

Performance Objectives

PROPOSED, TO BE EFFECTIVE FY 2006-07

		Excess Performance Over Benchmark (1)			
Entity (UC Treasurer's Office)	Benchmark	Floor	Threshold	Target	Maximum
GEP, UCRP, UCRSP, STIP & HIP	Asset Weighted Policy Benchmark	-60 bp	5 bp	30 bp	70 bp
Asset Class (2)	Benchmark	Floor	Threshold	Target	Maximum
US Equity	Russell 3000 Tobacco-Free Index	-120 bp	15 bp	75 bp	150 bp
Developed Non US Equity	MSCI World ex US Net Tobacco Free Index	-164 bp	18 bp	100 bp	200 bp
Global Equity	MSCI World Tobacco Free Index Net	-140 bp	15 bp	85 bp	170 bp
Emerging Markets Equity	MSCI Emerging Markets Index Net	-200 bp	25 bp	125 bp	250 bp
Private Equity - Asset Class	Venture Economics Vintage Year Indices	-100 bp	50 bp	100 bp	200 bp
Bonds - UCRP	Citigroup Long Pension Fund Index	-90 bp	5 bp	50 bp	100 bp
Bonds - GEP and 403(b) Bond Fund	Lehman Brothers Aggregate	-50 bp	5 bp	30 bp	60 bp
High Yield Bonds	Merrill Lynch High Yield Cash Pay Index	-106 bp	12 bp	65 bp	130 bp
Emerging Market Debt	JP Morgan Emerging Market Bond Index Plus	-200 bp	25 bp	125 bp	250 bp
Real Estate	Custom RE Benchmark (Wilshire REIT & NCREIF Property)	-110 bp	10 bp	65 bp	130 bp
Absolute Return	US 1-month Treasury Notes + 450 bps	-110 bp	10 bp	65 bp	130 bp
Group/Sector	Benchmark	Floor	Threshold	Target	Maximum
Government Sponsored (Citigroup LPF)	Government Sponsored Sector from Citigroup LPF	-90 bp	5 bp	50 bp	100 bp
Government Sponsored (LB Agg. Index)	Government Sponsored Sector from LB Agg. Index	-50 bp	5 bp	30 bp	60 bp
Credit ((Citigroup LPF)	Credit Sector from Citigroup LPF	-90 bp	5 bp	50 bp	100 bp
Credit (LB Agg. Index)	Credit Sector from LB Agg. Index	-50 bp	5 bp	30 bp	60 bp
Collateral (Mortgage) - (Citigroup LPF	Collateral (Mortgage) Sector from Citigroup LPF	-50 bp	5 bp	30 bp	60 bp
Collateral (Mortgage)- LB Agg. Index	Collateral (Mortgage) Sector from LB Agg. Index	-40 bp	5 bp	25 bp	50 bp
Treasury Inflation Protected Securities	Tracking Error of Monthly Returns (annualized)	45 bp	35 bp	25 bp	15 bp
Short Term Investment Pool (STIP)	US 2-year Treasury Notes Income Return	-50 bp	5 bp	30 bp	60 bp
403(b) Savings Fund	US 2-year Treasury Notes Income Return	-50 bp	5 bp	30 bp	60 bp
403 (b) ICC Fund	US 5-year Treasury Notes Income Return	-50 bp	5 bp	30 bp	60 bp
Combined Equity	Asset Weighted Policy Benchmark (Equity)	-140 bp	15 bp	80 bp	170 bp
Combined Fixed Income	Asset Weighted Policy Benchmark (Fixed Income)	-70 bp	5 bp	40 bp	80 bp
(1) All floor, threshold, target & maximum performance objectives are based on total return, net of fees					
(2) Equity Asset Class includes GEP and UCRP equity.					
Note: references to "Salomon Brothers" replaced by "Citigroup"					

CHANGES HIGHLIGHTED