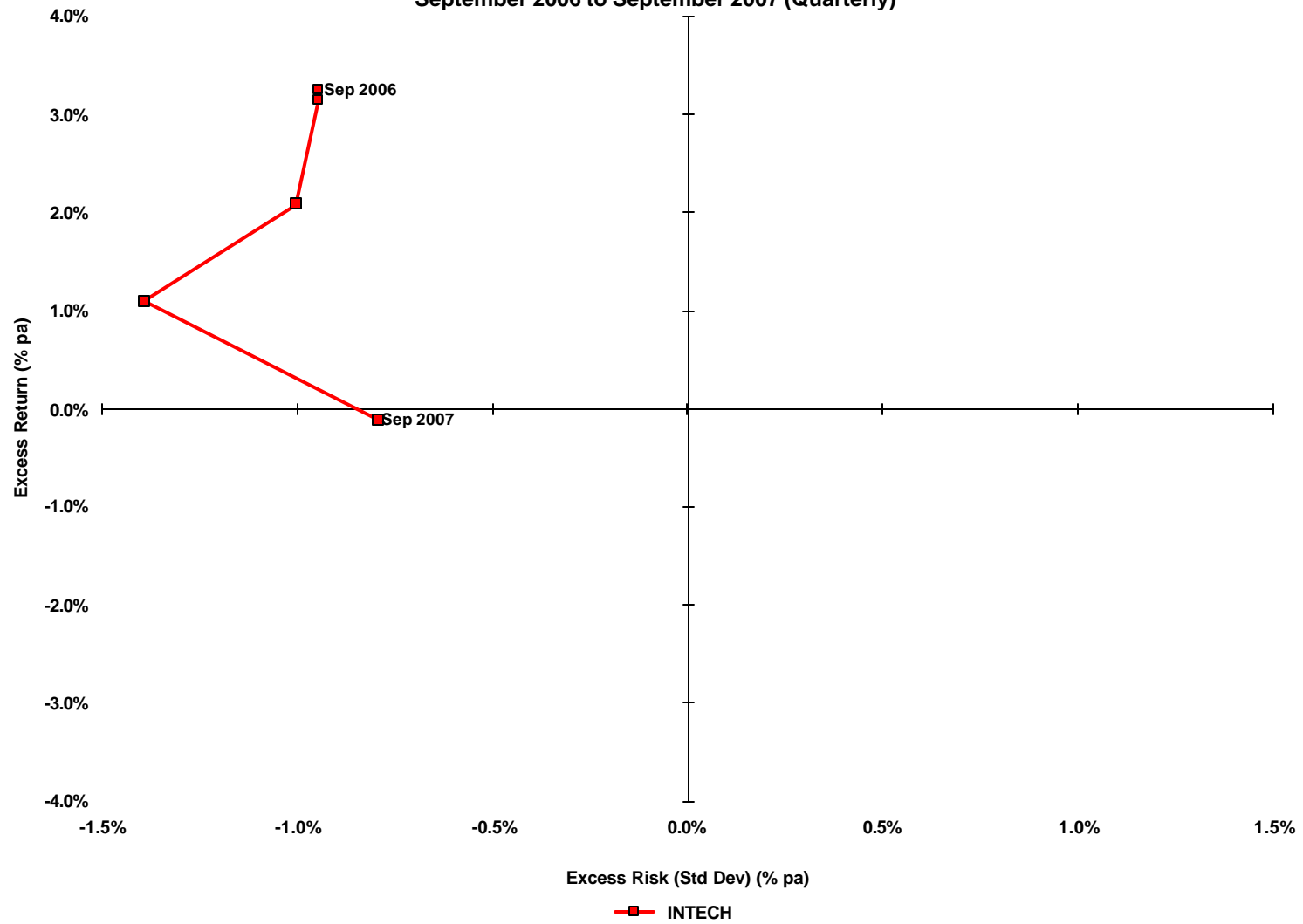


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
INTECH ■	3.5 (37)	7.7 (93)	1.7 (23)	2.9 (79)	0.6 (46)
5th Percentile	9.1	13.2	2.0	8.4	1.6
Upper Quartile	4.5	10.7	1.6	5.2	0.9
Median	2.3	9.4	1.4	4.0	0.5
Lower Quartile	0.5	8.5	1.2	3.0	0.1
95th Percentile	-2.3	7.6	0.9	2.1	-0.6
Number of Funds	248	248	248	248	248

- For 4 years, INTECH has a positive alpha and has taken less risk than the median manager.

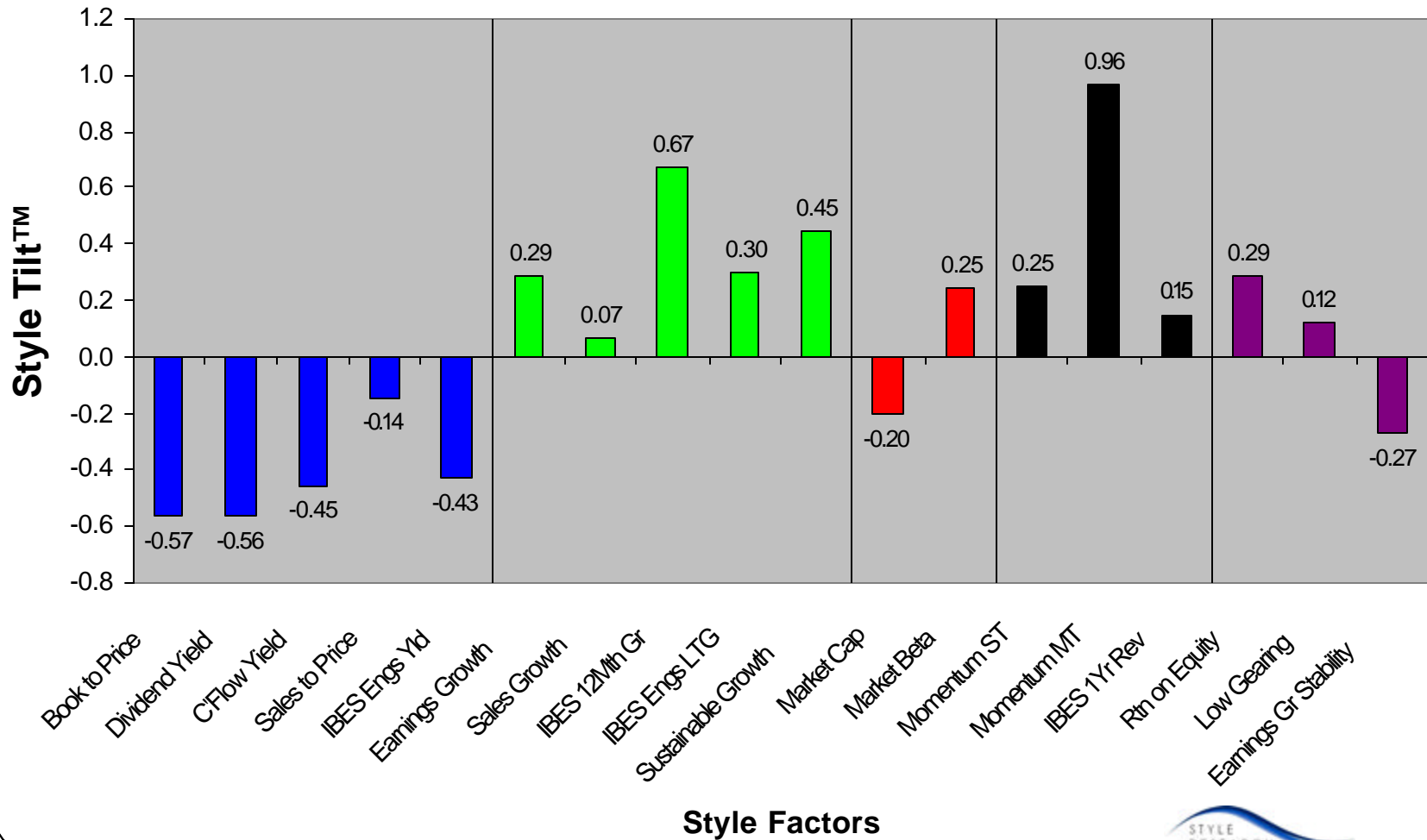
INTECH

Rolling 3 Year Risk / Return versus the Russell 1000 Growth
September 2006 to September 2007 (Quarterly)



- In recent periods INTECH's risk/return profile has migrated to the southeast quadrant.

INTECH vs Russell 1000 Portfolio Style Skyline™



- The portfolio's characteristics indicate its growth orientation.

ATTRIBUTION DETAIL

INTECH
3 Months Ending September 30, 2007

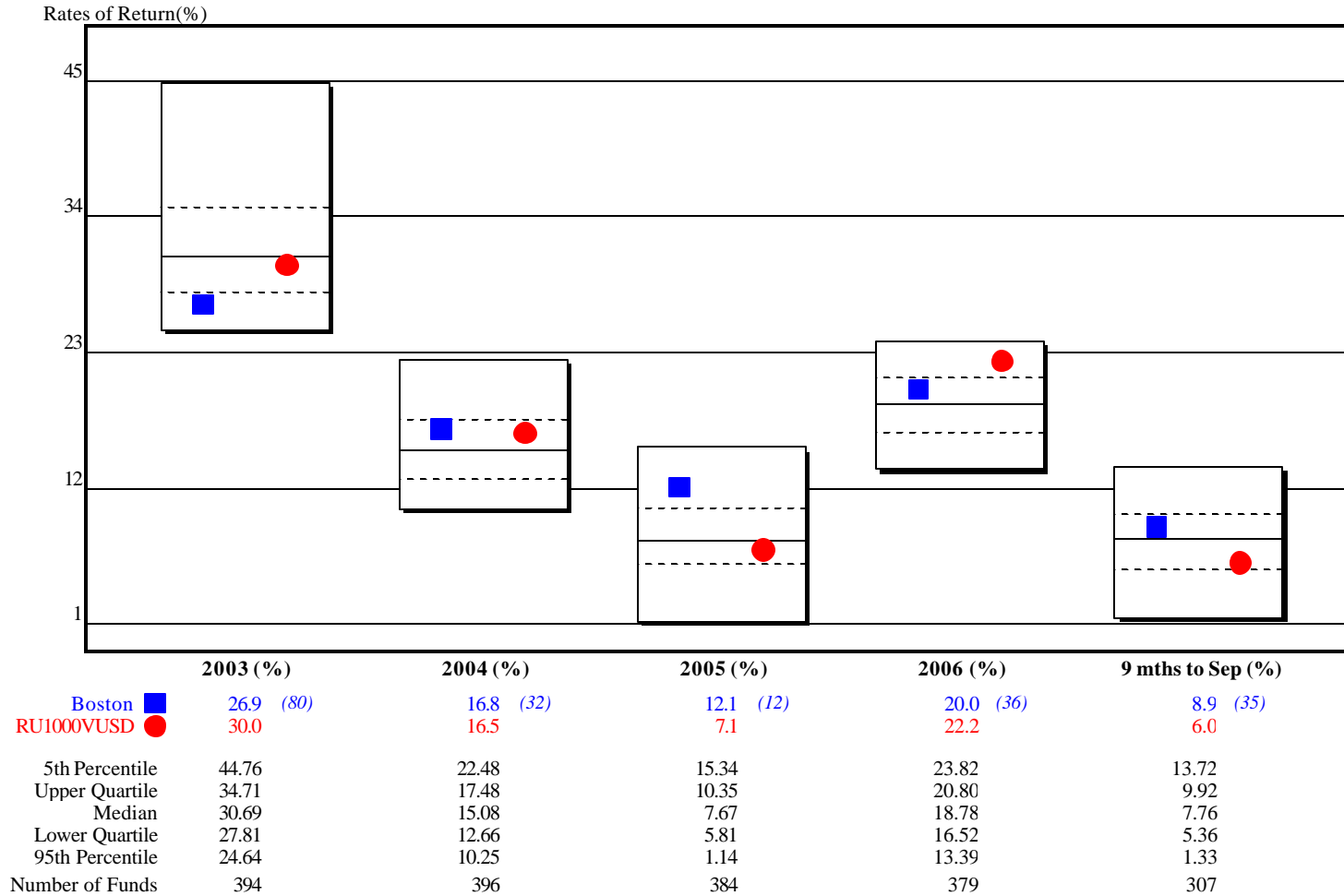
	<u>Portfolio</u>		<u>Policy</u>			<u>Currency</u>		<u>Net Management Effect</u>		
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>	
TOTAL	100.0	3.6	100.0	4.2	0.0	0.0	(0.7)	0.1	(0.6)	
EQUITY	99.2	3.6	100.0	4.2	0.0	0.0	(0.7)	0.1	(0.6)	
Technology	13.2	6.2	21.9	8.0	0.0	0.0	(0.4)	(0.2)	(0.6)	
Health Care	14.8	5.3	16.0	2.9	0.0	0.0	0.0	0.3	0.4	
Consumer Discretionary	22.9	(0.2)	17.7	(1.0)	0.0	0.0	(0.3)	0.2	(0.1)	
Consumer Staples	8.3	8.7	7.5	8.3	0.0	0.0	0.0	0.0	0.1	
Integrated Oils	0.7	8.8	1.3	10.8	0.0	0.0	0.0	0.0	0.0	
Other Energy	6.4	7.6	6.9	8.9	0.0	0.0	0.0	(0.1)	(0.1)	
Materials and Processing	8.9	6.2	4.2	11.3	0.0	0.0	0.3	(0.4)	(0.1)	
Producer Durables	3.7	10.7	7.1	7.0	0.0	0.0	(0.1)	0.1	0.0	
Autos and Transportation	2.5	(4.6)	3.3	(3.1)	0.0	0.0	0.1	(0.1)	0.0	
Financial Services	10.1	(0.3)	9.1	(0.7)	0.0	0.0	(0.1)	0.0	(0.1)	
Utilities	5.3	(1.2)	2.6	(4.7)	0.0	0.0	(0.2)	0.2	(0.1)	
Other	2.4	10.5	2.5	7.9	0.0	0.0	0.0	0.1	0.1	
CASH	0.8	1.5	—	—	0.0	0.0	0.0	0.0	0.0	

- The largest detractor from performance was the portfolio's poor stock selection and sector allocation in the technology sector.
- Poor stock selection in materials & processing also hurt the portfolio's results, but the effect was mitigated by the sector's overweight allocation relative to the index.
- Overweight allocation in consumer discretionary, when compared to the index, also detracted from the portfolio's returns, but this was mitigated by strong stock selection.
- The fund's strong stock selection in the health care sector benefited results, as that sector performed well for the quarter.

Boston Partners Asset Management

Comparison with the Mercer US Equity Large Cap Value Universe

Performance before fees for Calendar Years and 9 months ended September 2007



- Boston Partners experienced weak performance relative to the Russell 1000 Value Index in 2003 and 2006. The fund placed above the universe median in 2004, 2005, 2006 and year-to-date.

Returns Consistency Analysis

US Equity Large Cap Value (all funds) Quarterly Returns - before fees

Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
Boston	20	4	20%	8	40%	6	30%	2	10%	46	9	45%

Benchmark:

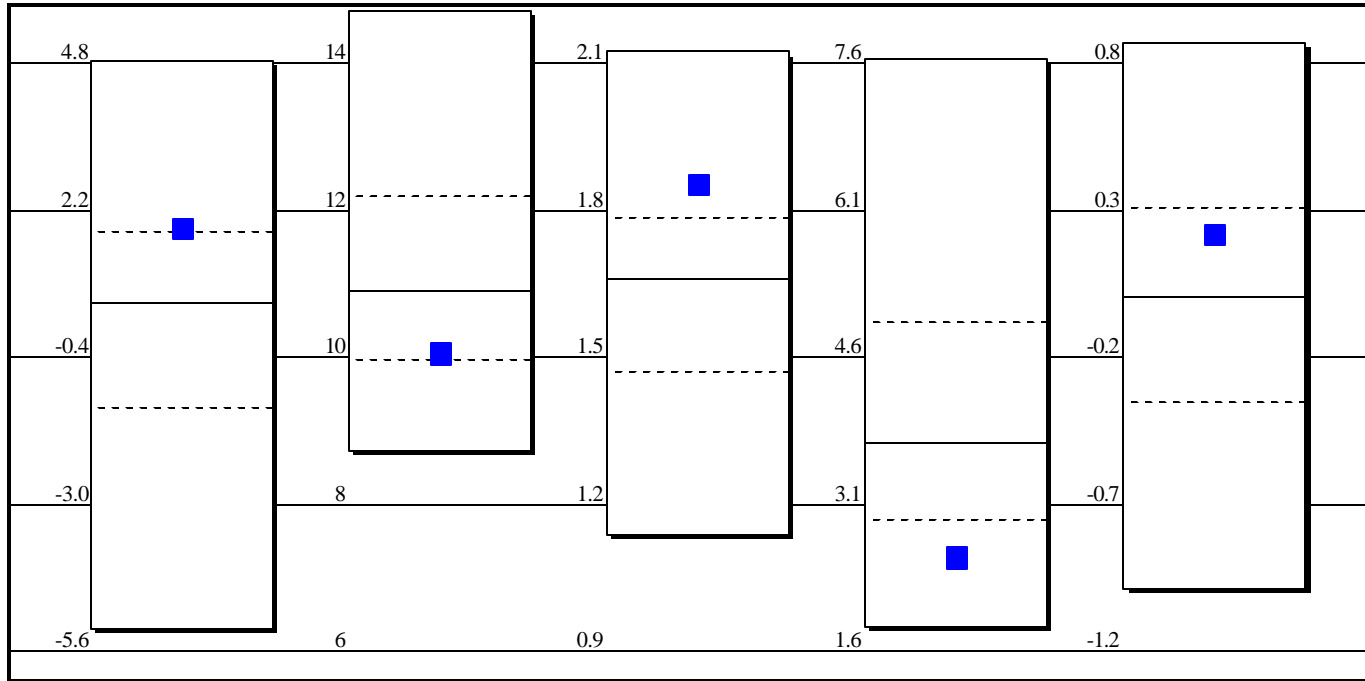
RU1000VUSD	20	2	10%	8	40%	9	45%	1	5%	49
------------	----	---	-----	---	-----	---	-----	---	----	----

- For the 5-year period, Boston Partners has placed in the top half of the Mercer U.S. Equity Large Cap Value Universe 60% of the time with 4 quarters in the top quartile.

Boston Partners Asset Management

Comparison with the Mercer US Equity Large Cap Value Universe

Risk and Return Characteristics (calculated quarterly) versus RU1000VUSD for the period from Dec 2002 to Sep 2007

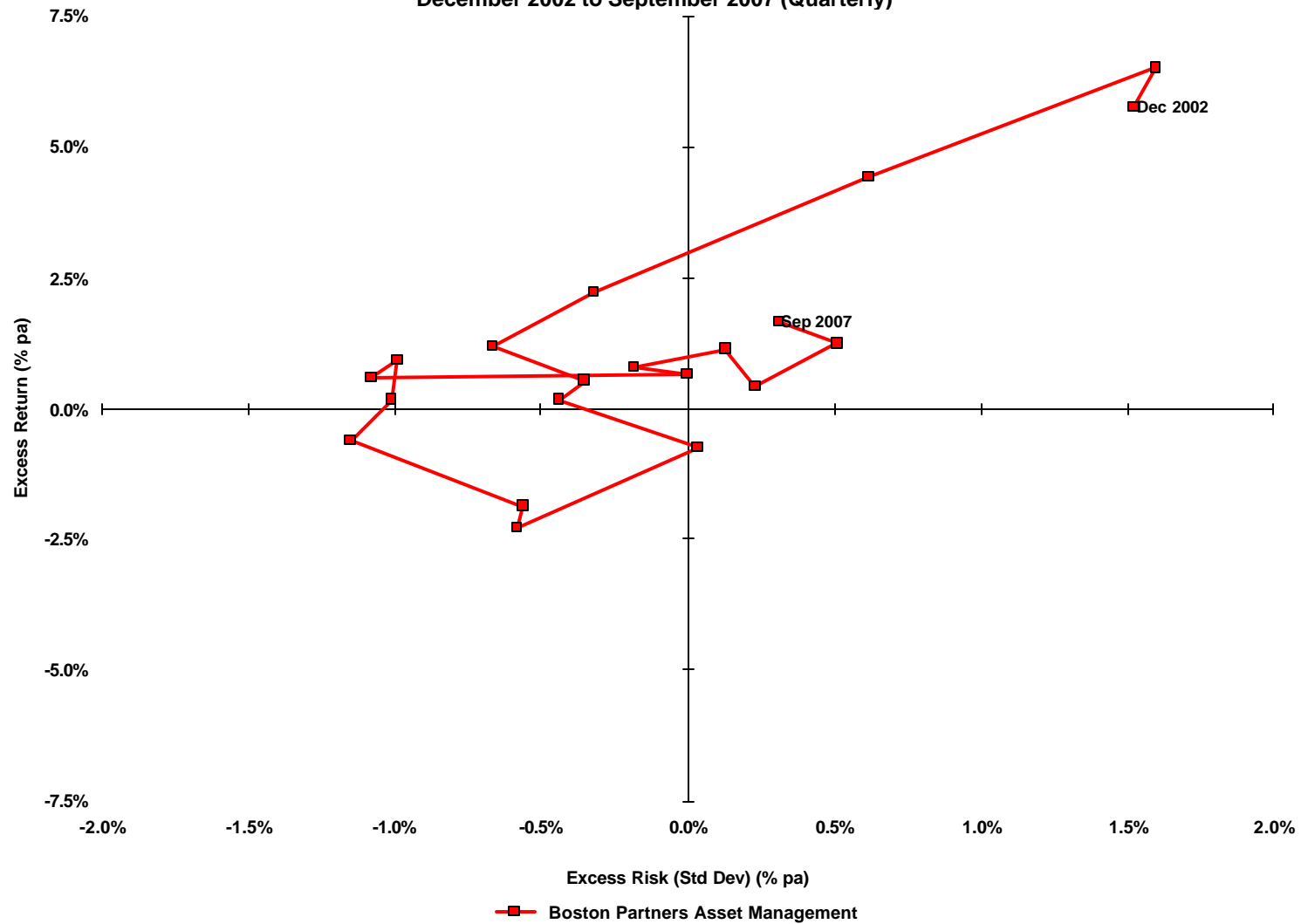


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
Boston ■	1.9 (24)	10.1 (74)	1.9 (18)	2.6 (81)	0.2 (32)
5th Percentile	4.8	14.7	2.1	7.6	0.9
Upper Quartile	1.8	12.2	1.8	5.0	0.3
Median	0.5	10.9	1.7	3.7	0.0
Lower Quartile	-1.3	10.0	1.5	2.9	-0.4
95th Percentile	-5.2	8.7	1.1	1.8	-1.0
Number of Funds	257	257	257	257	257

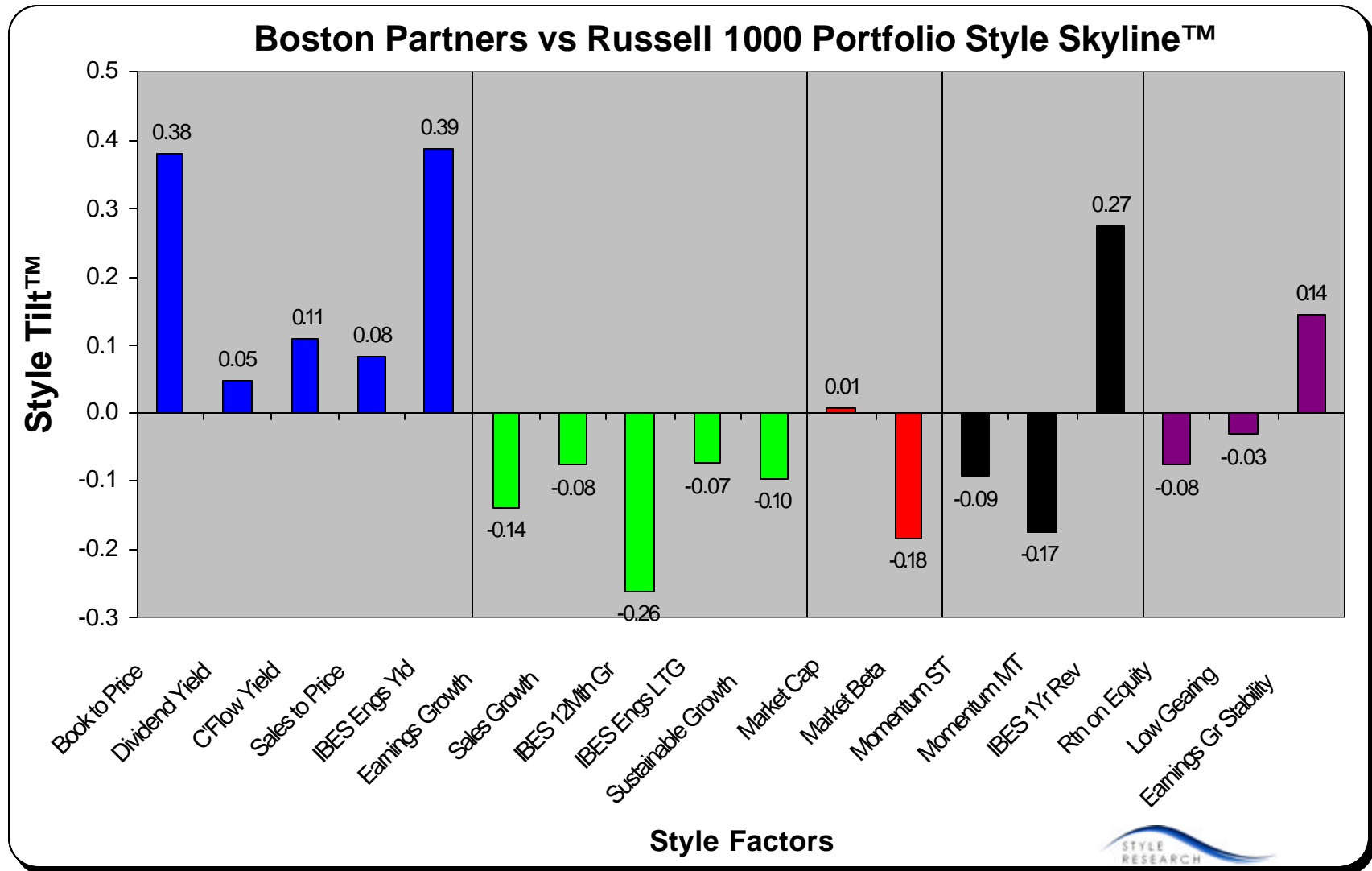
- For the 5-year period, Boston has a positive alpha and has taken less than the median manager.

Boston Partners Asset Management

Rolling 3 Year Risk / Return versus the Russell 1000 Value
December 2002 to September 2007 (Quarterly)



- Boston exhibits a volatile risk/return profile.



- The portfolio's characteristics indicate its value bias.

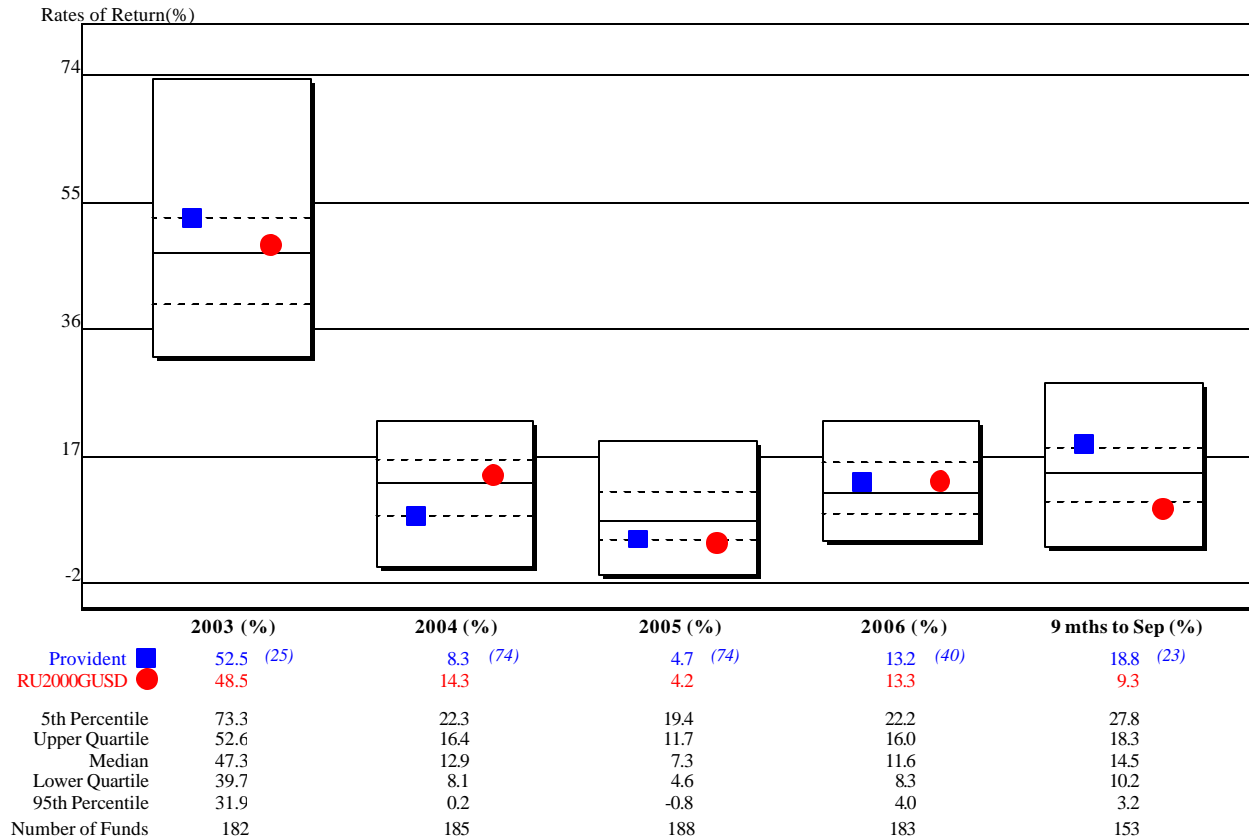
Boston Partners Asset Mgmt. Value Equity
3 Months Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>		<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Ccy</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>	
TOTAL	100.0	0.8	100.0	(0.2)	0.0	0.0	0.1	1.0	1.1	
EQUITY	97.8	0.8	100.0	(0.2)	0.0	0.0	0.1	1.0	1.0	
Technology	13.5	4.1	3.7	2.4	0.0	0.0	0.3	0.2	0.5	
Health Care	11.0	0.9	7.3	(0.8)	0.0	0.0	0.0	0.2	0.2	
Consumer Discretionary	10.8	(9.0)	7.5	(6.8)	0.0	0.0	(0.2)	(0.2)	(0.4)	
Consumer Staples	6.1	7.7	6.0	3.6	0.0	0.0	0.0	0.2	0.2	
Integrated Oils	10.3	10.0	10.9	10.7	0.0	0.0	0.0	(0.1)	(0.1)	
Other Energy	2.5	3.7	2.7	2.0	0.0	0.0	0.0	0.0	0.0	
Materials and Processing	0.5	0.0	4.9	0.2	0.0	0.0	0.0	0.0	0.0	
Producer Durables	7.5	17.1	2.9	1.1	0.0	0.0	0.0	1.1	1.2	
Autos and Transportation	---	---	1.7	(3.7)	0.0	0.0	0.1	0.0	0.1	
Financial Services	27.1	(8.7)	33.4	(4.8)	0.0	0.0	0.3	(1.1)	(0.8)	
Utilities	4.5	2.8	13.1	1.5	0.0	0.0	(0.1)	0.0	(0.1)	
Other	4.0	20.8	6.0	6.1	0.0	0.0	(0.1)	0.5	0.3	
CASH	2.2	1.2	---	---	0.0	0.0	0.0	0.0	0.0	

- Favorable stock selection in health care, consumer staples, and producer durables helped performance for the quarter.
- An overweight coupled with investments in the technology sector had a positive impact on performance.
- Poor stock selection in financial services was the greatest detractor from performance for the portfolio.
- Both unfavorable stock selection and allocation in consumer discretionary also hurt results.

Provident Investment Counsel

Comparison with the Mercer US Equity Small Cap Growth Universe
Performance before fees for Calendar Years and 9 months ended September 2007



- Provident underperformed the Russell 2000 Growth Index in 2004 and 2006. The portfolio placed above the Mercer U.S. Equity Small Cap Growth Universe median in 2003, 2006 and year-to-date.

Returns Consistency Analysis

US Equity Small Cap Growth Quarterly Returns - before fees
 Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
Provident	20	3	15%	7	35%	6	30%	4	20%	50	9	45%

Benchmark:

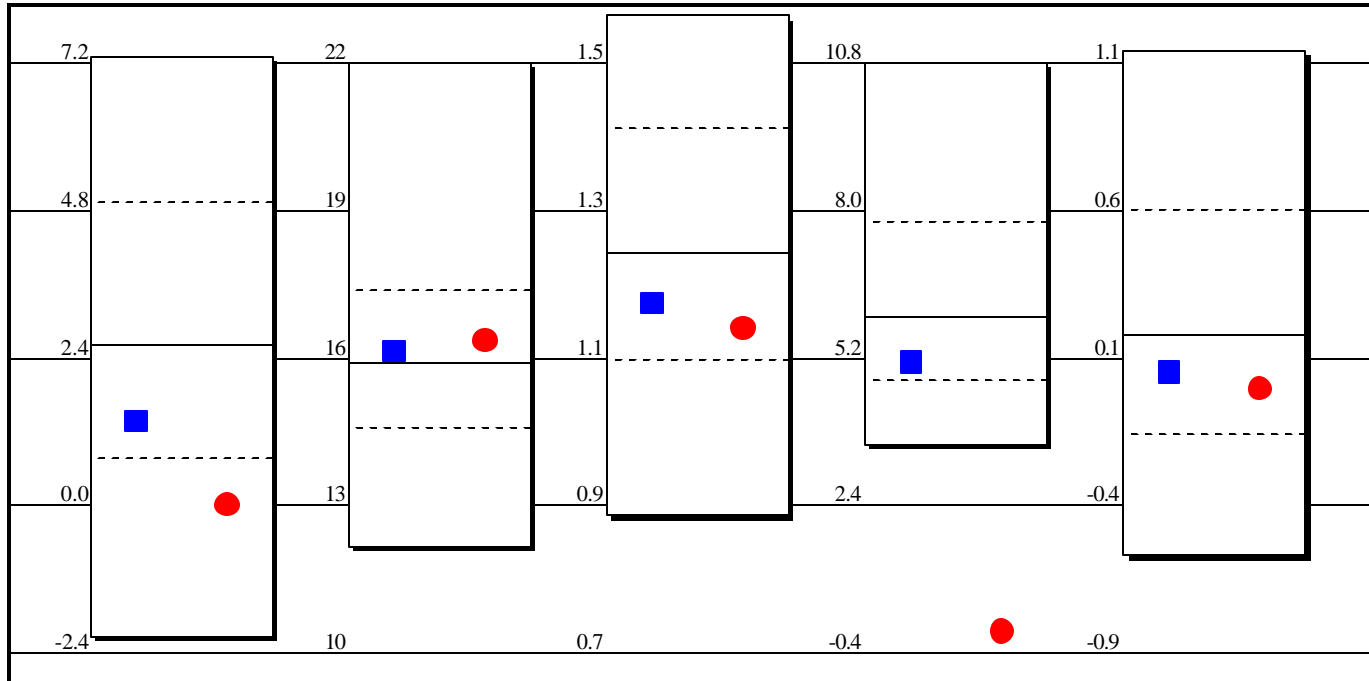
RU2000GUSD	20	0	0%	10	50%	9	45%	1	5%	51
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- For the 5-year period, the fund has placed below the median of the universe 50% of the time with 4 quarters in the bottom quartile.

Provident Investment Counsel

Comparison with the Mercer US Equity Small Cap Growth Universe

Risk and Return Characteristics (calculated quarterly) versus RU2000GUSD for the period from Dec 2002 to Sep 2007

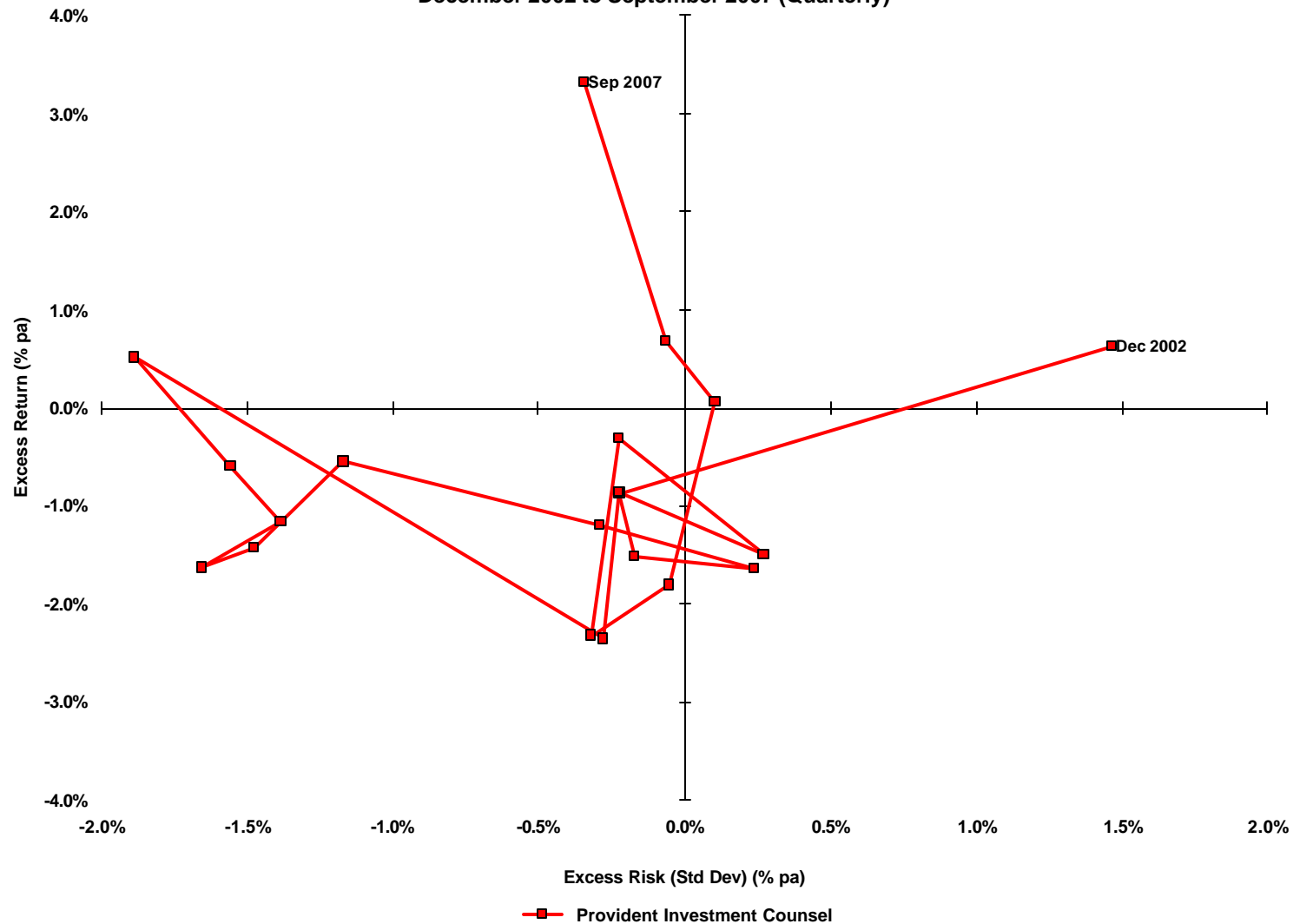


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
Provident ■	1.4 (67)	16.1 (45)	1.2 (65)	5.1 (66)	0.1 (56)
RU2000GUSD ●	0.0 (82)	16.4 (40)	1.1 (69)	0.0 (100)	0.0 (61)
5th Percentile	7.3	22.0	1.6	10.8	1.1
Upper Quartile	4.9	17.4	1.4	7.8	0.6
Median	2.6	15.9	1.2	6.0	0.2
Lower Quartile	0.8	14.6	1.1	4.8	-0.2
95th Percentile	-2.2	12.1	0.9	3.5	-0.6
Number of Funds	117	117	117	117	117

- For 5 years, Provident has a positive alpha and has taken slightly more risk than the median manager.

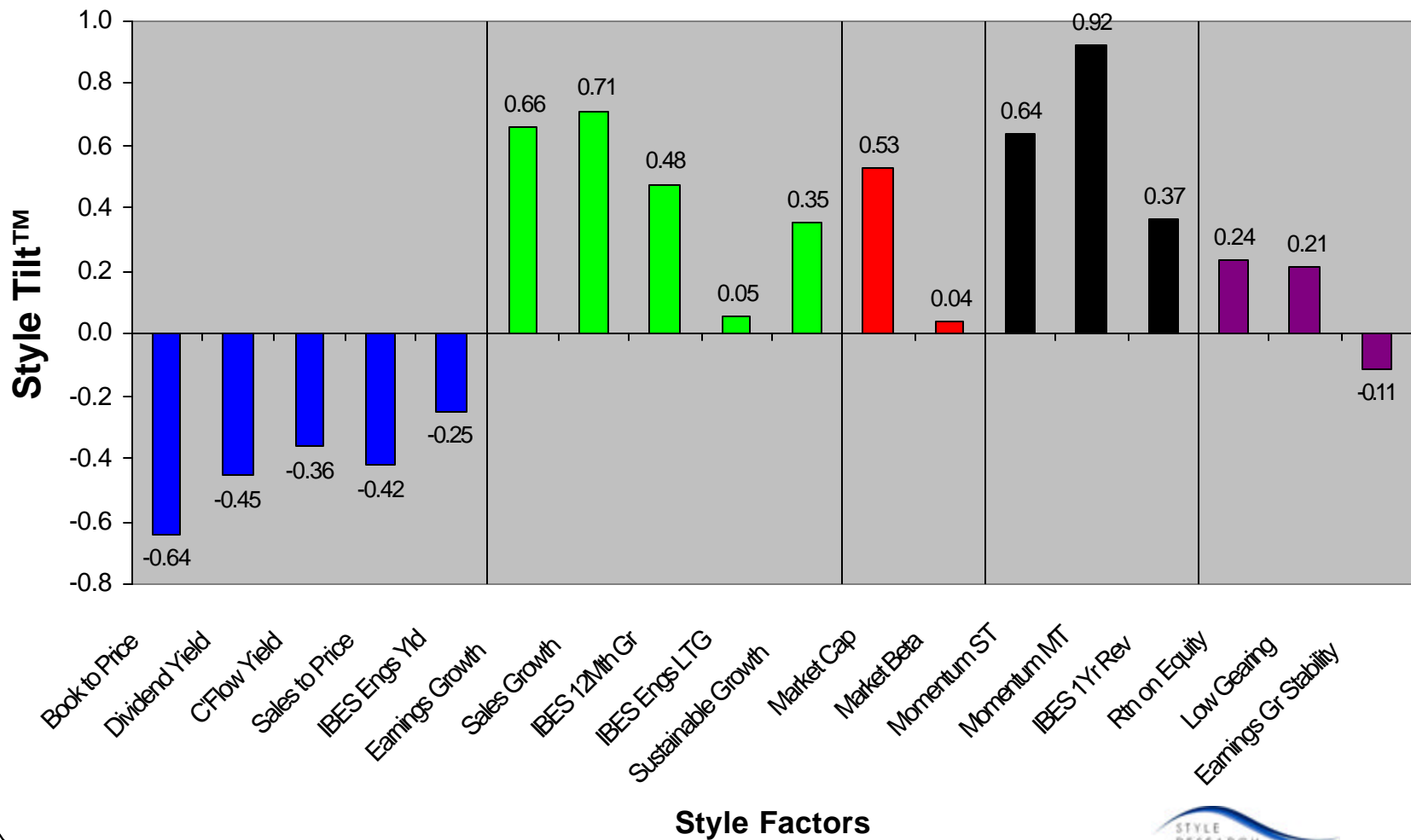
Provident Investment Counsel

Rolling 3 Year Risk / Return versus the Russell 2000 Growth
December 2002 to September 2007 (Quarterly)



- Provident has a volatile return/risk profile and is in the northwest quadrant.

Provident vs Russell 2000 Portfolio Style Skyline™



- The portfolio's characteristics indicate its growth bias.

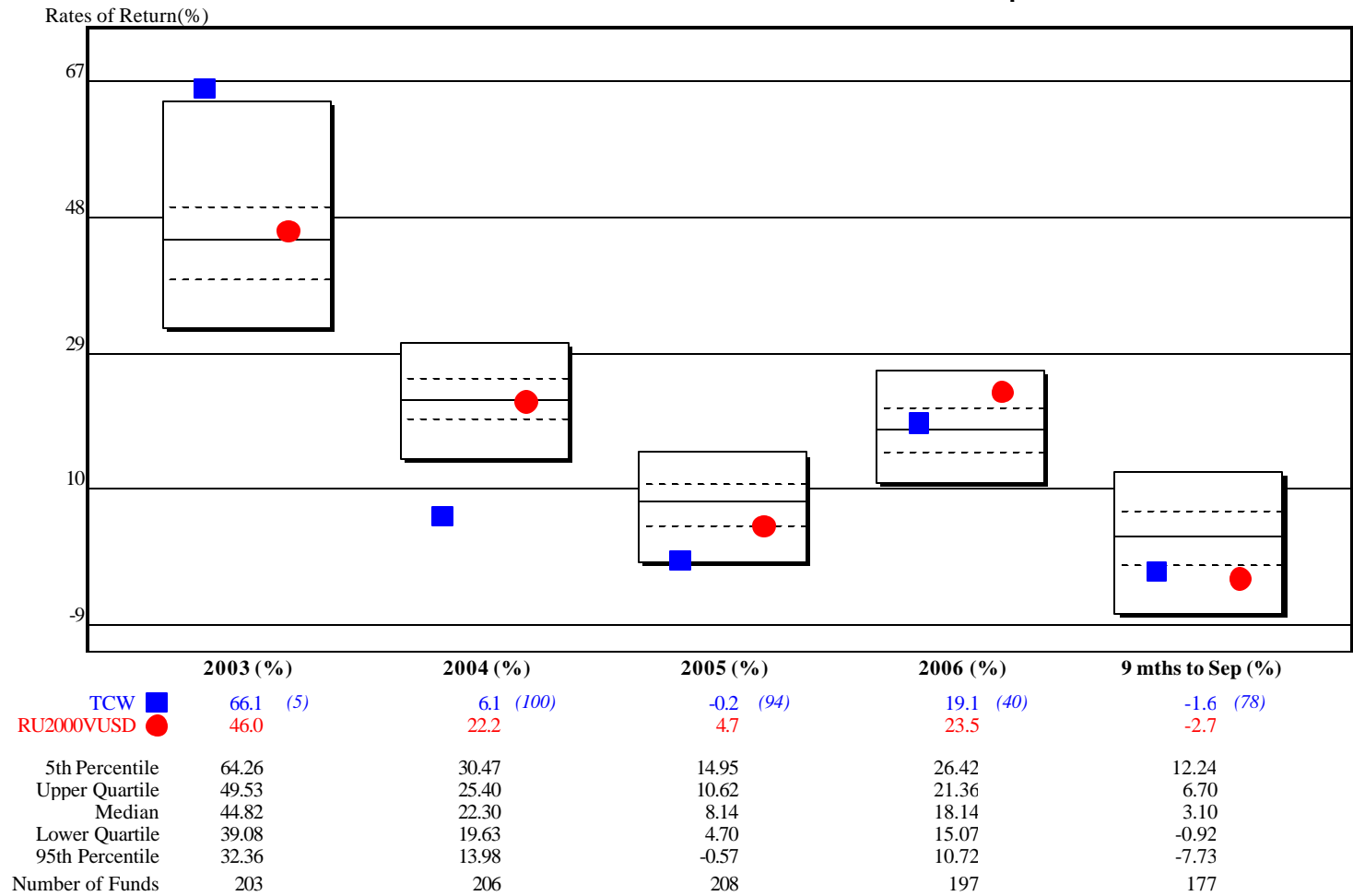
Provident Investment Counsel
3 Months Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>		<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Conv</u>	<u>Alloc</u>	<u>Select</u>	<u>Total</u>	
TOTAL	100.0	5.6	100.0	0.0	0.0	0.0	0.0	5.7	5.6	
EQUITY	97.0	5.7	100.0	0.0	0.0	0.0	[0.1]	5.7	5.5	
Technology	22.4	7.1	17.4	2.9	0.0	0.0	0.2	1.0	1.1	
Health Care	13.3	16.8	19.1	7.2	0.0	0.0	[0.4]	1.2	0.8	
Consumer Discretionary	24.2	4.7	22.6	[4.9]	0.0	0.0	[0.1]	2.4	2.3	
Consumer Staples	--	--	1.5	[5.6]	0.0	0.0	0.1	0.0	0.1	
Integrated Oils	--	--	0.2	[9.8]	0.0	0.0	0.0	0.0	0.0	
Other Energy	6.3	8.5	5.8	[1.1]	0.0	0.0	0.0	0.6	0.6	
Materials and Processing	14.2	7.4	8.1	1.0	0.0	0.0	0.1	1.0	1.1	
Producer Durables	3.7	11.6	8.5	[3.3]	0.0	0.0	0.2	0.5	0.7	
Autos and Transportation	4.3	[14.2]	3.8	[7.7]	0.0	0.0	0.0	[0.4]	(0.4)	
Financial Services	8.1	[10.1]	10.7	[1.6]	0.0	0.0	0.0	[0.7]	(0.7)	
Utilities	0.4	18.4	1.7	7.8	0.0	0.0	[0.1]	0.0	(0.1)	
Other	--	--	0.6	[4.2]	0.0	0.0	0.0	0.0	0.0	
CASH	3.0	1.2	--	--	0.0	0.0	0.1	0.0	0.1	

- The portfolio's strong security selection in technology, health care, consumer discretionary, other energy, materials & processing, and producer durables benefited performance.
- Unfavorable stock selection in financial services and autos & transportation detracted from results.

TCW Group

Comparison with the Mercer US Equity Small Cap Value Universe Performance before fees for Calendar Years and 9 months ended September 2007



- TCW underperformed the Russell 2000 Value Index in 2004, 2005 and 2006. It placed in the bottom quartile of the universe in 2004, 2005 and year-to-date.

Returns Consistency Analysis

US Equity Small Cap Value Quarterly Returns - before fees
 Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
TCW	20	8	40%	1	5%	3	15%	8	40%	53	10	50%

Benchmark:

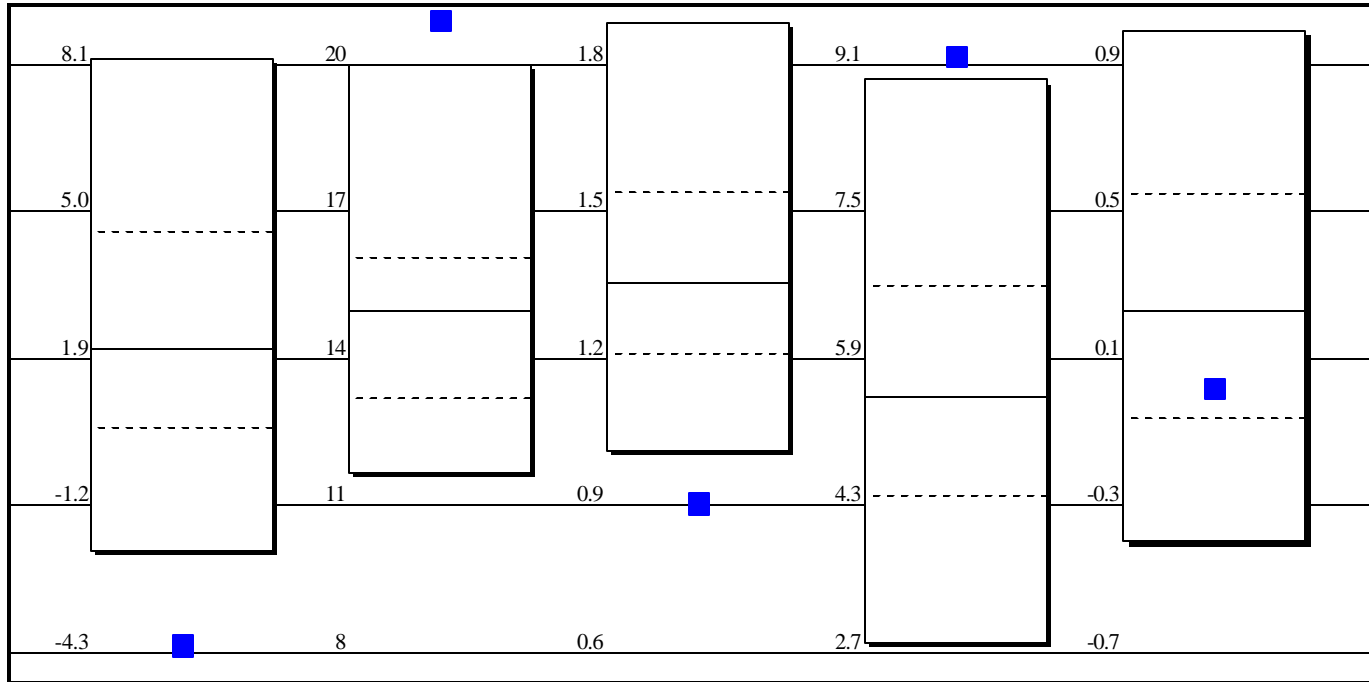
RU2000VUSD	20	2	10%	9	45%	5	25%	4	20%	53
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- For the 5-year period, TCW placed below the universe median 55% of the time with 8 quarters in the bottom quartile.

TCW Group

Comparison with the Mercer US Equity Small Cap Value Universe

Risk and Return Characteristics (calculated quarterly) versus RU2000VUSD for the period from Dec 2002 to Sep 2007

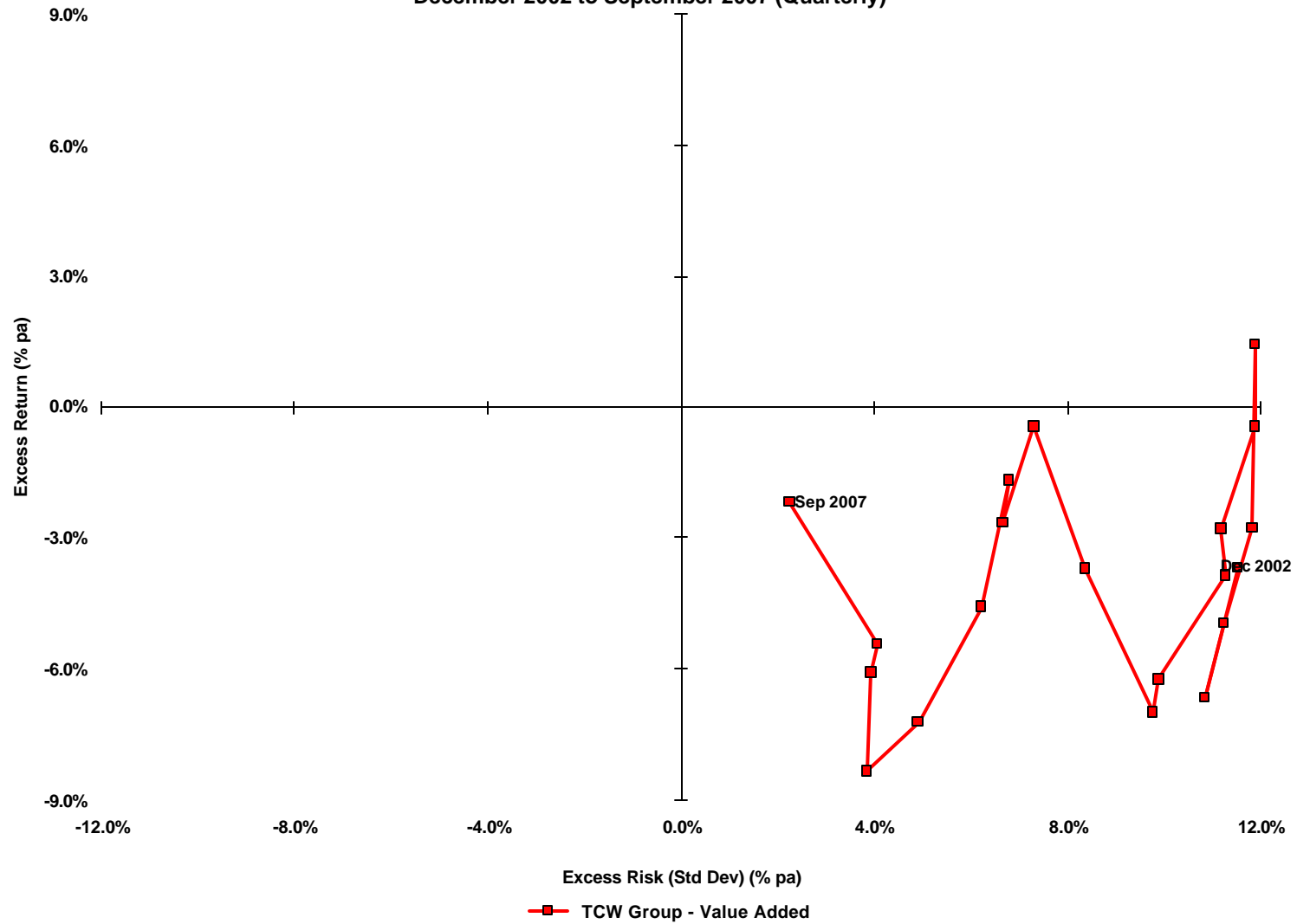


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
TCW ■	-4.2 (98)	20.9 (2)	0.9 (98)	9.2 (3)	0.0 (66)
5th Percentile	8.2	20.0	1.9	8.9	1.0
Upper Quartile	4.5	16.0	1.5	6.7	0.5
Median	2.1	14.9	1.4	5.5	0.2
Lower Quartile	0.4	13.2	1.2	4.4	-0.1
95th Percentile	-2.2	11.6	1.0	2.8	-0.4
Number of Funds	145	145	145	145	145

- For 5 years, TCW has a significantly negative alpha – ranking near the bottom of the universe – and placed at the 2nd percentile of the universe for risk taken.

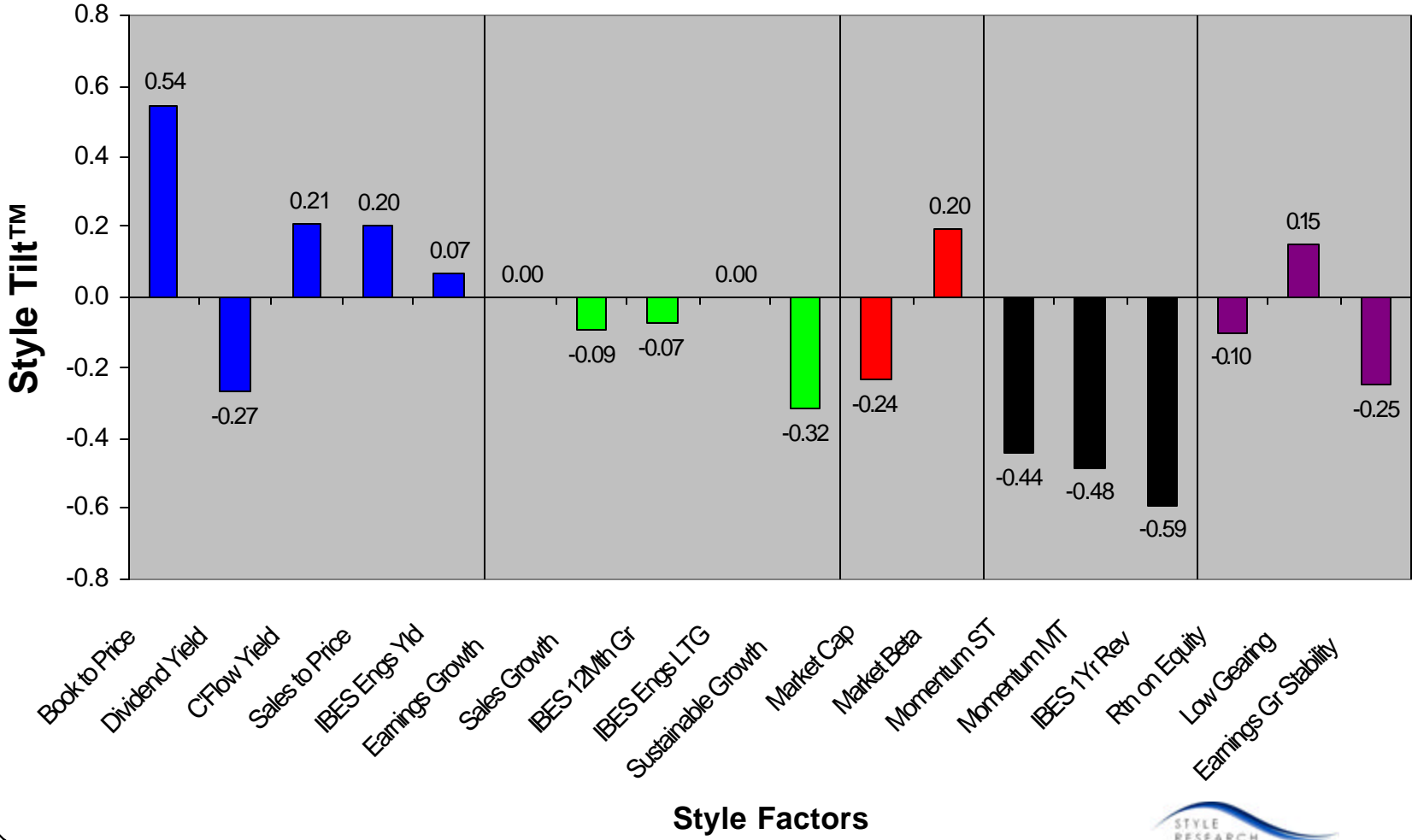
TCW Group - Value Added

Rolling 3 Year Risk / Return versus the Russell 2000 Value
December 2002 to September 2007 (Quarterly)



- TCW composite's return/risk profile has improved in recent quarters, but remains in the southeast quadrant.

TCW vs Russell 2000 Portfolio Style Skyline™



- TCW characteristics indicate the portfolio's value bias.

TCW Group

3 Months Ending September 30, 2007

	<u>Portfolio</u>		<u>Policy</u>		<u>Currency</u>		<u>Net Management Effect</u>			
	<u>Weight</u>	<u>Return</u>	<u>Weight</u>	<u>Return</u>	<u>Return</u>	<u>Cur.</u>	<u>Alloc.</u>	<u>Select.</u>	<u>Total</u>	
TOTAL	100.0	(9.1)	100.0	(3.1)	0.0	0.0	(0.2)	(5.8)	(6.0)	
EQUITY	98.8	(9.2)	100.0	(3.1)	0.0	0.0	(0.3)	(5.8)	(6.1)	
Technology	26.8	(8.2)	13.5	0.8	0.0	0.0	0.5	(2.4)	(1.9)	
Health Care	4.7	(10.8)	12.0	6.2	0.0	0.0	(0.6)	(0.8)	(1.4)	
Consumer Discretionary	18.6	(13.1)	19.1	(8.9)	0.0	0.0	0.0	(0.8)	(0.8)	
Consumer Staples	1.1	(9.8)	2.2	(4.4)	0.0	0.0	0.0	0.0	0.0	
Integrated Oils	0.1	—	0.1	(9.1)	0.0	0.0	0.0	(0.2)	(0.2)	
Other Energy	5.5	(11.4)	5.1	(0.9)	0.0	0.0	0.0	(0.6)	(0.6)	
Materials and Processing	9.0	(4.8)	9.8	(2.0)	0.0	0.0	0.0	(0.3)	(0.3)	
Producer Durables	16.7	(8.3)	7.5	(6.3)	0.0	0.0	(0.3)	(0.3)	(0.6)	
Autos and Transportation	3.6	(10.1)	4.2	(8.0)	0.0	0.0	0.0	(0.1)	(0.1)	
Financial Services	12.1	(6.8)	21.9	(4.7)	0.0	0.0	0.2	(0.3)	(0.1)	
Utilities	0.3	2.2	4.1	0.0	0.0	0.0	(0.1)	0.0	(0.1)	
Other	0.3	(5.1)	0.6	3.5	0.0	0.0	0.0	0.0	0.0	
CASH	1.2	1.3	—	—	0.0	0.0	0.1	0.0	0.1	

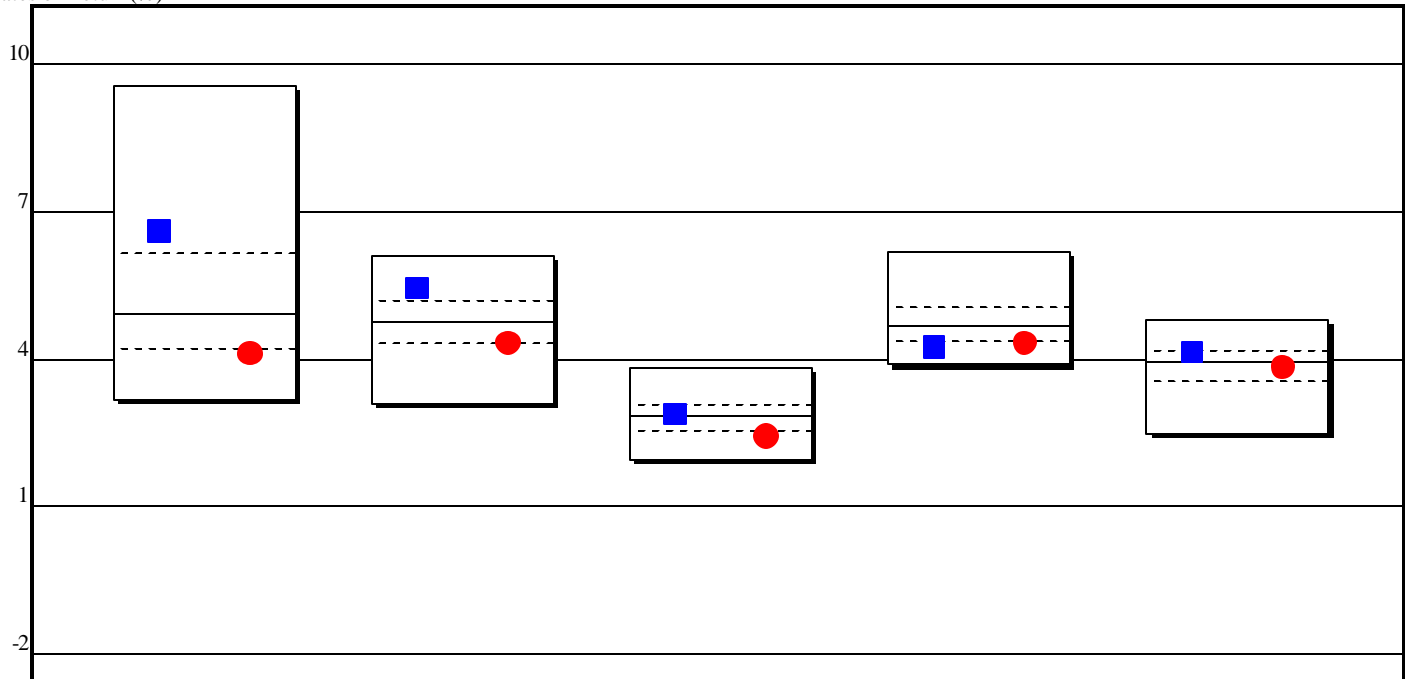
- Poor stock selection in technology, consumer discretionary, integrated oils, other energy, and materials & processing detracted from results.
- Unfavorable allocations and holdings in health care and producer durables also hurt performance while favorable allocations to technology and financial services contributed to performance.

Seix Investment Advisors

Comparison with the Mercer US Fixed Core Universe

Performance before fees for Calendar Years and 9 months ended September 2007

Rates of Return(%)



	2003 (%)	2004 (%)	2005 (%)	2006 (%)	9 mths to Sep (%)
Seix	6.6 (19)	5.4 (15)	2.9 (46)	4.3 (80)	4.2 (26)
LBUSAG	4.1	4.3	2.4	4.3	3.8
5th Percentile	9.6	6.1	3.8	6.2	4.8
Upper Quartile	6.2	5.2	3.1	5.1	4.2
Median	4.9	4.8	2.8	4.7	3.9
Lower Quartile	4.2	4.3	2.6	4.3	3.5
95th Percentile	3.1	3.1	1.9	3.9	2.4
Number of Funds	375	345	316	302	236

- Seix outperformed or matched the Lehman Brothers Aggregate Bond Index for all periods shown. It placed in the bottom half of the Mercer U.S Fixed Core Universe in 2006 only.

Returns Consistency Analysis

US Fixed Core Quarterly Returns - before fees

Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
Seix	20	8	40%	5	25%	3	15%	4	20%	41	17	85%

Benchmark:

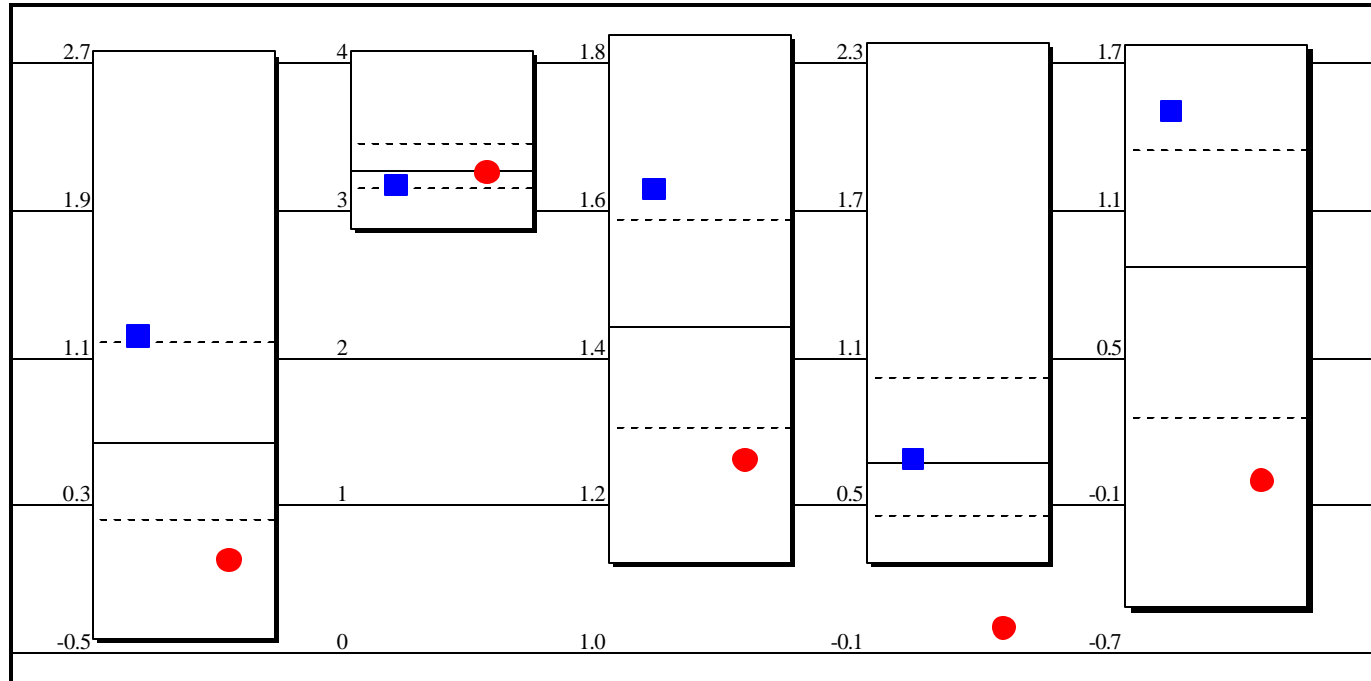
LBUSAG	20	0	0%	2	10%	13	65%	5	25%	65
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- For 5 years, Seix placed in the top half of the universe 65% of the time with 8 quarters in the top quartile.

Seix Investment Advisors

Comparison with the Mercer US Fixed Core Universe

Risk and Return Characteristics (calculated quarterly) versus LBUSAG for the period from Dec 2002 to Sep 2007

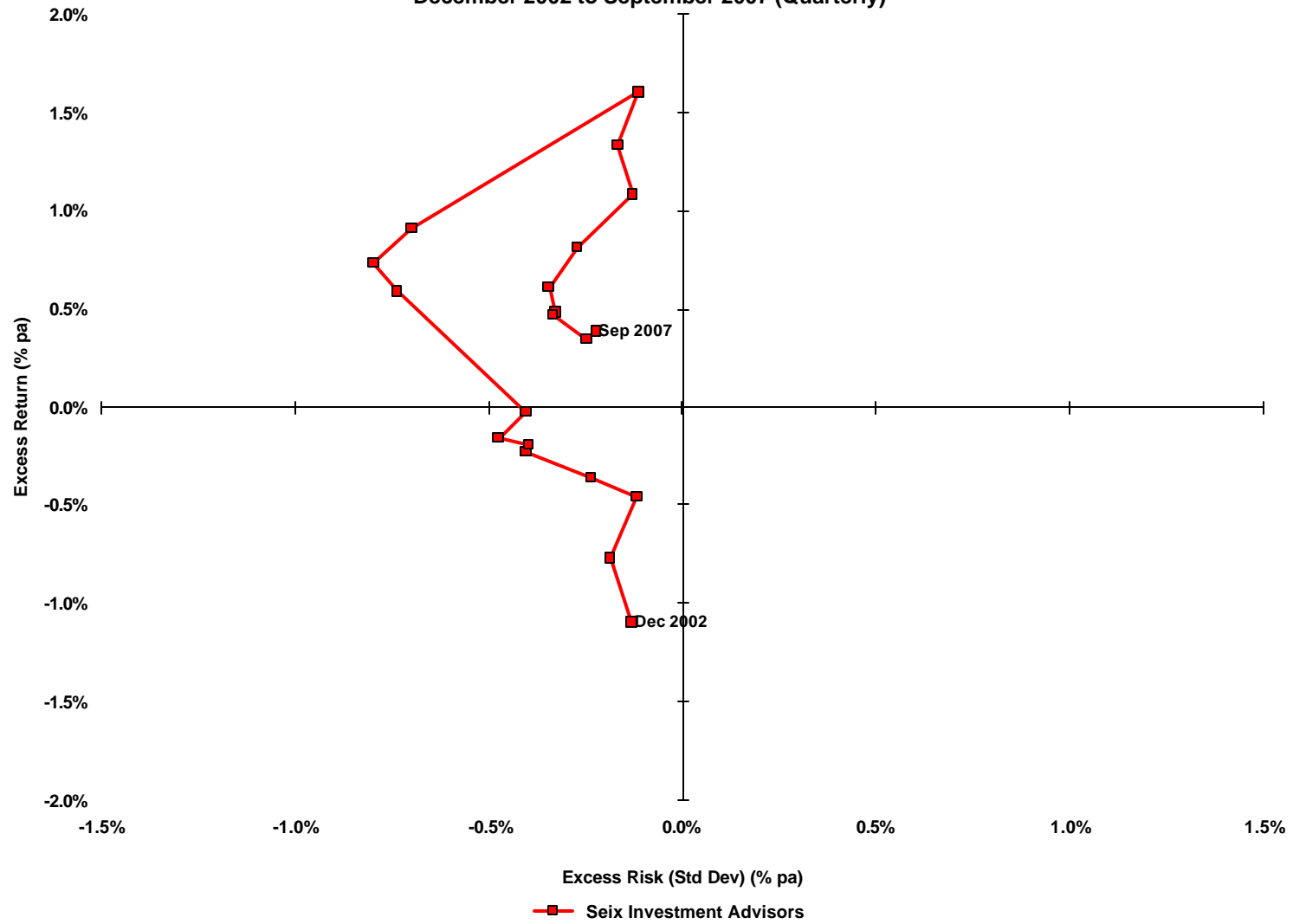


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
Seix	1.2 (24)	3.2 (71)	1.6 (20)	0.7 (47)	1.5 (16)
LBUSAG	0.0 (85)	3.3 (50)	1.3 (81)	0.0 (100)	0.0 (82)
5th Percentile	2.8	4.1	1.8	2.4	1.8
Upper Quartile	1.2	3.4	1.6	1.0	1.3
Median	0.6	3.3	1.4	0.7	0.9
Lower Quartile	0.2	3.1	1.3	0.5	0.3
95th Percentile	-0.4	2.9	1.1	0.3	-0.5
Number of Funds	221	221	221	221	221

- For 5 years, Seix has a positive alpha and has taken slightly less risk than the median manager.

Seix Investment Advisors

Rolling 3 Year Risk / Return versus the Lehman Bros US Aggregate
December 2002 to September 2007 (Quarterly)

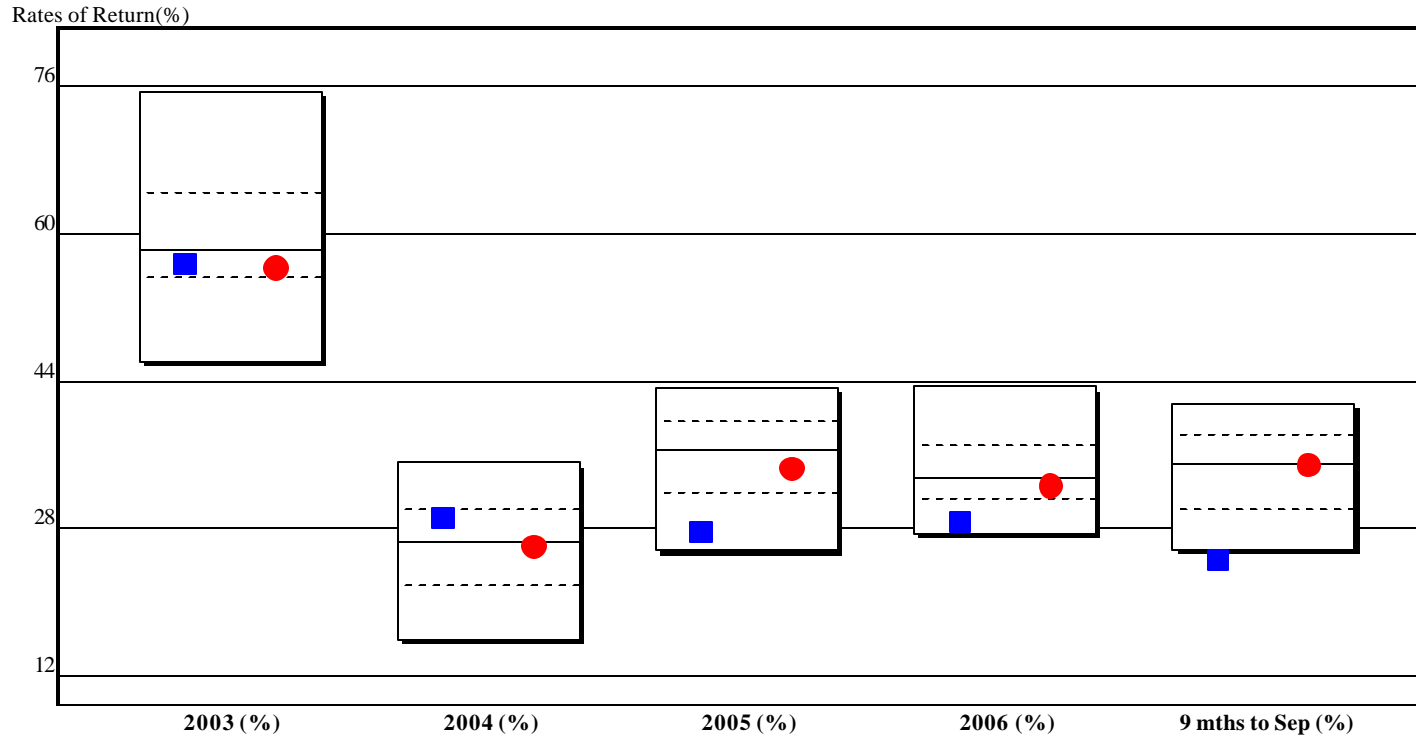


- Seix's risk/return profile resides in the northwest quadrant in recent quarters.

Boston Company Asset Management

Comparison with the Mercer Emerging Markets Equity Universe

Performance before fees for Calendar Years and 9 months ended September 2007



	2003 (%)	2004 (%)	2005 (%)	2006 (%)	9 mths to Sep (%)
Boston EM	56.7 (63)	29.2 (31)	27.6 (92)	28.8 (91)	24.5 (97)
MSEMFE	56.3	26.0	34.5	32.6	34.8
5th Percentile	75.36	35.12	43.11	43.32	41.46
Upper Quartile	64.40	29.98	39.66	36.86	37.98
Median	58.29	26.38	36.34	33.35	34.95
Lower Quartile	55.27	21.64	31.82	31.20	30.00
95th Percentile	45.82	15.84	25.42	27.30	25.50
Number of Funds	107	109	111	117	101

- Boston Company underperformed the MSCI Emerging Markets Index in 2005, 2006 and year-to-date. It underperformed the universe median for all periods except 2004.

Returns Consistency Analysis

Emerging Markets Equity (all funds) Quarterly Returns - before fees
 Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
Boston EM	20	2	10%	3	15%	7	35%	8	40%	64	6	30%

Benchmark:

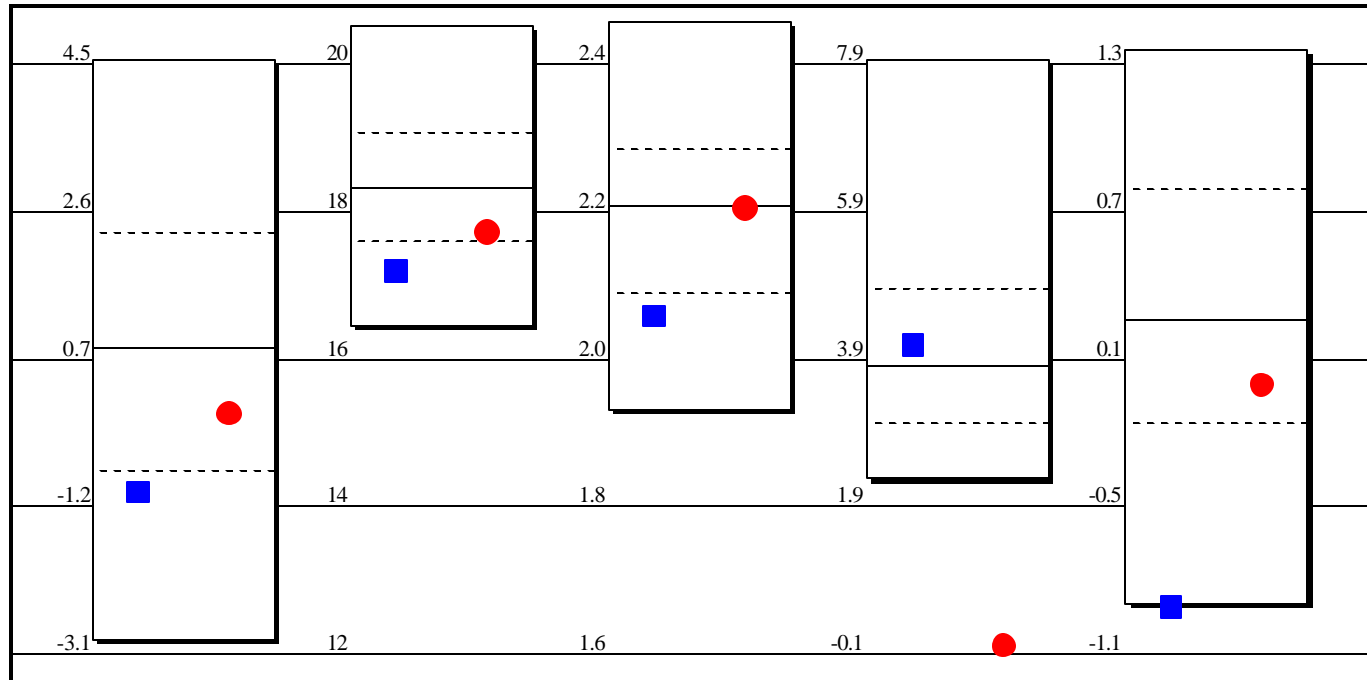
MSEMF	20	0	0%	5	25%	15	75%	0	0%	53
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- For 5 years, Boston Company has placed in the bottom half of the universe 75% of the time with 8 quarters in the bottom quartile.

Boston Company Asset Management

Comparison with the Mercer Emerging Markets Equity Universe

Risk and Return Characteristics (calculated quarterly) versus MSEM for the period from Dec 2002 to Sep 2007

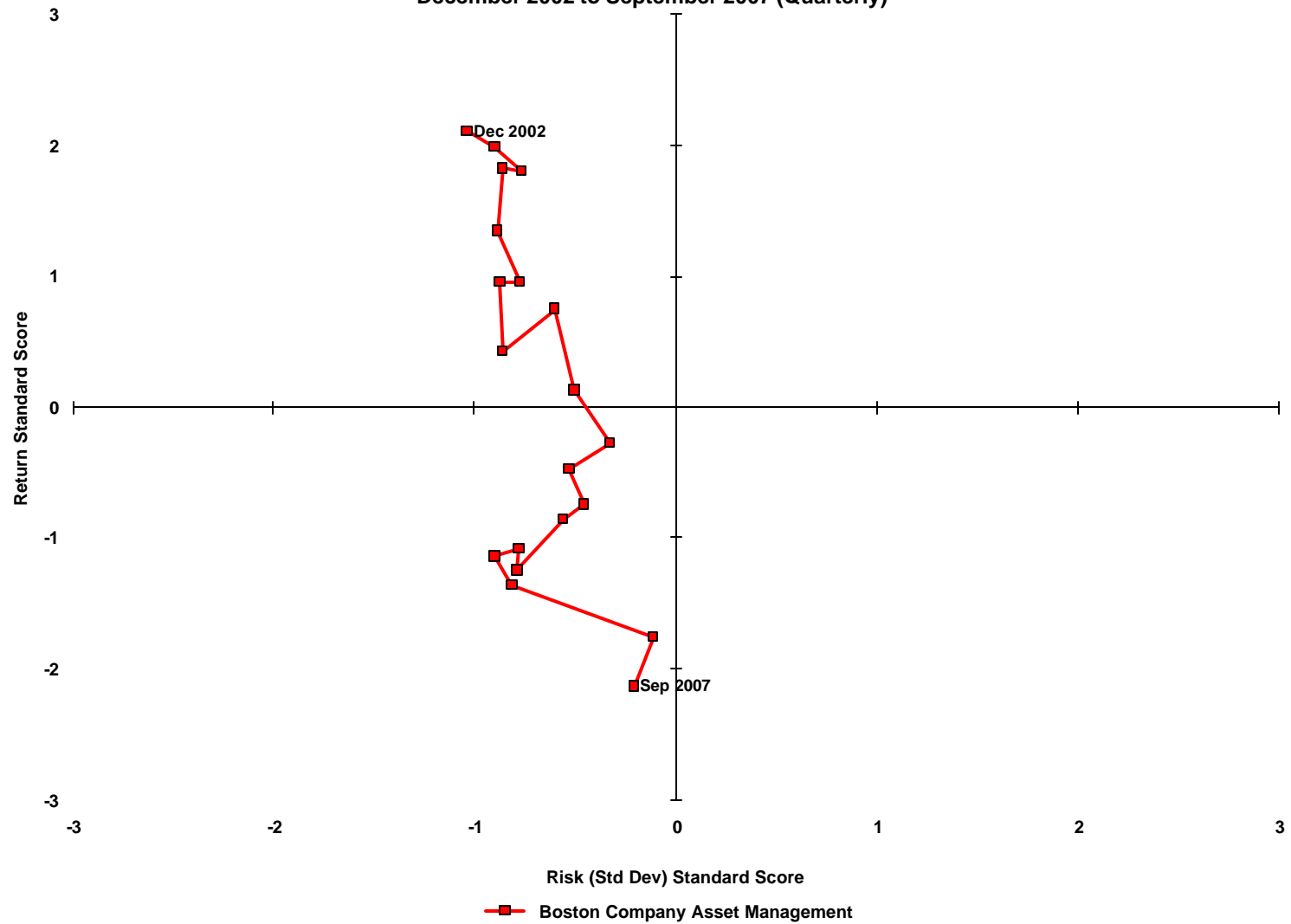


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
Boston EM	-1.0 (78)	17.2 (83)	2.1 (80)	4.1 (41)	-0.9 (95)
MSEM	0.0 (64)	17.7 (70)	2.2 (53)	0.0 (100)	0.0 (66)
5th Percentile	4.6	20.5	2.5	8.0	1.4
Upper Quartile	2.3	19.1	2.3	4.9	0.8
Median	0.8	18.3	2.2	3.8	0.3
Lower Quartile	-0.8	17.6	2.1	3.0	-0.2
95th Percentile	-2.9	16.4	1.9	2.3	-0.9
Number of Funds	81	81	81	81	81

- Boston Company has a negative alpha and has taken less risk than the median manager.

Boston Company Asset Management

Rolling 3 Year Risk / Return versus the Mercer Emerging Markets Equity Universe (all funds)
December 2002 to September 2007 (Quarterly)

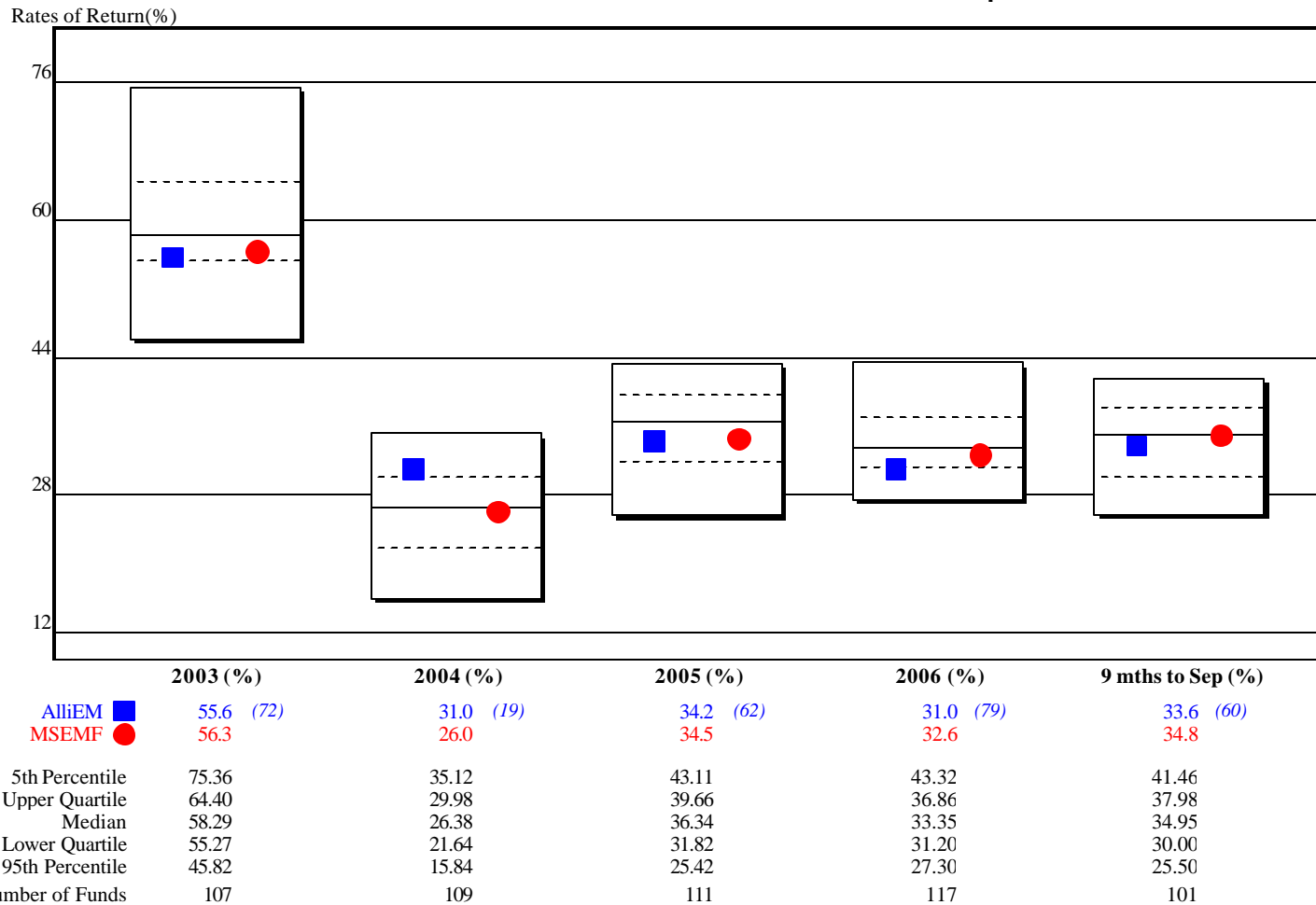


- Boston Company’s rolling 3-year risk/return profile has remained in the southeast quadrant in recent quarters.

Alliance Capital Management EM

Comparison with the Mercer Emerging Markets Equity Universe

Performance before fees for Calendar Years and 9 months ended September 2007



- Alliance outperformed the MSCI Emerging Markets Index in 2004 only. It underperformed the universe median in 2003, 2005, 2006 and year-to-date.

Returns Consistency Analysis

Emerging Markets Equity (all funds) Quarterly Returns - before fees
 Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
AlliEM	20	2	10%	8	40%	7	35%	3	15%	52	10	50%

Benchmark:

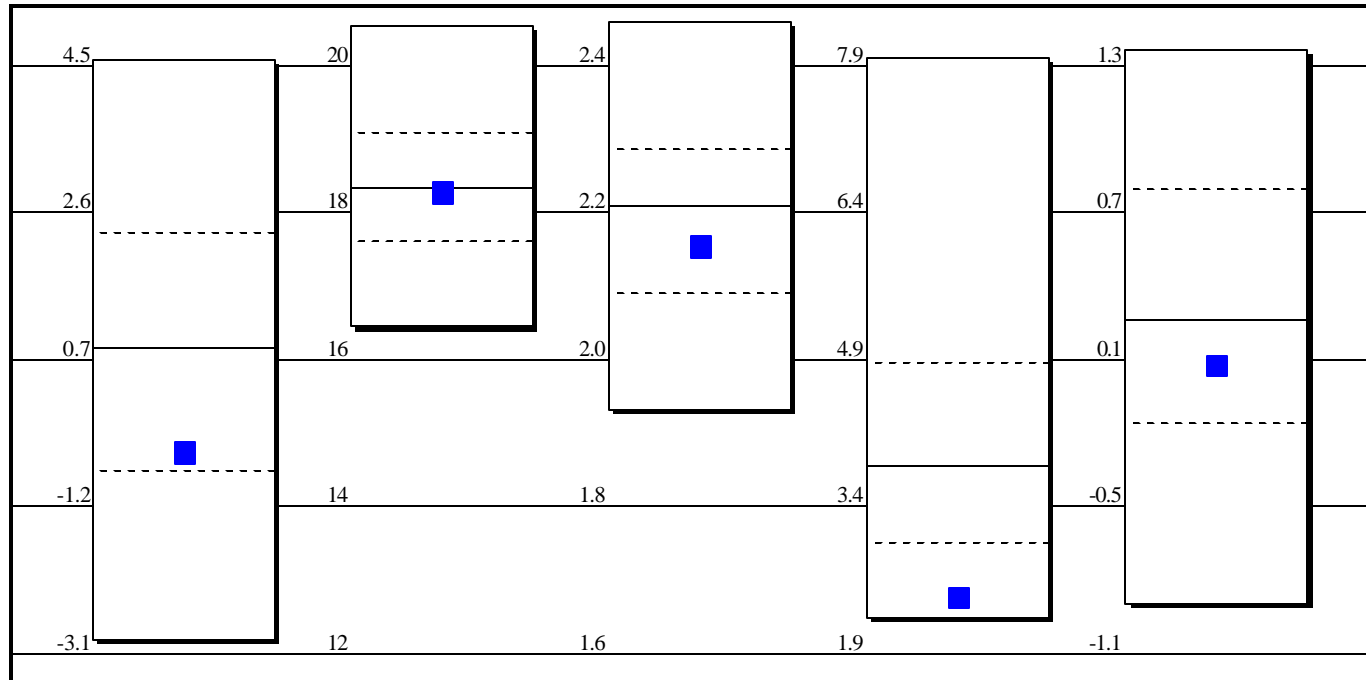
MSEMF	20	0	0%	5	25%	15	75%	0	0%	53
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- For 5 years, Alliance placed in the bottom half of the universe 50% of the time with 3 quarters in the bottom quartile.

Alliance Capital Management EM

Comparison with the Mercer Emerging Markets Equity Universe

Risk and Return Characteristics (calculated quarterly) versus MSEM for the period from Dec 2002 to Sep 2007

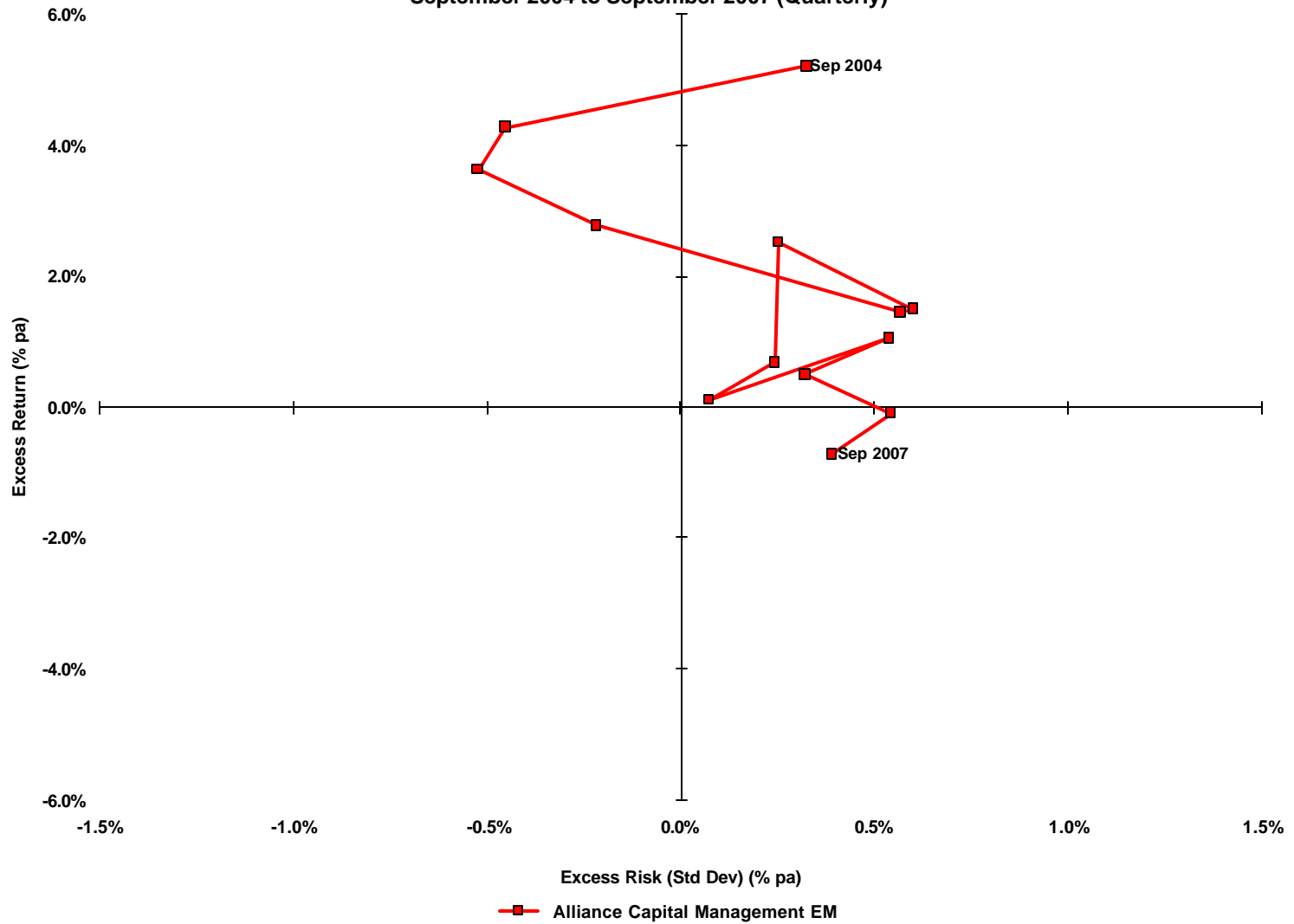


	Alpha (%pa)	Std Deviation (%pa)	Reward to Risk	Tracking Error (%pa)	Information Ratio
AlliEM ■	-0.5 (71)	18.3 (51)	2.2 (64)	2.5 (91)	0.1 (63)
5th Percentile	4.6	20.5	2.5	8.0	1.4
Upper Quartile	2.3	19.1	2.3	4.9	0.8
Median	0.8	18.3	2.2	3.8	0.3
Lower Quartile	-0.8	17.6	2.1	3.0	-0.2
95th Percentile	-2.9	16.4	1.9	2.3	-0.9
Number of Funds	81	81	81	81	81

- For 5 years, Alliance has a negative alpha and has taken approximately the same risk as the median manager.

Alliance Capital Management EM

Rolling 3 Year Risk / Return versus the MSCI EM
September 2004 to September 2007 (Quarterly)

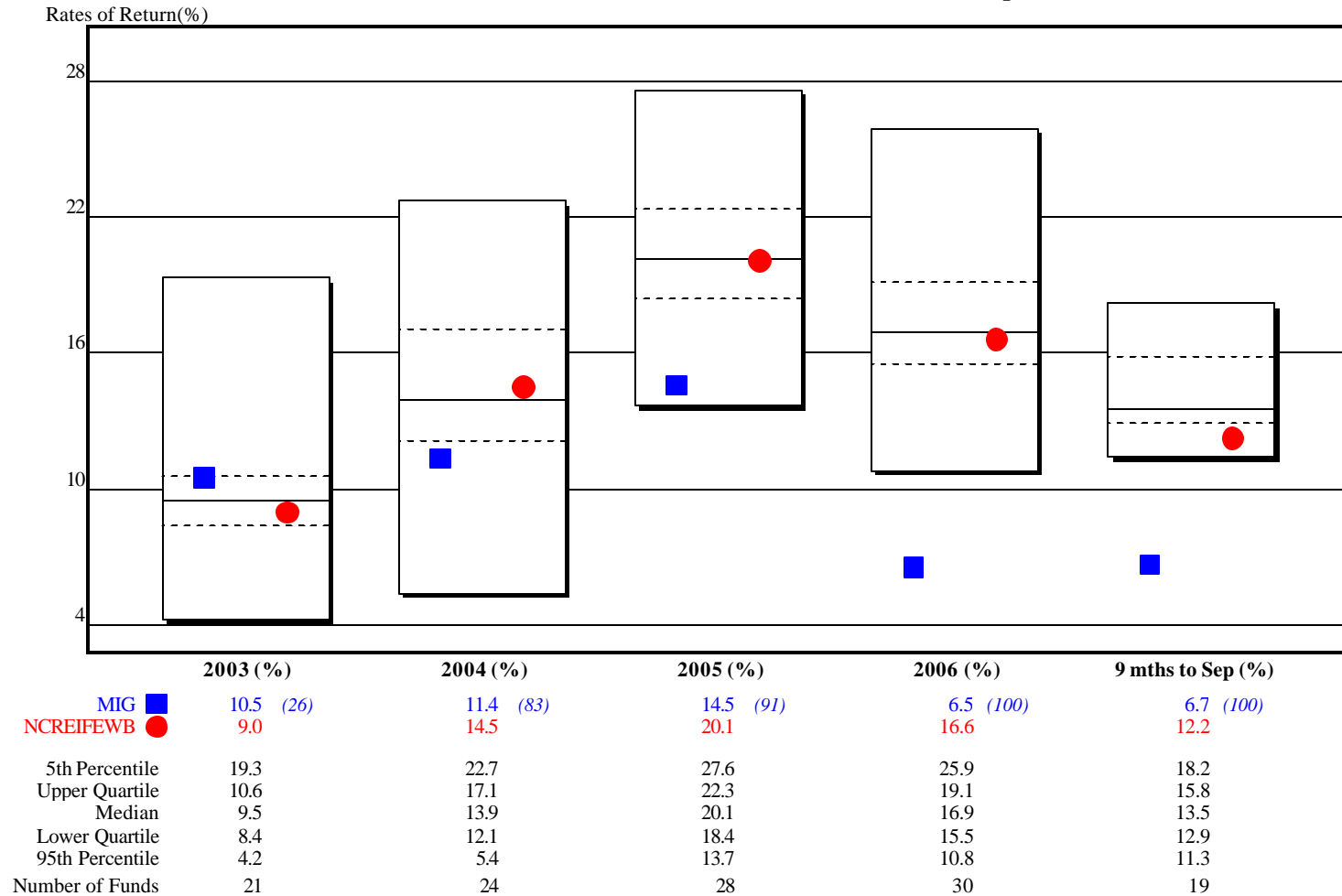


- Alliance's risk/return profile is now in the southeast quadrant.

Mercer Investment Consulting

MIG Realty Advisors

Comparison with the Mercer US Real Estate Open End Universe Performance before fees for Calendar Years and 9 months ended September 2007



- For all periods shown except 2003, MIG underperformed the NCREIF (EWB Calc) Index and placed in the bottom quartile of the Mercer U.S. Real Estate Open End Universe.

Returns Consistency Analysis

US Real Estate Open End Quarterly Returns - before fees
 Quarterly returns from Dec 2002 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
MIG	20	3	15%	1	5%	2	10%	14	70%	75	4	20%

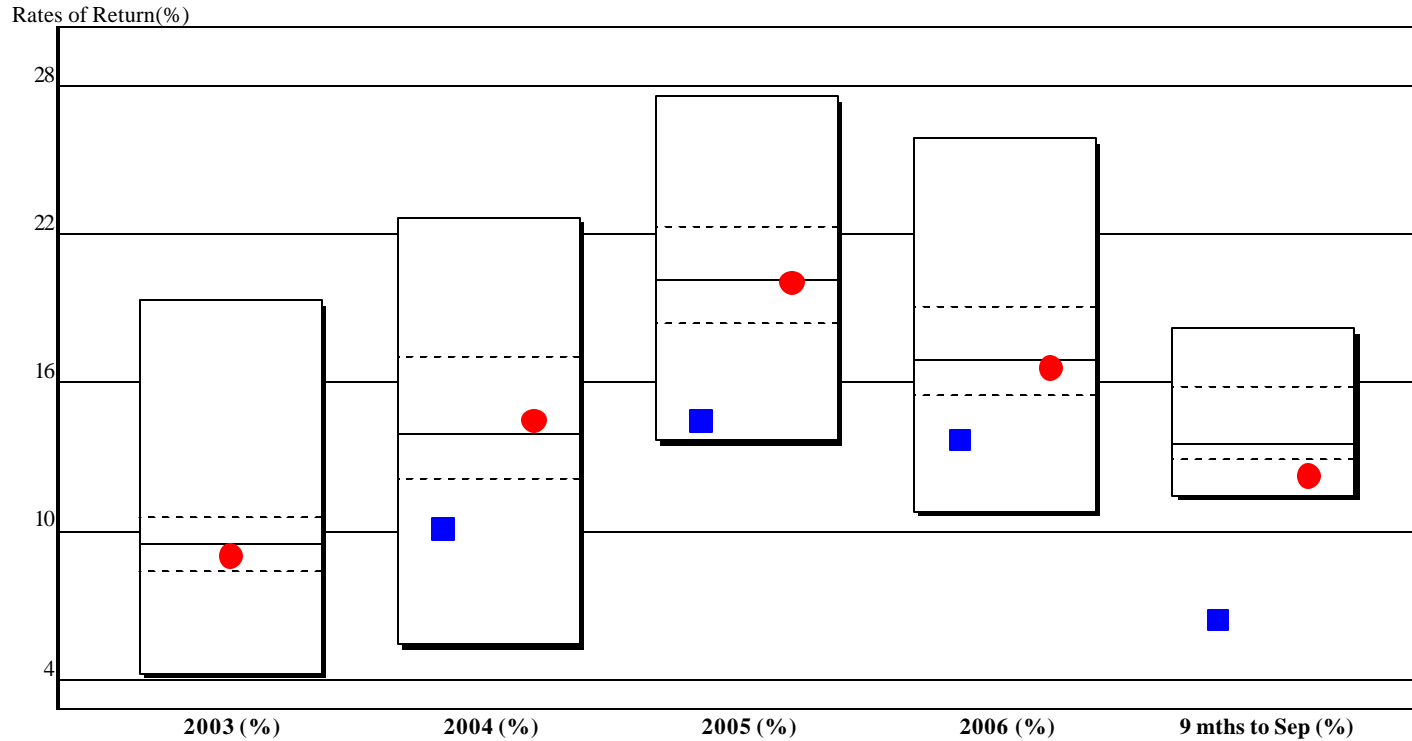
Benchmark:

NCREIFEWB	20	0	0%	11	55%	9	45%	0	0%	50
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- For 5 years, MIG has placed in the bottom half of the universe 80% of the time with 14 quarters in the bottom quartile.

Kennedy Associates

Comparison with the Mercer US Real Estate Open End Universe Performance before fees for Calendar Years and 9 months ended September 2007



	2003 (%)	2004 (%)	2005 (%)	2006 (%)	9 mths to Sep (%)
Kennedy	na	10.1 (85)	14.5 (91)	13.6 (85)	6.4 (100)
NCREIFEWB	9.0	14.5	20.1	16.6	12.2
5th Percentile	19.3	22.7	27.6	25.9	18.2
Upper Quartile	10.6	17.1	22.3	19.1	15.8
Median	9.5	13.9	20.1	16.9	13.5
Lower Quartile	8.4	12.1	18.4	15.5	12.9
95th Percentile	4.2	5.4	13.7	10.8	11.3
Number of Funds	21	24	28	30	19

- Kennedy underperformed the NCREIF (EWB Calc) Index and placed in the bottom quartile of the Mercer U.S. Real Estate Open End Universe for all periods shown.

Returns Consistency Analysis

US Real Estate Open End Quarterly Returns - before fees
 Quarterly returns from Dec 2003 to Sep 2007

Manager	Number of Obs	First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Avg Percentile Ranking	> Benchmark	
		Number	%	Number	%	Number	%	Number	%		Number	%
Kennedy	16	2	13%	1	6%	4	25%	9	56%	73	3	19%

Benchmark:

NCREIFEWB	16	0	0%	10	63%	6	38%	0	0%	48
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- Since inception, Kennedy has placed in the bottom half of the universe 81% of the time with 9 quarters in the bottom quartile.

Investment Policy Compliance

San Jose Police and Fire Retirement System
 Compliance Summary
 Period Ending September 30, 2007

	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Total Fund	\$ 2,805.5	100.0 %					
<i>Rank vs. Total Funds Billion Dollar - Public</i>							
<i>Total Funds Billion Dollar - Public Med</i>			No	No	Yes	No	No
<i>Total Fund Benchmark</i>			No	No	Yes	No	Yes
Total Domestic Equity Fund	1,068.5	38.1					
<i>Rank vs. Mercer US Equity Combined Universe</i>							
<i>Mercer US Equity Combined Universe Med</i>			No	No	No	No	No
<i>S&P 500 - Total Return Index</i>			No	No	No	Yes	Yes
Index Equity							
RhumbLine Advisers - Large Cap Index Equity	254.8	9.1					
<i>Rank vs. Mercer US Equity Combined Universe</i>							
<i>Mercer US Equity Combined Universe Med</i>			Yes	No	No	No	No
<i>S&P 500 - Total Return Index</i>			Yes	Yes	No	No	No
RhumbLine Advisers - Large Cap Index Equity-Net	254.8	9.1					
<i>Rank vs. Mercer US Equity Combined Universe</i>							
<i>Mercer US Equity Combined Universe Med</i>			Yes	No	No	No	No
<i>S&P 500 - Total Return Index</i>			Yes	No	No	No	No
Growth Equity							
GLOBALT, Inc. - Large Cap Growth Equity	47.5	1.7					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i>Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	No
<i>Russell 1000 Growth Index</i>			Yes	No	No	No	No
<i>Russell 1000 Growth + 1%</i>			Yes	No	No	No	No
GLOBALT, Inc. - Large Cap Growth Equity-Net	47.5	1.7					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i>Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	No
<i>Russell 1000 Growth Index</i>			Yes	No	No	No	No
<i>Russell 1000 Growth + 1%</i>			Yes	No	No	No	No

San Jose Police and Fire Retirement System
 Compliance Summary
 Period Ending September 30, 2007

	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
INTECH - Large Cap Growth Equity	\$ 51.1	1.8 %					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i> Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	
<i> Russell 1000 Growth Index</i>			No	No	No	No	
<i> Russell 1000 Growth + 1%</i>			No	No	No	No	
INTECH - Large Cap Growth Equity-Net	51.1	1.8					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i> Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	
<i> Russell 1000 Growth Index</i>			No	No	No	No	
<i> Russell 1000 Growth + 1%</i>			No	No	No	No	
New Amsterdam Partners - Large Cap Growth Equity	166.1	5.9					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i> Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	Yes
<i> S&P 500 - Total Return Index</i>			No	No	No	No	Yes
<i> S&P 500 + 1.0%</i>			No	No	No	No	No
New Amsterdam Partners - Large Cap Growth Equity-Net	166.1	5.9					
<i>Rank vs. Mercer US Equity Large Cap Growth Universe</i>							
<i> Mercer US Equity Large Cap Growth Universe Med</i>			No	No	No	No	Yes
<i> S&P 500 - Total Return Index</i>			No	No	No	No	Yes
<i> S&P 500 + 1.0%</i>			No	No	No	No	No
UBS Global Asset Management - Large Cap Value Equity	141.9	5.1					
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>							
<i> Mercer US Equity Large Cap Value Universe Med</i>			No	No	No	No	No
<i> Russell 3000 Index</i>			No	No	No	Yes	Yes
<i> Russell 3000 + 1%</i>			No	No	No	No	Yes
UBS Global Asset Management - Large Cap Value Equity-Net	141.9	5.1					
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>							
<i> Mercer US Equity Large Cap Value Universe Med</i>			No	No	No	No	No
<i> Russell 3000 Index</i>			No	No	No	Yes	Yes
<i> Russell 3000 + 1%</i>			No	No	No	No	No

Mercer

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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Value Equity							
Boston Partners Asset Mgmt. - Large Cap Value Equity	\$ 154.6	5.5 %					
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>							
<i> Mercer US Equity Large Cap Value Universe Med</i>			Yes	Yes	Yes	Yes	Yes
<i> Russell 1000 Value Index</i>			Yes	Yes	Yes	Yes	Yes
<i> Russell 1000 Value + 1.0%</i>			Yes	Yes	Yes	Yes	No
Boston Partners Asset Mgmt. - Large Cap Value Equity-Net	154.6	5.5					
<i>Rank vs. Mercer US Equity Large Cap Value Universe</i>							
<i> Mercer US Equity Large Cap Value Universe Med</i>			Yes	Yes	Yes	Yes	Yes
<i> Russell 1000 Value Index</i>			Yes	Yes	Yes	Yes	Yes
<i> Russell 1000 Value + 1.0%</i>			Yes	Yes	Yes	Yes	No
Provident Investment Counsel - Small Cap Growth Equity	79.4	2.8					
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>							
<i> Mercer US Equity Small Cap Growth Universe Med</i>			Yes	Yes	Yes	Yes	No
<i> Russell 2000 Growth Index</i>			Yes	Yes	Yes	Yes	Yes
<i> Russell 2000 Growth + 2%</i>			Yes	Yes	Yes	Yes	No
Provident Investment Counsel - Small Cap Growth Equity-Net	79.4	2.8					
<i>Rank vs. Mercer US Equity Small Cap Growth Universe</i>							
<i> Mercer US Equity Small Cap Growth Universe Med</i>			Yes	Yes	Yes	No	No
<i> Russell 2000 Growth Index</i>			Yes	Yes	Yes	Yes	No
<i> Russell 2000 Growth + 2%</i>			Yes	Yes	Yes	Yes	No
RhumbLine Advisers	104.7	3.7					
<i>Rank vs. Mercer US Equity Small Cap Core Universe</i>							
<i> Mercer US Equity Small Cap Core Universe Med</i>			Yes	No	No	No	No
<i> Russell 2000 Index</i>			Yes	Yes	Yes	Yes	No
RhumbLine Advisers-Net	104.7	3.7					
<i>Rank vs. Mercer US Equity Small Cap Core Universe</i>							
<i> Mercer US Equity Small Cap Core Universe Med</i>			Yes	No	No	No	No
<i> Russell 2000 Index</i>			Yes	Yes	Yes	Yes	No

San Jose Police and Fire Retirement System
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Small Cap Value							
TCW Group - Small Cap Value Equity	\$ 68.4	2.4 %					
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>							
<i> Mercer US Equity Small Cap Value Universe Med</i>			No	No	No	No	No
<i> Russell 2000 Index</i>			No	No	No	No	Yes
<i> Russell 2000 + 2.0%</i>			No	No	No	No	No
TCW Group - Small Cap Value Equity-Net	68.4	2.4					
<i>Rank vs. Mercer US Equity Small Cap Value Universe</i>							
<i> Mercer US Equity Small Cap Value Universe Med</i>			No	No	No	No	No
<i> Russell 2000 Index</i>			No	No	No	No	No
<i> Russell 2000 + 2.0%</i>			No	No	No	No	No
Total Intl Equity - Established Markets	630.2	22.5					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i> Mercer Intl Equity Universe Med</i>			No	No	Yes	No	Yes
<i> MSCI EAFE Net Dividend Index</i>			Yes	Yes	Yes	Yes	Yes
AQR Capital Management, LLC International Equity	124.4	4.4					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i> Mercer Intl Equity Universe Med</i>			No	No	No	No	No
<i> MSCI EAFE Net Dividend Index</i>			No	Yes	Yes	Yes	Yes
<i> MSCI EAFE NET +1.5%</i>			No	No	Yes	Yes	Yes
AQR Capital Management, LLC International Equity-Net	124.4	4.4					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i> Mercer Intl Equity Universe Med</i>			No	No	No	No	No
<i> MSCI EAFE Net Dividend Index</i>			No	No	Yes	Yes	Yes
<i> MSCI EAFE NET +1.5%</i>			No	No	No	No	No

San Jose Police and Fire Retirement System
 Compliance Summary
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Brandes Investment Partners - International Equity	\$ 244.6	8.7 %					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i>Mercer Intl Equity Universe Med</i>			No	No	No	No	Yes
<i>MSCI EAFE Net Dividend Index</i>			No	No	No	No	Yes
<i>MSCI EAFE NET +1.5%</i>			No	No	No	No	Yes
Brandes Investment Partners - International Equity-Net	244.6	8.7					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i>Mercer Intl Equity Universe Med</i>			No	No	No	No	Yes
<i>MSCI EAFE Net Dividend Index</i>			No	No	No	No	Yes
<i>MSCI EAFE NET +1.5%</i>			No	No	No	No	Yes
William Blair & Company - International Equity	261.2	9.3					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i>Mercer Intl Equity Universe Med</i>			Yes	Yes	Yes	Yes	Yes
<i>MSCI All Country World Ex United States Net Index</i>			Yes	Yes	Yes	Yes	Yes
<i>MSCI AC World x US Net + 1.5%</i>			Yes	Yes	Yes	Yes	No
William Blair & Company - International Equity-Net	261.2	9.3					
<i>Rank vs. Mercer Intl Equity Universe</i>							
<i>Mercer Intl Equity Universe Med</i>			Yes	Yes	Yes	Yes	Yes
<i>MSCI All Country World Ex United States Net Index</i>			Yes	Yes	Yes	Yes	Yes
<i>MSCI AC World x US Net + 1.5%</i>			Yes	Yes	Yes	Yes	No
Total Intl Equity - Emerging Markets	186.3	6.6					
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>							
<i>Mercer Emerging Markets Equity Universe Med</i>			No	No	No	No	No
<i>MSCI Emerging Markets Index</i>			No	No	No	No	No

San Jose Police and Fire Retirement System
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Alliance Capital Mgmt Emerging Markets Equity	\$ 96.7	3.4 %					
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>							
<i>Mercer Emerging Markets Equity Universe Med</i>			No	No	No	No	No
<i>MSCI Emerging Markets Index</i>			No	No	No	No	Yes
<i>MSCI Emerging Markets + 2%</i>			No	No	No	No	No
Alliance Capital Mgmt Emerging Markets Equity-Net	96.7	3.4					
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>							
<i>Mercer Emerging Markets Equity Universe Med</i>			No	No	No	No	No
<i>MSCI Emerging Markets Index</i>			No	No	No	No	No
<i>MSCI Emerging Markets + 2%</i>			No	No	No	No	No
Boston Company Asset Mgmt. Emerging Markets Equity	89.6	3.2					
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>							
<i>Mercer Emerging Markets Equity Universe Med</i>			No	No	No	No	No
<i>MSCI Emerging Markets Index</i>			No	No	No	No	No
<i>MSCI Emerging Markets + 2%</i>			No	No	No	No	No
Boston Company Asset Mgmt. Emerging Markets Equity-Net	89.6	3.2					
<i>Rank vs. Mercer Emerging Markets Equity Universe</i>							
<i>Mercer Emerging Markets Equity Universe Med</i>			No	No	No	No	No
<i>MSCI Emerging Markets Index</i>			No	No	No	No	No
<i>MSCI Emerging Markets + 2%</i>			No	No	No	No	No
Total Domestic Core Fixed Income Fund	553.5	19.7					
<i>Rank vs. Mercer US Fixed Core Universe</i>							
<i>Mercer US Fixed Core Universe Med</i>			No	No	No	Yes	Yes
<i>Lehman Brothers Aggregate Bond</i>			No	No	No	Yes	Yes

San Jose Police and Fire Retirement System
 Compliance Summary
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Seix Investment Advisors, Inc - Fixed Income	\$ 274.6	9.8 %					
<i>Rank vs. Mercer US Fixed Core Universe</i>							
<i>Mercer US Fixed Core Universe Med</i>			Yes	Yes	Yes	No	Yes
<i>LB Aggregate + 0.5%</i>			Yes	No	No	No	Yes
Seix Investment Advisors, Inc - Fixed Income-Net	274.6	9.8					
<i>Rank vs. Mercer US Fixed Core Universe</i>							
<i>Mercer US Fixed Core Universe Med</i>			Yes	Yes	Yes	No	Yes
<i>LB Aggregate + 0.5%</i>			Yes	No	No	No	Yes

San Jose Police and Fire Retirement System
 Compliance Summary
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Western Asset Management Company	\$ 278.9	9.9 %					
<i>Rank vs. Mercer US Fixed Core Universe</i>							
<i> Mercer US Fixed Core Universe Med</i>			No	No	No	Yes	Yes
<i> Lehman Brothers Aggregate Bond</i>			No	No	No	Yes	Yes
<i> LB Aggregate + 0.5%</i>			No	No	No	Yes	Yes
Western Asset Management Company-Net	278.9	9.9					
<i>Rank vs. Mercer US Fixed Core Universe</i>							
<i> Mercer US Fixed Core Universe Med</i>			No	No	No	Yes	Yes
<i> Lehman Brothers Aggregate Bond</i>			No	No	No	Yes	Yes
<i> LB Aggregate + 0.5%</i>			No	No	No	Yes	Yes
Income Research & Mgmt., Inc. Long Duration	105.6	3.8					
<i>Rank vs. Mercer US Fixed Long Duration Universe</i>							
<i> Mercer US Fixed Long Duration Universe Med</i>			No	Yes	Yes		
<i> Lehman Brothers U.S. Gov/Credit-Long Term</i>			No	Yes	Yes		
<i> Lehman Brothers U.S. Gov/Credit-Long Term +0.5%</i>			No	No	No		
Income Research & Mgmt., Inc. Long Duration-Net	105.6	3.8					
<i>Rank vs. Mercer US Fixed Long Duration Universe</i>							
<i> Mercer US Fixed Long Duration Universe Med</i>			No	No	No		
<i> Lehman Brothers U.S. Gov/Credit-Long Term</i>			No	No	Yes		
<i> Lehman Brothers U.S. Gov/Credit-Long Term +0.5%</i>			No	No	No		
Total Real Estate Fund	209.5	7.5					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i> Mercer US Real Estate Open End Universe Med</i>			No	No	No	No	No
<i> NCREIF Property Index - EWB Calc</i>			No	No	No	No	No

San Jose Police and Fire Retirement System
 Compliance Summary
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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
MIG Realty Advisors - Real Estate	\$ 49.7	1.8 %					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			Yes	No	No	No	No
<i>NCREIF Property Index - EWB Calc</i>			Yes	No	No	No	No
<i>NCREIF PROPERTY + 1.5%</i>			Yes	No	No	No	No
MIG Realty Advisors - Real Estate-Net	49.7	1.8					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			Yes	No	No	No	No
<i>NCREIF Property Index - EWB Calc</i>			Yes	No	No	No	No
<i>NCREIF PROPERTY + 1.5%</i>			Yes	No	No	No	No
Kennedy Associate Real Estate - Real Estate	99.6	3.6					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			No	No	No	No	No
<i>NCREIF Property Index - EWB Calc</i>			No	No	No	No	No
<i>NCREIF PROPERTY + 1.5%</i>			No	No	No	No	No
Kennedy Associate Real Estate - Real Estate-Net	99.6	3.6					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			No	No	No	No	No
<i>NCREIF Property Index - EWB Calc</i>			No	No	No	No	No
<i>NCREIF PROPERTY + 1.5%</i>			No	No	No	No	No
MEPT	60.1	2.1					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			No	Yes	No		
<i>NCREIF Property Index - EWB Calc</i>			No	Yes	No		
<i>NCREIF PROPERTY + 1.5%</i>			No	Yes	No		
MEPT-Net	60.1	2.1					
<i>Rank vs. Mercer US Real Estate Open End Universe</i>							
<i>Mercer US Real Estate Open End Universe Med</i>			No	No	No		
<i>NCREIF Property Index - EWB Calc</i>			No	Yes	No		
<i>NCREIF PROPERTY + 1.5%</i>			No	No	No		

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	Market Value	% of Total Fund	Quarter	YTD	Annualized		
					1 Year	3 Years	5 Years
Pantheon Ventures S&P 500 + 3%	\$ 17.5	0.6 %	No	No	No		
Pantheon Ventures-Net S&P 500 + 3%	17.5	0.6	No	No	No		
Portfolio Advisors S&P 500 + 3%	16.1	0.6	Yes	No	No		
Portfolio Advisors-Net S&P 500 + 3%	16.1	0.6	Yes	No	No		
HarbourVest Partners, LLC S&P 500 + 3%	10.3	0.4	Yes	Yes	No		
HarbourVest Partners, LLC-Net S&P 500 + 3%	10.3	0.4	Yes	Yes	No		

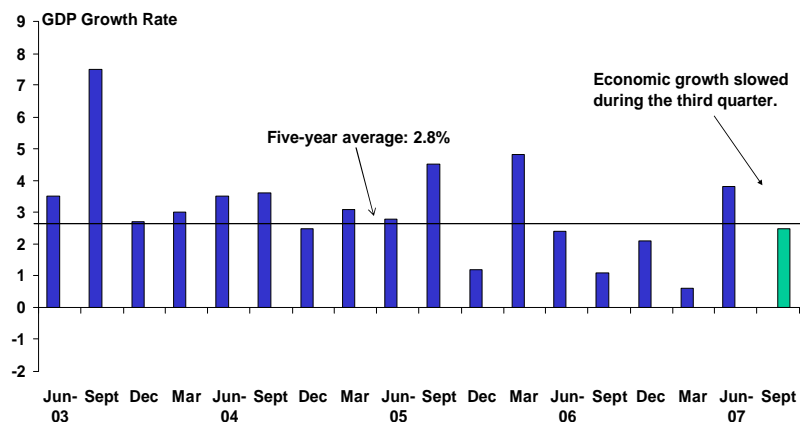
Appendix

Economic Environment

For Periods Ending September 2007

Economic Profile

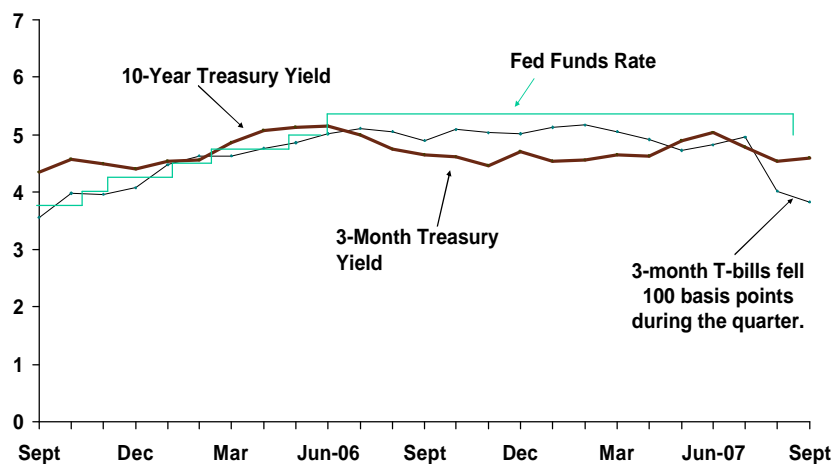
GDP Growth Rate



- Economic growth slowed during the quarter due primarily to further weakening in the housing market. Economists estimate third-quarter GDP growth of 2.5%.
- The labor market showed signs of weakness despite stronger-than-expected payroll growth in September, as the pace of private sector hiring slowed. The unemployment rate inched up to 4.7% during the quarter.
- Consumer confidence slumped to a near 2-year low in September amid worries about jobs and the overall economy. Consumers continued to spend at a modest pace during the quarter, however, despite declining home values and tighter credit conditions.
- The housing market continued to contract as building permits plummeted and home prices declined. Housing starts were down nearly 31% from a year ago in September, their weakest level in 14 years.

Interest Rates and Inflation

Treasury Yields



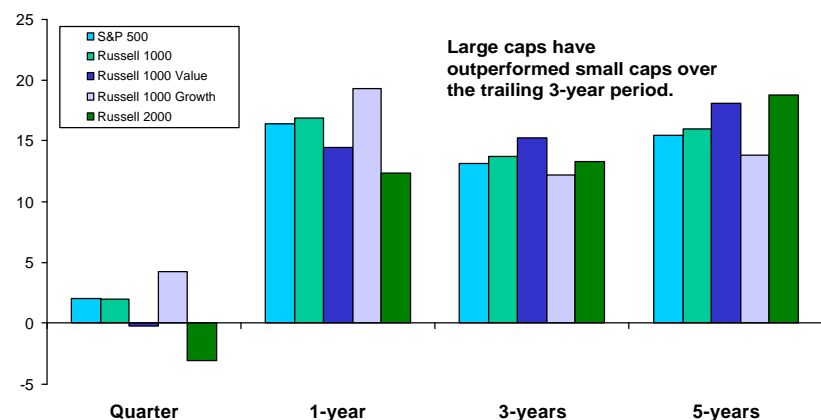
- The Fed cut the federal funds rate 50 basis points in September, from 5.25% to 4.75%, amid concerns that the housing recession and credit crunch would slow economic growth.
- The yield curve steepened during the quarter as the 2-year Treasury yield fell 90 basis points to 3.97% and the 10-year Treasury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

Equity Market Performance

For Periods Ending September 2007

Domestic Equity Market Performance

Market Index Performance



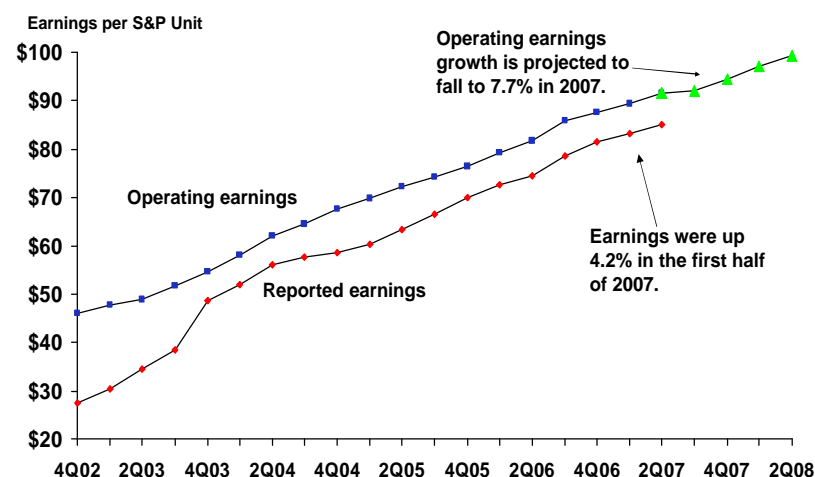
- Turmoil in the credit markets rocked the equity markets in August, but a half-point Fed rate cut in September restored investors' confidence, sparking a stock rally. Both the S&P 500 Index and the Russell 1000 Index returned 2.0% for the quarter.
- Small cap stocks finished in the red as the Russell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

Russell 1000 Sector Weights and Returns

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

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

S&P 500 Trailing 4-Quarter Earnings per Unit



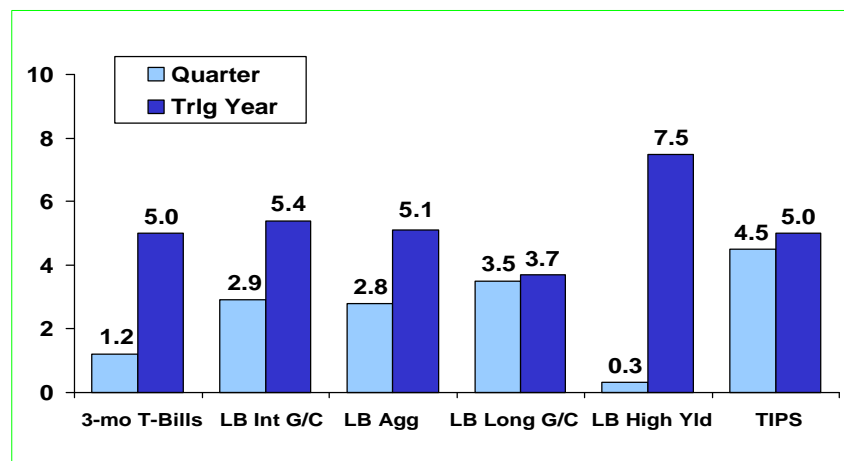
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending September 2007

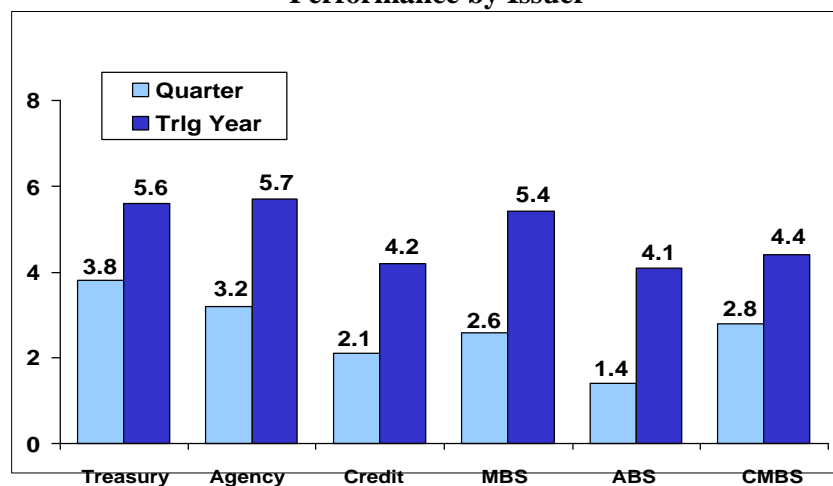
Fixed Income Market Performance

Performance by Maturity and Sector

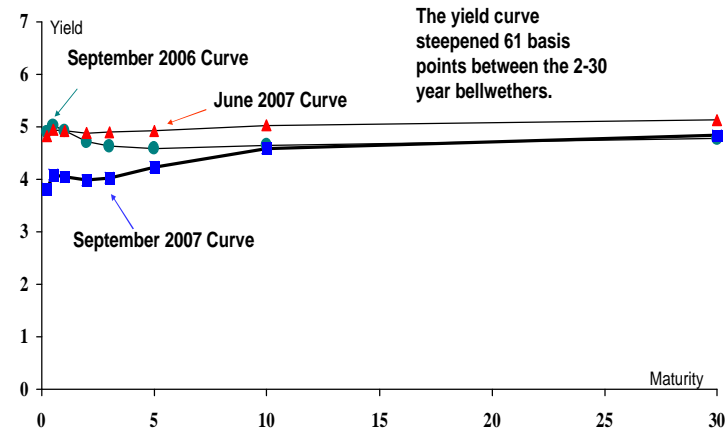


- The investment-grade bond market bounced back in the third quarter as investors' flight to the safer segments of the bond market and an aggressive Fed rate cut pushed government yields lower. The Lehman Brothers Aggregate Index was up 2.8% for the quarter.
- The Lehman Brothers Treasury Index gained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

Performance by Issuer



Treasury Yield Curves

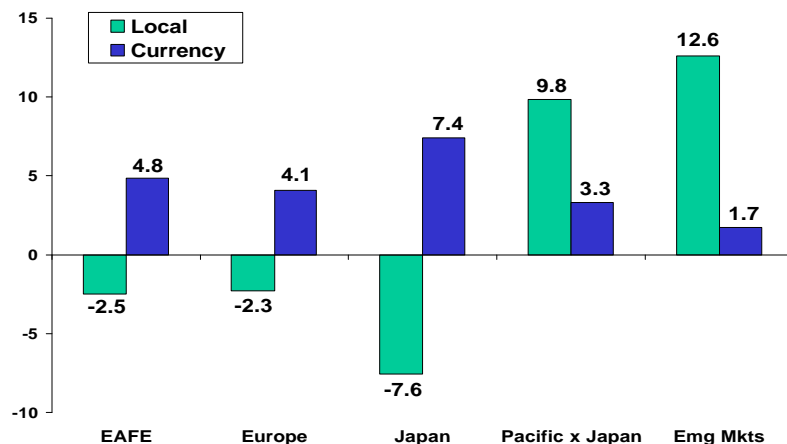


Other Markets

For Periods Ending September 2007

International Equity Market Performance

Regional Performance for the Quarter



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

Other Asset Classes

High Yield Bonds

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

Real Estate

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

Inflation Indexed Bonds

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

International Bonds

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

Market Returns Summary

For Periods Ending September 2007

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

		Qtr	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	2.0	9.1	16.4	13.1	15.5	6.6
	Russell 1000 Value	-0.2	6.0	14.4	15.2	18.1	8.8
	Russell 1000 Growth	4.2	12.7	19.4	12.2	13.8	4.1
	Russell MidCap	-0.4	9.5	17.9	17.3	20.9	10.4
	Russell MidCap Value	-3.5	4.8	13.7	17.2	21.0	11.3
	Russell MidCap Growth	2.1	13.3	21.2	17.0	20.4	7.5
	Russell 2000	-3.1	3.2	12.3	13.4	18.8	7.2
	Russell 2000 Value	-6.3	-2.7	6.1	12.5	18.7	10.1
	Russell 2000 Growth	0.0	9.3	18.9	14.1	18.7	3.7
	Russell 3000	1.5	8.8	16.5	13.7	16.2	6.8
	<i>Mercer Large Cap Value Equity Peer Group median</i>	0.0	7.8	15.7	15.1	18.1	9.2
	<i>Mercer Large Cap Growth Equity Peer Group median</i>	5.4	15.0	21.1	13.9	15.1	7.2
	<i>Mercer Small Cap Value Equity Peer Group median</i>	-4.8	3.6	12.3	14.3	19.8	11.4
	<i>Mercer Small Cap Growth Equity Peer Group median</i>	1.8	14.7	24.0	16.6	19.7	8.4
Fixed Income	Citigroup Brothers 3-Month T-Bill	1.2	3.7	5.0	4.0	2.8	3.7
	Lehman Brothers Int. Gov't/Credit	2.9	4.4	5.4	3.5	3.8	5.7
	Lehman Brothers Gov't/Credit	3.0	4.0	5.1	3.7	4.2	6.0
	Lehman Brothers Aggregate	2.8	3.8	5.1	3.9	4.1	6.0
	Lehman Brothers Intermediate Government	3.4	4.9	5.9	3.6	3.2	5.4
	Lehman Brothers Long Gov't/Credit	3.5	2.6	3.7	4.3	5.4	7.1
	Lehman Brothers Mortgages	2.6	3.7	5.4	4.3	4.1	5.8
	Lehman Brothers TIPS	4.5	6.4	5.0	4.0	5.4	--
	Lehman Brothers High Yield	0.3	3.2	7.5	7.4	12.7	5.9
	<i>Mercer Core Fixed Income Peer Group median</i>	2.7	3.9	5.3	4.2	4.7	6.2
International	MSCI EAFE	2.2	13.6	25.4	23.7	24.1	8.3
	MSCI Emerging Markets	14.5	34.8	58.6	41.3	39.1	11.9
	Citigroup Non-US Gov't Bond	8.1	7.3	9.5	4.8	8.0	5.7
	Citigroup Non-US Gov't Bond - Hedged	2.9	2.9	3.6	4.6	4.1	5.8
	<i>Mercer International Equity Universe median</i>	2.9	15.1	27.7	24.8	24.6	10.1
Miscellaneous	NCREIF Property Index**	4.6	13.3	17.3	18.0	14.4	13.1
	FTSE NAREIT	2.6	-3.5	5.7	19.0	21.5	12.2
	Merrill Lynch Inv. Grade Convertible	3.2	8.7	12.8	6.8	7.3	5.6
Inflation	CPI	0.1	3.3	2.8	3.2	2.9	2.6
Index at 6/30/07		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		13,408.62	2,603.23	1,503.35	833.70	15,210.65	
Index at 9/30/07		Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000	
		13,895.63	2,701.50	1,526.75	805.45	15,362.02	

* Annualized

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

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

For Third Quarter 2007

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

S&P 500 Quarterly Return = 2.03%

25 Largest Positive Contributors

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

25 Largest Negative Contributors

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

Data Source: Compustat

Report Date: October 19, 2007

GLOSSARY OF STYLE FACTORS

The Factors The *Returns to** (see below) analysis is conducted using the following investment criteria or Factors:

VALUE CRITERIA

Book to Price The ratio of the company's Book Value (the sum of Shareholders' Equity plus accumulated Retained Earnings from the P & L Account) to its Share Price.

This Factor has been one of the most successful measures of the intrinsic Value of company shares.

Dividend Yield The annual Dividend Paid per Share divided by the Share Price.

This Factor measures the Value of company shares according to the stream of dividend income resulting from share ownership.

Earnings Yield Annual Earnings per Share divided by the Share Price.

This Factor measures the worth of a company's shares according to the company's ability to support each share with after tax earnings.

Cash Flow Yield Annual Cash Flow per Share divided by the Share Price.

This Factor is related to the earnings yield but also includes other items, specifically: depreciation, amortizations, and provisions for deferred liabilities. It is intended to capture the cash availability of the company as a multiple of the share price, and offers a Value criteria based on the stream of accessible cash earnings.

Sales to Price Net Sales per Share divided by the Share Price.

This Factor measures the worth of a company's shares according to the annual sales volume supporting the company business. The item is considered by many analysts to be less susceptible to manipulation than other valuation criteria; it is, however, a less comprehensive measure of a company's range of activities.

EBITDA to Price Earnings before Interest, Taxes, Depreciations and Amortizations, divided by the Share Price.

This Factor assesses the worth of a company's shares according to the profitability of the company's operations, abstracting from taxes, any interest expenses on debt, depreciation, depletions and amortizations. Many analysts consider that this gives a good measure of a share's worth in terms of the company's genuine trading profitability.

GROWTH CRITERIA

Return on Equity Net Income before Preferred Dividends divided by the Book Value of Shareholders' Common Equity.

RoE measures the profitability of the operations of the company as a proportion of the total amount of equity in the company. Since RoE multiplied by the reinvestment rate (the proportion of earnings not paid as dividends but reinvested in the company) gives the warranted growth rate of a company, RoE is a very usual measure of a company's growth potential.

Earnings Growth The average annual growth rate of Earnings over a trailing three years.

Earnings Growth is, perhaps, the clearest of the Growth criteria. However, it is subject to the distortions of reporting conventions and manipulation and, particularly in some markets, only known after a considerable lag.

Income to Sales The operating profit margin, annual Net Sales less Total Operating Expenses, divided by annual Net Sales.

This measure attempts to assess the company's potential for profitable, sustained expansion or growth.

Sales Growth The average annual growth rate of Net Sales per Share over a trailing three years.

Although growth in sales per share might be only a narrow measure of a company's business growth, and may be subject to a number of distortions, it is less subject to differences in reporting conventions or manipulation than many other Balance Sheet or Profit and Loss items.

I/B/E/S 12 M Earnings Growth I/B/E/S consensus forecast growth of Earnings over the next 12 months.

The I/B/E/S 12 Month Forward is calculated on a pro-rata basis from the forecasts for each company's next 2 annual reporting periods.

I/B/E/S FY1 Revisions I/B/E/S balance of Earnings forecast revisions for the next annual reporting period.

Calculated as the difference between the upwards revisions minus the downwards revisions, expressed as a percentage of the number of estimates.

SIZE & RISK CRITERIA

Size The top 80% of each market, by market capitalization.

Small company securities are here understood to comprise the bottom 20%, by value, of each market.

Market Beta The "slope coefficient", (β), from the simple regression:

Security Monthly Return = ($\alpha + \beta * \text{Market Monthly Return} + \text{Random Error}$)

The regression is carried out over rolling 36 month periods; where sufficient information is not available, $\beta=1$ is assumed.

PERFORMANCE RECORD CRITERIA

Short Term Momentum Short Term Momentum is calculated using a 6 month "memory" of monthly relative returns. The past period returns are weighted using a "decay ratio" of 2/3, per month.

Medium Term Momentum Medium Term Momentum is simply the 12 month percentage change in prices.

The Short Term and Medium Term Momentum factors measure the degree of simple price performance trending. They are useful in recognizing the trading characteristics of specific markets and in noticing occasional changing patterns through the market cycle.

OTHER CRITERIA

Debt to Equity Total Debt as a percentage of total Common Equity.

The Debt to Equity ratio measures leverage, or gearing, a particular feature of share price risk - the higher the ratio the more changes in a company's fortune might be reflected in changes in the payment of dividends. The influence of this criterion is, however, especially subject to a number of particular specific considerations (e.g. sector differences, interest rate sensitivity). Consequently it is considered separately from the other "risk" criteria.

Foreign Sales / Total Sales International Sales as a percentage of Net Sales.

Although information is occasionally rather sparse, where the data are available, and reliable, this is frequently an important investment criterion. It is undoubtedly linked to movements in the exchange rate and company size, and has different interpretations in different industrial sectors.

***Return to** The *Return to* series represent the cumulative market-relative total returns (including dividend income) that an investor would achieve using the following investment strategy:

- Portfolios are constructed from the top half of the market, by market capitalization, of securities exhibiting the highest scores with respect to the criteria under review.
- Portfolios are constructed using market weights to establish the portfolio proportions.
- Dealing costs are not included; however, the extended six month rebalancing interval limits the effect of transactions charges and market impact.

The plots and statistics are constructed by compounding the monthly returns for each factor and comparing the "running totals" against the compound cumulative return for the market as a whole. The items plotted are the ratios, in percentage terms, of the cumulative returns to the various strategies, to the cumulative return to the market.

MERCER
Investment Consulting

Mercer Investment Consulting, Inc.
777 South Figueroa Street, Suite 2000
Los Angeles, CA 90017-5818
213 346 2200