# *Board Of Investments*

## Fiscal Year 2009 Annual Report

# MONTANA BOARD OF INVESTMENTS
## Department of Commerce

**2401 Colonial Drive, 3rd Floor**
**PO Box 200126**
**Helena, MT 59620-0126**
**www.investmentmt.com**

## The Honorable Brian Schweitzer, Governor

## BOARD MEMBERS

- ***Terry Moore, Chairman***
  Executive Vice President & Chief Financial Officer
  First Interstate Bank
  Billings
  Term Ending 01/01/2011

- ***Elouise Cobell***
  Chairperson
  Blackfeet National Bank
  Browning
  Term Ending 01/01/2013

- ***Teresa Cohea***
  Vice President
  D.A. Davidson & Co.
  Helena
  Term Ending 01/01/2013

- ***Karl Englund***
  Attorney
  Missoula
  Term Ending 01/01/2011

- ***Maureen Fleming***
  Retired - Professor of Management
  University of Montana, Missoula
  Term Ending 01/01/2011

- ***Patrick McKittrick***
  Attorney
  Great Falls
  Term Ending 01/01/2013

- ***Jack Prothero***
  Retired - Financial Representative
  Great Falls
  Term Ending 01/01/2013

- ***Jon Satre***
  President - Partner
  Gordon, Prill, Drapes, Inc.
  Helena
  Term Ending 01/01/2011

- ***Jim Turcotte***
  Financial Adviser
  Raymond James Financial Services
  Helena
  Term Ending 01/01/2013

- ***Senator Greg Barkus***
  Senate Liaison
  Kalispell

- ***Representative Brady Wiseman***
  House of Representatives Liaison
  Bozeman

**MONTANA BOARD OF INVESTMENTS**
**Staff as of June 30, 2009**

- ***Carroll V. South***
  Executive Director
- ***Geri Burton***
  Deputy Director
- ***Louise Welsh***
  Bond Program Officer
- ***Dennis Horn***
  Bond Program Assistant
- ***Bobbie Pomroy***
  Portfolio Manager – Science & Tech
- ***Mary Noack***
  Network Administrator
- ***Kim Dallas***
  Program Assistant/Board Secretary
- ***Cynthia McDonnell***
  Administrative Assistant
- ***Sara LaFountaine***
  Imaging/Scanning Assistant
- ***Gayle Moon, CPA***
  Accounting Fiscal Manager
- ***Polly Boutin***
  Accountant
- ***Roberta Diaz***
  Accountant
- ***Rachel Fairbank***
  Accountant
- ***April Madden***
  Accountant
- ***Herbert Kulow, CMB***
  Sr. Portfolio Manager – Montana Investments
- ***Nancy Rivera***
  Credit Analyst – Montana Investments
- ***Clifford A. Sheets, CFA***
  Chief Investment Officer
- ***Richard Cooley, CFA***
  Portfolio Manager – Fixed Income/STIP
- ***Rande Muffick, CFA***
  Portfolio Manager – Domestic & International Equities
- ***Nathan Sax, CFA***
  Portfolio Manager – Fixed Income
- ***Jon Shoen, CFA***
  Portfolio Manager – Alternative Investments
- ***Daniel Zarling, CFA***
  Director of Research
- ***Jason Brent***
  Investment Analyst
- ***Tim House***
  Investment Operations Chief
- ***Edward Kelly***
  Investment Analyst
- ***Teri Kolnik***
  Investment Analyst
- ***Jon Putnam, CFA, FRM***
  Investment Analyst
- ***John Romasko, CFA, CPA***
  Investment Analyst
- ***Steve Strong***
  Investment Analyst

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# INTRODUCTION

The Montana Board of Investments (Board) is pleased to submit its Annual Report for the fiscal year ended June 30, 2009. This report, required by law, discloses investment performance for the past fiscal year, summarizes the in-state investment activities of the Board, and provides public access to audited financial statements. Unless otherwise noted, all references to years in this report are state fiscal years beginning July 1 and ending June 30.

## General Board Responsibilities

***Unified Investment Program*** **-** Article VIII, Section 13 of the Montana Constitution requires that the legislature provide for a unified investment program for public funds and that the program be audited annually. Section 17-6-201, MCA established the unified investment program, created the Board, and gave the Board sole authority to invest state funds in accordance with state law and the state Constitution. State law requires that the Board operate under the "prudent expert principle," defined as: 1) discharging its duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims; 2) diversifying the holdings of each fund to minimize the risk of loss and maximize the rate of return; and 3) discharging its duties solely in the interest of and for the benefit of the funds managed.

Prior to the Board's assumption of the state's investment program, state funds were invested by individual state agency staff, usually on a part-time basis. The creation of the Board in 1972 permitted a full-time professional investment staff to invest all state and (at the discretion of local governments) local government funds. At its first meeting in August 1971 the Board established four major goals:

- to centralize the state's investments;
- to invest the state's idle cash;
- to increase earnings on the state's investments; and
- to establish a sound system of control over the investment process, including provisions for systematic financial reporting, measurement of investment results, and a regular independent audit.

The unified investment program has grown from a book value of $321 million at year-end 1972 to a book value of $11.86 billion at year-end 2009 - an annual average increase of 10.2 percent. During the same period, the number of accounts invested by the Board increased from 40 accounts to 487 accounts.

***In-State Investments*** **-** In addition to the Board's primary role of managing the state's unified investment program, the legislature has encouraged the Board to assist in Montana's economic development. Montana law (17-6-304, MCA) states that the "objectives for investment of the Permanent Coal Tax Trust Fund are to diversify, strengthen, and stabilize the Montana economy, and to increase Montana employment and business opportunities while maintaining and improving a clean and healthful environment." Section 17-6-305, MCA, states that "the Board shall endeavor to invest 25 percent of the Permanent Coal Tax Trust Fund . . . in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises." In recent years the legislature has created two new loan programs - the “Infrastructure and Value-Added Loan Programs – and set aside $80.0 million and $70.0 million, respectively, of the Trust for each program.

**Commercial\Infrastructure/Value-Added Loans** **-** The Board manages these programs in conformance with the "prudent expert principle" and does not invest solely to improve Montana's economy. Operating the in-state investment program under the "prudent expert principle" has not prevented the Board from effectively investing the Trust to spur Montana's economy. Since the program's inception in 1984 through

2009, the Board has funded 1,251 loans totaling $624.1 million in 44 of Montana's 56 counties. Loans funded by county are shown on Page 65.

**Mortgages** - The Board also purchases Montana mortgages with pension funds as a part of the in-state investment program. At year-end 2009 the Board held 897 mortgages with total book values of $45.3 million in 47 of Montana's 56 counties - a decrease from the mortgages valued at $59.7 million held at year-end 2008. The Board serves as a secondary market to qualified financial institutions in the in-state investment programs and does not lend directly to borrowers. Outstanding mortgages by county are shown on Page 63.

**Bond Program** - As a part of the Board's in-state investment activities, it also sells bonds and lends the proceeds to eligible governments for a variety of projects. Loan terms range from one to fifteen years, and short-term loans are also available to finance cash flow deficits or interim financing. Both the bond program and the in-state investment program, funded from the Permanent Coal Tax Trust, were created in fiscal year 1984 as part of the "Build Montana" program. Since the program's inception, $301.2 million has been loaned to eligible governments. Additional information on the bond program is shown on Page 67.

**Securities Lending** - Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. Investment firms borrow securities to cover short positions, failed deliveries, arbitrage trades, and other brokerage activities. In recent years the Board has lent securities to qualified borrowers who pass rigorous tests and meet high standards for credit quality. Although state law requires that securities on loan be collateralized at least 100 percent, the Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the securities on loan increases. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously.

State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program and retains 20 percent of the income generated as compensation for managing the program. The state earned securities lending income of $13,902,332 in 2009, compared to $7,522,885 in 2008. Because this program is demand driven by the markets, earnings are volatile.

## Board Operations

***Board Staff*** - The Board is comprised of nine members appointed by the Governor to staggered four-year terms. The Board also has two non-voting legislative liaisons, from different political parties; one appointed by the President of the Senate and one appointed by the Speaker of the House. The Board employs a Chief Investment Officer and an Executive Director who hire staff as authorized by the legislature. There are currently 34 full-time equivalents authorized as shown in the organizational chart on Page 4. Board staff also provides administrative support to the Montana Facility Finance Authority.

***Board Administrative Costs*** - The investment portion of Board operations is funded by administrative charges against the funds it invests, while the bond program is primarily funded by the "spread" between the interest paid on bonds issued and interest received on loans made. Effective in 1998, the legislature has set the maximum fees the Board may charge in the investment program. The total investment fees charged, which includes BOI fees, external manager fees, and custodial bank fees are shown in the financial statements beginning on Page B-1.

## Board Policies and Procedures

***Investment Policies* -** The Board adopts an investment policy for each individual fund it invests, except for funds investing in STIP only. The policies are tailored to the specific needs of the fund and are implemented only after consultation with the administrators of the funds. Asset allocations and investment time horizons are established by policy, as are the benchmarks against which investment performance is measured.

***Benchmarks* -** The Board establishes benchmarks for each asset class and the custodial bank develops a composite benchmark for each pension fund that parallels the fund's asset allocation at market value.

***Board Meetings* –** Regular Board meetings are held quarterly. Meeting dates, agenda, and minutes are posted on the Board's web page at www.investmentmt.com. All Board decisions are discussed and voted on in meetings open to the public.

## Report Content

This report contains historical data from 1972 (the first fiscal year the Board managed the unified investment program) through 2009. All historical data were extracted from the Board's annual published reports. Statistical data are provided on the Board's investment activity in 2009 and changes in investments from 2008. Appendix A includes income generated by account and securities portfolios for all accounts managed by the Board. Appendix B contains the Board's audited financial statements with accompanying portfolios. The financial statements provide detailed information on the investment pools, the "all other funds" account, and the bond program.

## Report Terminology

***Book Values*** of fixed-income investments represent the securities' par values, plus or minus amortized premiums or discounts. Book value of equity securities is the average cost of the securities at the time of purchase.

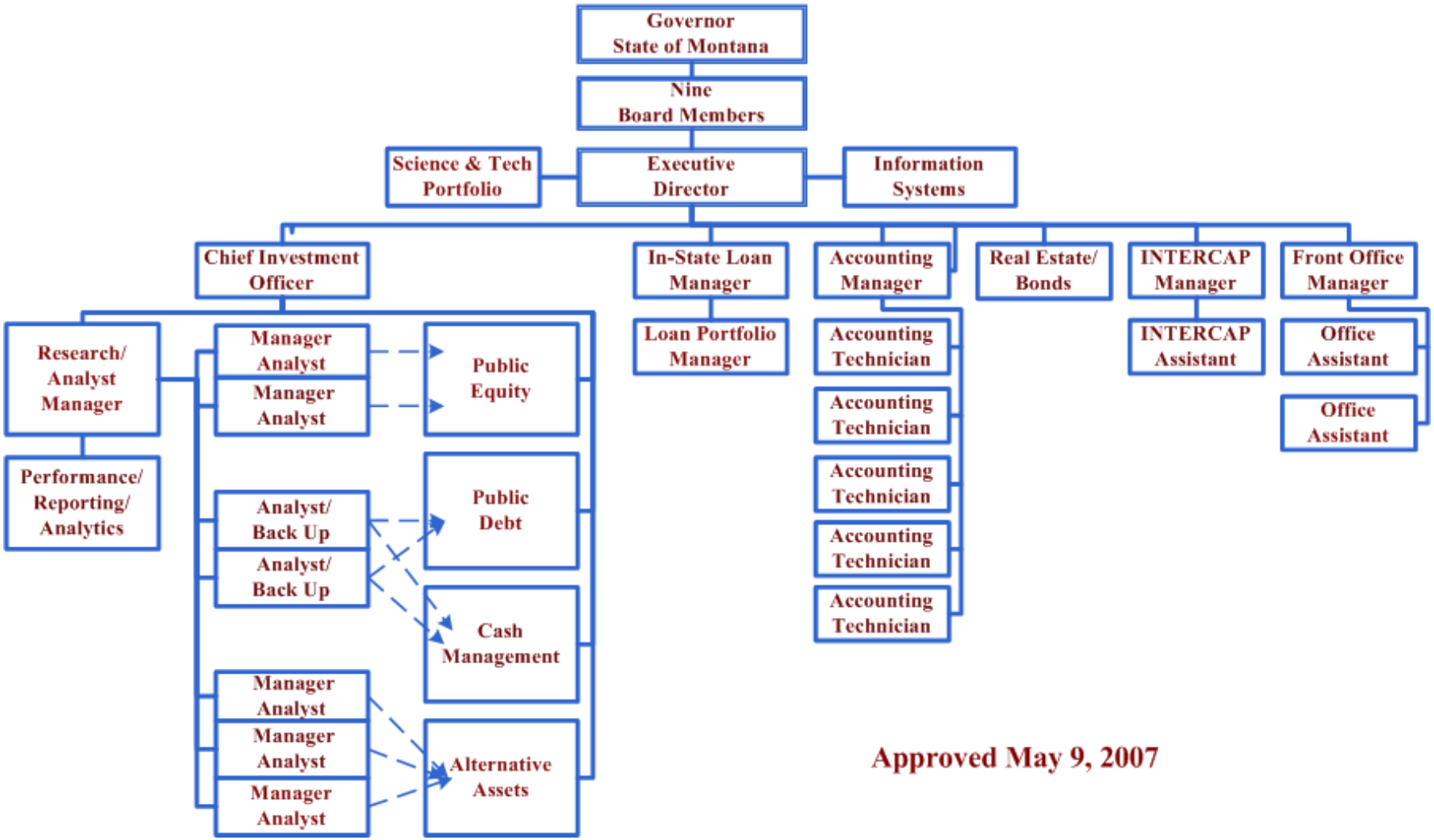
***Fair Market Values*** reflect the value of securities on June 30 as priced by the Custodial Bank, or other sources.

***Net Asset Value* (NAV)** as it relates to Investment Pools reflects the fair value of the pool securities, adjusted for payables, receivables, and cash on hand at year end. The aggregate fair value of the pool units held by pool participants equals the NAV of the pool.

***Income Return*** utilizes actual invested balances and investment income as recorded in the state accounting system. The calculation divides the annual net income by one-half the sum of the beginning and ending invested balances. The income includes interest, dividends, amortization of premiums/discounts, securities lending income, and distributed realized gain/loss. The calculation is performed by Board staff. Income return does not consider any change in the fair market value of the portfolio during the period**.**

***Total Rates of Return,*** calculated by the custodial bank, includes all investment income and the unrealized gains/losses resulting from annual changes in the market value of investments, after cash flows are netted. For periods longer than one year the returns are compounded and annualized. The total rate of return is used by the Board to compare investment staff performance to various stock/bond indices selected by the Board.

# Montana Board of Investment Functional Organization Chart




Approved May 9, 2007

# ECONOMIC & FINANCIAL MARKETS OVERVIEW

Fiscal year 2009 saw a dramatic decline in economic and capital market conditions. This led to extreme declines in valuations for all types of risk assets held in the investment portfolio, including public and private equity, corporate and other non-government bonds, and real estate. Aggregate investment performance for the pension funds for the fiscal year was -20.67% on a total return basis, as compared to -4.87% during fiscal 2008, and 17.95% during fiscal 2007. As a result of the poor year the longer term returns fell to levels that were slightly positive, with annualized returns of 0.97% for five years and 1.88% for ten years. These longer term returns are significantly below the annual actuarial return assumption and act to erode the funded status of the plan.

The origins of the recent financial crisis and economic recession can be traced back to events in the fall of 2007 when a subprime residential mortgage finance problem began to spread. Looking back at this point in time, many of the symptoms of financial excess and risk seem apparent. An overleveraged household and financial sector, lack of transparency into many complex financial instruments, and a sudden lack of confidence in the solvency of many of the world's largest financial institutions led to the market crisis. Many textbooks will be written that recount the events of the past two years and the fundamental causes that led to a credit and liquidity crunch so severe that comparisons evoke references to the 1930's and the Great Depression. A new term has been coined, the "Great Recession," to describe the current economic period and its severity, which in many respects has been worse than any other recession since the Great Depression.

Varying degrees of governmental response to the crisis evolved during the year. These responses ranged from playing a persuasive role in the rescue of one financial institution by another (e.g., Bear Stearns) to direct involvement in the support of financial entities (e.g., AIG). The Treasury, FDIC, and Federal Reserve were the initial authorities that dealt with the "too big to fail" institutions. A number of market support programs were unveiled, all with initials beginning with "T" – TARP, TALF, and TGLP – which were designed to infuse capital in support of certain financial institutions or markets, and generally bolster confidence in a financial system that appeared to be falling apart. Several of these programs are now winding down or are set to expire shortly. While there may be debate over whether certain programs were necessary, they have been generally effective in restoring confidence and helping the markets recover. Also, the Federal Reserve followed its normal playbook by dramatically cutting the fed funds rate to near zero in December 2008, but then followed that with a quantitative easing policy consisting of purchases of outstanding debt issued by the mortgage agencies and the U.S. Treasury. These interventions in the financial sector were followed by a fiscal stimulus plan passed by Congress in early 2009 in response to the recession.

The returns for the major asset classes held in the pension funds were consistent with general market behavior, meaning they were generally awful. The equity market suffered the worst returns. Public stocks were down -29.8% overall, with domestic stocks off -27.2% and international stocks off -35.2%. Bonds did much better though many of the "spread" sectors which consist of corporate and structured securities suffered due to heightened default concerns and illiquid markets. Total fixed income exposure posted a 3.2% return which compared poorly to the benchmark given our exposure to higher risk and less liquid securities. The only safe haven in the securities markets were U.S. Treasuries. In the alternative investment category, private equity holdings were down -24.3% and real estate was down -27.9%. These assets returns are lagged one quarter due to the measurement and reporting process for the underlying private assets, so some of the deterioration of values may likely slip into fiscal 2010. Despite significant progress in diversification over the past three years, these efforts did little to protect the pension funds from the declines brought on by the financial crisis and economic recession. The common factors driving the poor market returns for all but the safest of assets was a lack of liquidity and a sharp reversal in the risk appetites of investors across the globe.

Asset allocation changes during the fiscal year were largely driven by the performance of the various assets held, and to a lesser extent by the direct transaction activities between asset classes. The weight of domestic and international stocks fell by 3.1% and 2.5% respectively given their large value declines. Stocks still made up the majority of pension funds' assets at the end of the period, however, with U.S. stocks at 35.8% and international at 16.6%. Additions were made to international stocks during the fiscal year and only minor changes were made to domestic stock holdings in an effort to rebalance. Additional allocations were made to private equity that brought our holdings up to 11.3% of the total plan as we honored contractual funding commitments. The allocation to total equities fell by 4.0% to a level of 63.7% as compared to approved guidelines of a 60-70% exposure. Pooled real estate holdings were also increased by 0.6% to 4.9% at the end of the period pursuant to prior commitments. The source of funds to purchase the additional exposures noted above were largely drawn from the sale of bonds, though the weight for this asset class actually increased, up 3.6% to 29.3%, due to its positive performance and the decline of total pension fund assets.

Capital markets have begun to recover this year. Stocks bottomed in early March after suffering a peak to trough decline in returns of 55% for large cap U.S. equities. The rally during the second calendar quarter helped mitigate the fiscal year damage. The bull market has continued with limited setbacks as of this writing in late September, and is now up approximately 57% from the March bottom, though still down 30% from the market peak in October, 2007. The credit market stabilized at the end of December and a recovery began in earnest in the spring after the equity markets bounced. The money markets and longer term bond markets have now seen a dramatic reversal in liquidity and many borrowers that could not issue debt during the credit crunch have since been able to borrow again. Returns on lower quality corporate bonds and structured securities have matched or exceeded historical records this year given a return closer to more normal valuations as compared to their depressed levels at the height of the market crisis.

Recovery of the economy in general remains uncertain at this time. The consensus economic forecast calls for positive GDP growth during the third and fourth calendar quarters of about 3% each quarter. This may bring an official end to the recession that began in December, 2007. Leading economic indicators are clearly flashing green over the past few months, and markets have discounted a stabilization and improvement in corporate earnings. Still, the expected growth is largely credited to fiscal stimulus spending and inventory restocking while the outlook for consumer demand remains dismal. This has raised doubts about the sustainability of the economic rebound, and continuation of the bull markets witnessed over the past few months. The economy faces several headwinds that may result in a slow recovery by historical standards. High unemployment and a loss of wealth combined with a general trend of deleveraging on the part of households will act to suppress consumption spending.

Greater diversification within the fixed income asset class was undertaken over the past year. As noted a year ago, a decision was made to diversify into a broader spectrum of the bond market to include both international and high yield securities. Implementation was delayed until the fall of last year at which time an external manager was funded with a "core-plus" mandate that allowed for use of these types of securities. In May 2008, an external manager dedicated to the high yield, or below investment grade, segment of the U.S. bond market was funded. An additional core-plus mandate was funded in August 2009 with a manager that will provide some exposure to non-dollar international bonds. At this time the externally-managed component of the Retirement Fund Bond Pool represents approximately 21% of the pool, though only a portion of the underlying securities would fall into the high yield and international sectors. These initiatives are expected to add value over time to fixed income returns as the internally-managed portfolio is changed to a more core like structure to increase its quality and liquidity.

No other significant diversification occurred during fiscal year 2009. Any consideration to invest in hedge fund-of-funds was tabled as the markets suffered in late 2008. These funds represent a broad category of active trading strategies across many different asset markets and offer an alternative to more traditional investment securities such as stocks and bonds. However during the market crisis that took place during late 2008 and early 2009, these funds suffered in sympathy with other risk assets and provided little benefit versus a diversified mix of traditional assets. Ongoing liquidity, cost, and transparency concerns with this investment category continue to give pause in pursuing hedge funds at this time.

Commitments to private equity funds continued during the year. However, the dollar amount of such commitments has been reduced given the liquidity strain in the portfolio during the market crisis and the existing allocation from prior investments. Although the private equity market, especially for corporate buyouts, suffered a major downturn, new commitments made at today's valuations are likely to provide attractive returns. Recent commitments to new funds in the past two years have included an emphasis on distressed debt funds which are finding many attractive opportunities given the depressed economy and general lack of credit availability.

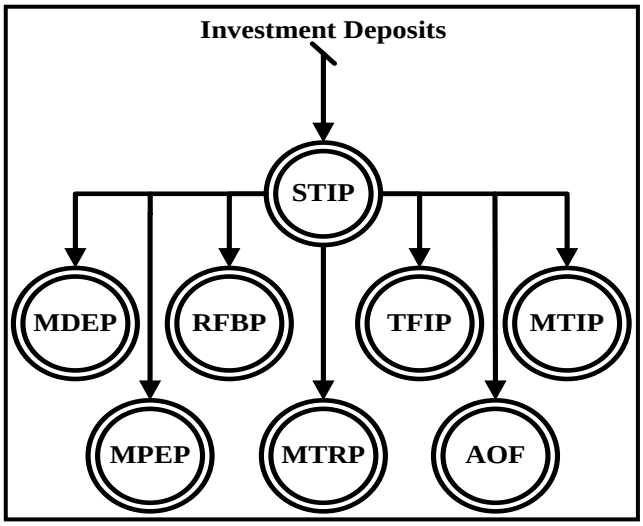
The other alternative asset class exposure, real estate, suffered markdowns as the economy and the lending markets deteriorated. Real estate continues to face major headwinds of over capacity and weak demand for space. During fiscal year 2009, no new commitments were made to real estate funds but previous commitments were funded. New commitments will now be considered given an expected stabilization of real estate markets over the next couple of years and the opportunities presented by reduced valuations.

In summary, the fiscal year 2009 was a very difficult period for virtually all but the most conservative of investments. Since the spring of this year the public securities markets have begun to heal and have recovered many of the unrealized losses incurred during the worst of the storm. The private asset markets also now appear to be stabilizing. Given these developments there is reason to be more optimistic about the economy and investment returns going forward. Absent any negative surprises, there is a strong likelihood we will enjoy a positive investment return this fiscal year and begin to get back on track towards long term return expectations.

# TOTAL FUND

The Total Fund is comprised of all state and local government funds invested by the Board. Fund types invested include pensions, trusts, insurance, debt service, state agency and higher education operating accounts, and local government funds. Unless otherwise provided by law, the Board must invest all state funds. Local governments at their discretion may invest funds with the Board. (All local government funds are invested in the Short Term Investment Pool - STIP).

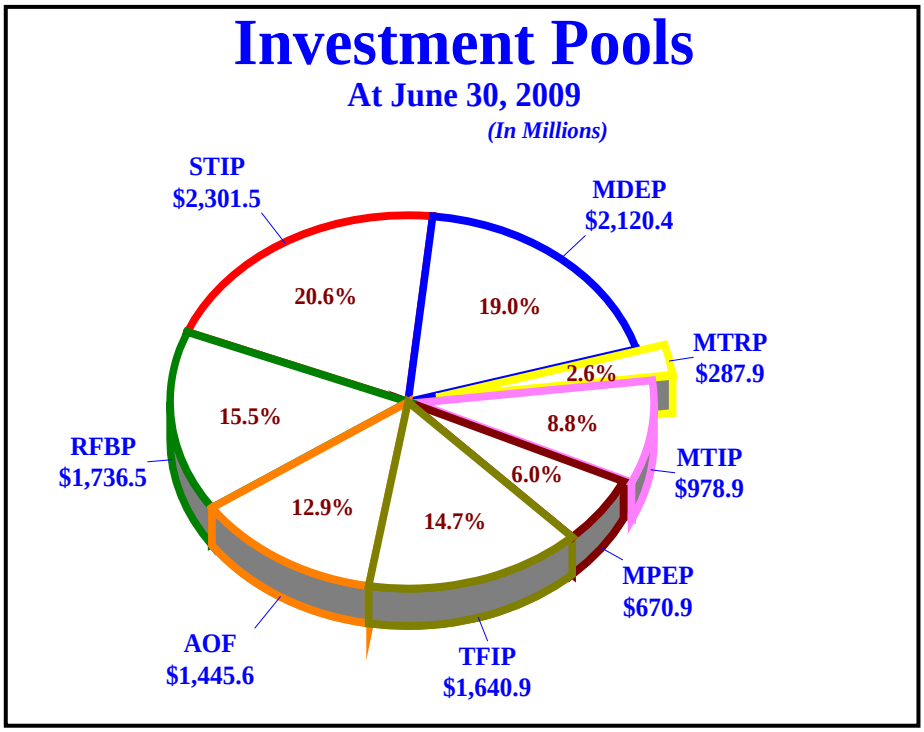
At June 30, 2009 the fair value of the Total Fund was $11.09 billion compared to $12.68 billion a year earlier. Fair values reflect the value of securities on June 30 as priced by the custodial bank, or other sources. During the year the Board invested 487 individual accounts, consisting of 305 state agency accounts and 182 local government accounts.




At year-end the Board managed 87.2 percent of the Total Fund in seven investment pools, which operate similar to mutual funds. All cash is initially deposited in STIP, which operates as a money market fund. STIP has a fixed $1.00 share value and participants may invest and withdraw funds with 24 hours notice.

Depending upon the investment parameters of individual accounts, some or most of the account balances may be transferred from STIP to other investment pools, which include equity, fixed-income, and alternative investments. If accounts are authorized to invest in longer-term investments but their investment parameters do not permit investment in the pools, they are invested in individual portfolios included in the All Other Funds.

Most state agency accounts authorized by law to retain interest earnings and all local government accounts are limited to STIP investments only. State agency accounts that invest in other investment pools or individual investment portfolios may maintain a minimum STIP balance for liquidity. Since the state's trust funds cannot be invested in equities, they are invested in the Trust Funds Investment Pool (TFIP), formerly known as the Trust Funds Bond Pool, or individual fixed-income portfolios. Because there are no constitutional or legal restraints on the investment of state pension funds, they are invested in the Retirement Funds Bond Pool (RFBP), the Montana Real Estate Pool (MTRP), and the three equity pools – the Montana Domestic Equity Pool (MDEP), the Montana International Equity Pool (MTIP), and the Montana Private Equity Pool (MPEP).




**The Montana Domestic Equity Pool (MDEP)** comprised 19.0 percent of the Total Portfolio on June 30, 2009. Pool securities include actively-managed small, mid and large cap domestic stock and passively-managed mid and large cap domestic stock. The pool is managed by contracted external managers. The nine pension funds comprise 99.9 percent of the pool's Net Asset Value. Dividends are distributed monthly and capital gains/losses are retained in the pool.

**The Retirement Funds Bond Pool (RFBP),** comprising 15.5 percent of the Total Portfolio on June 30, is limited to pension funds only and all nine funds participate. Pool securities are a mix of longer-term investment grade corporate bonds and U.S. government bonds. All bonds are U.S. dollar denominated. As of June 30, 2009, 85.5 percent of the pool was managed by Board staff. The remainder was externally managed. Income is distributed monthly and capital gains/losses are distributed periodically.

**The Short Term Investment Pool (STIP)** comprised 20.6 percent of the Total Portfolio on June 30. The pool operates as a money market fund with a constant share value of $1.00. There were 487 participants in the pool in 2009, including 182 local governments. Pool securities consist of investment grade short-term securities. The pool is managed by Board staff and income is distributed monthly.

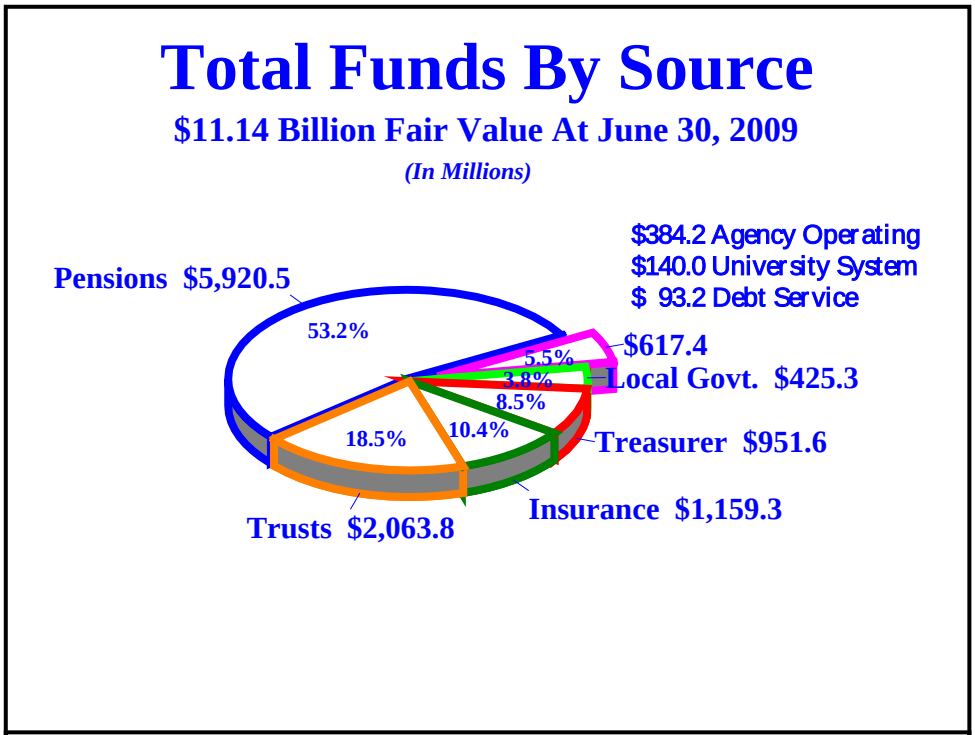
**The Trust Funds Investment Pool (TFIP),** formerly known as the Trust Funds Bond Pool, accounted for 14.7 percent of the Total Portfolio on June 30. The 37 participants in this pool are a mix of trust funds and university funds that may be invested long term. The pool securities are similar to RFBP securities and the pool is managed by Board staff. Income is distributed monthly and capital gains/losses are distributed periodically.

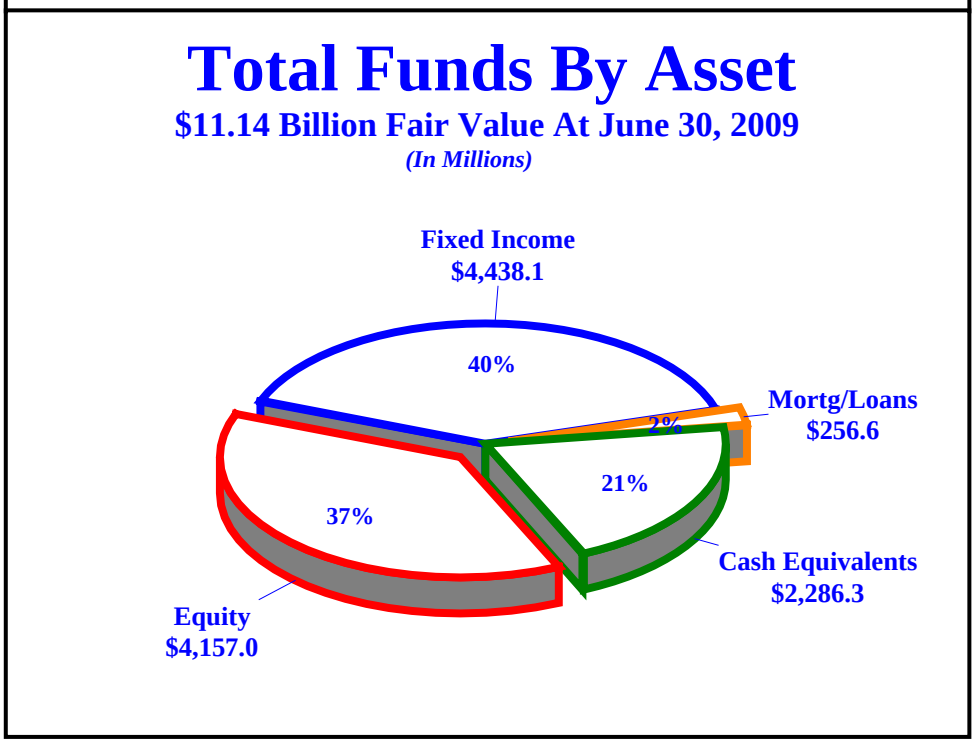
**The Montana International Equity Pool (MTIP),** comprising 8.8 percent of the Total Portfolio on June 30, is limited to pension funds only and all nine funds participate. Pool securities consist of both actively-managed and passively-managed Europe and Pacific Basin equity securities. The pool is managed by contracted external managers. Dividends are distributed monthly and capital gains/losses are retained in the pool.

**The Montana Private Equity Pool (MPEP),** comprising 6.0 percent of the Total Portfolio on June 30, is also limited to pension funds only and all nine funds participate. The Board contracts with several private equity managers to invest in venture capital, leveraged buy-out, and other types of private equity investments. Income is distributed periodically and capital gains/losses are retained in the pool.

**The Montana Real Estate Pool (MTRP)** comprised 2.6 percent of the Total Portfolio on June 30. The Board contracts with real estate managers to invest in core real estate, value-added real estate, and opportunistic real estate. In the "risk/return" spectrum, core real estate is the lowest, while opportunistic real estate is the highest. The pool is limited to pension funds only and all nine funds participate.

**The All Other Fund (AOF)** includes all other investments not held in the seven investment pools. Securities include bonds, mortgages/loans, a passive index stock fund and direct real estate.




The pie charts show the Total Fund by source and asset type at June 30, 2009. The nine pension funds comprised 53.2 percent of the Total Fund at fair value, while state trusts accounted for 18.5 percent.

The insurance portfolio is composed primarily of the State Fund (New Workers Compensation).

The Treasurer's Fund is essentially the state checking account that includes all state agency funds not authorized to retain their interest earnings. Interest earnings are deposited in the state general fund.

Local government investments in STIP comprised 3.8 percent of the Total Fund.

Except for $81.7 million of equity investments held by the State Fund and a handful of small trusts and endowments, the equity portfolio is held by the nine pension funds.

Mortgages and loans consist of residential mortgages held in pension fund portfolios and loans from the Coal Tax Trust to Montana businesses.

The Total Fund portfolio by major fund type and asset type are shown in the tables on the next page. The Total Fund invested balances and income history are shown on Page A – 16 in Appendix A.

## Total Fund By Source And Asset Allocation At Fair Value On June 30, 2009

| Fund Type | Cash Equivalents $ | Domestic Stock $ | Fixed Income $ | Mortgage/ Loans | Other Equity (1) | Total |
|---|---|---|---|---|---|---|
| Pensions | 65,672,282 | 2,118,914,067 | 1,736,529,037 | 44,547,217 | 1,954,883,695 | 5,920,546,299 |
| Trusts | 160,017,184 | 662,253 | 1,691,083,596 | 212,023,678 | | 2,063,786,711 |
| Insurance | 131,597,503 | | 945,999,646 | | 81,742,906 | 1,159,340,055 |
| Treasurer's | 951,585,782 | | | | | 951,585,782 |
| Local Gov. | 425,320,891 | | | | | 425,320,891 |
| Agency Cash | 368,702,969 | | 15,526,050 | | | 384,229,019 |
| Universities | 90,223,294 | 819,662 | 48,967,035 | | | 140,009,991 |
| Debt Service | 93,160,158 | | | | | 93,160,158 |
| Total | 2,286,280,063 | 2,120,395,983 | 4,438,105,364 | 256,570,896 | 2,036,626,600 | 11,137,978,906 |

(1) Includes International Stock, Equity Index Fund, Private Equity, and Real Estate

## Total Fund Book/Fair Values of Securities Held At June 30, 2009

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| US Government-Backed Bonds | 3,173,804,973 | 3,220,004,882 | 46,199,908 | 26.8 | 29.0 |
| Domestic Stocks/Indexes | 2,529,966,617 | 2,117,338,971 | (412,627,646) | 21.3 | 19.1 |
| Corporate Bonds | 2,505,973,196 | 2,397,854,038 | (108,119,158) | 21.1 | 21.6 |
| International Stocks | 1,059,445,808 | 973,481,473 | (85,964,335) | 8.9 | 8.8 |
| Private Equity | 774,019,696 | 671,456,150 | (102,563,546) | 6.5 | 6.1 |
| Commercial Paper | 464,428,000 | 464,302,860 | (125,140) | 3.9 | 4.2 |
| Equity Real Estate | 402,086,792 | 300,767,930 | (101,318,862) | 3.4 | 2.7 |
| Money Market | 301,427,621 | 301,427,621 | 0 | 2.5 | 2.7 |
| Mortgages\Loans | 257,293,821 | 256,570,896 | (722,926) | 2.2 | 2.3 |
| Certificates of Deposit | 130,000,000 | 130,000,000 | 0 | 1.1 | 1.2 |
| Structured Investment Vehicles | 113,625,566 | 113,625,566 | 0 | 1.0 | 1.0 |
| BGI Equity Index | 84,406,677 | 81,742,906 | (2,663,771) | 0.7 | 0.7 |
| SSB Short Term Investment Fund | 44,565,804 | 44,565,804 | 0 | 0.4 | 0.4 |
| Repurchase Agreements | 15,845,774 | 15,845,774 | 0 | 0.1 | 0.1 |
| SSB Repurchase Agreement | 2,721,652 | 2,721,652 | 0 | 0.0 | 0.0 |
| State/Local Government Bonds | 1,990,150 | 1,989,994 | (155) | 0.0 | 0.0 |
| Total | 11,861,602,148 | 11,093,696,517 | (767,905,631) | 100.0 | 100.0 |

## Total Fund Annual Change At June 30 By Asset Type

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| US Government-Backed Bonds | 3,173,804,973 | 26.8 | 2,642,785,055 | 21.3 | 531,019,919 | 20.1 |
| Domestic Stocks/Indexes | 2,529,966,617 | 21.3 | 2,949,750,890 | 23.8 | (419,784,273) | (14.2) |
| Corporate Bonds | 2,505,973,196 | 21.1 | 2,487,281,837 | 20.0 | 18,691,359 | 0.8 |
| International Stocks | 1,059,445,808 | 8.9 | 1,320,309,702 | 10.6 | (260,863,894) | (19.8) |
| Private Equity | 774,019,696 | 6.5 | 640,012,167 | 5.2 | 134,007,529 | 20.9 |
| Commercial Paper | 464,428,000 | 3.9 | 1,278,677,750 | 10.3 | (814,249,750) | (63.7) |
| Equity Real Estate | 402,086,792 | 3.4 | 332,940,420 | 2.7 | 69,146,373 | 20.8 |
| Money Market | 301,427,621 | 2.5 | 204,352,667 | 1.6 | 97,074,954 | 47.5 |
| Mortgages\Loans | 257,293,821 | 2.2 | 255,388,585 | 2.1 | 1,905,236 | 0.7 |
| Certificates of Deposit | 130,000,000 | 1.1 | 79,997,934 | 0.6 | 50,002,066 | 62.5 |
| Structured Investment Vehicles | 113,625,566 | 1.0 | 140,000,000 | 1.1 | (26,374,434) | (18.8) |
| BGI Equity Index | 84,406,677 | 0.7 | 68,406,677 | 0.6 | 16,000,000 | 23.4 |
| SSB Short Term Investment Fund | 44,565,804 | 0.4 | 0 | 0.0 | 44,565,804 | N/A |
| Repurchase Agreements | 15,845,774 | 0.1 | 12,123,446 | 0.1 | 3,722,328 | 30.7 |
| SSB Repurchase Agreement | 2,721,652 | 0.0 | 0 | 0.0 | 2,721,652 | N/A |
| State/Local Government Bonds | 1,990,150 | 0 | 2,628,366 | 0 | (638,216) | (24.3) |
| Total Investments | 11,861,602,148 | 100.0 | 12,414,655,495 | 100.0 | (553,053,348) | (4.5) |

The tables below show:

- The fair value of individual funds in descending order,
- Income generated by major funds, and
- The total rates of returns of major funds.

**Total Fund By Fund At Fair Value On June 30, 2009**

| Fund | Fair Value $ | Fund | Fair Value $ |
|---|---|---|---|
| Public Employees' Retirement | 2,988,207,751 | FWP License Account | 34,812,028 |
| Teachers' Retirement | 2,277,520,228 | Montana Pole | 29,775,435 |
| State Fund Insurance | 1,017,429,540 | Butte Area One Rest | 28,523,616 |
| Treasurer's Fund | 951,585,782 | Clark Fork River RS | 27,223,412 |
| Permanent Coal Tax Trust | 536,036,509 | Vol. Firefighters' Retirement | 20,445,531 |
| Trust & Legacy Fund | 442,543,389 | Old Fund Insurance | 19,862,668 |
| Local Government STIP | 425,320,891 | Parks Coal Trust | 18,920,392 |
| St Agency Operations STIP | 349,416,990 | Higher Education STIP | 17,298,646 |
| UCFRB Restoration Fund | 167,300,751 | Smelter Hill Upload | 13,366,113 |
| Treasure State Endowment | 166,512,306 | UCRFB Reserve Fund | 12,702,283 |
| Police Officers' Retirement | 151,563,984 | FWP Mitigation | 11,983,635 |
| Sheriffs' Retirement | 150,948,679 | Hail Insurance | 11,760,265 |
| Firefighters' Retirement | 149,081,934 | Cultural Coal Tax Trust | 10,545,516 |
| Tobacco Trust | 105,879,578 | Zortman/Landusky | 10,516,231 |
| Resource Indemnity Trust | 100,515,016 | Weed Control Trust | 9,879,485 |
| Clark Fork Site Resp | 98,417,255 | Wildlife Habitat Trust | 8,406,775 |
| Debt Service STIP | 93,160,158 | Older Montanans | 8,399,282 |
| Streamside Tailings | 76,514,393 | Zort/Land LT H20 Trust | 5,766,944 |
| Other Trusts STIP | 75,920,054 | Abandoned Mines | 5,361,962 |
| Highway Patrol Retirement | 74,416,504 | FWP Real Property | 5,149,387 |
| Montana State University | 73,481,828 | MT Tech UM Agency | 4,902,283 |
| Insurance STIP | 65,145,093 | Litigation Cost Recvr | 1,749,440 |
| Game Wardens' Retirement | 61,817,270 | Endowment for Children | 1,087,778 |
| Judges' Retirement | 46,544,418 | Other Trusts MDEP | 662,253 |
| Group Benefits Insurance | 44,901,503 | Other Trusts TFIP | 656,865 |
| UM Other Funds | 44,227,163 | Subsequent Injury | 240,985 |
| Treasure State Water | 43,742,695 | Higher Education MDEP | 100,071 |
| Big Sky Economic Devlp Fund | 39,727,961 | | |
| | | Total | 11,137,978,906 |

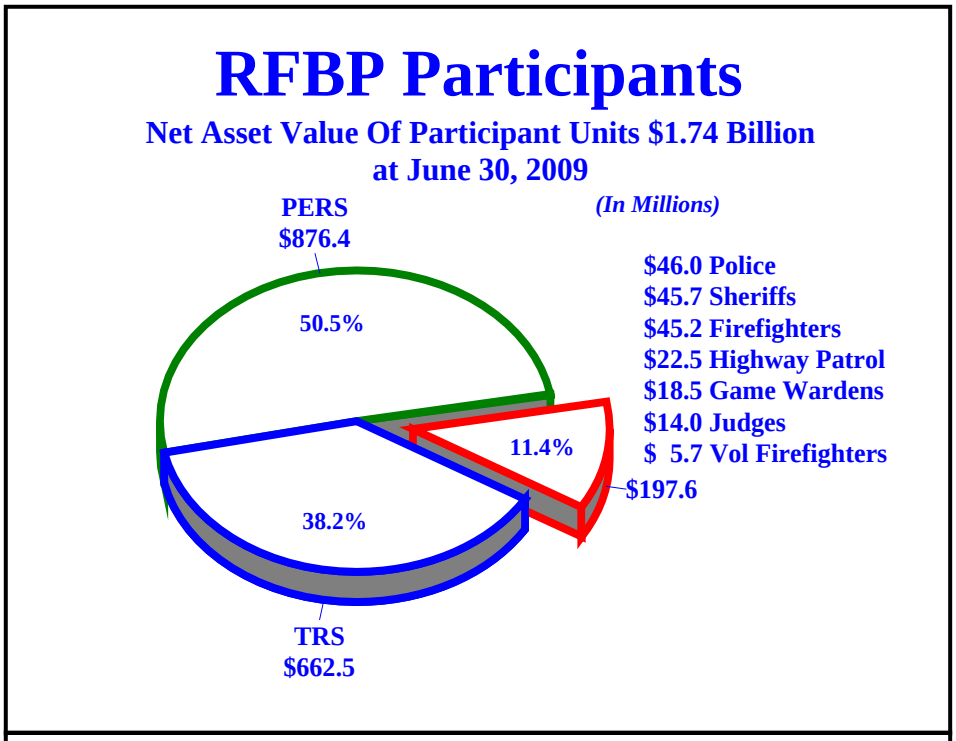
## Total Fund Income

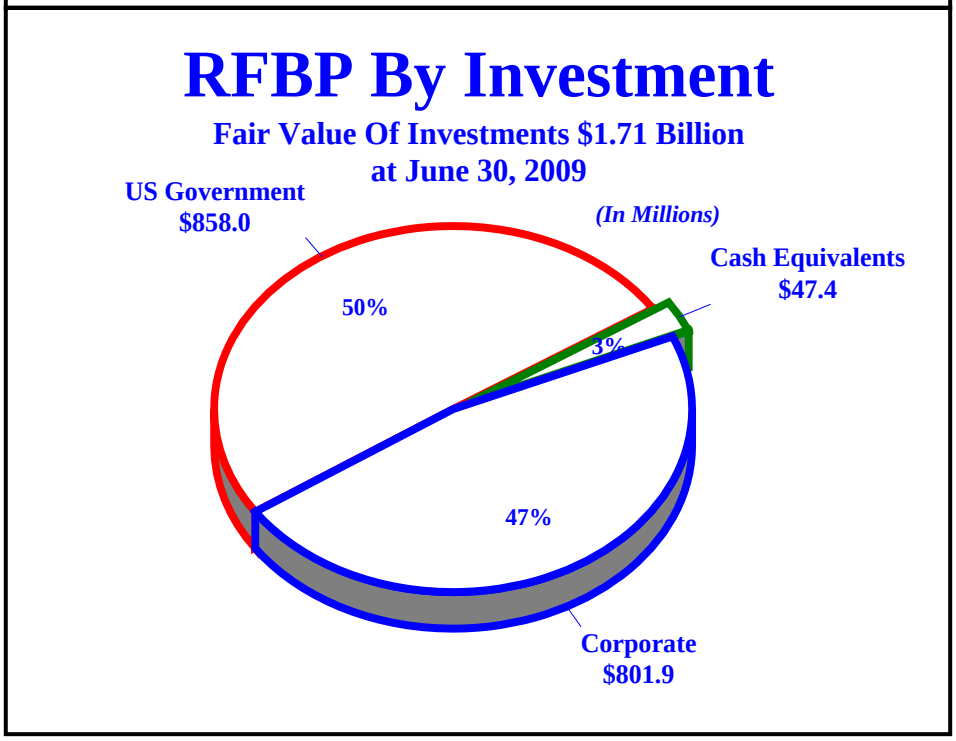
| Fund Type | 2009 $ Income | % of Total | 2008 $ Income | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Public Employees' Retirement | 69,320,159 | 22.2 | 94,852,097 | 21.7 | (25,531,937) | (26.9) |
| Teachers' Retirement | 58,891,011 | 18.9 | 83,047,218 | 19.0 | (24,156,207) | (29.1) |
| Permanent Coal Tax Trust (1) | 39,149,803 | 12.5 | 41,978,440 | 9.6 | (2,828,637) | (6.7) |
| State Fund Insurance | 34,336,864 | 11.0 | 44,271,533 | 10.1 | (9,934,670) | (22.4) |
| Other Managed Portfolios | 22,863,014 | 7.3 | 23,846,855 | 5.5 | (983,841) | (4.1) |
| Trust & Legacy Fund | 22,777,821 | 7.3 | 25,288,505 | 5.8 | (2,510,684) | (9.9) |
| Treasurer's Fund | 15,506,889 | 5.0 | 30,782,748 | 7.0 | (15,275,859) | (49.6) |
| Other Retirement Systems | 15,485,522 | 5.0 | 20,706,516 | 4.7 | (5,220,994) | (25.2) |
| State Agency/Higher Ed. STIP | 12,037,928 | 3.9 | 26,617,097 | 6.1 | (14,579,169) | (54.8) |
| UCFRB Restoration Fund | 8,987,447 | 2.9 | 10,134,461 | 2.3 | (1,147,014) | (11.3) |
| Local Governments STIP | 7,195,291 | 2.3 | 28,174,910 | 6.4 | (20,979,618) | (74.5) |
| Resource Indemnity Trust | 5,197,073 | 1.7 | 5,800,855 | 1.3 | (603,782) | (10.4) |
| Old Fund Insurance | 495,978 | 0.2 | 1,852,292 | 0.4 | (1,356,314) | (73.2) |
| Total | 312,244,801 | 100.0 | 437,353,527 | 100.0 | (125,108,726) | (28.6) |

(1) Includes Treasure State Endowment, Treasure State Regional Water and Big Sky Economic Development

## Major Funds 2009 Total Rates Of Return

| Fund Name | % Return |
|---|---|
| Public Employees' Retirement | (20.69) |
| Teachers' Retirement | (20.67) |
| Coal Tax Permanent Fund | 4.49 |
| State Fund Insurance | 1.85 |
| Trust & Legacy Fund | 4.18 |
| Treasurer's Fund | 1.74 |
| Resource Indemnity Trust | 4.21 |




## RETIREMENT FUNDS BOND POOL (RFBP)

On April 1, 1995, all fixed-income investments held by the nine pension funds were transferred to the newly-created Retirement Funds Bond Pool (RFBP). Each pension fund received shares in the pool equal in value to the fair value of its fixed-income portfolio on the date of the transfer.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of the securities held by the pool. Any difference in the net asset value and the securities held is due to receivables/payables and/or cash included in the net asset value of the pool.

The RFBP distributed $90.9 million in income to participants in 2009, compared to $113.8 million in 2008. Income distributed includes, interest accruals, discount/premium, and realized gains/losses.

The consolidated investment pool financial statement begins on Page B-1. A list of the individual securities in the RFBP portfolio is shown on Page B-29 in Appendix B.

The tables on the next page show:

- The changes in book value of portfolio securities,
- The difference between book and fair value of the securities portfolio, and
- The securities portfolio's total rate of return.

**RFBP Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Corporate Bonds (Rated) | 862,470,688 | 49.0 | 1,011,467,221 | 50.7 | (148,996,533) | (14.7) |
| Corporate Bonds (Unrated) | 16,404 | 0.0 | 17,126,603 | 0.9 | (17,110,199) | (99.9) |
| U.S. Govt Direct Obligations | 253,898,907 | 14.4 | 123,946,602 | 6.2 | 129,952,305 | 104.8 |
| U.S. Government Agency | 595,154,660 | 33.8 | 770,923,080 | 38.6 | (175,768,420) | (22.8) |
| Total Fixed Income | 1,711,540,659 | 97.3 | 1,923,463,506 | 96.4 | (211,922,847) | (11.0) |
| State Street Repo | 2,721,652 | 0.2 | 0 | 0.0 | 2,721,652 | N/A |
| State Street Bank and Trust Co. | 44,565,804 | 2.5 | 0 | 0.0 | 44,565,804 | N/A |
| Short Term Investment Pool | 118,747 | 0.0 | 71,764,367 | 3.6 | (71,645,620) | (99.8) |
| Total Cash Equivalents | 47,406,203 | 2.7 | 71,764,367 | 3.6 | (24,358,163) | (33.9) |
| Total Investments | 1,758,946,862 | 100.0 | 1,995,227,873 | 100.0 | (236,281,010) | (11.8) |

**RFBP Book/Fair Values At June 30, 2009**

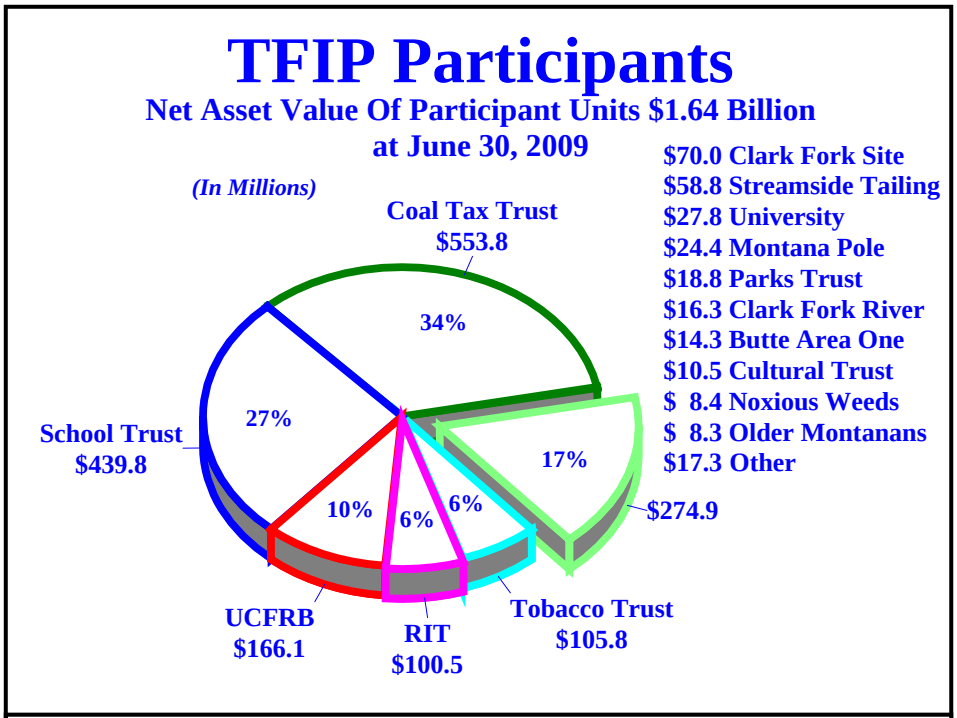
| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Corporate Bonds (Rated) | 862,470,688 | 801,929,008 | (60,541,680) | 49.0 | 47.0 |
| Corporate Bonds (Unrated) | 16,404 | 17,277 | 873 | 0.0 | 0.0 |
| U.S. Govt Direct Obligations | 253,898,907 | 252,322,011 | (1,576,897) | 14.4 | 14.8 |
| U.S. Government Agency | 595,154,660 | 605,695,298 | 10,540,638 | 33.8 | 35.5 |
| Total Fixed Income | 1,711,540,659 | 1,659,963,593 | (51,577,066) | 97.3 | 97.2 |
| State Street Repo | 2,721,652 | 2,721,652 | 0 | 0.2 | 0.2 |
| State Street Bank and Trust Co. | 44,565,804 | 44,565,804 | 0 | 2.5 | 2.6 |
| Short Term Investment Pool | 118,747 | 118,747 | 0 | 0.0 | 0.0 |
| Total Cash Equivalents | 47,406,203 | 47,406,203 | 0 | 2.7 | 2.8 |
| Total Investments | 1,758,946,862 | 1,707,369,797 | (51,577,066) | 100.0 | 100.0 |

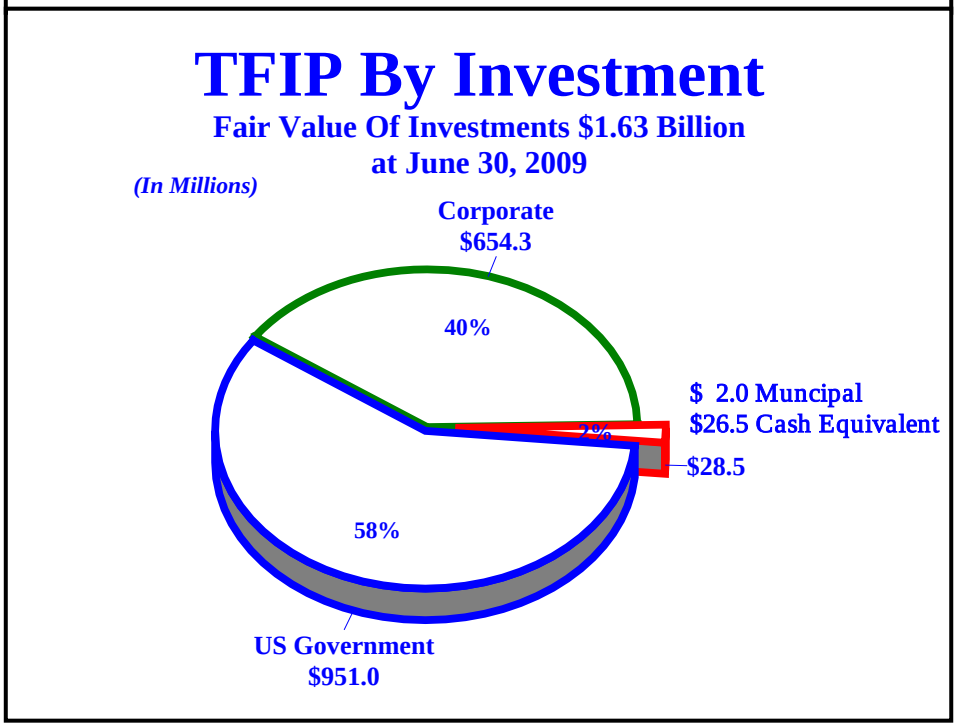
**RFBP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | 2.53 | Barclays Capital Aggregate | 6.05 | (3.52) |
| 3 Year Annualized Average | 5.07 | Barclays Capital Aggregate | 6.43 | (1.36) |
| 5 Year Annualized Average | 4.71 | Barclays Capital Aggregate | 5.01 | (0.30) |
| 10 Year Annualized Average | 6.44 | Barclays Capital Aggregate | 5.98 | 0.46 |

## INVESTMENT OBJECTIVE/CONSTRAINTS

- Diversified portfolio, providing an annualized time weighted total return exceeding that of the Barclays Capital Aggregate Bond Index over a three year rolling period.
- Low liquidity requirements, except for investment purposes.
- Pool consists of underlying portfolio exposures to Core, Core Plus, and High Yield investment strategies.
- Underlying securities are limited to 0-15% below investment grade and 0-10% for non-US issuers, with a combined limit of 20%.




## TRUST FUNDS INVESTMENT POOL (TFIP)

On October 1, 1995, all fixed-income investments held by the state's major trust funds were transferred to the newly-created Trust Funds Bond Pool, now known as the Trust Funds Investment Pool (TFIP). Each trust fund received shares in the pool equal in value to the fair value of their fixed-income portfolio on the date of the transfer.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of the securities held by the pool. Any difference in the net asset value and the securities held is due to receivables/payables and/or cash included in the net asset value of the pool.

The TFIP distributed $80.2 million in income to participants in 2009, compared to $83.4 million in 2008. Income distributed includes interest accruals, discount/premium, and realized gains/losses.

The consolidated investment pool financial statement begins on Page B-1. A list of the individual securities in the TFIP portfolio is shown on Page B-40 in Appendix B.

The tables on the next page show:

- The changes in book value of portfolio securities,
- The difference between book and fair value of the securities portfolio, and
- The securities portfolio's total rate of return.

**TFIP Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Corporate Bonds (Rated) | 679,374,039 | 41.3 | 755,582,157 | 48.9 | (76,208,118) | (10.1) |
| Corporate Bonds (Unrated) | 0 | 0.0 | 8,031,707 | 0.5 | (8,031,707) | (100.0) |
| U.S. Govt Direct Obligations | 301,020,238 | 18.3 | 109,799,731 | 7.1 | 191,220,507 | 174.2 |
| U.S. Government Agency | 637,279,581 | 38.7 | 622,625,270 | 40.3 | 14,654,312 | 2.4 |
| Municipal Govt Bonds (Rated) | 1,110,000 | 0.1 | 1,120,000 | 0.1 | (10,000) | (0.9) |
| Municipal Govt Bonds (Unrated) | 880,150 | 0.1 | 1,508,366 | 0.1 | (628,216) | (41.6) |
| Total Fixed Income | 1,619,664,008 | 98.4 | 1,498,667,231 | 97.1 | 120,996,777 | 8.1 |
| Short Term Investment Pool | 26,466,678 | 1.6 | 45,017,942 | 2.9 | (18,551,264) | (41.2) |
| Total Cash Equivalents | 26,466,678 | 1.6 | 45,017,942 | 2.9 | (18,551,264) | (41.2) |
| Total Investments | 1,646,130,686 | 100.0 | 1,543,685,172 | 100.0 | 102,445,513 | 6.6 |

**TFIP Book/Fair Values At June 30, 2009**

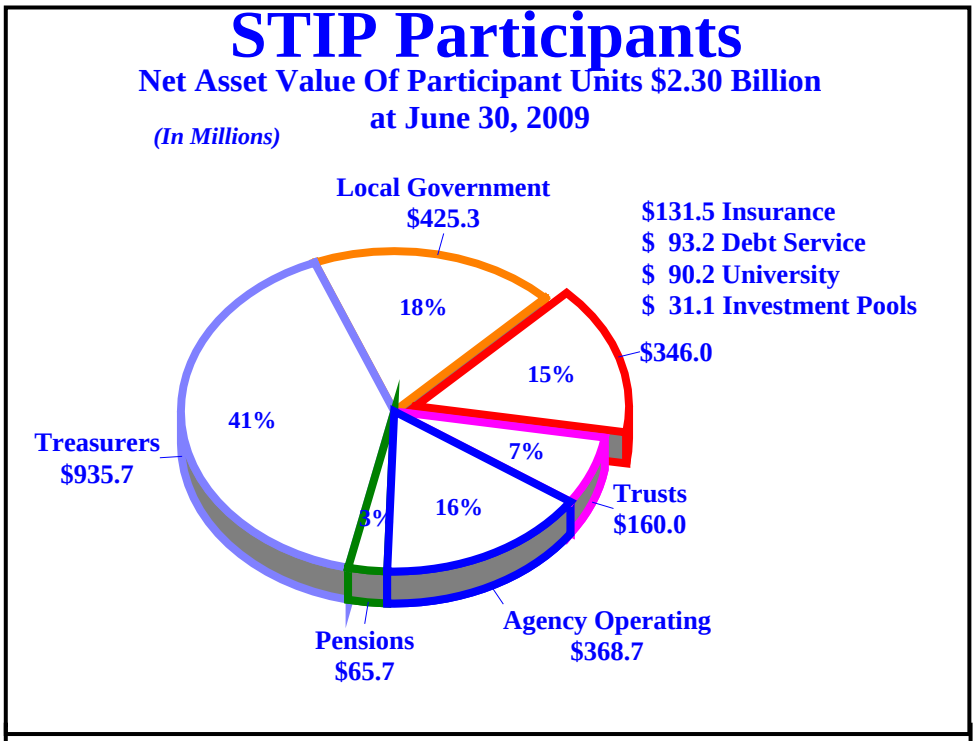
| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Corporate Bonds (Rated) | 679,374,039 | 654,270,846 | (25,103,193) | 41.3 | 40.0 |
| Corporate Bonds (Unrated) | 0 | 0 | 0 | 0.0 | 0.0 |
| U.S. Govt Direct Obligations | 301,020,238 | 304,797,214 | 3,776,977 | 18.3 | 18.7 |
| U.S. Government Agency | 637,279,581 | 646,234,482 | 8,954,900 | 38.7 | 39.6 |
| Municipal Govt Bonds (Rated) | 1,110,000 | 1,109,845 | (155) | 0.1 | 0.1 |
| Municipal Govt Bonds (Unrated) | 880,150 | 880,150 | 0 | 0.1 | 0.1 |
| Total Fixed Income | 1,619,664,008 | 1,607,292,537 | (12,371,471) | 98.4 | 98.4 |
| Short Term Investment Pool | 26,466,678 | 26,466,678 | 0 | 1.6 | 1.6 |
| Total Cash Equivalents | 26,466,678 | 26,466,678 | 0 | 1.6 | 1.6 |
| Total Investments | 1,646,130,686 | 1,633,759,215 | (12,371,471) | 100.0 | 100.0 |

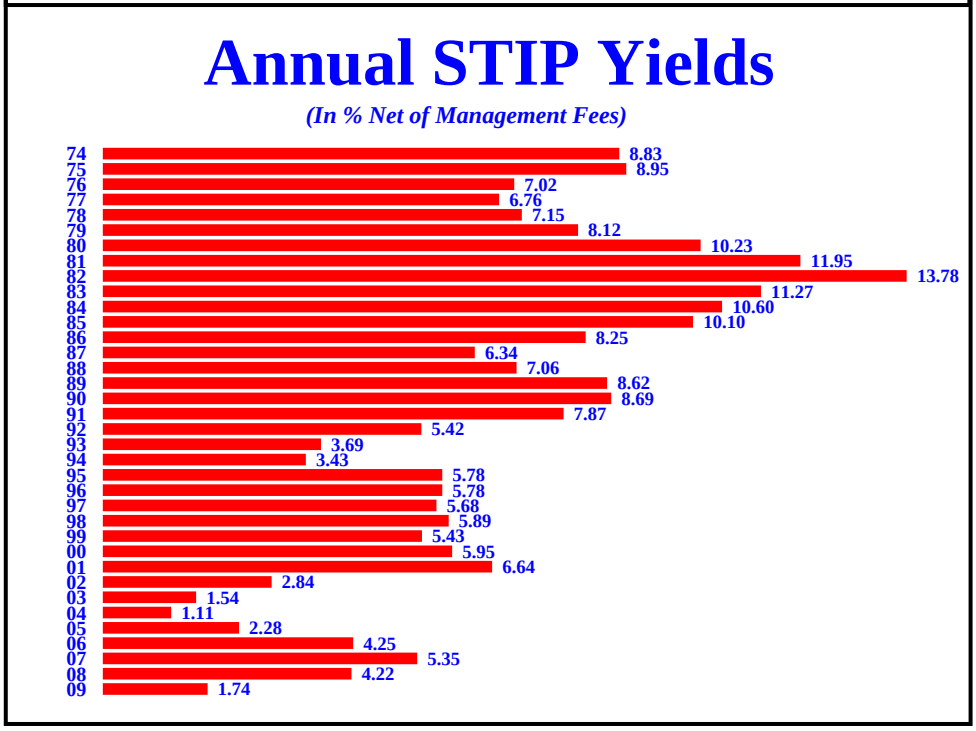
**TFIP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | 4.71 | Barclays Capital Aggregate | 6.05 | (1.34) |
| 3 Year Annualized Average | 5.93 | Barclays Capital Aggregate | 6.43 | (0.50) |
| 5 Year Annualized Average | 5.26 | Barclays Capital Aggregate | 5.01 | 0.25 |
| 10 Year Annualized Average | 6.63 | Barclays Capital Aggregate | 5.98 | 0.65 |

## INVESTMENT OBJECTIVE/CONSTRAINTS

- Diversified income-producing portfolio, with primary exposure to U.S. investment grade fixed income securities, and to a limited extent, below investment grade (10% maximum) and core real estate (8% maximum).
- The return objective of the investment grade fixed income portfolio is to exceed that of the Barclays Capital Aggregate Bond Index over a three year rolling period. Additional emphasis is given to providing a moderate yield advantage to this benchmark consistent with the preservation of capital.
- Low liquidity requirements, except for investment purposes.
- Mortgage-backed securities purchases are restricted to US Government Agencies.
- All securities must pay in US Dollars.




## SHORT TERM INVESTMENT POOL (STIP)

The Short Term Investment Pool (STIP), created in 1973, provides participants access to a short-term money market fund. Shares are fixed at $1.00, fractional shares may be purchased, and participants may buy or sell shares with one business day's notice. Income is distributed on the first day of the month.

The upper graph depicts the net asset value of the pool at June 30. The lower graph shows the historical yield to participants based on distributed income after management and custody fees are deducted.

There were 487 accounts invested in STIP during the year, consisting of 305 state accounts and 182 local government accounts. The STIP distributed $37.4 million to participants in 2009, compared to $94.6 million in 2008.

The consolidated investment pool financial statement begins on Page B-1. A list of the individual securities in the STIP portfolio is shown on Page B-50 in Appendix B.

The tables on the next page show:

- The changes in Net Asset Value by major participant type,
- The changes in book value of portfolio securities, and
- The securities portfolio's total rate of return.

**STIP NAV Annual Change By Participant At June 30**

| Fund Type | 2009 $ NAV (1) | % of Total | 2008 $ NAV (1) | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Treasurer's Fund | 935,740,008 | 40.7 | 818,868,548 | 35.3 | 116,871,460 | 14.3 |
| Local Governments | 425,320,891 | 18.5 | 499,966,368 | 21.6 | (74,645,477) | (14.9) |
| Agency Operating | 368,702,969 | 16.0 | 412,567,284 | 17.8 | (43,864,315) | (10.6) |
| Insurance Funds | 131,597,503 | 5.7 | 132,914,429 | 5.7 | (1,316,926) | (1.0) |
| Investment Pools | 31,055,316 | 1.3 | 120,243,375 | 5.2 | (89,188,060) | (74.2) |
| Trust Funds | 160,017,184 | 7.0 | 95,727,888 | 4.1 | 64,289,296 | 67.2 |
| Pension Funds | 65,672,282 | 2.9 | 90,213,738 | 3.9 | (24,541,456) | (27.2) |
| University System | 90,223,294 | 3.9 | 75,750,034 | 3.3 | 14,473,260 | 19.1 |
| Debt Service Funds | 93,160,158 | 4.0 | 72,383,220 | 3.1 | 20,776,937 | 28.7 |
| Total | 2,301,489,605 | 100.0 | 2,318,634,887 | 100.0 | (17,145,282) | (0.7) |

(1) Net Asset Value

**STIP Annual Change At June 30**

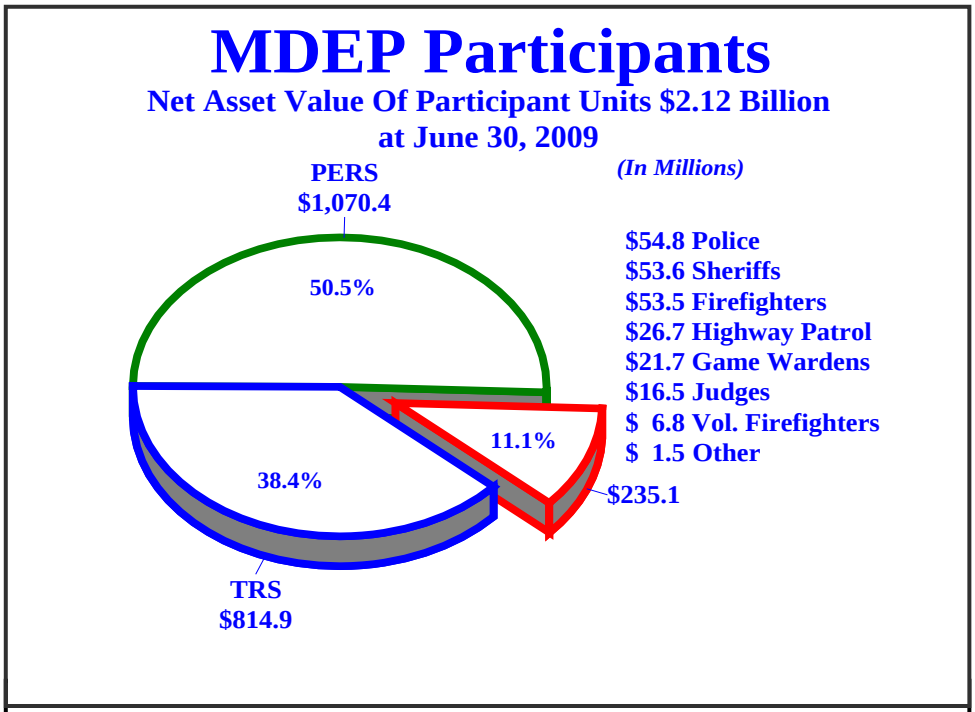
| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Commercial Paper | 464,302,860 | 20.2 | 1,278,677,750 | 55.1 | (814,374,890) | (63.7) |
| U.S. Government Agency | 891,202,952 | 38.7 | 439,007,788 | 18.9 | 452,195,164 | 103.0 |
| Money Market | 301,427,621 | 13.1 | 204,352,667 | 8.8 | 97,074,954 | 47.5 |
| Corporate | 400,722,469 | 17.4 | 179,971,989 | 7.8 | 220,750,480 | 122.7 |
| Structured Investment Vehicles | 113,625,566 | 4.9 | 140,000,000 | 6.0 | (26,374,434) | (18.8) |
| Certificates of Deposit | 130,000,000 | 5.6 | 79,997,934 | 3.4 | 50,002,066 | 62.5 |
| Municipal Variable Rate (Unrated) | 0 | 0.0 | 0 | 0.0 | 0 | N/A |
| Total Investments | 2,301,281,468 | 100.0 | 2,322,008,128 | 100.0 | (20,726,660) | (0.9) |

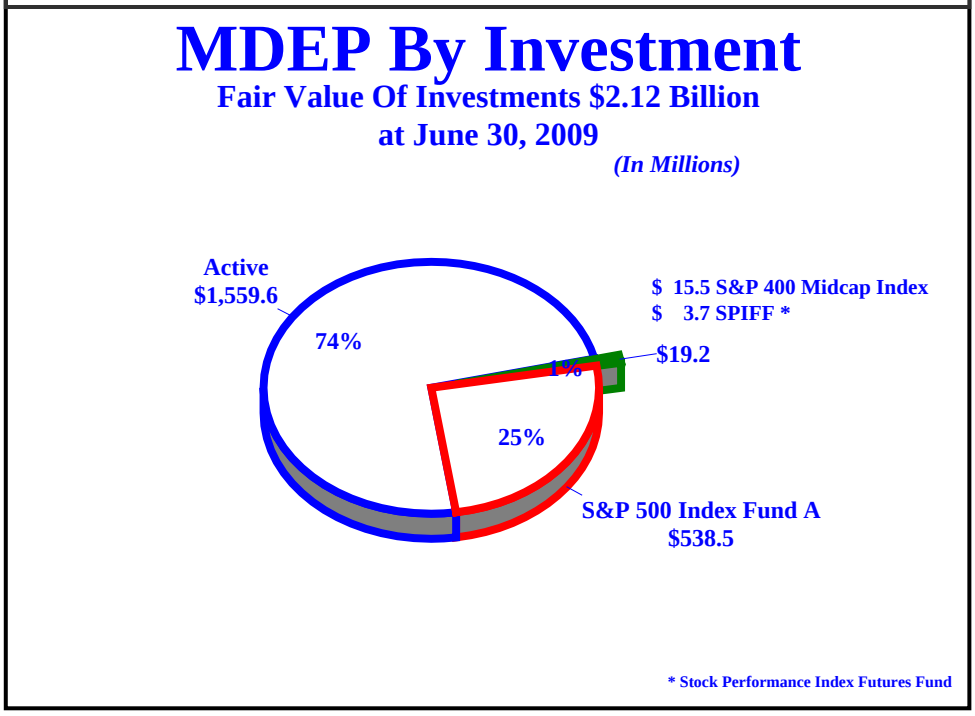
**STIP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | 2.08 | LIBOR 1 Month | 1.35 | 0.73 |
| 3 Year Annualized Average | 4.04 | LIBOR 1 Month | 3.59 | 0.45 |
| 5 Year Annualized Average | 3.74 | LIBOR 1 Month | 3.55 | 0.19 |
| 10 Year Annualized Average | 3.68 | LIBOR 1 Month | 3.45 | 0.23 |

## INVESTMENT OBJECTIVE/CONSTRAINTS

- Diversified money market fund with a primary objective of preserving principal. Risk tolerance is low.
- A return objective of providing a distributed yield exceeding the one month LIBOR index.
- Highly liquid portfolio.
- Portfolio weighted average maturity limited to 60 days, with a maximum security maturity of 397 days except for limited exceptions such as with floating rate securities.
- Participants include state agencies, local governments and school districts.




## MONTANA DOMESTIC EQUITY POOL (MDEP)

The Montana Domestic Equity Pool (MDEP) was created May 1, 2003, when all investments held in the Montana Common Stock Pool, the Standard and Poor's 500 Index Fund A and the Dimensional Fund Advisors US Small Cap Index were combined to create the pool.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of investments held by active and passive management.

The MDEP distributed $25.8 million of income to participants in 2009, compared to $21.9 million in 2008. Income distributed includes dividends, security lending and miscellaneous income. All realized capital gains and losses are retained in the pool.

The consolidated investment pool financial statement begins on Page B-1. The MDEP portfolio is shown on Page B-46 in Appendix B.

The tables on the following pages show:

- Changes in the fair value of the securities portfolio by manager,
- The difference between book and fair value of the securities portfolio, and
- The securities portfolio's total rate of return.

## MDEP Change At June 30 by Manager

| Sector | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| S & P 500 Index (Passive) | 538,484,994 | 25.4 | 744,236,640 | 25.1 | (205,751,646) | (27.6) |
| JP Morgon Partial L/S | 153,394,659 | 7.2 | 187,918,039 | 6.3 | (34,523,380) | (18.4) |
| T Rowe Price Large Cap Enh Index | 147,209,455 | 7.0 | 199,642,816 | 6.7 | (52,433,361) | (26.3) |
| Barrow Hanley Large Cap Value | 136,409,835 | 6.4 | 181,886,892 | 6.1 | (45,477,057) | (25.0) |
| INTECH Large Cap Enh Index | 131,280,908 | 6.2 | 183,071,350 | 6.2 | (51,790,442) | (28.3) |
| Renaissance Large Cap Growth | 103,759,459 | 4.9 | 145,212,364 | 4.9 | (41,452,905) | (28.5) |
| Rainier Large Cap Growth | 99,654,292 | 4.7 | 144,401,083 | 4.9 | (44,746,791) | (31.0) |
| Columbus Large Cap Growth | 98,429,699 | 4.6 | 148,403,430 | 5.0 | (49,973,731) | (33.7) |
| WAMCO Large Cap Enh Index | 93,508,002 | 4.4 | 164,767,126 | 5.6 | (71,259,123) | (43.2) |
| Goldman Large Cap Enh Index | 93,207,726 | 4.4 | 126,422,892 | 4.3 | (33,215,166) | (26.3) |
| Quantitative Large Cap Value | 86,885,727 | 4.1 | 122,804,963 | 4.1 | (35,919,236) | (29.2) |
| Analytic Partial L/S | 80,925,561 | 3.8 | 113,638,940 | 3.8 | (32,713,379) | (28.8) |
| Martingale Mid Cap Core | 69,239,941 | 3.3 | 105,838,593 | 3.6 | (36,598,652) | (34.6) |
| TimesSquare Mid Cap Growth | 59,807,035 | 2.8 | 76,518,755 | 2.6 | (16,711,721) | (21.8) |
| Martingale Partial L/S | 53,061,445 | 2.5 | 78,636,978 | 2.7 | (25,575,533) | (32.5) |
| Artisan Mid Cap Value | 48,469,300 | 2.3 | 61,286,655 | 2.1 | (12,817,355) | (20.9) |
| DFA Small Cap Enhanced Index | 41,413,149 | 2.0 | 53,150,403 | 1.8 | (11,737,254) | (22.1) |
| Vaughan Nelson Small Cap Value | 35,707,458 | 1.7 | 46,534,380 | 1.6 | (10,826,923) | (23.3) |
| NorthPointe Small Cap Growth | 27,277,260 | 1.3 | 41,099,668 | 1.4 | (13,822,408) | (33.6) |
| S & P 400 Midcap Index | 15,548,390 | 0.7 | 21,559,922 | 0.7 | (6,011,532) | (27.9) |
| State Street SPIFF (1) | 3,664,672 | 0.2 | 18,579,258 | 0.6 | (14,914,585) | (80.3) |
| Total | 2,117,338,971 | 100.0 | 2,965,611,148 | 100.0 | (848,272,179) | (28.6) |

(1) Stock Performance Index Futures Fund

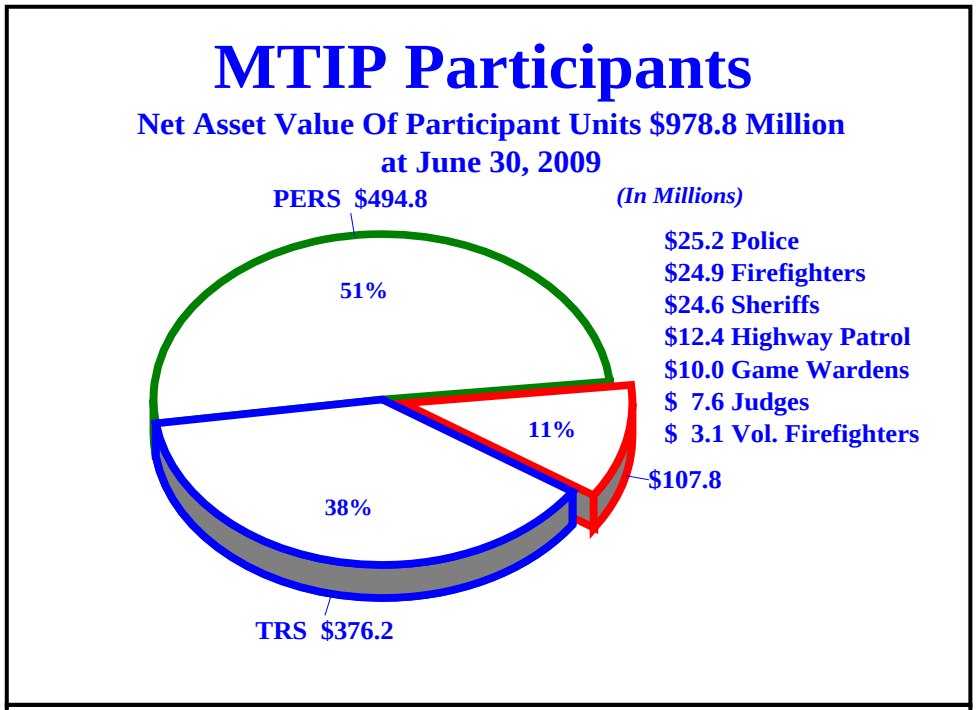
## MDEP Book/Fair Values At June 30, 2009 by Manager

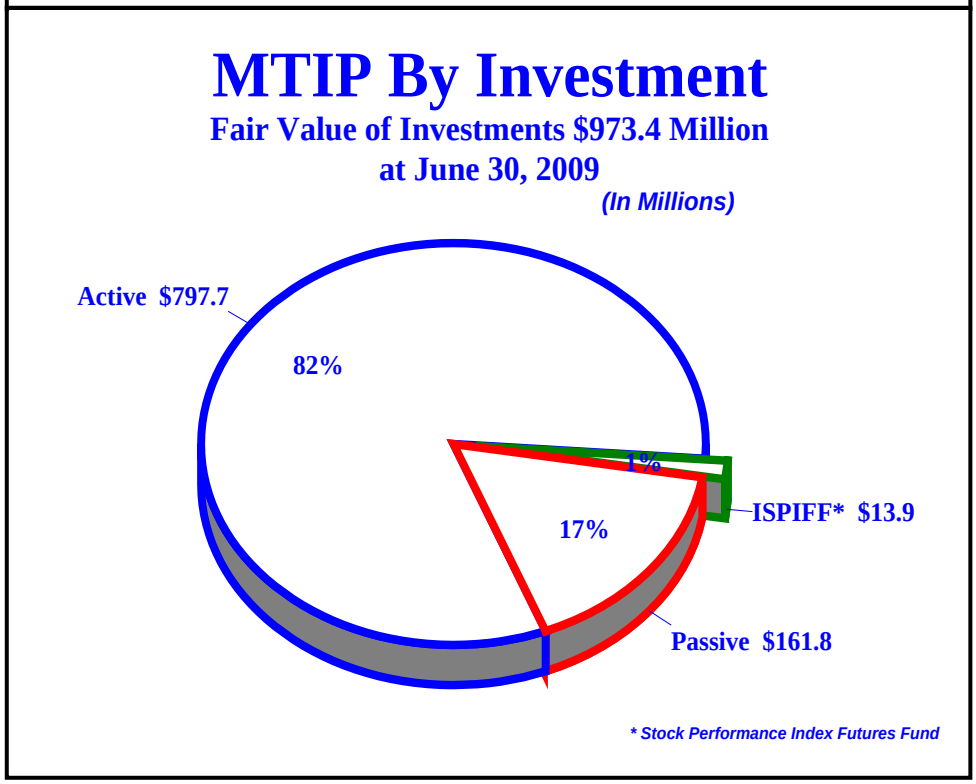
| Sector | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| S & P 500 Index (Passive) | 591,551,226 | 538,484,994 | (53,066,232) | 23.4 | 25.4 |
| T Rowe Price Large Cap Enh Index | 174,472,838 | 147,209,455 | (27,263,383) | 6.9 | 7.0 |
| JP Morgan Partial L/S | 166,292,261 | 153,394,659 | (12,897,602) | 6.6 | 7.2 |
| INTECH Large Cap Enh Index | 146,859,848 | 131,280,908 | (15,578,940) | 5.8 | 6.2 |
| Barrow Hanley Large Cap Value | 192,398,921 | 136,409,835 | (55,989,086) | 7.6 | 6.4 |
| WAMCO Large Cap Enh Index | 206,937,301 | 93,508,002 | (113,429,298) | 8.2 | 4.4 |
| Columbus Large Cap Growth | 103,630,746 | 98,429,699 | (5,201,047) | 4.1 | 4.6 |
| Renaissance Large Cap Growth | 115,313,652 | 103,759,459 | (11,554,192) | 4.6 | 4.9 |
| Rainier Large Cap Growth | 108,637,629 | 99,654,292 | (8,983,337) | 4.3 | 4.7 |
| Goldman Large Cap Enh Index | 125,956,387 | 93,207,726 | (32,748,661) | 5.0 | 4.4 |
| Quantitative Large Cap Value | 134,342,838 | 86,885,727 | (47,457,110) | 5.3 | 4.1 |
| Analytic Partial L/S | 84,213,104 | 80,925,561 | (3,287,543) | 3.3 | 3.8 |
| Martingale Mid Cap Core | 73,333,062 | 69,239,941 | (4,093,121) | 2.9 | 3.3 |
| Martingale Partial L/S | 60,039,995 | 53,061,445 | (6,978,550) | 2.4 | 2.5 |
| TimesSquare Mid Cap Growth | 67,909,721 | 59,807,035 | (8,102,687) | 2.7 | 2.8 |
| Artisan Mid Cap Value | 57,935,745 | 48,469,300 | (9,466,445) | 2.3 | 2.3 |
| DFA Small Cap Enhanced Index | 35,190,238 | 41,413,149 | 6,222,910 | 1.4 | 2.0 |
| Vaughan Nelson Small Cap Value | 35,562,574 | 35,707,458 | 144,883 | 1.4 | 1.7 |
| NorthPointe Small Cap Growth | 28,037,019 | 27,277,260 | (759,759) | 1.1 | 1.3 |
| S & P 400 Midcap Index | 17,955,912 | 15,548,390 | (2,407,522) | 0.7 | 0.7 |
| State Street SPIFF (1) | 3,395,598 | 3,664,672 | 269,075 | 0.1 | 0.2 |
| Total | 2,529,966,617 | 2,117,338,971 | (412,627,648) | 100.0 | 100.0 |

(1) Stock Performance Index Futures Fund

**MDEP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | (27.24) | S & P 1500 | (26.34) | (0.90) |
| 3 Year Annualized Average | (8.81) | S & P 1500 | (8.23) | (0.58) |
| 5 Year Annualized Average | (2.74) | S & P 1500 | (1.97) | (0.77) |
| 10 Year Annualized Average | (2.67) | S & P 1500 | (1.51) | (1.16) |




## MONTANA INTERNATIONAL EQUITY POOL (MTIP)

The Montana International Equity Pool (MTIP) was created in 1997 when the nine pension funds purchased pool shares to fund investments in international stock. Cash dividends, interest and related income currency gains/losses are distributed monthly.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of the securities held by active and passive management.

Any difference between the net asset value of the pool and the fair value of investments held is due to receivables/payables and/or cash included in the net asset value of the pool.

The MTIP distributed $18.4 million of income to participants in 2009, compared to $25.5 million in 2008.

The consolidated investment pool financial statement begins on Page B-1. The MTIP portfolio is shown on Page B-47 in Appendix B.

The tables on the following pages show:

- Changes in the fair value of the securities portfolio by manager,
- The changes in securities fair value by country,
- The book and fair values of securities portfolios by country, and
- The portfolio's total rate of return.

**MTIP Change at June 30 by Manager**

| | 2009 $ Fair Value $ | % of Total | 2008 $ Fair Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Artio Global (formerly Julius Baer) | 110,255,600 | 11.3 | 175,324,223 | 12.2 | (65,068,623) | (37.1) |
| Batterymarch | 108,137,015 | 11.1 | 184,954,161 | 12.9 | (76,817,146) | (41.5) |
| BGI MSCI Europe (Passive) Equity Index | 102,239,710 | 10.5 | 155,043,812 | 10.8 | (52,804,102) | (34.1) |
| AllianceBernstein | 83,677,026 | 8.6 | 132,095,974 | 9.2 | (48,418,947) | (36.7) |
| BGI Global Ex US Alpha Tilt | 79,828,258 | 8.2 | 117,096,633 | 8.1 | (37,268,375) | (31.8) |
| Hansburger | 78,998,381 | 8.1 | 117,647,120 | 8.2 | (38,648,739) | (32.9) |
| Acadian | 78,851,165 | 8.1 | 140,562,932 | 9.8 | (61,711,766) | (43.9) |
| Martin Currie | 75,226,502 | 7.7 | 124,669,945 | 8.7 | (49,443,443) | (39.7) |
| Nomura Actively Managed Pacific Basin | 64,569,988 | 6.6 | 87,607,840 | 6.1 | (23,037,853) | (26.3) |
| BGI ACWI EX US Superfund A | 59,582,815 | 6.1 | - | 0.0 | 59,582,815 | N/A |
| DFA International Index | 39,793,549 | 4.1 | 57,159,226 | 4.0 | (17,365,677) | (30.4) |
| Principal Global | 38,519,789 | 4.0 | 68,179,918 | 4.7 | (29,660,129) | (43.5) |
| AXA Rosenberg International Small Cap | 30,055,820 | 3.1 | 49,747,613 | 3.5 | (19,691,793) | (39.6) |
| SSB EAFE Index | 13,927,220 | 1.4 | 20,458,585 | 1.4 | (6,531,366) | (31.9) |
| StateStreet Cash | 9,818,636 | 1.0 | 7,092,888 | 0.5 | 2,725,748 | 38.4 |
| Total International Portfolios | 973,481,473 | 100.0 | 1,437,640,868 | 100.0 | (464,159,395) | (32.3) |

**MTIP Annual Change At June 30**

| Country | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Japan | 111,939,134 | 11.5 | 168,174,660 | 11.7 | (56,235,526) | (33.4) |
| BGI MSCI Europe Equity Index | 102,239,710 | 10.5 | 49,747,613 | 3.5 | 52,492,097 | 105.5 |
| United Kingdom | 85,236,377 | 8.8 | 129,715,160 | 9.0 | (44,478,783) | (34.3) |
| US (ADR)* | 83,697,803 | 8.6 | 75,716,235 | 5.3 | 7,981,568 | 10.5 |
| BGI Global Ex US Alpha Tilt | 79,828,258 | 8.2 | 155,043,812 | 10.8 | (75,215,554) | (48.5) |
| BGI ACWI EX US Superfund | 59,582,815 | 6.1 | 0 | 0.0 | 59,582,815 | N/A |
| France | 45,184,925 | 4.6 | 67,502,708 | 4.7 | (22,317,784) | (33.1) |
| Hong Kong | 39,976,913 | 4.1 | 44,072,366 | 3.1 | (4,095,453) | (9.3) |
| DFA International Index | 39,793,549 | 4.1 | 57,159,226 | 4.0 | (17,365,677) | (30.4) |
| Switzerland | 34,738,384 | 3.6 | 42,437,671 | 3.0 | (7,699,288) | (18.1) |
| Germany | 33,401,278 | 3.4 | 78,858,322 | 5.5 | (45,457,044) | (57.6) |
| Australia | 32,903,811 | 3.4 | 47,035,005 | 3.3 | (14,131,195) | (30.0) |
| Canada | 32,034,694 | 3.3 | 49,716,338 | 3.5 | (17,681,644) | (35.6) |
| Commingled Accounts | 30,055,821 | 3.1 | 186,870,294 | 13.0 | (156,814,474) | (83.9) |
| Netherlands | 22,729,981 | 2.3 | 35,886,023 | 2.5 | (13,156,043) | (36.7) |
| Spain | 20,969,426 | 2.2 | 34,032,983 | 2.4 | (13,063,557) | (38.4) |
| EAFE Stock Performance Index | 13,927,220 | 1.4 | 20,458,585 | 1.4 | (6,531,366) | (31.9) |
| Korea | 13,388,723 | 1.4 | 18,269,893 | 1.3 | (4,881,171) | (26.7) |
| Italy | 12,035,287 | 1.2 | 36,404,573 | 2.5 | (24,369,286) | (66.9) |
| US $ Cash | 9,818,636 | 1.0 | 7,092,888 | 0.5 | 2,725,748 | 38.4 |
| Taiwan | 9,423,341 | 1.0 | 8,560,020 | 0.6 | 863,321 | 10.1 |
| Swedan | 8,897,260 | 0.9 | 8,781,470 | 0.6 | 115,790 | 1.3 |
| Singapore | 8,205,570 | 0.8 | 13,421,869 | 0.9 | (5,216,299) | (38.9) |
| Norway | 5,253,753 | 0.5 | 13,130,710 | 0.9 | (7,876,956) | (60.0) |
| Brazil | 5,251,484 | 0.5 | 6,965,888 | 0.5 | (1,714,404) | (24.6) |
| Belgium | 4,782,666 | 0.5 | 8,427,354 | 0.6 | (3,644,687) | (43.2) |
| Denmark | 4,577,923 | 0.5 | 12,176,042 | 0.8 | (7,598,119) | (62.4) |
| South Africa | 3,561,828 | 0.4 | 4,657,980 | 0.3 | (1,096,152) | (23.5) |
| Thailand | 3,075,413 | 0.3 | 2,082,642 | 0.1 | 992,772 | 47.7 |
| Finland | 2,624,201 | 0.3 | 15,418,566 | 1.1 | (12,794,365) | (83.0) |
| Malaysia | 2,306,644 | 0.2 | 1,857,066 | 0.1 | 449,578 | 24.2 |
| Greece | 1,872,287 | 0.2 | 6,768,565 | 0.5 | (4,896,277) | (72.3) |
| Austria | 1,655,778 | 0.2 | 13,804,890 | 1.0 | (12,149,112) | (88.0) |
| Turkey | 1,403,368 | 0.1 | 1,744,517 | 0.1 | (341,148) | (19.6) |
| Portugal | 1,162,378 | 0.1 | 2,616,331 | 0.2 | (1,453,953) | (55.6) |
| Ireland | 1,116,947 | 0.1 | 629,007 | 0.0 | 487,940 | 77.6 |
| Mexico | 1,028,059 | 0.1 | 5,914,973 | 0.4 | (4,886,914) | (82.6) |
| Indonesia | 991,352 | 0.1 | 1,404,300 | 0.1 | (412,948) | (29.4) |
| Poland | 975,614 | 0.1 | 997,288 | 0.1 | (21,673) | (2.2) |
| Hungary | 846,555 | 0.1 | 0 | 0.0 | 846,555 | N/A |
| Israel | 478,830 | 0.0 | 1,972,933 | 0.1 | (1,494,103) | (75.7) |
| Philippines | 306,009 | 0.0 | 1,099,907 | 0.1 | (793,898) | (72.2) |
| Czech Republic | 201,470 | 0.0 | 769,564 | 0.1 | (568,094) | (73.8) |
| New Zealand | 0 | 0.0 | 244,630 | 0.0 | (244,630) | (100.0) |
| Total | 973,481,473 | 100.0 | $1,437,640,868 | 100.0 | ($464,159,395) | (32.3) |

*Represents ownership in the shares of a foreign company trading on US financial markets.

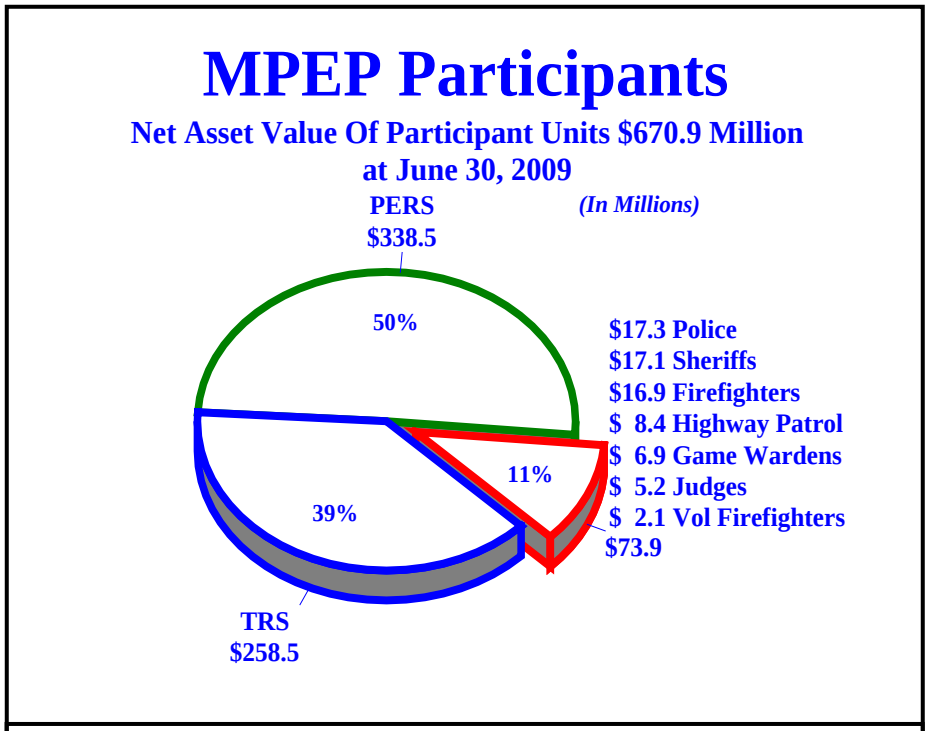
## MTIP Book/Fair Values At June 30, 2009

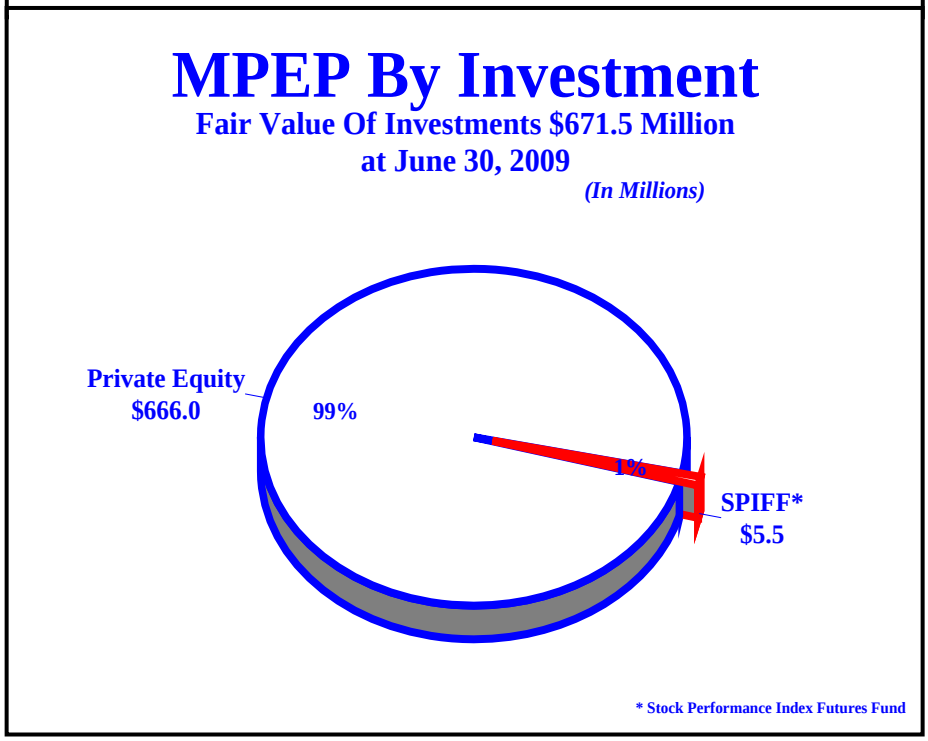
| Country | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Japan | 124.323.207 | 111.939.134 | (12.384.072) | 11.7 | 11.5 |
| BGI MSCI Europe Equity Index | 93,208,727 | 102,239,710 | 9,030,983 | 8.8 | 10.5 |
| United Kingdom | 93.001.078 | 85.236.377 | (7.764.701) | 8.8 | 8.8 |
| US (ADR)* | 90,822,821 | 83,697,803 | (7,125,019) | 8.6 | 8.6 |
| BGI Global Ex US Alpha Tilt | 101.210.818 | 79.828.258 | (21.382.560) | 9.6 | 8.2 |
| BGI ACWI EX US Superfund | 60,000,587 | 59,582,815 | (417,772) | 5.7 | 6.1 |
| France | 53,382,050 | 45,184,925 | (8,197,126) | 5.0 | 4.6 |
| Hong Kong | 36,060,481 | 39,976,913 | 3,916,432 | 3.4 | 4.1 |
| DFA International Index | 50,564,305 | 39,793,549 | (10,770,756) | 4.8 | 4.1 |
| Switzerland | 38,689,550 | 34,738,384 | (3,951,166) | 3.7 | 3.6 |
| Germany | 40,116,313 | 33,401,278 | (6,715,035) | 3.8 | 3.4 |
| Australia | 30,260,841 | 32,903,811 | 2,642,969 | 2.9 | 3.4 |
| Canada | 31,433,123 | 32,034,694 | 601,570 | 3.0 | 3.3 |
| Commingled Accounts | 46,908,465 | 30,055,821 | (16,852,645) | 4.4 | 3.1 |
| Netherlands | 26,702,968 | 22,729,981 | (3,972,987) | 2.5 | 2.3 |
| Spain | 20.592.370 | 20.969.426 | 377.056 | 1.9 | 2.2 |
| EAFE Stock Performance Index | 13,604,025 | 13,927,220 | 323,195 | 1.3 | 1.4 |
| Korea | 13.108.496 | 13.388.723 | 280.227 | 1.2 | 1.4 |
| Italy | 13,990,529 | 12,035,287 | (1,955,243) | 1.3 | 1.2 |
| US $ Cash | 9.818.636 | 9.818.636 | 0 | 0.9 | 1.0 |
| Taiwan | 9,612,517 | 9,423,341 | (189,176) | 0.9 | 1.0 |
| Swedan | 9,103,044 | 8,897,260 | (205,785) | 0.9 | 0.9 |
| Singapore | 7,482,675 | 8,205,570 | 722,895 | 0.7 | 0.8 |
| Norway | 6,199,345 | 5,253,753 | (945,592) | 0.6 | 0.5 |
| Brazil | 4,628,122 | 5,251,484 | 623,362 | 0.4 | 0.5 |
| Belgium | 5,046,800 | 4,782,666 | (264,134) | 0.5 | 0.5 |
| Denmark | 3,866,154 | 4,577,923 | 711,769 | 0.4 | 0.5 |
| South Africa | 3,357,737 | 3,561,828 | 204,091 | 0.3 | 0.4 |
| Thailand | 2,324,852 | 3,075,413 | 750,561 | 0.2 | 0.3 |
| Finland | 3,413,508 | 2,624,201 | (789,308) | 0.3 | 0.3 |
| Malaysia | 2.127.041 | 2.306.644 | 179.603 | 0.2 | 0.2 |
| Greece | 2,269,731 | 1,872,287 | (397,443) | 0.2 | 0.2 |
| Austria | 2.580.038 | 1.655.778 | (924.260) | 0.2 | 0.2 |
| Turkey | 1,331,487 | 1,403,368 | 71,882 | 0.1 | 0.1 |
| Portugal | 1,281,398 | 1,162,378 | (119,020) | 0.1 | 0.1 |
| Ireland | 1,192,290 | 1,116,947 | (75,343) | 0.1 | 0.1 |
| Mexico | 1,113,465 | 1,028,059 | (85,406) | 0.1 | 0.1 |
| Indonesia | 932,591 | 991,352 | 58,761 | 0.1 | 0.1 |
| Poland | 1,686,632 | 975,614 | (711,018) | 0.2 | 0.1 |
| Hungary | 1,167,430 | 846,555 | (320,875) | 0.1 | 0.1 |
| Israel | 458,194 | 478,830 | 20,636 | 0.0 | 0.0 |
| Philippines | 256,703 | 306,009 | 49,306 | 0.0 | 0.0 |
| Czech Republic | 214,664 | 201,470 | (13,193) | 0.0 | 0.0 |
| Total | 1,059,445,808 | 973,481,473 | (85,964,335) | 100.0 | 100.0 |

*Represents ownership in the shares of a foreign company trading on US financial markets.

## MTIP Total Rates of Returns Versus Benchmark

| Year | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | (35.17) | MTIP Custom Benchmark | (30.61) | (4.56) |
| 3 Year Annualized Average | (8.14) | MTIP Custom Benchmark | (5.84) | (2.30) |
| 5 Year Annualized Average | 2.20 | MTIP Custom Benchmark | 3.72 | (1.52) |
| 10 Year Annualized Average | 1.96 | MTIP Custom Benchmark | 1.86 | 0.10 |




## MONTANA PRIVATE EQUITY POOL (MPEP)

The Montana Private Equity Pool was created on May 1, 2002 when all private equity investments held by the nine pension funds were transferred to the pool. Each pension fund received shares in the pool equal to the fair value of their private equity investments and also transferred cash to the pool to provide liquidity for investments.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of the securities held by the pool.

Any difference between the net asset value of the pool and the fair value of investments held is due to receivables/payables and/or cash included in the net asset value of the pool.

The MPEP distributed $2.0 million of income to participants in 2009, compared to $1.6 million in 2008.

The consolidated investment pool financial statement begins on Page B-1. The MPEP portfolio is shown on Page B-48 in Appendix B.

The tables on the following pages show:

- Changes in the fair value of the securities portfolio by manager,
- The difference between book and fair value of the securities portfolio, and
- The portfolio's total rate of return.

**MPEP Change At June 30 by Manager**

| Manager/Investment Type | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Adams Street Partners | 172,621,631 | 25.7 | 213,905,012 | 28.7 | (41,283,381) | (19.3) |
| Welsh Carson Anderson&Stowe | 49,058,142 | 7.3 | 55,295,005 | 7.4 | (6,236,864) | (11.3) |
| Lexington Capital | 47,109,359 | 7.0 | 54,877,081 | 7.4 | (7,767,722) | (14.2) |
| Carlyle Partners | 38,164,593 | 5.7 | 44,341,656 | 6.0 | (6,177,063) | (13.9) |
| Madison Dearborn Capital | 36,856,052 | 5.5 | 51,042,289 | 6.9 | (14,186,236) | (27.8) |
| Arclight Capital | 33,423,928 | 5.0 | 33,251,388 | 4.5 | 172,540 | 0.5 |
| Oak Hill Capital | 27,942,306 | 4.2 | 28,272,370 | 3.8 | (330,064) | (1.2) |
| First Reserve | 25,652,600 | 3.8 | 20,279,546 | 2.7 | 5,373,054 | 26.5 |
| Oaktree Capital | 22,831,732 | 3.4 | 3,052,739 | 0.4 | 19,778,993 | 647.9 |
| Portfolio Advisors | 22,356,655 | 3.3 | 16,336,246 | 2.2 | 6,020,409 | 36.9 |
| Kolberg Kravis & Roberts (KKR) | 19,682,054 | 2.9 | 33,302,222 | 4.5 | (13,620,167) | (40.9) |
| Avenue Capital | 19,512,819 | 2.9 | 14,665,298 | 2.0 | 4,847,521 | 33.1 |
| Odyssey Partners | 18,139,341 | 2.7 | 13,453,643 | 1.8 | 4,685,699 | 34.8 |
| JLL Partners | 17,566,411 | 2.6 | 19,222,145 | 2.6 | (1,655,734) | (8.6) |
| NB Coinvest | 14,404,170 | 2.1 | 0 | 0.0 | 14,404,170 | N/A |
| Hellman & Friedman | 13,342,072 | 2.0 | 12,912,906 | 1.7 | 429,166 | 3.3 |
| MHR Institutional | 11,632,330 | 1.7 | 12,325,993 | 1.7 | (693,663) | (5.6) |
| Matlin Patterson | 9,934,444 | 1.5 | 15,050,621 | 2.0 | (5,116,176) | (34.0) |
| Siguler Guff | 9,482,206 | 1.4 | 5,390,229 | 0.7 | 4,091,977 | 75.9 |
| Quintana Energy | 8,477,435 | 1.3 | 8,422,285 | 1.1 | 55,149 | 0.7 |
| Harbour Vest | 8,338,314 | 1.2 | 4,485,749 | 0.6 | 3,852,566 | 85.9 |
| Industry Ventures | 7,365,001 | 1.1 | 7,768,251 | 1.0 | (403,250) | (5.2) |
| J.C. Flowers | 7,121,684 | 1.1 | 12,963,283 | 1.7 | (5,841,599) | (45.1) |
| CCMP | 6,565,542 | 1.0 | 6,720,929 | 0.9 | (155,387) | (2.3) |
| Buerk Dale Victor | 5,617,062 | 0.8 | 3,315,285 | 0.4 | 2,301,777 | 69.4 |
| SPIFF (1) | 5,510,897 | 0.8 | 12,507,838 | 1.7 | (6,996,941) | (55.9) |
| Terra Firma | 4,056,428 | 0.6 | 13,310,847 | 1.8 | (9,254,419) | (69.5) |
| Trilantic Capital Partners | 3,276,999 | 0.5 | 0 | 0.0 | 3,276,999 | N/A |
| Highway 12 Ventures | 2,966,993 | 0.4 | 1,991,776 | 0.3 | 975,216 | 49.0 |
| Affinity | 1,386,599 | 0.2 | 2,968,762 | 0.4 | (1,582,163) | (53.3) |
| Performance Equity Management | 1,060,352 | 0.2 | 0 | 0.0 | 1,060,352 | N/A |
| Lehman Brothers | 0 | 0.0 | 22,667,557 | 3.0 | (22,667,557) | (100.0) |
| Total Investments | 671,456,150 | 100.0 | 744,098,947 | 100.0 | (72,642,797) | (9.8) |

(1) Stock Performance Index Futures Fund

**MPEP Book/Fair Values At June 30, 2009 by Manager**

| Manager/Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Adams Street Partners | 199,541,306 | 172,621,631 | (26,919,675) | 25.8 | 25.7 |
| Welsh Carson Anderson&Stowe | 43,292,321 | 49,058,142 | 5,765,821 | 5.6 | 7.3 |
| Lexington Capital | 39,841,724 | 47,109,359 | 7,267,635 | 5.1 | 7.0 |
| Carlyle Partners | 42,563,474 | 38,164,593 | (4,398,881) | 5.5 | 5.7 |
| Madison Dearborn Capital | 40,516,906 | 36,856,052 | (3,660,854) | 5.2 | 5.5 |
| Arclight Capital | 33,953,117 | 33,423,928 | (529,189) | 4.4 | 5.0 |
| Oak Hill Capital | 26,847,715 | 27,942,306 | 1,094,591 | 3.5 | 4.2 |
| First Reserve | 29,611,426 | 25,652,600 | (3,958,826) | 3.8 | 3.8 |
| Oaktree Capital | 25,749,461 | 22,831,732 | (2,917,729) | 3.3 | 3.4 |
| Portfolio Advisors | 25,042,564 | 22,356,655 | (2,685,909) | 3.2 | 3.3 |
| Kolberg Kravis & Roberts (KKR) | 31,328,674 | 19,682,054 | (11,646,620) | 4.0 | 2.9 |
| Avenue Capital | 27,943,678 | 19,512,819 | (8,430,859) | 3.6 | 2.9 |
| Odyssey Partners | 17,342,172 | 18,139,341 | 797,170 | 2.2 | 2.7 |
| JLL Partners | 18,832,481 | 17,566,411 | (1,266,070) | 2.4 | 2.6 |
| NB Coinvest | 17,796,240 | 14,404,170 | (3,392,070) | 2.3 | 2.1 |
| Hellman & Friedman | 15,363,776 | 13,342,072 | (2,021,704) | 2.0 | 2.0 |
| MHR Institutional | 14,438,692 | 11,632,330 | (2,806,362) | 1.9 | 1.7 |
| Matlin Patterson | 17,285,321 | 9,934,444 | (7,350,877) | 2.2 | 1.5 |
| Siguler Guff | 10,550,520 | 9,482,206 | (1,068,314) | 1.4 | 1.4 |
| Quintana Energy | 9,946,620 | 8,477,435 | (1,469,185) | 1.3 | 1.3 |
| Harbour Vest | 10,578,431 | 8,338,314 | (2,240,116) | 1.4 | 1.2 |
| Industry Ventures | 7,758,929 | 7,365,001 | (393,929) | 1.0 | 1.1 |
| J.C. Flowers | 22,876,213 | 7,121,684 | (15,754,529) | 3.0 | 1.1 |
| CCMP | 7,944,068 | 6,565,542 | (1,378,526) | 1.0 | 1.0 |
| Buerk Dale Victor | 6,600,000 | 5,617,062 | (982,938) | 0.9 | 0.8 |
| SPIFF (1) | 5,478,742 | 5,510,897 | 32,155 | 0.7 | 0.8 |
| Terra Firma | 13,886,770 | 4,056,428 | (9,830,342) | 1.8 | 0.6 |
| Trilantic Capital Partners | 3,471,692 | 3,276,999 | (194,692) | 0.4 | 0.5 |
| Highway 12 Ventures | 3,428,226 | 2,966,993 | (461,234) | 0.4 | 0.4 |
| Affinity | 3,075,440 | 1,386,599 | (1,688,841) | 0.4 | 0.2 |
| Performance Equity Management | 1,133,000 | 1,060,352 | (72,648) | 0.1 | 0.2 |
| Total Investments | 774,019,696 | 671,456,150 | (102,563,546) | 100.0 | 100.0 |

(1) Stock Performance Index Futures Fund

**MPEP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | (25.09) | S&P 1500 + 4.0% | (33.92) | 8.83 |
| 3 Year Annualized Average | 0.95 | S&P 1500 + 4.0% | (9.24) | 10.19 |
| 5 Year Annualized Average | 7.50 | S&P 1500 + 4.0% | (0.56) | 8.06 |

Private equity investments are participations in non-publicly traded equity ownership of a fund or operating company either directly or more commonly through a partnership. As of June 30, 2009, 30 private equity managers invested the pool's assets.

The types of investments made by private equity managers generally fall into the following categories:

**Private Equity** – Private equity investments in funds or operating companies in an asset class other than cash, stocks, or fixed income securities and real estate.

**Venture Capital** – Equity or equity-like investments in companies that have undeveloped or developing products or revenue.

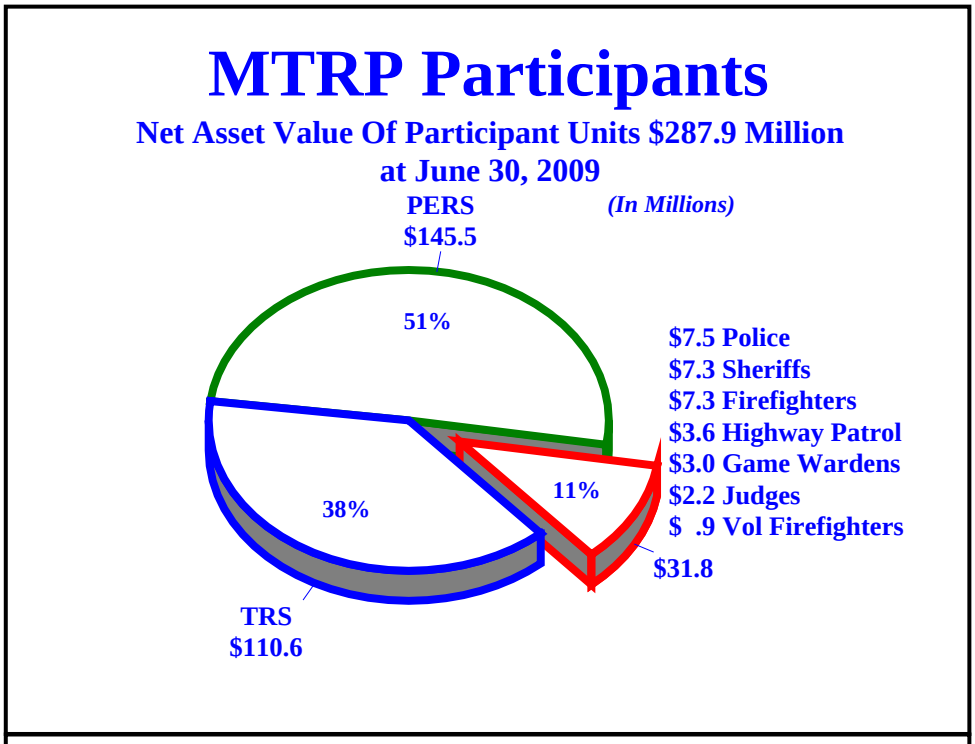
**Leveraged Buy-Outs** – Equity investments in public or private companies that purchase a significant portion or majority control of the company.

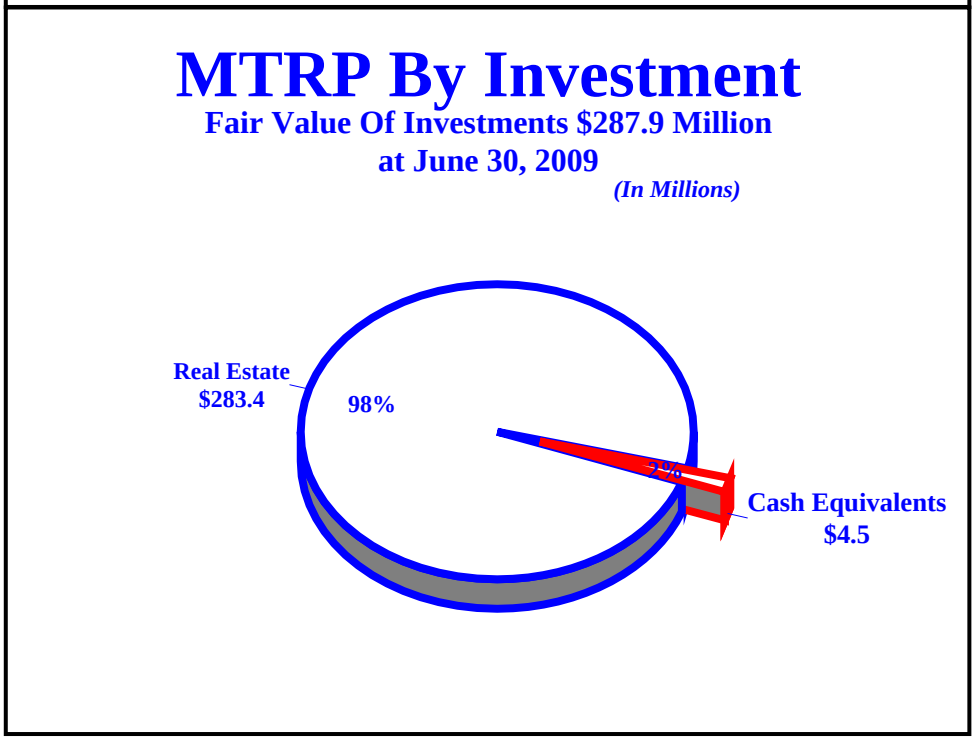
**Mezzanine** – Investments in the subordinated debt and/or equity of privately owned companies. The debt holder participates in equity appreciation through conversion features, such as rights, warrants, and/or options.

**Special Situations** – Includes: 1) investments in the exploration for oil and/or gas reserves or in the development of proven reserves; 2) investments in land to harvest timber; and 3) investments that have a special component usually related to geographical, economic, or social issues sometimes referred to as Economically Targeted Investments.

**Secondary Investments** – Investments in a previously-owned limited partnership or investment in previously owned limited partnership via a secondary fund.

**Distressed Debt** – Public and private debt of companies that appear unlikely to meet their financial obligations but are attractive to investors, not for repayment of interest and principal which are unlikely to be paid, but for the claim placed on the firm's value by unpaid creditors.




**MONTANA REAL ESTATE POOL (MTRP)**

The Montana Real Estate Pool (MTRP) was created April 26, 2006 to permit the nine pension funds to participate in a diversified real estate portfolio. The Board has approved an allocation of up to 8.0 percent of pension funds to real estate.

The upper graph depicts the net asset value of the pool at June 30. The lower graph represents the fair value of the securities held by the pool.

The MTRP distributed $4.8 million of income to participants in 2009, compared to $4.1 million in 2008.

The consolidated investment pool financial statement begins on Page B-1. The MTRP portfolio is shown on Page B-49 in Appendix B.

The tables on the following pages show:

- Changes in the book value of the securities portfolio by manager,
- The difference between book and fair value of the securities portfolio, and
- The portfolio's total rate of return.

**MTRP Annual Change At June 30**

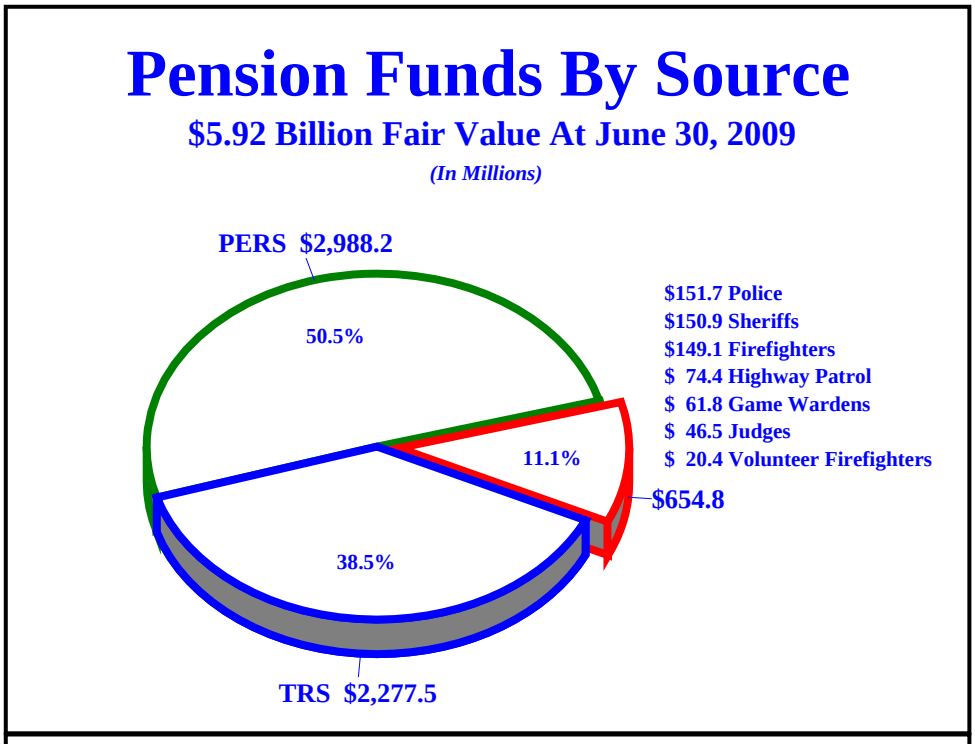
| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| JP Morgan Chase Bank Strategig | 71,383,708 | 18.3 | 68,141,976 | 21.3 | 3,241,732 | 4.8 |
| Clarion Lion Properties Fund | 45,000,000 | 11.6 | 45,000,000 | 14.1 | 0 | 0.0 |
| INVESCO Core RE - USA | 45,000,000 | 11.6 | 45,000,000 | 14.1 | 0 | 0.0 |
| Morgan Stanley RE Fund VI Intnl | 27,536,302 | 7.1 | 13,600,275 | 4.3 | 13,936,027 | 102.5 |
| Hudson Realty Capital Fund IV | 25,000,000 | 6.4 | 21,500,000 | 6.7 | 3,500,000 | 16.3 |
| TA Associates Realty Fund VIII | 20,000,000 | 5.1 | 16,000,000 | 5.0 | 4,000,000 | 25.0 |
| ABR Chesapeake Fund III | 17,770,784 | 4.6 | 13,845,514 | 4.3 | 3,925,270 | 28.4 |
| Strategic Partners Value | 16,765,519 | 4.3 | 13,724,239 | 4.3 | 3,041,280 | 22.2 |
| Beacon Capital Partners Fund V | 16.562.500 | 4.3 | 12.500.000 | 3.9 | 4,062,500 | 32.5 |
| Liquid Realty Fund IV | 15,535,698 | 4.0 | 9,239,713 | 2.9 | 6,295,985 | 68.1 |
| JER RE Partners Fund IV | 15.311.878 | 3.9 | 14.961.499 | 4.7 | 350,379 | 2.3 |
| DRA Advisors VI | 13,261,356 | 3.4 | 10,272,803 | 3.2 | 2,988,553 | 29.1 |
| Macquarie Global Prop Fund III | 12.529.074 | 3.2 | 3.794.964 | 1.2 | 8,734,110 | 230.2 |
| Apollo Real Estate Finance Corp. | 9,079,000 | 2.3 | 4,798,000 | 1.5 | 4,281,000 | 89.2 |
| Carlyle Europe RE Partners III | 8,844,179 | 2.3 | 6,343,764 | 2.0 | 2,500,415 | 39.4 |
| O'Connor North Amer Prop Partners | 8,245,199 | 2.1 | 5,619,075 | 1.8 | 2,626,124 | 46.7 |
| AG Core Plus Realty Fund II | 7,381,597 | 1.9 | 4,881,597 | 1.5 | 2,500,000 | 51.2 |
| AG (Angelo Gordon) Realty Fund VII | 5,194,769 | 1.3 | 3,600,000 | 1.1 | 1,594,769 | 44.3 |
| Rothschild: Five Arrows Realty Sec F | 3,208,215 | 0.8 | 2,499,076 | 0.8 | 709,139 | 28.4 |
| CIM Fund III | 1,496,432 | 0.4 | 653,372 | 0.2 | 843,060 | 129.0 |
| Total Real Estate | 385,106,210 | 98.9 | 315,975,867 | 98.9 | 69,130,343 | 21.9 |
| Short Term Investment Pool | 4,469,890 | 1.1 | 3,461,067 | 1.1 | 1,008,823 | 29.1 |
| Total Investments | 389,576,100 | 100.0 | 319,436,934 | 100.0 | 70,139,166 | 22.0 |

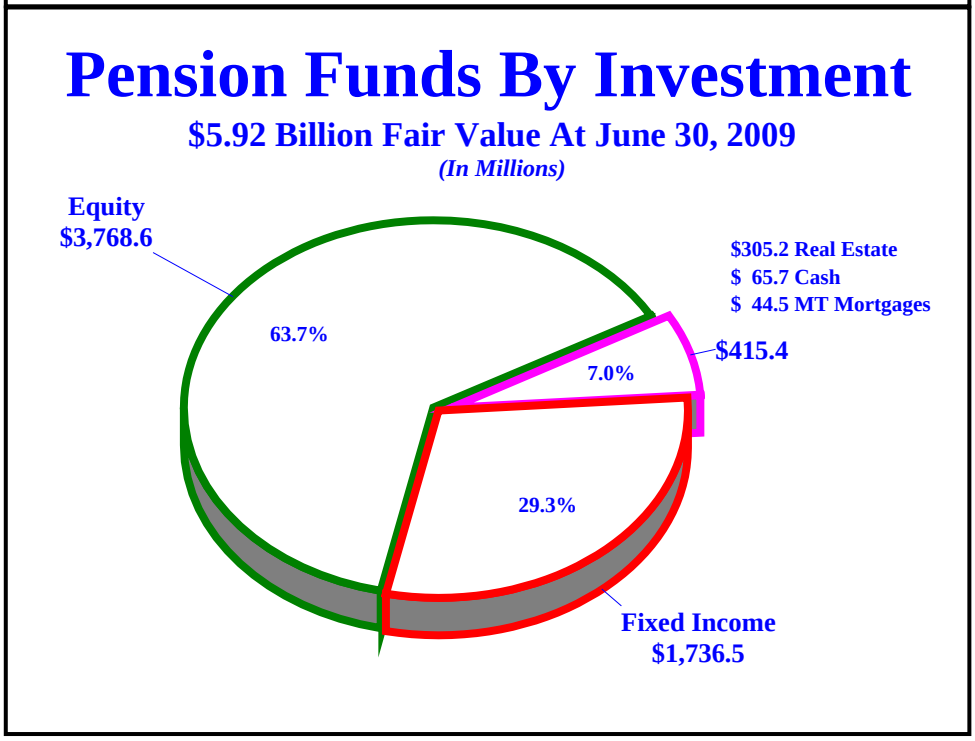
**MTRP Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| JP Morgan Chase Bank Strategic Pro | 71,383,708 | 53,054,243 | (18,329,465) | 18.3 | 18.4 |
| INVESCO Core Real Estate - USA | 45,000,000 | 38,137,553 | (6,862,447) | 11.6 | 13.2 |
| Clarion Lion Properties Fund | 45,000,000 | 32,738,588 | (12,261,412) | 11.6 | 11.4 |
| Hudson Realty Capital Fund IV | 25,000,000 | 22,056,950 | (2,943,050) | 6.4 | 7.7 |
| Strategic Partners Value Enhancemen | 16,765,519 | 18,727,286 | 1,961,767 | 4.3 | 6.5 |
| TA Associates Realty Fund VIII | 20,000,000 | 18,153,620 | (1,846,380) | 5.1 | 6.3 |
| ABR Chesapeake Fund III | 17,770,784 | 18,109,957 | 339,173 | 4.6 | 6.3 |
| DRA Advisors VI | 13,261,356 | 11,758,089 | (1,503,267) | 3.4 | 4.1 |
| Liquid Realty Fund IV | 15,535,698 | 11,603,582 | (3,932,116) | 4.0 | 4.0 |
| Apollo Real Estate Finance Corp. | 9,079,000 | 9,081,470 | 2,470 | 2.3 | 3.2 |
| JER Real Estate Partners Fund IV | 15,311,878 | 8,240,899 | (7,070,979) | 3.9 | 2.9 |
| Morgan Stanley Real Estate Fund VI I | 27,536,302 | 7,695,928 | (19,840,374) | 7.1 | 2.7 |
| Beacon Capital Partners Fund V | 16,562,500 | 7,250,218 | (9,312,282) | 4.3 | 2.5 |
| AG Core Plus Realty Fund II | 7,381,597 | 6,095,634 | (1,285,963) | 1.9 | 2.1 |
| Carlyle Europe Real Estate Partners I | 8,844,179 | 5,768,448 | (3,075,731) | 2.3 | 2.0 |
| AG (Angelo Gordon) Realty Fund VII | 5,194,769 | 4,511,558 | (683,211) | 1.3 | 1.6 |
| Macquarie Global Property Fund III | 12,529,074 | 3,619,286 | (8,909,788) | 3.2 | 1.3 |
| Rothschild: Five Arrows Realty Secur | 3,208,215 | 3,450,932 | 242,718 | 0.8 | 1.2 |
| O'Connor North American Property I | 8,245,199 | 3,148,058 | (5,097,141) | 2.1 | 1.1 |
| CIM Fund III | 1,496,432 | 271,332 | (1,225,100) | 0.4 | 0.1 |
| Total Real Estate | 385,106,210 | 283,473,632 | (101,632,578) | 98.9 | 98.4 |
| Short Term Investment Pool | 4,469,890 | 4,469,890 | 0 | 1.1 | 1.6 |
| Total Investments | 389,576,100 | 287,943,521 | (101,632,578) | 100.0 | 100.0 |

**MTRP Total Rates of Returns Versus Benchmark**

| Year | % Return | Benchmark | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | (27.84) | NCREIF-ODCE | (30.74) | 2.90 |
| 3 Year Annualized Average | (6.67) | NCREIF-ODCE | (4.17) | (2.50) |




## PENSION FUNDS

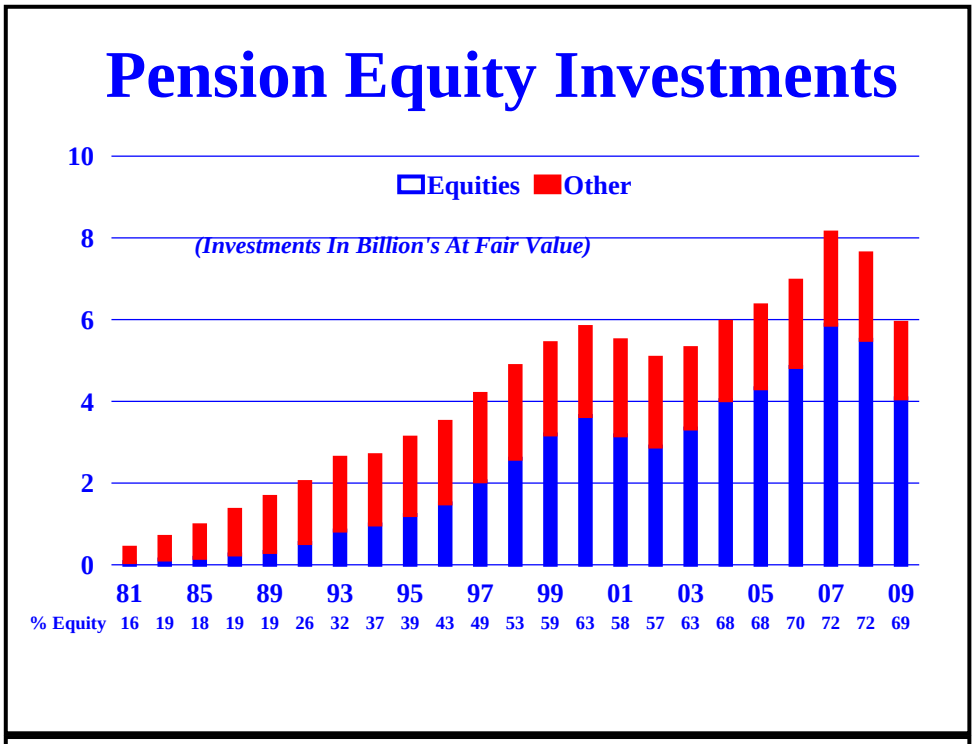
By law, all public pension funds in the state, including local governments and school districts, are managed by the state. The Board of Investments manages all pension fund investments. Pension fund operations are administered by two boards appointed by the Governor.

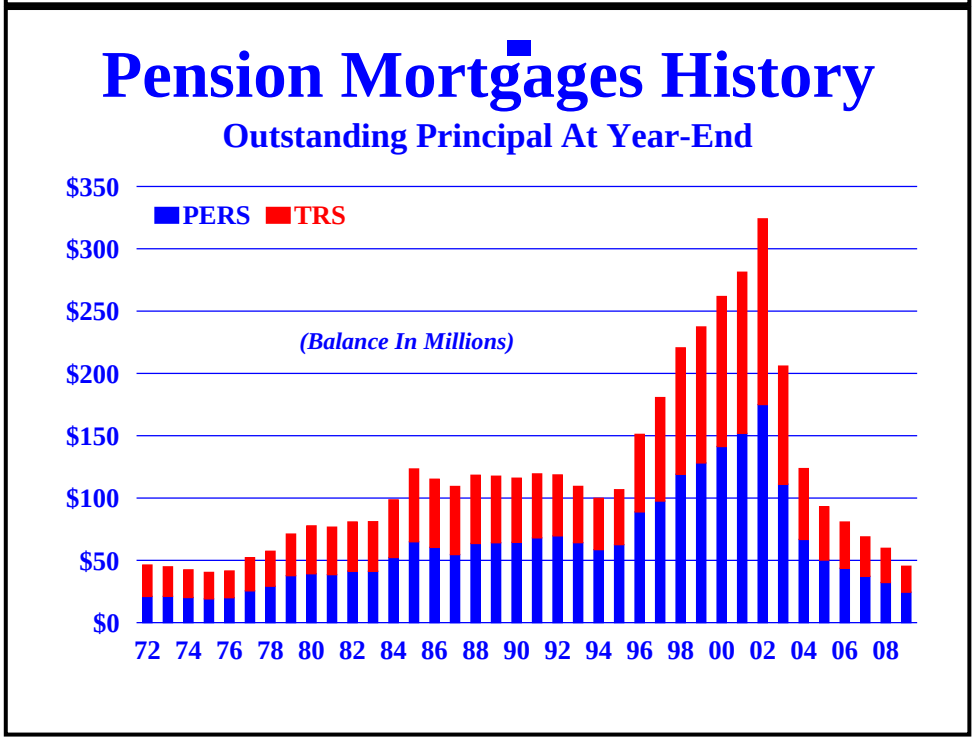
The Teachers' Retirement Board manages the Teachers' Retirement System (TRS), while the Public Employees' Retirement Board manages the other eight systems.

The upper graph depicts the state's nine pension fund investment portfolios at fair value as of June 30. The lower graph depicts total pension fund investments by major investment type.

As of June 30 approximately 99 percent of pension fund investments at fair value were managed in various investment pools created by the Board. These pools, which operate similar to mutual funds, simplify investing and accounting, and provide broader diversification for the smaller funds. Income is distributed monthly to pool participants.

The pension funds earned $143.7 million on their investments in 2009, compared to $198.6 million in 2008. The total rate of return of each fund is shown on the following pages.




The Board has increased the allocation to equity investments, including real estate, in recent years. This allocation is expected to enhance long-term returns.

Declining equity prices reduced fair value of total pension fund investments from 2001 through 2003. Pension fund assets of $5.95 billion in 2004 finally surpassed the 2000 value at the peak of the stock market bubble.

The most recent equity bear market that began in late 2007 was even more dramatic than the bursting of the internet bubble early in the decade, causing stock prices to plummet by 55% to their low in March, 2009.

Significant recovery from the low in prices has already occurred, but much further improvement is needed to get back to the prior level of total pension values.

Pension investments in Montana residential mortgages increased significantly from 1994 to 2002. Mortgage investments peaked at $324.0 million in 2002. From 2003 through 2005, mortgage rates on the secondary market declined to less than 6 percent and the Board declined to purchase mortgages for the pension funds at these rates. This policy, combined with significant mortgage re-financings, caused a significant drop in the pension mortgage portfolio to only $45.3 million at year-end 2009.

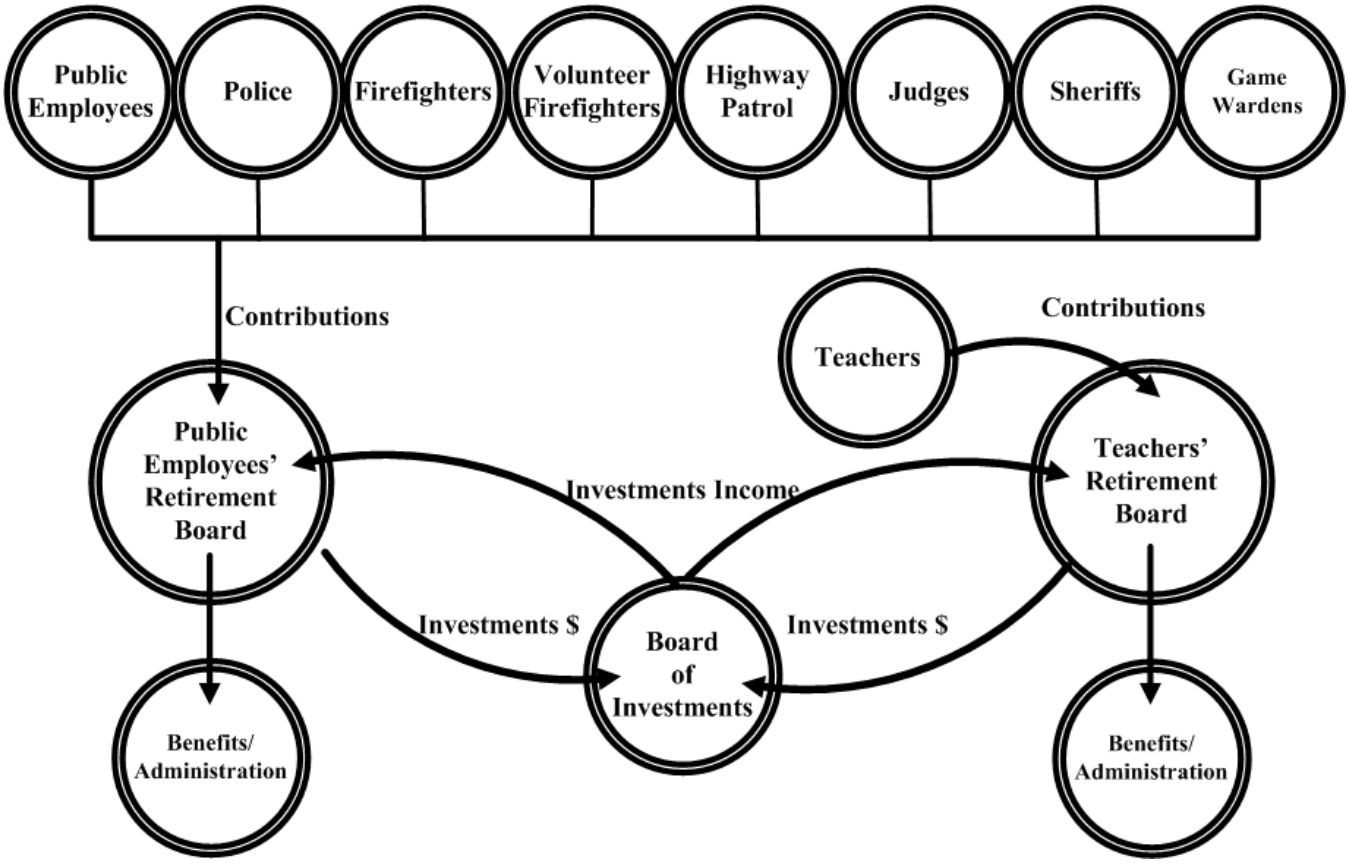
**Pension Funds Annual Book Value Change At June 30**

| Fund | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Public Employees | 2,609,734,943 | 50.2 | 2,596,905,188 | 50.2 | 12,829,755 | 0.5 |
| Teachers | 1,980,261,731 | 38.1 | 1,992,790,973 | 38.5 | (12,529,242) | (0.6) |
| Police | 143,151,983 | 2.8 | 137,299,263 | 2.7 | 5,852,720 | 4.3 |
| Firefighters | 141,765,240 | 2.7 | 134,409,185 | 2.6 | 7,356,055 | 5.5 |
| Sheriffs | 138,801,173 | 2.7 | 133,769,605 | 2.6 | 5,031,568 | 3.8 |
| Highway Patrol | 65,736,693 | 1.3 | 65,651,211 | 1.3 | 85,483 | 0.1 |
| Game Wardens | 60,377,287 | 1.2 | 55,128,207 | 1.1 | 5,249,080 | 9.5 |
| Judges | 41,444,427 | 0.8 | 40,433,951 | 0.8 | 1,010,475 | 2.5 |
| Volunteer Firefighters | 20,408,268 | 0.4 | 20,274,641 | 0.4 | 133,627 | 0.7 |
| Total | 5,201,681,746 | 100.0 | 5,176,662,224 | 100.0 | 25,019,522 | 0.5 |
| **Investment Type** | | | | | | |
| Retirement Funds Bond Pool | 1,795,488,138 | 34.5 | 1,989,955,106 | 38.4 | (194,466,968) | (9.8) |
| Equities | 2,888,805,601 | 55.5 | 2,703,291,446 | 52.2 | 185,514,155 | 6.9 |
| Real Estate Pool | 389,465,000 | 7.5 | 316,535,000 | 6.1 | 72,930,000 | 23.0 |
| Direct Real Estate | 16,980,582 | 0.3 | 16,964,552 | 0.3 | 16,030 | 0.1 |
| Short Term Investment Pool | 65,672,282 | 1.3 | 90,213,738 | 1.7 | (24,541,456) | (27.2) |
| Montana Mortgages | 45,270,143 | 0.9 | 59,702,382 | 1.2 | (14,432,239) | (24.2) |
| Total | 5,201,681,746 | 100.0 | 5,176,662,224 | 100.0 | 25,019,522 | 0.5 |

**Pension Funds Annual Fair Value Change At June 30**

| Fund | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Public Employees | 2,988,207,751 | 50.5 | 3,840,967,298 | 50.4 | (852,759,546) | (22.2) |
| Teachers | 2,277,520,228 | 38.5 | 2,961,960,654 | 38.9 | (684,440,426) | (23.1) |
| Police | 151,563,984 | 2.6 | 190,589,682 | 2.5 | (39,025,698) | (20.5) |
| Sheriffs | 150,948,679 | 2.5 | 188,161,316 | 2.5 | (37,212,637) | (19.8) |
| Firefighters | 149,081,934 | 2.5 | 184,737,400 | 2.4 | (35,655,466) | (19.3) |
| Highway Patrol | 74,416,504 | 1.3 | 95,999,795 | 1.3 | (21,583,291) | (22.5) |
| Game Wardens | 61,817,270 | 1.0 | 73,124,533 | 1.0 | (11,307,263) | (15.5) |
| Judges | 46,544,418 | 0.8 | 58,658,494 | 0.8 | (12,114,076) | (20.7) |
| Volunteer Firefighters | 20,445,531 | 0.3 | 25,992,748 | 0.3 | (5,547,218) | (21.3) |
| Total | 5,920,546,299 | 100.0 | 7,620,191,919 | 100.0 | (1,699,645,621) | (22.3) |
| **Investment Type** | | | | | | |
| Retirement Funds Bond Pool | 1,736,529,037 | 29.3 | 1,966,209,529 | 25.8 | (229,680,491) | (11.7) |
| Equities | 3,768,636,738 | 63.7 | 5,160,987,442 | 67.7 | (1,392,350,705) | (27.0) |
| Real Estate Pool | 287,866,725 | 4.9 | 326,540,884 | 4.3 | (38,674,158) | (11.8) |
| Direct Real Estate | 17,294,299 | 0.3 | 17,282,489 | 0.2 | 11,810 | 0.1 |
| Short Term Investment Pool | 65,672,282 | 1.1 | 90,213,738 | 1.2 | (24,541,456) | (27.2) |
| Montana Mortgages | 44,547,217 | 0.8 | 58,957,838 | 0.8 | (14,410,621) | (24.4) |
| Total | 5,920,546,299 | 100.0 | 7,620,191,919 | 100.0 | (1,699,645,621) | (22.3) |

The chart on the next page depicts the relationship of the two state Pension Boards to the Board of Investments in managing the state's nine pension fund assets and liabilities.




As depicted in the above chart the employee/employer contributions are collected by the two Pension Boards that administer the benefits. The actual employee/employer contribution levels and the formulas for benefits are set by law. The Pension Boards hire actuarial firms to value the nine systems and provide the assumptions used by the actuary in the valuations. The actuary determines the "soundness" of the systems based on the assumptions. Article VIII, Section 15 of the Montana State Constitution requires that the systems be "actuarially sound" as follows:

> *(1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.*
>
> *(2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries.*

State law defines a system as actuarially sound when its unfunded liability, if any, can be amortized in 30 years or less with the current level of contributions. As of June 30, 2009, four of state's nine pension funds were not actuarially sound as determined by the system's actuary. These systems were:

- Public Employees' Retirement System
- Teachers' Retirement System
- Game Wardens' and Peace Officers' Retirement System
- Sheriffs' Retirement System

The tables on the following pages show information on the nine systems.

# Membership

| PERS | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 17,075 | 16,627 |
| Vested Terminated | 2,476 | 2,579 |
| Non-vested Terminated | 5,670 | 6,268 |
| Active Members | 28,983 | 28,293 |
| **Total** | **54,204** | **53,767** |

| Sheriffs | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 406 | 394 |
| Vested Terminated | 41 | 46 |
| Non-vested Terminated | 155 | 139 |
| Active Members | 1,185 | 1,109 |
| **Total** | **1,787** | **1,688** |

| Firefighters | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 542 | 535 |
| Vested Terminated | 9 | 9 |
| Non-vested Terminated | 49 | 52 |
| Active Members | 558 | 525 |
| **Total** | **1,158** | **1,121** |

| Highway Patrol | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 291 | 290 |
| Vested Terminated | 14 | 13 |
| Non-vested Terminated | 8 | 7 |
| Active Members | 222 | 212 |
| **Total** | **535** | **522** |

| Game Wardens | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 127 | 120 |
| Vested Terminated | 40 | 40 |
| Non-vested Terminated | 103 | 115 |
| Active Members | 950 | 885 |
| **Total** | **1,220** | **1,160** |

| Volunteer Firefighters | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 1,103 | 1,082 |
| Vested Terminated | 840 | 793 |
| Active Members | 2,253 | 2,301 |
| **Total** | **4,196** | **4,176** |

| Judges | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 55 | 50 |
| Vested Terminated | 1 | 5 |
| Non-vested Terminated | - | - |
| Active Members | 51 | 51 |
| **Total** | **107** | **106** |

| Teachers | 7/01/2009 | 7/01/2008 |
|---|---|---|
| Retirees & Beneficiaries | 12,036 | 11,788 |
| Vested Terminated | 1,640 | 1,649 |
| Non-vested Terminated | 9,868 | 9,574 |
| Active Members | 18,456 | 18,292 |
| **Total** | **42,000** | **41,303** |

| Police | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 646 | 636 |
| Vested Terminated | 48 | 34 |
| Non-vested Terminated | 59 | 58 |
| Active Members | 692 | 673 |
| **Total** | **1,445** | **1,401** |

| Total | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Retirees & Beneficiaries | 32,281 | 31,522 |
| Vested Terminated | 5,109 | 5,168 |
| Non-vested Terminated | 15,912 | 16,213 |
| Active Members | 53,350 | 52,341 |
| **System Total** | **106,652** | **105,244** |

# Assets and Liabilities
*(In Thousands $)*

| PERS | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 4,792,819 | 4,504,743 |
| Actuarial Assets (1) | 4,002,212 | 4,065,307 |
| **Unfunded Actuarial Liability** | **790,607** | **439,436** |
| **Funded Ratio** | **83.50%** | **90.25%** |

| Sheriffs | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 223,893 | 204,549 |
| Actuarial Assets | 200,690 | 199,453 |
| **Unfunded Actuarial Liability** | **23,203** | **5,096** |
| **Funded Ratio** | **89.64%** | **97.51%** |

| Firefighters | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 306,236 | 287,218 |
| Actuarial Assets | 209,775 | 206,127 |
| **Unfunded Actuarial Liability** | **96,460** | **81,091** |
| **Funded Ratio** | **68.50%** | **71.77%** |

| Highway Patrol | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 137,815 | 134,683 |
| Actuarial Assets | 99,652 | 101,500 |
| **Unfunded Actuarial Liability** | **38,163** | **33,183** |
| **Funded Ratio** | **72.31%** | **75.36%** |

| Game Wardens | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 92,155 | 83,449 |
| Actuarial Assets | 81,177 | 77,511 |
| **Unfunded Actuarial Liability** | **10,978** | **5,938** |
| **Funded Ratio** | **88.09%** | **92.88%** |

| Volunteer Firefighters | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 33,548 | 32,735 |
| Actuarial Assets | 27,226 | 27,544 |
| **Unfunded Actuarial Liability** | **6,322** | **5,191** |
| **Funded Ratio** | **81.16%** | **84.14%** |

| Judges | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 41,848 | 39,435 |
| Actuarial Assets | 61,929 | 62,040 |
| **Unfunded Actuarial Liability** | **(20,081)** | **(22,605)** |
| **Funded Ratio** | **147.98%** | **157.32%** |

| Teachers | 7/01/2009 | 7/01/2008 |
|---|---|---|
| Actuarial Liability | 4,331,000 | 4,110,800 |
| Actuarial Assets (1) | 2,762,194 | 3,159,135 |
| **Unfunded Actuarial Liability** | **1,568,806** | **951,665** |
| Less University Contributions | 157,200 | 157,100 |
| **Unfunded Actuarial Liability** | **1,411,606** | **794,565** |

| Police | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 345,261 | 327,556 |
| Actuarial Assets | 214,345 | 212,312 |
| **Unfunded Actuarial Liability** | **130,916** | **115,244** |
| **Funded Ratio** | **62.08%** | **64.82%** |

| Total | 6/30/2009 | 6/30/2008 |
|---|---|---|
| Actuarial Liability | 10,304,575 | 9,725,168 |
| Actuarial Assets | 7,659,200 | 8,110,929 |
| **Unfunded Actuarial Liability** | **2,645,375** | **1,614,239** |
| Less University Contributions | 157,200 | 157,100 |
| **Total Unfunded Liability** | **2,488,175** | **1,457,139** |

# Cash Flow

*(In Thousands $)*

| PERS | 2009 | 2008 |
|---|---|---|
| Employees | 76,004 | 72,874 |
| Employers | 75,948 | 72,270 |
| State | 357 | 378 |
| **Contributions** | **152,309** | **145,522** |
| **Benefits/Administration** | **(211,883)** | **(197,756)** |
| **Cash Flow** | **(59,574)** | **(52,234)** |

| Sheriffs | 2009 | 2008 |
|---|---|---|
| Employees | 5,207 | 4,815 |
| Employers | 5,193 | 4,834 |
| **Contributions** | **10,400** | **9,649** |
| **Benefits/Administration** | **(8,969)** | **(8,056)** |
| **Cash Flow** | **1,431** | **1,593** |

| Firefighters | 2009 | 2008 |
|---|---|---|
| Employees | 3,701 | 3,152 |
| Employers | 4,531 | 4,467 |
| State | 9,832 | 9,568 |
| **Contributions** | **18,064** | **17,187** |
| **Benefits/Administration** | **(14,154)** | **(13,526)** |
| **Cash Flow** | **3,910** | **3,661** |

| Highway Patrol | 2009 | 2008 |
|---|---|---|
| Employees | 1,035 | 1,082 |
| Employers | 4,151 | 3,949 |
| State | 285 | 290 |
| **Contributions** | **5,471** | **5,321** |
| **Benefits/Administration** | **(7,220)** | **(6,917)** |
| **Cash Flow** | **(1,749)** | **(1,596)** |

| Game Wardens | 2009 | 2008 |
|---|---|---|
| Employees | 3,912 | 3,613 |
| Employers | 3,292 | 2,979 |
| **Contributions** | **7,204** | **6,592** |
| **Benefits/Administration** | **(3,439)** | **(2,995)** |
| **Cash Flow** | **3,765** | **3,597** |

| Volunteer Firefighters | 2009 | 2008 |
|---|---|---|
| State | 1,580 | 1,562 |
| **Contributions** | **1,580** | **1,562** |
| **Benefits/Administration** | **(1,856)** | **(1,777)** |
| **Cash Flow** | **(276)** | **(215)** |

| Judges | 2009 | 2008 |
|---|---|---|
| Employees | 584 | 385 |
| Employers | 1,347 | 1,315 |
| **Contributions** | **1,931** | **1,700** |
| **Benefits/Administration** | **(1,989)** | **(1,837)** |
| **Cash Flow** | **(58)** | **(137)** |

| Teachers | 2009 | 2008 |
|---|---|---|
| Employees | 57,256 | 59,553 |
| Employers | 66,851 | 67,922 |
| State | 14,147 | 13,492 |
| **Total Contributions** | **138,254** | **140,967** |
| **Benefits/Administration** | **(217,016)** | **(203,553)** |
| **Cash Flow** | **(78,762)** | **(62,586)** |

| Police | 2009 | 2008 |
|---|---|---|
| Employees | 5,859 | 2,974 |
| Employers | 5,056 | 5,156 |
| State | 10,186 | 9,452 |
| **Contributions** | **21,101** | **17,582** |
| **Benefits/Administration** | **(15,963)** | **(18,078)** |
| **Cash Flow** | **5,138** | **(496)** |

| Total | 2009 | 2008 |
|---|---|---|
| Members | 153,558 | 148,448 |
| Employers | 166,369 | 162,892 |
| State/Other | 36,387 | 34,742 |
| **Contributions** | **356,314** | **346,082** |
| **Benefits/Administration** | **(482,489)** | **(454,495)** |
| **Cash Flow** | **(126,175)** | **(108,413)** |

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

**PERS Annual Book Value Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 906,395,420 | 34.7 | 1,000,295,210 | 38.5 | (93,899,790) | (9.4) |
| Domestic Stock Pool | 703,416,287 | 27.0 | 705,844,642 | 27.2 | (2,428,354) | (0.3) |
| International Stock Pool | 433,953,000 | 16.6 | 406,553,000 | 15.7 | 27,400,000 | 6.7 |
| Montana Private Equity Pool | 306,318,330 | 11.7 | 237,479,330 | 9.1 | 68,839,000 | 29.0 |
| Total Equity | 1,443,687,617 | 55.3 | 1,349,876,971 | 52.0 | 93,810,646 | 6.9 |
| Real Estate Pool | 196,855,000 | 7.5 | 159,628,000 | 6.1 | 37,227,000 | 23.3 |
| Direct Real Estate | 8,747,666 | 0.3 | 8,739,651 | 0.3 | 8,015 | 0.1 |
| Montana Mortgages | 24,445,877 | 0.9 | 32,239,286 | 1.2 | (7,793,409) | (24.2) |
| Short Term Investment Pool | 29,603,363 | 1.1 | 46,126,070 | 1.8 | (16,522,707) | (35.8) |
| Total | 2,609,734,943 | 100.0 | 2,596,905,188 | 100.0 | 12,829,755 | 0.5 |

**PERS Annual Fair Value Change At June 30**

| Investment Type | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 876,389,757 | 29.3 | 988,124,279 | 25.7 | (111,734,522) | (11.3) |
| Domestic Stock Pool | 1,070,435,421 | 35.8 | 1,494,306,280 | 38.9 | (423,870,859) | (28.4) |
| International Stock Pool | 494,790,123 | 16.6 | 730,360,282 | 19.0 | (235,570,159) | (32.3) |
| Montana Private Equity Pool | 338,518,625 | 11.3 | 376,614,837 | 9.8 | (38,096,212) | (10.1) |
| Total Equity | 1,903,744,170 | 63.7 | 2,601,281,400 | 67.7 | (697,537,230) | (26.8) |
| Real Estate Pool | 145,478,002 | 4.9 | 164,667,259 | 4.3 | (19,189,258) | (11.7) |
| Direct Real Estate | 8,936,962 | 0.3 | 8,931,057 | 0.2 | 5,905 | 0.1 |
| Montana Mortgages | 24,055,497 | 0.8 | 31,837,233 | 0.8 | (7,781,735) | (24.4) |
| Short Term Investment Pool | 29,603,363 | 1.0 | 46,126,070 | 1.2 | (16,522,707) | (35.8) |
| Total | 2,988,207,751 | 100.0 | 3,840,967,298 | 100.0 | (852,759,546) | (22.2) |

**PERS Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 906,395,420 | 876,389,757 | (30,005,663) | 34.7 | 29.3 |
| Domestic Stock Pool | 703,416,287 | 1,070,435,421 | 367,019,134 | 27.0 | 35.8 |
| International Stock Pool | 433,953,000 | 494,790,123 | 60,837,123 | 16.6 | 16.6 |
| Montana Private Equity Pool | 306,318,330 | 338,518,625 | 32,200,296 | 11.7 | 11.3 |
| Total Equity | 1,443,687,617 | 1,903,744,170 | 460,056,553 | 55.3 | 63.7 |
| Real Estate Pool | 196,855,000 | 145,478,002 | (51,376,998) | 7.5 | 4.9 |
| Direct Real Estate | 8,747,666 | 8,936,962 | 189,297 | 0.3 | 0.3 |
| Montana Mortgages | 24,445,877 | 24,055,497 | (390,380) | 0.9 | 0.8 |
| Short Term Investment Pool | 29,603,363 | 29,603,363 | 0 | 1.1 | 1.0 |
| Total | 2,609,734,943 | 2,988,207,751 | 378,472,808 | 100.0 | 100.0 |

## PERS Net Income By Source

| Income Type | 2009 $ Income | % Of Total | 2008 $ Income | % Of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Gain on Sale of Pool Units | (5,078,141) | (5.8) | 5,074,960 | 4.4 | (10,153,101) | (200.1) |
| Retirement Funds Bond Pool | 46,182,809 | 53.0 | 57,381,647 | 50.0 | (11,198,838) | (19.5) |
| Domestic Stock Pool | 17,435,020 | 20.0 | 16,149,859 | 14.1 | 1,285,161 | 8.0 |
| International Stock Pool | 11,842,072 | 13.6 | 16,760,585 | 14.6 | (4,918,513) | (29.3) |
| Short Term Investment Pool | 590,750 | 0.7 | 3,205,804 | 2.8 | (2,615,054) | (81.6) |
| Montana Private Equity Pool | 7,288,925 | 8.4 | 7,918,244 | 6.9 | (629,318) | (7.9) |
| Montana Mortgages | 1,839,514 | 2.1 | 2,177,685 | 1.9 | (338,171) | (15.5) |
| Real Estate Pool | 6,307,111 | 7.2 | 5,327,216 | 4.6 | 979,894 | 18.4 |
| Direct Real Estate | 668,961 | 0.8 | 696,654 | 0.6 | (27,693) | (4.0) |
| All Other Funds | 1,177 | 0.0 | 0 | 0.0 | 1,177 | N/A |
| Total Gross Income | 87,078,197 | 100.0 | 114,692,653 | 100.0 | (27,614,456) | (24.1) |
| Board Management Fees | (1,539,496) | | (1,533,150) | | (6,346) | 0.4 |
| Custodial Bank Fees | (504,474) | | (451,386) | | (53,089) | 11.8 |
| External Manager Fees | (15,714,068) | | (17,856,021) | | 2,141,953 | (12.0) |
| Total Net Income | 69,320,159 | | 94,852,097 | | (25,531,937) | (26.9) |

## PERS 2009 Total Rates of Returns By Asset

| Asset Class | % Return | Market Index | Index % Return | Return +/- Index |
|---|---|---|---|---|
| Short Term Investment Pool | 1.65 | LIBOR 1 Month | 1.35 | 0.30 |
| Domestic Stock Pool | (27.22) | S&P 1500 Index | (26.34) | (0.88) |
| International Stock Pool | (35.24) | MTIP Custom Benchmark | (30.61) | (4.63) |
| Private Equity Pool | (24.30) | S&P 1500 Index + 4% | (22.34) | (1.96) |
| Retirement Funds Bond Pool | 3.07 | BC Aggregate | 6.05 | (2.98) |
| Real Estate Pool | (27.88) | NCREIF-ODCE | (30.74) | 2.86 |
| Montana Mortgages | 6.19 | NA | NA | NA |
| Direct Real Estate | 7.41 | NA | NA | NA |
| Total Net of Fees | (20.69) | Composite (1) | (21.82) | 1.13 |
| Total Gross of Fees | (20.50) | Peer Universe (2) | (19.23) | (1.27) |

(1) An Index Composite Paralleling the Fund's Asset Allocation at Fair Value

(2) State Street Bank Public Fund Universe Comprised of Plans greater than $1 Billion in Assets

## PERS Historical Rates of Returns Versus Benchmark

| Year | % Return | Benchmark (1) | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| 2009 | (20.69) | PERS Composite | (21.82) | 1.13 |
| 3 Year Annualized Average | (3.80) | PERS Composite | (4.52) | 0.72 |
| 5 Year Annualized Average | 0.98 | PERS Composite | 0.44 | 0.54 |
| 10 Year Annualized Average | 1.89 | PERS Composite | 1.60 | 0.29 |

(1) An Index Composite Parallelling the Fund's Asset Allocation At Fair Value

PERS invested balances and income history are shown on Page A-17 in Appendix A

# TEACHERS' RETIREMENT SYSTEM FUND (TRS)

**TRS Annual Book Value Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 683,779,834 | 34.5 | 768,059,943 | 38.5 | (84,280,110) | (11.0) |
| Domestic Stock Pool | 529,924,277 | 26.8 | 541,012,407 | 27.1 | (11,088,130) | (2.0) |
| International Stock Pool | 328,858,701 | 16.6 | 311,631,000 | 15.6 | 17,227,701 | 5.5 |
| Montana Private Equity Pool | 233,113,970 | 11.8 | 180,582,970 | 9.1 | 52,531,000 | 29.1 |
| Total Equity | 1,091,896,949 | 55.1 | 1,033,226,377 | 51.8 | 58,670,571 | 5.7 |
| Real Estate Pool | 149,634,000 | 7.6 | 122,873,000 | 6.2 | 26,761,000 | 21.8 |
| Direct Real Estate | 8,232,917 | 0.4 | 8,224,902 | 0.4 | 8,015 | 0.1 |
| Montana Mortgages | 20,824,266 | 1.1 | 27,463,096 | 1.4 | (6,638,830) | (24.2) |
| Short Term Investment Pool | 25,893,766 | 1.3 | 32,943,654 | 1.7 | (7,049,888) | (21.4) |
| Total | 1,980,261,731 | 100.0 | 1,992,790,973 | 100.0 | (12,529,242) | (0.6) |

**TRS Annual Fair Value Change At June 30**

| Investment Type | 2009 $ Fair Value | % of Total | 2008 $ Fair Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 662,541,761 | 29.1 | 760,319,057 | 25.7 | (97,777,296) | (12.9) |
| Domestic Stock Pool | 814,890,157 | 35.8 | 1,157,377,216 | 39.1 | (342,487,059) | (29.6) |
| International Stock Pool | 376,245,403 | 16.5 | 561,647,715 | 19.0 | (185,402,312) | (33.0) |
| Montana Private Equity Pool | 258,458,320 | 11.3 | 287,420,353 | 9.7 | (28,962,033) | (10.1) |
| Total Equity | 1,449,593,880 | 63.6 | 2,006,445,283 | 67.7 | (556,851,403) | (27.8) |
| Real Estate Pool | 110,641,764 | 4.9 | 126,780,622 | 4.3 | (16,138,858) | (12.7) |
| Direct Real Estate | 8,357,337 | 0.4 | 8,351,432 | 0.3 | 5,905 | 0.1 |
| Montana Mortgages | 20,491,720 | 0.9 | 27,120,606 | 0.9 | (6,628,886) | (24.4) |
| Short Term Investment Pool | 25,893,766 | 1.1 | 32,943,654 | 1.1 | (7,049,888) | (21.4) |
| Total | 2,277,520,228 | 100.0 | 2,961,960,654 | 100.0 | (684,440,426) | (23.1) |

**TRS Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 683,779,834 | 662,541,761 | (21,238,073) | 34.5 | 29.1 |
| Domestic Stock Pool | 529,924,277 | 814,890,157 | 284,965,880 | 26.8 | 35.8 |
| International Stock Pool | 328,858,701 | 376,245,403 | 47,386,702 | 16.6 | 16.5 |
| Montana Private Equity Pool | 233,113,970 | 258,458,320 | 25,344,350 | 11.8 | 11.3 |
| Total Equity | 1,091,896,949 | 1,449,593,880 | 357,696,932 | 55.1 | 63.6 |
| Real Estate Pool | 149,634,000 | 110,641,764 | (38,992,236) | 7.6 | 4.9 |
| Direct Real Estate | 8,232,917 | 8,357,337 | 124,420 | 0.4 | 0.4 |
| Montana Mortgages | 20,824,266 | 20,491,720 | (332,546) | 1.1 | 0.9 |
| Short Term Investment Pool | 25,893,766 | 25,893,766 | 0 | 1.3 | 1.1 |
| Total | 1,980,261,731 | 2,277,520,228 | 297,258,497 | 100.0 | 100.0 |

## TRS Net Income By Source

| Income Type | 2009 $ Income | % Of Total | 2008 $ Income | % Of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Gain on Sale of Pool Units | 1,659,468 | 2.3 | 13,629,581 | 13.9 | (11,970,113) | (87.8) |
| Retirement Funds Bond Pool | 35,359,427 | 48.8 | 44,379,383 | 45.1 | (9,019,956) | (20.3) |
| Domestic Stock Pool | 13,378,977 | 18.5 | 12,593,062 | 12.8 | 785,915 | 6.2 |
| International Stock Pool | 9,059,984 | 12.5 | 12,888,905 | 13.1 | (3,828,922) | (29.7) |
| Short Term Investment Pool | 446,975 | 0.6 | 2,181,149 | 2.2 | (1,734,174) | (79.5) |
| Montana Private Equity Pool | 5,519,352 | 7.6 | 6,066,217 | 6.2 | (546,865) | (9.0) |
| Montana Mortgages | 1,566,993 | 2.2 | 1,855,065 | 1.9 | (288,072) | (15.5) |
| Real Estate Pool | 4,832,685 | 6.7 | 4,112,816 | 4.2 | 719,869 | 17.5 |
| Direct Real Estate | 628,921 | 0.9 | 654,538 | 0.7 | (25,617) | (3.9) |
| All Other Funds | 998 | 0.0 | 0 | 0.0 | 998 | N/A |
| Total Gross Income | 72,453,779 | 100.0 | 98,360,715 | 100.0 | (25,906,936) | (26.3) |
| Board Management Fees | (1,184,645) | | (1,191,370) | | 6,725 | (0.6) |
| Custodial Bank Fees | (386,285) | | (348,007) | | (38,278) | 11.0 |
| External Manager Fees | (11,991,838) | | (13,774,120) | | 1,782,282 | (12.9) |
| Total Net Income | 58,891,011 | | 83,047,218 | | (24,156,207) | (29.1) |

## TRS 2009 Total Rates of Return by Asset

| Asset Class | % Return | Market Index | Index % Return | Return +/- Index |
|---|---|---|---|---|
| Short Term Investment Pool | 2.00 | LIBOR 1 Month | 1.35 | 0.65 |
| Domestic Stock Pool | (27.22) | S&P 1500 Index | (26.34) | (0.88) |
| International Stock Pool | (35.24) | MTIP Custom Benchmark | (30.61) | (4.63) |
| Private Equity Pool | (24.30) | S&P 1500 Index + 4% | (22.34) | (1.96) |
| Retirement Funds Bond Pool | 3.08 | BC Aggregate | 6.05 | (2.97) |
| Real Estate Pool | (27.88) | NCREIF-ODCE | (30.74) | 2.86 |
| Montana Mortgages | 6.19 | NA | NA | NA |
| Direct Real Estate | 7.48 | NA | NA | NA |
| Total Net of Fees | (20.67) | Composite (1) | (21.79) | 1.12 |
| Total Gross of Fees | (20.48) | Peer Universe (2) | (19.23) | (1.25) |

(1) An Index Composite Paralleling the Fund's Asset Allocation at Fair Value

(2) State Street Bank Public Fund Universe Comprised of Plans greater than $1 Billion in Assets

## TRS Historical Rates of Returns Versus Benchmark

| Year | % Return | Benchmark (1) | Benchmark % Return | Return Benchmark |
|---|---|---|---|---|
| 2009 | (20.67) | TRS Composite | (21.79) | 1.12 |
| 3 Year Annualized Average | (3.81) | TRS Composite | (4.52) | 0.71 |
| 5 Year Annualized Average | 0.98 | TRS Composite | 0.45 | 0.53 |
| 10 Year Annualized Average | 1.89 | TRS Composite | 1.57 | 0.32 |

(1) An Index Composite Parallelling the Fund's Asset Allocation At Fair Value

TRS invested balances and income history are shown on Page A-18 in Appendix A.

# OTHER RETIREMENT SYSTEMS

**Assets of Individual Pensions at June 30**

| Systems | 2009 $ Fair Value | 2008 $ Fair Value | 2009 $ Book Value | 2008 $ Book Value | Fair % Change | Book % Change |
|---|---|---|---|---|---|---|
| Police | 151,563,984 | 190,589,682 | 143,151,983 | 137,299,263 | (20.5) | 4.3 |
| Sheriffs | 150.948.679 | 188.161.316 | 138.801.173 | 133.769.605 | (19.8) | 3.8 |
| Firefighters | 149,081,934 | 184,737,400 | 141,765,240 | 134,409,185 | (19.3) | 5.5 |
| Highway Patrol | 74.416.504 | 95.999.795 | 65.736.693 | 65.651.211 | (22.5) | 0.1 |
| Game Wardens | 61,817,270 | 73,124,533 | 60,377,287 | 55,128,207 | (15.5) | 9.5 |
| Judges | 46,544,418 | 58,658,494 | 41,444,427 | 40,433,951 | (20.7) | 2.5 |
| Vol. Firefighters | 20.445.531 | 25.992.748 | 20.408.268 | 20.274.641 | (21.3) | 0.7 |
| Total | 654,818,319 | 817,263,968 | 611,685,072 | 586,966,063 | (19.9) | 4.2 |

**Other Pensions Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 205,312,884 | 33.6 | 221,599,953 | 37.8 | (16,287,069) | (7.3) |
| Domestic Stock Pool | 185,754,204 | 30.4 | 179,711,500 | 30.6 | 6,042,704 | 3.4 |
| International Stock Pool | 99,453,810 | 16.3 | 89,623,576 | 15.3 | 9,830,234 | 11.0 |
| Montana Private Equity Pool | 68,013,021 | 11.1 | 50,853,021 | 8.7 | 17,160,000 | 33.7 |
| Total Equity | 353.221.035 | 57.7 | 320.188.097 | 54.5 | 33.032.938 | 10.3 |
| Real Estate Pool | 42,976,000 | 7.0 | 34,034,000 | 5.8 | 8,942,000 | 26.3 |
| Short Term Investment Pool | 10.175.153 | 1.7 | 11.144.014 | 1.9 | (968.861) | (8.7) |
| Total | 611.685.072 | 100.0 | 586.966.063 | 100.0 | 24.719.009 | 4.2 |

**Other Pensions Book/Fair Values At June 30, 2009**

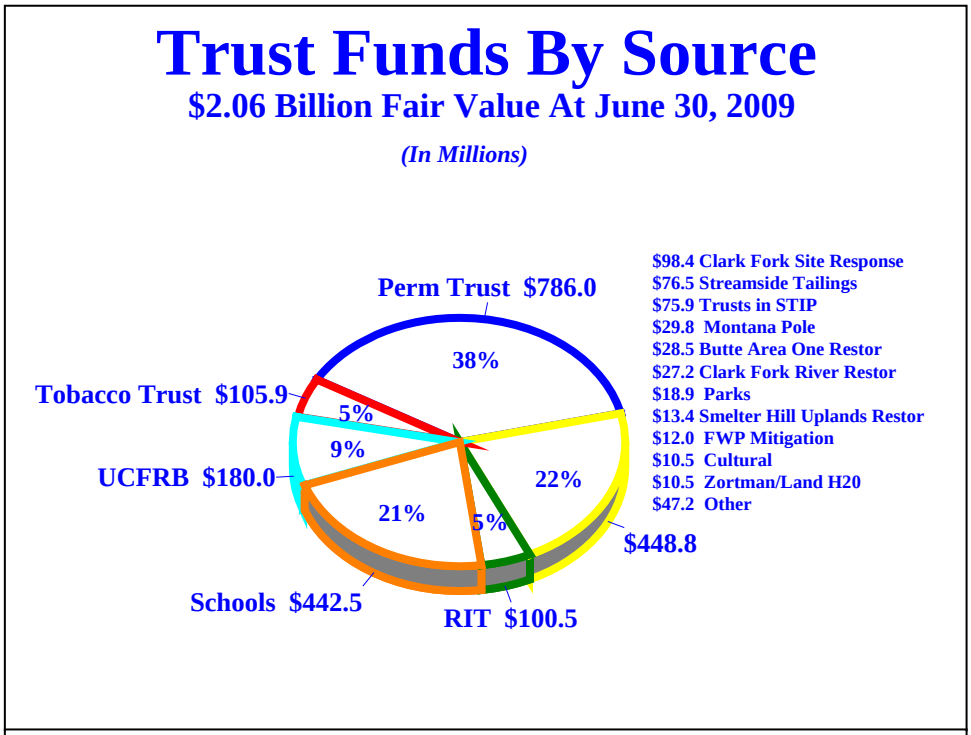
| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Retirement Funds Bond Pool | 205,312,884 | 197,597,519 | (7,715,364) | 33.6 | 30.2 |
| Domestic Stock Pool | 185,754,204 | 233,588,489 | 47,834,285 | 30.4 | 35.7 |
| International Stock Pool | 99,453,810 | 107,820,037 | 8,366,227 | 16.3 | 16.5 |
| Montana Private Equity Pool | 68,013,021 | 73,890,161 | 5,877,141 | 11.1 | 11.3 |
| Total Equity | 353,221,035 | 415,298,688 | 62,077,653 | 57.7 | 63.4 |
| Real Estate Pool | 42,976,000 | 31,746,960 | (11,229,040) | 7.0 | 4.8 |
| Short Term Investment Pool | 10,175,153 | 10,175,153 | 0 | 1.7 | 1.6 |
| Total | 611,685,072 | 654,818,319 | 43,133,248 | 100.0 | 100.0 |

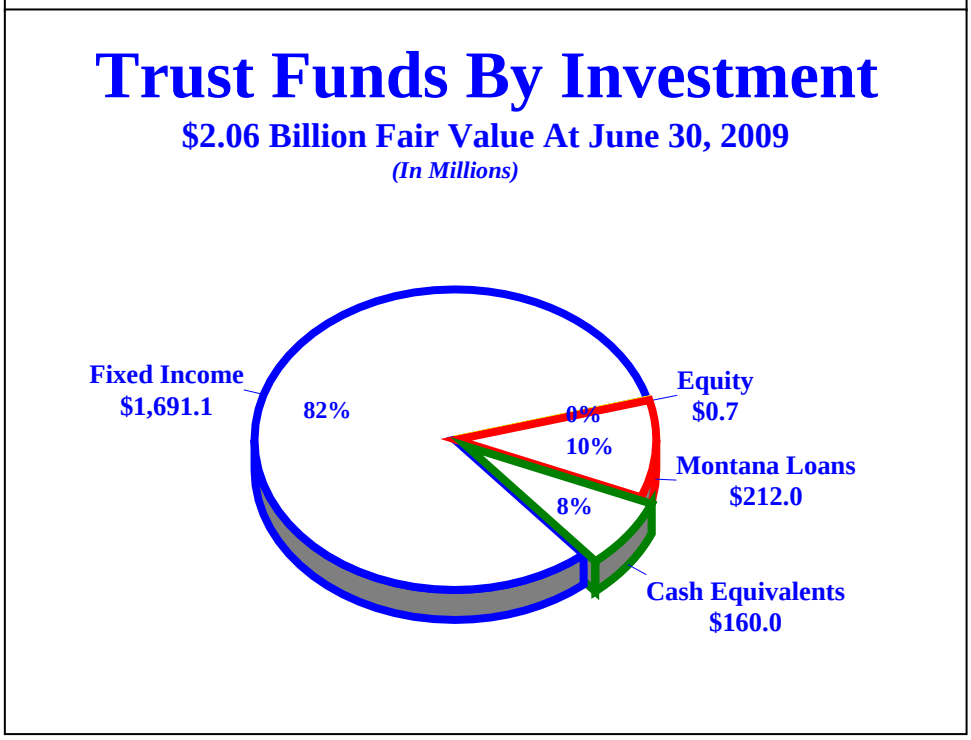
**Other Retirement Systems 2009 Total Rates of Return**

| Fund | % Return | Index (1) | % Return | Fund +/- Index |
|---|---|---|---|---|
| Sheriffs | (20.55) | Composite | (21.65) | 1.10 |
| Police | (20.70) | Composite | (21.85) | 1.15 |
| Firefighters | (20.56) | Composite | (21.74) | 1.18 |
| Highway Patrol | (20.75) | Composite | (21.87) | 1.12 |
| Judges | (20.55) | Composite | (21.66) | 1.11 |
| Game Warden | (20.55) | Composite | (21.63) | 1.08 |
| Vol. Firefighters | (20.49) | Composite | (21.62) | 1.13 |

(1) An Index Composite Paralleling the Fund's Asset Allocation at Fair Value

The seven other retirement funds are administered by the Public Employees' Retirement Board, the same Board that administers the Public Employees' Retirement System. These smaller systems participate with the Public Employees' Retirement Fund and the Teachers' Retirement Fund in all investment pools managed by the Board, but do not participate in the Montana Residential Mortgage Program or direct real estate investments.




## TRUST FUNDS

The Board invests several trust funds, some of which are created and protected by the state constitution.

Other trusts have been created statutorily by the legislature or involve federal funds.

Several trust funds were established as a part of settlements between the state and private corporations to ensure environmental clean up of polluted sites.

The upper graph shows the various trust funds by type. The lower graph shows the trust fund investments by major asset class.

The table on the next page shows the change in the book value from 2008 to 2009 by individual trust fund.

**Total Trust Funds Annual Change At June 30**

| Trust | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Permanent Coal Tax Trust (1) | 795,086,649 | 38.3 | 770,378,663 | 41.9 | 24,707,986 | 3.2 |
| Schools (Trust and Legacy) | 443,855,288 | 21.4 | 440,153,456 | 24.0 | 3,701,832 | 0.8 |
| UCFRB Restoration | 168,901,566 | 8.1 | 163,980,662 | 8.9 | 4,920,904 | 3.0 |
| Tobacco Trust | 108,775,893 | 5.2 | 93,294,404 | 5.1 | 15,481,488 | 16.6 |
| Resource Indemnity Trust | 100,023,109 | 4.8 | 100,023,109 | 5.4 | 0 | 0.0 |
| Clark Fork Site Response | 97,414,684 | 4.7 | 0 | 0.0 | 97,414,684 | N/A |
| Streamside Tailings | 77,376,864 | 3.7 | 82,725,419 | 4.5 | (5,348,554) | (6.5) |
| Trusts in STIP | 75,920,054 | 3.7 | 45,506,599 | 2.5 | 30,413,454 | 66.8 |
| Montana Pole | 30,272,876 | 1.5 | 29,935,004 | 1.6 | 337,872 | 1.1 |
| Butte Area One Restoration | 28,232,250 | 1.4 | 0 | 0.0 | 28,232,250 | N/A |
| Clark Fork River Restoration | 26,896,947 | 1.3 | 0 | 0.0 | 26,896,947 | N/A |
| Parks Trust | 19,283,763 | 0.9 | 18,568,455 | 1.0 | 715,308 | 3.9 |
| Smelter Hill Uplands Restoration | 13,298,532 | 0.6 | 0 | 0.0 | 13,298,532 | N/A |
| UCFRB Reserve | 12,903,593 | 0.6 | 18,058,209 | 1.0 | (5,154,617) | (28.5) |
| FWP Mitigation | 11,778,079 | 0.6 | 12,018,825 | 0.7 | (240,746) | (2.0) |
| Cultural Trust | 10,812,015 | 0.5 | 10,594,321 | 0.6 | 217,694 | 2.1 |
| Weed Control | 9,934,164 | 0.5 | 9,969,781 | 0.5 | (35,617) | (0.4) |
| Zort/Land LT H20 Trust | 9,031,455 | 0.4 | 8,432,552 | 0.5 | 598,903 | 7.1 |
| Wildlife Habitat | 8,746,382 | 0.4 | 8,262,922 | 0.4 | 483,460 | 5.9 |
| Older Montanas | 8,553,107 | 0.4 | 8,139,126 | 0.4 | 413,981 | 5.1 |
| Zortman/Landusky | 5,559,636 | 0.3 | 3,981,745 | 0.2 | 1,577,890 | 39.6 |
| FWP Real Property | 5,376,471 | 0.3 | 5,245,411 | 0.3 | 131,061 | 2.5 |
| Abandoned Mines | 5,256,827 | 0.3 | 5,366,196 | 0.3 | (109,368) | (2.0) |
| Litigation Cost Recovery | 1,749,440 | 0.1 | 0 | 0.0 | 1,749,440 | N/A |
| Endowment for Children | 1,106,396 | 0.1 | 1,054,623 | 0.1 | 51,773 | 4.9 |
| Trusts in TFBP | 694,479 | 0.0 | 694,479 | 0.0 | 0 | 0.0 |
| Trusts in MDEP | 186,873 | 0.0 | 186,873 | 0.0 | 0 | 0.0 |
| Total | 2,077,027,392 | 100.0 | 1,836,570,835 | 100.0 | 240,456,557 | 13.1 |
| Fixed-Income | 1,704,799,657 | 82.1 | 1,544,969,871 | 84.1 | 159,829,786 | 10.3 |
| Montana Loans | 212,023,678 | 10.2 | 195,686,203 | 10.7 | 16,337,475 | 8.3 |
| Cash Equivalents (STIP) | 160,017,184 | 7.7 | 95,727,888 | 5.2 | 64,289,296 | 67.2 |
| Equity | 186,873 | 0.0 | 186,873 | 0.0 | 0 | 0.0 |
| Total | 2,077,027,392 | 100.0 | 1,836,570,835 | 100.0 | 240,456,557 | 13.1 |

(1) Includes Treasure State Endowment, Treasure State Water, Big Sky Economic Development, CST Bond and permanent Income Accounts

A complete listing of individual trust fund investment portfolios is shown beginning on Page A-6 in Appendix A. The investment income earned by each trust is shown beginning on Page A-1 in Appendix A.

# COAL TAX TRUST FUND

Article IX, Section 5 of the state Constitution requires that 50 percent of all coal severance tax revenues be deposited in a permanent trust fund (Trust), in which the principal "shall forever remain inviolate unless appropriated by a three-fourths vote of each house" of the legislature. The Board is encouraged to invest 25 percent of the Trust in Montana businesses.

The Legislature has partitioned the Trust into several sub-funds. The Permanent Fund was initially established when the Trust was created, while the Severance Tax Bond Fund, created later, provides debt service guarantees and is invested solely in STIP. The Treasure State Endowment Fund was created July 1, 1993, with a $10.0 million transfer from the Permanent Fund. From July 1, 1993 through June 30, 1999 one-half of the coal severance tax earmarked for the Trust was deposited in the Permanent Fund and the remaining 50 percent was deposited in the Treasure State Endowment Fund.

Effective July 1, 1999, a new “Treasure State Endowment Regional Water Fund” sub-fund was created and 25 percent of Trust revenues were dedicated to that account.

Effective July 1, 2005, a new “Big Sky Economic Development Fund” sub-fund was created and 25 percent of Trust revenues were dedicated to that account.

There is currently no new revenue dedicated to the Permanent Fund.

Income from the Permanent Fund and the Bond Fund is deposited in the Permanent Fund Income Fund where it is swept periodically to the state general fund. All sub-funds, except the income fund, are protected by the Constitution and may be appropriated only by a three-fourths vote of each house of the legislature. Income from the Treasure State Endowment is appropriated by the legislature for local government infrastructure projects. Treasure State Endowment Regional Water Fund income is appropriated by the legislature for local government water projects. Big Sky Economic Development Fund income is appropriated by the legislature for economic development projects.

The book values of the Coal Tax Trust sub-funds are shown below:

**Coal Tax Trust Subfunds at June 30**

| Subfund | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Permanent Fund | 531,301,257 | 66.8 | 531,627,955 | 69.0 | (326,698) | (0.1) |
| Treasure State Endowment | 171,350,309 | 21.6 | 158,795,858 | 20.6 | 12,554,451 | 7.9 |
| Treasure State Regional Water | 44,842,907 | 5.6 | 38,565,681 | 5.0 | 6,277,226 | 16.3 |
| Economic Development Fund | 41,050,989 | 5.2 | 34,773,763 | 4.5 | 6,277,226 | 18.1 |
| Severance Tax Bond Fund | 4,345,372 | 0.5 | 4,156,005 | 0.5 | 189,367 | 4.6 |
| Permanent Fund Income | 2,195,817 | 0.3 | 2,459,402 | 0.3 | (263,585) | (10.7) |
| Total Coal Tax Trust | 795,086,649 | 100.0 | 770,378,663 | 100.0 | 24,707,986 | 3.2 |

The tables on the next page show:

- The changes in book value of portfolio securities,
- The difference between book and fair value of the securities portfolio, and
- The securities portfolio total rate of return.

**Permanent Coal Tax Trust Change At June 30 (1)**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Fixed Income (TFBP) | 562,892,860 | 70.8 | 557,763,531 | 72.4 | 5,129,330 | 0.9 |
| Commercial Loans | 155,778,853 | 19.6 | 138,786,183 | 18.0 | 16,992,670 | 12.2 |
| Local Gov. Infrastructure | 20,591,953 | 2.6 | 19,951,844 | 2.6 | 640,108 | 3.2 |
| Value-added Loans | 13,538,774 | 1.7 | 14,305,523 | 1.9 | (766,749) | (5.4) |
| Science and Technology | 12,452,295 | 1.6 | 12,939,836 | 1.7 | (487,541) | (3.8) |
| Montana Facility Finance | 6,821,687 | 0.9 | 4,878,661 | 0.6 | 1,943,026 | 39.8 |
| Intermediary Loan Program | 2,467,107 | 0.3 | 2,277,156 | 0.3 | 189,950 | 8.3 |
| Department of Justice | 373,010 | 0.0 | 2,547,000 | 0.3 | (2,173,990) | (85.4) |
| Total In-State Investments | 212,023,678 | 26.7 | 195,686,203 | 25.4 | 16,337,475 | 8.3 |
| STIP Permanent Fund | 13,489,970 | 1.7 | 9,161,840 | 1.2 | 4,328,129 | 47.2 |
| STIP Sev. Tax Bond Fund | 4,345,372 | 0.5 | 4,156,005 | 0.5 | 189,367 | 4.6 |
| STIP Permanent Trust Income | 2,195,817 | 0.3 | 2,459,402 | 0.3 | (263,585) | (10.7) |
| STIP Tr. St. Endow Trust | 71,027 | 0.0 | 528,208 | 0.1 | (457,181) | (86.6) |
| STIP Tr. St. Regional Water | 36,028 | 0.0 | 318,802 | 0.0 | (282,774) | (88.7) |
| STIP Economic Development Fund | 31,898 | 0.0 | 304,672 | 0.0 | (272,774) | (89.5) |
| Cash Equivalents (STIP) | 20,170,111 | 2.5 | 16,928,929 | 2.2 | 3,241,182 | 19.1 |
| Total | 795,086,649 | 100.0 | 770,378,663 | 100.0 | 24,707,986 | 3.2 |

(1) Includes Treasure State Endowment, Treasure State Water, Big Sky Economic Development, CST Bond and Permanent Income Accounts

**Permanent Coal Tax Trust Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Fixed Income (TFBP) | 562,892,860 | 553,825,682 | (9,067,179) | 70.8 | 70.5 |
| In-State Investments | 212,023,678 | 212,023,678 | 0 | 26.7 | 27.0 |
| Cash Equivalents (STIP) | 20,170,111 | 20,170,111 | 0 | 2.5 | 2.6 |
| Total | 795,086,649 | 786,019,471 | (9,067,179) | 100.0 | 100.0 |

**Permanent Coal Tax Trust 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Cash Equivalents (STIP) | 1.66 | 3 Month Treasury | 0.78 | 0.88 |
| Fixed Income (TFBP) | 4.22 | Barclays Capital Aggregate | 6.05 | (1.83) |
| Montana Loans (1) | 5.27 | In-State Loans | NA | NA |
| All Assets | 4.49 | | | |

(1) In-State Investment Loans, Science & Tech Loans, and other legislatively authorized loans

The Coal Tax Trust earned $39.1 million in investment income in 2009, compared to $42.0 million in 2008.

The Coal Tax Trust is also used to fund the In-State Investment Program *(See Page 65)*. The Coal Tax Trust invested balances and investment income history are shown on Page A-19 in Appendix A.

# TRUST AND LEGACY FUND

Article X, Sections 2 and 3 of the state Constitution requires that all royalties and other proceeds received from school lands granted to the state under federal enabling legislation be deposited in the Trust and Legacy Fund, where it shall forever remain inviolate and guaranteed by the state against loss or diversion.

**Trust & Legacy Fund Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Fixed Income (TFBP) | 441,153,456 | 99.4 | 439,153,456 | 99.8 | 2,000,000 | 0.5 |
| Cash Equivalents (STIP) | 2,701,832 | 0.6 | 1,000,000 | 0.2 | 1,701,832 | 170.2 |
| Total | 443,855,288 | 100.0 | 440,153,456 | 100.0 | 3,701,832 | 0.8 |

**Trust & Legacy Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Fixed Income (TFBP) | 441,153,456 | 439,841,557 | (1,311,899) | 99.4 | 99.4 |
| Cash Equivalents (STIP) | 2,701,832 | 2,701,832 | 0 | 0.6 | 0.6 |
| Total | 443,855,288 | 442,543,389 | (1,311,899) | 100.0 | 100.0 |

**Trust & Legacy Fund 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Cash Equivalents (STIP) | 1.63 | 3 Month Treasury | 0.78 | 0.85 |
| Fixed Income (TFBP) | 4.22 | Barclays Capital Aggregate | 6.05 | (1.83) |
| All Assets | 4.18 | | | |

The Trust and Legacy Fund earned $22.8 million in investment income in 2009, compared to $25.3 million in 2008. The Trust and Legacy Fund invested balances and investment income history are shown on Page A-20 in Appendix A.

# RESOURCE INDEMNITY TRUST FUND

Article IX, Section 2 of the state Constitution requires that revenues from the Resource Indemnity Tax on minerals be deposited in the Resource Indemnity Trust Fund, the principal of which "shall forever remain inviolate" until the principal reaches $100 million. The fund's book value reached $100.0 million in fiscal 2002.

**Resource Indemnity Trust Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Fixed Income (TFBP) | 99,999,976 | 100.0 | 99,999,976 | 100.0 | 0 | 0.0 |
| Cash Equivalents (STIP) | 23,133 | 0.0 | 23,133 | 0.0 | 0 | 0.0 |
| Total | 100,023,109 | 100.0 | 100,023,109 | 100.0 | 0 | 0.0 |

**Resource Indemnity Trust Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Fixed Income (TFBP) | 99,999,976 | 100,491,884 | 491,908 | 100.0 | 100.0 |
| Cash Equivalents (STIP) | 23,133 | 23,133 | 0 | 0.0 | 0.0 |
| Total | 100,023,109 | 100,515,016 | 491,908 | 100.0 | 100.0 |

**Resource Indemnity Trust Fund 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Cash Equivalents (STIP) | 1.65 | 3 Month Treasury | 0.78 | 0.87 |
| Fixed Income (TFBP) | 4.22 | Barclays Capital Aggregate | 6.05 | (1.83) |
| All Assets | 4.21 | | | |

The Resource Indemnity Trust Fund earned $5.2 million in investment income in 2009, compared to $5.8 million in 2008. The Resource Indemnity Trust Fund invested balances and investment income history are shown on Page A-21 in Appendix A.

# COAL TAX PARKS/CULTURAL TRUST FUNDS

A portion of the coal severance tax is dedicated to a statutorily created Parks Trust Fund and a Cultural Trust Fund (Trusts). Investment income generated by the Trusts is appropriated by the legislature to acquire/operate state parks and to fund cultural and aesthetics projects. The 1997 legislature appropriated $3.9 million of Cultural Trust principal to purchase historical properties.

**Coal Tax Parks/Cultural Funds Annual Change At June 30**

| Fund Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Parks Trust | 19,283,763 | 64.1 | 18,568,455 | 63.7 | 715,308 | 3.9 |
| Cultural Trust | 10,812,015 | 35.9 | 10,594,321 | 36.3 | 217,694 | 2.1 |
| Total | 30,095,777 | 100.0 | 29,162,776 | 100.0 | 933,002 | 3.2 |
| **Investment Type** | | | | | | |
| Fixed Income (TFBP) | 29,869,936 | 99.2 | 28,839,936 | 98.9 | 1,030,000 | 3.6 |
| Cash Equivalents (STIP) | 225,842 | 0.8 | 322,840 | 1.1 | (96,998) | (30.0) |
| Total | 30,095,777 | 100.0 | 29,162,776 | 100.0 | 933,002 | 3.2 |

**Parks/Cultural Trusts Book/Fair Values At June 30, 2009**

| Fund Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Parks Trust | 19,283,763 | 18,920,392 | (363,371) | 64.1 | 64.2 |
| Cultural Trust | 10,812,015 | 10,545,516 | (266,498) | 35.9 | 35.8 |
| Total | 30,095,777 | 29,465,908 | (629,869) | 100.0 | 100.0 |
| **Investment Type** | | | | | |
| Fixed Income (TFBP) | 29,869,936 | 29,240,066 | (629,869) | 99.2 | 99.2 |
| Cash Equivalents (STIP) | 225,842 | 225,842 | 0 | 0.8 | 0.8 |
| Total | 30,095,777 | 29,465,908 | (629,869) | 100.0 | 100.0 |

**Parks/Cultural Trust Funds 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Parks Trust: | | | | |
| Cash Equivalents (STIP) | 1.63 | 3 Month Treasury | 0.78 | 0.85 |
| Fixed Income (TFBP) | 4.21 | Barclays Capital Aggregate | 6.05 | (1.84) |
| Parks Trust All Assets | 4.15 | | | |
| Cultural Trust: | | | | |
| Cash Equivalents (STIP) | 1.63 | 3 Month Treasury | 0.78 | 0.85 |
| Fixed Income (TFBP) | 4.22 | Barclays Capital Aggregate | 6.05 | (1.83) |
| Cultural Trust All Assets | 4.20 | | | |

The trusts earned $1.5 million in investment income in 2009, compared to $1.6 million in 2008. The invested balances and investment income history of these trusts are shown on Page A-22 in Appendix A.

## OTHER TRUST FUNDS

**Fish, Wildlife, and Parks (FWP) Mitigation Trust -** expendable trust funds fish and wildlife mitigation/enhancements.

**Abandoned Mine Trust -** expendable trust funds abandoned mine reclamation.

**FWP Real Property Trust -** non-expendable trust funds operations, development, and maintenance of FWP real property.

**Weed Control Trust -** non-expendable $2.5 million trust funds noxious weed control.

**Wildlife Habitat Trust -** funds acquisition/development/maintenance of wildlife habitat.

**Montana Post and Pole Trust -** funds environmental cleanup of the former Montana Pole and Treatment Plant in Butte.

**The UCFRB Funds** represent proceeds from state settlements with the Atlantic Richfield Company for restoration of the Upper Clark Fork River Basin.

**Streamside Tailing Funds** are derived from a consent decree between the state and the Atlantic Richfield Company for remedial treatment of the Silver Bow Creek/Butte area.

**Tobacco Trust –** the nation's largest tobacco companies are required to pay at least $205.0 billion over the next 25 years to the states. Forty percent of Montana's share is deposited in a trust fund.

**Zortman/Landusky Funds** were paid by the Pegasus mining company and its insurer to provide long-term water treatment at the closed Zortman and Landusky mines near Malta**.**

**Zortman/Landusky LT H20 Trust –** this fund has the same purpose as the existing Zortman/Landusky account; however, the source of funds is different. The legislature requires a deposit of $1.2 million a year into this account until there are sufficient funds to generate $19.3 million by January 1, 2018.

**Endowment for Children Fund –** funds used to support programs and services related to child abuse and neglect, primary prevention activities and family resource programs.

**Older Montanans Trust Fund -** funds used to create new, innovative services or expand existing services for Montana residents 60 years of age or older.

**Clark Fork Site Response Action Fund –** funds derived from the 2008 consent decree between the Montana Department of Environmental Quality and Atlantic Richfield Company to remediate the Clark Fork River.

**Butte Area One Restoration Fund -** funds derived from the 2008 consent decree between the Montana Department of Justice and Atlantic Richfield Company for projects that restore, replace or acquire the equivalent of injured natural resources or lost services at Butte Area One.

**Litigation Cost Recovery Fund –** funds derived from the 2008 consent decree between the Montana Department of Justice and Atlantic Richfield Company to reimburse the Department of Justice for the legal

costs associated with the litigation with ARCO over the remediation necessary in the Upper Clark Fork River Basin area.

**Clark Fork River Restoration Fund** – funds derived from the 2008 consent decree between the Montana Department of Justice and Atlantic Richfield Company for restoration of the Clark Fork River and associated riparian areas from Warm Springs Ponds to Milltown Reservoir and related projects.

**Smelter Hill Uplands Restoration Fund** – funds derived from the 2008 consent decree between the Montana Department of Justice and Atlantic Richfield Company for the restoration of the environment, vegetation and soils on lands affected by the Anaconda smelter.

**Other Trusts Annual Change At June 30**

| Fund | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| UCFRB Restoration | 168,901,566 | 26.8 | 163,980,662 | 36.4 | 4,920,904 | 3.0 |
| Tobacco Trust | 108,775,893 | 17.2 | 93,294,404 | 20.7 | 15,481,488 | 16.6 |
| Clark Fork Site Response | 97,414,684 | 15.4 | 0 | 0.0 | 97,414,684 | N/A |
| Streamside Tailings | 77,376,864 | 12.3 | 82,725,419 | 18.4 | (5,348,554) | (6.5) |
| Montana Pole | 30,272,876 | 4.8 | 29,935,004 | 6.6 | 337,872 | 1.1 |
| Butte Area One Restoration | 28,232,250 | 4.5 | 0 | 0.0 | 28,232,250 | N/A |
| Clark Fork River Restoration | 26,896,947 | 4.3 | 0 | 0.0 | 26,896,947 | N/A |
| Smelter Hill Uplands Restoration | 13,298,532 | 2.1 | 0 | 0.0 | 13,298,532 | N/A |
| UCFRB Reserve | 12,903,593 | 2.0 | 18,058,209 | 4.0 | (5,154,617) | (28.5) |
| FWP Mitigation | 11,778,079 | 1.9 | 12,018,825 | 2.7 | (240,746) | (2.0) |
| Weed Control | 9,934,164 | 1.6 | 9,969,781 | 2.2 | (35,617) | (0.4) |
| Zort/Land LT H20 Trust | 9,031,455 | 1.4 | 8,432,552 | 1.9 | 598,903 | 7.1 |
| Wildlife Habitat | 8,746,382 | 1.4 | 8,262,922 | 1.8 | 483,460 | 5.9 |
| Older Montanas | 8,553,107 | 1.4 | 8,139,126 | 1.8 | 413,981 | 5.1 |
| Zortman/Landusky | 5,559,636 | 0.9 | 3,981,745 | 0.9 | 1,577,890 | 39.6 |
| FWP Real Property | 5,376,471 | 0.9 | 5,245,411 | 1.2 | 131,061 | 2.5 |
| Abandoned Mines | 5,256,827 | 0.8 | 5,366,196 | 1.2 | (109,368) | (2.0) |
| Litigation Cost Recovery | 1,749,440 | 0.3 | 0 | 0.0 | 1,749,440 | N/A |
| Endowment for Children | 1,106,396 | 0.2 | 1,054,623 | 0.2 | 51,773 | 4.9 |
| Total | 631,165,162 | 100.0 | 450,464,880 | 100.0 | 180,700,282 | 40.1 |
| **Investment Type** | | | | | | |
| Trust Funds Bond Pool | 494,779,385 | 78.4 | 372,974,374 | 82.8 | 121,805,011 | 32.7 |
| Corporate Bonds (Rated) | 21,003,042 | 3.3 | 17,919,338 | 4.0 | 3,083,703 | 17.2 |
| US Govt Direct Obligations | 1,212,570 | 0.2 | 1,580,440 | 0.4 | (367,870) | (23.3) |
| US Government Agency | 53,193,954 | 8.4 | 26,044,341 | 5.8 | 27,149,612 | 104.2 |
| Total Fixed Income | 570,188,950 | 90.3 | 418,518,493 | 92.9 | 151,670,456 | 36.2 |
| Cash Equivalents (STIP) | 60,976,213 | 9.7 | 31,946,387 | 7.1 | 29,029,826 | 90.9 |
| Total | 631,165,162 | 100.0 | 450,464,880 | 100.0 | 180,700,282 | 40.1 |

**Other Trusts Book/Fair Values At June 30, 2009**

| Fund | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| UCFRB Restoration | 168,901,566 | 167,300,751 | (1,600,815) | 26.8 | 26.6 |
| Tobacco Trust | 108,775,893 | 105,879,578 | (2,896,315) | 17.2 | 16.9 |
| Clark Fork Site Response | 97,414,684 | 98,417,255 | 1,002,571 | 15.4 | 15.7 |
| Streamside Tailings | 77,376,864 | 76,514,393 | (862,472) | 12.3 | 12.2 |
| Montana Pole | 30,272,876 | 29,775,435 | (497,441) | 4.8 | 4.7 |
| Butte Area One Restoration | 28,232,250 | 28,523,616 | 291,366 | 4.5 | 4.5 |
| Clark Fork River Restoration | 26,896,947 | 27,223,412 | 326,465 | 4.3 | 4.3 |
| Smelter Hill Uplands Restoration | 13,298,532 | 13,366,113 | 67,581 | 2.1 | 2.1 |
| UCFRB Reserve | 12,903,593 | 12,702,283 | (201,310) | 2.0 | 2.0 |
| FWP Mitigation | 11,778,079 | 11,983,635 | 205,556 | 1.9 | 1.9 |
| Zort/Land LT H20 Trust | 9,031,455 | 10,516,231 | 1,484,776 | 1.4 | 1.7 |
| Weed Control | 9,934,164 | 9,879,485 | (54,679) | 1.6 | 1.6 |
| Wildlife Habitat | 8,746,382 | 8,406,775 | (339,607) | 1.4 | 1.3 |
| Older Montanas | 8,553,107 | 8,399,282 | (153,825) | 1.4 | 1.3 |
| Zortman/Landusky | 5,559,636 | 5,766,944 | 207,308 | 0.9 | 0.9 |
| Abandoned Mines | 5,256,827 | 5,361,962 | 105,135 | 0.8 | 0.9 |
| FWP Real Property | 5,376,471 | 5,149,387 | (227,084) | 0.9 | 0.8 |
| Litigation Cost Recovery | 1,749,440 | 1,749,440 | 0 | 0.3 | 0.3 |
| Endowment for Children | 1,106,396 | 1,087,778 | (18,617) | 0.2 | 0.2 |
| Total | 631,165,162 | 628,003,755 | (3,161,408) | 100.0 | 100.0 |
| **Investment Type** | | | | | |
| Trust Funds Bond Pool | 494,779,385 | 489,023,193 | (5,756,192) | 78.4 | 77.9 |
| Corporate Bonds (Rated) | 21,003,042 | 21,039,482 | 36,441 | 3.3 | 3.4 |
| US Govt Direct Obligations | 1,212,570 | 1,288,775 | 76,205 | 0.2 | 0.2 |
| US Government Agency | 53,193,954 | 55,676,093 | 2,482,139 | 8.4 | 8.9 |
| Total Fixed-Income | 570,188,950 | 567,027,542 | (3,161,408) | 90.3 | 90.3 |
| Cash Equivalents (STIP) | 60,976,213 | 60,976,213 | 0 | 9.7 | 9.7 |
| Total | 631,165,162 | 628,003,755 | (3,161,408) | 100.0 | 100.0 |

The other trust portfolios are listed beginning on Page A-6 in Appendix A. The investment income earned by each trust is shown beginning on Page A-1 in Appendix A.

# STATE FUND INSURANCE

The State Compensation Insurance Fund (State Fund) provides workers' compensation and occupational disease insurance for claims arising from injuries occurring on or after July 1, 1990. Effective on that date, the state's workers' compensation fund was divided into two funds with separate liabilities. The "old" fund retained all financial obligations for claims for injuries occurring prior to July 1, 1990, while the "new" fund assumed claim obligations for injuries occurring after that date.

**State Fund Insurance Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Corporate Bonds (Unrated) | 0 | 0.0 | 10,000,000 | 1.0 | (10,000,000) | (100.0) |
| Corporate Bonds (Rated) | 497,224,233 | 48.7 | 474,223,084 | 49.6 | 23,001,149 | 4.9 |
| US Govt Direct Obligations | 55,021,462 | 5.4 | 52,966,201 | 5.5 | 2,055,261 | 3.9 |
| US Government Agency | 357,491,973 | 35.0 | 333,382,539 | 34.9 | 24,109,434 | 7.2 |
| Total Fixed Income | 909,737,668 | 89.1 | 870,571,824 | 91.0 | 39,165,844 | 4.5 |
| BGI S&P 500 Equity Index | 84,406,677 | 8.3 | 68,406,677 | 7.2 | 16,000,000 | 23.4 |
| Cash Equivalents (STIP) | 26,404,184 | 2.6 | 17,566,677 | 1.8 | 8,837,506 | 50.3 |
| Total | 1,020,548,529 | 100.0 | 956,545,179 | 100.0 | 64,003,350 | 6.7 |

**State Fund Insurance Book/Fair Values At June 30, 2009**

| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Fixed | % of Fair |
|---|---|---|---|---|---|
| Corporate Bonds (Rated) | 497,224,233 | 477,175,030 | (20,049,203) | 52.5 | 46.9 |
| US Govt Direct Obligations | 55,021,462 | 57,192,143 | 2,170,681 | 6.3 | 5.6 |
| US Government Agency | 357,491,973 | 374,915,278 | 17,423,305 | 41.2 | 36.8 |
| Total Fixed Income | 909,737,668 | 909,282,451 | (455,217) | 100.0 | 89.4 |
| BGI S&P 500 Equity Index | 84,406,677 | 81,742,906 | (2,663,771) | | 8.0 |
| Cash Equivalents (STIP) | 26,404,184 | 26,404,184 | 0 | | 2.6 |
| Total | 1,020,548,529 | 1,017,429,540 | (3,118,988) | | 100.0 |

**State Fund Insurance 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Cash Equivalents (STIP) | 1.66 | 3 Month Treasury | 0.78 | 0.88 |
| Equities | (24.81) | S & P 500 Index | (26.22) | 1.41 |
| Fixed Income | 4.61 | BC Gov/Credit Intermediate | 5.27 | (0.66) |
| All Assets | 1.85 | Composite (1) | (1.21) | 3.06 |

(1) An Index Composite paralleling the Fund's asset allocation at fair value

The State Fund earned $34.3 million in investment income in 2009, compared to $44.3 million in 2008. The State Fund portfolio is listed beginning on Page A-7 of Appendix A.

# OTHER INSURANCE FUNDS

**Old Workers - Compensation Fund** - pays claims for all injury claims occurring prior to July 1, 1990.
**Group Insurance** - created in 1981, provides health and life insurance to non-university state employees.
**Subsequent Injury** - provides benefits to workers who are vocationally handicapped and whose Workers' Compensation benefits have expired.
**Hail Insurance** - insures crops from hail damage. The entire account is currently held in STIP.

Other insurance programs whose investments are held solely in STIP include:

**University Group Benefits**.....**$35,739,058**
**Agency Insurance**.....**20,479,372**
**Unemployment Insurance Benefits**.....**5,519,986**
**Uninsured Employees**.....**3,406,677**

**Total**.....**$65,145,093**

**Other Insurance Annual Change At June 30**

| Fund Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| Group Insurance | 44,371,169 | 58.3 | 44,460,958 | 49.7 | (89,789) | (0.2) |
| Old Fund | 19,660,305 | 25.9 | 31,486,695 | 35.2 | (11,826,391) | (37.6) |
| Hail Insurance | 11,760,265 | 15.5 | 12,860,805 | 14.4 | (1,100,540) | (8.6) |
| Subsequent Injury | 261,623 | 0.3 | 735,428 | 0.8 | (473,805) | (64.4) |
| Total | 76,053,362 | 100.0 | 89,543,886 | 100.0 | (13,490,524) | (15.1) |
| **Investment Type** | | | | | | |
| Corporate Bonds (Rated) | 8,832,783 | 11.6 | 11,962,927 | 13.4 | (3,130,144) | (26.2) |
| US Govt Direct Obligations | 487,945 | 0.6 | 776,024 | 0.9 | (288,078) | (37.1) |
| US Government Agency | 26,684,407 | 35.1 | 27,587,857 | 30.8 | (903,450) | (3.3) |
| Total Fixed Income | 36,005,135 | 47.3 | 40,326,807 | 45.0 | (4,321,672) | (10.7) |
| Cash Equivalents (STIP) | 40,048,226 | 52.7 | 49,217,079 | 55.0 | (9,168,852) | (18.6) |
| Total | 76,053,362 | 100.0 | 89,543,886 | 100.0 | (13,490,524) | (15.1) |

**Other Insurance Book/Fair Values At June 30, 2009**

| Fund Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| Group Insurance | 44,371,169 | 44,901,503 | 530,334 | 58.3 | 58.5 |
| Old Fund | 19,660,305 | 19,862,668 | 202,363 | 25.9 | 25.9 |
| Hail Insurance | 11,760,265 | 11,760,265 | 0 | 15.5 | 15.3 |
| Subsequent Injury | 261,623 | 240,985 | (20,638) | 0.3 | 0.3 |
| Total | 76,053,362 | 76,765,421 | 712,060 | 100.0 | 100.0 |
| **Investment Type** | | | | | |
| Corporate Bonds (Rated) | 8,832,783 | 8,321,474 | (511,309) | 11.6 | 10.8 |
| US Govt Direct Obligations | 487,945 | 515,989 | 28,043 | 0.6 | 0.7 |
| US Government Agency | 26,684,407 | 27,879,733 | 1,195,326 | 35.1 | 36.3 |
| Total Fixed Income | 36,005,135 | 36,717,195 | 712,060 | 47.3 | 47.8 |
| Cash Equivalents (STIP) | 40,048,226 | 40,048,226 | 0 | 52.7 | 52.2 |
| Total | 76,053,362 | 76,765,421 | 712,060 | 100.0 | 100.0 |

Other Insurance Portfolios are listed beginning on Page A-10 of Appendix A.

# TREASURER'S FUND

The Treasurer's Fund (Fund) is comprised of surplus cash in all state accounts that do not retain their investment earnings. All earnings are deposited in the state general fund. State law authorizes the Board to determine the amount of surplus cash in the Fund to be invested and the type of investments to be made. Invested balances at book value vary widely due to varying levels of excess cash in the state's general fund and other accounts comprising the Fund. This Fund has been a major investor in STIP since 1974 when STIP was created.

**Treasurer's Fund Annual Change At June 30**

| Investment Type | 2009 $ Book Value | % of Total | 2008 $ Book Value | % of Total | $ Change | % of Change |
|---|---|---|---|---|---|---|
| US Bank Sweep Repo | 15,845,774 | 1.7 | 12,123,446 | 1.3 | 3,722,328 | 30.7 |
| US Government Agency | 0 | 0.0 | 109,754,022 | 11.7 | (109,754,022) | (100.0) |
| Cash Equivalents (STIP) | 935,740,008 | 98.3 | 818,868,548 | 87.0 | 116,871,460 | 14.3 |
| Total | 951,585,782 | 100.0 | 940,746,015 | 100.0 | 10,839,767 | 1.2 |

**Treasurer's Fund Book/Fair Values At June 30, 2009**

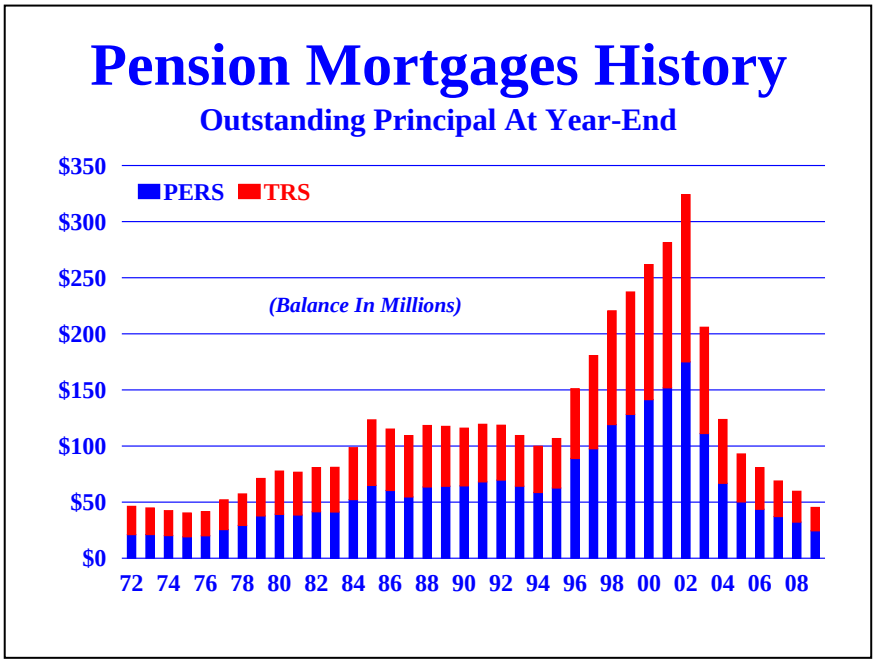
| Investment Type | Book $ Value | Fair $ Value | Fair $ +/- Book | % of Book | % of Fair |
|---|---|---|---|---|---|
| US Bank Sweep Repo | 15,845,774 | 15,845,774 | 0.0 | 1.7 | 1.7 |
| Cash Equivalents (STIP) | 935,740,008 | 935,740,008 | 0.0 | 98.3 | 98.3 |
| Total | 951,585,782 | 951,585,782 | 0 | 100.0 | 100.0 |

**Treasurer's Fund 2009 Total Rates of Return**

| Asset Type | % Return | Benchmarks | Benchmark % Return | Return +/- Benchmark |
|---|---|---|---|---|
| Cash Equivalents (STIP) | 1.65 | 3 Month Treasury | 0.78 | 0.87 |
| All Assets | 1.74 | | | |

The Treasurer's Fund earned $15.5 million in investment income in 2009, compared to $30.8 million in 2008. The Treasurer's Fund Portfolio is listed beginning on Page A-6 of Appendix A. The Treasurer's Fund invested balance and income history are shown on Page A-23 of Appendix A.

## MONTANA RESIDENTIAL MORTGAGES




The Board invests pension funds in Montana mortgages by purchasing all or a portion of mortgages from qualified financial institutions. Interest rates are set weekly, based on quotes from the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, the two major US secondary mortgage markets. Financial institutions charge a fee for servicing the loans. The number and location of mortgages purchased by the Board depend upon the mortgage lending activities of individual financial institutions and their interest in the Board's mortgage program.

**Montana Mortgages By Type Annual Change At June 30**

| Mortgage Type | 2009 Book Value | % Of Total | 2008 Book Value | % Of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Residential Conventional | 28,490,458 | 62.9 | 40,065,683 | 67.1 | (11,575,225) | (28.9) |
| Residential FHA | 15,195,528 | 33.6 | 17,531,711 | 29.4 | (2,336,183) | (13.3) |
| Residential VA | 1,587,859 | 3.5 | 2,112,720 | 3.5 | (524,860) | (24.8) |
| Total Mortgages | 45,270,143 | 100.0 | 59,702,382 | 100.0 | (14,432,239) | (24.2) |

Mortgage rates on the secondary market declined to less than 6 percent during 2003 and the Board chose not to purchase mortgages for the pension funds at these rates. This policy, combined with heavy re-financings of mortgages in the portfolio has caused a significant drop in the pension mortgage portfolio since 2003.

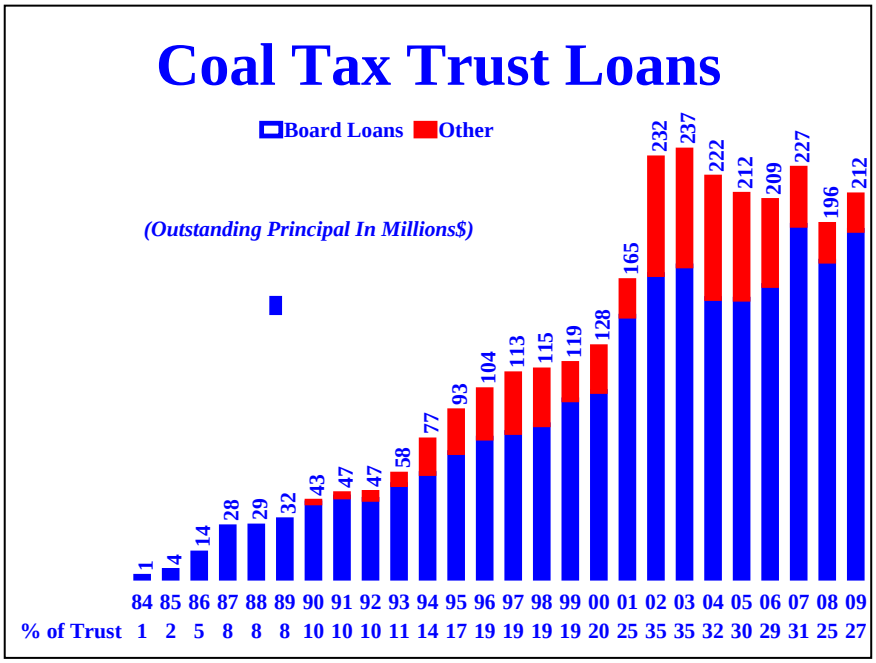
**Loan Losses/Arrears** - Pension Mortgage loans in arrears 90 days or more, increased from .14 percent of total mortgage holdings at year-end 2008 to .74 percent of mortgage holdings at year-end 2009. These arrears ratios compare to .60 percent and 1.68 percent respectively for Montana* financial institutions during the period. There were no properties in foreclosure at year-end 2008 or year-end 2009. All mortgages are secured by single-family residential or multi-family residential properties in Montana.

*Source: Total FDIC Past Due and Non Accrual as of 3-31-09

**Residential Mortgage Balances By County Annual Change At June 30**

| County | 2009 Balance | % Of Total | 2008 Balance | % Of Total | 08-09 $ Change | 2009 Loans | 2008 Loans | 08-09 Change |
|---|---|---|---|---|---|---|---|---|
| Yellowstone | 13,674,519 | 30.2 | 19,608,789 | 32.8 | (5,934,271) | 278 | 357 | (79) |
| Gallatin | 5,084,216 | 11.2 | 6,258,721 | 10.5 | (1,174,505) | 77 | 94 | (17) |
| Flathead | 2,652,958 | 5.9 | 3,778,553 | 6.3 | (1,125,595) | 44 | 60 | (16) |
| Lake | 2,536,281 | 5.6 | 3,482,828 | 5.8 | (946,546) | 43 | 57 | (14) |
| Richland | 2,400,405 | 5.3 | 2,666,011 | 4.5 | (265,606) | 47 | 51 | (4) |
| Custer | 1,719,580 | 3.8 | 2,203,765 | 3.7 | (484,185) | 56 | 66 | (10) |
| Roosevelt | 1,547,014 | 3.4 | 1,658,767 | 2.8 | (111,754) | 36 | 39 | (3) |
| Stillwater | 1,479,629 | 3.3 | 2,197,561 | 3.7 | (717,933) | 28 | 37 | (9) |
| Sanders | 1,392,354 | 3.1 | 1,608,671 | 2.7 | (216,317) | 22 | 25 | (3) |
| Blaine | 1,321,272 | 2.9 | 1,602,653 | 2.7 | (281,381) | 18 | 20 | (2) |
| Cascade | 1,295,449 | 2.9 | 1,755,697 | 2.9 | (460,248) | 31 | 39 | (8) |
| Phillips | 1,189,850 | 2.6 | 1,178,917 | 2.0 | 10,933 | 18 | 20 | (2) |
| Fallon | 1,034,019 | 2.3 | 912,192 | 1.5 | 121,827 | 16 | 14 | 2 |
| Valley | 998,098 | 2.2 | 1,422,357 | 2.4 | (424,260) | 23 | 31 | (8) |
| Carbon | 872,853 | 1.9 | 1,301,640 | 2.2 | (428,787) | 17 | 22 | (5) |
| Hill | 795,997 | 1.8 | 1,090,393 | 1.8 | (294,396) | 19 | 24 | (5) |
| Park | 555,611 | 1.2 | 645,869 | 1.1 | (90,257) | 14 | 15 | (1) |
| Missoula | 552,179 | 1.2 | 691,829 | 1.2 | (139,649) | 9 | 11 | (2) |
| Dawson | 491,596 | 1.1 | 646,867 | 1.1 | (155,271) | 16 | 20 | (4) |
| Beaverhead | 381,317 | 0.8 | 725,927 | 1.2 | (344,610) | 10 | 12 | (2) |
| Broadwater | 375,673 | 0.8 | 433,069 | 0.7 | (57,396) | 5 | 9 | (4) |
| Fergus | 313,954 | 0.7 | 331,427 | 0.6 | (17,474) | 5 | 5 | 0 |
| Madison | 279,525 | 0.6 | 375,925 | 0.6 | (96,400) | 2 | 3 | (1) |
| Rosebud | 272,743 | 0.6 | 308,815 | 0.5 | (36,072) | 10 | 10 | 0 |
| Bighorn | 243,412 | 0.5 | 288,201 | 0.5 | (44,789) | 6 | 7 | (1) |
| Silver Bow | 236,427 | 0.5 | 257,538 | 0.4 | (21,111) | 5 | 7 | (2) |
| Wheatland | 201,820 | 0.4 | 210,736 | 0.4 | (8,916) | 3 | 3 | 0 |
| Choteau | 184,081 | 0.4 | 282,389 | 0.5 | (98,308) | 4 | 6 | (2) |
| Ravalli | 172,790 | 0.4 | 186,630 | 0.3 | (13,840) | 3 | 3 | 0 |
| Jefferson | 147,807 | 0.3 | 321,471 | 0.5 | (173,663) | 3 | 5 | (2) |
| Lewis & Clark | 144,255 | 0.3 | 236,675 | 0.4 | (92,420) | 4 | 6 | (2) |
| Glacier | 139,619 | 0.3 | 145,600 | 0.2 | (5,982) | 3 | 3 | 0 |
| Deer Lodge | 87,272 | 0.2 | 95,967 | 0.2 | (8,695) | 2 | 3 | (1) |
| Pondera | 71,270 | 0.2 | 118,133 | 0.2 | (46,863) | 1 | 2 | (1) |
| McCone | 68,237 | 0.2 | 73,361 | 0.1 | (5,124) | 2 | 2 | 0 |
| Mineral | 66,724 | 0.1 | 71,161 | 0.1 | (4,437) | 1 | 1 | 0 |
| Prairie | 50,246 | 0.1 | 55,969 | 0.1 | (5,723) | 2 | 2 | 0 |
| Musselshell | 49,464 | 0.1 | 50,888 | 0.1 | (1,424) | 1 | 1 | 0 |
| Judith Basin | 46,691 | 0.1 | 47,913 | 0.1 | (1,221) | 1 | 1 | 0 |
| Carter | 37,869 | 0.1 | 43,319 | 0.1 | (5,450) | 2 | 2 | 0 |
| Teton | 27,318 | 0.1 | 97,052 | 0.2 | (69,734) | 2 | 3 | (1) |
| Sheridan | 25,733 | 0.1 | 76,663 | 0.1 | (50,930) | 3 | 5 | (2) |
| Sweet Grass | 20,261 | 0.0 | 60,617 | 0.1 | (40,356) | 1 | 2 | (1) |
| Powder River | 13,041 | 0.0 | 16,551 | 0.0 | (3,510) | 1 | 1 | 0 |
| Powell | 12,188 | 0.0 | 69,040 | 0.1 | (56,853) | 1 | 2 | (1) |
| Wibaux | 9,337 | 0.0 | 12,385 | 0.0 | (3,048) | 1 | 1 | 0 |
| Toole | 894 | 0.0 | 4,613 | 0.0 | (3,719) | 1 | 1 | 0 |
| Total | 45,270,143 | 100.0 | 59,702,382 | 100.0 | (14,432,239) | 897 | 1,110 | (213) |

# COAL TAX TRUST LOANS




Created in 1984 as part of the "Build Montana" program, this program invests Coal Tax Trust funds in Montana to stimulate the state's economy. State law authorizes the Board to invest the Trust to increase employment and business opportunities, while maintaining and improving the state's physical environment. The "other" portion of the graph is comprised of these loans:

Science & Tech - $12.5 Million
Dep. of Justice - $.4 Million
Facilities Finance - $6.8 Million

**Loan Types –** Four different loan types are available in the In-State Investment Program, some of which offer a job credit interest rate reduction equal to 0.05 percent for each job created, up to a maximum reduction of 2.5 percent.

***The Commercial Loan Participation Program*** purchases from originating financial institutions up to 80 percent of a participation loan. Unencumbered land, buildings, and equipment may be financed with the loan proceeds. The financial institutions charge a fee to service the loan and the Board's loan is collateralized proportionally to the Board's share of the loan. At year-end 2009, this Program had $155.8 million in loan principal outstanding.

***The Infrastructure Loan Program*** provides loans to eligible local governments for constructing infrastructure required by job creating businesses in their jurisdiction. At year-end 2009, this Program had $20.6 million in loan principal outstanding. Total loans outstanding in this Program are limited by law to $80.0 million.

***The Value-added Loan Program*** provides low interest loans to value-added type businesses that create or retain jobs. At year-end 2009, this Program had $13.5 million in loan principal outstanding. Total loans outstanding in this Program are limited by law to $70.0 million**.**

***The Intermediary Re-lending Program*** provides loans to local economic development organizations with revolving loan programs. At year-end 2009, this Program had $2.5 million in loan principal outstanding. Individual loans may not exceed $500,000 and total loans outstanding in this Program are limited by law to $5.0 million.

**Loan Yield -** On June 30, 2009, the average weighted yield of all outstanding loans, excluding Value-Added and IRP loans whose interest rates are set by law, was 5.35 percent.

## Loans From Inception By County Annual Change At June 30

| County | Through 2009 | % Of Total | Through 2008 | % Of Total | 08-09 $ Increase | 2009 Loans | 2008 Loans | 08-09 Inc |
|---|---|---|---|---|---|---|---|---|
| Missoula | 121,532,119 | 19.5 | 117,530,324 | 20.1 | 4,001,795 | 224 | 219 | 5 |
| Gallatin | 95,394,116 | 15.3 | 84,043,860 | 14.4 | 11,350,255 | 125 | 121 | 4 |
| Yellowstone | 83,170,329 | 13.3 | 79,074,680 | 13.6 | 4,095,649 | 140 | 138 | 2 |
| Cascade | 60,767,015 | 9.7 | 51,102,187 | 8.8 | 9,664,828 | 54 | 51 | 3 |
| Lewis & Clark | 52,853,451 | 8.5 | 50,536,628 | 8.7 | 2,316,823 | 99 | 94 | 5 |
| Flathead | 47,159,507 | 7.6 | 47,109,507 | 8.1 | 50,000 | 88 | 88 | 0 |
| Park | 22,709,631 | 3.6 | 22,503,729 | 3.9 | 205,903 | 30 | 29 | 1 |
| Lake | 19,432,991 | 3.1 | 19,432,991 | 3.3 | 0 | 90 | 90 | 0 |
| Silver Bow | 18,454,476 | 3.0 | 9,984,183 | 1.7 | 8,470,293 | 12 | 9 | 3 |
| Ravalli | 14,987,006 | 2.4 | 14,987,006 | 2.6 | 0 | 46 | 46 | 0 |
| Madison | 13,713,554 | 2.2 | 13,713,554 | 2.4 | 0 | 70 | 70 | 0 |
| Beaverhead | 11,150,710 | 1.8 | 11,150,710 | 1.9 | 0 | 30 | 30 | 0 |
| Stillwater | 9,289,630 | 1.5 | 9,289,630 | 1.6 | 0 | 49 | 49 | 0 |
| Blaine | 5,955,325 | 1.0 | 5,955,325 | 1.0 | 0 | 34 | 34 | 0 |
| Hill | 5,265,248 | 0.8 | 5,265,248 | 0.9 | 0 | 10 | 10 | 0 |
| Richland | 3,580,953 | 0.6 | 3,580,953 | 0.6 | 0 | 26 | 26 | 0 |
| Roosevelt | 3,222,856 | 0.5 | 3,222,856 | 0.6 | 0 | 8 | 8 | 0 |
| Rosebud | 3,162,078 | 0.5 | 3,162,078 | 0.5 | 0 | 2 | 2 | 0 |
| Carbon | 3,154,586 | 0.5 | 3,154,586 | 0.5 | 0 | 13 | 13 | 0 |
| Phillips | 3,097,177 | 0.5 | 3,097,177 | 0.5 | 0 | 5 | 5 | 0 |
| Jefferson | 2,863,980 | 0.5 | 2,863,980 | 0.5 | 0 | 12 | 12 | 0 |
| Sanders | 2,721,699 | 0.4 | 2,721,699 | 0.5 | 0 | 9 | 9 | 0 |
| Valley | 2,308,767 | 0.4 | 2,308,767 | 0.4 | 0 | 17 | 17 | 0 |
| Custer | 1,960,399 | 0.3 | 1,960,399 | 0.3 | 0 | 3 | 3 | 0 |
| Lincoln | 1,923,608 | 0.3 | 1,923,608 | 0.3 | 0 | 6 | 6 | 0 |
| Choteau | 1,701,998 | 0.3 | 1,701,998 | 0.3 | 0 | 4 | 4 | 0 |
| Mineral | 1,611,093 | 0.3 | 1,611,093 | 0.3 | 0 | 3 | 3 | 0 |
| Granite | 1,524,095 | 0.2 | 1,524,095 | 0.3 | 0 | 6 | 6 | 0 |
| Meagher | 1,424,517 | 0.2 | 1,424,517 | 0.2 | 0 | 5 | 5 | 0 |
| Fergus | 1,337,955 | 0.2 | 1,264,955 | 0.2 | 73,000 | 3 | 3 | 0 |
| Dawson | 874,285 | 0.1 | 874,285 | 0.1 | 0 | 1 | 1 | 0 |
| Toole | 848,195 | 0.1 | 492,707 | 0.1 | 355,488 | 2 | 1 | 1 |
| Pondera | 782,199 | 0.1 | 782,199 | 0.1 | 0 | 3 | 3 | 0 |
| Sweet Grass | 751,737 | 0.1 | 751,737 | 0.1 | 0 | 3 | 3 | 0 |
| Bighorn | 676,400 | 0.1 | 676,400 | 0.1 | 0 | 3 | 3 | 0 |
| Powell | 616,500 | 0.1 | 616,500 | 0.1 | 0 | 1 | 1 | 0 |
| Fallon | 476,429 | 0.1 | 476,429 | 0.1 | 0 | 2 | 2 | 0 |
| Broadwater | 463,199 | 0.1 | 463,199 | 0.1 | 0 | 3 | 3 | 0 |
| Liberty | 455,439 | 0.1 | 455,439 | 0.1 | 0 | 3 | 3 | 0 |
| McCone | 295,148 | 0.0 | 295,148 | 0.1 | 0 | 3 | 3 | 0 |
| Musselshell | 163,000 | 0.0 | 163,000 | 0.0 | 0 | 1 | 1 | 0 |
| Daniels | 121,637 | 0.0 | 121,637 | 0.0 | 0 | 1 | 1 | 0 |
| Wibaux | 90,000 | 0.0 | 90,000 | 0.0 | 0 | 1 | 1 | 0 |
| Powder River | 57,105 | 0.0 | 57,105 | 0.0 | 0 | 1 | 1 | 0 |
| Total | 624,102,140 | 100.0 | 583,518,108 | 100.0 | 40,584,033 | 1,251 | 1,227 | 24 |

## Commercial Loan By Sector Annual Change At June 30

| Investment Type | 2009 Book Value | % Of Total | 2008 Book Value | % Of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Service Industry | 267,566,597 | 42.9 | 198,056,579 | 33.9 | 69,510,018 | 35.1 |
| Manufacturing | 90,415,242 | 14.5 | 84,884,232 | 14.5 | 5,531,010 | 6.5 |
| Finance/Insurance/Real Estate | 82,964,905 | 13.3 | 105,062,870 | 18.0 | (22,097,966) | (21.0) |
| Retail Trade | 73,868,029 | 11.8 | 91,053,660 | 15.6 | (17,185,631) | (18.9) |
| Agriculture/Forestry/Fishing | 61,022,673 | 9.8 | 61,621,805 | 10.6 | (599,133) | (1.0) |
| Transportation/Utilities/Comm. | 22,670,985 | 3.6 | 20,815,516 | 3.6 | 1,855,469 | 8.9 |
| Wholesale Trade | 12,347,115 | 2.0 | 10,940,615 | 1.9 | 1,406,500 | 12.9 |
| Construction | 10,106,827 | 1.6 | 8,090,819 | 1.4 | 2,016,007 | 24.9 |
| Mining | 3,139,768 | 0.5 | 2,947,010 | 0.5 | 192,758 | 6.5 |
| Public Administration | 0 | 0.0 | 45,000 | 0.0 | (45,000) | (100.0) |
| Total | 624,102,140 | 100.0 | 583,518,108 | 100.0 | 40,584,033 | 7.0 |

**Loan Losses/Arrears** - The number of loans in this program in arrears 90 days or more was zero for year-end 2008 and year-end 2009. These arrears ratios compare to .98 percent and 1.78 percent, respectively for Montana financial institutions during that period*. There were no losses in 2008 or 2009.

*Source: Total FDIC Past Due and Non Accrual as of 3-31-09

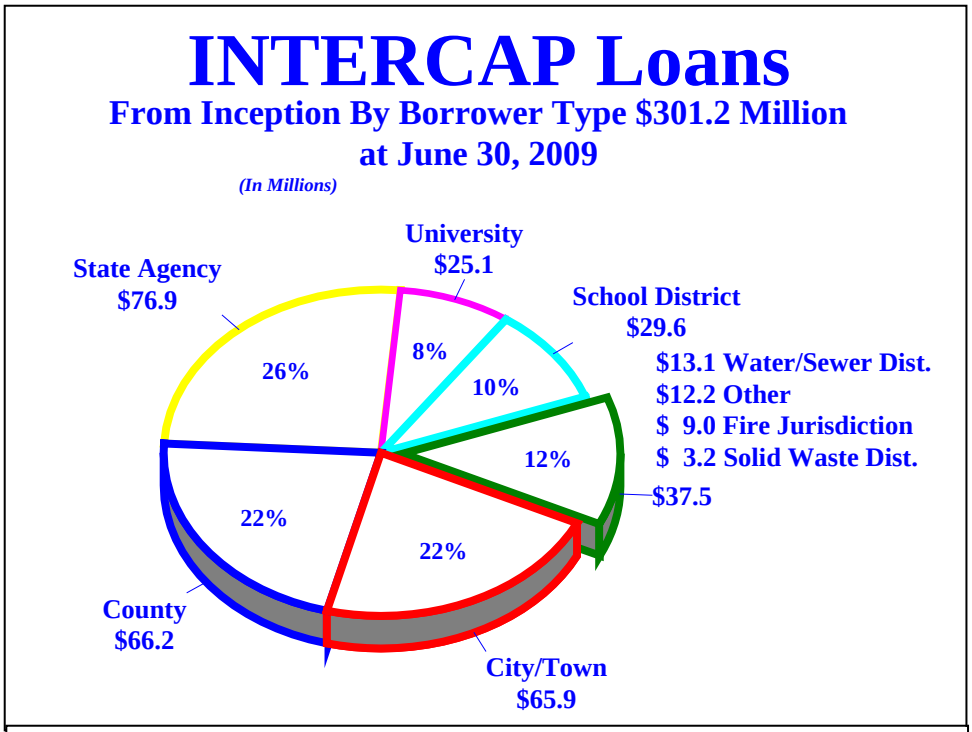
In addition to the Coal Tax Loan Program and the Residential Mortgage Programs, the Board also invests other state funds in Montana and guarantees bonds as shown in the table below:

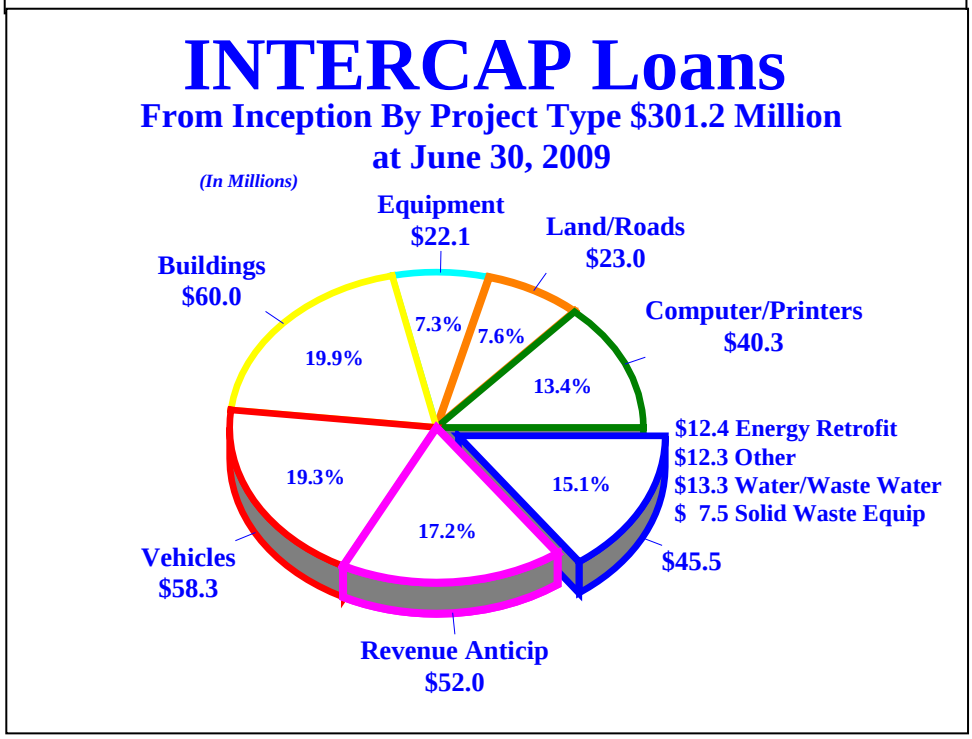
## Instate Loans and Other In-State Investments

| Loan Type | 2009 $ Book Value | 2008 $ Book Value | $ Change |
|---|---|---|---|
| Commercial Loans | 155,778,853 | 138,786,183 | 16,992,670 |
| Residential Mortgages | 45,270,143 | 59,702,382 | (14,432,239) |
| Equity Real Estate | 16,980,582 | 16,964,552 | 16,030 |
| Montana Science and Technology | 12,452,295 | 12,939,836 | (487,541) |
| Value-Added Loans | 13,538,774 | 14,305,523 | (766,749) |
| Infrastructure Loans | 20,591,953 | 19,951,844 | 640,108 |
| Department of Justice Loan | 373,010 | 2,547,000 | (2,173,990) |
| Facility Finance Authority Loans | 6,821,687 | 4,878,661 | 1,943,026 |
| Intermediary Loan Program | 2,467,107 | 2,277,156 | 189,950 |
| Total In-State Loans | 274,274,404 | 272,353,138 | 1,921,266 |
| PPL Montana | 35,873,615 | 38,636,683 | (2,763,069) |
| Med Map LLC (St. Vincent's Hospital, Billings) | 22,735,000 | 22,735,000 | 0 |
| Montana CRP Bonds (42 issues) | 880,150 | 1,508,366 | (628,216) |
| Board of Housing | 1,110,000 | 1,120,000 | (10,000) |
| Total State, Local Gvt and Corporate Bonds | 60,598,764 | 64,000,049 | (3,401,285) |
| Total Loans and Bonds | 334,873,168 | 336,353,187 | (1,480,019) |
| Bond Guarantees (1) | 198,465,022 | 182,393,408 | 16,071,614 |

(1) Guarantees of INTERCAP and Montana Facility Finance Authority Bonds

## BOND PROGRAMS




**INTERCAP** - The Board administers several bond programs under the Montana Economic Development Bond and the Municipal Finance Consolidation Acts, created as part of the "Build Montana" program in 1984.

The INTERCAP program lends funds to eligible governments for a variety of purposes. The upper graph depicts the types of borrowers using the program since its inception. Since 1987, 441 eligible governments have received 1,315 loans, totaling $301.2 million.

The lower graph shows the types of projects for which loans were made since program inception. At June 30, 2009, there was $77.7 million in outstanding loan balances.

INTERCAP loans are funded with proceeds from bonds issued by the Board. Since the program's inception, the Board has issued $124.0 million in bonds with $88.6 million outstanding at June 30, 2009.

Loan interest rates, which are reset each February 16 based on the interest on the bonds funding the loans, were set at 3.25 percent on February 16, 2009.

Other bond programs managed by the Board are**:**

- ***School District Pooled Refunding Program***

In 1991 the Board purchased general obligation refunding bonds of participating school districts, enabling the districts to refinance their outstanding bonds at a lower interest rate. The 16 school districts participating in this $6.234 million bond issue saved a total of $577,600 in interest over the life of the refunding bonds. These bonds matured in January 2005. Although this Program is inactive, it could be re-activated given sufficient demand.

- ***Pooled Irrigation Program***

Five irrigation districts participated in this Program that prepaid their outstanding loans to the federal Bureau of Reclamation. The Board issued bonds of $4.976 million in 1988 to prepay $15.6 million of non-interest bearing federal loans held by the districts. The Board lent the bond proceeds to the districts at an average 7.20 percent interest. Although the districts paid off non-interest federal loans with interest bearing loans, they saved a total of $5.9 million, because the federal loans were prepaid at steep discounts, thereby significantly lowering the amount of principal owed by the districts.

- ***Qualified Zone Academy Bond Program (QZAB)***

This program allows qualifying school districts to borrow money at no or nominal interest rates by issuing qualified zone academy bonds. Bonds outstanding as of June 30 are listed below:

| Project | Issue Date | Issue Amount | 6/30/2009 Balance |
|---|---|---|---|
| Huntley Project Schools | 12/01/00 | 750,000 | 750,000 |
| Bozeman Public Schools | 11/25/03 | 1,586,000 | 1,586,000 |
| Philipsburg Schools | 12/10/03 | 2,000,000 | 2,000,000 |
| Cut Bank Elementary | 08/18/05 | 825,000 | 825,000 |
| Cut Bank High School | 08/18/05 | 625,000 | 625,000 |
| Bozeman Public Schools | 12/21/06 | 1,459,250 | 1,459,250 |
| Billings School District | 12/29/08 | 773,250 | 773,250 |
| Lewistown Elementary | 06/16/09 | 2,087,250 | 2,087,250 |
| Total | | 10,105,750 | 10,105,750 |

## Economic Development Bond Act

- ***Stand Alone Economic Development Bond Program***

This Program provides qualifying businesses access to tax-exempt funds and the Board has issued bonds to finance several projects. The Board acts as a legal funding conduit only and is not pecuniarily liable for the repayment of the bonds. Bonds outstanding as of June 30 are listed below:

| Project | Issue Date | Issue Amount | 6/30/2009 Balance |
|---|---|---|---|
| Colstrip | 10/01/89 | 60,800,000 | 42,300,000 |
| BGI | 07/01/93 | 118,345,000 | 104,600,000 |
| Stillwater Mining | 07/01/00 | 30,000,000 | 30,000,000 |
| Gainey Foundation* | 10/01/02 | 6,000,000 | 3,290,000 |
| Total | | 215,145,000 | 180,190,000 |

* Bonds were redeemed July 1, 2009

- ***Montana Conservation Reserve Payment (CRP) Enhancement Program***

This Program provides loans to Montana farmers to refinance outstanding loans and/or to purchase additional land and farm equipment. The borrowers assign their remaining federal CRP contract payments to the Board to repay the debt service on these loans. When the Program began, bonds were issued to provide funding for the loans. Currently, the loans are funded from the Trust Funds Investment Pool, formerly known as the Trust Funds Bond Pool, as an investment. Loan interest rates are typically set at 0.50 higher than the interest set by the Trust Funds Investment Pool manager. A total of 256 loans, totaling $33.4 million have been funded under this Program**.**

- ***Pooled Economic Development Bond Program***

This Program, inactive since 1986 due to federal tax law revisions, provided loans to small businesses to expand and improve their facilities. The Board funded the loans by issuing tax-exempt bonds. Except for a pledge of revenues and a guaranty fund, the Board has no pecuniary liability under this Program. The last outstanding loan was paid off in May 2006. The bonds issued to fund the loans have been repaid.

The Bond Program financial statements begin on Page B-57 in Appendix B**.**

# Appendix A - Total Income By Fund FY09

| Account Description | Investment Income | <----------Pool Distributions----------> STIP | MDEP | MTIP | MPEP | RFBP | TFBP | MTRP | Total |
|---|---|---|---|---|---|---|---|---|---|
| 03241 HAVA 251 CFDA 9 | | 12,677 | | | | | | | 12,677 |
| 03715 HAVA 101 CFDA 3 | | 32,688 | | | | | | | 32,688 |
| 2001B LRBP Bonds | | 108 | | | | | | | 108 |
| 2002B LRBP Bonds | | 23 | | | | | | | 23 |
| 2003A LRBP Bonds | | 845 | | | | | | | 845 |
| 2004B LRBP | | 304 | | | | | | | 304 |
| 2005 Gear Up Fed Scho | | 27,032 | | | | | | | 27,032 |
| 2005 Gear Up Fed Scho | | 804 | | | | | | | 804 |
| 2005B LRBP Bonds | | 45 | | | | | | | 45 |
| 2006A LRBP 10 - Year | | 13,547 | | | | | | | 13,547 |
| 2007D LRBP | | 49,606 | | | | | | | 49,606 |
| 2008D LRBP | | 14,563 | | | | | | | 14,563 |
| 457 Plan - Administra | | 12,440 | | | | | | | 12,440 |
| 911 Wireless | | 779 | | | | | | | 779 |
| 911 Wireless Provider | | 31,260 | | | | | | | 31,260 |
| Acc. Cty Sick/Vacatio | | 5,221 | | | | | | | 5,221 |
| Acquisitions Trust | | 275 | 431 | | | | 2,374 | | 3,081 |
| Ag NB Private Funds | | 182 | | | | | | | 182 |
| Agency Insurance Int. | | 437,694 | | | | | | | 437,694 |
| Alfalfa Leaf Cutting | | 126 | | | | | | | 126 |
| Alfalfa Seed Assessme | | 1,304 | | | | | | | 1,304 |
| Alternative Energy Re | | 16,949 | | | | | | | 16,949 |
| Anhydrous Ammonia Acc | | 331 | | | | | | | 331 |
| Animal Health | | 371 | | | | | | | 371 |
| Apiary Account | | 28 | | | | | | | 28 |
| Arbitrage Rebate | | 373 | | | | | | | 373 |
| Basic 9-1-1 Emrgncy P | | 610 | | | | | | | 610 |
| Beginning Farm Loans | | 10 | | | | | | | 10 |
| Big Horn Limestone Bo | | 18,531 | | | | | | | 18,531 |
| Big Sky Economic Dev. | | 58,647 | | | | | 1,866,575 | | 1,925,222 |
| Blackfeet IOS Fees | | 2,154 | | | | | | | 2,154 |
| Blackfeet Mitigation | | 241,176 | | | | | | | 241,176 |
| BOH Financial Program | | 5,248 | | | | | | | 5,248 |
| Broadwater Irrigation | | 14,892 | | | | | | | 14,892 |
| Broadwater O & M | | 1,126 | | | | | | | 1,126 |
| Butte Area One Restor | 48,130 | 197,923 | | | | | 220,127 | | 466,180 |
| BVSL Special Revenue | | 20,685 | | | | | | | 20,685 |
| C R Kendall Bond Forf | | (92,158) | | | | | | | (92,158) |
| Capitol Bldg Trust - | | 496 | | | | | | | 496 |
| Cashed Plan I Securit | | 6,788 | | | | | | | 6,788 |
| Charles Bair Trust | | 705 | 1,788 | | | | 8,788 | | 11,281 |
| Cherry Research & Mar | | 314 | | | | | | | 314 |
| Churchill Endowment | | 87 | | | | | | | 87 |
| Clark Fork River Rest | 47,309 | 181,662 | | | | | 254,364 | | 483,334 |
| Clark Fork Site Respo | 118,434 | 556,607 | | | | | 1,469,339 | | 2,144,381 |
| CMC CECRA Sites | | 1,769 | | | | | | | 1,769 |
| Coal Bed Methane Prot | | 111,174 | | | | | | | 111,174 |
| Coal Severance Tax In | 10,311,356 | 228,853 | | | | | 16,070,819 | | 26,611,028 |
| Coal Tax Trust Accoun | | 4,480 | | | | | | | 4,480 |
| Coal Tax-FWP Trust | | 2,700 | | | | | 951,426 | | 954,126 |
| Commercial Feed | | 6,057 | | | | | | | 6,057 |
| Commercial Fertilizer | | 853 | | | | | | | 853 |
| Commodity Dealer/Ware | | 715 | | | | | | | 715 |
| Common School Permane | | 293,473.59 | | | | | | | 293,474 |
| Common School Trust - | | 38,900 | | | | | | | 38,900 |
| Corbin Flats Fin Assu | | 599 | | | | | | | 599 |
| CR Kendall Interest B | | 129,404 | | | | | | | 129,404 |
| CST 04A Refund Debt S | | 3,755 | | | | | | | 3,755 |
| CST 04B Debt Service- | | 252 | | | | | | | 252 |
| CST 2001D Refunding D | | 27,493 | | | | | | | 27,493 |
| CST 2001E Tax Ex DS | | 103 | | | | | | | 103 |
| CST 2001F Taxable D S | | 66 | | | | | | | 66 |
| CST 2003A Taxex Debt | | 4,976 | | | | | | | 4,976 |
| CST 97A Debt Service | | 268 | | | | | | | 268 |
| CST 97B Debt Service | | 271 | | | | | | | 271 |
| CST Bond Unrestrict. | | 53,603 | | | | | | | 53,603 |
| CST OIC Refunding D.S | | 4,614 | | | | | | | 4,614 |
| Cultural Trust | | 1,039 | | | | | 534,456 | | 535,495 |
| Donated SAR - Aeronau | | 183 | | | | | | | 183 |
| Eastern/Western Trust | | 17 | | | | | | | 17 |
| EDA Revolving Loan Fu | | 1,957 | | | | | | | 1,957 |

# Appendix A - Total Income By Fund FY09

| Account Description | Investment Income | STIP | MDEP | MTIP | MPEP | RFBP | TFBP | MTRP | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | <----------Pool Distributions----------> | | | | | | | |
| Elk Auction | | 1,884 | | | | | | | 1,884 |
| Employment Security A | | 120,714 | | | | | | | 120,714 |
| Endowment For Childre | | 1,229 | | | | | 50,945 | | 52,174 |
| Energy Conservation: | | 8,504 | | | | | | | 8,504 |
| Energy Conservation: | | 8,285 | | | | | | | 8,285 |
| Enhanced 9-1-1 Emerg | | 1,159 | | | | | | | 1,159 |
| Environmental Conting | | 10,870 | | | | | | | 10,870 |
| Environmental Quality | | 52,427 | | | | | | | 52,427 |
| Environmental Rehab & | | 5,449 | | | | | | | 5,449 |
| Facilities Finance Au | | 32,104 | | | | | | | 32,104 |
| Fert. Groundwater Acc | | 215 | | | | | | | 215 |
| Fire Suppression Fund | | 609,207 | | | | | | | 609,207 |
| Firefighters Unified | (65,513) | 43,316 | 869,534 | 587,315 | 361,559 | 2,355,482 | | 312,597 | 4,464,290 |
| Fisheries Mit Trust F | | 37,954 | | | | | | | 37,954 |
| Fishing Access Site A | | 3,298 | | | | | | | 3,298 |
| Fishing Access Site M | | 5,115 | | | | | | | 5,115 |
| Flexible Spending Fun | | 9,588 | | | | | | | 9,588 |
| Ft Belknap IOS Fees | | 629 | | | | | | | 629 |
| FY01 CST Nontaxable B | | 233 | | | | | | | 233 |
| FY01 CST Taxable Bond | | 97 | | | | | | | 97 |
| FY06 CERCLA Bond Proc | | 10,923 | | | | | | | 10,923 |
| Game Wardens Retireme | (34,126) | 27,843 | 337,871 | 232,470 | 140,233 | 935,224 | | 123,234 | 1,762,749 |
| Gear Up Achievement S | | 3,324 | | | | | | | 3,324 |
| Gear Up Essay Scholar | | 3,179 | | | | | | | 3,179 |
| Gear Up Trio Scholars | | 30,793 | | | | | | | 30,793 |
| General Fund | 3,426,381 | 12,080,509 | | | | | | | 15,506,889 |
| General License | 566,744 | 409,309 | | | | | | | 976,053 |
| General Trust Fund | | 1,089 | | | | | | | 1,089 |
| Glacier Centennial Ex | | 247 | | | | | | | 247 |
| GMF - Craney Exhibit | | 2,966 | | | | | | | 2,966 |
| GO 03 SBP Bond Procee | | 329 | | | | | | | 329 |
| GO 05C SPB Bond Proce | | 1,658 | | | | | | | 1,658 |
| GO Bond Debt Ser-Rene | | 18,053 | | | | | | | 18,053 |
| GO Bond Loan Loss Res | | 8,881 | | | | | | | 8,881 |
| GO FY06 SPB Bond Proc | | 15,949 | | | | | | | 15,949 |
| GO SBP Debt Service | | 2,673 | | | | | | | 2,673 |
| Grain Services | | 486 | | | | | | | 486 |
| Group Benefits Claims | 1,217,439 | 314,478 | | | | | | | 1,531,918 |
| GSL Collections Clear | | 11,613 | | | | | | | 11,613 |
| Guaranteed Stdt. Loan | | 125,154 | | | | | | | 125,154 |
| Habitat Trust Interes | | 23,432 | | | | | | | 23,432 |
| Hail Insurance | | 188,556 | | | | | | | 188,556 |
| Hard Rock Mining Recl | | 91,136 | | | | | | | 91,136 |
| HAVA 251 Part II CFDA | | 2,505 | | | | | | | 2,505 |
| Haynes Collection Tru | | 399 | | | | | | | 399 |
| Hazardous Waste-CERCL | | 10,226 | | | | | | | 10,226 |
| HFA Loan Program | | 4,467 | | | | | | | 4,467 |
| Highway 93 Bond Proce | | 355,479 | | | | | | | 355,479 |
| Highway Patrol Retire | (146,626) | 16,669 | 435,975 | 296,257 | 180,660 | 1,192,985 | | 157,282 | 2,133,203 |
| Highways Special Reve | | 94,529 | | | | | | | 94,529 |
| Housing Montana Fund | | 567 | | | | | | | 567 |
| Housing Trust Fund | | 9,921 | | | | | | | 9,921 |
| HUD Section 8 Housing | | 90,326 | | | | | | | 90,326 |
| Industrial Accident R | | 979 | | | | | | | 979 |
| Industrial Revenue Bo | | 4,758 | | | | | | | 4,758 |
| Inspection and Contro | | 18,319 | | | | | | | 18,319 |
| James H. Bradley Memo | | 239 | 2,791 | | | | 6,062 | | 9,092 |
| Justice Assistance Gr | | 5,659 | | | | | | | 5,659 |
| Juvenile Accountabili | | 1,853 | | | | | | | 1,853 |
| Landusky Recl-Last (1 | | 4,332 | | | | | | | 4,332 |
| Leg Branch Reserve Ac | | 11,027 | | | | | | | 11,027 |
| Leg Branch Retirement | | 5,566 | | | | | | | 5,566 |
| Litigation Cost Recov | | 23,598 | | | | | | | 23,598 |
| Long Range Building P | | 1,115,743 | | | | | | | 1,115,743 |
| Luttrill Pit - Oper & | | 28,434 | | | | | | | 28,434 |
| Lvstk Per Capita | | 25,504 | | | | | | | 25,504 |
| LWRD Start Program - | | 304 | | | | | | | 304 |
| Market Based Combo Sa | | 92,419 | | | | | | | 92,419 |
| Merritt-Wheeler Memor | | 73 | 710 | | | | 1,422 | | 2,206 |
| MFWP Visitor Services | | 2,284 | | | | | | | 2,284 |
| MHS Museum Private Fu | | 8 | | | | | | | 8 |

# Appendix A - Total Income By Fund FY09

| Account Description | Investment Income | STIP | MDEP | MTIP | MPEP | RFBP | TFBP | MTRP | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | <----------Pool Distributions----------> | | | | | | | |
| Microbusiness Admin A | | 32,454 | | | | | | | 32,454 |
| Military Family Relie | | 13,738 | | | | | | | 13,738 |
| Milk Control Bureau | | 1,299 | | | | | | | 1,299 |
| Milltown Restoration | | 61,474 | | | | | | | 61,474 |
| Mint Committee | | 288 | | | | | | | 288 |
| Montana Heritage Comm | | 2,829 | | | | | | | 2,829 |
| Montana IA Disaster F | | 228 | | | | | | | 228 |
| Montana Judges Retire | (114,627) | 12,901 | 266,633 | 180,544 | 111,508 | 738,903 | | 96,745 | 1,292,607 |
| Montana Land Informat | | 27,033 | | | | | | | 27,033 |
| Montana Pathways - Bu | | 64 | | | | | | | 64 |
| Montana Pole Remedial | 14,182 | 81,802 | | | | | 1,230,561 | | 1,326,545 |
| Montana Pole-Miners B | | 1,891 | | | | | | | 1,891 |
| Montana State Library | | 3,287 | | | | | | | 3,287 |
| Montana Tech Trust - | | 26 | | | | | | | 26 |
| Moore-Sipple Connecto | | 3,912 | | | | | | | 3,912 |
| Moose Auction | | 1,187 | | | | | | | 1,187 |
| Morrill Trust - LB | | 69 | | | | | | | 69 |
| Mountain Goat Auction | | 435 | | | | | | | 435 |
| Mountain Sheep Accoun | | 2,969 | | | | | | | 2,969 |
| MSU Agency Funds | | 1,323,981 | | | | | | | 1,323,981 |
| MSU Auxiliary Funds | | | | | | | 290,998 | | 290,998 |
| MSU Designated Funds | | 176,325 | | | | | 337,897 | | 514,222 |
| MSU General Operating | | | | | | | 111,517 | | 111,517 |
| MSU-Billings Agency F | | 363,292 | | | | | | | 363,292 |
| MSU-GCOT Agency Funds | | 62,408 | | | | | | | 62,408 |
| MSU-GCOT Genl Operati | | 5,282 | | | | | | | 5,282 |
| MSU-Northern Agency F | | 25,449 | | | | | | | 25,449 |
| MT Oil & Gas Tax Clea | | 524,459 | | | | | | | 524,459 |
| MT Tunnels Int Bearin | | 30,383 | | | | | | | 30,383 |
| Mule Deer Auction | | 753 | | | | | | | 753 |
| MUS Group Insurance P | | 606,056 | | | | | | | 606,056 |
| MUS Self-Funded Worke | | 176,525 | | | | | | | 176,525 |
| New Fund | 33,936,171 | 400,693 | | | | | | | 34,336,864 |
| Nongame Wildlife Acco | | 1,968 | | | | | | | 1,968 |
| Norm Close Class III- | | 1,170 | | | | | | | 1,170 |
| Noxious Weed Admin Ac | | 18,298 | | | | | | | 18,298 |
| Noxious Weed Trust In | (89,170) | 7,358 | | | | | 396,048 | | 314,236 |
| Nursery Account | | 454 | | | | | | | 454 |
| Off Hwy Vehicle Acct | | 1,093 | | | | | | | 1,093 |
| Off-Highway Vehicle F | | 973 | | | | | | | 973 |
| Off-Hwy Vehicle Acct | | 384 | | | | | | | 384 |
| Oil & Gas Damage Miti | | 5,217 | | | | | | | 5,217 |
| Oil & Gas ERA | | 249,164 | | | | | | | 249,164 |
| Old State Fund | 250,386 | 245,592 | | | | | | | 495,978 |
| Older Montanans Trust | | 3,244 | | | | | 415,299 | | 418,542 |
| Orphan Share Fund | | 145,706 | | | | | | | 145,706 |
| OSM Trust Fund - Acid | | 3,295 | | | | | | | 3,295 |
| OSM Trust Fund - Coal | | 26,278 | | | | | | | 26,278 |
| Paddlefish Roe Accoun | | 846 | | | | | | | 846 |
| Pegasus - Basin | | 992 | | | | | | | 992 |
| Pegasus - Beal Mounta | | 4,257 | | | | | | | 4,257 |
| Pegasus Bankruptcy/Op | | 9,324 | | | | | | | 9,324 |
| Pegasus Reclamation/Z | | 2 | | | | | | | 2 |
| Pegsaus Reclamation/Z | | 2 | | | | | | | 2 |
| PERS - DB | (2,568,489) | 590,750 | 17,435,020 | 11,842,072 | 7,288,925 | 46,182,809 | | 6,307,111 | 87,078,197 |
| PERS - DB Education | | 28,690 | | | | | | | 28,690 |
| PERS - DC Administrat | | 17,895 | | | | | | | 17,895 |
| PERS-DC Disability | | 16,529 | | | | | | | 16,529 |
| PERS-DC Education | | 2,036 | | | | | | | 2,036 |
| Pesticide Account | | 11,010 | | | | | | | 11,010 |
| Pesticide Groundwater | | 10,336 | | | | | | | 10,336 |
| Petroleum Storage Tan | | 3,224 | | | | | | | 3,224 |
| Pine Hills School Tru | | 1,478 | | | | | | | 1,478 |
| Potato Research & Mar | | 827 | | | | | | | 827 |
| Produce Account | | 6,327 | | | | | | | 6,327 |
| Pulse Crop Research&M | | 3,999 | | | | | | | 3,999 |
| Rail Construction Tru | | 19,610 | | | | | | | 19,610 |
| Real Estate Recovery | | 9,874 | | | | | | | 9,874 |
| Real Estate Trust Ear | | 8,137 | | | | | | | 8,137 |
| Real Property Trust | | 4,330 | | | | | 249,144 | | 253,474 |
| Real Property Trust-W | | 6,903 | | | | | 393,306 | | 400,208 |

# Appendix A - Total Income By Fund FY09

| Account Description | Investment Income | STIP | MDEP | MTIP | MPEP | RFBP | TFBP | MTRP | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | <----------Pool Distributions----------> | | | | | | | |
| Reclamation - OSM Tru | 18,793 | 10,900 | | | | | | | 29,693 |
| Research & Commercial | | 48,451 | | | | | | | 48,451 |
| RITT Income Fund | | 5,982 | | | | | 5,191,091 | | 5,197,073 |
| River Restoration Acc | | 13,341 | | | | | | | 13,341 |
| Rural Develop & Rehab | | 2,891 | | | | | | | 2,891 |
| Rural Physicians Acco | | 14,676 | | | | | | | 14,676 |
| School Facility & Tec | | 317,603 | | | | | | | 317,603 |
| Search & Rescue | | 5,447 | | | | | | | 5,447 |
| SEC 8 Project Based | | 32,052 | | | | | | | 32,052 |
| Sec of St Business Se | | 51,688 | | | | | | | 51,688 |
| Seven-Up Pete Interes | | 1,058 | | | | | | | 1,058 |
| Sheriffs Retirement A | (253,554) | 47,761 | 856,061 | 584,322 | 357,245 | 2,384,274 | | 311,457 | 4,287,564 |
| Sigerson Fellwshp/Exh | | 1,321 | | | | | | | 1,321 |
| Silver Bow Creek Rese | 11 | 13,489 | | | | | 663,486 | | 676,986 |
| Smelter Hill Up Resto | 23,103 | 101,721 | | | | | 41,126 | | 165,950 |
| Snowmobile Reg | | 891 | | | | | | | 891 |
| Snowmobile Registrati | | 1,661 | | | | | | | 1,661 |
| Sobotka Expendable Tr | | 301 | | | | | | | 301 |
| Sobotka Memorial Trus | | | | | | | 4,748 | | 4,748 |
| Special Law Enforceme | | 9,934 | | | | | | | 9,934 |
| SST/OU Remedial Actio | 424,770 | 197,836 | | | | | 3,041,086 | | 3,663,692 |
| State Land Bank | | 511 | | | | | | | 511 |
| State Lands Res Dev | | 22,306 | | | | | | | 22,306 |
| State Lottery Fund | | 44,873 | | | | | | | 44,873 |
| State Policemen Reser | 218,919 | 36,537 | 895,183 | 603,323 | 368,461 | 2,426,638 | | 316,945 | 4,866,006 |
| Stewart Trust Fund | | 386 | | | | | 4,000 | | 4,386 |
| STIP Local Government | | 7,195,291 | | | | | | | 7,195,291 |
| Stripper Wells | | 2,000 | | | | | | | 2,000 |
| Subsequent Injuiry-Tr | (75,762) | 3,572 | | | | | | | (72,191) |
| Teachers Retirement | 3,856,380 | 446,975 | 13,378,977 | 9,059,984 | 5,519,352 | 35,359,427 | | 4,832,685 | 72,453,779 |
| Thomas Teakle Trust F | | 408 | 2,290 | | | | 6,537 | | 9,235 |
| Tobacco Hlth and Medi | | 1,014,571 | | | | | | | 1,014,571 |
| Tobacco Settlement In | | 7,800 | | | | | 4,817,369 | | 4,825,169 |
| Treasure State Endowm | | 1,676 | | | | | | | 1,676 |
| Trust And Legacy | | 66,450 | | | | | 22,711,371 | | 22,777,821 |
| TSEF Income Fund | 121,468 | 181,984 | | | | | 8,131,233 | | 8,434,685 |
| TSEF Region Water Inc | | 105,454 | | | | | 2,073,415 | | 2,178,868 |
| U.S. Dept Ed / GSL Re | | 98,227 | | | | | | | 98,227 |
| UCFRB Restoration Fun | 225,809 | 169,228 | | | | | 7,915,425 | | 8,310,461 |
| UM-HCOT Endowments | | | 208 | | | | | | 208 |
| UM-MSO Designated | 691,983 | 631,790 | | | | | 675,121 | | 1,998,894 |
| UM-MSO Endowments | | | 8,703 | | | | | | 8,703 |
| UM-TECH Agency | | 86,775 | | | | | | | 86,775 |
| UM-TECH Designated | | 96,298 | | | | | | | 96,298 |
| UM-TECH Restricted | | | | | | | 18,653 | | 18,653 |
| UM-TECH Student Loans | | | 1,002 | | | | 3,408 | | 4,411 |
| UM-Western Agency | | 38,471 | | | | | | | 38,471 |
| UM-Wstern Unrestrict | | 31,273 | | | | | | | 31,273 |
| Uninsured Employer Fu | | 55,134 | | | | | | | 55,134 |
| University of MT Trus | | 179 | | | | | | | 179 |
| Unlocated Mineral Own | | 18,463 | | | | | | | 18,463 |
| Upland Game Bird Habi | | 53,301 | | | | | | | 53,301 |
| Upland Game Bird Plan | | 14 | | | | | | | 14 |
| Upper Blackfoot Minin | | 210,801 | | | | | | | 210,801 |
| US 93 GARVEE 2008 Bon | | 732,377 | | | | | | | 732,377 |
| Volunteer Firefighter | (108,574) | 7,737 | 114,523 | 76,697 | 46,696 | 314,747 | | 40,095 | 491,921 |
| Warm Water Fish Stamp | | 13,113 | | | | | | | 13,113 |
| Washington Gulch Bond | | 604 | | | | | | | 604 |
| Water Adjudication | | 399,643 | | | | | | | 399,643 |
| Water Storage St Sp R | | 19,890 | | | | | | | 19,890 |
| Water Well Contractor | | 1,535 | | | | | | | 1,535 |
| Waterfowl Stamp Spec. | | 21,326 | | | | | | | 21,326 |
| Weed Seed Free Forage | | 189 | | | | | | | 189 |
| Wheat & Barley Resear | | 30,990 | | | | | | | 30,990 |
| Wildlife Habitat | | 158,170 | | | | | | | 158,170 |
| Wildlife Mit Trust Fn | | 10,440 | | | | | | | 10,440 |
| Wildlife Mitigation T | (46,674) | 31,168 | | | | | | | (15,506) |
| Woodville Hill Abando | | 771 | | | | | | | 771 |
| Yellowstone Groundwat | | 181 | | | | | | | 181 |
| Z/L Long Term H2O Tru | 365,307 | 12,597 | | | | | | | 377,904 |
| Zortman Recl-Last (1, | | 6,550 | | | | | | | 6,550 |

# Appendix A - Total Income By Fund FY09

| Account Description | Investment Income | STIP | MDEP | MTIP | MPEP | RFBP | TFBP | MTRP | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | <----------Pool Distributions----------> | | | | | | | |
| Zortman/Landusky Long | 596,725 | 1,664 | | | | | | | 598,389 |
| Foster Child Trust | | 2,415 | | | | | | | 2,415 |
| Montana Real Estate Pool | | 181,014 | | | | | | | 181,014 |
| Retirement Funds Bond Pool | | 579,846 | | | | | | | 579,846 |
| Section 8 F44 Escrow | | 2,371 | | | | | | | 2,371 |
| Trust Funds Bond Pool | | 619,963 | | | | | | | 619,963 |
| **GROSS INCOME** | **52,976,686** | **38,789,064** | **34,607,702** | **23,462,982** | **14,374,640** | **91,890,488** | **80,159,536** | **12,498,150** | **348,759,249** |
| **LESS ADMIN EXPENSE*** | (189,611) | (23,709) | (8,829,410) | (5,091,533) | (12,366,864) | (958,713) | | (7,673,786) | (35,133,625) |
| **SUBTOTAL** | **52,787,076** | **38,765,356** | **25,778,292** | **18,371,449** | **2,007,776** | **90,931,775** | **80,159,536** | **4,824,364** | **313,625,624** |
| **LESS RFBP STIP INCOME** | | (579,846) | | | | | | | (579,846) |
| **LESS TFBP STIP INCOME** | | (619,963) | | | | | | | (619,963) |
| **LESS MTRP STIP INCOME** | | (181,014) | | | | | | | (181,014) |
| **NET INCOME** | **52,787,076** | **37,384,533** | **25,778,292** | **18,371,449** | **2,007,776** | **90,931,775** | **80,159,536** | **4,824,364** | **312,244,801** |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| TREASURERS FUND | US BANK SWEEP REPO | 0.250 | 07/01/09 | 15,845,774 | 15,845,774 | 15,845,774 |
| | ***TOTAL CASH EQUIVALENT*** | | | ***15,845,774*** | ***15,845,774*** | ***15,845,774*** |
| TREASURERS FUND | SHORT TERM INVESTMENT POOL | 1.000 | | 935,740,008 | 935,740,008 | 935,740,008 |
| **TREASURERS FUND TOTAL** | | | | **951,585,782** | **951,585,782** | **951,585,782** |
| ABANDONED MINE TRUST | AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 200,000 | 199,995 | 168,327 |
| ABANDONED MINE TRUST | GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 150,000 | 149,557 | 153,431 |
| ABANDONED MINE TRUST | GENWORTH FINL INC | 5.650 | 06/15/12 | 200,000 | 199,740 | 160,000 |
| ABANDONED MINE TRUST | GOLDMAN SACHS GROUP | 5.300 | 02/14/12 | 250,000 | 249,891 | 259,465 |
| ABANDONED MINE TRUST | HERSHEY FOODS CORP | 5.300 | 09/01/11 | 300,000 | 299,746 | 317,801 |
| ABANDONED MINE TRUST | LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 200,000 | 39,108 | 29,500 |
| ABANDONED MINE TRUST | MORGAN STANLEY | 5.050 | 01/21/11 | 250,000 | 249,800 | 255,359 |
| ABANDONED MINE TRUST | PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 200,000 | 199,702 | 199,005 |
| ABANDONED MINE TRUST | VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 250,000 | 253,421 | 265,477 |
| ABANDONED MINE TRUST | WELLS FARGO CO NEW | 5.300 | 08/26/11 | 300,000 | 299,771 | 313,509 |
| | ***CORPORATE BONDS (RATED)*** | | | ***2,300,000*** | ***2,140,733*** | ***2,121,874*** |
| ABANDONED MINE TRUST | BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 300,000 | 299,922 | 301,102 |
| ABANDONED MINE TRUST | FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 500,000 | 500,000 | 513,815 |
| ABANDONED MINE TRUST | FEDERAL HOME LOAN BANK | 4.875 | 11/18/11 | 500,000 | 499,504 | 538,889 |
| ABANDONED MINE TRUST | FEDERAL HOME LOAN BKS | 4.875 | 06/08/12 | 500,000 | 497,284 | 533,275 |
| ABANDONED MINE TRUST | FEDERAL NATL MTG ASSN | 3.875 | 07/12/13 | 500,000 | 493,721 | 527,343 |
| | ***US GOVERNMENT AGENCY*** | | | ***2,300,000*** | ***2,290,431*** | ***2,414,424*** |
| | ***TOTAL FIXED INCOME*** | | | ***4,600,000*** | ***4,431,163*** | ***4,536,298*** |
| ABANDONED MINE TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 825,664 | 825,664 | 825,664 |
| **ABANDONED MINE TRUST TOTAL** | | | | **5,425,664** | **5,256,827** | **5,361,962** |
| FWP MITIGATION | AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 500,000 | 499,988 | 420,819 |
| FWP MITIGATION | GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 400,000 | 398,819 | 409,150 |
| FWP MITIGATION | GENWORTH FINL INC | 5.650 | 06/15/12 | 400,000 | 399,481 | 320,000 |
| FWP MITIGATION | GOLDMAN SACHS GROUP | 5.300 | 02/14/12 | 500,000 | 499,782 | 518,929 |
| FWP MITIGATION | HERSHEY FOODS CORP | 5.300 | 09/01/11 | 500,000 | 499,576 | 529,668 |
| FWP MITIGATION | LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 500,000 | 97,770 | 73,750 |
| FWP MITIGATION | MORGAN STANLEY | 5.050 | 01/21/11 | 500,000 | 499,601 | 510,718 |
| FWP MITIGATION | PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 400,000 | 399,405 | 398,009 |
| FWP MITIGATION | VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 500,000 | 506,843 | 530,955 |
| FWP MITIGATION | WELLS FARGO CO NEW | 5.300 | 08/26/11 | 500,000 | 499,618 | 522,515 |
| | ***CORPORATE BONDS (RATED)*** | | | ***4,700,000*** | ***4,300,883*** | ***4,234,512*** |
| FWP MITIGATION | BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 500,000 | 499,869 | 501,836 |
| FWP MITIGATION | FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 1,000,000 | 1,000,000 | 1,027,630 |
| FWP MITIGATION | FEDERAL HOME LN BKS | 3.625 | 09/16/11 | 500,000 | 499,392 | 523,724 |
| FWP MITIGATION | FEDERAL HOME LOAN BANK | 4.875 | 11/18/11 | 1,000,000 | 999,007 | 1,077,778 |
| FWP MITIGATION | FEDERAL HOME LOAN BKS | 4.875 | 06/08/12 | 1,000,000 | 994,568 | 1,066,550 |
| FWP MITIGATION | FEDERAL NATL MTG ASSN | 3.875 | 07/12/13 | 1,000,000 | 987,443 | 1,054,687 |
| | ***US GOVERNMENT AGENCY*** | | | ***5,000,000*** | ***4,980,280*** | ***5,252,206*** |
| | ***TOTAL FIXED INCOME*** | | | ***9,700,000*** | ***9,281,162*** | ***9,486,718*** |
| FWP MITIGATION | SHORT TERM INVESTMENT POOL | 1.000 | | 2,496,917 | 2,496,917 | 2,496,917 |
| **FWP MITIGATION TOTAL** | | | | **12,196,917** | **11,778,079** | **11,983,635** |
| MONTANA POLE | GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 800,000 | 797,638 | 818,300 |
| | ***CORPORATE BONDS (RATED)*** | | | ***800,000*** | ***797,638*** | ***818,300*** |
| MONTANA POLE | FNMA POOL 313999 | 6.000 | 02/01/13 | 65,692 | 65,574 | 69,698 |
| | ***US GOVERNMENT DIRECT OBLIGATIONS*** | | | ***65,692*** | ***65,574*** | ***69,698*** |
| MONTANA POLE | TRUST FUNDS BOND POOL | 0.000 | | 25,457,530 | 24,948,399 | 24,426,173 |
| | ***TOTAL FIXED INCOME*** | | | ***26,323,223*** | ***25,811,611*** | ***25,314,170*** |
| MONTANA POLE | SHORT TERM INVESTMENT POOL | 1.000 | | 4,461,265 | 4,461,265 | 4,461,265 |
| **MONTANA POLE TOTAL** | | | | **30,784,488** | **30,272,876** | **29,775,435** |
| FWP LICENSE | GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 600,000 | 598,228 | 613,725 |
| FWP LICENSE | PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 400,000 | 399,405 | 398,009 |
| | ***CORPORATE BONDS (RATED)*** | | | ***1,000,000*** | ***997,633*** | ***1,011,734*** |
| FWP LICENSE | BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 1,500,000 | 1,499,608 | 1,505,508 |
| FWP LICENSE | FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 3,000,000 | 3,000,000 | 3,082,891 |
| FWP LICENSE | FEDERAL HOME LN BKS | 3.125 | 06/10/11 | 2,000,000 | 1,965,537 | 2,067,850 |
| FWP LICENSE | FEDERAL HOME LN BKS | 3.625 | 09/16/11 | 1,500,000 | 1,498,176 | 1,571,172 |
| FWP LICENSE | FEDERAL HOME LOAN BKS | 4.875 | 06/08/12 | 500,000 | 497,284 | 533,275 |
| FWP LICENSE | FEDERAL NATL MTG ASSN | 3.875 | 07/12/13 | 3,500,000 | 3,456,050 | 3,691,404 |
| FWP LICENSE | GENERAL ELEC CAP CORP FDIC GTD | 3.000 | 12/09/11 | 2,000,000 | 1,995,329 | 2,062,216 |
| | ***US GOVERNMENT AGENCY*** | | | ***14,000,000*** | ***13,911,984*** | ***14,514,316*** |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| | ***TOTAL FIXED INCOME*** | | | ***15,000,000*** | ***14,909,617*** | ***15,526,050*** |
| FWP LICENSE | SHORT TERM INVESTMENT POOL | 1.000 | | 19,285,979 | 19,285,979 | 19,285,979 |
| **FWP LICENSE TOTAL** | | | | **34,285,979** | **34,195,596** | **34,812,028** |
| STREAMSIDE TAILINGS | AA / FT WORTH HQ FIN TR | 5.500 | 10/05/10 | 671,647 | 671,647 | 664,440 |
| STREAMSIDE TAILINGS | COMM MTG TR | 5.540 | 06/10/46 | 1,095,042 | 1,094,933 | 1,099,295 |
| STREAMSIDE TAILINGS | J P MORGAN CHASE COML MTG SECS | 4.200 | 07/12/35 | 1,686,586 | 1,693,319 | 1,681,343 |
| | ***CORPORATE BONDS (RATED)*** | | | ***3,453,275*** | ***3,459,898*** | ***3,445,078*** |
| STREAMSIDE TAILINGS | ENSCO OFFSHORE CO | 6.360 | 12/01/15 | 2,166,816 | 2,166,816 | 2,374,115 |
| | ***US GOVERNMENT AGENCY*** | | | ***2,166,816*** | ***2,166,816*** | ***2,374,115*** |
| STREAMSIDE TAILINGS | FED HM LN PC POOL E00659 | 6.000 | 04/01/14 | 196,703 | 196,637 | 208,807 |
| STREAMSIDE TAILINGS | FNMA POOL 254233 | 5.000 | 03/01/17 | 968,512 | 950,359 | 1,010,269 |
| | ***US GOVERNMENT DIRECT OBLIGATIONS*** | | | ***1,165,215*** | ***1,146,995*** | ***1,219,076*** |
| STREAMSIDE TAILINGS | TRUST FUNDS BOND POOL | 0.000 | | 61,356,697 | 59,997,992 | 58,870,960 |
| | ***TOTAL FIXED INCOME*** | | | ***68,142,003*** | ***66,771,702*** | ***65,909,230*** |
| STREAMSIDE TAILINGS | SHORT TERM INVESTMENT POOL | 1.000 | | 10,605,163 | 10,605,163 | 10,605,163 |
| **STREAMSIDE TAILINGS TOTAL** | | | | **78,747,166** | **77,376,864** | **76,514,393** |
| OLDER MONTANANS | TRUST FUNDS BOND POOL | 0.000 | | 8,651,548 | 8,454,874 | 8,301,048 |
| | ***TOTAL FIXED INCOME*** | | | ***8,651,548*** | ***8,454,874*** | ***8,301,048*** |
| OLDER MONTANANS | SHORT TERM INVESTMENT POOL | 1.000 | | 98,233 | 98,233 | 98,233 |
| **OLDER MONTANANS TRUST FUND TOTAL** | | | | **8,749,781** | **8,553,107** | **8,399,282** |
| ENDOWMENT FOR CHILDREN | TRUST FUNDS BOND POOL | 0.000 | | 1,074,790 | 1,049,864 | 1,031,247 |
| | ***TOTAL FIXED INCOME*** | | | ***1,074,790*** | ***1,049,864*** | ***1,031,247*** |
| ENDOWMENT FOR CHILDREN | SHORT TERM INVESTMENT POOL | 1.000 | | 56,531 | 56,531 | 56,531 |
| **ENDOWMENT FOR CHILDREN TOTAL** | | | | **1,131,321** | **1,106,396** | **1,087,778** |
| UCFRB RESTORATION | J P MORGAN CHASE COML MTG SECS | 4.200 | 07/12/35 | 1,686,586 | 1,693,319 | 1,681,343 |
| | ***CORPORATE BONDS (RATED)*** | | | ***1,686,586*** | ***1,693,319*** | ***1,681,343*** |
| UCFRB RESTORATION | ENSCO OFFSHORE CO | 6.360 | 12/01/15 | 2,166,816 | 2,166,816 | 2,374,115 |
| | ***US GOVERNMENT AGENCY*** | | | ***2,166,816*** | ***2,166,816*** | ***2,374,115*** |
| UCFRB RESTORATION | TRUST FUNDS BOND POOL | 0.000 | | 161,087,006 | 156,357,045 | 154,560,907 |
| | ***TOTAL FIXED INCOME*** | | | ***164,940,408*** | ***160,217,180*** | ***158,616,365*** |
| UCFRB RESTORATION | SHORT TERM INVESTMENT POOL | 1.000 | | 8,684,386 | 8,684,386 | 8,684,386 |
| **UCFRB RESTORATION TOTAL** | | | | **173,624,794** | **168,901,566** | **167,300,751** |
| UCFRB LITIGATION | TRUST FUNDS BOND POOL | 0.000 | | 12,000,367 | 11,715,507 | 11,514,197 |
| | ***TOTAL FIXED INCOME*** | | | ***12,000,367*** | ***11,715,507*** | ***11,514,197*** |
| UCFRB LITIGATION | SHORT TERM INVESTMENT POOL | 1.000 | | 1,188,085 | 1,188,085 | 1,188,085 |
| **UCFRB LITIGATION TOTAL** | | | | **13,188,452** | **12,903,593** | **12,702,283** |
| STATE FUND INSURANCE | AA / FT WORTH HQ FIN TR | 5.500 | 10/05/10 | 2,098,895 | 2,098,895 | 2,076,374 |
| STATE FUND INSURANCE | ABBOTT LABS | 5.125 | 04/01/19 | 5,000,000 | 4,974,320 | 5,134,944 |
| STATE FUND INSURANCE | ALCOA INC | 6.500 | 06/01/11 | 3,000,000 | 2,937,990 | 3,045,000 |
| STATE FUND INSURANCE | ALLSTATE LIFE GBL FDG SECD | 5.375 | 04/30/13 | 4,000,000 | 3,996,935 | 4,113,309 |
| STATE FUND INSURANCE | ALTRIA GROUP INC | 9.700 | 11/10/18 | 5,000,000 | 5,013,537 | 5,720,713 |
| STATE FUND INSURANCE | AMERICAN EXPRESS CO | 5.500 | 09/12/16 | 5,000,000 | 4,981,677 | 4,574,654 |
| STATE FUND INSURANCE | AMERICAN EXPRESS CO | 7.000 | 03/19/18 | 3,000,000 | 2,989,986 | 2,928,322 |
| STATE FUND INSURANCE | AMERICAN EXPRESS CR CORP | 7.300 | 08/20/13 | 5,000,000 | 5,002,731 | 5,195,820 |
| STATE FUND INSURANCE | AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 4,000,000 | 3,999,903 | 3,366,549 |
| STATE FUND INSURANCE | AMERICAN GEN FIN CORP MTN | 5.900 | 09/15/12 | 4,000,000 | 3,985,144 | 2,300,000 |
| STATE FUND INSURANCE | ARIA CDO II JERSEY NO 1 LTD | 2.130 | 10/10/12 | 10,000,000 | 10,000,000 | 3,000,000 |
| STATE FUND INSURANCE | AT+T INC | 5.800 | 02/15/19 | 5,000,000 | 4,985,078 | 5,082,859 |
| STATE FUND INSURANCE | B J SERVICES | 5.750 | 06/01/11 | 5,000,000 | 4,997,479 | 5,111,585 |
| STATE FUND INSURANCE | BANC AMER COML MTG INC COML | 5.381 | 01/15/49 | 5,000,000 | 5,012,794 | 4,666,951 |
| STATE FUND INSURANCE | BANC AMER COML MTG TR | 5.837 | 06/10/49 | 5,000,000 | 4,999,031 | 4,666,170 |
| STATE FUND INSURANCE | BANC AMER COML MTG TR | 5.546 | 09/10/12 | 5,000,000 | 5,014,668 | 4,612,338 |
| STATE FUND INSURANCE | BANC AMER COML MTG TR | 5.434 | 12/10/12 | 10,000,000 | 10,038,002 | 9,084,145 |
| STATE FUND INSURANCE | BANC AMER COML MTG TR 2007 2 | 5.634 | 04/10/49 | 5,000,000 | 5,014,236 | 4,644,935 |
| STATE FUND INSURANCE | BANK AMER CORP | 5.375 | 06/15/14 | 5,000,000 | 4,977,319 | 4,752,828 |
| STATE FUND INSURANCE | BUNGE NA FINANCE LP | 5.900 | 04/01/17 | 5,000,000 | 4,995,595 | 4,583,907 |
| STATE FUND INSURANCE | BURLINGTON NORTHN SANTA FE | 7.000 | 02/01/14 | 3,000,000 | 2,999,547 | 3,260,950 |
| STATE FUND INSURANCE | BURLINGTON NORTHN SANTA FE RY | 7.160 | 01/02/20 | 3,477,550 | 3,477,550 | 3,800,040 |
| STATE FUND INSURANCE | CAPITAL ONE FINL CORP | 6.750 | 09/15/17 | 5,000,000 | 4,977,826 | 4,721,742 |
| STATE FUND INSURANCE | CATERPILLAR INC | 7.000 | 12/15/13 | 2,000,000 | 1,999,574 | 2,211,778 |
| STATE FUND INSURANCE | CIT GROUP EQUIP FING INC | 6.490 | 01/05/21 | 5,295,000 | 5,295,000 | 2,687,213 |
| STATE FUND INSURANCE | CITIGROUP INC | 6.000 | 02/21/12 | 5,000,000 | 4,999,511 | 4,896,484 |
| STATE FUND INSURANCE | CITIGROUP INC | 5.500 | 08/27/12 | 5,000,000 | 5,006,816 | 4,808,529 |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| STATE FUND INSURANCE | COMCAST CORP NEW | 5.450 | 11/15/10 | 5,000,000 | 5,002,922 | 5,196,293 |
| STATE FUND INSURANCE | COMM MTG TR | 5.540 | 06/10/46 | 1,825,071 | 1,824,889 | 1,832,158 |
| STATE FUND INSURANCE | CONOCOPHILLIPS | 5.750 | 02/01/19 | 5,000,000 | 4,996,144 | 5,253,790 |
| STATE FUND INSURANCE | CONOCOPHILLIPS CDA FDG CO I | 5.625 | 10/15/16 | 6,000,000 | 5,999,650 | 6,254,498 |
| STATE FUND INSURANCE | CONTINENTAL AIRLS | 6.563 | 08/15/13 | 5,000,000 | 5,007,417 | 4,518,750 |
| STATE FUND INSURANCE | CREDIT SUISSE NEW YORK | 3.450 | 07/02/12 | 5,000,000 | 4,993,500 | 5,018,727 |
| STATE FUND INSURANCE | CSX CORP | 5.750 | 03/15/13 | 5,000,000 | 4,991,309 | 5,031,156 |
| STATE FUND INSURANCE | CVS CAREMARK CORP | 5.750 | 06/01/17 | 5,000,000 | 4,844,115 | 5,039,542 |
| STATE FUND INSURANCE | DETROIT EDISON CO | 5.200 | 10/15/12 | 5,000,000 | 4,977,201 | 5,237,489 |
| STATE FUND INSURANCE | DONNELLEY R R + SONS | 4.950 | 04/01/14 | 5,000,000 | 4,900,783 | 4,350,000 |
| STATE FUND INSURANCE | DU PONT E I DE NEMOURS + CO | 5.875 | 01/15/14 | 7,000,000 | 6,970,718 | 7,582,330 |
| STATE FUND INSURANCE | ENTERGY ARK INC | 4.500 | 06/01/10 | 3,000,000 | 2,997,564 | 2,970,751 |
| STATE FUND INSURANCE | FIFTH THIRD BANCORP | 5.450 | 01/15/17 | 5,000,000 | 4,986,895 | 3,787,748 |
| STATE FUND INSURANCE | FORTUNE BRANDS INC | 5.375 | 01/15/16 | 3,000,000 | 2,986,910 | 2,736,711 |
| STATE FUND INSURANCE | GALENA CDO I CAYMAN IS NO 1LTD | 5.060 | 01/11/13 | 4,000,000 | 400,000 | 400,000 |
| STATE FUND INSURANCE | GATX CORP | 8.750 | 05/15/14 | 5,000,000 | 4,998,788 | 5,250,000 |
| STATE FUND INSURANCE | GE COML MTG CORP TR | 5.417 | 12/10/49 | 10,000,000 | 10,026,672 | 8,674,831 |
| STATE FUND INSURANCE | GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 3,000,000 | 2,991,142 | 3,068,623 |
| STATE FUND INSURANCE | GENERAL ELEC CAP CORP | 4.375 | 11/21/11 | 10,000,000 | 9,879,021 | 10,159,747 |
| STATE FUND INSURANCE | GENERAL ELEC CO | 5.250 | 12/06/17 | 5,000,000 | 5,010,218 | 4,908,447 |
| STATE FUND INSURANCE | GENWORTH FINL INC | 5.650 | 06/15/12 | 3,500,000 | 3,495,456 | 2,800,000 |
| STATE FUND INSURANCE | GOLDMAN SACHS GROUP | 5.300 | 02/14/12 | 4,000,000 | 3,998,258 | 4,151,435 |
| STATE FUND INSURANCE | GOLDMAN SACHS GROUP INC | 5.350 | 01/15/16 | 5,000,000 | 4,962,487 | 4,885,760 |
| STATE FUND INSURANCE | HARTFORD FINL SVCS GROUP INC | 5.375 | 03/15/17 | 5,000,000 | 4,989,656 | 3,950,000 |
| STATE FUND INSURANCE | HARTFORD FINL SVCS GROUP INC | 6.300 | 03/15/18 | 5,000,000 | 5,004,603 | 4,000,000 |
| STATE FUND INSURANCE | HSBC FIN CORP | 5.500 | 01/19/16 | 5,000,000 | 5,005,915 | 4,667,281 |
| STATE FUND INSURANCE | HSBC FIN CORP | 5.900 | 06/19/12 | 4,000,000 | 3,994,114 | 4,030,457 |
| STATE FUND INSURANCE | ING SEC LIFE INSTL FDG | 4.250 | 01/15/10 | 3,000,000 | 2,999,289 | 2,932,206 |
| STATE FUND INSURANCE | INTERNATIONAL LEASE FIN CORP | 5.125 | 11/01/10 | 5,000,000 | 4,994,722 | 4,600,000 |
| STATE FUND INSURANCE | INTL LEASE FIN CORP MTN | 4.550 | 10/15/09 | 5,000,000 | 5,007,584 | 4,800,000 |
| STATE FUND INSURANCE | J P MORGAN CHASE COML MTG SECS | 4.200 | 07/12/35 | 5,059,758 | 5,079,956 | 5,044,028 |
| STATE FUND INSURANCE | JERSEY CENT PWR + LT CO | 5.650 | 06/01/17 | 3,000,000 | 2,991,712 | 2,930,002 |
| STATE FUND INSURANCE | JP MORGAN CHASE | 5.279 | 12/12/43 | 3,555,924 | 3,557,897 | 3,595,474 |
| STATE FUND INSURANCE | JPMORGAN CHASE + CO | 4.750 | 05/01/13 | 4,000,000 | 3,990,294 | 4,054,478 |
| STATE FUND INSURANCE | KCT INTERMODAL TRANSN CORP | 6.884 | 08/01/18 | 2,784,533 | 2,784,533 | 2,914,977 |
| STATE FUND INSURANCE | KEYBANK NATL ASSN CLEVELAND OH | 5.500 | 09/17/12 | 5,000,000 | 4,999,552 | 4,950,000 |
| STATE FUND INSURANCE | KEYBANK NATL ASSN MTN | 5.450 | 03/03/16 | 5,000,000 | 4,999,199 | 4,286,436 |
| STATE FUND INSURANCE | KRAFT FOODS INC | 5.625 | 11/01/11 | 5,000,000 | 5,206,164 | 5,285,435 |
| STATE FUND INSURANCE | LEHMAN BROTHERS HLDGS INC | 5.500 | 05/25/10 | 5,000,000 | 1,000,000 | 737,500 |
| STATE FUND INSURANCE | LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 4,000,000 | 782,160 | 590,000 |
| STATE FUND INSURANCE | LILLY ELI + CO | 4.200 | 03/06/14 | 2,000,000 | 1,999,158 | 2,054,765 |
| STATE FUND INSURANCE | LOCKHEED MARTIN CORP | 4.121 | 03/14/13 | 2,000,000 | 1,974,962 | 2,024,736 |
| STATE FUND INSURANCE | MARATHON OIL CORP | 5.900 | 03/15/18 | 5,000,000 | 4,985,712 | 4,957,950 |
| STATE FUND INSURANCE | MASSMUTUAL GLOBAL FUNDING | 3.625 | 07/16/12 | 2,000,000 | 1,998,440 | 2,001,010 |
| STATE FUND INSURANCE | MCKESSON CORP NEW | 5.250 | 03/01/13 | 3,000,000 | 2,992,289 | 3,008,819 |
| STATE FUND INSURANCE | MERCK + CO INC | 5.000 | 06/30/19 | 2,000,000 | 1,987,401 | 2,030,802 |
| STATE FUND INSURANCE | MERRILL LYNCH + CO INC | 6.400 | 08/28/17 | 5,000,000 | 4,994,045 | 4,505,895 |
| STATE FUND INSURANCE | METLIFE INC | 5.000 | 11/24/13 | 5,000,000 | 4,978,862 | 4,901,580 |
| STATE FUND INSURANCE | ML CFC COML MTG TR | 5.590 | 09/12/49 | 10,000,000 | 10,035,678 | 8,703,500 |
| STATE FUND INSURANCE | MORGAN STANLEY | 4.000 | 01/15/10 | 5,000,000 | 4,995,652 | 5,032,467 |
| STATE FUND INSURANCE | MORGAN STANLEY | 5.050 | 01/21/11 | 4,000,000 | 3,996,808 | 4,085,742 |
| STATE FUND INSURANCE | NATIONWIDE FINANCIAL SER | 6.250 | 11/15/11 | 5,000,000 | 5,097,510 | 4,700,000 |
| STATE FUND INSURANCE | NATNL CITY BK CLEVELAND OH | 5.250 | 12/15/16 | 5,000,000 | 4,996,535 | 4,491,776 |
| STATE FUND INSURANCE | NORFOLK SOUTHN CORP | 5.750 | 01/15/16 | 2,000,000 | 1,991,719 | 2,046,481 |
| STATE FUND INSURANCE | NORTHWESTERN CORP | 6.340 | 04/01/19 | 5,000,000 | 4,996,739 | 5,114,594 |
| STATE FUND INSURANCE | NOVARTIS SECS INVT LTD | 5.125 | 02/10/19 | 5,000,000 | 4,991,444 | 5,075,949 |
| STATE FUND INSURANCE | OCCIDENTAL PETE CORP | 7.000 | 11/01/13 | 5,000,000 | 4,983,496 | 5,684,998 |
| STATE FUND INSURANCE | PACCAR FINL CORP MTN BK ENT | 4.639 | 01/12/11 | 5,000,000 | 5,000,000 | 4,989,620 |
| STATE FUND INSURANCE | PACCAR INC | 6.375 | 02/15/12 | 1,000,000 | 999,056 | 1,063,203 |
| STATE FUND INSURANCE | PANAMERICAN BEVERAGES INC | 7.250 | 07/01/09 | 3,000,000 | 3,000,000 | 3,000,000 |
| STATE FUND INSURANCE | PPL ENERGY SUPPLY LLC | 6.500 | 05/01/18 | 3,000,000 | 2,991,133 | 3,014,852 |
| STATE FUND INSURANCE | PPL MONT LLC | 8.903 | 07/02/20 | 3,252,737 | 3,252,737 | 3,572,717 |
| STATE FUND INSURANCE | PRINCIPAL LIFE GLOBAL FDG MTN | 5.125 | 10/15/13 | 5,000,000 | 4,996,847 | 4,749,558 |
| STATE FUND INSURANCE | PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 5,000,000 | 4,992,561 | 4,975,116 |
| STATE FUND INSURANCE | PRUDENTIAL FINL INC | 5.500 | 03/15/16 | 5,000,000 | 4,931,244 | 4,535,230 |
| STATE FUND INSURANCE | SBC COMMUNICATIONS INC | 5.300 | 11/15/10 | 5,000,000 | 4,997,017 | 5,179,369 |
| STATE FUND INSURANCE | SCHERING PLOUGH CORP | 6.000 | 09/15/17 | 5,000,000 | 4,979,923 | 5,324,431 |
| STATE FUND INSURANCE | SLM CORP | 4.500 | 07/26/10 | 5,000,000 | 4,997,011 | 4,775,000 |
| STATE FUND INSURANCE | SOUTHWEST GAS CORP | 8.375 | 02/15/11 | 4,000,000 | 3,999,007 | 4,242,116 |
| STATE FUND INSURANCE | ST PAUL TRAVELERS COS INC | 6.250 | 06/20/16 | 5,000,000 | 4,987,733 | 5,281,439 |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| STATE FUND INSURANCE | TRANSCANADA PIPELINES LTD | 7.125 | 01/15/19 | 5,000,000 | 5,054,244 | 5,626,731 |
| STATE FUND INSURANCE | UNION BK CALIF | 5.950 | 05/11/16 | 5,000,000 | 5,002,932 | 4,842,802 |
| STATE FUND INSURANCE | UNION PAC CORP | 4.875 | 01/15/15 | 7,000,000 | 6,794,018 | 6,850,780 |
| STATE FUND INSURANCE | UNITED PARCEL SVC INC | 5.500 | 01/15/18 | 5,000,000 | 4,991,544 | 5,287,947 |
| STATE FUND INSURANCE | VERIZON COMMUNICATIONS INC | 5.550 | 02/15/16 | 5,000,000 | 4,973,461 | 5,160,503 |
| STATE FUND INSURANCE | VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 3,000,000 | 3,077,092 | 3,185,728 |
| STATE FUND INSURANCE | WACHOVIA CORP NEW | 5.625 | 10/15/16 | 5,000,000 | 4,986,005 | 4,632,532 |
| STATE FUND INSURANCE | WELLPOINT INC | 5.875 | 06/15/17 | 5,000,000 | 4,938,001 | 4,846,001 |
| STATE FUND INSURANCE | WELLS FARGO + CO NEW | 4.625 | 04/15/14 | 5,000,000 | 4,896,910 | 5,035,186 |
| STATE FUND INSURANCE | WELLS FARGO CO NEW | 5.300 | 08/26/11 | 9,000,000 | 8,995,090 | 9,405,264 |
| STATE FUND INSURANCE | WILMINGTON TR CORP | 8.500 | 04/02/18 | 2,000,000 | 2,000,000 | 2,103,658 |
| STATE FUND INSURANCE | WYETH | 5.500 | 02/01/14 | 5,000,000 | 4,995,561 | 5,374,157 |
| STATE FUND INSURANCE | ZIONS BANCORPORATION | 5.650 | 05/15/14 | 3,000,000 | 2,998,103 | 2,174,831 |
| | ***CORPORATE BONDS (RATED)*** | | | ***508,849,467*** | ***497,224,233*** | ***477,175,030*** |
| STATE FUND INSURANCE | BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 12,000,000 | 11,989,669 | 12,044,065 |
| STATE FUND INSURANCE | EDERAL FARM CR BKS | 5.100 | 04/12/17 | 20,000,000 | 19,780,738 | 21,774,586 |
| STATE FUND INSURANCE | ENSCO OFFSHORE CO | 6.360 | 12/01/15 | 2,166,816 | 2,166,816 | 2,374,115 |
| STATE FUND INSURANCE | FEDERAL FARM CR BKS | 4.450 | 09/23/13 | 7,000,000 | 6,858,802 | 7,484,935 |
| STATE FUND INSURANCE | FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 10,000,000 | 10,000,000 | 10,276,304 |
| STATE FUND INSURANCE | FEDERAL FARM CREDIT BANK | 4.950 | 03/12/18 | 5,000,000 | 4,995,651 | 5,015,322 |
| STATE FUND INSURANCE | FEDERAL HOME LN BANKS | 4.750 | 12/16/16 | 15,000,000 | 14,888,608 | 16,055,595 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 4.125 | 08/13/10 | 10,000,000 | 9,997,990 | 10,377,494 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 4.750 | 09/11/15 | 10,000,000 | 9,808,804 | 10,450,588 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 5.125 | 03/10/17 | 10,000,000 | 10,074,026 | 10,611,026 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 3.625 | 09/16/11 | 5,000,000 | 4,993,920 | 5,237,239 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 3.000 | 12/30/13 | 10,000,000 | 10,000,000 | 9,809,752 |
| STATE FUND INSURANCE | FEDERAL HOME LN BKS | 2.500 | 02/19/13 | 5,000,000 | 5,000,000 | 5,024,840 |
| STATE FUND INSURANCE | FEDERAL HOME LN MTG CORP | 5.050 | 01/26/15 | 10,000,000 | 9,982,275 | 10,751,311 |
| STATE FUND INSURANCE | FEDERAL HOME LN MTG CORP | 5.625 | 03/15/11 | 10,000,000 | 10,015,851 | 10,748,772 |
| STATE FUND INSURANCE | FEDERAL HOME LN MTG CORP | 6.000 | 06/15/11 | 15,000,000 | 14,997,401 | 16,359,894 |
| STATE FUND INSURANCE | FEDERAL HOME LN MTG CORP | 5.000 | 02/16/17 | 10,000,000 | 9,910,379 | 10,902,970 |
| STATE FUND INSURANCE | FEDERAL HOME LN MTG CORP | 1.500 | 01/07/11 | 10,000,000 | 10,000,000 | 10,072,575 |
| STATE FUND INSURANCE | FEDERAL HOME LOAN BANK | 4.875 | 10/30/17 | 4,000,000 | 4,243,782 | 4,177,669 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 5.550 | 02/16/17 | 20,000,000 | 20,032,899 | 20,461,130 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 5.000 | 04/26/17 | 5,000,000 | 4,882,709 | 5,075,202 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 6.625 | 11/15/10 | 10,000,000 | 10,059,752 | 10,795,011 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 4.375 | 07/17/13 | 20,000,000 | 19,682,400 | 21,207,502 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 4.125 | 04/15/14 | 10,000,000 | 9,690,357 | 10,586,065 |
| STATE FUND INSURANCE | FEDERAL NATL MTG ASSN | 4.625 | 10/15/14 | 10,000,000 | 10,079,835 | 10,800,063 |
| STATE FUND INSURANCE | GLOBAL INDS LTD | 7.710 | 02/15/25 | 3,200,000 | 3,200,000 | 3,226,624 |
| STATE FUND INSURANCE | JPMORGAN CHASE + CO FDIC | 2.200 | 06/15/12 | 7,000,000 | 6,996,120 | 7,040,265 |
| STATE FUND INSURANCE | ROWAN COS INC | 5.880 | 03/15/12 | 4,089,000 | 4,089,000 | 4,262,414 |
| STATE FUND INSURANCE | UNITED STATE TREAS NTS | 2.625 | 02/29/16 | 5,000,000 | 5,009,362 | 4,854,600 |
| STATE FUND INSURANCE | UNITED STATES TREAS NTS | 4.000 | 02/15/15 | 20,000,000 | 19,192,938 | 21,256,599 |
| STATE FUND INSURANCE | UNITED STATES TREAS NTS | 4.250 | 11/15/17 | 15,000,000 | 15,152,931 | 15,913,950 |
| STATE FUND INSURANCE | UNITED STATES TREAS NTS | 3.875 | 05/15/18 | 15,000,000 | 15,040,746 | 15,456,900 |
| STATE FUND INSURANCE | UNITED STATES TREAS NTS | 4.000 | 08/15/18 | 10,000,000 | 10,069,431 | 10,373,200 |
| STATE FUND INSURANCE | UNITED STATES TREAS NTS | 2.750 | 02/15/19 | 10,000,000 | 9,896,713 | 9,365,400 |
| STATE FUND INSURANCE | WI TREASURY SEC | 3.250 | 05/31/16 | 5,000,000 | 4,887,609 | 5,021,000 |
| STATE FUND INSURANCE | WI TREASURY SEC | 2.625 | 04/30/16 | 10,000,000 | 9,824,458 | 9,670,300 |
| | ***US GOVERNMENT AGENCY*** | | | ***359,455,816*** | ***357,491,973*** | ***374,915,278*** |
| STATE FUND INSURANCE | FED HM LN PC POOL E00540 | 6.000 | 03/01/13 | 305,780 | 305,417 | 324,255 |
| STATE FUND INSURANCE | FED HM LN PC POOL E00659 | 6.000 | 04/01/14 | 314,725 | 314,619 | 334,091 |
| STATE FUND INSURANCE | FED HM LN PC POOL G10814 | 5.500 | 05/01/13 | 433,087 | 432,962 | 455,511 |
| STATE FUND INSURANCE | FED HM LN PC POOL G12310 | 5.500 | 08/01/21 | 5,251,330 | 5,255,923 | 5,487,650 |
| STATE FUND INSURANCE | FED HM LN PC POOL G13081 | 5.000 | 04/01/23 | 7,620,895 | 7,620,895 | 7,886,662 |
| STATE FUND INSURANCE | FED HM LN PC POOL G18244 | 4.500 | 02/01/23 | 7,503,598 | 7,369,194 | 7,671,184 |
| STATE FUND INSURANCE | FED HM LN PC POOL J08160 | 5.000 | 12/01/22 | 7,950,076 | 7,940,628 | 8,232,552 |
| STATE FUND INSURANCE | FNMA POOL 190985 | 7.500 | 08/01/09 | 4,895 | 4,895 | 4,963 |
| STATE FUND INSURANCE | FNMA POOL 254140 | 5.500 | 01/01/17 | 3,486,707 | 3,478,541 | 3,671,670 |
| STATE FUND INSURANCE | FNMA POOL 254233 | 5.000 | 03/01/17 | 1,937,024 | 1,900,719 | 2,020,539 |
| STATE FUND INSURANCE | FNMA POOL 254631 | 5.000 | 02/01/18 | 2,476,578 | 2,461,695 | 2,593,657 |
| STATE FUND INSURANCE | FNMA POOL 303590 | 7.000 | 11/01/10 | 71,864 | 71,864 | 73,776 |
| STATE FUND INSURANCE | FNMA POOL 572220 | 6.000 | 03/01/16 | 151,248 | 151,026 | 161,217 |
| STATE FUND INSURANCE | FNMA POOL 592327 | 5.500 | 06/01/16 | 284,924 | 281,461 | 300,038 |
| STATE FUND INSURANCE | FNMA POOL 844915 | 4.500 | 11/01/20 | 5,484,417 | 5,454,981 | 5,652,579 |
| STATE FUND INSURANCE | FNMA POOL 888932 | 4.500 | 11/01/22 | 3,756,671 | 3,756,671 | 3,871,858 |
| STATE FUND INSURANCE | FNMA POOL 962078 | 4.500 | 03/01/23 | 8,264,729 | 8,219,971 | 8,449,940 |
| | ***US GOVERNMENT DIRECT OBLIGATIONS*** | | | ***55,298,548*** | ***55,021,462*** | ***57,192,143*** |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| | ***TOTAL FIXED INCOME*** | | | ***923,603,831*** | ***909,737,668*** | ***909,282,451*** |
| STATE FUND INSURANCE | BGI EQUITY INDEX FUND B | 0.000 | | 606,661 | 84,406,677 | 81,742,906 |
| | ***TOTAL EQUITY*** | | | ***606,661*** | ***84,406,677*** | ***81,742,906*** |
| STATE FUND INSURANCE | SHORT TERM INVESTMENT POOL | 1.000 | | 26,404,184 | 26,404,184 | 26,404,184 |
| **STATE FUND INSURANCE TOTAL** | | | | **950,614,676** | **1,020,548,529** | **1,017,429,540** |
| SUBSEQUENT INJURY FUND | AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 100,000 | 99,998 | 84,164 |
| SUBSEQUENT INJURY FUND | LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 100,000 | 19,554 | 14,750 |
| | ***CORPORATE BONDS (RATED)*** | | | ***200,000*** | ***119,552*** | ***98,914*** |
| | ***TOTAL FIXED INCOME*** | | | ***200,000*** | ***119,552*** | ***98,914*** |
| SUBSEQUENT INJURY FUND | SHORT TERM INVESTMENT POOL | 1.000 | | 142,071 | 142,071 | 142,071 |
| **SUBSEQUENT INJURY FUND TOTAL** | | | | **342,071** | **261,623** | **240,985** |
| OLD FUND INSURANCE | VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 1,000,000 | 1,013,685 | 1,061,909 |
| OLD FUND INSURANCE | COMM MTG TR | 5.540 | 06/10/46 | 1,460,057 | 1,459,910 | 1,465,727 |
| OLD FUND INSURANCE | J P MORGAN CHASE COML MTG | 3.053 | 01/15/38 | 357,408 | 350,670 | 355,340 |
| | ***CORPORATE BONDS (RATED)*** | | | ***2,817,464*** | ***2,824,266*** | ***2,882,976*** |
| OLD FUND INSURANCE | ROWAN COS INC | 5.880 | 03/15/12 | 2,726,000 | 2,726,000 | 2,841,610 |
| | ***US GOVERNMENT AGENCY*** | | | ***2,726,000*** | ***2,726,000*** | ***2,841,610*** |
| OLD FUND INSURANCE | FED HM LN PC POOL E00540 | 6.000 | 03/01/13 | 101,927 | 101,806 | 108,085 |
| OLD FUND INSURANCE | FED HM LN PC POOL G10814 | 5.500 | 05/01/13 | 233,201 | 233,133 | 245,275 |
| OLD FUND INSURANCE | FNMA POOL 313999 | 6.000 | 02/01/13 | 153,282 | 153,007 | 162,629 |
| | ***US GOVERNMENT DIRECT OBLIGATIONS*** | | | ***488,410*** | ***487,945*** | ***515,989*** |
| | ***TOTAL FIXED INCOME*** | | | ***6,031,874*** | ***6,038,211*** | ***6,240,574*** |
| OLD FUND INSURANCE | SHORT TERM INVESTMENT POOL | 1.000 | | 13,622,093 | 13,622,093 | 13,622,093 |
| **OLD FUND INSURANCE TOTAL** | | | | **19,653,968** | **19,660,305** | **19,862,668** |
| ZORTMAN WATER | FEDERAL NATL MTG ASSN | 0.000 | 06/01/17 | 14,600,000 | 8,901,856 | 10,386,631 |
| | ***US GOVERNMENT AGENCY*** | | | ***14,600,000*** | ***8,901,856*** | ***10,386,631*** |
| | ***TOTAL FIXED INCOME*** | | | ***14,600,000*** | ***8,901,856*** | ***10,386,631*** |
| ZORTMAN WATER | SHORT TERM INVESTMENT POOL | 1.000 | | 129,599 | 129,599 | 129,599 |
| **ZORTMAN WATER TOTAL** | | | | **14,729,599** | **9,031,455** | **10,516,231** |
| GROUP BENEFITS | ALLSTATE LIFE GBL FDG SECD | 5.375 | 04/30/13 | 1,000,000 | 999,234 | 1,028,327 |
| GROUP BENEFITS | AMERICAN GEN FIN CORP MTN | 5.900 | 09/15/12 | 1,000,000 | 996,286 | 575,000 |
| GROUP BENEFITS | GENWORTH FINL INC | 5.650 | 06/15/12 | 900,000 | 898,831 | 720,000 |
| GROUP BENEFITS | HSBC FIN CORP | 5.900 | 06/19/12 | 1,000,000 | 998,529 | 1,007,614 |
| GROUP BENEFITS | JPMORGAN CHASE + CO | 4.750 | 05/01/13 | 1,000,000 | 997,574 | 1,013,620 |
| GROUP BENEFITS | PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 1,000,000 | 998,512 | 995,023 |
| | ***CORPORATE BONDS (RATED)*** | | | ***5,900,000*** | ***5,888,966*** | ***5,339,584*** |
| GROUP BENEFITS | BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 2,700,000 | 2,699,294 | 2,709,915 |
| GROUP BENEFITS | FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 4,500,000 | 4,500,000 | 4,624,337 |
| GROUP BENEFITS | FEDERAL HOME LN BKS | 3.125 | 06/10/11 | 3,000,000 | 2,948,305 | 3,101,776 |
| GROUP BENEFITS | FEDERAL HOME LN BKS | 3.625 | 09/16/11 | 3,000,000 | 2,996,352 | 3,142,343 |
| GROUP BENEFITS | FEDERAL HOME LOAN BKS | 4.875 | 06/08/12 | 2,900,000 | 2,884,247 | 3,092,995 |
| GROUP BENEFITS | FEDERAL NATL MTG ASSN | 3.875 | 07/12/13 | 5,000,000 | 4,937,214 | 5,273,434 |
| GROUP BENEFITS | GENERAL ELEC CAP CORP FDIC GTD | 3.000 | 12/09/11 | 3,000,000 | 2,992,994 | 3,093,323 |
| | ***US GOVERNMENT AGENCY*** | | | ***24,100,000*** | ***23,958,407*** | ***25,038,123*** |
| | ***TOTAL FIXED INCOME*** | | | ***30,000,000*** | ***29,847,373*** | ***30,377,707*** |
| GROUP BENEFITS | SHORT TERM INVESTMENT POOL | 1.000 | | 14,523,796 | 14,523,796 | 14,523,796 |
| **GROUP BENEFITS TOTAL** | | | | **44,523,796** | **44,371,169** | **44,901,503** |
| CLARK FORK SITE RESP | SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 950,000 | 870,064 | 860,027 |
| CLARK FORK SITE RESP | GENERAL ELEC CAP CORP | 0.953 | 08/15/11 | 900,000 | 808,493 | 851,677 |
| CLARK FORK SITE RESP | LILLY ELI + CO | 3.550 | 03/06/12 | 500,000 | 499,544 | 514,608 |
| CLARK FORK SITE RESP | ROCHE HLDGS INC | 4.500 | 03/01/12 | 500,000 | 497,654 | 520,796 |
| CLARK FORK SITE RESP | WAL MART STORES INC | 4.250 | 04/15/13 | 600,000 | 629,482 | 619,931 |
| | ***CORPORATE BONDS (RATED)*** | | | ***3,450,000*** | ***3,305,237*** | ***3,367,039*** |
| CLARK FORK SITE RESP | BANK OF AMERICA NA FDIC GTD | 1.700 | 12/23/10 | 750,000 | 750,643 | 758,529 |
| CLARK FORK SITE RESP | FEDERAL HOME LN MTG CORP | 0.000 | 01/15/13 | 1,000,000 | 927,454 | 889,688 |
| CLARK FORK SITE RESP | FEDERAL NATL MTG ASSN DEB | 0.000 | 07/15/14 | 1,000,000 | 873,100 | 835,249 |
| CLARK FORK SITE RESP | FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/11 | 1,000,000 | 950,760 | 953,015 |
| CLARK FORK SITE RESP | FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/12 | 271,000 | 247,398 | 243,204 |
| CLARK FORK SITE RESP | FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/13 | 1,000,000 | 892,694 | 866,824 |
| CLARK FORK SITE RESP | FREDDIE MAC | 2.500 | 04/08/13 | 1,750,000 | 1,750,000 | 1,736,216 |
| CLARK FORK SITE RESP | JPMORGAN CHASE+CO FDIC GTD TLG | 2.625 | 12/01/10 | 750,000 | 760,937 | 768,043 |
| CLARK FORK SITE RESP | MORGAN STANLEY FDIC GTD TLGP | 2.900 | 12/01/10 | 500,000 | 509,460 | 513,971 |
| CLARK FORK SITE RESP | REGIONS BANK FDIC GTD TLGP | 2.750 | 12/10/10 | 750,000 | 762,023 | 769,626 |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| CLARK FORK SITE RESP | UNITED STATES TRES SC STRP INT | 0.000 | 05/15/12 | 1,500,000 | 1,436,311 | 1,438,095 |
| CLARK FORK SITE RESP | US TREASURY T/B | 1.375 | 05/15/12 | 1,800,000 | 1,781,836 | 1,790,154 |
| | ***US GOVERNMENT AGENCY*** | | | ***12,071,000*** | ***11,642,615*** | ***11,562,614*** |
| CLARK FORK SITE RESP | TRUST FUNDS BOND POOL | 0.000 | | 72,977,290 | 69,000,000 | 70,020,770 |
| | ***TOTAL FIXED INCOME*** | | | ***88,498,290*** | ***83,947,851*** | ***84,950,423*** |
| CLARK FORK SITE RESP | SHORT TERM INVESTMENT POOL | 1.000 | | 13,466,832 | 13,466,832 | 13,466,832 |
| **CLARK FORK SITE RESP TOTAL** | | | | **101,965,122** | **97,414,684** | **98,417,255** |
| BUTTE AREA ONE REST | GENERAL ELEC CAP CORP | 0.953 | 08/15/11 | 250,000 | 224,581 | 236,577 |
| BUTTE AREA ONE REST | JPMORGAN CHASE + CO FDIC | 1.650 | 02/23/11 | 800,000 | 799,743 | 807,215 |
| BUTTE AREA ONE REST | LILLY ELI + CO | 3.550 | 03/06/12 | 200,000 | 199,818 | 205,843 |
| BUTTE AREA ONE REST | ROCHE HLDGS INC | 4.500 | 03/01/12 | 200,000 | 199,061 | 208,318 |
| BUTTE AREA ONE REST | SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 200,000 | 183,171 | 181,058 |
| BUTTE AREA ONE REST | WAL MART STORES INC | 4.250 | 04/15/13 | 200,000 | 209,827 | 206,644 |
| | ***CORPORATE BONDS (RATED)*** | | | ***1,850,000*** | ***1,816,202*** | ***1,845,656*** |
| BUTTE AREA ONE REST | FEDERAL FARM CR BKS | 2.125 | 06/18/12 | 800,000 | 800,071 | 804,513 |
| BUTTE AREA ONE REST | FEDERAL HOME LN BKS | 3.000 | 03/04/13 | 1,200,000 | 1,200,000 | 1,203,564 |
| BUTTE AREA ONE REST | FEDERAL NATL MTG ASSN | 2.000 | 03/02/11 | 1,200,000 | 1,200,000 | 1,207,466 |
| BUTTE AREA ONE REST | FREDDIE MAC | 2.500 | 04/08/13 | 1,400,000 | 1,400,000 | 1,388,973 |
| BUTTE AREA ONE REST | JPMORGAN CHASE+CO FDIC GTD TLG | 3.125 | 12/01/11 | 500,000 | 514,146 | 517,259 |
| BUTTE AREA ONE REST | UNITED STATES TRES SC STRP INT | 0.000 | 05/15/12 | 500,000 | 478,770 | 479,365 |
| BUTTE AREA ONE REST | US TREASURY T/B | 1.375 | 05/15/12 | 500,000 | 494,954 | 497,265 |
| | ***US GOVERNMENT AGENCY*** | | | ***6,100,000*** | ***6,087,942*** | ***6,098,405*** |
| BUTTE AREA ONE REST | TRUST FUNDS BOND POOL | 0.000 | | 14,853,196 | 14,000,000 | 14,251,450 |
| | ***TOTAL FIXED INCOME*** | | | ***22,803,196*** | ***21,904,144*** | ***22,195,510*** |
| BUTTE AREA ONE REST | SHORT TERM INVESTMENT POOL | 1.000 | | 6,328,106 | 6,328,106 | 6,328,106 |
| **BUTTE AREA ONE REST TOTAL** | | | | **29,131,301** | **28,232,250** | **28,523,616** |
| LITIGATION COST RECVR | SHORT TERM INVESTMENT POOL | 1.000 | | 1,749,440 | 1,749,440 | 1,749,440 |
| **LITIGATION COST RECVR TOTAL** | | | | **1,749,440** | **1,749,440** | **1,749,440** |
| CLARK FORK RIVER RS | GENERAL ELEC CAP CORP | 0.953 | 08/15/11 | 250,000 | 224,581 | 236,577 |
| CLARK FORK RIVER RS | JPMORGAN CHASE + CO FDIC | 1.650 | 02/23/11 | 800,000 | 799,743 | 807,215 |
| CLARK FORK RIVER RS | LILLY ELI + CO | 3.550 | 03/06/12 | 200,000 | 199,818 | 205,843 |
| CLARK FORK RIVER RS | ROCHE HLDGS INC | 4.500 | 03/01/12 | 200,000 | 199,061 | 208,318 |
| CLARK FORK RIVER RS | SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 200,000 | 183,171 | 181,058 |
| CLARK FORK RIVER RS | WAL MART STORES INC | 4.250 | 04/15/13 | 200,000 | 209,827 | 206,644 |
| | ***CORPORATE BONDS (RATED)*** | | | ***1,850,000*** | ***1,816,202*** | ***1,845,656*** |
| CLARK FORK RIVER RS | FEDERAL FARM CR BKS | 2.125 | 06/18/12 | 600,000 | 600,053 | 603,385 |
| CLARK FORK RIVER RS | FEDERAL HOME LN BKS | 3.000 | 03/04/13 | 1,200,000 | 1,200,000 | 1,203,564 |
| CLARK FORK RIVER RS | FEDERAL NATL MTG ASSN | 2.000 | 03/02/11 | 1,200,000 | 1,200,000 | 1,207,466 |
| CLARK FORK RIVER RS | FREDDIE MAC | 2.500 | 04/08/13 | 1,250,000 | 1,250,000 | 1,240,155 |
| CLARK FORK RIVER RS | JPMORGAN CHASE+CO FDIC GTD TLG | 3.125 | 12/01/11 | 505,000 | 519,288 | 522,431 |
| CLARK FORK RIVER RS | UNITED STATES TRES SC STRP INT | 0.000 | 05/15/12 | 500,000 | 478,770 | 479,365 |
| CLARK FORK RIVER RS | US TREASURY T/B | 1.375 | 05/15/12 | 500,000 | 494,954 | 497,265 |
| | ***US GOVERNMENT AGENCY*** | | | ***5,755,000*** | ***5,743,066*** | ***5,753,630*** |
| CLARK FORK RIVER RS | TRUST FUNDS BOND POOL | 0.000 | | 16,974,118 | 16,000,000 | 16,286,447 |
| | ***TOTAL FIXED INCOME*** | | | ***24,579,118*** | ***23,559,268*** | ***23,885,733*** |
| CLARK FORK RIVER RS | SHORT TERM INVESTMENT POOL | 1.000 | | 3,337,679 | 3,337,679 | 3,337,679 |
| **CLARK FORK RIVER RS TOTAL** | | | | **27,916,797** | **26,896,947** | **27,223,412** |
| SMELTER HILL UPLOAD | GENERAL ELEC CAP CORP | 0.953 | 08/15/11 | 100,000 | 89,833 | 94,631 |
| SMELTER HILL UPLOAD | JPMORGAN CHASE + CO FDIC | 1.650 | 02/23/11 | 400,000 | 399,871 | 403,607 |
| SMELTER HILL UPLOAD | LILLY ELI + CO | 3.550 | 03/06/12 | 100,000 | 99,909 | 102,922 |
| SMELTER HILL UPLOAD | ROCHE HLDGS INC | 4.500 | 03/01/12 | 100,000 | 99,531 | 104,159 |
| SMELTER HILL UPLOAD | SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 100,000 | 91,586 | 90,529 |
| | ***CORPORATE BONDS (RATED)*** | | | ***800,000*** | ***780,729*** | ***795,848*** |
| SMELTER HILL UPLOAD | FEDERAL FARM CR BKS | 2.125 | 06/18/12 | 600,000 | 600,053 | 603,385 |
| SMELTER HILL UPLOAD | FEDERAL HOME LN BKS | 3.000 | 03/04/13 | 535,000 | 535,000 | 536,589 |
| SMELTER HILL UPLOAD | FEDERAL NATL MTG ASSN | 2.000 | 03/02/11 | 600,000 | 600,000 | 603,733 |
| SMELTER HILL UPLOAD | FREDDIE MAC | 2.500 | 04/08/13 | 600,000 | 600,000 | 595,274 |
| SMELTER HILL UPLOAD | JPMORGAN CHASE+CO FDIC GTD TLG | 3.125 | 12/01/11 | 250,000 | 257,073 | 258,629 |
| SMELTER HILL UPLOAD | UNITED STATES TRES SC STRP INT | 0.000 | 05/15/12 | 500,000 | 478,770 | 479,365 |
| SMELTER HILL UPLOAD | US TREASURY T/B | 1.375 | 05/15/12 | 200,000 | 197,982 | 198,906 |
| | ***US GOVERNMENT AGENCY*** | | | ***3,285,000*** | ***3,268,879*** | ***3,275,881*** |
| SMELTER HILL UPLOAD | TRUST FUNDS BOND POOL | 0.000 | | 2,835,327 | 2,675,000 | 2,720,459 |
| | ***TOTAL FIXED INCOME*** | | | ***6,920,327*** | ***6,724,608*** | ***6,792,189*** |
| SMELTER HILL UPLOAD | SHORT TERM INVESTMENT POOL | 1.000 | | 6,573,924 | 6,573,924 | 6,573,924 |

## APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| **SMELTER HILL UPLOAD TOTAL** | | | | **13,494,251** | **13,298,532** | **13,366,113** |
| PERMANENT COAL TRUST | TRUST FUNDS BOND POOL | 0.000 | | 318,616,736 | 307,514,591 | 305,708,655 |
| | ***TOTAL FIXED INCOME*** | | | ***318,616,736*** | ***307,514,591*** | ***305,708,655*** |
| PERMANENT COAL TRUST | IN-STATE LOANS | | | 210,296,696 | 210,296,696 | 210,296,696 |
| PERMANENT FUND INCOME | SHORT TERM INVESTMENT POOL | 1.000 | | 2,195,817 | 2,195,817 | 2,195,817 |
| COAL TAX BOND FUND | SHORT TERM INVESTMENT POOL | 1.000 | | 4,345,372 | 4,345,372 | 4,345,372 |
| PERMANENT COAL TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 13,489,970 | 13,489,970 | 13,489,970 |
| **PERMANENT COAL TRUST TOTAL** | | | | **548,944,590** | **537,842,445** | **536,036,509** |
| REAL PROPERTY TRUST | TRUST FUNDS BOND POOL | 0.000 | | 5,103,560 | 5,123,884 | 4,896,800 |
| | ***TOTAL FIXED INCOME*** | | | ***5,103,560*** | ***5,123,884*** | ***4,896,800*** |
| REAL PROPERTY TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 252,587 | 252,587 | 252,587 |
| **REAL PROPERTY TRUST TOTAL** | | | | **5,356,147** | **5,376,471** | **5,149,387** |
| RESOURCE INDEMNITY | TRUST FUNDS BOND POOL | 0.000 | | 104,735,000 | 99,999,976 | 100,491,884 |
| | ***TOTAL FIXED INCOME*** | | | ***104,735,000*** | ***99,999,976*** | ***100,491,884*** |
| RESOURCE INDEMNITY | SHORT TERM INVESTMENT POOL | 1.000 | | 23,133 | 23,133 | 23,133 |
| **RESOURCE INDEMNITY TRUST TOTAL** | | | | **104,758,133** | **100,023,109** | **100,515,016** |
| PARK ACQUISITION | TRUST FUNDS BOND POOL | 0.000 | | 19,575,266 | 19,145,586 | 18,782,216 |
| | ***TOTAL FIXED INCOME*** | | | ***19,575,266*** | ***19,145,586*** | ***18,782,216*** |
| PARK ACQUISITION | SHORT TERM INVESTMENT POOL | 1.000 | | 138,176 | 138,176 | 138,176 |
| **PARK ACQUISITION TOTAL** | | | | **19,713,443** | **19,283,763** | **18,920,392** |
| WILDLIFE HABITAT | TRUST FUNDS BOND POOL | 0.000 | | 8,327,008 | 8,329,265 | 7,989,657 |
| | ***TOTAL FIXED INCOME*** | | | ***8,327,008*** | ***8,329,265*** | ***7,989,657*** |
| WILDLIFE HABITAT | SHORT TERM INVESTMENT POOL | 1.000 | | 417,117 | 417,117 | 417,117 |
| **WILDLIFE HABITAT TOTAL** | | | | **8,744,126** | **8,746,382** | **8,406,775** |
| SCHOOL TRUST | TRUST FUNDS BOND POOL | 0.000 | | 458,413,196 | 441,153,456 | 439,841,557 |
| | ***TOTAL FIXED INCOME*** | | | ***458,413,196*** | ***441,153,456*** | ***439,841,557*** |
| SCHOOL TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 2,701,832 | 2,701,832 | 2,701,832 |
| **SCHOOL TRUST TOTAL** | | | | **461,115,028** | **443,855,288** | **442,543,389** |
| NOXIOUS WEEDS | AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 200,000 | 199,995 | 168,327 |
| NOXIOUS WEEDS | HERSHEY FOODS CORP | 5.300 | 09/01/11 | 200,000 | 199,830 | 211,867 |
| NOXIOUS WEEDS | LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 200,000 | 39,108 | 29,500 |
| NOXIOUS WEEDS | VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 250,000 | 253,421 | 265,477 |
| NOXIOUS WEEDS | WELLS FARGO CO NEW | 5.300 | 08/26/11 | 200,000 | 199,847 | 209,006 |
| | ***CORPORATE BONDS (RATED)*** | | | ***1,050,000*** | ***892,202*** | ***884,178*** |
| NOXIOUS WEEDS | FEDERAL HOME LOAN BANK | 4.875 | 11/18/11 | 400,000 | 399,603 | 431,111 |
| | ***US GOVERNMENT AGENCY*** | | | ***400,000*** | ***399,603*** | ***431,111*** |
| NOXIOUS WEEDS | TRUST FUNDS BOND POOL | 0.000 | | 8,725,098 | 8,449,783 | 8,371,619 |
| | ***TOTAL FIXED INCOME*** | | | ***10,175,098*** | ***9,741,588*** | ***9,686,909*** |
| NOXIOUS WEEDS | SHORT TERM INVESTMENT POOL | 1.000 | | 192,576 | 192,576 | 192,576 |
| **NOXIOUS WEEDS TOTAL** | | | | **10,367,675** | **9,934,164** | **9,879,485** |
| TOBACCO TRUST | TRUST FUNDS BOND POOL | 0.000 | | 110,247,918 | 108,677,772 | 105,781,457 |
| | ***TOTAL FIXED INCOME*** | | | ***110,247,918*** | ***108,677,772*** | ***105,781,457*** |
| TOBACCO TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 98,121 | 98,121 | 98,121 |
| **TOBACCO TRUST TOTAL** | | | | **110,346,038** | **108,775,893** | **105,879,578** |
| CULTURAL TRUST | TRUST FUNDS BOND POOL | 0.000 | | 10,899,418 | 10,724,349 | 10,457,851 |
| | ***TOTAL FIXED INCOME*** | | | ***10,899,418*** | ***10,724,349*** | ***10,457,851*** |
| CULTURAL TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 87,665 | 87,665 | 87,665 |
| **CULTURAL TRUST TOTAL** | | | | **10,987,083** | **10,812,015** | **10,545,516** |
| REGIONAL WATER FUND | TRUST FUNDS BOND POOL | 0.000 | | 45,552,114 | 44,806,879 | 43,706,667 |
| | ***TOTAL FIXED INCOME*** | | | ***45,552,114*** | ***44,806,879*** | ***43,706,667*** |
| REGIONAL WATER FUND | SHORT TERM INVESTMENT POOL | 1.000 | | 36,028 | 36,028 | 36,028 |
| **REGIONAL WATER FUND TOTAL** | | | | **45,588,142** | **44,842,907** | **43,742,695** |
| TREASURE STATE | TRUST FUNDS BOND POOL | 0.000 | | 171,669,107 | 169,552,300 | 164,714,297 |
| | ***TOTAL FIXED INCOME*** | | | ***171,669,107*** | ***169,552,300*** | ***164,714,297*** |
| TREASURE STATE | IN-STATE LOANS | 0.000 | | 1,726,982 | 1,726,982 | 1,726,982 |
| TREASURE STATE | SHORT TERM INVESTMENT POOL | 1.000 | | 71,027 | 71,027 | 71,027 |
| **TREASURE STATE ENDOWMENT TOTAL** | | | | **173,467,116** | **171,350,309** | **166,512,306** |
| BIG SKY DEVELOPMENT | TRUST FUNDS BOND POOL | 0.000 | | 41,372,169 | 41,019,091 | 39,696,063 |

## APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| | ***TOTAL FIXED INCOME*** | | | ***41,372,169*** | ***41,019,091*** | ***39,696,063*** |
| BIG SKY DEVELOPMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 31,898 | 31,898 | 31,898 |
| **BIG SKY DEVELOPMENT TOTAL** | | | | **41,404,067** | **41,050,989** | **39,727,961** |
| ZORTMAN TRUST | UNITED STATES TRES SC STRP INT | 0.000 | 08/15/17 | 1,590,000 | 1,278,622 | 1,174,120 |
| ZORTMAN TRUST | UNITED STATES TRES SC STRP INT | 0.000 | 11/15/17 | 6,300,000 | 4,267,029 | 4,578,840 |
| | ***US GOVERNMENT AGENCY*** | | | ***7,890,000*** | ***5,545,652*** | ***5,752,960*** |
| | ***TOTAL FIXED INCOME*** | | | ***7,890,000*** | ***5,545,652*** | ***5,752,960*** |
| ZORTMAN TRUST | SHORT TERM INVESTMENT POOL | 1.000 | | 13,984 | 13,984 | 13,984 |
| **ZORTMAN TRUST TOTAL** | | | | **7,903,984** | **5,559,636** | **5,766,944** |
| PERS RETIREMENT | RETIREMENT FUNDS BOND POOL | | | 890,884,682 | 906,395,420 | 876,389,757 |
| | ***TOTAL FIXED INCOME*** | | | ***890,884,682*** | ***906,395,420*** | ***876,389,757*** |
| PERS RETIREMENT | NINTH AVENUE | 0.000 | | 514,749 | 514,749 | 579,626 |
| PERS RETIREMENT | BOZEMAN PROPERTY | 0.000 | | 1,036,944 | 1,036,944 | 1,061,827 |
| PERS RETIREMENT | CALIFORNIA STREET PROP | 0.000 | | 102,796 | 102,796 | 110,695 |
| PERS RETIREMENT | MT COLONIAL DRIVE | 0.000 | | 3,625,290 | 3,625,290 | 3,892,689 |
| PERS RETIREMENT | NORTH PARK AVENUE | 0.000 | | 3,467,888 | 3,467,888 | 3,292,126 |
| | ***DIRECT REAL ESTATE*** | | | ***8,747,666*** | ***8,747,666*** | ***8,936,962*** |
| PERS RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 1,948,558 | 196,855,000 | 145,478,002 |
| | ***REAL ESTATE TOTAL*** | | | ***10,696,223*** | ***205,602,666*** | ***154,414,964*** |
| PERS RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 2,463,786 | 306,318,330 | 338,518,625 |
| | ***PRIVATE EQUITY*** | | | ***2,463,786*** | ***306,318,330*** | ***338,518,625*** |
| PERS RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 10,506,141 | 703,416,287 | 1,070,435,421 |
| PERS RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 4,431,451 | 433,953,000 | 494,790,123 |
| | ***STOCK TOTAL*** | | | ***14,937,592*** | ***1,137,369,287*** | ***1,565,225,545*** |
| | ***TOTAL EQUITY*** | | | ***28,097,602*** | ***1,649,290,283*** | ***2,058,159,134*** |
| PERS RETIREMENT | MONTANA MORTGAGES | 0.000 | | 24,445,877 | 24,445,877 | 24,055,497 |
| | ***TOTAL MORTGAGES/LOANS*** | | | ***24,445,877*** | ***24,445,877*** | ***24,055,497*** |
| PERS RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 29,603,363 | 29,603,363 | 29,603,363 |
| **PERS RETIREMENT TOTAL** | | | | **973,031,524** | **2,609,734,943** | **2,988,207,751** |
| POLICE RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 46,755,373 | 47,710,944 | 45,994,651 |
| | ***TOTAL FIXED INCOME*** | | | ***46,755,373*** | ***47,710,944*** | ***45,994,651*** |
| POLICE RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 99,618 | 10,086,000 | 7,437,423 |
| | ***REAL ESTATE TOTAL*** | | | ***99,618*** | ***10,086,000*** | ***7,437,423*** |
| POLICE RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 125,479 | 15,825,901 | 17,240,469 |
| | ***PRIVATE EQUITY*** | | | ***125,479*** | ***15,825,901*** | ***17,240,469*** |
| POLICE RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 536,687 | 45,156,810 | 54,681,205 |
| POLICE RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 225,758 | 23,368,884 | 25,206,793 |
| | ***STOCK TOTAL*** | | | ***762,444*** | ***68,525,694*** | ***79,887,998*** |
| | ***TOTAL EQUITY*** | | | ***987,541*** | ***94,437,595*** | ***104,565,890*** |
| POLICE RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 1,003,443 | 1,003,443 | 1,003,443 |
| **POLICE RETIREMENT TOTAL** | | | | **48,746,358** | **143,151,983** | **151,563,984** |
| GAME WARDENS | RETIREMENT FUNDS BOND POOL | 0.000 | | 18,824,730 | 19,384,616 | 18,518,446 |
| | ***TOTAL FIXED INCOME*** | | | ***18,824,730*** | ***19,384,616*** | ***18,518,446*** |
| GAME WARDENS | MONTANA REAL ESTATE POOL | 0.000 | | 39,925 | 4,026,000 | 2,980,788 |
| | ***REAL ESTATE TOTAL*** | | | ***39,925*** | ***4,026,000*** | ***2,980,788*** |
| GAME WARDENS | MONTANA PRIVATE EQUITY POOL | 0.000 | | 50,545 | 6,763,885 | 6,944,731 |
| | ***PRIVATE EQUITY*** | | | ***50,545*** | ***6,763,885*** | ***6,944,731*** |
| GAME WARDENS | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 213,202 | 18,714,843 | 21,722,419 |
| GAME WARDENS | MONTANA INTERNATIONAL POOL | 0.000 | | 89,558 | 9,836,561 | 9,999,504 |
| | ***STOCK TOTAL*** | | | ***302,760*** | ***28,551,405*** | ***31,721,923*** |
| | ***TOTAL EQUITY*** | | | ***393,230*** | ***39,341,290*** | ***41,647,443*** |
| GAME WARDENS | SHORT TERM INVESTMENT POOL | 1.000 | | 1,651,381 | 1,651,381 | 1,651,381 |
| **GAME WARDENS RETIREMENT TOTAL** | | | | **20,869,340** | **60,377,287** | **61,817,270** |
| SHERIFFS RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 46,448,258 | 47,262,343 | 45,692,533 |
| | ***TOTAL FIXED INCOME*** | | | ***46,448,258*** | ***47,262,343*** | ***45,692,533*** |
| SHERIFFS RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 97,930 | 9,884,000 | 7,311,423 |
| | ***REAL ESTATE TOTAL*** | | | ***97,930*** | ***9,884,000*** | ***7,311,423*** |
| SHERIFFS RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 124,143 | 15,767,194 | 17,056,917 |
| | ***PRIVATE EQUITY*** | | | ***124,143*** | ***15,767,194*** | ***17,056,917*** |
| SHERIFFS RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 526,367 | 40,720,665 | 53,629,795 |

# APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| SHERIFFS RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 220,977 | 22,582,000 | 24,673,042 |
| | ***STOCK TOTAL*** | | | ***747,345*** | ***63,302,665*** | ***78,302,837*** |
| | ***TOTAL EQUITY*** | | | ***969,418*** | ***88,953,860*** | ***102,671,176*** |
| SHERIFFS RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 2,584,970 | 2,584,970 | 2,584,970 |
| **SHERIFFS RETIREMENT TOTAL** | | | | **50,002,646** | **138,801,173** | **150,948,679** |
| JUDGES RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 14,250,723 | 14,731,262 | 14,018,860 |
| | ***TOTAL FIXED INCOME*** | | | ***14,250,723*** | ***14,731,262*** | ***14,018,860*** |
| JUDGES RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 30,094 | 3,038,000 | 2,246,796 |
| | ***REAL ESTATE TOTAL*** | | | ***30,094*** | ***3,038,000*** | ***2,246,796*** |
| JUDGES RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 38,026 | 4,676,161 | 5,224,738 |
| | ***PRIVATE EQUITY*** | | | ***38,026*** | ***4,676,161*** | ***5,224,738*** |
| JUDGES RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 162,015 | 11,348,202 | 16,507,206 |
| JUDGES RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 67,629 | 6,655,000 | 7,551,017 |
| | ***STOCK TOTAL*** | | | ***229,644*** | ***18,003,202*** | ***24,058,222*** |
| | ***TOTAL EQUITY*** | | | ***297,764*** | ***25,717,363*** | ***31,529,756*** |
| JUDGES RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 995,802 | 995,802 | 995,802 |
| **JUDGES RETIREMENT TOTAL** | | | | **15,544,289** | **41,444,427** | **46,544,418** |
| HIGHWAY PATROL | RETIREMENT FUNDS BOND POOL | 0.000 | | 22,842,956 | 23,413,088 | 22,471,295 |
| | ***TOTAL FIXED INCOME*** | | | ***22,842,956*** | ***23,413,088*** | ***22,471,295*** |
| HIGHWAY PATROL | MONTANA REAL ESTATE POOL | 0.000 | | 48,391 | 4,883,000 | 3,612,804 |
| | ***REAL ESTATE TOTAL*** | | | ***48,391*** | ***4,883,000*** | ***3,612,804*** |
| HIGHWAY PATROL | MONTANA PRIVATE EQUITY POOL | 0.000 | | 61,289 | 7,398,566 | 8,420,985 |
| | ***PRIVATE EQUITY*** | | | ***61,289*** | ***7,398,566*** | ***8,420,985*** |
| HIGHWAY PATROL | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 261,859 | 18,357,122 | 26,679,973 |
| HIGHWAY PATROL | MONTANA INTERNATIONAL POOL | 0.000 | | 110,945 | 10,840,957 | 12,387,487 |
| | ***STOCK TOTAL*** | | | ***372,804*** | ***29,198,079*** | ***39,067,460*** |
| | ***TOTAL EQUITY*** | | | ***482,484*** | ***41,479,645*** | ***51,101,248*** |
| HIGHWAY PATROL | SHORT TERM INVESTMENT POOL | 1.000 | | 843,960 | 843,960 | 843,960 |
| **HIGHWAY PATROL RETIREMENT TOTAL** | | | | **24,169,400** | **65,736,693** | **74,416,504** |
| TEACHERS RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 673,499,777 | 683,779,834 | 662,541,761 |
| | ***TOTAL FIXED INCOME*** | | | ***673,499,777*** | ***683,779,834*** | ***662,541,761*** |
| TEACHERS RETIREMENT | BOZEMAN PROPERTY | 0.000 | | 1,036,944 | 1,036,944 | 1,061,827 |
| TEACHERS RETIREMENT | CALIFORNIA STREET PROP | 0.000 | | 102,796 | 102,796 | 110,695 |
| TEACHERS RETIREMENT | MT COLONIAL DRIVE | 0.000 | | 3,625,290 | 3,625,290 | 3,892,689 |
| TEACHERS RETIREMENT | NORTH PARK AVENUE | 0.000 | | 3,467,888 | 3,467,888 | 3,292,126 |
| | ***DIRECT REAL ESTATE*** | | | ***8,232,917*** | ***8,232,917*** | ***8,357,337*** |
| TEACHERS RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 1,481,955 | 149,634,000 | 110,641,764 |
| | ***REAL ESTATE TOTAL*** | | | ***9,714,872*** | ***157,866,917*** | ***118,999,101*** |
| TEACHERS RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 1,881,096 | 233,113,970 | 258,458,320 |
| | ***PRIVATE EQUITY*** | | | ***1,881,096*** | ***233,113,970*** | ***258,458,320*** |
| TEACHERS RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 7,998,008 | 529,924,277 | 814,890,157 |
| TEACHERS RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 3,369,738 | 328,858,701 | 376,245,403 |
| | ***STOCK TOTAL*** | | | ***11,367,746*** | ***858,782,978*** | ***1,191,135,560*** |
| | ***TOTAL EQUITY*** | | | ***22,963,714*** | ***1,249,763,865*** | ***1,568,592,981*** |
| TEACHERS RETIREMENT | MONTANA MORTGAGES | 0.000 | | 20,824,266 | 20,824,266 | 20,491,720 |
| | ***TOTAL MORTGAGES/LOANS*** | | | ***20,824,266*** | ***20,824,266*** | ***20,491,720*** |
| TEACHERS RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 25,893,766 | 25,893,766 | 25,893,766 |
| **TEACHERS RETIREMENT TOTAL** | | | | **743,181,523** | **1,980,261,731** | **2,277,520,228** |
| V FIREFIGHTERS RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 5,837,204 | 6,041,766 | 5,742,231 |
| | ***TOTAL FIXED INCOME*** | | | ***5,837,204*** | ***6,041,766*** | ***5,742,231*** |
| V FIREFIGHTERS RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 12,027 | 1,215,000 | 897,961 |
| | ***REAL ESTATE TOTAL*** | | | ***12,027*** | ***1,215,000*** | ***897,961*** |
| V FIREFIGHTERS RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 15,402 | 1,830,048 | 2,116,190 |
| | ***PRIVATE EQUITY*** | | | ***15,402*** | ***1,830,048*** | ***2,116,190*** |
| V FIREFIGHTERS RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 67,096 | 6,659,500 | 6,836,212 |
| V FIREFIGHTERS RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 28,126 | 2,949,408 | 3,140,390 |
| | ***STOCK TOTAL*** | | | ***95,222*** | ***9,608,908*** | ***9,976,602*** |
| | ***TOTAL EQUITY*** | | | ***122,652*** | ***12,653,956*** | ***12,990,753*** |
| V FIREFIGHTERS RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 1,712,547 | 1,712,547 | 1,712,547 |

## APPENDIX A - Securities Listing By Fund as of 6/30/2009

| Fund | Security Name | Coupon | Maturity | Shares | Book Value | Fair Value |
|---|---|---|---|---|---|---|
| **V FIREFIGHTERS RETIREMENT TOTAL** | | | | **7,672,402** | **20,408,268** | **20,445,531** |
| FIREFIGHTERS RETIREMENT | RETIREMENT FUNDS BOND POOL | 0.000 | | 45,906,412 | 46,768,864 | 45,159,503 |
| | ***TOTAL FIXED INCOME*** | | | ***45,906,412*** | ***46,768,864*** | ***45,159,503*** |
| FIREFIGHTERS RETIREMENT | MONTANA REAL ESTATE POOL | 0.000 | | 97,239 | 9,844,000 | 7,259,766 |
| | ***REAL ESTATE TOTAL*** | | | ***97,239*** | ***9,844,000*** | ***7,259,766*** |
| FIREFIGHTERS RETIREMENT | MONTANA PRIVATE EQUITY POOL | 0.000 | | 122,900 | 15,751,265 | 16,886,131 |
| | ***PRIVATE EQUITY*** | | | ***122,900*** | ***15,751,265*** | ***16,886,131*** |
| FIREFIGHTERS RETIREMENT | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 525,404 | 44,797,061 | 53,531,678 |
| FIREFIGHTERS RETIREMENT | MONTANA INTERNATIONAL POOL | 0.000 | | 222,668 | 23,221,000 | 24,861,806 |
| | ***STOCK TOTAL*** | | | ***748,072*** | ***68,018,061*** | ***78,393,484*** |
| | ***TOTAL EQUITY*** | | | ***968,210*** | ***93,613,326*** | ***102,539,381*** |
| FIREFIGHTERS RETIREMENT | SHORT TERM INVESTMENT POOL | 1.000 | | 1,383,050 | 1,383,050 | 1,383,050 |
| **FIREFIGHTERS RETIREMENT TOTAL** | | | | **48,257,672** | **141,765,240** | **149,081,934** |
| UNIVERSITY OF MONTANA | FEDERAL FARM CR BKS CONS SYSTE | 4.000 | 09/24/10 | 2,000,000 | 2,004,727 | 2,082,111 |
| UNIVERSITY OF MONTANA | FEDERAL HOME LN BK | 4.500 | 10/09/09 | 1,500,000 | 1,502,987 | 1,517,355 |
| UNIVERSITY OF MONTANA | FEDERAL HOME LOAN BANK | 3.000 | 12/10/10 | 7,000,000 | 6,981,575 | 7,195,113 |
| UNIVERSITY OF MONTANA | FEDERAL HOME LN BKS | 3.500 | 07/16/10 | 5,000,000 | 5,030,102 | 5,146,255 |
| UNIVERSITY OF MONTANA | FEDERAL NATL MTG ASSN | 4.250 | 08/15/10 | 5,000,000 | 5,074,276 | 5,196,483 |
| | ***US GOVERNMENT AGENCY*** | | | ***20,500,000*** | ***20,593,667*** | ***21,137,317*** |
| UNIVERSITY OF MONTANA | TRUST FUNDS BOND POOL | 0.000 | | 13,621,185 | 13,552,921 | 13,069,352 |
| | ***TOTAL FIXED INCOME*** | | | ***34,121,185*** | ***34,146,588*** | ***34,206,669*** |
| UNIVERSITY OF MONTANA | MONTANA DOMESTIC EQUITY POOL | 0.000 | | 7,063 | 531,639 | 719,590 |
| | ***TOTAL EQUITY*** | | | ***7,063*** | ***531,639*** | ***719,590*** |
| UNIVERSITY OF MONTANA | SHORT TERM INVESTMENT POOL | 1.000 | | 9,300,903 | 9,300,903 | 9,300,903 |
| **UNIVERSITY OF MONTANA TOTAL** | | | | **43,429,151** | **43,979,131** | **44,227,163** |
| MONTANA TECH | TRUST FUNDS BOND POOL | 0.000 | | 445,100 | 458,450 | 427,068 |
| | ***TOTAL FIXED INCOME*** | | | ***445,100*** | ***458,450*** | ***427,068*** |
| MONTANA TECH | SHORT TERM INVESTMENT POOL | 1.000 | | 4,475,215 | 4,475,215 | 4,475,215 |
| **MONTANA TECH U OF MONTANA TOTAL** | | | | **4,920,315** | **4,933,665** | **4,902,283** |
| MONTANA STATE UNIVERSITY | TRUST FUNDS BOND POOL | 0.000 | | 14,938,500 | 14,999,130 | 14,333,298 |
| | ***TOTAL FIXED INCOME*** | | | ***14,938,500*** | ***14,999,130*** | ***14,333,298*** |
| MONTANA STATE UNIVERSITY | SHORT TERM INVESTMENT POOL | 1.000 | | 59,148,530 | 59,148,530 | 59,148,530 |
| **MONTANA STATE UNIVERSITY TOTAL** | | | | **74,087,030** | **74,147,660** | **73,481,828** |

## Total Fund Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *311,908,385* | | *10.2* | |
| 2009 | 11,861,602,148 | (553,053,348) | 312,244,801 | (4.5) | 2.57 |
| 2008 | 12,414,655,495 | 381,576,509 | 437,353,527 | 3.2 | 3.58 |
| 2007 | 12,033,078,986 | 1,381,477,306 | 585,050,911 | 13.0 | 5.16 |
| 2006 | 10,651,601,681 | 885,735,101 | 399,995,799 | 9.1 | 3.92 |
| 2005 | 9,765,866,580 | 787,273,910 | 360,929,390 | 8.8 | 3.85 |
| 2004 | 8,978,592,670 | 457,255,647 | 472,538,954 | 5.4 | 5.40 |
| 2003 | 8,521,337,023 | (24,684,663) | 394,899,778 | (0.3) | 4.63 |
| 2002 | 8,546,021,686 | 147,775,828 | 417,327,390 | 1.8 | 4.93 |
| 2001 | 8,398,245,858 | 658,923,289 | 570,461,812 | 8.5 | 7.07 |
| 2000 | 7,739,322,569 | 693,439,982 | 447,627,517 | 9.8 | 6.06 |
| 1999 | 7,045,882,586 | 463,293,558 | 415,348,813 | 7.0 | 6.10 |
| 1998 | 6,582,589,029 | 686,850,999 | 403,985,459 | 11.6 | 6.47 |
| 1997 | 5,895,738,030 | 267,508,710 | 384,866,212 | 4.8 | 6.68 |
| 1996 | 5,628,229,319 | 605,461,292 | 369,439,052 | 12.1 | 6.94 |
| 1995 | 5,022,768,027 | 250,748,706 | 311,952,313 | 5.3 | 6.37 |
| 1994 | 4,772,019,321 | 480,559,669 | 302,093,612 | 11.2 | 6.67 |
| 1993 | 4,291,459,652 | 492,251,338 | 325,722,769 | 13.0 | 8.05 |
| 1992 | 3,799,208,314 | 355,765,056 | 307,462,334 | 10.3 | 8.49 |
| 1991 | 3,443,443,258 | 246,482,405 | 296,946,028 | 7.7 | 8.94 |
| 1990 | 3,196,960,853 | 288,091,626 | 295,081,958 | 9.9 | 9.67 |
| 1989 | 2,908,869,227 | 280,122,753 | 269,244,243 | 10.7 | 9.72 |
| 1988 | 2,628,746,474 | 235,709,041 | 241,658,140 | 9.8 | 9.62 |
| 1987 | 2,393,037,433 | 233,749,895 | 239,583,020 | 10.8 | 10.53 |
| 1986 | 2,159,287,538 | 170,672,805 | 241,937,271 | 8.6 | 11.67 |
| 1985 | 1,988,614,733 | 206,311,756 | 213,464,258 | 11.6 | 11.32 |
| 1984 | 1,782,302,977 | 235,104,098 | 186,457,609 | 15.2 | 11.20 |
| 1983 | 1,547,198,879 | 178,461,561 | 164,390,784 | 13.0 | 11.28 |
| 1982 | 1,368,737,318 | 212,737,071 | 154,789,542 | 18.4 | 12.26 |
| 1981 | 1,156,000,247 | 126,611,696 | 114,119,374 | 12.3 | 10.44 |
| 1980 | 1,029,388,551 | 138,857,798 | 86,842,796 | 15.6 | 9.05 |
| 1979 | 890,530,753 | 94,217,581 | 65,520,161 | 11.8 | 7.77 |
| 1978 | 796,313,172 | 88,666,884 | 54,276,875 | 12.5 | 7.22 |
| 1977 | 707,646,288 | 80,721,049 | 47,313,627 | 12.9 | 7.09 |
| 1976 | 626,925,239 | 89,088,506 | 41,459,770 | 16.6 | 7.12 |
| 1975 | 537,836,733 | 70,390,182 | 37,118,312 | 15.1 | 7.38 |
| 1974 | 467,446,551 | 86,059,140 | 29,439,170 | 22.6 | 6.94 |
| 1973 | 381,387,411 | 60,395,524 | 20,367,231 | 18.8 | 5.80 |
| 1972 | 320,991,887 | | 16,132,196 | | 5.46 |

## PERS Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *68,369,721* | | *9.9* | |
| 2009 | 2,609,734,943 | 12,829,755 | 69,320,159 | 0.5 | 2.66 |
| 2008 | 2,596,905,188 | 40,905,383 | 94,852,097 | 1.6 | 3.68 |
| 2007 | 2,555,999,805 | 123,952,467 | 171,887,613 | 5.1 | 6.89 |
| 2006 | 2,432,047,337 | 92,178,323 | 108,147,805 | 3.9 | 4.53 |
| 2005 | 2,339,869,014 | 63,948,447 | 93,137,953 | 2.8 | 4.04 |
| 2004 | 2,275,920,567 | 129,832,585 | 157,174,263 | 6.0 | 7.11 |
| 2003 | 2,146,087,982 | 71,237,880 | 114,127,866 | 3.4 | 5.41 |
| 2002 | 2,074,850,102 | 106,785,197 | 107,865,330 | 5.4 | 5.34 |
| 2001 | 1,968,064,905 | 170,773,454 | 170,918,237 | 9.5 | 9.08 |
| 2000 | 1,797,291,451 | 112,876,555 | 125,474,099 | 6.7 | 7.21 |
| 1999 | 1,684,414,896 | 105,784,616 | 112,867,195 | 6.7 | 6.92 |
| 1998 | 1,578,630,280 | 106,522,015 | 111,445,739 | 7.2 | 7.31 |
| 1997 | 1,472,108,266 | 111,355,981 | 110,533,498 | 8.2 | 7.80 |
| 1996 | 1,360,752,285 | 100,819,152 | 102,873,163 | 8.0 | 7.85 |
| 1995 | 1,259,933,133 | 83,895,411 | 83,425,354 | 7.1 | 6.85 |
| 1994 | 1,176,037,722 | 88,830,571 | 87,660,863 | 8.2 | 7.75 |
| 1993 | 1,087,207,151 | 103,262,368 | 95,914,874 | 10.5 | 9.26 |
| 1992 | 983,944,783 | 88,442,271 | 85,428,480 | 9.9 | 9.09 |
| 1991 | 895,502,511 | 86,322,266 | 79,719,985 | 10.7 | 9.35 |
| 1990 | 809,180,245 | 73,974,823 | 77,847,393 | 10.1 | 10.08 |
| 1989 | 735,205,422 | 71,140,882 | 72,003,023 | 10.7 | 10.29 |
| 1988 | 664,064,540 | 61,353,155 | 64,036,322 | 10.2 | 10.11 |
| 1987 | 602,711,385 | 73,745,575 | 63,439,745 | 13.9 | 11.21 |
| 1986 | 528,965,810 | 67,608,025 | 58,693,664 | 14.7 | 11.85 |
| 1985 | 461,357,785 | 57,520,058 | 47,403,616 | 14.2 | 10.96 |
| 1984 | 403,837,727 | 50,640,947 | 40,615,456 | 14.3 | 10.73 |
| 1983 | 353,196,780 | 48,909,250 | 34,958,940 | 16.1 | 10.63 |
| 1982 | 304,287,530 | 33,579,211 | 28,815,109 | 12.4 | 10.02 |
| 1981 | 270,708,319 | 26,408,693 | 23,489,723 | 10.8 | 9.12 |
| 1980 | 244,299,626 | 29,277,738 | 19,321,321 | 13.6 | 8.41 |
| 1979 | 215,021,888 | 28,633,695 | 16,357,252 | 15.4 | 8.15 |
| 1978 | 186,388,193 | 25,532,853 | 13,520,389 | 15.9 | 7.79 |
| 1977 | 160,855,340 | 21,732,482 | 11,361,593 | 15.6 | 7.57 |
| 1976 | 139,122,858 | 19,833,635 | 9,641,522 | 16.6 | 7.46 |
| 1975 | 119,289,223 | 15,815,377 | 7,593,641 | 15.3 | 6.82 |
| 1974 | 103,473,846 | 12,710,258 | 6,351,974 | 14.0 | 6.54 |
| 1973 | 90,763,588 | 10,708,308 | 5,471,314 | 13.4 | 6.41 |
| 1972 | 80,055,280 | | 4,566,690 | | 6.09 |

## TRS Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *51,546,675* | | *9.3* | |
| 2009 | 1,980,261,731 | (12,529,242) | 58,891,011 | (0.6) | 2.96 |
| 2008 | 1,992,790,973 | 15,962,553 | 83,047,218 | 0.8 | 4.18 |
| 2007 | 1,976,828,420 | 106,835,681 | 130,229,621 | 5.7 | 6.77 |
| 2006 | 1,869,992,739 | 106,327,154 | 71,050,251 | 6.0 | 3.91 |
| 2005 | 1,763,665,585 | 21,099,089 | 75,845,392 | 1.2 | 4.33 |
| 2004 | 1,742,566,496 | 83,777,665 | 129,319,390 | 5.1 | 7.60 |
| 2003 | 1,658,788,831 | 41,959,040 | 95,580,408 | 2.6 | 5.84 |
| 2002 | 1,616,829,791 | 63,244,376 | 93,575,646 | 4.1 | 5.90 |
| 2001 | 1,553,585,415 | 116,367,847 | 152,363,493 | 8.1 | 10.19 |
| 2000 | 1,437,217,568 | 82,198,204 | 102,257,693 | 6.1 | 7.32 |
| 1999 | 1,355,019,364 | 67,803,208 | 92,826,763 | 5.3 | 7.03 |
| 1998 | 1,287,216,156 | 75,053,541 | 91,673,149 | 6.2 | 7.34 |
| 1997 | 1,212,162,615 | 87,081,006 | 92,197,958 | 7.7 | 7.89 |
| 1996 | 1,125,081,609 | 78,827,109 | 85,368,503 | 7.5 | 7.86 |
| 1995 | 1,046,254,500 | 72,939,312 | 73,018,070 | 7.5 | 7.23 |
| 1994 | 973,315,188 | 71,749,470 | 72,973,821 | 8.0 | 7.78 |
| 1993 | 901,565,718 | 89,220,933 | 78,687,668 | 11.0 | 9.18 |
| 1992 | 812,344,785 | 75,529,049 | 70,469,210 | 10.3 | 9.10 |
| 1991 | 736,815,736 | 74,733,955 | 65,948,441 | 11.3 | 9.43 |
| 1990 | 662,081,781 | 62,484,325 | 63,628,096 | 10.4 | 10.09 |
| 1989 | 599,597,456 | 60,465,431 | 58,607,895 | 11.2 | 10.29 |
| 1988 | 539,132,025 | 54,915,708 | 51,714,157 | 11.3 | 10.11 |
| 1987 | 484,216,317 | 69,184,764 | 49,117,437 | 16.7 | 10.92 |
| 1986 | 415,031,553 | 55,364,281 | 45,425,369 | 15.4 | 11.73 |
| 1985 | 359,667,272 | 51,074,593 | 36,036,654 | 16.6 | 10.79 |
| 1984 | 308,592,679 | 43,299,873 | 30,222,754 | 16.3 | 10.53 |
| 1983 | 265,292,806 | 32,138,199 | 25,772,023 | 13.8 | 10.34 |
| 1982 | 233,154,607 | 20,177,836 | 21,717,577 | 9.5 | 9.74 |
| 1981 | 212,976,771 | 20,686,541 | 18,108,545 | 10.8 | 8.94 |
| 1980 | 192,290,230 | 20,009,545 | 14,936,461 | 11.6 | 8.19 |
| 1979 | 172,280,685 | 19,350,005 | 13,272,323 | 12.7 | 8.16 |
| 1978 | 152,930,680 | 17,406,858 | 11,098,439 | 12.8 | 7.70 |
| 1977 | 135,523,822 | 16,820,305 | 9,405,270 | 14.2 | 7.40 |
| 1976 | 118,703,517 | 15,506,452 | 8,076,379 | 15.0 | 7.28 |
| 1975 | 103,197,065 | 10,132,831 | 6,702,284 | 10.9 | 6.83 |
| 1974 | 93,064,234 | 8,920,253 | 5,963,267 | 10.6 | 6.73 |
| 1973 | 84,143,981 | 11,109,208 | 5,075,899 | 15.2 | 6.46 |
| 1972 | 73,034,773 | | 4,402,802 | | 6.39 |

## Coal Tax Trust Fund Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *25,445,944* | | *16.9* | |
| 2009 | 795,086,649 | 24,707,986 | 39,149,803 | 3.2 | 5.00 |
| 2008 | 770,378,663 | 27,818,934 | 41,978,440 | 3.7 | 5.55 |
| 2007 | 742,559,729 | 17,366,989 | 44,489,170 | 2.4 | 6.06 |
| 2006 | 725,192,740 | 16,820,998 | 41,757,043 | 2.4 | 5.83 |
| 2005 | 708,371,742 | 17,146,953 | 46,169,407 | 2.5 | 6.60 |
| 2004 | 691,224,790 | 13,211,240 | 44,170,843 | 1.9 | 6.45 |
| 2003 | 678,013,550 | 14,230,928 | 44,313,873 | 2.1 | 6.61 |
| 2002 | 663,782,622 | 13,720,298 | 45,049,799 | 2.1 | 6.86 |
| 2001 | 650,062,324 | 13,310,993 | 44,342,611 | 2.1 | 6.89 |
| 2000 | 636,751,331 | 22,134,147 | 44,308,988 | 3.6 | 7.08 |
| 1999 | 614,617,184 | 11,643,713 | 45,531,774 | 1.9 | 7.48 |
| 1998 | 602,973,471 | 16,194,141 | 44,918,922 | 2.8 | 7.55 |
| 1997 | 586,779,330 | 23,795,447 | 44,918,922 | 4.2 | 7.81 |
| 1996 | 562,983,883 | 15,973,100 | 44,376,465 | 2.9 | 8.00 |
| 1995 | 547,010,783 | 15,576,784 | 38,341,049 | 2.9 | 7.11 |
| 1994 | 531,433,999 | 19,416,428 | 43,012,532 | 3.8 | 8.24 |
| 1993 | 512,017,571 | 19,027,837 | 51,246,095 | 3.9 | 10.20 |
| 1992 | 492,989,734 | 18,731,378 | 47,594,422 | 3.9 | 9.84 |
| 1991 | 474,258,356 | 27,246,023 | 46,327,632 | 6.1 | 10.06 |
| 1990 | 447,012,333 | 35,228,274 | 45,785,254 | 8.6 | 10.66 |
| 1989 | 411,784,059 | 30,880,710 | 41,508,302 | 8.1 | 10.47 |
| 1988 | 380,903,349 | 41,062,015 | 35,294,692 | 12.1 | 9.79 |
| 1987 | 339,841,334 | 38,367,530 | 37,468,144 | 12.7 | 11.68 |
| 1986 | 301,473,804 | 49,052,410 | 38,475,175 | 19.4 | 13.89 |
| 1985 | 252,421,394 | 49,765,895 | 29,247,622 | 24.6 | 12.85 |
| 1984 | 202,655,499 | 44,076,324 | 24,105,342 | 27.8 | 13.35 |
| 1983 | 158,579,175 | 41,433,379 | 19,626,992 | 35.4 | 14.24 |
| 1982 | 117,145,796 | 42,617,964 | 13,233,786 | 57.2 | 13.81 |
| 1981 | 74,527,832 | 34,579,927 | 6,492,082 | 86.6 | 11.34 |
| 1980 | 39,947,905 | 23,040,483 | 2,619,380 | 136.3 | 9.21 |
| 1979 | 16,907,422 | 10,645,052 | 950,026 | 170.0 | 8.20 |
| 1978 | 6,262,370 | | 177,366 | | NA |

## Trust and Legacy Fund Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *10,302,891* | | *5.4* | |
| 2009 | 443,855,288 | 3,701,832 | 22,777,821 | 0.8 | 5.15 |
| 2008 | 440,153,456 | 11,999,926 | 25,288,505 | 2.8 | 5.82 |
| 2007 | 428,153,530 | 4,999,795 | 26,474,491 | 1.2 | 6.22 |
| 2006 | 423,153,735 | 12,499,798 | 24,836,368 | 3.0 | 5.96 |
| 2005 | 410,653,937 | 0 | 28,375,979 | 0.0 | 6.91 |
| 2004 | 410,653,937 | 99,967 | 30,140,513 | 0.0 | 7.34 |
| 2003 | 410,553,970 | (4,348,424) | 29,215,115 | (1.0) | 7.08 |
| 2002 | 414,902,395 | 48,679,980 | 29,772,669 | 13.3 | 7.62 |
| 2001 | 366,222,415 | 11,759,523 | 26,219,151 | 3.3 | 7.28 |
| 2000 | 354,462,892 | 9,744,112 | 25,470,629 | 2.8 | 7.29 |
| 1999 | 344,718,781 | 8,419,172 | 26,263,226 | 2.5 | 7.71 |
| 1998 | 336,299,609 | 11,091,289 | 25,927,613 | 3.4 | 7.84 |
| 1997 | 325,208,320 | 9,713,224 | 24,473,449 | 3.1 | 7.64 |
| 1996 | 315,495,096 | 20,199,818 | 25,828,860 | 6.8 | 8.46 |
| 1995 | 295,295,278 | 10,150,565 | 23,149,117 | 3.6 | 7.98 |
| 1994 | 285,144,713 | 10,913,173 | 25,970,470 | 4.0 | 9.29 |
| 1993 | 274,231,540 | 7,937,366 | 30,069,820 | 3.0 | 11.13 |
| 1992 | 266,294,174 | 14,462,111 | 27,169,293 | 5.7 | 10.49 |
| 1991 | 251,832,063 | 17,495,864 | 25,950,710 | 7.5 | 10.68 |
| 1990 | 234,336,199 | 11,730,261 | 24,874,021 | 5.3 | 10.89 |
| 1989 | 222,605,938 | 14,200,044 | 23,942,716 | 6.8 | 11.11 |
| 1988 | 208,405,894 | 12,245,758 | 21,509,513 | 6.2 | 10.63 |
| 1987 | 196,160,136 | 8,677,947 | 23,295,649 | 4.6 | 12.14 |
| 1986 | 187,482,189 | 13,983,199 | 23,755,608 | 8.1 | 13.16 |
| 1985 | 173,498,990 | 12,133,321 | 19,358,472 | 7.5 | 11.56 |
| 1984 | 161,365,669 | 11,781,056 | 17,541,642 | 7.9 | 11.28 |
| 1983 | 149,584,613 | 16,377,726 | 16,136,589 | 12.3 | 11.41 |
| 1982 | 133,206,887 | 9,765,918 | 13,334,761 | 7.9 | 10.39 |
| 1981 | 123,440,969 | 14,491,921 | 10,771,441 | 13.3 | 9.27 |
| 1980 | 108,949,048 | 11,966,982 | 8,173,411 | 12.3 | 7.94 |
| 1979 | 96,982,066 | 9,691,121 | 6,813,640 | 11.1 | 7.40 |
| 1978 | 87,290,945 | 9,221,849 | 5,902,955 | 11.8 | 7.14 |
| 1977 | 78,069,096 | 6,766,268 | 5,244,983 | 9.5 | 7.02 |
| 1976 | 71,302,828 | 4,295,066 | 4,543,390 | 6.4 | 6.57 |
| 1975 | 67,007,762 | 2,743,989 | 3,712,287 | 4.3 | 5.66 |
| 1974 | 64,263,773 | (658,629) | 3,495,629 | (1.0) | 5.41 |
| 1973 | 64,922,402 | 2,274,069 | 3,373,031 | 3.6 | 5.29 |
| 1972 | 62,648,333 | | 2,666,280 | | 4.31 |

**Resource Indemnity Fund Historical Book Balances, Income, and Income Return**

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *2,826,428* | | *13.8* | |
| 2009 | 100,023,109 | 0 | 5,197,073 | 0.0 | 5.20 |
| 2008 | 100,023,109 | 0 | 5,800,855 | 0.0 | 5.80 |
| 2007 | 100,023,109 | 0 | 6,220,240 | 0.0 | 6.22 |
| 2006 | 100,023,109 | (231,735) | 5,915,562 | (0.2) | 5.91 |
| 2005 | 100,254,844 | 254,068 | 6,901,925 | 0.3 | 6.89 |
| 2004 | 100,000,776 | (189) | 7,380,241 | (0.0) | 7.38 |
| 2003 | 100,000,965 | (1,506,659) | 7,174,343 | (1.5) | 7.12 |
| 2002 | 101,507,624 | 1,731,043 | 7,320,563 | 1.7 | 7.27 |
| 2001 | 99,776,581 | 333,491 | 7,305,992 | 0.3 | 7.33 |
| 2000 | 99,443,090 | 3,263,413 | 7,200,280 | 3.4 | 7.36 |
| 1999 | 96,179,677 | 761,624 | 7,528,795 | 0.8 | 7.86 |
| 1998 | 95,418,053 | 1,077,039 | 7,555,620 | 1.1 | 7.96 |
| 1997 | 94,341,015 | 1,517,077 | 7,318,083 | 1.6 | 7.82 |
| 1996 | 92,823,938 | 2,180,282 | 7,959,842 | 2.4 | 8.68 |
| 1995 | 90,643,656 | 747,988 | 6,380,294 | 0.8 | 7.07 |
| 1994 | 89,895,668 | 2,529,018 | 8,241,711 | 2.9 | 9.30 |
| 1993 | 87,366,650 | 4,737,267 | 8,715,126 | 5.7 | 10.25 |
| 1992 | 82,629,383 | 4,721,885 | 8,245,913 | 6.1 | 10.27 |
| 1991 | 77,907,497 | 4,467,644 | 8,097,553 | 6.1 | 10.70 |
| 1990 | 73,439,854 | 6,687,357 | 7,473,283 | 10.0 | 10.66 |
| 1989 | 66,752,497 | 4,507,782 | 6,941,486 | 7.2 | 10.76 |
| 1988 | 62,244,715 | 5,170,017 | 6,066,172 | 9.1 | 10.17 |
| 1987 | 57,074,698 | 4,015,025 | 7,205,821 | 7.6 | 13.09 |
| 1986 | 53,059,673 | 6,090,898 | 6,548,573 | 13.0 | 13.09 |
| 1985 | 46,968,775 | 4,693,048 | 5,509,892 | 11.1 | 12.35 |
| 1984 | 42,275,727 | 6,626,874 | 4,509,923 | 18.6 | 11.58 |
| 1983 | 35,648,853 | 7,692,479 | 4,021,028 | 27.5 | 12.64 |
| 1982 | 27,956,374 | 7,225,741 | 2,544,162 | 34.9 | 10.45 |
| 1981 | 20,730,633 | 4,537,059 | 1,767,418 | 28.0 | 9.57 |
| 1980 | 16,193,574 | 3,631,669 | 1,243,397 | 28.9 | 8.65 |
| 1979 | 12,561,905 | 1,924,348 | 956,045 | 18.1 | 8.24 |
| 1978 | 10,637,557 | 2,422,688 | 754,068 | 29.5 | 8.00 |
| 1977 | 8,214,869 | 2,672,848 | 532,922 | 48.2 | 7.75 |
| 1976 | 5,542,021 | 2,262,360 | 321,782 | 69.0 | 7.30 |
| 1975 | 3,279,661 | 2,181,518 | 96,126 | 198.7 | 4.39 |
| 1974 | 1,098,143 | | 3,485 | | NA |

## Parks/Cultural Trust Funds Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *903,564* | | *15.3* | |
| 2009 | 30,095,777 | 933,002 | 1,489,622 | 3.2 | 5.03 |
| 2008 | 29,162,776 | 2,429,558 | 1,608,744 | 9.1 | 5.76 |
| 2007 | 26,733,218 | 1,157,757 | 1,571,129 | 4.5 | 6.01 |
| 2006 | 25,575,461 | 3,874,124 | 1,418,867 | 17.9 | 6.00 |
| 2005 | 21,701,337 | 823,199 | 1,418,436 | 3.9 | 6.66 |
| 2004 | 20,878,139 | 471,296 | 1,466,131 | 2.3 | 7.10 |
| 2003 | 20,406,842 | (60,541) | 1,429,181 | (0.3) | 6.99 |
| 2002 | 20,467,384 | 1,094,498 | 1,411,317 | 5.6 | 7.08 |
| 2001 | 19,372,886 | 897,953 | 1,369,148 | 4.9 | 7.24 |
| 2000 | 18,474,933 | 277,660 | 1,328,128 | 1.5 | 7.24 |
| 1999 | 18,197,273 | 143,496 | 1,381,258 | 0.8 | 7.62 |
| 1998 | 18,053,777 | 786,529 | 1,373,997 | 4.6 | 7.78 |
| 1997 | 17,267,248 | (3,328,466) | 1,505,353 | (16.2) | 7.95 |
| 1996 | 20,595,714 | 585,498 | 1,620,819 | 2.9 | 7.98 |
| 1995 | 20,010,216 | (256,515) | 1,479,603 | (1.3) | 7.35 |
| 1994 | 20,266,731 | 155,683 | 1,527,827 | 0.8 | 7.57 |
| 1993 | 20,111,048 | 1,211,787 | 1,851,220 | 6.4 | 9.49 |
| 1992 | 18,899,261 | 71,481 | 2,072,292 | 0.4 | 10.99 |
| 1991 | 18,827,780 | 867,833 | 1,895,380 | 4.8 | 10.30 |
| 1990 | 17,959,947 | 1,334,564 | 1,878,213 | 8.0 | 10.86 |
| 1989 | 16,625,383 | (925) | 1,812,862 | (0.0) | 10.90 |
| 1988 | 16,626,308 | 299,147 | 1,713,180 | 1.8 | 10.40 |
| 1987 | 16,327,161 | 142,998 | 1,836,570 | 0.9 | 11.30 |
| 1986 | 16,184,163 | 2,318,634 | 2,482,341 | 16.7 | 16.52 |
| 1985 | 13,865,529 | 2,357,908 | 1,628,262 | 20.5 | 12.83 |
| 1984 | 11,507,621 | 2,026,260 | 1,138,911 | 21.4 | 10.85 |
| 1983 | 9,481,361 | 2,001,547 | 941,225 | 26.8 | 11.10 |
| 1982 | 7,479,814 | 2,154,736 | 857,069 | 40.5 | 13.39 |
| 1981 | 5,325,078 | 1,760,617 | 518,146 | 49.4 | 11.66 |
| 1980 | 3,564,461 | 2,089,194 | 276,134 | 141.6 | 10.96 |
| 1979 | 1,475,267 | 301,781 | 107,070 | 25.7 | 8.08 |
| 1978 | 1,173,486 | 415,871 | 67,614 | 54.9 | 7.00 |
| 1977 | 757,615 | 479,465 | 33,227 | 172.4 | 6.42 |
| 1976 | 278,150 | | 5,004 | | NA |

## Treasurer's Fund Historical Book Balances, Income, and Income Return

| Year | Year-End $ Balances | Annual $ Increase | Annual $ Income | Annual % Incr. | Income %Return |
|---|---|---|---|---|---|
| *Average Annual Balance Increase* | | *24,119,298* | | *7.8* | |
| 2009 | 951,585,782 | 10,839,767 | 15,506,889 | 1.2 | 1.64 |
| 2008 | 940,746,015 | 39,471,553 | 30,782,748 | 4.4 | 3.34 |
| 2007 | 901,274,462 | 138,977,434 | 33,951,447 | 18.2 | 4.08 |
| 2006 | 762,297,028 | 127,821,864 | 18,631,288 | 20.1 | 2.67 |
| 2005 | 634,475,164 | 193,239,558 | 10,046,532 | 43.8 | 1.87 |
| 2004 | 441,235,606 | 93,732,911 | 6,392,992 | 27.0 | 1.62 |
| 2003 | 347,502,695 | 21,932,553 | 6,366,439 | 6.7 | 1.89 |
| 2002 | 325,570,142 | (92,198,060) | 12,440,828 | (22.1) | 4.54 |
| 2001 | 417,768,202 | (21,626,740) | 20,771,980 | (4.9) | 6.21 |
| 2000 | 439,394,942 | 44,935,239 | 15,526,493 | 11.4 | 5.11 |
| 1999 | 394,459,703 | 58,729,353 | 17,041,259 | 17.5 | 5.49 |
| 1998 | 335,730,350 | 46,229,002 | 17,276,565 | 16.0 | 5.82 |
| 1997 | 289,501,348 | (116,879,353) | 14,499,914 | (28.8) | 5.00 |
| 1996 | 406,380,701 | 130,573,055 | 15,869,477 | 47.3 | 5.04 |
| 1995 | 275,807,646 | (55,486,611) | 16,161,064 | (16.7) | 5.29 |
| 1994 | 331,294,257 | 75,980,006 | 11,486,172 | 29.8 | 3.77 |
| 1993 | 255,314,251 | 49,497,122 | 12,916,816 | 24.0 | 4.50 |
| 1992 | 205,817,129 | (87,133,254) | 16,504,585 | (29.7) | 7.02 |
| 1991 | 292,950,383 | (62,810,336) | 22,536,484 | (17.7) | 7.91 |
| 1990 | 355,760,719 | 62,711,613 | 26,351,179 | 21.4 | 8.37 |
| 1989 | 293,049,106 | 75,093,422 | 21,294,365 | 34.5 | 7.99 |
| 1988 | 217,955,684 | 497,584 | 15,406,342 | 0.2 | 6.79 |
| 1987 | 217,458,100 | 16,766,997 | 12,759,394 | 8.4 | 5.49 |
| 1986 | 200,691,103 | (54,516,631) | 13,215,592 | (21.4) | 6.42 |
| 1985 | 255,207,734 | 24,465,129 | 24,920,025 | 10.6 | 9.85 |
| 1984 | 230,742,605 | 1,456,166 | 23,048,654 | 0.6 | 10.45 |
| 1983 | 229,286,439 | (56,554,692) | 28,477,046 | (19.8) | 10.29 |
| 1982 | 285,841,131 | 38,330,194 | 42,501,636 | 15.5 | 13.57 |
| 1981 | 247,510,937 | 32,810,117 | 29,020,120 | 15.3 | 12.05 |
| 1980 | 214,700,820 | 12,827,050 | 21,341,613 | 6.4 | 10.51 |
| 1979 | 201,873,770 | 16,449,453 | 12,982,433 | 8.9 | 8.41 |
| 1978 | 185,424,317 | 13,016,569 | 10,827,779 | 7.5 | 6.88 |
| 1977 | 172,407,748 | 11,796,744 | 9,789,327 | 7.3 | 6.28 |
| 1976 | 160,611,004 | 5,757,912 | 10,458,037 | 3.7 | 6.74 |
| 1975 | 154,853,092 | 21,984,238 | 12,135,349 | 16.5 | 8.59 |
| 1974 | 132,868,854 | 50,478,772 | 8,340,038 | 61.3 | 8.66 |
| 1973 | 82,390,082 | 23,218,332 | 3,385,647 | 39.2 | 5.28 |
| 1972 | 59,171,750 | | 1,507,755 | | 4.63 |

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Monica Huyg, Legal Counsel

Deputy Legislative Auditors:
James Gillett
Angie Grove

# INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Statement of Net Asset Value/Investments Managed of the Montana Board of Investments, Consolidated Unified Investment Program as of June 30, 2009, and 2008, and the related Statement of Changes in Net Asset Value/Investments Managed, and Statement of Investment Income and Distribution, for each of the fiscal years then ended. The information contained in these financial statements is the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net asset value of the Montana Board of Investments, Consolidated Unified Investment Program as of June 30, 2009, and 2008, and its changes in net asset value/investments managed and investment income and distribution for each of the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information presented on pages 1-69 and Appendix A listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Respectfully submitted,

*/s/ James Gillett*

James Gillett, CPA
Deputy Legislative Auditor

October 27, 2009



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## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

### STATEMENT OF NET ASSET VALUE/INVESTMENTS MANAGED JUNE 30, 2009 AND 2008

| | | 2009 | | 2008 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ | 9,230,879 | $ | 17,266,879 |
| Security lending cash collateral (Note 5) | | 1,200,731,501 | | 836,203,843 |
| Broker receivable for securities sold but not settled (Note 2A) | | 69,143,177 | | 33,967,399 |
| Dividend and interest receivable (Note 2E) | | 54,603,280 | | 68,543,146 |
| STIP investment portfolio at amortized cost (Note 2B) | | 2,301,281,468 | | 2,322,008,128 |
| Investment portfolios at fair value (Note 2B) | | 8,823,470,364 | | 10,473,336,072 |
| **Total assets (Note 2B)** | $ | 12,458,460,669 | $ | 13,751,325,467 |
| **Liabilities** | | | | |
| Income due participants (Notes 2E) | $ | 23,811,192 | $ | 31,121,618 |
| Broker payable for securities purchased but not settled (Note 2A) | | 43,878,167 | | 99,374,745 |
| Security lending obligations (Note 5) | | 1,200,731,501 | | 836,203,843 |
| Security lending expense payable | | 404,942 | | 1,587,852 |
| Unrealized foreign exchange market gain (loss) | | 133,099 | | 249,585 |
| Other payables | | 2,799,578 | | 206,737 |
| Administrative fee payable | | 2,716,909 | | 4,238,184 |
| STIP reserve (Note 7) | | 1,427,621 | | 4,352,667 |
| **Total liabilities (Note 2B)** | | 1,275,903,009 | | 977,335,231 |
| **Net asset value/investments managed (Note 2B, 2C)** | $ | 11,182,557,660 | $ | 12,773,990,236 |
| Pool Units Outstanding (Note 2B, 2C) | | 2,374,560,621 | | 2,390,312,896 |

### STATEMENT OF CHANGES IN NET ASSET VALUE/INVESTMENTS MANAGED FOR FISCAL YEARS ENDING JUNE 30, 2009 AND 2008

| | | | | |
|---|---|---|---|---|
| Net asset value/investments, beginning of year | $ | 12,773,990,236 | $ | 13,469,961,763 |
| Value of pool units/investments purchased (Note 2D) | | 13,196,815,945 | | 13,874,166,338 |
| Value of pool units/investments sold/matured (Note 2D) | | (13,034,950,059) | | (13,979,187,863) |
| Increase (decrease) in AOF interest receivable | | (2,066,822) | | (531,143) |
| Increase (decrease) in AOF broker receivable | | 70,376 | | (78,728) |
| (Increase) decrease in AOF accounts payable | | (6,097) | | 33,207 |
| (Increase) decrease in AOF security lending expense payable | | 317,686 | | 741,098 |
| Changes in current value of investments managed (Note 2D) | | (1,751,613,605) | | (591,114,436) |
| **Net asset value/investments managed, end of year** | $ | 11,182,557,660 | $ | 12,773,990,236 |

### STATEMENT OF INVESTMENT INCOME and DISTRIBUTION FOR FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

| | | | | |
|---|---|---|---|---|
| Net realized gain (loss) (Note 2E) | $ | (16,324,497) | $ | 26,598,055 |
| Dividend/interest income (Note 2E) | | 332,619,985 | | 380,536,951 |
| Amortization/accretion (Note 2E) | | 30,860,796 | | 73,207,790 |
| Security lending income (Note 5) | | 23,851,652 | | 42,135,165 |
| Security lending expense (Note 5) | | (9,949,320) | | (34,612,280) |
| Administrative expenses (Note 2F) | | (37,373,150) | | (41,612,233) |
| Other expenses | | (204,871) | | (841,495) |
| STIP reserve expense (Note 7) | | (9,242,500) | | (4,346,500) |
| Income due participants, beginning of year | | 31,121,618 | | 34,290,689 |
| Income available for distribution (Note 2E) | | 345,359,713 | | 475,356,142 |
| Distribution (Note 2E) | | 321,548,521 | | 444,234,524 |
| Income due participants, end of year (Note 2E) | $ | 23,811,192 | $ | 31,121,618 |

The accompanying notes are an integral part of these financial statements.

**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2009 AND 2008**

## 1. HISTORY AND ORGANIZATION

**The Board was created by the Legislature to manage the Unified Investment Program established by the state Constitution. The Investment Program is comprised of all state funds, including pensions, trusts, insurance, and cash. Local government entities may only invest in the Short Term Investment Pool portion of the Program. The Board manages the Investment Program pursuant to the "Prudent Expert Principle" mandated by state law, which requires an investment manager to:**
**(a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;**
**(b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and**
**(c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.**

**Currently, only the nine retirement funds and the Montana State Fund (Workers' Compensation) may invest in stock. All other state funds must be invested in fixed-income type investments. Neither state law nor the state Constitution place restrictions on retirement fund investments. The funds are invested solely at the discretion of the Board pursuant to the "Prudent Expert Principle."**

**To facilitate management of the Investment Program, the Board created seven investment pools (Pools) that operate similar to mutual funds. All state agencies and many local government entities participate in one or more Pools. By investing in large Pools with other participants the smaller participants are provided broad diversification not otherwise possible. Some Pools are dedicated solely to the state's nine retirement funds, while others are open to other state and local government funds. State agencies, ineligible to participate in a long term investment pool, have direct fixed income, equity, real estate, loan and mortgage investments. These investments are combined and reported as All Other Funds (AOF) Investments Managed. The Pools, AOF Investments Managed, Pool creation date and eligible participants are shown below.**

| Pool/Investments Managed Name | Creation Date | Eligible Participants |
|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 04/01/95 | Nine Retirement Funds Only |
| Trust Funds Bond Pool (TFBP) | 10/01/95 | Various State Trust Funds |
| Montana Domestic Equity Pool (MDEP) | 07/01/80 | Nine Retirement Funds/Small Trusts |
| Montana International Equity Pool (MTIP) | 06/01/96 | Nine Retirement Funds Only |
| Montana Private Equity Pool (MPEP) | 05/01/02 | Nine Retirement Funds Only |
| Montana Real Estate Pool (MTRP) | 06/01/06 | Nine Retirement Funds Only |
| Short Term Investment Pool (STIP) | 07/01/74 | All State Funds and Local Governments |
| All Other Funds (AOF) Investments Managed | NA | Non-Pool State Agency Investments |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Valuation and Timing – The value of stocks and bonds are recorded at both "book" and "fair" value. The book or carrying value of a stock is the average cost of the shares held. If the same stock has been purchased several times, the average of the purchase prices is the book value. The book value of bonds is the "amortized" cost, which represents the original cost, adjusted for premium and discount amortization where applicable. If bonds are purchased at more than the par value, the difference is called a premium. If they are purchased for less than par value, the difference is called discount. Premiums and discounts are amortized/accreted using the straight-line or scientific method to the call, average life, or maturity date of the securities. The fair value of publicly traded stocks and bonds is determined by reference to market prices supplied by State Street Bank (the custodial bank). Because a public market does not exist for private equity and real estate investments, the fair value of these investments is the value reported in the most recent external managers' valuation reports. The book or carrying value of these private investments is the capital invested less capital returned. Except for STIP, all investment portfolios presented in the Statement of Net Asset Value are at "fair" value.**

**Accounting for stock and bond securities is based on the "trade date", which means the sale or purchase of a security is recorded on the trade date, rather than the "settlement" date. This generally accepted practice results in a purchased security included in the investment portfolio on the trade date even though payment will not occur until the settlement date. Conversely, a sold security will be eliminated from the investment portfolio on the trade date even though the sale proceeds will not be received until the settlement date. This delayed timing requires that "receivables" and "payables" for securities sold/purchased but not yet settled must be reported in the financial statement and calculated in the Net Asset Value. Private equity and real estate investments are included in the portfolio when funds are wired.**

**Currency exposures may be hedged, partially or fully, at the discretion of the manager to preserve the U.S. dollar value of investments made. Currency speculation, such as over-hedging, reverse hedging or other trading activity not specifically aimed at preserving the U.S. dollar value of investments is not authorized.**

**B. <u>Pool Net Asset Value/Investments Managed</u> – The Pool Net Asset Value (NAV) must be calculated accurately to ensure participants are paying or receiving a "fair" price when units are purchased and sold. The NAV must include not only the fair value of the investment portfolio (except for STIP at book value) but any liabilities payable by the Pool and receivables due the Pool on the NAV calculation date. Investment accounting uses the "accrual" basis, which means bond interest due is recorded when earned, rather than when cash is received. Interest "due" is recorded as a receivable (asset) and included in the NAV on the date of the calculation. Dividends are recorded as of "ex-dividend date." Income due to Pool participants is recorded on the date due to the participants, rather than on actual distribution date. Income Due Participants is a payable (liability) and included in the NAV on the calculation date. The effect of assets and liabilities on the Pool NAV is depicted in the table below. The difference between Pool investment portfolios at fair value and the NAV is the net of other assets and liabilities. The STIP portfolio is shown in the Statement of Net Asset Value at amortized cost or "book" value. The All Other Funds (AOF) Investments Managed (IM) represent direct investments by approximately 20 state agencies in fixed income securities, an equity index fund, real estate buildings, commercial loans and residential mortgages. These state agencies do not buy or sell participant units based on a NAV calculation for their AOF Investments Managed. The book value, fair value, Pool NAV and AOF Investments Managed (IM) are shown in the table on the next page.**

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**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

**June 30, 2009 Investment Portfolios and Net Asset Value (NAV)/Investments Managed (IM)**

| Pool | Book Value | Fair Value * | NAV/IM |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 1,758,946,863 | 1,707,369,797 | 1,736,529,044 |
| Trust Funds Bond Pool (TFBP) | 1,646,130,686 | 1,633,759,215 | 1,640,908,965 |
| Montana Domestic Equity Pool (MDEP) | 2,529,966,617 | 2,117,338,971 | 2,120,395,971 |
| Montana International Equity Pool (MTIP) | 1,059,445,808 | 973,481,473 | 978,855,571 |
| Montana Private Equity Pool (MPEP) | 774,019,696 | 671,456,150 | 670,867,274 |
| Montana Real Estate Pool (MTRP) | 389,576,100 | 287,943,521 | 287,866,728 |
| Short Term Investment Pool (STIP)* | 2,301,281,468 | 2,301,281,468 | 2,301,489,605 |
| All Other Funds (AOF) Investments Managed | 1,431,182,507 | 1,432,121,237 | 1,445,644,502 |
| **Total** | **11,890,549,745** | **11,124,751,832** | **11,182,557,660** |

**June 30, 2008 Investment Portfolios and Net Asset Value (NAV)/Investments Managed (IM)**

| Pool | Book Value | Fair Value * | NAV/IM |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 1,995,227,873 | 1,991,701,315 | 1,966,209,536 |
| Trust Funds Bond Pool (TFBP) | 1,543,685,172 | 1,545,945,703 | 1,525,195,966 |
| Montana Domestic Equity Pool (MDEP) | 2,949,750,890 | 2,965,611,148 | 2,972,686,616 |
| Montana International Equity Pool (MTIP) | 1,320,309,704 | 1,437,640,868 | 1,446,301,196 |
| Montana Private Equity Pool (MPEP) | 640,012,167 | 744,098,947 | 744,061,238 |
| Montana Real Estate Pool (MTRP) | 319,436,934 | 329,186,301 | 326,540,885 |
| Short Term Investment Pool (STIP)* | 2,322,008,128 | 2,322,008,128 | 2,318,634,887 |
| All Other Funds (AOF) Investments Managed | 1,444,468,005 | 1,459,151,790 | 1,474,359,912 |
| **Total** | **12,534,898,874** | **12,795,344,200** | **12,773,990,236** |

**** The STIP portfolio is recorded at amortized cost in the Fair Value column.***

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**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

**The table below shows the individual Pool and AOF assets, liabilities, and NAV/Investments Managed. Included in the Pool and Investments Managed assets are the value of the investment portfolios, cash, receivables for securities sold but not yet settled, and dividend/interest receivables. Included in the liabilities are payables for securities purchased but not yet settled, income due participants, and other miscellaneous payables. The "securities lending" asset/liability shown in the Statement of Net Asset Value/ Investments Managed nets to zero and has no "net" effect on the Pool NAV and AOF Investments Managed.**

**2009 Assets, Liabilities and Net Asset Value (NAV)/Investments Managed (IM)**

| Pool | Assets | Liabilities | NAV/IM |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 2,085,682,263 | 349,153,219 | 1,736,529,044 |
| Trust Funds Bond Pool (TFBP) | 1,948,176,454 | 307,267,489 | 1,640,908,965 |
| Montana Domestic Equity Pool (MDEP) | 2,301,364,588 | 180,968,617 | 2,120,395,971 |
| Montana International Equity Pool (MTIP) | 1,053,008,013 | 74,152,442 | 978,855,571 |
| Montana Private Equity Pool (MPEP) | 671,456,150 | 588,876 | 670,867,274 |
| Montana Real Estate Pool (MTRP) | 287,947,713 | 80,985 | 287,866,728 |
| Short Term Investment Pool (STIP) | 2,455,844,596 | 154,354,991 | 2,301,489,605 |
| All Other Funds (AOF) Investments Managed | 1,654,980,892 | 209,336,390 | 1,445,644,502 |
| **Total** | **12,458,460,669** | **1,275,903,009** | **11,182,557,660** |

**2008 Assets, Liabilities and Net Asset Value (NAV)/Investments Managed (IM)**

| Pool | Assets | Liabilities | NAV/IM |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 2,114,919,548 | 148,710,012 | 1,966,209,536 |
| Trust Funds Bond Pool (TFBP) | 1,650,953,561 | 125,757,595 | 1,525,195,966 |
| Montana Domestic Equity Pool (MDEP) | 3,277,358,234 | 304,671,618 | 2,972,686,616 |
| Montana International Equity Pool (MTIP) | 1,541,240,521 | 94,939,325 | 1,446,301,196 |
| Montana Private Equity Pool (MPEP) | 744,098,947 | 37,709 | 744,061,238 |
| Montana Real Estate Pool (MTRP) | 329,201,987 | 2,661,102 | 326,540,885 |
| Short Term Investment Pool (STIP) | 2,429,451,415 | 110,816,528 | 2,318,634,887 |
| All Other Funds (AOF) Investments Managed | 1,664,101,254 | 189,741,342 | 1,474,359,912 |
| **Total** | **13,751,325,467** | **977,335,231** | **12,773,990,236** |

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**C. Pool Participant Units – Pool units are purchased and sold similar to individuals investing in mutual funds. The STIP participants purchase and sell units, at $1 per unit, at their discretion. All non-STIP Pool units and AOF direct investments are purchased and sold at the discretion of Board investment staff based on asset allocations approved by the Board. For non-STIP Pool participants to purchase and sell units, the units must be "priced." Once the Pool NAV is calculated, the unit value is priced by dividing the NAV by the number of outstanding units. The unit value is then used when units are purchased or sold. Like securities, Pool units also have a "book" value, which is the price of the unit when it was purchased. The book value does not change unless the participant purchased additional units at different prices. Because the AOF Investments Managed (IM) is not an investment pool, there are no Units Outstanding or a Pool Unit Value. The calculations for Pool unit values are shown below:**

**2009 NAV/IM - Units Outstanding - Unit Value**

| Pool Name | NAV/IM | Units Outstanding | Unit Value |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 1,736,529,044 | 17,652,501 | 98.37 |
| Trust Funds Bond Pool (TFBP) | 1,640,908,965 | 17,101,938 | 95.95 |
| Montana Domestic Equity Pool (MDEP) | 2,120,395,971 | 20,811,325 | 101.89 |
| Montana International Equity Pool (MTIP) | 978,855,571 | 8,766,849 | 111.65 |
| Montana Private Equity Pool (MPEP) | 670,867,274 | 4,882,666 | 137.40 |
| Montana Real Estate Pool (MTRP) | 287,866,728 | 3,855,737 | 74.66 |
| Short Term Investment Pool (STIP) | 2,301,489,605 | 2,301,489,605 | 1.00 |
| All Other Funds (AOF) Investments Managed | 1,445,644,502 | NA | NA |
| **Total** | **11,182,557,660** | **2,374,560,621** | **NA** |

**2008 NAV/IM - Units Outstanding - Unit Value**

| Pool Name | NAV/IM | Units Outstanding | Unit Value |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 1,966,209,536 | 19,563,664 | 100.50 |
| Trust Funds Bond Pool (TFBP) | 1,525,195,966 | 15,723,233 | 97.00 |
| Montana Domestic Equity Pool (MDEP) | 2,972,686,616 | 20,972,463 | 141.74 |
| Montana International Equity Pool (MTIP) | 1,446,301,196 | 8,223,227 | 175.88 |
| Montana Private Equity Pool (MPEP) | 744,061,238 | 4,085,576 | 182.12 |
| Montana Real Estate Pool (MTRP) | 326,540,885 | 3,109,846 | 105.00 |
| Short Term Investment Pool (STIP) | 2,318,634,887 | 2,318,634,887 | 1.00 |
| All Other Funds (AOF) Investments Managed | 1,474,359,912 | NA | NA |
| **Total** | **12,773,990,236** | **2,390,312,896** | **NA** |

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**D. Changes in Net Asset Value/Investments Managed – This table depicts the change in NAV/IM from the previous year to the current year. There are three components contributing to the changes: 1) the value of Pool participant units and AOF investments purchased; 2) the value of Pool participant units and AOF investments sold; and 3) the change in the value of investments managed. The change in NAV for each Pool and AOF Investments Managed is shown in the table below.**

**2009 Pool Unit/AOF Investment Activity and Change in Value of Investments**

| Pool | Value of Units/ Investments Purchased | Value of Units/ Investments Sold | Change in Value of Investments |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 1,400,000 | (195,866,968) | (35,213,524) |
| Trust Funds Bond Pool (TFBP) | 157,204,824 | (27,240,483) | (14,251,342) |
| Montana Domestic Equity Pool (MDEP) | 8,690,000 | (16,163,780) | (844,816,865) |
| Montana International Equity Pool (MTIP) | 56,905,000 | (2,447,065) | (521,903,560) |
| Montana Private Equity Pool (MPEP) | 138,530,000 | - | (211,723,964) |
| Montana Real Estate Pool (MTRP) | 72,930,000 | - | (111,604,157) |
| Short Term Investment Pool (STIP) | 8,030,240,358 | (8,047,385,640) | - |
| All Other Funds (AOF) Investments Managed | 4,730,915,763 | (4,745,846,123) | (12,100,193) |
| **Total** | **13,196,815,945** | **(13,034,950,059)** | **(1,751,613,605)** |

**2008 Pool Unit/AOF Investment Activity and Change in Value of Investments**

| Pool | Value of Units/ Investments Purchased | Value of Units/ Investments Sold | Change in Value of Investments |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 2,800,000 | (6,958,243) | 643,439 |
| Trust Funds Bond Pool (TFBP) | 138,167,302 | - | 5,215,885 |
| Montana Domestic Equity Pool (MDEP) | 6,190,000 | (14,934,944) | (484,916,424) |
| Montana International Equity Pool (MTIP) | 5,255,000 | (136,765) | (174,413,721) |
| Montana Private Equity Pool (MPEP) | 63,120,000 | - | 59,444,093 |
| Montana Real Estate Pool (MTRP) | 161,500,000 | - | 7,539,883 |
| Short Term Investment Pool (STIP) | 7,460,338,229 | (7,934,240,967) | - |
| All Other Funds (AOF) Investments Managed | 6,036,795,807 | (6,022,916,944) | (4,627,591) |
| **Total** | **13,874,166,338** | **(13,979,187,863)** | **(591,114,436)** |

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**E. Distributable Income – Bond Pool and AOF distributable income reported in the Statement of Investment Income and Distribution includes accrued interest, miscellaneous income, amortization/accretion of discount/premium, and realized gains (losses) on sales. STIP income is comprised of accrued interest and amortization of discount. Public equity, private equity, and private real estate Pools distributable income consists primarily of dividends. Realized capital gains in the MPEP and MTRP are not distributed unless the gains are needed to pay management fees. Income Due Participants is distributed monthly on the first calendar day of each month. Realized Bond Pool and AOF portfolio gains/losses are distributed monthly.**

**In fiscal year 2009, the sale of pool units from the Retirement Funds Bond Pool, Montana Domestic Equity Pool (MDEP), Trust Funds Bond Pool (TFBP), and the Montana International Equity Pool (MTIP) generated a net loss to participants of $4,303,432. In fiscal year 2008, the sale of pool units from the Montana Domestic Equity Pool (MDEP), Montana International Equity Pool (MTIP), and Retirement Fund Bond Pool (RFBP) generated a net gain to participants of $20,420,061. These gains were recorded as AOF activity. The major distributable income for each Pool and the AOF is shown below.**

**2009 Major Sources of Distributable Income**

| Pool | Gain (Loss) | Dividend\ Interest | Amortization\ Accretion |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | (63,964) | 88,473,972 | 661,798 |
| Trust Funds Bond Pool (TFBP) | (6,919,879) | 81,666,966 | 3,566,638 |
| Montana Domestic Equity Pool (MDEP) | - | 32,536,045 | - |
| Montana International Equity Pool (MTIP) | - | 22,145,326 | - |
| Montana Private Equity Pool (MPEP) | 8,899,848 | 6,203,082 | - |
| Montana Real Estate Pool (MTRP) | 311,758 | 12,188,033 | - |
| Short Term Investment Pool (STIP) | - | 21,007,551 | 24,987,498 |
| All Other Funds (AOF) Investments Managed | (18,552,260) | 68,399,011 | 1,644,862 |
| **Total** | **(16,324,497)** | **332,619,986** | **30,860,796** |

**2008 Major Sources of Distributable Income**

| Pool | Gain (Loss) | Dividend\ Interest | Amortization\ Accretion |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 801,665 | 106,519,052 | 5,892,443 |
| Trust Funds Bond Pool (TFBP) | 46,769 | 78,164,854 | 4,795,586 |
| Montana Domestic Equity Pool (MDEP) | - | 30,657,473 | - |
| Montana International Equity Pool (MTIP) | - | 30,475,684 | - |
| Montana Private Equity Pool (MPEP) | 4,650,076 | 11,120,564 | - |
| Montana Real Estate Pool (MTRP) | - | 11,057,248 | - |
| Short Term Investment Pool (STIP) | - | 43,512,626 | 60,575,090 |
| All Other Funds (AOF) Investments Managed | 21,099,545 | 69,029,450 | 1,944,671 |
| **Total** | **26,598,055** | **380,536,951** | **73,207,790** |

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**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

**Distributable income for the fiscal year may not be distributed by June 30. Any undistributed amount is recorded as a payable against the NAV of the Pool at year-end. The distributable and undistributed income is shown below.**

**2009 Distributable and Undistributed Income**

| Pool Name | Distributable | Distributed | Undistributed |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 101,262,029 | 92,360,540 | 8,901,489 |
| Trust Funds Bond Pool (TFBP) | 88,216,641 | 79,135,296 | 9,081,345 |
| Montana Domestic Equity Pool (MDEP) | 28,621,988 | 26,812,182 | 1,809,806 |
| Montana International Equity Pool (MTIP) | 20,871,513 | 19,307,633 | 1,563,880 |
| Montana Private Equity Pool (MPEP) | 2,570,541 | 1,981,665 | 588,876 |
| Montana Real Estate Pool (MTRP) | 7,485,470 | 7,404,485 | 80,985 |
| Short Term Investment Pool (STIP) | 43,544,455 | 41,759,644 | 1,784,811 |
| All Other Funds (AOF) Investments Managed | 52,787,076 | 52,787,076 | 0 |
| **Total** | **345,359,713** | **321,548,521** | **23,811,192** |

**2008 Distributable and Undistributed Income**

| Pool Name | Distributable | Distributed | Undistributed |
|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 123,139,399 | 112,860,568 | 10,278,831 |
| Trust Funds Bond Pool (TFBP) | 90,747,626 | 82,700,924 | 8,046,702 |
| Montana Domestic Equity Pool (MDEP) | 23,799,314 | 20,847,818 | 2,951,496 |
| Montana International Equity Pool (MTIP) | 25,686,193 | 23,069,221 | 2,616,972 |
| Montana Private Equity Pool (MPEP) | 1,813,803 | 1,776,094 | 37,709 |
| Montana Real Estate Pool (MTRP) | 5,593,848 | 2,932,746 | 2,661,102 |
| Short Term Investment Pool (STIP) | 112,122,210 | 107,593,404 | 4,528,806 |
| All Other Funds (AOF) Investments Managed | 92,453,749 | 92,453,749 | 0 |
| **Total** | **475,356,142** | **444,234,524** | **31,121,618** |

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**F. Investment Management Fees – The Legislature sets the maximum management fee the Board may charge the accounts it manages. The maximum fee is set at the aggregate level and at the beginning of each fiscal year. The Board allocates the aggregate fees across the Pools and AOF investments managed outside the Pools. Custodial bank fees are paid by a statutory appropriation from the state general fund. The Board allocates custodial bank fees across the Pools and accounts invested outside the Pools and deposits the proceeds in the general fund. The State Treasurer then pays the monthly custodial bank fees from the general fund. External manager fees are paid directly from the accounts they manage. Investment management fees charged each Pool and the AOF investments are shown below.**

**Fiscal 2009 Management Fees**

| Pool | Board | Custodial Bank | External Managers | Total |
|---|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 541,428 | 146,928 | 270,357 | 958,713 |
| Trust Funds Bond Pool (TFBP) | 473,556 | 119,412 | - | 592,968 |
| Montana Domestic Equity Pool (MDEP) | 666,312 | 521,316 | 7,647,925 | 8,835,553 |
| Montana International Equity Pool (MTIP) | 652,584 | 218,497 | 4,220,452 | 5,091,533 |
| Montana Private Equity Pool (MPEP) | 528,360 | 74,982 | 11,763,522 | 12,366,864 |
| Montana Real Estate Pool (MTRP) | 505,608 | 30,570 | 7,137,608 | 7,673,786 |
| Short Term Investment Pool (STIP) | 472,740 | 288,860 | - | 761,600 |
| All Other Funds (AOF) Investments Managed | 873,157 | 155,520 | 63,456 | 1,092,133 |
| **Total** | **4,713,745** | **1,556,085** | **31,103,320** | **37,373,150** |

**Fiscal 2008 Management Fees**

| Pool | Board | Custodial Bank | External Managers | Total |
|---|---|---|---|---|
| Retirement Funds Bond Pool (RFBP) | 419,493 | 107,484 | - | 526,977 |
| Trust Funds Bond Pool (TFBP) | 399,237 | 85,596 | - | 484,833 |
| Montana Domestic Equity Pool (MDEP) | 763,959 | 268,504 | 9,451,735 | 10,484,198 |
| Montana International Equity Pool (MTIP) | 635,222 | 401,789 | 6,795,462 | 7,832,473 |
| Montana Private Equity Pool (MPEP) | 501,500 | 78,320 | 13,422,569 | 14,002,389 |
| Montana Real Estate Pool (MTRP) | 536,133 | 28,032 | 5,944,802 | 6,508,967 |
| Short Term Investment Pool (STIP) | 462,467 | 248,408 | - | 710,875 |
| All Other Funds (AOF) Investments Managed | 878,289 | 119,596 | 63,636 | 1,061,521 |
| **Total** | **4,596,300** | **1,337,729** | **35,678,204** | **41,612,233** |

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## 3. INVESTMENT COMMITMENTS

**Investments in private equity and private real estate are usually made via Limited Partnership Agreements that involve many limited partners and a General Partner who is responsible for all investment decisions. The Limited Partners make an original commitment, after which capital is called as needed by the General Partner to make investments. These Agreements will usually last for a minimum of 10 years. The table below shows the remaining Board commitments to private equity funds.**

**MPEP Commitments as of June 30, 2009**

| Fund Manager Name | Original Commitment | Commitment Remaining | Carrying Value | Fair Value |
|---|---|---|---|---|
| Adams Street | $ 284,954,433 | $ 37,655,391 | $ 186,510,950 | $ 161,260,747 |
| Affinity Equity Partners | 15,000,000 | 11,158,726 | 3,075,440 | 1,386,599 |
| ArcLight | 50,000,000 | 6,278,158 | 33,953,117 | 33,423,928 |
| Avenue Capital | 35,000,000 | 5,845,689 | 27,943,678 | 19,512,819 |
| Buerk Dale Victor | 15,000,000 | 8,493,750 | 6,600,000 | 5,617,062 |
| Carlyle Partners | 60,000,000 | 13,333,398 | 42,563,474 | 38,164,593 |
| CCMP Capital Advisors | 30,000,000 | 21,078,371 | 7,944,068 | 6,565,542 |
| First Reserve Corporation | 55,000,000 | 24,949,862 | 29,611,426 | 25,652,600 |
| HarbourVest Partners | 61,823,772 | 51,217,597 | 10,578,431 | 8,338,314 |
| Hellman & Friedman | 40,000,000 | 24,349,118 | 15,363,776 | 13,342,072 |
| Highway 12 Investors | 10,000,000 | 5,982,483 | 3,428,226 | 2,966,993 |
| Industry Ventures | 10,000,000 | 16,346 | 7,758,929 | 7,365,001 |
| J.C. Flowers & Co | 25,000,000 | 565,404 | 22,876,213 | 7,121,684 |
| JLL Partners | 25,000,000 | 3,045,166 | 18,832,481 | 17,566,411 |
| Lexington Capital Partners | 140,000,000 | 51,143,061 | 39,841,724 | 47,109,359 |
| Madison Dearborn | 75,000,000 | 27,057,671 | 40,516,906 | 36,856,052 |
| MatlinPatterson Global Advisers | 30,000,000 | 11,970,000 | 17,285,321 | 9,934,444 |
| MHR Institutional Investors | 25,000,000 | 9,500,000 | 14,438,692 | 11,632,330 |
| NB Co-investment Partners | 35,000,000 | 11,115,775 | 17,796,240 | 14,404,170 |
| Oak Hill Capital Partners | 45,000,000 | 16,057,287 | 26,847,714 | 27,942,306 |
| Oaktree | 35,000,000 | 8,750,000 | 25,749,460 | 22,576,225 |
| Odyssey | 45,000,000 | 20,919,488 | 17,342,172 | 18,139,341 |
| Performance Equity Management | 25,000,000 | 23,667,548 | 1,133,000 | 1,060,352 |
| Portfolio Advisors | 55,000,000 | 27,736,893 | 25,042,564 | 22,356,655 |
| Quintana Energy Partners | 15,000,000 | 4,588,772 | 9,946,620 | 8,477,435 |
| Siguler Guff | 25,000,000 | 14,256,129 | 10,550,520 | 9,482,206 |
| TA Associates | 10,000,000 | 10,000,000 | 0 | 0 |
| Terra Firma Capital Partners | 25,432,997 | 9,940,268 | 13,886,770 | 4,056,428 |
| Trilantic Capital Partners | 11,098,351 | 7,111,275 | 3,471,692 | 3,276,999 |
| Welsh Carson | 75,000,000 | 14,041,026 | 43,292,320 | 49,058,142 |
| **Total MPEP Commitments** | **$ 1,388,309,553** | **$ 481,824,652** | **$ 724,181,924** | **$ 634,646,809** |

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**The table below shows the remaining Board commitments to private real estate funds.**

**MTRP Commitments as of June 30, 2009**

| Fund Manager Name | Original Commitment | Commitment Remaining | Carrying Value | Fair Value |
|---|---|---|---|---|
| ABR Chesapeake | 20,000,000 | 2,000,000 | 17,770,784 | 18,109,958 |
| AG (Angelo Gordon) Realty | 40,000,000 | 27,100,000 | 12,576,366 | 10,607,192 |
| Apollo Real Estate Finance Corp. | 20,000,000 | 10,921,000 | 9,079,000 | 9,081,470 |
| Beacon Capital Partners | 25,000,000 | 8,437,500 | 16,562,500 | 7,250,218 |
| Carlyle Europe Real Estate Partners | 29,920,000 | 21,796,895 | 8,844,179 | 5,768,448 |
| CIM | 25,000,000 | 23,503,568 | 1,496,432 | 271,332 |
| DRA Advisors | 35,000,000 | 18,960,405 | 13,261,356 | 11,758,089 |
| Liquid Realty | 30,000,000 | 11,390,823 | 15,535,698 | 11,603,582 |
| Macquarie Global Property | 30,000,000 | 17,626,226 | 12,529,074 | 3,619,286 |
| O'Connor North American Property Partners | 15,000,000 | 6,355,503 | 8,245,199 | 3,148,058 |
| Rothschild: Five Arrows Realty Securities | 30,000,000 | 26,418,769 | 3,208,215 | 3,450,932 |
| Strategic Partners Value Enhancement | 19,200,000 | 1,714,481 | 16,765,519 | 18,727,286 |
| TA Associates Realty | 15,000,000 | 15,000,000 | - | - |
| JER Real Estate Partners | 20,000,000 | 4,688,122 | 15,311,878 | 8,240,899 |
| **Total MTRP Commitments** | **$ 354,120,000** | **$ 195,913,292** | **$ 151,186,200** | **$ 111,636,750** |

## 4. TYPES OF INVESTMENTS

**Bond Pools and AOF Investments – The RFBP, TFBP and AOF fixed income portfolios include corporate and foreign government bonds; U.S. government direct obligations and U.S. government agency securities; and cash equivalents. U.S. government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. government. U.S. government agency securities include U.S. government agency and mortgage-backed securities. U.S. government mortgage-backed securities reflect participation in a pool of residential mortgages.**

**The bond Pools also include structured financial instruments known as REMIC securities (Real Estate Mortgage Investment Conduits). These investments are pass-through vehicles for multi class mortgage-backed securities and some may be interest-only strips (IO). These investments represent the separate purchase of the principal and interest cash flows of a mortgage security and receive cash flows from the interest payment component on underlying mortgage loans. These securities are identified and reported as U.S. government agency in the investment risk and portfolio disclosures.**

**Public Equity Pools -The public equity Pools may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR), equity derivatives, and commingled funds. Common stock represents ownership units (shares) of a public corporation. Common stock owners may vote on director selection and other important matters and receive dividends if the company pays dividends. Equity index investments are comprised of shares in institutional commingled funds with equity portfolios that match a broad based index or specific industry composite. Preferred stocks pay dividends at a specified rate and have preference in the payment of dividends and liquidation of assets. Preferred stock holders do not usually have voting rights.**

**Convertible securities permit the holder to exchange, or "convert" the instrument for other securities of the issuer or of another issuer. This definition most often applies to preferred stocks or corporate bonds carrying the right to exchange for a fixed number of shares of the issuer's common stock. ADR investments are receipts issued by a U.S. depositary bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depositary bank. Equity derivatives, such as futures and options, "derive" their value from underlying equity instruments. An institutional commingled fund combines assets from several institutional investors that are blended or pooled together, to reduce management and administration costs. The investor buys shares in the fund.**

**The MDEP portfolio is limited to domestic stock or ADR investments, while the MTIP portfolio may include holdings of securities of foreign-based corporations listed on legal and recognized foreign exchanges as well as domestic exchanges. The MTIP portfolio invests in both developed and emerging markets.**

**Alternative Investment Pools - The Montana Private Equity Pool (MPEP) may include venture capital, leveraged buyout, mezzanine, distressed debt, special situation and secondary investments. These investments are made via Limited Partnership Agreements in which the Board and other institutional investors invest as Limited Partners in funds managed by a General Partner. These investments are riskier with higher potential return than public equity investments and are less liquid because the funds are usually committed for at least 10 years. Because of the risk and illiquidity, these investments are limited to sophisticated investors only. The MPEP invests its cash in the State Street SPIFF (Stock Performance Index Futures Fund).**

**The Montana Real Estate Pool (MTRP) includes investments in private core, value-added, and opportunistic real estate. Core investments are the least risky with the lowest return and are usually managed in commingled accounts in which the investor purchases shares. Value-added and opportunistic real estate investments provide more risk and return and are less liquid than core investments. These investments are usually made through Limited Partnership Agreements. The MTRP invests its cash in STIP.**

**STIP –This Pool is managed to preserve principal, while obtaining money market type returns and 24-hour liquidity. Funds may be invested for one or more days. Although it is not registered with the Securities and Exchange Commission (SEC) as an investment company, STIP is managed consistent with the SEC rule 2a7 of the Investment Company Act of 1940. As a 2a7-like pool, the STIP utilizes an amortized cost unit value to report net assets. The portfolio may include asset-backed securities, commercial paper, corporate, U.S. government direct obligations, U.S. government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-rate (floating-rate) instruments. Investments must have a maximum maturity of 397 days or less unless they have rate reset dates. The portfolio is carried at amortized cost or book value with a constant unit value of $1.00.**

**Asset-backed securities are debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc. Commercial paper is unsecured short-term debt with maturities ranging from 1 to 270 days. Commercial paper issued at a discount, direct or by brokers, is backed by bank credit lines. U.S. government direct-backed securities include direct obligations of the U.S. Treasury and obligations explicitly guaranteed by the U.S. government. U.S. government indirect-backed obligations include U.S. government agency and mortgage-backed securities. Repurchase agreements (REPO) represent an agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable-rate (floating-rate) securities pay a variable rate of interest until maturity. The STIP portfolio's variable-rate securities float with LIBOR (London Interbank Offered Rate).**

**AOF - In addition to fixed income investments, the AOF portfolio includes an equity index fund, real estate buildings, commercial loans and residential mortgages. Equity index investments are investments in institutional commingled funds whose equity portfolios match a broad based index or composite.**

**The AOF Montana mortgages and loans receivable represent residential mortgages and commercial loans funded by the Public Employees' and Teachers' pension funds and the Coal Severance Tax Trust fund. The Coal Severance Tax Trust loan portfolio includes loans made by the Montana Science and Technology Alliance (MSTA) Board. The MSTA Board was abolished on July 1, 1999 and the MSTA portfolio was assigned to the Board. (See Note 10) for the Montana mortgages and loans portfolio). There are no uncollectible account balances for Montana mortgages and loans receivable as of June 30, 2009 and 2008.**

## 5. SECURITIES LENDING

**The Board is authorized by law to lend its securities and has contracted with the custodial bank, State Street Bank and Trust "the Bank", to lend the Board's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities and 105 percent of the fair value of international securities while the securities are on loan. The Board and the bank split the earnings on security lending activities.**

**During fiscal years 2009 and 2008, the custodial bank lent Board public securities and received U.S. dollar and foreign currency cash, securities issued or guaranteed by the U.S. government, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The custodial bank cannot pledge or sell collateral securities unless the borrower defaults. The Board imposed no restrictions on the amount of securities available to lend during fiscal years 2009 and 2008. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of Default of the Borrower (other than the default by Lehman Brothers Inc. which occurred in September 2008 and the Board was made whole in the process). There were no losses resulting from a borrower default.**

**During fiscal years 2009 and 2008, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders, in a collective investment pool. The Securities Lending Quality Trust had an average duration of 43 and 41 days, respectively, as of June 30, 2009 and 2008. The Quality D Trust had an average duration of 31 and 42 days, respectively, as of June 30, 2009 and 2008. Because the loans were terminable at will, their duration generally did not match the duration of the investments made with cash collateral. At year-end 2009 and 2008, the Board had no credit risk exposure to borrowers because the collateral pledged by the borrowers exceeded the value of the securities borrowed. The private equity and real estate Pools do not participate in securities lending. The Pool and AOF securities on loan, at fair value, and the collateral pledged are shown below.**

| | June 30, 2009 | | | |
|---|---|---|---|---|
| **Pool/AOF** | **Fair Value On Loan** | **Collateral Cash** | **Collateral Securities** | **Collateral Total** |
| Retirement Funds Bond Pool (RFBP) | $ 599,522,116 | $ 313,453,011 | $ 299,510,661 | $ 612,963,672 |
| Trust Funds Bond Pool (TFBP) | 571,971,070 | 296,273,391 | 288,554,755 | 584,828,146 |
| Montana Domestic Equity Pool (MDEP) | 166,222,056 | 167,431,181 | 3,863,114 | 171,294,295 |
| Montana International Equity Pool (MTIP) | 65,213,389 | 63,303,243 | 5,881,313 | 69,184,556 |
| Short Term Investment Pool (STIP) | 694,243,673 | 151,016,485 | 557,737,295 | 708,753,780 |
| AOF Investments Managed | 383,273,644 | 209,254,190 | 181,932,110 | 391,186,300 |
| **Total** | **$ 2,480,445,948** | **$ 1,200,731,501** | **$ 1,337,479,248** | **$ 2,538,210,749** |

| | June 30, 2008 | | | |
|---|---|---|---|---|
| **Pool/AOF** | **Fair Value On Loan** | **Collateral Cash** | **Collateral Securities** | **Collateral Total** |
| Retirement Funds Bond Pool (RFBP) | $ 757,648,616 | $ 100,299,351 | $ 673,980,520 | $ 774,279,871 |
| Trust Funds Bond Pool (TFBP) | 523,354,390 | 86,356,146 | 448,208,570 | 534,564,716 |
| Montana Domestic Equity Pool (MDEP) | 297,267,013 | 281,984,538 | 23,804,824 | 305,789,362 |
| Montana International Equity Pool (MTIP) | 121,418,250 | 76,460,958 | 50,812,599 | 127,273,557 |
| Short Term Investment Pool (STIP) | 389,544,349 | 101,755,298 | 295,637,500 | 397,392,798 |
| AOF Investments Managed | 446,160,367 | 189,347,552 | 265,784,180 | 455,131,732 |
| **Total** | **$ 2,535,392,985** | **$ 836,203,843** | **$ 1,758,228,193** | **$ 2,594,432,036** |

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**Securities lending income and expenses are shown below.**

| | Fiscal Year 2009 | | |
|---|---|---|---|
| **Pool/AOF** | **Gross Income** | **Expenses** | **Net Income** |
| Retirement Funds Bond Pool (RFBP) | $ 4,978,874 | $ 2,108,769 | $ 2,870,105 |
| Trust Funds Bond Pool (TFBP) | 4,173,161 | 1,723,979 | 2,449,182 |
| Montana Domestic Equity Pool (MDEP) | 4,136,857 | 2,166,856 | 1,970,001 |
| Montana International Equity Pool (MTIP) | 1,723,900 | 523,151 | 1,200,749 |
| Short Term Investment Pool (STIP) | 4,555,947 | 1,531,248 | 3,024,699 |
| AOF Investments Managed | 4,282,913 | 1,895,317 | 2,387,596 |
| **Total** | **$ 23,851,652** | **$ 9,949,320** | **$ 13,902,332** |

| | Fiscal Year 2008 | | |
|---|---|---|---|
| **Pool/AOF** | **Gross Income** | **Expenses** | **Net Income** |
| Retirement Funds Bond Pool (RFBP) | $ 5,591,740 | $ 4,349,359 | $ 1,242,381 |
| Trust Funds Bond Pool (TFBP) | 4,682,296 | 3,704,509 | 977,787 |
| Montana Domestic Equity Pool (MDEP) | 13,405,691 | 11,571,573 | 1,834,118 |
| Montana International Equity Pool (MTIP) | 5,207,845 | 3,873,964 | 1,333,881 |
| Short Term Investment Pool (STIP) | 3,187,854 | 2,494,740 | 693,114 |
| AOF Investments Managed | 10,059,739 | 8,618,135 | 1,441,604 |
| **Total** | **$ 42,135,165** | **$ 34,612,280** | **$ 7,522,885** |

## 6. INVESTMENT RISK DISCLOSURES

**Effective June 30, 2005, the Board implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40 – Deposit and Investment Risk Disclosures. The investment risk disclosures are described in the following paragraphs.**

**Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. With the exception of the U.S. government securities, the RFBP, TFBP and AOF fixed income instruments have credit risk as measured by major credit rating services. This risk is that the issuer of a fixed income security may default in making timely principal and interest payments. The Board of Investments' policy requires RFBP, TFBP and AOF fixed income investments, at the time of purchase, to be rated an investment grade as defined by Moody's or by Standard & Poor's (S&P) rating services. The U.S. government securities are guaranteed directly or indirectly by the U.S. government. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The credit ratings presented in the tables below are provided by the S&P rating services. If an S&P rating is not available, a Moody's rating has been used.**

**Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Board may not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2009 and 2008, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee name for the Montana Board of Investments and held in the possession of the Board's custodial bank, State Street Bank. The Equity Index, US Bank repurchase agreement, Real Estate, Mortgage and Loan investments were purchased and recorded in the Board's name. Commingled fund investments are registered in the name of the Montana Board of Investments.**

**Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from the concentration of credit risk requirement.**

**Although the RFBP Investment Policy does not address concentration of credit risk, the TFBP Investment Policy states: "with the exception of U.S. government/agency securities, additional purchases will not be made in a credit if the credit risk exceeds 2 percent of the portfolio at the time of purchase". The RFBP had concentration of credit risk exposure to the Federal National Mortgage Association (Fannie Mae) of 16.06% as of June 30, 2009 and 9.62% as of June 30, 2008, while the TFBP had concentration of credit risk exposure to the same issuer of 22.63% as of June 30, 2009 and 12.96% as of June 30, 2008. The RFBP had concentration of credit risk exposure to the Federal Home Loan Mortgage Corp. (Freddie Mac) of 13.44% as of June 30, 2009 and 23.01% as of June 30, 2008, while the TFBP had concentration of credit risk exposure to the same issuer of 13.60% as of June 30, 2009 and 22.79% as of June 30, 2008.**

**With the exception of one fund, the 19 investment policy statements for various AOF state agencies do not address concentration of credit risk. One fund requires credit risk to be limited to 3 percent in any one name except AAA rated issues will be limited to 6%. This fund also has specific client preferences. Investments by various state agencies, pooled as the All Other Funds, are excluded from the concentration of credit risk requirement.**

**MDEP - As of June 30, 2009 and 2008, there were no single issuer investments that exceeded 5% of the MDEP portfolio.**

**STIP - The STIP had concentration of credit risk exposure to the Federal Home Loan Bank of 10.04%, Federal National Mortgage Association (Fannie Mae) of 8.67 % and the Federal Home Loan Mortgage Corp. (Freddie Mac) of 8.69% as of June 30, 2009. The STIP had concentration of credit risk exposure to the Federal Home Loan Bank of 6.86%, Federal National Mortgage Association (Fannie Mae) of 7.55 % and the Federal Home Loan Mortgage Corp. (Freddie Mac) of 5.71% as of June 30, 2008.**

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**Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of the June 30, 2009 exchange date, the MPEP, MTRP and MTIP U.S. dollar equivalent cash and equity positions, by currency, are reported in the tables below.**

**MPEP and MTRP Investment by Foreign Currency**

| | | 2009 | | 2008 | |
|---|---|---|---|---|---|
| Currency | Fund Manager Name | Carrying Value | Fair Value | Carrying Value | Fair Value |
| EURO | Terra Firma Fund III | $ 13,886,770 | 4,056,428 | $ 12,173,472 | 13,310,847 |
| EURO | HarbourVest Intl Private Equity Fund VI | 187,381 | 142,142 | - | - |
| EURO | Carlyle Europe Real Estate Partners III | 8,844,179 | 5,768,448 | 6,343,764 | 6,093,311 |
| | **Total MPEP and MTRP** | **$ 22,918,330** | **9,967,018** | **$ 18,517,236** | **19,404,158** |

## MTIP Cash by Currency

| | 2009 | | 2008 | |
|---|---|---|---|---|
| Cash | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Australian Dollar | $ 480,564 | $ 483,283 | $ 388,969 | $ 392,722 |
| Brazilian Real | 39,031 | 38,924 | 18,417 | 18,974 |
| Canadian Dollar | 104,992 | 104,101 | 729,945 | 732,038 |
| Danish Krone | 35,639 | 35,544 | 64,175 | 66,795 |
| Hong Kong Dollar | 232,036 | 232,037 | 1,278,638 | 1,280,107 |
| Indonesian Rupiah | - | - | 697 | 701 |
| Hungarian Forint | 224 | 176 | - | - |
| Euro | 2,006,216 | 2,007,550 | 2,529,837 | 2,565,670 |
| Israeli Shekel | 629 | 631 | 17,983 | 18,058 |
| Japanese Yen | 1,002,547 | 995,437 | 1,814,509 | 1,829,773 |
| South Korean Won | 12,222 | 12,353 | 8,686 | 8,651 |
| Malaysian Ringgit | 65,941 | 66,269 | 13,344 | 13,381 |
| Mexican Peso | 37,585 | 37,820 | 69,810 | 70,029 |
| New Zealand Dollar | 5,816 | 6,783 | 7,480 | 7,075 |
| Norwegian Krone | 92,283 | 91,305 | 495,854 | 503,343 |
| Philippine Peso | 21,355 | 21,022 | 638 | 636 |
| Polish Zloty | - | - | 477 | 489 |
| Singapore Dollar | 74,424 | 74,866 | 471,294 | 475,107 |
| South African Rand | 16,854 | 17,043 | - | - |
| Swedish Krona | 92,988 | 93,486 | 863,157 | 883,046 |
| Swiss Franc | 258,450 | 258,297 | 47,494 | 49,286 |
| New Taiwan Dollar | 1,039,862 | 1,042,486 | 73,658 | 73,838 |
| Thailand Baht | 21,545 | 21,524 | 6,001 | 5,997 |
| Turkish Lira | 819 | 829 | 288 | 290 |
| UK Pound Sterling | 86,390 | 86,284 | 464,024 | 468,669 |
| US Dollar | - | - | 3,937 | 3,937 |
| **Total Cash** | **$ 5,728,412** | **$ 5,728,050** | **$ 9,369,313** | **$ 9,468,612** |

## MTIP Equities by Currency

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Securities** | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Australian Dollar | 30,260,841 | 32,903,810 | 35,668,174 | 47,035,005 |
| Brazilian Real | 4,628,122 | 5,251,484 | 6,283,707 | 6,965,888 |
| Canadian Dollar | 31,433,124 | 32,034,694 | 41,840,802 | 49,716,338 |
| Czech Koruna | 214,664 | 201,470 | 418,951 | 769,564 |
| Danish Krone | 3,866,154 | 4,577,923 | 8,647,759 | 12,176,042 |
| Euro-Austria | 2,580,038 | 1,655,778 | 12,591,907 | 13,804,890 |
| Euro-Belgium | 5,046,800 | 4,782,666 | 12,405,503 | 8,427,354 |
| Euro-Finland | 3,413,508 | 2,624,201 | 15,820,495 | 15,418,566 |
| Euro-France | 53,382,050 | 45,184,925 | 73,476,141 | 67,502,708 |
| Euro-Germany | 40,116,313 | 33,401,278 | 71,763,475 | 78,858,322 |
| Euro-Greece | 2,269,731 | 1,872,287 | 6,809,661 | 6,768,565 |
| Euro-Ireland | 1,192,290 | 1,116,947 | 591,692 | 629,007 |
| Euro-Italy | 13,990,529 | 12,035,287 | 40,017,833 | 36,404,573 |
| Euro-Netherlands | 26,702,968 | 22,729,981 | 34,642,646 | 35,886,023 |
| Euro-Portugal | 1,281,398 | 1,162,378 | 2,510,681 | 2,616,331 |
| Euro-Spain | 20,592,370 | 20,969,426 | 34,179,576 | 34,032,983 |
| Euro-Subtotal | 170,567,996 | 147,535,153 | 304,809,610 | 300,349,321 |
| Hong Kong Dollar | 36,060,481 | 39,976,913 | 44,311,905 | 44,072,366 |
| Indonesian Rupiah | 932,591 | 991,352 | 1,462,993 | 1,404,300 |
| Hungarian Forint | 1,167,430 | 846,555 | - | - |
| Israeli Shekel | 458,194 | 478,830 | 1,322,599 | 1,972,933 |
| Japanese Yen | 124,323,207 | 111,939,135 | 175,132,645 | 168,174,661 |
| South Korean Won | 13,108,496 | 13,388,723 | 17,699,117 | 18,269,893 |
| Malaysian Ringgit | 2,127,041 | 2,306,644 | 1,922,403 | 1,857,066 |
| Mexican Peso | 1,113,465 | 1,028,059 | 5,722,857 | 5,914,973 |
| New Zealand Dollar | - | - | 344,101 | 244,630 |
| Norwegian Krone | 6,199,345 | 5,253,753 | 10,467,297 | 13,130,710 |
| Philippine Peso | 256,703 | 306,009 | 1,108,064 | 1,099,907 |
| Polish Zloty | 1,686,632 | 975,614 | 924,737 | 997,288 |
| Singapore Dollar | 7,482,675 | 8,205,570 | 11,685,220 | 13,421,869 |
| South African Rand | 3,357,737 | 3,561,828 | 4,466,878 | 4,657,980 |
| Swedish Krona | 9,103,044 | 8,897,260 | 9,726,554 | 8,781,470 |
| Swiss Franc | 38,689,550 | 34,738,384 | 40,893,896 | 42,437,671 |
| New Taiwan Dollar | 9,612,517 | 9,423,341 | 8,325,947 | 8,560,020 |
| Thailand Baht | 2,324,852 | 3,075,413 | 2,096,267 | 2,082,642 |
| Turkish Lira | 1,331,487 | 1,403,368 | 1,403,549 | 1,744,517 |
| UK Pound Sterling | 93,001,078 | 85,236,377 | 135,918,845 | 129,715,160 |
| **Total Equity** | **593,307,425** | **554,537,663** | **872,604,876** | **885,552,215** |

**Interest Rate Risk - Bond Pool and AOF interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The AOFs' investment policies do not formally address interest rate risk. In accordance with GASB Statement No. 40, the Board utilizes the effective duration method to disclose interest rate risk for the Bond Pool and AOF portfolios. This method provided by the custodial bank and analytic software is "An option-adjusted measure of a bond's (or portfolio's) sensitivity to changes in interest rates. Duration is calculated as the average percentage change in a bond's price for a given change in interest rates. Prices move inversely to interest rates. The effective duration method incorporates the effect of the embedded options for bonds and changes in prepayments for mortgage-backed securities (including pass-through securities, CMO, and ARM securities)."**

**Corporate asset-backed securities are based on cash flows from principal and interest payments on underlying auto loan receivables, credit card receivables, and other assets. These securities, while sensitive to prepayments due to interest rate changes, have less credit risk than securities not backed by pledged assets.**

**As reported in the U.S. government agency category, the RFBP portfolio held REMIC securities totaling $215,648 and $249,844 at amortized cost, respectively, as of June 30, 2009 and June 30, 2008, while the TFBP portfolio held REMIC securities totaling $34,264 and $46,806 at amortized cost respectively. REMICs (Real Estate Mortgage Investment Conduits) are pass-through vehicles for multiclass mortgage-backed securities. These securities are based on separate or combined cash flows from principal and interest payments on underlying mortgages.**

**The Bond Pools and AOF portfolio fixed income securities pay a fixed rate of interest until maturity while the variable rate (floating rate) securities pay a variable rate of interest until maturity. As of June 30, 2009 and 2008, these portfolios held certain variable rate issues. These securities float with LIBOR (London Interbank Offered Rate). See Note 14 for the Year End Portfolios.**

**As of June 30, 2009 and 2008, the Bond Pools and AOF portfolio held five Collateralized Debt Obligations (CDO). A CDO is security backed by a pool of bonds, loans and other assets. CDOs do not specialize in one type of debt but are often non-mortgage loans or bonds. These CDO positions, totaling $135 million par, are categorized as rated corporate debt in the three portfolios.**

**Bond Pool and AOF investments are categorized below to disclose credit and interest rate risk as of June 30, 2009 and June 30, 2008. Credit risk reflects the bond quality rating, by investment type, as of the June 30 report date. Interest rate risk is disclosed using effective duration. If a bond investment type is unrated, the quality type is indicated by NR (not rated). The credit quality ratings have been calculated excluding non-rated cash equivalents. If duration has not been calculated, duration is indicated by NA (not applicable).**

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## RFBP Credit Quality Rating and Effective Duration as of June 30, 2009

| Security Investment Type | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|
| Corporate Bonds (Rated) | $ 801,929,008 | A- | 4.29 |
| Corporate Bonds (Unrated) | 17,277 | NR | 1.39 |
| U.S. Government Direct Obligations | 252,322,011 | AAA | 5.99 |
| U.S. Government Agency | 569,776,106 | AAA | 3.05 |
| U.S. Government Agency (Unrated) | 35,919,192 | NR | 7.63 |
| State Street Short Term Investment Fund (STIF) | 44,565,804 | NR | 0.15 |
| State Street Repurchase Agreement* | 2,721,652 | AA- | 0.00 |
| Short Term Investment Pool (STIP) | 118,747 | NR | 0.13 |
| Total Fixed Income Investments | $ 1,707,369,797 | AA- | 4.08 |
| Securities Lending Collateral Investment Pool | $ 313,453,011 | NR | 0.08 |

*At June 30, 2009, the State Street Bank repurchase agreement, per contract, was collateralized at 102% for $2,778,649 by a U.S. Treasury bill maturing October 1, 2009. This security carries a AAA credit rating.

## RFBP Credit Quality Rating and Effective Duration as of June 30, 2008

| Security Investment Type | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|
| Corporate Bonds (Rated) | $ 996,726,110 | A | 4.77 |
| Corporate Bonds (Unrated) | 13,016,381 | NR | 6.43 |
| U.S. Government Direct Obligations | 127,133,284 | AAA | 5.23 |
| U.S. Government Agency | 783,061,173 | AAA | 4.33 |
| Short Term Investment Pool (STIP) | 71,764,367 | NR | NA |
| Total Fixed Income Investments | $ 1,991,701,315 | AA | 4.63 |
| Securities Lending Collateral Investment Pool | $ 100,299,351 | NR | 0.12 |

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## TFBP Credit Quality Rating and Effective Duration as of June 30, 2009

| Security Investment Type | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|
| Corporate Bonds (Rated) | $ 654,270,846 | A | 3.93 |
| Municipal Government Bonds (Rated) | 1,109,845 | AA | 1.62 |
| Municipal Government Bonds (Unrated) | 880,150 | NR | 4.31 |
| U.S. Government Direct Obligations | 304,797,214 | AAA | 6.53 |
| U.S. Government Agency | 614,932,590 | AAA | 3.24 |
| U.S. Government Agency (Unrated) | 31,301,892 | NR | 6.47 |
| Short Term Investment Pool (STIP) | $ 26,466,678 | NR | 0.13 |
| Total Investments | $ 1,633,759,215 | AA | 4.14 |
| Securities Lending Collateral Investment Pool | $ 296,273,391 | NR | 0.12 |

## TFBP Credit Quality Rating and Effective Duration as of June 30, 2008

| Security Investment Type | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|
| Corporate Bonds (Rated) | $ 747,118,821 | A+ | 4.39 |
| Corporate Bonds (Unrated) | 5,390,715 | NR | 5.58 |
| Municipal Government Bonds (Rated) | 1,125,555 | AA | 7.92 |
| Municipal Government Bonds (Unrated) | 1,508,366 | NR | 4.94 |
| U.S. Government Direct Obligations | 113,103,058 | AAA | 6.72 |
| U.S. Government Agency | 632,681,246 | AAA | 4.60 |
| Short Term Investment Pool (STIP) | $ 45,017,942 | NR | N/A |
| Total Investments | $ 1,545,945,703 | AA | 4.66 |
| Securities Lending Collateral Investment Pool | $ 86,356,146 | NR | 0.11 |

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## AOF Credit Quality Rating and Effective Duration as of June 30, 2009

| Security Investment Type | | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|---|
| Corporate Bonds (Rated) | $ | 537,914,438 | A | 3.64 |
| Corporate Bonds (Unrated) | | 3,000,000 | NR | (2.20) |
| U.S. Government Direct Obligations | | 120,977,683 | AAA | 6.20 |
| U.S. Government Agency | | 398,775,241 | AAA | 3.32 |
| US Bank Sweep Repurchase Agreement* | | 15,845,774 | NR | 0 |
| Total Fixed Income Investments | $ | 1,076,513,136 | AA | 3.74 |
| Direct Investments | | | | |
| Equity Index Fund | $ | 81,742,906 | | |
| Real Estate | | 17,294,299 | | |
| MT Mortgages and Loans | | 256,570,896 | | |
| Total Direct Investments | $ | 355,608,101 | | |
| TOTAL INVESTMENTS | $ | 1,432,121,237 | | |
| Securities Lending Collateral Investment Pool | $ | 209,254,190 | NR | 0.12 |

*At June 30, 2009, the US Bank repurchase agreement, per contract,was collateralized at 102% for $16,162,802 by two Federal Home Loan Mortgage Corporation Gold securities maturing July 1, 2018 and November 1, 2035. These securities carry AAA credit quali

## AOF Credit Quality Rating and Effective Duration as of June 30, 2008

| Security Investment Type | | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|---|
| Corporate Bonds (Rated) | $ | 499,796,852 | A+ | 3.68 |
| U.S. Government Direct Obligations | | 63,654,728 | AAA | 5.56 |
| U.S. Government Agency | | 524,206,909 | AAA | 3.03 |
| US Bank Sweep Repurchase Agreement* | | 12,123,446 | NR | NA |
| Total Fixed Income Investments | $ | 1,099,781,935 | AA | 3.06 |
| Direct Investments | | | | |
| Equity Index Fund | $ | 87,443,325 | | |
| Real Estate | | 17,282,489 | | |
| MT Mortgages and Loans | | 254,644,041 | | |
| Total Direct Investments | $ | 359,369,855 | | |
| TOTAL INVESTMENTS | $ | 1,459,151,790 | | |
| Securities Lending Collateral Investment Pool | $ | 189,347,553 | NR | 0.11 |

*At June 30, 2008, the US Bank repurchase agreement, per contract,was collateralized at 102% for $12,368,170 by a Federal National Mortgage FNCI maturing September 1, 2018. This security carries a AAA credit quality rating.

**STIP investments are categorized below to disclose credit risk as of June 30, 2009 and June 30, 2008. Credit risk reflects the security quality rating by investment type, as of the June 30 report date. If a security investment type is unrated, the quality type is indicated by NR (not rated). Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated.**

**STIP interest rate risk is determined using the weighted average maturity (WAM) method. The WAM measure expresses investment time horizons – the time when investments are due and payable in days, months or years – weighted to reflect the dollar size of the individual investments within an investment type. The WAM, calculated in days, for the STIP portfolio is disclosed below. The June 30, 2008 WAM, previously stated in months, has been restated in days. The WAM is not available for the SIV securities.**

**STIP Credit Quality Ratings and Weighted Average Maturity as of June 30, 2009**

| Security Investment Type | | Amortized Cost | Credit Quality Rating | WAM in Days |
|---|---|---|---|---|
| Asset Backed Commercial Paper | $ | 299,326,610 | A1 | 23 |
| Corporate Commercial Paper | | 164,976,250 | A1 | 16 |
| Corporate Fixed | | 36,474,136 | A3 | 196 |
| Corporate Variable-Rate | | 364,248,333 | A3 | 67 |
| Certificates of Deposit Fixed | | 25,000,000 | A1+ | 360 |
| Certificates of Deposit Variable-Rate | | 105,000,000 | A1 | 62 |
| U.S. Government Agency Fixed | | 140,672,204 | A1+ | 73 |
| U.S. Government Agency Variable -Rate | | 750,530,748 | A1+ | 45 |
| Money Market Funds (Unrated) | | 121,427,621 | NR | 1 |
| Money Market Funds (Rated) | | 180,000,000 | A1+ | 1 |
| Structured Investment Vehicles (SIV) | | 113,625,566 | D | NA |
| Total Investments | $ | 2,301,281,468 | A1 | 46 |
| Securities Lending Collateral Investment Pool | $ | 151,016,485 | NR | 43 |

**STIP Credit Quality Ratings and Weighted Average Maturity as of June 30, 2008**

| Security Investment Type | | Amortized Cost | Credit Quality Rating | WAM in Days |
|---|---|---|---|---|
| Commercial Paper | $ | 1,278,677,750 | A1+ | 28 |
| Corporate Variable-Rate | | 179,971,989 | A1 | 48 |
| Certificates of Deposit | | 79,997,934 | A1+ | 98 |
| U.S. Government Agency | | 439,007,788 | A1+ | 107 |
| Money Market Funds (Unrated) | | 149,352,667 | NR | 1 |
| Money Market Funds (Rated) | | 55,000,000 | A1+ | 1 |
| Structured Investment Vehicles (SIV) | | 140,000,000 | D | NA |
| Total Investments | $ | 2,322,008,128 | A1 | 46 |
| Securities Lending Collateral Investment Pool | $ | 101,755,297 | NR | 41 |

**Legal and Credit Risk**

**STIP - In January 2007, the Board purchased a $25 million par issue of Orion Finance USA. In April 2007, the Board purchased two issues of Axon Financial Funding totaling $90 million par and another $25 million par issue of Orion Finance USA. As of June 30, 2007, these Structured Investment Vehicle (SIV) securities held in the STIP portfolio carried a combined amortized cost of $139,991,131 representing 5.02% of the total portfolio. At the time of purchase and as of June 30, 2007, these four issues received the highest investment grade rating of AAA by Standard & Poors and Aaa by Moody's. As of June 30, 2009 and 2008, these issues carried a D rating by Standard & Poors. On November 20, 2007, an insolvency event was declared by Axon Finance USA. Orion Financial Funding declared an insolvency event on January 14, 2008. On the January and April 2008 maturity dates, these securities matured at their amortized cost of $140 million. The Board has determined that it is currently in the best interest of the STIP to continue to hold these securities in the investment portfolio. These SIV securities are currently generating cash to be applied to the securities.**

**Of the $5,687,990 Interest Receivable total as of June 30, 2008, $2,729,889 is attributable to the above securities for interest accrued to their respective maturity dates. While payment of the Orion Finance USA interest receivable of $903,922 remains unknown as of June 30, 2009, the Board received 100% payment of $1,825,967 on the Axon Financial Funding interest receivable on November 14, 2008. Refer to Note 13 – Subsequent Events for additional information.**

**In fiscal year 2009, the Board also received Axon Financial Funding payments on principal of $12,374,434 and interest compensation of $1,807,998 in excess of the accrued interest receivable. Axon Financial Funding payments totaled $16,008,399 for fiscal year 2009. In June 2009, the Board applied $14 million from the STIP reserve to the outstanding principal for the Axon Financial Funding and Orion Finance USA securities. As of June 30, 2009, the Axon Financial Funding and Orion Finance USA outstanding balances are $68,625,566 and $45 million, respectively, for a combined SIV total of $113,625,566. Refer to Note 13 – Subsequent Events for additional information.**

**On September 16, 2008, the U.S. Government acquired 80% of AIG stock and extended $85 billion in financing to the company. The loan will be repaid by the sale of AIG assets. The loan is collateralized by all the company's assets, valued at $1.05 trillion as of June, 30, 2008. The two STIP AIG securities matured on July 21, 2008 and July 30, 2008.**

**STIP, Bond Pool and AOF - The Federal National Mortgage Association and Federal Home Loan Mortgage Corp. were put into conservatorship on September 7, 2008.**

**Bond Pool and AOF - On September 14, 2008, Lehman Brothers filed for Chapter 11 bankruptcy. The Bond Pool and AOF portfolios held a $15 million position in Lehman Brothers Holdings, Inc., 2.778%, 05/25/2010. The AOF portfolio also includes a $5 million position in Lehman Brothers Holdings, Inc., 5%, 01/14/2011. As of September 30, 2008, the book value of these bond positions was written down to 80% of par. On October 30, 2008, the book value of these bonds was further written down to 65% of par. Four additional write downs occurred during fiscal year 2009. As of June 30, 2009, the book value of these bonds represents 20% of par.**

**On September 26, 2008, Washington Mutual filed for Chapter 11 bankruptcy. The bonds are now in default following the seizure of the bank by the Office of Thrift Supervision on September 25, 2008. The Bond Pool and AOF portfolios held a $20 million position in Washington Mutual, Inc. 4.2%, 01/15/2010. On September 26, 2008, the Board sold $10 million par, at a price of $38, with an October 1, 2008 settlement date. This sale generated a loss of $6.2 million. As of September 30, 2008, the book value of the remaining $10 million bond position was written down to 85% of par. On October 20, 2008, the remaining $10 million position was sold for a realized loss of $1,684,700.**

**On October 30, 2008, the book value of the Galena CDO bonds was written down to 70% of par. The Bond Pool and AOF portfolios hold a $25 million position in this security. Due to several defaults and credit enhancement deterioration, four additional write downs occurred during fiscal year 2009. As of June 30, 2009, the book value of these bonds represents 10% of par.**

**Bond Pool - On January 29, 2009, the book value of the Kellwood Inc., 7.625%, 10/15/2017 was written down to 50% of par due to impairment and industry weakness. The RFBP internal bond pool and the TFBP held $18.55 million par in this security. Two additional write downs occurred in fiscal year 2009 with a June 30, 2009 book value of the bonds at 10% of par as of June 30, 2009. On July 23, 2009, the Board sold $10 million par at a price of $19 and the remaining $8.55 million at a price of $19.375 with a July 23, 2009 settlement date. This sale generated a combined gain of $1.7 million.**

**AOF – As of June 30, 2008, the Board was not aware of any legal risks regarding any AOF investments.**

## 7. STIP RESERVE

**The STIP Reserve account was established in November 2007. Income is distributed to STIP participants based on accrued interest and discount amortization. To avoid distributing cash to participants based on accrued interest on certain SIVs that may be uncollectible; the accrued interest amount was deposited in this account. Additional accrued income was deposited in the account to pay for any incidental direct expenses incurred as a part of any SIV restructuring activity not to be paid from SIV assets. Accrued income was also deposited in the account to offset any potential principal loss on these securities in the future.**

## 8. COAL TAX LOAN AND MORTGAGE COMMITMENTS

**The Board makes firm commitments to fund loans from the Coal Severance Tax Trust fund. These commitments have expiration dates and may be extended according to the Board's policies. As of June 30, 2009, the Board had committed but not yet purchased $22,760,363 in loans from Montana lenders, compared to $26,138,839 as of June 30, 2008. In addition to the above commitments, lenders had reserved $26,207,197 for loans as of June 30, 2009, compared to $7,474,356 on the same date in 2008.**

**The Board makes reservations to fund mortgages from the Public Employees' and Teachers' retirement funds. As of June 30, 2009, mortgage reservations totaled $214,625. As of June 30, 2008, mortgage reservations totaled $394,947. Effective December 1, 2005, all Board residential mortgage purchases are processed by the Montana Board of Housing (MBOH). The MBOH does not differentiate between a mortgage reservation and a funding commitment.**

## 9. PENSION FUND REAL ESTATE INVESTMENTS

**100 North Park Building**

**In January 1996, the Board, purchased for the Public Employees' and Teachers' Retirement funds portfolios, the 100 North Park Avenue Building in Helena, Montana as a real estate investment. Acquired for a cost of $4,864,326, the building carries a fair value of $6,584,252 as of June 30, 2009. During fiscal year 2009, building improvements for build-outs, heating/cooling, and lease changes totaling $1,392 were added to the cost of the building. Building improvements for build-outs, HVAC improvements, and leasing fees totaling $81,989 were included in the cost of the building in fiscal year 2008. The three-story building provides office space for six tenants.**

**2401 Colonial Drive Building**

**In August 1997, the Board authorized the construction of an office building as a real estate investment in the Public Employees' and Teachers' Retirement funds portfolios. Construction costs, including interest capitalization, totaled $6,481,741 as of June 30, 2000. For fiscal year 2009, $14,638 was capitalized for Cupola updates and heating/cooling system improvements. In fiscal year 2008, sprinkler system and heating/cooling system improvements of $51,992 were added to the building cost. The three-story building, providing office space for three tenants, was occupied in November 1999. As of June 30, 2009, the building carries a cost and fair value of $7,250,580 and $7,785,377, respectively.**

**2273 Boot Hill Court Building**

**In August 1999, the Board authorized the purchase of a new office building in Bozeman, Montana. Upon building completion, the Board purchased the building for the Public Employees' and Teachers' Retirement funds portfolios in March 2004, for $2,051,032. In fiscal years 2009 and 2008, there were no improvements made to this building. The building, located on state school trust land, is occupied by four state agencies. As of June 30, 2009, the building carries a fair value of $2,123,654.**

**1712 Ninth Avenue Building**

**In November 2000, the Land Board authorized the transfer of the Public Employees' Retirement Administration (PERA) office building, located at 1712 Ninth Avenue, Helena, to the Board. By issuance of a corrective deed, the Board was named owner and building manager for the use and benefit of the PERA. In fiscal year 2009, there were no improvements made to this building. In fiscal year 2008, $180 was capitalized for space pre-design. As of June 30, 2009, the building, occupied by one tenant, is valued at $579,626.**

**The schedule below details the minimum future rentals for the above buildings with non-cancelable operating leases as of June 30, 2009 and 2008:**

**Minimum future rentals for the year ending June 30, 2009:**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015+ | Total |
|---|---|---|---|---|---|---|
| $403,482 | $285,905 | $258,743 | $219,189 | 0 | 0 | $1,167,319 |

**Minimum future rentals for the year ending June 30, 2008:**

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014+ | Total |
|---|---|---|---|---|---|---|
| $827,768 | $510,068 | $416,432 | $258,743 | $219,189 | 0 | $2,232,198 |

**California Street Property**

**In December 1998, the Board acquired a parcel of land adjacent to the Colonial Drive building for the Public Employees' and Teachers' Retirement funds portfolios to provide for additional parking. This land was purchased for $204,835. For fiscal years 2008 and 2009, there were no improvements made to this property. As of June 30, 2009 the property carries a fair value of $221,390.**

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## 10. MONTANA MORTGAGES AND LOANS

**The Montana mortgages and loans portfolio is shown below.**

| Montana Mortgages and Loans | | 2009 Book Value | 2008 Book Value |
|---|---|---|---|
| Residential Mortgages | $ | 45,270,143 | 59,702,382 |
| Science and Technology Alliance [1] | | 3,812,268 | 4,217,637 |
| Montana University System | | 8,640,027 | 8,722,199 |
| Department of Justice | | 373,010 | 2,547,000 |
| Montana Facility Finance | | 6,821,687 | 4,878,661 |
| Local Government Infrastructure | | 20,591,953 | 19,951,844 |
| Value-added Loans | | 13,538,774 | 14,305,523 |
| Commercial Loans | | 158,245,959 | 141,063,339 |
| Permanent Coal Trust Loans | | 212,023,678 | 195,686,203 |
| Total Montana Mortgages and Loans | $ | 257,293,821 | 255,388,585 |

(1) The Montana Science and Technology Alliance (MSTA) loans include funding for research and development, mezzanine and seed capital loans.

## 11. LOAN GUARANTEES

As of June 30, 2009, loan guarantees provided by the Coal Severance Tax Permanent Trust to the Enterprise Fund and the Montana Facility Finance Authority total $198,465,022. Board exposure to bond issues of the Enterprise Fund is $88,920,000 while exposure to bond issues, surety bonds and designated loans of the Facility Finance Authority is $109,545,022.

As of June 30, 2008, loan guarantees provided by the Coal Severance Tax Permanent Trust to the Enterprise Fund and the Montana Facility Finance Authority total $182,393,408. Board exposure to bond issues of the Enterprise Fund is $98,390,000 while exposure to bond issues, surety bonds and designated loans of the Facility Finance Authority is $84,003,408.

## 12. POOL RESTRUCTURE

On May 14, 2008, the Board approved a staff recommendation to create a structure for the Retirement Funds Bond Pool for both internal and external asset management. In July 2008, four new managers were hired. The managers named include Reams Asset Management, Artio Global Management, Lehman Brothers Asset Management and Post Advisory Group. On October 1, 2008, Reams Asset Management was funded approximately $200 million in cash and securities. In May and August 2009, Post Advisory Group and Artio Global Management were funded $50.7 million and $100.5 million in cash and securities, respectively.

In February 2008, the three MDEP long/short (130/30) investment managers of Analytic Investors, JP Morgan and Martingale Asset Management were funded approximately $400 million. On September 1, 2009, JP Morgan was funded an additional $75 million.

On May 12, 2009, the Board approved a staff recommendation to diversify income sources within the Trust Funds Bond Pool and change the pool name to the Trust Funds Investment Pool effective July 1, 2009. This Board action resulted in a $30 million purchase of the Post Traditional High Yield Fund on September 1, 2009.

In early September 2009, the Board completed a restructure of the Montana International Equity Pool (MTIP) by funding the Barclays Global Investors ACWI ex US Index Superfund A approximately $295 million in cash and securities by terminating two external managers, closing one fund and downsizing three external managers.

Also in September 2009, the Board transitioned approximately $135 million in cash and securities to the State Street SPIFF (Stock Performance Index Futures Fund), T. Rowe Price, Artisan Partners, TimesSquare Capital Management and Vaughan Nelson Investment Management by closing a commingled account and reducing the portfolios for two existing managers.

## 13. SUBSEQUENT EVENTS

**On August 28, 2009, the Board received an Axon Financial Funding payment of $4,086,193 representing $3,893,968 in principal and interest compensation of $192,225. An additional interest compensation payment of $153,270 from Axon Financial Funding was received on October 1, 2009.**

**On October 14, 2009, the Board received its initial payment from Orion Finance USA totaling $12,490,293. This payment applied $9,867,165 to principal, $903,922 to the accrued interest receivable as of the January 16, 2008 and April 21, 2008 maturity dates and $1,719,206 to interest compensation.**

**Refer to Note 6 – Investment Risk Disclosures, page B-25 for additional information.**

## 14. YEAR END PORTFOLIOS

**The June 30, 2009 portfolios of the Pools and AOF are listed on the following pages. The security type percentage is based on the fair value or the amortized cost ratio of the specific security investment type to the total portfolio.**

### RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| SHORT TERM INVESTMENT POOL | NA | NA | 118,747 | 118,747 | 118,747 | 0.01% |
| STATE STREET REPO | 0.01 | 7/1/2009 | 2,721,652 | 2,721,652 | 2,721,652 | 0.16% |
| STATE STREET BANK + TRUST CO | NA | NA | 44,565,804 | 44,565,804 | 44,565,804 | 2.61% |
| **Cash Equivalents** | **3 Issue(s)** | | **47,406,203** | **47,406,203** | **47,406,203** | **2.78%** |
| AA / FT WORTH HQ FIN TR | 5.50 | 10/5/2010 | 2,098,895 | 2,084,062 | 2,076,374 | 0.12% |
| AES EASTN ENERGY LP | 9.00 | 1/2/2017 | 545,400 | 561,333 | 507,222 | 0.03% |
| AFLAC INC | 8.50 | 5/15/2019 | 1,475,000 | 1,529,035 | 1,573,891 | 0.09% |
| AIG SUNAMERICA GLOBAL FING VI | 6.30 | 5/10/2011 | 820,000 | 740,854 | 766,952 | 0.04% |
| AMB PPTY L P MEDIUM TERM NTS | 6.30 | 6/1/2013 | 1,200,000 | 1,168,882 | 1,116,000 | 0.07% |
| AMC ENTERTAINMENT INC | 8.75 | 6/1/2019 | 500,000 | 487,983 | 470,000 | 0.03% |
| AOL TIME WARNER INC | 6.75 | 4/15/2011 | 4,000,000 | 4,066,455 | 4,179,386 | 0.24% |
| AOL TIME WARNER INC | 7.70 | 5/1/2032 | 1,000,000 | 886,730 | 982,555 | 0.06% |
| AERO 1 HQ FIN TR | 4.64 | 7/7/2010 | 5,745,000 | 5,745,000 | 5,564,377 | 0.33% |
| ALCOA INC | 5.90 | 2/1/2027 | 660,000 | 452,960 | 468,600 | 0.03% |
| ALCOA INC | 5.95 | 2/1/2037 | 560,000 | 370,303 | 375,200 | 0.02% |
| ALCOA INC | 6.75 | 7/15/2018 | 1,595,000 | 1,244,522 | 1,371,700 | 0.08% |
| ALLSTATE CORP | 7.45 | 5/16/2019 | 1,375,000 | 1,379,551 | 1,482,034 | 0.09% |
| AMERICA WEST AIRLS TR | 7.93 | 1/2/2019 | 3,687,096 | 3,687,096 | 3,014,201 | 0.18% |
| AMERICAN ACHIEVEMENT CORP | 8.25 | 4/1/2012 | 200,000 | 187,026 | 187,000 | 0.01% |
| AMER AIRLN PT TRST 09 1A | 10.38 | 7/2/2019 | 1,170,000 | 1,170,000 | 1,178,775 | 0.07% |
| AMERICAN EXPRESS BK FSB | 0.44 | 5/29/2012 | 5,000,000 | 4,203,689 | 4,608,078 | 0.27% |
| AMERICAN EXPRESS BK | 6.00 | 9/13/2017 | 5,000,000 | 4,989,953 | 4,596,610 | 0.27% |
| AMERICAN EXPRESS CO | 8.13 | 5/20/2019 | 1,965,000 | 1,980,275 | 2,053,018 | 0.12% |
| AMERICAN EXPRESS CR CORP | 0.50 | 12/2/2010 | 5,000,000 | 4,516,049 | 4,776,453 | 0.28% |
| AMERICAN GEN FIN CORP MTN | 5.38 | 10/1/2012 | 350,000 | 192,592 | 201,250 | 0.01% |
| AMERICAN GEN FIN CORP MTN | 5.90 | 9/15/2012 | 5,125,000 | 4,761,867 | 2,946,875 | 0.17% |
| AMERICAN GEN FIN CORP | 6.90 | 12/15/2017 | 1,840,000 | 813,558 | 978,480 | 0.06% |
| AMERICAN PRESIDENT COS LTD | 8.00 | 1/15/2024 | 5,000,000 | 4,805,201 | 3,512,500 | 0.21% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| AMERICAN REAL ESTATE PARTNERS | 8.13 | 6/1/2012 | 550,000 | 501,811 | 506,000 | 0.03% |
| ANGIOTECH PHARMACEUTICALS INC | 4.42 | 12/1/2013 | 850,000 | 637,468 | 641,750 | 0.04% |
| ANHEUSER BUSCH COS INC | 5.60 | 3/1/2017 | 3,000,000 | 3,008,766 | 2,904,677 | 0.17% |
| APRIA HEALTHCARE GROUP | 11.25 | 11/1/2014 | 1,000,000 | 974,213 | 965,000 | 0.06% |
| ARIA CDO II JERSEY NO 1 LTD | 2.13 | 10/10/2012 | 25,000,000 | 25,000,000 | 7,500,000 | 0.44% |
| ASIF GLOBAL FINANCNG XIX | 4.90 | 1/17/2013 | 160,000 | 116,289 | 133,633 | 0.01% |
| AXCAN INTERMEDIATE HOLD | 9.25 | 3/1/2015 | 500,000 | 504,945 | 502,500 | 0.03% |
| BB+T CORPORATION | 6.85 | 4/30/2019 | 1,480,000 | 1,457,181 | 1,541,698 | 0.09% |
| BACM09 RR A4 | 5.62 | 7/6/2039 | 1,865,000 | 1,509,339 | 1,509,339 | 0.09% |
| BANC AMER COML MTG INC COML | 5.38 | 1/15/2049 | 15,000,000 | 15,038,381 | 14,000,853 | 0.82% |
| BANC AMER COML MTG TR | 5.89 | 7/10/2044 | 1,475,000 | 1,297,003 | 1,141,457 | 0.07% |
| BANC AMER COML MTG TR | 5.36 | 7/10/2046 | 2,159,570 | 2,161,711 | 2,175,785 | 0.13% |
| BANC AMER COML MTG TR | 5.19 | 9/10/2047 | 7,162,908 | 7,165,698 | 7,218,308 | 0.42% |
| BANC AMER COML MTG TR | 5.41 | 9/10/2047 | 1,720,000 | 1,416,953 | 1,382,916 | 0.08% |
| BANC AMER COML MTG TR 2007 2 | 5.63 | 4/10/2049 | 9,000,000 | 9,025,624 | 8,360,882 | 0.49% |
| BANC AMER COML MTG TR | 5.84 | 6/10/2049 | 16,440,000 | 16,287,997 | 15,342,367 | 0.90% |
| BANC AMER COML MTG TR | 5.55 | 2/10/2051 | 15,000,000 | 15,044,003 | 13,837,014 | 0.81% |
| BANK AMER CORP | 5.42 | 3/15/2017 | 1,630,000 | 1,311,612 | 1,364,466 | 0.08% |
| BANK AMER FDG CORP | 5.65 | 5/1/2018 | 2,650,000 | 2,336,701 | 2,333,397 | 0.14% |
| BARCLAYS BANK PLC | 6.75 | 5/22/2019 | 1,770,000 | 1,766,236 | 1,754,266 | 0.10% |
| BARCLAYS BK PLC | 6.05 | 12/4/2017 | 1,950,000 | 1,562,361 | 1,654,105 | 0.10% |
| BEAR STEARNS COML MTG SECS TR | 5.59 | 6/11/2040 | 7,962,358 | 7,969,977 | 8,116,034 | 0.48% |
| BELLSOUTH TELECOMM INC | 6.30 | 12/15/2015 | 9,336,600 | 9,850,519 | 9,315,123 | 0.55% |
| BERRY PLATICS CORP | 5.88 | 2/15/2015 | 500,000 | 428,509 | 441,250 | 0.03% |
| BIO RAD LABS | 8.00 | 9/15/2016 | 450,000 | 443,711 | 445,500 | 0.03% |
| BISHOPSGATE CDO LTD | 5.18 | 6/30/2010 | 25,000,000 | 25,000,000 | 20,000,000 | 1.17% |
| BORGER ENERGY ASSOCS L P CORP | 7.26 | 12/31/2022 | 1,677,751 | 1,565,961 | 1,442,866 | 0.08% |
| BOSTON SCIENTIFIC CORP | 5.45 | 6/15/2014 | 500,000 | 449,668 | 460,000 | 0.03% |
| BRITISH TELECOMMUNICATIONS PLC | 5.95 | 1/15/2018 | 1,940,000 | 1,670,344 | 1,733,213 | 0.10% |
| CITIGROUP/DEUTSCHE BK COMM MOR | 5.54 | 1/15/2046 | 1,075,000 | 777,887 | 877,871 | 0.05% |
| CIT GROUP INC | 1.31 | 11/3/2010 | 510,000 | 375,744 | 382,500 | 0.02% |
| CIT GROUP INC REORGANIZED AS | 7.63 | 11/30/2012 | 990,000 | 787,614 | 688,050 | 0.04% |
| CIT GROUP INC | 5.80 | 7/28/2011 | 3,500,000 | 2,342,451 | 2,625,000 | 0.15% |
| CIT GROUP INC | 1.17 | 2/13/2012 | 100,000 | 64,161 | 58,500 | 0.00% |
| CIT GROUP INC MEDIUM TERM | 1.01 | 12/21/2012 | 140,000 | 84,662 | 77,700 | 0.00% |
| CSC HLDGS INC | 8.50 | 6/15/2015 | 700,000 | 693,095 | 686,000 | 0.04% |
| CVS CAREMARK CORP | 6.94 | 1/10/2030 | 92,305 | 73,209 | 85,075 | 0.00% |
| CVS CAREMARK CORP | 2.15 | 9/10/2010 | 2,500,000 | 2,346,448 | 2,493,100 | 0.15% |
| CWHEQ HOME EQUITY LN TR | 5.76 | 6/25/2035 | 891,462 | 363,202 | 188,319 | 0.01% |
| CWHEQ INC | 6.09 | 7/25/2027 | 1,430,992 | 266,779 | 242,367 | 0.01% |
| CALPINE CONSTRUCTION FIN | 8.00 | 6/1/2016 | 500,000 | 477,755 | 480,000 | 0.03% |
| CANADIAN PAC LTD | 9.45 | 8/1/2021 | 5,000,000 | 5,099,472 | 5,548,566 | 0.32% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| CAPITAL ONE FINL CORP | 6.75 | 9/15/2017 | 5,000,000 | 5,000,450 | 4,721,742 | 0.28% |
| CATERPILLAR FINL SVCS | 1.35 | 6/24/2011 | 10,000,000 | 9,048,788 | 9,795,471 | 0.57% |
| CD MTG TR | 5.62 | 10/15/2048 | 1,110,000 | 883,255 | 896,312 | 0.05% |
| CELESTICA INC | 7.88 | 7/1/2011 | 500,000 | 499,403 | 500,000 | 0.03% |
| CENTENNIAL COMMUNICATIONS CORP | 8.13 | 2/1/2014 | 1,000,000 | 1,025,713 | 1,025,000 | 0.06% |
| CHRYSLER LLC | 1.00 | 8/3/2013 | 2,081,647 | 958,894 | 22,128 | 0.00% |
| CINEMARK USA INC | 8.63 | 6/15/2019 | 200,000 | 195,123 | 197,500 | 0.01% |
| CITIGROUP INC | 6.13 | 5/15/2018 | 2,165,000 | 1,836,280 | 1,888,653 | 0.11% |
| CITIGROUP INC | 8.50 | 5/22/2019 | 3,500,000 | 3,597,233 | 3,552,226 | 0.21% |
| COMCAST CORP | 7.05 | 3/15/2033 | 2,000,000 | 2,161,297 | 2,078,867 | 0.12% |
| COMM MTG TR | 5.54 | 6/10/2046 | 2,920,113 | 2,919,822 | 2,931,453 | 0.17% |
| COMMUNICATIONS + PWR INDS INC | 8.00 | 2/1/2012 | 525,000 | 500,014 | 506,625 | 0.03% |
| CONTINENTAL AIRLS | 5.98 | 4/19/2022 | 2,020,000 | 1,488,659 | 1,696,800 | 0.10% |
| CONTINENTAL AIRLS PASS THRU TR | 6.55 | 8/2/2020 | 5,790,479 | 5,790,479 | 5,327,240 | 0.31% |
| CORPORATE PPTY INVS | 7.88 | 3/15/2016 | 12,000,000 | 11,930,856 | 12,447,738 | 0.73% |
| CORRECTIONS CORP AMER NEW | 7.50 | 5/1/2011 | 500,000 | 500,000 | 496,875 | 0.03% |
| CORRECTIONS CORP AMER NEW | 6.25 | 3/15/2013 | 125,000 | 119,469 | 118,125 | 0.01% |
| CORRECTIONS CORP OF AMER | 7.75 | 6/1/2017 | 350,000 | 340,003 | 343,000 | 0.02% |
| CREDIT SUISSE N Y | 6.00 | 2/15/2018 | 2,200,000 | 1,799,225 | 2,196,312 | 0.13% |
| CRICKET COMMUNICATIONS I | 7.75 | 5/15/2016 | 500,000 | 480,868 | 481,250 | 0.03% |
| CYPRESSTREE SYNTHETIC CDO LTD | 2.65 | 12/30/2010 | 25,000,000 | 25,000,000 | 10,000,000 | 0.59% |
| DAVITA INC | 6.63 | 3/15/2013 | 250,000 | 238,930 | 234,063 | 0.01% |
| DAVITA INC | 7.25 | 3/15/2015 | 150,000 | 144,790 | 140,625 | 0.01% |
| DEERE JOHN CAP CORP MTN BK ENT | 1.11 | 2/26/2010 | 1,950,000 | 1,930,820 | 1,939,939 | 0.11% |
| DEERE JOHN CAP CORP MTN BK ENT | 1.40 | 6/10/2011 | 2,150,000 | 2,067,849 | 2,133,862 | 0.12% |
| DELTA AIR LINES INC DEL | 7.92 | 5/18/2012 | 400,000 | 368,801 | 368,000 | 0.02% |
| DELTA AIR LINES INC DEL PASS T | 6.72 | 7/2/2024 | 4,198,303 | 2,731,683 | 3,190,710 | 0.19% |
| DEUTSCHE TELEKOM INT FIN | 6.00 | 7/8/2019 | 3,090,000 | 3,064,814 | 3,095,805 | 0.18% |
| DIRECT HOLDINGS | 7.63 | 5/15/2016 | 550,000 | 532,336 | 535,563 | 0.03% |
| DONNELLEY R R + SONS | 4.95 | 4/1/2014 | 5,000,000 | 4,799,856 | 4,350,000 | 0.25% |
| ERAC USA FIN CO | 6.38 | 10/15/2017 | 2,760,000 | 2,221,044 | 2,393,694 | 0.14% |
| ERAC USA FIN CO | 7.00 | 10/15/2037 | 615,000 | 395,142 | 469,405 | 0.03% |
| ESI TRACTEBEL ACQUISITION CORP | 7.99 | 12/30/2011 | 314,000 | 306,856 | 305,758 | 0.02% |
| EASTERN ENERGY LTD | 7.25 | 12/1/2016 | 5,000,000 | 4,966,647 | 5,064,454 | 0.30% |
| ECHOSTAR DBS CORP | 6.63 | 10/1/2014 | 200,000 | 184,050 | 185,500 | 0.01% |
| ECHOSTAR DBS CORP | 7.75 | 5/31/2015 | 500,000 | 476,575 | 476,250 | 0.03% |
| EL PASO NAT GAS CO | 8.63 | 1/15/2022 | 5,000,000 | 5,145,910 | 5,445,782 | 0.32% |
| ELAN FIN PLC | 7.75 | 11/15/2011 | 850,000 | 799,196 | 785,188 | 0.05% |
| ENTERGY ARK INC | 4.50 | 6/1/2010 | 5,000,000 | 4,995,941 | 4,951,252 | 0.29% |
| ENTERGY LA LLC | 5.50 | 4/1/2019 | 140,000 | 135,423 | 131,229 | 0.01% |
| FPL ENERGY NATL WIND LLC | 5.61 | 3/10/2024 | 2,320,440 | 2,320,440 | 1,922,873 | 0.11% |
| FARMERS EXCHANGE CAP | 7.05 | 7/15/2028 | 1,255,000 | 770,907 | 868,804 | 0.05% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FEDERAL EXPRESS CORP PSTHR TR | 7.52 | 1/15/2018 | 4,440,042 | 4,429,121 | 4,251,518 | 0.25% |
| FERRELLGAS L P FERRELLGAS FIN | 6.75 | 5/1/2014 | 350,000 | 308,048 | 304,500 | 0.02% |
| FIRST UN CORP | 7.50 | 4/15/2035 | 1,305,000 | 1,118,869 | 1,295,351 | 0.08% |
| FLORIDA GAS TRANSMISSION CO | 9.19 | 11/1/2024 | 8,000,000 | 8,026,168 | 8,587,142 | 0.50% |
| FORD MTR CR CO | 7.38 | 10/28/2009 | 8,650,000 | 8,639,604 | 8,477,000 | 0.50% |
| FORD MTR CR CO | 8.00 | 12/15/2016 | 2,740,000 | 1,673,429 | 2,096,100 | 0.12% |
| FORD MTR CR CO | 7.80 | 6/1/2012 | 570,000 | 345,461 | 487,350 | 0.03% |
| FORTUNE BRANDS INC | 5.38 | 1/15/2016 | 3,000,000 | 2,987,655 | 2,736,711 | 0.16% |
| GATX CORP | 8.75 | 5/15/2014 | 10,000,000 | 9,987,883 | 10,499,999 | 0.61% |
| GE COML MTG CORP TR | 5.42 | 12/10/2049 | 15,000,000 | 15,040,008 | 13,012,246 | 0.76% |
| GMAC LLC | 6.75 | 12/1/2014 | 1,152,000 | 846,847 | 921,600 | 0.05% |
| GSPA MONETIZATION TR | 6.42 | 10/9/2029 | 12,941,847 | 13,045,350 | 10,839,573 | 0.63% |
| GALENA CDO I CAYMAN IS NO 1LTD | 5.06 | 1/11/2013 | 12,000,000 | 1,200,000 | 1,200,000 | 0.07% |
| GAZPROM INTL S A | 7.20 | 2/1/2020 | 2,253,166 | 2,282,113 | 2,117,976 | 0.12% |
| GENERAL CABLE CORP | 3.58 | 4/1/2015 | 300,000 | 248,367 | 243,000 | 0.01% |
| GENERAL ELEC CAP CORP | 5.55 | 5/4/2020 | 3,000,000 | 2,477,549 | 2,775,133 | 0.16% |
| GENERAL ELEC CAP CORP | 1.36 | 1/8/2016 | 5,000,000 | 3,885,158 | 3,999,147 | 0.23% |
| GENERAL MTRS ACCEP CORP | 6.75 | 12/1/2014 | 1,710,000 | 1,093,025 | 1,368,000 | 0.08% |
| GENWORTH FINL INC | 5.65 | 6/15/2012 | 2,400,000 | 2,399,618 | 1,920,000 | 0.11% |
| GENWORTH GLOBAL FDG TRS | 5.75 | 5/15/2013 | 105,000 | 81,641 | 96,600 | 0.01% |
| GENWORTH LIFE INST FUND | 5.88 | 5/3/2013 | 1,510,000 | 1,206,367 | 1,151,375 | 0.07% |
| GEORGIA PWR CO | 5.25 | 12/15/2015 | 3,000,000 | 3,000,116 | 3,103,721 | 0.18% |
| GMACM HOME EQUITY LN TR | 6.32 | 5/25/2036 | 970,000 | 479,736 | 263,822 | 0.02% |
| GMAC MTG CORP LN TR | 5.81 | 10/25/2036 | 1,105,000 | 610,906 | 220,646 | 0.01% |
| GOLDMAN SACHS GROUP INC | 1.64 | 1/12/2015 | 5,000,000 | 3,787,028 | 4,318,750 | 0.25% |
| GOLDMAN SACHS GROUP INC | 1.06 | 3/22/2016 | 4,000,000 | 2,925,205 | 3,370,000 | 0.20% |
| GOLDMAN SACHS GROUP | 5.30 | 2/14/2012 | 2,000,000 | 1,998,867 | 2,075,718 | 0.12% |
| GREAT ATLANTIC + PAC TEA | 5.13 | 6/15/2011 | 550,000 | 399,074 | 401,500 | 0.02% |
| GREAT RIV ENERGY | 7.23 | 7/1/2038 | 135,000 | 148,030 | 127,913 | 0.01% |
| GREIF INC | 6.75 | 2/1/2017 | 525,000 | 491,059 | 481,688 | 0.03% |
| HCA INC | 8.50 | 4/15/2019 | 550,000 | 540,455 | 539,000 | 0.03% |
| HSBC FIN CORP | 5.50 | 1/19/2016 | 4,000,000 | 3,988,193 | 3,733,825 | 0.22% |
| HARRAHS OPERATING ESCROW | 11.25 | 6/1/2017 | 350,000 | 339,141 | 329,000 | 0.02% |
| HARTFORD FINL SVCS GROUP INC | 6.10 | 10/1/2041 | 280,000 | 143,472 | 176,400 | 0.01% |
| HARTFORD FINL SVCS GROUP INC | 5.95 | 10/15/2036 | 330,000 | 190,003 | 214,500 | 0.01% |
| HARTFORD FINL SVCS GROUP INC | 5.38 | 3/15/2017 | 1,010,000 | 700,907 | 797,900 | 0.05% |
| HARTFORD FINL SVCS GROUP INC | 6.30 | 3/15/2018 | 920,000 | 653,850 | 736,000 | 0.04% |
| HARTFORD LIFE GLOBAL FDG TRS | 0.73 | 3/15/2011 | 200,000 | 170,892 | 177,073 | 0.01% |
| HAWAIIAN ELEC INDS INC MEDIUM | 6.14 | 8/15/2011 | 3,000,000 | 3,040,361 | 3,194,086 | 0.19% |
| HEALTH CARE PPTY INVS INC | 7.07 | 6/8/2015 | 1,200,000 | 1,083,900 | 1,095,384 | 0.06% |
| HERTZ VEH FING LLC | 0.56 | 11/25/2011 | 660,000 | 598,074 | 609,110 | 0.04% |
| HERTZ VEH FING LLC | 5.08 | 11/25/2011 | 1,340,000 | 1,199,284 | 1,298,059 | 0.08% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| HOMER CITY FDG LLC | 8.14 | 10/1/2019 | 330,600 | 339,994 | 289,275 | 0.02% |
| HUNTSMAN LLC | 11.63 | 10/15/2010 | 550,000 | 555,923 | 564,438 | 0.03% |
| ING SEC LIFE INSTL FDG | 4.25 | 1/15/2010 | 7,000,000 | 6,973,561 | 6,841,814 | 0.40% |
| INERGY L P + INERGY FIN CORP | 6.88 | 12/15/2014 | 500,000 | 461,692 | 455,000 | 0.03% |
| INTELSAT JACKSON HLDGS LTD | 9.50 | 6/15/2016 | 250,000 | 255,568 | 250,625 | 0.01% |
| INTELSAT SUBSIDIARY HLDG CO LT | 8.88 | 1/15/2015 | 750,000 | 740,762 | 720,000 | 0.04% |
| INTERNATIONAL LEASE FIN CORP | 4.75 | 1/13/2012 | 405,000 | 257,640 | 319,950 | 0.02% |
| INTL LEASE FIN CORP MTN | 5.63 | 9/20/2013 | 2,145,000 | 1,428,764 | 1,630,200 | 0.10% |
| INTL LEASE FIN CORP MTN | 5.35 | 3/1/2012 | 1,070,000 | 812,570 | 856,000 | 0.05% |
| INTL LEASE FIN CORP MTN | 5.63 | 9/15/2010 | 500,000 | 456,511 | 460,000 | 0.03% |
| INTL LEASE FIN CORP MTN | 4.55 | 10/15/2009 | 2,000,000 | 2,000,457 | 1,920,000 | 0.11% |
| INTERPUBLIC GROUP COS | 10.00 | 7/15/2017 | 525,000 | 517,322 | 534,188 | 0.03% |
| IRON MNT INC PA | 8.63 | 4/1/2013 | 500,000 | 500,612 | 498,750 | 0.03% |
| JPMORGAN CHASE + CO FORMERLY | 6.00 | 1/15/2018 | 2,885,000 | 2,856,235 | 2,880,343 | 0.17% |
| JPMORGAN CHASE + CO | 6.30 | 4/23/2019 | 11,215,000 | 11,198,233 | 11,300,192 | 0.66% |
| J P MORGAN CHASE COML MTG | 4.56 | 6/12/2041 | 6,071,115 | 6,071,062 | 6,055,936 | 0.35% |
| J P MORGAN CHASE COML MTG | 3.05 | 1/15/2038 | 357,408 | 350,454 | 355,340 | 0.02% |
| JARDEN CORP | 8.00 | 5/1/2016 | 550,000 | 535,049 | 532,125 | 0.03% |
| JERSEY CENT PWR + LT CO | 5.65 | 6/1/2017 | 4,000,000 | 3,988,950 | 3,906,670 | 0.23% |
| JOHNSON CTLS INC | 5.25 | 1/15/2011 | 1,000,000 | 997,031 | 994,607 | 0.06% |
| KCT INTERMODAL TRANSN CORP | 6.88 | 8/1/2018 | 2,784,533 | 2,784,533 | 2,914,977 | 0.17% |
| KELLWOOD CO | 7.63 | 10/15/2017 | 10,550,000 | 1,055,381 | 1,582,500 | 0.09% |
| KERR MCGEE CORP | 7.13 | 10/15/2027 | 7,000,000 | 7,067,185 | 5,271,701 | 0.31% |
| KEYBANK NATL ASSN CLEVELAND OH | 5.50 | 9/17/2012 | 5,000,000 | 4,945,339 | 4,950,000 | 0.29% |
| KEYBANK NATL ASSN MTN | 5.45 | 3/3/2016 | 10,000,000 | 9,535,951 | 8,572,872 | 0.50% |
| KIOWA PWR PARTNERS LLC | 4.81 | 12/30/2013 | 60,334 | 60,186 | 58,644 | 0.00% |
| KNOWLEDGE LEARNING CORP | 7.75 | 2/1/2015 | 500,000 | 458,157 | 465,625 | 0.03% |
| LB COML MTG TR | 6.15 | 7/15/2044 | 840,000 | 622,384 | 651,440 | 0.04% |
| LB UBS COML MTG | 5.42 | 2/15/2040 | 1,227,000 | 871,922 | 899,737 | 0.05% |
| LB UBS | 5.37 | 9/15/2039 | 1,950,000 | 1,575,350 | 1,616,626 | 0.09% |
| LB UBS COML MTG TR | 5.43 | 2/15/2040 | 1,775,000 | 1,392,140 | 1,279,854 | 0.07% |
| LB UBS COML MTG TR | 5.16 | 2/15/2031 | 3,455,000 | 3,044,677 | 2,938,075 | 0.17% |
| LEUCADIA NATL CORP | 7.13 | 3/15/2017 | 550,000 | 425,471 | 446,875 | 0.03% |
| LEVEL 3 FING INC | 12.25 | 3/15/2013 | 500,000 | 472,601 | 475,000 | 0.03% |
| LIBERTY MUT INS CO | 8.50 | 5/15/2025 | 165,000 | 126,359 | 132,083 | 0.01% |
| LIBERTY PPTY LTD PARTNERSHIP | 6.63 | 10/1/2017 | 1,275,000 | 1,117,278 | 1,058,250 | 0.06% |
| LINCOLN NATL CORP IN | 8.75 | 7/1/2019 | 3,295,000 | 3,281,898 | 3,400,015 | 0.20% |
| LINN ENERGY LLC | 11.75 | 5/15/2017 | 350,000 | 338,649 | 340,375 | 0.02% |
| LOCAL INSIGHT REGATTA HLDGS IN | 11.00 | 12/1/2017 | 500,000 | 130,601 | 130,000 | 0.01% |
| M + I MARSHALL + ILSLEY BK | 0.92 | 12/4/2012 | 3,390,000 | 2,811,156 | 2,356,830 | 0.14% |
| MGM MIRAGE | 13.00 | 11/15/2013 | 500,000 | 551,533 | 553,750 | 0.03% |
| ML CFC COML MTG TR | 5.55 | 6/12/2050 | 6,947,507 | 6,951,738 | 7,043,468 | 0.41% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| MACKINAW PWR LLC | 6.30 | 10/31/2023 | 603,834 | 495,357 | 537,860 | 0.03% |
| MACMILLAN BLOEDEL LTD | 7.70 | 2/15/2026 | 9,000,000 | 8,884,947 | 7,311,321 | 0.43% |
| MANUFACTURERS + TRADERS TR CO | 2.71 | 4/1/2013 | 1,425,000 | 1,230,780 | 1,120,031 | 0.07% |
| MANUFACTURERS + TRADERS TR CO | 5.63 | 12/1/2021 | 790,000 | 561,690 | 592,860 | 0.03% |
| MARKWEST ENERGY PART/FIN | 6.88 | 11/1/2014 | 725,000 | 577,490 | 601,750 | 0.04% |
| MEAD CORP | 7.35 | 3/1/2017 | 11,000,000 | 10,858,369 | 9,460,000 | 0.55% |
| MED MAP L L C | 7.06 | 6/1/2024 | 8,595,000 | 8,595,000 | 8,462,207 | 0.50% |
| MED MAP L L C COLO REV | 7.00 | 6/1/2024 | 5,730,000 | 5,730,000 | 5,610,415 | 0.33% |
| MERRILL LYNCH + CO INC | 0.87 | 6/5/2012 | 5,000,000 | 4,393,785 | 4,438,409 | 0.26% |
| MERRILL LYNCH + CO INC | 6.88 | 4/25/2018 | 5,000,000 | 4,320,698 | 4,582,042 | 0.27% |
| METLIFE INC | 5.00 | 11/24/2013 | 5,000,000 | 4,978,862 | 4,901,580 | 0.29% |
| METLIFE INC | 6.82 | 8/15/2018 | 1,330,000 | 1,135,413 | 1,338,197 | 0.08% |
| METLIFE INC | 6.75 | 6/1/2016 | 5,000,000 | 4,988,303 | 5,081,949 | 0.30% |
| MET LIFE GLOB FUNDING I | 5.13 | 6/10/2014 | 2,055,000 | 2,052,611 | 2,100,222 | 0.12% |
| MIDAMERICAN ENERGY HLDGS CO N | 6.13 | 4/1/2036 | 5,000,000 | 4,437,614 | 4,941,676 | 0.29% |
| MIRANT MID ATLANTIC LLC | 8.63 | 6/30/2012 | 173,727 | 172,863 | 171,990 | 0.01% |
| MIRANT AMERICAS GENERATION LLC | 8.30 | 5/1/2011 | 250,000 | 250,000 | 249,375 | 0.01% |
| ML CFC COML MTG TR | 5.59 | 9/12/2049 | 15,000,000 | 15,053,516 | 13,055,250 | 0.76% |
| MONUMENTAL GLOBAL FDG III | 5.25 | 1/15/2014 | 415,000 | 382,122 | 390,505 | 0.02% |
| MONUMENTAL GLOBAL FDG III | 1.26 | 1/25/2013 | 675,000 | 513,908 | 579,481 | 0.03% |
| MONUMENTAL GLOBAL FDS III | 5.50 | 4/22/2013 | 780,000 | 748,225 | 750,085 | 0.04% |
| MORGAN STANLEY GROUP INC | 5.55 | 4/27/2017 | 2,490,000 | 1,702,435 | 2,342,990 | 0.14% |
| NRG ENERGY INC | 8.50 | 6/15/2019 | 800,000 | 786,878 | 775,000 | 0.05% |
| NATIONAL CITY BK CLEVELAND OH | 5.80 | 6/7/2017 | 5,000,000 | 4,878,785 | 4,669,720 | 0.27% |
| NATIONSBANK CORP | 7.25 | 10/15/2025 | 1,532,000 | 1,046,412 | 1,387,668 | 0.08% |
| NATIONWIDE LIFE GLOBAL FDG | 1.20 | 10/9/2009 | 165,000 | 158,939 | 163,952 | 0.01% |
| NATIONWIDE LIFE GLOBAL FDG | 5.45 | 10/2/2012 | 490,000 | 468,496 | 466,646 | 0.03% |
| NATIONWIDE MUT INS CO | 8.25 | 12/1/2031 | 225,000 | 144,618 | 180,239 | 0.01% |
| NATIONWIDE MUT INS CO | 7.88 | 4/1/2033 | 430,000 | 284,638 | 327,526 | 0.02% |
| NATIONWIDE MUT INS CO | 6.60 | 4/15/2034 | 195,000 | 113,648 | 124,453 | 0.01% |
| NEWMARKET CORP | 7.13 | 12/15/2016 | 500,000 | 450,191 | 448,750 | 0.03% |
| NEWS AMER INC | 6.15 | 3/1/2037 | 6,000,000 | 6,064,631 | 5,051,533 | 0.30% |
| NORTHWEST AIRLS PASS THRU TRS | 7.03 | 11/1/2019 | 2,995,591 | 1,960,557 | 2,306,605 | 0.14% |
| OMNICARE INC | 6.75 | 12/15/2013 | 600,000 | 551,396 | 545,250 | 0.03% |
| ONEOK PARTERS LP | 6.85 | 10/15/2037 | 3,000,000 | 3,090,836 | 2,834,142 | 0.17% |
| ORBIMAGE HLDGS INC | 12.50 | 7/1/2012 | 350,000 | 358,070 | 356,125 | 0.02% |
| OWENS BROCKWAY | 7.38 | 5/15/2016 | 350,000 | 342,650 | 338,625 | 0.02% |
| PNC FDG CORP | 6.70 | 6/10/2019 | 965,000 | 962,995 | 995,015 | 0.06% |
| PPL ELEC UTILS CORP | 6.45 | 8/15/2037 | 2,000,000 | 1,999,494 | 2,077,252 | 0.12% |
| PPL MONT LLC | 8.90 | 7/2/2020 | 16,263,683 | 16,310,439 | 17,863,584 | 1.05% |
| PACIFIC BELL | 7.25 | 11/1/2027 | 6,000,000 | 5,969,068 | 5,380,717 | 0.32% |
| PANAMERICAN BEVERAGES INC | 7.25 | 7/1/2009 | 8,000,000 | 8,000,000 | 8,000,000 | 0.47% |

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## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| PENNSYLVANIA ELEC CO | 6.05 | 9/1/2017 | 3,000,000 | 2,992,726 | 2,910,746 | 0.17% |
| PREMIUM ASSET TR | 0.83 | 9/28/2010 | 4,000,000 | 3,640,396 | 3,640,000 | 0.21% |
| PRICOA GLOBAL FDG I | 5.40 | 10/18/2012 | 880,000 | 853,806 | 853,750 | 0.05% |
| PRIDE INTERNATIONAL INC | 8.50 | 6/15/2019 | 125,000 | 124,555 | 123,438 | 0.01% |
| PRICOA GLOBAL FUNDING 1 | 5.45 | 6/11/2014 | 1,495,000 | 1,490,593 | 1,492,415 | 0.09% |
| PROLOGIS | 6.63 | 5/15/2018 | 575,000 | 507,559 | 448,500 | 0.03% |
| PROTECTIVE LIFE SECD TRS SECD | 5.45 | 9/28/2012 | 5,300,000 | 5,276,680 | 5,273,623 | 0.31% |
| PRUDENTIAL FINL INC | 5.50 | 3/15/2016 | 8,000,000 | 7,889,991 | 7,256,368 | 0.43% |
| PRUDENTIAL FINL INC | 6.10 | 6/15/2017 | 625,000 | 385,141 | 575,923 | 0.03% |
| PRUDENTIAL FINL INC MED TERM | 6.00 | 12/1/2017 | 1,180,000 | 906,222 | 1,076,122 | 0.06% |
| PRUDENTIAL FINANCIAL INC | 7.38 | 6/15/2019 | 490,000 | 489,985 | 481,545 | 0.03% |
| PUBLIC SVC CO COLO | 6.25 | 9/1/2037 | 5,000,000 | 5,111,061 | 5,446,799 | 0.32% |
| PUGET SOUND PWR + LT CO | 5.20 | 10/1/2015 | 6,000,000 | 5,846,427 | 5,898,300 | 0.35% |
| QUEBECOR MEDIA INC | 7.75 | 3/15/2016 | 650,000 | 583,108 | 585,000 | 0.03% |
| QWEST CORP | 3.88 | 6/15/2013 | 500,000 | 455,795 | 447,500 | 0.03% |
| RALI TR | 5.75 | 12/25/2021 | 3,070,327 | 2,545,956 | 2,560,904 | 0.15% |
| RAS LAFFAN LIQUEFIED NAT GAS | 5.30 | 9/30/2020 | 9,000,000 | 8,576,093 | 8,055,000 | 0.47% |
| RAS LAFFAN LIQUEFIED NAT GAS | 6.33 | 9/30/2027 | 6,000,000 | 5,888,713 | 5,130,000 | 0.30% |
| REGENCY CTRS L P | 5.88 | 6/15/2017 | 975,000 | 698,746 | 760,500 | 0.04% |
| REGENCY ENERGY PARTNERS | 9.38 | 6/1/2016 | 975,000 | 926,315 | 950,625 | 0.06% |
| REGIONS BK BIRMINGHAM ALA | 7.50 | 5/15/2018 | 1,040,000 | 882,634 | 915,623 | 0.05% |
| REMINGTON ARMS INC NEW | 10.50 | 2/1/2011 | 350,000 | 346,650 | 352,625 | 0.02% |
| RESIDENTIAL FUNDING MRTG SEC | 5.31 | 2/25/2036 | 1,668,521 | 679,132 | 538,511 | 0.03% |
| RITE AID CORP | 8.63 | 3/1/2015 | 500,000 | 307,655 | 332,500 | 0.02% |
| RITE AID CORP | 9.75 | 6/12/2016 | 100,000 | 98,209 | 100,000 | 0.01% |
| RYERSON INC | 8.40 | 11/1/2014 | 375,000 | 270,269 | 272,813 | 0.02% |
| SLM CORP | 5.13 | 8/27/2012 | 4,000,000 | 3,731,147 | 3,460,000 | 0.20% |
| SLM CORP | 5.38 | 1/15/2013 | 4,000,000 | 3,997,589 | 3,380,000 | 0.20% |
| SEALED AIR CORP | 7.88 | 6/15/2017 | 300,000 | 293,540 | 268,151 | 0.02% |
| SEALY CORPORATION | 10.88 | 4/15/2016 | 350,000 | 341,177 | 366,625 | 0.02% |
| SECURITY CAP GROUP INC | 7.70 | 6/15/2028 | 3,000,000 | 3,416,966 | 2,692,793 | 0.16% |
| SEMPRA ENERGY | 6.15 | 6/15/2018 | 5,000,000 | 4,881,068 | 4,974,708 | 0.29% |
| SERVICE CORP INTL | 7.88 | 2/1/2013 | 350,000 | 326,972 | 336,875 | 0.02% |
| SIMON PPTY GROUP L P | 5.10 | 6/15/2015 | 745,000 | 665,228 | 685,204 | 0.04% |
| SMITHFIELD FOODS INC | 10.00 | 7/15/2014 | 250,000 | 240,503 | 246,875 | 0.01% |
| SOURCE GAS LLC | 5.90 | 4/1/2017 | 190,000 | 161,494 | 143,917 | 0.01% |
| SOUTHERN POWERCO | 6.38 | 11/15/2036 | 3,000,000 | 2,532,425 | 2,390,126 | 0.14% |
| SOUTHERN UN CO NEW | 7.60 | 2/1/2024 | 6,000,000 | 5,899,026 | 5,407,777 | 0.32% |
| SOUTHWESTERN BELL TEL CO | 7.00 | 11/15/2027 | 3,000,000 | 2,997,465 | 2,633,070 | 0.15% |
| SPRINT CAP CORP | 7.63 | 1/30/2011 | 500,000 | 491,723 | 495,000 | 0.03% |
| SUBURBAN PROPANE PARTNERS LP | 6.88 | 12/15/2013 | 500,000 | 465,129 | 460,000 | 0.03% |
| SUNCOR ENERGY INC | 6.50 | 6/15/2038 | 3,000,000 | 3,008,369 | 2,809,854 | 0.16% |

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| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| SUNGUARD DATA SYS INC | 9.13 | 8/15/2013 | 550,000 | 519,850 | 519,750 | 0.03% |
| SUPERVALUE INC | 8.00 | 5/1/2016 | 375,000 | 367,586 | 370,313 | 0.02% |
| TRW AUTOMOTIVE INC | 7.25 | 3/15/2017 | 450,000 | 318,394 | 292,500 | 0.02% |
| TENNESSEE GAS PIPELINE CO | 7.50 | 4/1/2017 | 550,000 | 548,501 | 578,758 | 0.03% |
| TERREMARK WORLDWIDE INC | 12.00 | 6/15/2017 | 325,000 | 309,224 | 312,000 | 0.02% |
| TEXAS GAS TRANSMISSION CORP | 7.25 | 7/15/2027 | 3,000,000 | 2,819,510 | 2,581,297 | 0.15% |
| TIME WARNER COS INC | 9.15 | 2/1/2023 | 185,000 | 189,133 | 196,647 | 0.01% |
| TIME WARNER INC | 6.63 | 5/15/2029 | 6,000,000 | 6,174,117 | 5,312,748 | 0.31% |
| TORCHMARK INC | 9.25 | 6/15/2019 | 1,225,000 | 1,225,000 | 1,243,025 | 0.07% |
| TRANSCANADA PIPELINES LTD | 7.63 | 1/15/2039 | 1,000,000 | 999,734 | 1,152,121 | 0.07% |
| TRANSCONTINENTAL GAS PIPE LINE | 7.25 | 12/1/2026 | 3,000,000 | 2,998,703 | 3,007,213 | 0.18% |
| TRISTATE GEN + TRANS ASSN | 6.04 | 1/31/2018 | 6,096,960 | 6,136,533 | 5,951,426 | 0.35% |
| TYCO ELECTRONICS GROUP S A | 5.95 | 1/15/2014 | 1,045,000 | 1,034,921 | 977,075 | 0.06% |
| USG CORP | 9.25 | 1/15/2018 | 525,000 | 430,416 | 446,250 | 0.03% |
| US ONCOLOGY INC | 9.13 | 8/15/2017 | 875,000 | 859,036 | 868,438 | 0.05% |
| ULTRAMAR DIAMOND SHAMROCK CORP | 7.20 | 10/15/2017 | 3,000,000 | 2,991,114 | 3,007,406 | 0.18% |
| UNION PAC CORP | 4.88 | 1/15/2015 | 2,000,000 | 1,941,346 | 1,957,366 | 0.11% |
| UNION PAC CORP | 6.15 | 5/1/2037 | 2,000,000 | 1,883,454 | 1,919,144 | 0.11% |
| UNITED AIR LINES | 6.64 | 1/2/2024 | 2,537,058 | 1,662,196 | 1,902,794 | 0.11% |
| UNITED STATES STL CORP | 7.00 | 2/1/2018 | 230,000 | 168,984 | 201,250 | 0.01% |
| UNITED STS STL CORP NEW | 5.65 | 6/1/2013 | 1,005,000 | 935,693 | 904,524 | 0.05% |
| UNITED STS STL CORP NEW | 6.05 | 6/1/2017 | 295,000 | 210,131 | 251,604 | 0.01% |
| U S WEST COMMUNICATIONS INC | 7.13 | 11/15/2043 | 1,520,000 | 1,008,798 | 1,048,800 | 0.06% |
| UNITEDHEALTH GROUP INC | 4.88 | 4/1/2013 | 3,000,000 | 2,908,703 | 2,956,039 | 0.17% |
| ASIF I | 1.24 | 7/26/2010 | 135,000 | 116,154 | 112,288 | 0.01% |
| VALERO ENERGY CORP | 6.63 | 6/15/2037 | 1,475,000 | 1,202,063 | 1,262,105 | 0.07% |
| VERIZON COMMUNICATIONS INC | 6.40 | 2/15/2038 | 2,000,000 | 1,906,141 | 1,970,373 | 0.12% |
| VIACOM INC | 6.25 | 4/30/2016 | 1,290,000 | 1,149,742 | 1,263,689 | 0.07% |
| VIDEOTRON LTEE | 6.88 | 1/15/2014 | 625,000 | 591,110 | 578,125 | 0.03% |
| WMG ACQUSITION CORP | 9.50 | 6/15/2016 | 600,000 | 583,930 | 597,000 | 0.03% |
| WACHOVIA BK COML MTG TR | 5.42 | 1/15/2045 | 525,000 | 384,403 | 406,975 | 0.02% |
| WACHOVIA BK COML MTG TR | 5.56 | 3/15/2045 | 1,410,000 | 1,153,219 | 1,111,955 | 0.07% |
| WASHOVIA BK NATL ASSN | 5.60 | 3/15/2016 | 9,000,000 | 8,991,685 | 8,345,534 | 0.49% |
| WACHOVIA BK COML MTG TR | 5.42 | 4/15/2047 | 450,000 | 413,645 | 414,770 | 0.02% |
| WELLPOINT INC | 5.88 | 6/15/2017 | 5,550,000 | 5,518,360 | 5,379,061 | 0.32% |
| WELLS FARGO + CO NEW | 1.19 | 1/24/2012 | 4,500,000 | 4,139,242 | 4,247,181 | 0.25% |
| WELLS FARGO + CO NEW | 5.63 | 12/11/2017 | 2,430,000 | 2,321,102 | 2,390,073 | 0.14% |
| WELLS FARGO MTG BACKED SECS | 5.50 | 3/25/2036 | 1,012,390 | 864,849 | 712,883 | 0.04% |
| WENDYS ARBYS GROUP INC | 10.00 | 7/15/2016 | 425,000 | 414,548 | 419,687 | 0.02% |
| WESTVACO CORP | 7.65 | 3/15/2027 | 8,113,000 | 7,952,580 | 6,896,050 | 0.40% |
| WEYERHAEUSER CO | 8.50 | 1/15/2025 | 6,000,000 | 6,187,375 | 5,165,380 | 0.30% |
| WINDSOR FING LLC | 5.88 | 7/15/2017 | 641,400 | 583,590 | 564,239 | 0.03% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| WYNDHAM WORLDWIDE CORP | 6.00 | 12/1/2016 | 5,000,000 | 4,982,956 | 3,725,000 | 0.22% |
| XM SATELLITE RADIO INC | 11.25 | 6/15/2013 | 500,000 | 475,482 | 496,250 | 0.03% |
| XANTERRA SOUTH RIM LLC | 5.69 | 12/15/2011 | 10,000,000 | 10,000,000 | 9,813,300 | 0.57% |
| ZIONS BANCORPORATION | 5.65 | 5/15/2014 | 2,000,000 | 1,982,478 | 1,449,887 | 0.08% |
| **Corporate Bonds (Rated)** | **322 Issue(s)** | | **927,449,360** | **862,470,688** | **801,929,008** | **46.97%** |
| MERIDIAN TRAILER TRAIN | 9.85 | 1/29/2010 | 16,404 | 16,404 | 17,277 | 0.00% |
| **Corporate Bonds (Unrated)** | **1 Issue(s)** | | **16,404** | **16,404** | **17,277** | **0.00%** |
| FNMATBA AUG 30 SINGLE FAM | 4.50 | 12/1/2099 | 3,610,000 | 3,559,234 | 3,587,579 | 0.21% |
| FED HM LN PC POOL G11670 | 4.00 | 3/1/2015 | 12,974,810 | 12,852,527 | 13,101,477 | 0.77% |
| FED HM LN PC POOL G30006 | 7.00 | 7/1/2013 | 109,492 | 109,780 | 114,691 | 0.01% |
| FED HM LN PC POOL E99081 | 4.50 | 9/1/2018 | 11,681,588 | 11,635,185 | 12,119,215 | 0.71% |
| FED HM LN PC POOL G02070 | 5.50 | 3/1/2036 | 19,221,658 | 18,841,123 | 19,859,387 | 1.16% |
| FED HM LN PC POOL G03037 | 5.50 | 7/1/2037 | 22,366,257 | 22,273,493 | 23,097,384 | 1.35% |
| FED HM LN PC POOL G03150 | 5.50 | 8/1/2037 | 12,185,181 | 11,822,992 | 12,583,501 | 0.74% |
| FED HM LN PC POOL G03458 | 5.50 | 11/1/2037 | 22,418,040 | 22,504,384 | 23,150,860 | 1.36% |
| FED HM LN PC POOL G03511 | 6.00 | 10/1/2037 | 11,861,335 | 11,954,792 | 12,384,453 | 0.73% |
| FED HM LN PC POOL G08269 | 5.50 | 5/1/2038 | 11,933,677 | 11,763,146 | 12,321,337 | 0.72% |
| FED HM LN PC POOL C90973 | 6.00 | 6/1/2026 | 13,993,794 | 13,891,525 | 14,705,353 | 0.86% |
| FREDDIE MAC | 2.50 | 4/8/2013 | 10,000,000 | 10,000,000 | 9,921,237 | 0.58% |
| FED HM LN PC POOL C01523 | 5.00 | 3/1/2033 | 6,394,741 | 6,350,506 | 6,540,311 | 0.38% |
| FED HM LN PC POOL A85005 | 4.50 | 3/1/2039 | 13,938,976 | 14,189,791 | 13,905,149 | 0.81% |
| FED HM LN PC POOL E00659 | 6.00 | 4/1/2014 | 196,703 | 196,636 | 208,807 | 0.01% |
| FED HM LN PC POOL E01425 | 4.50 | 8/1/2018 | 12,527,351 | 12,505,821 | 12,996,663 | 0.76% |
| FED HM LN PC POOL A36931 | 5.50 | 8/1/2035 | 20,886,935 | 21,395,166 | 21,631,733 | 1.27% |
| FEDERAL FARM CR BKS CONS | 3.88 | 10/7/2013 | 30,000,000 | 31,562,997 | 31,463,670 | 1.84% |
| FED HM LN PC POOL G11812 | 5.00 | 12/1/2020 | 19,927,943 | 19,709,307 | 20,763,425 | 1.22% |
| FEDERAL HOME LN BKS | 7.45 | 2/3/2020 | 5,000,000 | 5,021,659 | 6,438,541 | 0.38% |
| FEDERAL HOME LN BKS | 4.50 | 11/14/2014 | 3,000,000 | 3,205,110 | 3,156,034 | 0.18% |
| FEDERAL HOME LOAN BANK | 4.88 | 5/17/2017 | 20,000,000 | 19,791,723 | 21,536,434 | 1.26% |
| FEDERAL HOME LN MTG PC GTD | 9.30 | 11/15/2020 | 45,828 | 45,011 | 48,338 | 0.00% |
| FEDERAL NATL MTG ASSN | 0.00 | 10/9/2019 | 30,000,000 | 18,558,731 | 15,158,316 | 0.89% |
| FEDERAL NATL MTG ASSN | 5.38 | 4/11/2022 | 6,000,000 | 6,166,469 | 6,111,585 | 0.36% |
| FEDERAL NATL MTG ASSN REMIC | 9.50 | 3/25/2020 | 174,603 | 170,638 | 196,168 | 0.01% |
| FNMA POOL 256083 | 6.00 | 1/1/2026 | 14,146,439 | 14,101,831 | 14,866,572 | 0.87% |
| FNMA POOL 256714 | 5.50 | 5/1/2027 | 10,656,731 | 10,609,139 | 11,064,231 | 0.65% |
| FNMA POOL 256895 | 5.50 | 9/1/2037 | 6,131,746 | 6,088,894 | 6,332,015 | 0.37% |
| FNMA POOL 257160 | 5.00 | 4/1/2038 | 8,905,154 | 8,471,793 | 9,080,611 | 0.53% |
| FNMA POOL 303125 | 7.50 | 1/1/2010 | 7,300 | 7,298 | 7,376 | 0.00% |
| FNMA POOL 303202 | 6.50 | 5/1/2014 | 239,480 | 238,536 | 250,680 | 0.01% |
| FNMA POOL 303590 | 7.00 | 11/1/2010 | 47,910 | 47,910 | 49,184 | 0.00% |
| FNMA POOL 313999 | 6.00 | 2/1/2013 | 218,975 | 218,581 | 232,327 | 0.01% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FNMA POOL 572220 | 6.00 | 3/1/2016 | 302,495 | 302,052 | 322,434 | 0.02% |
| FNMA POOL 592327 | 5.50 | 6/1/2016 | 529,144 | 522,713 | 557,214 | 0.03% |
| FNMA POOL 725425 | 5.50 | 4/1/2034 | 21,404,468 | 20,866,075 | 22,182,246 | 1.30% |
| FNMA POOL 735578 | 5.00 | 6/1/2035 | 9,532,922 | 9,050,348 | 9,742,474 | 0.57% |
| FNMA POOL 745250 | 5.00 | 1/1/2021 | 17,077,282 | 17,019,497 | 17,794,850 | 1.04% |
| FNMA POOL 745275 | 5.00 | 2/1/2036 | 22,296,028 | 21,004,572 | 22,786,138 | 1.33% |
| FNMA POOL 745327 | 6.00 | 3/1/2036 | 13,223,291 | 13,280,291 | 13,856,462 | 0.81% |
| FNMA POOL 745515 | 5.00 | 5/1/2036 | 16,191,272 | 15,407,333 | 16,547,187 | 0.97% |
| FNMA POOL 780956 | 4.50 | 5/1/2019 | 9,761,870 | 9,759,940 | 10,098,198 | 0.59% |
| FNMA POOL 899502 | 5.00 | 5/1/2037 | 9,098,774 | 9,096,065 | 9,278,124 | 0.54% |
| FNMA POOL 929842 | 6.00 | 8/1/2038 | 19,945,312 | 20,245,559 | 20,844,715 | 1.22% |
| FNMA POOL 941028 | 6.50 | 7/1/2037 | 9,850,769 | 10,145,386 | 10,500,360 | 0.62% |
| FNMA POOL 962533 | 5.50 | 4/1/2038 | 4,408,381 | 4,535,841 | 4,552,082 | 0.27% |
| FNMA POOL 972399 | 6.00 | 2/1/2038 | 15,827,392 | 16,518,547 | 16,541,104 | 0.97% |
| FNMA POOL 982043 | 6.00 | 5/1/2038 | 18,384,382 | 18,434,416 | 19,213,398 | 1.13% |
| FNMA POOL 985121 | 6.00 | 7/1/2038 | 12,159,729 | 12,136,714 | 12,708,053 | 0.74% |
| FNMA POOL 995118 | 6.50 | 7/1/2048 | 3,083,291 | 3,207,581 | 3,266,421 | 0.19% |
| **U.S. Government Agency** | **51 Issue(s)** | | **563,879,444** | **551,394,660** | **569,776,106** | **33.37%** |
| DOT HEADQUARTERS II LEASE MTG | 6.00 | 12/7/2021 | 30,000,000 | 30,000,000 | 23,632,200 | 1.38% |
| U S ARMY HOSPTLTY CASH MGT FD | 7.47 | 5/1/2032 | 13,760,000 | 13,760,000 | 12,286,992 | 0.72% |
| **U.S. Government Agency (Unrated)** | **2 Issue(s)** | | **43,760,000** | **43,760,000** | **35,919,192** | **2.10%** |
| GNMA II POOL 001254 | 9.50 | 9/20/2019 | 16,422 | 16,374 | 18,577 | 0.00% |
| GNMA POOL 046249 | 10.00 | 12/15/2010 | 1,552 | 1,558 | 1,631 | 0.00% |
| GNMA POOL 135544 | 10.00 | 1/15/2016 | 22,978 | 22,920 | 25,730 | 0.00% |
| GNMA POOL 688143 | 6.00 | 12/15/2038 | 6,751,090 | 7,027,721 | 7,033,064 | 0.41% |
| GNMA POOL 697855 | 5.50 | 2/15/2039 | 23,553,122 | 24,540,202 | 24,376,888 | 1.43% |
| GNMA POOL 701864 | 5.00 | 4/15/2039 | 11,471,539 | 11,910,741 | 11,729,767 | 0.69% |
| GLOBAL INDS LTD | 7.71 | 2/15/2025 | 6,400,000 | 6,400,000 | 6,453,248 | 0.38% |
| UNITED STATES TREAS BILLS | 0.29 | 12/3/2009 | 2,205,000 | 2,202,252 | 2,202,252 | 0.13% |
| UNITED STATES TREAS BILLS | 0.33 | 12/24/2009 | 10,500,000 | 10,483,653 | 10,483,653 | 0.61% |
| UNITED STATES TREAS BDS | 5.25 | 2/15/2029 | 7,000,000 | 7,540,043 | 7,873,880 | 0.46% |
| US TREASURY BDS | 4.50 | 2/15/2036 | 10,000,000 | 9,947,218 | 10,301,599 | 0.60% |
| UNITED STATES TREAS BDS | 4.50 | 5/15/2038 | 245,000 | 302,456 | 252,909 | 0.01% |
| UNITED STATES TREAS BDS | 3.50 | 2/15/2039 | 15,000,000 | 14,402,788 | 12,968,250 | 0.76% |
| US TREASURY NTS | 4.38 | 8/15/2012 | 4,000,000 | 4,341,897 | 4,330,960 | 0.25% |
| US TREASURY NTS | 4.25 | 8/15/2015 | 10,000,000 | 10,573,000 | 10,725,600 | 0.63% |
| UNITED STATES TREAS NTS | 4.63 | 2/15/2017 | 10,000,000 | 10,720,818 | 10,879,701 | 0.64% |
| UNITED STATES TREAS NTS | 4.75 | 8/15/2017 | 22,000,000 | 23,527,940 | 24,120,140 | 1.41% |
| UNITED STATES TREAS NTS | 3.13 | 4/30/2013 | 10,000,000 | 10,468,688 | 10,395,000 | 0.61% |
| UNITED STATES TREAS NTS | 3.38 | 6/30/2013 | 12,000,000 | 12,424,784 | 12,570,960 | 0.74% |
| US TREASURY NOTE | 1.50 | 12/31/2013 | 6,000,000 | 5,999,149 | 5,779,320 | 0.34% |

**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

## RETIREMENT FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| UNITED STATES TREAS NTS | 2.13 | 1/15/2019 | 5,357,931 | 5,502,171 | 5,538,761 | 0.32% |
| UNITED STATES TREAS NTS | 2.75 | 2/15/2019 | 15,000,000 | 14,685,695 | 14,048,100 | 0.82% |
| UNITED STATE TREAS NTS | 2.63 | 2/29/2016 | 15,000,000 | 15,003,438 | 14,563,800 | 0.85% |
| UNITED STATES TREAS NTS | 2.38 | 3/31/2016 | 15,000,000 | 14,887,099 | 14,294,100 | 0.84% |
| WI TREASURY SEC | 0.88 | 5/31/2011 | 12,130,000 | 12,054,641 | 12,086,453 | 0.71% |
| WI TREASURY N/B | 1.13 | 6/30/2011 | 12,240,000 | 12,226,672 | 12,241,469 | 0.72% |
| UNITED STATES TRES SC STRP INT | 0.00 | 8/15/2018 | 10,000,000 | 6,684,990 | 7,026,200 | 0.41% |
| **U.S. Government Direct Obligations** | **27 Issue(s)** | | **251,894,633** | **253,898,907** | **252,322,011** | **14.78%** |
| **RFBP Total** | **406 Issue(s)** | | **1,834,406,044** | **1,758,946,862** | **1,707,369,797** | **100.00%** |

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## TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| SHORT TERM INVESTMENT POOL | N/A | N/A | 26,466,678 | 26,466,678 | 26,466,678 | 1.62% |
| **Cash Equivalents** | **1 Issue(s)** | | **26,466,678** | **26,466,678** | **26,466,678** | **1.62%** |
| AA / FT WORTH HQ FIN TR | 5.500 | 10/05/10 | 2,728,564 | 2,728,564 | 2,699,286 | 0.17% |
| AOL TIME WARNER INC | 6.750 | 04/15/11 | 5,000,000 | 5,083,069 | 5,224,233 | 0.32% |
| AERO 1 HQ FIN TR | 4.640 | 07/07/10 | 9,255,000 | 9,255,000 | 8,964,023 | 0.55% |
| AMERICA WEST AIRLS TR | 7.930 | 01/02/19 | 2,458,064 | 2,458,064 | 2,009,467 | 0.12% |
| AMERICAN EXPRESS BK | 6.000 | 09/13/17 | 4,000,000 | 3,991,963 | 3,677,288 | 0.23% |
| AMERICAN EXPRESS CO | 7.250 | 05/20/14 | 2,000,000 | 1,996,916 | 2,077,895 | 0.13% |
| AMERICAN EXPRESS CENTURION BK | 4.375 | 07/30/09 | 2,000,000 | 1,998,656 | 2,000,757 | 0.12% |
| AMERICAN EXPRESS CR CORP | 0.000 | 12/02/10 | 5,000,000 | 4,516,049 | 4,776,453 | 0.29% |
| AMERICAN GEN FIN CORP MTN | 5.900 | 09/15/12 | 4,000,000 | 3,994,862 | 2,300,000 | 0.14% |
| ANHEUSER BUSCH COS INC | 5.600 | 03/01/17 | 2,000,000 | 2,005,844 | 1,936,451 | 0.12% |
| BANC AMER COML MTG INC COML | 5.381 | 01/15/49 | 10,000,000 | 10,025,587 | 9,333,902 | 0.57% |
| BANC AMER COML MTG TR | 5.363 | 07/10/46 | 1,619,677 | 1,621,284 | 1,631,839 | 0.10% |
| BANC AMER COML MTG TR | 5.185 | 09/10/47 | 4,297,745 | 4,299,419 | 4,330,985 | 0.27% |
| BANC AMER COML MTG TR 2007 2 | 5.634 | 04/10/49 | 6,000,000 | 6,017,083 | 5,573,922 | 0.34% |
| BANC AMER COML MTG TR | 5.837 | 06/10/49 | 10,000,000 | 9,998,061 | 9,332,340 | 0.57% |
| BANC AMER COML MTG TR | 5.546 | 09/10/12 | 5,000,000 | 5,014,668 | 4,612,338 | 0.28% |
| BANK AMER CORP | 5.375 | 09/11/12 | 5,000,000 | 4,729,193 | 5,000,760 | 0.31% |
| BANK OF NEW YORK MELLON | 4.300 | 05/15/14 | 3,000,000 | 2,999,066 | 3,018,377 | 0.18% |
| BEAR STEARNS TR | 5.540 | 09/11/41 | 8,385,000 | 5,973,853 | 7,342,930 | 0.45% |
| BEAR STEARNS COML MTG SECS TR | 5.593 | 06/11/40 | 3,981,179 | 3,984,988 | 4,058,017 | 0.25% |
| BELLSOUTH TELECOMM INC | 6.300 | 12/15/15 | 7,002,450 | 7,387,889 | 6,986,342 | 0.43% |
| BISHOPSGATE CDO LTD | 5.180 | 06/30/10 | 10,000,000 | 10,000,000 | 8,000,000 | 0.49% |
| BURLINGTON NORTHN SANTA FE RY | 7.160 | 01/02/20 | 10,432,649 | 10,432,649 | 11,400,120 | 0.70% |
| CIT GROUP EQUIP FING INC | 6.490 | 01/05/21 | 7,942,500 | 7,942,500 | 4,030,819 | 0.25% |
| CSX CORP | 5.750 | 03/15/13 | 6,000,000 | 5,989,571 | 6,037,387 | 0.37% |
| CVS CAREMARK CORP | 5.750 | 06/01/17 | 4,000,000 | 3,893,482 | 4,031,633 | 0.25% |
| CVS CAREMARK CORP | 2.150 | 09/10/10 | 2,500,000 | 2,346,448 | 2,493,100 | 0.15% |
| CAPITAL ONE FINL CORP | 6.750 | 09/15/17 | 4,000,000 | 4,000,360 | 3,777,393 | 0.23% |
| CATERPILLAR FINL SVCS | 1.354 | 06/24/11 | 10,000,000 | 9,048,788 | 9,795,471 | 0.60% |
| CITIGROUP INC | 5.500 | 04/11/13 | 5,000,000 | 5,014,050 | 4,674,263 | 0.29% |
| COMCAST CORP | 7.050 | 03/15/33 | 2,000,000 | 2,161,297 | 2,078,867 | 0.13% |
| COMM MTG TR | 5.540 | 06/10/46 | 1,825,071 | 1,824,889 | 1,832,158 | 0.11% |
| CONTINENTAL AIRLS PASS THRU TR | 6.545 | 02/02/19 | 5,066,669 | 5,066,669 | 4,661,335 | 0.29% |
| CORPORATE PPTY INVS | 7.875 | 03/15/16 | 3,000,000 | 2,996,495 | 3,111,935 | 0.19% |
| CYPRESSTREE SYNTHETIC CDO LTD | 2.648 | 12/30/10 | 15,000,000 | 15,000,000 | 6,000,000 | 0.37% |
| DONNELLEY R R + SONS CO | 4.950 | 04/01/14 | 5,000,000 | 4,799,856 | 4,350,000 | 0.27% |
| DUN + BRADSTREET CORP DEL NEW | 5.500 | 03/15/11 | 5,000,000 | 5,000,885 | 5,112,278 | 0.31% |
| EASTERN ENERGY LTD | 7.250 | 12/01/16 | 10,000,000 | 9,933,294 | 10,128,908 | 0.62% |
| ENTERGY ARK INC | 4.500 | 06/01/10 | 5,000,000 | 4,995,941 | 4,951,252 | 0.30% |
| FEDERAL EXPRESS CORP PSTHR TR | 7.520 | 01/15/18 | 4,385,677 | 4,374,899 | 4,199,461 | 0.26% |

## TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FLORIDA GAS TRANSMISSION CO | 9.190 | 11/01/24 | 4,000,000 | 4,000,000 | 4,293,571 | 0.26% |
| FLORIDA GAS TRANSMISSION CO | 7.000 | 07/17/12 | 3,000,000 | 2,998,676 | 3,076,136 | 0.19% |
| FORD MTR CR CO | 7.375 | 10/28/09 | 7,000,000 | 7,000,372 | 6,860,000 | 0.42% |
| FORTUNE BRANDS INC | 5.375 | 01/15/16 | 3,000,000 | 2,987,655 | 2,736,711 | 0.17% |
| GATX CORP | 8.750 | 05/15/14 | 10,000,000 | 9,987,888 | 10,499,999 | 0.64% |
| GE COML MTG CORP TR | 5.417 | 12/10/49 | 10,000,000 | 10,026,672 | 8,674,831 | 0.53% |
| GS MTG SECS CORP II | 4.751 | 07/10/39 | 10,000,000 | 7,825,288 | 8,579,508 | 0.53% |
| GSPA MONETIZATION TR | 6.422 | 10/09/29 | 11,946,320 | 12,041,862 | 10,005,760 | 0.61% |
| GALENA CDO I CAYMAN IS NO 1LTD | 5.060 | 01/11/13 | 9,000,000 | 900,000 | 900,000 | 0.06% |
| GAZPROM INTL S A | 7.201 | 02/01/20 | 1,502,111 | 1,521,408 | 1,411,984 | 0.09% |
| GENERAL ELEC CAP CORP | 1.156 | 05/11/16 | 5,000,000 | 3,787,345 | 3,980,770 | 0.24% |
| GENERAL ELEC CAP CORP | 0.000 | 09/15/14 | 5,000,000 | 4,035,408 | 4,236,668 | 0.26% |
| GENERAL ELEC CAP CORP | 5.000 | 01/08/16 | 2,000,000 | 1,991,492 | 1,927,365 | 0.12% |
| GENERAL ELEC CAP CORP | 5.875 | 02/15/12 | 5,000,000 | 5,004,593 | 5,235,133 | 0.32% |
| GENWORTH GLOBAL FDG TRS SECD | 5.125 | 03/15/11 | 3,000,000 | 2,997,100 | 2,928,520 | 0.18% |
| GEORGIA PWR CO | 5.250 | 12/15/15 | 2,000,000 | 2,000,077 | 2,069,147 | 0.13% |
| GOLDMAN SACHS GROUP INC | 1.059 | 03/22/16 | 6,000,000 | 4,387,808 | 5,055,000 | 0.31% |
| GOLDMAN SACHS GROUP | 5.300 | 02/14/12 | 2,000,000 | 1,998,867 | 2,075,718 | 0.13% |
| GOODRICH CORP | 6.125 | 03/01/19 | 4,050,000 | 3,991,835 | 4,079,189 | 0.25% |
| HSBC FIN CORP | 0.000 | 09/14/12 | 4,000,000 | 3,468,832 | 3,490,875 | 0.21% |
| HSBC FIN CORP | 5.500 | 01/19/16 | 5,000,000 | 4,985,241 | 4,667,281 | 0.29% |
| HSBC FIN CORP | 5.900 | 06/19/12 | 5,000,000 | 4,995,936 | 5,038,071 | 0.31% |
| HAWAIIAN ELEC INDS INC MEDIUM | 6.141 | 08/15/11 | 4,000,000 | 4,000,000 | 4,258,782 | 0.26% |
| ING SEC LIFE INSTL FDG | 4.250 | 01/15/10 | 5,000,000 | 4,998,815 | 4,887,010 | 0.30% |
| INTL LEASE FIN CORP MTN | 4.550 | 10/15/09 | 3,000,000 | 3,000,685 | 2,880,000 | 0.18% |
| JPMORGAN CHASE + CO | 6.300 | 04/23/19 | 10,000,000 | 9,986,363 | 10,075,963 | 0.62% |
| JPMORGAN CHASE + CO | 4.650 | 06/01/14 | 5,000,000 | 4,989,946 | 4,976,064 | 0.30% |
| J P MORGAN CHASE COML MTG | 4.555 | 06/12/41 | 4,047,410 | 4,047,375 | 4,037,291 | 0.25% |
| J P MORGAN CHASE COML MTG | 3.053 | 01/15/38 | 1,072,224 | 1,052,005 | 1,066,019 | 0.07% |
| J P MORGAN CHASE COML MTG SECS | 5.336 | 05/15/47 | 10,000,000 | 7,466,347 | 7,113,485 | 0.44% |
| JP MORGAN CHASE | 5.279 | 12/12/43 | 7,111,848 | 7,115,794 | 7,190,949 | 0.44% |
| JERSEY CENT PWR + LT CO | 5.650 | 06/01/17 | 4,000,000 | 3,988,950 | 3,906,670 | 0.24% |
| KCT INTERMODAL TRANSN CORP | 6.884 | 08/01/18 | 1,392,267 | 1,392,267 | 1,457,489 | 0.09% |
| KELLWOOD CO | 7.625 | 10/15/17 | 8,000,000 | 800,000 | 1,200,000 | 0.07% |
| KERR MCGEE CORP | 7.125 | 10/15/27 | 3,000,000 | 3,028,794 | 2,259,301 | 0.14% |
| KEYBANK NATL ASSN CLEVELAND OH | 5.500 | 09/17/12 | 5,000,000 | 4,999,552 | 4,950,000 | 0.30% |
| KEYBANK NATL ASSN MTN | 5.450 | 03/03/16 | 5,000,000 | 4,999,199 | 4,286,436 | 0.26% |
| LB UBS COML MTG TR | 5.661 | 03/15/39 | 10,000,000 | 7,705,139 | 8,482,617 | 0.52% |
| LB UBS COML MTG TR | 5.858 | 07/15/40 | 10,000,000 | 7,124,077 | 7,761,806 | 0.48% |
| LEHMAN BROTHERS HLDGS INC | 5.500 | 05/25/10 | 5,000,000 | 1,000,000 | 737,500 | 0.05% |
| LOCKHEED MARTIN CORP | 4.121 | 03/14/13 | 10,000,000 | 9,874,812 | 10,123,679 | 0.62% |
| ML CFC COML MTG TR | 5.549 | 06/12/50 | 3,473,753 | 3,475,869 | 3,521,734 | 0.22% |
| MACMILLAN BLOEDEL LTD | 7.700 | 02/15/26 | 5,000,000 | 4,917,761 | 4,061,845 | 0.25% |

## TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| MEAD CORP | 7.350 | 03/01/17 | 4,000,000 | 3,998,288 | 3,440,000 | 0.21% |
| MED MAP L L C | 7.060 | 06/01/24 | 4,005,000 | 4,005,000 | 3,943,123 | 0.24% |
| MED MAP L L C COLO REV | 7.000 | 06/01/24 | 4,405,000 | 4,405,000 | 4,313,068 | 0.26% |
| MELLON FDG CORP | 1.033 | 05/15/14 | 5,000,000 | 5,000,000 | 4,609,429 | 0.28% |
| MERRILL LYNCH + CO INC | 0.000 | 06/05/12 | 5,000,000 | 4,393,785 | 4,438,409 | 0.27% |
| MERRILL LYNCH + CO INC | 6.875 | 04/25/18 | 10,000,000 | 8,899,580 | 9,164,083 | 0.56% |
| METLIFE INC | 5.000 | 11/24/13 | 5,000,000 | 4,978,862 | 4,901,580 | 0.30% |
| METLIFE INC | 6.750 | 06/01/16 | 5,000,000 | 4,988,303 | 5,081,949 | 0.31% |
| METROPOLITAN LIFE GOLBAL MTN | 4.250 | 07/30/09 | 2,000,000 | 1,999,984 | 2,001,819 | 0.12% |
| METROPOLITAN LIFE GLOBAL FDG I | 1.358 | 06/25/10 | 1,000,000 | 947,264 | 996,631 | 0.06% |
| MORGAN STANLEY | 1.449 | 01/09/14 | 5,000,000 | 3,735,595 | 4,456,250 | 0.27% |
| NEWS AMER INC | 6.150 | 03/01/37 | 3,000,000 | 3,032,315 | 2,525,766 | 0.15% |
| ONEOK PARTERS LP | 6.850 | 10/15/37 | 2,000,000 | 2,060,557 | 1,889,428 | 0.12% |
| PPL ELEC UTILS CORP | 6.450 | 08/15/37 | 2,000,000 | 1,999,494 | 2,077,252 | 0.13% |
| PPL MONT LLC | 8.903 | 07/02/20 | 16,263,683 | 16,310,439 | 17,863,584 | 1.09% |
| PACIFIC BELL | 7.250 | 11/01/27 | 4,000,000 | 3,979,379 | 3,587,145 | 0.22% |
| PACIFIC LIFE GLOBAL FDG | 5.150 | 04/15/13 | 3,000,000 | 2,998,909 | 2,909,096 | 0.18% |
| PANAMERICAN BEVERAGES INC | 7.250 | 07/01/09 | 8,000,000 | 8,000,000 | 8,000,000 | 0.49% |
| PENNSYLVANIA ELEC CO | 6.050 | 09/01/17 | 2,000,000 | 1,995,150 | 1,940,498 | 0.12% |
| POTASH CORP SASKATCHEWAN | 6.500 | 05/15/19 | 2,000,000 | 1,998,348 | 2,151,485 | 0.13% |
| PREMIUM ASSET TR | 0.000 | 09/28/10 | 2,000,000 | 1,820,000 | 1,820,000 | 0.11% |
| PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 4,000,000 | 3,995,615 | 3,980,093 | 0.24% |
| PRUDENTIAL FINL INC | 5.500 | 03/15/16 | 5,000,000 | 4,931,244 | 4,535,230 | 0.28% |
| PUBLIC SVC CO COLO | 6.250 | 09/01/37 | 4,000,000 | 4,088,848 | 4,357,440 | 0.27% |
| PUGET SOUND PWR + LT CO | 5.197 | 10/01/15 | 6,000,000 | 5,914,135 | 5,898,300 | 0.36% |
| RAS LAFFAN LIQUEFIED NAT GAS | 5.298 | 09/30/20 | 6,000,000 | 5,717,395 | 5,370,000 | 0.33% |
| RAS LAFFAN LIQUEFIED NAT GAS | 6.332 | 09/30/27 | 4,000,000 | 3,925,841 | 3,420,000 | 0.21% |
| SLM CORP | 5.125 | 08/27/12 | 2,000,000 | 1,865,573 | 1,730,000 | 0.11% |
| SLM CORP | 5.375 | 01/15/13 | 3,000,000 | 2,998,192 | 2,535,000 | 0.16% |
| ST PAUL TRAVELERS COS INC | 6.250 | 06/20/16 | 3,000,000 | 3,139,551 | 3,168,863 | 0.19% |
| SAN DIEGO GAS + ELEC CO | 6.125 | 09/15/37 | 1,000,000 | 997,065 | 1,071,810 | 0.07% |
| SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 20,000,000 | 17,330,840 | 18,105,840 | 1.11% |
| SECURITY CAP GROUP INC | 7.700 | 06/15/28 | 2,000,000 | 2,277,977 | 1,795,195 | 0.11% |
| SEMPRA ENERGY | 6.150 | 06/15/18 | 5,000,000 | 4,881,068 | 4,974,708 | 0.30% |
| SOUTHERN POWERCO | 6.375 | 11/15/36 | 2,000,000 | 1,688,283 | 1,593,417 | 0.10% |
| SOUTHERN UN CO NEW | 7.600 | 02/01/24 | 8,000,000 | 7,572,810 | 7,210,370 | 0.44% |
| SOUTHWESTERN BELL TEL CO | 7.000 | 11/15/27 | 2,000,000 | 1,998,310 | 1,755,380 | 0.11% |
| SUNCOR ENERGY INC | 6.500 | 06/15/38 | 2,000,000 | 2,005,579 | 1,873,236 | 0.11% |
| TTX CO MEDIUM TERM NTS BOOK | 6.050 | 06/15/16 | 5,000,000 | 4,993,173 | 4,681,350 | 0.29% |
| TEXAS GAS TRANSMISSION CORP | 7.250 | 07/15/27 | 2,000,000 | 1,879,673 | 1,720,865 | 0.11% |
| TIME WARNER INC | 6.625 | 05/15/29 | 3,000,000 | 3,087,058 | 2,656,374 | 0.16% |
| TRANSCANADA PIPELINES LTD | 7.625 | 01/15/39 | 3,000,000 | 2,999,203 | 3,456,362 | 0.21% |
| TRANSCONTINENTAL GAS PIPE LINE | 7.250 | 12/01/26 | 2,000,000 | 2,001,360 | 2,004,809 | 0.12% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

# TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| TRAVELERS LIFE ANNUITY GLOBAL | 4.250 | 10/01/10 | 10,000,000 | 10,022,187 | 9,645,820 | 0.59% |
| TRISTATE GEN + TRANS ASSN | 6.040 | 01/31/18 | 5,334,840 | 5,361,222 | 5,207,497 | 0.32% |
| USX MARATHON GROUP | 9.375 | 02/15/12 | 5,000,000 | 5,369,122 | 5,713,616 | 0.35% |
| ULTRAMAR DIAMOND SHAMROCK CORP | 7.200 | 10/15/17 | 2,000,000 | 1,992,339 | 2,004,937 | 0.12% |
| UNION PAC CORP | 6.150 | 05/01/37 | 2,000,000 | 1,883,454 | 1,919,144 | 0.12% |
| UNION PAC RES GROUP INC | 7.050 | 05/15/18 | 6,000,000 | 5,962,141 | 6,174,460 | 0.38% |
| UNITEDHEALTH GROUP INC | 4.875 | 04/01/13 | 2,000,000 | 1,939,136 | 1,970,692 | 0.12% |
| VERIZON COMMUNICATIONS INC | 6.400 | 02/15/38 | 2,000,000 | 1,906,141 | 1,970,373 | 0.12% |
| VERIZON NORTH INC | 5.634 | 01/01/21 | 3,000,000 | 2,907,797 | 2,594,610 | 0.16% |
| VIRGINIA ELEC + PWR CO | 5.400 | 01/15/16 | 5,000,000 | 4,978,880 | 5,159,768 | 0.32% |
| WASHOVIA BK NATL ASSN | 5.600 | 03/15/16 | 5,000,000 | 4,995,381 | 4,636,409 | 0.28% |
| WELLPOINT INC | 5.875 | 06/15/17 | 3,000,000 | 2,982,897 | 2,907,601 | 0.18% |
| WELLS FARGO + CO NEW | 1.189 | 01/24/12 | 4,500,000 | 4,139,242 | 4,247,181 | 0.26% |
| WESTVACO CORP | 7.650 | 03/15/27 | 5,400,000 | 5,383,617 | 4,590,000 | 0.28% |
| WEYERHAEUSER CO | 8.500 | 01/15/25 | 8,000,000 | 8,941,463 | 6,887,173 | 0.42% |
| XANTERRA SOUTH RIM LLC | 5.690 | 12/15/11 | 8,000,000 | 8,000,000 | 7,850,640 | 0.48% |
| ZIONS BANCORPORATION | 5.650 | 05/15/14 | 3,000,000 | 2,973,717 | 2,174,831 | 0.13% |
| **Corporate Bonds (Rated)** | **143 Issue(s)** | | **723,384,700** | **679,374,039** | **654,270,846** | **40.05%** |
| CRP | 21 Issue(s) | | 880,150 | 880,150 | 880,150 | 0.05% |
| **Municipal Bonds (Unrated)** | **21 Issue(s)** | | **880,150** | **880,150** | **880,150** | **0.05%** |
| MONTANA ST BRD HSG | 8.450 | 08/01/39 | 1,110,000 | 1,110,000 | 1,109,845 | 0.07% |
| **Municipal Government Bonds** | **1 Issue(s)** | | **1,110,000** | **1,110,000** | **1,109,845** | **0.07%** |
| FED HM LN PC POOL G10814 | 5.500 | 05/01/13 | 166,572 | 166,524 | 175,197 | 0.01% |
| FED HM LN PC POOL G11670 | 4.000 | 03/01/15 | 5,560,633 | 5,508,226 | 5,614,919 | 0.34% |
| FED HM LN PC POOL G30006 | 7.000 | 07/01/13 | 86,029 | 86,029 | 90,114 | 0.01% |
| FED HM LN PC POOL E99081 | 4.500 | 09/01/18 | 9,178,391 | 9,141,931 | 9,522,241 | 0.58% |
| FED HM LN PC POOL A77211 | 6.000 | 05/01/38 | 12,970,140 | 13,581,294 | 13,537,942 | 0.83% |
| FED HM LN PC POOL G02070 | 5.500 | 03/01/36 | 12,814,439 | 12,560,749 | 13,239,592 | 0.81% |
| FED HM LN PC POOL G03229 | 7.500 | 08/01/37 | 6,003,399 | 6,557,633 | 6,497,053 | 0.40% |
| FED HM LN PC POOL G03037 | 5.500 | 07/01/37 | 14,910,838 | 14,848,995 | 15,398,256 | 0.94% |
| FED HM LN PC POOL G03458 | 5.500 | 11/01/37 | 14,945,360 | 15,002,922 | 15,433,907 | 0.94% |
| FED HM LN PC POOL G04332 | 5.000 | 03/01/38 | 13,514,709 | 12,848,892 | 13,765,850 | 0.84% |
| FED HM LN PC POOL G08269 | 5.500 | 05/01/38 | 7,955,785 | 7,842,097 | 8,214,225 | 0.50% |
| FED HM LN PC POOL C90973 | 6.000 | 06/01/26 | 13,993,794 | 13,891,525 | 14,705,353 | 0.90% |
| FED HM LN PC POOL J08376 | 5.500 | 07/01/23 | 6,819,663 | 7,145,836 | 7,125,237 | 0.44% |
| FEDERAL HOME LN MTG CORP | 5.300 | 05/12/20 | 3,000,000 | 2,891,262 | 2,935,675 | 0.18% |
| FEDERAL HOME LN MTG CORP | 0.000 | 07/13/37 | 100,000,000 | 14,540,805 | 14,068,000 | 0.86% |
| FEDERAL HOME LN MTG PC GTD | 9.150 | 10/15/20 | 34,529 | 34,264 | 38,023 | 0.00% |
| FED HM LN PC POOL A82927 | 5.500 | 11/01/38 | 19,275,412 | 19,742,206 | 19,901,565 | 1.22% |
| FED HM LN PC POOL C01523 | 5.000 | 03/01/33 | 4,263,161 | 4,233,670 | 4,360,207 | 0.27% |
| FED HM LN PC POOL A85005 | 4.500 | 03/01/39 | 13,938,976 | 14,189,791 | 13,905,149 | 0.85% |
| FED HM LN PC POOL E00659 | 6.000 | 04/01/14 | 275,385 | 275,291 | 292,330 | 0.02% |
| FED HM LN PC POOL E01425 | 4.500 | 08/01/18 | 8,351,567 | 8,337,214 | 8,664,442 | 0.53% |

## TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FEDERAL FARM CR BKS CONS | 3.875 | 10/07/13 | 20,000,000 | 21,041,998 | 20,975,780 | 1.28% |
| FEDERAL FARM CR BKS CONS | 5.450 | 04/21/20 | 3,000,000 | 2,944,470 | 3,005,003 | 0.18% |
| FED HM LN PC POOL G11812 | 5.000 | 12/01/20 | 8,540,547 | 8,446,846 | 8,898,611 | 0.54% |
| FEDERAL HOME LN BKS | 4.500 | 11/14/14 | 3,000,000 | 3,205,110 | 3,156,034 | 0.19% |
| FEDERAL HOME LOAN BANK | 4.875 | 05/17/17 | 15,000,000 | 14,797,563 | 16,152,326 | 0.99% |
| FEDERAL HOME LN MTG CORP | 8.250 | 06/01/26 | 5,000,000 | 5,081,373 | 6,667,450 | 0.41% |
| FEDERAL NATL MTG ASSN | 0.000 | 10/09/19 | 20,000,000 | 12,373,722 | 10,105,544 | 0.62% |
| FEDERAL NATL MTG ASSN | 5.375 | 04/11/22 | 4,000,000 | 4,110,979 | 4,074,390 | 0.25% |
| FEDERAL NATL MTG ASSN | 5.000 | 04/26/17 | 10,000,000 | 9,765,419 | 10,150,403 | 0.62% |
| FNMA POOL 190353 | 5.000 | 08/01/34 | 17,386,559 | 17,989,084 | 17,778,852 | 1.09% |
| FNMA POOL 190375 | 5.500 | 11/01/36 | 6,597,534 | 6,605,595 | 6,816,791 | 0.42% |
| FEDERAL NATL MTG ASSOC | 0.000 | 07/30/37 | 100,000,000 | 14,489,056 | 14,059,700 | 0.86% |
| FNMA POOL 254233 | 5.000 | 03/01/17 | 2,905,537 | 2,851,083 | 3,030,809 | 0.19% |
| FNMA POOL 254476 | 5.500 | 09/01/32 | 9,387,558 | 9,776,434 | 9,724,989 | 0.60% |
| FNMA POOL 254631 | 5.000 | 02/01/18 | 3,714,870 | 3,692,648 | 3,890,489 | 0.24% |
| FNMA POOL 256600 | 5.500 | 02/01/27 | 13,480,774 | 13,490,706 | 13,996,262 | 0.86% |
| FNMA POOL 255731 | 5.000 | 06/01/25 | 1,752,279 | 1,793,207 | 1,797,640 | 0.11% |
| FNMA POOL 256083 | 6.000 | 01/01/26 | 14,146,439 | 14,101,832 | 14,866,572 | 0.91% |
| FNMA POOL 256714 | 5.500 | 05/01/27 | 14,208,974 | 14,146,510 | 14,752,308 | 0.90% |
| FNMA POOL 256895 | 5.500 | 09/01/37 | 3,284,865 | 3,261,908 | 3,392,152 | 0.21% |
| FNMA POOL 303202 | 6.500 | 05/01/14 | 359,219 | 357,798 | 376,019 | 0.02% |
| FNMA POOL 313999 | 6.000 | 02/01/13 | 109,487 | 109,290 | 116,163 | 0.01% |
| FNMA POOL 572220 | 6.000 | 03/01/16 | 302,495 | 302,052 | 322,434 | 0.02% |
| FNMA POOL 592327 | 5.500 | 06/01/16 | 407,034 | 402,087 | 428,626 | 0.03% |
| FNMA POOL 646203 | 6.500 | 07/01/32 | 2,012,269 | 2,169,104 | 2,162,720 | 0.13% |
| FNMA POOL 723551 | 4.500 | 08/01/23 | 580,067 | 587,392 | 584,021 | 0.04% |
| FNMA POOL 725232 | 5.000 | 03/01/34 | 25,400,194 | 24,145,512 | 25,987,810 | 1.59% |
| FNMA POOL 725946 | 5.500 | 11/01/34 | 1,516,957 | 1,560,948 | 1,571,539 | 0.10% |
| FNMA POOL 735141 | 5.500 | 01/01/35 | 8,030,170 | 8,265,550 | 8,319,108 | 0.51% |
| FNMA POOL 735989 | 5.500 | 02/01/35 | 17,165,495 | 17,105,681 | 17,789,240 | 1.09% |
| FNMA POOL 745250 | 5.000 | 01/01/21 | 11,384,855 | 11,346,331 | 11,863,233 | 0.73% |
| FNMA POOL 745515 | 5.000 | 05/01/36 | 14,286,355 | 13,594,647 | 14,600,396 | 0.89% |
| FNMA POOL 780956 | 4.500 | 05/01/19 | 4,880,935 | 4,880,084 | 5,049,099 | 0.31% |
| FNMA POOL 899502 | 5.000 | 05/01/37 | 7,516,379 | 7,514,141 | 7,664,538 | 0.47% |
| FNMA POOL 929842 | 6.000 | 08/01/38 | 17,343,749 | 17,599,560 | 18,125,839 | 1.11% |
| FNMA POOL 933853 | 6.000 | 05/01/38 | 14,022,743 | 14,069,387 | 14,655,078 | 0.90% |
| FNMA POOL 936499 | 6.000 | 06/01/37 | 16,387,071 | 16,643,434 | 17,141,951 | 1.05% |
| FNMA POOL 944622 | 5.500 | 07/01/37 | 11,465,730 | 11,809,553 | 11,840,212 | 0.72% |
| FNMA POOL 954878 | 6.500 | 11/01/37 | 20,947,182 | 22,256,601 | 22,328,508 | 1.37% |
| FNMA POOL 962533 | 5.500 | 04/01/38 | 4,408,381 | 4,535,841 | 4,552,082 | 0.28% |
| FNMA POOL 968044 | 6.500 | 02/01/38 | 4,092,281 | 4,206,100 | 4,361,359 | 0.27% |
| FNMA POOL 972562 | 6.000 | 03/01/38 | 17,380,275 | 17,998,326 | 18,164,012 | 1.11% |
| FNMA POOL 985023 | 5.500 | 06/01/38 | 9,937,939 | 10,249,879 | 10,261,890 | 0.63% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

# TRUST FUNDS BOND POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FNMA POOL 990939 | 6.500 | 09/01/38 | 5,337,161 | 5,603,743 | 5,688,094 | 0.35% |
| FNMA POOL 995118 | 6.500 | 07/01/48 | 9,658,966 | 10,048,327 | 10,232,655 | 0.62% |
| SMALL BUSINESS ADMIN | 6.220 | 12/01/28 | 2,934,115 | 2,934,115 | 3,170,941 | 0.19% |
| TENNESSEE VALLEY AUTH FBE STRP | 0.000 | 01/15/27 | 7,125,000 | 3,062,161 | 2,797,641 | 0.17% |
| **U.S. Government Agency** | **68 Issue(s)** | | **778,457,214** | **600,750,346** | **614,932,590** | **37.63%** |
| DOT HEADQUARTERS II LEASE MTG | 6.001 | 12/07/21 | 20,000,000 | 20,000,000 | 15,754,800 | 0.97% |
| FHR 3546 NB | 4.000 | 06/15/24 | 8,111,111 | 7,355,902 | 7,355,764 | 0.45% |
| U S ARMY HOSPTLTY CASH MGT FD | 7.467 | 05/01/32 | 9,173,333 | 9,173,333 | 8,191,328 | 0.50% |
| **U.S. Government Agency (Unrated)** | **3 Issue(s)** | | **37,284,444** | **36,529,235** | **31,301,892** | **1.92%** |
| GNMA POOL 038164 | 10.000 | 01/15/10 | 2,644 | 2,643 | 2,694 | 0.00% |
| GNMA POOL 039321 | 10.000 | 12/15/09 | 1,565 | 1,564 | 1,588 | 0.00% |
| GNMA POOL 568140 | 5.500 | 01/15/39 | 2,217,007 | 2,298,657 | 2,294,546 | 0.14% |
| GNMA POOL 281467 | 9.000 | 09/15/19 | 6,036 | 6,020 | 6,736 | 0.00% |
| GNMA POOL 673009 | 6.000 | 08/15/38 | 11,966,058 | 12,084,776 | 12,465,846 | 0.76% |
| GNMA POOL 688143 | 6.000 | 12/15/38 | 18,565,497 | 19,326,233 | 19,340,925 | 1.18% |
| GNMA POOL 697855 | 5.500 | 02/15/39 | 23,553,122 | 24,540,202 | 24,376,888 | 1.49% |
| GNMA POOL 701864 | 5.000 | 04/15/39 | 13,466,589 | 13,982,174 | 13,769,726 | 0.84% |
| GLOBAL INDS LTD | 7.710 | 02/15/25 | 6,400,000 | 6,400,000 | 6,453,248 | 0.39% |
| REINAUER MARITIME CO LLC | 6.500 | 06/30/28 | 15,656,000 | 15,656,000 | 16,466,824 | 1.01% |
| T T BARGE SERVICES | 6.450 | 12/16/12 | 713,300 | 713,300 | 756,719 | 0.05% |
| UNITED STATES TREAS BDS | 5.250 | 02/15/29 | 7,000,000 | 7,538,809 | 7,873,880 | 0.48% |
| US TREASURY BDS | 4.500 | 02/15/36 | 10,000,000 | 9,830,054 | 10,301,599 | 0.63% |
| UNITED STATES TREAS BDS | 3.500 | 02/15/39 | 15,000,000 | 14,253,128 | 12,968,250 | 0.79% |
| US TREASURY NTS | 4.375 | 08/15/12 | 4,000,000 | 4,210,447 | 4,330,960 | 0.27% |
| US TREASURY NTS | 4.250 | 08/15/15 | 10,000,000 | 10,374,089 | 10,725,600 | 0.66% |
| UNITED STATES TREAS NTS | 4.625 | 02/15/17 | 10,000,000 | 10,563,032 | 10,879,701 | 0.67% |
| UNITED STATES TREAS NTS | 4.750 | 08/15/17 | 38,000,000 | 40,629,883 | 41,662,060 | 2.55% |
| UNITED STATES TREAS NTS | 3.125 | 04/30/13 | 10,000,000 | 10,016,179 | 10,395,000 | 0.64% |
| UNITED STATES TREAS NTS | 3.375 | 06/30/13 | 12,000,000 | 11,879,292 | 12,570,960 | 0.77% |
| US TREASURY N/B | 3.375 | 07/31/13 | 15,000,000 | 15,345,471 | 15,719,852 | 0.96% |
| US TREASURY NOTE | 1.500 | 12/31/13 | 6,000,000 | 5,885,245 | 5,779,320 | 0.35% |
| UNITED STATES TREAS NTS | 2.750 | 02/15/19 | 15,000,000 | 14,718,102 | 14,048,100 | 0.86% |
| UNITED STATE TREAS NTS | 2.625 | 02/29/16 | 15,000,000 | 14,932,079 | 14,563,800 | 0.89% |
| UNITED STATES TREAS NTS | 2.375 | 03/31/16 | 15,000,000 | 14,556,477 | 14,294,100 | 0.87% |
| UNITED STATES TRES SC STRP INT | 0.000 | 08/15/18 | 10,000,000 | 6,804,381 | 7,026,200 | 0.43% |
| VESSEL MGMT SVCS INC | 6.080 | 05/20/24 | 14,472,000 | 14,472,000 | 15,722,091 | 0.96% |
| **U.S. Government Direct Obligations** | **27 Issue(s)** | | **299,019,818** | **301,020,238** | **304,797,214** | **18.66%** |
| **TFBP Total** | **264 Issue(s)** | | **1,866,603,004** | **1,646,130,686** | **1,633,759,215** | **100.00%** |

## MONTANA DOMESTIC EQUITY POOL( MDEP) BY MANAGER

| Manager | Shares | Carrying Value | Fair Value | % |
|---|---|---|---|---|
| BGI EQUITY INDEX FUND | 1,967,009 | 591,551,226 | 538,484,994 | 25.43% |
| BGI MIDCAP EQUITY INDEX FUND | 1,021,487 | 17,955,912 | 15,548,391 | 0.73% |
| DIMENSIONAL FUND ADVISORS INC | 52,280 | 35,190,238 | 41,413,149 | 1.96% |
| GOLDMAN SACHS ENHANCED LARGE | 9,330,103 | 125,956,387 | 93,207,726 | 4.40% |
| STATE STREET SPIF ALT INV | 28,712 | 3,395,598 | 3,664,672 | 0.17% |
| WESTERN ASSET US INDX PLUS LLC | 13,632,891 | 206,937,301 | 93,508,002 | 4.42% |
| **Total Commingled Accounts** | **26,032,482** | **980,986,662** | **785,826,934** | **37.11%** |
| JP MORGAN INVESTMENTS - 248 Issues | 5,054,651 | 166,292,261 | 153,394,659 | 7.24% |
| T ROWE PRICE - 304 Issues | 5,971,998 | 174,472,838 | 147,209,455 | 6.95% |
| BARROW HANLEY MEWHINNEY - 91 Issues | 6,930,267 | 192,398,921 | 136,409,835 | 6.44% |
| INTECH - 434 Issues | 5,599,602 | 146,859,848 | 131,280,908 | 6.20% |
| RENAISSANCE INVESTMENTS - 56 Issues | 3,804,595 | 115,313,652 | 103,759,459 | 4.90% |
| RAINIER INVESTMENTS - 76 Issues | 4,009,725 | 108,637,629 | 99,654,292 | 4.71% |
| COLUMBUS CIRCLE - 53 Issues | 6,324,530 | 103,630,746 | 98,429,699 | 4.65% |
| QUANTITATIVE MANAGEMENT - 145 Issues | 4,435,866 | 134,342,838 | 86,885,727 | 4.10% |
| ANALYTICS INVESTMENTS - 392 Issues | 3,604,860 | 84,213,105 | 80,925,561 | 3.82% |
| MARTINGALE - 155 Issues | 3,595,045 | 73,333,062 | 69,239,941 | 3.27% |
| TIMESSQUARE - 71 Issues | 4,045,701 | 67,909,722 | 59,807,035 | 2.82% |
| MARTINGALE INVESTMENTS - 281 Issues | 2,177,042 | 60,039,995 | 53,061,445 | 2.51% |
| ARTISAN - 57 Issues | 4,118,193 | 57,935,745 | 48,469,300 | 2.29% |
| VAUGHAN NELSON - 68 Issues | 2,732,920 | 35,562,574 | 35,707,458 | 1.69% |
| NORTHPOINTE - 77 Issues | 3,278,347 | 28,037,019 | 27,277,260 | 1.29% |
| **Total Manager Accounts** | **65,683,342** | **1,548,979,955** | **1,331,512,034** | **62.89%** |
| **MDEP TOTAL - 2514 Issues** | **91,715,824** | **2,529,966,617** | **2,117,338,968** | **100.00%** |

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**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

## MONTANA INTERNATIONAL EQUITY POOL(MTIP) BY MANAGER

| Manager | Shares | Carrying Value | Fair Value | % |
|---|---|---|---|---|
| BGI ACWI EX US SUPERFUND A | 4,105,385 | 60,000,587 | 59,582,815 | 6.12% |
| BGI MSCI EQUITY INDEX FD EUROP | 10,300,478 | 93,208,727 | 102,239,711 | 10.50% |
| BGI GLOBAL EX US ALPHA TILT FD | 5,048,801 | 101,210,818 | 79,828,258 | 8.20% |
| AXA ROSENBERG INTL SMALL CAP | 2,564,175 | 46,908,465 | 30,055,820 | 3.09% |
| DFA INTL SMALL CO PORTFOLIO | 3,352,447 | 50,564,305 | 39,793,549 | 4.09% |
| EAFE STOCK PERFORMANCE INDEX | 711,371 | 13,604,025 | 13,927,219 | 1.43% |
| **Total Commingled Accounts** | **26,082,657** | **365,496,927** | **325,427,372** | **33.43%** |
| BATTERYMARCH - 205 Issues | 17,900,340 | 116,485,174 | 111,198,353 | 11.42% |
| ARTIO GLOBAL - 299 Issues | 8,497,510 | 114,946,599 | 111,228,699 | 11.43% |
| ACADIAN - 307 Issues | 35,274,736 | 87,312,680 | 79,612,513 | 8.18% |
| BERNSTEIN - 123 Issues | 8,566,213 | 109,013,836 | 84,651,921 | 8.70% |
| MARTIN CURRIE - 55 Issues | 8,128,425 | 74,637,948 | 77,981,184 | 8.01% |
| HANSBERGER - 68 Issues | 8,939,201 | 86,210,995 | 79,712,890 | 8.19% |
| PRINCIPAL - 206 Issues | 4,699,770 | 40,033,266 | 38,785,989 | 3.98% |
| NOMURA - 212 Issues | 22,066,964 | 65,308,383 | 64,882,552 | 6.67% |
| **Total Manager Accounts** | **114,073,159** | **693,948,881** | **648,054,101** | **66.57%** |
| **MTIP Total - 1481 Issues** | **140,155,816** | **1,059,445,808** | **973,481,473** | **100.00%** |

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## MONTANA PRIVATE EQUITY POOL (MPEP) BY MANAGER

| Fund Manager Name | Shares | Carrying Value | Fair Value | % |
|---|---|---|---|---|
| ADAMS STREET | 199,338,369 | 199,541,305 | 172,621,630 | 25.71% |
| WELSH CARSON | 43,292,320 | 43,292,320 | 49,058,142 | 7.31% |
| LEXINGTON CAPITAL PARTNERS | 39,841,724 | 39,841,724 | 47,109,359 | 7.02% |
| CARLYLE PARTNERS | 42,563,474 | 42,563,474 | 38,164,593 | 5.68% |
| MADISON DEARBORN | 40,516,906 | 40,516,906 | 36,856,052 | 5.49% |
| ARCLIGHT | 33,953,117 | 33,953,117 | 33,423,928 | 4.98% |
| OAK HILL CAPITAL PARTNERS | 26,847,715 | 26,847,714 | 27,942,306 | 4.16% |
| FIRST RESERVE CORPORATION | 29,611,426 | 29,611,426 | 25,652,600 | 3.82% |
| OAKTREE | 25,749,461 | 25,749,461 | 22,831,732 | 3.40% |
| PORTFOLIO ADVISORS | 25,042,564 | 25,042,564 | 22,356,655 | 3.33% |
| KKR | 31,328,674 | 31,328,674 | 19,682,054 | 2.93% |
| AVENUE CAPITAL | 27,943,678 | 27,943,678 | 19,512,819 | 2.91% |
| ODYSSEY | 17,342,172 | 17,342,172 | 18,139,341 | 2.70% |
| JLL PARTNERS | 18,832,481 | 18,832,481 | 17,566,411 | 2.62% |
| NB CO-INVESTMENT PARTNERS | 17,796,240 | 17,796,240 | 14,404,170 | 2.15% |
| HELLMAN & FRIEDMAN | 15,363,776 | 15,363,776 | 13,342,072 | 1.99% |
| MHR INSTITUTIONAL INVESTORS | 14,438,692 | 14,438,692 | 11,632,330 | 1.73% |
| MATLINPATTERSON GLOBAL ADVISORS | 17,285,321 | 17,285,321 | 9,934,444 | 1.48% |
| SIGULER GUFF | 10,550,520 | 10,550,520 | 9,482,206 | 1.41% |
| QUINTANA ENERGY PARTNERS | 9,946,620 | 9,946,620 | 8,477,435 | 1.26% |
| HARBOURVEST PARTNERS | 10,536,306 | 10,578,431 | 8,338,314 | 1.24% |
| INDUSTRY VENTURES | 7,758,929 | 7,758,929 | 7,365,001 | 1.10% |
| J.C. FLOWERS & CO. | 22,876,213 | 22,876,213 | 7,121,684 | 1.06% |
| CCMP CAPITAL ADVISORS | 7,944,068 | 7,944,068 | 6,565,542 | 0.98% |
| BUERK DALE VICTOR | 6,600,000 | 6,600,000 | 5,617,062 | 0.84% |
| STATE STREET SPIFF | 43,177 | 5,478,742 | 5,510,897 | 0.82% |
| TERRA FIRMA CAPITAL PARTNERS | 9,864,022 | 13,886,770 | 4,056,428 | 0.60% |
| TRILANTIC CAPITAL PARTNERS | 3,471,692 | 3,471,692 | 3,276,999 | 0.49% |
| HIGHWAY 12 INVESTORS | 3,428,226 | 3,428,226 | 2,966,993 | 0.44% |
| AFFINITY EQUITY PARTNERS | 3,075,440 | 3,075,440 | 1,386,599 | 0.21% |
| PERFORMANCE EQUITY MANAGEMENT | 1,133,000 | 1,133,000 | 1,060,352 | 0.16% |
| **MPEP Total** | **764,316,323** | **774,019,696** | **671,456,150** | **100.00%** |

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**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

## REAL ESTATE POOL (MTRP) BY MANAGER

| Fund Manager Name | Shares | Carrying Value | Fair Value | % |
|---|---|---|---|---|
| JP MORGAN CHASE BANK STRATEGIC PROPERTIES | 37,804 | 71,383,708 | 53,054,243 | 18.43% |
| INVESCO CORE REAL ESTATE | 309 | 45,000,000 | 38,137,553 | 13.24% |
| CLARION LION PROPERTIES | 31,957 | 45,000,000 | 32,738,588 | 11.37% |
| HUDSON REALTY CAPITAL | 25,000,000 | 25,000,000 | 22,056,950 | 7.66% |
| STRATEGIC PARTNERS VALUE ENHANCEMENT | 16,765,519 | 16,765,519 | 18,727,286 | 6.50% |
| TA ASSOCIATES REALTY | 20,000,000 | 20,000,000 | 18,153,620 | 6.30% |
| ABR CHESAPEAKE | 17,770,784 | 17,770,784 | 18,109,957 | 6.29% |
| DRA ADVISORS | 13,261,356 | 13,261,356 | 11,758,088 | 4.08% |
| LIQUID REALTY | 15,535,697 | 15,535,698 | 11,603,582 | 4.03% |
| AG (ANGELO GORDON) REALTY | 12,576,366 | 12,576,366 | 10,607,192 | 3.68% |
| APOLLO REAL ESTATE FINANCE CORP. | 9,079 | 9,079,000 | 9,081,470 | 3.15% |
| JER REAL ESTATE PARTNERS | 15,311,878 | 15,311,878 | 8,240,899 | 2.86% |
| MORGAN STANLEY REAL ESTATE | 27,536,302 | 27,536,302 | 7,695,928 | 2.67% |
| BEACON CAPITAL PARTNERS | 16,562,500 | 16,562,500 | 7,250,218 | 2.52% |
| CARLYLE EUROPE REAL ESTATE PARTNERS | 5,686,485 | 8,844,179 | 5,768,448 | 2.00% |
| SHORT TERM INVESTMENT POOL | 4,469,890 | 4,469,890 | 4,469,890 | 1.55% |
| MACQUARIE GLOBAL PROPERTY | 12,529,074 | 12,529,074 | 3,619,286 | 1.26% |
| ROTHSCHILD: FIVE ARROWS REALTY SECURITIES | 3,208,215 | 3,208,215 | 3,450,933 | 1.20% |
| O'CONNOR NORTH AMERICAN PROPERTY PARTNERS | 8,245,199 | 8,245,199 | 3,148,058 | 1.09% |
| CIM | 1,496,432 | 1,496,432 | 271,332 | 0.09% |
| **MTRP TOTAL** | **216,034,846** | **389,576,100** | **287,943,521** | **100.00%** |

## SHORT TERM INVESTMENT POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | % |
|---|---|---|---|---|---|
| APRECO LLC | 0.250 | 07/01/09 | 10,000,000 | 10,000,000 | 0.43% |
| BUNGE ASSET FDG. COR | 1.200 | 07/14/09 | 15,000,000 | 14,993,500 | 0.65% |
| CHARTA LLC | 0.280 | 07/28/09 | 20,000,000 | 19,995,800 | 0.87% |
| CIESCO LLC | 0.280 | 07/24/09 | 20,000,000 | 19,996,422 | 0.87% |
| CIESCO LLC | 0.350 | 08/17/09 | 15,000,000 | 14,993,146 | 0.65% |
| ENTERPRISE FDG CO LLC | 0.300 | 07/08/09 | 21,002,000 | 21,000,775 | 0.91% |
| FORRESTAL CERT FDG T | 1.050 | 08/11/09 | 20,000,000 | 19,976,083 | 0.87% |
| FORRESTAL CERT FDG T | 1.050 | 08/17/09 | 20,000,000 | 19,972,583 | 0.87% |
| GOLDEN FUNDING CORP | 1.000 | 07/09/09 | 19,426,000 | 19,421,683 | 0.84% |
| GOLDEN FUNDING CORP | 1.000 | 07/15/09 | 10,000,000 | 9,996,111 | 0.43% |
| GOTHAM FDG CORP | 0.300 | 07/29/09 | 20,000,000 | 19,995,333 | 0.87% |
| JUPITER SECT CO LLC | 0.270 | 07/30/09 | 30,000,000 | 29,993,475 | 1.30% |
| MARKET ST FNDG CORP | 0.650 | 07/01/09 | 15,000,000 | 15,000,000 | 0.65% |
| STRAIGHT A FDG LLC | 0.270 | 07/13/09 | 15,000,000 | 14,998,650 | 0.65% |
| VICTORY RECEIVABLES | 0.280 | 07/02/09 | 15,000,000 | 14,999,883 | 0.65% |
| VICTORY RECEIVABLES | 0.290 | 07/10/09 | 15,000,000 | 14,998,913 | 0.65% |
| YORKTOWN CAPITAL LL | 0.330 | 08/03/09 | 19,000,000 | 18,994,253 | 0.83% |
| **Asset Backed Commercial Paper** | **17 Issues** | | **299,428,000** | **299,326,610** | **13.01%** |
| ORION FIN USA LLC | N/A | N/A | 22,500,000 | 22,500,000 | 0.98% |
| ORION FIN USA LLC | N/A | N/A | 22,500,000 | 22,500,000 | 0.98% |
| AXON FINL FDG LTD / LLC | N/A | N/A | 30,772,873 | 30,772,873 | 1.34% |
| AXON FINL FDG LTD / LLC | N/A | N/A | 37,852,693 | 37,852,693 | 1.64% |
| **Structured Investment Vehicles** | **4 Issue(s)** | | **113,625,566** | **113,625,566** | **4.94%** |
| ALLIANCEBERNSTEIN | 0.600 | 07/15/09 | 10,000,000 | 9,997,667 | 0.43% |
| ALLIANCEBERNSTEIN | 0.430 | 07/22/09 | 10,000,000 | 9,997,492 | 0.43% |
| CALYON NORTH AMERICA I | 0.250 | 07/02/09 | 15,000,000 | 14,999,896 | 0.65% |
| DANSKE CORP. | 0.300 | 07/27/09 | 25,000,000 | 24,994,583 | 1.09% |
| LLOYDS BANK PLC | 0.450 | 07/27/09 | 15,000,000 | 14,995,125 | 0.65% |
| MITSUBISHI INT'L CO | 0.300 | 07/07/09 | 20,000,000 | 19,999,000 | 0.87% |
| MITSUBISHI INT'L CO | 0.330 | 07/17/09 | 15,000,000 | 14,997,800 | 0.65% |
| SOCIETE GEN NO AMER | 0.240 | 07/31/09 | 20,000,000 | 19,996,000 | 0.87% |
| WAL-MART FUNDING COR | 0.270 | 07/06/09 | 35,000,000 | 34,998,688 | 1.52% |
| **Corporate Commercial Paper** | **9 Issues** | | **165,000,000** | **164,976,250** | **7.17%** |
| BANK OF AMERICA | 7.800 | 02/15/10 | 16,016,000 | 16,517,513 | 0.72% |
| GENERAL ELEC CAP CORP | 3.750 | 12/15/09 | 20,000,000 | 19,956,623 | 0.87% |
| **Corporate Fixed** | **2 Issues** | | **36,016,000** | **36,474,136** | **1.58%** |
| AMERICAN HONDA FIN CORP MTN | 0.763 | 09/18/09 | 40,000,000 | 40,000,000 | 1.74% |
| BB + T BRH BKG + TR CO GLOBAL | 1.033 | 09/09/09 | 40,000,000 | 40,000,000 | 1.74% |
| BEAR STEARNS CO INC | 0.751 | 02/23/10 | 25,000,000 | 24,968,911 | 1.09% |
| BEAR STEARNS COS INC MTN | 0.903 | 09/09/09 | 20,000,000 | 19,995,514 | 0.87% |
| CITIGROUP INC | 0.631 | 12/28/09 | 25,000,000 | 24,531,110 | 1.07% |
| CREDIT SUISSE FIRST BOSTON USA | 1.371 | 01/15/10 | 16,862,000 | 16,521,851 | 0.72% |
| CREDIT SUISSE USA INC | 0.865 | 11/20/09 | 20,000,000 | 19,721,445 | 0.86% |
| GENERAL ELEC CAP CORP | 0.709 | 06/06/11 | 25,000,000 | 24,039,364 | 1.04% |
| ING BK NV LONDON BRH | 0.924 | 09/16/09 | 40,000,000 | 40,000,000 | 1.74% |
| PROCTER + GAMBLE CO | 0.663 | 09/09/09 | 45,000,000 | 44,986,290 | 1.95% |
| TOYOTA MTR CR CORP MTN BK ENT | 1.650 | 12/03/09 | 25,000,000 | 24,998,965 | 1.09% |
| WELLS FARGO + CO NEW | 0.672 | 03/23/10 | 25,130,000 | 24,661,005 | 1.07% |
| WELLS FARGO CO NEW | 1.484 | 01/29/10 | 20,000,000 | 19,823,879 | 0.86% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

# SHORT TERM INVESTMENT POOL

| Security Name | Coupon | Maturity | Par | Amortized Cost | % |
|---|---|---|---|---|---|
| **Corporate Variable Rate** | **13 Issues** | | **366,992,000** | **364,248,333** | **15.83%** |
| BARCLAYS BANK PLC | 1.550 | 06/25/10 | 25,000,000 | 25,000,000 | 1.09% |
| **Certificates of Deposit Fixed** | **1 Issues** | | **25,000,000** | **25,000,000** | **1.09%** |
| ABBEY NAT'L TREASURY | 1.270 | 08/13/09 | 40,000,000 | 40,000,000 | 1.74% |
| CALYON NY BRANCH | 1.053 | 12/20/10 | 25,000,000 | 25,000,000 | 1.09% |
| RABOBANK NEDERLAND N Y | 0.607 | 06/07/10 | 40,000,000 | 40,000,000 | 1.74% |
| **Certificates of Deposit Variable Rate** | **3 Issues** | | **105,000,000** | **105,000,000** | **4.56%** |
| FEDERAL HOME LN BK CONS DSC NT | 0.180 | 07/15/09 | 25,000,000 | 24,998,250 | 1.09% |
| FEDERAL HOME LN BK CONS DSC NT | 2.920 | 08/10/09 | 25,000,000 | 24,918,889 | 1.08% |
| FEDERAL HOME LOAN BANKS | 3.875 | 02/12/10 | 15,900,000 | 16,184,148 | 0.70% |
| FEDERAL HOME LN MTG DISC NTS | 3.020 | 07/20/09 | 25,000,000 | 24,960,153 | 1.08% |
| FEDERAL NATL MTG ASSN DISC NTS | 2.950 | 10/01/09 | 25,000,000 | 24,811,528 | 1.08% |
| FEDERAL NATL MTG ASSN DISC NTS | 2.950 | 10/07/09 | 25,000,000 | 24,799,236 | 1.08% |
| **U. S. Government Agency Fixed Rate** | **6 Issues** | | **140,900,000** | **140,672,204** | **6.11%** |
| BANK OF AMERICA NA FDIC GTD | 0.659 | 09/13/10 | 40,000,000 | 40,000,000 | 1.74% |
| CITIGROUP FUNDING INC FDIC GTD | 1.139 | 07/30/10 | 25,000,000 | 25,000,000 | 1.09% |
| CITIGROUP FUNDING INC FDIC GTD | 0.596 | 06/03/11 | 25,000,000 | 25,000,000 | 1.09% |
| CITIGROUP FUNDING INC FDIC GTD | 0.936 | 05/05/11 | 20,000,000 | 20,000,000 | 0.87% |
| CITIGROUP FUNDING INC FDIC GTD | 1.183 | 12/09/10 | 35,000,000 | 35,322,746 | 1.53% |
| FANNIE MAE | 0.800 | 05/13/11 | 75,000,000 | 75,000,000 | 3.26% |
| FEDERAL HOME LOAN BANKS | 1.166 | 11/05/09 | 40,000,000 | 40,000,000 | 1.74% |
| FEDERAL HOME LOAN BANKS | 0.839 | 01/13/10 | 50,000,000 | 50,000,000 | 2.17% |
| FEDERAL HOME LN MTG CORP | 0.580 | 09/24/10 | 25,000,000 | 24,993,852 | 1.09% |
| FEDERAL HOME LN MTG CORP | 1.089 | 01/28/11 | 25,000,000 | 25,000,000 | 1.09% |
| FEDERAL HOME LOAN BANKS | 0.404 | 12/17/09 | 25,000,000 | 24,959,968 | 1.08% |
| FEDERAL HOME LOAN BANKS | 0.635 | 11/19/10 | 50,000,000 | 49,986,150 | 2.17% |
| FEDERAL HOME NTG CORP | 1.039 | 07/12/10 | 50,000,000 | 50,000,000 | 2.17% |
| FEDERAL NATL MTG ASSN | 1.192 | 10/27/09 | 25,000,000 | 25,000,000 | 1.09% |
| FEDERAL NATL MTG ASSN | 0.883 | 02/12/10 | 50,000,000 | 49,912,256 | 2.17% |
| FREDDIE MAC | 0.888 | 02/01/11 | 25,000,000 | 25,000,000 | 1.09% |
| FREDDIE MAC | 0.926 | 05/04/11 | 25,000,000 | 25,044,397 | 1.09% |
| FREDDIE MAC | 0.896 | 05/05/11 | 25,000,000 | 24,989,859 | 1.09% |
| GENERAL ELEC CAP CORP FDIC GTD | 1.207 | 07/08/10 | 25,000,000 | 25,000,000 | 1.09% |
| GOLDMAN SACHS GROUP INC FDIC GTD | 1.150 | 12/03/10 | 50,000,000 | 50,321,521 | 2.19% |
| GOLDMAN SACHS GROUP INC FDIC GTD | 0.709 | 03/15/11 | 25,000,000 | 25,000,000 | 1.09% |
| JPMORGAN CHASE + CO FDIC GTD | 0.741 | 02/23/11 | 8,000,000 | 8,000,000 | 0.35% |
| UNION BANK NA FDIC GTD | 0.704 | 03/16/11 | 7,000,000 | 7,000,000 | 0.30% |
| **U. S. Government Agency Variable Rate** | **23 Issues** | | **750,000,000** | **750,530,748** | **32.61%** |
| BGI INSTITUTIONAL MMF | 0.360 | N/A | 10,000,000 | 10,000,000 | 0.43% |
| FIDELITY INSTL MONEY MARKET | 0.740 | N/A | 110,000,000 | 110,000,000 | 4.78% |
| STATE STREET BANK + TRUST CO | 0.417 | N/A | 1,427,621 | 1,427,621 | 0.06% |
| **Money Market Funds (Unrated)** | **3 Issues** | | **121,427,621** | **121,427,621** | **5.28%** |
| BLACKROCK MONEY MARKET | 0.451 | N/A | 80,000,000 | 80,000,000 | 3.48% |
| STATE STR INSTL LIQUID RESERVES | 0.398 | N/A | 100,000,000 | 100,000,000 | 4.35% |
| **Money Market Funds (Rated)** | **2 Issues** | | **180,000,000** | **180,000,000** | **7.82%** |
| **STIP Total** | **83 Issue(s)** | | **2,303,389,187** | **2,301,281,468** | **100.00%** |

## ALL OTHER FUNDS

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| US BANK SWEEP REPO | 0.250 | 07/01/09 | 15,845,774 | 15,845,774 | 15,845,774 | 1.11% |
| **Cash Equivalents** | | | **15,845,774** | **15,845,774** | **15,845,774** | **1.11%** |
| ARIA CDO II JERSEY NO 1 LTD | 2.130 | 10/10/12 | 10,000,000 | 10,000,000 | 3,000,000 | 0.21% |
| **Corporate Bonds (Unrated)** | | | **10,000,000** | **10,000,000** | **3,000,000** | **0.21%** |
| AA / FT WORTH HQ FIN TR | 5.500 | 10/05/10 | 2,770,542 | 2,770,542 | 2,740,814 | 0.19% |
| AT+T INC | 5.800 | 02/15/19 | 5,000,000 | 4,985,078 | 5,082,859 | 0.35% |
| ABBOTT LABS | 5.125 | 04/01/19 | 5,000,000 | 4,974,320 | 5,134,944 | 0.36% |
| ALCOA INC | 6.500 | 06/01/11 | 3,000,000 | 2,937,990 | 3,045,000 | 0.21% |
| ALLSTATE LIFE GBL FDG SECD | 5.375 | 04/30/13 | 5,000,000 | 4,996,169 | 5,141,636 | 0.36% |
| ALTRIA GROUP INC | 9.700 | 11/10/18 | 5,000,000 | 5,013,537 | 5,720,713 | 0.40% |
| AMERICAN EXPRESS CO | 5.500 | 09/12/16 | 5,000,000 | 4,981,677 | 4,574,654 | 0.32% |
| AMERICAN EXPRESS CO | 7.000 | 03/19/18 | 3,000,000 | 2,989,986 | 2,928,322 | 0.20% |
| AMERICAN EXPRESS CR CORP | 7.300 | 08/20/13 | 5,000,000 | 5,002,731 | 5,195,820 | 0.36% |
| AMERICAN GEN FIN CORP MTN | 4.875 | 05/15/10 | 5,000,000 | 4,999,878 | 4,208,187 | 0.29% |
| AMERICAN GEN FIN CORP MTN | 5.900 | 09/15/12 | 5,000,000 | 4,981,430 | 2,875,000 | 0.20% |
| B J SERVICES | 5.750 | 06/01/11 | 5,000,000 | 4,997,479 | 5,111,585 | 0.36% |
| BANC AMER COML MTG INC COML | 5.381 | 01/15/49 | 5,000,000 | 5,012,794 | 4,666,951 | 0.33% |
| BANC AMER COML MTG TR 2007 2 | 5.634 | 04/10/49 | 5,000,000 | 5,014,236 | 4,644,935 | 0.32% |
| BANC AMER COML MTG TR | 5.837 | 06/10/49 | 5,000,000 | 4,999,031 | 4,666,170 | 0.33% |
| BANC AMER COML MTG TR | 5.546 | 02/10/51 | 5,000,000 | 5,014,668 | 4,612,338 | 0.32% |
| BANC AMER COML MTG TR | 5.434 | 12/10/12 | 10,000,000 | 10,038,002 | 9,084,145 | 0.63% |
| BANK AMER CORP | 5.375 | 06/15/14 | 5,000,000 | 4,977,319 | 4,752,828 | 0.33% |
| BANK AMER CORP MEDIUM TERM | 2.100 | 04/30/12 | 17,000,000 | 16,988,361 | 17,062,426 | 1.19% |
| BANK OF AMERICA NA FDIC GTD | 1.700 | 12/23/10 | 750,000 | 750,643 | 758,529 | 0.05% |
| BUNGE NA FINANCE LP | 5.900 | 04/01/17 | 5,000,000 | 4,995,595 | 4,583,907 | 0.32% |
| BURLINGTON NORTHN SANTA FE RY | 7.160 | 01/02/20 | 3,477,550 | 3,477,550 | 3,800,040 | 0.27% |
| BURLINGTON NORTHN SANTA FE | 7.000 | 02/01/14 | 3,000,000 | 2,999,547 | 3,260,950 | 0.23% |
| CIT GROUP EQUIP FING INC | 6.490 | 01/05/21 | 5,295,000 | 5,295,000 | 2,687,213 | 0.19% |
| CSX CORP | 5.750 | 03/15/13 | 5,000,000 | 4,991,309 | 5,031,156 | 0.35% |
| CVS CAREMARK CORP | 5.750 | 06/01/17 | 5,000,000 | 4,844,115 | 5,039,542 | 0.35% |
| CAPITAL ONE FINL CORP | 6.750 | 09/15/17 | 5,000,000 | 4,977,826 | 4,721,742 | 0.33% |
| CATERPILLAR INC | 7.000 | 12/15/13 | 2,000,000 | 1,999,574 | 2,211,778 | 0.15% |
| CITIGROUP INC | 6.000 | 02/21/12 | 5,000,000 | 4,999,511 | 4,896,484 | 0.34% |
| CITIGROUP INC | 5.500 | 08/27/12 | 5,000,000 | 5,006,816 | 4,808,529 | 0.34% |
| COMCAST CORP NEW | 5.450 | 11/15/10 | 5,000,000 | 5,002,922 | 5,196,293 | 0.36% |
| COMM MTG TR | 5.540 | 06/10/46 | 4,380,170 | 4,379,732 | 4,397,180 | 0.31% |
| CONOCOPHILLIPS | 5.750 | 02/01/19 | 5,000,000 | 4,996,144 | 5,253,790 | 0.37% |
| CONOCOPHILLIPS CDA FDG CO I | 5.625 | 10/15/16 | 6,000,000 | 5,999,650 | 6,254,498 | 0.44% |
| CONTINENTAL AIRLS | 6.563 | 08/15/13 | 5,000,000 | 5,007,417 | 4,518,750 | 0.32% |
| CREDIT SUISSE NEW YORK | 3.450 | 07/02/12 | 5,000,000 | 4,993,500 | 5,018,727 | 0.35% |
| DETROIT EDISON CO | 5.200 | 10/15/12 | 5,000,000 | 4,977,201 | 5,237,489 | 0.37% |
| DONNELLEY R R + SONS | 4.950 | 04/01/14 | 5,000,000 | 4,900,783 | 4,350,000 | 0.30% |
| DU PONT E I DE NEMOURS + CO | 5.875 | 01/15/14 | 7,000,000 | 6,970,718 | 7,582,330 | 0.53% |
| ENTERGY ARK INC | 4.500 | 06/01/10 | 3,000,000 | 2,997,564 | 2,970,751 | 0.21% |
| FIFTH THIRD BANCORP | 5.450 | 01/15/17 | 5,000,000 | 4,986,895 | 3,787,748 | 0.26% |
| FORTUNE BRANDS INC | 5.375 | 01/15/16 | 3,000,000 | 2,986,910 | 2,736,711 | 0.19% |

## ALL OTHER FUNDS

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| GATX CORP | 8.750 | 05/15/14 | 5,000,000 | 4,998,788 | 5,250,000 | 0.37% |
| GE COML MTG CORP TR | 5.417 | 12/10/49 | 10,000,000 | 10,026,672 | 8,674,831 | 0.61% |
| GALENA CDO I CAYMAN IS NO 1LTD | 5.060 | 01/11/13 | 4,000,000 | 400,000 | 400,000 | 0.03% |
| GENERAL ELEC CO | 5.250 | 12/06/17 | 5,000,000 | 5,010,218 | 4,908,447 | 0.34% |
| GENERAL ELEC CAP CORP | 5.000 | 04/10/12 | 4,950,000 | 4,935,384 | 5,063,228 | 0.35% |
| GENERAL ELEC CAP CORP | 0.953 | 08/15/11 | 1,500,000 | 1,347,488 | 1,419,461 | 0.10% |
| GENERAL ELEC CAP CORP | 4.375 | 11/21/11 | 10,000,000 | 9,879,021 | 10,159,747 | 0.71% |
| GENERAL ELEC CAP CORP FDIC GTD | 3.000 | 12/09/11 | 5,000,000 | 4,988,323 | 5,155,539 | 0.36% |
| GENWORTH FINL INC | 5.650 | 06/15/12 | 5,000,000 | 4,993,508 | 4,000,000 | 0.28% |
| GOLDMAN SACHS GROUP INC | 5.350 | 01/15/16 | 5,000,000 | 4,962,487 | 4,885,760 | 0.34% |
| GOLDMAN SACHS GROUP | 5.300 | 02/14/12 | 4,750,000 | 4,747,932 | 4,929,829 | 0.34% |
| HSBC FIN CORP | 5.500 | 01/19/16 | 5,000,000 | 5,005,915 | 4,667,281 | 0.33% |
| HSBC FIN CORP | 5.900 | 06/19/12 | 5,000,000 | 4,992,643 | 5,038,071 | 0.35% |
| HARTFORD FINL SVCS GROUP INC | 5.375 | 03/15/17 | 5,000,000 | 4,989,656 | 3,950,000 | 0.28% |
| HARTFORD FINL SVCS GROUP INC | 6.300 | 03/15/18 | 5,000,000 | 5,004,603 | 4,000,000 | 0.28% |
| HERSHEY FOODS CORP | 5.300 | 09/01/11 | 1,000,000 | 999,152 | 1,059,336 | 0.07% |
| ING SEC LIFE INSTL FDG | 4.250 | 01/15/10 | 3,000,000 | 2,999,289 | 2,932,206 | 0.20% |
| INTERNATIONAL LEASE FIN CORP | 5.125 | 11/01/10 | 5,000,000 | 4,994,722 | 4,600,000 | 0.32% |
| INTL LEASE FIN CORP MTN | 4.550 | 10/15/09 | 5,000,000 | 5,007,584 | 4,800,000 | 0.34% |
| JPMORGAN CHASE + CO | 4.750 | 05/01/13 | 5,000,000 | 4,987,868 | 5,068,098 | 0.35% |
| J P MORGAN CHASE COML MTG SECS | 4.200 | 07/12/35 | 8,432,930 | 8,466,593 | 8,406,714 | 0.59% |
| J P MORGAN CHASE COML MTG | 3.053 | 01/15/38 | 357,408 | 350,670 | 355,340 | 0.02% |
| JP MORGAN CHASE | 5.279 | 12/12/43 | 3,555,924 | 3,557,897 | 3,595,474 | 0.25% |
| JERSEY CENT PWR + LT CO | 5.650 | 06/01/17 | 3,000,000 | 2,991,712 | 2,930,002 | 0.20% |
| JPMORGAN CHASE+CO FDIC GTD TLG | 3.125 | 12/01/11 | 1,255,000 | 1,290,507 | 1,298,319 | 0.09% |
| JPMORGAN CHASE+CO FDIC GTD TLG | 2.625 | 12/01/10 | 750,000 | 760,937 | 768,043 | 0.05% |
| JPMORGAN CHASE + CO FDIC | 1.650 | 02/23/11 | 2,000,000 | 1,999,357 | 2,018,037 | 0.14% |
| JPMORGAN CHASE + CO FDIC | 2.200 | 06/15/12 | 7,000,000 | 6,996,120 | 7,040,265 | 0.49% |
| KCT INTERMODAL TRANSN CORP | 6.884 | 08/01/18 | 2,784,533 | 2,784,533 | 2,914,977 | 0.20% |
| KEYBANK NATL ASSN CLEVELAND OH | 5.500 | 09/17/12 | 5,000,000 | 4,999,552 | 4,950,000 | 0.35% |
| KEYBANK NATL ASSN MTN | 5.450 | 03/03/16 | 5,000,000 | 4,999,199 | 4,286,436 | 0.30% |
| KRAFT FOODS INC | 5.625 | 11/01/11 | 5,000,000 | 5,206,164 | 5,285,435 | 0.37% |
| LEHMAN BROTHERS HLDGS INC | 5.500 | 05/25/10 | 5,000,000 | 1,000,000 | 737,500 | 0.05% |
| LEHMAN BROTHERS HLDGS INC | 5.000 | 01/14/11 | 5,000,000 | 977,700 | 737,500 | 0.05% |
| LILLY ELI + CO | 3.550 | 03/06/12 | 1,000,000 | 999,089 | 1,029,217 | 0.07% |
| LILLY ELI + CO | 4.200 | 03/06/14 | 2,000,000 | 1,999,158 | 2,054,765 | 0.14% |
| LOCKHEED MARTIN CORP | 4.121 | 03/14/13 | 2,000,000 | 1,974,962 | 2,024,736 | 0.14% |
| MARATHON OIL CORP | 5.900 | 03/15/18 | 5,000,000 | 4,985,712 | 4,957,950 | 0.35% |
| MASSMUTUAL GLOBAL FUNDING | 3.625 | 07/16/12 | 2,000,000 | 1,998,440 | 2,001,010 | 0.14% |
| MCKESSON CORP NEW | 5.250 | 03/01/13 | 3,000,000 | 2,992,289 | 3,008,819 | 0.21% |
| MERCK + CO INC | 5.000 | 06/30/19 | 2,000,000 | 1,987,401 | 2,030,802 | 0.14% |
| MERRILL LYNCH + CO INC | 6.400 | 08/28/17 | 5,000,000 | 4,994,045 | 4,505,895 | 0.31% |
| METLIFE INC | 5.000 | 11/24/13 | 5,000,000 | 4,978,862 | 4,901,580 | 0.34% |
| ML CFC COML MTG TR | 5.590 | 09/12/49 | 10,000,000 | 10,035,678 | 8,703,500 | 0.61% |
| MORGAN STANLEY | 4.000 | 01/15/10 | 5,000,000 | 4,995,652 | 5,032,467 | 0.35% |
| MORGAN STANLEY | 5.050 | 01/21/11 | 4,750,000 | 4,746,209 | 4,851,818 | 0.34% |
| MORGAN STANLEY FDIC GTD TLGP | 2.900 | 12/01/10 | 500,000 | 509,460 | 513,971 | 0.04% |

## STATE OF MONTANA BOARD OF INVESTMENTS
## CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT

### ALL OTHER FUNDS

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| NATNL CITY BK CLEVELAND OH | 5.250 | 12/15/16 | 5,000,000 | 4,996,535 | 4,491,776 | 0.31% |
| NATIONWIDE FINANCIAL SER | 6.250 | 11/15/11 | 5,000,000 | 5,097,510 | 4,700,000 | 0.33% |
| NORFOLK SOUTHN CORP | 5.750 | 01/15/16 | 2,000,000 | 1,991,719 | 2,046,481 | 0.14% |
| NORTHWESTERN CORP | 6.340 | 04/01/19 | 5,000,000 | 4,996,739 | 5,114,594 | 0.36% |
| NOVARTIS SECS INVT LTD | 5.125 | 02/10/19 | 5,000,000 | 4,991,444 | 5,075,949 | 0.35% |
| OCCIDENTAL PETE CORP | 7.000 | 11/01/13 | 5,000,000 | 4,983,496 | 5,684,998 | 0.40% |
| PPL MONT LLC | 8.903 | 07/02/20 | 3,252,737 | 3,252,737 | 3,572,717 | 0.25% |
| PPL ENERGY SUPPLY LLC | 6.500 | 05/01/18 | 3,000,000 | 2,991,133 | 3,014,852 | 0.21% |
| PACCAR FINL CORP MTN BK ENT | 4.639 | 01/12/11 | 5,000,000 | 5,000,000 | 4,989,620 | 0.35% |
| PACCAR INC | 6.375 | 02/15/12 | 1,000,000 | 999,056 | 1,063,203 | 0.07% |
| PANAMERICAN BEVERAGES INC | 7.250 | 07/01/09 | 3,000,000 | 3,000,000 | 3,000,000 | 0.21% |
| PRINCIPAL LIFE GLOBAL FDG MTN | 5.125 | 10/15/13 | 5,000,000 | 4,996,847 | 4,749,558 | 0.33% |
| PROTECTIVE LIFE SECD TRS SECD | 5.450 | 09/28/12 | 7,000,000 | 6,989,586 | 6,965,162 | 0.49% |
| PRUDENTIAL FINL INC | 5.500 | 03/15/16 | 5,000,000 | 4,931,244 | 4,535,230 | 0.32% |
| REGIONS BANK FDIC GTD TLGP | 2.750 | 12/10/10 | 750,000 | 762,023 | 769,626 | 0.05% |
| ROCHE HLDGS INC | 4.500 | 03/01/12 | 1,000,000 | 995,307 | 1,041,591 | 0.07% |
| SBC COMMUNICATIONS INC | 5.300 | 11/15/10 | 5,000,000 | 4,997,017 | 5,179,369 | 0.36% |
| SLM CORP | 4.500 | 07/26/10 | 5,000,000 | 4,997,011 | 4,775,000 | 0.33% |
| ST PAUL TRAVELERS COS INC | 6.250 | 06/20/16 | 5,000,000 | 4,987,733 | 5,281,439 | 0.37% |
| SCHERING PLOUGH CORP | 6.000 | 09/15/17 | 5,000,000 | 4,979,923 | 5,324,431 | 0.37% |
| SEARIVER MARITIME FINL HLDGS | 0.000 | 09/01/12 | 1,450,000 | 1,327,993 | 1,312,673 | 0.09% |
| SOUTHWEST GAS CORP | 8.375 | 02/15/11 | 4,000,000 | 3,999,007 | 4,242,116 | 0.30% |
| TRANSCANADA PIPELINES LTD | 7.125 | 01/15/19 | 5,000,000 | 5,054,244 | 5,626,731 | 0.39% |
| UNION BK CALIF | 5.950 | 05/11/16 | 5,000,000 | 5,002,932 | 4,842,802 | 0.34% |
| UNION PAC CORP | 4.875 | 01/15/15 | 7,000,000 | 6,794,018 | 6,850,780 | 0.48% |
| UNITED PARCEL SVC INC | 5.500 | 01/15/18 | 5,000,000 | 4,991,544 | 5,287,947 | 0.37% |
| VERIZON COMMUNICATIONS INC | 5.550 | 02/15/16 | 5,000,000 | 4,973,461 | 5,160,503 | 0.36% |
| VERIZON NEW JERSEY INC | 5.875 | 01/17/12 | 5,000,000 | 5,104,462 | 5,309,547 | 0.37% |
| WACHOVIA CORP NEW | 5.625 | 10/15/16 | 5,000,000 | 4,986,005 | 4,632,532 | 0.32% |
| WAL MART STORES INC | 4.250 | 04/15/13 | 1,000,000 | 1,049,136 | 1,033,219 | 0.07% |
| WELLPOINT INC | 5.875 | 06/15/17 | 5,000,000 | 4,938,001 | 4,846,001 | 0.34% |
| WELLS FARGO + CO NEW | 4.625 | 04/15/14 | 5,000,000 | 4,896,910 | 5,035,186 | 0.35% |
| WELLS FARGO CO NEW | 5.300 | 08/26/11 | 10,000,000 | 9,994,327 | 10,450,294 | 0.73% |
| WILMINGTON TR CORP | 8.500 | 04/02/18 | 2,000,000 | 2,000,000 | 2,103,658 | 0.15% |
| WYETH | 5.500 | 02/01/14 | 5,000,000 | 4,995,560 | 5,374,157 | 0.38% |
| ZIONS BANCORPORATION | 5.650 | 05/15/14 | 3,000,000 | 2,998,103 | 2,174,831 | 0.15% |
| **Corporate Bonds Rated** | | | **563,711,793** | **551,104,065** | **537,914,438** | **37.56%** |
| BGI EQUITY INDEX FUND B | NA | NA | 606,661 | 84,406,677 | 81,742,906 | 5.71% |
| **Equity Index Fund** | | | **606,661** | **84,406,677** | **81,742,906** | **5.71%** |
| MONTANA RESIDIENTIAL MORTGAGES | NA | NA | 45,270,143 | 45,270,143 | 44,547,218 | 3.11% |
| MONTANA COAL TAX TRUST LOANS | NA | NA | 212,023,678 | 212,023,678 | 212,023,678 | 14.81% |
| **Loans/Mortgages** | | | **257,293,821** | **257,293,821** | **256,570,896** | **17.92%** |
| 2273 BOOT HILL COURT, BOZEMAN MT | NA | NA | 2,073,887 | 2,073,887 | 2,123,654 | 0.15% |
| CALIFORNIA STREET, HELENA MT | NA | NA | 205,591 | 205,591 | 221,390 | 0.02% |
| 2401 COLONIAL DRIVE, HELENA MT | NA | NA | 7,250,580 | 7,250,580 | 7,785,377 | 0.54% |
| 1712 NINTH AVENENUE, HELENA MT | NA | NA | 514,749 | 514,749 | 579,626 | 0.04% |

## ALL OTHER FUNDS

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| 100 NORTH PARK AVENUE, HELENA MT | NA | NA | 6,935,776 | 6,935,776 | 6,584,252 | 0.46% |
| **Real Estate** | | | **16,980,583** | **16,980,583** | **17,294,299** | **1.21%** |
| FED HM LN PC POOL G10814 | 5.500 | 05/01/13 | 666,288 | 666,095 | 700,786 | 0.05% |
| FED HM LN PC POOL G12310 | 5.500 | 08/01/21 | 5,251,330 | 5,255,923 | 5,487,650 | 0.38% |
| FED HM LN PC POOL G13081 | 5.000 | 04/01/23 | 7,620,895 | 7,620,895 | 7,886,662 | 0.55% |
| FED HM LN PC POOL G18244 | 4.500 | 02/01/23 | 7,503,598 | 7,369,194 | 7,671,184 | 0.54% |
| FED HM LN PC POOL J08160 | 5.000 | 12/01/22 | 7,950,076 | 7,940,628 | 8,232,552 | 0.57% |
| FEDERAL HOME LN MTG CORP | 5.050 | 01/26/15 | 10,000,000 | 9,982,275 | 10,751,311 | 0.75% |
| FREDDIE MAC | 2.500 | 04/08/13 | 5,000,000 | 5,000,000 | 4,960,619 | 0.35% |
| FED HM LN PC POOL E00540 | 6.000 | 03/01/13 | 407,706 | 407,223 | 432,340 | 0.03% |
| FED HM LN PC POOL E00659 | 6.000 | 04/01/14 | 511,429 | 511,255 | 542,898 | 0.04% |
| FEDERAL FARM CR BKS | 2.125 | 06/18/12 | 2,000,000 | 2,000,178 | 2,011,283 | 0.14% |
| FEDERAL FARM CR BKS | 4.450 | 09/23/13 | 7,000,000 | 6,858,802 | 7,484,935 | 0.52% |
| FEDERAL FARM CR BKS CONS SYSTE | 4.000 | 09/24/10 | 2,000,000 | 2,004,727 | 2,082,111 | 0.15% |
| EDERAL FARM CR BKS | 5.100 | 04/12/17 | 20,000,000 | 19,780,738 | 21,774,586 | 1.52% |
| FEDERAL FARM CREDIT BANK | 3.400 | 02/07/13 | 19,000,000 | 19,000,000 | 19,524,978 | 1.36% |
| FEDERAL FARM CREDIT BANK | 4.950 | 03/12/18 | 5,000,000 | 4,995,651 | 5,015,322 | 0.35% |
| FEDERAL HOME LN BKS | 4.125 | 08/13/10 | 10,000,000 | 9,997,990 | 10,377,494 | 0.72% |
| FEDERAL HOME LN BKS | 4.750 | 09/11/15 | 10,000,000 | 9,808,804 | 10,450,588 | 0.73% |
| FEDERAL HOME LOAN BANK | 4.875 | 11/18/11 | 1,900,000 | 1,898,114 | 2,047,779 | 0.14% |
| FEDERAL HOME LN BANKS | 4.750 | 12/16/16 | 15,000,000 | 14,888,608 | 16,055,595 | 1.12% |
| FEDERAL HOME LN BKS | 5.125 | 03/10/17 | 10,000,000 | 10,074,026 | 10,611,026 | 0.74% |
| FEDERAL HOME LOAN BKS | 4.875 | 06/08/12 | 4,900,000 | 4,873,383 | 5,226,095 | 0.36% |
| FEDERAL HOME LN BK | 4.500 | 10/09/09 | 1,500,000 | 1,502,987 | 1,517,355 | 0.11% |
| FEDERAL HOME LOAN BANK | 4.875 | 10/30/17 | 4,000,000 | 4,243,782 | 4,177,669 | 0.29% |
| FEDERAL HOME LOAN BANK | 3.000 | 12/10/10 | 7,000,000 | 6,981,575 | 7,195,113 | 0.50% |
| FEDERAL HOME LN BKS | 3.125 | 06/10/11 | 5,000,000 | 4,913,842 | 5,169,626 | 0.36% |
| FEDERAL HOME LN BKS | 3.500 | 07/16/10 | 5,000,000 | 5,030,102 | 5,146,255 | 0.36% |
| FEDERAL HOME LN BKS | 3.625 | 09/16/11 | 10,000,000 | 9,987,841 | 10,474,477 | 0.73% |
| FEDERAL HOME LN BKS | 3.000 | 12/30/13 | 10,000,000 | 10,000,000 | 9,809,752 | 0.68% |
| FEDERAL HOME LN BKS | 2.500 | 02/19/13 | 5,000,000 | 5,000,000 | 5,024,840 | 0.35% |
| FEDERAL HOME LN BKS | 3.000 | 03/04/13 | 2,935,000 | 2,935,000 | 2,943,716 | 0.21% |
| FEDERAL HOME LN MTG CORP | 5.625 | 03/15/11 | 10,000,000 | 10,015,851 | 10,748,772 | 0.75% |
| FEDERAL HOME LN MTG CORP | 6.000 | 06/15/11 | 15,000,000 | 14,997,401 | 16,359,894 | 1.14% |
| FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/11 | 1,000,000 | 950,760 | 953,015 | 0.07% |
| FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/12 | 271,000 | 247,398 | 243,204 | 0.02% |
| FEDERAL NATL MTG ASSN DEB STRP | 0.000 | 11/15/13 | 1,000,000 | 892,694 | 866,824 | 0.06% |
| FEDERAL NATL MTG ASSN | 5.550 | 02/16/17 | 20,000,000 | 20,032,899 | 20,461,130 | 1.43% |
| FEDERAL NATL MTG ASSN | 5.000 | 04/26/17 | 5,000,000 | 4,882,709 | 5,075,202 | 0.35% |
| FEDERAL NATL MTG ASSN | 0.000 | 06/01/17 | 14,600,000 | 8,901,856 | 10,386,631 | 0.73% |
| FEDERAL NATL MTG ASSN | 6.625 | 11/15/10 | 10,000,000 | 10,059,752 | 10,795,011 | 0.75% |
| FEDERAL NATL MTG ASSN | 4.375 | 07/17/13 | 20,000,000 | 19,682,400 | 21,207,502 | 1.48% |
| FEDERAL NATL MTG ASSN | 4.125 | 04/15/14 | 10,000,000 | 9,690,357 | 10,586,065 | 0.74% |
| FEDERAL NATL MTG ASSN | 4.625 | 10/15/14 | 10,000,000 | 10,079,835 | 10,800,063 | 0.75% |
| FEDERAL NATL MTG ASSN | 4.250 | 08/15/10 | 5,000,000 | 5,074,276 | 5,196,483 | 0.36% |
| FEDERAL HOME LN MTG CORP | 0.000 | 01/15/13 | 1,000,000 | 927,454 | 889,688 | 0.06% |
| FEDERAL NATL MTG ASSN DEB | 0.000 | 07/15/14 | 1,000,000 | 873,100 | 835,249 | 0.06% |

**STATE OF MONTANA BOARD OF INVESTMENTS**
**CONSOLIDATED UNIFIED INVESTMENT PROGRAM FINANICAL STATEMENT**

## ALL OTHER FUNDS

| Security Name | Coupon | Maturity | Par | Amortized Cost | Fair Value | % |
|---|---|---|---|---|---|---|
| FNMA POOL 190985 | 7.500 | 08/01/09 | 4,895 | 4,895 | 4,963 | 0.00% |
| FNMA POOL 254140 | 5.500 | 01/01/17 | 3,486,707 | 3,478,541 | 3,671,670 | 0.26% |
| FNMA POOL 254233 | 5.000 | 03/01/17 | 2,905,536 | 2,851,078 | 3,030,808 | 0.21% |
| FNMA POOL 254631 | 5.000 | 02/01/18 | 2,476,578 | 2,461,695 | 2,593,657 | 0.18% |
| FNMA POOL 303590 | 7.000 | 11/01/10 | 71,864 | 71,864 | 73,776 | 0.01% |
| FNMA POOL 313999 | 6.000 | 02/01/13 | 218,975 | 218,581 | 232,327 | 0.02% |
| FEDERAL HOME LN MTG CORP | 5.000 | 02/16/17 | 10,000,000 | 9,910,379 | 10,902,970 | 0.76% |
| FEDERAL HOME LN MTG CORP | 1.500 | 01/07/11 | 10,000,000 | 10,000,000 | 10,072,575 | 0.70% |
| FNMA POOL 572220 | 6.000 | 03/01/16 | 151,248 | 151,026 | 161,217 | 0.01% |
| FNMA POOL 592327 | 5.500 | 06/01/16 | 284,924 | 281,461 | 300,038 | 0.02% |
| FEDERAL NATL MTG ASSN | 3.875 | 07/12/13 | 10,000,000 | 9,874,428 | 10,546,868 | 0.74% |
| FEDERAL NATL MTG ASSN | 2.000 | 03/02/11 | 3,000,000 | 3,000,000 | 3,018,665 | 0.21% |
| FNMA POOL 844915 | 4.500 | 11/01/20 | 5,484,417 | 5,454,981 | 5,652,579 | 0.39% |
| FNMA POOL 888932 | 4.500 | 11/01/22 | 3,756,671 | 3,756,671 | 3,871,858 | 0.27% |
| FNMA POOL 962078 | 4.500 | 03/01/23 | 8,264,729 | 8,219,971 | 8,449,940 | 0.59% |
| **U.S. Government Agency** | | | **386,123,865** | **378,573,953** | **398,775,241** | **27.85%** |
| ENSCO OFFSHORE CO | 6.360 | 12/01/15 | 6,500,448 | 6,500,448 | 7,122,346 | 0.50% |
| GLOBAL INDS LTD | 7.710 | 02/15/25 | 3,200,000 | 3,200,000 | 3,226,624 | 0.23% |
| ROWAN COS INC | 5.880 | 03/15/12 | 6,815,000 | 6,815,000 | 7,104,024 | 0.50% |
| UNITED STATES TREAS NTS | 4.000 | 02/15/15 | 20,000,000 | 19,192,938 | 21,256,599 | 1.48% |
| UNITED STATES TREAS NTS | 4.250 | 11/15/17 | 15,000,000 | 15,152,931 | 15,913,950 | 1.11% |
| UNITED STATES TREAS NTS | 3.875 | 05/15/18 | 15,000,000 | 15,040,746 | 15,456,900 | 1.08% |
| UNITED STATES TREAS NTS | 4.000 | 08/15/18 | 10,000,000 | 10,069,431 | 10,373,200 | 0.72% |
| UNITED STATES TREAS NTS | 2.750 | 02/15/19 | 10,000,000 | 9,896,713 | 9,365,400 | 0.65% |
| US TREASURY T/B | 1.375 | 05/15/12 | 3,000,000 | 2,969,726 | 2,983,590 | 0.21% |
| WI TREASURY SEC | 2.625 | 04/30/16 | 10,000,000 | 9,824,458 | 9,670,300 | 0.68% |
| UNITED STATE TREAS NTS | 2.625 | 02/29/16 | 5,000,000 | 5,009,362 | 4,854,600 | 0.34% |
| WI TREASURY SEC | 3.250 | 05/31/16 | 5,000,000 | 4,887,609 | 5,021,000 | 0.35% |
| UNITED STATES TRES SC STRP INT | 0.000 | 05/15/12 | 3,000,000 | 2,872,621 | 2,876,190 | 0.20% |
| UNITED STATES TRES SC STRP INT | 0.000 | 08/15/17 | 1,590,000 | 1,278,622 | 1,174,120 | 0.08% |
| UNITED STATES TRES SC STRP INT | 0.000 | 11/15/17 | 6,300,000 | 4,267,029 | 4,578,840 | 0.32% |
| **U.S. Government Direct Obligations** | | | **120,405,448** | **116,977,634** | **120,977,683** | **8.45%** |
| **AOF Total** | | | **1,370,967,945** | **1,431,182,507** | **1,432,121,237** | **100.00%** |

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LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Monica Huyg, Legal Counsel

Deputy Legislative Auditors:
James Gillett
Angie Grove

# INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Statement of Net Assets of the Enterprise Fund of the Montana Board of Investments as of June 30, 2009, and 2008, and the related Statement of Revenues, Expenses and Changes in Fund Net Assets, and Statement of Cash Flows for each of the fiscal years then ended. The information contained in these financial statements is the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise Fund of the Montana Board of Investments as of June 30, 2009, and 2008, and its changes in net assets and cash flows for each of the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information presented on pages 1-69 and Appendix A listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Respectfully submitted,

*/s/ James Gillett*

James Gillett, CPA
Deputy Legislative Auditor

October 27, 2009



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**STATE OF MONTANA BOARD OF INVESTMENTS ENTERPRISE FUND**
**STATEMENT OF NET ASSETS AS OF JUNE 30, 2009 AND 2008**

| | | 2009 | | 2008 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets:** | | | | |
| Cash and cash equivalents (Note 1) | $ | 9,450,048 | $ | 9,230,138 |
| Interest receivable | | 612,231 | | 878,280 |
| Notes/loans receivable (Note 1) | | 7,305,015 | | 9,779,321 |
| Interfund notes/loans and interest receivable (Note 1) | | 3,914,397 | | 4,133,105 |
| Component Unit notes/loans and interest receivable (Note 1) | | 1,902,780 | | 1,856,884 |
| Short-term investments at fair value (Notes 1 and 2) | | 1,735,074 | | 9,907,678 |
| Security lending cash collateral (Note 3) | | 7,985 | | 1,370 |
| **Total current assets** | $ | 24,927,530 | $ | 35,786,776 |
| **Noncurrent assets:** | | | | |
| Restricted investments at fair value (Notes 1 and 2) | | 3,065,218 | | 3,920,255 |
| Long-term investments at fair value (Notes 1 and 2) | | 10,124 | | 2,914 |
| Notes/loans receivable (Note 1) | | 35,021,551 | | 34,841,007 |
| Interfund notes/loans and interest receivable (Note 1) | | 24,102,946 | | 21,577,526 |
| Component Unit notes/loans receivable (Note 1) | | 7,548,335 | | 8,260,506 |
| Capitalized cost of issue (Note 1) | | 1,315,245 | | 1,419,379 |
| Equipment | | 6,090 | | 6,090 |
| Accumulated depreciation | | (3,758) | | (2,977) |
| **Total noncurrent assets** | | 71,065,751 | | 70,024,700 |
| **Total assets** | $ | 95,993,281 | $ | 105,811,476 |
| **Liabilities** | | | | |
| **Current liabilities:** | | | | |
| Due to other funds | | 1,926 | | 2,434 |
| Accrued expenses | | 12,090 | | 13,873 |
| Accrued interest payable | | 689,258 | | 1,146,090 |
| Security lending obligations (Note 3) | | 7,985 | | 1,370 |
| Arbitrage rebate tax payable | | 19,454 | | 25,370 |
| Compensated absences | | 12,424 | | 12,385 |
| Current bonds/notes payable (Note 4) | | 88,956,456 | | 98,462,463 |
| **Total current liabilities** | $ | 89,699,593 | $ | 99,663,985 |
| **Noncurrent liabilities** | | | | |
| Bonds/notes payable (Note 4 ) | | 843,694 | | 1,435,903 |
| Compensated absences | | 14,902 | | 40,684 |
| Arbitrage rebate tax payable | | | | 14,426 |
| OPEB implicit rate subsidy (Note 10) | | 29,408 | | 14,910 |
| **Total noncurrent liabilities** | | 888,004 | | 1,505,923 |
| **Total liabilities** | $ | 90,587,597 | $ | 101,169,908 |
| **Net Assets** | | | | |
| Invested in capital assets, net of related debt | $ | 2,332 | $ | 3,113 |
| Restricted (Note 1) | | 1,936,397 | | 3,132,940 |
| Unrestricted | | 3,466,955 | | 1,505,515 |
| **Total net assets (Note 7)** | $ | 5,405,684 | $ | 4,641,568 |
| **Total liabilities and net assets** | $ | 95,993,281 | $ | 105,811,476 |

**The accompanying notes are an integral part of these financial statements.**

**STATE OF MONTANA BOARD OF INVESTMENTS ENTERPRISE FUND**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**
**FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

| | | 2009 | | 2008 |
|---|---|---|---|---|
| **Operating revenue** | | | | |
| **Reimbursements** | $ | 25,927 | $ | 33,321 |
| **Investment income** | | 403,540 | | 1,043,973 |
| **Security lending income** | | 559 | | 321 |
| **Financing income** | | 3,132,033 | | 3,425,902 |
| **Total operating revenue** | | 3,562,059 | | 4,503,517 |
| **Operating expenses** | | | | |
| **Personal services** | | 195,598 | | 297,247 |
| **Contracted services** | | 18,611 | | 32,163 |
| **Supplies and materials** | | 3,296 | | 5,419 |
| **Communications** | | 12,793 | | 6,830 |
| **Travel** | | 3,257 | | 2,132 |
| **Rent** | | 43,916 | | 42,893 |
| **Repair and maintenance** | | 315 | | 300 |
| **Indirect and other costs** | | 36,778 | | 44,603 |
| **OPEB (Note 10)** | | 14,498 | | 14,910 |
| **Depreciation expense** | | 781 | | 47 |
| **Arbitrage rebate tax expense (Note 9)** | | (20,343) | | 23,580 |
| **Security lending expense** | | 188 | | 251 |
| **Debt service** | | | | |
| **Interest expense** | | 2,855,503 | | 3,729,900 |
| **Trustee fee expense** | | 66,055 | | 66,473 |
| **Bond issuance cost amortization expense** | | 104,134 | | 106,752 |
| **Other debt service expense** | | 187,563 | | 179,280 |
| **Total operating expenses** | | 3,522,943 | | 4,552,780 |
| **Operating income (loss)** | | 39,116 | | (49,263) |
| **Nonoperating income:** | | | | |
| **Transfers from other funds (Note 8)** | | 725,000 | | 0 |
| **Change in net assets** | | 764,116 | | (49,263) |
| **Beginning net assets** | | 4,641,568 | | 4,690,831 |
| **Ending net assets (Note 7)** | $ | 5,405,684 | $ | 4,641,568 |

**The accompanying notes are an integral part of these financial statements.**

**STATE OF MONTANA BOARD OF INVESTMENTS ENTERPRISE FUND**
**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

| | | 2009 | | 2008 |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Receipts for sales and services | $ | 25,927 | $ | 33,321 |
| Payments to suppliers for goods and services | | (117,651) | | (142,063) |
| Payments to employees | | (222,986) | | (296,865) |
| **Net cash (used for) operating activities** | | (314,710) | | (405,607) |
| **Cash flows from non-capital financing activities:** | | | | |
| Payment of principal and interest on bonds and notes | | (13,664,170) | | (5,840,364) |
| Proceeds from issuance of bonds and notes | | 0 | | 429,549 |
| Transfers from other funds (Note 8) | | 725,000 | | 0 |
| **Net cash provided by (used for) non-capital financing activities** | | (12,939,170) | | (5,410,815) |
| **Cash flows from capital and related financing activities:** | | | | |
| Acquisition of fixed assets | | 0 | | (3,100) |
| **Net cash (used for) capital and related financing activities** | | 0 | | (3,100) |
| **Cash flows from investing activities:** | | | | |
| Collections for principal and interest on loans | | 26,933,904 | | 23,480,099 |
| Cash payments for loans | | (22,949,550) | | (30,025,737) |
| Purchase of investments | | (816,761) | | (10,043,998) |
| Proceeds from security lending | | 559 | | 321 |
| Security lending costs | | (188) | | (251) |
| Proceeds from sales or maturities of investments | | 9,835,095 | | 1,076,000 |
| Interest on investments | | 470,731 | | 893,515 |
| (Payment for) refund from arbitrage rebate tax | | 0 | | (43,105) |
| **Net cash provided by (used for) investing activities** | | 13,473,790 | | (14,663,156) |
| Net increase (decrease) in cash and cash equivalents | | 219,910 | | (20,482,678) |
| Cash and cash equivalents, July 1 | | 9,230,138 | | 29,712,816 |
| Cash and cash equivalents, June 30 | | 9,450,048 | | 9,230,138 |
| **Reconciliation of net income to net cash (used for) operating activities:** | | | | |
| Net operating (loss) income | | 39,116 | | (49,263) |
| Adjustments to reconcile net income to net cash (used for) operating activities | | | | |
| Depreciation | | 781 | | 47 |
| Interest on investments | | (403,540) | | (1,043,973) |
| Financing income | | (3,132,033) | | (3,425,902) |
| Interest expense | | 3,213,257 | | 4,082,405 |
| Security lending income | | (559) | | (321) |
| Security lending expense | | 188 | | 251 |
| Arbitrage rebate tax expense (Note 9) | | (20,343) | | 23,580 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in other assets | | 1,959 | | (4,995) |
| Increase (decrease) in other payables | | (1,783) | | (7,358) |
| Increase (decrease) in due to other funds | | (508) | | (2,846) |
| Increase (decrease) in compensated absences payable | | (25,743) | | 7,858 |
| Increase (decrease) in OPEB payables (Note 10) | | 14,498 | | 14,910 |
| **Total adjustments** | | (353,826) | | (356,344) |
| **Net cash (used for) operating activities** | $ | (314,710) | $ | (405,607) |
| **Schedule of noncash transactions:** | | | | |
| Increase/(decrease) in fair value of investments | $ | 21,613 | $ | (147,098) |
| Total noncash transactions | $ | 21,613 | $ | (147,098) |

**The accompanying notes are an integral part of these financial statements.**

**STATE OF MONTANA BOARD OF INVESTMENTS ENTERPRISE FUND**

**NOTES TO FINANCIAL STATEMENTS**
**FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND JUNE 30, 2008**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Accounting

**The Board uses the accrual basis of accounting for the Enterprise Fund. Under the accrual basis of accounting, expenses are recorded when incurred and revenues are recorded when earned. The financial statements are prepared from the Statewide Accounting, Budgeting, and Human Resource System (SABHRS) and information contained in the bond trustee statements. The statements include the financial activity administered by the Board in the Enterprise Fund.**

### b. Presentation of Programs

**The Board uses the Enterprise Fund to account for its programs created under the Economic Development Bond Act and the Municipal Finance Consolidation Act.**

**Economic Development Bond Act programs include:**

- **The Stand Alone Economic Development Bond Program provides access to limited economic development projects through the issuance of conduit debt.**
- **The Conservation Reserve Enhancement Program (CRP), created in 1990 by issuing bonds, allows farmers to receive a lump sum payment by assigning their federal CRP contract to the Board. The farmers under contract must comply with seeding and other requirements. The Conservation Reserve Enhancement Program is currently funded by the Montana Trust Funds Bond Pool.**

**Municipal Finance Consolidation Act programs include:**

- **The INTERCAP loan program provides funds to eligible Montana governments to finance capital expenditures for up to fifteen years.**
- **The Irrigation District Pooled Loan Program provided funds for the Board to purchase the refunding bonds from participating irrigation districts for the purpose of prepaying the U.S. Department of Interior, Bureau of Reclamation Projects Loans.**

### c. Fixed Asset Depreciation

**The equipment fixed assets recorded in the Enterprise Fund are depreciated on a straight-line basis value, in accordance with state policy.**

### d. Receivables

**The Enterprise Fund notes/loans receivables of $79,435,279 as of June 30, 2009 and $80,024,100 as of June 30, 2008, represent loans made to Montana businesses, state and local governments. The Enterprise Fund notes/loans are classified in three categories as follows:**

1) **Notes/loans receivable from local governments and Montana businesses**
2) **Interfund notes/loans receivable from state agency governments**
3) **Component Unit notes/loans receivable from certain state agencies and university units for which the State is financially accountable.**

**The InterFund notes/loans receivable as of June 30, 2009 and 2008 includes $356,710 and $419,254, respectively, in interest accruals from state agencies and university units.**

### e. Capitalized Cost of Issue

**The Enterprise Fund capitalized cost of issue asset of $1,315,245 and $1,419,379 as of June 30, 2009 and June 30, 2008, respectively, represents paid bond issuance costs which have been capitalized and are being amortized, using the straight-line method over the life of the bonds.**

**f. Cash and Cash Equivalents**

**For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents, as identified in the Statement of Net Assets, are as follows:**

| | | June 30, 2009 | | June 30, 2008 |
|---|---|---|---|---|
| Cash in treasury | $ | 737,826 | $ | 13,244 |
| Cash with fiscal agent | | 414,589 | | 1 |
| Short Term Investment Pool (STIP) | | 111,563 | | 28,307 |
| First American Treasury Obligation Fund | | 8,186,070 | | 9,188,586 |
| Total Cash and Cash Equivalents | $ | 9,450,048 | $ | 9,230,138 |

**The Enterprise Fund invests its operational cash in the Board's Short Term Investment Pool (STIP), an external investment pool. An external investment pool commingles the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio. STIP participants include both state agencies and local governments. By meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use amortized cost rather than fair value to report net assets to compute unit values.**

**g. Restricted Net Assets**

**The Statement of Net Assets for the Enterprise Fund reports restricted assets. Net assets are reported as restricted when constraints placed on net asset use are either:**

**a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or**
**b. Imposed by law through constitutional provisions or enabling legislation.**

**The net assets of all Enterprise Fund programs with the exception of MEDB (Montana Economic Development Bonds) Guarantee Fund Account, MEDB Guarantee CRP Note Reserve, MEDB Contingency Account and CRP are restricted under bond indentures governing the use of these funds.**

**h. Investments**

**Investments are presented in the Statement of Net Assets at fair value. Investment fair values for publicly traded securities are determined primarily by reference to market prices supplied to the Board's trustee. Amortized cost, or carrying value, represents the original cost, adjusted for premium and discount amortization where applicable. Premiums and discounts are amortized/accreted using the straight-line method to the maturity date of the securities.**

**2. INVESTMENT RISK DISCLOSURES**

**Effective June 30, 2005, the Board implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40 – Deposit and Investment Risk Disclosures. The investment risk disclosures are described in the following paragraphs.**

**The Enterprise Fund deposits and investments are restricted by the bond trust indentures to the following: government and agency obligations, certificates of deposits, repurchase agreements, and investment agreements. Deposits and investments must be made with Montana banks or in the Short Term Investment Pool (STIP) administered by the Board.**

**Credit Risk**
**Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Enterprise Fund's U.S. government direct-backed securities, consisting of U.S. Treasury notes and bills, are guaranteed directly by the U.S. government. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The credit ratings presented in the table below are provided by S&P's rating services.**

**Custodial Credit Risk**
**Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2009 and 2008, Enterprise Fund securities were recorded in book entry form in the name of U.S. Bank National Association as Trustee for the Montana Board of Investments by specific account.**

**As of June 30, 2009 and 2008, the Enterprise Fund had $3,240,541 and $10,041,084, respectively, in Certificates of Deposits (CDs), of which $250,000 and $100,000, respectively, are covered by FDIC (Federal Deposit Insurance Corporation) insurance. The remaining balances of $2,990,541 and $9,941,084, respectively, are not covered by deposit insurance but are collateralized by securities held by U.S. Bank's Trust Department. The securities used as collateral are held by U.S. Bank's Trust Department at 100% of the Certificate of Deposit amount in a pool for multiple depositors.**

**Concentration of Credit Risk**

**Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Enterprise Fund investments include investments directly issued or explicitly guaranteed by the U.S. government, and investments in mutual funds. These investments are excluded from the concentration of credit risk requirement. The Enterprise Fund also invests in US Bank Certificates of Deposit. As of June 30, 2009 and 2008 these CDs represent 24.7% and 43.6% of the investment portfolio, respectively.**

**Interest Rate Risk**

**Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Enterprise Funds' bond indentures do not formally address interest rate risk. In accordance with GASB Statement No. 40, the Board has selected the duration method to disclose interest rate risk.**

**State of Montana Enterprise Fund investments are categorized below to disclose credit and interest rate risk as of June 30, 2009 and June 30, 2008. Credit risk reflects the bond quality rating, by investment type, as of the June 30 report date. Interest rate risk is disclosed using duration as calculated by Board staff. If a bond investment type is unrated, the quality type is indicated by NR (not rated). Both the credit quality ratings and duration have been calculated excluding cash equivalents. If duration has not been calculated, duration is indicated by NA (not applicable).**

**Credit Quality Rating and Effective Duration as of June 30, 2009**

| Security Investment Type | | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|---|
| First American Treasury Obligation Fund | $ | 8,186,070 | AAA | NA |
| Short Term Investment Pool (STIP) | | 121,687 | NR | 0.13 |
| U.S. Government Direct Obligations | | 1,559,751 | AAA | 1.00 |
| Certificates of Deposit | | 3,240,541 | A+ | 2.32 |
| Total Investments | $ | 13,108,049 | AA+ | 1.85 |
| Securities Lending Collateral Investment Pool | $ | 7,985 | NR | NA |

**Credit Quality Rating and Effective Duration as of June 30, 2008**

| Security Investment Type | | Fair Value | Credit Quality Rating | Effective Duration |
|---|---|---|---|---|
| First American Treasury Obligation Fund | $ | 9,188,586 | AAA | NA |
| Short Term Investment Pool (STIP) | | 31,221 | NR | NA |
| U.S. Government Direct Obligations | | 3,786,848 | AAA | 1.17 |
| Certificates of Deposit | | 10,041,084 | AA | 1.21 |
| Total Investments | $ | 23,047,739 | AA+ | 1.20 |
| Securities Lending Collateral Investment Pool | $ | 1,370 | NR | NA |

**There were no derivative transactions during the above fiscal years for investments held by the trustee.**

## 3. SECURITY LENDING

**The Enterprise Fund is a participant in the Board's Short Term Investment Pool (STIP). In fiscal years 2009 and 2008, security lending transactions were recorded for STIP.**

**The Board is authorized by law to lend its securities and has contracted with the custodial bank, State Street Bank and Trust "the Bank", to lend the Board's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities and 105 percent of the fair value of international securities while the securities are on loan. The Board and the Bank split the earnings on security lending activities.**

**During fiscal years 2009 and 2008, the Bank lent Board public securities and received U.S. dollar and foreign currency cash, securities issued or guaranteed by the U.S. government, sovereign debt rated A or better, convertible bonds, and irrevocable bank letters of credit as collateral. The Bank cannot pledge or sell collateral securities unless the borrower defaults. The Board imposed no restrictions on the amount of securities available to lend during fiscal years 2009 and 2008. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of Default of the Borrower (other than the default by Lehman Brothers Inc. which occurred in September, 2008 and the Board of Investments was made whole in connection with this). Also, there were no losses resulting from a borrower default.**

**During fiscal years 2009 and 2008, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received for each loan was invested, together with the cash collateral of other qualified plan lenders, in a collective investment pool. The Securities Lending Quality Trust had an average duration of 31 and 41 days, respectively, as of June 30, 2009 and 2008. The Quality D Trust had an average duration of 43 and 42 days, respectively, as of June 30, 2009 and 2008. Because the loans were terminable at will, their duration generally did not match the duration of the investments made with cash collateral. At year-end 2009 and 2008, the Board had no credit risk exposure to borrowers because the collateral pledged by the borrowers exceeded the value of the securities borrowed.**

## 4. BONDS PAYABLE

**Long-Term Bonds Payable**

**Economic Development Bonds (EDB) and Municipal Finance Consolidation Act Bonds (MFCAB)**

**These bonds are issued under the Economic Development Bond Act, and the Municipal Finance Consolidation Act, for the purpose of assisting Montana's small businesses and local governments in obtaining low cost financing. Outstanding obligations are listed as follows (in thousands):**

**Bonds Payable as of June 30, 2009**

| Program | Series | Amount Issued | Interest Range % | Principal Payments FY 2010 | Principal Payments @ Maturity | Balance June 30, 2009 |
|---|---|---|---|---|---|---|
| Municipal Finance Consolidation Act Bonds (Irrigation Program) (1) | 1988 | $ 4,976 | 6.60-7.75 | $ 50 | 70 (2014) | $ 300 |
| Conservation Reserve Enhancement Program (CRP Bonds) (2) | | 880 | 6.00-7.40 | 286 | 108(2013) | 880 |
| Total Bonds Payable | | $ 5,856 | | $ 336 | | $ 1,180 |
| Less Current Portion (FY2009 Principal Payments) | | | | | | (336) |
| Total Long-Term Bonds Payable | | | | | | $ 844 |

**Bonds Payable as of June 30, 2008**

| Program | Series | Amount Issued | Interest Range % | Principal Payments FY 2009 | Principal Payments @ Maturity | Balance June 30, 2008 |
|---|---|---|---|---|---|---|
| Municipal Finance Consolidation Act Bonds (Irrigation Program) (1) | 1988 | $ 4,976 | 6.60-7.75 | $ 45 | 70 (2014) | $ 345 |
| Conservation Reserve Enhancement Program (CRP Bonds) (2) | | 1,508 | 6.00-7.50 | 372 | 98(2014) | 1,508 |
| Total Bonds Payable | | $ 6,484 | | $ 417 | | $ 1,853 |
| Less Current Portion (FY2008 Principal Payments) | | | | | | (417) |
| Total Long-Term Bonds Payable | | | | | | $ 1,436 |

(1) The Board issued these bonds to provide funds to purchase the Refunding Bonds of participating Irrigation Districts for the purpose of prepaying the U.S. Department of Interior, Bureau of Reclamation Projects Loans. The Irrigation Bonds and the interest thereon are payable solely from the collection of a special tax or assessment which is a lien against real property in the Irrigation District. While the Irrigation Bonds are not obligations of the State of Montana, the bonds are limited obligations of the Board due to an irrevocable pledge to lend money for deposit by the Trustee of the Irrigation District Pooled Loan Program Reserve Account E in an amount equal to any deficiencies therein on any payment date. The Indenture does not permit the issuance of additional bonds.

(2) The Conservation Reserve Enhancement Program is funded by the Montana Trust Funds Bond Pool.

**Future debt service as of June 30, 2009 is listed below (in thousands):**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Total |
|---|---|---|---|---|---|---|---|
| Principal | $ 336 | $ 296 | $ 305 | $ 173 | $ 70 | $ - | $ 1,180 |
| Interest | $ 80 | $ 56 | $ 36 | $ 15 | $ 3 | $ - | $ 190 |
| Total | $ 416 | $ 352 | $ 341 | $ 188 | $ 73 | $ - | $ 1,370 |

**Future debt service as of June 30, 2008 is listed below (in thousands):**

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|---|---|---|---|---|---|---|---|
| Principal | $ 417 | $ 347 | $ 307 | $ 329 | $ 285 | $ 168 | $ 1,853 |
| Interest | $ 125 | $ 96 | $ 73 | $ 52 | $ 29 | $ 9 | $ 384 |
| Total | $ 542 | $ 443 | $ 380 | $ 381 | $ 314 | $ 177 | $ 2,237 |

**Current Bonds Payable**

The Enterprise Fund is authorized to issue INTERCAP bonds under the Municipal Finance Consolidation Act. These bonds may not aggregate more than $190 million as amended by the 2007 Legislature. The INTERCAP bonds provide funds for the Board to make loans to eligible government units. The bonds are not a debt or liability of the State of Montana. The bonds are

limited obligations of the Board payable solely from: a) repayments of principal and interest on loans made by the Board to participating eligible Montana governments; b) investment income under the indenture; and c) an irrevocable pledge by the Board. The Board has no taxing power. These bonds may be redeemed, at the bondholder's option, any March 1, prior to maturity. The Board did not enter into an arms-length financing agreement to convert the bonds "put", or tender, but not resold into some other form of long-term obligation. Accordingly, these bonds, considered demand bonds, are recorded as current liabilities of the Enterprise Fund.

The INTERCAP obligations at June 30, 2009 and June 30, 2008, are listed below (in thousands):

| Series | Amount Issued | Interest Range | Maturity | Balance June 30, 2009 | Balance June 30, 2008 |
|---|---|---|---|---|---|
| 1994 | $ 7,500 | Variable | 2009 | $ - | $ 6,685 |
| 1995 | 7,500 | Variable | 2010 | 4,295 | 6,875 |
| 1997 | 10,000 | Variable | 2017 | 9,415 | 9,520 |
| 1998 | 12,500 | Variable | 2018 | 12,055 | 12,110 |
| 2000 | 15,000 | Variable | 2025 | 14,750 | 14,750 |
| 2003 | 15,000 | Variable | 2028 | 14,735 | 14,735 |
| 2004 | 18,500 | Variable | 2029 | 18,370 | 18,370 |
| 2007 | 15,000 | Variable | 2032 | 15,000 | 15,000 |
| Total INTERCAP Debt | $ 101,000 | | | 88,620 | 98,045 |
| Current Portion of Long-Term Bonds Payable | | | | 336 | 417 |
| Current Bonds Payable | | | | $ 88,956 | $ 98,462 |

## 5. OTHER DEBT

**Conduit Debt**

In this program, the Board is authorized to issue stand-alone industrial revenue bonds, under the Economic Development Act, as conduit (no commitment) debt. Assets and revenues of the borrower are pledged to repay the bonds. Because the Board has no obligation for this debt, these bond issues are not reflected on the Board's financial statements. Bonds issued by the Board as conduit (no-commitment) debt are listed below (in thousands):

| Project | Issue Date | Maturity Date | Amount Issued | Balance June 30, 2009 | Balance June 30, 2008 |
|---|---|---|---|---|---|
| Colstrip | October 1989 | 12/30/15 | $ 60,800 | $ 42,300 | $ 45,300 |
| Yellowstone Energy (BGI) | July 1993 | 12/31/19 | 118,345 | 104,600 | 110,145 |
| Stillwater Mining | July 2000 | 07/01/20 | 30,000 | 30,000 | 30,000 |
| Gainey Foundation | October 2002 | 09/01/14 | 6,000 | 3,290 | 3,775 |
| Total conduit debt | | | $ 215,145 | $ 180,190 | $ 189,220 |

**QZAB Debt**

In this program, the Board is authorized to issue Qualified Zone Academy Bonds (QZAB), under the Municipal Finance Consolidation Act, as conduit (no commitment) debt. The revenues, and in some cases the taxing power, of the borrower are pledged to repay the bonds. Because the Board has no obligation for this debt, these bond issues are not reflected on the Board's financial statements. Bonds issued by the Board as QZAB conduit (no-commitment) debt are listed below (in thousands):

| Project | Issue Date | Maturity Date | Amount Issued | Balance June 30, 2009 | Balance June 30, 2008 |
|---|---|---|---|---|---|
| Huntley Project K-12 Schools | December 2000 | 07/01/13 | $ 750 | $ 750 | $ 750 |
| Bozeman Public Schools | November 2003 | 11/25/12 | 1,586 | 1,586 | 1,586 |
| Philipsburg Schools | December 2003 | 12/10/17 | 2,000 | 2,000 | 2,000 |
| Cut Bank Elementary | August 2005 | 08/18/21 | 825 | 825 | 825 |
| Cut Bank High School | August 2005 | 08/18/21 | 625 | 625 | 625 |
| Bozeman Public Schools | December 2006 | 12/19/15 | 1,459 | 1,459 | 1,459 |
| Billings School | December 2008 | 06/15/18 | 773 | 773 | 0 |
| Lewistown Elementary School | June 2009 | 06/15/17 | 2,087 | 2,087 | 0 |
| Total QZAB conduit debt | | | $ 10,105 | $ 10,105 | $ 7,245 |

**6. INTERCAP PROGRAM LOAN COMMITMENTS**

**The Board makes firm commitments to fund loans from the INTERCAP loan program. As of June 30, 2009 and 2008, respectively, the Board committed to make loans to eligible Montana governments totaling $29,249,486 and $30,926,556.**

**7. NET ASSETS**

**Net Assets represents the accumulated net profits of the Enterprise Fund programs. The Net Assets for fiscal years ended June 30, 2009 and June 30, 2008 include $61,256 and $82,869, respectively, in unrealized appreciation (depreciation) in reporting the fair value of the Enterprise Fund investments.**

**8. TRANSFERS FROM OTHER FUNDS**

**In fiscal year 2009, the Board of Investments' Investment account transferred $725,000 to the Enterprise Fund. This transfer was a partial repayment of transfers to the Board of Investments' Investment accounts made in fiscal years 2007 and 2003 for $900,074 and $297,266. No transfers were made in fiscal year 2008.**

**9. ARBITRAGE**

**The fiscal year 2009 Arbitrage Rebate Tax Expense represents an over accrual of estimated arbitrage liability as calculated by a contracted vendor.**

**10. OPEB – OTHER POST EMPLOYMENT BENEFITS**

**Refer to the State of Montana Comprehensive Annual Financial Report (CAFR) Note 7. The State of Montana CAFR is available at the Department of Administration, Administrative and Financial Service Division's website at http://sfsd.mt.gov/SAB/cafr/cafrprior .**

**11. SUBSEQUENT EVENT**

**On July 1, 2009, U.S. Bank established a mandatory 100% redemption of the conduit debt bonds for The Gainey Foundation for $3,290,000. The bonds were redeemed in accordance with the loan agreement which requires a renewed or substitute letter of credit be presented to the Bank 45 days prior to the expiration or termination of the current letter of credit.**

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