

Minnesota State Board of Investment

2009 Annual Report

**Minnesota
State Board
of Investment**

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This annual report can be accessed on our website at www.sbi.state.mn.us

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members

Governor
Tim Pawlenty

State Auditor
Rebecca Otto

Secretary of State
Mark Ritchie

Attorney General
Lori Swanson

Executive Director

Howard J. Bicker

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*An Equal Opportunity
Employer*

December, 2009

The Minnesota State Board of Investment (SBI) is pleased to present its report for the fiscal year ending June 30, 2009.

Investment Environment

During fiscal year 2009, U.S. capital markets experienced one of the most difficult and volatile periods in recent history. The U.S. equity markets returned -26.6% for the fiscal year, as measured by the Russell 3000 Index. Constrained wages, a weak jobs market, falling home values and constrained access to credit continued to pressure consumers and business. The credit problems at financial institutions continued while the Fed began to announce concerns about inflation risks.

The Morgan Stanley Capital International (MSCI) All Country World Index excluding the United States (ACWI ex U.S.), which represents the developed and emerging international markets outside the U.S., returned -30.9% for the fiscal year. The international markets suffered for a second year from an uncertain global economic outlook and worldwide inflation concerns.

The U.S. bond market, as measured by the Barclays Capital Aggregate Bond Index, rose 6.0% during the fiscal year. The sub-prime mortgage crisis spilled into the broader financial market, causing a credit crisis and a liquidity freeze. Investors' need for safety drove a flight to quality that drove up Treasury prices and caused Treasury yields to plummet and yields on spread products to widen dramatically.

Fiscal Year 2009 Changes and Results

At the end of fiscal year 2009, the Post Retirement Fund merged with the Basic Retirement Funds, to formally become the Combined Funds. For more details on the merger, see page 5.

SBI Results

Within this investment environment, the retirement assets under the Board's control performed as follows:

- The Combined Funds returned -18.8% during fiscal year 2009. Over the latest ten year period, the Funds have experienced an annualized return of 2.4%. (See page 9.)
- The lifetime benefit increase for fiscal year 2009 will be 2.5%. The increase will be payable to eligible retirees effective January 1, 2010.

On June 30, 2009, assets under management totaled \$47.9 billion. This total is the aggregate of numerous separate pension funds, trust funds and cash accounts, each with different investment objectives. In establishing a comprehensive management program, the Board develops an investment strategy for each fund which reflects its unique requirements. **The primary purpose of this annual report is to communicate the investment goals, policies and performance of each fund managed by the Board.** Through the investment programs presented in this report, the Minnesota State Board of Investment seeks to enhance the management and performance of the assets under its control.

Sincerely,

A handwritten signature in black ink that reads "Howard Bicker".

Howard Bicker
Executive Director

State Board of Investment

Governor Tim Pawlenty, Chair
State Auditor Rebecca Otto
Secretary of State Mark Ritchie
State Attorney General Lori Swanson

Investment Advisory Council

The Legislature has established a seventeen member Investment Advisory Council to advise the Board and its staff on investment-related matters.

The mission statement of the Investment Advisory Council is: The IAC fulfills its statutory duty to the SBI by providing advice and independent due diligence review of the investment policy and implementation recommendations that guide the SBI's investment of assets.

The Board appoints ten members experienced in finance and investment. These members traditionally have come from the Minneapolis and St. Paul corporate investment community.

The Commissioner of Finance and the Executive Directors of the three statewide retirement systems are permanent members of the Council.

Two active employee representatives and one retiree representative are appointed to the Council by the Governor.

All proposed investment policies are reviewed by the IAC before they are presented to the Board for action.

Members of the Council

Jeffery Bailey, Chair
Director-Benefits Finance
Target Corporation

Malcolm W. McDonald, Vice Chair
Director & Corporate Secretary
(Retired)
Space Center, Inc.

Frank Ahrens, II
Governor's Appointee
Active Employee Representative

David Bergstrom
Executive Director
Mn. State Retirement System

John E. Bohan
V.P., Pension Investments
(Retired)
Grand Metropolitan- Pillsbury

Kerry Brick
Manager, Pension Investments
Cargill, Inc.

Douglas Gorence
Chief Investment Officer
U of M Foundation Investment
Advisors

Dennis Duerst
Director, Benefits Funds Investment
3M Company

Laurie Fiori Hacking
Executive Director
Teachers Retirement Association

Tom Hanson
Commissioner
Minnesota Management & Budget

Heather Johnston
Governor's Appointee
Active Employee Representative

P. Jay Kiedrowski
Senior Fellow
Humphrey Institute
University of MN

LeRoy Koppendrayer
Governor's Appointee
Retiree Representative

Judith W. Mares
Chief Investment Officer
ATK

Gary Martin
V.P. Pension Investments
Supervalu, Inc.

Gary R. Norstrem
Treasurer, (Retired)
City of St. Paul

Mary Vanek
Executive Director
Public Employees Retirement Assoc.

Staff, Consultants & Custodians

Howard Bicker
Executive Director

Teresa J. Richardson
Assistant Executive Director

Investment Staff

Public Equities
Tammy Brusehaver
Mgr., Domestic Equity

Patricia Ammann
Portfolio Mgr., Domestic Equity

Stephanie Gleeson
Mgr., International Equity

**Fixed Income and
Internal Investments**
Michael J. Menssen
Mgr., Long-Term Debt

John J. Kirby
Portfolio Mgr., Long-Term Debt

Alternative Assets
John N. Griebenow
Mgr., Alternative Investments

Michael McGirr
Portfolio Mgr., Alternative
Investments

Cash Management
Steven Kuettel
Mgr., Short-Term Debt

Terrence Larsen
Analyst, Short-Term Debt

Public Programs
James E. Heidelberg
Mgr., Public Programs

Deborah Griebenow
Analyst, Shareholder Services

Administrative Staff

Finance and Accounting
Steve Schugel
Administrative Director

William J. Nicol
Accounting Director

Kathy Leisz
Information Technology Specialist

Nancy L. Wold
Accounting Officer, Senior

Wendy Murphy
Accounting Officer, Intermediate

Jason White
Accounting Officer, Intermediate

Support Services
Charlene Olson
Administrative Assistant to the
Executive Director

Carol Nelson
Office Administrative Specialist,
Senior

Melissa Merthan
Office Administrative Specialist

Consultants

General Consultant
Nuveen Investment Solutions, Inc.
Chicago, Illinois

Special Projects Consultant
Pension Consulting Alliance
Studio City, California

Custodian Banks

Retirement and Trust Funds
State Street Bank & Trust Co.
Boston, Massachusetts

State Cash Accounts
Wells Fargo & Company
St. Paul, Minnesota

As of December 2009

Introduction

The Minnesota State Board of Investment is responsible for the investment management of various retirement funds, trust funds and cash accounts. On June 30, 2009, the market value of all assets was \$47.9 billion.

Constitutional and Statutory Authority

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Prudent Person Rule

The prudent person rule, as codified in *Minnesota Statutes* Section 11A.09, requires all members of the Board, Investment Advisory Council, and SBI staff to “...act in good faith and ...exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.” *Minnesota Statutes* Section 356A.04 contains similar codification of the prudent person rule applicable to the investment of pension fund assets.

Authorized Investments

In addition to the prudent person rule, *Minnesota Statutes* Section 11A.24 contains a specific list of asset classes available for investment

including common stocks, bonds, short term securities, real estate, private equity, and resource funds. The statutes prescribe the maximum percentage of fund assets that may be invested in various asset classes and contain specific restrictions to ensure the quality of the investments.

Investment Policies

Within the requirements defined by state law, the State Board of Investment, in conjunction with SBI staff and the Investment Advisory Council, establishes investment policies for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards.

The Board has adopted guidelines concerning investments in stock markets outside the U.S. The guidelines do not prohibit investment in any market, but do require that additional notification and/or presentation be provided to SBI staff or the SBI Administrative Committee in certain cases (refer to page 48 for more information on these guidelines.)

The Board, its staff, and the Investment Advisory Council have conducted detailed analyses that address investment objectives, asset allocation policy and management structure of each of the funds under the SBI's control. The studies guide

the on-going management of these funds and are updated periodically.

Important Notes

Readers should note that the SBI's returns in this report are shown **after** transactions costs and fees are deducted. Performance is computed and reported after all applicable charges to assure that the Board's focus is on true net returns.

Due to the large number of individual securities owned by the funds managed by the SBI, this report contains only summarized asset listings. **A complete list of securities is available upon request from the State Board of Investment.**

Funds Under Management

**Market Value
June 30, 2009***

Combined Funds

\$35.9 billion

The Combined Funds represent the assets for both the active and retired public employees in nine statewide retirement plans:

Teachers Retirement Fund	\$13.8 billion
Public Employees Retirement Fund	10.1 billion
State Employees Retirement Fund	6.9 billion
Public Employees Police and Fire Fund	3.9 billion
Correctional Employees Fund	455 million
Highway Patrol Retirement Fund	449 million
Public Employees Correctional Fund	165 million
Judges Retirement Fund	114 million
Legislative Retirement Fund	21 million

Minneapolis Employees Retirement Fund (MERF)

\$0.8 billion

Supplemental Investment Fund (SIF)

\$0.9 billion

The Supplemental Investment Fund includes assets of the unclassified state employees retirement plan, other defined contribution retirement plans, and various retirement programs for local police and firefighters. Participants may choose among seven separate accounts with different investment objectives designed to meet a wide range of participant needs and objectives.

Income Share Account	stocks and bonds	\$194 million
Common Stock Index Account	passively managed stocks	197 million
Growth Share Account	actively managed stocks	81 million
Bond Market Account	actively managed bonds	96 million
International Share Account	non-U.S. stocks	90 million
Fixed Interest Account	stable value investments	95 million
Money Market Account	short-term debt securities	174 million

Non-Retirement Funds

\$1.8 billion

Assigned Risk Plan

\$0.3 billion

The Minnesota Workers Compensation Assigned Risk Plan provides worker compensation insurance for companies unable to obtain coverage through private carriers.

Permanent School Fund

\$0.6 billion

The Permanent School Fund is a trust established for the benefit of Minnesota public schools.

Environmental Trust Fund

\$0.4 billion

The Environmental Trust Fund is a trust established for the protection and enhancement of Minnesota's environment. It is funded with a portion of the proceeds from the state's lottery.

Other Post Employment Benefits Funds (OPEB'S)

\$0.2 billion

Miscellaneous Accounts

\$0.3 billion

Funds Under Management

**Market Value
June 30, 2009***

State Deferred Compensation Plan

The State Deferred Compensation Plan offers eleven mutual funds, a money market fund, and a fixed interest (stable value) fund.

The assets for each offering are shown below. Benchmarks are shown in parentheses.

\$3.1 billion

Large Cap Equity:

Janus Twenty (S&P 500)	\$356 million
Legg Mason Partners Appr I (S&P 500)	96 million
Vanguard Institutional Index Plus (S&P 500)	304 million

Mid Cap Equity:

Vanguard Mid-Cap Index (MSCI US Mid-Cap 450)	105 million
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Small Cap Equity:

T. Rowe Price Small-Cap Stock (Russell 2000)	260 million
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Balanced:

Dodge & Cox Balanced Fund (60% S&P 500/40% Barclays Capital Aggregate)	203 million
Vanguard Balanced Index Inst. Fund (60% MSCI US Broad Market, 40% Barclays Capital Aggregate)	140 million

Bond:

Dodge & Cox Income Fund (Barclays Capital Aggregate)	105 million
Vanguard Total Bond Market Index Inst. (Barclays Capital Aggregate)	92 million

International:

Fidelity Diversified International (MSCI EAFE-Free)	188 million
Vanguard Inst. Dev. Markets Index Fund (MSCI EAFE)	59 million

Stable Value:

SIF Fixed Interest	1.1 billion
SIF Money Market	103 million

State Cash Accounts

These accounts are the cash balances of state government funds, including the Invested Treasurers Cash Fund, transportation funds, and miscellaneous cash accounts. Assets are invested in high quality, liquid, debt securities.

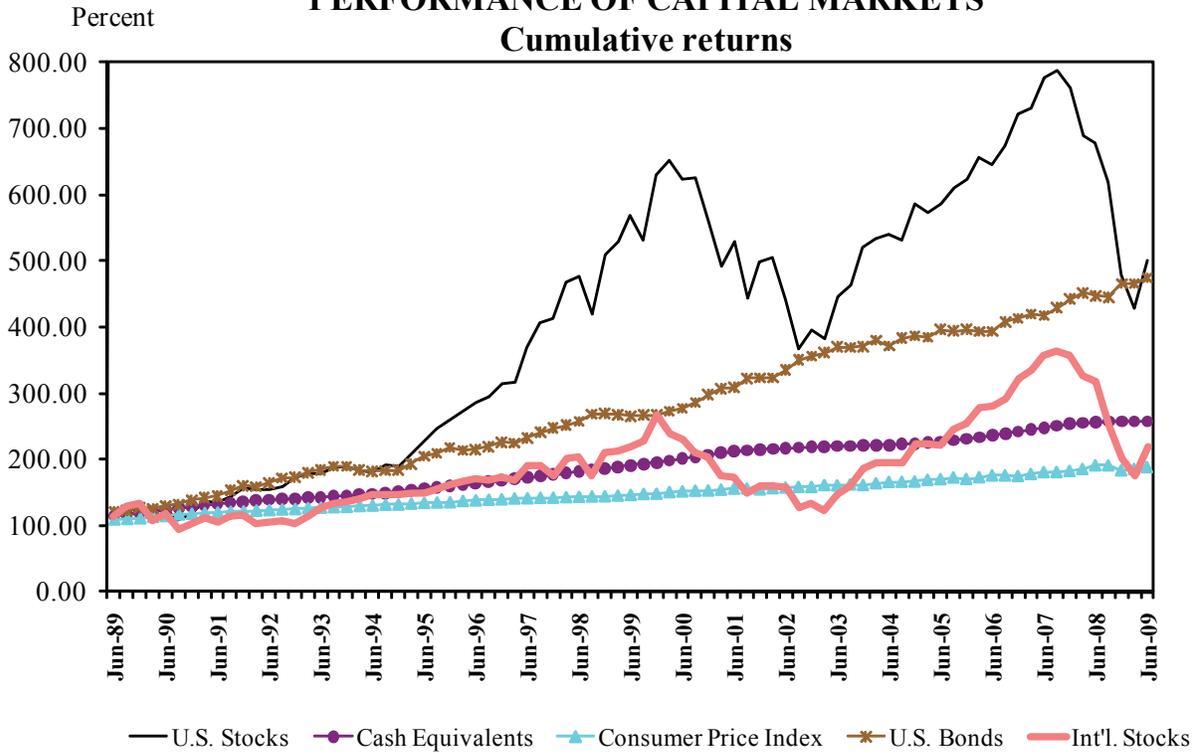
\$5.4 billion

Total Assets Under SBI Management

\$47.9 billion

* Totals may not add due to rounding.

Figure 1.
PERFORMANCE OF CAPITAL MARKETS
Cumulative returns



Combined Funds

The Combined Funds represent the assets of both active and retired public employees who participate in the defined benefit plans of three state-wide retirement systems: Teachers Retirement Association (TRA), Public Employees Retirement Association (PERA) and the Minnesota State Retirement System (MSRS). On June 30, 2009, the Combined Funds covered 525,000 active and retired employees and had a market value of \$35.9 billion.

Background

Through the end of fiscal year 2009, the retirement assets under the authority of the Minnesota State Board of Investment were managed and accounted for (as specified in statute) as two pools of assets, with distinct asset allocation policies. One pool of assets, the Basic Retirement Funds (Basics), was made up of the assets of active employees, and the other pool of assets, the Post Retirement Fund (Post), was made up of assets of retired employees. The funds previously were “combined” for reporting and comparison purposes only.

The 2008 Legislature enacted legislation that established specific minimum funding levels for the Post Retirement Fund. The legislation mandated that if the funding level of the Post fell below 80 percent, the Post and Basic Funds would merge at the end of the following fiscal year. This event was triggered, and the Post was merged with the Basics on June 30, 2009. In order to effect this transaction on June 30th, as required by the legislation, the Post was transferred using a value as of the close of business on June 29, 2009. As a result, the Post had a market value of \$0 as of the last day of the fiscal year, June 30, 2009.

Going forward the assets will be managed and reported on as one pool defined in statute as the Combined

Funds. Figure 2 identifies the nine different retirement funds which comprise the Combined Funds.

Investment Objectives

One overriding responsibility of the State Board of Investment (SBI) with respect to the management of the Combined Funds is to ensure that sufficient funds are available to finance promised benefits.

Actuarial Assumed Return

Employee and employer contribution rates are specified in state law as a percentage of an employee’s salary. The rates are set so that contributions plus expected investment earnings will cover the projected cost of promised pension benefits. In order to meet these projected pension costs, the Combined Retirement Funds must generate investment returns of at least 8.5% on an annualized basis, over time.

Time Horizon

Normally, pension assets will accumulate in the Combined Funds for 30 to 40 years during an employee’s years of active service. A typical retiree can be expected to draw benefits for an additional 15 to 20 years. This provides the Combined Funds with a long investment time horizon and permits the Board to take advantage of the long run return opportunities offered by common stocks and other equity investments in order to meet the actuarial return target.

Benefit Increase

Each year retirees receive a 2.5% benefit increase. Prior to the merger of the Basic and Post Funds, a benefit increase was calculated based on an inflation component and an investment return component. (See prior annual reports for a complete description.)

Figure 2. Composition of Combined Funds as of June 30, 2009

Teachers Retirement Fund	38.4%
Public Employees Retirement Fund	28.1
State Employees Retirement Fund	19.2
Public Employees Police and Fire Fund	11.0
Correctional Employees Fund	1.3
Highway Patrol Retirement Fund	1.2
Legislative Retirement Fund	0.1
Judges Retirement Fund	0.3
Public Employees Correctional Fund	0.4
Total	100.0%

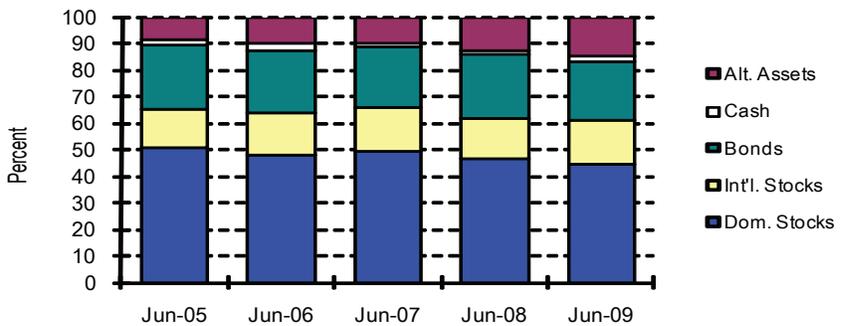
Combined Funds

Asset Allocation

The allocation of assets among stocks, bonds, alternative investments and cash has a dramatic impact on investment results. In fact, asset allocation decisions overwhelm the impact of individual security selection within a total portfolio. The asset allocation of the Combined Funds is reviewed periodically.

As illustrated in Figure 1, historical evidence indicates that U.S. common stocks will provide the greatest opportunity to maximize investment returns over the long-term. As a result, the Board has chosen to incorporate a large commitment to common stocks in the asset allocation policy for the retirement funds. In order to limit the short run volatility of returns exhibited by common stocks, the Board includes

Figure 4. Combined Funds Historical Asset Mix FY 2005-2009



other asset classes such as bonds, real estate, and resource investments in the total portfolio. This diversification is intended to reduce wide fluctuations in investment returns on a year to year basis and should not impair the Funds' ability to meet or exceed the actuarial return targets over the long-term.

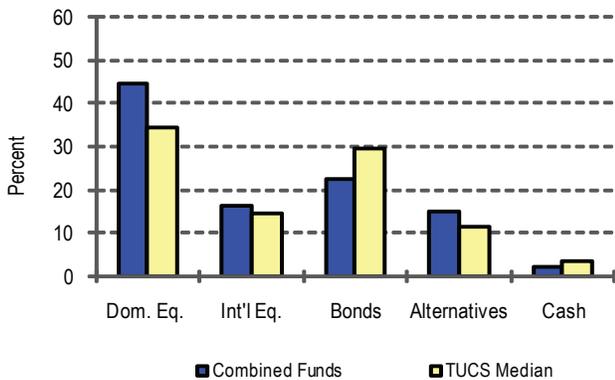
Long-Term Allocation Policy

The Combined Funds has a policy asset allocation which differs somewhat from the historic policy asset allocation of either the Basics or the Post. It is based on the investment objectives of the Combined Funds and the expected long run performance of the capital markets. The new policy asset allocation of the Combined Funds was approved by the Board in December 2008, and is as follows:

Domestic Stocks	45%
International Stocks	15
Bonds	18
Alternative Assets	20
Unallocated Cash	2

The unfunded allocation to alternative investments is held in bonds until it is needed for investment. As a result, the actual amount invested in bonds at any time can be above the target allocation.

Figure 3. Combined Funds Asset Mix Comparison as of June 30, 2009



	Combined Funds	Median Allocation in TUCS*
Domestic Equity	44.6%	34.3%
International Equity	16.3	14.6
Bonds	22.3	29.6
Alternatives**	14.8	11.4
Cash	2.0	3.6

* Represents the median allocation by asset class, and does not add to 100%.

** TUCS may include assets other than alternatives.

Figure 3 presents the actual asset mix of the Combined Funds at the end of fiscal year 2009. Historical asset mix data are displayed in Figure 4.

Historically, there have been changes to the policy asset allocations of both the Basics and Post Funds. During fiscal year 2004 the Board revised its long term asset allocation targets for the Post Fund. The allocation

Combined Funds

target for alternative investments in the Post Fund was increased from 5% to 12%, while decreasing domestic equity from 50% to 45% and decreasing fixed income from 27% to 25%. At that time, the Board also provisionally revised the asset allocation targets for the Basic Funds. Upon the Post Fund achieving its alternative investment target, the Basics Funds' alternative allocation target was authorized to increase from 15% to 20% by decreasing the fixed income target from 24% to 19%. This allocation change to the Basic Funds was triggered and became effective July 1, 2008.

Additionally, in fiscal year 2004, the Basic Funds were authorized to invest in yield-oriented investments in alternative assets and the Post Fund was authorized to invest in private equity, real estate and resource investments, as well as yield-oriented investments, as part of the allocation to alternative investments.

Asset Mix Compared to Other Pension Funds

The Board finds it instructive to review asset mix and performance of the Combined Funds relative to other pension fund investors. The comparison universe used by the SBI is the Master Trust portion of the Trust Universe Comparison Service (TUCS). This universe contains information on public and corporate pension and trust funds with over \$1 billion and a diversified asset mix.

It is important to note that the historical data on the Combined Funds presented in this report reflect only the Basic Retirement Funds through fiscal year 1993. Both the Basic and Post Funds are included in the data for the Combined Funds after that date.

This distinction is necessary due to the different asset allocation strategies employed by the two funds in the past. The Basic Funds have always been managed to maximize total rates of return over the long-term and, therefore, the asset allocation has historically included a substantial stock segment. In contrast, until the post retirement benefit increase formula was changed in 1993, the Post Retirement Fund was managed to maximize current income which necessitated a large commitment to bonds. As a result, the investment goals of the two funds were incompatible for analytical purposes until fiscal year 1994.

Comparisons of the Combined Funds' actual asset mix to the median allocation to stocks, bonds and other assets of the funds in TUCS on June 30, 2009 are also displayed in Figure 3.

The Combined Funds were overweighted in domestic equities, international equities, and alternative investments relative to the median allocation in TUCS, and were underweighted in bonds and cash.

Total Return Vehicles

The SBI invests the majority of the Combined Funds' assets in **common stocks** (both domestic and international.) A large allocation is consistent with the investment time horizon of the Combined Funds and the advantageous long-term risk-return characteristics of common stocks. Including international stocks in the asset mix allows the SBI to diversify holdings across world markets and offers the opportunity to enhance returns and reduce the volatility of the total portfolio. The rationale underlying the inclusion of **private equity** (e.g., venture capital and leverage buyouts) is similar.

The Board recognizes that this sizable policy allocation to common stock and private equity likely will produce more volatile portfolio returns than a more conservative policy focused on fixed income securities. It is understood that this policy may result in quarters, or even years, of disappointing results. Nevertheless, the long run return benefits of this policy are expected to compensate for the additional volatility.

Diversification Vehicles

The Board includes other asset classes in the Combined Funds to provide some insulation against highly inflationary or deflationary environments and to diversify the portfolio sufficiently to avoid excessive return volatility.

Real Estate and resource (oil and gas) investments provide an inflation hedge that other financial assets cannot offer. In periods of rapidly rising prices, these assets have appreciated in value at a rate at least equal to the inflation rate. Under more normal financial conditions, such as low to moderate inflation, the returns on these assets are not highly correlated with common stocks. As a result, inclusion of these assets in the Combined Funds serves to dampen return volatility.

The allocation to **bonds** acts as a hedge against a deflationary economic environment. In the event of substantial deflation, high quality fixed income assets are expected to protect principal and generate significant capital gains. Bonds, like real estate and resource funds, under normal financial conditions, help to diversify the Combined Funds, thereby controlling return volatility.

Combined Funds

Yield oriented alternative

investments provide the opportunity for higher long term returns than those typically available from bonds yet still generate sufficient current income. Typically, these investments (e.g., subordinated debt, mezzanine debt, or resource income investments such as producing properties) are structured more like fixed income securities with the opportunity to participate in the appreciation of the underlying assets. While these investments may have an equity component, they display a return pattern more like a bond. Therefore, they will help reduce the volatility of the total portfolio, but should also generate higher returns relative to more traditional bond investments.

Investment Management

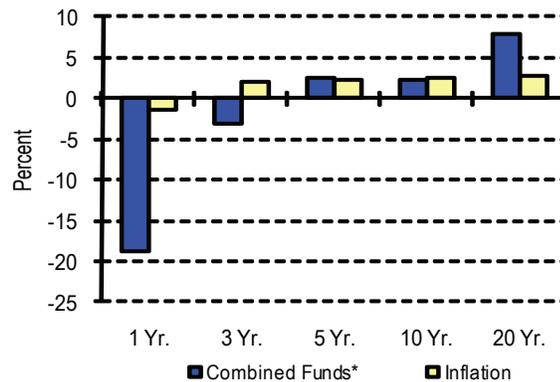
All assets in the Combined Funds are managed externally by investment management firms retained by contract. More information on the structure, management and performance of the various investment pools is included in the **Investment Pool** section of this report.

Return Objectives

The Board measures the performance of the Combined Funds relative to the following total rate of return objectives:

- **Provide Real Returns.** Over a twenty year period, the Combined Funds are expected to produce returns that exceed inflation by 3-5 percentage points on an annualized basis.
- **Match or Exceed Market Returns.** Over a ten year period, the Combined Funds are expected to match or exceed a composite of market indices weighted using the asset mix of the Combined Funds.

Figure 5. Combined Funds Performance vs. Inflation



	1 Yr.	3 Yr.	5 Yr.	10 Yr.	20 Yr.
Combined Funds*	-18.8%	-3.0%	2.6%	2.4%	7.8%
Inflation	-1.4	2.1	2.4	2.6	2.8

* Includes Basic Funds only through 6/30/93, Basic and Post Funds thereafter.

Performance is reported net of all fees and costs to assure that the Board's focus is on true net return.

Investment Results

Comparison to Inflation

Over the last twenty years, the Combined Funds exceeded inflation by 5.0 percentage points. Historical results compared to inflation are shown in Figure 5.

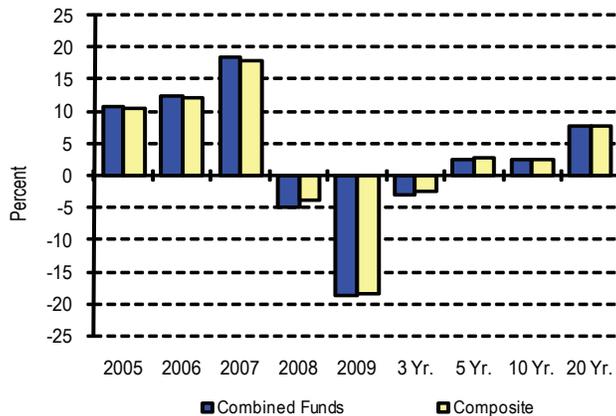
Comparison to Market Returns

The Combined Funds' performance is also evaluated relative to a composite of market indices which is weighted in a manner that reflects the actual asset allocation of the Combined Funds. Performance relative to this standard will measure two effects:

- The ability of the managers selected by the SBI, in aggregate, to add value to the returns available from the broad capital markets.
- The impact of the SBI's re-balancing activity. The SBI rebalances the total fund when market movements take the stock (domestic and international,) bond, or cash segments above or below long term asset allocation targets. This policy imposes a low risk discipline of "buy low-sell high" among asset classes on a total fund basis.

Combined Funds

Figure 6. Combined Funds Performance vs. Composite Index FY2005-2009



	Annualized								
	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.	20 Yr.
Combined Funds*	10.7%	12.3%	18.3%	-5.0%	-18.8%	-3.0%	2.6%	2.4%	7.8%
Composite Index	10.5	12.2	18.0	-3.9	-18.4	-2.6	2.8	2.4	7.6

Performance results and a breakdown of the composite index are shown in Figures 6 and 7. The Combined Funds matched the composite index over the last ten years and, therefore met the stated performance goal. The Funds trailed the composite index by 0.2 percentage points over the last five years and by 0.4 percentage points over the most recent fiscal year. These results are largely a measure of value added or lost from active management after all fees and expenses have been taken into consideration.

Comparison to Other Funds

While the SBI is concerned with how its returns compare to other pension investors, universe comparison data should be used with great care. There are two primary reasons why such comparisons will provide an “apples-to-oranges” look at performance:

—**Differing Allocations.** Asset allocation has a dominant effect on returns. The allocation to stocks among the funds in TUCS typically ranges from 20-90%, a wide range for meaningful comparison. In addition, it appears that many funds do not include alternative asset holdings in their reports to TUCS. This further distorts comparisons among funds.

—Differing Goals/Liabilities.

Each pension fund structures its portfolio to meet its own liabilities and risk tolerance. This may result in different choices on asset mix. Since asset mix will largely determine investment results, a universe ranking may not be relevant to a discussion of how well a plan sponsor is meeting its long-term liabilities.

Figure 7. Composite Index for Period Ending on June 30, 2009

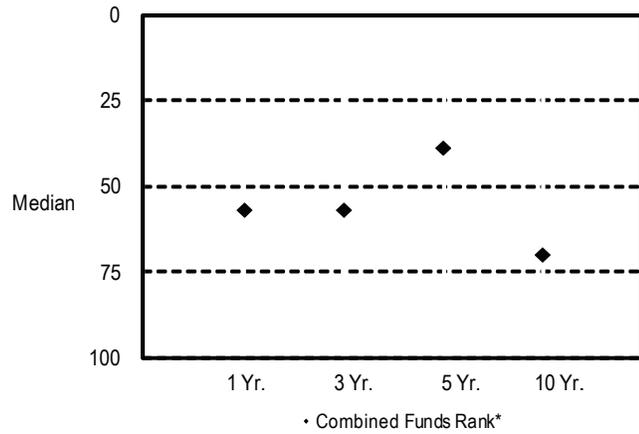
Asset Class	Market Index	Composite Index Wts. *
Domestic Stocks	Russell 3000	46.1%
Int'l Stocks	MSCI ACWI Free ex. U.S.	15.0
Domestic Bonds	Barclays Capital Aggregate	21.8
Alternative Investments	Alternative Investments	15.2
Unallocated Cash	3 Month T-Bills	1.9
Total		100.0%

* Weights are reset in the composite at the start of each month to reflect the combined allocation policies of the Basic and Post Funds.

Combined Funds

With these considerations in mind, the performance of the Combined Funds compared to other public and corporate pension funds with over \$1 billion in assets in the Master Trust portion of TUCS is displayed in Figure 8. It shows that the Combined Funds have ranked above the median over the last five year period but below the median over the last ten year period.

Figure 8. Combined Funds Performance Compared to Other Pension Funds



	Annualized			
	1 Yr.	3 Yr.	5 Yr.	10 Yr.
Combined Funds Percentile Rank in TUCS*	57th	57th	39th	70th

* Compared to public and corporate plans greater than \$1 billion, gross of fees.

Investment Pools

To gain greater operating efficiency, external managers are grouped into several “Investment Pools” which are segregated by asset class. The various retirement funds participate in one or more of the pools corresponding to their individual asset allocation strategies.

The Combined Funds and Supplemental Investment Fund share many of the same stock and bond managers. This is accomplished by grouping managers by asset class into several Investment Pools. The individual funds participate in the Investment Pools by purchasing “units” which function much like shares of a mutual fund.

This investment management structure allows the State Board of Investment (SBI) to gain greater operating efficiency within asset classes and to keep management costs as low as possible for all participants.

Domestic Stock Pool

The Basic Retirement Funds participated in the Domestic Stock Pool since its inception in January 1984. The Post Retirement Fund participated in the Pool since July 1993. The Funds merged to become the Combined Funds on June 30, 2009. In addition, the Growth Share Account, Common Stock Index Account, and the stock portion of the Income Share Account in the Supplemental Investment Fund participate in the Pool.

The following is the dollar value as of June 30, 2009 of each fund’s participation in the Pool:

Combined Funds \$16.0 billion
(active, passive and semi-passive)

Growth Share Account (active and semi-passive)	\$81 million
Common Stock Index Account (passive)	\$197 million
Stock portion of the Income Share Account (passive)	\$112 million

Management Structure

The SBI uses a three-part approach to the management of the Domestic Stock Pool:

- **Active Management.** At the end of fiscal year 2009, approximately 25% of the Domestic Stock Pool was actively managed by a group of 23 external money managers. The assets allocated to each of the managers ranged from \$35 million to \$370 million.
- **Semi-Passive Management.** At the end of fiscal year 2009, approximately 36% of the Domestic Stock Pool was managed by a group of three semi-passive external money managers with portfolios ranging from \$1.7 billion to \$2.2 billion.
- **Passive Management.** At the end of fiscal year 2009, approximately 39% of the Stock Pool was managed passively by a single manager with a portfolio of \$6.6 billion.

The goal of the Domestic Stock Pool is to outperform the asset class target, which is the Russell 3000 Index. The Russell 3000 Index can be segmented into sub-indexes or Russell style indexes.

Assets of the pool are allocated based on the Russell style indexes in proportion to the style weighting within the Russell 3000. Assets within each style are then allocated to each manager within the designated style. This allocation is done to minimize the style bias within the Domestic Stock Pool.

Each **active manager** is expected to add incremental value over the long run relative to the Russell style index which reflects its investment approach or style.

The **semi-passive managers** are also expected to add value relative to the Russell 1000 Index. However, they employ a strategy that more closely tracks the benchmark than the active management.

The **passive manager** in the Domestic Stock Pool manages its portfolio to consistently and inexpensively track the Russell 3000 index.

A description of each domestic stock manager’s investment approach is included in the **Investment Manager Summaries** section.

FY 2009 Changes

During fiscal year 2009, several changes were made to the manager

Investment Pools

structure. One manager was terminated for organizational concerns, loss of accounts, and performance. That manager was Cohen, Klingenstein & Marks. One manager, Voyageur Asset Management, made the decision to discontinue normal business operations and their portfolio was liquidated in June. Additionally, RiverSource Investments LLC/Kenwood Capital announced their decision in June to discontinue normal business operations at the end of July. Their portfolio was liquidated at the beginning of fiscal year 2010.

Investment Performance

A comprehensive monitoring system has been established to ensure that the many elements of the Domestic Stock Pool conform to the SBI's investment policies. Published performance benchmarks are used for each domestic stock manager. These benchmarks enable the SBI to evaluate the managers' results, both individually and in aggregate, with respect to risk incurred and returns achieved.

Two primary long run *risk objectives* have been established for the domestic stock managers:

— **Investment Approach.** Each manager (active, semi-passive, or passive) is expected to hold a portfolio that is consistent, in terms of risk characteristics, with the manager's stated investment approach. In the short run, the active stock managers may depart from their risk targets as part of their specific investment strategies.

— **Diversification.** The passive and semi-passive managers are expected to hold highly diversified portfolios, while each active domestic stock manager

is expected to hold a portfolio appropriately diversified for the particular investment strategy and style.

The domestic stock managers successfully fulfilled their long-term risk objectives during fiscal year 2009. In general, the managers constructed portfolios consistent with their stated investment approaches and maintained levels of diversification that were appropriate for their respective active, semi-passive and passive approaches.

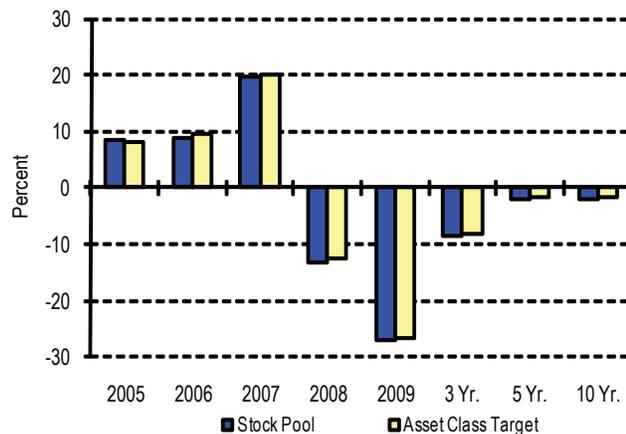
The Board's *return objectives* for active and semi-passive stock managers are measured against the published Russell style indices that represent the managers' specific investment approaches. These indices take into account the equity market forces that impact

certain investment styles. Thus, a Russell style index or benchmark is a more appropriate return target against which to judge a manager's performance than a broad market index.

Active managers are expected to exceed their benchmark by an amount appropriate for their active risk level. This active risk level varies by manager and is influenced by the manager's stated strategy and style.

In aggregate, the Domestic Stock Pool underperformed the Russell 3000 Index by 0.3 percentage point for the fiscal year. The active managers underperformed their respective benchmarks. Relative to the aggregate benchmark, the underperformance of the active manager group was due to negative

Figure 9. Domestic Stock Pool Performance FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Stock Pool	8.6%	8.9%	19.7%	-13.1%	-26.9%	-8.7%	-2.1%	-2.0%
Asset Class Target*	8.1	9.6	20.1	-12.7	-26.6	-8.3	-1.8	-1.8

* Reflects the Russell 3000 since 10/1/2003; the Wilshire 5000 Investable from 7/1/1999 thru 9/30/03.

Investment Pools

stock selection across several sectors particularly Other Energy, Technology and Producer Durables. This was a challenging period for all managers as the markets experienced high volatility and flight to safety during a severe recession.

Figure 9 provides more detail on the historical performance of the entire pool. Manager performance relative to the respective benchmarks was mixed. Nine active managers outperformed and fourteen underperformed the benchmark. One semi-passive manager outperformed and two semi-passive managers underperformed the benchmark. The passive manager outperformed its target, the Russell 3000 index. Individual manager performance for fiscal year 2009 is shown in Figure 10.

Historical information on individual manager performance and portfolio characteristics is included in the **Statistical Data** section. Section II of the Annual Report provides **Summarized Asset Listings** for each manager and the Pool in aggregate.

Bond Pool

The Basic Retirement Funds have participated in the Bond Pool since its inception in July 1984. The Post Retirement Fund has participated in the Pool since July 1993. The funds merged to become the Combined Funds on June 30, 2009. In addition, the Bond Market Account in the Supplemental Investment Fund has utilized portions of the Pool since July 1986.

Figure 10. Domestic Stock Manager Performance FY 2009

	Actual Return	Benchmark Return
<u>Active Managers</u>		
Large Cap Core (Russell 1000)		
Mellon Capital Mgmt.	-34.9%	-26.7%
New Amsterdam Partners	-23.8	-26.7
UBS Global Asset Management	-25.0	-26.7
Large Cap Growth (Russell 1000 Growth)		
AllianceBernstein L.P.	-26.3	-24.5
INTECH	-29.4	-24.5
Jacobs Levy Equity Mgmt.	-29.5	-24.5
Knelman Asset Mgmt.	-27.7	-24.5
Sands Capital Mgmt.	-26.2	-24.5
Winslow Capital Mgmt.	-26.6	-24.5
Zevenbergen Capital	-21.4	-24.5
Large Cap Value (Russell 1000 Value)		
Barrow, Hanley	-25.1	-29.0
Earnest Partners	-23.6	-29.0
Lord Abbett & Co.	-25.7	-29.0
LSV Asset Mgmt.	-28.1	-29.0
Systematic Financial Mgmt.	-32.7	-29.0
Small Cap Growth (Russell 2000 Growth)		
McKinley Capital	-38.5	-24.8
Next Century Growth	-36.4	-24.8
Turner Investment Partners	-28.4	-24.8
Small Cap Value (Russell 2000 Value)		
Goldman Sachs	-21.6	-25.2
Hotchkis & Wiley	-30.9	-25.2
Martingale Asset Mgmt.	-30.2	-25.2
Peregrine Capital Mgmt.	-22.0	-25.2
RiverSource/Kenwood	-28.8	-25.2
<u>Semi-Passive Managers (Russell 1000)</u>		
Barclays Global Investors	-27.6	-26.7
J.P. Morgan Investment Mgmt.	-24.5	-26.7
Mellon Capital Mgmt.	-27.7	-26.7
<u>Passive Manager (Russell 3000)</u>		
Barclays Global Investors	-26.4	-26.6
Historical Aggregate		
SBI Domestic Equity Asset Class Target	-26.9	-26.6
Russell 3000		-26.6

Investment Pools

The following is the dollar value as of June 30, 2009 of each fund's participation in the Pool:

Combined Funds \$7.9 billion
(active and semi-passive)

Bond Market Account \$96 million
(active and semi-passive)

Investment Management

The SBI uses a two-part approach for the management of the Bond Pool:

— **Active Management.** The target is to have no more than half of the Bond Pool managed actively. At the end of fiscal year 2009, approximately 51% of the Bond Pool was actively managed by five external money managers with portfolios of \$700 million to \$1.1 billion each.

— **Semi-Passive Management.** The target is to have at least half of the assets of the Bond Pool managed semi-passively. At the end of fiscal year 2009, approximately 49% of the bond segment was invested by three managers with portfolios of approximately \$1.4 billion each.

The group of **active** bond managers is retained for its blend of investment styles. Each active manager has the goal of outperforming the Barclays Capital Aggregate Bond Index by focusing on high quality fixed income securities across all sectors of the market. The managers vary, however, in the emphasis they place on interest rate anticipation (duration) and in the manner in which they approach security selection and sector weighting decisions. In keeping with the objective of utilizing the Bond Pool as a deflation hedge, the active managers are restricted regarding the duration of their portfolios. This

requirement is designed to prevent the dilution of the deflation hedge of the total pool due to an excessively short-lived position. In addition, the duration restriction helps to avoid extreme variability in total returns relative to the benchmark. The SBI constrains the duration range of the active managers' portfolios to a band of plus or minus two years around the duration of the Barclays Capital Aggregate. The active bond managers focus on high quality (BBB or better) rated bonds. Some managers have been granted authority to invest a limited portion of their portfolios in BB and B rated dollar denominated debt or in non-dollar denominated issues. The managers use this additional authority on a tactical basis.

The goal of the **semi-passive** managers is to add incremental value relative to the Barclays Capital Aggregate Bond Index through superior bond selection and sector allocation rather than through

interest rate exposure. Semi-passive managers' portfolios are constrained to plus or minus 0.2 years around the duration of the Barclays Capital Aggregate. One manager has been granted authority to invest a limited portion of their portfolio in BB and B rated dollar denominated debt or in non-dollar denominated issues. The manager uses this additional authority on a tactical basis. A description of each bond manager's investment approach is included in the **Investment Manager Summaries** section.

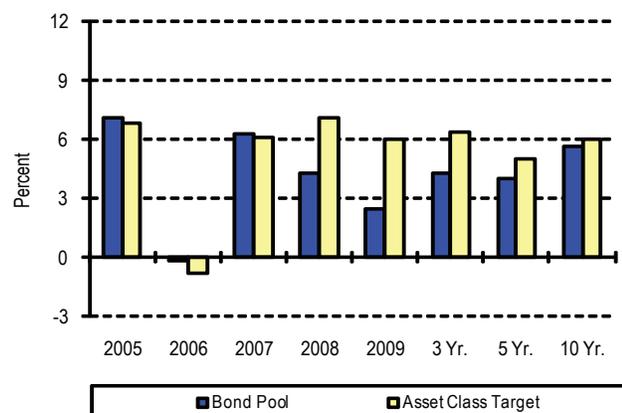
FY 2009 Changes

During fiscal year 2009, Morgan Stanley Investment Management was terminated and Pacific Investment Management Company (PIMCO) was hired.

Investment Performance

The SBI constrains the **risk** of the active bond managers' portfolios to ensure that they fulfill their deflation hedge and total fund diversification

Figure 11. Bond Pool Performance FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Bond Pool	7.1%	-0.2%	6.3%	4.3%	2.5%	4.3%	4.0%	5.6%
Asset Class Target*	6.8	-0.8	6.1	7.1	6.0	6.4	5.0	6.0

* The Bond Pool asset class target has been the Barclays Capital Aggregate Bond Index since July 1994.

Investment Pools

roles. As noted earlier, the managers are restricted in terms of the duration of their portfolios and the quality of their fixed income investments. The active and semi-passive bond managers successfully fulfilled their long-term risk objectives during fiscal year 2009. The managers constructed portfolios consistent with stated investment approaches and maintained appropriate levels of quality and duration.

The *returns* of each of the bond managers are compared to the Barclays Capital Aggregate. Individual active managers are expected to exceed the target by 0.25 percentage point annualized, over time, and each semi-passive manager is expected to exceed the target by 0.10 percentage point annualized, over time. In total, the pool underperformed the Barclays Capital Aggregate by 3.5% for the recent fiscal year. Relative to

the benchmark, the pool suffered from underweighting Treasuries, overweighting mortgage-backed securities (which underperformed during the current subprime crisis,) and in some cases overweighting the corporate bond sector.

Performance over the long-term is slightly below expectations. The pool underperformed the asset class target by 0.40 percentage point over the ten year period ending June 30, 2009. In general, the managers had performed well over the long-term until the 2008 and 2009 fiscal years. The underperformance during this period was severe enough to drag long-term performance below the benchmark. As mentioned previously, overweight exposure to the mortgage-backed securities sector was the main contributor to short and long-term underperformance. Three of four active managers retained for the

full fiscal year underperformed the benchmark. The three semi-passive managers underperformed as well.

Figure 11 shows historical performance for the entire pool. Individual manager performance for fiscal year 2009 is shown in Figure 12. Historical information on individual manager performance and portfolio characteristics is included in the **Statistical Data** section. Section II of this report provides **Summarized Asset Listings** for each manager and the pool in aggregate.

International Stock Pool

The SBI began its international stock program in October 1992. The Basic Retirement Funds have participated in the International Stock Pool since its inception. The Post Retirement Fund began utilizing the Pool in October 1993. The funds merged to become the Combined Funds on June 30, 2009. The International Share Account in the Supplemental Investment Fund has participated in the Pool since September 1994.

The following is the dollar value on June 30, 2009 of each fund's participation in the International Stock Pool:

Combined Funds \$5.9 billion
(active, passive and semi-passive)

International
Share Account \$90 million
(active, passive and semi-passive)

Figure 12. Bond Manager Performance FY 2009

	Actual Return	Benchmark Return
Active Managers		
Aberdeen Asset Mgmt.	-6.5%	6.0%
Dodge & Cox Investment Mgmt.	7.0	6.0
PIMCO	N/A	6.0
RiverSource Investments	1.8	6.0
Western Asset Mgmt.	1.9	6.0
Semi-Passive Managers		
BlackRock Financial Mgmt.	1.9	6.0
Goldman Sachs Asset Mgmt.	4.1	6.0
Neuberger Investment Mgmt.	4.1	6.0
Aggregate Bond Pool	2.5*	6.0
Asset Class Target		
Barclays Capital Aggregate		6.0

* Includes nine months of performance of terminated manager Morgan Stanley, and three months of performance of hired manager PIMCO.

Investment Pools

Management Structure

Currently, the SBI uses a three part approach to the management structure of the International Stock Pool:

— **Active Management.** The target is to have at least one-third of the International Stock Pool managed actively. At the end of fiscal year 2009, approximately 49% of the Pool was actively managed by a group of 10 external managers with portfolios ranging from \$175 to over \$500 million each. Seven of these managers manage portfolios in the developed markets and three manage portfolios in the emerging markets.

— **Semi-Passive Management.** The target is to have no more than 33% of the International Stock Pool managed semi-passively. At the end of fiscal year 2009, 10% of the Pool was semi-passively managed by a group of three external managers with portfolios ranging from \$194 to \$209 million each.

— **Passive Management.** The target is to have at least 25% of the International Stock Pool managed passively. At the end of fiscal year 2009, approximately 41% of the International Stock Pool was passively managed by a single manager with a portfolio of \$2.5 billion.

As of July 1, 1999, the SBI began using the combined market capitalization weights of the Morgan Stanley Capital International (MSCI) developed and emerging markets indices as target weights for the developed versus emerging markets within the International Stock Portfolio. Seven of the ten **active** managers and the three **semi-passive** managers invest entirely

in developed markets, and use a variety of investment approaches in an effort to maximize value added to the MSCI World ex U.S. index, over time. These managers address currency management as part of their investment process. Their views on currency may be factored into their country and security selection, or they may explicitly hedge currency exposure on an opportunistic basis, or seek to add value by actively managing currency positions. Three of the ten **active** managers invest entirely in emerging markets. They are expected to add incremental value, over time, relative to the MSCI Emerging Markets Free index of markets in developing countries throughout the world.

The **passive** manager in the International Stock Pool designs its portfolio to consistently and inexpensively track the developed markets MSCI World ex U.S. index.

A description of each international stock manager's investment approach is included in the **Investment Manager Summaries** section.

FY 2009 Changes

During fiscal year 2009, the Board terminated one active developed markets equity manager: UBS Global Asset Management.

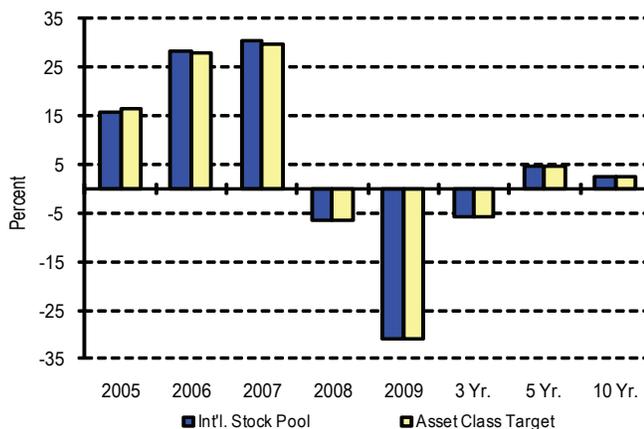
Investment Performance

Similar to the Domestic Stock Pool, two long term **risk objectives** have been established for the international equity managers:

— **Investment Approach.** Each manager (active or passive) is expected to hold a portfolio that is consistent with the manager's stated investment approach.

— **Diversification.** While the index manager is expected to hold a

Figure 13. International Stock Pool Performance FY 2005-2009



	Annualized							
	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Int'l. Stock Pool	15.7%	28.2%	30.3%	-6.6%	-31.0%	-5.7%	4.5%	2.6%
Asset Class Target*	16.5	27.9	29.6	-6.4	-30.9	-5.7	4.5	2.4

* MSCI All Country World Index (ACWI) ex U.S. since 10/1/03. Composite of EAFE-Free and Emerging Markets Free from 5/1/96 through 9/30/03.

Investment Pools

well diversified portfolio which closely tracks its target index and the semi-passive managers are expected to hold risk-adjusted portfolios which modestly outperform the index, each active manager is expected to hold a portfolio which represents their best ideas through active bets.

The international stock managers successfully fulfilled their long-term risk objectives during fiscal year 2009. In general, the managers constructed portfolios consistent with their stated investment approaches and maintained appropriate levels of diversification.

The Board's *return objectives* for the International Stock Program are

stated relative to the Morgan Stanley Capital International (MSCI) indices.

The indices are capitalization weighted and measured in U.S. dollar terms, with currencies unhedged. Individual active managers are expected to exceed their benchmark by an amount appropriate for their level of active risk. The active risk level varies by manager and is influenced by the manager's stated strategy and style.

Performance results for the International Stock Pool are shown in Figure 13. In aggregate, performance over the last ten year period exceeded the benchmark by 0.2 percentage point and performance over the last five year

period matched the benchmark. The Pool underperformed the target for the fiscal year.

Individual manager performance during fiscal year 2009 is shown in Figure 14. During the fiscal year, equity markets worldwide experienced the deepest financial crisis in the post-war era due to the unwinding of a multi-year cycle of financial excesses. As a result, most financial assets were hard hit, parts of the global financial system teetered on the brink of collapse, and developed economies were pulled into recession. Unprecedented and coordinated actions to support financial institutions and to supply monetary easing were taken by governments worldwide. Nearly all markets and sectors outside the U.S. declined significantly. The U.S. dollar strengthened versus most major currencies, further diminishing returns for U.S.-based investors, as investors fled to its safety in turbulent times. The exception was the Japanese Yen which appreciated considerably versus the U.S. dollar amid the sustained unwinding of leverage and carry trades. Commodities fell sharply as economies weakened.

Defensive sectors such as healthcare, telecommunications, and utilities were favored in both the developed and emerging markets. The relative performance of the active managers was mixed. Four of the seven active developed markets managers outperformed their respective benchmarks for the year. One of the three active emerging markets managers outperformed the MSCI Emerging Markets Free index. All of the three semi-passive developed markets managers underperformed for the year. Finally, the passively managed portion of the program exceeded its benchmark by 0.1 percentage point for the year relative to the MSCI World ex U.S. index.

Figure 14. International Manager Performance FY 2009

	Actual Return	Benchmark
Active Managers: Developed Markets		
Acadian Asset Management	-41.5%	-31.6%
Invesco Global Asset Mgmt.	-24.1	-31.6
J.P. Morgan Investment Mgmt. Co.	-28.5	-31.6
Marathon Asset Management	-26.5	-31.6
McKinley Capital Management	-43.3	-31.6
Pyramis Global Advisors Trust Co.	-31.9	-31.6
RiverSource Investments, LLC	-30.0	-31.6
Semi-Passive Managers: Developed Markets		
AQR Capital Management	-32.4	-31.6
Pyramis Global Advisors Trust Co.	-34.4	-31.6
State Street Global Advisors	-33.6	-31.6
Active Managers: Emerging Markets		
AllianceBernstein L.P.	-34.8	-28.1
Capital International, Inc.	-20.6	-28.1
Morgan Stanley Investment Mgmt.	-28.4	-28.1
Passive EAFE Manager: Developed Markets		
State Street Global Advisors	-31.5	-31.6
Aggregate International Pool		
	-31.0	-30.9
Asset Class Target		
MSCI ACWI ex U.S. (net)		-30.9

Investment Pools

More information on the performance and portfolio composition of individual managers is included in the **Statistical Data** section. Section II of this report provides **Summarized Asset Listings** for each manager and the Pool in aggregate.

Alternative Investment Pool

Like the stock and bond segments, alternative assets (real estate, private equity, resource funds and yield-oriented investments) are also managed on a pooled basis. In July 2003, separate pools that had been established for the Basic and Post Retirement Funds were combined to create one alternative investment pool. In June 2009, the Basic and Post Retirement Funds were combined to create the Combined Funds.

Statutory Constraints

The statutory constraints for the Combined Funds are as follows: Generally, each investment must involve at least four other investors and the SBI's participation in an investment may not exceed 20% of the total investment.

Management Structure

The Combined Funds have participated in the Alternative Investment Pool since its inception in July 2003. The Alternative Investment Pool was created in July 2003 from separate pools that had been previously established for the Combined Funds.

Given their long investment time horizon, the Combined Funds are especially well suited for alternative investments. Up to 20% of the market value of the Combined Funds is targeted for alternative

investments compared to an actual invested percentage of 14.8% as of June 30, 2009. Market value plus unfunded commitments can be 1.5 times the market value allocation.

A breakdown of the Combined Funds segment is shown in Figure 15. As of June 30, 2009, the market value of current alternative investments was \$5.3 billion, or 14.8% of the Combined Funds.

Descriptions of each of the Funds' alternative investments are included in the **Investment Manager Summaries** section.

Real Estate

The real estate investment strategy calls for the establishment and maintenance of a broadly diversified real estate portfolio comprised of investments that provide overall diversification by property type and location. The main components of this portfolio consist of investments in open-end commingled funds and closed-end commingled funds. The remaining portion of the portfolio can include investments in less diversified, more focused (specialty) commingled funds and REITs.

Prospective real estate managers are reviewed and selected based on the manager's experience, investment strategy and performance history. During fiscal year 2009, the SBI did not make any new real estate commitments. The SBI will continue to review real estate managers for possible inclusion in the pool.

Private Equity

The private equity investment strategy, which includes leveraged buyouts and venture capital, is to establish and maintain a broadly diversified private equity portfolio comprised of investments that provide diversification by industry type, stage of corporate development and location.

Prospective private equity managers are reviewed and selected based, primarily, on the manager's experience, investment strategy, diversification potential and performance history.

During fiscal year 2009, the SBI approved and closed on commitments with Hellman & Friedman and Lexington Capital Partners. The SBI will continue to review and add new private equity investments as attractive opportunities are identified to replenish commitments that will expire within the next five years.

Resource Funds

The strategy for resource investments is to establish and maintain a portfolio of resource investment vehicles that provide an inflation hedge and additional diversification. Resource investments will include oil and gas investments, energy service industry investments and other investments that are diversified by geographic area as well as by type.

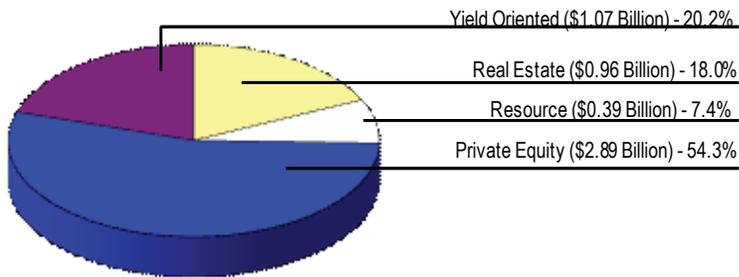
Resource investments are selected based on the manager's experience, investment strategy and performance history. During fiscal year 2009, the SBI approved and closed on commitments with First Reserve. The SBI will continue to review resource investments for possible inclusion in the pool.

Yield-Oriented

The strategy for yield-oriented investments will target funds that typically provide a current return and may have an equity component. Structures such as subordinated debt investments and mezzanine investments are typical yield-oriented investments. Yield-oriented investments will provide diversification by including investments in the private equity, resource, and real estate categories.

Investment Pools

Figure 15. Alternative Investment Asset Mix as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Managers are selected based on the manager's performance, experience and investment strategy.

New investments were approved and closed on during fiscal year 2009 with Prudential Capital Partners. The SBI will continue to review yield-oriented investment opportunities for inclusion in the pool.

Investment Performance

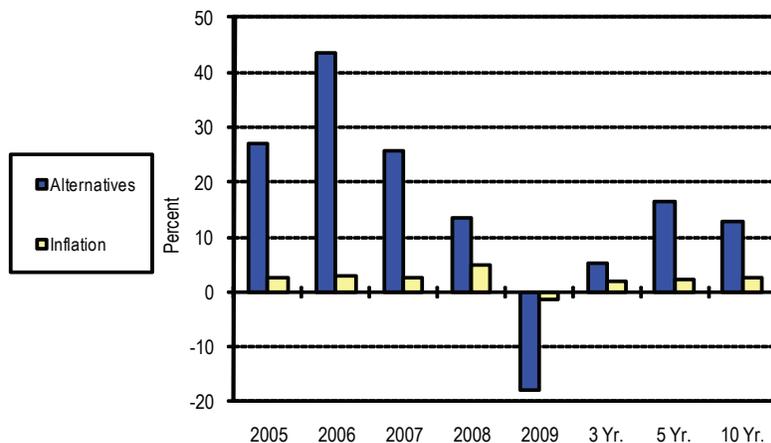
The SBI reviews performance of its alternative investments relative to inflation, as measured by changes in the Consumer Price Index (CPI). For the fiscal year ending June 30, 2009, the Alternative Investment Pool provided a negative contribution to overall fund performance for the Combined Funds. The Pool provided a -18.0% return in fiscal year 2009 and has provided a 12.7% return annualized over the past ten years. Performance of the Alternative Investment Pool is shown in Figure 16 for the period ending June 30, 2009.

At this time, benchmarks have not been established for the alternative investment fund managers. The long-term nature of these investments and the lack of comprehensive data on the returns provided by the alternative investment markets

preclude comprehensive performance evaluation. In the future, as markets for these asset classes become more institutionalized, the SBI hopes to integrate appropriate performance standards for these assets into its performance analysis.

A listing of individual investment funds can be found in the **Statistical Data** Section.

Figure 16. Alternative Investments FY 2005-2009



	2005	2006	2007	2008	2009	Annualized		
	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Alt. Investments	27.2%	43.7%	25.6%	13.4%	-18.0%	5.3%	16.4%	12.7%
Inflation	2.5	3.1	2.7	5.0	-1.4	2.1	2.4	2.6

Minneapolis Employees Retirement Fund

On October 1, 2008 the Minneapolis Employees Retirement Fund (MERF) Board appointed the SBI to be the investment manager of all MERF assets as authorized by Minnesota Statutes, Chapter 422A.05. The MERF Board retains the responsibility for all administrative issues and establishes the Fund's investment objectives and asset allocation policy. On June 30, 2009, the market value of the Fund was \$834 million.

Asset Allocation

As noted above, the MERF Board is responsible for setting the asset allocation policy for the Fund. The target allocation and actual allocation information as of June 30, 2009 is shown below.

	Target Allocation	Actual Allocation
Dom. Eq.	49.0%	46.0%
Int'l. Eq.	21.0	20.3
Bonds	29.0	31.0
Cash	1.0	2.7

Investment Performance

Nine month performance through June 30, 2009 for MERF was -9.5%.

Investment Management

The SBI serves as an investment manager for the Fund. MERF participates in the same investment pools that are used by the Combined Funds, with the exception of the alternative investment pool. State law does not allow MERF to invest in the alternative investment pool. The bond and equity segments are managed to add incremental value through sector and security selection.

Supplemental Investment Fund

The Supplemental Investment Fund is an investment program that offers a range of investment options to state and local public employees. The Fund serves approximately 69,000 individuals who participate in defined contribution or supplemental retirement savings plans. On June 30, 2009, the market value of the entire Fund was \$928 million.

The Supplemental Investment Fund (SIF) provides investment vehicles for a variety of retirement plans. It functions as the sole investment manager for all assets of the Unclassified Employees Retirement Plan, Public Employees Defined Contribution Plan, Hennepin County Supplemental Retirement Plan, and the Health Care Savings Plan. The State Deferred Compensation Plan uses the Fixed Interest Account and the Money Market Account as investment options for its participants. The value of the State Deferred Compensation Plan's SIF investments are included only in the deferred compensation market values. All accounts in the SIF, except the Fixed Interest Account, are available to local volunteer fire relief associations.

Fund Structure

A wide diversity of investment goals exists among the SIF's participants. In order to meet those needs, the Supplemental Investment Fund is structured much like a "family of mutual funds." Participants may allocate their investments among one or more accounts that are appropriate for their need within statutory requirements and rules established by the participating organizations. Participation in the SIF is accomplished through the purchase or sale of shares in each Account.

Fund Management

The Supplemental Investment Fund offers seven investment options (See Figure 17). The objectives, asset allocation, management and performance of each account in the Fund are explained in the following sections.

Share Values

A share value is established for each account in the SIF, and participants buy or sell shares, based on the most recent share value.

In the Income Share Account, the Growth Share Account, the Common Stock Index Account, the International Share Account and the

Bond Market Account, shares are priced based on the market value of each Account. Performance of these accounts are a function of the income and capital appreciation (or depreciation) generated by the securities in the Accounts.

In the Money Market Account, share values remain constant and the accrued interest income is credited to the Account through the purchase of additional shares.

In the Fixed Interest Account, shares are priced based on the blended crediting rate of the investments in the Account. Performance is calculated based on changes in these prices.

Figure 17. Accounts in the Supplemental Fund

Income Share	a balanced portfolio of U.S. common stocks, fixed income, and cash.
Growth Share	an actively managed portfolio of U.S. common stocks.
Common Stock Index	a passively managed portfolio of U.S. common stocks.
International Share	a portfolio of actively, semi-passively, and passively managed non-U.S. stocks.
Bond Market	a portfolio of both actively and semi-passively managed fixed income securities.
Money Market	a portfolio of short-term, liquid debt securities.
Fixed Interest	a portfolio of stable value instruments, including security backed contracts, insurance company investment contracts and bank investment contracts.

Supplemental Investment Fund

As of July 1, 2009, shares in the SIF Accounts are priced daily for all plans.

The investment returns shown in this report are calculated using a time-weighted rate of return formula. *These returns are net of investment management fees and transaction*

costs. They do not, however, reflect administrative expenses that may be deducted by the retirement systems to defray administrative costs.

The distribution of assets in the Supplemental Investment Fund as of June 30, 2009 is shown by Account in Figure 18 and by Plan in Figure 19.

Figure 18. Composition by Account as of June 30, 2009

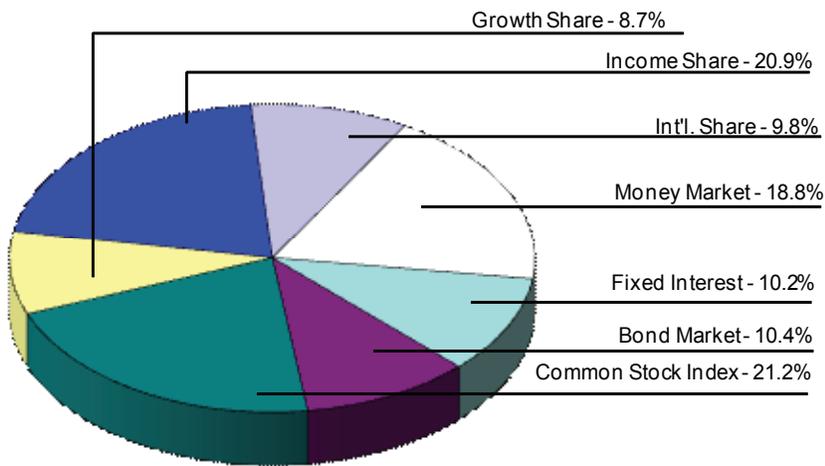
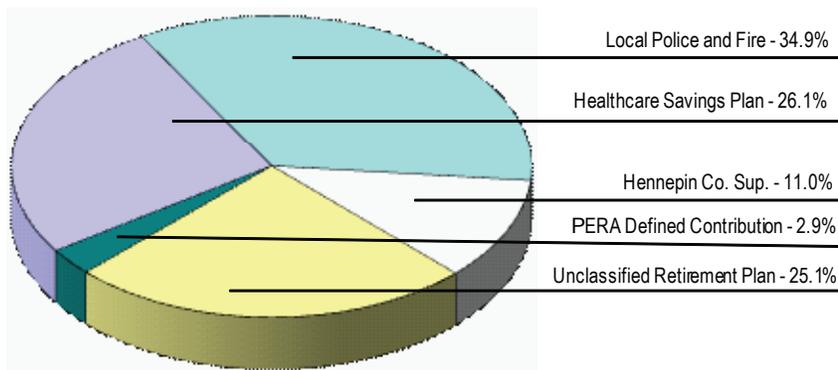


Figure 19. Participation by Plan as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Supplemental Investment Fund

Income Share Account

Objective

The investment objectives of the Income Share Account resemble those of the Combined Funds. The Account seeks to earn a high rate of return both from capital appreciation (increases in market value) and current yield (dividends from stock and interest on bonds). The Income Share Account pursues this objective within the constraints of protecting against adverse financial environments and limiting short-run portfolio return volatility.

The SBI invests the Income Share Account in a balanced portfolio of common stocks and fixed income securities with the following long-term asset mix: 60% domestic common stocks, 35% bonds, 5% cash equivalents.

Domestic common stocks provide the potential for significant long-term capital appreciation, while bonds provide both a hedge against deflation and the diversification needed to limit excessive portfolio return volatility.

At the close of fiscal year 2009, the value of the Income Share Account was \$194 million.

Management

The Income Share Account's investment management structure combines internal and external management. SBI staff manage the fixed income segment. The common stock segment is managed externally as part of a passively managed index fund designed to track the returns of the Russell 3000 Index. The manager for this portion of the Account is Barclays Global Investors.

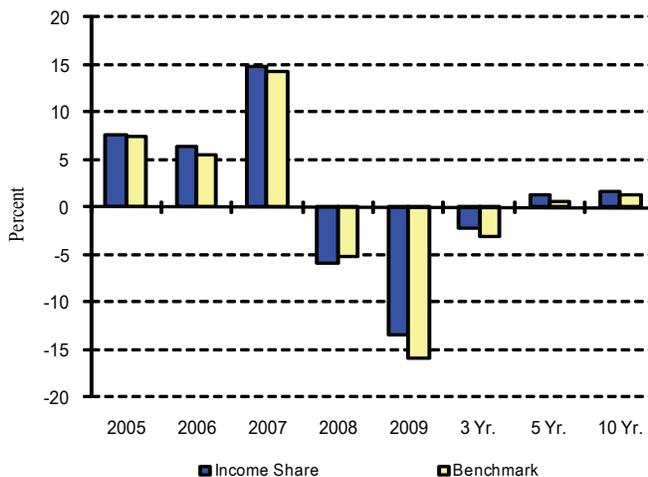
Performance

As with the other SBI funds which utilize a multi-manager investment structure, the Board evaluates the performance of the Income Share Account on two levels:

- **Total Account.** The Income Share Account is expected to exceed the returns of a composite of market indices weighted in the same proportion as its long-term asset allocation.
- **Individual Manager.** The passive stock manager is expected to closely track the performance of the Russell 3000. The internal bond manager for the Account is expected to exceed the performance of the Barclays Capital Aggregate Bond Index.

The Income Share Account provided a return of -13.5% for fiscal year 2009, exceeding its benchmark by 2.3 percentage points. Over the most recent ten years, the Income Share Account exceeded its benchmark. Figure 20 shows a ten year history of performance results.

Figure 20. Income Share Account FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Income Share	7.7%	6.4%	14.9%	-5.8%	-13.5%	-2.2%	1.4%	1.6%
Benchmark*	7.4	5.6	14.3	-5.1	-15.8	-3.0	0.7	1.4

* 60% Russell 3000/35% Barclays Capital Aggregate Bond Index/5% T-Bills composite since 10/1/03. 60% Wilshire 5000/35% Barclays Capital Aggregate Bond Index/5% T-Bills composite through 9/30/03.

Supplemental Investment Fund

Growth Share Account

Objective

The investment objective of the Growth Share Account is to generate high returns from capital appreciation. To achieve this objective, the Account is invested primarily in U.S common stock.

At the close of fiscal year 2009, the value of the Growth Share Account was \$81 million.

Management

The assets of the Growth Share Account are invested by the external active and semi-passive domestic equity managers. This allocation reflects a more aggressive investment than is available through passive management. The Account may hold a small amount of cash that represents new contributions received prior to their investment in the market and cash that may be held by the individual managers in the Account.

Performance

As with the Income Share Account, the Board evaluates the performance of the Growth Share Account on two levels:

— **Total Account.** The Growth Share Account is expected to exceed the returns of the Russell 3000 Index.

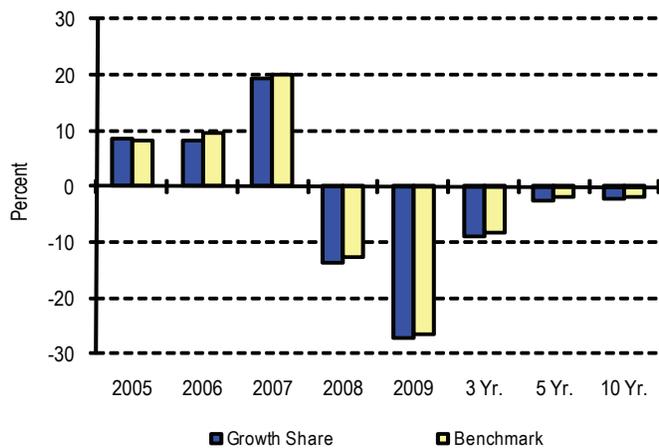
— **Individual Manager.**

Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The Growth Share Account provided a return of -27.1% for the fiscal year, trailing its benchmark by 0.5 percentage point. Individual manager performance relative to their benchmarks was mixed. See the discussion in the Investment Pools

section concerning the Domestic Stock Pool. Over the last ten year period, the Account trailed its benchmark by 0.5 percentage point. A ten year history of performance results is shown in Figure 21.

Figure 21. Growth Share Account FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr. Annualized	5 Yr. Annualized	10 Yr. Annualized
Growth Share	8.7%	8.3%	19.5%	-13.5%	-27.1%	-9.0%	-2.4%	-2.3%
Benchmark*	8.1	9.6	20.1	-12.7	-26.6	-8.3	-1.8	-1.8

* Russell 3000 since 10/1/03. 100% Wilshire 5000 Investable from July 1999 to September 2003.

Supplemental Investment Fund

Common Stock Index Account

Objective

The investment objective of the Common Stock Index Account is to generate returns that track the performance of the broad U.S. common stock market as represented by the Russell 3000 Index. To accomplish this objective, the SBI allocates all the assets of the Account to passively managed domestic stocks. At the end of fiscal year 2009, the Account had a market value of \$197 million.

Management

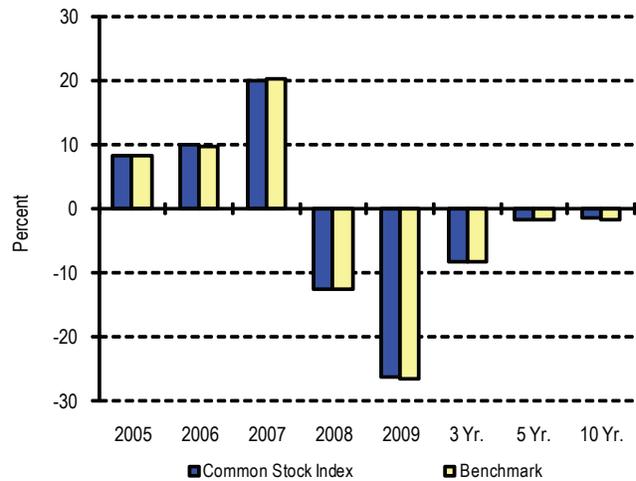
The Account participates in the passive portfolio of the Domestic Stock Pool, which is managed by Barclays Global Investors.

Performance

The performance objective of the Common Stock Index Account is to track the performance of the Russell 3000. The SBI recognizes that the Account's returns may deviate slightly from those of the Russell 3000 due to the effects of management fees, trading costs and cash flows.

During fiscal year 2009, the Common Stock Index Account produced a return of -26.4%, which outperformed the Russell 3000 by 0.2 percentage point. Over the most recent ten year period, the Account outperformed the Account benchmark by 0.2 percentage point. Total Account results for the last ten years are shown in Figure 22.

Figure 22. Common Stock Index Account FY 2005-2009



	2005	2006	2007	2008	2009	Annualized		
Stock Index	8.1%	9.9%	20.0%	-12.5%	-26.4%	-8.2%	-1.7%	-1.5%
Benchmark*	8.1	9.6	20.1	-12.7	-26.6	-8.3	-1.8	-1.7

* Russell 3000 since 10/1/03. Wilshire 5000 Investable from 7/1/00 to 9/30/03. Wilshire 5000 through 6/30/00.

Supplemental Investment Fund

International Share Account

Objective

The investment objective of the International Share Account is to earn a high rate of return by investing in the stock of companies outside the U.S.

Typically, a majority of the Account is invested in the five largest international markets (Japan, United Kingdom, France, Canada and Germany). Most of the remainder is invested in other well established markets in Europe and the Pacific region. In addition, approximately twenty percent of the Account is invested in developing countries or “emerging markets” around the world including those in Latin America, Asia, Eastern Europe, the Middle East and Africa. At the end of fiscal year 2009, the Account had a market value of \$90 million.

Management

The structure of the International Share Account combines active, semi-passive, and passive management. Approximately half of the Account is actively managed by several developed and emerging markets stock managers that use a variety of investment styles and approaches. These managers buy and sell stocks in an attempt to maximize market value. The remainder of the Account is passively and semi-passively managed and is designed to consistently track the return of 22 markets included in the Morgan Stanley Capital International Index of the World ex United States, a developed markets index. The Account uses the same managers used by the Combined Funds in the International Stock Pool.

Performance

The Board evaluates the performance of the International Share Account on two levels:

— **Total Account.** The International Share Account is expected to exceed the returns of its index, which is the Morgan Stanley Capital International (MSCI) All Country World Index ex-USA (ACWI Free ex-U.S.).

— **Individual Manager.**

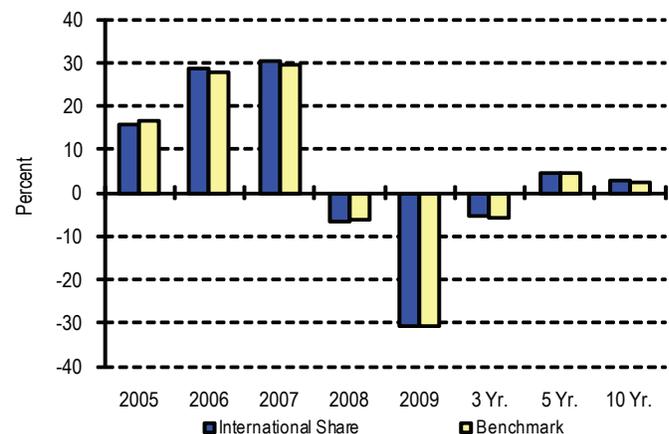
Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The International Share Account is expected to exceed the performance of MSCI ACWI Free ex-U.S index, which includes both developed and emerging markets. During

fiscal year 2009, the International Share Account produced a return of -30.8%, which was 0.1 percentage point above the MSCI ACWI ex-U.S. index. Over the most recent ten year period, the International Share Account exceeded its benchmark by 0.4 percentage point.

See the discussion on performance of the international managers in the Investment Pools section of this report. Total Account results for the last ten years are shown in Figure 23.

Figure 23. International Share Account FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Int'l. Share	15.8%	28.4%	30.5%	-6.5%	-30.8%	-5.5%	4.7%	2.8%
Benchmark*	16.5	27.9	29.6	-6.4	-30.9	-5.7	4.5	2.4

* The International Equity Asset Class Target is MSCI ACWI ex-U.S. (net) since 10/1/03.

Supplemental Investment Fund

Bond Market Account

Objective

The objective of the Bond Market Account is to earn high rates of return from fixed income securities. The Account is invested primarily in investment-grade government bonds, corporate bonds and mortgage securities with intermediate to long maturities. A small portion of the Account, not expected to exceed ten percent, is invested in below investment grade and non-U.S. securities. The Account is a more conservative investment alternative than the Accounts described in the previous sections. At the end of fiscal year 2009, the market value of the Account was \$96 million.

The Account earns investment returns through interest income and capital appreciation. Because bond prices move inversely with interest rates, the Account entails some risk for investors. However, historically it represents a lower risk alternative than the investment options that include common stocks.

Management

The Bond Market Account invests in the Bond Pool used by the Combined Funds. The Bond Pool retains both active and semi-passive managers.

Performance

The Board evaluates the performance of the Bond Market Account on two levels:

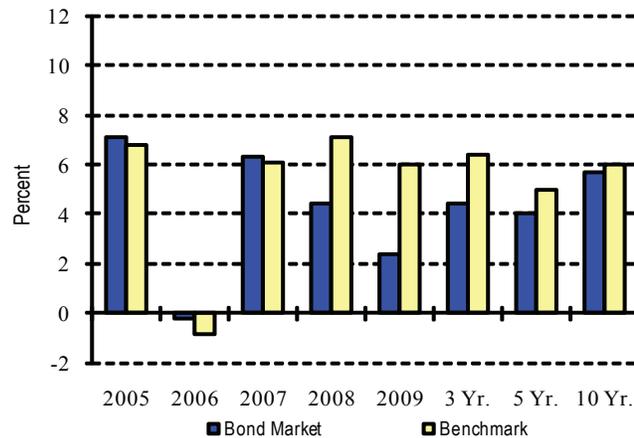
— **Total Account.** The Account is expected to exceed the returns of the Barclays Capital Aggregate Bond Index.

— **Individual Manager.**

Performance objectives for the individual managers are described in the **Investment Pools** section of this report.

The Bond Market Account is expected to exceed the performance of the bond market, as represented by the Barclays Capital Aggregate Bond Index. For fiscal year 2009, the Account underperformed by 3.6 percentage points. For the most recent ten year period, the Account trailed its benchmark by 0.3 percentage point. See the discussion regarding bond manager performance in the Investment Pools section. Total Account results for the last ten years are shown in Figure 24.

Figure 24. Bond Market Account FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Bond Market	7.1%	-0.2%	6.3%	4.4%	2.4%	4.4%	4.0%	5.7%
Barclays Capital Agg.	6.8	-0.8	6.1	7.1	6.0	6.4	5.0	6.0

Supplemental Investment Fund

Money Market Account

Objective

The Money Market Account invests solely in short-term, liquid debt securities backed by the U.S. Treasury. The Account's investment objectives are to preserve capital and offer competitive money market returns. At the end of fiscal year 2009, the Money Market Account had a market value of \$174 million.

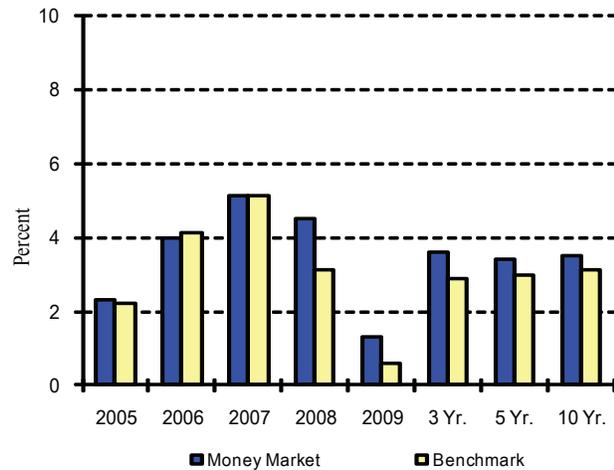
Management

The Account uses the same cash manager as the Combined Funds, which is State Street Bank & Trust Company.

Performance

The Account is expected to produce returns competitive with those available from short-term debt securities. The Money Market Account exceeded that target in fiscal year 2009 by 0.7 percentage point. Over the most recent ten year period, the Account exceeded its target by 0.4 percentage point. Total Account results for the last ten years are shown in Figure 25.

Figure 25. Money Market Account FY 2005-2009



	2005	2006	2007	2008	2009	Annualized 3 Yr.	Annualized 5 Yr.	Annualized 10 Yr.
Money Market	2.3%	4.0%	5.1%	4.5%	1.3%	3.6%	3.4%	3.5%
3 Month T-Bills	2.2	4.1	5.1	3.1	0.6	2.9	3.0	3.1

Supplemental Investment Fund

Fixed Interest Account

Objective

The investment objectives of the Fixed Interest Account are to protect investors from loss of their original investment and to provide competitive interest rates using somewhat longer-term investments than typically found in a money market account. At the end of fiscal year 2009, the Account totaled \$95 million.

Management

The assets in the Account are invested primarily in well-diversified portfolios of high-quality investment grade fixed income securities. The Account also invests in investment contracts issued by banks and insurance companies, including non-U.S. financial institutions, that provide principal protection for the diversified bond portfolios regardless of daily market changes. Instruments in the Account typically have maturities of 2 to 4 years. Performance reflects the blended interest rate available from all investments in the pool along with any cash held for liquidity purposes.

The manager for the Account is Galliard Capital Management, a unit of Wells Fargo Bank.

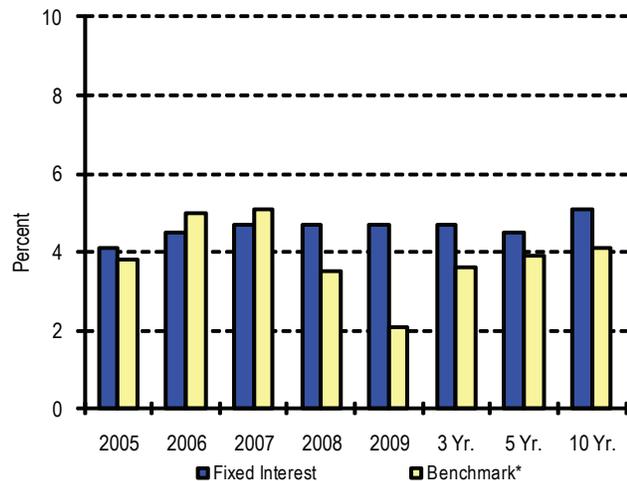
Performance results for the Fixed Interest Account are shown in Figure 26.

Performance

The Fixed Interest Account is expected to exceed the returns of its custom benchmark, the 3-year Constant Maturity Treasury plus 45 basis points (0.45%). During fiscal year 2009, the Fixed Interest Account provided a return of 4.7%, which was 2.6 percentage points above its benchmark. Over the

most recent ten year period, the Fixed Interest Account exceeded its benchmark by 1.0 percentage point.

Figure 26. Fixed Interest Account FY 2005-2009



	Annualized							
	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Fixed Interest	4.1%	4.5%	4.7%	4.7%	4.7%	4.7%	4.5%	5.1%
Benchmark*	3.8	5.0	5.1	3.5	2.1	3.6	3.9	4.1

* 3 Year Constant Maturity Treasury plus 45 basis points.

State Deferred Compensation Plan (457b Plan)

The State Deferred Compensation Plan (Plan) provides public employees with a tax-sheltered retirement savings program that is a supplemental plan to their primary retirement plan. (In most cases, the primary plan is TRA, PERA, or MSRS.) On June 30, 2009 the market value of the State Deferred Compensation Plan was \$3.1 billion.

Program Structure

The State Deferred Compensation Plan offers plan participants three sets of investment options. The first is a set of actively managed options that includes six mutual funds, a money market account, and a fixed interest account option. The second is a set of five passively managed mutual funds. The third is a mutual fund window which offers hundreds of funds. The SBI has no direct management responsibilities for funds within the mutual fund window.

Actively Managed Options

The Plan offers a range of actively managed options that allows participants the flexibility to create an investment program that satisfies their needs.

Large-Cap Equity

One option is a concentrated fund of large cap stocks. The fund is expected to outperform the S&P 500 over time. Currently, Janus Twenty is the mutual fund offered.

Another option is a diversified portfolio of large cap stocks that is expected to outperform the S&P 500 over time. Currently, Legg Mason Partners Appreciation I is the mutual fund offered.

Small-Cap Equity

This option invests primarily in companies with small market capitalizations. The fund is expected to outperform the Russell 2000 over time. T. Rowe Price Small-Cap Stock Fund is the fund currently offered.

Balanced Fund

This option is a mix of stocks and bonds in the same fund. The fund invests in mid to large-cap stocks and in high quality bonds. The fund is expected to outperform a weighted benchmark of 60% S&P 500 and 40% Barclays Capital Aggregate. The fund currently offered is the Dodge & Cox Balanced Fund.

Bond Fund

This option invests primarily in investment grade securities in the U.S. bond market. The fund is expected to outperform the Barclays Capital Aggregate over time. The fund currently offered is the Dodge & Cox Income Fund.

International Equity

This option invests primarily in stocks of companies in developed countries located outside the United States. The fund is expected to outperform the Morgan Stanley Capital International (MSCI) Index of

Europe, Australasia and the Far East (EAFE) over time. The fund currently offered is the Fidelity Diversified International Fund.

Money Market

This option invests in short-term U.S. Treasury and agency debt instruments and is expected to outperform the return on three month U.S. Treasury bills. This option is the SIF Money Market Account invested by State Street Bank & Trust.

Fixed Interest

This option is invested in the SIF Fixed Interest Account which is a well-diversified portfolio of high-quality fixed income securities with strong credit ratings. The option also invests in contracts issued by highly rated insurance companies and banks which are structured to provide principal protection for the option's diversified bond portfolios, regardless of daily market changes.

In March 2008 the SBI merged the Minnesota Fixed Fund into this option. The investment contracts with Great-West Life, Minnesota Life and Principal Life were absorbed into the Fixed Interest portfolio.

State Deferred Compensation Plan (457b Plan)

The option is expected to outperform the return of the three year Constant Maturity Treasury plus 45 basis points (0.45%), over time. Currently, Galliard Capital Management, Inc. manages the option.

Passively Managed Options

The plan offers a range of passively managed options that allows participants the flexibility to create an investment program that satisfies their needs.

Large-Cap Equity

This option is a passive domestic stock portfolio that tracks the S&P 500. The fund currently offered is the Vanguard Institutional Index Plus Fund.

Mid-Cap Equity

This option invests in companies with medium market capitalizations that track the MSCI U.S. Midcap 450 index. The fund currently offered is the Vanguard Mid Capitalization Index Institutional Fund.

Balanced Fund

This option is a mix of stocks and bonds. The fund is expected to track a weighted benchmark of 60% MSCI U.S. Broad Market Index and 40% Barclays Capital Aggregate Bond Index. The fund currently offered is the Vanguard Balanced Index Fund.

Bond Fund

This option invests in a broad range of U.S. fixed income securities. The fund is expected to track the performance of the Barclays Capital Aggregate

Bond Index. The fund currently offered is the Vanguard Total Bond Market Index Fund.

International Equity

This option invests in international equities and is expected to track the MSCI index of Europe, Australasia and the Far East (EAFE). The fund currently offered is the Vanguard Institutional Developed Market Fund.

Performance results for the mutual fund investment options for fiscal year 2009 are shown in Figure 27.

Figure 27. State Deferred Compensation Plan (457b Plan) For Fiscal Year Ending June 30, 2009 (1)

Actively Managed	1 Yr.	Annualized		Since Inception(2)
		3 Yr.	5 Yr.	
Janus Twenty (S&P 500)	-31.3% -26.2	1.8% -8.2	5.7% -2.2	-0.8% -2.2
Legg Mason Partners Appreciation I (S&P 500)	-22.4 -26.2	-4.2 -8.2	0.1 -2.2	1.6 -0.5
T. Rowe Price Small-Cap Stock (Russell 2000)	-18.8 -25.0	-8.5 -9.9	-0.6 -1.7	5.0 2.4
Fidelity Diversified International (MSCI EAFE)	-34.3 -31.4	-8.0 -8.0	2.5 2.3	5.2 1.2
Dodge & Cox Balanced Fund (60% S&P 500/40% Barclays Capital Aggregate)	-20.1 -14.2	-7.6 -2.3	-1.0 0.8	1.5 2.3
Dodge & Cox Income Fund (Barclays Capital Aggregate)	7.2 6.0	5.8 6.4	4.6 5.0	6.1 6.0
SIF Money Market (3 Month T-Bills)	1.3 0.6	3.6 2.9	3.4 3.0	4.9 4.5
SIF Fixed Interest Account (3 year Constant Maturity Treasury +45 basis points)	4.6 2.1	4.7 3.6	4.6 3.9	5.6 4.7
Passively Managed				
Vanguard Institutional Index (S&P 500)	-26.1 -26.2	-8.2 -8.2	-2.2 -2.2	-2.2 -2.2
Vanguard Mid Cap Index (MSCI US Midcap 450)	-31.5 -31.6	-10.0 -10.0	-0.2 -0.2	0.9 0.8
Vanguard Institutional Dev. Mkts. (MSCI EAFE)	-30.9 -31.4	-7.7 -8.0	2.5 2.3	4.5 4.3
Vanguard Balanced Fund (60% MSCI U.S. Broad Market/ 40% Barclays Capital Aggregate)	-13.6 -14.2	-2.0 -2.2	1.4 1.3	2.3 2.1
Vanguard Total Bond Market Fund (Barclays Capital Aggregate)	6.3 6.0	6.6 6.4	5.1 5.0	4.8 4.7

(1) Returns do not include the MSRS administrative fee.

(2) Since retention by SBI. Vanguard Mid-Cap Index Fund retained January 2004; Legg Mason, Vanguard Inst. Dev. Mkt., Vanguard Balanced, Vanguard Total Bond Mkt. retained December 2003; Dodge & Cox Balanced Fund retained in October 2003; all others, July 1999.

Assigned Risk Plan

The Minnesota Workers Compensation Assigned Risk Plan was established in 1983 to provide workers' compensation coverage to Minnesota employers rejected by a private insurance carrier. On June 30, 2009, the market value of the Plan's portfolio was \$303 million.

The Assigned Risk Plan operates as a non-profit, tax-exempt entity and is administered by the Department of Commerce. The Plan provides disability income, medical expenses, retraining expenses and death benefits, with payments being made either periodically or in lump sum.

Investment Objectives

The SBI recognizes that the Assigned Risk Plan has limited tolerance for risk due to erratic cash flows, no allowance for surplus, and generally short duration liabilities.

Therefore, the SBI has established two investment objectives for the Plan:

- to minimize mismatch between assets and liabilities
- to provide sufficient liquidity (cash) for payment of on-going claims and operating expenses

Performance relative to these objectives is measured against a composite index that reflects the asset allocation of the portfolio.

Asset Allocation

The SBI believes that due to the uncertainty of premium and liability cash flows, the Plan should be invested very conservatively.

The **bond** segment is invested to fund the shorter-term liabilities (less than 10 years) and the common stock segment is invested to fund the longer-term liabilities. The result is a high fixed income allocation which minimizes the possibility of a future fund deficit. The smaller **stock** exposure provides higher expected returns and hedges some of the inflation risk associated with the liability stream.

The asset allocation may fluctuate in response to changes in the liability stream projected by the Plan's actuary and further analysis by the SBI staff.

Figure 28 presents the actual asset mix of the Assigned Risk Plan at the end of fiscal year 2009. The current long term asset allocation targets for the Plan are as follows:

Domestic Stocks	20%
Domestic Bonds	80

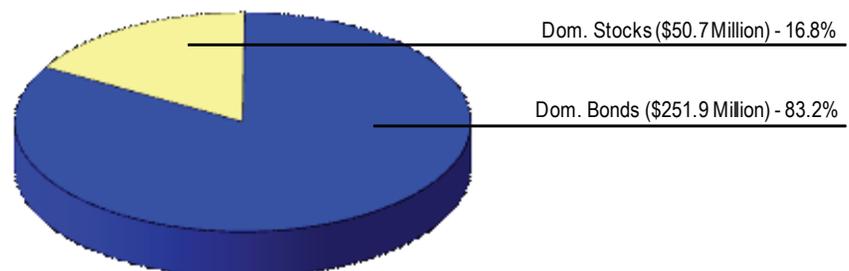
Investment Management

Voyageur Asset Management manages the bond segment of the Assigned Risk Plan, and GE Asset Management manages the equity segment of the Plan.

Bond Segment

The bond segment is designed to fund the shorter-term liabilities of the Plan with a target duration of 3 years. The segment is actively managed to add incremental value through sector, security, and yield curve decisions.

Figure 28. Assigned Risk Plan Asset Mix as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Assigned Risk Plan

Stock Segment

The stock segment is structured to fund the longer-term liabilities of the Plan. Currently, the equity segment is managed with a broadly diversified portfolio of high quality, large capitalization companies.

Investment Performance

Due to the focus on liability matching, the composition of the Assigned Risk Plan's investment portfolio is conservatively structured. While active management is utilized, return enhancement plays a secondary role.

The Assigned Risk Plan is measured against a composite index which is weighted to reflect the asset allocation of the Plan:

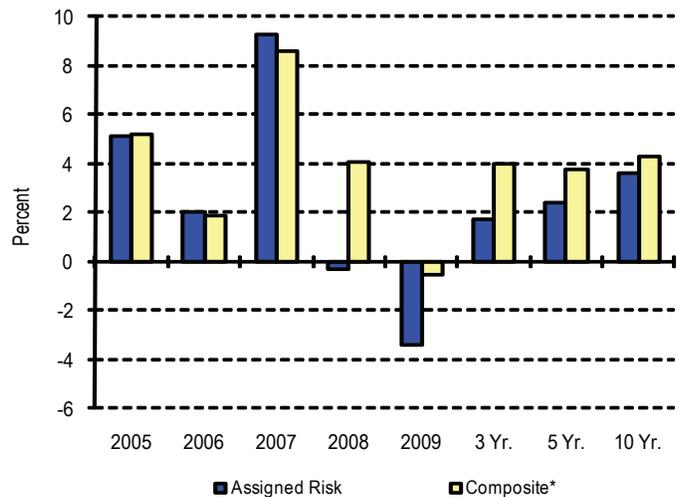
- the target for the fixed income component is a custom benchmark which reflects the duration target established for the bond segment (approximately 3 years).
- the target for the equity component is the S&P 500.

During fiscal year 2009, the **bond** segment underperformed its benchmark by 5.6 percentage points. An overweight to the mortgage-backed securities sector was the primary contributor to the fiscal year underperformance. The **stock** segment outperformed its benchmark by 4.7 percentage points.

Overall, the Assigned Risk Plan provided a return of -3.4% for fiscal year 2009, trailing its composite index by 2.9 percentage points. For the most recent ten year period, the Account underperformed its composite index by 0.7 percentage point.

Historical performance results are presented in Figure 29.

Figure 29. Assigned Risk Plan Performance FY 2005-2009



	Annualized							
	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Assigned Risk	5.1%	2.0%	9.3%	-0.3%	-3.4%	1.7%	2.4%	3.6%
Composite Index*	5.2	1.9	8.6	4.1	-0.5	4.0	3.8	4.3
Stock Segment	5.2	7.0	20.9	-8.2	-21.5	-4.5	-0.4	-0.4
S&P 500	6.3	8.6	20.6	-13.1	-26.2	-8.2	-2.2	-2.2
Bond Segment	5.1	0.6	5.9	2.3	1.1	3.1	3.0	4.3
Benchmark	4.9	0.2	5.7	8.6	6.7	7.0	5.2	5.7

* Weighted 20% stocks, 80% bonds.

Permanent School Fund

The Permanent School Fund is a trust fund created by the Minnesota State Constitution and designated as a long-term source of revenue for public schools. Proceeds from land sales, mining royalties, timber sales, lake shore and other leases are invested in the Fund. Income generated by the Fund's assets is used to offset state school aid payments. On June 30, 2009, the market value of the Fund was \$614 million.

Investment Objective

The State Board of Investment invests the Permanent School Fund to produce a growing level of spendable income, within the constraints of maintaining adequate portfolio quality and liquidity, that will assist in providing state aid to schools.

Investment Constraints

The Fund's investment objectives are influenced by the legal provisions under which its investments must be managed. These provisions require that the Fund's principal remain inviolate. Any net realized capital gains from stock or bond investments must be added to the principal. Moreover, if the Fund realizes net

capital losses, these losses must be offset against interest and dividend income before such income can be distributed. Finally, all interest and dividend income must be distributed in the year in which it is earned.

Asset Allocation

In order to produce a growing level of spendable income, the Fund is invested to grow over time, and, therefore, has exposure to equities. The current asset allocation is 50% stock/48% fixed income/2% cash.

Prior to FY 1998, the Permanent School Fund had been invested entirely in fixed income securities for more than a decade. While this

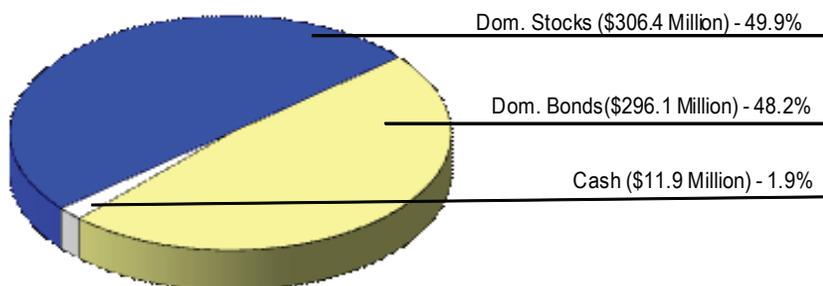
asset allocation maximized current income, it limited the long term growth of the Fund and caused the income stream to lose value in inflation adjusted terms, over time.

To solve both issues, a proposal to introduce equities to the Fund's asset mix was discussed. Since this modification would reduce short term income and have budgetary implications for the state, the consent of the executive and legislative branches was necessary.

A proposal to introduce equities was presented during fiscal year 1997. It was favorably received by the Legislature and incorporated into the K-12 education finance bill. As a result, the Fund allocation was shifted to a 50% stock/48% fixed income/2% cash allocation during July 1997.

Figure 30 presents the actual asset mix of the Permanent School Fund at the end of fiscal year 2009.

Figure 30. Permanent School Fund Asset Mix as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Investment Management

SBI staff internally manages all assets of the Permanent School Fund. Given the unique constraints of the Fund, management by SBI staff is considered to be the most cost effective at this time.

Permanent School Fund

Stock Segment

The stock segment of the Fund is passively managed to track the performance of the S&P 500.

Bond Segment

The bond segment is actively managed to add incremental value through sector, security and yield curve decisions and its performance is measured against the Barclays Capital Aggregate Bond Index.

Investment Performance

The *stock* segment of the Permanent School Fund outperformed its benchmark, the S&P 500, by 0.3 percentage point during the fiscal year. By investing in all of the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. The portfolio is periodically rebalanced to maintain an acceptable tracking error relative to the benchmark.

The *bond* segment outperformed its benchmark by 2.5 percentage points during the current fiscal year.

Overall, the Permanent School Fund provided a return of -9.3% for fiscal year 2009, outperforming its composite index by 1.9 percentage points.

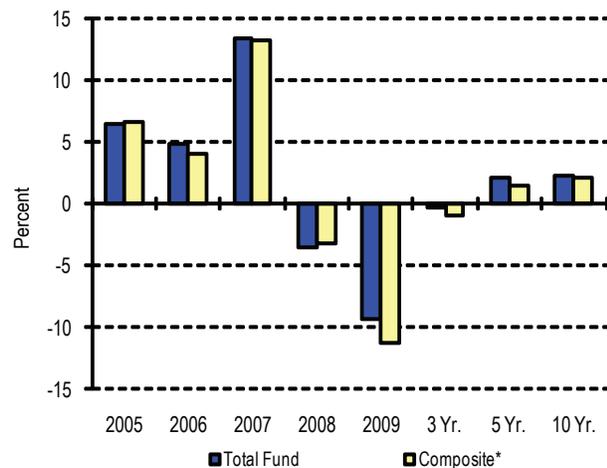
Total account results for the last three, five and ten years are shown in Figure 31.

Spendable Income

Spendable income generated by the portfolio over the last five fiscal years is shown below:

Fiscal Year	Millions
2005	\$19
2006	\$22
2007	\$25
2008	\$28
2009	\$27

Figure 31. Permanent School Performance FY 2005-2009



	2005	2006	2007	2008	2009	Annualized 3 Yr.	Annualized 5 Yr.	Annualized 10 Yr.
Total Fund	6.5%	4.8%	13.4%	-3.6%	-9.3%	-0.3%	2.1%	2.3%
Composite*	6.6	4.0	13.2	-3.3	-11.2	-1.0	1.5	2.1
Stock Segment	6.3	8.7	20.6	-13.1	-25.9	-8.1	-2.2	-2.1
S&P 500	6.3	8.6	20.6	-13.1	-26.2	-8.2	-2.2	-2.2
Bond Segment	7.0	0.5	6.2	7.0	8.5	7.2	5.8	6.5
Barclays Agg.	6.8	-0.8	6.1	7.1	6.0	6.4	5.0	6.0

* 50% S&P 500/ 48% Barclays Capital Aggregate/ 2% 3 Month T-Bills. Prior to July 1, 1997, the Fund's benchmark was 100% Barclays Capital Aggregate.

Environmental Trust Fund

The Environmental Trust Fund was established in 1988 by the Minnesota Legislature to provide a long-term, consistent and stable source of funding for activities that protect and enhance the environment. On June 30, 2009, the market value of the Fund was \$402 million.

By statute, the State Board of Investment invests the assets of the Environmental Trust Fund. The Legislature funds environmental projects from a portion of the market value of the Fund.

Investment Objective

The Environmental Trust Fund's investment objective is long-term growth in order to produce a growing level of spending within the constraints of maintaining adequate portfolio quality and liquidity.

Investment Constraints

A constitutional amendment passed in November 1998 continues the mandate that 40 percent of the net proceeds from the state lottery be credited to the Fund through 2025.

The amendment provides for spending 5.5 percent of the Fund's market value annually. The amendment eliminated accounting restrictions on capital gains and losses and the provision that the principal must remain inviolate.

Asset Allocation

After the constitutional amendment was adopted in November 1998, SBI staff worked with the Legislative Citizen Commission on Minnesota Resources to establish an asset allocation policy that is consistent with the Commission's goals for spending and growth of the Fund. The SBI uses a 70% stock, 28%

fixed income and 2% cash asset allocation for the Fund. The allocation positions the Fund for the best long-term growth potential while meeting the objective of the Fund to produce a growing level of spending.

Figure 32 presents the actual asset mix of the Fund at the end of fiscal year 2008. The current long term asset allocation targets for the Fund are:

Domestic Stocks	70%
Domestic Bonds	28
Cash	2

Investment Management

SBI staff internally manages all assets of the Environmental Trust Fund. Given the unique constraints of the Fund, management by SBI staff is considered to be the most cost effective at this time.

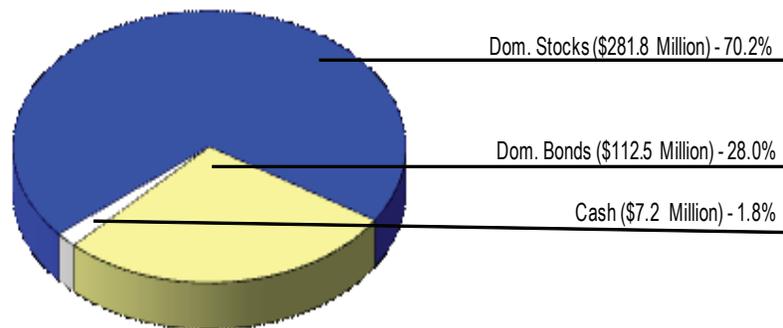
Stock Segment

The stock segment of the Fund is passively managed to track the performance of the S&P 500.

Bond Segment

The bond segment is actively managed to add incremental value through sector, security and yield curve decisions and its performance is measured against the Barclays Capital Aggregate Bond Index.

Figure 32. Environmental Trust Fund Asset Mix as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Environmental Trust Fund

Investment Performance

During the fiscal year, the *stock* segment outperformed its S&P 500 benchmark by 0.4 percentage point. By investing in all of the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. The portfolio is periodically rebalanced to maintain an acceptable tracking error relative to the benchmark subject to keeping trading costs at a minimum.

The *bond* segment outperformed its benchmark by 2.3 percentage points during the fiscal year.

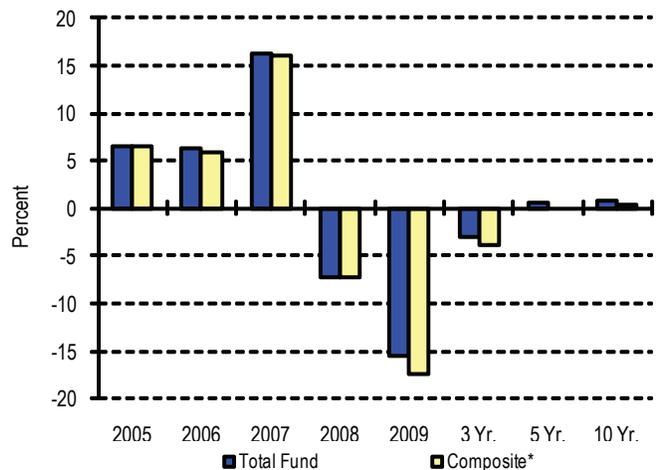
Overall, the Environmental Trust Fund provided a return of -15.6% for fiscal year 2009, outperforming its composite index by 1.8 percentage points. For the most recent three-year period, the Fund exceeded its composite benchmark by 0.7 percentage point. The Fund experienced modest outperformance over the last five and ten years due to the incremental value added by both the stock and bond segments.

Performance results are presented in Figure 33.

Spensible income generated by the Fund over the last five fiscal years is shown below:

Fiscal Year	Millions
2005	\$15
2006	\$19
2007	\$19
2008	\$22
2009	\$23

Figure 33. Environmental Trust Fund Performance FY 2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	10 Yr.
Total Fund	6.5%	6.2%	16.2%	-7.2%	-15.6%	-3.1%	0.6%	0.7%
Composite*	6.5	5.9	16.1	-7.3	-17.4	-3.8	0.0	0.4
Stock Segment	6.3	8.7	20.6	-13.1	-25.8	-8.0	-2.1	-2.1
S&P 500	6.3	8.6	20.6	-13.1	-26.2	-8.2	-2.2	-2.2
Bond Segment	7.0	0.5	6.2	7.0	8.3	7.2	5.8	6.5
Barclays Agg.	6.8	-0.8	6.1	7.1	6.0	6.4	5.0	6.0

* Weighted 70% S&P 500/ 28% Barclays Capital Aggregate/ and 2% 3 month T-Bill.

Closed Landfill Investment Fund

The Closed Landfill Investment Fund is a trust fund created by the Legislature to invest money to pay for the long-term costs of maintaining the integrity of landfills in Minnesota once they are closed. On June 30, 2009 the market value of the Fund was \$37.7 million.

Investment Objective

The investment objective of the Closed Landfill Investment Fund is to generate high returns from capital appreciation. The Fund will be used by the Commissioner of the Pollution Control Agency to pay for the long-term costs of maintaining the integrity of landfills in Minnesota once they are closed. By statute, the assets of the Fund are unavailable for expenditure until after fiscal year 2020.

Asset Allocation

Since July 1999, the Closed Landfill Investment Fund has been invested entirely in common stock. Given the long time horizon of this Fund and the lack of need for any short or mid-term withdrawals, this strategy will maximize the long-term gain of the Fund.

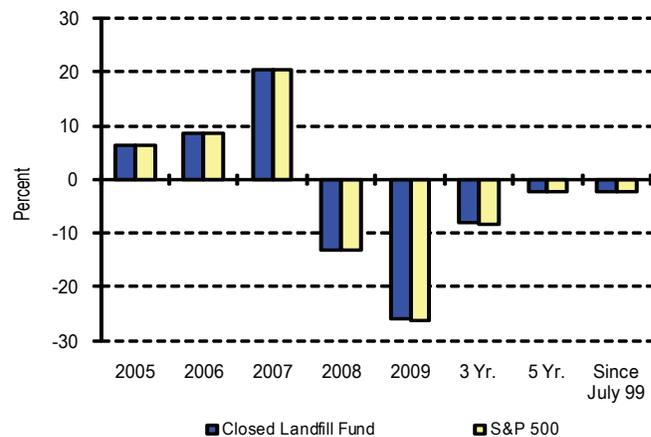
Investment Management

SBI staff internally manages all assets of the Closed Landfill Investment Fund. The assets are managed to passively track the performance of the S&P 500 index.

Investment Performance

The Closed Landfill Investment Fund outperformed its benchmark, the S&P 500, by 0.4 percentage point during the fiscal year. By investing in all the stocks in the benchmark at their index weighting, the segment attempts to track the benchmark return on a monthly and annual basis. Performance results are shown in Figure 34.

Figure 34. Closed Landfill Fund FY2005-2009



	2005	2006	2007	2008	2009	3 Yr.	5 Yr.	Since 7/1/1999
Total Fund	6.3%	8.7%	20.6%	-13.1%	-25.8%	-8.0%	-2.1%	-2.2%
S&P 500	6.3	8.6	20.6	-13.1	-26.2	-8.2	-2.2	-2.3

Cash Management and Related Programs

The State Board of Investment manages the cash balances in more than 400 state agency accounts with the objectives of preserving capital and providing competitive money market returns. On June 30, 2009, the total value of these accounts was \$5.4 billion.

Internal Cash Pools

The SBI invests these cash accounts in short-term, liquid, high quality debt securities on a non-leveraged basis. These investments can include U.S. Treasury and Agency issues, repurchase agreements, bankers acceptances, high grade corporates, and commercial paper. On June 30, 2009, the combined value of all agency cash balances was \$5.4 billion.

Pool Structure

Most of the cash accounts are managed by SBI staff through two pooled investment vehicles, which operate much like money market mutual funds:

- **Treasurer's Cash Pool.** This pool contains cash balances from the Invested Treasurer's Cash and other accounts necessary for the operation of state agencies. The Treasurer's Cash Pool had an average daily balance of \$4.97 billion during the year.
- **Trust Fund Pool.** This pool contains cash balances of trust fund and retirement-related accounts that are managed internally. The Trust Fund Pool had an average daily balance of \$84.7 million during the year.

Staff also manages approximately \$500 million of assets in separately managed dedicated accounts because of special legal restrictions. The vast majority of these assets are

related to state or state agency debt issuance including debt service reserves and proceeds.

Investment Performance

The SBI measures the performance of both pools against customized benchmarks which reflect the maturity structure of each pool.

For fiscal year 2009, the Trust Fund Pool matched its benchmark and the Treasurer's Cash Pool outperformed its benchmark. Both pools outperformed the total return on 3 Month Treasury Bills.

Trust Fund Pool	0.9%
Benchmark	0.9
Treasurer's Cash Pool	2.9
Benchmark	0.9
3 Month Treasury Bills	0.6

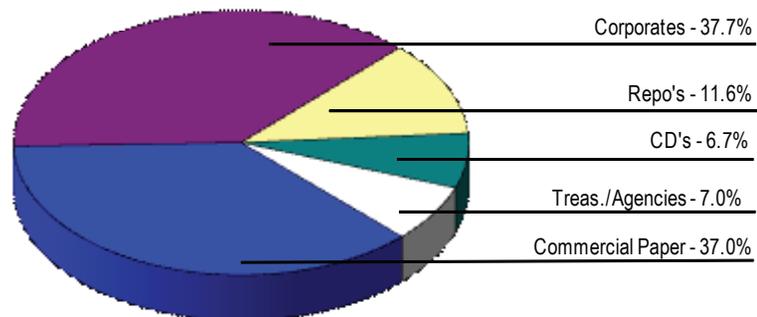
Since January 1997, the Trust Fund Pool is measured against the iMoneyNet's All Taxable Money Fund Index.

Since January 2003, the Treasurer's Cash Pool is measured against the iMoneyNet's All Taxable Money Fund Index.

Treasurer's Cash Pool

On June 30, 2009, the Treasurer's Cash Pool was dominated by high quality corporate commercial paper holdings. The composition of the pool is shown in Figure 35. At the end of the fiscal year, the pool had a current yield of 1.38% and an average maturity of 205 days.

Figure 35. Invested Treas. Cash Fund Distribution as of June 30, 2009



Note: Percentages may differ slightly due to rounding of values.

Cash Management and Related Programs

Securities Lending Program

The SBI participates in securities lending programs in which securities held by the SBI are loaned to banks and security dealers for a daily fee. These loans are fully collateralized. Currently, the majority of the SBI's securities lending activity is undertaken by the SBI's master custodian bank, State Street Bank and Trust. State Street Bank generated additional income of approximately \$60.3 million during fiscal year 2009.

An additional lending program began during fiscal year 2000 with Wells Fargo (custodian for the Treasurer's Cash Pool.) This program generated additional income of approximately \$372 thousand during fiscal year 2009.

Certificate of Deposit Program

The SBI manages a certificate of deposit (CD) program in which it purchases CD's from Minnesota financial institutions. The SBI receives a market rate of return on these investments, using the average secondary CD market rate quoted by the New York Federal Reserve Bank.

The SBI's Certificate of Deposit program provides a reliable source of capital to Minnesota financial institutions, regardless of size, many of which do not have access to the national CD market. The Board designed the program so that no single institution is favored in the allocation of assets. Only the cash reserves of the retirement funds are used in the program.

During fiscal year 2009, the SBI purchased over \$209.7 million of CD's from Minnesota financial institutions. Since it began the program in 1980, the SBI has purchased over \$5 billion of CD's from approximately 500 financial institutions throughout the state.

Securities Repurchase Program

In recent years, community banks throughout Minnesota have experienced an increased need for funds due to a reduction in local deposits and a reduced ability to sell investments held in bank portfolios due to changes in federal accounting requirements. The SBI created the Securities Repurchase Program to help meet the increased needs of banks throughout the state.

Under the program, the SBI temporarily buys securities such as Treasuries and Governments from banks under a repurchase agreement (repo). At the end of the agreement period, the securities are returned to the selling banks (i.e. "repurchased") and the bank pays the SBI principal and interest.

The transactions are fully collateralized and range in size from \$100,000 to \$2 million per institution. For ease of administration, the program uses the same rates, offering dates and maturity dates as the SBI's CD program.

During fiscal year 2009, the SBI purchased \$15 million in repos from Minnesota financial institutions.

Other Deferred Compensation and Long Term Savings Programs

In addition to the statewide 457b plan, the SBI has responsibilities for several other deferred compensation-related and long term savings programs:

- The SBI approves investment product providers for the Minnesota State Colleges and Universities (MnSCU) and the Minnesota Historical Society for their IRC 401(a) defined contribution retirement plans.
- The SBI is responsible for selecting the investment provider for the Minnesota College Savings Plan. The Minnesota Office of Higher Education (MOHE) is responsible for the overall administration of the MN College Savings Plan (529 Plan).

The investment product providers currently used by these programs are shown in Figure 36.

Figure 36. Investment Product Providers Selected or Approved by the SBI

MnSCU 401(a) Plans (effective July 1, 2006)

Teachers Insurance & Annuity Association- College Retirement Equities Fund (TIAA-CREF)
Dodge & Cox
Legg Mason Inc.
Royce & Associates, LLC
T. Rowe Price Associates, Inc.
The Vanguard Group
Western Asset Management

Historical Society 401(a) Plan (effective July 1, 2006)

Teachers Insurance & Annuity Association-College Retirement Equities Fund (TIAA-CREF)

Minnesota College Savings Plan (529 Plan)

Teachers Insurance & Annuity Association-College Retirement Equities Fund (TIAA-CREF)

Major Policy Initiatives

Legislative Update

Several bills of interest to the SBI were passed during the 2009 legislative session.

Laws of Minnesota 2009, Chapter 90 requires the SBI to take a series of steps to identify companies that do business in Iran, communicate with those companies, and divest stock over a specified period of time if the companies continue their business activities in Iran.

Laws of Minnesota 2009, Chapter 169, Section 9 creates a statewide voluntary plan for local relief associations. Local relief associations may choose to join the statewide plan which will be trustee by PERA. Investments will be in a new account in the Supplemental Investment Fund. The plan is effective August 1, 2009. The SBI must establish a new SIF account and determine its asset allocation and create a procedure to evaluate the assets of each volunteer fire plan that seeks to join the plan.

Laws of Minnesota 2009, Chapter 36, Article 3, Section 5 creates the Stillwater Lift Bridge trust fund. The SBI will invest the assets of the trust upon consultation with the commissioner of transportation. Only a modest amount of assets will be committed to the trust fund in fiscal 2010.

As a result of legislation passed in 2008, the Post Retirement Investment Fund was merged with the Basic Funds. As of June 30, 2009, the Post Fund no longer exists, and the SBI invests the assets of the retirement systems in the Combined Funds. Laws of Minnesota 2009, Chapter 169, Article 1 repeals several sections in Chapter 11A that dealt with the Post Fund.

Police and Fire Fund Activity

Mergers with PERA

Under state law, local police and salaried firefighter plans may consolidate with the Public Employees Retirement Association (PERA). When a merger is approved, assets are transferred from the local plan to the State Board of Investment (SBI).

By statute, the Executive Director of the SBI has authority to accept assets in-kind or to require that individual holdings be converted to cash prior to the transfer. Since the investments made by local plans are similar to those made by the SBI, most assets can be transferred at their stated market value.

Since 1987, 44 plans with total assets of \$603 million have merged with PERA. After consolidation, these assets are managed as part of the Basic and Post Retirement Funds. (Please note that there remain several local police salaried firefighter plans that have not merged with PERA. These plans also have the statutory authority to invest in the Supplemental Investment Fund (SIF).)

Volunteer Fire Plans Investment

Volunteer firefighter retirement plans are not eligible to be consolidated with PERA. They may invest their assets with the SBI through the Supplemental Investment Fund. There are more than 700 local volunteer firefighter plans with investment authority.

As of the end of fiscal year 2009, there were 235 plans participating in the SIF.

The number of volunteer firefighter plans that may select the SBI in

the future will be affected by the creation of the new voluntary statewide plan.

Local Plan Performance Reports

The SBI provides the local plans that participate in the SIF reports displaying their annual returns and market values from the SIF in compliance with *Minnesota Statutes*, Chapter 356. The local plans are responsible for providing their specific data to the Office of the State Auditor.

Other Post Employment Health Benefits

Under the provisions of Laws of Minnesota 2008, Chapter 154, Article 10, section 8, local units of government including school districts may choose PERA as trustee to administer post employment health benefits. Assets of these accounts are invested by the SBI in the same internally managed investment pools in which the Permanent School Fund and Environmental Trust Fund are invested.

As of June 30, 2009, there were 19 entities that have these investment accounts with the SBI. Staff anticipate that the number of these accounts will increase in the future.

The SBI is required to report annually the returns provided on assets invested by the City of Duluth for this purpose. Duluth made its first investment with the SBI July 2007. As of June 30, 2009, returns for Duluth were as follows:

	1 Yr.	2 Yr.
Equities	-25.8 %	-19.7%
Fixed Income	8.3	7.6
Total	-7.4	-5.3

Major Policy Initiatives

Mandate on Northern Ireland

Requirements

The SBI is responsible for implementing certain statutory provisions concerning its investments in U.S. companies with operations in Northern Ireland. The statute requires the State Board of Investment (SBI) to:

- Annually compile a list of U.S. corporations with operations in Northern Ireland in which the SBI invests.
- Annually determine whether those corporations have taken affirmative action to eliminate religious or ethnic discrimination. The statute lists nine goals modeled after the MacBride Principles.
- Sponsor, co-sponsor and support resolutions that encourage U.S. companies to pursue affirmative action in Northern Ireland, where feasible.

The statute does not require the SBI to divest existing holdings in any companies and does not restrict future investments by the SBI.

Implementation

The SBI uses the services of RiskMetrics Group, Washington D.C., to monitor corporate activity in Northern Ireland. In January 2009, the SBI held stocks or bonds in 64 of 69 corporations identified by RiskMetrics as having operations in Northern Ireland.

Shareholder Resolutions

The SBI filed shareholder resolutions at four companies for the 2009 proxy season. The resolutions asked the corporations to sign the MacBride Principles and to implement affirmative action programs. The proposal filed at TJX Cos. was withdrawn after the company endorsed the Principles. The voting results for the three remaining proposals are shown below.

BE Aerospace	7.6%
Crane Company	8.6%
Manpower	11.5%

Major Policy Initiatives

Tobacco Issues

At its September 1998 meeting, the Board adopted a resolution that required each active and semi-passive equity manager to divest by September 2001 shares of any company which obtained more than 15 percent of its revenues from the manufacture of consumer tobacco products. Staff notified each active and semi-passive equity manager of the policy.

At the close of fiscal year 2001, the SBI had divested from its active portfolios all shares of companies covered by its divestment resolution.

Directives to Stock Managers

At its December 1997 meeting, the Board adopted a resolution requiring the SBI's stock managers to provide written justification to SBI staff if a manager made new or additional purchases of stock in companies which obtained more than 50% of their revenues from the sale of tobacco.

At its June 1998 meeting, the Board took further action regarding SBI investment in tobacco-related stocks.

The first resolution required the SBI active and semi-passive equity managers to discontinue purchases of shares of any company that generated more than 15 percent of its revenue from the manufacture of consumer tobacco products. The second resolution required the SBI staff to prepare and submit to the Board a plan for divestiture of shares of any company that generated more than 15 percent of its revenue from the manufacture of consumer tobacco products held in the SBI's actively and semi-passively managed equity portfolios. The

policy requiring divestment follows directly from the latter resolution.

Shareholder Resolutions

In previous years, the SBI cosponsored a number of tobacco related shareholder resolutions. The SBI chose not to cosponsor any tobacco related resolutions for the 2009 proxy season.

Pharmaceutical Company Issues

At its March 2004 meeting the State Board of Investment adopted a resolution authorizing a shareholder proposal to pharmaceutical companies. The Board's resolution directed the Proxy Committee to sponsor, cosponsor or support shareholder resolutions at six pharmaceutical companies concerning pricing of and access to prescription drugs, and legal issues surrounding the limiting of products to Canadian wholesalers.

At its September 2004 meeting the Board approved a recommendation from the Proxy Committee to submit a resolution concerning access to drugs from Canada. The resolution, which requested the target company to report to its shareholders on the issue, was sent to four domestic pharmaceutical companies for placement in the companies' 2005 proxy materials.

Shareholder Resolutions

In November 2005 and 2006, the Proxy Voting Committee approved the resubmission of the same resolution to the same four companies: Eli Lilly and Company; Merck & Co., Inc.; Pfizer; and Wyeth.

For the 2007 proxy season, Eli Lilly, Merck and Pfizer each received permission from the SEC to omit the resolution from its proxy materials. Wyeth accepted the submission and placed the resolution in its 2007 proxy materials. The resolution received 29.3% affirmative vote.

For the 2008 proxy season, the Proxy Voting Committee approved the resubmission of the same proposal to the same four companies. All four companies received approval from the SEC to omit the proposal.

The Committee chose not to submit proposals for the 2009 proxy season.

Sudan Issues

Laws of Minnesota 2007, Chapter 117 concerns the SBI's investment in companies with operations in Sudan. The legislation calls for the SBI to make its best efforts to identify all "scrutinized companies" in which the SBI has direct or indirect holdings or could possibly have holdings in the future.

The SBI has adopted use of the list of companies from the Sudan Divestment Task Force for implementing the 2007 law. Staff periodically sends a list of restricted Sudan companies to managers and has required divestment of holdings in compliance with Chapter 117. Staff reports to the Board each quarter on its actions to implement the law. With the reorganization of the Sudan Divestment Task Force into the Conflict Risk Network, staff receives Sudan information from the Conflict Risk Network.

Major Policy Initiatives

Proxy Voting

As a stockholder, the State Board of Investment (SBI) is entitled to participate in corporate annual meetings through direct attendance or casting its votes by proxy. Through proxy voting, the Board directs company representatives to vote its shares in a particular way on resolutions under consideration at annual meetings. These resolutions range from routine issues, such as those involving the election of corporate directors and ratification of auditors, to matters such as merger proposals and corporate social responsibility issues. In effect, as a shareholder the SBI can participate in shaping corporate policies and practices.

Voting Process

The Board recognizes its fiduciary responsibility to cast votes on proxy issues. Except for the shares held by the international managers, the SBI does not delegate the duty to its external investment managers. Rather, the SBI actively votes all shares according to guidelines established by its Proxy Committee.

The Board delegates proxy voting responsibilities to its Proxy Committee which is comprised of a designee of each Board member. The four member Committee meets only if it has a quorum and casts votes on proxy issues based on a majority vote of those present. In the unusual event that it reaches a tie vote or a quorum is not present, the Committee will cast a vote to abstain.

Voting Guidelines

The Committee has formulated guidelines by which it votes on a wide range of corporate governance and social responsibility issues. Each year the Proxy Committee reviews existing guidelines and determines which issues it will review on a case-by-case basis.

Corporate Governance Issues

The voting guidelines for major corporate governance issues are summarized below:

Routine Matters

In general, the SBI supports management on routine matters such as uncontested election of directors; selection of auditors; and limits on director and officer liability or increases in director and officer indemnification permitted under the laws of the state of incorporation.

Shareholder Rights Issues

In general, the SBI opposes proposals that would restrict shareholder ability to effect change. Such proposals include instituting super-majority requirements to ratify certain actions or events; creating classified boards; barring shareholders from participating in the determination of the rules governing the board's actions (e.g. quorum requirements and the duties of directors); prohibiting or limiting shareholder action by written consent; and granting certain stockholders superior voting rights over other stockholders.

In general, the SBI supports proposals that preserve or enhance shareholder rights to effect change. Such proposals include requiring

shareholder approval of poison pill plans; repealing classified boards; adopting secret ballot of proxy votes; reinstating cumulative voting; and adopting anti-greenmail provisions.

Executive Compensation

In general, the SBI supports efforts to have boards of directors comprised of a majority of independent directors, to have compensation committees made up entirely of independent directors, and to have executive compensation linked to a company's long-term performance.

Buyout Proposals

In general, the SBI supports friendly takeovers and management buyouts.

Special Cases

The Proxy Committee evaluates hostile takeovers, contested election of directors, and re-capitalization plans on a case-by-case basis.

Social Responsibility Issues

The voting guidelines for major social responsibility issues are shown below:

Northern Ireland

The SBI supports resolutions that call for the adoption of the MacBride Principles as a means to encourage equal employment opportunities in Northern Ireland.

Tobacco and Liquor

In general, the SBI supports a variety of tobacco and liquor related resolutions including those that call for corporations to limit their promotion of tobacco and liquor products and to report on their involvement in tobacco issues.

Major Policy Initiatives

Environmental Protection

In general, the SBI supports resolutions that require a corporation to report or disclose to shareholders company efforts in the environmental arena. In addition, the SBI supports resolutions that request a corporation to report on progress toward achieving the objectives of the Ceres Principles (formerly known as the Valdez Principles,) an environmental code of conduct for corporations.

Other Social Responsibility Issues

In general, the SBI supports proposals that require a company to report or disclose to shareholders company efforts concerning a variety of social responsibility issues. In the past, these reporting resolutions have included issues such as affirmative action programs, animal testing procedures and nuclear plant safety procedures.

Summary of FY 2009 Proposals

During fiscal year 2009 the SBI voted proxies for approximately 1,500 U.S. corporations.

As in past years, the issues on corporate ballots included a broad range of proposals in the *corporate governance* area, as reflected in information provided by RiskMetrics Group, Washington, D.C.:

— Shareholders submitted 45 proposals requesting majority vote to elect directors. This proposal received an average support of 58.4%.

— Shareholders submitted 30 proposals requesting that companies have an independent board chairman. The proposal received average support of 36.7%.

— Resolutions requesting an advisory vote on executive pay were on 69 ballots with an average support of 45.4%.

— Other proposals included the repeal of classified boards which were supported by an average of 65.1% of shares voted; proposals to require retention period for stock awards received support from an average of 26.2% of shares voted; cumulative voting which was supported by an average of 34.7% of shares voted; proposals to rescind supermajority approval requirements received average support of 67.2% of shares voted.

In the *social responsibility* area, the environment, global labor standards, fair employment issues, health care reform, and political giving were the major issues, as reflected in information provided by RiskMetrics:

— A variety of environmental issues received 36 resolutions and received average support ranging from 8.4% to 19.3%.

— Reporting on political contributions received 32 proposals with an average support level of 29.2%.

— Equal employment issues received 10 resolutions with an average support of 33.8%.

— Human rights issues received 16 resolutions with an average support range of 4.1% to 19.9%.

— Global Labor Standards received 4 proposals this year with an average support of 15.3%.

— Healthcare reform issues received 21 proposals with an average support of 5.4%.

Major Policy Initiatives

Guidelines on International Investing

As noted in prior sections of this report, the State Board of Investment (SBI) made its first international stock investments in 1992. The benefits of international investing include: increased investment opportunity, greater diversification and potential for higher return. Approximately one-half of the world's markets, by market capitalization, lie outside the U.S.

The United Kingdom, Japan, France and Canada comprise more than half of the value of the international markets. Together with eighteen (18) other countries in Europe, and the Pacific Basin, these countries comprise the developed international stock markets. Many of the emerging markets in Latin America, Eastern Europe, the Middle East, Africa and Asia may require special investment considerations and/or limitations on investment.

Guidelines

Based on information compiled from U.S. State Department reports, countries are grouped into three broad categories as indicated below by groups I, II and III. *It is important to note that the guidelines listed below do not prohibit an active stock manager from purchasing the stock of any country.* Rather, they require additional notification by the manager regarding the firm's investment strategy for investments to countries in Groups II and III.

Group I. These countries have legal structures that generally respect the rights of workers and human rights. Because these countries have strong

protections for workers and human rights, there is little concern that economic and social disruptions may occur which would have an adverse effect on financial markets. As a result, active stock managers are authorized to invest in companies domiciled in these countries without additional notification to the SBI.

Group II. These countries have legal protections for workers and human rights, but violations have been cited in the State Department reports. It is thought that violations of this type may lead to economic and social disruption in these countries, which may have an adverse effect on their financial markets. An active stock manager may, however, invest in companies domiciled in the countries shown under "Group II" if the manager believes that it would be a breach of fiduciary responsibility not to do so. If a manager chooses to invest in one or more of these markets, the manager must notify the SBI in writing.

Group III. These countries lack basic protections for workers and human rights and do not appear to be making progress in establishing an appropriate legal structure to address these issues. The potential for economic, political and social unrest is seen to be greater in these countries, which may adversely affect the stability of these financial markets. An active stock manager may, however, invest in companies domiciled in countries shown under "Group III" if the manager believes that it would be a breach of fiduciary responsibility not to do so. If a manager chooses to invest in one or more of these markets, the manager must notify the SBI in writing of its reasons for the decision to do so.

Review Process

The Board established an International Investing Guidelines Task Force to recommend guidelines that address these limitations as well as other concerns related to international investing.

When the Task Force made its original report to the Board in December 1992, they expected that the country groupings would be updated periodically to reflect changes in the world markets. The Board has adopted the following review process regarding the country guidelines:

- Staff will review reports from the US State Department regarding worker and human rights issues and designate countries "Group I, II or III" using the existing policy guidelines adopted by the Board.

Staff will report on the countries included in the International Program asset class target which will be reviewed by the SBI Administrative Committee. Figure 37 displays the country groupings.

Major Policy Initiatives

Figure 37. Current International Investing Guidelines

Country Groupings*

Group I World ex U.S. Countries	Group I EMF Countries	Group II EMF Countries	Group III EMF Countries
Australia	Argentina	Brazil	China
Austria	Chile	Colombia	Egypt
Belgium	Czech Republic	India	Jordan
Canada	Hungary	Indonesia	Pakistan
Denmark	Poland	Israel	Russia
Finland	Taiwan	Korea, Republic of	
France		Malaysia	
Germany		Mexico	
Greece		Morocco	
Hong Kong		Peru	
Ireland		Philippines	
Italy		South Africa	
Japan		Thailand	
Netherlands		Turkey	
New Zealand		Venezuela	
Norway			
Portugal			
Singapore			
Spain			
Sweden			
Switzerland			
United Kingdom			

* As of August 2005

Investment Manager Summaries

Domestic Equity Program Managers

Active Managers

Large Cap Core (Russell 1000)

Mellon Capital Management

Mellon's investment decisions are quantitatively driven and controlled. The firm believes that consistent application of integrated multiple valuation models produces superior investment results. The firm's stock selection model is comprised of multiple measures, each of which falls into one of the following groups: relative value, future value, earnings momentum, price action, management signals, and quality/sustainability metrics.

Mellon seeks to add value by focusing on buying and selling the right stock rather than attempting to time the market or pick the right sector or industry groups. Mellon was retained by the SBI as an active manager in April 1989.

New Amsterdam Partners

New Amsterdam Partners believes that investment results are evaluated by actual return, and therefore, investment opportunities should be evaluated by expected return. The investment process combines quantitative analysis with a fundamental overlay. The firm describes its style as growth at a reasonable price (GARP). The strategy seeks to identify and capitalize on mispriced securities. A proprietary quantitative model generates expected returns for stocks. The 100 stocks with the highest expected returns are subjected to further examination

and fundamental analysis. New Amsterdam was retained by the SBI in April 1994.

UBS Global Asset Management (formerly Brinson Partners)

UBS focuses on price to value as the cornerstone of their investment process. They discount all future cash flows of a company to calculate the intrinsic value from an owner's perspective, and then compare that value estimate to the current stock price. The resulting price to value differences, applied over a broad range of companies, become the building blocks of the security selection process. Portfolio construction focuses on market sensitivity, common factor exposures, industry weightings, and individual stock selection. UBS was retained by the SBI in July 1993.

Large Cap Growth (Russell 1000 Growth)

AllianceBernstein L.P.

Alliance manages a concentrated portfolio of approximately 50 to 70 stocks that seeks to generate its premium through superior stock selection - a function of research insight and investment action. Using the research predominantly produced by Alliance's analysts, Alliance strives to buy companies with growth potential likely to outpace market expectations, usually due to a combination of a unique product or service offering, high barriers to entry and managements' ability to execute corporate strategies. They focus on maintaining portfolio characteristics consistent with the large-cap-growth style. This approach has allowed them to deliver strong performance to clients over time. The firm was retained by the SBI in March 1983.

Enhanced Investment Technologies, LLC (INTECH)

INTECH's unique investment process is based on the mathematical foundation of Stochastic Portfolio Theory and seeks to build diversified portfolios that offer the potential to generate long-term returns in excess of the Russell 1000 Growth Index, while reducing the risk of significant underperformance relative to the Index. INTECH does not pick individual stocks or forecast stock alphas, but uses natural stock price volatility and correlation characteristics to generate excess return. Essentially, the firm adjusts the capitalization weights of the Russell 1000 Growth Index to potentially more efficient combinations. The investment process begins with the universe of securities in the Russell 1000 Growth Index. The process then runs a stock screen to eliminate stocks that are too expensive to trade (tend to be the smaller stocks within the benchmark.) Risk controls aimed at mitigating portfolio risk are embedded in the investment process and include active-weight range limits around the benchmark holdings, a constraint on beta, a limited size exposure, and maximizing the information ratio. Once the target weights are determined and the portfolio is constructed, it is then rebalanced to those target proportions and re-optimized on a regular basis. The portfolio is continually evaluated to ensure that diversification and return characteristics are consistent with the investment objectives and underlying mathematical theorem. INTECH was retained by SBI as an active manager in January 2005.

Jacobs Levy Equity Management

Jacobs Levy believes the market is a complex system, permeated with inefficiencies that offer

Investment Manager Summaries

opportunities for profitable active investment and that can be detected and fully exploited only with intensive statistical modeling. The investment approach combines human insight and intuition, finance and behavioral theory, and leading-edge quantitative and statistical methods. The firm's proprietary systems have been engineered to be integrated across all investment functions, from security selection, portfolio construction, and trading, through performance attribution and guideline compliance. Expected returns for each security in the investment universe are generated from numerous models and become the inputs for the proprietary portfolio optimizer. The optimizer is run daily with the objective of constructing portfolios that can provide consistent outperformance relative to the underlying benchmark, with strict control of portfolio risk. Extensive automated data scrubbing and human fact checking are conducted daily. Liquidity, trading costs, and investor guidelines are incorporated within the optimization process. Jacobs Levy was retained by the SBI as an active manager in January 2005.

Knelman Asset Management LLC

Knelman's approach emphasizes earnings growth as the fundamental driver of stock prices over time. Knelman invests in companies exhibiting substantial growth opportunities, strong business models, solid management teams, and the probability for positive earnings surprises. The investment process combines quantitative, qualitative and valuation criteria. The quantitative component addresses fundamentals and is focused on operating trends. Qualitative analysis involves confirmation of company fundamentals through discussions

with company contacts and related parties. Valuation models focus on relative rankings of the fundamentals within the industry, the market overall and the company itself. Knelman was retained by the SBI as an active manager in January 2005.

Sands Capital Management, LLC

Sands invests in concentrated portfolios of high-quality, seasoned, growing businesses. Bottom-up, company-focused, long-term oriented research is the cornerstone of the investment process. To be included in the stock universe, companies must demonstrate superior historical and projected sales and earnings growth; have the potential for wealth creation; and reside in growing sectors. The team then narrows the opportunity set by identifying potential leaders in attractive business spaces. The strategy focuses on six (6) key investment criteria: 1) sustainable above average earnings growth; 2) leadership position in a promising business space; 3) significant competitive advantages or unique business franchise; 4) management with a clear mission and value added focus; 5) financial strength; and 6) rational valuation relative to the overall market and the company's business prospects. Sands was retained by the SBI as an active manager in January 2005.

Winslow Capital Management, Inc.

Winslow believes that investing in companies with above-average earnings growth (in a normal economy; cash flow growth in recession) provides the best opportunity for achieving superior portfolio returns over the long term. The investment philosophy is founded on bottom up, fundamental research. The strategy identifies companies that can grow earnings

above consensus expectations to build portfolios with forward weighted earnings growth in the range of 15-20% annually. A quantitative screen is employed for factors such as revenue and earnings growth, return on invested capital, earnings consistency, earnings revisions, low financial leverage and high free cash flow rates relative to net income. Resulting companies are subjected to a qualitative assessment within the context of industry sectors. Detailed examination of income statements, cash flow and balance sheet projections is conducted, along with a judgment on the quality of management. Attractively valued stocks are chosen based on P/E relative to the benchmark, sector peers, the company's sustainable future growth rate and return on invested capital. Final portfolio construction includes diversification by economic sectors, earnings growth rates, price/earnings ratios and market capitalizations. Winslow was retained by the SBI as an active manager in January 2005.

Zevenbergen Capital

Zevenbergen Capital's investment philosophy is founded on the principles that superior fundamentals drive stock price appreciation and exceptional management combined with balance sheet strength provides capital protection. The firm employs a forward looking, bottom-up investment process designed for long-term results. Portfolios are constructed with companies presenting established and prospective revenue, cash flow and earnings growth, while diversification and risk control are accomplished through a blend of company size, expected growth rates, and appropriate portfolio weightings. The firm remains fully invested to ensure market participation. Zevenbergen was retained by the SBI in April 1994.

Investment Manager Summaries

Large Cap Value (Russell 1000 Value)

Barrow, Hanley, Mewhinney & Strauss, Inc. (BHMS)

BHMS believes that markets are inefficient, and can best be exploited through adherence to a value-oriented investment process dedicated to the selection of securities on a bottom-up basis. The overall portfolio will always reflect all three value characteristics: price/earnings and price/book ratios below the market and dividend yields above the market. The stocks must also be attractive according to the firm's dividend discount and relative return models. Analysts provide fundamental analysis in the final step of their investment process. BHMS was retained by the SBI in April 2004.

Earnest Partners

Earnest Partners utilizes a proprietary valuation and performance model, and rigorous fundamental review to identify stocks with the most attractive relative returns. They have identified six performance drivers – valuation measures, operating trends, market trends, growth measures, profitability measures and macroeconomic measures – and have done extensive research to determine which combination of performance drivers, or return patterns, precede outperformance for stocks in each sector. The firm's fundamental review generally includes conversations with the company's management team and industry specialists, a review of the company's financial reports, analysis of industry and company-specific studies, as well as independent field research. They control risk using a statistical approach designed to measure and control the prospects of substantially underperforming the benchmark. The portfolio is

diversified across industry groups. Earnest Partners was retained by the SBI in July 2000.

Lord Abbett & Co.

Lord Abbett's strategy is based on a relative value approach and utilizes bottom-up, fundamental research as its alpha driver. They apply formal valuation analysis, with emphasis on normalized earnings, to narrow the universe of candidate securities and focus their fundamental research effort. Research analysts and portfolio managers conduct research independently on compelling stocks in their assigned industries, in an effort to identify those with the strongest fundamentals together with the most attractive valuations. The analysts' primary focus is on the timely recognition of change, or a catalyst, that might cause fundamentals and financial performance to improve over a 12-18 month time horizon. Lord Abbett was retained by the SBI in April 2004.

LSV Asset Management

LSV's philosophy is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. They use quantitative techniques to rank securities based on fundamental measures of value, past performance, and indicators of near-term appreciation potential. Their risk control discipline limits the portfolio's industry and sector concentrations. LSV was retained by the SBI in April 2004.

Systematic Financial Management

Systematic Financial Management believes that stock prices follow earnings cycles. Superior returns

are achievable by purchasing attractively valued stocks with positive earnings catalysts that are reflective of improving fundamentals. Systematic invests in companies trading at compelling valuations that are exceeding investor expectations, increasing sales and improving margins, and generating strong free cash flow. The investment process involves a strong blend of quantitative screening and fundamental financial analysis coupled with a rigorous monitoring of all holdings. Systematic was retained by the SBI in April 2004.

Small Cap Growth (Russell 2000 Growth)

McKinley Capital Management

McKinley uses a quantitatively driven investment process to systematically search for and identify signs of accelerating growth. The primary model includes linear regression to identify common stocks that are inefficiently priced relative to the market while adjusting each security for standard deviation. The candidates are then filtered and scrutinized for liquidity factors and earnings acceleration. The earnings model identifies securities with strong earnings acceleration. The qualitative review begins after the quantitative process has identified candidates for possible inclusion in the portfolio. The purpose of the qualitative analysis is to confirm that the earnings picture revealed through the quantitative analysis is both reasonable and sustainable. New ideas are taken from the quantitative screening process and confirmed through the qualitative review. McKinley was retained by the SBI in January 2004.

Investment Manager Summaries

Next Century Growth Investors

Next Century Growth's (NCG) goal is to invest in the highest quality and fastest growing companies in America. They believe that growth opportunities exist regardless of the economic cycle. NCG uses fundamental analysis to identify companies that will surpass consensus earnings estimates. Their investment process focuses on growth companies that have superior top line revenue growth (15% or greater,) an expanding market opportunity, strong management, and are well poised to outperform the market. NCG believes in broad industry diversification; sector exposures are limited to twice the benchmark weighting and individual positions to five percent. Next Century was retained by the SBI in July 2000.

Turner Investment Partners

Turner manages a small cap growth portfolio with the philosophy that earnings expectations drive stock prices. They pursue a bottom-up strategy that blends quantitative, fundamental, and technical analysis. They screen securities within sector and market capitalization groups using factors appropriate for each specific group. Companies are ranked within sectors based on multiple earnings growth and valuation factors. The goal of fundamental analysis is to evaluate how a company's future earnings will compare with consensus earnings expectations. Technical analysis is used to evaluate trends in trading volume and price, and to identify attractive entry and exit points. The SBI retained Turner in January 2004.

Small Cap Value (Russell 2000 Value)

Goldman Sachs Asset Management

Goldman Sachs manages a small cap value portfolio using a strong valuation discipline to purchase well-positioned, cash generating businesses run by shareholder-oriented management teams. Portfolio managers are organized by industry, and use industry-specific valuation measures to evaluate companies within their area. They decompose the historical financial reports, meet with management to evaluate their competitive position within the industry, and evaluate each company's valuation attractiveness relative to other comparable companies within the sector. Goldman Sachs was retained by the SBI in January 2004.

Hotchkis and Wiley Capital Management

Hotchkis and Wiley manages a small cap value portfolio, in which they seek to exploit mispriced securities in the small cap market by investing in "undiscovered" and "out of favor" companies. They invest in stocks of which the present value of the company's future cash flows exceeds the current market price. Industry analysts determine a company's normal earnings power, or sustainable earnings level under equilibrium economic and competitive market conditions, which becomes the basis for security valuation. Hotchkis and Wiley was retained by the SBI in January 2004.

Martingale Asset Management

Martingale manages a small cap value portfolio with the philosophy that they can exploit the long-term link between undervalued company fundamentals and current

market prices to achieve superior investment returns. They use a quantitative process to identify stocks with low price/earnings ratios and high cash flow to price versus peers. The process examines multiple characteristics of quality, value and momentum. Value traps are avoided by favoring stocks with positive relative strength and earnings estimate revisions versus peers. Each stock is given a score or ranking. Martingale builds a portfolio of the highest ranked stocks while controlling industry and sector weights, and ensuring the average company size resembles the benchmark. Martingale was retained by the SBI in January 2004.

Peregrine Capital Management, Inc.

Peregrine's Small Cap Value investment process begins with their proprietary valuation analysis, which is designed to identify the small cap value stocks most likely to outperform. The valuation analysis identifies the most underpriced securities on a sector-by-sector basis. The firm analyzes over sixty fundamental factors to identify the most relevant factors in each sector. The focus of the team's fundamental research is to determine if one or more of the style's "Value Buy Criteria" are present – these include resolvable short-term problems, unrecognized assets, take-over potential, fundamental undervaluation and catalysts for change. The portfolio is diversified and sector weights are aligned closely to the benchmark. This allows stock selection to drive performance. Peregrine was retained by the SBI in July 2000.

Investment Manager Summaries

RiverSource Investments, LLC/ Kenwood Capital (formerly American Express Asset Management)

Kenwood's small cap value product seeks to own a portfolio of stocks that represents the best opportunities in each sector based on valuation and indicators of improving cash flow and earnings. They look for higher quality stocks that are undervalued based on demonstrable fundamentals, rather than distressed value stocks. Their quantitative appraisal model ranks stocks on their potential excess return. The appraisal model incorporates a dozen or so sector models with weightings that vary over time in relation to the stock attributes that are most important in determining relative performance. American Express/Kenwood was retained by the SBI in January 2004.

Kenwood's decision to discontinue normal business operations as of July 31, 2009 and the liquidation of the account ended the responsibility of Kenwood to provide the SBI with investment management services effective July 7, 2009.

Semi-Passive Managers

Semi-Passive Managers (Russell 1000)

Barclays Global Investors

Barclays uses a Core Alpha Model which disaggregates individual equity returns for each of the stocks in their universe into three inputs: relative value, earnings quality and sentiment. The relative value criteria assesses intrinsic value relative to market price. Earnings quality criteria help identify companies likely to sustain earnings growth and avoid negative surprises.

Sentiment criteria help identify market participants' beliefs regarding valuation. The strategy seeks to minimize investment and operational risks not associated with adding value. Implementation costs are also considered when rebalancing return potential with risk profile of trades. The firm was retained by the SBI for semi-passive management in January 1995.

Mellon Capital Management

Mellon adds incremental value to a benchmark by buying stocks quantitatively ranked the highest and selling stocks ranked the lowest, while maintaining the portfolio's systematic risk and industry weightings at levels similar to the benchmark. Mellon attempts to allocate most of the total risk level set by the client specifically to stock selection. The firm always remains fully invested. The SBI retained Mellon as a semi-passive manager in January 1995.

J.P. Morgan Investment Management Company

J.P. Morgan believes that superior stock selection is necessary to achieve excellent investment results. To accomplish this objective, they use fundamental research and a systematic valuation model. Analysts forecast earnings and dividends for the stock universe and enter these into a stock valuation model that calculates a dividend discount rate for each security. The stocks are ranked according to this valuation measure within their economic sectors. Stocks most undervalued are placed in the first quintile. The portfolio takes overweight positions in stocks in the first and second quintiles, while underweighting stocks in the fourth and fifth quintiles. In addition, the

portfolio will closely approximate the sectors and style of the benchmark. The portfolio remains fully invested at all times. The firm was retained by the SBI in January 1995.

Passive Manager

Passive Manager (R3000)

Barclays Global Investors

For the passive account, Barclays seeks to minimize tracking error, transaction costs and investment and operational risks. The portfolio is managed against the asset class target (Russell 3000 index) using a proprietary optimization process that integrates a transaction cost model. The resulting portfolio closely matches the characteristics of the benchmark with less exposure to illiquid stocks. Barclays was retained by the SBI for passive management in July 1995.

Portfolio statistics for each of the domestic equity managers can be found in the Statistical Data section of this report.

International Program Managers

Active Developed Markets

Acadian Asset Management

Acadian employs structured stock and region/industry valuation models that are customized to each region. These models are designed to capture a broad range of characteristics associated with outperforming stocks. Acadian uses stock factors to predict how well each stock in the 25,000-stock universe will perform relative to its region/industry

Investment Manager Summaries

zone. These factors are based on valuation, earnings, quality and price data. Acadian also applies separate models to forecast region/industry level returns, in order to predict how well each stock's region/industry zone will perform relative to others, and then add that forecast to each stock's forecast. The investment process combines and weights the values of all the factors, utilizing a proprietary method to determine a return forecast for each stock. The end result is a ranking of the entire 25,000-stock universe from most to least attractive.

Acadian then uses a sophisticated portfolio optimization system to trade off the expected return of the stocks with such considerations as the client's benchmark index, desired level of risk, transaction cost estimates and other requirements. Portfolios are normally fully invested, with a minimal amount of cash. Country and sector weights fall out of the bottom-up stock selection process, with overall portfolio risk control ensuring the desired level of diversification. The last step of the process is a careful review of optimized portfolios by the investment team before trading, to ensure the portfolio meets the client's investment goals. Acadian was retained by the SBI in July 2005.

INVESCO Global Asset Management

INVESCO employs a systematic process that identifies undervalued-companies, combined with a consistently applied portfolio design process to control the predictability and consistency of returns. INVESCO managers believe they can add value by identifying and investing in stocks which are attractively priced relative to the sustainable growth potential of the company. Portfolios are constructed on a bottom-up basis. They select

individual companies rather than countries, themes, or industry groups. This is the first of four cornerstones of their investment approach. Secondly, they conduct financial analysis on a broad universe of non-U.S. companies, with key financial data adjusted to be comparable across countries and currencies. Third, INVESCO believes that using the firm's own local investment professionals enhances fundamental company research. Finally, they manage risk and ensure broad diversification relative to the clients' benchmark utilizing a statistics-based portfolio construction approach instead of utilizing country or industry constraints. INVESCO was retained by the SBI in February 2000.

J.P. Morgan Investment Management Company

J.P. Morgan's international equity process focuses on stock selection as the primary source of added value, seeking to build a portfolio diversified by both sector and region. Approximately 150 investors are based locally in regional markets, providing insights on 1300 companies. Each regional team ranks companies within local markets, 1(best) to 5(worst). Local teams both undertake research and manage local portfolios. The most attractive names on a regional basis, primarily those ranked 1 and 2, are then further analyzed by a team of London-based Global Sector Specialists. They seek to provide global industry insights and build on the local market analysis already undertaken. The team seeks to identify the most attractive names within each sector, ranking companies A (best) to D (worst). The final stage of the investment process rests with a team of senior portfolio managers, who are

responsible for constructing risk controlled portfolios, capturing the best thinking of both the local and global teams. The emphasis is on delivering alpha through bottom-up stock picking. J.P. Morgan was retained by the SBI in July 2005.

Marathon Asset Management

Marathon uses a blend of qualitative disciplines to construct portfolios. The resulting style and emphasis of the portfolio may vary over time and by market, depending on Marathon's perception of what represents the best value opportunity. Since the firm believes that profitability is inversely proportional to competition, Marathon is attracted to industries where the level of competition is declining. They will hold a sector position as long as the level of competition does not increase. At the stock level, Marathon tracks a company's competitive position relative to the attractiveness of their products or services and determines whether the company is following an appropriate capital reinvestment strategy for their current competitive position. Marathon was retained by the SBI in November 1993.

McKinley Capital Management

Using proprietary quantitative models, McKinley's investment process searches for and identifies signs of accelerating growth. The initial universe consists of 30,000 publicly traded non-U.S. stocks, from all capitalization categories in more than 60 countries. The primary model includes a linear regression model to identify stocks that are inefficiently priced in US dollars relative to the market while adjusting each security for standard deviation. The ratio of alpha to standard deviation (risk adjusted relative return) is the primary screening

Investment Manager Summaries

value. The remaining candidates then pass through liquidity and strength of earnings tests. The earnings tests identify securities with strong earnings acceleration.

In the final portfolio construction process, McKinley examines a variety of qualitative factors which could ultimately impact earnings. These include a qualitative data check and street research analysis of economic factors, specific industry themes and company fundamentals. The final portfolio will hold between 35-50 stocks, providing diversification and risk control by issue, industry, sector and country. McKinley was retained by the SBI in July 2005.

Pyramis Global Advisors Trust Company (formerly Fidelity Mgmt. Trust Co.)

Pyramis' International Growth strategy is a core, growth-oriented strategy that provides diversified exposure to the developed international markets benchmark. The investment process combines active stock selection and regional asset allocation. Four portfolio managers in London, Tokyo, Hong Kong, and Boston construct regional sub-portfolios, selecting stocks based on Pyramis analysts' bottom-up research and their own judgment and expertise. The four regional portfolios are combined according to the policy determined by Pyramis' Asset Allocation Group (AAG). The AAG, is comprised of senior investment professionals who base their decision from micro-economic data derived from portfolio manager inputs, analysts' field research, and proprietary data on liquidity, market activity, and fund flows. Portfolio guidelines seek to ensure risk is commensurate with the performance target and to focus active risk on stock selection. Resulting portfolios

typically contain between 200-250 holdings. Pyramis was retained by the SBI in July 2005.

RiverSource Investments, LLC (formerly American Express Asset Management)

RiverSource's objective is to focus on key forces of change in the markets and the companies that will benefit. They believe that a good understanding of the likely impact of these changes at a company level, complemented with an appreciation of the ability of management to exploit these changes, creates significant opportunities to pick winners and avoid losers. Companies are analyzed within a macroeconomic and global sector/thematic framework. "Top down" views on macroeconomics and trends in global sectors combine with "bottom-up" company analysis along regional and global sector lines. Analysts propose a rating of A through to E for approximately 150-200 stocks in each region reflecting the expected performance on a 12-month view. RiverSource was retained by the SBI in February 2000. In December 2003, the Threadneedle team replaced the original investment team.

Semi-Passive Developed Markets

AQR Capital Management

AQR employs a disciplined quantitative approach emphasizing both top-down country/currency allocation and bottom-up security selection decisions to generate excess returns. AQR's investment philosophy is based on the fundamental concepts of value and momentum. AQR's international equity product incorporates stock selection, country selection, and

currency selection models as the primary alpha sources. Dynamic strategy allocation (between the three primary alpha sources) and style weighting are employed as secondary alpha sources. AQR was retained by the SBI in July 2005.

Pyramis Global Advisors Trust Company

(formerly Fidelity Mgmt. Trust Co.)

Pyramis' Select International strategy combines active stock selection with quantitative risk control to provide consistent excess returns above the benchmark index while minimizing relative volatility and risk. Pyramis' investment philosophy is based on the premise that international markets are semi-efficient and pricing anomalies exist. Research conducted by the firm's international equity analysts and portfolio managers provides the basis for stock selection and portfolio construction.

By combining five regional sub-portfolios in the U.K., Canada, Continental Europe, Japan, and the Pacific Basin ex Japan, the portfolio manager produces a portfolio made up of the best ideas of the firm's research analysts located throughout the world. Each regional portfolio is created so that stock selection is the largest contributor to active return while systematic, sector, and factor risks are minimized. The portfolio manager uses a combination of proprietary and third-party optimization models to monitor and control risk within each regional module. Resulting portfolios typically contain between 275-325 holdings. Pyramis was retained by the SBI in July 2005.

Investment Manager Summaries

State Street Global Advisors

The International Alpha Strategy seeks to create value through superior security selection. Stocks are quantitatively ranked by region according to those factors which have been shown to identify mispricing: value, sentiment and earnings growth. The stock scores derived in this fashion are translated into forecasts of stock outperformance. The regional portfolio managers review all suggestions in terms of selections and weightings. A separate process projects transaction costs for each stock. Proprietary portfolio construction software is then used to generate a recommended buy/sell list based on the trade off between expected outperformance and the trading costs.

State Street Global Advisor's risk management process permits multiple and simultaneous risk penalties and implies that, as industry, country and capitalization deviations become greater and greater, the incremental expected return from a stock must increase in order to compensate for the greater benchmark relative risk. They also impose country, sector, industry, and security specific bands relative to the benchmark as an additional risk management tool and manage other exposures such as capitalization, beta and yield to be similar to that of the underlying benchmark. The investment process creates core portfolios that provide clients with stringent risk control, the return of the asset class, and the benefit of active management. SSgA was retained by the SBI in July 2005.

Passive Developed Markets

State Street Global Advisors

State Street manages an international index portfolio designed to track the Morgan Stanley Capital International Index of the World ex. United States. State Street uses a full replication strategy to construct the index by country. Stock index and country futures, approved by the Commodity Futures Trading Commission, are also used to minimize tracking error and allow for cash in flow and out flow. State Street was retained by the SBI in October 1992.

Active Emerging Markets

AllianceBernstein L.P.

AllianceBernstein's emerging markets equity process focuses on fundamental research-driven stock selection, which is structured by industry within the emerging markets regions. AllianceBernstein's three regional portfolio management and research teams, focused on Asia, Eastern Europe/Middle East/Africa and Latin America, construct portfolios within their respective regions. These regional portfolios are aggregated to establish AllianceBernstein's total emerging markets exposure in the portfolio. AllianceBernstein believes that investment success in the emerging markets stems from investing in those companies in each region with quality managements in growth businesses, with superior fundamentals and improving corporate governance. AllianceBernstein further believes that these companies can best be identified through rigorous fundamental research, conducted by internal, on-the-ground analysts. Although the investment philosophy emphasizes bottom-up stock selection, parameters are established

at the portfolio level to manage risk. Exposures by region are maintained close to the benchmark weights, and deviations are made when an excess or a lack of opportunities exist within a particular region. Maximum position constraints are imposed at the stock and country level, and industry exposures are generally a by-product of stock selection. The SBI retained AllianceBernstein in January 2001.

Capital International, Inc.

Capital International, Inc. has a long history of investing in emerging markets for its affiliate, Capital Guardian Trust Company, one of the Capital Group Companies. Capital is distinguished by its extensive commitment to fundamental research, with a large team of experienced analysts focused on gathering in-depth information first-hand on companies throughout the world. Their philosophy can best be described as value-oriented with research efforts focused on trying to identify the difference between the underlying value of a company and the price of its securities in its home market. This basic, fundamental approach is blended with macroeconomic and political judgments on the outlook for economies, industries, currencies and markets. A critical ingredient in this blending process is the recognition that the relative importance of each factor will vary from time to time, and none can be treated as being of paramount importance at all times. The account is divided among six portfolio managers and a research portfolio. The research portfolio is managed by a team of research analysts who select stocks within the sectors they cover. All portfolio managers are free to make their own decisions (within risk control limits) as to sector, quality emphasis, cash reserves, and issue selection. The

Investment Manager Summaries

SBI retained Capital International, Inc. in January 2001.

Morgan Stanley Investment Management

Morgan Stanley Investment Management is an emerging markets specialist. Their belief is that the emerging markets are a distinct asset class offering a diverse set of investment opportunities. As both macroeconomic and stock-specific factors drive the emerging markets, Morgan Stanley integrates both top-down country allocation and bottom-up stock selection in order to produce superior performance over the medium to long term. Effective investment management requires a dedicated manager who utilizes a set of investment tools tailored to the return and risk potential of this asset class. Morgan Stanley's core investment style combines growth and value as both are potential drivers of performance in emerging markets investing. They believe that growth-oriented companies trading at attractive valuations offer the best return prospects in the emerging markets. Morgan Stanley Investment Management was retained by the SBI for emerging market management in January 2001.

Portfolio statistics for each of the international managers can be found in the Statistical Data section of this report.

Fixed Income Program Managers

Active

Aberdeen Asset Management, Inc. (formerly Deutsche Asset Management)

Aberdeen believes there are significant pricing inefficiencies inherent in bond markets and that diligent credit analysis, security structure evaluation, and relative value assessment can be used to exploit these inefficiencies. The firm avoids interest rate forecasting and sector rotation because they believe these strategies will not deliver consistent out performance versus the benchmark over time. The firm's value added is derived primarily from individual security selection. Portfolio managers and analysts research bonds within their sector of expertise to determine the intrinsic value of each bond. The result is a portfolio that is constructed from the bottom-up, bond by bond. Sector weightings are a by-product of the bottom-up security selection. Aberdeen was retained by the SBI in February 2000.

Dodge & Cox Investment Management

Dodge & Cox manages a high quality (typically AA or better weighted average quality,) diversified portfolio of securities that are selected through fundamental analysis. The firm believes that by combining fundamental research with a long-term investment horizon it is possible to uncover and act upon inefficiencies in the valuation of market sectors and individual securities. When this fundamental research effort is combined with a disciplined program of risk analysis, attractive returns are possible over

the long-term. In seeking above average returns, Dodge & Cox emphasizes individual security selection, strives to build portfolios that have a higher yield than the broad bond market, and analyzes portfolio and individual security risk. Dodge & Cox was retained by the SBI in February 2000.

Pacific Investment Management Co. LLC (PIMCO)

PIMCO's investment approach seeks to outperform a client's benchmark on a consistent basis, while maintaining overall risk similar to the index. PIMCO's approach to investing has three key principles: the utilization of multiple strategies, a long-term orientation and bond selection from a broad universe. PIMCO's investment process starts with an annual Secular Forum. The goal of this Forum is to look beyond the current business cycle and determine how secular forces will play out over the next 3 to 5 years. Quarterly, PIMCO holds Economic Forums to evaluate growth and inflation over the next 6 to 9 months. Following PIMCO's Secular and Economic Forums, the PIMCO Investment Committee (IC) develops key portfolio strategies. They consider both the "top-down" conclusions emanating from PIMCO's Forum, as well as the "bottom-up" market intelligence provided by PIMCO's teams of sector specialist portfolio managers. Through an interactive series of meetings, the IC defines a set of consistent strategies that are then implemented by sector specialists who do in-depth research and recommend individual securities to the portfolio manager to be included in the portfolio. PIMCO was retained by the SBI in September 2008.

Investment Manager Summaries

RiverSource Investments, LLC (formerly American Express Asset Management)

RiverSource manages portfolios using a bottom-up, relative value approach in combination with a top-down, macro outlook that guides the firm's relative value decisions. The firm employs in-depth fundamental research and credit analysis combined with proprietary valuation disciplines to identify individual relative value opportunities across market sectors. The duration and maturity structure of the portfolio are managed using a rigorous quantitative approach centered on the firm's proprietary interest rate forecasting models. RiverSource is committed to diversification of sources of active risk in the portfolios it manages, and believes that proper diversification combined with consistent evaluation of risk-reward trade-offs leads to superior risk-adjusted performance. RiverSource was retained by the SBI in July 1993.

Western Asset Management

Western emphasizes the use of multiple strategies and active sector and issue selection, while constraining overall interest rate risk relative to the benchmark. Multiple strategies are proportioned so that results do not depend on one or two opportunities, and no single adverse market event would have an overwhelming effect. This approach adds consistent value over time and can reduce volatility. Long term value investing is Western Asset's fundamental approach. In making their sector decision, the firm seeks out the greatest long-term value by analyzing all fixed income market sectors and their economic expectations. Individual issues are identified based on relative credit strength, liquidity,

issue structure, event risk, covenant protection, and market valuation. Western believes that successful interest rate forecasting is extremely difficult to accomplish consistently and consequently keeps portfolio duration within a narrow band around the benchmark. Western was retained by the SBI in July 1984.

Semi-Passive

BlackRock Financial Management

BlackRock manages a semi-passive index portfolio that closely tracks the Barclays Capital Aggregate. BlackRock's strategy is a controlled-duration, sector rotation style, which can be described as active management with tighter duration, sector, and quality constraints. BlackRock seeks to add value through: 1) controlling portfolio duration within a narrow band relative to the benchmark, 2) relative value sector/sub-sector rotation and security selection, 3) rigorous quantitative analysis of the valuation of each security and of the portfolio as a whole, 4) intense credit analysis and review, and 5) the judgment of experienced portfolio managers. Advanced risk analytics measure the potential impact of various sector and security strategies to ensure consistent value added and controlled volatility. BlackRock was retained by the SBI in April 1996.

Goldman Sachs Asset Management

Goldman manages a semi-passive portfolio that closely tracks the Barclays Capital Aggregate. Goldman manages the portfolio within a risk-controlled framework. The firm relies primarily on sector allocation and security selection strategies to generate incremental return relative to the benchmark.

To a lesser degree, term structure and highly controlled interest rate anticipation strategies are also implemented. Portfolios are diversified among various sectors and individual securities. Goldman combines long-term strategic investments with short-term tactical trading opportunities. Strategic investments are based on fundamental and quantitative sector research and seek to optimize the long-term risk/return profile of portfolios. Tactical trades between sectors and securities within sectors are implemented to take advantage of short-term market anomalies. Goldman was retained by the SBI in July 1993.

Neuberger Berman Fixed Income LLC (formerly Lincoln Capital and Lehman Brothers Asset Management, LLC)

Neuberger manages a semi-passive portfolio that closely tracks the Barclays Capital Aggregate. Neuberger's process relies on a combination of quantitative tools and active management judgment. Explicit quantification and management of risks are at the heart of their investment process. Neuberger uses proprietary risk exposure analysis to analyze 25 interest rate factors, and over 43 spread-related factors, including those relating to credit quality, sector classification and sub-sector representations. Neuberger analyzes every bond in the index for all relevant factors, and capitalization weights the results to calculate index level risk exposures. For each interest rate factor, the portfolio is very closely matched to the index such that the expected return for the portfolio matches that of the index for any change in interest rates. For each spread factor, the portfolio can deviate slightly from the index as a means of seeking value-added.

Investment Manager Summaries

Setting active risk exposures that must fall within pre-established limits controls risk. To manage credit risk, corporate holdings are diversified across a large number of issues. Neuberger was retained by the SBI in July 1988.

Portfolio statistics for each of the bond managers can be found in the Statistical Data section of this report.

Alternative Investment Managers

Private Equity

Adams Street Partners

Funds: *Venture Partnership Acquisition Fund I*
Venture Partnership Acquisition Fund II

Adams Street (formerly Brinson Partners) Venture Partnership Acquisition Funds I and II were formed in 1988 and 1990, respectively. The limited partnerships are currently selling remaining fund investments. Fund I and II invest exclusively in secondary venture capital limited partnership interests which are sold by investors who, for a variety of reasons, have decided to sell some or all of their venture capital holdings. Adams Street Partners is based in Chicago, Illinois.

Advent International

Fund: *Advent International GPE VI*

Advent International GPE VI was formed for the purpose of investing primarily in buyout and recapitalization opportunities in upper middle-market companies in Europe and North America. Advent has regional headquarters in Boston

and London. The Fund was formed in 2008 and has an expected term of 12 years.

Affinity Capital

Funds: *Affinity Ventures IV*
Affinity Ventures V

Affinity Ventures Funds IV and V were formed in 2004 and 2008, respectively, to make venture capital investments exclusively in the health care industry, with a focus on companies in the medical device, health care service, health care information technology, and biotechnology sectors. Based in Minneapolis, the funds have an expected term of 12 years.

Banc Funds Co., L.L.C.

Funds: *Banc Fund VII*
Banc Fund VIII

Banc Fund VII and Banc Fund VIII were formed in 2005 and 2008, respectively, and have nine year terms. Based in Chicago, Illinois, the funds will invest primarily in sub-regional banks, located primarily in the Midwest, which have demonstrated above average growth and are likely acquisition targets.

Blackstone Group

Funds: *Blackstone Capital Partners Fund II*
Blackstone Capital Partners Fund IV
Blackstone Capital Partners Fund V
Blackstone Capital Partners Fund VI

Blackstone Capital Partners Funds II, IV, V and VI are limited partnerships which were formed in 1993, 2002, 2006, and 2008, respectively, and have ten year terms. Based in New York, the funds will invest in a variety of private

equity transactions. Fund II is currently liquidating its assets.

Blum Capital

Funds: *BLUM Strategic Partners*
BLUM Strategic Partners II
BLUM Strategic Partners III
BLUM Strategic Partners IV

BLUM Strategic Partners, L.P., BLUM Strategic Partners II, BLUM Strategic Partners III, and BLUM Strategic Partners IV were organized in 1998, 2001, 2005 and 2007, respectively, and have ten year terms. Based in San Francisco, the funds will focus on value-oriented private and public equity investments located primarily in the U.S.

CarVal Investors

Fund: *CVI Global Value Fund*

CVI Global Value Fund was formed in 2007 and is based in Minneapolis with offices in Beijing, Buenos Aires, Cobham, Copenhagen, Delhi, Luxembourg, Paris, Sao Paulo, Singapore, Shanghai and Tokyo. The Fund will make investments in loan portfolios, corporate securities, international real estate and real estate loans and special opportunities. The Fund is expected to have a term of ten years.

Chicago Growth Partners (William Blair)

Funds: *William Blair Capital Partners VII*
Chicago Growth Partners I
Chicago Growth Partners II

Formed in 2001, 2005 and 2008 with ten-year terms, the funds are based in Chicago and seek

Investment Manager Summaries

investments in a broad spectrum of private companies at various stages of development.

Coral Group Inc.

**Funds: Coral Partners IV
Coral Partners V**

Coral Partners IV and V are Minnesota-based venture capital limited partnerships managed by the Coral Group. These funds make technology and healthcare venture capital investments. They were formed in 1994 and 1998, respectively, and have eleven year terms. Fund IV is currently selling its remaining assets.

Court Square Capital

**Funds: Court Square Capital
Partners I
Court Square Capital
Partners II**

Court Square Capital Partners I and Court Square Capital Partners II were formed in 2001 and 2006, respectively, to make private equity investments in a diversified, global portfolio of companies. Based in New York, the funds have terms of 13 years.

Credit Suisse

**Fund: DLJ Merchant Banking
Partners III**

DLJ Merchant Banking Partners III was formed in 2000 with a term of ten years. Based in New York with offices worldwide, the Fund's investments will involve a variety of transactions, including leveraged and unleveraged acquisitions, recapitalizations, restructurings, workouts, expansion financings and other, similar situations.

Credit Suisse

**Funds: DLJ Strategic Partners
Fund I
CSFB Strategic Partners
Fund II B
CSFB Strategic Partners
Fund III B
CSFB Strategic Partners
Fund III VC
CS Strategic Partners
Fund IV B
CS Strategic Partners
Fund IV VC**

Strategic Partners I, II B, III B, and IV B were formed in 2001, 2003, 2005 and 2008, respectively, with terms of ten years each for the purpose of investing in secondary leveraged buyout and mezzanine debt limited partnership interests which are sold by investors who, for a variety of reasons have decided to liquidate all or a portion of their private equity holdings. Strategic Partners III VC and IV VC were formed in 2005 and 2008, respectively, with ten year terms for the purpose of investing in the secondary interests of venture capital funds. All funds are based in New York.

Crescendo Ventures

**Funds: Crescendo Venture
Fund III
Crescendo Venture
Fund IV**

Crescendo Venture Funds III and IV were organized in 1999 and 2000, respectively, and have ten year terms. They have offices in Minneapolis, Minnesota, and Palo Alto, California. The funds will pursue opportunistic venture capital investments throughout the U.S. with an emphasis on Minnesota and the Midwest.

CVC Capital Partners

**Fund: CVC European Equity
Partners V**

CVC European Equity Partners V was formed for the purpose of investing primarily in the European mid and large buyout markets, with investment opportunities available from a broad range of sectors and geographies. Formed in 2007, the Fund has an expected term of 12 years.

Diamond Castle Partners

Fund: Diamond Castle Partners IV
Diamond Castle Partners IV, based in New York, was established in 2006 to make private equity investments primarily in the following sectors: energy and power, healthcare, media and telecom, and financial services. The fund has an expected term of 12 years.

DSV Management Ltd.

Fund: DSV Partners IV
DSV Partners IV limited partnership was formed in 1985 and is currently in liquidation. The firm has offices in Princeton, New Jersey and California. DSV focused on start-up and early stage investments.

EBF & Associates

Fund: Merced Partners II
Based in Minneapolis, Merced Partners II expects to invest in securities with strong downside protection from identifiable asset value and compelling return potential from some combination of current income, asset value appreciation, secondary market instrument appreciation, and enterprise value creation or appreciation. The Fund was formed in 2006 with an expected term of ten years.

Investment Manager Summaries

Elevation Partners

Fund: Elevation Partners

Elevation Partners was formed in 2005 for the purpose of making private equity investments targeting the media and entertainment sectors, with a focus on content and intellectual property. With offices in Menlo Park and New York, the fund has an expected term of 12 years.

Fox Paine and Company

Funds: Fox Paine Capital Fund II

Fox Paine Capital Fund II was formed in 2000 and has a ten year term. Based in Foster City, CA, the fund focuses on private equity investments in middle market operating businesses in a wide variety of industries.

Golder, Thoma, Cressey and Rauner

Funds: Golder, Thoma and Cressey Fund III Golder, Thoma and Cressey Fund IV Golder, Thoma and Cressey Fund V

Based in Chicago, Golder, Thoma and Cressey Funds III, IV and V are venture capital limited partnerships and were formed in 1987, 1993 and 1996, respectively. All three funds are currently in liquidation. The funds invest in growing private businesses, find and build companies in fragmented industries and invest in small leveraged buyouts. In addition, each fund is diversified geographically and by industry.

GTCR Golder Rauner

Funds: GTCR Golder Rauner Fund VI GTCR Golder Rauner Fund VII GTCR Golder Rauner Fund IX

GTCR Golder Rauner Funds VI, VII and IX formed in 1998, 2000, and 2006 are funds of a successor firm to the private equity firm of Golder, Thoma, Cressey and Rauner. The SBI has several investments with Golder, Thoma, Cressey and Rauner. The funds have ten year terms. Based in Chicago, the funds focus primarily on a wide variety of private equity investments in consolidating and fragmented industries.

Goldman Sachs Capital Partners

Funds: GS Capital Partners 2000 GS Capital Partners V GS Capital Partners VI

GS Capital Partners 2000, GS Capital Partners V, and GS Capital Partners VI were formed in 2000, 2005 and 2007, respectively, by Goldman Sachs Advisors. Based in New York, the funds will focus on investments in the U.S. and internationally in four areas: merchant banking, telecommunications, broadband, and technology. The funds have expected terms of ten years.

Goldner Hawn Johnson and Morrison

Funds: GHJM Marathon Fund IV GHJM Marathon Fund V

GHJM Marathon Fund IV and GHJM Marathon Fund V were organized in 1998 and 2004, respectively, and have 10 year terms. Based in Minneapolis, the funds will pursue primarily middle market private equity investments located in the midwest and other parts of the U.S.

Hellman and Friedman

Funds: Hellman and Friedman IV Hellman and Friedman V Hellman and Friedman VI Hellman and Friedman VII

Hellman and Friedman IV, V, VI and VII were organized in 2000, 2004, 2007 and 2009 and have ten year terms. Based in San Francisco, the funds will pursue opportunistic private equity investments located in the U.S. and internationally.

Kohlberg, Kravis, Roberts & Co. (KKR)

Funds: KKR 1987 Fund KKR 1993 Fund KKR 1996 Fund KKR Millennium Fund (2001) KKR 2006 Fund

KKR's Funds are structured as limited partnerships. The funds invest in large leveraged buyouts but may include other types of investments as well. The partnerships' portfolio companies are often mature, low technology companies with very diversified operations. Kohlberg, Kravis, Roberts and Co. is based in New York. The funds were formed in the years cited above and have terms of twelve years. The 1987 and 1993 Funds are being liquidated.

Lexington Capital Partners

Fund: Lexington Capital Partners VI

Lexington Capital Partners VI was formed in 2006 for the purpose of making investments in established buyout, mezzanine and venture capital funds, primarily through secondary transactions. The fund is based in New York with an expected term of ten years.

Investment Manager Summaries

RWI Ventures

Funds: RWI Ventures I RWI Group III

RWI Group III and RWI Ventures I were formed in 1998 and 2000, respectively, to make venture capital investments. The Funds are based in California and have expected terms of ten years. The RWI Funds were transferred to the SBI from the Minneapolis Teachers Retirement Fund Association (MTRFA) on June 30, 2006 pursuant to the merger of MTRFA into TRA.

Sightline Healthcare (Piper Jaffray)

Funds: Sightline Healthcare Fund II Sightline Healthcare Fund III Sightline Healthcare Fund IV

Sightline Healthcare Funds II, III, and IV were organized in 1997, 1999 and 2003, respectively, with ten year terms. Based in Minneapolis, Minnesota, the funds will focus on a geographically diverse portfolio of healthcare venture capital investments. Fund II is in liquidation.

Silver Lake Partners

Funds: Silver Lake Partners II Silver Lake Partners III

Silver Lake Partners II and III were formed in 2003, and 2007 with terms of 12 years. With offices in New York and Menlo Park, the funds will focus primarily on large-scale private equity investing in technology companies.

Split Rock Partners

Funds: Split Rock Partners Split Rock Partners II

Split Rock Partners and Split Rock Partners II were formed in 2005 and 2008, respectively, by Split Rock

Partners Management (formerly part of St. Paul Venture Capital). With offices in Minneapolis and Menlo Park, the funds will focus on private equity investments in seed and early-stage healthcare and software companies. The funds have expected terms of 12 years.

Summit Partners

Funds: Summit Ventures II Summit Ventures V

Summit Ventures II and V are limited partnerships formed in 1988 and 1998. Fund II is essentially liquidated. Summit Partners focuses on profitable, expansion stage firms that have not yet received any venture backing. The majority of the partnership investments are in high tech firms. Investments are diversified by location and industry type.

Thoma Cressey Bravo Equity Partners

Funds: Thoma Cressey Fund VI Thoma Cressey Fund VII Thoma Cressey Fund VIII

Thoma Cressey Bravo is one of two successor firms to the private equity firm of Golder, Thoma, Cressey and Rauner. The SBI has several investments with Golder, Thoma, Cressey and Rauner. Thoma Cressey VI, VII and VIII were formed in 1998, 2000, and 2006 and have ten year terms. Based in Chicago, the funds focus primarily on a wide variety of private equity investments in consolidating and fragmented industries.

Thomas, McNerney & Partners

Funds: Thomas, McNerney & Partners Fund I Thomas, McNerney & Partners Fund II

Based in Minneapolis, with additional offices in New York

and San Francisco. The Thomas, McNerney & Partners Funds were formed in 2005 and 2006 to make venture capital investments in all stages of development and across all sectors of the health care industry. The Funds have an expected term of 10 years.

T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the SBI's alternative investment limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

Varde Partners

Funds: Varde Fund IX, L.P.

Varde Fund IX is a limited partnership formed in 2008 with a ten year term. Based in Minneapolis, the fund will invest in distressed and/or mispriced private and public investments.

Vestar Capital Partners

Funds: Vestar Capital Partners IV Vestar Capital Partners V

Vestar Capital Partners IV and V are limited partnerships that were formed in 1999 and 2006 and have ten year terms. Based in New York, the funds invest primarily in a number of private middle market companies.

Investment Manager Summaries

E.M. Warburg Pincus & Co., Inc.

Funds: **Warburg Pincus Ventures
Warburg Pincus Equity
Partners
Warburg Pincus Private
Equity Partners VIII
Warburg Pincus Private
Equity Partners IX
Warburg Pincus Private
Equity Partners X**

Warburg Pincus is based in New York, New York. These funds will invest private equity in a wide variety of businesses located domestically and abroad. The SBI committed to the first fund in 1994, the second fund in 1998, the third fund in 2002, the fourth fund in 2005, and the fifth fund in 2007. The funds have 12 year terms. Warburg Pincus Ventures is in the process to liquidating its holdings.

Wayzata Investment Partners

Funds: **Wayzata Opportunities
Fund I
Wayzata Opportunities
Fund II**

Wayzata Opportunities Fund I and Wayzata Opportunities Fund II were formed in 2006 and 2007, respectively, for the purpose of making investments in distressed securities where it can expect to exert significant influence on the restructuring process and potentially control the reorganized company. The Funds are based in Wayzata, Minnesota and have expected terms of eight years.

Welsh, Carson, Anderson and Stowe

Funds: **Welsh, Carson, Anderson
and Stowe Fund VIII
Welsh, Carson, Anderson
and Stowe Fund IX
Welsh, Carson, Anderson
and Stowe Fund X
Welsh, Carson, Anderson
and Stowe Fund XI**

Welsh, Carson, Anderson and Stowe Funds VIII, IX, X and XI were formed in 1998, 2000, 2005, and 2008 and have twelve year terms. Based in New York, N.Y., the funds focus on private equity investments in the healthcare and information services industries.

Zell/Chilmark

Fund: **Zell/Chilmark**

Zell/Chilmark was formed in 1990 and is substantially liquidated. Based in Chicago, Illinois, the Fund focused on corporate restructuring and rejuvenation situations.

Real Estate

Blackstone Real Estate Associates

Funds: **Blackstone Real Estate
Partners V
Blackstone Real Estate
Partners VI**

Based in New York, Blackstone Real Estate Partners V and VI formed in 2006 and 2007 to make real estate investments in a variety of sectors, geographic locations and business climates. Blackstone will consider investments in major urban office buildings, the lodging sector, distribution and warehousing centers, retail, and a variety of real estate operating companies. The Funds have expected terms of ten years.

Colony Advisors

Funds: **Colony Investors III**

Colony Investors III is a closed-end commingled real estate fund managed by Colony Capital Inc. of Los Angeles, CA. The funds' strategy is to invest in undervalued equity and debt real estate-related assets. The SBI committed to Fund III in 1998. Fund III is in the process of liquidating its holdings.

Credit Suisse

Funds: **CSFB Strategic
Partners III RE
CS Strategic
Partners IV RE**

CSFB Strategic Partners III RE and CS Strategic Partners IV RE were formed in 2005 and 2008, respectively, for the purpose of purchasing secondary interests of real estate funds. The funds will follow a strategy similar to that of the CSFB Strategic Partners private equity funds, in which the SBI is also an investor. Based in New York, the funds have an expected terms of 12 years.

Lehman Brothers

Funds: **Lehman Brothers Real
Estate Partners II
Lehman Brothers Real
Estate Partners III**

Lehman Brothers Real Estate Partners II and Lehman Brothers Real Estate Partners III were formed in 2005 and 2007, respectively, and expect to invest in properties, real estate companies and service businesses ancillary to the real estate industry on a global basis. The funds' worldwide headquarters are in New York, with regional headquarters in London and Tokyo. The funds are expected to have terms of 11 years.

Investment Manager Summaries

Morgan Stanley (Lend Lease)

Fund: Prime Property Fund

Prime Property Fund was formed in 1973 by the New York-based Lend Lease Real Estate Group, Inc. Morgan Stanley acquired the management rights in 2003. The account is an open-end commingled real estate fund and the SBI's commitment was made in 1981.

The fund has no termination date and investors retain the option to withdraw all or a portion of their investment. The fund makes equity investments in existing real estate and is diversified by location and property type.

TA Associates Realty

Funds: TA Realty Associates Fund V

TA Realty Associates Fund VI

TA Realty Associates Fund VII

TA Realty Associates Fund VIII

TA Realty Associates Fund IX

TA Realty Associates Funds V, VI, VII, VIII, and IX are closed-end, commingled real estate funds managed by TA Associates Realty of Boston, MA. The funds invest in small to medium sized properties generally diversified by location and type. On-site management of properties is contracted to outside firms. The SBI committed to the funds in 1999, 2002, 2004, 2006, and 2008, respectively. Each fund has a ten year term.

UBS Realty Investors

Fund: UBS Trumbull Property Fund

UBS Trumbull Property Fund is an open-end commingled real estate fund managed by UBS Realty, acquired from Aetna Life Insurance Company. The fund was formed in

1978 and the SBI's commitment was made in 1982. The fund has no termination date; investors have the option to withdraw all or a portion of their investments. UBS Trumbull Property Fund invests primarily in existing equity real estate. Investments are diversified by location and type of property.

Resource Funds

Apache Corporation

Fund: Apache Acquisition Net Profits Interest

Apache Corporation is a Houston based oil and gas company. Apache Acquisition Net Profits Interest is a private placement that was formed in 1986 to acquire a non-operating interest in the net profit generated by oil and gas properties acquired in 1986 from Occidental Petroleum Company. The fund will remain in effect throughout the producing life of the properties.

EnCap Investments

Fund: EnCap Energy Capital Fund VII

EnCap Energy Capital Fund VII was formed for the purpose of making privately negotiated equity and equity-linked investments in the independent sector of the oil and gas industry. Based in Houston, Texas, the fund has an expected term of 12 years.

First Reserve Corp.

Funds: First Reserve VII First Reserve VIII First Reserve IX First Reserve X First Reserve XI First Reserve XII

First Reserve funds were formed in 1996, 1998, 2001, 2003, 2006, and 2008, respectively, and are

structured as limited partnerships. Funds VII and VIII are currently undergoing an orderly liquidation of holdings. The other funds have ten year terms. The general partner's long-term investment strategy is to create diversified portfolios of oil and gas investments.

Natural Gas Partners

Funds: NGP Midstream & Resources

Natural Gas Partners IX

Based in Irving Texas, NGP Midstream & Resources will make direct investments in selected areas of the energy infrastructure and natural resources sectors, primarily targeting the midstream energy sector and all facets of the mining, minerals and related power sectors. The Fund was formed in 2007 with an expected term of 12 years. Natural Gas Partners IX is also based in Irving Texas, and will focus primarily on these sectors of the energy industry that are related to the production and development of crude oil and natural gas in North America. The Fund was formed in 2007 and has an expected term of 12 years.

Sheridan Production Partners

Fund: Sheridan Production Partners I

Sheridan Production Partners was formed in 2007 to pursue a strategy of acquiring a portfolio of currently producing oil and gas properties and optimizing the operations of those properties through production acceleration and recovery enhancement, appropriate use of capital reinvestment and aggressive cost control. The Fund is headquartered in Houston Texas and has an expected term of 15 years.

Investment Manager Summaries

Simmons & Company

Fund: SCF - IV

The Fund serves as a vehicle for investment in the oil field service (OFS) and equipment industry. The General Partner is located in Houston, Texas. Fund IV was formed in 1998 and is in the process of liquidating its holdings at the end of its ten year term.

T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the SBI's alternative investment limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

TCW Asset Management Company

Fund: TCW Energy XIV

TCW Energy XIV was formed in 2007 for the purpose of making mezzanine and equity investments in energy and energy-related infrastructure projects and companies on a global basis. The Fund operates from offices in Los Angeles, Houston, New York and London and has an expected term of 12 years.

Yield-Oriented

BlackRock Financial Management

Fund: Carbon Capital

Carbon Capital was formed in 2001 and has an eight year term. Based in New York, the fund will focus on mezzanine real estate loans secured by commercial property assets, primarily in the U.S.

Citicorp Capital Investors, Ltd.

Funds: Citicorp Mezzanine Partners Citicorp Mezzanine

Partners III

Citicorp Mezzanine Partners and Citicorp Mezzanine Partners III are limited partnerships formed in 1995 and 1999, respectively, by Citicorp Capital Investors Ltd. of New York, New York. The Funds will invest in a broad range of transactions utilizing subordinated debt and equity securities. The Funds have expected terms of 10 years and are in the process of liquidating their holdings.

Credit Suisse

Funds: DLJ Investment Partners II DLJ Investment Partners III

DLJ Investment Partners II and III are limited partnerships formed in 1999 and 2006 with expected terms of ten years. Based in New York, the Funds will invest in a variety of securities, including subordinated debt with warrants, preferred stock with warrants, common stock or other securities, including interests in joint ventures.

Equinox Investment Partners

Fund: KB Mezzanine Fund II

KB Mezzanine Fund II is a limited partnership formed in 1994 by Kleinwort Benson Group, a leading London-based merchant banking firm. In 1996, the fund manager reorganized and changed its name to Equinox Investment Partners. Fund II invests in a broad range of transactions including utilizing subordinated debt and equity securities. The SBI committed to the fund in 1994. The fund has an 8 year term and is currently liquidating investments.

Gold Hill Venture Lending Partners

Funds: Gold Hill Venture Lending Gold Hill 2008

Gold Hill Venture Lending and Gold Hill 2008 were formed in 2004 and 2008, respectively. The Funds are expected to generate returns through secured loans, gains on the sales of securities acquired upon the exercise of warrants, and through the disposition of direct equity investments. Prior to forming Gold Hill, the partners executed a similar mandate for Silicon Valley Bank, and they expect to continue a close relationship for purposes of deal-sourcing. Gold Hill has offices in Santa Clara and Boston, and has an expected term of ten years.

Goldman Sachs Mezzanine Partners

Funds: GS Mezzanine Partners II GS Mezzanine Partners III GS Mezzanine Partners 2006 GS Mezzanine Partners V

GS Mezzanine Partners II, III, 2006 and V are limited partnerships formed in 2000, 2003, 2006 and 2007 respectively, with expected terms of ten years. Based in New York, the Funds' investment objectives are to achieve long-term capital appreciation and current returns through investments in mezzanine securities. These securities will principally include fixed income securities such as debt and preferred stock, often with an equity component, such as warrants, options, a convertible feature, or common stock associated with the debt or preferred stock purchase.

GTCR Golder Rauner

Fund: GTCR Capital Partners

GTCR Capital Partners is a limited partnership formed in 1999 with an expected term of ten years. Based in Chicago, the Fund will make

Investment Manager Summaries

mezzanine investments primarily in companies in which a GTCR Equity Fund invests or has invested. GTCR invests in consolidating, fragmented industries by teaming with top executives to build companies through acquisition and internal growth.

Merit Capital Partners (William Blair Mezzanine Partners)

Funds: *William Blair Mezzanine Capital Partners III
Merit Capital Partners IV*

William Blair Mezzanine Capital Partners III and Merit Capital Partners IV are limited partnerships formed in 1999 and 2004 with expected terms of ten years. Based in Chicago, the Funds will invest primarily in fixed rate subordinated debt securities. These securities generally will be purchased with a significant equity component in the form of warrants, common stock or contingent interest.

Merit Energy Company

Funds: *Merit Energy Partners B, C, D, E and F*

Merit Energy Partners B, C, D, E, and F were formed in 1996, 1998, 2000, 2003 and 2005, respectively, and each fund has an eight year initial term. Based in Dallas, TX, the funds will focus on resource investments in producing oil and gas properties. Funds B and C are currently in the post-investment distribution mode.

Prudential Capital Group

Funds: *Prudential Capital Partners
Prudential Capital Partners II
Prudential Capital Partners III*

Prudential Capital Partners I, II, and III were formed in 2001, 2005, and

2009, respectively, with 10-year terms. Based in Chicago, the Funds will make mezzanine investments, typically including convertible debt, preferred stock and warrants, with a specific focus on middle market companies.

Quadrant

Funds: *Institutional Commercial Mortgage Fund IV
Institutional Commercial Mortgage Fund V*

Institutional Commercial Mortgage Funds IV and V are funds formed in 1997 and 1999, respectively, with ten year terms. Based in Atlanta, GA, the funds focus on mortgage investment in real estate located throughout the U.S. Currently, the funds are in the process of liquidating investments.

Summit Partners

Funds: *Summit Subordinated Debt Fund I
Summit Subordinated Debt Fund II
Summit Subordinated Debt Fund III
Summit Subordinated Debt Fund IV*

Summit Subordinated Debt Funds I, II, III and IV are limited partnerships formed in 1994, 1996, 2004 and 2007, respectively, with ten year terms. The funds will invest in many of the same companies as the Summit Venture funds. Investments by those partnerships will principally take the form of subordinated debt with equity features. These yield-oriented investments will provide current income over the life of the investment with the potential for additional returns. Fund I and II are currently liquidating investments.

T. Rowe Price

T. Rowe Price, a Baltimore-based money management firm, was selected to manage stock distributions from the Board's alternative investment limited partnerships. T. Rowe Price has extensive research capabilities in the small capitalization company area. In addition, the firm has a large trading staff with particular expertise in the trading of small capitalization and illiquid stocks.

TCW/Crescent Mezzanine

Funds: *TCW/Crescent Mezzanine Partners I
TCW/Crescent Mezzanine Partners II
TCW/Crescent Mezzanine Partners III*

TCW/Crescent Mezzanine Partners I, II, and III are Los Angeles based limited partnerships formed in 1996, 1998, and 2001, respectively. The Funds will make mezzanine investments including subordinated debt with equity participations primarily in profitable, middle market companies. Funds I and II are currently liquidating investments and Fund III is expected to terminate in 2011.

Windjammer Capital Investors

Funds: *Windjammer Mezzanine and Equity Fund II
Windjammer Senior Equity Fund III*

Windjammer Funds II and III are limited partnerships formed in 2000 and 2005 with expected terms of ten years. The Funds will provide subordinated debt and/or preferred stock accompanied by warrants or other forms of equity participation and, in certain instances, common stock to middle market companies. The Funds will seek to generate both current income and substantial capital gains while limiting risk.

Investment Manager Summaries

Assigned Risk Plan Managers

GE Asset Management

GE Asset Management manages the stock portfolio for the Assigned Risk Plan. Their strategy is to maintain a style-neutral position between value and growth stocks and focus on fundamental, bottom-up stock selection to add value. This strategy is accomplished by combining the expertise of three portfolio managers, each with different styles ranging from value to growth, supported by a staff of industry analysts. Each analyst is responsible for one or more industries and together provide analytical coverage across the full spectrum of industries. The three portfolios are combined to create a well-diversified portfolio while neutralizing the style bet. GE Asset Management was retained by the SBI in January 1995.

Voyageur Asset Management

Voyageur manages the fixed income portfolio for the Assigned Risk Plan. The main objective for the portfolio is to provide cash for the payment of workers compensation claims on the required dates. Because of the uncertainty of premium and liability cash flows, the fund is invested conservatively. Voyageur uses a top-down approach to bond selection. They focus on sector analysis and security selection. Yield curve and duration analysis are secondary considerations. Voyageur has managed the bond portfolio since July 1991.

Stable Value Manager

Galliard Capital Management, Inc.

Galliard Capital Management manages the Fixed Interest Account in the Supplemental Investment Fund. The stable value fund is managed to protect principal and provide competitive interest rates using instruments somewhat longer than typically found in money market-type accounts. The manager invests cash flows to optimize yields. The manager invests the Account in well diversified portfolios of high quality investment grade fixed income securities. The manager also invests in investment contracts with U.S. and non-U.S. financial institutions that provide principal protection for the diversified bond portfolios regardless of daily market changes. To maintain necessary liquidity, the manager invests a portion of the portfolio in its Stable Return Fund and in cash equivalents. The Stable Return Fund is a large, daily priced fund consisting of a wide range of stable value instruments that is available to retirement plans of all sizes. The firm was retained by the SBI in November 1994.

State Deferred Compensation Plan Non-SIF Mutual Fund Managers

Janus Twenty Fund

The fund is an actively managed large cap equity option. The investment objective of this fund is long-term growth of capital from increases in the market value of the stocks it owns. The fund will concentrate its investments in holdings of about thirty common stocks. This non-diversified fund seeks to invest in companies that

the portfolio manager believes have strong current financial positions and offer growth potential. The fund was retained by the SBI in July 1999.

Legg Mason Partners Appreciation I Fund

The fund is an actively managed large cap equity option. The manager seeks to build a portfolio providing low volatility and consistent returns by investing in a blend of value and growth stocks. The manager selects dividend-paying blue chip stocks at reasonable valuations and growth stocks that have been discounted by the market. The manager will hold significant cash positions if the market is judged to be too pricey. The fund was retained by the SBI in December 2003.

T. Rowe Price Small Cap Stock Fund

The strategy of this fund is to invest primarily in stocks of small to medium-sized companies that are believed to offer either superior earnings growth or appear undervalued. The fund normally invests at least 80% of assets in equities traded in the U.S. over-the-counter market. The manager does not favor making big bets on any particular sector or any particular stock. The fund's combination of growth and value stocks offers investors relatively more stable performance compared to other small cap stock funds. The fund was retained by the SBI in July 1999.

Dodge & Cox Balanced Fund

The fund offers a mix of stocks and bonds to investors seeking diversification in one investment option. The manager typically has

Investment Manager Summaries

a mix of 60 percent to 65 percent stocks and 30 percent to 35 percent bonds, and changes the mix between stocks and bonds slowly. The manager follows a disciplined value approach for the equity portfolio and has a larger exposure to mid-cap stocks than other balanced mutual funds. The manager emphasizes mid-quality corporate bonds and attractively priced mortgage-backed securities in the bond portfolio. The duration of the bond portfolio is kept close to that of the overall bond market. The fund was retained by the SBI in October 2003.

Dodge & Cox Income Fund

The objective of this fund is a high and stable rate of current income with capital appreciation being a secondary consideration. This portfolio invests primarily in intermediate term, investment-grade quality corporate and mortgage bonds and, to a lesser extent, government issues. While it invests primarily in the U. S. bond market, the fund may invest a small portion of assets in dollar-denominated foreign securities. The duration of the portfolio is kept near that of the bond market as a whole. The fund was retained by the SBI in July 1999.

Fidelity Diversified International Fund

The goal of this fund is capital appreciation by investing in securities of companies located outside the United States. While the fund invests primarily in stocks, investments are made in larger companies located in developed countries. The manager uses a bottom-up stock selection process based on the extensive fundamental research available from the company's many security analysts. Sector and country weightings are reviewed for risk control. The manager also uses a

rigorous computer-aided quantitative analysis supplemented by relevant economic and regulatory factors. The manager rarely invests in currency to protect the account from exchange fluctuations. The fund was retained by the SBI in July 1999.

Vanguard Institutional Index Plus Fund

The passively managed fund tracks the S&P 500 index. This fund attempts to provide investment results, before fund expenses, that parallel the performance of the Standard & Poor's 500 index. The fund invests in all 500 stocks in the S&P 500 index in approximately the same proportions as they are represented in the index. The fund may use futures and options for temporary purposes, but generally remains fully invested in common stocks. The fund was retained by the SBI in July 1999.

Vanguard Mid Capitalization Index Institutional Fund

The fund is passively managed to track the performance of the MSCI US Mid Cap 450 index, an index of stocks of medium-size U.S. companies. The manager holds positions in all companies in the index and uses futures and options for handling cash needs. The fund was retained by the SBI in January 2004.

Vanguard Balanced Index Fund Institutional

The fund portfolio provides a diversified portfolio of stocks and bonds by investing in a mix of 60 percent stocks and 40 percent bonds.

The manager does not change the asset mix. The fund is passively managed with the equity portfolio invested to track the returns of the MSCI US Broad Market index, which encompasses stocks of companies of all sizes, and the bond portfolio invested to track the returns of the Barclays Capital Aggregate Bond index. The fund was retained by the SBI in December 2003.

Vanguard Total Bond Market Index Fund Institutional

The fund is passively managed to track the performance of the Barclays Capital Aggregate Bond index. The manager uses an index sampling technique to invest in investment-grade corporate, U.S. Treasury, mortgage-backed and asset-backed securities of varying maturities in order to create a portfolio of intermediate duration like the Barclays Capital Aggregate. The fund was retained by the SBI in December 2003.

Vanguard Institutional Developed Markets Index Fund

The fund is passively managed to track the returns of the MSCI EAFE index. The fund is invested in the Vanguard European Stock Index Fund and the Vanguard Pacific Stock Index Fund. The fund has minimal exposure to emerging markets. The European Stock Index Fund tracks the MSCI Europe index, a capitalization weighted benchmark of the region's largest stocks and markets. The Pacific Stock Index Fund tracks the MSCI Pacific index, which includes mostly large companies from Japan, Australia, Hong Kong, Singapore and New Zealand. The fund was retained by the SBI in December 2003.

***State Deferred Compensation
Plan Insurance Company
Investment Contract Managers***

In March 2008, the SBI merged the Deferred Compensation Plan's Minnesota Fixed Fund into the Supplemental Investment Fund Fixed Interest Account. Galliard, the manager of the Fixed Interest Account (see "Stable Value Manager"), absorbed into its portfolio the investment contracts of the three insurance companies that invested the assets of the now defunct Minnesota Fixed Fund. These companies are Principal Life, Des Moines, Iowa; Minnesota Life, St. Paul, Minnesota; and Great-West Life, Denver, Colorado. As these insurance contracts mature on a quarterly basis, Galliard reinvests the proceeds in the Fixed Interest Account fixed income portfolios.

Statistical Data

Stock Manager Risk Factor Exposure Glossary

The following definitions describe the risk factors that the State Board of Investment (SBI) uses in monitoring its stock managers. The terms are referred to in the Risk Factor Exposure table that follows this glossary.

SBI analysis of a stock manager's portfolio, in part, utilizes the BARRA E3 model. The BARRA model contains a number of risk factors that the SBI has found to correlate highly with a manager's investment style. That is, a manager tends to exhibit consistent exposures to many of these risk factors over time. The benchmark construction process includes identifying these persistent exposures and capturing them in the benchmark portfolio.

Factor exposures are calibrated relative to an estimation universe of the top 1,500 stocks ranked by capitalization plus smaller companies chosen to ensure a reasonable number of companies in each industry. An exposure level of 0 for a particular stock to a particular factor indicates that the stock has the same exposure as the capitalization-weighted average of the stocks in the estimation universe. Around that zero exposure, deviations are measured in standard deviation units. Thus, an exposure level of +1 indicates that the stock has a greater exposure to the factor than roughly 68% of the stocks in the estimation universe.

Beta

Forecasts the sensitivity of a stock's return to the return on the market portfolio. The BARRA E3 beta is a forecasted beta, based on a company's exposure to a number of common risk factors and industries.

Volatility (Vlty.)

Captures relative volatility using measures of both long-term historical volatility and near-term volatility. Other proxies for volatility, corrections for thin trading and changes in volatility are also included in this descriptor.

Momentum (Mom.)

Indicates common variation in returns related to recent stock price behavior. Stocks that had positive excess returns in the recent past are grouped separately from those that displayed negative excess returns.

Size

Measures differences in stock returns due to differences in the market capitalization of companies.

Size Nonlinearity (Size Non.)

Describes deviations from linearity in the relationship between returns and a measure of market capitalization.

Trading Activity (Trad. Acvty.)

Measures the amount of relative trading in each stock. Stocks that are highly traded are likely to be those with greater institutional interest. Such stocks may display different returns behavior compared with those that are not widely held by institutions.

Growth

Uses historical growth and profitability measures to predict future earnings growth.

Earnings Yield (E/Y)

Combines current and historical earnings-to-price ratios with a measure of analyst-predicted earnings-to-price. Stocks with similar values of earnings yield behave in a similar fashion with respect to their returns.

Value

Distinguishes between value stocks and growth stocks using the ratio of book value of equity to market capitalization.

Earnings Variability (Earn. Var.)

Measures the variability in earnings and cash flows using both historical measures and analyst predictions.

Leverage (Lev.)

Indicates the financial leverage of a company using debt-to-total assets and other measures.

Current Sensitivity (Curr. Sens.)

Measures the sensitivity of a company's stock return to the return on a basket of foreign currencies.

Dividend Yield (Div. Yld.)

Predicts dividend yield using the past history of dividends and the market price behavior of the stock.

Average Turnover (Avg T/O)

Measures the total equity asset sales divided by the average value of the equity assets in the manager's portfolio. The reported number represents the median of twelve trailing monthly calculations.

Equity Allocation (Eqty. Alloc.)

Measures the percent of the manager's total portfolio invested in common stocks, preferred stocks and convertible securities.

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Risk Factor Exposures FY 2008 and FY 2009 (In Percentages)

	Beta	Vlty.	Mom.	Size	Size Non	Trad. Acvty	Growth	E/Y	Value	Earn. Var.	Lev.	Curr. Sens.	Div. Yld	Avg. T/O	Eqty Alloc.
<u>Large Cap Core (Russell 1000)</u>															
Mellon Capital Mgmt.															
June-09	0.93	-0.30	-0.02	0.34	0.10	-0.11	0.00	0.21	-0.07	-0.23	-0.34	0.18	0.05	7.69	99.6%
June-08	1.02	-0.06	0.27	0.12	0.08	0.24	0.07	0.09	-0.07	0.07	-0.10	0.12	-0.10	10.78	99.6%
New Amsterdam Partners															
June-09	0.97	-0.23	0.21	0.00	0.11	0.17	0.19	0.14	-0.16	-0.29	-0.26	0.03	-0.15	6.19	97.6%
June-08	1.00	-0.10	0.18	-0.07	0.10	0.18	0.27	0.08	-0.23	-0.18	-0.15	-0.04	-0.35	5.14	98.1%
UBS Global Asset Mgmt.															
June-09	1.21	0.36	-0.36	-0.14	0.07	0.28	-0.07	-0.04	0.17	0.02	0.06	0.18	-0.11	6.82	95.2%
June-08	1.10	0.16	-0.37	0.02	0.10	0.05	-0.21	-0.08	0.13	-0.05	0.00	-0.01	0.11	2.13	97.9%
Frank Russell 1000															
June-09	1.02	-0.03	-0.04	0.17	0.08	0.06	-0.03	0.03	-0.01	-0.02	-0.04	0.01	0.03	N.A.	100.0%
June-08	1.02	-0.05	-0.03	0.16	0.08	0.04	-0.06	0.05	0.00	-0.02	-0.05	0.00	0.04	N.A.	100.0%
<u>Large Cap Growth (Russell 1000 Growth)</u>															
AllianceBernstein															
June-09	0.99	-0.13	0.34	0.55	0.14	0.16	0.28	-0.10	-0.13	-0.09	-0.19	0.15	-0.42	6.48	99.3%
June-08	1.08	0.05	0.62	0.39	0.13	0.43	0.56	-0.32	-0.39	-0.02	-0.23	-0.07	-0.48	6.50	99.6%
Intech Investment Mgmt.															
June-09	0.88	-0.30	0.17	0.04	0.07	-0.12	0.08	0.05	-0.33	-0.20	-0.11	0.09	-0.07	10.39	99.5%
June-08	0.95	-0.08	0.37	0.01	0.07	0.05	0.19	-0.17	-0.35	-0.18	-0.12	0.07	-0.35	9.04	99.5%
Jacobs Levy Equity Mgmt.															
June-09	1.04	0.02	-0.11	-0.65	-0.08	0.22	-0.01	0.17	-0.01	-0.05	0.15	0.08	-0.16	11.83	99.0%
June-08	1.03	0.02	0.05	-0.30	0.02	0.22	0.10	0.09	-0.18	-0.14	-0.12	-0.06	-0.35	11.95	99.1%
Knelman Asset Mgmt.															
June-09	1.00	-0.05	0.17	0.20	0.11	0.21	0.30	-0.04	-0.19	-0.06	-0.23	0.20	-0.36	12.46	99.1%
June-08	1.08	0.09	0.55	0.12	0.09	0.36	0.34	-0.10	-0.38	0.03	-0.13	0.01	-0.45	6.81	98.8%
Sands Capital Mgmt.															
June-09	1.06	0.30	0.36	-0.06	0.09	0.45	1.17	-0.31	-0.29	0.12	-0.28	0.27	-0.76	2.18	99.1%
June-08	1.22	0.50	0.47	-0.02	0.10	0.70	1.18	-0.58	-0.53	-0.02	-0.15	-0.39	-0.83	3.35	99.5%
Winslow-Large Cap															
June-09	0.97	-0.05	0.48	0.09	0.10	0.16	0.64	-0.11	-0.26	0.00	-0.19	0.25	-0.57	6.68	99.5%
June-08	1.07	0.16	0.64	-0.03	0.08	0.26	0.67	-0.32	-0.39	-0.08	-0.17	-0.10	-0.63	7.23	98.2%

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Risk Factor Exposures FY 2008 and FY 2009 (In Percentages)

	Beta	Vlty.	Mom.	Size	Size Non	Trad. Acvty	Growth	E/Y	Value	Earn. Var.	Lev.	Curr. Sens.	Div. Yld	Avg. T/O	Eqty Alloc.
Zevenbergen Capital															
June-09	1.03	0.33	0.55	-0.61	-0.13	0.19	1.08	-0.27	-0.37	0.03	-0.02	0.16	-0.73	2.57	98.73%
June-08	1.25	0.70	0.66	-0.68	-0.21	0.42	1.61	-0.58	-0.44	0.12	0.01	-0.10	-0.81	4.23	97.32%
Frank Russell 1000 Growth															
June-09	0.93	-0.15	0.10	0.14	0.08	-0.04	0.15	0.01	-0.31	-0.14	-0.16	0.14	-0.16	N.A.	100.0%
June-08	1.00	-0.02	0.12	0.08	0.07	0.10	0.11	-0.11	-0.31	-0.16	-0.12	-0.06	-0.29	N.A.	100.0%
Large Capital Value (Russell 1000 Value)															
Barrow Hanley															
June-09	0.98	-0.17	-0.18	0.35	0.12	-0.15	-0.25	0.25	0.14	-0.12	-0.13	-0.05	0.34	1.28	99.9%
June-08	1.00	-0.14	-0.25	0.32	0.12	-0.12	-0.21	0.36	0.21	-0.02	-0.06	0.08	0.32	1.06	96.1%
Earnest Partners															
June-09	1.13	0.10	-0.02	0.12	0.10	0.31	-0.01	0.10	0.05	-0.03	0.14	0.15	-0.12	1.15	97.11%
June-08	1.16	0.18	-0.11	0.15	0.09	0.26	-0.11	0.20	0.21	0.31	0.21	-0.09	0.08	0.83	98.63%
Lord Abbett & Co.															
June-09	1.23	0.38	-0.06	0.17	0.09	0.48	-0.11	-0.12	0.16	0.19	0.35	-0.29	-0.16	8.98	95.1%
June-08	1.12	0.09	-0.19	0.28	0.11	0.06	-0.14	-0.05	0.17	0.23	0.29	-0.05	0.11	9.19	99.3%
LSV Asset Mgmt															
June-09	1.16	0.25	-0.27	-0.13	0.02	0.33	-0.30	0.14	0.44	0.19	0.09	-0.21	0.18	1.46	99.2%
June-08	1.10	0.02	-0.41	-0.10	0.00	0.16	-0.35	0.49	0.49	0.11	-0.05	-0.06	0.45	2.84	99.6%
Systematic Financial Mgmt.															
June-09	1.20	0.37	-0.05	-0.03	0.07	0.53	-0.07	0.07	0.17	0.20	0.17	0.02	-0.04	14.44	97.1%
June-08	1.08	-0.06	0.11	0.08	0.09	0.14	0.00	0.33	0.23	0.12	0.01	0.11	0.19	8.76	97.8%
Frank Russell 1000 Value															
June-09	1.12	0.10	-0.19	0.20	0.07	0.18	-0.23	0.05	0.32	0.12	0.08	-0.14	0.23	N.A.	100.0%
June-08	1.04	-0.09	-0.20	0.25	0.08	-0.02	-0.24	0.23	0.35	0.14	0.04	0.08	0.42	N.A.	100.0%
Small Cap Growth (Russell 2000 Growth)															
McKinley Capital Mgmt.															
June-09	0.97	0.44	0.96	-2.14	-0.83	-0.09	0.69	-0.19	-0.20	0.14	0.45	-0.20	-0.69	7.81	98.8%
June-08	1.16	0.73	0.81	-2.04	-0.83	0.09	0.81	-0.36	-0.32	0.22	0.57	0.18	-0.73	6.99	97.5%
Next Century Growth															
June-09	1.06	0.56	0.78	-2.15	-0.83	0.01	1.27	-0.45	-0.35	0.38	0.31	0.14	-0.83	8.09	98.91%
June-08	1.22	1.03	1.05	-2.26	-1.15	-0.12	1.38	-0.84	-0.37	0.12	0.40	-0.03	-0.84	8.58	97.41%
Turner Investment Partners															
June-09	1.11	0.81	0.59	-2.17	-0.81	0.11	0.60	-0.51	-0.13	0.46	0.52	-0.05	-0.76	11.17	97.7%
June-08	1.19	0.77	0.95	-2.03	-0.77	0.20	0.87	-0.56	-0.37	0.21	0.46	0.14	-0.68	11.27	97.8%

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Risk Factor Exposures FY 2008 and FY 2009 (In Percentages)

	Beta	Vlty.	Mom.	Size	Size Non	Trad. Acvty	Growth	E/Y	Value	Earn. Var.	Lev.	Curr. Sens.	Div. Yld	Avg. T/O	Eqty Alloc.
Frank Russell 2000 Growth															
June-09	1.11	0.83	0.39	-2.50	-1.38	-0.45	0.63	-0.52	-0.15	0.38	0.60	-0.18	-0.66	N.A.	100.0%
June-08	1.23	1.12	0.25	-2.39	-1.40	-0.05	0.73	-0.58	-0.17	0.37	0.66	-0.14	-0.63	N.A.	100.0%
<u>Small Cap Value (Russell 2000 Value)</u>															
Goldman Sachs															
June-09	1.13	0.46	0.09	-2.37	-1.16	-0.33	-0.03	-0.13	0.43	0.29	0.56	-0.31	-0.06	4.14	97.2%
June-08	1.10	0.62	-0.22	-2.57	-1.65	-0.39	0.00	-0.14	0.45	0.29	0.58	-0.21	-0.17	5.42	95.0%
Hotchkis & Wiley															
June-09	1.36	1.06	-0.58	-2.33	-1.28	-0.04	-0.42	-0.22	1.12	0.79	0.86	-0.39	-0.18	5.55	97.1%
June-08	1.30	1.15	-0.86	-2.64	-1.88	-0.15	-0.41	-0.18	1.16	0.77	0.98	-0.19	-0.04	5.59	95.8%
Martingale Asset Mgmt															
June-09	1.19	0.81	0.27	-2.69	-1.70	-0.56	-0.04	0.03	0.60	0.39	0.84	-0.53	-0.13	9.66	99.6%
June-08	1.17	0.80	0.02	-2.59	-1.71	-0.18	0.08	0.26	0.45	0.38	0.75	0.05	-0.11	10.51	99.5%
Peregrine Capital Mgmt.															
June-09	1.45	1.23	-0.22	-2.37	-1.15	0.21	0.02	-0.19	0.53	0.61	1.03	-0.31	-0.35	8.34	97.61%
June-08	1.26	0.97	-0.54	-2.59	-1.68	-0.04	0.14	-0.01	0.78	0.37	0.95	-0.33	-0.21	5.17	97.90%
RiverSource/Kenwood															
June-09	1.26	0.94	0.00	-2.69	-1.72	-0.47	-0.09	-0.08	0.82	0.55	0.88	-0.53	-0.14	17.52	99.3%
June-08	1.17	0.86	-0.04	-2.60	-1.81	-0.25	0.00	0.09	0.56	0.47	0.69	-0.01	-0.15	16.91	99.1%
Frank Russell 2000 Value															
June-09	1.21	0.79	-0.02	-2.63	-1.60	-0.46	-0.16	-0.30	0.73	0.50	0.75	-0.55	-0.01	N.A.	100.0%
June-08	1.16	0.77	-0.20	-2.56	-1.67	-0.25	-0.07	-0.16	0.65	0.46	0.73	-0.06	0.00	N.A.	100.0%
<u>AGGREGATE ACTIVE</u>															
Aggregate															
June-09	1.08	0.20	0.10	-0.47	-0.17	0.13	0.19	-0.03	0.03	0.06	0.09	0.01	-0.22	5.89	98.2%
June-08	1.10	0.24	0.13	-0.46	-0.21	0.14	0.25	-0.07	-0.01	0.06	0.09	-0.03	-0.20	5.48	98.2%
Frank Russell 3000															
June-09	1.04	0.14	0.01	-0.40	-0.25	-0.05	0.03	-0.06	0.05	0.08	0.10	-0.07	-0.05	N.A.	100.0%
June-08	1.05	0.15	-0.02	-0.37	-0.25	0.00	0.03	-0.04	0.04	0.07	0.10	-0.02	-0.03	N.A.	100.0%

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Sector Weights FY 2008 and FY 2009 (In Percentages)

	Cash	Cons. Non Dur.	Cons. Dur.	Basic Mat.	Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
<u>Large Cap Core (Russell 1000)</u>												
Mellon Capital												
June-09	0.44	35.17	0.00	4.25	8.30	11.40	17.69	1.59	6.90	14.26	0.00	100.00
June-08	0.36	27.98	2.67	6.64	5.92	13.92	18.89	0.00	8.44	15.17	0.00	100.00
New Amsterdam Partners												
June-09	2.41	32.78	10.08	7.46	6.06	11.65	14.32	0.00	4.56	10.68	0.00	100.00
June-08	1.87	28.12	10.28	5.97	11.31	13.08	16.10	0.00	4.78	6.18	2.30	100.00
UBS Global Asset Mgmt.												
June-09	4.76	21.20	7.79	1.55	9.03	14.33	18.17	5.99	5.94	11.23	0.00	100.00
June-08	2.11	29.24	6.57	1.82	7.48	5.91	16.65	7.25	2.64	18.91	1.43	100.00
Frank Russell 1000												
June-09	0.00	32.90	1.87	4.82	6.61	12.28	17.65	1.88	7.06	14.45	0.47	100.00
June-08	0.00	28.70	1.91	5.30	7.72	13.45	16.55	2.07	7.10	16.52	0.66	100.00
<u>Large Cap Growth (Russell 1000 Growth)</u>												
AllianceBernstein												
June-09	0.73	32.04	1.48	5.74	3.65	10.89	26.80	1.62	0.00	17.04	0.00	100.00
June-08	0.40	29.06	0.57	7.52	5.89	10.21	34.66	0.92	0.00	10.75	0.00	100.00
Intech Investment Mgmt.												
June-09	0.53	42.13	1.30	3.86	6.09	7.84	29.20	4.83	0.52	3.05	0.65	100.00
June-08	0.45	38.07	1.49	7.98	11.13	11.17	21.08	0.94	2.25	4.83	0.61	100.00
Jacobs Levy												
June-09	0.98	38.24	1.86	5.02	7.81	10.52	20.81	1.82	3.69	7.15	2.10	100.00
June-08	0.88	35.69	3.95	4.81	10.35	8.73	21.39	1.42	0.49	10.70	1.59	100.00
Knelman Asset Mgmt.												
June-09	0.91	21.30	3.32	12.50	7.92	11.99	33.87	3.04	0.00	5.15	0.00	100.00
June-08	1.16	27.66	3.29	6.67	9.18	13.04	26.42	5.92	0.00	6.66	0.00	100.00
Sands Capital												
June-09	0.86	35.60	1.37	2.42	0.00	15.07	29.23	0.00	0.00	15.45	0.00	100.00
June-08	0.48	36.46	0.00	0.00	0.00	15.50	31.62	2.12	0.00	13.82	0.00	100.00
Winslow-Large Cap.												
June-09	0.53	22.65	0.00	3.72	7.79	9.82	36.79	4.33	0.00	14.37	0.00	100.00
June-08	1.82	26.64	1.05	3.79	11.49	14.03	31.19	1.07	0.97	7.96	0.00	100.00

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Sector Weights FY 2008 and FY 2009 (In Percentages)

	Cash	Cons. Non Dur.	Cons. Dur.	Basic Mat.	Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Zevenbergen Capital												
June-09	1.27	34.78	2.55	0.79	6.80	0.00	44.59	0.00	2.11	7.10	0.00	100.00
June-08	2.68	35.07	1.40	0.00	0.00	0.00	51.56	0.00	2.55	6.74	0.00	100.00
Frank Russell 1000 Growth												
June-09	0.00	36.18	1.80	4.94	6.96	8.81	30.05	2.66	2.23	5.51	0.87	100.00
June-08	0.00	34.94	2.30	5.21	7.44	9.79	27.70	2.75	1.77	7.36	0.74	100.00
<u>Large Cap Value (Russell 1000 Value)</u>												
Barrow Hanley												
June-09	0.12	31.18	2.96	2.62	11.89	14.20	7.83	3.30	13.85	12.03	0.00	100.00
June-08	3.90	26.04	2.69	3.36	12.61	14.05	1.26	3.44	13.45	19.18	0.00	100.00
Earnest Partners												
June-09	2.89	26.11	0.00	3.80	4.92	16.98	15.01	5.15	5.72	19.41	0.00	100.00
June-08	1.37	21.98	0.00	2.57	5.77	15.84	13.32	6.40	5.99	26.76	0.00	100.00
Lord Abbett & Co.												
June-09	4.93	31.12	2.23	2.26	4.63	11.20	4.85	2.42	3.17	33.19	0.00	100.00
June-08	0.65	26.03	3.90	8.41	5.54	10.69	9.98	3.11	3.36	28.34	0.00	100.00
LSV Asset Mgmt												
June-09	0.78	24.11	5.47	4.08	7.11	16.85	7.01	0.69	9.98	22.95	0.97	100.00
June-08	0.42	16.14	8.28	6.60	7.03	17.28	6.67	1.17	8.42	27.62	0.37	100.00
Systematic Financial Mgmt.												
June-09	2.86	25.95	3.41	7.09	2.36	17.18	8.01	0.00	8.15	24.99	0.00	100.00
June-08	2.20	14.28	5.47	9.40	3.40	13.90	8.87	2.28	13.98	26.22	0.00	100.00
Frank Russell 1000 Value												
June-09	0.00	29.27	1.96	4.69	6.22	16.13	3.93	1.02	12.41	24.34	0.04	100.00
June-08	0.00	21.65	1.46	5.40	8.04	17.60	3.95	1.31	13.13	26.89	0.58	100.00
<u>Small Cap Growth (Russell 2000 Growth)</u>												
McKinley Capital Mgmt.												
June-09	1.19	36.03	2.71	4.79	6.48	6.40	32.48	2.42	0.58	6.16	0.76	100.00
June-08	2.51	27.31	5.31	8.64	15.91	8.22	25.59	2.25	0.00	4.26	0.00	100.00
Next Century Growth												
June-09	1.09	41.20	3.96	0.00	2.58	13.88	29.11	8.18	0.00	0.00	0.00	100.00
June-08	2.60	27.42	3.03	7.24	15.90	12.24	27.26	0.00	0.97	2.37	0.98	100.00
Turner Investment Partners												
June-09	2.28	39.33	3.03	6.98	1.94	6.32	31.84	1.64	1.82	4.82	0.00	100.00
June-08	2.18	33.64	6.23	7.59	7.61	8.93	22.51	2.09	0.78	7.40	1.04	100.00

Statistical Data

EXTERNAL ACTIVE STOCK MANAGERS

Sector Weights FY 2008 and FY 2009 (In Percentages)

	Cash	Cons. Non Dur.	Cons. Dur.	Basic Mat.	Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
Frank Russell 2000 Growth												
June-09	0.00	39.29	4.14	6.47	7.19	6.65	26.47	2.80	1.49	5.31	0.19	100.00
June-08	0.00	33.52	4.56	6.78	7.67	9.34	24.89	2.14	1.40	8.60	1.10	100.00
<u>Small Cap Value (Russell 2000 Value)</u>												
Goldman Sachs												
June-09	2.77	18.41	3.45	8.66	6.39	3.95	13.32	2.03	6.31	34.38	0.33	100.00
June-08	5.04	14.15	5.81	10.94	6.75	7.24	12.65	1.69	6.02	29.35	0.36	100.00
Hotchkis & Wiley												
June-09	2.93	23.06	12.85	6.74	1.13	0.49	16.36	2.76	11.23	22.45	0.00	100.00
June-08	4.17	28.76	16.58	0.97	0.00	3.47	10.49	0.99	5.33	29.22	0.00	100.00
Martingale Asset Mgmt												
June-09	0.41	23.02	4.13	7.91	5.40	2.72	16.69	2.20	5.42	31.97	0.11	100.00
June-08	0.50	17.52	6.12	10.37	7.83	7.33	14.19	4.14	4.06	27.95	0.00	100.00
Peregrine Capital Mgmt												
June-09	2.39	20.48	6.80	7.17	5.74	7.48	11.51	5.59	6.06	25.92	0.86	100.00
June-08	2.10	19.28	9.95	8.99	5.33	5.80	13.82	3.49	3.07	26.87	1.30	100.00
RiverSource/Kenwood												
June-09	0.73	19.39	5.20	8.49	4.74	2.57	16.10	2.27	6.21	34.12	0.18	100.00
June-08	0.86	17.41	7.21	10.22	4.62	7.81	13.95	3.14	5.85	28.80	0.13	100.00
Frank Russell 2000 Value												
June-09	0.00	20.76	4.54	8.44	5.22	2.85	13.21	2.67	7.67	34.33	0.31	100.00
June-08	0.00	18.00	4.95	10.75	5.92	8.10	12.15	2.58	6.53	30.84	0.18	100.00
<u>AGGREGATE ACTIVE</u>												
Aggregate												
June-09	1.80	30.70	3.83	4.45	6.13	11.03	19.58	2.52	4.87	14.85	0.26	100.00
June-08	1.80	27.27	4.76	5.59	7.70	10.42	19.27	2.35	4.48	15.78	0.59	100.00
Frank Russell 3000												
June-09	0.00	32.67	2.36	5.32	6.58	10.91	17.98	2.04	6.65	15.08	0.41	100.00
June-08	0.00	28.25	2.47	5.94	7.57	12.58	16.96	2.11	6.52	16.95	0.67	100.00

Statistical Data

EXTERNAL SEMI-PASSIVE STOCK MANAGERS

Risk Factor Exposures FY 2008 and FY 2009 (In Percentages)

	Beta	Vlty.	Mom.	Size	Size NonL.	Trad. Acvty	Growth	Earn. Yield	Earn. Value	Earn. Var.	Lev.	Curr. Sens.	Div. Yield	Avg. T/O	Eqty Alloc.
<u>Semi-Passive Managers (Russell 1000)</u>															
Barclays Global Investors															
June-09	1.03	-0.02	-0.04	0.13	0.06	0.07	-0.05	0.04	0.02	-0.01	-0.05	0.01	0.00	6.01	99.69%
June-08	1.02	-0.03	-0.02	0.06	0.04	0.01	-0.05	0.09	0.00	0.00	-0.04	-0.01	-0.01	5.82	99.64%
Mellon Capital Mgmt.															
June-09	1.02	-0.06	-0.03	0.09	0.07	0.09	-0.02	0.12	0.01	-0.08	-0.12	0.04	-0.01	6.17	99.79%
June-08	1.01	-0.08	0.05	0.13	0.08	0.08	-0.03	0.16	0.00	-0.02	-0.11	0.05	0.02	6.17	99.62%
J.P. Morgan Investment Mgmt.															
June-09	1.03	-0.03	-0.07	0.24	0.10	0.12	-0.08	0.04	0.02	0.02	-0.06	0.01	0.04	5.97	99.56%
June-08	1.02	-0.08	-0.04	0.25	0.10	0.05	-0.08	0.09	0.03	-0.01	-0.09	-0.01	0.05	5.07	99.78%
<u>AGGREGATE SEMI-PASSIVE EQUITY</u>															
June-09	1.02	-0.04	-0.05	0.16	0.07	0.09	-0.05	0.06	0.02	-0.02	-0.07	0.02	0.01	5.46	99.67%
June-08	1.02	-0.06	-0.01	0.14	0.07	0.04	-0.06	0.11	0.01	-0.01	-0.08	0.01	0.02	5.12	99.68%
Frank Russell 1000															
June-09	1.02	-0.03	-0.04	0.17	0.08	0.06	-0.03	0.03	-0.01	-0.02	-0.04	0.01	0.03	N.A.	100.00%
June-08	1.02	-0.05	-0.03	0.16	0.08	0.04	-0.06	0.05	0.00	-0.02	-0.05	0.00	0.04	N.A.	100.00%

Statistical Data

EXTERNAL SEMI-PASSIVE STOCK MANAGERS

Sector Weights FY 2008 and FY 2009 (In Percentages)

	Cash	Cons. Non Dur.	Cons. Dur.	Basic Mat.	Cap. Goods	Energy	Tech.	Trans.	Util.	Finl.	Misc.	Total
<u>Semi-Passive Managers (Russell 1000)</u>												
Barclays Global Investors												
June-09	0.31	32.53	2.00	4.78	6.52	12.49	17.73	1.94	7.03	14.12	0.54	100.00
June-08	0.36	28.82	1.12	6.47	7.11	12.70	16.62	2.03	8.16	16.32	0.30	100.00
Mellon Capital Mgmt.												
June-09	0.21	34.13	1.08	5.25	6.62	12.33	18.09	2.03	6.83	13.13	0.30	100.00
June-08	0.38	27.55	2.61	6.73	7.98	12.88	16.32	1.46	7.83	15.82	0.44	100.00
J.P. Morgan Investment Mgmt.												
June-09	0.44	32.67	2.15	4.94	6.76	12.39	18.15	1.57	7.12	13.71	0.09	100.00
June-08	0.22	27.51	3.19	5.56	7.16	13.75	16.69	1.88	7.34	16.43	0.28	100.00
<u>AGGREGATE SEMI-PASSIVE EQUITY</u>												
June-09	0.33	33.04	1.78	4.97	6.63	12.41	17.98	1.84	7.00	13.69	0.32	100.00
June-08	0.32	28.01	2.24	6.25	7.38	13.10	16.56	1.81	7.79	16.21	0.33	100.00
Frank Russell 1000												
June-09	0.00	32.90	1.87	4.82	6.61	12.28	17.65	1.88	7.06	14.45	0.47	100.00
June-08	0.00	28.70	1.91	5.30	7.72	13.45	16.55	2.07	7.10	16.52	0.66	100.00

Statistical Data

EXTERNAL DOMESTIC STOCK MANAGERS

Annualized Performance Summary Periods Ending June 30, 2009

	1 Year		3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Large Cap Core						
Mellon Capital	-34.9%	-26.7%	-12.0%	-8.2%	-3.5%	-1.9%
New Amsterdam Partners	-23.8	-26.7	-8.4	-8.2	-1.5	-1.9
UBS Global Asset Management	-25.0	-26.7	-9.4	-8.2	-2.0	-1.9
Frank Russell 1000		-26.7		-8.2		-1.9
Large Cap Growth						
AllianceBernstein L.P.	-26.3	-24.5	-6.6	-5.5	-2.0	-1.8
INTECH	-29.4	-24.5	-9.0	-5.5		
Jacobs Levy	-29.5	-24.5	-9.8	-5.5		
Knelman Asset Mgmt.	-27.7	-24.5	-5.8	-5.5		
Sands Capital	-26.2	-24.5	-6.6	-5.5		
Winslow-Large Cap	-26.2	-24.5	-3.2	-5.5		
Zevenbergen Capital	-21.4	-24.5	-3.3	-5.5	0.8	-1.8
Frank Russell 1000 Growth		-24.5		-5.5		-1.8
Large Cap Value						
Barrow, Hanley	-25.1	-29.0	-9.8	-11.1	-1.3	-2.1
Earnest Partners	-23.6	-29.0	-9.1	-11.1	0.3	-2.1
Lord Abbett & Co.	-25.7	-29.0	-9.0	-11.1	-2.2	-2.1
LSV Asset Mgmt.	-28.1	-29.0	-11.8	-11.1	-1.2	-2.1
Systematic Financial Mgmt.	-32.7	-29.0	-10.9	-11.1	-1.9	-2.1
Frank Russell 1000 Value		-29.0		-11.1		-2.1
Small Cap Growth						
McKinley Capital	-38.5	-24.8	-15.0	-7.8	-5.9	-1.3
Next Century Growth	-36.4	-24.8	-9.5	-7.8	1.8	-1.3
Turner Investment Partners	-28.4	-24.8	-7.4	-7.8	-0.7	-1.3
Frank Russell 2000 Growth		-24.8		-7.8		-1.3
Small Cap Value						
Goldman Sachs	-21.6	-25.2	-8.1	-12.1	-0.4	-2.3
Hotchkis & Wiley	-30.9	-25.2	-17.7	-12.1	-7.1	-2.3
Martingale Asset Mgmt.	-30.2	-25.2	-16.8	-12.1	-5.4	-2.3
Peregrine Capital Mgmt.	-22.0	-25.2	-14.5	-12.1	-3.3	-2.3
RiverSource/Kenwood	-28.8	-25.2	-15.9	-12.1	-4.8	-2.3
Frank Russell 2000 Value		-25.2		-12.1		-2.3

Statistical Data

EXTERNAL DOMESTIC STOCK MANAGERS

Annualized Performance Summary Periods Ending June 30, 2009

	1 Year		3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Semi-Passive Managers						
Barclays Global Investors	-27.6%	-26.7%	-9.2%	-8.2%	-2.2%	-1.9%
J.P. Morgan Investment Mgmt.	-24.5	-26.7	-7.2	-8.2	-1.6	-1.9
Mellon Capital	-27.7	-26.7	-9.5	-8.2	-2.7	-1.9
Frank Russell 1000		-26.7		-8.2		-1.9
Passive Manager						
Barclays Global Investors	-26.4	-26.6	-8.3	-8.3	-1.8	-1.8
Frank Russell 3000		-26.6		-8.3		-1.8
Aggregate (1)	-26.9	-26.6	-8.7	-8.3	-2.1	-1.8
Capital Markets Data						
Russell 3000		-26.6		-8.3		-1.8
Wilshire 5000		-26.4		-8.1		-1.6
3-Month-Treasury Bills		0.6		2.9		3.0
Inflation		-1.4		2.1		2.4

(1) Aggregate of all Domestic Stock Managers retained during the time period shown.

Statistical Data

Bond Manager Portfolio Characteristics Glossary

The bond manager portfolio statistics glossary is designed to define terminology the State Board of Investment uses in evaluating a bond manager's investment philosophy, risk characteristics and performance data. The definitions refer to categories shown in the Portfolio Characteristics table that follows this glossary.

Number of Issues (# of Issues)

The number of different bond issues held in the manager's portfolio.

Average Quality Weightings (Avg. Qual.)

The average rating given the portfolio's securities by a rating agency which can be any combination of: Moody's, S&P, or Fitch. A security's rating indicates the financial strength of its issuer and other factors related to the likelihood of full and timely payment of interest and principal.

Coupon

The annual interest payment received on the manager's total portfolio stated as a percent of the portfolio's face value.

Yield to Maturity (Yield to Mat.)

The compounded annualized return that the manager's total portfolio would produce if it were held to maturity and all cash flows were reinvested at an interest rate equal to the yield to maturity.

Duration

A measure of the interest rate exposure of the total portfolio. Duration is a weighted average maturity where the time in the future that each cash flow is received is weighted by the proportion that the present value of the cash flow contributes to the total present value (or price) of the total portfolio.

Term to maturity (Term. to Mat.)

A measure of the average life of the total portfolio. Term to maturity is the number of years remaining until the average bond in the portfolio makes its final cash payment.

Statistical Data

EXTERNAL ACTIVE BOND MANAGERS

Portfolio Characteristics FY2008 - 2009

	# Of Issues	Avg. Qual.	Avg. Coupon	Yield To Mat.	Duration	Term To Mat.
Aberdeen Asset Management						
June-09	347	AA+	5.78%	7.33%	4.24 Yrs.	8.5 Yrs.
June-08	301	AA	5.71	6.78	4.97	7.4
Dodge & Cox Asset Management						
June-09	198	AA-	5.83	5.63	3.80	6.6
June-08	198	AA	5.86	5.92	3.84	6.4
PIMCO						
June-09	889	AA+	3.43	8.02	3.88	5.4
RiverSource Investments						
June-09	384	AA+	5.22	6.68	4.41	6.5
June-08	377	AA+	5.22	6.19	4.54	7.5
Western Asset Management						
June-09	784	AA-	5.36	8.00	4.82	7.2
June-08	654	AA/Aa2	5.43	6.83	5.61	8.9
Barclays Capital Aggregate						
June-09	8,800	AAA	5.00	4.11	4.30	6.2
June-08	9,457	AAA	5.35	5.09	4.70	7.2

Statistical Data

EXTERNAL ACTIVE BOND MANAGERS

Sector Weights FY2008 - 2009 (CTD In Percentages)

	Gov't.	Corp.	Mtge.	ABS	Misc.	Intl.	High Yld	Cash
Aberdeen Asset Management								
June-09	12	47	34	1	6	0	0	0
June-08	15	30	50	1	4	0	0	0
Dodge & Cox Asset Management								
June-09	10	61	22	0	0	0	7	0
June-08	5	52	35	0	0	0	8	0
PIMCO								
June-09	30	37	29	1	0	0	1	2
RiverSource Investments								
June-09	29	36	27	1	0	0	7	0
June-08	14	32	52	1	0	0	1	0
Western Asset Management								
June-09	35	33	26	0	1	1	4	0
June-08	31	25	33	1	0	3	7	0
Barclays Capital Aggregate								
June-09	38	27	29	1	5	0	0	0
June-08	36	26	37	1	0	0	0	0

Abbreviations:

Gov't.	Government securities	Misc.	Miscellaneous or other
Corp.	Corporate securities	Int'l.	Non-dollar securities
Mtge.	Mortgage-backed securities	High Yld	Securities rated below investment grade
ABS	Asset-backed securities		

Statistical Data

EXTERNAL SEMI-PASSIVE BOND MANAGERS

Portfolio Characteristics June 2008 - June 2009

	# Of Issues	Avg. Qual.	Avg. Coupon	Yield To Mat.	Dur.	Term To Mat.
BlackRock Financial						
June-09	441	AA+	4.85%	5.44%	4.10 Yrs.	5.8 Yrs.
June-08	587	AAA	5.48	6.43	4.69	7.3
Goldman Sachs Asset Management						
June-09	1,009	AAA	4.89	5.32	4.10	6.7
June-08	622	AA	5.36	5.80	4.61	19.2
Neuberger						
June-09	841	AA+	5.50	6.10	4.14	6.8
June-08	946	AA	5.51	5.48	4.73	7.9
Barclays Capital Aggregate						
June-09	8,800	AAA	4.94	4.11	4.30	6.2
June-08	9,457	AAA	5.35	5.09	4.70	7.2

Sector Weights June 2008 - June 2009 (In Percentages)

	Gov't.	Corp.	Mtge.	ABS	Misc.	Cash
Blackrock Financial						
June-09	42	32	24	0	1	1
June-08	17	27	54	1	0	1
Goldman Sachs Asset Management						
June-09	40	24	35	0	1	0
June-08	33	25	42	0	0	0
Neuberger						
June-09	21	39	39	0	1	0
June-08	21	30	49	0	0	0
Barclays Capital Aggregate						
June-09	38	27	29	1	5	0
June-08	36	26	37	1	0	0

Statistical Data

EXTERNAL BOND MANAGERS

Annualized Performance Summary Periods Ending June 30, 2009

	1 Year		3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Active Managers						
Aberdeen	-6.5%	6.0%	0.8%	6.4%	1.8%	5.0%
Dodge & Cox	7.0	6.0	6.0	6.4	5.0	5.0
PIMCO	N/A	N/A	N/A	N/A	N/A	N/A
RiverSource Investments	1.8	6.0	4.5	6.4	4.1	5.0
Western Asset Management	1.9	6.0	3.9	6.4	3.8	5.0
Semi-Passive Managers						
BlackRock Financial	1.9	6.0	4.7	6.4	4.1	5.0
Goldman Sachs Asset Mgmt.	4.1	6.0	5.4	6.4	4.6	5.0
Neuberger Investment Mgmt.	4.1	6.0	5.0	6.4	4.2	5.0
Aggregate (1)	2.5%	6.0%	4.3%	6.4%	4.0%	5.0%
Capital Markets Data						
Barclays Capital Aggregate	6.0%		6.4%		5.0%	
3 month Treasury Bills	0.6		2.9		3.0	
Inflation	-1.4		2.1		2.4	

(1) Aggregate of all active and semi-passive managers retained during the time period shown.

Statistical Data

INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION DEVELOPED MARKETS MANAGERS

Fiscal Year 2009

	Acadian Asset Mgmt. (Active)	INVESCO Global Asset Mgmt. (Active)	J.P. Morgan Investment Mgmt. (Active)	Marathon Asset Mgmt. (Active)
Local Returns				
Country Allocation	-2.0%	1.7%	1.5%	1.5%
Stock Selection	-14.7	8.0	2.5	2.5
Timing	0.1	0.2	-0.1	1.2
Currency Returns				
Currency Selection	3.7	-0.2	0.6	1.5
Currency Allocation	0.4	2.2	0.7	3.1
Hedging Activity	0.0	0.0	0.0	0.0
Timing	-1.7	-0.9	-0.3	-2.0
Base Return				
Relative Value Added	-14.4%	11.2%	5.0%	7.9%

Note: All attribution numbers are based on gross returns, not net returns as found in the Investment Pools section.

Definitions:

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Allocation - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Timing - The geometric amount of the relative local returns that cannot be accounted for by the Country Allocation or the Stock Selection. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Selection - The geometric portion of the relative currency returns that can generally be attributed to significant flows between countries during periods of volatile exchange rates. Currency selection will be positive if a portfolio's currency return is greater than the benchmark.

Currency Allocation - The geometric portion of the relative currency returns that can be attributed to over/underweighting currencies relative to the benchmark. Currency allocation will be positive if the manager has overweighted currencies that performed well and underweighted currencies that did not perform well.

Hedging Activity - The geometric difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Timing - The geometric amount of the relative currency returns that cannot be accounted for Currency Selection and Allocation, and Hedging Activity. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Base Return - The return after conversion from local currencies to U.S. dollars.

Relative Value Added - The geometric difference between the portfolio's base return and the benchmark's base return.

Statistical Data

INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION DEVELOPED MARKETS MANAGERS

Fiscal Year 2009

	McKinley Capital Mgmt. (Active)	Pyramis Global Advisors Trust Co. (Active)	RiverSource Investments (Active)
Local Returns			
Country Allocation	1.5%	0.4%	0.8%
Stock Selection	-18.7	-1.3	-0.6
Timing	1.4	0.3	1.6
Currency Returns			
Currency Selection	2.0	0.4	0.3
Currency Allocation	0.3	1.1	1.5
Hedging Activity	0.0	0.0	0.0
Timing	-2.6	-0.9	-0.8
Base Return			
Relative Value Added	-16.6%	0.0%	2.7%

Note: All attribution numbers are based on gross returns, not net returns as found in the Investment Pools section.

Definitions:

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Allocation - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Timing - The geometric amount of the relative local returns that cannot be accounted for by the Country Allocation or the Stock Selection. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Selection - The geometric portion of the relative currency returns that can generally be attributed to significant flows between countries during periods of volatile exchange rates. Currency selection will be positive if a portfolio's currency return is greater than the benchmark.

Currency Allocation - The geometric portion of the relative currency returns that can be attributed to over/underweighting currencies relative to the benchmark. Currency allocation will be positive if the manager has overweighted currencies that performed well and underweighted currencies that did not perform well.

Hedging Activity - The geometric difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Timing - The geometric amount of the relative currency returns that cannot be accounted for Currency Selection and Allocation, and Hedging Activity. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Base Return - The return after conversion from local currencies to U.S. dollars.

Relative Value Added - The geometric difference between the portfolio's base return and the benchmark's base return.

Statistical Data

INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION DEVELOPED MARKETS MANAGERS

Fiscal Year 2009

	AQR Capital Mgmt. (Semi-Passive)	Pyramis Global Advisors Trust Co. (Semi-Passive)	State Street Global Advisors (Semi-Passive)
Local Returns			
Country Allocation	4.1%	0.4%	0.3%
Stock Selection	-1.4	-5.7	-3.4
Timing	-1.2	0.6	0.6
Currency Returns			
Currency Selection	0.2	1.1	0.2
Currency Allocation	1.4	1.2	1.1
Hedging Activity	-1.6	0.0	0.0
Timing	-2.0	-1.3	-0.9
Base Return			
Relative Value Added	-0.5%	-3.8%	-2.2%

Note: All attribution numbers are based on gross returns, not net returns as found in the Investment Pools section.

Definitions:

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Allocation - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Timing - The geometric amount of the relative local returns that cannot be accounted for by the Country Allocation or the Stock Selection. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Selection - The geometric portion of the relative currency returns that can generally be attributed to significant flows between countries during periods of volatile exchange rates. Currency selection will be positive if a portfolio's currency return is greater than the benchmark.

Currency Allocation - The geometric portion of the relative currency returns that can be attributed to over/underweighting currencies relative to the benchmark. Currency allocation will be positive if the manager has overweighted currencies that performed well and underweighted currencies that did not perform well.

Hedging Activity - The geometric difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Timing - The geometric amount of the relative currency returns that cannot be accounted for Currency Selection and Allocation, and Hedging Activity. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Base Return - The return after conversion from local currencies to U.S. dollars.

Relative Value Added - The geometric difference between the portfolio's base return and the benchmark's base return.

Statistical Data

INTERNATIONAL EQUITY MANAGERS' ATTRIBUTION EMERGING MARKETS MANAGERS

Fiscal Year 2009

	AllianceBernstein L.P. (Active)	Capital Int'l Inc. (Active)	Morgan Stanley Investment Mgmt. (Active)
Local Returns			
Country Allocation	2.2%	3.3%	3.0%
Stock Selection	-12.5	6.0	-3.8
Timing	1.6	0.3	3.5
Currency Returns			
Currency Selection	-0.7	0.8	1.4
Currency Allocation	2.2	2.6	0.6
Hedging Activity	0.0	0.3	0.3
Timing	-1.2	-0.1	-3.2
Base Return			
Relative Value Added	-8.8%	12.0%	1.6%

Note: All attribution numbers are based on gross returns, not net returns as found in the Investment Pools section.

Definitions:

Local Returns - The return in local currency for each country in the portfolio relative to the benchmark.

Country Allocation - The portion of return that can be attributed to over/underweighting countries relative to the benchmark. Country selection will be positive if the manager has overweighted countries that performed well and underweighted countries that did not perform well.

Stock Selection - The portion of return that can be attributed to the selection of securities within a country relative to the benchmark. Stock selection will be positive if a portfolio's local country return is greater than the benchmark.

Timing - The geometric amount of the relative local returns that cannot be accounted for by the Country Allocation or the Stock Selection. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Currency Returns - The relative difference between the base currency return and the local currency return.

Currency Selection - The geometric portion of the relative currency returns that can generally be attributed to significant flows between countries during periods of volatile exchange rates. Currency selection will be positive if a portfolio's currency return is greater than the benchmark.

Currency Allocation - The geometric portion of the relative currency returns that can be attributed to over/underweighting currencies relative to the benchmark. Currency allocation will be positive if the manager has overweighted currencies that performed well and underweighted currencies that did not perform well.

Hedging Activity - The geometric difference between the currency return of the manager's hedged portfolio and the currency return of the unhedged portfolio.

Timing - The geometric amount of the relative currency returns that cannot be accounted for Currency Selection and Allocation, and Hedging Activity. A timing number generally results from periods of high activity where the manager has reallocated across different countries.

Base Return - The return after conversion from local currencies to U.S. dollars.

Relative Value Added - The geometric difference between the portfolio's base return and the benchmark's base return.

Statistical Data

EXTERNAL INTERNATIONAL STOCK MANAGERS

Annualized Performance Summary Periods Ending June 30, 2009

	1 Year		3 Years		5 Years	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
Active Developed Markets (1)						
Acadian Asset Mgmt.	-41.5%	-31.6%	-12.1%	-7.4%		
INVESCO Global Asset Mgmt.	-24.1	-31.6	-6.5	-7.4	2.7%	2.9%
J.P. Morgan Investment Mgmt.	-28.5	-31.6	-7.9	-7.4		
Marathon Asset Management	-26.5	-31.6	-3.5	-7.4	6.2	2.9
McKinley Capital Mgmt., Inc.	-43.3	-31.6	-11.2	-7.4		
Pyramis Global Advisors Trust Co.	-31.9	-31.6	-6.0	-7.4		
RiverSource Investments	-30.0	-31.6	-7.1	-7.4	3.0	2.9
Semi-Passive Developed Markets (1)						
AQR Capital Mgmt.	-32.4	-31.6	-8.3	-7.4		
Pyramis Global Advisors Trust Co.	-34.4	-31.6	-6.4	-7.4		
State Street Global Advisors	-33.6	-31.6	-9.0	-7.4		
Active Emerging Markets (2)						
AllianceBernstein L.P.	-34.8	-28.1	-0.2	3.2	12.3	14.9
Capital International, Inc.	-20.6	-28.1	7.6	3.2	17.9	14.9
Morgan Stanley Investment Mgmt.	-28.4	-28.1	2.9	3.2	15.3	14.9
Passive Developed Markets (1)						
State Street Global Advisors	-31.5	-31.6	-7.2	-7.4	3.1	2.9
Equity Only*	-31.0	-30.9	-5.7	-5.7	4.5	4.5
Total Program**	-31.0%	-30.9%	-5.7%	-5.7%	4.5%	4.5%

* Equity managers only. Includes impact of terminated managers. Excludes impact of currency overlay on the passive developed markets portfolio from 12/1/95 to 10/31/00.

** Includes impact of currency overlay unrealized gain/loss through December 2001, when all contracts had matured. Since 6/1/08 the International Equity asset class target is the Standard (large + mid) MSCI ACWI ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI ACWI ex U.S. (net). From 10/1/03 to 9/30/07 the target was MSCI ACWI ex U.S. (net).

(1) Since 6/1/08 the developed markets manager's benchmark is the Standard (large + mid) MSCI World ex U.S. (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI World ex U.S. (net). From 10/1/03 to 9/30/07 the benchmark was MSCI World ex U.S. (net). Prior to that date, it was MSCI EAFE Free (net).

(2) Since 6/1/08 the emerging markets manager's benchmark is the Standard (large + mid) MSCI Emerging Markets Free (net). From 10/1/07 through 5/31/08 the benchmark was the Provisional Standard MSCI Emerging Markets Free (net). From 1/1/01 to 9/30/07 the benchmark was MSCI Emerging Markets Free (net). Prior to that date, it was MSCI Emerging Markets Free (gross).

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
REAL ESTATE			
Blackstone			
Blackstone Real Estate V	66,178,512	14,145,130	3.17
Blackstone Real Estate VI	25,535,447	56,818,313	2.25
Colony Capital			
Colony Investors III	6,075,300	0	11.50
CSFB			
CSFB Strategic Partners III RE	18,023,503	1,398,353	4.00
CS Strategic Partners IV RE	32,679,354	10,944,761	1.03
Lehman Brothers Real Estate Partners			
Lehman Brothers Real Estate Partners II	40,988,882	9,431,452	4.00
Lehman Brothers RE Pension III	35,623,280	88,892,830	1.11
Morgan Stanley (Lend Lease)			
Prime Property Fund	241,732,878	0	27.72
T.A. Associates Realty			
Realty Associates Fund V	22,262,831	0	10.10
Realty Associates Fund VI	47,207,154	0	7.01
Realty Associates Fund VII	74,325,244	0	4.62
Realty Associates Fund VIII	90,768,000	0	3.00
Realty Associates Fund IX	0	100,000,000	0.85
UBS Realty Investors			
UBS Trumbull Property Fund	257,781,649	0	27.17
Real Estate Total	959,182,034	281,630,839	
RESOURCE			
Apache Corp III	4,669,890	0	22.50
EnCap Investments			
EnCap Energy Capital Fund VII	24,426,304	70,062,672	2.00
First Reserve			
First Reserve Fund VIII	1,855,997	0	11.17
First Reserve Fund IX	1,147,000	0	8.22
First Reserve Fund X	59,300,013	0	4.66
First Reserve Fund XI	100,213,069	35,368,592	2.52
First Reserve Fund XII	33,695,812	106,862,769	0.67
NGP			
Natural Gas Partners IX	21,288,204	123,826,299	1.69
NGP Midstream & Resources	58,427,538	42,412,483	2.25
Sheridan Production Partners			
Sheridan Production Partners I	32,622,058	61,747,740	2.25
Simmons			
SCF-IV	5,442,492	0	11.25

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

RESOURCE (cont.)	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
TCW Asset Management Company			
TCW Energy Partners XIV	51,695,162	43,389,364	2.20
RESOURCE TOTAL	394,783,538	483,669,920	
YIELD ORIENTED			
Blackrock Financial Management			
Carbon Capital	1,773,939	0	7.13
Citicorp Mezzanine			
Citicorp Mezzanine I	101,563	0	14.50
Citicorp Mezzanine III	7,123,136	0	9.66
DLJ Investment Partners			
DLJ Investment Partners II	4,019,068	4,210,995	9.49
DLJ Investment Partners III	9,897,027	79,371,093	3.02
Equinox Investment Partners			
KB Mezzanine Fund II	106,958	0	13.75
Gold Hill Venture Lending			
Gold Hill Venture Lending	33,244,220	0	4.76
Gold Hill 2008	5,928,194	19,215,984	1.00
GS Mezzanine Partners			
GS Mezzanine Partners II	36,303,021	16,907,563	9.33
GS Mezzanine Partners III	29,575,972	22,103,589	5.97
GS Mezzanine Partners 2006 Institutional	25,328,934	32,625,198	3.23
GS Mezzanine Partners V	36,708,486	106,516,013	1.69
GTCR Golder Rauner			
GTCR Capital Partners	1,331,982	10,410,578	9.63
Merit Capital Partners (fka William Blair)			
William Blair Mezzan. Cap. Fd. III	13,328,911	3,042,000	9.49
Merit Mezzanine Fund IV	56,047,744	13,998,626	4.54
Merit Energy Partners			
Merit Energy Partners B	68,428,311	0	13.00
Merit Energy Partners C	215,204,719	0	10.67
Merit Energy Partners D	186,059,090	17,061,697	8.10
Merit Energy Partners E	53,304,993	63,510,187	4.71
Merit Energy Partners F	21,408,655	76,559,437	3.27
Prudential Capital Partners			
Prudential Capital Partners I	35,149,570	3,942,947	8.20
Prudential Capital Partners II	90,161,192	9,706,877	4.00
Prudential Capital Partners III	9,287,421	40,712,579	0.21
Quadrant Real Estate Advisors			
Institutional Commercial Mortgage Fd IV	1,228,620	0	11.50
Institutional Commercial Mortgage Fd V	15,659,572	0	9.91

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
YIELD ORIENTED (cont.)			
Summit Partners			
Summit Subordinated Debt Fund I	83,914	2,000,000	15.25
Summit Subordinated Debt Fund II	3,646,494	4,500,000	11.91
Summit Subordinated Debt Fund III	25,524,357	7,934,035	5.37
Summit Subordinated Debt Fund IV	0	50,000,000	1.26
T. Rowe Price	1,338,483	0	N/A
TCW/Crescent Mezzanine			
TCW/Crescent Mezzanine Partners III	13,002,172	6,164,736	8.25
Windjammer Capital Investors			
Windjammer Mezzanine & Equity Fund II	29,418,100	15,531,957	9.25
Windjammer Senior Equity Fund III	36,588,623	34,815,758	3.49
YIELD ORIENTED TOTAL	1,066,313,440	640,841,850	
PRIVATE EQUITY			
Adams Street Partners			
Adams Street VPAF Fund I	41,239	0	21.14
Adams Street VPAF Fund II	52,954	0	18.59
Advent International			
Advent International GPE VI	7,366,746	40,750,000	1.25
Affinity Ventures			
Affinity Ventures IV	1,543,716	1,488,153	5.00
Affinity Ventures V	1,568,006	3,400,000	0.99
Banc Fund			
Banc Fund VII	16,389,569	5,400,000	4.25
Banc Fund VIII	2,698,478	95,302,500	1.18
Blackstone			
Blackstone Capital Partners II	2,751,718	0	15.60
Blackstone Capital Partners IV	46,134,804	3,370,570	6.97
Blackstone Capital Partners V	73,407,045	32,091,674	3.41
Blackstone Capital Partners VI	0	100,000,000	0.93
BLUM Capital Partners			
Blum Strategic Partners I	3,284,529	998,188	10.52
Blum Strategic Partners II	6,133,420	9,814,111	7.95
Blum Strategic Partners III	38,068,458	1,025,636	4.08
Blum Strategic Partners IV	91,696,815	24,301,368	1.61
CarVal Investors			
CVI Global Value Fund	128,018,046	47,500,000	2.46
Chicago Growth Partners (William Blair)			
William Blair Capital Partners VII	12,207,014	2,000,000	8.31
Chicago Growth Partners I	35,271,816	5,708,002	3.93
Chicago Growth Partners II	6,986,710	52,670,889	1.30

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
PRIVATE EQUITY (cont.)			
Coral Partners			
Coral Partners IV	988,221	0	14.94
Coral Partners V	2,792,814	0	11.04
Court Square Capital			
Court Square Capital Partners	20,623,806	20,125,087	7.55
Court Square Capital Partners II	51,279,595	111,895,141	2.82
Crescendo			
Crescendo III	794,092	0	10.65
Crescendo IV	39,535,030	0	9.31
CSFB/ DLJ			
DLJ Merchant Banking Partners III	64,830,099	5,410,397	8.75
DLJ Strategic Partners	19,927,939	11,320,134	8.44
CSFB Strategic Partners II-B	36,848,551	16,663,256	5.95
CSFB Strategic Partners III VC	20,278,789	1,970,305	4.08
CSFB Strategic Partners III-B	82,319,692	21,304,323	4.08
CS Strategic Partners IV-B	46,542,370	53,442,900	1.26
CS Strategic Partners IV VC	22,515,073	19,490,611	1.03
CVC Capital Partners			
CVC European Equity Partners V	13,422,043	119,467,402	1.26
Diamond Castle Partners			
Diamond Castle Partners IV	40,162,769	35,052,752	2.81
DSV Partners			
DSV Partners IV	32,896	0	24.22
EBF & Associates			
Merced Partners II	66,225,600	7,500,000	2.25
Elevation Partners			
Elevation Partners	32,494,184	26,610,259	4.12
Fox Paine Capital Fund			
Fox Paine Capital Fund II	20,491,348	7,985,122	9.00
GHJM Marathon Fund			
GHJM Marathon Fund IV	12,434,895	949,000	10.21
GHJM Marathon Fund V	42,561,193	3,067,886	4.74
Golder, Thoma, Cressey, Rauner			
Golder, Thoma, Cressey & Rauner Fund III	186,917	0	21.67
Golder, Thoma, Cressey & Rauner Fund IV	117,709	0	15.41
Golder, Thoma, Cressey & Rauner Fund V	686,088	0	13.00
GS Capital Partners			
GS Capital Partners 2000	21,633,604	0	8.83
GS Capital Partners V	90,169,161	33,609,636	4.25
GS Capital Partners VI	21,994,306	63,833,006	2.41

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
PRIVATE EQUITY (cont.)			
GTCR Golder Rauner			
GTCR VI	7,262,670	0	11.00
GTCR VII	4,128,387	15,750,011	9.39
GTCR IX	18,770,124	49,623,645	3.00
Hellman & Friedman			
Hellman & Friedman Capital Partners IV	19,467,516	16,032,506	9.49
Hellman & Friedman Capital Partners V	123,725,847	17,063,923	4.58
Hellman & Friedman Capital Partners VI	94,646,219	63,471,033	2.25
Hellman & Friedman Capital Partners VII	0	50,000,000	0.21
Kohlberg Kravis Roberts			
KKR 1987 Fund	1,045,135	0	21.60
KKR 1993 Fund	408,114	0	15.53
KKR 1996 Fund	17,122,614	0	12.83
KKR Millennium Fund	126,973,361	0	6.56
KKR 2006 Fund	107,240,204	46,017,472	2.76
Lexington Capital Partners			
Lexington Capital Partners VI-B	51,972,477	21,927,036	3.51
Lexington Capital Partners VII	0	50,000,000	0.05
RWI Ventures			
RWI Ventures I	2,125,907	75,000	3.00
RWI Group III	75,061	0	3.00
Sightline Healthcare			
Sightline Healthcare Fund II	1,493,684	0	12.33
Sightline Healthcare Fund III	7,421,102	0	10.44
Sightline Healthcare Fund IV	3,256,483	489,085	5.76
Silver Lake Partners			
Silver Lake Partners II	58,827,301	13,142,158	5.00
Silver Lake Partners III	12,095,896	77,196,836	2.25
Split Rock Partners			
Split Rock Partners	26,028,425	21,781,816	4.16
Split Rock Partners II	3,655,029	56,020,000	1.17
Summit Partners			
Summit Ventures II	167,489	1,500,000	21.13
Summit Ventures V	1,004,329	875,000	11.25
T. Rowe Price	80,683,033	0	N/A
Thoma Cressey			
Thoma Cressey Fund VI	10,022,421	1,085,000	10.86
Thoma Cressey Fund VII	26,821,177	895,925	8.85
Thoma Cressey Fund VIII	65,137,744	4,147,426	3.16
Thomas, McNerney & Partners			
Thomas, McNerney & Partners I	15,453,817	4,200,000	6.65
Thomas, McNerney & Partners II	12,717,226	30,875,000	3.00

Statistical Data

ALTERNATIVE INVESTMENTS * June 30, 2009

	MARKET \$VALUE	UNFUNDED \$COMMITMENT	PERIOD (YEARS)
PRIVATE EQUITY (cont.)			
Varde Partners			
Varde Fund IX	85,563,890	15,000,000	1.02
Vestar Capital Partners			
Vestar Capital Partners IV	28,254,516	2,782,670	9.54
Vestar Capital Partners V	49,825,624	18,772,637	3.53
Warburg Pincus			
Warburg, Pincus Ventures	449,773	0	14.50
Warburg Pincus Equity Partners	16,375,046	0	11.01
Warburg Pincus Private Equity VIII	64,370,592	0	7.21
Warburg Pincus Private Equity IX	85,071,110	0	3.93
Warburg Pincus Private Equity X	37,886,793	94,064,086	1.68
Wayzata			
Wayzata Opportunities Fund	93,194,704	4,400,000	3.53
Wayzata Opportunities Fund II	111,126,243	15,750,000	1.69
Welsh, Carson, Anderson & Stowe			
Welsh, Carson, Anderson & Stowe VIII	29,796,747	0	10.93
Welsh, Carson, Anderson & Stowe IX	67,671,068	5,000,000	9.01
Welsh, Carson, Anderson & Stowe X	71,241,880	15,421,534	3.54
Welsh, Carson, Anderson & Stowe XI	0	99,056,103	0.94
Zell/ Chilmark			
Zell/ Chilmark Fund	36,232	0	18.97
PRIVATE EQUITY TOTAL	2,886,122,878	1,797,934,209	
Alternatives Total	5,306,401,890	3,204,076,819	

*None of the data presented herein has been reviewed or approved by either the general partner or the investment manager. The valuation data presented herein is not a guarantee or prediction of future results. Ultimately, the actual value of an investment is not known until final liquidation.

Statistical Data

Time-Weighted Rate of Return and Daily Performance Methodology

A time-weighted rate of return performance calculation methodology was used for all MSBI accounts through June 30, 2008. This type of performance calculation is based on month-end portfolio valuations. As of July 1, 2008, the MSBI began using a daily performance calculation methodology, based on daily portfolio values, for all funds except the Supplementals which were daily valued as of July 1, 2009. As with time weighted rate of return performance measurement, daily performance measurement includes the effect of income, realized and unrealized market value changes, and nets out the influence of contributions and distributions. (Cash flows do not need to be time weighted with daily valuation.)

Time Weighted Rate of Return

Time-weighted total rate of return performance measurement includes the effect of income earned as well as realized and unrealized portfolio market value changes. In addition, the time-weighted total rate of return nets out the influence of contributions made to and distributions taken from the manager or fund. These are variables over which the manager or fund generally has no control.

The calculation of a portfolio's true time-weighted return requires that the portfolio be valued every time that there is a capital flow in or out. Because most portfolios are not valued that frequently, it is usually necessary to estimate the time-weighted total rates of return by approximating the required valuations.

In 1968, the Bank Administration Institute (BAI) commissioned a study, conducted by the University of Chicago, which considered desirable methods of estimating time-weighted returns. The BAI report is considered to be the definitive work in the field of performance measurement because of the academic reputations and thorough scientific efforts of its authors.

When monthly data are available, the BAI study recommends employing a technique called the linked internal rate of return (LIRR). State Street Bank, the SBI's performance measurement consultant, calculates the LIRR by solving the following equation for R:

$$VB * (1 + R) + \sum_{i=1}^n Ci * (1 + R)^{ti} = VE$$

Where:

VB = Value of the fund at the beginning of the month

VE = Value of the fund at the end of the month

Ci = Net cash flow on the ith day of the month

n = Number of cash flows in the month

R = Internal rate of return

ti = Time from cash flow i to the end of the period, expressed as a percentage of the total number of days in the month

The internal rate of return, R, is a proxy for the true time-weighted return over the month. It approximates the interim valuations by assuming a uniform growth of the invested assets throughout the period.

The IRR's calculated for each month can be linked together to estimate the time-weighted return for a longer period. For example, given three consecutive monthly IRR's (R1, R2, and R3), the quarterly time-weighted return (TWRQ) is:

$$TWRQ = (1 + R1) * (1 + R2) * (1 + R3) - 1$$

State Street's performance methodology is also in compliance with the mandatory requirements of the CFA Institute.

Daily Performance Methodology

The performance for each portfolio and composite is computed by determining the value added for that day, or change in market value adjusted for external flows, over the day's beginning value adjusted for flows. The formula can be written as:

$$r = [(EMV - BMV - NCF) / (BMV + NCF)] * 100, \text{ where:}$$

EMV = End of day market value

BMV = End of prior day market value

NCF = Net Cash Flows (net of inflows and outflows)

Month to date returns, are computed by geometrically linking the daily results as follows:

$$R = \{[(1+r1) * (1+r2) * (1+r3) * \dots(1+r31)] - 1\} * 100$$

Returns for periods greater than one month are computed by linking the monthly results.

The difference in calculating a Gross of Manager fee return compared to a Net of Manager fee return is the different treatment of the manager fees. They are considered to be cash flows in the Gross calculation, but not in the Net calculation. Therefore, the Gross return should always be greater than the Net return. The reason being that in the Gross calculation, the fee is added back in the numerator and subtracted from the denominator of the equation, both of which have a positive effect on the return.

Statistical Data

COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
A & C BROKERAGE	-	-	-	-	72,494,201
A L WILLIAMSON & CO	-	-	97,095	-	-
ABD SECURITIES	5,129,732	9,250	-	-	-
ABEL/NOSER CORP.	155,880	90	-	-	-
ABG SECURITIES	982,326	1,461	-	-	-
ABN AMRO ASIA SECS LTD	1,775,823	3,977	-	-	-
ABN AMRO EQUITIES AUSTRALIA LT	5,438,961	10,889	-	-	-
ABN AMRO SECURITIES	73,394,445	61,544	-	-	-
ABN AMRO, HOARE, GOVETTE	333,084	665	-	-	-
ABN-AMRO BANK	4,949,073	19,432	-	-	-
ACCESS SECURITIES	252,018,345	226,634	-	-	-
ADAMS HARKNESS & HILL	14,542,011	34,947	-	-	-
AGORA	1,302,885	2,556	-	-	-
AK CAPITAL	-	-	2,940,008	-	-
ALCHEMY SHARE & STOCK BROKER	2,576,354	7,050	-	-	-
ALFA CAPITAL	17,359	56	-	-	-
AMADON CORPORATION	5,179,460	10,535	-	-	-
AMERICAN EXPRESS CREDIT	-	-	-	-	247,890,008
ANCORA SECURITIES	16,577,934	38,869	-	-	-
ANTIQUE STOCK BROKING LTD	419,568	1,045	-	-	-
APAX PARTNERS & CO LONDON	37,252	56	-	-	-
AQUA SECURITIES	304,656	391	-	-	-
ARDEN PARTNERS LTD	119,067	118	-	-	-
ARNHOLD	3,192,495	5,696	-	-	-
AROS SECURITIES	15,223	23	-	-	-
ASIAN MARKETS	66,379	165	-	-	-
AUERBACH GRAYSON	22,994	264	-	-	-
AUTRANET	30,705,200	35,795	-	-	-
AVONDALE PARTNERS LLC	4,088,202	5,062	-	-	-
B RILEY AND CO. INC.	135,419	325	-	-	-
BA SECURITIES INC	-	-	2,158,250,152	-	5,180,573,805
BA SECURITIES, INC.	34,406,986	10,476	2,898,890,602	-	-
BAAE BANC AMERICA ALOGRITHMIC	218,084	80	-	-	-
BACNO ITAU SA	69,748	75	-	-	-
BAIRD, ROBERT W & CO.	36,286	207	6,670,410	-	-
BANCA COMM	79,045	119	-	-	-
BANCO ESPIRITO SANTO	184,559	277	-	-	-
BANCO EXTERIOR DE ESPANA	1,853,533	1,854	-	-	-
BANCO INBURSA	2,708,574	5,408	-	-	-
BANCO PORTUGUES DE INVESTIMENT	797,271	1,195	-	-	-
BANCO SANT	9,165,019	26,093	-	-	-
BANCO SANTANDER DE NEGOCIOS	4,186,902	11,468	-	-	-
BANK AM BELLEVUE ZURICH	723,414	970	-	-	-
BANK J. VONTOBEL, ZURICH	3,304,364	5,871	-	-	-
BANK OF AMERICA	680,000	-	2,464,599	-	-
BANK OF MONTREAL NEW	-	-	744,875	-	-
BANK OF NE	842,062	448	-	-	-
BANK OF NY SECURITIES INC	653,944	1,242	480,450	-	-
BANK OF NY/BARCLAY LONDON	-	-	5,738,681	-	-
BANK ONE KENTUCKY N.A.	-	-	662,626	-	-
BANQUE NATIONALE DE PARIS	3,019,792	6,756	-	-	-
BANQUE PARIBAS	92,541	93	-	-	-
BARCLAY FINANCIAL CORP	152,316	245	-	-	-
BARCLAYS AMERICAN CORP	113,287	150	-	-	-
BARCLAYS BANK	108,296	439	-	-	-
BARCLAYS CAPITAL INC	332,352,529	403,178	5,081,558,139	-	735,089,712

Statistical Data

COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
BARCLAYS DEZOETE WEDD	-	-	1,060,325	-	-
BARCLAYS GLOBAL INVESTORS	76,633	126	-	-	-
BARING SECURITIES	92,180,933	145,998	-	-	-
BARNARD JACOBS AND CO (PTY) LTD	2,012,425	3,052	-	-	-
BARRINGTON TRADING CO	525,287	437	-	-	-
BATLIVALA+KARANI SECS INDIA PV	1,627,797	4,148	-	-	-
BAY CREST PARTNERS	172,310,342	110,950	-	-	-
BAYPOINT TRADING LLC	6,685,600	7,140	-	-	-
BB & T CAPITAL MARKETS	-	-	3,662,925	-	-
BBVA SECURITIES	31,531	32	-	-	-
BC AMERICA SECURITIES	-	-	140,800	-	-
BEAR STEARNS SECS	130,529,362	113,028	15,146,261	-	-
BEAR STEARNS SECURITIES	1,004,477,747	411,049	-	-	-
BEAR, STEARNS & CO.	171,531,198	128,831	105,762,990	-	-
BERENBERG BANK	35,587	53	-	-	-
BERNSTEIN SANFORD	378,678,135	310,392	-	-	-
BHF BK FRANKFURT	264,909	398	-	-	-
BLAIR & COMPANY	40,147,741	66,298	5,326,695	-	-
BLAYLOCK & PARTNERS	408,549	524	-	-	-
BLOOMBERG	28,031,909	37,697	-	-	-
BLUEFIN RESEARCH	25,574	16	-	-	-
BLUMENGARTEN KRAVITZ & CO	-	-	2,000,000	-	-
BMO CAPITAL MARKETS	400,252	419	-	-	-
BNP PARIBAS	-	-	68,810,100	-	-
BNP PARIBAS PEREGRINE SEC., ASIA	6,302,422	11,299	-	-	-
BNY/ITC DEALERS	-	-	942,330	-	-
BNY/SUNTRUST CAPITAL MARKETS	-	-	19,965,575	-	2,345,000
BOE SECURITIES LTD	1,222,043	2,755	-	-	-
BOENNING & SCATTERGOOD INC	3,518,411	3,507	-	-	-
BOLGER & CO INC	786,655	1,395	-	-	-
BRADESCO SECURITIES	3,164,551	624	-	-	-
BREWIN DOLPHIN BELL LAWRIE LIM	388,571	545	-	-	-
BROADCORT CAPITAL	443,561,989	508,533	-	-	-
BROCKHOUSE & COOPER	14,194,635	10,346	-	-	-
BROWN (ALEX) & SONS INC.	1,283,085,754	504,817	14,879,276,510	-	17,693,464
BROWN BROS. HARRIMAN	1,163,209	1,163	-	-	-
BTIG	-	-	602,000	-	-
BUCKINGHAM RESEARCH GRP	12,760,634	13,598	-	-	-
BUNTING WARBURGER SEC	14,429,127	18,890	-	-	-
BURNS FRY & TIMMINS	32,888,866	44,396	-	-	-
C.L. KING & ASSOC.	19,756,246	16,742	440,118	-	-
CA IB INVESTMENT	4,063,734	12,976	-	-	-
CAISSE CENTRALE DESJARDINS	109,463	83	-	-	-
CALYON JAPAN	14,605	47	-	-	-
CANACCORD CAPITAL CORP	423,530	754	-	-	-
CANADA TRUST	116,568	16	-	-	-
CANADIAN I	84,495,246	50,494	-	-	-
CANADIAN IMPERIAL BANK OF COMM	129,285	188	-	-	-
CANNON BRIDGE	6,568,287	9,056	-	-	-
CANTOR FITZGERALD	251,597,336	240,147	386,772,218	-	24,826,633
CAP GUARDIAN	21,921,632	31,091	-	-	-
CAPITAL INST. SERVICES	156,461,602	191,098	-	-	-
CARIS & CO	9,889,617	5,796	-	-	-
CARLIN EQUITIES	115,558	1,007	-	-	-
CARNEGIE	7,708,786	10,360	-	-	-
CASA DE BOLSA INVERLAT, S.A.	73,969	111	-	-	-

Statistical Data

COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
CAZENOVE & CO.	27,941,327	35,883	-	-	-
CDS RBC DO	-	-	33,270,737	-	-
CEDEL BANK	99,764	149	-	-	-
CHASE MANHATTAN BANK	7,114,560	4,349	924,582,653	-	-
CHASE SECURITIES INC	-	-	1,631,911,917	-	399,961
CHEEVERS & CO	11,193,847	17,321	-	-	-
CHEMICAL BANK	-	-	933,150,820	-	43,933,162
CHEUVREUX	44,102,734	55,719	-	-	-
CHINA INTERNATIONAL CAP CORP	6,145,051	9,161	-	-	-
CI NORDIC	3,883,307	6,543	-	-	-
CIBC WORLD	6,382,007	6,224	-	-	-
CIBC WORLD MARKETS	1,070,274	713	-	-	-
CITATION GROUP	199,556,360	216,191	-	-	-
CITI LAVA ALGO	456,056	859	-	-	-
CITIBANK	2,105,256	3,919	-	-	-
CITIBANK CANADA	14,114	222	-	-	-
CITIGROUP	3,001,880	1,887	-	-	-
CITIGROUP GLOBAL MARKETS INC	133,571,525	134,651	46,697,401	190	2,496,639,286
CITIGROUP INC	-	-	-	-	1,628,565,937
CL GLAZER INC.	49,435,620	119,821	-	-	-
CL KING & ASSOCIATES	-	-	1,283,380	-	-
COLLINS STEWART	9,482,021	15,049	-	-	-
COMMERZBANK AG	1,188,712	1,110	-	-	-
CORMARK SECURITIES	293,217	279	-	-	-
COWEN&CO	189,710,563	197,626	-	-	-
CRAIG-HALLUM INC	4,311,343	7,246	-	-	-
CREDIT AGRICOLE INDOSUEZ	3,898,001	6,904	-	-	-
CREDIT LYONNAIS	57,778,444	95,250	-	-	-
CREDIT LYONNAIS SECURITIES	9,509,483	26,109	-	-	-
CREDIT RESEARCH & TRADING	4,569,162	3,369	-	-	-
CREDIT SUISSE	63,837,005	86,920	19,510,818	-	-
CREDIT SUISSE FIRST BOSTON LTD	315,717,061	291,909	16,505,947	-	-
CREDIT SWISS GROUP INC	-	-	6,452,611	-	-
CREWS & ASSOCIATES	-	-	13,057,019	-	-
CRONIN & CO INC	-	-	8,671,086	-	-
CRUTTEDEN GUST & MERH	3,878,822	14,889	-	-	-
CS FIRST BOSTON	111,467,388	146,424	24,757,350	-	5,568,098,618
CSFB	7,320,661	10,824	-	-	-
CSI US INTERNATIONL	246,652	594	-	-	-
CUSTOM EQUITY RESEARCH, INC.	546,719	881	-	-	-
CUTTONE & CO	149,349,808	125,526	-	-	-
D CARNEGIE AG STOCKHOLM, SWEDEN	7,490,159	7,490	-	-	-
D.A. DAVIDSON	9,133,047	15,837	-	-	-
DAEWOOD SECURITIES CO., LTD	1,917,028	3,702	-	-	-
DAIN RAUSCHER INC	39,088,882	70,966	492,874,598	-	-
DAISHIN SECS	3,904,741	3,517	-	-	-
DAIWA SBCM	14,153,493	13,297	-	-	-
DAIWA SEC. AMERICA	15,045,229	12,213	-	-	-
DALAL & BROACHA	71,020	177	-	-	-
DAVIS	61,097	51	-	-	-
DAVY (J+E)	7,211,238	6,754	-	-	-
DBAE DEUTCHE BANK	16,298	21	-	-	-
DBS VICKER	183,862	276	-	-	-
DEN DANSKE BANK	161,847	242	-	-	-
DEPFA FIRST ALBANY SECURITIES	-	-	4,203,188	-	-
DESTINY CAPITAL SECURITIES	-	-	4,346,730	-	-

Statistical Data

COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
DEUTSCHE BANK	480,735,813	342,026	134,599,275	-	-
DEUTSCHE BANK AG / LONDON	325,119	815	-	-	-
DEUTSCHE BANK SECS	-	-	152,152,063	-	23,735,815,993
DEUTSCHE EQ. PVT., LTD.	9,517,159	19,647	-	-	-
DEUTSCHE M	3,440,329	6,878	-	-	-
DEUTSCHE S	7,444,772	14,448	-	-	-
DEUTSCHE SECURITIES	18,773,673	34,652	-	-	-
DEUTSCHE SECURITIES ASIA	21,933,751	49,057	-	-	-
DHANKI SECURITIES PVT LTD.	333,585	959	-	-	-
DIRECT TRADING INSTITUTIONAL	20,024,105	5,276	-	-	-
DOLAT CAPITAL MARKETS	1,526,565	3,358	-	-	-
DONALDSON LUFKIN	5,636,524	8,473	-	-	-
DONGWON SECURITY	1,040,142	2,615	-	-	-
DOUGHERTY CO	460,908	600	-	-	-
DOWLING & PARTNERS SEC LLC	3,346,588	3,557	-	-	-
DRESDNER BANK	11,839,650	15,278	-	-	-
DRESDNER BANK AG LONDON	315,465	487	-	-	-
DSP MERRILL LYNCH	2,795,682	8,367	-	-	-
DSP MERRILL LYNCH BOMBAY INDIA	16,980,738	40,346	-	-	-
DUNCAN WILLIAMS GOVT SEC	-	-	18,003,432	-	-
DUNDAL UNLU SECURITIES	365,360	916	-	-	-
DUNDEE SECURITIES	48,408	68	-	-	-
DZ BANK AG	101,772	153	-	-	-
ECONO TRADING	203,272	134	-	-	-
EMP RESEARCH PARTNERS	15,186,967	20,100	-	-	-
EMPIRICAL	51,998	43	-	-	-
ENAM SECURITIES PVT LTD	744,423	2,083	-	-	-
EQUINITI CORPORATE	199,616	-	-	-	-
EQUITABLE SECURITIES	-	-	12,499,375	-	-
EQUITY PLANNING CORP	-	-	6,326,241	-	-
EUROMOBILIARE	272,710	408	-	-	-
EVOLUTION BEESON GREGORY	481,892	579	-	-	-
EXANE, PARIS	57,813,965	59,568	-	-	-
EXECUTION LTD	4,413,208	6,612	-	-	-
EXECUTION SERVICES INC	166,272,217	201,699	-	-	-
FEDERAL RESERVE BANK OF BOSTON	-	-	13,738,352	-	-
FIDELITY C	109,668,045	93,692	-	-	-
FIDENTIIS	2,864,049	4,290	-	-	-
FIFTH THIRD SECURITIES INC	-	-	7,473,000	-	-
FINACORP SECURITIES	-	-	1,186,016	-	-
FINANCIAL BROKERAGE	1,927,688	5,787	-	-	-
FINANCIERA SAN PEDRO	51,987,189	46,064	-	-	-
FIRST ANALYSIS SEC. CORP.	378,283	315	-	-	-
FIRST BOSTON CORPORATION	1,947,395,166	1,692,667	10,843,103,840	-	532,499,475
FIRST MARATHON SEC., LTD	-	-	1,090,679	-	-
FIRST PACIFIC	5,573,544	8,556	-	-	-
FIRST TENN BANK, NA	-	-	715,306	-	185,048
FIRST UNION CAP MKTS	106,879,056	128,175	198,063,639	-	-
FLEMING (ROBERT) INC	6,872,512	7,419	-	-	-
FORTIS BANK	-	-	67,988,430	-	-
FOX PITT KELTON INC	37,303,262	45,233	-	-	-
FOX RIVER EXECUTION TECHNOLOGY	5,192,934	2,601	-	-	-
FRANK RUSSEL	299,716	718	-	-	-
FRIEDMAN, BILLINGS & RAMSEY	35,154,189	43,021	-	-	-
FUJI SECURITIES	3,934,044	5,399	-	-	-
G.K. GOH	189,730	186	-	-	-

Statistical Data

COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
GARDNER RICH & COLE	2,436,089	2,808	-	-	-
GELDERMANN SECURITIES	2,832,725	2,280	-	-	-
GENERAL ELEC CAPITAL CORP	-	-	-	-	968,277,360
GMP SECURITIES LTD.	1,295,766	1,912	-	-	-
GMS GROUP	-	-	274,156	-	-
GOLDMAN SACHS & COMPANY	1,305,899,153	1,139,340	3,826,321,592	87,259	1,248,474,827
GOODBODY STOCKBROKERS	4,586,873	5,420	-	-	-
GORDON HASKETT & CO.	8,688,553	5,310	-	-	-
GREEN STREET	5,073,138	7,540	-	-	-
GREENFIELD ARBITRAGE PARTNERS	2,068,793	2,085	7,531,177,962	-	4,477,947
GREENLINE INVESTORS SVCS. INC.	1,749,906	391	-	-	-
GREENWICH CAPITAL MARKETS INC	-	-	185,082,296	-	18,326,249,189
GRIFFIN KUBIK STEPHENS & THOMPSON	-	-	7,542,880	-	-
GROSS & CO. INC.	-	-	53,746,846	-	-
GUZMAN & CO.	70,931,091	42,404	-	-	-
HBSC SECURITIES	-	-	22,752,532	-	-
HC ISTANBU	13,747,766	34,343	-	-	-
HDFC BANK	232,199	691	-	-	-
HEDGING GRIFFO COR DE VAL	707,781	1,518	-	-	-
HEEERS & CO INC.	5,243,626	5,317	-	-	-
HELEN BOE	-	-	3,755,699	-	-
HENDERSON CROSTHWAIT	23,708	24	-	-	-
HIBERNIA SOUTH COAST CAP INC	24,496,738	20,518	-	-	-
HOARE GOVETT	4,954,726	13,604	-	-	-
HONG KONG & SHANG HIGH BANKING COR	3,791,409	6,541	-	-	-
HOWARD WEIL LABOUISSIE FRIEDRIC	208,894	185	-	-	-
HSBC ASSET MANAGEMENT	5,044,000	5,813	-	-	-
HSBC BANK	30,805,736	62,246	-	-	-
HSBC INVESTMENT BANK	1,918,619	2,872	-	-	-
HSBC SECURITIES INC	12,655,221	17,122	35,527,228	-	31,222,804,840
HVB CAPITAL MARKETS, INC.	2,729,349	7,418	-	-	-
IBERIAN EQUITIES	853,083	1,533	-	-	-
IBJ INTL LTD	6,274,336	6,950	-	-	-
ICAP SECURITIES	3,409,138	2,335	-	-	-
ICICI BROKERAGE SERVICES LTD	479,035	1,209	-	-	-
IMPERIAL CAPITAL LLC	1,317,428	1,836	-	-	-
INC CURREN	-	-	213	-	-
INDIA INFOLINE LTD	16,923,945	48,537	-	-	-
ING BANK	16,869,948	35,073	-	-	-
ING BARING	21,475,823	38,691	-	-	-
INSTINET	617,239,731	555,453	-	-	-
INTERMONTE	172,150	258	-	-	-
INTERNAL SWAP BROKER	1,263,240	-	-	-	-
INTERNATIONAL BILLS FINANCE CO	11,100,190	8,820	-	-	-
INVESTEC B	113,458	282	-	-	-
INVESTEC SECURITIES	7,004,736	13,128	-	-	-
INVESTMENT TECHNOLOGY CORP	1,276,926,287	610,826	-	-	-
ISI GROUP	42,065,241	40,800	-	-	-
ISLAND TRADER SECURITIES INC.	59,361	247	-	-	-
ITG AUSTRALIA LTD	472,388	236	-	-	-
ITG CANADA	4,241,539	2,481	-	-	-
ITG POSIT	5,921,583	4,356	-	-	-
ITG SECURITIES (HK) LTD	17,134,579	13,930	-	-	-
ITGL	6,966,318	5,860	-	-	-
ITT FINANCIAL	3,998,205	-	2,244,182	-	162,352
IVY SECURITIES INC.	2,235,094	3,812	-	-	-

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Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
IXIS SECURITY	944,526	1,245	-	-	-
J P MORGAN & CO	122,412,395	162,838	315,000	-	-
J P MORGAN SECURITIES INC	1,167,071,901	938,473	259,900,360	7,678	2,090,138,455
JACKSON PARTNERS & ASSOCIATES INC	12,008,259	6,795	-	-	-
JANNEY MONTGOMERY SCOTT	5,021,401	5,952	-	-	-
JEFFERIES & CO	340,897,558	349,276	114,865,054	-	-
JEFFRIES PROGRAM	41,106	22	-	-	-
JM FINANCIAL	1,910,538	5,094	-	-	-
JNK SECURITIES INC	8,727,220	10,373	-	-	-
JOH BERENBERG GOSSLER AND CO	3,990,997	5,988	-	-	-
JOHNSON RICE & CO	326,598	636	-	-	-
JONES & ASSOCIATES	144,745	881	-	-	-
JONESTRADING INSTITUTIONAL	159,390,173	164,929	-	-	-
JP MORGAN	23,516,320	42,836	428,151	-	371,000
JP AE	14,332	6	-	-	-
JULIUS BAER	6,890,664	8,683	-	-	-
KAUFMAN BROTHERS	126,321	171	-	-	-
KAUPTHING BANK SVERIGE AB	428,999	597	-	-	-
KB SECURITIES NV	436,169	436	-	-	-
KBC FINANCE	4,768,809	4,864	-	-	-
KBC PEEL	40,092	56	-	-	-
KEB SMITH BARNEY SECS	10,676,265	21,394	-	-	-
KEEFE BRUYETTE & WOOD	53,244,645	74,735	-	-	-
KELLY & CHRISTENSEN INC.	283,452	176	-	-	-
KEMPEN & CO	6,003,896	4,219	-	-	-
KEMPER CAP	-	-	141,450	-	-
KEPLER EQUITIES FRAKFURT BRAN	1,103,489	1,405	-	-	-
KEPLER EQUITIES ZURICH	3,571,489	2,051	-	-	-
KINNARD (JOHN G.) & CO	5,225,214	11,749	-	-	-
KLEINWORTH BENSON INC	24,410,267	15,803	-	-	-
KNIGHT SECURITIES	148,004,983	217,474	-	-	-
KOTAK SECURITIES	3,395,808	9,213	-	-	-
LABRANCHE FINANCIAL SVCS	248,826,769	231,201	-	-	-
LADENBURG THALMAN & CO.	6,203,445	8,385	-	-	-
LANDESBANK BADEN WUERTTEMBERG	303,695	456	-	-	-
LASKER STONE AND STERN	1,892,502	3,904	-	-	-
LAZARD ASSET MANAGEMENT	2,107,209	1,825	-	-	-
LAZARD FRERES & CO	2,418,953	3,017	-	-	-
LEERINK SW	25,523,375	27,550	-	-	-
LEHMAN BROS INC	784,470,692	626,637	11,167,243	-	635,957,971
LEHMAN BROTHERS	6,537,319	12,007	-	-	-
LEHMAN BROTHERS INC	223,076,845	150,726	3,966,410,576	8,399	-
LEHMAN GOVT SECURITIES	-	-	190,117,324	-	41,841,730
LIBERTAS	-	-	1,483,193	-	-
LIGHTHOUSE FINANCIAL GROUP	33,422,053	29,125	-	-	-
LIM & TAN	310,398	-	-	-	-
LIQUIDNETI	973,620,123	775,126	-	-	-
LITWIN SECURITIES INC.	3,398,314	7,127	-	-	-
LKP SECURITIES	173,056	437	-	-	-
LM SECURITIES	26,738	40	-	-	-
LONGBOW SECURITIES LLC	4,947,088	4,186	-	-	-
LOOP CAPITAL	14,472,438	22,731	-	-	-
LOURDES MAN	242,876	364	-	-	-
LYNCH, JONES & RYAN	123,990,253	152,892	-	-	-
M M WARBURG	712,146	1,070	-	-	-
M RAMSEY KING SECURITIES INC.	227,256	277	-	-	-

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COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
MACQUARIE CAP MKTS	513,006	541	-	-	-
MACQUARIE EQUITIES	42,567,403	54,767	-	-	-
MACQUARIE SECURITIES	19,801,967	19,556	-	-	-
MAGNA SECURITIES CORP	4,431,930	4,411	-	-	-
MAINFIRST	1,315,470	1,974	-	-	-
MALONEY & CO	96,701	166	-	-	-
MAXIME CAPITAL	-	-	12,430	-	-
MCDONALD & COMPANY	77,067,450	87,092	36,015,172	-	-
MEDIOBANCA SPA	751,144	751	-	-	-
MELVIN SECURITIES (CLARK & CO)	1,512,048	1,034	-	-	-
MERRIL-PERFORMANCE MEASURE	1,546,596,636	1,072,741	1,975,961,613	83,172	623,770,214
MERRILL LYNCH	465,421,592	503,862	74,832,088	-	6,011,842,611
MERRILL LYNCH INTERNATIONAL	20,764,646	36,052	-	-	-
MERRILL LYNCH JAPAN INCORPORAT	2,310,695	3,469	-	-	-
MERRILL LYNCH P F & S	-	-	169,430,894	-	21,963,721
MERRILL LYNCH PIERCE	-	-	11,353	232	-
MERRIMAN	9,531,118	11,208	-	-	-
MERRION CAPITAL GROUP	517,087	768	-	-	-
MESIROW AND COMPANY	-	-	7,952,424	-	-
MESIROW FINANCIAL INC	-	-	41,381,780	-	-
MIAE MERRILL LYNCH ALGOR	2,312,064	1,373	-	-	-
MIDWEST RESEARCH	58,761,991	32,328	-	-	-
MILLER TABAK HIRCH	1,385,696	2,400	-	-	-
MITSUBISHI UFJ SECURITIES	69,565	98	-	-	-
MIZUHO SECURITIES	-	-	25,562,500	-	4,992,257
MKM PARTNER	9,945	45	-	-	-
MONTGOMERY SECURITIES	249,548,584	176,199	4,041,804,844	-	46,898,699
MONTROSE SECURITIES EQUITY	351,979	715	-	-	-
MONUMENT DERIVATIVES LTD	770,419	715	-	-	-
MOORE MODERN PLANNING CO	-	-	422,512	-	-
MORGAN GRENFELL	1,503,203	4,496	-	-	-
MORGAN GUARANTY	639,819	958	-	-	-
MORGAN KEEGAN INC.	33,023,556	50,808	38,330,569	-	-
MORGAN STANLEY	77,920,285	81,926	1,333,868	-	-
MORGAN STANLEY & CO	992,381,482	643,749	5,071,878,373	-	5,222,122,033
MORGAN STANLEY INDIA SEC PRVT	3,749,658	8,564	-	-	-
MOTILAL OSWAL SEC. LTD. BOMBAY	4,154,218	11,516	-	-	-
MR BEAL & COMPANY	522,723	675	-	-	-
MURALILAL SARAF	525,832	1,467	-	-	-
MURPHY, MARSEILLES, SMITH & NA	-	-	106,658,070	-	-
NATIONAL FINANCIAL	41,712,392	28,729	8,073,239	-	-
NATIXIS SECURITIES	120,908	181	-	-	-
NBC LEVESQUE	2,317,463	3,870	-	-	-
NCB STOCKBROKERS	1,365,466	1,791	-	-	-
NEONET SEC	9,744,624	4,870	-	-	-
NESBITT BURNS	8,779,655	10,140	-	-	-
NOBLE INTERNATIONAL	3,885,067	8,427	-	-	-
NOMURA SEC	823,767	823	-	-	-
NOMURA SECURITIES INTL	148,033,802	106,122	3,975,224	-	-
NORMAN HUDSON & CO.	63,958,887	93,633	14,971,919	-	-
NORTHLAND	891,981	2,098	-	-	-
NUMIS SECURITIES LTD	2,452,582	2,702	-	-	-
NUTMEG SECURITIES	3,161,436	1,959	-	-	-
NYFIX TRANSACTION SVCS # 2	13,784,808	8,695	-	-	-
NZB NEUE ZUERCHER BANK	515,450	774	-	-	-
O'NEIL (WM COMPNY INC	4,428,252	5,263	-	-	-

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COMMISSIONS AND TRADING VOLUME By Broker for Fiscal Year 2009

Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
ODDO FINANCE	5,682,989	6,599	-	-	-
OKASAN SEC CO.	41,780	58	-	-	-
OPPENHEIMER & CO	24,436,573	28,053	-	-	-
PACIFIC CR	9,935,763	20,643	-	-	-
PACIFIC GROWTH EQUITIES	568,239	1,280	-	-	-
PAINE WEBBER INC	-	-	828,809,446	-	-
PAINE WEBBER J & C	10,534,970	16,766	68,220,248	-	-
PALI CAPITAL LLC	672,570	1,195	-	-	-
PANMURE GORDON	1,038,319	1,098	-	-	-
PARIBAS	8,707,445	9,876	-	-	-
PATERSONS SECURITIES	87,112	175	-	-	-
PCS SECURITIES INC.	3,365,240	2,748	-	-	-
PENSON FINANCIAL	16,853,307	8,639	-	-	-
PEREIRE TOD LIMITED	1,561,868	1,560	-	-	-
PERSH PERSHING DIV OF DLJ	92,733,269	140,442	-	-	-
PERSHING SECURITIES LTD	124,764,067	179,928	210,896,736	-	-
PERSHING/CLEARANCE	199,260	591	-	-	-
PETERCAM S	126,351	85	-	-	-
PETERS & CO.	892,034	632	-	-	-
PFORZHEIMER CARL H.	-	-	37,623,370	-	-
PICKERING	348,476	231	-	-	-
PIONEER SECURITIES INC.	3,747,247	4,958	6,049,977,822	-	-
PIPELINE TRADING SYSTEMS LLC	40,932,020	38,596	-	-	-
PIPER,JAFFRAY & HOP S	63,605,230	80,825	2,094,928	-	-
PODESTA & CO	179,402	440	-	-	-
PORTALES P	6,168,000	13,740	-	-	-
PRABHUDAS	1,240,918	2,774	-	-	-
PREBON YAMANE (USA) INC	-	-	563,203,774	-	380,101,168
PREVISION INVESTMENT CO	-	-	3,726,395	-	-
PRUDENTIAL FUNDING CORP	-	-	-	-	396,751,518
PRUDENTIAL SECURITIES INC	-	-	438,686	-	-
PULSE TRADE	6,482,299	7,338	-	-	-
Q&R CLEARING CORP	720,058	988	-	-	-
RAYMOND JAMES & ASSOCIATES	45,786,705	84,738	18,489,161	-	-
RBC CAPITAL MARKETS	39,204	91	-	-	59,994,167
RBC DOMINION SECURITIES	36,949,141	38,945	-	-	-
REBOOK TRANSACTION	47,124	-	-	-	-
REDBURN PARTNERS LLP	11,834,257	13,720	-	-	-
RENAISSANCE CAPITAL	4,164,631	9,051	-	-	-
REUBEN ALSTEAD & CO INC.	-	-	292,489,223	-	-
ROBBINS AND HENDERSON	25,471	20	-	-	-
ROBERT VAN SECURITIES	772,182	368	-	-	-
ROBERT W. BAIRD & CO	82,013,518	127,694	5,844,754	-	-
ROBINSON-HUMPHREY CO	27,701	527	2,500,000	-	-
ROCHDALE SECURITIES CORP	111,676,835	134,809	-	-	-
ROSENBLATT SECURITIES INC	82,076,179	41,091	-	-	-
ROSYBLUE	145,754	435	-	-	-
ROYAL BANK OF CANADA	153,674	86	-	-	-
ROYAL BANK OF SCOTLAND PLC	21,371,291	11,219	-	-	-
SAL OPPENHEIM ET CIE	463,765	696	-	-	-
SALOMON BROTHERS	167,741,772	239,621	6,433,410,789	1,650	1,436,432
SALOMON SM	2,214,978	4,084	-	-	-
SALOMON SMITH BARNEY HOLDINGS	13,285,390	26,777	-	-	-
SALOMON	105,974	137	-	-	-
SAMSUNG SECURITIES	6,608,092	14,137	-	-	-
SAMUEL A R	1,464,018	3,335	-	-	-

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Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
SANDERS, MORRIS & MUNDY INC.	1,755,726	1,077	-	-	-
SANDLER O NEIL	19,543,951	30,218	4,275,947	-	-
SANFORD C.	18,975,579	30,243	-	-	-
SANTANDER CENTRAL HISPANO BOLSA	1,637,914	2,456	-	-	-
SBC WARBURG, LONDON	378,264	804	-	-	-
SBCWOR UBS LIMITED	113,885	136	-	-	-
SCOTIA CAPITAL MARKET	5,063,488	5,154	-	-	-
SCOTIA MCLEOD	29,068	20	-	-	-
SCOTT & STRINGFELLOW	25,236,600	30,277	7,268,288	-	-
SEAPORT SECURITIES	77,211	45	-	-	-
SERVICE ASSET MANAGEMENT COMPA	10,367,903	14,213	1,182,165	-	-
SG SECURITIES	47,802,718	27,460	-	-	-
SIDOTI	21,961,937	49,913	-	-	-
SIMMONS +	7,609,799	9,782	-	-	-
SK INTERNATIONAL SECURITIES	25,928,658	19,667	-	-	-
SKANDINAVISKA ENSKILDA	3,356,716	4,822	-	-	-
SOCIETE GE	130,519,807	104,462	-	-	-
SOCIETE GENERAL	4,661,454	2,860	-	-	-
SOCIETE GENERALE NA	-	-	-	-	483,517,540
SOLEIL SEC.	7,615,998	7,108	-	-	-
SOUND SECURITIES LLC	57,245	36	-	-	-
SOUTHWEST SECURITIES	-	-	4,825,000	-	-
SPEAR,LEEDS & KELLOGG	1,058,517,956	617,978	35,402,897	-	-
SPROTT SECURITIES	1,241,647	1,658	-	-	-
SS KANTILAL ISHWARLAL	2,417,597	6,530	-	-	-
STANFORD GROUP CO	7,355,256	10,583	-	-	-
STANGER JO	-	-	7,500,000	-	-
STANLEY (CHARLES) & CO LTD	27,880	42	-	-	-
STATE ST BK & TRUST	30,891,289,107	13,390	12,628,556,221	-	35,170,961,208
STATE STREET SECURITIES	39,316,582	10,515	-	-	-
STEPHENS, INC.	15,473,533	39,934	2,416,546	-	-
STERNE, AGEE & LEACH	4,694,468	11,083	1,417,282	-	-
STIFEL NICOLAUS & COMPANY	32,053,701	53,200	21,449,964	-	-
STONE & YOUNGBLOOD	-	-	173,478	-	-
STUART FRANKLE	16,044,366	13,571	-	-	-
SUNTRUST CAPITAL MARKETS INC	22,463,994	33,311	59,993,600	-	-
SUSQUEHANNA FINANCIAL GROUP	126,218	282	-	-	-
SVENSKA HANDELSBANKEN	4,765,939	5,957	-	-	-
SWEDBANK STOCKHOLM	23,183	35	-	-	-
SWISS BANK	782,436,984	649,468	1,263,131,720	-	6,553,430
TD WATERHOUSE CDA	12,061,944	18,320	-	-	-
THE BANK OF NEW YORK/MIZUHO	-	-	16,106,466	-	-
THE BENCHMARK COMPANY, LLC	3,685,542	7,289	-	-	-
THOMAS C BOWLES & CO.	20,970,002	20,754	-	-	-
THOMAS WEISEL PARTNERS	83,253,504	110,035	-	-	-
TOKYO MITSUBISHI	7,308,730	7,055	-	-	-
TORONTO DOMINION SEC INC	8,912,349	4,291	-	-	-
TOYOTA MOTOR CREDIT CORP	-	-	-	-	656,698,806
TRADITION	-	-	201,327,473	-	-
TROIKA - NEW YORK	2,814,238	5,453	-	-	-
U.S. BANCORP INVESTMENT	-	-	-	-	547,492,222
U.S. CLEARING	213,693,746	101,977	11,583,193	-	-
UBS AG	32,958,945	68,056	-	-	-
UBS AG LONDON	191,584	478	-	-	-
UBS SECURITIES	271,095,870	260,695	210,420	-	1,580,219,046
UBS WARBUR	-	-	4,275,760	-	-

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Broker	Stock \$ Volume	Stock Commission	Bond \$ Volume	Bond \$ Commission	Short Term \$ Volume
UBS WARBURG	3,298,671	3,698	-	-	-
UNITED SERVICES PLANNING ASSOC	-	-	994,419,596	-	-
UOB KAY HIAM PVT LTD, SINGAPORE	344,775	687	-	-	-
VERITAS SECURITIES	460,260	50	-	-	-
WACHOVIA	178,229	206	-	-	-
WACHOVIA BANK	-	-	2,435,244	-	-
WAGNER STOTT & CO.	258,359,966	225,761	-	-	-
WALL STREET ACCESS	-	-	766,770	-	-
WALL STREET CLEARING	-	-	1,139,630	-	-
WALL STREET PLANNING INC.	-	-	4,306,565	-	-
WARBURG DI	7,082,222	11,792	-	-	-
WARBURG S.G.	1,256,606	1,283	-	-	-
WARBURG SECURITIES	686,473	431	-	-	-
WARBURG, DILLON READ	121,831,970	138,115	-	-	-
WASHINGTON ANALYSIS	7,299	11	-	-	-
WAVE SECURITIES	324,002,665	120,474	-	-	-
WDAE WEEDEN ALGORITHMIC	347,543	169	-	-	-
WEDBUSH SECURITIES	8,660,430	17,441	3,436,545	-	-
WEEDEN & COMPANY	212,967,400	207,350	-	-	-
WEISS	8,501,617	7,424	-	-	-
WELLS FARGO FINANCIAL INC	-	-	11,800,000	-	225,278,763
WELLS FARGO INSTITUTL BROK & SALES	-	-	-	-	14,633,922
WESTDEUTSCHE LANDESBANK	184,532	277	-	-	-
WESTERN ASSETS	-	-	-	-	1,469,012,180
WESTMINSTER	5,273,197	4,216	-	-	-
WHEATON FIRST SECURITIES INC	6,584,533	10,592	-	-	-
WHITE CAP TRADING	170,596	82	-	-	-
WILLIAM JENNINGS & CO INC.	421,051	639	-	-	-
WILLIAMS CAPITAL GROUP LP NY	10,180,078	9,488	-	-	-
WILSON HTM LTD	59,272	149	-	-	-
WINTERFLOOD SECURITIES	171,191	206	-	-	-
WOOD & CO.	1,549,482	4,636	-	-	-
WOORI INVESTMENT SEC	1,789,548	4,490	-	-	-
YAMNER & CO INC (CLS THRU 443)	8,379,413	10,553	-	-	-
YUANTA SECURITIES CO LTD	3,180,392	7,035	-	-	-
BROKER NOT AVAILABLE	681,168	-	456,894	-	-
Grand Total	\$57,870,454,121	\$23,228,444	\$98,906,068,184	\$188,580	\$147,750,045,911

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Independent Auditor's Report

Members of the Minnesota State Board of Investment
and
Howard J. Bicker, Executive Director
Minnesota State Board of Investment

We have audited the accompanying financial statements of the State of Minnesota's Supplemental Investment Fund and the Post Retirement Investment Fund as of and for the year ended June 30, 2009, as shown on pages 112 - 119. These financial statements are the responsibility of the Minnesota State Board of Investment's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the Supplemental Investment Fund and the Post Retirement Investment Fund of the State of Minnesota and are not intended to present fairly the financial position and results of operation of the State Board of Investment or the State of Minnesota in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements of the Supplemental Investment Fund and the Post Retirement Investment Fund, referred to above, present fairly, in all material respects, the net assets as of June 30, 2009, and the changes in net assets and results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 8 to the financial statements, due to the dissolution of the Post Retirement Investment Fund, the State Board of Investment transferred the fund's assets back to each participating public retirement plan on June 30, 2009, in accordance with *Minnesota Statutes* 2008, 11A.181.09.

Members of the Minnesota State Board of Investment
Howard J. Bicker, Executive Director
Page 2

In accordance with *Government Auditing Standards*, we will also issue our report dated December 30, 2009, on our consideration of the Minnesota State Board of Investment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State of Minnesota's Supplemental Investment Fund and the Post retirement Investment Fund. The supporting schedules on pages 121 - 170 are presented for the purpose of additional analysis and are not a required part of the financial statements of the Supplemental Investment and Post Retirement Funds of the State of Minnesota. These supporting schedules and the financial information on pages 1 through 108 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.


James R. Nobles
Legislative Auditor


Cecile M. Ferkul, CPA, CISA
Deputy Legislative Auditor

December 30, 2009

**STATE BOARD OF INVESTMENT
SUPPLEMENTAL AND POST INVESTMENT FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2009
AMOUNTS IN (000)'S**

	<u>SUPPLEMENTAL INVESTMENT FUND (7)</u>	<u>POST RETIREMENT INVESTMENT FUND (8)</u>
ASSETS:		
Investments (at fair value) (2), (3):		
Common Stock	\$ 480,158	\$ 0
Fixed Income Securities	269,186	0
Short Term Securities	177,931	0
Short Term Securities-Lending Collateral(4b)	118,142	0
Total Investments (4a)	<u>\$ 1,045,417</u>	<u>\$ 0</u>
Accrued Interest	303	0
Accrued Short Term Gain	43	0
TOTAL ASSETS	<u>\$ 1,045,763</u>	<u>\$ 0</u>
LIABILITIES:		
Management Fees Payable	\$ 159	\$ 0
Securities-Lending Collateral (4b)	118,142	0
TOTAL LIABILITIES	<u>\$ 118,301</u>	<u>\$ 0</u>
NET ASSETS AT JUNE 30, 2009	<u>\$ 927,462</u>	<u>\$ 0</u>

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
SUPPLEMENTAL AND POST INVESTMENT FUNDS
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009
AMOUNTS IN (000)'S**

	SUPPLEMENTAL INVESTMENT FUND	POST RETIREMENT INVESTMENT FUND
FROM UNDISTRIBUTED INCOME:		
Net Investment Income	\$ 6,149	\$ 42,751
Participant & Transfer Realized Gain (Loss)	(19,405)	(5,269,776)
Unrealized Fair Value Increase(Decrease)	(156,223)	1,143,171
TOTAL INCOME	(\$ 169,479)	(\$ 4,083,854)
Less Distribution To		
Participant Accounts	169,479	4,083,854
Undistributed Dedicated Income	0	0
Net Change From Undistributed Income	\$ 0	\$ 0
FROM PARTICIPANT TRANSACTIONS:		
Additions To Participant Accounts		
Participant Contributions	112,727	842,974
Income Distribution	(169,479)	(4,083,854)
Income To Be Distributed	0	0
Total Additions	(\$ 56,752)	(\$ 3,240,880)
Deductions From Participant Accounts		
Participant Withdrawals	83,293	3,006,034
Plan Transfers (8)	0	16,712,079
Total Deductions	\$ 83,293	19,718,113
Net Change From Participant Transactions	(\$ 140,045)	(\$ 22,958,993)
TOTAL CHANGE IN ASSETS	(\$ 140,045)	(\$ 22,958,993)
NET ASSETS:		
Beginning Of Period	1,067,507	22,958,993
End Of Period	\$ 927,462	\$ 0

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
SUPPLEMENTAL AND POST INVESTMENT FUNDS
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2009
AMOUNTS IN (000)'S**

	SUPPLEMENTAL INVESTMENT FUND	POST RETIREMENT INVESTMENT FUND
INVESTMENT INCOME:		
Interest	\$ 3,532	\$ 58
Dividends	\$ 158	\$ 22,289
Short Term Gains	2,086	20,041
Security Lending Gross Earnings(4c)	1,967	49,061
Less: Borrower Rebates	(640)	(17,425)
Less: Fees Paid to Agents	(199)	(4,746)
Security Lending Net Earnings	1,129	26,890
Income Before Expenses	\$ 6,905	\$ 69,278
Management Fees	756	26,527
NET INCOME	\$ 6,149	\$ 42,751
 REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS		
Realized:		
Proceeds From Sales and Plan Transfers	154,670	\$ 21,040,473
Cost Of Securities Sold and Transferred	174,075	26,310,249
Net Realized Gain (Loss)	(\$ 19,405)	(\$ 5,269,776)
Unrealized:		
Beginning Of Period	(39,448)	(1,143,171)
End Of Period	(195,671)	0
Increase (Decrease) In Unrealized Appreciation	(\$ 156,223)	\$ 1,143,171
 NET REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS		
	(\$ 175,628)	(\$ 4,126,605)

Notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity and Basis of Presentation: This report includes financial statements for the Supplemental Investment, and Post Retirement Trust funds of the State of Minnesota, which are administered by the State Board of Investment under authority of *Minnesota Statutes Chapter 11A*.

The financial statements presented for these funds are based on the preferred accounting practices described in the **American Institute of Certified Public Accountants** audit guide, "**Audits of Investment Companies**". These practices, and the significant accounting policies which follow, conform with generally accepted accounting principles.

Authorized Investments: *Minnesota Statutes, Section 11A.24* broadly restricts investments to obligations and stocks of the U.S. and Canadian governments, their agencies and their registered corporations; short term obligations of specified high quality, international securities; restricted participation as a limited partner in venture capital, real estate or resource equity investments; and restricted participation in registered mutual funds.

GASB 40: Deposit and Investment Risk Disclosures was issued in March 2003. This standard establishes and modifies disclosure requirements for deposit and investment risks including credit risk, interest rate risk, and foreign currency risk. SBI implemented this statement during the fiscal year ended June 30, 2005.

Security Valuation: All securities are valued at fair value except for U.S. Government short-term securities and commercial paper, which are valued at fair value less accrued interest. Accrued short-term interest is recognized as income as part of "Short-Term Gain". For long-term fixed income securities the SBI uses the Financial Times - Interactive Data Services valuation system. This pricing service is capable of providing prices for both actively traded and privately placed bonds. For equity securities the State Board uses a valuation service provided by Reuters. The basis for determining the fair value of investments that are not based on market quotations includes audited financial statements, analysis of future cash flows, and independent appraisals.

Recognition of Security Transactions: Security transactions are accounted for on the date the securities are purchased or sold.

Income Recognition: Pool dividend income is recorded on the ex-dividend date. Pool interest and dividend income are

accrued monthly. Short-term interest is accrued monthly and is presented as "Accrued Short-Term Gain".

Amortization of Fixed Income Securities: Premiums and discounts on fixed income purchases are amortized over the remaining life of the security using the "Effective Interest Method".

Loaning Securities: State Statutes do not prohibit the SBI from participating in security lending. As such, domestic and international corporate securities as well as certain US Government and Government Agency securities are loaned out by the State Board to banks and brokers for additional income. Collateral in the amount of 100% of the fair value of the security loaned is required.

During the Fiscal Year, SBI and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in a separate investment pool. As of June 30, 2009, the investments of cash collateral had an average duration of 37 days and a weighted average maturity of 201 days. Since the loans are terminable at will, their duration is not matched to the duration of investments made with cash collateral. On June 30, 2009 Minnesota had no credit risk exposure to borrowers. The collateral held and the fair value of securities on loan for the State Board as of June 30, 2009 for the SBI Supplemental Investment Fund were \$126,551,002 and \$122,077,245 respectively.

The SBI utilizes State Street Bank (SSB) to manage its Securities Lending program. SSB provides the SBI indemnification in the event a borrower defaults by failing to return a loaned security.

2. PORTFOLIO LISTING

Asset listings summarizing the securities held by these funds can be found starting on page 151 of this report. A complete listing is available by contacting the State Board's office. Fixed income and equity securities are presented at fair value.

3. COST OF INVESTMENTS

At June 30, 2009, the cost of investments for the Trust Funds, excluding security lending collateral, was:

Supplemental Investment Fund	\$ 1,123,295,402
Post Retirement Trust Fund	\$ 0

4. LOANED SECURITIES

4(a) The fair value of loaned securities outstanding at June 30, 2009, in the Supplemental fund was:

Supplemental Investment Fund	\$ 122,077,245
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

4(b) In accordance with GASB 28, Accounting and Financial Reporting for Security Lending Transactions, the amount of cash collateral is concurrently an asset and a liability at the balance sheet date.

Non-cash collateral is considered an asset and a liability only if the lender has the right to sell collateral absent of borrower default. There is no such right in our case.

4(c) In accordance with GASB 28, Accounting and Financial Reporting for Security Lending Transactions, gross lending income, borrower rebate and agent fees must be reported on the face of the Statement of Operations.

5. DERIVATIVE INSTRUMENTS

In accordance with GASB Technical Bulletin 2003-1, effective June 15, 2003, MSBI has reported derivative activity at fair value on these financial statements. Derivative activity is conducted through contracts traded on government regulated exchanges. Its primary purpose is to improve performance or to expose cash and specified short term securities to market conditions without the expense of purchasing the actual security.

At June 30, 2009, the SBI Supplemental Investment Fund held outstanding long positions with a notional value of \$8,359,841 and estimated fair value of (\$107,355) along with short positions with a notional value of (\$1,469,617) and estimated fair value of (\$1,133). The fair value of these contracts is a component of Unrealized Gain/Loss.

At June 30, 2009, the SBI Supplemental Investment Fund had \$8,729,947 in open trades for TBA Mortgage-Backed Securities. The fair value of this component is included in Fixed Income Securities with an off-setting amount in security purchases payable of \$8,667,129 and an Unrealized Gain/(Loss) of \$62,727.23.

6. POOLED INVESTMENT ACCOUNTS

The State Board of Investment manages five pooled investment accounts for the Investment Trust Funds, the Supplemental Investment Fund and the Defined Benefit Pension Funds of the State of Minnesota. SBI's master custodian, State Street Bank and Trust holds the assets of the pooled accounts. Financial information on these pooled accounts is shown on pages 140 to 148 of this report.

SBI considers the pools to be the owners of the investments and that the participants, such as the Supplemental fund, own a proportionate share of the pool. Policies relating to the management of the investments apply to the pools with the participants invested based on objectives of the pools. The schedules shown in note seven reflect the Supplemental funds proportionate share of pooled investments.

Deposit and investment risk disclosures are abbreviated in this note. For expanded discussion of the Statutory, Board,

and contractual guidelines followed to limit investment risk by external and internal managers of the pooled investments see the Introduction and Investment Pools sections of this 2009 Annual Report.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt instruments could adversely affect the fair value of an investment. Per its constitutional authority and governance by elected State officials that comprise the Board, the Board issues investment guidelines and limitations regarding interest rate risk that are incorporated into the contracts between investment managers and SBI. Debt securities are constrained around the quality rating, sector mix and duration of the Lehman Aggregate Bond Index allowing for an average duration of +/- 0.2 years for semi-passive managers and +/- 2.0 years for active managers. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable, in years or months, weighted to reflect the dollar size of individual investments within investment types.

Credit Risk of Debt Security Investments

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. Minnesota Statutes limit investment in debt securities to the top four quality ratings categories by a nationally recognized rating agency. The SBI credit policy is not more stringent than the statutory requirements. Within the contracts between SBI and investment managers are guidelines and limitations regarding interest rate risk, such as, any debt security with a grade quality rating issued by Moodys, S&P, or Finch or with specific written authorization qualifies for investment. The quality ratings in Table 1 follow the GASB 40 convention of choosing the lowest investment rating reported by Moodys or S&P.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment guidelines issued to investment managers by the State Board require investment across all sectors of the market. Unrated or below investment grade corporate obligations are limited to less than five percent of the value of the acquiring fund, 50% of an issue and 25% of the issuer's obligations. Investments in corporate stock may not exceed five percent of the total outstanding of any one corporation.

For the Supplemental Investment Funds none of the issuers produced exposure greater than five percent of the Funds' values.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Foreign Currency Risk – Investments

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect the fair value of an investment. Investment managers with authority to invest in foreign securities are

given authority to hedge foreign currency through forward contracts in order to avoid currency losses. The Supplemental Investment funds exposure to foreign currency risk is presented in Table 2 below.

7. SUPPLEMENTAL INVESTMENT FUND

The Supplemental Investment Fund serves as an investment vehicle for the various state and locally administered pension plans. During Fiscal Year 2009 the fund included seven separate accounts with different investment objectives. Financial information on the individual accounts is shown on pages **122 to 139** of this report. Participation in the Supplemental Investment Fund accounts is determined in accordance with various statutory requirements.

The SBI invests the assets of the Supplemental Investment Fund as discussed in the Supplemental Investment Fund section of this report. The investment allocation is a factor of the investment decisions of the participants and the investment objectives of the funds they select. Debt securities comprise 13% of this allocation. Assets of the Supplemental Investment Fund are comprised of shares of the investment pools managed by SBI. The tables below represent the Supplemental Investment Fund's participation in the pooled investment accounts.

Table 1

Debt Securities Credit Quality and Exposure of the Supplemental Funds' Share of the Pooled Investment Accounts as of June 30, 2009 (In Thousands)							
Type	Years Average Maturity	Fair Value	US Guarantee	BBB or Better	BB or Lower	Unrated	
Asset Backed	10.50	\$3,414	1.48%	92.94%	4.13%	1.45%	
Corporate Bonds	6.39	\$80,327	0.00%	68.99%	9.70%	21.31%	
External Cash Equivalent Pools	0.18	\$7,632	0.00%	90.68%	0.00%	9.32%	
Mortgage Backed Securities	24.36	\$77,183	2.46%	89.93%	6.89%	0.72%	
Mortgage Backed Securities TBA	0.00	\$8,720	23.52%	76.48%	0.00%	0.00%	
Municipal/Provincial Bonds	6.05	\$2,063	0.00%	94.47%	0.98%	4.55%	
Mutual Funds	0.15	\$77,338	0.00%	0.00%	0.00%	100.00%	
U.S. Agencies	4.81	\$12,389	0.00%	89.68%	0.30%	10.02%	
U.S. Treasuries	10.51	<u>\$8,765</u>	100.00%	0.00%	0.00%	0.00%	
		<u>\$277,831</u>					

Table 2

Currency Exposure of the Supplemental Funds' Share of the Pooled Investment Accounts as of June 30, 2009 (In Thousands)			
	Cash	Fixed	Equity
Euro Currency	\$370	\$93	\$20,595
Japanese Yen	\$268	\$0	\$15,537
Pound Sterling	\$194	\$219	\$13,038
Other LT 1% Foreign	<u>\$502</u>	<u>\$15</u>	<u>\$33,628</u>
Total	<u>\$1,334</u>	<u>\$327</u>	<u>\$82,798</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

8. POST RETIREMENT INVESTMENT FUND

On June 30, 2009, the assets of the Post Retirement Investment Fund (POST) were transferred back to the participating plans in accordance with Minnesota Statutes Section 11A.181. On June 29, 2009, the assets and accrued earnings of the Post Retirement fund were valued by State Street Bank in accordance with generally accepted accounting principles. The \$16,711,638,000 in investments and \$441,000 in accrued income was distributed to the participating plans based on their participation in the POST fund per Minnesota Statutes Section 11A.18 Subd. 7 at net participation at fair market value.

SCHEDULE OF PARTICIPATION

June 30, 2009

AMOUNTS IN (000)'S

	SUPPLEMENTAL INVESTMENT FUND	POST RETIREMENT INVESTMENT FUND
	(Participants see pp. 128-139).	
Teacher's Retirement Fund	\$ 0	\$ 0
Public Employees Retirement Fund	0	0
State Employees Retirement Fund	0	0
Public Employees Police & Fire Fund	0	0
Public Employees Consolidation Fund	0	0
Highway Patrolmen's Retirement Fund	0	0
Legislators & Survivors Retirement Fund	0	0
Correctional Employees Retirement Fund	0	0
Judges Retirement Fund	0	0
Income Share Account	193,903	0
Growth Share Account	80,799	0
Money Market Account	174,097	0
Common Stock Index Account	196,814	0
International Stock Account	90,387	0
Bond Market Account	96,452	0
Stable Value Account	95,010	0
TOTAL PARTICIPATION	<u>\$ 927,462</u>	<u>\$ 0</u>
 Adjustments		
 Undistributed Earnings	<u>0</u>	<u>0</u>
NET ASSETS	<u><u>\$ 927,462</u></u>	<u><u>\$ 0</u></u>

Notes are an integral part of the Financial Statements

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**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009
AMOUNTS IN (000)'S**

	<u>INCOME SHARE ACCOUNT</u>	<u>GROWTH SHARE ACCOUNT</u>	<u>MONEY MARKET ACCOUNT</u>
ASSETS:			
Investments (at fair value) (2), (3):			
Common Stock	\$ 112,050	\$ 80,824	\$ 0
Alternative Equities	0	0	0
Fixed Income Securities	79,391	0	0
Short Term Securities	2,468	0	174,058
Securities-Lending Collateral (4b)	26,263	17,914	0
Total Investments (3)	<u>\$ 220,172</u>	<u>\$ 98,738</u>	<u>\$ 174,058</u>
Cash	0	0	0
Security Sales Receivable	0	0	0
Account Receivable- Fee Refunds	0	0	0
Account Receivable-Mortality	0	0	0
Account Receivable-Participants	0	0	0
Accrued Interest	0	0	0
Accrued Dividend	0	0	0
Accrued Short Term Gain	1	0	42
TOTAL ASSETS	<u>\$ 220,173</u>	<u>\$ 98,738</u>	<u>\$ 174,100</u>
LIABILITIES:			
Management Fees Payable	\$ 7	\$ 25	\$ 3
Security Purchases Payable	0	0	0
Accounts Payable-Participants	0	0	0
Options Premiums Received	0	0	0
Securities-Lending Collateral (4b)	26,263	17,914	0
TOTAL LIABILITIES	<u>\$ 26,270</u>	<u>\$ 17,939</u>	<u>\$ 3</u>
NET ASSETS AT JUNE 30, 2009	<u><u>\$ 193,903</u></u>	<u><u>\$ 80,799</u></u>	<u><u>\$ 174,097</u></u>

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 196,823	\$ 90,461	\$ 0	\$ 0	\$ 480,158
0	0	0	0	0
0	0	96,478	93,317	269,186
0	0	0	1,405	177,931
40,554	19,596	13,815	0	118,142
\$ 237,377	\$ 110,057	\$ 110,293	\$ 94,722	\$ 1,045,417
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	303	303
0	0	0	0	0
0	0	0	0	43
\$ 237,377	\$ 110,057	\$ 110,293	\$ 95,025	\$ 1,045,763
\$ 9	\$ 74	\$ 26	\$ 15	159
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
40,554	19,596	13,815	0	118,142
\$ 40,563	\$ 19,670	\$ 13,841	\$ 15	\$ 118,301
\$ 196,814	\$ 90,387	\$ 96,452	\$ 95,010	\$ 927,462

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009
AMOUNTS IN (000)'S**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
FROM UNDISTRIBUTED INCOME:			
Net Investment Income	\$ 131	\$ 103	\$ 2,027
Realized Gains (Losses)	(643)	(3,052)	0
Unrealized Fair Value Increase(Decrease)	(31,992)	(27,644)	0
TOTAL INCOME	(\$ 32,504)	(\$ 30,593)	\$ 2,027
Less Distributions to participants Accounts	\$ 32,504	\$ 30,593	(\$ 2,027)
Undistributed Dedicated Income	0	0	0
Net Change In Undistributed Income	\$ 0	\$ 0	\$ 0
FROM PARTICIPANT TRANSACTIONS:			
Additions To Participant Accounts			
Participant Contributions	\$ 4,924	\$ 3,371	\$ 43,295
Income Distributions	(32,504)	(30,593)	2,027
Income To Be Distributed	0	0	0
Total Additions	(\$ 27,580)	(\$ 27,222)	\$ 45,322
Deductions From Participant Accounts			
Withdrawals	\$ 14,863	\$ 4,249	\$ 5,980
Total Deductions	14,863	4,249	5,980
Net change In Participation	(\$ 42,443)	(\$ 31,471)	\$ 39,342
TOTAL CHANGE IN ASSETS	(\$ 42,443)	(\$ 31,471)	\$ 39,342
NET ASSETS:			
Beginning Of Period	236,346	112,270	134,755
End Of Period	\$ 193,903	\$ 80,799	\$ 174,097

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 200	\$ 172	\$ 79	\$ 3,437	\$ 6,149
(6,967)	(4,813)	(4,179)	249	(19,405)
(65,834)	(36,337)	5,340	244	(156,223)
(\$ 72,601)	(\$ 40,978)	\$ 1,240	\$ 3,930	(\$ 169,479)
\$ 72,601	\$ 40,978	(\$ 1,240)	(\$ 3,930)	\$ 169,479
0	0	0	0	0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 23,485	\$ 6,168	\$ 8,247	\$ 23,237	\$ 112,727
(72,601)	(40,978)	1,240	3,930	(169,479)
0	0	0	0	0
(\$ 49,116)	(\$ 34,810)	\$ 9,487	\$ 27,167	(\$ 56,752)
\$ 13,058	\$ 6,316	\$ 35,001	\$ 3,826	\$ 83,293
13,058	6,316	35,001	3,826	83,293
(\$ 62,174)	(\$ 41,126)	(\$ 25,514)	\$ 23,341	(\$ 140,045)
(\$ 62,174)	(\$ 41,126)	(\$ 25,514)	\$ 23,341	(\$ 140,045)
258,988	131,513	121,966	71,669	1,067,507
\$ 196,814	\$ 90,387	\$ 96,452	\$ 95,010	\$ 927,462

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
COMBINING STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2009
AMOUNTS IN (000)'S**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
INVESTMENT INCOME:			
Interest	(\$ 23)	\$ 0	\$ 0
Dividends	(70)	125	0
Short Term Gains	15	0	2,042
Security Lending Gross Earnings (4c)	411	283	0
Less: Borrower Rebates	(128)	(100)	0
Less: Fees Paid to Agents	(42)	(28)	0
Security Lending Net Earnings	241	155	0
Income Before Expenses	\$ 163	\$ 280	\$ 2,042
Management Fees	32	177	15
NET INCOME	\$ 131	\$ 103	\$ 2,027
REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS			
Realized:			
Proceeds From Sales	19,250	4,257	0
Cost Of Securities Sold	19,893	7,309	0
Net Realized Gain (Loss)	(\$ 643)	(\$ 3,052)	\$ 0
Unrealized:			
Beginning Of Period	15,715	(26,375)	0
End Of Period	(16,277)	(54,019)	0
Increase (decrease) In Unrealized Appreciation	(\$ 31,992)	(27,644)	\$ 0
NET REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS			
	(\$ 32,635)	(\$ 30,696)	\$ 0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INTERNATIONAL SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 0	\$ 0	\$ 52	\$ 3,503	\$ 3,532
(141)	244	0	0	158
0	0	0	29	2,086
628	342	303	0	1,967
(177)	(88)	(147)	0	(640)
(68)	(38)	(23)	0	(199)
384	216	133	0	1,129
<u>\$ 243</u>	<u>\$ 460</u>	<u>\$ 185</u>	<u>\$ 3,532</u>	<u>\$ 6,905</u>
43	288	106	95	756
<u>\$ 200</u>	<u>\$ 172</u>	<u>\$ 79</u>	<u>\$ 3,437</u>	<u>\$ 6,149</u>
13,076	6,324	35,011	76,752	154,670
20,043	11,137	39,190	76,503	174,075
(\$ 6,967)	(\$ 4,813)	(\$ 4,179)	\$ 249	(\$ 19,405)
(13,998)	(5,195)	(9,748)	153	(39,448)
(79,832)	(41,532)	(4,408)	397	(195,671)
(\$ 65,834)	(\$ 36,337)	\$ 5,340	\$ 244	(\$ 156,223)
<u>(\$ 72,801)</u>	<u>(\$ 41,150)</u>	<u>\$ 1,161</u>	<u>\$ 493</u>	<u>(\$ 175,628)</u>

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
Alaska	\$ 15,124	\$ 6,452	\$ 0
Albertville	0	12,662	0
Alborn	29,231	8,613	0
Alden	0	30,077	0
Almelund	26,733	0	228,820
Amboy	0	0	0
Argyle	16,289	0	20,706
Arrowhead	18,470	15,936	0
Audubon	133,705	0	0
Austin Part-Time	188,726	124,847	0
Avon	0	12,878	0
Babbitt	100,526	0	0
Backus	0	0	0
Bagley	101,721	15,881	1,500
Balsam	118,293	61,785	125
Barnum	16,395	0	0
Beardsly	0	25,418	0
Beaver Creek	0	0	0
Benson	27,172	17,490	0
Bertha	33,305	19,059	0
Bigfork	10,429	39,692	0
Bird Island	39,542	28,815	0
Biwabik Township	31,175	0	0
Blackduck	0	0	0
Blooming	39,313	0	0
Bloomington	0	6,920,886	24,471,238
Boyd	10,721	7,359	0
Bricelyn	174,297	0	0
Brimson	35,170	0	514
Brooklyn Park	2,440,221	0	0
Brooten	0	0	0
Brownsville	4,782	4,073	1,208
Buffalo Lake	83,284	90,002	0
Buyck	2,490	1,833	3,057
Caledonia	91,189	37,085	0
Canby	98,285	67,043	2,546
Carlton	10,441	10,587	0
Centennial	147,898	123,641	184,834
Center City	79,467	19,721	0
Ceylon	40,942	29,585	0
Chatfield	66,847	75,927	0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 10,445	\$ 1,866	\$ 0	\$ 0	\$ 33,887
0	13,371	25,118	0	51,151
9,932	0	0	0	47,776
37,732	0	0	0	67,808
0	0	0	0	255,553
43,390	0	22,380	0	65,770
0	0	0	0	36,995
16,527	0	13,268	0	64,201
0	0	59,544	0	193,249
0	0	0	0	313,573
13,452	0	0	0	26,330
32,466	10,533	75,707	0	219,232
45,947	0	0	0	45,947
0	0	30,094	0	149,194
0	0	0	0	180,204
61,223	0	7,217	0	84,835
25,904	19,527	45,693	0	116,542
12,292	0	14,833	0	27,125
21,263	0	23,919	0	89,844
0	0	0	0	52,365
43,378	12,097	0	0	105,595
0	0	0	0	68,358
23,516	0	0	0	54,692
0	34,722	0	0	34,722
30,028	0	56,352	0	125,692
20,403,149	6,485,983	21,342,653	0	79,623,908
0	0	0	0	18,080
0	0	0	0	174,297
0	8,514	8,090	0	52,288
2,435,272	199,562	0	0	5,075,055
130,467	0	0	0	130,467
19,198	2,535	10,444	0	42,240
0	0	0	0	173,286
1,873	1,942	2,934	0	14,129
0	37,473	0	0	165,748
49,887	29,148	0	0	246,909
15,857	5,616	20,675	0	63,176
0	0	150,142	0	606,515
19,435	10,798	10,981	0	140,403
32,080	0	0	0	102,607
0	37,676	0	0	180,450

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
Cherry	\$ 29,094	\$ 19,210	\$ 520
Chisago City	281,040	70,034	0
Chokio	95,255	0	0
Clarissa	0	10,883	0
Clarkfield	118,533	4,960	0
Clear Lake	130,329	154,990	0
Cohasset	12,016	23,586	0
Columbia Heights	0	482,110	0
Colvill Area	28,169	0	(2,650)
Coon Rapids	1,034,570	0	0
Crane Lake	25,210	20,810	4,594
Cyrus	0	10,452	0
Dakota	25,858	15,831	0
Dawson	142,208	34,836	0
Deer Creek	44,047	61,081	0
Delano	0	31,535	0
Dover	33,472	18,569	17,260
East Grand Forks	687,314	0	0
Edgerton	130,931	0	0
Edina	0	0	1,222,172
Elbow Lake	88,247	43,237	0
Elk River	452,548	70,464	0
Ellsburg	0	23,157	0
Elmore	0	20,573	0
Emmons	50,002	0	12,887
Excelsior	1,144,722	553,688	0
Eyota	59,138	0	75,861
Fairmount Police	1,241,943	562,479	187,037
Farmington Cataract	109,016	0	0
Fergus Falls	0	308,206	0
Forest Lake	166,872	0	0
Franklin	0	0	0
Frazee	60,054	8,888	0
Fredenberg	43,817	20,126	0
Frost	14,876	11,419	0
Ghent	0	0	0
Glencoe	0	80,511	0
Glenville	20,887	15,446	5,867
Glenwood	77,553	42,921	0
Golden Valley	1,425,150	522,895	0
Gonvick	31,203	24,333	0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 9,142	\$ 0	\$ 0	\$ 0	\$ 57,965
0	71,274	84,667	0	507,015
0	0	0	0	95,255
11,311	0	26,127	0	48,322
8,483	0	36,198	0	168,174
0	0	22,712	0	308,031
0	0	0	0	35,601
313,973	0	336,920	0	1,133,003
0	4,902	0	0	30,421
0	0	498,329	0	1,532,899
21,054	7,225	0	0	78,892
10,667	8,344	21,055	0	50,518
0	0	19,789	0	61,478
0	0	0	0	177,044
0	0	0	0	105,128
34,860	0	0	0	66,395
25,112	21,394	32,277	0	148,084
0	0	0	0	687,314
63,825	0	0	0	194,756
2,871,238	724,021	269,844	0	5,087,275
0	0	0	0	131,484
109,595	220,271	0	0	852,878
23,848	0	0	0	47,004
13,179	0	0	0	33,752
52,988	13,772	0	0	129,649
573,876	69,003	0	0	2,341,290
24,717	0	62,649	0	222,366
1,164,096	0	606,084	0	3,761,638
91,012	20,942	0	0	220,970
352,813	40,406	526,839	0	1,228,263
35,131	0	0	0	202,003
39,095	0	0	0	39,095
3,899	0	52,652	0	125,493
23,431	21,257	11,513	0	120,144
12,353	0	0	0	38,648
8,901	3,644	5,410	0	17,956
0	0	0	0	80,511
16,048	18,766	22,865	0	99,879
45,129	0	74,050	0	239,653
537,762	385,060	518,188	0	3,389,054
0	0	0	0	55,536

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
Good Thunder	\$ 94,532	\$ 40,356	\$ 0
Grand Marais	52,665	34,108	93,121
Grand Meadow	39,758	30,553	0
Greenwood	75,893	95,632	0
Grey Eagle	97,805	11,056	0
Hackensack	55,469	0	0
Hanska	0	8,629	0
Hardwick	3,168	946	0
Harmony	0	0	0
Hawley	0	0	185
Hayward	0	77,332	0
Hector	383,006	0	0
Henning	32,277	9,565	0
Herman	0	17,832	0
Hewitt	0	13,295	0
Hills	3,229	2,563	0
Holdingsford	8,143	6,049	0
Holland	18,504	6,959	1,226
Houston	8,965	6,245	0
Hovland	13,532	22,687	0
Industrial	38,025	0	0
Isanti	0	293,649	0
Jacobson	19,841	19,540	6,738
Kabetogama	0	96,351	0
Kandiyohi	38,809	28,212	0
Kelliher	21,979	26,068	0
Kelsey	0	2,771	0
Kerkhoven	45,839	35,816	0
Kettle River	29,140	12,107	0
Kiester	0	9,459	0
Kilkenny	27,667	23,184	33,304
Kimball	50,389	37,238	0
La Crescent	30,851	16,580	0
La Salle	10,382	8,508	0
Lafayette	104,328	42,194	0
Lake City	399,468	0	0
Leroy	46,791	0	0
Lewiston	65,814	53,071	0
Lexington	0	0	432,453
Linwood	295,197	0	0
Littlefork	77,232	12,209	0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 53,617	\$ 0	\$ 0	\$ 0	\$ 188,506
0	18,422	93,171	0	291,486
33,315	0	0	0	103,626
0	0	44,187	0	215,712
0	22,998	0	0	131,859
0	34,699	0	0	90,168
0	6,736	0	0	15,364
937	682	638	0	6,369
21,251	22,962	0	0	44,213
41,114	0	0	0	41,299
96,728	0	0	0	174,059
0	0	0	0	383,006
29,848	16,270	29,186	0	117,146
18,199	14,236	35,923	0	86,190
0	0	0	0	13,295
2,611	2,464	0	0	10,866
6,627	0	0	0	20,819
20,019	48,343	35,460	0	130,512
6,599	9,870	0	0	31,680
27,066	9,704	0	0	72,988
30,590	0	0	0	68,615
223,938	300,019	0	0	817,606
0	8,952	0	0	55,071
0	0	0	0	96,351
26,960	0	40,846	0	134,826
31,710	0	0	0	79,758
0	2,732	4,195	0	9,697
38,360	0	55,490	0	175,505
16,783	0	0	0	58,030
10,474	14,074	0	0	34,007
23,398	0	0	0	107,553
23,259	0	0	0	110,886
34,477	0	23,013	0	104,921
8,929	0	0	0	27,819
42,885	12,421	54,347	0	256,175
0	0	0	0	399,468
0	0	15,373	0	62,164
0	0	0	0	118,885
0	0	0	0	432,453
0	0	0	0	295,197
61,320	0	0	0	150,761

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
Lowry	\$ 0	\$ 0	\$ 0
Lutsen	8,198	6,392	0
Lyle	31,678	0	0
Madison	23,463	9,730	0
Madison Lake	19,618	14,684	0
Mahtomedi	602,590	0	62,338
Maple Hill	77,919	0	0
Mapleton	58,288	53,803	0
Mapleview	34,442	45,483	0
Maplewood	0	0	0
Marietta	27,095	10,294	0
Marine St. Croix	41,812	58,619	45,607
Mayer	96,971	0	45,777
Maynard	58,956	0	0
McDavitt	55,914	22,221	0
McGrath	10,298	4,552	0
McIntosh	18,386	20,170	0
MedFord	12,123	34,717	0
Medicine Lake	0	0	0
Menahga	65,341	0	0
Mendota Heights	0	158,750	0
Milan	32,271	24,645	0
Minneapolis	0	0	0
Minneapolis Police	0	0	0
Minneapolis(Health)	1,723,770	0	0
Minneota	26,885	9,276	0
Minnetonka	5,400,848	0	0
Montrose	5,950	6,570	0
Morris	64,181	32,665	0
Morristown	148,984	0	0
Murdock	24,368	17,611	0
Myrtle	42,195	0	49,397
Nassau	10,323	26,123	0
New Brighton	0	974,203	0
New Germany	48,890	0	0
New Scandia Tsp	112,676	90,034	0
New Ulm	0	0	0
New York Mills	108,993	0	0
Nicollet	87,500	36,933	18,020
Nodine	0	0	12,476
North Branch	75,735	32,650	0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 38,584	\$ 0	\$ 0	\$ 0	\$ 38,584
6,547	0	0	0	21,137
26,788	0	0	0	58,466
14,125	0	0	0	47,318
0	17,847	0	0	52,149
0	0	0	0	664,928
0	0	20,983	0	98,903
0	0	0	0	112,091
0	12,117	49,766	0	141,808
2,105,882	325,994	1,076,804	0	3,508,681
8,097	0	0	0	45,486
48,277	31,577	24,445	0	250,336
121,584	0	39,011	0	303,343
0	0	0	0	58,956
0	8,324	6,327	0	92,786
0	0	8,017	0	22,867
24,681	0	0	0	63,237
34,658	36,852	0	0	118,351
204,782	122,420	124,951	0	452,153
0	0	89,173	0	154,514
175,911	121,475	423,914	0	880,050
27,049	0	0	0	83,966
8,847,201	0	4,950,810	0	13,798,011
84,393,576	38,959,007	21,830,824	0	145,183,407
0	0	0	0	1,723,770
9,720	7,742	18,278	0	71,901
0	0	0	0	5,400,848
8,381	0	0	0	20,900
36,245	30,482	0	0	163,573
158,797	11,902	0	0	319,683
19,783	16,412	0	0	78,173
0	0	0	0	91,592
26,376	17,121	12,206	0	92,149
0	0	855,946	0	1,830,149
0	0	0	0	48,890
92,983	105,357	0	0	401,050
146,709	0	0	0	146,709
0	0	0	0	108,993
37,389	35,845	0	0	215,688
44,771	23,923	41,465	0	122,635
35,644	142,049	0	0	286,077

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
North Star	\$ 0	\$ 0	\$ 0
Northfield	883,567	503,071	0
Northrop	33,231	30,925	0
Norwood Young America	1,207	0	381,739
Osakis	0	99,245	0
Ottertail	245,822	0	0
Owatonna	458,812	707,170	78,753
Pennock	134,565	0	5,550
Pequaywan Lake	0	0	0
Pequot Lakes	172,769	0	0
Perch Lake	5,883	4,667	0
Pine Island	126,726	61,918	0
Pipestone	118,907	0	0
Porter	16,420	24,933	16,177
Prior Lake	0	33,526	0
Randolph	152,225	0	0
Red Lake	55,027	0	0
Redwood	0	0	0
Remer	9,686	7,517	0
Renville	44,546	37,360	0
Robbinsdale	509,223	180,211	70,461
Rose Creek	0	0	48,736
Roseau	0	707	0
Rosemount	627,677	296,763	0
Roseville	0	1,440,533	0
Rush City	192,245	46,872	0
Ruthton	17,387	13,730	22,156
Sacred Heart	0	26,290	0
Saint Clair	83,748	77,942	1,250
Saint Michael	0	16,912	0
Saint Peter	20,166	83,450	0
Sandstone	5,024	0	0
Savage	889,211	0	0
Scandia Valley	42,776	0	0
Schroeder	0	70,659	0
Shakopee	0	527,277	0
Sherburn	210,779	0	0
Shevlin	28,966	0	0
Silver Bay	61,457	49,644	0
Solway (* Main)	5,400	4,372	0
Solway(Cloquet)	48,428	0	0

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 24,648	\$ 0	\$ 0	\$ 0	\$ 24,648
672,594	0	0	0	2,059,232
0	0	0	0	64,155
0	0	4,628	0	387,574
95,086	25,316	39,586	0	259,233
0	0	0	0	245,822
65,929	90,943	0	0	1,401,608
0	0	0	0	140,115
26,888	0	0	0	26,888
0	0	0	0	172,769
0	0	0	0	10,550
0	0	0	0	188,644
92,077	0	0	0	210,984
98,053	0	30,514	0	186,096
34,232	32,285	0	0	100,043
138,907	3,098	0	0	294,231
0	0	0	0	55,027
0	0	35,456	0	35,456
7,898	10,192	0	0	35,293
13,116	0	46,268	0	141,290
187,269	109,086	0	0	1,056,250
0	0	0	0	48,736
0	0	0	0	707
309,254	0	0	0	1,233,694
1,559,266	625,734	2,246,797	0	5,872,330
68,511	0	0	0	307,627
14,055	0	0	0	67,328
0	0	0	0	26,290
83,628	0	12,063	0	258,631
18,346	21,721	0	0	56,979
45,194	66,825	571	0	216,206
0	0	0	0	5,024
0	0	0	0	889,211
0	0	0	0	42,776
16,278	0	0	0	86,937
566,675	144,808	0	0	1,238,760
0	0	0	0	210,779
0	0	46,258	0	75,224
0	13,707	0	0	124,808
3,852	0	0	0	13,624
0	0	80,396	0	128,824

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA SUPPLEMENTAL INVESTMENT FUND
SCHEDULE OF PARTICIPATION
JUNE 30, 2009**

	INCOME SHARE ACCOUNT	GROWTH SHARE ACCOUNT	MONEY MARKET ACCOUNT
Spring Grove	\$ 6,735	\$ 5,341	\$ 2,119
Spring Lake Park	691,409	0	0
Starbuck	22,611	15,247	0
Stephen	22,400	46,647	0
Stewart	59,572	0	0
Stewartville	245,360	99,889	0
Stillwater	0	0	451,892
Sturgeon Lake	0	8,224	0
Tofte	50,468	0	0
Truman	48,463	39,273	0
Two Harbors	99,104	80,267	0
Tyler	103,829	0	0
Underwood	0	3,837	0
Vadnais Heights	59,564	0	0
Vergas	38,884	0	0
Vermilion Lake	126,001	0	0
Verndale	0	6,006	0
Waconia	222,620	222,380	0
Warba-Feeley-Sago	23,859	0	0
Warroad Area	161,749	0	0
Williams	81,004	17,336	0
Willow River	0	16,744	0
Winnebago	12,689	0	0
Woodbury	0	0	1,656,152
Woodstock	22,786	17,424	0
Wrenshall	0	0	0
Wright	65,036	0	0
Wykoff	50,921	0	0
Wyoming	98,877	0	0
Zumbro Falls	118,911	28,120	0
Hen Co	46,528,355	16,306,747	17,791,956
MSRS-Health	15,859,587	9,321,581	113,154,702
PeraDCP	11,443,506	4,056,135	1,323,121
Unclass	89,055,584	32,296,603	11,853,569
TOTAL PARTICIPATION	\$ 193,903,377	\$ 80,798,953	\$ 174,097,070
Adjustments			
Unrealized Appreciation			
(Depreciation) of Investments	0	0	0
Undistributed Earnings	0	0	0
NET ASSETS	\$ 193,903,377	\$ 80,798,953	\$ 174,097,070

Notes are an integral part of the Financial Statements

STOCK INDEX ACCOUNT	INT'L SHARE ACCOUNT	BOND MARKET ACCOUNT	FIXED INTEREST ACCOUNT	SUPPLEMENTAL INVESTMENT FUND TOTAL
\$ 5,459	\$ 4,320	\$ 0	\$ 0	\$ 23,974
0	0	0	0	691,409
16,236	5,655	0	0	59,750
0	0	0	0	69,047
24,809	0	0	0	84,381
103,482	76,704	0	0	525,435
0	0	116,069	0	567,961
11,661	0	6,032	0	25,917
45,643	0	0	0	96,111
38,876	0	34,304	0	160,917
0	84,458	125,621	0	389,451
0	0	0	0	103,829
3,910	3,070	0	0	10,817
0	0	0	0	59,564
0	0	0	0	38,884
0	0	0	0	126,001
6,412	0	0	0	12,419
125,816	88,960	0	0	659,775
0	0	0	0	23,859
0	0	0	0	161,749
18,950	0	0	0	117,291
23,605	0	24,134	0	64,484
0	0	0	0	12,689
2,164,727	676,830	0	0	4,497,709
13,015	0	6,914	0	60,139
33,445	0	0	0	33,445
0	0	0	0	65,036
0	0	0	0	50,921
0	0	66,771	0	165,648
24,707	14,271	7,925	0	193,933
9,860,057	4,030,488	7,381,040	0	101,898,644
14,608,747	13,734,000	13,703,118	61,952,609	242,334,343
3,541,978	1,601,885	2,203,940	2,956,692	27,127,257
34,342,710	19,809,398	15,080,367	30,101,088	232,539,320
\$ 196,813,797	\$ 90,387,430	\$ 96,451,734	\$ 95,010,389	\$ 927,462,750
0	0	0	0	0
0	0	0	0	0
\$ 196,813,797	\$ 90,387,430	\$ 96,451,734	\$ 95,010,389	\$ 927,462,750

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF ASSETS AND LIABILITIES**

JUNE 30, 2009

AMOUNTS IN (000)'S

	ALTERNATIVE INVESTMENTS ACCOUNT(4)	DOMESTIC BOND ACCOUNT
ASSETS:		
Investments (at fair value) (2),(3):		
Common Stock	\$ 0	\$ 10,545
Alternative Equities	5,306,403	0
Fixed Income Securities	0	8,467,502
Short Term Securities	9,824	542,676
Securities-Lending Collateral(4b)	35,288	1,186,745
Total Investments	\$ 5,351,515	\$ 10,207,468
Cash	0	260
Security Sales Receivable	0	682,561
Accounts Receivable-Fee Refunds	0	0
Accounts Receivable-Mortality	0	0
Accounts Receivable-Participants	0	0
Accrued Interest	0	70,939
Accrued Dividends	-13	11
Accrued Short Term Gain	0	592
TOTAL ASSETS	\$ 5,351,502	\$ 10,961,831
LIABILITIES:		
Management Fees Payable	0	2,114
Security Purchases Payable	0	1,424,078
Accounts Payable-Participants	0	0
Options Premiums Received	0	0
Securities-Lending Collateral(4b)	35,288	1,186,745
TOTAL LIABILITIES	\$ 35,288	\$ 2,612,937
NET ASSETS AT JUNE 30, 2009	\$ 5,316,214	\$ 8,348,894

Notes are an integral part of the Financial Statements

DOMESTIC EQUITY ACCOUNTS	INTERNATIONAL EQUITY ACCOUNT	POOLED INVESTMENT FUND TOTAL
\$ 16,602,083	\$ 5,931,698	\$ 22,544,326
0	0	5,306,403
680	0	8,468,182
149,785	80,540	782,825
3,611,875	1,323,679	6,157,587
<u>\$ 20,364,423</u>	<u>\$ 7,335,917</u>	<u>\$ 43,259,323</u>
374	87,672	88,306
238,544	13,069	934,174
0	0	0
0	0	0
0	0	0
8	0	70,947
19,725	25,265	44,988
161	716	1,469
<u>\$ 20,623,235</u>	<u>\$ 7,462,639</u>	<u>\$ 44,399,207</u>
3,248	4,965	10,327
239,791	22,304	1,686,173
0	0	0
0	0	0
3,611,875	1,323,679	6,157,587
<u>\$ 3,854,914</u>	<u>\$ 1,350,948</u>	<u>\$ 7,854,087</u>
<u><u>\$ 16,768,321</u></u>	<u><u>\$ 6,111,691</u></u>	<u><u>\$ 36,545,120</u></u>

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF CHANGES IN NET ASSETS**

JUNE 30, 2009

AMOUNTS IN (000)'S

	<u>ALTERNATIVE INVESTMENTS ACCOUNT(4)</u>	<u>DOMESTIC BOND ACCOUNT</u>
FROM INVESTMENT ACTIVITY:		
Net Investment Income	\$ 231,885	\$ 532,232
Realized Gains (Losses)	(39,620)	(501,798)
Unrealized Fair Value Increase(Decrease)	(1,353,499)	(8,086)
TOTAL INCOME	<u>(\$ 1,161,234)</u>	<u>\$ 22,348</u>
Less Distribution To		
Participant Accounts	192,290	28,535
Undistributed Dedicated Income	(384,556)	(58,969)
Net Change In Undistributed Income	<u>(\$ 1,353,500)</u>	<u>(\$ 8,086)</u>
FROM PARTICIPANT TRANSACTIONS:		
Additional To Participant Accounts		
Participant Contributions	760,734	1,595,237
Income Distribution	(192,290)	(28,535)
Income To Be Distributed	384,556	58,969
Total Additions	<u>\$ 953,000</u>	<u>\$ 1,625,671</u>
Deductions From Participant Accounts		
Withdrawals	248,383	4,634,110
Total Deductions	<u>\$ 248,383</u>	<u>\$ 4,634,110</u>
Net Change In Participation	<u>\$ 704,617</u>	<u>(\$ 3,008,439)</u>
TOTAL CHANGE IN ASSETS	<u>(\$ 648,883)</u>	<u>(\$ 3,016,525)</u>
NET ASSETS:		
Beginning Of Period	5,965,097	11,365,419
End Of Period	<u><u>\$ 5,316,214</u></u>	<u><u>\$ 8,348,894</u></u>

Notes are an integral part of the Financial Statements

DOMESTIC EQUITY ACCOUNTS	INTERNATIONAL EQUITY ACCOUNT	POOLED INVESTMENT FUND TOTAL
\$ 383,432	\$ 140,944	\$ 1,288,493
(2,796,978)	(830,109)	(\$ 4,168,505)
(3,248,785)	(1,341,279)	(5,951,649)
<u>(\$ 5,662,331)</u>	<u>(\$ 2,030,444)</u>	<u>(\$ 8,831,661)</u>
(2,416,116)	(696,840)	(2,892,131)
4,829,663	1,386,005	5,772,143
<u>(\$ 3,248,784)</u>	<u>(\$ 1,341,279)</u>	<u>(\$ 5,951,649)</u>
2,239,426	1,410,230	6,005,627
2,416,116	696,840	2,892,131
(4,829,559)	(1,386,005)	(5,772,039)
<u>(\$ 174,017)</u>	<u>\$ 721,065</u>	<u>\$ 3,125,719</u>
1,720,538	551,898	7,154,929
<u>\$ 1,720,538</u>	<u>\$ 551,898</u>	<u>\$ 7,154,929</u>
(1,894,555)	\$ 169,167	(\$ 4,029,210)
<u>(\$ 5,143,339)</u>	<u>(\$ 1,172,112)</u>	<u>(\$ 9,980,859)</u>
21,911,660	7,283,803	46,525,979
<u>\$ 16,768,321</u>	<u>\$ 6,111,691</u>	<u>\$ 36,545,120</u>

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF OPERATIONS
YEAR ENDED JUNE 30, 2009
AMOUNTS IN (000)'S**

	ALTERNATIVE INVESTMENTS ACCOUNT(4)	DOMESTIC BOND ACCOUNT
Interest	\$ 0	\$ 517,807
Dividends	243,563	1,340
Short Term Gains	196	11,357
Security Lending Gross Earnings(4c)	570	25,845
Less: Borrower Rebates	(268)	(12,588)
Less: Fees Paid to Agents	(45)	(1,989)
Security Lending Net Earnings	257	11,268
Income Before Expenses	\$ 244,016	\$ 541,772
Management Fees	12,131	9,540
NET INCOME	\$ 231,885	\$ 532,232
 REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS		
Realized:		
Proceeds From Sales	\$ 256,803	\$ 49,002,241
Cost Of Securities Sold	296,423	49,504,039
Net Realized Gain (Loss)	(\$ 39,620)	(\$ 501,798)
Unrealized:		
Beginning Of Period	1,230,986	(430,256)
End Of Period	(122,513)	(438,342)
Increase (Decrease)		
In Unrealized Appreciation	(\$ 1,353,499)	(\$ 8,086)
 NET REALIZED AND UNREALIZED FAIR VAILUE INCREASE (DECREASE) ON INVESTMENTS		
	(\$ 1,393,119)	(\$ 509,884)

Notes are an integral part of the Financial Statements

DOMESTIC EQUITY ACCOUNTS	INTERNATIONAL EQUITY ACCOUNT	POOLED INVESTMENT FUND TOTAL
\$ 45	\$ 3	\$ 517,855
370,271	141,427	756,601
3,705	3,802	19,060
56,574	23,065	106,054
(18,408)	(5,942)	(37,206)
(5,725)	(2,569)	(10,328)
32,441	14,554	58,520
\$ 406,462	\$ 159,786	\$ 1,352,036
23,030	18,842	63,543
\$ 383,432	\$ 140,944	\$ 1,288,493

\$ 10,829,392	\$ 3,326,374	\$ 63,414,810
13,626,370	4,156,483	67,583,315
(\$ 2,796,978)	(\$ 830,109)	(\$ 4,168,505)
2,414,613	1,455,145	4,670,488
(834,172)	113,866	(1,281,161)
(\$ 3,248,785)	(\$ 1,341,279)	(\$ 5,951,649)
(\$ 6,045,763)	(\$ 2,171,388)	(\$ 10,120,154)

Notes are an integral part of the Financial Statements

**STATE BOARD OF INVESTMENT
MINNESOTA POOLED INVESTMENT ACCOUNTS
SCHEDULE OF PARTICIPATION
JUNE 30, 2009
AMOUNTS IN (000)'S**

	<u>ALTERNATIVE INVESTMENT ACCOUNTS</u>	<u>DOMESTIC BOND ACCOUNT</u>
Teachers Retirement Fund	\$ 1,948,641	\$ 3,131,945
Public Employees Retirement Fund	1,516,090	2,233,447
State Employees Retirement Fund	1,066,960	1,498,269
Public Employees Police & Fire Fund	606,604	861,116
Highway Patrolmen's Retirement Fund	62,487	102,957
Judges Retirement Fund	15,783	26,320
Correctional Employees Retire. Fund	67,855	101,140
Mpls. Employee Survivor & Disability Fund	0	23,213
Mpls. Employee Retirement Fund	0	235,537
PERA Correctional (Old Police & Fire Consolidation)	29,467	33,151
Legislative Retirement Fund	2,327	5,345
TOTAL BASIC RETIREMENT FUNDS	<u>\$ 5,316,214</u>	<u>\$ 8,252,440</u>
Post Retirement Fund	0	0
Supplemental Income Share Account	0	0
Supplemental Growth Share Account	0	0
Supplemental Index Share Account	0	0
Supplemental Bond Market Account	0	96,454
Supplemental International Equity Account	0	0
TOTAL PARTICIPATION	<u><u>\$ 5,316,214</u></u>	<u><u>\$ 8,348,894</u></u>

Notes are an integral part of the Financial Statements

DOMESTIC EQUITY ACCOUNTS	INTERNATIONAL EQUITY ACCOUNT	POOLED INVESTMENT FUND TOTAL
\$ 6,137,037	\$ 2,245,377	\$ 13,463,000
4,498,938	1,646,040	9,894,515
3,066,381	1,121,906	6,753,516
1,755,960	642,459	3,866,139
200,222	73,256	438,922
50,999	18,659	111,761
202,956	74,256	446,207
34,265	15,173	72,651
348,912	153,798	738,247
73,522	26,900	163,040
9,507	3,478	20,657
\$ 16,378,699	\$ 6,021,302	\$ 35,968,655
0	0	0
112,028	0	112,028
80,809	0	80,809
196,785	0	196,785
0	0	96,454
0	90,388	90,388
\$ 16,768,321	\$ 6,111,690	\$ 36,545,119

Notes are an integral part of the Financial Statements

NOTES TO THE SUPPLEMENTAL FINANCIAL STATEMENTS
JUNE 30, 2009

1. PORTFOLIO LISTING:

Asset listings summarizing securities held by these funds can be found starting on page **151** of this report. Fixed income and equity securities are presented at fair value.

2. COST OF INVESTMENTS:

At June 30, 2009 the cost plus accrued income of investments for the Minnesota Pooled Investment Accounts and the individual accounts of the Minnesota Supplemental Investment Fund, excluding security lending collateral, was:

MINNESOTA POOLED INVESTMENT ACCOUNTS

DOMESTIC ACCOUNTS

Equity Account	\$ 17,605,741,236
Bond Account	\$ 8,789,350,124
Alternative Investment Accounts	\$ 5,438,726,935

INTERNATIONAL ACCOUNTS

Equity Account	\$ 6,002,790,182
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SUPPLEMENTAL INVESTMENT FUND

Income Share Account	\$ 210,187,645
Growth Share Account	\$ 134,843,247
International Share Account	\$ 131,993,920
Money Market Account	\$ 174,100,514
Stock Index Account	\$ 276,655,145
Bond Market Account	\$ 100,885,996
Fixed Interest Account	\$ 94,628,935

3. LOANED SECURITIES:

The fair value of loaned securities outstanding at June 30, 2009 for the Minnesota Pooled Investment Accounts included in the total investments figure was:

Equity Account (Domestic)	\$ 2,296,850,870
Equity Index Account (Domestic)	\$ 1,373,300,080
Bond Account (Domestic)	\$ 1,215,085,306
International Equity Account	\$ 1,501,780,393

The fair value for non-pooled investment accounts includes:

Money Market Account	\$ 35,210,447
Income share Account Fixed Income	\$ 3,118,908

4. UNDISTRIBUTED INCOME:

The Undistributed Dedicated Income of the pooled investments consists of the net increase (decrease) in the fair value of investments plus the difference between cash basis used in the Minnesota Statutes 11A.14 Subd. 12 distribution and the fair value accrual basis used in these financials.

External Stock and Bond Managers' Fees

Total Payments for Fiscal Year 2009

Active Domestic Stock Managers

Alliance Bernstein L.P.	\$	286,826
Barrow, Hanley, Mewhinney & Stauss, Inc.		725,969
Cohen, Klingenstein & Marks, Inc. ~		0
EARNEST Partners, LLC		380,151
Mellon Capital Management Corp. (Franklin)		439,305
Goldman Sachs Asset Management, LP		761,494
Hotchkis and Wiley Capital Management, LLC		267,260
Intech Investment Management, LLC (Enhanced InvTec)		824,091
Jacobs Levy Equity Management, Inc.		750,227
Knelman Asset Management Group, LLC (Lazard)		255,771
Lord, Abbet,t & Co., LLC		568,220
LVS Asset Management		894,841
Martingale Asset Management L.P.		466,882
McKinley Capital Management Inc.		695,330
New Amsterdam Partners, LLC		720,966
Next Century Growth Investors, LLC		1,493,367
Peregrine Capital Management		856,859
RiverSource Investments		274,497
Sands Capital Management, LLC		392,268
Systematic Financial Management, LP		769,288
Turner Investment Partners, Inc.		1,094,672
UBS Global Asset Management (Americas) Inc.		617,332
Voyageur Asset Management, Inc.		198,129
Winslow Capital Management, Inc. (Large Cap.)		457,572
Zevenbergen Capital Investments, LLC		1,105,515

Passive Domestic Stock Managers

Barclays Global Investors		762,296
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Semi-Passive Domestic Stock Managers

Barclays Global Investors, N.A.		2,499,084
Mellon Capital Management Corp. (Franklin)		1,702,903
JPMorgan Investment Management, Inc.		2,129,669

Active Domestic Bond Managers (2)

Aberdeen Asset Management (Deutsche)		1,456,189
Dodge & Cox		992,932
Morgan Stanley		248,242
PIMCO		1,431,286
RiverSource Investments (American Express)		821,381
Western Asset Management		1,258,662

cont.

External Stock and Bond Managers' Fees

Total Payments for Fiscal Year 2009

Semi-Passive Domestic Bond Managers (2)		
BlackRock Inc.	\$	892,360
Goldman Sachs		1,124,721
Lehman Brothers Asset Management, LLC (Lincoln)		538,191
Developed-International Active Stock Managers		
Acadian Asset Management		1,027,101
Invesco Global Asset Management		753,764
JP Morgan Investment Management Co.		774,940
Marathon Asset Management		1,305,488
McKinley Capital Management		811,833
Pyramis Global Advisors Trust Co.- Active (Fidelity)		654,228
RiverSource Investments (American Express)		632,734
UBS Global Asset Management (Brinson) *		600,667
Developed-International Semi-Passive Stock Managers		
AQR Capital Management		1,021,838
Pyramis Global Advisors Trust Co. - Semi Passive (Fidelity)		857,171
State Street Global Advisors - Semi Passive		918,605
Developed-International Passive Stock Managers		
State Street Global Advisors - Passive		383,339
Emerging-International Active Stock Managers		
AllianceBernstein L.P.		1,507,019
Capital International		2,981,341
Morgan Stanley Investment Management		3,407,761
Assigned Risk Plan		
GE Investment Management		196,801
Voyager Asset Management *		252,431

* Manager Terminated in Fiscal '09
 ~ Manager Terminated June 30, 2008

(1) Most active stock managers, with the exception of those managing small portfolios, are compensated on a performance-based fee formula. Four fee options are available and fees earned range from zero to twice the manager's base fee, depending on the manager's performance relative to an established benchmark.

(2) Active bond managers and semi-passive bond managers are compensated based on a specified percentage of assets under management.

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

ALLIANCE CAPITAL MGMT. LP

Equities	Market Value	%
COMMINGLED FUND	\$2,530,917.50	1.22
CONSUMER DISCRETIONARY	\$33,069,961.75	15.91
CONSUMER STAPLES	\$7,014,788.20	3.37
ENERGY	\$21,894,160.75	10.53
FINANCIALS	\$31,104,079.65	14.96
HEALTH CARE	\$31,537,390.25	15.17
INDUSTRIALS	\$11,321,839.50	5.45
INFORMATION TECHNOLOGY	\$56,439,239.45	27.15
MATERIALS	\$11,651,254.25	5.61
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$0.00	0.00
VENTURE CAPITAL	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$206,563,631.30	99.37
Cash Equivalents	\$885,745.50	0.43
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$251,609.16	0.12
Dividend Receivable	\$148,697.88	0.07
Short Term Interest Receivable	\$815.72	0.00
Tax Refund Receivable	\$12,405.36	0.01
Grand Total	\$207,862,904.92	100.00 %

EARNEST PARTNERS

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$16,205,660.00	12.50
CONSUMER STAPLES	\$2,406,537.00	1.86
ENERGY	\$20,428,243.74	15.76
FINANCIALS	\$24,881,541.34	19.19
HEALTH CARE	\$15,983,778.96	12.33
INDUSTRIALS	\$16,088,858.00	12.41
INFORMATION TECHNOLOGY	\$14,670,798.00	11.32
MATERIALS	\$4,567,877.27	3.52
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$2,582,307.00	1.99
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$7,984,269.00	6.16
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$125,799,870.31	97.03
Cash Equivalents	\$3,691,391.09	2.85
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$159,247.00	0.12
Short Term Interest Receivable	\$4,667.82	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$129,655,176.22	100.00 %

BARROW, HANLEY, MEWHINNEY & STRAUSS, INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$30,214,497.00	9.72
CONSUMER STAPLES	\$8,753,525.00	2.82
ENERGY	\$41,486,473.00	13.35
FINANCIALS	\$38,056,780.20	12.25
HEALTH CARE	\$66,014,135.00	21.25
INDUSTRIALS	\$47,047,538.00	15.14
INFORMATION TECHNOLOGY	\$22,479,229.00	7.23
MATERIALS	\$7,711,825.00	2.48
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$23,898,701.00	7.69
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$22,845,009.00	7.35
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$308,507,712.20	99.29
Cash Equivalents	\$1,856,656.80	0.60
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$360,750.00	0.12
Short Term Interest Receivable	\$1,596.20	0.00
Tax Refund Receivable	\$0.00	0.00
Payable for Interest Comp	\$0.00	0.00
Grand Total	\$310,726,715.20	100.00 %

ENHANCED INVESTMENT TECHNOLOGIES

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$27,345,564.00	12.15
CONSUMER STAPLES	\$28,778,789.09	12.79
ENERGY	\$14,709,246.00	6.54
FINANCIALS	\$6,474,120.29	2.88
HEALTH CARE	\$37,003,799.42	16.44
INDUSTRIALS	\$35,200,507.00	15.64
INFORMATION TECHNOLOGY	\$65,453,431.50	29.09
MATERIALS	\$4,702,215.00	2.09
TELECOMMUNICATIONS SERVICES	\$2,590,937.00	1.15
PRIVATE PLACEMENT	\$0.00	0.00
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$1,401,536.00	0.62
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$223,660,145.30	99.39
Cash Equivalents	\$1,075,056.89	0.48
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$287,729.31	0.13
Short Term Interest Receivable	\$1,699.06	0.00
Long Term Interest Receivable	\$0.00	0.00
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$225,024,630.56	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

GOLDMAN SACHS ASSET MGMT.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$10,241,018.25	10.62
CONSUMER STAPLES	\$4,155,092.04	4.31
ENERGY	\$4,790,097.65	4.97
FINANCIALS	\$32,738,717.48	33.94
HEALTH CARE	\$6,189,423.18	6.42
INDUSTRIALS	\$12,631,255.53	13.10
INFORMATION TECHNOLOGY	\$10,716,725.56	11.11
MATERIALS	\$4,691,742.13	4.86
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$363,747.04	0.38
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$5,568,094.86	5.77
VENTURE CAPITAL	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$92,085,913.72	95.47
Cash Equivalents	\$3,573,312.11	3.70
Payable for Investments Purchased	-\$329,063.58	-0.34
Receivables for Investments Sold	\$998,052.38	1.03
Dividend Receivable	\$123,810.44	0.13
Short Term Interest Receivable	\$3,600.08	0.00
Tax Reclaim Receivable	\$431.94	0.00
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$96,456,057.09	100.00 %

JACOBS LEVY EQUITY MGMT.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$31,979,191.11	16.06
CONSUMER STAPLES	\$19,140,106.62	9.61
ENERGY	\$8,747,535.72	4.39
FINANCIALS	\$16,158,199.00	8.11
HEALTH CARE	\$32,193,592.25	16.17
INDUSTRIALS	\$35,433,685.00	17.79
INFORMATION TECHNOLOGY	\$47,381,021.00	23.79
MATERIALS	\$5,943,140.00	2.98
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$0.00	0.00
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$2,534,687.00	1.27
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$199,511,157.70	100.19
Cash Equivalents	\$144,975.86	0.07
Payable for Investments Purchased	-\$7,161,479.65	-3.60
Receivables for Investments Sold	\$6,484,102.50	3.26
Dividend Receivable	\$153,480.25	0.08
Short Term Interest Receivable	\$1,383.35	0.00
Long Term Interest Receivable	\$0.00	0.00
Advisory Fee	\$0.00	0.00
Grand Total	\$199,133,620.01	100.00 %

HOTCHKIS AND WILEY CAPITAL MGMT. LLC

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$10,579,040.00	14.69
CONSUMER STAPLES	\$153.00	0.00
ENERGY	\$900,037.00	1.25
FINANCIALS	\$17,242,845.63	23.94
HEALTH CARE	\$4,660,262.00	6.47
INDUSTRIALS	\$12,411,909.00	17.23
INFORMATION TECHNOLOGY	\$11,245,163.00	15.61
MATERIALS	\$4,843,624.05	6.72
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$0.00	0.00
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$8,873,238.00	12.32
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$70,756,271.68	98.23
Cash Equivalents	\$1,624,176.50	2.25
Payable for Investments Purchased	-\$664,431.36	-0.92
Receivables for Investments Sold	\$179,381.38	0.25
Dividend Receivable	\$130,511.31	0.18
Short Term Interest Receivable	\$2,125.45	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$72,028,034.96	100.00 %

KNELMAN ASSET MGMT. GROUP

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$6,294,775.09	14.30
CONSUMER STAPLES	\$1,158,416.85	2.63
ENERGY	\$4,918,653.60	11.17
FINANCIALS	\$2,158,058.43	4.90
HEALTH CARE	\$4,094,600.82	9.30
INDUSTRIALS	\$6,169,697.93	14.01
INFORMATION TECHNOLOGY	\$14,661,525.91	33.30
MATERIALS	\$3,645,554.50	8.28
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$809,092.23	1.84
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$43,910,375.36	99.73
Cash Equivalents	\$72,812.20	0.17
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$47,603.59	0.11
Short Term Interest Receivable	\$478.02	0.00
Tax Refundable	\$0.00	0.00
Interest Comp Payable	\$0.00	0.00
Grand Total	\$44,031,269.17	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

LORD ABBETT & CO. LLC

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$42,125,003.38	18.77
CONSUMER STAPLES	\$12,879,662.67	5.74
ENERGY	\$26,432,883.01	11.78
FINANCIALS	\$74,017,644.11	32.98
HEALTH CARE	\$20,906,194.04	9.31
INDUSTRIALS	\$18,188,754.17	8.10
INFORMATION TECHNOLOGY	\$8,657,265.10	3.86
MATERIALS	\$3,347,985.93	1.49
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$8,500,665.93	3.79
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$215,056,058.34	95.81
Cash Equivalents	\$8,977,683.73	4.00
Payable for Investments Purchased	-\$612,892.14	-0.27
Receivables for Investments Sold	\$866,036.95	0.39
Dividend Receivable	\$164,985.42	0.07
Short Term Interest Receivable	\$11,526.89	0.01
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$224,463,399.19	100.00 %

MARTINGALE ASSET MGMT. LP

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$12,889,399.00	16.16
CONSUMER STAPLES	\$1,963,430.00	2.46
ENERGY	\$1,865,739.00	2.34
FINANCIALS	\$24,793,215.25	31.09
HEALTH CARE	\$3,841,462.00	4.82
INDUSTRIALS	\$12,460,636.00	15.62
INFORMATION TECHNOLOGY	\$10,767,022.00	13.50
MATERIALS	\$4,799,291.00	6.02
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$1,923,117.00	2.41
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$4,237,517.00	5.31
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$79,540,828.25	99.74
Cash Equivalents	\$390,868.92	0.49
Payable for Investments Purchased	-\$6,227,510.51	-7.81
Receivables for Investments Sold	\$5,957,532.15	7.47
Dividend Receivable	\$87,711.49	0.11
Short Term Interest Receivable	\$382.86	0.00
Long Term Interest Receivable	\$51.66	0.00
Tax Refundable	\$0.00	0.00
Interest Comp Payable	\$0.00	0.00
Grand Total	\$79,749,864.82	100.00 %

LSV ASSET MGMT.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$21,524,635.07	7.60
CONSUMER STAPLES	\$14,425,512.00	5.09
ENERGY	\$47,783,760.00	16.87
FINANCIALS	\$61,816,149.40	21.82
HEALTH CARE	\$46,852,091.00	16.54
INDUSTRIALS	\$25,118,608.08	8.87
INFORMATION TECHNOLOGY	\$19,141,989.60	6.76
MATERIALS	\$11,414,651.00	4.03
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$19,393,945.72	6.85
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$13,121,856.60	4.63
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$280,593,198.47	99.04
Cash Equivalents	\$1,836,599.08	0.65
Payable for Investments Purchased	-\$333,869.50	-0.12
Receivables for Investments Sold	\$892,001.44	0.31
Dividend Receivable	\$325,540.25	0.11
Short Term Interest Receivable	\$2,154.25	0.00
Tax Refundable	\$0.00	0.00
Interest Comp Payable	\$0.00	0.00
Grand Total	\$283,315,623.99	100.00 %

MCKINLEY CAPITAL MGMT. INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$23,698,885.70	17.23
CONSUMER STAPLES	\$2,651,988.20	1.93
ENERGY	\$4,106,359.85	2.99
FINANCIALS	\$5,946,325.95	4.32
HEALTH CARE	\$22,818,655.40	16.59
INDUSTRIALS	\$25,075,101.70	18.23
INFORMATION TECHNOLOGY	\$40,805,215.55	29.66
MATERIALS	\$4,657,894.40	3.39
PRIVATE PLACEMENT	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$4,518,034.25	3.28
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$2,046,814.80	1.49
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$136,325,275.80	99.10
Cash Equivalents	\$750,891.64	0.55
Payable for Investments Purchased	-\$748,186.52	-0.54
Receivables for Investments Sold	\$1,184,620.73	0.86
Dividend Receivable	\$40,655.36	0.03
Short Term Interest Receivable	\$2,173.39	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$3,044.38	0.00
Grand Total	\$137,558,474.78	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

MELLON CAPITAL MGMT.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$40,846,108.00	13.75
CONSUMER STAPLES	\$23,914,351.00	8.05
ENERGY	\$36,650,159.00	12.34
FINANCIALS	\$40,206,510.00	13.53
HEALTH CARE	\$41,345,739.00	13.92
INDUSTRIALS	\$34,232,792.00	11.52
INFORMATION TECHNOLOGY	\$50,914,979.00	17.14
MATERIALS	\$5,595,090.00	1.88
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$8,389,290.00	2.82
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$13,307,448.00	4.48
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$295,402,466.00	99.44
Cash Equivalents	\$1,311,468.53	0.44
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$355,182.00	0.12
Short Term Interest Receivable	\$1,614.33	0.00
Payable for Interest Comp	\$0.00	0.00
Grand Total	\$297,070,730.86	100.00 %

NEXT CENTURY GROWTH INVESTORS LLC

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$32,395,374.08	19.11
CONSUMER STAPLES	\$5,307,941.40	3.13
ENERGY	\$14,545,957.78	8.58
FINANCIALS	\$0.00	0.00
HEALTH CARE	\$14,119,632.80	8.33
INDUSTRIALS	\$39,249,706.46	23.15
INFORMATION TECHNOLOGY	\$50,064,223.98	29.53
MATERIALS	\$4,172,854.00	2.46
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$7,457,127.15	4.40
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$167,312,817.65	98.69
Cash Equivalents	\$2,190,534.40	1.29
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$23,233.95	0.01
Short Term Interest Receivable	\$2,439.37	0.00
Long Term Interest Receivable	\$1,374.28	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$169,530,399.65	100.00 %

NEW AMSTERDAM PARTNERS LLC

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$53,979,882.00	14.71
CONSUMER STAPLES	\$25,687,704.00	7.00
ENERGY	\$39,373,947.00	10.73
FINANCIALS	\$44,563,441.70	12.14
HEALTH CARE	\$54,549,716.00	14.87
INDUSTRIALS	\$49,103,461.00	13.38
INFORMATION TECHNOLOGY	\$62,793,345.00	17.11
MATERIALS	\$15,797,463.00	4.31
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$10,328,353.00	2.81
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$8,961,472.00	2.44
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$365,138,784.70	98.89
Cash Equivalents	\$2,284,422.49	0.62
Payable for Investments Purchased	-\$2,249,250.05	-0.61
Receivables for Investments Sold	\$1,390,475.45	0.38
Dividend Receivable	\$377,805.00	0.10
Short Term Interest Receivable	\$9,596.65	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$0.00	0.00
Interest Comp Payable	\$0.00	0.00
Grand Total	\$366,951,834.24	100.00 %

PEREGRINE CAPITAL MGMT.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$22,003,413.40	17.05
CONSUMER STAPLES	\$4,009,710.50	3.11
ENERGY	\$7,538,835.80	5.84
FINANCIALS	\$33,844,029.42	26.23
HEALTH CARE	\$4,569,222.00	3.54
INDUSTRIALS	\$17,655,080.90	13.68
INFORMATION TECHNOLOGY	\$17,433,862.20	13.51
MATERIALS	\$9,658,773.20	7.49
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$1,797,464.40	1.39
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$5,770,807.20	4.47
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$124,281,199.02	96.32
Cash Equivalents	\$4,643,216.27	3.60
Payable for Investments Purchased	-\$87,863.94	-0.07
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$184,617.93	0.14
Short Term Interest Receivable	\$5,010.79	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$129,026,180.07	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

RIVERSOURCE/KENWOOD

Equities	Market Value	%
COMMINGLED FUND	\$270,222.40	0.75
CONSUMER DISCRETIONARY	\$5,401,608.77	14.90
CONSUMER STAPLES	\$1,193,197.00	3.29
ENERGY	\$1,287,988.64	3.55
FINANCIALS	\$12,034,014.66	33.20
HEALTH CARE	\$1,773,846.00	4.89
INDUSTRIALS	\$4,791,536.30	13.22
INFORMATION TECHNOLOGY	\$4,354,213.43	12.01
MATERIALS	\$1,905,180.00	5.26
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$491,936.00	1.36
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$2,376,186.80	6.56
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$35,879,930.00	99.00
Cash Equivalents	\$369,774.07	1.02
Payable for Investments Purchased	-\$1,338,944.34	-3.69
Receivables for Investments Sold	\$1,274,394.91	3.52
Dividend Receivable	\$57,342.93	0.16
Short Term Interest Receivable	\$326.87	0.00
Long Term Interest Receivable	\$0.00	0.00
Advisory Fee	\$0.00	0.00
Grand Total	\$36,242,824.44	100.00 %

SYSTEMATIC FINANCIAL MGMT. LP

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$24,092,631.00	11.70
CONSUMER STAPLES	\$7,453,163.00	3.62
ENERGY	\$32,707,361.00	15.88
FINANCIALS	\$51,958,709.80	25.22
HEALTH CARE	\$26,783,012.00	13.00
INDUSTRIALS	\$14,665,711.00	7.12
INFORMATION TECHNOLOGY	\$12,355,202.00	6.00
MATERIALS	\$12,962,452.44	6.29
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$12,335,139.00	5.99
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$6,514,872.00	3.16
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$201,828,253.24	97.98
Cash Equivalents	\$3,964,272.71	1.92
Payable for Investments Purchased	-\$3,003,844.43	-1.46
Receivables for Investments Sold	\$3,093,336.73	1.50
Dividend Receivable	\$91,320.00	0.04
Short Term Interest Receivable	\$6,000.59	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$5,674.81	0.00
Grand Total	\$205,985,013.65	100.00 %

SANDS CAPITAL MGMT. INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$22,533,750.00	13.77
CONSUMER STAPLES	\$0.00	0.00
ENERGY	\$22,353,070.00	13.66
FINANCIALS	\$25,187,710.00	15.39
HEALTH CARE	\$36,492,475.00	22.30
INDUSTRIALS	\$2,760,000.00	1.69
INFORMATION TECHNOLOGY	\$42,567,690.00	26.01
MATERIALS	\$5,872,860.00	3.59
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$4,917,440.00	3.00
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$162,684,995.00	99.40
Cash Equivalents	\$910,577.53	0.56
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$66,885.00	0.04
Short Term Interest Receivable	\$1,052.17	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$0.00	0.00
Grand Total	\$163,663,509.70	100.00 %

TURNER INVESTMENT PARTNERS INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$26,287,943.37	15.00
CONSUMER STAPLES	\$5,585,348.66	3.19
ENERGY	\$8,912,849.60	5.09
FINANCIALS	\$10,947,107.20	6.25
HEALTH CARE	\$36,132,704.80	20.62
INDUSTRIALS	\$19,722,034.58	11.25
INFORMATION TECHNOLOGY	\$51,101,434.83	29.16
MATERIALS	\$9,297,538.65	5.31
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$3,142,512.50	1.79
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$1,042,826.40	0.60
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$172,172,300.59	98.24
Cash Equivalents	\$3,652,181.75	2.08
Payable for Investments Purchased	-\$593,257.22	-0.34
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$18,944.20	0.01
Short Term Interest Receivable	\$4,481.23	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$4,541.70	0.00
Grand Total	\$175,259,192.25	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

UBS ASSET MGMT. INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$49,658,708.00	14.56
CONSUMER STAPLES	\$13,700,731.00	4.02
ENERGY	\$47,151,586.00	13.83
FINANCIALS	\$37,417,134.50	10.97
HEALTH CARE	\$31,189,930.00	9.15
INDUSTRIALS	\$59,623,087.00	17.48
INFORMATION TECHNOLOGY	\$58,947,119.31	17.29
MATERIALS	\$5,456,556.00	1.60
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$6,477,184.48	1.90
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$18,598,002.00	5.45
ALL NON U.S.	\$0.00	0.00
VENTURE CAPITAL	\$0.00	0.00
Total Equities	\$328,220,038.29	96.25
Cash Equivalents	\$12,460,410.59	3.65
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$368,404.00	0.11
Short Term Interest Receivable	\$14,210.85	0.00
Int Comp Payable	\$0.00	0.00
Other Payables	-\$57,000.00	-0.02
Grand Total	\$341,006,063.73	100.00 %

ZEVENBERGEN CAPITAL INVESTMENTS, LLC

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$30,828,569.00	14.87
CONSUMER STAPLES	\$0.00	0.00
ENERGY	\$0.00	0.00
FINANCIALS	\$17,044,698.97	8.22
HEALTH CARE	\$41,208,933.00	19.87
INDUSTRIALS	\$27,016,171.00	13.03
INFORMATION TECHNOLOGY	\$74,257,530.00	35.81
MATERIALS	\$0.00	0.00
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$12,071,654.00	5.82
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$202,427,555.97	97.62
Cash Equivalents	\$5,026,655.40	2.42
Payable for Investments Purchased	-\$292,257.12	-0.14
Receivables for Investments Sold	\$161,560.12	0.08
Dividend Receivable	\$0.00	0.00
Short Term Interest Receivable	\$3,718.06	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$27,298.17	0.01
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$207,354,530.60	100.00 %

WINSLOW CAPITAL MGMT. INC.

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$7,890,882.00	8.36
CONSUMER STAPLES	\$1,440,524.00	1.53
ENERGY	\$7,574,671.00	8.03
FINANCIALS	\$11,891,331.00	12.60
HEALTH CARE	\$14,482,864.00	15.35
INDUSTRIALS	\$11,502,868.00	12.19
INFORMATION TECHNOLOGY	\$32,636,858.44	34.59
MATERIALS	\$3,256,883.00	3.45
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$2,417,830.00	2.56
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$682,380.00	0.72
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$93,777,091.44	99.39
Cash Equivalents	\$496,585.70	0.53
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Dividend Receivable	\$61,549.06	0.07
Short Term Interest Receivable	\$745.43	0.00
Long Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$12,412.36	0.01
Grand Total	\$94,348,383.99	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

BARCLAYS GLOBAL INVESTORS

(Semi - Passive)

Equities	Market Value	%
COMMINGLED FUND	\$120,118.95	0.01
CONSUMER DISCRETIONARY	\$249,479,827.19	11.21
CONSUMER STAPLES	\$184,726,262.33	8.30
ENERGY	\$262,633,524.46	11.80
FINANCIALS	\$315,659,620.82	14.19
HEALTH CARE	\$312,225,612.44	14.03
INDUSTRIALS	\$240,973,972.76	10.83
INFORMATION TECHNOLOGY	\$410,246,070.17	18.44
MATERIALS	\$78,757,546.24	3.54
PRIVATE PLACEMENT	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$73,210,278.31	3.29
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$89,723,964.83	4.03
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$2,217,756,798.50	99.66
Cash Equivalents	\$8,677,600.07	0.39
Payable for Investments Purchased	-\$45,627,508.50	-2.05
Receivables for Investments Sold	\$42,021,632.18	1.89
Dividend Receivable	\$2,444,616.65	0.11
Short Term Interest Receivable	\$8,912.96	0.00
Long Term Interest Receivable	\$0.00	0.00
Margin Receivable	\$0.00	0.00
Tax Receivable	\$17,562.67	0.00
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$2,225,299,614.53	100.00 %

MELLON CAPITAL MGMT.

(Semi-Passive)

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$183,268,239.60	10.55
CONSUMER STAPLES	\$156,178,533.00	8.99
ENERGY	\$206,612,091.20	11.89
FINANCIALS	\$236,877,477.08	13.64
HEALTH CARE	\$225,711,602.20	12.99
INDUSTRIALS	\$197,713,392.00	11.38
INFORMATION TECHNOLOGY	\$313,975,821.20	18.07
MATERIALS	\$62,202,247.00	3.58
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$71,725,416.28	4.13
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$68,905,844.00	3.97
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$1,723,170,663.56	99.19
Cash Equivalents	\$5,041,947.09	0.29
Payable for Investments Purchased	-\$41,661,891.68	-2.40
Receivables for Investments Sold	\$48,272,356.94	2.78
Dividend Receivable	\$2,351,964.75	0.14
Short Term Interest Receivable	\$8,214.20	0.00
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$1,737,183,254.86	100.00 %

JPMORGAN NEW YORK

(Semi - Passive)

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$204,184,125.60	10.19
CONSUMER STAPLES	\$204,175,621.00	10.19
ENERGY	\$234,821,461.00	11.71
FINANCIALS	\$268,181,488.94	13.38
HEALTH CARE	\$272,671,332.00	13.60
INDUSTRIALS	\$199,948,745.50	9.97
INFORMATION TECHNOLOGY	\$361,517,419.00	18.03
MATERIALS	\$74,621,799.75	3.72
PRIVATE PLACEMENT	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$84,322,824.00	4.21
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$90,530,983.00	4.52
ALL NON U.S.	\$0.00	0.00
BONDS	\$680,274.22	0.03
Total Equities	\$1,995,656,074.01	99.56
Cash Equivalents	\$6,037,157.73	0.30
Payable for Investments Purchased	-\$2,424,598.51	-0.12
Receivables for Investments Sold	\$2,455,152.06	0.12
Dividend Receivable	\$2,852,880.59	0.14
Short Term Interest Receivable	\$6,038.56	0.00
Long Term Interest Receivable	\$8,173.83	0.00
Tax Receivable	\$0.00	0.00
Other Payables	-\$37,050.00	0.00
Payable for Interest Compensation	-\$22.92	0.00
Grand Total	\$2,004,553,805.35	100.00 %

BARCLAYS GLOBAL INVESTORS

(Passive)

Equities	Market Value	%
COMMINGLED FUND	\$16,548,633.92	0.25
CONSUMER DISCRETIONARY	\$713,869,296.50	10.80
CONSUMER STAPLES	\$607,440,154.99	9.19
ENERGY	\$713,435,753.79	10.80
FINANCIALS	\$941,115,525.09	14.24
HEALTH CARE	\$886,657,673.96	13.42
INDUSTRIALS	\$716,158,104.06	10.84
INFORMATION TECHNOLOGY	\$1,182,052,727.44	17.89
MATERIALS	\$247,359,178.90	3.74
PRIVATE PLACEMENT	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$218,417,121.49	3.31
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$291,689,979.14	4.41
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$6,534,744,149.28	99.72
Cash Equivalents	\$68,212,763.72	1.03
Payable for Investments Purchased	-\$126,434,197.76	-1.91
Receivables for Investments Sold	\$123,060,441.84	1.86
Dividend Receivable	\$8,845,397.00	0.13
Long Term Interest Receivable	\$55,773.50	0.00
Short Term Interest Receivable	\$0.00	0.00
Other Payables	-\$407,240.00	-0.01
Payable for Interest Compensation	-\$20.23	0.00
Grand Total	\$6,608,077,067.35	100.00 %

Summarized Asset Listing - Domestic Stock Managers

June 30, 2009

AGGREGATE DOMESTIC EQUITY POOL

Equities	Market Value	%
COMMINGLED FUND	\$19,469,892.77	0.12
CONSUMER DISCRETIONARY	\$1,932,887,988.86	11.52
CONSUMER STAPLES	\$1,344,141,242.55	8.01
ENERGY	\$1,833,662,445.59	10.93
FINANCIALS	\$2,382,316,475.91	14.20
HEALTH CARE	\$2,292,009,679.52	13.67
INDUSTRIALS	\$1,892,265,052.47	11.28
INFORMATION TECHNOLOGY	\$3,047,637,121.67	18.17
MATERIALS	\$608,893,476.71	3.63
PRIVATE PLACEMENT	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$582,082,117.78	3.47
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$666,717,787.63	3.98
VENTURE CAPITAL	\$0.00	0.00
ALL NON U.S.	\$0.00	0.00
BONDS	\$680,274.22	0.00
Total Equities	\$16,602,763,555.68	98.99
Cash Equivalents	\$150,159,738.37	0.90
Payable for Investments Purchased	-\$239,791,046.81	-1.43
Receivables for Investments Sold	\$238,542,686.92	1.42
Dividend Receivable	\$20,148,292.56	0.12
Short Term Interest Receivable	\$105,375.01	0.00
Long Term Interest Receivable	\$65,373.27	0.00
Payable for Interest Compensation	-\$43.15	0.00
Tax Refund Receivable	\$83,371.39	0.00
Margin Receivable	\$0.00	0.00
Other Payables	-\$501,290.00	
Grand Total	\$16,771,576,013.24	100.00 %

* Aggregate of all managers in the Equity Account in the Financial Statements. Includes Active, Semi-Passive, and any terminated managers.

Summarized Asset Listing - International Stock Managers

June 30, 2009

ACADIAN ASSET MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$18,500,003.97	6.30
CANADA	\$23,153,574.52	7.88
DENMARK	\$956,111.52	0.33
EURO	\$87,151,659.15	29.67
HONG KONG	\$7,907,938.58	2.69
ISRAEL	\$6,791,830.97	2.31
JAPAN	\$70,204,463.64	23.90
KOREA	\$12,906,562.07	4.39
NEW ZEALAND	\$72,140.42	0.02
NORWAY	\$1,383,440.95	0.47
UNITED KINGDOM	\$34,960,324.22	11.90
SINGAPORE	\$10,705,973.16	3.64
SWEDEN	\$3,807,795.34	1.30
SWITZERLAND	\$11,099,356.75	3.78
UNITED STATES	\$3,055,548.80	1.04
Dividend Receivable	\$193,297.44	0.07
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$584,475.12	0.20
Short Term Interest Receivable	\$915.87	0.00
Tax Refundable	\$310,020.63	0.11
Payable for Interest Compensation	-\$38.36	0.00
Unrealized on fx payables	\$0.00	0.00
Unrealized on fx receivables	\$0.00	0.00
Unrealized on Income receivables	\$9,046.13	0.00
Unrealized on Investment payables	\$0.00	0.00
Unrealized on Investment receivables	-\$2,827.35	0.00
Grand Total	\$293,751,613.54	100.00 %

JP MORGAN INVESTMENT MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$3,981,613.87	2.22
CANADA	\$8,247,963.61	4.61
DENMARK	\$0.00	0.00
EURO	\$66,575,608.88	37.20
HONG KONG	\$7,589,771.73	4.24
JAPAN	\$31,030,476.53	17.34
NEW ZEALAND	\$0.00	0.00
NORWAY	\$0.00	0.00
UNITED KINGDOM	\$38,865,590.57	21.72
SINGAPORE	\$0.00	0.00
SWEDEN	\$750,312.67	0.42
SWITZERLAND	\$18,470,874.27	10.32
UNITED STATES	\$4,909,750.99	2.74
Dividend Receivable	\$465,526.91	0.26
Payable for Investments Purchased	-\$2,350,391.90	-1.31
Receivables for Investments Sold	\$0.00	0.00
Short Term Interest Receivable	\$5,819.39	0.00
Tax Refundable	\$391,118.75	0.22
Payable for Interest Compensation	\$0.00	0.00
Unrealized on fx payables	\$346.53	0.00
Unrealized on fx receivables	-\$19,651.51	-0.01
Unrealized on Income receivables	\$25,577.14	0.01
Unrealized on Investment payables	\$23,075.24	0.01
Unrealized on Investment receivables	\$0.00	0.00
Grand Total	\$178,963,383.67	100.00 %

INVESCO GLOBAL ASSET MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$7,419,495.32	2.74
CANADA	\$13,606,583.85	5.03
DENMARK	\$0.00	0.00
EURO	\$86,468,432.56	31.95
HONG KONG	\$9,495,910.35	3.51
JAPAN	\$65,076,043.67	24.05
NORWAY	\$2,021,965.18	0.75
UNITED KINGDOM	\$39,958,843.51	14.77
SWEDEN	\$3,260,956.90	1.20
SWITZERLAND	\$16,145,205.65	5.97
UNITED STATES	\$26,997,765.19	9.98
Dividend Receivable	\$827,988.65	0.31
Long Term Interest Receivable	\$0.00	0.00
Payable for Investment Purchased	-\$1,235,676.71	-0.46
Receivable for Investment Sold	\$0.00	0.00
Short Term Interest Receivable	\$7,674.47	0.00
Tax Refundable	\$548,537.35	0.20
Unrealized on fx receivables	-\$6,889.47	0.00
Unrealized on Income receivables	\$24,813.78	0.01
Unrealized on Investment payables	\$3,519.55	0.00
Grand Total	\$270,621,169.80	100.00 %

MARATHON ASSET MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$11,712,188.71	2.90
CANADA	\$16,199,542.05	4.01
DENMARK	\$10,649,052.72	2.63
EURO	\$84,759,325.88	20.97
HONG KONG	\$12,316,242.51	3.05
JAPAN	\$119,043,372.78	29.45
NEW ZEALAND	\$593,662.10	0.15
NORWAY	\$2,955,793.08	0.73
UNITED KINGDOM	\$81,793,129.14	20.23
SINGAPORE	\$2,895,009.85	0.72
SWEDEN	\$10,071,320.00	2.49
SWITZERLAND	\$16,828,727.50	4.16
UNITED STATES	\$33,426,862.24	8.27
Dividend Receivable	\$788,172.42	0.19
Payable for Interest Compensation	\$0.00	0.00
Payable for Investments Purchased	-\$3,050,152.88	-0.75
Receivables for Investments Sold	\$2,810,704.85	0.70
Short Term Interest Receivable	\$17,772.55	0.00
Tax Refundable	\$383,148.02	0.09
Unrealized on fx payables	\$0.00	0.00
Unrealized on fx receivables	\$233.57	0.00
Unrealized on Income receivables	\$29,322.59	0.01
Unrealized on Investment payables	\$218,633.20	0.05
Unrealized on Investment receivables	-\$217,369.81	-0.05
Grand Total	\$404,224,693.07	100.00 %

Summarized Asset Listing - International Stock Managers

June 30, 2009

MCKINLEY CAPITAL MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$9,528,086.76	5.45
CANADA	\$4,791,219.79	2.74
DENMARK	\$4,550,146.45	2.60
EURO	\$36,526,501.00	20.88
HONG KONG	\$6,912,428.96	3.95
JAPAN	\$23,670,562.33	13.53
NEW ZEALAND	\$0.00	0.00
NORWAY	\$0.00	0.00
UNITED KINGDOM	\$41,242,417.60	23.57
SINGAPORE	\$5,504,376.96	3.15
SWEDEN	\$1,479,442.68	0.85
SWITZERLAND	\$26,763,408.20	15.30
UNITED STATES	\$14,199,972.92	8.12
Dividend Receivable	\$110,565.95	0.06
Payable for Interest Compensation	\$0.00	0.00
Payable for Investments Purchased	-\$897,590.07	-0.51
Receivables for Investments Sold	\$0.00	0.00
Short Term Interest Receivable	\$3,965.14	0.00
Tax Refundable	\$545,128.05	0.31
Unrealized on fx payables	\$0.00	0.00
Unrealized on fx receivables	-\$10,747.67	-0.01
Unrealized on Income receivables	\$23,850.46	0.01
Unrealized on Investment payables	\$10,512.28	0.01
Unrealized on Investment receivables	\$0.00	0.00
Grand Total	\$174,954,247.79	100.00 %

PYRAMIS GLOBAL ADVISORS

Exposure by Country	Market Value	%
AUSTRALIA	\$14,841,207.48	7.54
CANADA	\$14,117,693.95	7.17
DENMARK	\$3,073,508.60	1.56
EURO	\$53,052,934.23	26.96
HONG KONG	\$5,747,346.91	2.92
JAPAN	\$41,819,804.20	21.25
NEW ZEALAND	\$0.00	0.00
NORWAY	\$1,161,543.87	0.59
UNITED KINGDOM	\$36,213,703.73	18.40
SINGAPORE	\$3,425,944.70	1.74
SWEDEN	\$1,422,373.37	0.72
SWITZERLAND	\$16,384,279.31	8.33
UNITED STATES	\$4,130,217.65	2.10
Dividend Receivable	\$328,704.84	0.17
Payable for Investments Purchased	-\$555,817.89	-0.28
Receivables for Investments Sold	\$1,189,998.16	0.60
Short Term Interest Receivable	\$2,070.83	0.00
Tax Refundable	\$423,126.20	0.22
Payable for Interest Compensation	\$0.00	0.00
Unrealized on fx payables	\$4,677.16	0.00
Unrealized on fx receivables	-\$5,741.28	0.00
Unrealized on Income receivables	\$18,541.50	0.01
Unrealized on Investment payables	-\$495.29	0.00
Unrealized on Investment receivables	-\$2,711.19	0.00
Grand Total	\$196,792,911.04	100.00 %

RIVERSOURCE ASSET MGMT.

Exposure by Country	Market Value	%
AUSTRALIA	\$6,327,766.35	3.17
CANADA	\$11,772,257.73	5.90
DENMARK	\$1,469,547.15	0.74
EURO	\$66,877,625.88	33.49
HONG KONG	\$7,756,442.28	3.88
JAPAN	\$39,655,289.85	19.86
NORWAY	\$19.26	0.00
UNITED KINGDOM	\$41,712,718.30	20.89
SINGAPORE	\$4,205,045.08	2.11
SWEDEN	\$54,136.68	0.03
SWITZERLAND	\$16,268,456.10	8.15
UNITED STATES	\$2,677,373.35	1.34
Dividend Receivable	\$447,133.15	0.22
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$0.00	0.00
Short Term Interest Receivable	\$3,120.99	0.00
Tax Refundable	\$412,535.51	0.21
Payable for Interest Compensation	\$0.00	0.00
Unrealized on fx payables	\$0.00	0.00
Unrealized on fx receivables	\$0.00	0.00
Unrealized on Income receivables	\$26,636.76	0.01
Unrealized on Investment payables	\$0.00	0.00
Unrealized on Investment receivables	\$0.00	0.00
Grand Total	\$199,666,104.42	100.00 %

STATE STREET GLOBAL ADVISORS (PASSIVE)

Exposure by Country	Market Value	%
AUSTRALIA	\$165,684,339.84	6.55
CANADA	\$229,665,396.18	9.08
DENMARK	\$21,391,469.63	0.85
EURO	\$755,618,488.34	29.86
HONG KONG	\$56,126,330.29	2.22
JAPAN	\$551,931,868.25	21.81
NEW ZEALAND	\$2,181,080.40	0.09
NORWAY	\$17,247,111.89	0.68
UNITED KINGDOM	\$464,707,370.91	18.37
SINGAPORE	\$30,759,193.57	1.22
SWEDEN	\$53,994,723.44	2.13
SWITZERLAND	\$171,711,129.95	6.79
THAILAND	\$0.79	0.00
UNITED STATES	\$1,059,187.37	0.04
Dividend Receivable	\$5,775,935.49	0.23
Long Term Interest Receivable	\$0.00	0.00
Margin Variation Receivable	\$207,653.53	0.01
Other Payable	-\$524,620.98	-0.02
Payable for Interest Compensation	\$0.00	0.00
Payable for Investments Purchased	-\$1,273,343.14	-0.05
Receivables for Investments Sold	\$76,436.50	0.00
Short Term Interest Receivable	\$1,188.43	0.00
Tax Refundable	\$3,711,869.21	0.15
Unrealized on Income receivables	\$267,823.95	0.01
Unrealized on Investment payables	-\$5,873.54	0.00
Unrealized on Investment receivables	\$2,294.67	0.00
Grand Total	\$2,530,317,054.97	100.00 %

Summarized Asset Listing - International Stock Managers

June 30, 2009

AQR CAPITAL MGMT. (SEMI PASSIVE)

Exposure by Country	Market Value	%
AUSTRALIA	\$11,969,802.40	6.09
BRAZIL	\$5,100.23	0.00
CANADA	\$16,622,672.84	8.46
DENMARK	\$1,452,353.85	0.74
EURO	\$53,348,345.68	27.15
HONG KONG	\$4,038,578.73	2.05
JAPAN	\$40,384,945.06	20.55
NORWAY	\$9,135.94	0.00
SOUTH KOREA	\$8,961.89	0.00
UNITED KINGDOM	\$35,038,788.35	17.83
SINGAPORE	\$2,437,040.27	1.24
SWEDEN	\$5,817,538.15	2.96
SWITZERLAND	\$11,874,913.43	6.04
UNITED STATES	\$12,633,501.53	6.43
Dividend Receivable	\$388,113.40	0.20
Payable for Investments Purchased	-\$620,928.62	-0.32
Receivables for Investments Sold	\$494,543.27	0.25
Short Term Interest Receivable	\$8,944.52	0.00
Tax Refundable	\$324,887.68	0.17
Margin Variation Receivable	\$137,163.93	0.07
Other Payables	-\$298,201.99	-0.15
Payable for Interest Compensation	\$0.00	0.00
Unrealized on fx payables	\$727,892.95	0.37
Unrealized on fx receivables	-\$294,913.52	-0.15
Unrealized on Income receivables	\$19,946.76	0.01
Unrealized on Investment payables	-\$1,931.26	0.00
Unrealized on Investment receivables	\$1,244.09	0.00
Grand Total	\$196,528,439.56	100.00 %

PYRAMIS GLOBAL ADVISORS (SEMI PASSIVE)

Exposure by Country	Market Value	%
AUSTRALIA	\$13,536,558.42	6.49
CANADA	\$15,337,411.74	7.35
DENMARK	\$3,257,519.96	1.56
EURO	\$65,119,123.02	31.22
HONG KONG	\$4,768,558.91	2.29
JAPAN	\$44,135,176.48	21.16
NEW ZEALAND	\$60.27	0.00
NORWAY	\$3,734,531.17	1.79
UNITED KINGDOM	\$36,357,626.49	17.43
SINGAPORE	\$1,652,688.02	0.79
SWEDEN	\$2,031,513.91	0.97
SWITZERLAND	\$11,065,544.10	5.31
UNITED STATES	\$6,586,887.00	3.16
Dividend Receivable	\$429,294.71	0.21
Payable for Investments Purchased	-\$1,326,818.26	-0.64
Receivables for Investments Sold	\$1,500,691.87	0.72
Margin Variation Receivable	\$0.00	0.00
Short Term Interest Receivable	\$4,423.70	0.00
Tax Refundable	\$378,519.66	0.18
Unrealized on fx payables	\$7,915.50	0.00
Unrealized on fx receivables	-\$7,097.72	0.00
Unrealized on Income receivables	\$14,444.34	0.01
Unrealized on Investment payables	\$3,213.00	0.00
Unrealized on Investment receivables	-\$5,248.19	0.00
Payable for Interest Comp	\$0.00	0.00
Grand Total	\$208,582,538.10	100.00 %

STATE STREET GLOBAL ADVISORS (SEMI PASSIVE)

Exposure by Country	Market Value	%
AUSTRALIA	\$12,291,997.52	6.35
CANADA	\$16,466,529.60	8.51
DENMARK	\$3,239,027.27	1.67
EURO	\$59,947,191.28	30.98
HONG KONG	\$4,278,941.64	2.21
JAPAN	\$41,740,121.15	21.57
NEW ZEALAND	\$226,775.27	0.12
NORWAY	\$937,508.54	0.48
UNITED KINGDOM	\$37,650,847.43	19.46
SINGAPORE	\$2,288,642.05	1.18
SWEDEN	\$2,226,441.41	1.15
SWITZERLAND	\$10,753,693.09	5.56
UNITED STATES	\$671,540.86	0.35
Dividend Receivable	\$324,393.56	0.17
Payable for Investments Purchased	-\$1,418,032.07	-0.73
Receivables for Investments Sold	\$1,546,570.18	0.80
Short Term Interest Receivable	\$0.00	0.00
Tax Refundable	\$321,168.49	0.17
Payable for Interest Compensation	\$0.00	0.00
Unrealized on fx payables	\$1,136.84	0.00
Unrealized on fx receivables	-\$464.06	0.00
Unrealized on Income receivables	\$19,389.31	0.01
Unrealized on Investment payables	\$3,781.07	0.00
Unrealized on Investment receivables	-\$3,324.38	0.00
Grand Total	\$193,513,876.05	100.00 %

ALLIANCEBERNSTEIN (EMERGING MARKETS)

Exposure by Country	Market Value	%
BRAZIL	\$35,468,001.57	12.35
CHILE	\$1,214,654.97	0.42
CZECH REPUBLIC	\$1,314,371.70	0.46
EGYPT	\$1,071,979.82	0.37
HONG KONG	\$52,851,034.13	18.41
HUNGARY	\$403.97	0.00
INDIA	\$16,364,149.29	5.70
INDONESIA	\$1,687,880.43	0.59
ISRAEL	\$1,319,217.32	0.46
MALAYSIA	\$2,189,507.82	0.76
MEXICO	\$3,054,738.82	1.06
TAIWAN	\$25,304,600.32	8.81
POLAND	\$1,188,435.52	0.41
UNITED KINGDOM	\$125.03	0.00
SINGAPORE	\$1,124.97	0.00
SOUTH AFRICA	\$23,707,965.46	8.26
SOUTH KOREA	\$31,032,349.28	10.81
PHILLIPINES	\$0.52	0.00
TURKEY	\$4,928,234.14	1.72
THAILAND	\$3,710,155.56	1.29
UNITED STATES	\$79,945,952.12	27.84
Dividend Receivable	\$1,434,424.80	0.50
Payable for Investments Purchased	-\$3,372,598.41	-1.17
Receivables for Investments Sold	\$2,412,846.96	0.84
Short Term Interest Receivable	\$4,492.08	0.00
Tax Refundable	\$285,414.89	0.10
Payable for Interest Compensation	\$0.00	0.00
Other Payable	\$0.00	0.00
Other Receivables	\$0.00	0.00
Unrealized on fx receivables	-\$15,231.30	-0.01
Unrealized on fx payables	\$313.98	0.00
Unrealized on Income receivables	\$37,833.47	0.01
Unrealized on Investment payables	\$9,995.52	0.00
Unrealized on Investment receivables	-\$3,473.38	0.00
Grand Total	\$287,148,901.37	100.00 %

Summarized Asset Listing - International Stock Managers

June 30, 2009

CAPITAL INTERNATIONAL (Emerging Markets)

Exposure by Country	Market Value	%
BRAZIL	\$34,862,814.90	6.88
CANADA	\$1,729,901.67	0.34
CHILE	\$2,721,699.80	0.54
CZECH REPUBLIC	\$4,299,714.86	0.85
EGYPT	\$4,128,674.75	0.82
HONG KONG	\$101,144,933.10	19.97
HUNGARY	\$1,376,814.83	0.27
INDIA	\$48,084,463.28	9.50
INDONESIA	\$10,649,550.87	2.10
ISRAEL	\$5,510,123.43	1.09
MALAYSIA	\$16,399,366.00	3.24
MEXICO	\$11,127,021.05	2.20
TAIWAN	\$32,939,481.17	6.50
PAKISTAN	\$2,034.50	0.00
PHILLIPINES	\$5,396,308.76	1.07
POLAND	\$5,440,407.15	1.07
UNITED KINGDOM	\$5,178,112.54	1.02
SINGAPORE	\$3,533,464.20	0.70
SOUTH AFRICA	\$24,112,673.87	4.76
SOUTH KOREA	\$37,070,589.11	7.32
THAILAND	\$8,976,674.49	1.77
TURKEY	\$7,405,718.01	1.46
UNITED STATES	\$135,219,514.23	26.70
Dividend Receivable	\$2,058,733.76	0.41
Payable for Investments Purchased	-\$3,657,348.53	-0.72
Receivables for Investments Sold	\$1,355,382.44	0.27
Short Term Interest Receivable	\$18,664.18	0.00
Tax Refundable	\$12,540.75	0.00
Other Liabilities	\$0.00	0.00
Other Receivables	\$2,218.01	0.00
Payable for Interest Compensation	-\$2.44	0.00
Unrealized on fx payables	-\$782,847.18	-0.15
Unrealized on fx receivables	\$27,690.37	0.01
Unrealized on Income receivables	\$21,546.60	0.00
Unrealized on Investment payables	\$4,875.02	0.00
Unrealized on Investment receivables	\$2,247.05	0.00
Grand Total	\$506,373,756.60	100.00 %

MORGAN STANLEY INVESTMENT MGMT. (Emerging Markets)

Exposure by Country	Market Value	%
BRAZIL	\$24,541,791.53	5.17
CZECH REPUBLIC	\$9,891,846.59	2.08
EGYPT	\$28.37	0.00
EURO	\$2,126,553.38	0.45
HONG KONG	\$96,974,857.49	20.43
HUNGARY	\$1,978,105.85	0.42
INDIA	\$45,356,166.20	9.56
INDONESIA	\$17,034,458.70	3.59
ISRAEL	\$95.11	0.00
MALAYSIA	\$4,308,785.21	0.91
MEXICO	\$6,106,664.18	1.29
MOROCCO	\$36,504.36	0.01
TAIWAN	\$49,193,361.78	10.36
PAKISTAN	\$0.01	0.00
PHILLIPINES	\$0.00	0.00
POLAND	\$13,308,693.20	2.80
ROMANIA	\$168.25	0.00
SOUTH AFRICA	\$32,660,279.98	6.88
SOUTH KOREA	\$55,658,857.50	11.73
THAILAND	\$9,289,048.55	1.96
TURKEY	\$16,965,917.24	3.57
UNITED STATES	\$88,285,929.21	18.60
Dividend Receivable	\$2,402,696.76	0.51
Other Receivables	\$0.00	0.00
Payable for Investments Purchased	-\$2,544,930.08	-0.54
Receivables for Investments Sold	\$1,013,018.51	0.21
Short Term Interest Receivable	\$12,592.81	0.00
Tax Refundable	\$35,600.61	0.01
Other Receivables	\$0.00	0.00
Payable on Interest Comp	-\$5.30	0.00
Unrealized on fx payables	\$7,378.61	0.00
Unrealized on fx receivables	-\$158.94	0.00
Unrealized on Income receivables	\$21,280.68	0.00
Unrealized on Investment receivables	-\$562.70	0.00
Unrealized on Investment Payables	\$3,986.79	0.00
Grand Total	\$474,669,010.44	100.00 %

Summarized Asset Listing - International Stock Managers

June 30, 2009

AGGREGATE INTERNATIONAL STOCK POOL*

Exposure by Country	Market Value	%
AUSTRALIA	\$275,793,060.64	4.51
BRAZIL	\$94,877,708.23	1.55
CANADA	\$371,710,747.53	6.08
CHILE	\$3,936,354.77	0.06
CZECH REPUBLIC	\$15,505,933.15	0.25
DENMARK	\$50,038,737.15	0.82
EGPYT	\$5,200,682.94	0.09
EURO	\$1,417,571,789.28	23.18
HONG KONG	\$377,909,315.61	6.18
HUNGARY	\$3,355,324.65	0.05
INDIA	\$109,804,778.77	1.80
INDONESIA	\$29,371,890.00	0.48
ISRAEL	\$13,621,266.83	0.22
JAPAN	\$1,068,692,123.94	17.47
MALAYSIA	\$22,897,659.03	0.37
MEXICO	\$20,288,424.05	0.33
MOROCCO	\$36,504.36	0.00
NEW ZEALAND	\$3,073,718.46	0.05
NORWAY	\$29,451,049.88	0.48
PAKISTAN	\$2,034.51	0.00
PHILLIPINES	\$5,396,309.28	0.09
POLAND	\$19,937,535.87	0.33
ROMANIA	\$168.25	0.00
SINGAPORE	\$67,408,502.83	1.10
SOUTH AFRICA	\$80,480,919.31	1.32
SOUTH KOREA	\$136,677,319.85	2.23
SWEDEN	\$84,916,554.55	1.39
SWITZERLAND	\$327,365,588.35	5.35
TAIWAN	\$107,437,443.27	1.76
THAILAND	\$21,975,879.39	0.36
TURKEY	\$29,299,869.39	0.48
UNITED KINGDOM	\$893,679,597.82	14.61
UNITED STATES	\$413,800,003.46	6.77
Dividend Receivable	\$15,974,981.84	0.26
Long Term Interest Receivable	\$0.00	0.00
Margin Variation Receivable	\$344,817.46	0.01
Other Receivable	\$2,218.01	0.00
Payable for Interest Compensation	-\$46.10	0.00
Payable for Investments Purchased	-\$22,303,628.56	-0.36
Receivables for Investments Sold	\$13,069,122.65	0.21
Short Term Interest Receivable	\$91,686.42	0.00
Tax Refundable	\$8,548,700.32	0.14
Other Payables	-\$822,822.97	-0.01
Other Liabilities	\$0.00	0.00
Unrealized on fx payables	-\$33,185.61	0.00
Unrealized on fx receivables	-\$332,971.53	-0.01
Unrealized on Income receivables	\$583,109.15	0.01
Unrealized on Investment payables	\$273,291.58	0.00
Unrealized on Investment receivables	-\$229,923.46	0.00
GRAND TOTAL	\$6,116,680,144.60	100.00 %

* Aggregate of all managers in the International Equity Account in the Financial Statements. Includes Active, Passive, Emerging Markets and any terminated managers.

Summarized Asset Listing - Bond Managers

June 30, 2009

ABERDEEN ASSET MGMT.

Fixed Income	Market Value	%
U.S. AGENCY	\$4,389,589.67	0.54
U.S. CORPORATE	\$214,534,932.60	26.33
U.S. MTG. REL.	\$452,306,106.87	55.51
U.S. MUNICIPALS	\$34,511,810.48	4.24
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$37,068,219.43	4.55
PRIVATE PLACEMENTS	\$9,256,406.18	1.14
YANKEE	\$43,990,284.65	5.40
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	\$0.00	0.00
Total Fixed Income	\$796,057,349.88	97.70
Cash Equivalent		
U.S.	\$31,578,430.98	3.88
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$31,807,139.27	-3.90
Receivables for Investments Sold	\$11,563,459.23	1.42
Long Term Interest Receivable	\$7,315,972.62	0.90
Short Term Interest Receivable	\$39,185.96	0.00
Payable for Interest Compensation	-\$52.53	0.00
Tax Refund Receivable	\$26,886.37	0.00
Grand Total	\$814,774,093.24	100.00 %

DODGE & COX INC.

Fixed Income	Market Value	%
U.S. AGENCY	\$17,353,904.78	2.01
U.S. CORPORATE	\$363,467,236.22	42.14
U.S. MTG. REL.	\$359,329,614.00	41.66
U.S. MUNICIPALS	\$11,614,962.50	1.35
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$28,489,406.00	3.30
PRIVATE PLACEMENTS	\$6,833,417.50	0.79
YANKEE	\$33,173,559.09	3.85
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	\$4,069,879.50	0.47
Total Fixed Income	\$824,331,979.59	95.58
Cash Equivalent		
U.S.	\$25,328,742.30	2.94
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	\$0.00	0.00
Receivables for Investments Sold	\$1,356,653.13	0.16
Long Term Interest Receivable	\$11,368,120.79	1.32
Short Term Interest Receivable	\$24,462.94	0.00
Tax Refund Receivable	\$33,994.69	0.00
Payable for Interest Compensation	\$0.00	0.00
Grand Total	\$862,443,953.44	100.00 %

PIMCO

Fixed Income	Market Value	%
U.S. AGENCY	\$77,869,659.80	10.46
U.S. CORPORATE	\$248,459,590.52	33.36
U.S. MTG. REL.	\$403,364,029.70	54.16
U.S. MUNICIPALS	\$5,997,549.65	0.81
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$54,808,885.12	7.36
PRIVATE PLACEMENTS	\$1,643,345.96	0.22
YANKEE	\$26,634,382.44	3.58
FOREIGN RELATED	\$18,949,392.31	2.54
MISCELLANEOUS	\$2,422,323.12	0.33
Total Fixed Income	\$840,149,158.62	112.80
Cash Equivalent		
U.S.	\$10,507,348.19	1.41
Payable for Investments Purchased	-\$117,113,736.66	-15.72
Receivables for Investments Sold	\$6,058,752.84	0.81
Long Term Interest Receivable	\$5,576,336.75	0.75
Short Term Interest Receivable	\$7,267.78	0.00
Payable for Interest Compensation	-\$104.84	0.00
Margin Variation Receivable	\$0.00	0.00
Tax Refund Receivable	\$34,228.81	0.00
Unrealized on FX Receivables	-\$52,439.43	-0.01
Unrealized on FX Payables	-\$259,507.78	-0.03
Other Payables	-\$101,762.50	-0.01
Grand Total	\$744,805,541.78	100.00 %

RIVERSOURCE INVESTMENTS

Fixed Income	Market Value	%
U.S. AGENCY	\$36,851,455.00	5.08
U.S. CORPORATE	\$258,414,918.94	35.61
U.S. MTG. REL.	\$372,329,138.73	51.30
U.S. MUNICIPALS	\$0.00	0.00
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$103,888,155.42	14.32
PRIVATE PLACEMENTS	\$4,536,117.21	0.63
YANKEE	\$16,869,706.41	2.32
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	\$0.00	0.00
Total Fixed Income	\$792,889,491.71	109.26
Cash Equivalent		
U.S.	\$76,459,045.03	10.54
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$233,335,592.05	-32.15
Receivables for Investments Sold	\$82,393,077.76	11.35
Long Term Interest Receivable	\$7,172,764.58	0.99
Short Term Interest Receivable	\$100,831.57	0.01
Payable for Interest Compensation	-\$70.95	0.00
Other Payables	-\$4,583.33	0.00
Margin Variation Receivable	\$43,406.25	0.01
Grand Total	\$725,718,370.57	100.00 %

Summarized Asset Listing - Bond Managers

June 30, 2009

WESTERN ASSET MGMT.

Fixed Income	Market Value	%
U.S. AGENCY	\$81,781,708.55	7.42
U.S. CORPORATE	\$340,551,018.30	30.92
U.S. MTG. REL.	\$478,661,582.91	43.46
U.S. MUNICIPALS	\$0.00	0.00
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$115,027,715.71	10.44
PRIVATE PLACEMENTS	\$7,574,257.10	0.69
YANKEE	\$61,815,606.46	5.61
FOREIGN RELATED	\$8,686,883.24	0.79
MISCELLANEOUS	\$6,671,570.38	0.61
Total Fixed Income	\$1,100,770,342.65	99.94
Cash Equivalent		
U.S.	\$108,082,337.87	9.81
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$120,131,668.16	-10.91
Receivables for Investments Sold	\$499,973.23	0.05
Long Term Interest Receivable	\$12,401,202.78	1.13
Short Term Interest Receivable	\$127,232.49	0.01
Margin Variation Receivable	\$0.00	0.00
Payable for Interest Compensation	-\$40.78	0.00
Dividend Receivable	\$7,559.38	0.00
Unrealized on Foreign Currency	\$0.00	0.00
Unrealized on fx Receivables	\$0.00	0.00
Unrealized on fx Payables	-\$230,435.87	-0.02
Tax Refund Receivable	\$50,820.08	0.00
Other Payables	-\$129,750.03	-0.01
Grand Total	\$1,101,447,573.64	100.00 %

BLACKROCK INC

(Semi-Passive)	Market Value	%
U.S. AGENCY	\$115,194,083.53	8.51
U.S. CORPORATE	\$284,396,823.72	21.02
U.S. MTG. REL.	\$715,105,826.73	52.85
U.S. MUNICIPALS	\$2,648,133.40	0.20
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$116,575,432.09	8.62
PRIVATE PLACEMENTS	\$0.00	0.00
YANKEE	\$140,404,666.90	10.38
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	-\$92,515.63	-0.01
Total Fixed Income	\$1,374,232,450.74	101.56
Cash Equivalent		
U.S.	\$83,832,574.60	6.20
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$462,114,619.34	-34.15
Receivables for Investments Sold	\$347,342,143.74	25.67
Long Term Interest Receivable	\$10,265,193.77	0.76
Short Term Interest Receivable	\$81,873.61	0.01
Margin Variation Receivable	\$0.00	0.00
Tax Refund Receivable	\$48,599.16	0.00
Payable for Interest Compensation	-\$261.09	0.00
Other Payables	-\$577,046.67	-0.04
Dividend Receivable	\$0.00	0.00
Grand Total	\$1,353,110,908.52	100.00 %

GOLDMAN SACHS ASSET MGMT.

(Semi-Passive)	Market Value	%
U.S. AGENCY	\$68,162,000.17	4.99
U.S. CORPORATE	\$246,603,520.98	18.04
U.S. MTG. REL.	\$785,277,254.24	57.44
U.S. MUNICIPALS	\$0.00	0.00
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$126,294,418.13	9.24
PRIVATE PLACEMENTS	\$0.00	0.00
YANKEE	\$119,595,004.70	8.75
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	\$0.00	0.00
Total Fixed Income	\$1,345,932,198.22	98.44
Cash Equivalent		
U.S.	\$100,929,114.75	7.38
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$318,580,873.81	-23.30
Receivables for Investments Sold	\$229,768,756.42	16.81
Long Term Interest Receivable	\$9,078,878.44	0.66
Short Term Interest Receivable	\$91,542.38	0.01
Payable for Interest Compensation	\$0.00	0.00
Tax Refund Receivable	\$17,052.51	0.00
Grand Total	\$1,367,236,668.91	100.00 %

NEUBERGER INVESTMENT MGMT.

(Semi-Passive)	Market Value	%
U.S. AGENCY	\$72,277,111.90	5.23
U.S. CORPORATE	\$301,750,747.49	21.85
U.S. MTG. REL.	\$807,273,033.65	58.45
U.S. MUNICIPALS	\$2,194,064.00	0.16
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$176,044,474.78	12.75
PRIVATE PLACEMENTS	\$0.00	0.00
YANKEE	\$44,381,703.88	3.21
FOREIGN RELATED	\$0.00	0.00
MISCELLANEOUS	\$0.00	0.00
Total Fixed Income	\$1,403,921,135.70	101.65
Cash Equivalent		
U.S.	\$106,492,656.72	7.71
Non U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$142,826,741.48	-10.34
Receivables for Investments Sold	\$2,355,480.43	0.17
Long Term Interest Receivable	\$11,031,161.67	0.80
Short Term Interest Receivable	\$110,812.99	0.01
Payable for Interest Compensation	\$0.00	0.00
Tax Refund Receivable	\$57,665.47	0.00
Grand Total	\$1,381,142,171.50	100.00 %

Summarized Asset Listing - Bond Managers

June 30, 2009

AGGREGATE BOND POOL*

Fixed Income	Market Value	%
U.S. AGENCY	\$473,879,513.40	5.67
U.S. CORPORATE	\$2,258,178,788.77	27.04
U.S. MTG. REL.	\$4,373,646,586.83	52.37
U.S. MUNICIPALS	\$56,966,520.03	0.68
U.S. PREFERRED STOCK	\$0.00	0.00
U.S. TREASURY	\$758,196,706.68	9.08
PRIVATE PLACEMENTS	\$29,843,543.95	0.36
YANKEE	\$486,864,914.53	5.83
FOREIGN RELATED	\$27,636,275.55	0.33
MISCELLANEOUS	\$13,071,257.37	0.16
Total Fixed Income	\$8,478,284,107.11	101.53
Cash Equivalent		
U.S.	\$543,210,250.44	6.50
Non. U.S.	\$0.00	0.00
Payable for Investments Purchased	-\$1,425,910,370.77	-17.08
Receivables for Investments Sold	\$681,338,296.78	8.16
Long Term Interest Receivable	\$74,209,631.40	0.89
Short Term Interest Receivable	\$583,209.72	0.01
Payable for Interest Compensation	-\$530.19	0.00
Other Payables	-\$813,142.53	-0.01
Tax Refund Receivables	\$269,247.09	0.00
Margin Variation Receivable	\$43,406.25	0.00
Unrealized on fx Receivables	-\$52,439.43	0.00
Unrealized on fx Payables	-\$489,943.65	-0.01
Unrealized on Foreign Currency	\$0.00	0.00
Advisory Fee	\$0.00	0.00
Dividend Receivables	\$7,559.38	0.00
Grand Total	\$8,350,679,281.60	100.00 %

* Aggregate of all managers in the Bond Account in the Financial Statements. Includes both Active and Semi-Passive managers.

Summarized Asset Listing - Supplemental Investment Fund

June 30, 2009

BOND MARKET ACCOUNT

	Market Value	%
BONDS	\$96,474,287.13	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$96,474,287.13	100.00 %

INTERNATIONAL EQUITY ACCOUNT

	Market Value	%
EQUITIES	\$90,461,932.90	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$90,461,932.90	100.00 %

COMMON STOCK INDEX ACCOUNT

	Market Value	%
EQUITIES	\$196,823,236.38	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$196,823,236.38	100.00 %

MONEY MARKET ACCOUNT

	Market Value	%
CASH EQUIVALENTS	\$174,058,766.23	99.98
Short Term Interest Receivable	\$41,747.30	0.02
Grand Total	\$174,100,513.53	100.00 %

FIXED INTEREST ACCOUNT

	Market Value	%
GIC POOL	\$93,317,464.65	98.20
CASH EQUIVALENTS	\$1,405,399.04	1.48
Short Term Interest Receivable	\$310.67	0.00
Long Term Interest Receivable	\$322,800.03	0.34
Accrued expense	-\$20,251.26	-0.02
Grand Total	\$95,025,723.13	100.00 %

DEFERRED COMPENSATION FIXED INTEREST

	Market Value	%
FIXED INCOME POOL	\$1,068,942,641.19	100.00
Grand Total	\$1,068,942,641.19	100.00 %

GROWTH SHARE ACCOUNT

	Market Value	%
EQUITIES	\$80,824,423.94	100.00
CASH EQUIVALENTS	\$0.00	0.00
Grand Total	\$80,824,423.94	100.00 %

DEFERRED COMPENSATION MONEY FUND

	Market Value	%
CASH EQUIVALENTS	\$102,831,963.46	99.98
Short Term Interest Receivable	\$24,786.39	0.02
Grand Total	\$102,856,749.85	100.00 %

INCOME SHARE ACCOUNT

	Market Value	%
EQUITIES	\$112,049,965.05	57.78
BONDS	\$79,391,815.52	40.94
CASH EQUIVALENTS	\$2,468,060.33	1.27
Short Term Interest Receivable	\$555.24	0.00
Grand Total	\$193,910,396.14	100.00 %

SUPPLEMENTAL INVESTMENT FUND TOTALS

	Market Value	%
BOND MARKET	\$96,474,287.13	4.60
COMMON STOCK INDEX	\$196,823,236.38	9.38
FIXED INTEREST	\$95,025,723.13	4.53
GROWTH SHARE	\$80,824,423.94	3.85
INCOME SHARE	\$193,910,396.14	9.24
INTERNATIONAL SHARE	\$90,461,932.90	4.31
MONEY MARKET	\$174,100,513.53	8.29
Subtotal	\$927,620,513.15	
DEFERRED COMP. FIXED INTEREST	\$1,068,942,641.19	50.92 %
DEFERRED COMP. MONEY MARKET	\$102,856,749.85	4.90
Grand Total	\$2,099,419,904.19	100.00 %

Summarized Asset Listing - Mpls. Employees Ret. Fund (MERF)

June 30, 2009

MERF RETIREMENT FUND

	Market Value	%
BONDS	\$235,587,022.83	31.05
CASH	\$20,076,506.02	2.65
EQUITY	\$348,979,463.48	46.00
INTERNATIONAL	\$153,923,891.91	20.29
MERF RESIDUAL CASH	\$10,727.42	0.00
MERF MORTGAGE HOLDING	\$105,810.45	0.01
Subtotal	\$758,683,422.11	
Interest Receivable	\$13,080.52	0.00
Grand Total	\$758,696,502.63	100.00 %

MERF DEPOSIT ACCUMULATION FUND

	Market Value	%
CASH	\$5,392,091.28	99.95
Interest Receivable	\$2,886.50	0.05
Grand Total	\$5,394,977.78	100.00 %

MERF SURVIVOR DISABILILTY FUND

	Market Value	%
BONDS	\$23,218,148.81	30.85
CASH	\$2,584,023.76	3.43
EQUITY	\$34,271,178.33	45.54
INTERNATIONAL	\$15,185,307.25	20.18
MERF RESIDUAL	\$922.98	0.00
Subtotal	\$75,259,581.13	
Interest Receivable	\$2,123.76	0.00
Grand Total	\$75,261,704.89	100.00 %

Summarized Asset Listing - OPEB

June 30, 2009

ANOKA COUNTY			MOUNTAIN IRON - BUHL ISD #712		
	Market Value	%		Market Value	%
EQUITIES	\$1,682,709.27	100.00	BONDS	\$1,793,781.66	100.00
Grand Total	\$1,682,709.27	100.00 %	Grand Total	\$1,793,781.66	100.00 %
CITY OF DULUTH			OGILVIE ISD #333		
	Market Value	%		Market Value	%
BONDS	\$10,202,905.46	59.89	CASH EQUIVALENTS	\$1,248,758.17	99.94
EQUITIES	\$6,833,045.92	40.11	Short Term Interest Receivable	\$717.60	0.06
Grand Total	\$17,035,951.38	100.00 %	Grand Total	\$1,249,475.77	100.00 %
CITY OF EAGAN			ROBBINSDALE ISD #281		
	Market Value	%		Market Value	%
EQUITIES	\$5,207,763.21	100.00	BONDS	\$9,710,730.40	50.43
Grand Total	\$5,207,763.21	100.00 %	CASH EQUIVALENTS	\$9,541,415.41	49.55
CROSBY-IRONTON ISD #182				Short Term Interest Receivable	\$5,227.90
	Market Value	%	Grand Total	\$19,257,373.71	100.00 %
BONDS	\$3,148,044.20	72.42	ROSEVILLE ISD #623		
CASH EQUIVALENTS	\$1,197,959.59	27.56		Market Value	%
Short Term Interest Receivable	\$738.87	0.02	BONDS	\$17,390,212.32	100.00
Grand Total	\$4,346,742.66	100.00 %	Grand Total	\$17,390,212.32	100.00 %
ELK RIVER ISD #728			SCOTT COUNTY		
	Market Value	%		Market Value	%
BONDS	\$3,425,759.82	100.00	EQUITIES	\$794,567.22	100.00
Grand Total	\$3,425,759.82	100.00 %	Grand Total	\$794,567.22	100.00 %
FILLMORE CENTRAL ISD#2198			STAPLES MOTLEY ISD #2170		
	Market Value	%		Market Value	%
CASH EQUIVALENTS	\$1,145,752.30	99.95	BONDS	\$1,037,810.22	100.00
Short Term Interest Receivable	\$606.08	0.05	Grand Total	\$1,037,810.22	100.00 %
Grand Total	\$1,146,358.38	100.00 %	UNITED SOUTH CENTRAL ISD #2134		
KINGSLAND ISD #2137				Market Value	%
	Market Value	%	CASH EQUIVALENTS	\$1,563,865.87	99.95
CASH EQUIVALENTS	\$200,000.00	28.46	Short Term Interest Receivable	\$827.42	0.05
EQUITIES	\$195,191.38	27.78	Grand Total	\$1,564,693.29	100.00 %
BONDS	\$307,415.44	43.75	WEST ST. PAUL, MENDOTA HEIGHTS, EAGAN ISD #197		
Short Term Interest Receivable	\$102.25	0.01		Market Value	%
Grand Total	\$702,709.07	100.00 %	CASH EQUIVALENTS	\$10,952,798.40	99.95
METROPOLITAN COUNCIL				Short Term Interest Receivable	\$5,794.03
	Market Value	%	Grand Total	\$10,958,592.43	100.00 %
EQUITIES	\$53,062,560.58	96.74	WINONA ISD #861		
CASH EQUIVALENTS	\$593,562.40	1.08		Market Value	%
BONDS	\$1,191,681.06	2.17	BONDS	\$9,074,462.79	100.00
Short Term Interest Receivable	\$313.98	0.00	Grand Total	\$9,074,462.79	100.00 %
Grand Total	\$54,848,118.02	100.00 %	METROPOLITAN MOSQUITO CONTROL DISTRICT		
METROPOLITAN MOSQUITO CONTROL DISTRICT				Market Value	%
	Market Value	%	EQUITIES	\$842,659.94	74.39
EQUITIES	\$842,659.94	74.39	BONDS	\$290,139.51	25.61
BONDS	\$290,139.51	25.61	Grand Total	\$1,132,799.45	100.00 %
Grand Total	\$1,132,799.45	100.00 %	MOUNDS VIEW ISD #621		
MOUNDS VIEW ISD #621				Market Value	%
	Market Value	%	EQUITIES	\$6,308,894.52	24.90
EQUITIES	\$6,308,894.52	24.90	CASH EQUIVALENTS	\$19,019,862.78	75.06
CASH EQUIVALENTS	\$19,019,862.78	75.06	Short Term Interest Receivable	\$10,061.24	0.04
Short Term Interest Receivable	\$10,061.24	0.04	Grand Total	\$25,338,818.54	100.00 %
Grand Total	\$25,338,818.54	100.00 %			

Summarized Asset Listing - Other Funds

June 30, 2009

ASSIGNED RISK PLAN

Equities	Market Value	%
COMMINGLED FUND	\$179,703.60	0.36
CONSUMER DISCRETIONARY	\$4,822,363.98	9.74
CONSUMER STAPLES	\$4,114,167.42	8.31
ENERGY	\$6,423,877.08	12.97
FINANCIALS	\$8,418,636.82	17.00
HEALTH CARE	\$7,044,705.82	14.22
INDUSTRIALS	\$3,411,175.54	6.89
INFORMATION TECHNOLOGY	\$10,817,361.97	21.84
MATERIALS	\$1,898,069.98	3.83
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$1,344,865.61	2.71
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$1,059,727.27	2.14
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$49,534,655.09	100.00 %

Fixed Income

U.S. AGENCY	\$29,492,491.49	9.74
U.S. CORPORATE	\$1,218,604.20	0.40
U.S. MTG. REL.	\$127,993,786.96	42.29
U.S. TREASURY	\$27,674,225.00	9.14
MUNICIPAL	\$55,638,428.55	18.38
PRIVATE PLACEMENT	\$1,514,890.57	0.50
MISCELLANEOUS	\$557,801.19	0.18
Fixed Income Total	\$244,090,227.96	80.65
Cash Equivalents	\$7,150,983.87	2.36
Payable for Investments Purchased	-\$10,634.11	0.00
Receivables for Investments Sold	\$22,677.42	0.01
Dividend Receivable	\$39,091.34	0.01
Short Term Interest Receivable	\$5,029.04	0.00
Long Term Interest Receivable	\$1,831,456.29	0.61
Payable for Interest Compensation	-\$275.35	0.00
Tax Refund Receivable	\$0.00	0.00
Grand Total	\$302,663,211.55	100.00 %

INTERNAL FIXED ACCOUNT

Fixed Income	Market Value	%
U.S. AGENCY	\$0.00	0.00
U.S. CORPORATE	\$158,291,992.49	30.76
U.S. MTG. REL.	\$294,581,917.83	57.24
U.S. TREASURY	\$0.00	0.00
YANKEE	\$2,739,607.50	0.53
Fixed Income Total	\$0.00	0.00
Cash Equivalents	\$57,568,174.16	11.19
Payable for Interest Compensation	\$0.00	0.00
Long Term Interest Receivable	\$4,464,631.92	0.87
Short Term Interest Receivable	\$30,587.24	0.01
Margin Variation Receivable	\$120,781.25	0.02
Payable for Investments Purchased	-\$3,174,070.52	-0.62
Grand Total	\$514,623,621.87	100.00 %

INTERNAL EQUITY ACCOUNT

Equities	Market Value	%
COMMINGLED FUND	\$0.00	0.00
CONSUMER DISCRETIONARY	\$54,501,910.47	10.36
CONSUMER STAPLES	\$54,555,096.01	10.37
ENERGY	\$64,656,151.98	12.29
FINANCIALS	\$71,486,305.31	13.58
HEALTH CARE	\$73,392,395.20	13.95
INDUSTRIALS	\$53,538,008.27	10.17
INFORMATION TECHNOLOGY	\$96,472,657.64	18.33
MATERIALS	\$17,026,830.86	3.24
RIGHTS/WARRANTS	\$0.00	0.00
TELECOMMUNICATIONS SERVICES	\$18,438,521.90	3.50
UNCLASSIFIED	\$0.00	0.00
UTILITIES	\$22,230,054.03	4.22
ALL NON U.S.	\$0.00	0.00
BONDS	\$0.00	0.00
Total Equities	\$526,297,931.67	100.00 %

Cash Equivalents

Dividend Receivable	\$212,108,035.50	28.74
Payable for Investment Purchased	\$731,358.96	0.10
Receivable for Investment Sold	\$0.00	0.00
Short Term Interest Receivable	\$102,208.65	0.01
Other Payables	-\$1,246,875.00	-0.17
Grand Total	\$737,992,659.78	100.00 %

CLOSED LANDFILL INVESTMENT FUND

	Market Value	%
EQUITIES	\$37,641,547.05	99.83
BONDS	\$0.00	0.00
CASH EQUIVALENTS	\$63,523.40	0.17
Grand Total	\$37,705,070.45	100.00 %

EMERGENCY MEDICAL SERVICES

	Market Value	%
EQUITIES	\$3,361,971.09	49.53
BONDS	\$3,000,305.30	44.20
CASH EQUIVALENTS	\$425,095.85	6.26
Short Term Interest Receivable	\$214.55	0.00
Grand Total	\$6,787,586.79	100.00 %

ENVIRONMENTAL TRUST FUND

	Market Value	%
EQUITIES	\$281,760,570.00	70.17
BONDS	\$112,506,774.00	28.02
CASH EQUIVALENTS	\$7,242,537.04	1.80
Short Term Interest Receivable	\$3,257.89	0.00
Grand Total	\$401,513,138.93	100.00 %

ETHEL CURREY FUND

	Market Value	%
EQUITIES	\$440,226.97	52.01
BONDS	\$403,558.21	47.68
CASH EQUIVALENTS	\$2,599.53	0.31
Grand Total	\$846,384.71	100.00 %

Summarized Asset Listing - Other Funds

June 30, 2009

IRON RANGE RESOURCES	Market Value	%
CASH EQUIVALENTS	\$215,666.22	0.34
EQUITIES	\$25,145,028.77	39.90
BONDS	\$37,654,229.22	59.75
Grand Total	\$63,014,924.21	100.00 %

LIFETIME FISH & WILDLIFE TRUST	Market Value	%
EQUITIES	\$3,630,150.75	67.06
BONDS	\$1,769,072.79	32.68
CASH EQUIVALENTS	\$14,264.98	0.26
Grand Total	\$5,413,488.52	100.00 %

PERMANENT SCHOOL FUND	Market Value	%
EQUITIES	\$306,432,727.55	49.87
BONDS	\$296,112,242.20	48.19
CASH EQUIVALENTS	\$11,913,544.89	1.94
Interest Receivable	\$5,308.04	0.00
Grand Total	\$614,463,822.68	100.00 %

ST. LOUIS CO. ENVIRONMENTAL	Market Value	%
EQUITIES	\$2,424,815.11	46.86
BONDS	\$2,732,945.48	52.82
CASH EQUIVALENTS	\$16,665.26	0.32
Grand Total	\$5,174,425.85	100.00 %

WINONA STATE UNIVERSITY	Market Value	%
EQUITIES	\$2,354,477.44	42.75
BONDS	\$3,135,208.79	56.92
CASH EQUIVALENTS	\$18,397.21	0.33
Grand Total	\$5,508,083.44	100.00 %

Notes applicable to all Summarized Asset Listings:

The data source for the Summarized Asset Listings was State Street Bank & Trust, the SBI's custodian.

Market value figures in the Summarized Asset Listings may not reconcile to the amounts shown for various Accounts in the Financial Statements due to minor pricing differences between Financial Control Systems and State Street Bank as well as trade adjustments that were reflected in the Financial Statements.

Percentage totals may not add due to rounding.

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