

CIO Total Fund Performance Report Period Ending September 30, 2012

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Investment Office

Investment Committee
November 2012

Agenda

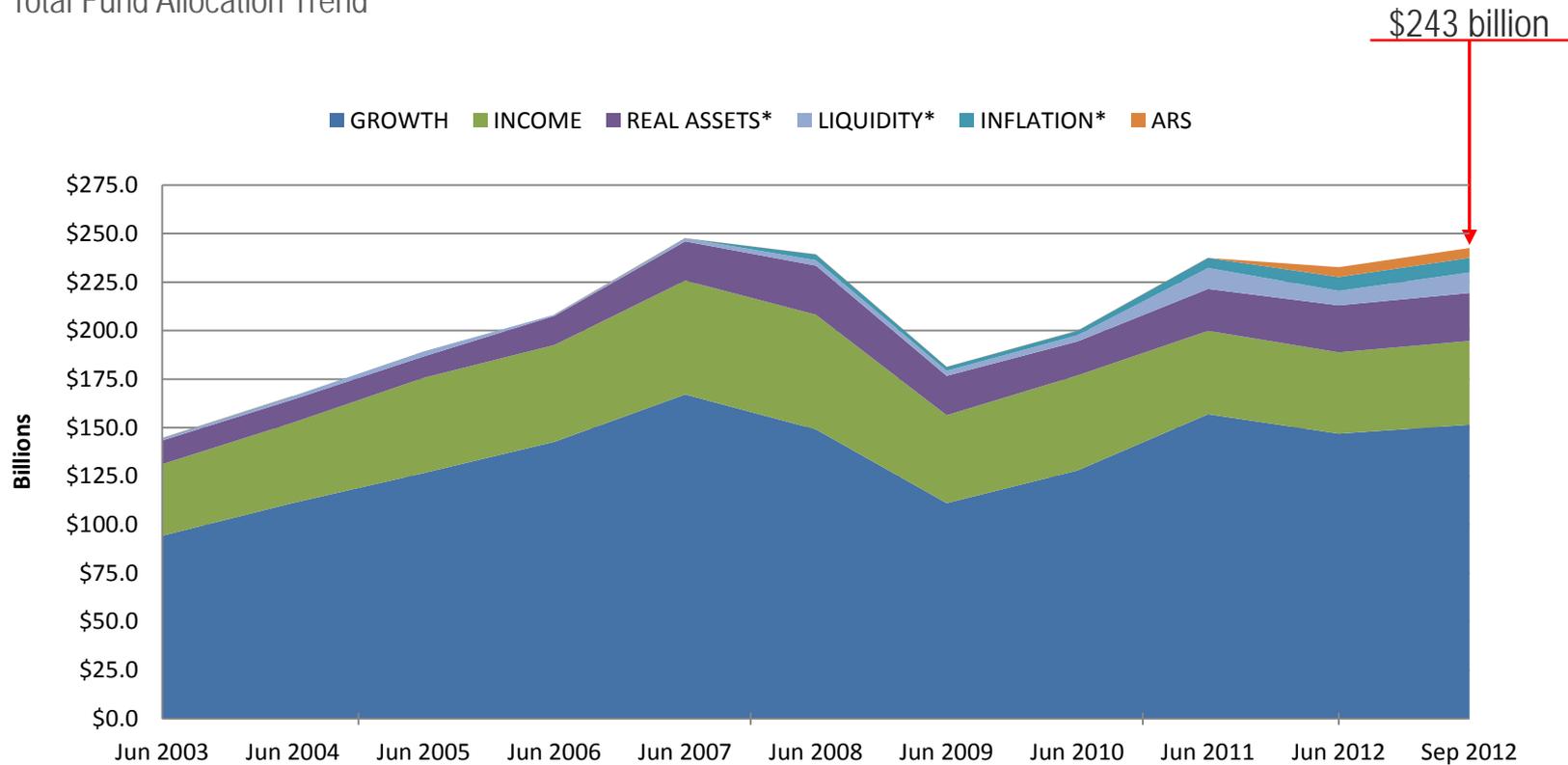
- Fiscal Year To Date (FYTD) Market Highlights
- Total Fund Allocation Trend
- Total Fund Performance
- Asset Class Performance
- Summary

Fiscal Year To Date Market Highlights

- Global equity markets experienced strong results
- Federal Reserve announced third round of quantitative easing (QE3)
- European Central Bank announced support for the sovereign bond markets for nations in trouble

Total Fund up \$78 billion from February 2009

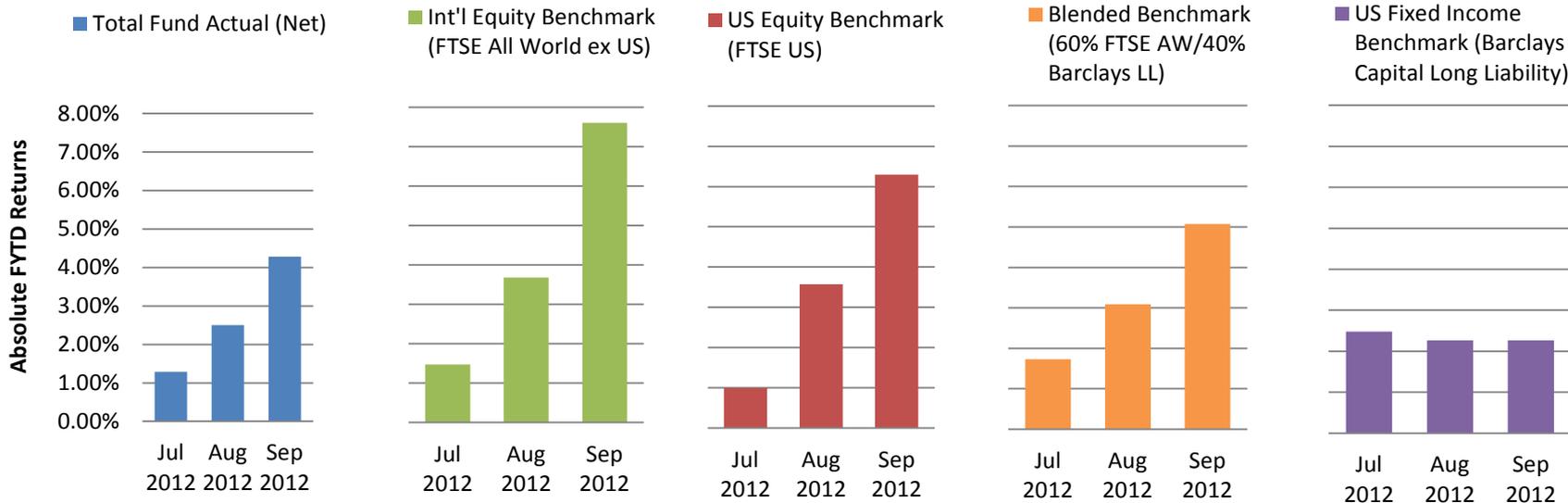
Total Fund Allocation Trend



* Inflation, Liquidity and Real Assets were created on July 1, 2011 from existing portfolios; therefore historical values are being represented for prior years.

Significant gap between Global Public Equity & US Fixed Income Markets

Fiscal Year To Date Performance of Market Benchmarks

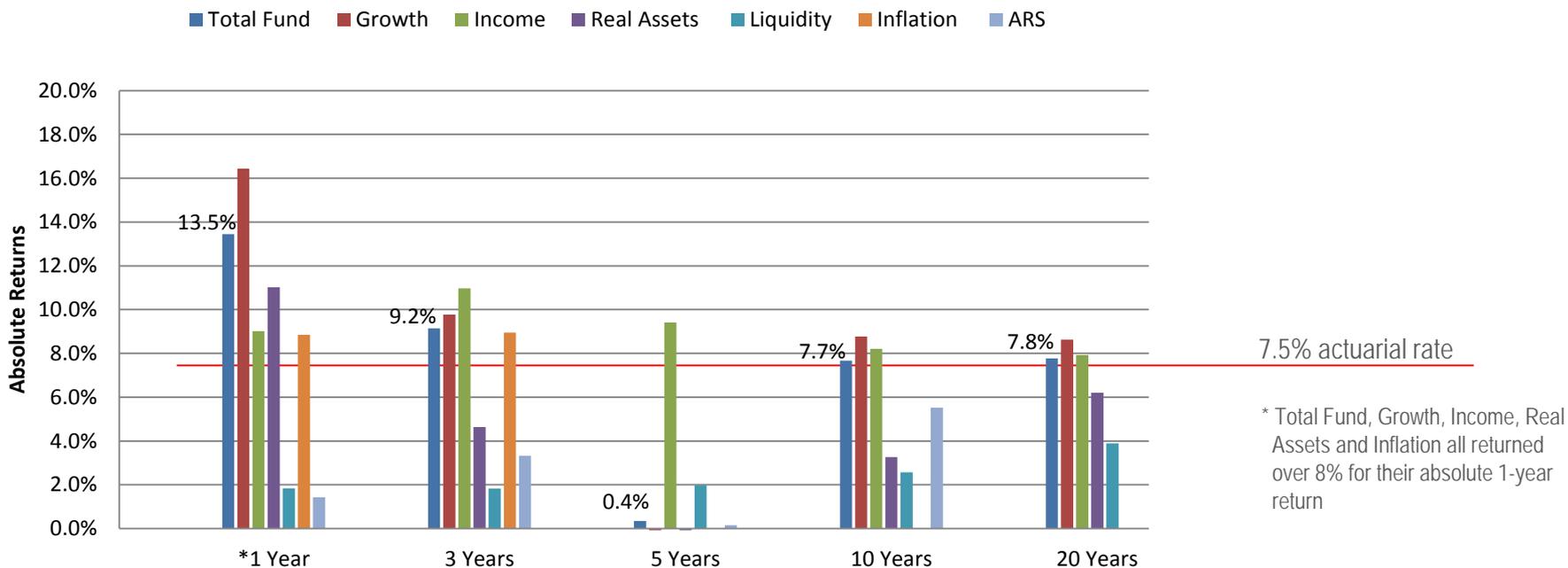


Total Fund Performance Summary FYTD

- Absolute return 4.3%
- Outperformed benchmark by 66 basis points
- Positive \$1.6 billion of dollar value added

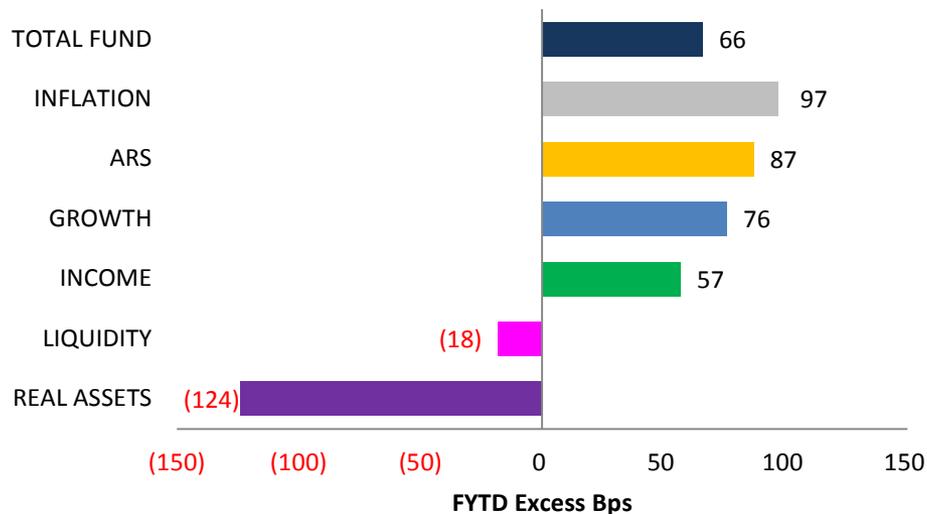
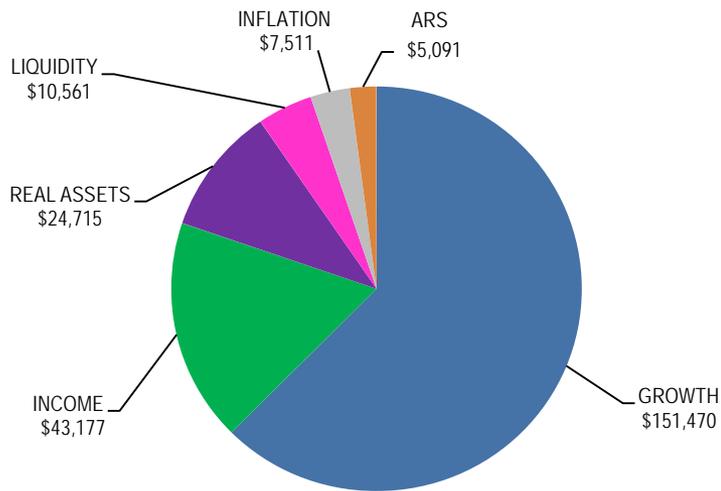
Total Fund's historical performance against actuarial rate

Total Fund Absolute Returns as of September 30, 2012



Positive contribution of Growth on relative performance

Total Fund Allocation* & Relative Returns as of September 30, 2012



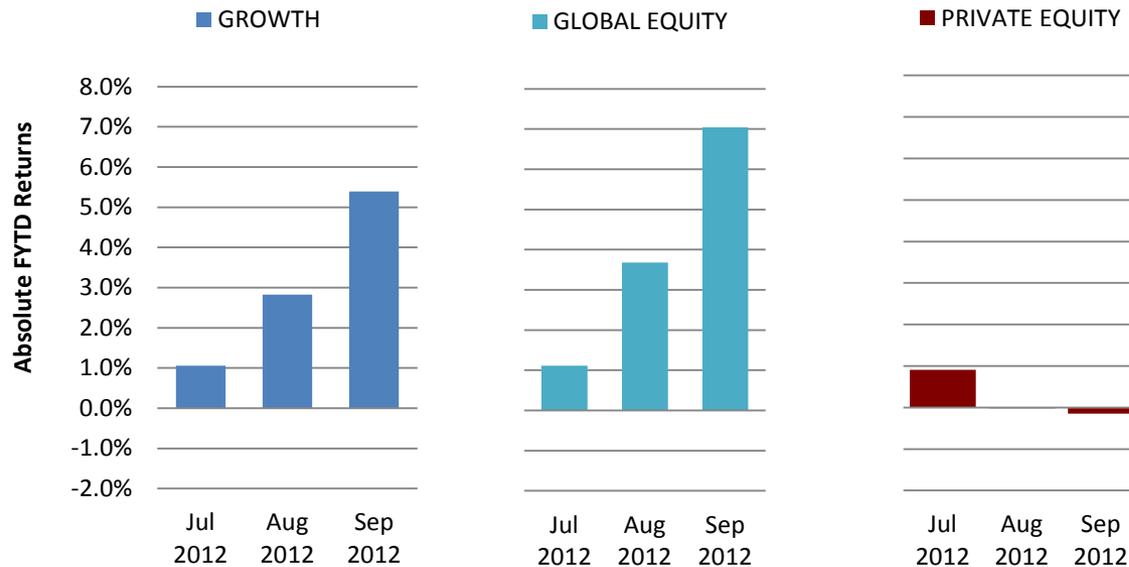
* Allocation in millions

Growth Performance Summary FYTD

- Absolute return 5.4%
- Outperformed the benchmark by 76 basis points
- Variance between Public and Private Growth assets demonstrated significant impact of reporting lags

Global Equity's 7.0% FYTD return offset the effect of Private Equity's pricing lag on Growth's performance

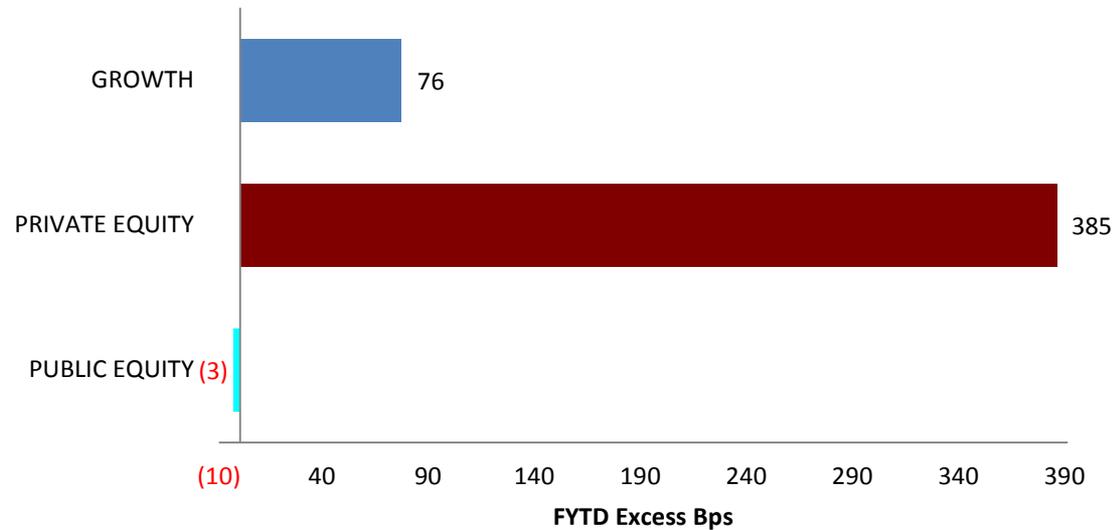
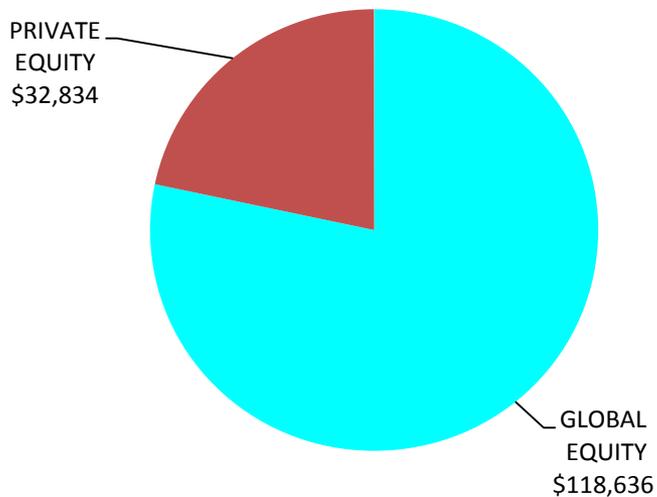
Growth Absolute Performance by Asset Class FYTD*



* Private Equity performance is based on General Partners' most recent received financial statements plus any cash adjustments made by State Street Bank thru September 30, 2012.

Private Equity's return relative to its benchmark resulted in \$1.3 billion of excess return

Growth Allocation & Relative Performance by Asset Class as of September 30, 2012

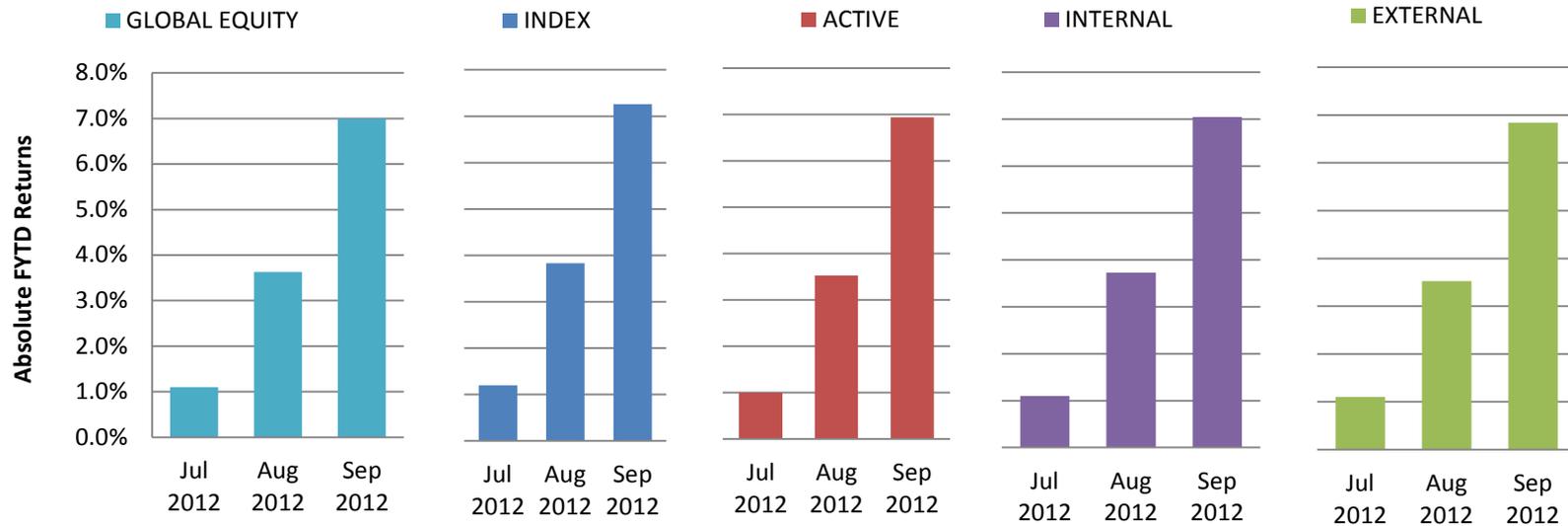


Global Equity Performance Summary FYTD

- Absolute return 7.0%
- Underperformed the benchmark by 3 basis points
- International outperformed domestic
- Fundamental underperformed in domestic and developed international markets but outperformed in emerging markets
- External managers added value

Internal and External management had nearly the same results

Global Equity Absolute Performance by Strategy FYTD

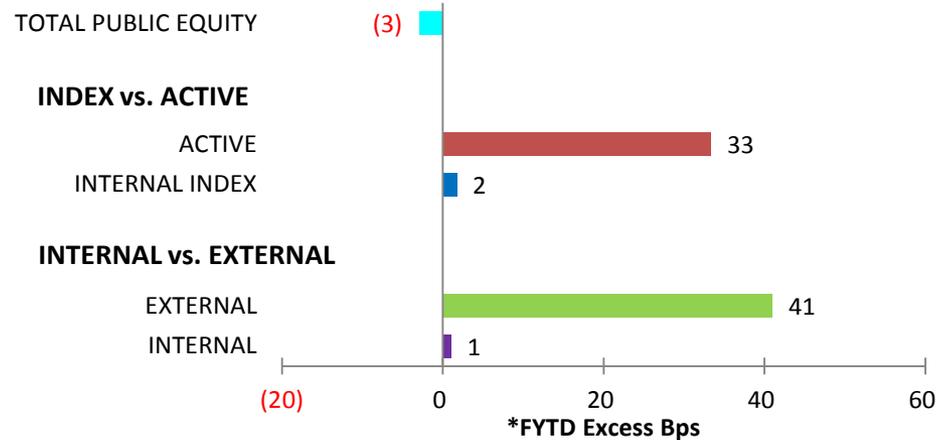
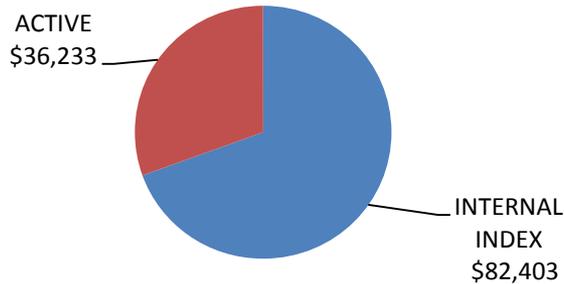


- Best performing portfolio: Internal Developed International Small Cap 9.3%
- Worst performing portfolio: Internal Global Environmental 2.7%

Positive relative results were generated in Active Strategies

Global Equity Allocation & Relative Performance by Strategy as of September 30, 2012

43% of Active managed internally



- Negative relative return from segments unable to be allocated in balance with benchmark exposure

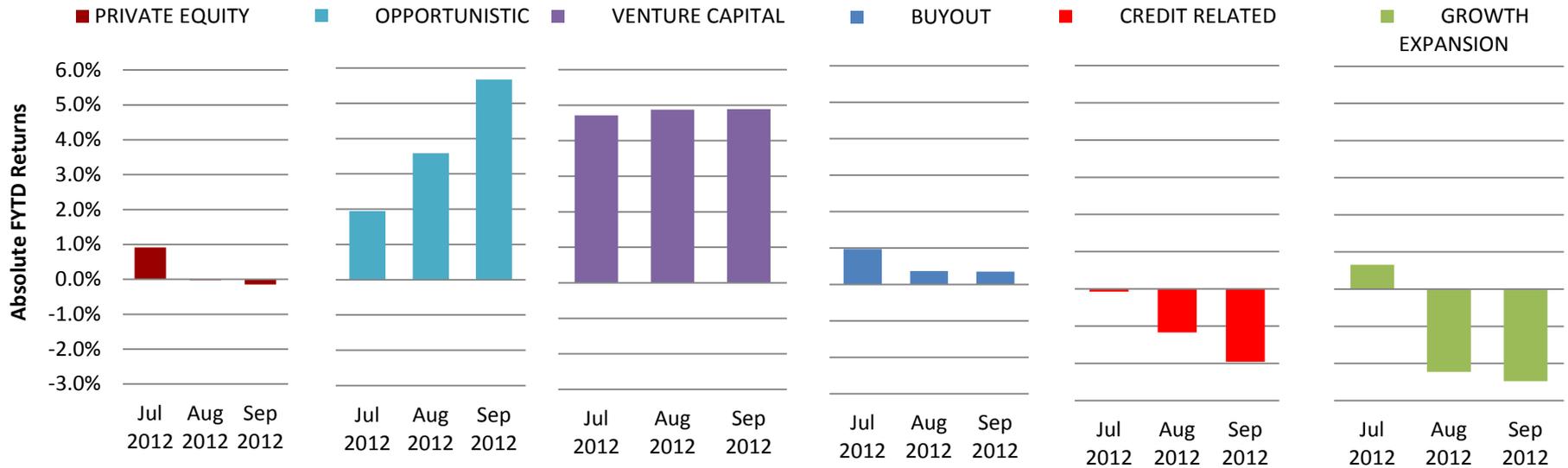
* Strategies' FYTD excess bps are measured against asset weighted benchmarks.

Private Equity Performance Summary FYTD

- Absolute return -0.15%
- Outperformed its benchmark by 385 basis points
- All strategies outperformed the benchmark
- Buyout (\$18.5 billion of exposure) and Credit (\$5.8 billion of exposure) Strategies remain the largest exposures

Absolute Return Impacted by Negative Returns in the Credit and Growth Strategies

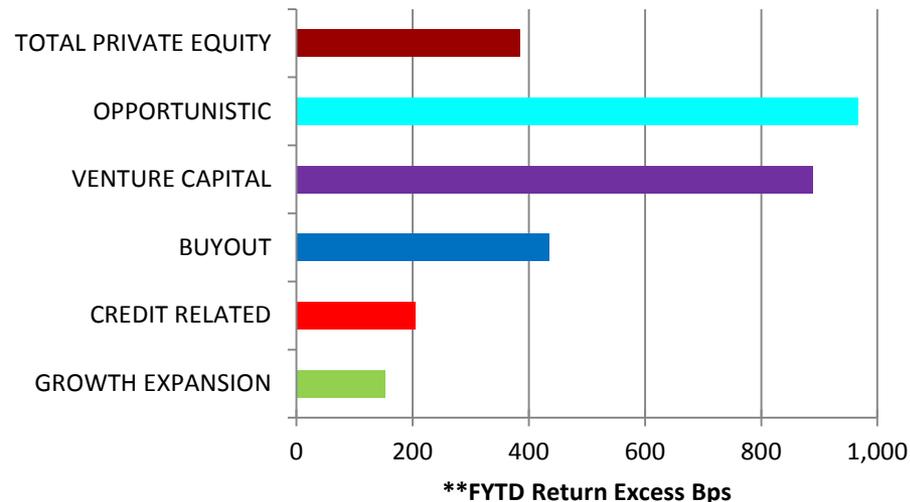
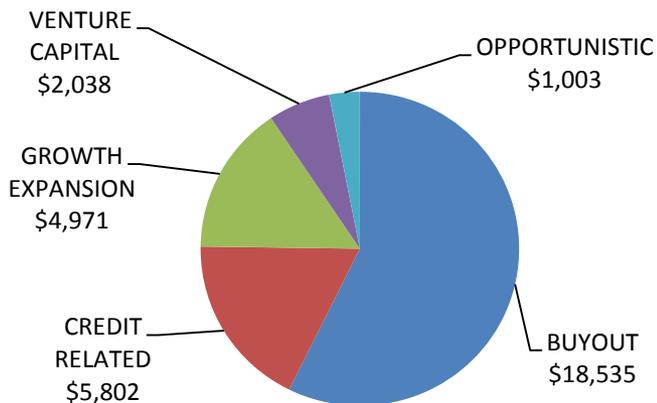
Private Equity Absolute Performance by Strategy FYTD*



* Private Equity performance is based on General Partners' most recent received financial statements plus any cash adjustments made by State Street Bank thru September 30, 2012.

All Strategies Outperformed the Benchmark

Private Equity Allocation & Relative Performance by Strategy as of September 30, 2012*



* Private Equity performance is based on General Partners' most recent received financial statements plus any cash adjustments made by State Street Bank thru September 30, 2012.

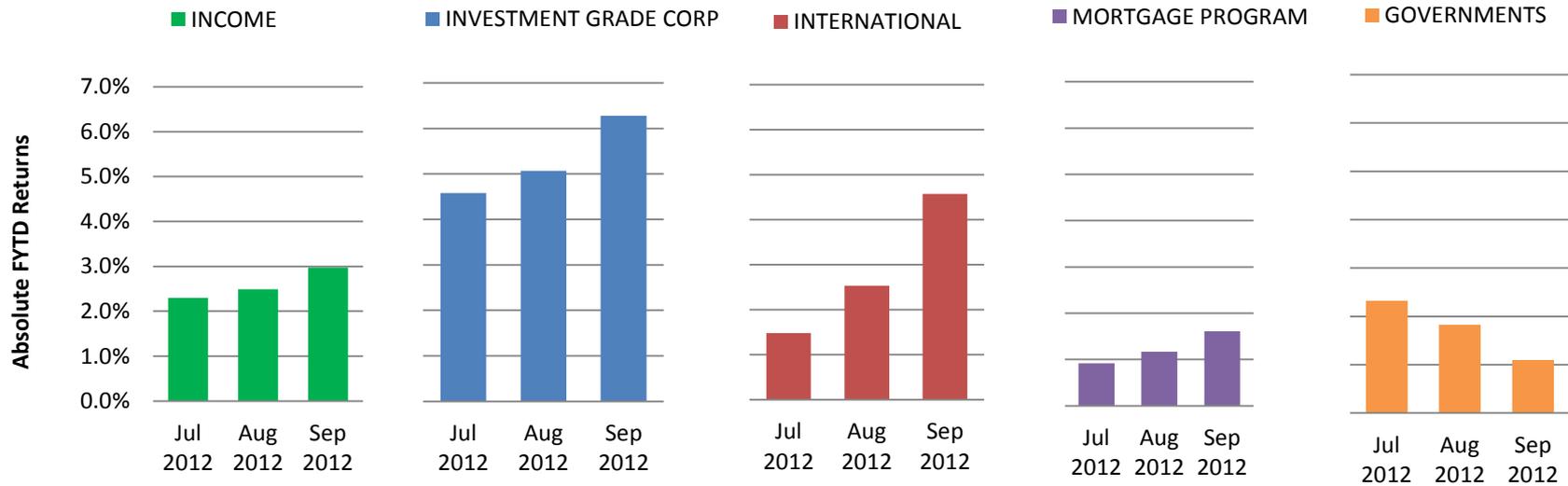
** Strategies' FYTD return excess bps is compared to Total Private Equity benchmark since the strategies do not have a specified benchmark.

Income Performance Summary FYTD

- Absolute return 3.0%
- Outperformed the benchmark by 57 basis points

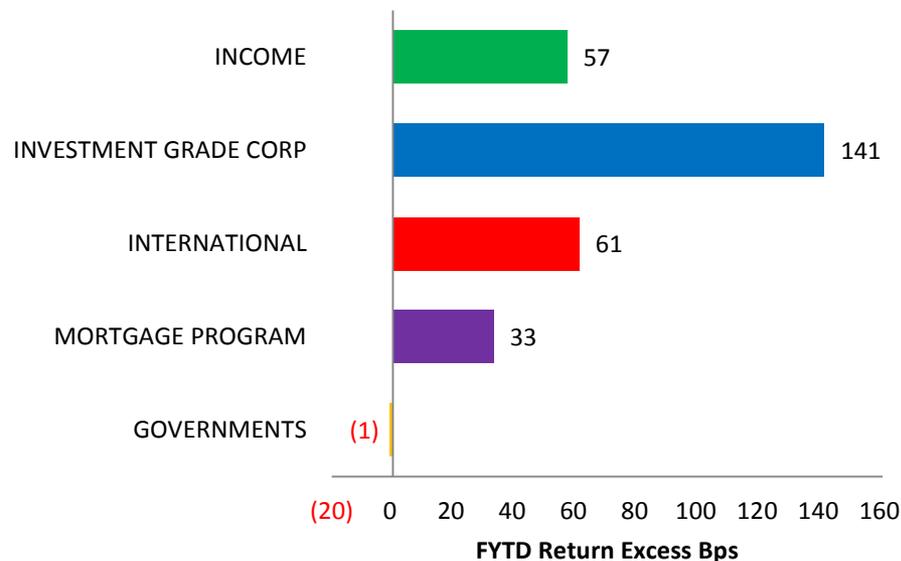
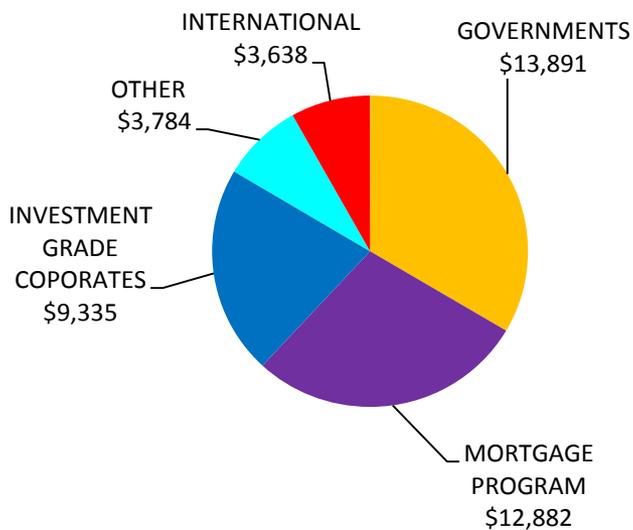
Corporate & International portfolios FYTD return 6.3% & 4.6% respectively

Income Absolute Performance by Strategy FYTD



Income's positive relative return resulted in \$243 million

Income Allocation & Relative Performance by Strategy as of September 30, 2012



Inflation Performance Summary FYTD

- Absolute return 5.9%
- Outperformed the benchmark by 96 basis points

Liquidity Performance Summary FYTD

- Absolute return 0.4%
- Underperformed the benchmark by 18 basis points

Real Assets Performance Summary FYTD

- Absolute return 1.0%
- Underperformed the benchmark by 124 basis points
- Real Estate, Forestland and Infrastructure underperformed their respective benchmarks

Real Estate and Infrastructure FYTD return 1.2% & -0.9% respectively

Real Assets Absolute Performance by Strategy FYTD as of September 30, 2012*

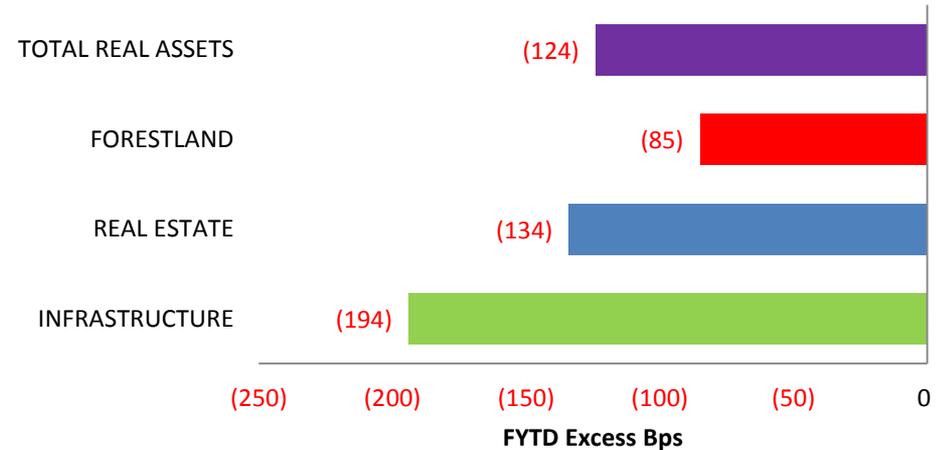
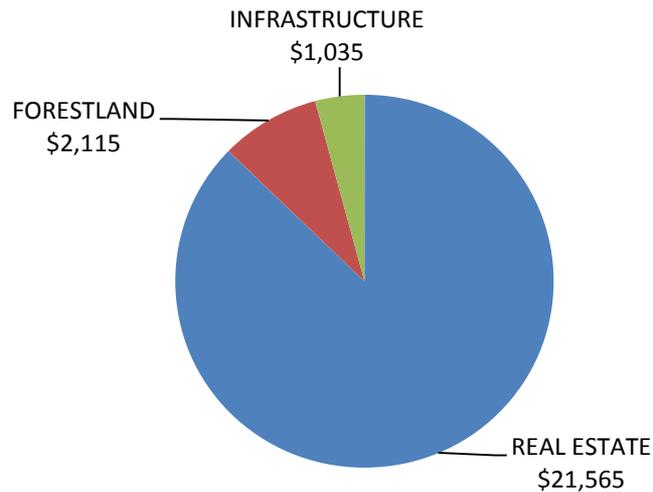


- Real Estate’s Strategic portfolio had modest returns of 0.26% which were expected due to annual appraisals being done during the March 2012 quarter.
- Infrastructure negative returns are related to re-valuations across most of the comingled fund investments, partially offset by positive returns on direct investments.

* Private Real Estate, Forestland and Infrastructure performance is calculated on a quarterly basis and is based on General Partners’ June 30, 2012 financial statements.

Real Estate's underperformance due to Strategic portfolio's relative return of -223 bps

Real Assets Allocation & Relative Performance by Strategy as of September 30, 2012*



- Forestland underperformance attributable to two large US investments acquired in 2007 and 2008 which have been impacted by the continued weakness in home construction

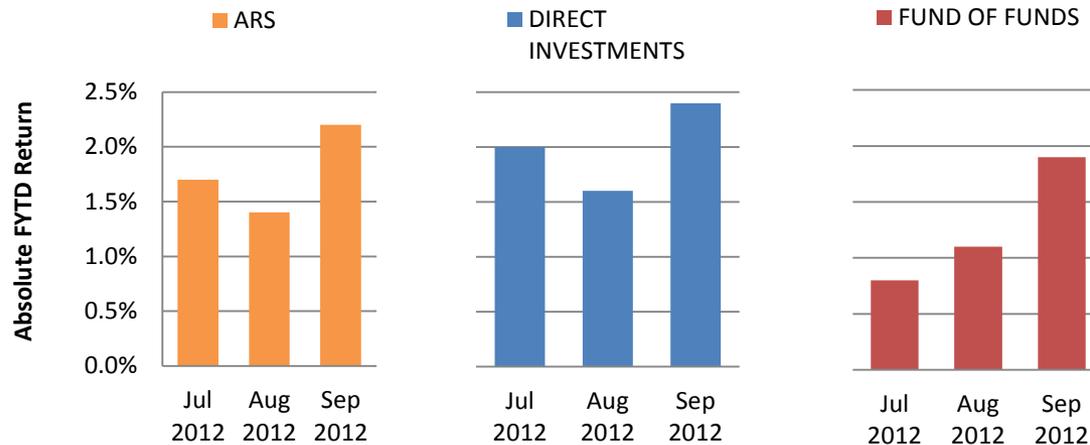
* Private Real Estate, Forestland and Infrastructure performance is based on General Partners' June 30, 2012 financial statements

Absolute Return Strategies (ARS) Performance Summary FYTD

- Absolute return 2.2%
- Outperformed the benchmark of 1-Yr T-Note + 5% by 87 basis points
- Macro environment improved significantly as market liquidity returned and risk tolerance increased
- All strategies contributed to positive performance lead by Credit Driven and Managed Futures managers

Direct Investments and Fund of Funds FYTD return 2.4% & 1.9% respectively

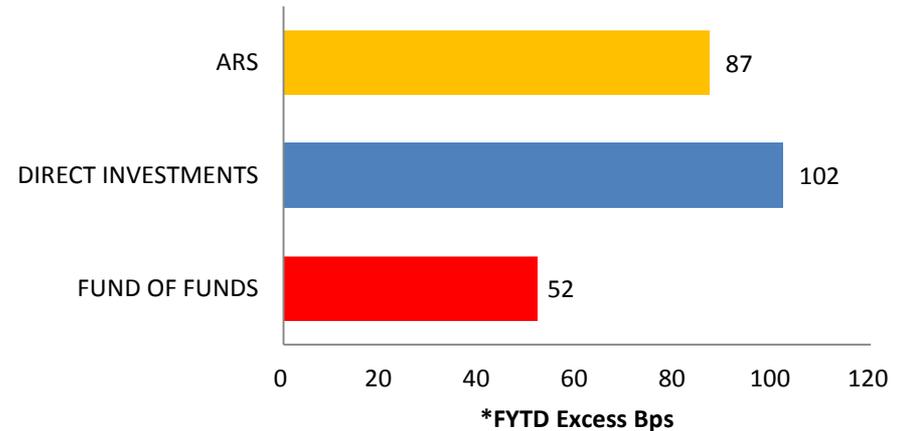
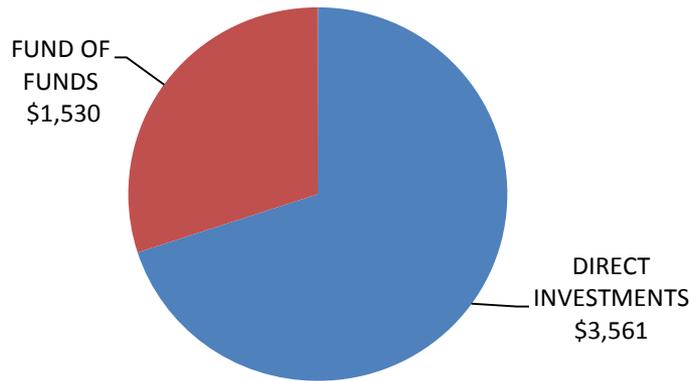
ARS Absolute Performance by Strategy as of September 30, 2012



- Direct Investments best performing fund: Lansdowne +5.6%
- Direct Investments worst performing fund: SuttonBrook -9.9%

ARS Program underperformed its peer index, Hedge Fund Research Inc. Fund of Fund Composite Index, by 17 basis points

ARS Allocation & Relative Performance by Strategy as of September 30, 2012



- Fund of Hedge Funds represents 37% of Fund of Funds total

* ARS Direct Investments & Fund of Funds FYTD return excess bps is compared to ARS Policy benchmark

Summary

- The Fund returned 4.3% which resulted in \$1.6 billion dollar value add
- Relatively large allocation to non-US stocks contributed to positive performance
- Real Estate performed as expected due to annual appraisals in the Strategic portfolio taking place in March 2012
- Total Fund up \$78 billion from February 2009 low of \$165 billion