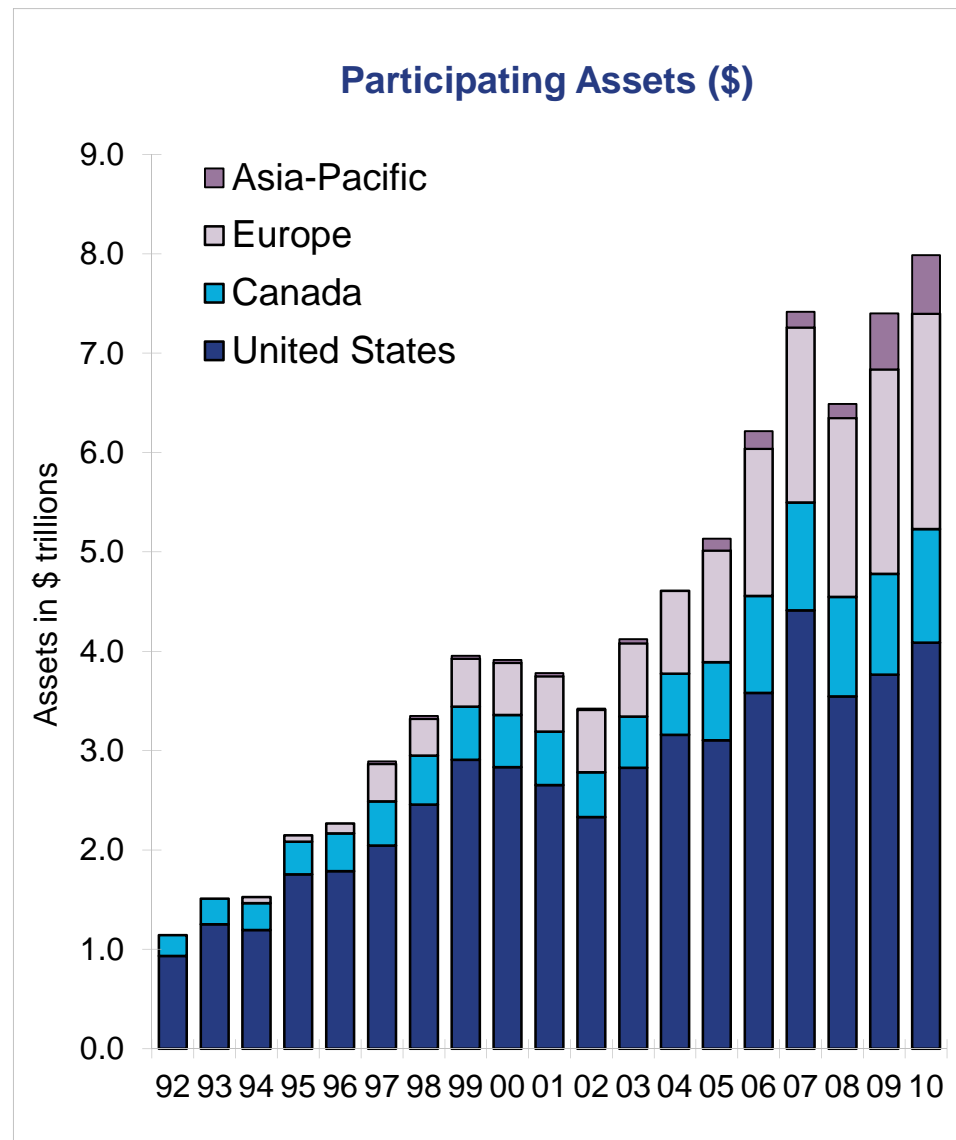


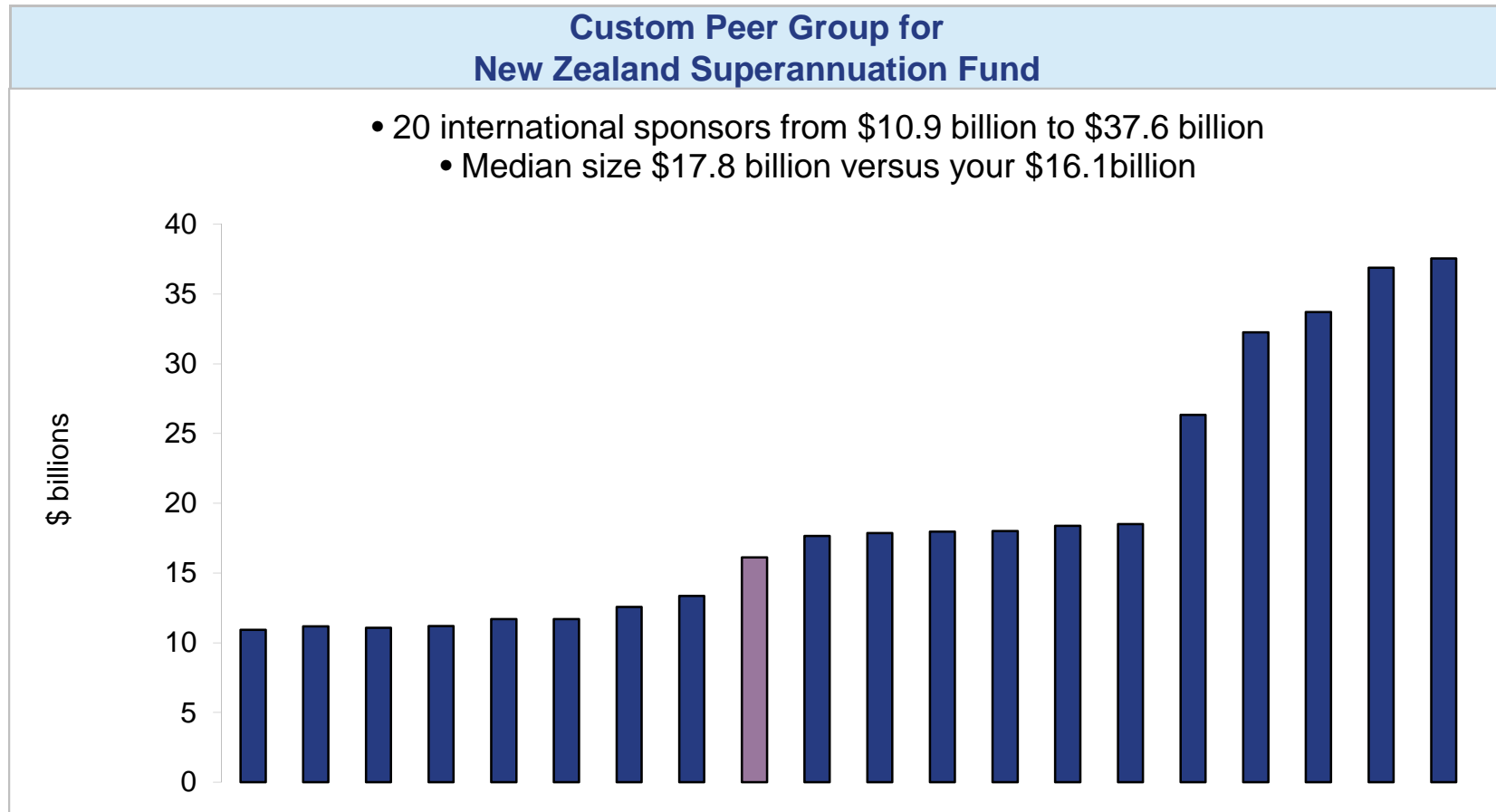
This benchmarking report compares your cost and return performance to CEM's extensive pension database.

- 200 U.S. funds participate with assets totaling \$4,086 billion.
- 91 Canadian funds participate with assets totaling \$1,144 billion.
- 48 European funds participate with aggregate assets of \$2,168 billion. Included are funds from the Netherlands, Norway, Sweden, Finland, Denmark, Ireland and the U.K.
- 7 Asia-Pacific funds participate with aggregate assets of \$589 billion. Included are funds from Australia and New Zealand.

The most meaningful comparisons for your returns and value added are to the Global universe.



The most valuable comparisons for cost performance are to your custom peer group because size impacts costs.



What gets measured gets managed, so it is critical that you measure and compare the right things:

1. Policy Return

How did the impact of your policy mix decision compare to other funds?

2. Value Added

Are your implementation decisions (i.e., the amount of active versus passive management) adding value?

3. Costs

Are your costs reasonable? Costs matter and can be managed.

4. Cost Effectiveness

Net implementation value added versus excess cost. Does paying more get you more?

5. Risk

How much risk was taken to obtain your value added? What is the risk of your policy mix?

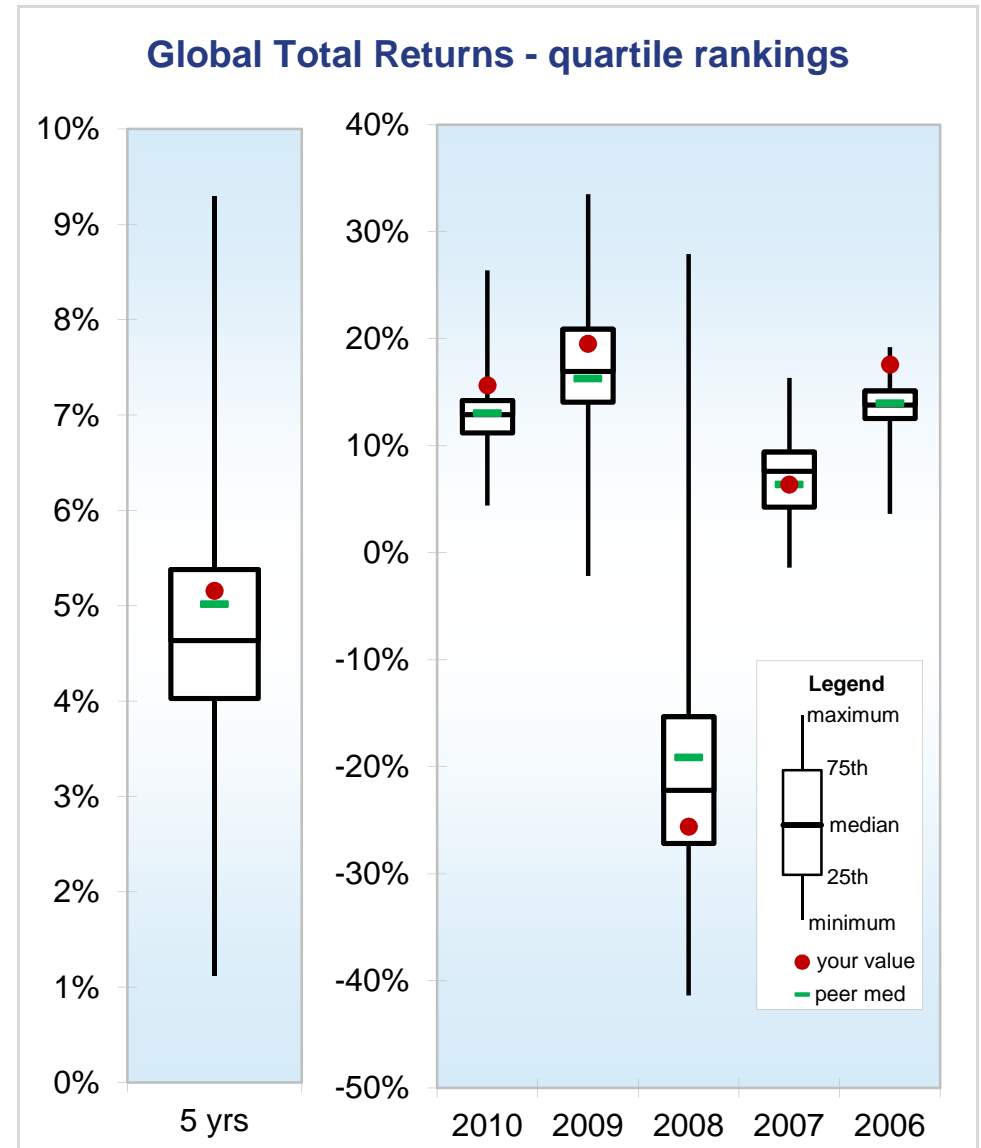
Your 5-year total return of 5.2% compares to the Global median of 4.6%.

Total returns, by themselves, provide little insight into the reasons behind relative performance. Therefore, we separate total return into its more meaningful components: policy return and value added.

	Your 5-yr.
Total Fund Return	5.2%
Policy Return	4.9%
Value Added	0.2%

This approach enables you to understand the contribution from both policy mix decisions (which tend to be the board's responsibility) and implementation decisions (which tend to be management's responsibility).

Returns are reported in local currency.



1. Policy Return

Your 5-year policy return of 4.9% compares to the Global median of 4.5%.

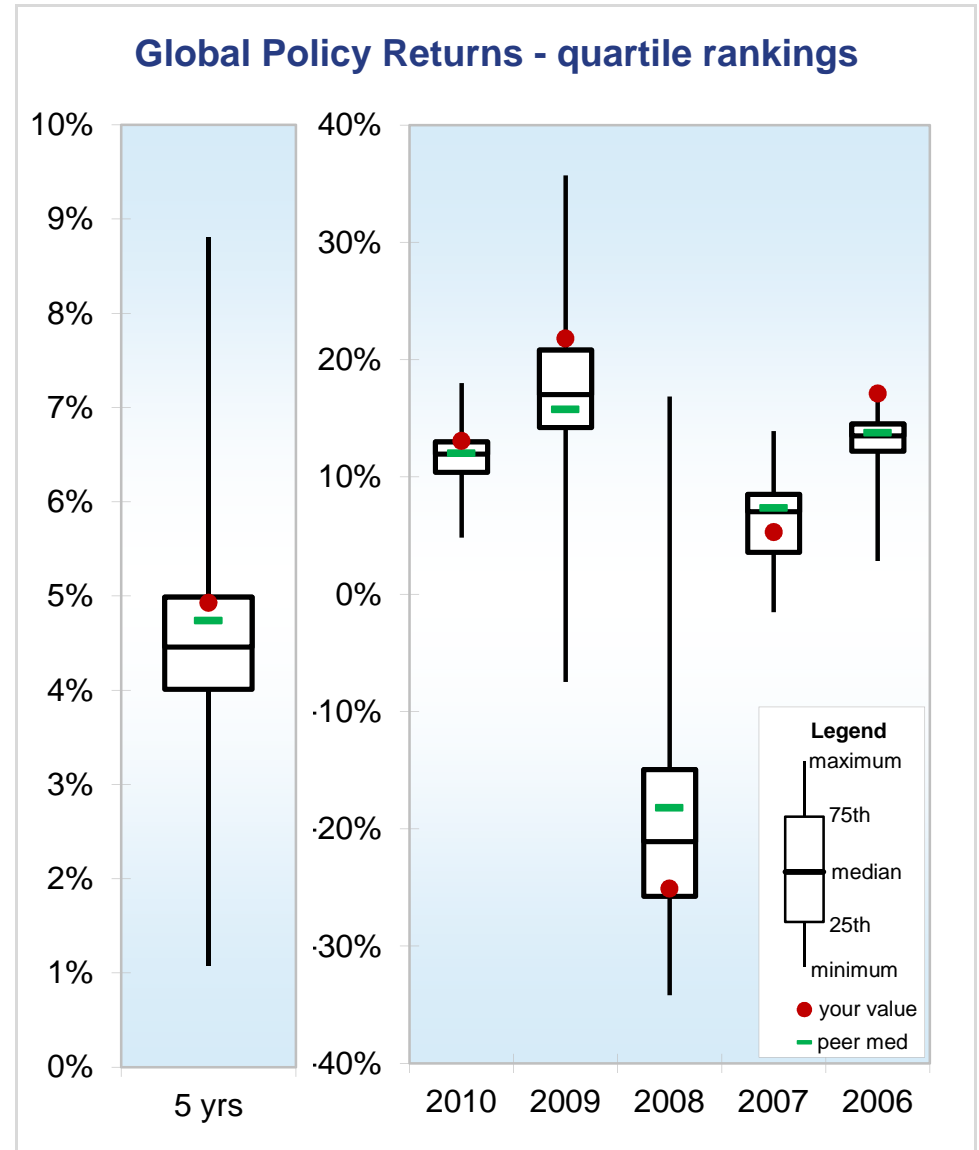
Your policy return is the return you could have earned passively by indexing your investments according to your policy mix.

Having a higher or lower relative policy return is not necessarily good or bad. Your policy return reflects your investment policy, which should reflect your:

- Long term capital market expectations
- Liabilities
- Appetite for risk

Each of these three factors is different across funds. Therefore, it is not surprising that policy returns often vary widely between funds.

The median 5-year policy return of your peers was 4.7%.



Your 2010 policy asset mix compares to the peer and global averages as follows:

You had different allocations to the following asset classes:

- Global Stock: Your 70% vs peer average of 15% and global average of 11%.
- Fixed Income: Your 20% vs peer average of 36% and global average of 38%.
- Real assets: Your 5% vs peer average of 9% and global average of 7%.

2010 Policy Mix			
Asset Class	Your Fund	Peer Avg	Global Avg
EAFE Stock*	5%	14%	11%
U.S. Stock	0%	12%	20%
Global Stock	70%	15%	11%
Other Stock	<u>0%</u>	<u>5%</u>	<u>6%</u>
Total Stock	75%	46%	49%
Fixed Income	20%	31%	35%
Capital Indexed Bonds	0%	3%	2%
Cash	<u>0%</u>	<u>1%</u>	<u>1%</u>
Total Fixed Income	20%	36%	38%
Real Assets**	5%	9%	7%
Hedge Funds	0%	4%	3%
Private Equity	0%	5%	4%
Total	100%	100%	100%

* Most global peers combine Australian or NZ stock with EAFE Stock

** Includes Real Estate, REITs, Commodities, Infrastructure and Natural Resources

2. Value Added

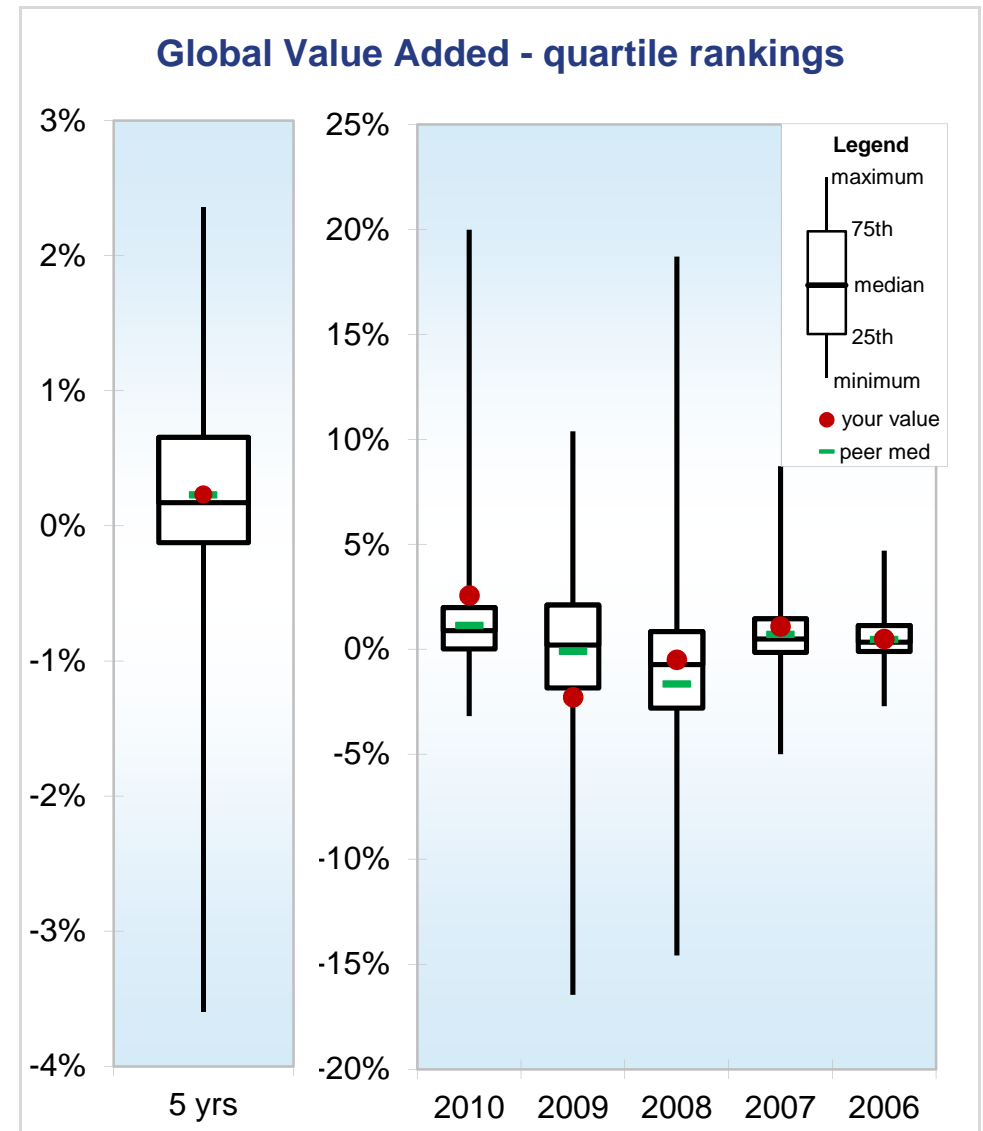
Value added is the component of your total return from active management. Your 5-year value added was 0.2%.

Value added equals your total return minus your policy return. It can be further broken down into value added from:

- Security selection decisions within each asset category ("in-category"), and
- Asset mix decisions that result in varying from your policy mix. Mix also includes the value added from overlays.

New Zealand Superannuation Fund					
Year	Total return	Policy return	Value added		
			Total	In-category	Mix
2010	15.6%	13.1%	2.6%	2.6%	0.0%
2009	19.5%	21.8%	(2.3)%	(0.3)%	(2.0)%
2008	(25.6)%	(25.1)%	(0.5)%	1.0%	(1.5)%
2007	6.4%	5.3%	1.1%	(3.4)%	4.5%
2006	17.6%	17.1%	0.5%	0.3%	0.2%
5-year	5.2%	4.9%	0.2%	0.0%	0.2%

Your 5-year value added of 0.2% compares to a median of 0.2% for your peers and 0.2% for the Global universe.



3. Costs

Your asset management costs in 2010 were \$82.9 million or 51.4 basis points.

Your Investment Management Costs (\$000s)						
	Internal		External			Total
	Passive	Active	Passive	Active: base fees	Active: perform fees ³	
U.S. Stock - Small/Mid Cap				2,239		2,239
Stock - All EAFE	18			2,220		2,238
Stock - Emerging			624	2,976		3,601
Stock - All Global			531	1,819		2,350
Stock - Other	27					27
Fixed Income - EAFE	58					58
Fixed Income - Global			436	1,508		1,944
Fixed Income - Other		523		201		724
Cash		205				205
Hedge Funds - Direct				16,998		16,998
REITs	37		428			465
Infrastructure				7,415		7,415
Infrastructure - Limited Partnerships				2,434 ²		2,434
Real Estate ex-REITs				2,739		2,739
Real Estate ex-REITs - Limited Partnerships				2,695 ²		2,695
Natural Resources				2,330		2,330
Diversified Private Equity				11,402 ²		11,402
Diversified Private Equity - Fund of Funds				1,887 ¹		1,887
Other Private Equity				2,649		2,649
Overlay Programs		870		308		1,178
Total investment management costs					40.7bp	65,577
Your Oversight, Custodial and Other Asset Related Costs ⁴ (\$000s)						
Oversight of the fund						12,633
Trustee & custodial						3,638
Consulting and performance measurement						763
Audit						253
Total oversight, custodial & other costs					10.7bp	17,287
Total asset management costs					51.4bp	82,864

Notes

¹ Includes default for fees paid to underlying partnerships in fund of funds. The default for diversified private equity was 165bps.

² Cost derived from the partnership level detail you provided. Costs are based on partnership contract terms.

³ Total cost excludes carry/performance fees for real estate, infrastructure, hedge funds, private equity and overlays. Performance fees are included for the public market asset classes.

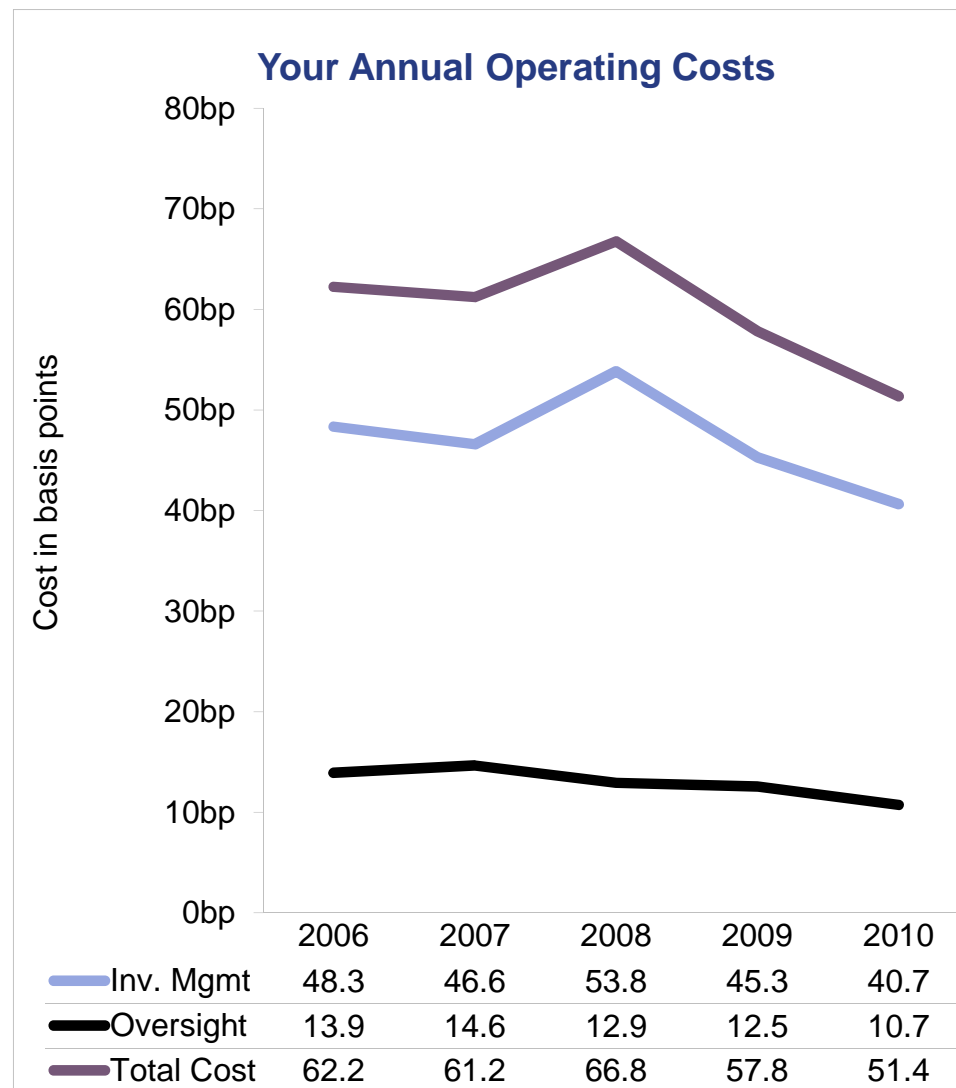
⁴ Excludes non-investment costs, such as benefit insurance premiums and preparing cheques for retirees.

Your costs decreased between 2006 and 2010.

Your costs decreased because:

You increased your use of lower cost passive and internal management from 20% of assets in 2006 to 53% in 2010.

You decreased your holdings in hedge funds from 17% in 2006 to 11% in 2010.



Benchmark cost analysis suggests that your fund was low cost by 13.5 basis points in 2010.

To assess your cost performance, we start by calculating your benchmark cost. Your benchmark cost is an estimate of what your cost would be given your actual asset mix and the median costs that your peers pay for similar services. It represents the cost your peers would incur if they had your actual asset mix.

Your total cost of 51.4 bp was lower than your benchmark cost of 64.9 bp. Thus, your cost savings was 13.5 bp.

	\$000s	basis points
Your actual cost	82,864	51.4 bp
Your benchmark cost	<u>104,686</u>	<u>64.9 bp</u>
Your excess cost	(21,823)	(13.5) bp

You were low cost because you had a lower cost implementation style and paid less for similar mandates.

Reasons for Your Low Cost Status		
	Excess Cost/ (Savings)	
	\$000s	bps
1. Lower cost implementation style	(14,271)	(8.8)
2. Paying less than your peers	(7,552)	(4.7)
Total Savings in 2010	(21,823)	(13.5)

These reasons are examined in detail in the following pages.

Differences in implementation style saved you 8.8 bp relative to your peers.

Cost Impact of Differences in Implementation Style						
Asset class	Your avg holdings in \$mils	% External Active			Cost ^{1,2} premium	Cost/ (Savings) in \$000s
		You	Peer average	More/ (less)		
U.S. Stock - Small/Mid Cap	313	100.0%	82.1%	17.9%	N/A	0
Stock - All EAFE	1,110	47.8%	72.2%	(24.4%)	36.0 bp	(977)
Stock - Emerging	814	35.3%	84.8%	(49.5%)	55.8 bp	(2,251)
Stock - All Global	1,705	25.0%	71.7%	(46.8%)	38.1 bp	(3,036)
Stock - Other	27	0.0%	57.5%	(57.5%)	17.3 bp	(27)
Fixed Income - EAFE	79	0.0%	4.9%	(4.9%)	N/A	0
Fixed Income - Global	1,941	46.5%	64.5%	(18.0%)	29.8 bp	(1,040)
Fixed Income - Other	205	4.4%	56.6%	(52.3%)	15.2 bp	(163)
Hedge funds	1,838	100.0%	100.0%	0.0%		0
of which Fund of Funds represent:		0.0%	27.0%	(27.0%)	87.8 bp	(4,359)
Infrastructure	1,513	100.0%	99.7%	0.3%	N/A	0
of which Ltd Partnerships represent:		18.5%	20.4%	(2.0%)	45.5 bp	(137)
REITs	972	0.0%	36.5%	(36.5%)	42.5 bp	(1,510)
Real Estate ex-REITs	472	100.0%	89.5%	10.5%	38.7 bp	191
of which Ltd Partnerships represent:		42.0%	45.9%	(3.9%)	65.5 bp	(119)
Natural Resources	1,193	100.0%	100.0%	0.0%		0
Diversified Private Equity	681	100.0%	97.8%	2.2%	169.4 bp	254
of which Fund of Funds represent:		9.4%	16.6%	(7.2%)	88.3 bp	(432)
Other private equity	293	100.0%	Excluded			0
Total		46.7%	69.3%	(22.6%)		(13,608)
Total external active style impact in bps						(8.4) bp
Impact of differences in the use of lower cost styles ³						(0.0) bp
Savings from your lower use of portfolio level overlays						(0.4) bp
Total style impact						(8.8) bp

1. The cost premium is the additional cost of external active management relative to the average of other lower cost implementation styles - internal passive, internal active and external passive.

2. A cost premium of 'N/A' indicates that there was insufficient peer data to calculate the premium.

3. The 'Impact of differences in the use of lower cost styles' quantifies the net impact of your relative use of internal passive, internal active and external passive management.

The net impact of differences in external investment management costs saved you 11.8 bps.

Impact of Paying More/(Less) for External Investment Management					
	Your avg holdings in \$mils	Cost in bps			Cost/ (Savings) in \$000s
		You	Peer median	More/ (Less)	
U.S. Stock - Small/Mid Cap - Active	313	71.6	62.2	9.4	295
Stock - All EAFE - Active	530	41.9	41.9	0.0	0
Stock - Emerging - Passive	527	11.9	16.1*	(4.2)	(223)
Stock - Emerging - Active	287	103.7	71.9	31.8	912
Stock - All Global - Passive	1,279	4.2	5.3*	(1.1)	(145)
Stock - All Global - Active	426	42.7	43.4	(0.7)	(29)
Fixed Income - Global - Passive	1,039	4.2	4.2	0.0	0
Fixed Income - Global - Active	903	16.7	34.0	(17.3)	(1,559)
Fixed Income - Other - Active	9	224.2	20.5	203.7	183
Hedge Funds - Active	1,838	92.5	135.2	(42.7)	(7,854)
Infrastructure - Active	1,234	60.1	70.2	(10.1)	(1,246)
Infrastructure - Limited Partnership	279	87.2	115.6	(28.5)	(795)
REITs - Passive	933	4.6	10.8*	(6.2)	(581)
Real Estate ex-REITs - Active	274	100.1	68.3	31.8	870
Real Estate ex-REITs - Limited Partnership	198	136.1	133.8	2.3	46
Natural Resources - Active	1,193	19.5	106.0	(86.4)	(10,307)
Diversified Private Equity - Active	617	184.8	165.0	19.8	1,223
Diversified Private Equity - Fund of Fund	64	294.8	253.3	41.5	265
Other Private Equity - Active	293	90.5	Excluded		
	<i>Notional</i>				
Derivatives/Overlays - Currency - Hedge	1,127	2.7	3.0*	(0.3)	(36)
Derivatives/Overlays - Commodity Futures	437	0.0	N/A		N/A
Total external investment management impact				(11.8) bp	(18,980)

*Universe median used as peer data was insufficient.

The net impact of differences in internal investment management costs was negligible.

Impact of Paying More/(Less) for Internal Investment Management					
	Your avg holdings in \$mils	Cost in bps			Cost/ (Savings) in \$000s
		You	Peer median	More/ (Less)	
Stock - All EAFE - Passive	580	0.3	5.2	(4.9)	(284)
Stock - Other - Passive	27	10.0	6.4	3.6	10
Fixed Income - EAFE - Passive	79	7.3	2.8*	4.6	36
Fixed Income - Other - Active	196	26.6	6.5	20.1	395
REITs - Passive	39	9.4	7.6*	1.9	7
	<i>Notional</i>				
Derivatives/Overlays - Currency - Hedge	7,414	0.6	0.6	(0.0)	(7)
Derivatives/Overlays - Passive Beta	5,122	0.2	1.5	(1.3)	(649)
Derivatives/Overlays - Policy Tilt TAA	1,201	2.5	2.8	(0.2)	(26)
Total internal investment management impact				(0.3) bp	(518)

'Excluded' indicates that the asset class was excluded from this analysis due to comparability concerns with peers.

*Universe median used as peer data was insufficient.

The net impact of differences in your oversight, custodial & other costs added 7.4 bps to your cost.

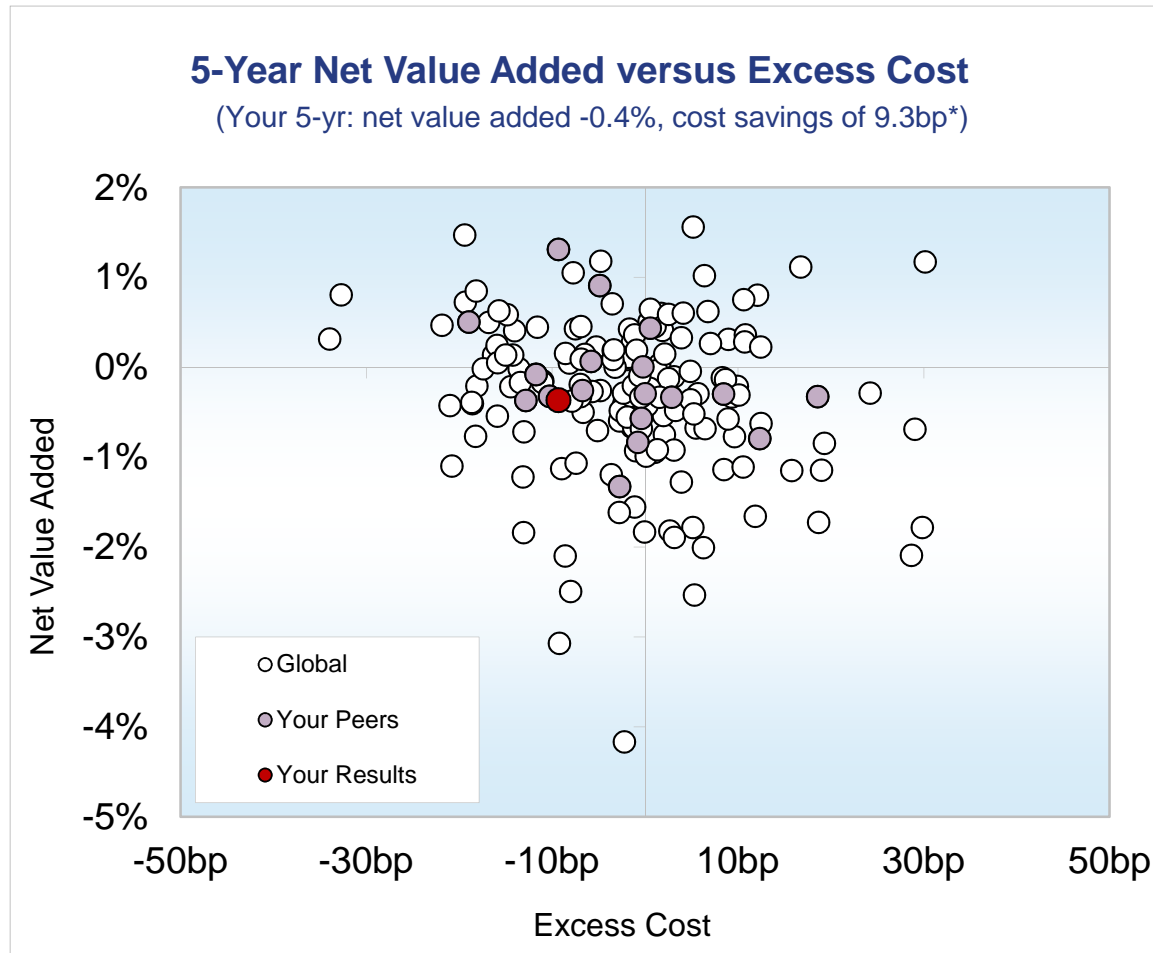
Impact of Differences in Oversight, Custodial & Other Costs					
	Your avg holdings in \$mils	Cost in bps			Cost/ (Savings) in \$000s
		You	Peer median	More/ (Less)	
Oversight	16,130	7.8	1.5	6.3	10,229
Custodial / trustee	16,130	2.3	1.0	1.3	2,090
Consulting / performance measurement	16,130	0.5	0.5	0.0	0
Audit	16,130	0.2	0.1	0.0	58
Other	16,130	0.0	0.3	(0.3)	(432)
Total impact				7.4 bp	11,945

In summary, you were low cost because you had a lower cost implementation style and paid less for similar mandates.

Explanation of Your Cost Status		
	Excess Cost/ (Savings)	
	\$000s	bps
1. Lower cost implementation style		
• Lower use of fund of funds	(4,791)	(3.0)
• Less external active management and more lower cost passive and internal management	(8,817)	(5.5)
• Lower use of overlays	(650)	(0.4)
• Other style differences	<u>(12)</u>	<u>(0.0)</u>
	(14,271)	(8.8)
2. Paying less than your peers		
• External investment management costs	(18,980)	(11.8)
• Internal investment management costs	(518)	(0.3)
• Oversight, custodial & other costs	<u>11,945</u>	<u>7.4</u>
	(7,552)	(4.7)
Total Savings	(21,823)	(13.5)

4. Cost Effectiveness

Your 5-year performance placed in the negative value added, low cost quadrant.



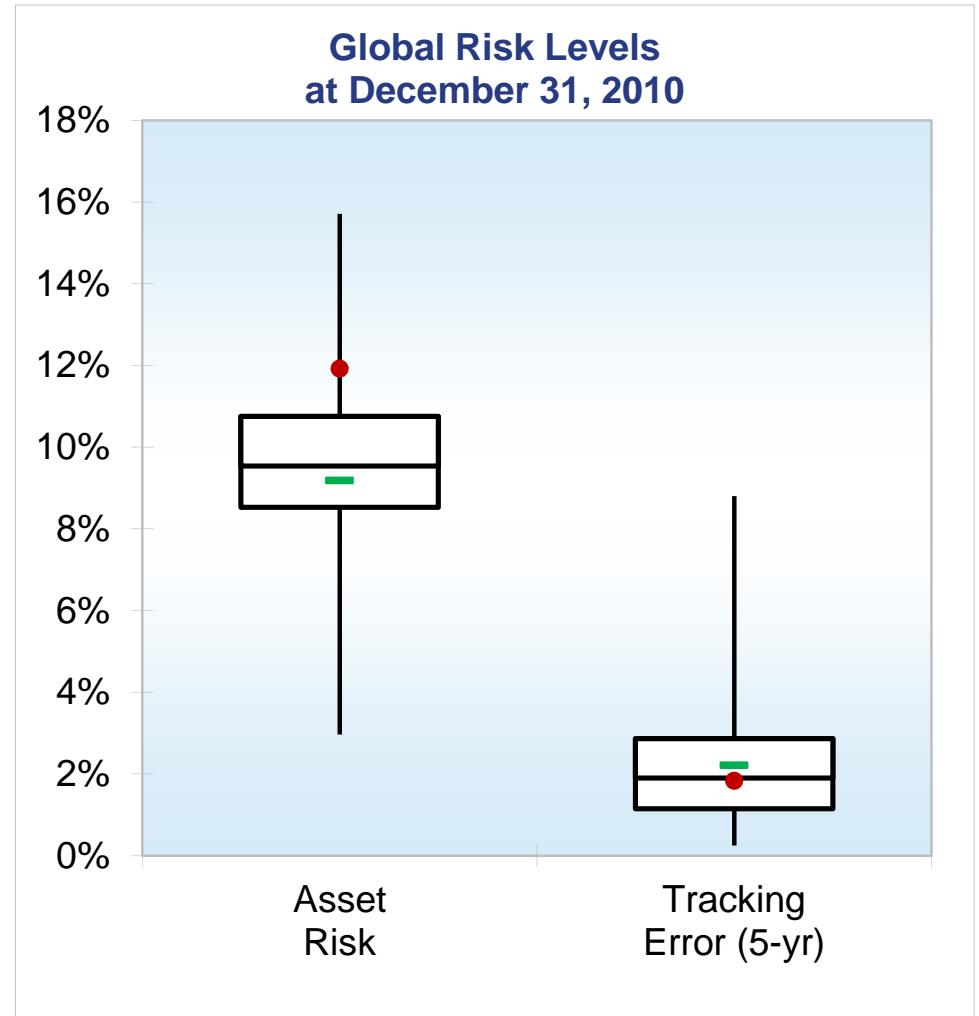
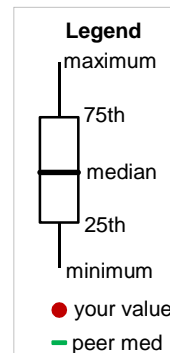
* Your 5-year net value added of -0.4% equals your 5-year 0.2% gross value added minus your 0.6% 5-year average cost. Your 5-year excess cost of -9.3bp is the average of your excess cost for the past 5 years.

5. Risk

Comparison of risk levels

Your asset risk of 11.9% is above the Global median of 9.5%. Asset risk is the expected standard deviation of your policy return. It is based on the historical variance of, and covariance between, the asset classes in your policy mix.

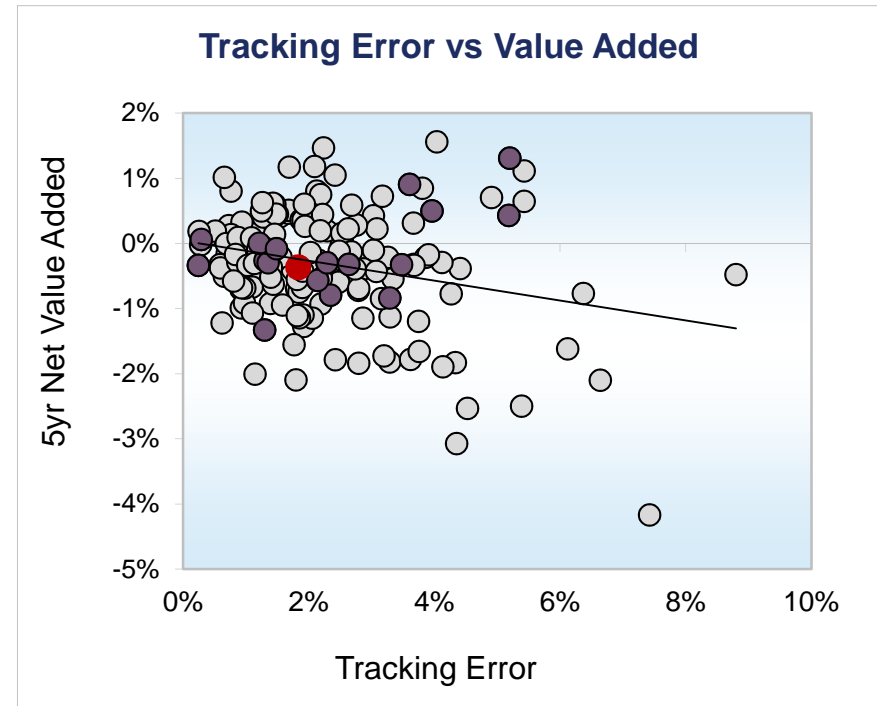
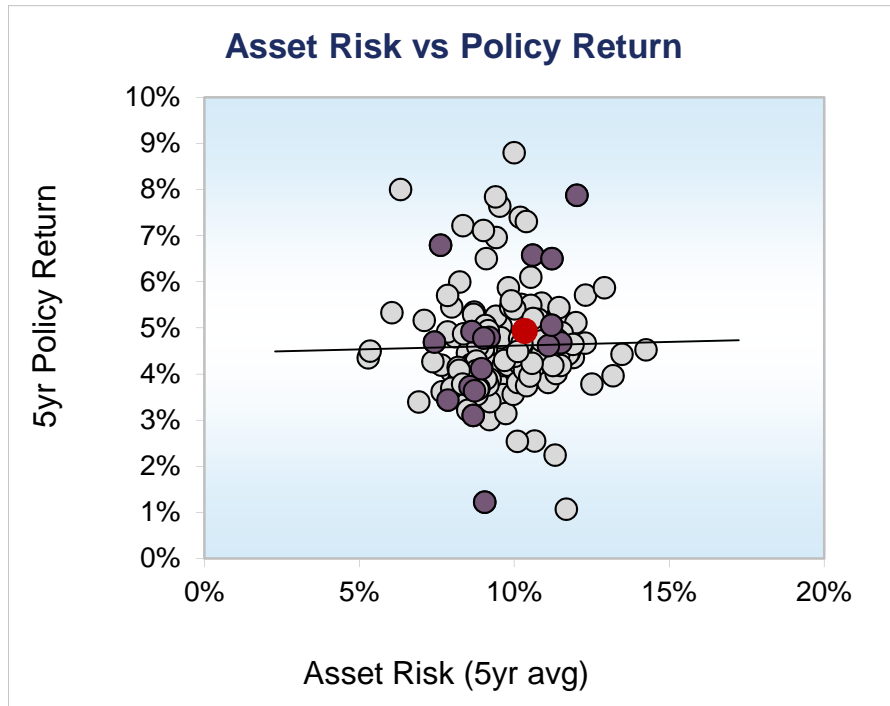
Your tracking error of 1.8% is below the Global median of 1.9%. Tracking error is the risk of active management. It equals the standard deviation of your annual net value added.



Relationship between risk and returns for the 5 year period ending 2010.

There was no statistical relationship between asset risk and policy return.

More tracking error was associated with lower net value added.



○ Global ● Peers ● You — Linear (Global)

In summary:

1. Policy Return

Your 5-year policy return was 4.9%. This was above the Global median of 4.5% and slightly above the peer median of 4.7%.

2. Value Added

Your 5-year value added was 0.2%. This was close to the Global median of 0.2% and close to the peer median of 0.2%.

3. Costs

Your actual cost of 51.4 bps was below your benchmark cost of 64.9 bps. This suggests that your fund was low cost.
You were low cost because you had a lower cost implementation style and paid less for similar mandates.

4. Cost Effectiveness

Your 5-year performance placed in the negative value added, low cost quadrant on the cost effectiveness chart.

5. Risk

Your asset risk of 11.9% was above the Global median of 9.5%.
Your tracking error of 1.8% was below the Global median of 1.9%.