

Contact: Pam Elliott Cain

**FUND MANAGER UPDATE**

**Action Requested:** Receive the report on the merger of BlackRock and Merrill Lynch Investment Managers (MLIM).

**Executive Summary:** In accordance with the Board's investment policy, qualitative issues related to external investment fund managers are to be monitored by the investment advisor, Wilshire Associates, and reported to the Investment Committee.

On February 15, 2006, a merger between BlackRock and MLIM was announced that formed a new, independent company. The news release identified:

- The merger brings together two strong asset management organizations with nearly \$1 trillion in assets managed for institutional and retail clients around the world.
- The new firm will have an extraordinarily deep management team.
- The resulting firm will remain a public company, listed on the NYSE under the symbol BLK, and will maintain a Board structure with a majority of independent directors.
  - MLIM will own a 49.3% economic interest, including a 45% voting interest. PNC's ownership will decline from 70% to 34%, and the remaining 17% will be held by employees and public shareholders.
- The merger is expected to close in the third quarter of 2006 and will add considerably to our product offerings.
- The combined company will offer a full range of equity, fixed income, cash management and alternative investment products with strong representation in both retail and institutional channels, in the U.S. and in non-U.S. markets. It will have over 4,500 employees in 18 countries and a major presence in most key markets, including the U.S., the U.K., Asia, Australia, the Middle East and Europe.

Wilshire Associates will continue to monitor any impacts the merger might cause to the Regent investment portfolio.