

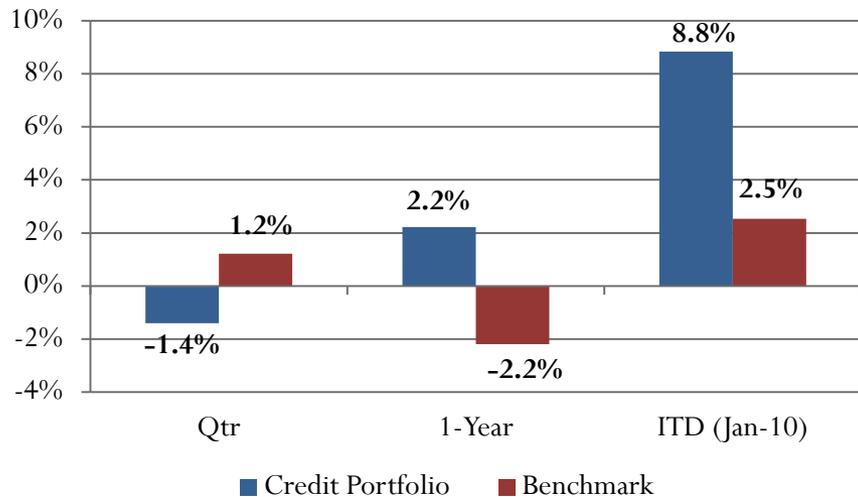


Credit Portfolio Overview

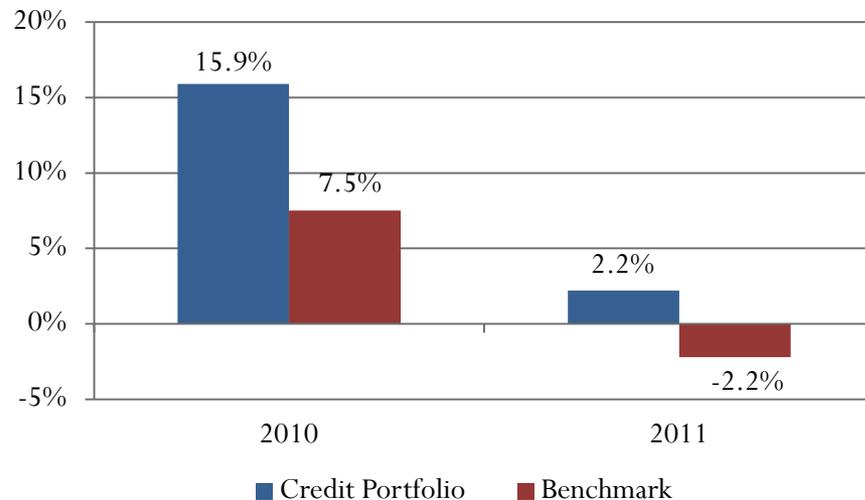
February 29, 2012

Credit Portfolio Performance

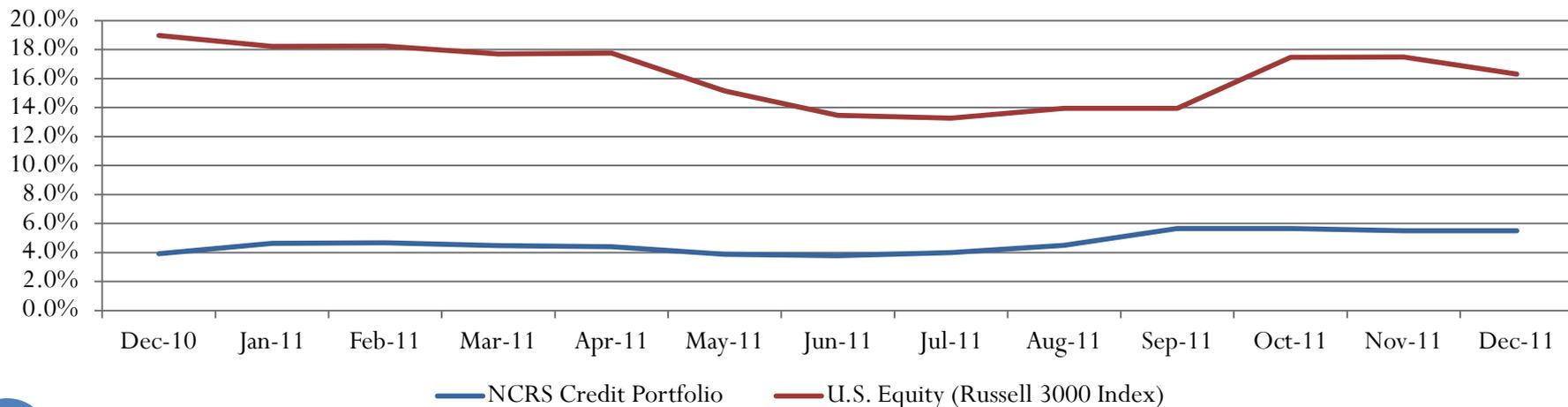
Annualized Performance*



Calendar Year Performance*

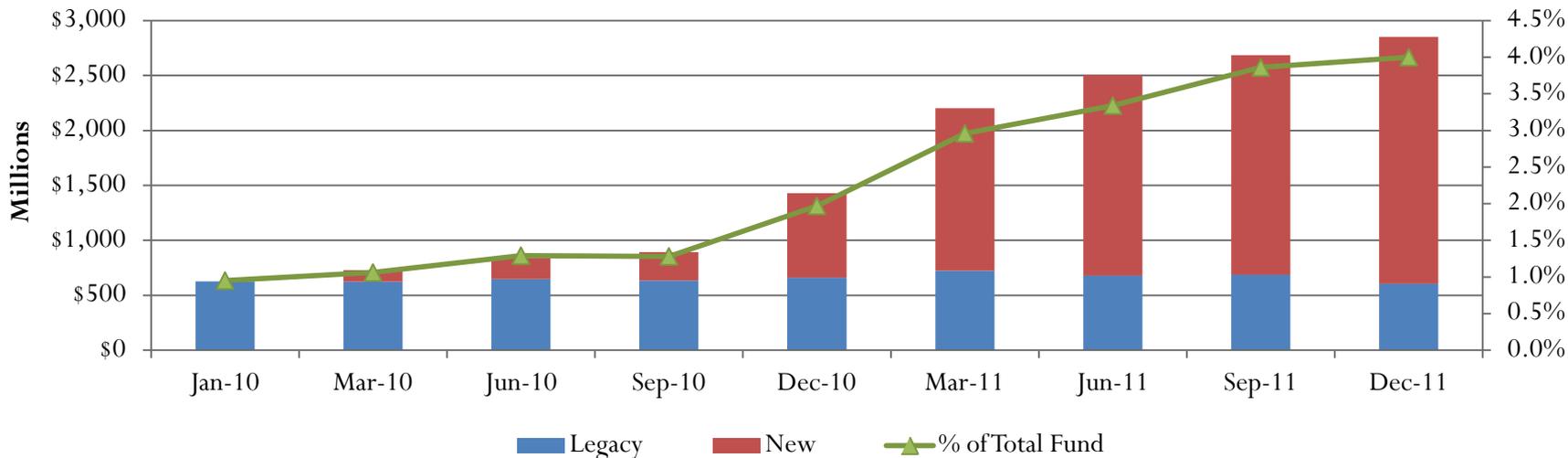


Rolling 1-Year Volatility

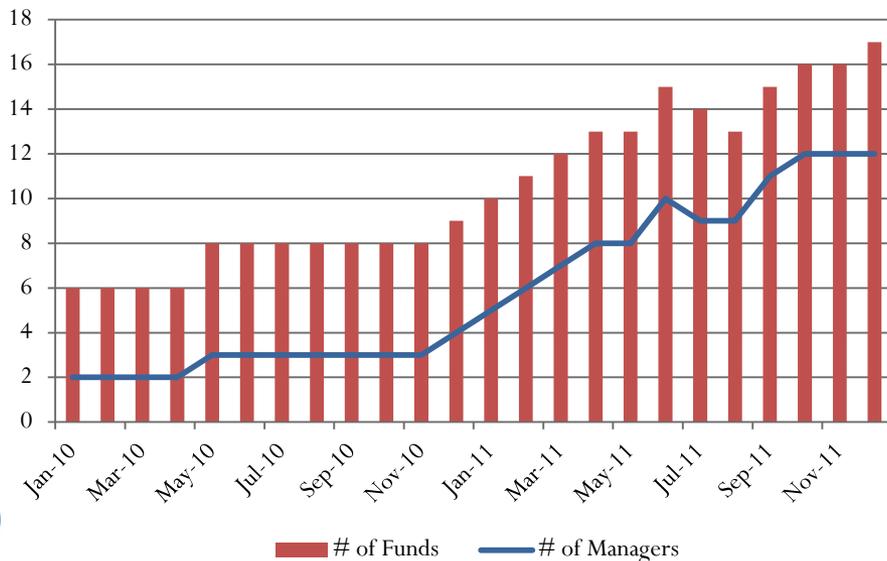


Credit Portfolio History

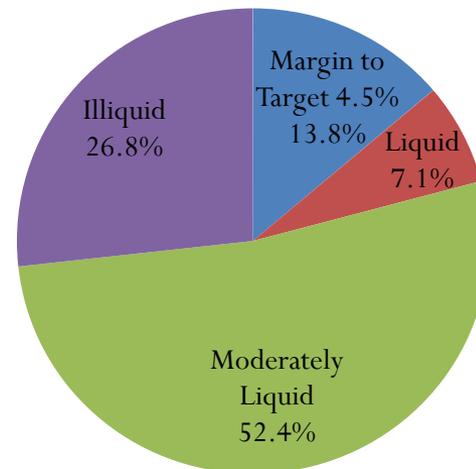
Credit Portfolio Market Value Timeline



Growth of Managers in Credit Portfolio



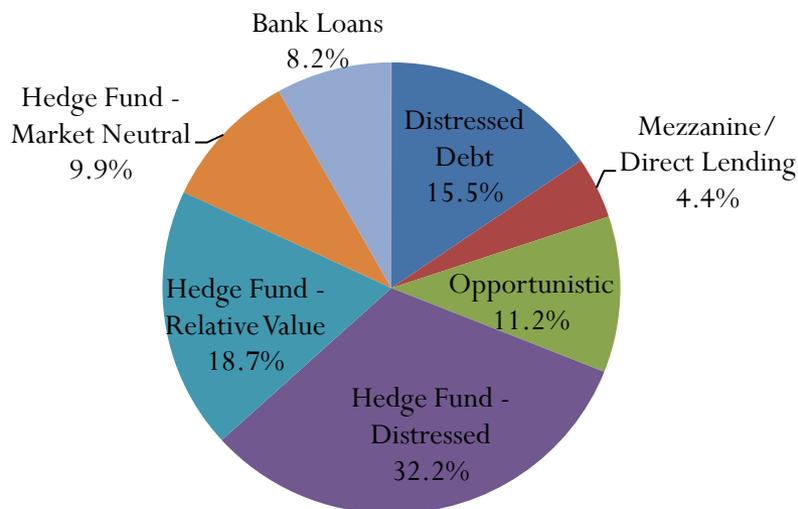
Liquidity Allocation*



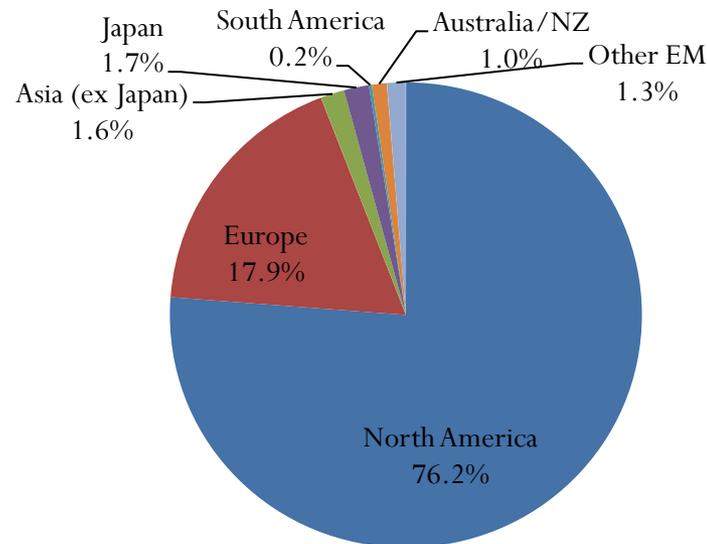
*As of 12/31/11

Credit Portfolio Characteristics

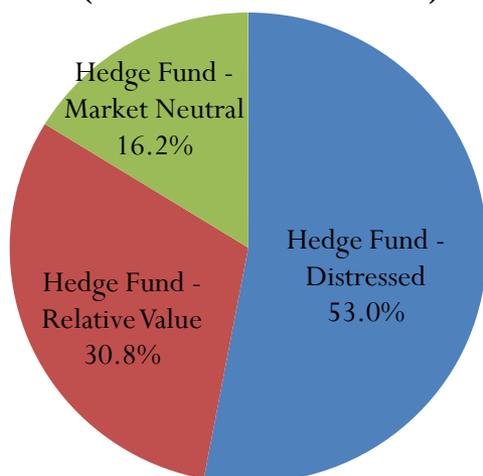
Sub-Strategy Allocation*



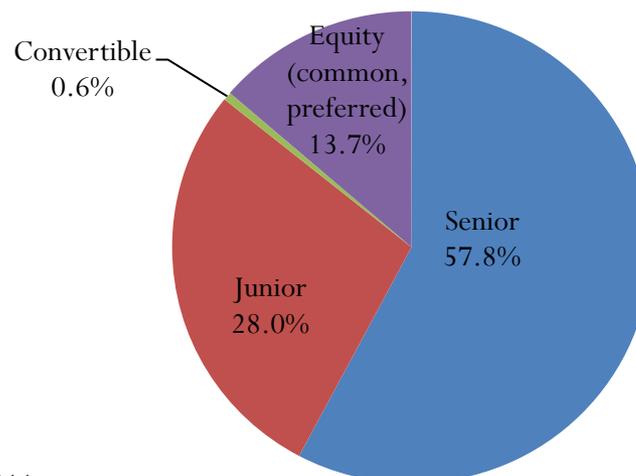
Geographic Allocation*



Credit Portfolio Hedge Fund Allocation* (60.8% of Credit Portfolio)

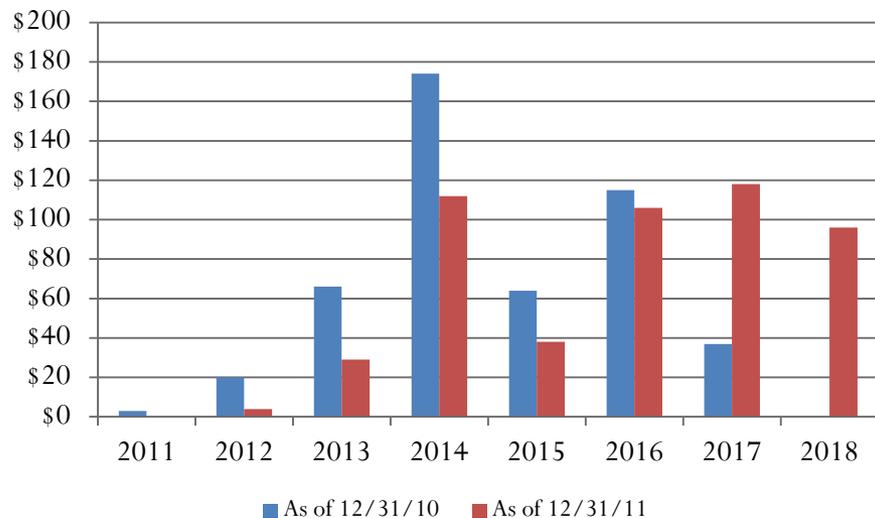


Capital Structure Allocation*

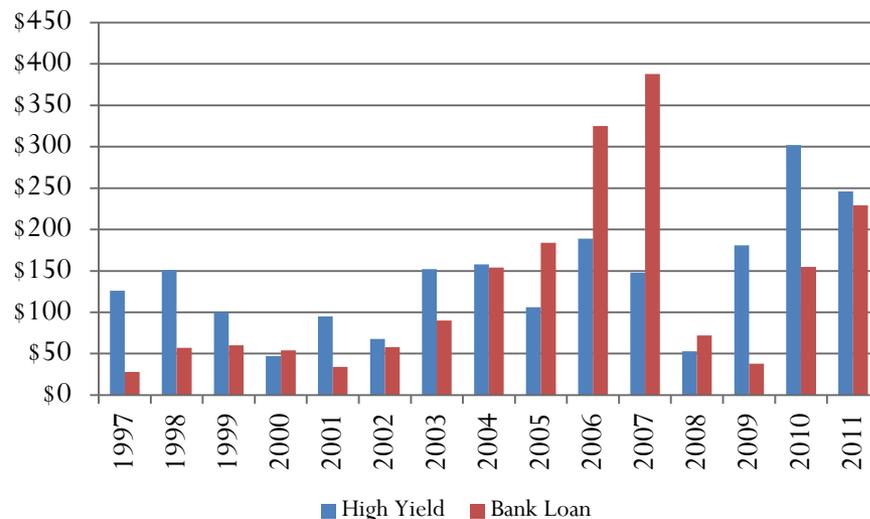


Credit Portfolio Market Environment

Annual Loan Maturity Schedule

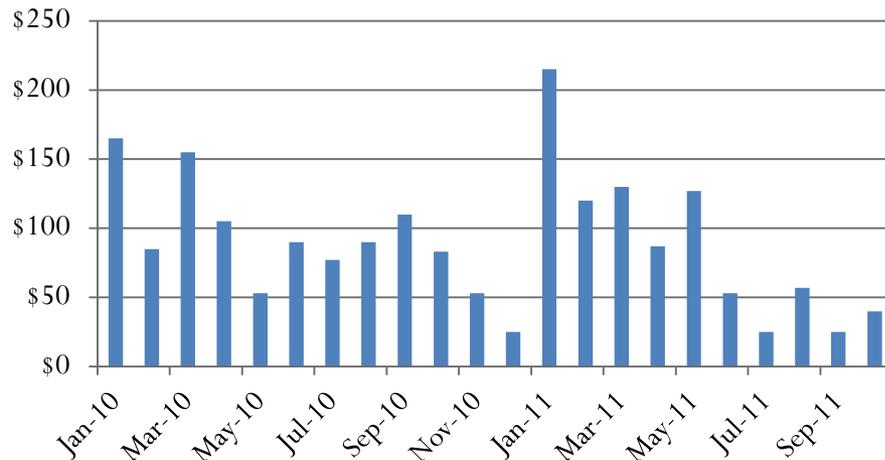


U.S. High Yield & Bank Loan Issuance



- Shift in the Maturity Wall: U.S. companies have refinanced using both the high yield and bank loan market
- The severely troubled European banks have significantly reduced their lending; creating attractive lending opportunities for companies in need of financing

European Bank Issuance



Credit Portfolio Attributes and 2012 Objective

Positive Attributes

- Negotiated fee savings of over \$6 million per year
- Allocated over \$2 billion to a diversified selection of credit investments
- Performance – Avoiding the Losers

2012 Objectives

- Design a customized, more liquid portfolio to buffer against 5.0% legislative cap
- Implement SAS Risk Management Tool
- Build out Manager Diversification in Sub Category Strategies
- Explore Niche/Lower Correlated Credit Strategies
- Explore International Allocation and Opportunities