



New York City
Board of Education Retirement System
Performance Overview as of June 30, 2011

Total Fund Overview

New York City Board of Education Retirement System

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Consultant's Commentary

Through June 30, 2011

Market Commentary

The Bureau of Economic Analysis' initial estimate of 2Q2011 GDP growth was 1.3%. First quarter GDP growth was revised to 0.4% from an initial 1.9% and the first half of 2011 represents the weakest 2-quarter growth period since 2009.

For the quarter, the job market (as defined by non-farm payrolls) gained 260,000 jobs, compared to a gain of 497,000 in 1Q2011. Within the quarter, April saw a surprise gain of 217,000, followed by disappointing growth numbers of 25,000 and 18,000 in May and June, respectively. It is estimated that approximately 100,000 new jobs are required each month to maintain a stable unemployment rate (individual economist estimates will vary).

CPI rose 3.6% for the year with almost three-quarters of the gain coming from food and gas prices. The change in the index for all items less food and energy edged up to 1.6 percent, its highest level since January 2010. The food index has increased 3.7 percent over the last 12 months while the energy index rose 20.1 percent.

After rallying early in the quarter, equities declined for almost two months before a late June rally minimized the damage. Fears of a European debt crisis, a slowing US economy and US debt issues weighed on the market, as the S&P 500 index rose 0.1%. Small and mid-cap stocks returned -1.6% and 0.4%, respectively. Growth beat value with the biggest gain coming from mid growth (+1.6%). At the sector level, five of ten sectors of the S&P 500 were positive. The best returns came defensive sectors, like health care (+7.8%), telecom (+6.1%) and consumer staples (+5.3%). The weakest performers were financials (-5.9%) and energy (-4.6%).

Consultant's Commentary

Through June 30, 2011

Market Commentary (continued)

International markets followed a similar pattern US. Volatility was driven by concerns over weaker global economic indicators, the end of QE2, tighter ECB monetary policies and problems surrounding the Greek debt crisis. Progress on the Greek situation in late June spurred a 5% rally that left the MSCI EAFE Index up 1.8% for the quarter. Half of the sectors in the EAFE Index rose, led by health care (+8.9%) and consumer staples (+7.6%). Energy (-2.8%) was the worst performer. At the regional level, Europe gained 2.9% despite sovereign risk issues. Japan and the Far East finished close to unchanged, as uncertainty over the pace of Japan's recovery and China's rate tightening discouraged new investment. The MSCI Emerging Markets Index fell -1.0%.

Economic factors weighed on the bond market, especially in May and June. The 10-year Treasury returned 3.6% for the quarter and all Treasury maturities five years and longer rose at least 3%. Corporate bonds rose 2.3%, led by utilities. Industrials and financials, especially banks and insurance, lagged. In the securitized sectors, CMBS (+1.6%) and ABS (+1.8%) also underperformed. The high yield sector (+1.1%) trailed investment grade bonds, as investors looked for less risk during the quarter.

Asset Allocation

As of June 30th, 2011 the Board of Education Retirement System (BERS) Total Portfolio was \$2.92 billion versus \$2.88 billion on March 31st.

Equity is overweight 1.3% versus fixed income, largely due to an above-policy allocation to emerging markets (5.4% versus 4.0%), which is also near the upper end of its rebalancing range. Within fixed income, structured fixed income is underweight (16.7% versus policy of 22%), though largely offset by a non-policy allocation to cash (5.5%). Private real estate allocation rose during the quarter, and now account for 1.7% of assets.

Manager Issues

Emerging manager FIS and emerging equity manager SSgA remain on watch for performance issues. Searches are underway in both categories. Wellington also remains on watch due to organizational issues since early this year.

Seix announced in June that their head of high-yield investments, Michael McEachern will be leaving the firm.

Consultant's Commentary

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Total Fund Performance

The Total Plan returned 1.1% for the quarter, trailing its policy benchmark by 5 basis points. This result placed in the 72nd percentile of the Public Fund Master Trusts > \$1 Billion Universe. For the trailing year, the Plan returned 24.2% compared with 24.0% for the index, ranking in the 10th percentile of the peer group. Three- and five-year returns remain ahead of the benchmark and within the top third of its peer universe.

For the quarter, allocation effects detracted from performance, including the slight overweight to equity, and within fixed income, the overweight to cash. Manager selection was a net positive, mainly due to outperformance by the developed international equity managers (Baillie Gifford and Sprucegrove). For the trailing year, management effects were again positive, offsetting negative allocation effects. Domestic equity, international equity, structured fixed income, and enhanced yield all outperformed.

U.S. Equity

For the quarter, Total Domestic Equity returned -0.3% for the quarter, lagging the 0.0% return of the Russell 3000 Index. Aronson Large Value and the two emerging manager fund of funds were the only active strategies to outperform. For the year, Total Domestic Equity returned 33.4% and active managers returned 36.1%. This is compared to a 32.4% return for the Russell 3000 Index.

Zevenbergen returned -2.5% during the quarter, trailing the Russell 3000 Growth benchmark return of 0.6%. For the trailing year, Zevenbergen returned 41.2%, outperforming the 35.7% returned by its benchmark. Zevenbergen is well ahead of its benchmark over trailing three- and five-year periods. As growing economic concerns caused risk appetites to diminish, issues with the highest market exposures and growth expectations suffered. The fund's underperformance was primarily due to its holdings in technology (online reservations/offshore IT) and energy (crude producers) sectors. In technology, market leaders, including Google and Apple, were laggards. A specific detractor for the fund was OpenTable, Inc., used for free and real-time online restaurant reservations. When the company announced the departure of its CEO in May, shares fell over

Consultant's Commentary

Through June 30, 2011

U.S. Equity (continued)

20%. In addition, the firm's performance figures fell short of investor expectations, despite 100% earnings growth since its IPO two years ago. The portfolio's material processing holdings helped relative results, as they advanced on concerns over higher inflation. As of June 30, the fund's largest sector overweights were consumer discretionary (8.9% overweight) and technology (5.9% overweight). The largest underweights were producer durables (-8.8% underweight) and consumer staples (-7.6% underweight).

Aronson returned 0.7% for the quarter, beating the Russell 1000 Value return of -0.5%. For the trailing year, Aronson beat the benchmark 32.7% to 28.9%. Aronson also leads the index over the trailing three- and five-year periods. The fund remains sector-neutral (active sector weights are +/-0.7% of benchmark), with selection driven by its multi-factor valuation model. The main driver of outperformance over the quarter came from the management factor, where the quantitative model looks for evidence that a company's management team has, and will continue, to emphasize earnings power. The factor led to outperformance primarily in the health care sector. Specifically, share repurchases (a positive outlook as it may signal that management views shares as undervalued), was a common factor among top-performing health care firms such as Biogen, Forest Laboratories, UnitedHealth Group, and Aetna. The fund's value and momentum factors were less successful over the quarter, particularly in financials, though they did help support picks in consumer discretionary. The fund's top performing stock was an out-of-benchmark allocation to Herbalife, which added 0.4% to the total return. In addition, the fund will actively manage market-cap exposure, and over the quarter benefitted from an underweight to the largest names.

Wellington returned -0.8% during the quarter compared to -0.7% for its S&P 400 Midcap Index benchmark. The slight underperformance was driven primarily by poor selection in financials. Specifically, insurer Genworth Financial fell, as investors remained concerned about its US mortgage insurance business. Selection in

Consultant's Commentary

Through June 30, 2011

U.S. Equity (continued)

industrials also hurt relative results, as Lennox International failed to meet expectations, raising concerns about US residential HVAC demand. Selection in energy also detracted, as Alpha Natural Resources' results fell short of expectations. These negatives were partially offset by strong selection in information technology, including solid performances from Genpact and Polycom. Security selection in health care also boosted relative results. Security selection was a larger driver of results than sector allocation decisions. The largest sector effect came from a 3.1% underweight to consumer staples, which cost the fund over 40 bps. The portfolio exhibits a slight style bias, and this can be seen in sector positioning, (i.e., overweights in cyclically-sensitive sectors such as technology, industrials, and consumer discretionary). This is also confirmed by a comparison of various portfolio metrics compared to benchmark. Weighted average forecasted EPS growth is 14.4% versus 12.5% for the benchmark, and weighted average price/book is 2.8x versus 2.2x for the benchmark. This slight growth tilt is consistent with the portfolio's historical positioning.

Daruma returned -1.8% versus -1.6% for the Russell 2000 during the quarter. The portfolio has added meaningful value over the past year, beating the index 47.4% to 37.4%. Sector positioning was negative, as defensive sectors outperformed due to increased investor risk aversion. Utilities (+5.2%), health care (+3.7%) and consumer staples (+3.4%) were the top performers over the period. The fund does not own any utilities, and its consumer staples holdings (Chiquita and United Natural) were both down for the quarter. The fund's health care holdings beat those in the index, although this was offset by an underweight allocation. At the security level, the biggest detractor was private mortgage insurer MGIC Investment Corp (contributing -1.1% to the total return). Daruma anticipated volatility from the stock at the time of purchase, as its short-run performance was sensitive to housing-, employment-, and legislation-headline risk. Still, Daruma observes tremendous value and earnings power in this stock, they note that investors in the company require "a cast-iron stomach", at least until economic news improves.

Progress outperformed its Russell 3000 benchmark during quarter with a 0.5% return versus 0.0%. The manager has added about 1% of excess return (annualized) over the past five years.

Consultant's Commentary

Through June 30, 2011

U.S. Equity (continued)

FIS beat its Russell 2000 Index benchmark during the quarter, -1.4% versus -1.6%. Although FIS is ahead over the year-to-date period, performance lags over the three-year time period by an annualized 3%.

International Equity

The Total Developed Market portfolio outperformed the MSCI EAFE (net dividend) Index during the quarter, 2.5% versus 1.6%, as both managers did well. Total Developed Markets is also ahead over the trailing year (32.5% versus 30.4%), and also over longer periods.

Baillie Gifford returned 2.4% versus 1.6% for the MSCI EAFE (net) Index during the quarter. The return for the trailing year is 34.5% versus 30.4%. Baillie Gifford leads the MSI EAFE for three years and also is ahead of the EAFE Growth index. The fund added to a number of holdings over the period, as they see opportunity in recent short-term market moves. These include companies such as Fortescue (Australian miner), Tencent (Chinese social media) and Aixtron (LEDs). For the quarter ended June 30, allocations to all regions had a positive effect, except for the 14.5% average allocation to emerging markets, which contributed -0.6% to total return. An overweight to consumer discretionary helped results, as did positive selection, adding 1.4% to the total return. Negative selection in energy was a key detractor, costing -0.6%.

Sprucegrove returned 2.6% for the quarter, ahead of the 1.6% for the MSCI EAFE (net) Index. Over the past year, Sprucegrove returned 30.2% to 30.4% for the benchmark. Sprucegrove leads both the MSCI EAFE and MSCI EAFE Value Indices over the trailing three and five year periods. Stock selection in energy was a main detractor for the quarter, although this was partially offset by 1) strong selection in industrials, 2) an overweight in consumer discretionary, and 3) an underweight to financials. Over the quarter, the fund performed better than the index in six out of ten sectors, and over the year, it outperformed in only four out of ten sectors. From a country

Consultant's Commentary

Through June 30, 2011

International Equity (continued)

perspective, stock selection in Japan, Switzerland, and Germany all helped relative performance. The fund's emerging market exposure detracted from relative results. The fund is underweight in Europe (48% versus 67%) and is virtually neutral in the Pacific (33%). Emerging markets were approximately 11% of the fund, and the remainder of the portfolio is divided between Canada and cash.

Emerging Markets

State Street Global Advisors (SSgA) returned -1.1% during the quarter, trailing the -1.0% return of the MSCI Emerging Markets Index. SSgA still remains ahead over the trailing year (29.4% versus 28.2%), but lags over three years, where relative losses in calendar years 2008 and 2009 have not yet been recouped. Country allocation was negative for performance as overweights in Russia and Peru hurt performance. Russia fell (-7.8%) in tandem with falling energy prices, while Peru suffered (-16.3%) due to election-related concerns. Positives include an overweight to Korea and an underweight to Brazil. Model factors were modestly positive. Momentum was the best performing factor, while Sentiment was flat, and Valuation was weak. During the quarter, a new component, Flow, was incorporated into the Sentiment factor. Flow seeks to assess institutional investment flows, with the hypothesis that rising flows will drive returns for investors higher.

Fixed Income – Structured Manager Composite

The Total Structured Portfolio underperformed its NYC Core + 5 Index during the quarter with a return of 2.4% versus 2.6%, as SSgA was the only manager to outperform. The Portfolio returned 4.8% over the trailing year, ahead of the 4.2% returned by the benchmark. For the year, SSgA and Prudential slightly lagged their respective indices while Taplin and PIMCO added value.

Consultant's Commentary

Through June 30, 2011

Fixed Income – Structured Manager Composite (continued)

Taplin Canada (credit) returned 2.3% during the quarter, trailing the 2.4% for the customized Citigroup Credit Index. Over the past 12 months, Taplin beat the benchmark with a return of 7.2% versus 5.9%. Underperformance for the quarter was driven by poor sector and quality selection. The fund's average credit quality is A- versus A for the benchmark during a period where higher quality issues outperformed. In addition, the fund's underweight in utilities hurt relative performance, as the sector outperformed on both an absolute and a duration-adjusted basis. Relative performance was helped by the fund's barbelled portfolio strategy, where longer-dated issues performed well in the declining interest rate environment. Long credit outperformed intermediate credit by 82 basis points due to curve shifts, though this benefit was somewhat offset by the fund's exposure to floating rate notes, which underperformed fixed rate securities. The fund currently holds 2.2% in non-investment grade securities, with a maximum allowable allocation of 10%.

Prudential (credit) returned 2.3% during the quarter, trailing the 2.4% returned by its customized index. For the trailing year, Prudential trailed the benchmark with a return of 5.7% versus 5.9%. The fund remains overweight in the middle of the investment-grade quality spectrum (60% AA-A versus 54% for the benchmark). This is funded by an underweight in both higher and lower quality issues (5% underweight AAA and 3% underweight BBB). The fund's average coupon is slightly higher than the benchmark. The portfolio's average credit rating A, identical to that of the benchmark. Duration is unchanged and remains identical to benchmark at 5.8 years.

SSgA (governments) returned 3.5% in the quarter, ahead of the benchmark return of 3.4%. For the year, SSgA returned 2.4%, lagging the benchmark return by 3 basis points. During the quarter, the combination of lengthening duration to a neutral stance compared to benchmark early in the quarter, combined with a non-benchmark allocation to TIPS, contributed to the outperformance.

Consultant's Commentary

Through June 30, 2011

Fixed Income – Structured Manager Composite (continued)

PIMCO (mortgages) returned 2.0% for the quarter compared to 2.3% for the index. PIMCO is well ahead for the trailing year with a return of 4.7% compared to 3.7% for the index. Three and five year results are also ahead of the benchmark. The portfolio's underperformance was driven by exposure to non-agency mortgages, as investors preferred safer issues during the quarter. Similarly, allocations to CMBS hurt relative results, as the sector also lagged on profit-taking and flight-to-quality. The fund was also underweight duration, as interest rates fell, serving as another source of underperformance. On the positive end, an underweight to higher coupon FNMA issues helped performance as did an underweight to lower-coupon GNMA issues. Relative duration was basically unchanged, beginning the quarter neutral to benchmark versus just 0.1 years shorter on June 30, 2011 (which was where the portfolio was positioned for most of the quarter).

Fixed Income – TIPS

PIMCO returned 3.4% during the quarter, trailing the Barclays Capital US TIPS Index return of 3.7%. PIMCO returned 7.0% over the trailing year, underperforming the benchmark return of 7.7%. Three and five year results are slightly ahead of the index. Underperformance for the quarter is attributable to poor security selection within the TIPS universe. In addition, real yield curve positioning hurt the fund, as the portfolio was primarily overweight the intermediate and long end of the curve while these rates fell less than shorter-dated issues. The fund benefited from holding Australian linkers as they outperformed US TIPS. In addition, holding short and intermediate dated Italian linkers were positive for the fund. In terms of positioning, TIPS holdings were reduced, as PIMCO moved further underweight real duration versus the benchmark. This occurred primarily in the 5-10 year maturities. Australian and Italian linker allocations were increased.

Consultant's Commentary

Through June 30, 2011

Enhanced Yield Fixed Income

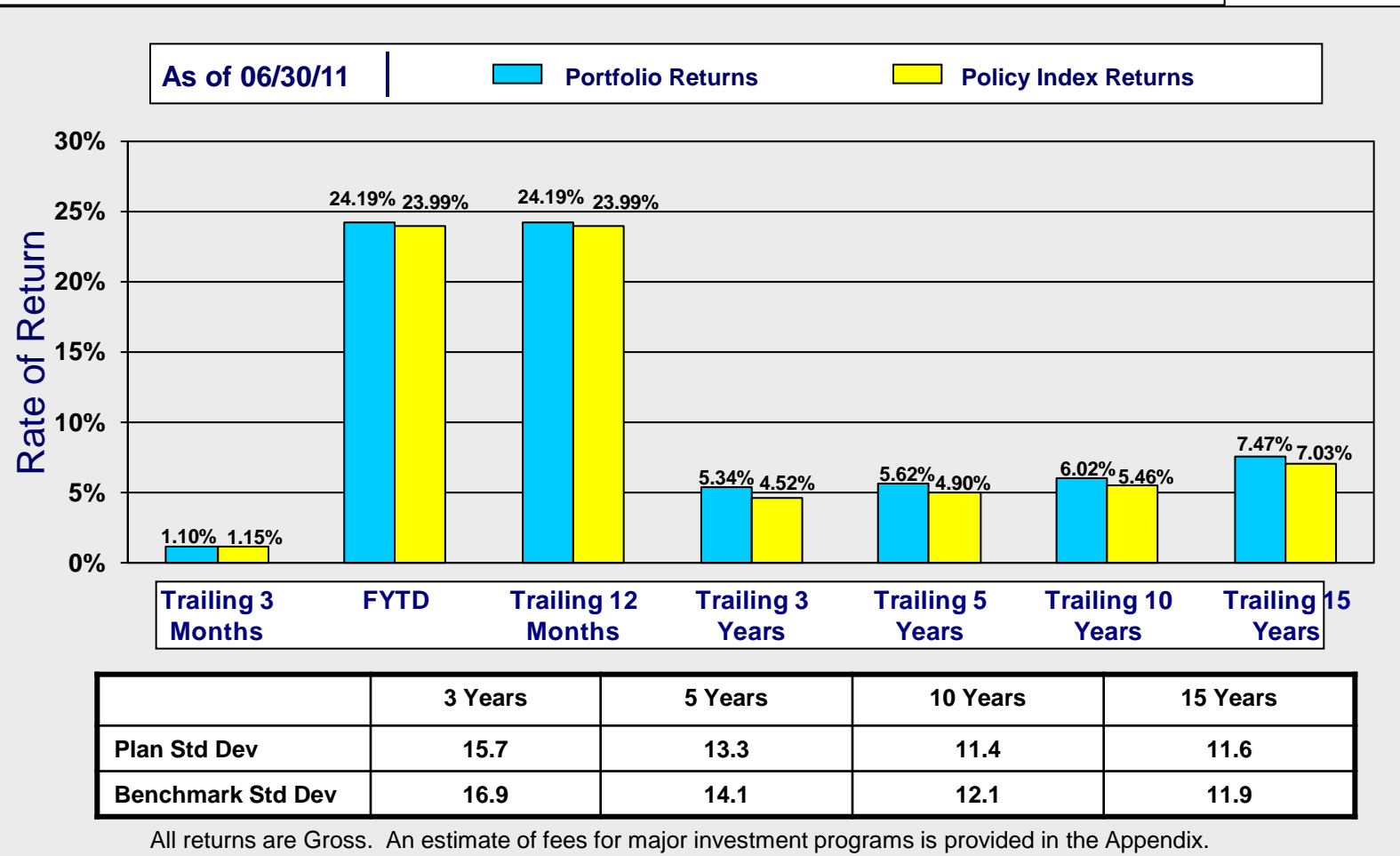
Total Enhanced Yield returned 1.4% during the quarter compared to 1.1% for the Citigroup BB & B Index, where an outperformance by Loomis offset a slight underperformance by Seix. Enhanced yield remains ahead over the trailing year, 17.4% versus 14.6%, with both managers leading the benchmark.

Loomis Sayles returned 1.7% for the quarter versus 1.0% for the Merrill Lynch High Yield Master II index. Over the past 12 months, the portfolio returned 18.4% versus 15.4% for the index. Three and five year results are also ahead of the benchmark. The fund's focus on issues with positive fundamentals, low default probability and solid balance sheets was beneficial over the period, as investors shifted away from higher-risk assets. Relative results were also helped by exposure to non-US issues and currencies, such as the Mexican peso, Brazilian real and Indonesian rupiah. At the sector level, holdings in industrials and utilities outperformed. As of June 30, the fund is significantly overweight duration (7.1 years versus 4.4 years) with a lower average coupon and yield-to-maturity than benchmark. Out-of-benchmark holdings include non-USD issues, convertibles and US investment grade.

Seix returned 1.0% for the quarter versus 1.1% for the Citigroup BB&B Index. Over the trailing year, Seix is ahead 16.4% versus 14.6%. Three and five year results are also ahead of the benchmark. The fund benefited from strong security selection in the telecommunication services sector. Much of the gains were offset however, by underweights in higher quality bonds, as investors became more risk averse during the quarter. Since January 1, 2011, the fund is ahead of its benchmark by 06%, driven primarily by favorable security selection in utilities, financials and telecommunication services. As of June 30, the fund is slightly overweight duration (4.7 versus 4.4), with a higher yield to maturity and lower average credit quality than the benchmark. On an industry level, banking/finance is the largest overweight (17.8% versus 10.0%) while the largest underweight is in Technology/ISP (1.9% versus 4.9%).

Total Portfolio Returns: June 30, 2011

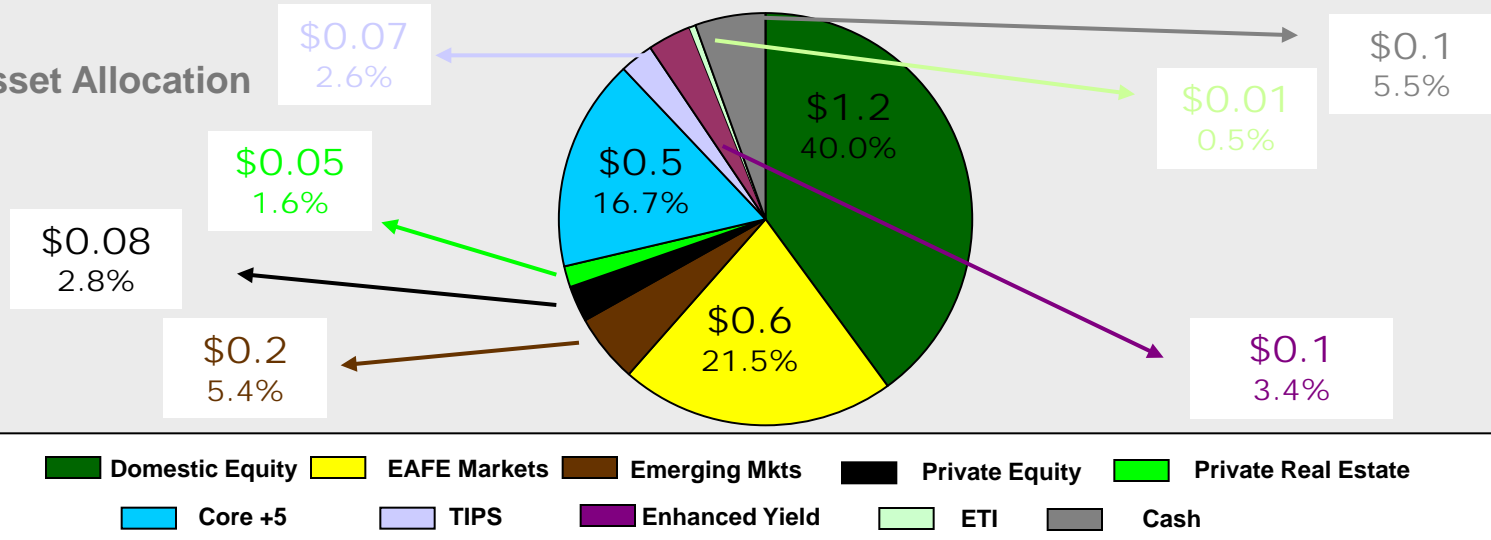
\$2.9B Under Management



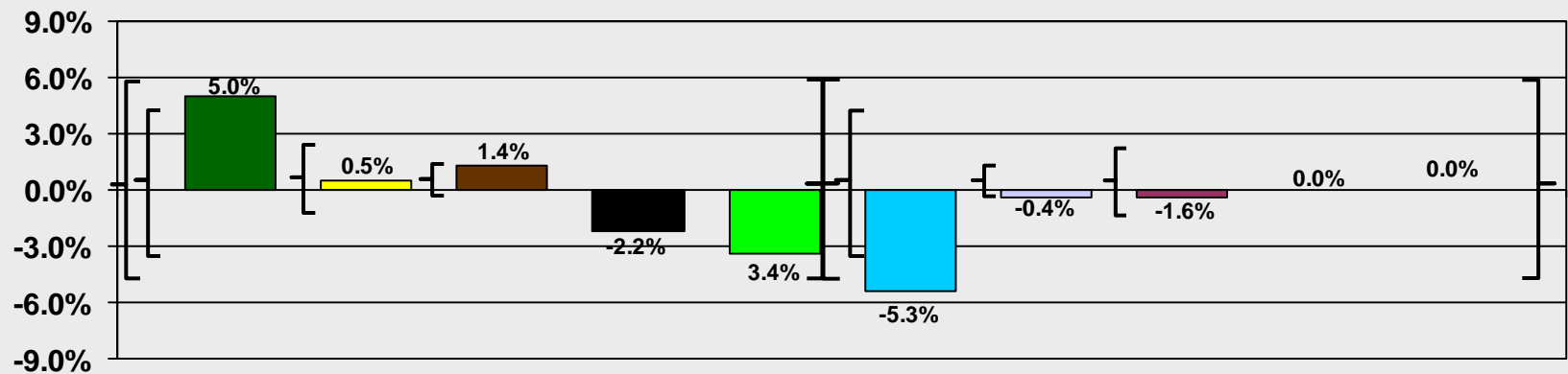
Portfolio Asset Allocation: June 30, 2011

\$2.9B Under Management

Asset Allocation

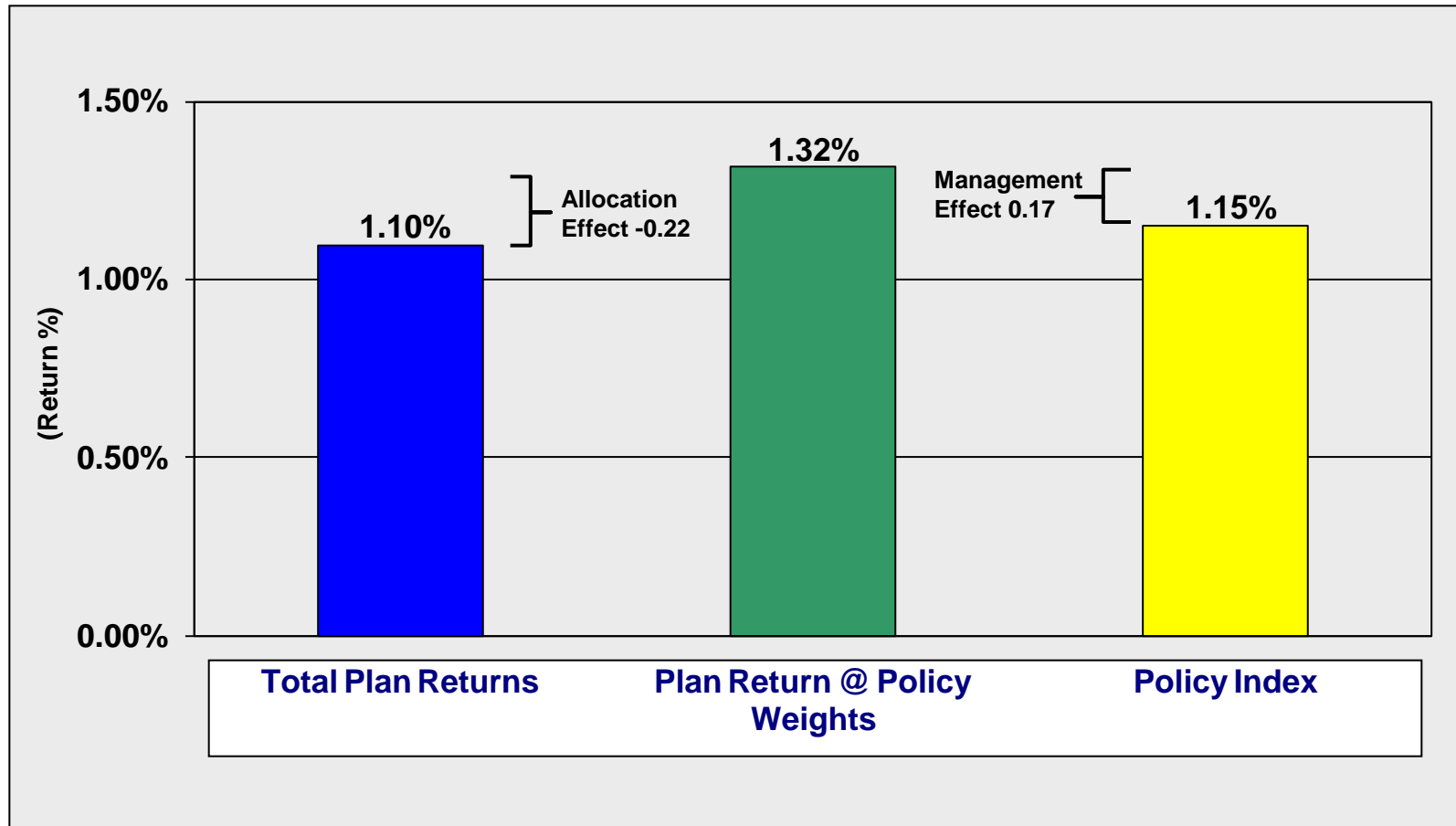


Relative Mix to Actual Policy Weights

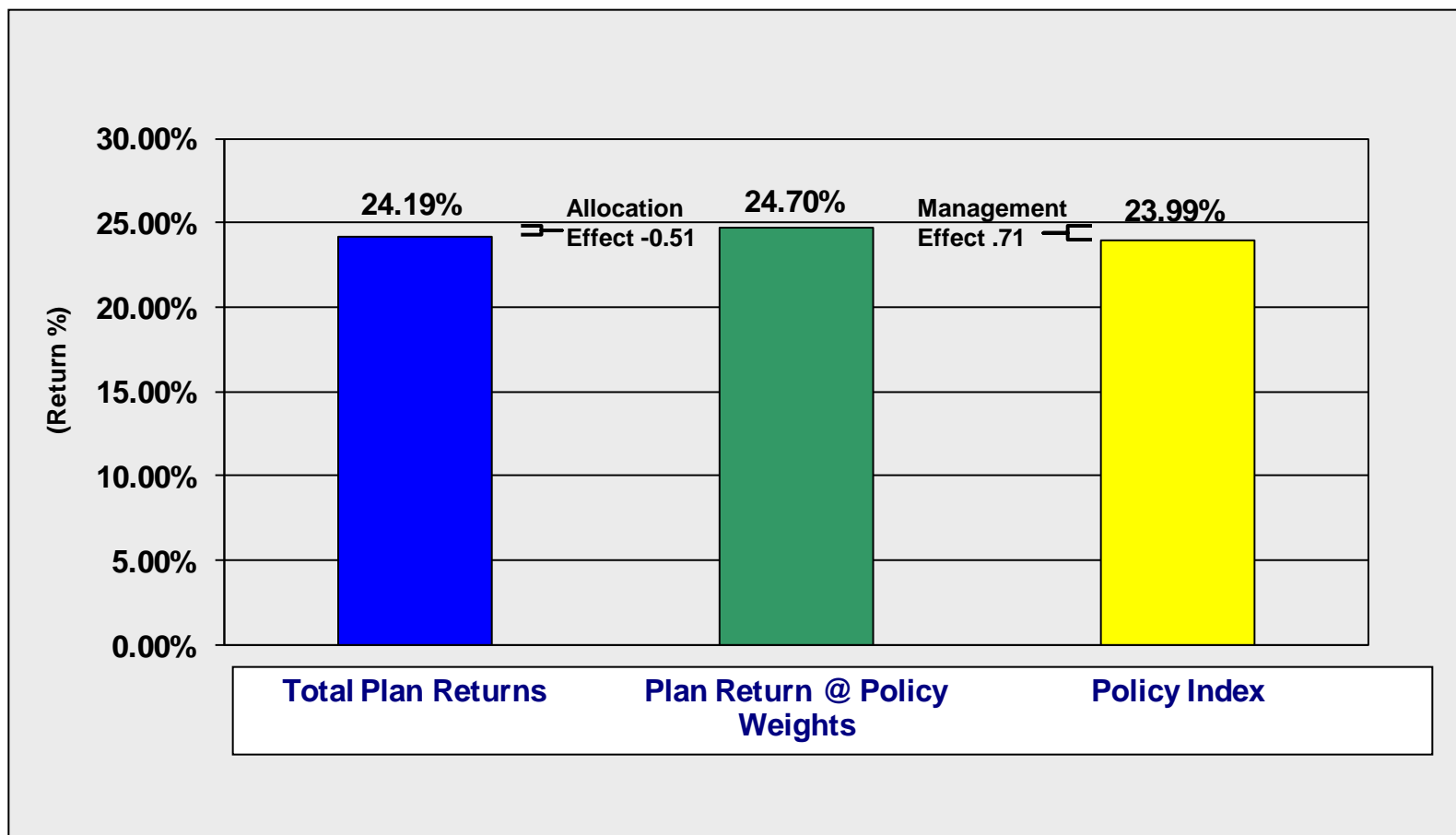


Note: Brackets represent rebalancing ranges versus Actual Policy.

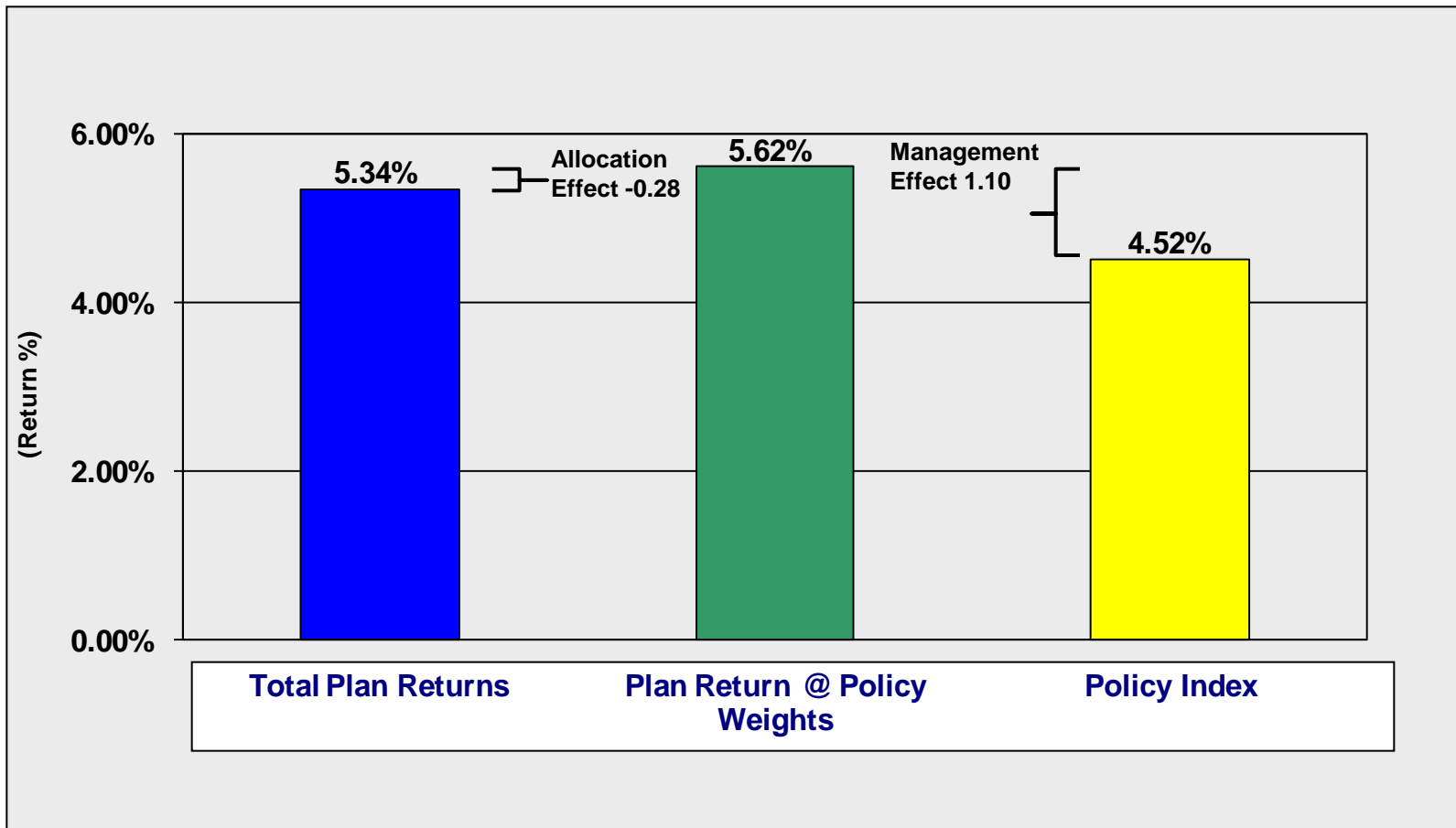
Performance Attribution: Total Plan - Quarter Ending June 30, 2011



Performance Attribution: Total Plan – 12 Months Ending June 30, 2011



Performance Attribution: Total Plan – 3 Years Ending June 30, 2011



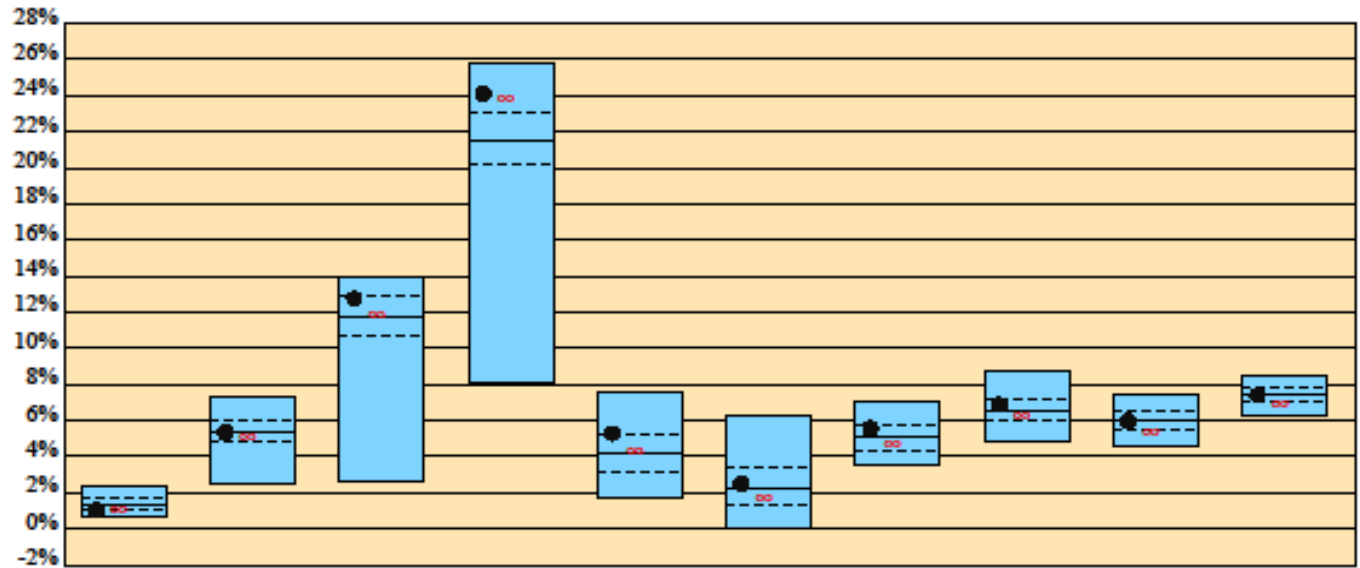
Total Plan - Quarter Ending June 30, 2011

Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	-0.10	0.33	0.17	Russell 3000 Index
EAFE Markets	0.20	0.32	0.87	MSCI EAFE Index
Emerging Markets	-0.03	0.11	0.06	MSCI Emerging Markets Index
Private Equity	0.18	-0.32	-0.20	Russell 3000 Index + 500 b.p.
Private Real Estate	-0.07	****	****	NCREIF ODCE NET
Domestic Fixed	0.01	0.12	0.18	NYC Core +5 Index
Enhanced Yield	0.00	0.05	-0.13	Citigroup BB&B Index
TIPS	-0.01	-0.02	0.00	Barclays Capital US TIPS Index

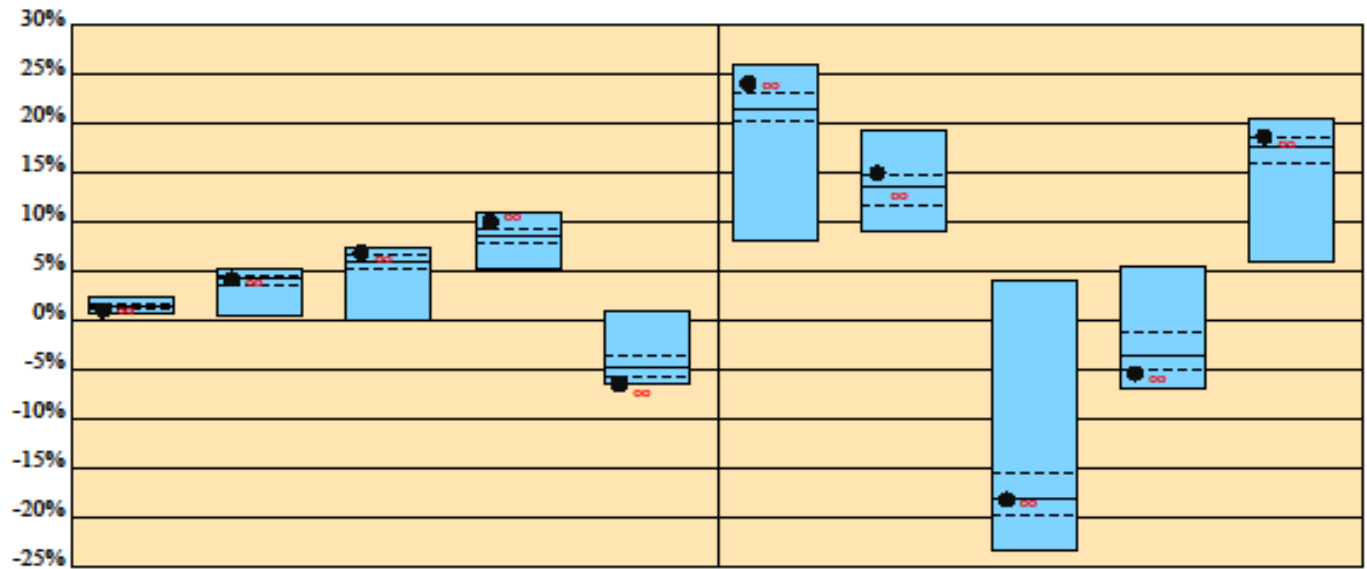
Note: Detailed effects may not add up to total due to reallocation and trading effects.

City of New York - Board of Education
Total Returns of Public Fund Master Trusts > \$1Billion
Rates of Return for Periods Ending June 30, 2011



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	2.39	7.30	13.90	25.85	7.59	6.21	7.04	8.72	7.45	8.54
25th Percentile	1.71	5.98	12.90	23.10	5.24	3.46	5.80	7.14	6.54	7.83
Median	1.38	5.38	11.72	21.51	4.25	2.20	5.11	6.53	5.97	7.47
75th Percentile	1.06	4.89	10.66	20.25	3.15	1.26	4.29	6.07	5.44	7.06
95th Percentile	0.63	2.44	2.68	8.09	1.66	0.06	3.48	4.90	4.63	6.26
● Total System	1.10 (72)	5.41 (48)	12.81 (26)	24.19 (10)	5.34 (22)	2.57 (38)	5.62 (29)	6.94 (33)	6.03 (44)	7.47 (50)
∞ Board of Ed Policy Benchmark	1.15 (67)	5.25 (58)	11.95 (47)	23.99 (11)	4.51 (38)	1.86 (62)	4.90 (54)	6.36 (61)	5.46 (73)	7.02 (81)

City of New York - Board of Education Total Returns of Public Fund Master Trusts > \$1Billion Recent Periods



Quarter Ending

Year Ending

	Jun 11	Mar 11	Dec 10	Sep 10	Jun 10	Jun 11	Jun 10	Jun 09	Jun 08	Jun 07
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5th Percentile
25th Percentile
Median
75th Percentile
95th Percentile

5th Percentile	2.39	5.18	7.46	10.87	0.96	25.85	19.28	3.89	5.53	20.38
25th Percentile	1.71	4.60	6.60	9.25	-3.68	23.10	14.74	-15.49	-1.24	18.51
Median	1.38	4.15	6.01	8.62	-4.85	21.51	13.46	-18.25	-3.66	17.64
75th Percentile	1.06	3.61	5.20	7.93	-5.73	20.25	11.72	-19.79	-5.03	16.00
95th Percentile	0.63	0.52	0.01	5.23	-6.50	8.09	9.03	-23.33	-6.91	5.98

● Total System

∞ Board of Ed Policy Benchmark

Total System	1.10 (72)	4.26 (38)	7.02 (11)	10.09 (11)	-6.36 (90)	24.19 (10)	15.04 (21)	-18.19 (47)	-5.31 (80)	18.76 (19)
Board of Ed Policy Benchmark	1.15 (67)	4.05 (51)	6.37 (32)	10.75 (5)	-7.17 (96)	23.99 (11)	12.90 (56)	-18.45 (50)	-5.70 (87)	17.98 (40)

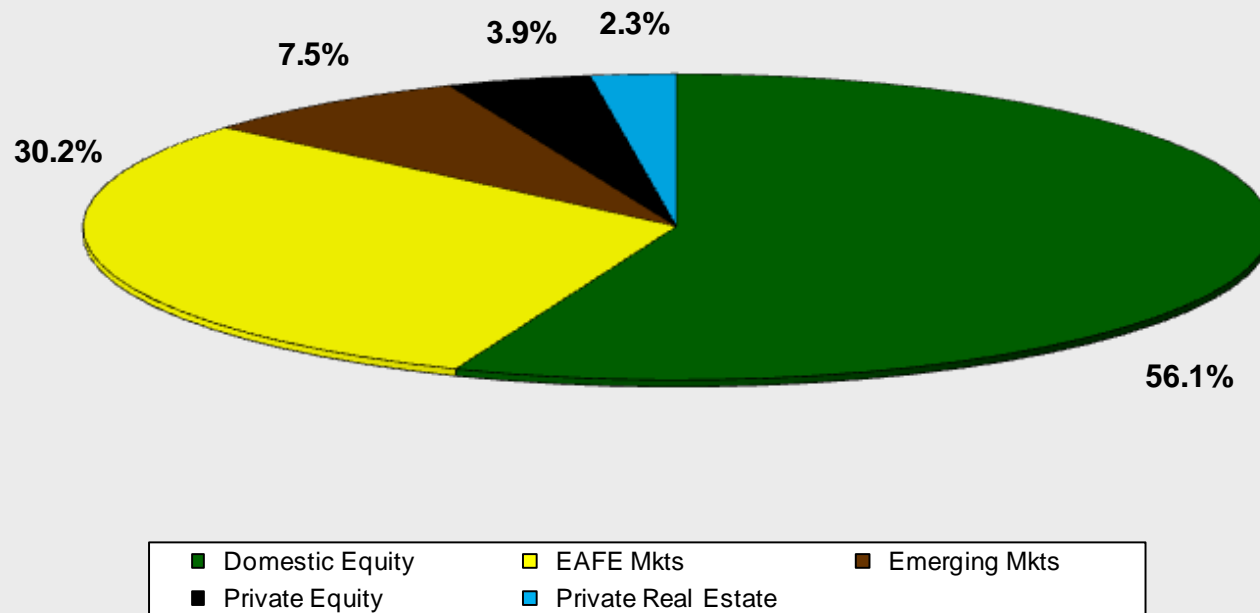
New York City
Board of Education Retirement System

Equity Analysis

Total Equity Asset Allocation: June 30, 2011

\$2.0B Under Management, **70%** of Total Funds

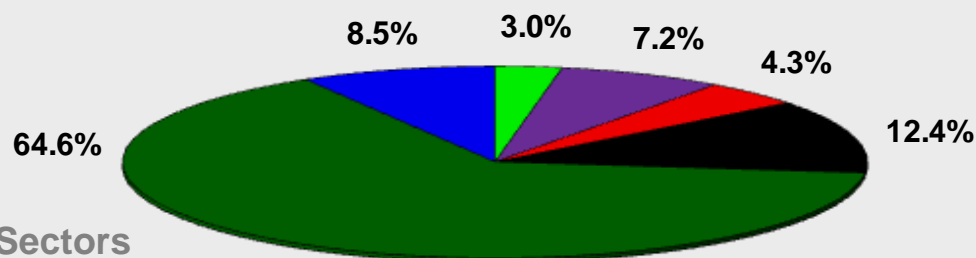
Asset Allocation by Groups



Total Domestic Equity Asset Allocation: Quarter Ending June 30, 2011

\$1.2B Under Management, **40%** of Total Funds

Asset Allocation by Groups



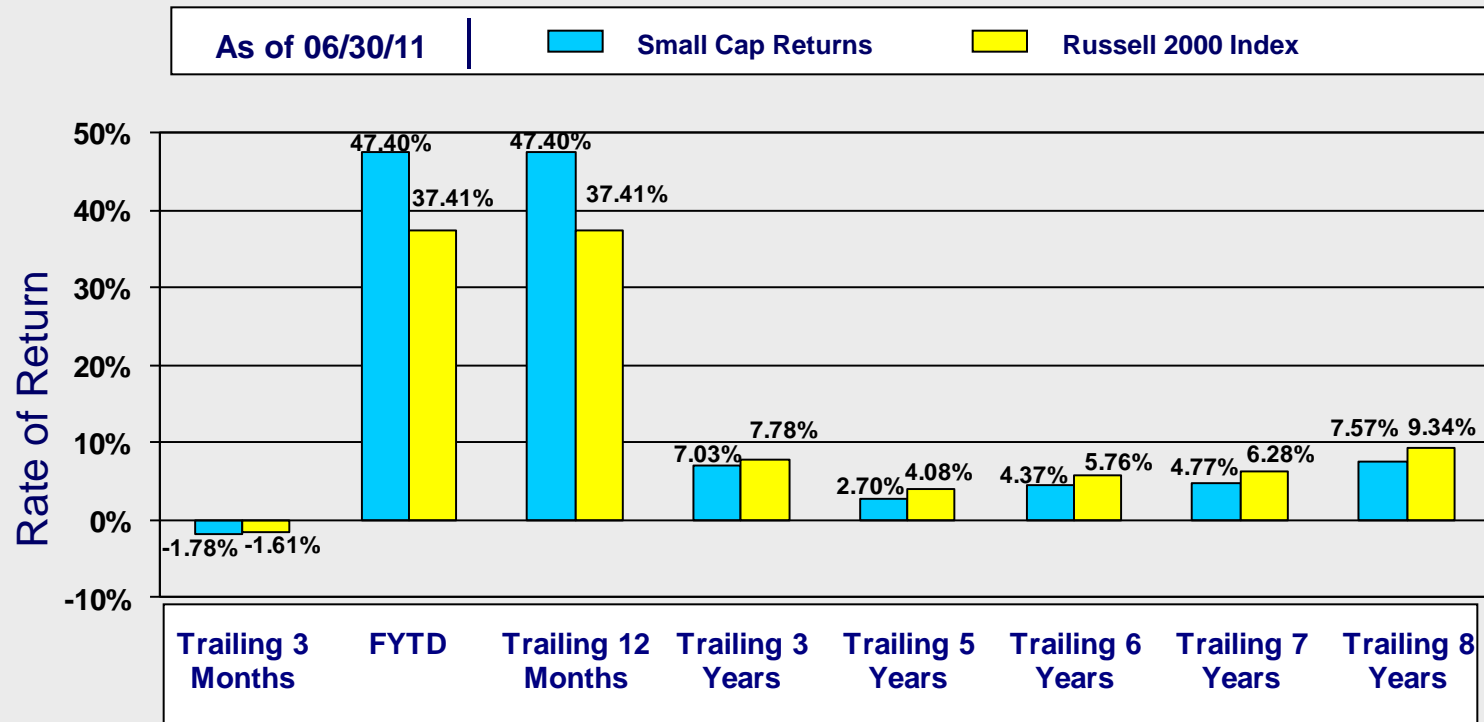
Value Added by Sectors

Small Cap Active	Mid Cap Active	Mid Cap S&P 400 Index
Russell 1000 Active	Russell 3000 Index Funds	Manager of Managers

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Small Cap Active	2.83	2.90	0.07	-1.61	-1.78	-0.17	0.00	0.00
Mid Cap Active	7.25	7.20	-0.05	-0.73	-0.80	-0.07	0.00	-0.01
Mid Cap S&P 400 Index	3.75	4.32	0.57	-0.73	-0.70	0.03	0.00	0.00
Russell 1000 Active	11.25	12.43	1.18	0.12	-0.47	-0.59	0.00	-0.07
Russell 3000 Index Fund	67.42	64.63	-2.79	-0.03	-0.09	-0.06	0.00	-0.04
Manager of Managers	7.50	8.51	1.01	-0.03	-0.01	0.02	0.00	0.00

Small Cap Returns vs Russell 2000 Index

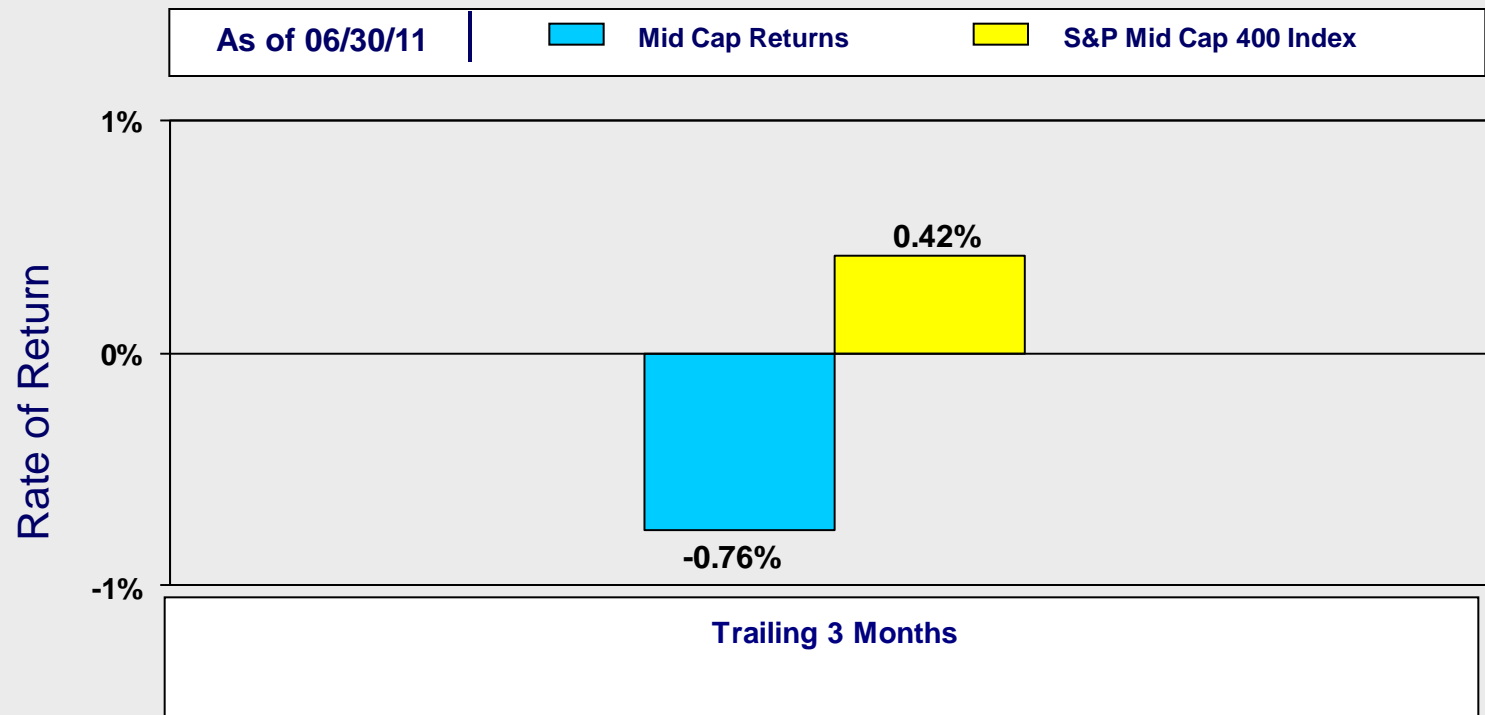
\$34M Under Management, **1%** of Total Funds



	3 Years	5 Years	6 Years	7 Years	8 Years
Plan Std Dev	25.1	21.1	20.0	19.4	18.7
Benchmark Std Dev	26.9	22.6	21.4	20.7	20.0

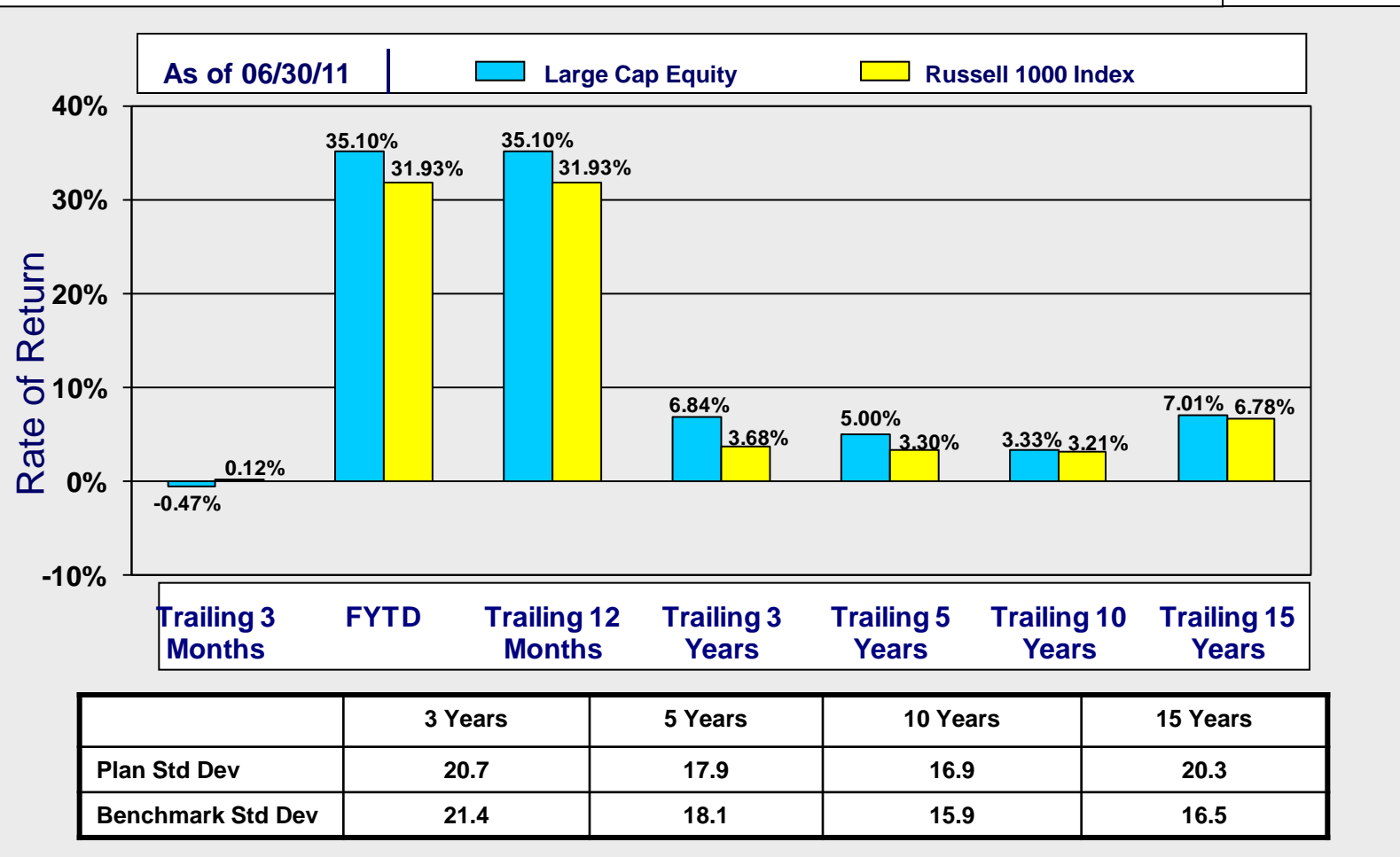
Mid Cap Returns vs Russell MidCap Index

\$134M Under Management, **5%** of Total Funds



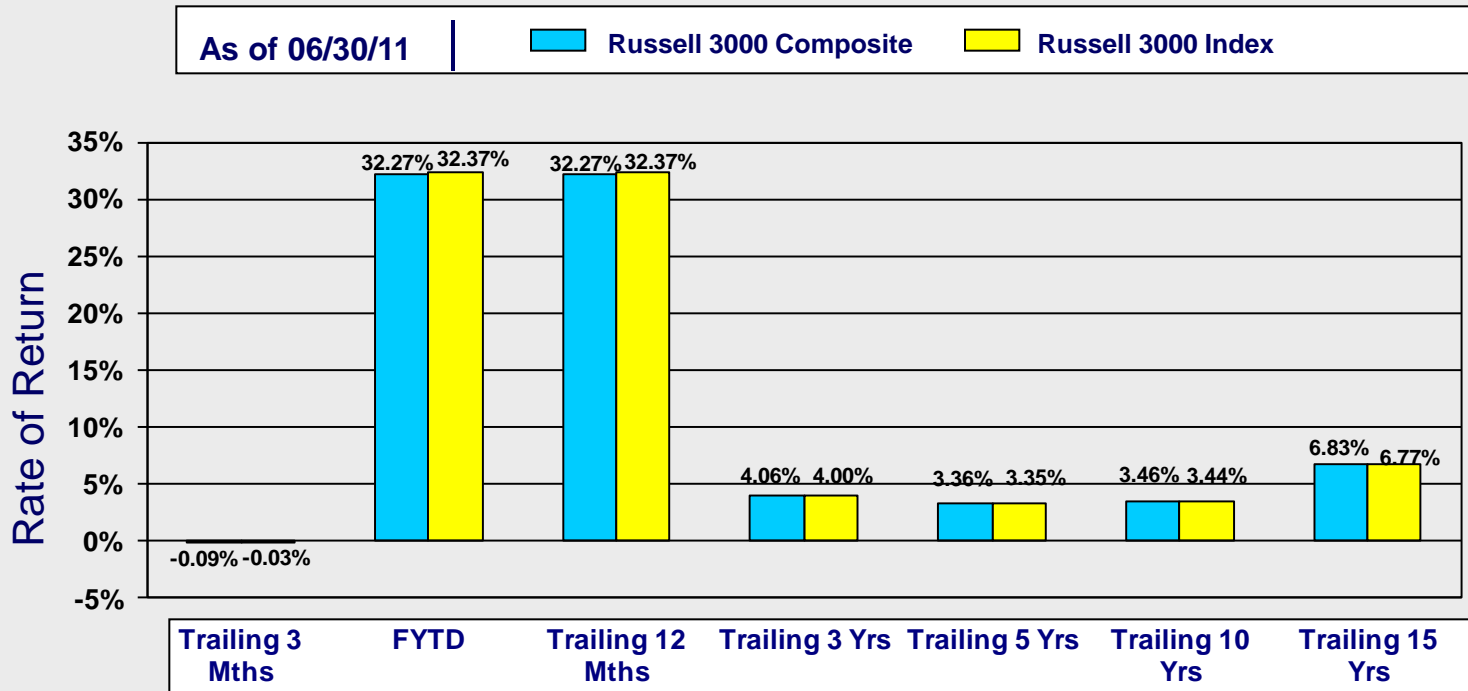
Large Cap Returns vs Russell 1000 Index

\$145M Under Management, **5%** of Total Funds



Russell 3000 Passive Returns vs Russell 3000 Index

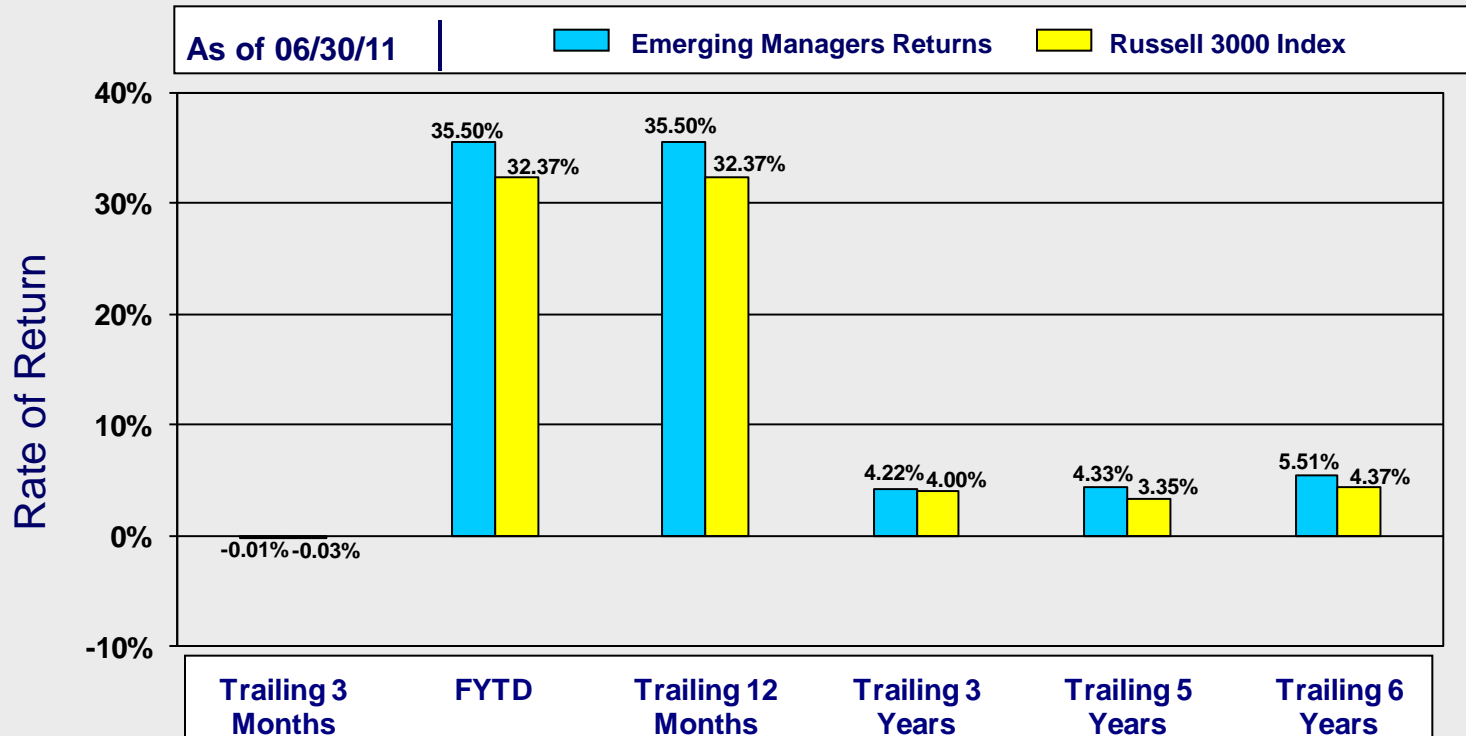
\$754M Under Management, **26%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	21.6	18.2	16.1	16.6
Benchmark Std Dev	21.7	18.3	16.2	16.6

Emerging Managers Returns vs Russell 3000 Index

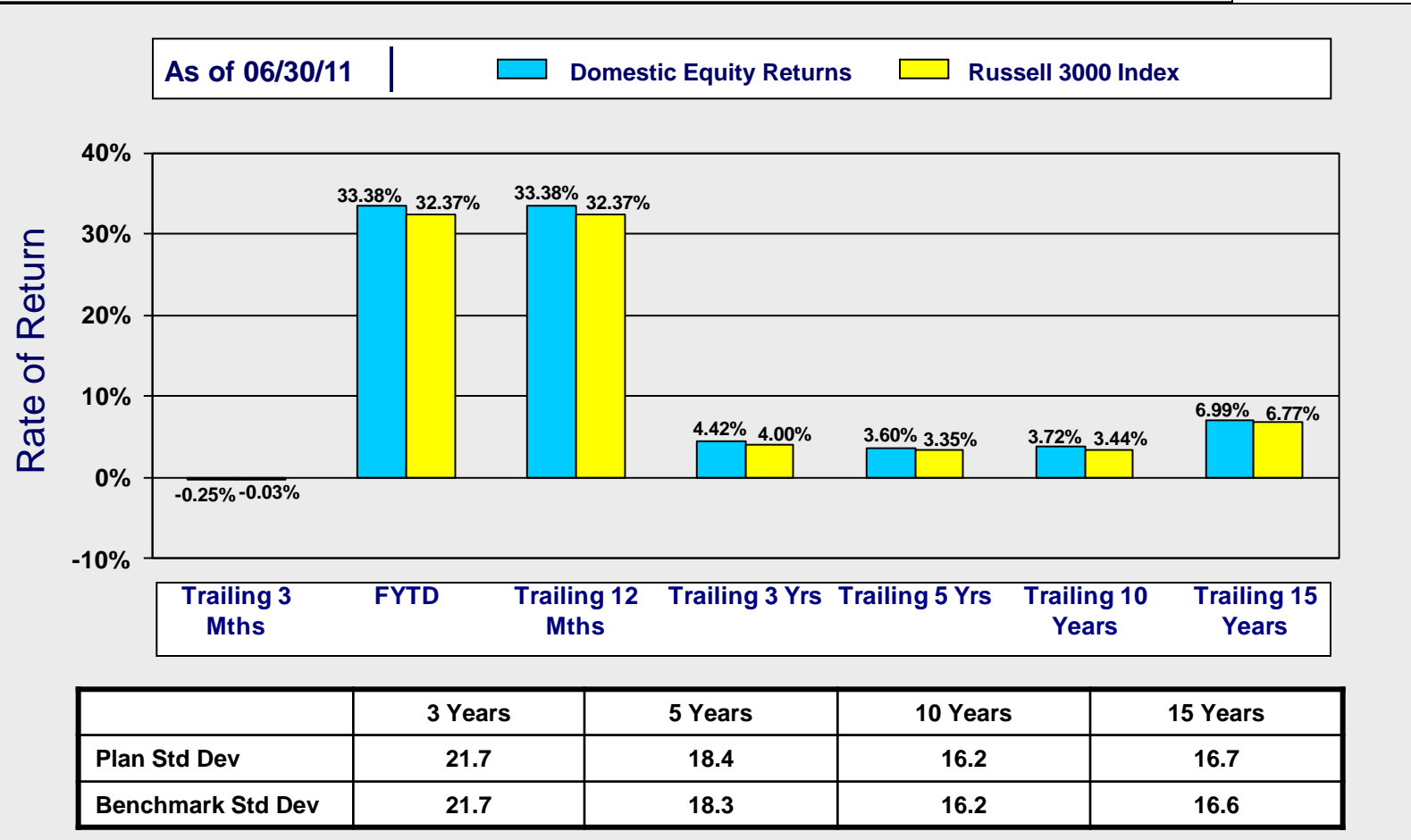
\$99M Under Management, **3%** of Total Funds



	3 Years	5 Years	6 Years
Plan Std Dev	22.5	19.0	17.7
Benchmark Std Dev	21.7	18.3	17.0

Total Domestic Equity Returns vs Russell 3000 Index

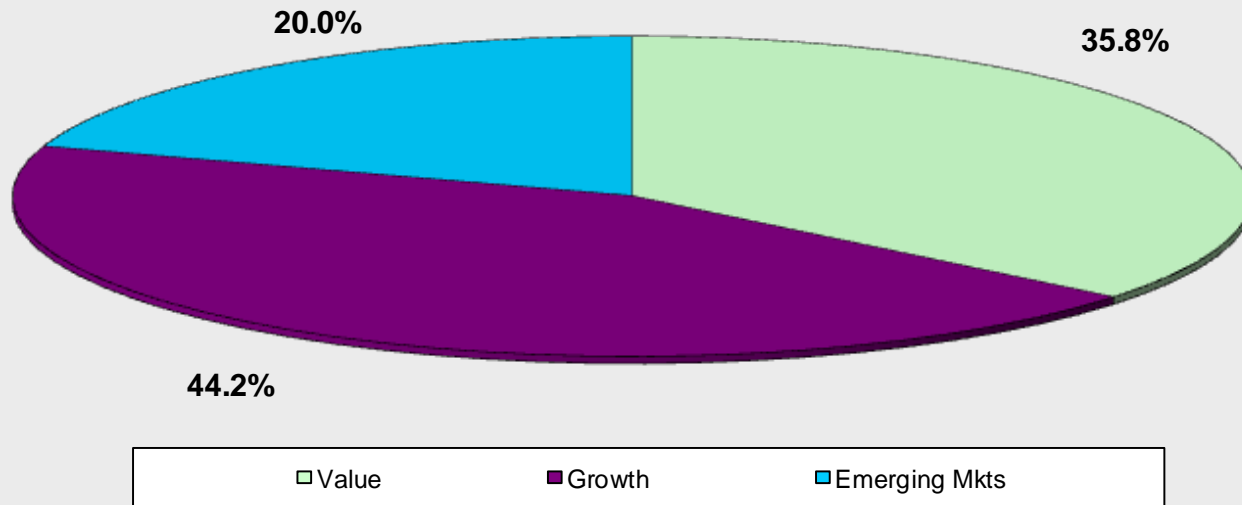
\$1.2B Under Management, **40%** of Total Funds



International Equity Asset Allocation: June 30, 2011

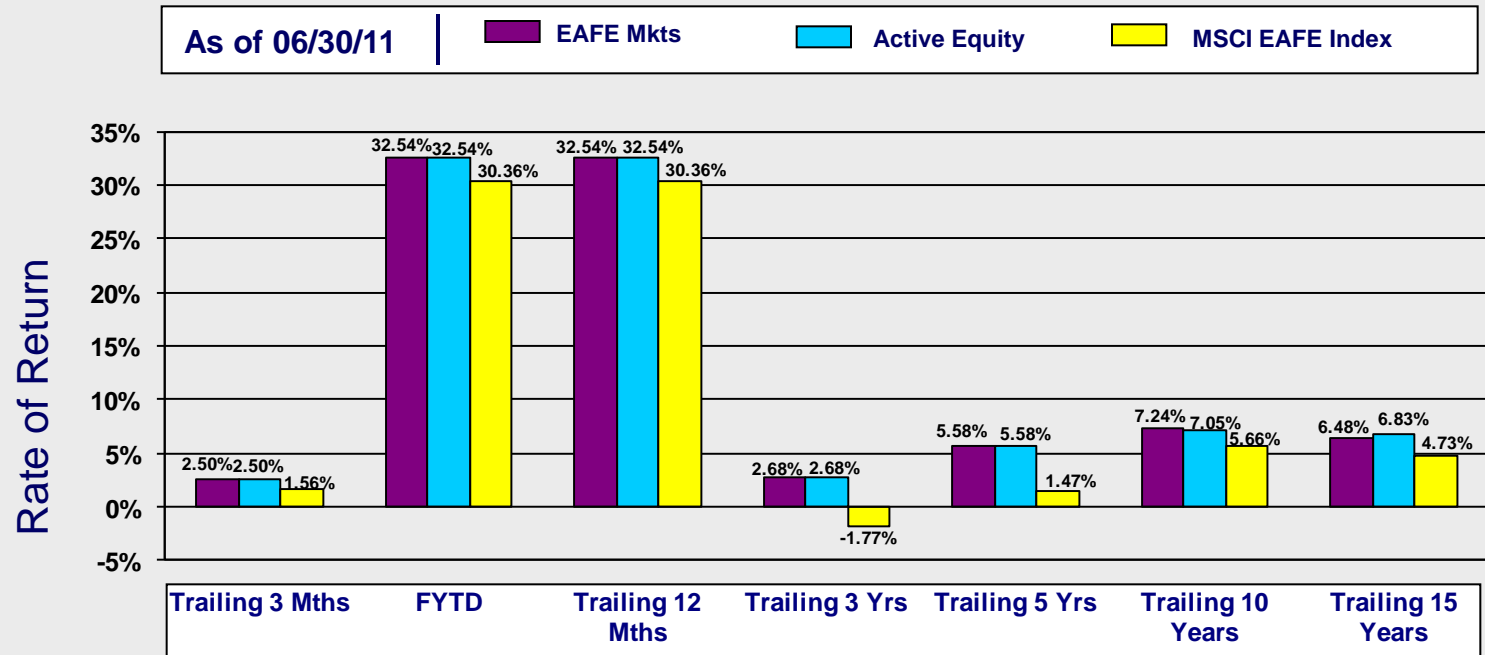
\$784M Under Management, **27%** of Total Funds

Asset Allocation by Style



EAFE Markets Returns vs MSCI EAFE Index

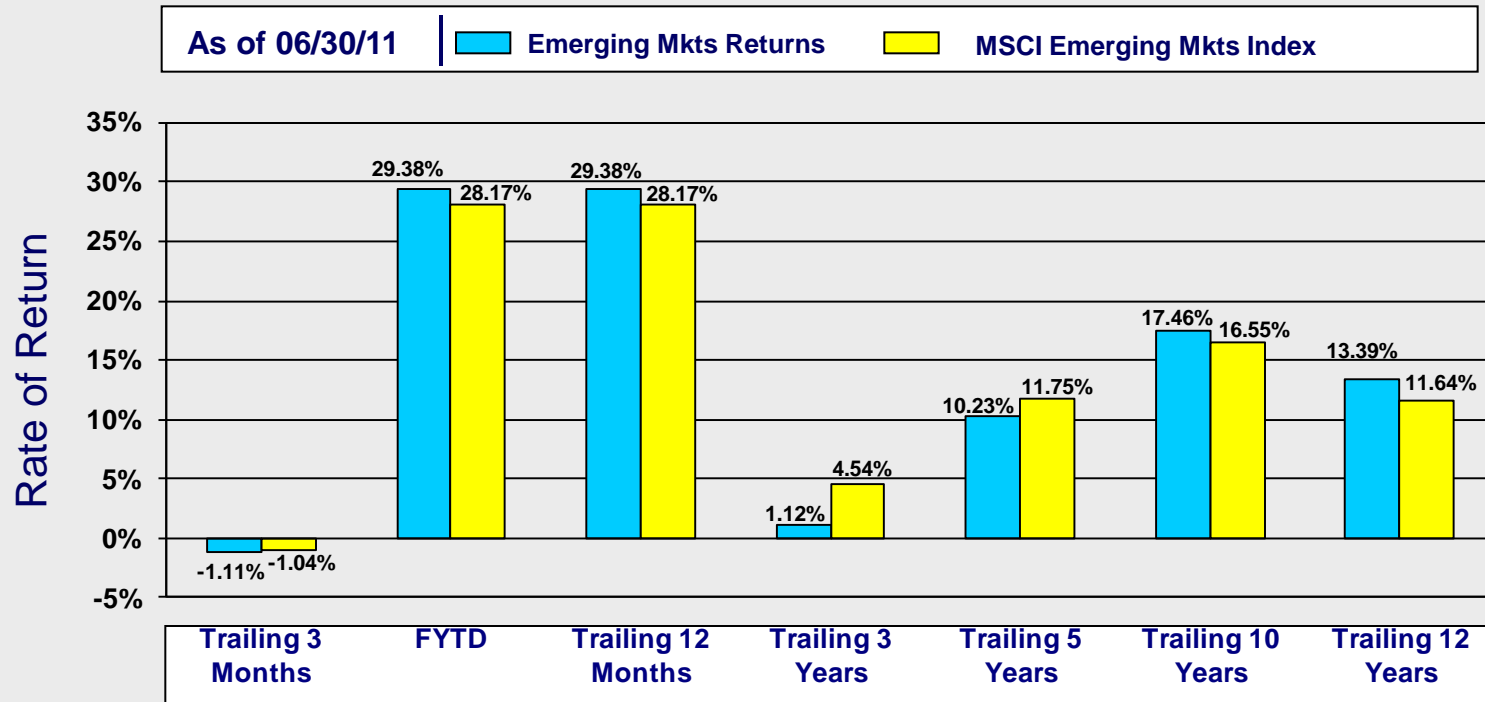
\$628M Under Management, **22%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	25.6	21.3	18.5	17.6
Active Plan Std Dev	25.6	21.3	18.6	17.9
Benchmark Std Dev	25.5	21.3	18.2	17.4

Emerging Markets Returns vs MSCI Emerging Markets Index

\$157M Under Management, **5%** of Total Funds



	3 Years	5 Years	10 Years	12 Years
Plan Std Dev	30.8	27.4	23.6	24.0
Benchmark Std Dev	30.7	27.2	24.0	24.4

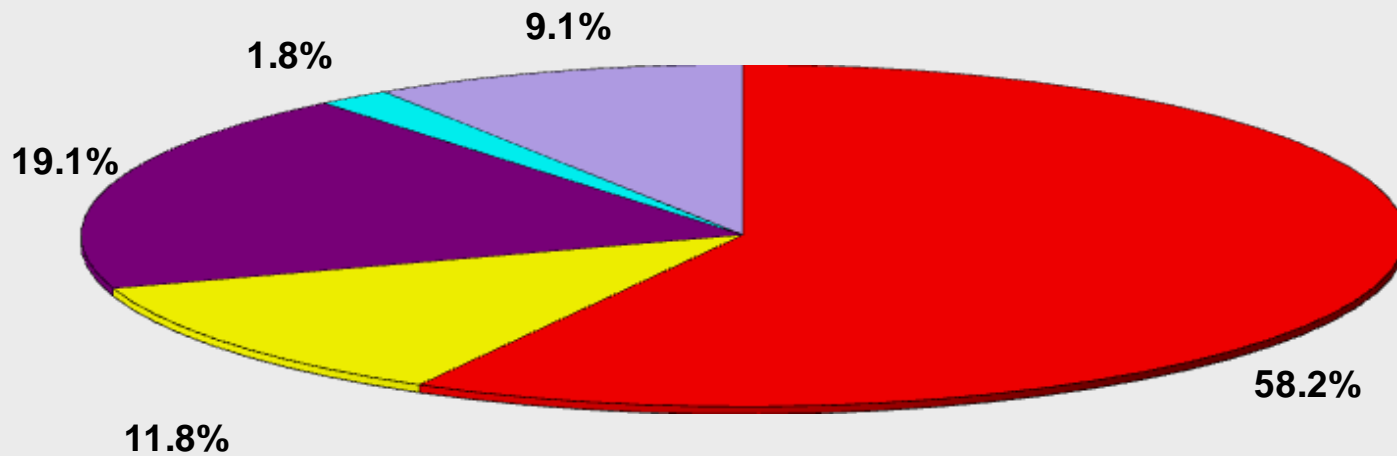
New York City
Board of Education Retirement System

Fixed Income Analysis

Total Fixed Income Asset Allocation: June 30, 2011

\$836M Under Management, **29%** of Total Funds

Asset Allocation by Groups

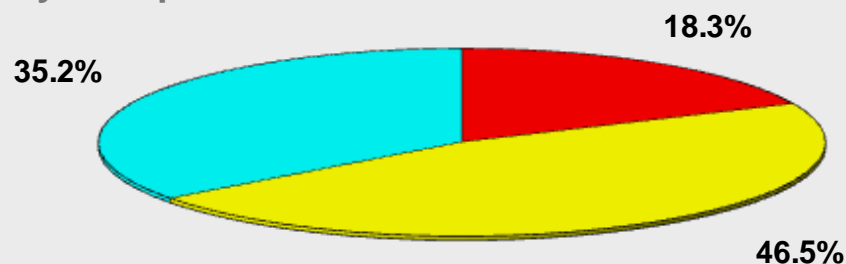


■ Structured Fixed Income ■ Enhanced Yield ■ Short Term Investments ■ ETI ■ Tips Managers

Structured Fixed Income Asset Allocation: Quarter Ending June 30, 2011

\$486M Under Management, **17%** of Total Funds

Asset Allocation by Groups



■ Treasury/Agency
 ■ Mortgage
 ■ Credit

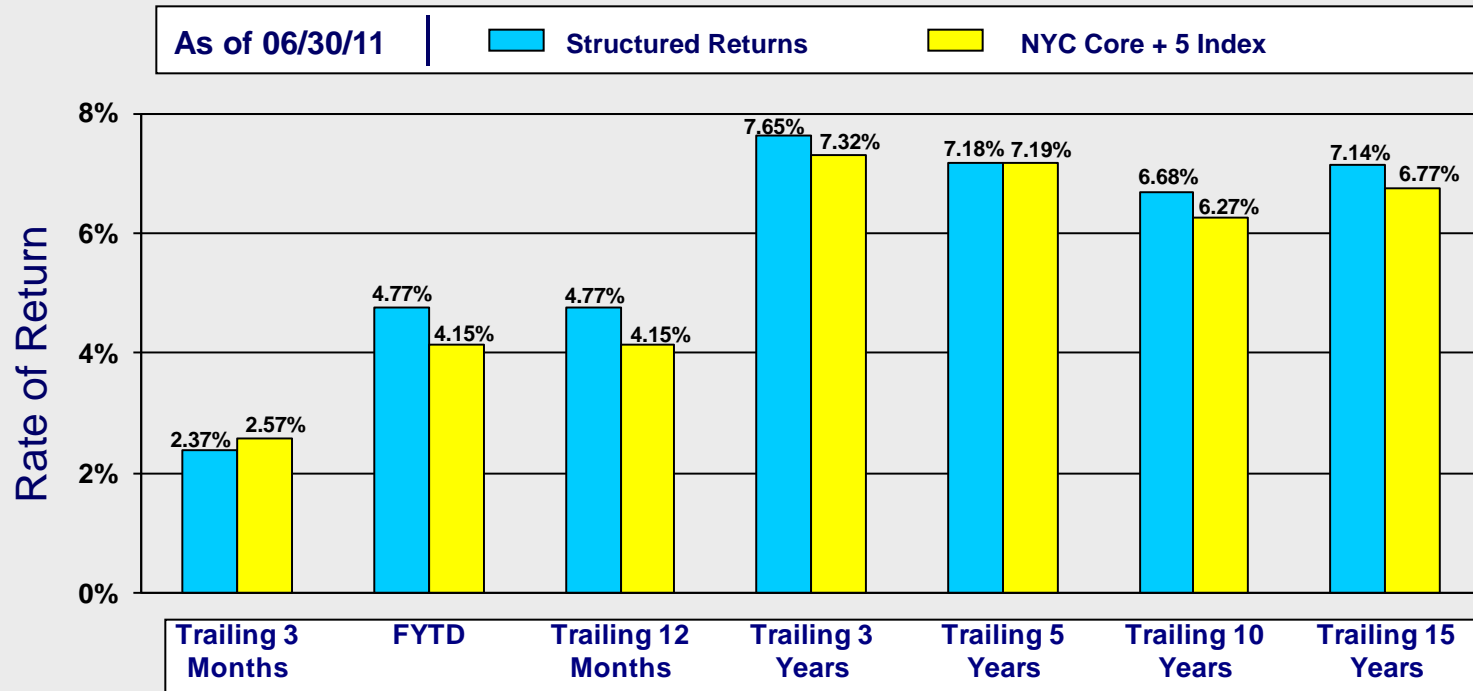
Asset Allocation by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treasury/Agency	20.74	18.27	-2.47	3.39	3.49	0.10	-0.03	0.02
Mortgage	44.02	46.50	2.48	2.34	2.02	-0.32	-0.01	-0.14
Credit	35.24	35.22	-0.02	2.35	2.25	-0.10	0.00	-0.04

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

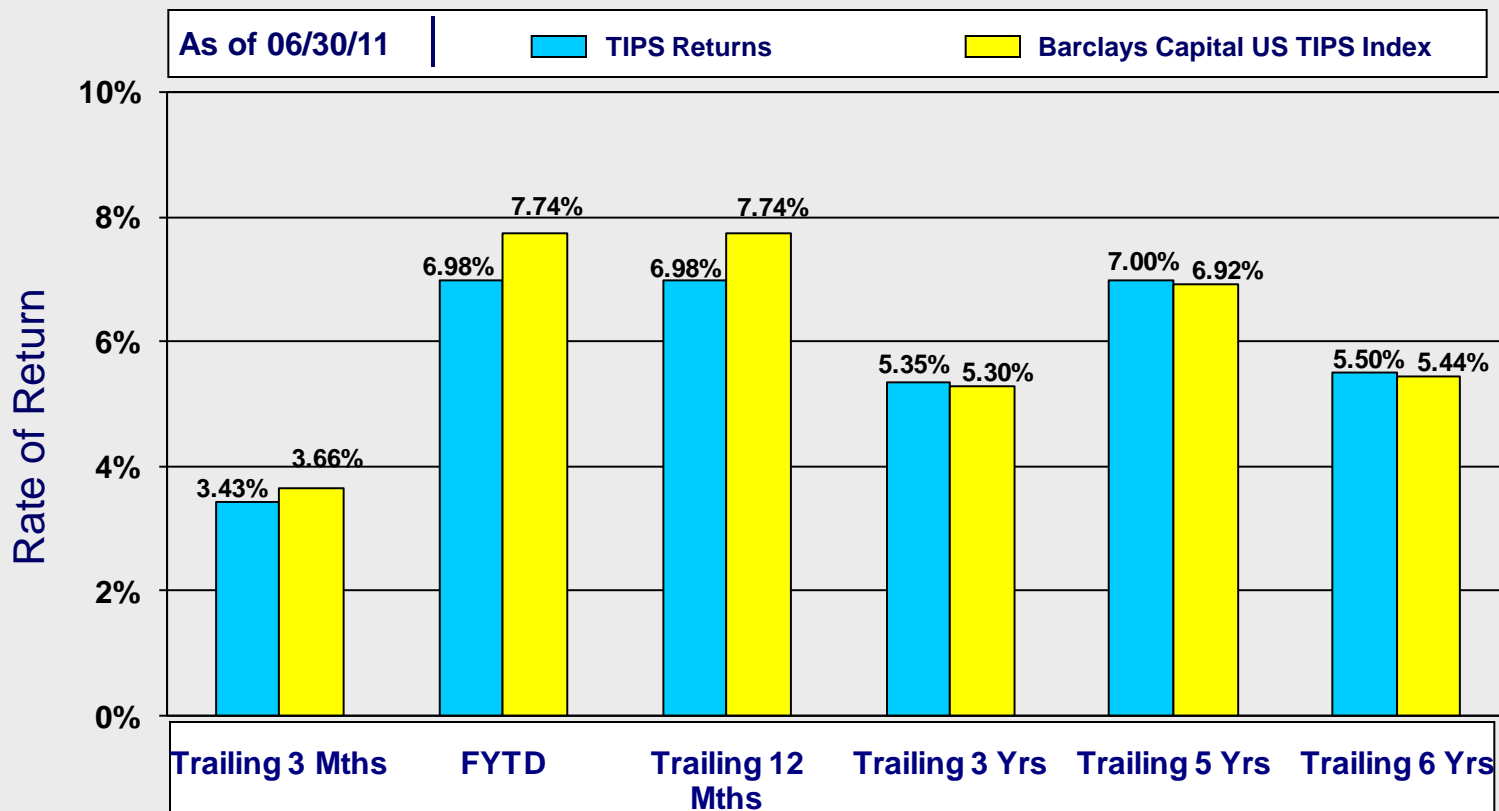
\$486M Under Management, **17%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	5.0	4.3	4.3	4.1
Benchmark Std Dev	5.1	4.4	4.4	4.2

TIPS Returns vs Barclays Capital US TIPS Index

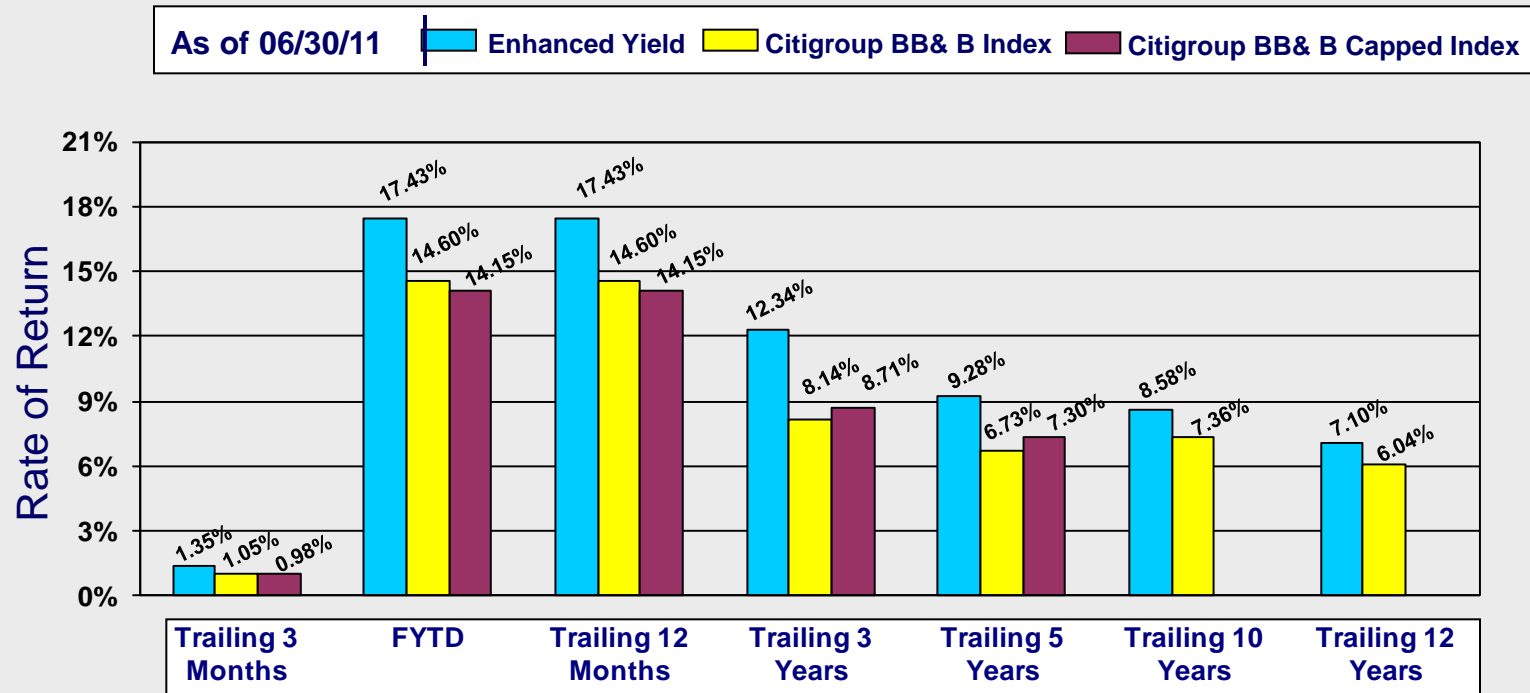
\$77M Under Management, **3%** of Total Funds



	3 Years	5 Years	6 Years
Plan Std Dev	8.8	7.6	7.2
Benchmark Std Dev	8.4	7.3	7.0

Enhanced Yield Returns vs Citigroup BB & B Index & Citigroup BB & B Capped Index

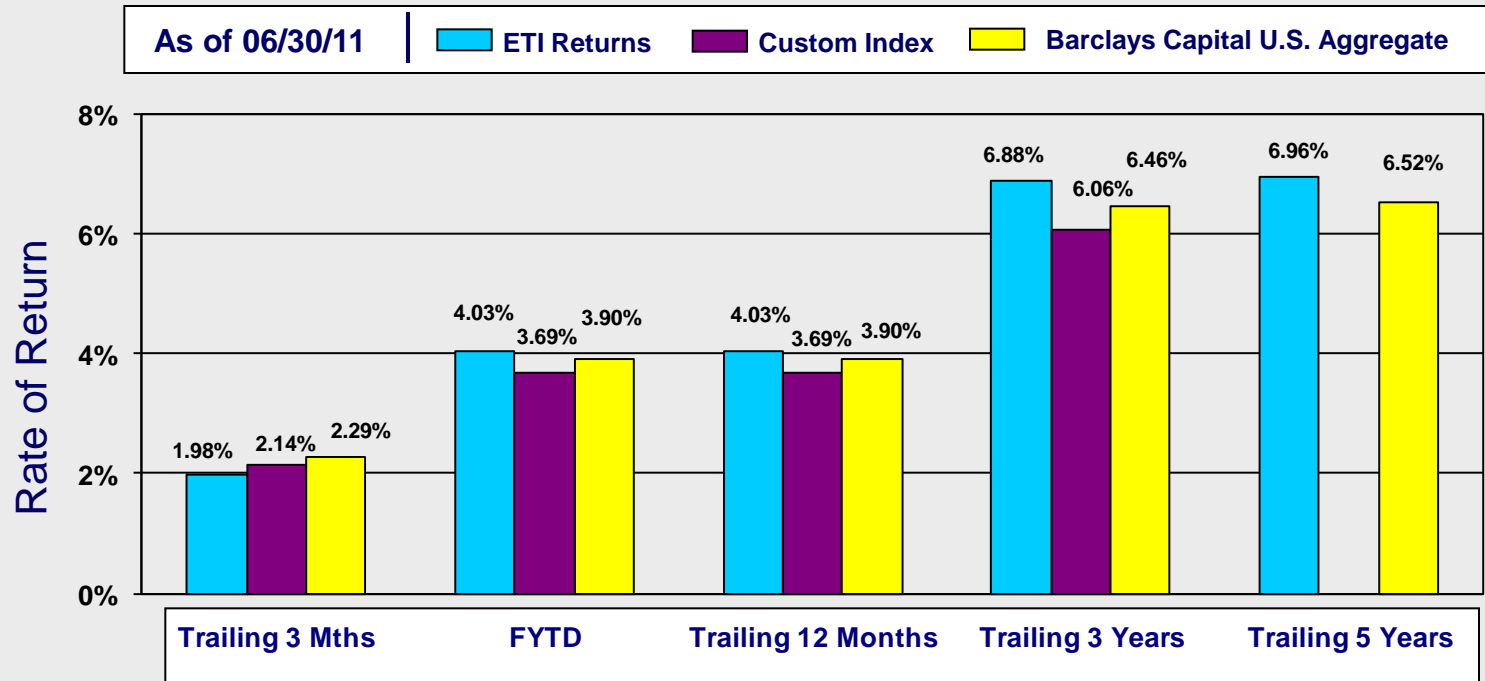
\$99M Under Management, **3%** of Total Funds



	3 Years	5 Years	10 Years	12 Years
Plan Std Dev	13.3	10.8	9.2	9.1
Citigroup BB&B	14.0	11.4	10.0	9.7
Citigroup BB&B Capped	13.7	11.1	****	****

ETI Returns vs Custom Index & Barclays Capital U.S. Aggregate

\$15M Under Management, **0.45%** of Total Funds



	3 Years	5 Years
Plan Std Dev	3.0	3.1
Custom Index Std Dev	3.3	****
BC US Aggreg Std Dev	4.1	3.6

Note: Returns (shown net of fees) and Market Value do not include cash

New York City
Board of Education Retirement System

Appendix

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
EQUITY MANAGEMENT									
SMALL CAP									
33.82	1.16	DARUMA -SCC	-1.78	10.80	47.40	****	****	****	****
33.82	1.16	TOTAL SMALL CAP CORE	-1.78	10.80	47.40	****	****	****	****
		RUSSELL 2000	-1.61	6.21	37.41	****	****	****	****
		SMALL CAP CORE MEDIAN	-1.44	6.89	36.69	****	****	****	****
33.82	1.16	TOTAL SMALL CAP	-1.78	10.80	47.40	7.03	2.70	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	4.08	****	****
83.98	2.88	WELLINGTON MID CAP	-0.80	7.04	****	****	****	****	****
83.98	2.88	TOTAL MID CAP CORE	-0.80	7.04	****	****	****	****	****
		S&P MIDCAP 400	-0.73	8.56	****	****	****	****	****
50.42	1.73	STATE STREET GA S&P 400	-0.70	****	****	****	****	****	****
50.42	1.73	TOTAL MID CAP PASSIVE	-0.70	****	****	****	****	****	****
		S&P MIDCAP 400	-0.73	****	****	****	****	****	****
134.40	4.61	TOTAL MID CAP	-0.76	6.89	****	****	****	****	****
		RUSSELL MIDCAP	0.42	8.08	****	****	****	****	****
LARGE CAP									
52.94	1.81	ZEVENBERGEN	-2.45	6.20	41.19	10.75	9.73	5.25	8.77
		RUSSELL 3000 GROWTH	0.64	6.98	35.68	5.28	5.36	2.42	5.28
52.94	1.81	TOTAL LARGE CAP GROWTH	-2.45	7.48	37.01	9.01	7.73	3.71	7.27
		LARGE CAP GROWTH MEDIAN	0.56	6.80	34.72	4.27	4.89	3.48	7.56
92.06	3.15	ARONSON JOHNSON	0.70	8.62	32.74	4.54	2.33	****	****
		RUSSELL 1000 VALUE	-0.50	5.92	28.94	2.28	1.15	****	****
92.06	3.15	TOTAL LARGE CAP VALUE	0.70	8.62	32.74	4.54	2.33	****	****
		LARGE CAP VALUE MEDIAN	-0.39	6.37	29.86	3.61	2.30	****	****
145.01	4.97	TOTAL LARGE CAP	-0.47	8.12	35.10	6.84	5.00	3.33	7.01
		RUSSELL 1000	0.12	6.37	31.93	3.68	3.30	3.21	6.78

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
PROGRESS MANAGERS									
2.34	0.08	FAN ASSET MGMT -LCG	0.07	7.67	36.65	4.29	5.62	2.47	****
0.00	0.00	FORTALEZA -SCG	0.25	12.78	51.87	6.41	3.69	****	****
0.00	0.00	GW CAPITAL -SCV	-2.93	9.89	36.76	8.19	****	****	****
12.19	0.42	JOHN HSU -LCC	-1.78	4.55	35.66	3.02	5.92	6.20	****
18.73	0.64	HERNDON CAPITAL MGMT-LCV	3.15	11.05	40.06	8.76	8.51	****	****
3.43	0.12	HIGH POINTE LLC -LCG	1.01	7.24	32.01	****	****	****	****
4.49	0.15	LOMBARDIA CAPITAL -SCV	-2.33	6.05	32.24	12.81	****	****	****
0.01	0.00	PALISADES -LCV	5.15	13.69	38.97	4.20	2.12	****	****
0.01	0.00	PROFIT INVESTMENT MGMT -LCG	1.04	5.84	27.58	4.67	****	****	****
0.01	0.00	SEIZERT CAPITAL PTNRS -LCV	-1.18	6.44	30.69	2.54	****	****	****
72.21	2.47	TOTAL PROGRESS	0.52	7.97	34.88	4.01	4.34	4.17	****
		RUSSELL 3000	-0.03	6.35	32.37	4.00	3.35	3.44	****
F.I.S. MANAGEMENT									
0.00	0.00	BRC INV MGMT -SCV	-4.34	3.32	34.77	****	****	****	****
0.00	0.00	CAMERON CAPITAL -SCC	-4.29	2.21	26.16	****	****	****	****
2.42	0.08	CUPPS CAPITAL SCG	2.12	21.24	59.24	****	****	****	****
0.00	0.00	DAVID ROSS -SCV	-4.00	-4.90	6.77	****	****	****	****
3.62	0.12	ELESSAR INVESTMENT MGMT -SCV	0.40	7.67	37.06	11.76	****	****	****
1.94	0.07	EUDAIMONIA -Micro CG	-4.69	1.90	41.93	****	****	****	****
4.63	0.16	LOMBARDIA CAPITAL PTNRS -SCV	-2.26	6.12	32.33	12.57	****	****	****
4.13	0.14	NICHOLS ASSET MGMT -SCG	0.54	10.70	45.04	****	****	****	****
3.08	0.11	OAKBROOK -SCC	-0.99	7.02	35.98	****	****	****	****
2.78	0.10	PROFIT -SCC	-2.56	9.22	41.06	13.60	****	****	****
27.11	0.93	TOTAL F.I.S FUND MGMT	-1.42	7.40	37.20	4.78	****	****	****
		RUSSELL 2000	-1.61	6.21	37.41	7.78	****	****	****
TOTAL EMERGING MANAGERS									
99.31	3.40	TOTAL EMERGING MANAGERS	-0.01	7.81	35.50	4.22	4.33	****	****
		RUSSELL 3000	-0.03	6.35	32.37	4.00	3.35	****	****

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
		RUSSELL 3000							
753.96	25.84	BLACKROCK R3000	-0.09	6.27	32.27	4.06	3.36	3.46	****
753.96	25.84	TOTAL RUSSELL 3000	-0.09	6.27	32.27	4.06	3.36	3.46	6.83
		RUSSELL 3000	-0.03	6.35	32.37	4.00	3.35	3.44	6.77
362.12	12.41	TOTAL ACTIVE	-0.55	8.05	36.05	5.33	4.20	3.58	5.96
804.38	27.56	TOTAL PASSIVE	-0.12	6.32	32.34	4.08	3.37	3.64	7.18
1166.50	39.97	TOTAL DOMESTIC EQUITY	-0.25	6.79	33.38	4.42	3.60	3.72	6.99
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
346.24	11.87	BAILLIE	2.43	5.39	34.48	2.45	****	****	****
		MSCI EAFE GROWTH	2.31	4.66	31.65	-1.49	****	****	****
0.08	0.00	BANK OF IRELAND	****	****	****	****	****	****	****
0.08	0.00	G.E. INVESTMENT	****	****	****	****	****	****	****
281.23	9.64	SPRUCEGROVE	2.59	3.90	30.24	2.85	3.92	****	****
		MSCI EAFE VALUE	1.34	6.04	30.10	-1.15	0.95	****	****
627.63	21.51	TOTAL ACTIVE DEVELOPED MARKETS	2.50	4.72	32.54	2.68	5.58	7.05	6.83
627.63	21.51	TOTAL DEVELOPED MARKETS	2.50	4.72	32.54	2.68	5.58	7.24	6.48
		MSCI EAFE (NET DIVIDEND)	1.56	4.98	30.36	-1.77	1.47	5.66	4.73
		INTERNATIONAL EQUITY MEDIAN	1.83	5.32	32.32	0.72	3.83	7.78	7.74
		EMERGING MARKETS							
125.96	4.32	STATE STREET EMG MKTS	-1.10	1.09	29.43	1.12	****	****	****
30.70	1.05	BLACKROCK EM	-1.16	****	****	****	****	****	****
156.79	5.37	TOTAL EMERGING MARKETS	-1.11	1.08	29.38	1.12	10.23	17.46	****
		MSCI EMERGING MARKET FREE	-1.04	1.03	28.17	4.54	11.75	16.55	****
		EMERGING MARKET MEDIAN	-0.63	0.31	27.46	5.75	12.92	16.83	****
784.42	26.88	TOTAL INTERNATIONAL EQUITY	1.76	4.08	31.98	2.28	6.42	8.92	7.04

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
PRIVATE EQUITY INVESTMENTS									
12.07	0.41	FAIRVIEW PRIVATE EQUITY FD	****	****	****	****	****	****	****
51.30	1.76	MESIROW PTNRS FD III	****	****	****	****	****	****	****
12.50	0.43	MESIROW PTNRS FD IV	****	****	****	****	****	****	****
6.06	0.21	MESIROW PTNRS FD V	****	****	****	****	****	****	****
81.94	2.81	TOTAL PRIVATE EQUITY	7.23	14.11	20.08	2.39	-2.62	****	****
PRIVATE REAL ESTATE									
0.89	0.03	FRANKIN TEMPLETON FD	****	****	****	****	****	****	****
6.23	0.21	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
41.40	1.42	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
48.52	1.66	TOTAL PRIVATE REAL ESTATE	0.11	5.08	****	****	****	****	****
2081.38	71.32	TOTAL EQUITY - PUBLIC & PRIVATE	0.77	6.10	32.56	3.70	4.54	5.23	7.38
FIXED INCOME MANAGEMENT									
GOVERNMENT									
88.80	3.04	STATE STREET	3.49	3.18	2.41	6.95	7.77	6.99	7.42
88.80	3.04	ALL TREASURY / AGENCY	3.49	3.18	2.41	6.95	7.77	6.81	7.27
		NYC - TREASURY AGENCY PLUS 5	3.39	3.02	2.44	6.70	7.62	6.83	7.30
MORTGAGE									
225.97	7.74	PIMCO	2.02	2.95	4.66	7.67	7.42	6.45	7.05
		CITIGROUP MORTGAGE INDEX	2.34	2.97	3.74	6.96	7.02	5.87	6.44
CREDIT									
100.71	3.45	PRUDENTIAL CREDIT	2.25	2.86	5.71	****	****	****	****
70.42	2.41	TAPLIN, CANIDA	2.25	3.90	7.24	8.20	6.23	6.89	7.13
171.13	5.86	ALL INVESTMENT GRADE CREDIT	2.25	3.28	6.34	7.91	6.06	6.80	7.04
		NYC - INVESTMENT GRADE CREDIT	2.35	3.18	5.94	7.84	6.73	6.21	6.61

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
485.91	16.65	TOTAL STRUCTURED	2.37	3.11	4.77	7.65	7.18	6.68	7.14
		NYC - CORE PLUS FIVE	2.57	3.05	4.15	7.32	7.19	6.27	6.77
		ACTIVE TIPS MANAGERS							
76.51	2.62	PIMCO-TIPS-MTA	3.43	5.20	6.98	5.35	7.00	****	****
76.51	2.62	TOTAL ACTIVE TIPS MANAGERS	3.43	5.20	6.98	5.35	7.00	****	****
		BARCLAYS CAPITAL US TIPS INDEX	3.66	5.81	7.74	5.30	6.92	****	****
		ENHANCED YIELD							
50.86	1.74	LOOMIS SAYLES & CO	1.67	7.55	18.38	13.98	10.15	9.73	****
		BofA(ML-MST II 7-03/BB&B PRIOR)	0.99	4.93	15.40	12.40	9.20	8.83	****
48.22	1.65	SEIX HIGH YIELD	1.02	5.49	16.43	10.67	8.38	****	****
99.08	3.40	ALL ENHANCED YIELD	1.35	6.55	17.43	12.34	9.28	8.58	****
		CITIGROUP BB & B	1.05	4.88	14.60	8.14	6.73	7.36	****
		CITIGROUP BB & B CAPPED	0.98	4.79	14.15	8.71	7.30	****	****
		ENHANCED YIELD MEDIAN	0.90	4.74	14.99	10.73	8.73	9.51	****
		ETI							
2.57	0.09	ACCESS/RBC	2.43	2.65	3.56	8.26	****	****	****
10.77	0.37	AFL-CIO HOUSING INV TRUST	2.08	2.89	4.25	6.58	****	****	****
0.10	0.00	CFSB-PPAR	0.90	1.98	9.32	9.31	****	****	****
0.13	0.00	CCD-PPAR	1.33	2.91	8.53	10.37	****	****	****
0.10	0.00	LIIF-PPAR	1.15	2.26	0.62	****	****	****	****
0.02	0.00	NCBCI-PPAR	1.30	3.53	2.93	****	****	****	****
1.28	0.04	CPC REVOLVING	0.49	1.01	2.09	2.51	****	****	****
14.98	0.51	TOTAL ETI (WITH CASH)	1.97	2.66	3.97	6.63	6.81	4.74	5.23
		BERS CUSTOM ETI INDEX (NO CASH)	2.14	2.57	3.69	6.06	****	****	****
		BARCLAYS CAPITAL AGGREGATE	2.29	2.72	3.90	6.46	6.52	5.75	6.32
836.00	28.65	TOTAL FIXED	2.03	3.56	6.69	7.62	7.17	6.63	6.85

Consolidated Performance Report

Through June 30, 2011

Assets (\$MM)	% Total		3 Mos Apr-11 Jun-11	YTD Jan-11 Jun-11	1 Yr Jul-10 Jun-11	3 Yrs Jul-08 Jun-11	5 Yrs Jul-06 Jun-11	10 Yrs Jul-01 Jun-11	15 Yrs Jul-96 Jun-11
0.80	0.03	SECURITIES LENDING	****	****	****	****	****	****	****
159.52	5.47	SHORT TERM INVESTMENTS	0.23	0.34	0.43	1.34	2.78	2.67	3.84
0.00	0.00	BNY - CD	****	****	****	****	****	****	****
2918.17	100.00	TOTAL BOARD OF EDUCATION	1.10	5.41	24.19	5.34	5.62	6.02	7.47
		BOARD OF ED POLICY BENCHMARK	1.15	5.25	23.99	4.52	4.90	5.46	7.03

Actual And Estimated Fees

NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2009 AND ESTIMATED FEES FOR FY 2010 UPDATED THROUGH DECEMBER 2009				
	Actual			Estimated
	2009			2010
INVESTMENT STYLE (EQUITIES)	BASIS POINTS			BASIS POINTS
Small Cap	26.65			41.94
Small Cap Core	-			-
Small Cap Value	17.31			
Small Cap Growth	34.15			41.94
Small Cap Fundamental	-			-
Small/Mid Cap Growth	18.67			-
Mid Cap	10.94			-
Mid Cap Core	-			-
Mid Cap Value	11.94			-
Large Cap	21.53			27.64
Large Cap Growth	26.18			28.51
Large Cap Value	16.99			26.68
Large Cap Core	-			-
Large Cap Fundamental	-			-
Emerging Managers (U.S. Equities)	57.68			59.57
Emerging Managers (Fixed)	-			-
Passive Equities	0.12			0.14
				76.65
Opportunistic				52.26
Activist	-			-
Environmental	-			-
Fixed Income	-			-
Int'l Active Equities (EAFE)	19.27			29.00
Int'l Passive Equities (EAFE)	-			
Emerging Markets	43.94			54.93

Actual And Estimated Fees

NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM				
ACTUAL FEES FOR FISCAL YEAR ENDING JUNE 30, 2009 AND ESTIMATED FEES FOR FY 2010 UPDATED THROUGH DECEMBER 2009				
	Actual			Estimated
	2009			2010
INVESTMENT STYLE (Fixed Income)	BASIS POINTS			BASIS POINTS
Core +5 Fixed Income	6.10			-
Government Sector	2.04			-
Mortgage Sector	6.82			-
Corporate Sector	8.94			-
Yankee Sector	6.06			-
Investment Grade – Fixed Income	-			7.97
Government Sector	-			5.00
Mortgage Sector	-			8.85
Credit Sector	-			8.23
TIPS	7.58			10.00
Active TIPS	7.58			10.00
Passive TIPS	-			-
Enhanced Yield	27.01			28.24
Convertible Bonds	-			-
Global Fixed Income	-			-
ETI - AFL-CIO	40.00			40.00
ETI- Access RBC	38.25			39.01
In-House Short Term	-			-
Total Overall*	13.35			17.12
*Only Public Markets fees are calculated in the overall total				

Securities Lending Income

Through June 30, 2011

	U.S. <u>FIXED INCOME</u>	U.S. <u>EQUITY</u>	INTERNATIONAL <u>EQUITY</u>
1989*	\$70,000	--	--
1990	79,000	--	--
1991	111,000	--	--
1992	122,000	\$11,000	--
1993	79,000	32,000	\$15,000
1994	93,000	77,000	20,000
1995	112,000	93,000	12,000
1996	99,000	76,000	27,000
1997	101,000	126,000	40,000
1998	111,000	170,000	60,000
1999	159,000	263,000	100,000
2000	193,000	310,000	97,000
2001	295,000	208,000	159,000
2002	209,000	143,000	152,000
2003	153,000	158,000	195,000
2004	226,000	255,000	174,000
2005	384,000	479,000	217,000
2006	303,000	734,000	246,000
2007	593,000	1,208,000	272,000
2008	2,514,000	2,266,000	451,000
2009	698,000	1,416,000	367,000
2010	246,000	729,000	326,000
2011 (6 Months)	156,000	461,000	374,000
Since Inception	\$7,106,000	\$9,215,000	\$3,304,000

Note: Inception 4/89

Footnotes

Through June 30, 2011

- The Barclays Capital Aggregate (then known as the Lehman Brothers Aggregate) was used prior to 1/1/89. Effective 1/1/89, in the Government Sector, maturities of less than 5 years were dropped from the Salomon and Lehman indices. From that date until 7/1/99 the benchmark was the NYC Core + 5, from Lehman.
- Effective 7/1/94, the NYC Core + 5 Index includes BBB rated securities.
- Effective 7/1/99, the basis of the NYC Index was changed from Lehman Brothers to Salomon. Also effective 7/1/99, only Salomon indices have been used to compare all fixed income managers.
- Effective 4/1/03, the name of the benchmark provider was changed from Salomon to Citigroup.
- Effective 7/1/03, the “NYC-Loomis” benchmark index for the Loomis Sayles Enhanced Yield portfolio reflects a change from the Citigroup BB&B Index to the more appropriate BofA Merrill Lynch High Yield Master II Index.
- Effective 7/1/09, the Core+5 program was restructured.
 - The U.S. Gov’t sector benchmark Index was changed from the Citigroup Core+5 Treasury/Gov’t Sponsored Index to the Citigroup Core+5 Treasury/Agency Index.
 - The Corporate and Yankee sectors were combined to form the new Investment Grade Credit sector. The benchmark for the new combined sector is the customized Citigroup Credit Index. For historical performance purposes, the old Corporate sector Index is linked to the new Credit sector Index.
 - There were no changes to the Mortgage sector Index.
 - The total Core+5 results and benchmark returns combine the three sectors. Historical total Core+5 returns continue to include the old Corporate and Yankee sector returns.

Glossary of Terms

Through June 30, 2011

General Notes

- All Returns are Gross of investment advisory fees unless otherwise indicated.

Page Specific

Page 14 - Portfolio Asset Allocation

- Rebalancing Ranges: the minimum and maximum weights that actual Asset Allocation may reach before rebalancing between Asset Classes is necessary.

Glossary of Terms

Through June 30, 2011

Page 15 - Performance Attribution: Total Plan

- Plan Return At Policy Weights: the return of the Total Plan assuming actual Asset Class results were maintained at target (Adjusted Policy) weights. *Figure = (Return of Asset Class 1 * Target Weight) plus (Return Of Asset Class 2 * Target Weight) plus (.....)*
- **Allocation Effect** = Total Plan Return minus Plan Return At Adjusted Policy Weights.
- **Management Effect** = Equal to the Custom Benchmark (Adjusted Policy Index) Return minus Plan Return at Adjusted Policy Weights. This illustrates how the Managers have added or removed value based on their Security Selection decisions.
- **Policy Index = Custom Benchmark**
The “policy index” is a custom benchmark representing the weighted average return of the weighted benchmark indexes for each major investment program. Weights may reflect an adjustment of actual policy for outstanding commitments for new or revised programs, such as for private market programs, which are invested gradually, of for any new or updated program requiring the completion of RFPs and contracts. The policy index/custom benchmark is calculated monthly based on adjusted policy weights at the beginning of each month.
The indexes and most recent policy weights are as follows:
*U.S. Equity: Russell 3000 * 40.81%*
*International Developed (EAFE) Markets: MSCI EAFE * 21%*
*International Emerging Markets: MSCI Emerging Markets * 4%*
*Private Equity: Russell 3000 + 500 b.p. per annum * 2.58%*
*Private Real Estate: NFI - ODCE Net * 1.61%*
*Domestic Fixed Income: NYC Core +5 * 22%*
*TIPS: Barclays Capital U.S. TIPS * 3%*
*Enhanced Yield: Citigroup BB&B * 5%*

Glossary of Terms

Through June 30, 2011

Page 18 - Management Effect - Asset Class Breakdown

- This chart aims to break down the Management Effect shown on the Performance Attribution pages. The aim of the Page is to show the asset classes where Managers are either out performing or under performing their benchmark and to show the basis point effect that this is having on Plan performance.

Page 23 - Domestic Equity Asset Allocation

- **Value Added By Sectors:** This disaggregates out-performance or under-performance by Asset Allocation and Management Effect.
- **Implied Policy** = Retirement's System Asset Allocation.
- **Implied Return** = Benchmark Return
- **Allocation** = the Contribution to Performance resulting from an overweight or underweight to an asset class. *E.g. an underweight to an Asset Class that under-performs rests in a positive Allocation Effect and vice versa.*
- **Management** = Contribution to Performance from security selection versus the Benchmark, e.g., *If the managers Actual Returns are higher than the Implied Return there will be a positive Management Effect.*

Page 35 – Structured Fixed Income Asset Allocation

- See Domestic Equity Asset Allocation for explanation

Page 39 – ETI Returns vs Custom Index and Barclays Capital U.S. Aggregate

- ETI has implemented a Custom Benchmark to better track the performance of the individual ETI programs relative to their respective benchmarks. The Custom Benchmark represents the weighted average return of the individual benchmark indexes for each program, updated monthly. The indexes are as follows:
- AFL-CIO Housing Inv Trust: Barclays Capital U.S. Aggregate Bond Index
- CPC Revolving: 30 Day Libor + 180 bps per annum
- PPAR: Citigroup GNMA + 65 bps per annum
- Access/RBC: 60% BofA Merrill Lynch 30 yr Mortgage Index plus 40% BofA Merrill Lynch US Treasury 1-10yr Index