

## NYC Deferred Compensation Fundamental US Core PLUS Fixed Income

### Strategy Overview

BlackRock's fundamental fixed income team invests using a relative value approach within a risk-aware framework. We seek to add alpha via effective top-down sector allocation decisions as well as bottom-up sub-sector rotation and security selection. Macro overlay views, including duration and yield curve positioning, are implemented as complementary strategies. We believe our proprietary, comprehensive suite of portfolio risk management reports and valuation models enables our global network of experienced professionals to produce consistent investment successes.

Invests in bonds including U.S. Treasury and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. Maintains an average portfolio duration that is within +/- 25% of the duration of the benchmark and may invest up to 20% in non-investment grade bonds and up to 25% in non-dollar denominated bonds.

### Performance Commentary

Heightened volatility and limited liquidity persisted in the markets during December as European headlines and a near failure by Congress to extend unemployment insurance benefits and the payroll tax holiday in the US dictated investor sentiment. During the December FOMC, the Fed announced that the "economy has been expanding moderately... [and] while indicators point to some improvement in overall labor market conditions, the unemployment rate remains elevated." Despite consistent and better-than-expected economic data in the US, market participants largely anticipate that the Fed will announce further easing measures in 2012, which may include expanding its balance sheet via a QE3 program. In Europe, despite the ECB's effort to provide important easing measures including a 25 bps cut in its refi rate to 1%, a new 3-year long-term refinancing operation (LTRO), wider acceptance of collateral, and a 100 basis points cut in the reserve requirement ratio, markets were disappointed that sovereign debt purchases through the Secondary Market Purchase (SMP) program were not enlarged. Regardless, the easing measures were well received by the market as front-end peripheral debt rallied into year-end.

For the fourth quarter, the NYC Deferred Compensation Core Plus portfolio returned 1.871% vs. 1.120% for the Barclays Capital US Aggregate Index. The portfolio maintained an overweight to Treasuries on a duration adjusted basis. The portfolio reduced exposure to Agency mortgages and maintains an allocation to non-agency RMBS. The portfolio maintains an overweight to overall CMBS exposure. The portfolio remains underweight investment grade credit primarily in low-beta industrials. The portfolio remains overweight ABS given strong front end carry.

### Objective

Aim to provide superior long-term performance relative to the benchmark index representative of the US core fixed income universe. Seek to create a diversified portfolio of primarily investment grade securities across the fixed income sectors. May invest in non-investment grade, non-dollar denominated, and emerging market bonds, according to client guidelines.

### Characteristics (as of 31 December 2011)

Benchmark	Barclays Capital US Agg
Effective Duration	4.26
Average Maturity	6.3
Average Quality	Aa2/AA-
Yield to Maturity	2.50%
Average Coupon	3.62
NAV	120,697,046.26
Inception Date	3/31/09

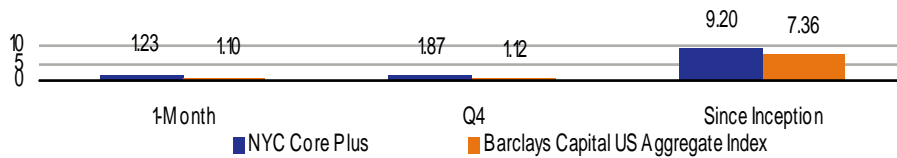
Portfolio characteristics are of a representative account managed in the BlackRock strategy as of 30 June 2011, and are subject to change. Actual client portfolios may differ due to timing of client investment, client-imposed restrictions, and differences in market conditions.

Performance is shown gross and net of advisory fees. The deduction of advisory fees will reduce performance results and the return to investors. Net performance reflects the deduction of the highest advisory fee that can be charged to any account in the Composite (currently an annual rate of 30 bps), which fee rates may vary over the life of the performance history. Fees are described in our Form ADV, Part II. Past results are not necessarily indicative of future results. All performance results assume reinvestment of dividends, interest, and/or capital gains. Performance above does not necessarily represent the performance that any particular account investing in the same or similar securities may have had during the period. Actual performance may be higher or lower based on unique client guidelines, account size, market and economic considerations. The index is unmanaged and does not incur management fees, transaction costs, or other expenses of a managed account. For purposes of compliance with the Global Investment Performance Standards (GIPS®), the "firm" refers to the investment adviser and national trust bank subsidiaries of BlackRock, Inc., located globally, with the exception of BlackRock Kelso Capital Advisors, LLC. This definition excludes: i) BlackRock subsidiaries that do not provide investment advisory or management services, and ii) the Absolute Return Strategies (funds-of-hedge-funds) business unit under the "BlackRock Alternative Advisers" platform. The Core Plus Composite (USD) represents a fixed income strategy with a relative value, duration controlled approach that includes opportunistic exposure to non-USD, EMD, and up to 10% in below-investment grade securities. No leverage is utilized; futures and options may be used if account guidelines permit. Non-fee paying accounts are not included in the composite. BlackRock claims compliance with GIPS®. For a complete list and description of BlackRock composites and/or a presentation that adheres to the GIPS® standards, contact info@blackrock.com.

Performance

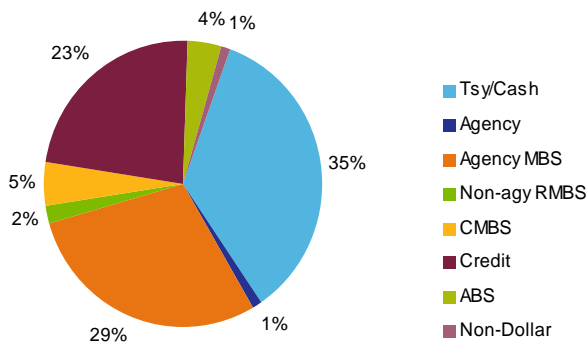
NYC Deferred Compensation Core PLUS Portfolio (as of 31 December 2011)

Total Return % in USD\*

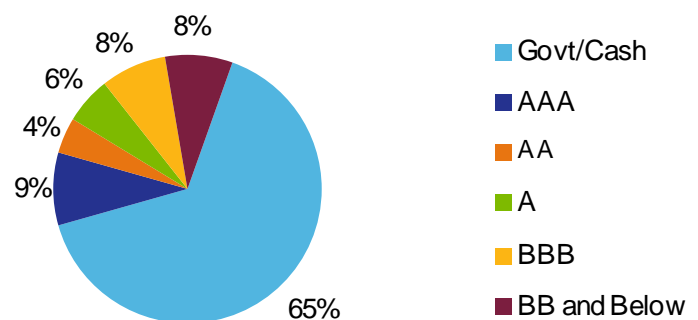


Portfolio characteristics

Sector allocation (as of 31 December 2011)



Credit quality (as of 31 December 2011)



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