



Maryland
State Treasurer's

2008 ANNUAL REPORT

Investing for Maryland's Future.



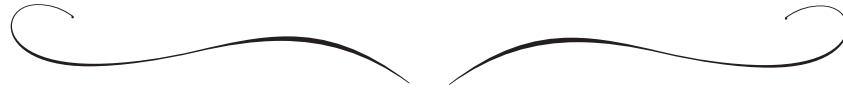


The Maryland State Treasurer's Office



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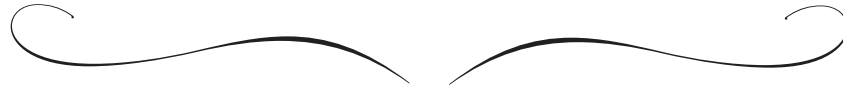
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The Maryland State Treasurer's Office
Biography of the Honorable
Nancy K. Kopp



STATE TREASURER
Nancy K. Kopp

Elected in February 2002, and re-elected to full four-year terms in 2003 and 2007, Nancy K. Kopp is the 23rd Maryland State Treasurer since the adoption of the Constitution of 1851. She is the second woman ever to serve as Maryland's State Treasurer and is the only woman serving Maryland in a Constitutional Office. In addition to her responsibilities for managing the Office of State Treasurer and representing the General Assembly, the Treasurer holds positions of leadership on a number of key State financial planning committees.

Treasurer Kopp chairs both the Capital Debt Affordability Committee and the Commission on State Debt, and sits on Maryland's three-member Board of Revenue Estimates. She is the chief representative of the State dealing with financial rating agencies and investment banking firms. The Treasurer also serves as Chair of the Board of Trustees of the Maryland State Retirement and Pension Systems, as Chair of the College Savings Plans of Maryland and as a member of the Maryland Supplemental Retirement Board, the Maryland Health and Higher Education Financing Authority, the Maryland Agricultural Land Preservation Foundation Board, the Small Business Development Financing Authority and the Hall of Records Commission. Unique among the Treasurer's responsibilities is her position on the Board of Public Works with the Governor and the Comptroller of the State. This Board oversees a substantial portion of the procurements and contracts of the State, ranging from wetlands licenses to construction projects.

Treasurer Kopp represented the Bethesda, Maryland, area in the Maryland House of Delegates for 27 years prior to her election as Treasurer. As a member of the House of Delegates, Treasurer Kopp chaired the Joint Committee on Spending Affordability, as well as the Appropriations Subcommittee on Education and Economic Development. She also served on the Capital Budget Subcommittee, Subcommittee on



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Pensions, and Joint Committee on Budget and Audits, and at various times as Deputy Majority Leader and Speaker Pro Tem. During her legislative career, Treasurer Kopp was named by her colleagues as the most effective woman legislator and one of the 10 most effective members of the House.

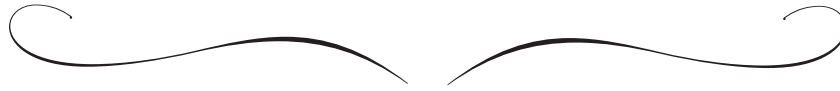
Treasurer Kopp has been active in numerous national, regional and state organizations and boards over the years, primarily focused on finance, budgeting and education. Appointed by President Clinton to the National Assessment Governing Board, which oversees the National Assessment of Educational Progress (the "Nation's Report Card"), Treasurer Kopp also served as Treasurer of the Southern Regional Education Board and chaired its Commission on Educational Quality. She served on the Executive Committee of the National Conference of State Legislatures and chaired its Assembly on Legislative Issues, and Committees on Federal Budget Issues, State Fiscal Issues and Capital Budgeting Procedures. Treasurer Kopp also was Vice-Chair of the National Commission on State and Local Budget and Finance Procedures. She is a member of the National Association of State Treasurers and Secretary of the National Association of State Auditors, Comptrollers and Treasurers.

A graduate of Wellesley College, Treasurer Kopp holds a master's degree in Government from the University of Chicago. She also has received honorary doctorate degrees from Hood College, the University of Maryland at Baltimore, the University of Maryland University College and Towson University. She and her husband, Robert Kopp, live in Bethesda and have two adult children.



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Historical Review



During the exploration and settlement period of North America (1492-1607), European powers competed to settle the New World. England laid claim to large tracts of land along the East Coast and successfully colonized the Chesapeake Bay area. England's first official colony, settled in Jamestown, Virginia, in 1607 (the Jamestown Colony), included what we now know as Maryland. In 1632, King Charles I of England granted the Charter of Maryland to Cecil Calvert. Calvert was granted extensive autocratic powers over the Maryland colony. Among those powers was the right to appoint government officials.

Soon after his appointment as Governor of Maryland, Sir Francis Nickelson appointed Maryland's first two State Treasurers in 1694. At that time, there were two Treasurers appointed for the State - a Treasurer for the Eastern Shore and a Treasurer for the Western Shore. Maryland's first Treasurers were Colonel William Whittington (Eastern Shore) and Captain Thomas Tasker (Western Shore). The primary duty of the State Treasurers at that time was to manage and disburse State funds. The Governor held the task of appointing State Treasurers throughout the 18th century. This responsibility was ultimately transferred to the legislature with the adoption of the Maryland Constitution in 1776.

In 1843, the two-Treasurer system was abolished with the duties of the Eastern Shore Treasurer being assumed by the Treasurer of the Western Shore. The Maryland Constitution of 1851 finally established a single office of Treasurer for the entire State to be elected by joint ballot of both houses of the General Assembly. Historically, the Treasurer's position was appointed for a term of two years as a part-time position. In 1922, the Treasurer's term was extended from two years to four years and became a full-time position in 1973.

In addition to having authority over custody, safeguarding, investment and disbursement of State funds, the Maryland State Treasurer is considered among the most powerful Treasurers in the country due to membership on the Board of Public Works, which reviews and approves all major State procurements. It is the Treasurer's job to brief members of the General Assembly on issues regarding the financial operation and condition of the State. The Treasurer maintains the State's ongoing relationship with financial rating agencies and conducts outreach with State agencies and other appropriate offices.

The Treasurer also produces this annual report in keeping with her statutory responsibility to provide the General Assembly with current information regarding the State's financial condition.



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Treasurer's of the Past

Treasurers of the Eastern Shore

1694-1695	Col. William Whittington
1695-1714	Maj. Thomas Smithson
1714-1727	Robert Ungle
1727-1747	Col. James Hollyday
1747-1766	Col. Edward Lloyd
1766	John Leeds
1766-1769	Bedingfield Hands
1769-1775	William Hemsley, Jr.
1775-1777	William Hindman
1777-1778	James Hindman
1778-1779	Edward Hindman
1779-1789	Henry Dickinson
1789-1802	William Richardson
1802-1813	William Chambers
1813-1825	William Richardson
1825-1826	John K.B. Emory
1826-1840	William K. Lambdin
1840-1841	Perry Robinson
1841-1842	John H. Harris
1842-1843	Perry Robinson

Treasurers of the Western Shore

1694-1695	Capt. Thomas Tasker
1695-1698	Robert Mason
1699-1700	Robert Mason
1700-1736	Col. Samuel Young
1736-1772	Col. Charles Hammond
1772-1775	Col. William Fitzhugh
1775-1804	Thomas Harwood, Jr.
1804-1826	Benjamin Harwood
1826-1843	George MacKubin
1843-1844	James Owens
1844-1852	Dennis Claude

Maryland State Treasurers

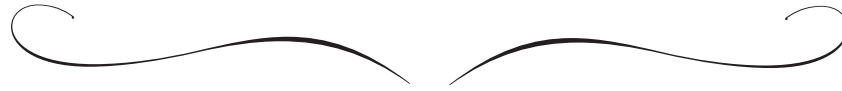
(Beginning of single-Treasurer system)

1852-1854	James Owens
1854-1860	Dennis Claude
1860-1862	Sprigg Harwood
1862-1870	Robert Fowler
1870-1872	John Merryman
1872-1874	John W. Davis
1874-1885	Barnes Compton
1885-1886	John Gittings
1886-1890	Stevenson Archer
1890-1892	Edwin Brown
1892-1896	Spencer C. Jones
1896-1900	Thomas J. Shryock
1900-1916	Murray Vandiver
1916-1918	John M. Dennis
1918-1920	William P. Jackson
1920-1935	John M. Dennis
1935-1963	Hooper S. Miles
1963-1973	John A. Luetkemeyer
1973-1975	J. Millard Tawes
1975-1987	William S. James
1987-1996	Lucille Maurer
1996-2002	Richard N. Dixon
2002-Present	Nancy K.Kopp



The Maryland State Treasurer's Office

Maryland's Board of Public Works



As the State's ultimate policy-making and oversight board for State procurements, the Maryland Board of Public Works is an entity with wide-ranging jurisdiction over nearly every facet of State government. It comprises the Governor, the Treasurer and the Comptroller.

On any given agenda, the Board might review and approve 80 to 100-plus procurements, which also may include land acquisitions and easements, space leases for State agencies, wastewater grants, ground leases, purchase of new cars for the MARC service, architectural/engineering contracts for new construction and renovation at universities, sales of General Obligation bonds, energy performance contracts and wetlands licenses.

For the fiscal year 2008, beginning July 1, 2007, and ending June 30, 2008, the Board acted on 1,815 transactions totaling \$4,425,301,110.

The Board of Public Works, the only constitutionally mandated government body of its type in the nation, provides a public setting for an open, well-publicized review of procurement actions. The result is transparency and accountability. In most other states, such decisions are made within executive departments and agencies, away from public scrutiny.

This public review ensures that the procurement process, sometimes entailing large, expensive contracts with five to 15-year terms, is fair, open, honest and competitive. The procurement process is intended to produce the delivery of projects and services in a cost-effective manner. Board decisions often can hinge on complicated policy and legal considerations.

Many contracts and wetlands licenses can be contentious, creating a situation whereby the meeting takes on the tone of a hearing. Proponents and opponents get equal time before the Board. While members normally vote on all issues on the agenda before it, the Board sometimes decides to defer an item for further study.

During the past year, issues related to Minority Business Enterprise (MBE), wetlands licenses, land preservation and college and university community relations seemed to permeate discussion at many meetings and underscore decisions.

Since the end of the 2008 General Assembly session, the Board has met in the Joint Hearing Room at the Department of Legislative Services while the State House undergoes extensive renovation. Typically the Board meets in the Governor's Reception Room on the second floor of the State House, except for twice-yearly bond sales, which occur in the Assembly Room in the Louis L. Goldstein Treasury Building. The Board generally meets every other Wednesday.



The Maryland State Treasurer's Office

The Treasurer's participation on the Board ensures that the General Assembly has a voice throughout the year in the post-appropriations management of public funds. This "voice" is important to legislators, who frequently express their positions to the Treasurer on Board agenda items.

During the past fiscal year, the following issues were among many that came before the Board of Public Works and generated much discussion:

- Swan Point wetlands license in Charles County
- Shuttle bus contract at BWI Marshall Airport
- Security contract at Camp Fretterd in Baltimore County
- Acquisition of anti-viral Tamiflu and Relenza courses for possible pandemic flu outbreak
- Budget cuts--\$50 million on June 25, 2008, and nearly \$350 million on October 15, 2008
- Bond sales of \$400 million on February 27, 2008, and \$415 million on July 16, 2008
- Acquisition of hybrid vehicles for the State's fleet
- Purchase of a building by the University of Maryland University College in Largo in Prince George's County and construction or renovation of many other higher education facilities
- Acquisition of property for land preservation in Vienna in Dorchester County
- Wetlands license for pier and living shoreline at Easton Village in Talbot County
- Establishment of an international program in Alba, Italy, and acquisition of property adjacent to the college by St. Mary's College of Maryland
- Renovation and expansion of Towson Arena at Towson University
- New paratransit (mobility) contract for the Baltimore metropolitan area
- Contract to provide assistance to minority business enterprises interested in getting highway contracts
- Over \$400 million for construction of Maryland public schools

The Constitutional Convention of 1864 created the Board of Public Works based on predecessor boards dating back to 1825. In the mid-19th century, the Board mainly oversaw public work activities such as railroads, canal and bridge companies in which the State had an interest as a stockholder or creditor. Over the years, the Board's duties have expanded as the legislature has increased this unique organization's responsibilities and autonomy.

In a State with a strong governor who proposes the budget and hence sets policy priorities, the legislature can cut, but not directly increase the budget. The Board of Public Works thus provides a valuable check on executive actions by making sure that final decisions on procurements are transparent and open to public discussion.



The Maryland State Treasurer's Office

Schedule of Selected Financial Data

COLLATERAL BALANCES AS OF JUNE 30, 2008:

Bank	\$	469,495,917
Insurance Companies	\$	110,710,211

TOTAL INVESTMENT PORTFOLIO COMPOSITION

AS OF JUNE 30, 2008:

Repurchase Agreements	\$	553,216,105
U.S. Treasuries	\$	895,000
U.S. Government Agencies	\$	5,632,166,000
Other Investments	\$	371,118,597
Total Portfolio	\$	6,557,395,702

SECURITIES LENDING PROGRAM ACTIVITY

FOR THE 2008 FISCAL YEAR

Gross Income	\$	2,568,963
Net Income	\$	1,926,722

GENERAL OBLIGATION DEBT ACTIVITY

FOR THE 2008 FISCAL YEAR

Tax Exempt General Obligation Bond Issuances	\$	779,986,000
Interest Payments	\$	262,609,605
Principal Payments	\$	429,928,947

LOCAL GOVERNMENT INVESTMENT POOL FUND BALANCE

AS OF JUNE 30, 2008: \$ 2,420,372,782

STATE INSURANCE TRUST FUND BALANCE

AS OF JUNE 30, 2008:

Beginning Balance	\$	27,246,616
Transfers In	\$	22,699,207
Transfers Out	\$	(14,037,168)
Ending Balance	\$	35,908,655
Recommended Actuary Balance	\$	28,201,000



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Executive Division

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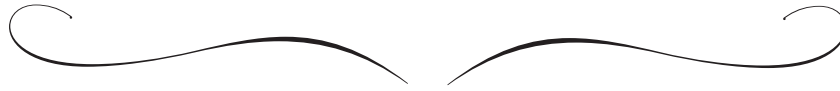
Howard Freedlander, Deputy Treasurer for External Affairs
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Melissa Moye, Deputy Treasurer for Financial Policy
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Charles Stevenson, Internal Auditor
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The Maryland State Treasurer's Office
Executive Division



The Executive Division provides direct support to the Treasurer in the execution of her wide-ranging Constitutional responsibilities. The State Treasurer is responsible for receiving, depositing, investing and distributing State funds, anticipating the monetary needs of the State and, on behalf of the Board of Public Works, conducting bond sales twice a year to ensure the State's financial ability to meet its fiscal obligations. The State Treasurer also provides lease-purchase financing of capital equipment for State agencies and handles the insurance needs for State government.

The Treasurer serves, along with the Governor and the Comptroller, on the Board of Public Works and as Chair of the State Retirement and Pension System's Board of Trustees, Chair of the Maryland College Savings programs and as a member of the Board of Trustees of the Maryland Supplemental Retirement System. The Treasurer sits on task forces as directed by the General Assembly.

The Director of Operations coordinates and leads the operations of the State Treasurer's Office, including the Banking Services, Debt Management, Insurance, Investment, Information Technology and Administrative Divisions. The Director of Operations advises the Treasurer on matters regarding legislative policy, planning, new technologies and long-term operational challenges, opportunities and strategies. Coordination of the State Treasurer's operational functions with other agencies, such as the Comptroller and the Department of Budget and Management, is another responsibility of the Director of Operations.

As Legislative Liaison for the State Treasurer's Office, the Director of Operations coordinates legislation within the Office, reviewing bills, preparing fiscal notes and written testimony and following the course of bills through the legislative process. The Director is responsible for coordinating any draft legislation to be introduced to the General Assembly with the legal office and Division Directors of the State Treasurer's Office. Each proposed bill requires extensive preparation, including a determination of the fiscal and economic impact to the Office, the State and private industry.

The Director of Operations works closely with members of the General Assembly's budget committees, Joint Audit Committee and the Joint Committee on the Management of Public Funds, as well as committee staffers and policy analysts. The Director of Operations also serves as the Treasurer's designee on Legislative Task Forces and other committees as required.

The Deputy Treasurer for External Affairs serves as the Treasurer's primary liaison/adviser to the Board of Public Works, conducting extensive research (including site visits), preparing detailed analyses for the Treasurer for the bi-weekly meetings, working closely with the Treasurer's Counsel and representatives of the Governor's and Comptroller's offices and the Board of Public Works office. The Deputy Treasurer



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for External Affairs operates a constituent outreach system related to the Board of Public Works agenda, sending numerous email notifications to State legislators about upcoming Board actions, as well as the final decisions. The Deputy Treasurer for External Affairs also serves as the Office's public information officer, preparing news releases, responding to media inquiries, as well as queries sent to the Office's website and writing speeches.

The Deputy Treasurer for External Affairs also represents the Treasurer as a voting designee on the Procurement Advisory Council, the State Retirement and Pension System's administrative committee, the Hall of Records Commission and the Maryland Agricultural Land Preservation Foundation's Board of Trustees. This representation entails serving on special committees. The Deputy Treasurer for External Affairs also represents the Treasurer on the Maryland Higher Education Commission when it prepares its State Plan for Higher Education every four years.

The Deputy Treasurer for Financial Policy provides analysis and advice to the Treasurer in the areas of economics and finance, including the development of best practices in retirement and other benefit financing, business development and analysis of regional and macroeconomic trends in financial markets. The Deputy Treasurer for Financial Policy also analyzes and advises on emerging financial issues, such as clean energy investing, regional and macro economics, short- and long-term development in the financial markets and financial literacy and access.

The Deputy Treasurer for Financial Policy supports the Treasurer in her service on State boards and commissions, such as the State Retirement and Pension System Board, Supplemental Retirement Plans Board and their investment-related committees, the General Assembly's Blue Ribbon Commission to Study Health Care Funding (OPEB) and related issues, the Maryland College Savings Plan Board and the Small Business Development Financing Authority. The Deputy Treasurer for Financial Policy also represents the Treasurer at finance-related conferences.

The Internal Auditor, who also serves as the focal point for all financial, productivity and compliance audit activity, is the liaison between the State Treasurer's Office and external auditors, legislative auditors and federal auditors. The Internal Auditor is responsible for coordinating the response to all audit reports. The Auditor evaluates and monitors the corrective action plans taken to ensure that they are sufficient to resolve the findings and reviews potential problem areas to prevent future audit deficiencies. Finally, the unit conducts controlled self-assessments and risk management evaluations to ensure that the State Treasurer's Office is complying with ethical standards.

The Internal Auditor plans, controls, directs and implements a comprehensive annual audit plan designed to evaluate internal controls, add value, improve operations and minimize risk at the State Treasurer's Office. The audits of programs, operations, special projects and contractual arrangements



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follow generally accepted auditing standards and all legal and statutory requirements. The auditor helps safeguard assets by minimizing risk and ensuring that the mission, objectives and key goals of the Office are carried out. The Auditor directs systematic, periodic examinations of the accounts, records, procedures and policies of the State Treasurer's Office to provide assurance that appropriate policies and procedures are in place and functioning as intended.



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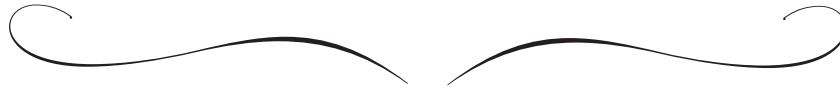
Administration Division

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The Maryland State Treasurer's Office
Administration Division



The Administration Division is comprised of four units: Budget Management and Accounting, Human Resources, Procurement and Office Administration. The primary function is to supply efficient daily operational services and provide support to the State Treasurer's Office.

Budget Management and Accounting

The Budget and Accounting unit performs all budgeting and accounting functions essential to the daily operation and management of the State Treasurer's Office. This unit is responsible for the formulation, justification and execution of the Office's annual operating budget. As part of the annual budget process, the unit also calculates and prepares State Insurance Trust Fund annual premiums for all State agencies to be included in the Department of Budget and Management's annual budget instructions.

The general accounting functions of the unit include the approval and processing of vendor invoices, depositing of receipts, payroll processing, maintenance of all financial records, the reconciliation of all accounts, preparation of year-end closing records and the development and implementation of all accounting controls and procedures. The unit strives to continuously update the internal controls and Office procedures manual so that compliance with established governmental policies, laws and regulations is ensured.

This unit also carries out essential accounting functions on behalf of the State, including processing timely payments of State debt and quarterly payments under financial agreements related to the Master Lease programs and the Injured Workers' Insurance Fund (IWIF). This includes collection of the yearly IWIF assessments and the transfer of funds from over 150 State agencies and departments. Accounting also collects insurance premiums from all State agencies to fund the State Insurance Trust Fund (SITF) to cover the purchase of agency specific insurance policies. In addition, this unit processes all disbursements out of the SITF in the form of agency reimbursements and settlement payments to claimants as requested by the Insurance Division or the Board of Public Works. Finally, working collaboratively with the Banking Services Division, this unit is responsible for processing agency requests for check reissues, stop payments and recoveries from the State's Unpresented and Undeliverable funds.

The responsibility for administering the Cash Management Improvement Act of 1990 (CMIA) is entrusted to the Administrative Division of the State Treasurer's Office. CMIA was enacted by Public Law 101-453, 31 U.S.C. 3335 and 6503. The implementing regulations are in 31 CFR Part 205. The objective of CMIA is to ensure efficient, effective and equitable cash management.



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The primary goal of CMIA is to minimize the time between the transfer of funds to the State and the payout of those funds for program purposes. Effectiveness is defined as ensuring that funds will be available when requested. The Treasury-State Agreement (TSA) specifies how and when funds will be transferred under federal assistance programs. The specific details of how CMIA is implemented are contained in the state/federal agreement. Each state is required to negotiate the agreement annually with the U.S. Treasury's Financial Management Service. All programs listed in the Catalog of Federal Domestic Assistance fall under the rules of CMIA.

For FY 2008, the State's major programs were determined to be programs that exceeded \$46,623,550 based on the expenditures reported in the State's Single Audit for fiscal year ending June 30, 2006. The programs that are determined to be major programs must be included in the TSA, must use approved funding techniques and are subject to interest liabilities. Careful analysis and monitoring of each program is needed due to the interest penalty that accrues for the time the State holds federal funds.

Human Resources

Undoubtedly, employees are an agency's most valued asset in the achievement of its mission and goals. Human resources and personnel services are at the core of strategically managing this asset and the responsibility for these services fall under the realm of the Administration Division. The Personnel unit strives to serve in the best interest of the employees and the agency through interpretation, guidance and application of Statewide and Office policies and regulations. A variety of programs and services are managed in this unit, including Recruitment & Examination, Personnel database management, Employee Benefits, Employee Relations, Classification and Salary, Pension and Supplemental Retirement Benefits, Performance Evaluation, Leave Accounting and Staff Development. The unit is also charged with overseeing compliance with the American with Disabilities Act and Maryland's Equal Employment Opportunity law. In addition, the unit coordinates out-of-state travel and ID Badges & Security for STO employees.

The State Treasurer's Office grew in fiscal year 2008 to 64 permanent positions assigned as follows:

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Procurement

The State Finance and Procurement Article, Annotated Code of Maryland, designates the Treasurer as the primary procurement authority for all banking, investment, insurance and other financial services contracts. A wide range of financial services are procured for the Office as well as for State agencies, including the State's banking needs, bond counsel, financial advisors, electronic bidding, underwriters, arbitrage rebate compliance consultants, broker services for insurance coverages and lease agreements.

In January 2008, the Office submitted a request, subsequently approved by the Board of Public Works, which awarded the 2007 Master Equipment Lease-Purchase Agreement for financing for up to \$100 million in capital equipment to a minority-owned firm.

Also in January 2008, an award was made for financial advisory services to assist the Office in carrying out the duties and responsibilities of the administrative activities related to the sale of State of Maryland general obligation bonds and to provide advisory services on a broad range of issues in the area of public finance.

In March 2008, the Office made an award on behalf of the Department of Labor, Licensing and Regulation, Division of Unemployment Insurance (DLLR/DUI) to implement an electronic payment solution for Unemployment Compensation benefit payments at no cost to DLLR/DUI. Implementation of an electronic card payment system will provide a more secure method of delivery of funds to claimants and reduce costs by moving to a paperless system.

In May 2008, the Office made an award for printing and electronic delivery services of Official Statements issued in connection with sales of State of Maryland general obligation bonds.

Over a five month period from May through September 2008, this Office has awarded 6 Broker Services contracts to represent the State for its insurance coverage needs. Broker Services responsibilities include marketing the accounts, present the Office with competitive quotes with recommendations, place coverage, and service the policies each year, including any additions or replacements.

Currently, the Office is working on solicitations for the Local Government Investment Pool, Underwriter services, Paying Agent and Bond Counsel. The Office is also working with the Department of Human Resources, Child Support Enforcement Administration to procure general banking services to process and disburse monies collected on behalf of individuals who receive child support services.



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To insure compliance with procurement regulations, the Minority Business Report, the Small Business Reserve Report and Small Business Strategic Plan are prepared and submitted to the Governor's Office of Minority Affairs on a monthly and/or annual basis.

Office Administration

It is the responsibility of this unit to make certain that all necessary services for the daily operation of the Office are provided in a timely and efficient manner. All equipment and services necessary for the operation of the Office are supplied by this unit. These services include the procurement of telecommunications, including cell phones, conferencing services, local and long distance for all land lines, toll free service and TTY access. Other assignments such as fleet management, inventory control, records retention, forms management and fixed assets are also managed. This unit ensures that the Office is in compliance with all State policies and procedures governing these areas.



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Banking Services Division

Gregory P. Saba, Director
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The Maryland State Treasurer's Office
Banking Services Division

As custodian of the State Treasury and the Constitutional Officer responsible for the deposit and disbursement of State funds, the Treasurer's authority is found under Article VI, Section 3, of the State Constitution and Titles 6 and 7 of the State Finance and Procurement Article of the Annotated Code of Maryland.

A major responsibility of the Banking Services Division (BSD) of the Maryland State Treasurer's Office is the accurate and timely recordation of State funds and the reconciliation of the State's bank accounts to the State's R*STARS accounting system. The Division must account for the receipt of all warranted deposits and the disbursement of all warranted payments. The Division's comprehensive daily cash reconciliation allows the Treasurer's Office to be proactive in identifying and solving agency banking issues. Maintaining pace with changes in the banking environment necessitates continual refinement of the reconciliation processes and ensures maximum efficiency in the balancing of bank information and the R*STARS accounting system.

The Banking Services Division is also directly responsible for procuring and managing the banking needs for all agencies of the State of Maryland. This includes:

- Agency specific depository accounts - Individual depository accounts are maintained for all State agencies and balances are consolidated at the end of each day into the State's main depository account. This allows for accurate agency level transaction reporting with automatic concentration of funds for cash management effectiveness
- Disbursement accounts for vendor payments, payroll, and income tax refunds - The BSD strongly encourages the use of electronic transactions to increase efficiencies in the payment processes
- Lockbox services
- Merchant account services (credit and debit card receipts)
- Contracts for agency working fund, trust and escrow accounts
- Procurement and contracts for all other agency banking needs

In addition, the BSD performs daily operations functions on behalf of State agencies critical to the movement of funds into and out of the State's bank accounts. These include:

- Processing the drawdown of funds from Federal programs and grants
- Initiating FedWire payments
- Initiating and managing foreign currency transactions
- Processing check stop payments, cancellations and reissues as well as requests for photocopies of paid checks
- Providing transaction research assistance to State agencies
- Managing the Unpresented Check Fund and the Undeliverable Check Fund
- Processing of all bank adjustments



The Maryland State Treasurer's Office

Total Receipts and Disbursements Fiscal Year 2008

Receipts:

7-Jul	\$8,991,564,818.07
7-Aug	\$9,432,643,675.92
7-Sep	\$7,008,058,001.45
7-Oct	\$10,150,163,987.06
7-Nov	\$8,275,805,770.13
7-Dec	\$10,158,416,396.82
8-Jan	\$11,478,786,172.14
8-Feb	\$8,242,685,192.51
8-Mar	\$7,755,510,649.79
8-Apr	\$8,840,844,244.12
8-May	\$6,820,095,059.00
8-Jun	\$11,912,630,620.46
<i>Total Receipts Fiscal Year 2008</i>	<i>\$109,067,204,587.47</i>

Disbursements:

7-Jul	\$(9,019,894,088.80)
7-Aug	\$(8,433,393,663.02)
7-Sep	\$(8,086,559,363.69)
7-Oct	\$(9,162,965,627.89)
7-Nov	\$(10,395,680,935.55)
7-Dec	\$(8,332,261,813.87)
8-Jan	\$(12,104,351,678.25)
8-Feb	\$(8,249,651,115.48)
8-Mar	\$(7,215,013,396.19)
8-Apr	\$(8,370,941,379.12)
8-May	\$(9,146,645,989.72)
8-Jun	\$(10,048,710,824.70)
<i>Total Disbursements Fiscal Year 2008</i>	<i>\$(108,566,069,876.28)</i>



Collateralization

Section 6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland requires that State money on deposit with financial institutions must have collateral pledged to the State that equals or exceeds the amount on deposit not covered by the Federal Deposit Insurance Corporation. A third party custodian must hold the posted collateral. All pledged collateral must be approved by the Treasurer.

The Banking Services Division is responsible for monitoring collateralization for the State's main depository and disbursement accounts, as well as over 600 registered agency working funds accounts, many of which are used for trust and escrow account services. Financial institutions must submit a monthly report to the Treasurer noting the highest collected balance in each State account, describing the collateral posted and the name of the custodian holding the collateral. Custodians are also required to report the name of the institution for which the collateral is being held and the amount. The reported data is entered into an automated collateral monitoring system, which is audited to ensure that the pledged collateral is sufficient to cover the applicable bank balances. If the collateral is insufficient, the institution is required to increase the collateral. The collateral reported by the custodian must match the collateral reported by the financial institution.

Whenever an institution deposits, substitutes or withdraws pledged collateral, it must submit a written request for approval by the State Treasurer's Office. The State then prices all the collateral in question and, if the collateral is sufficient to cover the account balances, approves the transaction.

The collateral balance for all State bank accounts at June 30, 2008, was \$469,495,917.

Automation

Agencies continue to expand their ability to accept electronic receipts and credit card transactions. The Treasurer's Office, in partnership with the Comptroller's General Accounting Division, strongly encourages State agencies to accept electronic payments and continues to work with agencies expressing interest in the use of these payment methods. The Internet purchase of goods and services provided by State agencies is also escalating rapidly. A number of agencies have successfully established secure Internet web-sites. We expect steady increases in the agencies' use of electronic and internet payment and fee collection services.



Mission of the Banking Services Division

- Manage and control banking relationships for all banking needs for the State of Maryland, anticipate agency needs and respond timely to agency requests
- Ensure the accurate, timely and fully documented reconciliation of the State's bank accounts to the State's R*STARS accounting system
- Ensure the accurate and timely processing of agency monetary transactions and their recordation in the State's R*STARS general ledger
- Ensure protection of State funds on deposit through monitoring of account and collateral balances
- Serve as the State's authority for the development, control and maintenance of Statewide policies and procedures for banking products and services

It is the overall mission of the Banking Services Division to provide efficient, accurate and timely banking services to all State agencies and external customers.

Long Term Strategy

We are progressing with the development of a more automated environment that will track, process and reconcile all bank related transactions for the State's cash accounts while maintaining our mission of providing efficient, accurate and timely banking services to all State agencies and external customers. In the current tenuous financial environment, the Division's priority must be to enhance the ability to recover in the event of a disaster and to change banks if required by market conditions or the procurement process. In addition, the Division must anticipate the future banking needs of the State to maintain its capacity to contain costs while accommodating the growth, diversity and complexity of banking transactions.



The Maryland State Treasurer's Office

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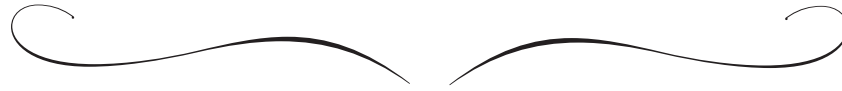
The Maryland State Treasurer's Office

Debt Management Division

Patti Konrad, Director
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The Maryland State Treasurer's Office
Debt Management Division



The Treasurer has the primary responsibility on the Board of Public Works for the issuance and oversight of State debt. Also, under Article VI, Section 3, of the State Constitution, the Treasurer is responsible for arranging for the payment of principal and interest on State debt.

General Obligation Bonds

General Obligation debt, which has the pledge of the full faith and credit of the State, finances State-owned capital improvements, such as prisons and colleges, and various State capital grants to local governments and private non-profit organizations. Projects funded include local public schools, local jails, water treatment facilities, museums, rehabilitation of historic structures and private treatment centers for the developmentally and physically disabled.

The State's General Obligation Bonds have been assigned the highest credit rating by Moody's Investors Service, Inc. (Aaa), Standard and Poor's (AAA) and Fitch Ratings, Inc. (AAA). One of only seven states in the nation to hold a Triple-A credit rating from all three major credit rating agencies, Maryland's low interest rates are attributable to these superior ratings.

The Treasurer recommends the size, timing and terms of sale of General Obligation Bonds. This entails periodic analysis and surveys to determine the monthly cash balances of bond proceeds and project anticipated cash needs of State agencies and grantees for authorized capital projects. In recent years, the State has held sales semi-annually. The Debt Management Division, in conjunction with the State's Financial Advisor, the Treasurer's Principal Counsel and the State's Bond Counsel coordinates the sale and all activities prior to the actual sale, including meetings with the bond rating agencies, the preparation and publication of statutorily required notices and advertisements and the preparation and distribution of Official Statements. The preparation of Official Statements is primarily performed in-house, resulting in substantial savings to the State. The State Treasurer's Office monitors market conditions and arranges the details of the actual sale, which is done competitively at a Board of Public Works meeting. Bids are transmitted electronically by underwriting syndicates, verified by the STO and the winning bid is then ratified at the Board of Public Works meeting. Finally, the State Treasurer's Office supervises all activities of post-sale settlement, including the investment of the bond proceeds.

The Treasurer's website (www.treasurer.state.md.us) has reports and news releases relating to the most recent sale of General Obligation Bonds. By clicking on Debt Management, the site also provides



The Maryland State Treasurer's Office

Official Statements for General Obligation Bonds dating back to 2004, frequently asked questions about Maryland bonds and a bond calendar of future sales.

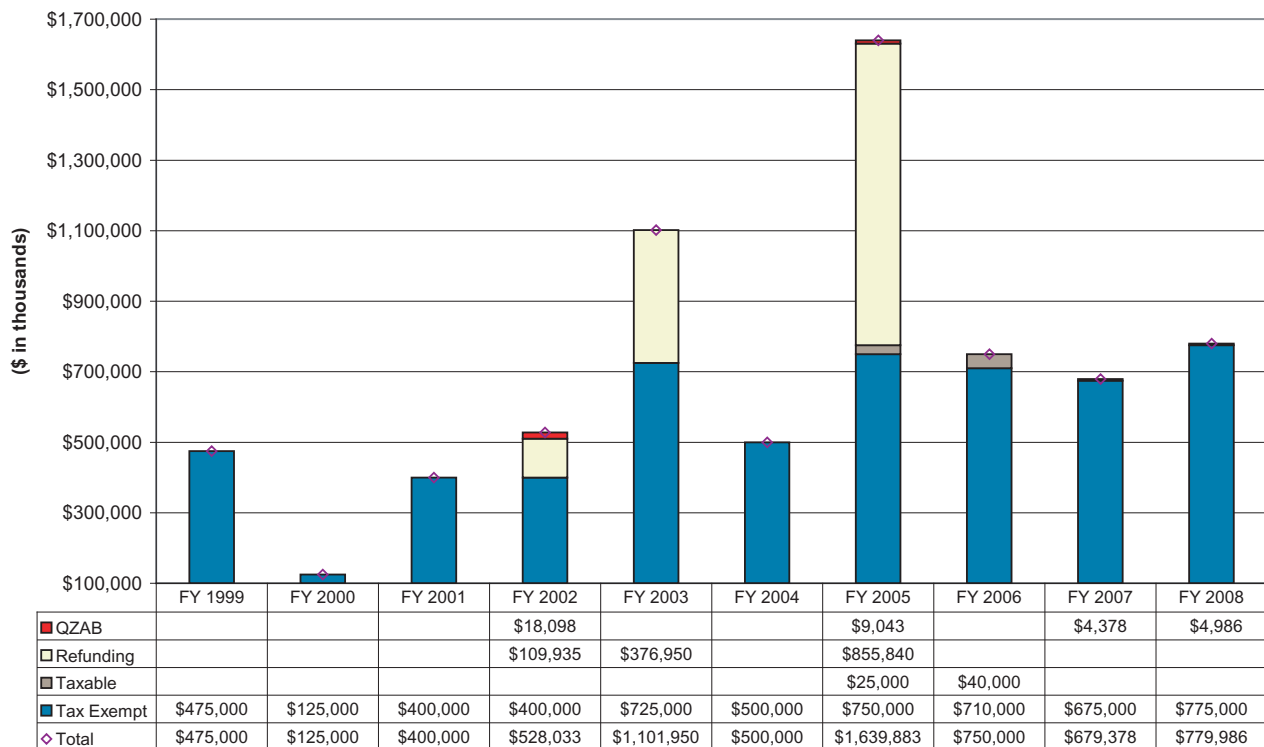
There were three General Obligation Bond sales in Fiscal Year 2008 totaling \$779,986,000.

Series	Date of Sale	Par Amount (in millions)	True Interest Cost "TIC"
2007 Second Series	08/01/2007	\$375.0	4.144%
2007 QZAB	11/28/07	\$ 4.9	*
2008 First Series	2/27/2008	\$400.0	4.144%

* Qualified Zone Academy Bonds (QZAB) are special, federally-authorized tax-credit bonds which bear no interest but allow QZAB purchasers to receive federal income tax credits.

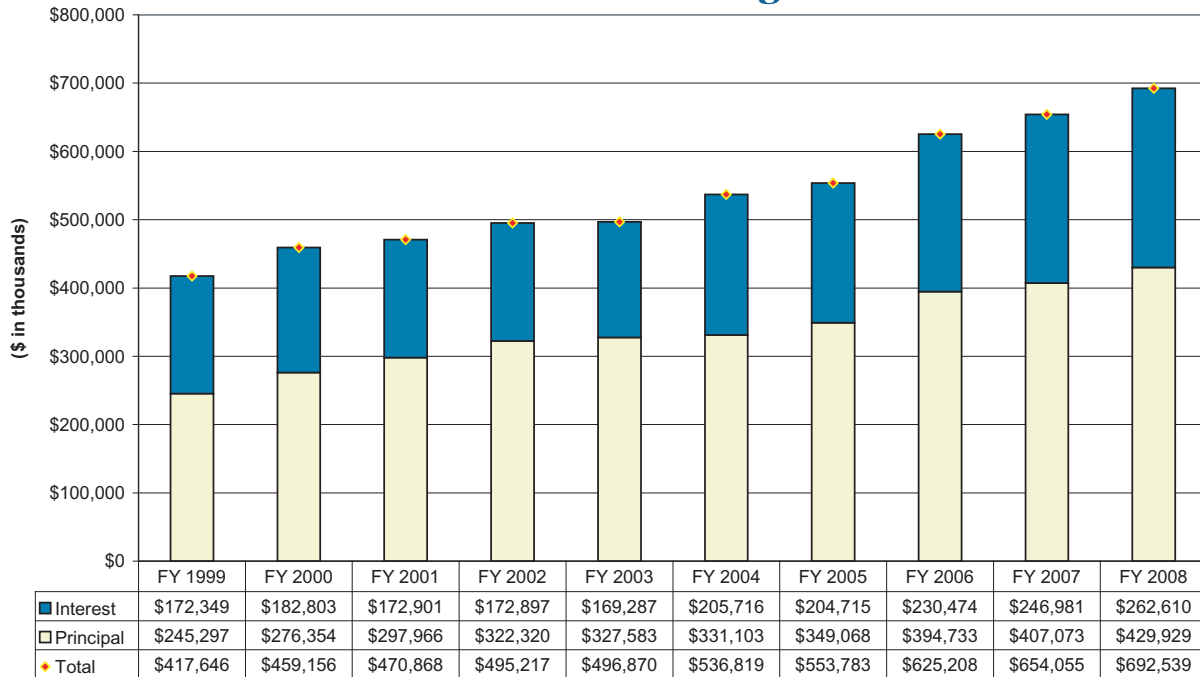
The history of General Obligation Bond issuance and debt service for the last ten years is depicted in the following charts.

Issuance of General Obligation Bonds





Debt Service on General Obligation Bonds



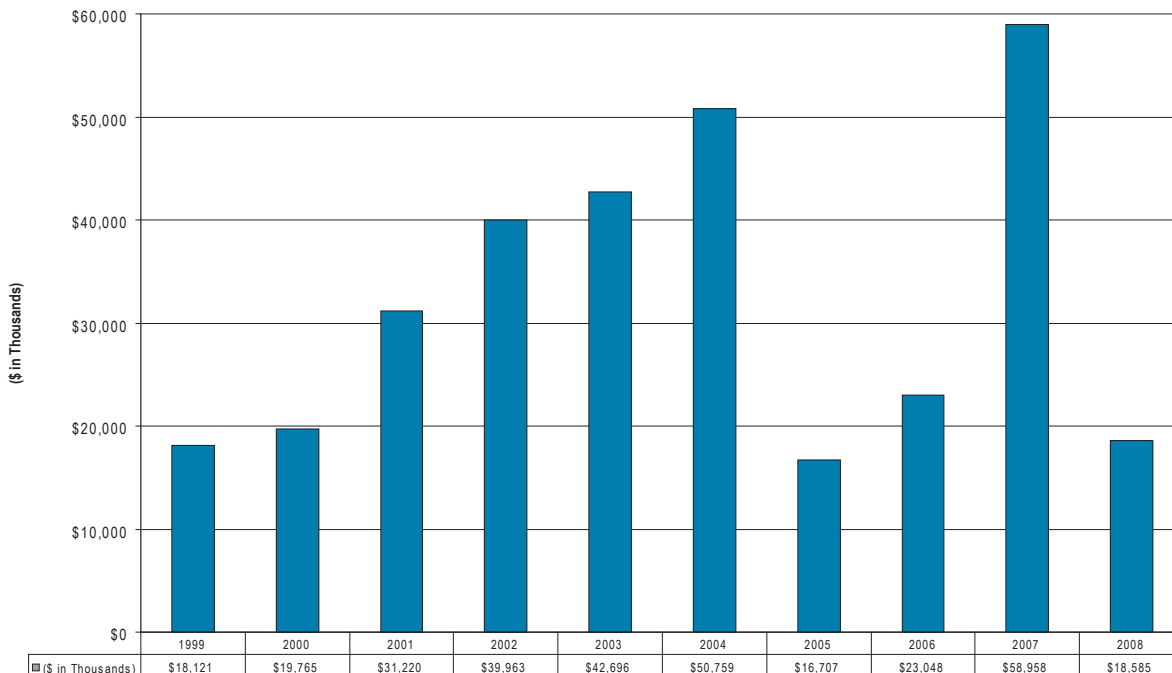
Principal also includes sinking fund payments on QZAB bonds.

Capital Lease Financing

Equipment Leases

The State Treasurer's Office provides financing for equipment, generally for terms of three or five years, for State agencies using the Capital Lease-Purchase Program. Guidelines for the equipment lease program are available at www.treasurer.state.md.us/Debt Management. A ten year history of this program is illustrated in the following chart.

Master Equipment Lease – Purchase Financing History Fiscal Years 1999 – 2008



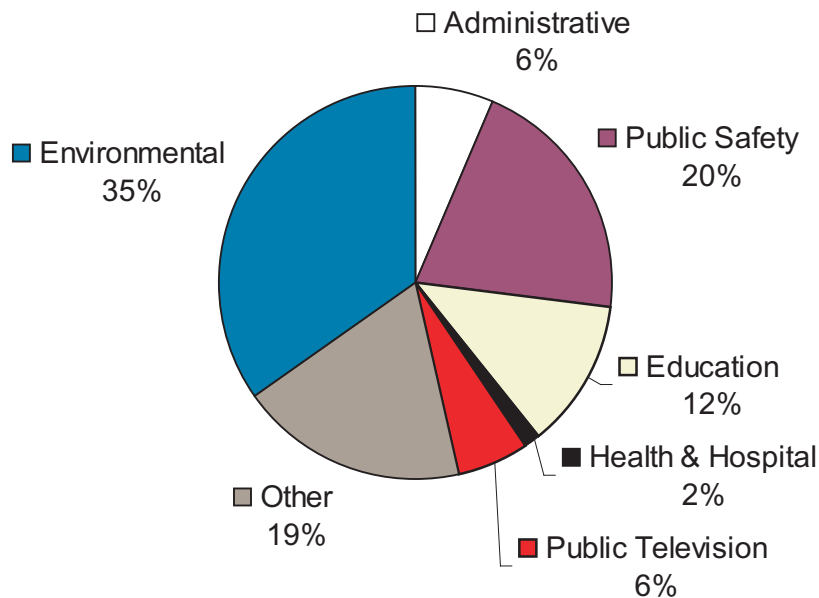


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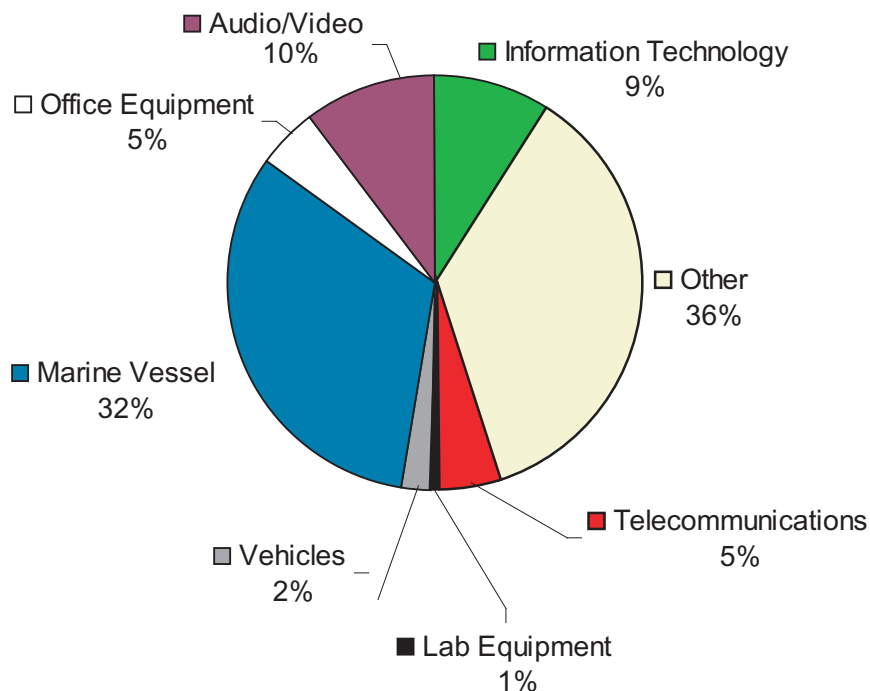
Periodically, the State Treasurer's Office procures a Lessor and, in Fiscal Year 2008, the Treasurer's Office awarded a new Master Equipment Lease-Purchase contract in the amount of \$100 million to a minority business enterprise, which had submitted the bid with the lowest interest rate.

During Fiscal Year 2008, State agencies financed \$18.6 million of equipment under the Capital Lease-Purchase Program. See the following charts for more information about the 2008 leases.

Governmental Use – Fiscal year 2008



Equipment Classification – Fiscal Year 2008





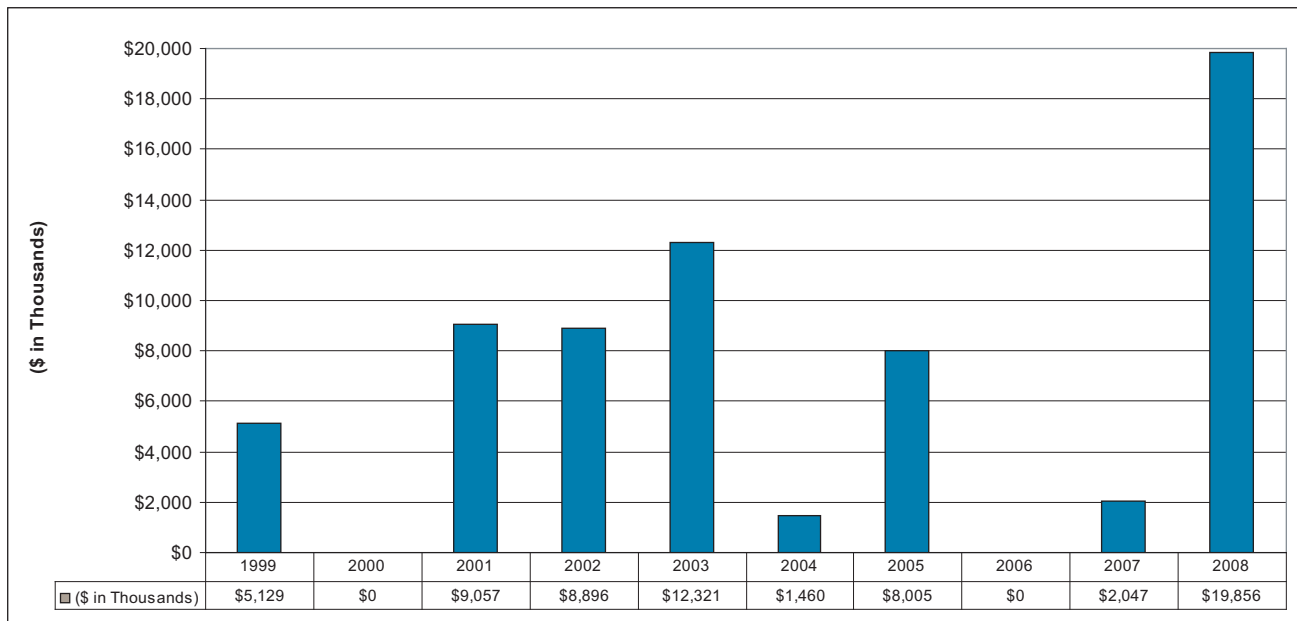
The Maryland State Treasurer's Office

Energy Leases

The State Treasurer's Office provides financing for energy efficiencies, generally for terms of 13, 14 or 15 years, for State agencies. The savings from the Energy Performance Contracts are used to make the lease payments.

During Fiscal Year 2008, a State agency financed \$19,856,475 of energy efficiencies under the Energy Performance Lease-Purchase Agreement. The history of the Energy Lease-Purchase Program for the last ten years is depicted in the following chart.

Energy Lease Financing History Fiscal Years 1999 – 2008



Also in Fiscal Year 2008, the Treasurer's Office awarded a new Energy Performance Lease-Purchase contract in the amount of \$60 million to a minority business enterprise who submitted the bid with the lowest interest rate.



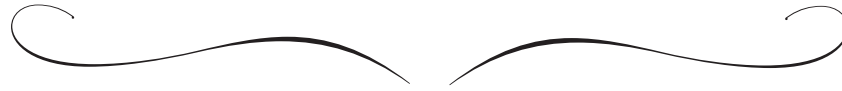
The Maryland State Treasurer's Office

Information Technology Division

Scott Wrzesien, Director
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The Maryland State Treasurer's Office
Information Technology Division



The IT Division of the Maryland State Treasurer's Office provides a platform of integrated systems to support the State Treasurer's Office's daily disbursement, accounting, reconciliation and insurance claim management processing. The IT Division ensures that industry standard hardware and software are provided to the agency staff to ensure timely and accurate disbursements, record keeping and account reconciliation for over seven million payments totaling over \$100 billion of State funds over a fiscal year.

The IT Division manages local area networking, internet access, email, application development, website management, software evaluation, data communications, training, technical assistance and other technology services to all Divisions in the State Treasurer's Office.

The IT Division provides electronic funds transfer, check printing, positive pay and account reconciliation process services for the Comptroller's Office's General Accounting Division, Revenue Division and Central Payroll Bureau, the State Retirement System, and the Department of Human Resources' (DHR) Child Support and Clients Automated Resource and Eligibility System (CARES).

The IT Division processes Automated Clearing House (ACH) deposit transactions from the State's depository bank and posts those general ledger entries of electronic and printed check payments to the State's accounting system. An automated fax is sent to all State agencies detailing the deposits. This process has been expanded to now offer State agencies an automated data transmission file of these transactions to their proprietary systems for their reconciliation process.

Payment Processing

The IT Division services include the electronic pickup of warranted check disbursement files that feed a high speed customized check printing process for the Comptroller's General Accounting Division, Revenue Division and Central Payroll Bureau, the State Retirement System and DHR's Child Support and CARES. The IT Division provides for a unique agency check design, signature, MICR encoding and the delivery of an electronic positive pay file to the State disbursement bank.

The Office's main processing system is an IBM i5 eServer midrange computer, which uses advanced function printing to create each printed document. Therefore, the Office has developed a payment processing system that is flexible enough to allow the Treasurer to make payments for any agency in the State using MICR encoding, signatures and agency or bank logos on blank secure paper check stock. The use of blank secure paper stock precludes the need to maintain preprinted checks for each account. The system also is protected with several security features to eliminate or detect forgery or fraud.



The Maryland State Treasurer's Office

The checks are printed in presorted zip code order to comply with the State's presort vendor requirements that lower postage expense. Control transfer reporting is in place with the General Accounting Division's mailroom service group, who cut and insert the checks into envelopes prior to pickup by the State's presort vendor.

Electronic Funds Transfer (Eft)

The Treasurer's Office is ultimately responsible for all disbursements made by the State and recognizes the need to support movement away from paper checks over to electronic funds transfer. Electronic payments or direct deposits are run through a conversion program that transforms the agency's payment information into a CCD+, CTX or Electronic Data Interchange format (EDI). Payments are sent in these formats to the State disbursement bank, which then forwards them to the Federal Reserve's Automated Clearing House. The payment can then be deposited to any payee's bank account in the country. The IT Division, along with the Banking Services Division, encourages the use of the Electronic Data Interchange, or EDI, payment method and has supported the growth of this method of payment.

Receipt Processing

The Office's receipt processing system complements the payment processing system by allowing any State agency to receive electronic payments from taxpayers, credit card processors and federal programs. Currently, most of the taxes collected by the State, all credit card receipts, lockbox (used for high-volume, mail-in collections) and all federal funds come in through the "Depository Plus" process.

Agencies without direct access to the State's depository bank use the FDGS phone transfer system to allow them to transfer their deposits made at local banks that are affiliated with the State's depository bank. Funds are electronically transferred from the local bank to the State's main account at the depository bank. The system's ability is limited only by what information can be passed through the Federal Reserve's ACH system.

Bank Reconciliation

The banking reconciliation system continues to be enhanced by the Information Technology Division. Programming has focused upon streamlining the ACH processing, charge backs and data quality controls on vendor, tax and the State's general ledger source files. The IT Division has worked with the Banking Services Division to enhance the reporting and processing of Unpresented Checks, Data Validation and Issued/Reissued Payroll Checks.



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Through a continuing partnership with both the Banking Services Division and the State's depository bank, the IT Division continues to accommodate improved transaction processing at a more sophisticated level and accurate settlement date reporting of ACH Deposits. The efforts made by the Office's Banking Services Division in coordination with the IT Division provide the State of Maryland with an even more timely and accurate balance of State funds held at the bank.

The IT Division continues to manage an automated report archive process. Critical paper reports are now automatically stored electronically on the i5 system permitting quick retrieval for accounting and audit research and avoiding the need to generate unnecessary paper output.

Automation Initiatives And Technology Support

Agency ACH Deposit Reports

The number of agencies utilizing the new programming for ACH Deposits continues to grow. This new programming enables electronic delivery to an R*STARS agency of an ACH deposit report file. The file can be incorporated into the agency's automated reconciliation.

Contingency Planning

New security programming has been completed by the Division to assure a nightly synchronization and lockdown of data and programs from our Production System to our Development System. This effort, when fully tested, will provide the State Treasurer's Office with a significantly shorter recovery time should the production system experience a hardware failure. The IT Division has also acquired new hardware to serve as a contingent platform for the State Treasurer's Office at an off-site location.

A backup and off-site storage is executed by the IT Division on a daily basis for all our systems. If a contingency were declared and access to the Annapolis Data Center (ADC) was interrupted, the IT Division, with the assistance of ADC has a daily process to write all of the disbursement files to tape. The IT Division has a tape backup device compatible with ADC, which enables IT to read the daily disbursement and reference files at the STO contingency site.

Multiple disaster recovery tests have been conducted jointly with the Central Payroll Division (CPB). The disaster recovery tests have proven that, if CPB were to relocate to its disaster recovery site, the Office would be able to ensure that payroll direct deposits would be maintained for regular State, University of Maryland and contractual employees.



The Maryland State Treasurer's Office

Secure File Transmissions

The rollout of the new file transmission software has continued. This new software is an industry standard software package that is widely used on mainframe systems including the State's mainframe and financial services institutions. The software permits point-to-point transmission of data in an encrypted format. The IT Division has converted 99% of our asynchronous transmissions over to IP based encrypted transmissions. Transmission times have been reduced 90% while increasing the security of the data. The new file transmission software enables the IT Division to transmit and receive production data files from the State's mainframe as well as the State's disbursement and depository banks.

The IT Division's contingency plan for financial services transmission is in place and allows for an automated rerouting to the banks' contingency bank systems if their primary bank systems were to fail.

Server Management

New server hardware, network switches, firewall and remote network access were installed by the IT Division. This upgraded hardware hosts our file and print services, website, current in-house applications and future database application enhancements to be introduced into the Office's Banking, Administration and Insurance systems. The IT Division continued our upgrade of desktop PC's and notebooks as part of our three year life cycle replacement process.

Firewall hardware and software has been upgraded to enhance the protection against intrusion from unfriendly sources. The new software and hardware also provides the Office with the ability to better monitor and control internet access.

The IT Division continues to upgrade and support the current releases of server operating systems, applications, virus and spam protection and server management utilities. This has allowed for better control over network resources, greater uptime for users and has enhanced the fault tolerance and dependability of the entire network.

Working Hours

The IT Division has maintained its service hours of 7:30 a.m. to 5:30 p.m., augmented by off-site support via a remote device. This remote device now allows for all after-hours support calls to be immediately routed to an on-call support engineer, regardless of the time or day.

Workstations

The IT Division streamlined help desk support, strengthened security and increased processing capabilities by migrating all of the Office's PC's onto new hardware. The new PC's have been built with a standard image to ensure a consistent installation for all Office employees. This standard streamlines



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the rollout of new equipment and streamlines support from IT for a standard PC workstation. This standardization to current releases of Microsoft software and operating systems has provided the Office with greater flexibility to acquire and implement desktop and network management solutions such as State-governed password policies, automated Virus Scan database updates and software administration.



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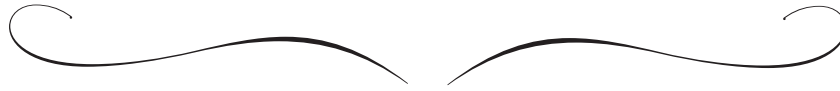
Insurance Division

Laura McWeeney, Director

lmcweeney@treasurer.state.md.us



The Maryland State Treasurer's Office
Insurance Division



The Insurance Division is comprised of three areas: Loss prevention, Underwriting and Claims. The Division's goal is to provide Statewide risk management through loss control (Loss Prevention), loss protection (Underwriting) and loss restoration (Claims).

Loss Prevention

The aim of loss prevention is to help State agencies develop specific action plans and safety practices that mitigate or eliminate State agencies' most frequent or severe sources of preventable losses.

The Insurance Division has conducted a detailed analysis of the claims' handling process resulting in the identification and implementation of practices and procedures that not only streamlined the overall process, but allowed for a more efficient and effective operation. The project entailed the performance of individual claim audits and desk reviews to pinpoint improvement opportunities.

A "needs assessment" of the current data management system is being finalized. The purpose of the review is to identify and document the current system's functionality and to propose system modifications and enhancements which support risk identification and assessment and risk control.

A comprehensive review of the State agencies' loss histories is currently underway to identify problem areas and help agencies take corrective measures. These efforts are expected to significantly reduce loss frequency and severity of damage sustained to State-owned buildings and contents.

Underwriting

The goal of the underwriting unit is to manage the insurance needs of the State with self insurance or through the procurement of commercial insurance. Commercial insurance protects the State Insurance Trust Fund (SITF) from catastrophic losses and fulfills certain statutory requirements and agency contractual agreements. The underwriting unit also serves as a resource for State agencies for their insurance questions or concerns. The underwriting unit analyzes commercial coverage offerings, prices, limits and deductibles and then recommends to the Treasurer the combination that best protects the State of Maryland's assets. As a result of its analysis of the improved market conditions, the underwriting unit secured the State's excess property and terrorism coverages at reduced rates and, in some cases, with lower deductibles and expanded coverages and limits. Underwriting negotiations have also allowed the State to consolidate the computer hardware and software coverage onto the excess property policy with a reduced rate maintaining the broadest coverage. The underwriting unit also negotiated a significant



The Maryland State Treasurer's Office

rate reduction from the boiler and machinery insurance carrier with five extra days of infrared surveys included in the premium which can aid the State in preventing property losses.

As part of its mission of managing the State's insurance needs, the underwriting unit conducts an annual insurance survey to gather data on the State's exposures. The unit continued to streamline the process for State agencies this year by eliminating the need for one of the survey forms. The property survey data collected is used to help identify high valued buildings, or properties that may have unique occupancies or unusual construction. The information is used to procure commercial excess property insurance and for setting adequate self insurance premiums.

Claims

The Claims unit's goal is to provide outstanding customer service to its internal and external customers. The unit's employees have an average tenure of nine years of service with the State Treasurer's Office and over 100 years of collective claims adjusting and administration experience. The unit is able to leverage this experience to continuously improve service. In support of its goal, the unit took part in customer service training in March. The three hour session focused on listening skills, personal attitude and handling challenging customer complaints through role play.

Claim protocols have been updated in tandem with system improvements that were implemented in the reporting and payment of claims, as well as the tracking of claims data. The Division has also developed more comprehensive reporting requirements for complex claims and claims in litigation.

To discourage the submission of fraudulent claims, the Claims unit revised its Notice of Claim form to include a statement which advises that claimants who intentionally provide false or misleading information are subject to imprisonment or a fine on conviction. Also, proof of ownership is now required before payment is made to a claimant for property damage to an auto or a structure.

Road hazard claims comprise roughly 20% of all liability claims reported to the Treasurer's Office. Working with the State Highway Administration (SHA), the Claims unit has taken measures that more quickly and efficiently respond to claims arising from road hazards. This year, after being notified by a concerned citizen, the Treasurer's Office informed SHA that members of the public may have difficulty in reporting potential road hazards to the appropriate SHA office through its website. SHA responded by taking steps to redesign their website so that the reporting of potholes and other road hazards is more "user friendly" which may, in turn, reduce the number of road hazard incidences occurring on State-owned and/or maintained roads.



The Maryland State Treasurer's Office

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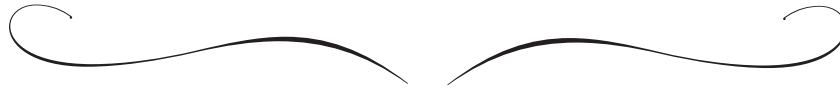
Investment Division

Mary Christine Jackman, Director

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The Maryland State Treasurer's Office
Investment Division



What a year it has been! The Dow Jones Industrial Average reached an all time high on October 9, 2007, closing at 14,164.53. By June 30, 2008, the average was under 12,000. The Federal Funds Target Rate was 5.25% on July 1, 2007, and by June 30, 2008, it was down to 2.00%. Our vocabularies have expanded as we discussed the subprime debacle, collateralized mortgage obligations (CMOs), collateralized debt obligations (CDOs), credit default swaps (CDSs) and economic stimulus plans. We watched as a number of long standing firms and banks were bought or simply ceased to exist.

Through it all, the Investment Division of the State Treasurer's Office continued to invest in accordance with established laws, policies and procedures. Section §6-222 of the State Finance and Procurement Article governs the investment of the State's unexpended or surplus money. Furthermore, the State Treasurer's Investment Policy provides additional guidance for investments.

The Investment Division of the State Treasurer's Office primarily invests the cash balances that are temporarily idle between the time revenue is collected and the time budgeted amounts are disbursed. The Division is also responsible for a number of longer-term investment activities associated with the purchase of 20-year development easements on agricultural land and the payment of lottery prizes over 19-year periods. The Division manages the investment of General Obligation Bond proceeds and also directs the short-term and long-term investments of a number of trustee accounts under State agency revenue bond indentures.

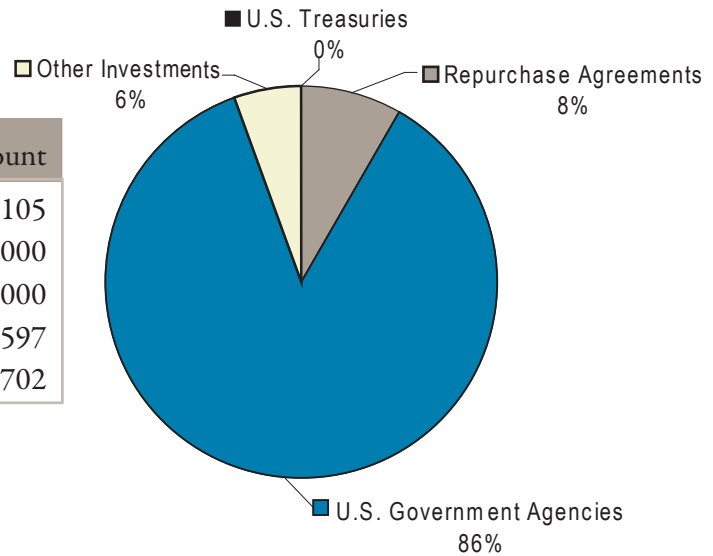
The Investment Division is not responsible for the investment and management of all funds. Other State agencies are responsible for the State's pension funds, the insurance reserves of the Maryland Automobile Insurance Fund and certain endowment funds at public colleges and universities.

Interest earnings on investments under the stewardship of the State Treasurer accrue to the General Fund unless State law or regulation directs that the interest should accrue to a specific fund. During the 1990 session, the General Assembly enacted legislation, sponsored by the Treasurer's Office, to allow all operating funds invested by the Treasurer to be invested in a common pool. Interest earned from this pool is allocated to the various State agencies and to the General Fund on a pro-rata basis.



Portfolio Composition at June 30, 2008

Investment Type	Dollar Amount
Repurchase Agreements	\$553,216,105
U.S. Treasuries	\$895,000
U.S. Government Agencies	\$5,632,166,000
Other Investments	\$371,118,597
Total Portfolio	\$6,557,395,702



Under State law, investments by the State Treasurer's Office are limited to secured bank accounts, full faith and credit obligations of the federal government, obligations of certain federal agencies or instrumentalities, repurchase agreements collateralized 102% by those securities, first tier money market mutual funds and limited amounts of highest quality commercial paper.

U.S. government agency investment securities are procured competitively through approved brokerage firms. To be approved, a firm (1) must be a primary dealer reporting to the Federal Reserve or a registered member of the New York Stock Exchange, or (2) file financial statements exhibiting financial resources considered adequate by the Investment Division and approved by the Treasurer and (3) provide competitive bids to the Investment Division on a regular basis.

The Treasurer's policy is to make sure that local, regional and minority firms have an opportunity to bid on the State's investable funds. Please be advised that this is a highly competitive process. The fiduciary responsibility to Maryland residents requires scrupulously seeking the best prices for all investments. Inclusion on the list grants the privilege of submitting bids and offers, but does not guarantee, a transaction. The investment portfolio is designed to meet the cash flow needs of the State (i.e., have funds available to cover disbursements). During Fiscal Year 2008, the Investment Division invested in repurchase agreements with maturities of 90 days or less. Repurchase agreements collateralized 102% by U.S. Treasuries and federal agency securities provide safety, have short maturities and have rates of return that are generally higher than Treasury and agency securities with comparable maturity. Treasury and federal agency securities with a maturity of up to five years were also purchased in order to provide portfolio diversification, liquidity and a higher rate of return. This maturity extension was well within the guidelines of prudent portfolio management. For a complete list of the June 30, 2008, investment portfolio see Appendix A.



The Maryland State Treasurer's Office

On June 30, 2008, the total of all portfolios under the active management of the State Treasurer's Office was \$6,557,395,702. The General Fund portfolio was \$6,455,858,210.

Portfolio Balances

Fiscal Year	General Fund	Total Portfolio
2000	\$4,043,592,678	\$4,341,640,537
2001	\$4,734,087,661	\$4,983,070,473
2002	\$4,007,351,370	\$4,338,575,761
2003	\$3,393,570,110	\$3,582,550,645
2004	\$4,212,322,055	\$4,469,538,542
2005	\$5,403,757,921	\$5,685,280,744
2006	\$6,480,959,704	\$6,867,711,888
2007	\$6,719,444,969	\$7,116,500,896
2008	\$6,455,858,210	\$6,557,395,702

The average rate of return on the General Fund was 4.885%. The State Treasurer's investment program surpassed the three-month Constant Maturity Treasury Bill, which averaged 1.89% for the same time period.

Average Annual Interest Rates

Fiscal Year	General Fund	3 Month Treasury Bill Rate
2000	5.61%	5.38%
2001	5.93%	5.27%
2002	2.92%	2.18%
2003	1.94%	1.32%
2004	1.28%	0.97%
2005	2.26%	2.26%
2006	4.06%	4.17%
2007	5.16%	4.74%
2008	4.89%	1.89%



The Maryland State Treasurer's Office

In spite of lower average balances and lower interest rates, the total interest earned from the portfolio increased over \$5 million for Fiscal Year 2008.

Total Interest Earned

Fiscal Year	Net General Fund	Allocated to State Agencies	Total
2000	\$121,951,720	\$103,173,287	\$225,125,007
2001	\$136,981,074	\$144,249,899	\$281,230,973
2002	\$82,641,807	\$66,399,769	\$149,041,576
2003	\$37,205,637	\$42,240,523	\$79,446,160
2004	\$25,037,345	\$29,053,449	\$54,090,794
2005	\$52,886,074	\$54,538,463	\$107,424,537
2006	\$149,613,238	\$109,222,108	\$258,835,346
2007	\$150,798,001	\$205,589,917	\$356,387,918
2008	\$155,170,184	\$207,179,098	\$362,349,282

Securities Lending

As is typical with a portfolio containing a large number of securities, the State engages in a securities lending program. In this program, the State contracts with a third party securities lender, which arranges to have specific securities in the portfolio loaned to brokers and dealers who need those securities for a short period of time. In return for borrowing the security, the broker or dealer posts cash collateral equal to 102% of the market value of the borrowed security. The securities lender invests the cash collateral for the period of the loan. At maturity, the State securities are returned and the interest earned is allocated between the State and the securities lender.

Due to the unprecedented liquidity crisis during fiscal year 2008, the securities lending program earned more than three times what was earned during Fiscal Year 2007. The rise in securities lending income is attributable to the increase in proportion of the agency securities in the portfolio and the higher interest rates paid for high quality securities during the liquidity crisis.

Securities Lending Earnings

Fiscal Year	Earnings	% Change
2005	\$424,157.80	-
2006	\$463,384.05	9.20%
2007	\$568,769.87	22.79%
2008	\$1,926,722.19	238.75%



Local Government Investment Pool

Section 22G of Article 95 of the Annotated Code of Maryland establishes the Maryland Local Government Investment Pool (LGIP) and assigns to the State Treasurer's Office the responsibility for administering the Pool. The actual management of the Pool has been contracted out to The PNC Financial Services Group, Inc.

The Treasurer has encouraged local governments and eligible authorities to participate in the Pool, which is rated a "AAAm" money market fund by Standard & Poor's. At the end of Fiscal Year 2008, there were 294 participants, up from 292 in Fiscal Year 2007. The fund balance as of June 30, 2008, was \$2,420,372,782. The actual yield for Fiscal Year 2008 was 4.04%.

To ensure that the Pool is responsive to the needs of the participants, the Treasurer created an advisory panel consisting of representatives of the Pool's members. The panel meets semi-annually, reviews the fund's activities and makes recommendations to the Pool's administrator. The Pool administrator produces a quarterly newsletter. This newsletter acts as an effective marketing tool for potential participants and a valuable update for members.

Local Government Investment Pool Fund Balance

Fiscal Year	Fund Balance as of June 30	Number of Participants	Actual Yield Prev. 12 Months	\$ Inc (Dec) Prev. Year
2000	\$813,759,289	252	5.73%	2.07%
2001	\$1,141,544,255	270	5.69%	40.28%
2002	\$1,422,684,869	276	2.53%	24.62%
2003	\$1,674,169,653	282	1.45%	17.67%
2004	\$1,797,814,980	285	1.03%	7.38%
2005	\$1,951,361,257	287	2.15%	8.50%
2006	\$1,900,127,809	289	4.19%	(2.69%)
2007	\$2,100,327,613	292	5.30%	10.54%
2008	\$2,420,372,782	294	4.04%	15.24%



The Maryland State Treasurer's Office

Legal Division

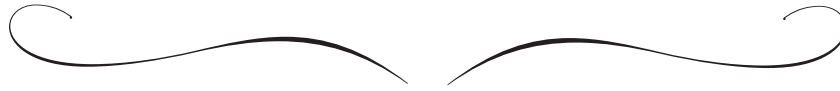
Steven Vanderbosch, Director

svanderbosch@treasurer.state.md.us



The Maryland State Treasurer's Office

Legal Division



While the entire Office of the Attorney General serves as a resource to the Treasurer, two assistant attorneys general have been assigned to the State Treasurer's Office to provide direct, full-time legal support for the Treasurer's core functions and three assistant attorneys general and a paralegal have been assigned to support the Tort Claims Litigation Unit. These personnel provide a full range of legal services to the State Treasurer's Office including:

- Legal advice and counsel
- Procurement support and contract review
- Review and drafting of legislation, rules, regulations and policies
- Representation in various types of litigation
- Responding to citizen inquiries, and
- Providing legal training to the Office staff as appropriate

Director, Legal Division

The Director of the Legal Division advises the Treasurer and Office staff on a variety of issues affecting the Office and its interaction with federal, State and local government agencies, contractors and the public. Most significantly, the Director serves as in-house counsel for the semi-annual issuance of General Obligation Bonds, monthly capital equipment lease financings, and periodic Qualified Zone Academy Bonds and acts as a legal resource for other State agencies on their proposed uses of tax-exempt bond money for capital projects. In addition, at the request of the Treasurer, the Director provides advice, counsel and legal analysis of the Treasurer's constitutional and statutory powers and responsibilities and provides advice, counsel and legal analysis on matters before various boards and commissions on which the Treasurer serves, principally the Board of Public Works.

Principal Counsel To The Treasurer

The Principal Counsel serves as the primary legal advisor on administration, procurement and personnel matters in the State Treasurer's Office. Principal Counsel provides advice and assistance on the procurement and administration of a wide variety of financial service contracts for the Office, as well as for other State agencies, including banking, finance, investment and related information technology services. Additionally, Principal Counsel serves as the senior advisor to the Insurance Division and provides analysis and advice on all insurance matters, including: (1) self-insurance coverage under the Maryland



The Maryland State Treasurer's Office

Tort Claims Act and through the Board of Public Works; (2) administrative and regulatory proceedings; and (3) procurement and administration of commercial insurance policies. Finally, Principal Counsel provides advice and counsel to the Treasurer and Office management on all personnel matters, including disciplinary matters, and represents the Office in all personnel proceedings. Unfortunately, this critical position has been vacant for the last six months of the fiscal year and a significant portion of the duties were assumed by the Division Director.

Deputy Counsel - Supervisor, Tort Claims Unit

Deputy Counsel is the Supervisor of Tort Claims and Litigation and advises the Treasurer's Office Insurance Division on many of the approximately 4,000 tort and auto claims filed each year under the Maryland Tort Claims Act (MTCA). Deputy Counsel participates in the review and evaluation of settlements and potential litigation and provides litigation support to the Assistant Attorneys General throughout State agencies who litigate tort cases, including serving as a resource for developing trial strategies, taking and defending depositions, recommending and approving the use of expert witnesses, writing and reviewing briefs, memoranda, and motions and trying tort cases in State and federal courts. Deputy Counsel also participates in the handling of all appellate matters concerning the MTCA.

Primary Functions

Finance/Debt Management

In Fiscal Year 2008, the Legal Division participated in the issuance of \$775,000,000 in tax-exempt Capital Improvement Bonds and the financing of over \$18,000,000 in Capital Equipment Leases.

The Legal Division's involvement with bond sales begins with review and comment to both the Department of Budget and Management and to the staff of the General Assembly on annual enabling legislation and individual bond bills. The Division Director participates in the preparation and review of official statements and other offering documents, including authorizing resolutions of the Board of Public Works. For all loans authorized since 1989, the Director researches and writes bond counsel opinions for joint signature with the Attorney General.

On-going legal advice is provided, as needed, to various State agencies that receive General Obligation Bond funding concerning federal tax code restrictions on use of bond proceeds. Of particular concern are changes in use and private business use of facilities that have been financed with the proceeds of tax-exempt bonds.



The Maryland State Treasurer's Office

Three law firms are under contract with the State Treasurer's Office and managed by the Division Director to provide bond counsel services. They are Kutak Rock, LLP, Venable, LLP and McKennon Shelton & Henn, LLP.

Board of Public Works

At the request of the Treasurer, the Division Director reviews all agenda items that come before the Board of Public Works and provides suggested questions and comments to a Deputy Treasurer concerning legal, procurement and funding issues. Principal Counsel reviews all proposed legal settlements and insurance matters and similarly provides comments. The Division Director attends Board of Public Works meetings to be available to the Treasurer for legal advice.

Procurement

As a Primary Procurement Unit, the State Treasurer's Office is generally responsible for the procurement of all State banking, finance and insurance contracts. Principal Counsel is extensively involved in the procurement arena. The Treasurer's Office is responsible for contract administration of its own contracts and agreements for banking, finance, investments, insurance and information technology, as well as for banking and finance contracts for other agencies. Principal Counsel is engaged in all procurement issues, including Request for Proposals, Invitation for Bids, Renewals, Modifications, Amendments, Claims, Protests and Appeals. In FY 2008, the Legal Division assisted in the procurement of 2 underwriter contracts for MWQFA, an electronic payment card services contract for DLLR, a financial advisor contract for the State, a Master Equipment Lease Financing contract of \$100 million and a Master Energy Financing contract of \$60 million and various insurance broker services contracts for Aviation and Transit Coverage, Liability Coverages, Property Coverages and Bonds and Related Crimes Coverage.

Insurance/Tort Claims

Under the supervision of the Deputy Counsel, the Tort Claims Litigation Unit's (TCLU) responsibilities are to advise the Treasurer's Office Insurance Division on the approximately 4,000 tort claims filed each year under the Maryland Tort Claims Act (MTCA). The TCLU will handle litigation arising from MTCA claims and review and advise on the litigation and settlement of those cases handled by assistant attorneys general assigned to other State agencies. The TCLU will also provide litigation support through training, writing and reviewing briefs, memoranda and motions, and recommending and approving of the hiring of expert witnesses.



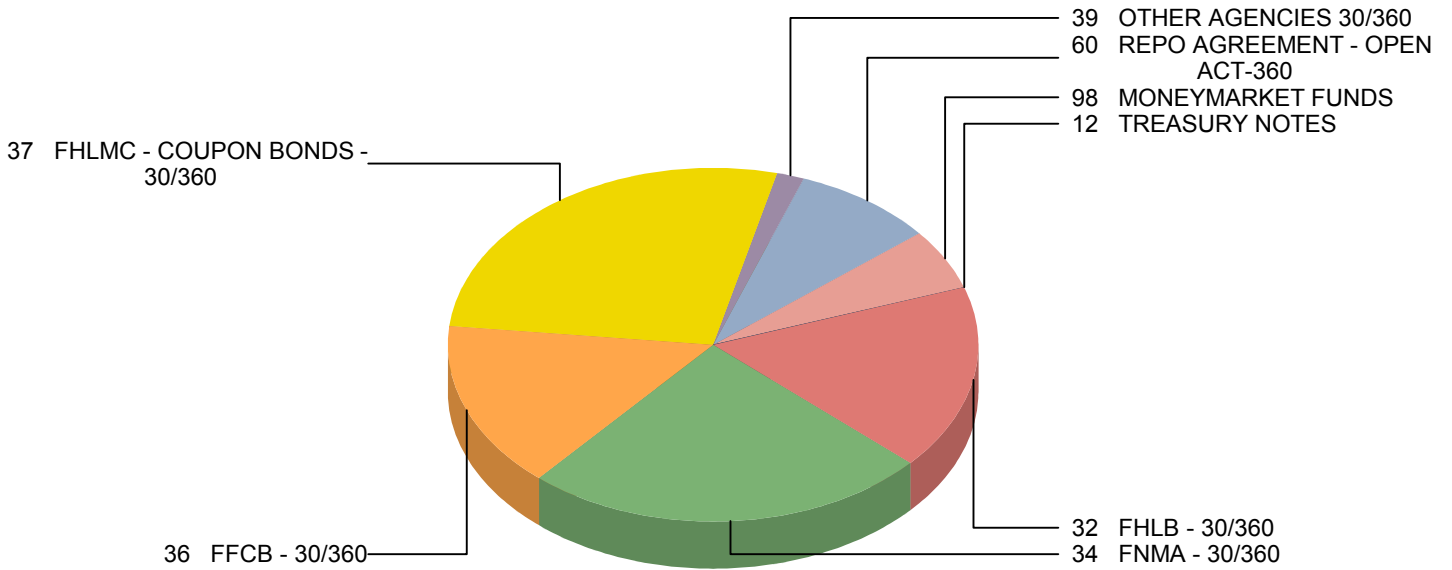
The Maryland State Treasurer's Office

Appendix A

Investment Inventory

June 30, 2008

Market Value Summary Report



12	TREASURY NOTES	1,201K	0.0%
32	FHLB - 30/360	1,108,131K	16.9%
34	FNMA - 30/360	1,618,075K	24.7%
36	FFCB - 30/360	1,006,761K	15.3%
37	FHLMC - COUPON BONDS - 30/360	1,780,393K	27.1%
39	OTHER AGENCIES 30/360	122,729K	1.9%
60	REPO AGREEMENT - OPEN ACT-360	553,216K	8.4%
98	MONEYMARKET FUNDS	371,119K	5.7%
Total:		6,561,626K	100.0%

INVESTMENT INVENTORY WITH MARKET VALUE



Run Date: 10/29/2008 12:11:54PM
 Investment Outstanding As of 06/30/2008

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
152	Treasury Note 8.5	912810EE4	03/19/1990	1	100	634	8.5000	540,000.00	744,018.75	17,275.55	206,381.25
			02/15/2020	17	AVAILABL	12	8.5395	537,637.50	137,781.250	SUNGLRD	0.00
153	Treasury Note 7.25	912810EM6	08/25/1992	1	100	634	7.2500	355,000.00	457,395.31	9,686.92	109,384.32
			08/15/2022	1	AVAILABL	12	7.4142	348,010.99	128,843.750	SUNGLRD	0.00
Inv Type	12 TREASURY NOTES	Count 2							1,201,414.06	26,962.47	315,765.57
									134,236.208		0.00
9346	FHLB CN 101708	3133XH9V9	10/17/2006	31	200	2	5.3150	25,000,000.00	25,164,062.50	273,131.94	164,062.50
			10/17/2011	58	AVAILABL	32	5.3150	25,000,000.00	100,656.250	SUNGLRD	0.00
9349	FHLB CN 101708	3133XH4Q2	10/17/2006	31	200	2	5.4500	25,000,000.00	25,171,875.00	280,069.44	176,875.00
			10/17/2011	53	AVAILABL	32	5.4546	24,995,000.00	100,687.500	SUNGLRD	0.00
9392	FHLB CN 102708	3133XHDR0	10/27/2006	31	200	2	5.3000	25,000,000.00	25,179,687.50	235,555.56	179,687.50
			10/27/2011	58	AVAILABL	32	5.3000	25,000,000.00	100,718.750	SUNGLRD	0.00
9393	FHLB IXC 102709	3133XH7K7	10/27/2006	31	200	2	5.3000	25,000,000.00	25,593,750.00	235,555.56	612,500.00
			10/27/2011	43	AVAILABL	32	5.3173	24,981,250.00	102,375.000	SUNGLRD	0.00
9394	FHLB IXC 102708	3133XH4M1	10/27/2006	31	200	2	5.4000	25,000,000.00	25,187,500.00	240,000.00	187,500.00
			10/27/2011	58	AVAILABL	32	5.4000	25,000,000.00	100,750.000	SUNGLRD	0.00
9424	FHLB CN 110308	3133XHGA4	11/06/2006	31	200	2	5.3000	25,000,000.00	25,195,312.50	213,472.22	214,062.50
			11/03/2010	53	AVAILABL	32	5.3209	24,981,250.00	100,781.250	SUNGLRD	0.00
9430	FHLB CN 080808	3133XHMS8	11/08/2006	31	200	2	5.4500	25,000,000.00	25,062,500.00	200,590.28	62,500.00
			11/08/2011	57	AVAILABL	32	5.4500	25,000,000.00	100,250.000	SUNGLRD	0.00
9444	FHLB QC 111408	3133XHT85	11/14/2006	31	200	2	5.4000	25,000,000.00	25,210,937.50	176,250.00	217,187.50
			11/14/2011	53	AVAILABL	32	5.4058	24,993,750.00	100,843.750	SUNGLRD	0.00
10207	FHLB CN 110708	3133XK063	08/23/2007	31	200	2	5.3750	6,650,000.00	6,699,875.00	53,615.63	71,507.45
			05/07/2012	53	AVAILABL	32	5.4522	6,628,367.55	100,750.000	SUNGLRD	0.00
10286	FHLB - WQFA	3133XD4E1	09/21/2007	31	200	74	4.5000	5,000,000.00	5,021,875.00	59,375.00	23,675.00
			09/28/2008	54	AVAILABL	32	4.5360	4,998,200.00	100,437.500	SUNGLRD	0.00
10443	FHLB IXC 110708	3133XMM80	11/07/2007	31	200	2	5.0000	22,825,000.00	23,003,320.31	171,187.50	179,461.56
			11/07/2012	53	AVAILABL	32	5.0011	22,823,858.75	100,781.250	SUNGLRD	0.00
10445	FHLB QC 110708	3133XMT50	11/07/2007	31	200	2	5.0000	25,000,000.00	25,187,500.00	187,500.00	190,000.00
			11/07/2012	53	AVAILABL	32	5.0023	24,997,500.00	100,750.000	SUNGLRD	0.00
10514	FHLB QC 082808	3133XND00	11/28/2007	31	200	2	5.0000	20,600,000.00	20,657,937.50	94,416.67	61,027.50
			11/28/2012	53	AVAILABL	32	5.0034	20,596,910.00	100,281.250	SUNGLRD	0.00
10518	FHLB QC 082808	3133XND00	11/29/2007	31	200	2	5.0000	2,120,000.00	2,125,962.50	9,716.67	6,174.50
			11/28/2012	53	AVAILABL	32	5.0022	2,113,788.00	100,281.250	SUNGLRD	0.00
10623	FHLB CN 112808	3133XN2F5	12/27/2007	31	200	2	5.0000	25,000,000.00	25,164,062.50	114,583.33	183,612.50
			11/28/2012	37	AVAILABL	32	5.0172	24,980,450.00	100,656.250	SUNGLRD	0.00
10723	FHLB QC 012309	3133XP3M4	01/23/2008	31	200	2	4.0000	25,000,000.00	24,828,125.00	438,888.89	0.00
			01/23/2013	37	AVAILABL	32	4.0029	24,968,750.00	99,312.500	SUNGLRD	-140,625.00
10740	FHLB CN 042808	3133XP4Z7	01/28/2008	31	200	2	4.0000	50,000,000.00	48,953,125.00	850,000.00	0.00
			01/28/2013	53	AVAILABL	32	4.0033	49,992,500.00	97,906.250	SUNGLRD	-1,039,375.00
10744	FHLB QC 012909	3133XP6L3	01/29/2008	31	200	2	4.2000	25,000,000.00	24,968,750.00	443,333.33	0.00
			01/29/2013	63	AVAILABL	32	4.2000	25,000,000.00	99,875.000	SUNGLRD	-31,250.00
10745	FHLB QC 012910	3133XP9C6	01/29/2008	31	200	2	4.0000	25,000,000.00	24,843,750.00	422,222.22	0.00
			01/29/2013	53	AVAILABL	32	4.0212	24,976,200.00	99,375.000	SUNGLRD	-132,450.00
10762	FHLB CN 050108	3133XNZ77	02/01/2008	31	200	2	4.7000	14,500,000.00	14,504,531.25	283,958.33	5,981.25
			02/01/2013	53	AVAILABL	32	4.7023	14,498,550.00	100,031.250	SUNGLRD	0.00
10763	FHLB CN 050108	3133XNZ77	02/01/2008	31	200	2	4.7000	20,500,000.00	20,506,406.25	401,458.33	21,781.25
			02/01/2013	53	AVAILABL	32	4.7170	20,484,625.00	100,031.250	SUNGLRD	0.00
10783	FHLB QC 050508	3133XPBQ6	02/05/2008	31	200	2	4.0500	22,750,000.00	22,245,234.38	373,668.75	0.00
			02/05/2013	53	AVAILABL	32	4.0946	22,704,500.00	97,781.250	SUNGLRD	-459,265.62

INVESTMENT INVENTORY WITH MARKET VALUE



Run Date: 10/29/2008 12:11:54PM
 Investment Outstanding As of 06/30/2008

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
10784	FHLB QC 080508	3133XPCX0	02/05/2008	31	200	2	4.6250	25,000,000.00	24,828,125.00	468,923.61	0.00
			02/05/2013	53	AVAILABL	32	4.6295	24,995,000.00	99,312,500	SUNGD	-166,875.00
10797	FHLB CN 080708	3133XPF6H2	02/07/2008	31	200	2	4.3500	22,335,000.00	22,341,979.69	388,629.00	13,959.38
			02/07/2013	10	AVAILABL	32	4.3570	22,328,020.31	100,031,250	SUNGD	0.00
10801	FHLB QC 050808	3133XPEV2	02/08/2008	31	200	2	4.0000	25,000,000.00	25,031,250.00	397,222.22	56,250.00
			02/08/2013	10	AVAILABL	32	4.0223	24,975,000.00	100,125,000	SUNGD	0.00
10804	FHLB CN 081208	3133XPAK0	02/12/2008	31	200	2	4.0000	15,650,000.00	15,522,843.75	241,705.56	0.00
			02/12/2013	53	AVAILABL	32	4.0000	15,650,000.00	99,187,500	SUNGD	-127,156.25
10805	FHLB QC 051208	3133XPH49	02/12/2008	31	200	2	4.4500	25,000,000.00	25,046,875.00	429,548.61	59,375.00
			02/12/2013	53	AVAILABL	32	4.4613	24,987,500.00	100,187,500	SUNGD	0.00
10806	FHLB CN 051208	3133XPFJ8	02/12/2008	31	200	2	4.3500	15,600,000.00	15,600,000.00	262,015.00	1,560.00
			02/12/2013	37	AVAILABL	32	4.3522	15,598,440.00	100,000,000	SUNGD	0.00
10807	FHLB CN 051208	3133XPFJ8	02/12/2008	31	200	2	4.3500	21,985,000.00	21,985,000.00	369,256.40	5,496.25
			02/12/2013	53	AVAILABL	32	4.3556	21,979,503.75	100,000,000	SUNGD	0.00
10822	FHLB CN 081408	3133XPK94	02/14/2008	31	200	2	4.1000	25,000,000.00	24,859,375.00	390,069.44	0.00
			02/14/2013	37	AVAILABL	32	4.1100	24,988,750.00	99,437,500	SUNGD	-129,375.00
10827	FHLB QC 021910	3133XPEE0	02/19/2008	31	200	2	4.0000	25,000,000.00	24,828,125.00	366,666.67	0.00
			02/19/2013	57	AVAILABL	32	4.0035	24,996,093.75	99,312,500	SUNGD	-167,968.75
10835	FHLB QC 082008	3133XPNV4	02/20/2008	31	200	2	4.1200	25,000,000.00	24,890,625.00	374,805.56	0.00
			02/20/2013	40	AVAILABL	32	4.1278	24,991,250.00	99,562,500	SUNGD	-100,625.00
10836	FHLB CN 022009	3133XPKV5	02/20/2008	31	200	2	4.0000	18,000,000.00	17,853,750.00	262,000.00	0.00
			02/20/2013	53	AVAILABL	32	4.0022	17,998,200.00	99,187,500	SUNGD	-144,450.00
10837	FHLB CN 022009	3133XPK62	02/20/2008	31	200	2	4.1000	17,065,000.00	16,979,675.00	254,600.32	0.00
			02/20/2013	53	AVAILABL	32	4.1168	17,052,201.25	99,500,000	SUNGD	-72,526.25
10843	FHLB CN 052108	3133XPGT5	02/21/2008	31	200	2	4.1000	25,000,000.00	25,000,000.00	370,138.89	0.00
			02/21/2012	52	AVAILABL	32	4.1000	25,000,000.00	100,000,000	SUNGD	0.00
10844	FHLB QC 052208	3133XPPP3	02/22/2008	31	200	2	4.1500	25,000,000.00	24,906,250.00	371,770.83	0.00
			02/22/2013	37	AVAILABL	32	4.1768	24,970,000.00	99,625,000	SUNGD	0.00
10861	FHLB QC 082808	3133XPNV1	03/03/2008	31	200	2	4.5000	25,000,000.00	25,039,062.50	384,375.00	-63,750.00
			02/28/2013	40	AVAILABL	32	4.5066	24,992,500.00	100,156,250	SUNGD	46,562.50
10862	FHLB QC 082808	3133XPNV5	03/03/2008	31	200	2	4.4000	20,000,000.00	20,018,750.00	300,666.66	34,750.00
			02/28/2013	37	AVAILABL	32	4.4179	19,984,000.00	100,093,750	SUNGD	0.00
10865	FHLB CN 022609	3133XPNV43	03/04/2008	31	200	2	4.1250	25,000,000.00	24,562,500.00	358,072.92	0.00
			02/26/2013	53	AVAILABL	32	4.1304	24,993,750.00	98,250,000	SUNGD	-431,250.00
10907	FHLB QC 061908	3133XQ500	03/19/2008	31	200	2	4.1250	55,000,000.00	55,051,562.50	642,812.50	70,812.50
			03/19/2012	53	AVAILABL	32	4.1346	54,980,750.00	100,093,750	SUNGD	0.00
10908	FHLB QC 061908	3133XPEZ56	03/19/2008	31	200	2	4.5500	24,530,000.00	24,591,325.50	316,232.58	83,402.00
			03/19/2013	40	AVAILABL	32	4.5703	24,507,923.00	100,250,000	SUNGD	0.00
10909	FHLB QC 061908	3133XPEZ56	03/19/2008	31	200	2	4.5500	14,400,000.00	14,436,000.00	185,640.00	50,400.00
			03/19/2013	53	AVAILABL	32	4.5726	14,385,600.00	100,250,000	SUNGD	0.00
10920	FHLB CN 070208	3133XQCD2	04/02/2008	31	200	2	4.4500	10,000,000.00	10,003,125.00	110,013.89	6,125.00
			04/02/2013	40	AVAILABL	32	4.4568	9,997,000.00	100,031,250	SUNGD	0.00
10921	FHLB CN 070208	3133XQA51	04/02/2008	31	200	2	4.2500	25,000,000.00	24,921,875.00	262,673.61	0.00
			04/02/2013	53	AVAILABL	32	4.2567	24,992,500.00	99,687,500	SUNGD	-70,625.00
10934	FHLB QC 070208	3133XQEV0	04/10/2008	31	200	2	4.3000	16,500,000.00	16,479,375.00	175,404.17	0.00
			04/02/2013	53	AVAILABL	32	4.3020	16,498,350.00	99,875,000	SUNGD	-18,975.00
10939	FHLB QC 071108	3133XQGN6	04/11/2008	31	200	2	4.1000	27,900,000.00	27,716,906.25	254,200.00	0.00
			04/11/2013	53	AVAILABL	32	4.1056	27,893,025.00	99,343,750	SUNGD	-176,118.75
10985	FHLB CN 071808	3133XNNW70	04/25/2008	31	200	2	4.7500	19,650,000.00	19,668,421.88	422,611.46	20,386.88
			01/18/2013	69	AVAILABL	32	4.7507	19,648,035.00	100,093,750	SUNGD	0.00
10994	FHLB CN 022009	3133XPK62	04/29/2008	31	200	2	4.1000	8,940,000.00	8,895,300.00	133,379.83	0.00
			02/20/2013	53	AVAILABL	32	4.2148	8,895,300.00	99,500,000	SUNGD	0.00

INVESTMENT INVENTORY WITH MARKET VALUE



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 Investment Outstanding As of 06/30/2008

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
11005	FHLB QC 022709	3133XPY73	05/02/2008	31	200	2	4.2500	11,000,000.00	10,859,062.50	161,027.78	0.00
			02/27/2013	69	AVAILABL	32	4.2604	10,994,500.00	98,718,750	SUNWARD	-135,437.50
11041	FHLB CN 051409	3133XR3Z1	05/14/2008	31	200	2	4.2500	10,720,000.00	10,686,500.00	59,481.11	0.00
			05/14/2013	53	AVAILABL	32	4.2612	10,714,640.00	99,687,500	SUNWARD	-28,140.00
11138	FHLB QC 031709	3133XRFES	06/17/2008	31	200	2	4.0000	15,050,000.00	15,051,562.50	23,333.33	60,937.50
			06/17/2011	37	AVAILABL	32	4.0223	14,990,625.00	100,343,750	SUNWARD	0.00
Inv Type	32 FHLB - 30/360	Count 51					4.5080	1,109,220,000.00	1,108,131,281.26	14,495,826.60	3,067,613.02
							4.5190	1,108,699,906.36	99,901,848		-3,636,238.12
9875	FNMA 1XC 011209	31359M3Y7	05/03/2007	31	200	2	5.2500	25,000,000.00	25,203,125.00	616,145.83	206,875.00
			01/12/2012	53	AVAILABL	34	5.2517	24,996,250.00	100,812,500	SUNWARD	0.00
10156	FNMA SA 081308	3136F8QW8	08/13/2007	31	200	2	5.6250	2,250,000.00	2,256,328.13	48,515.63	6,328.13
			02/13/2012	57	AVAILABL	34	5.6250	2,250,000.00	100,281,250	SUNWARD	0.00
10165	FNMA QC 081408	3136F8Q57	08/15/2007	31	200	2	5.7500	15,000,000.00	15,056,250.00	328,229.17	60,000.00
			08/14/2012	53	AVAILABL	34	5.7558	14,996,250.00	100,375,000	SUNWARD	0.00
10234	FNMA QC 090508	3136F8RX5	09/05/2007	31	200	2	5.5000	25,000,000.00	25,125,000.00	443,055.56	135,000.00
			09/05/2012	53	AVAILABL	34	5.5093	24,990,000.00	100,500,000	SUNWARD	0.00
10298	FNMA QC 092608	3136F8SX4	09/26/2007	31	200	2	5.3500	25,000,000.00	25,156,250.00	352,951.39	162,500.00
			09/26/2012	53	AVAILABL	34	5.3558	24,993,750.00	100,625,000	SUNWARD	0.00
10349	FNMA 1XC 091808	3136F8SU0	10/10/2007	31	200	2	5.2000	25,000,000.00	25,117,187.50	371,944.44	129,687.50
			09/18/2012	53	AVAILABL	34	5.2108	24,987,500.00	100,468,750	SUNWARD	0.00
10351	FNMA QC 101008	3136F8TT2	10/10/2007	31	200	2	5.2700	10,530,000.00	10,602,393.75	124,899.48	82,923.75
			10/10/2012	37	AVAILABL	34	5.2930	10,519,470.00	100,687,500	SUNWARD	0.00
10352	FNMA QC 101008	3136F8TT2	10/10/2007	31	200	2	5.2700	7,000,000.00	7,048,125.00	83,002.50	55,125.00
			10/10/2012	37	AVAILABL	34	5.2930	6,993,000.00	100,687,500	SUNWARD	0.00
10364	FNMA CN 101508	3136F8TY1	10/15/2007	31	200	2	5.5000	25,000,000.00	25,195,312.50	290,277.78	195,312.50
			10/15/2012	57	AVAILABL	34	5.5000	25,000,000.00	100,781,250	SUNWARD	0.00
10386	FNMA Str CN 102208	3136F8UA1	10/22/2007	31	200	2	5.5500	25,000,000.00	25,210,937.50	265,937.50	210,937.50
			10/22/2012	57	AVAILABL	34	5.5500	25,000,000.00	100,843,750	SUNWARD	0.00
10387	FNMA Str CN 102208	3136F8TZ8	10/22/2007	31	200	2	5.4500	25,000,000.00	25,203,125.00	261,145.83	203,125.00
			10/22/2012	57	AVAILABL	34	5.4500	25,000,000.00	100,812,500	SUNWARD	0.00
10433	FNMA QC 110508	3136F8VW2	11/05/2007	31	200	2	5.0500	19,100,000.00	19,249,218.75	150,041.11	158,768.75
			11/05/2012	37	AVAILABL	34	5.0614	19,090,450.00	100,781,250	SUNWARD	0.00
10578	FNMA QC 091808	3136F8ZH1	12/18/2007	31	200	2	5.0000	25,000,000.00	25,117,187.50	45,138.89	117,187.50
			12/18/2012	12	AVAILABL	34	5.0000	25,000,000.00	100,468,750	SUNWARD	0.00
10590	FNMA CN 091908	3136F8ZQ1	12/19/2007	31	200	2	5.0000	25,000,000.00	25,070,312.50	41,666.67	70,312.50
			12/19/2012	57	AVAILABL	34	5.0000	25,000,000.00	100,281,250	SUNWARD	0.00
10597	FNMA CN 062008	3136F8ZG3	12/20/2007	31	200	2	5.0700	25,000,000.00	25,015,625.00	38,729.17	15,625.00
			12/20/2012	57	AVAILABL	34	5.0700	25,000,000.00	100,062,500	SUNWARD	0.00
10598	FNMA QC 062008	3136F8ZD0	12/20/2007	31	200	2	5.0000	25,000,000.00	25,078,125.00	38,194.44	109,375.00
			12/20/2012	43	AVAILABL	34	5.0286	24,968,750.00	100,312,500	SUNWARD	0.00
10599	FNMA QC 062008	3136F8ZD0	12/20/2007	31	200	2	5.0000	25,000,000.00	25,078,125.00	38,194.44	90,625.00
			12/20/2012	37	AVAILABL	34	5.0114	24,987,500.00	100,312,500	SUNWARD	0.00
10600	FNMA CN 062008	3136F8YJ8	12/20/2007	31	200	2	5.0000	5,000,000.00	5,003,125.00	7,638.89	3,375.00
			12/20/2012	37	AVAILABL	34	5.0011	4,999,750.00	100,062,500	SUNWARD	0.00
10601	FNMA CN 062008	3136F8YJ8	12/20/2007	31	200	2	5.0000	25,000,000.00	25,015,625.00	38,194.44	35,625.00
			12/20/2012	53	AVAILABL	34	5.0183	24,980,000.00	100,062,500	SUNWARD	0.00
10602	FNMA CN 062008	3136F8YJ8	12/20/2007	31	200	2	5.0000	20,000,000.00	20,012,500.00	30,555.56	17,500.00
			12/20/2012	37	AVAILABL	34	5.0057	19,995,000.00	100,062,500	SUNWARD	0.00
10603	FNMA CN 062008	3136F8YJ8	12/20/2007	31	200	2	5.0000	25,000,000.00	25,015,625.00	38,194.44	24,375.00
			12/20/2012	40	AVAILABL	34	5.0080	24,991,250.00	100,062,500	SUNWARD	0.00

INVESTMENT INVENTORY WITH MARKET VALUE



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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
10604	FNMA QC 062008	3136F8ZD0	12/20/2007	31	200	2	5.0000	25,000,000.00	25,078,125.00	38,194.44	90,625.00
			12/20/2012	54	AVAILABL	34	5.0114	24,987,500.00	100.312500	SUNGARD	0.00
10618	FNMA CN 062808	3136F8ZW8	12/26/2007	31	200	2	5.0000	25,000,000.00	25,015,625.00	17,500.00	15,625.00
			12/26/2012	57	AVAILABL	34	5.0000	25,000,000.00	100.062500	SUNGARD	0.00
10620	FNMA QC 062708	3136F8Z57	12/27/2007	31	200	2	5.0000	25,000,000.00	25,132,812.50	13,888.89	139,062.50
			06/27/2012	53	AVAILABL	34	5.0063	24,993,750.00	100.531250	SUNGARD	0.00
10621	FNMA CN 062708	3136F8ZR9	12/27/2007	31	200	2	5.0500	25,000,000.00	25,015,625.00	14,027.78	34,375.00
			12/27/2012	37	AVAILABL	34	5.0672	24,981,250.00	100.062500	SUNGARD	0.00
10639	FNMA QC 070308	31398AKT8	01/03/2008	31	200	2	5.1250	25,000,000.00	25,125,000.00	633,506.94	132,500.00
			01/03/2013	54	AVAILABL	34	5.1319	24,992,500.00	100.500000	SUNGARD	0.00
10640	FNMA QC 070308	31398AKT8	01/03/2008	31	200	2	5.1250	25,000,000.00	25,125,000.00	633,506.94	131,250.00
			01/03/2013	37	AVAILABL	34	5.1307	24,993,750.00	100.500000	SUNGARD	0.00
10641	FNMA QC 070308	3136F8A70	01/03/2008	31	200	2	5.1000	25,000,000.00	25,148,437.50	630,416.67	154,687.50
			01/03/2013	53	AVAILABL	34	5.1057	24,993,750.00	100.593750	SUNGARD	0.00
10643	FNMA Str CN 070308	3136F8A88	01/03/2008	31	200	2	5.2000	25,000,000.00	25,156,250.00	642,777.78	156,250.00
			01/03/2013	12	AVAILABL	34	5.2000	25,000,000.00	100.625000	SUNGARD	0.00
10662	FNMA CN 070808	3136F8A62	01/08/2008	31	200	2	5.0000	25,000,000.00	25,015,625.00	612,708.33	15,625.00
			01/08/2013	57	AVAILABL	34	5.0000	25,000,000.00	100.062500	SUNGARD	0.00
10682	FNMA CN 041408	3136F8D69	01/14/2008	31	200	2	4.7500	28,350,000.00	28,367,718.75	624,684.38	27,641.25
			01/14/2013	40	AVAILABL	34	4.7579	28,340,077.50	100.062500	SUNGARD	0.00
10683	FNMA CN 041408	3136F8D69	01/14/2008	31	200	2	4.7500	3,575,000.00	3,577,234.38	78,774.13	3,128.13
			01/14/2013	53	AVAILABL	34	4.7557	3,574,106.25	100.062500	SUNGARD	0.00
10684	FNMA CN 041408	3136F8D69	01/14/2008	31	200	2	4.7500	25,000,000.00	25,015,625.00	550,868.06	21,875.00
			01/14/2013	53	AVAILABL	34	4.7557	24,993,750.00	100.062500	SUNGARD	0.00
10708	FNMA QC 071808	3136F8J30	01/18/2008	31	200	2	5.0500	25,000,000.00	24,843,750.00	571,631.94	-155,000.00
			01/18/2013	44	AVAILABL	34	5.0511	24,998,750.00	99.375000	SUNGARD	0.00
10728	FNMA CN 072408	3136F8E76	01/24/2008	31	200	2	4.3750	16,700,000.00	16,715,656.25	318,633.68	17,326.25
			01/24/2013	53	AVAILABL	34	4.3772	16,696,330.00	100.093750	SUNGARD	0.00
10738	FNMA QC 042808	3136F8P82	01/28/2008	31	200	2	4.8750	25,000,000.00	24,828,125.00	517,968.75	-166,875.00
			01/28/2013	44	AVAILABL	34	4.8796	24,995,000.00	99.312500	SUNGARD	0.00
10752	FNMA QC 043008	3136F8R31	01/30/2008	31	200	2	4.0000	25,000,000.00	24,812,500.00	170,416.67	0.00
			01/30/2013	57	AVAILABL	34	4.0000	25,000,000.00	99.250000	SUNGARD	0.00
10785	FNMA QC 050508	3136F8S97	02/05/2008	31	200	2	5.1250	25,000,000.00	24,835,937.50	519,618.06	-164,062.50
			02/05/2013	52	AVAILABL	34	5.1250	25,000,000.00	99.343750	SUNGARD	0.00
10790	FNMA QC 050608	3136F8R49	02/06/2008	31	200	2	5.1000	25,000,000.00	24,835,937.50	513,541.67	0.00
			02/06/2013	57	AVAILABL	34	5.1000	25,000,000.00	99.343750	SUNGARD	0.00
10791	FNMA QC 101008	3136F8TNS	10/10/2007	31	200	2	5.3500	25,000,000.00	25,179,687.50	300,937.50	185,937.50
			10/10/2012	53	AVAILABL	34	5.3558	24,993,750.00	100.718750	SUNGARD	0.00
10798	FNMA QC 050708	3136F8Q24	02/07/2008	31	200	2	4.8750	25,000,000.00	24,828,125.00	487,500.00	0.00
			02/07/2013	52	AVAILABL	34	4.8750	25,000,000.00	99.312500	SUNGARD	0.00
10799	FNMA QC 050708	3136F8Q57	02/07/2008	31	200	2	5.0000	25,000,000.00	24,835,937.50	500,000.00	0.00
			02/07/2013	52	AVAILABL	34	5.0229	24,975,000.00	99.343750	SUNGARD	0.00
10813	FNMA MC 051208	3136F8S22	02/12/2008	31	200	2	4.0000	25,000,000.00	24,796,875.00	137,118.06	0.00
			02/12/2013	57	AVAILABL	34	4.0000	25,000,000.00	99.187500	SUNGARD	-203,125.00
10815	FNMA CN 051308	3136F8T47	02/13/2008	31	200	2	4.0000	25,000,000.00	24,796,875.00	134,444.44	0.00
			02/13/2013	57	AVAILABL	34	4.0000	25,000,000.00	99.187500	SUNGARD	-203,125.00
10816	FNMA QC 051308	3136F8W76	02/13/2008	31	200	2	4.0000	25,000,000.00	24,804,687.50	133,895.83	0.00
			02/13/2013	44	AVAILABL	34	4.0079	24,992,500.00	99.218750	SUNGARD	-187,812.50
10817	FNMA CN 051308	3136F8Z99	02/13/2008	31	200	2	4.3000	20,000,000.00	19,975,000.00	329,666.67	0.00
			02/13/2013	53	AVAILABL	34	4.3045	19,996,000.00	99.875000	SUNGARD	-21,000.00
10821	FNMA QC 051408	3136F8T62	02/14/2008	31	200	2	5.2500	25,000,000.00	24,835,937.50	499,479.17	0.00
			02/14/2013	66	AVAILABL	34	5.2500	25,000,000.00	99.343750	SUNGARD	-164,062.50

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
10823	FNMA CN 051508	3136F8T70	02/15/2008	31	200	2	4.0000	25,000,000.00	24,789,062.50	128,958.33	0.00
			02/15/2013	57	AVAILABL	34	4.0000	25,000,000.00	99,156250	SUNWARD	-210,937.50
10824	FNMA QC 051508	3136F8X26	02/15/2008	31	200	2	5.0000	25,000,000.00	24,828,125.00	472,222.22	0.00
			02/15/2013	12	AVAILABL	34	5.0023	24,997,500.00	99,312500	SUNWARD	-169,375.00
10833	FNMA CN 052008	3136F82N4	02/20/2008	31	200	2	4.1500	30,000,000.00	29,859,375.00	453,041.67	0.00
			02/20/2013	68	AVAILABL	34	4.1634	29,982,000.00	99,531250	SUNWARD	-122,625.00
10834	FNMA CN 052008	3136F82N4	02/20/2008	31	200	2	4.1500	20,000,000.00	19,906,250.00	302,027.78	0.00
			02/20/2013	53	AVAILABL	34	4.1724	19,980,000.00	99,531250	SUNWARD	-73,750.00
10840	FNMA CN 052108	3136F8S30	02/21/2008	31	200	2	4.0000	25,000,000.00	24,789,062.50	112,152.78	0.00
			02/21/2013	57	AVAILABL	34	4.0000	25,000,000.00	99,156250	SUNWARD	-210,937.50
10841	FNMA CN 052108	3136F8V69	02/21/2008	31	200	2	4.0000	25,000,000.00	24,476,562.50	112,347.22	0.00
			02/21/2013	57	AVAILABL	34	4.0000	25,000,000.00	97,906250	SUNWARD	-523,437.50
10842	FNMA QC 052108	3136F8X34	02/21/2008	31	200	2	5.0500	25,000,000.00	24,835,937.50	455,902.78	0.00
			02/21/2013	52	AVAILABL	34	5.0500	25,000,000.00	99,343750	SUNWARD	-164,062.50
10890	FNMA QC 061308	3136F86C4	03/13/2008	31	200	2	4.0000	50,000,000.00	49,562,500.00	102,777.78	0.00
			03/13/2013	57	AVAILABL	34	4.0000	50,000,000.00	99,125000	SUNWARD	-437,500.00
10992	FNMA QC 072908	31398AQQ8	04/29/2008	31	200	2	4.5000	25,000,000.00	25,031,250.00	193,750.00	0.00
			04/29/2013	58	AVAILABL	34	4.5452	24,950,000.00	100,125000	SUNWARD	81,250.00
10993	FNMA QC 072908	31398AQQ8	04/29/2008	31	200	2	4.5000	25,000,000.00	25,031,250.00	193,750.00	0.00
			04/29/2013	58	AVAILABL	34	4.5056	24,993,750.00	100,125000	SUNWARD	37,500.00
10999	FNMA Str QC 073008	3136F9LU5	04/30/2008	31	200	2	5.6500	25,000,000.00	24,867,187.50	239,340.28	0.00
			04/30/2013	66	AVAILABL	34	5.6500	25,000,000.00	99,468750	SUNWARD	-132,812.50
11003	FNMA QC 090108	3136F9LV3	05/01/2008	31	200	2	4.0000	5,000,000.00	5,003,125.00	33,333.33	0.00
			11/01/2011	37	AVAILABL	34	4.0000	5,000,000.00	100,062500	SUNWARD	0.00
11020	FNMA QC 080608	3136F9MK6	05/06/2008	31	200	2	4.6250	20,450,000.00	20,488,343.75	144,499.13	0.00
			05/06/2013	53	AVAILABL	34	4.6307	20,444,887.50	100,187500	SUNWARD	43,456.25
11025	FNMA IXC 110708	3136F9JB0	05/07/2008	31	200	2	4.0000	15,700,000.00	15,577,343.75	94,200.00	0.00
			05/07/2013	53	AVAILABL	34	4.0613	15,656,825.00	99,218750	SUNWARD	-79,481.25
11028	FNMA IXC 050809	31398AQW5	05/08/2008	31	200	2	4.2500	25,000,000.00	25,000,000.00	156,423.61	0.00
			05/08/2013	10	AVAILABL	34	4.2612	24,987,500.00	100,000000	SUNWARD	12,500.00
11119	FNMA IXC 091008	3136F9TJ2	06/10/2008	31	200	2	4.6250	25,000,000.00	25,078,125.00	67,447.92	0.00
			06/10/2013	40	AVAILABL	34	4.6363	24,987,500.00	100,312500	SUNWARD	90,625.00
11131	FNMA QC 070308	3136F8A70	06/16/2008	31	200	2	5.1000	19,000,000.00	19,112,812.50	479,116.67	0.00
			01/03/2013	69	AVAILABL	34	5.1180	18,985,750.00	100,593750	SUNWARD	127,062.50
11155	FNMA Str CN 092508	3136F9XA6	06/25/2008	31	200	2	7.0000	25,000,000.00	25,226,562.50	29,166.67	0.00
			06/25/2013	57	AVAILABL	34	7.0000	25,000,000.00	100,906250	SUNWARD	226,562.50
11167	FNMA Str QC 092608	3136F9TC7	06/26/2008	31	201	2	5.6250	25,000,000.00	25,140,625.00	19,531.25	0.00
			06/26/2013	12	AVAILABL	34	5.6250	25,000,000.00	100,562500	SUNWARD	140,625.00
11171	FNMA QC 092608	3136F9WZ2	06/27/2008	31	200	2	7.0000	25,000,000.00	25,234,375.00	19,444.44	0.00
			06/26/2013	44	AVAILABL	34	7.0025	24,997,500.00	100,937500	SUNWARD	236,875.00
11178	FNMA CN 070708	3136F8Z89	06/30/2008	31	200	2	5.0500	10,000,000.00	10,006,250.00	5,611.11	0.00
			12/27/2012	43	AVAILABL	34	5.0500	10,000,000.00	100,062500	SUNWARD	6,250.00
11403	FNMA Str QC 092608	3136F9WS8	06/30/2008	31	200	2	7.1500	25,000,000.00	25,242,187.50	4,965.28	0.00
			06/26/2013	52	AVAILABL	34	7.1500	25,000,000.00	100,968750	SUNWARD	242,187.50
11404	FNMA Str QC 092608	3136F9WU3	06/30/2008	31	200	2	6.0000	25,000,000.00	25,179,687.50	4,166.67	0.00
			06/26/2013	53	AVAILABL	34	6.0037	24,996,250.00	100,718750	SUNWARD	183,437.50
11405	FNMA Str QC 092608	3136F9WK5	06/30/2008	31	200	2	8.0000	25,000,000.00	25,281,250.00	5,555.56	0.00
			06/26/2013	52	AVAILABL	34	8.0000	25,000,000.00	101,125000	SUNWARD	281,250.00
Inv Type	34 FNMA - 30/360	Count 71					5.0138	1,617,655,000.00	1,618,074,862.51	17,108,052.42	4,929,197.51
							5.0203	1,617,198,146.25	100,025955		-4,052,481.25

INVESTMENT INVENTORY WITH MARKET VALUE



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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
7604	FFCB - WQFA	31331SGL1	09/29/2004	31	200	74	4.4500	1,000,000.00	1,000,000.00	18,541.67	0.00
			02/01/2014	50	AVAILABL	36	4.4500	1,000,000.00	1,000,000.00	BOOK	0.00
8019	FFCB - WQFA	31331STW3	04/08/2005	31	200	74	4.9400	2,000,000.00	2,000,000.00	41,166.67	0.00
			02/01/2015	50	AVAILABL	36	4.9400	2,000,000.00	1,000,000.00	BOOK	0.00
8716	FFCB - WQFA	31331VRP3	02/21/2006	31	200	74	5.1710	1,000,000.00	1,000,000.00	21,545.83	0.00
			02/01/2016	50	AVAILABL	36	5.1710	1,000,000.00	1,000,000.00	BOOK	0.00
9403	FFCB - WQFA	31331XC2	11/01/2006	31	200	74	5.1880	3,000,000.00	3,000,000.00	64,850.00	0.00
			02/01/2016	50	AVAILABL	36	5.1880	3,000,000.00	1,000,000.00	BOOK	0.00
10039	FFCB IXC 070208	31331XG63	07/02/2007	31	200	2	5.5500	25,000,000.00	25,000,000.00	689,895.83	2,500.00
			07/02/2010	53	AVAILABL	36	5.5537	24,997,500.00	100,000,000.00	SUNGARD	0.00
10096	FFCB CN 012009	31331XM74	07/24/2007	31	200	2	5.8500	20,470,000.00	20,809,034.38	535,546.38	339,034.38
			07/20/2012	44	AVAILABL	36	5.8500	20,470,000.00	101,656,250	SUNGARD	0.00
10101	FFCB IXC 072508	31331XN24	07/25/2007	31	200	2	5.6250	25,000,000.00	25,039,062.50	609,375.00	42,812.50
			07/25/2011	53	AVAILABL	36	5.6292	24,996,250.00	100,156,250	SUNGARD	0.00
10117	FFCB IXC 012709	31331XR79	07/27/2007	31	200	2	5.6500	25,000,000.00	25,398,437.50	604,236.11	410,937.50
			07/27/2012	53	AVAILABL	36	5.6616	24,987,500.00	101,593,750	SUNGARD	0.00
10120	FFCB CN 073008	31331XR20	07/30/2007	31	200	2	5.8000	11,174,000.00	11,201,935.00	271,838.59	29,052.40
			07/30/2012	44	AVAILABL	36	5.8023	11,172,882.60	100,250,000	SUNGARD	0.00
10164	FFCB CN 071108	31331XJ78	08/15/2007	31	200	2	5.7000	13,092,000.00	13,100,182.50	352,393.00	10,228.12
			07/11/2011	40	AVAILABL	36	5.7027	13,089,954.38	100,062,500	SUNGARD	0.00
10213	FFCB CN 082409	31331XX23	08/24/2007	31	200	2	5.4500	23,755,000.00	24,371,145.31	456,722.87	638,475.01
			08/24/2012	53	AVAILABL	36	5.4717	23,732,670.30	102,593,750	SUNGARD	0.00
10290	FFCB CN 092408	31331X4C3	09/24/2007	31	200	2	5.3700	25,000,000.00	25,148,437.50	361,729.17	154,687.50
			09/24/2012	53	AVAILABL	36	5.3758	24,993,750.00	100,593,750	SUNGARD	0.00
10309	FFCB CN 030609	31331X2T8	09/06/2007	31	200	2	5.3400	25,000,000.00	25,406,250.00	426,458.33	427,600.00
			09/06/2012	53	AVAILABL	36	5.3597	24,978,650.00	101,625,000	SUNGARD	0.00
10315	FFCB CN 100108	31331X5R9	10/01/2007	31	200	2	5.3400	19,645,000.00	19,773,920.31	262,260.75	138,742.81
			10/01/2012	44	AVAILABL	36	5.3515	19,635,177.50	100,656,250	SUNGARD	0.00
10341	FFCB CN 100308	31331X4V1	10/03/2007	31	200	2	5.2000	12,565,000.00	12,631,751.56	159,715.11	67,379.81
			10/03/2011	53	AVAILABL	36	5.2013	12,564,371.75	100,531,250	SUNGARD	0.00
10344	FFCB CN 040909	31331X6N7	10/09/2007	31	200	2	5.1800	19,025,000.00	19,340,101.56	224,473.86	324,614.06
			10/09/2012	44	AVAILABL	36	5.1915	19,015,487.50	101,656,250	SUNGARD	0.00
10383	FFCB CN 102208	31331YAQ3	10/22/2007	31	200	2	5.3200	25,000,000.00	25,195,312.50	254,916.67	197,812.50
			10/22/2012	44	AVAILABL	36	5.3223	24,997,500.00	100,781,250	SUNGARD	0.00
10467	FFCB CN 111408	31331YEC0	11/14/2007	31	200	2	5.0000	20,000,000.00	20,156,250.00	130,555.56	171,250.00
			11/14/2012	44	AVAILABL	36	5.0171	19,985,000.00	100,781,250	SUNGARD	0.00
10468	FFCB CN 111408	31331YEC0	11/14/2007	31	200	2	5.0000	22,710,000.00	22,887,421.88	148,245.83	188,776.88
			11/14/2012	53	AVAILABL	36	5.0114	22,698,645.00	100,781,250	SUNGARD	0.00
10712	FFCB CN 012210	31331YPC9	01/22/2008	31	200	2	4.0000	14,350,000.00	14,255,828.13	253,516.67	0.00
			01/22/2013	53	AVAILABL	36	4.0022	14,348,565.00	99,343,750	SUNGARD	-92,736.87
10715	FFCB CN 012209	31331YPM6	01/22/2008	31	200	2	4.3700	25,000,000.00	25,046,875.00	482,520.83	54,375.00
			01/22/2013	53	AVAILABL	36	4.3767	24,992,500.00	100,187,500	SUNGARD	0.00
10722	FFCB CN 072308	31331YQL7	07/23/2008	31	200	2	4.1000	20,000,000.00	20,006,250.00	359,888.89	21,250.00
			07/23/2012	53	AVAILABL	36	4.1205	19,985,000.00	100,031,250	SUNGARD	0.00
10764	FFCB CN 020108	31331YR88	02/01/2008	31	200	2	4.0000	21,810,000.00	21,632,793.75	363,500.00	0.00
			02/01/2013	53	AVAILABL	36	4.0000	21,810,000.00	99,187,500	SUNGARD	-177,206.25
10765	FFCB CN 020110	31331YS87	02/01/2008	31	200	2	3.7900	15,430,000.00	15,116,578.13	243,665.42	0.00
			02/01/2013	53	AVAILABL	36	3.8788	15,368,280.00	97,968,750	SUNGARD	-251,701.87
10812	FFCB CN 051208	31331YTK6	02/12/2008	31	200	2	4.1250	49,750,000.00	49,750,000.00	796,354.17	0.00
			02/12/2013	53	AVAILABL	36	4.1362	49,975,000.00	99,500,000	SUNGARD	-225,000.00
10818	FFCB CN 081308	31331YUM0	02/13/2008	31	200	2	4.0400	25,000,000.00	24,820,312.50	387,166.67	0.00
			02/13/2013	10	AVAILABL	36	4.0679	24,968,750.00	99,281,250	SUNGARD	-148,437.50

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares	Market Value	Curr Accr Int Price Source	Unrealized Gain
Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares	Market Price	Price Source	Unrealized Loss
10819	FFCB CN 051308	31331YVL2	02/13/2008	31	200	2	4.1500	25,000,000.00	24,882,812.50	397,708.33	0.00
			02/13/2013	52	AVAILABL	36	4.1668	24,981,250.00	99,531,250	SUNGARD	-98,437.50
10870	FFCB CN 060508	31331YW82	03/05/2008	31	200	2	4.0900	50,000,000.00	50,000,000.00	658,944.44	37,500.00
			03/05/2012	53	AVAILABL	36	4.1105	49,962,500.00	100,000,000	SUNGARD	0.00
10871	FFCB CN 060508	31331YWR7	03/05/2008	31	200	2	4.0800	12,685,000.00	12,681,035.94	166,765.47	2,378.44
			03/05/2012	53	AVAILABL	36	4.0937	12,678,657.50	99,968,750	SUNGARD	0.00
10872	FFCB CN 060508	31331YWM8	03/05/2008	31	200	2	4.4500	25,000,000.00	25,007,812.50	358,472.22	20,312.50
			03/05/2013	53	AVAILABL	36	4.4613	24,987,500.00	100,031,250	SUNGARD	0.00
10906	FFCB CN 061108	31331YXT2	03/19/2008	31	200	2	4.1500	15,000,000.00	14,920,312.50	190,208.33	0.00
			03/11/2013	53	AVAILABL	36	4.1947	14,970,000.00	99,468,750	SUNGARD	-49,687.50
10944	FFCB CN 071508	31331YB58	04/15/2008	31	200	2	4.2500	25,000,000.00	24,906,250.00	224,305.56	0.00
			04/15/2013	40	AVAILABL	36	4.2668	24,981,250.00	99,625,000	SUNGARD	-75,000.00
10950	FFCB CN 041513	31331YB58	04/16/2008	31	200	2	4.2500	25,000,000.00	24,906,250.00	224,305.56	0.00
			04/15/2013	53	AVAILABL	36	4.2556	24,993,750.00	99,625,000	SUNGARD	-87,500.00
10951	FFCB CN 071508	31331YB58	04/16/2008	31	200	2	4.2500	20,000,000.00	19,925,000.00	179,444.44	0.00
			04/15/2013	53	AVAILABL	36	4.2567	19,994,000.00	99,625,000	SUNGARD	-69,000.00
10952	FFCB CN 071608	31331YC73	04/16/2008	31	200	2	4.0000	25,000,000.00	24,945,312.50	208,333.33	0.00
			04/16/2012	53	AVAILABL	36	4.0137	24,987,500.00	99,781,250	SUNGARD	-42,187.50
10953	FFCB CN 030609	31331YWX4	04/16/2008	31	200	2	4.0000	14,024,000.00	13,896,907.50	179,195.56	0.00
			03/06/2013	53	AVAILABL	36	4.0049	14,020,494.00	99,093,750	SUNGARD	-123,586.50
10954	FFCB CN 040309	31331YA83	04/16/2008	31	200	2	3.9800	20,000,000.00	19,787,500.00	194,577.77	0.00
			04/03/2013	53	AVAILABL	36	4.0133	19,970,000.00	98,937,500	SUNGARD	-182,500.00
10971	FFCB CN 072208	31331YF88	04/22/2008	31	200	2	4.1250	25,000,000.00	24,710,937.50	197,656.25	0.00
			04/22/2013	53	AVAILABL	36	4.1362	24,987,500.00	98,843,750	SUNGARD	-276,562.50
10972	FFCB CN 072208	31331YF88	04/22/2008	31	200	2	4.1250	25,000,000.00	24,710,937.50	197,656.25	0.00
			04/22/2013	40	AVAILABL	36	4.1529	24,968,750.00	98,843,750	SUNGARD	-257,812.50
10973	FFCB CN 072208	31331YF88	04/22/2008	31	200	2	4.1250	25,000,000.00	24,710,937.50	197,656.25	0.00
			04/22/2013	37	AVAILABL	36	4.1697	24,950,000.00	98,843,750	SUNGARD	-239,062.50
10987	FFCB CN 060608	31331YWA4	04/25/2008	31	200	2	4.6500	3,105,000.00	3,105,970.31	46,122.19	970.31
			09/06/2013	16	AVAILABL	36	4.6500	3,105,000.00	100,031,250	SUNGARD	0.00
11045	FFCB CN 081508	31331YM98	05/15/2008	31	200	2	3.9700	15,000,000.00	14,953,125.00	76,091.67	0.00
			05/15/2012	53	AVAILABL	36	4.0000	14,983,500.00	99,687,500	SUNGARD	-30,375.00
11046	FFCB CN 081508	31331YM98	05/15/2008	31	200	2	3.9700	20,000,000.00	19,957,500.00	101,455.56	0.00
			05/15/2012	53	AVAILABL	36	4.0000	19,978,000.00	99,687,500	SUNGARD	-40,500.00
11088	FFCB CN 080508	31331YL32	05/06/2008	31	200	2	4.4000	40,000,000.00	39,950,000.00	268,888.89	0.00
			05/06/2013	53	AVAILABL	36	4.4113	39,980,000.00	99,875,000	SUNGARD	-30,000.00
11091	FFCB CN 060309	31331YT34	06/03/2008	31	200	2	4.3500	44,465,000.00	44,409,418.75	150,439.92	223,214.30
			06/03/2013	53	AVAILABL	36	4.4914	44,186,204.45	99,875,000	SUNGARD	0.00
11094	FFCB CN 112309	31331YR85	06/04/2008	31	200	2	4.2500	8,665,000.00	8,637,921.88	38,872.16	0.00
			05/23/2013	53	AVAILABL	36	4.3061	8,643,337.50	99,687,500	SUNGARD	-5,415.62
11125	FFCB CN 061209	31331YW89	06/12/2008	31	200	2	4.6250	5,500,000.00	5,520,937.50	13,425.35	32,312.50
			06/12/2013	53	AVAILABL	36	4.6307	5,498,625.00	100,562,500	SUNGARD	0.00
11126	FFCB CN 061209	31331YW89	06/12/2008	31	200	2	4.6250	25,000,000.00	25,140,625.00	61,024.31	146,875.00
			06/12/2013	53	AVAILABL	36	4.6307	24,993,750.00	100,562,500	SUNGARD	0.00
11146	FFCB CN 062309	31331YV53	06/23/2008	31	200	2	4.3750	21,825,000.00	22,015,968.75	21,218.75	205,155.00
			06/23/2011	53	AVAILABL	36	4.3984	21,810,813.75	100,875,000	SUNGARD	0.00
Inv Type	36 FFCB - 30/360	Count 49									
							4.5725	1,006,295,000.00	1,006,761,353.14	12,873,848.44	3,888,246.52
							4.5940	1,005,375,816.23	100,046,634		-2,502,709.61
9556	FHLMC 1XC 092908	3128XSKL1	10/19/2006	31	200	2	5.5000	26,985,000.00	27,241,750.40	379,289.17	256,750.40
			09/29/2011	40	AVAILABL	37	5.5000	26,985,000.00	100,951,456	SUNGARD	0.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
9988	FHLMC Str 1XC 121208	3128X6DQ6	06/12/2007	31	200	2	6.0000	25,000,000.00	25,520,156.50	79,166.67	520,156.50
			06/12/2012	57	AVAILABL	37	6.0000	25,000,000.00	102,080626	SUNGARD	0.00
10097	FHLMC QC 072408	3128X6HB5	07/24/2007	31	200	2	5.9000	25,000,000.00	25,046,875.00	643,263.89	50,625.00
			07/24/2012	53	AVAILABL	37	5.9035	24,996,250.00	100,187500	SUNGARD	0.00
10253	FHLMC QC 091008	3128X6LX2	09/10/2007	31	200	2	5.9000	25,000,000.00	25,237,864.00	423,998.33	240,364.00
			09/10/2012	53	AVAILABL	37	5.9023	24,997,500.00	100,951456	SUNGARD	0.00
10314	FHLMC 1XC 100108	3128X6MQ6	10/01/2007	31	200	2	5.2500	25,000,000.00	25,117,187.50	328,125.00	117,187.50
			10/01/2012	53	AVAILABL	37	5.2500	25,000,000.00	100,468750	SUNGARD	0.00
10319	FHLMC QC 100208	3128X6MJ2	10/02/2007	31	200	2	5.3000	25,000,000.00	25,164,062.50	327,569.44	164,062.50
			10/02/2012	53	AVAILABL	37	5.3000	25,000,000.00	100,656250	SUNGARD	0.00
10348	FHLMC QC 091008	3128X6LX2	10/10/2007	31	200	2	5.5000	23,190,000.00	23,410,642.65	393,263.75	220,642.65
			09/10/2012	53	AVAILABL	37	5.5000	23,190,000.00	100,951456	SUNGARD	0.00
10367	FHLMC QC 101608	3128X6NR3	10/16/2007	31	200	2	5.3000	25,000,000.00	25,187,500.00	276,041.67	190,000.00
			10/16/2012	53	AVAILABL	37	5.3023	24,997,500.00	100,750000	SUNGARD	0.00
10368	FHLMC QC 101608	3128X6NR3	10/16/2007	31	200	2	5.3000	8,225,000.00	8,286,687.50	90,817.71	76,081.25
			10/16/2012	53	AVAILABL	37	5.3403	8,210,606.25	100,750000	SUNGARD	0.00
10374	FHLMC QC 101708	3128X6NV4	10/17/2007	31	200	2	5.4000	25,000,000.00	25,195,312.50	277,500.00	195,312.50
			10/17/2012	12	AVAILABL	37	5.4000	25,000,000.00	100,781250	SUNGARD	0.00
10384	FHLMC CN 102208	3128X6PH3	10/22/2007	31	200	2	5.4000	25,000,000.00	25,203,125.00	298,790.00	203,125.00
			10/22/2012	57	AVAILABL	37	5.4000	25,000,000.00	100,812500	SUNGARD	0.00
10395	FHLMC QC 102408	3128X6PR1	10/24/2007	31	200	2	5.4000	9,435,000.00	9,493,968.75	94,821.75	59,440.50
			10/24/2012	53	AVAILABL	37	5.4012	9,434,528.25	100,625000	SUNGARD	0.00
10463	FHLMC QC 111308	3128X6QU3	11/13/2007	31	200	2	5.0000	24,490,000.00	24,627,756.25	163,266.67	159,185.00
			11/13/2012	53	AVAILABL	37	5.0200	24,468,571.25	100,562500	SUNGARD	0.00
10476	FHLMC 1XC 110508	3128X6QM1	11/15/2007	31	200	2	5.0000	24,000,000.00	24,180,000.00	186,666.67	184,800.00
			11/05/2012	43	AVAILABL	37	5.0042	23,995,200.00	100,750000	SUNGARD	0.00
10507	FHLMC QC 112608	3128X6RN8	11/26/2007	31	200	2	5.0000	34,000,000.00	34,550,500.00	167,222.22	153,940.00
			11/26/2012	40	AVAILABL	37	5.0023	34,396,560.00	100,437500	SUNGARD	0.00
10534	FHLMC QC 120408	3128X6SF4	12/04/2007	31	200	2	5.0000	25,000,000.00	25,125,000.00	93,790.00	125,000.00
			12/04/2012	12	AVAILABL	37	5.0000	25,000,000.00	100,500000	SUNGARD	0.00
10579	FHLMC CN 061808	3128X6VS2	12/18/2007	31	200	2	5.0200	25,000,000.00	25,007,812.50	45,319.44	7,812.50
			12/18/2012	59	AVAILABL	37	5.0200	25,000,000.00	100,031250	SUNGARD	0.00
10588	FHLMC QC 121908	3128X6VZ6	12/19/2007	31	200	2	5.0000	25,000,000.00	25,242,187.50	41,666.67	244,887.50
			12/19/2012	53	AVAILABL	37	5.0023	24,997,500.00	100,968750	SUNGARD	0.00
10589	FHLMC 1XC 061908	3128X6WB8	12/19/2007	31	200	2	5.0500	25,000,000.00	25,007,812.50	42,083.33	7,812.50
			12/19/2012	59	AVAILABL	37	5.0500	25,000,000.00	100,031250	SUNGARD	0.00
10624	FHLMC CN 062708	3128X6WD4	12/27/2007	31	200	2	5.0500	25,000,000.00	25,007,812.50	14,027.78	32,812.50
			12/27/2012	10	AVAILABL	37	5.0729	24,975,000.00	100,031250	SUNGARD	0.00
10625	FHLMC QC 062708	3128X6VR4	12/27/2007	31	200	2	5.0000	25,000,000.00	25,132,812.50	13,888.89	145,312.50
			12/27/2012	58	AVAILABL	37	5.0114	24,987,500.00	100,531250	SUNGARD	0.00
10659	FHLMC QC 070708	3128X6XF8	01/07/2008	31	200	2	5.0500	25,000,000.00	25,007,812.50	610,208.33	7,812.50
			01/07/2013	59	AVAILABL	37	5.0500	25,000,000.00	100,031250	SUNGARD	0.00
10714	FHLMC CN 012209	3128X6A89	01/22/2008	31	200	2	4.1250	25,000,000.00	24,976,562.50	455,468.75	0.00
			01/22/2013	37	AVAILABL	37	4.1357	24,988,000.00	99,906250	SUNGARD	-11,437.50
10727	FHLMC QC 072408	3128X6ZB5	01/24/2008	31	200	2	4.5000	15,090,000.00	15,108,862.50	296,141.25	22,635.00
			01/24/2013	53	AVAILABL	37	4.5056	15,086,227.50	100,125000	SUNGARD	0.00
10733	FHLMC QC 072508	3128X6A97	01/25/2008	31	200	2	4.0000	12,825,000.00	12,833,015.63	222,300.00	14,428.13
			07/25/2011	53	AVAILABL	37	4.0155	12,818,587.50	100,062500	SUNGARD	0.00
10766	FHLMC QC 080108	3128X6F84	02/01/2008	31	200	2	4.0000	10,000,000.00	9,928,125.00	166,666.67	0.00
			02/01/2013	37	AVAILABL	37	4.0056	9,997,500.00	99,281250	SUNGARD	-69,375.00
10771	FHLMC QC 070308	3128X6XL5	01/03/2008	31	200	2	5.1000	25,000,000.00	25,000,000.00	630,416.67	0.00
			01/03/2013	59	AVAILABL	37	5.1000	25,000,000.00	100,000000	SUNGARD	0.00

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
10786	FHLMC QC 060508	3128X6T22	02/05/2008	31	200	2	4.3000	25,000,000.00	25,007,812.50	435,972.22	20,312.50
			02/05/2013	37	AVAILABL	37	4.3112	24,987,500.00	100.031250	SUNGARD	0.00
10796	FHLMC QC 050708	3128X6N69	02/07/2008	31	200	2	5.0000	25,000,000.00	24,843,750.00	500,000.00	-156,250.00
			02/07/2013	52	AVAILABL	37	5.0000	25,000,000.00	99.375000	SUNGARD	0.00
10808	FHLMC QC 051208	3128X6H90	02/12/2008	31	200	2	4.2500	25,000,000.00	24,968,750.00	410,243.06	-18,750.00
			02/12/2013	53	AVAILABL	37	4.2612	24,987,500.00	99.875000	SUNGARD	0.00
10809	FHLMC QC 051208	3128X6H90	02/12/2008	31	200	2	4.2500	25,000,000.00	24,968,750.00	410,243.06	-18,750.00
			02/12/2013	37	AVAILABL	37	4.2618	24,986,875.00	99.875000	SUNGARD	-18,125.00
10810	FHLMC QC 051208	3128X6H90	02/12/2008	31	200	2	4.2500	25,000,000.00	24,968,750.00	410,243.06	-18,125.00
			02/12/2013	67	AVAILABL	37	4.2635	24,985,000.00	99.875000	SUNGARD	-16,250.00
10811	FHLMC QC 051208	3128X6H90	02/12/2008	31	200	2	4.2500	25,000,000.00	24,968,750.00	410,243.06	-18,125.00
			02/12/2013	40	AVAILABL	37	4.2679	24,980,000.00	99.875000	SUNGARD	-11,250.00
10820	FHLMC QC 051408	3128X6U79	02/14/2008	31	200	2	4.0000	25,000,000.00	24,812,500.00	131,250.00	0.00
			02/14/2013	59	AVAILABL	37	4.0000	25,000,000.00	99.250000	SUNGARD	-187,500.00
10832	FHLMC QC 082008	3128X6X35	02/20/2008	31	200	2	4.0500	21,300,000.00	21,166,875.00	313,908.75	0.00
			02/20/2013	53	AVAILABL	37	4.0723	21,278,700.00	99.375000	SUNGARD	-111,825.00
10857	FHLMC QC 052808	3128X6ZU9	02/28/2008	31	200	2	5.0000	25,000,000.00	24,828,125.00	427,083.33	0.00
			02/28/2013	66	AVAILABL	37	5.0023	24,997,500.00	99.312500	SUNGARD	-169,375.00
10863	FHLMC QC 060408	3128X6ZT2	03/04/2008	31	200	2	4.0000	25,000,000.00	24,796,875.00	75,868.06	0.00
			03/04/2013	44	AVAILABL	37	4.0033	24,997,500.00	99.187500	SUNGARD	-200,625.00
10864	FHLMC CN 060408	3128X6V67	03/04/2008	31	200	2	4.0000	25,000,000.00	24,781,250.00	325,000.00	0.00
			03/04/2013	53	AVAILABL	37	4.0390	24,956,250.00	99.125000	SUNGARD	-175,000.00
10873	FHLMC CN 052108	3128X6V42	03/05/2008	31	200	2	4.1500	8,031,000.00	7,995,864.38	120,353.46	0.00
			02/21/2013	53	AVAILABL	37	4.1670	8,024,816.13	99.562500	SUNGARD	-28,951.75
10877	FHLMC QC 060608	3128X6ZG0	03/06/2008	31	200	2	4.2500	36,780,000.00	36,722,531.25	499,339.58	52,871.25
			03/06/2013	54	AVAILABL	37	4.3174	36,669,660.00	99.843750	SUNGARD	0.00
10900	FHLMC QC 061808	3128X6S70	03/18/2008	31	200	2	4.5000	21,250,000.00	21,296,484.38	273,593.75	57,109.38
			03/18/2013	53	AVAILABL	37	4.5113	21,239,375.00	100.218750	SUNGARD	0.00
10901	FHLMC QC 061808	3128X6S70	03/18/2008	31	200	2	4.5000	13,666,000.00	13,695,894.38	175,949.75	52,443.28
			03/18/2013	40	AVAILABL	37	4.5373	13,643,451.10	100.218750	SUNGARD	0.00
10902	FHLMC QC 061808	3128X6S70	03/18/2008	31	200	2	4.5000	7,185,000.00	7,200,717.19	92,506.88	20,207.81
			03/18/2013	40	AVAILABL	37	4.5141	7,180,509.38	100.218750	SUNGARD	0.00
10910	FHLMC QC 062008	3128X7CB8	03/20/2008	31	200	2	4.2500	13,275,000.00	13,245,960.94	198,285.94	0.00
			03/20/2013	53	AVAILABL	37	4.2500	13,275,000.00	99.781250	SUNGARD	-29,039.06
10945	FHLMC QC 071508	3128X7DK7	04/15/2008	31	200	2	4.2500	25,000,000.00	24,937,500.00	224,305.56	0.00
			04/15/2013	53	AVAILABL	37	4.2556	24,993,750.00	99.750000	SUNGARD	-56,250.00
10946	FHLMC QC 071508	3128X7DK7	04/15/2008	31	200	2	4.2500	22,705,000.00	22,648,237.50	203,714.31	0.00
			04/15/2013	53	AVAILABL	37	4.2522	22,702,729.50	99.750000	SUNGARD	-54,492.00
10955	FHLMC QC 071008	3128X7HY3	04/16/2008	31	200	2	4.0000	24,550,000.00	24,312,171.88	220,950.00	0.00
			04/16/2013	57	AVAILABL	37	4.0569	24,487,397.50	99.031250	SUNGARD	-175,225.62
10959	FHLMC QC 101608	3128X7JU9	04/17/2008	31	200	2	4.0000	16,000,000.00	15,845,000.00	133,333.34	0.00
			04/16/2013	37	AVAILABL	37	4.1173	15,916,000.00	99.031250	SUNGARD	-71,000.00
10962	FHLMC QC 101608	3128X7JU9	04/21/2008	31	200	2	4.0000	7,000,000.00	6,932,187.50	58,333.33	0.00
			04/16/2013	37	AVAILABL	37	4.1906	6,940,500.00	99.031250	SUNGARD	-8,312.50
10978	FHLMC CN 072308	3128X7JD7	04/23/2008	31	200	2	4.2000	22,150,000.00	22,039,250.00	175,723.33	0.00
			04/23/2013	53	AVAILABL	37	4.2090	22,141,140.00	99.500000	SUNGARD	-101,890.00
10986	FHLMC CN 072508	3128X7HQ0	04/25/2008	31	200	2	4.3000	25,000,000.00	24,937,500.00	197,083.33	0.00
			04/25/2013	53	AVAILABL	37	4.3056	24,993,750.00	99.750000	SUNGARD	-56,250.00
11030	FHLMC QC 020909	3128X7PA6	05/09/2008	31	200	2	4.2500	20,000,000.00	19,937,500.00	122,777.78	0.00
			05/09/2013	53	AVAILABL	37	4.2836	19,970,000.00	99.687500	SUNGARD	-32,500.00
11031	FHLMC QC 020909	3128X7PA6	05/09/2008	31	200	2	4.2500	12,290,000.00	12,251,593.75	75,446.94	0.00
			05/09/2013	53	AVAILABL	37	4.2612	12,283,855.00	99.687500	SUNGARD	-32,261.25

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Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
11033	FHLMC QC 072908	3128X7P17	05/12/2008	31	200	2	4.5200	25,000,000.00	25,031,250.00	194,611.12	33,750.00
			04/29/2013	54	AVAILABL	37	4.5219	24,997,500.00	100.125000	SUNGDAR	0.00
11034	FHLMC QC 072908	3128X7P17	05/12/2008	31	200	2	4.5200	30,000,000.00	30,037,500.00	233,533.34	40,500.00
			04/29/2013	54	AVAILABL	37	4.5219	29,997,000.00	100.125000	SUNGDAR	0.00
11036	FHLMC QC 081308	3128X7N48	05/13/2008	31	200	2	4.5000	25,000,000.00	25,046,875.00	150,000.00	84,375.00
			05/13/2013	67	AVAILABL	37	4.5339	24,962,500.00	100.187500	SUNGDAR	0.00
11037	FHLMC QC 081308	3128X7N48	05/13/2008	31	200	2	4.5000	25,000,000.00	25,046,875.00	150,000.00	79,375.00
			05/13/2013	40	AVAILABL	37	4.5293	24,967,500.00	100.187500	SUNGDAR	0.00
11038	FHLMC QC 081308	3128X7N48	05/13/2008	31	200	2	4.5000	25,000,000.00	25,046,875.00	150,000.00	77,875.00
			05/13/2013	57	AVAILABL	37	4.5280	24,969,000.00	100.187500	SUNGDAR	0.00
11039	FHLMC QC 081308	3128X7N48	05/13/2008	31	200	2	4.5000	15,600,000.00	15,629,250.00	93,600.00	40,170.00
			05/13/2013	53	AVAILABL	37	4.5158	15,589,080.00	100.187500	SUNGDAR	0.00
11042	FHLMC QC 081408	3128X7PP5	05/14/2008	31	200	2	4.2500	8,425,000.00	8,440,796.88	46,747.05	22,378.91
			05/14/2012	40	AVAILABL	37	4.2715	8,418,417.97	100.187500	SUNGDAR	0.00
11048	FHLMC QC 110608	3128X7MG6	05/16/2008	31	200	2	4.3750	25,000,000.00	24,992,187.50	167,100.69	29,687.50
			05/06/2013	53	AVAILABL	37	4.4086	24,962,500.00	99.968750	SUNGDAR	0.00
11060	FHLMC CN 082208	3128X7PQ1	05/22/2008	31	200	2	4.6250	25,000,000.00	25,039,062.50	125,260.42	44,062.50
			05/22/2013	53	AVAILABL	37	4.6295	24,995,000.00	100.156250	SUNGDAR	0.00
11061	FHLMC QC 082208	3128X7PU2	05/22/2008	31	200	2	4.6250	25,000,000.00	25,062,500.00	125,260.42	68,750.00
			05/22/2013	53	AVAILABL	37	4.6307	24,993,750.00	100.250000	SUNGDAR	0.00
11069	FHLMC QC 112808	3128X7SA3	05/28/2008	31	200	2	4.4000	7,595,000.00	7,592,626.56	30,633.17	10,917.81
			05/28/2013	53	AVAILABL	37	4.4394	7,581,708.75	99.968750	SUNGDAR	0.00
11070	FHLMC QC 112808	3128X7SA3	05/28/2008	31	200	2	4.4000	25,000,000.00	24,992,187.50	100,833.33	29,687.50
			05/28/2013	9	AVAILABL	37	4.4338	24,962,500.00	99.968750	SUNGDAR	0.00
11071	FHLMC QC 082808	3128X7TM6	05/28/2008	31	200	2	4.5000	25,000,000.00	25,031,250.00	103,125.00	63,750.00
			05/28/2013	40	AVAILABL	37	4.5293	24,967,500.00	100.125000	SUNGDAR	0.00
11092	FHLMC QC 090308	3128X7US1	06/03/2008	31	200	2	4.6250	20,175,000.00	20,212,828.13	72,573.96	37,828.13
			06/03/2013	54	AVAILABL	37	4.6250	20,175,000.00	100.187500	SUNGDAR	0.00
11093	FHLMC QC 090308	3128X7US1	06/03/2008	31	200	2	4.6250	28,750,000.00	28,803,906.25	103,420.14	223,531.25
			06/03/2013	54	AVAILABL	37	4.7590	28,580,375.00	100.187500	SUNGDAR	0.00
11111	FHLMC CN 090508	3128X7TE4	06/05/2008	31	200	2	4.4500	25,000,000.00	24,984,375.00	80,347.22	0.00
			06/05/2013	53	AVAILABL	37	4.4523	24,997,500.00	99.937500	SUNGDAR	-13,125.00
11124	FHLMC QC 121208	3128X7ZU1	06/12/2008	31	200	2	4.6250	40,400,000.00	40,589,375.00	98,615.28	213,615.00
			06/12/2013	53	AVAILABL	37	4.6386	40,375,760.00	100.468750	SUNGDAR	0.00
11130	FHLMC QC 062708	3128X6VR4	06/13/2008	31	200	2	5.0000	17,635,000.00	17,728,685.94	9,797.22	111,320.94
			12/27/2012	69	AVAILABL	37	5.0244	17,617,365.00	100.531250	SUNGDAR	0.00
11156	FHLMC QC 122008	3128X6VT0	06/25/2008	31	200	2	5.0000	11,470,000.00	11,563,193.75	17,523.61	96,061.25
			06/20/2013	70	AVAILABL	37	5.0055	11,467,132.50	100.812500	SUNGDAR	0.00
11157	FHLMC QC 121908	3128X7H49	06/25/2008	31	200	2	5.0000	34,034,000.00	34,310,526.25	56,723.34	317,367.05
			06/19/2013	70	AVAILABL	37	5.0273	33,993,159.20	100.812500	SUNGDAR	0.00
11162	FHLMC CN 092608	3128X7ZE7	06/26/2008	31	200	2	5.0000	18,325,000.00	18,325,500.00	12,666.67	87,324.00
			06/26/2013	53	AVAILABL	37	5.0023	18,238,176.00	100.468750	SUNGDAR	0.00
11163	FHLMC CN 092608	3128X7ZE7	06/26/2008	31	200	2	5.0000	25,000,000.00	25,117,187.50	17,361.11	119,687.50
			06/26/2013	53	AVAILABL	37	5.0023	24,997,500.00	100.468750	SUNGDAR	0.00
11164	FHLMC CN 092608	3128X7ZE7	06/26/2008	31	200	2	5.0000	25,000,000.00	25,117,187.50	17,361.11	123,437.50
			06/26/2013	9	AVAILABL	37	5.0057	24,993,750.00	100.468750	SUNGDAR	0.00
11165	FHLMC QC 092608	3128X7ZD9	06/26/2008	31	200	2	5.0000	25,000,000.00	25,117,187.50	17,361.11	118,437.50
			06/26/2013	69	AVAILABL	37	5.0011	24,998,750.00	100.468750	SUNGDAR	0.00
11166	FHLMC QC 092608	3128X7YG3	06/26/2008	31	200	2	4.7500	25,250,000.00	25,336,796.88	16,657.99	99,421.88
			06/26/2013	53	AVAILABL	37	4.7614	25,237,375.00	100.343750	SUNGDAR	0.00
11176	FHLMC QC 092608	3128X7D84	06/30/2008	31	200	2	5.0000	10,050,000.00	10,097,109.38	1,395.83	59,068.88
			06/28/2013	70	AVAILABL	37	5.0274	10,038,040.50	100.468750	SUNGDAR	0.00

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11177	FHLMC QC 122908	3128X7K78	06/30/2008	31	200	2	5.0000	25,000,000.00	25,148,437.50	3,472.22	167,187.50
			06/29/2012	40	AVAILABL	37	5.0210	24,981,250.00	100.593750	SUNGARD	0.00
Inv Type	37 FHLMC - COUPON BONDS - 3c	Count 80					4.7148	1,777,446,000.00	1,780,393,317.35	15,499,393.95	6,002,497.75
							4.7310	1,776,195,879.28	100.165818		-1,805,059.68
9364	FAMCA	31315PEV7	10/23/2006	31	200	2	5.0000	24,550,000.00	25,493,640.63	300,055.56	1,082,102.63
			10/03/2011	40	AVAILABL	39	5.1299	24,411,538.00	103.843750	SUNGARD	0.00
10100	FAMCA IXC 072508	31315PNH8	07/25/2007	31	200	2	5.5000	30,000,000.00	30,056,250.00	715,000.00	59,250.00
			07/26/2010	53	AVAILABL	39	5.5037	29,997,000.00	100.187500	SUNGARD	0.00
10221	FAMCA SA 082808	31315PBC2	08/28/2007	31	200	2	5.7000	20,000,000.00	20,081,250.00	389,500.00	83,250.00
			08/28/2012	53	AVAILABL	39	5.7023	19,998,000.00	100.406250	SUNGARD	0.00
10347	FAMCA SA 101008	31315PC16	10/10/2007	31	200	2	5.3000	5,000,000.00	5,034,375.00	59,625.00	34,825.00
			10/10/2012	53	AVAILABL	39	5.3021	4,999,550.00	100.687500	SUNGARD	0.00
10685	FAMCA QC 011409	31315PEQ8	01/14/2008	31	200	2	4.5000	20,000,000.00	20,106,250.00	417,500.00	108,250.00
			01/14/2013	53	AVAILABL	39	4.5023	19,998,000.00	100.531250	SUNGARD	0.00
10878	FAMCA SA 030609	31315PFC8	03/06/2008	31	200	2	4.2500	10,000,000.00	9,990,625.00	135,763.89	0.00
			03/06/2013	53	AVAILABL	39	4.2556	9,997,500.00	99.906250	SUNGARD	-6,875.00
11044	FAMCA SA 051509	31315PHC6	05/15/2008	31	200	2	4.2500	5,000,000.00	4,985,937.50	27,152.78	0.00
			05/15/2013	53	AVAILABL	39	4.2612	4,997,500.00	99.718750	SUNGARD	-11,562.50
11068	FAMCA SA 051509	31315PHC6	05/28/2008	31	200	2	4.2500	7,000,000.00	6,980,312.50	38,013.89	0.00
			05/15/2013	53	AVAILABL	39	4.2609	6,995,500.00	99.718750	SUNGARD	-16,187.50
Inv Type	39 OTHER AGENCIES 30/360	Count 8					5.0329	121,550,000.00	122,728,640.63	2,082,611.12	1,367,677.63
							5.0624	121,395,588.00	100.969676		-34,625.00
11100	QZAB REPO		06/04/2008	31	200	2039	2.1700	993,157.00	993,157.00	1,616.36	0.00
			07/07/2008	62	AVAILABL	60	2.1700	993,157.00	100.000000	BOOK	0.00
11101	QZAB REPO		06/04/2008	31	200	2049	2.1700	6,833,939.00	6,833,939.00	11,122.24	0.00
			07/07/2008	62	AVAILABL	60	2.1700	6,833,939.00	100.000000	BOOK	0.00
11102	QZAB REPO		06/04/2008	31	200	2059	2.1700	3,951,584.00	3,951,584.00	6,431.20	0.00
			07/07/2008	62	AVAILABL	60	2.1700	3,951,584.00	100.000000	BOOK	0.00
11103	QZAB REPO		06/04/2008	31	200	2064	2.1700	5,057,499.00	5,057,499.00	8,231.08	0.00
			07/07/2008	62	AVAILABL	60	2.1700	5,057,499.00	100.000000	BOOK	0.00
11104	RESTRICTED REPO		06/04/2008	31	200	2047	2.1700	14,552.00	14,552.00	23.68	0.00
			07/07/2008	62	AVAILABL	60	2.1700	14,552.00	100.000000	BOOK	0.00
11105	RESTRICTED REPO		06/04/2008	31	200	2051	2.1700	4,465,178.00	4,465,178.00	7,267.08	0.00
			07/07/2008	62	AVAILABL	60	2.1700	4,465,178.00	100.000000	BOOK	0.00
11106	RESTRICTED REPO		06/04/2008	31	200	2054	2.1700	1,752,459.00	1,752,459.00	2,852.13	0.00
			07/07/2008	62	AVAILABL	60	2.1700	1,752,459.00	100.000000	BOOK	0.00
11107	RESTRICTED REPO		06/04/2008	31	200	2065	2.1700	23,484,519.00	23,484,519.00	38,221.05	0.00
			07/07/2008	62	AVAILABL	60	2.1700	23,484,519.00	100.000000	BOOK	0.00
11108	RESTRICTED REPO		06/04/2008	31	200	2066	2.1700	6,742,218.00	6,742,218.00	10,972.96	0.00
			07/07/2008	62	AVAILABL	60	2.1700	6,742,218.00	100.000000	BOOK	0.00
11170	REPO AGREEMENT - OPEN ACT-360		06/27/2008	31	200	2	2.5500	100,000,000.00	100,000,000.00	28,333.33	0.00
			07/01/2008	53	AVAILABL	60	2.5500	100,000,000.00	100.000000	BOOK	0.00
11172	OVERNIGHT REPO I		06/30/2008	31	200	2	2.7000	108,921,000.00	108,921,000.00	8,169.08	0.00
			07/01/2008	2	AVAILABL	60	2.7000	108,921,000.00	100.000000	BOOK	0.00
11173	OVERNIGHT REPO II		06/30/2008	31	200	2	2.3500	101,000,000.00	101,000,000.00	6,593.06	0.00
			07/01/2008	2	AVAILABL	60	2.3500	101,000,000.00	100.000000	BOOK	0.00
11174	REPO AGREEMENT - OPEN ACT-360		06/30/2008	31	200	2	2.3000	90,000,000.00	90,000,000.00	5,750.00	0.00
			07/07/2008	62	AVAILABL	60	2.3000	90,000,000.00	100.000000	BOOK	0.00
11175	REPO AGREEMENT - OPEN ACT-360		06/30/2008	31	200	2	2.2500	100,000,000.00	100,000,000.00	6,250.00	0.00
			07/09/2008	62	AVAILABL	60	2.2500	100,000,000.00	100.000000	BOOK	0.00

INVESTMENT INVENTORY WITH MARKET VALUE



Run Date: 10/29/2008 12:11:54PM
 Investment Outstanding As of 06/30/2008

Inv No.	Description	CUSIP	Purchase Maturity	Bank Brok	Safe Purp	Fund Iccode	Coupon YTM TR	Sched. Par / Shares Scheduled Book	Market Value Market Price	Curr Accr Int Price Source	Unrealized Gain Unrealized Loss
60 REPO AGREEMENT - OPEN AC Count 14											
11456	LGIP		06/30/2008	3	100	2	2.4115	553,216,105.00	553,216,105.00	141,833.25	0.00
			07/01/2008	25	AVAILABL	98	0.0000	163,794,363.74	163,794,363.74	0.00	0.00
11457	Balt C BP 2004 Debt		06/30/2008	31	100	11	0.0000	100,000,000	100,000,000	0.00	0.00
			07/01/2008	23	AVAILABL	98	0.0000	26,647.49	26,647.49	0.00	0.00
11458	Balt C BP 2004 Reserve		06/30/2008	31	100	11	2.2223	26,647.49	100,000,000	344.07	0.00
			07/01/2008	23	AVAILABL	98	2.2223	2,772,282.41	2,772,282.41	0.00	0.00
11459	THE RESERVE I FUND		06/30/2008	31	100	2	0.0000	171,976,845.98	100,000,000	0.00	0.00
			07/01/2008	61	AVAILABL	98	0.0000	171,976,845.98	100,000,000	0.00	0.00
11460	FEDERATED-4572856		06/30/2008	31	100	12	0.0000	29,640,309.25	29,640,309.25	0.00	0.00
			07/01/2008	23	AVAILABL	98	0.0000	29,640,309.25	100,000,000	0.00	0.00
11461	CTRB 2007 Reserve		06/30/2008	31	100	11	0.0000	24,992.85	24,992.85	0.00	0.00
			07/01/2008	23	AVAILABL	98	0.0000	24,992.85	100,000,000	0.00	0.00
11462	CTRB 2007 Debt Service		06/30/2008	31	100	11	0.0000	2,883,155.54	2,883,155.54	0.00	0.00
			07/01/2008	23	AVAILABL	98	0.0000	2,883,155.54	100,000,000	0.00	0.00
Inv Type	98 MONEYMARKET FUNDS	Count 7						371,118,597.26	371,118,597.26	344.07	0.00
Grand Total		Count 282						6,557,395,702.26	6,561,625,571.21	62,228,872.32	19,570,998.00
								6,554,085,686.87	100,064,505		-12,031,113.66



The Maryland State Treasurer's Office

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The Maryland State Treasurer's Office

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Maryland

STATE TREASURER

Investing for Maryland's future.

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The Maryland State Treasurer's Office

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