



53rd ANNUAL REPORT

FISCAL YEAR 2008-2009

POOLED MONEY

INVESTMENT

BOARD

BILL LOCKYER
State Treasurer and Chairman

Preface

Pooled Money Investment Board

The Pooled Money Investment Board (PMIB), created by the Legislature in 1955, is comprised of the State Treasurer, as chairman; the State Controller and the Director of Finance. At the end of 2008-09, the members were Bill Lockyer, Treasurer; John Chiang, Controller; and Michael C. Genest, Director of Finance.

The purpose of the Board is to design and administer an effective cash management and investment program, called the Pooled Money Investment Account (PMIA). The PMIA uses all monies flowing through the Treasurer's bank accounts and keeps all available funds invested consistent with the goals of safety, liquidity and yield.

The law restricts the Treasurer to investments in the following categories: U.S. government securities; securities of federally-sponsored agencies; domestic corporate bonds; interest-bearing time deposits in California banks, savings and loan associations, and credit unions; prime-rated commercial paper; repurchase and reverse repurchase agreements; security loans; banker's acceptances; negotiable certificates of deposit; and loans to various bond funds. Subsequent sections of this report deal individually with the demand account and investment programs for which the Board has oversight responsibilities, and which the Treasurer directly administers.

During 2008-09, the PMIA's earnings totaled \$1.335 billion. Approximately \$516 million of this amount was credited to units of local government as a result of their deposits in our investment pool. The level of local governments' voluntary investment, which averaged \$23.735 billion, reflects the confidence these agencies have in our investment management capabilities. The magnitude of these investment earnings provide a significant reduction in the tax burden that otherwise would have been imposed on the citizens of California.

Pooled Money Investment Board
53rd Annual Report
Fiscal Year 2008-2009
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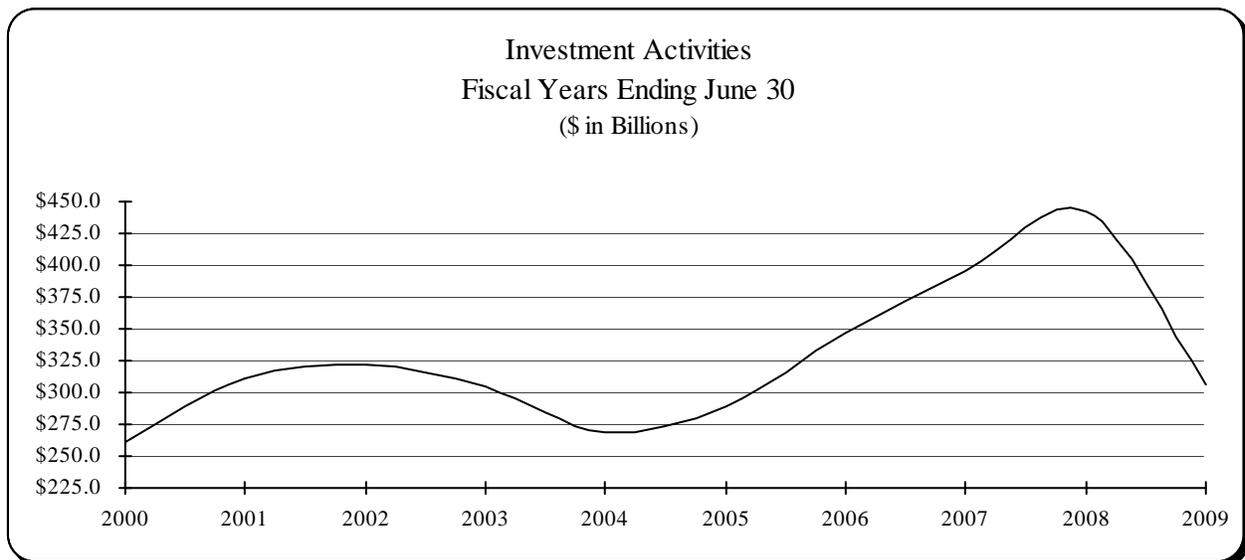
Overview

The Year in Review

Average Daily Portfolio.....	\$ 60,003,197,312
Earnings.....	\$1,334,676,841
Effective Yield.....	2.22%

Investment Activity for Fiscal Years Ending June 30 (\$ in Billions)

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Amount	\$260.6	\$310.2	\$322.3	\$305.1	\$269.1	\$289.8	\$346.8	\$395.0	\$441.5	\$306.8
Transactions	6,447	7,889	8,025	7,524	6,630	6,961	8,242	9,448	10,528	7,346



Source: State Treasurer's Office, Investment Division

2008-09 Investment Market Conditions

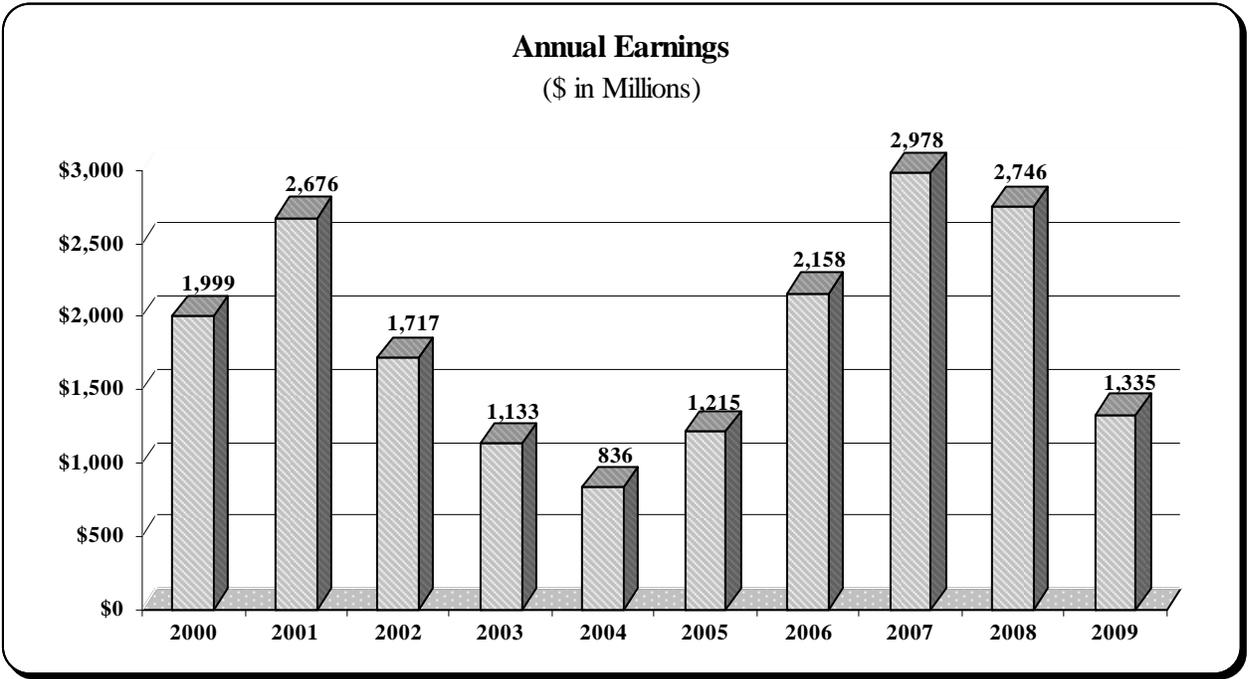
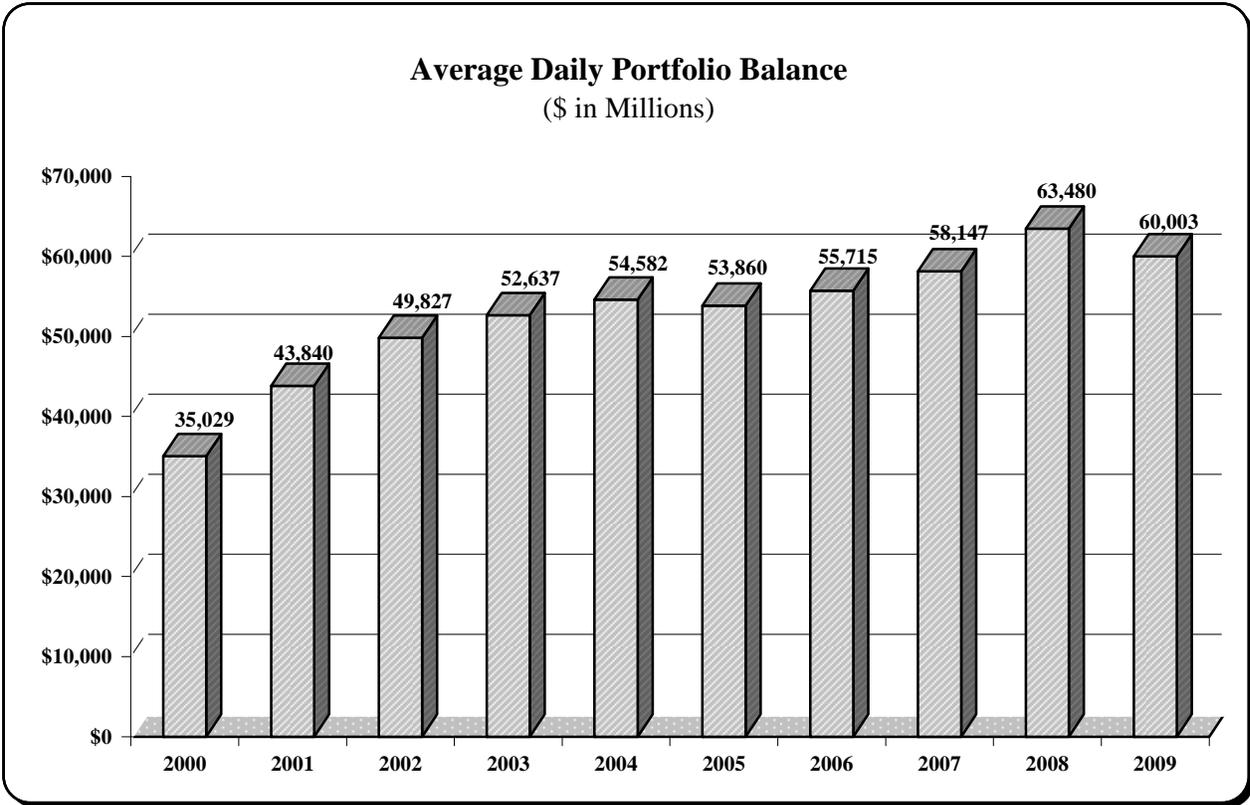
To indicate prevailing market conditions during 2008-09, the following table shows monthly money market rates, as computed from daily closing bid prices. The information was obtained from the Federal Reserve Statistical Release.

Monthly Yield on Money Market Securities (Yield in Percent per Year)

Month	Federal Funds	90-Day Finance Company Commercial Paper	90-Day Certificate of Deposits	3-Month Treasuries	6-Month Treasuries	1-Year Treasuries	3-Year Treasuries
July 2008	2.01	2.72	2.79	1.66	1.98	2.28	2.87
August	2.00	2.76	2.79	1.75	1.97	2.18	2.70
September	1.81	2.91	3.59	1.15	1.64	1.91	2.32
October	0.97	3.19	4.32	0.69	1.23	1.42	1.86
November	0.39	1.54	2.36	0.19	0.74	1.07	1.51
December	0.16	1.09	1.77	0.03	0.26	0.49	1.07
January 2009	0.15	1.10	1.02	0.13	0.30	0.44	1.13
February	0.22	0.67	1.16	0.30	0.46	0.62	1.37
March	0.18	0.62	1.07	0.22	0.43	0.64	1.31
April	0.15	0.48	0.89	0.16	0.35	0.55	1.32
May	0.18	0.37	0.57	0.18	0.30	0.50	1.39
June	0.21	0.36	0.39	0.18	0.31	0.51	1.76
2008-2009 Average	0.70	1.48	1.89	0.55	0.83	1.05	1.72
2007-2008 Average	3.71	3.97	4.11	2.91	3.08	3.08	3.18
Increase-(Decrease)	(3.01)	(2.49)	(2.22)	(2.36)	(2.25)	(2.03)	(1.46)

Note: Yields on Treasury nominal securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve for non-inflation-indexed Treasury securities. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 3, and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity. The 90-day Commercial Paper is quoted on a discount basis.

Comparisons of Portfolio Balance and Earnings for Fiscal Years Ending June 30 2000 through 2009



Source: State Treasurer’s Office, Investment Division

Pooled Money Investment Account

Summary Statistics

Resources	\$ 65,518.7	million per day on the average
Demand Accounts.....	\$ 1,122.0	million per day on the average
NOW Demand Accounts.....	\$ 4,393.5	million per day on the average*
Portfolio.....	\$ 60,003.2	million per day on the average
Earnings	\$ 1,109.9	million from security investments
		91.8 million from bank time deposits
		133.0 million from General Fund loans
Earning Rate	2.22	percent average for all investments
Dollar Value of Investment Transactions	\$ 306.8	billion
Number of Investment Transactions	7,346	transactions
Time Deposits	81	banks, credit unions and savings banks held PMIA money at year-end
*Negotiable Order of Withdrawal accounts were opened in January 2009, therefore there were only 6 months of balances during fiscal year 2008-09.		

Source: State Treasurer's Office, Investment Division

Resources of the PMIA averaged \$65,518,680,168 per day during the fiscal year although the daily figures fluctuated widely with receipts and disbursements. The high point for the year occurred on April 30, 2009 when the total reached more than \$77,688,763,000. Resources for the account were lowest on March 19, 2009, when balances totaled less than \$56,876,418,000.

A breakdown of an average day's resources during the fiscal year shows the following: \$1.122 billion in non-interest-bearing bank accounts; \$4.393 billion in interest-bearing Negotiable Order of Withdrawal (NOW) accounts; \$52.133 billion in securities and General Fund Loans; and \$7.870 billion in interest-bearing time deposits.

On the closing day of the fiscal year, the following resources were on hand in the PMIA:

Demand deposit balances	\$ 861,109,166
NOW Demand deposit balances	17,473,235,549
Time deposit balances	5,556,000,000
Securities	<u>45,187,268,381</u>
Total Resources	\$69,077,613,096

Note: The increase in Demand Deposit Balances was due to deposits in interest-bearing NOW Demand accounts held with Citibank and Union Bank. The above year-end balance of \$17,473,235,549 does not include accrued interest earned on the accounts, which totaled \$22,018,059 during fiscal year 2008-09.

Demand Account Program

Investments of the PMIA are made from monies flowing through the Treasurer's demand (non-interest-bearing) bank accounts maintained in seven banks that serve as State depositories. As of June 30, 2009, the seven depository banks were: Bank of America, Union Bank, Bank of the West, U.S. Bank, Wells Fargo Bank, Westamerica Bank, and Citibank. A small portion of these deposits must remain in the accounts as compensating balances, which consist of: (1) a balance for uncollected funds and (2) a balance for banking services. Uncollected funds represent the total dollar amount of checks deposited by the State for which the banks give immediate credit, but for which the banks do not receive good funds until these checks are presented to the banks on which they are drawn. The State allows the banks an average balance for uncollected funds equivalent to 1.3 calendar days on all checks deposited other than cashier's checks and checks deposited under the presort deposit program.

All amounts in excess of these compensating balances are promptly invested by the Treasurer. Intensive and expert analysis of receipts and disbursement data is used daily to estimate the State's rapidly shifting cash position in order to determine exactly how much money is available for investment. This results in maximum earnings consistent with prudent management.

Under the presort deposit program, the major revenue collecting agencies sort their checks by the seven State depository banks and then deposit them directly into the banks on which they are drawn, thus avoiding the need for providing bank balances for uncollected funds. The remaining miscellaneous checks (drawn on non-State depository banks) are deposited into the State depository bank that holds the miscellaneous sort contract. For fiscal year 2008-09, Bank of America has the contract and receives bank balances equivalent to 1.1 calendar days for the amount of such deposits.

The balances allowed for banking services represent compensation for handling 313,800 bank deposits, 48.1 million checks deposited, 327,844 dishonored checks, \$908.5 million in currency deposited, \$8.9 million in coin deposited, and 132.1 million warrants paid.

Compensating balances are determined by a formula, which accounts for the estimated volume of each service item as well as its unit cost. The rate schedule for the compensating balance formula is determined through annual negotiations with the State's depository banks and the cost for any particular service may be raised or lowered as conditions warrant. Adjustments for the difference between actual and estimated workload for any fiscal year are made in the following fiscal year. The State made no changes in the rate schedule for banking services for 2008-09.

In addition to the rates shown below, the State agreed to include the costs of account reconciliation and electronic funds transfer (EFT) services within the compensating balance formula starting in 1991-92. The costs for these two services are paid (with balances) on a lagged, actual basis when billed by each bank. During 2008-09, a total of \$95.0 billion was collected under the EFT contract and approximately \$2.0 trillion flowed in and out of the State Treasurer's demand accounts.

The following schedule shows the approved rates, actual volume, and total costs for banking services for 2008-09:

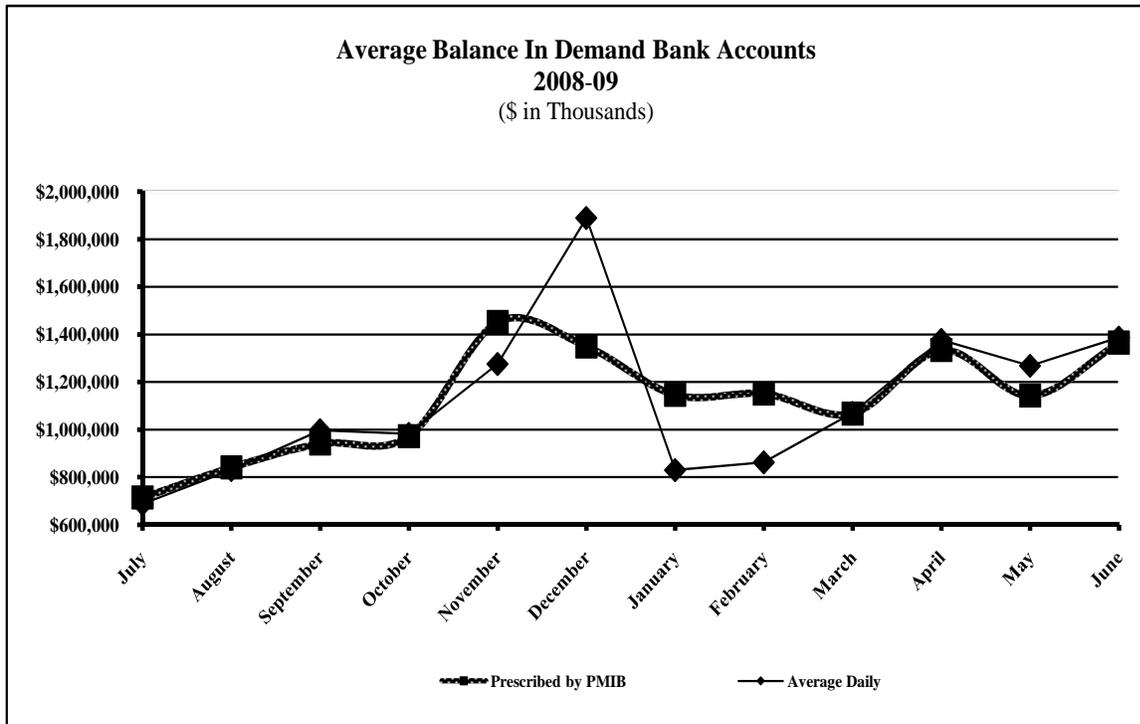
Schedule of Banking Services 2008-09 Fiscal Year

Banking Service	Approved Charges	Actual Volume	Actual Cost
Encoded Checks Deposited - On Us			
"On Us"	\$0.04	14,893,341	\$595,734
"Other"	0.053	18,579,931	984,736
Non Encoded Checks	0.09	14,663,866	1,319,748
Warrants	0.01	132,115,492	1,321,155
Checks Paid	0.12	447	54
Dishonored Checks	2.75	327,844	901,571
Regular Deposits	1.40	203,107	284,350
Split Bag Deposits	0.55	110,693	60,881
Coin	0.01100	8,900,414	97,905
Currency	0.00105	908,492,320	953,917
Account Maintenance (ZBA's)	15.00	2,643	39,645
Account Maintenance (Demand & LAIF)	55.00	36	1,980
Daily Statements	6.00	1,550	9,300
Direct Billed Services			563,749
Subtotal Non-EFT Contract Services			<u>\$7,134,725</u>
EFT Contract Services (Direct Billed)			
ACH Credit/Debit	\$0.5985	6,341,544	\$ 3,795,414
Direct Debit	0.03	3,431,957	102,959
Other transactions	Various	492,655	239,887
Subtotal EFT Contract Services			<u>\$4,138,260</u>
Total Banking Services			\$11,272,985

Source: State Treasurer's Office, Cash Management Division

Average Daily Balance in Demand Bank Accounts 2008-09 (\$ in Thousands)

Month	Bank Balance Required for Banking Services	Bank Balance Required for Uncollected Funds	Less Net Delayed Deposit Credit	Bank Balance Prescribed by PMIB	Actual Average Daily Bank Balance
July 2008	\$606,699	\$117,350	\$9,772	\$714,278	\$687,593
August	695,353	151,328	5,669	841,011	829,773
September	774,191	184,202	7,919	940,871	997,512
October	866,017	110,494	4,380	972,131	981,931
November	1,314,741	142,866	5,412	1,452,194	1,275,582
December	1,199,393	155,369	5,054	1,349,708	1,889,771
January 2009	956,097	197,857	8,262	1,145,692	829,712
February	1,008,991	152,588	10,636	1,150,943	862,472
March	969,674	104,447	6,826	1,067,295	1,070,219
April	1,030,114	310,719	6,582	1,334,251	1,377,141
May	1,009,662	137,483	4,279	1,142,867	1,268,242
June	1,208,832	160,711	4,236	1,365,307	1,386,996
Weighted Average	\$968,432	\$160,087	\$6,558	\$1,121,171	\$1,122,029



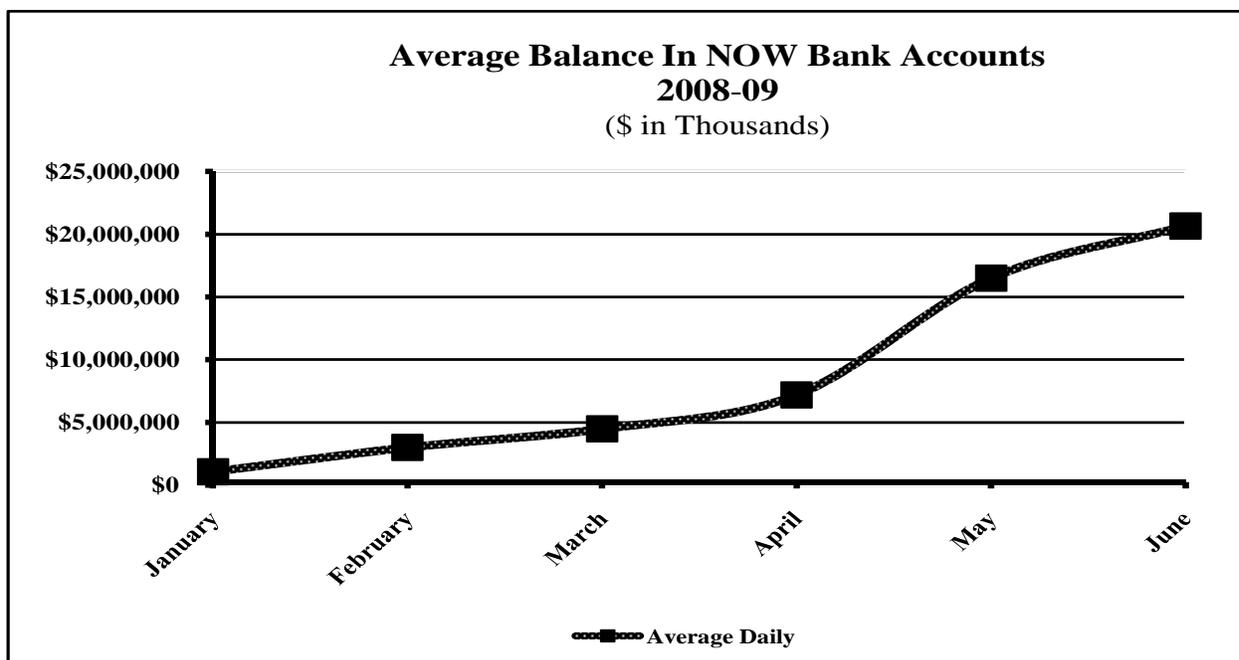
Source: State Treasurer's Office, Cash Management Division

NOW Demand Account Program

On October 14, 2008, the Federal Deposit Insurance Corporation (FDIC) announced its temporary Transaction Account Guarantee Program, providing depositors with unlimited coverage for noninterest-bearing transaction accounts, if their bank was a participant in the FDIC Temporary Liquidity Guarantee Program. The guarantee also covers Negotiable Order of Withdrawal (NOW) accounts, which are interest-bearing accounts available from commercial banks so long as the rates do not exceed 0.50 percent. The NOW accounts differ from Money Market Funds because there are no underlying securities to support the net asset valuations and the interest rates are fixed. They are simply deposits, available for withdrawal at anytime. Two of the banks utilized by the State Treasurer as depository institutions participated in the program and offered NOW accounts. Monies placed in these accounts were fully insured by the FDIC until December 31, 2009. There were no fees or additional costs associated with the establishment or maintenance of the NOW accounts.

Average Daily Balance in NOW Demand Bank Accounts 2008-09 (\$ in Thousands)

Month	January	February	March	April	May	June	Weighted Average
Avg Daily Balance	\$1,067,742	\$3,008,929	\$4,485,475	\$7,198,063	\$16,499,729	\$20,659,246	\$4,393,454



Source: State Treasurer's Office, Cash Management Division

Investment Program

Although the PMIB designates how much shall be invested in interest-bearing time deposit accounts and securities, it is the responsibility of the State Treasurer to administer the investment program on a day-to-day basis in line with overall Board policy. This entails a daily determination of amounts available for investment, or the need for liquidating securities to meet estimated warrant redemption requirements, while maintaining the approved compensating balance position. This means that the State Treasurer must continually adjust the estimates for receipts and disbursements to reflect current, available information.

For 2008-09, daily investments in time deposits ranged from \$5,556,000,000 to \$9,458,500,000 and averaged daily \$7,869,933,973. There were 2,161 time deposit transactions totaling \$52,640,700,000 during the year. California commercial banks, savings banks and credit unions receiving these State deposits must secure them with approved securities having a market value of at least 110 percent of the deposits or with approved promissory notes secured by mortgages or deeds of trust having a market value of at least 150 percent of the deposits. The same collateral requirements also apply to the State's demand accounts. At the end of 2008-09, interest-bearing time deposits were held by 69 commercial banks, 4 credit unions and 8 savings banks throughout California. For the fiscal year, PMIA holdings in time deposits had an average yield of 1.17 percent.

The amount of money designated by the Board for investment in securities varies dramatically throughout the year. Such designations are made at least monthly. Again, the Treasurer handles the actual investments, determining the issue and maturity of authorized securities to be bought or sold in accordance with cash needs and both current and projected market conditions. During 2008-09, there were 2,392 security purchase transactions and 2,793 security sales or redemption transactions, with a total investment activity of \$254.2 billion.

Total earnings for the PMIA in 2008-09 were \$1,334,676,841. These earnings were credited as follows:

General Fund	\$ 112,293,971
Fish and Game Preservation Fund	\$ 1,790,622
Surplus Money Investment Fund	\$ 700,955,056
Local Agency Investment Fund	\$ 515,567,749
Public Employee's Retirement Fund	\$ 2,368,144
State Teacher's Retirement Fund	\$ 1,701,299

Earnings consisted of \$1,109,866,338 from security investments at an average 2.42 percent yield, \$91,806,347 from time deposits at an average 1.17 percent yield and \$133,004,156 from General Fund loans at an average 2.09 percent yield. The overall return on investment was 2.22 percent.

The portfolio holdings of the PMIA for 2008-09 are illustrated in the following tables:

Schedule of Security Purchases by Term							
2008-09 Fiscal Year							
(At Cost - \$ in Thousands)							
Month	Under 10 Days	10-29 Days	30-89 Days	90 Days- 1 Year	1 - 3 Years	Over 3 Years	TOTALS
July 2008	\$1,820,675	\$549,106	\$1,671,593	\$8,135,458	\$272,191	\$18,946	\$ 12,467,969
August	3,438,548	2,158,250	3,194,684	1,344,263	652,657	7,712	10,796,114
September	12,610,077	5,628,399	1,574,389	2,233,277	408,625	17,659	22,472,426
October	3,914,157	2,607,743	300,000	7,185,551	1,153,134	0	15,160,585
November	649,926	3,498,245	1,998,897	398,281	0	0	6,545,349
December	999,989	1,900,121	3,249,690	1,294,413	1,152,259	100,203	8,696,675
January 2009	224,994	3,424,698	1,699,827	99,593	0	0	5,449,112
February	350,000	4,599,492	1,299,722	198,741	0	0	6,447,955
March	2,239,979	2,449,967	0	0	0	12,832	4,702,778
April	1,099,988	1,349,937	4,649,154	4,854,201	100,548	300,000	12,353,828
May	249,986	0	350,003	0	200,000	0	799,989
June	1,199,958	0	1,964,736	5,610,980	1,850,085	9,618	10,635,377
Total	\$28,798,277	\$28,165,958	\$21,952,695	\$31,354,758	\$5,789,499	\$466,970	\$116,528,157
Percent	24.71%	24.17%	18.84%	26.91%	4.97%	0.40%	100.00%

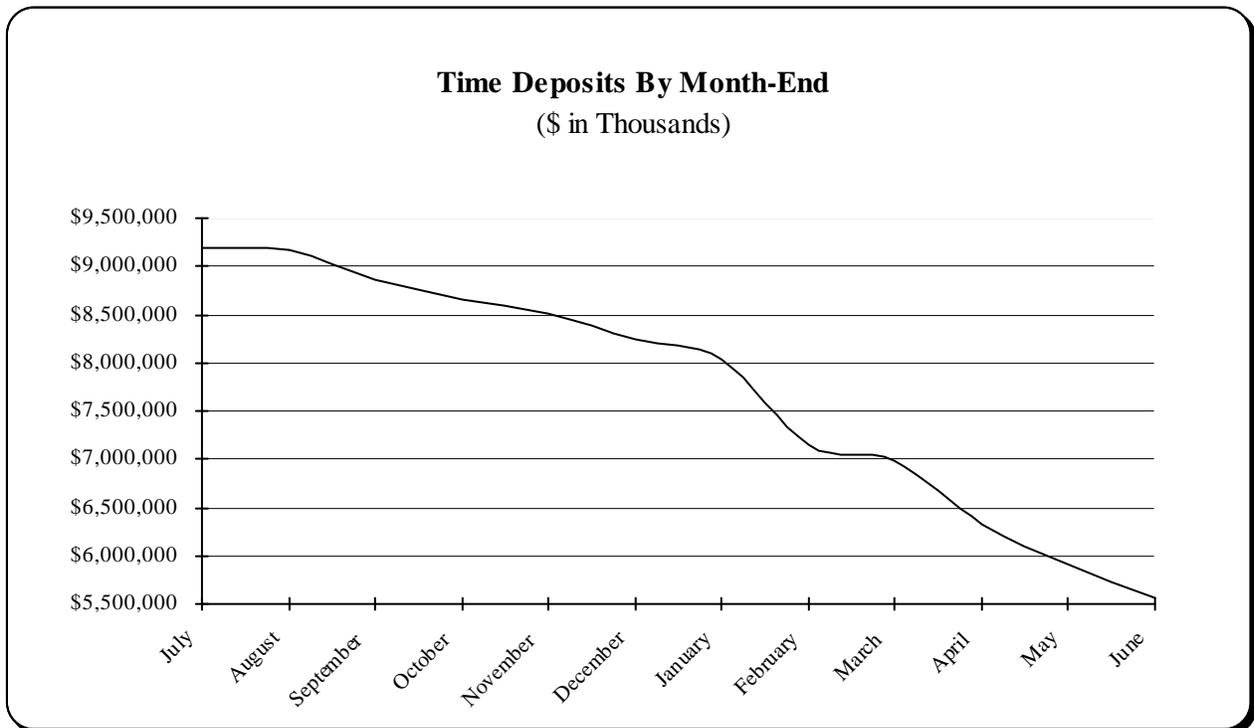
Source: State Treasurer's Office, Investment Division

Analysis of Portfolio						
2008-09 Fiscal Year						
Type Of Security	Average Daily Portfolio	Percent of Portfolio	Earnings For Year	Effective Percentage Yield For Year	Average Portfolio Life on 6/30/09 (in Days)	Percent of Portfolio on 6/30/09
U.S. Treasury Bills/Strips	\$6,001,215,018	10.00	\$89,086,487	1.48	165	18.57
U.S. Treasury Bonds & Notes	3,423,969,457	5.71	60,311,318	1.76	514	7.81
Federal Agency Cpn Securities	8,893,230,921	14.82	236,856,146	2.66	197	14.61
Federal Agency Discount Notes	5,274,329,391	8.79	118,885,033	2.25	38	3.84
GNMA	143,508	0.00	16,998	11.84	4,381	0.00
FHLMC	1,068,799,184	1.78	57,584,731	5.39	4,381	1.96
Negotiable CDs	6,880,391,643	11.47	150,768,984	2.19	143	9.02
Time Deposits	7,869,933,973	13.12	91,806,347	1.17	52	10.95
Bankers Acceptances	0	0.00	0	0.00	0	0.00
Commercial Paper	3,543,928,218	5.91	75,404,294	2.13	56	4.17
Corporate Bonds	361,207,324	0.60	10,096,710	2.80	88	0.60
Repurchase Agreements	1,369,863	0.00	55,556	4.06	1	0.00
Reverse Repurchase Agreements	(127,574,464)	-0.21	(2,561,958)	2.01	149	0.00
AB 55 Loans	10,459,174,920	17.43	313,362,039	3.00	251	12.64
General Fund Loans	6,353,078,356	10.59	133,004,156	2.09	0	15.83
Total Portfolio	\$60,003,197,312	100%	\$1,334,676,841	2.22%	235	100%

Source: State Treasurer's Office, Investment Division

Time Deposits by Month-End 2008-09 Fiscal Year

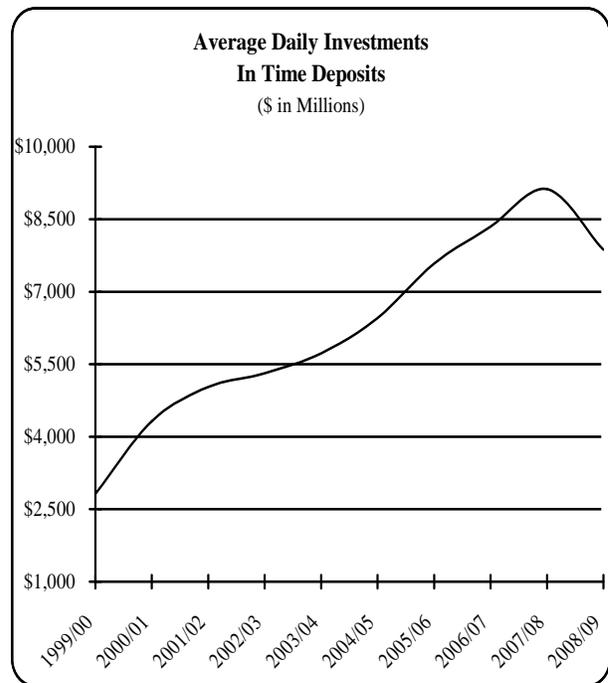
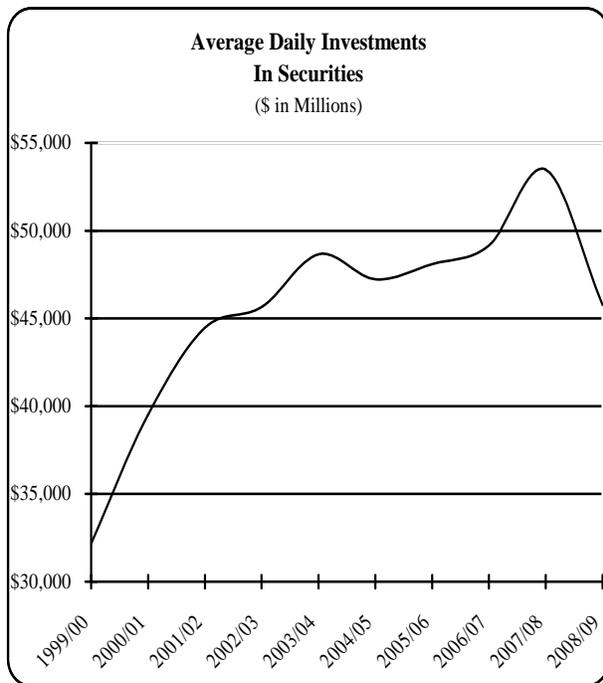
Month	Total
July 2008.....	\$ 9,191,000,000
August.....	9,171,000,000
September.....	8,861,500,000
October.....	8,646,000,000
November.....	8,518,000,000
December.....	8,249,500,000
January 2009.....	8,033,500,000
February.....	7,153,500,000
March.....	6,974,500,000
April.....	6,315,700,000
May.....	5,918,000,000
June.....	5,556,000,000



Source: State Treasurer's Office, Investment Division

Summary of Investments and Earnings for Fiscal Years Ending June 30 2000 through 2009 (\$ in Thousands)

Investment in Securities				Investment in Time Deposits			
Fiscal Year	Average Daily Investment	Earnings	Earnings Rate (%)	Fiscal Year	Average Daily Investment	Earnings	Earnings Rate (%)
1999-00	\$32,177,870	\$1,845,503	5.74	1999-00	\$2,820,736	\$152,310	5.40
2000-01	39,522,485	2,424,943	6.14	2000-01	4,317,936	251,215	5.82
2001-02	44,467,159	1,563,523	3.52	2001-02	5,031,747	143,920	2.86
2002-03	45,644,967	1,013,254	2.22	2002-03	5,313,015	84,296	1.59
2003-04	48,663,614	771,823	1.59	2003-04	5,726,197	61,298	1.07
2004-05	47,229,141	1,073,098	2.27	2004-05	6,457,397	138,940	2.15
2005-06	48,095,303	1,850,015	3.85	2005-06	7,586,240	306,641	4.04
2006-07	49,143,376	2,512,140	5.11	2006-07	8,349,640	431,452	5.17
2007-08	53,475,554	2,376,670	4.44	2007-08	9,120,990	329,215	3.61
2008-09	45,780,185	1,109,867	2.42	2008-09	7,869,934	91,806	1.17



Source: State Treasurer's Office, Investment Division

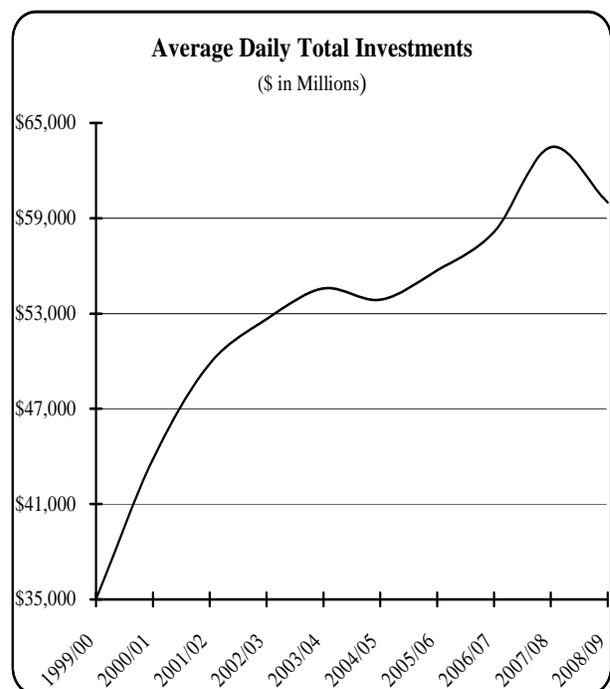
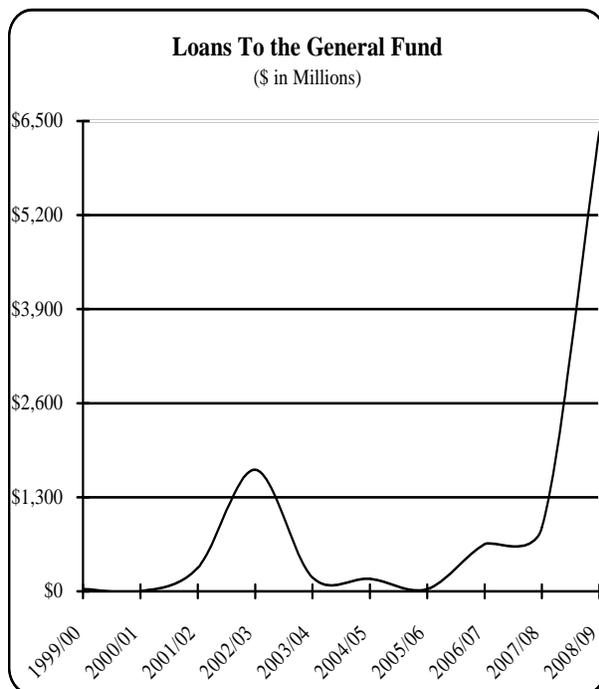
Summary of Investments and Earnings

Fiscal Years Ending June 30

2000 through 2009

(\$ in Thousands)

Loans to General Fund				Total Investments			
Fiscal Year	Average Daily Investment	Earnings	Earnings Rate (%)	Fiscal Year	Average Daily Investment	Earnings	Earnings Rate (%)
1999-00	\$30,428	\$1,670	5.49	1999-00	\$35,029,034	\$1,999,483	5.71
2000-01	0	-	0.00	2000-01	43,840,421	2,676,158	6.10
2001-02	328,171	9,102	2.77	2001-02	49,827,077	1,716,545	3.45
2002-03	1,678,666	35,380	2.11	2002-03	52,636,648	1,132,930	2.15
2003-04	192,039	2,950	1.54	2003-04	54,581,850	836,072	1.53
2004-05	173,949	3,078	1.77	2004-05	53,860,487	1,215,116	2.26
2005-06	33,274	1,189	3.57	2005-06	55,714,817	2,157,845	3.87
2006-07	654,425	34,033	5.20	2006-07	58,147,441	2,977,625	5.12
2007-08	882,969	39,863	4.51	2007-08	63,479,513	2,745,747	4.32
2008-09	6,353,078	133,004	2.09	2008-09	60,003,197	1,334,677	2.22



Source: State Treasurer's Office, Investment Division

Financial Community Coverage

(The following firms conducted investment transactions with the State Treasurer's Office during the 2008-09 Fiscal Year.)

1st Capital Bank	First Business Bank, NA	Pacific State Bank
1st Century Bank, NA	First California Bank	Preferred Bank
Alta Alliance Bank	First National Bank of Northern California	Premier America Credit Union
America California Bank	Five Star Bank	Premier Valley Bank
American Express Credit Corp.	Folsom Lake Bank	Premierwest Bank
American Plus Bank, NA	Ford Motor Credit Co.	Prospectors Federal Credit Union
American Principle Bank	Fortis Bank NV SA	Provident Credit Union
American River Bank	Fullerton Community Bank, FSB	Provident Savings Bank, FSB
Banc of America Securities, LLC	Gardner Rich	Rabobank International, New York
Bank of America, NA	General Electric Capital Corp.	Rabobank, NA
Bank of Montreal	General Motors Accept. Corp.	RBC Capital Markets
Bank of Sacramento	Golden 1 Credit Union, The	RBS Securities Inc.
Bank of the Sierra	Goldman Sachs and Co.	River City Bank
Bank of the West	Great Pacific Securities	Royal Bank of Scotland PLC
Bank of Tokyo-Mitsubishi, LTD (The)	Greentree Brokerage Services, Inc.	Saeahan Bank
Barclays Capital Inc.	Greenwich Capital Markets Inc.	SAFE Credit Union
BGC Brokers, Inc.	Heritage Bank of Commerce	San Diego National Bank
Blaylock Robert Van, LLC	HSBC Finance Corp.	San Joaquin Bank
BNP Paribas Securities Corp.	ICAP Corporates, LLC	San Luis Trust Bank, FSB
Borel Private Bank & Trust Company	Independence Bank	Santa Clara Valley Bank, NA
Broadway Federal Bank, FSB	J.P. Morgan Securities, Inc.	SBKBrooks Investment Corp.
Cabrera Capital Markets, LLC	Kaiser Federal Bank	Scotia Capital Markets (USA) Inc.
California Bank of Commerce	La Jolla Bank, FSB	SEB Enskilda, Inc.
California Business Bank	Landesbank Hessen-Thuringen (Helaba)	Service 1st Bank
California National Bank	Lehman Brothers	SG Americas Securities, LLC
California United Bank	Loop Capital Markets, LLC	Shinhan Bank America
Calyon Securities (USA) Inc.	Luther Burbank Savings	Signature Securities Group Corp.
Cantor-Fitzgerald and Co.	M.R. Beal and Co.	Societe Generale
Cathay Bank	Magna Securities Corp.	State Bank of India (California)
Center Bank	Malaga Bank, FSB	Stone and Youngberg, LLC
Central Valley Community Bank	Manufacturers Bank	Summit State Bank
Charter Oak Bank	Mechanics Bank, The	Sutter Securities, Inc.
CIBC World Markets Corp.	Merchants National Bank of Sacramento	Tamalpais Bank
Citibank, NA	Merrill Lynch & Co., Inc.	Torrey Pines Bank
Citigroup Funding Inc.	Metropolitan Bank	Toussaint Capital Partners, LLC
Citigroup Global Markets Inc.	MFR Securities, Inc.	Toyota Motor Credit Corp.
Citizens Business Bank	Mirae Bank	Trans-Pacific National Bank
City National Bank	Mission Community Bank	Tri Counties Bank
Comerica Bank	Mission Valley Bank	U.S. Bank, NA
Commerce National Bank	Mizuho Securities, USA, Inc.	Umpqua Bank
CommerceWest Bank, NA	Morgan Keegan and Co., Inc.	Union Banc Investment Services
Commonwealth Business Bank	Morgan Stanley	Union Bank, NA
Community 1st Bank	Nara Bank	United Commercial Bank
Community Bank	Oak Valley Community Bank	United Security Bank
Credit Suisse Securities USA, LLC	Oceanic Bank	Uniti Bank
D.A. Davidson & Co.	Omni Bank, NA	Valley First Credit Union
East West Bank	OneUnited Bank	Wells Fargo Institutional Securities, LLC
Eastern International Bank	Operating Engineers Local 3 FCU	WestAmerica Bank
El Dorado Savings Bank, FSB	Orange County Business Bank	Western Commercial Bank
EverTrust Bank	Pacific Alliance Bank	Western Federal Credit Union
Far East National Bank	Pacific Capital Bank, NA	Williams Capital Group, L.P. (The)
Farmers & Merchants Bank of Central California	Pacific City Bank	Wilshire State Bank
Finacorp Securities	Pacific Commerce Bank	Woori America Bank
First Bank of Beverly Hills	Pacific National Bank	Zions Capital Markets Group

Source: State Treasurer's Office, Investment Division

Surplus Money Investment Fund

Program Summary

The Surplus Money Investment Fund (SMIF) consists of the available cash of all special funds which do not have investment authority of their own, and all or a portion of the available cash of special funds having investment authority of their own, but which have elected to be included in the program. Cash balances in excess of needs in any of these participating funds are invested by the Treasurer.

The PMIB determines whether any cash balances of the participating funds exceed current needs and are available for investment, or whether it is necessary to liquidate previous investments to meet current requirements. This determination is performed operationally by the State Controller's Office by means of a continuing review of the cash balances of the participating funds.

As a result of these determinations, the State Controller prepares a document for the PMIB's approval which authorizes the State Controller to increase or decrease the invested balances of the applicable funds.

All of the resources of the SMIF are invested through the PMIA. Prior to the 1967-68 fiscal year, the SMIF was a separate investment program. In 1967, legislation was enacted (Chapter 505, Statutes 1967) which provided that money in the SMIF shall be invested through the PMIA. This legislation further provided that the SMIF would share in the interest earnings of the PMIA based on the ratio that the dollar-day contributions of the SMIF bear to the dollar-day investments of the PMIA.

This legislation increased the potential investment earnings for both programs, since their high and low resource periods tend to complement each other. Consequently, under normal market conditions, more long-term, higher yielding securities may be purchased.

Earnings for 2008-09

Gross earnings totaled \$700,955,056 for 2008-09. This represents an earning rate of 2.17 percent for this investment program.

SMIF earnings are computed on a dollar-day basis to guarantee equitable distribution among all member funds and apportioned quarterly by the State Controller.

Participation

There were over one thousand special funds and accounts participating in the SMIF as of the last day of the fiscal year—June 30, 2009. Their combined deposits totaled \$35,788,892,000.

Large contributors as of June 30, 2009 were as follows:

Department of Water Resources Electric Power Fund	\$2,752,497,000
Mental Health Services Fund	\$2,575,758,000
Highway Safety, Traffic Reduction Fund 2006	\$2,453,599,000
California Housing Finance Fund	\$1,637,710,000
School Facilities Fund (2004)	\$1,502,377,000
State School Facilities Fund (2002)	\$1,490,180,000
Unemployment Compensation Disability Fund	\$1,358,771,000
School Facilities Fund (2006)	\$1,085,875,000
Public Employees' Retirement Fund	\$1,038,073,000

The Year in Review

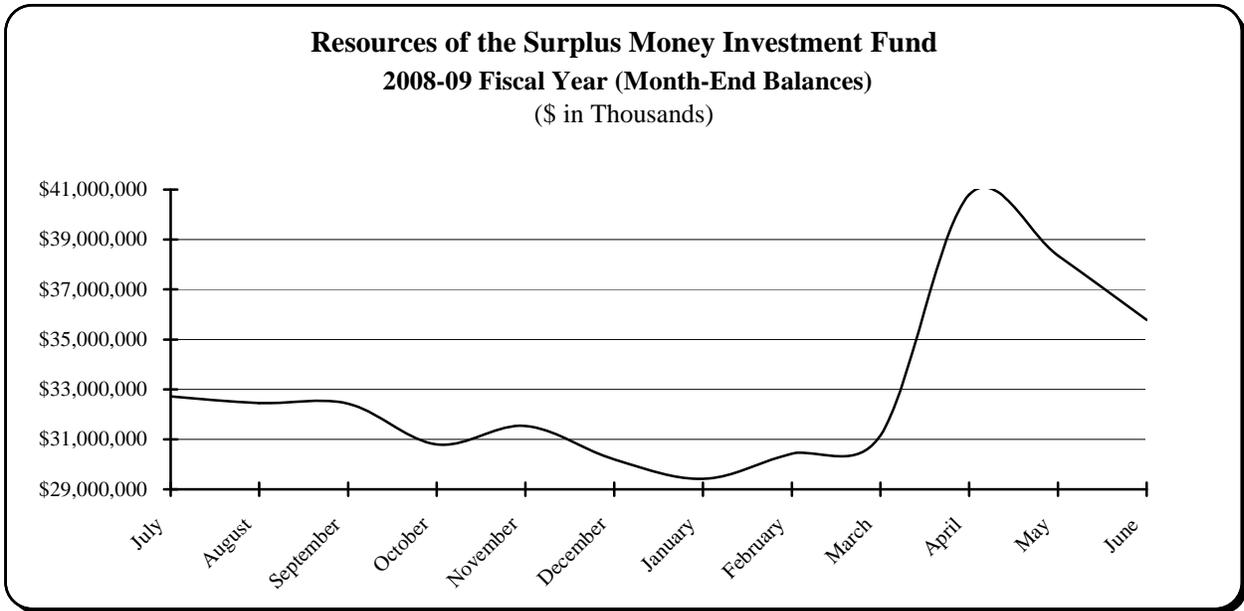
Resources.....	\$32.335 billion per day on average
Earnings.....	\$701 million
Earning Rate.....	2.17 percent

Source: State Treasurer's Office, Investment Division

Monthly deposit balances are shown in the following table:

**Resources of
The Surplus Money Investment Fund
2008-09 Fiscal Year (Month-End Balances)**

Month	Total
July 2008.....	\$32,712,309,000
August.....	32,453,825,000
September.....	32,427,721,000
October.....	30,798,639,000
November.....	31,532,023,000
December.....	30,199,060,000
January 2009.....	29,421,691,000
February.....	30,424,548,500
March.....	31,151,672,000
April.....	40,790,411,000
May.....	38,357,150,000
June.....	35,788,892,000



Source: State Controller's Office, *Report of Cash Assets of all Funds in the State Treasury*

Local Agency Investment Fund

Program Summary

The Local Agency Investment Fund (LAIF) was established by Chapter 730, Statutes of 1976. This fund enables local governmental agencies or trustees to remit money not required for immediate needs to the State Treasurer for the purpose of investment. In order to derive the maximum rate of return possible, the State Treasurer has elected to invest these monies as a part of the PMIA.

Each participating agency determines the length of time its money will be on deposit with the State Treasurer with the exception of bond proceeds, which must remain for a minimum of 30 days. At the end of each calendar quarter, all earnings derived from investments are distributed by the State Controller to the participating government agencies in proportion to each agency's respective amounts deposited in the Fund and the length of time such amounts remained. Prior to the distribution, the State's reasonable costs of administering this program are deducted from the earnings.

Earnings for 2008-09

Gross earnings for 2008-09 totaled \$515,567,749. This represented a 2.17 percent yield for this investment program.

Participation

As of June 30, 2009, there were 2,746 participants in the LAIF consisting of 54 counties, 474 cities, 1,786 special districts, 259 trustees and 173 bond accounts. Deposits in the fund averaged \$23.74 billion for the year.

The Year in Review

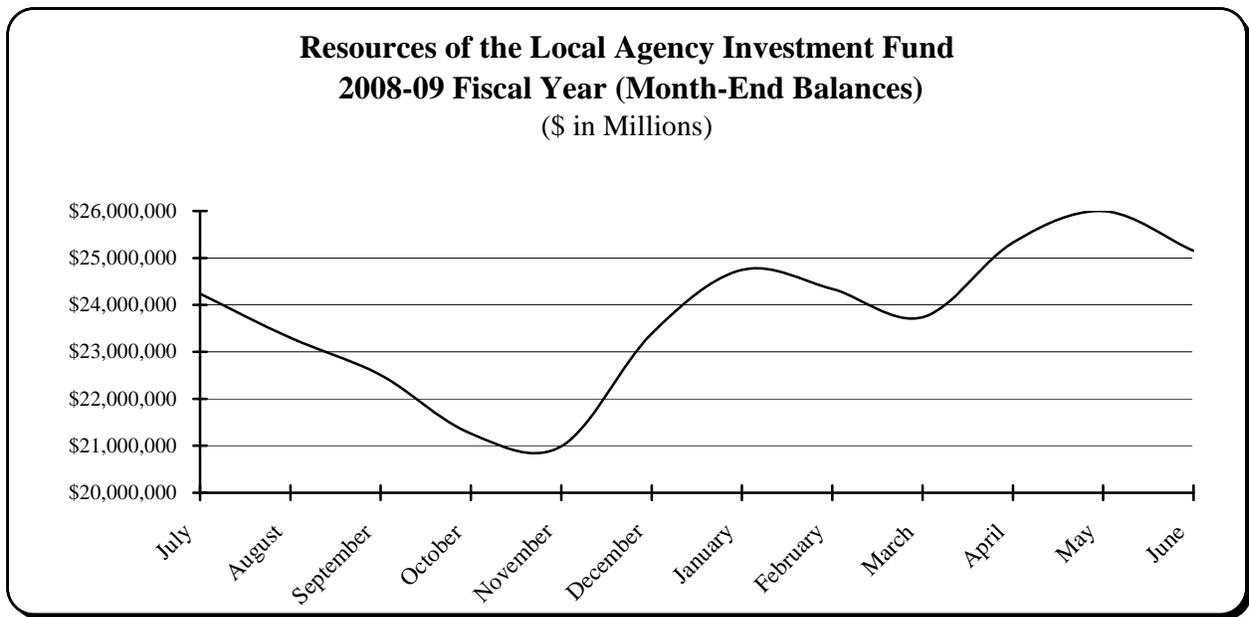
Resources.....	\$23.74	billion per day on average
Earnings.....	\$515.57	million
Earning Rate.....	2.17	percent
Participation.....	2,746	agencies or accounts at year-end.

Source: State Treasurer's Office, Investment Division (LAIF)

The following table shows monthly resources of the LAIF:

**Resources of
The Local Agency Investment Fund
2008-09 Fiscal Year (Month-End Balances)**

Month	Total
July 2008.....	\$24,241,450,736
August.....	23,300,917,345
September.....	22,506,320,978
October.....	21,262,682,620
November.....	20,987,656,986
December.....	23,391,602,416
January 2009.....	24,745,933,921
February.....	24,340,958,554
March.....	23,741,036,440
April.....	25,326,251,331
May.....	25,998,677,198
June.....	25,156,667,108



Source: State Treasurer's Office, Investment Division (LAIF)

Appendices

Appendix A

Pooled Money Investment Account
Summary of Investments and Earnings
(\$ in Thousands)

Fiscal Year	Average Investment Portfolio	Annual Earnings	Average Earning Rate (Percent)			
			Rate (Percent)	5 Years	10 Years	15 years
1956-57	\$ 393,742	\$ 9,573	2.43			
1957-58	594,306	16,421	2.76			
1958-59	544,868	15,762	2.89			
1959-60	614,835	21,045	3.42			
1960-61	736,204	28,139	3.82	3.23		
1961-62	867,144	26,521	3.06	3.19		
1962-63	910,863	30,548	3.35	3.31		
1963-64	896,535	32,519	3.63	3.46		
1964-65	966,592	38,004	3.93	3.56		
1965-66	1,083,347	47,761	4.41	3.68	3.48	
1966-67	1,057,800	52,540	4.97	4.06	3.62	
1967-68	1,117,717	56,566	5.06	4.40	3.85	
1968-69	1,301,302	78,174	6.01	4.88	4.17	
1969-70	1,216,414	84,781	6.97	5.48	4.52	
1970-71	1,264,894	77,527	6.13	5.83	4.75	4.32
1971-72	1,397,494	68,350	4.89	5.81	4.93	4.35
1972-73	2,254,401	125,116	5.55	5.91	5.15	4.54
1973-74	2,594,629	232,780	8.97	6.50	5.69	4.94
1974-75	2,749,431	238,298	8.67	6.84	6.16	5.29
1975-76	3,209,143	204,303	6.37	6.89	6.36	5.46
1976-77	4,460,487	261,657	5.87	7.08	6.45	5.65
1977-78	6,843,940	458,625	6.70	7.31	6.61	5.87
1978-79	8,123,266	692,417	8.52	7.22	6.86	6.20
1979-80	8,285,941	873,469	10.54	7.60	7.22	6.64
1980-81	7,298,693	786,877	10.78	8.48	7.69	7.07
1981-82	5,234,524	631,968	12.07	9.72	8.40	7.54
1982-83	5,254,589	549,229	10.45	10.47	8.89	7.90
1983-84	7,094,849	738,462	10.41	10.85	9.04	8.19
1984-85	11,903,660	1,275,503	10.72	10.89	9.24	8.44
1985-86	15,438,406	1,401,990	9.08	10.55	9.51	8.64
1986-87	19,167,196	1,425,047	7.43	9.62	9.67	8.81
1987-88	17,628,558	1,388,074	7.87	9.10	9.79	8.96
1988-89	17,496,405	1,516,767	8.67	8.75	9.80	8.94
1989-90	19,558,775	1,692,905	8.66	8.34	9.61	8.94
1990-91	20,754,895	1,663,140	8.01	8.13	9.34	9.05
1991-92	21,456,433	1,329,476	6.20	7.88	8.75	9.07
1992-93	23,051,543	1,085,126	4.71	7.25	8.18	8.94
1993-94	25,433,078	1,115,660	4.39	6.39	7.57	8.67
1994-95	26,802,123	1,482,574	5.53	5.77	7.05	8.33
1995-96	26,623,196	1,519,020	5.71	5.31	6.72	7.99
1996-97	28,264,069	1,582,443	5.60	5.19	6.53	7.56
1997-98	29,344,512	1,672,382	5.70	5.38	6.32	7.25
1998-99	33,451,088	1,787,765	5.34	5.58	5.98	6.91
1999-00	35,029,034	1,999,483	5.71	5.61	5.69	6.57

Appendix A (Continued)

Fiscal Year	Average Investment Portfolio	Earnings	Annual	Average Earning Rate (Percent)		
			Earnings Rate (Percent)	5 Years	10 Years	15 years
2000-01	\$ 43,840,421	\$ 2,676,158	6.10	5.69	5.50	6.38
2001-02	49,827,077	1,716,545	3.45	5.27	5.22	6.11
2002-03	52,636,648	1,132,930	2.15	4.55	4.97	5.73
2003-04	54,581,850	836,072	1.53	3.79	4.68	5.25
2004-05	53,860,487	1,215,116	2.26	3.10	4.36	4.83
2005-06	55,714,817	2,157,845	3.87	2.65	4.17	4.55
2006-07	58,147,441	2,977,625	5.12	2.99	4.12	4.48
2007-08	63,479,513	2,745,747	4.32	3.42	3.99	4.45
2008-09	60,003,197	1,334,677	2.22	3.56	3.67	4.31

Source: The average investment portfolio, earnings and annual earnings rate were taken from the published *Annual Report of the PMIB* for each fiscal year. Please see the following note.

NOTE TO PMIA SUMMARY OF INVESTMENTS AND EARNINGS TABLE

The PMIB was established as an agency of State government by Chapter 1703, Statutes of 1955, and became operational in April 1956. The first full year for the PMIA was 1956-57. In 1957-58, the SMIF and the Condemnation Deposits Fund (CDF) were placed under the administration of the PMIB. Separate investment portfolios were managed for these two funds for a number of years. SMIF operated this way until 1967-68, when legislation allowed this fund to be invested as a part of the PMIA. The CDF continued as a separate investment portfolio until 1975, when it was combined with the PMIA. In order to make data for the early years in the table comparable to the later years (1975-76 and after), the average daily investment and the annual earnings for both SMIF and CDF were combined with those for the PMIA. The earning rates for these early years were computed using these combined figures.

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-77	5.77			
Feb-77	5.66			
Mar-77	5.66		5.68	
Apr-77	5.65			
May-77	5.76			
Jun-77	5.85	5.87	5.78	5.79
Jul-77	5.93			
Aug-77	6.05			
Sep-77	6.09		5.84	
Oct-77	6.39			
Nov-77	6.61			
Dec-77	6.73		6.45	6.18
Jan-78	6.92			
Feb-78	7.05			
Mar-78	7.14		6.97	
Apr-78	7.27			
May-78	7.39			
Jun-78	7.57	6.70	7.35	7.17
Jul-78	7.65			
Aug-78	7.82			
Sep-78	7.87		7.86	
Oct-78	8.11			
Nov-78	8.29			
Dec-78	8.77		8.32	8.09
Jan-79	8.78			
Feb-79	8.90			
Mar-79	8.82		8.81	
Apr-79	9.08			
May-79	9.05			
Jun-79	9.22	8.52	9.10	8.98
Jul-79	9.20			
Aug-79	9.53			
Sep-79	9.26		9.26	
Oct-79	9.81			
Nov-79	10.22			
Dec-79	10.22		10.06	9.66

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-80	10.98			
Feb-80	11.25			
Mar-80	11.49		11.11	
Apr-80	11.48			
May-80	12.02			
Jun-80	11.80	10.54	11.54	11.38
Jul-80	10.21			
Aug-80	9.87			
Sep-80	9.95		10.01	
Oct-80	10.06			
Nov-80	10.43			
Dec-80	10.96		10.47	10.21
Jan-81	10.99			
Feb-81	11.69			
Mar-81	11.13		11.23	
Apr-81	11.48			
May-81	12.18			
Jun-81	11.44	10.78	11.68	11.69
Jul-81	12.35			
Aug-81	12.84			
Sep-81	12.06		12.40	
Oct-81	12.40			
Nov-81	11.89			
Dec-81	11.48		11.91	12.19
Jan-82	11.68			
Feb-82	12.04			
Mar-82	11.84		11.82	
Apr-82	11.77			
May-82	12.27			
Jun-82	11.99	12.07	11.99	11.93
Jul-82	12.24			
Aug-82	11.91			
Sep-82	11.15		11.74	
Oct-82	11.11			
Nov-82	10.70			
Dec-82	10.40		10.71	11.26

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-83	10.25			
Feb-83	9.89			
Mar-83	9.69		9.87	
Apr-83	9.87			
May-83	9.53			
Jun-83	9.60	10.45	9.64	9.98
Jul-83	9.88			
Aug-83	10.08			
Sep-83	10.20		10.04	
Oct-83	10.18			
Nov-83	10.16			
Dec-83	10.23		10.18	10.15
Jan-84	10.31			
Feb-84	10.28			
Mar-84	10.38		10.32	
Apr-84	10.59			
May-84	10.84			
Jun-84	11.12	10.41	10.88	10.63
Jul-84	11.36			
Aug-84	11.56			
Sep-84	11.60		11.53	
Oct-84	11.68			
Nov-84	11.47			
Dec-84	11.02		11.41	11.44
Jan-85	10.58			
Feb-85	10.29			
Mar-85	10.12		10.32	
Apr-85	10.03			
May-85	10.18			
Jun-85	9.74	10.72	9.98	10.19
Jul-85	9.66			
Aug-85	9.42			
Sep-85	9.57		9.54	
Oct-85	9.48			
Nov-85	9.49			
Dec-85	9.37		9.43	9.50

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-86	9.25			
Feb-86	9.09			
Mar-86	8.96		9.09	
Apr-86	8.62			
May-86	8.37			
Jun-86	8.23	9.08	8.39	8.70
Jul-86	8.14			
Aug-86	7.84			
Sep-86	7.51		7.81	
Oct-86	7.59			
Nov-86	7.43			
Dec-86	7.44		7.48	7.65
Jan-87	7.37			
Feb-87	7.16			
Mar-87	7.21		7.24	
Apr-87	7.04			
May-87	7.29			
Jun-87	7.29	7.44	7.21	7.23
Jul-87	7.46			
Aug-87	7.56			
Sep-87	7.71		7.54	
Oct-87	7.83			
Nov-87	8.12			
Dec-87	8.07		7.97	7.80
Jan-88	8.08			
Feb-88	8.05			
Mar-88	7.95		8.01	
Apr-88	7.94			
May-88	7.82			
Jun-88	7.93	7.87	7.87	7.95
Jul-88	8.09			
Aug-88	8.25			
Sep-88	8.34		8.20	
Oct-88	8.40			
Nov-88	8.47			
Dec-88	8.56		8.45	8.34

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-89	8.70			
Feb-89	8.77			
Mar-89	8.87		8.76	
Apr-89	8.99			
May-89	9.23			
Jun-89	9.20	8.67	9.13	8.97
Jul-89	9.06			
Aug-89	8.83			
Sep-89	8.80		8.87	
Oct-89	8.77			
Nov-89	8.69			
Dec-89	8.65		8.68	8.78
Jan-90	8.57			
Feb-90	8.54			
Mar-90	8.51		8.52	
Apr-90	8.50			
May-90	8.53			
Jun-90	8.54	8.66	8.50	8.52
Jul-90	8.52			
Aug-90	8.38			
Sep-90	8.33		8.39	
Oct-90	8.32			
Nov-90	8.27			
Dec-90	8.28		8.27	8.34
Jan-91	8.16			
Feb-91	8.00			
Mar-91	7.78		7.97	
Apr-91	7.67			
May-91	7.37			
Jun-91	7.17	8.01	7.38	7.67
Jul-91	7.10			
Aug-91	7.07			
Sep-91	6.86		7.00	
Oct-91	6.72			
Nov-91	6.59			
Dec-91	6.32		6.52	6.74

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-92	6.12			
Feb-92	5.86			
Mar-92	5.68		5.87	
Apr-92	5.69			
May-92	5.38			
Jun-92	5.32	6.20	5.45	5.65
Jul-92	5.24			
Aug-92	4.96			
Sep-92	4.76		4.97	
Oct-92	4.73			
Nov-92	4.66			
Dec-92	4.65		4.67	4.82
Jan-93	4.68			
Feb-93	4.65			
Mar-93	4.62		4.64	
Apr-93	4.61			
May-93	4.43			
Jun-93	4.55	4.71	4.51	4.61
Jul-93	4.44			
Aug-93	4.47			
Sep-93	4.43		4.44	
Oct-93	4.38			
Nov-93	4.37			
Dec-93	4.38		4.36	4.39
Jan-94	4.36			
Feb-94	4.18			
Mar-94	4.25		4.25	
Apr-94	4.33			
May-94	4.43			
Jun-94	4.62	4.39	4.45	4.36
Jul-94	4.82			
Aug-94	4.99			
Sep-94	5.11		4.96	
Oct-94	5.24			
Nov-94	5.38			
Dec-94	5.53		5.37	5.15

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-95	5.61			
Feb-95	5.78			
Mar-95	5.93		5.76	
Apr-95	5.96			
May-95	6.01			
Jun-95	6.00	5.53	5.98	5.87
Jul-95	5.97			
Aug-95	5.91			
Sep-95	5.83		5.89	
Oct-95	5.78			
Nov-95	5.81			
Dec-95	5.75		5.76	5.83
Jan-96	5.70			
Feb-96	5.64			
Mar-96	5.56		5.62	
Apr-96	5.54			
May-96	5.50			
Jun-96	5.55	5.71	5.52	5.56
Jul-96	5.59			
Aug-96	5.57			
Sep-96	5.60		5.57	
Oct-96	5.60			
Nov-96	5.60			
Dec-96	5.57		5.58	5.57
Jan-97	5.58			
Feb-97	5.58			
Mar-97	5.58		5.56	
Apr-97	5.61			
May-97	5.63			
Jun-97	5.67	5.59	5.63	5.59
Jul-97	5.68			
Aug-97	5.69			
Sep-97	5.71		5.68	
Oct-97	5.71			
Nov-97	5.72			
Dec-97	5.74		5.71	5.69

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-98	5.74			
Feb-98	5.72			
Mar-98	5.68		5.70	
Apr-98	5.67			
May-98	5.67			
Jun-98	5.67	5.70	5.66	5.67
Jul-98	5.65			
Aug-98	5.65			
Sep-98	5.64		5.64	
Oct-98	5.56			
Nov-98	5.49			
Dec-98	5.37		5.46	5.55
Jan-99	5.26			
Feb-99	5.21			
Mar-99	5.14		5.19	
Apr-99	5.12			
May-99	5.09			
Jun-99	5.09	5.34	5.08	5.13
Jul-99	5.18			
Aug-99	5.22			
Sep-99	5.27		5.21	
Oct-99	5.39			
Nov-99	5.48			
Dec-99	5.64		5.49	5.34
Jan-00	5.76			
Feb-00	5.82			
Mar-00	5.85		5.80	
Apr-00	6.01			
May-00	6.19			
Jun-00	6.35	5.71	6.18	5.99
Jul-00	6.44			
Aug-00	6.50			
Sep-00	6.50		6.47	
Oct-00	6.52			
Nov-00	6.54			
Dec-00	6.53		6.52	6.49

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF Semi-Annual
Jan-01	6.37			
Feb-01	6.17			
Mar-01	5.98		6.16	
Apr-01	5.76			
May-01	5.33			
Jun-01	4.96	6.10	5.32	5.73
Jul-01	4.63			
Aug-01	4.50			
Sep-01	4.29		4.47	
Oct-01	3.78			
Nov-01	3.53			
Dec-01	3.26		3.52	3.99
Jan-02	3.07			
Feb-02	2.97			
Mar-02	2.86		2.96	
Apr-02	2.84			
May-02	2.74			
Jun-02	2.69	3.45	2.75	2.85
Jul-02	2.71			
Aug-02	2.59			
Sep-02	2.60		2.63	
Oct-02	2.49			
Nov-02	2.30			
Dec-02	2.20		2.31	2.47
Jan-03	2.10			
Feb-03	1.94			
Mar-03	1.90		1.98	
Apr-03	1.86			
May-03	1.77			
Jun-03	1.70	2.15	1.77	1.86
Jul-03	1.65			
Aug-03	1.63			
Sep-03	1.64		1.63	
Oct-03	1.60			
Nov-03	1.57			
Dec-03	1.55		1.56	1.59

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF * Quarterly
Jan-04	1.53			
Feb-04	1.44			
Mar-04	1.47		1.47	1.47
Apr-04	1.45			
May-04	1.43			
Jun-04	1.47	1.53	1.44	1.44
Jul-04	1.60			
Aug-04	1.67			
Sep-04	1.77		1.67	1.67
Oct-04	1.89			
Nov-04	2.00			
Dec-04	2.13		2.00	2.00
Jan-05	2.26			
Feb-05	2.37			
Mar-05	2.54		2.38	2.37
Apr-05	2.72			
May-05	2.86			
Jun-05	2.97	2.26	2.85	2.85
Jul-05	3.08			
Aug-05	3.18			
Sep-05	3.32		3.18	3.18
Oct-05	3.46			
Nov-05	3.64			
Dec-05	3.81		3.63	3.63
Jan-06	3.96			
Feb-06	4.04			
Mar-06	4.14		4.03	4.03
Apr-06	4.31			
May-06	4.56			
Jun-06	4.70	3.87	4.53	4.53
Jul-06	4.85			
Aug-06	4.95			
Sep-06	5.02		4.93	4.93
Oct-06	5.10			
Nov-06	5.13			
Dec-06	5.13		5.11	5.11

Appendix B (Continued)

HISTORICAL PMIA YIELDS

(Yield in Percent per Year)

Date	Monthly Average	Annual Average	Allocation Rate	
			LAIF Quarterly	SMIF * Quarterly
Jan-07	5.16			
Feb-07	5.18			
Mar-07	5.21		5.17	5.17
Apr-07	5.22			
May-07	5.25			
Jun-07	5.25	5.12	5.23	5.23
Jul-07	5.26			
Aug-07	5.25			
Sep-07	5.23		5.24	5.24
Oct-07	5.14			
Nov-07	4.96			
Dec-07	4.80		4.96	4.96
Jan-08	4.62			
Feb-08	4.16			
Mar-08	3.78		4.18	4.17
Apr-08	3.40			
May-08	3.07			
Jun-08	2.89	4.33	3.11	3.11
Jul-08	2.79			
Aug-08	2.78			
Sep-08	2.77		2.77	2.77
Oct-08	2.71			
Nov-08	2.57			
Dec-08	2.35		2.54	2.53
Jan-09	2.05			
Feb-09	1.87			
Mar-09	1.82		1.91	1.90
Apr-09	1.61			
May-09	1.53			
Jun-09	1.38	2.22	1.51	1.51

*Effective January 1, 2004, SMIF earnings are allocated quarterly.

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