Teachers' Retirement System of Oklahoma A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report

for the
Fiscal Year Ended June 30, 2008

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Teachers' Retirement System of Oklahoma a Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

Prepared by the Retirement System Staff

Teachers' Retirement System of Oklahoma P.O. Box 53524 Oklahoma City, OK 73152

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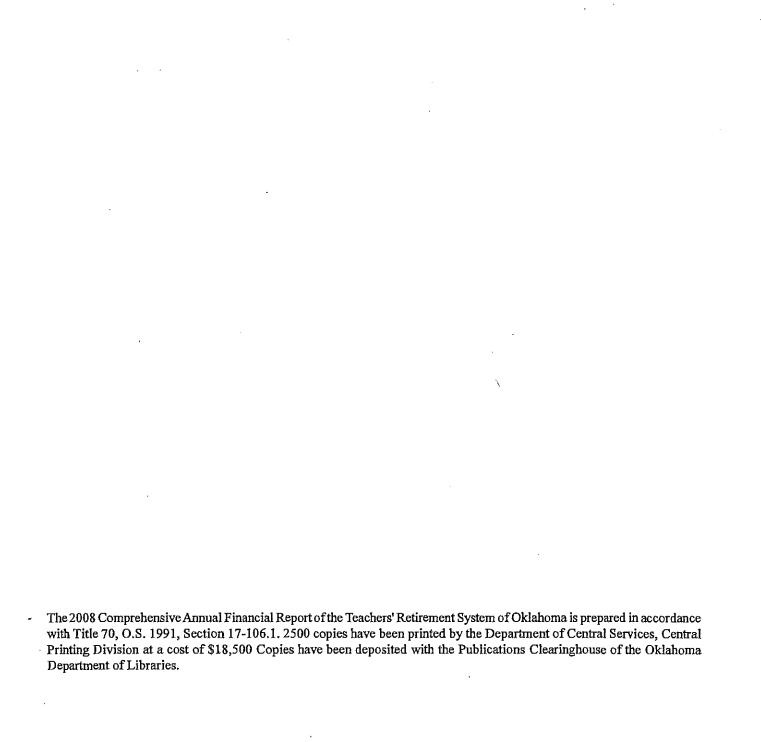


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Transmittal Letter from the Executive Secretary

Letter from the Chairman of the Board of Trustees

Board of Trustees

Organization Chart

2007-2008 Plan Summary

Certificate of Achievement for Excellence
in Financial Reporting

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STATE OF OKLAHOMA

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

TO THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA:

We are pleased to present the Comprehensive Annual Financial Report for the Teachers' Retirement System of Oklahoma for the year ended June 30, 2008. The Teachers' Retirement System of Oklahoma (the System or TRS) is a component unit of the state of Oklahoma.

PROFILE OF RETIREMENT SYSTEM

Established by legislation, the System began operation July 1, 1943, and concluded its 65th year on June 30. The System provides retirement allowances and other benefits to public education employees in the common schools, career technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma. At the close of business on June 30, 2008, the System had 629 participating employers, 88,678 active members, 13,823 inactive members, and 45,238 retired members and beneficiaries receiving monthly benefits.

The 2008 Comprehensive Annual Financial Report (CAFR) is presented in five sections: Introductory, Financial, Investment, Actuarial, and Statistical. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System's management. To the best of our knowledge and belief, all data in the report is accurate in all material respects and is reported in a manner designed to fairly present the plan net assets and changes in the System's plan net assets. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Readers are encouraged to review the Management's Discussion and Analysis (MD&A) in the Financial Section for an in-depth discussion of the financial statements and the cause and effect of market conditions, legislation and changes in operations affecting the System's financial results.

ECONOMIC CONDITIONS AND OUTLOOK

For the year ended June 30, 2008, the System's investment portfolio generated an -7.2% rate of return, which was due to the credit and liquidity crisis in the United States and global financial markets. Continued strong revenue growth at the state level and an increase in the percentage of sales and income tax revenue received by TRS resulted in a \$23.3 million increase in the state's contribution for the year ending June 30 when compared to revenues received for the preceding year.

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

A properly funded pension plan is the most important issue for the Board of Trustees. The System continues to be one of the country's five worst funded state-operated pension plans. As of June 30, 2008, only 50.5% of the System's actuarial liabilities were covered by the actuarial value of assets.

This is a decrease from the 52.6% funded ratio reported for June 2007. The decrease in the funded ratio is due primarily to an increase in the assumed rate of future ad hoc cost of living adjustments from 1% to 2%.

The Board continues to stress the importance of improving the System's overall funded position. During the past year, trustees worked with the Governor, legislative leaders, and representatives from education organizations to find ways to better finance the System's obligations. Passage of Senate Bill 357 during the 2007 Legislative Session was a major event. The new law, designed to raise the System's funded ratio, will increase local employer contributions by one-half of one percent in annual increments over the next three years. Each half-percent increase is subject to additional appropriations from the state to school districts to pay for the impact on school budgets.

Effective July 1, 2007, the percentage of state sales, use and income tax revenues dedicated to the Teachers' Retirement Fund increased to 5%. This was the final step increase in the state's dedicated revenue stream provided through passage of Senate Bill 1376 in 2002. It is imperative that the provisions of Senate Bills 357 and 1376 and the resulting increases in local and state revenues be maintained.

TRS also receives 5% of the annual proceeds from the Education Lottery. During FY-2008, the System received \$3.96 million compared to \$3.71 million for FY-2007.

Senate Bill 852, enacted in 2005, provides that the \$100-\$105 per month paid by TRS and other staterun retirement plans toward each retiree's health insurance premium is designated first to pay the retiree's prescription drug cost. This helps the state insurance board meet certain requirements of the Medicare Prescription Drug Act and qualifies the insurance program for reimbursements from Medicare. This has led to lower health insurance premiums for retired members on Medicare.

FINANCIAL INFORMATION

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principals. This system includes written policies and procedures. TRS is audited annually by the State Auditor and Inspector, who contracts with an accounting firm to conduct the audit. The System also has its own internal audit program with an Internal Auditor who reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees. The System operates according to an administrative budget approved annually by the Board of Trustees. Although revenue is not appropriated from the state's General Revenue Fund, the administrative budget is submitted to the Legislature as part of the Governor's recommended budget. TRS operates under the same budgetary controls applied to all state agencies. The System's administrative expenses are processed in accordance with state statutes and regulations of the Office of State Finance and Department of Central Services.

The System's financial statements are prepared in conformity with accounting principles generally accepted accounting principles in the United States (commonly referred to as GAAP). The 2007 and 2008 financial statements in this report have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

REVENUE AND FUNDING

The major sources of revenue for TRS are member contributions, employer contributions from local schools, dedicated revenues from the state of Oklahoma, and investment income. Revenues are recognized when earned, and expenses are recognized when incurred.

Active member contributions for fiscal year 2008 were \$286.7 million, which represents 7% of covered payroll. This compares to \$285.4 million for the year ending June 30, 2007. Member contributions also include direct payments by members to re-establish credit for previously withdrawn service, payments required to qualify for the Education Employees Service Incentive Plan ("EESIP"), and the purchase of credit for Oklahoma, out-of-state and military service. Salaries for active members totaled \$3.751 billion for the year ending June 30th.

Contributions from local employers, the state of Oklahoma, and federal sources for fiscal year 2008 totaled \$596.8 million, compared to \$535.9 million for 2007. Contributions from local school districts and federal revenues increased \$37.7 million and the state's contribution increased \$23.2 million. Local schools contributed 7.85% of employees' pay through December 31, 2007, and beginning January 1, 2008, K-12, career technology centers and two-year colleges contributed 8.35% of employees' pay (four-year universities do not participate in EESIP, and therefore contributed 7.55% of employees' pay during the second half of the year ending June 30. TRS received 5.00% (an increase from 4.50% in fiscal year 2007) of state sales, use and income taxes collections during FY-2008. Combined state and local employer contributions met the 30-year, level percent amortization payment reported in the annual actuarial valuation as the Annual Required Contribution (ARC) under GASB-25. For the first time since the mid-80s total employer contribution was 101% of the ARC.

TRS members also made \$8.9 million in voluntary contributions to the TRS 403b Tax Sheltered Annuity Plan. This was an increase of \$39,000 over contributions for fiscal year 2007. Account balances in this plan are invested using the same asset allocation and portfolio managers employed in the investments of the regular retirement fund.

ACTUARIAL SUMMARY

The results of the actuarial valuation conducted by the System's actuary as of June 30, 2008, are included in the Actuarial Section. The System's relative funded position decreased from 52.6% on June 30, 2007, to 50.5% on June 30, 2008. The System's unfunded actuarial accrued liabilities (UAAL) increased \$1.487 billion, from \$7.603 billion to \$9.090 billion. The decrease in the funded ratio is primarily due to an increase in the assumed rate of future ad hoc cost of living adjustments from 1% to 2% per year.

At the same time, the funding period required to amortize the System's UAAL increased from 21.6 years as of June 30, 2007 to 54.4 years on June 30, 2008. The increase in the funding period is mainly due to increased in the assumed rate of future ad hoc colas. The passage of Senate Bill 357, which is scheduled to increase local employer contribution rates 1.5% over a three-year period. Increases will occur in annual increments of one-half of one percent on January 1, 2008, January 1, 2009, and January 1, 2010. The contribution increases will add an estimated \$200 million in new money during the next five years and eventually result in an annual contribution increase of \$60 million. It is imperative the Governor and Legislature keep the 2007 commitment to TRS. The increase in contribution rates will not be implemented unless appropriations to schools are increased to cover the cost of the increases in contribution rates.

The System's actuarial liabilities are calculated and reported based on existing statutes and Board adopted assumptions including an investment return rate of 8.0%, a salary increase rate that averaging 4.7% per year, a payroll growth rate of 3.5%, a growth in state revenue of 3.5% and a 2% annual increase in retiree benefits. An addendum to the annual actuarial report required by 70 O.S. § 17-106.1 is included in the Actuarial Section. This addendum is required of each state-run pension plan and measures actuarial liabilities based on uniform assumptions including a 7.5% investment return and a 2.0% annual cost-of-living assumption.

The actuarial value of assets is reported at \$9.257 billion, compared to \$8.422 billion at the close of business June 30, 2007. The actuarial value of assets is not the same as market or the fair value of assets. To arrive at actuarial value of assets, the actuary subtracts \$312.2 million held in individual member savings accounts in the System's 403(b) Tax Sheltered Annuity Program and averages

investment gains and losses in excess of the 8.0% assumed investment rate of return over a five-year period. It should be noted that the System's actuarial value of assets on June 30, 2008, was \$623 million more than market value or the fair value of assets.

The actuary's report continues to stress that the System remains poorly funded. Since 1990, the System's funded ratio has increased from 38.6% to 50.5%, due primarily to return on investments exceeding the 8.0% assumed actuarial rate of return in 14 of the last 19 years.

While state contributions have exceeded annual projections for the last five years, current combined local school/state contributions have not been sufficient to cover normal cost and pay interest on the unfunded accrued actuarial liabilities. However, with passage of Senate Bill 357, the total employer contributions are expected to match or exceed the annual actuarial required contribution and unfunded liabilities should start to decrease in fiscal year 2044 until it reaches zero in fiscal year 2063.

The market value of assets as of June 30, 2008, was \$8.634 billion, excluding the \$312.2 million in the System's 403(b) Tax-Sheltered Annuity Program. Tax-sheltered annuity accounts are held in trust for members who have elected the TRS TSA Program as a means to provide additional income after retirement. The System's funded ratio on June 30, 2008 would have been 47.1%, if measured solely on market value of assets.

EXPENSES

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During the year ended June 30, 2008, the System paid \$39.3 million more in retirement, survivor and insurance benefits than in the preceding year, \$1.4 million more in refunds to active member who terminated accounts, and \$5.1 million more in distributions from the System's 403(b) Tax-Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members. The increase in refunds, deaths benefits and annuity distributions is due to an increase in the number of members making withdrawals from both the defined benefit plan and the 403b tax-sheltered annuity defined contribution plan. Administrative expenses increased by \$241,959, due primarily to an increase in personnel costs and contractual expenses.

INVESTMENTS

As previously stated, the System's return on investments was a negative 7.2% gross of management fees and negative 7.5% net of fees. Net investment income, including realized and unrealized gains and losses, was a negative \$732.9 million, compared to a positive \$1,469.6 million for FY 2007. Net assets totaled \$8.946 billion at market value on June 30, 2008, compared to \$9.651 billion on June 30, 2007. These numbers include the \$312.2 million on June 30, 2008, and \$357.8 million on June 30, 2007, held in trust for members who participate in the System's 403(b) Tax Sheltered Annuity Program.

On June 30, 2008, the System's investment portfolio mix at market value was 31.2% fixed income, 66.5% equities and 2.3% cash and short-term investments. As fiduciaries for the retirement funds, the Board of Trustees is responsible for investment of the funds under the prudent person standard. This standard allows the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, and bank deposits collateralized by U.S. Government securities.

The System's time-weighted rate of return for the year ended June 30, 2008, was a negative 7.2% versus an 18.5% return for 2007. Annualized three-year and five-year total returns were 6.5% and 9.97%, respectively. The System's long-term goal to exceed by 3.0% the rate of inflation measured by the CPI has been achieved for the five-year period. A summary of the System's investment activities during FY 2008 and historic performance results is presented in the Investment Section. A complete listing of securities held by the Teachers' Retirement System as of June 30, 2008, can be found at the

end of the Investment Section.

INDEPENDENT AUDIT

The System is audited annually by independent auditors retained for this purpose by the State Auditor and Inspector. In addition to the audit of the System's financial statements, state statutes require the auditor to perform tests of the System's compliance with certain provisions of laws and regulations. The Independent Auditors' Report is contained in the Financial Section.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Oklahoma for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the fifteenth year the System's *Annual Report* has received this distinction.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to GFOA program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This report reflects the combined efforts of the TRS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

The success of any organization is directly attributable to the dedication, commitment, and proficiency of the personnel. I would like to take this opportunity to express my gratitude to the Board of Trustees, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and improvement of the financial soundness of the Teachers' Retirement System of Oklahoma.

This report is being mailed to the Governor, members of the Oklahoma Legislature, the Oklahoma State Pension Commission and to each school site of the participating employers of the Teachers' Retirement System. Copies of the report are available upon request by active and retired members of the System and other interested parties. We hope you find this report informative and helpful.

Sincerely yours,

Tommy C. Beavers
Executive Secretary

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November 14, 2008



STATE OF OKLAHOMA TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

November 14, 2008

To the members of the Teachers' Retirement System of Oklahoma:

Welcome to the Annual Report of the Teachers' Retirement System of Oklahoma for the fiscal year ending June 30, 2008. As your Board of Trustees, we are committed to providing you with information about your benefits and retirement. We also want to keep you apprised of significant changes that have occurred during the year. This report is one way we do that.

The goal of the Board and the Teachers' Retirement staff is to provide you a well-funded System. The Board manages the System's investment portfolio to maximize financial returns. Investment income combined with employee and employer contributions provide the major funding for the System's pension benefits.

Investment returns for the past decade have averaged 7.04%, and while returns for FY-2008 were -7.2%, this must be weighed as part of the total picture. Investment returns during the past 10 years have consistently ranked in the top quartile, compared to other public pension plans in the United States. On June 30, the market value of assets was approximately \$8.9 billion.

Although the Teachers' Retirement System of Oklahoma continues to be one of the country's worst-funded state-run public employee retirement systems, progress has been made over the past 10 years to improve the System's ratio of assets to actuarial liabilities. We appreciate the support of the Governor and the Legislature and continue to work with state leaders and our friends in the education community to focus attention on the funding issues.

During FY-2008, the Legislature continued the work it began in 2007 with the passage of Senate Bill 357. The measure was designed to increase the System's funded level to 80% in 20 years. For this to happen, the Legislature must appropriate new funds to cover costs to school districts.

The Board of Trustees pledges to continue administering the Retirement System in the most competent and efficient manner possible. The trustees and staff welcome your comments and suggestions throughout the year.

Sincerely,

Cathy A, Conway

Chairman, Board of Trustees

Teachers' Retirement System of Oklahoma

Street Address: 2500 North Lincoln Boulevard, 5th Floor Oklahoma City, Oklahoma 73105

Mailing Address:
Post Office Box 53524
Oklahoma City, Oklahoma 73152-3524
(405) 521-2387

BOARD OF TRUSTEES

Ms. Cathy A. Conway, Chairman, Durant Southeastern Oklahoma State University - Appointed by Governor

> Mr. James E. Smith, Vice-Chairman, Shawnee Edward Jones Investments - Appointed by Governor

> > Mr. Dick Neptune, Secretary, Lawton Retired - Appointed by Governor

Ms. Sherrie L. Barnes, Trustee, Sand Springs Union Public Schools - Appointed by Governor

Mr. Bruce DeMuth, Trustee, Stillwater OK Department of Career Tech - Designee of Director, OK Career Tech

> Ms. Sandy Garrett, Trustee, Ex-Officio State Superintendent of Public Instruction

Mr. Richard Gorman, Trustee, McAlester Gorman Insurance Agency - Appointed by Governor

Mr. Darryl Hatcher, Trustee, Ada Byng Public Schools - Appointed by Speaker of the House

> Dr. John G. Kirkpatrick, Trustee, Stillwater Retired - Appointed by Speaker of the House

Ms. Matti Palluconi Trustee, Claremore Retired - Appointed by President Pro Tem of the Senate

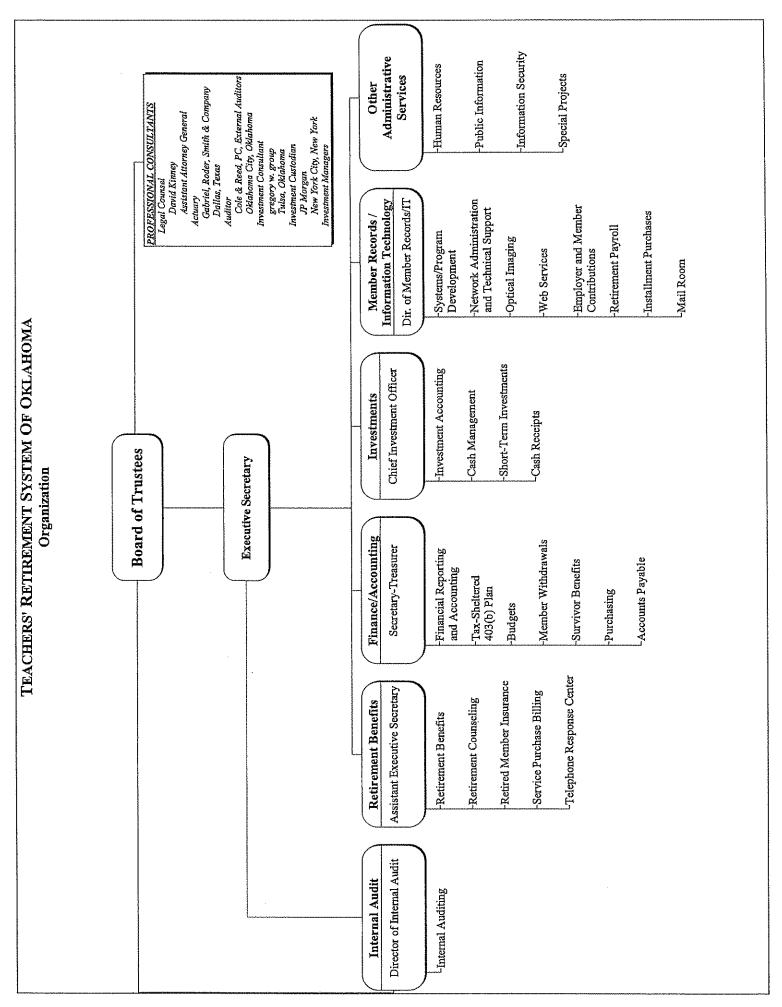
Mr. Galeard W. Roper, Trustee, Elk City Elk City Public Schools - Appointed by Governor

Mr. Michael L. Simpson, Trustee, Ponca City Ponca City Public Schools - Appointed by President Pro Tem of the Senate

> Vacant Position, Trustee, Ex-Officio Director, Office of State Finance

Executive Secretary
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Tommy C. Beavers

Chief Investment Officer
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
C, W, "Bill" Puckett



TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA 2007-2008 PLAN SUMMARY

BEGINNINGS

The Teachers' Retirement System of Oklahoma (TRS) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

ADMINISTRATION

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

CONTRIBUTIONS

As a TRS member, your contribution rate is 7% of your total compensation (salary and fringe benefits).

Statutes also require employers to contribute a percentage of applicable employee earnings. Through December 31, 2007, the employer contribution rate for K-12 school districts, career-techs, and junior colleges is 7.85%, and from January 1, 2008, through June 30, 2008, the employer contribution rate for these schools is 8.35%. The employer contribution rate for comprehensive universities (University of Oklahoma and Oklahoma State University and their entities) and the state's four-year regional universities is 7.05% through December 31, 2007, and 7.55% from January 1, 2008, through December 31, 2008.

MEMBERSHIP

Oklahoma statutes require classified personnel to be TRS members. The definition of classified personnel in 70 O.S., § 17-101 includes teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employees of a charter school may join TRS if the TRS Board of Trustees approves the school's application for membership.

New employees at the University of Oklahoma, OU Health Sciences Center, and Oklahoma State University have the option to participate in an alternate retirement plan provided by the universities. Employees choosing the alternate retirement plan are not eligible to participate in TRS as long as they remain employees of the universities.

SERVICE CREDIT

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit.

RETIREMENT ANNUITY

Each of TRS's five retirement plans provides a lifetime benefit to the member. After the member's death, the designated beneficiary(ies) receive either a lump-sum payment or continued

payments to one beneficiary, depending upon the elected plan's provisions.

A vested member can receive benefits after satisfying eligibility requirements. You are fully vested after five years of contributory Oklahoma membership service.

Members joining TRS before July 1, 1992, may retire with unreduced benefits when age and years of creditable service total 80 (Rule of 80). Members joining TRS after June 30, 1992, may retire with unreduced benefits when age and years of creditable service total 90 (Rule of 90).

You may retire at age 62 with unreduced benefits after completing five years of Oklahoma service.

You may retire with reduced benefits as early as age 55, if you have at least five years of creditable Oklahoma service.

Retirement benefits are based on a formula of 2% x final average salary x years of service. For Rule of 80 members, "final average salary" is an average of the three highest years of contributory service. For Rule of 90 members, "final average salary" is an average of the bighest five consecutive years of contributory service.

All years of service prior to July 1, 1995, will be calculated using an average salary no greater than \$40,000. Certain employees at OU, OUHSC, and OSU who were employed before July 1, 1995, may have retirement benefits adjusted for years when their contributions were on less than total compensation.

For members other than those working for the comprehensive universities and their entities, benefits for service from July 1, 1995, until the member's retirement date will be calculated on an average of the actual total compensation of the highest three years (Rule of 80) or highest five consecutive years (Rule of 90).

For employees of comprehensive universities and their entities, benefits for service from July 1, 1995, through June 30, 2007, will be calculated on compensation up to yearly statutory limits. For service from July 1, 2007, until the retirement date, benefits for these employees will be calculated on an average of the actual total compensation.

EDUCATION EMPLOYEES SERVICE INCENTIVE PLAN (EESIP)

The Education Employees Service Incentive Plan, also known as EESIP or the Wear-Away plan, lets K-12, career-tech and two-year college employees who work beyond their retirement eligibility date move two years of service worked before July 1, 1995, to the higher calculation level for each year worked after reaching normal retirement age.

DISABILITY BENEFITS

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as a public school employee. You may be considered for a TRS disability retirement benefit if you have at least 10 years of contributory TRS service, you submit a disability retirement application detailing your medical condition (which must have existed while you were employed by the public schools of Oklahoma), and your application is approved by the TRS Medical Review Board and the Board of Trustees.

(Continued on Reverse)

If you are awarded Social Security Disability benefits, you qualify for TRS disability benefits if you incur the disability while employed by the public schools and provide TRS with proof of the Social Security award.

HEALTH INSURANCE BENEFIT

If you have at least 10 years of creditable service and retire or terminate your employment, you may elect to continue coverage in the insurance program your employer provides to active employees.

If you are not enrolled in the state plan, coverage is subject to the provisions of the plan in which you are enrolled.

Dependent and dental coverage is available if you are enrolled in the State and Education Employees Group Health and Dental Insurance Plan.

Once you begin receiving monthly retirement checks, TRS will pay the first \$100 to \$105 of monthly premiums for you, but not for your dependents. The actual amount paid by TRS is determined by your total service and average salary at retirement.

If you have fewer than 10 years of employment, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the State and Education Employees Group Insurance Board before termination.

SURVIVOR BENEFITS

Your designated beneficiary or estate is entitled to survivor benefits if you are a TRS member when you die.

If you are an active in-service member when you die, your beneficiary(ies) will receive an \$18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the TRS rules, but generally means a member currently employed by an Oklahoma public education institution. When you die, if you are an active in-service member with 10 or more years of service, have reached age 55 or met the Rule of 80 or Rule of 90 and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump sum payment.

If you are an inactive member when you die, your beneficiaries will receive the amount of the contributions in your TRS account, plus interest on those contributions, but will not qualify for the \$18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members.

If you die after you retire, your beneficiary or estate will receive a \$5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary(ies) with a continuing monthly retirement benefit.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the job that qualified you for TRS membership, you may request a refund of your contributions any time after your last day on that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all TRS service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to TRS for 12 months

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn

contributions, your official membership date will be the date you rejoined TRS.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in TRS without terminating employment. If you are an optional member and withdraw your account without leaving your job, the IRS requires that pre-tax contributions cannot be refunded until you leave your job.

If you continue working for your employer after terminating your TRS membership, you can rejoin TRS only under special provisions of an Internal Revenue Service private letter ruling requiring a period of non-membership and loss of the right to redeposit withdrawn service or purchase prior service credits. In this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least five years of Oklahoma service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

TAX-SHELTERED ANNUITY PLAN

The System administers a tax-sheltered annuity program qualified under § 403(b) of the Internal Revenue Code. As a TRS member, you may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees and you sign a salary reduction agreement with your employer. Contributions to the annuity plan are restricted to an annual "exclusion allowance" determined by the IRS Code. Withdrawals from the plan are subject to various withdrawal restrictions and tax penalties mandated by the Internal Revenue Code.

RIGHTS AND RESPONSIBILITIES

TRS publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the TRS staff concerning any question you have about your retirement account. TRS will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.

For details of how statutes and administrative rules may affect your retirement account, contact:

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

MAILING ADDRESS
P.O. Box 53524
Oklahoma City, OK 73152-3524
Obs-521-2387 (OKC Area)
1-877-738-6365 (Toll-Free)
STREET ADDRESS
Oliver Hodge Building
5th Floor
2500 N. Lincoln Blvd.
Oklahoma City, OK 73105

http://www.ok.gov/TRS/

This Plan Summary provides general information summarizing the basic benefits available to TRS members. If conflict arises between information contained in this summary and state statutes or official TRS rules, the law and/or rule takes precedence. 20,000 copies of this Plan Summary have been printed by the Office of Public Affairs, Central Printing Division, at a cost of \$1,275. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Revised \$/2007

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

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President

Executive Director

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Schedules of Investment Expenses

Schedules of Administrative Expenses

Schedules of Professional/Consultant Fees

Independent Auditors' Report on Internal Control Over

Financial Reporting and on Compliance and Other

Matters Based on an Audit of Financial Statements

Performed in Accordance with

Government Auditing Standards

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Independent Auditors' Report

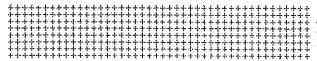
Board of Trustees Teachers' Retirement System of Oklahoma

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the "System"), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note B, the System's actuary has determined that the System's unfunded actuarial accrued liability (the "UAAL") is approximately \$9,090,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the UAAL will be fully amortized in 54.4 years.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2008 and 2007, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2008, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's Discussion and Analysis and the schedules of funding progress and employers' contributions in schedule 1 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section, the Statistical Section and schedules 2 through 4 within the Financial Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information included in schedules 2 through 4 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section and the Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Road 7 c.

Oklahoma City, Oklahoma October 24, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Teachers' Retirement System of Oklahoma (known collectively as TRS or the System), we offer readers of the TRS financial statements this narrative discussion and analysis of the financial activities of TRS for the fiscal years ended June 30, 2008, 2007, and 2006.

Financial Highlights

- The net assets of TRS exceeded its current liabilities by approximately \$8.946 billion and \$9.651 billion at June 30, 2008 and 2007, respectively. Such amounts are used to meet the System's current and ongoing obligations to its retired and active members and creditors.
- The System's total net assets decreased by approximately \$705 million during the year ended June 30, 2008 and increased \$1.476 billion during the year ended June 30, 2007. The loss in 2008 was due to the credit and liquidity crisis in the United States and global financial markets. The gains in 2007 were due to strong equity market returns. These conditions resulted in net realized and unrealized loss on investments of approximately \$959 million and a realized and unrealized gain on investments of \$1.269 billion in fiscal years 2008 and 2007, respectively.
- At June 30, 2008, TRS's unfunded actuarial accrued liability was approximately \$9.090 billion. The unfunded actuarial accrued liability at June 30, 2007 was approximately \$7.603 billion. The System's funded ratio decreased from 52.6% to 50.5%. The increase in the unfunded accrued actuarial liability and decrease in funded percentage were principally due to an increase in the assumed rate of future cost of living adjustments from 1% to 2% per year. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the unfunded actuarial accrued liability is expected to decrease starting in fiscal year 2044 until it reaches zero in fiscal year 2063.

Overview of the Financial Statements

The System was established as of July 1, 1943 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the State of Oklahoma. The supervisory authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview to the Financial Statements, Continued

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. TRS's basic financial statements are comprised of three components: 1) statement of plan net assets, 2) statement of changes in plan net assets, and 3) notes to the financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

The statement of plan net assets presents information on all of the System's assets and liabilities, with the difference between the two reported as net assets held in trust for pension benefits and annuity benefits of electing members. Over time, increases or decreases in net plan assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments is not shown on the statement of plan net assets, but is located in both the notes to the financial statements and the required supplementary information.

The statement of changes in plan net assets presents information showing how the System's net assets changed during the most recent fiscal year. Changes in net assets are recognized using the accrual basis of accounting, under, which expenses are, recorded when the liability is incurred and revenues are recorded in the accounting period they are earned and become measurable.

The notes to the financial statements are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the System, as well as contribution and benefit information.

Also, it is extremely important that the reader reviews and understands the information on the funding status of the System. This information is detailed in Note B of the notes to the financial statements and in the required supplementary information section. The funding status information indicates the System's ability to meet current and future benefit payments to its active and retired members.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis

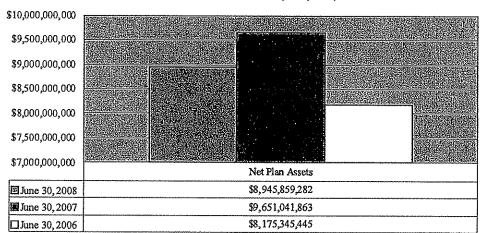
As noted earlier, increases or decreases of plan net assets may serve over time as a useful indicator of the System's financial position. By far the largest portions of the System's assets are in cash and investments, which comprise \$9.118 billion and \$9.857 billion of the plan assets at June 30, 2008 and 2007, respectively. These amounts do not include the amounts shown as securities lending assets. Securities lending assets are offset by a liability for the same amount on the *statement of plan net assets*. Since the securities lending assets are offset by the securities lending liability they are not available for future spending. A summary of the plan net assets as of June 30, 2008, 2007, and 2006 is shown below:

Assets		2008	 2007		2006
Cash	\$	2,124,625	\$ 4,771,218	\$	3,812,625
Short-term investments		441,182,511	480,385,331	•	462,979,732
Accrued interest and dividends receivable		33,221,531	28,251,274		26,839,937
Contributions receivable		54,776,735	45,465,506		38,858,770
Receivable from the State of Oklahoma		28,969,735	25,074,415		21,461,402
Due from brokers for securities sold		332,965,959	314,072,578		425,478,770
Securities lending institutional daily assets fund		1,603,992,581	1,760,729,777		
Long term investments		8,674,517,000	9,372,167,136		7,816,917,553
Capital assets, net		247,186	262,461		292,930
Total Assets	***************************************	11,171,997,863	 12,031,179,696		8,796,641,719
Liabilities					
Benefits in process of payment		67,389,081	16,768,162		16,853,939
Due to brokers for securities purchased		546,550,875	593,318,540		596,121,391
Payable under securities lending agreement		1,603,992,581	1,760,729,777		
Other liabilities	Brown Common	8,206,044	 9,321,354		8,320,944
Total liabilities		2,226,138,581	 2,380,137,833		621,296,274
Net Assets					
Net assets held in trust for pension benefits and					
annuity benefits of electing members	\$	8,945,859,282	\$ 9,651,041,863	\$	8,175,345,445

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis, Continued

The graph below illustrates the \$705 million loss and \$1.476 billion gain in net assets for the years ended June 30, 2008 and 2007, respectively. As previously mentioned, the decrease in net assets for 2008 was due to the credit and liquidity crisis affecting the United States and global financial markets and the increase in net assets for 2007 was primarily due to the strong equity markets.



PLAN NET ASSETS AS OF JUNE 30, 2008, 2007, AND 2006

Changes in Selected Revenue and Expense Items

Fiscal Year 2008 compared to 2007

The revenues received from member contributions increased by \$1.3 million or .47% in fiscal year 2008 from the prior fiscal year period due to an increase in both the covered payroll and the number of members purchasing service due to the enactment of HB 1179. This bill created the Education Employees Service Incentive Plan ("EESIP"), which provides for an enhanced benefit at retirement for qualified members. In many cases additional contributions must be made by the member to qualify for EESIP. Employer statutory contributions increased by \$37.8 million or 13.94% during the current year, again, attributed to an increase in the amount of covered payroll and an increase in the employer contribution rate on July 1, 2007 from 7.60% to 7.85% then on January 01, 2008 to 8.35% for K-12 schools, Career Tech, 2-year colleges and state agencies with TRS members. Employer contribution rates increased for comprehensive and regional four-year colleges and universities from 7.05% to 7.55% on January 01, 2008. Dedicated revenue increased by \$23.3 million or 9.55% for the year as a result of an increase in the percentage of revenue received by TRS from 4.50% to 5.00% during fiscal year 2008. Net realized and unrealized gains decreased by \$2.2 billion or 175.57% due to the credit and liquidity crisis in the U.S. financial markets. Retirement, death, survivor, and health benefit payments increased by \$39.3 million or 5.13%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Selected Revenue and Expense Items, Continued

Fiscal Year 2008 compared to 2007, Continued

This was due to an increase in the number of retirees receiving monthly benefits. Refunds of member contributions and annuity payments increased by \$6.5 million or 11.41% during fiscal year 2008 from 2007. The change was a result of an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403(b) optional defined contribution plan. Administrative expenses increased by \$242 thousand due primarily to an increase in employee health insurance costs. A summary of *changes in plan net assets* is presented on page 28. The graphs on page 29 offer a comparison of selected revenue and expense accounts for fiscal years 2008 and 2007.

Fiscal Year 2007 compared to 2006

The revenues received from member contributions increased by \$36.45 million or 14.64% in fiscal year 2007 from the prior fiscal year period due to an increase in both the covered payroll and the number of members purchasing service due to the enactment of HB 1179. This bill created the Education Employees Service Incentive Plan ("EESIP"), which provides for an enhanced benefit at retirement for qualified members. In many cases additional contributions must be made by the member to qualify for EESIP. Employer statutory contributions increased by \$29.84 million or 12.37% during the current year, again, attributed to an increase in the amount of covered payroll and an increase in the employer contribution rate on January 1, 2007 from 7.05% to 7.60% for K-12 schools, Career Tech, 2-year colleges and state agencies with TRS members. Employer contribution rates did not increase for comprehensive and regional fouryear colleges and universities because employees in these institutions do not participate in EESIP. Dedicated revenue increased by \$41.30 million or 20.43% for the year as a result of a higher state revenue base due to improved economic conditions and an increase in the percentage of revenue received by TRS from 4.00% to 4.50% during fiscal year 2007. Net realized and unrealized gains increased by \$743.75 million or 141.59% due to strong returns in the equity market. Retirement, death, survivor, and health benefit payments increased by \$39.83 million or 5.48%. This was due to an increase in the number of retirees receiving monthly benefits and a cost of living adjustment (COLA) of 2% received by TRS members that retired before July 1, 2005. Refunds of member contributions and annuity payments increased by \$4.48 million or 8.46%. The change was a result of an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403(b) optional defined contribution plan. Administrative expenses increased by \$124 thousand due primarily to an increase in employee health insurance costs. A summary of changes in plan net assets is presented on page 28. The graphs on page 29 offer a comparison of selected revenue and expense accounts for fiscal years 2007 and 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS

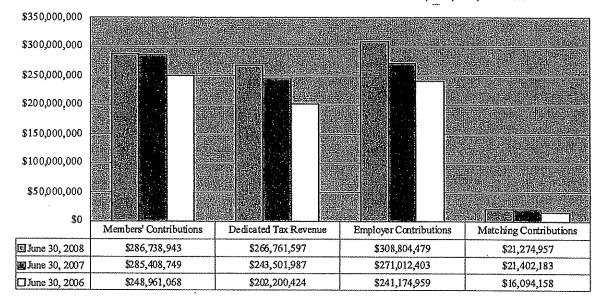
Changes in Selected Revenue and Expense Items, Continued

Additions:	2008	_	2007	***************************************	2006
Contributions:	200 220 042				***
Members	\$ 286,738,943	5		i	248,961,068
Members tax shelter	8,922,095		8,883,033		7,625,919
Employer statutory requirement from					
local school districts	308,804,479		271,012,403		241,174,959
Federal matching	21,274,957		21,402,183		16,094,158
Dedicated tax revenue	266,761,597	-	243,501,987		202,200,424
Total contributions	892,502,071	~	830,208,355		716,056,528
Investment income:					
Interest	150,371,986		144,415,428		110,007,891
Dividends	108,697,447		86,986 ,79 5		89,658,423
Net realized and unrealized gains (losses)	(959,036,578)	!	1,269,034,290		525,282,130
Less investment expenses	(32,992,027)	l .	(30,790,763)		(25,899,914)
Gain (loss) from investing activities	(732,959,172)	_	1,469,645,750		699,048,530
Income from securities lending activities:					
Securities lending income	72,730,061		78,826,796		72,481,517
Borrower rebates	(60,193,255)	ı	(72,992,770)		(67,701,810)
Management fees	(2,004,851)		(850,920)		(796,904)
Income from securities lending activities	10,531,955		4,983,106	1	3,982,803
Net investment gain (loss)	(722,427,217)	-	1,474,628,856		703,031,333
Total additions	170,074,854		2,304,837,211	-	1,419,087,861
Deductions:					•
Retirement, death, survivor, and health benefits	806,540,725		7 67,212,709		727,379,279
Refund of member contributions and					
annuity payments	63,925,592		57,378,925		52,902,064
Administrative expenses	4,791,118	_	4,549,159		4,425,007
Total deductions	875,257,435		829,140,793		784,706,350
Net increase (decrease)	(705,182,581)		1,475,696,418		634,381,511
Net assets:					
Beginning of year	9,651,041,863		8,175,345,445		7,540,963,934
End of year	\$ 8,945,859,282	\$	9,651,041,863		8,175,345,445

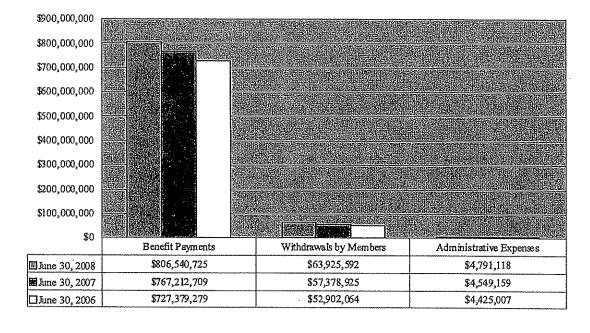
MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Selected Revenue and Expense Items, Continued

REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2007, AND 2006



DEDUCTIONS FOR THE FISCAL YEARS ENDED JUNE 30, 2008, 2007, AND 2006



TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors, Future Contribution Rates, and Status of Unfunded Liability

A 7.2% negative return was realized for the fiscal year ended June 30, 2008.

Statutes were amended in 1999 to provide that the System would receive 3.54% of the state sales, use, and corporate and individual income tax collections. This dedicated revenue source along with a percentage of the Education Lottery Trust Fund and the tax on tobacco products provided in House Bill 1020 contributed a total of \$267 million in fiscal year 2008 and \$243 million in fiscal year 2007. The TRS Board of Trustees has adopted an actuarial assumption that this source of revenue should increase at a rate of 3.5% annually. The state sales, use, and corporate and individual income taxes replaced the gross production tax previously dedicated to the System. The change to a broader tax base is intended to provide TRS with a more stable revenue source. Senate Bill 1376, which became law July 1, 2002, provides that the percentage of state revenue would increase from 3.54% to 3.75% July 1, 2004; 4% July 1, 2005; 4.5% July 1, 2006; and 5% July 1, 2007 and thereafter. When the state's contribution reaches 5%, it will approximate 7% of active members' pay, which is the contribution level required by active members.

Senate Bill 357 signed by Governor Henry on May 7, 2007, has been hailed as a step in the right direction and means millions of new dollars for TRS, provided the state pays for increasing costs to the System's reporting entities. Senate Bill 357 increases the contributions employers pay TRS, if the state boosts funding to pay for the hikes. The new law is designed to pump more than \$200 million into TRS over the next five years and when fully implemented, will infuse \$60 million a year into the System. Changes implemented by SB 357 are expected to increase TRS funding to 80% by 2026. Employer contributions from K-12 schools, Career Tech, two-year colleges and state agencies with TRS members increased to 7.85% on July 1, 2007; 8.35% on January 1, 2008; 8.5% on July 1, 2008; 9% on January 1, 2009; 9.5% on January 1, 2010; and thereafter. For comprehensive regional four-year colleges and universities, employer contributions were 7.05% through December 31, 2007, and then increased to 7.55% on January 1, 2008. On January 1, 2009 the rate will be 8.05% and 8.55% beginning January 1, 2010. Employer contribution rates for comprehensive and regional four-year colleges and universities are lower than those for other TRS reporting entities because their employees do not participate in the Education Employees Service Incentive Plan, also known as EESIP or the Wear-Away Plan, enacted in the fiscal year ending June 30, 2006. Senate Bill 357 also requires the State Board of Equalization to determine an initial baseline amount of revenue TRS receives from the state's general revenue fund and prohibits reducing that amount below the established baseline. This ensures that funding to TRS won't change because of economic downturns or decreases in tax revenues.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Discussion of TRS Benefit Formula

Although the return on investments is very important to the System, members' benefits are assured and protected because TRS is a defined benefit plan. As the name implies, a defined benefit plan provides retirement income based on a formula that is fixed or defined. The amount of the member's pension is fixed before retirement. Usually, the formula is calculated as a percent of a worker's average salary prior to retirement. The TRS benefit formula includes a 2% multiplier and generally provides a benefit of 2% times the member's final average salary times years of service. Consequently, a person working for ten years would obtain a pension equal to about 20% of the final average salary, whereas an employee working for 30 years would get a better pension, covering about 60% of final average salary.

However, the TRS retirement formula is modified by state statutes to provide that the final average salary for service performed before July 1, 1995 cannot exceed \$40,000 and other limits apply to certain members employed by comprehensive universities.

Education Employees Service Incentive Plan ("EESIP")

The retirement formula that is applied to members whose membership date in TRS is prior to July 1, 1995, was modified with passage of House Bill 1179 during the Special Session of the 2006 Legislature. This measure has also been referred to as the "Wear Away Plan". The purpose of this bill is to increase benefits for members who work beyond "Normal Retirement Age" and have an average salary greater than \$40,000 at the time of retirement. A legislative task force study in 2004 revealed that the TRS benefit formula for pre-1995 members was different and lower than other governmental employees in Oklahoma pension plans and lower than benefits provided to employees in surrounding states.

Under the EESIP statute, TRS members who joined TRS prior to July 1, 1995, and who work one or more years beyond normal retirement age, will qualify for an enhanced benefit at retirement. "Normal retirement age" is when a TRS member reaches age 62, or when age plus total service equal 80 (90 if the member first joined TRS after June 30, 1992). EESIP includes employees in K-12, career technology, state education agencies and two-year colleges. It does not apply to employees of the state's four-year public colleges and universities. Members, who earned more than \$40,000 between 1987 and 1995, will be required to make an extra contribution payment in order to qualify for an enhanced benefit formula.

For members who retired between July 1, 2006, and June 30, 2007, the maximum average salary that could be used for service moved to a higher salary level was \$60,000. For members who retire between July 1, 2007, and June 30, 2008, the maximum average salary increases to \$80,000, for moved service. For members who retire on or after July 1, 2008, the member's final average salary, regardless of amount, can be used to calculate the benefit for moved service that was performed before July 1, 1995.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EESIP Increases Employer Contribution Rates

Employers contributed 7.85% of covered member salaries from July 01, 2007 to December 31, 2007 and 8.35% from January 01, 2008 to June 30, 2008 in fiscal year 2008. Rates for employers covered by EESIP contributions increased from 7.05% to 7.6% beginning January 1, 2007, to 7.85% beginning July 1, 2007. Additional employer contribution increases are as follows; 8.35% January 1, 2008; 8.5% July 1, 2008; 9.0% January 1, 2009 and 9.5% January 1, 2010 and beyond. Increases in average salary limits and employer contribution rates scheduled are contingent upon increases in state appropriations to schools to cover EESIP costs.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Secretary of the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or (405) 521-2387.

STATEMENTS OF PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	June 30		
	2008	2007	
ASSETS		***************************************	
Cash	\$ 2,124,625	\$ 4,771,218	
Short-term investments	441,182,511	480,385,331	
Accrued interest and dividends receivable	33,221,531	28,251,274	
Member contributions receivable	24,090,118	20,546,577	
Employer contributions receivable	30,686,617	24,918,929	
Receivable from the State of Oklahoma	28,969,735	25,074,415	
Due from brokers for securities sold	332,965,959	314,072,578	
Security lending institutional daily assets fund	1,603,992,581	1,760,729,777	
Long-term investments:			
U.S. government securities	1,707,962,910	1,740,096,979	
U.S. corporate bonds	952,772,559	835,990,203	
International corporate bonds and			
government securities	159,133,690	103,107,148	
Equity securities	5,854,647,841	6,692,972,806	
Total long-term investments	8,674,517,000	9,372,167,136	
Capital assets, net	247;186	262,461	
Total assets	11,171,997,863	12,031,179,696	
		•	
LIABILITIES		44-4-44	
Benefits in process of payment	67,389,081	16,768,162	
Due to brokers for securities purchased	546,550,875	593,318,540	
Payable under security lending agreement	1,603,992,581	1,760,729,777	
Other liabilities	8,206,044	9,321,354	
Total liabilities	2,226,138,581	2,380,137,833	
NET ASSETS			
Net assets held in trust for pension benefits and annuity			
benefits (see Note B) of electing members (a schedule			
of funding progress is presented on page 57)	\$ 8,945,859,282	\$ 9,651,041,863	

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30			
		2008		2007
Additions:				
Members	\$	286,738,943	\$	285,408,749
Members tax shelter		8,922,095		8,883,033
Employer statutory requirement from				
local school districts		308,804 <i>,</i> 479		271,012,403
Matching funds		21,274,957		21,402,183
Dedicated tax		266,761,597		243,501,987
Total contributions		892,502,071		830,208,355
Investment income:				
Interest		150,371,986		144,415,428
Dividends		108,697,447		86,986 <i>,</i> 795
Net realized and unrealized (loss) gain		(959,036,578)		1,269,034,290
Investment expenses		(32,992,027)		(30,790,763)
(Loss) Gain from investing activities	·	(732,959,172)		1,469,645,750
Income from securities lending activities:				
Securities lending income		<i>72,7</i> 30,061		78,826,796 °
Securities lending expenses:				
Borrower rebates		(60,193,255)		(72,992,770)
Management fees	***************************************	(2,004,851)		(850,920)
Income from securities lending activities		10,531,955		4,983,106
Net investment (loss) gain	***************************************	(722,427,217)		1,474,628,856
Total additions		170,074,854		2,304,837,211
Deductions:				
Retirement, death, survivor, and health benefits		806,540,725		<i>767,</i> 212 <i>,7</i> 09
Refund of member contributions and annuity		63,925,592		57,378,925
payments		4,791,118		4,549,159
Administrative expenses				
Total deductions		875,257,435		829,140,793
Net (decrease) increase		(705,182,581)		1,475,696,418
Net assets, beginning of year		9,651,041,863		8,175,345,445
Net assets, end of year	\$	8,945,859,282	\$	9,651,041,863

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE A-DESCRIPTION OF THE SYSTEM

The following brief description of the Teachers' Retirement System of Oklahoma (the "System") is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, sections 17-101 through 121, as amended.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the State of Oklahoma (the "State"). The supervisory authority for the management and operation of the System is a 13-member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System is a cost-sharing multiple-employer public employee retirement system, which is a defined benefit pension plan covering all employees of the public school system.

The System's membership consisted of the following as of June 30:

	2008	2007
Retirees and beneficiaries currently receiving benefits	45,238	43,506
Terminated vested members	6,915	6,637
Active members	<u>88,678</u>	88,133
•	<u>140,831</u>	138,276

There are 629 contributing employers in the System. In addition, there were 6,908 and 6,613 of nonvested inactive members at June 30, 2008 and 2007, respectively, which are entitled to a refund of their accumulated contributions.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE B--FUNDING STATUS

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System decreased from the funding level at June 30, 2007. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is 54.4 years. The period to fully amortize the UAAL as of June 30, 2007 was 21.6 years. The actuarial accrued liability increased \$2,323 million and the actuarial value of assets increased \$834.9 million. As a result, the System's unfunded actuarial accrued liabilities increased \$1,488 million to \$9,090 million at June 30, 2008. The funded ratio -- actuarial value of assets divided by actuarial accrued liability - decreased from 52.6% to 50.5%. The increase in the UAAL and the decrease in the funded ratio were primarily due to the increase in the assumed rate of future cost of living adjustments from 1% to 2% per year. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the unfunded actuarial accrued liability is expected to decrease starting in fiscal year 2044 until it reaches zero in fiscal year 2063. A Schedule of Funding Progress is presented on page 57. Actuarial assumptions and methods are discussed in Note M.

Based on calculations using Government Accounting Standards Board ("GASB") Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, the System's funded ratio is 50.5% at June 30, 2008 and 52.6% at June 30, 2007.

The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earning greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value (\$9.257 billion) is \$623 million smaller than the fair value (\$8.634 billion).

The financial condition of the System and its ability to meet future obligations is predicated on a funding schedule set in Oklahoma Statues, which provides an increasing revenue stream based on a percentage of active members' pay. Under the present funding schedule, the UAAL will be fully amortized in 54.4 years.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

<u>Budgetary Control</u>: The System prepares and submits an annual budget of operating expenses on the cash basis for monitoring and reporting to the Oklahoma Office of State Finance. The System's budget process follows the budget cycle for State operations as outlined by the Oklahoma Office of State Finance.

The Executive Secretary may approve changes within the budget, but a change to the total budget must be handled according to the provision of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

<u>Investments</u>: The System is authorized to invest in eligible investments as approved by the board of trustees as set forth in the System's investment policy.

System investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the System's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in JP Morgan's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

The System's international investment managers enter into forward foreign exchange contracts to hedge the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward foreign exchange contracts to enhance returns or to control volatility. Currency risks arise due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counter-parties. The System could incur a loss if its counter-parties failed to perform pursuant to the terms of their contractual obligations. At June 30, 2008, the System had sold forward currency contracts with fair values of \$115,405,051 and had bought forward currency contracts with fair values of \$114,543,505. The gains and losses on these contracts are included in the income in the period in which the exchange rates change.

The System invests in various traditional financial instruments that fall under the broad definitions of derivatives. The System's derivatives include U. S. Treasury Strips, collateralized mortgage obligations, futures and options, convertible stocks and bonds, and variable rate instruments. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy.

Presently, the System has investments in interest rate swaps. Swaps afford a very liquid means of adjusting duration and targeting areas of yield curve exposure, with very low transactions costs. The risks of swaps are not only interest rate changes but also counter-party exposure. These risks are not inherently different from the risk of corporate bonds. Both require credit risk evaluations of the issuer or counter-party and the establishment of exposure limits to ensure that the portfolio remains adequately diversified. At June 30, 2008 the System had approximately \$15,000,000 exposure to interest rate swaps.

The System's investment policy provided for investment diversification of stocks, bonds, fixed income securities and other investment securities along with investment in commingled or mutual funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statements of plan net assets.

<u>Capital Assets</u>: Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE C-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Income Taxes: The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service (the "IRS") under Internal Revenue Code (the "IRC") Section 401(a). The System's 403(b) Plan is also tax exempt and has received a private letter ruling from the IRS.

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately \$310,000 and \$306,000 at June 30, 2008 and 2007, respectively.

<u>Plan Termination</u>: In the event the System terminates, the board of trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

Accumulated contributions will be allocated to each respective member, former member, retired member, joint annuitant, or beneficiary then receiving payments.

The balance of such assets, if any, will be allocated to each member then having an interest in the System based upon the excess of their retirement income under the System less the retirement income, which is equal to the actuarial equivalent of the amount allocated to them in accordance with the preceding paragraph in the following order:

- Those retired members, joint annuitants, or beneficiaries receiving payments,
- Those members eligible to retire,
- Those members eligible for early retirement,
- Former members electing to receive a vested benefit, and
- All other members.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE C .- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

<u>Use of Estimates</u>: The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties: Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation, and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Changes in Accounting Principles: The System adopted Government Accounting Standards Board Statement No. 50, Pension Disclosures ("GASB 50") which amends GASB Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers by requiring disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. The adoption of GASB 50 had an impact on the presentation of the notes to the financial statements but no impact on net assets.

NOTE D--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, the State Treasurer holds all of the System's bank deposits. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

At June 30, 2008 and 2007, the carrying amount of the System's bank deposits was approximately \$2,125,000 and \$4,771,000, respectively. The bank balance of the System's bank deposits at June 30, 2008 and 2007 was approximately \$4,928,000 and \$7,071,000, respectively.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2008 and 2007, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$441,183,000 and \$480,385,000, respectively, with its custodial agent. The System's custodial agent for the year ended June 30, 2008 and 2007 was JP Morgan.

<u>Credit Risk</u>: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The System's investment policy requires that at the time of purchase all corporate bonds or debentures be at the highest rating of the four rating services recognized by the Comptroller of the Currency of the United States of America.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

<u>Credit Risk--Continued</u>:

				Fair Value as a
				Percent of Total
	Moody's Ratings			Fixed Maturity
Investment Type	(Unless Noted)	Fa	ir Value	Fair Value
	(Am	oun	ts in thousa	nds)
U.S. Agency Securities (1)	Aaa	\$	855,900	30.35%
U.S. Government Securities (2)	A1		3,316	0.12%
	Aa1		963	0.02%
	Aa2		6,755	0.24%
	Aa3		3,885	0.14%
	Aaa		788,994	27.98%
	Baa3		5,110	0.18%
	Not Rated		43,040	1.53%
Total U.S. Government Securities		\$	852,063	30.21%
International Government Securities	Aa1	\$	1,014	0.03%
	Aa2		3,615	0.13%
	Aa3		7,913	0.28%
	Aaa		55,789	1.98%
Annual Control of the	B1		988	0.04%
	B2		203	0.01%
•	Ba1		4,575	0.16%
	Ba2		450	0.02%
	Ba3		2,350	0.08%
	Baa1		4,342	0.15%
	Not Rated		1,598	<u>0.06</u> %
Total International Government Securities		\$	82,837	<u>2.94</u> %

⁽¹⁾ Agency Securities are those implicity guaranteed by the U.S. Government.

⁽²⁾ U.S. Government Securities are treasury securities and agencies explicitly guaranteed by the U.S. Government.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk-Continued:

				Fair Value as a Percent of Total
	Moody's Ratings			Fixed Maturity
Investment Type	(Unless Noted)	Fai	ir Value	Fair Value
	(Am	ounts	in Thousa	nds)
Domestic Corporate Bonds	A1	\$	48,114	1.71%
-	A2		55,205	1.96%
	A3		27,375	0.97%
	Aa1		14,947	0.53%
	Aa2		29,287	1.04%
	Aa3		56,332	2.00%
	Aaa		321,793	11. 4 1%
	B1		15,354	0.54%
	B2		8, 4 35	0.30%
	В3		22,889	0.81%
	Ba1		14,859	0.53%
	Ba2		11,709	0.42%
	Ba3		11,982	0.42%
	Baa1		38,160	1.35%
	Baa2		65,313	2.32%
	Baa3		65,541	2.32%
	Ca1		98	0.00%
	Caa1		7,741	0.27%
	Caa2		2,027	0.07%
	Caa3		20	0.00%
	Not Rated		135,592	<u>4.81%</u>
Total Domestic Corporate Bonds		\$	952,773	<u>33.79</u> %

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk-Continued:

				Fair Value as a
	Moody's Ratings			Percent of Total Fixed Maturity
Investment Type	(Unless Noted)	Fai	r Value	Fair Value
)	(Am	ounts	in Thousa	nds)
International Corporate Bonds	A1	\$	1,148	0.04%
	A2		5,672	0.20%
	A3		8,485	0.30%
	Aa1		6,998	0.25%
•	Aa2		7,119	0.25%
	Aa3		2,472	0.09%
	Aaa		2,633	0.09%
	B1		3,462	0.12%
	B2		192	0.01%
	В3		4,010	0.14%
	Ba1		2,243	0.08%
	Ba2		<i>7</i> 37	0.03%
	Ba3		399	0.01%
	Baa1		9,234	0.33%
	Baa2		9,338	0.33%
	Baa3		2,762	0.10%
	Ca		58	0.00%
	Ca2		80	0.00%
	Not Rated	***********	9,255	<u>0.33%</u>
Total International Corporate Bonds		\$	76,297	<u>2.71</u> %

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed–income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2008, the System had the following investments with maturities:

			Ir	ivestment N	laturi	ties at Fair V	alue	(in Years)			
	(Amounts in Thousands)										
Investment Type		Less than One		One to Five		Five to Ten		More Than Ten		Total Fair Value	
U.S. Government securities	\$	21,795	\$	191,483	\$	170,969	\$	1,323,716	\$	1,707,963	
International government securities		4,273		37,972		15,250		25,342		82,837	
Domestic corporate bonds:											
Asset-backed securities		503		47,317		10,665		32,861		91,346	
CMBS		-		-		-		241,086		241,086	
CMBS/CMO/REMIC		-		2,270		6,204		101,671		110,145	
Corporates Bonds		26,907		133,123		205,327		144,839		510,196	
		27,410		182,710		222,196		520,457		952,773	
International corporate bonds		6,897	-	13,578		32,356		23,466		76,297	
	\$	60,375	\$	425,743	\$	440,771	\$	1,892,981	\$	2,819,870	

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE D--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the potential risk for loss due to changes in exchange rates. The System's investment policy provides that international investment managers invest no more than 30% of their portfolio's total assets in one or more issuers in a single country, provided that in the U.K. such limit shall be 35%. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2008 is shown in the following table by monetary unit to indicate possible foreign currency risk.

Currency	Equities	Corporate Bonds	Government Bonds	Cash and Cash Equivalents	Grand Total
Austalian Dollar	\$ 11,063,509	\$ -	\$ -	\$ 114,743	\$ 11,178,252
Brazilian Real	2,284,940	-	-	1,763,853	4,048,793
British Pound Sterling	216,251,833	3,679,198	4,448,945	1,475,611	225,855,587
Canadian Dollar	74,360,524	_	840,727	17,519	75,218,770
Danish Krone	12,996,516	-			12,996,516
Egyptian Dollar	-	Total Control of the	***	124,153	124,153
Euro	504,276,760		24,043,028	15,494,726	543,814,514
Hong Kong Dollar	25,271,811	-	_	(57)	
Indonesian Rupiah	345,998		-		345,998
Japanese Yen	312,884,030	4,417,609	22,763,685	289,579	340,354,903
Mexican Peso	4,484,298	-	-	286,869	4,771,167
New Tawain Dollar	5,240,525	_	_	346	5,240,871
New Zealand Dollar	3,363,219	-	•••	-	3,363,219
Norwegian Krone	11,170,289	_	***		11,170,289
Singapore Dollar	1,032,896	-	-	_	1,032,896
South African Rand	2,092,883	••		-	2,092,883
South Korean Won	16,190,161		-	2	16,190,163
Swedish Krona	34,476,881	-	-	_	34,476,881
Swiss Franc	107,204,902		-	_	107,204,902
(1) Not subject to foreign					, ,
currency risk	127,731,760	68,200,026	30,740,472	21,762,730	248,434,988
Grand Total	<u>\$ 1,472,723,735</u>	\$ 76,296,833	\$ 82,836,857	\$ 41,330,074	<u>\$ 1,673,187,499</u>

⁽¹⁾ These investments are not subject to foreign currency risk as they are held and traded in the United States

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE E--SECURITIES LENDING ACTIVITY

The System's investment policy and State statutes provide for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U. S. Treasury or government agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% for loans of securities for which the principal trading market is the United States of America and 105% for securities for which the principal trading market is outside the United States of America.

The fair value of securities on loan at June 30, 2008 was approximately \$1,748,114,000. The underlying collateral for these securities had a fair value of approximately \$1,803,781,000 at June 30, 2008. Collateral of securities and letters of credit represented approximately \$199,789,000 of total collateral at June 30, 2008. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net assets.

At June 30, 2008 the System had no credit risk exposure since the amounts the System owed to borrowers exceeded the amounts borrowers owed the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. However, should a collateral deficiency occur beyond the lending agent's responsibilities, the deficiency is allocated pro rata among all lenders.

There have been no significant losses on security lending transactions, or recoveries from prior period losses, during 2008 or 2007 resulting from the default of a borrower or the lending agent. The System's lending agent is not affiliated or related to the System's investment managers or brokers. Accordingly, the System is not exposed to custodial credit risk in relation to its securities lending transactions.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE E-SECURITIES LENDING ACTIVITY-Continued

All securities loans can be terminated on demand by either the System or the borrower. However, the average term of the loans cannot be determined. Cash collateral is invested in the lending agent's institutional daily assets fund. The weighted average maturity at June 30, 2008 and 2007 of the cash collateral investments was 10 and 12 days, respectively. The relationship between the maturities of the investment fund and the System's loans is affected by the maturities of the securities loans made by other entities that use the lending agent's fund, which the System cannot determine.

NOTE F--CAPITAL ASSETS

Capital assets consist of the following at June 30:

•	-	2008	2007		
Furniture and fixtures Accumulated depreciation	\$ 	1,413,763 (1,166,577)	\$	1,396,332 (1,133,871)	
Capital assets, net	<u>\$</u>	247,186	\$	262,461	

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2008 was approximately \$207,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately \$215,000 and \$211,000 for the years ended June 30, 2008 and 2007, respectively.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE G--RESERVE AND DESIGNATED FUNDS

The amount included in the Teachers' Deposit Fund, the Expense Fund, and the Capital Assets Fund is not available to pay regular retirement benefits. A brief description of the major funds is as follows:

- The Teachers' Deposit Fund represents funds in the tax-sheltered annuity program, which is an optional program for members as allowed by Section 403(b) of the IRC.
- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System budgeted for the next fiscal year plus any accrued administrative costs as of the current fiscal year-end.
- The Capital Assets Fund represents the net book value of furniture and fixtures for the System.

2002

2007

The Funds had the following balances at June 30:

		2007
Teachers' deposit fund (tax-sheltered annuities)	\$ 312,160,000	\$ 357,841,000
Expense fund	58,443,000	56,214,000
Capital assets fund	247,000	262,000
	\$ 370,850,000	\$ 414,317,000

NOTE H-CONTRIBUTIONS

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995.

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the maximum compensation level for the years ended June 30, 2008 was the full amount of regular annual compensation and June 30, 2007 was \$77,500 for those who elected the \$25,000 limit prior to June 30, 1995, respectively, and in fiscal year 2008 was the full amount of regular annual compensation and in fiscal year 2007 was \$94,000 for all other members.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE H--CONTRIBUTIONS--Continued

Maximum compensation levels increased by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered subject to contribution limits established under the Internal Revenue Code.

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The employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate was 7.85% from July 1, 2007 to December 31, 2007 and 8.35% from January 1, 2008 to June 30, 2008 for all remitting entities other than comprehensive and four year regional universities. The employer contribution rate was 7.05% from July 1, 2007 to December 31, 2007 and 7.55% from January 1, 2008 to June 30, 2008 for comprehensive and four year universities. The rates for fiscal years 2008 and 2007 are applied up to defined caps depending upon the member's elections as previously described.

As discussed in Note L, Senate Bill 357 became effective July 1, 2007. Employer contributions from K-12 Schools, Career Tech, two-year colleges and state agencies with TRS members will increase to 7.85% on July 1, 2007; 8.35% on January 1, 2008; 8.5% on July 1, 2008; 9% on January 1, 2009; and 9.5% on January 1, 2010 and thereafter. For comprehensive and regional four-year colleges and universities, employer contributions will stay at 7.05% through December 31, 2007, and then increase to 7.55% on January 1, 2008; 8.05% on January 1, 2009; and 8.55% beginning January 1, 2010 and thereafter.

NOTE I-BENEFITS

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. Benefit provisions include:

• Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE I-BENEFITS--Continued

- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 is calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall
 receive the member's total contributions plus 100% of interest earned through the end of
 the fiscal year, with interest rates varying based on time of service. A surviving spouse of
 a qualified member may elect to receive, in lieu of the aforementioned benefits, the
 retirement benefit the member was entitled to at the time of death as provided under the
 Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service.
 The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program
 up to the exclusion allowance provided under the IRC under Code Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between \$100 and \$105 per month per eligible retiree to the Oklahoma State and Education Employees Group Insurance Board ("OSEEGIB"), depending on the members' years of service during 2008 and 2007. Such amounts were approximately \$30,404,000 and \$30,492,000 in 2008 and 2007, respectively, and are included in retirement and other benefits expense. Amounts due to OSEEGIB at June 30, 2008 and 2007, respectively are approximately \$2,474,000 and \$2,524,000, and are included in benefits in process of payment. The System performs no administrative functions related to the benefits provided by OSEEGIB and the payments have a minimal and declining impact on the operation of the System.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE J--DEDICATED TAX

The System receives 5.0% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the State's collected sales, use, and corporate and individual income taxes allocated by the State to the System will increase from 4.5% to 5.0% on July 1, 2007 and thereafter. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately \$267,000,000 and \$244,000,000 from the State in 2008 and 2007, respectively. Amounts due from the State were approximately \$28,970,000 and \$25,074,000 at June 30, 2008 and 2007, respectively.

NOTE K--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

The System also makes employer contributions for its employees who are also members of the System. The System's contributions are under the same terms as other participating employers, as discussed in Note H. In addition to the employer contributions, the System also pays the employees' contributions as a fringe benefit. Benefits paid to members that worked for the System are the same as those described in Note I. The total employee and employer contributions paid by the System for its employees were approximately \$451,000, \$408,000, and \$375,000 for 2008, 2007, and 2006 respectively.

NOTE L--PLAN AMENDMENTS

House Bill 2074 was enacted during the 2008 legislative session. This bill removes the post-retirement earnings limit for retirees who have been retired for 36 months or more. Previously, the earnings limit for employment in the public schools of Oklahoma was \$30,000 for members who had been retired for three years. The post-retirement earnings limit for retirees who have been retired less than 36 months remains the same. Retirees under age 62, who have been retired less than 36 months, is the lesser of \$15,000 or one-half the final average salary used in calculating the retiree's monthly retirement benefit. The earnings limit for retirees age 62 or older is the lesser of \$30,000 or one-half the final average salary used in calculating the retiree's monthly retirement benefit. A retiree's earnings limit is prorated during the year when the member reaches age 62.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE L--PLAN AMENDMENTS-Continued

House Bill 2276 included \$16.8 million to common education, \$1.3 million to career tech and \$5.8 million to higher education to cover employer contribution rate increases provided in House Bill 1179 (the 2006 EESIP act) and Senate Bill 357 (2007). Employer contribution rates for K-12, career-tech, 2-year colleges and state education agencies will increase to 8.50% effective July 1, 2008. Beginning January 1, 2009, the employer contribution rate will increase to 9% for K-12, career tech, 2-year colleges and state education agencies. Beginning January 1, 2009, the employer contribution rate will increase to 8.05% for 4-year colleges and universities.

House Bill 2793 amends 70 O.S. 6-101.1 that authorizes school districts to provide tax-sheltered annuity plans to education employees. The amendments to this section do not change the school's ability to offer 403(b) plans, but does update Oklahoma statutes to comply with new federal regulations on 403(b) plans.

House Bill 3112 provides a 2% cost-of-living increase to all retired members who retired prior to July 1, 2007. The bill also increases the age of a dependent in the Oklahoma State Education Employees Insurance Plan from 23 to 25.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2007, is as follows:

NOTE M--ACTUARIAL ASSUMPTIONS AND METHODS

<u>Funding Method</u>: Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for the System, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

Experience gains and losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumption) adjust the unfunded actuarial accrued liability.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2008

NOTE M--ACTUARIAL ASSUMPTIONS AND METHODS--Continued

<u>Asset Valuation Method</u>: The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

<u>Amortization</u>: The unfunded actuarial accrued liability is amortized on a percent of pay method over a 30-year open period.

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2008 are as follows:

<u>Investment Return</u>: 8% per annum, compounded annually (includes inflation of 3%).

Salary Increases: 4.25% to 6% per year (includes inflation of 3% and a productivity increase of 1.25%).

NOTE N-NEW PRONOUNCEMENTS

On June 30, 2008 GASB issued Statement No. 53 Accounting and Financial Reporting for Derivative Instruments ("GASB 53") which provides guidance to governments to improve the reporting of derivative instruments in their financial statements. GASB 53 applies to all state and local governments and is effective for financial statements for periods beginning after June 15, 2009.

NOTE O-SUBSEQUENT EVENT

The fair value of the System's investments decreased approximately \$746,906,000 from June 30, 2008 to September 30, 2008 due to the credit and liquidity crisis in the United States and throughout the global financial systems. The System also holds a \$35 million position in JP Morgan's securities lending program with Lehman Brothers bonds as collateral. The potential impact of this position in Lehman Brothers bonds has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

SCHEDULE OF FUNDING PROGRESS (UNAUDITED) (Dollars in Millions)

					Üı	nfunded				
	A	ctuarial	Α	ctuarial	Α	ctuarial				UAAL as %
Actuarial	7	/alue of	P	Accrued	A	ccrued	Funded	1	Annual	of Covered
Valuation	Assets		Liability		Liability		Ratio		Covered	Payroll
Date	(/	4VA) (a)	(/	\AL) (b)	(UA	AL) (b) - (a)	(a/b)		 Payroll	((b-a) / c)
June 30, 2003	\$	6,436.9	\$	11,925.2	\$	5,488.3	5	4.0%	\$ 3,045.7	180,2%
June 30, 2004		6,660.9		14,080.1		<i>7,</i> 419.2	4	7.3%	3,030.7	244.8%
June 30, 2005		6,952.7		14,052.4		7,099.7	4	9.5%	3,175.2	223.6%
June 30, 2006		7,470.4		15,143.4		7,672.9	4	9.3%	3,354.9	228.7%
June 30, 2007		8,421.9		16,024.4		7,602.5	5	2.6%	3,598.9	211.2%
June 30, 2008		9,256.8		18,346.9		9,090.1	5	0.5%	3,751.4	242.3%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year	Annual	
Ended	Required	Percentage
June 30,	Contribution	Contributed
2003	\$ 585,168, 4 88	61.9%
2004	534,811,845	70,2%
2005	722,095,783	56,2%
2006	535,228,038	85,8%
2007	575,745,142	93.1%
2008	590,495,652	101.1%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

Unaudited - see accompanying independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULES OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

		Year Ended				
		June 30				
	2008			2007		
Investment custodian	\$	_	\$	15,000		
Investment managers		32,879,081		30,715,161		
Investment consultants		880,407		744,126		
Investment information services		22,200		21,730		
Commission recapture		(789,661)	****	(705,254)		
Total investment expenses	\$	32,992,027	\$	30,790,763		

SCHEDULES OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended				
	June 30				
	·	2008		2007	
Salaries and benefits	\$	3,460,187	\$	3,280,183	
General and miscellaneous		751,031		740,633	
Professional/consultant fees		407,093		366,039	
Travel and related expenses		97,863		79 , 204	
Depreciation expense		74,944		83,100	
Total administrative expenses	\$	4,791,118	\$	4,549,159	

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended			
		June 30		
•		2008		2007
Actuarial	\$	64,343	\$	136,738
Medical		7,040		13,328
Legal		159,020		156,204
Audit		42,200		35,406
Data processing		120,392		8,818
Miscellaneous	***************************************	14,098		15,545
Total professional/consultant fees	\$	407,093	\$	366,039



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees Teachers' Retirement System of Oklahoma

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the "System"), which is a component unit of the state of Oklahoma, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008, which includes explanatory paragraphs related to required supplementary information and other supplementary information. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management in a separate letter dated October 24, 2008.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.



A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, the Oklahoma State Auditor and Inspector, and management and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Read 7. C.

Oklahoma City, Oklahoma October 24, 2008

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Professional Consultants and Advisors
Report on Investment Activity
Summary of Investments
Asset Allocation at Fair Value Pie Charts
Investment Managers
Assets Managed Graph
Investment Performance
Comparative Rates of Return Graphs
Annualized Fixed Income Return Comparison
Annualized Equity Return Comparison
Total Investment Returns
Investment Expenses
Brokerage Commissions Paid
Portfolio of Assets

and the second of

PROFESSIONAL CONSULTANTS AND ADVISORS

DOMESTIC EQUITY MANAGERS

Advisory Research, Inc., All-Cap Chicago, Illinois

Aldus Equity, Private
Dallas, Texas
Aletheia Research and Management, Inc., Large-Capitalization Growth Santa Monica, California

Aronson+Partners, Mid-Capitalization Core
Philadelphia, Pennsylvania
Chase Investment Counsel Corporation, Large-Capitalization Growth Charlottesville, Virginia

EPOCH Investment Partners, Inc., All-Capitalization
New York, New York
Frontier Asset Management, Mid-Capitalization Growth
Boston, Massachusetts

Goldman Sachs Asset Management, Large-Capitalization Growth Tampa, Florida

Hotchkis & Wiley Investment, Large-Capitalization Value
Los Angeles, California
Hotchkis & Wiley Investment, Mid-Capitalization Value

Los Angeles, California
Sawgrass Asset Management, LLC, Large-Cap Growth
Jacksonville Beach, Florida
Shapiro Capital Management Company, Inc., Small-Capitalization Value

Atlanta, Georgia
Smith Asset Management Group, Small-Cap Growth

Dallas, Texas
Tocqueville Asset Management LP, Small-Capitalization Value New York, New York

Wellington Management Company, LLP, Mid-Capitalization Growth Boston, Massachusetts

DOMESTIC FIXED INCOME MANAGERS

Hoisington Investment Management Company, Interest Rate Sensitive

Austin, Texas Loomis, Sayles & Company, LP, Active Chicago, Illinois

Lord Abbett & Company, LLC, Core+ Active
Jorsey City, New Jersey
MacKay Shields, LLC, Core+ Active
New York, New York

Pacific Investment Management Company, Active

Newport Beach, California Stephens Capital Management, Interest Rate Sensitive Little Rock, Arkansas

INTERNATIONAL EQUITY MANAGERS

Brandes Investment Partners, L.P.

San Diego, California Capital Guardian

San Francisco, California Causeway Capital Management LLC Los Angeles, California

Thornburg Investment Management, Inc. Santa Fe, New Mexico

ADVISORS AND CONSULTANTS

JP Morgan/Chase, World Wide Securities Services, Global Custodian/Securities Lending Oklahoma City, Oklahoma

gregory.w.group, Investment Consultant

Tulŝa, Oklahoma Gabriel, Roeder, Smith & Company, Actuarial Consultant
Dallas, Texas
Cole & Reed, PC, External Auditor
Oklahoma City, Oklahoma

Office of the Oklahoma Attorney General, Legal Counsel Oklahoma City, Oklahoma

Report on Investment Activity

The Teachers' Retirement System of Oklahoma had a loss for fiscal year 2008 of 7.2% based on fair value; three-year and five-year returns were 6.5% and 10.0% respectively (see chart below and graphs on pages 76 and 77). The basis for rates of return are presented on a time-weighted return over a certain period of time based on market values. The System's investments at fiscal year end, decreased \$667 million to \$8.935 billion.

The Board of Trustees (Board) of the Teachers' Retirement System of Oklahoma (System) is authorized by statute to invest the assets of the System solely in the interest of the participants and beneficiaries of the System. The Board is guided by the provisions of the prudent person rule, which affords the standard "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims." The Board is authorized to establish an investment committee, which is to make recommendations to the full Board of Trustees on all matters, related to the choice of custodians and managers of the assets of the System, and the establishment of investment guidelines.

The main determinant of any pension fund's long term-success is the fund's asset allocation. The Board, in conjunction with the investment consultant and staff has determined that the appropriate portfolio mix for the System is 70% equity investments and 30% fixed income investments. Adherence to a disciplined investment policy is critical to achieving long-term success while at the same time controlling risk. The System's asset allocation is regularly reviewed and periodically updated.

Rates of Return

		1	
Periods Ended 06/30/2008	One Year	Three Years	Five Years
Domestic Equity	-14.3%	4.8%	10.3%
S&P 500	-13.1%	4.4%	7.6%
Rank**	71*	55	31
International Equity	-10.2%	13.1%	17.3%
MSCI EAFE	-10.1%	13.3%	17.2%
Rank**	57	61	54
Fixed Income	7.7%	4.4%	4.3%
Lehman Aggregate	7.1%	4.1%	3.9%
Rank**	25	30	35
Total Fund	-7.2%	6.5%	10.0%
Benchmark***	-6.7%	6.3%	9.2%
Rank**	83	52	25

^{*} Rank 1 is best, 100 worst

This report prepared by:

Bill Puckett Chief Investment Officer

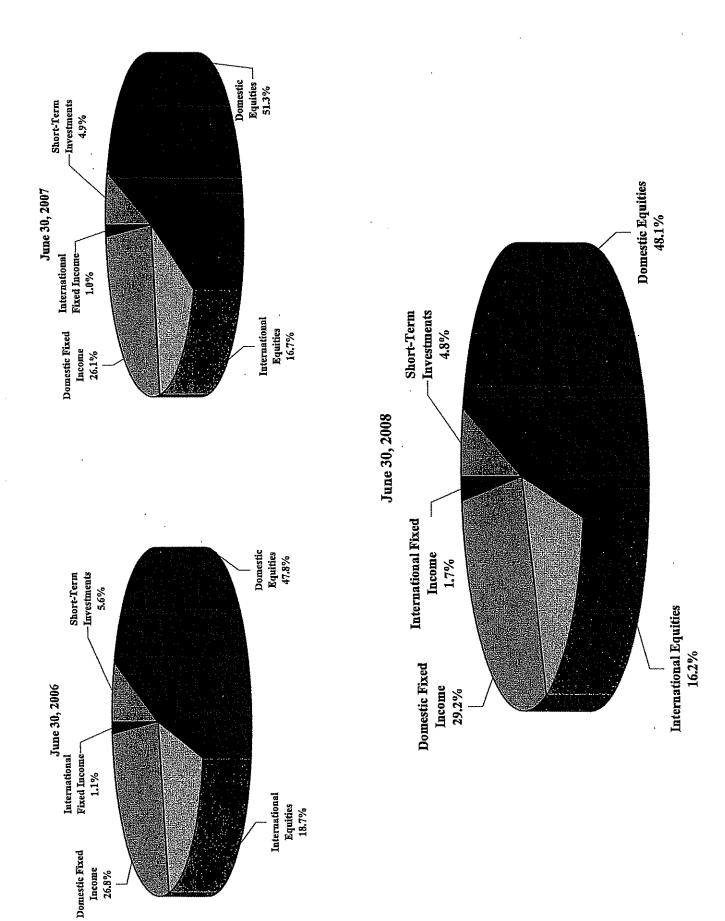
^{**} Source of Rankings - TUCS

^{***} Benchmark – 28% S&P 500, 15% Russell Mid Cap, 10% Russell 2000, 17% MSCI EAFE, 30% Lehman Brothers Aggregate

Summary of Investments June 30, 2008

Type of Investment	<u>Fair Value</u>	Percentage of Total <u>Fair Value</u>
Fixed Income:		
U S Government Securities	\$1,707,962,910	18.7%
Corporate Bonds	952,772,559	10.5%
International Bonds	<u>159,133,690</u>	<u>1.7%</u>
Total Fixed Income	2,819,869,159	30.9%
Equities:	•	,
Domestic	4,381,924,106	48.1%
International	1,472,723,735	<u>16.1%</u>
Total Equities	5,854,647,841	64.2%
Short-Term Investments:		
Domestic Money Market	399,852,437	4.4%
International Money Market/Treasury Bills	<u>41,330,074</u>	<u>0.5%</u>
Total Short-Term Investments	441,182,511	<u>4.9%</u>
Total Investments	\$9,115,699,511	<u>100.0%</u>

The charts on the following page demonstrate the changes in asset allocation in the past three years.



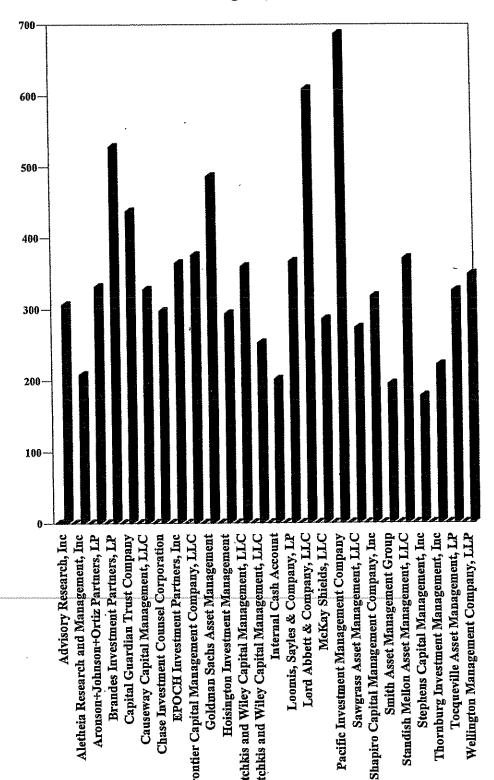
Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy. Firms employed by the Board of Trustees on June 30, 2008 are listed below:

<u>Manager</u>	<u>Style</u>	Funds Under Management (in millions)
Advisory Research, Inc	All Capitalization	\$306
Aletheia Research and Management, Inc	Large Capitalization Growth	208
Aronson+Johnson+Ortiz Partners, LP	Middle Capitalization Core	331
Brandes Investment Partners, LP	International Equity	528
Capital Guardian Trust Company	International Equity	437
Causeway Capital Management, LLC	International Equity	327
Chase Investment Counsel Corporation	Large Capitalization Growth	297
EPOCH-Investment Partners, Inc	All Capitalization	364
Frontier Capital Management Company, LLC	Middle Capitalization Growth	375
Goldman Sachs Asset Management	Large Capitalization Growth	486
Hoisington Investment Management	Fixed Income	293
Hotchkis and Wiley Capital Management, LLC	Large Capitalization Value	359
Hotchkis and Wiley Capital Management, LLC	Middle Capitalization Value	252
Internal Cash Account		201
Loomis, Sayles & Company, LP	Core Plus Fixed Income	366
Lord Abbett & Company, LLC	Core Plus Fixed Income	609
McKay Shields, LLC	Core Plus Fixed Income	285
Pacific Investment Management Company	Core Plus Fixed Income	686
Sawgrass Asset Management, LLC	Large Capitalization Growth	273
Shapiro Capital Management Company, Inc	Small Capitalization Value	317
Smith Asset Management Group	Small Capitalization Growth	194
Standish Mellon Asset Management, LLC	Fixed Income Index	370
Stephens Capital Management, Inc	Interest Rate Sensitive Fixed Income	177
Thornburg Investment Management, Inc	International Equity	221
Tocqueville Asset Management, LP	Small Capitalization Value	325
Wellington Management Company, LLP	Middle Capitalization Growth	<u>348</u>
Total funds under management		\$8,93 <u>5</u>

Chart on following page.

Assets Managed (In Millions)



Hoisington Investment Management Hotchkis and Wiley Capital Management, LLC Loomis, Sayles & Company, LP Aletheia Research and Management, Inc Aronson+Johnson+Ortiz Partners, LP Brandes Investment Partners, LP Capital Guardian Trust Company Chase Investment Counsel Corporation EPOCH Investment Partners, Inc Frontier Capital Management Company, LLC Goldman Sachs Asset Management Hotchkis and Wiley Capital Management, LLC Internal Cash Account Causeway Capital Management, LLC

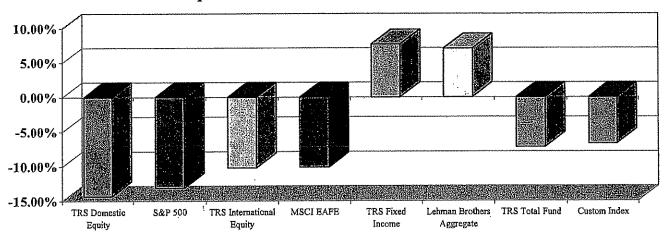
Investment Performance

The Teachers' Retirement System of Oklahoma compares total return on equity investments to the S & P 500 Index. The benchmark for fixed income investments is the Lehman Brothers Aggregate Index. Individual benchmarks for the separately managed domestic equity funds include the Russell 1000 Value, the Russell 1000 Growth, the S & P 500, the S & P Midcap 400, the Russell Midcap Value and Russell Midcap Growth, the Russell 2000 Value, the Russell 2000 Growth, the Russell 2000 and Russell 3000. The international managers are compared to the MSCI EAFE (before taxes).

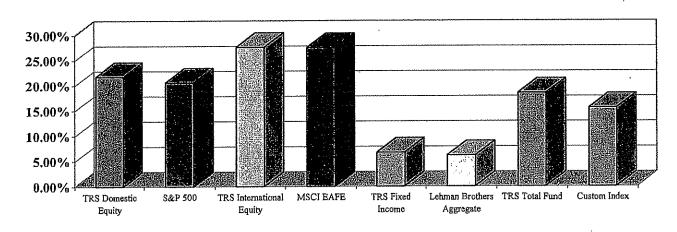
Investment returns achieved through June 30, 2008 have been calculated using a time-weighted rate of return methodology based on market returns.

The charts on the following pages show comparative returns for the major asset classes.

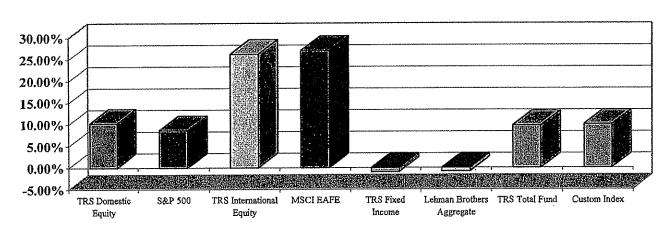
Comparative Rates of Return Fiscal Year 2008



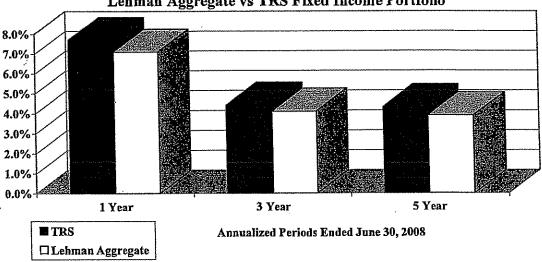
Comparative Rates of Return Fiscal Year 2007



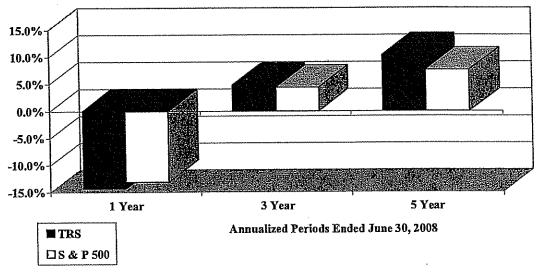
Comparative Rates of Return Fiscal Year 2006



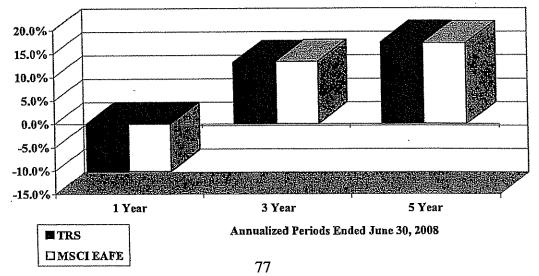
Annualized Fixed Income Return Comparison Lehman Aggregate vs TRS Fixed Income Portfolio



Annualized Domestic
Equity Return Comparison
S&P 500 vs TRS Domestic Equity Portfolio



Annualized International
Equity Return Comparison
MSCI EAFE vs TRS International Equity Portfolio



1 00 CK 8002 1920 4002 olovio 9002 - TO. 5002 50.02 *00z Total Investment Returns for Fiscal Years Ended June 30 9. 2° 5° £002 isto is 2002 od. 1002 · c.t. 0002 13.00 6661 to the state of th 8661 4661 og of 9661 of its S661 - Sal Þ661 60°C.C £667 43.69 2661 \$0.00 t 1661 eto, 0661 olotict ! 6867 -10.0% 30.0% 10.0% 0.0% 20.0%

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Investment Expenses

Investment fees paid to investment management firms employed by the System were as follows in Fiscal Year 2008.

Investment Manager	Fees Paid
Advisory Research, Inc	\$1,289,388
Aletheia Research and Management, Inc	821,233
Aronson+Johnson+Ortiz Partners, LP	551,752
Brandes Investment Partners, LP	2,238,229
Capital Guardian Trust Company	1,862,679
Causeway Capital Management, LLC	1,288,710
Chase Investment Counsel Corporation	1,139,409
EPOCH Investment Partners, Inc	1,682,647
Frontier Capital Management Company, LLC	2,140,519
Goldman Sachs Asset Management	1,306,255
Hoisington Investment Management	383,474
Hotchkis and Wiley Capital Management, LLC (Largecap)	1,514,122
Hotchkis and Wiley Capital Management, LLC (Midcap)	1,491,494
Loomis, Sayles & Company, LP	589,107
Lord Abbett & Company, LLC	996,606
McKay Shields, LLC	708,494
Pacific Investment Management Company	1,601,890
Sawgrass Asset Management, LLC	1,089,019
Shapiro Capital Management Company, Inc	3,199,724
Smith Asset Management Group	1,293,488
Standish Mellon Asset Management, LLC	73,719
Stephens Capital Management, Inc	288,764
Thornburg Investment Management, Inc	1,363,813
Tocqueville Asset Management, LP	2,343,355
Wellington Management Company, LLP	<u>1,621,191</u>
Total fees paid	\$32,879,081

Brokerage Commissions Paid Fiscal Year 2008

Brokerage Firm	<u>Shares</u>	Commission	Per Share
A G EDWARDS INC	1,681,112	65,218.56	0.039
ABEL NOSER	8,923,348	89,695.58	0.010
ABG SECURITIES	118,619	3,618.27	0.031
ABN-AMRO	1,285,012	26,893.18	0.021
ADAM HARDIN	259,657	10,441.85	0.040
ADP CLEARING & OUTSOURCING SERVICES, INC	100,179	3,524.44	0.035
AGENCY TRADING GROUP	58,700	2,935.00	0.050
ALGORITHM TRADING	188,000	3,855.28	0.021
ALLEN & COMPANY, INC	327,914	7,117.56	0.022
AMERICAN TECHNOLOGY	112,630	1,918.60	0.017
ARNHOLD & S BLEICHROEDER INC	14,000	560.00	0.040
ASIEL & CO.	109,513	6,495.78	0.059
ASSOCIATES FIRST CAPITAL	119,500	2,390.00	0.020
AUERBACH GRAYSON	255,400	10,851.76	0.042
AVIAN SECURITIES	681,700	13,634.00	0.020
AVONDALE PARTNERS LLC	149,397	5,975.88	0.040
B REILLY	30,100	1,505.00	0.050
BAIRD, ROBERT W & COMPANY INC	203,335	7,331.85	0.036
BANC OF AMERICA MONTGOMERY	357	52.06	0.146
BANCA EUROMOILIARE	120,000	1,145.10	0.010
BANCAMERICA	2,726,840	105,133.44	0.039
BANK BELLEVUE	18,410	3,690.74	0.200
BANK OF NEW YORK	14,300	1,109.95	0.078
BANK VONTOBEL	8,750	1,742.82	0.199
BANQUE NATIONALE DU CANADA	17,900	795.58	0.044
BASS TRADING LLC	118,030	6,616.66	0.056
BB&T CAPITOL MARKETS	176,150	7,786.00	0.044
BEAR STEARNS & COMPANY	3,681,440	127,284.70	0.035
BENCHMARK CO.	252,005	8,060.15	0.032
BERNSTEIN, SANFORD C. & CO	611,091	26,530.31	0.043
BIRKELBACH INVESTMENT	101,340	4,053.60	0.040
BK JULIUS BR, NY	23,100	351.51	0.015
BLAIR, WILLIAM & CO	265,540	10,144.10	0.038
BLEISCHRODER	84,500	3,380.00	0.040
BLOOMBERG TRADEBOOK	10,400	156.00	0.015
BMO CAPITAL MARKETS	119,389	4,338.95	0.036
BNP PARIBAS SEC CORP	1,440,615	44,886.06	0.031
BNY CAPITAL	1,320,700	23,062.50	0.017
BOENNING & SCATTERGOOD	519,100	11,679.25	0.022
BRANCH BANK & TRUST	3,100	138.08	0.045
BRCHHELVEA	9,400	589.34	0.063
BREAN MURRAY & FOSTER	51,100	2,044.00	0.040
BREUBEARINTL	11,700	600,20	0.051
BROADCORT CAPÍTAL CORP	146,978	7,124.12	0.048

BRUSCAPS	4,980	199.20	0.040
B-TRADE SERVICES LLC	161,040	3,375.00	0.021
BUCKINGHAM RESEARCH	463,453	15,286.94	0.033
C L KING & ASSOCIATES	208,002	8,510.08	0.041
C. I. NORDIC SECURITIES	28,000	327.68	0.012
C.E. UNTERBERG, TOWBIN	4,700	188.00	0.040
CADARET GRANT CO.	94,000	5,640.00	0.060
CALYON CAPITAL MARKETS ASIA	2,875,911	15,920.69	0.006
CANACCORD ADAMS INC	260,254	10,474.05	0.040
CANTOR FITZGERALD & COMPANY INC	15,749,296	403,110.23	0.026
CAPITAL INSTITUTIONAL SERVICES INC	2,499,145	131,095.70	0.052
CAPITAL INSTITUTIONAL SERVICES INC	31,540	1,261.60	0.040
	23,000	640,36	0.028
CARNEGIE	2,270,868	9,881.66	0.004
CAZENOVA	538	47.30	0.088
CAZENOVE AND CO.	246,512	9,860.48	0.040
CHARLES SCHWAB	419,897	20,053.11	0.048
CHEVEREUX	226,600	565.26	0.002
CHINA INTERNATIONAL	•	56,306.04	0.040
CIBC OPPENHEIMER CORP/WORLD MARKETS CORP	1,412,646	87.00	0.015
CITATION GROUP	5,800 7,585,445	173,347.85	0.013
CITIGROUP GLOBAL MARKETS, INC		472,74	0.023
CLEVELAND RESEARCH CO	15,758	955.83	0.005
CLSA INTERNATIONAL	184,800	31,770.65	0.024
COLLINS STEWART LTD	1,310,615		0.024
COWEN & CO	137,500	7,396.00	0.034
CRED AG INDO CHEVEREUX	217,489	18,381.73	
CREDIT LYONNAIS SECURITIES INC.	665,962	12,540.00	0.019
CREDIT RESEARCH & TRADING	10,800	432.00	0.040
CREDIT SUISSE FIRST BOSTON CORPORATION	8,689,510	201,399.83	0.023
CROWELL WEEDON	103,600	4,144.00	0.040
CRT CAPITAL GROUP LLC	71,100	3,219.00	0.045
CUTTONE & COMPANY	1,577,948	47,276.94	0.030
D.A. DAVIDSON & COMPANY, INC.	273,780	16,426.80	0.060
DA PARTNERS	2,394,320	50,448.20	0.021
DAHLMAN ROSE & CO	10,575	528.75	0.050
DAIN RAUSCCHER INC	134,200	5,774.73	0.043
DAIWA SECURITIES AMERICA	221,302	8,475.09	0.038
DANSKE BANK	15,600	696.62	0.045
DAVENPORT	90,470	3,099.80	0.034
DAVY STOCK BROKER	375,794	11,661.58	0.031
DEUTSCHE / DB CLEARING SERVICES	10,105,732	211,445.87	0.021
DOMINION SECURITIES	240,560	9,618.30	0.040
DONALDSON & CO	3,221,356	106,024.68	0.033
DOWLING & PARTNERS	126,200	6,310.00	0.050
DRESDNER KLEINWORT BENSON	1,520,673	18,292.73	0.012
DRU STOCK	92,700	1,854.00	0.020
E*TRADE CAPITAL MARKETS	8,500	340.00	0.040
ENSKILDA SEC	1,101,509	4,952.84	0.004
ESI SECURITIES CO	1,036,900	16,978.00	0.016
EXANE	127,538	8,424,95	0.066
EXECUTION LIMITED	435,047	6,598.81	0.015
FERRIS, BAKER WATTS, INC.	374,055	14,962.20	0.040
LEXING DUDING HALLES THE	2,555		

FIDELITY CAPITAL MGMT	573,400	12,086.75	0.021
FINDENTIIS EQUITIES	70,900	1,813.42	0.026
FIREFLY	152,900	1,529.00	0.010
FIRST ALBANY	5,000	200.00	0.040
FIRST ANALYSIS	553,088	22,684.61	0.041
FIRST BOSTON CORPORATION	1,016,843	17,564.60	0.017
FIRST CHICAGO	1,200	12.00	0.010
FIRST TENNESEE	88,500	3,399.71	0.038
FIRST UNION	498,800	20,035.25	0.040
FLEET BOSTON SECURITIES	8,200	41.00	0.005
FOX PITT KELTON	302,672	8,873.15	0.029
FRIEDMAN BILLINGS	730,965	29,555.10	0.040
FTN FINANCIAL CAPITAL MARKETS	1,413,900	55,169.00	0.039
G TRADE SERVICES LTD	6,415,115	26,419.69	0.004
GABELLI & COMPANY, INC.	279,701	12,123.53	0.043
GARBAN SECURITIES	110,073	2,349.52	0.021
GENESIS	9,535	286.05	0.030
GENUITY CAPITAL MARKETS	66,900	2,676.00	0.040
GMP SECURITIES LTD/MONTREAL	17,100	666.15	0.039
GOLDMAN SACHS & COMPANY	17,793,694	398,528.74	0.022
GOODBODY STOCKBROKERS	344,143	10,924.56	0.032
GORDON HASKETT	12,700	508.00	0.040
GREEN STREET	7,100	355.00	0.050
GREEN STREET ADVISORS INC	19,200	960.00	0.050
GRISWOLD CO, THE	703,637	23,485.15	0.033
GUZMAN	265,400	5,308.00	0.020
HARRIS NESBITT THOMPSON	4,500	225.00	0.050
HEFLIN & CO., LLC	135,035	5,401.40	0.040
HOWARD WEIL LABOUISSE FRIEDRICHS INC	30,800	1,540.00	0.050
HSBC SECURITIES INC	1,037,416	10,116.46	0.010
HUDSON SECURITIES INC.	30,400	1,216.00	0.040
ICAP	1,916	170.69	0.089
IMPERIAL CAPITAL	253,868	10,486.72	0.041
ING BARINGS LLC	61,800	974.97	0.016
INSTINET	5,872,750	202,588.73	0.034
INTERMONTE SECURITIES	124,460	1,289.02	0.010
INTERNATIONAL SEC.	80,382	3,215.28	0.040
INTERSTATE / JOHNSON LANE CORPORATION	172,200	3,444.00	0.020
INVESTMENT TECHNOLOGY GROUP	99,215	2,406.45	0.024
ISI GROUP INC	1,448,086	62,385.99	0.043
ISI HYMAN	109,800	4,980.00	0.045
ITG / POSIT	7,503,048	141,993.40	0.019
J P MORGAN CHASE	11,591,120	191,238.68	0.016
JANNEY MONTGOMERY SCOTT	134,190	3,453.35	0.026
JEFFERIES & COMPANY INC	12,224,827	351,940.48	0.029
JESUP & LAMONT SECURITIES CORP	172,592	10,355.52	0.060
JMP SECURITIES	165,500	6,687.00	0.040
JNK SECURITIES INC	454,800	9,096.00	0.020
JOHNSON RICE	1,543,100	47,245.00	0.031
JOLSON MERCHANT	33,700	1,429.00	0.042
JONES & ASSOC	15,663,326	467,802.83	0.030
JULIUS BAER	14,177	1,252.24	880,0

KBC FINANCIAL PRODUCTS	40,936	1,206.47	0.029
KCCI, LTD.	61,400	614.00	0.010
KEEFE BRUYETTE AND WOODS INC.	877,973	26,683.82	0.030
KELLY & CHRISTENSEN INC	222,500	4,450.00	0.020
KEPLER EQUITIES	15,917	1,170.18	0.074
KEYBANC FINANCIAL	881,536	31,234.94	0.035
KNIGHT SECURITIES	17,588,583	641,718.82	0.036
LA BRANCHE FINANCIAL	742,129	17,032.85	0.023
LAKESIDE SEC	20,800	208.00	0.010
LANGEN MCALENNEY	88,100	4,405.00	0.050
LAZARD FRERES & CO	818,813	26,843.83	0.033
LEERINK SWANN & CO	317,200	13,764.00	0.043
LEHMAN BROTHERS	15,146,451	434,702.90	0.029
LIQUIDNET	7,035,293	155,387.31	0.022
LIVERMORE SECURITIES	44,000	880.00	0.020
LONGBOW	516,800	16,934.00	0.033
LOOP CAPITAL MKTS LLC	102,400	1,024.00	0.010
LYNCH JONES RYAN	6,057,877	249,511.08	0.041
MACQUARIE	1,943,744	33,459.88	0.017
MCDONALD & COMPANY	100,900	5,280.00	0.052
MAN FANANCIAL	42,100	975.58	0.023
MERRILL LYNCH PIERCE FENNER & SMITH INC	12,822,117	275,995.53	0.022
MERRION CAPITAL GROUP	46,100	1,389.31	0.030
MIDWEST RESEARCH	2,148,366	27,970.76	0.013
MILLER, TABAK, HIRSCH & COMPANY	37,950	1,518.00	0.040
MIRABAUD	329,500	2,592.75	0.008
MIZUHO INTERNATIONAL	512,805	8,259.36	0.016
MKM PARTNERS	23,800	238.00	0.010
MND PARTNERS	14,300	259.00	0.018
MONNESS CRESPI	6,500	325.00	0.050
MORGAN KEEGAN & COMPANY, INC	1,231,322	48,366.94	0.039
MORGAN STANLEY DEAN WITTER	14,728,822	224,497.31	0.015
NAT ZURICH BANK	271	103,80	0.383
NATEXIS BLEICHROEDER	22,700	693,65	0.031
NATIONAL BANK OF CANADA	107,700	4,308.00	0.040
NATIONAL FINANCIAL SERVICES CORP	190,302	7,682.81	0.040
NBC CLEARING	13,100	588.40	0.045
NCB STOCKBROKERS	93,072	5,233.13	0.056
NEEDHAM & CO.	910,500	33,805.00	0.037
NEOVEST	446,015	11,464.96	0.026
NESBITT BURNS SECURITIES	209,730	9,192.93	0.044
NEXT GENERATION	69,960	2,798.40	0.040
NIKKO CITIGROUP LIMITED	260,514	8,795.03	0.034
NOMURA	956,928	22,641.90	0.024
NUMIS SECURITIES	110,400	1,023.51	0.009
NYFIX TRANSACTION SERVICES	4,900	24.50	0.005
ODDO ET	1,800	346.59	0.193
O'NEIL, WILLIAM & CO. INC.	106,400	2,394.00	0.023
OTA LIMITED PARTNERSHIP	251,400	7,458.50	0.030
PACIFIC BROKERAGE	88,960	4,448.00	0.050
PACIFIC CREST SECURITIES INC	804,900	31,922.00	0.040
PACIFIC GROWTH	368,829	20,115.83	0.055

PAINE WEBBER INC	63,180	2,527.20	0.040
PALI INTERNATIONAL	18,400	736.00	0.040
PAULSON	11,900	476.00	0.040
PENSON FINANCIAL SERVICES	172,200	1,450.42	0.008
PERSHING	74,576	4,708.56	0.063
PETRIE PARKMAN	13,200	132.00	0.010
PICKERING ENERGY	41,600	1,664.00	0.040
PICTET	2,400	375.55	0.156
PIPELINE TRADING SYSTEMS, LLC	508,622	10,032.44	0.020
PRITCHARD CAPITAL PARTNERS	238,177	7,785.31	0.033
PULSE TRADING LLC	2,111,190	46,552.90	0.022
R C SECURITIES	13,068	750.33	0.057
RAYMOND JAMES & ASSOC	559,799	23,952.00	0.043
RBC CAPITAL MARKETS	365,120	14,703.80	0.040
REDBURN	70,346	1,719.49	0.024
REDIPLUS	3,801,893	178,120.82	0.047
REYNOLDS SECURITIES LTD.	247,000	14,820.00	0.060
RIDGE CLEARING & OUTSOURCING SOLUTIONS	272,500	6,538.75	0.024
ROBERT W BAIRD	1,020,156	42,854.62	0.042
ROBINSON HUMPHREY	377,800	13,069.50	0.035
ROSENBLATT	287,300	5,746.00	0.020
ROYAL BANK OF CANADA	52,800	2,042.40	0.039
S G AMERICAS SECURITIES	2,281	118.70	0.052
SALOMON SMITH BARNEY	307,190	12,981.10	0.042
SAMSUNG	381,518	5,154.46	0.014
SANDLER O'NEILL	305,352	9,175.49	0.030
SANFORD C. BERSTEIN & CO., INC.	3,609,889	117,169.43	0.032
SANTANDER INV.	1,387,435	9,070.34	0.007
SCOTIA MCLEOD INC	163,842	7,547.54	0.046
SCOTT & STRINGFELLOW	4,700	188.00	0.040
SG COWEN SECURITIES CORPORATION	1,755,264	45,899.33	0.026
SHIELDS CAPITOL CORP	82,203	4,110.15	0.050
SIDOTI AND CO	719,605	37,311.95	0.052
SIGNAL HILL CAPITAL	38,300	766.00	0.020
SIMMONS	118,595	5,300.85	0.045
SMITH BARNEY HARRIS UPHAM & COMPANY INC	168,700	7,935.00	0.047
SOCIETE GENERALE	1,243,776	15,668.64	0.013
SOLEIL SECURITIES	183,200	7,328.00	0.040
SOUTHCOAST CAPITAL	46,700	2,106.00	0.045
SOUTHWEST SECURITIES	200	11.21	0.056
SPEAR, LEEDS & KELLOGG CAPITAL MARKETS	15,100	339.75	0.023
STANDARD & POOR	60,000	2,400.00	0.040
STANFORD GROUP	25,200	1,100.00	0.044
STATE STREET BROKERAGE SVCS INC.	8,002,958	59,552.45	0.007
STEPHENS, INC.	618,061	24,247.29	0.039
STERNE, AGEE & LEACH	269,451	10,778.04	0.040
STIFEL NICOLAUS & CO INC	1,328,305	59,815.69	0.045
STUART, FRANKEL & CO	25,700	514.00	0.020
SUNTRUST	246,500	9,860.00	0.040
SUSQUEHANNA BROKERAGE SERVICES	273,847	7,229.21	0.026
SVENSKA HANDELSBANKEN	21,631	831.46	0.038
TD NEWCREST	53,610	2,257.64	0.042

THEMIS TRADING, LLC	1,807,300	34,509.00	0.019
THINK EQUITY PARTNERS LLC	32,400	1,334.50	0,041
THOMAS WEISEL PARTNERS, LLC	369,600	14,784.00	0.040
TOKYO MITSUBISHI	835,171	12,067.18	0.014
TORONTO DOMINION SECURITIES	247,400	11,017.59	0.045
TRINITY TRADING	128,100	2,562.00	0.020
TUDOR PICKERING HOLT SEC	28,380	1,702.80	0.060
U.S. BANCORP PIPER JAFFRAY	959,968	31,354.44	0.033
UBS WARBURG DILLON READ INC SWISS BAN	9,969,631	178,191.13	0.018
UNX	212,000	3,180.00	0.015
WACHOVIA BANK	606,631	25,645.24	0.042
WAVE SECURITIES LLC	215,800	2,158.00	0.010
WEALTH MONITORS INC	15,780	631.20	0.040
WEDBUSH MORGAN SECURITIES, INC	635,340	25,676.84	0.040
WEEDEN & COMPANY	6,803,266	108,132.74	0.016
WESTMINISTER	26,100	1,044.00	0.040
WILLIAM BLAIR	875,039	36,673.46	0.042
WILLIAM ONEIL & COMPANY	540,100	12,155.76	0.023
WILLIAMS CAPITAL USE 5516 INSTEAD	65,800	3,290.00	0.050
WILSHIRE ASSOCIATES	720	102.06	0.142
YAMNER & CO.	1,463,900	14,639.00	0.010
ZURICH FINANCIAL SERVICES	<u>672</u>	<u>98.15</u>	0.146
Gross Commissions	333,564,397.75	8,366,441.36	0.025
Less Commission Rebates Received		(789,661.00)	
Net Commissions		7,576,780.36	0.023

Transactions whose commission cost is zero are not included.

MONEY MARKETS SHORT-TERM INVESTMENT FUNDS	<u>rate</u>	MATURITY <u>DATE</u>	MARKET <u>VALUE</u> 400,441,894.82	UNITED STATES GOVERNMENT SECURITIES FHLMC CORP PC GROUP	<u>RATE</u> 8,500	MATURITY <u>DATE</u> 05/01/2021	MARKET VALUE 3,693.79
MONEY MARKET FUNDS SEITLED CASH			4,101,278.68 16,866,471.42	FHLMC CORP PC GROUP FHLMC CORP PC GROUP	8.500 9.000	06/01/2021 11/01/2021	1,942,03 1,701.77
				FHLMC CORP PC GROUP	9,500	10/01/2020	3,076.75
TOTAL MONEY MARKETS			421,409,644.92	FHLMC CORP PC GROUP	13,000	09/01/2015 07/15/2023	15,145.75
		MATURITY	MARKET	FHLMC GOLD TBA FHLMC GOLD TBA	5,000 5,500	07/15/2023	43,252,500,00 12,063,720,00
TREASURY BILLS	RATE	DATE	<u>VALUE</u>	FHLMC GOLD TBA	5.500	07/15/2038	11,820,000.00
EGYPT(REPUBLIC OF)	0,000	03/03/2009	124,153.35	FHLMC MORTPASS	8,500	05/01/2018	3,313,74
MEXICO(UNITED MEXICAN STATES) UNITED STATES OF AMER TREAS BILL	0,000	11/20/2008 09/25/2008	286,845,58 2,239,819,83	FHLMC MORTPASS FHLMC MORTPASS	9,000 9,000	10/01/2016 06/01/2018	494,35 3,022.75
UNITED STATES TREAS BILLS ZCP	0,000	09/11/2008	13,388,733.55	FHLMC MORTPASS	9.500	07/01/2018	1,197.79
US GOVT NATIONAL TREASURY BILL:	0.000	08/28/2008	<u>3,733,314.00</u>	FHLMC MORTPASS	9.500	11/01/2019	10,761.63
TOTAL TREASURY BILLS			19,772,866.31	FHLMC MORTPASS FHLMC MORTPASS	9,500 10,000	03/01/2020 02/01/2018	2,774.52 1,097.87
			20,00,000	FHLMC MORTPASS	10.000	11/01/2018	841.65
TOTAL SHORT-TERM INVESTMENTS			441,182,511.23	FHLMC MORTPASS	12,500	02/01/2011	3,172.38
UNITED STATES		MATURITY	MARKET	FHLMC MORTPASS FHLMC MORTPASS	12,500 13,500	02/01/2014 10/01/2010	28,347,94 2,085,69
GOVERNMENT SECURITIES	RATE	DATE	VALUE	FHLMC MORTPASS	13,500	10/01/2014	15,846.32
BUCKEYE OHO TOB SETTLEMENT	5.875	06/01/2047	667,536.00	FHLMC MORTPASS ARM	4.128	02/01/2035	814,479.46
CALIFORNIA EDUCATIONAL FACILITIE CHICAGO ILL O HARE INTL ARPT REV	4.750 5,000	10/01/2037 01/01/2033	963,210.00 3,315,550.00	FHLMC MORTPASS ARM FHLMC MORTPASS ARM	4,29 7 4,6 3 7	03/01/2035 02/01/2034	995,287.84 612,477.48
FEDERAL HOME LOAN BANK	3,875	05/14/2013	1,234,762.50	FHLMC MORTPASS ARM	4.678	08/01/2035	1,062,637.30
FEDERAL HOME LOAN BANK	3.875	06/14/2013	5,432,955.00	FHLMC MORTPASS ARM	5,027	06/01/2035	1,964,278.29
FEDERAL HOME LOAN BANK FEDERAL HOME LOAN BANK	4,500 4,500	09/16/2013 09/16/2013	760,312,50 5,271,500,00	FHLMC MORTPASS ARM FHLMC MORTPASS ARM	5.216 5.327	12/01/2037 03/01/2037	3,895,970,30 589,337.59
FEDERAL HOME LOAN BANK	4,625	02/18/2011	828,504.00	FHLMC MORTPASS ARM	5.482	04/01/2032	180,543.85
FEDERAL HOME LOAN BANK	5,000	12/21/2015	772,267.50	FHLMC MORTPASS ARM	5.505	02/01/2037	877,466,83
FEDERAL HOME LOAN BANK FEDERAL HOME LOAN BANK	5,250 5,250	06/18/2014 06/18/2014	1,049,380.00 6,506,156,00	PHLMC MORTPASS ARM FHLMC MORTPASS ARM	5,647 5,678	04/01/2036 11/01/2035	433,166,93 2,785,352,62
FEDERAL HOME LOAN BANK	5,375	05/18/2016	894,361,50	FHLMC MORTPASS ARM	5.729	11/01/2037	6,204,283,83
FEDERAL HOME LOAN BANK	5.750	05/15/2012	905,250,00	FHLMC MORTPASS ARM	5,860	11/01/2036	3,671,187.91
FGPC FGPC	4.500 5.000	03/01/2018 03/01/2018	203,636.85 669,895,50	FHLMC MORTPASS ARM FHLMC MORTPASS ARM	5,973 6,150	07/01/2032 06/01/2036	125,133.33 3,768,594.53
FGPC	6,000	10/01/2032	155,744.06	FHLMCGLD MORTPASS	4,000	08/01/2008	80,228.73
FHLMC	3,625	09/15/2008	6,013,140,00	FHLMCGLD MORTPASS	4,000	11/01/2010	242,875,42
FHLMC	4,000	05/01/2019	176,601,85	FHLMCGLD MORTPASS	4,000 4,000	09/01/2018	250,761,67
FHLMC FHLMC	4.500 4.500	01/15/2013 07/15/2013	6,617,845,00 1,269,137,50	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4,000	10/01/2018 07/01/2019	375,605.48 1,748,946.18
FHLMC	4,500	07/15/2013	5,584,205.00	FHLMCGLD MORTPASS	4,500	04/01/2018	474,156.94
FHLMC	4,500	01/15/2014	5,971,921.00	FHLMCGLD MORTPASS	4.500 4.500	06/01/2018	769,476.30
FHLMC FHLMC	4.500 4.625	04/01/2019 10/25/2012	323,473.74 6,148,140.00	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4,500	09/01/2018 11/01/2018	385,165.29 655,883.36
FHLMC	5,000	01/01/2018	273,340.17	FHLMCGLD MORTPASS	4,500	04/01/2019	158,286.92
FHLMC	5,000	10/01/2019	2,657,505.47	FHLMCGLD MORTPASS	4.500	05/01/2019	249,714.11
FHLMC FHLMC	5,000 5,000	04/01/2020 05/01/2020	1,143,730,37 734,918,21	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4,500 4,500	06/01/2019 06/01/2019	129,048.91 359,123.85
FHLMC	5,000	07/01/2020	3,155,850.21	FHLMCGLD MORTPASS	4,500	06/01/2019	1,619,389,30
FHLMC	5,000	08/01/2020	132,753,88	FHLMCGLD MORTPASS	4,500	11/01/2019	155,083.28
FHLMC FHLMC	5,000 5,000	10/01/2020 06/01/2021	897,441.94 1,414,739.07	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4.500 4.500	09/01/2020 05/01/2024	166,813.39 63,856,32
FHLMC	5,000	09/01/2033	1,028,172.56	FHLMCGLD MORTPASS	4,500	10/01/2025	279,045.79
FHLMC	5,000	10/01/2033	1,306,687.06	FHLMCGLD MORTPASS	4.500	08/01/2033	320,158.37
FHLMC FHLMC	5,000 5,000	05/01/2034 04/01/2036	488,551,37 242,331,23	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4.500 4.500	10/01/2033 08/01/2034	60,506.43 147,926.20
FHLMC .	5.125		5,683,761.75	PHLMCGLD MORTPASS	4.500	04/01/2035	288,371.76
FHLMC	5.125		655,987.50	FHLMCGLD MORTPASS	4,500	09/01/2035	174,078.19
FHLMC FHLMC	5.125 5.125		1,045,000.00 1,541,250.00	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	4,500 5,000	12/01/2035 04/01/2018	197,444.86 632,060,20
FHLMC	5,500		1,369,472.00	FHLMCGLD MORTPASS	5,000	04/01/2018	129,516,47
FHLMC	5,500		631,939.03	FHLMCGLD MORTPASS	5,000	11/01/2018	3,919,279.65
FHLMC FHLMC	5,500 5,500		227,359.72 169,074.14	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	01/01/2019 04/01/2019	359,920,55 182,506,72
FHLMC	5,500		383,370,84	FHLMCGLD MORTPASS	5,000	09/01/2019	314,039.66
FHLMC	5,500		322,579,60	FHLMCGLD MORTPASS	5,000	01/01/2020	1,373,800.16
FHLMC FHLMC	5,500 5,750		5,602,353,90 1,326,950.00	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	01/01/2020 04/01/2020	1,115,941.44 1,028,256.84
FHLMC	5,948		2,526,417.64	FHLMCGLD MORTPASS	5,000	04/01/2020	164,015,43
FHLMC	6,000		146,600,30	FHLMCGLD MORTPASS	5,000	05/01/2020	2,012,529.69
FHLMC FHLMC	6,000 6,250		203,379,42 286,172,50	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5.000	07/01/2020	135,953,57
FHLMC	6.500		47,980.19	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000	10/01/2020 11/01/2020	10,343,321.23 11,750,158.71
FHLMC	6.750	03/15/2031	421,641.50	FHLMCGLD MORTP ASS	5,000	12/01/2020	1,130,527.37
FHLMC FHLMC	6,8 7 5 7,000		429,876,00 1,704,000,00	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5.000 5.000	12/01/2020	395,695.33
FHLMC	7.000		14,121.99	PHLMCGLD MORTPASS	5,000	04/01/2021 05/01/2021	1,130,688,18 842,422.65
FHLMC	8,000	02/01/2030	12,033.02	FHLMCGLD MORTPASS	5,000	05/01/2021	356,092.56
FHLMC CORP PC GROUP	5,500		1,116,153.94	FHLMCGLD MORTPASS	5,000	06/01/2021	4,593,923.15
FHLMC CORP PC GROUP FHLMC CORP PC GROUP	6,000 6,500		154,389,68 50,434,30	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	07/01/2021 07/01/2023	242,271.66 341,854.33
FHLMC CORP PC GROUP	6.500	09/01/2031	73,403.87	FHLMCGLD MORTPASS	5,000	10/01/2023	296,198,18
FHLMC CORP PC GROUP	6,500		47,650,34	FHLMCGLD MORTPASS	5,000	03/01/2024	108,417,84
FHLMC CORP PC GROUP	8.001	04/01/2022	18,252.21	FHLMCGLD MORTPASS	5.000	10/01/2025	615,550.90

TATETAL OT A TIPE	M	ATURITY	MARKET	UNITED STATES		MATURITY	MARKET
UNITED STATES GOVERNMENT SECURITIES	RATE	DATE	VALUE	GOVERNMENT SECURITIES	RATE	DATE	VALUE
FHLMCGLD MORTPASS	5,000	06/01/2033	571,230.77	FHLMCGLD MORTPASS	6,000	09/01/2022	351,692,18
FHLMCGLD MORTPASS	5,000	08/01/2033	736,781,15	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000 6,000	02/01/2027 03/01/2027	1,949,741.99 417,972.50
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	11/01/2033 06/01/2034	939,598.00 871,950.29	FHLMCGLD MORTPASS	6,000	05/01/2028	13,294.46
FHLMCGLD MORTPASS	5,000	07/01/2034	725,545.42	FHLMCGLD MORTPASS	6.000	08/01/2028	65,625,80
FHLMCGLD MORTPASS	5,000	08/01/2034	1,120,178.64	FHLMCGLD MORTPASS	6,000	01/01/2029	181,813.57
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	11/01/2034 12/01/2034	1,088,909.25 185,448.75	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000 6,000	02/01/2029 04/01/2029	43,523,57 58,562,59
FHLMCGLD MORTPASS	5,000	12/01/2034	109,648.41	FHLMCGLD MORTPASS	6,000	05/01/2029	151,069,24
FHLMCGLD MORTPASS	5,000	02/01/2035	200,043.18	FHLMCGLD MORTPASS	6,000	04/01/2031	46,144.17
FHLMCGLD MORTPASS	5,000	04/01/2035	119,162, 33 593,229.92	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6.000 6,000	05/01/2031 12/01/2031	65,245.23 156,526.64
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	08/01/2035 09/01/2035	119,658,53	FHLMCGLD MORTPASS	6.000	01/01/2032	93,995,04
FHLMCGLD MORTPASS	5,000 -	09/01/2035	577,721.60	FHLMCGLD MORTPASS	6,000	02/01/2032	132,952.84
FHLMCGLD MORTPASS	5,000	10/01/2035	194,639,53	FHLMCGLD MORTPASS	6.000 6,000	02/01/2032 11/01/2032	249,265.14 271,203.46
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,000 5,000	12/01/2035 01/01/2036	634,233.91 295,610,74	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000	12/01/2032	226,150.62
FHLMCGLD MORTPASS	5,000	06/01/2037	577,819,96	FHLMCGLD MORTPASS	6,000	11/01/2033	830,274.59
PHLMCGLD MORTPASS	5,000	06/01/2037	2,590,217.90	FHLMCGLD MORTPASS	6,000	08/01/2034	102,357.00
FHLMCGLD MORTPASS	5.000	05/01/2038	957,669.90 44,307,47	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000 6,000	10/01/2034 04/01/2035	4 <i>5</i> 7,365.44 452,421.80
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	06/01/2009 12/01/2013	73,319.99	FHLMCGLD MORTPASS	6,000	01/01/2036	791,619.02
FHLMCGLD MORTPASS	5,500	01/01/2014	40,374.28	FHLMCGLD MORTPASS	6,000	02/01/2036	294,406.32
FHLMCGLD MORTPASS	5,500	07/01/2016	121,951,33	FHLMCGLD MORTPASS	6,000	03/01/2036	2,142,935.86
FHLMCGLD MORTPASS	5,500	04/01/2017	275,549.70 165,380.72	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000 6,000	03/01/2036 05/01/2036	571,301,72 242,454,14
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	08/01/2017 12/01/2017	37,501,37	FHLMCGLD MORTPASS	6,000	06/01/2036	452,974.21
FHLMCGLD MORTPASS	5,500	11/01/2018	1,289,101.10	FHLMCGLD MORTPASS	6,000	06/01/2036	458,673.75
FHLMCGLD MORTPASS	5,500	09/01/2019	226,101.24	FHLMCGLD MORTPASS	6,000	07/01/2036	360,029.26
FHLMCGLD MORTPASS	5,500 5,500	09/01/2019	475,223,38 196,826,33	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,000 5,000	12/01/2036 05/01/2037	358,052.14 499,022. 3 1
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	10/01/2019 06/01/2020	150,359.67	FHLMCGLD MORTPASS	6,000	05/01/2037	418,134,29
FHLMCGLD MORTPASS	5,500	07/01/2020	229,261,44	FHLMCGLD MORTPASS	6,000	07/01/2037	660,848.04
FHLMCGLD MORTPASS	5,500	70/01/2020	810,749.16	FHLMCGLD MORTPASS	6,000		1,531,912.67
FHLMCGLD MORTPASS	5,500 5,500	02/01/2021 06/01/2021	2,183,024.35 8,060,405.84	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,500 6,500		4,741.01 179,547.04
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	12/01/2021	2,549,033,42	FHLMCGLD MORTPASS	6,500		86,362,25
FHLMCGLD MORTPASS	5,500	07/01/2022	454,717.23	FHLMCGLD MORTPASS	6,500		59,900.01
FHLMCGLD MORTPASS	5,500	03/01/2023	198,531,86	FHLMCGLD MORTPASS	6,500 6,500		49,193,65 15,157,52
FHLMCGLD MORTPASS	5,500 5,500	04/01/2023 11/01/2032	373,817.71 567,144.89	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,500		26,749.98
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	03/01/2033	485,862.02	FHLMCGLD MORTPASS	6,500		47,336.20
FHLMCGLD MORTPASS	5,500	06/01/2033	230,522,35	FHLMCGLD MORTPASS	6,500		55,071.63
FHLMCGLD MORTPASS	5.500	06/01/2033	912,526.95	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6.500 6.500		29,896.92 51,742.76
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	09/01/2033 11/01/2033	127,174.44 386,725.66	FHLMCGLD MORTPASS	6,500		57,882.50
FHLMCGLD MORTPASS	5,500	01/01/2034	1,028,927.89	FHLMCGLD MORTPASS	6.500		38,535,84
FHLMCGLD MORTPASS	5,500	03/01/2034	537,630.61	FHLMCGLD MORTPASS	6.500		388,253.98
FHLMCGLD MORTPASS	5,500 5,500	04/01/2034 05/01/2034	704,936,44 120,591.01	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,500 6,500		87,072,96 89,307.06
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	06/01/2034	608,670,29	FHLMCGLD MORTPASS	6,50		6B,855,44
FHLMCGLD MORTPASS	5,500	07/01/2034	1,300,472.86	FHLMCGLD MORTPASS	6.50		124,363.86
FHLMCGLD MORTPASS	5,500	08/01/2034	256,603.51	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,50 6,50		317,729.15 364,110.03
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	09/01/2034 01/01/2035	421,755,27 673,254,59	FHLMCGLD MORTPASS FHLMCGLD MORTPASS	6,50		1,198,809,56
FHLMCGLD MORTPASS	5,500	04/01/2035	461,021.09	FHLMCGLD MORTPASS	7.00		189.92
FHLMCGLD MORTPASS	5,500	05/01/2035	8,725,676.68	FHLMCGLD MORTPASS	7,00		3,812.96
FHLMCGLD MORTPASS	5,500	07/01/2035	252,966.65		7,00 7,00		27,781.39 45,515.02
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	08/01/2035 11/01/2035	534,402.68 366,302,87		7.00		11,077.66
FHLMCGLD MORTPASS	5,500	01/01/2036	2,283,361,74		7,00		15,415.65
FHLMCGLD MORTPASS	5,500	02/01/2036	233,723.43		7.00		8,532.02
FHLMCGLD MORTPASS	5,500	03/01/2036	328,333.26 438,410.99		7.00 7.00		76,827.94 25,478.18
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	05/01/2036 06/01/2036	200,577.68		7.00		30,130,36
FHLMCGLD MORTPASS	5,500	07/01/2036	132,945.37	FHLMCGLD MORTPASS	7.00		14,714.50
FHLMCGLD MORTPASS	5,500	09/01/2036	610,678.25		7,00		16,220.84
FHLMCGLD MORTPASS	5,500 5,500	11/01/2036 12/01/2036	1,203,157.96 3,033,758.57		7.00 7.00		23,801.23 81,808,83
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	01/01/2037	583,847.39		7.00		. 55,392.44
FHLMCGLD MORTPASS	5,500	02/01/2037	2,391,165.63		7,00		468,005.02
FHLMCGLD MORTPASS	5,500	03/01/2037	716,997.10		7,01		117,484.39
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500 5,500	03/01/2037 05/01/2037	2,962,464.63 17,723,564.76		7,56 7,56		16,453,95 8,812,64
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5,500	07/01/2037	724,494.03		7.5		657,67
FHLMCGLD MORTPASS	5,500	07/01/2037	496,285.80	FHLMCGLD MORTPASS	7. 5	00 04/01/2030	6,759.23
FHLMCGLD MORTPASS	5,500	10/01/2037	2,794,586.14		7.5		51,695.87
FHLMCGLD MORTPASS FHLMCGLD MORTPASS	5.500 6,000	01/01/2038 12/01/2008	1,422,8 <i>5</i> 3.15 2,285.05		7.5 7.5		4,916.81 120,111.50
FHLMCGLD MORTPASS	5,000	03/01/2014	7,342.0		8.0		27,350,02
FHLMCGLD MORTPASS	6,000	06/01/2014	36,270.B	5 FHLMCGLD MORTPASS	0,8		15,546.99
FHLMCGLD MORTPASS	6,000		15,390.0 50,480.2		R,0 8,5		5,228,77 26,347.75
FHLMCGLD MGRTPASS FHLMCGLD MORTPASS	6,000 6,000		50,480.2 87,259.9		9.0		491,08

UNITED STATES	м	ATURITY	MARKET	UNITED STATES		ATURITY	MARKET
GOVERNMENT SECURITIES	RATE	DATE	VALUE	GOVERNMENT SECURITIES	RATE	DATE	<u>VALUE</u> 132,426,56
FINANCING CORP	10.350	08/03/2018	690,600.00	FNMA FNMA	6,000 6,000	07/01/2024 02/01/2032	132,426.56 355,597,51
FNMA	3 <u>,25</u> 0 3,375	08/15/2008 12/15/2008	4,003,760.00 5,018,750.00	FNMA	6.000	09/01/2032	58,802.74
FNMA FNMA	3.875	02/15/2010	5,068,750.00	FNMA	6,000	11/01/2032	778,388.96
FNMA	4,000	09/01/2011	194,509.02	FNMA	6,000	11/01/2032	109,514,48
FNMA	4,000	09/01/2018	938,805.68	FNMA.	6,000	04/01/2033	131,065.95
FNMA	4.000	06/01/2019	230,894.79	FNMA	6,000	05/01/2033	334,441.12
fnma	4.125	04/15/2014	6,415,750.50	FNMA	6.000	08/01/2034 08/01/2034	327,110.00
FNMA	4.199	11/01/2034	3,094,295.00	FNMA FNMA	6.00D 6.00D	11/01/2034	1,078,474.75 293,205.10
FNMA FNMA	4.328 4.375	01/01/2035 09/15/2012	871,083.26 5,182,875.00	FNMA	6,000	11/01/2034	2,426,527.60
FNMA	4,375	03/15/2013	6,569,095,00	FNMA	6.000	11/01/2034	65,400,66
FNMA	4,500	07/01/2010	211,147,12	FNMA	6,000	08/01/2035	205,145.78
FNMA	4.500	04/01/2018	962,773.97	FNMA	6.000	02/01/2036	548,877,22
FNMA	4,500	05/01/2018	484,603.51	FNMA	6,000 6,000	09/01/2036 05/01/2038	500,331.01 2,583,795.86
FNMA	4,500	10/01/2018	293,905.12 226,715.50	FNMA FNMA	6,250	02/01/2011	2,364,232,20
FNMA FNMA	4.500 4.500	08/01/2023 12/01/2034	2,163,969,74	FNMA	6.250	02/01/2011	1,677,504.00
FNMA	4,625	05/01/2013	1,815,312.50	FNMA	6,500	02/01/2017	48,766.40
FNMA	4.625	10/15/2013	5,198,838.00	FNMA	6,500	03/01/2017	18,327.94
FNMA	4.625	10/15/2014	335,570,40	FNMA	6,500	08/01/2028	39,054.12
FNMA	4.625	10/15/2014	5,084,400.00	FNMA	6,500 6,500	10/01/2028 07/01/2032	24,164,49 121,211,78
FNMA	4.728	06/01/2045	413,411.19	FNMA FNMA	6,500	08/01/2032	94,634.29
FNMA	5,000 5,000	03/15/2016 02/13/2017	1,020,6 3 0.00 1,5 28,1 25,00	FNMA	6,500	07/25/2038	2,058,760.00
FNMA FNMA	5,000	10/01/2017	270,631,80	FNMA	6,625	09/15/2009	2,399,912.00
FNMA	5,000	04/01/2018	313,838.14	FNMA	6.625	11/15/2010	1,987,011.00
FNMA	5.000	06/01/2020	281,395.11	FNMA	6,625	11/15/2030	593,595.00
FNMA	5.000	10/01/2020	1,005,924.44	FNMA	7,000	04/01/2032	133,221.78 101,500.00
FNMA	5,000	04/01/2024	84,539.74	FNMA FNMA MORTPASS	7,250 4,000	05/15/2030 08/01/2018	359,260.88
FNMA	5,000 5,000	09/01/2033 10/01/2033	1,035,634.53 1,764,137.39	FNMA MORTPASS	4,000	10/01/2018	239,516,94
FNMA	5,000	10/01/2033	385,905.06	FNMA MORTPASS	4,000	04/01/2019	37,107.40
FNMA FNMA	5,000	11/01/2033	1,702,339.80	FNMA MORTPASS	4,000	05/01/2019	138,676.04
FNMA	5,000	12/01/2033	1,131,471.38	FNMA MORTPASS	4,000	05/01/2019	469,654.27
FNMA	5,000	04/01/2035	309,447.39	FNMA MORTPASS	4,500 4,500	07/01/2018	503,748.08 516,740.56
FNMA	5.000	10/01/2035	425,570,17	FNMA MORTPASS FNMA MORTPASS	4,500	09/01/2018 12/01/2018	602,537.64
FNMA	5,000	03/01/2036 05/01/2036	917,525,85 250,978,79	FNMA MORTPASS	4.500	06/01/2019	2,816,548.90
FNMA	5,000 5,000	09/01/2036	1,386,456.70	FNMA MORTPASS	4,500	10/01/2020	311,894,98
FNMA FNMA	5,000	11/01/2036	56,927.56	FNMA MORTPASS	4,500	09/01/2033	1,116,955.57
FNMA	5,000	12/01/2036	1,613,201.27	FNMA MORTPASS	4.500	06/01/2034	257,800.23
FNMA	5,000	02/01/2037	458,231.14	FNMA MORTPASS	4,500 4,500	08/01/2035 08/01/2035	2,545,927.13 331,422,47
FNMA	5,000	02/01/2037	1,409,742.06	FNMA MORTPASS FNMA MORTPASS	5,000	12/01/2017	547,611.74
FNMA	5,000	05/01/2037 05/01/2037	495,884.83 94,541.76	FNMA MORTPASS	5,000	01/01/2018	278,435.85
FNMA	5,000 5,000	06/01/2037	212,073.50	FNMA MORTPASS	5,000	03/01/2018	403,276,25
FNMA FNMA	5,000	07/25/2038	46,771,872.00	FNMA MORTPASS	5.000	05/01/2018	1,029,931.10
FNMA	5,000	07/25/2038	718,830.00	FNMA MORTPASS	5,000	11/01/2018	307,572.36
FNMA	5,125	01/02/2014	898,029.00	FNMA MORTPASS	5,000	05/01/2019 04/01/2020	1,088,284.31 190,187.50
FNMA	5,500	03/15/2011	5,568,339.00	FNMA MORTPASS FNMA MORTPASS	5,000 5,000	08/01/2020	135,906,36
FNMA	5,500 5,500	09/01/2019 06/01/2023	110,650.63 831,152.88	FNMA MORTPASS	5,000	08/01/2020	1,431,677,20
FNMA FNMA	5,500	06/01/2033	1,362,175.37	FNMA MORTPASS	5,000	09/01/2020	987,086.36
FNMA	5,500	06/01/2033	4,500,263.47	FNMA MORTPASS	5,000	09/01/2020	3,034,798.00
FNMA	5,500	06/01/2033	761,684.12	FNMA MORTPASS	5,000	10/01/2020	352,280,32
FNMA	5,500	09/01/2033	153,482.44	FNMA MORTPASS	5,000	10/01/2020	3,026,713,86 1,034,211,42
FNMA	5.500	10/01/2033	262,960.03	FNMA MORTPASS FNMA MORTPASS	5,000 5,000	12/01/2020 12/01/2020	1,001,721.92
FNMA	5,500 5,500	01/01/2034 04/01/2034	384,990.34 3,945,340.39		5,000	05/01/2021	163,835.82
FNMA	5,500	06/01/2034	3,328,864.86		5,000	06/01/2027	863,299,23
FNMA FNMA	5,500	07/01/2034	816,904.98		5,000	11/01/2032	530,979.24
FNMA	5.500	07/01/2034	998,809,75		5,000	05/01/2033	105,729,65
FNMA.	5,500	02/01/2035	802,911.85		5,000	06/01/2033	857,455.58
FNMA	5,500	02/01/2035	1,239,835,47 309,552,03		5.000 5.000	06/01/2033 08/01/2033	220,756,67 454,029,59
FNMA	5,500 5,500	05/01/2035 05/01/2035	132,595.22		5.000	09/01/2033	527,529,00
FNMA	5.500	05/01/2035	384,321.86		5,000	11/01/2033	851,196,45
FNMA FNMA	5,500	06/01/2035	297,325.83		5,00D	01/01/2035	321,226.86
FNMA	5,500	06/01/2035	327,101.94		5,000	04/01/2035	24,416,614.50
FNMA	5,500	11/01/2035	1,195,304.54		5.000	05/01/2035	340,524.45
FNMA	5,500	12/01/2035	615,354.78		5,000 5,000	07/01/2035 07/01/2035	565,813.92 2,087,989.06
FNMA	5,500 5,500	04/01/2036 04/01/2036	2,707,509.37 7,885,787.49		5,000	08/01/2035	825,319.89
FNMA	5,500 5,500	04/01/2036	1,204,200.71		5,000		239,133.20
FNMA FNMA	5,500	11/01/2036	445,480.84		5,000		1,633,960.65
FNMA	5,500	05/01/2037	6,412,006.7		5,000		665,593.64
FNMA	5,500	08/01/2037	1,366,256.0		5,000		601,161.76
FNMA	6,000	05/15/2011	1,278,000,0		5,000 5,000		1,382,526.66 187.721.63
FNMA	6,000	06/01/2016	525,977.2 127,358.2		5,000		187,721.63 457,575.96
FNMA FNMA	6,000 6,000	03/01/2017 05/01/2017	73,643.1°		5,000		466,246.31
fnma fnma	6,000	08/01/2017	148,658.7		5,000	01/01/2036	1,376,535.81
FNMA	6,000	11/01/2022	918,389.4		5,000	02/01/2036	814,793.40

UNITED STATES		ATURITY	MARKET	UNITED STATES		IATURITY	MARKET
GOVERNMENT SECURITIES	RATE	DATE	VALUE	GOVERNMENT SECURITIES	<u>RÁTE</u> 5,500	DATE 12/01/2033	<u>VALUE</u> 1 508 684 55
FNMA MORTPASS FNMA MORTPASS	5,000 5,000	02/01/2036 02/01/2036	28,948,107.12 436,450.20	FNMA MORTPASS FNMA MORTPASS	5,500	12/01/2033	1,508,684,55 8 5 9,006.13
FNMA MORTPASS	5,000	03/01/2036	2,473,016.38	FNMA MORTPASS	5,500	12/01/2033	312,179,61
FNMA MORTPASS	5.000	04/01/2036	189,967,38	FNMA MORTPASS	5.500	01/01/2034	237,058.74
FNMA MORTPASS	5,000	04/01/2036	5,363,567.46	FNMA MORTPASS	5,500	01/01/2034	259,806.46
FNMA MORTPASS	5.000	05/01/2036	1,301,073.64	FNMA MORTPASS	5,500 5,500	02/01/2034 02/01/2034	501,635.98 1,364,311.57
FNMA MORTPASS FNMA MORTPASS	5,000 5,000	05/01/2036 06/01/2036	9,950,253.08 370,406.35	FNMA MORTPASS FNMA MORTPASS	5,500	03/01/2034	1,275,472.20
FNMA MORTPASS	5,000	06/01/2036	2,522,183.71	FNMA MORTPASS	5,500	04/01/2034	519,427,55
FNMA MORTPASS	5,000	07/01/2036	1,391,317.37	FNMA MORTPASS	5.500	05/01/2034	95,348.75
FNMA MORTPASS	5,000	09/01/2036	1,392,851,61	FNMA MORTPASS	5,500	05/01/2034	420,503.86
FNMA MORTPASS	5,000 5,000	11/01/2036	457,890.93 1,396,019.39	FNMA MORTPASS FNMA MORTPASS	5,500 5,500	06/01/2034 06/01/2034	89,771,49 303,018.05
FNMA MORTPASS FNMA MORTPASS	5,000	12/01/2036 12/01/2036	423,839.12	FNMA MORTPASS	5,500	09/01/2034	572,807.68
FNMA MORTPASS	5,000	12/01/2036	492,923.67	FNMA MORTPASS	5,500	10/01/2034	143,011.86
FNMA MORTPASS	5,000	12/01/2036	916,961.93	FNMA MORTPASS	5.500	11/01/2034	342,621.38
FNMA MORTPASS	5,000	12/01/2036	428,607,32	FNMA MORTPASS	5,500 5,500	11/01/2034 12/01/2034	278,413.98
FNMA MORTPASS	5,000 5,000	12/01/2036 01/01/2037	1,335,969.33 462,627.08	FNMA MORTPASS FNMA MORTPASS	5,500	12/01/2034	169,727.58 1,126,779.02
FNMA MORTPASS FNMA MORTPASS	5,000	01/01/2037	2,258,914.98	FNMA MORTPASS	5,500	12/01/2034	106,144.57
FNMA MORTPASS	5,000	02/01/2037	1,414,384.07	FNMA MORTPASS	5,500	01/01/2035	636,634,67
FNMA MORTPASS	5,000	02/01/2037	1,526,621.85	FNMA MORTPASS	5,500	01/01/2035	217,361,10
FNMA MORTPASS	5,000	02/01/2037	941,172.58	FNMA MORTPASS	5,500 5,500	01/01/2035 01/01/2035	98,105,43 587,593,42
FNMA MORTPASS	5,000 5,000	02/01/2037 02/01/2037	1,3 <i>7</i> 2,153.43 1,387,708.75	FNMA MORTPASS FNMA MORTPASS	5,500	02/01/2035	1,847,007,90
FNMA MORTPASS FNMA MORTPASS	5.000	02/01/2037	909,652.77	FNMA MORTPASS	5, 5 00	02/01/2035	1,386,563.14
FNMA MORTPASS	5,000	02/01/2037	401,788.50	FNMA MORTPASS	5,500	03/01/2035	2,556,013.86
FNMA MORTPASS	5,000	02/01/2037	444,180.13	FNMA MORTPASS	5,500	03/01/2035	53,032,92
FNMA MORTPASS	5,000	03/01/2037	795,762.92	FNMA MORTPASS	5,500	04/01/2035 04/01/2035	350,204,99
FNMA MORTPASS	5,000 5,000	03/01/203 7 03/01/2037	896,418.66 933,100.69	, FNMA MORTPASS FNMA MORTPASS	5.500 5,500	04/01/2035	150,525.65 122,492.82
FNMA MORTPASS FNMA MORTPASS	5,000	03/01/2037	880,225,63	FNMA MORTPASS	5,500	04/01/2035	338,408,97
FNMA MORTPASS	5,000	04/01/2037	872,522.03	FNMA MORTPASS	5,500	05/01/2035	162,468.57
FNMA MORTPASS	5.000	04/01/2037	862,589.13	FNMA MORTPASS	5.500	05/01/2035	153,718.84
FNMA MORTPASS	5,000	05/01/2037	872,778.22	FNMA MORTPASS	5,500 5,500	05/01/2035 05/01/2035	161,363.50 273,698.11
FNMA MORTPASS	5,000 5,000	05/01/2037 05/01/2037	930,086.82 812,113.10	FNMA MORTPASS FNMA MORTPASS	5,500	05/01/2035	159,619,85
FNMA MORTPASS FNMA MORTPASS	5,000	05/01/2037	2,699,210.55	FNMA MORTPASS	5,500	05/01/2035	393,898.97
FNMA MORTPASS	5,000	05/01/2037	606,988.32	FNMA MORTPASS	5,500	05/01/2035	352,194,05
FNMA MORTPASS	5.000	05/01/2037	886,224,01	FNMA MORTPASS	5,500	05/01/2035	406,818.03
fnma mortpass	5,000	05/01/2037	89,791.52	FNMA MORTPASS	5,500 5,500	05/01/2035 05/01/2035	291,610,67 274,299.48
FNMA MORTPASS	5,000 5,000	05/01/2037 05/01/2037	455,392.06 848,086,30	FNMA MORTPASS FNMA MORTPASS	5,500	05/01/2035	349,318,41
FNMA MORTPASS FNMA MORTPASS	5,000	05/01/2037	137,077,23	FNMA MORTPASS	5,500	05/01/2035	213,238,69
FNMA MORTPASS	5,000	06/01/2037	209,927.99	FNMA MORTPASS	5,500	06/01/2035	349,303,55
FNMA MORTPASS	5,000	06/01/2037	115,267.42	FNMA MORTPASS	5,500	06/01/2035	301,004.61
FNMA MORTPASS	5,000	06/01/2037	806,931,98	FNMA MORTPASS	5,500 5,500	06/01/2035 06/01/2035	544,903.91 176,818.01
FNMA MORTPASS	5,000 5,000	06/01/2037 06/01/203 7	474,660,65 2,854,383.51	FNMA MORTPASS FNMA MORTPASS	5,500	07/01/2035	325,528,42
FNMA MORTPASS FNMA MORTPASS	5,000	06/01/2037	1,829,935.32	FNMA MORTPASS	5,500	07/01/2035	2,749,015.18
FNMA MORTPASS	5,000	06/01/2037	591,936.22	FNMA MORTPASS	5,500	08/01/2035	2,425,194.54
FNMA MORTPASS	5,000	07/01/2037	136,175.83	FNMA MORTPASS	5,500	08/01/2035	379,071.10
FNMA MORTPASS	5,000	07/01/2037	2,855,197.06		5.500 5.500	09/01/2035 09/01/2035	1,874,327.91
FNMA MORTPASS FNMA MORTPASS	5,000 5,000	07/01/2037 08/01/2037	936,494,41 2,340,984.60	FNMA MORTPASS FNMA MORTPASS	5,500	09/01/2035	1,143,468,34 248,524.27
FNMA MORTPASS FNMA MORTPASS	5,000	08/01/2037	788,770,69	FNMA MORTPASS	5,500	09/01/2035	979,306,64
FNMA MORTPASS	5,000	08/01/2037	941,207.74		5,500	09/01/2035	77,577.49
FNMA MORTPASS	5,000	08/01/2037	66,663.23		5.500	09/01/2035	1,520,620,78
FNMA MORTPASS	5,000	09/01/2037	894,671.66		5,500 5,500	09/01/2035 09/01/2035	1,352,858.00
FNMA MORTPASS	5,000 5,500	03/01/2038 06/01/2014	958,156.41 41,071.10		5,500	09/01/2035	1,437,746.96 1,583,374.19
FNMA MORTPASS FNMA MORTPASS	5,500	03/01/2016	48,904.45		5,500	09/01/2035	995,366.42
FNMA MORTPASS	5.500	09/01/2016	207,767.91		5,500	10/01/2035	710,123.64
FNMA MORTPASS	5,500	12/01/2016	42,870.78		5,500	10/01/2035	1,312,291.97
FNMA MORTPASS	5.500	02/01/2017	243,409.06		5,500 5,500	10/01/2035 10/01/2035	394,418,35 760,296,81
FNMA MORTPASS	5.500 5.500	05/01/2017 01/01/2019	1,286,692.95 287,836.20		5,500	11/01/2035	319,786.57
FNMA MORTPASS FNMA MORTPASS	5,500	07/01/2019	218,388,30		5,500	11/01/2035	2,983,099.91
FNMA MORTPASS	5,500	07/01/2019	528,774.7		5.500	11/01/2035	658,068.74
FNMA MORTPASS	5,500	09/01/2019	187,504,81		5,500	12/01/2035	874,401.41
FNMA MORTPASS	5,500	06/01/2020	126,028,33		5,500		265,906.34
FNMA MORTPASS	5,500 5,500	04/01/2023 12/01/2023	319,469.63 139,203.91		5,500 5,500		638,164.75 3,778,829.10
FNMA MORTPASS FNMA MORTPASS	5,500 5,500	03/01/2026	451,182.1		5,500		3,545,479.97
FNMA MORTPASS	5,500	05/01/2029	68,044.7	D FNMA MORTPASS	5,500	02/01/2036	1,078,652,28
FNMA MORTPASS	5,500	01/01/2032	208,934.6	8 FNMA MORTPASS	5,500	03/01/2036	82,493.38
FNMA MORTPASS	5,500	12/01/2032	199,759.0		5,500		1,683,662.67
FNMA MORTPASS	5,500 5,500	03/01/2033	2,503,978.4		5,500 5,500		525,801,05 2,797,624,13
FNMA MORTPASS FNMA MORTPASS	5.500 5,500		203,162.0 342,806.6		5,500 5,500		2,797,624.13 395,174.21
FNMA MORTPASS	5.500		1,536,834.5		5,500	05/01/2036	3,512,688,66
FNMA MORTPASS	5,500	09/01/2033	306,660.3	8 FNMA MORTPASS	5,500		2,381,060,88
FNMA MORTPASS	5,500		141,137.6		5.500 5,500		1,387,833,26
FNMA MORTPASS	5.500	11/01/2033	134,304.9	9 FNMA MORTPASS	J.50C	06/01/2036	811,062,55

United States Government Securities	RATE	MATURITY DATE	MARKET VALUE	UNITED STATES GOVERNMENT SECURITIES	RATE	IATURITY DATE	MARKET VALUE
FNMA MORTPASS	5,500	07/01/2036	256,211.36	FNMA MORTPASS	6,000	08/01/2037	1,300,895.74
FNMA MORTPASS	5,500	07/01/2036	556,614.21	FNMA MORTPASS	6.000	09/01/2037	778,763.71
FNMA MORTPASS	5,500	09/01/2036	3,084,284.72	FNMA MORTPASS	6,000 6,000	11/01/2037	128,565.87 2,861,072,64
FNMA MORTPASS FNMA MORTPASS	5,500 5,500	11/01/2036 11/01/2036	3,086,373.87 5,325,969.17	FNMA MORTPASS FNMA MORTPASS	6,500	12/01/2037 03/01/2009	3,758.87
FNMA MORTPASS	5,500	11/01/2036	14,990,714.96	FNMA MORTPASS	6,500	09/01/2011	4,665,68
FNMA MORTPASS	5,500	12/01/2036	5,415,765.31	FNMA MORTPASS	6,500	01/01/2013	65,080.44
FNMA MORTPASS	5,500	12/01/2036	658,745.33	FNMA MORTPASS	6.500	06/01/2014	64,195.69
FNMA MORTPASS	5.500	12/01/2036	920,987.42	FNMA MORTPASS	6,500	03/01/2016	12,701.65
FNMA MORTPASS FNMA MORTPASS	5,500 5,500	01/01/2037 02/01/2037	3,371,132,77 25,390,54	FNMA MORTPASS FNMA MORTPASS	6.500 6.500	07/01/2016 09/01/2016	7,099,56 42,187.94
FNMA MORTPASS	5,500	02/01/2037	569,502,87	FNMA MORTPASS	6,500	10/01/2016	17,091.76
FNMA MORTPASS	5,500	02/01/2037	260,454.42	FNMA MORTPASS	6.500	12/01/2016	128,960,87
FNMA MORTPASS	5,500	03/01/2037	346,596.76	FNMA MORTPASS	6,500 `	12/01/2016	20,560.70
FNMA MORTPASS	5,500 5,500	03/01/2037 03/01/2037	2,977,539.25 378,788,04	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	02/01/2017 03/01/2017	13,870.76 46,428.86
FNMA MORTPASS FNMA MORTPASS	5,500	03/01/2037	401,492.59	FNMA MORTPASS	6.500	03/01/2017	119,291.74
FNMA MORTPASS	5,500	03/01/2037	604,126.06	FNMA MORTPASS	6.500	04/01/2017	23,478.33
FNMA MORTPASS	5.500	03/01/2037	8,689,193.12	FNMA MORTPASS	6,500	07/01/2017	37,651.76
FNMA MORTPASS	5,500	04/01/2037	837,198,39 271,013,73	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	08/01/2017 09/01/2021	23,667.99 77,670.69
FNMA MORTPASS FNMA MORTPASS	5,500 5,500	04/01/2037 04/01/2037	1,598,682.28	FNMA MORTPASS	6,500	01/01/2024	31,918.97
FNMA MORTPASS	5.500	04/01/2037	82,559.78	FNMA MORTPASS	6.500	08/01/2025	180,751.75
FNMA MORTPASS	5,500	04/01/2037	1,750,329,37	FNMA MORTPASS	6,500	02/01/2026	32,643.32
FNMA MORTPASS	5.500	05/01/2037	2,215,800,47	FNMA MORTPASS	6,500	03/01/2028	65,832.92
FNMA MORTPASS	5,500	05/01/2037	9.04 1,432,199.96	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	08/01/2028 09/01/2028	31,406.50 197,487.44
FNMA MORTPASS FNMA MORTPASS	5,500 5,500	06/01/2037 06/01/2037	1,057,841.30	FNMA MORTPASS	6,500	09/01/2028	24,518.76
FNMA MORTPASS	5,500	06/01/2037	620,778.56	FNMA MORTPASS	6,500	10/01/2028	21,624.71
FNMA MORTPASS	5,500	07/01/2037	1,021,900,12	FNMA MORTPASS	6,500	11/01/2028	31,966.61
FNMA MORTPASS	5,500	07/01/2037	37,620.13	FNMA MORTPASS	6.500	11/01/2028	24,163.42
FNMA MORTPASS	5.500 5.500	01/01/2038 02/01/2038	1,470,036.18 10,945,640.63	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	06/01/2029 06/01/2029	51,094.72 21,241.46
FNMA MORTPASS FNMA MORTPASS	6,000	12/01/2008	3,480.99	FNMA MORTPASS	6,500	07/01/2029	67,244,78
FNMA MORTPASS	6,000	01/01/2009	3,210,21	FNMA MORTPASS	6,500	08/01/2029	56,219.61
FNMA MORTPASS	6,000	04/01/2013	18,454.10	FNMA MORTPASS	6,500	11/01/2029	226,099.59
FNMA MORTPASS	6,000	12/01/2013	22,670.85	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	05/01/2031 05/01/2031	60,766.52 31,424.69
FNMA MORTPASS FNMA MORTPASS	6,000 6,000	02/01/2014 05/01/2014	53,011.20 21,594.93	FNMA MORTPASS	6,500	06/01/2031	37,332.89
FNMA MORTPASS	6,000	07/01/2014	14,643.52	FNMA MORTPASS	6,500	10/01/2031	113,131.80
FNMA MORTPASS	6,000	08/01/2019	8,795.54	FNMA MORTPASS	6.500	08/01/2032	154,089.42
FNMA MORTPASS	6.000	06/01/2021	202,360,38	FNMA MORTPASS	6,500	01/01/2033	528,216.45
FNMA MORTPASS	6,000 6,000	09/01/2021 09/01/2021	410,190,00 186,841.84	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	08/01/2033 09/01/2033	27,528,63 85,297,23
FNMA MORTPASS FNMA MORTPASS	6,000	01/01/2023	551,321.21	FNMA MORTPASS	6,500	09/01/2034	639,102,92
FNMA MORTPASS	6,000	05/01/2024	206,877.17	FNMA MORTPASS	6.500	11/01/2034	210,808,31
FNMA MORTPASS	6,000	09/01/2025	47,221.69	FNMA MORTPASS	6.500	04/01/2036	201,024.27
FNMA MORTPASS	6,000 6,000	12/01/2028 08/01/2029	401,927.66 112,192.36	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	05/01/2036 06/01/2036	2,119,529,36 1,443,652,82
FNMA MORTPASS FNMA MORTPASS	6,000	05/01/2031	22,122,35	FNMA MORTPASS	6.500	06/01/2036	445,268,66
FNMA MORTPASS	6,000	01/01/2032	300,434,32	FNMA MORTPASS	6,500	07/01/2036	300,152,86
FNMA MORTPASS	6,000	OB/01/2032	373,177.51	FNMA MORTPASS	6,500	07/01/2036	149,779.34
FNMA MORTPASS	6,000	10/01/2032	81,240.00	FNMA MORTPASS FNMA MORTPASS	6,500 6,500	07/01/2036 08/01/2036	333,576,62 481,215,92
FNMA MORTPASS FNMA MORTPASS	6,000 6,000	12/01/2032 09/01/2034	276,759.26 139,318.23	FNMA MORTPASS	6,500	11/01/2037	3,523,126.44
FNMA MORTPASS	6,000	09/01/2034	905,803.93	FNMA MORTPASS	6,500	11/01/2037	392,307.79
FNMA MORTPASS	6,000	10/01/2034	408,267.07	FNMA MORTPASS	7,000	04/01/2015	36,852.91
FNMA MORTPASS	6,000	12/01/2034	229,649.53	FNMA MORTPASS	7,000 7,000	01/01/2016	318,354.05
FNMA MORTPASS	6,000 6,000	09/01/2035 09/01/2035	444,812,84 928,846,25	FNMA MORTPASS FNMA MORTPASS	7,000	06/01/2020 04/01/2024	26,867.22 27,374.34
FNMA MORTPASS FNMA MORTPASS	6,000	10/01/2035	362,721.24	FNMA MORTPASS	7,000	06/01/2024	22,426.73
FNMA MORTPASS	6,000	10/01/2035	1,152,671.17	FNMA MORTPASS	7.000	02/01/2026	24,676.52
FNMA MORTPASS	6,000	10/01/2035 ,	987,159.23	FNMA MORTPASS	7,000	06/01/2026	15,305.11
FNMA MORTPASS	6,000	10/01/2035	186,833.73	FNMA MORTPASS	7,000 7,000	08/01/2027 09/01/2027	126,264.74
FNMA MORTPASS FNMA MORTPASS	6,000 6,000	12/01/2035 06/01/2036	205,136.07 475,293.93		7.000	01/01/2028	24,179.03 3,585.19
FNMA MORTPASS	6,000	07/01/2036	425,475.52		7,000	08/01/2029	17,672.90
FNMA MORTPASS	6,000	07/01/2036	535,533,43		7.000	09/01/2029	25,906.20
FNMA MORTPASS	6,000	08/01/2036	29,336.37		7,000	02/01/2030	14,449.12
FNMA MORTPASS	6.000 6,000	09/01/2036 11/01/2036	790,722.07 386,058.44		7,000 7,000	11/01/2030 10/01/2032	43,638,42 115,621.42
FNMA MORTPASS FNMA MORTPASS	6,000	12/01/2036	2,966,029.77		7.000	01/01/2037	239,646.11
FNMA MORTPASS	6,000	12/01/2036	535,871.47		7.500	11/01/2022	24,045,02
FNMA MORTPASS	6,000	12/01/2036	701,035.84		7,500	07/01/2024	21,867.45
FNMA MORTPASS	6,000	01/01/2037	495,641.87		7,500	08/01/2024	6,908.77
FNMA MORTPASS	6,000 6,000	01/01/2037 04/01/2037	1,931,950.87 544,293.52		7.500 7.500	12/01/2026 05/01/2027	7,637.79 17,340.29
FNMA MORTPASS FNMA MORTPASS	6,000	04/01/2037	457,767.64		7.500	07/01/2028	35,016.76
FNMA MORTPASS	6,000	04/01/2037	1,070,219.51		7,500	09/01/2028	42,450.25
FNMA MORTPASS	6,000	06/01/2037	1,852,320.40	FNMA MORTPASS	7,500	11/01/2029	22,678.68
FNMA MORTPASS	6,000	06/01/2037	791,174.71		7.50D	05/01/2030	5,552.6 6
FNMA MORTPASS FNMA MORTPASS	6,000 6,000	07/01/2037 07/01/2037	809,302.78 6,463,532.41		7,500 7,500	07/01/2030 11/01/2031	11,518.87 45,134.32
FNMA MORTPASS	6,000	08/01/2037	882,749.72		7.500	03/01/2032	248,133.90
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UNITED STATES		IATURITY	MARKET	UNITED STATES		MATURITY	MARKET
GOVERNMENT SECURITIES	RATE 8,000	DATE 06/01/2015	<u>VALUE</u> 43,503.60	GOVERNMENT SECURITIES GNMA	<u>RATE</u> 6.500	DATE 06/15/2028	<u>VALUE</u> 40,284.89
FNMA MORTPASS FNMA MORTPASS	8,000	01/01/2025	19,722,94	GNMA	7.500	10/15/2029	17,732,18
FNMA MORTPASS	8.000	05/01/2025	50,709,57	GNMA	8.000	04/15/2022	1,199.25
FNMA MORTPASS	8,000	06/01/2025	19,958,81	GNMA	8,500	12/15/2024	14,559.81
FNMA MORTPASS	8,000	06/01/2027	12,507.04	GNMA.	8,500	04/15/2030	84,255,90
FNMA MORTPASS	9,000	06/01/2017	72,569.81	GNMA	9,000	12/15/2017	93,052,68
FNMA MORTPASS	9,000	10/01/2030	27,039.53	GNMA	9,000	03/15/2021	3,129.89
FNMA MORTPASS	9,500	12/01/2018	2,971.63 920.44	GNMA GNMA	9,000 10,000	03/15/2021 05/15/2020	6,099.90 1,387.58
FNMA MORTPASS FNMA MORTPASS	9,500 9,500	06/01/2020 10/01/2020	1,346.61	GNMA	10.000	12/15/2020	5,508.03
FNMA MORTPASS	12,500	12/01/2013	6.85	GNMA I	5,500	08/15/2033	253,965,99
FNMA MORTPASS ARM	3,824	06/01/2034	559,552,26	GNMA I & II SINGLE ISSUER	5.000	08/15/2035	5,179,646.00
FNMA MORTPASS ARM	4,302	06/01/2034	168,894.07	GNMA I & II SINGLE ISSUER	5,000	04/15/2038	8,967,043.27
FNMA MORTPASS ARM	4,589	03/01/2034	570,852.15	GNMA I & II SINGLE ISSUER	5,500	04/15/2038	4,191,994.12
FNMA MORTPASS ARM	4,728	08/01/2042	124,456.17 137,013.71	GNMA I & II SINGLE ISSUER GNMA I & II SINGLE ISSUER	5,500 6,500	04/15/2038 09/15/2032	4,038,629.8 <i>6</i> 164,917.23
FNMA MORTPASS ARM FNMA MORTPASS ARM	4,728 4,728	08/01/2042 10/01/2044	61,857,60	GNMA I MORTPASS	4,500	11/15/2018	104,947.90
FNMA MORTPASS ARM	4.863	09/01/2035	1,498,998.44	GNMA I MORTPASS	4,500	10/15/2033	264,705,55
FNMA MORTPASS ARM	4.928	09/01/2040	926,499.36	GNMA I MORTPASS	5,000	10/15/2018	208,835.45
FNMA MORTPASS ARM	4.997	09/01/2034	1,739,584.56	GNMA I MORTPASS	5,000	09/15/2033	263,700.70
FNMA MORTPASS ARM	5.191	11/01/2036	853,425.77	GNMA I MORTPASS	5.000	10/15/2033	193,803.07
FNMA MORTPASS ARM	5,250	10/01/2035	. 5,376,549,67 418,000,84	GNMA I MORTPASS GNMA I MORTPASS	5,000 5,000	01/15/2035 04/15/2035	136,187,43 156,927,11
FNMA MORTPASS ARM FNMA MORTPASS ARM	5,353 5,471	12/01/2036 02/01/2037	476,240.80	GNMA I MORTPASS	5.000	06/15/2035	128,269.66
FNMA MORTPASS ARM	5,492	04/01/2036	1,802,909,95	GNMA I MORTPASS	5,000	09/15/2035	164,928.71
FNMA MORTPASS ARM	5.517	04/01/2036	2,972,714.86	GNMA I MORTPASS	5,000	04/15/2038	3,930,377.93
FNMA MORTPASS ARM	5,524	04/01/2036	2,526,226.03	GNMA I MORTPASS	5,000	05/15/2038	10,876,071.42
FNMA MORTPASS ARM	5,629	06/01/2036	2,707,765,27	GNMA I MORTPASS	5.000	12/20/2034	618,649,23
FNMA MORTPASS ARM	5,663	08/01/2036	4,540,966.31	GNMA I MORTPASS GNMA I MORTPASS	5,375 5,375	04/20/2027 04/20/2030	43,972.14 515,314,55
FNMA MORTPASS ARM	5,725 5,759	10/01/2036 10/01/2036	5,088,845.06 1,790,318.31	GNMA I MORTPASS	5,500	09/15/2016	89,772.27
FNMA MORTPASS ARM FNMA MORTPASS ARM	5,834	10/01/2036	2,218,316.65	GNMA I MORTPASS	5,500	04/15/2029	51,717.82
FNMA MORTPASS ARM	5,928	05/01/2036	1,595,762.13	GNMA I MORTPASS	5.500	11/15/2032	170,814.92
FNMA MORTPASS ARM	5,930	12/01/2036	6,992,995.41	GNMA I MORTPASS	5,500	11/15/2032	135,522,38
FNMA MORTPASS ARM	5,933	08/01/2036	3,810,741.07	GNMA I MORTPASS	5.500	02/15/2033	238,835.16
FNMA MORTPASS ARM	6,045	02/01/2037	2,163,676,10 212,695.05	GNMA I MORTPASS GNMA I MORTPASS	5,500 5,500	10/20/2033 11/15/2033	1,315,293.63 272,170,23
FNMA MORTPASS ARM	6,259 6,296	08/01/2029 09/01/2031	41,971.62	GNMA I MORTPASS	-5,500	01/15/2034	367,617.21
FNMA MORTPASS ARM FNMA MORTPASS ARM	6,397	08/01/2036	870,673.62	GNMA I MORTPASS	5.500	02/15/2034	121,210,15
FNMA PASS THRU CTF	5.000	08/01/2023	487,259,42	GNMA I MORTPASS	5,500	04/15/2034	156,177.99
FNMA PASS THRU CTF	5,500	01/01/2024	682,201.90	GNMA I MORTPASS	5.50D	02/15/2035	321,266.23
FNMA PASS THRU CTF	5,500	03/01/2032	578,395.48	GNMA I MORTPASS	5,500	06/15/2035	344,612.64
FNMA PASS THRU CTF	5,500	06/01/2036	181,912.85	GNMA I MORTPASS GNMA I MORTPASS	5.500 5.500	07/15/2035 07/15/2035	261,074.66 106,817.94
FNMA PASS THRU CTF	5,500 6,000	06/01/2036 03/01/2013	343,251.65 73,408.17	GNMA I MORTPASS	5,500	11/15/2035	176,418.90
FNMA PASS THRU CTF FNMA PASS THRU CTF	6,000	11/01/2013	13,866.44	GNMA I MORTPASS	5,500	02/15/2036	224,118.84
FNMA PASS THRU CTF	6,000	05/01/2028	23,263.17	GNMA I MORTPASS	5.500	03/15/2036	338,580.17
FNMA PASS THRU CTF	6,000	12/01/2028	186,008.50	GNMA I MORTPASS	5,500	07/15/2036	248,457.33
FNMA PASS THRU CTF	6,000	01/01/2032	353,876.71	GNMA I MORTPASS	5,500	01/15/2038	1,704,969.65
FNMA PASS THRU CTF	6,000	03/01/2032	169,358,97	GNMA I MORTPASS GNMA I MORTPASS	5,500 5.500	02/15/2038 04/15/2038	3,497,972,53 2,954,586.19
FNMA PASS THRU CTF	6,500 6,500	12/01/2008 03/01/2013	2,603,85 44,593,34	GNMA I MORTPASS	5,500	05/15/2038	696,937.89
FNMA PASS THRU CTF FNMA PASS THRU CTF	6,500	03/01/2013	13,701.06	GNMA I MORTPASS	5,625	07/20/2030	192,102,90
FNMA PASS THRU CTF	6.500	06/01/2013	90,400.03	GNMA I MORTPASS	6.000	08/15/2014	40,832.86
FNMA PASS THRU CTF	6,500	07/01/2016	47,717,08	GNMA I MORTPASS	6,000	10/15/2028	46,488.33
FNMA PASS THRU CTF	6,500	06/01/2017	117,913.29	GNMA I MORTPASS	6,000 6,000	01/15/2029 02/15/2029	98,042,25
FNMA PASS THRU CTF	6,500	06/01/2026 03/01/2028	19,421.24 80,480.53	GNMA I MORTPASS GNMA I MORTPASS	6.000	02/15/2029	91,355,80 118,745,21
FNMA PASS THRU CTF FNMA PASS THRU CTF	6.500 6,500	04/01/2028	41,692.51	GNMA I MORTPASS	6,000	07/15/2031	161,039.81
FNMA PASS THRU CTF	6,500	10/01/2028	44,278.16	GNMA I MORTPASS	6,000	10/15/2032	98,219.62
FNMA PASS THRU CTF	6.500	11/01/2031	43,009.80	GNMA I MORTPASS	6.000	12/15/2032	88,335.04
FNMA PASS THRU CTF	7.000	12/01/2023	67,153.66	GNMA I MORTPASS	6,000	12/15/2032	39,199.29
FNMA PASS THRU CTF	7,500	10/01/2029	83,265.77	GNMA I MORTPASS	6,000	04/15/2033	182,293,77
FNMA PASS THRU CTF	8,000	02/01/2023	26,490,65 8,754,33	GNMA I MORTPASS GNMA I MORTPASS	6,000 6,000	07/15/2033 10/20/2033	130,546,17 1,013,899.34
FNMA PASS THRU CTF FNMA PASS THRU CTF	9,500 9,500	11/01/2017 12/01/2020	6,224.32		6,000		161,721.58
FNMATBA	5,500	07/25/2037	295,689,00		6,000		183,290.87
FNMATBA	5.500	07/25/2037	(60,123,430.00		6,000	10/15/2034	158,945,91
FNMA TBA	5,500	07/25/2037	1,182,756.00		6.000		144,779.26
FNMA TBA	6,000	07/25/2038	70,007,250.00		6,000		221,797.79
FREDDIE MAC	4.500 4.875	08/01/2035 02/09/2010	157,292.64 5,632,406.25		6,000 6,000		1,185,096.87 172,405.31
FREDDIE MAC FREDDIE MAC	4.875	11/15/2013	7,203,420,00		6,000		1,001,114.83
FREDDIE MAC	6,625	09/15/2009	1,669,504.00		6,000		6,503,178.34
GNMA	4,500	09/15/2033	685,951.63	GNMA I MORTPASS	5.000	11/15/2037	6,387,642.16
GNMA	5,000	07/15/2033	311,967.76		6,000		1,007,067.10
GNMA	5,000	10/15/2033	269,732.71		6,500		30,481,81
GNMA	5,000 5,000	10/15/2033 11/15/2035	1,610,535.18 232,092.52		6,500 6,500		36,277,40 75,133,99
GNMA GNMA	5,500	07/15/2033	148,407.53		6.500		75,133,99
GNMA	5,500	02/20/2034	1,162,969.41		6.500		104,656.28
GNMA	5,500	04/20/2034	1,739,458.41	GNMA I MORTPASS	6,500	08/15/2028	67,296,82
GNMA	6,000	04/15/2029	20,340.06		6,500		35,218,73
GNMA	6.000	01/15/2032	258,230.52	2 GNMA I MORTPASS	6,500	02/15/2029	37,632.79

UNITED STATES	MATURITY	MARKET	UNITED STATES GOVERNMENT SECURITIES B	ATE	MATURITY DATE	MARKET VALUE
GOVERNMENT SECURITIES RATE GNMA I MORTPASS 6.500	DATE 04/15/2029	<u>VALUE</u> 29,901,19		5,500	08/15/2028	691,932,40
GNMA I MORTPASS 6.500 GNMA I MORTPASS 6.500	07/15/2029	15,619.80		6,000	02/15/2026	1,522,521.00
GNMA I MORTPASS 6.500	07/15/2029	31,923,58	UNITED STATES OF AMER TREAS BON	6.125	11/15/2027	10,256,891.22
GNMAI MORTPASS 6.500	04/15/2032	150,590.13		6.125	11/15/2027	597,930.00
GNMA I MORTPASS 6.500	11/15/2033	40,184.44	UNITED STATES OF AMER TREAS BON	6,125	08/15/2029	10,305,516.48
GNMA I MORTPASS 6,500	01/15/2036	1,058,988.09	UNITED STATES OF AMER TREAS BON UNITED STATES OF AMER TREAS BON	6,250 6,375	08/15/2023 08/15/2027	2,778,112,95 1,225,000,00
GNMA I MORTPASS 6.500 GNMA I MORTPASS 6.500	10/15/2036 12/15/2036	364,409.06 389,848.44	UNITED STATES OF AMER TREAS BON	6,500	11/15/2026	1,421,595.50
GNMA I MORTPASS 6,500 GNMA I MORTPASS 7,000	07/15/2011	11,280.12	UNITED STATES OF AMER TREAS BON	6.625	02/15/2027	726,995,20
GNMA I MORTPASS 7.000	09/15/2023	16,896,56	UNITED STATES OF AMER TREAS BON	7.125	02/15/2023	1,101,066.60
GNMA I MORTPASS 7,000	11/15/2023	58,217.60	UNITED STATES OF AMER TREAS BON	7,250	05/15/2016	1,228,670.00
GNMA I MORTPASS 7,000	05/15/2024	8,375,62	UNITED STATES OF AMER TREAS BON	7.500	11/15/2016	1,755,041.70
GNMA I MORTPASS 7.000	11/15/2027	40,244.31	UNITED STATES OF AMERITREAS BON	8.000 8.125	11/15/2021 08/15/2019	2,305,761.00 2,557,731.45
GNMA I MORTPASS 7,000	01/15/2028	24,226.96 45,909.01	UNITED STATES OF AMER TREAS BON UNITED STATES OF AMER TREAS BON	8,125	05/15/2021	1,294,080.50
GNMA I MORTPASS 7.000 GNMA I MORTPASS 7.000		41,248,10	UNITED STATES OF AMER TREAS BON	8,750	05/15/2017	3,799,301.40
GNMA I MORTPASS 7.000		32,247,56	UNITED STATES OF AMER TREAS BON	8.750	05/15/2020	2,480,936.95
GNMA I MORTPASS 7.000		55,021.13	UNITED STATES OF AMER TREAS BON	8,875	OB/15/2017	680,860.00
GNMA I MORTPASS 7.000	08/15/2032	28,071.97	UNITED STATES OF AMER TREAS BON	9,250	02/15/2016	136,109.00
GNMA I MORTPASS 7,000		146,938.43		12.500 2.125	08/15/2014 04/30/2010	2,545,985.00 416,946.60
GNMA I MORTPASS 7,500		38,137.85 14,449.03	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT	2.534	01/15/2027	2,568,051.82
GNMA I MORTPASS 7.500 GNMA I MORTPASS 7.500		9,075.54	UNITED STATES OF AMER TREAS NOT	3,125	04/30/2013	9,017,974,16
GNMA I MORTPASS 7.500 GNMA I MORTPASS 7.500		9,788,16	UNITED STATES OF AMER TREAS NOT	3.125	04/30/2013	1,388,296,00
GNMA I MORTPASS 7.500		26,438.68	UNITED STATES OF AMER TREAS NOT	3,375	12/15/2008	1,529,150.40
GNMA I MORTPASS 7,500		6,402,37	UNITED STATES OF AMER TREAS NOT	3.375	09/15/2009	2,461,322.70
GNMA I MORTPASS 7.500	08/15/2029	23,151.80	UNITED STATES OF AMER TREAS NOT	3.375	11/30/2012	2,224,701.70
GNMA I MORTPASS 8,000		497,41	UNITED STATES OF AMER TREAS NOT	3,500	05/31/2013	14,835,266.92
GNMA I MORTPASS 8.000		13,688.26	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT	3,500 3,500	02/15/2018 02/15/2018	11,295,876,30 8,66 3, 220,00
GNMA I MORTPASS 8,000		135,358,46 26,099,16	UNITED STATES OF AMERITEAS NOT	3,625	05/15/2013	5,580,355.00
GNMA I MORTPASS 8.000 GNMA I MORTPASS 8.000		8,492.19	UNITED STATES OF AMER TREAS NOT	3,875	05/15/2010	322,726,95
GNMA I MORTPASS 8.000 GNMA I MORTPASS 8.500		14,933.86	UNITED STATES OF AMER TREAS NOT	3.875	09/15/2010	2,657,184.60
GNMA I MORTPASS 8.50		21,711.69	UNITED STATES OF AMER TREAS NOT	3.875	02/15/2013	7,682,375.00
GNMAIMORTPASS 8.50		11,267,20	United States of Amer Treas not	3.875	02/15/2013	1,127,500.00
GNMAI MORTPASS 9.00		223,27	UNITED STATES OF AMER TREAS NOT	3,875	05/15/2018	1,220,708.84
GNMA I MORTPASS 9.00		913.32	UNITED STATES OF AMER TREAS NOT	3.875 4.000	05/15/2018 11/15/2012	10,000,689.40 7,235,130.00
GNMA I MORTPASS 9.00		759.94 2,543.91	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT.		02/15/2014	474,411.80
GNMA I MORTPASS 9.00 GNMA I MORTPASS 9.00		1,646.06	UNITED STATES OF AMER TREAS NOT		02/15/2014	6,187,980,00
GNMA I MORTPASS 9.00 GNMA I MORTPASS 9.00		6,164,35	UNITED STATES OF AMER TREAS NOT		02/15/2015	853,148.70
GNMA I MORTPASS 9.00		1,910,76	UNITED STATES OF AMER TREAS NOT		08/31/2012	905,695,00
GNMA I MORTPASS 9,00		7,653.62	UNITED STATES OF AMER TREAS NOT		05/15/2015	589,015.20
GNMA I MORTPASS 9.50		1,500.52	UNITED STATES OF AMER TREAS NOT	4.250	01/15/2011	1,556,490.00
GNMA I MORTPASS 9.50		3,851,67	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT		01/15/2011 08/15/2013	6,018,428,00 2,503,872,00
GNMA I MORTPASS 9.50		1,213.13 5,397.46	UNITED STATES OF AMER TREAS NOT		11/15/2013	3,130,770.00
GNMA I MORTPASS 9.50 GNMA I MORTPASS 10.00		4,091.01	UNITED STATES OF AMER TREAS NOT		11/15/2014	8,827,527.30
GNMA I MORTPASS 10.00 GNMA I MORTPASS 10.00		3,708.16	UNITED STATES OF AMER TREAS NOT		11/15/2014	522,030.00
GNMA I MORTPASS 10.00		2,683,23	UNITED STATES OF AMER TREAS NOT		11/15/2017	4,392,364.00
GNMA I MORTPASS 12.50	09/15/2014	48,381.13	UNITED STATES OF AMER TREAS NOT			155,778.00
GNMAI MORTPASS 13.00		81,083.48	UNITED STATES OF AMERITREAS NOT			2,357,055,00 5,237,900,00
GNMA TBA 6,00		15,225,000.00	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT			5,088,650.00
HOUSTON TEX UTIL SYS REV 5.00 ILLINOIS ST GO PENSION FUND 5.10		504,440.00 470,670.00	UNITED STATES OF AMER TREAS NOT			1,353,326,00
ILLINOIS ST GO PENSION FUND 5.10 LOS ANGELES CALIF DEPT WTR 5.00		3,414,654.00	UNITED STATES OF AMER TREAS NOT			1,563,750,00
MASSACHUSETTS ST WTR RES AUTH 5.25		2,495,946.20	UNITED STATES OF AMER TREAS NOT		09/30/2011	7,316,120.00
MASSACHUSETTS ST WTR RES AUTH 5.23		1,243,462.75	UNITED STATES OF AMER TREAS NOT			4,263,996.30
MORGAN STANLEY DEAN WITTER CAL 6.00		24,590.40	UNITED STATES OF AMER TREAS NOT			2,740,764,00 791,077.50
PALOMAR CALIF CMNTY COLLEGE DI: 4.7:		97,486.00	UNITED STATES OF AMER TREAS NOT UNITED STATES OF AMER TREAS NOT			1,888,740.00
TENNESSEE VALLEY AUTHORITY 5.8		398,541.80 651,225.70	UNITED STATES OF AMERITEAS NOT			58,158.10
TOBACCO SETTLEMENT FIN AUTH WE 7.4 TOBACCO SETTLEMENT FIN AUTH WE 7.4		2,988,501.50				771,861.60
TOBACCO SETTLEMENT FING CORP 5.0		75,496.00			08/15/2009	2,566,800.00
TOBACCO SETTLEMENT FING CORP L. 5.8		726,784.00	UNITED STATES OF AMER TREAS NOT			1,686,624.00
UNITED STATES OF AMER TREAS BON 4.3		8,738,095.85				7,162,934.40
UNITED STATES OF AMER TREAS BON 4.3		2,680,397,50				1,643,480.50 13,390,653.90
UNITED STATES OF AMER TREAS BON 4.5		33,162,526.00				911,293.50
UNITED STATES OF AMERITREAS BON 4.5		4,203,896,26 11,488,976,10				1,486,520.00
UNITED STATES OF AMER TREAS BON 4.7 UNITED STATES OF AMER TREAS BON 4.7		1,165,318.00			'	1,832,346.45
UNITED STATES OF AMER TREAS BON 4.7		3,490,390.80				3,143,468.25
UNITED STATES OF AMER TREAS BON 4.7		2,917,264.50	UNITED STATES OF AMER TREAS NO	T 5.00		806,017,50
UNITED STATES OF AMER TREAS BON 4.7	50 02/15/2037	1,032,660.00				1,487,934.00
UNITED STATES OF AMER TREAS BON 5.2		43,893,602.14				2,398,682,00
•	150 11/15/2028					3,084,208.00 4,778,618.00
	250 02/15/2029	32,547,600.00 3,649,930.65				4,778,818.00
O	175 02/15/2031 175 02/15/2031					1,596,090.00
	175 02/15/2031					31,431,465,00
	ioo 08/15/2028			RI 0.00	0 11/15/2027	103,927,200.00

UNITED STATES	1	MATURITY	MARKET	UNITED STATES			MARKET
	RATE	DATE	VALUE		ATE	DATE	VALUE
UNITED STATES OF AMER TREAS STRI	0,000	11/15/2028			5,838 5,372	06/10/2049 09/10/2045	1,265,335.82 1,429,953.15
UNITED STATES OF AMERITREAS STRI	0,000 000,0	02/15/2029 05/15/2030			5,634	07/10/2046	337,112.86
UNITED STATES OF AMER TREAS STRI UNITED STATES OF AMER TREAS STRI	0,000	02/15/2036	8,541,900.00		5.889	07/10/2044	3,248,192.14
UNITED STATES OF AMER TREAS STRI	0.000	02/15/2036	2,062,299.39		6,008	07/10/2044	882,248,80
BOND INDEX FUTURES			(1,645.19)	BANC OF AMERICA COMMERCIAL MO	6.141	01/20/2047	136,331.24
OPTIONS			34,317.22	BANC ONE CORP 7.625% SUB DEB STK	7.625	10/15/2026	495,638.85
INTEREST RATE SWAPS			(14,765,818.27)	BANK OF AMERICA CORP	4.111 5.625	05/25/2035 10/14/2016	1,189,628.93 5,471,093.60
CREDIT DEFAULT SWAPS			(268,243.74)	BANK OF AMERICA CORP BANK OF AMERICA CORP	5.650	05/01/2018	933,590.00
TOTAL U.S. GOVERNMENT SECURITIE	25		1,707,962,909.70	BANK OF AMERICA CORP	5,650	05/01/2018	2,240,616.00
TOTAL D.S. GOVERNMENT SECONTE	20		zjio, pozpozia	BANK OF AMERICA CORP	5,750	12/01/2017	370,952.40
UNITED STATES		MATURITY	MARKET	BANK OF AMERICA CORP	7,800	02/15/2010	417,484.00
CORPORATE BONDS	RATE	<u>DATE</u>	<u>VALUE</u>	BANK OF AMERICA CORP	B.125	12/31/2049	7,467,554.00
ACCO BRANDS CORP	7.625	08/15/2015	27,000.00	BANK OF AMERICA MORTGAGE PASS'	2,932 5,450	01/25/2034 09/12/2012	474,973,85 4,956,938.00
ACTUANT CORPORATION	6,875	06/15/2017	93,337,50	BARCLAYS BANK PLC BARCLAYS BANK PLC	7,700	12/31/2049	3,159,241.00
ADJUSTABLE RATE MORTGAGE TRUS	4,584 7.750	05/25/2035 10/15/2015	639,031.67 714,125.00	BAXTER INTL INC	4,625	03/15/2015	237,900.00
AES CORP AES CORP	8.000	10/15/2017	1,391,600.00	BAYVIEW COMMERCIAL ASSET TRUS	2.712	12/25/2036	374,618.96
AES EASTERN ENERGY	9,000	01/02/2017	103,677.31	BB&T CORPORATION	4.750	10/01/2012	856,767.40
AGILENT TECHS INC	6.500	11/01/2017	1,971,436,72	BEAR STEARNS ADJUSTABLE RATE M	4,476	02/25/2034	254,909,83
ALABAMA POWER CO	5,500	10/15/2017	352,548,00	BEAR STEARNS ADJUSTABLE RATE M	4.534 4,550	08/25/2033 08/25/2035	2,280,607.51 41,591.98
ALCOA INC	5.870	02/23/2022	135,384.48 505,425,00	BEAR STEARNS ADJUSTABLE RATE MI BEAR STEARNS ADJUSTABLE RATE MI	4.750	10/25/2035	764,587.10
ALERIS INTERNATIONAL INC	10,000 9,8 7 5	12/15/2016 06/15/2015	617,500,00	BEAR STEARNS ALT-A TRUST	5.372	05/25/2035	576,747,79
ALGOMA ACQUISITION CORP ALLEGHENY TECHNOLOGIES INC	8,375	12/15/2011	228,700.80	BEAR STEARNS ALTERNATIVE A TRUS		11/25/2036	1,826,724.72
ALLEGHENY TECHNOLOGIES INC	8,375	12/15/2011	68,822.00	BBAR STEARNS CO INC	2.875	07/02/2008	1,150,000,00
ALLIANCE IMAGING INC	7,250	12/15/2012	42,300.00	BEAR STEARNS CO INC	6,950	08/10/2012	1,455,678.00
ALLIED WASTE NORTH AMERICA	7.250	03/15/2015	99,750.00	BEAR STEARNS COMMERCIAL MORTG	4.133	11/11/2041	745,770,08 494,458,82
ALLIS-CHALMERS ENERGY INC	8,500	03/01/2017	64,750,00	BEAR STEARNS COMMERCIAL MORTG BEAR STEARNS COMMERCIAL MORTG	4,361 4,386	06/11/2041 02/11/2041	348,495.59
ALLIS-CHALMERS ENERGY INC	9,000	01/15/2014	53,212,50 354,837.60	BEAR STEARNS COMMERCIAL MORTG		02/13/2042	1,642,234,28
ALLSTATE CORP	5,000 6,125	08/15/2014 02/15/2012	239,048,20	BEAR STEARNS COMMERCIAL MORTG		09/11/2042	227,822,64
ALLSTATE CORP ALTERNATIVE LOAN TRUST	2,562	09/20/2046	635,650,89	BEAR STEARNS COMMERCIAL MORTG		02/13/2046	779,085,37
AMBAC FINANCIAL GROUP INC	6,150	02/07/2087	138,849.80	BEAR STEARNS COMMERCIAL MORTG		09/11/2042	950,055.69
AMERADA HESS CORP	7.300	08/15/2031	279,212.50	BEAR STEARNS COMMERCIAL MORTO		09/11/2042	1,128,779.04
AMERICAN EXPRESS BK	2,495	06/12/2009	3,177,184.00	BEAR STEARNS COMMERCIAL MORTG		02/13/2042 05/11/2039	950,847,28 1,137,020,46
AMERICAN EXPRESS CO	4,875	07/15/2013	288,879.00	BEAR STEARNS COMMERCIAL MORTO BEAR STEARNS COMMERCIAL MORTO		12/11/2040	1,638,887.26
AMERICAN EXPRESS CO	6,150 5,875	08/28/2017 05/02/2013	244,185,00 6,362,752,00	BEAR STEARNS COMMERCIAL MORTO		12/11/2040	3,074,095.45
AMERICAN EXPRESS CREDIT CORP AMERICAN GENERAL FIN	5,400	12/01/2015	424,335.00	BEAR STEARNS COMMERCIAL MORTO		10/12/2041	1,224,721,15
AMERICAN GENERAL FINANACE	6,900	12/15/2017	348,624.00	BEAR STEARNS COMMERCIAL MORTO	5,540	09/11/2041	895,515.60
AMERICAN GENERAL FINANACE	8,125		802,764.55	BEAR STEARNS COMMERCIAL MORTO	5,575	03/11/2039	1,396,863.02
AMERICAN INTERNATIONAL GROUP			1,859,227.50	BEAR STEARNS COMMERCIAL MORTO		11/15/2014 06/11/2050	599,180.40 847,542.51
AMERICAN INTERNATIONAL GROUP	0.050		416,796.80	BEAR STEARNS COMMERCIAL MORTO BEAR STEARNS COMMERCIAL MORTO		09/11/203B	2,988,846.70
AMERICAN INTERNATIONAL GROUP			2,789,939,30 1,030,722,92	BEAR STEARNS COMMERCIAL MORT		05/20/2030	1,746,292.58
AMERICAN WATER WORKS CO INC AMERICREDIT CORP	6,593 8,500		88,000.00	BEAR STEARNS COMMERCIAL MORT		05/20/2030	2,606,083,72
AMERICARDIT CORF	6.375		1,254,817.44	BEAR STEARNS COMMERCIAL MORT	3 7.0BO	07/15/2031	826,238.13
ANADARKO PETROLEUM CORP	6,450		197,418.00	BEAR STEARNS COMMERCIAL MORT		02/01/2018	806,679.61
ANR PIPELINE CO	7.375		70,434.00	BEAR STEARNS COMMERCIAL MORT		12/11/2040	303,682.43 376.132.34
AOL TIME WARNER INC	7.625		203,050.00	BEAR STEARNS COMMERCIAL MORT BEAR STEARNS COMMERCIAL MORT		12/11/2038 12/11/2040	5,385,928,58
AOL TIME WARNER INC	7,700		286,664.00 98,123.00	BEAR STEARNS COMMERCIAL MORT		04/12/2038	424,767.31
APACHE CORP ASTRAZENECA	6,000 6,450		407,220.00	BEAR STEARNS COMMERCIAL MORT		06/11/2040	420,452,66
AT&T BROADBAND CORP	9.455		2,253,538,72	BEAR STEARNS SECOND LIEN TRUST		01/25/2036	673,127.32
AT&T CORP	5,500		2,228,723.00	BEAR STEARNS STRUCTURED PROCU		01/26/2036	436,499.51
AT&T CORP	5.500		557,180.75		4,125	03/25/2035	2,393,694,29
AT&T INC	4.12		800,936.00 850,275,00		4.550 • 7.000		557,409,93 100,800.00
AT&T INC	6,300 7.87		958,194.00				552,305.00
AT&T WIRELESS SERVICES INC ATLANTIC BROADBAND	9.37		381,600.00				364,438.90
ATLANTIC CITY ELECTRIC	5.55		737,742.90		6.750		1,448,718.70
ATLANTIC EXPRESS TRANSPORTAT			17,900,00		6,420		289,749,00
AVNET INC	6,62		2,324,976.56		6,875		1,290,643.20
AVON PRODUCTS INC	5.75		460,925.76		11.625 6.000		588,300,00 761,651,55
AXA FINANCIAL INC	7.75 3.05		706,401.10 5,988,768,00		5,061		977,084.10
BA CREDIT CARD BALDOR ELECTRIC CO	8,62		348,735.00	· · · · · · · · · · · · · · · · · · ·	6,250		2,222,508.60
BALDOR ELECTRIC CO	8.62		105,525,00		7.250	06/01/2018	705,263.76
BANC AMERICA COML MTG INC	4.74		912,764.12		4.280		907,401.96
BANC AMERICA COML MTG INC	5.05	10/10/2045	912,248,21		6.12		222,644.40
BANC AMERICA COML MTG INC	5,33		1,127,922.14		5,000		412,794.00
BANC AMERICA COMMERCIAL MOI			7,819,388,2		9,375 7,125		188,800.00 47,937.50
BANC OF AMERICA COMMERCIAL)			947,801.3: 1,367,910.9:		7,12.		176,812.50
BANC OF AMERICA COMMERCIAL I BANC OF AMERICA COMMERCIAL I			1,619,282.3		7.15		298,096,20
BANC OF AMERICA COMMERCIAL I			489,540.0		12.00	0 10/15/2012	678,900.00
BANC OF AMERICA COMMERCIAL I		01 10/10/2045	3,333,093.5		4.94		1,147,537.60
BANC OF AMERICA COMMERCIAL I	MO; 5.0		1,268,565,4		6,50		654,899.00
BANC OF AMERICA COMMERCIAL			2,313,066.1		6.72 6.37		1,487,200,00 354,175,36
BANC OF AMERICA COMMERCIAL I BANC OF AMERICA COMMERCIAL I			1,032,109.0 436,146.2				193,476.00
BANC OF AMERICA COMMERCIAL BANC OF AMERICA COMMERCIAL			2,287,250.0		9.25		114,100,00
DIETO C. INTERNOTOCHARIZACINO	2,0	y					•

UNITED STATES <u>CORPORATE BONDS</u> CAPITAL AUTO RECE	<u>RATE</u> 5.040	MATURITY <u>DATE</u> 05/17/2010	MARKET <u>VALUE</u> 504,777,40	UNITED STATES <u>CORPORATE BONDS</u> COMMERCIAL MORTGAGE	RATE 5.167	MATURITY <u>DATE</u> 06/10/2044	MARKET <u>VALUE</u> 799,610.36
CAPITAL ONE FINANCIAL CORP	6,750	09/15/2017	1,783,494,00	COMMERCIAL MORTGAGE	6.455	05/15/2032	390,724.58
CAPITAL ONE FINL	6.150	09/01/2016	352,616,00	COMMERCIAL MTG TR	5,444	03/10/2039	1,118,151,48
CAPITAL ONE MULTI ASSET BKD SEC	3.650	07/15/2011	2,002,815.80	COMMONWEALTH EDISON	6.150	09/15/2017	406,878,00
CAPITAL ONE MULTI-ASSET EXECUTION	4.790	08/15/2013	2,407,029.50	COMMONWEALTH EDISON	6,950	07/15/2018	635,200,00
CARDINAL HEALTH 409 INC	9,500	04/15/2015	156,625.00 137,025.00	COMMUNITY HEALTH SYSTEMS INC COMPLETE PRODUCTION SERVICES IN	8.875 8.000	07/15/2015 12/15/2016	261,625.00 204,743.75
CARDTRONICS INC CARDTRONICS INC	9,250 9,250	08/15/2013 08/15/2013	61,425.00	CON EDISON OF NY	6,200	06/15/2036	192,728.00
CARGILL INC	4,375	06/01/2013	306,134.40	CONAGRA INC	7.B75	09/15/2010	580,336,92
CARMAX AUTO OWNER TRUST	5,150	02/15/2011	2,397,036,64	CONNACHER OIL & GAS	10,250	12/15/2015	627,725,00
CARRINGTON MORTGAGE LOAN TRUS		07/25/2031	99,982,50	CONOCO INC	6,950	04/15/2029	460,635,00
CATERPILLAR FIN SERV CRP	5.450	04/15/2018	3,603,629.95	CONSECO INC	3,500	09/30/2035	20,250,00
CATERPILLAR INC	6,050	08/15/2036	437,025.60	CONSOL ENERGY INC	7,875	03/01/2012	748,800.00
CATERPILLAR INC	6.625	07/15/2028	297,194.80	CONSTELLATION BRANDS INC	7,250	05/15/2017	107,525.00
CB DELTA AIR LINES	2.875	02/06/2024	910,00	CONSTELLATION ENERGY GROUP INC	7.000 4.000	04/01/2012 05/15/2010	518,415,00 1,235,674.95
CB NORTHWEST AIRLINES	8,875 10,000	06/01/2006 02/01/2009	131.25 243.75	CONSUMERS ENERGY-ITC CONTINENTAL AIRLINES	6.703	12/15/2022	303,918.61
CB NORTHWEST AIRLINES C-BASS MORTGAGE LOAN ASSET BAC.		05/25/2036	342,710,22	COOPER COS INC	7,125	02/15/2015	81,600.00
CD 2005 C1 COMMERICAL MORTGAGE		07/15/2044	1,350,004.46	COPANO ENEROY LLC	8,125	03/01/2016	85,425.00
CD 2005 C1 COMMERICAL MTG TR MA'		09/15/2020	1,230,945.89	CORN PRODUCTS INTERNATIONAL IN	6,000	04/15/2017	732,067.05
CD 2006-CD2 MORTGAGE TRUST	5,408	01/15/2046	965,142.82	CORN PRODUCTS INTERNATIONAL IN		08/15/2009	1,264,054.20
CD 2006-CD2 MORTGAGE TRUST	5,408	01/15/2046	1,313,390.23	CORNING INC	7.250	08/15/2036	1,628,063.85
CENTENE CORP	7.250	04/01/2014	118,125.00	CORRECTIONS CORP OF AMER	7,500	05/01/2011	497,475.00
CENTURY ALUM COMPANY	7,500	08/15/2014	361,350.00	COUNTRYWIDE ASSET BACKED CERT: COUNTRYWIDE ASSET-BACKED CERT		09/25/2026 03/25/2020	1,060,256.18 234,981.07
CHAPARRAL ENERGY INC	8,500	12/01/2015 01/15/2014	143,137.50 1,182,951.90	COUNTRYWIDE ASSET-BACKED CERT		02/25/2035	750,358.54
CHASE ISSUANCE TRUST SER CHESAPEAKE ENERGY CORP	2.761 6.500	08/15/2017	416,075,00	COUNTRYWIDE FINANCIAL	4.000	03/22/2011	528,020.40
CHESAPEAKE ENERGY CORP	6,500	08/15/2017	201,025,00	COUNTRYWIDE FINANCIAL CORP	5,800	06/07/2012	565,594.38
CHESAPEAKE ENERGY CORP	6,875	11/15/2020	549,900,00	COVIDIEN INTERNATIONAL FINANCE	6,000	10/15/2017	612,314.45
CHESAPEAKE ENERGY CORP	6,875	11/15/2020	4,700.00	COX COMMUNICATIONS INC	6.750	03/15/2011	1,511,93B.60
CHESAPEAKE ENERGY CORP	7,000	08/15/2014	294,000.00	CRANE CO	6,550	11/15/2036	2,248,969.25
CHESAPEAKE ENERGY CORP	7.625	07/15/2013	1,644,100.00	CREDIT SUISSE COMMERCIAL MORTG		09/15/2039	965,067,30
CII CARBON	11.125	11/15/2015	911,125,00	CREDIT SUISSE FIRST BOSTON	6,500	01/15/2012	1,037,750.00
CIMAREX ENERGY CO	7,125	05/01/2017	849,862.50	CRH AMERICA INC CRH AMERICA INC	5,300 5,625	10/15/2013 09/30/2011	465,345.00 1,143,873.90
CISCO SYSTEMS INC	5,500 5,000	02/22/2016 02/13/2014	353,118,50 43,084,80	CRUM & FORSTER HOLDINGS CORPO		05/01/2017	241,150.00
CIT GROUP INC CIT GROUP INC	5,000	02/01/2015	480,564,70	CS FIRST BOSTON MORTGAGE SECUR		02/15/2038	496,856,10
CIT GROUP INC	5.125	09/30/2014	85,950.00	CS FIRST BOSTON MTG SEC CO	4,801	03/15/2036	973,259,80
CIT GROUP INC	5,400	02/13/2012	35,721, 9 0	CS FIRST BOSTON MTG SECURITIES C	4.900	12/15/2036	404,941.03
CIT GROUP INC	5.400	01/30/2016	299,580.15	CS FIRST BOSTON MTG SECURITIES C		12/15/2036	964,145.30
CIT GROUP INC	5,650	02/13/2017	600,169,50	CVS CAREMARK CORP	5,750	06/01/2017	265,558.50
CIT GROUP INC	5.800	10/01/2036	481,062.50	CVS CAREMARK CORP	6,302 5,789	06/01/2062 01/10/2026	716,012.50 1,220,886.23
CIT GROUP INC	5,850	09/15/2016	37,948,35 757,849,50	CVS CORP CWABS ASSET BACKED CERTIFICATE		02/25/2029	586,144.76
CIT GROUP INC	6,000 6,000	04/01/2036 04/01/2036	86,512.50	CWABS ASSET-BACKED CERTIFICATI		11/25/2028	1,363,849.15
CIT GROUP INC CITIBANK CREDIT CARD ISSUANCE TO		01/09/2012	1,349,622.54	CWABS ASSET-BACKED CERTIFICATI			772,710.70
CITIBANK CREDIT CARD MASTER TRI		03/10/2011	1,011,324.20	CWABS INC FR A/BKD	2.532	11/25/202B	348,377.88
CITICORP RESIDENTIAL MORTGAGE		11/25/2036	480,366.17	CWHEQ HOME EQUITY LOAN TRUST	5,804	07/25/2034	2,290,821.44
CITICORP RESIDENTIAL MORTGAGE		07/25/2036	741,460,81	CWMBS INC	4.708		2,249,493.91
CITIGROUP CAPITAL	8,300	12/21/2077	1,605,361.00	CWMBS INC	5.607		107,473.53
CITIGROUP COMMERCIAL MORTGAG		08/15/2021	76,895.95	CWMBS INC	6,500		78,210,41
CITIGROUP COMMERCIAL MORTGAG		05/15/2043	1,266,824.01	CWMBS REPERFORMING LOAN REMT DAIMLERCHRYSLER NA HLDGS	C 2,823 7,200	06/25/2035 09/01/2009	1,505,597.32 462,852,00
CITIGROUP COMMERCIAL MORTGAG		12/10/2049 03/15/2049	1,336,410.74 487,720.80	DAIMLERCHRYSLER NA HLDGS	8,500		161,869.40
CITIGROUP COMMERCIAL MORTGAG CITIGROUP INC	4,125	02/22/2010	4,953,700,00	DB MASTER FINANCE	5,779		625,702.00
CITIGROUP INC	5.000	09/15/2014	592,742.40	DEAN FOODS CO	7.000		1,479,087.50
CITIGROUP INC	5,500	04/11/2013	5,277,123.86	DELTA AIR	2,875	02/18/2042	490.00
CITIGROUP INC	6.000	02/21/2012	554,444.00	DELTA AIR LINES	8,300		343,75
CITIGROUP INC	6,000	08/15/2017	1,830,476.53	DELTA AIRLINES	8.000		1,440.00
CITIGROUP INC	6.125	11/21/2017	575,820.00	DEUTSCHE ALT-A SECURITIES MORT			2,143,888.70
CITIGROUP INC	6.125	08/25/2036	224,126.40	DEVON FINANCING CO DISCOVER CARD MASTER TRUST	6,875 2,471		530,680,00 1,980,495,20
CITIGROUP INC	6.875 8,400	03/05/2038 12/31/2049	1,419,500.29 4,182,684,00	DISCOVER CARD MASTER TRUST	2,491		4,987,992,50
CITIGROUP INC CITIGROUP MORTGAGE LOAN TRUST		08/25/2036	191,436.02	DOMINION RESOURCES INC	7.000		443,674,00
CITIGROUP MORTGAGE LOAN TRUST		10/25/2036	350,276.25	DOMINOS PIZZA MASTER ISSUER LL			788,247.82
CITIGROUP MORTGAGE LOAN TRUST		08/25/2036	84,208.52	DOMTAR CORP	7.87		507,525.00
CITIGROUP MORTGAGE LOAN TRUST		06/25/2035	1,008,321.78	DR PEPPER SNAPPLE GROUP INC	6,820	05/01/2018	1,792,372.05
CITIGROUP MORTGAGE LOAN TRUST	4.900	10/25/2035	934,261.91	DSLA MORTGAGE LOAN TRUST	5,97		253,735.23
CMS ENERGY CORP	6,550		588,497.BO	DU PONT E I DE NEMOURS & CO	4.750		422,608.20
COCA COLA BOTTLING CO CONS	5,000		93 3, 080.00		6.00		216,468.00
COCA COLA ENTERPRISES INC	8,500		1,121,650.00	DYNEGY HLDGS INC	7.50 6.65		369,000,00
COLLINS & AIKMAN PRODUCTS	12,875		70.00 209,332.60	E.ON INTERNATIONAL FINANCE EL PASO ELECTRIC CO	7,50		1,055,367,80 340,444.14
COLONIAL PLAYING	4,750 5,500		1,497,139.00		7.50		10,165,80
COLONIAL RLTY LP COLUMBIA HCA HEALTHCARE CORP			634,233.60		B.62		49,934.70
COMCAST CORP	6,450		148,910.40		7.99		3,774,460,20
COMCAST CORP	6,950		3,334,370.10		7.99		945,980,00
COMCAST CORP	6,950		663,923.25		2,85		763,844.75
COMCAST CORP	6,950		216,389.80		5.85		712,481.00
COMCAST HLDS	10,625		574,685.00		7.50		337,564.48
COMM MORTGAGE TRUST	5,921		3,063,999.74		5,66 6,00		729,275.20
COMM MORTGAGE TRUST COMM MORTGAGE TRUST	5,961 5,961		3,027,074.34 782,442.48		5,60		313,206.12 548,576.00
COMMERCIAL MORTGAGE	5,077		2,692,884.03		7.00		1,118,200.95
Construction of the property o	-,,		-,,,	•			-,,

UNITED STATES		MATURITY	MARKET	UNITED STATES		MATURITY	MARKET
CORPORATE BONDS	RATE	DATE	<u>VALUE</u>		ATE	DATE	<u>VALUE</u>
EQUIFAX INC	7.000	07/01/2037	517,225.46		4.754	05/10/2043	1,847,671.80
EQUITABLE RESOURCES INC EXELON CORP	6,500 5,625	04/01/2018 06/15/2035	1,206,735.20 189,620.20		4.760 4.908	08/10/2038 03/10/2038	2,482,166,75 2,091,652.65
FANNIE MAE	2,543	07/25/2037	986,159,54		4.930	07/10/2039	147,416.00
FANNIE MAE	2.603	03/25/2034	161,424.14	GMAC COMMERCIAL MORTGAGE SEC	5.667	05/10/2040	841,589.51
FANNIE MAE	2.982	03/25/2017	388,070,41		6,000	12/15/2011	937,246.68
FANNIE MAE	3,382 5,000	04/25/2032 07/25/2019	189,381,32		6.625 6.625	05/15/2012	2,349,618.50
FANNIE MAE FANNIE MAE	5,000	07/25/2024	54,912.86 3,896,874.38	GMAC LLC	7.000	05/15/2012 02/01/2012	617,418.00 1,529,242.00
FANNIE MAE	5,500	09/25/2024	907,121.47	GMACILC	7.250	03/02/2011	514,507.00
FANNIE MAE	6,000	03/25/2031	11,106,935.29	GMAC LLC	8,000	11/01/2031	1,340,194.80
FEDERATED DEPT STO	6,625	04/01/2011	286,114.00	GMAC LLC	8,000	11/01/2031	236,811.12
FEDEX CORP	3,500 3,500	04/01/2009	996,610,00 902,641.24	GMACM MTG LN TR GOLDMAN SACHS CAPITAL I	5,500 6,250	09/25/2034	454,088.52 5,931,360,00
FHLMC REMIC FHLMC REMIC	5,000	06/15/2013 03/15/2025	1,921,805.26	GOLDMAN SACHS CAPITAL I	6.345	09/01/2017 02/15/2034	296,705,50
FIRST DATA CORP	9.875	09/24/2015	482,850,00	GOLDMAN SACHS GROUP INC	5,300	02/14/2012	1,338,605.10
FIRST HORIZON MORTGAGE PASS THE		08/25/2035	116,564.69	GOLDMAN SACHS GROUP INC	5,300	02/14/2012	2,113,587.00
FIRST NLC TRUST	2.553	08/25/2037	2,044,722.83	GOLDMAN SACHS GROUP INC	5,350	01/15/2016	666,435,00
FIRST USA CR CARD MASTER TR FISERV INC	2,641 6,125	04/18/2011 11/20/2012	499,980.50 2,708,609.75	GOLDMAN SACHS GROUP INC GOLDMAN SACHS GROUP INC	5,750 5,950	10/01/2016 01/18/2018	552,854.40 755,488,52
FISHER SCIENTIFIC INTERNATIONAL	6,750	08/15/2014	889,153.16	GOLDMAN SACHS GROUP INC	5,950	01/18/2018	460,780.80
FLEETPRIDE CORP	11.500	10/01/2014	161,500.00	GOLDMAN SACHS GROUP INC	6.125	02/15/2033	704,051,64
FLORIDA POWER & LIGHT	5.625	04/01/2034	254,993.40	GOLDMAN SACHS GROUP INC	6.150	04/01/2018	2,255,622.00
FNBR	6,000	06/25/2016	708,608.39	GOLDMAN SACHS GROUP INC	6,600	01/15/2012	771,210,00
FORD CREDIT AUTO OWNER TRUST	3,371	01/15/2011	3,209,115.84	GOLDMAN SACHS GROUP INC GOLDMAN SACHS GROUP INC	6,750 7.350	10/01/2037 10/01/2009	2,469,825.00
FORD MOTOR CO FORD MOTOR CO	7.450 8,000	07/16/2031 12/15/2016	1,205,775.00 1,231,858.20	GOODYEAR TIRE & RUBBER CO	8,625	12/01/2011	431,335.80 8 7, 870.00
FORD MOTOR CO	7,000	10/01/2013	1,439,681.55	GOVERNMENT NATL MTG ASSN	3.021	12/16/2025	152,548.04
FORD MOTOR CREDIT CO	7,000		1,767,384.00	GRAND METROPOLITAN INVESTMENT	7.450	04/15/2035	168,300.00
FORD MOTOR CREDIT CO	7,250	10/25/2011	271,236.00	GREENBRIER COMPANIES INC	8.375	05/15/2015	104,775.00
FORD MOTOR CREDIT CO	7.375		72,862,40	GREENPOINT MORTGAGE SECURITIES	4.393	10/25/2033	318,290.62
FORD MOTOR CREDIT CO	7.875		1,216,192.44	GREENWICH CAPITAL COMMERCIAL F	4,305 4.915	08/10/2042	1,389,942,54
FORD MOTOR CREDIT CO	7,875 9,750		5,178.96 87,188,00	GREENWICH CAPITAL COMMERCIAL F GREENWICH CAPITAL COMMERCIAL F	5,224	01/05/2036 04/10/2037	288,681.93 1,519,220.39
FORD MOTOR CREDIT CO FOREST OIL CORP	7,250		158,400.00	GS MORTGAGE SECURITIES CORPORA	2,540	03/06/2020	950,270.35
FOREST OIL CORP	8,000		20,600.00	GS MORTGAGE SECURITIES CORPORA	4.751	07/10/2039	1,721,211.28
FOUR TIMES SQUARE TRUST	5,401		727,927.60	GS MORTGAGE SECURITIES CORPORA	4.751	07/10/2039	2,314,958.83
FREDDIE MAC	2.821		289,606.17	GS MORTGAGE SECURITIES CORPORA	5.535	11/10/2039	3,224,679.09
FREDDIE MAC	3,500		150,558.78	GS MORTGAGE SECURITIES CORPORA GS MORTGAGE SECURITIES CORPORA	5,553 5,560	04/10/2038 11/10/2039	1,165,958.42 478,666,20
FREDDIE MAC	4,375 4,728		4,724,395.65 446,580.94	GS MORTGAGE SECURITIES CORPORA	5.587	04/10/2038	7,978,668,36
FREDDIE MAC FREDDIE MAC	4,928		2,294,562.89	GS MORTGAGE SECURITIES CORPORA	5,622	04/10/2038	1,355,750.45
FREDDIE MAC	5,000		152,025.55	GSAMP TRUST	2.553	10/25/2036	86,733.66
FREDDIE MAC	5,000		1,013,170.55	GSAMP TRUST	4.540	09/25/2035	1,070,410.61
FREDDIE MAC	5,500		231,339.11	GSR MTG TR	4.519	06/25/2034	87,481.69
FREEPORT-MCMORAN COPPER & GO			68,331.25 137,150.00	GTE CORP HANGER ORTHOPEDIC GROUP	6.940 10.250	04/15/2028 06/01/2014	247,500,00 102,750,00
FREEPORT-MCMORAN COPPER & GG FREESCALE SEMICONDUCTOR INC	10.12		2,436,187,50	HARBORVIEW MORTGAGE LOAN TRU:			1,129,820.06
FRONTIER COMMUNICATIONS CORP			1,828,750.00	HARBORVIEW MORTGAGE LOAN TRU:		01/19/2038	1,724,305,17
FUND AMERICAN COS INC	5,87	5 05/15/2013	1,117,323.90	HARBORVIEW MORTGAGE LOAN TRU:		05/19/2035	883,993.75
GCCFC	5.11		2,345,174.28	HARBORVIEW MORTGAGE LOAN TRU:			614,846,44
GCI NC.	7,250		86,000,00	HARLEY-DAVIDSON FDG HARLEY-DAVIDSON MOTORCYCLE TR	6,800 2,821		414,972.60 5,783,939.80
GE CAPITAL COMMERCIAL MORTGA GE CAPITAL COMMERCIAL MORTGA			2,414,901.51 449,046,54	HARLEY-DAVIDSON MOTORCYCLE TR			3,037,695.01
GE CAPITAL COMMERCIAL MORTGA			843,086.60	HARLEY-DAVIDSON MOTORCYCLE TR			1,258,316.29
GB CAPITAL COMMERCIAL MORTGA			1,093,063.04	HARRY & DAVID OPERATIONS CORP	9,000		22,000,00
GE CAPITAL COMMERCIAL MORTGA			2,183,036.18	HARTFORD FINANCIAL SERVICES GRP			263,229,00
GE CAPITAL COMMERCIAL MORTGA			766,651.35	HAWKER BEECHCRAFT ACQ HAWKER BEECHCRAFT ACQ	8,500 9,750		80,600,00
GENERAL ELECTRIC CAPITAL CORP GENERAL ELECTRIC CAPITAL CORP	2.90 5.25		9,389,472,00 461,438,40	HAWKER BEECHCRAFT ACQ	9.750		983,000,00 35,000,00
GENERAL ELECTRIC CAPITAL CORP			7,085,102.85	HCA INC	6,300		85,262,50
GENERAL ELECTRIC CAPITAL CORP	5.62		348,141.60	HCA INC	9.125		1,978,537.50
GENERAL ELECTRIC CAPITAL CORP			2,196,798.48	HCA INC	9,250		175,100,00
GENERAL ELECTRIC CAPITAL CORP			362,508.00	HCA INC	9.250		618,000.00
GENERAL ELECTRIC CAPITAL CORP GENERAL ELECTRIC CAPITAL CORP			205,654,00 75 5, 212.50	HCA-HEALTHCARE CO HCP INC	8,750 5,650		25,312.50 658,519,20
GENERAL MOTORS ACCEPTANCE CO			930,529.50	HCP INC	6,000		615,329.00
GENERAL MOTORS ACCEPTANCE CO			199,452.88	HEWLETT-PACKARD CO	4.500		445,689.00
GENERAL MOTORS ACCEPTANCE CO	OR 7,20	01/15/2011	748,440.00	HIGHMARK INC	6,800		547,285.00
GEO SUB CP	11,00		68,775.00	HILCORP ENERGY/FINANCE	9,000		66,137.50
GEORGIA PACIFIC CORP	7.00		155,100.00	HOME DEPOT INC	5.250		479,555,00
GEORGIA PACIFIC CORP GEORGIA PACIFIC CORP	7,12 7,12		291,400.00 470,000.00	HOME DEPOT INC HONDA AUTO RECEIVBLS OWER TR	5,875 4,030		468,917,82 3,077,616.91
GEORGIA PACIFIC CORP	7,37		1,750,840.00	HORNBECK OFFSHORE SERVICES INC			561,600.00
GEORGIA PACIFIC CORP	8.00		1,049,875.00	HOSPIRA INC	6,050	0 03/30/2017	723,802.50
GEORGIA PACIFIC CORP	8.00	00 01/15/2024	143,375.00	HOSPIRA INC	6,05	0 03/30/2017	818,379,36
GEORGIA PACIFIC CORP	8,00		462,500.00	HOST HOTELS & RESORTS INC	6.87		78,200.00
GEORGIA PACIFIC CORP	18.8 13.0 ren		518,000.00	HOST MARRIOTT LP	6,37 6.75		75,225.00
GE-WMC MORTGAGE SECURITIES T GLAXOSMITHKLINE CAPITAL	RL 2.5; 6.3		. 1,296,739,73 4,169,046,00	HOST MARRIOTT LP HSBC BANK USA	6,75 4,62		35,500,00 664,811.00
GMAC COMMERCIAL MORTGAGES			4,102,226,44		5,50		432,283.50
GMAC COMMERCIAL MORTGAGES			4,251,130.20		8.00		1,501,625.20
GMAC COMMERCIAL MORTGAGE S	EC 4.4		975,534.09				328,664.86
GMAC COMMERCIAL MORTGAGE S	EC 4.5	76 05/10/2040	565,178.19	HUB INTL HOLDINGS	9,00	00 12/15/2014	212,675.00

UNITED STATES		MATURITY	MARKET	UNITED STATES		MATURITY	MARKET
CORPORATE BONDS ICAHN ENTERPRISES LP	<u>RATE</u> 7.125	<u>DATE</u> 02/15/2013	<u>VALUE</u> 294,937.50	CORPORATE BONDS LEHMAN BROS FR COM MTG TST	2,551	<u>DATE</u> 09/15/2021	<u>VALUE</u> 348,261,20
ICAHN ENTERPRISES LP	8.125	06/01/2012	326,400.00	LEHMAN BROS HLDGS INC	4,800	03/13/2014	341,183.00
IDAHO POWER CORP	6.250	10/15/2037	380,320.38	LEHMAN BROS HLDGS INC	5,750	01/03/2017	335,338.60
IDEARC INC	8,000 7,670	11/15/2016 05/20/2027	1,197,768.75 192,077.00	LEHMAN BROS HLDGS INC LEHMAN BROS HLDGS INC	6,750 6,875	12/28/2017 05/02/2018	1,878,860.00 484,055.00
IMC HOME EQUITY INDY MBS BANK	2.8B2	05/25/2033	413,406.11	LEHMAN BROS HLDGS INC	6.875	05/02/2018	435,649,50
INDYMAC INDX MORTGAGE LOAN TR	5,044	12/25/2034	58,603.83	LEHMAN BROS HLDGS INC	7.000	09/27/2027	514,083,16
INERGY LP/INERGY FINANCE CORP	8.250	03/01/2016	458,025.00	LEHMAN BROS INC	5,625	01/24/2013	1,746,292,50
INN OF MOUNTAIN GODS RESORT&CA INTERNATIONAL BUS MACH CORP	5,700	11/15/2010 09/14/2017	374,100,00 3,247,744,00	LEHMAN BROS INC LEHMAN XS TRUST	5.625 2.563	01/24/2013 08/25/2046	189,300,00 610,081,09
INTERNATIONAL BUS MACH CORP	8.375	11/01/2019	637,024,50	LEHMAN XS TRUST	2.563	11/25/2046	1,412,563.63
INTERNATIONAL LEASE FINANCE COR		11/15/2013	1,078,188.00	LENDER PROCESSING SERVICES INC	8.125	07/01/2016	1,326,656.25
INTERNATIONAL PAPER CO INTERNATIONAL PAPER CO	5,850 8,700	10/30/2012 06/15/2038	626,184.00 302,184.00	LIBBEY GLASS LILLY(ELI)& CO	9,928 7,125	06/01/2011 06/01/2025	9 7, 850.00 225,250.00
INTUIT INC	5,750	03/15/2017	260,177.79	LIMITED BRANDS INC	5,250	11/01/2014	304,520.40
INVACARE CORP	9.750	02/15/2015	135,000,00	LONG BEACH MORTGAGE LOAN TRUS	2.532	08/25/2036	971,810.58
ION MEDIA NETWORKS INC	5.963	01/15/2012	25,500.00	LONG BEACH MORTGAGE LOAN TRUS	2,762 5,500	10/25/2034 10/15/2035	121,642.43
ION MEDIA NETWORKS INC IPALCO ENTERPRISES INC	8.963 7.250	01/15/2013 04/01/2016	54,825,00 1,443,025,00	LOWE'S COMPANIES INC LUCENT TECHNOLOGIE	5,500	11/15/2008	167,910.00 69,825.00
IPCS INC FLTG RATE	4.998	05/01/2013	36,000.00	LUCENT TECHNOLOGIE	6,450	03/15/2029	420,750,00
IST AR FINANCIAL INC	4,875	01/15/2009	806,400.00	MACDERMID INC	9.500	04/15/2017	76,925.00
ISTAR FINANCIAL INC ISTAR FINANCIAL INC	5.875 6.000	03/15/2016 12/15/2010	338,766.90 481,662.50	MACY'S INC MAGELLAN MIDSTREAM PARTNERS	7.450 6.400	07/15/2017 05/01/2037	141,727.50 525,482.36
ITC MIDWEST LLC	6.150	01/31/2038	553,170.87	MARINER ENERGY INC	7.500	04/15/2013	155,200.00
JACOBS ENTERTAINMENT	9,750	06/15/2014	67,500,00	MARKWEST ENERGY PARTNERS	6.875	11/01/2014	98,962.50
JANUS CAPITAL GROUP INC	6,700	06/15/2017	519,224.75	MARKWEST ENERGY PARTNERS	8,500	07/15/2016	30,450.00
JARDEN CORPORATION	7,500 5,500	05/01/2017 03/15/2016	78,300,00 287,286,40	MARSH & MCLENNAN COS INC MASCO CORP	5,750 6,500	09/15/2015 08/15/203 2	416,413,20 146,890,80
JEFFERIES GROUP INC JP MORGAN CHASE COMMERCIAL MO		01/12/2017	4,924,323.98	MASSACHUSETTS RRB SPECIAL PURPO		06/01/2015	1,056,374.59
IP MORGAN CHASE COMMERCIAL MO		07/15/2041	2,413,740.72	MASTR ADJUSTABLE RATE MORTGAG		11/21/2034	439,447.37
JP MORGAN CHASE COMMERCIAL MO		03/15/2046	343,331.17	MASTR ASSET BACKED SECURITIES TI		11/25/2036	432,603.22
IP MORGAN CHASE COMMERCIAL MO		01/15/2038	949,378.40 473,927,35	MASTR ASSET SECURITIZATION TRUS MATTEL INC	5,500 5,625	09/25/2033 03/15/2013	504,300.16 2,025,556.65
IP MORGAN CHASE COMMERCIAL MO IP MORGAN CHASE COMMERCIAL MO		07/15/2042 08/15/2042	454 000 00	MAY DEPARTMENT STORES CO	5,750	07/15/2014	316,018,50
IP MORGAN CHASE COMMERCIAL MO		03/15/2046	573,147.30	MBNA AMERICA BANK	6.625	06/15/2012	681,180,50
JP MORGAN CHASE COMMERCIAL MO	5,250	05/01/2015	339,370.50	MBNA CREDIT CARD MASTER NOTE T		07/15/2011	6,121,240.54
JP MORGAN CHASE COMMERCIAL MO	5.255	07/12/2037	583,223.85 2,749,922.58	MBNA MASTER CREDIT CARD TRUST MBNA MASTER CREDIT CARD TRUST	2.701 5.900	11/15/2011 08/15/2011	778,275.82 712,675.46
IP MORGAN CHASE COMMERCIAL MO IP MORGAN CHASE COMMERCIAL MO		12/1 <i>5/</i> 2044 07/12 / 2037	1,008,154.30	MEAR STEARNS ALT-A TRUST	5.796	11/25/2036	987,021,89
JP MORGAN CHASE COMMERCIAL MC		05/15/2045	714,812.26	MEDCO HEALTH SOLUTIONS INC	6.125	03/15/2013	877,913.75
JP MORGAN CHASE COMMERCIAL MO	5.420	01/15/2049	1,112,066.52	MEDCO HEALTH SOLUTIONS INC	7.125	03/15/2018	398,780.16
JP MORGAN CHASE COMMERCIAL MC		04/15/2043 06/12/2043	3,143,221.52 2,104,507.76	MEDCO HEALTH SOLUTIONS INC MEDCO HEALTH SOLUTIONS INC	7.250 7,250	08/15/2013 08/15/2013	1,454,487,90 207,025,65
JP MORGAN CHASE COMMERCIAL MO JP MORGAN CHASE COMMERCIAL MO		04/15/2035	312,670.68	MEDIACOM BROADBAND LLC	8,500	10/15/2015	674,781,25
JP MORGAN CHASE COMMERCIAL MO		08/15/2032	936,585.54	MERRIL LYNCH MORTGAGE TRUST	5,236	11/12/2035	3,122,057.47
JP MORGAN MORTGAGE TRUST	5.024	02/25/2035	4B7,674.52	MERRILL LYNCH & CO INC	2,960	10/23/2008 02/12/2042	3,081,679.00
IP MORGAN MORTGAGE TRUST	5.937 2.532	01/2 <i>5/</i> 2037 08/25/2036	971,479.10 971,33 <i>4.</i> 98	MERRILL LYNCH & CO INC MERRILL LYNCH & CO INC	4.353 5.000	01/15/2015	1,356,034.92 1,371,340.95
IP MORGAN MTG ACQ IPMORGAN & CHASE & CO	4.750	05/01/2013	1,139,019.92	MERRILL LYNCH & COINC	5.450	02/05/2013	2,622,096,00
PMORGAN & CHASE & CO	4,994	07/12/2035	889,799.44	MERRILL LYNCH & CO INC	6,050	08/15/2012	1,272,336,00
PMORGAN & CHASE & CO	6,000	01/15/2018	1,768,064.10	MERRILL LYNCH & CO INC	6,875 5,902	11/15/2018	668,290,00 523,960,76
IPMORGAN & CHASE & CO IPMORGAN & CHASE & CO	6,000 6,000	01/15/2018 01/15/2018	1,516,735.98 389,656,00	MERRILL LYNCH CNTRYWIDE COM M MERRILL LYNCH CO INC	6,875	06/12/2050 04/25/2018	3,535,676.95
KELLOGG CO	7,450	04/01/2031	309,669,25	MERRILL LYNCH CO INC	6.875		6,091,072,00
KEY ENERGY SERVICE	8.375	12/01/2014	280,500.00	MERRILL LYNCH FRANKLIN MORTGA			1,564,703.32
KEYSPAN CORP	B,000	11/15/2030	220,408,00	MERRILL LYNCH MORTGAGE INVEST MERRILL LYNCH MORTGAGE INVEST		04/25/2037 07/25/2037	456,315.97 1,321,131.37
KINDER MORGAN ENERGY PARTNER KINDER MORGAN ENERGY PARTNER		03/15/2012 03/15/2012	981,275.40 835,128.00	MERRILL LYNCH MORTGAGE INVEST			56,803.71
KRAFT FOODS INC	5,625	11/01/2011	428,803.75	MERRILL LYNCH MORTGAGE TRUST	3.459		76,738,85
KRAFT FOODS INC	6.125	02/01/2018	422,854.80	MERRILL LYNCH MORTGAGE TRUST	4,166		2,682,595,23
KRAFT FOODS INC	6.875	02/01/2038 02/01/2038	1,988,169.45 291,663.00	MERRILL LYNCH MORTGAGE TRUST MERRILL LYNCH MORTGAGE TRUST	4.556 4.674		10,751,098,05 211,276.82
KRAFT FOODS INC KRAFT FOODS INC	6.875 6.875	01/26/2039	923,887.44	MERRILL LYNCH MORTGAGE TRUST	5,017		64,784.30
KROGER CO	7,250	06/01/2009	718,655.00	MERRILL LYNCH MORTGAGE TRUST	5,047	07/12/2038	1,426,316.25
LABRANCHE & CO INC	11,000	05/15/2012	15,412.50	MERRILL LYNCH MORTGAGE TRUST	5.202		2,001,138.60
LAMAR MEDIA CORP	6,625 6,625	08/15/2015 08/15/2015	282,100.00 54,600,00	MERRILL LYNCH MORTGAGE TRUST MERRILL LYNCH MORTGAGE TRUST	5.282 5.395		435,863.04 130,005,60
LAMAR MEDIA CORP LAMAR MEDIA CORP	7.250	01/01/2013	76,900,00	MERRILL LYNCH MORTGAGE TRUST			1,404,363,53
LB COMMERCIAL CONDUIT MORTGA		10/15/2032	1,079,202.35	MERRILL LYNCH MORTGAGE TRUST	5.528	05/12/2039	604,194.99
LB UBS CMB\$	3.246	03/15/2029	1,781,932.04	MERRILL LYNCH MORTGAGE TRUST			3,571,568.66
LB UBS CMBS	5,430 5,661	02/15/2040 03/15/2039	697,332.68 1,293,947.95	MERRILL LYNCH MORTGAGE TRUST MERRILL LYNCH MORTGAGE TRUST			1,556,751.20 747,571.28
LB UBS CMBS LB UBS COMMERCIAL MORTGAGE T.		12/15/2029	992,559,60	MERRILL LYNCH/COUNTRYWIDE CO			1,602,820,52
LB UBS COMMERCIAL MORTGAGE T		07/15/2030	1,988,815.99	METLIFE INC	6.125		832,984.00
LB UBS COMMERCIAL MORTGAGE T		09/15/2030	229,498,53	METLIFE INC	6.400		104,774.40
LB UBS COMMERCIAL MORTGAGE T		11/15/2030 02/15/2031	2,704,766.32 1,387,114.96	METROPOLITAN EDISON CO METROPOLITAN LIFE GLOBAL FUND	4,875 11. 2.759		472,080.00 3,155,744.00
LB UBS COMMERCIAL MORTGAGE T LB UBS COMMERCIAL MORTGAGE T		11/15/2030	798,010.64	MGM MIRAGE INC	7.500		98,700.00
LB UBS COMMERCIAL MORTGAGE T		06/15/2029	1,109,813.40	MGM MIRAGE INC	8.500	09/15/2010	34,562.50
LB UBS COMMERCIAL MORTGAGE T	R` 5,156		527,010.23	MIDAMERICAN ENERGY HLDGS	6.12		259,272.90
LB UBS COMMERCIAL MORTGAGET LB UBS COMMERCIAL MORTGAGET		02/15/2040 03/15/2032	949,182.60 635,82B.17	MILLENNIUM AMERICA INC ML MTG INVESTORS	7,62: 2,69:		59,400,00 234,049,97
LEAR CORP	B,500		61,968.75	MLCC MORTGAGE INVESTORS INC	2.85		210,535.60
LEAR CORP	8.750		54,600.00	ML-CFC COMMERCIAL MORTGAGE	TR. 5.29		3,562,274.14

UNITED STATES	TO 4 TOWN	MATURITY	MARKET	UNITED STATES		MATURITY	MARKET
CORPORATE BONDS MOHAWK INDUSTRIES	6.125	<u>DATE</u> 01/15/2016	<u>VALUE</u> 870,925.11	CORPORATE BONDS ONCOR ELECTRIC DELIVERY CO	7,250	<u>DATE</u> 01/15/2033	<u>VALUE</u> 396,950.97
MOHEGAN TRIBAL GAMING	6,375	07/15/2009	74,250.00	ONEOK PARTNERS LP	6,150	10/01/2016	374,467,20
MOHEGAN TRIBAL GAMING	7.125	08/15/2014	74,700.00	OPTION ONE MORTGAGE LOAN	5,900	03/25/2037	4,220,316.94
MOHEGAN TRIBAL GAMING	8,000	04/01/2012	36,600,00 1,620,349,50	ORACLE CORP	5.750 7.000	04/15/2018	519,558.00
MORGAN STANLEY MORGAN STANLEY	4,000 5,300	01/15/2010 03/01/2013	1,620,349.50 385.424.00	OWENS CORNING INC PACIFIC BELL	7.125	12/01/2036 03/15/2026	1,457,790,45 302,724,00
MORGAN STANLEY	5,450	01/09/2017	508,608.80	PACIFIC ENERGY PARTNERS LP	6.250	09/15/2015	1,403,085.70
MORGAN STANLEY	5,550	04/27/2017	2,146,560.00	PACIFIC ENERGY PARTNERS LP	7.125	06/15/2014	85,715.70
MORGAN STANLEY	6,000	04/28/2015	1,367,108.60	PACIFIC GAS & ELECTRIC	4.800	03/01/2014	535,931.00
MORGAN STANLEY MORGAN STANLEY	6,625 6,625	04/01/2018 04/01/2018	1,335,069.77 6,158,945.00	PACTIV CORP PAETEC HOLDING CORP	5.875 9.500	07/15/2012 07/15/2015	401,632.56 78,412,50
MORGAN STANLEY	6,625	04/01/2018	473,765,00	PARKER DRILLING CO	9.625	10/01/2013	47,250,00
MORGAN STANLEY CAP 1	2,532	09/25/2036	733,046.85	PEABODY ENERGY CORP	7,375	11/01/2016	84,787.50
MORGAN STANLEY CAP 1	2.542	10/15/2020	1,073,822,65	PEABODY ENERGY CORP	7.875	11/01/2026	135,675.00
MORGAN STANLEY CAP 1 MORGAN STANLEY CAP 1	4.450 4.510	01/14/2042 07/15/2056	655,046.97 1,429,446.15	PECO ENERGY TRANSITION TRUST PEMEX PROJECT FUNDING MASTER TI	6.130 6.625	03/01/2009 06/15/2035	179,238.72 345,310,00
MORGAN STANLEY CAP 1	4,700	07/15/2056	1,146,353.72	PEMEX PROJECT FUNDING MASTER TI	7.875	02/01/2009	2,487,936.40
MORGAN STANLEY CAP 1	4,740	11/13/2036	547,468.22	PEMEX PROJECT FUNDING MASTER TI	8.625	02/01/2022	572,832,00
MORGAN STANLEY CAP 1	4,800	01/13/2041	826,044.03	PENN NATIONAL GAMING INC	6,75D	03/01/2015	208,550,00
MORGAN STANLEY CAP 1 MORGAN STANLEY CAP 1	4.882 4.890	08/13/2042 06/12/2047	993,565.40 2,782,577.18	PENNEY(J.C.)CO INC PETROBRAS INTERNATIONAL FINANC	7,400 5,875	04/01/2037 03/01/2018	179,572,00 1,769,007,66
MORGAN STANLEY CAP 1	4,890	06/12/2047	943,246.50	PHIBRO ANIMAL HEALTH CORP	10,000	08/01/2013	101,000.00
MORGAN STANLEY CAP 1	4.970	12/15/2041	1,383,963.84	PHILIP MORRIS INTL INC	5.650	05/16/2018	233,270,40
MORGAN STANLEY CAP I	5,257	12/15/2043	694,563.48	PHILLIPS PETROLEUM	8,750	05/25/2010	206,767.50
MORGAN STANLEY CAP I MORGAN STANLEY CAP I	5.283 5.380	11/12/2041 04/15/2049	5,016,358,38 1,122,154,55	PILGRIMS PRIDE CORP PITNEY BOWES INC	8,375 5,250	05/01/2017 01/1 <i>5/</i> 2037	195,510,00 1,146,558.05
MORGAN STANLET CAT I	5,560	03/12/2044	984,096,76	PLAINS ALL AMERN PIPELINE L P	7,750	10/15/2012	2,226,650,85
MORGAN STANLEY CAP 1	5,564	03/12/2044	1,951,783.80	PP&L TRANSITION BOND LLC	7.150	06/25/2009	323,996.76
MORGAN STANLEY CAP 1	5,692	04/15/2049	942,993.90	PPL ENERGY SUPPLY LLC	6,200	05/15/2016	195,394.00
MORGAN STANLEY CAP 1	5.731 5.740	07/12/2044 12/15/2035	513,839.61 377,195.89	PPL ENERGY SUPPLY LLC PRINCIPAL LIFE INC	6,500 5,300	05/01/2018 04/24/2013	883,886,35 500,005,00
MORGAN STANLEY CAP 1 MORGAN STANLEY CAP 1	6.530	03/15/2031	1,039,409.43	PROC & GAMBL PFT	9.360	01/01/2021	234,666,52
MORRIS PUBLISHING GR LLC	7.000	08/01/2013	53,680,00	PROCTER & GAMBLE CO	5.550	03/05/2037	192,226.00
MORTGAGE EQU CONV TR	2,350	02/25/2042	799,828,47	PROGRESSIVE CORP	6.625	03/01/2029	187,166.35
MOSAIC CO	7.375	12/01/2014	99,275,00 122,475,00	PROLOGIS TRUST PRUDENTILA COMMERCIAL MORTGA	5.625 4.493	11/15/2016 02/11/2036	268,583,50 570,643,38
MOSAIC CO MOTOROLA INC	7.875 6.500	12/01/2016 09/01/2025	70,937.45	PSYCHIATRIC SOLUTIONS INC	7,750	07/15/2015	103,950,00
MOTOROLA INC	6,500	11/15/2028	195,290,00	QUESTAR MKT RES INC	6,800	04/01/2018	817,815.96
MOTOROLA INC	6,625	11/15/2037	251,747.20	QUICKSILVER RESOURCES INC	7.750	08/01/2015	450,450,00
MRFC MORTGAGE PASS-THROUGH TE	2.951 9.000	06/15/2030 06/01/2012	366,786.16 28,297.50	QWEST CAPITAL FUNDING INC OWEST COMMUNICATIONS INTL INC	7,250 6,176	10/15/20 3 5 02/15/2009	390,600,00 696,500,00
MTR GAMING GROUP INC MTR GAMING GROUP INC	9,750		80,000.00	OWEST COMMUNICATIONS INTL INC	7,250	02/15/2011	67,637.50
MUELLER WATER PRODUCTS INC	7,375		814,815.00	QWEST COMMUNICATIONS INTL INC	7.500	02/15/2014	475,000,00
MUELLER WATER PRODUCTS INC	7,375		89,775.00	QWEST CORPORATION	6,500	06/01/2017	357,000.00
MURCIE LAGO INTL	2.712		473,596,20 424,523.40	QWEST CORPORATION R.H. DONNELLEY CORP	7,500 8.875	10/01/2014 10/15/2017	202,125.00 960,925.00
NABORS INDUSTRIES INC NABORS INDUSTRIES INC	6.150 6.150		1,548,499.64	RAINBOW NATL SRVCS LLC	10.375	09/01/2014	51,000.00
NATIONAL AUSTRALIA BANK	5,350		3,893,838.00	RALI SERIES TRUST	2,662		331,592.85
NATIONAL FUEL GAS CO	6,500		995,963.72	RALI SERIES TRUST	2.882		423,476.91
NATIONAL RURAL UTILITIES CO-OP	8,000		. 172,314.00	RAS LAFFAN LIQ NTL RBS GLOBAL & REXNORD CORP	6,332 9,500		945,050.40
NATIONAL SEMICONDUCTOR CORP NATIONSBANK CAP TRUST	6,600 8,250		514,758.42 1,585,703.80	REGENCY ENERGY PARTNERS LP	8.375		144,750,00 102,250,00
NBTY INC	7.125		76,400,00	RELIANT ENERGY INC	7.625		34,125.00
NEENAH CORP	9,500		119,350.00	RELIANT ENERGY INC	7.875		244,375.00
NEVADA POWER CO	5.875		1,020,170.62 444,013.05	RELIANT ENERGY MID-ATLANTIC PO RESIDENTIAL ASSETT SEC CORP	¥ 9.681 4,470		117,600,00
NEW CENTURY HOME EQUITY LOAN NEW YORK LIFE GLOBAL FUNDING	7 2,553 4,650		7,935,520.00	REXAM	6,750		921,463.97 2,403,245.08
NEWFIELD EXPLORATION CO	6,62		119,275,00	REYNOLDS AMERICAN INC	6.750		198,958,00
NEWFIELD EXPLORATION CO	7.12		364,787.50	REYNOLDS AMERICAN INC	7.250		2,647,309.70
NEWS AMERICA HLDGS INC	8,004 8,004		666,756.00 766,769.40	REYNOLDS AMERICAN INC REYNOLDS AMERICAN INC	7.250 7.625		995,939.56 46,881.45
NEWS AMERICA HLDGS INC NEXTEL COMMUNICATIONS INC	5,95		28,087.50	REYNOLDS AMERICAN INC	7.625		312,543,00
NEXTEL COMMUNICATIONS INC	5,95		401,250,00	REYNOLDS AMERICAN INC	7.750		1,256,628.00
NEXTEL COMMUNICATIONS INC	7.37		24,900.00	RIO TINTO FINANCE LTD	5.875		919,063,56
NEXTEL COMMUNICATIONS INC	7.37.		688,900,00 2,639,676.00	RITE AID CORP RITE AID CORP	7.500 8.625		214,000,00
NGPL PIPECO LLC NGPL PIPECO LLC	6,51 7.11		2,452,944.00	RITE AID CORP	9,375		111,300,00 53,600.00
NGPL PIPECO LLC	7.76		942,444.00	ROCKIES FUND INC	6.850		389,700.85
NIPPON LIFE INSURANCE	4,87		347,266,50	ROCK-TENN CO	9,250		238,500.00
NORFOLK SOUTHERN CORP	7.70		389,620.00 163,120.65	ROHM & HAAS CO ROYAL CARIBBEAN CRUISES	7.850 8.750		172,265,60
NORSK HYDRO ASA NORTHERN TELECOM CAPITAL	7.25 7.87		936,650.00	SAFEWAY INC	7.25		1,207,500,00 353,756,70
NORTHROP GRUMMAN CORP	7.12		469,057.60	SANWA BANK	7.400		899,410.50
NORTHWEST AIR	7.62		200,00	SARA LEE CORP	6.25		102,381.00
NRG ENERGY INC	7.25		19,100.00	SAXON ASSET SECURITIES TRUST	2.54		217,331,26
NRG ENERGY INC NRG ENERGY INC	7,25 7,37		1,623,500.00 37,650.00	SCHERING-PLOUGH CORP SCHERING-PLOUGH CORP	5,55 6,55		533,508.60 770,553,18
NRG ENERGY INC	7.37		941,250,00				88,200,00
NSG HOLDINGS LLC	7.75	0 12/15/2025	59,100.00	SERVICE CORPORATION INTERNATI	01 7,37	5 10/01/2014	65,000.00
OHIO POWER CO	6,60		210,139.60				64,837.50
OMEGA HEALTHCARE INVESTORS OMX TIMBER FIN INV	7.00 5.42		38,100,00 308,638,85		6.12 6.35		633,606.60 876,802.50
ONCOR ELECTRIC DELIVERY CO	6.37		303,909.00		6,62		2,695,334,35
ONCOR ELECTRIC DELIVERY CO	7.00		392,973.36		2.67		2,071,342.74

MATERIAL COLUMN 1.00	UNITED STATES		MATURITY	MARKET	United States		MATURITY	MARKET
SMALE DIRECTOR 5,000 001/2015 59/58.09 11.5/2010 13.15/201								
SIAM CORP								
SIM CREP								
SIAM CORDER 5.65 6681/2023 449,417.50 US WEST TOMMUNICATIONS INC 7.250 0015/2025 177,252.50 SIAM CURDENT LOAN TRUST 2.39 102/20216 12,000.000 10.000.0								
SIAM CORP								
SIAM STLUMENT LOAN TRUST		8.450		1,731,608.70	US WEST COMMUNICATIONS INC		06/15/2023	734,250,00
SMALE BISSISS AMARSITEATION 7 1/10 120/02/19 120/0								
SIAMLE REDISSES ALMENSTEATON 7-540 (#91/0209) (1.597-570 USH FLUOS CORP 9-570 19-575-570								
SOLOCUP # 5.00								
SOURDEWN HOME LOAN TRUST 2.521 10/25/2006 15/35/200								
SOURDYIEW MOME LANA TRUST 1.549 10,525096 1,537,526 170 AREARS INC 6.025 1,111,60092 1,114,60092 1,1								
SOURCE GAS LAIN TRUST 2,543 11/25/209 1,987,782.3 VALLESCORE 6,521 11/15/2007 1,146,992.2 VALLESCORE 6,521 11/15/2007 1,146,992.2 VALLESCORE 6,521 11/15/2007 1,146,992.2 VALLESCORE 6,521 11/15/2007 1,146,992.2 VALLESCORE 6,521 VALLESCORE								
## SOUTHERN CALIFORNIA EDISION O ## SOUTH CALIFORNIA EDISION O ## SOUTHERN CALIFORNIA EDISION O ## SOUTH CALIFORNIA EDI		2,543						1,118,009.02
SOUTHERN CALIFORNIA EMBORY CO. 5.500 6201/2018 42,051.00 SPEEDINA M MOTOR REPORTS INC. 6.750 6201/2018 224,750.00 SPEEDINA M M M M M M M M M M M M M M M M M M M								
SECHIFAN THE DRIEGRY OO 7-500 0201/2018 41,55.100 SPERMY CAN CORE PORTS 1975 6 0201/2019 3-75.000 SPERMY CAN CORE PORTS 1975 0215/2022 475,250.00 SPERMY CAN CORE PORTS 1975 0250 0215/2023 122,000.00 SPERMY CAN C								
SPERNAT CAPTAL CORP								
SPERINT CAPITAL CORP								15,450.00
SPRENT CAPITAL CORP								
SPRINT CAPITAL CORP								
STARE BIOS BLOGS NO. 7,730 1101/2015 1415/00.00 VASCOM NRC 6,875 0404/2016 26,598.98 STATER BIOS BLOGS NO. 7,730 1101/2015 1415/00.00 VISTEDIN ALECTRIC & FOWER CO. 6,975/2029 186,214.60 VISTEDIN CO. 7,970 1101/2015 1415/00.00 VISTEDIN CO. 7,970 VISTEDIN CO. 7,970								
TREED DYNAMICS INC 7.375 1.101/2012 4.490,00.00 5.75EL DYNAMICS INC 7.375 1.101/2012 4.490,00.00 5.75EL DYNAMICS INC 7.375 1.101/2012 4.490,00.00 5.75EL DYNAMICS INC 7.375 1.101/2012 5.75EL DYNAMICS INC 7.375 6.75EL DYNAMICS INC 7.375EL DYNAMICS INC 7.375EL DYNAMICS INC 7.375EL DYNAMICS INC 7.375EL DYN								
STEBLICASE DINC 5.00 6.00 6.00 6.00 6.00 6.00 6.00 6.00								
TITELICASE INC. 6.00 69/15/2011 994/730.52 VULCAN MATERIALS 6.300 69/15/2013 (69/1077) STRUCTURED ADDIST AGE RATE MOI 5.359 91/25/2035 76/14/30.30 VWR FDG INC 10.250 09/15/2013 10/475/2035 10/475/2035 76/14/30.30 VWR FDG INC 10.250 09/15/2013 10/475/2035 10/475/2035 76/14/30.30 VWR FDG INC 10.250 09/15/2013 10/475/2035 10/475/20								
STRUCTURED ASSET MORTGAGE INVI 2.533 00/23/2006 1,055,464.75 W. A TOPSHORE DK 2.529 06/15/2014 252,925.00 C								
STRUCTURED ASSET MORTGAGE NVI 273 00252036 (1005,464.76 W. AT OFFSEIGNE DIC STRUCTURED ASSET MORTGAGE NVI 273 071970335 10,569.25 WACHOVIA BANK COMMERCIAL MOR 4.92 100750241 474,793.78 STRUCTURED ASSET MORTGAGE NVI 273 071970335 10,569.25 WACHOVIA BANK COMMERCIAL MOR 4.92 100750241 44,993.78 STRUCTURED ASSET MORTGAGE NVI 273 071970335 10,569.25 WACHOVIA BANK COMMERCIAL MOR 4.92 100750241 44,993.78 STRUCTURED ASSET MORTGAGE NVI 273 071970335 10,569.25 WACHOVIA BANK COMMERCIAL MOR 4.92 100750241 4,899.749.20 EVENCOR BANK STRUCTURED ASSET MORTGAGE NVI 273 071970335 10,569.25 WACHOVIA BANK COMMERCIAL MOR 4.92 100750241 4,899.749.20 EVENCOR BANK COMMERCIAL MOR 4.92 10075024 4,899.749.20 EVENCOR BANK COMMERCIAL MOR 5.00 PRINTED AVAILABLE MORT AND 4.02 EVENCOR BANK COMMERCIAL MOR 5.00 PRINTED AVAILABLE MORT AVAILABLE				•		7.000		
STRUCTURED ASSET MORTGAGE INV 2702 04/5/2006 871/67/37 WACHOVIA BANK COMMERCIAL MOR 4516 05/15/2014 93/4,84/4,85 STRUCTURED ASSET MORTGAGE INV 2703 07/19/2005 12,598.84 WACHOVIA BANK COMMERCIAL MOR 4516 05/15/2014 74,993.78 STRUCTURED ASSET MORTGAGE INV 2703 07/19/2005 35,120.64 WACHOVIA BANK COMMERCIAL MOR 4502 10/15/2014 74,993.78 STRUCTURED ASSET MORTGAGE INV 2703 07/19/2005 35,120.64 WACHOVIA BANK COMMERCIAL MOR 4,602 10/15/2016 42,250 00 EMBORAD DATA SYSTEMS INC 5.010 06/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.037 07/15/2015 42,250 00 EMBORAD DATA SYSTEMS INC 5.12 01/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.037 07/15/2012 13,256.51 00 EMBORAD DATA SYSTEMS INC 5.12 01/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.037 07/15/2012 13,256.51 00 EMBORAD DATA SYSTEMS INC 5.12 01/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.037 07/15/2012 13,256.51 00 EMBORAD DATA SYSTEMS INC 5.12 01/15/2012 13,256.51 00 WACHOVIA BANK COMMERCIAL MOR 5.037 07/15/2012 13,256.51 00 WACHOVIA BANK COMMERCIAL MOR 5.038 07/15/2012 12,15/2013 15,125.2013 1								
STRUCTURED ASSET MORTGAGE INV 2/33 07/19/2005 18,3562.5 WACHOVIA BANK COMMERCIAL MOR 4.99 10/15/2014 174/993.7 SIRUCTURED ASSET MORTGAGE INV 2/33 07/19/2005 18,258.6 WACHOVIA BANK COMMERCIAL MOR 4.97 04/15/2012 4,809.49.50 SIRUCOR RINKERY 6100 6001/2018 910/31.24 WACHOVIA BANK COMMERCIAL MOR 4.97 04/15/2012 4,809.49.50 SIRUCOR RINKERY 6100 6001/2018 910/31.24 WACHOVIA BANK COMMERCIAL MOR 4.97 04/15/2012 4,809.49.50 SIRUCOR RINKERY 6100 6001/2018 910/31.24 WACHOVIA BANK COMMERCIAL MOR 5.000 09/15/2012 11/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.000 09/15/2012 11/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.118 07/15/2012 11/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.118 07/15/2014 17/								
STRUCTURED ASSET MONTGACE INVI 2/333 07/19/2005 18;298.84 WACHOVIA BANK COMMERCIAL MOR 4,692 10/15/2014 74/99/378 SINUCOR RIVERGY 50/10/16/2005 35;10.06 WACHOVIA BANK COMMERCIAL MOR 4,805/495-08 UNICOR RIVERGY 50/10/16/2005 44,310.00 05/15/2014 17/75/50 WACHOVIA BANK COMMERCIAL MOR 4,805/495-09 11/15/2009 44,381.25 WACHOVIA BANK COMMERCIAL MOR 5,007 07/15/2014 17/75/50 WACHOVIA BANK COMMERCIAL MOR 5,007 07/15/2014 45/70/75/50 WACHOVIA BANK COMMERCI								
SUNCARD DATA SYSTEMS INC 3.75 0/15/2019 44,812.5 WACHOVIA BANK COMMERCIAL MOR 5001 9815/2015 1,126,699.17 SUNGARD DATA SYSTEMS INC 4.875 0/15/2014 17,775.00 WACHOVIA BANK COMMERCIAL MOR 5.017 03/15/2014 1,126,699.17 SUNGARD DATA SYSTEMS INC 9,125 084,576.01 35,350.0 WACHOVIA BANK COMMERCIAL MOR 5.11 07/15/2012 13,36,535.14 SUNGARD DATA SYSTEMS INC 9,125 084,576.01 35,350.0 WACHOVIA BANK COMMERCIAL MOR 5.11 07/15/2012 13,924.60 WACHOVIA BANK COMMERCIAL MOR 7,80 10/15/2014 1390,770.08 SUNFRIGHT MORE SERVICE STATE OF 10,15/2014 1390,770.08 SUNFRIGHT MORE SERVICE								
SUMARAD DATA SYSTEMS INC 4875 0/15/2014 17,750 0/15/2014								
SUNIARD DATA SYSTEMS INC 4.875 01/15/2014 13/15/2015 13/15/2014 13/15/2								
SUNTRIST CAPITAL 6100 12/01/2066 158,380,00 WACHOVIA DANK COMMERCIAL MOR 5.215 01/15/2044 479/75/39 SUPERIOR WHOLESALE INVENTORY 2.571 01/15/2012 329,244,68 WACHOVIA DANK COMMERCIAL MOR 5.215 01/15/2012 329,244,68 WACHOVIA DANK COMMERCIAL MOR 5.215 01/15/2012 329,244,68 WACHOVIA CORP 7.575 01/15/2012 329,244,68 WACHOVIA CORP 7.575 01/15/2012 329,244,68 WACHOVIA CORP 5.575 02/11/2013 455,705.00 WACHOVIA CORP 6.500 08/15/2013 425,705.00 WACHOVIA CORP 6.500 08/15/2013 425,101.00 WACHOVIA CO								
SUPFICIRY MOLESALE INVENTORY 2.571 01/15/2012 332,44.68 MACHOVIA DANK COMMERCIAL MOR 5.384 10/15/2049 5,510,400,00 SUSSER HOLDINGS CORP 10.625 12/15/2013 16,125.00 WACHOVIA DANK COMMERCIAL MOR 7.396 12/15/2019 5,510,400,00 WACHOVIA DANK COMMERCIAL MOR 7.396 12/15/2019 5,510,400,00 WACHOVIA DANK COMMERCIAL MOR 7.396 12/15/2018 779,522.00 WACHOVIA DANK COMMERCIAL MOR 7.396 12/15/2018 779,522.00 WACHOVIA CORP 5.750 02/01/2018 455,705,00 WACHOVIA CORP 5.750 02/01/2018 455,705,00 WACHOVIA CORP 5.750 02/01/2018 528,811.50 WACHOVIA CORP 7.750 02/01/2018 528,811.50 WACHOVIA CORP 7.750 02/01/2018 528,910.00 WACHOVIA CORP 7.750 02/01/2018 529,900.25 WACHOVIA CORP 7.750 02/01/2014 529,000.00 WACHOVIA COR								
SUSSER HOLDINGS CORP								
TARGET CORP 1.5 0.001/2012 312,657.00 WACHOVIL CORP 1.7 0.001/10.0018 1.00 0.001/2013 1.0018								
TELECOM TALLA CAPITAL 7.721 6060/2028 17.879,718.00 17.879								
Indeed I								
TENNESSEE GAS PIPELINE CO 6.000 12/15/2011 1,001 20.000								
TEPPCO PARTNERS L.P	_							
TEPPEO PARTNERS LP				, ,				
TEXAS COMPETITIVE BLEC HLDGS LLI 10.250 11/01/2015 543,900.00 WAMINTOE SEC CORP 4.928 082.5/2042 108,037.55					WAMU MORTGAGE PASS-THROUGH C	5,060		
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TRAVELERS COS INC 6.250 03/15/2067 429,570.00 WELLS FARGO MORTGAGE BACKED S 4.946 01/25/2035 720,349.92 TRONOX WORLDWIDE FINANCE 9.500 12/01/2012 97,800.00 WELLS FARGO MORTGAGE BACKED S 4.950 03/25/2036 869,696.43 TRUMAN CAPITAL MTG LOAN TRUST 2.823 01/25/2034 66,021.98 WELLS FARGO MORTGAGE BACKED S 5.515 08/25/2036 1,804,080.23 TRUST STREET PROPERITIES 7.500 04/01/2015 95,958.90 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 735,687.50 U.S. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 735,687.50 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 735,687.50 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 735,687.50 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 73,5687.50 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/31/2013 73,5687.50 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 10/01/2019 2,301,324.47 WESTINGHOUSE AIR BRAKE CO 6.875 07/01/2012 24,840.00 WHITING PETROLEUM CORP 7.000 02/01/2014 161,906.25 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 02/15/2014 38,025.00 WHITING PETROLEUM CORP 7.200 02/01/2014 161,906.25 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 02/01/2014 11/01/2010 853,696.00 WHITING PETROLEUM CORP 7.200 02/01/2014 161,906.25 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 02/01/2014 11/01/2010 853,696.00 WILLIAMS COMPANIES INC 7.500 01/15/2031 303,375.00 U.N. SMALL BUSINESS ADMINISTRATIC 7.200 02/01/2014 11/01/2010 853,696.00 WILLIAMS COMPANIES INC 7.500 02/01/2017 1,140,000.00 U.N. PACTEIC CORP 6.500 04/15/2012 495,211.20 WILLIAMS COMPANIES INC 7.875 02/01/2017 1,140,000.00 U.N. PACTEIC CORP 6.500 04/15/2012 495,211.20 WILLIAMS COMPANIES INC 7.875 02/01/2017 1,140,000.00 U.N. PACTEIC CORP 6.500 04/15/2012 495,211.20 WILLIAMS COMPANIES INC 7.875 02/01/2017 1,140,000.00 U.N. PACTEIC CORP 6.500 04/15/2012 495,211.20 WILLIAMS COMPANIES INC								
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UNIVERSAL HOSPITAL SERVICES 6,303 06/01/2015 46,750.00 XEROX CORP 6.350 05/15/2018 1,984,071.00	UNIVERSAL HOSPITAL SERVICES	6,30	3 06/01/2015	46,750.00	XEROX CORP	6.35	0 05/15/2018	1,984,071.00

UNITED STATES		MATURITY	MARKET	INTERNATIONAL	,	MATURITY	MARKET
	RATE	DATE	<u>VALUE</u>		RATE	DATE	VALUE
XEROX CORP	6,400	03/15/2016	1,395,483.60	ATF CAPITAL BV	9,250	02/21/2014	472,350.00
XEROX CORP	7.625	06/15/2013	1,516,078.60	BANQUE CENTRALE	7,375 7,950	04/25/2012	535,950.00
XEROX CORP XTO ENERGY INC	9,750 6.100	01/15/2009 04/01/2036	1,441,118.00 214,305.75	BOWATER CANADA FINANCE CORP BRASKEM FINANCE LIMITED	7.950 7.250	11/15/2011 06/05/2018	17,375.00 990,000.00
XTO ENERGY INC	6,375	06/15/2038	1,701,146.00	BRITISH TELECOM	9.125	12/15/2030	2,637,363.52
YUM BRANDS INC	6,250	03/15/2018	321,783.00	BRITISH TELECOM	9.125	12/15/2030	360,624.00
ZIFF DAVIS MEDIA INC	0.000	05/01/2012	21,000.00	BRITISH TELECOM	6,640 5,700	12/31/2049	1,483,072.00
ZIONS BANCORP	5,500	11/16/2015	<u>238,945.00</u>	CANADIAN NATURAL RESOURCES CITIC RESOURCES FINANCE	5,700 6,7 5 0	05/15/2017 05/15/2014	391,860.00 186,750.00
TOTAL U.S. CORPORATE BONDS			952,772,558,89	CITIGROUP GLOBAL MA	0,800	10/30/2008	B08,726.95
				CODELCO INC	6,150	10/24/2036	1,521,215.00
INTERNATIONAL	-	MATURITY	MARKET	COMPANHIA BRASILIERA BEBIDAS	10,500	12/15/2011	457,000.00
GOVERNMENT SECURITIES ARGENTINA(REP OF)	8,280	<u>DATE</u> 12/31/2033	<u>VALUE</u> 196,620,61	CREDIT SUISSE NEW YORK DEUTSCHE BANK AG LONDON	5,000 6,000	05/15/2013 09/01/2017	778,528.00 4,442,680.00
ASIAN DEV BK	4.500	09/04/2012	451,136,40	DEUTSCHE BANK AG LONDON	6.000	09/01/2017	454,365.00
BRAZIL (FEDERATIVE REPUBLIC OF)	6,000	01/17/2017	509,750,00	DEUTSCHE TELEKOM	8,500	06/15/2010	2,733,587.76
BRAZIL (FEDERATIVE REPUBLIC OF)	6,000	01/17/2017	1,733,150.00	DEUTSCHE TELEKOM	8.500	06/15/2010	1,406,993.70
CANADA (GOVT OF)	5,250 5, 7 50	11/05/2008 06/01/2033	706,181.00 154,538.96	DP WORLD LTD EDP FINANCE BV	6.850 6.000	07/02/2037 02/02/2018	364,679.75 1,219,818,25
CANADA (GOVT OF) CANADA HOUSING TRUST	3,550	09/15/2010	157,579,22	ENEL FINANCE INT	6,250	09/15/2017	1,079,665.29
CANADA(GOVT OF)	1.900	03/23/2009	3,567,461.44	ENEL FINANCE INT	6.800	09/15/2037	963,002.90
CANADA(GOVI OF)	5,500	06/01/2010	528,609.14	ENERSIS S.A	7.375	01/15/2014	823,181.75
COLOMBIA(REPUBLIC OF)	7.375	01/27/2017	831,428.00	FAIRFAX FINANCIAL HLDGS	7.375	04/15/2018	13,650,00
EUROPEAN INVESTMENT	4.625 5.125	10/20/2015 05/30/2017	665,281,50 472,189,50	FMC FINANCE III SA FRANCE TELECOM	6,875 7.750	07/15/2017 03/01/2011	255,450,00 1,187,183.84
EUROPEAN INVESTMENT EXPORT-IMPORT BANK OF KOREA	2,920	10/04/2011	6,317,514.00	FRANCE TELECOM	8,500	03/01/2031	139,200.60
GERMANY(FEDERAL REPUBLIC)	3.750	01/04/2017	639,322.90	GAZPROM INTL SA	7.201	02/01/2020	385,729.09
GERMANY(FEDERAL REPUBLIC)	4,000	07/04/2016	733,155.81	GAZPROM INTL SA	8,146	04/11/2018	1,757,375.00
GERMANY(FEDERAL REPUBLIC)	4,250	07/04/2014	2,782,106,21	GENERAL ELECTRIC CAPITAL CORP	0.550	10/14/2008	3,608,882.13
GERMANY(FEDERAL REPUBLIC)	4.250	07/04/2039	2,126,756.18	GENERAL ELECTRIC CAPITAL CORP	6.500 5,650	09/15/2067 05/15/2018	3,679,198,47 498,090.00
GERMANY(FEDERAL REPUBLIC)	4.750 5.000	07/04/2034 07/04/2011	12,442,906,20 1,590,517,74	GLAXOSMITHKLINE CAPITAL INC GRUPO TELEVISA SA DE CV	6,000	05/15/2018	481,407.30
GERMANY(FEDERAL REPUBLIC) GERMANY(FEDERAL REPUBLIC)	5,625	01/04/2028	2,560,662,65	HANAROTELECOM INC	7,000	02/01/2012	503,737.50
GHANA (REPUBLIC OF)	8.500	10/04/2017	308,250,00	HSBC HLDGS PLC	7,625	05/17/2032	546,40
INDONESIA (REPUBLIC)	7.750	01/17/2038	2,350,000.00	HUTCHISON WHAMPOA INT	6.500	02/13/2013	1,348,008,20
INTER-AMERICAN DEVEL BK	1.900	07/08/2009	6,281,652,28	INEOS GROUP HLDGS	8,500 9,000	02/15/2016 06/30/2017	371,487.50 269,100.00
INTER-AMERICAN DEVEL BK	4.375 B.625	09/20/2012 10/15/2016	782,751,20 383,439.00	intergen nv Invista	9.250	05/01/2012	117,587.50
INTERNATIONAL BANK FOR REC & DE IRELAND	4,600	04/18/2016	1,167,600,72	ISRAEL ELEC CORP LTD	7,250	01/15/2019	306,228.00
ITALY(REPUBLIC)	6,875		337,058,40	KANSAS CITY SOUTHERN MEX	7.375	06/01/2014	38,800.00
JAMAICA.	8.000		910,000.00	KFW-KREDIT WIEDERAUFBAU	3,250	03/30/2009	895,671.00
KFW INTERNATIONAL FINANCE INC	2,050		5,563,908.78	KREDITANST FUR WIE MILLICOM INTL CELLULAR S A	4.875 10.000	01/17/2017 12/01/2013	1,324,889.60 95,400.00
KOREA (REP) KOREA DEVELOPMENT BANK	4,875 2,824		391,556.00 1,595,920.00	NEXEN INC	5.875	03/10/2035	142,894,40
KREDITANSTALT FUR WIEDERAUFBA			2,000,335,83	NORSKE SKOG OF CANADA	7.375	03/01/2014	85,100.00
LANDWIRTSCHAFTLICHE RENTENBA	_		414,428.00	NORTEL NETWORKS CORP	6,875	09/01/2023	337,250.00
MANITOBA PROV CDA DEB SER BU FI			458,282.50	NORTEL NETWORKS LIMITED	10.125	07/15/2013	2,541,500.00
MEXICO(UNITED MEXICAN STATES)	8.375		2,077,650.00	NORTEL NETWORKS LIMITED NORTEL NETWORKS LIMITED	10.125 10.750	07/15/2013 07/15/2016	381,225.00 84,150,00
MEXICO(UNITED MEXICAN STATES) NOVA SCOTIA (CANADA)	9,875 8,750		1,199,550.00 311,897.25	NOVA CHEMICALS CORP	5,952		12,750,00
OESTERREICHISCHE KONTROLLBANI			5,350,326,87	NXPBV	7.875		294,400,00
ONTARIO (CANADA)	4.375		555,681,50	nxp bv	9,500		62,640.00
PANAMA (REPUBLIC)	7.125		443,100.00	OESTERREICHISCHE KONTROLLBAN			412,480,00
PANAMA (REPUBLIC)	7.250		215,000.00	PETROPLUS FINANCE LTD OUEBECOR MEDIA INC	7.000 7.750		798,662.50 41,850,00
PANAMA (REPUBLIC) PERU (REPUBLIC)	9,375 8,750		842,690.65 449,750.00	QUEBECOR WORLD INC	9.750		58,200.00
PHILIPPINES (REPUBLIC)	10,625		648,375,00	ROGERS WIRELESS COMMUNICATIO			370,818.20
QUEBEC	6,12	01/22/2011	2,115,060.00	ROGERS WIRELESS INC	7,250		1,063,973,40
QUEBEC	7.500		459,195,90	ROYAL BANK OF SCOT	5.000		527,070,50
SOUTH AFRICA (REP)	7,375		529,800.00 534,950.00	SANTANDER PERPETUAL SATELITES MEXICANOS	6.671 11.551		1,062,666.00 97,250.00
SOUTH AFRICA (REPUBLIC) TREASURY STK	6,500 4,000		451,646.73	SCOTTISH POWER	5.375		1,190,280.00
TREASURY STK	4.75		2,137,259.89	SEAGATE TECHNOLOGY HLDGS	6,800		1,252,862,50
TREASURY STK	5,00	03/07/2012	534,379.75		4.250		825,103.50
TREASURY STK	5,00		183,342.31	SMURFIT CAPITAL FUNDING	7,50		198,000.00
TREASURY STK	6,00		446,466.27		6.500 AC 5.12:		1,765,600,20 513,940,00
TREASURY ST K	8,00 7,65		695,849.97 339,500.00	The state of the s	6.16		1,524,267,98
UKRAINE (REPUBLIC) VENEZUELA (REPUBLIC)	6.00		203,334,50		5,25		661,255.00
· <u>2</u> ,				TELECOM ITALIA CAPITAL	7.20	0 07/18/2036	1,931,966.10
TOTAL INTERNATIONAL GOVERN	MENT SI	ECURITIES	82,836,856.76		8.25		246,811.40
There was a second of the seco		3.5 4 TT T3.TT 3.7	MADVET	TELEFONOS DE MEXICO SAB DE CV	5.50 7.50		467,160,00
INTERNATIONAL	RAT	MATURITY E DATE	MARKET <u>VALUE</u>	TNK-BP FINANCE SA TRANSOCEAN INC(NEW)	1.62		449,445,00 763,300,00
CORPORATE BONDS ABBEY NATIONAL	7.95		284,776.80		10.75		1,868,831,25
ABU DHABI NATIONAL ENERGY CO			1,322,229.00		7.12	5 10/01/2037	1,510,060.75
ALCAN INC	4.50	05/15/2013	354,519.20		6.00		603,068.75
AMERICA MOVIL SA DE CV	6.37		275,468.10		5.87		2,723,700.00
ANGIOTECH PHARMACEUTICALS IN	IC 6,43 5.31		65,250.00 1,119,581.10		5.87 8.25		486,375.00 335,398.30
ARCELORMITTAL ASIA ALUMINUM HLDGS	5.3 8.00		660,250,0		6.87		232,185.00
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PORTFOLIO OF ASSETS, JUNE 30, 2008

PORTFOLIO OF ASSETS, JUNE 30, 2	008.					
INTERNATIONAL		MATURITY	MARKET			MARKET
CORPORATE BONDS	RATE	<u>DATE</u>	<u>VALUE</u>	U.S. EQUITY SECURITIES	SHARES	<u>YALUE</u>
VIDEOTRON LTD	6,375	12/15/2015	83,475.00	AXIS CAPITAL HLDGS	81,200	2,420,572.00
VODAFONE GROUP	7.875	02/15/2030	307,622.00	AXSYS TECHNOLOGIES INC	18,300	952,332,00
VTB CAPITAL SA	3.384 6,900	08/01/2008 11/15/2037	1,584,000,00 485,759,50	BALLY TECHNOLOGIES INC	297,800	10,417,044.00
XSTRATA FINANCE CANADA	6,900	11/15/2037	483,739,30	BANK OF AMERICA CORP	57,400 460,756	1,940,120.00 10,998,245,72
TOTAL INTERNATIONAL CORPOR	ATE RONDS	!	76,296,833.49	BANK OF NEW YORK MELLON CORP	144,954	5,483,609,82
TOTAL INTERNATIONAL COM OR	WELL POLICE	•	(Picopodia)	BARD(CR.) INC	54,600	4,802,070,00
TOTAL INTERNATIONAL SECURIT	TES		159,133,690.25	BARR PHARMACEUTICALS INC	131,000	5,905,480.00
TO THE MILES WILLIAM BESTER			,,	BAXTER INTL INC	445,700	28,498,058,00
TOTAL FIXED INCOME SECURITH	ES		2,819,869,158.84	BEBE STORES INC	290,000	2,786,900.00
				BECKMAN COULTER INC	57,500	3,882,975,00
			MARKET	BECTON DICKINSON & CO	89,400	7,268,220,00
U.S. EQUITY SECURITIES		SHARES	VALUE	BERKLEY(W.R.)CORP	195,650	4,726,904.00
I-800-FLOWERS,COM INC		1,080,400	6,968,580.00	BERKSHIRE HATHAWAY INC	798	3,201,576.00
AARON RENTS INC		801,931	17,907,119.23	BEST BUY CO INC	76,400	3,025,440.00
ABB LTD		201,500	5,706,480.00	BIG LOTS INC	86,800	2,711,632.00
ABERCROMBIE & FITCH CO		39,700	2,488,396.00 7,754,125.00	BIOGEN IDEC INC BIOMED REALTY TRUST INC	55,500 49,100	3,101,895.00 1,204,423.00
ABM INDUSTRIES INC		348,500 191,000	7,777,520.00	BIS WHOLESALE CLUB INC	36,600	1,416,420.00
ACCENTURE ACCURAY INC		740,077	5,395,161.33	BMC SOFTWARE INC	656,300	23,626,800,00
ACCIVISION BLIZZARD INC		394,700	13,447,429.00	BOB EVANS FARMS INC	141,501	4,046,928.60
ACUITY BRANDS INC		106,900	5,139,752.00	BOEING CO	153,500	10,088,020,00
ADOBE SYSTEMS INC		248,600	9,792,354,00	BOSTON SCIENTIFIC CORP	417,350	5,129,231.50
ADVANCE AUTO PARTS INC		33,400	1,296,922.00	BRISTOL-MYERS SQUIBB CO	898,800	18,452,364.DO
ADVENT SOFTWARE INC		52,780	1,904,302,40	BROADCOM CORP	161,800	4,415,522,00
AEROPOST ALE INC		159,800	5,006,534.00	BRUSH ENGINEERED MATERIALS INC	284,300	6,942,606,00
AES CORP		189,330	3,637,029.30	BUCKLE	92,400	4,225,452.00
AETNA INC		184,650	7,483,B64.50	BUFFALO WILD WINGS INC	64,455	1,600,417.65
AFFILIATED COMPUTE		40,200	2,150,298.00	BUNGE LIMITED	64,700	6,967,543.00
AFLAC INC		290,600	18,249,680.00	BURLINGTON NORTHERN SANTA FE CORP	145,440	14,528,001.60
AGCO CORP		48,400	2,536,644.00	CA INC	1,519,170 618,241	35,077,635.30
AGILENT TECHNOLOGIES INC		141,700	5,036,018.00	CABOT MICROELECTRONICS CORP CACI INTL INC	42,100	20,494,689.15 1,926,917.00
AGNICO EAGLE MINES		72,750	5,410,417.50	CAL DIVE INTL INC	597,600	8,539,704.00
AGRIUM INC		90,600 159,200	9,743,124.00 5,538,568.00	CALIFORNIA PIZZA KITCHEN INC	338,000	3,782,220.00
AKAMAI TECHNOLOGIES		163,300	6,517,303.00	CAMBREX CORP	350,000	2,054,500,00
ALBEMARLE CORP ALCATEL LUCENT		1,612,600	9,740,104.00	CAMECO CORP	95,065	4,075,436.55
ALKERMES INC		518,000	6,402,480.00	CAMERON INTL CORP	152,500	8,440,875,00
ALLIANT ENERGY CORP		69,900	2,394,774.00	CANADIAN NATURAL RESOURCES	38,300	3,839,575.00
ALLIANT TECHSYSTEMS INC		66,900	6,802,392,00	CAPITAL ONE FINANCIAL CORP	162,6D0	6,180,426.00
ALLSCRIPTS-MISYS HEALTHCARE		263,000	3,263,830.00	CARLISLE COS INC	95,500	2,769,500.00
ALNYLAM PHARMACEUTICALS IN		72,860	1,947,547.80	CARPENTER TECHNOLOGY CORP	42,000	1,833,300.00
ALTERA CORP		319,700	6,617,790.00	CARTERS INC	298,200	4,121,124.00
ALTRIA GROUP INC		185,497	3,813,818.32	CATALYST HEALTH SOLUTIONS INC	72,300	2,179,122.00
AMAZON COM INC		69,100	5,067,103.00	CATERPILLAR INC	99,685	7,373,510,70
AMDOCS		319,900	9,411,458.00	CBIZ INC	70,100	557,295.00
AMEDISYS INC		43,200	2,178,144.00	CBS CORP	105,891	2,063,815.59
AMERICAN EAGLE OUTFITTER		136,110	1,855,179.30	CELESTICA INC	144,100	1,214,763.00
AMERICAN EXPRESS CO	-	145,520	5,481,738,40	CENTENE CORP(DEL) CENTERPOINT ENERGY INC	195,900 363,870	3,289,161.00 5,840,113.50
AMERICAN FINANCIAL GROUP IN		88,800 265,130	2,375,400,00 7,015,339.80	CENTEX CORP	219,600	2,936,052,00
AMERICAN INTERNATIONAL GRO	DF INC	32,145	1,557,103,80	CENTURYTEL INC	82,300	2,929,057.00
AMERICAN PHYSICIANS CAPITAL AMERICAN SOFTWARE INC		243,000	1,370,520.00	CEPHALON INC	86,100	5,742,009.00
AMERICAN TOWER CORP		408,633	17,264,744.25	CF INDUSTRIES HOLDINGS INC	21,400	3,269,920.00
AMERIPRISE FINANCIAL INC		201,140	8,180,363.80	CHECK POINT SOFTWARE TECHNOLOGIES	134,200	3,176,514.00
AMERISOURCEBERGEN CORP		74,200	2,967,258,00	CHECKPOINT SYSTEMS	773,289	16,146,274.32
AMETEK INC		206,600	9,755,652.00	CHESAPEAKE ENERGY CORP	. 418,749	27,620,684.04
AMKOR TECHNOLOGY INC		118,300	1,231,503.00	CHEVRON CORP	103,880	10,297,624.40
AMPHENOL CORP		170,200	7,638,576.00	CHICAGO BRIDGE & IRON CO	106,000	4,220,920.00
AMSURG CORP		. 38,900	947,215.00	CIGNA CORP	59,700	2,112,783.00
AMYLIN PHARMACEUTICALS INC		288,785	7,332,251.15	CIMAREX ENERGY CO	49,900	3,476,533,00
ANALOG DEVICES INC		106,400	3,380,328.00	CISCO SYSTEMS INC	984,100	22,890,166,00
ANALOGIC CORP		242,200	15,275,554.00	CIT GROUP INC CITADEL BROADCASTING CORP	230,800 1,757,000	1,571,748.00 2,143,540.00
APACHE CORP		85,305 118,750	11,857,395.00 19,883,500.00	CITADEL BROADCASTING CORP CITIGROUP INC	1,757,000 524,600	2,143,540,00 8,792,296,00
APPLE INC		218,800	10,393,000.00	CITRIX SYSTEMS INC	161,100	4,737,951.00
ARBITRON INC ARCH COAL INC		79,750	5,983,642.50	CLEAN HARBORS INC	35,000	2,487,100.00
ARENA RESOURCES INC		128,000	6,760,960,00	CLEVELAND CLIFFS INC	23,800	2,836,722.00
ARMSTRONG WORLD INDUSTRIE	SINC	381,900	11,159,118.00	CME GROUP INC	25,400	9,733,026,00
ARROW ELECTRONICS INC		38,200	1,173,504.00	CNA FINANCIAL CORP	152,400	3,832,860.00
ASHLAND INC		121,872	5,874,230.40	CNX GAS CORP	236,344	9,935,901.76
ASPEN TECHNOLOGY INC		976,823	12,991,745.90	COACH INC	116,700	3,370,296.00
ASSURANT INC		61,100	4,030,156.00		261,650	13,600,567.00
ASSURED GUARANTY LTD		260,000	4,677,400.00		167,400	5,442,174.00
ASTEC INDUSTRIES INC		248,000	7,970,720.00		138,000	9,535,800.00
ASTRAZENECA		242,100	10,296,513.00		144,503	5,310,485.25
AT&T INC		321,820	10,842,115.80		34,900	840,392.00
ATMI INC		229,200	6,399,264.00		940,750	17,727,209.50
ATWOOD OCEANICS INC		60,600	7,535,004.00		320,200	8,206,726.00
AUTODESK INC		197,800 54,800	6,687,618.00 2,554,776.00		74,800 79,200	1,005,312.00 1,633,104,00
AUTOLIV INC AUTONATION INC		807,600	2,334,776.00 8,092,152.00		79,200 45,000	1,633,104,00 2,107,800.00
AVIS BUDGET GROUP INC		1,748,177	14,632,241.49		278,800	2,659,752.00
AVNET INC		64,900	1,770,472.00		50,700	4,280,601,00
AVON PRODUCTS INC		223,800	8,061,2 7 6.00		163,000	3,142,640,00
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		MARKET			MARKET
U.S. EQUITY SECURITIES	SHARES	<u>VALUE</u>	U.S. EQUITY SECURITIES	SHARES	VALUE
CONMED CORP CONOCOPHILLIPS	69,500 251,274	1,845,225,00 23,717,752,86	FIRST HORIZON NATIONAL CORP FISERV INC	749,500 111 <u>,</u> 900	5,568,785.00 5,076,903.00
CONSECO INC	670,700	6,653,344.00	FLIR SYSTEMS INC	89,193	3,618,560.01
CONSOL ENERGY INC	27,800	3,123,886.00	FLOWERS FOODS INC	108,900	3,086,226,00
CONSTELLATION ENERGY GROUP INC CONTINENTAL RESOURCES INC	119,640 82,183	9,822,444.00 5,696,925.56	FMC CORP FOOT LOCKER INC	66,800 416,700	5,172,992,00 5,187,915,00
COOPER COS INC	527,662	19,602,643,30	FOREST LABORATORIES INC	70,300	2,442,222.00
CORINTHIAN COLLEGES INC CORNING INC	233,100 755,700	2,706,291.00 17,418,885.00	FORTUNE BRANDS INC FORWARD AIR CORPORATION	222,875 47,400	13,909,628,75
COSTCO WHOLESALE CORP	169,900	11,916,786.00	FOSTER WHEELER LTD	100,500	1,640,040.00 7,351,575.00
COVENTRY HEALTHCAR	214,600	6,528,132.00	FOUNDRY NETWORKS INC	892,900	10,554,078.00
COX RADIO INC CRANE CO	1,015,000 30,700	11,977,000.00 1,182,871.00	FPL GROUP INC FREDDIE MAC	231,500 750,900	15,181,770.00 12,314,760.00
CREDICORP	39,900	3,276,588.00	GAP INC	613,500	10,227,045.00
CROWN CASTLE INTERNATIONAL CORP	228,180	8,837,411.40	GARDNER DENVER INC	45,900	2,607,120.00
CROWN HOLDINGS INC CSG SYSTEMS INTL INC	448,600 108,900	11,659,114.00 1,200,078.00	GATX CORP GENENTECH INC	52,100 175,500	2,309,593,00 13,320,450,00
CSX CORP	50,500	3,171,905.00	GENERAL CABLE CORP	61,505	3,742,579.25
CUMMINS INC	62,300	4,081,896.00	GENERAL DYNAMICS CORP	209,600	17,648,320.00
CVS CAREMARK CORP CYTEC INDUSTRIES INC	419,994 49,000	16,619,162.58 2,673,440.00	GENERAL ELECTRIC CO GENERAL GROWTH PROPERTIES	422,420 50,830	11,274,389.80 1,780,574.90
DANAHER CORP	137,500	10,628,750.00	GENUINE PARTS CO	89,000	3,531,520.00
DARDEN RESTAURANTS INC	85,500	2,730,870.00	GENWORTH FINANCIAL INC	887,400	15,804,594.00
DARLING INTL INC DAVITA INC	160,300 182,000	2,648,156,00 9,669,660,00	GENZYME CORP GILEAD SCIENCES INC	150,000 360,600	10,803,000,00 19,093,770,00
DAWSON GEOPHYSICAL CO	39,000	2,318,940.00	GLATFELTER(P.H.)CO	811,500	10,963,365.00
DECKERS OUTDOOR CORP	33,000	4,593,600,00	GLOBAL PAYMENTS INC	145,900	6,798,940.00
DEERE & CO DELL INC	51,060 374,800	3,682,957.80 8,200,624.00	GMX RESOURCES INC GOLDCORP INC	53,785 135,415	3,985,468.50 6,252,110.55
DELTA PETROLEUM CORP	161,020	4,109,230.40	GOODRICH CORP	26,600	1,262,436.00
DELTIC TIMBER CORP	59,580	3,188,125.80	GOOGLE INC	29,600	15,582,032.00
DENBURY RESOURCES INC DEVON ENERGY CORP	360,078 117,885	13,142,847.00 14,165,061.60	GORMAN-RUPP CO GRACO INC	17,375 169,200	692,220,00 6,441,444.00
DG FDG	295.00	2,936,170.40	GRAFTECH INTL LTD	153,700	4,123,771.00
DIAMONDROCK HOSPIT	92,400	1,005,236.00	GRAINGER(W.W.) INC GREAT PLAINS ENERGY INC	17,500 16 0, 700	1,431,500.00
DICKS SPORTING GOODS INC DIONEX CORP	61,500 30,100	1,091,010.00 1,997,737.00	GREATBATCH INC	218,386	4,062,496.00 3,778,077.80
DIRECTY GROUP INC	212,800	5,513,648.00	GREENHILL & CO INC	19,700	1,061,042.00
DISCOVER FINANCIAL SERVICES	439,650	5,790,190.50	GREIF INC GUESS INC	64,400 81,700	4,123,532,00 3,059,665,00
DOLLAR TREE INC DONALDSON CO INC	141,700 72,500	4,632,173.00 3,254,256.00	GULFMARK OFFSHORE INC	44,625	2,596,282,50
DONNELLEY(R.R.)& SONS CO	42,900	1,273,701.00	GYMBOREE CORP	295,200	11,868,734.00
DOVER CORP	70,200	3,395,574,00 10,214,666,00	HAEMONETICS CORP HAIN CELESTIAL GROUP INC	24,340 286,000	1,349,896.40 6,715,280.00
DOW CHEMICAL CO DREAMWORKS ANIMATION SKG INC	292,600 46,900	1,398,089.00	HALLIBURTON CO	333,954	17,722,938.78
DRIL QUIP INC	94,900	5,978,700.00	HANOVER INSURANCE GROUP INC	266,400	11,322,000,00
DRYSHIPS INC	42,100 77,200	3,375,578.00 3,276,368.00	HANSEN NATURAL CORP HARLEYSVILLE GROUP INC	38,800 12,600	1,118,216,00 426,258,00
DTE ENERGY CO DU PONT(E.I.)DE NEMOURS & CO	167,500	7,184,075.00	HASBRO INC	86,300	3,082,636.00
DXP ENTERPRISES INC	27,200	1,132,608,00	HAYNES INTERNATIONAL INC	199,200	11,463,960.00
DYNEGY INC EASTMAN CHEMICAL CO	440 254,700	3,7 <i>6</i> 2.00 17,538,642.00	HEALTH NET INC HEINZ(H.I.)CO	155,100 67,600	3,731,706.00 3,234,660.00
EDISON INTERNATIONAL	89,500	4,598,510.00	HELEN OF TROY	190,000	3,062,800.00
EDWARDS LIFESCIENCES CORP	30,800	1,910,832.00	HELIX ENERGY SOLUTIONS GROUP INC	140,153	5,835,970.92
ELECTRO SCIENTIFIC INDUSTRIES INC ELECTRONIC ARTS	481,000 482,982	6,815,770.00 21,458,890.26	HELMERICH & PAYNE INC HERBALIFE LTD	40,500 208,200	2,916,810.00 8,067,750.00
ELECTRONIC DATA SYSTEMS CORP	853,200	21,022,848.00	HERCULES OFFSHORE INC	153,800	5,847,476.00
EMBARQ CORPORATION	138,241	6,534,652.07	HESS CORPORATION	154,409	19,484,871.71
EMBRAER-EMPRESA BRAS DE AERONAUTICA EMC CORP	112,100 368,400	2,970,650.00 5,411,796.00	HEWITT ASSOCIATES HEWLETT-PACKARD CO	227,100 264,507	8,704,743.00 11,693,854.47
EMCOR GROUP	95,800	2,733,174.00	HOME DEPOT INC	517,092	12,110,294.64
EMCORE CORP	1,385,000	8,670,100.00	HOSPIRA INC	86,500	3,459,515.00
EMERSON ELECTRIC CO EMS TECHNOLOGIES INC	65,460 18,500	3,236,997.00 404,040.00	HUB GROUP INC HUBBELL INC	171,610 28,500	5,857,049.30 1,136,295.00
ENCANA CORP	85,300	7,756,329,00	HUDSON CITY BANCORP INC	631,438	10,532,385.84
ENDO PHARMACEUTICAL HLDGS INC	287,650	6,958,253,50 2,263,065,00	HUNTINGTON BANCSHARES INC ICU MEDICAL INC	614,400	3,545,088.00
ENDURANCE SPECIALTY HLDGS LTD ENERGEN CORP	73,500 76,400	5,961,492.00	IDEARC INC	133,000 529,100	3,043,040.00 1,243,385.00
ENTERGY CORP	31,300	3,771,024,00	II-VI INC	40,300	1,407,276.00
ENTERTAINMENT PROPERTY TRUST	22,700 687,500	1,122,288.00 4,750,625.00	IKON OFFICE SOLUTIONS ILLINOIS TOOL WORKS INC	622,900 118,359	7,026,312.00
EPICOR SOFTWARE CORP ERESEARCHTECHNOLOGY INC	191,300	3,336,272.00		75,700	5,623,236,09 1,091,594,00
EVEREST RE GROUP	89,950	7,169,914.50	INTEGRATED DEVICE TECHNOLOGY INC	215,400	2,141,076.00
EXAR CORP	1,037,000	7,818,980.00		729,000 42,30 0	15,658,920.00
EXELON CORP EXPRESS SCRIPTS INC	183,335 139,800	16,492,816.60 8,768,256.00		42,300 280,935	634,500.00 33,299,225.55
EXXON MOBIL CORP	275,725	24,299,644.25	INTERNATIONAL FLAVORS & FRAGRANCES	142,200	5,554,332.00
FACTSET RESEARCH SYSTEMS INC	67,900 131,150	3,826,844.00 2,723,985.50		391,750 896 660	9,785,915.00
FAIR ISAAC CORP FAIRFAX FINANCIAL HLDGS	10,300	2,723,983.30 2,615,170.00		896,660 1,120,000	7,711,276.00 6,384,000.00
FANNIE MAE	148,800	2,903,088,00	INTERWOVEN INC	667,000	8,010,670,00
FEDERATED INVESTORS INC FEI CO	70,900 483,000	2,440,378.00 11,002,740.00		213,900 299,600	5,897,223.00
FIFTH THIRD BANCORP	483,600 83,600	851,048.00		198,900	7,184,408.00 6,655,194,00
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		MARKET			MARKET
U.S. EQUITY SECURITIES	SHARES	VALUE	U.S. EQUITY SECURITIES	SHARES	<u>VALUE</u>
INVESTORS BANCORP INC INVITROGEN	427,551 133,600	5,583,81 <i>6</i> ,06 5,245,136,00	NATIONAL OILWELL VARCO INC NATIONAL SEMICONDUCTOR CORP	237,600 292,900	21,079,872.00
ISHARES TRUST LEHMAN	85,000.00	8,539,940.00	NAVIGATORS GROUP INC	292,900 8,800	6,016,166.00 475,640.00
ISHARES TRUST RUSSELL	373,300,00	25,776,365,00	NAVISTAR INTERNATIONAL CORP	96,000	6,318,720.00
ISTAR FINANCIAL INC ITT CORP	302,010 64,500	3,989,552.10 4,084,785.00	NETAPP INC NETFLIX COM INC	225,400	4,882,164.00
JACK IN THE BOX INC	120,600	2,702,646.00	NEWELL RUBBERMAID INC	66,900 121,900	1,744,083.00 2,046,701.00
JACOBS ENGINEERING GROUP INC	47,000	3,792,900.00	NEWMONT MINING CORP	151,555	7,905,108,80
JANUS CAPITAL GROUP INC	61,400	1,625,258.00	NEXEN INC	91,900	3,653,025,00
JEFFERIES GROUP INC JOHNSON & JOHNSON	177,790 374,600	2,990,427.80 24,101,764.00	NII HOLDINGS INC NIKE INC	138,600 355,670	6,582,114,00
JONES APPAREL GROUP INC	936,700	12,879,625.00	NOBLE CORP	294,300	21,201,488.70 19,117,728.00
JONES LANG LASALLE INC	29,100	1,751,529.00	NOBLE ENERGY INC	95,100	9,563,256.00
JOS A BANK CLOTHIERS	162,000	4,333,500.00	NORDSTROM INC	66,280	2,008,284.00
JPMORGAN CHASE & CO JUNIPER NETWORKS	506,300 270,800	17,371,153.00 6,006,344.00	NORTHERN TRUST CORP NORTHROP GRUMMAN CORP	94,600 87,300	6,486,722.0D 5,840,370.00
KEYCORP	719,116	7,895,893.68	NORTHWEST AIRLINES CORP	4,364	29,064,24
KING PHARMACEUTICALS INC	698,300	7,311,201.00	NOVELLINC	315,600	1,858,884.00
KOHLS CORP KOPIN CORP	88,200 2,513,500	3,531,528,00 7,213,745.00	NRG ENERGY INC NUCOR CORP	52,500 46,000	2,252,250,00
KRAFT FOODS INC	113,300	3,223,385,00	NVR INC	46,90D 4,300	3,502,023.00 2,150,344.00
KROGER CO	116,000	3,348,920.00	OCEANEERING INTERNATIONAL INC	87,200	6,718,760,00
L-1 IDENTITY SOLUTIONS INC	100,205	1,334,730.60	ODYSSEY HEALTHCARE INC	710,500	6,920,270.00
L3 COMMUNICATIONS HLDGS INC LABORATORY CORP OF AMERICA HOLDINGS	79,800 92,700	7,251,426.00 6,454,701.00	OIL STATES INTERNATIONAL INC OILSANDS QUEST INC	52,500 738,904	3,330,600.00
LAM RESEARCH CORP	112,900	4,081,335.00	OLD REPUBLIC INTERNATIONAL CORP	363,176	4,802,876,00 4,300,003.84
LANDEC CORP	381,500	2,468,305.00	OLIN CORP	105,600	2,764,608.00
LANDSTAR SYSTEMS INC	56,900	3,142,018.00	OMNICARE INC	240,200	6,298,044.00
LENNAR CORP LENNOX INTERNATIONAL INC	61,900 74,200	687,090.00 2,148,832.00	ON SEMICONDUCTOR CORP ONEOK INC	288,400	2,644,628,00
LEUCADIA NATIONAL CORP	212,946	2,148,832.00 9,995,685.24	ORACLE CORP	189,600 1,288,040	9,258,168.00 27,048,840.00
LIBERTY GLOBAL INC	127,400	4,004,182.00	O'REILLY AUTOMOTIVE INC	226,600	5,064,510.00
LIBERTY MEDIA CORP	478,766	11,600,500,18	OSHKOSH CORPORATION	144,200	2,983,498.00
LIBERTY MEDIA HOLDING	27,480	395,712.00	OSI PHARMACEUTICALS INC	49,800	2,057,736.00
LIFEPOINT HOSPITALS INC LILLY(ELI)& CO	630,470 220,100	17,842,301.00 10,159,816.00	OVERSEAS SHIPHOLDING GROUP INC OWENS & MINOR INC	85,600 21,900	6,806,912.00 1,000,611.00
LIMITED BRANDS INC	779,900	13,141,315.00	PACCAR INC	158,900	6,646,787.00
LINCARE HLDGS INC	160,000	4,544,000.00	PANERA BREAD CO	111,051	5,137,219.26
LINEAR TECHNOLOGY CORP	197,100	6,419,547.00	PAREXEL INTERNATIONAL CORP	83,200	2,188,992.00
LIONBRIDGE TECHNOLOGIES INC LIVE NATION INC	2,368,000 1,528,453	6,109,440.00 16,171,032.74	PARKER-HANNIFIN CORP PARTNERRE	51,900 36,300	3,701,508.00 2,509,419.00
LIZ CLAIBORNE INC	35,500	502,325,00	PATTERSON COS INC	147,700	4,340,903.00
LOCKHEED MARTIN CORP	71,000	7,004,860.00	PATTERSON UTI ENERGY INC	103,600	3,733,744.00
LONGS DRUG STORES INC	165,007	6,948,444.77	PEDIATRIX MEDICAL GROUP INC	55,500	2,732,265,00
LOWES COMPANIES INC LUBRIZOL CORP	554,702 23,600	11,510,066.50 1,093,388.00	PENNEY(J.C.)CO INC PEOPLES UNITED FINANCIAL INC	156,200 218,650	5,668,498,00 3,410,940,00
MACY'S INC	90,285	1,753,334.70	PEPCO HLDGS INC	98,700	2,531,655.00
MAGNA INTERNATIONAL INC	43,800	2,594,712.00	PEPSI BOTTLING GROUP INC	83,600	2,334,112.00
MANHATTAN ASSOCIATES INC	30,600	726,138.00	PEPSICO INC PERFICIENT INC	285,449	18,151,701.91
MANPOWER INC MARINER ENERGY INC	317,000 80,700	18,462,080,00 2,983,479,00	PERIOD INC PERIOD CORP	624,000 34,740	6,027,840,00 1,148,157.00
MARSHALL & ILSLEY CORP	267,900	4,106,907.00	PEROT SYSTEMS	436,800	6,556,368.00
MARTEK BIOSCIENCES CORP	344,600	11,616,466.00	PETROLEO BRASILEIRO SA PETROBRAS	88,010	6,233,748.30
MARVEL ENTERTAINMENT INC MASSEY ENERGY	89,800	2,886,172.00	PETROQUEST ENERGY INC PETSMART INC	121,860	3,278,034.00
MASSET ENERGT MAXIM INTEGRATED PRODUCTS	16,500 138,500	1,546,875,00 2,929,275.00	PFIZER INC	833,200 557,500	16,622,340,00 9,739,525,00
MBIA INC	258,500	1,134,815.00	PHARMACEUTICAL PRODUCT DEVELOPMENT	126,758	5,437,918.20
MCDONALD'S CORP	317,700	17,861,094.00	PHH CORP	186,800	2,867,380.00
MCGRAW-HILL COS INC MCKESSON CORP	270,162 47,300	10,838,899,44 2,644,543.00	PHILIP MORRIS INTERNATIONAL INC PIMCO DISTRESSED MORTGAGE FUND	270,097 53,696,869,73	13,340,090.83
MCMORAN EXPLORATION	204,335	5,623,299.20	PIONEER NATURAL RESOURCES CO	114,460	53,696,869.73 8,959,928.80
MEDICINES CO	481,000	9,533,420.00	PLAINS EXPLORATION & PRODUCTION CO	99,250	7,242,272.50
MEDTRONIC INC	74,860	3,874,005.00	PLUM CREEK TIMBER CO INC	164,274	7,016,142.54
MEMC ELECTRONICS MATERIALS INC MENTOR GRAPHICS CORP	122,655 202,000	7,548,188.70 3,191,600,00	POLARIS INDUSTRIES INC POLYCOM INC	40,900 191,400	1,651,542.00
MERCK & CO INC	508,581	19,168,417.89	POLYCOM INC	230,900	4,662,504.00 5,624,724.00
MERIDIAN BIOSCIENCE INC	64,200	1,728,264.00	PORTLAND GENERAL ELECTRIC CO	735,084	16,554,091.68
MERIT MEDICAL SYSTEMS INC	86,500	1,271,550.00	POTASH CORP OF SASKATCHEWAN INC	54,400	12,434,208.00
MERRILL LYNCH & CO INC METHANEX CORP	125,510 60,000	3,979,922.10 1,681,200.00	PPL CORP PRAXAIR INC	72,300	3,779,121.00
METLIFE INC	278,645	14,704,096.65	PRECISION CASTPARTS CORP	251,350 112,800	23,687,224,00 10,870,536,00
MGM MIRAGE INC	35,845	1,214,787.05	PREMIERE GLOBAL SERVICES INC	109,600	1,597,968.00
MI DEVELOPMENTS INC	294,200	6,616,558.00	PRICE T.ROWE ASSOCING	61,200	3,455,964,00
MICROSEMI MICROSOFT CORP	252,400 2,210,640	6,355,432.00 60,814,706.40	PRICELINE.COM INC PROCTER & GAMBLE CO	33,500	3,867,910.00
MILLER(HERMAN) INC	2,210,640 299,500	7,454,555.00	PROGRESS SOFTWARE CORP	194,750 68,900	11,842,747,50 1,761,773,00
MITCHAM INDUSTRIES INC	29,900	510,692.00	PROVIDENT FINANCIAL SERVICES INC	64,700	906,447,00
MOLSON COORS BREWING CO	202,800	11,018,124.00	PS BUSINESS PARKS INC	21,300	1,099,080,00
MONEYGRAM INTERNATIONAL INC MULTI FINELINE ELECTRONIX INC	348,265 49,600	314,135.03 1,372,432.00	PSYCHIATRIC SOLUTIONS INC QIAGEN	177,600	6,720,384.00
MURPHY OIL CORP	134,335	13,171,546.75	QLOGIC CORP	101,000 446,200	2,033,130.00 6,510,058.00
NALCO HLDG CO	897,77 7	18,987,983,55	QUADRAMED CORP	200	2,010,00
NASDAQ OMX GP INC	109,880	2,917,314.0D	QUALCOMM INC	689,685	30,601,323.45
NATIONAL CITY CORP	351,893	9,663,066.00	QUANTA SERVICES INC	314,200	10,453,434.DO

		MARKET			MARKET
U.S. EQUITY SECURITIES QUEST SOFWARE INC	SHARES	VALUE	U.S. EQUITY SECURITIES	SHARES	<u>VALUE</u>
QUIDEL CORP VTG	123,200 100,500	1,824,592,00 1,660,260,00	THERMO FISHER SCIENTIFIC INC THOMAS & BETTS CORP	516,660 19 7, 700	28,793,461.80 7,482,945,00
R.H. DONNELLEY CORP	141,442	424,326.0D	THORATEC CORP	887,400	15,431,886.00
RAYMOND JAMES FINANCIAL INC	296,700	7,829,913.00	TIBCO SOFTWARE INC	434,500	3,323,925.00
REALNETWORKS INC RED HAT	1,308,000 107,700	8,632,800.00 2,228,313,00	TIMKEN CO TITANIUM METALS CORP	41,500 322,955	1,367,010.00
REGIONS FINANCIAL CORP	298,700	3,258,817.00	TIX COS INC	217,900	4,518,140,45 6,857,313.00
RELIANCE STEEL & ALUMINIUM	42,100	3,245,489.00	TNS INC	81,700	1,957,532.00
RENT-A-CENTER INC	324,900	6,683,193.00	TOWER GROUP INC	52,900	1,120,951.00
REPUBLIC SERVICES INC RESEARCH IN MOTION	85,900 89,400	2,551,230.00 10,450,860.00	TRACTOR SUPPLY CO TRANSOCEAN INC	95,000 92,852	2,758,800.00 14,149,716.28
ROBBINS & MYERS INC	95,800	4,777,546,00	TRUE RELIGION APPAREL INC	131,026	3,491,842.90
ROBERT HALF INTERNATIONAL INC	124,200	2,977,074.00	TRW AUTOMOTIVE HLDGS CORP	49,800	919,806.00
ROCK-TENN CO ROPER INDUSTRIES INC	77,600 60,900	2,327,224.00 4,012,092.00	TUESDAY MORNING CORP TUPPERWARE BRANDS CORP	760,20 0 90,700	3,124,422.00
ROYAL DUTCH SHELL	218,400	17,496,024.00	TYCO ELECTRONICS LTD	245,525	3,103,754.00 8,794,705.50
RÝDER SYSTEM INC	33,900	2,335,032.00	TYCO INTERNATIONAL LTD	235,825	9,442,433.00
SI CORP	166,000	1,256,620.00	ULTRA PETROLEUM CORP	88,200	B,661,240.00
SAFECO CORP SAFEWAY INC	58,900 569,670	3,955,724.00 16,264,078.50	ULTRA TECH INC UMB FINANCIAL CORP	642,300 166,149	9,968,496.00 8,518,459,23
SALIX PHARMACEUTICALS	2,314,815	16,273,149.45	UNION BANCAL CORP	27,000	1,091,340.00
SALLY BEAUTY HOLDINGS INC	1,540,903	9,954,233.38	UNISYS CORP	72,000	284,400.00
SARA LEE CORP SAUL CENTERS INC	333,990 23,300	4,091,377.50 1,094,867.00	UNIT CORP UNITED STATES STEEL CORP	23,200 10,000	1,924,904.00
SCANA CORP	186,570	6,903,090.00	UNITED TECHNOLOGIES CORP	239,176	1,847,800,00 14,757,159,20
SCHERING-PLOUGH CORP	830,400	16,350,576.00	UNIVERSAL HEALTH SERVICES INC	42,100	2,661,562.00
SCHLUMBERGER	118,800	12,762,684.00	UNUM GROUP	684,700	14,002,115.00
SCHNITZER STEEL	18,900 558,400	2,165,940.00 11,469,536.00	URS CORP VAIL RESORTS INC	107,400 65,820	4,507,578.00
SCHWAB(CHARLES)CORP SEACOR HLDGS INC	15,000	1,342,650.00	VALASSIS COMMUNICATIONS INC	207,400	2,819,070.60 2,596,648.00
SEAGATE TECHNOLOGY HLDGS	162,000	3,099,060.00	VALMONT INDUSTRIES INC	22,700	2,367,383.00
SECURE COMPUTING CORP	1,152,000	4,769,280.00	VALSPAR CORP	511,500	9,672,465.00
SEI INVESTMENT CO	105,700	2,486,064.00	VALUECLICK INC VARIAN SEMICONDUCT EQUIP ASSOC INC	140,700	2,131,605.00
SEMTECH CORP SENIOR HOUSING PROPERTIES TRUST	196,200 49,700	2,760,534.00 970,641.00	VCA ANTECH INC	106,000 93,500	3,690,920.00 2,597,430.00
SHAW COMMUNICATIONS	127,500	2,595,900.00	VEECO FEI INC	108,100	1,738,248.00
SIERRA PACIFIC RESOURCES	179,600	2,282,716.00	VENTAS INC	213,600	9,092,952.00
SILGAN HLDGS INC	140,300	7,118,822.00	VERTEX PHARMACEUTICAL	65,005	2,175,717,35
SILICON IMAGE INC SILVER WHEATON CORP	2,265,879 161,280	16,427,622.75 2,362,752.00	VIACOM INC VISA INC	129,009 196,920	3,939,934.86 16,011,565,20
SKYWORKS SOLUTIONS INC	196,500	1,939,455.00	VISHAY INTL	157,200	1,394,364.00
SL GREEN REALTY CORP	31,980	2,645,385.60	VNUS MEDICAL TECHNOLOGIES INC	36,400	728,364.00
SMITH INTERNATIONAL INC	40,100	3,333,914.00	VOCUS INC VOLCOM INC	79,600	2,560,732.00
SNAP-ON INC SOTHEBYS INC	52,100 180,100	2,709,721.00 4,749,237,00	VOLTERRA SEMICONDUCTOR CORP	47,700 121,200	1,141,461.00 2,091,912.00
SOUTHERN UNION CO	284,400	7,684,488.00	W & T OFFSHORE INC	52,100	3,048,371.00
SOVEREIGN BANCORP INC	77,900	573,344.00	WABCO HOLDINGS INC	33,216	1,543,215,36
SOVEREIGN REAL ESTATE INVT TR SPDR GOLD TRUST	31,00 53,390,00	3,007.00 4,879,846.00	WACHOVIA CORP WADDELL & REED FINANCIAL INC	985,700 110,900	15,307,921.00
ST MARY LAND & EXPLORATION	165,400	10,691,456.00	WALGREEN CO	130,620	3,882,609.00 4,246,456.20
ST.JUDE MEDICAL INC	484,546	19,808,240.48	WAL-MART STORES INC	437,835	24,606,327.00
STANCORP FINANCIAL GROUP	51,600	2,423,136.00	WARNACO GROUP INC	122,700	5,407,389.00
STAPLES INC STARWOOD HOTELS & RESORTS WORLDWIDE	182,000 45,500	4,322,500.00 1,823,185.00	WASHINGTON MUTUAL INC WASTE MANAGEMENT INC	3,340,426 213,550	16,468,300,18 8,052,970,50
STARWOOD HOTELS & ALSORTS WORLDWIDE	135,200	3,832,920.00	WATERS CORP	84,600	5,456,700,00
STERIS CORP	95,700	2,752,332.00	WATSON WYATT WORLDWIDE INC	143,560	7,592,888.40
STONE ENERGY CORP	60,200	3,967,782.00	WEATHERFORD INTERNATIONAL	588,400	29,178,756.00
STRYKER CORP SUN HEALTHCARE GROUP	64,600 92,300	4,062,048,00 1,235,897,00	WEBMD HEALTH CORP WEBSENSE INC	108,460 125,400	3,026,034.00 2,111,736,00
SUNCOR ENERGY	485,740	28,231,208.80	WESTERN DIGITAL CORP	103,100	3,560,043,00
SUNOCO INC	233,400	9,497,046.00	WESTERN UNION COMPANY	1,404,440	34,717,756.80
SUNTECH POWER HOLDINGS CO	40,875	1,531,177.50	WEYERHAEUSER CO	110,841	5,668,408.74
SUNTRUST BANKS INC SUPERIOR ENERGY SERVICES INC	17,900 57,500	648,338,00 3,170,550,00	WHIRLPOOL CORP WHITE MOUNTAINS INSURANCE GROUP	19,100 13,835	1,179,043,00 5,935,215,00
SUPERVALU INC	116,800	3,607,952.00	WINN-DIXIE STORES INC	385,710	6,179,074,20
SYBASE INC	156,800	4,613,056.00	WMS INDUSTRIES	59,504	1,771,434.08
SYMANTEC CORP	553,900	10,717,965,00 5,255,940,00	WOODWARD GOVERNOR CO	78,920	2,814,287,20
SYMYX TECHNOLOGIES INC SYNNEX CORP	753,000 80,300	2,014,727.00	WORLDSPACE INC WRIGHT MEDICAL GROUP INC	301,750 330,000	564,272.50 9,375,300.00
SYNOVIS LIFE TECHNOLOGIES INC	30,800	579,964.00	WYNN RESORTS	25,915	2,108,185.25
SYSCO CORP	224,300	6,170,493,00	XL CAPITAL	270,600	5,563,536.00
TARGET CORP	270,138 401,200	12,558,715.62 7,257,708.00	XTO ENERGY INC	33,800	2,315,638.00
TD AMERITRADE HOLDING CORP TECK COMINCO LTD	38,700	1,855,665,00	YAMANA GOLD INC YUM BRANDS INC	283,400 213,600	4,687,436.00 7,495,224.00
TELEDYNE TECHNOLOGIES INC	44,100	2,151,639.00	ZALE CORP	911,700	17,222,013.00
TELLABS INC	226,800	1,054,620.00	ZEBRA TECHNOLOGIES	643,300	20,997,312.00
TEREX CORP	182,900	9,395,573.00	ZIMMER HOLDINGS INC	35,900	2,442,995.00
TERRA INDUSTRIES TESORO CORP	29,500 330,425	1,455,825.00 6,532,502,25	TOTAL U.S. EQUITY SECURITIES		4,381,924,106.43
TETRA TECHNOLOGIES	652,160	15,462,713.60	Carat Amagement		
TEVA PHARMACEUTICAL INDUSTRIES	425,717	19,497,838.60	INTERNATIONAL		MARKET
TEXAS CAPITAL BANCSHARES INC	55,100	881,600.00	EQUITY SECURITIES	SHARES	VALUE
TEXTRON INC TFS FINANCIAL CORPORATION	93,700 395,835	4,491,041.00 4,587,727.65	ACCOR AEGON	12,200 797,013	815,577.16 10,564,488.79
		.,,		,	10,507,400,13

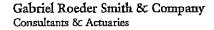
INTERNATIONAL EQUITY SECURITIES	SHARES	MARKET <u>VALUE</u>	INTERNATIONAL EQUITY SECURITIES	SHARES	MARKET VALUE
AEON CO	309,200	3,823,981.89	FORTIS .	76,164	824,502.28
AIFUL CORP AIR LIQUIDE	287,000	3,330,125,94	FORTUM	126,809	6,445,351,90
AJINOMOTO CO INC	70,192 65,000	9,275,267.71 615,631.34	FOSTERS GROUP FRANCE TELECOM	59,273 837,218	288,388,37
AKER SOLUTIONS	184,100	4,346,371.32	FUJIFILM HLDGS CORP	153,700	24,679,964.87 5,292,250.36
AKZO NOBEL	203,526	14,000,250.99	GAZPROM OAO ADS	200,200	11,611,600,00
ALCATEL LUCENT ALIBABA.COM LTD	1,571,400	9,556,662.44	GILDAN ACTIVEWEAR INC	26,700	689,770,83
ALLIANCE & LEICESTER	94,500 87,111	133,312.81 511,423.67	GIVAUDAN AG GLAXOSMITHKLINE	3,026 781,477	2,712,289,42
ALLIANZ SE	26,000	4,580,218.41	GROUPE DANONE	103,600	17,310,004,23 7,279,923,35
ALLIED IRISH BANKS	377,969	5,853,854.08	HARMONY GOLD MINING CO	49,200	597,075.94
AMCOR AMDOCS	152,900	740,988.95	HARMONY GOLD MNG SPON	18,300	224,175.00
AMERICA MOVIL SAB DE CV	97,200 162,800	2,859,624.00 8,587,700.00	HASEKO CORP HBOS	2,572,069 1,098,486,00	3,445,439,35
AP MOLLER-MAERSK	72	882,231,78	HEINEKEN HLDG	11,250	4,376,989.18 516,504.68
ARM HLDGS	1,050,700	1,782,620.63	HENNES & MAURITZ AB	57,509	3,121,462.34
ASTRAZENECA ATLAS COPCO AB	449,673	19,167,356,86	HIROSE ELECTRIC CO	5,600	563,143,25
AVIVA ORD	413,200 520,241	6,096,320.25 5,187,141.68	HITACHI HOLCIM	1,614,000 41,245	11,662,883.82
AXA	445,622	13,241,601.22	HONDA MOTOR CO	246,000	3,350,700.72 8,377,529.36
BAE SYSTEMS	1,498,112	13,192,994.06	HONG KONG & CHINA GAS CO	305,690	726,839,24
BANCO BILBAO VIZCAYA ARGENTARIA SA BANCO SANTANDER SA	170,400	3,267,325,19	HONG KONG EXCHANGES & CLEARING	151,200	2,210,568.84
BANK OF EAST ASIA	20,500 302,800	376,926.71 1,644,586,37	HOYA CORP HSBC HLDGS	88,800 901,830	2,056,544.50
BARCLAYS	834,300	4,840,013.93	HYPO REAL ESTATE HLDG AG	87,647	13,939,988.02 2,453,898.96
BARRICK GOLD CORP	116,900	5,318,950.00	HYUNDAI HEAVY INDUSTRIES CO	19,932	6,173,670.47
BASF SE BAYER AG	70,800	4,866,880,28	IDEMITSU KOSAN CO	7,200	639,818.88
BAYERISCHE MOTOREN WERKE AG	90,690 35,541	7,621,572.87 1,710,696.83	IMPERIAL TOBACCO GROUP INDUSTRIA DE DISENO TEXTIL SA	22,100 19,054	822,909.11
BHP BILLITON	133,647	5,259,703.40	INDUSTRIAL & COMMERCIAL BK OF CHINA	1,205,000	878,400.70 823,685,95
ENP PARIBAS	150,766	13,668,015.51	INFINEON TECHNOLOGIES AG	464,900	3,999,303.67
BOUYGUES	106,494	7,073,884.02	ING GROEP	297,288	9,487,282.23
BOVESPA HOLDING SA BP AMOCO P.L.C	42,000 6,000	525,495.13 417,420.00	INMET MINING CORP INPEX CORPORATION	10,600 178	707,119.41
BP	854,503	9,918,686,15	INTESA SANPAOLO	1,689,614	2,250,082.54 9,656,663.85
BRAMBLES LTD	114,380	958,246,42	πv	7,480,300	6,654,452.78
BRITISH AIRWAYS	723,178	3,097,948.38	JAPAN TOBACCO INC	174	743,568,70
BRITISH AMERICAN TOBACCO BRITISH SKY BROADCASTING GROUP	267,657 645,800	9,263,263,05 6,066,327,44	JGC CORP KANSAI ELECTRIC POWER CO	67,000 30,600	1,320,975.43 71 7, 334.09
C&C GROUP	278,971	1,525,178.68	KEYENCE CORPORATION	11,430	2,726,896.84
CAIRN ENERGY PLC	15,300	985,034.69	KINGFISHER	2,074,600	4,636,603.29
CAMECO CORP	42,100	1,817,534.87	KOMATSU	128,966	3,601,144.85
CANADIAN NATIONAL RAILWAY CO CANADIAN NATURAL RESOURCES	90,300 143,300	4,359,463.80 14,243,134.40	KONINKLIJKE AHOLD KONINKLIJKE KPN	806,891 126,900	10,856,877.43 2,179,316.53
CANADIAN OIL SANDS	24,600	1,333,596.18	KONINKLUKE PHILIPS ELECTRONICS	188,231	6,408,820.52
CANON INC	67,350	3,468,996,75	KOREA ELECTRIC POWER CORP	413,680	6,010,770,40
CARLSBERG CARNIVAL	42,600 116,156	4,117,398.51	KT CORP LAFARGE	257,610	5,492,245.20
CARREFOUR	126,520	3,710,244.19 7,168,215.60	LG ELECTRONICS INC	14,800 9,000	2,270,953.67 1,019,549.73
CENTRAIS ELETR BRAS-ELETROBRAS	497,100	9,229,158.60	LLOYDS TSB GROUP	116,000	717,389,37
CHINA LIFE INSURANCE CO	969,400	3,394,009.58	LOGITECH INTERNATIONAL SA	77,255	2,085,718.14
CHINA MERCHANTS BANK CHINA MOBILE LTD	667,871 304,834	2,098,485.98	L'OREAL	46,300	5,040,704.41
CHINA MODELE LID CHINA OVERSEAS LAND & INVESTMNTS	202,000	4,097,057.78 319,160,75	LYMH MOET-HENNESSY LOUIS VUITTON MACQUARIE GROUP LTD	47,012 19,569	4,931,564.43 913,429.57
CHINA SHENHUA ENERGY CO LTD	314,000	1,232,249.00	MANULIFE FINANCIAL CORP	140,654	4,943,789,50
CHIYODA CORP	107,000	1,164,831.85	MARKS & SPENCER GROUP	1,784,959	11,669,424,23
CHUO MITSUI TRUST HLDGS INC CITIZEN HOLDINGS CO LTD	458,000 93,000	2,730,588.18 709,749.54	METHANEX CORP	18,600	528,364,30
COMMERZBANK AG	17,791	528,937.61	METRO AG MICHELIN	11,400 17,200	729,407.18 1,236,819.36
COMPAGNIE FINANCIERE RICHEMONT SA	74,559	4,164,939.23	MITSUBISHI CORP	46,400	1,532,003.21
COMPANHIA VALE DO RIO DOCE	49,100	1,758,762.00	MITSUBISHI ESTATE CO	29,000	664,779.96
CONTAX PARTICIPACOES SA CONTINENTAL AG	702,900 7,000	1,012,176,00 714,669.48	MITSUBISHI GAS CHEMICAL CO INC MITSUBISHI UFI FINANCIAL GROUP	166,000	1,199,528,32
COUNTRY GARDEN HLDGS CO	2,675,700	1,736,342.27	MITSUI O.S.K.LINES	2,501,900 59,000	22,209,215.61 842,101.79
CREDIT AGRICOLE	187,500	3,834,494.84	MITSUI SUMITOMO INSURANCE GROUP HLD	361,800	12,491,750.39
CREDIT SUISSE GROUP AG	113,419	5,222,217.85	MIZUHO FINANCIAL GROUP	3,095	14,481,581.06
CRH DAI NIPPON PRINTING CO	289,766 258,000	8,456,739.16 3,808,971.27	MORRISON(WM.)SUPERMARKETS MURATA MANUFACTURING CO	1,517,419	8,040,460.88
DAIICHI SANKYO COMPANY LIMITED	136,000	3,752,653.18	NATIONAL BANK OF GREECE	34,700 65,208	1,636,715,25 2,940,374,87
DAIMLER AG	34,300	2,118,421.52	NATIONAL GRID	73,800	970,096.62
DAIWA HOUSE INDUSTRY CO	15,000	141,219.75	NATIXIS	370,900	4,119,819.07
DASSAULT SYSTEMES SA DEUTSCHE BANK AG	15,200 14,400	927,280,51 1,234,903,49	NESTLE SA NEWCREST MINING	312,300	14,152,530.93
DEUTSCHE POST AG	258,037	6,720,274.77	NEWS CORPORATION	54,008 16,969	1,518,583,17 262,828,62
DEUTSCHE TELEKOM AG	1,303,158	21,394,246.05	NEXEN INC	29,300	1,174,252.62
EON AG	78,139	15,769,403.55	NEXT	76,525	1,476,511.94
EAST JAPAN RAILWAY CO EDF	170 78,635	1,387,198.72 7,475,726.24	NINTENDO CO NIPPON ELECTRIC GLASS	22,220	12,555,803.97
ELPIDA MEMORY INC	55,300	1,773,689.92	NIPPON TEL & TEL CORP	40,500 3,747	701,839,54 18,380,642,42
EMBRAER-EMPRESA BRAS DE AERONAUTICA	71,700	1,900,050.00	NISSAN MOTOR CO	228,100	1,887,115.70
ENCANA CORP ENI	62,600	5,760,520.43	NOBEL BIOCARE HLDG AG	28,032	918,071,39
ERICSSON	29,500 2,247,849	1,101,545.79 23,467,200.90	NOKIA CORP NOMURA HLDGS INC	234,100 315,700	5,713,273.62
FANUC CO	69,700	6,818,442.53	NORTEL NETWORKS CORP	381,810	4,684,647,89 3,138,478,20
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INTERNATIONAL		MARKET	INTERNATIONAL		MARKET
EQUITY SECURITIES	SHARES	VALUE	EQUITY SECURITIES	<u>Shares</u>	VALUE
NOVARTIS AG NOVO-NORDISK AS	346,948 122,106	19,157,612.23 7,996,885.99	TELE NORTE LESTE PARTICIPACOES	419,400.00	10,447,254.00
NTT DOCOMO INC	633	931,540,97	TELEC BRASILEIRAS-TELEBRAS TELECOM CORP OF NEW ZEALAND	99,900 1,237,785	1,994,004,00 3,363,219,05
ONEX CORP	24,700	731,103,44	TELECOM ITALIA	5,573,812	9,496,823.62
ONO PHARMACEUTICAL CO OPAP SA	112,000 70,825	6,180,840,53	TELEFONICA SA	661,147	17,583,392.34
ORACLE CORP	15,900	2,475,029,15 649,469,36	TELEFONOS DE MEXICO SA TELEKOM AUSTRIA	357,400 35,300	8,463,232.00 766,401.09
ORIX CORP	37,020	5,304,785.62	TELEKOMUNIKASI INDONESIA	437,000	345,997,83
PANASONIC CORP	76,000	1,641,809.35	TELEMIG CELULAR PARTICIPACOES	3,043	181,058.50
PERNOD-RICARD PERSIMMON	24,300 70,000	2,498,152.71 440,221.18	TELENOR ASA ORD TELIASONERA AB	143,400	2,697,134.56
PETROPLUS HOLDINGS AG	31,200	1,681,602,20	TELMEX INTERNATIONAL SAB DE CV	108,600 393,700	805,200,03 5,983,940.99
PEUGEOT SA	43,000	2,336,650.95	TELSTRA CORPORATION	233,481	950,014,58
POLSKI KONCERN NAFTOWY ORLEN SA PORSCHE AUTOMOBIL HOLDING SE	21,000 28,470.00	647,430,00	TELUS CORP	100,611	4,114,484.64
PORTUGAL TOOM SGPS	28,470.00 636,366	4,382,870.85 7,228,936.76	TESCO TEVA PHARMACEUTICAL INDUSTRIES	379,200 162,800	2,786,977,39 7,456,240,00
POTASH CORP OF SASKATCHEWAN INC	83,900	19,484,327.96	THK CO	44,600	866,713.83
POWER CORP OF CANADA	25,000	769,306.59	TIM PARTICIPACOES SA	9,251.00	263,005.93
PRECISION DRILLING TRUST PREMIER FOODS PLC	203,685 302,100	5,521,006.85 572,666.16	TNT N.V TOKIO MARINE HOLDINGS INC	267,193	9,143,597.28
PUBLICIS GROUPE SA	71,819	2,328,718.09	TOKUYAMA CORP	328,300 46,000	12,821,678.22 342,814.02
RAIFFEISEN INTERNATIONAL BANK-HLDG	18,705	2,392,133.71	TOKYO ELECTRON	38,200	2,205,405.41
RAUTARUUKKI	17,400	796,667.41	TOK YO GAS CO	157,000	633,894.63
RECKITT BENCKISER GROUP PLC REDECARD SA	74,000 90,300	3,748,049.48 1,759,444.83	TOKYU CORP TOLL HLDGS LTD	80,000 56,950	415,829.44 329,005.45
REED ELSEVIER	386,142	6,515,807,58	TOSHIBA CORP	440,000	3,250,035,38
RENAULT(REGIE NATIONALE DES USINES)	98,700	8,101,903.55	TOTAL S.A.	23,500	2,006,778.05
REPSOL YPF SA	75,900	2,993,193.67	TOYOTA MOTOR CORP	91,300	4,315,013.44
RESEARCH IN MOTION RHODIA	9,700 23,800	1,144,342.81 439,477.62	TREND MICRO INC TYCO ELECTRONICS LTD	90,000 184,746	2,971,557.95
RIO TINTO	38,800	4,640,018,78	UBS AG	241,807	6,617,601.72 5,087,691.64
ROCHE HLDG AG GENUSSCHEINE	83,299	15,047,139.21	UNI,CHARM CORP	17,400	1,239,281,17
ROGERS COMMUNICATIONS INC	136,400	5,318,598.39	UNICREDIT SPA	854,440	5,233,402.85
ROHM CO ROSNEFT OJSC	115,000 125,150	6,628,460.92 1,451,740.00	UNILEVER UNIPOL GRUPPO FINANZIARIO	711,915 1,946,000,00	20,228,543,25
ROYAL BANK OF SCOTLAND GROUP PLC	4,402,362	18,836,925.49	UNITED MICROELECTRONICS CORP	9,879,855	3,758,940.91 5,240,525,34
ROYAL DUTCH SHELL	356,613	14,507,961.98	UPM-KYMMENE	129,452	2,121,164.24
S.E.S.SA FIDUCIARY	79,300	1,994,614.80	URALKALI JSC	14,900	1,083,230,00
SABMILLER SAMSUNG ELECTRONIC	450,858 18,738	10,336,608.51 10,081,620.87	USHIO INC VALLOUREC	37,100	607,221.36
SAN-IN GODO BANK	89,000	779,133.06	VEOLIA ENVIRONNEMENT	8,259 63,575	2,900,609.14 3,568,900.04
SANKYO CO	90,000	5,875,194.57	VINCI	138,618	8,517,584.06
SANOFI-AVENTIS	386,730	25,853,127.48	VIVENDI	34,300	1,302,396.90
SAP AG SASOL	63,371 25,400	3,308,836,12 1,495,806,80	VIVO PARTICIPACOES SA VODAFONE GROUP	64,200,00	408,312.00
SBI HLDGS INC	3,860	845,246.88	WAL-MART DE MEXICO SAB DE CV	2,456,110 1,125,500	11,540,024.91 4,465,407.26
SCHLUMBERGER	49,550	5,323,156.50	WIENERBERGER AG	12,300	516,845.00
SCHNEIDER ELECTRIC	6,530	705,BB3.11	WOLSELEY	99,100	742,547,85
SCOTTISH & SOUTHERN ENERGY SEVEN & I HOLDINGS CO LTD	63,800 342,200	1,781,411.12 9,781,293,34	WOLTERS-KLUWER NV WOODSIDE PETROLEUM	187,218 17,000	4,377,374.41
SHAW COMMUNICATIONS	39,400	808,543.69	WOOLWORTHS LIMITED	97,149	1,101,198.37 2,279,449.97
SHIMAMURA CO	7,000	431,866,42	XSTRATA PLC	14,266	1,142,473.15
SHIN-ETSU CHEMICAL CO	15,300	949,709.92	YAMADA DENKI CO	23,930	1,706,625.16
SHOPPERS DRUG MART CORP SIEMENS AG	26,700 113,654	1,470,861.96 12,556,217.37	YAMAHA MOTOR CO YAMATO HOLDINGS CO	254,300	4,766,700.63
SINGAPORE TELECOMMUNICATIONS	387,664	1,032,895.65	YARA INTERNATIONAL ASA	188,200 21,200	2,631,124.95 1,877,155,96
SK TELECOM	300,500	6,241,385.00	YELL GROUP	208,000	291,835,59
SMC CORP	21,400	2,347,832.65	YUE YUEN INDUSTRIAL HLDGS	912,725	2,167,845.51
SMURFIT KAPPA GROUP PLC SNS REAAL GROEP	261,743 98,983	2,165,043.23 1,922,896.38	ZURICH FINANCIAL SERVICES	18,519	<u>4,754,288.73</u>
SOCIETE GENERALE	21,718	1,891,901.89	TOTAL INTERNATIONAL EQUITY SEC	URITIES	1,472,723,734.97
SOFTBANK CORP	470,300	7,941,483,89	-		2,114,123,1242,1
SOHO CHINA LIMITED	1,098,500	598,737.41	TOTAL EQUITY SECURITIES		5,854,647,841.40
SONY CORP SONY FINANCIAL HOLDINGS INC	123,200 1,384	5,392,651.29 5,574,906.84	TOTAL PORTFOLIO OF ASSETS		0.547.400.544.45
ST MICROELECTRONICS	702,810	7,320,441.63	TOTALLI OKTIONIO OF ASSETS		9,115,699,511.47
STANDARD CHARTERED	193,800	5,515,382.27			
STOLT-NIELSEN	98,779	2,249,627.27			
SUMITOMO CHEMICAL CO SUMITOMO CORP	299,800 226,800	1,892,044,71 2,984,632.80			
SUMITOMO MITSUI FINANCIAL GROUP INC	2,602	19,612,263.57			
SUMITOMO REALTY & DEVELOPMENT CO	55,000	1,094,759.68			
SUN LIFE FINANCIAL INC	20,300	839,372,14			
SUNCOR ENERGY SUZUKI MOTOR CORP	43,400 98,400	2,532,433.10 2,329,927.83			
SWIRE PACIFIC	12,000	122,732,43			
SWISS REINSURANCE	265,023	17,705,492.98			
SWISSCOM AG	32,005	10,706,561.70			
SYNTHES INC WILMINGTON TAISHO PHARMACEUTICAL CO	8,098 244,000	1,119,377.97 4,532,201.31			
TAIWAN SEMICONDUCTOR MANUFACTURING		3,160,376,07			
TAKEDA PHARMACEUTICAL CO	142,400	7,253,997.45			
TAKEFUJI CORPORATION	212,560	2,961,663.32			
TECHNIP	126,185	11,688,085.64			

Certification of the 2008 Actuarial Valuation **Executive Summary Funded Status Analysis of Changes Actuarial Assumptions and Methods Development of Employer Cost** Actuarial Present Value of Future Benefits **Analysis of Normal Cost** Schedule of Funding Progress Schedule of Employer Contributions Notes to Required Supplementary Information Membership Data Historical Summary of Active Member Data Plan Net Assets (Assets at Market or Fair Value) Distribution of Assets at Market Value Reconciliation of Plan Net Assets Development of Actuarial Value of Assets **Estimation of Yields History of Cash Flow** Investment Experience Gain or Loss Total Experience Gain or Loss Analysis of Change in Unfunded Actuarial Accrued Liability Projection of UAAL **Solvency Test**

Distribution of Active Members by Age and by Years of Service Summary of Actuarial Assumptions and Methods Addendum to June 30, 2008, Actuarial Valuation Schedule of Increases and Decreases of Benefit Recipients

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,是我们也是不是,我们也没有不是,只要我们就在这些人的 _是 ,不是一个人的,我们还是一个人的,也是一个老人的。""我们,我们就是一个人的,我们就是一个人的,我们就
그는 사람들이 가는 사람들이 가는 사람들이 살아 있었다. 그는 심장하는 사람들이 가는 사람들이 되었다. 그는 사람들이 가는 사람들이 가는 사람들이 되었다.
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5605 N. MacArthur Blvd. Suite 870 Irving, TX 75038-2631 469.524.0000 phone 469.524.0003 fax www.gabrielroeder.com

October 22, 2008

Board of Trustees Teachers' Retirement System of Oklahoma Oliver Hodge Education Building 2500 N. Lincoln Boulevard, 5th Floor Oklahoma City, Oklahoma 73105

Dear Members of the Board:

SUBJECT: ACTUARIAL VALUATION AS OF JUNE 30, 2008

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2008

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the Oklahoma statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. They are Enrolled Actuaries and Members of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems. They meet the Qualification Standards of the American Academy of Actuaries.

ACTUARIAL VALUATION

The primary purposes of the valuation report are to determine the adequacy of the current employer contribution rate, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30 of each year, the last day of the System's plan and fiscal year.

Board of Trustees October 22, 2008 Page 2

FINANCING OBJECTIVES

The member, employer, State, and "federal matching" contribution rates are established by law. Members contribute 7.00% of covered compensation. The fiscal year 2008 contribution rates for employers covered by the Education Employees Service Incentive Plan (EESIP) were 7.85% effective July 1, 2007 and 8.35% effective Jan. 1, 2008. This rate increases to 8.50% effective July 1, 2008, 9.00% effective Jan. 1, 2009, and 9.50% effective Jan. 1, 2010. For employers not covered by the EESIP—the comprehensive and regional four-year universities—the contribution rate for FY 2008 was 7.05% and increased to 7.55% on Jan. 1, 2008. This rate will increase to 8.05% on Jan. 1, 2009, and 8.55% on Jan. 1, 2010. In addition, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, and individual income taxes to the System. This percentage is currently 5.00%, and no increases are scheduled in this rate. Additionally, the System receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The federal matching contribution rate for FY 2008 was 7.00% and increased to 7.50% for FY 2009. This federal matching rate is intended to approximate the contribution from the State of Oklahoma measured as a percentage of "state" payroll, i.e., payroll excluding that paid from federal or grant sources.

In the fiscal year ending June 30, 2008, the state's contribution plus the federal contribution was equivalent to a contribution of approximately 7.3% of covered payroll. The employer contributions averaged about 7.8% of payroll, so on a combined basis, the employing entities contributed about 15.1% of covered payroll for FY 2008. This is expected to increase as the contribution rates for the employers increase in the future. We project that by FY 2011, when the higher employer contribution rates are fully phased in, the combined employer, State, and federal contributions will amount to about 16.8% of payroll.

The state, local and federal contributions, when combined with the contributions made by members, are intended to pay for the normal cost and to amortize the unfunded actuarial accrued liability (UAAL).

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The UAAL at June 30, 2007 was \$7,603 million, and it increased to \$9,090 million this year. The funded ratio - actuarial value of assets divided by actuarial accrued liability - decreased from 52.6% to 50.5%.

Last year, the period required to completely amortize the UAAL (the funding period) based on the contribution schedule in effect at that time was 21.6 years, measured from June 30, 2007. This year, the funding period is 54.4 years. The increase in the UAAL and the funding period is principally due to the increase in our assumed rate of future ad hoc cost of living adjustments (COLA) from 1% to 2%. This added over \$1.4 billion to the UAAL.

Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to decrease starting in FY 2044 until it reaches zero in FY 2063.

Board of Trustees October 22, 2008 Page 3

DEFERRED ASSET LOSSES/GAINS

The UAAL and the funded ratio cited above are based on actuarial calculations that make use of the actuarial value of assets, not the market value. The actuarial value of assets is based on the market value, but asset gains and losses — earnings greater or less than the 8.00% investment return assumption — are recognized at a rate of 20% per year for five years. The current actuarial value, \$9,257 million, is \$623 million larger than the market value of \$8,634 million. The actuarial value is now 107.2% of the market value. The funded ratio determined using the market value rather than the actuarial value is 47.1%.

BENEFIT PROVISIONS

The actuarial valuation reflects the benefit and contribution provisions set forth in current statutes, including those adopted in the 2008 legislative session.

HB 3112 was passed during the 2008 legislative session. This bill implements a 2% ad hoc COLA for TRS retirees who retired prior to July 1, 2007.

ASSUMPTIONS AND METHODS

Assumptions are set by the Board of Trustees, taking into account the recommendations of the plan's actuaries. In July of this year, the Board voted to increase the assumed future ad hoc COLA assumption from 1% to 2%. Otherwise, the actuarial assumptions and methods used in this report are unchanged from last year.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of the plan.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

The Retirement Board is required to submit actuarial information about the System to the Oklahoma State Pension Commission. The required information is based on a prescribed set of actuarial assumptions which is different from the assumption set used in preparing the actuarial valuation. This information appears as an addendum to this report in Appendix IV.

DATA

Member data for retired, active, and inactive participants was supplied as of June 30, 2008 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was supplied by the auditors and by the System's staff.

ATTACHED SCHEDULES

We prepared all of the schedules and exhibits in this section except for the Schedule of Increases and Decreases of Benefit Recipients which was prepared by the System's staff. We have also

Gabriel Roeder Smith & Company

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prepared the Schedule of Funding Progress and the Schedule of Employer Contributions in the Financial Section. We have prepared the annual actuarial valuations each year, beginning with the one prepared as of June 30, 1989. Information related to earlier actuarial valuations was prepared by the previous actuary for the System.

We thank both the staff and the auditors for their assistance.

Sincerely,

J. Christian Conradi, ASA, MAAA, EA

Mark R. Randall

Senior Consultant

Mark R. Randall, FCA, EA, MAAA

Senior Consultant

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Executive Summary

Item	2008	2007
l embership		
Number of		
- Active members	88,678	88,133
- Retirees and beneficiaries	45,238	43,506
- Inactive, vested	6,915	6,637
- Inactive, nonvested	6,908	6,613
- Total	147,739	144,889
• Payroll	\$ 3,751 million	\$ 3,599 million
statutory contribution rates	FY 2009	FY 2008
Employers in EESIP	8.50%/9.00% *	7.85%/8.35% *
Regional universities	7.55%/8.05% *	7.05%/7.55% *
• Federal/grant salaries	7.50%	7.00%
Members	7.00%	7.00%
• State (% of tax revenues)	5.00%	5.00%
State (% of tax revenues)	3.0078	3.0070
Assets		
 Market value 	\$ 8,634 million	\$9,293 million
 Actuarial value 	\$ 9,257 million	\$8,422 million
 Return on market value 	-7.5%	18.0%
 Return on actuarial value 	9.4%	12.4%
 State/local/federal contributions 	\$ 597 million	\$ 536 million
 External cash flow % 	0.4%	0.2%
 Ratio of actuarial to market value 	107.2%	90.6%
Actuarial Information		
 Normal cost % 	11.25%	10.52%
 Unfunded actuarial accrued 		
liability (UAAL)	\$ 9,090 million	\$ 7,603 million
Funded ratio	50.5%	52.6%
• Funding period (years)	54.4	21.6
GASB 25 ARC (30 year, level %)	FY 2009	FY 2008
• Dollar amount	\$714,367,558	\$590,495,652
Percent of pay	18.19%	15.68%
- Telectit of pay	10.1770	15,0070
Gains/(losses)		
	\$118 million .	\$ 333 million
Asset experience	B	
Liability experience	(31) million	(123) million
~	(67) million	0 million
Liability experience	, ,	

^{*} First rate shown is effective for July-December, second rate shown is effective for January-June

FUNDED STATUS

Because the employer contribution rates are set by statute, this report determines the funding period required to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The UAAL increased by \$1.488 billion, from \$7.603 billion to \$9.090 billion. The funded ratio – the ratio of the actuarial value of assets to actuarial accrued liability – decreased from 52.6% to 50.5%. The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – has gone from 21.6 years to 54.4 years. We now project that the System will not reach 80% funded until after 2050, assuming no further changes in benefits or contribution rates and assuming no actuarial gains or losses.

These effects are primarily due to an increase in the assumed rate of future cost of living adjustments from 1% to 2% per year.

OTRS remains among the most poorly funded of all statewide plans. The actuarial value of assets is just sufficient to cover the liabilities for currently retired members. Despite an increase in contribution rates, future contributions are not projected to reach the GASB 25 ARC (the benchmark contribution) until FY 2034.

The current combined state/local/federal contribution for FY 2008 was not sufficient to pay the normal cost and pay the interest on the UAAL, so negative amortization is occurring. This is expected to continue over the next 35 years.

This report also determines the GASB Annual Required Contribution (ARC). This is the contribution required to fund the normal cost and to amortize the UAAL as a level percent of pay over 30 years. This amount is 18.19% of salary as shown in Table 1, compared to 15.68% last year. Our projections show that the ARC is expected to increase over the next decade before starting to decrease.

GRS

ANALYSIS OF CHANGES

UAAL

Table 12a shows an analysis of the change in the UAAL. The UAAL, which was \$7,602.5 million last year, has increased to \$9,090.1 million this year.

The increase in the UAAL was primarily due the assumption change for the current year. Increasing the assumed future ad hoc cost of living adjustments from 1% to 2% per year increased the UAAL by \$1,406.0 million. Despite the loss on the market value of assets in FY 2008, the System had a gain on the actuarial value of assets (AVA) of \$117.7 million, due to the phase in of previously deferred gains. There was a \$30.5 million liability loss related to deviation from our assumptions. This loss excludes the effect of the COLA assumption and the adoption of the 2% ad hoc COLA. There was a \$67.3 million loss due 2% ad hoc COLA. (This figure is the additional liability produced, in excess of the assumed 1% COLA.)

The rest of the change in the UAAL since the last valuation is due to the negative amortization that occurs because statutory contributions are not sufficient to reduce the UAAL.

Funding Period

The funding period (the period required to amortize the UAAL) increased from 21.6 years to 54.4 years. This was primarily due the assumption change for the current year that increased the future ad hoc cost of living adjustment from 1% to 2% per year

The funding period shown on Table 1, and the projection of the UAAL shown on Table 13, are based upon a deterministic projection that takes into account future increases in employer contribution rates and the phase in of the difference between the actuarial and market values of assets. This projection assumes: (a) future market earnings, net of expenses, will equal 8.00% per year, (b) there will be no liability gains/losses or changes in assumptions, (c) the number of active members will remain unchanged, (d) active members who leave employment will be replaced by new entrants each year, (e) the State's contribution for FY 2009 will be \$268 million as projected by the Office of State Finance (OSF), and (f) future state revenues will increase at 3.5% per year, except that, due to changes in the State's income tax, increases will only be 2.25% until FY 2010.

ACTUARIAL ASSUMPTIONS AND METHODS

Appendix III summarizes the actuarial assumptions used to determine the plan's liabilities and the actuarial methods used to determine the normal cost, UAAL and funding period.

In July, prior to the preparation of this report, the Board of Trustees voted to increase the assumption about future ad hoc cost-of-living increases from 1% to 2%. There were no other changes to the actuarial assumptions and methods for this year.

The change in the assumption about future ad hoc COLAs increased the plan's UAAL by just over \$1.4 billion, and was the primary reason for the increase in the funding period and the decrease in the funded ratio.

Development of Employer Cost

		Jun	e 30, 2008	J	une 30, 2007
			(1)		(2)
1.	Payroll		•		
	a. Supplied by system	\$ 3	,751,436,376	\$	3,598,926,888
	b. Adjusted for one year's pay increase	3	,926,476,288		3,766,989,331
2.	Present value of future pay (paid monthly)	\$ 29	,734,468,919	\$	28,625,597,268
3.	Normal cost rate (payable monthly)				
	a. Total normal cost rate		11.25%		10.52%
	b. Less: member rate		(7.00%)	-	(7.00%)
	c. Employer normal cost rate		4.25%		3.52%
4.	Actuarial accrued liability for active members				
	a. Present value of future benefits for active members	\$ 12	2,402,320,069	\$	10,973,945,087
	b. Less: present value of future employer normal costs				
	(Item 3c * Item 2)		1,263,714,929)		(1,007,621,024)
	c. Less: present value of future member contributions	Martin	2,081,412,824)	***********	(2,003,791,809)
	d. Actuarial accrued liability	\$!	9,057,192,316	\$	7,962,532,254
5.	Total actuarial accrued liability for:				
	a. Retirees and beneficiaries	\$	8,919,572,410	\$	7,730,260,900
	b. Inactive members		370,099,726		331,600,462
	c. Active members (Item 4d)		9,057,192,316		7,962,532,254
	d. Total	\$ 1	8,346,864,452	\$	16,024,393,616
6.	Actuarial value of assets	\$	9,256,786,936	\$	8,421,866,942
7.	Unfunded actuarial accrued liability				
	(UAAL) (Item 5d - Item 6)	\$	9,090,077,516	\$	7,602,526,674
8.	Funding period based on statutory contribution rates		54.4 years		21.6 years
9.	GASB 25 ARC				
	a. Employer normal cost (Item 1b * 3c)	\$	166,875,242	\$	132,598,024
	 b. Level % 30-year amortization of UAAL (payable monthly) 	F	547,492,316		457,897,628
	c. Total	\$	714,367,558	\$. , ,
	d. Contributions as percentage of payroll		18.19%		15.68%

Actuarial Present Value of Future Benefits

		June 30, 2008	June 30, 2007
	·	(1)	(2)
1.	Active members		
	a. Service retirement benefits	\$ 11,005,919,339	\$ 9,659,766,185
	b. Deferred termination benefits	526,742,358	491,618,941
	c. Refunds	29,187,692	29,203,497
	d. Death benefits	207,201,059	186,709,472
	e. Disability retirement benefits	254,810,876	226,636,138
	f. Supplemental medical insurance	344,820,144	346,973,635
	g. \$5,000 post-retirement death benefit	33,638,601	33,037,219
	h. Total	\$ 12,402,320,069	\$10,973,945,087
2.	Retired members		
	a. Service retirements	\$ 7,990,530,539	\$ 6,872,645,397
	b. Disability retirements	150,564,821	132,443,995
	c. Beneficiaries	261,621,315	226,494,181
	d. Supplemental medical insurance	439,818,068	424,662,044
	e. \$5,000 post-retirement death benefit	77,037,667	74,015,283
	f. Total	\$ 8,919,572,410	\$ 7,730,260,900
3.	Inactive members		
٠.	a. Vested terminations	\$ 317,453,733	\$ 285,381,471
	b. Nonvested terminations	25,114,016	24,373,611
	c. Suspense fund	27,531,977	21,845,380
	d. Total	\$ 370,099,726	\$ 331,600,462
4.	Total actuarial present value of future benefits	\$ 21,691,992,205	\$ 19,035,806,449

Analysis of Normal Cost

		June 30, 2008	June 30, 2007
		(1)	(2)
1.	Gross normal cost rate (payable monthly)		
	a. Retirement benefits	8.31%	7.65%
	b. Deferred termination benefits	1.36%	1.33%
	c. Refunds	0.78%	0.78%
	d. Supplemental medical insurance	0.28%	0.28%
	e. \$5,000 Post-retirement death benefits	0.04%	0.04%
	f. Death Benefits	0.15%	0.14%
	g. Disability retirement benefits	0.33%	0.30%
	h. Total	11.25%	10.52%
2.	Less: member rate	<u>7.00%</u>	<u>7.00%</u>
3.	Employer normal cost rate	4.25%	3.52%

Teachers' Retirement System of Oklahoma Actuarial Valuation – June 30, 2008

Schedule of Funding Progress (As required by GASB #25)

UAAL as % of Payroll (4)/(6) (7)	197.4% 199.5% 194.0% 189.4% 179.4%	169.3% 188.3% 195.8% 180.2% 244.8%	223.6% 228.7% 211.2% 242.3%
Annual Covered Payroll (6)	\$2,336.1 \$2,375.5 \$2,428.7 \$2,537.7 \$2,648.4	\$2,738.3 \$2,990.5 \$3,047.1 \$3,030.7	\$3,175.2 \$3,354.9 \$3,598.9 \$3,751.4
Funded Ratio (2)/(3) (5)	38.4% 39.6% 42.9% 45.9%	53.7% 51.4% 51.4% 54.0% 47.3%	49.5% 49.3% 52.6% 50.5%
Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	\$4,610.5 \$4,740.2 \$4,712.3 \$4,806.3 \$4,750.5	\$4,635.7 \$5,632.1 \$5,965.0 \$5,488.3 \$7,419.2	\$7,099.7 \$7,672.9 \$7,602.5 \$9,090.1
Actuarial Accrued Liability (AAL) (3)	\$7,480.4 \$7,843.2 \$8,257.2 \$8,891.3 \$9,458.6	\$10,009.2 \$11,591.1 \$12,275.9 \$11,925.2 \$14,080.1	\$14,052.4 \$15,143.4 \$16,024.4 \$18,346.9
Actuarial Value of Assets (AVA) (2)	\$2,869.9 \$3,103.0 \$3,544.9 \$4,085.0	\$5,373.5 \$5,959.0 \$6,310.9 \$6,436.9 \$6,660.9	\$6,952.7 \$7,470.4 \$8,421.9 \$9,256.8
Valuation Date (1)	June 30, 1995 June 30, 1996 June 30, 1997 June 30, 1998 June 30, 1999	June 30, 2000 June 30, 2001 June 30, 2002 June 30, 2003 June 30, 2004	June 30, 2005 June 30, 2006 June 30, 2007 June 30, 2008

Note: Dollar amounts in millions

Schedule of Employer Contributions (As required by GASB #25)

Year Ending	Annual Required	Percentage
June 30,	Contribution	Contributed
(1)	(2)	(3)
1996	\$434,728,781	40.8%
1997	\$446,459,961	62.0%
1998	\$446,219,296	59.1%
1999	\$456,864,002	53.5%
2000	\$455,265,033	60.6%
2001	\$451,463,258	72.7%
2002	\$556,201,571	. 65.6%
2003	\$585,168,488	61.9%
2004	\$534,811,845	70.2%
2005	\$722,095,783	56.2%
2006	\$535,228,038	85.8%
2007	\$575,745,142	93.1%
2008	\$590,495,652	101.1%

Notes to Required Supplementary Information (as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date June 30, 2008

Actuarial cost method Entry Age Normal

Amortization method Level percent of payroll, open period

Remaining amortization period 30 years

Asset valuation method 5-year smoothed market

Actuarial assumptions:

Investment rate of return * 8.00%

Projected salary increase * 4.25% to 6.00%

* Includes inflation at: 3.00%

Cost of living adjustment 2.00%

Membership Data

]	June 30, 2008		1e 30, 2007
				(1)		(2)
1.	Acti	ve members				
	a.	Number	4	88,678		88,133
	ь.	Total payroll supplied by System	\$ \$	3,751,436,376 42,304	\$3 \$,598,926,888 40,835
	c. đ.	Average salary Average age	Ð	42,304	J)	40,833
	и. e.	Average service	•	11.5		11.5
_		_				•
2.	ves a.	ted inactive members Number		6,915		6,637
	а. Ъ.	Total annual deferred benefits	\$	51,446,164	\$	49,993,687
	c.	Average annual deferred benefit	\$	7,440	\$	7,533
3.	Not	nvested inactive members				
٠.	a.	Number		6,908		6,613
	ъ.	Member contributions with interest due	\$	25,114,016	\$	24,373,611
	c.	Average refund due	\$	3,635	\$	3,686
4.	Ser	vice retirees		•		
	a.	Number		41,685		40,068
	ъ.	Total annual benefits ^{1, 2}	\$	747,336,202	\$	696,685,159
	c.	Average annual benefit	\$	17,928	\$	17,388
5.	Spe	ecial service retirees				
	a.	Number		63		91
	ъ.	Total annual benefits ^{1, 2}	\$	146,762	\$	208,106
	c.	Average annual benefit	\$	2,330	\$	2,287
6.	Dis	sabled retirees				
	a.	Number		1,513		1,471
	ъ.	Total annual benefits ^{1, 2}	\$	16,606,561	\$	15,770,285
	c.	Average annual benefit	\$	10,976	\$	10,721
7.	Ве	meficiaries and spouses				
	a.	Number		1,977		1,876
	ъ.	Total annual benefits ^{1, 2}	\$		\$	26,691,199
	c.	Average annual benefit	\$	14,692	\$	14,228

Benefit amounts exclude the supplemental medical insurance payment.

 $^{^2\,}$ Benefit amounts for 2008 include 2.00% COLA effective July 1, 2008

Historical Summary of Active Member Data

Teachers' Retirement System of Oklahoma Actuarial Valuation – June 30, 2008

	Average Service	(6)		10.5	10.5	10.6	10.7	10.8	10:0	10.7	11.1	11.2	; c	71.7	11.2	11.0	11.0	11.1	11.5	C.1.1	11.8		11.6	11.6	11.5	115	C.11	
	Average	2947	(9)	43.1	43.1	43.3	43.4	73.6	0.5	43.6	44.0	44.2	1 0	44.5	44.4	44.5	44.7	44.9		45.3	45.6		45.6	45.7	45.8		45.4	
Salary	Percent	TINI Case	S	5.0%	5.7%	1.9%	3.1%) II C	2,3%	3.0%	1.8%	1.5%	D / C / I	3.1%	2.7%	1.9%	7.4%	0.7%	2	7.6%	1.3%		1.5%	2.1%	6 1%	2710	3.6%	
Average Salary	A A mornat	TIMOTITY &	(9)	25,265	26,709	27.218	28,069		28,704	29,555	30,091	30.546	040,00	31,493	32,356	32,982	35.438	25,605	CC0,CC	36,639	37,104		37,671	38.476	40.025	50,01	42,304	
Payroll	Percent	Increase	(જે	8.4%	10.1%	4.2%	700 9	0.0.0	3.2%	%1.9	1.7%	730%	2.370	4.5%	4.3%	3,4%	0.2%		1.9%	(0.0%)	(0.5%)		4.8%	2 7%	2000	0/5./	4.2%	
Covered Payroll	Amount in	Millions Millions	4)	1,745	1.921	2 000	1,00	2,122	2,190	2.336	275	, c	2,429	2,538	2,648	2.738	2 091	1//47	3,04/	3,046	3,031		3,175	3 355		5,599	3,751	
1embers	Percent	Increase	(3)	2.0%	4 7%	735.0	2 2 2	7.0%	%6.0	3,6%	(0.1%)	(0.170)	0./%	1.3%	1.6%	1 4%	1 60%		1.2%	(2.6%)	(1.7%)		3.2%	7 207	0,0,0	1.1%	%9.0	
Active Members		Number	(2)	69.062	71 036	055.1	00,55	665,57	76,280	79 044	78.047	7460/	79,510	80.578	81,851	83 024	02,000	04,50	85,366	83,127	81,683	`	84.286	97 104	0 / 5 1 3 4	88,133	88,678	
	Valuation as of	June 30,	(1)	1990	1001	1991	7661	1993	1994	1005	7001	1990	1997	1998	1999	0000	2000	7007	2002	2003	2004	· · ·	2005	0000	2006	2007	2008	

Plan Net Assets (Assets at Market or Fair Value)

		Valuation as of										
	Item	J	une 30, 2008	June 30, 2007								
	(1)		(2)		(3)							
1.	Cash and cash equivalents	\$	2,124,625	\$	4,771,218							
2.	Receivables											
	a. Employer and member contributions	\$	54,776,735	\$	45,465,506							
	b. State contribution		28,969,735		25,074,415							
	c. Net investment income and other accruals	***************************************	33,221,531		28,251,274							
	d. Total receivables	\$	116,968,001	\$	98,791,195							
3.	Investments											
	a. Invested cash and other	\$	441,182,511	\$	480,385,331							
	b. Domestic equities		4,381,924,106		5,052,869,614							
	c. International equities		1,472,723,735		1,640,103,192							
	d. Fixed income		2,819,869,159		2,679,194,330							
	e. Real estate, furniture & equipment	brownersonaum	247,186	*******	262,461							
	f. Total investments	\$	9,115,946,697	\$	9,852,814,928							
4.	Total assets	\$	9,235,039,323	\$	9,956,377,341							
5.	Liabilities											
	a. Benefits payable, including insurance payments	\$	67,389,081	\$	16,768,162							
	b. Net due to brokers		213,584,916		279,245,962							
	c. Other liabilities	-	8,206,044		9,321,354							
	d. Total liabilities	\$	289,180,041	\$	305,335,478							
6.	Net assets available (Item 4 - Item 5)	\$	8,945,859,282	\$	9,651,041,863							
7.	Less: Teachers' Deposit Fund		(312,159,587)		(357,840,841)							
8.	Net assets available for OTRS benefits	\$	8,633,699,695	\$	9,293,201,022							

Distribution of Assets at Market Value (Percentage of Total Investments)

•		Valuation	as of
	Item	June 30, 2008	June 30, 2007
	(1)	(2)	(3)
a.	Invested cash and other	4.8%	4.9%
b.	Domestic equities	48.1%	51.3%
c.	International equities	16.2%	16.6%
d.	Fixed income	30.9%	27.2%
e.	Real estate, furniture & equipment	0.0%	0.0%
f	Total investments	100.0%	100.0%

Reconciliation of Plan Net Assets

		Year Ending							
		J	une 30, 2008	June 30, 2007					
			(1)		(2)				
1.	Market value of assets at beginning of year, net of Teachers' Deposit Fund	\$	9,293,201,022	\$	7,858,937,186				
2.	Revenue for the year								
	a. Contributions								
	i. Member contributions, including state credit	\$	286,738,943	\$	285,408,749				
	ii. Federal matching funds		21,274,957		21,402,183				
	iii. State contribution		266,761,597		243,501,987				
	iv. Employer/district contributions	-	308,804,479		271,012,403				
	v. Total	\$	883,579,976	\$	821,325,322				
	b. Net investment earnings				,				
	i. Interest, dividends and other income	\$	269,601,388	\$	236,385,329				
	ii. Net appreciation/(depreciation)	Ψ	(959,036,578)	Ψ	1,269,034,289				
	iii. Less: investment expenses		(32,992,027)		(30,790,763)				
	iv. Less: transfers to Teachers' Deposit Fund		25,932,253		(56,098,820)				
	v. Net investment earnings	\$	(696,494,964)	\$	1,418,530,035				
	c. Total revenue	\$	187,085,012	\$	2,239,855,357				
3.	Expenditures for the year								
	a. Refunds		35,254,496	\$	33,829,653				
	b. Benefit payments, including insurance payments		806,540,725		767,212,709				
	c. Administrative expenses		4,791,118	•	4,549,159				
	d. Total expenditures		846,586,339	\$	805,591,521				
4.	Increase in net assets								
.,	(Item 2 - Item 3)	\$	(659,501,327)	\$	1,434,263,836				
5.	Market value of assets at end of year, net of								
	Teachers' Deposit Fund (Item 1 + Item 4)	\$	8,633,699,695	\$	9,293,201,022				

Development of Actuarial Value of Assets

						Year Ending June 30, 2008
1.	Mark	et value of assets at h	peginning of year		\$	9,293,201,022
2.	Net n	ew investments				
	a. C	ontributions			\$	883,579,976
		enefits paid			•	(806,540,725)
		efunds				(35,254,496)
		ubtotal			***************************************	41,784,755
3.	Mark	et value of assets at	end of year		\$	8,633,699,695
4.	Net e	arnings (3-1-2)			\$	(701,286,082)
5.	Assu	med investment retu	rn rate			8.00%
6.	Ехре	cted return			\$	745,127,472
7.	Exce	ss return (4-6)			\$	(1,446,413,554)
8.	Exce	ess return on assets fo	or last four years:			
		Period End	Excess Return	Percent Deferred	$\underline{\underline{\Gamma}}$	Deferred Amount
			(2)	(3)		(4)
	a.	June 30, 2005	129,636,869	20%	\$	25,927,374
	b.	June 30, 2006	93,608,695	40%		37,443,478
	c.	June 30, 2007	784,454,583	60%		470,672,750
	d.	June 30, 2008	(1,446,413,554)	80%	\$	(1,157,130,843) (623,087,241)
			•		Ψ	(025,007,241)
9.	Actı	arial value of assets	(Item 3 - Item 8)		\$	9,256,786,936
10). Actı	narial value as percer	ntage of market value	•		107.2%

Estimation of Yields

				Year E	nding	
			J	Tune 30, 2008	J	Tune 30, 2007
		•		(1)		(2)
A.	Ma	rket value yield				
	1.	Beginning of year market assets	\$	9,293,201,022	\$	7,858,937,186
	2.	Net investment income (including realized and unrealized gains and losses)	\$	(696,494,964)	\$	1,418,530,035
	3.	End of year market assets	\$	8,633,699,695	\$	9,293,201,022
	4.	Estimated dollar weighted market value yield.		-7.5%		18.0%
В.	Ac	tuarial value yield				
	1.	Beginning of year actuarial assets	\$	8,421,866,942	\$	7,470,433,915
	2.	Actuarial return	\$	793,135,239	\$	931,150,067
	3.	End of year actuarial assets	\$	9,256,786,936	\$	8,421,866,942
•	4.	Estimated actuarial value yield		9.4%		12.4%

Teachers' Retirement System of Oklahoma, Actuarial Valuation – June 30, 2008

History of Cash Flow

	,		Distributions and Expenditures	l Expenditures		1		
Year Ending June 30, (1)	Contributions (2)	Benefit Payments (3)	Refunds (4)	Administrative Expenses (5)	Total (6)	External Cash Flow for the Year (7)	Market Value of Assets (8)	External Cash Flow as Percent of Market Value (9)
1999	435.0	(479.6)	(24.5)	(2.7)	(506.9)	(71.8)	5,387	(1.3%)
2000	471.8	(500.3)	(29.5)	(3.0)	(532.7)	(60.9)	5,890	(1.0%)
2001	544.8	(537.3)	(31.4)	(3.5)	(572.2)	(27.4)	5,732	(0.5%)
2002	591.5	(561.2)	(26.7)	(3.9)	(591.9)	(0.4)	5,418	(0.0%)
2003	582.5	(609.0)	(30.2)	(4.0)	(643.2)	(60.7)	5,614	(1.1%)
2004	608.4	(647.3)	(33.7)	(3.9)	(684.9)	(76.5)	99959	(1.1%)
2005	640.8	(701.9)	(26.8)	(4.2)	(732.9)	(92.1)	7,238	(1.3%)
2006	708.4	(727.4)	(30.9)	(4.4)	(762.7)	(54.3)	7,859	(0.7%)
2007	,821.3	(767.2)	(33.8)	(4.5)	(805.5)	15.8	9,293	0.2%
2008	883.6	(806.5)	(35,3)	(4.8)	(846.6)	37.0	8,634	0.4%
Delles concincte in millione								

Dollar amounts in millions

¹ Column (7) = Column (2) + Column (6).

Investment Experience Gain or Loss

	Item (1)	 Year Ending June 30, 2008 (2)		Year Ending une 30, 2007 (3)
1.	Actuarial assets, beginning of year	\$ 8,421,866,942	\$	7,470,433,915
2.	Contributions during year	\$ 883,579,976	\$	821,325,322
3.	Benefits and refunds paid	\$ (841,795,221)	\$	(801,042,362)
4.	Assumed net investment income at 8%			
	a. Beginning of year assets	\$ 673,749,355	\$	597,634,713
	b. Contributions	35,343,199		32,853,013
	c. Benefits and refunds paid	 (33,671,809)	P*************************************	(32,041,694)
	d. Total	\$ 675,420,745	\$	598,446,032
5.	Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 9,139,072,442	\$	8,089,162,907
6.	Actual actuarial assets, end of year	\$ 9,256,786,936	\$	8,421,866,942
7.	Asset gain (loss) for year (Item 6 - Item 5)	\$ 117,714,494	\$	332,704,035

Total Experience Gain or Loss

	Item	Year Ending June 30, 2008	Year Ending June 30, 2007
	(1)	(2)	(3)
A.	Calculation of total actuarial gain or loss		
	1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 7,602,526,674	\$ 7,672,923,905
	2. Normal cost for the year (employer and employee)	\$ 396,287,278	\$ 364,799,297
	3. Less: total contributions for the year	\$ (883,579,976)	\$ (821,325,322)
	4. Interest at 8 %		
	a. On UAAL	\$ 608,202,134	\$ 613,833,912
	b. On normal cost	15,851,491	14,591,972
	c. On contributions d. Total	(35,343,199) \$ 588,710,426	(32,853,013) \$ 595,572,871
	d. Total	ф 366,710, 4 20	\$ 393,372,671
	5. Expected UAAL (Sum of Items 1 - 4)	\$ 7,703,944,402	\$ 7,811,970,751
	6. Actual UAAL	\$ 9,090,077,516	\$ 7,602,526,674
	7. Total gain (loss) for the year (Item 5 - Item 6)	\$ (1,386,133,114)	\$ 209,444,077
В.	Source of gains and losses		
	8. Asset gain (loss) for the year	\$ 117,714,494	\$ 332,704,035
,	9. Liability gain (loss) for the year	(30,504,190)	(123,259,958)
	10. 2% Ad-Hoc COLA	(67,332,566)	•
	11. Increase in future ad hoc COLA assumption	(1,406,010,852)	
	12. Total	\$ (1,386,133,114)	\$ 209,444,077

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

		30, 2008 JAAL		30, 2007
Basis		Millions)		JAAL Millions)
(1)	<u> </u>	(2)		(3)
1. From prior valuation	\$	7,602.5	\$	7,672.9
2. Impact of changes, gains and losses				
Expected increase based on expected contributions and passage of time		130.2		222.5
b. Liability (gain)/loss		30.5		123.3
c. Asset (gain)/loss		(117.7)		(332.7)
d. Impact of actual ctrb (more)/less than expected under schedule		(28.8)		(83.4)
e. 2% Ad-Hoc COLA		67.3		0.0
f. Increase in future ad hoc COLA assumption	<u> </u>	1,406.0	<u> </u>	0.0
h. Total		1,487.5		(70.3)
3. Current UAAL (1+2h)	\$	9,090.1	\$	7,602.5

Columns may not total due to rounding

Projection of UAAL

1 To Jee Mon of Chill	
	UAAL
Valuation Date	(Millions)
(1)	(2)
June 30, 2008	9,090.1
June 30, 2009	9,474.1
June 30, 2010	9,876.1
June 30, 2011	10,297.7
June 30, 2012	10,883.1
June 30, 2013	11,186.1
June 30, 2014	11,495.9
June 30, 2015	11,812.1
June 30, 2016	12,134.6
June 30, 2017	12,462.8
June 30, 2018	12,796.5
June 30, 2019	13,135.1
June 30, 2020	13,478.1
June 30, 2021	13,824.6
June 30, 2022	14,174.0
June 30, 2023	14,525.6
June 30, 2024	14,878.5
June 30, 2025	15,231.8
June 30, 2026	15,584.5
June 30, 2027	15,935.8
June 30, 2028	16,284.4
June 30, 2029	16,629.2
June 30, 2030	16,968.8
June 30, 2031	17,301.6
June 30, 2032	17,625.8
June 30, 2033	17,939.7
June 30, 2034	18,241.0
June 30, 2035	18,527.3
June 30, 2036	18,796.1
June 30, 2037	19,044.2

CCT

Solvency Test

Actuarial Accrued Liability and Percent of Active Member Payroll for:

	Accumulate Contribution Inte	is Including	Retiree Beneficiarie Receiving	s Currently	Termin Employees Receiving	Not Yet	Employer I Portion of and Nonveste	Vested		Portion Co	of Accru vered b		
June 30,	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	Actuarial Value of Assets	(1)	(2)	(3)	(4)
1999	2,330.6	88%	4,415.0	167%	136.4	5%	2,576.5	97%	4,708.0	100%	54%	0%	0%
2000	2,518.2	92%	4,803.8	175%	151.1	6%	2,536.1	93%	5,373.5	100%	59%	0%	0%
2001	2,728.4	91%	5,459.6	183%	173.1	6%	3,230.0	108%	5,959.0	100%	59%	0%	0%
2002	2,934.3	96%	5,959.9	196%	184.9	6%	3,196.8	105%	6,310.9	100%	57%	0%	0%
2003	3,072.8	101%	5,894.0	194%	191.0	6%	2,767.4	91%	6,436.9	100%	57%	0%	0%
2004	3,212.9	106%	6,899.0	228%	284.7	9%	3,683.6	122%	6,660.9	100%	50%	0%	0%
2005	3,381.7	107%	7,046.5	222%	301.4	9%	3,322.9	105%	6,952.7	100%	51%	0%	0%
2006	3,853.7	115%	7,340.0	219%	314.3	9%	3,635.3	108%	7,470.4	100%	51%	0%	0%
2007	4,057.5	113%	7,730.3	215%	331.6	9%	3,905.0	109%	8,421.9	100%	56%	0%	0%
2008	4,323.0	115%	8,919.6	238%	370.1	10%	4,734.2	126%	9,256.8	100%	55%	0%	0%

Note: Dollar amounts in millions

Teachers' Retirement System of Oklahoma Actuarial Valuation – June 30, 2008

Distribution of Active Members by Age and by Years of Service As of 06/30/2008

1						Years o	Years of Credited Service	Service						
ı	0	1	7	г	4	5-9	10-14	15-19	20-24	25-29	30~34	35 & Over	Total	
Attained Age 4	Count & Avg. Comp. 4	Count & Avg. Comp.	Count & Count & Count & Count & Avg. Comp. Avg. Comp. Avg. Comp. Avg. Comp.		Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	262	795	216	48 \$24.890	13 \$21,046	7 \$30,691	0 \$0	0 80	0 \$	0 0\$	0 \$	0 \$	1,341	
25-29	357	1,724	1,602	1,496	1,007	859 \$36,279	6 \$36,190	0\$	0\$	0	0 0	20	7,051	
30-34	321	1,028	1,011 \$33,859	897 \$34,926	891 \$36,377	3,551 \$39,413	648 \$41,893	90	0 0	\$0	0\$	0\$	8,347 \$36,356	
35-39	364 \$17,544	933 \$30,216	947 \$33,230	\$34,651	800 \$36,764	2,998 \$41,755	2,998 \$44,267	724 \$45,481	4 \$42,951	\$0	0\$	0\$	10,668 \$39,149	
40-44	281 \$16,942	814 \$29,723	826 \$31,036	726 \$32,914	648 \$35,263	2,609 \$41,276	1,979 \$46,975	2,468 \$47,902	581 \$49,711	4 \$41,067	0\$	0\$	10,936 \$41,081	
45-49	292 \$16,834	784 \$29,112	794 \$30,893	695 \$32,417	637 \$33,139	2,738 \$40,241	2,257 \$44,293	2,135 \$48,760	2,127 \$50,825	874 \$52,456	5 \$47,194	0\$	13,338 \$42,311	
50~54	218	633	582 \$32,118	551 \$34,092	528 \$35,555	2,247	2,204 \\$43,798	2,400 \$47,014	1,803 \$52,331	2,432 \$54,744	795 \$56,055	3 \$100,552	14,396 \$45,173	
5559	162 \$16,045	435	442	\$34	373 \$35,448	1,745 \$40,895	1,686	2,164 \$45,921	1,967 \$50,509	1,397 \$60,141	1,604 \$59,191	477 \$59,970	12,828 \$47,568	
60-64	87	228	197	182 \$30,477	213 \$34,155	911	964 \$46,085	1,262 \$46,648	1,074 \$52,170	745 \$59,888	665 \$65,944	755 \$68,815	7,283 \$50,232	
65 & Over	\$13,565	131 \$20,379	96 \$24,713	91 \$22,318		338 \$31,020	292 \$41,465	380 \$45,251	306 \$49,192	211	181 \$73,044	312 \$92,159	2,490 \$48,090	
Total	2,412 \$18,136	7,505 \$30,383	6,713 \$32,710	5,962 \$33,659	5,194 \$35,286	18,003 \$40,177	13,034 \$44,533	11,533 \$47,128	7,862 \$51,125	5,663 \$56,592	3,250 \$60,559	1,547	88,678 \$42,304	

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

I. <u>Valuation Date</u>

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. Actuarial Cost Method

Because the employer contribution rate is set by statute, the actuarial valuation is used to determine the funding period-the number of years required to amortize the Unfunded Actuarial Accrued Liability (UAAL). It is also used to calculate the Annual Required Contribution (ARC) as defined by GASB 25.

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, a normal cost rate is first determined. This is the contribution rate (level as a percentage of pay) required to provide the benefits of the average new member. The normal cost rate consists of two pieces: (i) the member's own contribution rate, and (ii) a portion of the employer contribution rate. This second piece is called the employer normal cost rate.

The total normal cost is determined by dividing the present value of future benefits for a hypothetical group of new members by the present value of their future pay. In calculating the benefits for this group, all changes in provisions or member contribution rates scheduled to occur in the future are assumed to already be in effect. The hypothetical group of new entrants was reset in the 2005 experience study, based on actual new members joining during FY 2000 through FY 2004.

Next, the UAAL is determined. This is the liability for future benefits which is in excess of (i) the actuarial value of assets, and (ii) the present value of future normal costs. The employer contribution that is not used for the employer normal cost is applied to amortize the UAAL.

The funding period is calculated as the number of years required to fully amortize the UAAL, assuming that the System's payroll increases at the payroll growth rate and the State's contribution increases at the State's revenue growth rate. Both employer and member contributions are assumed to be made monthly.

The Entry Age actuarial cost method is an "immediate gain" method (i.e., experience gains and losses are separately identified as part of the UAAL). However, they are amortized over the same period applied to all other components of the UAAL.

The actuarial valuation also determines the GASB Annual Required Contribution (ARC). This is the contribution required to pay the normal cost and amortize the UAAL over 30 years as a level percent of pay. The 30-year period applies to all components of the UAAL and is recalculated each year (open amortization method).

III. Actuarial Value of Assets

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

IV. Actuarial Assumptions

A. Economic Assumptions

- 1. Investment return: 8% per year, compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.
- 2. Salary increase rate: A merit/promotional component dependent on service, plus a 3% inflation component, plus a 1.25% productivity increase, as follows:

Years of Service	Merit/ Promotional Component	Total Salary Increase Rate
(1)	(2)	(3)
O O	1.75%	6.00%
1	1.50%	5.75
2	1.00%	5.25
3	1.00%	5.25
4	1.00%	5.25
5	0.75%	5.00
6	0.50%	4.75
7	0.50%	4.75
8	0.50%	4.75
9	0.50%	4.75
10	0.25%	4.50
11	0.25%	4.50
12	0.25%	4.50
13	0.25%	4.50
14	0.25%	4.50
15 or more	0.00%	4.25

- 3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.
- 4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.
- 5. Future ad hoc cost-of-living increases: 2.0% per year.

B. <u>Demographic Assumptions</u>

- 1. Mortality rates after retirement or termination.
 - a. Healthy males 1994 Unisex Pension Mortality Table for males, set back one year.
 - b. Healthy females 1994 Unisex Pension Mortality Table for females, set back one year.
 - c. Disabled males PBGC Table Va for disabled males eligible for Social Security disability benefits weighted by 80%.
 - d. Disabled females PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Sample rates are shown below:

Expected Deaths per 100 Lives Healthy Healthy Disabled Disabled Males Females Males Females Age $\overline{(1)}$ (2)(3) (4) **(4)** 40 0.11 0.07 2.26 2.09 45 0.16 0.10 2.58 2.24 50 0.25 0.14 3.06 2.57 55 0.43 0.22 3.86 2.95 60 0.76 0.42 4.82 3.31 1.39 0.82 65 5,42 3.70 70 2.34 1.37 5.91 4.11 75 3.66 2.19 6.74 4.92 80 6.01 3.80 9.02 7.46

2. Mortality rates - active members - Based on 1989 Experience Study, males and females separate. Sample rates are shown below:

	Expected Death	ns per 100 Lives
_	Male	Female
Age	Members	Members
(1)	(2)	(3)
25	.04	.02
30	.06	.04
35	.08	.06
40	.11	.08
45	.16	.11
50	.23	.16
55	.32	.23
60	.43	.32
65	.59	.43

3. Disability rates - Based on 2005 Experience Study, males and females separate. Sample rates are shown below:

Expected Disabilities Occurring per 100 Lives

_	per 100	LIYUS
_	Male	Female
Age	Members	Members
(1)	(2)	(3)
25	.025	.025
30	.025	.025
35	.035	.050
40	.065	.125
45	.100	.200
50	.300	.300
55	.450	.420
60	.175	.420
65	.000	.000

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

- 4. Termination Rates Separate male and female rates, based on both age and service, developed from the 2005 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:
 - a. During the first ten years of Credited Service:

Expected Terminations per 100 Lives

Credited Service	Males	Females	
(Years)	•		
(1)	(2)	(3)	
0	34.00	24.00	
1	19.00	16.00	
2	14.00	12.25	
3	11.50	10.50	
4	9.50	9.00	
5	7.75	7.75	
6	6.75	6.75	
7	6.00	6.00	
8	5.50	5.00	
9	5.00	4.00	

b. With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives

Age	Males	Females	
(1)	(2)	(3)	
25	4.74	7.01	
30	4.10	5.09	
35	3.51	3.66	
40	2.97	2.74	
45	2.51	2.34	
50	2.09	2.08	
55	1.66	1.63	
60	1.32	1.14	
65	1.28	0.82	

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

5. Retirement rates - Separate male and female rates, based on age, developed from the 2005 Experience Study. Sample rates are shown below:

Expected Retirements per 100 Lives

Expected Retrienches per 100 Eives							
	Unreduced Retirement		Reduced Retirement				
Age	Male	Female	Male	Female			
49	00	00	0	0			
50	20	20	0	0			
51	20	20	0	0			
52	20	20	0	0			
53	20	20	0	0			
54	15	20	0	0			
55	15	20	1	2			
56	15	20	1	2			
57	15	20	2	2			
58	15	20	2	2			
59	15	20	3	2			
60	15	20	4	5			
61	. 15	20	4	5			
62	25	30					
63	20	25					
64	20	20					
65	30	40					
66	25	25		•			
67	25	25					
68	20	20					
69	20	20					
70	100	100					

C. Other Assumptions

- 1. Percent married: 80% of employees are assumed to be married.
- 2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
- 3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum and refund.

- 4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
- 5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
- 6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
- 7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.
- 8. Members who retire with at least 24 years of credited service are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.
- 9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.
- 10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.
- 11. For EESIP eligible employees, if the refund amount to be paid exceeds the actuarial present value of the additional benefit, then we assume the member does not elect the enhanced benefit.
- 12. For those participants eligible for the EESIP, it is assumed that retirement is delayed in each year past first eligibility by 10%, until all eligible years are uncapped, at which point those delayed members are assumed to retire.

V. <u>Participant Data</u>

Participant data was supplied on an electronic file for (i) active members, (ii) inactive vested members who are entitled to a future deferred benefit, (iii) inactive nonvested members who are entitled to a refund of their employee contributions, and in some cases a portion of the accumulated interest, and (iv) members and beneficiaries receiving benefits.

The data for active and inactive, non-retired members included birthdate, sex, years of service, a classified/non-classified status code, salary, employee contributions and

accumulated interest on employee contributions. The data also included a code to indicate whether the employee had elected to make contributions on salary above \$25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Salary supplied for the current year was based on the earnings for the October preceding the valuation date. This salary was adjusted by the salary increase rate for one year, and limited by the maximum pay where appropriate.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Some inactive, nonvested employees who are entitled to a refund are not included in the data, but a liability for their refund is included instead in the Suspense Fund, which is included in the liability.

VI. Dates of Adoption of Assumptions and Methods

Generally, actuarial assumptions and methods were developed from the 2005 experience study, and were adopted by the Board of Trustees in August 2005 and first reflected in the June 30, 2005 actuarial valuation. The adopted assumptions were recommended by the actuary. Some assumptions were left unchanged from the prior experience study in 1999, including female mortality for disabled retirees, the investment return rate, and active member mortality for males and females.

Since the June 30, 2004 valuation, there is an assumption that future ad hoc cost-of-living increases would be granted from time to time, without additional funding. The initial assumptions were that these would average 1.00% per year. Effective July 1, 2008, the assumption was modified from 1.0% to 2.0% per year.

Effective July 1, 2006, retirement assumptions were modified for members eligible for the EESIP.

ADDENDUM TO JUNE 30, 2008 ACTUARIAL VALUATION

Certification

We have prepared an actuarial valuation of the Oklahoma Teachers' Retirement System as of June 30, 2008, for the plan year ending June 30, 2009. The results of the valuation are set forth in this report, which reflects the provisions of the System as amended and effective on June 30, 2008.

The valuation is based on employee and financial data which were provided by the Oklahoma Teachers' Retirement System and the independent auditor, respectively, and which are summarized in this report.

The results in this Addendum have been prepared for the sole purpose of meeting the Retirement Board's requirement to submit this information to the Oklahoma State Pension Commission, based on the following prescribed assumptions (70 O.S. 2001, Section 17-106.1, Section H):

Interest rate: 7.5% COLA assumption: 2.0%

Mortality: RP 2000 Generational Mortality Tables (active members, healthy annuitants, and disabled annuitants)

Amortization period: 30 years, open period

Sources of all contributions and revenues, including dedicated tax fee revenue and federal monies

All other assumptions, methodologies, and plan provisions used are consistent with those used in the regular June 30, 2008 valuation prepared for the Board of Trustees.

The results shown in this Addendum are not consistent with those in the June 30, 2008 valuation. The June 30, 2008 valuation results were determined in accordance with generally accepted actuarial principles and procedures, and are in compliance with the Actuarial Standards of Board Actuarial Standard of Practice No. 27-Selection of Economic Assumptions for Measuring Pension Obligations. The results shown in this Addendum are not based on the assumptions and methodologies adopted by the Board of Trustees. For those results, see the regular June 30, 2008 actuarial valuation.

We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

J. William Contralis	
J. Christian Conradi, ASA, MAAA, EA	October 16, 2008
Mark R. Randall	
Mark R. Randall, FCA, EA, MAAA	October 16, 2008

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Summary of Valuation Results under Prescribed Assumptions

This supplemental report has been prepared by Gabriel, Roeder, Smith & Company for the Oklahoma Teachers' Retirement System to present the results of a valuation of the Oklahoma Teachers' Retirement System as of June 30, 2008, based on the prescribed assumptions under 70 O.S. 2001, Section 17-106.1, Section H of current State Statutes and regulations issued thereunder.

A summary of principal valuation results from the current valuation and the prior valuation.

	Actuarial Va	uation as of	Change Betwo	en Years
	June 30, 2008	June 30, 2007	Amount	Percent
Summary of Costs				
Required State Contribution for				
Current Year under Prescribed				
Assumptions	\$710,809,846	\$719,292,712	-\$8,482,866	-1.18%
Actual State Contribution Received				
in Prior Year	\$266,761,597	\$243,501,987	\$23,259,610	9.55%

Funded Status				
Actuarial Accrued Liability	\$19,566,540,948	\$18,494,245,830	\$1,072,295,118	5.80%
Actuarial Value of Assets	\$9,256,786,936	\$8,421,866,942	\$834,919,994	9.91%
Unfunded Actuarial Accrued				
Liability	\$10,309,754,012	\$10,072,378,888	\$237,375,124	2.36%

Market Value of Assets and Additi	onal Liabilities			
Market Value of Assets	\$8,633,699,695	\$9,293,201,022	-\$659,501,327	-7.10%
Present Value of Projected System				
Benefits	\$23,507,582,253	\$22,287,584,027	\$1,219,998,226	5.47%

	Actuarial Valuation as of				
	June 30, 2		June 30, 2	007	
Summary of Contribution Requirements	Amount	% of Active Covered Comp	Amount	% of Active Covered Comp	% of Change
1. Payroll				- 1	
a. Supplied by system	\$3,751,436,376		\$3,598,926,888		4.24%
b. Adjusted for I-year's pay increase	\$3,926,476,288	10 7700/	\$3,766,989,331	10 5004	4.23%
2. Total normal cost (mid-year)	\$502,131,944	12.79%	\$481,736,177	12.79%	. 4.23%
3. Unfunded actuarial accrued liability (UAAL)	\$10,309,754,012		\$10,072,378,888		2.36%
4. Amortization of UAAL over 30 years from valuation date	\$844,295,883	21.50%	\$824,856,541	21.90%	2.36%
5. Total required contribution under prescribed assumptions (2+4)	\$1,346,427,827	34.29%	\$1,306,592,718	34.69%	3.05%
6. Estimated employee contribution (7% x 1b)	\$274,853,340	7.00%	\$263,689,253	7.00%	4.23%
7. Estimated local employer and federal/grant contributions					
a. Local employers	\$335,733,355	8.55%	\$298,797,594	7.93%	
b. Federal/grant	\$25,031,286	0.64%	\$24,813,159	0.66%	0.88%
c. Total	\$360,764,641	9.19%	\$323,610,753	8.59%	11.48%
8. Required state contribution to amortize UAAL over 30 years from valuation date (5 - 6 - 7c)	\$710,809,846	18.10%	\$719,292,712	19.09%	-1.18%
Previous year's actual State Contribution	\$266,761,597	7.08%	\$243,501,987	7.02%	9.55%
10. Projected State Contribution per OSF	\$268,427,420	6,84%	,	7.13%	-0.07%
11. Funding period	Not Sufficient to Amortize UAAL		Not Sufficient to Amortize UAAL		N/A

Unfunded Actuarial Accrued Liability

The actuarial accrued liability is the present value of projected system benefits allocated to past service by the actuarial funding method being used.

		Total S	yste	m .
		June 30, 2008		June 30, 2007
1. Actuarial Present Value of Benefits				
a. Active members	\$	13,854,041,486	\$	13,271,404,967
b. Inactives		400,910,797		381,809,950
c. Retirees and beneficiaries		9,252,629,970		8,634,369,110
d. Total		23,507,582,253		22,287,584,027
2. Actuarial Present Value of Future Normal Costs	\$	3,941,041,305	\$	3,793,338,197
3. Total Actuarial Accrued Liability (1d - 2)	\$	19,566,540,948	\$	18,494,245,830
4. Actuarial Value of Assets	\$	9,256,786,936	\$	8,421,866,942
5. Unfunded Actuarial Accrued Liability				
(3-4, not less than \$0)	\$	10,309,754,012	\$	10,072,378,888

Normal Cost

The components of normal cost under the System's funding method are:

Component		June 30, 2008	June 30, 2007
Retirement Benefits	\$	380,082,905	\$ 364,644,567
Withdrawal Benefits		56,904,606	54,593,236
Active Death Benefits		8,707,975	8,354,271
Refunds		26,309,632	25,240,978
Supplemental Medical Insurance		11,860,967	11,379,195
Post Retirement Death Benefits		1,837,004	1,762,388
Disability Benefits		16,428,855	15,761,542
Total Normal Cost (Mid-year)	S	502,131,944	\$ 481,736,177
Annual Covered Payroll (with pay caps)	\$	3,926,476,288	\$ 3,766,989,331
Normal Cost Rate At Mid-year		12.79%	12.79%

Actuarial Assumptions

This section presents and describes the actuarial assumptions used for this supplemental valuation. The census of members, market and actuarial value of assets, actuarial basis and provisions of the Plan are the same as described elsewhere in this valuation report. The valuation is based on the premise that the Plan will continue in existence.

Economic Assumptions

- 1. Investment Return: 7.5%, net of investment and administrative expenses, per annum, compound annually.
- 2. Earnings Progression Sample rates below:

Years of Service	Merit/ Promotional Component	Total Salary Increase Rate
(1)	(2)	(3)
0	1.75%	6.00%
` 1	1.50%	5.75
2	1.00%	5.25
3	1.00%	5.25
4	1.00%	5.25
5	0.75%	5.00
6	0.50%	4.75
7	0.50%	4.75
8	0.50%	4.75
9	0.50%	4.75
10	0.25%	4.50
11	0.25%	4.50
12	0.25%	4.50
13	0.25%	4.50
14	0.25%	4.50
15 or more	0.00%	4.25

- 3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.
- 4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.
- 5. Future ad hoc cost-of-living increases: We assume that in future years, cost-of-living increases will be granted that will average 2% per year.

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Demographic Assumptions

1. Retirement rate - Sample rates are shown below:

Expected Retirements per 100 Lives

Expected Retriencents per 100 Lives				
	,	duced		luced
	Retin	ement	Retir	ement
Age	Male	Female	Male	Female
49	00	00	0	0
50	20	20	0	0
51	20	20	0	0
52	20	20	0	0
53	20	20	0	0
54	15	20	0	0
55	15	20	1	2
56	15	20	1	2
57	15	20	2	2
58	15	20	2	2
59	15	20	3	2
60	15	20	4	5
61	15	20	4	5
62	25	30		
63	20	25		
64	20	20		
65	30	40		
66	25	25		
67	25	25		
68	20	20		
69	20	20		
70	100	100		

2. Mortality rates - Active members - RP-2000 Generational Mortality Tables for active employees, males and females separate, projected with Scale AA.

Retirees (non-disabled) and beneficiaries – RP-2000 Generational Mortality Tables for healthy annuitants, males and females separate, projected with Scale AA.

Disabled retirees – RP-2000 Generational Mortality Tables for disabled annuitants, males and females separate, projected with Scale AA

3. Disability rates: Sample rates are shown below:

Expected Disabilities Occurring

	per 100 Lives			
	Male	Female		
Age	Members	Members		
(1)	(2)	(3)		
25	.025	.025		
30	.025	.025		
35	.035	.050		
40	.065	.125		
45	.100	.200		
50	.300	.300		
55	.450	.420		
60	.175	.420		
65	.000	.000		

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

4. Withdrawal Rates: Sample rates are shown below:

During the first ten years of Credited Service:

Expected Terminations per 100 Lives

Credited Service	Males	Females
(Years)		
(1)	(2)	(3)
0	34.00	24.00
1	19.00	16.00
2	14.00	12.25
3	11.50	10.50
4	9.50	9.00
5	7.75	7.75
6	6.75	6.75
7	6.00	6.00
8	5.50	5.00
9	5.00	4.00

With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives

Age	Males	Females
(1)	(2)	(3)
25	4.74	7.01
30	4.10	5.09
35	3.51	3.66
40	2.97	2.74
45	2.51	2.34
50	2.09	2.08
55	1.66	1.63
60	1.32	1.14
65	1.28	0.82

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

Other Assumptions

- 1. Percent married: 80% of employees are assumed to be married.
- 2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
- 3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the \$18,000 lump sum and refund.
- 4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.
- 5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.
- 6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.
- 7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.
- 8. Members who retire with at least 24 years credit are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.
- 9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.
- 10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.
- 11. For EESIP eligible employees, if the refund amount to be paid exceeds the additional APV of the enhanced benefit, then the employee does not elect the enhanced benefit.
- 12. For those participants eligible for the EESIP, it is assumed that retirement is delayed in each ear past first eligibility by 10%.

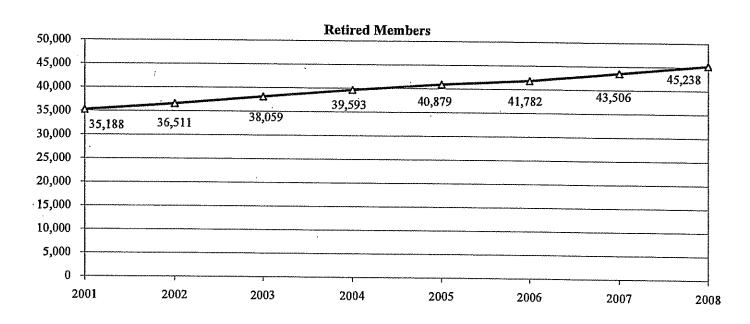
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Schedule of Increases and Decreases of Benefit Recipients Periods Ended June 30

							%	
	Added to Rolls		Added to Rolls Removed from Rolls Rolls-Er		end of Year Increase			
				_			in	Average
Year		Annual		Annual		Annual	Annual	Annual
Ended	<u>No.</u>	Allowances*	No.	<u>Allowances</u>	No.	<u>Allowances</u>	Allowances	Allowances**
2001	2,098	40,394,458	1,027	12,641,988	35,188	498,928,273	5.9%	1,231
2002	2,353	36,595,970	1,030	12,303,662	36,511	523,220,581	4.9%	1,231
2003	2,630	57,537,594	1,082	10,798,222	38,059	569,959,953	8.9%	•
2004	2,616	49,732,316	1,082	12,334,953	39,593	607,357,316	6.6%	1,315
2005	2,346	62,318,530	1,060	8,518,211	40,879	661,157,635	8.9%	1,373
2006	2,060	32,777,192	1,157	7,344,953	41,782	686,589,874	3.8%	1,376
2007	2,337	48,762,552	613	8,907,437	43,506	726,444,989	5.8%	1,419
2008	2,577	46,858,028	845	8,758,271	45,238	764,544,746	5.2%	1,437
	_						, -	-,,

^{*} Includes post-retirement increases for members who retired in previous years and changes occurring due to plan options which offer a continuing monthly benefit payment to beneficiaries.

^{**} Does not include special annuitants.



Statistical Section Summary Retired Members by Benefit Type Average Benefit Payments Principal Participating Employers **Schedule of Average Payment Amounts Active Personnel** Schedule of Retired Members by Type of Benefits Distribution by Years of Service Distribution by Age at Retirement Distribution by Retiree Age Distribution by Monthly Income Schedule of Cash Receipts and Disbursements Schedule of Revenue by Source Schedule of Expenses by Type Schedule of Benefit Expenses by Type Retirees in the State of Oklahoma, by County 2008 Participating Employers

,我们就是我们的,我们就是一个人,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,

Statistical Section Summary

The Statistical Section presents several schedules that provide financial trends analysis of the Teachers' Retirement System of Oklahoma's overall financial health and additional analytical information on membership data and retirement benefits. The schedules beginning on page 158 through page 167 provide data depicting active membership, level of monthly benefits, years of service, and retirement options. The schedules on page 168 to page 172 provide financial data showing revenues and expenses. On page 173 and page 174 these schedules report the financial impact of retirees in the state of Oklahoma and the participating employers. The source of the information in these schedules is derived from internal information unless otherwise noted.

Retired Members by Type of Benefit Fiscal Year Ended June 30, 2008

		Option G	හ	,	•	,	ł	•	•	,	•		63
		Option F	303	267	384	188	12	1	,	•	,		1,455
		Option E	195	176	113	202	228	42	13	4	1		973
-	lected #	Option D	243	625	989	1,112	1,011	341	89	13	ø		4,107
	Option Selected #	Option C	1,093	1,492	1,759	2,985	2,498	717	118	25	19		10,706
		Option B	1,695	2,093	2,034	3,367	2,294	597	136	29	13		12,258
		Option A	2,701	2,963	2,571	3,710	2,608	837	217	51	18		15,676
		9	63	•	1	*	1	•	•	:	•		63
		5	326	009	400	188	21	prof.	•	•	ı		1,527
	ement *	4	52	22	15	4	E	;	1	•	•		147
	Type of Retirement	3	244		427	-	214	81	7	•	4		1,829
	•	2	2,233	1,579	292	362	199	48	16	∞			4,738
		1	3,375	5,169	6,413	10,654	8,223	2,405	528	114	53		36,934
Number of	Retired	Members	6,293	7,916	7,547	11,564	8,651	2,535	552	122	58		45,238
	Amount of	Monthly Benefit	\$ 1 - \$ 500	501 - 1,000	1,001 - 1,500	1,501 - 2,000	2,001 - 2,500	2,501 - 3,000	3,001 - 3,500	3,501 - 4,000	Over 4,000	•	Totals

* Type of Retirement

ype 1 . Normal retirement for age and service

Type 2 - Early retirement

Type 3 . Beneficiary payment (Normal retirement)

Type 4 - Beneficiary payment (Barly retirement)

Type 5 - Disability retirement

Type 6 - Special annuitants

Option Selected

Option A - The Maximum Retirement Plan - provides the greatest monthly lifetime benefit.

Option B - Retirement Option 1 - provides for a decreased rate of reduction of a member's account balance.

Option C - Retirement Option 2 - known as the 100% joint survivor annuity - provides for a reduced monthly benefit to the member for life. Upon the death of the member, the designated beneficiary will continue to receive 100% of the member's benefit for life.

Option D - Retirement Option 3 - known as the 50% joint survivor annuity - provides a similar benefit as Option 2, however, upon the death of the member, the monthly benefit to the designated beneficiary is 50% of the benefit of the member.

Option B - Retirement Option 4 - provides a reduced monthly benefit payable to the member for life. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Option F - Upon meeting requirements, a vested member may receive a monthly benefit.

Option G - Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943 receives a special annuity.

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Average Benefit Payments Fiscal Years Ended June 30

	~		7	ears of Credi	ted Service			
Retirement Effective Dates	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40+
D. J. 4771 (1000 to 6/10/1000							,	
Period 7/1/1998 to 6/30/1999		\$400	\$664	\$1,077	\$1,584	\$1,890	\$2,230	\$2,726
Average monthly benefit Average final average salary		\$400 \$22,791	\$25,903	\$30,261	\$35,948	\$37,453	\$38,922	\$2,720 \$40,550
Number of retired members		288	\$23, 3 03 240	375	590	408	99	31
Number of retned members		200	240	515	370	700	,,	51
Period 7/1/1999 to 6/30/2000			•					
Average monthly benefit		\$427	\$680	\$1,111	\$1,610	\$1,926	\$2,306	\$2,668
Average final average salary		\$24,313	\$27,068	\$31,312	\$36,344	\$38,223	\$39,999	\$41,673
Number of retired members		357	260	362	563	422	115	30
Period 7/1/2000 to 6/30/2001								
Average monthly benefit		\$410	\$680	\$1,187	\$1,641	\$1,982	\$2,326	\$3,844
Average final average salary		\$22,766	\$26,326	\$33,206	\$37,116	\$39,653	\$40,789	\$43,496
Number of retired members		314	267	361	580	445	105	26
Period 7/1/2001 to 6/30/2002								
Average monthly benefit		\$442	\$713	\$1,181	\$1,670	\$1,999	\$2,356	\$2,631
Average final average salary		\$24,769	\$28,502	\$33,217	\$38,045	\$39,787	\$41,533	\$41,826
Number of retired members		329	317	421	649	473	124	40
Period 7/1/2002 to 6/30/2003				71.04 0	01 (0)	00.045	#0.200	# a #co
Average monthly benefit		\$478	\$772	\$1,249	\$1,696	\$2,065	\$2,399	\$2,750
Average final average salary		\$26,853	\$29,763	\$34,707 444	\$38,797 715	\$40,775 600	\$41,913 167	\$41,881 33
Number of retired members		334	337	444	713	600	107	23
Period 7/1/2003 to 6/30/2004								
Average monthly benefit	\$306	\$490	\$772	\$1,239	\$1,700	\$2,010	\$2,381	\$2,796
Average final average salary	\$28,628	\$28,466	\$30,699	\$35,192	\$38,860	\$41,194	\$42,436	\$43,492
Number of retired members	. 99	381	358	433	639	505	153	48
Period 7/1/2004 to 6/30/2005								
Average monthly benefit	\$314	\$502	\$804	\$1,228	\$1,731	\$2,035	\$2,358	\$2,915
Average final average salary	\$31,394	\$28,718	\$31,363	\$34,939	\$40,015	\$41,648	\$43,218	\$46,519
Number of retired members	94	335	304	467	531	417	150	48
Period 7/1/2005 to 6/30/2006								
Average monthly benefit	\$311	\$545	\$803	\$1,204	\$1,729	\$2,008	\$2,350	\$2,944
Average final average salary	\$28,873	\$30,160	\$31,960	\$34,350	\$39,703	\$42,053	\$42,948	\$47,656
Number of retired members	112	275	325	403	475	328	107	35
Period 7/1/2006 to 6/30/2007								
Average monthly benefit	\$289	\$548	\$844	\$1,319	\$1,825	\$2,205	\$2,692	\$3,033
Average final average salary	\$27,920	\$31,084	\$33,123	\$37,294	\$41,634	\$45,283	\$48,400	\$50,850
Number of retired members	145	318	349	453	601	490	260	80
Period 7/1/2007 to 6/30/2008								
Average monthly benefit	\$331	\$558	\$897	\$1,294	\$1,846	\$2,243	\$2,767	\$3,535
Average final average salary	\$31,448	\$32,300	\$34,616	\$36,877	\$42,274	\$46,606	\$50,852	\$56,650
Number of retired members	155	324	346	512	568	528	271	103
Times of tolded interioris	225	2-,	2.5					

Principal Participating Employers Current Year and Nine Years Ago

	Fiscal Year 2008		Fisc	9		
			Percentage			Percentage
	Covered		of Total	Covered		of Total
Participating School	Members	Rank	<u>System</u>	<u>Members</u>	Rank	<u>System</u>
Oklahoma City Public Schools	4,352	1	4.93%	4,643	1	5.66%
Tulsa Public Schools	3,864	2	4.36%	3,865	2	4.72%
Oklahoma State University	3,770	. 3	4.25%	3,709	3	4.53%
University of Oklahoma	2,622	4	2.96%	2,581	4	3.15%
Edmond Public Schools	2,324	5	2.62%	1,783	6	2.18%
Moore Public Schools	2,150	6	2.42%	1,846	5	2.26%
OU Health Sciences Center	1,964	7	2.21%	1,768	7	2.16%
Lawton Public Schools	1,667	8	1.88%	1,448	10	1.77%
Putnam City Public Schools	1,610	9	1.82%	1,532	9	1.87%
Mid-Del Public Schools	1,581	10	1.78%	1,644	8	2.01%
* All Other	62,774		70.79%	57,032		69.68%
Total (629 Schools)	88,678		100.00%	81,851		100.00%

*In Fiscal Year 2008, "all other " consisted of:							
	Participating						
Type	Employers	<u>Members</u>					
School Districts	532	48,781					
Higher Education	26 [°]	8,630					
Career Technology	28	3,626					
State Agencies	25	1,574					
Other	<u>8</u>	<u>163</u>					
Total	619	62,774					

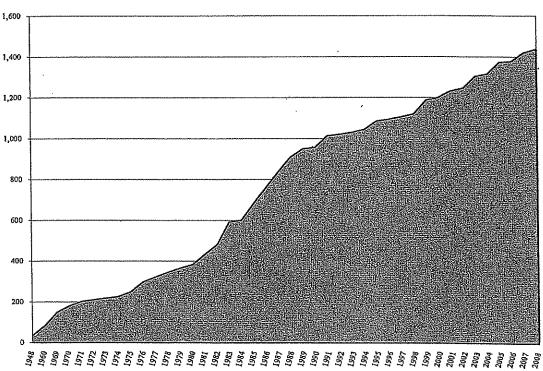
Schedule of Average Payment Amounts Fiscal Year Ended June 30, 2008

	Regular		Regular	Special
Date	Annuitants	Date	Annuitants	Annuitants

June 30, 1948	. \$33	June 30, 1987	\$837	159
June 30, 1954	75	June 30, 1988	907	159
June 30, 1960	83	June 30, 1989	949	159
June 30, 1966	129	June 30, 1990	956	159
June 30, 1969	148	June 30, 1991	1,013	159
June 30, 1970	179	June 30, 1992	1,021	159
June 30, 1971	201	June 30, 1993	1,030	159
June 30, 1972	209	June 30, 1994	1,044	159
June 30, 1973	217	June 30, 1995	1,084	163
June 30, 1974	226	June 30, 1996	1,093	163
June 30, 1975	248	June 30, 1997	1,105	163
June 30, 1976	297	June 30, 1998	1,119	163
June 30, 1977	321	June 30, 1999	1,187	172
June 30, 1978	345	June 30, 2000	1,199	172
June 30, 1979	365	June 30, 2001	1,231	175
June 30, 1980	382	June 30, 2002	1,246	175
June 30, 1981	432	June 30, 2003	1,304	175
June 30, 1982	480	June 30, 2004	1,304	180
June 30, 1983	592	June 30, 2005	1,373	187
June 30, 1984	600	June 30, 2006	1,376	191
June 30, 1985	600	June 30, 2007	1,419	191
June 30, 1986	\$761	June 30, 2008	\$1,437	\$191

Note that figures after June 30, 1989 do not include monthly medical premium.

Average Retirement Payments



Does not include special annuitants.

Active Personnel Fiscal Year Ended June 30, 2008

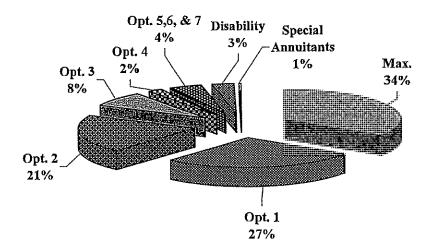
Years of	All Active	Classified	Unclassified
Service	Personnel	Personnel	Personnel
Under 5 years	27,786	15,605	12,181
5-9	18,003	11,452	6,551
10-14	13,034	8,886	4,148
15-19	11,533	8,189	3,344
20-24	7,862	5,697	2,165
25-29	5,663	4,987	676
30-34	3,250	3,061	189
35-39	1,287	1,237	50
40-44	233	221	12
45-49	20	20	0
50-54	7	7	0
Totals	88,678	59,362	29,316
· · · · · · · · · · · · · · · · · · ·			4 IS 4
	All Active	Classified	Unclassified
Salary Range	Personnel	Personnel	Personnel
0-\$5,000	495	254	241
5001-10,000	1,704	220	1,484
10,001-15,000	5,299	283	5,016
15,001-20,000	5,019	784	4,235
20,001-25,000	4,112	642	3,470
25,001-30,000	3,610	657	2,953
30,001-35,000	9,803	7,122	2,681
35,001-40,000	16,421	13,923	2,498
40,001-45,000	13,341	11,564	1,777
45,001-50,000	8,657	7,438	1,219
50,001-55,000	5,320	4,385	935
55,001-60,000	3,282	2,608	674
60,001-65,000	2,342	1,804	538
65,001-70,000	1,913	1,532	381
70,001-75,000	1,486	1,188	298
75,001 and Above	5,874	4,958	916
Totals	88,678	59,362	29,316
Average Age (years)	45.9	44.3	46.4
Average Salary	\$42,304	\$48,359	\$30,042
Average Service (years)	11.5	13.0	8.5

Schedule of Retired Members by Type of Benefits Selected Plan Options Fiscal Year Ended June 30, 2008

_				Average	
	Ret	tired Membe	rs	Monthly	% of
Option	Male	Female	Total	Payment	Total
Maximum	3,285	12,338	15,623	\$1,361	34%
Option I	2,985	9,306	12,291	1,432	27%
Option 2	5,436	3,860	9,296	1,585	21%
Option 3	1,740	1,839	3,579	1,760	8%
Option 4	308	643	951	1,385	2%
Options 5, 6 & 7	1,659	318	1,977	1,201	4%
Disability	394	1,064	1,458	905	3%
Special Annuitants	7	56	63	191	1%
<u></u>					
Totals	15,814	29,424	45,238	\$1,437	100%

Average monthly payment is \$1,437 excluding special annuitants

Plan Options



Maximum - provides for the greatest possible benefit,

Option 1 - provides for a decreased rate of reduction of member's account balance.

Option 2 - provides for a reduced monthly benefit to the member for life. Upon death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.

Option 3 - provides a similar benefit as Option 2, however, upon death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.

Option 4 - provides a reduced monthly benefit. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Options 5, 6 & 7 - represents beneficiaries of options 2, 3 & 4.

Disability - upon meeting requirements, a vested member may receive a monthly benefit.

Special Annuitants - a former teacher, who taught a minimum of ten years in the public schools of Okiahoma prior to July 1, 1943.

Distribution by Years of Service Fiscal Year Ended June 30, 2008

Years of	1			Average		
Creditable	Re	Retired Members				
Service	Male	Female	Total	Payment		
Under 10	248	355	603	\$314		
10-14	1,646	4,010	5,656	445		
15-19	1,673	4,066	5,739	729		
20-24	1,940	6,286	8,226	1,182		
25-29	3,647	7,618	11,265	1,686		
30-34	3,876	5,040	8,916	2,019		
35-39	1,916	1,544	3,460	2,284		
40-44	763	407	1,170	2,549		
45-49	87	37	124	2,909		
50 and Over	11	5	16	3,541		
T						
Totals	15,807	29,368	45,175	\$1,437		

Does not include 63 special annuitants.

12,000 10,000 8,000 4,000 2,000 Under 10-14 15-19 20-24 25-29 30-34 35-39 40-44 45-49 50 and Over

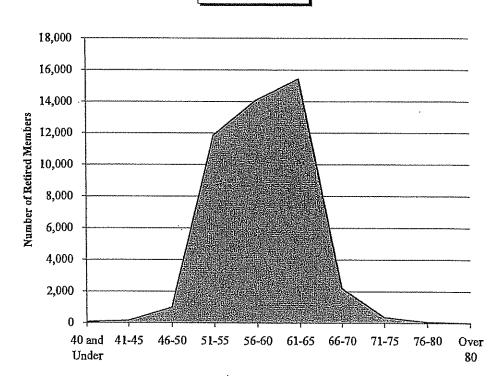
Distribution by Age at Retirement Fiscal Year Ended June 30, 2008

				[Average
			Γ	Average	Length of
Age at	Ret	ired Membe	rs	Monthly	Service
Retirement	Male	Female	Total	Payment	(Years)
40 and Under	20	48	68	\$653	13,1
41-45	43	111	154	885	16.1
46-50	347	632	979	1,613	25.3
51-55	4,741	7,093	11,834	1,730	27.3
56-60 .	4,378	9,676	14,054	1,463	25.2
61-65	5,270	10,144	15,414	1,233	23.0
66-70	829	1,381	2,210	1,207	22.2
71-75	144	229	373	993	21.2
76-80	33	41	74	921	20.8
Over 80	2	13	15	515	20.9
	,				
Totals	15,807	29,368	45,175	\$1,437	24.8

Does not include 63 special annuitants.

The average age of members at retirement is 58.7.

Age At Retirement



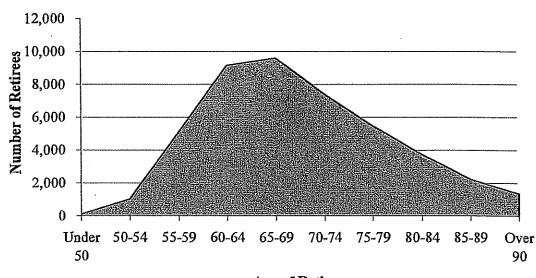
Distribution by Retiree Age Fiscal Year Ended June 30, 2008

	Total	Average	Average
	Retired	Length of	Monthly
Age	Members	Service	Payment
Under 50	98	15.2	\$855
50-54	1,013	26.7	1,775
55-59	5,089	26.5	1,733
60-64	9,148	25.2	1,607
65-69	9,596	24.1	1,469
70-74	7,412	23.6	1,333
75-79	5,482	23.8	1,258
80-84	3,744	24.9	1,204
85-89	2,235	26.1	1,153
Over 90	1,358	28.4	1,143
Totals	45,175	24.8	\$1,437
	**************************************	·····	

Does not include 63 special annuitants.

Average age of retired members is 69.5 years.

Average Age of Retirees

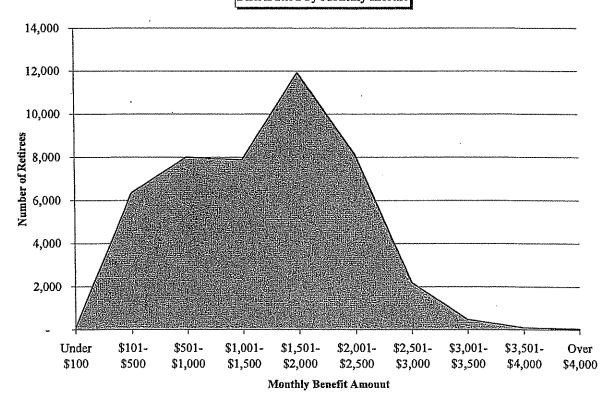


Distribution by Monthly Income Fiscal Year Ended June 30, 2008

Monthly	Retired		Average
Income	Members	Total	Payment
Under \$100	63	\$5,493	\$87
\$101-\$500	6,349	2,084,147	328
\$501-\$1,000	8,002	5,856,134	732
\$1,001-\$1,500	7,876	10,010,939	1,271
\$1,501-\$2,000	11,927	20,958,576	1,757
\$2,001-\$2,500	8,134	17,945,760	2,206
\$2,501-\$3,000	2,190	5,891,247	2,690
\$3,001-\$3,500	483	1,545,195	3,199
\$3,501-\$4,000	98	360,253	3,676
Over \$4,000	53	252,033	4,755
Totals	45,175	\$64,909,778	\$1,437

Does not include 63 special annuitants.

Distribution by Monthly Income



Teachers' Retirement System of Oklahoma Schedule of Cash Receipts and Disbursements Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash balance, beginning of year	\$4,771,218	\$3,812,625
Receipts:		
Members' contributions	283,167,523	282,912,915
Member tax-shelter	8,922,095	8,883,033
Employer statutory requirement from local school		
districts	303,251,076	266,773,994
Matching funds	21,060,672	21,048,124
Dedicated revenue	262,866,277	239,888,973
Interest income	148,098,380	142,231,151
Dividends	106,001,243	87,143,703
Net gain (loss) on investments	261,263,417	922,568,043
Other revenue	11,139,001	6,788,605
* Investments sold	<u> 18,352,919,767</u>	25,866,856,885
Total receipts	19,758,689,451	27,845,095,426
Disbursements:		
Retirement, death, survivor, and health benefits	755,919,806	767,298,488
Refund of member contributions and annuity payments	63,925,592	57,378,925
Administrative expenses	4,711,643	4,437,820
Investment expenses	34,901,529	30,523,848
Equipment purchases	59,669	52,630
* Investment purchases	18,901,817,805	26,984,445,122
Total disbursements	19,761,336,044	27,844,136,833
Balance of cash, June 30	<u>\$2,124,625</u>	\$4,771,218

^{*} Includes equities, fixed income and short-term investments.

Schedule of Changes in Net Assets For Periods Ended June 30

Total

Changes in Net Assets		000000000000000000000000000000000000000	\$525,555,695 513 545 613	(200,505,000)	(353 071 092)	166 430 222	1 088 464 440	589,186,066	634.381.511	1 475,696,418	(\$705,182,581)	
	Administrative	Expenses	\$2,699,015	7.04,507,706	3,471,790	7,505,5	4,007,940	7,071,720	4.25.007	7 549 159	44.791.118	01161/1614
Deductions	Refunds and	Annuity Payments	\$48,962,376	614,07,419	02,702,320	06,490,900	75,505,57	050,125,25	44,000,200	50,307,004	01,310,742	40.6746.00
		<u>Payments</u>	\$479,637,193	500,289,049	537,308,002	561,222,392	608,976,125	647,277,986	701,715,390	612,818,77	767,212,709	\$806,540,725
	Net Investment	Income	\$614,372,751	599,709,397	(144,067,802)	(325,734,295)	266,036,160	1,178,338,068	691,956,300	703,031,333	1,474,628,856	(\$722,427,217)
ŭ C	State and	Federal Matching	\$117,259,320	145,029,086	155,331,620	154,196,326	143,147,463	156,142,888	177,966,919	218,294,582	264,904,170	\$288,036,554
A Action		Employer	\$127,047,763	130,758,712	172,749,389	210,829,995	218,841,977	219,126,867	227,791,719	241,174,959	271,012,403	\$308,804,479
	Contributions	Member	\$197,974,445	203,027,123	221,934,654	231,260,978	224,952,145	238,312,953	241,459,049	256,586,987	294,291,782	\$295,661,038
	ļ	Year	1999 *	* 2000	2001 *	2002 *	2003 *	2004 *	2005 *	* 2006	* 2007	* 8002

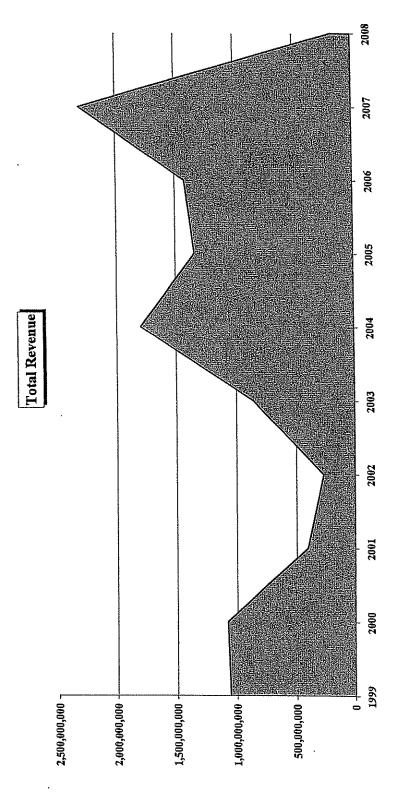
* - Net investment income includes both securities lending income and realized and unrealized gains and losses on investments.

Schedule of Revenue by Source For Periods Ended June 30

State of

Total	\$1,056,654,279 1,078,524,318	405,947,861	270,553,004	852,977,745	1,791,920,776	1,339,173,987	1,419,087,861	2,304,837,211	\$170,074,854
Other <u>Revenue</u>	\$1,607,929 2,280,536	2,715,344	2,937,408	2,162,527	2,511,256	3,318,204	3,982,803	4,983,106	\$10,531,955
Net Investment <u>Income</u>	\$612,764,822 597,428,861	(146,783,146)	(328,671,703)	263,873,633	1,175,826,812	688,638,096	699,048,530	1,469,645,750	(\$732,959,172)
Oklahoma and Various Grant Sources	\$117,259,320 145,029,086	155,331,620	154,196,326	143,147,463	156,142,888	177,966,919	218,294,582	264,904,170	\$288,036,554
Employer Contributions	\$127,047,763 130.758.712	172,749,389	210,829,995	218,841,977	219,126,867	227,791,719	241,174,959	271,012,403	\$308,804,479
Member Contributions	\$197,974,445	221,934,654	231,260,978	224,952,145	238,312,953	241,459,049	256,586,987	294,291,782	\$295,661,038
	1999 *	01 *	* 20	03 *	* 40	* 50	* 90	* 40	* &C
Year	19.	202	20	20	20	202	20	50 70	20(

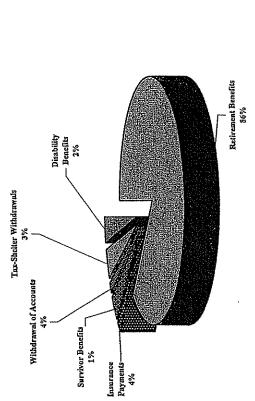
^{* -} Investment income includes both realized and unrealized gains and losses on investments.



Schedule of Benefit Expenses by Type For Periods Ended June 30

<u>Total</u>	\$528,599,569 562,014,468 603,071,328 619,718,342 682,539,677 699,605,015 745,775,655 780,281,342 824,591,634 870,466,317
Tax-Shelter W <u>ithdrawals</u>	\$24,438,802 32,265,267 34,330,389 31,767,447 43,387,232 18,663,735 17,124,415 22,037,445 23,549,272 28,671,096
Withdrawal of Accounts	\$24,523,574 29,460,152 31,432,937 26,728,503 30,176,320 33,663,294 26,935,850 30,864,619 33,829,654 35,254,496
Survivor Benefits	\$8,163,261 8,575,929 9,220,156 8,774,736 9,390,967 8,778,100 9,623,832 10,367,870 10,275,879
Insurance Payments	\$19,869,158 20,537,317 29,159,573 29,227,075 29,625,205 31,142,570 30,933,923 30,421,535 30,491,840
Disability <u>Benefits</u>	\$10,095,552 10,617,612 11,284,416 11,876,256 12,877,668 13,406,316 14,351,904 15,115,176 15,833,880
Age and Service <u>Benefits</u>	\$441,509,222 460,558,191 487,643,857 511,344,325 557,082,285 593,951,000 646,805,731 671,474,697 710,990,189 748,710,866
<u>Year</u>	1999 2000 2001 2002 2003 2004 2005 2006 2007

Total Benefit Expenses



. 20

2008 Benefit Expenses

Schedule of Expenses by Type For Periods Ended June 30

Total	\$531,298,584 564,978,705 606,543,124 623,624,096 686,547,523 703,456,336 749,987,921 784,706,350 829,140,793 \$875,257,435	ses	4 2005 2006 2007 2008
Administrative <u>Expenses</u>	\$2,699,015 2,964,237 3,471,796 3,905,754 4,007,846 3,851,320 4,212,266 4,425,007 4,549,159 \$4,791,118	Total Expenses	999 2000 2001 2002 2003 2004
Refunds and Annuity Payments	\$48,962,376 61,725,419 65,763,326 58,495,950 73,563,552 52,327,030 44,060,265 52,902,064 57,378,925 \$63,925,592		\$900,000,000 \$800,000,000 \$700,000,000 \$500,000,000 \$400,000,000 \$300,000,000 \$100,000,000 \$0
Benefits	\$479,637,193 500,289,049 537,308,002 561,222,392 608,976,125 647,277,986 701,715,390 727,379,279 767,212,709 \$806,540,725	2008 Expenses	Administrative less than 1% Benefits Benefits 93%
Year	1999 2000 2001 2002 2003 2004 2005 2006 2007	[8]	Refunds and Amuity Payments 7%

Retirees in the State of Oklahoma by County

Of the 45,238 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma 90% or 40,764 remain state of Oklahoma residents. As such, benefit payments of approximately, \$709,506,480 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.

·—, ·—,		Annual	•		Annual
County	Recipients	Payment	<u>County</u>	<u>Recipients</u>	<u>Payment</u>
Adair	309	\$5,529,636	LeFlore	620	\$11,055,528
Alfalfa	109	2,030,136	Lincoln	345	5,437,044
Atoka	178	3,008,772	Logan	346	5,433,636
Beaver	92	1,546,620	Love	84	1,384,044
Beckham	240	4,139,844	Major	94	1,541,280
Blaine	155	2,726,232	Marshall	215	3,803,544
Bryan	672	11,936,544	Mayes	431	7,730,292
Caddo	437	6,779,268	McClain	418	6,699,696
Canadian	1,005	17,732,568	McCurtain	513	8,915,244
Carter	576	9,624,468	McIntosh	357	6,367,200
Cherokee	809	15,245,640	Murray	162	3,005,232
Choctaw	208	3,493,896	Muskogee	993	17,703,144
Cimarron	33	545,100	Noble	117	1,821,684
Cleveland	2,446	43,587,624	Nowata	70	1,142,628
Coal	69	1,184,832	Okfuskee	165	2,600,592
Comanche	1,257	22,574,832	Oklahoma	7,110	124,549,884
Cotton	[*] 73	1,199,868	Okmulgee	605	9,933,264
Craig	185	3,114,660	Osage	171	2,755,416
Creek	590	9,873,228	Ottawa	554	8,679,216
Custer	457	8,213,736	Pawnee	158	2,386,860
Delaware	300	5,436,312	Payne	1,790	31,158,744
Dewey	106	1,850,160	Pittsburg	543	8,946,516
Ellis	54	845,208	Pontotoc	675	12,024,108
Garfield	627	10,789,812	Pottawatomie	696	11,801,592
Garvin	387	6,241,164	Pushmataha	159	2,686,308
Grady	506	8,449,488	Roger Mills	67	1,167,384
Grant	83	1,305,876	Rogers	705	12,689,196
Greer	90	1,567,836	Seminole	308	5,156,352
Harmon	79	1,310,172	Sequoyah	527	9,463,428
Harper	73	1,336,176	Stephens	512	9,131,892
Haskell	200	3,390,612	Texas	195	3,309,552
Hughes	161	2,722,032	Tillman	115	1,925,424
Jackson	324	6,350,088	, Tulsa	5,228	93,457,440
Jefferson	74	1,261,908	Wagoner	. 326	6,066,204
Johnston	218	3,810,864	Washington	549	8,851,968
Kay	545	8,949,996	Washita	145	2,559,156
Kingfisher	166	2,872,080	Woods	240	4,188,708
Kiowa	169	2,711,244	Woodward	<u>201</u>	3,445,272
Latimer	193	3,243,276			
•			Total	<u>40,764</u>	<u>\$709,506,480</u>

2008 Participating Employers Public School Districts

Achille Colcord Farris Braggs Coleman Felf Braman Ada Collinsville Fletcher Adair Bray-Doyle Bridge Creek Comanche Flower Mound Afton Commerce Forest Grove Briggs Agra Forgan Copan Albion **Bristow** Broken Arrow Cordell Fort Cobb-Broxton Alex Aline-Cleo Springs **Broken Bow** Cottonwood Fort Gibson

Aline-Cleo Springs Broken Bow Cottonwood Fort Gibson
Allen Brushy Covington-Douglas Fort Supply
Allen Bowden Buffalo Coweta Fort Towson

Buffalo Valley Covle Fox Altus Crescent Foyil Alva Burlington Crooked Oak Frederick Amber Pocasset Burns Flat-Dill City Anadarko Butler Crowder Freedom Friend Anderson Butner Crutcho

Frink Chambers Antiers Byars Cushing Arapaho Byng Cynl Frontier Ardmore Cache Dahlonegah Gage Arkoma Caddo Dale Gans

Darlington Garber Amett Calera Geary Asher Calumet Davenport Davidson Geronimo Atoka Calvin Davis Glencoe Ayant Cameron Deer Creek Gienpooi Baiko Canadian Banner Caney Deer Creek-Lamont Glover Barnsdall Caney Valley Denison Goodland Goodwell Canton Depew Bartlesville Canute Dewar Gore **Battiest** Bearden Camegie Dewey Gracemont Dibble Graham Camey Beaver

BeggsCashionDicksonGrandfieldBelfonteCatoosaDoverGrand View (Cherokee)BellCave SpringsDrummondGrandview (Stephens)

Granite Bennington Cement Drumright Central High Duke Grant Berryhill Bethany Central Duncan Greasy Chandler Durant Greenville Bethel

 Big Pasture
 Chattanooga
 Dustin
 Grove (Delaware)

 Billings
 Checotah
 Eagletown
 Grove (Pottawatomie)

Cheisea Earlsboro Guthrie Binger-Oney Edmond Guymon Cherokee Bishop Chevenne ElReno Gypsy Bixby Eldorado Haileyville Blackwell Chickasha Hammon Chisholm Elgin Blair Choctaw-Nicoma Park Elk City Blanchard Hanna Chouteau Mazie Elmore City Hardestv Blueiacket Cimarron **Empire** Harmony **Boise City**

Claremore **Enid** Harrah Bokoshe Clayton Erick Hartshome Bolev Eufaula Boone-Apache Cleora Haskell Cleveland Fairland Boswell Haworth **Bowlegs** Clinton Fairview Haywood **Bowring** Coalgate Fanshawe Healdton Heavener **Boynton** Colbert Fargo

Public School Districts (continued)

Hennessey Liberty (Tulsa) Mulhali-Orlando Pleasant Grove Henryetta Lindsay Muskogee (Pottawatomie) Hilldale Little Axe Mustang Pleasant Grove Hinton Locust Grove Nashoba (Seminole) Hobart Lomega Navaio Pocola Hodgen Lone Grove New Lima Ponca City Holdenville Lone Star Newcastle Pond Creek Hollis Lone Wolf Porter Consolidated Newkirk Holly Creek Lookeba Sickles Ninnekah Porum Hominy Lost City Noble Poteau Hooker Lowrey Norman Prague Lukfata Howe North Rock Creek Preston Hugo Luther Norwood Pretty Water Hulbert Macomb Nowata Prue Hydro-Eakly Madill Oak Grove Pryor Idabel Mangum Oakdale Purcell Indiahoma Mannford Oaks Mission Putnam City Indianola Mannsville Oilton Quapaw inola Maple Okarche Quinton Marble City Jav Okav Rattan Marietta Jenks Okeene Ravia Marlow Jennings Okemah Red Oak Maryetta Oklahoma City Jones Revdon Justice Mason Oklahoma Union Ringling Justus-Tiawah Maud Okmulgee Ringwood Maysville Ripley Kansas Oktaha Kaw City McAlester Riverside Olive Keliyville McCord Robin Hill Olney Kenwood McCurtain Olustee Rock Creek McLoud Oologah-Talala Keota Rocky Mountain Ketchum Medford Optima Roff Meeker Keyes Osage Hills Roland Memitt Keys Osage **Rush Springs** Kevstone Miami Owasso Rval Kiefer Middleberg Paden Ryan Kildare Mid-Del Panama Salina Kingfisher Midway Panola Sallisaw Kingston Milbum Paoli Sand Springs Kinta Milfav Pauls Valley Sapulpa Kiowa Mill Creek Sasakwa Pawhuska Millwood Konawa Pawnee Savanna Krebs Minco Peavine Sayre Kremlin-Hillsdale Moffeff Peckham Schulter Monroe Lane Peggs Seiling Мооге Latta Perkins-Tryon Seminole Mooreland Laverne Perry Sentinel Lawton Momis Picher-Cardin Sequoyah Pickett Center Momison Leach Shady Grove Moseley Leedey Piedmont Shady Point Le Flore Moss Pioneer Sharon-Mutual Leonard Mounds Pioneer Pleasant Vale Shattuck Mountain View-Gotebo Lexington Pittsburg Shawnee Liberty (Okmulaee) Movers Plainview(Carter) Shidler Liberty (Sequoyah) Muldrow Plainview(Cimarron) Silo

PUBLIC SCHOOL DISTRICTS (continued)

CAREER AND TECHNOLOGY CENTERS

Skelly	Vanoss
Skiatook	Vamum
Smithville	Velma-Alma
Snyder	Verden
Soper	Verdigris
South Coffeyville	Vian
South Rock Creek	Vici
Spavinaw	Vinita
Sperry	Wagoner
Spiro	Wainwright
Springer	Wakita
Sterling	Walters
Stidham	Wanette
Stigler	Wapanucka
Stillwater	Wamer

Washington Washita Heights Watonga

Wellston

Watson Stratford Watts Stringtown Strother Waukomis Waurika Stroud Stuart Wayne Waynoka Sulphur Weatherford Sweetwater Webbers Falls Swink Welch Tahlequah Weleetka Talihina

Stilwell

Straight

Taloga

Stonewall

Western Heights Tannehill Westville Tecumseh Wetumka Temple Tenkiller Wewoka White Oak Terral White Rock Texhoma Whitebead Thackerville Whitefield Thomas-Fay-Custer Whitesboro Timberlake Wickliffe **Tipton** Tishomingo Wilburton Tom Wilson (Carter) Wilson (Okmulgee) Tonkawa

Wister Tulsa Tupelo Woodall Turkey Ford Woodland Tumer Woodward Turpin Wright City Tushka Wyandotte Tuskahoma Wynnewood Tuttle Wynona Twin Hills Yale Tyrone Yarbrough Yukon **Union City** Union Zaneis Valliant Zion

Caddo-Kiowa Mid-America Canadian Valley Moore-Norman Central Oklahoma Northeast Area Chisholm Trail Northwest O.T. Autry E. Okla, County Pioneer Francis Tuttle Gordon Cooper **Pontotoc Great Plains** Red River Green Country S. Oklahoma High Plains Southwest Indian Capital Tri-County

Tulsa Technology Center Kiamichi

Mendian Wes Watkins Metro Tech Western

COLLEGES AND UNIVERSITIES

COLLECTOR	O MITERION PIEC
Cameron University	OU Health Sci. Ctr.
East Central Univ.	Rogers St. University
Langston University	SE Oklahoma
Northeastern State	State University
University	SW Oklahoma
NW Oklahoma	State University
State University	Univ. of Central Okla.
Oklahoma St. Univ.	Univ. of Oklahoma
Okla, Panhandle St. Univ.	Univ. Sci. & Arts of Okla.

JUNIOR COLLEGES

Carl Albert St. Coll.	OKC Comm. College
Connors St. College	RedlandsComm.College
E. Okla. St. Coll.	Rose State College
Миггау State College	Seminole State College
NE Oklahoma A&M	Tulsa Comm. College
N. Oklahoma College	W. Okla. State College

OTHER PARTICIPATING ENTITIES

Independence Charter M.S. Western Village Charter Sch.

OTHERFARTION	ATING FATITIES
Atoka-Coal Interlocal	John Wesley Charter Sch.
Bd. of Priv. Voc. Schis	Kipp Reach Coll. Prep. Sch.
Bd. of Reg. of Okla. Colleges	McCurtain Cty Inter. Co-op
Bd. of Reg. for Higher Ed.	Mid-DelACT
CCOSA	Mid-Del Central Foods
Cherokee Cty Interlocal Co-op	MooreACT
ChoctawNationInterlocal	OCAST
Comm.onTeacherPrep.	OKC Fed, of Teachers
Deborah Brown Comm. Sch.	Okla, Educ, Assn.
Dept. of Career and Tech. Ed.	Okla. Sch. of Science and Math
Dept. of Corrections	Ok. St. Election Board
Dept. of Education	Okla. St. Loan Auth.
Dept. of Human Svcs.	Okla. House of Rep.
Dept. of Rehab. Svcs.	Osage Cty Interlocal Coop
Dove Sci. AcadOKC	Quartz Mountain
Five Star Interlocal Co-op	Secondary Sch. Act. Assoc.
Garfield Cty. Inter. Co-op	Teachers' Retirement System
Harding Charter Prep. H.S.	Tri-County interlocal Coop
Harding Fine Arts Ctr.	Tulsa Sch. of Arts and Sciences

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