

**LOUISIANA SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM**

Investment Performance Analysis  
through March 31, 2006

*May 2006*



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May 4, 2006

Board of Trustees  
Louisiana School Employees'  
Retirement System  
Baton Rouge, Louisiana

Dear Trustees:

This report presents a comprehensive review of the System's investment performance for the time periods ended March 31, 2006. In addition to providing a summary of performance, the report also identifies how assets are currently allocated among equity, fixed income, real estate and cash holdings and provides portfolio characteristics. Our calculations are based on data provided by the System's custodian, the Northern Trust Company and Hibernia. The historical data contained in this report was provided by Frank Russell and includes data from previously terminated investment managers.

This material will assess how your investment managers have carried out the System's investment policies and will aid in your evaluation of the managers' strengths and weaknesses. This report is also useful as a basis for discussing effective investment policies for the future.

Sincerely,

Richard E. Ranallo, CFA

Donald A. Saxton, CFA

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## FINANCIAL MARKET CONDITIONS

The first quarter of 2006 heralded a change at the Federal Reserve, as Ben Bernanke assumed the chairmanship and promptly indicated that he would be as diligent an inflation-fighter as his predecessor. On queue, the Fed affected two 25 basis-point increases in the Fed Funds overnight rate, which at quarter-end stood at 4.75%; this is the fifteenth consecutive increase since the Fed Funds rate bottomed out at 1.0% in 2004. Crude oil prices jumped roughly 10% in the quarter, primarily in response to unease over the future of Iran's nuclear power program - a barrel of crude traded at quarter-end at \$66.63, up from \$61.04. Natural gas prices, in contrast, decreased from \$11.23 (per million BTU) to \$7.48 thanks to a plentiful supply and a relatively mild winter in the US. The strong real estate market of the past few years also showed signs of cooling down. Signs of a moderation in the US economy, combined with an improved employment picture, fueled significant optimism in investors despite higher consumer inflation (US Consumer Price Index, 1.5%). However, the first quarter was difficult for bonds, as higher yields depressed returns. The US dollar strengthened somewhat relative to developed Pacific region currencies, but weakened sharply relative to emerging markets and European currencies.

As befits a relatively optimistic stock market, the performance leaders of the first quarter of 2006 were small- and medium-size stocks. The S&P 500's strong 4.2% return for the quarter was outperformed by the Russell 3000's 5.3%. For the quarter, the Russell 1000 Large Cap returned 4.5% versus 13.9% for the Russell 2000 Small Cap and 13.9%. In the first quarter, growth was favored over value among small-cap stocks (Russell 2000 Growth, 14.4%; Russell 2000 Value, 13.5%); among larger-cap issuance, value was favored over growth (Russell 1000 Value, 5.9%; Russell 1000 Growth, 3.1%). Turning to a sector breakdown of the S&P 500, the strongest performance came from Transportation stocks (11.4%). Given the high cost of crude oil, Energy stocks, especially those of oil exploration and production companies, were the second-best sector (9.1%). Lackluster consumer sales made Consumer Non-Durables the worst-performing sector of the S&P 500 at 2.0%. The next-weakest sector performance came from Finance stocks (3.3%), with strength in real estate-related shares and second-tier banks countered by weakness in larger banks and insurance companies.

The US Treasury yield curve continued to flatten over the first quarter of 2006. Higher Fed Funds overnight rates drove short-maturity yields higher. However, long-maturity yield increases were tempered by the market's strong appetite for long-maturity bonds, especially among institutional investors hoping to match long-term cash flow needs. On February 9, the US Treasury issued its first 30-year Bond since 2001, which met considerable demand. Over the quarter, the yield on two-year Treasuries increased 43 basis points, to 4.83%, while the yield on thirty-year Treasuries rose 30 b.p. to 4.90%. Not surprisingly in a rising interest-rate environment, short-term Treasuries (Lehman 1-3 Year Government, 0.4%) outperformed longer-term Treasuries (Lehman Long Term Government, negative 3.5%). Market trends favored stocks over the debt issued by corporate America, resulting in slightly wider credit spreads relative to Treasuries. Therefore, Corporates slightly underperformed Treasuries (Lehman Credit, negative 1.2%; Lehman Government, negative 0.9%). Mortgage rates rose slightly during the first quarter, depressing the performance of mortgage-related debt (Lehman Mortgage, negative 0.1%). Investors continued to move into the high yield bond sector in search of yield, driving yield spreads lower relative to Treasuries and sector performance notably higher (Lehman High Yield, 2.9%).

Despite higher energy costs and rate-tightening moves in central banks worldwide, non-US stock markets performed well in the first quarter of 2006. European stocks moved higher, buoyed by major merger and acquisition activity as well as by the appreciating Euro, which rose 2.6% against the US dollar (MSCI Europe, net, 10.8%). Pacific region stocks also generated strong performance (MSCI Pacific, net, 6.7%). Although concerns are building that emerging market stocks are nearing a cyclical top, money continued to flow into these markets, pushing their performance well ahead of developed market stocks (MSCI Emerging Markets, net, 12.0%; MSCI EAFE, net, 9.4%). Global bonds performed in line with their US counterparts: losses for developed market issuance, gains for higher-risk emerging market paper, with currency helping performance for US-based investors (Lehman Global Aggregate ex US \$, negative 0.1%; JP Morgan Emerging Markets Bond Plus, 1.7%).

**TABLE 1**  
Selected Equity and Fixed Income Index Rates of Return  
For Periods Ended March 31, 2006

	<b>Last 3 Months</b>	<b>Last Year</b>	<b>Last 3 Years</b>	<b>Last 5 Years</b>	<b>Last 10 Years</b>
<b>Equity Indices</b>					
Standard & Poor's 500	4.2%	11.7%	17.2%	4.0%	9.0%
Dow Jones 30 Industrials	4.3	8.3	14.1	4.6	9.2
Russell 3000	5.3	14.3	19.1	5.3	9.2
Russell 1000	4.5	13.2	18.3	4.7	9.2
Russell 1000 Growth	3.1	13.1	14.8	1.7	6.5
Russell 1000 Value	5.9	13.3	21.8	7.8	11.0
Russell Mid Cap	7.6	21.5	27.9	12.5	12.7
Russell 2000	13.9	25.9	29.5	12.6	10.2
Russell 2000 Growth	14.4	27.8	28.1	8.6	5.5
Russell 2000 Value	13.5	23.8	30.8	16.2	14.0
MSCI EAFE (Net)	9.4	24.4	31.1	9.6	6.5
MSCI Emerging Markets (Free)	12.0	47.5	46.2	23.3	7.4
<b>Fixed Income Indices</b>					
Lehman Family:					
Aggregate	-0.6%	2.3%	2.9%	5.1%	6.3%
Government/Credit	-1.0	2.0	2.8	5.2	6.3
Intermediate Govt/Credit	-0.4	2.1	2.3	4.7	5.8
Long Term Govt/Credit	-3.4	1.7	4.7	7.0	7.8
Government	-0.9	2.1	2.2	4.7	6.1
Credit	-1.2	1.8	3.7	6.0	6.6
Mortgage	-0.1	2.7	3.1	4.9	6.2
High Yield	2.9	7.4	12.1	8.2	6.7
NCRIEF National	3.6	20.2	15.1	11.7	12.2
CGM Non-US World Government	-0.2	-6.5	5.1	8.3	4.6
90-Day Treasury Bills	1.0	3.5	2.0	2.1	3.7

## EXECUTIVE SUMMARY

### **GROWTH AND ASSET ALLOCATION**

The market value as of March 31, 2006, for the Louisiana School Employees' Retirement System was \$1,525.2 million, up from \$1,497.7 million at the end of the previous quarter. The \$27.5 million increase was comprised of \$37.5 million in net capital appreciation and \$11.2 million in interest and dividends, offset by \$21.2 million in net withdrawals from the System. The System's allocation was 51% U.S. equities, 9% foreign equities, 34% bonds, 3% cash and 3% real estate. Beginning with the second quarter of 2006, the System's Policy Index will consist of 51% U.S. equities, 7% foreign equities, 39% fixed income and 3% real estate. From July 1, 2004 through March 31, 2006, the System's Policy Index consisted of 51% U.S. equities, 7% foreign equities and 42% bonds. From January 1, 2002 through June 30, 2004, the Policy Index consisted of 45% U.S. equities, 7% foreign equities and 48% bonds.

### **PERFORMANCE**

For the first quarter of 2006, the System's total assets returned 3.2%, slightly exceeding the Policy Index (comprised of 51% Russell 3000, 7% EAFE and 42% Lehman Aggregate Bond Index) return of 3.1%.

For the one year period ended March 31, 2006, the System returned 9.7%, slightly lagging the System's Policy Index return of 9.9%. The CPI +3.3% benchmark returned 6.9% for the same one-year time period.

For the five year period ended March 31, 2006, the System earned an annualized return of 6.6%, exceeding the System's Policy Index return of 6.1%. The CPI +3.3% benchmark returned 5.9% for the same time period.

Since inception (December 31, 1989), the System achieved a return of 8.9%, slightly exceeding the 8.8% Policy Index return. Over the since inception period, the System exhibited slightly less volatility of returns than the Index.

## **U.S. EQUITY MANAGERS**

For the first quarter of 2006, the System's U.S. equity manager composite returned 5.3%, matching the return of the broad-based Russell 3000 Index. Since inception, the System's combined U.S. equity composite results remained below the comparative equity benchmarks while exhibiting similar volatility of returns.

The following section analyzes each manager's portfolio and summarizes the results for the System.

### **NORTHERN TRUST (formerly ANB)**

Northern Trust manages an S&P 500 Index Fund for the System. During the third quarter of 1997, assets were transferred from State Street's portfolio to Northern Trust. For the first quarter, the Northern Trust portfolio returned 4.2%, matching the S&P 500 Index return. Northern Trust returned 11.8% for the one year period and virtually matched the 11.7% return of the S&P 500 Index.

### **ARK ASSET MANAGEMENT**

During the first quarter of 2003, assets were transferred from Harbor Capital to Ark Asset Management. Ark Asset manages a large capitalization growth fund for the System. Ark's first quarter return of 1.5% lagged the 3.1% Russell 1000 Growth Index return. The first quarter relative underperformance was attributable to stock selection in both the energy and health care sectors. For the period of one year, Ark's 12.7% return lagged the 13.2% Index return. Ark Asset held 70 stocks in their portfolio at the end of the first quarter.

### **TRINITY INVESTMENT MANAGEMENT**

Trinity was terminated on March 23, 2006, and the assets transferred to new large cap value equity manager C.S. McKee. Trinity's historical performance will continue to be incorporated in the System's historical results. Next quarter's report will include C.S. McKee's first full quarter of performance. C.S. McKee ended the quarter with \$155 million in assets, representing 10% of the total System allocation.



### **J&W SELIGMAN**

J&W Seligman manages a small capitalization growth equity portfolio for the System. For the first quarter, J&W Seligman's portfolio returned 14.0%, lagging the 14.4% Russell 2000 Growth Index return. Seligman's one year return significantly lagged the Russell 2000 Growth Index return, 19.9% vs. 27.8%. Seligman lagged the Index for the longer time period of three years, but exceeded over five years and since inception (July 1994). Seligman held 95 stocks in their portfolio as of March 31, 2006.

### **BRANDYWINE ASSET MANAGEMENT**

Brandywine began managing a small capitalization value portfolio for the System in July 1998. Brandywine received \$50.4 million from the Oppenheimer Small Cap Value Fund. During the first quarter of 2006, Brandywine significantly lagged the Russell 2000 Value Index, returning 8.1% vs. 13.5% for the Index. During the first quarter, Brandywine was most negatively impacted by holdings in the financial and utilities sectors. For the period of one year, Brandywine's 14.6% return also lagged the Index return of 23.8%. Brandywine lagged the Index over three years, but exceeded the Index over the time periods of five years and since inception. Brandywine held 355 stocks in their portfolio at the end of the first quarter of 2006.

### **INTERNATIONAL EQUITY MANAGER - WALTER SCOTT & PARTNERS, LTD.**

Walter Scott & Partners, Ltd. manages the System's sole non-U.S. equity portfolio which comprises 9% of the System's assets and 14% of the System's equity assets. The Walter Scott portfolio returned 8.5% for the first quarter of 2006, which lagged the 9.5% MSCI EAFE Index return. Walter Scott's 28.8% exceeded the 24.9% one year period Index return. Walter Scott lagged the Index for the period of three years, but has matched or exceeded the benchmark for the longer time periods of five years and since inception (July 1995).

### **FIXED INCOME MANAGERS**

The System's composite fixed income returns are compared to the Lehman Brothers Aggregate Bond Index over the time periods analyzed. For the first quarter of 2006, the total fixed income portfolio returned negative 0.4%, exceeding the negative 0.6% Index return. The composite's 2.8% one year return also exceeded the 2.3% Index return. The System exceeded the Index over all longer time periods measured.

There are generally slight discrepancies in the quarterly returns calculated from custody statements and the figures reported by fixed income investment managers. The differences are attributable to custodian banks using different bond pricing sources than the portfolio managers. While the discrepancies may be noticeable over shorter periods, the differences narrow over time.

### **ORLEANS CAPITAL MANAGEMENT**

Orleans Capital Management manages a core fixed income portfolio for the System. Orleans received additional assets totaling \$204.2 million from Alliance Capital in April 1998. For the first quarter of 2006, their negative 0.3% return exceeded the negative 0.6% Lehman Aggregate Bond Index return. For the period of one year, Orleans returned 2.5%, slightly exceeding the 2.3% Index return. Orleans exceeded the Index for all longer time periods measured.

### **SCHRODER CAPITAL MANAGEMENT**

Schroder Capital Management returned negative 0.4% and exceeded the negative 0.6% Lehman Aggregate Bond Index return for the first quarter of 2006. Schroder's 3.2% one year period return also exceeded the 2.3% Index return. Schroder has exceeded the Index for all longer time periods.

### **EVERGREEN INVESTMENT COMPANY**

For the first quarter, Evergreen's negative 0.5% return exceeded the negative 0.6% Lehman Brothers Aggregate Bond Index return. Evergreen's 2.6% return for the one year period also exceeded the 2.3% Index return. On June 18, 2003, Orleans Capital Management was directed to transfer \$100.0 million to initially fund the Evergreen portfolio. The custodian (Northern Trust) actually transferred \$139.0 million. An operational adjustment was made and the historical returns in this report include Evergreen's composite portfolio return for July of 2003. The adjustment was necessary to accurately reflect Evergreen's performance for the period.

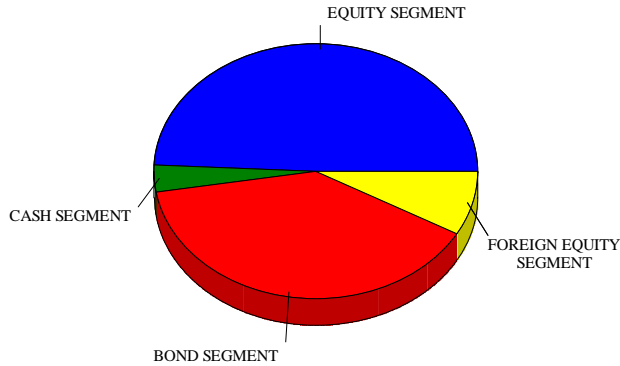
Investment Policy guidelines have been broadened for the System's fixed income managers. The expanded guidelines will permit the use of non-benchmark sectors, including non-dollar, emerging market and high yield debt. Tactical implementation is at each manager's discretion.

### **REAL ESTATE MANAGER - PRINCIPAL**

To further diversify the System's total portfolio, the Board elected to allocate part of the existing fixed income assets to real estate by utilizing the Principal U.S. Property Account. The principal portfolio was funded on February 23, 2006, with \$25 million from Orleans and \$20 million from Schroders. The Principal portfolio will be benchmarked against the NCREIF National Property Index and next quarter's report will include Principal's first full quarter of performance. At the end of the first quarter, Principal held \$46 million, representing 3% of the total System allocation.

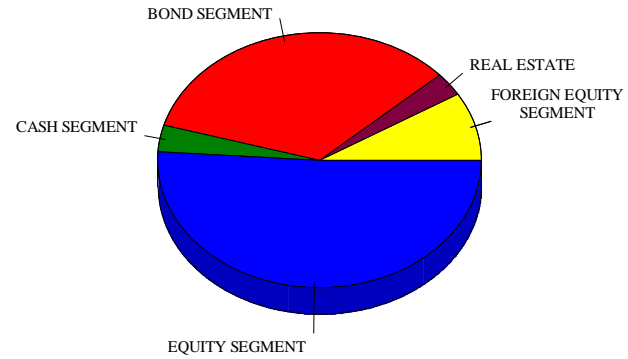
**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
ASSET ALLOCATION**

TOTAL MARKET VALUE  
AS OF DECEMBER 31, 2005  
\$1,497,749,302



	VALUE	PERCENT
<span style="color: blue;">■</span> EQUITY SEGMENT	737,221,163	49.22
<span style="color: red;">■</span> BOND SEGMENT	587,421,891	39.22
<span style="color: yellow;">■</span> FOREIGN EQUITY SEGMENT	122,160,431	8.16
<span style="color: green;">■</span> CASH SEGMENT	50,945,817	3.40

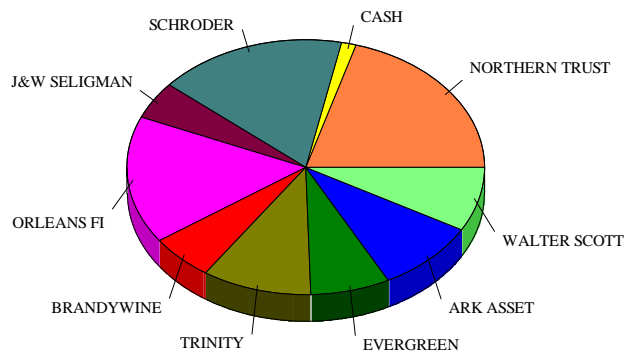
TOTAL MARKET VALUE  
AS OF MARCH 31, 2006  
\$1,525,262,271



	VALUE	PERCENT
<span style="color: blue;">■</span> EQUITY SEGMENT	779,198,472	51.09
<span style="color: red;">■</span> BOND SEGMENT	516,018,874	33.83
<span style="color: yellow;">■</span> FOREIGN EQUITY SEGMENT	132,488,768	8.69
<span style="color: green;">■</span> CASH SEGMENT	51,528,670	3.38
<span style="color: purple;">■</span> REAL ESTATE	46,027,487	3.01

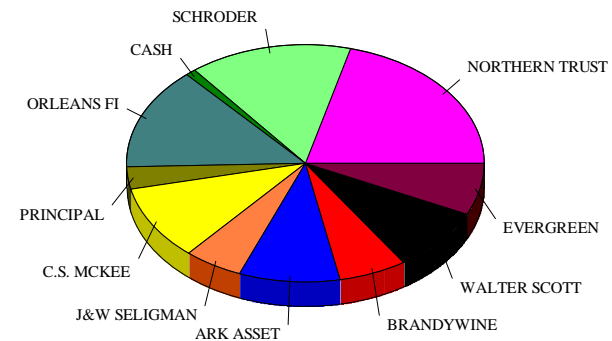
**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
MANAGER ALLOCATION  
TOTAL FUND**

TOTAL MARKET VALUE  
ON DECEMBER 31, 2005  
\$1,497,749,302



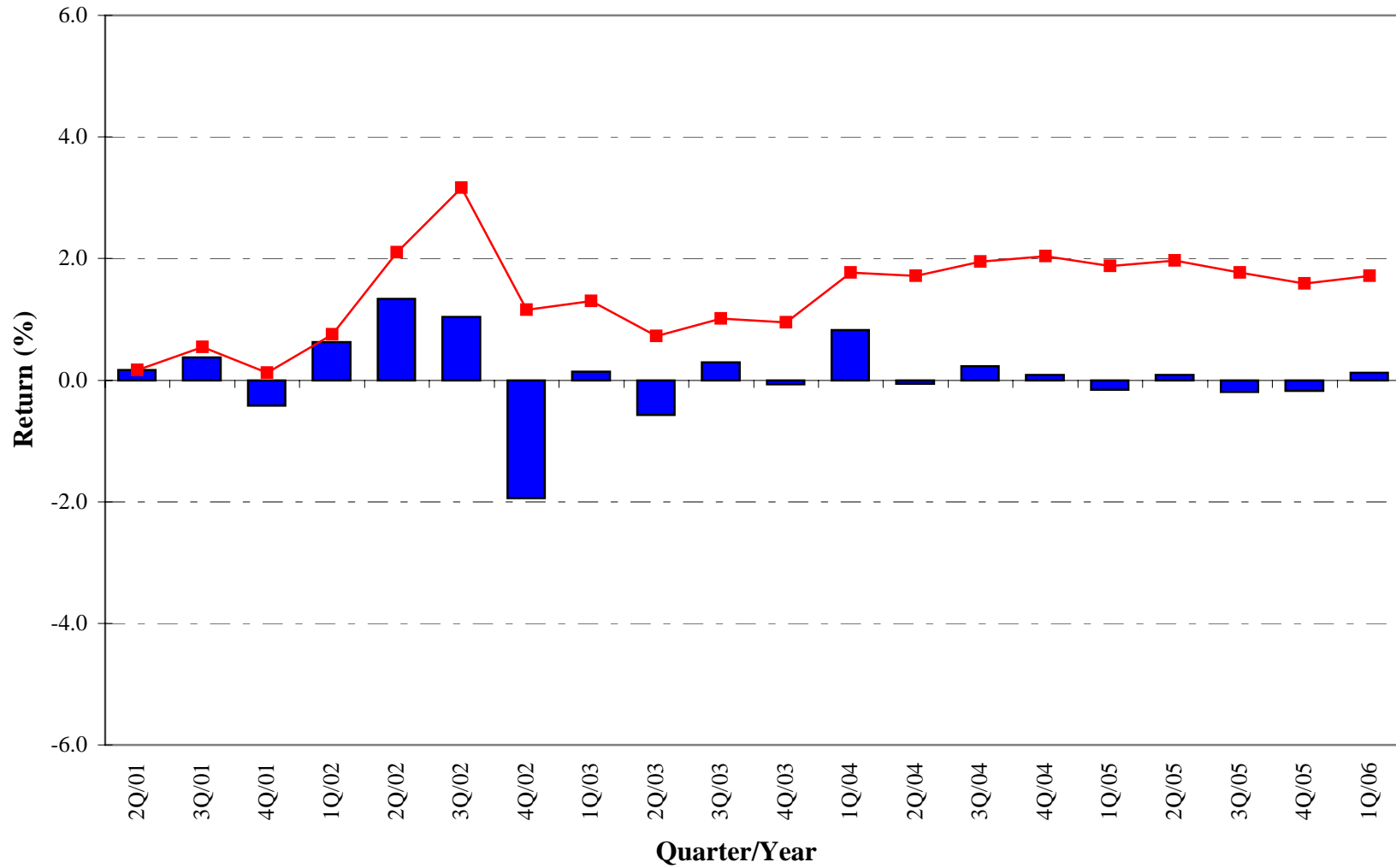
	VALUE	PERCENT
ARK ASSET	137,524,869	9.18
BRANDYWINE	86,407,473	5.77
CASH	19,932,386	1.33
EVERGREEN	107,909,998	7.20
J&W SELIGMAN	71,176,714	4.75
NORTHERN TRUST	306,156,522	20.44
ORLEANS FI	242,680,731	16.20
SCHRODER	255,126,332	17.03
TRINITY	148,673,846	9.93
WALTER SCOTT	122,160,431	8.17

TOTAL MARKET VALUE  
ON MARCH 31, 2006  
\$1,525,262,271



	VALUE	PERCENT
ARK ASSET	139,640,525	9.16
BRANDYWINE	93,375,258	6.12
C.S. MCKEE	155,391,004	10.19
CASH	14,006,290	0.92
EVERGREEN	107,420,726	7.04
J&W SELIGMAN	81,121,573	5.32
NORTHERN TRUST	319,116,177	20.92
ORLEANS FI	212,105,086	13.91
PRINCIPAL	46,027,487	3.02
SCHRODER	224,335,823	14.71
TRINITY	233,554	0.02
WALTER SCOTT	132,488,768	8.67

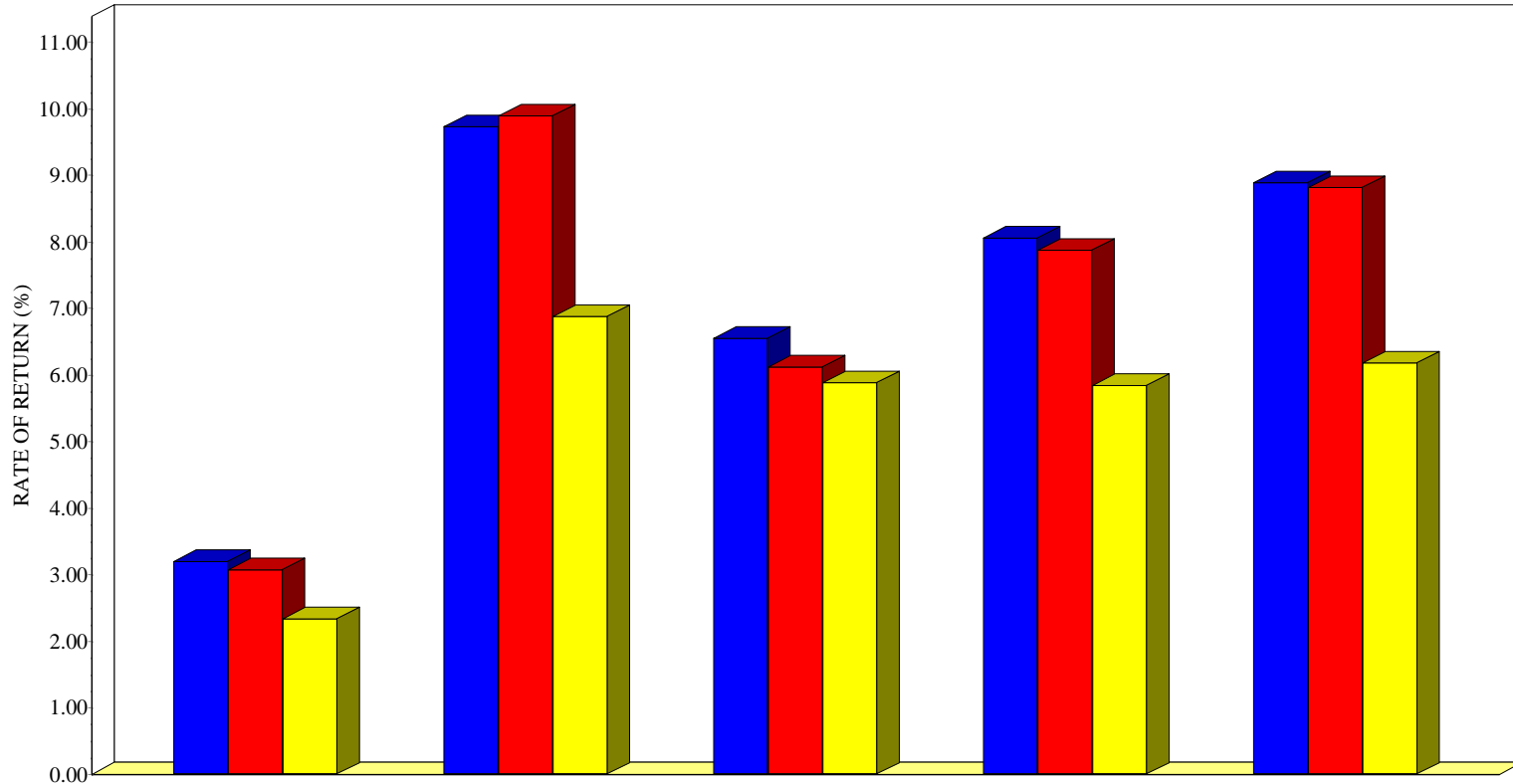
**TOTAL FUND COMPOSITE  
FIVE YEAR RELATIVE RETURNS VS. THE POLICY INDEX\***



Value Added
  Cumulative Value Added

06/30/2004 - Current: 51% Russell 3000, 42% Lehman Brothers Aggregate and 7% MSCI EAFE  
 12/31/2001 - 06/30/2004: 48% Lehman Brothers Aggregate, 45% Russell 3000 and 7% MSCI EAFE  
 06/30/1997 - 12/31/2001: 50% Lehman Brothers Aggregate, 45% Russell 3000 and 5% MSCI

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
DECEMBER 31, 1989 THROUGH MARCH 31, 2006**



	LATEST QUARTER	ONE YEAR	FIVE YEARS	TEN YEARS	SINCE INCEPTION
COMPOSITE	3.20	9.74	6.56	8.06	8.89
POLICY INDEX	3.08	9.90	6.13	7.88	8.82
CPI + 330 BP	2.34	6.88	5.89	5.85	6.19

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
INVESTMENT PERFORMANCE  
DECEMBER 31, 1989 THROUGH MARCH 31, 2006**

	LATEST QUARTER ROR	ONE YEAR ROR	FIVE YEARS ROR	TEN YEARS ROR	SINCE INCEPTION ROR
TOTAL FUND					
ARK ASSET	1.54	12.74	N/A	N/A	N/A
EVERGREEN	-0.45	2.63	N/A	N/A	N/A
NORTHERN TRUST	4.23	11.75	4.00	N/A	N/A
J&W SELIGMAN	13.97	19.88	9.07	7.61	N/A
ORLEANS FI	-0.33	2.47	5.31	6.38	N/A
WALTER SCOTT	8.45	28.78	10.09	9.94	N/A
SCHRODER	-0.40	3.22	5.90	6.73	N/A
CASH	0.68	3.16	2.11	3.81	5.51
BRANDYWINE	8.06	14.59	18.00	N/A	N/A
COMPOSITE	3.20	9.74	6.56	8.06	8.89
POLICY INDEX	3.08	9.90	6.13	7.88	8.82
CPI + 330 BP	2.34	6.88	5.89	5.85	6.19



**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
TOTAL FUND AND SEGMENT BENCHMARKS**

**TOTAL FUND BENCHMARK**

06/30/2004 - Present

51% RUSSELL 3000  
42% LEHMAN BROS AGGREGATE BOND  
7% MSCI GROSS EAFE INDEX

12/31/2001 - 06/30/2004

48% LEHMAN BROS AGGREGATE BOND  
45% RUSSELL 3000  
7% MSCI GROSS EAFE INDEX

06/30/1997 - 12/31/2001

50% LEHMAN BROS AGGREGATE BOND  
45% RUSSELL 3000  
5% MSCI GROSS EAFE INDEX

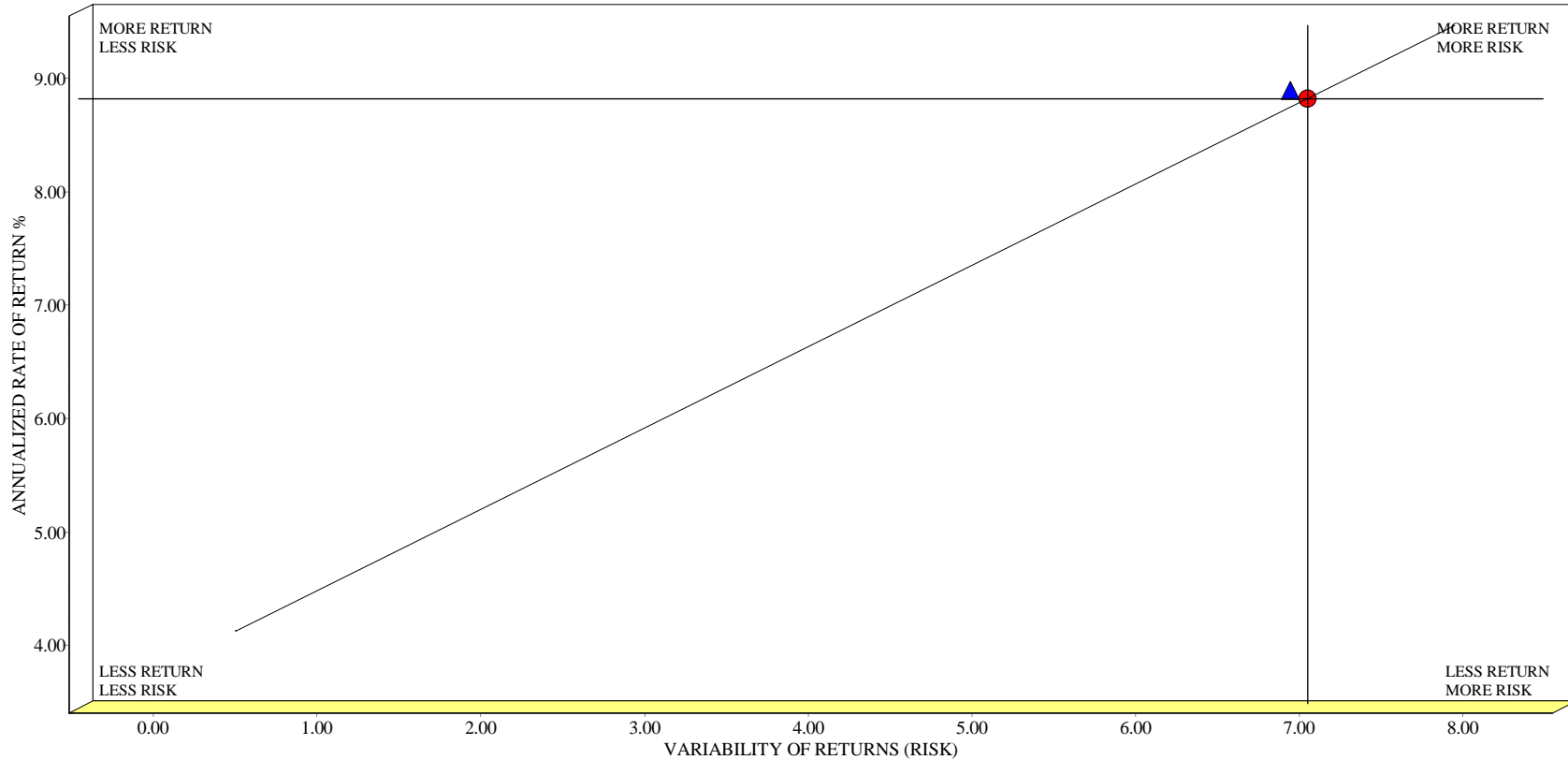
10/31/1995 - 06/30/1997

65% LEHMAN BROS AGGREGATE BOND  
35% RUSSELL 3000

12/31/1989 - 10/31/1995

60% LEHMAN BROS AGGREGATE BOND  
35% RUSSELL 3000  
5% 90 DAY U.S. TREASURY BILL

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 TOTAL COMPOSITE  
 CAPITAL MARKET LINE  
 DECEMBER 31, 1989 THROUGH MARCH 31, 2006



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED
▲ TOTAL FUND	8.89	6.95	0.96	0.25	94.62
● POLICY INDEX	8.82	7.05	1.00	0.00	100.00

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

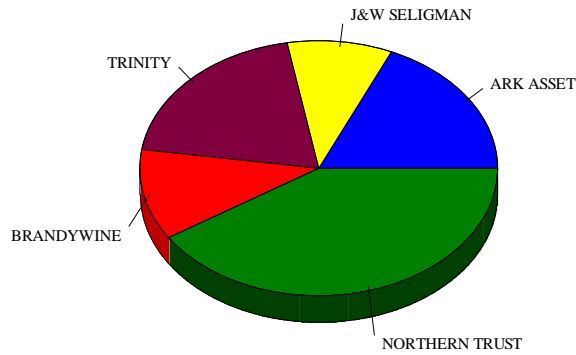
DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	-19,842,907	699,012,811	48.46	568,227,845	39.39	99,727,818	6.91	1,442,456,695	-4.66	290.67
6/2001	-18,429,990	708,951,351	48.06	636,177,716	43.12	49,277,718	3.34	1,475,203,988	3.55	301.00
9/2001	-18,498,368	684,977,382	49.68	555,895,975	40.32	69,331,430	5.03	1,378,829,142	-5.37	284.83
12/2001	-21,714,084	669,555,460	46.88	641,001,963	44.88	46,164,077	3.23	1,428,121,478	5.19	299.62
3/2002	-18,745,746	655,839,069	45.97	612,174,329	42.91	70,276,895	4.93	1,426,586,603	1.23	303.29
6/2002	-20,914,596	685,528,931	50.34	545,243,633	40.04	40,036,339	2.94	1,361,703,866	-3.11	293.85
9/2002	-22,244,886	608,420,102	48.46	478,074,013	38.08	90,623,323	7.22	1,255,581,905	-6.25	275.48
12/2002	-18,250,825	613,469,325	48.12	535,549,657	42.01	46,825,102	3.67	1,274,846,979	3.03	283.84
3/2003	-18,722,304	597,326,401	48.11	522,347,653	42.07	49,724,633	4.00	1,241,567,020	-1.15	280.57
6/2003	-19,169,248	504,965,549	37.79	586,882,170	43.92	162,877,895	12.19	1,336,392,532	9.18	306.34
9/2003	-21,023,862	603,704,868	44.83	593,256,837	44.06	58,331,993	4.33	1,346,533,980	2.37	313.60
12/2003	-15,930,599	604,229,935	42.52	653,473,505	45.98	63,183,525	4.45	1,421,172,055	6.77	334.82
3/2004	-16,883,973	626,228,281	43.11	676,044,677	46.54	40,984,529	2.82	1,452,511,018	3.41	346.24
6/2004	-18,691,517	582,839,782	40.90	682,635,899	47.91	51,887,169	3.64	1,424,953,719	-0.61	344.13
9/2004	-19,690,383	596,059,330	42.17	671,756,044	47.52	38,267,223	2.71	1,413,607,953	0.59	346.17
12/2004	-14,919,791	590,400,051	39.56	736,811,323	49.37	44,437,709	2.98	1,492,527,014	6.68	369.29
3/2005	-14,650,590	573,631,772	39.40	715,810,440	49.16	46,414,340	3.19	1,456,088,239	-1.47	363.86
6/2005	-14,612,538	593,118,776	40.14	722,655,418	48.91	47,352,690	3.20	1,477,501,240	2.47	372.86
9/2005	-17,501,498	585,667,344	39.20	727,843,010	48.71	59,970,154	4.01	1,494,158,523	2.31	381.48
12/2005	-17,598,617	587,421,891	39.22	737,221,163	49.22	50,945,817	3.40	1,497,749,302	1.42	386.90
3/2006	-21,188,092	516,018,874	33.83	779,198,472	51.09	51,528,670	3.38	1,525,262,271	3.20	399.30

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
TOTAL COMPOSITE  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	FOREIGN EQUITY SEGMENT	PERCENT	REAL ESTATE	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	-19,842,907	75,488,221	5.23	0	0.00	1,442,456,695	-4.66	290.67
6/2001	-18,429,990	80,797,203	5.48	0	0.00	1,475,203,988	3.55	301.00
9/2001	-18,498,368	68,624,355	4.98	0	0.00	1,378,829,142	-5.37	284.83
12/2001	-21,714,084	71,399,978	5.00	0	0.00	1,428,121,478	5.19	299.62
3/2002	-18,745,746	88,296,310	6.19	0	0.00	1,426,586,603	1.23	303.29
6/2002	-20,914,596	90,894,963	6.68	0	0.00	1,361,703,866	-3.11	293.85
9/2002	-22,244,886	78,464,467	6.25	0	0.00	1,255,581,905	-6.25	275.48
12/2002	-18,250,825	79,002,895	6.20	0	0.00	1,274,846,979	3.03	283.84
3/2003	-18,722,304	72,168,333	5.81	0	0.00	1,241,567,020	-1.15	280.57
6/2003	-19,169,248	81,666,918	6.11	0	0.00	1,336,392,532	9.18	306.34
9/2003	-21,023,862	91,240,282	6.78	0	0.00	1,346,533,980	2.37	313.60
12/2003	-15,930,599	100,285,090	7.06	0	0.00	1,421,172,055	6.77	334.82
3/2004	-16,883,973	109,253,531	7.52	0	0.00	1,452,511,018	3.41	346.24
6/2004	-18,691,517	107,590,869	7.55	0	0.00	1,424,953,719	-0.61	344.13
9/2004	-19,690,383	107,525,356	7.61	0	0.00	1,413,607,953	0.59	346.17
12/2004	-14,919,791	120,877,931	8.10	0	0.00	1,492,527,014	6.68	369.29
3/2005	-14,650,590	120,231,687	8.26	0	0.00	1,456,088,239	-1.47	363.86
6/2005	-14,612,538	114,374,356	7.74	0	0.00	1,477,501,240	2.47	372.86
9/2005	-17,501,498	120,676,015	8.08	0	0.00	1,494,158,523	2.31	381.48
12/2005	-17,598,617	122,160,431	8.16	0	0.00	1,497,749,302	1.42	386.90
3/2006	-21,188,092	132,488,768	8.69	46,027,487	3.02	1,525,262,271	3.20	399.30

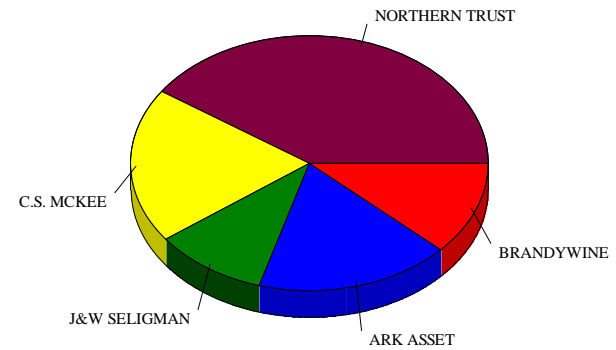
**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
US EQUITY COMPOSITE  
MANAGER ALLOCATION  
TOTAL FUND**

TOTAL MARKET VALUE  
ON DECEMBER 31, 2005  
\$749,939,424



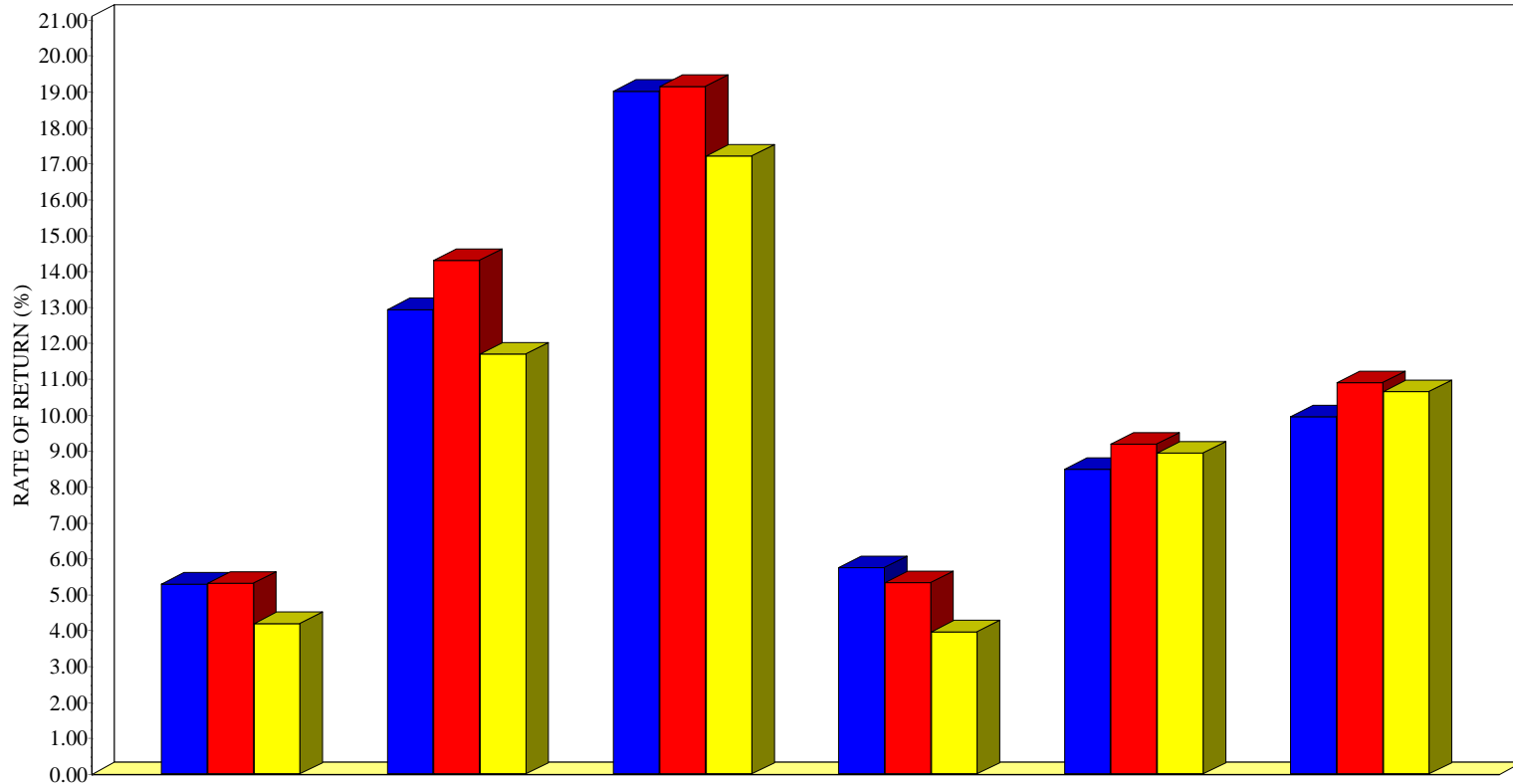
	VALUE	PERCENT
ARK ASSET	137,524,869	18.34
BRANDYWINE	86,407,473	11.52
J&W SELIGMAN	71,176,714	9.49
NORTHERN TRUST	306,156,522	40.82
TRINITY	148,673,846	19.83

TOTAL MARKET VALUE  
ON MARCH 31, 2006  
\$788,878,091



	VALUE	PERCENT
ARK ASSET	139,640,525	17.70
BRANDYWINE	93,375,258	11.84
C.S. MCKEE	155,391,004	19.70
J&W SELIGMAN	81,121,573	10.28
NORTHERN TRUST	319,116,177	40.45
TRINITY	233,554	0.03

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 US EQUITY COMPOSITE  
 DECEMBER 31, 1989 THROUGH MARCH 31, 2006

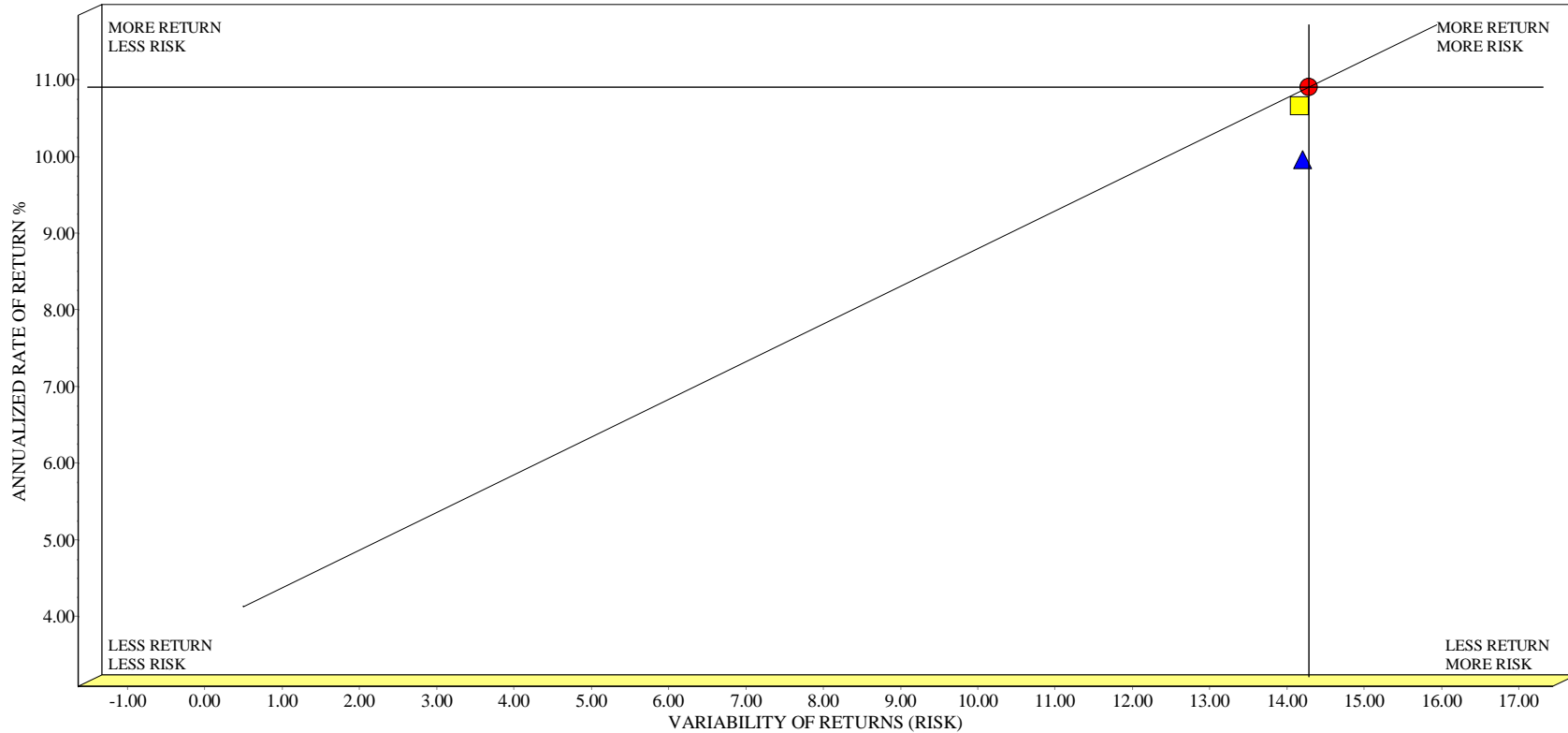


	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS	SINCE INCEPTION
EQ COMPOSITE	5.30	12.93	19.01	5.77	8.49	9.95
RUSSELL 3000	5.32	14.31	19.15	5.34	9.19	10.90
S&P 500	4.21	11.71	17.21	3.96	8.95	10.65

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
US EQUITY COMPOSITE  
INVESTMENT PERFORMANCE  
DECEMBER 31, 1989 THROUGH MARCH 31, 2006**

	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	TEN YEARS ROR	SINCE INCEPTION ROR
<b>TOTAL FUND</b>						
ARK ASSET MANAGEMENT (LC GROWTH)	1.54	12.74	N/A	N/A	N/A	N/A
NORTHERN TRUST (INDEX FUND)	4.23	11.75	17.26	4.00	N/A	N/A
J&W SELIGMAN (SC GROWTH)	13.97	19.88	22.01	9.07	7.61	N/A
BRANDYWINE (SC VALUE)	8.06	14.59	29.42	18.00	N/A	N/A
US EQUITY COMPOSITE	5.30	12.93	19.01	5.77	8.49	9.95
S&P 500	4.21	11.71	17.21	3.96	8.95	10.65
RUSSELL 3000	5.32	14.31	19.15	5.34	9.19	10.90
RUSSELL 1000 GROWTH	3.10	13.16	14.81	1.67	6.50	9.29
RUSSELL 1000 VALUE	5.92	13.29	21.76	7.79	10.97	11.93
RUSSELL 2000 GROWTH	14.37	27.83	28.14	8.59	5.51	8.06
RUSSELL 2000 VALUE	13.50	23.75	30.74	16.24	14.02	14.09

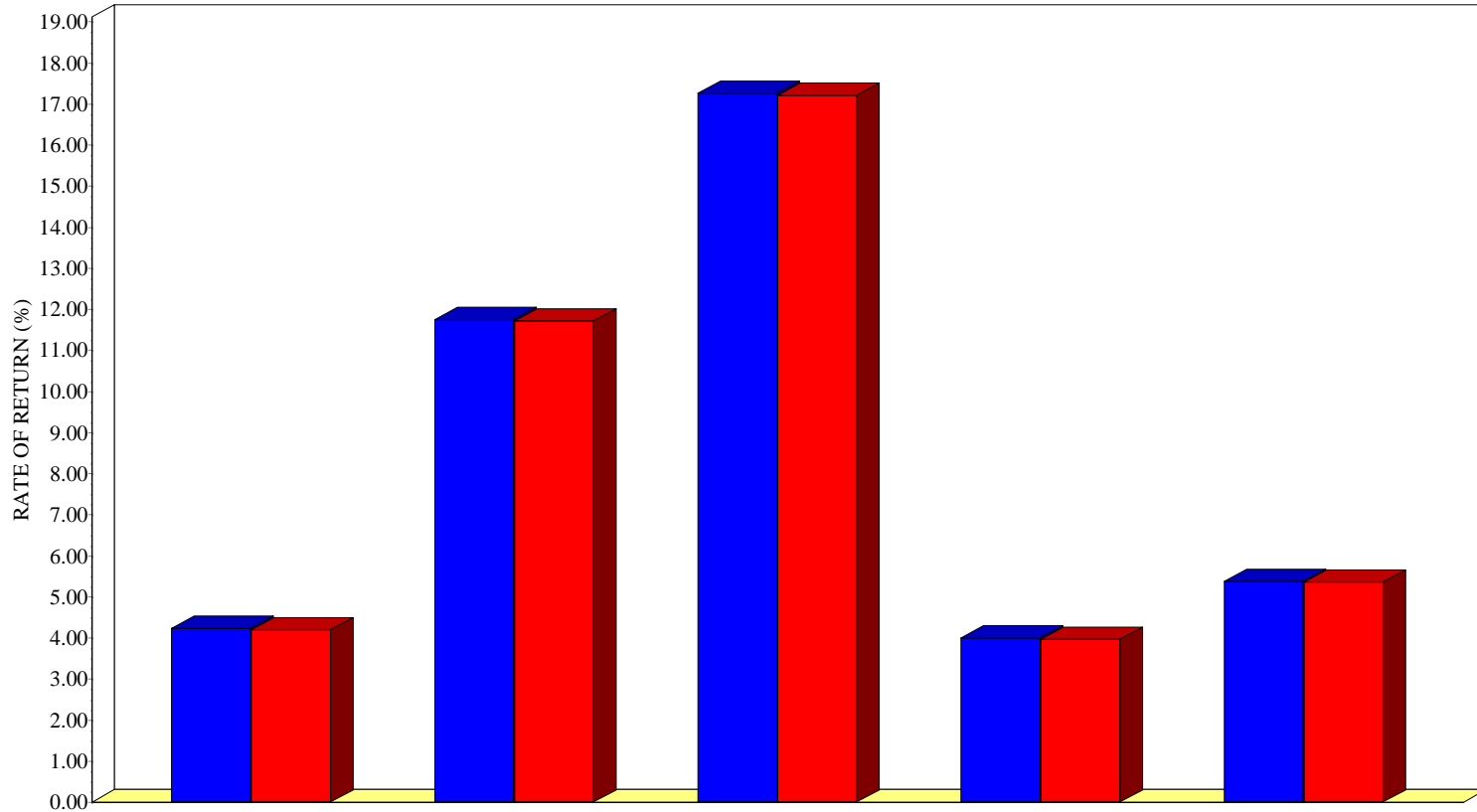
LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 US EQUITY COMPOSITE  
 CAPITAL MARKET LINE  
 DECEMBER 31, 1989 THROUGH MARCH 31, 2006



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED
▲ TOTAL FUND	9.95	14.20	0.98	-0.70	96.40
● RUSSELL 3000	10.90	14.28	1.00	0.00	100.00
■ S&P 500	10.65	14.16	1.00	0.00	100.00



**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
NORTHERN TRUST (INDEX FUND)  
SEPTEMBER 30, 1997 THROUGH MARCH 31, 2006**

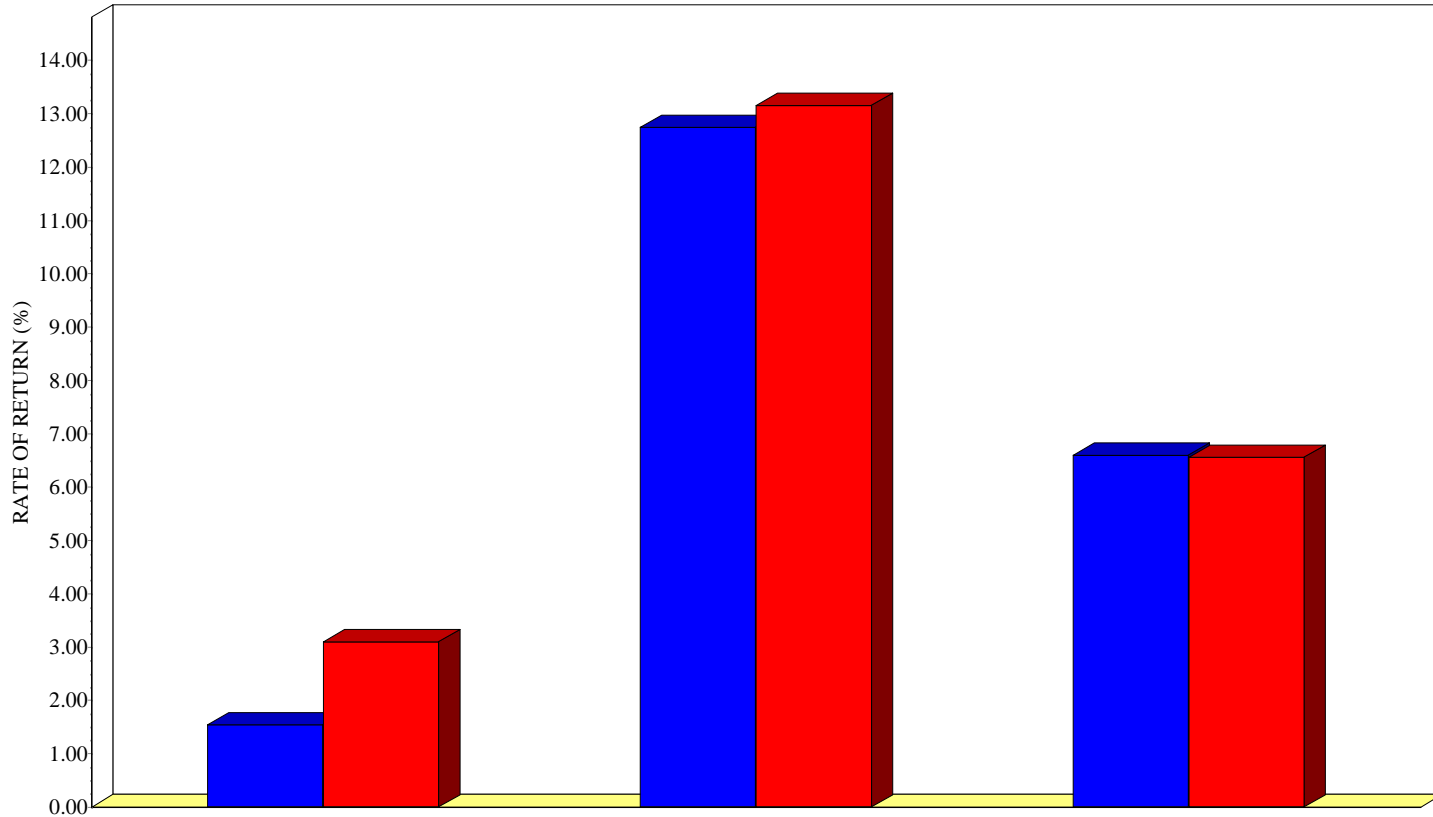


	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
NORTHERN TRUST	4.23	11.75	17.26	4.00	5.38
S&P 500	4.21	11.71	17.21	3.96	5.35

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
NORTHERN TRUST (INDEX FUND)  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	20,000,000	194,406,857	99.26	1,441,981	0.74	195,848,838	-11.85	127.79
6/2001	20,000,000	227,480,526	99.57	992,535	0.43	228,473,061	5.87	135.30
9/2001	15,000,000	209,302,387	99.40	1,252,822	0.60	210,555,209	-14.69	115.42
12/2001	10,000,000	243,020,353	99.56	1,081,122	0.44	244,101,475	10.68	127.74
3/2002	0	243,772,165	99.58	1,028,709	0.42	244,800,874	0.29	128.11
6/2002	0	211,115,885	99.57	903,108	0.43	212,018,993	-13.39	110.95
9/2002	0	174,842,804	99.63	644,691	0.37	175,487,495	-17.23	91.84
12/2002	33,000,000	220,666,391	99.28	1,590,060	0.72	222,256,451	8.40	99.55
3/2003	0	213,811,327	99.33	1,449,405	0.67	215,260,732	-3.15	96.41
6/2003	0	227,640,643	91.65	20,727,732	8.35	248,368,375	15.38	111.24
9/2003	-20,000,000	233,565,199	99.64	841,294	0.36	234,406,493	2.64	114.18
12/2003	0	261,738,493	99.55	1,183,642	0.45	262,922,135	12.17	128.07
3/2004	0	265,938,073	99.46	1,452,854	0.54	267,390,927	1.70	130.25
6/2004	0	271,585,402	99.81	520,825	0.19	272,106,227	1.76	132.55
9/2004	0	265,739,174	99.49	1,374,892	0.51	267,114,066	-1.83	130.11
12/2004	0	288,426,923	98.85	3,343,628	1.15	291,770,551	9.23	142.12
3/2005	0	281,422,958	98.55	4,132,329	1.45	285,555,287	-2.13	139.10
6/2005	0	283,935,162	98.09	5,531,316	1.91	289,466,478	1.37	141.00
9/2005	0	297,359,242	99.15	2,542,451	0.85	299,901,693	3.60	146.09
12/2005	0	303,088,063	99.00	3,068,459	1.00	306,156,522	2.09	149.13
3/2006	0	317,666,458	99.55	1,449,719	0.45	319,116,177	4.23	155.45

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 ARK ASSET MANAGEMENT (LC GROWTH)  
 DECEMBER 31, 2003 THROUGH MARCH 31, 2006**

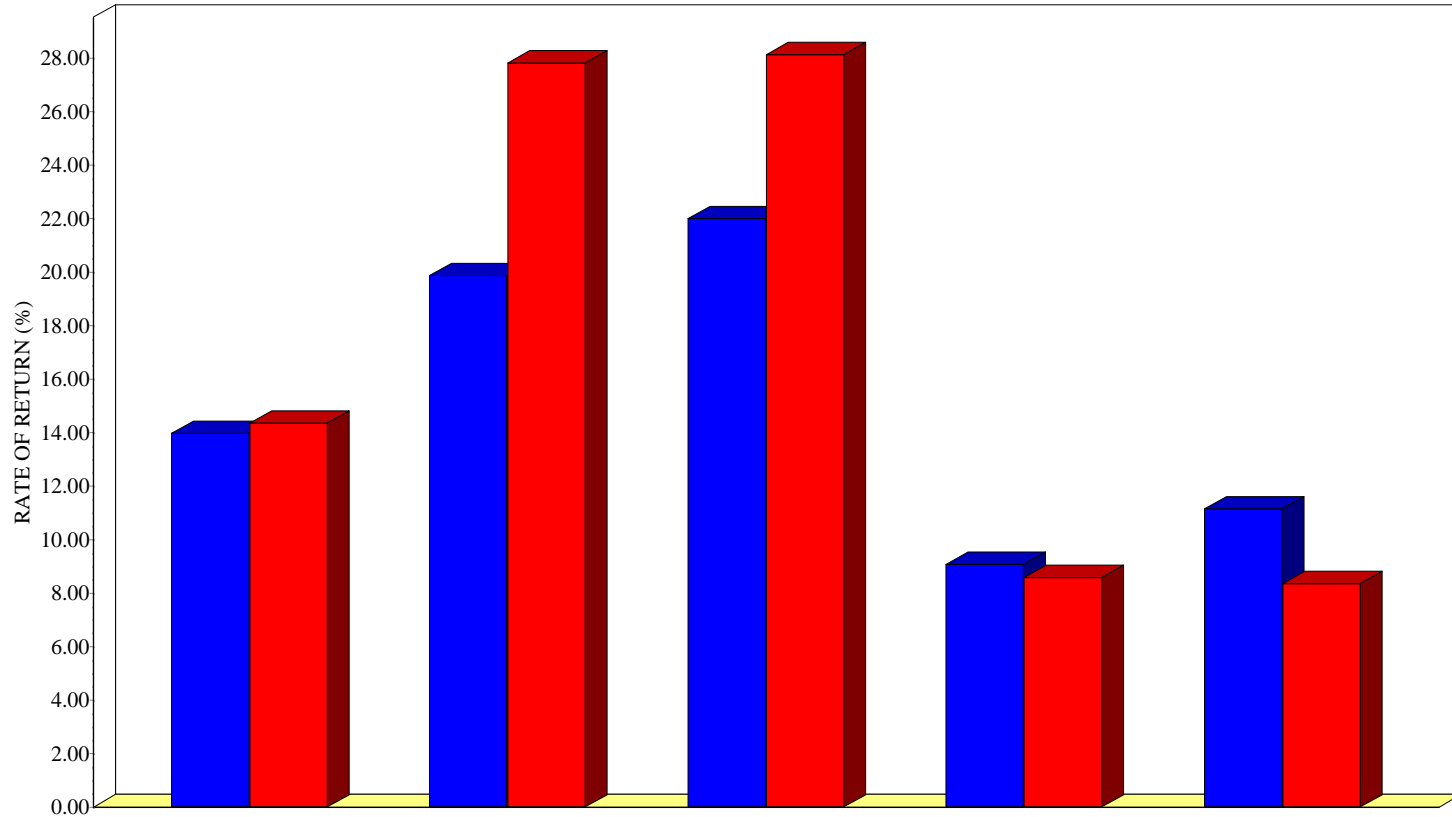


	LATEST QUARTER	ONE YEAR	SINCE INCEPTION
ARK ASSET	1.54	12.74	6.60
RUSSELL 1000 GROWTH	3.10	13.16	6.56

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
ARK ASSET MANAGEMENT (LC GROWTH)  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
12/2003	126,258,656	115,121,521	89.59	13,378,378	10.41	128,499,899	N/A	100.00
3/2004	-7,574,235	118,234,945	97.92	2,512,901	2.08	120,747,846	-0.16	99.84
6/2004	0	120,409,642	97.56	3,017,202	2.44	123,426,844	2.22	102.06
9/2004	0	113,866,563	97.31	3,151,481	2.69	117,018,044	-5.19	96.76
12/2004	0	126,565,315	97.53	3,199,235	2.47	129,764,550	10.89	107.30
3/2005	0	120,746,211	97.49	3,110,646	2.51	123,856,857	-4.55	102.42
6/2005	0	123,465,056	96.48	4,501,402	3.52	127,966,458	3.32	105.81
9/2005	0	132,209,483	97.60	3,255,278	2.40	135,464,761	5.86	112.01
12/2005	0	133,173,646	96.84	4,351,223	3.16	137,524,869	1.52	113.72
3/2006	0	136,967,107	98.09	2,673,418	1.91	139,640,525	1.54	115.47

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
J&W SELIGMAN (SC GROWTH)  
JUNE 30, 1994 THROUGH MARCH 31, 2006**

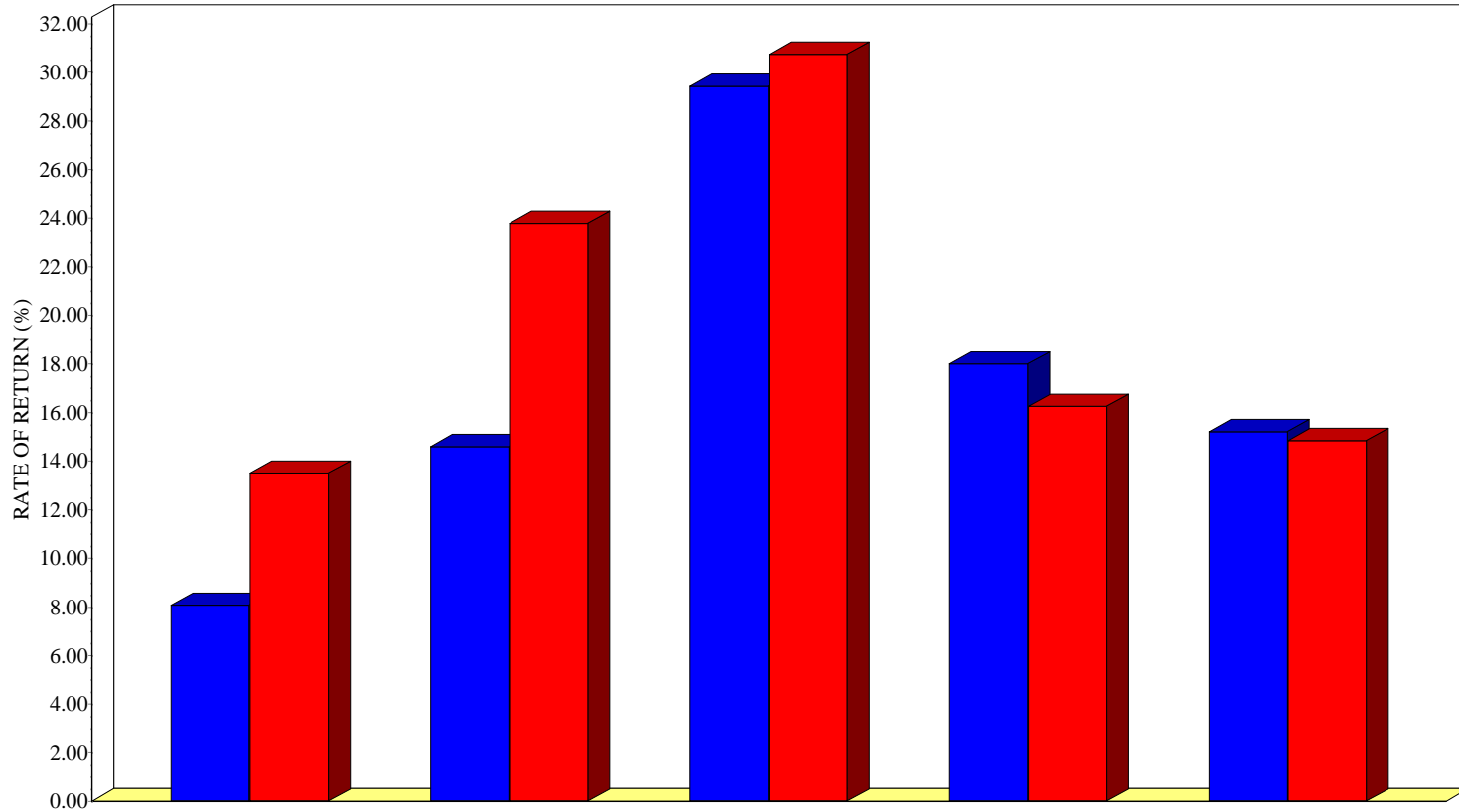


	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
J&W SELIGMAN	13.97	19.88	22.01	9.07	11.15
RUSSELL 2000 GROWTH	14.37	27.83	28.14	8.59	8.36

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
J&W SELIGMAN (SC GROWTH)  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	0	48,640,989	92.55	3,912,740	7.45	52,553,729	-18.59	224.33
6/2001	0	56,020,995	89.04	6,896,947	10.96	62,917,942	19.72	268.57
9/2001	0	44,959,654	88.03	6,114,917	11.97	51,074,571	-18.82	218.02
12/2001	0	57,347,130	94.72	3,197,697	5.28	60,544,827	18.54	258.44
3/2002	0	56,101,841	92.03	4,861,602	7.97	60,963,443	0.69	260.23
6/2002	0	49,601,958	91.63	4,533,187	8.37	54,135,145	-11.20	231.08
9/2002	0	42,035,933	93.06	3,135,384	6.94	45,171,317	-16.56	192.82
12/2002	0	43,216,919	94.81	2,366,317	5.19	45,583,236	0.91	194.58
3/2003	0	42,491,462	95.13	2,176,862	4.87	44,668,324	-2.01	190.67
6/2003	0	49,418,511	95.17	2,506,452	4.83	51,924,963	16.25	221.65
9/2003	0	52,407,064	94.84	2,853,221	5.16	55,260,285	6.42	235.88
12/2003	0	61,527,478	97.07	1,859,303	2.93	63,386,781	14.71	270.57
3/2004	0	65,600,683	96.44	2,420,311	3.56	68,020,994	7.31	290.36
6/2004	0	65,244,119	97.41	1,737,320	2.59	66,981,439	-1.53	285.92
9/2004	0	61,607,225	97.13	1,819,626	2.87	63,426,851	-5.31	270.74
12/2004	0	70,922,262	97.58	1,757,473	2.42	72,679,735	14.59	310.24
3/2005	0	65,017,003	96.08	2,650,617	3.92	67,667,620	-6.90	288.85
6/2005	0	66,208,424	96.56	2,358,698	3.44	68,567,122	1.33	292.69
9/2005	0	67,371,226	95.48	3,191,201	4.52	70,562,427	2.91	301.20
12/2005	0	68,585,733	96.36	2,590,981	3.64	71,176,714	0.87	303.83
3/2006	0	78,915,844	97.28	2,205,729	2.72	81,121,573	13.97	346.28

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 BRANDYWINE (SC VALUE)  
 SEPTEMBER 30, 1998 THROUGH MARCH 31, 2006



	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
BRANDYWINE	8.06	14.59	29.42	18.00	15.20
RUSSELL 2000 VALUE	13.50	23.75	30.74	16.24	14.86

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
BRANDYWINE (SC VALUE)  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	0	46,502,598	96.63	1,620,020	3.37	48,122,618	6.76	94.38
6/2001	0	54,234,283	96.96	1,699,725	3.04	55,934,008	16.23	109.70
9/2001	0	45,830,511	96.51	1,655,918	3.49	47,486,429	-15.10	93.13
12/2001	0	55,566,095	96.99	1,724,816	3.01	57,290,911	20.65	112.36
3/2002	0	62,698,793	96.44	2,314,894	3.56	65,013,687	13.48	127.50
6/2002	0	62,326,243	95.98	2,608,615	4.02	64,934,858	-0.12	127.35
9/2002	0	50,949,451	97.46	1,329,627	2.54	52,279,078	-19.49	102.53
12/2002	0	53,919,750	97.02	1,658,110	2.98	55,577,860	6.31	109.00
3/2003	0	49,133,448	96.76	1,645,774	3.24	50,779,222	-8.63	99.59
6/2003	0	62,285,048	97.10	1,862,757	2.90	64,147,805	26.33	125.81
9/2003	0	61,881,354	90.74	6,316,811	9.26	68,198,165	6.31	133.75
12/2003	-5,000,000	71,442,739	96.99	2,217,740	3.01	73,660,479	16.51	155.83
3/2004	0	76,875,220	96.60	2,707,136	3.40	79,582,356	8.04	168.36
6/2004	0	77,696,481	97.15	2,278,908	2.85	79,975,389	0.49	169.19
9/2004	0	79,491,630	98.28	1,391,351	1.72	80,882,981	1.13	171.11
12/2004	0	88,884,487	97.56	2,224,582	2.44	91,109,069	12.64	192.74
3/2005	0	87,023,932	97.72	2,026,215	2.28	89,050,147	-2.26	188.39
6/2005	0	91,006,492	97.50	2,337,647	2.50	93,344,139	4.82	197.47
9/2005	0	84,359,708	89.43	9,973,899	10.57	94,333,607	1.06	199.56
12/2005	-8,000,000	83,914,888	97.12	2,492,585	2.88	86,407,473	0.10	199.77
3/2006	0	90,885,093	97.33	2,490,165	2.67	93,375,258	8.06	215.88

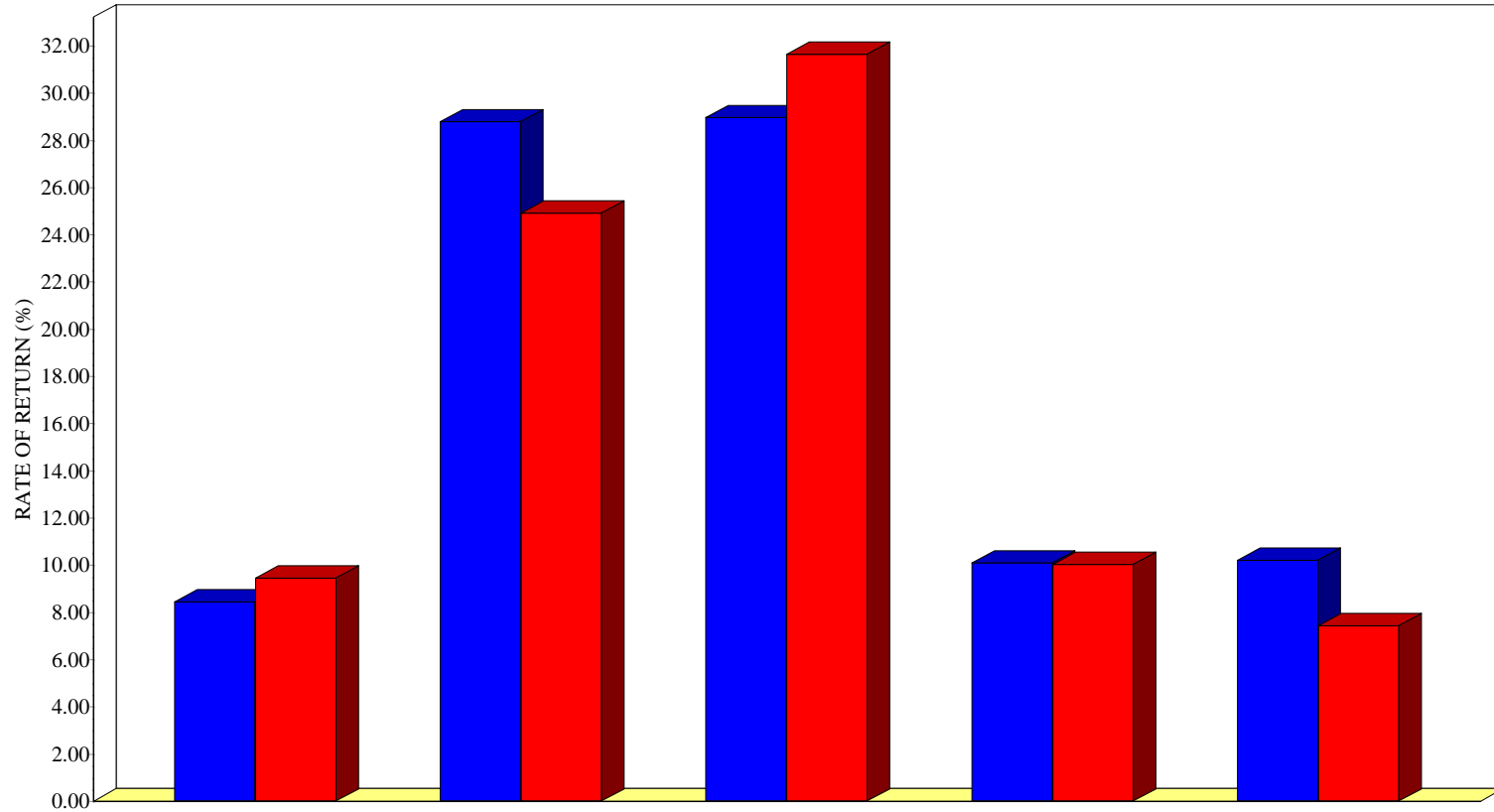


**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
COMMON STOCK CHARACTERISTICS ON MARCH 31, 2006**

	<u>S&amp;P 500</u>	<u>Composite</u> <sup>/1</sup>	<u>Northern Trust</u>	<u>Ark Asset</u>	<u>J. &amp; W. Seligman</u>	<u>Brandywine</u>
<b>PRICE/EARNINGS RATIO (X)</b>	21.0	26.0	20.9	29.4	43.6	15.9
<b>DIVIDEND YIELD (%)</b>	1.8	1.4	1.8	0.9	0.3	1.6
<b>BETA</b>	1.00	0.99	1.00	1.16	1.10	0.60
<b>MARKET CAPITALIZATION</b>	88,669	60,546	88,318	74,823	1,514	1,269
<b>DEBT/EQUITY RATIO (X)</b>	0.4	0.5	0.4	0.4	0.5	0.4
<b>TURNOVER RATIO (%)</b>	1.4	--	1.4	22.6	29.0	9.7

<sup>/1</sup> Composite excludes the characteristics for the new C.S. McKee portfolio, funded with assets from the terminated Trinity portfolio on March 23, 2006.

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
WALTER SCOTT INTERNATIONAL  
JUNE 30, 1995 THROUGH MARCH 31, 2006**



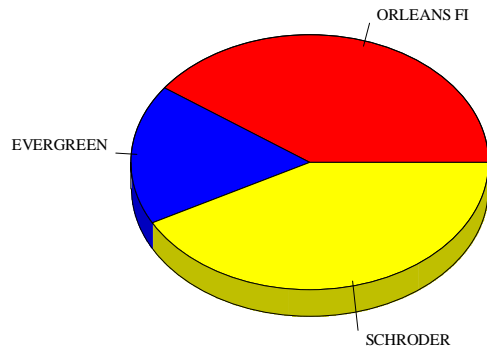
	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
WALTER SCOTT	8.45	28.78	28.98	10.09	10.21
MSCI GROSS EAFE	9.47	24.94	31.65	10.04	7.44

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
WALTER SCOTT INTERNATIONAL  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	FOREIGN EQUITY SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	0	75,488,221	100.00	75,488,221	-10.57	175.78
6/2001	5,000,000	80,797,203	100.00	80,797,203	0.39	176.47
9/2001	0	68,624,355	100.00	68,624,355	-15.07	149.89
12/2001	0	71,399,978	100.00	71,399,978	4.04	155.95
3/2002	13,000,000	88,296,310	100.00	88,296,310	3.95	162.11
6/2002	0	90,894,963	100.00	90,894,963	2.94	166.88
9/2002	0	78,464,467	100.00	78,464,467	-13.68	144.06
12/2002	0	79,002,895	100.00	79,002,895	0.69	145.05
3/2003	0	72,168,333	100.00	72,168,333	-8.65	132.50
6/2003	0	81,666,918	100.00	81,666,918	13.16	149.94
9/2003	0	91,240,282	100.00	91,240,282	11.72	167.52
12/2003	0	100,285,090	100.00	100,285,090	9.91	184.12
3/2004	0	109,253,531	100.00	109,253,531	8.94	200.59
6/2004	0	107,590,869	100.00	107,590,869	-1.52	197.54
9/2004	0	107,525,356	100.00	107,525,356	-0.06	197.42
12/2004	0	120,877,931	100.00	120,877,931	12.42	221.93
3/2005	0	120,231,687	100.00	120,231,687	-0.53	220.75
6/2005	-6,000,000	114,374,356	100.00	114,374,356	0.16	221.09
9/2005	-7,000,000	120,676,015	100.00	120,678,015	12.24	248.15
12/2005	-5,000,000	122,160,431	100.00	122,160,431	5.63	262.12
3/2006	0	132,488,768	100.00	132,488,768	8.45	284.28

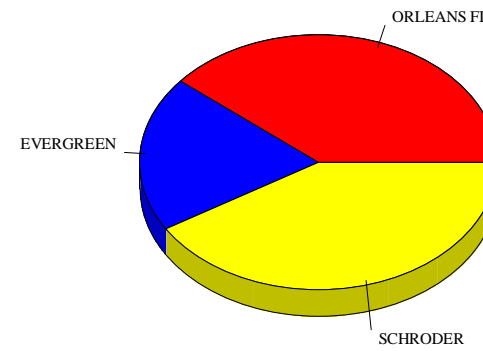
**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
FIXED INCOME COMPOSITE  
MANAGER ALLOCATION  
TOTAL FUND**

TOTAL MARKET VALUE  
ON DECEMBER 31, 2005  
\$605,717,061



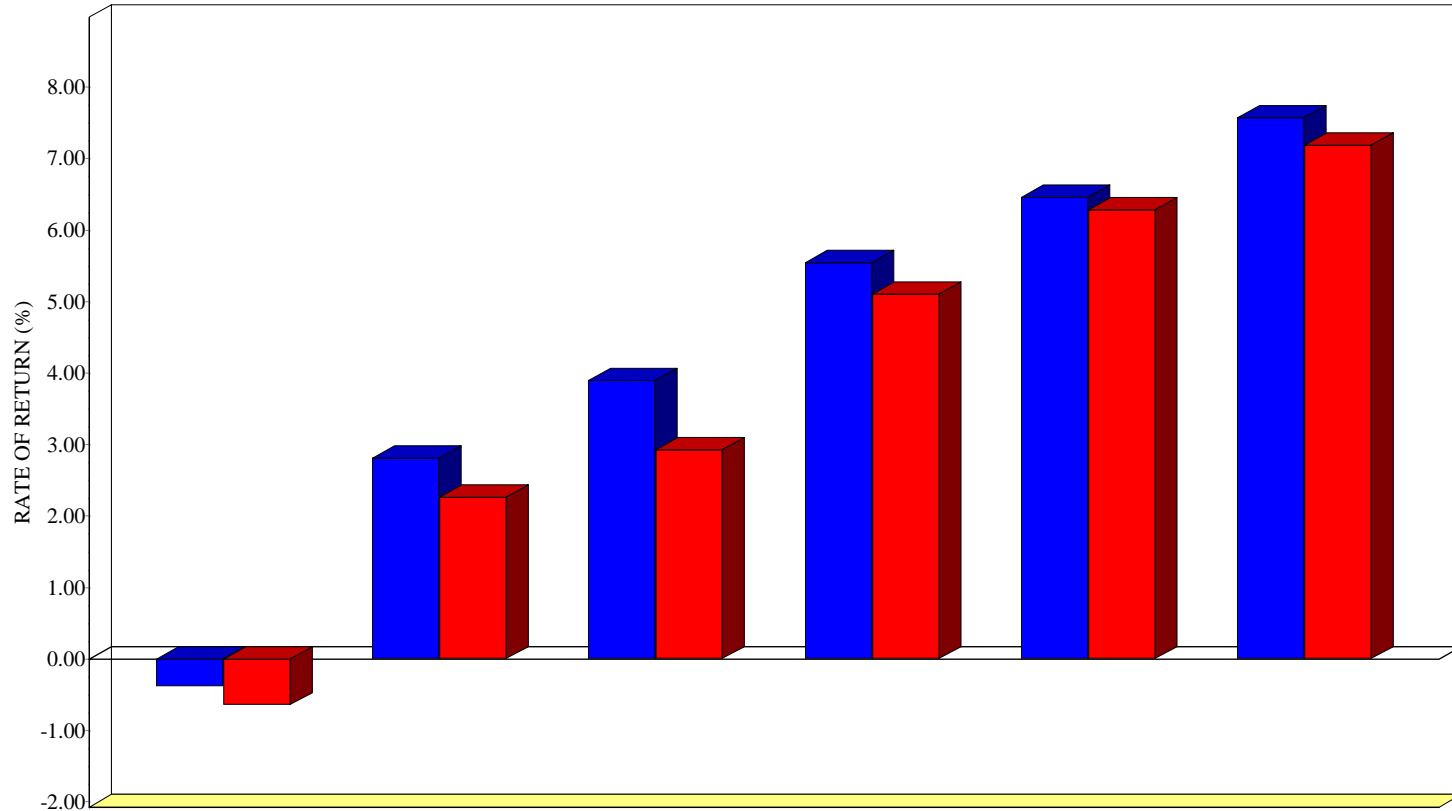
	VALUE	PERCENT
EVERGREEN	107,909,998	17.82
ORLEANS FI	242,680,731	40.07
SCHRODER	255,126,332	42.11

TOTAL MARKET VALUE  
ON MARCH 31, 2006  
\$543,861,635



	VALUE	PERCENT
EVERGREEN	107,420,726	19.75
ORLEANS FI	212,105,086	39.00
SCHRODER	224,335,823	41.25

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 FIXED INCOME COMPOSITE  
 NOVEMBER 30, 1989 THROUGH MARCH 31, 2006

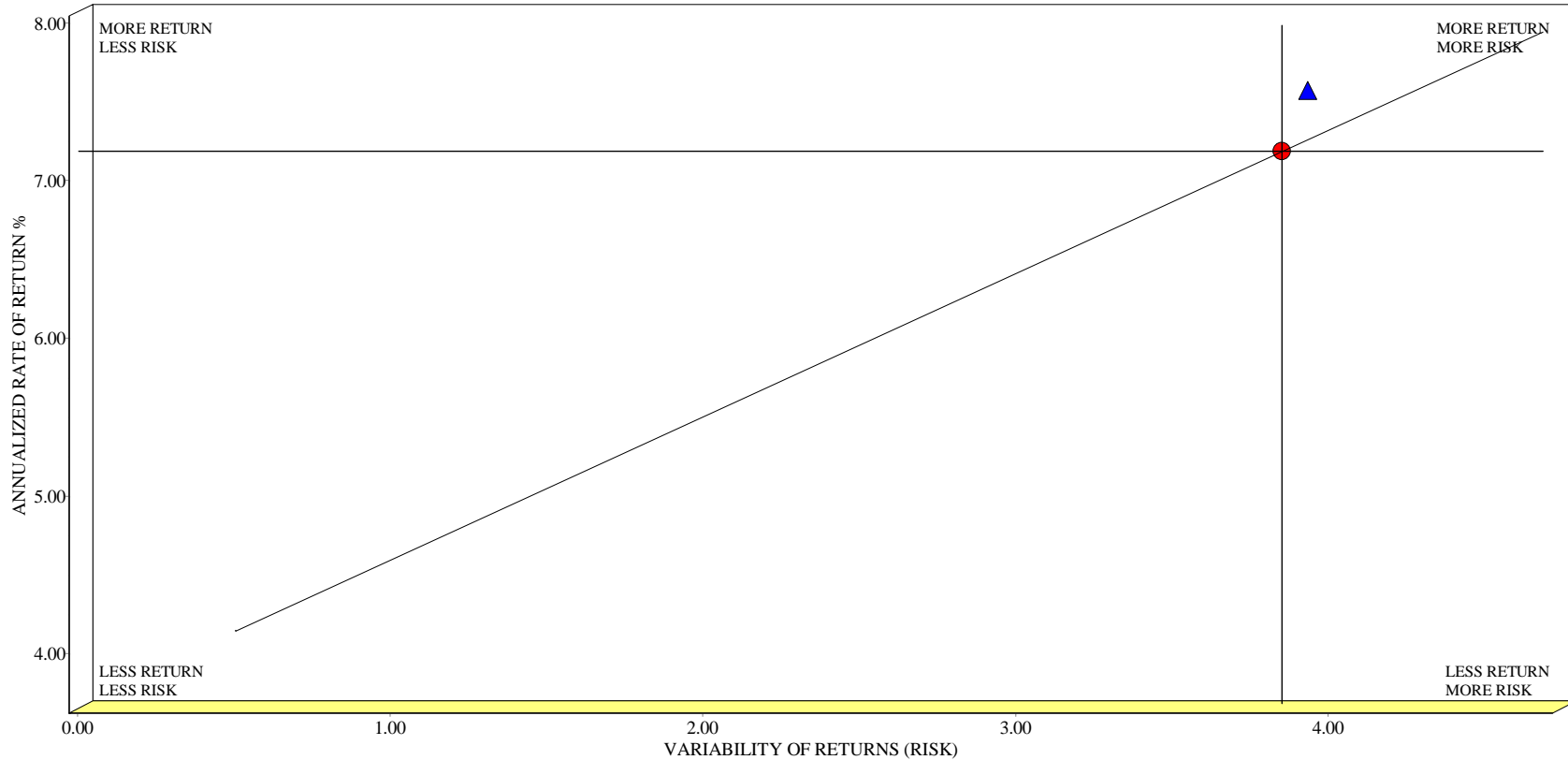


	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS	SINCE INCEPTION
FI COMPOSITE	-0.38	2.81	3.90	5.55	6.46	7.57
LB AGGREGATE BOND	-0.64	2.26	2.93	5.11	6.29	7.18

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
FIXED INCOME COMPOSITE  
INVESTMENT PERFORMANCE  
NOVEMBER 30, 1989 THROUGH MARCH 31, 2006**

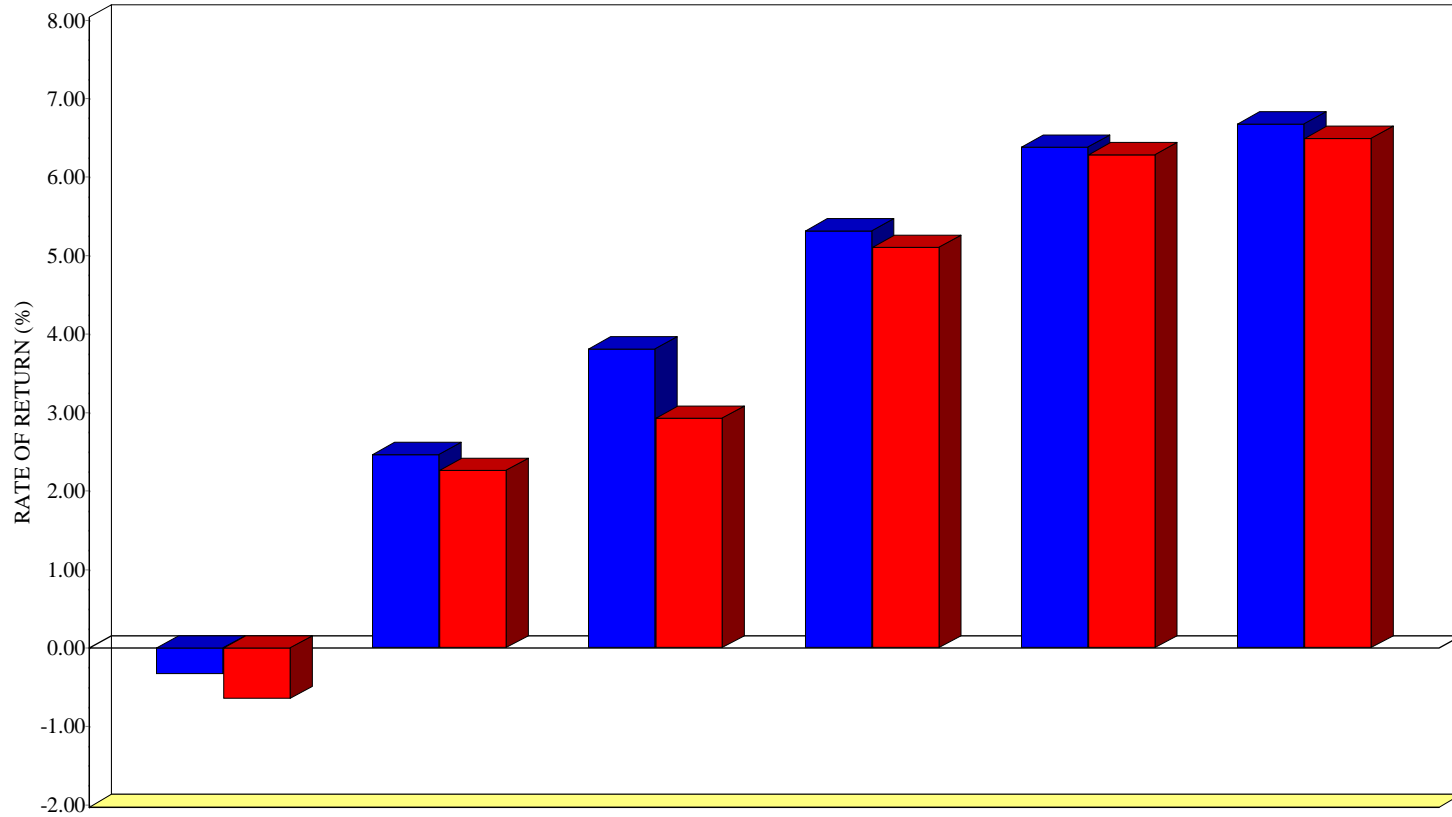
	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	TEN YEARS ROR	SINCE INCEPTION ROR
<u>TOTAL FUND</u>						
EVERGREEN	-0.45	2.63	N/A	N/A	N/A	N/A
ORLEANS CAPITAL MANAGEMENT	-0.33	2.47	3.81	5.31	6.38	N/A
SCHRODER INVESTMENT MANAGEMENT	-0.40	3.22	4.08	5.90	6.73	N/A
FIXED INCOME COMPOSITE	-0.38	2.81	3.90	5.55	6.46	7.57
LB AGGREGATE BOND	-0.64	2.26	2.93	5.11	6.29	7.18

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 FIXED INCOME COMPOSITE  
 CAPITAL MARKET LINE  
 NOVEMBER 30, 1989 THROUGH MARCH 31, 2006



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED
▲ TOTAL FUND	7.57	3.93	0.95	0.52	86.84
● LB AGGREGATE BOND	7.18	3.85	1.00	0.00	100.00

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 ORLEANS CAPITAL MANAGEMENT  
 DECEMBER 31, 1991 THROUGH MARCH 31, 2006



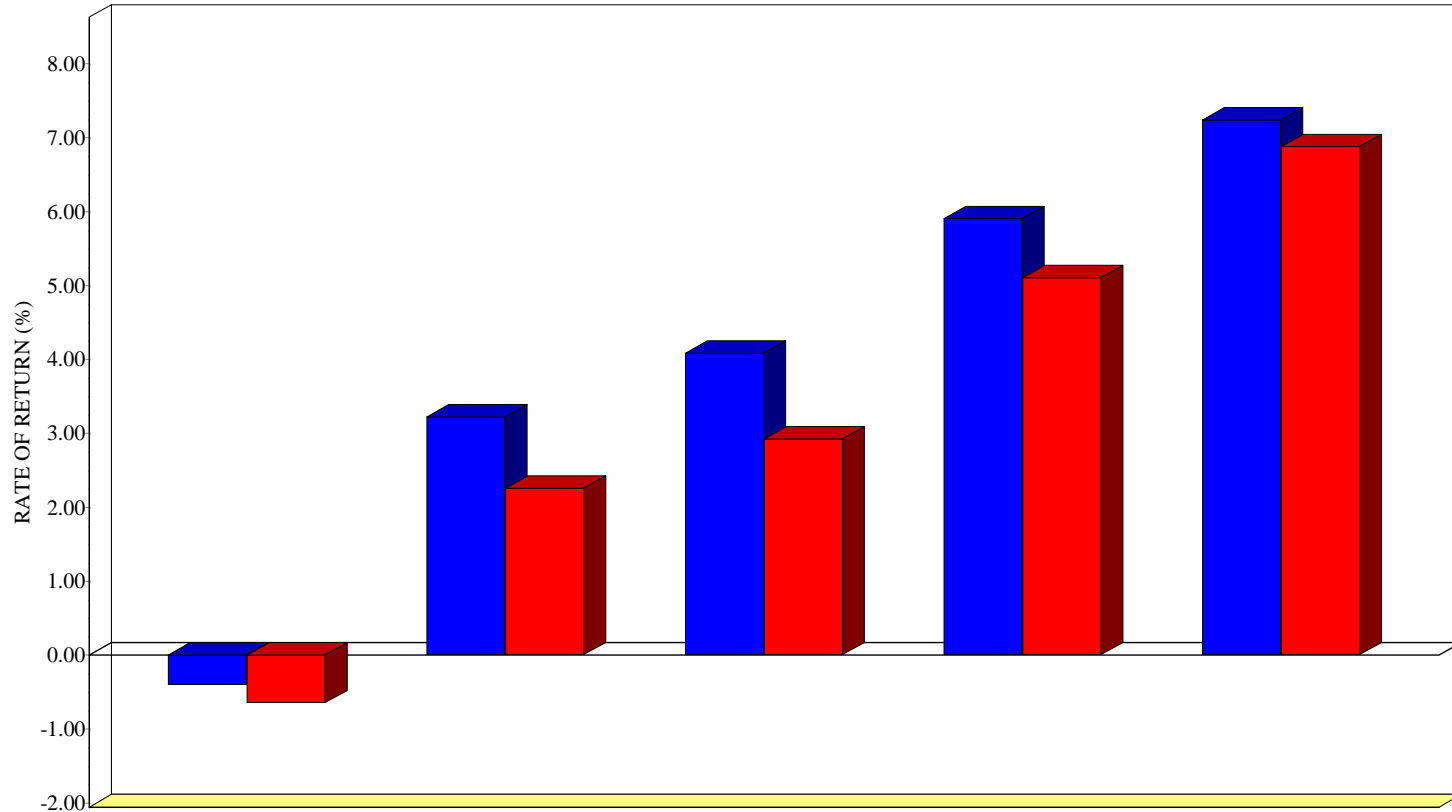
	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS	SINCE INCEPTION
ORLEANS FI	-0.33	2.47	3.81	5.31	6.38	6.67
LB AGGREGATE BOND	-0.64	2.26	2.93	5.11	6.29	6.49



**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
ORLEANS CAPITAL MANAGEMENT  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	-47,300,000	441,974,565	99.42	2,580,393	0.58	444,554,958	3.21	193.88
6/2001	0	426,823,955	95.29	21,088,147	4.71	447,912,102	0.76	195.35
9/2001	-35,000,000	394,027,451	91.42	36,957,136	8.58	430,984,587	4.23	203.62
12/2001	-28,000,000	389,166,952	97.56	9,734,281	2.44	398,901,233	-1.02	201.55
3/2002	0	389,019,159	97.18	11,282,582	2.82	400,301,741	0.35	202.25
6/2002	0	394,440,045	94.93	21,076,428	5.07	415,516,473	3.80	209.94
9/2002	-53,000,000	344,426,068	91.43	32,266,823	8.57	376,692,891	3.79	217.89
12/2002	-59,000,000	308,005,981	95.68	13,918,544	4.32	321,924,525	1.37	220.87
3/2003	-9,500,000	302,892,400	95.39	14,645,262	4.61	317,537,662	1.64	224.48
6/2003	-100,747,162	166,422,859	72.66	62,604,895	27.34	229,027,754	3.54	232.43
9/2003	0	220,338,256	95.80	9,650,993	4.20	229,989,249	0.18	232.86
12/2003	0	226,810,816	98.22	4,109,493	1.78	230,920,309	0.40	233.80
3/2004	0	232,341,350	97.56	5,812,290	2.44	238,153,640	3.13	241.12
6/2004	0	224,425,684	96.54	8,045,033	3.46	232,470,717	-2.39	235.37
9/2004	0	236,303,740	98.26	4,188,132	1.74	240,491,872	3.45	243.49
12/2004	0	240,041,858	98.63	3,322,903	1.37	243,364,761	1.19	246.40
3/2005	0	235,310,228	97.21	6,747,967	2.79	242,058,195	-0.54	245.08
6/2005	-6,000,000	239,135,665	98.57	3,480,561	1.43	242,616,226	2.78	251.89
9/2005	0	239,696,138	99.25	1,820,356	0.75	241,516,494	-0.45	250.74
12/2005	0	235,037,340	96.85	7,643,391	3.15	242,680,731	0.48	251.95
3/2006	-30,000,000	206,900,527	97.55	5,204,559	2.45	212,105,086	-0.33	251.12

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 SCHRODER INVESTMENT MANAGEMENT  
 SEPTEMBER 30, 1994 THROUGH MARCH 31, 2006

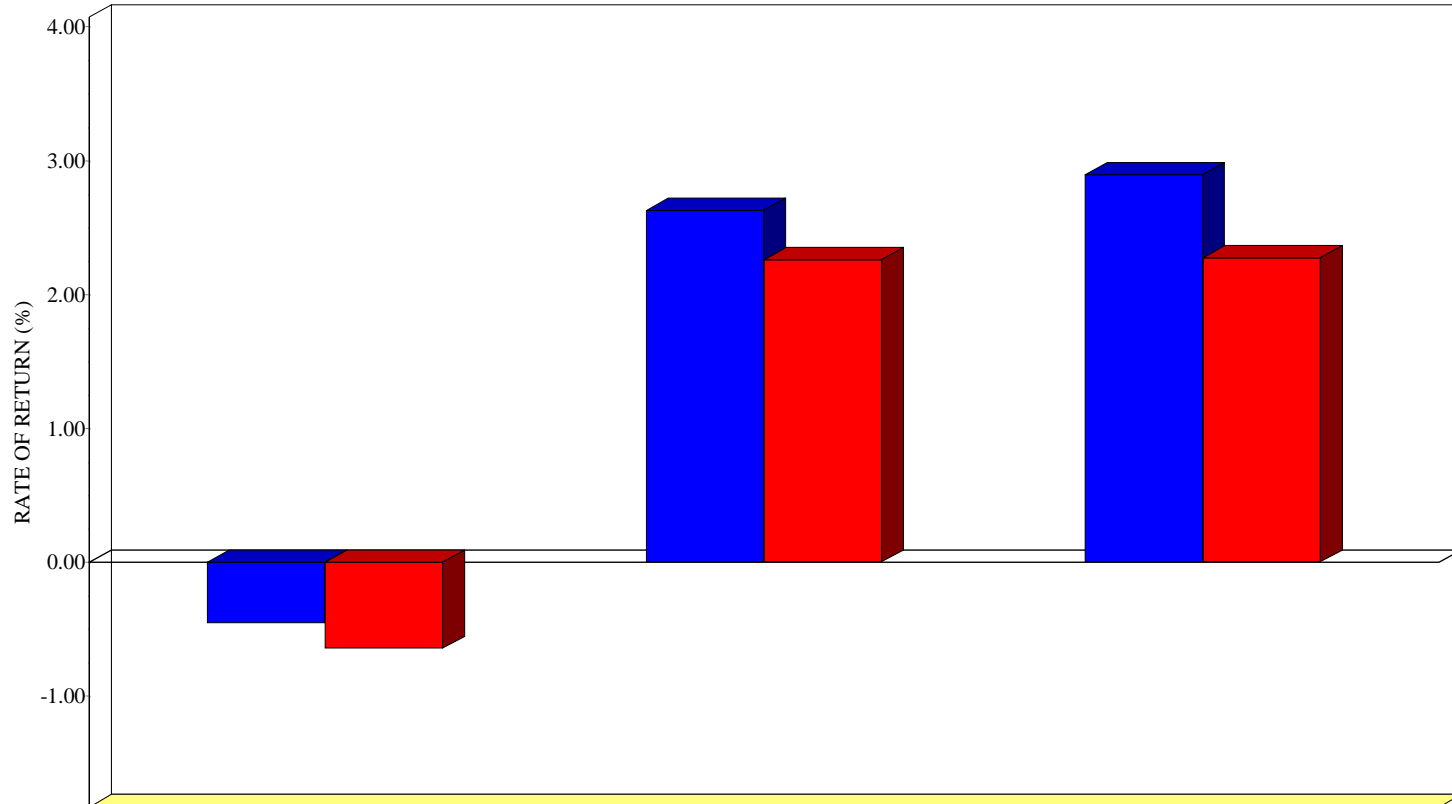


	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
<span style="color: blue;">■</span> SCHRODER	-0.40	3.22	4.08	5.90	7.24
<span style="color: red;">■</span> LB AGGREGATE BOND	-0.64	2.26	2.93	5.11	6.88

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
SCHRODER INVESTMENT MANAGEMENT  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
3/2001	0	257,038,246	77.47	74,739,731	22.53	331,777,977	3.39	167.71
6/2001	-44,400,000	282,127,396	97.43	7,429,034	2.57	289,556,430	0.73	168.93
9/2001	0	290,949,931	96.36	10,990,157	3.64	301,940,088	4.28	176.15
12/2001	-20,000,000	280,388,508	99.08	2,615,709	0.92	283,004,217	0.35	176.77
3/2002	0	266,819,910	94.18	16,487,036	5.82	283,306,946	0.11	176.96
6/2002	0	291,088,886	99.21	2,313,057	0.79	293,401,943	3.56	183.26
9/2002	0	263,994,034	85.65	44,236,339	14.35	308,230,373	5.05	192.52
12/2002	0	305,463,344	97.71	7,169,353	2.29	312,632,697	1.43	195.27
3/2003	-9,500,000	294,434,001	95.74	13,114,834	4.26	307,548,835	1.46	198.12
6/2003	-22,000,000	275,363,997	93.39	19,480,261	6.61	294,844,258	3.26	204.57
9/2003	0	292,502,328	99.11	2,618,153	0.89	295,120,481	0.09	204.76
12/2003	0	283,558,633	95.32	13,907,612	4.68	297,466,245	0.79	206.39
3/2004	0	298,422,328	97.52	7,582,963	2.48	306,005,291	2.87	212.31
6/2004	-17,000,000	269,904,851	95.62	12,361,165	4.38	282,266,016	-2.33	207.36
9/2004	-20,000,000	267,757,151	98.83	3,158,200	1.17	270,915,351	3.30	214.20
12/2004	-20,000,000	250,692,653	98.64	3,461,504	1.36	254,154,157	1.25	216.87
3/2005	-7,500,000	236,541,302	96.09	9,626,233	3.91	246,167,535	-0.21	216.42
6/2005	0	252,215,033	99.23	1,949,965	0.77	254,164,998	3.25	223.45
9/2005	0	244,973,829	96.85	7,966,333	3.15	252,940,162	-0.48	222.37
12/2005	0	249,782,978	97.91	5,343,354	2.09	255,126,332	0.86	224.29
3/2006	-30,000,000	202,969,817	90.48	21,366,006	9.52	224,335,823	-0.40	223.39

LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 EVERGREEN  
 JUNE 30, 2003 THROUGH MARCH 31, 2006



	LATEST QUARTER	ONE YEAR	SINCE INCEPTION
EVERGREEN	-0.45	2.63	2.90
LB AGGREGATE BOND	-0.64	2.26	2.27

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
EVERGREEN  
ALLOCATION OF ASSETS  
MARCH 31, 2001 THROUGH MARCH 31, 2006**

DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2003	100,747,162	63,178,693	63.13	36,905,352	36.87	100,084,045	N/A	100.00
9/2003	0	90,864,284	91.18	8,785,862	8.82	99,650,146	0.34	100.34
12/2003	0	93,860,486	93.81	6,189,731	6.19	100,050,217	0.40	100.75
3/2004	0	95,464,603	92.90	7,299,629	7.10	102,764,232	2.71	103.48
6/2004	0	88,509,247	88.20	11,837,870	11.80	100,347,117	-2.35	101.05
9/2004	0	91,998,439	88.73	11,689,397	11.27	103,687,836	3.33	104.41
12/2004	0	99,665,540	95.22	5,000,380	4.78	104,665,920	0.94	105.39
3/2005	0	101,780,242	97.24	2,890,723	2.76	104,670,965	0.00	105.40
6/2005	0	101,768,078	94.45	5,984,053	5.55	107,752,131	2.94	108.50
9/2005	0	100,997,377	94.24	6,172,306	5.76	107,169,683	-0.54	107.92
12/2005	0	102,601,573	95.08	5,308,425	4.92	107,909,998	0.69	108.66
3/2006	0	106,148,530	98.82	1,272,196	1.18	107,420,726	-0.45	108.17

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
FIXED INCOME CHARACTERISTICS ON MARCH 31, 2006**

	<b><u>Lehman Brothers Aggregate Index</u></b>	<b><u>Fixed Income Composite</u></b>	<b><u>Orleans Capital</u></b>	<b><u>Schroder Capital</u></b>	<b><u>Evergreen Investment</u></b>
<b>AVERAGE MATURITY (YEARS)</b>	7.1	7.2	6.4	7.9	7.1
<b>YIELD TO MATURITY (%)</b>	5.5	5.7	5.8	5.8	5.6
<b>AVERAGE DURATION (YEARS)</b>	4.7	4.6	4.7	4.5	4.6
<b>AVERAGE QUALITY</b>	AAA	AA2	A1	AA3	AAA
<b>TURNOVER RATIO (%)</b>	--	--	6.7	77.7	83.8

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT MANAGEMENT FEES  
AS OF MARCH 31, 2006**

<b><u>MANAGER:</u></b>	<b><u>AMOUNT</u></b> <sup>/1</sup>	<b><u>ANNUAL PERCENT OF MARKET VALUE</u></b>
Northern Trust	\$ 81,895	0.03%
Ark Asset	574,331	0.41
Trinity <sup>/2</sup>	410,803	0.27
C.S. McKee <sup>/2</sup>	N/A	0.35
J&W Seligman	375,516	0.49
Brandywine	431,479	0.48
Walter Scott	595,636	0.47
Orleans Capital	233,696	0.10
Schroder Capital	367,689	0.15
Evergreen	167,655	0.16
Principal <sup>/3</sup>	<u>177,276</u>	<u>0.95</u>
Total	\$3,415,998	0.22%

<sup>/1</sup> Estimated annual fee based on actual fee schedules and average assets.

<sup>/2</sup> C.S. McKee replaced Trinity on March 23, 2006.

<sup>/3</sup> Principal's inception date is February 23, 2006. The amount listed is based on a partial quarter of management.