Fresno County
Employees' Retirement
Association

May 3, 2006

Dan McLaughlin, CFA, Director

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BlackRock Overview

Global provider of investment and risk management services

Stable organization

- Established in 1988
- All founding partners remain affiliated with BlackRock
- Independent management

Broad ownership

- Public company (NYSE: BLK)
- Broad employee ownership
- PNC is a majority shareholder

Leader in client service

- Emphasize client "partnerships"
- Tailor service to specific needs

Pioneer in risk management and technology

- Provide risk analytics for portfolios valued at $3.5 trillion
- BlackRock Solutions® offers independent risk management products

Total Assets of $463 Billion	
Real Estate	$10 Billion
Alternatives	$17 Billion
Equity	$44 Billion
Liquidity	$86 Billion
Fixed Income	$306 Billion

Institutional Client Types	
Corporations	29%
Insurers	30%
Public Funds	16%
Sub-Advisory	13%
Nonprofit, Healthcare and Union / Industry	5%
Government Authorities	7%

As of March 31, 2006

BlackRock Overview

Announced merger of BlackRock and Merrill Lynch Investment Managers (MLIM) on February 15, 2006

Independent firm in ownership and governance

- Public company (NYSE: BLK) with over 4,000 employees
- Headquartered in NYC
- Laurence Fink continues as Chairman and CEO
- All founding partners remain affiliated with BlackRock
- No majority owners
  - Merrill Lynch 49%, PNC 34%, employees and public 17%
- Majority of Board of Directors is independent

Achieve scale in multiple products and markets

- Combine complementary US retail platforms with mutual funds, managed accounts, and enhanced client service
- Institutional client base to benefit from additional US dollar and non-dollar products
- Non-US business to span institutional and retail clients in over 50 countries
- Spectrum of products across asset classes to broaden with global and non-US products, non-US real estate, and alternative investment strategies

Operating in 18 countries and more than 35 cities

- Investment centers in Boston, Edinburgh, Florham Park, London, Melbourne, New York City, Philadelphia, Princeton, San Francisco, Sydney, Tokyo, and Wilmington
- Client service presence in local markets

Expected closing date on September 30, 2006

Combined Assets of $991 Billion

Real Estate	$12 Billion
Alternatives	$26 Billion
Liquidity	$207 Billion
Equity / Balanced	$318 Billion
Fixed Income	$428 Billion

Risk Management	$3 Trillion
Investment Accounting	$50 Billion

Combined as of December 31, 2005

New BlackRock Organization

Strong management team

- Ten senior executives of BlackRock, including seven founders
- Two senior executives of MLIM
- Deep bench throughout the firm

Functional organization with regional overlay

- Ensures consistency on a global basis
- Allows for products and services to be tailored to clients and to local needs
- Promotes teamwork
- Facilitates operational integrity and efficiency
- Operating Committees provide cross-disciplinary structure

Compensation structure reinforces stability and teamwork

- Alignment of interests with clients
  - Salary and discretionary bonus is predominant compensation model
  - Compensation tied to investment performance
- Deferred compensation program using restricted stock
- Long-term incentive programs with 5-year terms
  - New BlackRock program awards starting in 2007
  - Special pool for MLIM employees awarded at closing

Executive Committee

Laurence Fink[1], Chairman & CEO

Ralph Schlosstein[1], President

Keith Anderson, Global CIO, Fixed Income

Steven Buller, Chief Financial Officer

Robert Connolly, General Counsel

Bob Doll[2,3], Global CIO, Equity

Rob Fairbairn[3], Chairman EMEA / Australia

Ben Golub, Head of Portfolio Risk Management

Charlie Hallac, Head of BlackRock Solutions

Robert Kapito[2], Head of Portfolio Management

Barbara Novick, Head of Account Management

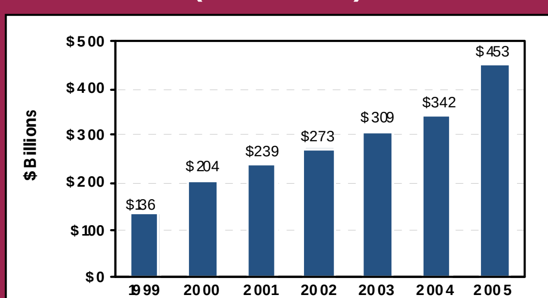
Susan Wagner, Chief Operating Officer

[1] Director of BlackRock
[2] Expected Director of BlackRock
[3] Executive Committee member upon closing of the merger

New BlackRock*

Ownership Structure	49% Merrill Lynch & Co.; 45% voting interest 34% The PNC Financial Services Group, Inc. 17% Employees and the Public Newly issued BLK shares exchanged for MLIM; no insiders selling
NYSE Listing	BLK
Board Composition	17 Directors: 4 BlackRock, 2 Merrill, 2 PNC, 9 independents
Chairman & CEO	Laurence Fink
Executive Committee	Laurence Fink, Ralph Schlosstein, Keith Anderson, Steven Buller, Robert Connolly, Ben Golub, Charles Hallac, Robert Kapito, Barbara Novick, Susan Wagner, and upon closing, Bob Doll and Rob Fairbairn
Transition Planning Steering Committee	Ralph Schlosstein (co-head), Bob Doll (co-head), Rob Fairbairn, John Fosina, Brian Fullerton, Henry Gabbay, Charles Hallac, Robert Kapito, Barbara Novick, Frank Porcelli, Quintin Price, and Susan Wagner

BlackRock AUM History (1999 - 2005)



BlackRock, Inc. Stock Price (March 2005 - Present)

BlackRock Board Members

Current Composition

Laurence Fink
William Albertini
Dennis Dammerman
Bill Demchak
Kenneth Dunn
Murry Gerber
James Grosfeld
David Komansky
William Mutterperl
Frank Nickell
Thomas O'Brien
Linda Gosden Robinson
James Rohr
Ralph Schlosstein

Expected Additions

Bob Doll
Gregory Fleming
Robert Kapito
Stan O'Neal

*Closing expected September 30, 2006

BlackRock and MLIM Combined

Diversified product mix

- Scale across asset classes
- Products tailored to client needs
- Selected mergers proposed to rationalize fund families

Competitive performance

- 82%* of BlackRock composites outperformed their benchmark as of December 31, 2005
- 77% of MLIM composites outperformed their benchmark as of December 31, 2005
- 82 funds of the combined offerings as of December 31, 2005 have Morningstar ratings of 4 or 5 stars**

Global asset management company

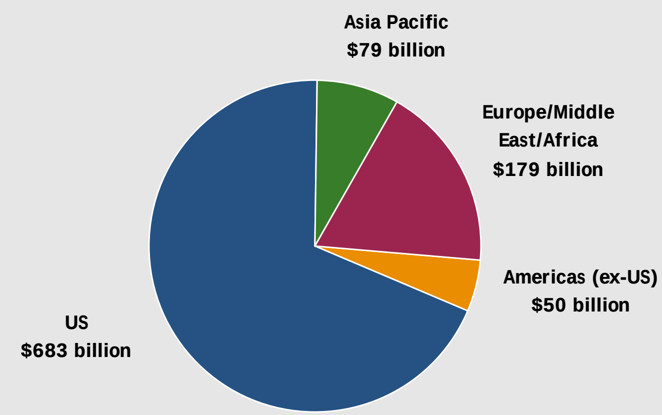
- Over one-third of employees based outside the U.S.
- Twelve investment centers in US, UK, Japan, and Australia
- Marketing and client service offices in 35 cities plus regional wholesalers
- Extensive fund offerings registered in domiciles around the world
- Local resources for operations, administration, and compliance

$991 Billion AUM by Asset Class
US$ Billions

	BlackRock	MLIM	Combined
Equity[1]	40	278	318
Fixed Income	302	126	428
Liquidity	85	122	207
Alternatives	16	10	26
Real Estate	9	3	12
TOTAL	**$452**	**$539**	**$991**

[1] Includes Balanced assets

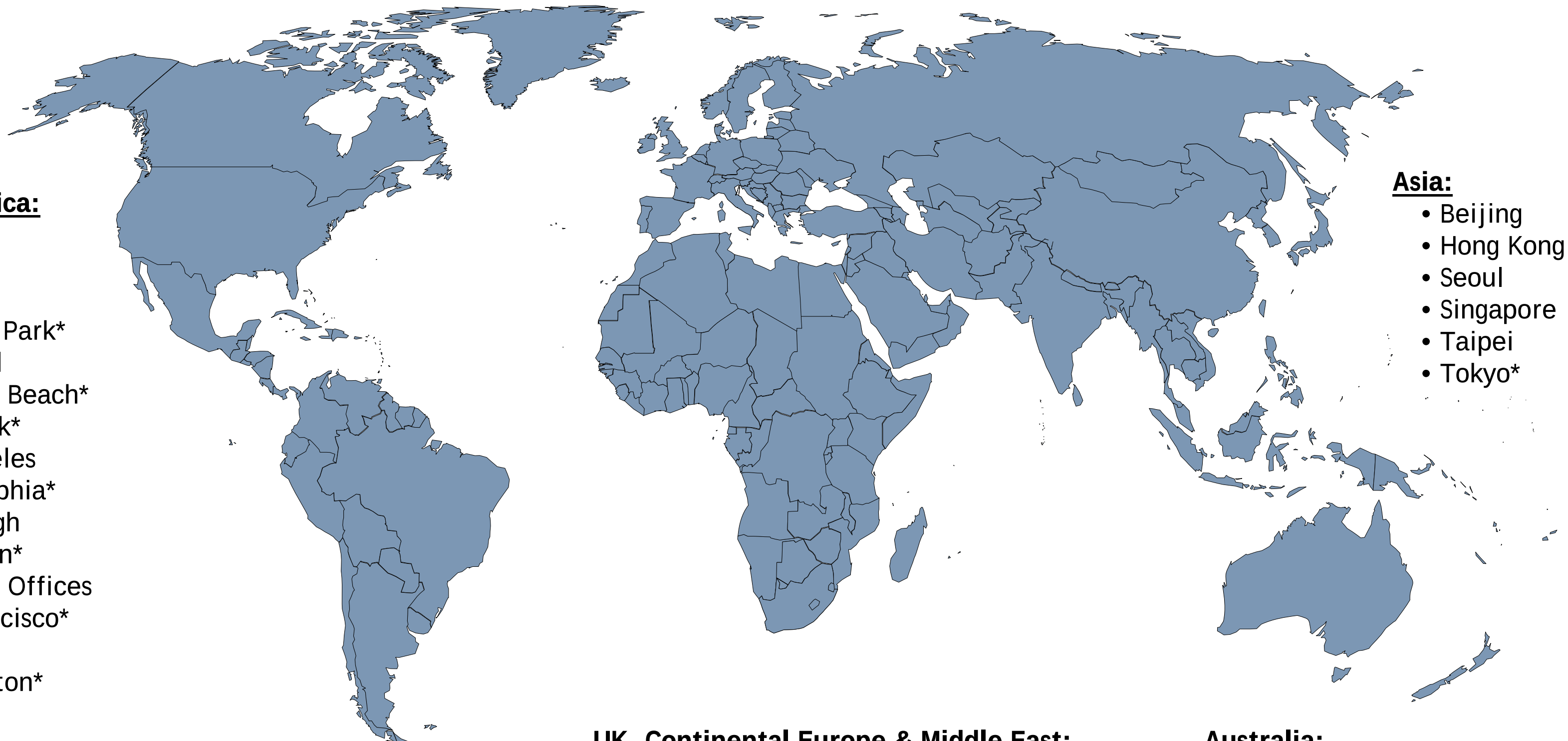
$991 Billion AUM by Client Geography



**Based on annualized 3-year gross of fee returns for products with at least a 3-year track record*
***Ratings are based on historical risk-adjusted performance and the overall rating is derived from a weighted average of the funds' 3-, 5-, and 10-year Morningstar Rating Metrics*
Combined assets as of December 31, 2005

BlackRock’s Global Presence

Over 4,000 employees in 18 countries, including more than 500 investment professionals[1]



North America:
- Atlanta
- Boston*
- Chicago
- Florham Park*
- Montreal
- Newport Beach*
- New York*
- Los Angeles
- Philadelphia*
- Pittsburgh
- Princeton*
- Regional Offices
- San Francisco*
- Toronto
- Wilmington*

Asia:
- Beijing
- Hong Kong
- Seoul
- Singapore
- Taipei
- Tokyo*

UK, Continental Europe & Middle East:
- Amsterdam
- Eindhoven
- Frankfurt
- Luxembourg
- Madrid
- Milan
- Munich
- Paris
- Zurich
- United Kingdom
  - Edinburgh*
  - Isle of Man
  - Jersey
  - London*

Australia:
- Brisbane
- Melbourne*
- Perth
- Sydney*

[1]Combined business based on December 31, 2005

**Denotes investment centers*

BLACKROCK

Clients Benefit from Pooled Expertise of BlackRock's Resources

BlackRock
$463 Billion
Assets Under Management

Account Management
407 Professionals

Pension Plans

Foundations · Endowments

Financial Institutions

Official Institutions

Corporations

Consultants

Private Clients

New York · Boston
Chicago · Edinburgh
Hong Kong · Munich
New Jersey · San Francisco
Singapore · Sydney
Tokyo · Wilmington
Regional Offices

Portfolio Management
262 Professionals

Fixed Income
New York

Cash Management
Wilmington

Equity
New York · Boston
Edinburgh · Wilmington

Real Estate
New York · New Jersey
San Francisco · Boston

Alternatives
New York · Boston

BlackRock Solutions®
467 Professionals

Risk Management

Financial Modeling

Advisory & Hedging

Portfolio Analytics

Trading Systems

Technology

Firmwide Infrastructure
501 Professionals

Portfolio Administration & Operations

Strategy & Product Development

Facilities Management

Legal & Compliance

Finance

Human Resources

As of March 31, 2006

Diverse Products in Multiple Asset Classes and Styles

Aggregate Assets of $463 Billion
As of March 31, 2006

Fixed Income: $306 Billion	
Core $120 Billion	Core Bond Core PLUS Core Enhanced Index
Global $28 Billion	Global / International Non-Dollar Emerging Markets
Duration Target $103 Billion	LIBOR* Short Intermediate Long
Specialty Sectors $55 Billion	CMBS Corporates High Yield Inflation-Linked Mortgages Municipals

**Includes LIBOR, LIBOR MBS, LIBOR ABS, and LIBOR PLUS*

Equity: $44 Billion*		
Quantitative $8 Billion	Large Core Large Value Large Growth Enhanced Index Core	Global / International Mid Core Income
Fundamental $2 Billion	Large Growth	
Small to Mid Value $7 Billion	Small Value Small / Mid Value	Mid Value Small Core
Small to Mid Growth $3 Billion	Small Growth Small / Mid Growth	Mid Growth
EAFE / Non-US Regional $10 Billion	International Equity Pacific Basin	Europe Europe ex-UK
Global Opportunities $5 Billion	Intl Small Cap Global All Cap Global Small / Mid	Global Science & Tech Health Science Global All Cap
Global Resources $4 Billion	All Cap Energy Small Cap Energy	
Enhanced Index $3 Billion	BlackRock Equity PLUS (Derivative-based)	

**Includes $2 billion in Asset Allocation and S&P 500 Index strategies*

Liquidity: $86 Billion

Prime	STIF
Securities Lending	Tax-Exempt
Government	Off-Shore

Alternatives: $27 Billion

Absolute Return: *Fixed Income Global Opportunities*

Fund of Hedge Funds: *Absolute Return, Asia Pacific, Multi-Manager*

Hedge Fund Strategies: *Credit, Energy, Fixed Income, Municipal*

CDOs/Structured Products

Real Estate Debt & Equity

Private Mezzanine Debt & Equity

BlackRock Has a Global Institutional Client Base

Corporations

3M Company
ALLTEL Corporation
AT&T Inc.
African Development Bank
Asian Development Bank
BT Financial Group
Boeing Company
Cisco Systems, Inc.
Computer Sciences Corporation
DaimlerChrysler Corporation
Duke Energy
Exelon Corporation
FedEx Corporation
Freddie Mac
General Electric Company
International Paper Co.
Liechtenstein Global Trust
Northrop Grumman Corporation
Oriental Financial Group
Pfizer Inc.
Philips Electronics North America
Pacific Gas & Electric Corporation
Raytheon Company
J. Sainsbury Plc
Siemens Corporation
Target Corporation
Unisys Corporation
The Swire Group
United Technologies Corporation
Washington Gas Light Company

Public Funds

Alaska Retirement Management Board
Arizona State Retirement System
California Public Employees' Retirement System
California State Teachers' Retirement System
City of Cincinnati Retirement System
Civil Aviation Authority
State of Connecticut Trust Funds
State Board of Administration of Florida
State Universities Retirement System of Illinois
Iowa Public Employees' Retirement System
Los Angeles County Employees Retirement Association
Lothian Pension Fund
Massachusetts Pension Reserves Investment Management Board
Minnesota State Board of Investment
Public School Retirement System of Missouri
Nebraska Investment Council
New York City Retirement Systems
Ohio School Employees' Retirement System
Oklahoma Public Employees' Retirement System
Oregon Public Employees' Retirement System
PSS Board/CSS Board
San Bernardino County Employees' Retirement Association
Tennessee Valley Authority Retirement System
TKP Investments

Insurance Companies

Alea Group Holdings AG
American Re
Aon Corporation
Aspen Insurance Holdings Limited
Assurance Corporation
Blue Shield of California
Catlin Group Limited
Converium AG
The Doctors Company Insurance Group
Equitas Limited
Financial Security Assurance, Inc.
Horace Mann Educators Corporation
Humana, Inc.
Massachusetts Mutual Life Insurance Company
MetLife, Inc.
WellPoint Health Networks, Inc.
Zurich Financial Services

Foundations, Endowments and Other Funds

Boy Scouts of America
Carnegie Mellon University
Commonfund
ELCA Board of Pensions
GuideStone Capital Management
Investec Asset Management Ltd.
The Metropolitan Museum of Art
Russell Investment Group
SEI Investments Corporation
University of Minnesota Foundation

List is a representative sampling of clients based upon investment mandate, client type, and geographic location who allow their names to be publicly disclosed. Disclosure does not indicate approval or disapproval by such client of BlackRock or of the investment advisory services provided.

Business Highlights

Announced merger of BlackRock and Merrill Lynch Investment Managers (MLIM) on February 15, 2006

- Independent firm in ownership and governance
- Achieve scale in multiple products and markets
- Expected closing date on September 30, 2006

New Products - Across Asset Classes

- Portable alpha strategy for commodities
- All cap energy hedge fund
- Real estate equity and debt businesses combined total $10 billion
- Fund of hedge funds Asia Pacific strategy
- Business development company, BlackRock Kelso Capital, launched with principals of Kelso & Company
- Structured products in High Yield CDOs/CLOs, Investment Grade CSO, Hybrid ABS CDO, Real Estate CDO

Existing Products - Investment and Growth

- Three-year track records for Quantitative Large Core, Value, and Growth as well as Small to Mid Cap Growth Equity products
- First year of absolute return strategy raises approximately $2 billion in assets
- Credit hedge fund generated an absolute cumulative return since 9/30/04 inception of 10.68%* as of March 31, 2006
- Continued growth in US fixed income, global bonds, and inflation-linked bonds

BlackRock Solutions® - Risk Management, Hedging, & Advisory Businesses

- Provide services on $3.5 trillion in assets, liabilities, and derivatives for over 80 clients
- Significant growth opportunities overseas, particularly in Asia
- Broad capabilities in mortgage hedging

**Estimated return*

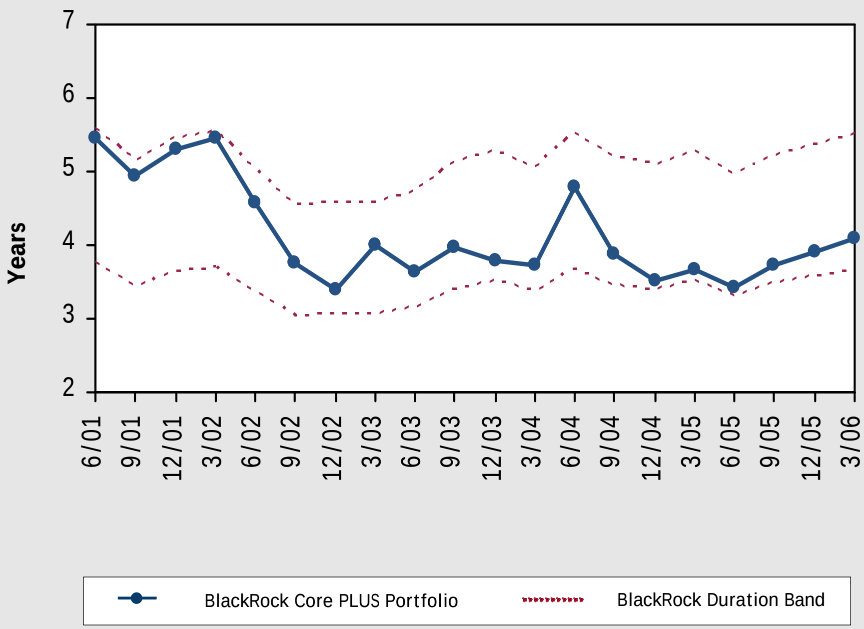
Investment Philosophy Emphasizes Relative Value

Portfolio duration is controlled within a narrow band

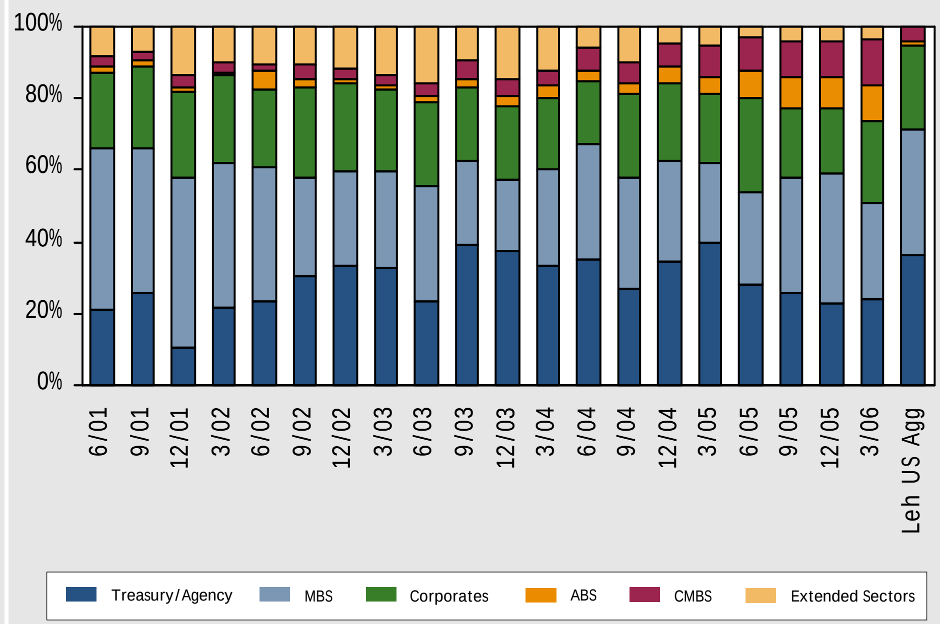
Value is added primarily through sector and sub-sector rotation and security selection

Representative Core PLUS Portfolio as of March 31, 2006

Narrow Duration Band vs. Benchmark



Active Sector Rotation



BLACKROCK

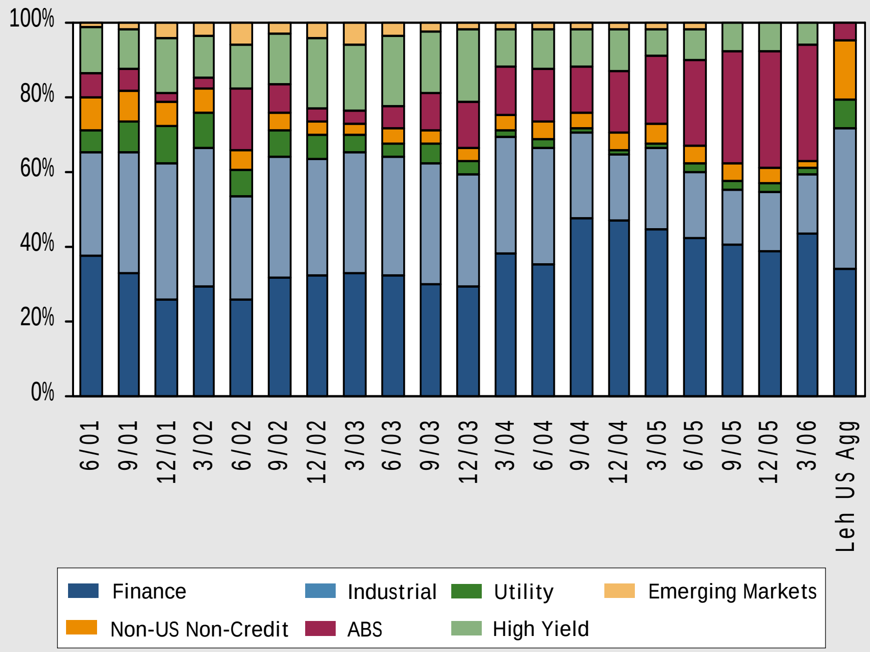
Sub-Sector Rotation Adds Value

BlackRock's relative value approach encompasses a broad range of sub-sectors within the corporate and mortgage sectors

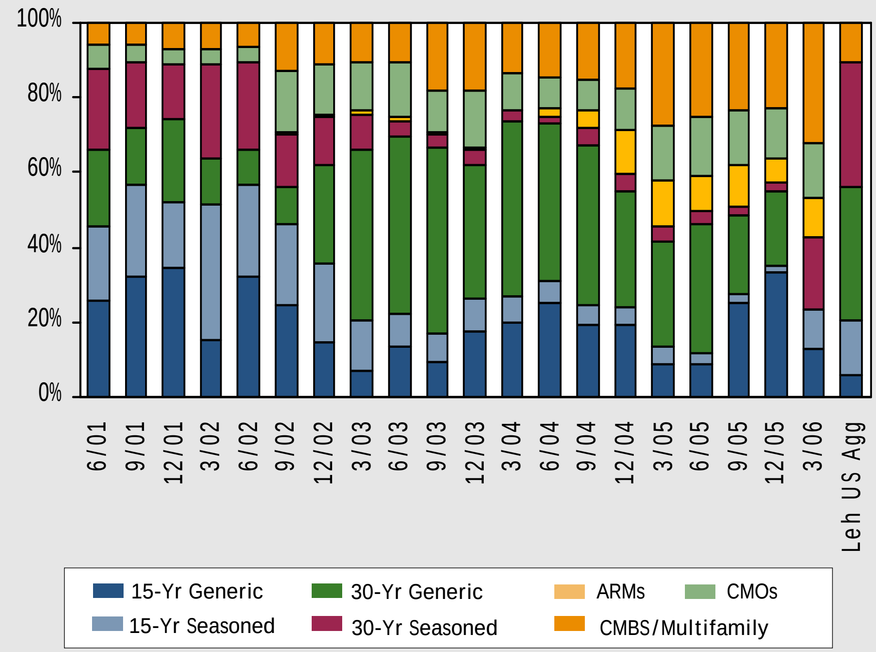
All securities are evaluated within our risk management framework

Representative Core PLUS Portfolio as of March 31, 2006

Corporates/Asset-Backeds



Mortgages/Commercial Mortgage-Backeds



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Investment Strategy Group Sets Macro Investment Themes

Top-down determination of investment themes based upon bottom-up inputs

Investment themes establish parameters for bottom-up sub-sector and security selection

Pre-ISG Meetings

- **Mortgage / ABS Team**
- **Global Credit Team**
- **Global Government Team**
- **Portfolio Risk Management Team**

ISG Meeting

Investment Strategy Group

Co-Chairs
Keith Anderson, CIO
Scott Amero

Risk Review
Team Presentations
Discussion
Dissent
Special Topics
Minutes

Investment Themes

- **Interest Rate Risk**
- **Yield Curve Risk**
- **Cash Flow Risk**
- **Credit Risk**
- **Liquidity Risk**
- **Currency Risk**

Bottom-Up Portfolio Construction is a Team Effort

Senior portfolio managers oversee groups of portfolios and determine investment needs based upon ISG themes, mandate type, and account guidelines

Total Return Team

Keith Anderson
Scott Amero
Andy Phillips

Sector specialists source investment opportunities and work together to address the needs of all portfolios

Gov't/Agency Derivatives	Global Non-Dollar Emerging Mkts	Corporates	High Yield	Residential Mortgages	Multifamily CMBS	ABS/Short Duration	Municipals
Stuart Spodek[1]	Andrew Gordon[1]	Scott Amero[1]	Jeff Gary[1]	Eric Pellicciaro[1]	Steve Switzky[1]	Todd Kopstein[1]	Kevin Klingert[1]
Keith Anderson	Keith Anderson	Michael Huebsch	Mark Williams	Andy Phillips	Mark Warner	Scott Amero	Jim McGinley
Rob Kapito	Hiroyuki Arita	Kevin Holt	Josh Baumgarten	Randy Brown	Ron D'Vari	Ron D'Vari	James Pruskowski
Michael Lustig	Stuart Spodek	Jeff Cucunato	James Keenan	Ron D'Vari	Reginald Leese	Kishore Yalamanchili	
Matthew Marra	Scott Thiel	Brad Perkins		Todd Kopstein	Kelly Campbell	Aaron Read	
Jeff Jacobs	Imran Hussain	Andrew Yorks		Michael Lustig	Marshall Sebring	Ron Sion	
David Sayles	Shigeru Endo	Marc Dichek		Kishore Yalamanchili			
Josh Friedberg	Brita Steffelin	Mitchell Garfin		Colm Murtagh			
Jack Hattem	Yoni Saposh	Calum Smith		Daron Greene			
Brian Weinstein	Daniel Shaykevich	Daniel Chen		Matthew Kraeger			
Sean MacDonald		Kristina Koutrakos		Ron Sion			
		Adrian Marshall		Sean MacDonald			

[1]Lead sector specialist

BLACKROCK

Global Credit Research

Team

Scott Amero

Head of Global Credit Research

Sector Specialties & Experience

Matt Anavy, CFA *(10)*
Aerospace/Defense, Transportation, Energy, Technology

Thomas Colwell, CFA *(20)*
Bank Loans

Thomas Cooper *(2)*
Generalist

Kevin Craig, CFA *(12)*
International Utilities, Industrials

David Delbos *(5)*
Industrials, Packaging, Transportation

Dwight Fearins, CFA *(46)*
Chemicals, Pharmaceuticals, Consumer

Andrew Fraser *(15)*
European Banks, Insurance, Industrials

Mital Kotecha, CFA *(6)*
Automotive, Paper/Forest, Home Builders, Metals/Mining, Capital Goods

Gary Low *(5)*
Utilities

Keven Maloney *(19)*
Banks, Insurance Companies

Douglas Oare, CFA *(14)*
Telecom, Cable, Media, Entertainment

Keith Olsen *(20)*
CMBS, REITs

Chirag Patel (2)
Generalist

Alvaro Ramirez *(6)*
Aerospace/ Defense, Theaters, Food/Beverage, Media

Ann Repke *(5)*
Services, Pharmaceuticals, Capital Goods

Melvin Rosa *(9)*
Technology, Telecom

Peter Schwartzman *(16)*
Healthcare, Gaming/Lodging, Media Entertainment

Ted Stevens, CFA *(37)*
Sovereign, ABS, Brokerage, Independent Finance

Sandra Sullivan *(10)*
Retail/Supermarkets

David Taerstein *(3)*
Generalist

Edward Thaute *(20)*
International Industrials

Rob Wartell *(12)*
Energy, Paper, Chemicals, Metals

Process & Tools

Experienced group of industry specialists work as a team

Top-down sector analysis

Bottom-up issue-specific analysis and surveillance

Credit analysts work closely with equity analysts to leverage sector and company research

Systematic process to identify changes in creditworthiness of bonds prior to market recognition

Review List and Credit Reports instantly available to portfolio managers via web delivery system

Galileo™, our proprietary global research database, allows all fixed income and equity investment professionals to share, store, and access company information

The Matrix™, our proprietary risk monitor, enables portfolio managers to view active and non-active issuer exposure across portfolios on a real-time basis

Relative Value Scorecard

- Sector and industry rankings
- 400 largest, most liquid corporate bond issuers
- Re-evaluated daily, full update bi-monthly

( ) Years of investment experience

BlackRock is a Leader in Risk Management

Risk events have increased investor awareness and sensitivity to risk

BlackRock's investment success reflects its significant investment in people and systems

- 22 corporate investment grade and high yield credit analysts specialize by sector
- 5 municipal credit analysts specialize by sector
- BlackRock Solutions® has over 340 professionals
- BlackRock has been committed to building risk management systems since the firm's inception

Risk management culture focused on providing risk adjusted returns and developing tools to this end

- Key rate durations
- Swap spread duration
- Quantitative credit
- Ex-ante tracking error

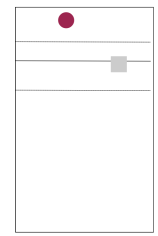
BlackRock Solutions has $3.5 trillion in assets under risk management

- Best in class client list includes Freddie Mac, CalPERS, a top-five US insurer, and BlackRock

Risk Events Impact Results

1994: Mortgage prepayments slowed dramatically as the Fed tightened

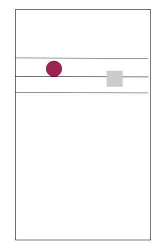
Cash Flow Risk



1994 Return (%)	
High	0.44
Median	-1.72
Low	-8.38
● **BLK MBS**	0.17
■ LB MBS	-1.61

1998: LTCM had broad market impact

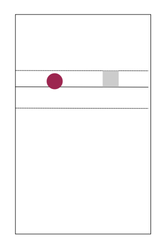
Liquidity Risk



1998 Return (%)	
High	11.22
Median	8.68
Low	2.19
● **BLK Core**	9.06
■ LB US Agg	8.67

2002: Corporate debacles resulted in numerous downgrades and high profile bankruptcies

Credit Risk



2002 Return (%)	
High	13.08
Median	9.78
Low	2.93
● **BLK Core**	10.18
■ LB US Agg	10.26

Mortgage-Broad Market and Active Sector Rotation Manager Universe. Source: (c) Frank Russell Company

US Economy

Markets

- In March the Lehman Aggregate Index posted a negative return of -0.98%, bringing the year-to-date total return to -0.65%. The negative absolute return was primarily a result of higher interest rates across the yield curve and spread widening with mortgages leading the way.
- Equity markets began March continuing a trend of strong year-to-date performance. After a strong start to the month, some profit taking occurred as markets digested the FOMC statement which implied further rate hikes are likely. The S&P 500 returned 1.24% for the month and 4.20% year-to-date. The NASDAQ Composite Index returned 2.62% for the month and 6.37% year-to-date.

Growth

- Economic growth in the early months of 2006 appears quite strong, rebounding from weakness in the fourth quarter of last year. Consumer and business spending are taking over as engines of growth as the housing market slows. Fourth quarter GDP growth was 1.7%, revised up from 1.1% reported initially.
- US employers added 211,000 workers in March. This follows a 225,000 rise in February, adding pressure on the Federal Reserve to raise interest rates further after 15 consecutive increases. The unemployment rate dropped to 4.7 percent, matching a four-year low.
- Measures of consumer sentiment indicate an increase in US consumer confidence in March, exceeding market expectations.
- The housing market is cooling from a record pace of growth, as affordability has dropped due to rising mortgage rates and a continued climb in home prices.

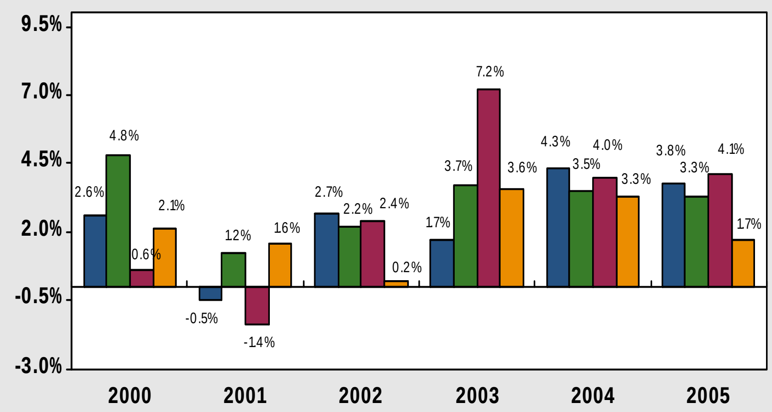
Inflation

- Inflation remains relatively well contained, although pressures in the pipeline are being closely watched by the Fed. Headline PPI increased 0.5% in March to 3.5% year-on-year, driven by a sharp increase in gasoline prices. Year-over-year core PPI was 1.7% . Headline CPI jumped 0.4% and Core CPI increased 0.3%, an increase of 3.4% and 2.1% respectively year-over-year.

Forecast

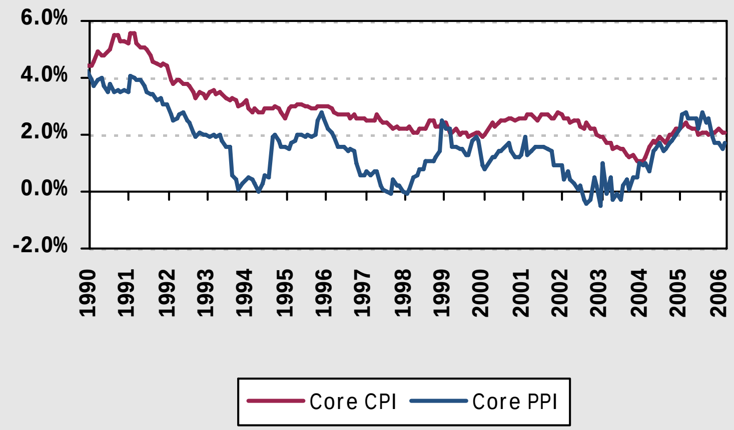
- The Fed has finally received the attention of longer maturity investors by the cumulative effect of its rate hikes on money market alternatives. A renewed focus on the fundamentals of growth and inflation will reveal that bond yields are still unattractive. Given changing monetary dynamics in Europe and Japan, the foreign bid for US bonds may provide less support than in recent quarters.

Gross Domestic Product
Annual Rates, Reported Quarterly



Source: Bloomberg

Core CPI and PPI
(Year-over-Year)



Source: Bloomberg

BLACKROCK

Treasury and Agency Securities

Market Review

- The Fed Funds target rate appears to be serving as a floor for rates as yields rose across the curve in March. The curve steepened during the month as the 2-year Treasury yield rose by 14 bps to 4.82%, the 10-year by 30 bps to 4.85% and the 30-year by 38 bps to 4.89%. As a result of the back-up in rates, the Lehman Treasury Index returned -1.08% in March and -1.23% year-to-date.
- The long end of the yield curve began to feel the pressure of a rising Fed Funds rate in March, following an extended period of curve flattening. Previously, factors such as strength in foreign demand for U.S. fixed income assets and benign inflation data had contained yields at the long end.
- The FOMC met on March 28 and voted to raise rates another 25 bps to 4.75%. This was the 15th consecutive quarter-point rate hike. In the statement accompanying Ben Bernanke's first meeting as Chairman, the Fed's rate outlook was relatively unchanged as they continue to indicate that further policy firming may be necessary.
- The FOMC also noted that the fourth-quarter slowdown was transitory in nature and while GDP growth has rebounded sharply during the first quarter, the Fed expects GDP growth will moderate to its trend rate (usually interpreted to be around 3.5%) during the second half of the year—presumably because of tightening monetary conditions and a likely slowdown in the housing market.
- The Lehman Agency Index returned -0.52% in March and -0.22% year-to-date, returning -7 and 28 bps of excess return respectively.
- Net supply in the agency sector continues to be negative as the GSEs are unable to grow their balance sheets given the increased scrutiny of accounting practices and use of leverage.

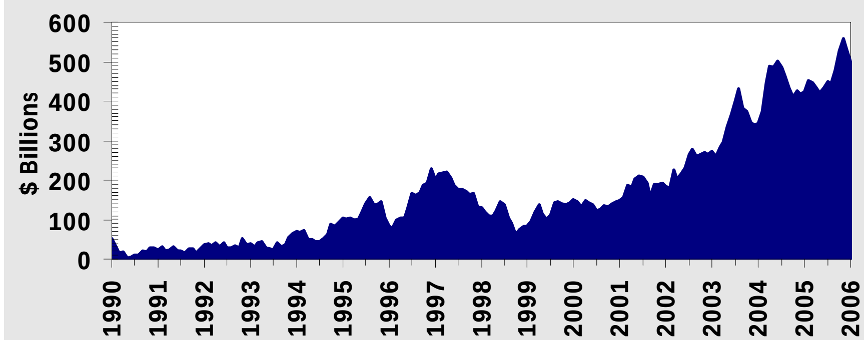
Portfolio Strategy

- The FCERA portfolio is short duration versus the index and we maintain a focused underweight in the 2- to 10-year section of the yield curve.
- We continue to underweight the agency sector as valuations are unattractive and the potential for increased regulatory scrutiny persists, putting near-term pressure on spreads.

Yield Curve Shifts

Source: Bloomberg

Net Purchases of US Fixed Income Securities by all Foreign Investors - 6-Month Rolling Sum



Source: US Treasury

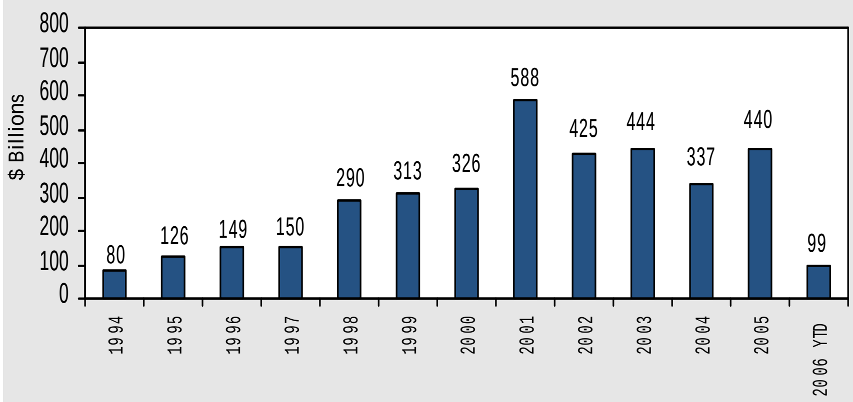
BLACKROCK

Investment Grade Corporate Bonds

Market Review

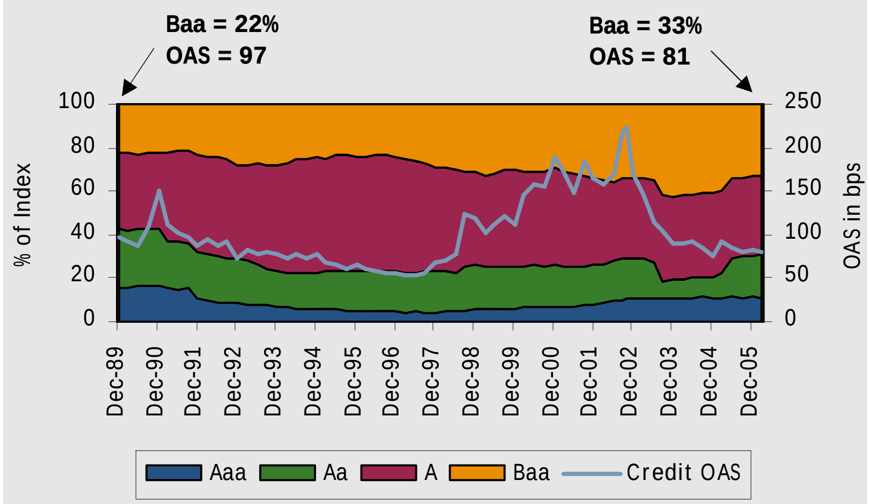
- The Lehman Credit Index OAS widened 3 bps in March to end the month at a spread of 81 bps. The index returned -1.40% on the month and -1.17% year-to-date, generating -15 and 33 bps of excess return respectively.
- In a reversal of February performance, all of the credit sectors underperformed Treasuries in March: Non-Corporates (-31 bps), Financials (-13 bps), Industrials (-10 bps) and Utilities (-7 bps).
- On a sub-sector basis, Airlines (+159 bps), Consumer Cyclicals (+48 bps), Supermarkets (+47 bps), Tobacco (+37 bps) and Restaurants (+31 bps), were among the best performers relative to Treasuries, while the weaker performers included Textiles (-156 bps), Sovereigns (-70 bps), Wireless (-33 bps), Integrated Energy (-27 bps) and Food/Beverage (-25 bps).
- Event risk, concern over shareholder friendly actions and fears of a potential risk reduction trade due to a global liquidity withdrawal continue to be the main talking points for market participants.
- Net issuance in March was less than $1 billion, bringing the total year-to-date issuance to $28 billion. In comparison, the investment grade credit market saw $40 billion in net issuance by this point in 2005.

Investment Grade Corporate Bond Gross Issuance



Source: Lehman Brothers

Lehman Credit Index: OAS versus Credit Quality Composition



Source: Lehman Brothers

Portfolio Strategy

- Despite the positive economic environment, we maintain a cautious outlook on the credit sector. Potential risks to the market include a risk reduction trade associated with tighter monetary policy or a reversal in capital flows due to dollar weakness.
- We remain underweight in credit. We maintain our defensive posture as valuations appear full given the broad risks in the market. The portfolio is biased towards front-end issues, with a focus on higher quality credits.
- While generally bearish on credit, the primary calendar has recently allowed us a number of opportunities to purchase favored credits at attractive levels. However, with the market tone marginally improving, we have been sellers of 30-year Industrial issues on strength.

Mortgage-Backed Securities

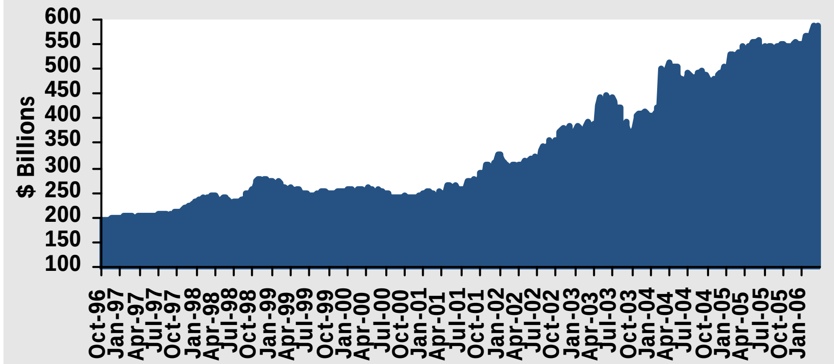
Market Review

- The Lehman MBS Index returned -0.85% in March and -0.07% year-to-date, generating excess returns relative to Treasuries of -41 and 44 bps respectively.
- MBS performance was negatively impacted by the sell off in the bond market as mortgages widened with higher rates. MBS was the worst performing sector in March, giving back all of its February gains.
- For the month:
    - 15-year issues outperformed their 30-year counterparts
    - Up in coupon issues were better performers into higher rates
- Market technicals have been weak, as sellers are outnumbering buyers going into the second quarter and fixed rate supply is likely to increase.
- The MBA Refinancing Index closed March at 1641, up from a level of 1363 at year end 2005, which was the lowest reading since June 2003.

Portfolio Strategy

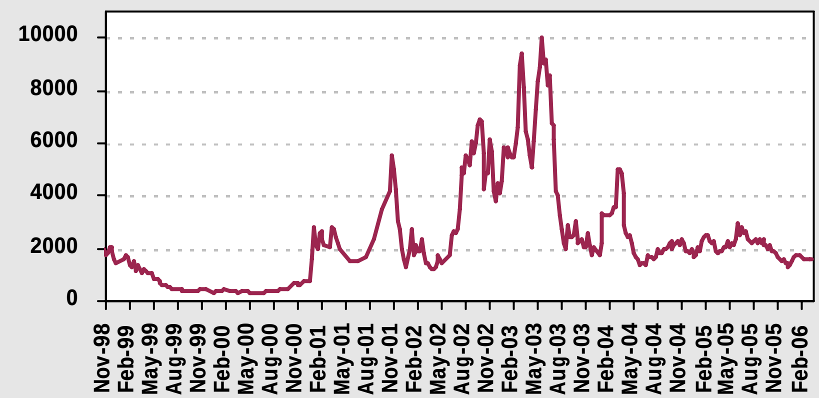
- The portfolio is underweight MBS as the sector remains near historically tight valuations. The underweight remains focused on Index product in favor of ARMs and CMOs, which have remained relatively stable.
- Mortgages have cheapened recently and we may look to begin covering the underweight through the addition of low coupon 30-years, seasoned 15-year pools or high coupon 15-year paper. However, we remain cautious of an increase in volatility, a slowdown in the housing market and general spread product deleveraging.

All MBS Holdings by Large Banks: October 1996 - Present



Source: Federal Reserve

MBA Mortgage Refinance Index: November 1998 - Present



Source: Bloomberg

Commercial Mortgage-Backed Securities (CMBS)

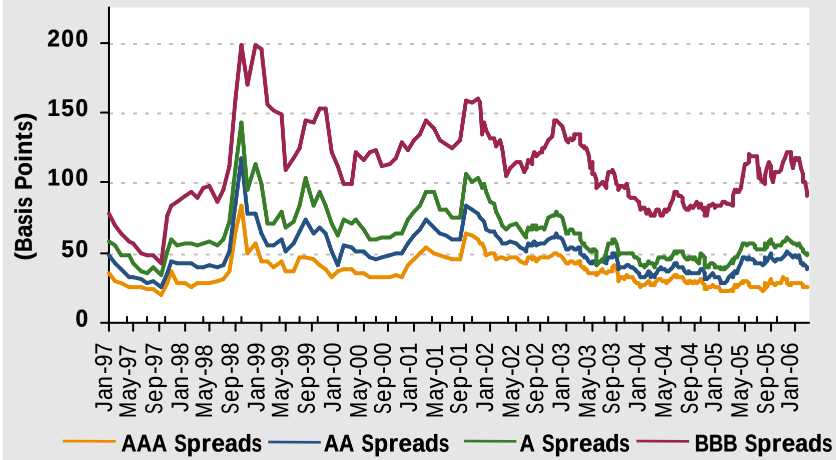
Market Review

- The Lehman CMBS Index returned -0.67% in March and -0.52% year-to-date, posting +3 and +51 bps of excess return, respectively.
- Secondary inventories remain fairly high and remain skewed towards the long end, preventing long-dated paper from tightening in line with shorter issues. Demand remains strong for shorter paper and subordinate bonds.
- Pressure from the primary market has eased. 2nd quarter conduit supply is expected to be approximately $30 billion, representing a 29% decline from the 1st quarter.
- Continued expansion in the economy has served to increase occupancy rates as well as to support the financial health of retail properties. Higher residential mortgage rates are likely to reduce new home sales and improve apartment occupancies.

Portfolio Strategy

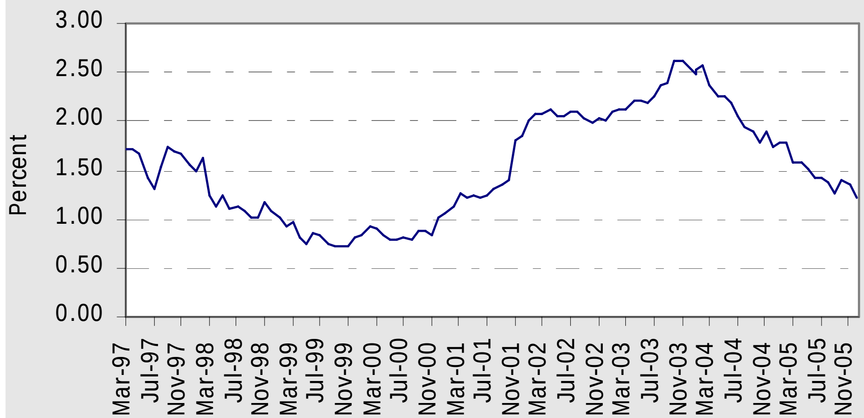
- We look to maintain our overweight allocation to the sector as the basis continues to exhibit favorable cross-sector relative value, especially in light of the recent stronger bid for CMBS.
- We favor stable seasoned deals which have collateral with transparent histories and short discount paper with structures that provide some extension protection.

Investment Grade CMBS Spreads to Swaps



Source: BlackRock

Seasoned CMBS Delinquencies



Source: Morgan Stanley

Asset-Backed Securities (ABS)

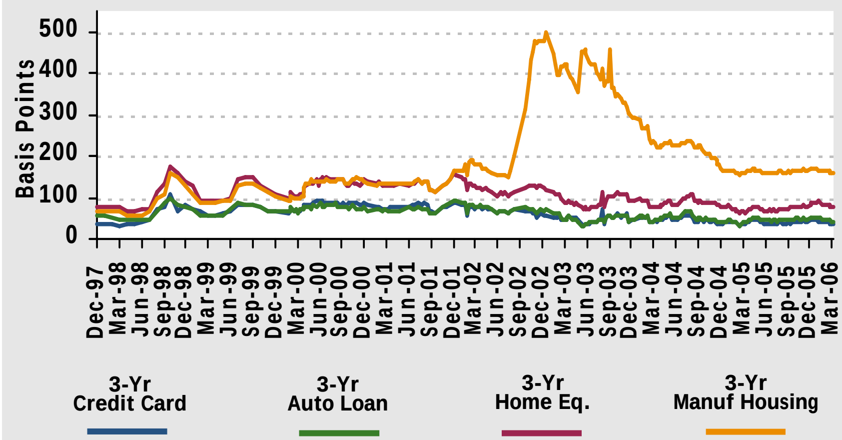
Market Review

- The Lehman ABS Index returned -0.11% in March and 0.25% year-to-date, returning excess returns relative to Treasuries of 0 and +31 bps, respectively.
- ABS spreads continue to benefit from increased demand. Spreads for many sectors are near all time tights, liquidity is high and risk premiums continue to decline.
- ABS sub-sector performance was mixed in March: Manufactured Housing (+26 bps), Home Equity Loans (+14 bps), Autos (-3 bps) and Credit Cards (-5 bps).
- Home equity issuance continues to dominate the market (72%) with the balance comprised of auto, credit card and student loan ABS.

Portfolio Strategy

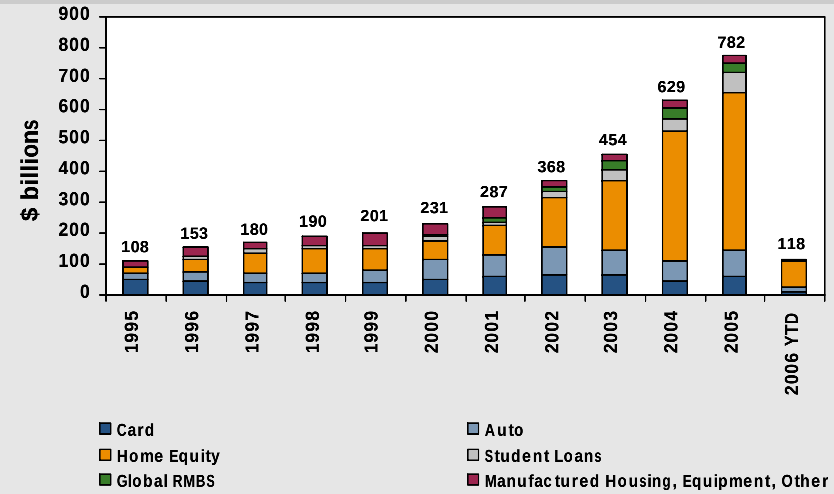
- We look to maintain our overweight in ABS relative to the benchmark. We favor shorter duration product in non-prepayment sensitive sectors and holdings are focused in credit card issues.
- Overall, we maintain a high quality bias, as lower quality names have outperformed and currently offer little value. Despite tight valuations, the ABS sector remains attractive versus other spread sectors.

Spreads to Treasuries of Selected ABS Sub-sectors (AAA-Rated)



Source: Lehman Brothers

Annual Issuance of Asset-Backed Securities



Source: JP Morgan

High Yield Corporate Bonds

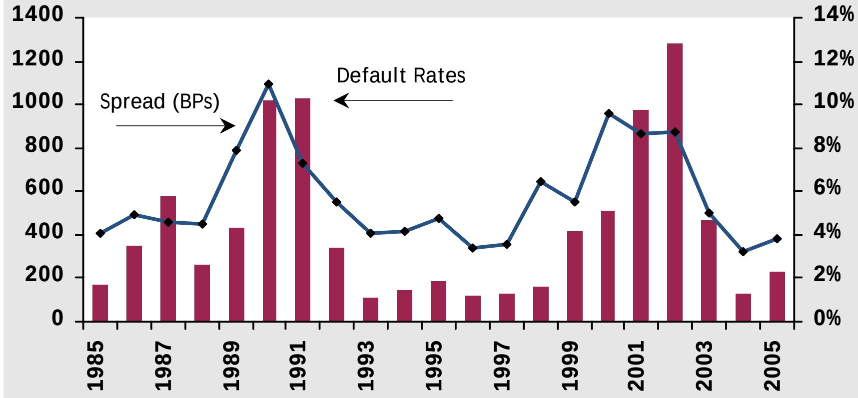
Market Review

- The Lehman High Yield Index (2% Issuer Cap) returned 0.42% in March and 2.60% year-to-date, generating +113 and +354 bps of excess return versus Treasuries, respectively. The best performing sectors include Autos, Airlines and Wirelines.
- High yield mutual funds have seen outflows of $1.3 billion thus far in 2006.
- 86 deals have been priced for $36.3 billion during 2006 versus 135 deals for $36.7 billion for the same period in 2005, an increase of 1% year-on-year.

Portfolio Strategy

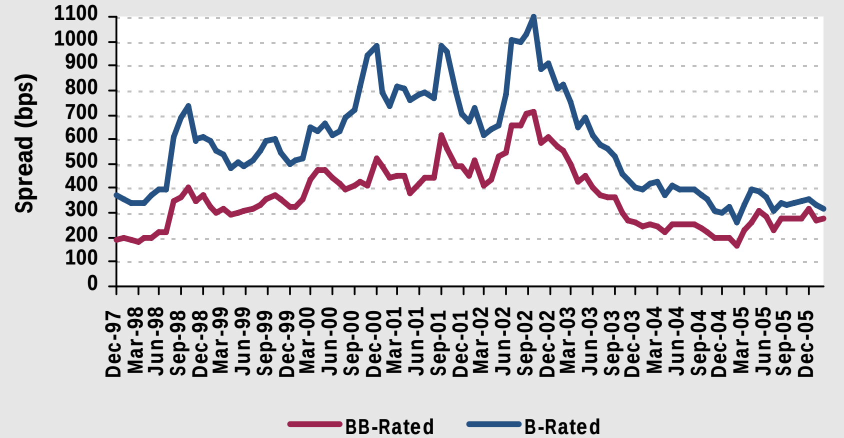
- We maintain an allocation of approximately 1% in high-yield, with an emphasis on select names at the higher end of the credit spectrum. We continue to reduce exposure to the sector.
- We currently biased towards the Health Care, Media Non-Cable, Lodging and Wireline sectors, in favor of Brokerage, Wireless and Aerospace/Defense issues.

Spread to Worst of High Yield Index vs. Altman's Default Rates



Source: Spreads from CSFB; Default Rates from Altman/SSB

High Yield Corporate Bonds: Yield Spread to 10-Year Treasuries



Source: Lehman Brothers

Non-US Dollar

Dollar Bloc

- On March 8, the Reserve Bank of New Zealand left its benchmark interest rate unchanged at a record-high 7.25%. The decision was accompanied by a statement from the Governor suggesting that further rate increases would be unlikely as economic growth slows.

Euro

- The European Central Bank opted to leave interest rates unchanged at 2.5% during its April 6 meeting. Governor Trichet used the ECB press conference to restructure the markets expectations on a May interest rate hike stating that the current market expectations were not inline with the central view of the governing council.
- We have recently taken profits on our European curve flattener trade.

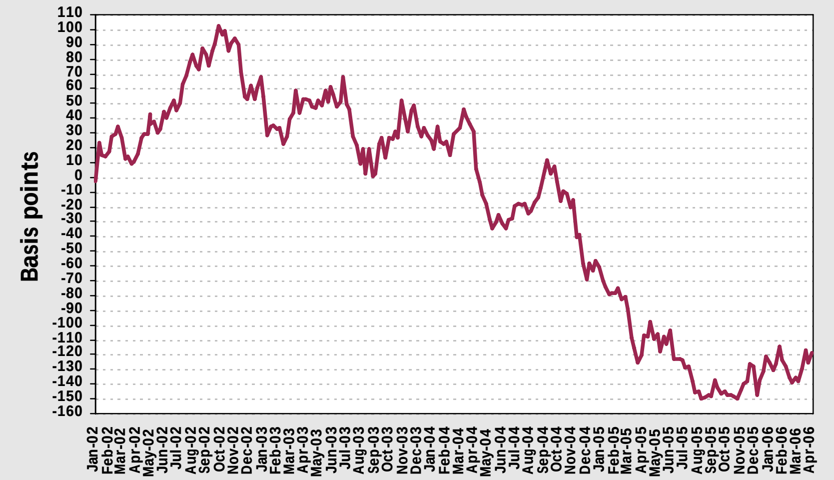
Non-EMU Europe

- The Riksbank, Sweden's central bank, raised its overnight rate to 2.00% at its February 23 meeting, the second consecutive 25 bps rate hike. We no longer maintain any exposure to Sweden in our Core portfolio.

Portfolio Strategy

- Portfolios hold a small allocation to non-US dollar securities.

Germany-U.S. 5-Year Spread



Source: Bloomberg

Trade Weighted U.S. Dollar

Source: Bloomberg

Emerging Markets

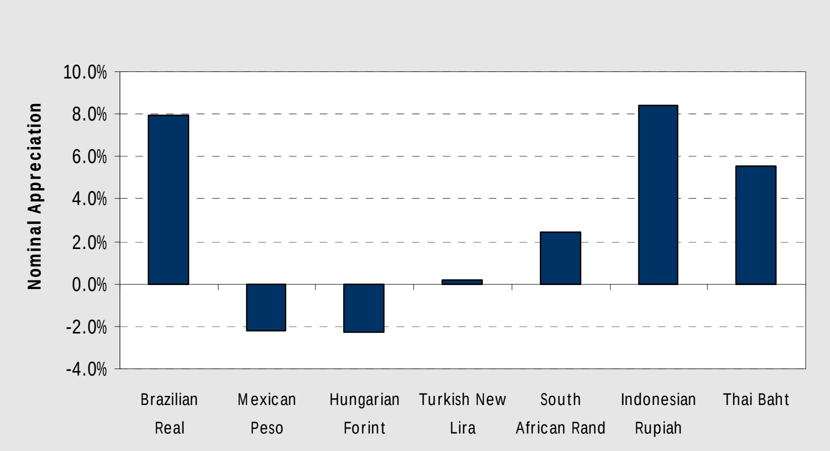
Market Review

- Emerging Market Debt started the year on a strong, if volatile, note. with the JPMorgan EMBI Global index returning 1. 48% in the 1st quarter despite a 45bp backup in the 10yr US Treasury rate. January and February saw positive returns and spreads reach record tights, while March saw flat spreads as Emerging Market Debt sold off with treasuries. The fundamentals for Emerging Market Sovereigns continued to improve. High Commodity prices increased current account surpluses for commodity exporters, giving governments funds to engage in debt buybacks. Inflows into the sector continued as global liquidity remained abundant despite higher G7 interest rates.
- Sovereigns continued to use the favorable environment to reduce external debt and improve the overall debt sustainability profile. Brazil and Venezuela used reserves to call their Brady bonds while Colombia bought back external debt in favor of local issuance. Mexico improved its debt profile though a debt buyback and a subsequent issue.
- The bullish environment and the resulting spread compression helped higher yielding sovereigns outperform. Argentine debt outperformed as its economy grew despite higher inflation and the government's unorthodox policies including price controls. Venezuela and Ecuador saw their spreads reach record tights as oil revenue filled government coffers. Peru was the outlier, underperforming as a populist candidate Ollanta Humala became a front runner for April's presidential election. With favorable balances of payments and a reduction in risk premia EM local market reached record strengths in February, but gave up gains late in the quarter. While the March sell-off only moderately affected external debt local markets were more severely effected. In some cases, such as that of the Mexican Peso, this correction meant giving up a a noticeable portion of 2005 and 2006 appreciation.

Portfolio Strategy

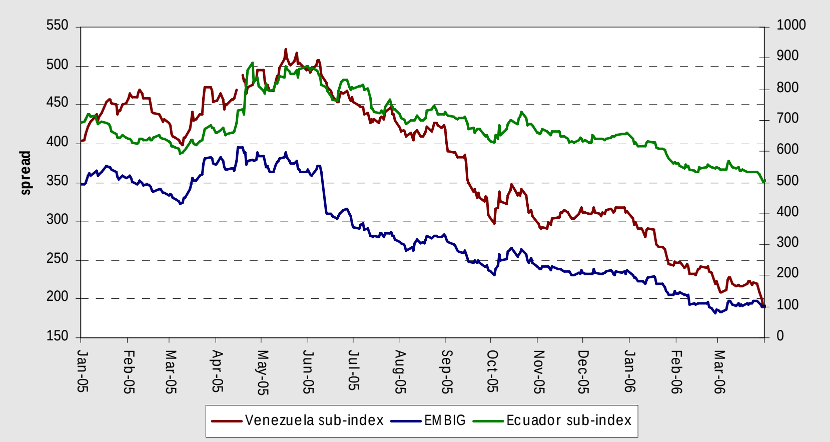
- In March the FOMC interest rate hikes and the overall reduction global liquidity have started to take a toll on Emerging Market Debt, and will produce a head-wind for credit sensitive sectors, including Emerging Markets Debt, into the second quarter. Upcoming elections in a number of countries may also contribute to volatility. We do not currently hold any Emerging Market Debt in the FCERA portfolio.

Emerging Market Currencies Q1 2006 Performance



Source: Bloomberg

Oil Credits Outperform in Q1 2006



Source: JP Morgan, Bloomberg

BLACKROCK

Fixed Income Market Review: First Quarter 2006

Market Review

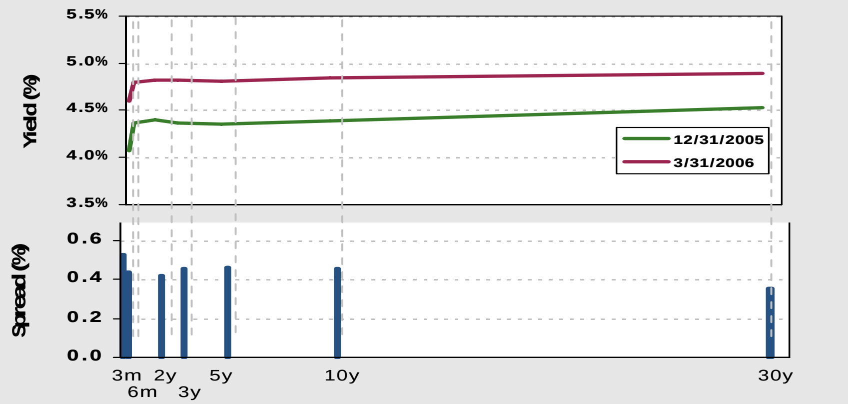
The strength of the economic data released in the first quarter caused interest rates to rise across the yield curve. Low volatility and a transparent Federal Reserve continue to fuel tighter spreads. While investors recognize that the FOMC's tightening cycle may be nearing its end, they also appreciate the staying power of this economic expansion, and importantly, the lack of spread between short term rates and longer term yields.

Yield Curve

Treasury rates sold off by about 50 basis points across the yield curve during the first quarter, and the curve flattened marginally. Rates reached multi-year highs near quarter-end as the Fed continued to tighten monetary policy, raising rates from 4.25% to 4.75%.

- 10-year yield rose 46 bps to 4.85%, the highest level since 2Q '04
- The yield curve regained its normal positive slope between 2 and 10-year maturities by quarter-end, following an inversion which peaked at 17 bps in mid-February
- The first 30-year auction since 2000 brought strong interest from money managers and pension funds.

Yield Curve Shifts



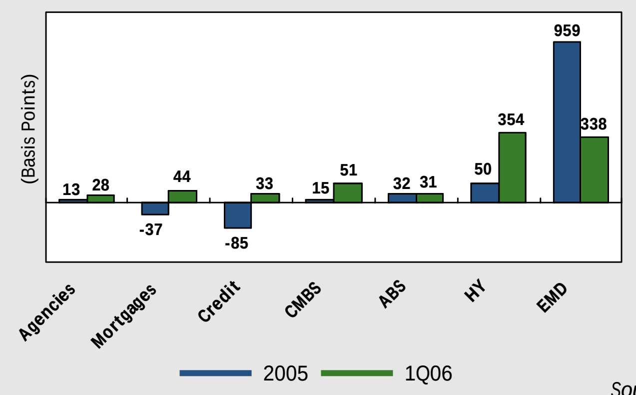
Source: Bloomberg

Spread Sector Performance

Investors embraced spread risk in the first quarter, generating strong excess returns across spread sectors.

- In a complete reversal of the fourth quarter, all spread sectors in the Lehman Aggregate Index (Agency, MBS, Credit, CMBS and ABS) outperformed equivalent-duration Treasuries. High Yield and Emerging Market Debt also outperformed Treasuries, as investor appetite for higher yielding fixed income assets remained healthy.
- Credit sub-sectors outperformed Treasuries in the first quarter — Utilities (+43 bps), Industrials (+42 bps) and Financials (+33 bps).

Duration Adjusted Excess Returns vs. Treasuries



Source: Lehman

Fresno County Employees' Retirement System Portfolio Review and Outlook: 1Q06

BlackRock Strategy as of March 31, 2006

The Fed has finally received the attention of longer maturity investors by the cumulative effect of its rate hikes on money market alternatives. A renewed focus on the fundamentals of growth and inflation will reveal that bond yields are still unattractive. Given changing monetary dynamics in Europe and Japan, the foreign bid for US bonds may provide less support than in recent quarters.

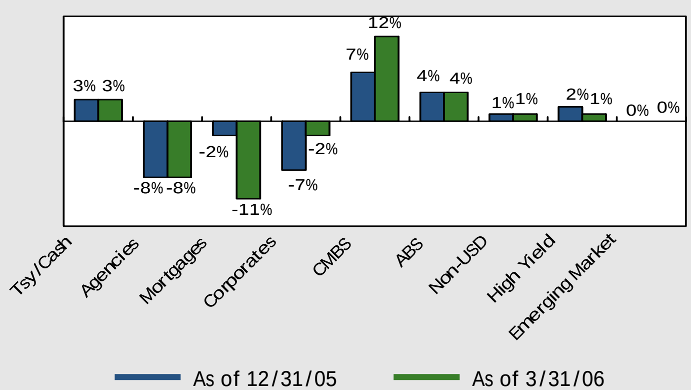
Short duration relative to the index, with a focused underweight in the 5- to 10-year part of the yield curve.

Spread risk: Underweight relative to the index. Limited exposure to "plus" sectors.

Sector biases:

- **Treasuries:** Overweight. Bias toward off-the-run issues.
- **Agencies:** Underweight. Allocation to callable debentures.
- **Mortgages:** Underweight. Dislike current-coupon pass-through MBS. Favor non-index product, CMOs and hybrid ARMs.
- **Corporates:** Underweight. Bias toward financials and higher quality credits. Maintain barbell strategy, overweight front-end and 30-year issues.
- **CMBS:** Overweight. Favor seasoned, high quality issues.
- **ABS:** Overweight. Holdings concentrated in credit card and home equity issues.
- **High Yield:** Modest exposure. Continued focus on higher credit quality names.
- **Non-USD:** Maintain European curve flattening trade and small allocation to European and Mexican securities.
- **Emerging Markets:** No allocation.

Sector Allocation vs. Benchmark



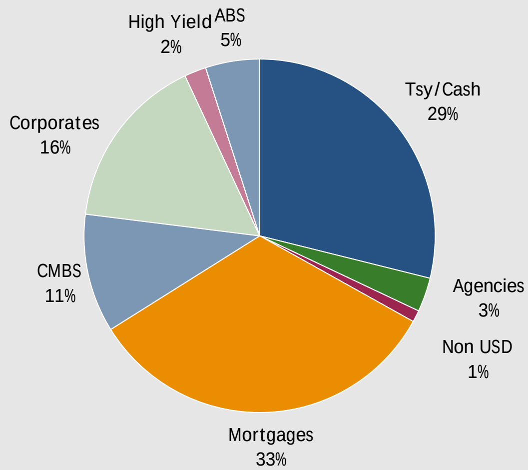
Performance Attribution

Positives	Negatives
Short duration	MBS underweight
Corporate security selection	Agency underweight
CMBS overweight	Curve positioning
ABS overweight	
High Yield allocation	

BLACKROCK

Portfolio Composition: Fresno County Employees' Retirement Association

December 31, 2005



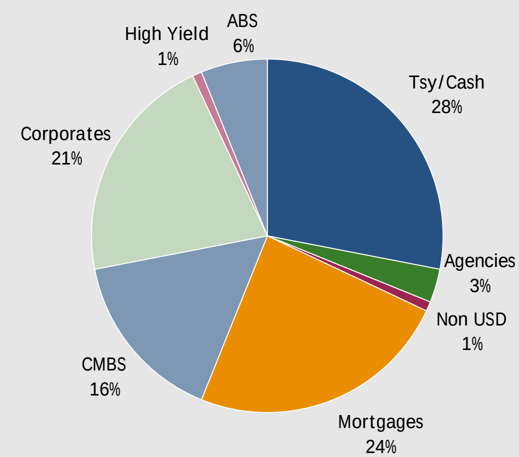
Characteristics as of December 31, 2005

	Effective Duration (Yrs.)	Effective Convexity	Yield	Average S&P Credit Quality
Portfolio	3.91	0.02	4.97	AAA
Benchmark	4.46	-0.14	5.09	AAA
Difference	-0.55	0.16	-0.12	

Characteristics as of March 31, 2006

	Effective Duration (Yrs.)	Effective Convexity	Yield	Average S&P Credit Quality
Portfolio	4.06	0.17	5.35	AA+
Benchmark	4.59	-0.05	5.48	AAA
Difference	-0.53	0.22	-0.13	

March 31, 2006



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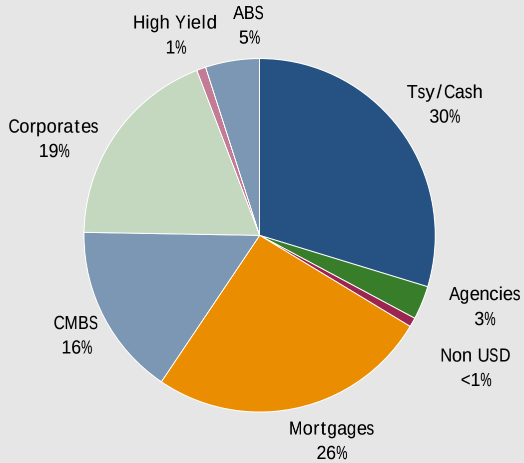
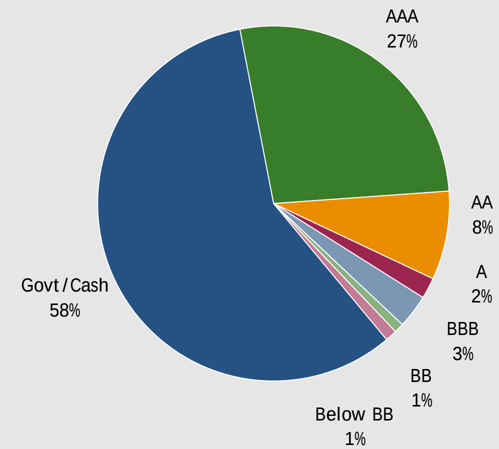
Portfolio Characteristics: Fresno County Employees' Retirement Association

Sector Allocation as of April 25, 2006

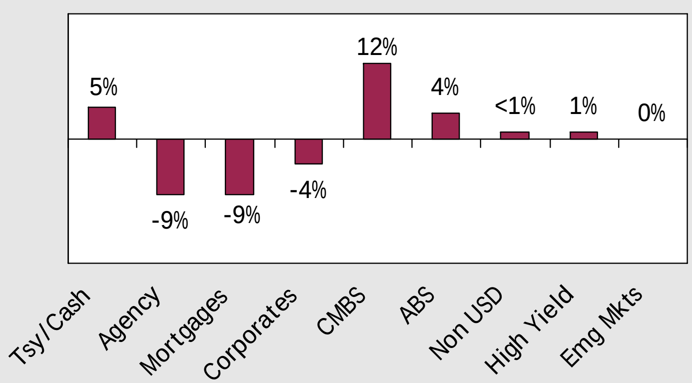


Credit Quality as of April 25, 2006



Estimated NAV: $212,674,104

Sector Allocation vs. Lehman Aggregate Index



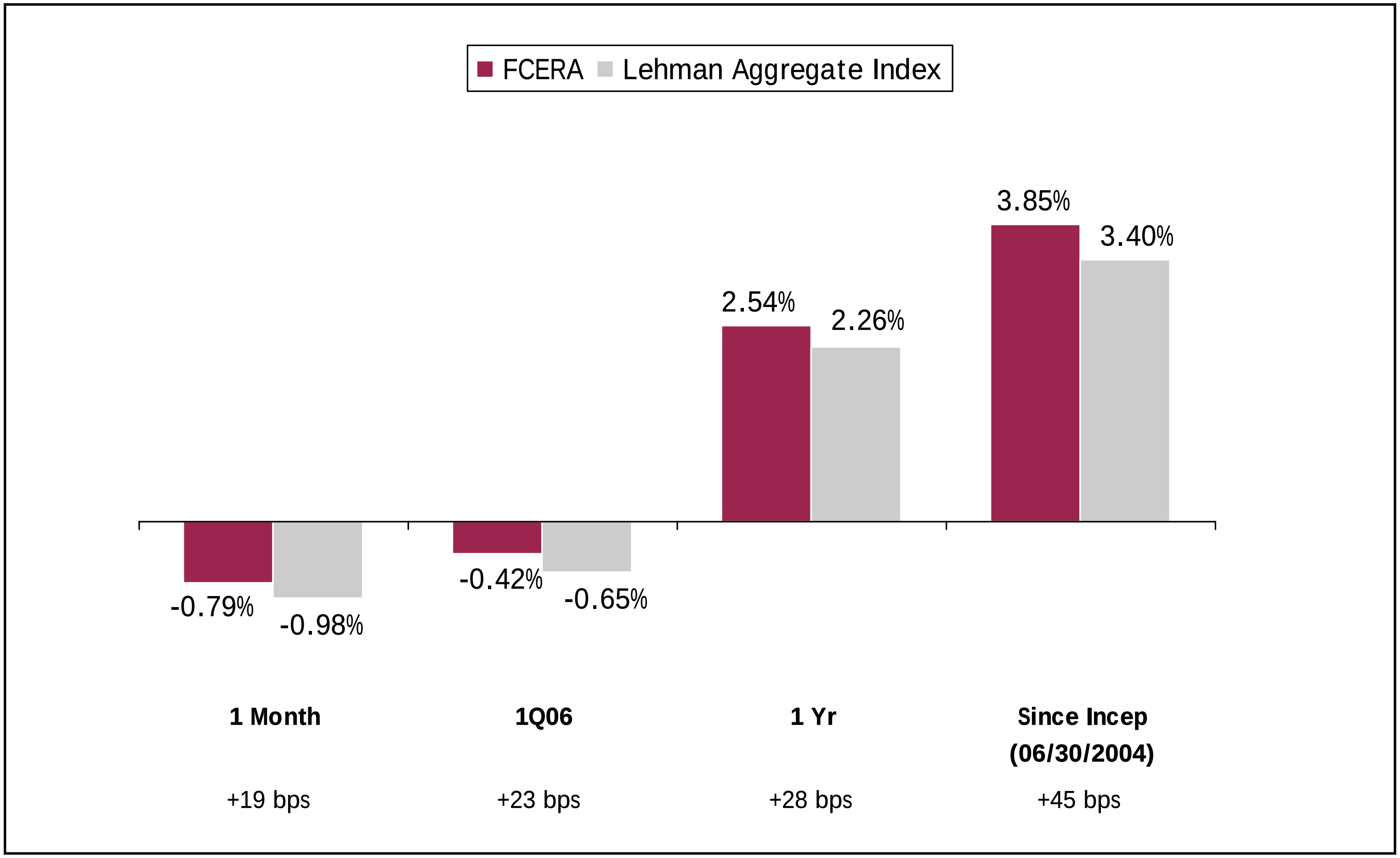
Characteristics as of April 25, 2006

	Effective Duration (Yrs.)	Effective Convexity	Yield	Average S&P Credit Quality
Portfolio	4.12	0.08	5.46	AA+
Benchmark	4.65	-0.01	5.61	AAA
Difference	-0.53	0.09	-0.15	

BLACKROCK

Portfolio Performance: FCERA

As of March 31, 2006



Results do not reflect the deduction of management/advisory fees; management/advisory fees and other expenses will reduce a client's return. For example, assuming an annual gross return of 8% and an annual management/advisory fee of 0.25%, the net annualized total return of the portfolio would be 7.74% over a 5-year period. Fees are described in Part II of BlackRock's Form ADV. Past results are not necessarily indicative of future results.

BlackRock Real Estate Equity Tower Fund
Q4 2005

BLACKROCK

Tower Fund Overview[1]

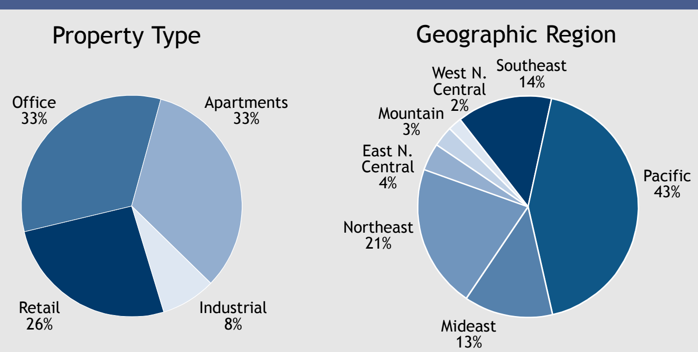
Investment Style:	Core
Structure:	Open-end, commingled fund
Gross Assets:	$2.1 billion
Investments:	65[2]
Eligible Investors:	U.S. Tax-exempt pensions plans
Minimum Investment:	$1 million
Target Portfolio Leverage:	25%
Target Return:	5% Real rate of return[3]
Redemption Policy:	Quarter-end with 60 days notice

Tower Fund offers corporate, public and Taft-Hartley qualified defined benefit plans the opportunity to invest in core real estate on a commingled, open-end basis. Since its inception in 1981, the Fund has gained a reputation for its active management approach and solid, long-term performance with low volatility. Tower Fund produced a 21% gross total return (20% net total) for the 2005 calendar year. A private equity real estate investor, Tower Fund invests in all major property sectors. BlackRock Realty manages the Fund.

Why Invest in Tower Fund

- Core, well-diversified fund
- High-quality properties with stable income stream
- Targeted strategy with focus on risk management
- Never had a withdrawal queue[4]

Portfolio Overview



About BlackRock

BlackRock is a premier provider of global investment management, risk management, and advisory services. The firm manages portfolios and provides investment solutions for a broad array of investors that include corporate, public, and Taft-Hartley pension plans, insurance companies, mutual funds, endowments, foundations, nuclear decommissioning trusts, corporations, banks, and individuals worldwide.

Headquartered in New York, BlackRock serves clients from offices in the U.S., Edinburgh, Hong Kong, Munich, Singapore, Sydney, and Tokyo.

Assets Under Management: $452 Billion

- $301 billion in fixed income
- $86 billion in liquidity
- $40 billion in equity
- $16 billion in alternative investments
- $9 billion in real estate debt & equity

Risk Management Assets: $3 Trillion

Eileen Byrne
Managing Director
(973) 264-2717
eileen.byrne@blackrock.com
www.blackrock.com

Assets Under Management as of December 31, 2005

Retail Property – Los Angeles

Studio City Place is one of two Los Angeles shopping centers acquired in the fourth quarter of 2005. This well-leased community center has a strong location within the Studio City submarket, a highly desirable residential and commercial area of Los Angeles, which itself is one of the top retail markets in the U.S.

Office Property – Orange County, CA

In fourth quarter 2005 Tower Fund acquired Tustin Center, a 10-story, class A office building centrally located in Orange County's vibrant office market. The acquisition included an adjacent parcel of land with existing entitlements to develop an additional office building. Tustin Center was 98% occupied at closing.

Current Portfolio Strategy

- Pursue greater diversification across markets by increasing exposure to regional growth markets, such as Phoenix
- Maintain overweighting to Southern California, South Florida and Washington, D.C.
- Move toward a neutral weighting across property types relative to the benchmark
- Increase current underweighting to office and industrial through new acquisitions
- Reduce current overweighting to apartments and retail primarily through acquisitions in the other sectors

Investment Objectives

- Provide solid current income with the potential for long-term appreciation
- Control risk through diversification by property type, geography, economic base and life cycle
- Outperform the NCREIF Property Index[5]
- Provide liquidity to investors[4]

Investment Strategy

- Invest primarily in stabilized income-producing properties
- Enter into selective joint venture, presale, development and redevelopment projects
- Invest in markets identified as having the potential for generating above-average returns

Fees[6]

- 1.25% of the first $10M of net asset value
- 1.00% of the next $15M of net asset value
- 0.85% of the next $25M of net asset value
- 0.80% of net asset value over $50M
- 0.25% on cash in excess of 7.5% of the net asset value

Tower Fund has no acquisition, disposition or incentive fees.

1. Tower Fund is a commingled separate account managed by BlackRock and available through group annuity contracts of Metropolitan Life Insurance Company (New York, NY 10166).
2. Includes six loan receivables and three parcels of land.
3. No assurance can be given that the return objectives will be met. An investor could experience returns below the return objectives or loss of its investment in the Tower Fund. The return objectives do not reflect the deduction of any portfolio-level fees to BlackRock Realty. Such fees will lower investment performance results.
4. Tower Fund has never had a withdrawal queue. However, this may not be indicative of the future, since redemptions can be substantially delayed to avoid disadvantageous property sales.
5. The NCREIF Property Index is based on the unleveraged performance of stabilized, income-producing U.S. apartment, industrial, office, R&D, hotel and retail properties owned by tax-exempt entities reporting to NCREIF. Factors that may affect the validity of a comparison of a portfolio's returns with the Index include leverage employed by the portfolio, portfolio-level income and expenses and differences between the property type and geographic composition of the portfolio and the Index.
6. Annual, paid quarterly.

BLACKROCK FINANCIAL MANAGEMENT, INC.

Separate Account Core Plus Fixed Income Assignment

I. Investment Assignment

BlackRock Financial Management, Inc. ("BlackRock" or the "Manager") will be given full discretion within the scope of the Fresno County Employees' Retirement Association's Investment Policy Statement and this addendum. BlackRock will be responsible for reviewing these guidelines with the Board of Trustees at least annually to assure they remain prudent. BlackRock shall discharge its management in a prudent manner, always keeping the best interest of the participants clearly in mind.

II. Investment Objectives

The investment objectives for the BlackRock Account ("Account") will be for the asset value exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the benchmark established for the long term (5 years) with respect to the Account (as defined in the Investment Manager Agreement to which this is attached).

Long Term Performance Objective: The return of the Account is to exceed the Lehman Brothers Aggregate Bond Index as well as the median return in a representative fixed income performance universe.

III. Investment Guidelines

It is the intention of the Board of Trustees to allow the Manager full investment discretion within the scope of these mutually agreed upon investment guidelines. The Manager must adhere to the following investment guidelines unless explicitly authorized in writing by the Board of Trustees to do otherwise.

Fixed Income Securities: The Account shall be comprised of U.S. Government Treasury and Agency Obligations, U.S. Government Agency Mortgage Pass through Securities, Collateralized Mortgage Obligations rated AAA or AA, Adjustable Rate Mortgages rated AAA or AA, Commercial Mortgage Backed Securities rated AAA or AA by at least one major credit rating agency, Asset backed securities rated Baa or BBB or higher by at least one major credit rating agency, Domestic and Foreign (hedged and unhedged) Corporate Bonds/Notes/Convertible securities rated B by at least one major credit rating agency, Yankee and private placements (including 144A securities) rated B-/B3 or higher by at least one major credit rating agency, Obligations of Foreign Governments and Supra-national Organizations including Emerging Market Debt rated B-/B3 or higher by at least one major credit rating agency on a hedged or unhedged basis, Taxable and Tax-Exempt Municipal Bonds rated Baa or BBB or higher by at least one major credit rating agency, and Preferred Stock including Non-Convertible Preferred Stock like Bank Trust Preferreds rated Baa or BBB or higher by one major credit rating agency.

Derivatives: The Manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the Account using only traditional investment securities. Moreover, the Manager will not use derivatives to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the Account. Under no circumstances will the

Manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified below (+/- 30% of benchmark duration). The Manager will report on the use of derivatives on a quarterly basis to the Board of Trustees.

Diversification: The fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. Except for securities issued by the U.S. Government and its agencies, no more than 5% of the Account based on market value shall be invested in securities of any one issuing entity at the time of purchase. In combination, no more than 20% of the market value of the Account shall be comprised of Direct Obligations of Foreign Issuers or Below Investment Grade Securities.

Prohibited Investments: The Account will not engage in investment transactions involving stock options, purchase on margin, letter stocks, commodities, Inverse Interest only CMO's, Inverse Floater CMO's, Z Bonds, and companion and support classes of PAC's. Further, no asset of the Account shall be held outside the jurisdiction of the United States District Courts.

Quality and Marketability: Fixed income securities, unless specifically noted otherwise, must have a rating of BBB- or higher by Standard & Poor's or Baa3 by Moody's. Should the rating on any bond purchased subsequently be reduced below "investment grade" or cease to be rated, sale of the issue shall not be required except as warranted by investment considerations. In the case of split rated securities, the higher of the two ratings shall govern.

Quality and security should be emphasized over maximum return in all short-term cash investments. The Manager has discretion as to the types of securities used except that all commercial paper obligations purchased must have minimum respective ratings of P-2 by Moody's or A-2 by Standard & Poor's.

Volatility: It is expected that the volatility of the Account will be reasonably close to the volatility of the customized policy index defined in the Investment Objectives section of the Investment Policy Statement. The duration of the Account shall not exceed the duration of the Lehman Brothers Aggregate Bond Index by more than 30%.

IV. Statement of Acknowledgment

As an authorized representative of BlackRock Financial Management, Inc., provider of investment management services to the Fresno County Employees' Retirement Association, I hereby acknowledge receipt on behalf of BlackRock Financial Management, Inc. and agree on behalf of BlackRock Financial Management, Inc. to conduct the investment management services in accordance with the terms of this addendum as well as the Investment Policy Statement as set by the Board of Trustees.

Date:____________________ ____________________________

Signature