

**Municipal Employees'
Annuity & Benefit Fund
of Chicago**

Preliminary Update



December 31, 2010

Preliminary Market Values

December 31, 2010

Asset Class	Investment Manager	Market Values	Allocation	Target
Fixed Income - Index	Northern Trust	\$911	0.0%	
Fixed Income - Enhanced Index	Neuberger Berman	\$275,922,588	5.3%	
Fixed Income - Core	LM Capital	\$344,308,606	6.6%	20.0%
Fixed Income - Core	UBS	\$101,182,077	1.9%	
Fixed Income - Intermediate	Segall, Bryant, & Hamill	\$316,992,177	6.0%	
Fixed Income - High Yield	MacKay Shields	\$105,040,742	2.0%	
Fixed Income - Opportunistic	RBC Global	\$67,317,350	1.3%	
Fixed Income - Senior Loan	Symphony	\$88,050,203	1.7%	5.0%
Fixed Income - Workout	UBS - (Legacy UBS/Alliance)	\$481,451	0.0%	
Total Fixed Income		\$1,299,296,104	24.7%	25.0%
All-Cap Core Equity	FIS Group	\$139,176,968	2.6%	2.0%
Large-Cap Value Equity	Great Lakes	\$126,036,408	2.4%	2.0%
Large-Cap Value Equity	Wellington	\$119,708,970	2.3%	2.0%
Large-Cap Core Equity	Rhumblin	\$385,319,109	7.3%	5.0%
Large-Cap Growth Equity	CastleArk	\$144,464,142	2.7%	2.0%
Large-Cap Growth Equity	Holland	\$143,449,182	2.7%	2.0%
Mid-Cap Core Equity	Earnest	\$85,397,981	1.6%	1.7%
Mid-Cap Growth Equity	William Blair	\$94,161,119	1.8%	1.7%
Mid-Cap Growth Equity	Geneva Capital	\$100,882,442	1.9%	1.7%
Mid-Cap Growth Equity	Rhumblin	\$87,373,105	1.7%	
SMID-Cap Value Equity	Ariel	\$133,665,298	2.5%	2.5%
Small-Cap Value Equity	Keeley	\$153,534,340	2.9%	2.5%
Total U.S. Equity		\$1,713,169,065	32.6%	25.0%
International Core Equity	NTGI ACWI ex. U.S.	\$322,087,618	6.1%	
International Value Equity	LSV	\$103,210,355	2.0%	
International Growth Equity	MacKay Shields	\$146,659,751	2.8%	13.0%
International Growth Equity	Walter Scott	\$145,497,644	2.8%	
Int'l Small-Cap Equity	NTGI Small-Cap International	\$287,712,618	5.5%	5.0%
Int'l Emerging Core Equity	William Blair	\$166,544,836	3.2%	2.0%
Transition Management	Global Transition Account	\$50,027,083	1.0%	
Total International Equity		\$1,221,739,906	23.3%	20.0%
Hedged Equity Fund of Funds	K2 Advisors	\$251,744,120	4.8%	5.0%
¹ Hedged Equity Fund of Funds	Rock Creek	\$254,280,987	4.8%	5.0%
Total Hedged Equity		\$506,025,107	9.6%	10.0%
Total Private Equity		\$170,908,410	3.3%	10.0%
Total Real Estate		\$260,994,186	5.0%	10.0%
Cash	Various Cash Accounts	\$81,456,252	1.6%	
Total Cash Equivalents		\$81,456,252	1.6%	0.0%
TOTAL PORTFOLIO		\$5,253,589,029	100.0%	100.0%

¹ Market value estimated using December 2010 preliminary return.

Total Fund Preliminary Performance (Net of Fees)*

December 31, 2010

	Month	Annualized						Calendar Year				
		YTD	1 Year	2 Year	3 Year	4 Year	5 Year	2010	2009	2008	2007	2006
Total Fund - Gross	4.1%	13.7%	13.7%	16.7%	-0.8%	1.2%	3.5%	13.7%	19.8%	-28.4%	7.6%	13.0%
Total Fund - Net	4.1%	13.4%	13.4%	16.4%	-1.2%	0.9%	3.1%	13.4%	19.5%	-28.7%	7.3%	12.7%
Benchmark												
Actuarial Rate of Return	---	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Total Fixed Income Composite	-0.7%	8.2%	8.2%	10.4%	5.2%	5.3%	5.2%	8.2%	12.5%	-4.6%	5.3%	4.6%
Benchmark												
BarCap Aggregate	-1.1%	6.5%	6.5%	6.2%	5.9%	6.2%	5.8%	6.5%	5.9%	5.2%	7.0%	4.3%
Total U.S. Equity Composite	6.7%	20.9%	20.9%	27.6%	0.1%	1.5%	3.7%	20.9%	34.7%	-38.7%	5.4%	12.8%
Benchmark												
Wilshire 5000	6.9%	17.2%	17.2%	22.6%	-1.9%	-0.1%	2.9%	17.2%	29.4%	-37.3%	5.7%	15.9%
Total International Equity Composite	8.1%	15.7%	15.7%	28.2%	1.5%	4.7%	9.4%	15.7%	42.1%	-36.6%	14.4%	30.0%
Benchmark												
MSCI EAFE	8.1%	7.8%	7.8%	19.2%	-7.0%	-2.8%	2.5%	7.8%	31.8%	-43.4%	11.2%	26.3%
Total Hedge Fund Composite	2.4%	5.3%	5.3%	---	---	---	---	5.3%	---	---	---	---
Benchmark												
HFRX Hedged Equity	5.2%	8.9%	8.9%	11.0%	-2.8%	-1.3%	0.7%	8.9%	13.1%	-25.5%	3.2%	9.2%

* Current Data is preliminary

Preliminary Annualized Fixed Income Investment Manager Performance (Gross of Fees)

December 31, 2010

	Month	Annualized						Calendar Year				
		YTD	1 Year	2 Year	3 Year	4 Year	5 Year	2010	2009	2008	2007	2006
Core Fixed Income												
LM Capital	-1.3%	6.3%	6.3%	---	---	---	---	6.3%	---	---	---	---
UBS	-0.5%	---	---	---	---	---	---	---	---	---	---	---
Benchmark												
BarCap Aggregate	-1.1%	6.5%	6.5%	6.2%	5.9%	6.2%	5.8%	6.5%	5.9%	5.2%	7.0%	4.3%
Index Fixed Income												
Northern Trust	0.0%	6.8%	6.8%	7.2%	5.5%	5.9%	5.6%	6.8%	7.6%	2.3%	6.8%	4.4%
Benchmark												
BarCap Aggregate	-1.1%	6.5%	6.5%	6.2%	5.9%	6.2%	5.8%	6.5%	5.9%	5.2%	7.0%	4.3%
Enhanced Index Fixed Income												
Neuberger Berman	-0.8%	8.8%	8.8%	10.9%	6.6%	6.5%	6.1%	8.8%	13.0%	-1.7%	6.2%	4.5%
Benchmark												
BarCap Aggregate	-1.1%	6.5%	6.5%	6.2%	5.9%	6.2%	5.8%	6.5%	5.9%	5.2%	7.0%	4.3%
Intermediate Fixed Income												
Segall, Bryant, & Hamill	-1.3%	6.8%	6.8%	---	---	---	---	6.8%	---	---	---	---
Benchmark												
BarCap Intermediate Gov't/Credit	-1.3%	5.9%	5.9%	5.6%	5.4%	5.9%	5.5%	5.9%	5.2%	5.1%	7.4%	4.1%
High Yield Fixed Income												
Mackay Shields	1.4%	12.9%	12.9%	---	---	---	---	12.9%	---	---	---	---
Benchmark												
BarCap High Yield	2.0%	14.8%	14.8%	35.3%	10.2%	8.4%	9.4%	14.8%	59.4%	-26.9%	3.2%	13.7%
Opportunistic Fixed Income												
RBC Global (formerly Voyageur)	0.1%	20.9%	20.9%	---	---	---	---	20.9%	---	---	---	---
Benchmark												
BarCap Aggregate	-1.1%	6.5%	6.5%	6.2%	5.9%	6.2%	5.8%	6.5%	5.9%	5.2%	7.0%	4.3%
Senior Loan Fixed Income												
Symphony	1.6%	12.1%	12.1%	---	---	---	---	12.1%	---	---	---	---
Benchmark												
CSFB Leveraged Loan	1.3%	10.0%	10.0%	26.2%	4.3%	3.7%	4.4%	10.0%	44.9%	-28.8%	1.9%	7.3%

Signifies Underperformance

Preliminary Annualized U.S. Equity Investment Manager Performance (Gross of Fees)

December 31, 2010

	Month	YTD	Annualized					Calendar Year				
			1 Year	2 Year	3 Year	4 Year	5 Year	2010	2009	2008	2007	2006
All-Cap Core Equity												
FIS Group	6.9%	---	---	---	---	---	---	---	---	---	---	---
Benchmark 50% Russell 1000 / 50% Russell 2000	7.3%	21.4%	21.4%	24.7%	0.0%	0.5%	3.6%	21.4%	28.0%	-35.6%	2.1%	17.0%
Large-Cap Value Equity												
Great Lakes	6.6%	18.0%	18.0%	20.4%	-3.0%	-0.4%	2.6%	18.0%	22.9%	-37.3%	7.4%	15.5%
Wellington	8.2%	16.1%	16.1%	21.2%	0.3%	2.2%	5.6%	16.1%	26.5%	-31.6%	7.6%	20.1%
Benchmark Russell 1000 Value	7.9%	15.5%	15.5%	17.6%	-4.4%	-3.4%	1.3%	15.5%	19.7%	-36.9%	-0.2%	22.3%
Large-Cap Core Equity												
RhumbLine	6.6%	14.8%	14.8%	20.6%	---	---	---	14.8%	26.6%	---	---	---
Benchmark S&P 500	6.7%	15.1%	15.1%	20.6%	-2.9%	-0.8%	2.3%	15.1%	26.5%	-37.0%	5.5%	15.8%
Large-Cap Growth Equity												
CastleArk	5.8%	21.7%	21.7%	29.3%	-2.5%	4.0%	4.3%	21.7%	37.4%	-44.9%	25.6%	5.4%
Holland	4.6%	16.1%	16.1%	27.7%	2.8%	4.5%	5.0%	16.1%	40.5%	-33.8%	9.4%	6.8%
Benchmark Russell 1000 Growth	5.5%	16.7%	16.7%	26.6%	-0.5%	2.5%	3.8%	16.7%	37.2%	-38.4%	11.8%	9.1%
Mid-Cap Core Equity												
Earnest	7.0%	26.8%	26.8%	34.8%	2.4%	4.1%	---	26.8%	43.3%	-41.4%	8.7%	---
Benchmark Russell MidCap	6.9%	25.5%	25.5%	32.8%	1.1%	2.2%	4.7%	25.5%	40.5%	-41.5%	5.6%	15.3%
Mid-Cap Growth Equity												
Geneva Capital	5.2%	31.0%	31.0%	---	---	---	---	31.0%	---	---	---	---
Rhumblin	6.2%	---	---	---	---	---	---	---	---	---	---	---
William Blair	5.5%	25.4%	25.4%	30.7%	2.2%	4.9%	---	25.4%	36.2%	-38.4%	12.8%	---
Benchmark Russell MidCap Growth	6.2%	26.4%	26.4%	36.0%	1.0%	3.5%	4.9%	26.4%	46.3%	-44.3%	11.4%	10.7%
¹ WB Custom Benchmark	6.2%	26.4%	26.4%	29.5%	2.0%	1.8%	4.6%	26.4%	32.8%	-36.8%	1.4%	16.2%
SMID-Cap Value Equity												
Ariel	9.2%	26.6%	26.6%	45.1%	4.0%	3.0%	4.4%	26.6%	66.3%	-47.0%	-0.3%	10.2%
Benchmark Russell 2500 Value	7.7%	24.8%	24.8%	26.2%	2.7%	0.1%	3.9%	24.8%	27.7%	-32.0%	-7.3%	20.2%
Small-Cap Value Equity												
Keeley	7.9%	27.3%	27.3%	33.0%	-0.9%	0.9%	4.0%	27.3%	38.9%	-45.2%	6.1%	16.7%
Benchmark ² Custom Benchmark	8.3%	24.5%	24.5%	26.8%	-0.3%	-0.6%	3.2%	24.5%	29.2%	-38.4%	-1.4%	20.2%

¹ Custom Benchmark is currently Russell MidCap Growth. Before 6/1/09, it is Russell 2500.

² Custom Benchmark is currently Russell 2000 Value. Before 8/1/09, it is Russell MidCap Value.

Signifies Underperformance

Preliminary Annualized International and Hedged Equity Investment Manager Performance (Gross of Fees)
December 31, 2010

	Annualized							Calendar Year				
	Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year	2010	2009	2008	2007	2006
International Core Equity												
NTGI ACWI ex. U.S.	7.8%	11.4%	11.4%	25.6%	---	---	---	11.4%	41.7%	---	---	---
Benchmark												
MSCI ACWI ex. U.S.	7.9%	11.6%	11.6%	26.0%	-4.6%	0.4%	5.3%	11.6%	42.1%	-47.1%	14.1%	23.9%
International Value Equity												
LSV	9.2%	12.6%	12.6%	23.5%	-5.2%	-3.1%	3.3%	12.6%	35.3%	-44.8%	2.7%	32.6%
Benchmark												
MSCI EAFE Value	8.4%	3.3%	3.3%	17.7%	-8.2%	-4.8%	1.4%	3.3%	34.2%	-44.1%	6.0%	30.4%
International Growth Equity												
MacKay Shields	6.8%	5.9%	5.9%	13.6%	-0.8%	1.3%	7.0%	5.9%	21.8%	-25.0%	7.5%	32.5%
Walter Scott	6.8%	12.3%	12.3%	21.1%	-0.4%	3.0%	6.3%	12.3%	30.6%	-33.5%	12.9%	19.9%
Benchmark												
MSCI EAFE Growth	7.9%	12.3%	12.3%	20.5%	-5.9%	-0.8%	3.5%	12.3%	29.4%	-42.7%	16.5%	22.3%
International Small-Cap Equity												
NTGI Small-Cap International	11.1%	24.5%	24.5%	37.1%	---	---	---	24.5%	51.0%	---	---	---
Benchmark												
MSCI World ex USA Small-Cap	11.3%	24.5%	24.5%	37.0%	-0.8%	0.2%	3.8%	24.5%	50.8%	-47.0%	1.5%	19.3%
International Emerging Core Equity												
William Blair	4.5%	24.8%	24.8%	50.0%	-4.9%	3.8%	10.4%	24.8%	80.1%	-61.7%	35.1%	41.0%
Benchmark												
MSCI EM	7.1%	18.9%	18.9%	45.7%	-0.3%	8.4%	12.8%	18.9%	78.5%	-53.3%	39.4%	32.2%
Hedged Equity Fund of Funds												
K2 Advisors	2.5%	4.6%	4.6%	---	---	---	---	4.6%	---	---	---	---
Rock Creek	2.3%	6.0%	6.0%	---	---	---	---	6.0%	---	---	---	---
Benchmark												
HFRX Hedged Equity	5.2%	8.9%	8.9%	11.0%	-2.8%	-1.3%	0.7%	8.9%	13.1%	-25.5%	3.2%	9.2%
Wilshire 5000	6.9%	17.2%	17.2%	22.6%	-1.9%	-0.1%	2.9%	17.2%	29.4%	-37.3%	5.7%	15.9%

Signifies Underperformance

Preliminary Since Inception Annualized Performance
December 31, 2010

Asset Class	Benchmark	Manager	From	Performance		Difference
				Manager	Benchmark	
SMID-Cap Value Equity	Custom Benchmark ¹	Ariel	July-84	13.3%	11.8%	1.6%
Large-Cap Value Equity	Russell 1000 Value	Great Lakes	April-91	9.9%	9.5%	0.4%
Large-Cap Value Equity	Russell 1000 Value	Wellington	April-91	10.5%	9.5%	1.0%
Small-Cap Value Equity	Custom Benchmark	Keeley	January-93	12.4%	10.9%	1.5%
Enhanced Index Fixed Income	BarCap Aggregate	Neuberger Berman	June-01	6.0%	5.8%	0.2%
Large-Cap Growth Equity	Russell 1000 Growth	Holland	November-02	7.6%	6.8%	0.8%
Large-Cap Growth Equity	Russell 1000 Growth	CastleArk	August-04	7.6%	5.2%	2.4%
International Growth Equity	MSCI EAFE Growth	MacKay Shields	December-04	7.9%	5.7%	2.2%
International Growth Equity	MSCI EAFE Growth	Walter Scott	December-04	8.8%	5.7%	3.2%
International Value Equity	MSCI EAFE Value	LSV	May-05	5.6%	4.0%	1.6%
Int'l Emerging Core Equity	MSCI EM	William Blair	August-05	14.8%	15.2%	-0.4%
Index Fixed Income	BarCap Aggregate	Northern Trust	December-05	5.7%	5.9%	-0.2%
Mid-Cap Core Equity	Russell MidCap	Earnest	December-06	3.5%	2.1%	1.4%
Mid-Cap Growth Equity	Custom Benchmark	William Blair	January-07	4.9%	1.8%	3.1%
Large-Cap Core Equity	S&P 500	Rhumblin	September-08	1.9%	1.5%	0.4%
International Core Equity	MSCI ACWI ex. U.S.	NTGI ACWI ex. U.S.	November-08	23.2%	23.5%	-0.3%
Int'l Small-Cap Equity	MSCI Small-Cap International	MSCI World Ex USA Small Cap	November-08	34.9%	34.7%	0.2%
² Hedged Equity Fund of Funds	HFRX Hedged Equity	K2 Advisors	February-09	6.1%	11.6%	-5.5%
² Hedged Equity Fund of Funds	HFRX Hedged Equity	Rock Creek	February-09	6.7%	11.6%	-4.9%
Core Fixed Income	BarCap Aggregate	LM Capital	April-09	8.1%	7.1%	1.0%
Fixed Income - Intermediate	BarCap Int. Gov/Credit	Segall, Bryant, & Hamill	May-09	7.7%	6.5%	1.2%
Fixed Income - High Yield	BarCap High Yield	MacKay Shields	May-09	22.7%	30.7%	-7.9%
Fixed Income - Senior Loan	CSFB Leveraged Loan	Symphony	September-09	14.5%	13.0%	1.5%
Fixed Income - Opportunistic	BarCap Aggregate	RBC Global	November-09	26.7%	5.3%	21.4%
Mid-Cap Growth Equity	Russell MidCap Growth	Geneva Capital	December-09	35.1%	31.2%	3.9%
Mid-Cap Growth Equity	Russell MidCap Growth	Rhumblin	February-10	31.8%	31.6%	0.1%
Core Fixed Income	BarCap Aggregate	UBS	August-10	0.9%	0.1%	0.8%
All-Cap Core Equity	50% Russell 1000 / 50% Russell 2000	FIS Group	August-10	18.1%	18.5%	-0.4%

¹ Ariel Custom Benchmark is Russell 2500 Value, and prior to March 2002, the Russell 2000 Value.

² Net of Fees