

COMMODITY ALLOCATION & IMPLEMENTATION

Matthew F. Mark, CIMA
Barclays Global Investors

APRIL 20, 2006



BARCLAYS GLOBAL INVESTORS

WHY COMMODITIES?

Portfolio diversification leads to risk reduction

- Low to negative correlations with other assets — equities, bonds, real estate
- Low to negative correlations within commodity asset classes — precious metals vs. agricultural products vs. oil & gas
- Low correlation with overall business cycle

Historical returns attractive

- Long-term returns similar to equities
- Modestly higher volatility vs. equities

WHY NOW?

Low return environment for traditional asset classes is a challenge for plan sponsors

Continued strong returns expected for commodities asset class due to supply/demand imbalances

Many analysts believe that commodity risk premium is increasing due to growing event risk exposure

COMMODITY FUTURES RETURNS: WHERE DO THEY COME FROM?

Capital gains

- Spot prices have tended to increase over time → INFLATION
- Future roll prices have historically traded “cheap” → ROLL RETURN
 - Particularly with energy futures due to limited storage
 - Commodity producers paying commodity consumers and investors to assume risk

Income

- Cash collateral underlying the futures position supplies a “dividend” or cash return

FUTURES-BASED COMMODITIES INDICES

- Goldman Sachs Commodities Index – Total Return – GSCI-TR
- Reuters/Jefferies Commodity Research Bureau Index – RJ/CRBI
- Deutsche Bank Liquid Commodity Index – DBLCI
- Dow Jones – AIG Commodity Index Total Return – DJ-AIG

	<i>GSCI-TR</i>	<i>CRBI</i>	<i>DBLCI</i>	<i>DJ-AIG TR</i>
No. of commodities	24	19	6	19
Weighting method	Market-capitalization	Tiered weight	Fixed weight	Fixed weight
Launch date	1992	2005	2003	1998

As of 03/31/06.

Sources: BGI, Bloomberg, Goldman Sachs, CRBindex.com, averages.dowjones.com, AIG, Deutsche Bank.

INDEX RETURN COMPARISON

Annualized return
As of 3/31/06 (%)

	GSCI-TR	DJ-AIG TR	S&P 500	Lehman Aggregate	MSCI EAFE
Index Inception	12/69*	12/90*	12/69	12/75	12/69
1-year	1.49	5.72	11.73	2.26	24.41
3-year	18.78	15.90	17.22	2.92	31.13
5-year	11.92	11.77	3.97	5.11	9.63
10-year	8.32	7.93	8.95	6.29	6.53
Annualized standard deviation	18.76	12.14	13.92	3.82	15.01

* Simulated performance history start date

Sources: Goldman Sachs Commodities Index-Total Return and Dow Jones-AIG Index Total Return.

As of 3/31/06.

Annualized return standard deviation is derived by multiplying the monthly return standard deviation by the square root of twelve.

Source: BGI.

Past performance does not guarantee future results.

Index returns do not reflect any management fees, transaction costs or expense.

One cannot invest directly in an index.

Portfolio diversification

Correlation Coefficient	GSCI [®] Total Return Index	DJ-AIG Commodity Index Total Return SM
S&P 500 Index	0.00	0.08
Lehman Aggregate Index	0.04	0.00
MSCI EAFE Index	0.12	0.22
Annualized Standard Deviation	18.76%	12.14%
Annualized Return	6.67%	7.48%

Source: BGI, Goldman Sachs, S&P, AIG, MSCI, Bloomberg; 3/31/91 – 3/31/06 based on monthly returns

IN SUMMARY, COMMODITIES OFFER:

Viable asset class worth consideration in the search for greater returns

Portfolio diversification that enhances total portfolio risk/return profile

Barclays Global Investors, N.A. (BGI), a national banking association operating as a limited purpose trust company and a registered Commodity Trading Advisor, manages collective investment products and services and provides fiduciary and trust services to various institutional investors. Funds custodied with BGI are not insured by the Federal Deposit Insurance Corporation and are not guaranteed by BGI or its affiliates. BGI is a majority-owned affiliate of Barclays Bank PLC.

There are risks involved with investing, including possible loss of principal.

There is no guarantee that the investment objectives of any fund or strategy will be met. Commodities investing is not suitable for all investors. An investment in commodities may involve a high degree of loss, including the risk that the entire amount invested may be lost.

This information is not an offer to sell, nor an invitation to apply for any particular product or service.

© 2006 Barclays Global Investors, N.A.

THANK YOU

Matthew F. Mark, CIMA

- National Accounts Manager
- matthew.mark@barclaysglobal.com
- 212-548-4352