

New York City
Board of Education Retirement System

Performance Overview as of March 31, 2011

Total Fund Overview

New York City Board of Education Retirement System

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Through March 31, 2011

Market Commentary

The Bureau of Economic Analysis's final estimate for 4Q2010 GDP growth was 3.1%. The consensus economist forecast for 1Q2011 GDP, as reported by Bloomberg, is for 2.6% growth.

During 1Q2011, the job market (as defined by non-farm payrolls) gained 478,000 jobs, compared to a gain of 416,000 in 4Q2010. Private non-farm payrolls gained 564,000 during 1Q2011 and employment due to manufacturing continued its upward trend.

CPI rose 2.7% over the past 12 months with almost three-quarters of the total increase coming from increases in food and gasoline prices. The gasoline index has risen over 27.5% during the past year. Core CPI (excluding food and energy) increased to 1.2% versus 0.8% as of December 2010.

Equities continued to rally through the first two months of the year before pausing in March due to global events. The earthquake and tsunami in Japan caused a global sell-off early in March, but the market recovered to finish flat for the month. The S&P 500 index rose 5.9%, while small and mid-cap stocks returned 7.9% and 7.6%, respectively. Growth outperformed value in the mid and small cap markets with the biggest gain coming in small cap growth (+9.2%). At the sector level, all sectors of the S&P 500 were positive. The best return came from the energy sector (+16.8%), which accounted for 30% of the S&P's gain. The industrial sector (8.8%) was the only other sector to outperform the return of the index. The weakest performers were consumer staples, utilities and financials, which return 3% or less during the quarter.

Consultant's Commentary

Through March 31, 2011

Market Commentary (continued)

Global markets were tested during the first quarter due to ongoing concerns about Europe's sovereign debt crisis, unrest in the Middle East and the impact of the earthquake/tsunami in Japan. The MSCI-EAFE index returned 3.5% during the quarter. Regionally, continental Europe led the way with a 7.8% total return (driven primarily by the 6% appreciation in the euro). Not surprisingly, Japan returned -4.9%, as investors struggled to assess the impact of the developing nuclear disaster. Emerging markets rallied in March, and brought the quarter's gain to 2.1%. On a sector basis, energy stocks benefited from geopolitical risk and demand growth, and produced an 11.1% total return. Telecommunications (+8.7%), industrial (+5.3%) and financials (+4.7%) were other top performers. The lagging sectors were consumer discretionary, technology, and utility, all of which posted moderately negative returns.

Improved economic data put pressure on interest rates, which rose along the intermediate and long end of the yield curve, and hurt fixed income securities during the quarter. The change was less drastic than the prior quarter but still left Treasuries with a return of -0.2%. Non-Treasury sectors were stronger and helped the Barclays Aggregate Index rise 0.4%. Lower prepayment fears helped Agency MBS (+0.6%). Investment grade corporates rose 0.9% while CMBS returned 2.0%. High yield (+3.9%) was the best performer in the first quarter.

Asset Allocation

As of March 31st, 2011 the Board of Education Retirement System (BERS) Total Portfolio was \$2.88 billion versus \$2.75 billion on December 31st.

The allocation by asset class is within policy target ranges. Domestic equities are 8% overweight, but this is due to the underfunded status of private equity and real estate. Private equity allocation is 3% versus a 5% target. Additional investments were made in private real estate, but the allocation remained negligible versus its 5% target, as of quarter end. Larger allocations were made on April 1, which will be reflected in the Q2 report. Adjusting for private equity and real estate, equity allocation is only 2% overweight. As a result, fixed income is 2% underweight.

BERS is reviewing its asset allocation at the next investment meeting, scheduled for May 19, 2011.

Consultant's Commentary

Through March 31, 2011

Manager Issues

Following the termination of Pyramis at year end, a passive S&P 400 Midcap strategy, managed by SSgA, was funded.

Total Fund Performance

The Total Plan returned 4.3% for the quarter versus 3.9% for the index. This result placed in the 33rd percentile of the Public Fund Master Trusts > \$1 Billion Universe. For the year, the Plan returned 15.0% compared with 13.0% for the index, ranking in the 17th percentile of the peer group. Three- and five-year returns remain ahead of the benchmark and in positive territory. Both of these results are near the top quartile of the universe.

During the quarter, positive manager selection led to outperformance with most of the contribution coming from domestic equity managers, especially Zevenbergen and Daruma. Structured Fixed Income and Enhanced Yield also did well, but the magnitude of their respective contributions were smaller. For the trailing year, outperformance is also attributable to manager selection. International equity was a significant contributor, as were Structured Fixed Income and Enhanced Yield.

U.S. Equity

Total Domestic Equity returned 7.1% for the quarter versus 6.4% for the Russell 3000 Index. Except for Wellington, all the Active Domestic Equity managers outperformed, and Daruma and Zevenbergen did particularly well. For the year, Total Domestic Equity returned 18.8% and active managers returned 22.0%. This is compared to a 17.4% return for the Russell 3000 Index.

Zevenbergen returned 8.9% during the quarter, beating the Russell 3000 Growth benchmark return of 6.3%. For the trailing year, Zevenbergen returned 28.9%, significantly outperforming the 19.2% returned by its benchmark. Zevenbergen is well ahead of its benchmark over trailing three- and five-year periods. The primary contributors to

Consultant's Commentary

Through March 31, 2011

U.S. Equity (continued)

outperformance over the quarter were stock selection in consumer discretionary and technology. Netflix was a specific outperformer for the fund over the period, rising 35% for the quarter despite heightened competition from Facebook and Amazon.com's instant web viewing features. Over the quarter, the stock was helped by new licensing agreements (Paramount), renewed contracts (Fox), and the distribution of an original TV series. The top performing holding of the fund, OpenTable, Inc., returned 51.9% for the quarter. OpenTable was able to take advantage of an improving economy and people dining out more often by expanding its services, and through the purchase of its UK competitor, TopTable. Consumer discretionary was a top overweight for the fund over the period, while consumer staples was heavily underweighted.

Aronson returned 7.9% for the quarter, beating the Russell 1000 Value return of 6.5%. For the trailing year, Aronson beat the benchmark 18.1% to 15.2%. Aronson also leads the index over the trailing three- and five-year periods. The fund remains sector-neutral (the largest overweight and underweight are 0.8% and -0.4%), with selection driven by its multi-factor valuation model. All factors were positive contributors for the quarter. The fund was overweighted issues trading at low Price to Sales ratios, particularly in the energy sector. Four of the top performers fell into this category, Chevron, ConocoPhillips, Valero Energy, and Marathon Oil. The momentum factor was beneficial, as Aronson's earnings estimate revision measure led them to top-performing health care picks, such as UnitedHealth and Aetna. The fund's management factor provided the lowest benefit in the period, although the market seemed to favor companies with higher levels of share repurchases, which Aronson considers a positive management action. Whether this is a return to rational valuation, or just a reversion after a period of underperformance, Aronson remains confident that superior results can be achieved through a consistent, systematic approach that focuses on low-priced companies with proven management and earnings power.

Consultant's Commentary

Through March 31, 2011

U.S. Equity (continued)

Wellington returned 7.9% during the quarter compared to 9.4% for its S&P 400 Midcap Index benchmark. Security selection in the industrials sector was the primary detractor, as a number of holdings (PACCAR, Expeditors International, and Southwest Airlines) experienced company-specific difficulties. Relative losses were partially offset by security selection in technology, where an investment in Polycom appreciated 33% during the quarter. Financial sector allocation remains the largest active sector positioning in the portfolio (11% versus 20% for the benchmark). 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 13.8% versus 12.9% for the benchmark, and weighted average price/book is 3.0x versus 2.3x for the benchmark. This slight growth tilt is consistent with the portfolio's historical positioning.

Daruma returned 12.8% versus 7.9% for the Russell 2000. Outperformance was driven by the fund's quality bias, as well as one takeout and one restructuring that boosted returns. Consumer discretionary was a laggard for the benchmark, with returns up 3.4% for the quarter. Daruma was overweight in consumer discretionary (21.5% versus 14.4%), but its allocation to the sector returned 16.5% percent. This was in part due to the strong performances of Shutterfly (on line photo products & services) and lululemon (yoga-inspired athletic apparel). Although an underweight in energy was a hindrance, the manager still added value in the sector due to strong stock selection. Technology was the only sector where the fund lagged, due to the lack of exposure to certain industries that drove the benchmark.

Progress outperformed its Russell 3000 benchmark during quarter with a 7.4% return versus 6.4%. The manager is ahead over one-, three-, and five-year time periods.

FIS beat its Russell 2000 Index benchmark during the quarter, 9.0% versus 7.9%. FIS remains ahead over the trailing year, but still lags over the three-year time period.

Consultant's Commentary

Through March 31, 2011

International Equity

The Total Developed Market portfolio lagged the MSCI EAFE (net dividend) Index during the quarter, 2.2% versus 3.4%, as both managers underperformed. Total Developed Markets still maintains a sizable lead over the trailing year, 15.5% versus 10.4%, and for longer periods.

Baillie Gifford returned 2.9% versus 3.4% for the MSCI EAFE (net) Index during the quarter. The return for the trailing year is 16.3% versus 10.4%. Baillie Gifford leads the MSI EAFE for three years and is ahead of the EAFE Growth index, as well. During the quarter, selection in financials detracted from relative results, as holdings in Itau Unibanco, Garanti Bankasi, and BM&F Bovespa were hurt by concerns over inflation and a less-stimulative monetary environment. Chinese internet companies Tencent and Baidu provided strong returns for the portfolio due to rapid growth that continued to exceed expectations. In addition, the fund's holdings in alternative energy, such as Vestas Wind Systems and SMA Solar, performed well due to the perception that nuclear energy will play a smaller role in future electricity generation. Baillie Gifford has increased the fund's exposure to Germany through media giant Axel Springer, on the belief that future advertising spending will benefit the firm. Management remains optimistic on equities, and considers occasional panics to be buying opportunities.

Sprucegrove returned 1.3% for the quarter, behind the 3.4% for the MSCI EAFE (net) Index. For the trailing year, Sprucegrove returned 14.7%, well ahead of the 10.4% return of the benchmark. Sprucegrove leads both the MSCI EAFE and MSCI EAFE Value Indices over the trailing one-, three-, and five-year periods. Emerging market stocks (12.1% of the fund) hurt relative results, as they underperformed relative to the EAFE. Stock selection in the UK and Germany, as well as an underweight to France, contributed negatively to relative returns. Stock selection in Japan partially offset some of these negative results, as holdings in Santen Pharmaceutical and Omron outperformed. From a sector perspective, the fund underperformed due to poor security selection and overweights to information technology, consumer discretionary, and industrials. Over the quarter, the fund

Consultant's Commentary

Through March 31, 2011

International Equity (continued)

performed better than the index in three out of ten sectors, over the year it outperformed in six out of ten sectors. The fund is overweight in information technology, consumer discretionary, industrials, and energy. Consumer staples, financials, utilities, and telecommunication services are the notable fund underweights. The fund is underweight in Europe (51% versus 66%) and has a slight underweight in the Pacific (33% versus 34%). Emerging markets were 12% of the fund, and the remainder of the portfolio is divided between Canada and cash.

Emerging Markets

State Street Global Advisors (SSgA) returned 2.2% during the quarter, narrowly beating the 2.1% return of the MSCI Emerging Markets Index. This result put SSgA up 19.8% for the year, compared to 18.8% for the benchmark. Performance still lags over three years due to underperformance in calendar years 2008 and 2009. From a country perspective, outperformance in Russia was a contributor given its 18% gain during the quarter, but this was offset by overweights in Egypt and Peru. From a factor perspective, Valuation was mostly an accurate predictor of country returns, though model factors overall experienced difficulty in Egypt and Peru, where they were unable to properly deal with unique, country-specific events. Model adjustments made during the quarter include the incorporation of a conditional idiosyncratic volatility (IVOL) factor. SSgA also reports the addition of a new individual to their team in Hong Kong

Fixed Income – Structured Manager Composite

The Total Structured Portfolio outperformed its NYC Core + 5 Index during the quarter with a return of 0.7% versus 0.5%. The Portfolio returned 6.8% over the trailing year, beating the 5.8% returned by the benchmark. Three of the four managers outperformed for the quarter and trailing year (Prudential lagged during the quarter, while SSGA was behind for the trailing year).

Consultant's Commentary

Through March 31, 2011

Fixed Income – Structured Manager Composite (continued)

Taplin Canada (credit) returned 1.6% during the quarter, beating the 0.8% for the customized Citigroup Credit Index. Over the past 12 months, Taplin beat the benchmark with a return of 8.4% versus 6.9%. Outperformance for the quarter was driven by the fund's bias toward lower quality investment grade issues. In the first quarter, BBB-rated securities outperformed on an absolute and duration-adjusted basis. The fund's high yield investments also added value, as these issues outperformed. Security selection was also beneficial for the fund, specifically in floating rate notes and financials. The fund's barbelled strategy was a source of underperformance, as long corporates underperformed intermediate corporates (the fund was still helped by its emphasis on BBB-rated securities at the long end of the curve). The fund maintains a barbelled portfolio structure in anticipation that spread curves will flatten over time.

Prudential (credit) returned 0.6% during the quarter, trailing the 0.8% returned by its customized index. For the year, Prudential beat the benchmark with a return of 7.0% versus 6.9%. An underweight in BBB-rated securities compared to benchmark detracted from performance (30% versus 34%) as did security selection within the portfolio's foreign corporate, energy, and retailer industry holdings. Another marginal detractor was an overweight in Treasuries, whereas the benchmark allocation to government securities consists mostly of agency securities, which did better during the quarter. The portfolio's average credit rating is identical to that of benchmark at A. Duration is unchanged and remains identical to benchmark at 5.8 years.

SSgA (governments) returned -0.3% in the quarter, ahead of the benchmark by six basis points. For the year, SSgA returned 7.1%, lagging the benchmark return of 7.3%. A shortening of duration during the quarter, as yields fell in response to global events, added to return when yields recovered by quarter end. Other contributors to performance included a TIPS holdings (which added to return as breakeven yields widened), and an overweight in agencies compared to benchmark.

Consultant's Commentary

Through March 31, 2011

Fixed Income – Structured Manager Composite (continued)

PIMCO (mortgages) returned 0.9% for the quarter compared to 0.6% for the index. PIMCO is well ahead for the trailing year with a return of 6.2% compared to 4.5% for the index. Contributors to performance for the quarter included a reduction in the fund's underweight to higher coupons. As concerns about refinancing and prepayments eased, these coupons were made more valuable. The fund's exposure to non-Agency MBS and CMBS was beneficial, as investors continued to search for higher yielding assets. An underweight to lower coupon GNMA securities helped relative results, as higher coupons with shorter duration outperformed. The fund was negatively impacted by an overweight to duration, as rates rose during the period. As of March 31, 2011, duration was longer than benchmark by 0.44 years.

Fixed Income – TIPS

PIMCO returned 1.7% during the quarter, trailing the Barclays Capital US TIPS Index return of 2.1%. PIMCO returned 7.7% over the trailing year, slightly trailing the benchmark return of 8.0%. Underperformance for the quarter is attributable to exposure to nominal duration, as US breakeven inflation levels widened. In addition, security selection within the TIPS universe was a source of underperformance. A contributors to performance included exposure to Australian inflation-linked bonds, which outperformed US TIPS. Over the period, the fund reduced its positions in longer-dated inflation-linked US Treasuries in favor of shorter dated bonds.

Enhanced Yield Fixed Income

Both managers outperformed, allowing the Enhanced Yield composite to return 5.1% for the quarter versus 3.8% for the Citigroup BB & B index. For one year, the composite returned 15.9 versus 13.8% for the benchmark.

Consultant's Commentary

Through March 31, 2011

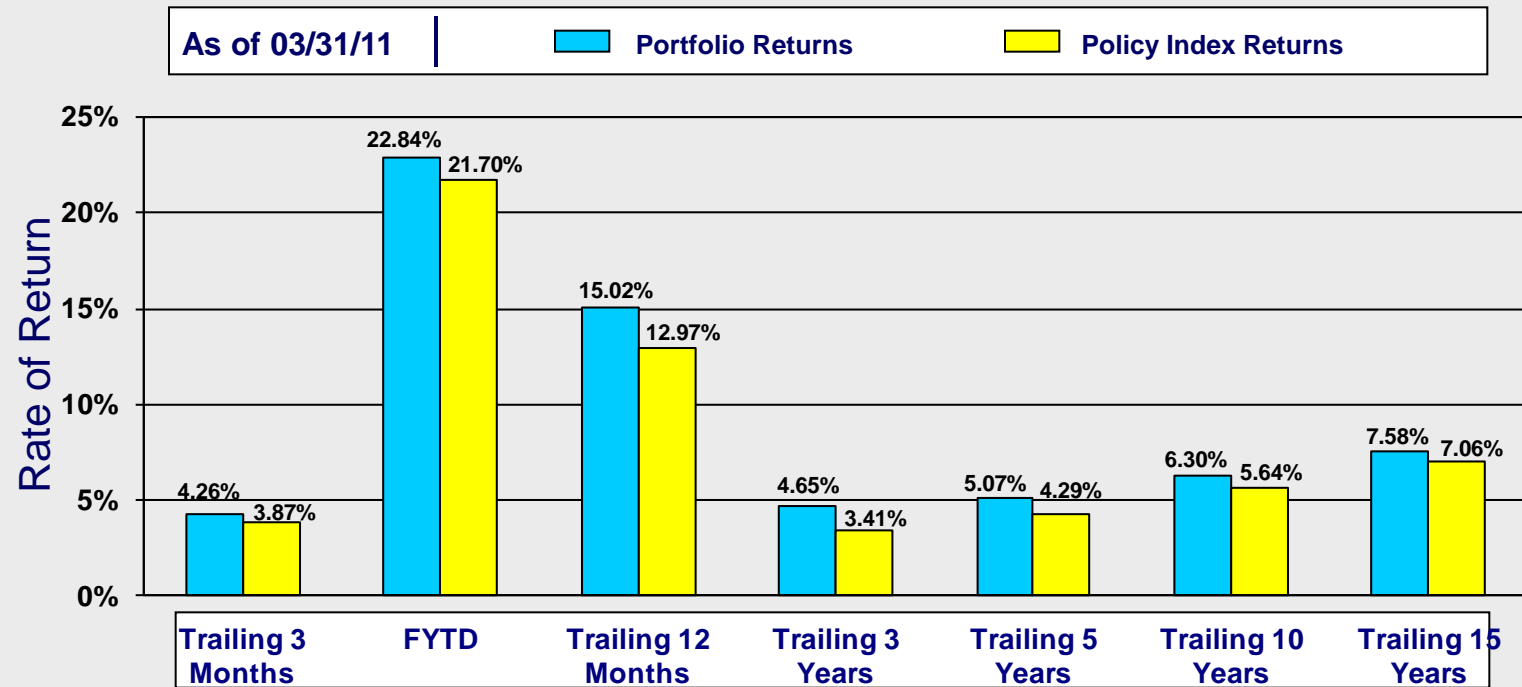
Enhanced Yield Fixed Income (continued)

Loomis Sayles returned 5.8% for the quarter versus 3.9% for the Merrill Lynch High Yield Master II index. Over the past 12 months, the portfolio returned 17.0% versus 14.2% for the index. The fund's outperformance was driven by strong credit selection, as Loomis focused on credits with positive fundamentals, low default probability, and strong balance sheets. Convertibles boosted performance, as issues gained along with the rising equity markets. Below investment grade industrials contributed to relative returns as technology, energy, and communications were the top performers for the period. Exposure to consumer cyclicals hurt relative performance, as automotive and home construction names fared less favorably. As of March 31, the fund is overweight duration (6.4 versus 4.2) with a lower average coupon and yield to maturity than the benchmark.

Seix returned 4.4% for the quarter versus 3.8% for the Citigroup BB&B Index. Over the trailing year, Seix is ahead 14.8% versus 13.7%. Outperformance over the quarter was attributable to security selection in utilities, finance, telecommunication services, and health care. Many of the issues that outperformed over the period have been in the portfolio for over a year. After reevaluating the credit quality of the issues, Seix determined that the original analyses were still valid, a determination that paid off in the first quarter. Seix has been selling positions that they feel have reached their performance targets, specifically in energy. They have been reinvesting the proceeds in new issues, including bonds of airlines, medical device developers, and an investment grade aviation service company whose bond was issued at a high yield valuation. The fund is overweight in telecommunication services and utilities, but cautious in the more cyclical sectors and industries, such as construction.

Total Portfolio Returns: March 31, 2011

\$2.9B Under Management



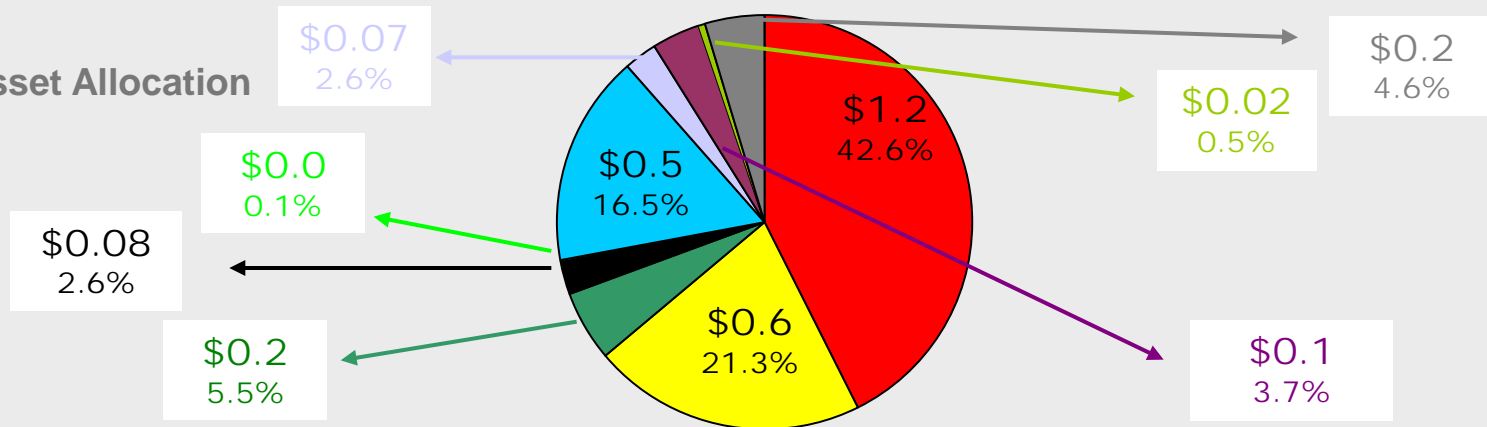
	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	16.1	13.3	11.5	11.5
Benchmark Std Dev	16.9	13.8	11.9	11.8

All returns are Gross. An estimate of fees for major investment programs is provided in the Appendix.

Portfolio Asset Allocation: March 31, 2011

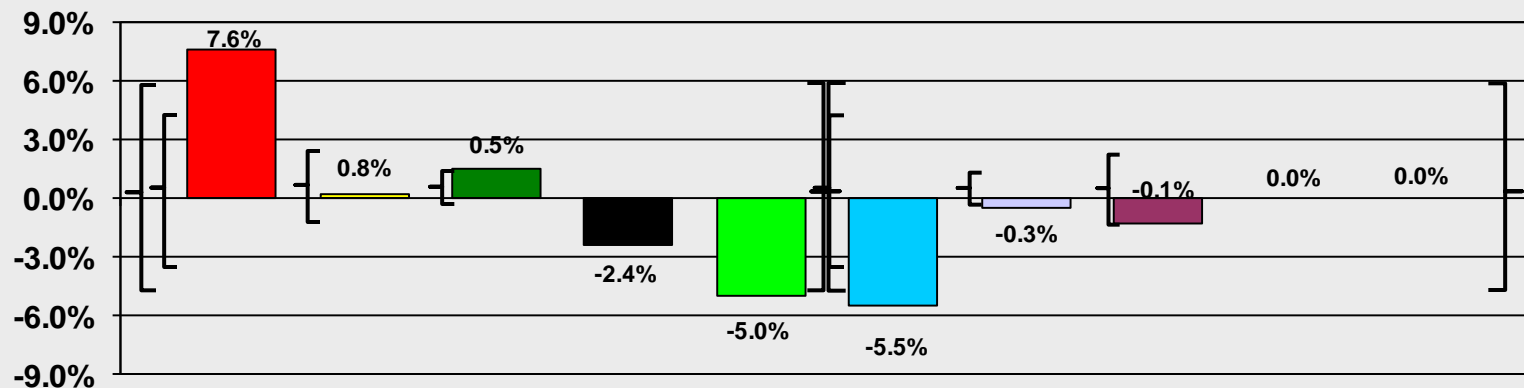
\$2.9B Under Management

Asset Allocation



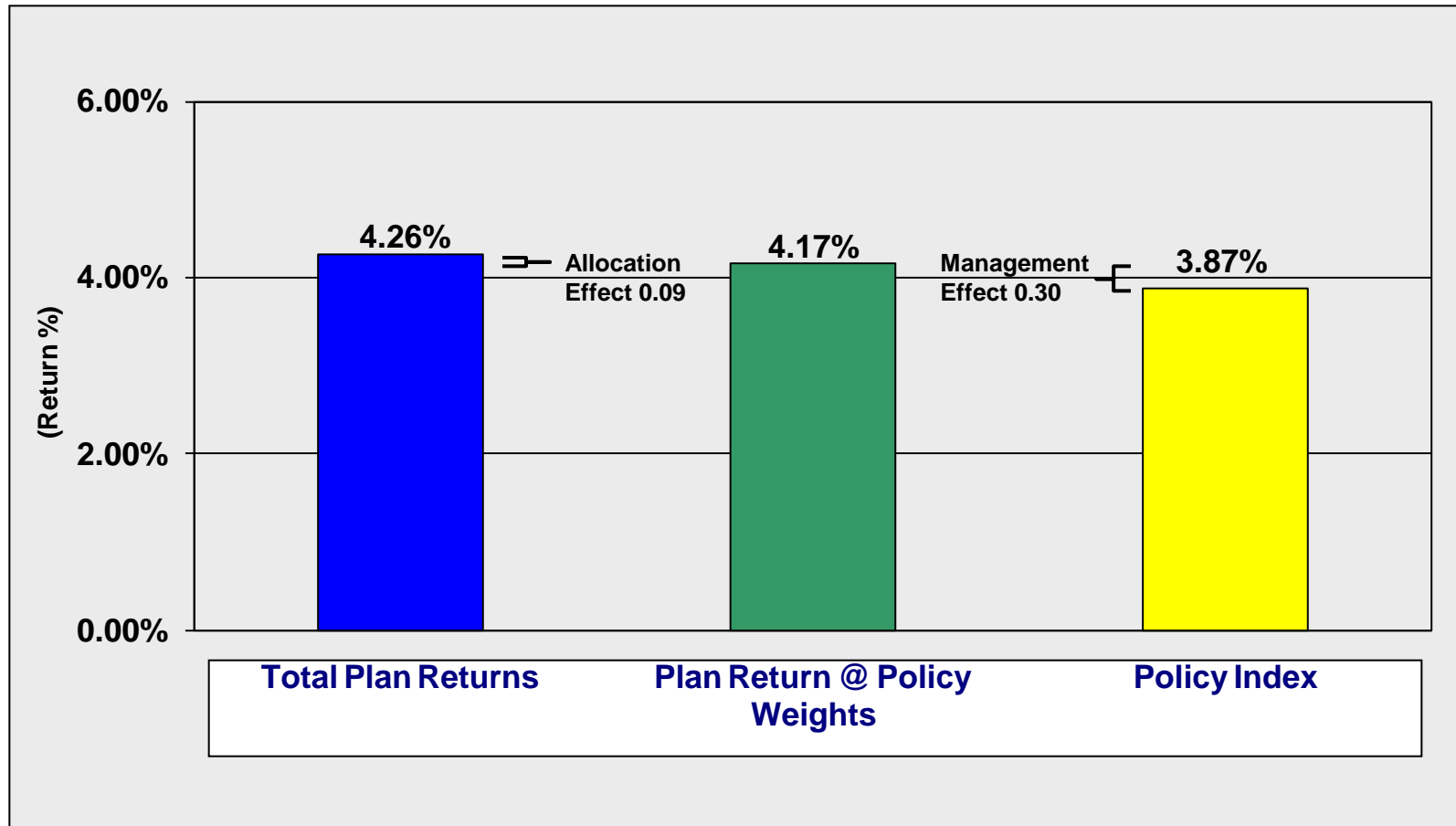
■ Dom Equity ■ EAFE Mkts ■ Emerging Mkts ■ Private Equity ■ Private Real Estate
■ Core +5 ■ TIPS ■ Enhanced Yield ■ ETI ■ Cash

Relative Mix to Actual Policy Weights

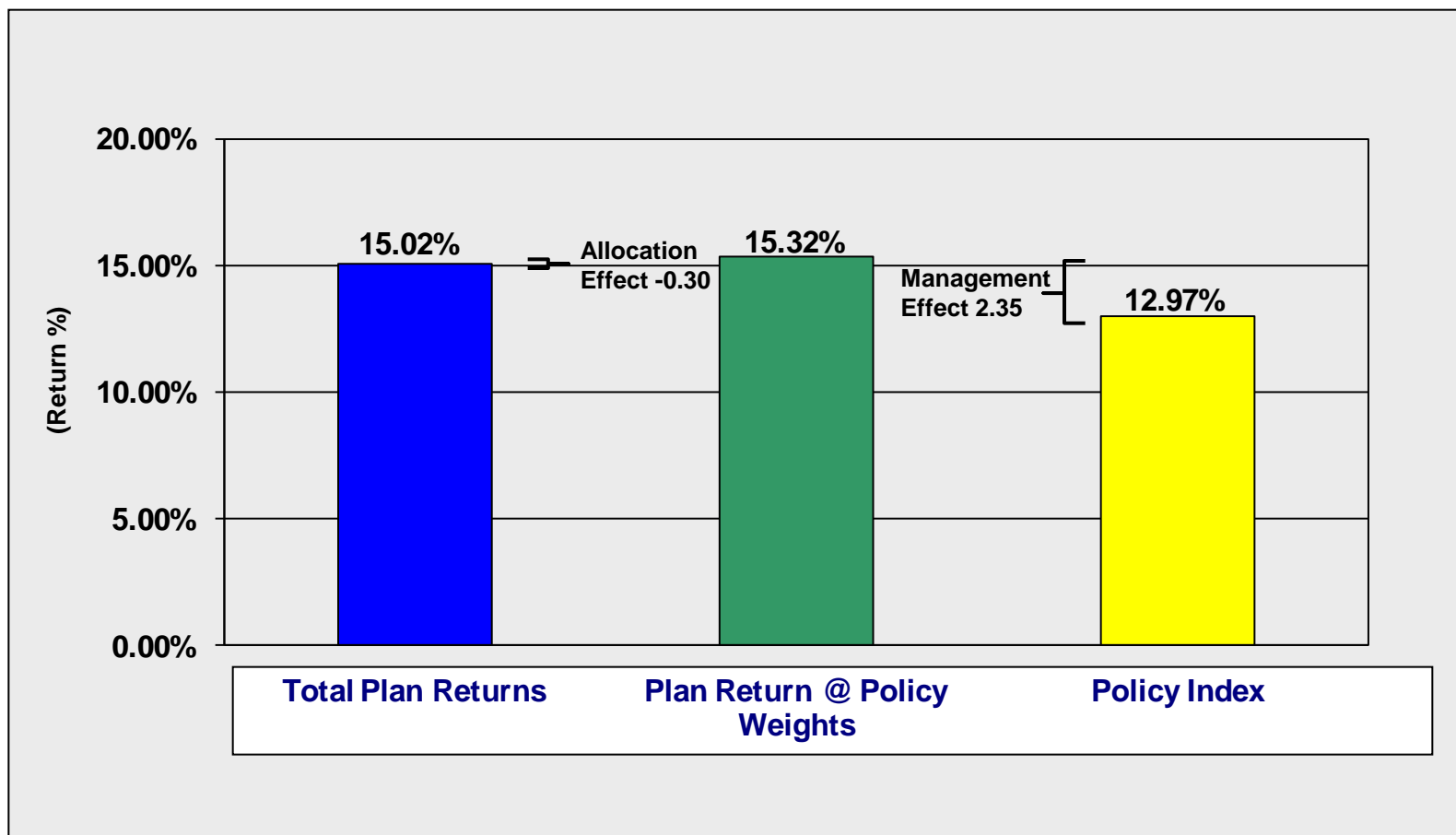


Note: Brackets represent rebalancing ranges versus Actual Policy.

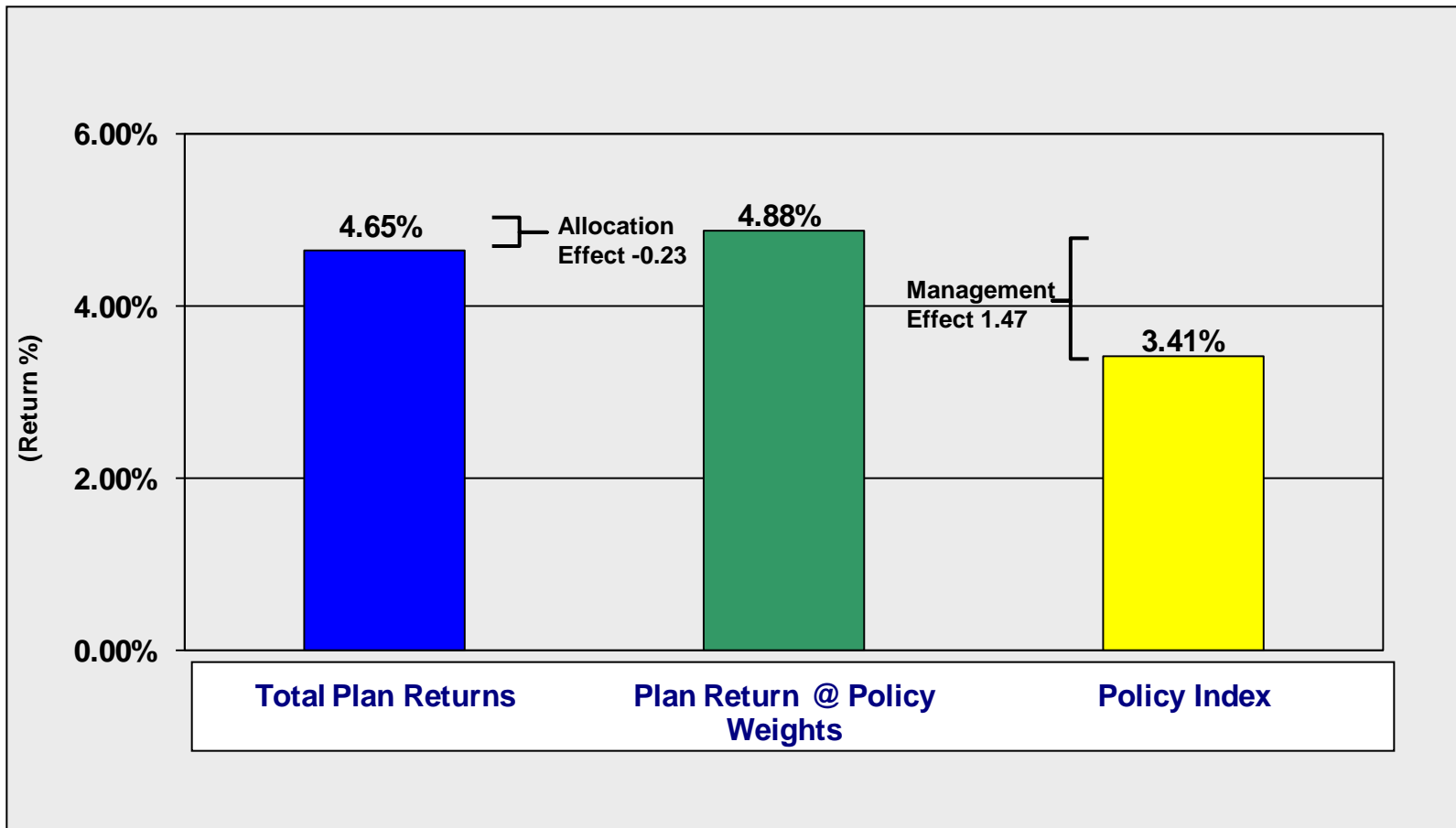
Performance Attribution: Total Plan - Quarter Ending March 31, 2011



Performance Attribution: Total Plan – 12 Months Ending March 31, 2011



Performance Attribution: Total Plan – 3 Years Ending March 31, 2011



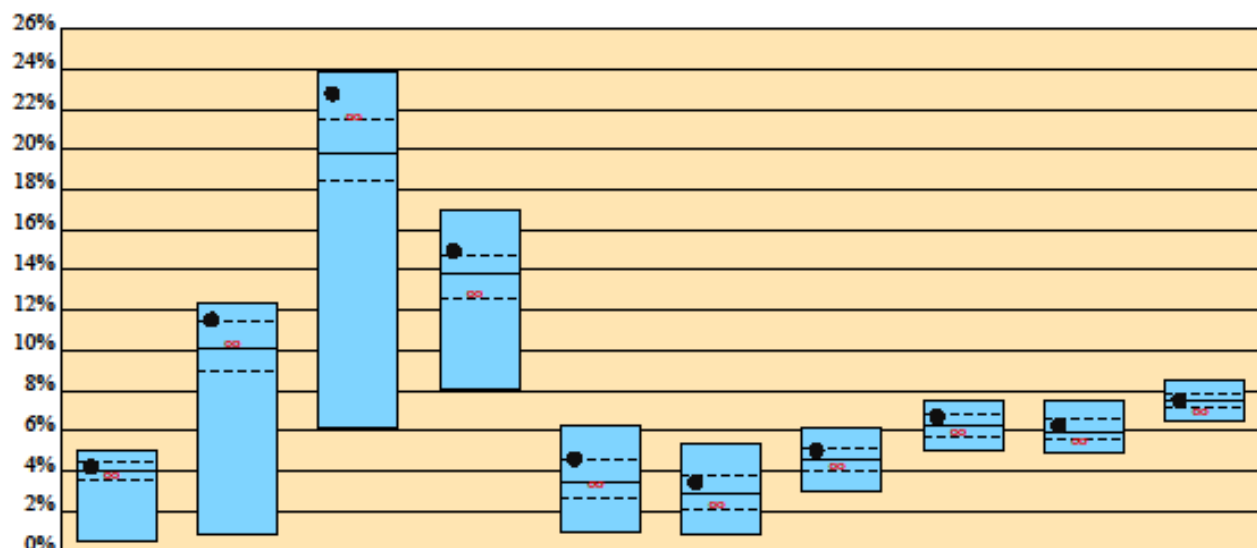
Total Plan - Quarter Ending March 31, 2011

Management Effect – Asset Class Breakdown

<u>Plan</u>	<u>Quarter</u>	<u>12 Months</u>	<u>3 Years</u>	<u>Benchmark</u>
Domestic Equity	0.29	0.50	0.32	Russell 3000 Index
EAFE Markets	-0.28	0.93	0.79	MSCI EAFE Index
Emerging Markets	0.04	0.17	0.11	MSCI Emerging Markets Index
Domestic Fixed	0.06	0.10	0.17	NYC Core +5 Index
Enhanced Yield	0.01	0.05	-0.09	Citigroup BB&B Index
TIPS	-0.01	0.00	0.01	Barclays Capital US TIPS Index
Private Equity	-0.04	-0.21	-0.25	Russell 3000 Index + 500 b.p.

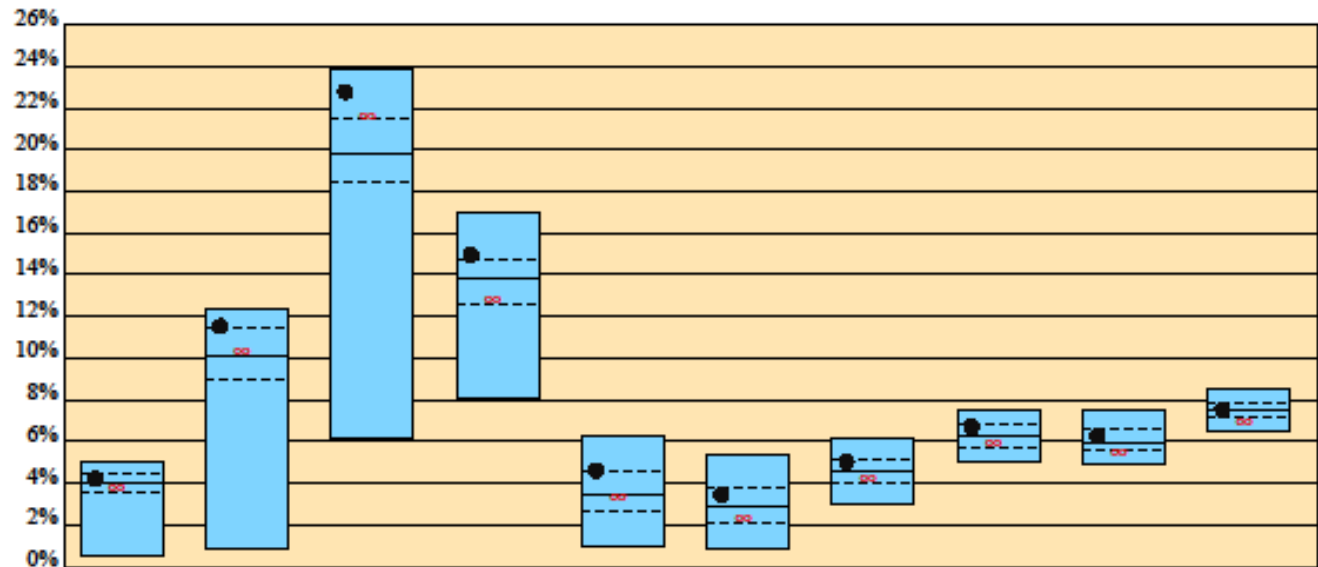
Note: Detailed effects may not add up to total due to reallocation and trading effects.

City of New York - Board of Education
Total Returns of Public Fund Master Trusts > \$1Billion
Rates of Return for Periods Ending March 31, 2011



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	4.99	12.41	23.88	16.95	6.28	5.41	6.11	7.49	7.52	8.51
25th Percentile	4.51	11.47	21.49	14.78	4.52	3.76	5.17	6.80	6.55	7.83
Median	3.98	10.13	19.81	13.88	3.46	2.88	4.58	6.31	5.94	7.47
75th Percentile	3.60	8.99	18.50	12.58	2.60	2.06	3.98	5.75	5.62	7.11
95th Percentile	0.52	0.87	6.19	8.07	0.93	0.89	2.98	5.01	4.86	6.51
● Total System	4.26 (33)	11.58 (20)	22.84 (8)	15.02 (17)	4.65 (19)	3.49 (27)	5.07 (25)	6.76 (26)	6.31 (27)	7.58 (43)
∞ Board of Ed Policy Benchmark	3.87 (56)	10.49 (43)	21.70 (22)	12.97 (64)	3.41 (51)	2.45 (63)	4.29 (61)	6.03 (63)	5.64 (73)	7.06 (79)

City of New York - Board of Education
Total Returns of Public Fund Master Trusts > \$1Billion
Rates of Return for Periods Ending March 31, 2011



	1 Quarter	2 Quarters	3 Quarters	1 Year	3 Years	4 Years	5 Years	7 Years	10 Years	15 Years
5th Percentile	4.99	12.41	23.88	16.95	6.28	5.41	6.11	7.49	7.52	8.51
25th Percentile	4.51	11.47	21.49	14.78	4.52	3.76	5.17	6.80	6.55	7.83
Median	3.98	10.13	19.81	13.88	3.46	2.88	4.58	6.31	5.94	7.47
75th Percentile	3.60	8.99	18.50	12.58	2.60	2.06	3.98	5.75	5.62	7.11
95th Percentile	0.52	0.87	6.19	8.07	0.93	0.89	2.98	5.01	4.86	6.51
● Total System	4.26 (33)	11.58 (20)	22.84 (8)	15.02 (17)	4.65 (19)	3.49 (27)	5.07 (25)	6.76 (26)	6.31 (27)	7.58 (43)
∞ Board of Ed Policy Benchmark	3.87 (56)	10.49 (43)	21.70 (22)	12.97 (64)	3.41 (51)	2.45 (63)	4.29 (61)	6.03 (63)	5.64 (73)	7.06 (79)

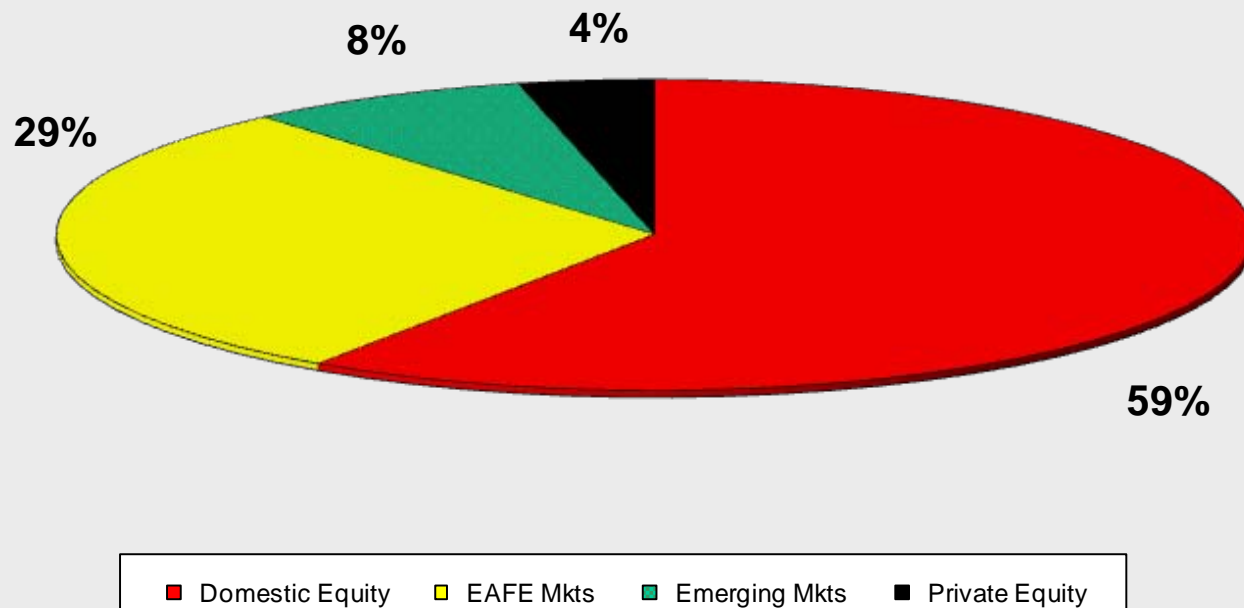
New York City
Board of Education Retirement System

Equity Analysis

Total Equity Asset Allocation: March 31, 2011

\$2.1B Under Management, **72%** of Total Funds

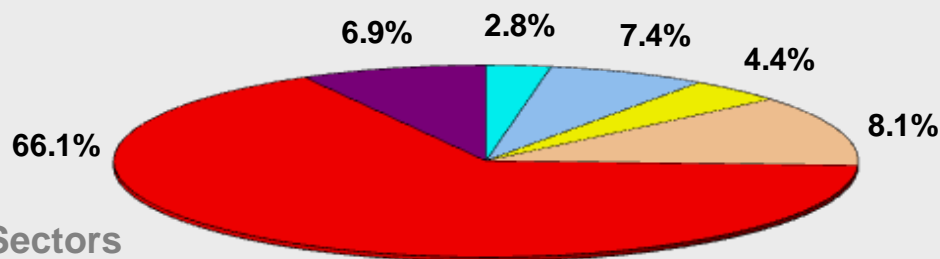
Asset Allocation by Groups



Total Domestic Equity Asset Allocation: Quarter Ending March 31, 2011

\$1.2B Under Management, **43%** of Total Funds

Asset Allocation by Groups



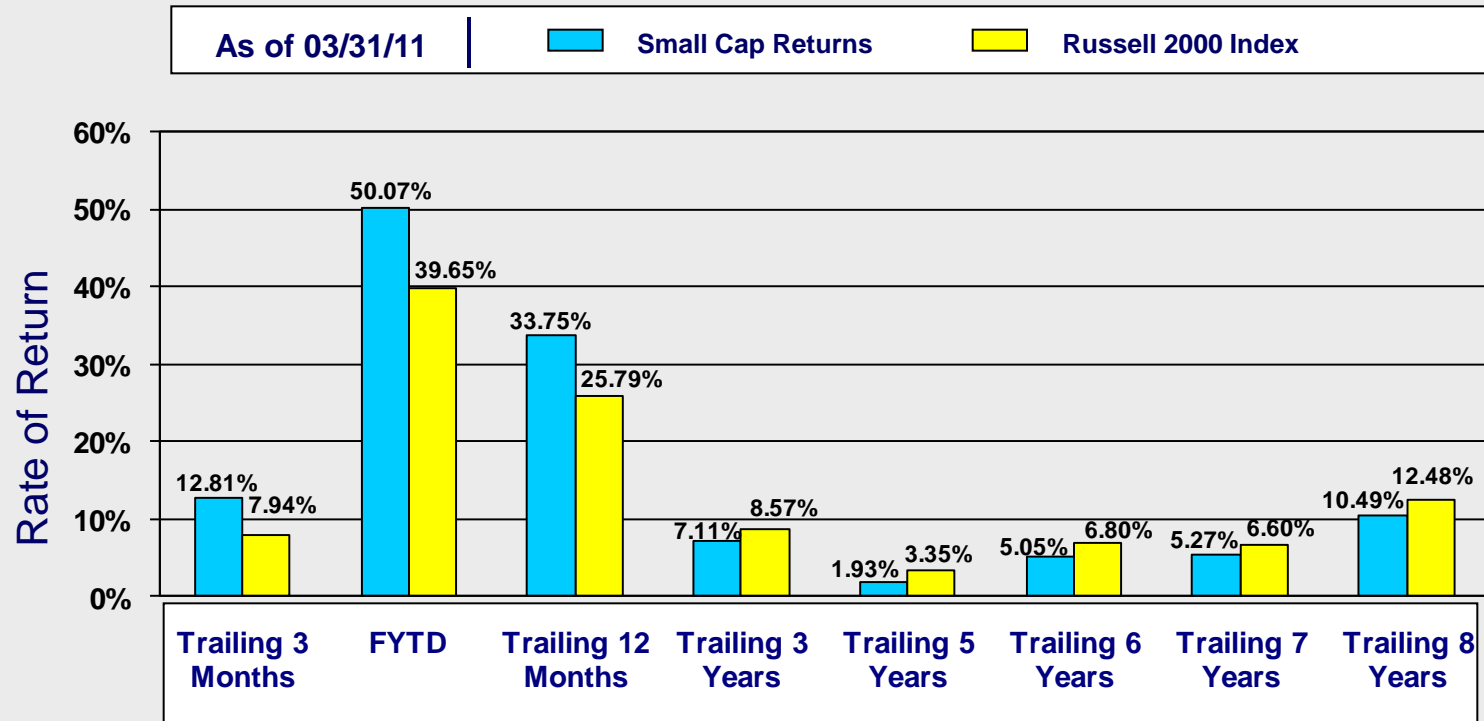
Value Added by Sectors

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	2.81	-0.02	7.94	12.81	4.87	0.00	0.12
Mid Cap Active	7.25	6.92	-0.33	9.36	7.90	-1.46	-0.02	-0.09
Mid Cap S&P 400 Index	3.75	4.14	0.39	9.36	****	0.00	-0.03	0.00
Russell 1000 Active	11.25	11.87	0.62	6.24	8.63	2.39	0.01	0.26
Russell 3000 Index Fund	67.42	66.14	-1.28	6.38	6.36	-0.02	0.00	-0.01
Manager of Managers	7.50	8.12	0.62	6.38	7.83	1.45	-0.01	0.26

Small Cap Returns vs Russell 2000 Index

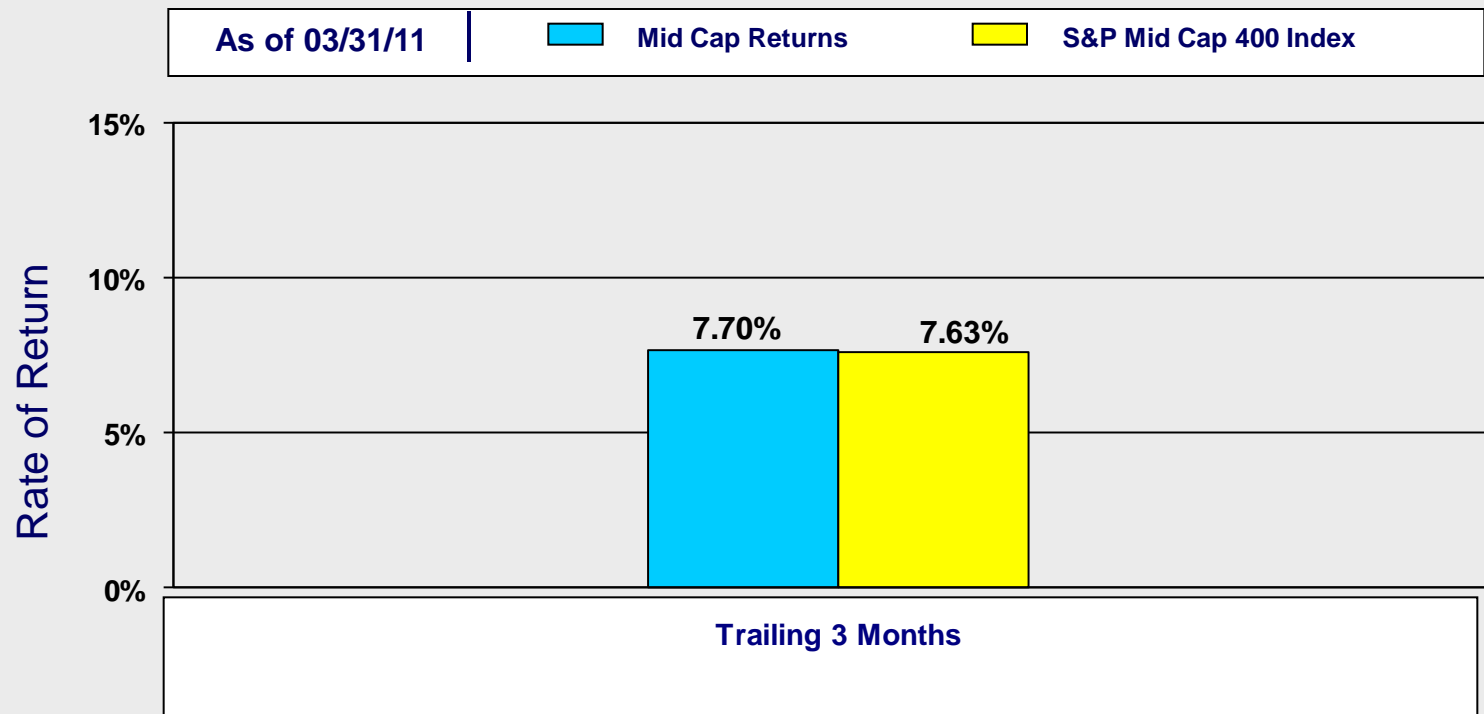
\$35M Under Management, **1%** of Total Funds



	3 Years	5 Years	6 Years	7 Years	8 Years
Plan Std Dev	25.6	21.2	20.1	19.4	19.0
Benchmark Std Dev	27.4	22.7	21.7	20.8	20.4

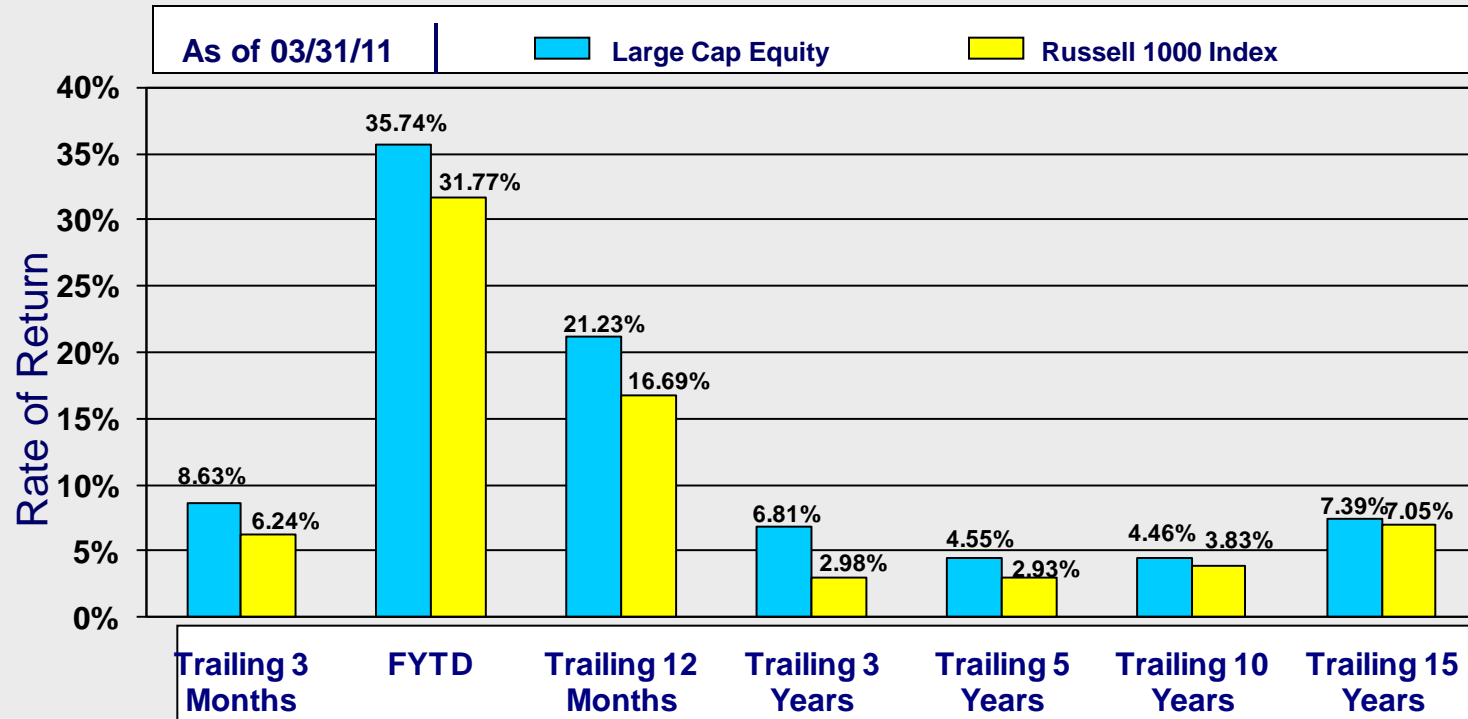
Mid Cap Returns vs Russell MidCap Index

\$136M Under Management, **5%** of Total Funds



Large Cap Returns vs Russell 1000 Index

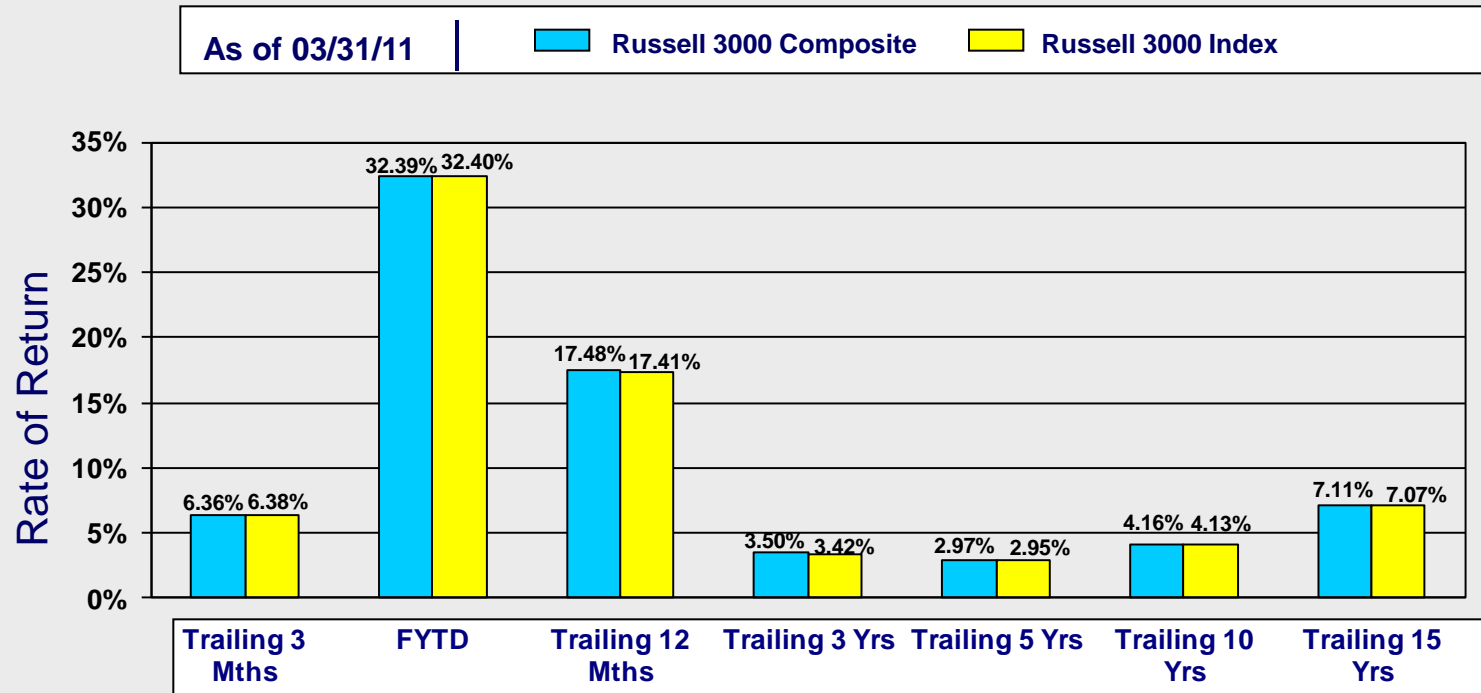
\$146M Under Management, **5%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	21.4	17.9	17.4	20.3
Benchmark Std Dev	22.0	18.1	16.1	16.5

Russell 3000 Passive Returns vs Russell 3000 Index

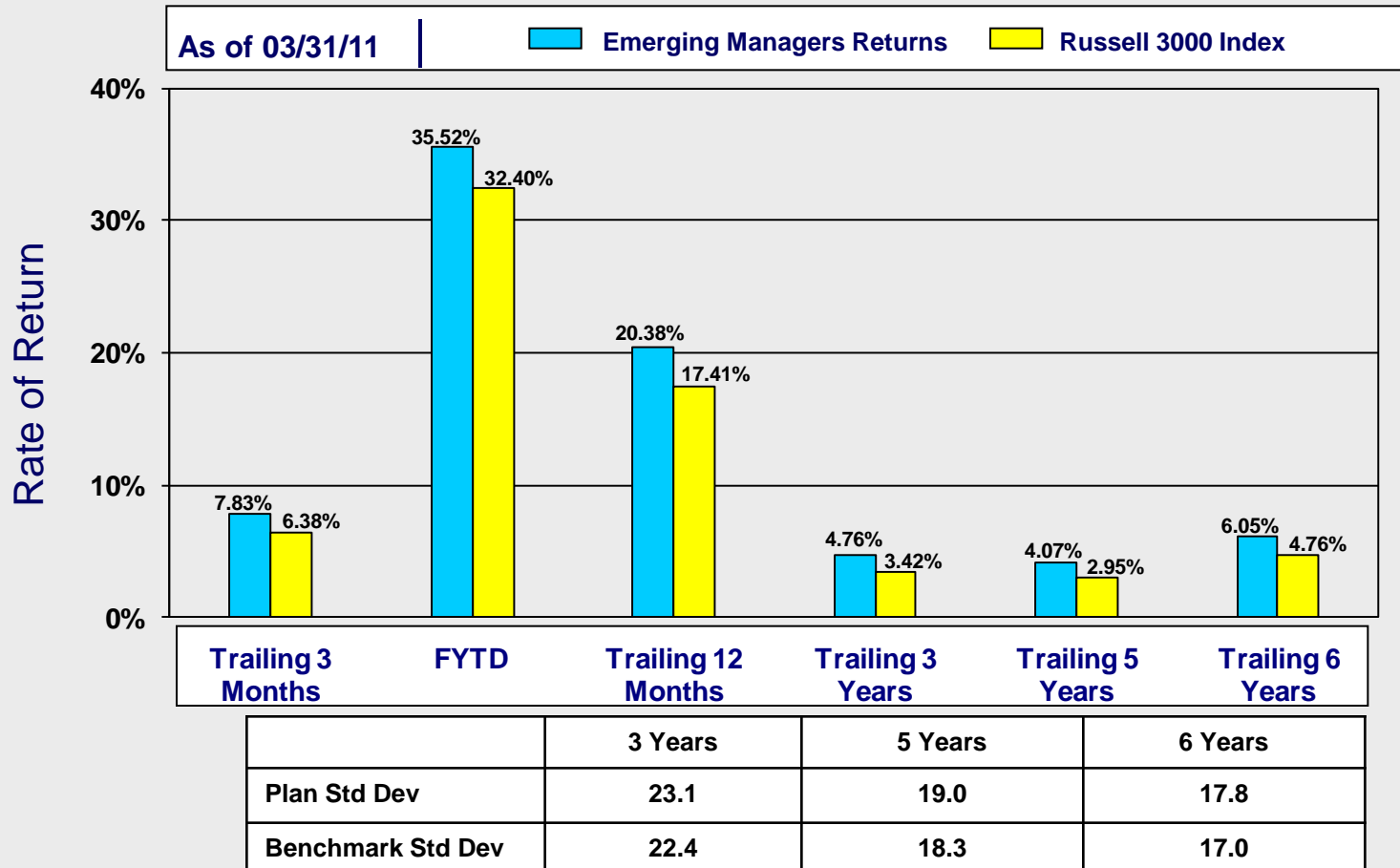
\$812M Under Management, **28%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
Plan Std Dev	22.3	18.2	16.3	16.6
Benchmark Std Dev	22.4	18.3	16.3	16.6

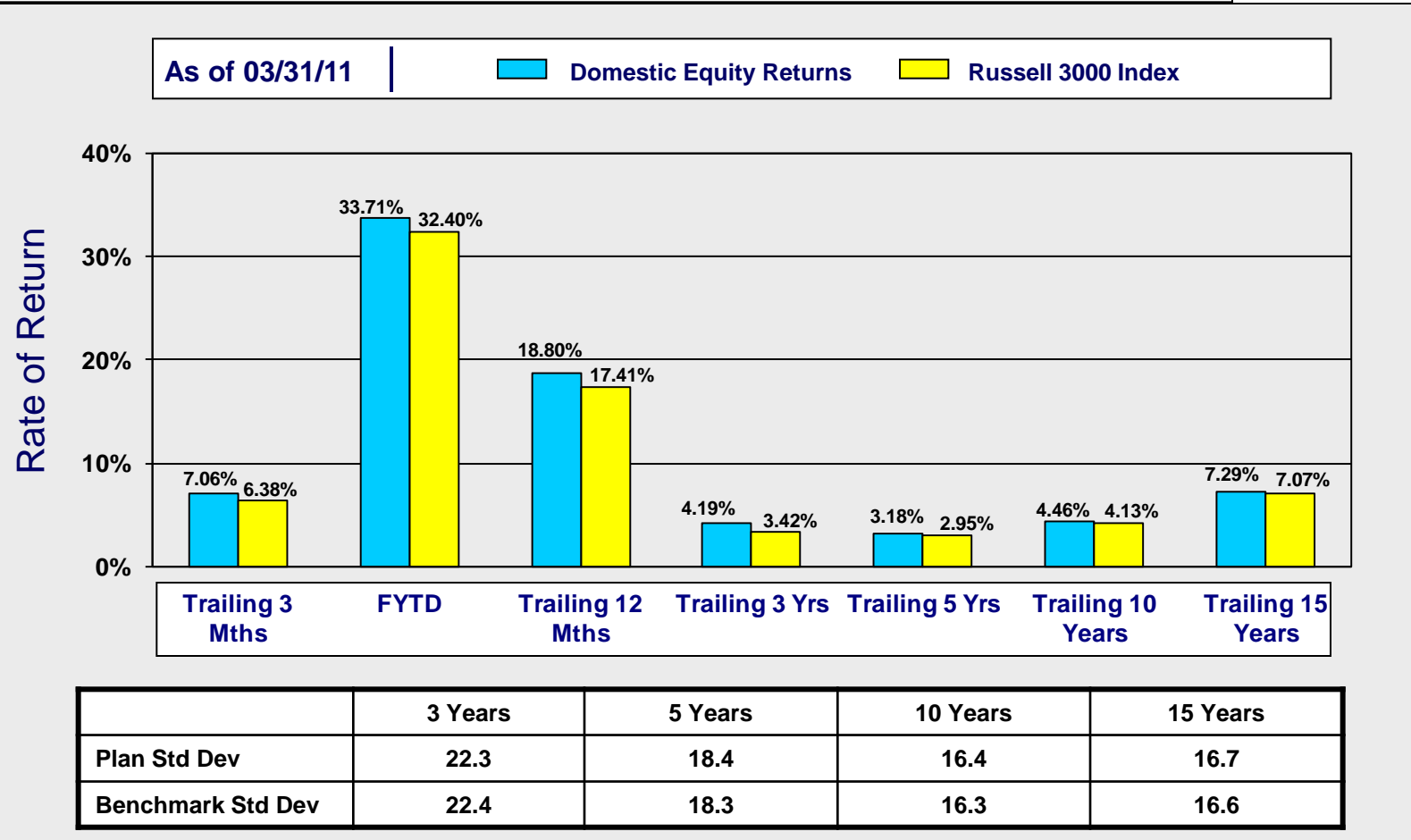
Emerging Managers Returns vs Russell 3000 Index

\$100M Under Management, **3%** of Total Funds



Total Domestic Equity Returns vs Russell 3000 Index

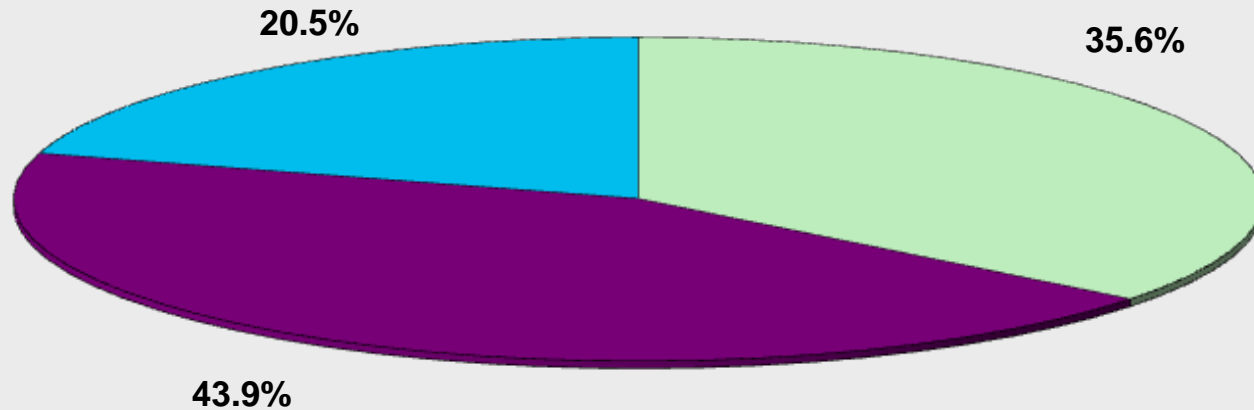
\$1.2B Under Management, **43%** of Total Funds



International Equity Asset Allocation: March 31, 2011

\$771M Under Management, **27%** of Total Funds

Asset Allocation by Style



■ Passive

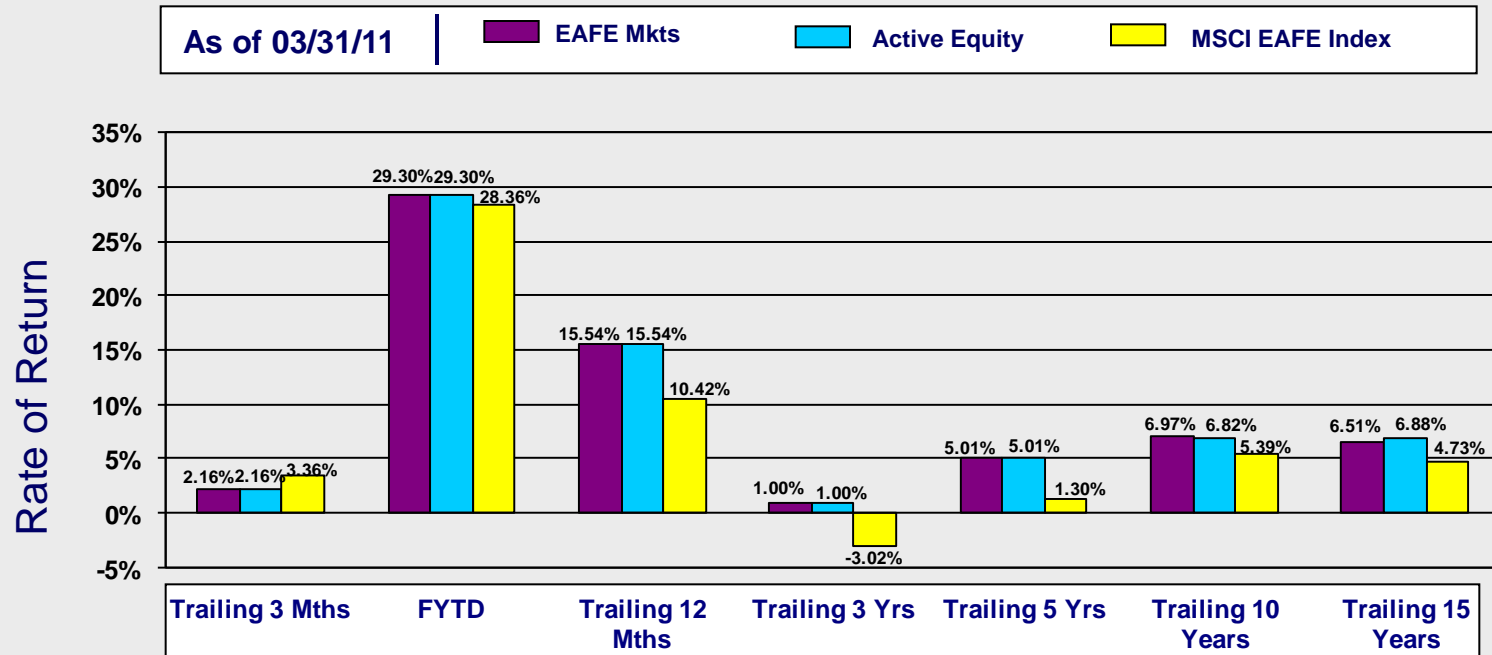
■ Value

■ Growth

■ Emerging Mkts

EAFE Markets Returns vs MSCI EAFE Index

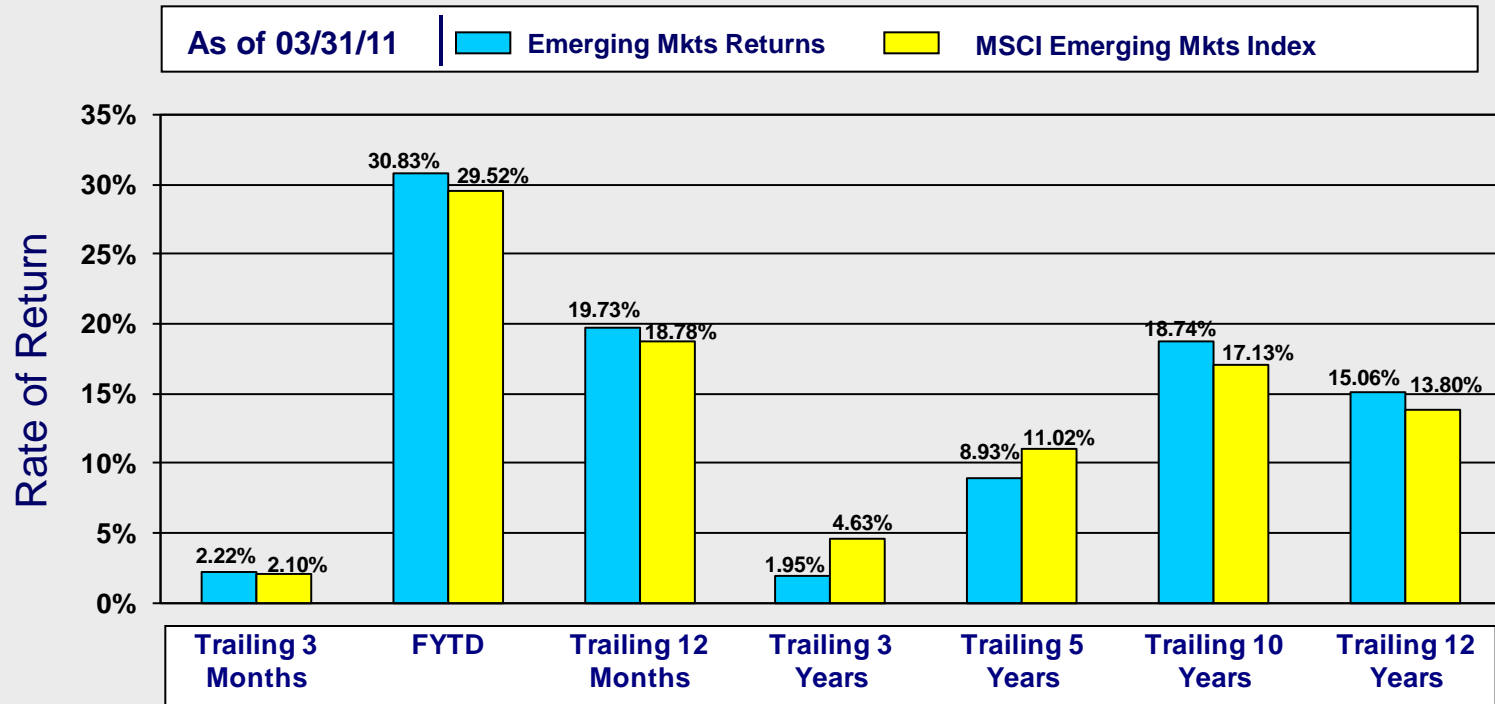
\$612M Under Management, **21%** of Total Funds



	3 Years	5 Years	10 Years	15 Years
EAFE Plan Std Dev	26.0	21.3	18.5	17.6
Active Plan Std Dev	26.0	21.3	18.6	17.8
Benchmark Std Dev	25.8	21.3	18.3	17.3

Emerging Markets Returns vs MSCI Emerging Markets Index

\$159M Under Management, **6%** of Total Funds



	3 Years	5 Years	10 Years	12 Years
Plan Std Dev	31.5	27.9	23.6	24.0
Benchmark Std Dev	31.5	27.7	24.0	24.4

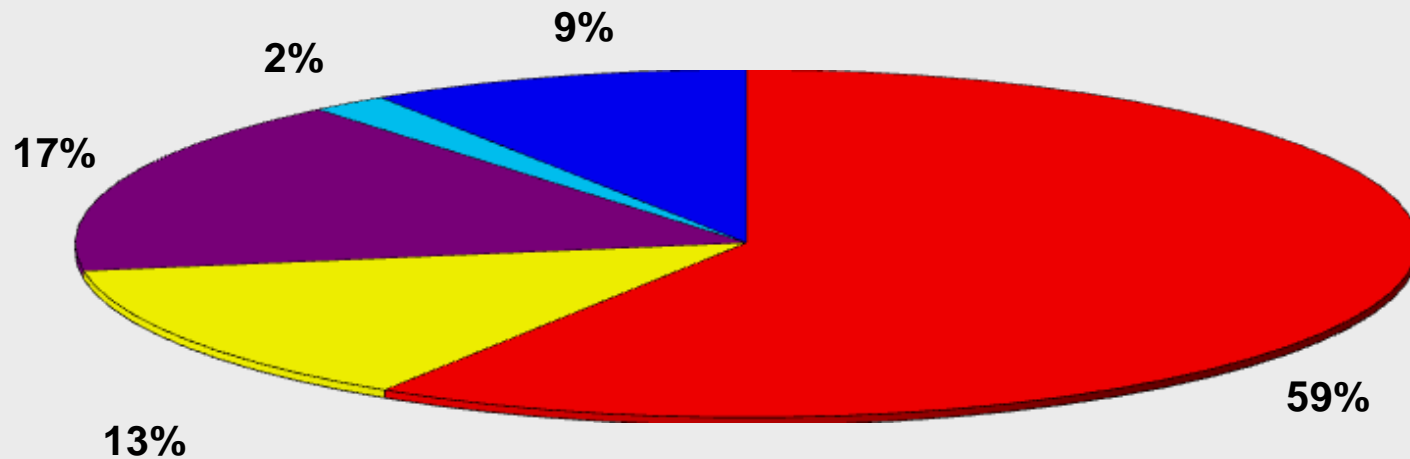
New York City
Board of Education Retirement System

Fixed Income Analysis

Total Fixed Income Asset Allocation: March 31, 2011

\$804M Under Management, **28%** of Total Funds

Asset Allocation by Groups

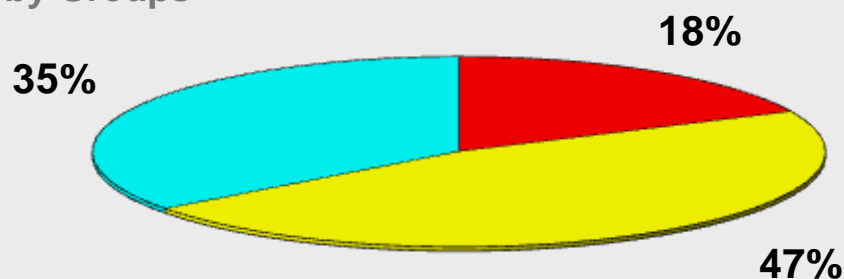


■ Structured Fixed Income ■ Enhanced Yield ■ Short Term Investments ■ ETI ■ Tips Managers

Structured Fixed Income Asset Allocation: Quarter Ending March 31, 2011

\$475M Under Management, **16%** of Total Funds

Asset Allocation by Groups



■ Treasury/Agency
 ■ Mortgage
 ■ Credit

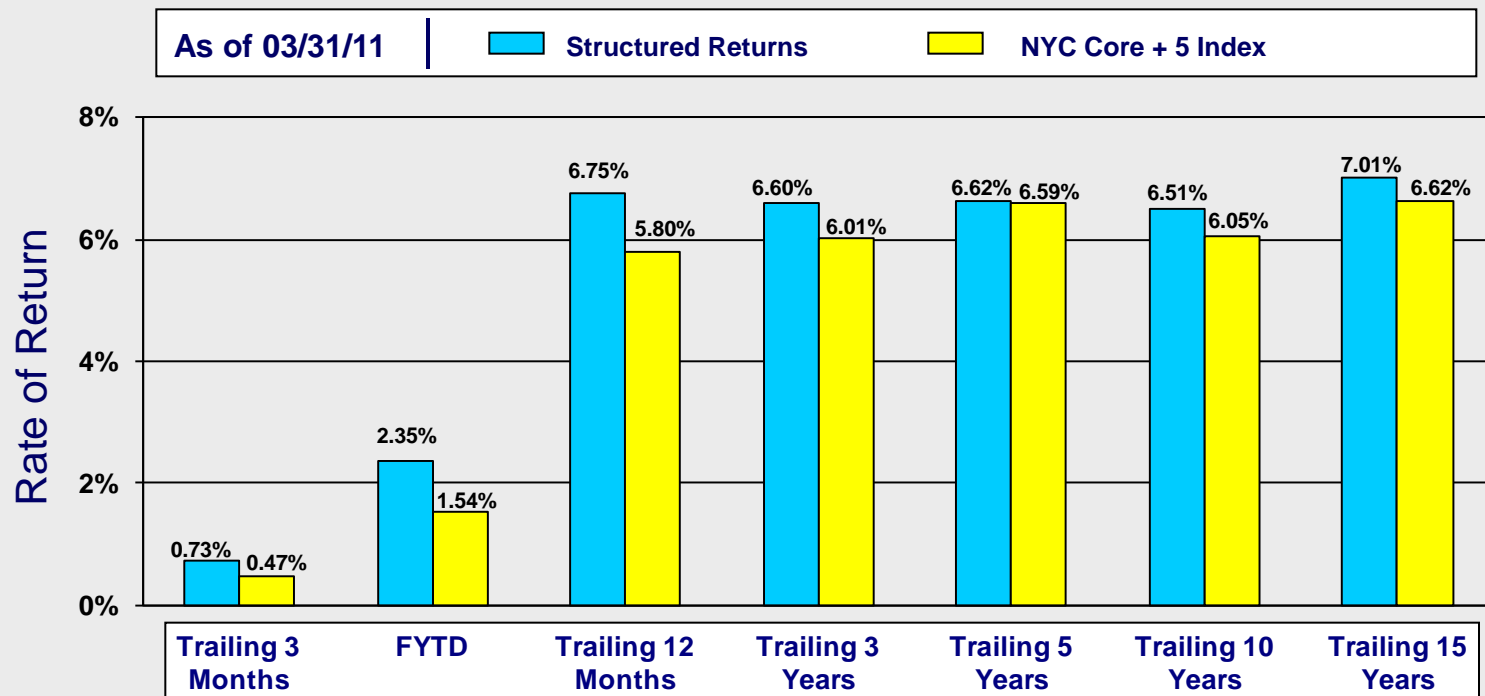
Asset Allocation by Sectors

Sub Sector	Policy Weight	Actual Weight	Under/Over Weight	Index Return	Actual Return	Difference	Contribution to Out/Under Performance	
							Allocation	Management
Treasury/Agency	21.24	18.08	-3.16	-0.36	-0.30	0.06	0.03	0.01
Mortgage	43.79	46.67	2.88	0.61	0.92	0.31	0.00	0.14
Credit	34.97	35.26	0.29	0.81	1.01	0.20	0.00	0.07

*NYC Core +5 Breakdown

Structured Returns vs NYC Core + 5 Index

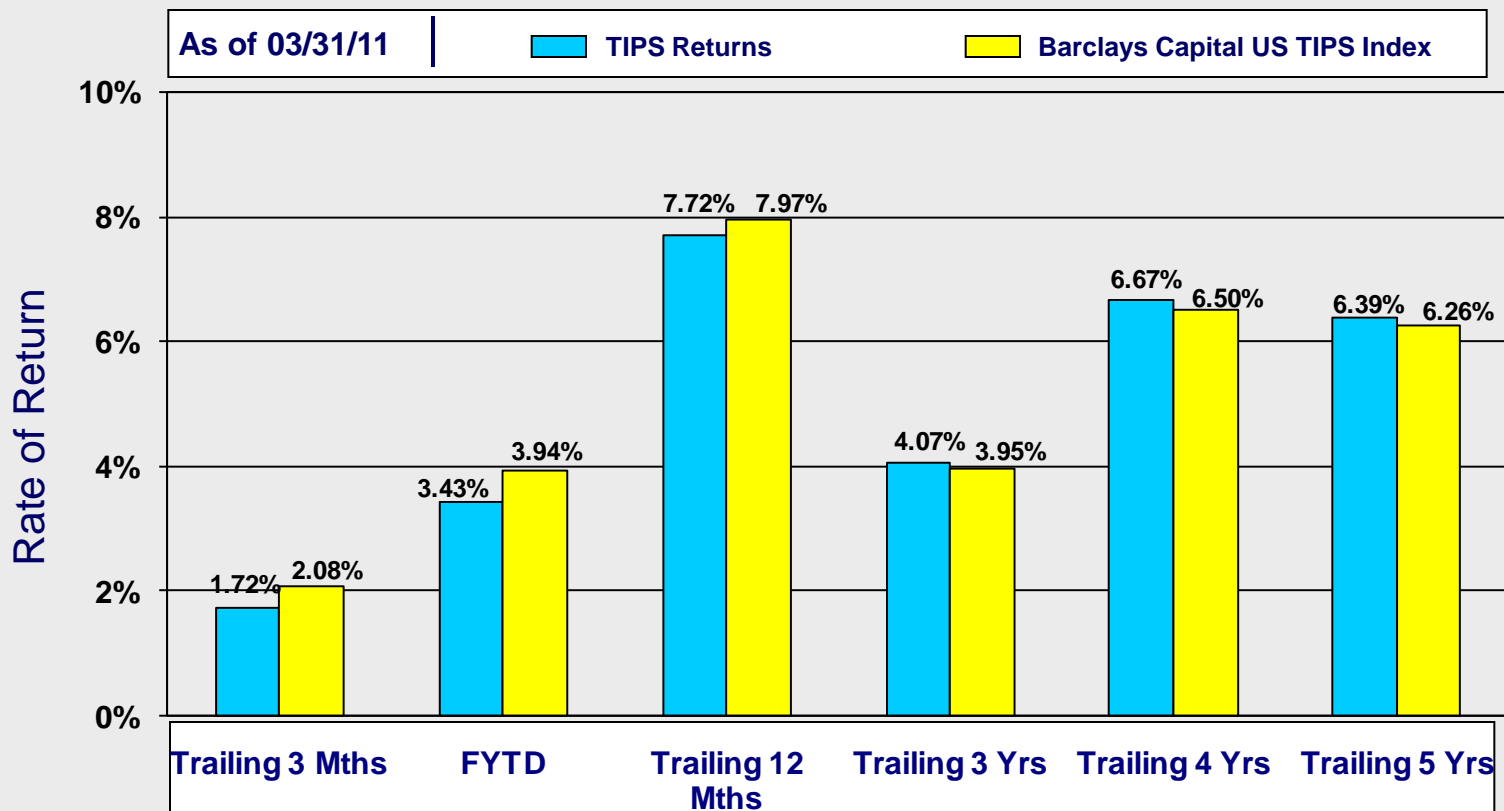
\$475M Under Management, **16%** of Total Funds



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

TIPS Returns vs Barclays Capital US TIPS Index

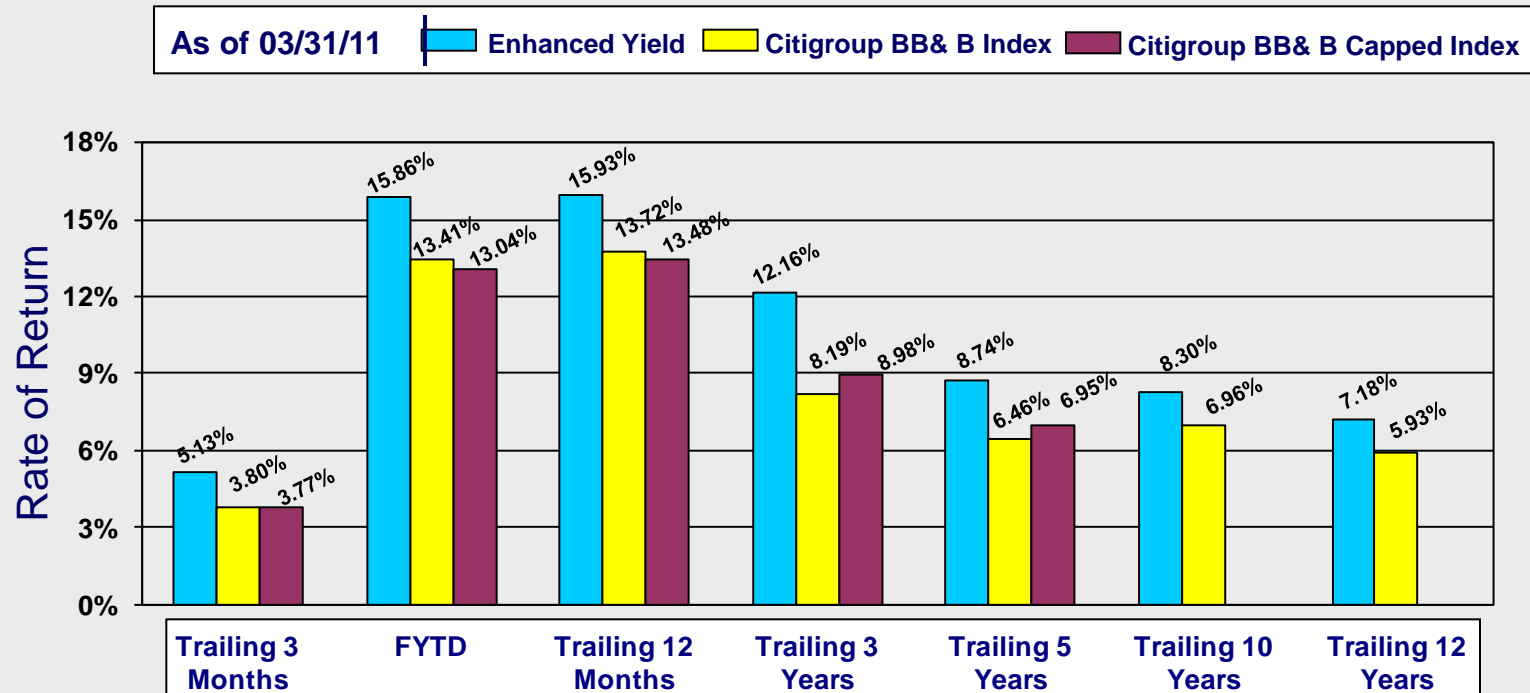
\$74M Under Management, **3%** of Total Funds



	3 Years	4 Years	5 Years
Plan Std Dev	8.9	8.3	7.6
Benchmark Std Dev	8.5	7.9	7.3

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

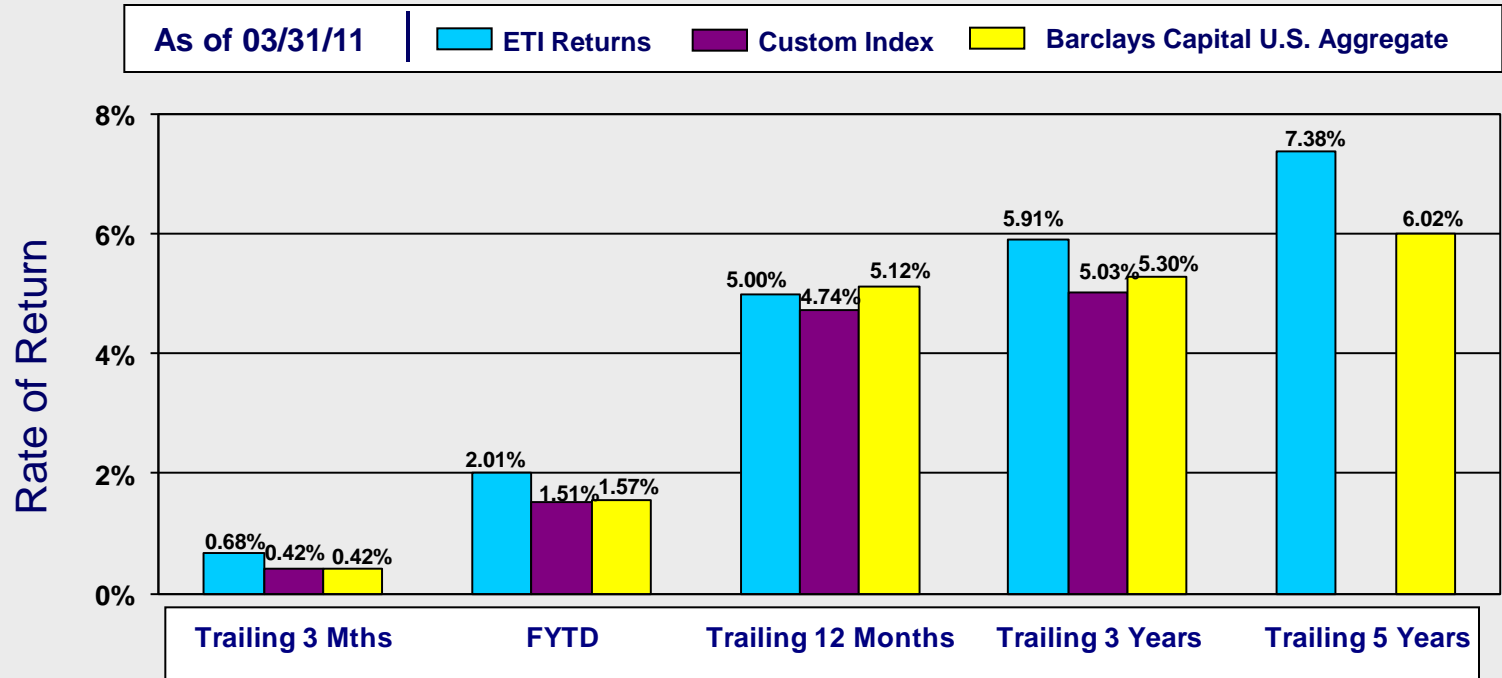
\$108M Under Management, **4%** of Total Funds



	3 Years	5 Years	10 Years	12 Years
Plan Std Dev	13.4	10.8	9.3	9.1
Citigroup BB&B	14.2	11.4	10.1	9.7
Citigroup BB&B Capped	13.9	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	3.2	3.2
Custom Index Std Dev	3.4	****
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 March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Apr-10 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
		EQUITY MANAGEMENT							
		SMALL CAP							
34.48	1.20	DARUMA -SCC	12.81	12.81	33.75	****	****	****	****
34.48	1.20	TOTAL SMALL CAP CORE	12.81	12.81	33.75	****	****	****	****
		RUSSELL 2000	7.94	7.94	25.79	****	****	****	****
		SMALL CAP CORE MEDIAN	8.58	8.58	25.69	****	****	****	****
34.48	1.20	TOTAL SMALL CAP	12.81	12.81	33.75	7.11	1.93	****	****
		RUSSELL 2000	7.94	7.94	25.79	8.57	3.35	****	****
84.89	2.95	WELLINGTON MID CAP	7.90	7.90	****	****	****	****	****
84.89	2.95	TOTAL MID CAP CORE	7.90	7.90	****	****	****	****	****
		S&P MIDCAP 400	9.36	9.36	****	****	****	****	****
50.77	1.76	STATE STREET GA S&P 400	****	****	****	****	****	****	****
50.77	1.76	TOTAL MID CAP PASSIVE	****	****	****	****	****	****	****
		S&P MIDCAP 400	9.36	****	****	****	****	****	****
135.66	4.71	TOTAL MID CAP	7.70	7.70	****	****	****	****	****
		RUSSELL MIDCAP	7.63	7.63	****	****	****	****	****
		LARGE CAP							
54.30	1.89	ZEVENBERGEN	8.87	8.87	28.91	13.32	8.83	6.94	9.35
		RUSSELL 3000 GROWTH	6.30	6.30	19.24	5.58	4.32	3.25	5.66
54.30	1.89	TOTAL LARGE CAP GROWTH	10.19	10.19	25.08	10.11	7.16	5.05	7.79
		LARGE CAP GROWTH MEDIAN	6.00	6.00	18.34	4.69	3.80	3.73	7.84
91.39	3.17	ARONSON JOHNSON	7.87	7.87	18.10	3.72	2.11	****	****
		RUSSELL 1000 VALUE	6.46	6.46	15.15	0.60	1.37	****	****
91.39	3.17	TOTAL LARGE CAP VALUE	7.87	7.87	18.10	3.72	2.11	****	****
		LARGE CAP VALUE MEDIAN	6.57	6.57	14.82	2.23	2.42	5.31	8.65
145.69	5.06	TOTAL LARGE CAP	8.63	8.63	21.23	6.81	4.55	4.46	7.39
		RUSSELL 1000	6.24	6.24	16.69	2.98	2.93	3.83	7.05

Consolidated Performance Report

Through March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Apr-10 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
PROGRESS MANAGERS									
10.44	0.36	FAN ASSET MGMT -LCG	7.59	7.59	20.85	5.83	4.77	3.11	****
3.91	0.14	FORTALEZA -SCG	12.50	12.50	37.69	8.74	2.38	****	****
1.62	0.06	GW CAPITAL -SCV	13.21	13.21	25.99	8.07	****	****	****
7.90	0.27	JOHN HSU -LCC	6.44	6.44	20.47	5.24	6.74	6.63	****
10.79	0.37	HERNDON CAPITAL MGMT-LCV	7.66	7.66	19.73	8.41	8.12	****	****
8.29	0.29	HIGH POINTE LLC -LCG	6.17	6.17	10.48	****	****	****	****
1.99	0.07	LOMBARDIA CAPITAL -SCV	8.58	8.58	24.85	12.91	****	****	****
7.86	0.27	PALISADES -LCV	8.13	8.13	15.36	0.17	****	****	****
9.41	0.33	PROFIT INVESTMENT MGMT -LCG	4.75	4.75	8.97	3.68	****	****	****
10.03	0.35	SEIZERT CAPITAL PTNRS -LCV	7.71	7.71	17.62	3.82	****	****	****
72.24	2.51	TOTAL PROGRESS	7.41	7.41	17.64	4.43	3.99	4.91	****
		RUSSELL 3000	6.38	6.38	17.41	3.42	2.95	4.13	****
F.I.S. MANAGEMENT									
2.16	0.07	BRC INV MGMT -SCV	8.00	8.00	****	****	****	****	****
2.16	0.08	CAMERON CAPITAL -SCC	6.79	6.79	22.59	****	****	****	****
2.37	0.08	CUPPS CAPITAL SCG	18.72	18.72	42.21	****	****	****	****
1.09	0.04	DAVID ROSS -SCV	-0.94	-0.94	4.75	****	****	****	****
3.60	0.13	ELESSAR INVESTMENT MGMT -SCV	7.24	7.24	31.25	****	****	****	****
2.04	0.07	EUDAIMONIA -Micro CG	6.92	6.92	38.53	****	****	****	****
4.74	0.16	LOMBARDIA CAPITAL PTNRS -SCV	8.58	8.58	24.85	12.64	****	****	****
3.30	0.11	NICHOLS ASSET MGMT -SCG	10.11	10.11	****	****	****	****	****
3.10	0.11	OAKBROOK -SCC	8.08	8.08	23.22	****	****	****	****
2.85	0.10	PROFIT -SCC	12.08	12.08	30.94	14.41	****	****	****
27.41	0.95	TOTAL F.I.S FUND MGMT	8.95	8.95	28.23	5.65	****	****	****
		RUSSELL 2000	7.94	7.94	25.79	8.57	****	****	****
TOTAL EMERGING MANAGERS									
99.65	3.46	TOTAL EMERGING MANAGERS	7.83	7.83	20.38	4.76	4.07	****	****
		RUSSELL 3000	6.38	6.38	17.41	3.42	2.95	****	****

Consolidated Performance Report

Through March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Apr-10 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
		RUSSELL 3000							
811.69	28.18	BLACKROCK R3000	6.36	6.36	17.48	3.50	2.97	4.16	****
811.69	28.18	TOTAL RUSSELL 3000	6.36	6.36	17.48	3.50	2.97	4.16	7.11
		RUSSELL 3000	6.38	6.38	17.41	3.42	2.95	4.13	7.07
364.71	12.66	TOTAL ACTIVE	8.64	8.64	21.95	5.84	3.72	4.60	6.29
862.46	29.94	TOTAL PASSIVE	6.45	6.45	17.58	3.53	2.99	4.31	7.47
1227.17	42.60	TOTAL DOMESTIC EQUITY	7.06	7.06	18.80	4.19	3.18	4.46	7.29
		INTERNATIONAL EQUITY							
		DEVELOPED MARKETS							
338.03	11.74	BAILLIE	2.89	2.89	16.27	1.48	****	****	****
		MSCI EAFE GROWTH	2.22	2.22	12.55	-2.53	****	****	****
0.08	0.00	BANK OF IRELAND	****	****	****	****	****	****	****
0.08	0.00	G.E. INVESTMENT	****	****	****	****	****	****	****
274.13	9.52	SPRUCEGROVE	1.28	1.28	14.66	0.28	3.51	****	****
		MSCI EAFE VALUE	4.64	4.64	8.82	-2.96	0.97	****	****
612.32	21.26	TOTAL ACTIVE DEVELOPED MARKETS	2.16	2.16	15.54	1.00	5.01	6.82	6.88
612.32	21.26	TOTAL DEVELOPED MARKETS	2.16	2.16	15.54	1.00	5.01	6.97	6.51
		MSCI EAFE (NET DIVIDEND)	3.36	3.36	10.42	-3.02	1.30	5.39	4.73
		INTERNATIONAL EQUITY MEDIAN	3.48	3.48	13.89	-0.13	3.39	7.33	7.72
		EMERGING MARKETS							
127.37	4.42	STATE STREET EMG MKTS	2.22	2.22	19.75	1.95	****	****	****
31.06	1.08	BLACKROCK EM	****	****	****	****	****	****	****
158.57	5.50	TOTAL EMERGING MARKETS	2.22	2.22	19.73	1.95	8.93	18.74	****
		MSCI EMERGING MARKET FREE	2.10	2.10	18.78	4.63	11.02	17.13	****
		EMERGING MARKET MEDIAN	0.97	0.97	17.70	5.81	11.99	17.51	****
770.89	26.76	TOTAL INTERNATIONAL EQUITY	2.28	2.28	16.36	1.12	5.69	8.85	7.12

Consolidated Performance Report

Through March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Jan-11 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
PRIVATE EQUITY INVESTMENTS									
10.81	0.38	FAIRVIEW PRIVATE EQUITY FD	****	****	****	****	****	****	****
48.69	1.69	MESIROW PTNRS FD III	****	****	****	****	****	****	****
10.75	0.37	MESIROW PTNRS FD IV	****	****	****	****	****	****	****
5.40	0.19	MESIROW PTNRS FD V	****	****	****	****	****	****	****
75.65	2.63	TOTAL PRIVATE EQUITY	6.41	6.41	14.61	0.21	****	****	****
PRIVATE REAL ESTATE									
0.00	0.00	FRANKIN TEMPLETON FD	****	****	****	****	****	****	****
1.92	0.07	LASALLE US PROPERTY FD	****	****	****	****	****	****	****
0.00	0.00	UBS TRUMBULL PROPERTY FD	****	****	****	****	****	****	****
1.92	0.07	TOTAL PRIVATE REAL ESTATE	4.96	4.96	****	****	****	****	****
2075.62	72.06	TOTAL EQUITY - PUBLIC & PRIVATE	5.29	5.29	17.83	3.05	3.94	5.71	7.61
FIXED INCOME MANAGEMENT									
GOVERNMENT									
85.82	2.98	STATE STREET	-0.30	-0.30	7.11	4.77	6.85	6.48	7.18
85.82	2.98	ALL TREASURY / AGENCY	-0.30	-0.30	7.11	4.77	6.85	6.30	7.02
		NYC - TREASURY AGENCY PLUS 5	-0.36	-0.36	7.34	4.53	6.73	6.33	7.06
MORTGAGE									
221.57	7.69	PIMCO	0.92	0.92	6.23	6.66	6.99	6.35	6.96
		CITIGROUP MORTGAGE INDEX	0.61	0.61	4.53	5.93	6.53	5.71	6.33
CREDIT									
98.50	3.42	PRUDENTIAL CREDIT	0.60	0.60	6.96	****	****	****	****
68.90	2.39	TAPLIN, CANIDA	1.61	1.61	8.39	8.08	5.68	6.87	7.02
167.40	5.81	ALL INVESTMENT GRADE CREDIT	1.01	1.01	7.55	7.78	5.51	6.78	6.92
		NYC - INVESTMENT GRADE CREDIT	0.81	0.81	6.89	6.73	6.14	6.09	6.47

Consolidated Performance Report

Through March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Jan-11 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
474.79	16.48	TOTAL STRUCTURED	0.73	0.73	6.75	6.60	6.62	6.51	7.01
		NYC - CORE PLUS FIVE	0.47	0.47	5.80	6.01	6.59	6.05	6.62
		ACTIVE TIPS MANAGERS							
73.98	2.57	PIMCO-TIPS-MTA	1.72	1.72	7.72	4.07	6.39	****	****
73.98	2.57	TOTAL ACTIVE TIPS MANAGERS	1.72	1.72	7.72	4.07	6.39	****	****
		BARCLAYS CAPITAL US TIPS INDEX	2.08	2.08	7.97	3.95	6.26	****	****
		ENHANCED YIELD							
54.93	1.91	LOOMIS SAYLES & CO	5.79	5.79	17.04	13.69	9.42	9.51	****
		BofA(ML-MST II 7-03/BB&B PRIOR)	3.90	3.90	14.18	12.70	9.03	8.43	****
52.72	1.83	SEIX HIGH YIELD	4.43	4.43	14.79	10.60	8.01	****	****
107.66	3.74	ALL ENHANCED YIELD	5.13	5.13	15.93	12.16	8.74	8.30	****
		CITIGROUP BB & B	3.80	3.80	13.72	8.19	6.46	6.96	****
		CITIGROUP BB & B CAPPED	3.77	3.77	13.48	8.98	6.95	****	****
		ENHANCED YIELD MEDIAN	3.88	3.88	14.27	10.88	8.39	9.33	****
		ETI							
2.51	0.09	ACCESS/RBC	0.21	0.21	3.50	6.82	****	****	****
10.55	0.37	AFL-CIO HOUSING INV TRUST	0.79	0.79	4.81	5.56	****	****	****
0.10	0.00	CCB-PPAR	1.07	1.07	11.79	8.93	****	****	****
0.13	0.00	CCD-PPAR	1.56	1.56	10.64	10.30	****	****	****
0.10	0.00	LIIF-PPAR	1.10	1.10	3.30	****	****	****	****
0.02	0.00	NCBCI-PPAR	2.21	2.21	4.82	****	****	****	****
1.44	0.05	CPC REVOLVING	0.52	0.52	2.11	2.72	****	****	****
14.86	0.52	TOTAL ETI (WITH CASH)	0.67	0.67	4.44	5.67	7.20	4.94	5.19
		BERS CUSTOM ETI INDEX (NO CASH)	0.42	0.42	4.74	5.03	****	****	****
		BARCLAYS CAPITAL AGGREGATE	0.42	0.42	5.12	5.30	6.02	5.57	6.20
804.39	27.93	TOTAL FIXED	1.50	1.50	7.90	6.81	6.70	6.46	6.74

Consolidated Performance Report

Through March 31, 2011

Assets (\$MM)	% Total		3 Mos Jan-11 Mar-11	YTD Jan-11 Mar-11	1 Yr Apr-10 Mar-11	3 Yrs Apr-08 Mar-11	5 Yrs Apr-06 Mar-11	10 Yrs Apr-01 Mar-11	15 Yrs Apr-96 Mar-11
0.41	0.01	SECURITIES LENDING	****	****	****	****	****	****	****
132.65	4.61	SHORT TERM INVESTMENTS	0.11	0.11	0.33	1.33	2.99	2.79	3.91
0.46	0.02	BNY - CD	****	****	****	****	****	****	****
2880.43	100.00	TOTAL BOARD OF EDUCATION	4.26	4.26	15.02	4.65	5.07	6.30	7.58
		BOARD OF ED POLICY BENCHMARK	3.87	3.87	12.97	3.41	4.29	5.64	7.06

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 March 31, 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 (3 Months)	66,000	223,000	72,000
Since Inception	<u>\$7,016,000</u>	<u>\$8,977,000</u>	<u>\$3,002,000</u>

Note: Inception 4/89

Footnotes

Through March 31, 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 March 31, 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 March 31, 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 * 42.75%*
*International Developed (EAFE) Markets: MSCI EAFE * 21%*
*International Emerging Markets: MSCI Emerging Markets * 4%*
*Private Equity: Russell 3000 + 500 b.p. per annum * 2..25%*
*Domestic Fixed Income: NYC Core +5 * 22%*
*TIPS: Barclays Capital U.S. TIPS * 3%*
*Enhanced Yield: Citigroup BB&B * 5%*

Glossary of Terms

Through March 31, 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