



Board of Regents, State of Iowa

Executive Summary of Investment Performance
Quarter Ending June 30, 2007



Board of Regents, State of Iowa

Operating Account Review (External Managers)

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Iowa External Mgr. Composite	(12/31/96)	361,868	100%	0.6	2.1	5.3	3.4	3.2	5.0	157
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.7	2.2	5.3	3.1	3.2	4.9	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				0.4	2.0	5.5	3.2	3.5	5.2	
BlackRock Short Duration	(12/31/96)	154,736	42.8%	0.6	2.0	5.2	3.3	3.2	4.9	82
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.7	2.2	5.3	3.1	3.2	4.9	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				0.4	2.0	5.5	3.2	3.5	5.2	
Wellington Short Bond	(3/31/03)	155,786	43.1%	0.6	2.2	5.5	3.5	--	2.9	64
<i>Merrill Lynch 1-3 Yr. G/C</i>				0.7	2.2	5.3	3.1	--	2.6	
<i>Merrill Lynch 1-5 Yr. Govt/Corp</i>				0.4	2.0	5.5	3.2	--	2.7	
CF Intermediate Term Fund	(12/31/06)	51,346	14.2%	0.6	2.1				2.1	11
<i>Merrill Lynch 1-3 Yr. Treasury</i>				0.7	2.1				2.1	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
Iowa State University External Mgr. Composite	(6/30/05)	79,666	100%	0.6	2.1	5.5	--	--	4.0	14
<i>Operating Benchmark</i>				0.7	2.1	5.1	--	--	3.5	
CF Intermediate Term Fund	(9/30/05)	79,666	100.0%	0.6	2.1	5.6	--	--	4.6	14
<i>Merrill Lynch 1-3 Yr. Treasury</i>				0.7	2.1	5.1	--	--	3.9	

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Investment Fee \$'000
University of Northern Iowa External Mgr. Composite	(12/31/05)	20,855	100%	0.6	2.1	5.5	--	--	3.7	7
<i>Operating Benchmark</i>				0.7	2.1	5.1	--	--	3.1	
CF Intermediate Term Fund	(12/31/04)	20,855	100.0%	0.6	2.1	5.5	--	--	4.6	7
<i>Merrill Lynch 1-3 Yr. Treasury</i>				0.7	2.1	5.1	--	--	4.1	

(Periods Ending June 30, 2007)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

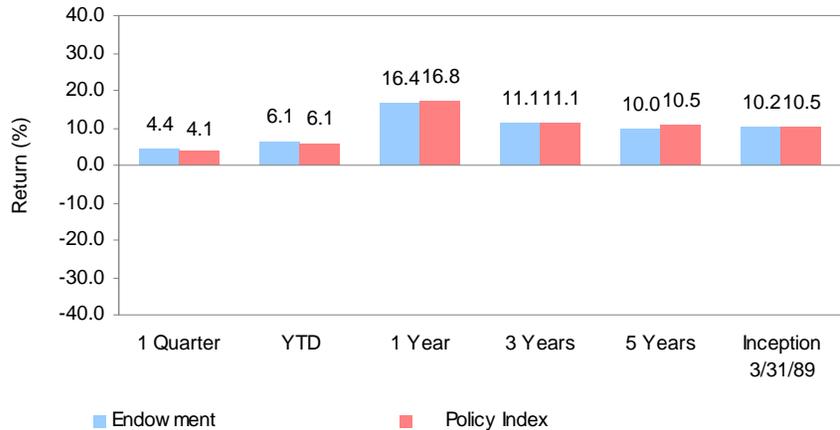
*Please see Glossary for policy specifications.

Total Endowment Fund Results

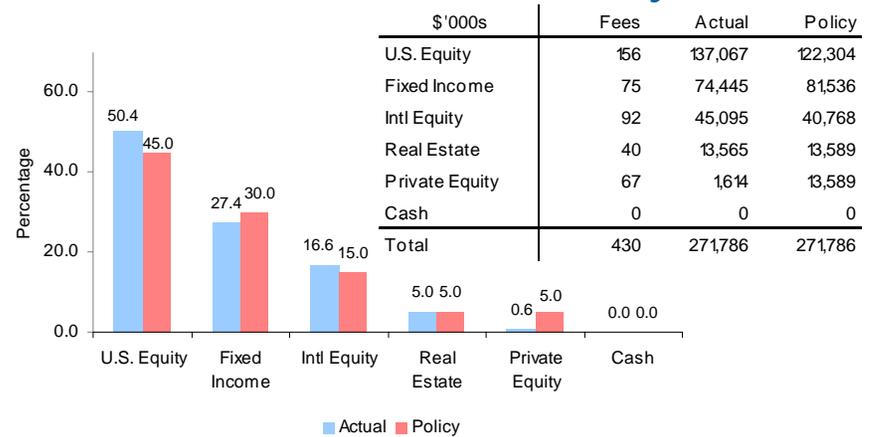
University of Iowa



Investment Performance



Asset Allocation vs. Policy

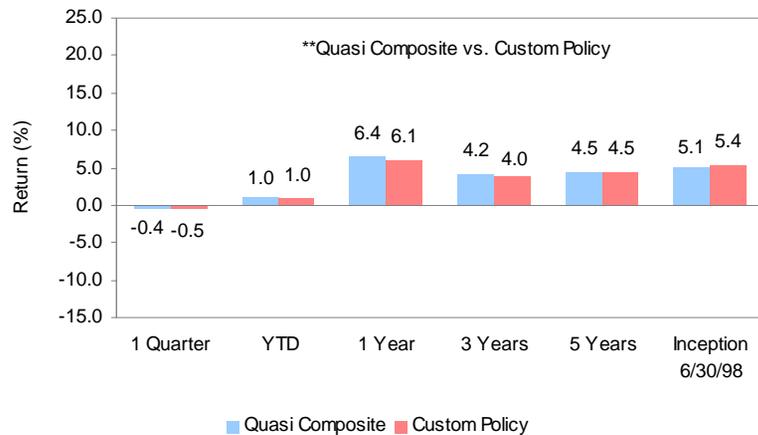


	\$'000s	Fees	Actual	Policy
U.S. Equity		156	137,067	122,304
Fixed Income		75	74,445	81,536
Intl Equity		92	45,095	40,768
Real Estate		40	13,565	13,589
Private Equity		67	1,614	13,589
Cash		0	0	0
Total		430	271,786	271,786

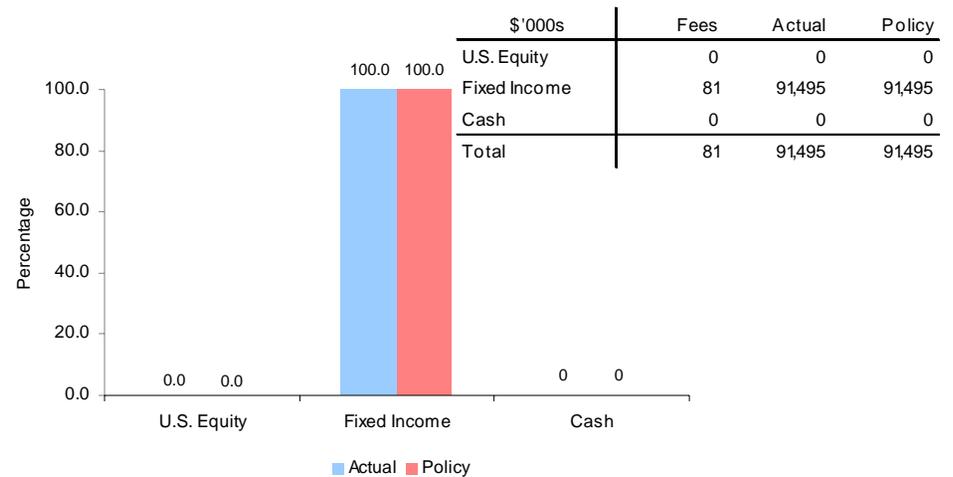
Total Quasi-Endowment Fund Results

University of Iowa

Investment Performance



Asset Allocation vs. Policy

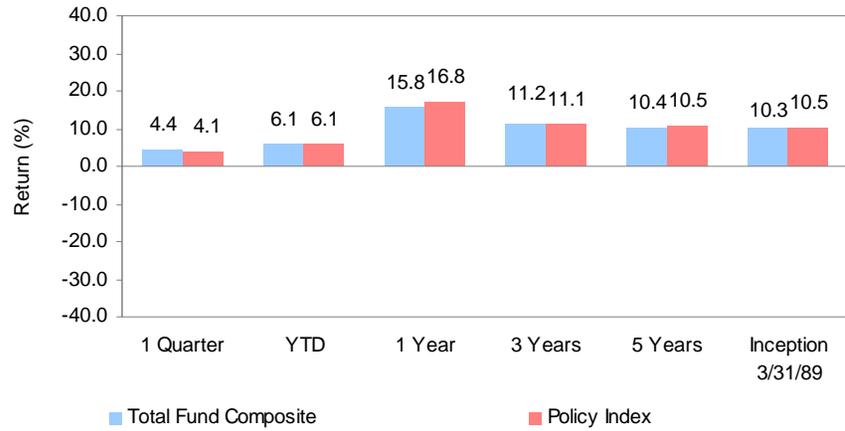


(Periods Ending June 30, 2007)

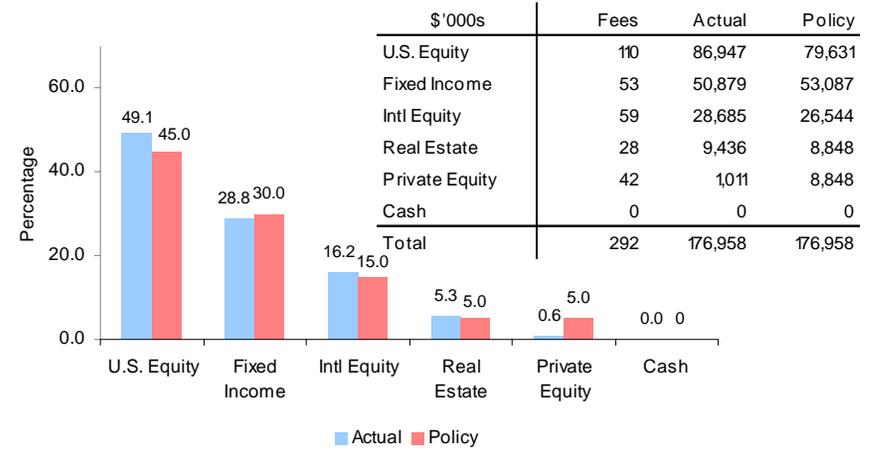
Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

Total Endowment Fund Results

Investment Performance



Asset Allocation vs. Policy



(Periods Ending June 30, 2007)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Total Endowment	(3/31/89)	271,786	100.0%	4.4	6.1	16.4	11.1	10.0	10.2	430
Iowa State University Total Endowment	(3/31/89)	176,958	100.0%	4.4	6.1	15.8	11.2	10.4	10.3	292
<i>Policy Index</i>				<i>4.1</i>	<i>6.1</i>	<i>16.8</i>	<i>11.1</i>	<i>10.5</i>	<i>10.5</i>	
University of Iowa Domestic Equity Composite	(3/31/89)	137,067	50.4%	6.6	7.3	18.6	12.3	10.2	12.1	156
Iowa State University Domestic Equity Composite	(3/31/89)	86,947	49.1%	6.7	7.5	17.9	12.2	10.0	11.5	110
<i>Dow Jones Wilshire 5000</i>				<i>6.1</i>	<i>7.6</i>	<i>20.5</i>	<i>12.7</i>	<i>12.0</i>	<i>11.7</i>	
University of Iowa: Goldman Sachs Large Cap	(3/31/05)	55,693	20.5%	5.4	5.4	18.2	--	--	14.0	49
Iowa State University: Goldman Sachs Large Cap	(3/31/05)	32,776	18.5%	5.6	5.4	16.7	--	--	13.2	34
<i>S&P 500</i>				<i>6.3</i>	<i>7.0</i>	<i>20.6</i>			<i>13.4</i>	
University of Iowa: Lotsoff Large Cap Equity	(3/31/05)	54,689	20.1%	7.7	8.2	20.2	--	--	14.0	46
Iowa State University: Lotsoff Large Cap Equity	(3/31/05)	33,624	19.0%	7.6	8.2	20.1	--	--	14.0	29
<i>S&P 500</i>				<i>6.3</i>	<i>7.0</i>	<i>20.6</i>			<i>13.4</i>	
University of Iowa: LSV Asset Management	(6/30/02)	13,320	4.9%	5.6	10.4	18.5	14.7	13.5	13.5	23
Iowa State University: LSV Asset Management	(6/30/02)	10,337	5.8%	6.0	11.1	18.8	15.3	14.0	14.0	18
<i>Russell 2500 Value</i>				<i>2.9</i>	<i>6.1</i>	<i>18.4</i>	<i>16.1</i>	<i>15.8</i>	<i>15.8</i>	
University of Iowa: Artisan Small Cap Growth	(3/31/05)	13,365	4.9%	8.1	8.6	13.5	--	--	12.6	38
Iowa State University: Artisan Small Cap Growth	(3/31/05)	10,210	5.8%	8.1	8.6	13.5	--	--	12.6	29
<i>Russell 2000 Growth</i>				<i>6.7</i>	<i>9.3</i>	<i>16.8</i>			<i>15.6</i>	
University of Iowa International Equity Composite	(9/30/94)	45,095	16.6%	6.5	10.5	27.5	22.5	19.7	9.2	92
Iowa State University International Equity Composite	(9/30/94)	28,685	16.2%	6.5	10.5	27.5	22.5	19.1	8.9	59
<i>MSCI EAFE (N) Index</i>				<i>6.4</i>	<i>10.7</i>	<i>27.0</i>	<i>22.2</i>	<i>17.7</i>	<i>8.2</i>	
State University of Iowa: GMO Foreign Fund	(3/31/04)	45,095	16.6%	6.5	10.5	27.5	22.5	--	20.9	92
Iowa State University: GMO Foreign Fund	(3/31/04)	28,685	16.2%	6.5	10.5	27.5	22.5	--	20.9	59
<i>MSCI EAFE (N) Index</i>				<i>6.4</i>	<i>10.7</i>	<i>27.0</i>	<i>22.2</i>	<i>--</i>	<i>20.4</i>	
University of Iowa Fixed Income Composite	(3/31/89)	74,445	27.4%	-0.2	1.6	7.1	4.5	4.6	7.4	75
Iowa State University Fixed Income Composite	(3/31/89)	50,879	28.8%	-0.2	1.5	7.0	4.5	4.7	6.8	53
<i>Custom Policy</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>4.5</i>	<i>7.4</i>	
University of Iowa: Dodge & Cox Income Fund	(3/31/04)	30,799	11.3%	-0.2	1.2	6.5	4.1	--	3.1	35
Iowa State University: Dodge & Cox Income Fund	(3/31/04)	20,643	11.7%	-0.4	1.1	6.4	4.1	--	3.1	23
<i>Lehman Aggregate</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>--</i>	<i>2.9</i>	
University of Iowa: Reams Asset Management	(6/30/02)	29,641	10.9%	-0.7	0.9	6.0	4.1	--	3.8	19
Iowa State University: Reams Asset Management	(6/30/02)	20,986	11.9%	-0.6	0.8	6.0	4.1	--	3.8	16
<i>Lehman Aggregate</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>--</i>	<i>3.7</i>	
University of Iowa: Post Advisory	(3/31/06)	14,005	5.2%	1.1	4.0	11.2	--	--	9.2	21
Iowa State University: Post Advisory	(3/31/06)	9,250	5.2%	1.1	4.0	11.2	--	--	9.2	14
<i>Merrill Lynch High Yield Master II</i>				<i>0.3</i>	<i>3.1</i>	<i>11.7</i>	<i>--</i>	<i>--</i>	<i>9.5</i>	

(Periods Ending June 30, 2007)

Note: At the direction of the Board of Regents, slight adjustments have been made to composite market values to account for rounding.

*Please see page 10 for policy specifications.

Total Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	QTR %	YTD %	1 Year %	3 Years %	5 Years %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Real Estate Composite	(12/31/05)	13,565	5.0%	2.8	6.8	15.3	--	--	20.4	40
Iowa State University Real Estate Composite	(12/31/05)	9,436	5.3%	2.8	6.8	15.3	--	--	20.4	28
<i>NCREIF Property Index</i>				<i>3.6</i>	<i>8.3</i>	<i>16.6</i>	<i>--</i>	<i>--</i>	<i>17.5</i>	
University of Iowa: Principal Enhanced Property Fund	(12/31/05)	13,565	5.0%	2.8	6.8	15.3	--	--	20.4	40
Iowa State University: Principal Enhanced Property Fund	(12/31/05)	9,436	5.3%	2.8	6.8	15.3	--	--	20.4	28
<i>NCREIF Property Index</i>				<i>3.6</i>	<i>8.3</i>	<i>16.6</i>	<i>--</i>	<i>--</i>	<i>17.5</i>	
University of Iowa Private Equity Composite	(12/31/06)	1,614	0.6%	0.1	-2.7	--	--	--	-2.7	67
Iowa State University Private Equity Composite	(12/31/06)	1,011	0.6%	0.1	-2.7	--	--	--	-2.7	42
<i>Dow Jones Wilshire 5000</i>				<i>6.1</i>	<i>7.6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>7.6</i>	
University of Iowa: Lehman Brothers Crossroads Fund XVII	(12/31/06)	1,572	0.6%	0.1	-2.7	--	--	--	-2.7	67
Iowa State University: Lehman Brothers Crossroads Fund XVII	(12/31/06)	983	0.6%	0.1	-2.7	--	--	--	-2.7	42
<i>Dow Jones Wilshire 5000</i>				<i>6.1</i>	<i>7.6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>7.6</i>	
University of Iowa: CF Int'l Partners VI	(3/31/07)	28	0.0%	--	--	--	--	--	--	--
Iowa State University: CF Int'l Partners VI	(3/31/07)	18	0.0%	--	--	--	--	--	--	--
<i>Dow Jones Wilshire 5000</i>										
University of Iowa: CF Private Equity VII	(3/31/07)	14	0.0%	--	--	--	--	--	--	--
Iowa State University: CF Private Equity VII	(3/31/07)	10	0.0%	--	--	--	--	--	--	--
<i>Dow Jones Wilshire 5000</i>										
University of Iowa: CF Venture Capital VIII	(6/30/07)	--	--	--	--	--	--	--	--	--
Iowa State University: CF Venture Capital VIII	(6/30/07)	--	--	--	--	--	--	--	--	--
<i>Dow Jones Wilshire 5000</i>										

Total Quasi-Endowment Fund Results

	Inception Date	Mkt. Value \$'000	Comp %	Qtr %	YTD %	1 Yr %	3 Yrs %	5 Yrs %	Inception %	Qtr. Inv. Fee \$'000
University of Iowa Quasi Composite	(6/30/98)	91,495	100%	-0.4	1.0	6.4	4.2	4.5	5.1	81
<i>Custom Policy</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>4.5</i>	<i>5.4</i>	
Dodge & Cox	(3/31/04)	46,140	50.4%	-0.2	1.2	6.5	4.1	--	3.1	52
<i>Lehman Aggregate</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>--</i>	<i>2.9</i>	
Reams Asset Management Quasi	(9/30/01)	45,355	49.6%	-0.7	0.9	6.4	4.2	4.4	4.3	29
<i>Lehman Aggregate</i>				<i>-0.5</i>	<i>1.0</i>	<i>6.1</i>	<i>4.0</i>	<i>4.5</i>	<i>4.6</i>	

(Periods Ending June 30, 2007)

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*Please see page 10 for policy specifications.

Manager Overview

Goldman Sachs Asset Management

- **Style:** Large Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Enhanced Index
- **Selection Method:** Quantitative Valuation

Lotsoff Capital Management

- **Style:** Large Capitalization U.S. Core Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative Valuation

LSV Asset Management

- **Style:** Small / Mid Capitalization U.S. Value Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative Valuation

Artisan Partners

- **Style:** Small Capitalization U.S. Growth Equity
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Valuation

GMO International

- **Style:** International Value Non-U.S. Equity
- **Construction Process:** Valuation Measures
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Fundamental Earnings Forecast

Dodge & Cox

- **Style:** Market Core Fixed Income
- **Construction Process:** Fundamental, Favors Securities with Yield Greater than the Market
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

Reams Asset Management

- **Style:** Market Core Fixed Income
- **Construction Process:** Optimization
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Quantitative & Qualitative Valuation

Post Asset Management

- **Style:** High Yield Fixed Income
- **Construction Process:** Fundamental Evaluation / Selection
- **Investment Philosophy:** Active-Bottom Up
- **Selection Method:** Scoring Model Based on Quantitative & Qualitative Inputs

Manager Overview

Principal Enhanced Property Fund

- **Style:** Value-Added Private Real Estate Fund
- **Selection Method:** Quantitative Valuation
- **Fund Size:** \$1.0 Billion

Lehman Brothers Crossroads Fund XVII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 20-30% Venture Capital, 45-65% Buyouts, 15-25% Distressed Securities, <20% Secondary & Direct Co-Investments
- **Fund Size:** \$1.0 Billion +

Common Fund Int'l Partners VI

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Int'l Buyout
- **Fund Size:** \$0.5 Billion - \$0.75 Billion

Common Fund Private Equity VII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% U.S. Buyout
- **Fund Size:** \$0.75 Billion - \$1 Billion

Common Fund Venture Capital VIII

- **Style:** Private Equity Fund of Funds
- **Asset Allocation %:** 100% Venture Capital
- **Fund Size:** \$0.5 Billion – \$0.65 Billion

Quarterly Manager Attribution

Goldman Sachs Asset Management

- Poor stock selection within the Information Technology, Financials, and Health Care sectors were the primary drivers of underperformance
- Stock selection within the Industrials and Telecom Services sectors added value to the portfolio during the second quarter

Lotsoff Capital Management

- Stock selection within the Materials, Information Technology, and Energy sectors added value to the portfolio
- Poor stock selection with the Health Care sector was the primary driver of underperformance for the quarter
- An overweight to the Information Technology sector and an underweight to Utilities added value to the portfolio

LSV Asset Management

- Stock selection within the Consumer Discretionary, Financials, and Consumer Staples were the primary drivers of out performance
- An underweight to both the Financials and Utilities sectors as well as an overweight to Energy added value to the portfolio
- Poor stock selection within the Utilities and Health Care sectors detracted from performance

Artisan Partners

- Stock selection within Energy, Consumer Discretionary, and Financials were the main contributors of out performance for the quarter
- Poor stock selection within the Information Technology sector detracted from performance
- An overweight to Industrials and an underweight to Health Care had a positive impact on performance for the second quarter

GMO International

- Stock selection within Finland was the primary driver of out performance for the quarter
- An overweight to the German markets added value to the portfolio while and underweight to the Australian markets detracted from overall performance

Dodge & Cox

- Dodge & Cox underperformed the Lehman Aggregate in the second quarter
- The average quality of the bonds within the portfolio is AA, compared to the Lehman Aggregate's AAA rating
- The portfolio has a duration of 4.16 years, versus the benchmark's duration of 4.70 years

Reams Asset Management

- Reams' return was slightly lower than that of the benchmark in the second quarter
- The average quality of bonds within the portfolio is AAA matching the Lehman Aggregate's AAA rating
- The portfolio has a duration of 3.65 years, versus the Lehman Aggregate's duration of 4.70 years

Post Asset Management

- Post Advisory out performed its benchmark by 0.74% in the second quarter
- The average quality of bonds within the portfolio is a B rating, a slightly lower rating than the Merrill Lynch High Yield Master II's rating of BB
- The portfolio has a duration of 3.95 years lagging the benchmark's duration of 4.89 years

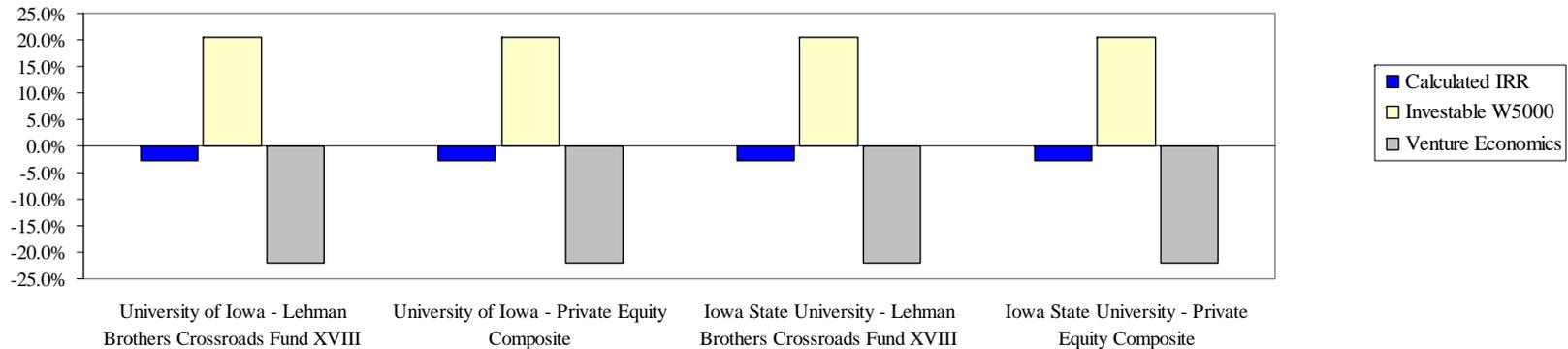
(Periods Ending June 30, 2007)

Private Equity Composite Review

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance		
							Calculated IRR	Investable W5000	Venture Economics
University of Iowa - Lehman Brothers Crossroads Fund XVIII	4q2006	6,000,000	1,620,000 27%	0	80,567	1,572,401	-2.8%	20.4%	-21.9% ¹
University of Iowa - CF Int'l Partners VI	2q2007	1,200,000	27,600 2%	--	--	27,600	--	--	--
University of Iowa - CF Private Equity VII	2q2007	2,400,000	14,400 1%	--	--	14,400	--	--	--
University of Iowa - CF Venture Capital VIII	3q2007	1,000,000	-- --	--	--	--	--	--	--
University of Iowa - Private Equity Composite	4q2006	10,600,000	1,662,000 16%	0	80,567	1,614,401	-2.8%	20.4%	-21.9% ¹

Fund	Inception	Total Commitment	Capital Called	Distributions	Investment Gain/Loss	Market Value	Performance		
							Calculated IRR	Investable W5000	Venture Economics
Iowa State University - Lehman Brothers Crossroads Fund XVIII	4q2006	3,750,000	1,012,500 27%	0	50,352	982,749	-2.8%	20.4%	-21.9% ¹
Iowa State University - CF Int'l Partners VI	2q2007	800,000	18,400 2%	--	--	18,400	--	--	--
Iowa State University - CF Private Equity VII	2q2007	1,600,000	9,600 1%	--	--	9,600	--	--	--
Iowa State University - CF Venture Capital VIII	3q2007	600,000	-- --	--	--	--	--	--	--
Iowa State University - Private Equity Composite	4q2006	6,750,000	1,040,500 15%	0	50,352	1,010,749	-2.8%	20.4%	-21.9% ¹

(1) Venture Economics – Median return of all private equity funds with vintage year 2006



(Periods Ending June 30, 2007)

<u>Endowment Policy Index</u>	<u>%</u>	<u>Description</u>
6/89 -6/99	60.00	S&P 500
	30.00	Lehman Gov't/Credit
	10.00	MSCI EAFE Index (N)
9/99 -6/01	63.00	S&P 500
	30.00	Lehman Gov't/Credit
	7.00	MSCI EAFE Index (N)
9/01 -3/02	63.00	S&P 500
	30.00	Lehman Aggregate
	7.00	MSCI EAFE Index (N)
6/02 -3/06	63.00	Wilshire 5000
	30.00	Lehman Aggregate
	7.00	MSCI EAFE Index (N)
6/06 - Present	50.00	Wilshire 5000
	30.00	Lehman Aggregate
	15.00	MSCI EAFE (N)
	5.00	NCREIF Property Index
<u>Fixed Income/ Quasi Policy</u>	<u>%</u>	<u>Description</u>
9/98 -6/01	100.00	Lehman Gov't/Credit
9/01 - Present	100.00	Lehman Aggregate



Appendix

Market Review (Periods Ending June 30, 2007)

Market Observations

The Federal Reserve kept rates constant at 5.25% during the 2nd quarter of 2007. Longer rates, such as the 10-year Treasury Yield, were more volatile in the quarter, with intraday spikes up to 5.32% on June 13th before finishing out the quarter at 5.03%.

First quarter real GDP sunk notably from the 4th quarter rate of 2.5%, expanding at a meager rate of 0.7%. This also marked the lowest rate in more than four years (+0.2% in 4th quarter 2002).

Though year-over-year Core CPI and Core PCE have moderated (2.2% & 1.9% in May, respectively), inflation concerns were stoked by May's 0.7% increase in headline CPI. This marked only the third monthly increase above 0.6% since 1990. Oil prices flirted with the \$70 level until finally breaking through to close June at \$70.68.

Job growth has been moderate for 2007 with an average of 133,000 jobs created per month through May. Unemployment has also been stable, holding at 4.5% in May.

The housing market slowed again with existing home sales dropping 10.3% and new home sales falling off 15.8% from one year ago. Mortgage rates have also hit their highest points since July 2006, with an average 30-year fixed-rate mortgage of 6.74%.

US Stock Market

The U.S. stock market, as measured by the DJ Wilshire 5000, shrugged off concerns over a slowing housing market, rising sub-prime default rates, and higher oil prices to post an impressive 6.07% return for the second quarter. This is the largest single quarter return since 4th quarter 2004, and the fourth consecutive quarter of gains, resulting in a return of 20.46% for the past one year period.

While small capitalization stock returns dominated large cap returns during the 1st quarter, large cap names outperformed in the 2nd quarter, with the DJ Wilshire Large Cap Index up 6.18% versus 5.72% for the DJ Wilshire Small Cap Index. Micro Cap stocks posted respectable gains of 3.28% but still remained the laggards for the year. Growth stocks built off of their newly found leadership from the first quarter to outpace value stocks across the capitalization spectrum. The largest quarter to date returns came from the Dow Jones Wilshire Small Growth Index, up 7.33% for the quarter and 12.35% for the year-to-date. The best performance for a sector was 14.4% in the energy sector. Interest rate sensitive sectors were among the worst performing sectors due to June's sharp rise in rates.

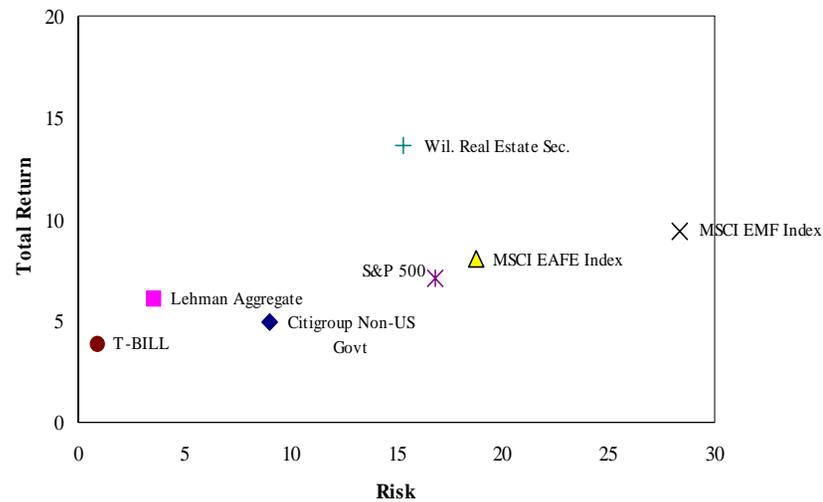
The quarter's positive returns hid a lot of June's turbulence, as many stocks were driven down due to the interest rate volatility. Though finishing the month near 5%, the 10-year Treasury yield spikes throughout the month were a stern reminder of how quickly rates and valuations can change.

Capital Markets Review (Periods Ending June 30, 2007)

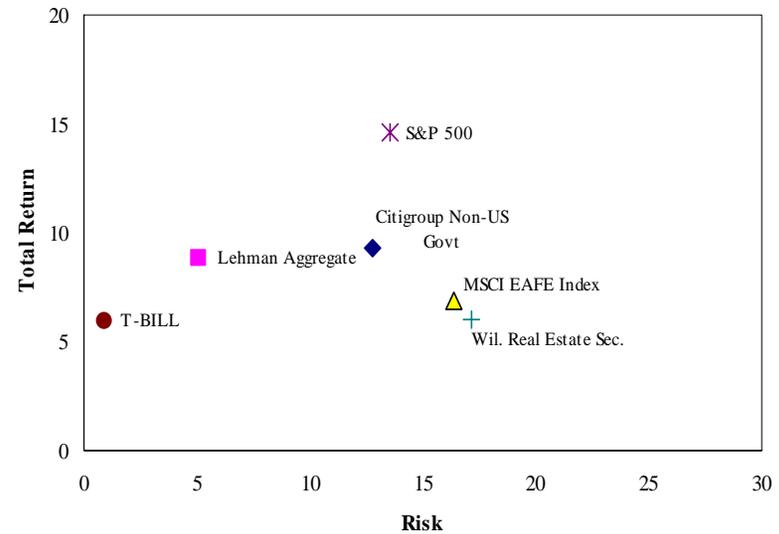
Major Asset Class Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
Equity						
Dow Jones - Wilshire 5000	6.1	7.6	20.5	12.7	12.0	7.7
Standard and Poor's 500	6.3	7.0	20.6	11.7	10.7	7.1
International Stock (MSCI EAFE)(USD)	6.4	10.7	27.0	22.2	17.7	7.7
Emerging Markets (MSCI EMF)(USD)	15.1	17.8	45.5	38.7	30.7	9.4
Dow Jones - Wilshire Real Estate Securities	-9.4	-6.0	11.7	22.3	19.5	13.6
Fixed Income						
Lehman Aggregate Bond	-0.5	1.0	6.1	4.0	4.5	6.0
First Boston High Yield	0.7	3.7	12.2	9.1	11.9	6.9
International Bonds (Citigroup Non-US)	-1.8	-0.8	2.2	3.3	6.9	5.0
Treasury Bills (91 Day)	1.3	2.6	5.2	3.8	2.8	3.8
Consumer Price Index						
	1.5	3.3	2.8	3.2	3.0	2.7

Risk versus Return (6/30/97 – 6/30/07)



Risk versus Return (6/30/87 – 6/30/97)

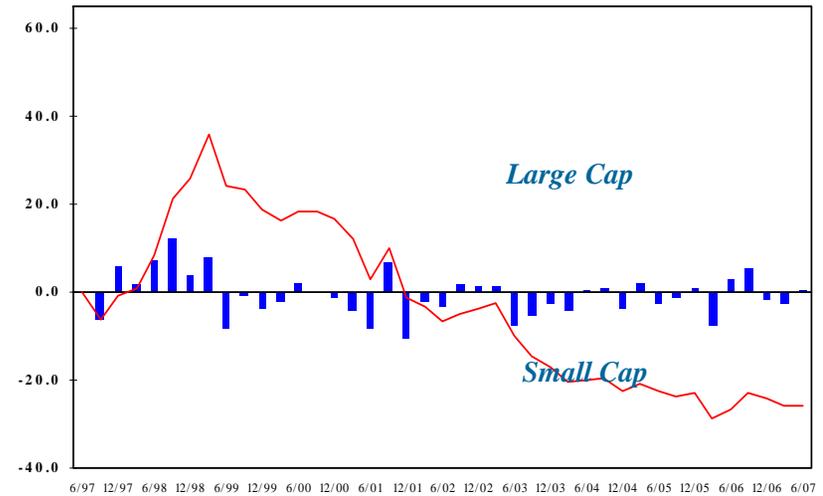


Domestic Equity Markets (Periods Ending June 30, 2007)

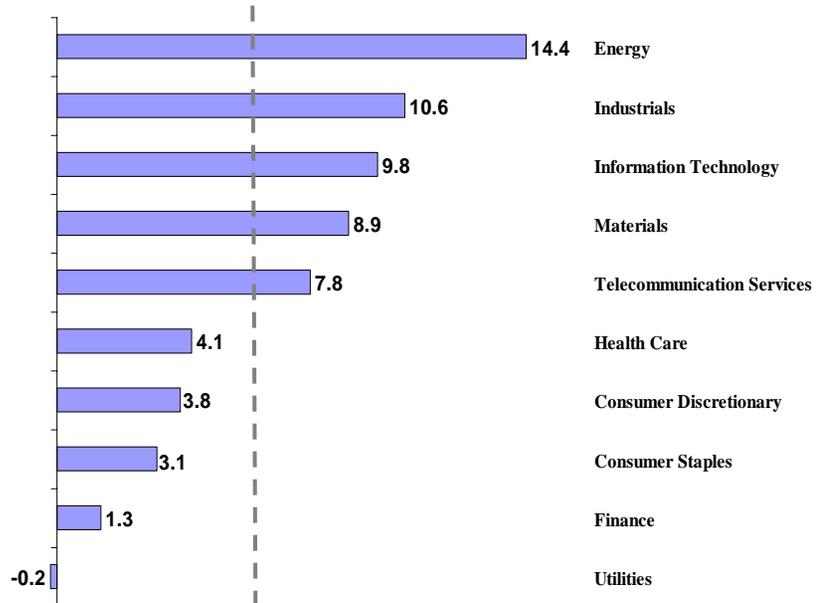
US Equity Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
DJ Wilshire 4500	5.3	9.6	19.8	15.7	16.2	9.5
DJ Wilshire 5000	6.1	7.6	20.5	12.7	12.0	7.7
DJ Wilshire Real Est. Secs	-9.4	-6.0	11.7	22.3	19.5	13.6
DJ Wilshire Large Cap	6.2	7.3	20.8	12.4	11.4	7.4
DJ Wilshire Mid Cap	6.3	11.7	21.5	16.0	15.6	11.1
DJ Wilshire Small Cap	5.7	9.8	19.1	15.3	16.5	10.6
DJ Wilshire Micro Cap	3.3	4.9	13.1	10.7	18.6	13.9
DJ Wilshire Large Growth	6.6	7.9	18.2	9.8	10.2	5.0
DJ Wilshire Large Value	5.8	6.8	23.2	14.9	12.5	9.5
DJ Wilshire Mid Growth	8.4	13.9	22.5	17.8	17.7	8.0
DJ Wilshire Mid Value	3.8	9.2	20.0	14.1	13.6	12.6
DJ Wilshire Small Growth	7.3	12.4	20.1	15.6	17.0	7.6
DJ Wilshire Small Value	4.1	7.2	18.0	14.8	16.0	12.7

Large Cap Vs. Small Cap

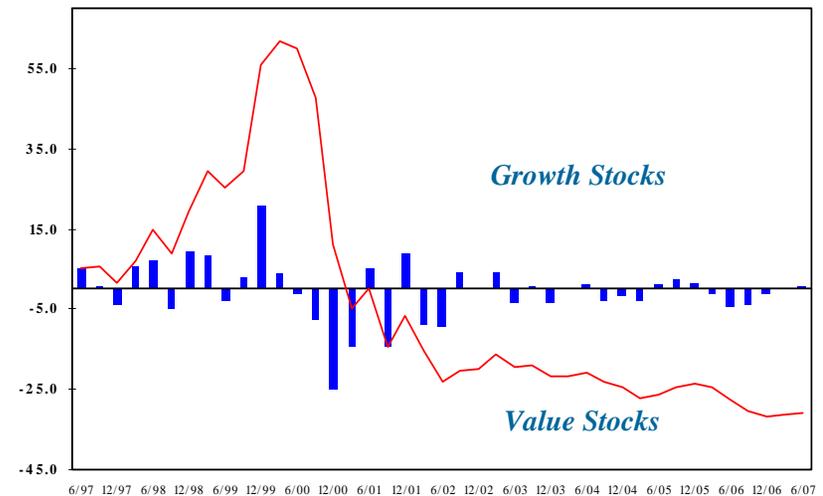


DJ Wilshire 5000 Sector Returns (%)



--- Represents DJ Wilshire 5000 Quarterly Return

Growth Stocks Vs. Value Stocks

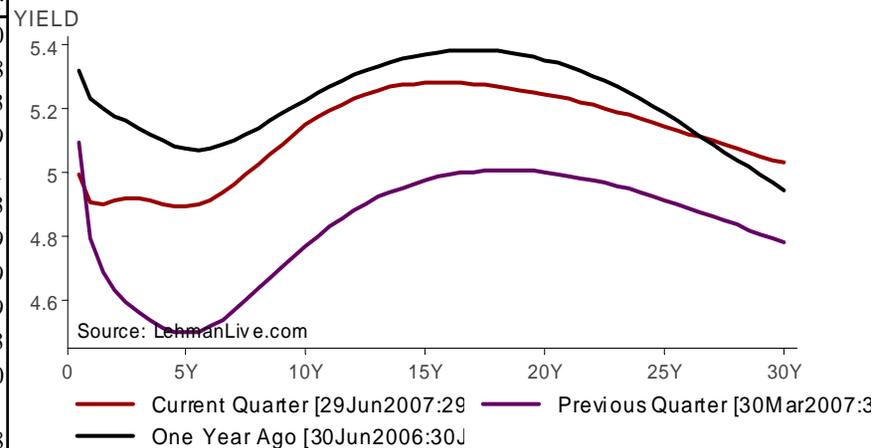


Domestic Fixed Income Markets (Periods Ending June 30, 2007)

US Fixed Income Returns (%)

	QTR	YTD	1 yr	3 yr	5 yr	10yr
Lehman Aggregate	-0.5	1.0	6.1	4.0	4.5	6.0
Lehman ABS	0.1	1.6	5.6	3.6	3.9	5.8
Lehman Credit	-0.7	0.8	6.7	4.2	5.5	6.3
Lehman Gov't	-0.3	1.1	5.6	3.6	4.1	5.9
Lehman Gov / Credit	-0.5	1.0	6.0	3.9	4.7	6.1
Lehman Long Treasury	-1.9	-0.9	6.0	5.1	5.9	7.3
Lehman Mortgage	-0.6	1.0	6.3	4.2	4.1	5.9
Lehman Agency	-0.1	1.3	5.7	3.8	4.1	5.9
First Boston High Yield	0.7	3.7	12.2	9.1	11.9	6.9
Citigroup World Gov't Bond	-1.5	-0.4	2.8	3.3	6.3	5.3
Citigroup Non-US Bond	-1.8	-0.8	2.2	3.3	6.9	5.0
Lehman US TIPS	-0.8	1.7	4.0	3.8	6.0	6.0
BGI Inflation-Linked Bond Index	-0.7	1.6	3.8	3.8	6.1	6.8

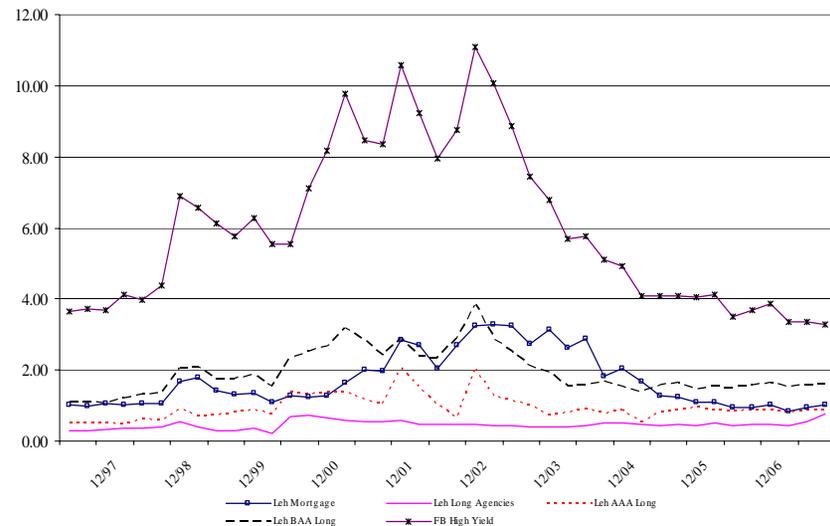
Treasury Yield Curve



Market Commentary

The yield on the 10-year Note increased notably for the final month of the second quarter as fears of a slowing economy subsided when several economic reports indicated the economy was still expanding, albeit at a lower pace. Also pushing interest rates higher were continued inflationary pressures which pushed inflation to 2%, on the edge of the Federal Reserve's target inflation zone of 1% to 2%. The yield on the 10-year Note rose 38 basis points during the quarter, long-term Treasuries declined by 1.93%, while 1-3 year Treasuries were up 0.73%. Additionally, the continued sub-prime worries spilled over into the credit market as corporate-high yield securities were down 1.80% for the month. This increase in long-term interest rates coupled with the decrease in short-term interest rates caused not only the shape of the yield curve to normalize, but also caused the spread between the 10-year Note and the 91-day Note to change from an inversion of 39 basis points at the beginning of the quarter to a positive 23 basis points.

Historical Yield Spread Comparison to Treasuries



International Equity Markets (Periods Ending June 30, 2007)

International Index Returns (%)

Equity (in U.S. \$)	QTR	YTD	1 yr	3 yr	5 yr	10yr
Non U.S. (ACWI X U.S)	8.4	12.6	30.1	25.0	19.9	8.6
Developed (EAFE)	6.4	10.7	27.0	22.2	17.7	7.7
Emerging (EMF)	15.1	17.8	45.5	38.7	30.7	9.4
Europe	8.3	12.5	32.4	24.5	18.7	10.3
Pacific	2.2	6.9	15.8	17.4	15.6	3.2
France	9.9	13.0	30.9	24.2	18.0	11.8
Germany	16.2	12.1	48.8	29.6	20.0	9.6
Japan	-0.6	2.9	7.2	12.8	12.4	1.6
United Kingdom	7.6	10.8	27.4	21.6	17.2	8.9
Currencies (% change)						
Euro vs Dollar	1.5	2.4	5.6	3.5	6.5	--
Yen vs Dollar	-4.4	-3.5	-7.4	-4.0	-0.6	-0.8
Pound vs Dollar	2.3	2.5	8.5	3.4	5.7	1.9

Market Commentary

The non-U.S. equity market finished the 2nd quarter outperforming the U.S. equity market with a return of 8.42%, marking the 3rd straight quarter that international stocks topped the U.S. market. China experienced a one day drop of 8.3% due to their new stamp tax passed by China's government which increased the current tax rate of 0.1% to 0.3% on stock trades. This was in line with their recent policies, including rate hikes and market risk warnings, in an effort to slow down the market that has now quadrupled over the last two years. Chinese authorities are concerned that new money from local retail investors is fueling a bubble in prices. Despite the rise in interest rates over the last month, the dollar continued to weaken, falling by 1.25% for the quarter against the basket of world currencies. Emerging markets went from the most underperforming segment of the non-U.S. markets to the best by posting a 15.05% USD return.

MSCI EAFE Index

