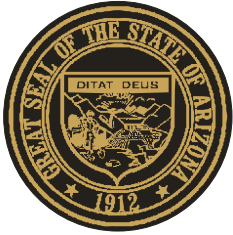


OFFICE OF THE
ARIZONA STATE TREASURER



**HON. DEAN MARTIN
TREASURER**



SEPTEMBER 2008

Presented To:

Arizona State Board of Investment

OCTOBER 15, 2008

STATE BOARD OF INVESTMENT

A G E N D A

October 15, 2008

1. Call to Order
2. Chairman Remarks
3. Approval of Minutes
4. Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
 - State Agency Pools
 - LGIP Pools 5 & 7
 - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
 - State Agency Pools
 - LGIP Pools 5, 7, & 500
 - Shares, LGIP Pool 500
- D. Rating Summaries
 - State Agency Pools
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500
- E. Maturity Summary – LGIP
 - LGIP Pool 5
 - LGIP Pool 7
 - LGIP Pool 500

Balance Report

- F. Operating Monies Invested Balances

5. Review of Treasurer's Monthly Reports - Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
 - H. Rating Summaries – Endowments
 - I. Equity Holdings – Investments Outstanding by Sector
 - S&P 500
 - S&P 400
 - J. Equity Holdings by Participant
 - K. Broker Activity Report
6. Proposed Changes to the Investment Policy
- A. Review of Proposed Changes
 - B. Public Comment on Proposed Changes
 - C. Discussion and Action on Proposed Changes
7. Review and Approval of Proposed and or Pending Securities Dealers
8. General Business
9. Call to the Public
10. Notice of Next Meeting
11. Adjournment

A person with a disability may request a reasonable accommodation such as a sign language interpreter by contacting Deputy Treasurer Klint Tegland, ADA Coordinator, Office of the State Treasurer, 1700 West Washington, West Wing, State Capitol, Phoenix, Arizona 85007, telephone (602) 604-7816. Requests should be made as early as possible to allow time to arrange the accommodation.

Note: To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other members of the public body. Members of the public body may reply to this message, but they should not send a copy of the reply to other members (please do not “reply to all”).

REPORT OF THE STATE TREASURER

FOR

October 15, 2008

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**Minutes of
BOARD OF INVESTMENT MEETING**

The regular meeting of the State Board of Investment was held on September 17, 2008 in the Office of the State Treasurer, 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona. Treasurer Martin, Chair called the meeting to order at approximately 10:38 a.m.

Members Present:

Dean Martin, Chair, State Treasurer
Ross Jacobs, Treasurer, Yavapai County
Charlotte Hosseini, Arizona Department of Administration, designee for William Bell, Director, Arizona Department of Administration
Alan E. Maguire, President, The Maguire Company (*Audio Conference Call*)
Bruce Tunell, Deputy Superintendent, Department of Financial Institutions, designee for Felecia A. Rotellini, Superintendent, Department of Financial Institutions

Members Absent:

None

Others Present:

Mark Swenson, Deputy Treasurer Strategic Planning, Audit & Research, Arizona State Treasurer's Office
Klint Tegland, Deputy Treasurer of Operations, Arizona State Treasurer's Office
Tim White, Chief Investment Officer, Arizona State Treasurer's Office
Chris Petkiewicz, Portfolio Manager, Arizona State Treasurer's Office
Dale Stomberg, Investment Accounting Manager, Arizona State Treasurer's Office
Kenton McCarthy, Vice President, Stone & Youngberg, Member of the Public
John Combe, Audit Senior, Office of the Auditor General
Mark L. Manoil, Attorney at Law, Carson, Messinger, Laughlin and Ragan, PLLC, Member of the Public

Pursuant to A.R.S. 35-311, the following reports for August, 2008 were submitted for the Board's approval:

Review of Treasurer's Monthly Reports – Investment Pools

Activity Reports

- A. Earnings Distribution; Investment Pools
- B. Yield Analysis – MTD & YTD; Investment Pools
 - State Agency Pools
 - LGIP Pools 5 & 7
 - LGIP Pool 500

Holdings Reports

- C. Investments Outstanding; Investment Pools
 - State Agency Pools
 - LGIP Pools 5, 7, & 500
 - Shares, LGIP Pool 500

- D. Rating Summaries
 - State Agency Pools
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- E. Maturity Summary – LGIP
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Balance Report

- F. Operating Monies Invested Balances

Review of Treasurer's Monthly Reports – Endowments

Activity Reports

- A. Earnings Distribution; Endowment Funds
- B. Yield Analysis – MTD; Endowment
- C. Return Analysis – MTD & YTD; Endowment Funds
- D. Capital Gains/Losses; Endowment Funds
- E. Endowment Funds Fixed Income Purchases and Sales
- F. Endowment Funds Equity Purchases and Sales

Holdings Reports

- G. Investments Outstanding; Endowment Pools
- H. Rating Summaries – Endowments
- I. Equity Holdings – Investments Outstanding by Sector
 - S&P 500
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- J. Equity Holdings by Participant

1. Call to Order:

Treasurer Martin called the September 17, 2008 BOI meeting to order at approximately 10:38 a.m.

2. Treasurers Comments:

Treasurer Martin welcomed board members and guests and thanked all present for attending the September 17, 2008 meeting.

3. Approval of Minutes:

Mr. Jacobs made a motion to approve the minutes for the August 27, 2008 Board of Investment Meeting. Mr. Tunell seconded the motion. Motion carried.

4. Review of Treasurer's Monthly Report – Investment Pools:

Mr. Tim White presented the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distribution – Investment Pools

Mr. White reported the earnings distributed month-to-date, year-to-date, prior year-to-date, and investment management fees deposited in the General Fund for the month of August, 2008.

State Agency Pools Portfolio Yield Analysis

Mr. White reported the gross yields for the State Agency Pools for the month of August, 2008.

LGIP (Pool 5) & LGIP GOV (Pool 7) Portfolio Yield Analysis

Mr. White reported the gross yields and net yields for the LGIP and LGIP-Gov pools, as well as the comparisons to their relative benchmarks for the month of August, 2008.

Pool 500

Mr. White reported the gross yield and net yield for the LGIP Long Term Pool and the comparison to the benchmark for the month of August, 2008.

Investments Outstanding in State Agency Pools

Mr. White reported the total ending par, book, market value, and unrealized gain/loss on the State Investment Pools as of August 31, 2008.

Investments Outstanding Pools 5, 7, and 500

Mr. White reported the ending par, book, market value, and unrealized gain/loss on the LGIP, LGIP-Gov, and LGIP Long Term pools as of August 31, 2008.

Investments Outstanding Pool 500 Shares

Mr. White reported the ending par, book, market value, and unrealized gain/loss for the LGIP Long Term Pool (share balances) as of August 31, 2008.

Rating Summary for State Agencies

Mr. White reported on the credit ratings for the State Agency Funds for the last three months.

Rating Summary for LGIP Pool 5

Mr. White reported on the credit ratings for the LGIP for the last three months.

Rating Summary LGIP-Long Term Pool 500

Mr. White reported on the credit ratings for the LGIP Long Term Pool for the last three months.

Rating Summary LGIP-Gov Pool 7

Mr. White reported on the credit ratings for the LGIP-Gov Pool for the last three months.

LGIP Maturity Summary Pool 5

Mr. White reported the weighted average maturity (WAM) for the LGIP for the last three months.

LGIP Maturity Summary Pool 7

Mr. White reported the weighted average maturity (WAM) for the LGIP-Gov for the last three months.

LGIP Long Term Maturity Summary Pool 500

Mr. White reported the duration for the LGIP Long Term Pool for the last three months.

Operating Monies Average Invested Balance

Mr. White reported the Operating Monies average invested balance for the month of August, 2008.

Treasurer Martin noted that the operating monies are down almost three times as much as compared to August 2007. He also advised the board that the state could be using Warrant Notes before the end of the calendar year.

5. Review of Treasurer's Monthly Report – Endowments:

Mr. Tim White presented the monthly report of the Arizona State Treasurer's Office to the Board of Investment as follows:

Earnings Distributed Endowment Funds

Mr. White reported the earnings distributed for the Endowment Funds for the month of August, 2008, FY09 fiscal year to date, and FY08 fiscal year to date.

Endowment Funds Yield Analysis

Mr. White reported the book yield of the Endowment Fund Fixed Income Pool for the month of August, 2008.

Monthly Return Analysis for the Endowment Funds

Mr. White reported the total return numbers for the Endowment Funds for the month of August, 2008 and FY09 fiscal year to date, as well as the comparison to their respective benchmarks.

Treasurer Martin commented that the bond fund in the Endowment Portfolio has shorter maturities and carries less credit risk than the benchmark fund it is compared with.

Net Realized Capital Gains/Losses – Endowment Funds

Mr. White reported the net realized capital gains for the Endowment Fixed Income, S&P 500, and S&P 400 pools for the month of August, 2008 and FY09 fiscal year to date.

Endowment Funds Fixed-Income Pool Purchases & Sales

Mr. White reported the purchases and sales of the Endowment Fixed Income Pool for the month of August, 2008.

Equity Funds Purchases & Sales

Mr. White reported the purchases and sales (summary) of the Endowment Equity Pools for the month of August, 2008.

Investments Outstanding in Endowment Funds

Mr. White reported the par, book, market value, and unrealized gains/loss of the Endowment Funds as of August 31, 2008.

Rating Summary Endowment Fixed Income Fund

Mr. White reported the credit ratings for the Endowment Funds as of August 31, 2008.

Equity Holdings Investments Outstanding S&P 500

Mr. White reported the investments outstanding by industry sector for the S&P 500 Pool as of August 31, 2008.

Equity Holdings Investments Outstanding S&P 400

Mr. White reported the investments outstanding by industry sector for the S&P 400 Pool as of August 31, 2008.

Equity Holdings – By Participant

Mr. White reported the equity holdings of the Endowment Funds as of August 31, 2008.

Approval of Treasurer's Report

Mr. Jacobs made a motion to approve the Treasurer's Report as submitted.
Ms. Hosseini seconded the motion. Motion carried.

6. Proposed Changes to Investment Policy

Treasurer Martin reported that there were no proposed changes to the Investment Policy at this time.

7. Review and Approval of Proposed/Pending Securities Dealers

Treasurer Martin reported that there were no proposed or pending security dealer's issues at this time.

7. General Business:

Treasurer Martin spoke about the Lehman Chapter 11 Bankruptcy filed on September 14th. He advised the board that the three remaining Lehman bond positions, which are held in pool 5, will be segregated into a new pool. The new pool will be pool 57. The only positions in Pool 57 will be the Lehman bonds.

Treasurer Martin also noted that there have been no unexpected redemptions in Pool 5. Mr. Jacobs asked if the assets in the new pool will be treated in the same manner as the NCFE assets. Treasurer Martin responded that the NCFE situation was a little different than the problems Lehman is facing. NCFE was dealing with fraud and bankruptcy and no longer existed, while Lehman has filed under chapter 11. Essentially the accounting would be the same for both pools.

Mr. Maguire advised the Board of the following:

- 1. The creation of pool 57 protects the new depositors from liability for the Lehman Bonds.*
- 2. The Fed stepped into the AIG situation because they were going to experience immediate Capital Calls, where as Lehman has long term liabilities that may exceed assets, but the Chapter 11 filing will allow the Bankruptcy Court to manage those withdrawals.*

*State Treasurer's Report
October 15, 2008 Meeting
Minutes of the September 17, 2008 Meeting*

3. *"The worst time to sell anything is immediately after the loss."*
4. *Some of the Local Governments may want to move from Pool 5 to Pool 7 so planning to increase the pool 7 eligibility holdings for those depositors should be considered.*

Treasurer Martin noted that in preparation for transfer requests, a lot of liquidity has been provided in the pools.

Ms. Hosseini inquired about the state's holdings. Treasurer Martin advised the Board that the state's share of the Lehman Bonds in Pool 5 was about 4.9 million. Ms. Hosseini then asked if there are limits on the percentage of a position that can be held in the pools. Treasurer Martin responded that the limit is 5 percent. Mr. White noted that the Lehman exposure in Pool 5 was about 1.266 percent.

Mr. Jacobs asked if the Endowment Pools were affected. Treasurer Martin responded that the only exposure to Lehman for the Endowment was in the S & P 500 Pool. The percentage of holdings in the pool would be the same as the percentage of the Lehman assets in the S & P 500 Index, because the pool has been designed to mirror that index.

The Treasurer also commented that Pool 500 had \$250,000 exposure to Lehman. Pool 500 was not segregated because it has a floating NAV. He noted that Pool 12, Pool 15 and Pool 205 have exposure to AIG. The total exposure in these pools is \$14,500,000 and these pools are floating NAV pools as well.

Treasurer Martin advised the Members of the Board that plans for the divestment bill are moving forward and he would like to have it completed by the end of the calendar year. It will be discussed in a future meeting.

8. *Notice of Next Meeting:*

The next regular meeting of the Board of Investment will be Wednesday, October 15, 2008 at 10:30 a.m. at 1700 West Washington, State Capitol, West Wing, Treasurer's Conference Room, Phoenix, Arizona.

10. Call to the Public

There was no public comment.

11. Adjournment:

Ms. Hosseini made a motion to adjourn the BOI meeting. Mr. Tunell seconded the motion. Upon unanimous approval, the BOI meeting was adjourned at 11:47 a.m.

Respectfully Submitted by:

Helen D. Garafola
Executive Consultant

Approved by:

Dean Martin, Chair

Date:

EARNINGS DISTRIBUTION - INVESTMENT POOLS
 SEPTEMBER 2008

State Treasurer's Report
 October 15, 2008
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| Recipient | Earnings Distributed | | | Fiscal YTD Investment Management Fees Received |
|--|-----------------------------|-----------------------------|-----------------------------|---|
| | SEPTEMBER 2008 | Fiscal YTD 08/09 | Fiscal YTD 07/08 | |
| General Fund | \$1,491,501 | \$6,545,711 | \$39,110,870 | |
| 2 State Agencies I - Full Faith & Credit | 2,168,672 | 9,885,457 | 7,701,490 | \$142,486 |
| 3 State Agencies II - Diversified | 4,220,575 | 14,092,441 | 24,241,011 | 324,173 |
| 5 Local Governments | 2,838,276 | 12,999,866 | 26,590,710 | 468,352 |
| 6 State Agencies III - US Govt & Agency | 5,387 | 15,849 | 73,958 | 1,133 |
| 7 LGIP Gov't | 2,075,528 | 13,727,759 | 21,750,838 | 344,869 |
| 8 State Agencies IV - Restricted Diversified | 2,307,637 | 3,463,178 | 2,887,468 | 96,694 |
| 9 * ADOT - BFO | 0 | 0 | 0 | 0 |
| 11 School Facilities Board | 9,040 | 30,425 | 17,174 | 1,776 |
| 12 CAWCD Medium-Term | 351,833 | 1,111,636 | 1,354,691 | 17,787 |
| 14 School Facilities Board 2002 Series | 17,406 | 47,088 | 353,837 | 2,851 |
| 15 GADA Long-Term | 64,639 | 166,719 | 250,423 | 2,658 |
| Subtotal | \$15,550,494 | \$62,086,130 | \$124,332,472 | \$1,402,780 |
| NAV POOL | | | | |
| 500 LGIP LT | 209,608 | 602,068 | 349,794 | 9,123 |
| Total | \$15,760,103 | \$62,688,198 | \$124,682,266 | \$1,411,903 |

*Note: All earnings distributed for the ADOT - BFO Pool are distributed to the General Fund.

**STATE AGENCY POOLS
PORTFOLIO YIELD ANALYSIS**
September 30, 2008

State Treasurer's Report
October 15, 2008
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| FUND | DESCRIPTION | NET EARNINGS | SALES EARNINGS YIELD | AMORT/DISC EARNINGS YIELD | COUPON EARNINGS YIELD | GROSS YIELD |
|-----------------------------|--|------------------|----------------------------|---------------------------------|-----------------------------|----------------|
| 2 | STATE AGENCIES I - FULL FAITH & CREDIT | 2,511,797 | 0.0000% | 0.2503% | 3.0929% | 3.3432% |
| 3 | STATE AGENCIES II - DIVERSIFIED | 4,527,756 | -0.3215% | 0.7513% | 2.5618% | 2.9916% |
| 6 | STATE AGENCIES III - US GOVT & AGENCY | 13,041 | 0.0000% | 0.6236% | 1.5813% | 2.2049% |
| 8 | STATE AGENCIES IV-RESTRICTED DIVERSIFIED | 1,429,713 | 0.0000% | -0.8315% | 3.8104% | 2.9789% |
| 9 | BOARD FUNDING OBLIGATION | 433,973 | 0.0000% | 0.0000% | 4.8600% | 4.8600% |
| 11 | SCHOOL FACILITIES BOARD | 15,648 | 0.0000% | 1.3540% | 0.2572% | 1.6112% |
| 12 | CAWCD MEDIUM TERM | 406,915 | 0.0000% | -0.1013% | 4.3883% | 4.2870% |
| 14 | SCHOOL FACILITIES BOARD BONDS | 30,933 | 0.0000% | 1.0196% | 1.1438% | 2.1634% |
| 15 | GADA | 57,236 | 0.0000% | 0.1750% | 3.9032% | 4.0782% |
| TOTAL STATE AGENCIES | | 9,427,012 | | | | |

LGIP & LGIP-GOV
PORTFOLIO YIELD ANALYSIS
September 30, 2008

State Treasurer's Report
October 15, 2008
Page 3

| FUND | DESCRIPTION | NET EARNINGS | SALES EARNINGS YIELD | AMORT/DISC EARNINGS YIELD | COUPON EARNINGS YIELD | GROSS YIELD |
|------|------------------------------------|------------------|----------------------------|---------------------------------|-----------------------------|----------------|
| 5 | LGIP | 5,218,484 | -0.2434% | 1.1324% | 1.2834% | 2.1724% |
| 7 | LGIP - GOV | 3,101,793 | 0.0000% | -0.0700% | 1.7326% | 1.6626% |
| | TOTAL LGIP & LGIP-GOV | 8,320,277 | | | | |
| | | 07/31/08 | 08/31/08 | 09/30/08 | | |
| 5 | LGIP MONTHLY YIELD (NET) | 2.44% | 2.47% | 2.11% | | |
| | S & P LGIP INDEX YIELD | 2.26% | 2.28% | 2.32% | | |
| | LGIP YTD YIELD (NET) | 2.44% | 2.45% | 2.34% | | |
| | S & P LGIP YTD INDEX YIELD | 2.26% | 2.27% | 2.29% | | |
| 7 | LGIP - GOV MONTHLY YIELD (NET) | 2.03% | 2.08% | 1.60% | | |
| | 3 MONTH T-BILL | 1.65% | 1.72% | 1.25% | | |
| | * S & P LGIP - GOV INDEX YIELD | 2.07% | 2.10% | 2.14% | | |
| | LGIP - GOV YTD YIELD (NET) | 2.03% | 2.05% | 1.90% | | |
| | YTD 3 MONTH T-BILL | 1.65% | 1.69% | 1.56% | | |
| | * S & P LGIP - GOV YTD INDEX YIELD | 2.07% | 2.09% | 2.10% | | |

* Note: The LGIP-GOV Pool consists of only securities explicitly backed by the full faith & credit of the US Government. The S&P LGIP-Gov Index consists of both securities implicitly and explicitly backed by the full faith & credit of the US Government.

**LGIP LONG TERM POOL
PORTFOLIO YIELD ANALYSIS**
September 30, 2008

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| FUND | DESCRIPTION | GROSS EARNINGS | SALES EARNINGS YIELD | AMORT/DISC EARNINGS YIELD | COUPON EARNINGS YIELD | GROSS YIELD |
|------|----------------------------------|-------------------|----------------------------|---------------------------------|-----------------------------|----------------|
| 500 | LGIP LONG TERM POOL | 211,061 | 0.0186% | 0.0374% | 4.1147% | 4.1707% |
| | TOTAL LGIP LONG TERM POOL | 211,061 | | | | |

| | 07/31/08 | 08/31/08 | 09/30/08 |
|---|----------|----------|----------|
| LGIP LONG TERM MONTHLY YIELD (NET) | 3.83% | 3.90% | 4.11% |
| MERRILL 1-5 US D M INDEX MONTHLY YIELD | 4.11% | 4.06% | 4.46% |
| | | | |
| LGIP LONG TERM YTD YIELD (NET) | 3.83% | 3.87% | 3.95% |
| MERRILL 1-5 US D M INDEX YTD YIELD | 4.11% | 4.08% | 4.21% |

STATE AGENCY POOLS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2008
 (in thousands)

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| POOL | INVESTMENT POOL | PAR VALUE | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------|--|------------------|------------------|------------------|------------------------------|----------------------------------|
| 2 | State Agencies I - Full Faith & Credit | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | U.S. Government & Agencies | 982,615 | 983,149 | 983,490 | 340 | |
| | Total | 982,615 | 983,149 | 983,490 | 340 | 1.000 |
| 3 | State Agencies II - Diversified | | | | | |
| | Commercial Paper | 30,000 | 29,984 | 29,984 | (0) | |
| | U.S. Government & Agencies | 724,812 | 724,337 | 725,615 | 1,278 | |
| | Corporate Securities | 834,634 | 833,613 | 815,870 | (17,743) | |
| | Total | 1,589,447 | 1,587,934 | 1,571,469 | (16,465) | 0.990 |
| 6 | State Agencies III - US Govt & Agency | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | U.S. Government & Agencies | 8,000 | 7,996 | 7,983 | (13) | |
| | Total | 8,000 | 7,996 | 7,983 | (13) | 0.998 |
| 8 | State Agencies IV - Restricted Diversified | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | U.S. Government & Agencies | 588,751 | 589,520 | 588,753 | (767) | |
| | Total | 588,751 | 589,520 | 588,753 | (767) | 0.999 |
| 9 | ADOT B.F.O. | | | | | |
| | Board Funding Obligations | 110,000 | 110,000 | 110,000 | 0 | |
| | Total | 110,000 | 110,000 | 110,000 | 0 | 1.000 |
| 11 | School Facilities Board | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | U.S. Government & Agencies | 14,000 | 13,979 | 13,982 | 3 | |
| | Total | 14,000 | 13,979 | 13,982 | 3 | 1.000 |
| 12 | CAWCD Medium-Term | | | | | |
| | Money Market Mutual Shares | 376 | 376 | 376 | 0 | |
| | U.S. Government & Agencies | 73,760 | 73,735 | 73,438 | (297) | |
| | Corporate Securities | 43,060 | 43,152 | 40,119 | (3,033) | |
| | Total | 117,197 | 117,264 | 113,933 | (3,331) | 0.972 |

STATE AGENCY POOLS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2008
 (in thousands)

State Treasurer's Report
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| POOL | INVESTMENT POOL | PAR VALUE | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------------------------------|---------------------------------|------------------|------------------|------------------|------------------------------|--------------------------|
| 14 | School Facilities Board Bonds | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | U.S. Government & Agencies | 18,000 | 17,992 | 17,971 | (21) | |
| | Total | 18,000 | 17,992 | 17,971 | (21) | 0.999 |
| 15 | GADA | | | | | |
| | Money Market Mutual Shares | 4,666 | 4,666 | 4,666 | 0 | |
| | U.S. Government & Agencies | 8,678 | 8,666 | 8,623 | (43) | |
| | Corporate Securities | 4,025 | 4,044 | 3,416 | (628) | |
| | Total | 17,369 | 17,376 | 16,705 | (671) | 0.961 |
| 55 | LGIP - NPF | | | | | |
| | <i>NPF Securities</i> | 61,939 | 61,924 | 0 | (61,924) | |
| | Total | 61,939 | 61,924 | 0 | (61,924) | 0.000 |
| 57 | LGIP - LEHMAN BROTHERS HOLDINGS | | | | | |
| | <i>Lehman Bonds</i> | 39,450 | 39,427 | 4,931 | (34,495) | |
| | Total | 39,450 | 39,427 | 4,931 | (34,495) | 0.125 |
| TOTALS - AGENCY POOLS | | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | Money Market Mutual Shares | 5,042 | 5,042 | 5,042 | 0 | |
| | Commercial Paper | 30,000 | 29,984 | 29,984 | (0) | |
| | U.S. Government & Agencies | 2,418,617 | 2,419,374 | 2,419,855 | 480 | |
| | Corporate Securities | 881,720 | 880,809 | 859,405 | (21,404) | |
| | Board Funding Obligations | 110,000 | 110,000 | 110,000 | 0 | |
| | <i>NPF Securities</i> | 61,939 | 61,924 | 0 | (61,924) | |
| | <i>Lehman Bonds</i> | 39,450 | 39,427 | 4,931 | (34,495) | |
| | Grand Total | 3,546,767 | 3,546,560 | 3,429,217 | (117,344) | |

L.G.I.P.
INVESTMENTS OUTSTANDING
SEPTEMBER 30, 2008
(in thousands)

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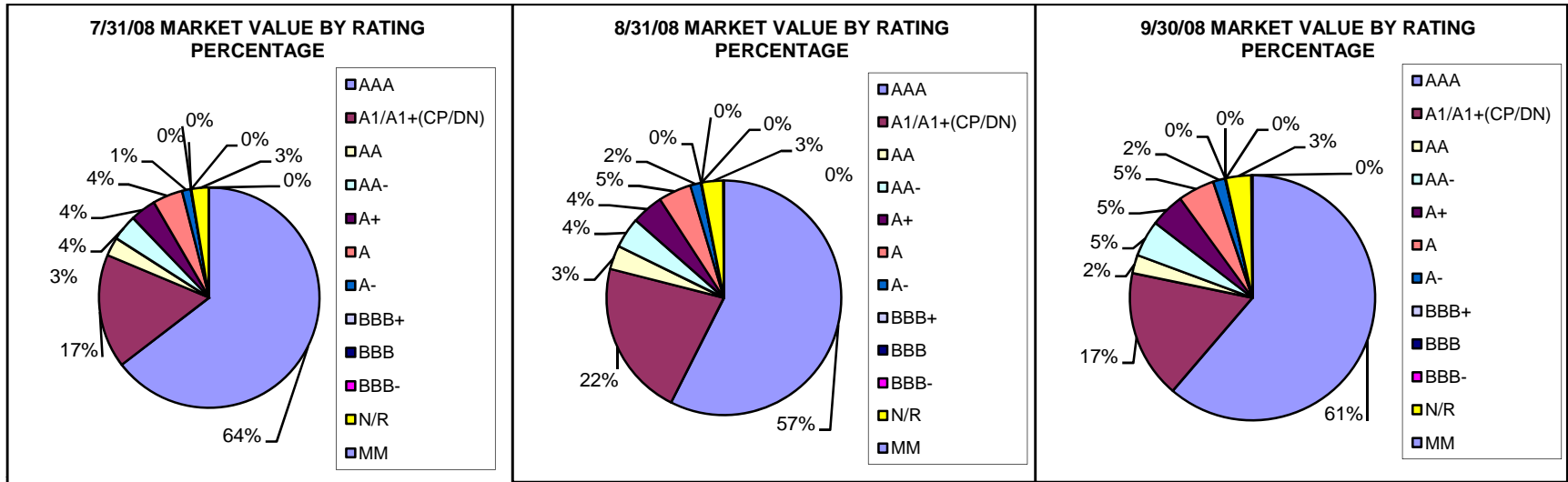
| POOL | INVESTMENT POOL | PAR VALUE | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------|----------------------------|------------------|------------------|------------------|------------------------------|----------------------------------|
| 5 | Local Governments | | | | | |
| | Repurchase Agreements | 0 | 0 | 0 | 0 | |
| | Commercial Paper | 60,000 | 59,915 | 59,915 | 0 | |
| | Certificates of Deposit | 5,000 | 4,989 | 4,993 | 4 | |
| | U.S. Government & Agencies | 2,539,761 | 2,536,495 | 2,535,634 | (861) | |
| | Corporate Securities | 678,915 | 678,333 | 662,021 | (16,312) | |
| | Total | 3,283,676 | 3,279,733 | 3,262,563 | (17,170) | 0.995 |
| 7 | LGIP - Gov't | | | | | |
| | Repurchase Agreements | 475,000 | 475,000 | 475,000 | 0 | |
| | U.S. Government & Agencies | 2,055,498 | 2,056,336 | 2,056,703 | 367 | |
| | Total | 2,530,498 | 2,531,336 | 2,531,703 | 367 | 1.000 |
| 500 | LGIP LT | | | | | |
| | Money Market Mutual Shares | 44 | 44 | 44 | 0 | |
| | Commercial Paper | 430 | 429 | 429 | 0 | |
| | U.S. Government & Agencies | 43,241 | 43,385 | 43,540 | 154 | |
| | Corporate Securities | 17,390 | 17,458 | 16,850 | (608) | |
| | Dividends Payable/Other | (72) | (72) | (72) | 0 | |
| | Total | 61,034 | 61,245 | 60,791 | (454) | |
| | TOTALS - LGIP POOLS | | | | | |
| | Repurchase Agreements | 475,000 | 475,000 | 475,000 | 0 | |
| | Money Market Mutual Shares | 44 | 44 | 44 | 0 | |
| | Commercial Paper | 60,430 | 60,344 | 60,344 | 0 | |
| | Certificates of Deposit | 5,000 | 4,989 | 4,993 | 4 | |
| | U.S. Government & Agencies | 4,638,500 | 4,636,217 | 4,635,877 | (340) | |
| | Corporate Securities | 696,305 | 695,791 | 678,871 | (16,921) | |
| | Dividends Payable/Other | (72) | (72) | (72) | 0 | |
| | Grand Total | 5,875,208 | 5,872,314 | 5,855,057 | (17,257) | |

SHARES OUTSTANDING
LOCAL GOVERNMENT LONG TERM FUNDS
 SEPTEMBER 30, 2008
 (In Thousands)

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| FUND | NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | NAV |
|------|-------------------------------|-----------------------|---------------|-----------------|------------------------------|--------------|
| 500 | <i>Shares in LGIP LT Fund</i> | 61,186 | 61,570 | 61,260 | (311) | |
| | Total | 61,186 | 61,570 | 61,260 | (311) | 0.995 |

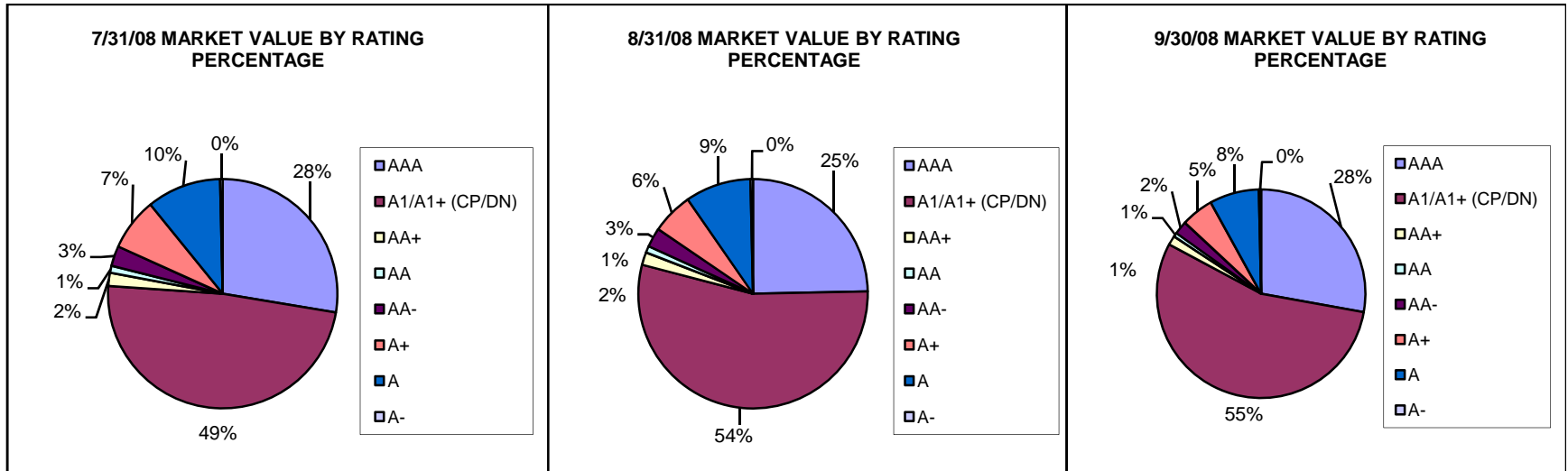
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
STATE AGENCY POOLS 2, 3, 6, 8, 9, 11 - 15**



| | 07/31/08 | | | 08/31/08 | | | 09/30/08 | | |
|---------------|------------|------------------------|-------------|------------|------------------------|-------------|------------|------------------------|-------------|
| RATING | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| AAA | 290 | \$2,747,045,227 | 64% | 278 | \$2,107,710,240 | 58% | 263 | \$2,101,565,953 | 61% |
| A1/A1+(CP/DN) | 24 | \$708,858,904 | 17% | 26 | \$791,443,281 | 22% | 19 | \$599,792,017 | 17% |
| AA | 7 | \$116,233,169 | 3% | 8 | \$120,065,818 | 3% | 5 | \$63,855,000 | 2% |
| AA- | 15 | \$160,863,724 | 4% | 14 | \$156,076,955 | 4% | 15 | \$164,405,968 | 5% |
| A+ | 19 | \$159,522,801 | 4% | 19 | \$159,826,102 | 4% | 17 | \$155,831,682 | 5% |
| A | 16 | \$192,064,273 | 4% | 15 | \$167,015,677 | 5% | 15 | \$165,710,905 | 5% |
| A- | 4 | \$54,778,536 | 1% | 4 | \$54,335,375 | 1% | 4 | \$54,472,288 | 2% |
| BBB+ | 1 | \$1,764,588 | 0% | 1 | \$1,789,200 | 0% | 1 | \$1,659,231 | 0% |
| BBB | 0 | \$0 | 0% | 0 | \$0 | 0% | 2 | \$1,123,195 | 0% |
| BBB- | 1 | \$989,440 | 0% | 1 | \$992,470 | 0% | 1 | \$820,000 | 0% |
| N/R | 13 | \$110,007,071 | 3% | 13 | \$110,007,071 | 3% | 21 | \$114,938,321 | 3% |
| MM | 2 | \$421,922 | 0% | 2 | \$2,725,460 | 0% | 2 | \$5,042,150 | 0% |
| TOTAL | 392 | \$4,252,549,655 | 100% | 381 | \$3,671,987,649 | 100% | 365 | \$3,429,216,711 | 100% |

MM = MONEY MARKET (BONY/HAMILTON TREASURY)
N/R = ADOT BONDS (110,000,000), TAX DEFERRED (7,071) AND NCFE

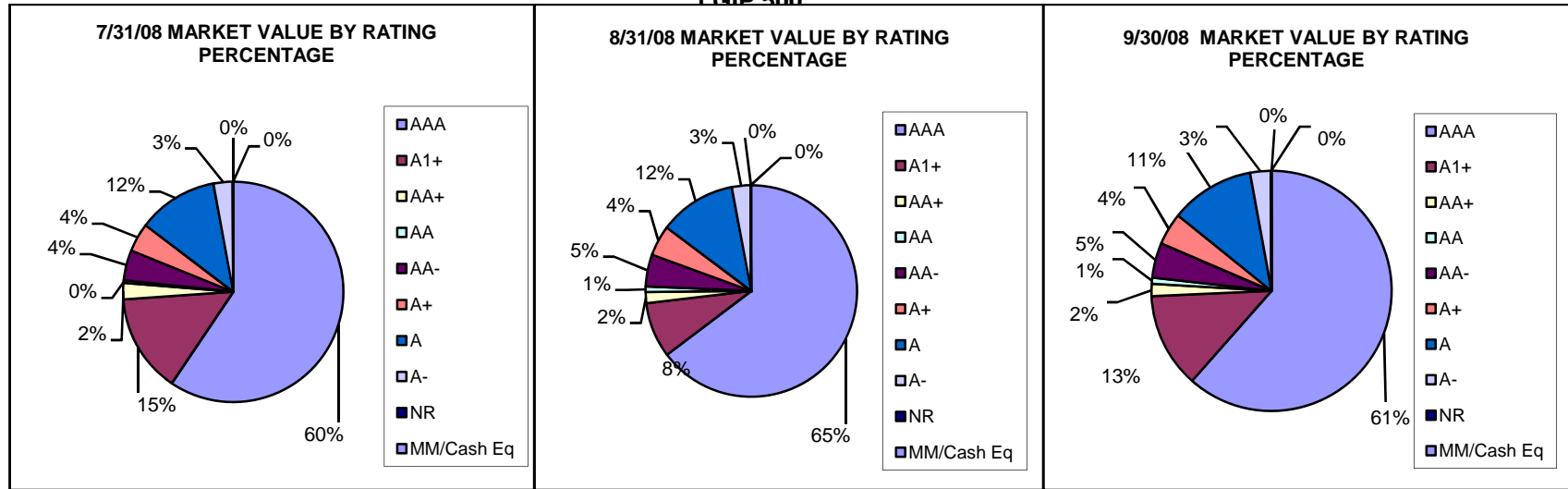
**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP**



| RATING | 07/31/08 | | | 08/31/08 | | | 09/30/08 | | |
|----------------|------------|------------------------|-------------|------------|------------------------|-------------|------------|------------------------|-------------|
| | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| AAA | 45 | \$842,565,534 | 28% | 46 | \$783,335,496 | 25% | 45 | \$907,990,600 | 28% |
| A1/A1+ (CP/DN) | 41 | \$1,475,160,217 | 49% | 53 | \$1,727,614,243 | 54% | 52 | \$1,794,698,641 | 55% |
| AA+ | 7 | \$57,369,949 | 2% | 6 | \$56,702,759 | 2% | 5 | \$46,539,133 | 1% |
| AA | 3 | \$30,014,815 | 1% | 3 | \$29,953,704 | 1% | 2 | \$19,968,550 | 1% |
| AA- | 8 | \$85,898,431 | 3% | 8 | \$85,887,115 | 3% | 6 | \$67,238,121 | 2% |
| A+ | 17 | \$226,266,680 | 7% | 16 | \$186,017,224 | 6% | 15 | \$163,981,637 | 5% |
| A | 24 | \$318,810,027 | 10% | 21 | \$294,519,949 | 9% | 17 | \$250,841,388 | 8% |
| A- | 2 | \$11,308,425 | 0% | 2 | \$11,313,958 | 0% | 2 | \$11,304,978 | 0% |
| TOTAL | 147 | \$3,047,394,077 | 100% | 155 | \$3,175,344,448 | 100% | 144 | \$3,262,563,047 | 100% |

**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY**

LGIP 500



7/31/2008

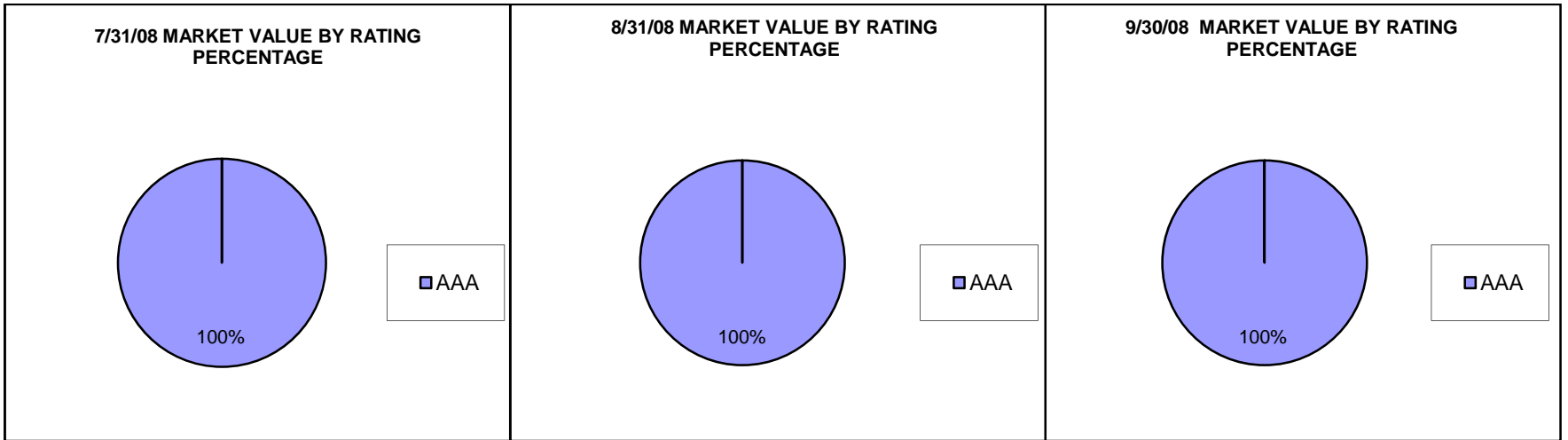
8/31/2008

9/30/2008

| RATING | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
|--------------|------------|---------------------|-------------|------------|---------------------|-------------|------------|---------------------|-------------|
| AAA | 57 | \$34,924,540 | 60% | 61 | \$38,812,312 | 64% | 60 | \$37,482,014 | 61% |
| A1+ | 6 | \$8,859,438 | 15% | 7 | \$4,781,112 | 8% | 12 | \$7,771,352 | 13% |
| AA+ | 3 | \$1,399,100 | 2% | 2 | \$994,580 | 2% | 2 | \$994,046 | 2% |
| AA | 1 | \$248,665 | 0% | 2 | \$513,528 | 1% | 2 | \$503,758 | 1% |
| AA- | 6 | \$2,633,498 | 4% | 7 | \$2,896,696 | 5% | 7 | \$2,840,289 | 5% |
| A+ | 7 | \$2,484,180 | 4% | 8 | \$2,743,491 | 5% | 8 | \$2,638,398 | 4% |
| A | 15 | \$6,976,213 | 12% | 15 | \$6,993,841 | 12% | 15 | \$6,872,074 | 11% |
| A- | 4 | \$1,694,602 | 3% | 4 | \$1,691,886 | 3% | 4 | \$1,685,215 | 3% |
| NR | 0 | \$0 | 0% | 0 | \$0 | 0% | 1 | \$31,250 | 0% |
| MM/Cash Eq | 2 | \$27,001 | 0% | 2 | \$59,601 | 0% | 2 | (\$27,435) | 0% |
| TOTAL | 101 | \$59,247,236 | 100% | 108 | \$59,487,046 | 100% | 113 | \$60,790,960 | 100% |

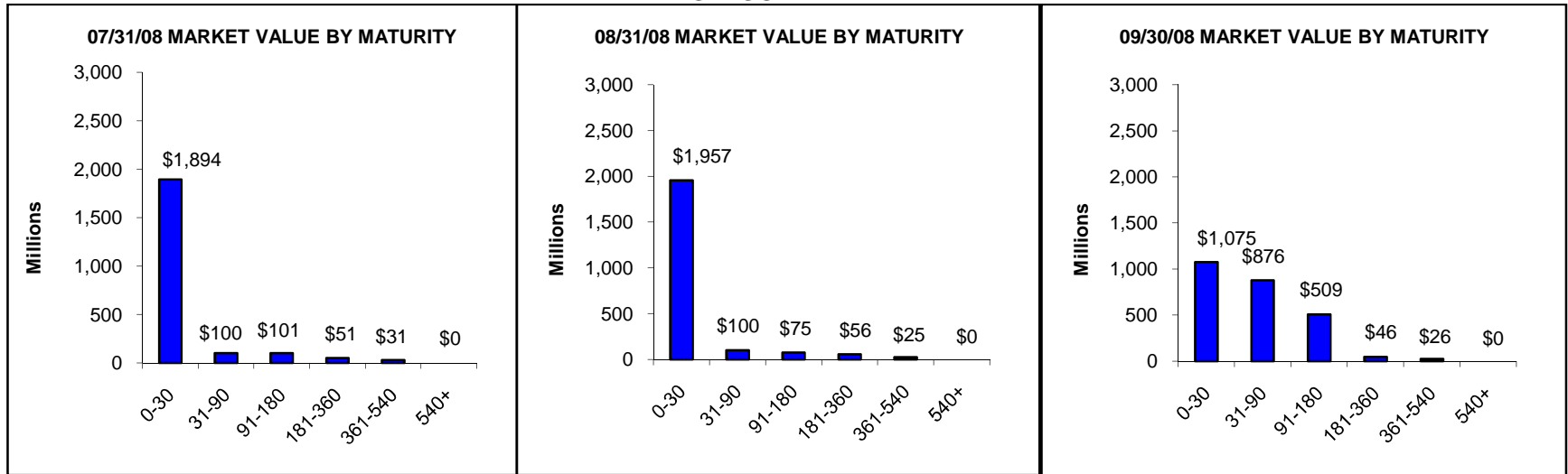
*MM/Cash Equivalent includes dividends payable

**ARIZONA STATE TREASURER'S OFFICE
RATING SUMMARY
LGIP-GOV**



| | | 07/31/08 | | | | 08/31/08 | | | | 09/30/08 | | |
|---------------|------------------|---------------------|----------------|------------------|---------------------|-----------------|------------------|---------------------|----------------|------------------|---------------------|----------------|
| RATING | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| AAA | 13 | \$2,177,226,201 | 100% | 13 | \$2,213,908,971 | 100% | 47 | \$2,531,702,530 | 100% | | | |

**ARIZONA STATE TREASURER'S OFFICE
MATURITY SUMMARY
LGIP-GOV**



| 07/31/08 | | | | 08/31/08 | | | 09/30/08 | | |
|--------------|-----------|------------------------|-------------|-----------|------------------------|-------------|-----------|------------------------|-------------|
| MATURITY | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| 0-30 | 4 | \$1,894,293,889 | 87% | 4 | \$1,957,053,642 | 88% | 14 | \$1,074,975,623 | 42% |
| 31-90 | 2 | \$100,351,500 | 5% | 3 | \$100,374,123 | 5% | 19 | \$876,244,386 | 35% |
| 91-180 | 3 | \$100,613,250 | 5% | 2 | \$74,625,500 | 3% | 11 | \$508,739,375 | 20% |
| 181-360 | 2 | \$50,990,650 | 2% | 3 | \$56,383,051 | 3% | 2 | \$46,231,428 | 2% |
| 361-540 | 2 | \$30,976,913 | 1% | 1 | \$25,472,656 | 1% | 1 | \$25,511,719 | 1% |
| 540+ | 0 | \$0 | 0% | 0 | \$0 | 0% | 0 | \$0 | 0% |
| TOTAL | 13 | \$2,177,226,202 | 100% | 13 | \$2,213,908,972 | 100% | 47 | \$2,531,702,531 | 100% |

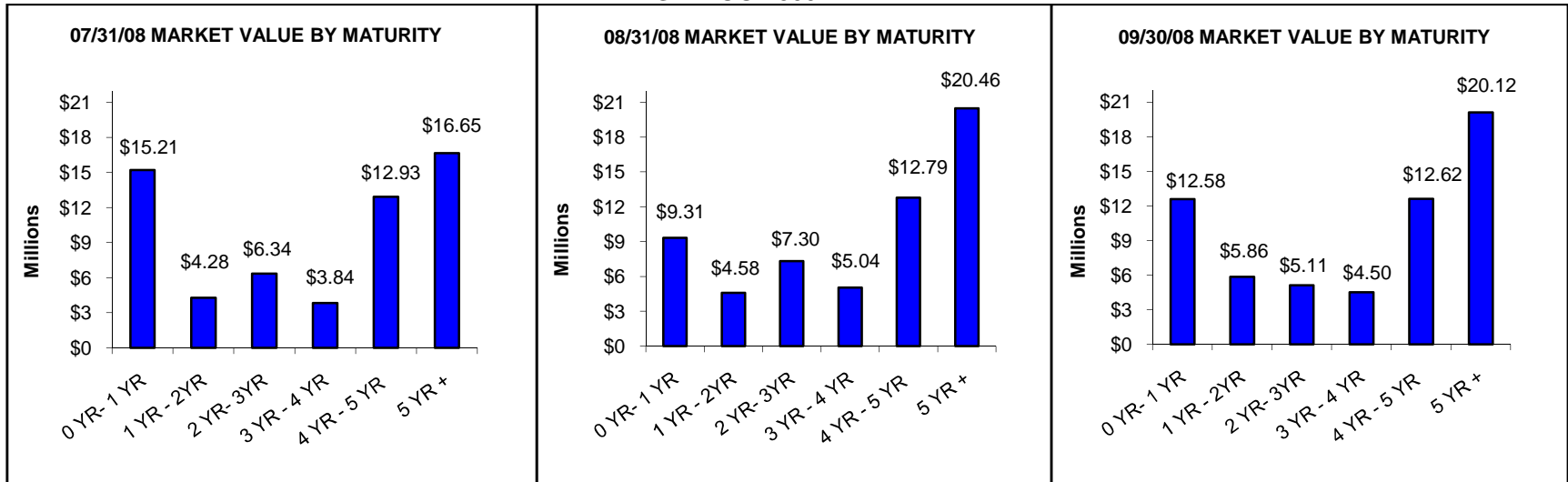
| 07/31/08 | |
|--------------|--------------|
| MATURITY | WAM |
| 0-30 | 1.33 |
| 31-90 | 2.12 |
| 91-180 | 4.60 |
| 181-360 | 6.39 |
| 361-540 | 5.91 |
| 540+ | 0.00 |
| TOTAL | 20.35 |

| 08/31/08 | |
|--------------|--------------|
| MATURITY | WAM |
| 0-30 | 2.90 |
| 31-90 | 3.11 |
| 91-180 | 3.60 |
| 181-360 | 6.39 |
| 361-540 | 4.54 |
| 540+ | 0.00 |
| TOTAL | 20.53 |

| 09/30/08 | |
|--------------|--------------|
| MATURITY | WAM |
| 0-30 | 6.37 |
| 31-90 | 17.83 |
| 91-180 | 20.30 |
| 181-360 | 4.31 |
| 361-540 | 3.68 |
| 540+ | 0.00 |
| TOTAL | 52.49 |

Note: The Average Maturity is calculated to the next interest reset date for all floating rate securities in the portfolio.

**ARIZONA STATE TREASURER'S OFFICE
MATURITY SUMMARY
LGIP POOL 500**



| MATURITY | 07/31/08 | | | 08/31/08 | | | 09/30/08 | | |
|--------------|------------|---------------------|-------------|------------|---------------------|-------------|------------|---------------------|-------------|
| | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| 0 YR- 1 YR | 22 | \$15,213,121 | 26% | 21 | \$9,309,485 | 16% | 27 | \$12,584,515 | 21% |
| 1 YR - 2YR | 12 | \$4,281,533 | 7% | 13 | \$4,579,655 | 8% | 16 | \$5,857,496 | 10% |
| 2 YR- 3YR | 14 | \$6,335,281 | 11% | 17 | \$7,304,286 | 12% | 14 | \$5,111,898 | 8% |
| 3 YR - 4 YR | 8 | \$3,838,094 | 6% | 11 | \$5,043,603 | 8% | 10 | \$4,504,154 | 7% |
| 4 YR - 5 YR | 24 | \$12,927,723 | 22% | 23 | \$12,788,000 | 21% | 23 | \$12,615,031 | 21% |
| 5 YR + | 21 | \$16,651,484 | 28% | 23 | \$20,462,016 | 34% | 23 | \$20,117,866 | 33% |
| TOTAL | 101 | \$59,247,236 | 100% | 108 | \$59,487,046 | 100% | 113 | \$60,790,960 | 100% |

| | 7/31/2008 | 8/31/2008 | 9/30/2008 |
|---|-----------|-----------|-----------|
| LGIP LT MONTHLY DURATION | 2.08 | 2.12 | 2.12 |
| MERRILL 1-5 US DOMESTIC MASTER INDEX | 2.62 | 2.66 | 2.76 |

*0 YR-1 YR includes dividends payable

*At the time of purchase Bloomberg Average Life pre-payment estimates are used as proxy for maturity for mtg bonds.

OPERATING MONIES
AVERAGE INVESTED BALANCE
Through September 30, 2008
(in millions of dollars)

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| <u>Month</u> | <u>Fiscal Year</u> <u>2006/2007</u> | <u>Fiscal Year</u> <u>2007/2008</u> | <u>Fiscal Year</u> <u>2008/2009</u> |
|----------------|--|--|--|
| JULY | 2,594 | 2,197 | 1,450 |
| AUGUST | 2,263 | 1,936 | 795 |
| SEPTEMBER | 2,305 | 2,082 | 876 |
| OCTOBER | 2,311 | 1,941 | |
| NOVEMBER | 2,198 | 1,880 | |
| DECEMBER | 2,181 | 1,893 | |
| JANUARY | 2,390 | 1,875 | |
| FEBRUARY | 2,396 | 1,652 | |
| MARCH | 2,101 | 1,143 | |
| APRIL | 1,990 | 859 | |
| MAY | 2,288 | 890 | |
| JUNE | 2,079 | 815 | |
| Y-T-D | | | |
| Average | \$2,258 | \$1,597 | \$1,040 |

**EARNINGS DISTRIBUTED
ENDOWMENT FUNDS
SEPTEMBER 2008**

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Distributed in Current Month

| Recipient | September-08 | Fiscal YTD 08/09 | Fiscal YTD 07/08 |
|--------------------------------------|--------------------|---------------------|---------------------|
| 101 A & M Colleges | \$22,756 | \$68,268 | \$98,145 |
| 102 State Hospital | \$11,222 | \$33,666 | \$48,858 |
| 103 Leg., Exec., & Jud. | \$16,124 | \$48,372 | \$64,521 |
| 104 Military Institute | \$1,272 | \$3,816 | \$5,055 |
| 105 Miners Hospital | \$20,090 | \$60,270 | \$77,988 |
| 107 Normal School ASU/NAU | \$6,366 | \$19,098 | \$25,233 |
| 108 Penitentiaries | \$16,931 | \$50,793 | \$70,614 |
| 109 Permanent Common School | \$4,537,088 | \$13,611,264 | \$17,314,938 |
| 110 School for Deaf & Blind | \$10,072 | \$30,216 | \$41,475 |
| 111 School of Mines | \$21,610 | \$64,830 | \$80,664 |
| 112 State Charitable-Pioneers Home | \$95,063 | \$285,188 | \$360,465 |
| 112 State Charitable-Corrections | \$47,531 | \$142,594 | \$180,234 |
| 112 State Charitable-Youth Treatment | \$47,531 | \$142,594 | \$180,234 |
| 113 University Fund | \$31,395 | \$94,185 | \$126,153 |
| 114 U of A Land - 1881 | \$73,861 | \$221,583 | \$291,696 |
| Total | \$4,958,912 | \$14,876,736 | \$18,966,273 |

Posted in USAS in current month

ENDOWMENT FUNDS
PORTFOLIO YIELD ANALYSIS
September 30, 2008

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| FUND | DESCRIPTION | NET EARNINGS | SALES EARNINGS YIELD | AMORT/DISC EARNINGS YIELD | COUPON EARNINGS YIELD | NET YIELD |
|------|--|------------------|----------------------------|---------------------------------|-----------------------------|--------------|
| 205 | ENDOWMENTS - FIXED INCOME | 5,113,531 | 0.0034% | -0.2948% | 5.0659% | 4.7744% |
| | TOTAL ENDOWMENTS - FIXED INCOME | 5,113,531 | | | | |

RETURN ANALYSIS
ENDOWMENT FUNDS
(\$ In Thousands)

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| ENDOWMENT FUNDS | SEPTEMBER 2008 MONEY WEIGHTED RETURN | FISCAL YEAR 2008/2009 MONEY WEIGHTED RETURN |
|--|---|--|
| 101 A & M Colleges | -5.61% | -5.37% |
| 102 State Hospital | -5.65% | -5.39% |
| 103 Leg., Exec., & Jud. | -5.43% | -5.16% |
| 104 Military Institute | -5.41% | -5.15% |
| 105 Miners Hospital | -5.56% | -5.29% |
| 107 Normal School ASU/NAU | -5.52% | -5.26% |
| 108 Penitentiaries | -5.42% | -5.16% |
| 109 Permanent Common School | -5.54% | -5.32% |
| 110 School for Deaf & Blind | -5.46% | -5.19% |
| 111 School of Mines | -5.53% | -5.26% |
| 112 State Charitable | -5.63% | -5.34% |
| 113 University Fund | -5.53% | -5.26% |
| 114 U Of A Land - 1881 | -5.50% | -5.29% |
| <hr/> | | |
| WEIGHTED PORTFOLIO RETURN | -5.53% | -5.31% |
| WEIGHTED BENCHMARK | -5.29% | -4.68% |
| S&P 500 EQUITY FUND RETURN: | -9.02% | -8.48% |
| S & P 500 LARGE CAP INDEX: | -8.91% | -8.37% |
| FIXED INCOME FUND RETURN: | -1.16% | -0.34% |
| CITIGROUP BIG INDEX RETURN: | -1.04% | -0.11% |
| S&P 400 EQUITY FUND RETURN: | -11.60% | -13.22% |
| S&P 400 MID-CAP INDEX: | -10.71% | -10.87% |

Bond Fund Total Return Includes Returns on Money Market Account
Money Weighted Return is based on shares owned by individual participants
Weighted Average Benchmark represents proportional holdings in the funds

| | Jul-08 | Aug-08 | Sep-08 | Jul-08 | Aug-08 | Sep-08 |
|-----------|--------|--------|---------|----------|----------|----------|
| S&P 500 | -0.84% | 1.45% | -8.91% | 1267.38 | 1282.83 | 1166.36 |
| S&P 400 | -1.85% | 1.71% | -10.71% | 803.01 | 815.60 | 727.29 |
| S&P 600 | 2.06% | 4.18% | -6.76% | 372.13 | 387.35 | 360.68 |
| DOW JONES | 0.25% | 1.45% | -6.00% | 11378.02 | 11543.55 | 10850.66 |
| NASDAQ | 1.46% | 1.92% | -11.60% | 2325.55 | 2367.52 | 2091.58 |

NET REALIZED CAPITAL GAINS / LOSSES - ENDOWMENT FUNDS

| Endowment Fund ----- | Sep-08 NET GAIN(LOSS) ----- | FISCAL YTD GAINS(LOSSES) ----- |
|-----------------------------------|-----------------------------------|--------------------------------------|
| Fixed Income Pool Net Gain (Loss) | (14,686) | (43,150) |
| Equity Pool (500) Net Gain (Loss) | (11,824,977) | (13,884,794) |
| Equity Pool (400) Net Gain (Loss) | (1,292,762) | 820,571 |
| Totals | (13,132,425) ===== | (13,107,373) ===== |

ENDOWMENT FUNDS FIXED-INCOME POOL
PURCHASES & SALES
 Month of September 2008

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I. Endowment Funds Purchases

| <u>SECURITY DESCRIPTION</u> | <u>RATE</u> | <u>MATURITY</u> | <u>*WAL YEARS</u> | <u>PAR VALUE</u> | <u>PURCHASE COST</u> | <u>YIELD</u> | <u>MOODY'S / S&P RATING</u> |
|-----------------------------|-------------|-----------------|-----------------------|----------------------|--------------------------|--------------|-------------------------------------|
| GOLDMAN SACHS GROUP | 2.89 | 11/10/2008 | N/A | \$10,000,000 | \$9,995,218 | 3.13 | Aa3/AA- |
| GOLDMAN SACHS GROUP | 3.81 | 3/30/2009 | N/A | \$1,800,000 | \$1,728,000 | 9.36 | Aa3/AA- |
| BANK OF AMERICA FLOATING | 2.75 | 12/18/2008 | N/A | \$10,000,000 | \$9,992,500 | 3.09 | Aaa/AA |

| | | |
|--|---------------------|---------------------|
| TOTAL ENDOWMENT FUNDS PURCHASES | \$21,800,000 | \$21,715,718 |
|--|---------------------|---------------------|

II. Endowment Funds Sales

| <u>SECURITY DESCRIPTION</u> | <u>RATE</u> | <u>MATURITY</u> | <u>PAR VALUE</u> | <u>AMORTIZED COST/PROCEEDS</u> | <u>SALES GAINS/(LOSSES)</u> | <u>MOODY'S / S&P RATING</u> |
|-----------------------------|-------------|-----------------|----------------------|------------------------------------|---------------------------------|-------------------------------------|
| FIRST UNION CORP. | 6.00 | 10/30/2008 | \$1,750,000 | \$1,750,875 | \$3,601 | A2/A |

| | | | |
|------------------------------------|--------------------|--------------------|----------------|
| TOTAL ENDOWMENT FUNDS SALES | \$1,750,000 | \$1,750,875 | \$3,601 |
|------------------------------------|--------------------|--------------------|----------------|

*WAL is the weighted average life of the security based on the Bloomberg calculation at the time the trade is executed. The calculation is used only with mortgage-backed pass-through/CMO securities.

EQUITY FUNDS
PURCHASES & SALES
Month of September 2008

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I. Equity Fund Purchases

| | <u>SHARES</u> | <u>PURCHASE COST</u> | <u>COMMISSIONS</u> |
|-------------------------------|------------------|----------------------|--------------------|
| S&P 400 Mid-Cap Fund | 852,020 | \$29,275,533 | \$12,360 |
| S&P 500 Large-Cap Fund | 210,228 | \$9,194,028 | \$2,463 |
| TOTAL EQUITY PURCHASES | 1,062,248 | \$38,469,561 | \$14,823 |

II. Equity Funds Sales

| | <u>SHARES</u> | <u>SALES AMOUNT</u> | <u>COMMISSIONS</u> |
|---------------------------|------------------|---------------------|--------------------|
| S&P 400 Mid-Cap Fund | 917,912 | \$26,749,550 | \$11,809 |
| S&P 500 Large-Cap Fund | 477,879 | \$5,688,823 | \$6,646 |
| TOTAL EQUITY SALES | 1,395,791 | \$32,438,373 | \$18,455 |

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2008
 (In Thousands)

State Treasurer's Report
 October 15, 2008
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| FUND | NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------|--|-----------------------|---------------|-----------------|------------------------------|----------------------------------|
| 101 | A & M Colleges | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 2,542 | 2,315 | 2,485 | 170 | |
| | <i>Shares in Fixed Income Fund</i> | 2,813 | 3,112 | 4,023 | 911 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 830 | 794 | 1,294 | 500 | |
| | Total | 6,185 | 6,222 | 7,802 | 1,580 | 1.254 |
| 102 | State Hospital | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 1,543 | 1,328 | 1,508 | 180 | |
| | <i>Shares in Fixed Income Fund</i> | 1,576 | 1,785 | 2,254 | 470 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 441 | 455 | 687 | 232 | |
| | Total | 3,560 | 3,568 | 4,450 | 882 | 1.247 |
| 103 | Leg., Exec., & Jud. | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 1,970 | 1,938 | 1,926 | (12) | |
| | <i>Shares in Fixed Income Fund</i> | 2,367 | 2,605 | 3,386 | 781 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 641 | 664 | 999 | 335 | |
| | Total | 4,978 | 5,207 | 6,310 | 1,103 | 1.212 |
| 104 | Military Institute | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 134 | 134 | 131 | (3) | |
| | <i>Shares in Fixed Income Fund</i> | 169 | 180 | 242 | 62 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 47 | 46 | 73 | 28 | |
| | Total | 350 | 360 | 446 | 86 | 1.240 |
| 105 | Miners Hospital | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 3,631 | 3,592 | 3,549 | (43) | |
| | <i>Shares in Fixed Income Fund</i> | 3,849 | 4,824 | 5,505 | 681 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 1,029 | 1,230 | 1,605 | 375 | |
| | Total | 8,509 | 9,646 | 10,659 | 1,013 | 1.105 |

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2008
 (In Thousands)

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| FUND | NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|------|--|-----------------------|---------------|-----------------|------------------------------|--------------------------|
| 107 | Normal School ASU/NAU | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 852 | 811 | 833 | 22 | |
| | <i>Shares in Fixed Income Fund</i> | 957 | 1,089 | 1,368 | 279 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 262 | 278 | 409 | 131 | |
| | Total | 2,071 | 2,177 | 2,610 | 432 | 1.199 |
| 108 | Penitentiaries | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 2,103 | 2,010 | 2,055 | 46 | |
| | <i>Shares in Fixed Income Fund</i> | 2,531 | 2,702 | 3,620 | 918 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 683 | 689 | 1,065 | 376 | |
| | Total | 5,317 | 5,400 | 6,740 | 1,340 | 1.248 |
| 109 | Permanent Common School | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 782,208 | 764,299 | 764,640 | 341 | |
| | <i>Shares in Fixed Income Fund</i> | 833,448 | 1,026,749 | 1,192,119 | 165,370 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 220,492 | 261,606 | 343,791 | 82,185 | |
| | Total | 1,836,148 | 2,052,654 | 2,300,550 | 247,896 | 1.121 |
| 110 | School for Deaf & Blind | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 1,159 | 1,099 | 1,133 | 34 | |
| | <i>Shares in Fixed Income Fund</i> | 1,380 | 1,478 | 1,974 | 496 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 379 | 377 | 591 | 214 | |
| | Total | 2,918 | 2,954 | 3,698 | 744 | 1.252 |
| 111 | School of Mines | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 2,882 | 2,818 | 2,817 | (0) | |
| | <i>Shares in Fixed Income Fund</i> | 3,228 | 3,786 | 4,617 | 831 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 886 | 965 | 1,381 | 416 | |
| | Total | 6,996 | 7,569 | 8,816 | 1,247 | 1.165 |

ENDOWMENT FUNDS
INVESTMENTS OUTSTANDING
 SEPTEMBER 30, 2008
 (In Thousands)

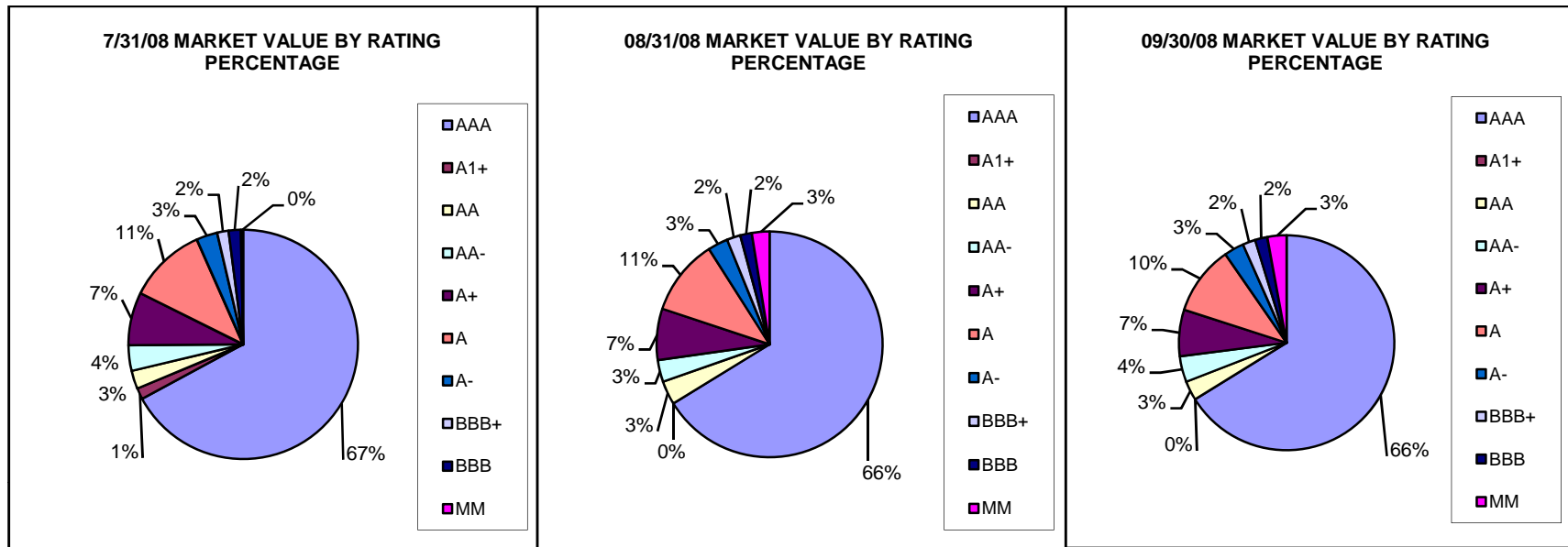
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| FUND | NAME OF FUND | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) | Mkt Value/ Book Value |
|---------------------------|--|-----------------------|------------------|------------------|------------------------------|--------------------------|
| 112 | State Charitable | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 32,284 | 30,114 | 31,559 | 1,445 | |
| | <i>Shares in Fixed Income Fund</i> | 32,147 | 40,443 | 45,981 | 5,538 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 8,490 | 10,311 | 13,238 | 2,928 | |
| | Total | 72,921 | 80,868 | 90,778 | 9,910 | 1.123 |
| 113 | University Fund | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 4,778 | 4,604 | 4,671 | 66 | |
| | <i>Shares in Fixed Income Fund</i> | 5,312 | 6,186 | 7,598 | 1,412 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 1,445 | 1,577 | 2,253 | 676 | |
| | Total | 11,535 | 12,368 | 14,521 | 2,154 | 1.174 |
| 114 | U Of A Land - 1881 | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 10,034 | 9,644 | 9,809 | 165 | |
| | <i>Shares in Fixed Income Fund</i> | 11,326 | 12,961 | 16,200 | 3,240 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 3,083 | 3,301 | 4,807 | 1,506 | |
| | Total | 24,443 | 25,905 | 30,816 | 4,911 | 1.190 |
| TOTALS - ALL FUNDS | | | | | | |
| | <i>Shares in S&P 500 Index Fund</i> | 846,119 | 824,706 | 827,116 | 2,410 | |
| | <i>Shares in Fixed Income Fund</i> | 901,102 | 1,107,900 | 1,288,887 | 180,987 | |
| | <i>Shares in Mid-Cap 400 Equity Fund</i> | 238,708 | 282,292 | 372,194 | 89,902 | |
| | Grand Total | 1,985,930 | 2,214,898 | 2,488,197 | 273,299 | |

ASSET ALLOCATION PERCENTAGE

| | SHARES OUTSTANDING | BOOK VALUE | MARKET VALUE | UNREALIZED GAINS (LOSSES) |
|--|-----------------------|----------------|-----------------|------------------------------|
| <i>Shares in S&P 500 Index Fund</i> | 42.61% | 37.23% | 33.24% | 0.88% |
| <i>Shares in Fixed Income Fund</i> | 45.37% | 50.02% | 51.80% | 66.22% |
| <i>Shares in Mid-Cap 400 Equity Fund</i> | 12.02% | 12.75% | 14.96% | 32.90% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% |

**TREASURER'S OFFICE
RATING SUMMARY
ENDOWMENT FIXED INCOME FUND**



| | 07/31/08 | | | 08/31/08 | | | 09/30/08 | | |
|--------------|------------|------------------------|-------------|------------|------------------------|-------------|------------|------------------------|-------------|
| RATING | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT | POSITIONS | MARKET VALUE | PERCENT |
| AAA | 130 | \$851,099,932 | 67% | 133 | \$866,234,548 | 66% | 131 | \$844,090,058 | 66% |
| A1+ | 1 | \$19,985,667 | 2% | 0 | \$0 | 0% | 0 | \$0 | 0% |
| AA | 6 | \$32,744,900 | 3% | 6 | \$33,321,733 | 3% | 6 | \$37,185,295 | 3% |
| AA- | 7 | \$45,442,716 | 4% | 6 | \$40,585,950 | 3% | 8 | \$49,701,317 | 4% |
| A+ | 15 | \$94,934,677 | 7% | 15 | \$95,328,699 | 7% | 14 | \$88,924,751 | 7% |
| A | 22 | \$139,829,824 | 11% | 22 | \$140,987,483 | 11% | 21 | \$132,548,650 | 10% |
| A- | 7 | \$37,741,470 | 3% | 7 | \$37,652,461 | 3% | 8 | \$38,195,350 | 3% |
| BBB+ | 4 | \$20,440,644 | 2% | 5 | \$24,837,104 | 2% | 5 | \$24,212,220 | 2% |
| BBB | 3 | \$21,470,030 | 2% | 3 | \$21,615,960 | 2% | 4 | \$23,772,080 | 2% |
| MM | 1 | \$4,298,645 | 0% | 2 | \$32,779,209 | 3% | 2 | \$36,746,106 | 3% |
| TOTAL | 196 | \$1,267,988,505 | 100% | 199 | \$1,293,343,147 | 100% | 199 | \$1,275,375,827 | 100% |

MM = MONEY MARKET (LGIP AND BONY/HAMILTON TREASURY)

EQUITY HOLDINGS
INVESTMENTS OUTSTANDING
September 30, 2008
(in thousands)

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| <u>POOL #</u> | <u>POOL DESCRIPTION</u> | <u>S&P SECTOR</u> | <u>MARKET VALUE</u> | <u>% POOL BALANCE</u> | <u>% S&P 500 BALANCE</u> | <u>DIFFERENCE</u> |
|---------------|--------------------------|----------------------------|---------------------|-----------------------|------------------------------|-------------------|
| 201 | S&P 500 INDEX | | | | | |
| | | CONSUMER DISCRETIONARY | 65,293 | 8.49% | 8.48% | 0.01% |
| | | CONSUMER STAPLES | 94,016 | 12.22% | 12.20% | 0.02% |
| | | ENERGY | 102,947 | 13.38% | 13.36% | 0.02% |
| | | FINANCIALS | 122,115 | 15.87% | 15.85% | 0.02% |
| | | HEALTH CARE | 100,838 | 13.11% | 13.09% | 0.02% |
| | | INDUSTRIALS | 85,368 | 11.10% | 11.08% | 0.02% |
| | | INFORMATION TECHNOLOGY | 121,895 | 15.84% | 15.96% | -0.12% |
| | | MATERIALS | 25,928 | 3.37% | 3.37% | 0.00% |
| | | TELECOMMUNICATION SERVICES | 23,475 | 3.05% | 3.05% | 0.00% |
| | | UTILITIES | 27,424 | 3.56% | 3.56% | 0.00% |
| | | TOTALS LESS CASH / SPDR'S: | 769,300 | 100.00% | 100.00% | |
| | | SPYDER'S | 56,361 | | | |
| | | CASH ** | 1,456 | | | |
| | | TOTAL: | <u>827,116</u> | | | |

*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

** Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

EQUITY HOLDINGS
INVESTMENTS OUTSTANDING
September 30, 2008
(in thousands)

State Treasurer's Report
October 15, 2008
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| <u>POOL #</u> | <u>POOL DESCRIPTION</u> | <u>S & P SECTOR</u> | <u>MARKET</u> <u>VALUE</u> | <u>% POOL</u> <u>BALANCE</u> | <u>% S&P 400</u> <u>BALANCE</u> | <u>DIFFERENCE</u> |
|---------------|----------------------------|-------------------------|-------------------------------|---------------------------------|--|-------------------|
| 203 | S&P 400 INDEX | | | | | |
| | CONSUMER DISCRETIONARY | | 24,130 | 9.66% | 13.69% | -4.04% |
| | CONSUMER STAPLES | | 10,268 | 4.11% | 3.86% | 0.25% |
| | ENERGY | | 21,302 | 8.53% | 7.36% | 1.17% |
| | FINANCIALS | | 49,461 | 19.80% | 19.16% | 0.63% |
| | HEALTH CARE | | 34,193 | 13.69% | 12.33% | 1.35% |
| | INDUSTRIALS | | 39,673 | 15.88% | 15.36% | 0.52% |
| | INFORMATION TECHNOLOGY | | 26,920 | 10.77% | 13.02% | -2.24% |
| | MATERIALS | | 17,478 | 7.00% | 6.93% | 0.06% |
| | TELECOMMUNICATION SERVICES | | 1,414 | 0.57% | 0.49% | 0.08% |
| | UTILITIES | | 25,006 | 10.01% | 7.79% | 2.22% |
| | TOTALS LESS CASH / SPDR'S: | | 249,845 | 100.00% | 100.00% | |
| | SPYDER'S | | 121,286 | | | |
| | CASH ** | | 1,063 | | | |
| | TOTAL: | | 372,194 | | | |

*Numbers may not add up to 100% due to rounding. Differences may be off up to 1 bp due to rounding

** Includes dividends receivable and receivables (+)/payables (-) for sales/purchases.

*** Pool 203 primarily holds the largest 200 equity positions in the S&P 400 Index based upon market capitalization; as well as cash and SPYDER'S (S&P MidCap 400 Depository Receipts) which represent ownership of all 400 common stocks in the index.

EQUITY HOLDINGS - BY PARTICIPANT

SEPTEMBER 30, 2008

(thousands)

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| <u>Fund #</u> | <u>PARTICIPANT DESCRIPTION</u> | <u>BOOK VALUE</u> | <u>MARKET VALUE</u> | <u>UNREALIZED GAIN (LOSS)</u> |
|---------------|--------------------------------|-----------------------|-------------------------|-----------------------------------|
| 101 | A & M Colleges | \$3,109 | \$3,779 | \$670 |
| 102 | State Hospital | 1,783 | 2,196 | 412 |
| 103 | Leg., Exec., & Jud. | 2,602 | 2,925 | 322 |
| 104 | Military Institute | 180 | 204 | 25 |
| 105 | Miners Hospital | 4,822 | 5,154 | 332 |
| 107 | Normal School | 1,088 | 1,241 | 153 |
| 108 | Penitentiaries | 2,698 | 3,120 | 422 |
| 109 | Permanent Common School | 1,025,905 | 1,108,431 | 82,526 |
| 110 | School for Deaf & Blind | 1,476 | 1,725 | 249 |
| 111 | School of Mines | 3,783 | 4,199 | 416 |
| 112 | State Charitable | 40,425 | 44,797 | 4,372 |
| 113 | University Fund | 6,182 | 6,924 | 742 |
| 114 | U of A Land - 1881 | 12,944 | 14,616 | 1,672 |
| | Totals: | <u>\$1,106,998</u> | <u>\$1,199,310</u> | <u>\$92,312</u> |

Includes equity holdings of S&P 500 fund and S&P 400 Mid-Cap Fund

BROKER ACTIVITY REPORT
STATE AGENCY FUNDS 2, 3, 6, 8, 9, 11-15, 55
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | REPO | 7,243,000,000 | 44.01% | 35.34% |
| | COMM-PAP | 70,000,000 | 36.94% | 0.34% |
| | US-AGENCY | 357,196,000 | 12.00% | 1.74% |
| | US TREAS | 20,000,000 | 3.54% | 0.10% |
| BARCLAYS CAPITAL INC. | | | | |
| | CORP NOTES | 25,000,000 | 38.46% | 0.12% |
| | US-AGENCY | 1,122,195,000 | 37.70% | 5.47% |
| | US TREAS | 50,000,000 | 8.85% | 0.24% |
| BONY MONEY MARKET | | | | |
| | MONEY-MARK | 57,187,522 | 100.00% | 0.28% |
| CANTOR FITZGERALD | | | | |
| | CORP ABS | 3,944,606 | 100.00% | 0.02% |
| | US-AGENCY | 10,000,000 | 0.34% | 0.05% |
| | USA-MBS | 183,592,179 | 100.00% | 0.90% |
| CITIGROUP | | | | |
| | REPO | 6,539,000,000 | 39.74% | 31.90% |
| | COMM-PAP | 69,500,000 | 36.68% | 0.34% |
| | US-AGENCY | 460,500,000 | 15.47% | 2.25% |
| DEUTSCHE BANC | | | | |
| | REPO | 2,315,000,000 | 14.07% | 11.29% |
| | US AGENCY | 100,000,000 | 3.36% | 0.49% |
| | US TREAS | 100,000,000 | 17.70% | 0.49% |
| FIRST TENNESSEE | | | | |
| | US AGENCY | 205,000,000 | 6.89% | 1.00% |
| | US TREAS | 20,000,000 | 3.54% | 0.10% |

BROKER ACTIVITY REPORT
STATE AGENCY FUNDS 2, 3, 6, 8, 9, 11-15, 55
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---|--------------------|--------------------------|--------------------|---------------------|
| GOLDMAN SACHS | | | | |
| | US-AGENCY | 100,000,000 | 3.36% | 0.49% |
| JP MORGAN | | | | |
| | CORP NOTES | 40,000,000 | 61.54% | 0.20% |
| | US-AGENCY | 300,000,000 | 10.08% | 1.46% |
| | US TREAS | 40,000,000 | 7.08% | 0.20% |
| MERRILL LYNCH | | | | |
| | US-AGENCY | 160,037,000 | 5.38% | 0.78% |
| MIZUHO SECURITIES | | | | |
| | REPO | 359,000,000 | 2.18% | 1.75% |
| | US-AGENCY | 122,000,000 | 4.10% | 0.60% |
| MORGAN STANLEY | | | | |
| | US-AGENCY | 40,000,000 | 1.34% | 0.20% |
| SECURITIES TRANSFERS (NO BROKER) | | | | |
| | US TREAS | 50,000,000 | 8.85% | 0.24% |
| RBS GREENWICH CAPITAL | | | | |
| | US TREAS | 285,000,000 | 50.44% | 1.39% |
| UBS PAINE WEBBER | | | | |
| | COMM-PAP | 50,000,000 | 26.39% | 0.24% |

BROKER ACTIVITY REPORT
POOL 5 - L.G.I.P.
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | REPO | 20,000,000 | 3.97% | 0.32% |
| | US-AGENCY | 703,200,000 | 13.35% | 11.36% |
| | US TREAS | 50,000,000 | 25.00% | 0.81% |
| BARCLAYS CAPITAL INC. | | | | |
| | US-AGENCY | 1,245,993,000 | 23.65% | 20.12% |
| CANTOR FITZGERALD | | | | |
| | US-AGENCY | 24,765,000 | 0.47% | 0.40% |
| CITIGROUP | | | | |
| | REPO | 281,000,000 | 55.75% | 4.54% |
| | COMM-PAP | 25,000,000 | 16.39% | 0.40% |
| | US-AGENCY | 230,000,000 | 4.37% | 3.71% |
| | US TREAS | 50,000,000 | 25.00% | 0.81% |
| DEUTSCHE BANC | | | | |
| | REPO | 26,000,000 | 5.16% | 0.42% |
| | US-AGENCY | 307,000,000 | 5.83% | 4.96% |
| FIRST TENNESSEE | | | | |
| | US-AGENCY | 175,000,000 | 3.32% | 2.83% |
| | US TREAS | 50,000,000 | 25.00% | 0.81% |
| J.P. MORGAN | | | | |
| | COMM-PAP | 2,550,000 | 1.67% | 0.04% |
| | CORP NOTES | 1,000,000 | 1.49% | 0.02% |
| | US-AGENCY | 246,674,000 | 4.68% | 3.98% |

BROKER ACTIVITY REPORT
POOL 5 - L.G.I.P.
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---|--------------------|--------------------------|--------------------|---------------------|
| LEHMAN BROTHERS | | | | |
| | COMM-PAP | 60,000,000 | 39.33% | 0.97% |
| MERRILL LYNCH | | | | |
| | COMM-PAP | 25,000,000 | 16.39% | 0.40% |
| | US-AGENCY | 296,000,000 | 5.62% | 4.78% |
| | US TREAS | 50,000,000 | 25.00% | 0.81% |
| MIZUHO SECURITIES | | | | |
| | REPO | 177,000,000 | 35.12% | 2.86% |
| | US-AGENCY | 453,868,000 | 8.62% | 7.33% |
| MORGAN STANLEY | | | | |
| | CORP NOTES | 5,000,000 | 7.43% | 0.08% |
| | US-AGENCY | 1,333,298,000 | 25.31% | 21.53% |
| SECURITIES TRANSFERS (NO BROKER) | | | | |
| | CORP NOTES | 61,250,000 | 91.08% | 0.99% |
| UBS PAINE WEBBER | | | | |
| | COMM-PAP | 40,000,000 | 26.22% | 0.65% |
| | US-AGENCY | 252,518,000 | 4.79% | 4.08% |

BROKER ACTIVITY REPORT
POOL 500 - L.G.I.P. LONG-TERM
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | COMM-PAP | 2,300,000 | 41.97% | 1.56% |
| | CORP NOTES | 200,000 | 11.76% | 0.14% |
| | US AGENCY | 15,400,000 | 14.94% | 10.47% |
| BARCLAYS CAPITAL INC. | | | | |
| | US AGENCY | 18,923,000 | 18.36% | 12.87% |
| BONY MONEY MARKET | | | | |
| | MONEY-MARK | 31,990,962 | 100.00% | 21.76% |
| CANTOR FITZGERALD | | | | |
| | US AGENCY | 750,000 | 0.73% | 0.51% |
| | USA-MBS | 1,520,834 | 33.71% | 1.03% |
| CITIGROUP | | | | |
| | CORP NOTES | 250,000 | 14.71% | 0.17% |
| | US AGENCY | 600,000 | 0.58% | 0.41% |
| | USA-MBS | 2,990,304 | 66.29% | 2.03% |
| FIRST TENNESSEE | | | | |
| | US AGENCY | 6,850,000 | 6.64% | 4.66% |
| | US TREAS | 250,000 | 100.00% | 0.17% |
| GOLDMAN SACHS | | | | |
| | CORP NOTES | 500,000 | 29.41% | 0.34% |
| J.P. MORGAN | | | | |
| | COMM-PAP | 930,000 | 16.97% | 0.63% |
| | US AGENCY | 4,600,000 | 4.46% | 3.13% |
| LEHMAN BROTHERS | | | | |
| | COMM-PAP | 450,000 | 8.21% | 0.31% |

BROKER ACTIVITY REPORT
POOL 500 - L.G.I.P. LONG-TERM
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|------------------------------|--------------------|--------------------------|--------------------|---------------------|
| MERRILL LYNCH | | | | |
| | US AGENCY | 16,025,000 | 15.54% | 10.90% |
| MIZUHO SECURITIES | | | | |
| | US AGENCY | 10,320,000 | 10.01% | 7.02% |
| MORGAN STANLEY | | | | |
| | CORP NOTES | 250,000 | 14.71% | 0.17% |
| | US AGENCY | 12,645,000 | 12.27% | 8.60% |
| OPPENHEIMER & CO | | | | |
| | CORP NOTES | 500,000 | 29.41% | 0.34% |
| RBS GREENWICH CAPITAL | | | | |
| | US AGENCY | 477,000 | 0.46% | 0.32% |
| UBS PAINE WEBBER | | | | |
| | COMM-PAP | 1,800,000 | 32.85% | 1.22% |
| | US AGENCY | 16,500,000 | 16.01% | 11.22% |

BROKER ACTIVITY REPORT
POOL 7 - L.G.I.P.- GOV
JULY 1 - SEPTEMBER 30, 2008

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---|--------------------|--------------------------|--------------------|---------------------|
| BA SECURITIES INC. | | | | |
| | REPO | 40,197,000,000 | 38.07% | 37.32% |
| | US TREAS | 500,000,000 | 23.64% | 0.46% |
| CITIGROUP | | | | |
| | REPO | 26,440,000,000 | 25.04% | 24.55% |
| | US TREAS | 50,000,000 | 2.36% | 0.05% |
| DEUTSCHE BANC | | | | |
| | REPO | 25,034,000,000 | 23.71% | 23.24% |
| | US TREAS | 125,000,000 | 5.91% | 0.12% |
| MERRILL LYNCH | | | | |
| | US TREAS | 800,000,000 | 37.83% | 0.74% |
| MIZUHO SECURITIES | | | | |
| | REPO | 13,914,000,000 | 13.18% | 12.92% |
| | US TREAS | 300,000,000 | 14.18% | 0.28% |
| SECURITIES TRANSFERS (NO BROKER) | | | | |
| | US TREAS | 50,000,000 | 2.36% | 0.05% |
| RBS GREENWICH CAPITAL | | | | |
| | US TREAS | 290,000,000 | 13.71% | 0.27% |

**BROKER ACTIVITY REPORT
FIXED INCOME FUND 205
JULY 1 - SEPTEMBER 30, 2008**

| <i>Broker Name</i> | <i>Asset Group</i> | <i>Sum Of Book Value</i> | <i>Pct Of Type</i> | <i>Pct Of Total</i> |
|---|--------------------|--------------------------|--------------------|---------------------|
| BARCLAYS CAPITAL INC. | | | | |
| | US AGENCY | 20,000,000 | 66.67% | 8.46% |
| BONY MONEY MARKET | | | | |
| | MONEY-MARK | 158,268,710 | 100.00% | 66.93% |
| CANTOR FITZGERALD | | | | |
| | US AGENCY | 5,000,000 | 16.67% | 2.11% |
| CITIGROUP | | | | |
| | USA-MBS | 9,963,028 | 50.72% | 4.21% |
| J.P. MORGAN | | | | |
| | CORP-NOTE | 5,000,000 | 17.51% | 2.11% |
| MERRILL LYNCH | | | | |
| | USA-MBS | 9,679,195 | 49.28% | 4.09% |
| | US AGENCY | 5,000,000 | 16.67% | 2.11% |
| SECURITIES TRANSFERS (NO BROKER) | | | | |
| | CORP-NOTE | 21,800,000 | 76.36% | 9.22% |
| WACHOVIA SECURITIES | | | | |
| | CORP-NOTE | 1,750,000 | 6.13% | 0.74% |