KPMG

STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM

(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

June 30, 2008 and 2007

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KPMG LLP
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Independent Auditors' Report

Division of Retirement and Benefits
State of Alaska National Guard and
Naval Militia Retirement System:

We have audited the accompanying statements of plan net assets of the State of Alaska National Guard and Naval Militia Retirement System (Plan), a Component Unit of the State of Alaska, as of June 30, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State of Alaska National Guard and Naval Militia Retirement System, a Component Unit of State of Alaska, as of June 30, 2008 and 2007, and the changes in plan net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying required supplementary information of management's discussion and analysis on pages 3 to 8 and schedules of funding progress and employer contributions on pages 28 through 31 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 1 and 2 on pages 32 and 33 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of the Plan's management, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

December 15, 2008

STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis

June 30, 2008 and 2007

This section presents management's discussion and analysis (MD&A) of the National Guard and Naval Militia Retirement System's (Plan) financial position and performance for the years ended June 30, 2008 and 2007. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements, notes to financial statements, required supplementary information, and additional information to better understand the financial condition and performance of the Plan during the fiscal years ended June 30, 2008 and 2007. Information for fiscal year 2006 is presented for comparative purposes.

Financial Highlights

The Plan's net assets held in trust for pension benefits as of June 30, 2008 and 2007 are $27,188,928 and $17,614,319, respectively.

The Plan's net assets held in trust for pension benefits as of June 30, 2008, increased by $9,574,609 or 54.4% from fiscal year 2007. The Plan's net assets held in trust for pension benefits as of June 30, 2007, increased by $2,026,750 or 13.0% over fiscal year 2006.

Employer contributions totaled $1,737,406 during fiscal years 2008 and 2007, respectively. There was no change from fiscal years 2007 to 2008 and a decrease of $316,394 or 15.4% from fiscal years 2006 and 2007, respectively.

State of Alaska appropriations totaled $10,000,000 during fiscal year 2008. There were no State of Alaska appropriations to the Plan during fiscal year 2007.

Net investment income (loss) decreased from $2,194,596 in 2007 to ($395,751) in 2008, reflecting a decrease of 118.0%. Net investment income increased from $878,091 in 2006 to $2,194,596 in 2007, reflecting an increase of 149.9%.

Benefit payments totaled $1,642,441 and $1,754,860 during fiscal years 2008 and 2007, respectively; reflecting a decrease of $112,419 or 6.4% and an increase of $14,714 or 0.8% from fiscal years 2007 and 2006.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The Plan's financial statements are comprised of three components: (1) statement of plan net assets, (2) statement of changes in plan net assets, and (3) notes to financial statements. This report also contains required supplementary information and other supplementary schedules.

Statement of Plan Net Assets – This statement presents information regarding the Plan's assets, liabilities, and resulting net assets held in trust for pension benefits. This statement reflects the Plan's investments at fair market value, along with cash and short-term investments, receivables, and other assets less current liabilities at June 30, 2008 and 2007.

Statement of *Changes in Plan Net Assets* – This statement presents how the Plan's net assets held in trust for pension benefits changed during the fiscal years ended June 30, 2008 and 2007. This statement presents contributions earned and investment income (loss) during the period. Deductions for pension benefits and operating deductions are also presented.

The above statements represent resources available for investment and payment of benefits as of June 30, 2008 and 2007, and the sources and uses of those funds during fiscal years 2008 and 2007.

Notes to Financial Statements – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that is essential to a full understanding of the Plan's financial statements.

Required Supplementary Information – The required supplementary information consists of two schedules and related notes concerning the funded status of the Plan and actuarial assumptions and methods used in the actuarial valuation.

Other Supplementary Schedules – Other schedules include detailed information on administrative and investment deductions incurred by the Plan and payments to consultants (other than investment advisors) for professional services.

Condensed Financial Information

Plan Net Assets

Description		2008	2007	Increase/(decrease) Amount	Increase/(decrease) Percentage	2006
Assets:						
Cash and cash equivalents	$	24,898	12,818	12,080	94.2%	24,997
Securities lending collateral		—	1,804,387	(1,804,387)	n/a	1,740,198
Investments, at fair value		27,236,684	17,689,982	9,546,702	54.0	15,648,266
Total assets		27,261,582	19,507,187	7,754,395	39.8	17,413,461
Liabilities:						
Accrued expenses		55,447	75,183	(19,736)	(26.3)	77,749
Due to State of Alaska General Fund		17,207	13,298	3,909	29.4	7,945
Securities lending collateral payable		—	1,804,387	(1,804,387)	n/a	1,740,198
Total liabilities		72,654	1,892,868	(1,820,214)	(96.2)	1,825,892
Net assets	$	27,188,928	17,614,319	9,574,609	54.4%	15,587,569

Changes in Plan Net Assets

Description		2008	2007	Increase/(decrease) Amount	Percentage	2006
Net assets, beginning of year	$	17,614,319	15,587,569	2,026,750	13.0%	14,506,252
Additions:						
Contributions - DMVA		1,737,406	1,737,406	—	—	2,053,800
Appropriation - State of Alaska		10,000,000	—	10,000,000	100.0	—
Net investment income (loss)		(395,751)	2,194,596	(2,590,347)	(118.0)	878,091
Total additions		11,341,655	3,932,002	7,409,653	188.4	2,931,891
Deductions:						
Pension benefits		1,642,441	1,754,860	(112,419)	(6.4)	1,740,146
Administrative		124,605	150,392	(25,787)	(17.1)	110,428
Total deductions		1,767,046	1,905,252	(138,206)	(7.3)	1,850,574
Increase in net assets		9,574,609	2,026,750	7,547,859	372.4	1,081,317
Net assets, end of year	$	27,188,928	17,614,319	9,574,609	54.4%	15,587,569

Financial Analysis of the Plan

The Statement of Plan Net Assets as of June 30, 2008 and 2007 showed net assets held in trust for pension benefits of $27,188,928 and $17,614,319, respectively. The entire amount is available to cover the Plan's obligations to pay benefits to its members and their beneficiaries. These amounts also represent an increase in net assets held in trust for pension benefits of $9,574,609 or 54.4% and $2,026,750 or 13.0% from fiscal years 2007 and 2006, respectively. Over the long term, employer contributions and investment income are expected to cover the pension costs of the Plan.

The investment of pension funds is a long–term undertaking. On an annual basis, the Alaska Retirement Management Board (ARMB) reviews and adopts an asset allocation strategy to ensure the asset mix will remain at an optimal risk / return level given the Plan's constraints and objectives. During fiscal year 2008, the ARMB adopted an asset allocation that included 30% in domestic equities, 10% in international equities, and 60% in domestic fixed income (including cash). This asset allocation is expected to provide a five–year median return of 6.79%.

For fiscal years 2008 and 2007, the Plan's investments generated a -1.18% and a +13.30% rate of return, respectively. The Plan's annualized rate of return was +5.96% over the last three years and +6.84% over the last five years.

Actuarial Valuations and Funding Progress

The overall objective of a pension fund is to accumulate sufficient funds to meet all expected future obligations to members. The employer contribution requirements are actuarially determined and funded by contributions from the State of Alaska, Department of Military and Veterans' Affairs (DMVA). Annually, DMVA includes an appropriation to fund the Plan for the cost determined. The Plan uses the Entry Age Normal method of funding. Employer contribution amounts are recommended by the Actuary and adopted by the ARMB prior to each fiscal year that the contribution amount applies. The ratio of assets to liabilities decreased from 67.8% to 61.2% during the two–year period ending June 30, 2006. This decrease was due to a combination of the effects of the changes in assumptions and methods used in the valuation, as well as a demographic loss based on the experience of the system since the last valuation. The result was a total actuarial loss to the system of approximately $1.9 million for the two-year period. Progress continues toward achieving and maintaining the funding objectives of the Plan.

A summary of the actuarial assumptions and methods is presented in the Notes to Required Supplementary Information. The assumptions, when applied in combination, fairly represent past and anticipated future experience of the Plan.

	Valuation year	
	2006	**2004**
Valuation assets	$ 15,587,569	13,391,055
Accrued liabilities	25,457,589	19,749,305
Funding ratio	61.2%	67.8%

Contributions and Investment Income

The additions required to fund retirement benefits are accumulated through a combination of employer contributions, State of Alaska appropriations, and net investment income.

	Additions				
			Increase/(decrease)		
	2008	**2007**	**Amount**	**Percentage**	**2006**
Contributions - DMVA	$ 1,737,406	1,737,406	—	—%	2,053,800
Appropriation - State of Alaska	10,000,000	—	10,000,000	n/a	—
Net investment income (loss)	(395,751)	2,194,596	(2,590,347)	(118.0)	878,091
Total	$ 11,341,655	3,932,002	7,409,653	188.4%	2,931,891

There was no change in required employer contribution amounts from fiscal year 2007 to 2008 as employer contribution amounts for the Plan are determined biennially. Employer contributions decreased from $2,053,800 during fiscal year 2006 to $1,737,406 during fiscal year 2007, a decrease of $316,394 or 15.4% due to lack of appropriated funds in fiscal year 2005. Additional funds had to be appropriated in 2006 to make up for the 2005 shortfall in the annual contribution amount.

During fiscal year 2008, Senate Bill 221 appropriated $10,000,000 in additional funding to the Plan. The Alaska Legislature appropriated these funds in order to reduce the Plan's unfunded liability, which was $9,870,020 as of the June 30, 2006 actuarial valuation report.

Net investment income in 2008 decreased by ($2,590,347) or -118% compared to amounts recorded in fiscal year 2007. Net investment income in 2007 increased by $1,316,505 or 149.9% over amounts recorded in fiscal year 2006. Fiscal year 2008 proved to be a very challenging year in the investment environment due to a number of failures in investment banks tied in with the drop in home prices and increased volatility and risks. In fiscal years 2008 and 2007, more than 61% and 57% of invested assets were in the Retirement Fixed Income Pool. The Retirement Fixed Income Pool realized a return of 6.6% in 2008 compared to 6.2% in 2007.

Benefits and Other Deductions

The primary deduction of the Plan is the payment of pension benefits. These benefit payments and the costs of administering the Plan comprise the costs of operation.

	Deductions				
			Increase/(decrease)		
	2008	2007	Amount	Percent	2006
Pension benefits	$ 1,642,441	1,754,860	(112,419)	(6.4)%	1,740,146
Administrative	124,605	150,392	(25,787)	(17.1)	110,428
Total	$ 1,767,046	1,905,252	(138,206)	(7.3)%	1,850,574

Funding

Retirement benefits are financed by accumulations from DMVA annual contributions, periodic State of Alaska appropriations, and income earned on Plan investments.

- The employer contributions are determined by the Plan's consulting actuary and approved by the ARMB. Contributions are determined on a biannual basis.
- The ARMB works with an external consultant to determine the proper asset allocation strategy.

Legislation

During the State of Alaska's 25th legislative session, the Alaska legislature appropriated in Senate Bill 221 $10,000,000 to the Plan to reduce the actuarial unfunded liability based on the June 30, 2006 actuarial valuation report.

Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability

Net investment income reflected a decrease of 118.0% between 2007 and 2008. The ARMB continues to diversify the portfolio of the Plan to maintain an optimal risk / return ratio. Actual investment returns lower than the assumed investment return continues to impact both the annual contribution and the Plan's funded level. As a result, the fiscal year 2009 and 2010 annual contribution amount will be $2,473,282 or a 42.4% increase over the fiscal year 2006 and 2007 contribution amount. However, with the $10,000,000 appropriation received during fiscal year 2008, the Plan expects to collect the normal cost plus one-half of the average of two years' administrative costs in fiscal year 2011 and 2012.

The actuarial valuation dated June 30, 2006, reports a funding ratio of 61.2% and an unfunded liability of $9.9 million. Since actuarial valuation reports for the Plan are conducted biannually, the June 30, 2008 report will be completed and presented to the ARMB in April 2009.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial condition for those with interest in the Plan's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

State of Alaska
Division of Retirement & Benefits, Accounting Section
P.O. Box 110203
Juneau, Alaska 99811–0203

STATE OF ALASKA
NATIONAL GUARD AND
NAVAL MILITIA RETIREMENT SYSTEM
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Statements of Plan Net Assets

June 30, 2008 and 2007

		2008	2007
Assets:			
Cash and cash equivalents (notes 3 and 6):			
Short-term fixed income pool	$	24,898	12,818
Securities lending collateral		—	1,804,387
Total cash and cash equivalents		24,898	1,817,205
Investments (notes 3, 4, 5, and 6):			
Retirement fixed income pool		16,710,578	10,166,983
Domestic equity pool		7,876,930	5,303,340
International equity pool		2,649,176	2,219,659
Total investments		27,236,684	17,689,982
Total assets		27,261,582	19,507,187
Liabilities:			
Accrued expenses		55,447	75,183
Due to State of Alaska General Fund		17,207	13,298
Securities lending collateral payable (note 6)		—	1,804,387
Total liabilities		72,654	1,892,868
Commitments (note 5)			
Net assets held in trust for pension benefits	$	27,188,928	17,614,319

See accompanying notes to financial statements.

STATE OF ALASKA
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Statements of Changes in Plan Net Assets

Years ended June 30, 2008 and 2007

	2008	2007
Additions:		
Contributions – State of Alaska, Military & Veterans' Affairs	$ 1,737,406	1,737,406
Appropriation – State of Alaska	10,000,000	—
Total contributions	11,737,406	1,737,406
Investment income:		
Net appreciation (depreciation) in fair value (note 3)	(1,149,392)	1,509,918
Interest	615,882	527,669
Dividends	155,680	177,804
Total investment income (loss)	(377,830)	2,215,391
Less investment expense	24,326	24,378
Net investment income (loss) before securities lending activities	(402,156)	2,191,013
Securities lending income (note 6)	61,798	102,095
Less securities lending expenses (note 6)	55,393	98,512
Net income from securities lending activities	6,405	3,583
Net investment income (loss)	(395,751)	2,194,596
Total additions	11,341,655	3,932,002
Deductions:		
Pension benefits	1,642,441	1,754,860
Administrative	124,605	150,392
Total deductions	1,767,046	1,905,252
Net increase	9,574,609	2,026,750
Net Assets Held in Trust for Pension Benefits:		
Balance, beginning of year	17,614,319	15,587,569
Balance, end of year	$ 27,188,928	17,614,319

See accompanying notes to financial statements.

(1) Description

The following brief description of the State of Alaska National Guard and Naval Militia Retirement System (Plan), a Component Unit of the State of Alaska, is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Plan is a defined benefit, single–employer retirement system established and administered by the State of Alaska (State) to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Plan is considered a component unit of the State financial reporting entity and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

Plan membership as of valuation year ended June 30:

	2006	2004
Retirees and beneficiaries currently receiving benefits	506	475
Terminated Plan members entitled to future benefits	936	704
	1,442	1,179
Active Plan members:		
Alaska Air National Guard	1,909	1,910
Alaska Army National Guard	1,871	1,875
Alaska Naval Militia	66	81
	3,846	3,866
	5,288	5,045

Pension Benefits

Members who voluntarily retire from the Alaska National Guard or Alaska Naval Militia (Alaska Guard) after at least five years of Alaska Guard service and a total of at least twenty years of U.S. military service or members who involuntarily leave the Alaska Guard service due to federal standards imposed on the Alaska Guard, regardless of length of service, are eligible for a retirement pension. The retirement pension is $100 per month for each month of Alaska Guard service and may be paid to the member monthly or in a lump sum.

Medical benefits are not provided to retired Plan members.

Death Benefits

Upon the death of an eligible member, as previously described, the member's designated beneficiary is entitled to a lump sum benefit equal to the original pension amount less any payments already paid to the member.

Contributions

The Plan's funding policy provides for annual employer contributions by the State of Alaska, Department of Military and Veterans' Affairs at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Some officials of the Department of Military and Veterans' Affairs may be members of the Plan. Plan members make no contributions to the Plan.

Administrative Costs

Administrative costs are financed through investment earnings.

Due to State of Alaska General Fund

Amounts due to the State of Alaska General Fund represent the net difference between amounts paid by the Plan on behalf of others and amounts paid by others on behalf of the Plan.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the economic resource focus and the accrual basis of accounting. Contributions are recognized in the period they are due. Benefits are recognized when due and payable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

GASB Statements No. 25

The Plan follows the provisions of Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans (GASB 25).* GASB 25 establishes a financial reporting framework for defined benefit plans that distinguishes between two separate categories of information: (a) current financial information about plan assets and financial activities and (b) actuarially determined information, from a long-term perspective, about the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.

(Continued)

Investments

Investments are reported at fair value. Fair value is "the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller – that is, other than in a forced or liquidation sale." Security transactions are accounted for on a trade date (ownership) basis at the current fair value. Dividend income on equity securities is accrued on the ex–dividend date. Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year less purchases of investments at cost plus sales of investments at fair value. Investment deductions consist of those administrative deductions directly related to the Plan's investment operations.

In fiscal year 2006, GASB Statement No. 40 (GASB 40), *Deposits and Investment Risk Disclosures* was implemented. GASB 40 addresses disclosures on deposits and investments, focusing on common investment risks related to interest rate risk, credit risk, foreign currency risk and concentration of credit risk.

Valuation

Fixed income securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers.

Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid–point of representative quoted bid and asked prices.

Income Allocation

Income in the short–term fixed income pool is calculated daily and credited monthly to each participant on a pro rata basis.

Income in the fixed income and domestic and international equity pools is credited to the net asset value of the pool daily and allocated to pool participants daily on a pro rata basis.

Federal Income Tax Status

The Plan is exempt from federal income taxes under Section 501(a).

(3) Investments

The Alaska Retirement Management Board (ARMB) has statutory oversight of the Plan’s investments. As the fiduciary, the ARMB has the statutory authority to invest the assets under the Prudent Investor Rule. Alaska Statute provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages the investments the ARMB has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments.

(a) Short-Term Fixed Income Pool

The Plan participates in the State’s internally managed short–term fixed income pool which was established March 15, 1993, with a start up and maintained share price of $1. Treasury staff determine the allocation between permissible securities. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Participant shares also change at the beginning of each month when income is paid. At June 30, 2008 and 2007, the Plan had a 0.0006% direct ownership in the short–term fixed income pool which included interest receivable of $391 and $68, respectively. The Plan had a 0.02% and 0.044% indirect ownership in the short–term fixed income pool at June 30, 2008 and 2007, respectively.

(b) Retirement Fixed Income Pool

The Plan participates in the State’s internally managed retirement fixed income pool which was established March 1, 1996, with a start up share price of $1,000. The share price at June 30, 2008 was $2,083. Treasury staff determine the allocation between permissible securities. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Participant shares also change at the beginning of each month when income is paid. At June 30, 2008 and 2007, the Plan had a 0.70% and 0.40% ownership in the retirement fixed income pool.

Enhanced Cash Fixed Income Pool

The Plan participates in the State’s internally managed enhanced cash fixed income pool which was established on June 27, 2007 with a startup share price of $1,000. The share price at June 30, 2008 was $1,009. Treasury staff determine the allocation between permissible securities. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Participant shares also change at the beginning of each month when income is paid. At year end only one pool, the retirement fixed income pool, was invested in the enhanced cash fixed income pool. At June 30, 2008 and 2007, the Plan included a 0.70% indirect and 0.40% direct ownership in the enhanced cash fixed income pool.

(c) Domestic Equity Pool

The domestic equity pool is comprised of an external large cap domestic equity pool and an external small cap domestic equity pool

Large Cap Domestic Equity Pool

The Plan participates in the ARMB's externally managed large cap domestic equity pool which was established July 1, 2004, with a start up share price of $1,000. The share price at June 30, 2008, was $1,182. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2008 and 2007, the Plan had a 0.16% and 0.09% ownership in the large cap domestic equity pool, respectively.

Small Cap Domestic Equity Pool

The Plan participates in the ARMB's externally managed small cap domestic equity pool which was established July 1, 2004, with a start up share price of $1,000. The share price at June 30, 2008, was $1,194. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2008 and 2007, the Plan had a 0.17% and 0.08% ownership in the small cap domestic equity pool, respectively.

(d) International Equity Pool

The Plan participates in the ARMB's externally managed international equity pool which was established January 1, 1992, with a start up share price of $1,000. The share price at June 30, 2008, was $3,899. Each manager independently determines the allocation between permissible securities. Ownership in the pool is based on the number of shares held by each participant. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction. At June 30, 2008 and 2007, the Plan had a 0.12% and 0.08% ownership in the international equity pool, respectively.

At June 30, 2008, the Plan’s investments included the following:

		Fair value				
		Fixed income pools				
		Short term	Retirement	Enhanced cash	Other	Total
Deposits	$	—	—	—	8,784	8,784
Short-term Investment Fund		—	—	—	51,339	51,339
Commercial Paper		59,936	—	—	—	59,936
U.S. Treasury Notes		—	1,653,512	—	—	1,653,512
U.S. Treasury Bonds		—	668,184	—	—	668,184
U.S. Government Agency		387,912	299,468	—	—	687,380
Municipal Bonds		—	6,097	—	—	6,097
Mortgage-backed		31,166	8,862,032	104,362	—	8,997,560
Other asset-backed		180,705	891,981	128,811	—	1,201,497
Corporate Bonds		171,044	3,328,330	51,766	—	3,551,140
Yankees:						
Government		—	77,845	—	—	77,845
Corporate		51,284	429,687	29,230	—	510,201
Domestic Equity Pool:						
Limited Partnership		—	—	—	351,565	351,565
Convertible Bonds		—	—	—	1,109	1,109
Treasury Bills		—	—	—	2,676	2,676
Equity		—	—	—	7,415,045	7,415,045
International Equity Pool:						
Convertible Bonds		—	—	—	1,341	1,341
Equity		—	—	—	2,575,404	2,575,404
Net other assets (liabilities)		(88)	(520,491)	(26,169)	(12,285)	(559,033)
Other Pool Ownership		(857,061)	1,013,933	(288,000)	131,128	—
Total invested assets	$	24,898	16,710,578	—	10,526,106	27,261,582

At June 30, 2007, the Plan's investments included the following:

	Fair value				
	Fixed income pools				
	Short term	Retirement	Enhanced cash	Other	Total
Deposits	$ —	—	—	58,277	58,277
Overnight Sweep Account	10,120	—	—	—	10,120
Money Market Fund	—	—	—	1,804,388	1,804,388
Short-term Investment Fund	65,856	—	—	—	65,856
Commercial Paper	145,876	11,697	—	—	157,573
U.S. Treasury Bills	—	—	—	4,817	4,817
U.S. Treasury Notes	—	1,106,306	—	—	1,106,306
U.S. Treasury Strips	—	892	—	—	892
U.S. Treasury Bonds	—	495,783	—	—	495,783
U.S. Government Agency:					
Discount notes	—	693,193	—	—	693,193
U.S. Government Agency	—	4,417	—	—	4,417
Municipal Bonds	—	6,631	—	—	6,631
Mortgage-backed	112,702	5,712,283	—	—	5,824,985
Other asset-backed	809,807	651,294	6,535	—	1,467,636
Corporate Bonds	419,885	1,833,846	9,142	—	2,262,873
Yankees:					
Government	—	57,093	—	—	57,093
Corporate	88,568	203,936	—	—	292,504
Domestic Equity Pool:					
Limited Partnership	—	—	—	444,453	444,453
Equity	—	—	—	4,776,127	4,776,127
International Equity Pool:					
Equity	—	—	—	2,156,760	2,156,760
Net other assets (liabilities)	(7,437)	(2,182,485)	(2,770)	9,195	(2,183,497)
Other Pool Ownership	(1,632,559)	1,572,097	(12,907)	73,369	—
Total invested assets	$ 12,818	10,166,983	—	9,327,386	19,507,187

(e) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-Term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months in maturity or fourteen months expected average life. Floating rate securities are limited to three years in maturity or three years expected average life. Treasury utilizes the actual maturity date for commercial paper and twelve–month prepay speeds for other securities. At June 30, 2008, the expected average life of individual fixed rate securities ranged from four days to seven months and the expected average life of floating rate securities ranged from less than one year to three years.

Retirement Fixed Income Pool

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the domestic fixed income portfolio to ± 20% of the Lehman Brothers Aggregate Bond Index. The effective duration for the Lehman Brothers Aggregate Bond Index at June 30, 2007, was 4.70 years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100–basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry–standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, options and other variable cash flows for purposes of the effective duration calculation.

At June 30, 2008, the effective duration of the fixed income pools, by investment type, was as follows:

	Effective duration (in years)	
	Retirement	**Enhanced cash**
U.S. treasury notes	7.24	—
U.S. treasury bonds	13.48	—
U.S. government agency	4.85	—
Municipal bonds	10.96	—
Mortgage-backed	4.37	0.73
Other asset-backed	2.58	0.18
Corporate bonds	4.91	(0.02)
Yankees:		
Government	11.93	—
Corporate	5.48	(0.76)
Portfolio effective duration	4.57	0.20

(f) Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

With the exception of the sweep account, short–term fixed income pool investments are limited to instruments with a long–term credit rating of at least A3 or equivalent and instruments with a short–term credit rating of at least A1 or equivalent. For securities with long–term credit ratings, they may be purchased if the median rating of Standard & Poor's Corporation, Moody's and Fitch is A3 or equivalent. Asset–backed and nonagency mortgage securities may be purchased if only rated by one of the rating agencies mentioned above if they are rated AAA. Unexpected daily cash surpluses that arise in this pool are invested overnight in the custodian's repurchase agreement sweep account. Treasury does not have a policy to limit credit risk associated with the sweep account.

The Plan is subject to limited credit risk associated with securities lending transactions since the ARMB is indemnified by State Street Corporation (the Bank) against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnifies the ARMB against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications are subject to limitations relating to war, civil unrest or revolution, or beyond the reasonable control of the Bank.

The ARMB's investment policy has the following limitations with regard to credit risk:

Retirement fixed income:

- Commercial paper must carry a rating of at least P-1 by Moody's amd A-1 by Standard & Poor's.
- Corporate debt securities must be investment grade.
- Corporate, asset-backed and nonagency mortgage securities must be investment grade.
  - Investment grade is defined as the median rating of Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and Nonagency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.
- No more than 40% of the portfolio's assets may be invested in investment grade corporate debt.
- No more than 15% of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's Corporation or the equivalent by Moody's or Fitch.

Enhanced cash fixed income:

- Commercial paper must carry a rating of at least P-1 by Moody's amd A-1 by Standard & Poor's.
- The average portfolio credit quality shall be A3 or higher.
- No more than 10% of the portfolio's assets may be invested in securities rated below investment grade as determined by the Lehman Brothers rating methodology.
- No more than 2% of the portfolio's assets may be invested in the bonds of any non-U.S. government agency or instrumentality rated below investment grade.

Domestic and international equity:

- Corporate debt obligations must carry a rating of at least A or better by Moody's, Standard & Poor's or Fitch rating services.
- Commercial paper must bear the highest rating assigned by Moody's, Standard & Poor's, or Fitch rating services.

At June 30, 2008, the Plan's investments consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

		Defined benefit		
		Internally Managed Fixed income pool		
	Rating[1]	**Short term**	**Retirement**	**Enhanced cash**
Commercial Paper	Not Rated	6.80 %	- %	- %
U. S. Treasury Notes	AAA	-	9.89	-
U. S. Treasury Bonds	AAA	-	4.00	-
U. S. Government Agency	AAA	44.00	1.34	-
U. S. Government Agency	Not Rated	-	0.46	-
Municipal Bonds	AA	-	0.04	-
Mortgage-backed	AAA	2.99	45.33	19.37
Mortgage-backed	AA	0.20	-	-
Mortgage-backed	A	0.12	-	-
Mortgage-backed	BBB	-	-	2.36
Mortgage-backed	Not Rated	0.24	7.68	7.70
Other Asset-backed	AAA	16.17	3.88	23.11
Other Asset-backed	AA	0.63	0.22	0.43
Other Asset-backed	A	2.53	0.24	0.13
Other Asset-backed	BBB	0.24	0.47	11.75
Other Asset-backed	BB	0.92	0.53	0.92
Other Asset-backed	Not Rated	-	-	-
Corporate Bonds	AAA	2.01	1.23	1.50
Corporate Bonds	AA	12.20	4.42	3.42
Corporate Bonds	A	4.10	9.07	6.41
Corporate Bonds	BBB	-	4.69	2.46
Corporate Bonds	Not Rated	1.09	0.51	0.80
Yankees:				
Government	BBB	-	0.25	-
Government	Not Rated	-	0.22	-
Corporate	AA	3.81	0.62	2.92
Corporate	A	1.26	1.16	0.92
Corporate	BBB	-	0.58	0.93
Corporate	Not Rated	0.74	0.22	3.47
No Credit Exposure		(0.05)	2.95	11.40
		100.00 %	100.00 %	100.00 %

[1]Rating modifiers are not disclosed.

(Continued)

Securities lending collateral was invested in a registered 2(a)–7 money market fund that was not rated.

(g) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2008, the Plan's investment had the following uncollateralized and uninsured deposits:

		Amount
International equity pool	$	8,799

(h) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

The ARMB's policy with regard to foreign currency risk in the international equity pool is to permit the Plan to hold up to fifteen percent of total investments in international equity.

At June 30, 2008, the Plan's investment in the international equity pool had exposure to foreign currency risk with the following deposits:

Currency		Amount
Australian Dollar	$	(32)
Brazilian Real		39
Canadian Dollar		56
Danish Krone		603
Euro Currency		1,528
Hong Kong Dollar		567
Japanese Yen		5,301
New Zealand Dollar		71
Norwegian Krone		277
Pound Sterling		222
Swedish Krona		135
Swiss Franc		(3)
	$	8,764

At June 30, 2008, the Plan's investment in the international equity pool had exposure to foreign currency risk with the following investments:

Currency	International equity pool
Australian Dollar	$ 58,403
Brazilian Real	11,372
Canadian Dollar	77,078
Danish Krone	20,651
Euro Currency	762,921
Hong Kong Dollar	60,492
Indonesian Rupah	7,505
Japanese Yen	561,326
Mexican Peso	1,111
New Taiwan Dollar	2,759
New Zealand Dollar	3,743
Norwegian Krone	19,679
Polish Zloty	435
Pound Sterling	483,836
Singapore Dollar	19,280
South African Rand	11,007
South Korean Won	16,091
Swedish Krona	35,508
Swiss Franc	213,445
	$ 2,366,642

(i) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Treasury's policy with regard to concentration of credit risk for the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group.

The ARMB's policy with regard to concentration of credit risk for the Domestic Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group.

At June 30, 2008, the Plan's invested assets included $4.5 million in Federal National Mortgage Association securities, which represented 16% of the Plan's total invested assets and $1.8 million in Federal Home Loan Mortgage Corporation securities, which represented 7% of the Plan's total invested assets. Federal National Mortgage Association and Federal Home Loan Mortgage Corporation securities are not classified as corporate bonds.

(4) Foreign Exchange, Foreign Exchange Contracts and Off–Balance Sheet Risk

The Plan's international equity pool's investment income includes the following at June 30:

		2008	2007
Net realized gain on foreign currency	$	106,010	55,766
Net unrealized gain on foreign currency		81	40
Net realized gain (loss) on foreign exchange contracts		(117)	320

The international equity pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The maturity periods for these contracts range from eight to one hundred and twenty–four days. The Plan had net unrealized gains (losses) with respect to such contracts, calculated using forward rates at June 30, as follows:

		2008	2007
Contract sales	$	33,907	1,748
Less fair value		33,721	1,737
Net unrealized gains (losses) on contracts	$	186	11

The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

(5) Commitments

The ARMB entered into an agreement through an external investment manager to provide capital funding for a domestic equity limited partnership. At June 30, 2008, the Plan's invested asset's share of the unfunded commitment total $132,924. This commitment can be withdrawn annually in December with ninety days notice.

(6) Securities Lending

Alaska Statute 37.10.071 authorized the ARMB to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. In February 2008, the ARMB voted to suspend its securities lending agreement with the Bank, which lent equity and domestic fixed income securities. Prior to suspension, the Bank, acting as the ARMB's agent under the agreement, transferred securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agreed to return the collateral for the same securities in the future. There were no securities on loan at June 30, 2008.

At June 30, 2007, the fair value of securities on loan allocable to the Plan totaled $1,845,930. While the securities lending agreement was active, there was no limit to the amount that can be loaned and the ARMB is able to sell securities on loan. International equity security loans are collateralized at not less than 105 percent of their fair value. All other security loans are collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day to maintain collateral levels.

Cash collateral was invested in a registered 2(a)–7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements were terminable at will. Collateral securities could have been pledged or sold upon borrower default. Securities under loan, cash collateral and cash collateral payable were recorded on the financial statements at fair value. The Bank, the Plan and the borrower received a fee from earnings on invested collateral. The Bank and the Plan shared a fee paid by the borrower for loans not collateralized with cash.

There was limited credit risk associated with the lending transactions since the ARMB was indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnified the ARMB against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications are subject to limitation relating to war, civil unrest or revolution, or beyond the reasonable control of the Bank.

For the year ended June 30, 2008 and 2007, there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions or failures by any borrowers to return loaned securities.

(7) Funded Status and Funding Progress

The funded status of the Plan is as follows:

Actuarial valuation date		Actuarial value of assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
June 30, 2006	$	15,587,569	25,457,589	9,870,020	61.2%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by employers in comparison to the actuarially required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB 43. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years less average military service of active members
Asset valuation method	5 year smoothed market

Actuarial assumptions:	
Investment rate of return	7.25%

(8) Subsequent Event

Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short-term liquidity associated with certain investments held by the Plan, which could impact the value of investments after the date of these financial statements. Estimated losses through November 30, 2008 are $4.4 million, which could ultimately affect the funded status of the Plan. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual actuarial valuation report for the year ended June 30, 2010 is performed.

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Required Supplementary Information

Schedule of Funding Progress

June 30, 2008

Actuarial valuation date as of June 30		Actuarial value of plan assets	Actuarial accrued liabilities (AAL)	Unfunded actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2002	$	12,114,025	20,545,214	(8,431,189)	59.0%	N/A	N/A
2004		13,391,055	19,749,305	(6,358,250)	67.8	N/A	N/A
2006		15,587,569	25,457,589	(9,870,020)	61.2	N/A	N/A

See accompanying notes to required supplementary information and independent auditors' report.

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Required Supplementary Information

Schedule of Employer Contributions

June 30, 2008

Year ended June 30	Actuarial valuation date as of June 30 (1)	Annual required contribution	Annual actual contribution	Percentage contributed	Supplemental contribution
2003	2000	$ 1,322,502	1,322,500	100.0%	$ —
2004	2000	1,322,502	1,322,500	100.0	—
2005	2002	2,025,257	1,996,800	99.0	—
2006	2002	2,025,257	2,053,800	101.0	—
2007	2004	1,737,406	1,737,406	100.0	—
2008	2004	1,737,406	1,737,406	100.0	10,000,000

(1) Actuarial valuation related to annual required contribution for fiscal year.

See accompanying notes to required supplementary information and independent auditors' report.

(1) Description of Schedule of Funding Progress

Each time a new benefit is added which applies to service already rendered, an “unfunded actuarial accrued liability” is created. Laws governing the Plan require that these additional liabilities be financed systematically over a period of future years. Also, if actual financial experiences are less favorable than assumed financial experiences, the difference is added to the unfunded actuarial accrued liability.

(2) Actuarial Assumptions and Methods

The actuarial valuation was prepared by Buck Consultants. The significant actuarial assumptions used in the valuation as of June 30, 2006, are as follows:

a. Actuarial cost method – Entry Age Normal Actuarial Cost, unfunded actuarial accrued liability amortized over twenty years reduced by the average total military service of active members.

b. Interest – 7.25% per year, compounded annually, net of expenses.

c. Mortality basis – 1994 Group Annuity Mortality Basic Table for males and females, 1994 base year.

d. Turnover – assumed at 25% in the first year and at 8% in the second; both rates are independent of age. Turnover after the second year is assumed to follow the T–3 Table published in the Pension Actuary’s Handbook.

Age	Rate
30	0.04930
40	0.04041
50	0.02172

e. Disability rate – assumed to follow disability rates under the Group Long Term Disability policies, as given in the 1978 Society of Actuaries Study.

f. Retirement age – active members are assumed to retire after 20 years of service except if they complete 20 years of total military service before age 55, it is assumed that they will work one–half of the remaining years to age 55. Vested terminated members are assumed to retire at current age or age 50, whichever is later.

g. Asset valuation – effective June 30, 2006, the asset valuation method recognizes 20% of the investment gain or loss in each of the current and preceding four years. This method is initialized as of June 30, 2006 at market value and will be phased in over the next five years. Valuation assets are constrained to a range of 80% to 120% of the market value of assets.

The assumptions and methods, when applied in combination, fairly represent past and anticipated future experience of the Plan. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

Effective June 30, 2006, there was a change in the actuarial cost methods. The cost method was changed from Projected Unit Credit to Entry Age Normal. The changes in assumptions were adopted by the Board during the October 2006 Board meeting.

Changes in Assumptions from the Last Actuarial Valuation – June 30, 2004 to June 30, 2006

(a) Actuarial cost method – changed from the Projected Unit Credit Method to the Entry Age Normal Method.

(b) Interest Rate – changed from 8.25% to 7.25% per annum.

(c) Retirement rates – extended from an expected retirement age of 60 regardless of service to age 60 and 20 years of service.

(d) Asset Valuation Method – changed from using the market value of assets without smoothing of gains and losses to a five–year smoothing assets valuation method to be phased-in over the next five years with the first phase–in recognized during FY07.

Schedule 1

STATE OF ALASKA
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Schedule of Administrative and Investment Deductions

Year ended June 30, 2008
with Summarized Financial Information for 2007

			Totals	
	Administrative	**Investment**	**2008**	**2007**
Personal services:				
Wages	$ 53,417	1,948	55,365	47,115
Benefits	28,853	869	29,722	27,608
Total personal services	82,270	2,817	85,087	74,723
Contractual services:				
Accounting and auditing	5,847	1,508	7,355	6,960
Management and consulting	9,858	17,842	27,700	43,487
Other professional services	1,455	34	1,489	21,615
Communications	446	39	485	1,010
Other services	17,756	1,974	19,730	22,695
Advertising and printing	—	23	23	31
Transportation	117	8	125	62
Securities lending	—	55,393	55,393	98,512
Total contractual services	35,479	76,821	112,300	194,372
Other:				
Travel	88	—	88	59
Supplies	2,002	81	2,083	2,338
Data processing	—	—	—	1,100
Equipment	4,766	—	4,766	690
Total other	6,856	81	6,937	4,187
Total administrative and investment deductions	$ 124,605	79,719	204,324	273,282

See accompanying independent auditors’ report.

Schedule 2

STATE OF ALASKA
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Schedule of Payments to Consultants
Other than Investment Advisors

Years ended June 30, 2008 and 2007

Firm	Services		2008	2007
State Street Corporation	Custodian Banking Services	$	1,508	1,499
KPMG LLP	Auditing Services		5,847	5,196
Buck Consultants, an ACS Company	Actuarial Services		9,756	7,252
Mercer Human Resource Consulting, Inc.	Actuarial Services		—	2,088
		$	17,111	16,035

See accompanying independent auditors' report.