

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

At the FOMC meeting on September 21, 2011, the Fed took the anticipated step of instituting "Operation Twist" in order to "support a stronger economic recovery and help ensure that inflation...[is] at levels consistent...to foster maximum employment and price stability." The Fed announced that it will purchase \$400 billion in 6- to 30-year Treasury securities by the end of June 2012, while also selling equal par value in securities with maturities of 3 months to 3 years. The purchases will be distributed across five maturity buckets: 6-8 years (32%), 8-10 years (32%), 10-20 years (4%), 20-30 years (29%), and 6-30 year TIPS (3%). The operation is more heavily weighted towards the long-end, as the program's intention is to "put downward pressure on long-term interest rates and help make financial conditions more accommodative." To help support the mortgage market, the Committee will also reinvest principal payments from its Agency debt and Agency mortgage holdings back into Agency mortgages. The entire committee did not support additional accommodative policy, as three members of the FOMC dissented for the second meeting in a row.

For the third quarter, the NYC Deferred Compensation Core Plus portfolio returned 3.138% vs. 3.821% for the Barclays Capital US Aggregate Index. The portfolio favored tactical yield curve strategies, primarily a 2s/5s and 10s/30s flattener as of quarter-end. The portfolio maintained an underweight to Treasuries on a percent NAV basis in favor of certain spread sectors, such as Agency mortgages, ABS, and CMBS. The portfolio is modestly overweight the Agency mortgage basis though it continues to trade the sector tactically. The portfolio has reduced overall CMBS exposure. The portfolio remains underweight investment grade credit on a duration basis while being close to neutral financials. 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 30 September 2011)

Benchmark	Barclays Capital US Agg
Effective Duration	4.51
Average Maturity	6.5
Average Quality	Aa3/AA-
Yield to Maturity	3.03%
Average Coupon	3.90
NAV	118,525,551.95
Inception Date	3/31/09

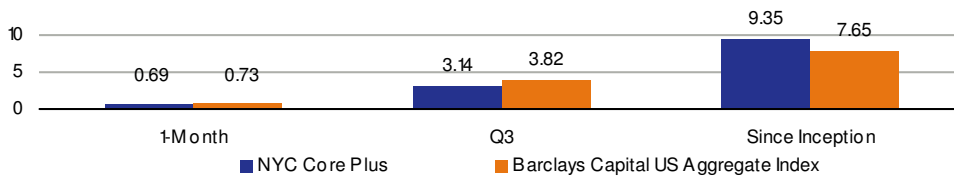
Portfolio characteristics are of a representative account managed in the BlackRock strategy as of 30 June 2011, and are subject to change. Actual client portfolios may differ due to timing of client investment, client-imposed restrictions, and differences in market conditions.

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

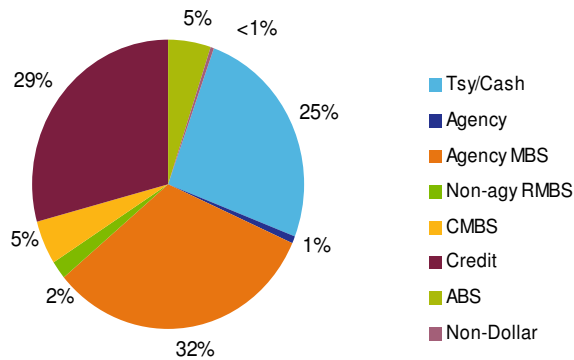
NYC Deferred Compensation Core PLUS Portfolio (as of 30 September 2011)

Total Return % in USD*

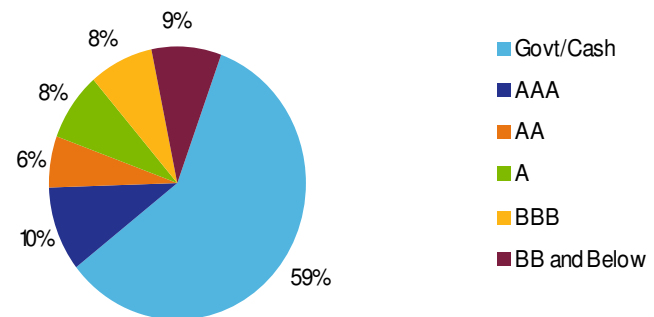


Portfolio characteristics

Sector allocation (as of 30 September 2011)



Credit quality (as of 30 September 2011)



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