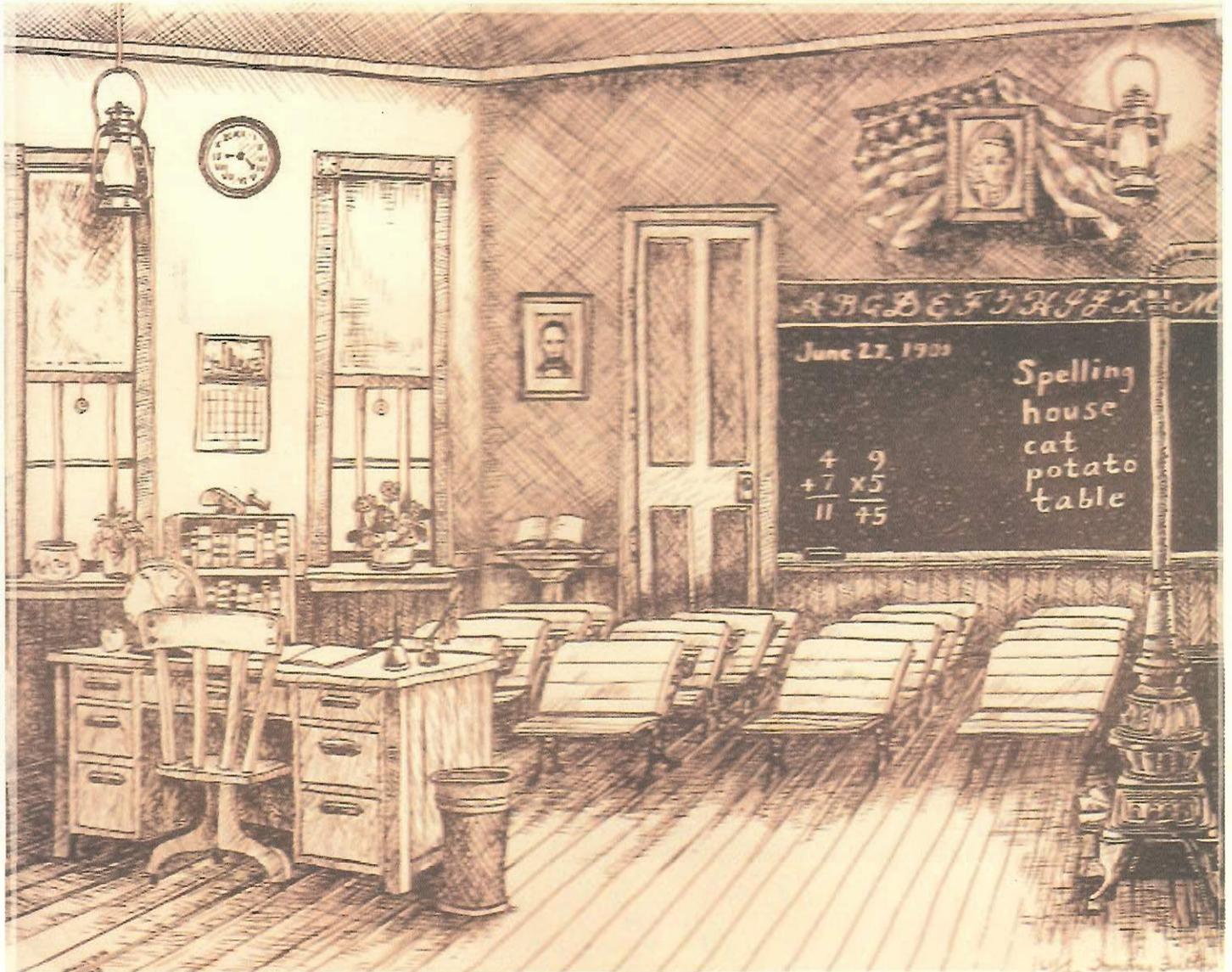


# Oklahoma Education: Past, Present and Future



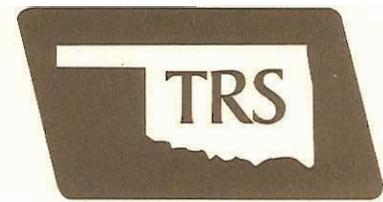
Teachers' Retirement System of Oklahoma  
A Component Unit of the State of Oklahoma  
Comprehensive Annual Financial Report  
for the  
Fiscal Year Ended June 30, 2007



Above all things, I hope the education of the common people will be attended to; convinced that on this good sense we may rely with the most security for the preservation of a due degree of liberty.

Thomas Jefferson





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

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

Prepared by the Retirement System Staff

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

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877-738-6365 (Toll-Free)

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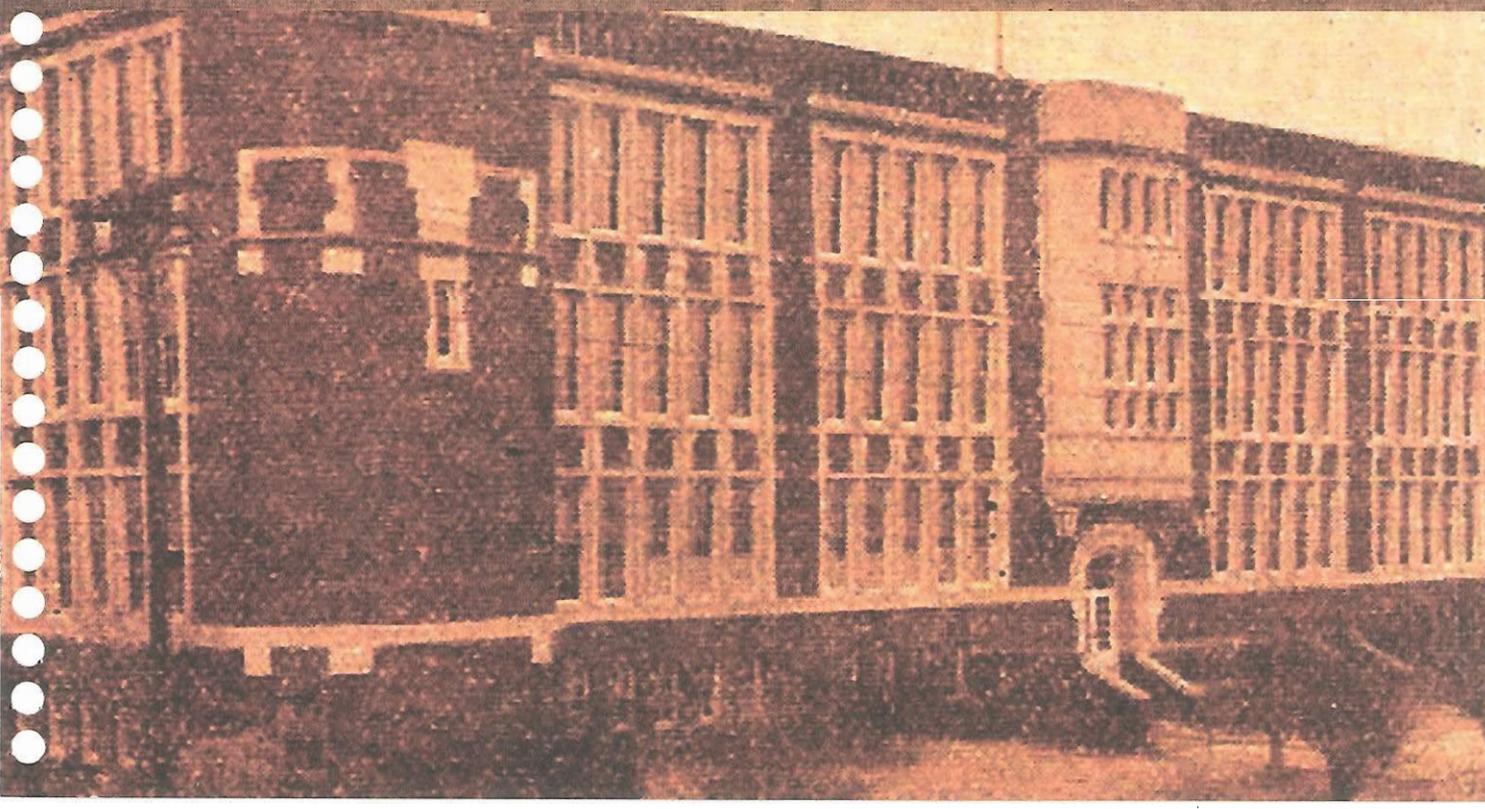
Oklahoma State Department of Education

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INTRODUCTORY SECTION





The first duty of a State is to see that every child born therein shall be well housed, clothed, fed and educated, till it attain years of discretion.

John Ruskin





**BRAD HENRY  
GOVERNOR**

**STATE OF OKLAHOMA**

**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

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

We are pleased to present the *Comprehensive Annual Financial Report* for the Teachers' Retirement System of Oklahoma for the year ended June 30, 2007. The Teachers' Retirement System of Oklahoma (the System or TRS) is a component unit of the state of Oklahoma.

**PROFILE OF RETIREMENT SYSTEM**

Established by legislation, the System began operation July 1, 1943, and concluded its 64th year on June 30. The System provides retirement allowances and other benefits to public education employees in the common schools, career technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma. At the close of business on June 30, 2007, the System had 629 participating employers, 88,133 active members, 13,250 inactive members, and 43,506 retired members and beneficiaries receiving monthly benefits.

The 2007 Comprehensive Annual Financial Report (CAFR) is presented in five sections: Introductory, Financial, Investment, Actuarial, and Statistical. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System's management. To the best of our knowledge and belief, all data in the report is accurate in all material respects and is reported in a manner designed to fairly present the plan net assets and changes in the System's plan net assets. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

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

**ECONOMIC CONDITIONS AND OUTLOOK**

For the year ended June 30, 2007, the System's investment portfolio generated an 18.5% rate of return. Continued strong revenue growth at the state level and an increase in the percentage of sales and income tax revenue received by TRS resulted in a \$41.3 million increase in the state's contribution for the year ending June 30 when compared to revenues received for the preceding year. Revenue projections for the coming year, coupled with an 11% increase in the percentage of revenue dedicated to the System, are expected to increase state contributions by approximately \$25.1 million over contributions received during fiscal year 2006.

## **MAJOR INITIATIVES AND SIGNIFICANT EVENTS**

A properly funded pension plan is the most important issue for the Board of Trustees. The System continues to be one of the country's five worst-funded state-operated pension plans. As of June 30, 2007, only 52.6% of the System's actuarial liabilities were covered by the actuarial value of assets. This is an increase from the 49.3% funded ratio reported for June 2006. The increase in the funded ratio is due primarily to above-average investment returns for the year ending June 30, 2007, and the state's dedicated revenue exceeding prior estimates.

The Board continues to stress the importance of improving the System's overall funded position. During the past year, trustees worked with the Governor, legislative leaders, and representatives from education organizations to find ways to better finance the System's obligations. Passage of Senate Bill 357 during the 2007 Legislative Session was a major event. The new law, designed to raise the System's funded ratio to 80% in 20 years, will increase local employer contributions by one-half of one percent in annual increments over the next three years. Each half-percent increase is subject to additional appropriations from the state to school districts to pay for the impact on school budgets.

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

TRS also receives 5% of the annual proceeds from the Education Lottery. During FY-2007, the System received \$3.7 million compared to \$3.1 million for FY-2006. This was \$2 million less than the \$5.9 million originally projected for FY-2007.

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

## **FINANCIAL INFORMATION**

A system of internal controls safeguards the System's assets and promotes efficient operations. TRS is audited annually by the State Auditor and Inspector, who contracts with an accounting firm to conduct the audit. The System also has its own internal audit program with an Internal Auditor who reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees. The System operates according to an administrative budget approved annually by the Board of Trustees. Although revenue is not appropriated from the state's General Revenue Fund, the administrative budget is submitted to the Legislature as part of the Governor's recommended budget. TRS operates under the same budgetary controls applied to all state agencies. The System's administrative expenses are processed in accordance with state statutes and regulations of the Office of State Finance and Department of Central Services.

The System's financial statements are prepared in conformity with accounting principles generally accepted accounting principles in the United States (commonly referred to as GAAP). The 2006 and 2007 financial statements in this report have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

## **REVENUE AND FUNDING**

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

Active member contributions for fiscal year 2007 were \$285.4 million, which represents 7% of covered payroll. This compares to \$249.0 million for the year ending June 30, 2006. Member contributions also include direct payments by members to re-establish credit for previously withdrawn service, payments required to qualify for the Education Employees Service Incentive Plan ("EESIP"), and the purchase of credit for Oklahoma, out-of-state and military service. Salaries for active members totaled \$3.599 billion for the year ending June 30th.

Contributions from local employers, the state of Oklahoma, and federal sources for fiscal year 2007 totaled \$535.9 million, compared to \$459.5 million for 2006. Contributions from local school districts and federal revenues increased \$35.1 million and the state's contribution increased \$41.3 million. Local schools contributed 7.05% of employees' pay through December 31, 2006, and beginning January 1, 2007, K-12, career technology centers and two-year colleges contributed 7.60% of employees' pay as part of the EESIP program (four-year universities do not participate in EESIP, and therefore continued to contribute 7.05% of employees' pay during the second half of the year ending June 30. TRS received 4.50% (an increase from 4.00% in fiscal year 2006) of state sales, use and income taxes collections during FY-2007. Combined state and local employer contributions did not meet the 30-year, level percent amortization payment reported in the annual actuarial valuation as the Annual Required Contribution (ARC) under GASB-25.

TRS members also made \$8.9 million in voluntary contributions to the TRS 403b Tax Sheltered Annuity Plan. This was an increase of \$1.3 million over contributions for fiscal year 2006. Account balances in this plan are invested using the same asset allocation and portfolio managers employed in the investments of the regular retirement fund.

#### **ACTUARIAL SUMMARY**

The results of the actuarial valuation conducted by the System's actuary as of June 30, 2007, are included in the Actuarial Section. The System's relative funded position increased from 49.3% on June 30, 2006, to 52.6% on June 30, 2007. The System's unfunded actuarial accrued liabilities (UAAL) decreased \$70.0 million, from \$7.673 billion to \$7.603 billion. The increase in the funded ratio is primarily due to above-average investment returns for the year ending June 30, 2007, and the state's dedicated revenue exceeding prior estimates.

At the same time, the funding period required to amortize the System's UAAL decreased from 37.4 years as of June 30, 2006 to 21.6 years on June 30, 2007. The decrease in the funding period is mainly due to passage of Senate Bill 357, which is scheduled to increase local employer contributions rates 1.5% over the next three years. Increases will occur in annual increments of one-half of one percent on January 1, 2008, January 1, 2009, and January 1, 2010. The contribution increases will add an estimated \$200 million in new money during the next five years and eventually result in an annual contribution increase of \$60 million. It is imperative the Governor and Legislature keep the 2007 commitment to TRS. The increase in contribution rates will not be implemented unless appropriations to schools are increased to cover the cost of the increases in contribution rates.

The System's actuarial liabilities are calculated and reported based on existing statutes and Board-adopted assumptions including an investment return rate of 8.0%, a salary increase rate that averaging 4.7% per year, a payroll growth rate of 3.5%, a growth in state revenue of 3.5% and a 1% annual increase in retiree benefits. An addendum to the annual actuarial report required by 70 O.S. Supp. 2003, § 17-106.1 is included in the Actuarial Section. This addendum is required of each state-run pension plan and measures actuarial liabilities based on uniform assumptions including a 7.5% investment return and a 2.0% annual cost-of-living assumption.

The actuarial value of assets is reported at \$8.422 billion, compared to \$7.470 billion at the close of business June 30, 2006. The actuarial value of assets is not the same as market or the fair value of assets. To arrive at actuarial value of assets, the actuary subtracts \$357.8 million held in individual member savings accounts in the System's 403(b) Tax Sheltered Annuity Program and averages investment gains and losses in excess of the 8.0% assumed investment rate of return over a five-year

period. It should be noted that the System's actuarial value of assets on June 30, 2007, was \$871.3 million less than market value or the fair value of assets.

The actuary's report continues to stress that the System remains poorly funded. Since 1990, the System's funded ratio has improved from 38.6% to 52.6%, due primarily to return on investments exceeding the 8.0% assumed actuarial rate of return in 13 of the last 18 years.

While state contributions have exceeded annual projections for the last five years, current combined local school/state contributions have not been sufficient to cover normal cost and pay interest on the unfunded accrued actuarial liabilities. However, with passage of Senate Bill 357, the total employer contributions are expected to match or exceed the annual actuarial required contribution and unfunded liabilities should decrease each year through 2028. This is very good news for the Retirement System. It is the first time the actuary has not had to predict an increase in unfunded liabilities for the coming year.

The market value of assets as of June 30, 2007, was \$9.293 billion, excluding the \$357.8 million in the System's 403(b) Tax-Sheltered Annuity Program. Tax-sheltered annuity accounts are held in trust for members who have elected the TRS TSA Program as a means to provide additional income after retirement. The System's funded ratio on June 30, 2007 would have been 58.0%, if measured solely on market value of assets.

#### **EXPENSES**

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During the year ended June 30, 2007, the System paid \$39.8 million more in retirement, survivor and insurance benefits than in the preceding year, \$3.0 million more in refunds to active member who terminated accounts, and \$1.5 million more in distributions from the System's 403(b) Tax-Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members and the cost-of-living adjustment retirees received in their August 1, 2006, benefit payment. The increase in refunds, deaths benefits and annuity distributions is due to an increase in the number of members making withdrawals from both the defined benefit plan and the 403b tax-sheltered annuity defined contribution plan. Administrative expenses increased by \$124,152, due primarily to an increase in personnel costs and contractual expenses.

#### **INVESTMENTS**

As previously stated, the System's return on investments was a positive 18.5% gross of management fees and 18.2% net of fees. Net investment income, including realized and unrealized gains and losses, was \$1,469.6 million, compared to \$699.0 million for FY 2006. Net assets totaled \$9.651 billion at market value on June 30, 2007, compared to \$8.175 billion on June 30, 2006. These numbers include the \$357.8 million on June 30, 2007, and \$316.4 million on June 30, 2006, held in trust for members who participate in the System's 403(b) Tax Sheltered Annuity Program.

On June 30, 2007, the System's investment portfolio mix at market value was 27.2% fixed income, 67.9% equities and 4.9% cash and short-term investments. As fiduciaries for the retirement funds, the Board of Trustees is responsible for investment of the funds under the prudent person standard. This standard allows the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, and bank deposits collateralized by U.S. Government securities.

The System's time-weighted rate of return for the year ended June 30, 2007, was a positive 18.5% versus a 9.7% return for 2006. Annualized three-year and five-year total returns were 12.8% and 12.8%, respectively. The System's long-term goal to exceed by 3.0% the rate of inflation measured by the CPI has been achieved for the five-year period. A summary of the System's investment activities during FY 2007 and historic performance results is presented in the Investment Section. A complete

listing of securities held by the Teachers' Retirement System as of June 30, 2007, can be found at the end of the Investment Section.

#### **INDEPENDENT AUDIT**

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

#### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Oklahoma for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the fourteenth year the System's *Annual Report* has received this distinction.

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

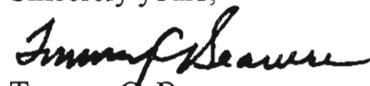
The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

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

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

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

Sincerely yours,



Tommy C. Beavers  
Executive Secretary  
November 1, 2007

November 1, 2007

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

On behalf of the Board of Trustees and staff, I am pleased to present the Annual Report of the Teachers' Retirement System of Oklahoma for the year ending June 30, 2007. This summary is an important part of our commitment to provide members with information about their benefits and retirement as well as noting significant changes that occurred during the year.

Your Board of Trustees' goal is to provide members a well-funded System. The Board deals with a number of issues, chief among them the management of the System's investment portfolio to maximize financial returns. Investment income combined with employee and employer contributions provide the major funding for the System's pension benefits. Our returns for the last year were 18.5% and the returns have averaged 10.0% per year for the past 10 years. Investment returns during this 10-year period have consistently ranked in the top quartile when compared to other public pension systems in the nation. On June 30, the market value of assets was approximately \$9.6 billion.

The Teachers' Retirement System continues to be one of the worst funded state-run public employee retirement systems in the country. In the past 10 years progress has been made to improve the System's ratio of assets to actuarial liabilities, but we have a long way to go. We appreciate the support of the Governor and the Legislature and continue to work with state leaders and our friends in the education community to focus attention on this very real problem. Passage of Senate Bill 357 during the 2007 Legislative Session is designed to increase the System's funded level to 80% in 20 years. This significant improvement can happen only if the state appropriates new funds to cover costs to school districts.

The Board of Trustees pledges to continue to administer the affairs of the Retirement System in the most competent and efficient manner possible. Service is our number one goal. Better communications via telephone, the *Trends* newsletter and our website ([www.ok.gov/TRS/](http://www.ok.gov/TRS/)) is an ongoing goal. The trustees and staff welcome your comments and suggestions throughout the year.

Sincerely,



Matti S. Palluconi  
Chairman, Board of Trustees  
Teachers' Retirement System of Oklahoma

## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Street Address:  
2500 North Lincoln Boulevard, 5<sup>th</sup> Floor  
Oklahoma City, Oklahoma 73105

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

### BOARD OF TRUSTEES

---

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Ms. Cathy A. Conway, *Vice-Chairman*, Durant

Mr. Dick Neptune, *Secretary*, Lawton

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Mr. James E. Smith, *Trustee*, Shawnee

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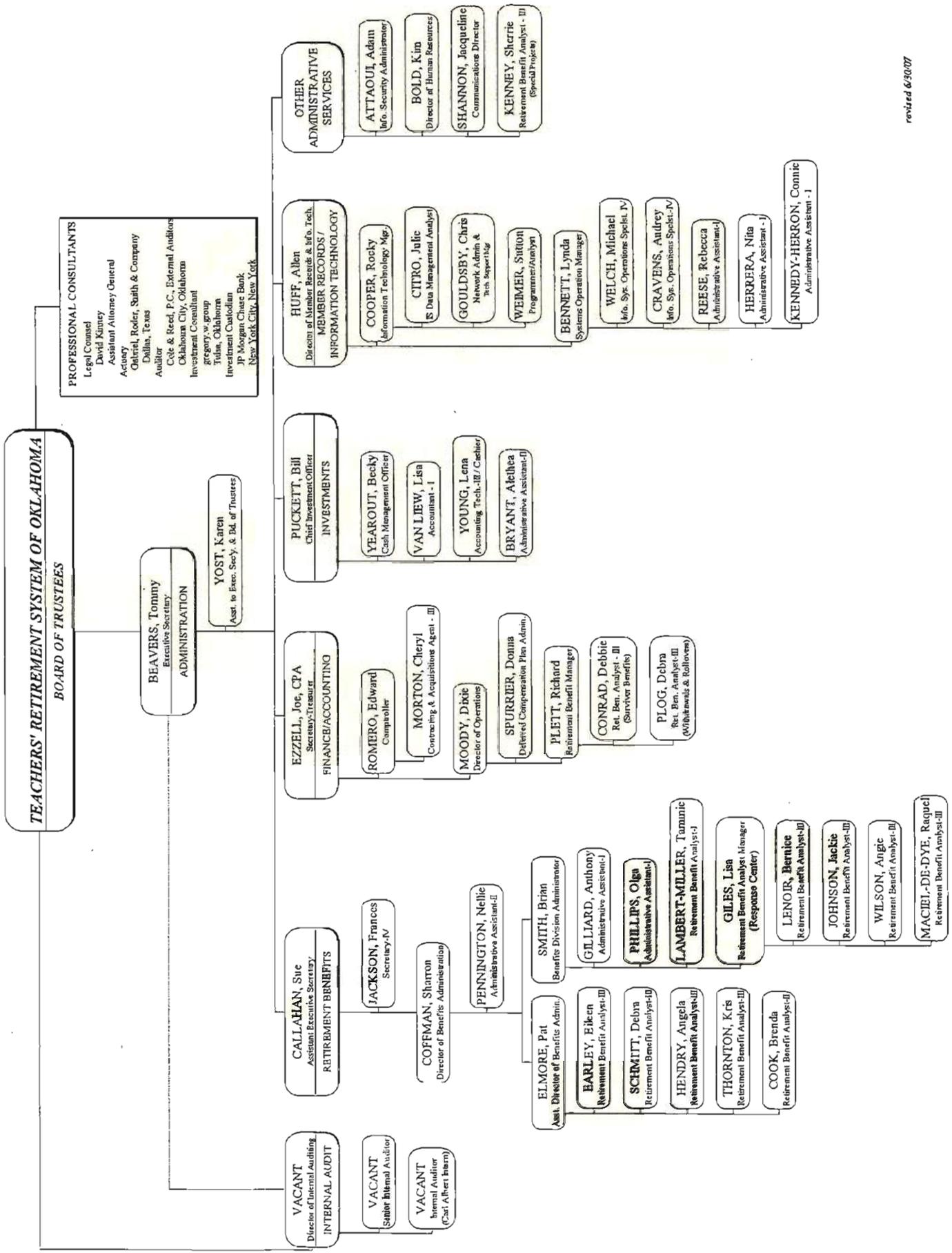
Executive Secretary  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
Tommy C. Beavers

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

---

Mail addressed to Board members will be held until the following Board meeting.

# Teachers' Retirement System of Oklahoma Organization Chart



revised 6/30/07



## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA 2006-2007 PLAN SUMMARY

### BEGINNINGS

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

### ADMINISTRATION

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

### REVENUE

The four primary sources of revenue for TRS are contributions from active members, contributions from local schools, dedicated revenue from the State of Oklahoma, and investment income. As a participating member, you contribute 7% of your total compensation.

Statutes also require employers to contribute a percentage of applicable employee earnings. Local schools pay a contribution rate of 7.05%, and the state's contribution for Fiscal Year 2007 is 4.5% of annual sales and income tax revenues. The state's contribution is scheduled to increase to 5% by Fiscal Year 2008.

### MEMBERSHIP

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

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

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

### SERVICE CREDIT

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

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

### RETIREMENT ANNUITY

TRS offers five retirement plans, each providing a lifetime benefit to the member and, after the member's death, either a lump sum payment to the member's designated beneficiary(ies), or continued payments to one beneficiary.

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

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

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

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

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

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

Legislation enacted in 2006 allows K-12, career-tech and two-year college employees who work beyond "normal retirement age" to move two years of pre-1995 service to a higher calculation level for each year worked after reaching normal retirement age.

### DISABILITY BENEFITS

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

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

*(continued on reverse)*

## HEALTH INSURANCE BENEFIT

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

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

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

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

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

## SURVIVOR BENEFITS

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

If you are an active in-service member when you die, your beneficiary(ies) will receive an \$18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the TRS rules, but generally means a member currently employed by an Oklahoma public education institution.

If you have five or more years of service, have reached age 55, or you have met the Rule of 80 or Rule of 90, and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump sum payment.

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

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

## WITHDRAWING YOUR CONTRIBUTIONS

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

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

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn contributions, your official membership date will be the date you rejoined TRS.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount

for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

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

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

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

## TAX-SHELTERED ANNUITY PLAN

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

## RIGHTS AND RESPONSIBILITIES

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

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

## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

### MAILING ADDRESS

P.O. Box 53524  
Oklahoma City, OK 73152-3524

405-521-2387 (OKC Area)  
1-877-738-6365 (Toll-Free)

### STREET ADDRESS

Oliver Hodge Building  
5th Floor  
2500 N. Lincoln Blvd.  
Oklahoma City, OK 73105

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

This Plan Summary provides general information summarizing the basic benefits available to TRS members. If any conflict arises between information contained in this summary and state statutes or official TRS rules, the law and/or rule takes precedence. 20,000 copies of this Teachers' Retirement System of Oklahoma Plan Summary have been printed by the Office of Public Affairs, Central Printing Division, at a cost of \$1,075. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Revised 8/2006

# Certificate of Achievement for Excellence in Financial Reporting

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## Teachers' Retirement System of Oklahoma

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

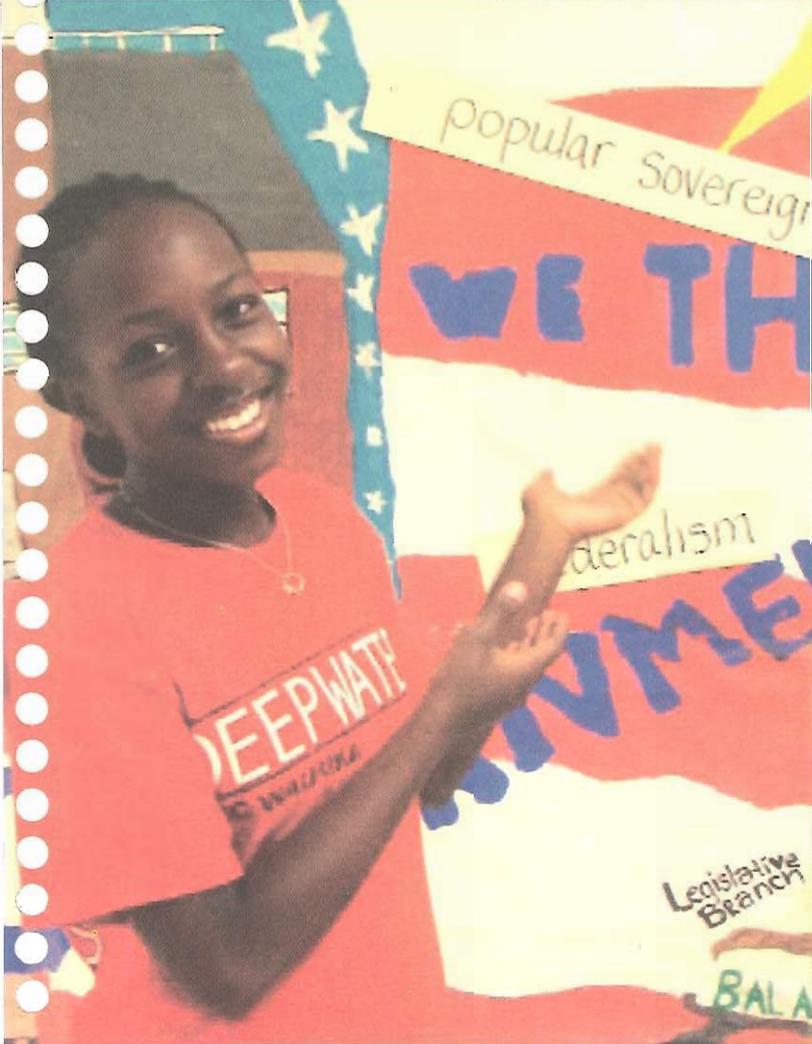
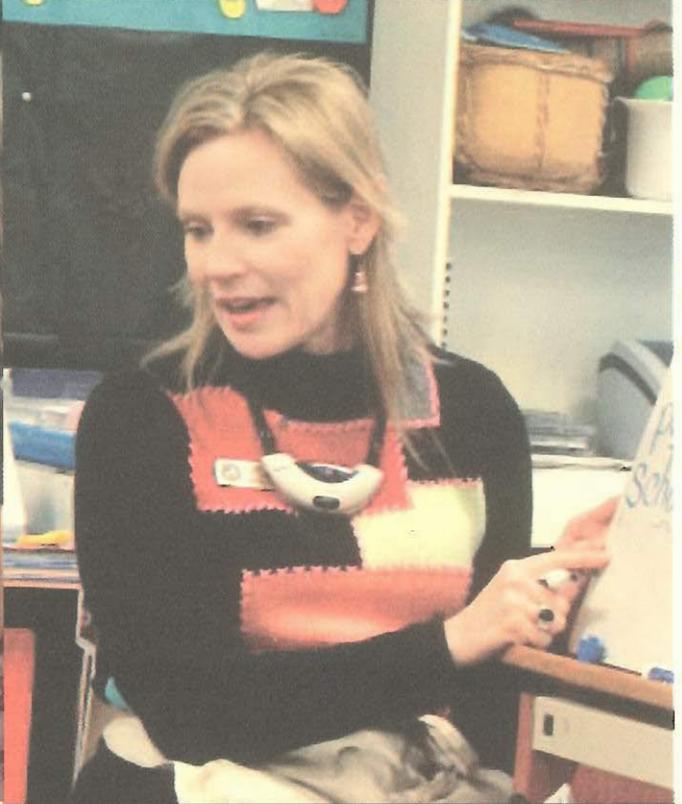
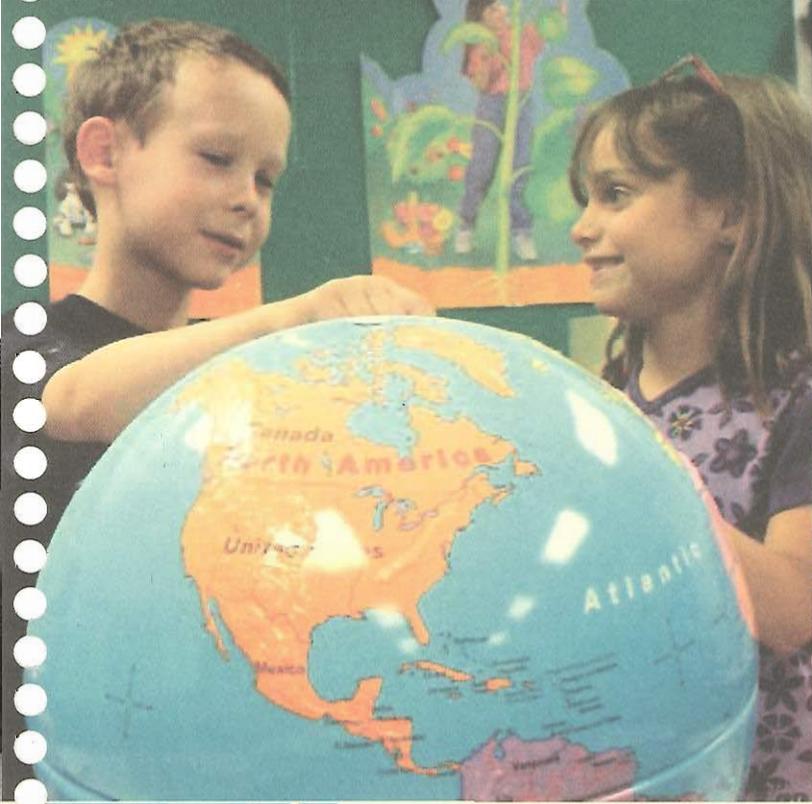
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director







It is the supreme art of the teacher to awaken joy in creative expression and knowledge.

Albert Einstein



Independent Auditors' Report

Board of Trustees  
Teachers' Retirement System  
of Oklahoma

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the "System"), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2007 and 2006, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note B, the System's actuary has determined that the System's unfunded actuarial accrued liability (the "UAAL") is approximately \$7,603,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the UAAL will be fully amortized in 21.6 years.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2007 and 2006, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2007, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

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

Cole & Reed P.C.

Oklahoma City, Oklahoma  
November 5, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Teachers' Retirement System of Oklahoma (known collectively as TRS or the System), we offer readers of the TRS financial statements this narrative discussion and analysis of the financial activities of TRS for the fiscal years ended June 30, 2007, 2006, and 2005.

### Financial Highlights

- The net assets of TRS exceeded its current liabilities by approximately \$9.651 billion and \$8.175 billion at June 30, 2007 and 2006, respectively. Such amounts are used to meet the System's current and ongoing obligations to its retired and active members and creditors.
- The System's total net assets increased by approximately \$1.476 billion and by \$634 million during the years ended June 30, 2007 and 2006, respectively. The gains in 2007 and 2006 were due to strong equity market returns in both fiscal years. These conditions resulted in net realized and unrealized gains on investments of approximately \$1.269 billion and \$525 million in fiscal years 2007 and 2006, respectively.
- At June 30, 2007, TRS's unfunded actuarial accrued liability was approximately \$7.603 billion. The unfunded actuarial accrued liability at June 30, 2006 was approximately \$7.673 billion. The System's funded ratio increased from 49.3% to 52.6%. The decrease in the unfunded accrued actuarial liability and increase in funded percentage were principally due to legislation (SB 357) enacted in fiscal year 2007 which increases future employer contribution rates, the strong investment results in fiscal year 2007, and the increase in the revenues of the State of Oklahoma (the "State"), which drives the State's contribution. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the unfunded actuarial accrued liability is expected to decrease again in fiscal year 2008 and continue decreasing until it reaches zero in fiscal year 2029.

### Overview of the Financial Statements

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

## Overview to the Financial Statements, Continued

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

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

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

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

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

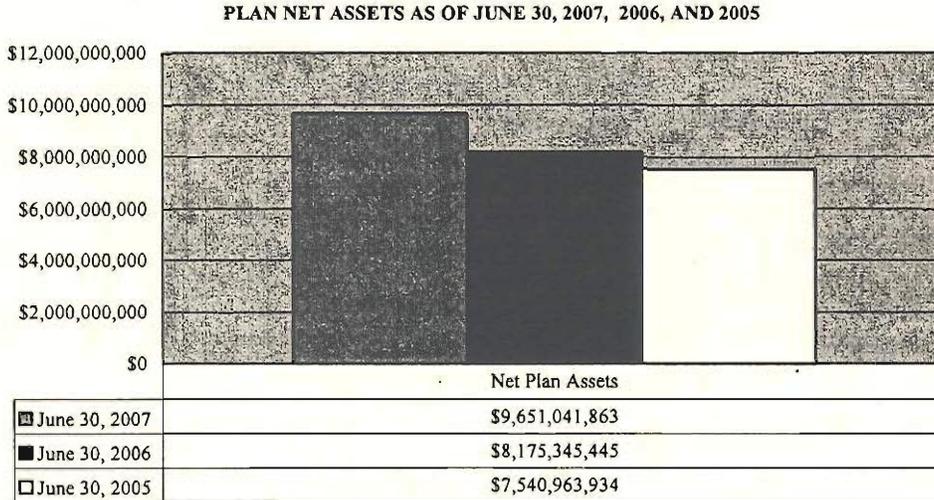
## Financial Analysis

As noted earlier, increases or decreases of plan net assets may serve over time as a useful indicator of the System's financial position. By far the largest portions of the System's assets are in cash and investments, which comprises \$9.857 billion and \$8.284 billion of the plan assets at June 30, 2007 and 2006, respectively. These amounts do not include the amounts shown as securities lending assets. Securities lending assets are offset by a liability for the same amount on the *statement of plan net assets*. Since the securities lending assets are offset by the securities lending liability they are not available for future spending. A summary of the plan net assets as of June 30, 2007, 2006 and 2005 is shown below:

Assets	2007	2006	2005
Cash	\$ 4,771,218	\$ 3,812,625	\$ 5,865,559
Short-term investments	480,385,331	462,979,732	370,052,039
Accrued interest and dividends receivable	28,251,274	26,839,937	24,671,437
Contributions receivable	45,465,506	38,858,770	36,439,084
Receivable from the State of Oklahoma	25,074,415	21,461,402	16,964,703
Due from brokers for securities sold	314,072,578	425,478,770	195,452,717
Securities lending institutional daily assets fund	1,760,729,777	—	1,758,147,104
Long-term investments	9,372,167,136	7,816,917,553	7,324,593,398
Capital assets, net	262,461	292,930	320,399
Total assets	<u>12,031,179,696</u>	<u>8,796,641,719</u>	<u>9,732,506,440</u>
<b>Liabilities</b>			
Benefits in process of payment	16,768,162	16,853,939	58,392,038
Due to brokers for securities purchased	593,318,540	596,121,391	368,051,480
Payable under securities lending agreement	1,760,729,777	—	1,758,147,104
Other liabilities	9,321,354	8,320,944	6,951,884
Total liabilities	<u>2,380,137,833</u>	<u>621,296,274</u>	<u>2,191,542,506</u>
<b>Net Assets</b>			
Net assets held in trust for pension benefits and annuity benefits of electing members	<u>\$ 9,651,041,863</u>	<u>\$ 8,175,345,445</u>	<u>\$ 7,540,963,934</u>

## Financial Analysis, Continued

The graph below illustrates the \$1.476 billion and \$634 million increases in net assets for the years ended June 30, 2007 and 2006, respectively. As previously mentioned, the increases in net assets for 2007 and 2006 were primarily due to the strong equity markets in both fiscal years.



## Changes in Selected Revenue and Expense Items

### Fiscal Year 2007 compared to 2006

The revenues received from member contributions increased by \$36.45 million or 14.64% in fiscal year 2007 from the prior fiscal year period due to an increase in both the covered payroll and the number of members purchasing service due to the enactment of HB 1179. This bill created the Education Employees Service Incentive Plan ("EESIP") which provides for an enhanced benefit at retirement for qualified members. In many cases additional contributions must be made by the member to qualify for EESIP. Employer statutory contributions increased by \$29.84 million or 12.37% during the current year, again, attributed to an increase in the amount of covered payroll and an increase in the employer contribution rate on January 1, 2007 from 7.05% to 7.60% for K-12 schools, Career Tech, 2-year colleges and state agencies with TRS members. Employer contribution rates did not increase for comprehensive and regional four-year colleges and universities because employees in these institutions do not participate in EESIP. Dedicated revenue increased by \$41.30 million or 20.43% for the year as a result of a higher state revenue base due to improved economic conditions and an increase in the percentage of revenue received by TRS from 4.00% to 4.50% during fiscal year 2007. Net realized and unrealized gains increased by \$743.75 million or 141.59% due to strong returns in the equity market. Retirement, death, survivor, and health benefit payments increased by \$39.83 million or 5.48%. This was due to an increase in the number of retirees receiving monthly benefits and a cost of living adjustment (COLA) of 2% received by TRS members

## **Changes in Selected Revenue and Expense Items, Continued**

### **Fiscal Year 2007 compared to 2006, Continued**

that retired before July 1, 2005. Refunds of member contributions and annuity payments increased by \$4.48 million or 8.46%. The change was a result of an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403(b) optional defined contribution plan. Administrative expenses increased by \$124 thousand due primarily to an increase in employee health insurance costs. A summary of *changes in plan net assets* is presented on page 28. The graphs on page 29 offer a comparison of selected revenue and expense accounts for fiscal years 2007 and 2006.

### **Fiscal Year 2006 compared to 2005**

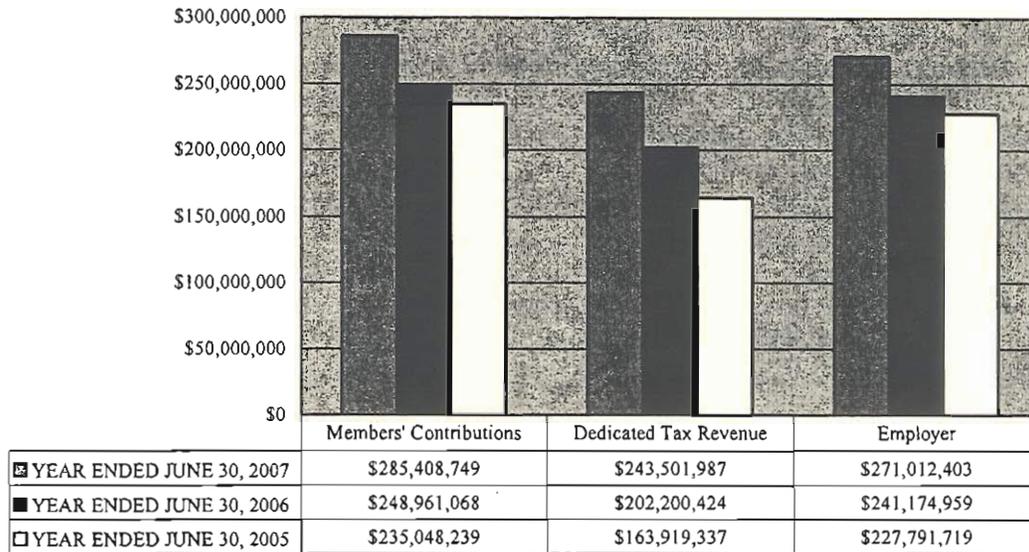
The revenues received from member contributions increased by \$13.91 million or 5.92% in fiscal year 2006 from the prior fiscal year period due to an increase in both the number of active members and covered payroll. Employer statutory contributions increased by \$13.38 million or 5.88% during the current year, again, attributed to an increase in the number of active members and the amount of covered payroll. Dedicated revenue increased by \$38.28 million or 23.35% for the year as a result of a higher state revenue base due to improved economic conditions and an increase in the percentage of revenue received by TRS from 3.75% to 4.00% during fiscal year 2006. Net realized and unrealized gains decreased by \$3.12 million or .59%. Retirement, death, survivor, and health benefit payments increased by \$25.66 million or 3.66%. This was due to an increase in the number of retirees receiving monthly benefits. Refunds of member contributions and annuity payments increased by \$8.84 million or 20.07%. The change was a result of an increase in the number of members making withdrawals from both the defined benefit plan and the tax-shelter annuity 403(b) optional defined contribution plan. Administrative expenses increased by \$213 thousand due primarily to an increase in employee health insurance costs. A summary of *changes in plan net assets* is presented on page 28. The graphs on page 29 offer a comparison of selected revenue and expense accounts for fiscal years 2007, 2006 and 2005.

## Changes in Selected Revenue and Expense Items, Continued

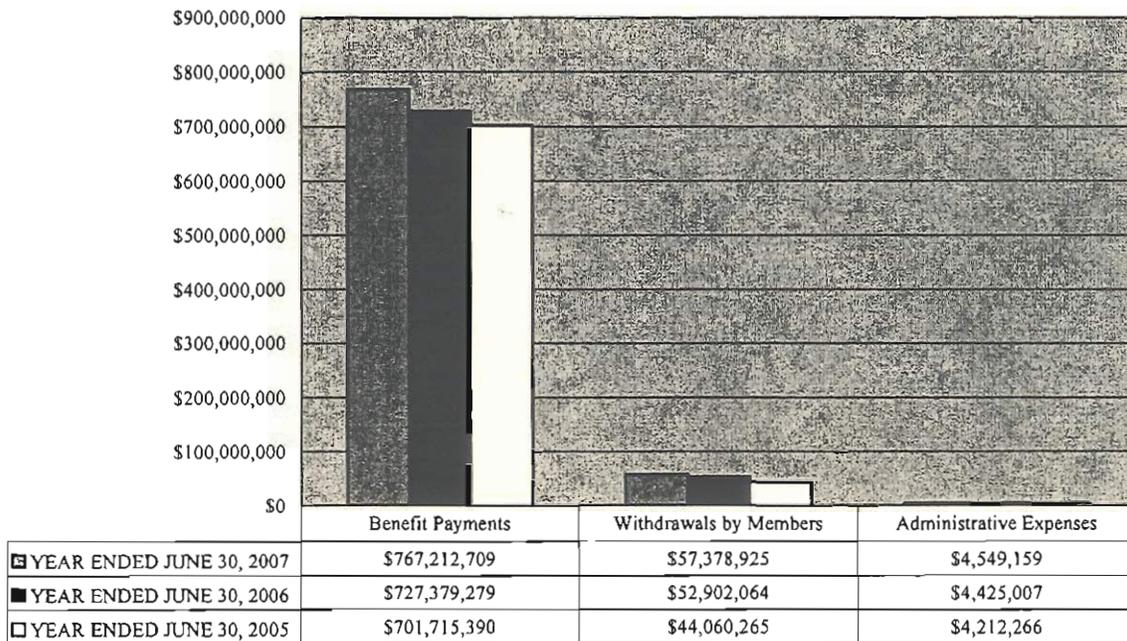
Additions:	2007	2006	2005
Contributions:			
Members	\$ 285,408,749	\$ 248,961,068	\$ 235,048,239
Members tax shelter	8,883,033	7,625,919	6,410,810
Employer statutory requirement from local school districts	271,012,403	241,174,959	227,791,719
Federal matching	21,402,183	16,094,158	14,047,582
Dedicated tax revenue	243,501,987	202,200,424	163,919,337
Total contributions	830,208,355	716,056,528	647,217,687
Investment income:			
Interest	144,415,428	110,007,891	89,194,551
Dividends	86,986,795	89,658,423	93,863,495
Net realized and unrealized gains (losses)	1,269,034,290	525,282,130	528,399,334
Less investment expenses	(30,790,763)	(25,899,914)	(22,819,284)
Gain (loss) from investing activities	1,469,645,750	699,048,530	688,638,096
Income from securities lending activities:			
Securities lending income	78,826,796	72,481,517	32,505,873
Borrower rebates	(72,992,770)	(67,701,810)	(28,334,967)
Management fees	(850,920)	(796,904)	(852,702)
Income from securities lending activities	4,983,106	3,982,803	3,318,204
Net investment gain (loss)	1,474,628,856	703,031,333	691,956,300
Total additions	2,304,837,211	1,419,087,861	1,339,173,987
Deductions:			
Retirement, death, survivor, and health benefits	767,212,709	727,379,279	701,715,390
Refund of member contributions and annuity payments	57,378,925	52,902,064	44,060,265
Administrative expenses	4,549,159	4,425,007	4,212,266
Total deductions	829,140,793	784,706,350	749,987,921
Net increase (decrease)	1,475,696,418	634,381,511	589,186,066
Net assets:			
Beginning of year	8,175,345,445	7,540,963,934	6,951,777,868
End of year	\$ 9,651,041,863	\$ 8,175,345,445	\$ 7,540,963,934

**Changes in Selected Revenue and Expense Items, Continued**

**REVENUES FOR THE FISCAL YEARS ENDED JUNE 30, 2007, 2006, AND 2005**



**DEDUCTIONS FOR THE FISCAL YEARS ENDED JUNE 30, 2007, 2006, AND 2005**



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

An 18.5% positive return was achieved for the fiscal year ended June 30, 2007.

Statutes were amended in 1999 to provide that the System would receive 3.54% of the state sales, use, and corporate and individual income tax collections. This dedicated revenue source along with a percentage of the Education Lottery Trust Fund and the tax on tobacco products provided in House Bill 1020 contributed a total of \$243 million in fiscal year 2007 and \$202 million in fiscal year 2006. The TRS Board of Trustees has adopted an actuarial assumption that this source of revenue should increase at a rate of 3.5% annually. The state sales, use, and corporate and individual income taxes replaced the gross production tax previously dedicated to the System. The change to a broader tax base is intended to provide TRS with a more stable revenue source. Senate Bill 1376, which became law July 1, 2002, provides that the percentage of state revenue would increase from 3.54% to 3.75% July 1, 2004; 4% July 1, 2005; 4.5% July 1, 2006; and 5% July 1, 2007 and thereafter. When the state's contribution reaches 5%, it will approximate 7% of active members' pay, which is the contribution level required by active members.

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

## **Economic Factors, Future Contribution Rates, and Status of Unfunded Liability, Continued**

House Bill 1105 allocates \$10 million from the state's Rainy Day Fund to TRS remitting entities to pay the increased employer contributions mandated by Senate Bill 357. House Bill 1133 appropriates \$39,741,028 to the State Department of Education for TRS. House Bill 2070 sets requirements for providing concurrent funding in fiscal retirement bills providing Cost of Living Adjustments (COLAs) for state retirees, including TRS members, if the COLA would exceed the amount anticipated in the actuarial assumptions adopted by the TRS Board of Trustees. House Resolution 1026 encourages TRS and the state's other public retirement plans to divest from companies doing business with the Islamic Republic of Iran; The Republic of Sudan; the Syrian Arab Republic and the Democratic People's Republic of Korea.

### **Discussion of TRS Benefit Formula**

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

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

### **Education Employees Service Incentive Plan ("EESIP")**

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

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

### **Education Employees Service Incentive Plan ("EESIP"), Continued**

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

### **EESIP Increases Employer Contribution Rates**

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

### **Requests for Information**

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

## STATEMENTS OF PLAN NET ASSETS

## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	June 30	
	2007	2006
<b>ASSETS</b>		
Cash	\$ 4,771,218	\$ 3,812,625
Short-term investments	480,385,331	462,979,732
Accrued interest and dividends receivable	28,251,274	26,839,937
Member contributions receivable	20,546,577	18,532,311
Employer contributions receivable	24,918,929	20,326,459
Receivable from the State of Oklahoma	25,074,415	21,461,402
Due from brokers for securities sold	314,072,578	425,478,770
Security lending institutional daily assets fund	1,760,729,777	-
Long-term investments:		
U.S. government securities	1,740,096,979	1,635,267,862
U.S. corporate bonds	835,990,203	586,164,143
International corporate bonds and government securities	103,107,148	93,259,778
Equity securities	6,692,972,806	5,502,225,770
Total long-term investments	9,372,167,136	7,816,917,553
Capital assets, net	262,461	292,930
Total assets	12,031,179,696	8,796,641,719
<b>LIABILITIES</b>		
Benefits in process of payment	16,768,162	16,853,939
Due to brokers for securities purchased	593,318,540	596,121,391
Payable under security lending agreement	1,760,729,777	-
Other liabilities	9,321,354	8,320,944
Total liabilities	2,380,137,833	621,296,274
<b>NET ASSETS</b>		
Net assets held in trust for pension benefits and annuity benefits (see Note B) of electing members (a schedule of funding progress is presented on page 57)	\$ 9,651,041,863	\$ 8,175,345,445

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2007	2006
Additions:		
Members	\$ 285,408,749	\$ 248,961,068
Members tax shelter	8,883,033	7,625,919
Employer statutory requirement from local school districts	271,012,403	241,174,959
Federal matching	21,402,183	16,094,158
Dedicated tax	243,501,987	202,200,424
Total contributions	830,208,355	716,056,528
Investment income:		
Interest	144,415,428	110,007,891
Dividends	86,986,795	89,658,423
Net realized and unrealized gains	1,269,034,290	525,282,130
Investment expenses	(30,790,763)	(25,899,914)
Gain from investing activities	1,469,645,750	699,048,530
Income from securities lending activities:		
Securities lending income	78,826,796	72,481,517
Securities lending expenses:		
Borrower rebates	(72,992,770)	(67,701,810)
Management fees	(850,920)	(796,904)
Income from securities lending activities	4,983,106	3,982,803
Net investment gain	1,474,628,856	703,031,333
Total additions	2,304,837,211	1,419,087,861
Deductions:		
Retirement, death, survivor, and health benefits	767,212,709	727,379,279
Refund of member contributions and annuity payments	57,378,925	52,902,064
Administrative expenses	4,549,159	4,425,007
Total deductions	829,140,793	784,706,350
Net increase	1,475,696,418	634,381,511
Net assets, beginning of year	8,175,345,445	7,540,963,934
Net assets, end of year	\$ 9,651,041,863	\$ 8,175,345,445

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE A--DESCRIPTION OF THE SYSTEM

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

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

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

	<u>2007</u>	<u>2006</u>
Retirees and beneficiaries currently receiving benefits	43,506	41,782
Terminated vested members	6,637	6,171
Active members	<u>88,133</u>	<u>87,194</u>
	<u>138,276</u>	<u>135,147</u>

There are 629 contributing employers in the System. In addition, there were 6,613 and 6,606 of nonvested inactive members at June 30, 2007 and 2006, respectively, which are entitled to a refund of their accumulated contributions.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE B--FUNDING STATUS

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System increased from the funding level at June 30, 2006. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is 21.6 years. The period to fully amortize the UAAL as of June 30, 2006 was 37.4 years. The actuarial accrued liability increased \$881 million and the actuarial value of assets increased \$951.5 million. As a result, the System's unfunded actuarial accrued liabilities decreased \$70.4 million to \$7,602.5 million at June 30, 2007. The funded ratio - actuarial value of assets divided by actuarial accrued liability - increased from 49.3% to 52.6%. The decrease in the UAAL and the increase in the funded ratio were primarily due to legislation (SB 357) enacted in fiscal year 2007 increasing future employer contribution rates, strong investment results in fiscal year 2007, and an increase in the State's revenues, which drive the State's contribution. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the unfunded actuarial accrued liability is expected to decrease again in fiscal year 2008 and continue until it reaches zero in fiscal year 2029.

Based on calculations using Government Accounting Standards Board ("GASB") Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, the System's funded ratio is 52.6% at June 30, 2007 and 49.3% at June 30, 2006.

The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earning greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value (\$8.422 billion) is \$871 million smaller than the fair value (\$9.293 billion).

The financial condition of the System and its ability to meet future obligations is predicated on a funding schedule set in Oklahoma Statutes, which provides an increasing revenue stream based on a percentage of active members' pay. Under the present funding schedule, the UAAL will be fully amortized in 21.6 years.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE C--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

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

The System's international investment managers enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. The gains and losses on these contracts are included in income in the period in which the exchange rates change.

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

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

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

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

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately \$306,000 and \$278,000 at June 30, 2007 and 2006, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, all of the System's bank deposits are held by the State Treasurer. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. At June 30, 2007 and 2006, the carrying amount of the System's bank deposits was approximately \$4,771,000 and \$3,813,000, respectively. The bank balance of the System's bank deposits at June 30, 2007 and 2006 was approximately \$7,071,000 and \$4,154,000, respectively.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2007 and 2006, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$480,385,000 and \$462,980,000, respectively, with its custodial agent. The System's custodial agent for the year ended June 30, 2007 was JP Morgan while the System's custodial agent for the year ended June 30, 2006 was The Northern Trust Company.

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

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

<u>Investment Type</u>	<u>Moody's Ratings (Unless Noted)</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
<i>(Amounts in Thousands)</i>			
U.S. Government Securities	AGY (1)	\$ 1,014,553	37.87%
	TSY (2)	120,720	4.51%
	Aa2	9,428	0.35%
	Aaa	593,423	22.15%
	Baa3	1,708	0.06%
	Not Rated	<u>265</u>	<u>0.01%</u>
Total U.S. Government Securities		\$ 1,740,097	64.95%
International Government Securities	A3	\$ 383	0.01%
	Aa1	958	0.04%
	Aa2	4,728	0.18%
	Aa3	7,902	0.29%
	Aaa	38,848	1.45%
	B1	371	0.01%
	Ba1	2,389	0.09%
	Ba2	167	0.01%
	Baa1	5,201	0.19%
	Not Rated	<u>555</u>	<u>0.02%</u>
Total International Government Securities		\$ 61,502	2.29%

(1) U.S. Agency securities

(2) U.S. Treasury securities

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

<u>Investment Type</u>	<u>Moody's Ratings (Unless Noted)</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
<i>(Amounts in Thousands)</i>			
Domestic Corporate Bonds	A1	\$ 14,851	0.55%
	A2	25,953	0.97%
	A3	25,028	0.93%
	Aa1	17,126	0.64%
	Aa2	18,606	0.69%
	Aa3	29,339	1.10%
	Aaa	399,991	14.93%
	B1	13,990	0.52%
	B2	8,131	0.30%
	B3	5,298	0.20%
	Ba1	26,328	0.98%
	Ba2	7,392	0.28%
	Ba3	6,376	0.24%
	Baa1	31,574	1.18%
	Baa2	36,310	1.36%
	Baa3	42,012	1.57%
	C	28	0.00%
	Caa1	6,153	0.23%
	Caa2	559	0.02%
	Caa3	21	0.00%
	P-1	8,482	0.32%
	WR	1,431	0.05%
	Not Rated	<u>111,011</u>	<u>4.14%</u>
Total Domestic Corporate Bonds		\$ 835,990	31.20%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

<u>Investment Type</u>	<u>Moody's Ratings (Unless Noted)</u>	<u>Fair Value</u>	<u>Fair Value as a Percent of Total Fixed Maturity Fair Value</u>
<i>(Amounts in Thousands)</i>			
International Corporate Bonds	A1	\$ 1,826	0.07%
	A2	1,602	0.06%
	A3	8,885	0.33%
	Aa1	487	0.02%
	Aa3	1,586	0.06%
	Aaa	6,442	0.24%
	B1	3,035	0.11%
	B2	670	0.03%
	B3	648	0.03%
	Ba1	1,568	0.06%
	Ba2	2,066	0.08%
	Ba3	406	0.02%
	Baa1	1,279	0.05%
	Baa2	3,766	0.14%
	Baa3	4,540	0.17%
	Not Rated	<u>2,799</u>	<u>0.10%</u>
Total International Corporate Bonds		\$ 41,605	1.56%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed-income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2007, the System had the following investments with maturities:

<u>Investment Type</u>	<u>Investment Maturities at Fair Value (in Years)</u>				<u>Total Fair Value</u>
	<u>Less than One</u>	<u>One to Five</u>	<u>Five to Ten</u>	<u>More Than Ten</u>	
U.S. Government securities	\$ 97,849	\$ 121,520	\$ 228,722	\$ 1,292,006	\$ 1,740,097
International government securities	5,643	40,064	7,782	8,013	61,502
Domestic corporate bonds:					
Asset-backed securities	392	20,916	11,981	66,223	99,512
CMBS	-	-	-	274,847	274,847
CMO/REMIC	-	1,517	8,960	111,736	122,213
Corporates Bonds	<u>27,785</u>	<u>119,824</u>	<u>92,593</u>	<u>99,216</u>	<u>339,418</u>
	28,177	142,257	113,534	552,022	835,990
International corporate bonds	<u>2,767</u>	<u>14,549</u>	<u>15,512</u>	<u>8,777</u>	<u>41,605</u>
	<u>\$ 134,436</u>	<u>\$ 318,390</u>	<u>\$ 365,550</u>	<u>\$ 1,860,818</u>	<u>\$ 2,679,194</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE D--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the potential risk for loss due to changes in exchange rates. The System's investment policy provides that international investment managers invest no more than 30% of their portfolio's total assets in one or more issuers in a single country, provided that in the U.K. such limit shall be 35%. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2007 is shown in the following table by monetary unit to indicate possible foreign currency risk.

<u>Currency</u>	<u>Equities</u>	<u>Corporate Bonds</u>	<u>Government Bonds</u>	<u>Cash and Cash Equivalents</u>	<u>Grand Total</u>
Australian Dollar	\$ 12,375,182	\$ -	\$ 781,415	\$ 58,351	\$ 13,214,948
British Pound Sterling	255,499,370	-	4,848,489	2,835,492	263,183,351
Canadian Dollar	53,624,058	-	-	(364,436)	53,259,622
Danish Krone	8,161,555	-	-	-	8,161,555
Egyptian Dollar	-	-	-	109,930	109,930
Euro	568,013,457	-	6,689,521	12,798,690	587,501,668
Hong Kong Dollar	58,745,668	-	-	-	58,745,668
Icelandic Kronur	-	1,761,484	-	-	1,761,484
Japanese Yen	330,506,462	5,804,297	15,441,477	(1,457,164)	350,295,072
Mexican Peso	7,452,290	-	-	-	7,452,290
New Tawain Dollar	8,559,093	-	-	48	8,559,141
New Zealand Dollar	4,937,843	-	-	-	4,937,843
Norwegian Krone	13,275,545	-	5,369,676	296,469	18,941,690
Singapore Dollar	5,540,853	-	-	-	5,540,853
South African Rand	2,232,211	-	-	-	2,232,211
South Korean Won	49,044,566	-	-	94	49,044,660
Swedish Krona	14,851,213	3,657,939	-	-	18,509,152
Swiss Franc	109,813,926	-	1,732,866	-	111,546,792
(1) Not subject to foreign currency risk	<u>137,469,901</u>	<u>30,381,165</u>	<u>26,638,819</u>	<u>35,664,710</u>	<u>230,154,595</u>
<b>Grand Total</b>	<b><u>\$ 1,640,103,193</u></b>	<b><u>\$ 41,604,885</u></b>	<b><u>\$ 61,502,263</u></b>	<b><u>\$ 49,942,184</u></b>	<b><u>\$ 1,793,152,525</u></b>

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

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE E--SECURITIES LENDING ACTIVITY

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

The System changed master custodians on July 1, 2006. In an effort to coordinate as smooth of a transition as possible, the System had no securities on loan at June 30, 2006. The fair value of securities on loan at June 30, 2007 was approximately \$1,956,223,000. The underlying collateral for these securities had a fair value of approximately \$2,000,899,000 at June 30, 2007. Collateral of securities and letters of credit represented approximately \$240,169,000 of total collateral at June 30, 2007. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net assets.

There were no securities on loan at June 30, 2006 due to the change in the System's master custodian. At June 30, 2007 the System had no credit risk exposure since the amounts the System owed to borrowers exceeded the amounts borrowers owed the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. However, should a collateral deficiency occur beyond the lending agent's responsibilities, the deficiency is allocated pro rata among all lenders.

There have been no significant losses on security lending transactions, or recoveries from prior period losses, during 2007 or 2006 resulting from the default of a borrower or the lending agent. The System's lending agent is not affiliated or related to the System's investment managers or brokers. Accordingly, the System is not exposed to custodial credit risk in relation to its securities lending transactions.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE E--SECURITIES LENDING ACTIVITY--Continued

All securities loans can be terminated on demand by either the System or the borrower. However, the average term of the loans cannot be determined. Cash collateral is invested in the lending agent's institutional daily assets fund. The weighted average maturity at June 30, 2007 and 2006 of the cash collateral investments was 12 and 41 days, respectively. The relationship between the maturities of the investment fund and the System's loans is affected by the maturities of the securities loans made by other entities that use the lending agent's fund, which the System cannot determine.

NOTE F--CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<u>2007</u>	<u>2006</u>
Furniture and fixtures	\$ 1,396,332	\$ 1,362,187
Accumulated depreciation	<u>(1,133,871)</u>	<u>(1,069,257)</u>
Capital assets, net	<u>\$ 262,461</u>	<u>\$ 292,930</u>

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2007 was approximately \$203,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately \$211,000 and \$196,000 for the years ended June 30, 2007 and 2006, respectively.

NOTES TO FINANCIAL STATEMENTS—Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE G--RESERVE AND DESIGNATED FUNDS

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

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

The Funds had the following balances at June 30:

	2007	2006
Teachers' deposit fund (tax-sheltered annuities)	\$ 357,841,000	\$ 316,408,000
Expense fund	56,214,000	53,735,000
Capital assets fund	262,000	293,000
	<u>\$ 414,317,000</u>	<u>\$ 370,436,000</u>

NOTE H--CONTRIBUTIONS

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

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE H--CONTRIBUTIONS--Continued

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the maximum compensation level for the years ended June 30, 2007 and 2006 was \$77,500 and \$72,500 for those who elected the \$25,000 limit prior to June 30, 1995, respectively, and \$94,000 and \$89,000 for all other members in fiscal years 2007 and 2006, respectively. Maximum compensation levels increased by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered subject to contribution limits established under the Internal Revenue Code.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate was 7.05% from July 1, 2006 to December 31, 2006 and 7.6% from January 1, 2007 to June 30, 2007 for all remitting entities other than comprehensive and four year regional universities. The employer contribution rate was 7.05% for all remitting entities for fiscal year 2006. The employer contribution rate for comprehensive and four year universities was 7.05% for fiscal years 2007 and 2006. The rates for fiscal years 2007 and 2006 are applied up to defined caps depending upon the member's elections as previously described.

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

NOTES TO FINANCIAL STATEMENTS—Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE I--BENEFITS

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

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE I--BENEFITS--Continued

- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

For retirees that elect to obtain health insurance coverage through the Oklahoma State and Education Employees Group Insurance Board, (the "OSEEGIB") the System paid between \$100 and \$105 per month to OSEEGIB for each retiree, depending on the members' years of service during 2007 and 2006. Such amounts were approximately \$30,492,000 and \$30,422,000 in 2007 and 2006, respectively, and are included in retirement, death, survivor, and health benefits expense. Amounts due to OSEEGIB at June 30, 2007 and 2006, respectively, are approximately \$2,524,000 and \$2,501,000, and are included in benefits in process of payment. The System performs no administrative functions related to the health insurance coverage provided through OSEEGIB.

NOTE J--DEDICATED TAX

The System receives 4.5% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the State's collected sales, use, and corporate and individual income taxes allocated by the State to the System will increase from 4.5% to 5.0% on July 1, 2007 and thereafter. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately \$244,000,000 and \$202,000,000 from the State in 2007 and 2006, respectively. Amounts due from the State were approximately \$25,074,000 and \$21,461,000 at June 30, 2007 and 2006, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE K--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

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

NOTE L--PLAN AMENDMENTS

Senate Bill 357 was enacted during the 2007 legislative session and became effective July 1, 2007. This new law is designed to raise more than \$200 million for TRS over the next five years and when fully implemented, will generate \$60 million a year into the System. Changes implemented by SB 357 are expected to increase TRS funding to 80% by 2026. This piece of legislation made the following major changes:

1. Employer contributions from K-12 schools, Career Tech, two-year colleges and state agencies with TRS members will increase to 7.85% on July 1, 2007, 8.35% on January 1, 2008; 8.5% on July 1, 2008; 9% on January 1, 2009; and 9.5% on January 1, 2010 and thereafter.
2. For comprehensive and regional four-year universities, employer contributions will stay at 7.05% through December 31, 2007, and then increase to 7.55% on January 1, 2008; 8.05% on January 1, 2009; and 8.55% on January 1, 2010 and thereafter. Contribution rates for comprehensive and regional four-year colleges are lower than those for other TRS reporting entities because employees of comprehensive and regional four-year colleges do not participate in the Education Employees Service Incentive Plan, also known as EESIP or the Wear-Away Plan, enacted last year.
3. SB 357 also requires the State Board of Equalization to determine an initial baseline amount of revenue TRS receives from the state's general revenue fund and prohibits reducing that amount below the established baseline. This ensures that funding to TRS won't change because of economic downturns or decreases in tax revenues.

House Bill 1105 allocates \$10 million from the State's Rainy Day Fund to TRS remitting entities to pay the increased employer contributions mandated by SB 357.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE L--PLAN AMENDMENTS--Continued

House Bill 133 appropriates approximately \$39,741,000 to the State Department of Education for TRS.

House Bill 2070 sets requirements for providing concurrent funding in fiscal retirement bills providing Cost of Living Adjustments (COLAs) for state retirees, including TRS members, if the COLA would exceed the amount anticipated in the actuarial assumptions adopted by the TRS Board of Trustees.

House Resolution 1026 encourages TRS and the State's other public retirement plans to divest from companies doing business with the Islamic Republic of Iran; The Republic of Sudan; the Syrian Arab Republic and the Democratic People's Republic of Korea.

NOTE M--NEW PRONOUNCEMENTS

The System adopted Governmental Accounting Standards Board ("GASB") Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("Statement No. 43") in 2007. Statement No. 43 establishes uniform financial reporting standards for other postemployment benefit ("OPEB") plans and supersedes the interim guidance included in Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*. The adoption of Statement No. 43 did not have a material impact on the System's financial statements.

On May 31, 2007 GASB issued Statement No. 50, *Pension Disclosures* ("Statement No. 50") which amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers* by requiring disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan and other actuarial information which had previously been provided as required supplementary information. Statement No. 50 applies to all state and local governments and is effective for financial statements for periods beginning after June 15, 2007.



**REQUIRED SUPPLEMENTARY INFORMATION**



REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
June 30, 2002	\$ 6,310.9	\$ 12,275.9	\$ 5,965.0	51.4%	\$ 3,047.1	195.8%
June 30, 2003	6,436.9	11,925.2	5,488.3	54.0%	3,045.7	180.2%
June 30, 2004	6,660.9	14,080.1	7,419.2	47.3%	3,030.7	244.8%
June 30, 2005	6,952.7	14,052.4	7,099.7	49.5%	3,175.2	223.6%
June 30, 2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2002	\$ 556,201,571	65.6%
2003	585,168,488	61.9%
2004	534,811,845	70.2%
2005	722,095,783	56.2%
2006	535,228,038	85.8%
2007	575,745,142	93.1%

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

Unaudited - see accompanying independent auditors' report

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE 1--ACTUARIAL ASSUMPTIONS AND METHODS

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

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

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

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

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

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2007 are as follows:

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2007

NOTE 1--ACTUARIAL ASSUMPTIONS AND METHODS--Continued

Mortality Rates: Healthy males – 1994 Unisex Pension Mortality Table for males, set back one year; Healthy females – 1994 Unisex Pension Mortality Table for females, set back one year; Disabled males – PBGC Table Va for disabled males eligible for Social Security disability benefits weighted by 80%; Disabled females – PBGC Table VIa for disabled females eligible for Social Security disability benefits.

Post Retirement Benefit Increases: None.

Post Retirement Health Insurance Premium: The System contributes between \$100 and \$105 per month or the Medicare Supplement Premium, if less, for eligible System members receiving retirement benefits who elect health insurance coverage through the Oklahoma State and Education Employee's Group Health Insurance Program, which administers various group health benefit plans.

Cost-of-Living Adjustment: 1%.



**OTHER SUPPLEMENTARY INFORMATION**



SCHEDULES OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2007</u>	<u>2006</u>
Investment custodian	\$ 15,000	\$ 85,000
Investment managers	30,715,161	26,011,745
Investment consultants	744,126	590,399
Investment information services	21,730	20,400
Commission recapture	<u>(705,254)</u>	<u>(807,630)</u>
Total investment expenses	<u>\$ 30,790,763</u>	<u>\$ 25,899,914</u>

See accompanying independent auditors' report

SCHEDULES OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ 3,280,183	\$ 3,148,321
General and miscellaneous	740,633	707,107
Professional/consultant fees	366,039	368,307
Travel and related expenses	79,204	98,601
Depreciation expense	83,100	102,671
Total administrative expenses	<u>\$ 4,549,159</u>	<u>\$ 4,425,007</u>

See accompanying independent auditors' report

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	<u>2007</u>	<u>2006</u>
Actuarial	\$ 136,738	\$ 173,879
Medical	13,328	18,228
Legal	156,204	113,893
Audit	35,406	31,800
Data processing	8,818	14,806
Miscellaneous	15,545	15,701
Total professional/consultant fees	<u>\$ 366,039</u>	<u>\$ 368,307</u>

See accompanying independent auditors' report

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

Board of Trustees  
Teachers' Retirement System of Oklahoma

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the "System"), which is a component unit of the state of Oklahoma, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 5, 2007, which includes an emphasis paragraph related to the System's funded status and includes paragraphs related to required supplementary information and other supplementary information. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance and Other Matters**

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

**Internal Control over Financial Reporting**

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. While we did note certain matters that we reported to management in a separate letter dated November 5, 2007, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Cole & Reed P.C.

Oklahoma City, Oklahoma  
November 5, 2007







Education is a companion which no future can depress,  
no crime can destroy, no enemy can alienate it and no  
nepotism can enslave.

Ropo Oguntimehin



# TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA PROFESSIONAL CONSULTANTS AND ADVISORS

## DOMESTIC EQUITY MANAGERS

Advisory Research, Inc., *All-Cap*  
Chicago, Illinois  
Aletheia Research and Management, Inc., *Large-Cap Growth*  
Santa Monica, California  
Aronson+Johnson+Ortiz, LP, *Mid-Cap Core*  
Philadelphia, Pennsylvania  
Chase Investment Counsel Corp., *Large-Cap Growth*  
Charlottesville, Virginia  
EPOCH Investment Partners, Inc., *All-Cap*  
New York City, New York  
Frontier Capital Management Company, LLC, *Mid-Cap Growth*  
Boston, Massachusetts  
Goldman Sachs & Company, *Large-Cap Growth*  
Tampa, Florida  
Hotchkis & Wiley Capital Management, LL, *Large-Cap Value*  
Los Angeles, California  
Hotchkis & Wiley Capital Management, LL, *Mid-Cap Value*  
Los Angeles, California  
Sawgrass Asset Management, LLC., *Large-Cap Growth*  
Jacksonville Beach, Florida  
Shapiro Capital Management Company, Inc., *Small-Cap Value*  
Atlanta, Georgia  
Smith Asset Management Group, *Small-Cap Growth*  
Dallas, Texas  
Tocqueville Asset Management LP, *Small-Cap Value*  
New York, New York  
Wellington Management Company, LLP, *Mid-Cap Growth*  
Boston, Massachusetts

## DOMESTIC FIXED INCOME MANAGERS

Hoisington Investment Management Company, *Interest Rate Sensitive*  
Austin, Texas  
Loomis, Sayles & Company, LP, *Active*  
Chicago, Illinois  
Lord Abbett & Company LLC, *CORE+*  
Jersey City, New Jersey  
MacKay Shields, LLC, *CORE+*  
New York, New York  
Pacific Investment Management Company, *Active*  
Newport Beach, California  
Standish Mellon Asset Management, *Passive*  
Pittsburgh, Pennsylvania  
Stephens Capital Management, Inc., *Interest Rate Sensitive*  
Little Rock, Arkansas

## INTERNATIONAL EQUITY MANAGERS

Brandes Investment Partners, L.P.  
San Diego, California  
Capital Guardian Trust Company  
San Francisco, California  
Causeway Capital Management LLC  
Los Angeles, California  
Thornburgh Investment Management, Inc.  
Santa Fe, New Mexico

## ADVISORS AND CONSULTANTS

J.P. Morgan Chase Bank, NA, *Global Custodian/Securities Lending*  
Columbus, Ohio  
gregory.w.group, *Investment Consultant*  
Tulsa, Oklahoma/Dallas, Texas  
Gabriel, Roeder, Smith & Company, *Actuarial Consultant*  
Dallas, Texas  
Cole & Reed, P.C., *External Auditor*  
Oklahoma City, Oklahoma  
Office of the Oklahoma Attorney General, *Legal Counsel*  
Oklahoma City, Oklahoma

## Report on Investment Activity

The Teachers' Retirement System of Oklahoma had a gain for fiscal year 2007 of 18.5% based on fair value; three-year and five-year returns were 12.8% and 12.8% respectively (see chart below and graphs on pages 78 and 79). The System's investments increased \$1.322 billion to \$9.602 billion at fiscal year-end.

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

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

### Rates of Return

Periods Ended 06/30/2007	One Year	Three Years	Five Years
Domestic Equity	21.8%	14.3%	14.2%
S&P 500	20.6%	11.7%	10.7%
Rank**	24*	30	19
International Equity	27.7%	21.9%	18.0%
MSCI EAFE	27.5%	22.8%	18.2%
Rank**	59	61	54
Fixed Income	6.7%	4.4%	4.9%
Lehman Aggregate	6.1%	4.0%	4.5%
Rank**	26	54	64
Total Fund	18.5%	12.8%	12.8%
Benchmark***	16.9%	12.1%	11.5%
Rank**	18	29	10

\* Rank 1 is best, 100 worst

\*\* Source of Rankings – TUCS

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

This report prepared by:

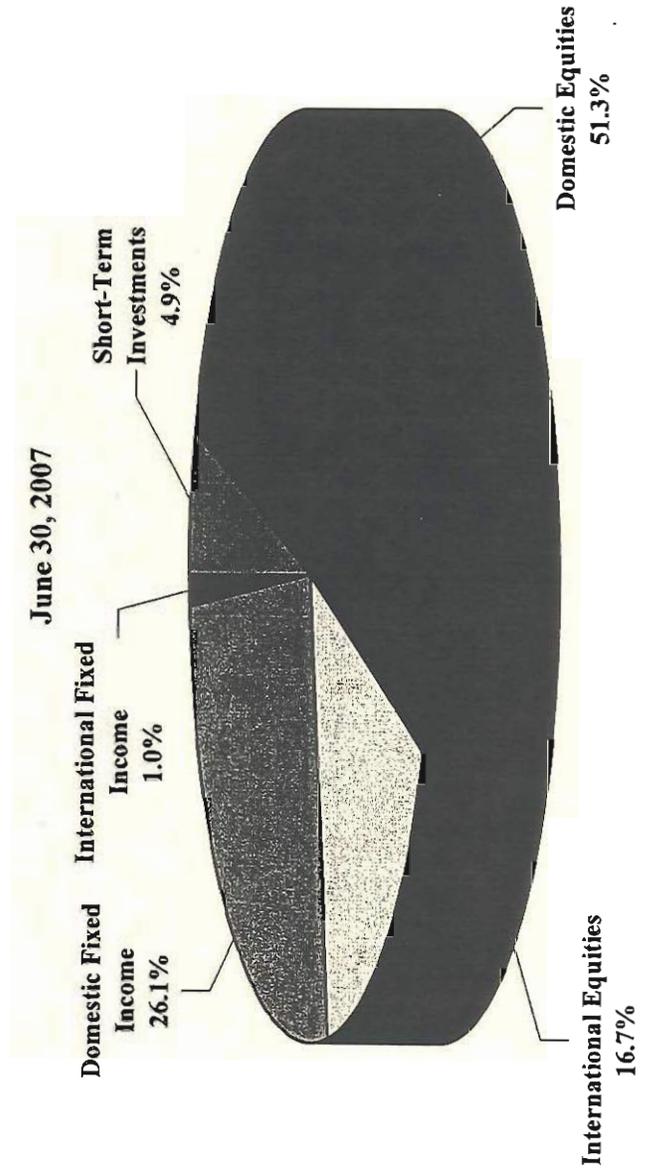
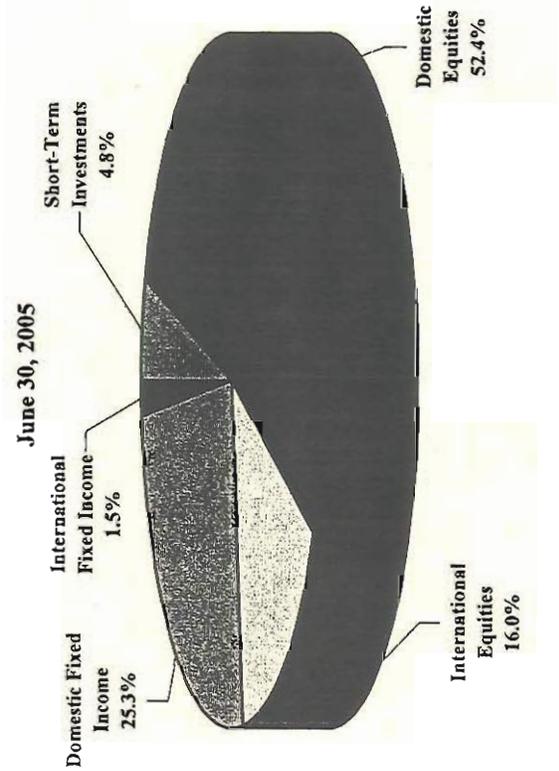
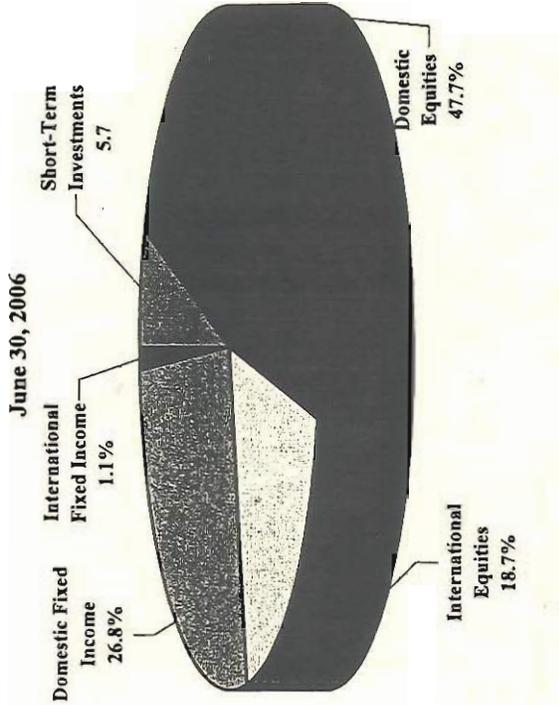
Bill Puckett  
Chief Investment Officer

**Summary of Investments**  
**June 30, 2007**

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage of Total Fair Value</u>
Fixed Income:		
U S Government Securities	\$1,740,096,979	17.7%
Corporate Bonds	835,990,203	8.5%
International Bonds	<u>103,107,148</u>	<u>1.0%</u>
Total Fixed Income	2,679,194,330	27.2%
Equities:		
Domestic	5,052,869,614	51.3%
International	<u>1,640,103,192</u>	<u>16.6%</u>
Total Equities	6,692,972,806	67.9%
Short-Term Investments:		
Commercial Paper	91,379,441	1.0%
Domestic Money Market/Short-Term Notes	339,063,706	3.4%
International Money Market	<u>49,942,184</u>	<u>0.5%</u>
Total Short-Term Investments	<u>480,385,331</u>	<u>4.9%</u>
 Total Investments	 <u>\$9,852,552,467</u>	 <u>100.0%</u>

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

# Asset Allocation at Fair Value



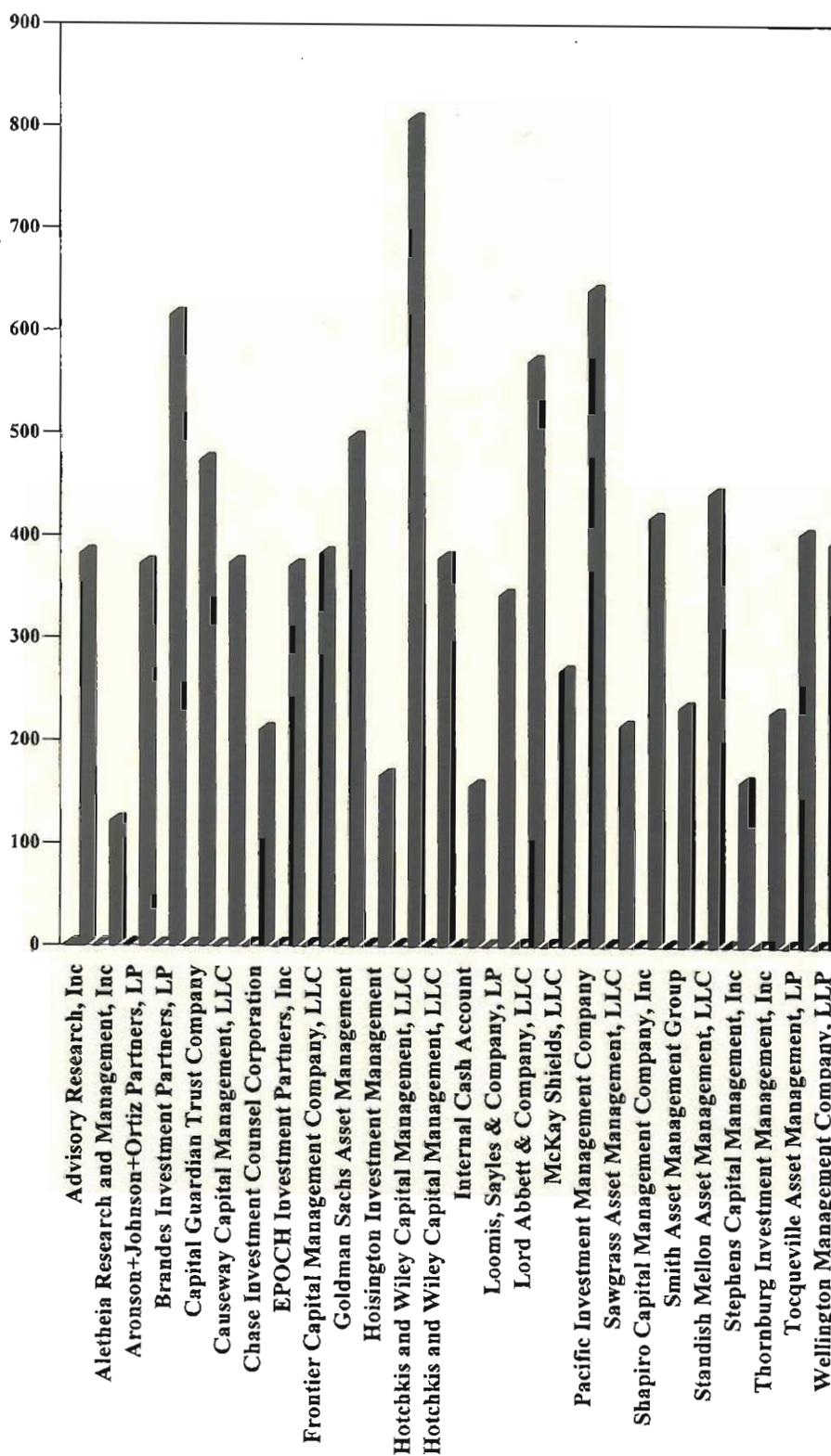
## Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy. Firms employed by the Board of Trustees on June 30, 2007 are listed below:

<u>Manager</u>	<u>Style</u>	<u>Funds Under Management (in millions)</u>
Advisory Research, Inc	All Capitalization	\$382
Aletheia Research and Management, Inc	Large Capitalization Growth	121
Aronson+Johnson+Ortiz Partners, LP	Middle Capitalization Core	372
Brandes Investment Partners, LP	International Equity	614
Capital Guardian Trust Company	International Equity	473
Causeway Capital Management, LLC	International Equity	373
Chase Investment Counsel Corporation	Large Capitalization Growth	210
EPOCH Investment Partners, Inc	All Capitalization	370
Frontier Capital Management Company, LLC	Middle Capitalization Growth	382
Goldman Sachs Asset Management	Large Capitalization Growth	495
Hoisington Investment Management	Fixed Income	166
Hotchkis and Wiley Capital Management, LLC	Large Capitalization Value	806
Hotchkis and Wiley Capital Management, LLC	Middle Capitalization Value	378
Internal Cash Account		156
Loomis, Sayles & Company, LP	Core Plus Fixed Income	342
Lord Abbett & Company, LLC	Core Plus Fixed Income	570
McKay Shields, LLC	Core Plus Fixed Income	267
Pacific Investment Management Company	Core Plus Fixed Income	639
Sawgrass Asset Management, LLC	Large Capitalization Growth	214
Shapiro Capital Management Company, Inc	Small Capitalization Value	417
Smith Asset Management Group	Small Capitalization Growth	232
Standish Mellon Asset Management, LLC	Fixed Income Index	441
Stephens Capital Management, Inc	Interest Rate Sensitive Fixed Income	160
Thornburg Investment Management, Inc	International Equity	227
Tocqueville Asset Management, LP	Small Capitalization Value	402
Wellington Management Company, LLP	Middle Capitalization Growth	<u>393</u>
Total funds under management		<u>\$9,602</u>

Chart on following page.

## Assets Managed (In Millions)



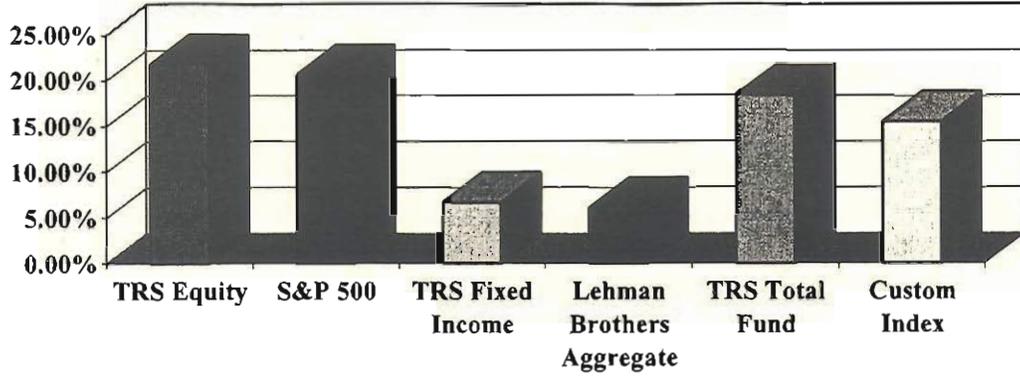
## **Investment Performance**

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

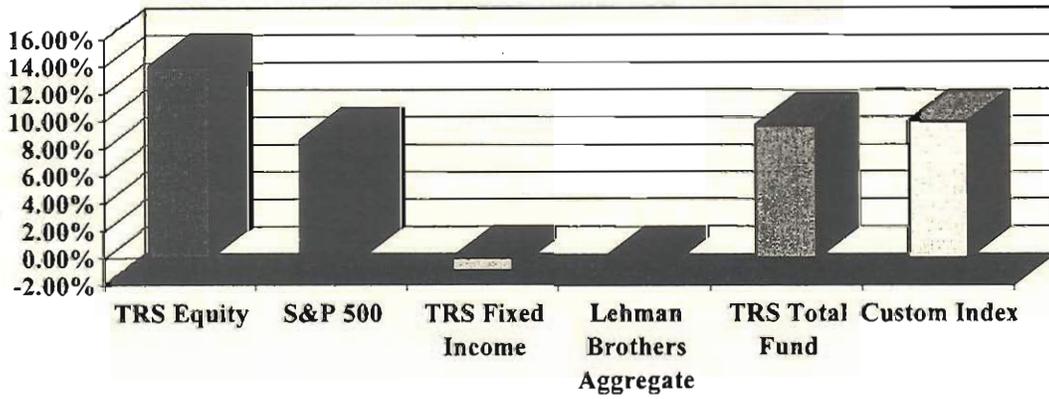
Investment returns achieved through June 30, 2007 have been calculated using a time-weighted rate of return methodology based on market returns.

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

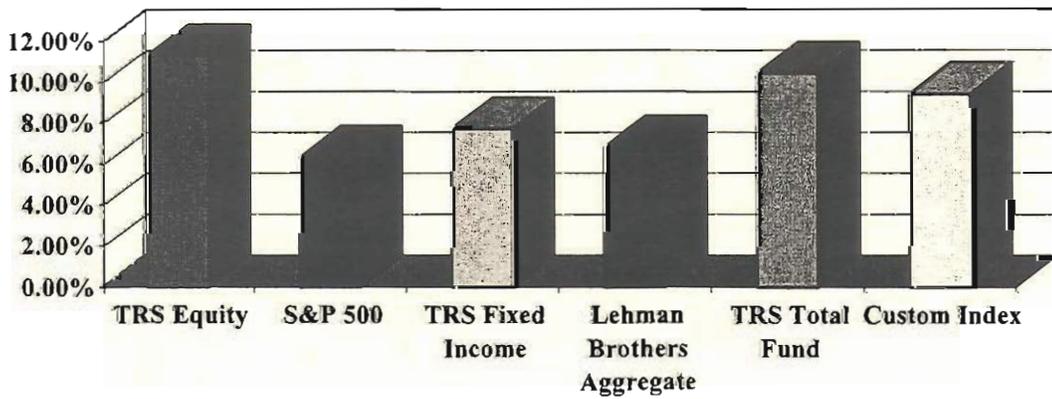
### Comparative Rates of Return Fiscal Year 2007



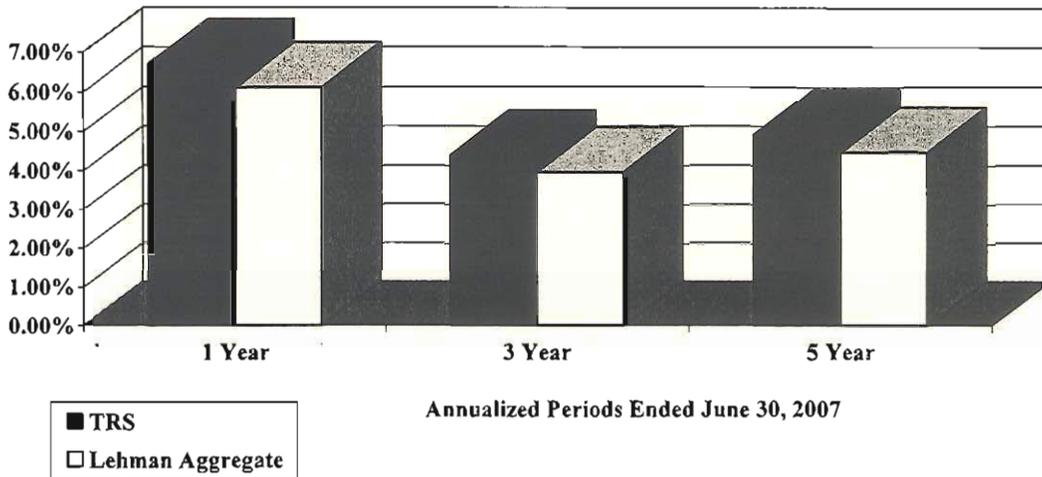
### Comparative Rates of Return Fiscal Year 2006



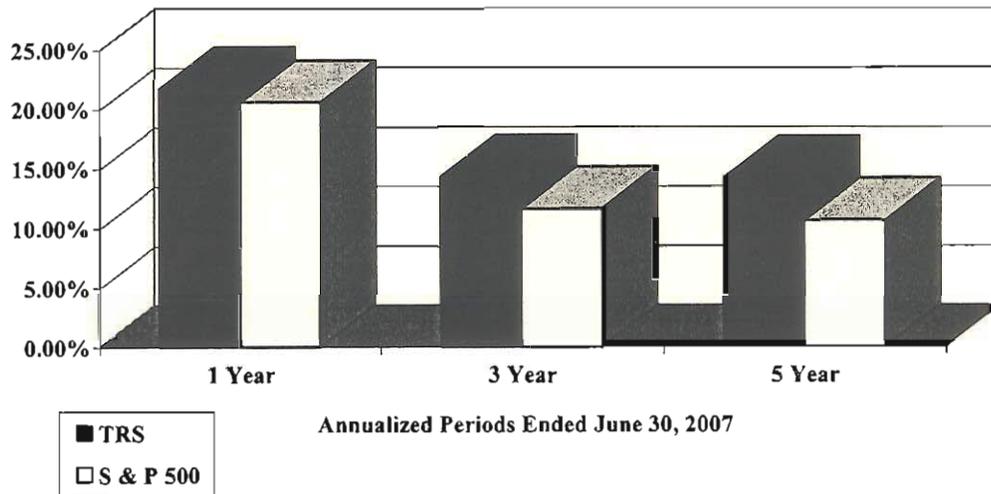
### Comparative Rates of Return Fiscal Year 2005



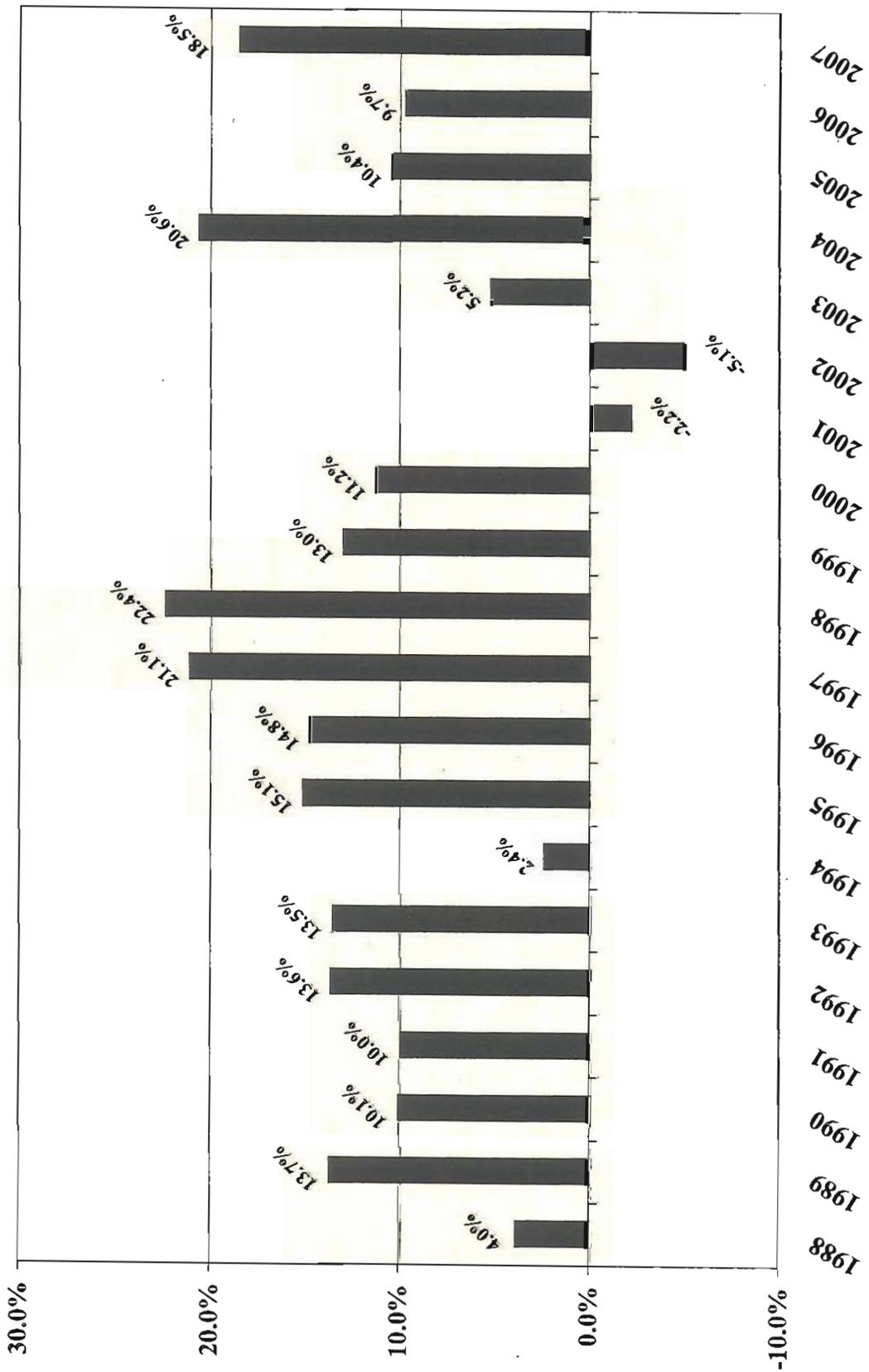
**Annualized Fixed Income Return Comparison  
Lehman Aggregate vs TRS Fixed Income Portfolio**



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



Total Investment Returns for Fiscal Years Ended June 30



## Investment Expenses

Investment fees paid to investment management firms employed by the System were as follows in Fiscal Year 2007.

<u>Investment Manager</u>	<u>Fees Paid</u>
Advisory Research, Inc	\$984,720
Aletheia Research and Management, Inc	561,005
Aronson+Johnson+Ortiz Partners, LP	587,796
Brandes Investment Partners, LP	2,546,002
Capital Guardian Trust Company	1,865,209
Causeway Capital Management, LLC	1,344,184
Chase Investment Counsel Corporation	655,265
EPOCH Investment Partners, Inc	1,149,590
Frontier Capital Management Company, LLC	1,970,479
Goldman Sachs Asset Management	813,560
Hoisington Investment Management	252,643
Hotchkis and Wiley Capital Management, LLC	1,444,789
Hotchkis and Wiley Capital Management, LLC	1,833,287
Loomis, Sayles & Company, LP	626,637
Lord Abbett & Company, LLC	943,624
McKay Shields, LLC	674,855
Pacific Investment Management Company	1,563,975
Sawgrass Asset Management, LLC	708,751
Shapiro Capital Management Company, Inc	3,387,078
Smith Asset Management Group	1,350,617
Standish Mellon Asset Management, LLC	82,356
Stephens Capital Management, Inc	263,786
Thornburg Investment Management, Inc	1,144,138
Tocqueville Asset Management, LP	2,458,921
Wellington Management Company, LLP	<u>1,618,584</u>
Total fees paid	<u>\$30,831,851</u>

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
A G BECKER INC	1,100.00	11.00	0.010
ABEL NOSER	6,301,459.00	74,549.59	0.012
ABG SECURITIES	226,842.00	4,949.85	0.022
ABN-AMRO	1,012,555.00	11,663.43	0.012
ADAMS, HARKNESS & HILL, INC	48,130.00	1,611.90	0.033
ADP CLEARING & OUTSOURCING SERVICES, INC	202,035.00	7,107.27	0.035
ALGORITHM TRADING	47,000.00	940.00	0.020
ALLEN & COMPANY, INC	332,364.00	9,462.78	0.028
AMERICAS GROWTH CAPITAL	8,000.00	400.00	0.050
ARNHOLD & S BLEICHROEDER INC	38,300.00	1,674.00	0.044
AUERBACH GRAYSON	12,005.00	883.81	0.074
AVIAN SECURITIES	167,600.00	3,352.00	0.020
BAIRD, ROBERT W & COMPANY INC	370,493.00	17,985.54	0.049
BALDWIN ANTHONY MCINTYRE	22,480.00	674.40	0.030
BANCAMERICA	2,690,508.00	92,276.58	0.034
BANK BELLEVUE	4,000.00	613.35	0.153
BANK VONTOBEL	13,078.00	3,298.49	0.252
BARNARD JACOBS MELLET & CO	4,300.00	181.21	0.042
BARRINGTON	72,600.00	3,630.00	0.050
BASS TRADING LLC	143,737.00	3,418.73	0.024
BB&T CAPITOL MARKETS	110,100.00	5,505.00	0.050
BEAR STEARNS & COMPANY	7,795,781.00	301,672.70	0.039
BENCHMARK CO.	27,400.00	1,370.00	0.050
BERNSTEIN, SANFORD C. & CO	142,657.00	4,170.14	0.029
BK JULIUS BR, NY	19,512.00	721.92	0.037
BLAIR, WILLIAM & CO	74,687.00	3,687.02	0.049
BLUEFIN RESEARCH	34,400.00	1,720.00	0.050
BMO CAPITAL MARKETS	49,200.00	1,958.83	0.040
BNP PARIBAS SEC CORP	2,666,013.00	55,864.18	0.021
BNY CAPITAL	424,696.00	10,144.12	0.024
BOENNING & SCATTERGOOD	820,200.00	18,454.50	0.023
BRCHHELVEA	5,100.00	2,865.58	0.562
BREAN MURRAY & FOSTER	117,900.00	5,895.00	0.050
BREUBEARINTL	78,933.00	3,616.59	0.046
BROADCORT CAPITAL CORP	51,400.00	2,570.00	0.050
B-TRADE SERVICES LLC	787,600.00	11,705.00	0.015
BUCKINGHAM RESEARCH	194,600.00	6,692.00	0.034
BURNHAM SECURITIES	7,800.00	390.00	0.050
C L KING & ASSOCIATES	9,800.00	490.00	0.050
C. I. NORDIC SECURITIES	72,300.00	1,452.89	0.020
C.E. UNTERBERG, TOWBIN	282,910.00	11,214.60	0.040
CADARET GRANT CO.	1,173,800.00	67,487.00	0.057
CALYON CAPITAL MARKETS ASIA	145,030.00	5,844.15	0.040
CANACCORD ADAMS INC	257,100.00	12,143.00	0.047
CANTOR FITZGERALD & COMPANY INC	14,714,192.00	404,228.77	0.027
CAPITAL INSTITUTIONAL SERVICES INC	2,007,259.00	92,462.54	0.046
CARNEGIE	29,300.00	1,956.08	0.067

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
CAZENOVA	528,074.00	6,350.17	0.012
CDC SECURITIES	287.00	27.79	0.097
CHAPDELAINÉ CORPORATE SECS	43,500.00	1,740.00	0.040
CHEVEREUX	498,700.00	11,013.46	0.022
CIBC OPPENHEIMER CORP/WORLD MARKETS CORP	1,707,866.00	62,021.25	0.036
CITIGROUP GLOBAL MARKETS, INC	8,056,023.00	163,339.45	0.020
CLEVELAND RESEARCH CO	2,800.00	140.00	0.050
CLSA INTERNATIONAL	66,087.00	888.34	0.013
COLLINS STEWART LTD	320,748.00	10,307.21	0.032
CONIFER SECURITIES LLC	168,100.00	6,724.00	0.040
COWEN & CO	264,900.00	14,638.00	0.055
CRAIG HALLUM	96,100.00	4,805.00	0.050
CRED AG INDO CHEVEREUX	101,009.00	9,657.25	0.096
CREDIT LYONNAIS SECURITIES INC.	170,000.00	1,879.28	0.011
CREDIT SUISSE FIRST BOSTON CORPORATION	8,904,916.00	165,784.22	0.019
CROWELL WEEDON	68,900.00	2,793.00	0.041
CRT CAPITAL GROUP LLC	131,463.00	5,583.52	0.042
CS FIRST BOSTON	1,355,872.00	31,004.62	0.023
CUTTONE & COMPANY	54,465.00	1,633.95	0.030
D.A. DAVIDSON & COMPANY, INC.	367,671.00	11,763.05	0.032
DA PARTNERS	1,571,138.00	35,212.40	0.022
DAHLMAN ROSE & CO	48,200.00	2,410.00	0.050
DAIN RAUSCCHER INC	938,626.00	25,791.96	0.027
DAIWA SECURITIES AMERICA	687,162.00	21,189.69	0.031
DANSKE BANK	9,800.00	548.89	0.056
DAVENPORT	100,700.00	3,633.00	0.036
DAVY STOCK BROKER	113,651.00	5,522.83	0.049
DESJARDIN SECURITIES	44,892.00	2,016.49	0.045
DETWILER MITCHELL FENTON	7,500.00	375.00	0.050
DEUTSCHE / DB CLEARING SERVICES	8,377,759.00	153,363.37	0.018
DIRECT TRADING	58,100.00	2,324.00	0.040
DOMINION SECURITIES	484,465.00	18,516.59	0.038
DONALDSON & CO	1,498,000.00	61,622.50	0.041
DOWLING & PARTNERS	109,000.00	4,730.00	0.043
DRESDNER KLEINWORT BENSON	1,575,209.00	21,871.78	0.014
DRU STOCK	183,200.00	3,664.00	0.020
E*TRADE CAPITAL MARKETS	94,720.00	5,183.70	0.055
EDWARDS A G INC	681,975.00	28,121.00	0.041
ENSKILDA SEC	61,550.00	2,700.04	0.044
ESI SECURITIES CO	486,300.00	13,043.00	0.027
EXANE	219,364.00	8,799.71	0.040
EXECUTION LIMITED	773,775.00	20,738.67	0.027
FERRIS, BAKER WATTS, INC.	126,800.00	5,287.00	0.042
FIDELITY CAPITAL MGMT	878,000.00	18,100.75	0.021
FINDENTIIS EQUITIES	24,000.00	1,847.44	0.077
FIRST ALBANY	106,500.00	5,124.00	0.048
FIRST ANALYSIS	199,000.00	9,950.00	0.050

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
FIRST UNION	34,900.00	1,396.00	0.040
FOX PITT KELTON	139,805.00	8,084.66	0.058
FRIEDMAN BILLINGS	356,835.00	13,188.90	0.037
FTN FINANCIAL CAPITAL MARKETS	279,825.00	15,602.50	0.056
G TRADE SERVICES LTD	14,189,035.00	42,181.30	0.003
GABELLI & COMPANY, INC.	326,100.00	19,101.00	0.059
GENUITY CAPITAL MARKETS	31,800.00	1,272.00	0.040
GERARD KLAUER MATTISON AND CO.	20,300.00	812.00	0.040
GMP SECURITIES LTD/MONTREAL	70,100.00	2,602.96	0.037
GOLDMAN SACHS & COMPANY	15,369,335.00	220,775.05	0.014
GOODBODY STOCKBROKERS	90,019.00	4,500.53	0.050
GREEN STREET ADVISORS INC	33,400.00	1,670.00	0.050
GRISWOLD CO, THE	3,794,502.00	149,320.91	0.039
GUNN ALLEN	119,442.00	7,166.52	0.060
GUZMAN	507,700.00	9,928.00	0.020
HAMBRECHT & QUIST	16,900.00	845.00	0.050
HARRIS NESBITT THOMPSON	345,770.00	20,201.20	0.058
HEFLIN & CO., LLC	284,100.00	11,364.00	0.040
HOENIG	30,100.00	1,505.00	0.050
HOWARD WEIL LABOUISSIE FRIEDRICHS INC	13,700.00	685.00	0.050
HSBC SECURITIES INC	385,813.00	13,844.53	0.036
IMPERIAL CAPITAL	76,700.00	3,535.00	0.046
ING BARINGS LLC	369.00	30.18	0.082
INSTINET	5,834,072.00	171,679.49	0.029
INTERMONTE SECURITIES	8,690.00	186.08	0.021
INTERNATIONAL SEC.	37,090.00	1,483.60	0.040
INTERNATIONAL STRATEGY INVESTMENT GROUP	85,253.00	2,595.56	0.030
INVESTEC BANK	2,700.00	195.10	0.072
INVESTMENT TECHNOLOGY GROUP	744,000.00	9,469.81	0.013
ISI GROUP INC	1,015,820.00	41,049.80	0.040
ISI HYMAN	57,750.00	2,310.00	0.040
ITG / POSIT	8,616,033.00	201,816.56	0.023
J P MORGAN CHASE	6,741,974.00	132,503.22	0.020
JAMES CAPEL SECURITIES INC	600.00	24.51	0.041
JANNEY MONTGOMERY SCOTT	17,300.00	346.00	0.020
JEFFERIES & COMPANY INC	8,942,691.00	293,795.47	0.033
JESUP & LAMONT SECURITIES CORP	634,230.00	38,053.80	0.060
JMP SECURITIES	244,100.00	11,135.00	0.046
JNK SECURITIES INC	216,100.00	5,362.00	0.025
JOHNSON RICE	442,239.00	14,329.17	0.032
JONES & ASSOC	6,337,886.00	195,138.17	0.031
KALB, VOORHIS & CO., LLC	41,000.00	922.50	0.023
KAUFMANN BROTHERS	107,000.00	6,420.00	0.060
KBC FINANCIAL PRODUCTS	256,715.00	4,913.00	0.019
KEEFE BRUYETTE AND WOODS INC.	154,128.00	6,837.73	0.044
KELLOGG PARTNERS	54,800.00	1,233.00	0.023
KELLY & CHRISTENSEN INC	254,000.00	5,080.00	0.020

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
KEPLER EQUITIES	36,828.00	2,845.86	0.077
KEYBANC FINANCIAL	532,017.00	23,650.68	0.044
KNIGHT SECURITIES	4,681,181.00	148,548.50	0.032
LA BRANCHE FINANCIAL	2,408,375.00	63,863.25	0.027
LANGEN MCALENNEY	44,400.00	2,220.00	0.050
LAVA TRADING	79,900.00	1,198.50	0.015
LAZARD FRERES & CO	2,844,088.00	85,239.64	0.030
LEERINK SWANN & CO	562,238.00	29,644.52	0.053
LEGG MASON WOOD WALKER, INC.	153,600.00	9,216.00	0.060
LEHMAN BROTHERS	11,457,290.00	341,107.59	0.030
LIQUIDNET	5,657,919.00	110,741.72	0.020
LIVERMORE SECURITIES	61,900.00	1,238.00	0.020
LONGBOW	46,300.00	2,315.00	0.050
LOOP CAPITAL MKTS LLC	229,400.00	2,294.00	0.010
LYNCH JONES RYAN	8,455,264.00	352,031.10	0.042
MACQUARIE	2,091,009.00	33,307.13	0.016
MAIN FIRST BANK	1,900.00	547.96	0.288
MAN GROUP	6,100.00	244.00	0.040
MCDONALD & COMPANY	69,310.00	4,158.60	0.060
MERRILL LYNCH PIERCE FENNER & SMITH INC	22,307,118.00	271,524.54	0.012
MIDWEST RESEARCH	4,136,555.00	58,022.50	0.014
MILETUS TRADING	1,342,406.00	40,272.18	0.030
MILLER, TABAK, HIRSCH & COMPANY	20,900.00	836.00	0.040
MIZUHO INTERNATIONAL	674,377.00	16,601.42	0.025
ML JAVELIN	12,900.00	645.00	0.050
MND PARTNERS	17,900.00	404.00	0.023
MOOORE SCHLEY & CAMERON	71,300.00	1,426.00	0.020
MORGAN KEEGAN & COMPANY, INC	580,400.00	25,080.00	0.043
MORGAN STANLEY DEAN WITTER	18,738,714.00	308,930.19	0.016
MURPHY & DURIEU	309,300.00	6,959.25	0.023
NAT ZURICH BANK	2,140.00	317.99	0.149
NATIONAL BANK OF CANADA	17,200.00	686.64	0.040
NATIONAL FINANCIAL SERVICES CORP	27,700.00	1,108.34	0.040
NCB STOCKBROKERS	19,000.00	1,537.42	0.081
NEEDHAM & CO.	652,238.00	38,000.65	0.058
NEOVEST	16,225.00	324.50	0.020
NESBITT BURNS SECURITIES	757,818.00	17,067.96	0.023
NEW VERNON ASSOCIATES	75,480.00	4,528.80	0.060
NEXT GENERATION	63,775.00	1,913.25	0.030
NIKKO CITIGROUP LIMITED	324,424.00	9,621.77	0.030
NOMURA	1,746,181.00	42,465.64	0.024
NORDIC PARTNERS	15,350.00	650.53	0.042
NORTHLAND SECURITIES INC.	96,300.00	5,778.00	0.060
NUMIS SECURITIES	49,400.00	373.13	0.008
NYFIX TRANSACTION SERVICES	17,100.00	85.50	0.005
O'NEIL, WILLIAM & CO. INC.	41,300.00	929.25	0.023
OTA LIMITED PARTNERSHIP	25,300.00	832.00	0.033

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
PACIFIC CREST SECURITIES INC	112,700.00	2,630.50	0.023
PACIFIC GROWTH	475,900.00	26,509.00	0.056
PAINE WEBBER INC	99,740.00	3,989.60	0.040
PERSHING	113,610.00	6,816.60	0.060
PETRIE PARKMAN	700.00	14.00	0.020
PICKERING ENERGY	9,500.00	475.00	0.050
PICTET	16,162.00	1,305.52	0.081
PIPELINE TRADING SYSTEMS, LLC	553,625.00	10,496.25	0.019
PRITCHARD CAPITAL PARTNERS	4,400.00	220.00	0.050
PRUDENTIAL SECURITIES INC	1,614,371.00	66,503.07	0.041
PULSE TRADING LLC	936,500.00	19,556.25	0.021
RABO SECURITIES	4,200.00	375.42	0.089
RAYMOND JAMES & ASSOC	710,600.00	34,181.50	0.048
RBC CAPITAL MARKETS	303,790.00	15,369.80	0.051
REDBURN	33,700.00	626.88	0.019
REDIPLUS	510,530.00	17,571.41	0.034
REYNDERS GRAY	131,400.00	7,884.00	0.060
REYNOLDS SECURITIES LTD.	69,500.00	4,170.00	0.060
ROBERT BRANDT	22,600.00	904.00	0.040
ROBERT W BAIRD	811,913.00	28,780.05	0.035
ROBINSON HUMPHREY	335,800.00	14,624.00	0.044
ROCHDALE SECURITIES	54,910.00	2,196.40	0.040
ROSENBLATT	432,500.00	8,650.00	0.020
RYAN BECK & CO.	39,900.00	1,995.00	0.050
S G AMERICAS SECURITIES	13,237.00	707.73	0.053
S G WARBURG	68,600.00	10,747.49	0.157
SALOMON SMITH BARNEY	977,744.00	42,539.56	0.044
SAMSUNG	18,036.00	2,840.07	0.157
SANDLER O'NEILL	117,800.00	3,657.00	0.031
SANFORD C. BERSTEIN & CO., INC.	1,492,085.00	51,146.49	0.034
SANTANDER INV.	88,923.00	5,980.09	0.067
SCHONFIELD	39,700.00	297.75	0.008
SCOTIA MCLEOD INC	146,354.00	6,344.09	0.043
SCOTT & STRINGFELLOW	8,100.00	405.00	0.050
SG COWEN SECURITIES CORPORATION	1,064,167.00	31,246.29	0.029
SHEMANO GROUP, THE	164,940.00	4,947.60	0.030
SHIELDS CAPITOL CORP	13,800.00	690.00	0.050
SIDOTI AND CO	1,320.00	52.80	0.040
SIMMONS	308,808.00	15,024.08	0.049
SOCIETE GENERALE	18,541.00	1,584.57	0.085
SOLEIL SECURITIES	314,000.00	10,060.00	0.032
SOUTHCOAST CAPITAL	4,800.00	240.00	0.050
STANFORD GROUP	91,000.00	4,495.00	0.049
STATE STREET BROKERAGE SVCS INC.	40,207,084.00	215,470.64	0.005
STEPHENS, INC.	75,300.00	2,488.00	0.033
STERNE, AGEE & LEACH	50,000.00	2,000.00	0.040
STIFEL NICOLAUS & CO INC	612,600.00	28,173.00	0.046

**Brokerage Commissions Paid  
Fiscal Year 2007**

<u>Brokerage Firm</u>	<u>Shares</u>	<u>Commission</u>	<u>Per Share</u>
SUNTRUST	135,000.00	6,186.00	0.046
SUSQUEHANNA BROKERAGE SERVICES	1,214,146.00	17,752.92	0.015
SVENSKA HANDELSBANKEN	1,500.00	42.33	0.028
TD NEWCREST	21,270.00	855.66	0.040
THEMIS TRADING, LLC	1,548,367.00	28,408.08	0.018
THINK EQUITY PARTNERS LLC	4,600.00	184.00	0.040
THOMAS WEISEL PARTNERS, LLC	416,600.00	16,057.50	0.039
TORONTO DOMINION SECURITIES	163,800.00	6,065.11	0.037
TRINITY TRADING	131,100.00	2,622.00	0.020
TULLET & TOKYO LIBERTY SECURITIES INC	117,100.00	3,498.00	0.030
U.S. BANCORP PIPER JAFFRAY	274,300.00	12,367.80	0.045
UBD SECURITIES DISCOUNT	258,042.00	1,973.46	0.008
UBS WARBURG DILLON READ INC. - SWISS BAN	15,476,155.00	295,157.18	0.019
UNTERBERG HARRIS & DESANTIS	37,300.00	1,865.00	0.050
UNX	26,300.00	394.50	0.015
WACHOVIA BANK	3,171,423.00	123,451.20	0.039
WAVE SECURITIES LLC	3,300.00	33.00	0.010
WEDBUSH MORGAN SECURITIES, INC	1,051,498.00	54,195.90	0.052
WEEDEN & COMPANY	3,447,703.00	79,379.27	0.023
WEST PAC	46,800.00	1,892.30	0.040
WESTLB PANMURE LIMITED	63,200.00	2,605.99	0.041
WHITE CAP	80,500.00	1,647.25	0.020
WILLIAM BLAIR	1,099,624.00	44,999.77	0.041
WILLIAM ONEIL & COMPANY	50,600.00	1,138.50	0.023
WILLIAMS CAPITAL	166,595.00	7,443.80	0.045
YAMNER & CO.	720,200.00	7,202.00	0.010
Z & Z SECURITIES	<u>2,557,228.00</u>	<u>76,716.84</u>	<u>0.030</u>
Gross Commissions	340,705,405.00	7,547,690.08	0.022
Less Commission Rebates Received		<u>(705,254.40)</u>	
Net Commissions		6,842,435.68	0.020

Transactions whose commission cost is zero are not included.

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>COMMERCIAL PAPER</u>			<u>MATURITY</u>	<u>MARKET</u>	<u>DOMESTIC</u>			<u>MATURITY</u>	<u>MARKET</u>
	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>		
BANKAMERICA CORP		07/20/2007	9,129,560.71	FEDERAL HOME LOAN MORTGAGE	5.750	01/15/2012	1,274,225.00		
BANKAMERICA CORP		09/21/2007	5,962,811.00	FEDERAL HOME LOAN MORTGAGE	6.250	07/15/2032	271,015.00		
BANKAMERICA CORP		09/25/2007	98,160.26	FEDERAL HOME LOAN MORTGAGE	6.875	09/15/2010	419,500.00		
BARCLAYS U.S. FDG		08/29/2007	394,643.56	FEDERAL HOME LOAN MORTGAGE	7.000	03/15/2010	1,671,504.00		
GENERAL ELEC	5.070	07/30/2007	6,135,290.00	FEDERAL NATIONAL MORTGAGE	1.750	03/26/2008	1,223,551.56		
HBOS TREASURY	5.240	08/28/2007	21,005,749.38	FEDERAL NATIONAL MORTGAGE	3.375	12/15/2008	1,851,322.00		
SOCIETE GEN NO AMER	5.250	09/19/2007	29,696,542.94	FEDERAL NATIONAL MORTGAGE	3.875	02/15/2010	4,843,750.00		
UBS FINANCE	1.000	10/15/2007	18,660,485.83	FEDERAL NATIONAL MORTGAGE	4.125	04/15/2014	5,996,500.50		
UBS FINANCE			<u>296,197.38</u>	FEDERAL NATIONAL MORTGAGE	4.375	03/15/2013	6,193,265.00		
<b>TOTAL COMMERCIAL PAPER</b>			<b>91,379,441.06</b>	FEDERAL NATIONAL MORTGAGE	4.625	05/01/2013	1,773,687.50		
				FEDERAL NATIONAL MORTGAGE	4.625	10/15/2013	1,126,221.68		
				FEDERAL NATIONAL MORTGAGE	4.625	10/15/2013	4,900,794.00		
				FEDERAL NATIONAL MORTGAGE	4.625	10/15/2014	314,945.40		
				FEDERAL NATIONAL MORTGAGE	4.625	10/15/2014	4,771,900.00		
				FEDERAL NATIONAL MORTGAGE	5.000	03/15/2016	969,690.00		
				FEDERAL NATIONAL MORTGAGE	5.125	01/02/2014	879,471.00		
				FEDERAL NATIONAL MORTGAGE	5.150	11/21/2007	93,911,640.00		
				FEDERAL NATIONAL MORTGAGE	5.250	01/15/2009	1,200,000.00		
				FEDERAL NATIONAL MORTGAGE	5.500	03/15/2011	5,344,732.00		
				FEDERAL NATIONAL MORTGAGE	6.000	05/15/2011	1,231,500.00		
				FEDERAL NATIONAL MORTGAGE	6.250	02/01/2011	2,330,407.20		
				FEDERAL NATIONAL MORTGAGE	6.250	02/01/2011	1,653,504.00		
				FEDERAL NATIONAL MORTGAGE	6.375	06/15/2009	1,709,605.24		
				FEDERAL NATIONAL MORTGAGE	6.625	09/15/2009	823,504.00		
				FEDERAL NATIONAL MORTGAGE	6.625	09/15/2009	2,367,574.00		
				FEDERAL NATIONAL MORTGAGE	6.625	11/15/2010	1,930,364.00		
				FEDERAL NATIONAL MORTGAGE	7.250	05/15/2030	1,762,950.00		
				FHLB	5.750	05/15/2012	867,263.50		
				FINANCING CORP	10.350	08/03/2018	671,573.53		
				FNMA	4.375	09/15/2012	4,888,044.00		
				FREDDIE MAC	4.750	01/19/2016	4,768,750.00		
				FREDDIE MAC	4.875	11/15/2013	6,818,420.00		
				FREDDIE MAC	6.625	09/15/2009	1,647,008.00		
				TENNESSEE VALLEY AUTHORITY	5.800	04/01/2036	385,059.00		
				U S GOVERNMENT NATIONAL	4.625	11/15/2016	6,716,140.20		
				U S GOVERNMENT NATIONAL	4.625	11/15/2016	726,855.00		
				U S GOVERNMENT NATIONAL	4.875	08/15/2009	2,498,250.00		
				U S OF AMER TREAS BONDS	2.375	01/15/2025	20,203,093.98		
				U S OF AMER TREAS BONDS	4.500	02/15/2016	2,057,777.05		
				U S OF AMER TREAS BONDS	4.500	02/15/2016	5,782,980.00		
				U S OF AMER TREAS BONDS	4.500	02/15/2036	16,026,819.00		
				U S OF AMER TREAS BONDS	4.500	02/15/2036	16,578,250.23		
				U S OF AMER TREAS BONDS	4.500	02/15/2036	18,055,977.27		
				U S OF AMER TREAS BONDS	4.500	02/15/2036	1,276,712.70		
				U S OF AMER TREAS BONDS	4.750	02/15/2037	4,903,028.00		
				U S OF AMER TREAS BONDS	4.750	02/15/2037	1,225,757.00		
				U S OF AMER TREAS BONDS	5.250	11/15/2028	16,737,366.24		
				U S OF AMER TREAS BONDS	5.250	11/15/2028	805,504.00		
				U S OF AMER TREAS BONDS	5.250	02/15/2029	17,546,897.76		
				U S OF AMER TREAS BONDS	5.375	02/15/2031	1,987,012.80		
				U S OF AMER TREAS BONDS	5.375	02/15/2031	1,129,568.00		
				U S OF AMER TREAS BONDS	5.375	02/15/2031	1,237,390.40		
				U S OF AMER TREAS BONDS	5.500	08/15/2028	9,609,621.46		
				U S OF AMER TREAS BONDS	5.500	08/15/2028	643,200.40		
				U S OF AMER TREAS BONDS	6.125	11/15/2027	9,559,323.81		
				U S OF AMER TREAS BONDS	6.125	11/15/2027	557,265.00		
				U S OF AMER TREAS BONDS	6.125	08/15/2029	9,583,975.68		

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>
U S OF AMER TREAS BONDS	6.125	08/15/2029	1,200,240.40	U S OF AMER TREAS NOTES	4.625	02/15/2017	3,263,642.80
U S OF AMER TREAS BONDS	6.250	08/15/2023	2,592,760.65	U S OF AMER TREAS NOTES	4.625	02/15/2017	2,004,670.80
U S OF AMER TREAS BONDS	6.375	08/15/2027	1,143,130.00	U S OF AMER TREAS NOTES	4.750	11/15/2008	3,289,440.00
U S OF AMER TREAS BONDS	6.500	11/15/2026	1,328,434.00	U S OF AMER TREAS NOTES	4.750	03/31/2011	1,790,010.00
U S OF AMER TREAS BONDS	6.625	02/15/2027	679,417.80	U S OF AMER TREAS NOTES	4.750	05/15/2014	711,000.00
U S OF AMER TREAS BONDS	6.875	08/15/2025	238,266.00	U S OF AMER TREAS NOTES	4.875	10/31/2008	5,691,963.00
U S OF AMER TREAS BONDS	7.125	02/15/2023	1,032,404.20	U S OF AMER TREAS NOTES	4.875	04/30/2011	1,597,632.00
U S OF AMER TREAS BONDS	7.250	05/15/2016	1,155,700.00	U S OF AMER TREAS NOTES	4.875	07/31/2011	7,689,143.00
U S OF AMER TREAS BONDS	7.500	11/15/2016	1,656,916.50	U S OF AMER TREAS NOTES	4.875	02/15/2012	1,548,062.50
U S OF AMER TREAS BONDS	8.000	11/15/2021	2,175,065.00	U S OF AMER TREAS NOTES	4.875	08/15/2016	1,827,300.50
U S OF AMER TREAS BONDS	8.125	08/15/2019	2,421,574.95	U S OF AMER TREAS NOTES	5.000	02/15/2011	3,716,761.00
U S OF AMER TREAS BONDS	8.125	05/15/2021	1,221,491.00	U S OF AMER TREAS NOTES	5.000	08/15/2011	1,406,132.00
U S OF AMER TREAS BONDS	8.750	05/15/2017	3,613,125.00	U S OF AMER TREAS NOTES	5.125	06/30/2011	1,410,612.00
U S OF AMER TREAS BONDS	8.750	05/15/2020	5,146,170.20	U S OF AMER TREAS NOTES	5.125	05/15/2016	603,378.00
U S OF AMER TREAS BONDS	8.875	08/15/2017	647,735.00	U S OF AMER TREAS NOTES	5.625	05/15/2008	703,500.00
U S OF AMER TREAS BONDS	9.250	02/15/2016	129,172.00	U S OF AMER TREAS NOTES	6.000	08/15/2009	4,699,544.00
U S OF AMER TREAS BONDS	10.375	11/15/2012	917,154.00	U S OF AMER TREAS NOTES	6.250	05/15/2030	1,302,985.80
U S OF AMER TREAS BONDS	12.000	08/15/2013	1,076,020.00	U S OF AMER TREAS NOTES	6.250	05/15/2030	1,428,712.50
U S OF AMER TREAS BONDS	12.500	08/15/2014	2,645,713.00	U S OF AMER TREAS NOTES	6.500	02/15/2010	1,558,005.00
U S OF AMER TREAS BONDS	13.250	05/15/2014	3,210,816.00	U S OF AMER TREAS STRIP		11/15/2021	27,548,820.00
U S OF AMER TREAS NOTES	3.375	12/15/2008	1,486,514.40	U S OF AMER TREAS STRIP		11/15/2027	56,833,210.00
U S OF AMER TREAS NOTES	3.375	09/15/2009	2,208,750.00	U S OF AMER TREAS STRIP		11/15/2028	8,877,216.00
U S OF AMER TREAS NOTES	3.375	09/15/2009	3,681,250.00	U S OF AMER TREAS STRIP		02/15/2029	8,880,840.00
U S OF AMER TREAS NOTES	3.375	10/15/2009	2,036,587.50	U S OF AMER TREAS STRIP		05/15/2030	8,880,586.00
U S OF AMER TREAS NOTES	3.625	05/15/2013	5,142,060.00	U S OF AMER TREAS STRIP		02/15/2036	5,552,610.72
U S OF AMER TREAS NOTES	3.875	05/15/2010	306,510.75	FANNIE MAE	6.000	08/01/2017	183,307.49
U S OF AMER TREAS NOTES	3.875	09/15/2010	5,229,162.40	FEDERAL HOME LOAN MORTGAGE	4.000	05/01/2019	197,202.47
U S OF AMER TREAS NOTES	3.875	02/15/2013	8,552,678.85	FEDERAL HOME LOAN MORTGAGE	4.500	08/01/2018	3,531,655.73
U S OF AMER TREAS NOTES	3.875	02/15/2013	1,044,747.00	FEDERAL HOME LOAN MORTGAGE	4.500	10/01/2018	545,285.39
U S OF AMER TREAS NOTES	4.000	11/15/2012	2,363,121.55	FEDERAL HOME LOAN MORTGAGE	4.500	04/01/2019	367,065.22
U S OF AMER TREAS NOTES	4.000	11/15/2012	2,123,454.05	FEDERAL HOME LOAN MORTGAGE	5.000	01/01/2018	320,283.79
U S OF AMER TREAS NOTES	4.000	11/15/2012	6,710,690.00	FEDERAL HOME LOAN MORTGAGE	5.000	10/01/2019	3,060,079.45
U S OF AMER TREAS NOTES	4.000	02/15/2014	1,680,286.00	FEDERAL HOME LOAN MORTGAGE	5.000	04/01/2020	1,327,958.75
U S OF AMER TREAS NOTES	4.000	02/15/2014	435,454.40	FEDERAL HOME LOAN MORTGAGE	5.000	05/01/2020	849,670.84
U S OF AMER TREAS NOTES	4.000	02/15/2014	5,679,840.00	FEDERAL HOME LOAN MORTGAGE	5.000	07/01/2020	3,616,267.28
U S OF AMER TREAS NOTES	4.000	02/15/2015	777,220.30	FEDERAL HOME LOAN MORTGAGE	5.000	08/01/2020	151,956.85
U S OF AMER TREAS NOTES	4.000	02/15/2015	5,618,460.00	FEDERAL HOME LOAN MORTGAGE	5.000	10/01/2020	1,040,259.87
U S OF AMER TREAS NOTES	4.125	05/15/2015	537,179.40	FEDERAL HOME LOAN MORTGAGE	5.000	06/01/2021	1,624,741.51
U S OF AMER TREAS NOTES	4.125	05/15/2015	6,125,730.00	FEDERAL HOME LOAN MORTGAGE	5.000	09/01/2033	1,100,316.97
U S OF AMER TREAS NOTES	4.250	01/15/2011	1,468,365.00	FEDERAL HOME LOAN MORTGAGE	5.000	10/01/2033	1,399,161.40
U S OF AMER TREAS NOTES	4.250	08/15/2013	2,317,320.00	FEDERAL HOME LOAN MORTGAGE	5.000	05/01/2034	528,896.75
U S OF AMER TREAS NOTES	4.250	11/15/2013	2,888,190.00	FEDERAL HOME LOAN MORTGAGE	5.000	06/01/2035	8,588,596.54
U S OF AMER TREAS NOTES	4.250	08/15/2014	1,683,545.60	FEDERAL HOME LOAN MORTGAGE	5.000	04/01/2036	258,224.71
U S OF AMER TREAS NOTES	4.250	11/15/2014	477,070.00	FEDERAL HOME LOAN MORTGAGE	5.500	03/01/2023	706,212.82
U S OF AMER TREAS NOTES	4.250	11/15/2014	5,724,840.00	FEDERAL HOME LOAN MORTGAGE	5.500	09/01/2033	251,299.65
U S OF AMER TREAS NOTES	4.250	08/15/2015	4,554,384.00	FEDERAL HOME LOAN MORTGAGE	5.500	01/01/2035	195,067.65
U S OF AMER TREAS NOTES	4.375	12/15/2010	147,550.50	FEDERAL HOME LOAN MORTGAGE	5.500	09/01/2035	415,444.69
U S OF AMER TREAS NOTES	4.375	08/15/2012	4,574,325.60	FEDERAL HOME LOAN MORTGAGE	5.500	03/01/2036	352,554.61
U S OF AMER TREAS NOTES	4.375	08/15/2012	2,199,195.00	FEDERAL HOME LOAN MORTGAGE	6.000	08/01/2017	180,605.24
U S OF AMER TREAS NOTES	4.375	08/15/2012	4,887,100.00	FEDERAL HOME LOAN MORTGAGE	6.000	10/01/2034	231,017.00
U S OF AMER TREAS NOTES	4.500	11/15/2010	1,284,361.00	FEDERAL HOME LOAN MORTGAGE	6.500	05/01/2013	65,529.54
U S OF AMER TREAS NOTES	4.500	02/28/2011	1,479,615.00	FEDERAL HOME LOAN MORTGAGE	7.000	11/01/2030	16,751.34
U S OF AMER TREAS NOTES	4.500	09/30/2011	6,885,130.00	FEDERAL HOME LOAN MORTGAGE	8.000	02/01/2030	14,790.21
U S OF AMER TREAS NOTES	4.500	11/30/2011	6,880,790.00	FEDERAL HOME LOAN MORTGAGE		11/01/2036	3,196,400.34
U S OF AMER TREAS NOTES	4.500	03/31/2012	1,963,440.00	FEDERAL NATIONAL MORTGAGE	4.000	09/01/2011	195,755.09
U S OF AMER TREAS NOTES	4.500	11/15/2015	5,690,727.00	FEDERAL NATIONAL MORTGAGE	4.000	09/01/2018	1,058,887.05
U S OF AMER TREAS NOTES	4.625	11/30/2008	5,378,076.00	FEDERAL NATIONAL MORTGAGE	4.000	06/01/2019	258,812.82

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FEDERAL NATIONAL MORTGAGE	4.500	06/01/2010	251,061.82	FEDERAL NATIONAL MORTGAGE	6.000	11/01/2034	75,185.20
FEDERAL NATIONAL MORTGAGE	4.500	04/01/2018	1,128,585.68	FEDERAL NATIONAL MORTGAGE	6.000	08/01/2035	237,992.96
FEDERAL NATIONAL MORTGAGE	4.500	05/01/2018	551,782.10	FEDERAL NATIONAL MORTGAGE	6.000	02/01/2036	642,934.94
FEDERAL NATIONAL MORTGAGE	4.500	10/01/2018	337,363.45	FEDERAL NATIONAL MORTGAGE	6.000	09/01/2036	606,705.53
FEDERAL NATIONAL MORTGAGE	4.500	08/01/2023	246,336.84	FEDERAL NATIONAL MORTGAGE	6.000	10/01/2036	934,955.33
FEDERAL NATIONAL MORTGAGE	4.500	12/01/2034	2,303,260.80	FEDERAL NATIONAL MORTGAGE	6.500	02/01/2017	60,960.55
FEDERAL NATIONAL MORTGAGE	5.000	10/01/2017	325,560.84	FEDERAL NATIONAL MORTGAGE	6.500	03/01/2017	23,530.08
FEDERAL NATIONAL MORTGAGE	5.000	04/01/2018	368,605.05	FEDERAL NATIONAL MORTGAGE	6.500	08/01/2028	45,595.50
FEDERAL NATIONAL MORTGAGE	5.000	07/01/2018	868,060.09	FEDERAL NATIONAL MORTGAGE	6.500	10/01/2028	28,545.39
FEDERAL NATIONAL MORTGAGE	5.000	06/01/2020	323,125.99	FEDERAL NATIONAL MORTGAGE	6.500	07/01/2032	144,170.43
FEDERAL NATIONAL MORTGAGE	5.000	10/01/2020	1,146,909.15	FEDERAL NATIONAL MORTGAGE	6.500	08/01/2032	141,239.58
FEDERAL NATIONAL MORTGAGE	5.000	04/01/2024	94,732.83	FEDERAL NATIONAL MORTGAGE	6.500	07/15/2036	14,131,320.00
FEDERAL NATIONAL MORTGAGE	5.000	09/01/2033	1,114,978.16	FEDERAL NATIONAL MORTGAGE	7.000	01/01/2008	1,441.72
FEDERAL NATIONAL MORTGAGE	5.000	10/01/2033	1,902,867.80	FEDERAL NATIONAL MORTGAGE			1,128,349.07
FEDERAL NATIONAL MORTGAGE	5.000	10/01/2033	416,252.31	FEDERAL NATIONAL MORTGAGE		11/01/2034	4,189,162.71
FEDERAL NATIONAL MORTGAGE	5.000	12/01/2033	1,224,098.69	FEDERAL NATIONAL MORTGAGE		01/01/2035	949,789.53
FEDERAL NATIONAL MORTGAGE	5.000	04/01/2035	331,809.80	FEDERAL NATIONAL MORTGAGE		06/01/2045	708,554.30
FEDERAL NATIONAL MORTGAGE	5.000	07/01/2035	6,074,871.59	FGPC	4.500	03/01/2018	235,831.99
FEDERAL NATIONAL MORTGAGE	5.000	05/01/2036	263,753.32	FGPC	5.000	03/01/2018	783,149.65
FEDERAL NATIONAL MORTGAGE	5.000		49,186,200.00	FGPC	6.000	10/01/2032	178,148.91
FEDERAL NATIONAL MORTGAGE	5.500	09/01/2019	131,037.43	FHLMC CORP PC GROUP	6.000	09/01/2016	180,055.30
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2033	1,499,251.22	FHLMC CORP PC GROUP	6.500	06/01/2031	59,828.55
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2033	4,943,702.97	FHLMC CORP PC GROUP	6.500	09/01/2031	86,904.94
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2033	836,737.70	FHLMC CORP PC GROUP	6.500	11/01/2031	54,220.47
FEDERAL NATIONAL MORTGAGE	5.500	07/01/2033	946,614.86	FHLMC CORP PC GROUP	8.000	04/01/2022	22,119.60
FEDERAL NATIONAL MORTGAGE	5.500	09/01/2033	169,171.41	FHLMC CORP PC GROUP	8.500	05/01/2021	5,015.88
FEDERAL NATIONAL MORTGAGE	5.500	10/01/2033	204.31	FHLMC CORP PC GROUP	8.500	06/01/2021	2,001.31
FEDERAL NATIONAL MORTGAGE	5.500	10/01/2033	2,365,981.26	FHLMC CORP PC GROUP	9.000	11/01/2021	1,919.03
FEDERAL NATIONAL MORTGAGE	5.500	10/01/2033	1,971,310.46	FHLMC CORP PC GROUP	9.500	10/01/2020	2,999.50
FEDERAL NATIONAL MORTGAGE	5.500	10/01/2033	289,417.96	FHLMC CORP PC GROUP	13.000	09/01/2015	19,440.20
FEDERAL NATIONAL MORTGAGE	5.500	01/01/2034	428,285.73	FHLMC GOLD PC POOL	4.500	05/01/2018	378,890.13
FEDERAL NATIONAL MORTGAGE	5.500	04/01/2034	4,343,359.37	FHLMC GOLD PC POOL	5.500	03/01/2033	1,228,136.61
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2034	3,774,982.61	FHLMC GOLD TBA	5.500		492,345.00
FEDERAL NATIONAL MORTGAGE	5.500	07/01/2034	1,828,459.00	FHLMC GOLD TBA	5.500		3,857,520.00
FEDERAL NATIONAL MORTGAGE	5.500	07/01/2034	1,094,857.21	FHLMC MORTPASS	5.329	03/01/2037	643,798.97
FEDERAL NATIONAL MORTGAGE	5.500	02/01/2035	1,661,892.12	FHLMC MORTPASS	5.483	10/01/2036	2,253,429.78
FEDERAL NATIONAL MORTGAGE	5.500	02/01/2035	1,367,957.83	FHLMC MORTPASS	5.502	02/01/2037	954,617.60
FEDERAL NATIONAL MORTGAGE	5.500	05/01/2035	351,606.77	FHLMC MORTPASS	5.653	04/01/2036	483,295.45
FEDERAL NATIONAL MORTGAGE	5.500	05/01/2035	150,109.98	FHLMC MORTPASS	5.686	11/01/2035	3,151,087.72
FEDERAL NATIONAL MORTGAGE	5.500	05/01/2035	419,034.88	FHLMC MORTPASS	5.871	11/01/2036	4,711,532.66
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2035	331,271.10	FHLMC MORTPASS	8.500	06/01/2018	3,450.45
FEDERAL NATIONAL MORTGAGE	5.500	06/01/2035	370,114.54	FHLMC MORTPASS	8.500	05/01/2019	424.98
FEDERAL NATIONAL MORTGAGE	5.500	11/01/2035	1,311,394.40	FHLMC MORTPASS	9.000	10/01/2016	646.29
FEDERAL NATIONAL MORTGAGE	5.500	03/01/2036	10,894,183.15	FHLMC MORTPASS	9.000	06/01/2018	3,124.21
FEDERAL NATIONAL MORTGAGE	5.500	04/01/2036	2,976,302.45	FHLMC MORTPASS	9.500	07/01/2018	1,247.56
FEDERAL NATIONAL MORTGAGE	5.500	04/01/2036	8,626,664.88	FHLMC MORTPASS	9.500	11/01/2019	13,438.51
FEDERAL NATIONAL MORTGAGE	5.500	05/01/2037	6,748,802.60	FHLMC MORTPASS	9.500	03/01/2020	3,576.79
FEDERAL NATIONAL MORTGAGE	6.000	06/01/2016	661,471.75	FHLMC MORTPASS	10.000	02/01/2018	1,252.65
FEDERAL NATIONAL MORTGAGE	6.000	10/01/2022	1,081,605.15	FHLMC MORTPASS	10.000	11/01/2018	858.99
FEDERAL NATIONAL MORTGAGE	6.000	07/01/2024	157,880.65	FHLMC MORTPASS	12.500	02/01/2011	4,940.93
FEDERAL NATIONAL MORTGAGE	6.000	02/01/2032	403,029.67	FHLMC MORTPASS	12.500	02/01/2014	32,233.42
FEDERAL NATIONAL MORTGAGE	6.000	09/01/2032	69,023.60	FHLMC MORTPASS	13.500	10/01/2010	4,198.00
FEDERAL NATIONAL MORTGAGE	6.000	11/01/2032	886,831.75	FHLMC MORTPASS	13.500	10/01/2014	38,079.95
FEDERAL NATIONAL MORTGAGE	6.000	04/01/2033	150,155.75	FHLMC MORTPASS		04/01/2032	390,607.10
FEDERAL NATIONAL MORTGAGE	6.000	05/01/2033	384,289.36	FHLMC MORTPASS		07/01/2032	191,143.13
FEDERAL NATIONAL MORTGAGE	6.000	11/01/2034	341,244.08	FHLMC MORTPASS		01/01/2034	2,371,425.99
FEDERAL NATIONAL MORTGAGE	6.000	11/01/2034	2,789,558.46	FHLMC MORTPASS		02/01/2034	740,536.87

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>
FHLMC MORTPASS		02/01/2035	969,458.02	FHLMCGLD MORTPASS	5.000	03/01/2024	110,141.64
FHLMC MORTPASS		03/01/2035	2,871,763.17	FHLMCGLD MORTPASS	5.000	10/01/2025	682,153.36
FHLMC MORTPASS		03/01/2035	1,322,489.57	FHLMCGLD MORTPASS	5.000	06/01/2033	581,684.74
FHLMC MORTPASS		08/01/2035	1,217,152.16	FHLMCGLD MORTPASS	5.000	08/01/2033	790,602.30
FHLMC MORTPASS		10/01/2036	2,580,636.86	FHLMCGLD MORTPASS	5.000	11/01/2033	1,002,585.52
FHLMCGLD MORTPASS	4.000	08/01/2008	177,779.77	FHLMCGLD MORTPASS	5.000	06/01/2034	908,171.28
FHLMCGLD MORTPASS	4.000	11/01/2010	281,644.09	FHLMCGLD MORTPASS	5.000	07/01/2034	787,234.41
FHLMCGLD MORTPASS	4.000	07/01/2018	611,335.79	FHLMCGLD MORTPASS	5.000	08/01/2034	1,230,296.47
FHLMCGLD MORTPASS	4.000	09/01/2018	285,779.99	FHLMCGLD MORTPASS	5.000	11/01/2034	1,168,225.26
FHLMCGLD MORTPASS	4.000	10/01/2018	430,486.63	FHLMCGLD MORTPASS	5.000	12/01/2034	198,362.72
FHLMCGLD MORTPASS	4.000	07/01/2019	1,921,573.16	FHLMCGLD MORTPASS	5.000	12/01/2034	116,396.52
FHLMCGLD MORTPASS	4.500	04/01/2018	559,483.15	FHLMCGLD MORTPASS	5.000	02/01/2035	221,109.90
FHLMCGLD MORTPASS	4.500	06/01/2018	924,465.96	FHLMCGLD MORTPASS	5.000	04/01/2035	134,440.89
FHLMCGLD MORTPASS	4.500	09/01/2018	442,004.02	FHLMCGLD MORTPASS	5.000	05/01/2035	960,554.60
FHLMCGLD MORTPASS	4.500	11/01/2018	298,792.96	FHLMCGLD MORTPASS	5.000	07/01/2035	4,943,803.39
FHLMCGLD MORTPASS	4.500	11/01/2018	792,116.70	FHLMCGLD MORTPASS	5.000	07/01/2035	1,992,077.11
FHLMCGLD MORTPASS	4.500	04/01/2019	181,420.47	FHLMCGLD MORTPASS	5.000	08/01/2035	683,749.22
FHLMCGLD MORTPASS	4.500	05/01/2019	284,385.70	FHLMCGLD MORTPASS	5.000	08/01/2035	693,412.71
FHLMCGLD MORTPASS	4.500	06/01/2019	140,866.71	FHLMCGLD MORTPASS	5.000	09/01/2035	995,219.11
FHLMCGLD MORTPASS	4.500	06/01/2019	400,253.07	FHLMCGLD MORTPASS	5.000	09/01/2035	123,195.91
FHLMCGLD MORTPASS	4.500	06/01/2019	1,831,419.46	FHLMCGLD MORTPASS	5.000	09/01/2035	617,574.21
FHLMCGLD MORTPASS	4.500	11/01/2019	176,801.63	FHLMCGLD MORTPASS	5.000	10/01/2035	210,918.19
FHLMCGLD MORTPASS	4.500	09/01/2020	185,530.76	FHLMCGLD MORTPASS	5.000	11/01/2035	299,939.84
FHLMCGLD MORTPASS	4.500	05/01/2024	70,075.18	FHLMCGLD MORTPASS	5.000	12/01/2035	680,152.93
FHLMCGLD MORTPASS	4.500	10/01/2025	309,329.73	FHLMCGLD MORTPASS	5.000	01/01/2036	318,203.23
FHLMCGLD MORTPASS	4.500	08/01/2033	340,707.76	FHLMCGLD MORTPASS	5.000	06/01/2037	587,754.51
FHLMCGLD MORTPASS	4.500	10/01/2033	65,244.59	FHLMCGLD MORTPASS	5.000	06/01/2037	2,716,134.58
FHLMCGLD MORTPASS	4.500	08/01/2034	155,372.24	FHLMCGLD MORTPASS	5.500	06/01/2009	57,111.80
FHLMCGLD MORTPASS	4.500	04/01/2035	306,689.78	FHLMCGLD MORTPASS	5.500	12/01/2013	96,718.08
FHLMCGLD MORTPASS	4.500	08/01/2035	163,644.32	FHLMCGLD MORTPASS	5.500	01/01/2014	53,658.86
FHLMCGLD MORTPASS	4.500	09/01/2035	181,951.38	FHLMCGLD MORTPASS	5.500	07/01/2016	151,549.70
FHLMCGLD MORTPASS	4.500	12/01/2035	203,379.72	FHLMCGLD MORTPASS	5.500	04/01/2017	322,845.06
FHLMCGLD MORTPASS	5.000	12/01/2017	667,671.29	FHLMCGLD MORTPASS	5.500	08/01/2017	177,156.93
FHLMCGLD MORTPASS	5.000	01/01/2018	288,679.84	FHLMCGLD MORTPASS	5.500	12/01/2017	43,371.14
FHLMCGLD MORTPASS	5.000	04/01/2018	751,442.52	FHLMCGLD MORTPASS	5.500	11/01/2018	1,464,839.55
FHLMCGLD MORTPASS	5.000	04/01/2018	153,979.30	FHLMCGLD MORTPASS	5.500	09/01/2019	259,325.91
FHLMCGLD MORTPASS	5.000	11/01/2018	4,539,392.96	FHLMCGLD MORTPASS	5.500	09/01/2019	585,159.98
FHLMCGLD MORTPASS	5.000	01/01/2019	431,776.61	FHLMCGLD MORTPASS	5.500	10/01/2019	257,732.36
FHLMCGLD MORTPASS	5.000	04/01/2019	208,983.45	FHLMCGLD MORTPASS	5.500	06/01/2020	176,676.29
FHLMCGLD MORTPASS	5.000	09/01/2019	361,492.24	FHLMCGLD MORTPASS	5.500	07/01/2020	268,028.24
FHLMCGLD MORTPASS	5.000	01/01/2020	1,601,087.20	FHLMCGLD MORTPASS	5.500	10/01/2020	947,571.67
FHLMCGLD MORTPASS	5.000	01/01/2020	1,291,052.39	FHLMCGLD MORTPASS	5.500	02/01/2021	2,507,458.91
FHLMCGLD MORTPASS	5.000	04/01/2020	1,176,963.17	FHLMCGLD MORTPASS	5.500	06/01/2021	9,510,246.50
FHLMCGLD MORTPASS	5.000	04/01/2020	187,736.46	FHLMCGLD MORTPASS	5.500	09/01/2021	4,091,044.85
FHLMCGLD MORTPASS	5.000	05/01/2020	2,307,677.60	FHLMCGLD MORTPASS	5.500	12/01/2021	4,637,236.09
FHLMCGLD MORTPASS	5.000	07/01/2020	158,475.10	FHLMCGLD MORTPASS	5.500	12/01/2021	7,356,447.56
FHLMCGLD MORTPASS	5.000	10/01/2020	11,978,033.05	FHLMCGLD MORTPASS	5.500	03/01/2023	228,245.96
FHLMCGLD MORTPASS	5.000	11/01/2020	13,342,783.33	FHLMCGLD MORTPASS	5.500	04/01/2023	430,697.40
FHLMCGLD MORTPASS	5.000	12/01/2020	1,305,790.08	FHLMCGLD MORTPASS	5.500	11/01/2032	628,584.03
FHLMCGLD MORTPASS	5.000	12/01/2020	456,070.52	FHLMCGLD MORTPASS	5.500	03/01/2033	519,236.47
FHLMCGLD MORTPASS	5.000	04/01/2021	1,298,619.47	FHLMCGLD MORTPASS	5.500	06/01/2033	306,492.16
FHLMCGLD MORTPASS	5.000	05/01/2021	971,122.66	FHLMCGLD MORTPASS	5.500	06/01/2033	1,001,779.97
FHLMCGLD MORTPASS	5.000	05/01/2021	428,482.15	FHLMCGLD MORTPASS	5.500	09/01/2033	150,307.49
FHLMCGLD MORTPASS	5.000	06/01/2021	5,563,441.13	FHLMCGLD MORTPASS	5.500	11/01/2033	428,696.63
FHLMCGLD MORTPASS	5.000	07/01/2021	286,747.47	FHLMCGLD MORTPASS	5.500	01/01/2034	1,131,356.36
FHLMCGLD MORTPASS	5.000	07/01/2023	380,223.20	FHLMCGLD MORTPASS	5.500	03/01/2034	583,450.15
FHLMCGLD MORTPASS	5.000	10/01/2023	355,220.86	FHLMCGLD MORTPASS	5.500	04/01/2034	763,390.41

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DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FHLMCGLD MORTPASS	5.500	05/01/2034	141,383.58	FHLMCGLD MORTPASS	6.000	07/01/2036	415,340.14
FHLMCGLD MORTPASS	5.500	06/01/2034	682,918.67	FHLMCGLD MORTPASS	6.000	09/01/2036	460,692.00
FHLMCGLD MORTPASS	5.500	07/01/2034	1,429,793.20	FHLMCGLD MORTPASS	6.000	11/01/2036	897,706.23
FHLMCGLD MORTPASS	5.500	08/01/2034	281,001.24	FHLMCGLD MORTPASS	6.000	12/01/2036	417,391.13
FHLMCGLD MORTPASS	5.500	09/01/2034	494,541.37	FHLMCGLD MORTPASS	6.000	05/01/2037	494,963.58
FHLMCGLD MORTPASS	5.500	01/01/2035	728,389.75	FHLMCGLD MORTPASS	6.000	05/01/2037	495,424.79
FHLMCGLD MORTPASS	5.500	04/01/2035	493,318.01	FHLMCGLD MORTPASS	6.500	07/01/2013	6,224.57
FHLMCGLD MORTPASS	5.500	05/01/2035	918,324.15	FHLMCGLD MORTPASS	6.500	08/01/2017	210,231.85
FHLMCGLD MORTPASS	5.500	05/01/2035	9,507,007.95	FHLMCGLD MORTPASS	6.500	07/01/2022	103,309.36
FHLMCGLD MORTPASS	5.500	07/01/2035	275,557.59	FHLMCGLD MORTPASS	6.500	01/01/2024	72,935.68
FHLMCGLD MORTPASS	5.500	08/01/2035	578,994.18	FHLMCGLD MORTPASS	6.500	02/01/2024	57,339.28
FHLMCGLD MORTPASS	5.500	11/01/2035	394,539.70	FHLMCGLD MORTPASS	6.500	03/01/2026	15,375.73
FHLMCGLD MORTPASS	5.500	01/01/2036	2,529,468.87	FHLMCGLD MORTPASS	6.500	03/01/2028	53,675.32
FHLMCGLD MORTPASS	5.500	01/01/2036	849,442.45	FHLMCGLD MORTPASS	6.500	12/01/2028	53,980.62
FHLMCGLD MORTPASS	5.500	02/01/2036	261,399.50	FHLMCGLD MORTPASS	6.500	04/01/2029	65,587.70
FHLMCGLD MORTPASS	5.500	03/01/2036	379,923.94	FHLMCGLD MORTPASS	6.500	07/01/2029	35,745.74
FHLMCGLD MORTPASS	5.500	05/01/2036	470,244.57	FHLMCGLD MORTPASS	6.500	07/01/2029	68,448.52
FHLMCGLD MORTPASS	5.500	06/01/2036	219,021.26	FHLMCGLD MORTPASS	6.500	08/01/2032	103,680.25
FHLMCGLD MORTPASS	5.500	07/01/2036	163,309.81	FHLMCGLD MORTPASS	6.500	10/01/2032	87,898.61
FHLMCGLD MORTPASS	5.500	09/01/2036	687,095.12	FHLMCGLD MORTPASS	6.500	11/01/2032	392,189.09
FHLMCGLD MORTPASS	5.500	11/01/2036	1,302,730.65	FHLMCGLD MORTPASS	6.500	09/01/2033	114,076.75
FHLMCGLD MORTPASS	5.500	01/01/2037	632,052.89	FHLMCGLD MORTPASS	6.500	11/01/2033	108,169.25
FHLMCGLD MORTPASS	5.500	02/01/2037	10,084,770.83	FHLMCGLD MORTPASS	6.500	03/01/2035	119,660.52
FHLMCGLD MORTPASS	5.500	05/01/2037	1,928,981.51	FHLMCGLD MORTPASS	6.500	03/01/2036	160,928.57
FHLMCGLD MORTPASS	6.000	12/01/2008	9,818.68	FHLMCGLD MORTPASS	6.500	09/01/2036	391,484.49
FHLMCGLD MORTPASS	6.000	03/01/2014	9,562.69	FHLMCGLD MORTPASS	6.500	10/01/2036	439,271.61
FHLMCGLD MORTPASS	6.000	06/01/2014	52,965.27	FHLMCGLD MORTPASS	6.500	04/01/2037	2,161,689.48
FHLMCGLD MORTPASS	6.000	08/01/2014	22,429.65	FHLMCGLD MORTPASS	7.000	01/01/2008	1,683.05
FHLMCGLD MORTPASS	6.000	04/01/2017	61,318.42	FHLMCGLD MORTPASS	7.000	03/01/2008	1,616.37
FHLMCGLD MORTPASS	6.000	06/01/2022	133,916.67	FHLMCGLD MORTPASS	7.000	07/01/2008	5,565.79
FHLMCGLD MORTPASS	6.000	09/01/2022	414,385.88	FHLMCGLD MORTPASS	7.000	12/01/2015	14,656.55
FHLMCGLD MORTPASS	6.000	02/01/2027	2,275,687.13	FHLMCGLD MORTPASS	7.000	07/01/2023	32,881.40
FHLMCGLD MORTPASS	6.000	05/01/2028	18,186.02	FHLMCGLD MORTPASS	7.000	10/01/2023	54,329.08
FHLMCGLD MORTPASS	6.000	08/01/2028	65,803.89	FHLMCGLD MORTPASS	7.000	01/01/2026	13,155.18
FHLMCGLD MORTPASS	6.000	01/01/2029	202,486.79	FHLMCGLD MORTPASS	7.000	03/01/2026	18,025.63
FHLMCGLD MORTPASS	6.000	02/01/2029	48,703.77	FHLMCGLD MORTPASS	7.000	01/01/2027	9,893.75
FHLMCGLD MORTPASS	6.000	04/01/2029	67,107.00	FHLMCGLD MORTPASS	7.000	11/01/2028	86,745.68
FHLMCGLD MORTPASS	6.000	05/01/2029	153,742.77	FHLMCGLD MORTPASS	7.000	06/01/2029	31,228.12
FHLMCGLD MORTPASS	6.000	04/01/2031	54,344.50	FHLMCGLD MORTPASS	7.000	08/01/2029	35,931.36
FHLMCGLD MORTPASS	6.000	05/01/2031	74,612.63	FHLMCGLD MORTPASS	7.000	11/01/2030	27,727.53
FHLMCGLD MORTPASS	6.000	12/01/2031	179,387.06	FHLMCGLD MORTPASS	7.000	02/01/2031	16,102.25
FHLMCGLD MORTPASS	6.000	01/01/2032	107,529.38	FHLMCGLD MORTPASS	7.000	12/01/2031	43,306.01
FHLMCGLD MORTPASS	6.000	02/01/2032	154,006.14	FHLMCGLD MORTPASS	7.000	06/01/2032	98,150.80
FHLMCGLD MORTPASS	6.000	02/01/2032	277,378.00	FHLMCGLD MORTPASS	7.000	06/01/2032	114,747.02
FHLMCGLD MORTPASS	6.000	11/01/2032	276,272.69	FHLMCGLD MORTPASS	7.000	12/01/2032	557,003.80
FHLMCGLD MORTPASS	6.000	12/01/2032	252,748.47	FHLMCGLD MORTPASS	7.000	02/01/2036	134,941.01
FHLMCGLD MORTPASS	6.000	11/01/2033	942,303.44	FHLMCGLD MORTPASS	7.500	09/01/2014	26,171.44
FHLMCGLD MORTPASS	6.000	08/01/2034	161,216.67	FHLMCGLD MORTPASS	7.500	01/01/2023	10,410.38
FHLMCGLD MORTPASS	6.000	10/01/2034	456,379.37	FHLMCGLD MORTPASS	7.500	03/01/2030	781.45
FHLMCGLD MORTPASS	6.000	04/01/2035	525,227.93	FHLMCGLD MORTPASS	7.500	04/01/2030	7,713.35
FHLMCGLD MORTPASS	6.000	01/01/2036	908,261.66	FHLMCGLD MORTPASS	7.500	09/01/2030	50,842.13
FHLMCGLD MORTPASS	6.000	02/01/2036	348,808.07	FHLMCGLD MORTPASS	7.500	09/01/2030	4,977.75
FHLMCGLD MORTPASS	6.000	03/01/2036	2,502,410.19	FHLMCGLD MORTPASS	7.500	07/01/2034	117,877.41
FHLMCGLD MORTPASS	6.000	03/01/2036	667,136.74	FHLMCGLD MORTPASS	8.000	06/01/2027	33,270.93
FHLMCGLD MORTPASS	6.000	05/01/2036	285,721.20	FHLMCGLD MORTPASS	8.000	12/01/2027	17,689.40
FHLMCGLD MORTPASS	6.000	06/01/2036	534,775.48	FHLMCGLD MORTPASS	8.000	11/01/2029	5,187.77
FHLMCGLD MORTPASS	6.000	06/01/2036	549,432.94	FHLMCGLD MORTPASS	8.500	10/01/2026	29,496.47

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC			DOMESTIC				
GOVERNMENT BONDS			GOVERNMENT BONDS				
	RATE	DATE	MARKET VALUE		RATE	DATE	MARKET VALUE
FHLMCGLD MORTPASS	9.000	06/01/2021	2,797.90	FNMA MORTPASS	5.000	08/01/2035	850,587.44
FHLMCGLD MORTPASS	9.000	05/01/2022	930.71	FNMA MORTPASS	5.000	08/01/2035	252,528.87
FNMA	5.500	11/01/2035	674,648.08	FNMA MORTPASS	5.000	10/01/2035	701,766.73
FNMA	6.000	05/01/2017	92,767.62	FNMA MORTPASS	5.000	10/01/2035	657,612.30
FNMA MORTPASS	4.000	08/01/2018	407,065.29	FNMA MORTPASS	5.000	12/01/2035	199,479.35
FNMA MORTPASS	4.000	10/01/2018	272,199.50	FNMA MORTPASS	5.000	12/01/2035	509,501.53
FNMA MORTPASS	4.000	04/01/2019	40,844.54	FNMA MORTPASS	5.000	02/01/2036	2,118,734.64
FNMA MORTPASS	4.000	05/01/2019	155,824.58	FNMA MORTPASS	5.000	02/01/2036	30,889,632.18
FNMA MORTPASS	4.000	05/01/2019	528,468.99	FNMA MORTPASS	5.000	02/01/2036	468,398.18
FNMA MORTPASS	4.500	07/01/2018	581,908.54	FNMA MORTPASS	5.000	03/01/2036	2,642,715.53
FNMA MORTPASS	4.500	09/01/2018	584,963.62	FNMA MORTPASS	5.000	04/01/2036	209,739.97
FNMA MORTPASS	4.500	10/01/2018	274,760.57	FNMA MORTPASS	5.000	05/01/2036	1,391,155.91
FNMA MORTPASS	4.500	12/01/2018	731,680.19	FNMA MORTPASS	5.000	06/01/2036	2,665,535.64
FNMA MORTPASS	4.500	05/01/2019	320,500.51	FNMA MORTPASS	5.022	11/01/2012	1,644,151.34
FNMA MORTPASS	4.500	06/01/2019	3,184,716.55	FNMA MORTPASS	5.500	02/01/2014	214,622.85
FNMA MORTPASS	4.500	07/01/2019	263,991.33	FNMA MORTPASS	5.500	06/01/2014	64,351.95
FNMA MORTPASS	4.500	02/01/2020	248,411.67	FNMA MORTPASS	5.500	03/01/2016	63,811.66
FNMA MORTPASS	4.500	07/01/2020	445,133.32	FNMA MORTPASS	5.500	09/01/2016	239,306.96
FNMA MORTPASS	4.500	10/01/2020	348,818.77	FNMA MORTPASS	5.500	12/01/2016	57,011.49
FNMA MORTPASS	4.500	09/01/2033	1,183,280.20	FNMA MORTPASS	5.500	02/01/2017	297,829.57
FNMA MORTPASS	4.500	10/01/2033	251,459.85	FNMA MORTPASS	5.500	05/01/2017	1,569,282.30
FNMA MORTPASS	4.500	10/01/2033	476,104.25	FNMA MORTPASS	5.500	01/01/2019	343,176.88
FNMA MORTPASS	4.500	11/01/2033	446,866.58	FNMA MORTPASS	5.500	07/01/2019	241,486.68
FNMA MORTPASS	4.500	06/01/2034	272,568.85	FNMA MORTPASS	5.500	07/01/2019	624,251.34
FNMA MORTPASS	4.500	08/01/2035	2,727,423.25	FNMA MORTPASS	5.500	09/01/2019	212,961.70
FNMA MORTPASS	4.500	08/01/2035	355,049.19	FNMA MORTPASS	5.500	06/01/2020	141,888.26
FNMA MORTPASS	4.794	07/01/2015	3,782,406.26	FNMA MORTPASS	5.500	07/01/2021	385,521.22
FNMA MORTPASS	5.000	12/01/2017	599,543.65	FNMA MORTPASS	5.500	04/01/2023	353,136.17
FNMA MORTPASS	5.000	01/01/2018	318,770.80	FNMA MORTPASS	5.500	12/01/2023	160,178.02
FNMA MORTPASS	5.000	02/01/2018	296,608.59	FNMA MORTPASS	5.500	03/01/2026	517,797.30
FNMA MORTPASS	5.000	03/01/2018	470,664.40	FNMA MORTPASS	5.500	05/01/2029	74,379.85
FNMA MORTPASS	5.000	05/01/2018	1,220,727.50	FNMA MORTPASS	5.500	01/01/2032	239,285.99
FNMA MORTPASS	5.000	11/01/2018	324,222.68	FNMA MORTPASS	5.500	12/01/2032	237,980.68
FNMA MORTPASS	5.000	05/01/2019	1,207,792.05	FNMA MORTPASS	5.500	02/01/2033	354,122.96
FNMA MORTPASS	5.000	04/01/2020	221,996.19	FNMA MORTPASS	5.500	02/01/2033	794,390.00
FNMA MORTPASS	5.000	08/01/2020	154,533.54	FNMA MORTPASS	5.500	03/01/2033	2,657,886.38
FNMA MORTPASS	5.000	08/01/2020	1,738,960.42	FNMA MORTPASS	5.500	04/01/2033	227,381.70
FNMA MORTPASS	5.000	09/01/2020	1,140,302.44	FNMA MORTPASS	5.500	04/01/2033	366,804.83
FNMA MORTPASS	5.000	09/01/2020	3,274,495.70	FNMA MORTPASS	5.500	05/01/2033	1,797,695.24
FNMA MORTPASS	5.000	10/01/2020	422,378.60	FNMA MORTPASS	5.500	07/01/2033	230,809.94
FNMA MORTPASS	5.000	10/01/2020	3,424,133.10	FNMA MORTPASS	5.500	09/01/2033	324,136.30
FNMA MORTPASS	5.000	12/01/2020	1,160,947.92	FNMA MORTPASS	5.500	09/01/2033	159,863.35
FNMA MORTPASS	5.000	12/01/2020	1,121,386.39	FNMA MORTPASS	5.500	11/01/2033	1,207,088.31
FNMA MORTPASS	5.000	05/01/2021	189,558.48	FNMA MORTPASS	5.500	11/01/2033	662,277.66
FNMA MORTPASS	5.000	11/01/2032	596,932.88	FNMA MORTPASS	5.500	11/01/2033	148,514.52
FNMA MORTPASS	5.000	05/01/2033	115,613.57	FNMA MORTPASS	5.500	12/01/2033	1,058,686.69
FNMA MORTPASS	5.000	06/01/2033	924,485.14	FNMA MORTPASS	5.500	12/01/2033	1,709,603.39
FNMA MORTPASS	5.000	06/01/2033	235,027.39	FNMA MORTPASS	5.500	12/01/2033	915,602.99
FNMA MORTPASS	5.000	09/01/2033	569,959.53	FNMA MORTPASS	5.500	12/01/2033	323,876.65
FNMA MORTPASS	5.000	11/01/2033	913,747.55	FNMA MORTPASS	5.500	01/01/2034	272,311.26
FNMA MORTPASS	5.000	03/01/2034	1,371,709.72	FNMA MORTPASS	5.500	01/01/2034	259,294.39
FNMA MORTPASS	5.000	05/01/2034	320,778.54	FNMA MORTPASS	5.500	01/01/2034	871,690.55
FNMA MORTPASS	5.000	07/01/2034	1,141,016.13	FNMA MORTPASS	5.500	02/01/2034	539,745.48
FNMA MORTPASS	5.000	09/01/2034	463,195.92	FNMA MORTPASS	5.500	02/01/2034	1,620,538.50
FNMA MORTPASS	5.000	05/01/2035	362,682.66	FNMA MORTPASS	5.500	03/01/2034	1,740,936.72
FNMA MORTPASS	5.000	07/01/2035	614,036.15	FNMA MORTPASS	5.500	04/01/2034	600,528.75
FNMA MORTPASS	5.000	07/01/2035	2,255,144.80	FNMA MORTPASS	5.500	05/01/2034	122,854.55

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
GOVERNMENT BONDS				GOVERNMENT BONDS			
	RATE	DATE	VALUE		RATE	DATE	VALUE
FNMA MORTPASS	5.500	05/01/2034	501,592.97	FNMA MORTPASS	5.500	10/01/2035	1,366,519.89
FNMA MORTPASS	5.500	06/01/2034	95,991.78	FNMA MORTPASS	5.500	10/01/2035	436,671.66
FNMA MORTPASS	5.500	06/01/2034	329,273.49	FNMA MORTPASS	5.500	10/01/2035	829,079.21
FNMA MORTPASS	5.500	08/01/2034	2,850,169.81	FNMA MORTPASS	5.500	11/01/2035	345,363.73
FNMA MORTPASS	5.500	09/01/2034	365,463.28	FNMA MORTPASS	5.500	11/01/2035	3,241,030.48
FNMA MORTPASS	5.500	09/01/2034	653,260.25	FNMA MORTPASS	5.500	11/01/2035	736,593.18
FNMA MORTPASS	5.500	10/01/2034	154,313.76	FNMA MORTPASS	5.500	12/01/2035	4,893,300.90
FNMA MORTPASS	5.500	11/01/2034	378,907.68	FNMA MORTPASS	5.500	12/01/2035	295,788.09
FNMA MORTPASS	5.500	11/01/2034	298,934.29	FNMA MORTPASS	5.500	12/01/2035	680,829.08
FNMA MORTPASS	5.500	12/01/2034	183,971.17	FNMA MORTPASS	5.500	12/01/2035	4,082,962.46
FNMA MORTPASS	5.500	12/01/2034	1,201,214.81	FNMA MORTPASS	5.500	01/01/2036	4,284,828.15
FNMA MORTPASS	5.500	12/01/2034	156,564.67	FNMA MORTPASS	5.500	02/01/2036	1,184,509.29
FNMA MORTPASS	5.500	01/01/2035	701,288.17	FNMA MORTPASS	5.500	03/01/2036	26,620,769.62
FNMA MORTPASS	5.500	01/01/2035	229,618.60	FNMA MORTPASS	5.500	03/01/2036	81,850.55
FNMA MORTPASS	5.500	01/01/2035	120,560.41	FNMA MORTPASS	5.500	04/01/2036	1,843,998.70
FNMA MORTPASS	5.500	01/01/2035	701,516.60	FNMA MORTPASS	5.500	04/01/2036	608,179.44
FNMA MORTPASS	5.500	02/01/2035	2,045,979.25	FNMA MORTPASS	5.500	04/01/2036	3,083,482.93
FNMA MORTPASS	5.500	02/01/2035	1,506,669.45	FNMA MORTPASS	5.500	04/01/2036	431,215.71
FNMA MORTPASS	5.500	03/01/2035	57,450.60	FNMA MORTPASS	5.500	05/01/2036	161,013.02
FNMA MORTPASS	5.500	04/01/2035	384,067.06	FNMA MORTPASS	5.500	05/01/2036	4,049,170.56
FNMA MORTPASS	5.500	04/01/2035	160,869.19	FNMA MORTPASS	5.500	06/01/2036	1,163,421.20
FNMA MORTPASS	5.500	04/01/2035	121,688.43	FNMA MORTPASS	5.500	06/01/2036	874,123.59
FNMA MORTPASS	5.500	04/01/2035	383,612.74	FNMA MORTPASS	5.500	07/01/2036	608,608.31
FNMA MORTPASS	5.500	04/01/2035	2,115,785.16	FNMA MORTPASS	5.500	09/01/2036	3,397,808.69
FNMA MORTPASS	5.500	05/01/2035	183,731.93	FNMA MORTPASS	5.500	11/01/2036	5,909,854.07
FNMA MORTPASS	5.500	05/01/2035	177,297.33	FNMA MORTPASS	5.500	11/01/2036	16,627,966.30
FNMA MORTPASS	5.500	05/01/2035	172,147.31	FNMA MORTPASS	5.500	01/01/2037	3,739,788.01
FNMA MORTPASS	5.500	05/01/2035	278,339.07	FNMA MORTPASS	5.500	02/01/2037	630,151.51
FNMA MORTPASS	5.500	05/01/2035	175,251.15	FNMA MORTPASS	5.500	02/01/2037	282,952.20
FNMA MORTPASS	5.500	05/01/2035	428,204.99	FNMA MORTPASS	5.500	03/01/2037	434,484.03
FNMA MORTPASS	5.500	05/01/2035	421,317.71	FNMA MORTPASS	5.500	04/01/2037	916,038.12
FNMA MORTPASS	5.500	05/01/2035	469,474.35	FNMA MORTPASS	5.500	04/01/2037	1,731,055.78
FNMA MORTPASS	5.500	05/01/2035	364,336.96	FNMA MORTPASS	5.500	04/01/2037	323,103.27
FNMA MORTPASS	5.500	05/01/2035	325,804.49	FNMA MORTPASS	5.500	05/01/2037	847,871.06
FNMA MORTPASS	5.500	05/01/2035	383,965.91	FNMA MORTPASS	5.500	05/01/2037	72,337.02
FNMA MORTPASS	5.500	05/01/2035	235,511.37	FNMA MORTPASS	5.500	05/01/2037	525,108.85
FNMA MORTPASS	5.500	06/01/2035	377,275.36	FNMA MORTPASS	5.500	05/01/2037	2,369,800.97
FNMA MORTPASS	5.500	06/01/2035	335,328.37	FNMA MORTPASS	5.500	05/01/2037	986,633.38
FNMA MORTPASS	5.500	06/01/2035	635,211.54	FNMA MORTPASS	5.500	05/01/2037	523,312.28
FNMA MORTPASS	5.500	06/01/2035	185,334.52	FNMA MORTPASS	5.500	05/01/2037	759,783.31
FNMA MORTPASS	5.500	07/01/2035	350,527.26	FNMA MORTPASS	5.500	06/01/2037	4,036,390.65
FNMA MORTPASS	5.500	07/01/2035	3,079,679.56	FNMA MORTPASS	5.500	06/01/2037	1,152,694.02
FNMA MORTPASS	5.500	08/01/2035	2,557,157.17	FNMA MORTPASS	5.500	06/01/2037	964,490.00
FNMA MORTPASS	5.500	08/01/2035	3,669,757.74	FNMA MORTPASS	5.500	07/01/2037	38,579.60
FNMA MORTPASS	5.500	08/01/2035	410,716.75	FNMA MORTPASS	6.000	12/01/2008	14,489.35
FNMA MORTPASS	5.500	09/01/2035	2,345,804.39	FNMA MORTPASS	6.000	01/01/2009	14,600.33
FNMA MORTPASS	5.500	09/01/2035	1,860,469.95	FNMA MORTPASS	6.000	04/01/2013	26,352.10
FNMA MORTPASS	5.500	09/01/2035	1,136,449.20	FNMA MORTPASS	6.000	12/01/2013	30,592.34
FNMA MORTPASS	5.500	09/01/2035	270,432.71	FNMA MORTPASS	6.000	02/01/2014	85,235.11
FNMA MORTPASS	5.500	09/01/2035	1,079,647.96	FNMA MORTPASS	6.000	05/01/2014	31,880.07
FNMA MORTPASS	5.500	09/01/2035	92,012.04	FNMA MORTPASS	6.000	07/01/2014	17,454.15
FNMA MORTPASS	5.500	09/01/2035	1,696,941.54	FNMA MORTPASS	6.000	08/01/2019	10,022.66
FNMA MORTPASS	5.500	09/01/2035	1,467,596.14	FNMA MORTPASS	6.000	03/01/2021	3,440,164.28
FNMA MORTPASS	5.500	09/01/2035	1,533,783.22	FNMA MORTPASS	6.000	06/01/2021	216,914.66
FNMA MORTPASS	5.500	09/01/2035	1,690,267.24	FNMA MORTPASS	6.000	09/01/2021	233,741.41
FNMA MORTPASS	5.500	09/01/2035	1,020,348.74	FNMA MORTPASS	6.000	01/01/2023	636,474.60
FNMA MORTPASS	5.500	10/01/2035	749,186.33	FNMA MORTPASS	6.000	05/01/2024	249,583.57

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DOMESTIC			MATURITY	MARKET	DOMESTIC			MATURITY	MARKET		
<u>GOVERNMENT BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>			<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FNMA MORTPASS	6.000	09/01/2025		93,911.18	FNMA MORTPASS	6.500	06/01/2029		21,289.19		
FNMA MORTPASS	6.000	12/01/2028		409,159.63	FNMA MORTPASS	6.500	07/01/2029		95,438.32		
FNMA MORTPASS	6.000	08/01/2029		113,639.52	FNMA MORTPASS	6.500	08/01/2029		63,599.38		
FNMA MORTPASS	6.000	05/01/2031		46,795.12	FNMA MORTPASS	6.500	11/01/2029		241,156.02		
FNMA MORTPASS	6.000	01/01/2032		344,012.53	FNMA MORTPASS	6.500	05/01/2031		86,315.80		
FNMA MORTPASS	6.000	08/01/2032		437,428.10	FNMA MORTPASS	6.500	05/01/2031		31,465.14		
FNMA MORTPASS	6.000	10/01/2032		95,245.85	FNMA MORTPASS	6.500	06/01/2031		46,079.51		
FNMA MORTPASS	6.000	12/01/2032		305,190.03	FNMA MORTPASS	6.500	10/01/2031		113,383.22		
FNMA MORTPASS	6.000	08/01/2034		1,236,740.19	FNMA MORTPASS	6.500	08/01/2032		180,717.45		
FNMA MORTPASS	6.000	08/01/2034		376,582.19	FNMA MORTPASS	6.500	01/01/2033		609,105.42		
FNMA MORTPASS	6.000	09/01/2034		158,175.52	FNMA MORTPASS	6.500	08/01/2033		82,248.36		
FNMA MORTPASS	6.000	09/01/2034		1,000,196.99	FNMA MORTPASS	6.500	09/01/2033		131,792.52		
FNMA MORTPASS	6.000	10/01/2034		455,555.13	FNMA MORTPASS	6.500	09/01/2034		738,232.41		
FNMA MORTPASS	6.000	12/01/2034		265,348.92	FNMA MORTPASS	6.500	11/01/2034		242,305.20		
FNMA MORTPASS	6.000	09/01/2035		509,259.59	FNMA MORTPASS	6.500	04/01/2036		621,717.89		
FNMA MORTPASS	6.000	09/01/2035		1,023,353.57	FNMA MORTPASS	6.500	04/01/2036		3,020,491.81		
FNMA MORTPASS	6.000	10/01/2035		430,198.78	FNMA MORTPASS	6.500	04/01/2036		238,969.12		
FNMA MORTPASS	6.000	10/01/2035		1,268,282.78	FNMA MORTPASS	6.500	05/01/2036		1,274,482.02		
FNMA MORTPASS	6.000	10/01/2035		1,107,777.65	FNMA MORTPASS	6.500	05/01/2036		2,291,856.94		
FNMA MORTPASS	6.000	10/01/2035		218,683.23	FNMA MORTPASS	6.500	06/01/2036		1,554,225.48		
FNMA MORTPASS	6.000	12/01/2035		233,567.74	FNMA MORTPASS	6.500	06/01/2036		519,175.44		
FNMA MORTPASS	6.000	06/01/2036		476,891.08	FNMA MORTPASS	6.500	07/01/2036		358,930.31		
FNMA MORTPASS	6.000	07/01/2036		691,860.42	FNMA MORTPASS	6.500	07/01/2036		188,421.31		
FNMA MORTPASS	6.000	09/01/2036		963,408.99	FNMA MORTPASS	6.500	07/01/2036		390,975.59		
FNMA MORTPASS	6.000	11/01/2036		681,326.59	FNMA MORTPASS	6.500	08/01/2036		598,176.98		
FNMA MORTPASS	6.000	12/01/2036		3,421,582.35	FNMA MORTPASS	7.000	11/01/2007		1,482.78		
FNMA MORTPASS	6.000	04/01/2037		590,929.00	FNMA MORTPASS	7.000	04/01/2015		46,329.75		
FNMA MORTPASS	6.000	04/01/2037		494,171.43	FNMA MORTPASS	7.000	01/01/2016		394,836.54		
FNMA MORTPASS	6.000	04/01/2037		1,157,758.60	FNMA MORTPASS	7.000	06/01/2020		35,278.00		
FNMA MORTPASS	6.500	03/01/2009		15,808.57	FNMA MORTPASS	7.000	04/01/2024		30,614.97		
FNMA MORTPASS	6.500	09/01/2011		11,117.14	FNMA MORTPASS	7.000	06/01/2024		26,837.22		
FNMA MORTPASS	6.500	01/01/2013		87,957.76	FNMA MORTPASS	7.000	02/01/2026		28,229.83		
FNMA MORTPASS	6.500	06/01/2014		86,428.39	FNMA MORTPASS	7.000	06/01/2026		17,577.90		
FNMA MORTPASS	6.500	03/01/2016		16,859.01	FNMA MORTPASS	7.000	08/01/2027		146,928.48		
FNMA MORTPASS	6.500	07/01/2016		9,352.53	FNMA MORTPASS	7.000	09/01/2027		24,130.33		
FNMA MORTPASS	6.500	09/01/2016		50,754.54	FNMA MORTPASS	7.000	01/01/2028		3,576.47		
FNMA MORTPASS	6.500	10/01/2016		20,452.83	FNMA MORTPASS	7.000	08/01/2029		22,255.63		
FNMA MORTPASS	6.500	12/01/2016		165,707.31	FNMA MORTPASS	7.000	09/01/2029		28,453.99		
FNMA MORTPASS	6.500	12/01/2016		27,702.18	FNMA MORTPASS	7.000	02/01/2030		14,550.81		
FNMA MORTPASS	6.500	02/01/2017		15,489.86	FNMA MORTPASS	7.000	11/01/2030		43,628.49		
FNMA MORTPASS	6.500	03/01/2017		56,953.81	FNMA MORTPASS	7.000	10/01/2032		140,272.26		
FNMA MORTPASS	6.500	03/01/2017		202,828.05	FNMA MORTPASS	7.000	01/01/2037		335,309.59		
FNMA MORTPASS	6.500	04/01/2017		42,676.10	FNMA MORTPASS	7.500	11/01/2022		28,632.78		
FNMA MORTPASS	6.500	07/01/2017		89,746.15	FNMA MORTPASS	7.500	07/01/2024		21,983.98		
FNMA MORTPASS	6.500	08/01/2017		29,205.02	FNMA MORTPASS	7.500	08/01/2024		6,927.18		
FNMA MORTPASS	6.500	09/01/2021		95,929.24	FNMA MORTPASS	7.500	12/01/2026		8,470.26		
FNMA MORTPASS	6.500	01/01/2024		36,235.35	FNMA MORTPASS	7.500	05/01/2027		17,163.28		
FNMA MORTPASS	6.500	08/01/2025		203,808.18	FNMA MORTPASS	7.500	07/01/2028		34,606.54		
FNMA MORTPASS	6.500	02/01/2026		35,370.90	FNMA MORTPASS	7.500	09/01/2028		44,105.31		
FNMA MORTPASS	6.500	03/01/2028		79,579.49	FNMA MORTPASS	7.500	11/01/2029		22,486.59		
FNMA MORTPASS	6.500	08/01/2028		34,409.70	FNMA MORTPASS	7.500	05/01/2030		9,259.27		
FNMA MORTPASS	6.500	09/01/2028		198,356.22	FNMA MORTPASS	7.500	07/01/2030		14,629.95		
FNMA MORTPASS	6.500	09/01/2028		24,707.45	FNMA MORTPASS	7.500	11/01/2031		52,110.22		
FNMA MORTPASS	6.500	10/01/2028		26,471.63	FNMA MORTPASS	7.500	03/01/2032		283,521.70		
FNMA MORTPASS	6.500	11/01/2028		37,827.85	FNMA MORTPASS	8.000	08/01/2007		147.70		
FNMA MORTPASS	6.500	11/01/2028		24,241.63	FNMA MORTPASS	8.000	06/01/2015		55,902.19		
FNMA MORTPASS	6.500	06/01/2029		58,736.82	FNMA MORTPASS	8.000	01/01/2025		25,778.76		

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FNMA MORTPASS	8.000	05/01/2025	58,285.49	FNMA PASS THRU CTF POOL	6.500	03/01/2013	78,153.67
FNMA MORTPASS	8.000	06/01/2025	24,155.49	FNMA PASS THRU CTF POOL	6.500	03/01/2013	17,584.82
FNMA MORTPASS	8.000	06/01/2027	15,120.79	FNMA PASS THRU CTF POOL	6.500	06/01/2013	124,054.69
FNMA MORTPASS	9.000	06/01/2017	85,584.80	FNMA PASS THRU CTF POOL	6.500	07/01/2016	52,132.23
FNMA MORTPASS	9.000	10/01/2030	26,954.67	FNMA PASS THRU CTF POOL	6.500	06/01/2017	143,566.13
FNMA MORTPASS	9.500	12/01/2018	3,076.24	FNMA PASS THRU CTF POOL	6.500	06/01/2026	22,959.37
FNMA MORTPASS	9.500	06/01/2020	1,127.79	FNMA PASS THRU CTF POOL	6.500	03/01/2028	80,894.15
FNMA MORTPASS	9.500	10/01/2020	1,491.10	FNMA PASS THRU CTF POOL	6.500	04/01/2028	57,626.07
FNMA MORTPASS	12.500	12/01/2013	867.08	FNMA PASS THRU CTF POOL	6.500	10/01/2028	44,836.99
FNMA MORTPASS ARM		08/01/2029	257,931.03	FNMA PASS THRU CTF POOL	6.500	11/01/2031	52,964.04
FNMA MORTPASS ARM		09/01/2031	52,162.85	FNMA PASS THRU CTF POOL	7.000	12/01/2023	75,762.97
FNMA MORTPASS ARM		08/01/2033	879,952.76	FNMA PASS THRU CTF POOL	8.000	02/01/2023	32,543.89
FNMA MORTPASS ARM		03/01/2034	681,203.50	FNMA PASS THRU CTF POOL	9.500	11/01/2017	11,494.76
FNMA MORTPASS ARM		06/01/2034	216,522.39	FNMA PASS THRU CTF POOL	9.500	04/01/2018	761.53
FNMA MORTPASS ARM		06/01/2034	664,439.37	FNMA PASS THRU CTF POOL	9.500	12/01/2020	6,622.79
FNMA MORTPASS ARM		09/01/2034	2,092,652.79	FNMA PASS THRU CTF POOL			722.19
FNMA MORTPASS ARM		04/01/2035	3,922,786.06	FNMA POOL	5.000	10/01/2035	461,796.44
FNMA MORTPASS ARM		07/01/2035	1,371,860.98	FNMA POOL	6.000	03/01/2017	157,291.41
FNMA MORTPASS ARM		08/01/2035	3,846,545.37	FNMA POOL	6.000	11/01/2032	125,720.21
FNMA MORTPASS ARM		09/01/2035	1,721,369.24	FNMA TBA	5.000		11,111,875.00
FNMA MORTPASS ARM		10/01/2035	6,227,421.96	FNMA TBA	5.500		93,483,750.00
FNMA MORTPASS ARM		04/01/2036	2,286,904.29	FNMA TBA	5.500		13,192,718.40
FNMA MORTPASS ARM		04/01/2036	2,363,305.84	FNMA TBA	5.500		48,701,190.00
FNMA MORTPASS ARM		04/01/2036	3,118,274.50	FNMA TBA	6.000	08/15/2037	4,942,200.00
FNMA MORTPASS ARM		04/01/2036	3,788,265.21	FNMA TBA	6.000		502,190.00
FNMA MORTPASS ARM		05/01/2036	1,986,853.27	FNMA TBA	6.000		890,154.00
FNMA MORTPASS ARM		06/01/2036	3,217,136.51	FNMS	5.500	06/01/2023	953,138.21
FNMA MORTPASS ARM		08/01/2036	5,276,592.78	FNMS	7.000	04/01/2032	159,024.80
FNMA MORTPASS ARM		08/01/2036	5,338,548.81	GNMA I & II SINGLE ISSUER	6.500	09/15/2032	193,860.93
FNMA MORTPASS ARM		09/01/2036	3,737,825.38	GNMA I MORTPASS	4.500	11/15/2018	116,330.65
FNMA MORTPASS ARM		10/01/2036	2,467,124.17	GNMA I MORTPASS	4.500	10/15/2033	282,289.96
FNMA MORTPASS ARM		10/01/2036	5,839,310.17	GNMA I MORTPASS	5.000	10/15/2018	245,872.03
FNMA MORTPASS ARM		11/01/2036	5,092,482.55	GNMA I MORTPASS	5.000	09/15/2033	308,192.17
FNMA MORTPASS ARM		11/01/2036	973,532.73	GNMA I MORTPASS	5.000	10/15/2033	210,813.75
FNMA MORTPASS ARM		12/01/2036	7,696,622.70	GNMA I MORTPASS	5.000	05/15/2034	410,292.04
FNMA MORTPASS ARM		12/01/2036	503,368.34	GNMA I MORTPASS	5.000	05/15/2034	222,182.19
FNMA MORTPASS ARM		02/01/2037	2,444,286.92	GNMA I MORTPASS	5.000	12/15/2034	84,496.50
FNMA MORTPASS ARM		02/01/2037	550,151.71	GNMA I MORTPASS	5.000	01/15/2035	143,860.49
FNMA MORTPASS ARM		09/01/2040	1,116,291.57	GNMA I MORTPASS	5.000	04/15/2035	175,998.17
FNMA MORTPASS ARM		08/01/2042	221,887.87	GNMA I MORTPASS	5.000	06/15/2035	138,360.23
FNMA MORTPASS ARM		08/01/2042	265,036.19	GNMA I MORTPASS	5.000	09/15/2035	189,377.27
FNMA MORTPASS ARM		10/01/2044	108,882.01	GNMA I MORTPASS	5.000	03/15/2036	1,488,955.77
FNMA PASS THRU	5.000	08/01/2023	547,632.92	GNMA I MORTPASS	5.000	06/15/2036	968,910.94
FNMA PASS THRU	5.500	06/01/2036	201,495.02	GNMA I MORTPASS	5.500	09/15/2016	95,792.43
FNMA PASS THRU	5.500	06/01/2036	380,201.22	GNMA I MORTPASS	5.500	04/15/2029	54,666.26
FNMA PASS THRU	6.000	12/01/2036	833,037.05	GNMA I MORTPASS	5.500	11/15/2032	197,131.88
FNMA PASS THRU	7.500	10/01/2029	96,237.29	GNMA I MORTPASS	5.500	11/15/2032	143,470.51
FNMA PASS THRU CTF POOL	5.500	01/01/2024	775,384.75	GNMA I MORTPASS	5.500	02/15/2033	255,127.08
FNMA PASS THRU CTF POOL	5.500	03/01/2032	577,154.92	GNMA I MORTPASS	5.500	03/15/2033	499,280.13
FNMA PASS THRU CTF POOL	6.000	03/01/2013	99,444.83	GNMA I MORTPASS	5.500	09/15/2033	549,397.32
FNMA PASS THRU CTF POOL	6.000	11/01/2013	21,912.66	GNMA I MORTPASS	5.500	01/15/2034	405,301.08
FNMA PASS THRU CTF POOL	6.000	05/01/2028	26,929.65	GNMA I MORTPASS	5.500	02/15/2034	134,488.12
FNMA PASS THRU CTF POOL	6.000	12/01/2028	187,688.40	GNMA I MORTPASS	5.500	04/15/2034	174,919.70
FNMA PASS THRU CTF POOL	6.000	01/01/2032	406,627.30	GNMA I MORTPASS	5.500	02/15/2035	377,057.37
FNMA PASS THRU CTF POOL	6.000	03/01/2032	202,739.62	GNMA I MORTPASS	5.500	06/15/2035	388,655.72
FNMA PASS THRU CTF POOL	6.500	06/01/2008	4,579.23	GNMA I MORTPASS	5.500	07/15/2035	307,155.25
FNMA PASS THRU CTF POOL	6.500	12/01/2008	11,146.64	GNMA I MORTPASS	5.500	07/15/2035	136,957.97

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DOMESTIC				DOMESTIC			
GOVERNMENT BONDS		MATURITY	MARKET	GOVERNMENT BONDS		MATURITY	MARKET
	RATE	DATE	VALUE		RATE	DATE	VALUE
GNMA I MORTPASS	5.500	11/15/2035	264,140.93	GNMA I MORTPASS	7.500	11/15/2028	6,449.20
GNMA I MORTPASS	5.500	02/15/2036	244,033.24	GNMA I MORTPASS	7.500	08/15/2029	26,970.93
GNMA I MORTPASS	5.500	03/15/2036	334,325.52	GNMA I MORTPASS	8.000	04/15/2008	2,691.83
GNMA I MORTPASS	5.500	07/15/2036	258,916.41	GNMA I MORTPASS	8.000	03/15/2017	11,408.04
GNMA I MORTPASS	6.000	08/15/2014	46,402.65	GNMA I MORTPASS	8.000	04/15/2017	933.77
GNMA I MORTPASS	6.000	10/15/2028	56,501.62	GNMA I MORTPASS	8.000	12/15/2021	13,770.66
GNMA I MORTPASS	6.000	01/15/2029	113,047.69	GNMA I MORTPASS	8.000	12/15/2023	163,199.13
GNMA I MORTPASS	6.000	02/15/2029	108,119.55	GNMA I MORTPASS	8.000	11/15/2025	27,178.67
GNMA I MORTPASS	6.000	02/15/2029	119,284.66	GNMA I MORTPASS	8.000	02/15/2027	8,418.28
GNMA I MORTPASS	6.000	07/15/2031	192,210.73	GNMA I MORTPASS	8.500	07/15/2008	2,736.62
GNMA I MORTPASS	6.000	10/15/2032	111,431.87	GNMA I MORTPASS	8.500	01/15/2017	1,144.39
GNMA I MORTPASS	6.000	12/15/2032	101,254.63	GNMA I MORTPASS	8.500	08/15/2017	16,227.65
GNMA I MORTPASS	6.000	12/15/2032	45,944.80	GNMA I MORTPASS	8.500	03/15/2027	21,780.97
GNMA I MORTPASS	6.000	04/15/2033	212,578.99	GNMA I MORTPASS	8.500	07/15/2030	17,343.68
GNMA I MORTPASS	6.000	07/15/2033	167,706.74	GNMA I MORTPASS	9.000	09/15/2008	2,225.62
GNMA I MORTPASS	6.000	12/15/2033	185,178.95	GNMA I MORTPASS	9.000	11/15/2008	3,892.05
GNMA I MORTPASS	6.000	07/15/2034	190,826.21	GNMA I MORTPASS	9.000	04/15/2009	1,904.86
GNMA I MORTPASS	6.000	10/15/2034	194,018.37	GNMA I MORTPASS	9.000	05/15/2016	2,722.83
GNMA I MORTPASS	6.000	10/15/2034	167,916.34	GNMA I MORTPASS	9.000	06/15/2016	1,814.94
GNMA I MORTPASS	6.000	11/15/2035	287,829.36	GNMA I MORTPASS	9.000	07/15/2016	6,692.12
GNMA I MORTPASS	6.000	06/15/2036	1,379,112.52	GNMA I MORTPASS	9.000	10/15/2019	1,963.05
GNMA I MORTPASS	6.000	07/15/2036	189,474.72	GNMA I MORTPASS	9.000	02/15/2020	7,882.17
GNMA I MORTPASS	6.000	05/15/2037	1,093,117.32	GNMA I MORTPASS	9.000	08/15/2021	2,732.29
GNMA I MORTPASS	6.000	06/15/2037	1,293,344.00	GNMA I MORTPASS	9.500	08/15/2016	1,586.91
GNMA I MORTPASS	6.500	11/15/2023	31,726.28	GNMA I MORTPASS	9.500	07/15/2017	4,032.53
GNMA I MORTPASS	6.500	01/15/2024	41,756.10	GNMA I MORTPASS	9.500	07/15/2017	1,267.41
GNMA I MORTPASS	6.500	10/15/2024	85,600.46	GNMA I MORTPASS	9.500	07/15/2020	5,514.61
GNMA I MORTPASS	6.500	06/15/2028	89,071.25	GNMA I MORTPASS	10.000	10/15/2016	4,420.60
GNMA I MORTPASS	6.500	06/15/2028	129,283.70	GNMA I MORTPASS	10.000	08/15/2017	3,951.08
GNMA I MORTPASS	6.500	08/15/2028	85,077.36	GNMA I MORTPASS	10.000	11/15/2020	4,964.08
GNMA I MORTPASS	6.500	12/15/2028	42,053.43	GNMA I MORTPASS	10.500	07/15/2019	2,521.03
GNMA I MORTPASS	6.500	02/15/2029	45,366.39	GNMA I MORTPASS	12.500	09/15/2014	54,451.26
GNMA I MORTPASS	6.500	04/15/2029	30,162.32	GNMA I MORTPASS	13.000	09/15/2013	89,241.19
GNMA I MORTPASS	6.500	07/15/2029	28,649.76	GNMA I POOL	5.500	08/15/2033	286,436.14
GNMA I MORTPASS	6.500	07/15/2029	48,821.73	GNMA II MORTPASS	5.500	10/20/2033	1,475,343.39
GNMA I MORTPASS	6.500	04/15/2032	186,661.48	GNMA II MORTPASS	6.000	10/20/2033	1,174,091.36
GNMA I MORTPASS	6.500	11/15/2033	51,768.81	GNMA II MORTPASS ARM		04/20/2027	60,568.26
GNMA I MORTPASS	6.500	01/15/2036	1,160,362.85	GNMA II MORTPASS ARM		04/20/2030	760,577.79
GNMA I MORTPASS	6.500	10/15/2036	709,168.71	GNMA II MORTPASS ARM		07/20/2030	278,894.31
GNMA I MORTPASS	6.500	12/15/2036	586,832.95	GNMA II MORTPASS ARM		12/20/2034	940,503.44
GNMA I MORTPASS	7.000	07/15/2011	22,797.44	GNMA POOL	4.500	09/15/2033	746,712.78
GNMA I MORTPASS	7.000	09/15/2023	19,440.46	GNMA POOL	5.000	07/15/2033	353,964.14
GNMA I MORTPASS	7.000	11/15/2023	73,763.09	GNMA POOL	5.000	10/15/2033	284,320.88
GNMA I MORTPASS	7.000	05/15/2024	20,276.31	GNMA POOL	5.000	10/15/2033	1,722,802.95
GNMA I MORTPASS	7.000	11/15/2027	45,844.51	GNMA POOL	5.000	11/15/2035	253,050.19
GNMA I MORTPASS	7.000	01/15/2028	24,420.58	GNMA POOL	5.500	07/15/2033	167,526.53
GNMA I MORTPASS	7.000	01/15/2028	52,656.67	GNMA POOL	5.500	02/20/2034	1,300,632.99
GNMA I MORTPASS	7.000	05/15/2028	41,209.43	GNMA POOL	5.500	04/20/2034	1,955,548.26
GNMA I MORTPASS	7.000	08/15/2029	40,135.98	GNMA POOL	6.000	04/15/2029	21,916.52
GNMA I MORTPASS	7.000	07/15/2031	66,040.49	GNMA POOL	6.000	01/15/2032	298,945.34
GNMA I MORTPASS	7.000	08/15/2032	34,525.17	GNMA POOL	6.500	06/15/2028	40,554.59
GNMA I MORTPASS	7.000	08/15/2034	172,342.09	GNMA POOL	7.500	03/15/2008	9,308.95
GNMA I MORTPASS	7.500	03/15/2017	40,078.26	GNMA POOL	7.500	10/15/2029	17,606.98
GNMA I MORTPASS	7.500	09/15/2025	17,950.26	GNMA POOL	8.000	03/15/2008	2,214.80
GNMA I MORTPASS	7.500	10/15/2025	12,985.91	GNMA POOL	8.000	04/15/2022	1,204.33
GNMA I MORTPASS	7.500	12/15/2025	10,365.19	GNMA POOL	8.500	12/15/2024	14,586.32
GNMA I MORTPASS	7.500	07/15/2028	26,297.63	GNMA POOL	8.500	04/15/2030	98,660.67

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>GOVERNMENT BONDS</u>				<u>CORPORATE BONDS</u>			
	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>		<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
GNMA POOL	9.000	12/15/2017	110,671.38	LONG BEACH MORTGAGE LOAN		08/25/2036	2,022,668.28
GNMA POOL	9.000	03/15/2021	3,209.79	MASSACHUSETTS RRB SPECIAL	6.530	06/01/2015	1,208,203.62
GNMA POOL	9.000	03/15/2021	6,221.41	MASTR ASSET BACKED		11/25/2036	732,805.57
GNMA POOL	10.000	05/15/2020	2,852.83	MBNA MASTER CREDIT CARD		11/15/2011	795,143.97
GNMA POOL	10.000	12/15/2020	5,634.09	MBNA MASTER CREDIT CARD	5.900	08/15/2011	707,194.88
MORGAN STANLEY DEAN WITTER	6.000	05/01/2018	29,267.93	MERRILL LYNCH FRANKLIN		07/25/2037	2,100,328.34
ILLINOIS ST GO PENSION FUND	5.100	06/01/2033	453,085.00	MERRILL LYNCH MORTGAGE		07/25/2036	624,269.73
TOBACCO SETTLEMENT FIN AUTH	7.467	06/01/2047	751,240.60	MERRILL LYNCH MORTGAGE		04/25/2037	1,033,127.81
TOBACCO SETTLEMENT FING	5.875	05/15/2039	851,424.00	MERRILL LYNCH MORTGAGE		07/25/2037	2,425,778.32
TOBACCO SETTLEMENT REV MGMT	6.000	05/15/2022	105,226.00	MERRILL LYNCH MORTGAGE		10/25/2037	2,572,675.85
CAP USD CMS DERIVATIVE	0.288	12/07/2007	97,275.59	MLCC MORTGAGE INVESTORS INC		03/15/2025	400,109.81
P/CALL EUROPEAN CALL OPTION		01/18/2008	48,029.76	MORGAN STANLEY ABS CAPITAL I		09/25/2036	1,266,411.39
W/CALL OTC ECAL		07/19/2007	(35,749.12)	MORTGAGE EQU CONV TR		02/25/2042	850,000.00
P/CALL EURO DOLLAR OPTION		03/17/2008	<u>45,312.50</u>	MURCIE LAGO INTERNATIONAL LTD		03/27/2011	495,000.00
<b>TOTAL DOMESTIC GOVERNMENT BONDS</b>			<b>1,740,096,978.57</b>	NEW CENTURY HOME EQUITY LOAN		08/25/2036	1,299,222.29
				NEWCASTLE MORTGAGE		03/25/2036	1,136,779.38
				PECO ENERGY TRANSITION TRUST	6.130	03/01/2009	572,265.81
				PP&L TRANSITION BOND LLC	7.150	06/25/2009	1,000,244.34
				RAMP TRUST		10/25/2026	255,426.74
				RELIANT ENERGY MID-ATLANTIC	9.681	07/02/2026	122,062.50
				RESIDENTIAL ASSETT SEC CORP	4.470	03/25/2032	1,450,111.70
				SAXON ASSET SECURITIES TRUST		11/25/2036	456,703.06
				SLC STUDENT LOAN TRUST		02/15/2015	3,199,000.00
				SLM STUDENT LOAN TRUST 2006		10/25/2016	3,200,224.00
				SMALL BUSINESS ADMINISTRATION	7.190	12/01/2019	818,673.06
				SOUNDVIEW HOME LOAN TRUST		10/25/2036	1,841,110.12
				SOUNDVIEW HOME LOAN TRUST		11/25/2036	1,221,948.75
				SOUNDVIEW HOME LOAN TRUST		11/25/2036	2,386,202.43
				STRUCTURED ASSET INVESTMENT		06/25/2036	608,942.26
				SUPERIOR WHOLESALE INVENTORY		01/15/2012	344,901.61
				U.S. SMALL BUSINESS ADMIN	7.200	10/01/2019	3,030,098.55
				USXL FUNDING II LLC	5.379	04/15/2014	511,880.72
				UTD AIRLINES INC	6.201	03/01/2010	1,262,213.59
				WACHOVIA AUTO OWNER TRUST	5.340	07/20/2008	2,200,343.75
				WELLS FARGO HOME EQUITY		11/25/2035	1,342,267.31
				WFS FINANCIAL OWNER TRUST	2.980	09/17/2009	472,480.08
				ADJUSTABLE RATE MORTGAGE		05/25/2035	806,871.61
				ALTERNATIVE LOAN TRUST		09/20/2046	1,539,960.84
				AMERIQUEST MORTGAGE		06/25/2034	43,858.99
				ATLANTIC CITY ELECTRIC	5.550	10/20/2023	736,239.38
				BANC OF AMERICA COMMERCIAL	4.668	07/10/2043	1,362,169.75
				BANC OF AMERICA MORTGAGE	5.000	05/25/2034	564,742.94
				BANK OF AMERICA FUNDING CORP		05/25/2035	1,386,642.29
				BANK OF AMERICA MORTGAGE		01/25/2034	605,463.68
				BEAR STEARNS ALT-A TRUST		05/25/2035	801,883.45
				BEAR STEARNS ALTERNATIVE		11/25/2036	2,543,931.45
				BEAR STEARNS ARM TRUST	4.750	10/25/2035	1,046,517.54
				CD 2005 C1 COMMERCIAL MTG TR	5.047	09/15/2020	1,442,602.76
				CITICORP RESIDENTIAL MORTGAGE	5.706	07/25/2036	750,322.70
				COUNTRYWIDE ASSET-BACKED	4.615	02/25/2035	917,876.37
				CS FIRST BOSTON MTG SECURITIES	3.808	12/15/2036	510,551.37
				CWABS INC	6.500	11/25/2034	98,639.61
				CWABS INC FRN		08/25/2034	2,639,015.61
				CWABS REPERFORMING LOAN		06/25/2035	1,995,248.75
				DEUTSCHE ALT-A SECURITIES		08/25/2037	3,200,000.00
				EMC MORTGAGE LOAN TRUST		05/25/2040	1,031,594.20
				FANNIE MAE	5.000	07/25/2019	92,994.84

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC		MATURITY	MARKET	DOMESTIC		MATURITY	MARKET
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
FANNIE MAE	5.000	07/25/2024	4,951,590.50	BANC AMER COML MTG TRUST	4.037	11/10/2039	1,041,567.77
FANNIE MAE	5.500	09/25/2024	1,544,811.79	BANC AMER COML MTG TRUST	4.501	07/10/2043	1,289,693.39
FANNIE MAE	6.000	03/25/2031	12,753,578.13	BANC AMER COML MTG TRUST	4.764	07/10/2045	1,598,982.03
FANNIE MAE		03/25/2017	495,412.97	BANC AMER COML MTG TRUST	5.001	10/10/2045	3,298,976.49
FANNIE MAE		04/25/2032	226,284.20	BANC AMER COML MTG TRUST	5.001	10/10/2045	1,255,580.60
FANNIE MAE		03/25/2034	232,567.17	BANC AMER COML MTG TRUST	5.001	09/10/2047	5,189,217.00
FEDERAL NATL MTG ASSN GTD	6.320	08/15/2008	206,032.38	BANC AMER COML MTG TRUST	5.115	10/10/2045	12,451,199.43
FHLMC REMIC	5.000	03/15/2025	2,719,764.69	BANC AMER COML MTG TRUST	5.309	10/10/2045	1,876,035.30
FNBR	6.000	06/25/2016	904,685.91	BANC AMER COML MTG TRUST	5.334	09/10/2045	1,126,080.94
FREDDIE MAC	3.500	07/15/2032	179,331.17	BANC AMER COML MTG TRUST	5.414	09/10/2047	6,788,370.44
FREDDIE MAC	4.375	04/15/2015	5,963,681.23	BANC AMER COML MTG TRUST	5.634	04/10/2049	2,325,645.93
FREDDIE MAC	5.000	09/15/2016	296,308.20	BANC AMER COML MTG TRUST		09/10/2047	438,233.54
FREDDIE MAC	5.500	03/15/2017	299,517.81	BANC AMER COML MTG TRUST		09/10/2047	1,023,432.63
FREDDIE MAC		12/15/2029	354,548.73	BAYVIEW COMMERCIAL ASSET		12/25/2036	484,503.47
FREDDIE MAC		07/25/2044	3,698,307.63	BEAR STEARNS COM MTG SECS	0.030	08/13/2039	8,305.58
FREDDIE MAC		10/25/2044	695,355.40	BEAR STEARNS COM MTG SECS	4.361	06/11/2041	639,603.80
FREDDIE MAC		06/15/2013	1,000,686.91	BEAR STEARNS COM MTG SECS	4.386	02/11/2041	1,247,120.66
GMAC COMMERCIAL MORTGAGE	4.079	05/10/2036	7,144,704.25	BEAR STEARNS COM MTG SECS	4.871	09/11/2042	1,128,680.52
GMAC COMMERCIAL MORTGAGE	4.908	03/10/2038	2,082,823.06	BEAR STEARNS COM MTG SECS	4.940	10/12/2042	1,572,743.27
GMAC COMMERCIAL MORTGAGE		11/10/2045	5,358,293.21	BEAR STEARNS COM MTG SECS	5.270	12/11/2040	1,627,108.12
GMACM MTG LN TR	5.500	09/25/2034	546,195.38	BEAR STEARNS COM MTG SECS	5.382	12/11/2040	5,408,946.60
GOVERNMENT NATL MTG ASSN		12/16/2025	187,698.98	BEAR STEARNS COM MTG SECS	7.000	05/20/2030	2,091,537.38
GSAMP TRUST		09/25/2035	1,219,295.32	BEAR STEARNS COM MTG SECS	7.000	05/20/2030	2,658,424.21
GSR MTG TR		06/25/2034	177,560.54	BEAR STEARNS COM MTG SECS	7.080	07/15/2031	1,017,343.32
HARBORVIEW MORTGAGE LOAN		05/19/2035	1,569,841.08	BEAR STEARNS COM MTG SECS		09/11/2038	3,051,259.30
HARBORVIEW MORTGAGE LOAN		01/19/2038	2,737,183.62	BEAR STEARNS COM MTG SECS		09/11/2038	696,861.83
HARBORVIEW MTG LN FR CMO		01/19/2038	2,109,163.49	BEAR STEARNS COM MTG SECS		03/11/2039	1,096,911.97
INDY MBS BANK		05/25/2033	600,062.17	BEAR STEARNS COM MTG SECS		03/11/2039	1,440,291.59
JP MORGAN CHASE COMMERCIAL	4.994	07/12/2035	876,475.94	BEAR STEARNS COM MTG SECS		02/13/2042	1,615,681.65
JP MORGAN MORTGAGE TRUST		01/25/2037	1,623,194.39	CD 2005 C1 COMMERCIAL MORT	5.230	07/15/2044	1,258,823.41
LB-UBS COMMERCIAL MORTGAGE	5.156	02/15/2031	1,432,819.80	CD 2005 C1 COMMERCIAL MORT	5.230	07/15/2044	1,355,655.98
LEHMAN XS TRUST FR CMO		08/25/2046	1,631,472.12	CD 2006-CD2 MORTGAGE TRUST	5.408	01/15/2046	964,083.87
MASTR ASSET SECURITIZATION	5.500	09/25/2033	552,947.28	CD 2006-CD2 MORTGAGE TRUST		01/15/2046	2,725,931.24
MEAR STEARNS ALT-A TRUST		11/25/2036	1,589,606.31	CD 2006-CD3 MORTGAGE TRUST	5.560	10/15/2048	3,634,993.03
MERRILL LYNCH ALTERNATIVE		01/25/2037	578,641.52	CITIGROUP COMMERCIAL MORT		08/15/2021	981,837.38
MORGAN STANLEY CAP	4.450	01/14/2042	810,892.38	CITIGROUP COMMERCIAL MORT		04/15/2049	497,935.65
MORGAN STANLEY CAPITAL 1	4.510	07/15/2056	1,417,084.86	CITIGROUP COMMERCIAL MORT	4.733	10/15/2041	2,076,046.38
MORGAN STANLEY COMMERCIAL	4.090	04/15/2038	1,126,357.38	COMM 2006-C7 FR CMO		06/10/2046	3,092,612.83
MRFC MORTGAGE		06/15/2030	478,542.48	COMM 2006-C7 FR CMO		06/10/2046	749,421.53
PROC & GAMBL PFT SHR TR & ESOP	9.360	01/01/2021	235,155.18	COMM 2006-C7 FR CMO		06/10/2046	799,382.96
RALI SERIES 2003-QS6 TRUST		03/25/2033	556,995.37	COMMERCIAL MORTGAGE TRUST	6.455	05/15/2032	2,169,903.82
STRUCTURED ASSET MORTGAGE		04/25/2036	1,360,056.89	COMMERCIAL MORTGAGE TRUST		07/10/2038	454,157.19
STRUCTURED ASSET MORTGAGE		08/25/2036	2,139,267.41	COMMERCIAL MORTGAGE TRUST		06/10/2044	8,135,306.61
THORNBURG MORTGAGE		09/25/2046	2,551,964.91	COMMERCIAL MORTGAGE TRUST		06/10/2044	3,028,429.70
TRUMAN CAPITAL MTG LOAN		01/25/2034	120,160.24	CREDIT SUISSE FIRST BOSTON	4.900	12/15/2036	401,565.49
WAMU MORTGAGE		06/25/2034	3,195,802.83	CREDIT SUISSE FIRST BOSTON	4.900	12/15/2036	956,108.30
WAMU MORTGAGE		08/25/2046	2,707,268.47	CREDIT SUISSE FIRST BOSTON	5.439	09/15/2039	982,572.50
WAMU MORTGAGE		09/25/2046	2,960,363.69	CREDIT SUISSE FIRST BOSTON			874,395.10
WASHINGTON MUTUAL MORTGAGE		12/25/2027	1,654,555.21	CREDIT SUISSE FIRST BOSTON		09/15/2039	1,763,749.35
WASHINGTON MUTUAL MORTGAGE		10/25/2032	160,725.78	CREDIT SUISSE FIRST BOSTON		12/15/2040	955,746.30
WASHINGTON MUTUAL MORTGAGE		02/27/2034	264,460.87	FOUR TIMES SQUARE TRUST	5.401	12/13/2028	753,663.36
WASHINGTON MUTUAL MORTGAGE		08/25/2042	221,250.12	GCCFC	5.117	04/10/2037	2,323,903.72
WELLS FARGO MORTGAGE BACKED		09/25/2034	1,772,660.23	GMAC COMMERCIAL MORTGAGE	3.337	05/10/2036	534,772.80
WELLS FARGO MORTGAGE BACKED		05/25/2035	1,080,869.40	GMAC COMMERCIAL MORTGAGE	4.576	05/10/2040	1,413,335.98
WELLS FARGO MORTGAGE BACKED		03/25/2036	1,004,806.81	GMAC COMMERCIAL MORTGAGE	4.706	05/10/2043	9,689,320.98
WELLS FARGO MORTGAGE BACKED		08/25/2036	2,425,061.94	GMAC COMMERCIAL MORTGAGE	4.760	08/10/2038	2,451,210.75
WFS FINANCIAL OWNER TRUST	3.440	05/17/2012	1,310,632.51	GMAC COMMERCIAL MORTGAGE	4.772	06/10/2048	492,764.58

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DOMESTIC				DOMESTIC					
CORPORATE BONDS		RATE	MATURITY DATE	MARKET VALUE	CORPORATE BONDS		RATE	MATURITY DATE	MARKET VALUE
GMAC COMMERCIAL MORTGAGE	4.930	07/10/2039	82,202.91	MORGAN STANLEY CAPITAL I INC	4.030	06/15/2038	1,399,628.27		
GMAC COMMERCIAL MORTGAGE	6.290	08/11/2033	766,821.90	MORGAN STANLEY CAPITAL I INC	4.740	11/13/2036	543,139.61		
GMAC COMMERCIAL MORTGAGE	6.700	05/15/2030	883,427.59	MORGAN STANLEY CAPITAL I INC	4.800	01/13/2041	821,265.69		
GMAC COMMERCIAL MORTGAGE		05/10/2040	841,197.40	MORGAN STANLEY CAPITAL I INC	4.890	06/12/2047	2,777,609.38		
GREENWICH CAPITAL COMMERCIAL	3.835	06/10/2036	394,765.97	MORGAN STANLEY CAPITAL I INC	5.150	06/13/2041	1,068,164.46		
GREENWICH CAPITAL COMMERCIAL	4.305	08/10/2042	438,380.37	MORGAN STANLEY CAPITAL I INC	5.168	01/14/2042	1,279,546.05		
GREENWICH CAPITAL COMMERCIAL	4.915	01/05/2036	287,574.87	MORGAN STANLEY CAPITAL I INC	5.283	11/12/2041	8,842,428.16		
GREENWICH CAPITAL COMMERCIAL		04/10/2037	9,266,874.53	MORGAN STANLEY CAPITAL I INC	6.530	03/15/2031	1,629,671.25		
GS MORT SEC CORP	4.751	07/10/2039	1,715,191.57	MORGAN STANLEY CAPITAL I INC		10/15/2020	2,611,772.26		
GS MORT SEC CORP	4.751	07/10/2039	720,660.87	PRUDENTIAL COMMERCIAL MORT	4.493	02/11/2036	565,428.00		
GS MORT SEC CORP	4.761	07/10/2039	415,999.48	TIMBERSTAR TRUST	5.668	10/15/2036	268,576.00		
GS MORT SEC CORP	5.535	11/10/2039	261,479.50	WACHOVIA BANK COMMERCIAL	4.241	10/15/2035	5,171,849.80		
GS MORT SEC CORP		03/06/2020	3,203,504.51	WACHOVIA BANK COMMERCIAL	4.516	05/15/2044	388,876.20		
GS MORT SEC CORP		04/10/2038	8,044,028.50	WACHOVIA BANK COMMERCIAL	5.037	03/15/2042	1,126,621.00		
GS MORT SEC CORP		11/10/2039	1,467,249.00	WACHOVIA BANK COMMERCIAL		09/15/2021	4,801,870.79		
J P MORGAN CHASE COML MTG	4.719	01/15/2038	944,094.40	WACHOVIA BANK COMMERCIAL		07/15/2042	1,338,270.78		
J P MORGAN CHASE COML MTG	6.244	04/15/2035	563,644.95	WACHOVIA BANK COMMERCIAL		10/15/2044	2,204,449.98		
J P MORGAN CHASE COML MTG	7.371	08/15/2032	963,972.62	WACHOVIA BANK COMMERCIAL		07/15/2045	1,486,627.95		
J P MORGAN CHASE COML MTG		05/15/2041	2,313,126.50	WACHOVIA BANK COMMERCIAL			388,043.76		
J P MORGAN CHASE COML MTG		04/15/2043	3,197,439.68	ABBEE NATIONAL	7.950	10/26/2029	336,324.80		
J P MORGAN CHASE COML MTG		12/15/2044	6,960,311.00	ACCO BRANDS CORP	7.625	08/15/2015	29,475.00		
J P MORGAN CHASE COML MTG		03/15/2046	571,861.26	ACTUANT CORP	6.875	06/15/2017	94,050.00		
J P MORGAN CHASE COML MTG			3,066,768.00	ADVANCED MEDICAL OPTICS INC	7.500	05/01/2017	80,325.00		
LB COMMERCIAL CONDUIT MORT	7.325	10/15/2032	1,127,201.32	AES CORPORATION	9.000	05/15/2015	105,875.00		
LB UBS COMMERCIAL MORTGAGE	3.246	03/15/2029	1,735,876.47	ALABAMA POWER CO	5.500	10/15/2017	339,944.50		
LB UBS COMMERCIAL MORTGAGE	4.201	12/15/2029	972,787.30	ALCOA INC	5.720	02/23/2019	414,214.82		
LB UBS COMMERCIAL MORTGAGE	4.207	11/15/2027	1,669,694.61	ALCOA INC	5.870	02/23/2022	140,471.24		
LB UBS COMMERCIAL MORTGAGE	4.647	07/15/2030	1,966,765.84	ALERIS INTERNATIONAL INC	10.000	12/15/2016	684,825.00		
LB UBS COMMERCIAL MORTGAGE	4.742	02/15/2030	1,627,871.56	ALGOMA ACQUISITION CORP	9.875	06/15/2015	427,850.00		
LB UBS COMMERCIAL MORTGAGE	4.821	04/15/2030	3,170,160.06	ALLEGHENY TECHNOLOGIES INC	8.375	12/15/2011	68,575.00		
LB UBS COMMERCIAL MORTGAGE	4.990	11/15/2030	1,107,189.43	ALLIANCE IMAGING INC	7.250	12/15/2012	43,650.00		
LB UBS COMMERCIAL MORTGAGE	5.084	02/15/2031	1,381,422.70	ALLIS-CHALMERS ENERGY INC	8.500	03/01/2017	84,893.75		
LB UBS COMMERCIAL MORTGAGE	5.103	11/15/2030	790,675.44	ALLIS-CHALMERS ENERGY INC	9.000	01/15/2014	55,962.50		
LB UBS COMMERCIAL MORTGAGE	5.372	09/15/2039	627,717.35	ALLSTATE CORP	5.000	08/15/2014	344,275.20		
LB UBS COMMERCIAL MORTGAGE	6.410	12/15/2019	147,398.92	ALLSTATE CORP	6.125	02/15/2012	235,899.50		
LB UBS COMMERCIAL MORTGAGE		11/15/2030	980,097.19	ALZA CORP		07/28/2020	913,950.00		
LB UBS COMMERCIAL MORTGAGE		06/15/2038	689,993.31	AMBAC FINANCIAL GROUP INC		02/07/2087	775,264.90		
LEHMAN BROTHERS COMMERCIAL		09/15/2021	682,682.80	AMERADA HESS CORP	7.300	08/15/2031	268,105.00		
MERRIL LYNCH MORTGAGE TRUST	4.166	08/12/2039	2,820,163.64	AMERICAN EXPRESS CO	4.875	07/15/2013	289,518.00		
MERRIL LYNCH MORTGAGE TRUST	4.353	02/12/2042	1,333,714.74	AMERICAN EXPRESS CO		06/12/2009	3,199,584.00		
MERRIL LYNCH MORTGAGE TRUST	4.435	11/12/2035	4,407,368.85	AMERICAN GENERAL FIN	5.400	12/01/2015	770,976.00		
MERRIL LYNCH MORTGAGE TRUST	4.556	06/12/2043	10,373,573.21	AMERICAN INTERNATIONAL GROUP	5.050	10/01/2015	437,892.40		
MERRIL LYNCH MORTGAGE TRUST	5.017	01/12/2044	1,199,151.36	AMERICREDIT CORP	8.500	07/01/2015	110,825.00		
MERRIL LYNCH MORTGAGE TRUST	5.077	11/12/2037	1,817,495.29	AMGEN INC	0.125	02/01/2011	859,750.00		
MERRIL LYNCH MORTGAGE TRUST		11/12/2035	2,938,202.70	AMGEN INC	6.375	06/01/2037	663,334.86		
MERRIL LYNCH MORTGAGE TRUST		11/12/2037	129,052.25	ANADARKO PETROLEUM CORP	6.450	09/15/2036	91,373.85		
MERRIL LYNCH MORTGAGE TRUST		11/12/2037	5,663,755.21	ANADARKO PETROLEUM CORP	6.450	09/15/2036	192,366.00		
MERRIL LYNCH MORTGAGE TRUST		05/12/2039	754,806.04	ANR PIPELINE CO	7.375	02/15/2024	72,606.30		
MERRIL LYNCH MORTGAGE TRUST		05/12/2039	5,384,678.36	AOL TIME WARNER INC	7.625	04/15/2031	214,274.00		
MERRIL LYNCH MORTGAGE TRUST		05/12/2039	1,588,595.36	AOL TIME WARNER INC	7.700	05/01/2032	302,778.00		
MERRIL LYNCH MORTGAGE TRUST		05/12/2039	791,403.68	APACHE CORP	6.000	01/15/2037	1,306,377.20		
MERRIL LYNCH MORTGAGE TRUST		10/12/2041	2,759,656.44	APACHE CORP	6.000	01/15/2037	95,356.00		
MERRIL LYNCH MORTGAGE TRUST		06/12/2043	209,273.77	AT&T CORP	4.125	09/15/2009	777,928.00		
MERRIL LYNCH MORTGAGE TRUST		01/12/2044	1,983,749.00	AT&T CORP		11/15/2011	3,254,115.36		
MERRIL LYNCH MORTGAGE TRUST		01/12/2044	436,775.55	AT&T WIRELESS SERVICES INC	7.875	03/01/2011	967,662.00		
MERRIL LYNCH MORTGAGE TRUST		07/12/2046	3,566,159.90	ATLANTIC EXPRESS TRANS		04/15/2012	86,275.00		
MORGAN STANLEY CAP CAYMAN	5.565	03/12/2044	1,979,059.00	AVNET INC	6.625	09/15/2016	1,242,244.50		

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DOMESTIC CORPORATE BONDS				DOMESTIC CORPORATE BONDS			
	RATE	MATURITY DATE	MARKET VALUE		RATE	MATURITY DATE	MARKET VALUE
AXA FINANCIAL INC	7.750	08/01/2010	713,261.90	COCA COLA ENTERPRISES INC	8.500	02/01/2012	1,117,630.00
BALDOR ELECTRIC CO	8.625	02/15/2017	111,037.50	COLLINS & AIKMAN PRODUCTS	12.875	08/15/2012	77.00
BANC ONE CORP	7.625	10/15/2026	534,285.00	COLONIAL PROPERTIES TRST	4.750	02/01/2010	210,388.25
BANK OF AMERICA CORP	4.875	09/15/2012	811,734.00	COLONIAL RLTY LP	5.500	10/01/2015	1,633,921.00
BANK OF AMERICA CORP	5.625	10/14/2016	4,272,382.80	COLUMBIA HCA HEALTHCARE	7.500	12/15/2023	672,991.80
BANK OF AMERICA CORP	7.800	02/15/2010	422,804.00	COMCAST CORP	6.200	11/15/2008	735,788.90
BANKBOSTON NA	6.375	04/15/2008	4,026,000.00	COMCAST CORP	6.450	03/15/2037	549,320.40
BAXTER INTL INC	4.625	03/15/2015	231,330.00	COMCAST CORP	6.450	03/15/2037	318,027.60
BB&T CORPORATION	4.750	10/01/2012	853,305.30	COMCAST CORP	10.625	07/15/2012	593,715.00
BEAR STEARNS CO INC	2.875	07/02/2008	1,120,019.50	COMMUNITY HEALTH SYSTEMS	8.875	07/15/2015	263,575.00
BEAR STEARNS CO INC	5.700	11/15/2014	607,978.20	COMPLETE PRODUCTION SERVICES IN	8.000	12/15/2016	207,050.00
BELDEN INC	7.000	03/15/2017	103,425.00	CON EDISON OF NY	6.200	06/15/2036	199,644.00
BELLSOUTH CAPITAL FUNDING	7.875	02/15/2030	564,515.00	CONAGRA INC	7.875	09/15/2010	585,640.26
BELLSOUTH CORP	4.196	04/26/2021	5,549,880.00	CONSECO INC	3.500	09/30/2035	30,487.50
BERKSHIRE HATHAWAY FINANCE	4.850	01/15/2015	351,507.40	CONSTELLATION BRANDS INC	7.250	05/15/2017	112,125.00
BHP FINANCE	6.420	03/01/2026	306,105.00	CONSTELLATION ENERGY GROUP	7.000	04/01/2012	523,860.00
BOEING CO	6.125	02/15/2033	226,481.20	CONSUMERS ENERGY-ITC	4.000	05/15/2010	1,194,116.85
BOSTON PROPERTIES INC	5.000	06/01/2015	425,745.00	COOPER COS INC	7.125	02/15/2015	84,150.00
BOSTON SCIENTIFC	5.450	06/15/2014	489,356.40	COPANO ENERGY LLC	8.125	03/01/2016	86,275.00
BOWATER INC	9.375	12/15/2021	236,250.00	CORN PRODUCTS INTERNATIONAL	6.000	04/15/2017	699,427.30
BOYD GAMING CORP	7.125	02/01/2016	63,050.00	CORN PRODUCTS INTERNATIONAL	8.450	08/15/2009	1,282,939.80
BOYD GAMING CORP	7.750	12/15/2012	210,125.00	CORNING INC	7.250	08/15/2036	1,654,417.95
BRITISH TELECOMMUNICATIONS	8.125	12/15/2010	1,480,703.35	COSTCO COS INC		08/19/2017	1,069,643.75
BRITISH TELECOMMUNICATIONS	8.625	12/15/2030	392,634.00	COUNTRYWIDE FINANCIAL CORP	4.000	03/22/2011	543,657.20
BROOKSTONE INC	12.000	10/15/2012	251,125.00	COUNTRYWIDE FINANCIAL CORP	5.800	06/07/2012	1,350,425.60
BSKYB FIN U K PLC	6.500	10/15/2035	679,406.00	COX COMMUNICATIONS INC	6.750	03/15/2011	1,516,084.55
C10 CAPITAL SPV LTD	6.722	12/31/2049	1,563,920.00	CRANE CO	6.550	11/15/2036	2,339,155.00
CALENERGY INC	7.630	10/15/2007	2,297,156.20	CREDIT SUISSE FIRST BOSTON	6.500	01/15/2012	1,035,780.00
CANADIAN NATIONAL RAILWAY	6.200	06/01/2036	195,184.00	CRESENT REAL ESTA	9.250	04/15/2009	138,122.55
CANWEST MEDWKS LP	9.250	08/01/2015	140,000.00	CRH AMERICA INC	5.300	10/15/2013	479,150.00
CAPITAL ONE FINANCIAL CO	6.150	09/01/2016	394,916.00	CRUM & FORSTER HOLDINGS CORP		05/01/2017	254,150.00
CARDINAL HEALTH	9.500	04/15/2015	93,337.50	CVS CAREMARK CORP	5.750	06/01/2017	260,501.40
CARDTRONICS INC	9.250	08/15/2013	148,262.50	CVS CAREMARK CORP	6.302	06/01/2062	821,915.55
CATERPILLAR INC	6.050	08/15/2036	501,732.90	DAIMLER-BENZ NORTH AMER	5.750	05/18/2009	1,183,079.80
CATERPILLAR INC	6.625	07/15/2028	295,226.40	DAJMLERCHRYSLER NA HLDGS	7.200	09/01/2009	464,440.50
CB DELTA AIR LINES CV	2.875	02/06/2024	4,225.00	DAYTON SUPERIOR CORP	10.750	09/15/2008	71,575.00
CB NORTHWEST AIRLINES	8.875	06/01/2006	4,462.50	DEL LABORATORIES INC	8.000	02/01/2012	460,800.00
CB NORTHWEST AIRLINES	10.000	02/01/2009	8,368.75	DELTA AIRLINES	8.000	06/03/2023	6,500.00
CENTENE CORP	7.250	04/01/2014	123,125.00	DELTA AIRLINES	8.300	12/15/2029	1,750.00
CENTERPOINT ENERGY INC	5.950	02/01/2017	213,099.36	DEVON FINANCING CO	6.875	09/30/2011	521,965.00
CENTERPOINT ENERGY INC	7.250	09/01/2010	1,211,376.40	DEX MEDIA EAST LLC	9.875	11/15/2009	1,658,000.00
CHAPARRAL ENERGY INC	8.500	12/01/2015	161,287.50	DEXIA CREDIT LOCAL SA	5.270	09/29/2008	3,198,048.00
CHESAPEAKE ENERGY CORP	6.500	08/15/2017	203,712.50	DOMINION RESOURCES INC	8.125	12/15/2010	753,760.00
CHESAPEAKE ENERGY CORP	6.875	11/15/2020	4,787.50	DU PONT E I DE NEMOURS & CO	4.750	11/15/2012	403,027.80
CHESAPEAKE ENERGY CORP	7.625	07/15/2013	820,000.00	DUKE ENERGY CORP	4.200	10/01/2008	1,432,374.75
CIMAREX ENERGY CO	7.125	05/01/2017	828,750.00	DUKE ENERGY CORP	6.000	12/01/2028	218,835.00
CISCO SYSTEMS INC	5.500	02/22/2016	341,533.50	DYNEGY HLDGS INC	7.750	06/01/2019	497,550.00
CIT GROUP INC	6.000	04/01/2036	116,020.00	EDISON MISSION ENE	7.000	05/15/2017	593,775.00
CITIGROUP GLOBAL MA	0.800	10/30/2008	694,469.41	EL PASO CORP	7.000	06/15/2017	618,150.00
CITIGROUP INC	4.125	02/22/2010	4,850,400.00	EL PASO CORP	7.500	11/15/2026	10,765.30
CITIGROUP INC	5.000	09/15/2014	1,227,125.40	EL PASO CORP	8.625	01/15/2022	76,083.80
CITIGROUP INC	5.300	01/07/2016	1,196,564.14	ELI LILLY & CO	5.550	03/15/2037	783,190.00
CITIGROUP INC	6.000	02/21/2012	560,257.50	EMBARQ CORPORATION	7.995	06/01/2036	4,049,291.40
CITIZENS COMMUNICATIONS CORP	7.125	03/15/2019	789,075.00	EMERSON ELECTRIC CO	5.850	03/15/2009	705,901.00
CITIZENS COMMUNICATIONS CORP	7.875	01/15/2027	2,032,525.00	ENERGY PARTNERS		04/15/2013	105,525.00
CMS ENERGY CORP	6.550	07/17/2017	611,710.60	ENTERGY GULF STS	3.600	06/01/2008	491,080.00
COCA COLA BOTTLING CO	5.000	06/15/2016	919,160.00	ENTERPRISE PRODUCTS OPER LP	5.600	10/15/2014	544,392.80

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
CORPORATE BONDS		MATURITY	MARKET	CORPORATE BONDS		MATURITY	MARKET
	RATE	DATE	VALUE		RATE	DATE	VALUE
EQUIFAX INC	7.000	07/01/2037	1,225,631.25	GOLDMAN SACHS GROUP INC	5.300	02/14/2012	1,308,932.80
EQUIFAX INC	7.000	07/01/2037	566,917.50	GOLDMAN SACHS GROUP INC	5.750	10/01/2016	556,662.00
EQUISTAR CHEMICALS	10.125	09/01/2008	20,800.00	GOLDMAN SACHS GROUP INC	6.600	01/15/2012	776,640.00
EQUISTAR CHEMICALS	10.625	05/01/2011	44,205.00	GOLDMAN SACHS GROUP INC	7.350	10/01/2009	437,056.20
EXELON GENERATION CO LLC	5.625	06/15/2035	196,545.80	GOODYEAR TIRE & RUBBER CO	6.375	03/15/2008	15,000.00
EXELON GENERATION CO LLC	6.950	06/15/2011	497,297.80	GOODYEAR TIRE & RUBBER CO	8.625	12/01/2011	85,252.50
FEDERATED DEPT STORES	6.625	04/01/2011	650,777.60	GOODYEAR TIRE & RUBBER CO		03/01/2011	59,743.75
FEDEX CORP	3.500	04/01/2009	966,650.00	GRAND METROPOLITAN INVEST	7.450	04/15/2035	170,461.50
FISHER SCIENTIFIC INTERNATION	6.125	07/01/2015	73,643.25	GREENBRIER COMPANIES INC	8.375	05/15/2015	110,825.00
FLEET BOSTON FINANCIAL CORP	6.375	05/15/2008	1,007,250.00	GTE CORP	6.940	04/15/2028	257,125.00
FLEETPRIDE CORP	11.500	10/01/2014	177,650.00	HANGER ORTHOPEDIC GROUP	10.250	06/01/2014	107,500.00
FLORIDA POWER & LIGHT	5.625	04/01/2034	253,062.90	HARRY & DAVID OPERATIONS	9.000	03/01/2013	25,375.00
FMC CORP	7.000	05/15/2008	1,275,070.79	HARTFORD FINANCIAL SERVICES	6.100	10/01/2041	290,763.00
FORD MOTOR CO	7.450	07/16/2031	1,653,412.50	HAWKER BEECHCRAFT	8.500	04/01/2015	82,600.00
FORD MOTOR CO	8.000	12/15/2016	1,623,555.75	HAWKER BEECHCRAFT	9.750	04/01/2017	214,225.00
FORD MOTOR CREDIT CO	7.250	10/25/2011	240,607.50	HAWKER BEECHCRAFT	9.750	04/01/2017	36,575.00
FORD MOTOR CREDIT CO	7.375	10/28/2009	79,412.80	HCA INC	6.300	10/01/2012	87,875.00
FORD MOTOR CREDIT CO	7.800	06/01/2012	321,924.90	HCA INC	8.750	09/01/2010	26,093.75
FORD MOTOR CREDIT CO	7.800	06/01/2012	48,776.50	HCA INC	9.125	11/15/2014	730,618.75
FORD MOTOR CREDIT CO	7.875	06/15/2010	535,898.16	HCA INC	9.250	11/15/2016	181,050.00
FORD MOTOR CREDIT CO	7.875	06/15/2010	9,998.10	HCP INC	5.650	12/15/2013	701,928.00
FOREST OIL CORP	7.250	06/15/2019	140,650.00	HCP INC	6.000	01/30/2017	700,035.05
FOREST OIL CORP	8.000	12/15/2011	36,050.00	HEWLETT PACKARD CO	6.500	07/01/2012	625,338.00
FORTIS BANK NY		06/30/2008	3,201,216.00	HIGHMARK INC	6.800	08/15/2013	517,925.00
FREEPORT-MCMORAN	8.250	04/01/2015	68,575.00	HILCORP ENERGY/FINANCE	9.000	06/01/2016	82,800.00
FREEPORT-MCMORAN	8.375	04/01/2017	138,775.00	HILTON HOTELS CORP	3.375	04/15/2023	1,137,218.75
FREESCALE SEMICONDUCTOR	10.125	12/15/2016	1,518,100.00	HOME DEPOT INC	5.250	12/16/2013	482,295.00
FRESENTUS MEDICAL CARE CAP	7.875	02/01/2008	2,563,755.00	HOME DEPOT INC	5.875	12/16/2036	431,244.00
FUND AMERICAN COS INC	5.880	05/15/2013	644,094.25	HORNBECK OFFSHORE SERVICES	6.125	12/01/2014	535,275.00
GAYLORD ENTERTAINMENT CO	6.750	11/15/2014	108,075.00	HOSPIRA INC	6.050	03/30/2017	738,547.50
GAYLORD ENTERTAINMENT CO	8.000	11/15/2013	146,993.75	HOST HOTELS & RESORTS INC	6.875	11/01/2014	84,043.75
GCB 144A DELTA AIR CV	2.875	02/18/2042	2,275.00	HOST MARRIOTT LP	6.375	03/15/2015	81,600.00
GCI INC	7.250	02/15/2014	94,500.00	HOST MARRIOTT LP	6.750	06/01/2016	39,200.00
GENERAL ELECTRIC CAP CORP	0.550	10/14/2008	3,085,058.10	HSBC BANK USA	4.625	04/01/2014	1,116,357.05
GENERAL ELECTRIC CAP CORP	1.750	02/12/2010	2,035,060.38	HSBC FINANCE CORP	5.500	01/19/2016	433,651.50
GENERAL ELECTRIC CAP CORP	2.500	12/23/2010	1,622,878.59	HSBC FINANCE CORP	8.000	07/15/2010	1,533,705.44
GENERAL ELECTRIC CAP CORP	5.400	02/15/2017	2,302,437.96	HSBC FINANCE CORP	05/21/2008		3,201,536.00
GENERAL ELECTRIC CAP CORP	6.750	03/15/2032	1,084,970.00	HSBC HLDGS PLC	7.625	05/17/2032	474,312.60
GENERAL ELECTRIC CAP CORP		10/24/2008	9,403,854.00	HUB INTL HOLDINGS	9.000	12/15/2014	230,300.00
GENERAL ELECTRIC GLOBAL INS	7.000	02/15/2026	538,835.00	ICAHN ENTERPRISES LP	7.125	02/15/2013	139,925.00
GENERAL MILLS INC	6.000	02/15/2012	202,146.00	ICAHN ENTERPRISES LP	7.125	02/15/2013	173,700.00
GENERAL MOTORS ACCEPTANCE	6.750	12/01/2014	289,213.32	ICAHN ENTERPRISES LP	8.125	06/01/2012	306,143.75
GENERAL MOTORS ACCEPTANCE	6.750	12/01/2014	86,189.40	IDEARC INC	8.000	11/15/2016	191,900.00
GEO SUB CP	11.000	05/15/2012	71,050.00	INEOS GROUP HLDGS	8.500	02/15/2016	552,287.50
GEORGIA PACIFIC CORP	7.000	01/15/2015	158,812.50	INTERGAS FIN BV	6.375	05/14/2017	229,800.00
GEORGIA PACIFIC CORP	7.125	01/15/2017	297,600.00	INTERNATIONAL BUS MACH CORP	8.375	11/01/2019	635,003.25
GEORGIA PACIFIC CORP	7.375	12/01/2025	1,600,312.50	INTERNATIONAL PAPER CO	5.850	10/30/2012	648,375.00
GEORGIA PACIFIC CORP	8.000	01/15/2024	150,350.00	INTUIT INC	5.400	03/15/2012	386,739.51
GMAC LLC	6.000	12/15/2011	1,294,853.40	INVACARE CORP	9.750	02/15/2015	136,012.50
GMAC LLC	6.625	05/15/2012	869,112.00	ION MEDIA NETWORKS INC		01/15/2012	30,375.00
GMAC LLC	7.000	02/01/2012	882,684.00	ION MEDIA NETWORKS INC		01/15/2013	98,325.00
GMAC LLC	7.250	03/02/2011	1,096,392.00	IPALCO ENTERPRISES INC		11/14/2008	1,259,700.00
GMAC LLC	8.000	11/01/2031	1,876,434.30	IPCS INC		05/01/2013	40,050.00
GMAC LLC	8.000	11/01/2031	894,757.50	ISLE OF CAPRI CASINOS INC	9.000	03/15/2012	67,762.50
GOLDMAN SACHS CAPITAL I	6.345	02/15/2034	333,802.00	ISTAR FINANCIAL INC	4.875	01/15/2009	829,256.40
GOLDMAN SACHS GROUP INC	0.061	02/15/2033	1,640,656.40	ISTAR FINANCIAL INC	5.875	03/15/2016	413,969.60
GOLDMAN SACHS GROUP INC	5.000	10/01/2014	260,293.00	ISTAR FINANCIAL INC	6.000	12/15/2010	567,384.30

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DOMESTIC CORPORATE BONDS			MATURITY DATE	MARKET VALUE	DOMESTIC CORPORATE BONDS			MATURITY DATE	MARKET VALUE
	RATE	DATE				RATE	DATE		
JACOBS ENTERTAINMENT	9.750	06/15/2014	93,487.50	MOHEGAN TRIBAL GAMING	8.000	04/01/2012	41,300.00		
JANUS CAPITAL GROUP INC	6.250	06/15/2012	976,508.70	MONTERREY POWER SA DE CV	9.625	11/15/2009	519,636.65		
JARDEN CORPORATION	7.500	05/01/2017	88,875.00	MORGAN STANLEY	4.000	01/15/2010	1,592,943.00		
JC PENNEY CO INC	5.750	02/15/2018	458,560.25	MORGAN STANLEY	4.750	04/01/2014	513,612.00		
JEFFERIES GROUP INC	5.500	03/15/2016	305,705.60	MORGAN STANLEY	5.300	03/01/2013	392,068.00		
JP MORGAN CHASE & C	5.250	05/01/2015	337,211.00	MORRIS PUBLISHING GR LLC/FIN	7.000	08/01/2013	78,750.00		
KANSAS CITY SOUTHERN RY	9.500	10/01/2008	82,800.00	MOSAICO CO	7.375	12/01/2014	95,950.00		
KELLOGG CO	7.450	04/01/2031	311,797.75	MOSAICO CO	7.625	12/01/2016	117,587.50		
KEYSPAN CORP	8.000	11/15/2030	236,232.00	MTR GAMING GROUP INC	9.000	06/01/2012	126,300.00		
KINDER MORGAN ENERGY PART	7.125	03/15/2012	841,584.00	MTR GAMING GROUP INC	9.750	04/01/2010	83,200.00		
KRAFT FOODS INC	5.625	11/01/2011	421,672.25	MUELLER WATER PRODUCTS INC	7.375	06/01/2017	104,119.05		
KROGER CO	7.000	05/01/2018	686,763.40	NATIONAL RURAL UTILITIES CO-OP	8.000	03/01/2032	184,680.00		
KROGER CO	7.250	06/01/2009	719,600.00	NATIONSBANK CAP TRUST	8.250	04/15/2027	1,643,674.00		
LABRANCHE & CO INC	9.500	05/15/2009	62,100.00	NBTY INC	7.125	10/01/2015	79,200.00		
LABRANCHE & CO INC	11.000	05/15/2012	15,900.00	NEENAH CORP	9.500	01/01/2017	148,800.00		
LAMAR MEDIA CORP	6.625	08/15/2015	56,850.00	NEENAH PAPER INC	7.375	11/15/2014	103,950.00		
LAMAR MEDIA CORP	7.250	01/01/2013	79,800.00	NEWFIELD EXPLORATION CO	6.625	09/01/2014	67,550.00		
LEAR CORP	8.500	12/01/2013	72,000.00	NEWFIELD EXPLORATION CO	6.625	04/15/2016	14,437.50		
LEAR CORP	8.750	12/01/2016	66,675.00	NEWS AMERICA HLDGS INC	8.000	10/17/2016	675,402.00		
LEHMAN BROS HLDGS INC	5.750	01/03/2017	369,170.00	NEWS AMERICA HLDGS INC	8.000	10/17/2016	776,712.30		
LEHMAN BROTHERS HOLDINGS	4.800	03/13/2014	358,628.80	NEXTEL COMMUNICATIONS INC	7.375	08/01/2015	699,699.00		
LIBBEY GLASS		06/01/2011	104,975.00	NIPPON LIFE INSURANCE	4.875	08/09/2010	341,124.00		
LIBERTY MUT GROUP INC	7.800	03/07/2087	447,226.75	NORFOLK SOUTHERN CORP	7.700	05/15/2017	385,479.50		
LILLY(ELI)& CO	7.125	06/01/2025	554,615.00	NORSK HYDRO ASA	7.250	09/23/2027	648,766.75		
LOCKHEED MARTIN CORP	7.650	05/01/2016	608,083.20	NORTHERN TELECOM CAPITAL	7.875	06/15/2026	1,237,950.00		
LOWE'S COMPANIES INC	5.500	10/15/2035	175,882.00	NORTHROP GRUMMAN CORP	7.125	02/15/2011	461,520.40		
LUCENT TECHNOLOGIE	5.500	11/15/2008	69,300.00	NORTHWEST AIR CV	7.625	11/15/2023	4,800.00		
LUCENT TECHNOLOGIE	6.450	03/15/2029	478,500.00	NORTHWEST AIRLINES CORP	7.625	11/15/2023	29,800.00		
MACDERMID INC	9.500	04/15/2017	85,425.00	NORTHWEST AIRLINES CORP	8.875	06/01/2006	28,218.75		
MACYS RETAIL HLDGS INC	7.450	07/15/2017	152,854.50	NORTHWEST AIRLINES CORP	8.875	06/01/2006	28,218.75		
MANDALAY RESORT GROUP	10.250	08/01/2007	1,104,125.00	NORTHWEST AIRLINES CORP	10.000	02/01/2009	50,781.25		
MARINER ENERGY INC	7.500	04/15/2013	156,800.00	NRG ENERGY INC	7.250	02/01/2014	20,050.00		
MARKWEST ENERGY PARTNERS	6.875	11/01/2014	100,170.00	NRG ENERGY INC	7.375	02/01/2016	40,100.00		
MARKWEST ENERGY PARTNERS	6.875	11/01/2014	99,225.00	NRG ENERGY INC	7.375	02/01/2016	802,000.00		
MARKWEST ENERGY PARTNERS	8.500	07/15/2016	30,525.00	NSG HOLDINGS LLC	7.750	12/15/2025	106,050.00		
MARSH & MCLENNAN COS INC	5.750	09/15/2015	396,870.60	OHIO POWER CO	6.600	02/15/2033	227,660.40		
MASCO CORP	6.500	08/15/2032	163,848.60	OMEGA HEALTHCARE INVESTORS	7.000	04/01/2014	39,800.00		
MAY DEPARTMENT STORES CO	5.750	07/15/2014	335,510.00	OMX TIMBER FIN INV		01/29/2020	316,273.50		
MBNA AMERICA BANK	6.625	06/15/2012	678,171.00	ONCOR ELECTRIC DEL	6.375	05/01/2012	306,126.00		
MEDCO HEALTH SOLUTIONS BND	7.250	08/15/2013	1,441,568.80	ONEOK PARTNERS LP	6.150	10/01/2016	379,031.00		
MEDCO HEALTH SOLUTIONS BND	7.250	08/15/2013	205,186.80	OWENS CORNING INC	7.000	12/01/2036	761,608.00		
MEDIA NEWS GROUP INC	6.375	04/01/2014	79,087.50	OWENS-BROCKWAY GLASS	8.750	11/15/2012	5,225.00		
MEDIANEWS GROUP INC	6.875	10/01/2013	38,700.00	OWENS-ILLINOIS INC	7.350	05/15/2008	35,087.50		
MERRILL LYNCH & CO INC	6.050	05/16/2016	573,695.40	PACIFIC BELL	7.125	03/15/2026	317,298.00		
MERRILL LYNCH & CO INC	7.000	04/27/2008	1,009,570.00	PACIFIC ENERGY PARTNERS LP	6.250	09/15/2015	1,389,996.95		
MERRILL LYNCH & CO INC		10/23/2008	3,103,596.00	PACIFIC ENERGY PARTNERS LP	7.125	06/15/2014	87,942.70		
MERRILL LYNCH & CO INC		03/13/2032	1,042,865.00	PACIFIC GAS & ELECTRIC	4.800	03/01/2014	519,799.50		
METLIFE INC	6.125	12/01/2011	816,976.00	PACIFIC GAS & ELECTRIC	6.050	03/01/2034	435,910.50		
METLIFE INC	6.400	12/15/2066	111,162.00	PACTIV CORP	5.875	07/15/2012	405,046.36		
METROPOLITAN EDISON CO	4.875	04/01/2014	467,965.00	PAETEC HOLDING CORP	9.500	07/15/2015	85,000.00		
METROPOLITAN LIFE GLOBAL FUND		05/17/2010	3,199,680.00	PANAMSAT CORP	9.000	08/15/2014	27,105.00		
MGM MIRAGE INC	7.500	06/01/2016	52,181.25	PANAMSAT CORP	9.000	06/15/2016	109,987.50		
MGM MIRAGE INC	8.500	09/15/2010	36,618.75	PARK PL ENTMT CORP	7.000	04/15/2013	104,750.00		
MIDAMERICAN ENERGY HLDGS	6.125	04/01/2036	260,847.00	PARKER DRILLING CO	9.625	10/01/2013	48,037.50		
MILLENNIUM AMERICA INC	7.625	11/15/2026	106,150.00	PEABODY ENERGY CORP	7.375	11/01/2016	66,300.00		
MOHEGAN TRIBAL GAMING	6.375	07/15/2009	74,250.00	PEABODY ENERGY CORP	7.875	11/01/2026	41,400.00		
MOHEGAN TRIBAL GAMING	7.125	08/15/2014	89,100.00	PEMEX PROJ FDG MASTER	7.375	12/15/2014	754,561.50		

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DOMESTIC			DOMESTIC				
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>MATURITY DATE</u>	<u>MARKET VALUE</u>
PEMEX PROJECT FD MAST TRUST	6.625	06/15/2035	710,500.00	SIMON PROPERTY GROUP INC	6.375	11/15/2007	1,338,738.00
PEMEX PROJECT FD MAST TRUST	7.875	02/01/2009	3,084,185.00	SKANDINAV ENSKILDA BK NY		02/04/2008	3,100,000.00
PEMEX PROJECT FD MAST TRUST	8.625	02/01/2022	553,428.00	SLM CORP	5.000	10/01/2013	285,825.35
PENN NATIONAL GAMING INC	6.750	03/01/2015	220,375.00	SLM CORP	5.000	04/15/2015	349,252.25
PENNEY(J.C.)CO INC	7.400	04/01/2037	210,438.00	SLM CORP	5.000	06/15/2018	150,453.10
PHIBRO ANTMAL HEALTH CO	10.000	08/01/2013	104,500.00	SLM CORP	5.050	11/14/2014	320,154.45
PHILLIPS PETROLEUM	8.750	05/25/2010	206,843.50	SLM CORP	5.375	05/15/2014	47,131.15
PILGRIMS PRIDE CORP	7.625	05/01/2015	19,950.00	SLM CORP	5.625	08/01/2033	506,837.50
PILGRIMS PRIDE CORP	8.375	05/01/2017	39,600.00	SMALL BUSINESS ADMIN GTD	7.540	08/10/2009	432,049.33
PIONEER NATURAL RESOURCES	6.650	03/15/2017	799,623.50	SMITHFIELD FOODS INC	7.750	07/01/2017	750,000.00
PITNEY BOWES INC	5.250	01/15/2037	2,960,129.70	SMITHFIELD FOODS INC	7.750	07/01/2017	125,000.00
PLAINS EXPLORATION & PRO	7.750	06/15/2015	496,250.00	SOURCE GAS LLC	5.900	04/01/2017	452,031.15
POGO PRODUCING CO	6.625	03/15/2015	74,250.00	SOUTHERN CALIFORNIA EDISON	7.625	01/15/2010	1,148,063.70
POGO PRODUCING CO	6.875	10/01/2017	228,275.00	SOUTHERN COPPER CORP	7.500	07/27/2035	483,093.00
PROGRESS ENERGY INC	7.100	03/01/2011	1,152,646.00	SOUTHWEST AIRLINES CO	5.750	12/15/2016	1,054,122.60
PROGRESSIVE CORP(OHIO)	6.625	03/01/2029	197,565.20	SPEEDWAY MOTOR SPORTS INC	6.750	06/01/2013	204,750.00
PROLOGIS TRUST	5.625	11/15/2016	282,288.90	SPRINT CAP CORP	8.750	03/15/2032	770,467.18
PSEG ENERGY HLDGS INC	8.625	02/15/2008	21,276.99	SPRINT CAPITAL CORP	6.125	11/15/2008	1,795,103.10
PSYCHIATRIC SOLUTIONS IN	7.750	07/15/2015	103,818.75	SPRINT CAPITAL CORP	6.875	11/15/2028	1,594,365.50
PULTE HOMES INC	6.250	02/15/2013	435,415.50	SPRINT CAPITAL CORP	6.875	11/15/2028	571,116.00
QUIKSILVER INC	6.875	04/15/2015	84,600.00	SPRINT NEXTEL CORP	6.000	12/01/2016	351,000.50
QWEST CAPITAL FUNDING INC	7.250	10/15/2035	449,887.50	STAR GAS PARTNERS	10.250	02/15/2013	21,400.00
QWEST COMMUNICATIONS INTL	7.250	02/15/2011	70,525.00	STATER BROS HLDGS INC	7.750	04/15/2015	125,312.50
QWEST CORPORATION	7.500	10/01/2014	215,250.00	STEELCASE INC	6.500	08/15/2011	992,163.78
RAINBOW NATL SRVCS LLC	10.375	09/01/2014	82,312.50	SUN HEALTHCARE GROUP	9.125	04/15/2015	88,400.00
RAS LAFFAN LIQ NTL	6.332	09/30/2027	998,131.20	SUNGARD DATA SYSTEMS INC	3.750	01/15/2009	43,425.00
RBS GLOBAL & REXNORD CORP	9.500	08/01/2014	153,750.00	SUNGARD DATA SYSTEMS INC	4.875	01/15/2014	17,600.00
REGENCY ENERGY PARTNERS LP	8.375	12/15/2013	159,650.00	SUNGARD DATA SYSTEMS INC	9.125	08/15/2013	35,831.25
RELIANT ENERGY INC	7.625	06/15/2014	34,125.00	SUNTRUST CAPITAL VIII	6.100	12/01/2066	183,152.00
RELIANT ENERGY INC	7.875	06/15/2017	243,125.00	SUSSER HOLDINGS CORP	10.625	12/15/2013	81,375.00
RESIDENTIAL CAPITAL CORP	8.000	04/17/2013	546,117.70	SWIFT TRANSPORTATION CO INC	12.500	05/15/2017	66,150.00
RESIDENTIAL CAPITAL CORP		06/30/2010	621,866.70	TARGET CORP	5.875	03/01/2012	304,767.00
REYNOLDS AMERICAN INC	7.250	06/15/2037	2,769,193.60	TCI COMMUNICATIONS INC	8.750	08/01/2015	491,470.00
REYNOLDS AMERICAN INC	7.625	06/01/2016	58,233.45	TELEFONICA EMISIONES SAU	6.421		1,612,180.50
REYNOLDS AMERICAN INC	7.625	06/01/2016	317,637.00	TENNECO AUTOMOTIVE INC	8.625	11/15/2014	103,000.00
REYNOLDS AMERICAN INC	7.750	06/01/2018	64,756.20	TENNESSEE GAS PIPELINE CO	6.000	12/15/2011	1,007,250.00
REYNOLDS AMERICAN INC	7.750	06/01/2018	1,295,124.00	TESORO CORP	6.250	11/01/2012	492,280.00
RITE AID CORP	7.500	01/15/2015	197,500.00	TEVA PHARM FINANCE LLC	0.250	02/01/2026	670,837.50
RITE AID CORP	7.500	03/01/2017	115,800.00	TEVA PHARM FINANCE LLC	6.150	02/01/2036	434,672.70
RITE AID CORP	8.625	03/01/2015	168,300.00	TEXAS EASTERN CORP	7.000	07/15/2032	219,390.00
RITE AID CORP	9.375	12/15/2015	153,600.00	TEXAS UTILS CO	6.375	01/01/2008	2,205,478.00
RITE AID CORP	9.500	06/15/2017	163,200.00	TIME WARNER CABLE INC	5.850	05/01/2017	1,390,889.50
ROHM & HAAS CO	7.850	07/15/2029	182,844.80	TIME WARNER CABLE INC	6.550	05/01/2037	1,852,799.67
ROYAL BANK OF SCOT	5.000	10/01/2014	526,097.00	TIME WARNER ENT	8.875	10/01/2012	542,558.40
SAFEWAY INC	7.250	02/01/2031	340,982.40	TOYOTA MOTOR CREDIT CORP	0.750	06/09/2008	1,019,212.92
SANWA BANK(NEW YORK)	7.400	06/15/2011	906,244.50	TOYS R US INC(HLDGS CO)	7.625	08/01/2011	46,500.00
SARA LEE CORP	6.250	09/15/2011	101,745.00	TRANS-CANADA		05/15/2067	961,360.00
SCHERING-PLOUGH CORP		12/01/2013	531,950.40	TRANSOCEAN SEDCO FOREX INC	1.500	05/15/2021	1,078,575.00
SEMINOLE HARD ROCK ENTERTAIN		03/15/2014	105,787.50	TRAVELERS COS INC		03/15/2067	922,512.00
SEQUA CORP	8.875	04/01/2008	30,375.00	TRIAD HOSPITALS INC	7.000	05/15/2012	130,625.00
SEQUA CORP	9.000	08/01/2009	67,112.50	TRIAD HOSPITALS INC	7.000	11/15/2013	105,120.00
SERENA SOFTWARE	10.375	03/15/2016	10,775.00	TRICON GLOBAL RESTAURANTS	8.875	04/15/2011	1,100,220.00
SERVICE CORPORATION INTERNL	7.375	10/01/2014	65,325.00	TRONOX WORLDWIDE FINANCE	9.500	12/01/2012	125,100.00
SERVICE CORPORATION INTERNL	7.625	10/01/2018	65,812.50	TRUST STREET PROPERTIES	7.500	04/01/2015	96,852.60
SHINGLE SPRINGS TRIBAL	9.375	06/15/2015	105,918.75	UBS AG(STAMFORD)	5.875	07/15/2016	628,035.20
SIEMENS FINANCIERINGSMAAT	6.125	08/17/2026	651,321.00	UCAR FINANCE	10.250	02/15/2012	84,847.50
SIMON PPTY GROUP LP	6.350	08/28/2012	902,072.50	UNIFI INC	11.500	05/15/2014	44,662.50

PORTFOLIO OF ASSETS, JUNE 30, 2007

DOMESTIC				DOMESTIC			
<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>	<u>CORPORATE BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>MARKET VALUE</u>
UNILEVER CAPITAL CORP	7.125	11/01/2010	838,576.00	WILLIS NORTH AMERICA INC	6.200	03/28/2017	724,600.60
UNION PACIFIC CORP	3.625	06/01/2010	1,656,231.85	WISCONSIN ENERGY CORP	6.500	04/01/2011	334,486.75
UNION PACIFIC CORP	6.500	04/15/2012	308,796.00	WYETH	5.500	02/01/2014	295,677.00
UNITED PARCEL SERVICE INC	8.375	04/01/2020	479,193.00	WYETH	6.000	02/15/2036	347,119.20
UNITED STATES STEEL CORP	5.650	06/01/2013	944,212.22	WYETH	6.500	02/01/2034	462,690.00
UNITED TECHNOLOGIES CORP	7.500	09/15/2029	419,342.40	WYETH		01/15/2024	1,001,112.00
UNITED UTILITIES	6.875	08/15/2028	357,511.00	WYNDHAM WORLDWIDE	6.000	12/01/2016	805,332.45
UNITEDHEALTH GROUP INC	3.375	08/15/2007	1,989,274.22	WYNN LAS VEGAS LLC	6.625	12/01/2014	81,918.75
UNITEDHEALTH GROUP INC	5.375	03/15/2016	409,394.00	XEROX CORPORATION	5.500	05/15/2012	540,551.00
UNIVERSAL HOSPITAL SERVICE	8.500	06/01/2015	49,500.00	XEROX CORPORATION	6.400	03/15/2016	1,406,625.66
UNIVERSAL HOSPITAL SERVICES		06/01/2015	50,000.00	XEROX CORPORATION	7.625	06/15/2013	1,529,685.80
US BANK NATIONAL ASSOC MINN	6.375	08/01/2011	515,075.00	XEROX CORPORATION	9.750	01/15/2009	1,480,962.00
US WEST CAPITAL FUNDING INC	6.500	11/15/2018	346,500.00	ZIFF DAVIS MEDIA INC		05/01/2012	75,000.00
US WEST COMMUNICATIONS GRP	6.875	09/15/2033	220,312.50	ZIONS BANCORP	5.500	11/16/2015	<u>288,336.00</u>
US WEST COMMUNICATIONS GRP	7.200	11/10/2026	1,488,487.50	<b>TOTAL DOMESTIC CORPORATE BONDS</b>			<b>835,990,203.35</b>
US WEST COMMUNICATIONS GRP	7.200	11/10/2026	39,300.00				
US WEST COMMUNICATIONS GRP	7.250	09/15/2025	1,780,537.50	<b>INTERNATIONAL</b>		<b>MATURITY</b>	<b>MARKET</b>
US WEST COMMUNICATIONS GRP	7.500	06/15/2023	825,000.00	<u>GOVERNMENT BONDS</u>	<u>RATE</u>	<u>DATE</u>	<u>VALUE</u>
USB CAPITAL IX FRN		12/31/2049	821,014.70	ARGENTINA (REPUBLIC OF)	8.280	12/31/2033	554,875.00
USG CORP	6.300	11/15/2016	1,294,723.75	ASIAN DEV BK	4.500	09/04/2012	426,566.80
USG CORP	6.300	11/15/2016	312,688.00	BRAZIL (FEDERATIVE REPUBLIC)	12.500	01/05/2022	167,234.00
USI HLDGS CORP	9.750	05/15/2015	104,475.00	CANADA (GOVT OF)	5.250	11/05/2008	701,463.00
USI HLDGS CORP		11/15/2014	44,775.00	CANADA (GOVT OF)	5.750	06/01/2033	140,070.51
USX CORP	6.650	06/01/2037	1,510,704.00	CANADA HOUSING TRUST	3.550	09/15/2010	145,259.69
VAJL RESORTS INC	6.750	02/15/2014	209,356.25	CANADA (GOVT OF)	5.500	06/01/2010	496,084.79
VALEANT PHARMACEUTICALS	7.000	12/15/2011	1,209,000.00	CANADA (GOVT OF)	1.900	03/23/2009	3,796,218.07
VALERO ENERGY CORP(NEW)	7.500	04/15/2032	191,112.25	EUROPEAN INVESTMENT BANK	4.625	10/20/2015	620,191.00
VALSPAR CORP	5.625	05/01/2012	553,836.03	EUROPEAN INVESTMENT BANK	3.375	03/16/2009	1,943,380.00
VANGUARD HEALTH HLDGS	9.000	10/01/2014	44,550.00	KOREA EXPORT-IMPORT (BANK)		10/04/2011	6,301,134.00
VERASUN ENERGY CORP	9.375	06/01/2017	97,650.00	GERMANY (FEDERAL REPUBLIC)	3.500	10/09/2009	1,012,197.38
VERIZON GLOBAL FUND	7.250	12/01/2010	3,269,942.28	GERMANY (FEDERAL REPUBLIC)	3.750	01/04/2009	1,538,377.74
VERIZON GLOBAL FUND	7.250	12/01/2010	1,159,554.00	GERMANY (FEDERAL REPUBLIC)	4.000	01/04/2037	1,023,872.21
VERTIS INC	9.750	04/01/2009	15,225.00	GERMANY (FEDERAL REPUBLIC)	5.000	07/04/2011	1,373,779.46
VERTRUE INC	9.250	04/01/2014	132,536.40	HYDRO-QUEBEC	9.500	11/15/2030	405,523.25
VIACOM INC	5.500	05/15/2033	429,998.40	INTER-AMERICAN DEVEL BK	1.900	07/08/2009	1,434,466.17
VIACOM INC	6.875	04/30/2036	212,546.40	INTER-AMERICAN DEVEL BK	4.375	09/20/2012	741,302.10
VIRGINIA ELECTRIC & POWER CO	6.000	05/15/2037	543,679.50	INTER-AMERICAN DEVEL BK	5.750	02/26/2008	752,107.50
VODAFONE GROUP	7.875	02/15/2030	313,320.00	INTERNATIONAL BANK FOR REC	8.625	10/15/2016	366,000.00
VWR FUNDING INC		07/15/2015	174,562.50	INTL BANK RECON	2.000	02/18/2008	1,624,775.90
W & T OFFSHORE INC	8.250	06/15/2014	268,600.00	INTL BANK RECON	2.000	02/18/2008	3,265,881.21
WACHOVIA BK COM MT	5.000	08/15/2015	853,884.00	IRELAND TSY BDS	4.600	04/18/2016	1,011,190.55
WACHOVIA CORP	5.625	12/15/2008	803,696.00	ITALY (REPUBLIC OF)	6.000	05/01/2031	730,679.22
WACHOVIA STUDENT LOAN TRUST		10/25/2013	81,185.37	ITALY (REPUBLIC OF)	6.875	09/27/2023	813,103.20
WAL-MART STORES INC	4.550	05/01/2013	781,539.00	KFW INTERNATIONAL FINANCE	2.050	09/21/2009	2,376,851.29
WAL-MART STORES INC	5.250	09/01/2035	874,150.00	KFW INTERNATIONAL FINANCE	4.000	02/15/2012	1,732,865.54
WAL-MART STORES INC	7.250	06/01/2013	815,384.90	KOREA DEVELOPMENT BANK		04/03/2010	1,600,368.00
WALT DISNEY COMPANY	6.200	06/20/2014	568,832.00	KOREA REP NT	4.875	09/22/2014	382,836.00
WASHINGTON MUTUAL INC	4.375	01/15/2008	994,360.00	KREDITANST FUR WIE	5.500	09/15/2009	1,495,404.90
WASHINGTON MUTUAL INC	8.250	04/01/2010	1,064,070.00	KREDITANSTAL FUR WIEDERAUF	1.850	09/20/2010	1,719,732.78
WASTE MANAGEMENT INC	6.500	11/15/2008	404,516.00	LANDWIRTSCHAFTLICHE RENTEN	4.875	11/16/2015	387,164.00
WEATHERFORD INTERNATIONAL	5.500	02/15/2016	286,707.00	CANADA (MANITOBA PROVINCE)	9.625	12/01/2018	434,307.25
WEATHERFORD INTERNATIONAL	6.500	08/01/2036	1,610,121.60	MEXICO (UNITED MEXICAN STATES)	8.125	12/30/2019	829,500.00
WELLPOINT INC	5.000	12/15/2014	377,676.00	MEXICO (UNITED MEXICAN STATES)	8.375	01/14/2011	2,061,500.00
WELLS FARGO BANK	6.450	02/01/2011	1,484,769.60	MEXICO (UNITED MEXICAN STATES)	9.875	02/01/2010	1,214,400.00
WESTINGHOUSE AJR BRAKE CO	6.875	07/31/2013	733,825.00	NORWAY (KINGDOM OF) BDS	5.500	05/15/2009	4,810,922.14
WHITING PETROLEUM CORP	7.000	02/01/2014	150,400.00	NORWAY (KINGDOM OF) BDS	6.000	05/16/2011	558,754.14
WHITING PETROLEUM CORP	7.250	05/01/2013	52,250.00	CANADA (NOVA SCOTIA PROVINCE)	8.750	04/01/2022	290,580.75



PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
AKAMAI TECHNOLOGIES	125,900	6,123,776.00	AVNET INC	94,500	3,745,980.00
ALBEMARLE CORP	57,600	2,219,328.00	AXIS CAPITAL HLDGS	81,200	3,300,780.00
ALCOA INC	313,498	12,706,073.94	BAKER HUGHES INC	240,199	20,207,941.87
ALEXANDER & BALDWIN INC	82,100	4,360,331.00	BALDOR ELECTRIC CO	84,400	4,159,232.00
ALLERGAN INC	57,000	3,285,480.00	BALL CORP	39,400	2,094,898.00
ALLIANCE DATA SYSTEM	86,800	6,707,904.00	BANK OF AMERICA CORP	260,556	12,738,582.84
ALLIANT ENERGY CORP	69,900	2,715,615.00	BANK OF NEW YORK CO INC	128,900	5,341,616.00
ALLIANT TECHSYSTEMS INC	67,400	6,682,710.00	BANK OF THE OZARKS	16,000	445,920.00
ALNYLAM PHARMACEUTICALS	74,670	1,134,237.30	BARDC(R.) INC	54,600	4,511,598.00
ALTRIA GROUP INC	365,397	25,628,946.00	BARNES & NOBLE INC	35,400	1,361,838.00
AMDOCS	230,800	9,190,456.00	BARR PHARMACEUTICALS INC	113,500	5,701,105.00
AMEDISYS INC	175,267	6,367,450.00	BAXTER INTL INC	175,975	9,914,431.00
AMERICA MOVIL SAB DE CV	169,200	10,478,556.00	BEA SYSTEMS INC	200,700	2,747,583.00
AMERICAN CAPITAL STRATEGIES	21,450	912,054.00	BEAR STEARNS COS. INC	56,436	7,901,040.00
AMERICAN EAGLE OUTFITTER	218,900	5,616,974.00	BEARINGPOINT INC	297,100	2,171,801.00
AMERICAN EXPRESS CO	214,092	13,098,148.00	BEAZER HOMES USA INC	63,900	1,576,413.00
AMERICAN HOME MTG INVT CORP	137,300	2,523,574.00	BECKMAN COULTER INC	44,800	2,897,664.00
AMERICAN INTERNATIONAL GROUP	105,165	7,364,705.00	BECTON DICKINSON & CO	28,100	2,093,450.00
AMERICAN PHYSICIANS CAPITAL	32,145	1,301,872.50	BENCHMARK ELECTRONICS INC	269,500	6,096,090.00
AMERICAN STANDARD COMPANIES	99,650	5,877,357.00	BERKLEY W.R CORP	330,950	10,769,113.00
AMERICAN TOWER CORP	378,733	15,906,786.00	BIG LOTS INC	87,900	2,586,018.00
AMERICREDIT CORP	50,500	1,340,775.00	BIOMED IDEC INC	35,305	1,888,817.50
AMERIPRISE FINANCIAL INC	131,750	8,375,348.00	BIOMED REALTY TRUST INC	37,800	949,536.00
AMERISOURCEBERGEN CORP	74,200	3,670,674.00	BIOVAIL CORP	109,200	2,775,864.00
AMETEK INC COM STK	196,700	7,805,056.00	BJS WHOLESALE CLUB INC	207,800	7,487,034.00
AMGEN INC	234,947	12,990,219.00	BLOCK(H & R) INC	150,600	3,519,522.00
AMPHENOL CORP	329,800	11,757,370.00	BMC SOFTWARE INC	713,100	21,606,930.00
AMSURG CORP	168,100	4,057,934.00	BOB EVANS FARMS INC	185,241	6,826,130.85
AMYLIN PHARMACEUTICALS INC	27,950	1,150,422.00	BOEING CO	163,000	15,674,080.00
ANALOGIC CORP	257,300	18,914,123.00	BOSTON SCIENTIFIC	750,515	11,512,900.00
ANDREW CORP	1,581,600	22,838,304.00	BOTTOMLINE TECHNOLOGIES	44,100	544,635.00
ANGIODYNAMICA INC	137,837	2,482,444.37	BRISTOL-MYERS SQUIBB CO	243,950	7,699,062.00
ANHEUSER-BUSCH COS	173,608	9,055,394.00	BROADCOM CORP	181,810	5,317,943.00
ANN TAYLOR STORES CORP	53,400	1,891,428.00	BROCADE COMM	398,000	3,112,360.00
APACHE CORP	24,550	2,003,034.50	BROOKFIELD ASSET MANAGEMENT	82,650	3,297,735.00
APOLLO GROUP INC	54,000	3,155,220.00	BROOKS AUTOMATION INC	567,000	10,291,050.00
APPLE INC	59,050	7,206,462.00	BUCKLE	22,700	894,380.00
APPLIED SIGNAL TECHNOLOGIES	361,578	5,644,232.58	BUFFALO WILD WINGS INC	75,600	3,144,204.00
ARCH COAL INC	165,400	5,755,920.00	BUNGE LTD	78,900	6,667,050.00
ARGONAUT GROUP INC	25,200	786,492.00	CA INC	2,304,170	59,516,711.00
ARKANSAS BEST CORP	51,000	1,987,470.00	CABOT MICROELECTRONICS CORP	529,641	18,796,959.09
ARRIS GROUP INC	277,100	4,874,189.00	CADENCE DESIGN SYSTEMS INC	123,800	2,718,648.00
ASBURY AUTOMOTIVE GROUP INC	81,900	2,043,405.00	CAMERON INTL CORP	60,500	4,323,935.00
ASHLAND INC	97,177	6,214,469.15	CANADIAN NATURAL RESOURCES	38,605	2,561,441.75
ASPEN TECHNOLOGY INC	976,823	13,675,522.00	CANDELA CORP	260,000	3,010,800.00
ASSURANT INC	118,300	6,970,236.00	CAPITALSOURCE INC	138,700	3,410,633.00
ASTEC INDUSTRIES INC	133,330	5,629,192.60	CARBO CERAMICS	334,000	14,632,540.00
AT&T INC	92,400	3,834,600.00	CARLISLE COS INC	26,700	1,241,817.00
ATMEL CORP	184,000	1,023,040.00	CARTERS INC	287,600	7,460,344.00
ATMI INC	84,700	2,541,000.00	CASCADE CORP	23,900	1,874,716.00
ATWOOD OCEANICS INC	80,300	5,510,186.00	CATERPILLAR INC	56,700	4,439,610.00
AUTODESK INC	115,000	5,414,200.00	CBS CORP	210,261	7,005,896.52
AUTOLIV INC	37,500	2,132,625.00	CDI CORP	17,600	566,720.00
AUTOMATIC DATA PROCESSING INC	115,750	5,610,402.50	CELGENE CORP	172,300	9,877,959.00
AUTONATION INC	629,200	14,119,248.00	CENTENE CORP (DEL)	195,900	4,196,178.00
AVAYA INC	101,100	1,702,524.00	CENTERPOINT ENERGY INC	353,245	6,146,463.00
AVIS BUDGET GROUP INC	274,130	7,793,516.00	CENTEX CORP	539,500	21,633,950.00

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>			<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
CENTURY TEL INC	73,100	3,585,555.00	DECKERS OUTDOOR CORP	42,800	4,318,520.00						
CEPHALON INC	143,700	11,552,043.00	DEERE & CO	62,000	7,485,880.00						
CERADYNE INC	70,500	5,214,180.00	DELL INC	393,325	11,229,429.00						
CHECK POINT SOFTWARE TECHNOLOGIES	134,200	3,061,102.00	DELTA AIR LINES INC	5,128	101,015.69						
CHECKFREE CORP	30,950	1,244,190.00	DENBURY RESOURCES INC	397,585	14,909,437.00						
CHECKPOINT SYSTEMS	911,340	23,011,335.00	DEVON ENERGY CORP	25,015	1,958,424.35						
CHEESECAKE FACTORY	82,400	2,020,448.00	DEVRY INC	81,900	2,786,238.00						
CHEMED CORP	55,400	3,672,466.00	DG FDG TR TR PFD	295	3,066,156.25						
CHESAPEAKE ENERGY CORP	123,600	4,276,560.00	DIAMOND MGMT&TECHNOLOGY CONSULTA	45,300	597,960.00						
CHICAGO BRIDGE & IRON CO	289,200	10,914,408.00	DIEBOLD INC	198,750	10,374,750.00						
CHICAGO MERCANTILE EXCHANGE HLDGS	6,900	3,687,084.00	DIODES INC	70,500	2,944,785.00						
CHICO'S FAS INC	205,700	5,006,738.00	DISCOVERY HLDG CO	399,036	9,173,837.64						
CHINA MOBILE LTD	87,000	4,689,300.00	DOLLAR TREE STORES INC	85,100	3,706,105.00						
CIGNA CORP	90,600	4,731,132.00	DOW JONES & CO INC	81,000	4,653,450.00						
CISCO SYSTEMS	1,071,300	29,835,705.00	DREAMWORKS ANIMATION SKG INC	219,100	6,318,844.00						
CIT GROUP INC	192,443	10,551,649.00	DRIL QUIP INC	109,200	4,908,540.00						
CITADEL BROADCASTING CORP	308,700	1,991,115.00	DST SYSTEMS INC DELAWARE	103,800	8,221,998.00						
CITIGROUP INC	123,662	6,342,623.98	DTE ENERGY CO	46,100	2,222,942.00						
CITRIX SYSTEMS INC	108,700	3,659,929.00	DU PONT(E.I.)DE NEMOURS & CO	167,500	8,515,700.00						
CLEVELAND CLIFFS INC	17,400	1,351,458.00	DUN & BRADSTREET CORP	35,400	3,645,492.00						
CNA FINANCIAL CORP	125,200	5,970,788.00	DYNEGY INC	440	4,153.60						
CNX GAS CORP	264,264	8,086,478.40	E TRADE FINANCIAL CORP	215,100	4,751,559.00						
COACH INC	98,500	4,667,915.00	EASTMAN CHEMICAL CO	652,600	41,981,758.00						
COCA-COLA CO	256,950	13,441,055.00	EATON CORP	19,700	1,832,100.00						
COGNIZANT TECHNOLO	38,100	2,860,929.00	EATON VANCE CORP	93,000	4,108,740.00						
COLDWATER CREEK	99,650	2,314,869.50	EBAY INC	103,400	3,327,412.00						
COLGATE-PALMOLIVE CO	45,800	2,970,130.00	ECHOSTAR COMMUNICATIONS CORP	90,600	3,929,322.00						
COMCAST CORP	497,710	13,928,821.00	EDISON INTERNATIONAL	65,000	3,647,800.00						
COMERICA INC	376,800	22,408,296.00	EDWARDS(A.G)INC	137,870	11,656,909.00						
COMMSCOPE INC	185,600	10,829,760.00	ELEC DATA SYS CORP	1,964,690	54,480,854.00						
COMPLETE PRODUCTION SERVICES INC	279,700	7,230,245.00	ELECTRO SCIENTIFIC INDUSTRIES INC	389,700	8,105,760.00						
COMPUTER SCIENCES CORP	68,600	4,057,690.00	ELECTRONIC ARTS	332,832	15,749,610.00						
COMPUWARE CORP	266,000	3,154,760.00	ELLIS PERRY INTERNATIONAL	25,200	810,684.00						
CONOCOPHILLIPS	239,154	18,773,589.00	EMBARQ CORPORATION	110,631	7,010,686.47						
CONSECO INC	590,300	12,331,367.00	EMBRAER-EMPRESA BRAS DE AERONAUTICA	80,500	3,880,905.00						
CONSOLIDATED GRAPHICS INC	22,700	1,572,656.00	EMC CORP MASSACHUSETTS	650,675	11,777,217.00						
CONSTELLATION ENERGY GROUP INC	16,300	1,420,871.00	EMCOR GROUP	47,900	3,491,910.00						
CONVERGYS CORP	128,000	3,102,720.00	EMERSON ELECTRIC CO	63,500	2,971,800.00						
CON-WAY INC	243,500	12,233,440.00	ENCORE ACQUISITION CO	714,300	19,857,540.00						
COOPER COS INC	415,962	22,179,094.00	ENDO PHARMACEUTICAL HLDGS INC	240,750	8,240,872.50						
CORN PRODUCTS INTERNATIONAL INC	29,800	1,354,410.00	ENDURANCE SPECIALTY HLDGS	98,700	3,951,948.00						
COSTCO WHOLESALE CORP	32,100	1,878,492.00	ENERGEN CORP	102,300	5,620,362.00						
COVANCE INC	57,800	3,962,768.00	ENERGIZER HLDGS INC	28,200	2,808,720.00						
COVENTRY HEALTHCAR	166,300	9,587,195.00	ENERGY EAST CORP	110,200	2,875,118.00						
COX RADIO INC	1,143,100	16,277,744.00	ENERGY METALS CORP	108,120	1,574,227.20						
CRANE CO	147,100	6,685,695.00	ENERGY CORP	19,700	2,114,795.00						
CREDICORP	39,900	2,440,683.00	ENTERTAINMENT PROPERTY TRUST SHS OF B	16,400	881,992.00						
CROWN CASTLE INTERNATIONAL CORP	253,780	9,204,600.60	EPICOR SOFTWARE CORP	967,500	14,386,725.00						
CROWN HOLDINGS INC	297,100	7,418,587.00	EVEREST RE GROUP	102,100	11,092,144.00						
CUMMINS INC	40,500	4,099,005.00	EXAR CORP	578,000	7,745,200.00						
CVS CAREMARK CORPORATION	365,094	13,307,676.00	EXELON CORP	537,200	39,000,720.00						
CYMER INC	107,500	4,321,500.00	EXPRESS SCRIPTS	74,800	3,740,748.00						
DADE BEHRING INC	70,300	3,734,336.00	EXPRESSJET HOLDINGS INC	649,600	3,884,608.00						
DANAHER CORP	85,100	6,425,050.00	EXXON MOBIL CORP	246,800	20,701,584.00						
DARDEN RESTAURANTS INC	52,200	2,296,278.00	FAIR ISAAC CORP	193,150	7,749,178.00						
DAVITA INC	263,100	14,175,828.00	FEDERATED INVESTORS INC	70,900	2,717,597.00						
DAWSON GEOPHYSICAL CO	27,700	1,702,442.00	FEI CO	266,200	8,640,852.00						

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>			<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
FIDELITY NATIONAL INFO SERVICES INC	162,000	8,793,360.00	HASBRO INC	99,600	3,128,436.00	HEALTH NET INC	210,000	11,088,000.00	HEALTHEXTRAS INC	66,800	1,975,944.00
FIRST CASH FINANCIAL SERVICES INC	78,200	1,833,008.00	HEALTHWAYS INC	83,100	3,936,447.00	HEALTHWAYS INC	83,100	3,936,447.00	HEALTHWAYS INC	83,100	3,936,447.00
FIRST DATA CORP	497,700	16,259,859.00	HELI ENERGY SOLUTIONS GROUP INC	94,350	3,765,508.50	HENRY SCHEIN INC	129,600	6,924,528.00	HERCULES INC	125,900	2,473,935.00
FIRSTFED FINANCIAL CORP	94,849	5,380,783.77	HENRY SCHEIN INC	129,600	6,924,528.00	HERCULES INC	125,900	2,473,935.00	HERCULES OFFSHORE INC	84,500	2,736,110.00
FISERV INC	186,600	10,598,880.00	HERCULES OFFSHORE INC	84,500	2,736,110.00	HERSHEY CO	65,750	3,328,265.00	HESSE CORPORATION	30,000	1,768,800.00
FLIR SYSTEMS INC	144,300	6,673,875.00	HERSHEY CO	65,750	3,328,265.00	HESS CORPORATION	30,000	1,768,800.00	HEWLETT PACKARD CO	421,947	18,827,275.00
FLOWERVE CORP	173,700	12,436,920.00	HESSE CORPORATION	30,000	1,768,800.00	HEWLETT PACKARD CO	421,947	18,827,275.00	HILLENBRAND INDUSTRIES INC	27,600	1,794,000.00
FMC CORP	69,500	6,212,605.00	HEWLETT PACKARD CO	421,947	18,827,275.00	HILLENBRAND INDUSTRIES INC	27,600	1,794,000.00	HILTON HOTELS CORP	150,900	5,050,623.00
FOOT LOCKER INC	307,800	6,710,040.00	HILLENBRAND INDUSTRIES INC	27,600	1,794,000.00	HILTON HOTELS CORP	150,900	5,050,623.00	HOLLY CORP	43,100	3,197,589.00
FOREST LABORATORIES INC	33,500	1,529,275.00	HILTON HOTELS CORP	150,900	5,050,623.00	HOLLY CORP	43,100	3,197,589.00	HOLOGIC INC	74,300	4,109,533.00
FORTRESS INVESTMEN	39,520	941,366.40	HOLLY CORP	43,100	3,197,589.00	HOLOGIC INC	74,300	4,109,533.00	HOME DEPOT INC	871,100	34,277,785.00
FORTUNE BRANDS INC	206,315	16,994,167.00	HOLOGIC INC	74,300	4,109,533.00	HOME DEPOT INC	871,100	34,277,785.00	HOSPIRA INC	176,300	6,882,752.00
FOUNDRY NETWORKS INC	583,100	9,714,446.00	HOME DEPOT INC	871,100	34,277,785.00	HOSPIRA INC	176,300	6,882,752.00	HUB GROUP INC	281,600	9,901,056.00
FPL GROUP INC	453,800	25,748,612.00	HOSPIRA INC	176,300	6,882,752.00	HUB GROUP INC	281,600	9,901,056.00	HUDSON CITY BANCORP INC	807,023	9,861,821.00
FRANKLIN RESOURCES INC	18,000	2,384,460.00	HUB GROUP INC	281,600	9,901,056.00	HUDSON CITY BANCORP INC	807,023	9,861,821.00	HUNT(J.B.)TRANSPORT SERVICES INC	59,200	1,735,744.00
FREDDIE MAC	657,899	39,934,469.00	HUDSON CITY BANCORP INC	807,023	9,861,821.00	HUNT(J.B.)TRANSPORT SERVICES INC	59,200	1,735,744.00	IAC/INTERACTIVE CORP	161,164	5,577,886.04
FRONTIER OIL CORP	73,300	3,208,341.00	IAC/INTERACTIVE CORP	161,164	5,577,886.04	IAC/INTERACTIVE CORP	161,164	5,577,886.04	IDEARC INC	683,500	24,148,055.00
FRONTLINE LTD	72,900	3,342,465.00	IDEARC INC	683,500	24,148,055.00	IDEARC INC	683,500	24,148,055.00	IKON OFFICE SOLUTIONS	640,100	9,991,961.00
FULLER(H.B.)CO	134,800	4,029,172.00	IKON OFFICE SOLUTIONS	640,100	9,991,961.00	IKON OFFICE SOLUTIONS	640,100	9,991,961.00	ILLINOIS TOOL WORKS INC	130,629	7,078,785.51
FURNITURE BRANDS INTL INC	142,100	2,017,820.00	ILLINOIS TOOL WORKS INC	130,629	7,078,785.51	ILLINOIS TOOL WORKS INC	130,629	7,078,785.51	INFORMATICA CORP	575,830	8,505,009.10
GAMESTOP CORPORATION	211,800	8,281,380.00	INFORMATICA CORP	575,830	8,505,009.10	INFORMATICA CORP	575,830	8,505,009.10	INGERSOLL-RAND CO	148,623	8,147,512.86
GAP INC	907,400	17,331,340.00	INGERSOLL-RAND CO	148,623	8,147,512.86	INGERSOLL-RAND CO	148,623	8,147,512.86	INGRAM MICRO INC	95,300	2,068,963.00
GARMIN	104,500	7,729,865.00	INGRAM MICRO INC	95,300	2,068,963.00	INGRAM MICRO INC	95,300	2,068,963.00	INLAND REAL ESTATE CORP	55,400	940,692.00
GAYLORD ENTERTAINMENT CO	176,280	9,455,659.00	INLAND REAL ESTATE CORP	55,400	940,692.00	INLAND REAL ESTATE CORP	55,400	940,692.00	INSTEEL INDUSTRIES INC	218,700	3,936,600.00
GEN GROWTH PPT YS	29,530	1,563,613.50	INSTEEL INDUSTRIES INC	218,700	3,936,600.00	INSTEEL INDUSTRIES INC	218,700	3,936,600.00	INTEGRA LIFESCIENCES HLDGS CORP	36,500	1,803,830.00
GENENTECH INC	93,800	7,096,908.00	INTEGRA LIFESCIENCES HLDGS CORP	36,500	1,803,830.00	INTEGRA LIFESCIENCES HLDGS CORP	36,500	1,803,830.00	INTEL CORP	233,200	5,540,832.00
GENERAL DYNAMICS CORP	157,100	12,288,362.00	INTEL CORP	233,200	5,540,832.00	INTEL CORP	233,200	5,540,832.00	INTERCONTINENTAL EXCHANGE INC	36,500	5,396,525.00
GENERAL ELECTRIC CO.	53,350	2,042,238.00	INTERCONTINENTAL EXCHANGE INC	36,500	5,396,525.00	INTERCONTINENTAL EXCHANGE INC	36,500	5,396,525.00	INTERNATIONAL BUS MACH CORP	70,480	7,418,020.00
GENESIS HEALTHCARE CORP	98,914	6,767,695.88	INTERNATIONAL BUS MACH CORP	70,480	7,418,020.00	INTERNATIONAL BUS MACH CORP	70,480	7,418,020.00	INTERNATIONAL FLAVORS & FRAGRANCES	142,200	7,414,308.00
GENLYTE GROUP INC	29,000	2,277,660.00	INTERNATIONAL FLAVORS & FRAGRANCES	142,200	7,414,308.00	INTERNATIONAL FLAVORS & FRAGRANCES	142,200	7,414,308.00	INTERNATIONAL GAME TECHNOLOGY	303,400	12,044,980.00
GENTEX CORP	78,800	1,551,572.00	INTERNATIONAL GAME TECHNOLOGY	303,400	12,044,980.00	INTERNATIONAL GAME TECHNOLOGY	303,400	12,044,980.00	INTERPUBLIC GROUP COMPANIES INC	998,960	11,388,144.00
GENWORTH FINANCIAL INC	996,700	34,286,480.00	INTERPUBLIC GROUP COMPANIES INC	998,960	11,388,144.00	INTERPUBLIC GROUP COMPANIES INC	998,960	11,388,144.00	INTERWOVEN INC	718,600	10,089,144.00
GERDAU AMERISTEEL CORPORATION	196,300	2,871,869.00	INTERWOVEN INC	718,600	10,089,144.00	INTERWOVEN INC	718,600	10,089,144.00	INTUIT INC	67,800	2,039,424.00
GFI GROUP INC	61,400	4,450,272.00	INTUIT INC	67,800	2,039,424.00	INTUIT INC	67,800	2,039,424.00	INVENTIV HEALTH INC	88,150	3,227,171.50
GILDAN ACTIVEWEAR INC	156,400	5,362,956.00	INVENTIV HEALTH INC	88,150	3,227,171.50	INVENTIV HEALTH INC	88,150	3,227,171.50	INVESTMENT TECHNOLOGY GROUP	78,900	3,418,737.00
GILEAD SCIENCES	340,200	13,189,554.00	INVESTMENT TECHNOLOGY GROUP	78,900	3,418,737.00	INVESTMENT TECHNOLOGY GROUP	78,900	3,418,737.00	INVESTORS BANCORP INC	398,316	5,349,383.88
GLATFELTER(P.H.)CO	564,400	7,670,196.00	INVESTORS BANCORP INC	398,316	5,349,383.88	INVESTORS BANCORP INC	398,316	5,349,383.88	INVITROGEN	101,100	7,456,125.00
GLOBAL INDUSTRIES	64,600	1,732,572.00	INVITROGEN	101,100	7,456,125.00	INVITROGEN	101,100	7,456,125.00	ISHARES TRUST RUSSELL 2000 INDEX FUND	422,700	35,067,192.00
GOLDCORP INC	115,790	2,743,065.10	ISHARES TRUST RUSSELL 2000 INDEX FUND	422,700	35,067,192.00	ISHARES TRUST RUSSELL 2000 INDEX FUND	422,700	35,067,192.00	ISTAR FINANCIAL INC	138,300	6,130,839.00
GOLDMAN SACHS GROUP INC	31,464	6,819,822.00	ISTAR FINANCIAL INC	138,300	6,130,839.00	ISTAR FINANCIAL INC	138,300	6,130,839.00	ITT CORP	64,500	4,404,060.00
GOODRICH CORP	113,900	6,783,884.00	ITT CORP	64,500	4,404,060.00	ITT CORP	64,500	4,404,060.00	ITT EDUCATIONAL SERVICES INC	29,500	3,462,710.00
GOOGLE INC	35,200	18,422,976.00	ITT EDUCATIONAL SERVICES INC	29,500	3,462,710.00	ITT EDUCATIONAL SERVICES INC	29,500	3,462,710.00	J2 GLOBAL COMMUNICATIONS INC	74,300	2,593,070.00
GRACO INC	196,600	7,919,048.00	J2 GLOBAL COMMUNICATIONS INC	74,300	2,593,070.00	J2 GLOBAL COMMUNICATIONS INC	74,300	2,593,070.00	JACK IN THE BOX INC	60,300	4,277,682.00
GRAFTECH INTL LTD	153,700	2,588,308.00	JACK IN THE BOX INC	60,300	4,277,682.00	JACK IN THE BOX INC	60,300	4,277,682.00	JACOBS ENGINEERING GROUP INC	140,200	8,062,902.00
GREATBATCH INC	30,400	984,960.00	JACOBS ENGINEERING GROUP INC	140,200	8,062,902.00	JACOBS ENGINEERING GROUP INC	140,200	8,062,902.00	JANUS CAPITAL GROUP INC	117,300	3,265,632.00
GREENFIELD ONLINE INC	29,000	461,390.00	JANUS CAPITAL GROUP INC	117,300	3,265,632.00	JANUS CAPITAL GROUP INC	117,300	3,265,632.00	JDS UNIPHASE CORP	89,940	1,207,894.20
GSI GROUP INC	390,400	3,822,016.00	JDS UNIPHASE CORP	89,940	1,207,894.20	JDS UNIPHASE CORP	89,940	1,207,894.20	JEFFERIES GROUP INC	132,100	3,564,058.00
GULFMARK OFFSHORE INC	34,000	1,741,480.00	JEFFERIES GROUP INC	132,100	3,564,058.00	JEFFERIES GROUP INC	132,100	3,564,058.00	JOHNSON & JOHNSON	163,800	10,093,356.00
GYMBOREE CORP	83,300	3,282,853.00	JOHNSON & JOHNSON	163,800	10,093,356.00	JOHNSON & JOHNSON	163,800	10,093,356.00	JONES APPAREL GROUP INC	819,600	23,153,700.00
HAEMONETICS CORP	32,300	1,699,303.00	JONES APPAREL GROUP INC	819,600	23,153,700.00	JONES APPAREL GROUP INC	819,600	23,153,700.00	JONES LANG LASALLE INC	29,100	3,302,850.00
HAIN CELESTIAL GROUP INC	179,870	4,881,671.80	JONES LANG LASALLE INC	29,100	3,302,850.00	JONES LANG LASALLE INC	29,100	3,302,850.00	JOS A BANK CLOTHIERS	122,800	5,092,516.00
HALLIBURTON CO	89,554	3,089,613.00	JOS A BANK CLOTHIERS	122,800	5,092,516.00	JOS A BANK CLOTHIERS	122,800	5,092,516.00	JOY GLOBAL INC	89,800	5,238,034.00
HANOVER INSURANCE GROUP INC	380,000	18,540,200.00	JOY GLOBAL INC	89,800	5,238,034.00	JOY GLOBAL INC	89,800	5,238,034.00			
HARLEYSVILLE GROUP INC	12,600	420,336.00									
HARRAHS ENTERTAINMENT INC	189,803	16,182,604.00									
HARSCO CORP	60,400	3,140,800.00									
HARTFORD FINANCIAL SERVICES GRP INC	40,700	4,009,357.00									

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		<u>DOMESTIC EQUITY</u>			<u>MARKET</u>	
	<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>
JPMORGAN CHASE & CO	616,960	29,891,712.00	MENS WEARHOUSE INC			51,600	2,635,212.00		
JUNIPER NETWORKS	308,700	7,769,979.00	MERCK & CO INC			365,196	18,186,760.00		
KAYDON CORP	47,900	2,496,548.00	MERIDIAN BIOSCIENCE INC			64,200	1,390,572.00		
KEYCORP	113,900	3,910,187.00	METHANEX CORP			107,900	2,712,606.00		
KLA TENCOR CORP	27,600	1,516,620.00	METLIFE INC			415,600	26,797,888.00		
KNOLL INC	84,398	1,890,515.20	MGIC INVESTMENT CORP			101,035	5,744,850.10		
KOMAG INC	163,300	5,207,637.00	MI DEVELOPMENTS INC			268,400	9,780,496.00		
KOPIN CORP	2,378,500	9,276,150.00	MICROCHIP TECHNOLOGY			86,300	3,196,552.00		
KORN-FERRY INTERNATIONAL	51,600	1,355,016.00	MICRON TECHNOLOGY INC			289,090	3,622,297.70		
KRAFT FOODS INC	218,364	7,697,331.00	MICROSOFT CORP			2,659,370	78,371,634.00		
KROGER CO	116,000	3,263,080.00	MILLER(HERMAN) INC			224,000	7,078,400.00		
L-1 IDENTITY (HLD)	56,605	1,157,572.25	MILLIPORE CORP			102,000	7,659,180.00		
L3 COMMUNICATIONS HLDGS INC	24,800	2,415,272.00	MINE SAFETY APPLIANCES CO			275,200	12,042,752.00		
LABORATORY CORP OF AMERICA HOLDINGS	108,900	8,522,514.00	MOBILE TELESYSTEMS			38,500	2,331,945.00		
LAM RESEARCH CORP	191,700	9,853,380.00	MONEYGRAM INTERNATIONAL INC			556,865	15,564,376.75		
LAMAR ADVERTISING CO	106,851	6,705,969.00	MONTPELIER RE HOLDINGS			808,700	14,993,298.00		
LANDAMERICA FINANCIAL GROUP INC	100,310	9,678,911.90	MOOG INC			27,750	1,224,052.50		
LANDSTAR SYSTEMS INC	37,100	1,790,075.00	MORGAN STANLEY			58,900	4,940,532.00		
LEGG MASON INC	98,100	9,651,078.00	MURPHY OIL CORP			98,400	5,848,896.00		
LENNAR CORP	968,600	35,311,496.00	NALCO HLDG CO			944,177	25,917,658.65		
LEUCADIA NATIONAL CORP	231,116	8,146,839.00	NASH FINCH CO			39,000	1,930,500.00		
LIBERTY GLOBAL INC	231,000	9,480,240.00	NATIONAL OILWELL VARCO INC			71,050	7,406,252.00		
LIBERTY MEDIA HOLDING	107,414	12,640,480.00	NATIONWIDE FINANCIAL SOLUTIONS INC			24,400	1,542,568.00		
LIFEPOINT HOSPITALS INC	426,470	16,495,859.60	NAVIGATORS GROUP INC			8,800	474,320.00		
LILLY(ELI)& CO	445,425	24,890,349.00	NAVISTAR INTERNATIONAL CORP			84,100	5,550,600.00		
LIMITED BRANDS INC	147,300	4,043,385.00	NBTY INC			53,700	2,319,840.00		
LINCOLN NATIONAL CORP	47,500	3,370,125.00	NETGEAR INC			94,500	3,425,625.00		
LINEAR TECHNOLOGY CORP	241,000	8,719,380.00	NEUSTAR INC			68,400	1,981,548.00		
LIONBRIDGE TECHNOLOGIES INC	1,796,000	10,578,440.00	NEWMONT MINING CORP			66,945	2,614,871.70		
LIVE NATION INC	718,700	16,084,506.00	NEWS CORP			667,000	14,147,070.00		
LIZ CLAIBORNE INC	60,000	2,238,000.00	NII HOLDINGS INC			163,600	13,209,064.00		
LOCKHEED MARTIN CORP	53,900	5,073,607.00	NIKE INC			202,300	11,792,067.00		
LOEWS CORP COM	108,500	5,531,330.00	NOBLE CORP			164,450	16,037,164.00		
LONGS DRUG STORES INC	143,457	7,534,361.64	NOBLE ENERGY INC			95,600	5,964,484.00		
LOWE'S COS INC	660,713	20,277,282.00	NORDSTROM INC			29,835	1,525,165.20		
LUBRIZOL CORP	26,800	1,729,940.00	NORTHERN TRUST CORP			128,000	8,222,720.00		
MACROVISION CORP	51,600	1,551,096.00	NORTHROP GRUMMAN CORP			315,900	24,599,133.00		
MACY'S INC	52,405	2,084,670.90	NORTHWEST AIRLINES CORP			3,719	82,563.00		
MAF BANCORP INC	62,878	3,411,760.28	NOVA CHEMICALS CORP			68,700	2,443,659.00		
MAGNA INTERNATIONAL INC	208,300	18,953,217.00	NOVARTIS AG			18,225	1,021,875.75		
MANHATTAN ASSOCIATES INC	41,600	1,161,056.00	NOVATEL WIRELESS INC			137,200	3,569,944.00		
MANPOWER INC	118,300	10,911,992.00	NOVELL INC			754,400	7,072,474.00		
MARTEK BIOSCIENCES CORP	637,500	16,555,875.00	NUANCE COMMUNICATIONS INC			248,100	4,150,713.00		
MATRIX SERVICE CO	65,500	1,627,675.00	NUCOR CORP			57,200	3,354,780.00		
MAXIM INTEGRATED PRODUCTS	66,700	2,228,447.00	NUVEEN INVESTMENTS			116,500	7,240,475.00		
MAXIMUS INC	26,900	1,166,922.00	NVIDIA CORP			97,200	4,015,332.00		
MCCORMICK & SCHMICKS SEAFOOD RESTAU	17,600	456,544.00	NVR INC			4,700	3,194,825.00		
MCDONALD'S CORP	203,800	10,344,888.00	OCEANEERING INTERNATIONAL INC			163,900	8,627,696.00		
MCGRAW-HILL COS INC	348,462	23,723,293.00	ODYSSEY HEALTHCARE INC			710,500	8,426,530.00		
MCKESSON CORP	58,500	3,488,940.00	ODYSSEY RE HOLDINGS CORP			10,900	467,501.00		
MDC HLDGS INC	119,670	5,787,241.20	OFFICE DEPOT INC			48,800	1,478,640.00		
MEADOWBROOK INSURANCE GROUP INC	52,900	579,784.00	OLD REPUBLIC INTERNATIONAL CORP			275,661	5,860,552.86		
MEDCATH CORP	30,200	960,360.00	OMNICELL INC			66,800	1,388,104.00		
MEDCO HEALTH SOLUTIONS INC	44,300	3,454,957.00	ONEOK INC			172,300	8,685,643.00		
MEDICINES CO	213,000	3,753,060.00	OPTIONSXPRESS HLDGS INC			110,500	2,835,430.00		
MEDTRONIC INC	161,100	8,354,646.00	ORACLE CORP			915,600	18,046,476.00		
MEMC ELECTRONICS MATERIALS INC	279,200	17,064,704.00	O'REILLY AUTOMOTIVE INC			293,800	10,738,390.00		

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>DOMESTIC EQUITY</u>			<u>MARKET</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
OSHKOSH TRUCK CORP	136,200	8,569,704.00	RARE HOSPITALITY INC	141,300	3,782,601.00
PANERA BREAD CO	28,551	1,315,059.06	REGAL BELOIT CORP	42,791	1,991,493.14
PAREXEL INTERNATIONAL CORP	41,600	1,749,696.00	RENT-A-CENTER INC	361,300	9,476,899.00
PARKER DRILLING CO	181,400	1,911,956.00	REPUBLIC SERVICES INC	224,700	6,884,808.00
PARKER-HANNIFIN CORP COM	44,100	4,317,831.00	RESEARCH IN MOTION	72,900	14,579,271.00
PARTNERRE	40,300	3,123,250.00	RESOURCES CONNECTION INC	88,500	2,936,430.00
PATTERSON COS INC	126,800	4,725,836.00	RJTE AID CORP	352,800	2,250,864.00
PATTERSON UTI ENERGY INC	125,800	3,297,218.00	ROBERT HALF INTERNATIONAL INC	153,500	5,602,750.00
PEDIATRIX MEDICAL GROUP INC	185,200	10,213,780.00	ROCK-TENN CO	27,700	878,644.00
PENNEY(J.C.)CO INC	75,119	5,437,113.22	ROCKWELL COLLINS INC	83,400	5,891,376.00
PEP BOYS MANNY MOE & JACK	405,405	8,172,964.80	ROGERS COMMUNICATIONS INC	14,300	607,607.00
PEPCO HLDGS INC	108,300	3,054,060.00	ROPER INDUSTRIES INC	139,000	7,936,900.00
PEPSI BOTTLING GROUP INC	489,474	28,625,389.00	ROYAL DUTCH SHELL	233,400	19,453,890.00
PERFICIENT INC	55,400	1,146,780.00	RYDER SYSTEM INC	48,200	2,593,160.00
PEROT SYSTEMS	276,500	4,711,560.00	SAFECO CORP	39,300	2,446,818.00
PETROCHINA CO	11,460	1,703,872.80	SAFETY INSURANCE GROUP INC	12,600	521,640.00
PETSMART INC	135,100	4,383,995.00	SAFEWAY INC	205,400	6,989,762.00
PFIZER INC	389,808	9,967,390.00	SALIX PHARMACEUTICALS LTD	1,596,400	19,635,720.00
PG & E CORP HLDGS	42,500	1,925,250.00	SALLY BEAUTY HOLDINGS INC	621,500	5,593,500.00
PHARMACEUTICAL PRODUCT DEVELOPMENT	129,858	4,969,665.66	SCHERING-PLOUGH CORP	167,900	5,110,876.00
PHARMANET DEVELOPMENT GROUP INC	55,400	1,766,152.00	SCHLUMBERGER	224,345	19,055,864.00
PHARMION CORP	583,100	16,880,745.00	SCHWAB (CHARLES) CORP	578,800	11,876,976.00
PHH CORP	77,400	2,415,654.00	SCIELE PHARMA INC	134,800	3,175,888.00
PHILADELPHIA CONSOLIDATED HOLDINGS	83,100	3,473,580.00	SEACHANGE INTERNATIONAL INC	927,757	7,199,394.32
PHOENIX COMPANIES INC	94,500	1,418,445.00	SEMTECH CORP	138,000	2,391,540.00
PIONEER NATURAL RESOURCES CO	138,295	6,736,349.45	SHAW COMMUNICATIONS	78,700	3,308,548.00
PLAINS EXPLORATION & PRODUCTION CO	120,720	5,771,623.20	SILGAN HLDGS INC	64,050	3,540,684.00
PLATINUM UNDERWRITERS HLDGS	305,700	10,623,075.00	SILICON IMAGE INC	756,610	6,491,713.80
PLAYTEX PRODUCTS INC	61,700	913,777.00	SILVER WHEATON CORP	100,870	1,179,170.30
PLUM CREEK TIMBER CO INC	162,799	6,782,206.34	SIRONA DENTAL SYSTEMS INC	101,200	3,828,396.00
PMI GROUP INC	62,000	2,769,540.00	SMUCKER(J.M.)CO	19,500	1,241,370.00
PNM RESOURCES INC	354,643	9,855,528.97	SOUTHERN UNION CO	227,800	7,424,002.00
POLO RALPH LAUREN CORP	41,100	4,032,321.00	SOVEREIGN REAL ESTATE INVNT TR	43	61,490.00
POLYCOM INC	205,900	6,918,240.00	SPARTECH CORP	35,295	937,082.25
PORTFOLIO RECOVERY ASSOCIATES INC	61,700	3,703,234.00	SPHERION CORP	52,900	496,731.00
PORTLAND GENERAL ELECTRIC CO	862,284	23,661,073.00	SPRINT NEXTEL CORP	894,427	18,523,583.00
POTASH CORP OF SASKATCHEWAN INC	34,200	2,666,574.00	SPSS INC	51,000	2,251,140.00
POWERWAVE TECHNOLOGIES INC	1,436,400	9,623,880.00	ST JOE CO	202,700	9,393,118.00
PRAXAIR INC	174,900	12,591,051.00	ST MARY LAND & EXPLORATION	86,200	3,156,644.00
PRECISION CASTPARTS CORP	182,200	22,111,792.00	ST JUDE MEDICAL INC	475,046	19,709,659.00
PREFERRED BK LOS ANGELES CALIFORNIA	15,200	608,000.00	STAPLES INC	134,800	3,198,804.00
PREMIERE GLOBAL SERVICES INC	109,600	1,426,992.00	STARBUCKS CORP	195,300	5,124,672.00
PRICE T. ROWE ASSOC INC	111,400	5,780,546.00	STEEL DYNAMICS INC	36,000	1,508,760.00
PRICELINE.COM INC	232,800	16,002,672.00	STEINER LEISURE	138,300	6,793,296.00
PRIDE INTL INC	99,800	3,738,508.00	STERIS CORP	686,000	20,991,600.00
PRINCIPAL FINL GP	50,900	2,966,961.00	STERLING BANCSHARES INC	97,000	1,097,070.00
PROASSURANCE CORP	25,200	1,402,884.00	STERLING FINANCIAL CORP	66,800	1,933,192.00
PROCTER & GAMBLE CO	278,450	17,038,356.00	STREETTRACKS GOLD TRUST GOLD SHARES	61,790	3,971,243.30
PSYCHIATRIC SOLUTIONS INC	92,200	3,343,172.00	STRYKER CORP	82,790	5,223,221.00
PULTE HOMES INC	478,800	10,749,060.00	SUNCOR ENERGY	268,830	24,173,193.00
QLOGIC CORP	400,100	6,661,665.00	SUNOCO INC	341,900	27,242,592.00
QUADRAMED CORP	200	650.00	SUNSTONE HOTEL INVESTORS INC	40,300	1,144,117.00
QUALCOMM INC	320,185	13,892,827.15	SUNTRUST BANKS INC	76,900	6,593,406.00
QUANEX CORP	64,200	3,126,540.00	SVB FINANCIAL GROUP	44,100	2,342,151.00
QWEST COMMUNICATIONS INTL INC	244,300	2,369,710.00	SYMANTEC CORP	75,900	1,533,180.00
R. H. DONNELLEY CORP	125,042	9,475,682.76	SYMYX TECHNOLOGIES INC	753,000	8,667,030.00
RADIOSHACK CORP	83,700	2,773,818.00	SYNNEX CORP	42,800	882,108.00

PORTFOLIO OF ASSETS, JUNE 30, 2007

MARKET			MARKET		
<u>DOMESTIC EQUITY</u>	<u>SHARES</u>	<u>VALUE</u>	<u>DOMESTIC EQUITY</u>	<u>SHARES</u>	<u>VALUE</u>
SYSCO CORP	131,300	4,331,587.00	VISHAY INTL	157,200	2,486,904.00
TARGET CORP	79,638	5,064,976.80	VOCUS INC	23,900	600,129.00
TEKELEC INC	728,900	10,510,738.00	WABTEC CORPORATION	69,800	2,549,794.00
TEKTRONIX INC	65,300	2,203,222.00	WAL-MART STORES INC	954,102	45,901,848.00
TELEDYNE TECHNOLOGIES INC	44,100	2,026,395.00	WALT DISNEY CO. DISNEY	392,140	13,387,659.00
TELEFLEX INC	18,800	1,537,464.00	WASHINGTON MUTUAL INC	244,226	10,413,796.64
TELEPHONE & DATA SYSTEMS INC	29,500	1,845,815.00	WASTE MANAGEMENT INC	262,950	10,268,198.00
TEMPLE-INLAND INC	57,245	3,522,284.85	WATERS CORP	175,500	10,417,680.00
TENET HEALTHCARE CORP	2,518,100	16,392,831.00	WATSCO INC	57,400	3,122,560.00
TEREX CORP	129,000	10,487,700.00	WATSON WYATT WORLDWIDE INC	46,600	2,352,368.00
TETRA TECHNOLOGIES	340,700	9,607,740.00	WEATHERFORD INTL	367,000	20,273,080.00
TEXAS INSTRUMENTS INC	64,400	2,423,372.00	WEBMD HEALTH CORP	37,935	1,785,600.45
TEXTRON INC	84,100	9,260,251.00	WELLCARE HEALTH PLANS INC	61,700	5,584,467.00
TFS FINANCIAL CORPORATION	572,430	6,605,842.20	WELLPOINT INC	92,900	7,416,207.00
THERMO FISHER SCIENTIFIC INC	317,160	16,403,515.00	WELLS FARGO & CO	108,100	3,801,877.00
THOMAS & BETTS CP	116,100	6,733,800.00	WEST PHARMACEUTICAL SERVICES INC	27,700	1,306,055.00
THORATEC CORP	887,400	16,319,286.00	WESTERN UNION COMPANY	934,940	19,474,800.00
TIDEWATER INC	54,700	3,877,136.00	WEYERHAEUSER CO	144,658	11,417,856.00
TIME WARNER INC	279,038	5,870,959.52	W-H ENERGY SERVICES INC	66,794	4,135,216.54
TIMKEN CO	76,800	2,773,248.00	WHITE MOUNTAINS INSURANCE GROUP	11,680	7,078,313.60
TITANIUM METALS CORP	146,200	4,663,780.00	WILLIAMS-SONOMA INC	133,100	4,203,298.00
TODCO	69,000	3,257,490.00	WINN-DIXIE STORES INC	225,000	6,592,500.00
TOLL BROS INC	198,000	4,946,040.00	WOLVERINE WORLD WIDE INC	90,700	2,513,297.00
TOWER GROUP INC	52,900	1,687,510.00	WORLD ACCEPTANCE CORP	49,098	2,097,957.54
TRAVELERS COS INC	372,941	19,952,343.50	WORLDSPACE INC	301,750	1,457,452.50
TRC COS INC	726,600	10,775,478.00	WRIGHT EXPRESS CORP	557,100	19,091,817.00
TRIARC COMPANIES	343,456	5,392,259.20	WRIGHT MEDICAL GROUP INC	515,000	12,421,800.00
TRIMBLE NAVIGATION	104,600	3,368,120.00	WRIGLEY(WILLIAM)JUNIOR CO	102,696	5,680,115.76
TRJUMP GROUP INC	31,900	2,088,493.00	WYETH	161,294	9,248,598.00
TRONOX INC	547,500	7,825,365.00	WYNDHAM WORLDWIDE	187,160	6,786,421.60
TRW AUTOMOTIVE HLDGS CORP	70,200	2,585,466.00	WYNN RESORTS	24,475	2,195,162.75
TUESDAY MORNING CORP	296,000	3,658,560.00	XEROX CORP	78,500	1,450,680.00
TUPPERWARE BRANDS CORP	90,700	2,606,718.00	XILINX INC	156,600	4,192,182.00
TWEEN BRANDS INC	90,200	4,022,920.00	XL CAPITAL	297,000	25,034,130.00
TYCO INTERNATIONAL LTD	1,174,100	39,672,839.00	XTO ENERGY INC	179,542	10,790,474.00
TYSON FOODS INC	49,800	1,147,392.00	YAHOO INC	665,000	18,041,450.00
UCBH HLDGS INC	152,400	2,784,348.00	YUM BRANDS INC	536,200	17,544,464.00
ULTRA TECH INC	804,630	10,725,717.90	ZALE CORP	607,600	14,466,956.00
UMB FINANCIAL CORP	173,239	6,387,321.93	ZEBRA TECHNOLOGIES	377,100	14,608,854.00
UNION BANCAL CORP	297,500	17,760,750.00	ZIMMER HOLDINGS INC	46,100	3,913,429.00
UNISYS CORP	333,100	3,044,534.00	ZORAN CORP	119,600	2,396,784.00
UNIT CORP	23,200	1,459,512.00	ZUMIEZ INC	84,000	3,173,520.00
UNITED TECHNOLOGIES CORP	361,286	25,626,016.00	ZYGO CORP	<u>41,600</u>	<u>594,464.00</u>
UNIVERSAL ELECTRONICS INC	22,700	824,464.00	<b>TOTAL DOMESTIC EQUITY</b>		<b>5,052,869,613.73</b>
UNIVERSAL FOREST PRODUCTS	36,400	1,538,264.00			
UNUM GROUP	1,457,500	38,055,325.00			
UTD PARCEL SERV	48,985	3,575,905.00			
VALASSIS COMMUNICATIONS INC	207,400	3,565,206.00	<u>INTERNATIONAL EQUITY</u>	<u>SHARES</u>	<u>MARKET VALUE</u>
VALMONT INDUSTRIES INC	22,700	1,651,652.00	ABN-AMRO HLDGS	321,928	14,804,254.26
VALUECLICK INC	172,200	5,073,012.00	ACCOR	75,272	6,681,003.17
VARIAN INC	44,100	2,418,003.00	ADECCO	12,633	978,707.04
VARIAN SEMICONDUCT EQUIP ASSOC INC	168,200	6,738,092.00	ADVANTEST CORP	19,500	847,929.07
VEECO FEI INCCOM	420,700	8,725,318.00	AEGON	422,992	8,363,419.82
VENTAS INC	213,600	7,743,000.00	AEON CO	263,700	4,889,857.89
VERTEX PHARMACEUTICAL	43,425	1,240,218.00	AIFUL CORP	287,000	8,226,891.78
VIACOM INC	161,409	6,719,456.67	AIR LIQUIDE	81,592	10,737,311.00
VIGNETTE CORP	798,800	15,305,008.00	AKER KVAERNER	126,800	3,220,262.94
			AKZO NOBEL	148,100	12,793,052.00

PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>INTERNATIONAL EQUITY</u>		<u>MARKET</u>		<u>INTERNATIONAL EQUITY</u>		<u>MARKET</u>	
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>		<u>VALUE</u>
ALCAN INC	44,100	3,602,622.80	COUNTRY GARDEN	2,056,100	1,735,793.50		
ALCATEL LUCENT	1,322,600	18,541,144.53	CREDIT SUISSE GROUP	106,215	7,570,072.00		
ALLIANZ SE	15,500	3,613,126.42	CRH	224,681	11,112,268.00		
ALLIED IRISH BANKS	293,893	8,065,358.00	DAI NIPPON PRINTING CO	615,000	9,158,144.05		
AMCOR	152,900	969,011.09	DAIICHI SANKYO COMPANY LIMITED	190,600	5,046,860.20		
AMDOCS	97,200	3,870,504.00	DAILY MAIL & GENERAL TRUST	55,500	852,402.82		
AMERICA MOVIL	196,000	12,138,280.00	DAJMLER	56,900	5,244,759.64		
ARM HLDGS	329,600	968,794.00	DAIWA HOUSE INDUSTRY CO	53,000	756,192.56		
ASCIANO GROUP	62,618	538,157.38	DASSAULT SYSTEMES	18,300	1,155,676.44		
ASTELLAS PHARMA	120,600	5,234,349.57	DBS GROUP HLDGS LTD	47,000	700,644.02		
ASTRAZENECA	338,673	18,215,425.00	DEPFA BANK	280,760	4,940,721.00		
ATLAS COPCO	50,400	845,242.96	DEUTSCHE BANK	29,700	4,299,935.11		
AVIVA	361,770	5,396,599.92	DEUTSCHE POST	299,870	9,695,447.00		
AXA	212,148	9,171,392.00	DEUTSCHE TELEKOM	1,303,158	24,006,127.72		
BAE SYSTEMS	1,737,227	14,116,216.00	DNB NOR ASA	45,000	580,561.60		
BANCO BILBAO VIZCAYA	195,300	4,800,475.96	E.ON	89,193	14,887,602.00		
BANCO SANTANDER	189,200	3,498,124.38	EAST JAPAN RAILWAY CO	120	923,114.30		
BANK OF EAST ASIA	370,200	2,083,526.27	EDF	38,511	4,175,446.00		
BANK OF YOKOHAMA	125,000	874,529.33	EMBRAER-EMPRESA BRAS DE AERONAUTICA	71,700	3,456,657.00		
BARCLAYS	94,300	1,316,823.69	ENCANA CORP	29,000	1,786,209.17		
BARRICK GOLD CORP	133,800	3,889,566.00	ENI	91,900	3,338,708.00		
BASF	35,400	4,630,347.17	ESPRIT HLDGS	71,000	900,906.89		
BAYER	121,061	9,124,876.00	FANUC CO	94,600	9,743,812.00		
BAYERISCHE MOTOREN WERKE	84,517	5,440,124.00	FORTIS	37,100	1,579,823.42		
BHP BILLITON LIMITED	157,000	4,521,835.00	FORTUM OYJ	138,700	4,343,980.60		
BNP PARIBAS	82,613	9,858,589.00	FOSTERS GROUP	216,000	1,169,163.07		
BOC HONG KONG	362,500	863,371.24	FRANCE TELECOM	915,673	25,227,908.00		
BOUYGUES	93,900	7,886,727.16	FUJIFILM HLDGS CORP	253,400	11,305,996.00		
BP	515,301	6,234,261.25	GAZPROM OAO ADS	84,700	3,548,930.00		
BRAMBLES LTD	196,243	2,027,879.39	GIVAUDAN	3,000	2,961,814.62		
BRITISH AMERICAN TOBACCO	331,724	11,301,114.62	GLAXOSMITHKLINE	797,909	20,891,546.00		
BRITISH LAND CO	35,600	957,109.21	GPO MEXICO	641,500	3,920,824.32		
BRITISH SKY BROADCASTING GROUP	766,400	9,841,067.00	GROUPE DANONE	43,000	3,485,580.47		
BT GROUP	926,764	6,182,548.12	HANG LUNG PROPERTIES	393,000	1,354,756.39		
CADBURY SCHWEPPE	167,600	2,286,596.99	HARMONY GOLD MINING CO	72,000	1,025,700.00		
CAMECO CORP	107,200	5,441,880.14	HASEKO CORP	1,195,000	3,531,924.37		
CANADIAN IMPERIAL BANK OF COMMERCE	8,800	794,088.84	HBOS	497,970	9,846,151.00		
CANADIAN NATURAL RESOURCES	144,900	9,641,383.00	HEINEKEN HLDG	17,500	924,784.00		
CANON INC	35,550	2,081,270.50	HENDERSON LAND DEVELOPMENT CO	841,000	5,728,296.60		
CAPITALAND	428,000	2,266,697.18	HIGH TECH COMPUTER CORP	13,300	950,285.00		
CARNIVAL	68,600	3,282,609.33	HIROSE ELECTRIC CO	5,600	735,511.56		
CARREFOUR	125,220	8,817,702.00	HITACHI HIGH-TECHNOLOGIES CO	1,757,000	12,994,858.00		
CELESTICA INC	204,961	1,294,794.75	HOLCIM	37,162	4,026,691.91		
CENTRAIS ELETR BRAS-ELETROBRAS	497,100	7,458,985.50	HONDA MOTOR CO	202,000	7,360,621.89		
CHINA COAL ENERGY COMPANY	1,838,800	2,756,588.85	HONG KONG & CHINA GAS CO	350,900	739,691.22		
CHINA MERCHANTS BANK	2,064,371	6,284,555.93	HONG KONG EXCHANGES	287,200	4,059,350.98		
CHINA MOBILE LTD	565,834	6,076,026.08	HOYA CORP	76,700	2,540,208.11		
CHINA PETROLEUM & CHEMICAL CORP	4,707,932	5,209,021.83	HSBC HLDGS	926,392	16,963,119.00		
CHINA SHENHUA ENERGY CO LTD	299,000	1,044,103.92	HYPO REAL ESTATE HLDG	49,150	3,176,924.43		
CITIZEN HOLDINGS CO LTD	40,000	359,852.63	IDEMITSU KOSAN CO	9,600	1,072,755.98		
CNOOC	3,851,000	4,364,325.46	INDUSTRIA DE DISENO TEXTIL	12,814	757,481.33		
COMMERZBANK	36,900	1,756,694.15	INDUSTRIAL & COMMERCIAL BK OF CHINA	902,000	500,732.93		
COMPAGNE FINANCIERE RICHEMONT	103,000	6,176,974.54	INFINEON TECHNOLOGIES	458,600	7,587,187.32		
COMPANHIA VALE DO RIO DOCE	39,500	1,759,725.00	ING GROEP N.V. CVA	313,497	13,883,068.00		
COMPASS GROUP	577,686	4,007,381.90	INPEX HOLDINGS INC	277	2,579,456.66		
CONTAX PARTICIPACOES	702,900	865,269.90	INSURANCE AUSTRALIA GROUP	166,052	803,007.54		
CONTINENTAL	5,800	814,416.76	INTESA SANPAOLO SPA	1,957,467	14,619,424.00		

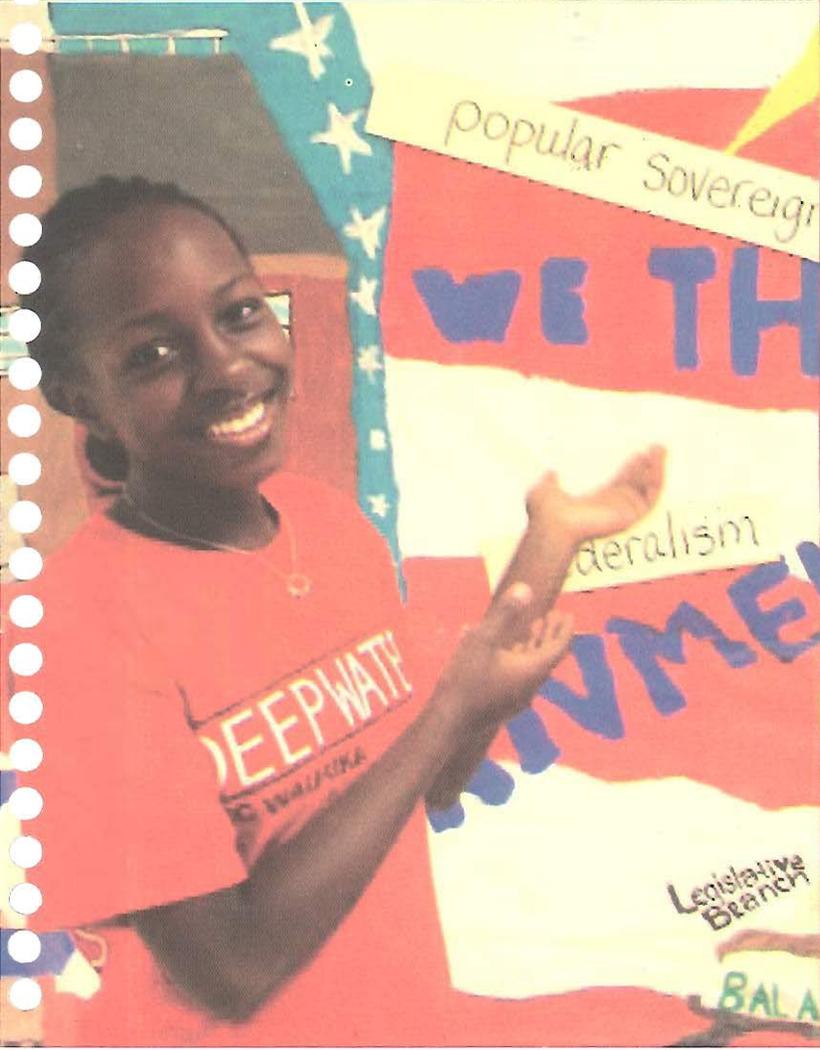
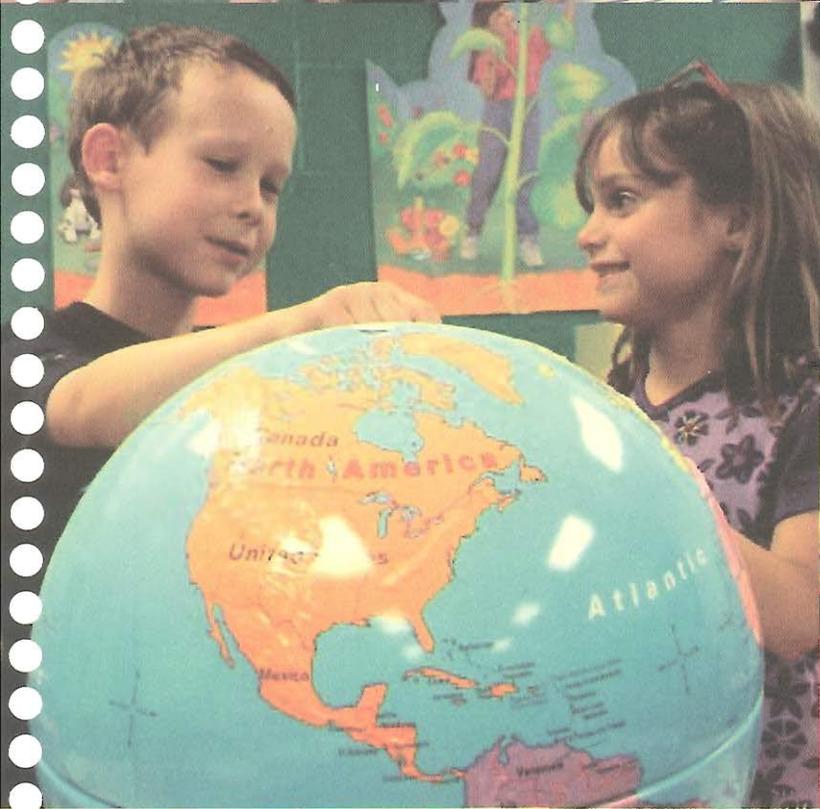
PORTFOLIO OF ASSETS, JUNE 30, 2007

<u>INTERNATIONAL EQUITY</u>			<u>INTERNATIONAL EQUITY</u>		
	<u>SHARES</u>	<u>VALUE</u>		<u>SHARES</u>	<u>VALUE</u>
ITV	4,832,100	11,071,557.44	ORACLE CORP JAPAN	2,900	127,746.06
JAPAN TOBACCO INC	182	896,036.28	ORIX CORP	22,480	5,906,927.41
JARDINE MATHESON HLDGS	240,844	5,732,087.20	PEUGEOT	20,100	1,622,791.17
JC DECAUX	79,800	2,535,919.63	PHILIPS ELEC	149,609	6,376,837.97
KANSAI ELECTRIC POWER CO INC	29,300	691,602.90	PORTUGAL TCOM	636,366	8,792,113.16
KERRY PROPERTIES	142,500	894,965.40	POTASH CORP OF SASKATCHEWAN INC	161,500	12,625,434.00
KEYENCE CORPORATION	3,930	856,997.45	PRECISION DRILLING TRUST TRUST UNITS	142,656	3,486,774.15
KINGFISHER	1,773,501	8,059,467.00	PUBLICIS GROUPE	126,024	5,557,085.94
KONINKLIJKE AHOLD	1,592,879	20,583,722.00	QBE INSURANCE GROUP	27,293	722,447.89
KOOKMIN BANK	10,730	941,880.07	RAIFFEISEN INTERNATIONAL BANK	9,000	1,430,637.62
KOREA ELECTRIC POWER CORP	413,680	9,059,592.00	RECKITT BENCKISER	87,000	4,774,009.55
KT CORP	279,130	7,049,770.00	REED ELSEVIER	417,743	6,686,243.00
LAFARGE	14,800	2,706,394.16	RENAULT	7,600	1,223,592.90
LG ELECTRONICS INC	173,400	14,338,954.43	REPSOL	72,000	2,844,258.30
LG TELECOM CO	381,518	4,232,665.33	RESEARCH IN MOTION	5,700	1,148,841.36
LI & FUNG	603,200	2,171,948.99	REUTERS GROUP	139,400	1,731,251.34
LLOYDS TSB GROUP	598,900	6,680,912.00	RIO TINTO	146,173	11,223,603.00
L'OREAL	28,900	3,426,912.58	ROCHE HLDG	58,889	10,445,879.00
LVMH MOET-HENNESSY LOUIS VUITTON	43,612	5,038,321.96	ROGERS COMMUNICATIONS INC	126,200	5,388,487.90
MACQUARIE BANK	26,069	1,879,939.86	ROHM CO LTD	115,000	10,196,769.00
MANULIFE FINANCIAL CORP	190,207	7,123,711.00	ROLLS ROYCE GROUP	15,050	2,731.00
MARKS & SPENCER GROUP	638,659	8,047,025.55	ROYAL BANK OF CANADA	20,500	1,091,149.24
METHANEX CORP COM	49,100	1,220,403.29	ROYAL BANK OF SCOTLAND GROUP	1,203,906	15,289,842.00
METRO	15,800	1,305,927.83	ROYAL DUTCH SHELL	510,653	20,947,404.00
METSO	17,500	1,035,669.27	S.E.S.A FIDUCIARY DR	58,100	1,255,314.00
MILLEA HOLDINGS INC	182,000	7,457,144.00	SABMILLER	317,158	8,055,938.00
MITSUBISHI CORP	139,400	3,645,993.76	SAMSUNG ELECTRONIC	34,169	19,817,144.00
MITSUBISHI ESTATE CO	68,000	1,844,609.09	SAN-IN GODO BANK	89,000	848,236.77
MITSUBISHI HEAVY INDUSTRIES	96,000	614,891.29	SANKYO CO	80,900	3,399,902.83
MITSUBISHI UFJ FINANCIAL GROUP	2,048	22,553,787.00	SANOI-AVENTIS	377,730	30,659,609.00
MITSU O.S.K.LINES	107,000	1,450,406.90	SAP	37,200	1,902,103.82
MITSU SUMITOMO INSURANCE CO	921,000	11,798,226.65	SASOL	46,400	1,750,198.53
MIZUHO FINANCIAL GROUP	1,637	11,307,025.00	SCHLUMBERGER	58,550	4,973,237.00
MORRISON(WM.)SUPERMARKETS	1,517,419	9,209,532.76	SCHNEIDER ELECTRIC	25,300	3,558,009.12
MURATA MFG CO	17,700	1,331,495.20	SCOTTISH & SOUTHERN ENERGY	116,900	3,398,518.17
NATIONAL GRID	130,600	1,933,776.32	SEVEN & I HOLDINGS CO	327,100	9,323,389.61
NESTE OIL	22,000	865,513.47	SHIMAMURA CO	7,000	745,941.13
NESTLE	61,843	23,514,065.00	SHIN-ETSU CHEMICAL CO	22,300	1,590,857.93
NEWS CORPORATION	16,969	361,208.17	SHINHAN FINANCIAL GROUP	160,320	9,752,120.00
NEXT	89,974	3,626,633.47	SHISEIDO CO	161,800	3,445,758.94
NGK SPARK PLUG CO	41,000	712,134.09	SIEMENS	110,509	15,827,743.00
NINTENDO CO LTD	22,320	8,151,196.00	SINGAPORE TELECOMMUNICATIONS	387,664	861,785.35
NIPPON ELECTRIC GLASS	78,500	1,382,545.85	SK TELECOM	350,010	9,656,083.00
NIPPON TEL & TEL CORP	3,370	14,926,839.00	SMC CORP	16,300	2,164,622.05
NISSAN MOTOR CO	207,900	2,223,862.50	SMURFIT KAPPA GROUP	65,543	1,649,110.81
NOKIA CORP	223,400	6,278,645.00	SNS REAAL GROEP	96,784	2,189,419.82
NORSKE SKOGSINDUSTRIER ASA	48,571	700,644.09	SOCIETE GENERALE	15,835	2,941,210.98
NORTEL NETWORKS CORP	381,810	9,182,530.50	SOFTBANK CORP	412,300	8,880,667.23
NOVARTIS	285,485	16,061,609.00	SOMPO JAPAN INS	15,500	189,396.33
NOVO-NORDISK	74,953	8,161,555.00	SONY CORP	163,100	8,360,039.00
NTT DOCOMO INC	506	798,979.72	ST MICROELECTRONICS	454,710	8,812,458.28
NTT URBAN DEVELOPMENT CORP	661	1,279,233.98	STANDARD CHARTERED	105,400	3,446,949.46
NUMICO	9,308	484,357.52	STOLT-NIELSEN	100,779	3,352,844.57
OBAYASHI CORP	145,000	789,019.80	STORA ENSO	52,400	989,348.10
OMV	10,200	681,754.94	SUMITOMO CORP	205,000	3,734,969.03
ONO PHARMACEUTICAL CO	112,000	5,922,183.08	SUMITOMO METAL INDUSTRIES	236,000	1,387,392.20
OPAP	117,939	4,173,202.00	SUMITOMO MITSUI FINANCIAL GROUP	957	8,911,696.83

PORTFOLIO OF ASSETS, JUNE 30, 2007

INTERNATIONAL EQUITY			MARKET		INTERNATIONAL EQUITY			MARKET	
	SHARES	VALUE		VALUE		SHARES		VALUE	
SUMITOMO REALTY & DEVELOPMENT	66,000	2,148,427.06	WIENERBERGER		12,300		908,663.55		
SUN LIFE FINL INC	10,400	496,266.98	WOLTERS-KLUWER NV		187,218		5,726,990.67		
SUNCOR ENERGY	25,900	2,336,417.39	WOOLWORTHS LIMITED		97,149		2,225,372.71		
SUZUKI MOTOR CORP	155,300	4,401,392.77	XSTRATA PLC		14,266		854,956.74		
SWIRE PACIFIC	292,000	3,245,730.95	YAHOO JAPAN CORPORATION		8,598		2,913,691.24		
SWISS REINSURANCE	115,714	10,564,945.00	YAMADA DENKI CO		55,526		5,791,124.00		
SWISSCOM	30,847	10,539,476.00	YAMAHA MOTOR CO		206,600		5,989,133.16		
SYNGENTA	23,937	4,671,777.42	YAMATO HOLDINGS CO		119,200		1,682,380.66		
SYNTHES INC	6,198	742,890.18	YELL GROUP		167,000		1,548,816.94		
TAISHO PHARMACEUTICAL CO	244,000	4,830,802.87	YUE YUEN INDUSTRIAL		851,225		2,640,377.37		
TAIWAN SEMICONDUCTOR	232,675	2,589,675.87	ZURICH FINANCIAL SERVICES		<u>27,938</u>		<u>8,645,142.38</u>		
TAKEDA PHARMACEUTI	256,800	16,552,314.00	<b>TOTAL INTERNATIONAL EQUITY</b>				<b>1,640,103,192.28</b>		
TAKEFUJI CORPORATION	212,560	7,125,781.61	<b>TOTAL EQUITY SECURITIES</b>				<b>6,692,972,806.00</b>		
TATE & LYLE	94,000	1,070,287.42	<b>TOTAL LONG TERM SECURITIES</b>				<b>9,852,552,466.98</b>		
TECHNIP	92,741	7,677,908.22	<b>DUE FROM TO BROKERS</b>				<b>(279,245,961.57)</b>		
TELE NORTE LESTE PARTICIPACOES	422,100	8,007,237.00	<b>INTEREST AND DIVIDENDS RECEIVABLE</b>				<b><u>28,251,274.00</u></b>		
TELEC BRASILEIRAS-TELEBRAS	99,900	3,914,082.00	<b>TOTAL INVESTMENTS</b>				<b>9,601,557,779.41</b>		
TELECOM CORP OF NEW ZEALAND	1,392,509	4,937,843.18							
TELECOM ITALIA	2,574,312	6,311,456.00							
TELEFONAKTIEBOLAGET LM ERICSSON	2,184,000	8,745,937.12							
TELEFONICA	821,029	18,340,225.00	<b>TOP TEN DOMESTIC EQUITY</b>		<b>SHARES</b>		<b>MARKET VALUE</b>		
TELEFONOS DE MEXICO	313,400	11,874,726.00	MICROSOFT CORP		2,659,370		78,371,634.00		
TELEKOM AUSTRIA	35,300	881,976.68	CA INC		2,304,170		59,516,711.00		
TELENOR ASA	276,628	5,421,231.00	ELEC DATA SYS CORP		1,964,690		54,480,854.00		
TELJASONERA	351,600	2,589,365.92	WAL-MART STORES INC		954,102		45,901,848.00		
TELSTRA CORPORATION	233,481	909,211.44	EASTMAN CHEMICAL CO		652,600		41,981,758.00		
TELUS CORP	10,100	605,477.79	FREDDIE MAC		657,899		39,934,469.00		
TESCO ORD	179,500	1,507,185.18	TYCO INTERNATIONAL LTD		1,174,100		39,672,839.00		
TEVA PHARMACEUTICAL INDUSTRIES	188,300	7,767,375.00	EXELON CORP		537,200		39,000,720.00		
THALES	16,000	979,310.82	UNUM GROUP		1,457,500		38,055,325.00		
TIM PARTICIPACOES	9,251	318,881.97	LENNAR CORP		968,600		35,311,496.00		
TNT N.V	121,749	5,496,831.79							
TOKUYAMA CORP	46,000	598,210.45	<b>TOP TEN</b>				<b>MARKET</b>		
TOKYO ELECTRIC POWER CO INC	33,900	1,087,039.96	<b>INTERNATIONAL EQUITY</b>		<b>SHARES</b>		<b>VALUE</b>		
TOKYO ELECTRON	21,900	1,610,202.84	SANOFI-AVENTIS		377,730		30,659,609.00		
TOKYO GAS CO	301,000	1,423,409.85	UNILEVER		970,163		30,522,047.00		
TOKYU CORP	184,000	1,227,709.62	FRANCE TELECOM		915,673		25,227,908.00		
TOLL HLDGS LTD	62,618	769,782.86	DEUTSCHE TELEKOM		1,303,158		24,006,127.72		
TOSHIBA CORP	494,000	4,300,174.10	NESTLE		61,843		23,514,065.00		
TOTAL	72,000	5,859,658.30	NETLE		61,843		23,514,065.00		
TOYOTA MOTOR CORP	91,300	5,766,549.25	MITSUBISHI UFJ FINANCIAL GROUP		2,048		22,553,787.00		
TREND MICRO INC	45,000	1,450,261.14	ROYAL DUTCH SHELL		510,653		20,947,404.00		
TYCO INTERNATIONAL LTD	206,226	6,968,376.54	GLAXOSMITHKLINE		797,909		20,891,546.00		
UBS	92,966	5,582,815.00	KONINKLUKE AHOLD		1,592,879		20,583,722.00		
UCB	18,111	1,072,562.72	SAMSUNG ELECTRONIC		34,169		19,817,144.00		
UNI.CHARM CORP	11,900	673,557.63							
UNILEVER	970,163	30,522,047.00	<b>TOP TEN</b>		<b>MATURITY</b>		<b>MARKET</b>		
UNITED MICROELECTRONICS CORP	14,171,444	8,559,093.39	<b>BONDS</b>		<b>RATE</b>		<b>DATE</b>		
UNITED OVERSEAS BANK	119,000	1,711,726.44	FEDERAL NATIONAL MORTGAGE		5.150		11/21/2007		
UPM-KYMMENE	247,568	6,118,659.00	FNMA TBA		5.500				
USHIO INC	37,100	821,640.55	U S OF AMER TREAS STRIP				11/15/2027		
VEOLIA ENVIRONNEMENT	34,070	2,670,148.23	FEDERAL NATIONAL MORTGAGE		5.000				
VINCI	109,110	8,175,450.17	FNMA TBA		5.500				
VIVENDI	20,600	887,778.64	FNMA MORTPASS		5.000		02/01/2036		
VIVO PARTICIPACOES	64,200	321,642.00	U S OF AMER TREAS STRIP				11/15/2021		
VODAFONE GROUP	3,086,510	14,113,910.00	FNMA MORTPASS		5.500		03/01/2036		
WAL-MART DE MEXICO	930,000	3,531,465.58	U S OF AMER TREAS BONDS		2.375		01/15/2025		
			U S OF AMER TREAS BONDS		4.500		02/15/2036		







Education is not preparation for life; education is life itself.

John Dewey





October 24, 2007

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

Dear Members of the Board:

**SUBJECT: ACTUARIAL VALUATION AS OF JUNE 30, 2007**

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2007

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

#### ACTUARIAL VALUATION

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

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

### **FINANCING OBJECTIVES**

The member, employer, State, and “federal matching” contribution rates are established by law. Members contribute 7.00% of covered compensation. Employers contributed 7.05% of covered member salaries in FY 2006. Beginning in FY 2007, higher employer contribution rates are being charged to employers who are covered by the new Education Employees Service Incentive Plan (EESIP). The 7.05% rate increased to 7.60% effective Jan. 1, 2007. This will be followed by increases to 7.85% effective July 1, 2007, 8.35% effective Jan. 1, 2008, 8.50% effective July 1, 2008, 9.00% effective Jan. 1, 2009, and 9.50% effective Jan. 1, 2010. For employers not covered by the EESIP—the comprehensive and regional four-year universities—the contribution rate will increase to 7.55% on Jan. 1, 2008, 8.05% on Jan. 1, 2009, and 8.55% on Jan. 1, 2010. In addition, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, and individual income taxes to the System. This percentage was 4.50% in FY 2007, and it increased to 5.00% effective July 1, 2007. No further increases are scheduled in this rate. Additionally, the System receives “federal matching contributions” for positions whose funding comes from federal sources or certain grants. The federal matching contribution rate for FY 2007 was 7.00% and did not change for FY 2008. This federal matching rate is intended to approximate the contribution from the State of Oklahoma measured as a percentage of “state” payroll, i.e., payroll excluding that paid from federal or grant sources.

In the fiscal year ending June 30, 2007, the state’s contribution plus the federal contribution was equivalent to a contribution of approximately 7.1% of covered payroll. Combined with the 7.05% employer contribution rate, the employing entities contributed 14.15% of covered payroll for FY 2007. This is expected to increase as the contribution rates for the employers covered by the EESIP and the State of Oklahoma are scheduled to increase per SB 357. We project that by 2011, the combined employer/State/federal contributions will amount to over 17% of payroll.

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

### **PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES**

The UAAL at June 30, 2006 was \$7,673 million, and it decreased to \$7,603 million this year. The funded ratio - actuarial value of assets divided by actuarial accrued liability – increased from 49.3% to 52.6%.

Last year, the period required to completely amortize the UAAL (the funding period) based on the contribution schedule in effect at that time was 37.4 years, measured from June 30, 2006. This year, the funding period is 21.6 years. The decrease in the UAAL and the funding period is principally due to legislation (SB 357) enacted in FY 2007 increasing future employer contribution rates. Also important were the strong investment results in FY 2007, and the increase in the State’s revenues, which drives the State’s contribution.

Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to decrease starting FY 2008 until it reaches zero in FY 2029.

**DEFERRED ASSET LOSSES/GAINS**

The UAAL and the funded ratio cited above are based on actuarial calculations that make use of the actuarial value of assets, not the market value. The actuarial value of assets is based on the market value, but asset gains and losses – earnings greater or less than the 8.00% investment return assumption – are recognized at a rate of 20% per year for five years. The current actuarial value, \$8,422 million, is \$871 million smaller than the market value of \$9,293 million. The actuarial value is now 90.6% of the market value. The funded ratio determined using the market value rather than the actuarial value is 58.0%.

**BENEFIT PROVISIONS**

The actuarial valuation reflects the benefit and contribution provisions set forth in current statutes, including those adopted in the 2007 legislative session.

SB 357 was passed during the 2007 legislative session. This bill implements a phased-in increase in the employer contribution rates for EESIP employers to 9.50% and for non-EESIP employers to 8.55% by FY 2011. See Appendix II in the report for a more detailed description.

**ASSUMPTIONS AND METHODS**

Assumptions are set by the Board of Trustees, taking into account the recommendations of the plan's actuaries. The actuarial assumptions and methods used in this report are unchanged from last year.

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

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

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

**DATA**

Member data for retired, active, and inactive participants was supplied as of June 30, 2007 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was supplied by the auditors and by the System's staff.

**ATTACHED SCHEDULES**

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

Board of Trustees  
October 24, 2007  
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prepared the Schedule of Funding Progress and the Schedule of Employer Contributions in the Financial Section. We have prepared the annual actuarial valuations each year, beginning with the one prepared as of June 30, 1989. Information related to earlier actuarial valuations was prepared by the previous actuary for the System.

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

Sincerely,



J. Christian Conradi, ASA, MAAA, EA  
Senior Consultant



W. Michael Carter, FSA, MAAA, EA  
Senior Consultant

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**Executive Summary**

Item	2007	2006
<b>Membership</b>		
• Number of		
- Active members	88,133	87,194
- Retirees and beneficiaries	43,506	41,782
- Inactive, vested	6,637	6,171
- Inactive, nonvested	<u>6,613</u>	<u>6,606</u>
- Total	144,889	141,753
• Payroll	\$ 3,599 million	\$ 3,355 million
<b>Statutory contribution rates</b>	<b>FY 2008</b>	<b>FY 2007</b>
• Employers in EESIP	7.85%/8.35% *	7.05%/7.60% *
• Regional universities	7.05%/7.55% *	7.05%
• Federal/grant salaries	7.00%	7.00%
• Members	7.00%	7.00%
• State (% of tax revenues)	5.00%	4.50%
<b>Assets</b>		
• Market value	\$ 9,293 million	\$ 7,859 million
• Actuarial value	\$ 8,422 million	\$ 7,470 million
• Return on market value	18.0%	9.4%
• Return on actuarial value	12.4%	8.2%
• State/local/federal contributions	\$ 536 million	\$ 459 million
• External cash flow %	0.2%	-0.7%
• Ratio of actuarial to market value	90.6%	95.1%
<b>Actuarial Information</b>		
• Normal cost %	10.52%	10.52%
• Unfunded actuarial accrued liability (UAAL)	\$ 7,603 million	\$ 7,673 million
• Funded ratio	52.6%	49.3%
• Funding period	21.6 years	37.4 years
<b>GASB 25 ARC (30 year, level %)</b>	<b>FY 2008</b>	<b>FY 2007</b>
• Dollar amount	\$590,495,652	\$575,745,142
• Percent of pay	15.68%	16.60%
<b>Gains/(losses)</b>		
• Asset experience	\$ 333 million	\$ 13 million
• Liability experience	(123) million	119 million
• Benefit changes	<u>0 million</u>	<u>(515) million</u>
• Total	\$ 210 million	(\$383) million

\* First rate shown is effective for July-December, second rate shown is effective for January-June

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## FUNDED STATUS

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

The UAAL decreased by \$70 million, from \$7.673 billion to \$7.603 billion. The funded ratio – the ratio of the actuarial value of assets to actuarial accrued liability – increased from 49.3% to 52.6%. The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – has gone from 37.4 years to 21.6 years. We now project that the System will be about 85% funded in 16 years, assuming no further changes in benefits or contribution rates and assuming no actuarial gains or losses.

These effects are primarily due to the passage of SB 357, which increased employer contribution rates, and to strong investment performance in FY 2007. This will provide more funds to amortize the UAAL.

OTRS remains among the most poorly funded of all statewide plans. The actuarial value of assets is just sufficient to cover the liabilities for currently retired members. However the passing of SB 357 will dramatically change the funding position of the plan. Future contributions projected to be received by the system could exceed the GASB 25 ARC Benchmark contribution beginning in FY 2008 or FY 2009.

The current combined state/local/federal contribution for FY 2007 was not sufficient to pay the normal cost and pay the interest on the UAAL, so negative amortization is still occurring. However, because we expect that deferred asset gains will be recognized over the next few years, we project that the UAAL will decrease further in FY 2008, and it is projected to be completely amortized by the end of FY 2029.

This report also determines the GASB Annual Required Contribution (ARC). This is the contribution required to fund the normal cost and to amortize the UAAL as a level percent of pay over 30 years. This amount is 15.68% of salary as shown in Table 1, compared to 16.60% last year. Our projections show that the ARC is expected to continue decreasing in the future, the result of the recognition of the deferred asset gains and the effect of the higher employer contribution rates.

## ANALYSIS OF CHANGES

### *UAAL*

Table 12a shows an analysis of the change in the UAAL. The UAAL, which was \$7,672.9 million last year, has decreased to \$7,602.5 million this year.

The System had a significant gain on the actuarial value of assets (AVA). This asset gain decreased the UAAL by \$332.7 million. The gain was due to the fact that the AVA calculation reflects 20% of the asset returns greater than 8.00% for FY 2007, FY 2006, FY 2005 and FY 2004, offset by the recognition of the remaining 20% of the loss for FY 2003. The return on the actuarial value was 12.4% compared to the assumed 8.00% investment return rate. The actual return on market value was 18.0%. Despite the inclusion of the down years of FY 2001-2003, the plan's ten-year average market return, net of investment expenses, is now 9.8%.

There was a liability loss of \$123.3 million, a result of actual experience being less favorable than expected based on our assumptions. This was due to salary increases larger than expected. The average increase for members active both at June 30, 2006 and June 30, 2007 was 8.25%. The salary loss was partially offset by gains from some of the other assumptions, including retirement.

### *Funding Period*

The funding period (the period required to amortize the UAAL) decreased from 37.4 years to 21.6 years. This was mainly due to the passage of SB 357 which implemented a phased-in increase of employer contribution rates to 9.5% for EESIP employers and 8.55% for non-EESIP employers by FY 2011. The asset gain also had a significant impact on the funding period.

## **ACTUARIAL ASSUMPTIONS AND METHODS**

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

There were no changes to the actuarial assumptions and methods for this year.

**Development of Employer Cost**

	June 30, 2007 (1)	June 30, 2006 (2)
1. Payroll		
a. Supplied by system	\$ 3,598,926,888	\$ 3,354,876,252
b. Adjusted for one year's pay increase	3,766,989,331	3,511,499,005
c. Adjusted for one year's pay increase with pay caps	3,766,989,331	3,467,673,925
2. Present value of future pay (paid monthly)	\$ 28,625,597,268	\$ 26,659,708,976
3. Normal cost rate (payable monthly)		
a. Total normal cost rate	10.52%	10.52%
b. Less: member rate	<u>(7.00%)</u>	<u>(7.00%)</u>
c. Employer normal cost rate	3.52%	3.52%
4. Actuarial accrued liability for active members		
a. Present value of future benefits for active members	\$ 10,973,945,087	\$ 10,293,629,599
b. Less: present value of future employer normal costs (Item 3c * Item 2)	(1,007,621,024)	(938,421,756)
c. Less: present value of future member contributions	<u>(2,003,791,809)</u>	<u>(1,866,179,628)</u>
d. Actuarial accrued liability	\$ 7,962,532,254	\$ 7,489,028,215
5. Total actuarial accrued liability for:		
a. Retirees and beneficiaries	\$ 7,730,260,900	\$ 7,340,004,548
b. Inactive members	331,600,462	314,325,057
c. Active members (Item 4d)	7,962,532,254	7,489,028,215
d. Total	<u>\$ 16,024,393,616</u>	<u>\$ 15,143,357,820</u>
6. Actuarial value of assets	\$ 8,421,866,942	\$ 7,470,433,915
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 7,602,526,674	\$ 7,672,923,905
8. Funding period based on statutory contribution rates	21.6 years	37.4 years
9. GASB 25 ARC		
a. Employer normal cost (Item 1c * 3c)	\$ 132,598,024	\$ 122,062,122
b. Level % 30-year amortization of UAAL (payable monthly)	457,897,628	453,683,020
c. Total	<u>\$ 590,495,652</u>	<u>\$ 575,745,142</u>
d. Contributions as percentage of payroll	15.68%	16.60%

**Actuarial Present Value of Future Benefits**

	June 30, 2007 (1)	June 30, 2006 (2)
1. Active members		
a. Service retirement benefits	\$ 9,659,766,185	\$ 9,034,813,069
b. Deferred termination benefits	491,618,941	467,179,118
c. Refunds	29,203,497	26,790,728
d. Death benefits	186,709,472	174,901,014
e. Disability retirement benefits	226,636,138	211,711,810
f. Supplemental medical insurance	346,973,635	345,836,668
g. \$5,000 post-retirement death benefit	33,037,219	32,397,192
h. Total	<u>\$ 10,973,945,087</u>	<u>\$ 10,293,629,599</u>
2. Retired members		
a. Service retirements	\$ 6,872,645,397	\$ 6,515,186,407
b. Disability retirements	132,443,995	129,088,372
c. Beneficiaries	226,494,181	215,501,453
d. Supplemental medical insurance	424,662,044	409,315,232
e. \$5,000 post-retirement death benefit	74,015,283	70,913,084
f. Total	<u>\$ 7,730,260,900</u>	<u>\$ 7,340,004,548</u>
3. Inactive members		
a. Vested terminations	\$ 285,381,471	\$ 266,107,858
b. Nonvested terminations	24,373,611	24,825,328
c. Suspense fund	21,845,380	23,391,871
d. Total	<u>\$ 331,600,462</u>	<u>\$ 314,325,057</u>
4. Total actuarial present value of future benefits	<u>\$ 19,035,806,449</u>	<u>\$ 17,947,959,204</u>

**Analysis of Normal Cost**

	<u>June 30, 2007</u> (1)	<u>June 30, 2006</u> (2)
1. Gross normal cost rate (payable monthly)		
a. Retirement benefits	7.65%	7.65%
b. Deferred termination benefits	1.33%	1.33%
c. Refunds	0.78%	0.78%
d. Supplemental medical insurance	0.28%	0.28%
e. \$5,000 Post-retirement death benefits	0.04%	0.04%
f. Death Benefits	0.14%	0.14%
g. Disability retirement benefits	<u>0.30%</u>	<u>0.30%</u>
h. Total	10.52%	10.52%
2. Less: member rate	<u>7.00%</u>	<u>7.00%</u>
3. Employer normal cost rate	3.52%	3.52%

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Value of Liability (AAL)	Unfunded Actuarial		Funded Ratio (2)/(3)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6)
			(2)	(3)			
June 30, 1995	\$2,869.9	\$7,480.4	\$4,610.5		38.4%	\$2,336.1	197.4%
June 30, 1996	\$3,103.0	\$7,843.2	\$4,740.2		39.6%	\$2,375.5	199.5%
June 30, 1997	\$3,544.9	\$8,257.2	\$4,712.3		42.9%	\$2,428.7	194.0%
June 30, 1998	\$4,085.0	\$8,891.3	\$4,806.3		45.9%	\$2,537.7	189.4%
June 30, 1999	\$4,708.0	\$9,458.6	\$4,750.5		49.8%	\$2,648.4	179.4%
June 30, 2000	\$5,373.5	\$10,009.2	\$4,635.7		53.7%	\$2,738.3	169.3%
June 30, 2001	\$5,959.0	\$11,591.1	\$5,632.1		51.4%	\$2,990.5	188.3%
June 30, 2002	\$6,310.9	\$12,275.9	\$5,965.0		51.4%	\$3,047.1	195.8%
June 30, 2003	\$6,436.9	\$11,925.2	\$5,488.3		54.0%	\$3,045.7	180.2%
June 30, 2004	\$6,660.9	\$14,080.1	\$7,419.2		47.3%	\$3,030.7	244.8%
June 30, 2005	\$6,952.7	\$14,052.4	\$7,099.7		49.5%	\$3,175.2	223.6%
June 30, 2006	\$7,470.4	\$15,143.4	\$7,672.9		49.3%	\$3,354.9	228.7%
June 30, 2007	\$8,421.9	\$16,024.4	\$7,602.5		52.6%	\$3,598.9	211.2%

Note : Dollar amounts in millions

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

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

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

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

Valuation date	June 30, 2007
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, open period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increase *	4.25% to 6.00%
* Includes inflation at:	3.00%
Cost of living adjustment	1.00%

**Membership Data**

	June 30, 2007 (1)	June 30, 2006 (2)
1. Active members		
a. Number	88,133	87,194
b. Total payroll supplied by System	\$ 3,598,926,888	\$ 3,354,876,252
c. Average salary	\$ 40,835	\$ 38,476
d. Average age	45.8	45.7
e. Average service	11.5	11.6
2. Vested inactive members		
a. Number	6,637	6,171
b. Total annual deferred benefits	\$ 49,993,687	\$ 46,902,081
c. Average annual deferred benefit	\$ 7,533	\$ 7,600
3. Nonvested inactive members		
a. Number	6,613	6,606
b. Member contributions with interest due	\$ 24,373,611	\$ 24,825,328
c. Average refund due	\$ 3,686	\$ 3,758
4. Service retirees		
a. Number	40,068	38,426
b. Total annual benefits <sup>1,2</sup>	\$ 696,685,159	\$ 660,869,739
c. Average annual benefit	\$ 17,388	\$ 17,199
5. Special service retirees		
a. Number	91	122
b. Total annual benefits <sup>1,2</sup>	\$ 208,106	\$ 279,076
c. Average annual benefit	\$ 2,287	\$ 2,288
6. Disabled retirees		
a. Number	1,471	1,427
b. Total annual benefits <sup>1,2</sup>	\$ 15,770,285	\$ 15,331,143
c. Average annual benefit	\$ 10,721	\$ 10,744
7. Beneficiaries and spouses		
a. Number	1,876	1,807
b. Total annual benefits <sup>1,2</sup>	\$ 26,691,199	\$ 25,244,296
c. Average annual benefit	\$ 14,228	\$ 13,970

<sup>1</sup> Benefit amounts exclude the supplemental medical insurance payment.

<sup>2</sup> Benefit amounts for 2006 include 2.00% COLA effective July 1, 2006

**Historical Summary of Active Member Data**

Valuation as of June 30, (1)	Active Members		Covered Payroll		Average Salary		Average Age (8)	Average Service (9)
	Number (2)	Percent Increase (3)	Amount in \$ Millions (4)	Percent Increase (5)	\$ Amount (6)	Percent Increase (7)		
1990	69,062	2.0%	1,745	8.4%	25,265	5.0%	43.1	10.5
1991	71,936	4.2%	1,921	10.1%	26,709	5.7%	43.1	10.5
1992	73,568	2.3%	2,002	4.2%	27,218	1.9%	43.3	10.6
1993	75,599	2.8%	2,122	6.0%	28,069	3.1%	43.4	10.7
1994	76,280	0.9%	2,190	3.2%	28,704	2.3%	43.6	10.8
1995	79,044	3.6%	2,336	6.7%	29,555	3.0%	43.6	10.7
1996	78,942	(0.1%)	2,375	1.7%	30,091	1.8%	44.0	11.1
1997	79,510	0.7%	2,429	2.3%	30,546	1.5%	44.2	11.2
1998	80,578	1.3%	2,538	4.5%	31,493	3.1%	44.3	11.2
1999	81,851	1.6%	2,648	4.3%	32,356	2.7%	44.4	11.2
2000	83,024	1.4%	2,738	3.4%	32,982	1.9%	44.5	11.0
2001	84,387	1.6%	2,991	9.2%	35,438	7.4%	44.7	11.0
2002	85,366	1.2%	3,047	1.9%	35,695	0.7%	44.9	11.1
2003	83,127	(2.6%)	3,046	(0.0%)	36,639	2.6%	45.3	11.5
2004	81,683	(1.7%)	3,031	(0.5%)	37,104	1.3%	45.6	11.8
2005	84,286	3.2%	3,175	4.8%	37,671	1.5%	45.6	11.6
2006	87,194	3.5%	3,355	5.7%	38,476	2.1%	45.7	11.6
2007	88,133	1.1%	3,599	7.3%	40,835	6.1%	45.8	11.5

**Plan Net Assets**  
**(Assets at Market or Fair Value)**

Item	Valuation as of	
	June 30, 2007	June 30, 2006
(1)	(2)	(3)
1. Cash and cash equivalents	\$ 4,771,218	\$ 3,812,625
2. Receivables		
a. Employer and member contributions	\$ 45,465,506	\$ 36,461,726
b. State contribution	25,074,415	21,461,402
c. Net investment income and other accruals	(251,301,015)	(141,683,726)
d. Total receivables	\$ (180,761,094)	\$ (83,760,598)
3. Investments		
a. Invested cash and other	\$ 480,385,331	\$ 462,979,733
b. Domestic equities	5,052,869,614	3,953,519,890
c. International equities	1,640,103,192	1,548,705,880
d. Fixed income	2,679,194,330	2,314,691,783
e. Real estate, furniture & equipment	262,461	292,931
f. Total investments	\$ 9,852,814,928	\$ 8,280,190,217
4. Total assets	\$ 9,676,825,052	\$ 8,200,242,244
5. Liabilities		
a. Benefits payable	\$ 14,243,809	\$ 14,353,399
b. Insurance premium payable	2,524,353	2,500,540
c. Expenses	9,015,027	8,042,858
d. Total liabilities	\$ 25,783,189	\$ 24,896,797
6. Net assets available (Item 4 - Item 5)	\$ 9,651,041,863	\$ 8,175,345,447
7. Less: Teachers' Deposit Fund	(357,840,841)	(316,408,261)
8. Net assets available for OTRS benefits	\$ 9,293,201,022	\$ 7,858,937,186

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

Item (1)	Valuation as of	
	June 30, 2007 (2)	June 30, 2006 (3)
a. Invested cash and other	4.9%	5.6%
b. Domestic equities	51.3%	47.7%
c. International equities	16.6%	18.7%
d. Fixed income	27.2%	28.0%
e. Real estate, furniture & equipment	0.0%	0.0%
f. Total investments	100.0%	100.0%

**Reconciliation of Plan Net Assets**

	Year Ending	
	June 30, 2007 (1)	June 30, 2006 (2)
1. Market value of assets at beginning of year, net of Teachers' Deposit Fund	\$ 7,858,937,186	\$ 7,238,087,324
2. Revenue for the year		
a. Contributions		
i. Member contributions, including state credit	\$ 285,408,749	\$ 248,961,067
ii. Federal matching funds	21,402,183	16,094,158
iii. State contribution	243,501,987	202,200,425
iv. Employer/district contributions	271,012,403	241,174,960
v. Total	\$ 821,325,322	\$ 708,430,610
b. Net investment earnings		
i. Interest, dividends and other income	\$ 236,385,329	\$ 203,649,117
ii. Net appreciation/(depreciation)	1,269,034,289	525,282,129
iii. Less: investment expenses	(30,790,763)	(25,899,915)
iv. Less: transfers to Teachers' Deposit Fund	(56,098,820)	(27,943,176)
v. Net investment earnings	\$ 1,418,530,035	\$ 675,088,155
c. Total revenue	\$ 2,239,855,357	\$ 1,383,518,765
3. Expenditures for the year		
a. Refunds	33,829,653	\$ 30,864,619
b. Benefit payments, including insurance payments	767,212,709	727,379,278
c. Administrative expenses	4,549,159	4,425,006
d. Total expenditures	805,591,521	\$ 762,668,903
4. Increase in net assets (Item 2 - Item 3)	\$ 1,434,263,836	\$ 620,849,862
5. Market value of assets at end of year, net of Teachers' Deposit Fund (Item 1 + Item 4)	\$ 9,293,201,022	\$ 7,858,937,186

**Development of Actuarial Value of Assets**

	<u>Year Ending June 30, 2007</u>
1. Market value of assets at beginning of year	\$ 7,858,937,186
2. Net new investments	
a. Contributions	\$ 821,325,322
b. Benefits paid	(767,212,709)
c. Refunds	(33,829,653)
d. Subtotal	<u>20,282,960</u>
3. Market value of assets at end of year	\$ 9,293,201,022
4. Net earnings (3-1-2)	\$ 1,413,980,876
5. Assumed investment return rate	8.00%
6. Expected return	\$ 629,526,293
7. Excess return (4-6)	\$ 784,454,583
8. Excess return on assets for last four years :	
	<u>Deferred Amount</u>
	(4)
	(3)
	(2)
	<u>Excess Return</u>
	<u>Period End</u>
a. June 30, 2004	\$ 135,750,449
b. June 30, 2005	51,854,748
c. June 30, 2006	56,165,217
d. June 30, 2007	627,563,666
	<u>\$ 871,334,080</u>
9. Actuarial value of assets (Item 3 - Item 8)	\$ 8,421,866,942
10. Actuarial value as percentage of market value	90.6%

**Estimation of Yields**

	Year Ending	
	June 30, 2007 (1)	June 30, 2006 (2)
<b>A. Market value yield</b>		
1. Beginning of year market assets	\$ 7,858,937,186	\$ 7,238,087,324
2. Net investment income (including realized and unrealized gains and losses)	\$ 1,418,530,035	\$ 675,088,155
3. End of year market assets	\$ 9,293,201,022	\$ 7,858,937,186
4. Estimated dollar weighted market value yield	18.0%	9.4%
<b>B. Actuarial value yield</b>		
1. Beginning of year actuarial assets	\$ 7,470,433,915	\$ 6,952,687,592
2. Actuarial return	\$ 931,150,067	\$ 567,559,610
3. End of year actuarial assets	\$ 8,421,866,942	\$ 7,470,433,915
4. Estimated actuarial value yield	12.4%	8.2%

**History of Cash Flow**

Year Ending June 30, (1)	Distributions and Expenditures					Total (6)	External Cash Flow for the Year <sup>1</sup> (7)	Market Value of Assets (8)	External Cash Flow as Percent of Market Value (9)
	Contributions (2)	Benefit Payments (3)	Refunds (4)	Administrative Expenses (5)					
1998	444.8	(439.2)	(23.0)	(3.3)	(465.5)	(20.7)	4,884	(0.4%)	
1999	435.0	(479.6)	(24.5)	(2.7)	(506.9)	(71.8)	5,387	(1.3%)	
2000	471.8	(500.3)	(29.5)	(3.0)	(532.7)	(60.9)	5,890	(1.0%)	
2001	544.8	(537.3)	(31.4)	(3.5)	(572.2)	(27.4)	5,732	(0.5%)	
2002	591.5	(561.2)	(26.7)	(3.9)	(591.9)	(0.4)	5,418	(0.0%)	
2003	582.5	(609.0)	(30.2)	(4.0)	(643.2)	(60.7)	5,614	(1.1%)	
2004	608.4	(647.3)	(33.7)	(3.9)	(684.9)	(76.5)	6,666	(1.1%)	
2005	640.8	(701.9)	(26.8)	(4.2)	(732.9)	(92.1)	7,238	(1.3%)	
2006	708.4	(727.4)	(30.9)	(4.4)	(762.7)	(54.3)	7,859	(0.7%)	
2007	821.3	(767.2)	(33.8)	(4.5)	(805.5)	15.8	9,293	0.2%	

Dollar amounts in millions

<sup>1</sup> Column (7) = Column (2) + Column (6).

**Investment Experience Gain or Loss**

Item (1)	Year Ending June 30, 2007 (2)	Year Ending June 30, 2006 (3)
1. Actuarial assets, beginning of year	\$ 7,470,433,915	\$ 6,952,687,592
2. Contributions during year	\$ 821,325,322	\$ 708,430,610
3. Benefits and refunds paid	\$ (801,042,362)	\$ (758,243,897)
4. Assumed net investment income at 8%		
a. Beginning of year assets	\$ 597,634,713	\$ 556,215,007
b. Contributions	32,853,013	28,337,224
c. Benefits and refunds paid	<u>(32,041,694)</u>	<u>(30,329,756)</u>
d. Total	\$ 598,446,032	\$ 554,222,475
5. Expected actuarial assets, end of year (Sum of items 1 through 4)	\$ 8,089,162,907	\$ 7,457,096,780
6. Actual actuarial assets, end of year	\$ 8,421,866,942	\$ 7,470,433,915
7. Asset gain (loss) for year (Item 6 - Item 5)	\$ 332,704,035	\$ 13,337,135

**Total Experience Gain or Loss**

Item (1)	Year Ending June 30, 2007 (2)	Year Ending June 30, 2006 (3)
<b>A. Calculation of total actuarial gain or loss</b>		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 7,672,923,905	\$ 7,099,746,469
2. Normal cost for the year (employer and employee)	\$ 364,799,297	\$ 344,995,425
3. Less: total contributions for the year	\$ (821,325,322)	\$ (708,430,610)
4. Interest at 8 %		
a. On UAAL	\$ 613,833,912	\$ 567,979,718
b. On normal cost	14,591,972	13,799,817
c. On contributions	<u>(32,853,013)</u>	<u>(28,337,224)</u>
d. Total	\$ 595,572,871	\$ 553,442,311
5. Expected UAAL (Sum of Items 1 - 4)	\$ 7,811,970,751	\$ 7,289,753,595
6. Actual UAAL	\$ 7,602,526,674	\$ 7,672,923,905
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ 209,444,077	\$ (383,170,310)
<b>B. Source of gains and losses</b>		
8. Asset gain (loss) for the year	\$ 332,704,035	\$ 13,337,135
9. Liability gain (loss) for the year	(123,259,958)	119,005,533
10. 2% Ad-Hoc COLA	-	(67,219,288)
11. EESIP*	<u>-</u>	<u>(448,293,690)</u>
12. Total	\$ 209,444,077	\$ (383,170,310)

\*Education Employees Service Incentive Plan

**Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)**

Basis	June 30, 2007 UAAL (in \$ Millions)	June 30, 2006 UAAL (in \$ Millions)
1. From prior valuation	\$ 7,672.9	\$ 7,099.7
2. Impact of changes, gains and losses		
a. Expected increase based on expected contributions and passage of time	222.5	240.6
b. Liability (gain)/loss	123.3	(119.0)
c. Asset (gain)/loss	(332.7)	(13.3)
d. Impact of actual ctb less than expected under schedule	(83.4)	(50.5)
e. 2% Ad-Hoc COLA	0.0	67.2
f. EESIP*	0.0	448.3
h. Total	(70.3)	573.2
3. Current UAAL (1+2h)	\$ 7,602.5	\$ 7,672.9

\*Education Employees Service Incentive Plan

Columns may not total due to rounding

**Projection of UAAL**

<u>Valuation Date</u> (1)	<u>UAAL (Millions)</u> (2)
June 30, 2007	7,602.5
June 30, 2008	7,325.7
June 30, 2009	7,150.5
June 30, 2010	6,970.9
June 30, 2011	6,786.5
June 30, 2012	6,739.3
June 30, 2013	6,670.2
June 30, 2014	6,576.7
June 30, 2015	6,456.0
June 30, 2016	6,305.0
June 30, 2017	6,120.5
June 30, 2018	5,898.7
June 30, 2019	5,635.9
June 30, 2020	5,327.5
June 30, 2021	4,968.9
June 30, 2022	4,554.9
June 30, 2023	4,080.0
June 30, 2024	3,538.3
June 30, 2025	2,923.4
June 30, 2026	2,228.4
June 30, 2027	1,445.9
June 30, 2028	567.8

**Solvency Test**

Actuarial Accrued Liability and Percent of Active Member Payroll for:

June 30,	Accumulated Member Contributions Including Interest		Retirees and Beneficiaries Currently Receiving Benefits		Terminated Employees Not Yet Receiving Benefits		Employer Financed Portion of Vested and Nonvested Benefits		Actuarial Value of Assets		Portion of Accrued Liabilities Covered by Assets	
	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	(1)	(2)	(3)	(4)
1996	1,799.1	76%	3,586.3	151%	106.7	4%	2,351.1	99%	3,103.0	100%	36%	0%
1997	1,967.9	81%	3,797.8	156%	114.4	5%	2,377.1	98%	3,544.9	100%	42%	0%
1998	2,143.4	84%	4,195.9	165%	125.7	5%	2,426.3	96%	4,085.0	100%	46%	0%
1999	2,330.6	88%	4,415.0	167%	136.4	5%	2,576.5	97%	4,708.0	100%	54%	0%
2000	2,518.2	92%	4,803.8	175%	151.1	6%	2,536.1	93%	5,373.5	100%	59%	0%
2001	2,728.4	91%	5,459.6	183%	173.1	6%	3,230.0	108%	5,959.0	100%	59%	0%
2002	2,934.3	96%	5,959.9	196%	184.9	6%	3,196.8	105%	6,310.9	100%	57%	0%
2003	3,072.8	101%	5,894.0	194%	191.0	6%	2,767.4	91%	6,436.9	100%	57%	0%
2004	3,212.9	106%	6,899.0	228%	284.7	9%	3,683.6	122%	6,660.9	100%	50%	0%
2005	3,381.7	107%	7,046.5	222%	301.4	9%	3,322.9	105%	6,952.7	100%	51%	0%
2006	3,853.7	115%	7,340.0	219%	314.3	9%	3,635.3	108%	7,470.4	100%	51%	0%
2007	4,057.5	113%	7,730.3	215%	331.6	9%	3,905.0	109%	8,421.9	100%	56%	0%

Note : Dollar amounts in millions

**Distribution of Active Members by Age and by Years of Service  
As of 06/30/2007**

Attained Age	Years of Credited Service													Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over		
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 25	259 \$20,781	747 \$29,238	241 \$28,703	38 \$23,152	14 \$27,818	4 \$21,576	0 \$0							
25-29	368 \$21,924	1,706 \$31,118	1,771 \$32,607	1,369 \$34,140	672 \$35,511	904 \$35,158	2 \$24,030	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	6,792 \$32,587	
30-34	315 \$20,578	1,100 \$31,652	996 \$32,730	910 \$34,634	579 \$38,152	3,775 \$38,107	611 \$41,456	2 \$17,508	0 \$0	0 \$0	0 \$0	0 \$0	8,288 \$35,802	
35-39	362 \$17,227	1,082 \$30,268	1,015 \$31,902	868 \$34,449	548 \$38,007	3,221 \$39,999	2,849 \$43,001	766 \$44,000	4 \$30,198	0 \$0	0 \$0	0 \$0	10,715 \$38,009	
40-44	317 \$17,060	928 \$29,567	783 \$30,112	728 \$32,274	458 \$35,709	2,874 \$39,656	1,948 \$44,891	2,446 \$45,540	599 \$48,765	3 \$40,492	0 \$0	0 \$0	11,084 \$39,554	
45-49	289 \$16,700	833 \$28,329	759 \$30,020	637 \$32,286	474 \$35,073	2,889 \$38,479	2,216 \$41,228	2,206 \$46,700	2,072 \$49,491	1,046 \$50,285	3 \$43,904	0 \$0	13,424 \$40,913	
50-54	267 \$17,507	646 \$31,587	569 \$32,806	552 \$34,134	372 \$33,881	2,489 \$38,774	2,109 \$41,940	2,490 \$45,042	1,787 \$50,447	2,580 \$53,382	841 \$54,836	3 \$58,088	14,705 \$43,963	
55-59	178 \$17,348	492 \$33,781	381 \$32,210	390 \$32,218	288 \$35,577	1,764 \$39,837	1,660 \$42,317	2,243 \$43,544	1,829 \$47,604	1,512 \$56,376	1,598 \$58,066	461 \$58,222	12,796 \$45,711	
60-64	95 \$15,510	210 \$28,927	179 \$26,222	177 \$32,907	149 \$35,192	887 \$38,433	841 \$42,418	1,256 \$43,895	992 \$47,557	738 \$55,023	576 \$63,434	690 \$66,326	6,790 \$46,877	
65 & Over	72 \$13,933	106 \$22,467	86 \$20,591	77 \$25,216	47 \$26,894	314 \$29,702	271 \$35,793	381 \$43,005	255 \$44,656	190 \$53,836	164 \$68,251	273 \$88,653	2,236 \$45,073	
Total	2,522 \$18,494	7,850 \$30,448	6,780 \$31,476	5,746 \$33,462	3,601 \$35,964	19,121 \$38,695	12,507 \$42,438	11,790 \$44,910	7,538 \$48,774	6,069 \$53,802	3,182 \$58,696	1,427 \$67,962	88,133 \$40,835	

## SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

### I. Valuation Date

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

### II. Actuarial Cost Method

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

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

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

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

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

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

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

III. Actuarial Value of Assets

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

IV. Actuarial Assumptions

A. Economic Assumptions

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

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

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.5% per year. This increase rate has no allowance for future membership growth.
4. State revenue growth rate: In determining the funding period, the state's sales and income tax revenues are anticipated to grow at 3.5% per year. However, for years FY 2007 through FY 2010, revenue growth was decreased, reflecting the expected impact of new income tax rates.
5. Future ad hoc cost-of-living increases: 1.0% per year

B. Demographic Assumptions

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

Sample rates are shown below:

Age	Expected Deaths per 100 Lives			
	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(4)
40	0.11	0.07	2.26	2.09
45	0.16	0.10	2.58	2.24
50	0.25	0.14	3.06	2.57
55	0.43	0.22	3.86	2.95
60	0.76	0.42	4.82	3.31
65	1.39	0.82	5.42	3.70
70	2.34	1.37	5.91	4.11
75	3.66	2.19	6.74	4.92
80	6.01	3.80	9.02	7.46

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

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

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

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

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

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

a. During the first ten years of Credited Service:

Expected Terminations per 100 Lives		
Credited Service (Years)	Males	Females
(1)	(2)	(3)
0	34.00	24.00
1	19.00	16.00
2	14.00	12.25
3	11.50	10.50
4	9.50	9.00
5	7.75	7.75
6	6.75	6.75
7	6.00	6.00
8	5.50	5.00
9	5.00	4.00

b. With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives		
Age	Males	Females
(1)	(2)	(3)
25	4.74	7.01
30	4.10	5.09
35	3.51	3.66
40	2.97	2.74
45	2.51	2.34
50	2.09	2.08
55	1.66	1.63
60	1.32	1.14
65	1.28	0.82

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

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

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

C. Other Assumptions

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

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

V. Participant Data

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

The data for active and inactive, non-retired members included birthdate, sex, years of service, a classified/non-classified status code, salary, employee contributions and accumulated interest on employee contributions. The data also included a code to indicate whether the employee had elected to make contributions on salary above \$25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the

data included date of birth, sex, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

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

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

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

#### VI. Dates of Adoption of Assumptions and Methods

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

Since the June 30, 2004 valuation, there is an assumption that future ad hoc cost-of-living increases would be granted from time to time, without additional funding, and these would average 1.00% per year.

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

## ADDENDUM TO JUNE 30, 2007 ACTUARIAL VALUATION

### Certification

We have prepared an actuarial valuation of the Oklahoma Teachers' Retirement System as of June 30, 2007, for the plan year ending June 30, 2008. The results of the valuation are set forth in this report, which reflects the provisions of the System as amended and effective on June 30, 2007.

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

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

Interest rate: 7.5%

COLA assumption: 2.0%

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

Amortization period: 30 years, open period

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

All other assumptions, methodologies, and plan provisions used are consistent with those used in the regular June 30, 2007 valuation prepared for the Board of Trustees.

The results shown in this Addendum are not consistent with those in the June 30, 2007 valuation. The June 30, 2007 valuation results were determined in accordance with generally accepted actuarial principles and procedures, and are in compliance with the Actuarial Standards of Board Actuarial Standard of Practice No. 27-Selection of Economic Assumptions for Measuring Pension Obligations. The results shown in this Addendum are not based on the assumptions and methodologies adopted by the Board of Trustees. For those results, see the regular June 30, 2007 actuarial valuation.

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



J. Christian Conradi, ASA, MAAA, EA

October 24, 2007



W. Michael Carter, FSA, MAAA, EA

October 24, 2007

**Summary of Valuation Results under Prescribed Assumptions**

This supplemental report has been prepared by Gabriel, Roeder, Smith & Company for the Oklahoma Teachers' Retirement System to present the results of a valuation of the Oklahoma Teachers' Retirement System as of June 30, 2007, based on the prescribed assumptions under 70 O.S. 2001, Section 17-106.1, Section H of current State Statutes and regulations issued thereunder.

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

	Actuarial Valuation as of		Change Between Years	
	June 30, 2007	June 30, 2006	Amount	Percent
<b>Summary of Costs</b>				
Required State Contribution for Current Year under Prescribed Assumptions	\$719,292,712	\$750,523,585	-\$31,230,873	-4.16%
Actual State Contribution Received in Prior Year	\$243,501,987	\$202,200,425	\$41,301,562	20.43%
<b>Funded Status</b>				
Actuarial Accrued Liability	\$18,494,245,830	\$17,448,276,520	\$1,045,969,309	5.99%
Actuarial Value of Assets	\$8,421,866,942	\$7,470,433,915	\$951,433,027	12.74%
Unfunded Actuarial Accrued Liability	\$10,072,378,888	\$9,977,842,605	\$94,536,283	0.95%
<b>Market Value of Assets and Additional Liabilities</b>				
Market Value of Assets	\$9,293,201,022	\$7,858,937,186	\$1,434,263,836	18.25%
Present Value of Projected System Benefits	\$22,287,584,027	\$20,982,590,103	\$1,304,993,923	6.22%

Summary of Contribution Requirements	Actuarial Valuation as of				% of Change
	June 30, 2007		June 30, 2006		
	Amount	% of Active Covered Comp	Amount	% of Active Covered Comp	
1. Payroll					
a. Supplied by system	\$3,598,926,888		\$3,354,876,252		7.27%
b. Adjusted for 1-year's pay increase	\$3,766,989,331		\$3,511,499,005		7.28%
c. Adjusted for 1-year's pay increase with pay caps	\$3,766,989,331		\$3,467,673,925		8.63%
2. Total normal cost (mid-year)	\$481,736,177	12.79%	\$443,458,644	12.79%	8.63%
3. Unfunded actuarial accrued liability (UAAL)	\$10,072,378,888		\$9,977,842,605		0.95%
4. Amortization of UAAL over 30 years from valuation date	\$824,856,541	21.90%	\$817,114,688	23.56%	0.95%
5. Total required contribution under prescribed assumptions (2+4)	\$1,306,592,718	34.69%	\$1,260,573,332	36.35%	3.65%
6. Estimated employee contribution (7% x 1c)	\$263,689,253	7.00%	\$242,737,175	7.00%	8.63%
7. Estimated local employer and federal/grant contributions					
a. Local employers	\$298,797,594	7.93%	\$244,471,012	7.05%	22.22%
b. Federal/grant	\$24,813,159	0.66%	\$22,841,560	0.66%	8.63%
c. Total	\$323,610,753	8.59%	\$267,312,572	7.71%	21.06%
8. Required state contribution to amortize UAAL over 30 years from valuation date (5 - 6 - 7c)	\$719,292,712	19.09%	\$750,523,585	21.64%	-4.16%
9. Previous year's actual State Contribution	\$243,501,987	7.02%	\$202,200,425	6.17%	20.43%
10. Funding period	Not Sufficient to Amortize UAAL		Not Sufficient to Amortize UAAL		N/A

**Unfunded Actuarial Accrued Liability**

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

	<b>Total System</b>	
	<b>June 30, 2007</b>	<b>June 30, 2006</b>
1. Actuarial Present Value of Benefits		
a. Active members	\$ 13,271,404,967	\$ 12,431,232,745
b. Inactives	381,809,950	360,883,499
c. Retirees and beneficiaries	8,634,369,110	8,190,473,859
d. Total	22,287,584,027	20,982,590,103
2. Actuarial Present Value of Future Normal Costs	\$ 3,793,338,197	\$ 3,534,313,583
3. Total Actuarial Accrued Liability (1d - 2)	\$ 18,494,245,830	\$ 17,448,276,520
4. Actuarial Value of Assets	\$ 8,421,866,942	\$ 7,470,433,915
<b>5. Unfunded Actuarial Accrued Liability (3-4, not less than \$0)</b>	<b>\$ 10,072,378,888</b>	<b>\$ 9,977,842,605</b>

**Normal Cost**

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

<b>Component</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>
Retirement Benefits	\$ 364,644,567	\$ 335,670,836
Withdrawal Benefits	54,593,236	50,255,396
Active Death Benefits	8,354,271	7,690,462
Refunds	25,240,978	23,235,394
Supplemental Medical Insurance	11,379,195	10,475,033
Post Retirement Death Benefits	1,762,388	1,622,353
Disability Benefits	15,761,542	14,509,170
<b>Total Normal Cost (Mid-year)</b>	<b>\$ 481,736,177</b>	<b>\$ 443,458,644</b>
Annual Covered Payroll (with pay caps)	\$ 3,766,989,331	\$ 3,467,673,925
Normal Cost Rate At Mid-year	12.79%	12.79%

**Actuarial Assumptions**

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

**Economic Assumptions**

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

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

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

**Demographic Assumptions**

1. Retirement rate - Sample rates are shown below:

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

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

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

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

3. Disability rates: Sample rates are shown below:

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

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

4. Withdrawal Rates: Sample rates are shown below:

During the first ten years of Credited Service:

Credited Service (Years)	Expected Terminations per 100 Lives	
	Males	Females
(1)	(2)	(3)
0	34.00	24.00
1	19.00	16.00
2	14.00	12.25
3	11.50	10.50
4	9.50	9.00
5	7.75	7.75
6	6.75	6.75
7	6.00	6.00
8	5.50	5.00
9	5.00	4.00

With 10 or More Years of Credited Service:

Expected Terminations per 100 Lives		
Age	Males	Females
(1)	(2)	(3)
25	4.74	7.01
30	4.10	5.09
35	3.51	3.66
40	2.97	2.74
45	2.51	2.34
50	2.09	2.08
55	1.66	1.63
60	1.32	1.14
65	1.28	0.82

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

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**Other Assumptions**

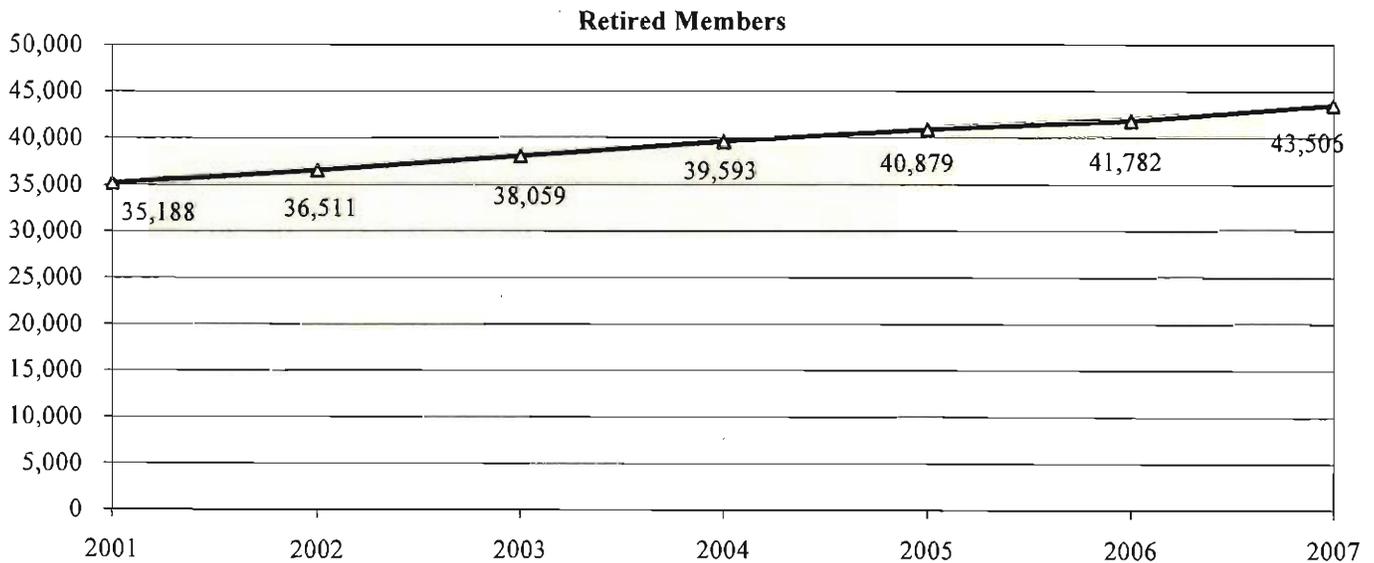
1. Percent married: 80% of employees are assumed to be married.
2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.
3. Percent electing annuity on death (when eligible): All of the spouses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

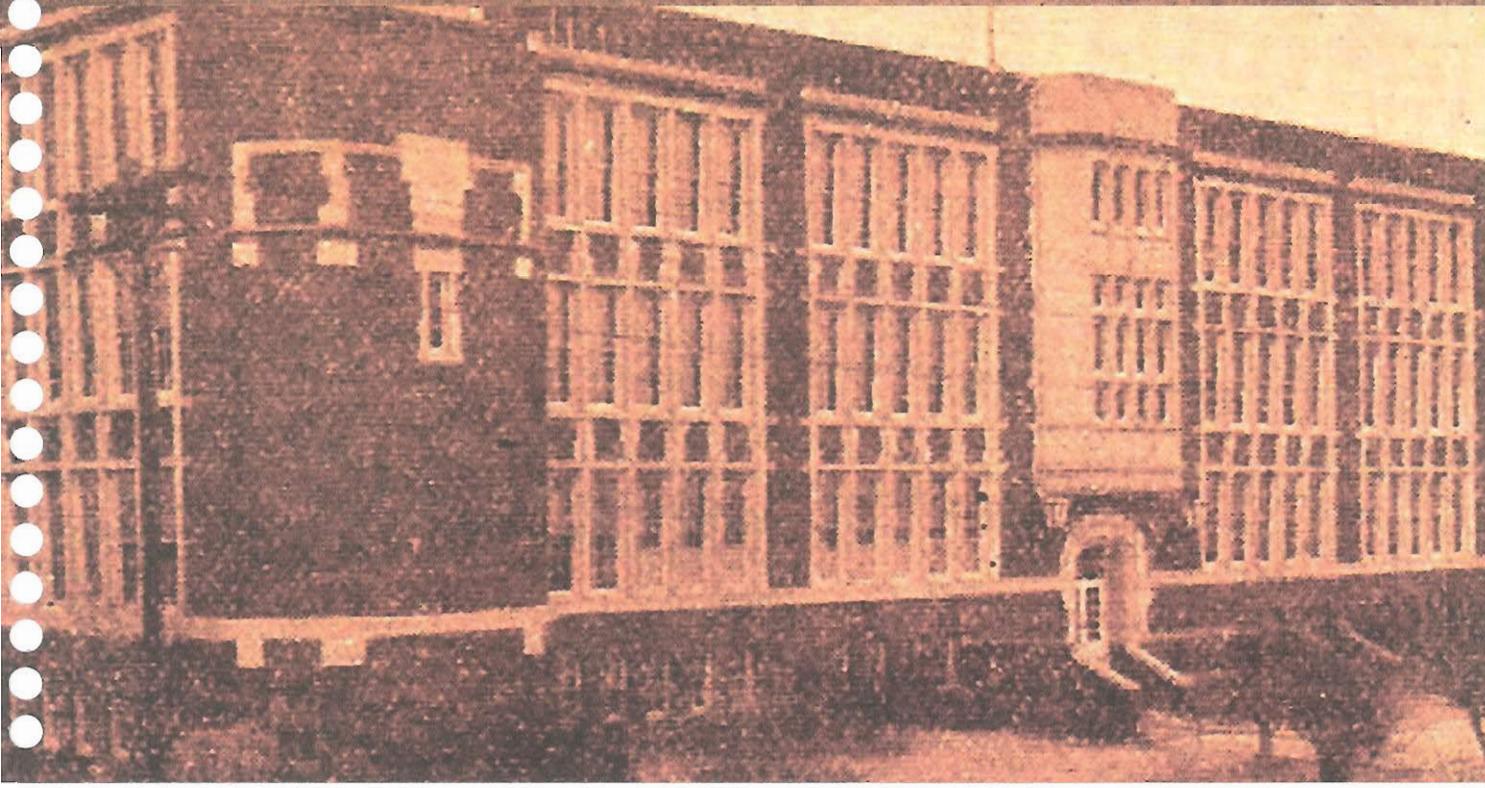
**Schedule of Increases and Decreases  
of Benefit Recipients  
Periods Ended June 30**

Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		%	Average Annual Allowances**
	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances		
2001	2,098	40,394,458	1,027	12,641,988	35,188	498,928,273	5.9%	1,231
2002	2,353	36,595,970	1,030	12,303,662	36,511	523,220,581	4.9%	1,231
2003	2,630	57,537,594	1,082	10,798,222	38,059	569,959,953	8.9%	1,304
2004	2,616	49,732,316	1,082	12,334,953	39,593	607,357,316	6.6%	1,315
2005	2,346	62,318,530	1,060	8,518,211	40,879	661,157,635	8.9%	1,373
2006	2,060	32,777,192	1,157	7,344,953	41,782	686,589,874	3.8%	1,376
2007	2,337	48,762,552	613	8,907,437	43,506	726,444,989	5.8%	1,419

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

\*\* Does not include special annuitants.

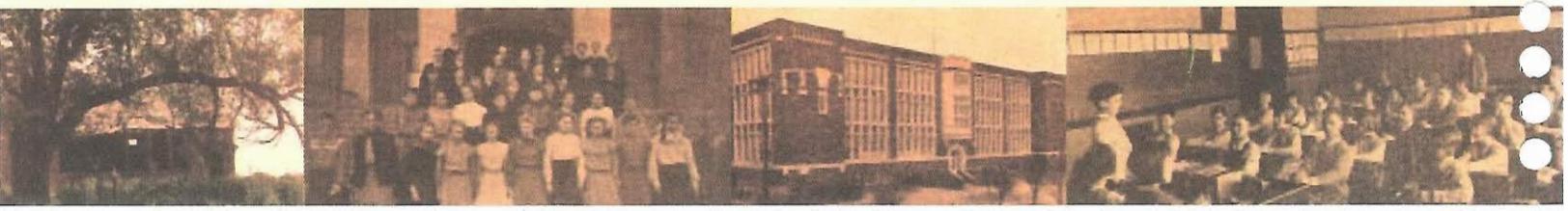






A teacher affects eternity; he can never tell where his influence stops.

Henry B. Adams



**Retired Members by Type of Benefit  
Fiscal Year Ended June 30, 2007**

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement *						Option Selected #						
		1	2	3	4	5	6	Option A	Option B	Option C	Option D	Option E	Option F	Option G
\$ 1 - \$ 500	6,310	3,376	2,222	249	48	324	91	2,706	1,723	1,048	247	190	305	91
501 - 1,000	7,778	5,102	1,513	500	75	588	-	2,896	2,102	1,423	628	163	566	-
1,001 - 1,500	7,665	6,566	284	419	14	382	-	2,600	2,177	1,734	671	112	371	-
1,501 - 2,000	11,650	10,862	275	340	4	169	-	3,682	3,469	2,979	1,140	211	169	-
2,001 - 2,500	7,685	7,373	118	183	1	10	-	2,291	2,085	2,184	919	196	10	-
2,501 - 3,000	1,955	1,864	19	71	-	1	-	633	458	549	278	36	1	-
3,001 - 3,500	390	379	8	3	-	-	-	158	113	62	44	13	-	-
3,501 - 4,000	58	58	-	-	-	-	-	27	11	12	6	2	-	-
Over 4,000	15	13	-	2	-	-	-	6	1	7	1	-	-	-
<b>Totals</b>	<b>43,506</b>	<b>35,593</b>	<b>4,439</b>	<b>1,767</b>	<b>142</b>	<b>1,474</b>	<b>91</b>	<b>14,999</b>	<b>12,139</b>	<b>9,998</b>	<b>3,934</b>	<b>923</b>	<b>1,422</b>	<b>91</b>

\* Type of Retirement

- Type 1 - Normal retirement for age and service
- Type 2 - Early retirement
- Type 3 - Beneficiary payment (Normal retirement)
- Type 4 - Beneficiary payment (Early retirement)
- Type 5 - Disability retirement
- Type 6 - Special annuities

# Option Selected

- Option A - The Maximum Retirement Plan - provides the greatest monthly lifetime benefit.
- Option B - Retirement Option 1 - provides for a decreased rate of reduction of a member's account balance.
- Option C - Retirement Option 2 - known as the 100% joint survivor annuity - provides for a reduced monthly benefit to the member for life. Upon the death of the member, the designated beneficiary will continue to receive 100% of the member's benefit for life.
- Option D - Retirement Option 3 - known as the 50% joint survivor annuity - provides a similar benefit as Option 2, however, upon the death of the member, the monthly benefit to the designated beneficiary is 50% of the benefit of the member.
- Option E - Retirement Option 4 - provides a reduced monthly benefit payable to the member for life. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.
- Option F - Upon meeting requirements, a vested member may receive a monthly benefit.
- Option G - Special Annuities - a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943 receives a special annuity.

**Average Benefit Payments  
Fiscal Years Ended June 30**

Retirement Effective Dates	Years of Credited Service							
	5-10	10-15	15-20	20-25	25-30	30-35	35-40	40+
Period 7/1/1997 to 6/30/1998								
Average monthly benefit		\$373	\$652	\$1,099	\$1,557	\$1,896	\$2,199	\$2,528
Average final average salary		\$21,051	\$25,190	\$30,586	\$35,285	\$37,713	\$38,215	\$39,353
Number of retired members		311	247	407	624	359	96	34
Period 7/1/1998 to 6/30/1999								
Average monthly benefit		\$400	\$664	\$1,077	\$1,584	\$1,890	\$2,230	\$2,726
Average final average salary		\$22,791	\$25,903	\$30,261	\$35,948	\$37,453	\$38,922	\$40,550
Number of retired members		288	240	375	590	408	99	31
Period 7/1/1999 to 6/30/2000								
Average monthly benefit		\$427	\$680	\$1,111	\$1,610	\$1,926	\$2,306	\$2,668
Average final average salary		\$24,313	\$27,068	\$31,312	\$36,344	\$38,223	\$39,999	\$41,673
Number of retired members		357	260	362	563	422	115	30
Period 7/1/2000 to 6/30/2001								
Average monthly benefit		\$410	\$680	\$1,187	\$1,641	\$1,982	\$2,326	\$3,844
Average final average salary		\$22,766	\$26,326	\$33,206	\$37,116	\$39,653	\$40,789	\$43,496
Number of retired members		314	267	361	580	445	105	26
Period 7/1/2001 to 6/30/2002								
Average monthly benefit		\$442	\$713	\$1,181	\$1,670	\$1,999	\$2,356	\$2,631
Average final average salary		\$24,769	\$28,502	\$33,217	\$38,045	\$39,787	\$41,533	\$41,826
Number of retired members		329	317	421	649	473	124	40
Period 7/1/2002 to 6/30/2003								
Average monthly benefit		\$478	\$772	\$1,249	\$1,696	\$2,065	\$2,399	\$2,750
Average final average salary		\$26,853	\$29,763	\$34,707	\$38,797	\$40,775	\$41,913	\$41,881
Number of retired members		334	337	444	715	600	167	33
Period 7/1/2003 to 6/30/2004								
Average monthly benefit	\$306	\$490	\$772	\$1,239	\$1,700	\$2,010	\$2,381	\$2,796
Average final average salary	\$28,628	\$28,466	\$30,699	\$35,192	\$38,860	\$41,194	\$42,436	\$43,492
Number of retired members	99	381	358	433	639	505	153	48
Period 7/1/2004 to 6/30/2005								
Average monthly benefit	\$314	\$502	\$804	\$1,228	\$1,731	\$2,035	\$2,358	\$2,915
Average final average salary	\$31,394	\$28,718	\$31,363	\$34,939	\$40,015	\$41,648	\$43,218	\$46,519
Number of retired members	94	335	304	467	531	417	150	48
Period 7/1/2005 to 6/30/2006								
Average monthly benefit	\$311	\$545	\$803	\$1,204	\$1,729	\$2,008	\$2,350	\$2,944
Average final average salary	\$28,873	\$30,160	\$31,960	\$34,350	\$39,703	\$42,053	\$42,948	\$47,656
Number of retired members	112	275	325	403	475	328	107	35
Period 7/1/2006 to 6/30/2007								
Average monthly benefit	\$289	\$548	\$844	\$1,319	\$1,825	\$2,205	\$2,692	\$3,033
Average final average salary	\$27,920	\$31,084	\$33,123	\$37,294	\$41,634	\$45,283	\$48,400	\$50,850
Number of retired members	145	318	349	453	601	490	260	80

**Principal Participating Employers  
Current Year and Nine Years Ago**

<u>Participating School</u>	<u>Fiscal Year 2007</u>			<u>Fiscal Year 1998</u>		
	<u>Covered Members</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Members</u>	<u>Rank</u>	<u>Percentage of Total System</u>
Oklahoma City Public Schools	4,271	1	4.87%	4,542	1	5.63%
Tulsa Public Schools	3,915	2	4.44%	3,725	2	4.62%
Oklahoma State University	3,692	3	4.19%	3,669	3	4.55%
University of Oklahoma	2,733	4	3.10%	2,521	4	3.13%
Edmond Public Schools	2,286	5	2.59%	1,737	7	2.16%
Moore Public Schools	2,140	6	2.43%	1,835	5	2.28%
OU Health Sciences Center	1,987	7	2.25%	1,743	6	2.16%
Lawton Public Schools	1,661	8	1.88%	1,424	10	1.77%
Putnam City Public Schools	1,629	9	1.85%	1,448	9	1.80%
Mid-Del Public Schools	1,584	10	1.80%	1,632	8	2.03%
* All Other	62,235		70.61%	56,302		69.87%
Total (629 Schools)	88,133		100.00%	80,578		100.00%

\*In Fiscal Year 2007, "all other " consisted of:

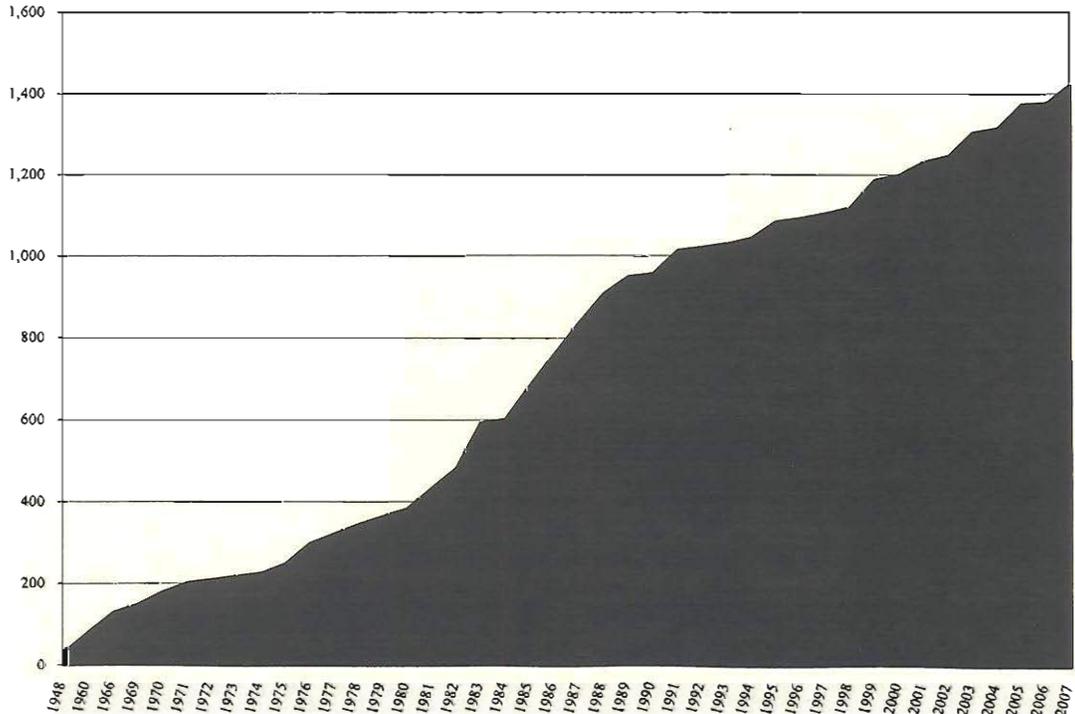
<u>Type</u>	<u>Participating Employers</u>	<u>Members</u>
School Districts	532	48,425
Higher Education	26	8,500
Career Technology	28	3,559
State Agencies	25	1,577
Other	<u>8</u>	<u>174</u>
Total	619	62,235

## Schedule of Average Payment Amounts Fiscal Year Ended June 30, 2007

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

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

### Average Retirement Payments



Does not include special annuitants.

**Active Personnel**  
**Fiscal Year Ended June 30, 2007**

Years of Service	All Active Personnel	Classified Personnel	Unclassified Personnel
Under 5 years	26,499	14,927	11,572
5-9	19,121	12,201	6,920
10-14	12,507	8,522	3,985
15-19	11,790	8,283	3,507
20-24	7,538	5,505	2,033
25-29	6,069	5,411	658
30-34	3,182	3,025	157
35-39	1,205	1,160	45
40-44	192	179	13
45-49	24	24	0
50-54	6	6	0
Totals	88,133	59,243	28,890

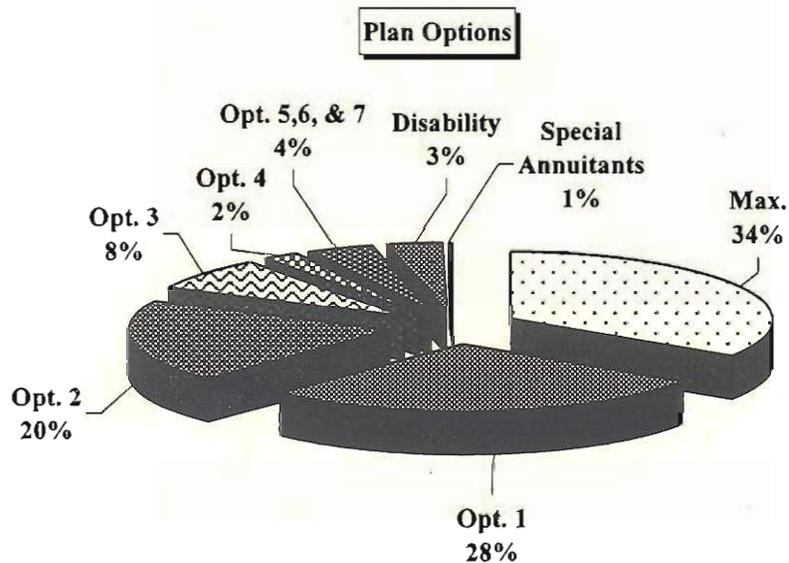
Salary Range	All Active Personnel	Classified Personnel	Unclassified Personnel
0-\$5,000	404	190	214
5001-10,000	1,809	239	1,570
10,001-15,000	5,356	334	5,022
15,001-20,000	5,041	808	4,233
20,001-25,000	4,144	619	3,525
25,001-30,000	3,924	878	3,046
30,001-35,000	12,015	9,270	2,745
35,001-40,000	16,517	14,040	2,477
40,001-45,000	13,009	11,296	1,713
45,001-50,000	7,806	6,677	1,129
50,001-55,000	4,772	3,885	887
55,001-60,000	3,123	2,488	635
60,001-65,000	2,193	1,751	442
65,001-70,000	1,695	1,388	307
70,001-75,000	1,335	1,112	223
75,001 and Above	4,990	4,268	722
Totals	88,133	59,243	28,890

Average Age (years)	45.1	44.5	46.4
Average Salary	\$40,835	\$46,606	\$29,001
Average Service (years)	11.5	13.0	8.4

**Schedule of Retired Members by Type of Benefits  
Selected Plan Options  
Fiscal Year Ended June 30, 2007**

Option	Retired Members			Average Monthly Payment	% of Total
	Male	Female	Total		
Maximum	3,143	11,770	14,913	\$1,337	34%
Option 1	3,013	9,163	12,176	1,418	28%
Option 2	5,197	3,489	8,686	1,569	20%
Option 3	1,733	1,701	3,434	1,747	8%
Option 4	301	598	899	1,388	2%
Options 5, 6 & 7	1,577	299	1,876	1,187	4%
Disability	391	1,040	1,431	900	3%
Special Annuitants	7	84	91	191	1%
<b>Totals</b>	<b>15,362</b>	<b>28,144</b>	<b>43,506</b>	<b>\$1,419</b>	<b>100%</b>

Average monthly payment is \$1,419 excluding special annuitants



Maximum - provides for the greatest possible benefit.

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

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

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

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

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

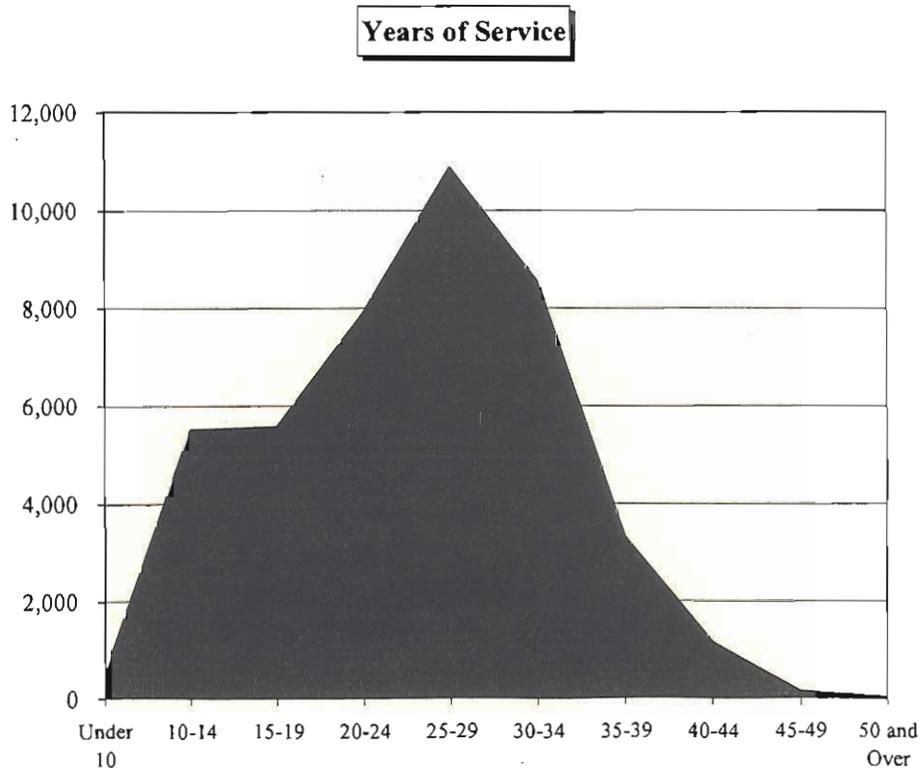
Disability - upon meeting requirements, a vested member may receive a monthly benefit.

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

## Distribution by Years of Service Fiscal Year Ended June 30, 2007

Years of Creditable Service	Retired Members			Average Monthly Payment
	Male	Female	Total	
	Under 10	196	260	
10-14	1,605	3,899	5,504	437
15-19	1,604	3,956	5,560	717
20-24	1,874	6,028	7,902	1,170
25-29	3,561	7,303	10,864	1,673
30-34	3,795	4,756	8,551	1,998
35-39	1,877	1,426	3,303	2,230
40-44	746	391	1,137	2,463
45-49	87	36	123	2,731
50 and Over	10	5	15	3,330
<b>Totals</b>	<b>15,355</b>	<b>28,060</b>	<b>43,415</b>	<b>\$1,419</b>

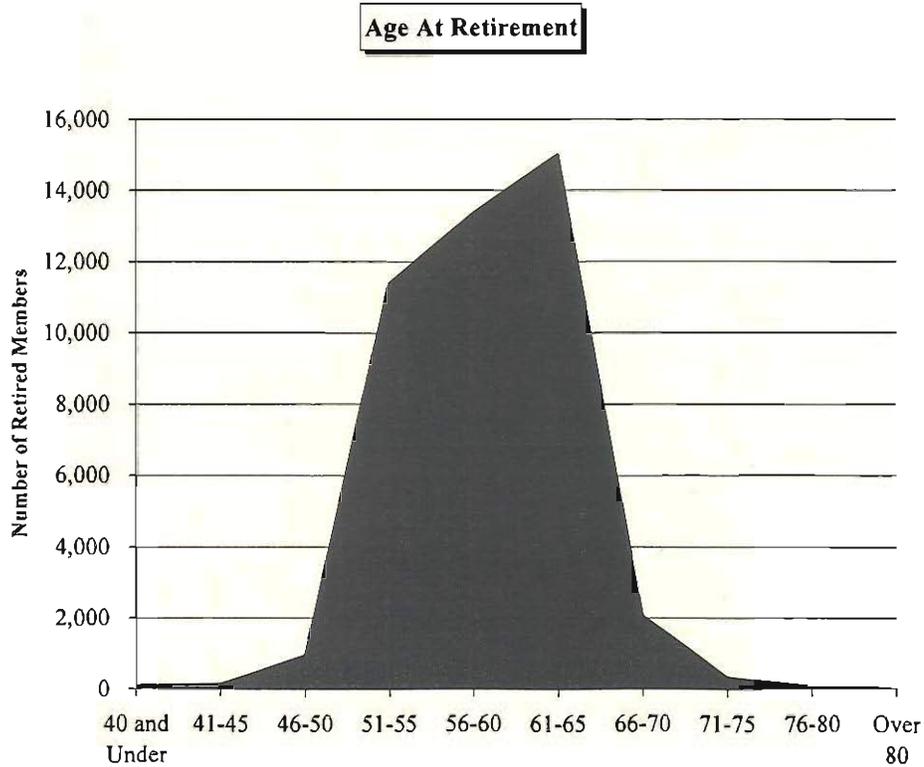
Does not include 91 special annuitants.



**Distribution by Age at Retirement  
Fiscal Year Ended June 30, 2007**

Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service (Years)
	Male	Female	Total		
40 and Under	21	48	69	\$631	13.2
41-45	41	109	150	879	16.1
46-50	345	604	949	1,611	25.3
51-55	4,631	6,775	11,406	1,722	27.3
56-60	4,216	9,147	13,363	1,440	25.2
61-65	5,170	9,825	14,995	1,217	23.2
66-70	771	1,286	2,057	1,153	22.1
71-75	127	216	343	910	20.8
76-80	32	39	71	863	20.4
Over 80	1	11	12	510	22.6
<b>Totals</b>	<b>15,355</b>	<b>28,060</b>	<b>43,415</b>	<b>\$1,419</b>	<b>24.8</b>

Does not include 91 special annuitants.  
The average age of members at retirement is 58.7.

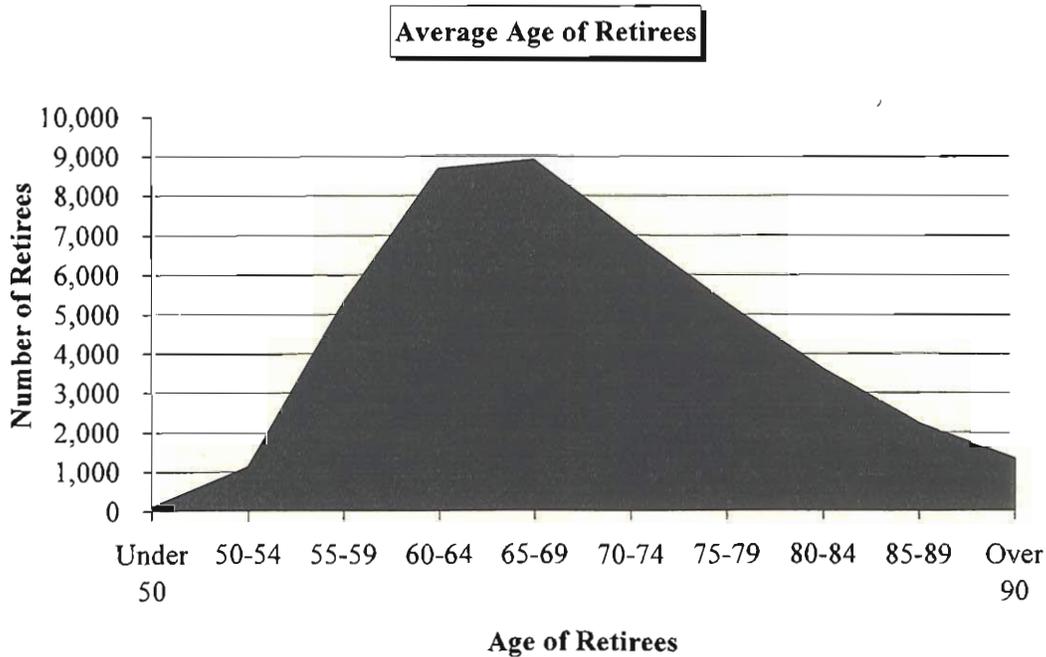


**Distribution by Retiree Age  
Fiscal Year Ended June 30, 2007**

Age	Total Retired Members	Average Length of Service	Average Monthly Payment
Under 50	99	15.3	\$869
50-54	1,106	26.8	1,765
55-59	5,251	26.4	1,710
60-64	8,667	25.0	1,579
65-69	8,895	24.1	1,441
70-74	7,040	23.4	1,305
75-79	5,254	24.0	1,252
80-84	3,583	25.1	1,196
85-89	2,209	26.2	1,131
Over 90	1,311	28.4	1,167
<b>Totals</b>	<b>43,415</b>	<b>24.8</b>	<b>\$1,419</b>

Does not include 91 special annuitants.

Average age of retired members is 69.4 years.

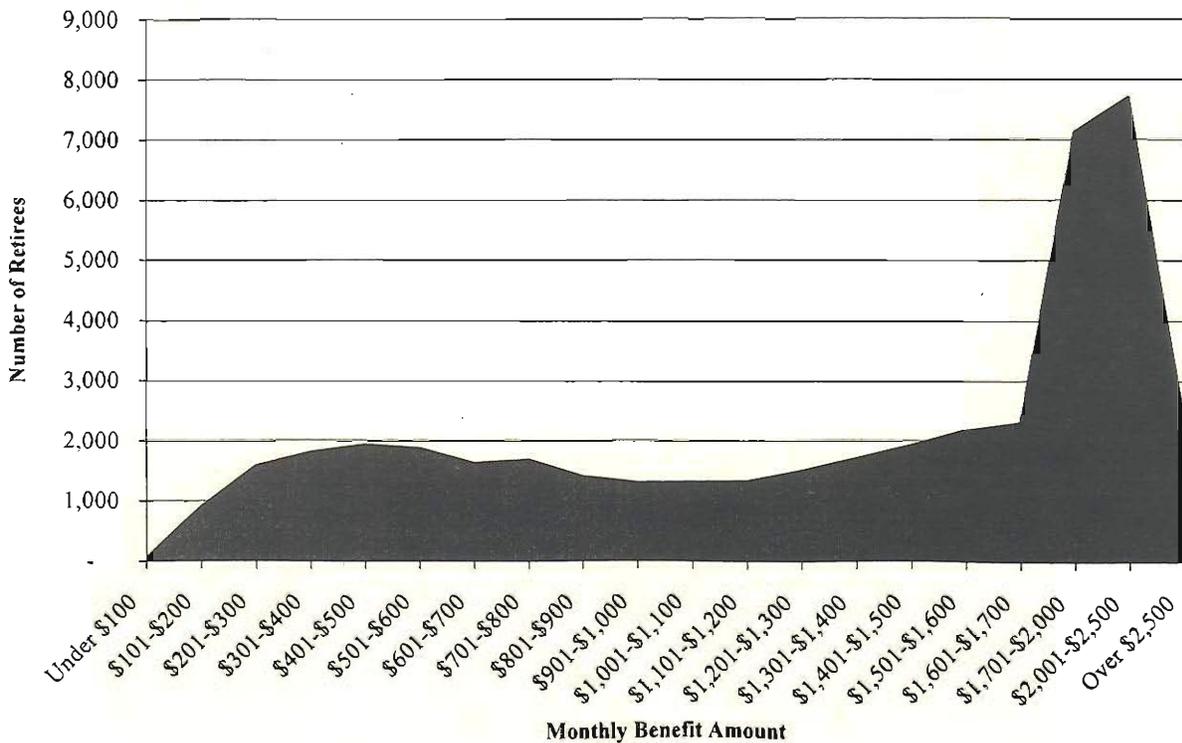


**Distribution by Monthly Income  
Fiscal Year Ended June 30, 2007**

Monthly Income	Retired Members	Total	Average Payment
Under \$100	55	\$4,792	\$87
\$101-\$200	901	143,749	160
\$201-\$300	1,568	395,657	252
\$301-\$400	1,795	629,585	351
\$401-\$500	1,917	861,404	449
\$501-\$600	1,857	1,020,310	549
\$601-\$700	1,608	1,042,919	649
\$701-\$800	1,661	1,243,433	749
\$801-\$900	1,381	1,170,949	848
\$901-\$1,000	1,285	1,220,422	950
\$1,001-\$1,100	1,299	1,364,074	1,050
\$1,101-\$1,200	1,314	1,512,415	1,151
\$1,201-\$1,300	1,481	1,853,230	1,251
\$1,301-\$1,400	1,686	2,277,391	1,351
\$1,401-\$1,500	1,913	2,775,230	1,451
\$1,501-\$1,600	2,177	3,380,620	1,553
\$1,601-\$1,700	2,296	3,789,577	1,651
\$1,701-\$2,000	7,112	13,170,752	1,852
\$2,001-\$2,500	7,694	16,968,072	2,205
Over \$2,500	2,415	6,770,970	2,804
<b>Totals</b>	<b>43,415</b>	<b>\$61,595,553</b>	<b>\$1,419</b>

Does not include 91 special annuitants.

**Distribution by Monthly Income**



**Teachers' Retirement System of Oklahoma  
Schedule of Cash Receipts and Disbursements  
Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash balance, beginning of year	\$3,812,625	\$5,865,559
<u>Receipts:</u>		
Members' contributions	282,912,915	247,942,623
Member tax-shelter	8,883,033	7,625,919
Employer statutory requirement from local school districts	266,773,994	240,091,467
Matching funds	21,048,124	15,769,385
Dedicated revenue	239,888,973	197,703,725
Interest income	142,231,151	107,514,925
Dividends	87,143,703	89,850,914
Net gain (loss) on investments	922,568,043	607,955,957
Other revenue	6,788,605	5,024,630
* Investments sold	<u>25,866,856,885</u>	<u>19,501,581,370</u>
Total receipts	<u>27,845,095,426</u>	<u>21,021,060,915</u>
<u>Disbursements:</u>		
Retirement, death, survivor, and health benefits	767,298,488	769,012,576
Refund of member contributions and annuity payments	57,378,925	52,902,064
Administrative expenses	4,437,820	4,282,564
Investment expenses	30,523,848	25,378,255
Equipment purchases	52,630	75,203
* Investment purchases	<u>26,984,445,122</u>	<u>20,171,463,187</u>
Total disbursements	<u>27,844,136,833</u>	<u>21,023,113,849</u>
Balance of cash, June 30	<u>\$4,771,218</u>	<u>\$3,812,625</u>

\* Includes equities, fixed income and short-term investments.

**Schedule of Changes in Net Assets  
For Periods Ended June 30**

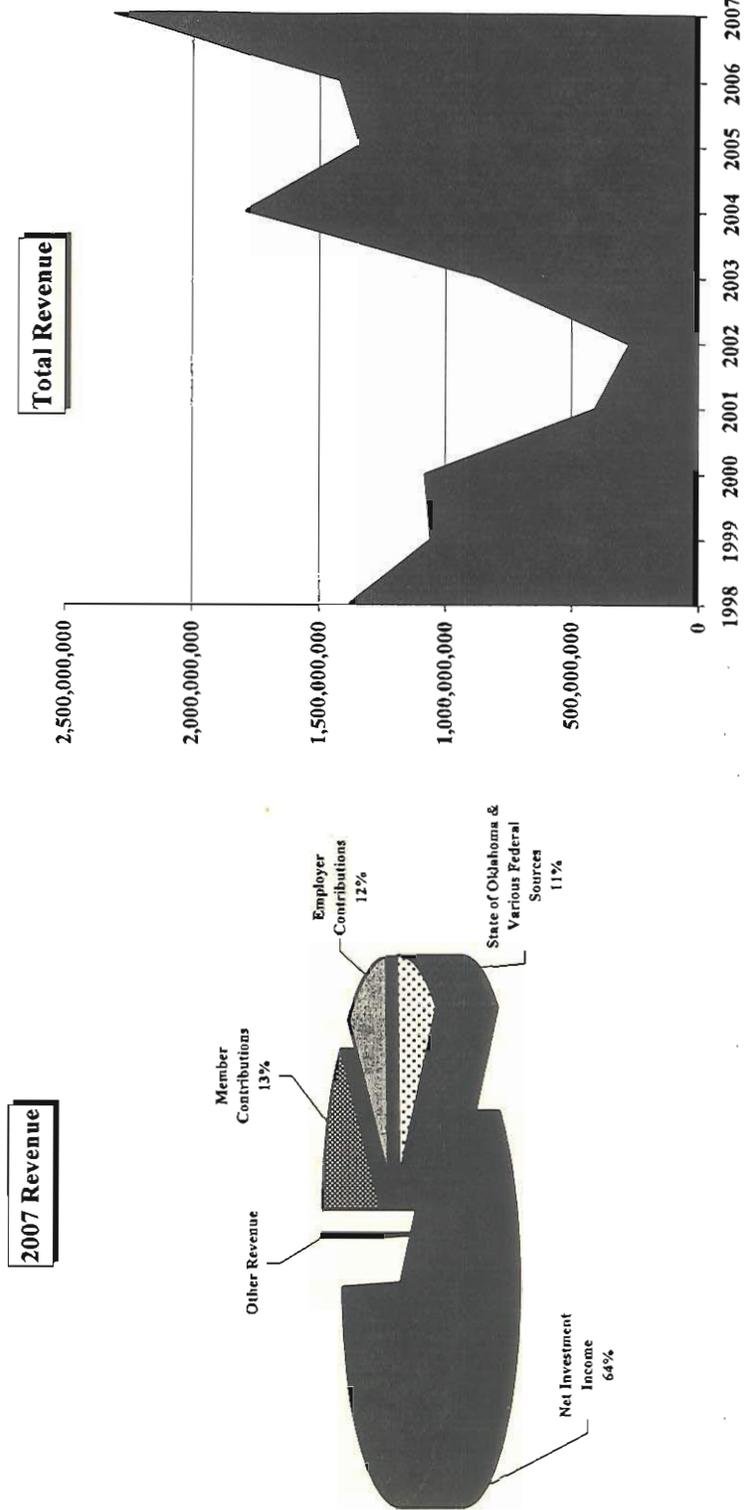
Year	Additions				Deductions			Total Changes in Net Assets
	Member	Employer	State and Federal Matching	Net Investment Income	Benefit Payments	Refunds and Annuity Payments	Administrative Expenses	
1998 *	\$189,690,739	\$120,164,225	\$143,430,970	\$932,661,078	\$439,213,465	\$41,332,758	\$3,267,751	\$902,133,038
1999 *	197,974,445	127,047,763	117,259,320	614,372,751	479,637,193	48,962,376	2,699,015	525,355,695
2000 *	203,027,123	130,758,712	145,029,086	599,709,397	500,289,049	61,725,419	2,964,237	513,545,613
2001 *	221,934,654	172,749,389	155,331,620	(144,067,802)	537,308,002	65,763,326	3,471,796	(200,595,263)
2002 *	231,260,978	210,829,995	154,196,326	(325,734,295)	561,222,392	58,495,950	3,905,754	(353,071,092)
2003 *	224,952,145	218,841,977	143,147,463	266,036,160	608,976,125	73,563,552	4,007,846	166,430,222
2004 *	238,312,953	219,126,867	156,142,888	1,178,338,068	647,277,986	52,327,030	3,851,320	1,088,464,440
2005 *	241,459,049	227,791,719	177,966,919	691,956,300	701,715,390	44,060,265	4,212,266	589,186,066
2006 *	256,586,987	241,174,959	218,294,582	703,031,333	727,379,279	52,902,064	4,425,007	634,381,511
2007 *	\$294,291,782	\$271,012,403	\$264,904,170	\$1,474,628,856	\$767,212,709	\$57,378,925	\$4,549,159	\$1,475,696,418

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

## Schedule of Revenue by Source For Periods Ended June 30

Year	Member Contributions	Employer Contributions	State of Oklahoma and		Net Investment Income	Other Revenue	Total
			Various Grant Sources	Various Grant Sources			
1998 *	\$189,690,739	\$120,164,225	\$143,430,970	\$931,364,449	\$1,296,629	\$1,385,947,012	
1999 *	197,974,445	127,047,763	117,259,320	612,764,822	1,607,929	1,056,654,279	
2000 *	203,027,123	130,758,712	145,029,086	597,428,861	2,280,536	1,078,524,318	
2001 *	221,934,654	172,749,389	155,331,620	(146,783,146)	2,715,344	405,947,861	
2002 *	231,260,978	210,829,995	154,196,326	(328,671,703)	2,937,408	270,553,004	
2003 *	224,952,145	218,841,977	143,147,463	263,873,633	2,162,527	852,977,745	
2004 *	238,312,953	219,126,867	156,142,888	1,175,826,812	2,511,256	1,791,920,776	
2005 *	241,459,049	227,791,719	177,966,919	688,638,096	3,318,204	1,339,173,987	
2006 *	256,586,987	241,174,959	218,294,582	699,048,530	3,982,803	1,419,087,861	
2007 *	\$294,291,782	\$271,012,403	\$264,904,170	\$1,469,645,750	\$4,983,106	\$2,304,837,211	

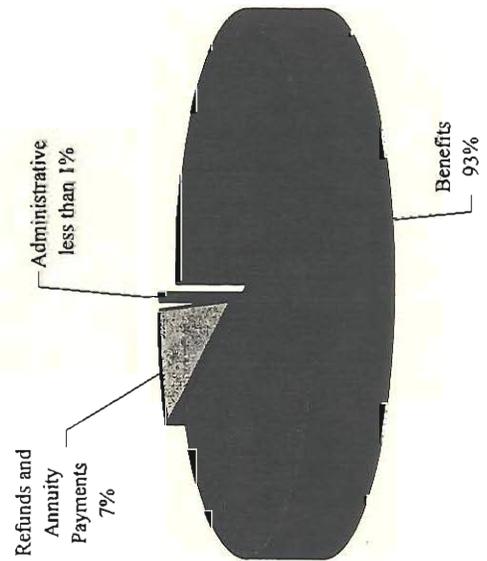
\* - Investment income includes both realized and unrealized gains and losses on investments.



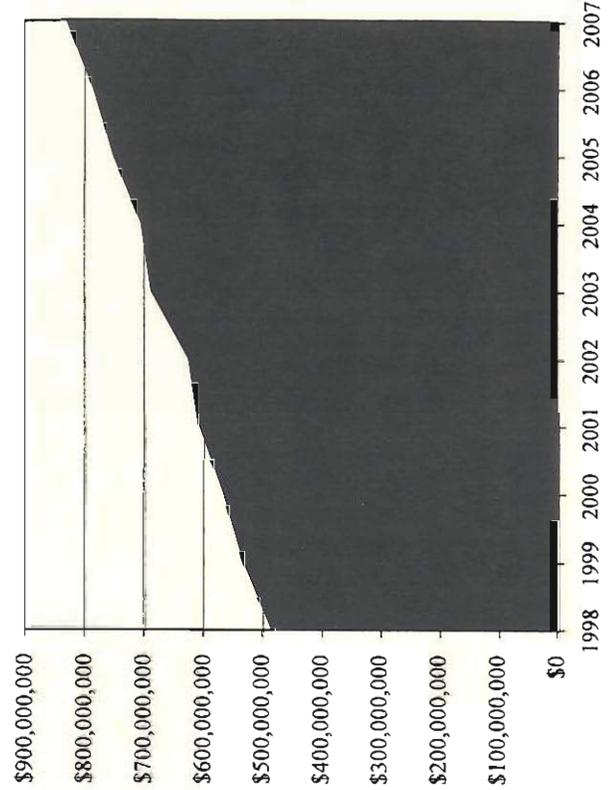
**Schedule of Expenses by Type  
For Periods Ended June 30**

<u>Year</u>	<u>Benefits</u>	<u>Refunds and</u>		<u>Administrative</u>	<u>Total</u>
		<u>Annuitant</u>	<u>Payments</u>		
1998	\$439,213,465	\$41,332,758	\$3,267,751	\$483,813,974	
1999	479,637,193	48,962,376	2,699,015	531,298,584	
2000	500,289,049	61,725,419	2,964,237	564,978,705	
2001	537,308,002	65,763,326	3,471,796	606,543,124	
2002	561,222,392	58,495,950	3,905,754	623,624,096	
2003	608,976,125	73,563,552	4,007,846	686,547,523	
2004	647,277,986	52,327,030	3,851,320	703,456,336	
2005	701,715,390	44,060,265	4,212,266	749,987,921	
2006	727,379,279	52,902,064	4,425,007	784,706,350	
2007	\$767,212,709	\$57,378,925	\$4,549,159	\$829,140,793	

**2007 Expenses**



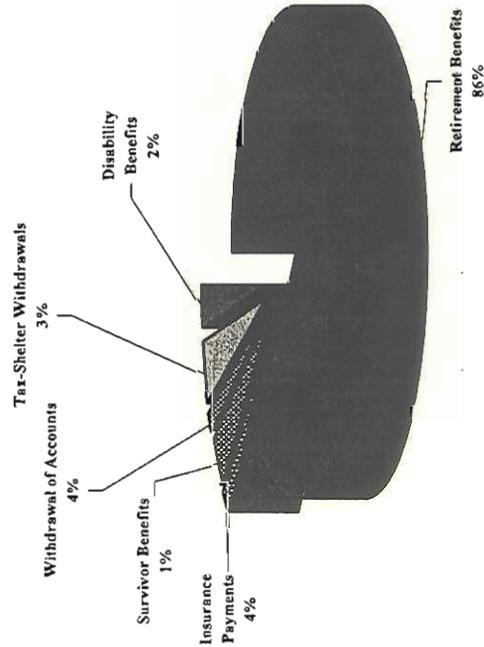
**Total Expenses**



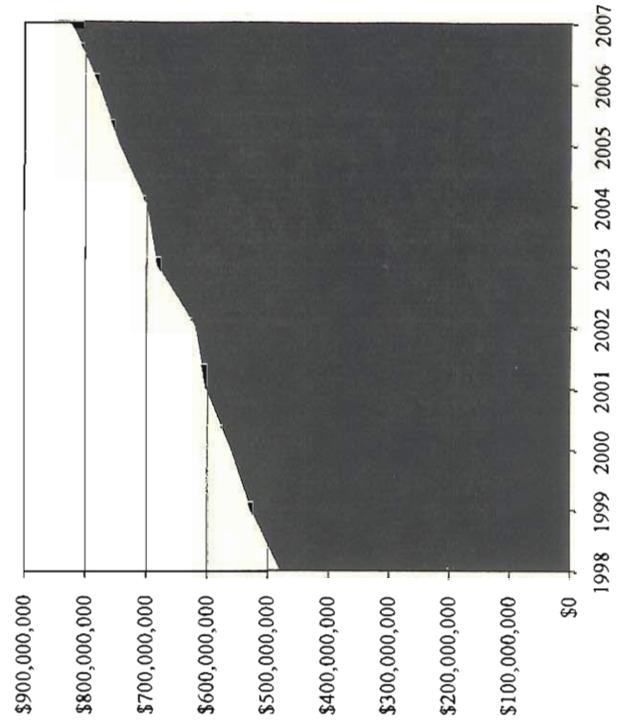
**Schedule of Benefit Expenses by Type  
For Periods Ended June 30**

<u>Year</u>	<u>Age and Service Benefits</u>	<u>Disability Benefits</u>	<u>Insurance Payments</u>	<u>Survivor Benefits</u>	<u>Withdrawal of Accounts</u>	<u>Tax-Shelter Withdrawals</u>	<u>Total</u>
1998	\$403,214,790	\$9,144,384	\$19,774,024	\$7,080,267	\$23,011,228	\$18,321,530	\$480,546,223
1999	441,509,222	10,095,552	19,869,158	8,163,261	24,523,574	24,438,802	528,599,569
2000	460,558,191	10,617,612	20,537,317	8,575,929	29,460,152	32,265,267	562,014,468
2001	487,643,857	11,284,416	29,159,573	9,220,156	31,432,937	34,330,389	603,071,328
2002	511,344,325	11,876,256	29,227,075	8,774,736	26,728,503	31,767,447	619,718,342
2003	557,082,285	12,877,668	29,625,205	9,390,967	30,176,320	43,387,232	682,539,677
2004	593,951,000	13,406,316	31,142,570	8,778,100	33,663,294	18,663,735	699,605,015
2005	646,805,731	14,351,904	30,933,923	9,623,832	26,935,850	17,124,415	745,775,655
2006	671,474,697	15,115,176	30,421,535	10,367,870	30,864,619	22,037,445	780,281,342
2007	\$710,990,189	\$15,454,800	\$30,491,840	\$10,275,879	\$33,829,654	\$23,549,272	\$824,591,634

**2007 Benefit Expenses**



**Total Benefit Expenses**



## Retirees in the State of Oklahoma by County

Of the 43,506 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma 90% or 39,201 remain state of Oklahoma residents. As such, benefit payments of approximately, \$672,826,356 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.

<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>	<u>County</u>	<u>Recipients</u>	<u>Annual Payment</u>
Adair	287	\$4,965,096	LeFlore	610	\$10,758,216
Alfalfa	107	1,942,884	Lincoln	330	5,108,736
Atoka	176	2,986,644	Logan	337	5,059,836
Beaver	89	1,504,008	Love	82	1,314,156
Beckham	235	4,108,284	Major	87	1,359,348
Blaine	152	2,614,368	Marshall	206	3,590,712
Bryan	645	11,289,204	Mayes	409	7,223,628
Caddo	414	6,234,132	McClain	394	6,312,024
Canadian	931	16,318,560	McCurtain	483	8,421,756
Carter	542	8,993,760	McIntosh	347	6,175,152
Cherokee	772	14,351,364	Murray	164	3,000,744
Choctaw	196	3,256,824	Muskogee	961	17,173,932
Cimarron	34	563,928	Noble	117	1,780,908
Cleveland	2,336	40,820,796	Nowata	72	1,147,716
Coal	63	1,055,100	Okfuskee	158	2,523,420
Comanche	1,230	21,868,788	Oklahoma	6,834	118,158,012
Cotton	70	1,166,400	Okmulgee	601	9,627,768
Craig	177	2,907,972	Osage	169	2,714,952
Creek	553	9,045,768	Ottawa	535	8,406,420
Custer	446	7,972,296	Pawnee	155	2,328,792
Delaware	281	5,129,808	Payne	1,730	29,565,888
Dewey	92	1,565,136	Pittsburg	521	8,457,816
Ellis	54	837,696	Pontotoc	650	11,402,880
Garfield	611	10,195,152	Pottawatomie	661	10,911,720
Garvin	387	6,126,204	Pushmataha	146	2,450,832
Grady	499	8,214,000	Roger Mills	68	1,151,112
Grant	81	1,220,028	Rogers	661	11,816,940
Greer	86	1,476,228	Seminole	300	4,814,772
Harmon	72	1,172,892	Sequoyah	508	9,011,280
Harper	75	1,344,768	Stephens	452	7,792,068
Haskell	192	3,209,940	Texas	192	3,305,676
Hughes	153	2,525,580	Tillman	117	1,961,508
Jackson	310	5,958,180	Tulsa	5,032	88,594,656
Jefferson	79	1,335,336	Wagoner	324	5,928,372
Johnston	214	3,692,196	Washington	534	8,557,632
Kay	540	8,862,780	Washita	137	2,359,428
Kingfisher	154	2,618,412	Woods	233	3,929,448
Kiowa	168	2,658,468	Woodward	195	3,341,712
Latimer	186	3,177,408			
			Total	<u>39,201</u>	<u>\$672,826,356</u>

**2007 PARTICIPATING EMPLOYERS  
PUBLIC SCHOOL DISTRICTS**

Achille	Braggs	Colcord	Farris
Ada	Braman	Coleman	Felt
Adair	Bray-Doyle	Collinsville	Fletcher
Afton	Bridge Creek	Comanche	Flower Mound
Agra	Briggs	Commerce	Forest Grove
Albion	Bristow	Copan	Forgan
Alex	Broken Arrow	Cordell	Fort Cobb-Broxtton
Aline-Cleo Springs	Broken Bow	Cottonwood	Fort Gibson
Allen	Brushy	Covington-Douglas	Fort Supply
Allen Bowden	Buffalo	Coweta	Fort Towson
Altus	Buffalo Valley	Coyle	Fox
Alva	Burlington	Crescent	Foyil
Amber Pocasset	Burns Flat-Dill City	Crooked Oak	Frederick
Anadarko	Butler	Crowder	Freedom
Anderson	Butner	Crutcho	Friend
Antlers	Byars	Cushing	Frink Chambers
Arapaho	Byng	Cynil	Frontier
Ardmore	Cache	Dahlongegah	Gage
Arkoma	Caddo	Dale	Gans
Arnett	Calera	Darlington	Garber
Asher	Calumet	Davenport	Geary
Atoka	Calvin	Davidson	Geronimo
Avant	Cameron	Davis	Glencoe
Balko	Canadian	Deer Creek	Glenpool
Banner	Caney	Deer Creek-Lamont	Glover
Barnsdall	Caney Valley	Denison	Goodland
Bartlesville	Canton	Depew	Goodwell
Battiest	Canute	Dewar	Gore
Bearden	Carnegie	Dewey	Gracemont
Beaver	Carney	Dibble	Graham
Beggs	Cashion	Dickson	Grandfield
Belfonte	Catoosa	Dover	Grand View (Cherokee)
Bell	Cave Springs	Drummond	Grandview (Stephens)
Bennington	Cement	Drumright	Granite
Berryhill	Central High	Duke	Grant
Bethany	Central	Duncan	Greasy
Bethel	Chandler	Durant	Greenville
Big Pasture	Chattanooga	Dustin	Grove (Delaware)
Billings	Checotah	Eagletown	Grove (Pottawatomie)
Binger-Oney	Chelsea	Earlsboro	Guthrie
Bishop	Cherokee	Edmond	Guymon
Bixby	Cheyenne	El Reno	Gypsy
Blackwell	Chickasha	Eldorado	Haileyville
Blair	Chisholm	Elgin	Hammon
Blanchard	Choctaw-Nicoma Park	Elk City	Hanna
Bluejacket	Chouteau Mazie	Elmore City	Hardesty
Boise City	Cimarron	Empire	Harmony
Bokoshe	Claremore	Enid	Harrah
Boley	Clayton	Erick	Hartshorne
Boone-Apache	Cleora	Eufaula	Haskell
Boswell	Cleveland	Fairland	Haworth
Bowlegs	Clinton	Fairview	Haywood
Bowring	Coalgate	Fanshawe	Healdton
Boynton	Colbert	Fargo	Heavener

PUBLIC SCHOOL DISTRICTS (continued)

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

**PUBLIC SCHOOL DISTRICTS** *(continued)*

Skelly	Vanoss
Skiatook	Varnum
Smithville	Velma-Alma
Snyder	Verden
Soper	Verdigris
South Coffeyville	Vian
South Rock Creek	Vici
Spavinaw	Vinita
Sperry	Wagoner
Spiro	Wainwright
Springer	Wakita
Sterling	Walters
Stidham	Wanette
Stigler	Wapanucka
Stillwater	Wamer
Stilwell	Washington
Stonewall	Washita Heights
Straight	Watonga
Stratford	Watson
Stringtown	Watts
Strother	Waukomis
Stroud	Waurika
Stuart	Wayne
Sulphur	Waynoka
Sweetwater	Weatherford
Swink	Webbers Falls
Tahlequah	Welch
Talihina	Weleetka
Taloga	Wellston
Tannehill	Western Heights
Tecumseh	Westville
Temple	Wetumka
Tenkiller	Wewoka
Terral	White Oak
Texhoma	White Rock
Thackerville	Whitebead
Thomas-Fay-Custer	Whitefield
Timberlake	Whitesboro
Tipton	Wickliffe
Tishomingo	Wilburton
Tom	Wilson (Carter)
Tonkawa	Wilson (Okmulgee)
Tulsa	Wister
Tupelo	Woodall
Turkey Ford	Woodland
Turner	Woodward
Turpin	Wright City
Tushka	Wyandotte
Tuskahoma	Wynnewood
Tuttle	Wynona
Twin Hills	Yale
Tyrone	Yarborough
Union City	Yukon
Union	Zaneis
Valliant	Zion

**CAREER AND TECHNOLOGY CENTERS**

Caddo-Kiowa	Mid-America
Canadian Valley	Moore-Norman
Central Oklahoma	Northeast Area
Chisholm Trail	Northwest
E. Okla. County	O.T. Autry
Francis Tuttle	Pioneer
Gordon Cooper	Pontotoc
Great Plains	Red River
Green Country	S. Oklahoma
High Plains	Southwest
Indian Capital	Tri-County
Kiamichi	Tulsa Technology Center
Meridian	Wes Watkins
Metro Tech	Western

**COLLEGES AND UNIVERSITIES**

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

**JUNIOR COLLEGES**

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

**OTHER PARTICIPATING ENTITIES**

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

