STATE OF CONNECTICUT

2010

ANNUAL REPORT OF THE
TREASURER
For the fiscal year ended June 30, 2010

STATE OF CONNECTICUT
Office of the State Treasurer

The State Motto “Qui Transtulit Sustinet,” (He Who Transplanted Still Sustains), has been associated with the various versions of the state seal from the creation of the Saybrook Colony Seal.

STATE OF CONNECTICUT

2010

ANNUAL REPORT OF THE TREASURER

For the fiscal year ended June 30, 2010

ANNUAL REPORT OF THE TREASURER
TABLE OF CONTENTS

Introduction

TREASURER'S LETTER TO THE GOVERNOR 7

TREASURY OVERVIEW 9

Division Operations

PENSION FUND MANAGEMENT DIVISION

- Letter from the Chairman of the Investment Advisory Council 13
- Investment Advisory Council 15
- Division Overview 16
- The Year in Review 20
  - Total Fund Performance 20
  - 2010 Management Initiatives 22
  - Proxy Voting and Corporate Governance 23
  - Asset Recovery and Loss Prevention 24
  - Combined Investment Funds-Total Return Analysis (%) 28
- Liquidity Fund 29
- Mutual Equity Fund 33
- Core Fixed Income Fund 37
- Inflation Linked Bond Fund 42
- Emerging Market Debt Fund 46
- High Yield Debt Fund 50
- Developed Market International Stock Fund 54
- Emerging Market International Stock Fund 58
- Real Estate Fund 62
- Commercial Mortgage Fund 67
- Private Investment Fund 71

DEBT MANAGEMENT DIVISION

- Division Overview 77
- The Year in Review 79

CASH MANAGEMENT DIVISION

- Division Overview 83
- The Year in Review 84
- Short-Term Investment Fund 86

UNCLAIMED PROPERTY DIVISION

- Division Overview 90
- The Year in Review 90

SECOND INJURY FUND DIVISION

- Division Overview 92
- The Year in Review 93

CONNECTICUT HIGHER EDUCATION TRUST

- Description of the Trust 95
- The Year in Review 96
- CHET Advisory Committee 98

TABLE OF CONTENTS

Financial Statements

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS
AND STATE COMPTROLLER F-1

MANAGEMENT'S DISCUSSION AND ANALYSIS F-4

MANAGEMENT'S REPORT F-12

COMBINED INVESTMENT FUNDS

Statement of Net Assets F-14
Statements of Changes in Net Assets F-15
Notes to Financial Statements F-17
Financial Highlights F-34

SHORT-TERM INVESTMENT FUND

Statement of Net Assets F-37
Statements of Changes in Net Assets F-38
Notes to Financial Statements F-39
List of Investments F-45
Schedule of Annual Rates of Return F-47
Schedule of Quarterly Rates of Return F-48

SHORT-TERM PLUS INVESTMENT FUND

Statement of Net Assets F-49
Statements of Changes in Net Assets F-50
Notes to Financial Statements F-51
List of Investments F-55

CIVIL LIST PENSION AND TRUST FUNDS

Schedule of Cash and Investments, Balances and Activity F-56

NON-CIVIL LIST TRUST FUNDS

Statement of Condition (at Fair Value) F-57
Statement of Revenues and Expenditures F-57
Statement of Changes in Fund Balance F-57
Statement of Cash Flows F-58
Statement of Condition (at Cost) F-59
Notes to the Financial Statements F-60

SECOND INJURY FUND

Statement of Net Assets F-61
Statement of Revenues, Expenses and Changes in Fund Balance F-62
Statement of Cash Flows F-63
Notes to Financial Statements F-64

CONNECTICUT HIGHER EDUCATION TRUST

Statements of Assets and Liabilities F-68
Statements of Operations F-69
Statement of Changes in Net Assets F-70
Notes to Financial Statements F-71
Independent Auditors Report F-74

TABLE OF CONTENTS

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

Statement of Net Assets F-75
Statement of Revenues, Expenses and Changes in Net Assets F-76
Statement of Cash Flows F-77
Notes to Financial Statements F-78
Independent Auditor's Report F-82

TAX EXEMPT PROCEEDS FUND, INC.

Statement of Assets and Liabilities F-83
Schedule of Investments F-84
Breakdown of Portfolio Holdings F-89
Statement of Operations F-91
Statement of Changes in Net Assets F-92
Financial Highlighs F-93
Notes to Financial Statements F-94
Report of Independent Registered Public Accounting Firm F-98

Supplemental Information

PENSION FUNDS MANAGEMENT DIVISION - COMBINED INVESTMENT FUNDS

Total Net Asset Value by Pension Plans and Trusts S-1
Schedule of Net Assets by Investment Fund S-2
Schedules of Changes in Net Assets by Investment Fund S-4
Statement of Investment Activity by Pension Plan S-8
Statement of Investment Activity by Trust S-12
Summary of Operations S-18
Pension and Trust Funds Balances S-18
Investment Summary S-19
Top Ten Holdings by Fund S-22
Schedule of Expenses in Excess of $5,000 .... S-25
List of Investment Advisors and Net Assets Under Management S-28
Schedule of Brokerage Commissions S-32
Glossary of Investment Terms S-36
Understanding Investment Performance S-40

DEBT MANAGEMENT DIVISION

Changes in Debt Outstanding - Budgetary Basis S-42
Retirement Schedule of In-Substance Defeased Debt Outstanding - Budgetary Basis S-43
Schedule of Expenses in Excess of $5,000 .... S-44

CASH MANAGEMENT DIVISION

Cash Management Division Activity Statement S-45
Civil List Funds Summary Schedule of Cash Receipts and Disbursements S-46
Civil List Funds Summary Schedule of Cash and Investments S-47
Civil List Funds Interest Credit Program S-48
Schedule of Expenses in Excess of $5,000 .... S-51

TABLE OF CONTENTS

UNCLAIMED PROPERTY DIVISION

Schedule of Expenses in Excess of $5,000 .... S-52
Five Year Selected Financial Information S-53
Summary of Gross Receipts S-53

EXECUTIVE OFFICE

Ex-Officio Responsibilities of the State Treasurer S-54
Total Administration Expenditures S-56
Schedule of Expenses in Excess of $5,000 .... S-57

SECOND INJURY FUND DIVISION

Schedule of Expenses in Excess of $5,000 .... S-58

Statutory Appendix

DEBT MANAGEMENT DIVISION

Schedule of Debt Outstanding - Budgetary Basis O-1
Schedule of Authorized and Issued Debt Outstanding O-8

CASH MANAGEMENT DIVISION

Civil List Funds Schedule of Investments O-13
Securities Held in Trust for Policyholders O-16
Unemployment Compensation Fund O-19

Introduction

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

State of Connecticut

Office of the Treasurer

Denise L. Nappier
Treasurer

Howard G. Rifkin
Deputy Treasurer

December 30, 2010

The Honorable M. Jodi Rell, Governor of Connecticut

In accordance with Section 3-37(a) of the Connecticut General Statutes, I enclose for your review the 2010 Annual Report of the Office of the Treasurer of the State of Connecticut, which covers the twelve month period ending June 30, 2010. The Annual Report includes quantitative data, explanatory comments and financial information regarding the Connecticut Retirement Plans and Trust Funds (CRPTF), the Short-Term Investment Fund (STIF), and the Connecticut Higher Education Trust (CHET) -- Connecticut's 529 College Savings Program. In addition, the operations of the divisions of Debt Management, Second Injury Fund and Unclaimed Property are also presented.

- During 2010, the Office of the Treasurer achieved a number of substantive milestones that will benefit state residents and business, including the following highlights:
- The Connecticut Retirement Plans and Trust Funds rebounded strongly for the fiscal year ended June 30, 2010 with an average net return of 12.88%. Net market value increased by $1.5 billion with $2.6 billion from investment returns offset by $1.1 billion in net benefit payments, to end the fiscal year at $21.9 billion.
- Approximately $151 million was generated from the sale of unclaimed securities during fiscal year 2010 and deposited into the State's General Fund until the rightful owners come forward to claim their money – far exceeding the budgeted projection of $52 million.
- The Unclaimed Property Division of the Treasury returned $33 million to about 17,000 rightful owners in 2010, which represents the largest dollar amount ever returned.
- 2010 marks the twelfth consecutive year in which I have been able to either reduce or maintain the Second Injury Fund assessment rate for Connecticut businesses – the longest period without an assessment rate increase in the history of the Fund. The achievement is a direct result of management reforms and tighter fiscal controls initiated in 1999 when I was elected. And as a result, Connecticut businesses have realized an estimated $558.7 million in savings – including $75.8 million in projected savings for Fiscal Year 2011. In addition, since the beginning of my administration in 1999, unfunded liabilities of injured workers have declined by 48.8% from $838 million to $426.8 million as June 30, 2010
- Significant debt service savings were achieved by refunding existing debt to lower interest rates and by taking full advantage of the new Build America Bonding program authorized under the federal stimulus bill. During fiscal year 2010, $258.2 million of General Obligation refunding bonds, $49.8 million of Special Tax Obligation refunding bonds, $36.1 million of UCONN 2000 refunding bonds and $115.8 million of Clean Water Fund refunding bonds were issued. Since January 1999, debt refunding and defeasances have produced $645 million in debt service savings. In addition, during the year $938.3 million of Build America Bonds were issued in three series which provided $44.3 million in debt service savings over the life of the bonds when compared to traditional tax-exempt bonds.
- In 2000, my Agency initiated a multi-faceted effort to prevent losses due to the malfeasance of others and, whenever possible, to recover lost assets. This effort has included the negotiation of best practices contract terms, monitoring of contract obligations, the filing of claims, and managing Connecticut's fair share of securities litigation cases. In the fiscal year that ended June 30, 2010, this Office recovered $5.8 million in class action lawsuits. The Treasury has regained a total of $36 million since 2000 by closely monitoring and participating in class action settlements.

55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000
An Equal Opportunity Employer

- At the close of Fiscal Year 2010, the Connecticut Higher Education Trust (CHET), Connecticut's 529-college savings program, had over $1.265 billion in assets under management representing 94,886 accounts, which reflects an increase of 9.6% or 8,327 accounts from 2009. This compares with just over 4,000 accounts and $18 million in assets in 1999.
- The Short-Term Investment Fund (STIF) exceeded its primary benchmark by 25 basis points, thereby earning an additional $11.9 million in interest income for Connecticut's agencies, authorities, municipalities and their taxpayers during the fiscal year. Total assets under management grew to more than $4.6 billion, and STIF's reserves were bolstered by $4.7 million during the fiscal year. I am pleased to report that Standard & Poor's reaffirmed STIF's AAAm rating, the highest rating available.
- The Community Bank and Credit Union Initiative, launched in 2006, supports Connecticut-based banks and credit unions with assets of less than $500 million through investments in certificates of deposit. Eleven banks and one credit union participate in the initiative, and the State has invested $338 million with these institutions.

After an extended run of dismal performance, the equity markets finally returned to positive territory. The value of Connecticut Retirement Plans and Trust Fund's assets increased, finishing the fiscal year with assets of $21.9 billion on an average net return of 12.88% following a return loss of 17.37% during the 2009 fiscal year which marks the most difficult year in the history of the CRPTF. The three principal retirement plans representing 99% of the CRPTF – Teachers', State Employees' and Municipal Employees' – posted performance results that outperformed their customized benchmarks. The best-performing investment categories in fiscal year 2010 were emerging market equities, returning 25.23%; high-yield bonds, 24.54%; emerging markets debt, 23.02%; and private equity, 17.32%.

During Fiscal Year 2010, indications of long-term strength in the domestic and global economies continued. Corporate profits were strong. The European Union responded effectively to the sovereign debt crisis. Inflation in developed counties remained under control. Emerging economies grew, as did large developed economies of the U.S., Germany and China. The S&P 500 ended the fiscal year 13.3% better than when it began.

The CRPTF continued to play an important role in shaping and advancing its proxy voting agenda, and speaking out on a range of public policy initiatives and regulatory developments aimed at protecting and improving upon the value of its investments by advocating that companies in which the pension fund invests improve their corporate governance practices. Promoting responsible corporate behavior was an important element of our engagement with companies on how to rebuild and restore the U.S. economy to a point of sustainable growth. For the Connecticut pension funds, executive compensation, election of members to boards of directors, climate change, and shareholder rights present the list of our shareholder activities. Comments provided to the SEC on proposed regulations resulted in the SEC's new rule requiring all companies to enhance their disclosure on the financial impact of climate change on the company and a new rule on access to the proxy permitting shareholders to choose their board representatives rather than voting only for board members nominated by current board members.

I am grateful to the members of the Investment Advisory Committee, under the Chairmanship of Joseph D. Roxe, for their insight, financial acumen and dedication to serving the best interests of the 190,000 participants and beneficiaries of the CRPTF and the taxpayers and citizens of our State.

Finally, this Annual Report is prepared by dedicated employees who work diligently throughout the year to manage the State's financial resources with utmost care. I acknowledge their work with sincere gratitude, and trust that this Report will prove both informative and useful. In accordance with our practice of recent years, this Annual Report is available both in print and electronically via the Treasury's website, www.state.ct.us/ott.

Sincerely,

Denise L. Nappier
Treasurer

Mission Statement

To serve as the premier State Treasurer's Office in the nation through effective management of public resources, high standards of professionalism and integrity, and expansion of opportunity for the citizens and businesses of Connecticut.

Duties of the Treasury

The duties and authority of the Office of the Treasurer are set out in Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes. In general, the Treasurer is responsible for the safe custody of the property and money belonging to the State.

The Treasurer receives all money belonging to the State, makes disbursements as directed by Statute, and manages, borrows, and invests all funds for the State.

State revenue is received into the Treasury each year which covers the State's disbursements. The Treasurer is also responsible for prudently investing the more than $21.9 billion in State pension and trust fund assets, $4.7 billion in total State, local short-term, and other investments, $0.6 billion in the extended investment portfolio, and over $1.2 billion of assets in the Connecticut Higher Education Trust. The Treasurer maintains an accurate account of all funds through sophisticated security measures and procedures.

Boards, Committees, and Commissions

By law, the Treasurer is a member of the following:

- State Bond Commission
- Banking Commission
- Connecticut Lottery Corporation
- Council of Fiscal Officers
- Information and Telecommunication Systems Executive Steering Committee
- Connecticut Development Authority
- Connecticut Health and Educational Facilities Authority
- Connecticut Student Loan Foundation
- Investment Advisory Council
- Finance Advisory Committee
- Student Financial Aid Information Council
- The Standardization Committee
- Connecticut Higher Education Trust Advisory Committee
- Connecticut Housing Finance Authority
- Connecticut Higher Education Supplemental Loan Authority

Additional information on responsibilities of each is provided on Supplemental pages S-55 and S-56.

Office of the State Treasurer Organization

The Office of the Treasurer consists of an executive office and five divisions, which are as follows:

The Executive Office has responsibility for policy-setting, investor and corporate relations, legal and legislative affairs, compliance, public education and information, business and information services, and special projects. The Executive Office ensures that the Treasury adheres to the highest order of public values, fiscal prudence and ethics in the conduct of the public's business.

The Pension Funds Management Division, under the direction of the Chief Investment Officer, manages the State's six pension funds and eight state trust funds with a combined market value portfolio in excess of $21.9 billion; ranging in investment diversity from domestic and international stocks to fixed income, real estate and private investment equity. Beneficiaries and participants include approximately 160,000 teachers, state and municipal employees, as well as trust funds that support academic programs, grants, and initiatives throughout the state. The Teachers' Retirement Fund is the Treasury's largest pension fund under management containing $12.3 billion, followed by the State Employees' Retirement Fund containing $7.8 billion and the Municipal Employees' Retirement Fund with $1.5 billion. The Pension Funds Management Division also serves as staff to the Investment Advisory Council.

The Cash Management Division, under the direction of an Assistant Treasurer, has responsibility for cash accounting and reporting, cash positioning and forecasting, bank reconciliation, bank administration, check processing and short-term investments. Over 3 million banking transactions are accounted for and reconciled annually. The division maintains accountability over the state's internal and external cash flows through the Treasury's 20 bank accounts annually. The Division prudently and productively manages clients' cash, including 1,123 accounts within the Short-Term investment Fund for the State, State agencies and authorities, and municipal and local government entities.

The Debt Management Division, under the direction of an Assistant Treasurer, administers the state's bond and debt financing program, including the sale of state bonds. Monitoring the bond markets, financing structures and economic trends that affect interest rates are critical requirements for favorable bond issuances. The Division oversees the issuance of bonds to finance state capital projects, refinances outstanding debt when appropriate, manages debt service payments and cash flow borrowing, provides information and data to private credit rating agencies, and administers the Clean Water and Drinking Water loan programs. As of June 30, $19.2 billion of state debt was outstanding.

The Second Injury Fund Division, under the direction of an Assistant Deputy Treasurer, is a workers' compensation insurance program for certain injured worker claims. The Second Injury Fund adjudicates those qualifying workers' compensation claims fairly and in accordance with applicable law, insurance industry standards and best practices. Where possible, the Second Injury Fund seeks to help injured workers return to gainful employment or will seek settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut businesses.

The Unclaimed Property Division, under the direction of an Assistant Deputy Treasurer, collects and safeguards all financial assets left unclaimed by owners for a specific period of time, generally three years. Unclaimed assets include, but are not limited to: savings and checking accounts; uncashed checks; deposits; stocks, bonds or mutual fund shares; travelers checks or money orders; life insurance policies; and safe deposit box contents. The Division publicizes the names of rightful owners in an attempt to return unclaimed property to them.

2010 Annual Report Year at a Glance

COMBINED INVESTMENT FUNDS, JUNE 30

Market Value of Assets Under Management	$ 21,784,939,405
Net Assets Under Management	$ 21,869,590,362
Total Investment Returns for the Fiscal Year	$ 2,638,772,042
Total Management Fees for the Fiscal Year	$ 114,881,116
Total Number of Advisors	150
Increase in Total Advisors from Prior Year	2
One-Year Total Return	12.88% (1)
Five-Year Compounded Annual Total Return	2.89%
Ten-Year Compounded Annual Total Return	3.08%

(1) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers'; State Employees; and Municipal Employees') are separately presented as the asset allocations of each fund are different.

CONNECTICUT HIGHER EDUCATION TRUST, JUNE 30

Number of Participant Accounts	94,886
Net Assets	$ 1,265,851,220

DEBT MANAGEMENT, JUNE 30

Total Debt Outstanding	$ 19,174,639,529
General Obligation Debt included above	$ 13,933,682,088
Total New Debt Issued During the Fiscal Year	$ 3,430,935,000
General Obligation Debt Issued included above	$ 2,632,116,000
Total Debt Retired and Defeased During the Fiscal Year	$ 2,142,334,243
General Obligation Debt Retired and Defeased included above	$ 1,505,126,969
Total Debt Service Paid on Outstanding Debt During the Fiscal Year	$ 2,639,286,321
General Obligation Debt Service Paid included above	$ 1,961,799,499

CASH MANAGEMENT, JUNE 30

Total Cash Inflows During the Fiscal Year	$ 90,107,522,529
Total Cash Outflows During the Fiscal Year	$ 90,023,306,480

SHORT-TERM INVESTMENT FUND, JUNE 30

Total Net Assets of the Fund	$ 4,581,589,015
One-Year Total Return	0.34%
Five-Year Compounded Annual Total Return	3.16%
Ten-Year Compounded Annual Total Return	2.95%
Weighted Average Maturity	19 days
Number of Participant Accounts	1,123

SHORT-TERM PLUS INVESTMENT FUND, JUNE 30

Total Net Assets of the Fund	$ 52,566,866
Weighted Average Maturity	105 days
Number of Participant Accounts	1

SECOND INJURY FUND, JUNE 30

Number of Claims Settled During the Fiscal Year	202
Total Cost of Claims Settled and Paid	$ 10,276,341
Second Injury Fund Estimated Unfunded Liability (expressed as reserves)	$ 426,848,728
Number of Claims Outstanding	2,534

UNCLAIMED PROPERTY, JUNE 30

Dollar Value of Gross Unclaimed Property Receipts	$ 222,107,523
Dollar Value of Claims Paid	$ 33,408,124
Number of Property Claims Paid	17,360

Division Overview

STATE OF CONNECTICUT
QUI TRANSTULIT SUSTINET
TREASURER'S OFFICE

State of Connecticut
Investment Advisory Council
Hartford

JOSEPH D. ROXE
CHAIRMAN

November 18, 2010

The Honorable M. Jodi Rell
Governor
State of Connecticut
Executive Chambers
Hartford, Connecticut

Dear Governor Rell:

As Chairman of the Investment Advisory Council ("IAC"), I am pleased to present this report on the performance of the State of Connecticut Retirement Plans and Trust Funds ("CRPTF" or "the Funds") and the activities of the IAC for the fiscal year ending June 30, 2010.

The U.S. economy made a solid recovery during fiscal year 2010, following a year which was among the most difficult in the history of the CRPTF due to the unprecedented declines throughout the global capital markets. The one year investment return for the CRPTF was 12.88%; a significant and welcomed rebound from the 2009 fiscal year performance of -17.37%. The three largest plans in the CRPTF provide pension fund benefits to approximately 190,000 state and municipal workers and retirees. These plans represent the State Employees' Retirement Fund ("SERF"), the Teachers' Retirement Fund ("TERF") and the Municipal Employees' Retirement Fund ("MERF") and comprise 99% of the CRPTF. Specifically, SERF, TERF and MERF posted net total returns (after all expenses) of 12.93%, 12.87% and 12.57%, respectively. Each plan also outperformed its customized benchmarks: SERF by .33%; TERF and MERF by .58% and .75% respectively.

The IAC focused on several important policy initiatives put forth by Treasurer Nappier. The maiden allocation to the Alternative Investment Fund ("AIF") was considered over the past fiscal year, resulting in the Treasurer's hiring of five Absolute Return Fund of Hedge Funds managers. To that end, the IAC reviewed the AIF fund structure which adhered to the Investment Policy Statement objectives of reducing volatility and hedging against inflation. The recommendation included a dual track investment approach; first to invest in absolute return strategies and a second track to invest in real assets. Over the course of the fiscal year, the IAC reviewed and rendered advice on a number of competitive investment provider candidates as recommended by the Treasurer. The IAC offered feedback on commitments to two private equity partnerships totaling $175 million and three real estate Public-Private Investment Funds totaling $200 million. With regard to competitive search processes in the public markets, the IAC supported the hiring of two Emerging Markets International Stock Fund money managers.

Also presented during the fiscal year, at my request, was an educational presentation by an actuarial firm to provide the IAC members with a better understanding of the liability structure c/o 55 Elm Street, Hartford, Con-

c/o 55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

necticut 06106-1773, Telephone: (860) 702-3000 for the CRPTF. IAC members, including Treasurer Nappier, held numerous discussions surrounding the funded levels of the SERF and TERF. While the Treasurer does not administer the liabilities of these plans, the unfunded level of these plans will greatly influence future asset allocation and portfolio designs in order to meet the primary objective of each fund - to provide a stream of income with which to meet benefit payments. The financial strength of the two largest pension plans, SERF and TERF, remain a paramount concern and the IAC collectively urge responsible fiscal legislative policy and a full understanding of the long term economic implications of any policy with respect to the State of Connecticut pension plans.

The IAC continued its practice of reviewing fund performance at each meeting, discussing individual manager changes, when necessary, and conducted a more extensive review of fund and manager performance on a quarterly basis. Finally, throughout the year, the Treasurer presented for the IAC's review compliance reports on Corporate Governance, MacBride Principles and Connecticut's statute regarding investments in Sudan. I would like to add that the membership comprising the IAC remained consistent in fiscal year 2010.

As Chairman of the IAC, I am very pleased to serve alongside fellow council members whose dedication to the IAC's mission demonstrates an unwavering commitment to those whom we represent. It is with this sense of duty and solemn pledge to maintain our commitment to all the current and future pension beneficiaries and the taxpayers of the State of Connecticut that I submit this summary on behalf of the IAC.

Sincerely,

Joseph D. Roxe, Chairman
Investment Advisory Council

c/o 55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

INVESTMENT ADVISORY COUNCIL

The Investment Advisory Council (IAC) consists of The State Treasurer and Secretary of the Office of Policy and Management (as ex-officio members of the council), five public members all of whom shall be experienced in matters relating to investments appointed by the Governor and legislative leadership, and three representatives of the teachers' unions and two representatives of the state employees' unions (CGS Sec. 3-13b).

Pursuant to C.G.S. Sec.3-13b, the IAC annually reviews the Investment Policy (IPS) Statement recommended by the Treasurer which includes an outline of the standards governing investment of the plan and trust funds by the Treasurer. The IPS includes, with respect to each plan and trust fund, (A) investment objectives; (B) asset allocation policy and risk tolerance; (C) asset class definitions, including specific types of permissible investments within each asset class and any specific limitations or other considerations governing the investment of any funds; (D) investment and money manager guidelines; (E) investment performance evaluation guidelines; (F) guidelines for the selection and termination of providers of investment related services who shall include, but not be limited to, external investment and money managers, investment consultants, custodians, broker-dealers, legal counsel, and similar investment industry professionals; and (G) proxy voting guidelines. The Treasurer shall thereafter adopt the IPS, including any such changes recommended by the IAC the Treasurer deems appropriate, with the approval of a majority of the members appointed to the IAC. The current IPS was adopted by the Treasurer and approved by the IAC in October 2007. Subsequently in May 2008, the IAC approved the Treasurer's adopted asset allocation modifications for various plans to increase the allocations to the Liquidity Fund and subsequently in February 2009, the IAC approved the Treasurer's adopted revision to set forth guidelines for the Connecticut Retirement Plans and Trust Funds' ("CRPTF") new Alternative Investment Fund ("AIF")

All plan and trust fund investments by the State Treasurer shall be reviewed by the Investment Advisory Council along with all information regarding such investments provided to the IAC which the Treasurer deems relevant to the council's review and such other information as may be requested by the council. The IAC shall also review the report provided by the Treasurer at each regularly scheduled meeting of the IAC as to the status of the plan and trust funds and any significant changes which may have occurred or which may be pending with regard to the funds. The council shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of plan and trust funds or breakdowns in the safekeeping of plan and trust funds or contemplated action to do the same within their knowledge.

At the close of the fiscal year, the IAC shall make a complete examination of the security investments of the State and determine as of June thirtieth, the value of such investments in the custody of the Treasurer and report thereon to the Governor, the General Assembly and beneficiaries of plan and trust fund assets administered, held or invested by the Treasurer (CGS Sec. 3-13b(c)(2)).

Council members who contributed their time and knowledge to the IAC during fiscal 2010 include:

JOSEPH D. ROXE, Chairman, as appointed by the Governor. Chairman, Bay Holdings LLC.

THOMAS BARNES, Branch Manager, Riverside Investment Services.

MICHAEL FREEMAN, Representative of State Teachers' unions, Teacher, Stonington High School.

ROBERT L. GENUARIO, Secretary, State Office of Policy and Management (Ex-officio member). (Served until May 10, 2010.)

DAVID HIMMELREICH, Principal, Hynes, Himmelreich, Glennon & Company.

STANLEY MORTEN, Independent consultant, CitiGroup/Smith Barney.

WILLIAM MURRAY, Representative of State Teachers' unions, NEA, Danbury.

DENISE L. NAPPIER, Treasurer, State of Connecticut (Ex-officio member) and council secretary.

SHARON M. PALMER, Representative of State Teachers' unions, President, AFT Connecticut.

DAVID M. ROTH, Principal and Managing Director, WLD Enterprises, Inc.

BRENDA L. SISCO, Acting Secretary, State Office of Policy and Management (Ex-officio member).

CAROL M. THOMAS, Representative of State Employees' unions, Retiree, Department of Developmental Services.

PETER THOR, Representative of State Employees' unions, Coordinator, Policy & Planning, AFSCME Council 4.

Division Overview

Introduction

As principal fiduciary of six state pension funds and eight trust funds, (known collectively as the "Connecticut Retirement Plans and Trust Funds" or "CRPTF"), the Treasurer is responsible for managing $21.9 billion of net assets of retirement plans for approximately 190,000 teachers, state and municipal employees, as well as trust funds that support academic programs, grants, and initiatives throughout the state. The Pension Funds Management Division ("PFM" or "the Division") is responsible for the day-to-day administration of the CRPTF.

Prudent investment management requires properly safeguarding pension assets in order to ensure the retirement security of the beneficiaries. Funding of the pension benefit liability is dependent on investment returns, state contributions and the contribution requirements of eligible retirement plan participants.

As shown in Figure 1-1, over the last ten years pension and trust assets have grown from $20.4 billion to $21.9 billion, or 7.4%. The Teachers' Retirement Fund ("TERF"), with $12.3 billion of assets under management at June 30, 2010, is the largest participating fund. The State Employees' Retirement Fund ("SERF") and the Municipal Employees' Retirement Fund ("MERF") have $7.8 billion and $1.5 billion of assets, respectively. During the fiscal year ended June 30, 2010, total investment return (comprised of interest income, dividends, securities lending income, and net realized gains and unrealized capital gains, net of Fund operating expenses) was $2.6 billion. (See figure 1-2.)

CRPTF's total investment in securities at fair value as of June 30, 2010 is illustrated below:

COMBINED INVESTMENT FUNDS

Investment Summary at June 30, 2010

	Fair Value (1)	% of Total Fund Fair Value
Liquidity Fund ("LF")(2)	$1,621,182,259	7.44%
Mutual Equity Fund ("MEF")	5,288,853,566	24.28%
Developed Market International Stock Fund ("DMISF")	4,328,450,937	19.87%
Emerging Market International Stock Fund ("EMISF")	2,065,255,957	9.48%
Real Estate Fund ("REF")	792,483,221	3.64%
Core Fixed Income Fund ("CFIF")	2,789,605,943	12.81%
Inflation Linked Bond Fund ("ILBF")	1,070,660,872	4.91%
Emerging Market Debt Fund ("EMDF")	1,155,351,613	5.30%
High Yield Debt Fund ("HYDF")	656,175,724	3.01%
Commercial Mortgage Fund ("CMF")	3,818,115	0.02%
Private Investment Fund ("PIF")	2,013,101,198	9.24%
Total Fund	$21,784,939,405	100.00%

(1) "Fair Value" includes securities and cash invested in Liquidity Fund (LF), and excludes receivables (FX contracts, interest, dividends, due from brokers, foreign tax, securities lending receivables, reserve for doubtful accounts, invested securities lending collateral and prepaid expenses), payables (FX contracts, due to brokers, income distribution, securities lending collateral and accrued expenses), and cash not invested in LF.

(2) The market value of LF presented represents the market value of the pension and trust balances in LF only (excluding receivables and payables); the LF balances of the other combined investment funds are shown in the market value of each fund.

Fund Management

Under the supervision of a Chief Investment Officer, the Division executes and manages the investment programs of the pension and trust funds with a fifteen-member professional staff. Internal resources are augmented by several outside consulting firms that provide research and analytical expertise to the Treasurer, the Chief Investment Officer and Pension Fund Management Division staff. State Street Bank and Trust, as the custodian of record for the CRPTF, retains physical custody, safeguards plan assets and provides record keeping services under the supervision of PFM staff.

The Treasurer employs external money and investment managers to invest each Fund. The money and investment managers are selected based on asset class expertise, investment performance and style and are expected to comply with the parameters, guidelines, and restrictions set forth in the Investment Policy Statement ("IPS"). As of June 30, 2010, 150 external money and investment managers were employed by the Treasury to invest the pension and trust assets, an increase of 2 managers from June 30, 2009. (See figure 1-5.)

The Division allocates all operating overhead directly to the earnings of the pension and trust fund assets under management. It is therefore incumbent upon the Division to manage assets in a cost-effective manner consistent with maximizing long-term returns.

Investment Policy

One of the immutable principles of investment management is that asset allocation decisions are responsible for as much as 90% of the resulting returns. In October 2007, the independent Investment Advisory Council ("IAC") approved, and the Treasurer adopted, the IPS including the asset allocation plan, which governs CRPTF investments. The asset allocation plan is customized for each plan and trust and each plan's main objective is to maximize investment returns over the long term at an acceptable level of risk, primarily through asset diversification. Risk, in this context, is defined as volatility of investment returns. (See the Understanding Investment Performance discussion in the Supplemental Section.)

Diversification across asset classes is a critical component in structuring portfolios to maximize return at a given level of risk. Likewise, asset allocation is used to minimize risk while seeking a specific level of return. In selecting an asset allocation strategy, there is a careful examination of the expected risk/return tradeoffs, correlation of investment returns, and diversification benefits of the available asset classes (i.e., those not restricted by statute) under different economic scenarios.

As shown in Figure 1-3, the number and complexity of asset classes comprising the asset allocation policy have fluctuated during the last ten years. As of June 30, 2010, multiple asset classes were included in the IPS, including public market funds associated with the management of global equities and fixed income, and alternative investments such, real estate, private investments and other opportunistic investment strategies..

At fiscal year-end, global developed and emerging markets equities comprised the largest percent of the total CRPTF, at 53.9%. Equities have an established record of maximizing investment returns over the long term. Fixed income and alternative investments were also included to enhance portfolio returns during highly inflationary or deflationary environments and to mitigate the effects of volatility in the stock market.

Asset Classes

To realize the asset allocations set forth in the IPS, the Treasurer administers the Combined Investment Funds as a series of mutual funds in which the CRPTF may invest through the purchase of ownership interests. The asset mix for each of the 14 plans and trusts is established by the Treasurer, with approval of the independent IAC, based on (1) capital market theory, (2) financial and fiduciary requirements, and (3) liquidity needs. A broad array of asset classes is considered for inclusion in a potential asset allocation structure. Each asset class has its own distinct characteristics, as well as expectations for long-term return and risk behavior.

The asset classes which make up the CRPTF's portfolio include:

Domestic Equity

The Mutual Equity Fund ("MEF") invests primarily in the common stocks of U.S. corporations. These investments are made using external money managers. MEF assets, which are allocated across the U.S. stock market, ensure diversification by both market capitalization and investment style, such as value and growth. The MEF may invest opportunistically to take advantage of shifts in the investment landscape that offer diversification and/or risk return benefits. This opportunistic allocation is made within the broad context of the MEF. The Fund measures its performance against the Russell 3000 Index. As currently structured, the MEF replicates the approximate capitalization of the U. S. equity market as a whole with 76% of the portfolio invested in large-cap stocks, 20% in small/mid-cap stocks, and 4% in all-cap.

Management of the MEF entails pure indexing, enhanced indexing, active management, and opportunistic strategies executed by external money managers. The goal of enhanced indexing is to generate a return slightly in excess of the selected index. Indexing is a particularly appropriate strategy for the "large-cap" segment of the equity markets, which is defined as the securities of the largest capitalized public companies, typically comprising the major market indices. Given the efficiency of the domestic equity market, approximately 87% of the portfolio adheres to indexing, enhanced indexing, or risk controlled strategies. The balance of the portfolio is activity managed, mainly in the "small- and mid-cap" sections of the equity markets, to allow the CRPTF the opportunity to achieve enhanced returns. Small- and mid-cap securities are issued by companies that are much smaller and not as closely monitored, researched or analyzed as the larger capitalization companies. Consequently, the small-cap segment of the U.S. equity market is less efficient. Certain active money managers are therefore more likely to outperform the markets over the long term, while earning an acceptable level of return per unit of risk.

International Equity

The international equities are divided into two funds: the Developed Markets International Stock Fund ("DMISF") and the Emerging Markets International Stock Fund ("EMISF"). The DMISF and the EMISF are separate asset classes and provide flexibility for each plan and trust fund to pursue individual allocation to each stock fund. DMISF and EMISF assets are allocated across foreign markets so that there is diversification by market, capitalization and style, comprising a mix which is structured to replicate the characteristics of the comparable developed and emerging non-U.S. stock market indices.

The DMISF invests primarily in the common stocks of non-U.S. corporations, and the investments are made using external money managers. Non-U.S. stocks are defined as common stocks issued by companies domiciled outside the U.S. International developed markets are defined as the countries included in the S&P/Citigroup Broad Market Index (BMI) EPAC (Europe, Pacific Asia Composite). The Performance Benchmark for DMISF is the S&P/Citigroup Broad Market Index (BMI) EPAC (Europe, Pacific Asia Composite) 50% hedged with net dividends reinvested.

The EMISF invests primarily in the common stocks of non-U.S. corporations, defined as the countries included in the Morgan Stanley Capital International (MSCI) Emerging Markets Free Index ("EMF Index"). The Performance Benchmark for EMISF is the MSCI Emerging Markets Investable Index (IMI) with net dividends reinvested. These investments are made using external money managers.

The DMISF is comprised of passive indexing, risk controlled, core developed markets and opportunistic strategies. Mandates for active growth/value and small cap developed market strategies represent roughly 24% and 13% of the DMISF, respectively, and introduce greater flexibility with regard to benchmark weightings. The currency exposure of the DMISF investments is managed through a currency hedging overlay strategy.

The EMISF is invested 100 percent in active, unhedged emerging markets strategies.

Fixed Income Investments

The fixed income assets are diversified across four types of funds: the Core Fixed Income Fund ("CFIF"), the Inflation Linked Bond Fund ("ILBF"), the Emerging Markets Debt Fund ("EMDF"), and the High Yield Debt Fund ("HYDF"). Investments in the various fixed income fund serves to reduce volatility of the CRPTF returns under various economic scenarios. Further, the fixed income portfolio provides cash flow to the CRPTF over all economic cycles, through interest payments and bond maturities.

The CFIF consists of managed fixed income portfolios that include debt instruments issued by the U.S. Government and its agencies, quasi-government agencies, U.S. corporations or any other public or private U.S. corporation whose debt security is regulated by the Securities and Exchange Commission. The Performance Benchmark for CFIF is the Barclay's US Aggregate Index.

The ILBF consists of managed fixed income portfolios containing domestic and foreign government-issued bonds. These bonds offer protection against inflation and contribute to overall diversification. Treasury Inflation Protected Securities (TIPS) pay semi-annual interest according to the bonds' coupon; the principal of the bonds are adjusted for inflation as measured by the Consumer Price Index ("CPI"). The Performance Benchmark for ILBF is the Barclay's US TIPS Index.

The EMDF consists of managed fixed income portfolios that contain debt instruments issued by governments and companies operating in emerging countries as defined by the benchmark and/or by The World Bank. The Performance Benchmark for EMDF is the J.P. Morgan Emerging Markets Bonds Global Index.

The HYDF consists of managed fixed income portfolios that included debt instruments rated below investment grade by a nationally recognized rating agency service (example: Standard & Poors, Moody's or Fitch). The majority of the bonds are U.S. dollar denominated. The Performance Benchmark for HYDF is the Citigroup High Yield Market Index.

Liquidity Fund

The Liquidity Fund ("LF") is designed to provide the ability to generate cash, as needed for benefit payments, through the sale of readily marketable securities. This structure enables the core holdings of the CRPTF to remain fully invested according to their investment mandate. A secondary objective of the LF is to earn a return above money market rates. While the majority of the LF is invested in money market instruments, there are allocations to intermediate maturities and developed and emerging global markets. The benchmark for the LF is the one-month LIBOR.

Real Estate and Private Equity

The Real Estate Fund ("REF") is the vehicle by which the CRPTF makes investments in the real estate asset class. The investments may consist of a number of different investment strategies and investment vehicles, including externally managed commingled funds, separate accounts and/or publicly traded real estate securities. The REF invests in real estate properties and mortgages and is designed to dampen volatility of overall returns through diversification and to provide long-term rates of return. The REF will invest in the following types: core investments; value added (investments involving efforts to increase property value through repositioning, development and redevelopment); opportunistic (investments that represent niche opportunities, market inefficiencies, or special purpose markets); and publicly traded (primarily Real Estate Investment Trusts and Real Estate Operating Companies). Leverage within the REF is limited to 60%. These investments also adhere to the Responsible Contractor Policy. The Performance Benchmark for REF is the NCREIF Property Index.

The Private Investment Fund (PIF) investments generally are made in externally managed limited partnerships or through separate accounts that focus on private stock investments, which include both venture capital and corporate finance investment strategies. Venture capital typically involves equity capital invested in young or development stage companies, whether start-up, early, mid or late-stage companies. Corporate finance typically involves equity and debt capital invested in growth, mature or distressed stage companies, often through the financing of acquisitions, spin-offs, mergers or changes in capitalization. The Performance Benchmark for PIF is the S&P 500 plus 500 basis points Index.

Alternative Investments

The Alternative Investment Fund ("AIF") invests CRPTF assets in investment strategies which offer the potential to enhance return characteristics and/or reduce risk. The AIF provides a vehicle for investment in portfolio strategies which are not easily classified, categorized, or described in the other investment funds. Hybrid strategies which contain multiple asset classes are also considered part of the opportunity set.

Securities Lending

The Treasury maintains a securities lending program for the CIF designed to enhance investment returns. This program involves the lending of securities to broker/dealers secured by collateral valued slightly in excess of the market value of the loaned securities. Typically, the loaned securities are used by broker/dealers as collateral for repurchase agreements, as well as to cover short sales, customer defaults, dividend recapture, and arbitrage trades. To mitigate the risks of securities lending transactions, the master custodian carefully monitors the credit ratings of each counter-party and overall collateral level. Collateral held is marked-to-market on a daily basis to ensure adequate coverage. The guidelines of the securities lending collateral investment pool require a high level of creditworthiness and consist of short duration assets.

State Street Bank and Trust Company, the current master custodian for the Funds, is responsible for marketing the program, lending the securities, and obtaining adequate collateral. For the fiscal year ended June 30, 2010, securities with a market value of approximately $2.7 billion had been loaned against collateral of approximately $2.8 billion. Income generated by securities lending totaled $15.7 million for the fiscal year.

The Year in Review

Total Fund Performance

During the fiscal year, the value of CRPTF's portfolio increased to $21.9 billion from $20.4 billion as of June 30, 2010. The portfolio posted a net inflow of funds from operations of $2.6 billion (net investment income of $0.7 billion, realized gains of $0.2 billion and unrealized gains of approximately $1.7 billion) and a net cash outflow of $1.1 billion. The net cash outflow of $1.1 billion was comprised of pension payments to beneficiaries of $1.7 billion that were offset by net contributions from unit holders of $0.6 billion.

For the fiscal year ended June 30, 2010, the CRPTF posted an investment return of 12.88% (3), net of all expenses. The CRPTF is made up of 14 plans and trusts and the return for each plan or trust is measured against its customized benchmark. The three largest plans, which represent approximately 99% of the CRPTF assets, are the State Employees' Retirement Fund (SERF), TERF, and the Municipal Employees' Retirement Fund (MERF). The returns of TERF, SERF and MERF are measured against a hybrid benchmark customized to reflect each plan's asset allocation and performance objectives. Investment return calculations are prepared using a time weighted rate of return based on market rate of return.

(3) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers'; State Employees; and Municipal Employees') are separately presented as the asset allocations of each fund are different.

TERF's benchmark is comprised of 25% Russell 3000 Index; 20% S&P/Citigroup EPAC Broad Market 50% Hedged index; 9% MSCI Emerging Market Investable Market Index; 13% Barclay's US Aggregate Index; 4% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 6% Barclay's US TIPS Index; 6% One Month Libor Index; 5% NCREIF Index; and 10% S&P 500 Index.

SERF's benchmark is comprised of 26% Russell 3000 Index; 20% S&P/Citigroup EPAC Broad Market 50% Hedged index; 9% MSCI Emerging Market Investable Market Index; 13% Barclay's US Aggregate Index; 4% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 6% Barclay's US TIPS Index; 4% One Month Libor Index; 5% NCREIF Index; and 11% S&P 500 Index.

MERF's benchmark is comprised of 20% Russell 3000 Index; 16% S&P/Citigroup EPAC Broad Market 50% Hedged index; 8% MSCI Emerging Market Investable Market Index; 19% Barclay's US Aggregate Index; 5% JP Morgan Emerging Markets Global Index; 2% Citigroup High Yield Market Index; 10% Barclay's US TIPS Index; 3% One Month Libor Index; 7% NCREIF Index; and 10% S&P 500 Index.

Domestic Equity Performance

Over the first half of the fiscal year, equity markets rebounded strongly across all market caps (large, mid, small) and investment styles (value, core, growth) following news of increases in US economic growth and investor appetite for taking on risk. The broad market continued to recover through March driven by performance in the consumer discretionary and industrial sectors. However, the MEF suffered in the quarter ending June 30, 2010 as all major domestic equity indices posted losses led by events such as the European debt crisis, the Gulf of Mexico oil spill, and a rebound of uncertainty regarding the health of the economic recovery. All ten sectors of the S&P 500 posted losses during the last quarter of the fiscal year. The materials, industrials, financials and energy sectors were particularly hard hit. During fiscal year 2010, the MEF generated a positive return of 14.01%, net of fees and operating expenses, which underperformed the Russell 3000 Index return of 15.72% by 171 basis points.

International Equity Performance

Like the US, the developed international markets were affected by the same global economic environment and they rose in unison with, and rebounded similar to, US equity markets. In particular, the DMISF posted a gain of 11.03%, net of fees and operating expenses, which outperformed its benchmark index return of 9.68% by 135 basis points.

During the fiscal year ended June 30, 2010, the emerging markets continued to lead the global equity rally led by the strength in the financial sector. As many investors regained confidence and viewed the emerging market countries as significant players in the global economic recovery, performance of the BRIC (Brazil, Russia, India and China) led the rally. However beginning in calendar year 2010, countries such as China and Brazil experienced negative returns and the market value advances came to a halt over the quarter ending June 2010. The financial instability in several European countries fueled by the sovereign debt crisis, decreased investment appetite throughout the region. Despite the pull back during the last quarter of the fiscal year, the EMISF generated a return of 25.23%, net of fees and operating expenses, which outperformed its benchmark index return of 24.57% by 66 basis points.

Fixed Income Performance

The fixed income markets continued to improve and become more liquid by virtue of Government programs such as TALF and PPIP, which stabilized the more illiquid fixed income mortgage and asset backed sectors of the market. Risk appetite returned given the improving economic environment, which ultimately led to a further narrowing of credit spreads resulting in a dramatic improvement in the overall return for all fixed income markets in which the CRPTF invests.

For the fiscal year 2010 the CFIF generated a total return of 11.81%, net of fees and operating expenses, outperforming the benchmark return of 9.50% by 231 basis points. The outperformance was attributable to the fact that core holdings were underweight U.S. Treasury notes and overweight credit sensitive securities. The improvement in risk appetite helped support the below investment grade market and the HYDF posted a return of 24.54% net of fees and operating expenses, the fund did underperform the benchmark return of 25.64% by 110 basis points due to the fact that the CRPTF's high yield portfolio had a higher than average credit quality profile. The ILBF, supported by falling US Treasury rates, generated a total return of 9.48% net of fees and operating expenses, virtually even to its benchmark return of 9.52%. The EMDF generated a total return of 23.02%, net of fees and operating expenses, outperforming the benchmark return of 17.90% by 512 basis points. Finally, the LF generated a return of .98%, outperforming the one month LIBOR benchmark of .27%, by 71 basis points.

Real Estate and Private Equity Performance

For the fiscal period ending June 30, 2010, the REF generated a total return of -20.18%; net of fees, which underperformed the un-levered National Council of Real Estate Investment Fiduciaries Index (NCREIF) of -9.60% by 10.58%. The underperformance was caused by the falling real estate market values, the fact that the REF portfolio uses leverage, and the addition of several new funds that are still in the early stages and have not generated pro-forma returns. The REF increased its portfolio from $769.7 million to $783.8

million primarily due to new purchases offset by net unrealized losses. The strategy for the REF is to invest in core real estate holdings, value add and opportunistic funds. Allocated to the lower risk strategy of core real estate is 36%, and these funds have a maximum leverage requirement of only 30%. The remaining 64% of the portfolio is invested in value add and opportunistic strategies and allow for a higher amount of leverage, typically 60% - 75% loan to value. The REF also has outstanding commitments of approximately $400 million which are being held in reserve by various investment managers to take advantage of distressed commercial real estate sales. At fiscal year-end the REF represented 3.6% of the CRPTF assets

For the fiscal year ended June 30, 2010, the Private Investment Fund ("PIF") generated a one year 17.32% compounded annual rate of return. This compares favorably to its public market benchmark, the S&P 500, which returned 14.43% over the same period. Following a relatively slow start, U.S. buyout and venture markets were active during the latter half of fiscal year 2010, with deal volume increasing 29% and 23%, respectively, compared to the same time period one year earlier. There were 22 venture-backed IPOs in the first six months of calendar year 2010, the highest level since the last market peak in 2007. The fund-raising environment continues to be challenging for private equity fund managers. U.S. buyout fundraising dropped 43% and venture fundraising was down 33% through the first half of calendar year 2010 compared the same period in 2009.

2010 Management Initiatives

During the fiscal year the Office of the Treasurer completed the implementation of the Alternative Investment Fund (AIF), including a structure review of the asset class and the conclusion of the first phase manager search in which the Treasurer named five absolute return fund of hedge fund managers as preferred vendors. In furtherance of the asset class objectives, the AIF will provide the CRPTF the flexibility to consider evolving and market-driven investment strategies.

As a result of a competitive search, two Emerging Markets International Stock Fund managers were hired. Also during fiscal year 2010 two investment commitments totaling $175 million were awarded to Private Investment Fund managers. There were three Real Estate Fund commitments this fiscal year with the investment in the Public-Private Investment Program, or PPIP. This is a U.S. Treasury opportunity designed to repair the capital markets by investing in legacy, distressed residential and commercial mortgage-backed securities and loans. Three of the eligible investment firms were hired to manage a total investment commitment of $200 million.

The Connecticut Horizon Fund ("CHF"), funded in August 2005, is a $631 million fund-of-funds public market program and a $155 million private equity allocation created to give access to the Treasury's business to a wider number of firms, and to open up such business to more women-owned, minority-owned, Connecticut-based and emerging firms. In fiscal year 2010, public market managers totaled 42 CHF sub-managers; 16 were minority-owned, 8 were women-owned, and 7 were Connecticut-based firms (3 of which are also women and/or minority owned) and 14 were emerging firms There are 7 private equity submanagers, including 4 minority-owned, 2 emerging strategies and 1 Connecticut-based. Additionally, there are 7 private equity submanagers, including 4 minority-owned, 2 emerging strategies and 1 Connecticut-based.

The CRPTF continued to expand the diversity of firms with which PFM does business. Overall, minority-owned, women-owned, Connecticut-based and emerging firms, 34 in all, comprised 29% of the firms with which the division did business; these firms earned fees of over $36 million, representing 39% of all fees paid by the division. In actual dollars this was the highest level ever and as a percentage of all fees paid by the division, the second highest level ever, trailing only 2009. Since 1999, the number of minority-owned, women-owned, Connecticut-based and emerging firms has more than doubled, the annual fees paid to such firms have increased 3 times and the assets under management have nearly tripled.

Proxy Voting and Corporate Governance

During 1999 and 2000, the Treasurer's Office developed comprehensive domestic and international proxy voting policies. These policies, which are part of the Investment Policy Statement as mandated by state law, guide proxy voting at Connecticut Retirement Plans and Trust Funds ("CRPTF") portfolio companies.

Under these policies, the Treasurer not only votes proxies, but also engages with companies through letters, dialogues, and filing shareholder resolutions either alone or in concert with other institutional investors to protect and enhance the value of the CRPTF. The Office also advocates for the protection and enhancement of shareholder rights with the Securities and Exchange Commission (SEC), the U.S. Congress and the stock exchanges. In spring of 2007, the Investment Advisory Counsel approved changes to the domestic policies to reflect recent developments in the laws and regulations affecting proxy voting.

Connecticut law requires the Treasurer to consider the economic, social, and environmental impact of investment decisions. State law also prohibits investment in companies doing business in Northern Ireland that have not implemented the MacBride Principles of fair employment. Similar statutory prohibitions allow the Treasurer to engage with, and divest of holdings in, companies conducting business with Sudan and with Iran counter to U.S. foreign policy.

The Treasurer's activities in 2010 were against a backdrop of the continuing international financial crisis that severely impacted the global economy and all companies in which the CRPTF invests, as well as government initiatives to address the crisis. During the 2010 fiscal year, Treasurer Nappier provided formal policy comments to regulatory agencies on issues that have a significant impact on institutional investors. She also provided input to the U.S. Congress on its regulatory reform legislation, which was signed into law by the President in July 2010. In letters to the U.S. congressional leadership the Treasurer joined with other investors providing input and making recommendations on how the then pending legislation would impact the Treasury. These issues included corporate governance, executive compensation, regulation of banks, financial advisors and hedge funds, use and transparency of financial derivatives, securities lending, credit rating agencies, and financial literacy, and other related issues. The legislative process will be followed by an intense period of adoption of regulations by administrative agencies (particularly the SEC), and implementation. The Treasurer has and will continue to provide the SEC and other oversight agencies with comments on proposed rules affecting these issues.

The issues surrounding the fiscal crisis were evidenced on the CRPTF shareholder front as well. In fiscal year 2010, the CRPTF filed shareholder resolutions at 16 companies. The CRPTF engaged with companies through activities ranging from writing letters and attending annual shareholder meetings, to holding face-to-face dialogues with corporate management and board members. In support of its efforts, the Treasurer's Office worked with a wide cross-section of investors representing public pension funds, labor funds, and faith-based investors. Executive compensation is one of the key issues for the CRPTF, and the fund was active in this area throughout the reporting period. In 2010, the Treasurer addressed executive compensation on a number of fronts including advocating for an annual advisory vote on executive compensation at all companies (say on pay), calling for independence of compensation consultants, working with several portfolio companies to adopt policies related to severance payments, addressing internal pay equity, and requesting policies requiring equity compensation be held until retirement.

In the area of climate change and related energy issues, the Office continued to take a leading role in the Investor Network on Climate Risk (INCR) and the Global Warming Shareholder Campaign (GWSC). The Treasurer engaged with a number of companies on these issues, including asking companies to set greenhouse gas emission goals, to set targets for energy use reductions and report to shareholders on progress in achieving those targets, to issue sustainability reports to shareholders that directly address climate and energy issues, calling on auto companies to produce more energy efficient vehicles, and engaging with investors and electric utility companies on new business models that will be needed in that industry.

As part of its corporate governance practices, the Treasurer's office is charged with enforcing the state law relating to religious non-discrimination practices in the workplace in Northern Ireland. During the fiscal year, two companies agreed to implement the MacBride Principles, which are a corporate code of conduct for companies doing business in Northern Ireland and consist of nine fair employment and affirmative action principles. The list of adopting companies in fiscal year 2010 includes Art Technologies and The PublicCard Inc.

In addition to the MacBride Principles, the Treasurer's Office proposed, and the General Assembly adopted a law, requiring the CRPTF to review pension fund investments in companies doing business in the Republic of Sudan. The 2006 law grants the Treasurer authority to engage and potentially divest holdings from companies shown to contribute to the Sudanese government-backed genocide. In May 2007, the Treasurer announced the first divestment of CRPTF holdings companies doing business in Sudan. Through the end of FY 2010, the Treasurer has directed CRPTF's investment managers to divest from and refrain from further investment in 13 companies: Bharat Heavy Electricals Ltd. (BHEL), China Petroleum and Chemical Corp., CNPC (Hong Kong), Dongfeng Motor Corporation, MISC Bhd, Nam Fatt Corp., Oil and Natural Gas Corp. (ONGC), PECD Group, PetroChina Co. Ltd., Petronas Capital Ltd., Sinopec Shanghai Petrochemical Corp., Sudan Telecom (Sudatel), and Wartsila Oyj.

Copies of the Connecticut pension fund's proxy voting policies and a report of proxy votes cast are available for review and download at the State Treasurer's web site: http://www.state.ct.us/ott/proxyvoting.htm

Asset Recovery and Loss Prevention

While market risk will always be a component of any investment program, Treasurer Nappier's Legal and Compliance Units work to manage such risk by limiting opportunities for loss due to the malfeasance of others. Extensive pre-contracting due diligence helps the Office of the Treasurer select the best vendors and products to meet the needs of the Office. Careful contract negotiation, coupled with implementation of best practice contract language, lends clarity to the obligations of the Office of the Treasurer and of the vendors of the Office. The Office maintains contact with other similar governmental offices and shares ideas for enhancement of contract language, frequently offering advice to counterparts in other states.

The Office of the Treasurer deters malfeasance with its reputation for aggressive pursuit of all opportunities to recover assets lost due to the misfeasance or malfeasance of others.

While Congress considered the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted into law on July 21, 2010, the Office of the Treasurer carefully monitored the proposals and offered suggestions and shareholder perspective on the bill's original language and amendments, both directly and in conjunction with other shareholders and elected officials.

The US Treasury and the Securities and Exchange Commission continue to propose structural regulatory and rule changes that are designed to rebuild and enhance financial supervision of our nation's financial industry. The Office of the Treasurer has carefully reviewed the proposals and, where appropriate, supported or offered comment on the proposed language. As an institutional investor, the Office believes stronger federal regulation of financial institutions is likely to result in increased compliance and reduced risk.

The Office of the Treasurer takes a measured approach to litigation, but is prepared, when necessary, to pursue judicial solutions where negotiations are unsuccessful. The Office of the Treasurer continues to consider making application to serve as lead plaintiff in class action litigation and encourages other institutional investor lead plaintiffs to aggressively negotiate reasonable legal fees. From time to time, the Office of the Treasurer has used litigation to encourage corporate governance enhancements. Although rare, the Office of the Treasurer has filed individual and group actions to pursue specific rights where disputing parties are unwilling or unable to reach an extra-judicial conclusion.

Class Action Securities Litigation

The CRPTF recovered $5.76 million from class action settlements in the fiscal year ended 2010, including substantial recovery from the securities litigation involving Enron, McKesson and Merrill Lynch. We continue to closely monitor opportunities to recover lost assets through participation in class action litigation. The Office of the Treasurer, as the Trustee for the CRPTF, is currently the lead plaintiff in the matter known as *In Re Amgen, Inc. Securities Litigation*, filed in the federal district court for the Southern District of California.

The court in Amgen approved the class certification motion. We entered the discovery phase of the case in the fall of 2009. The Defendants have filed an appeal to the 9th Circuit Court of Appeals, seeking to set aside the class certification order. All discovery activities have been stayed, pending the appeal.

Corporate Governance Related Litigation

Litigation has not been required for corporate governance matters in the past fiscal year. The Office of the Treasurer prefers to focus on engagement of companies with these issues. Litigation is an effective tool, but used judiciously.

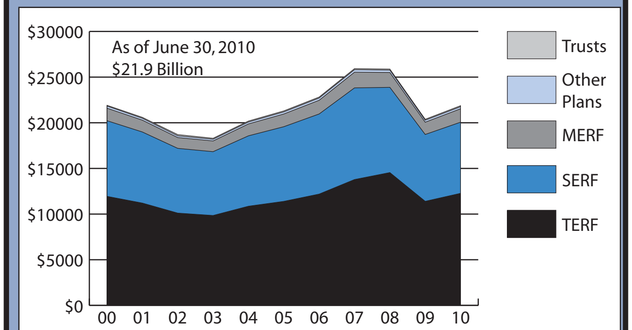
Other Litigation

The Office of the Treasurer engaged legal counsel in Belgium to pursue recovery of losses in connection with certain alleged malfeasance by the Dutch-Belgian financial firm Fortis, N.A. This matter is in very early stages of litigation.

The matter involving Keystone Venture V L.P. (the “Partnership”) is awaiting final distribution of the partnership’s assets. Although such final distribution was anticipated to have occurred in December 2008, counsel and the liquidating trustee are in agreement that such distribution should wait until the conclusion of a certain action initiated by the Securities and Exchange Commission against the Managing Partners and Michael Liberty. Expected to have been resolved in the fall of 2008, the matter was not concluded during the fiscal year ended 2010. The limited partners have requested that any disgorged assets obtained by these federal agencies be turned over to the investors. The SEC’s case against Mr. Liberty settled in October 2010. Upon receipt of amounts to be distributed to the limited partners pursuant to the order of the court, the remaining assets will be distributed.

Figure 1-1

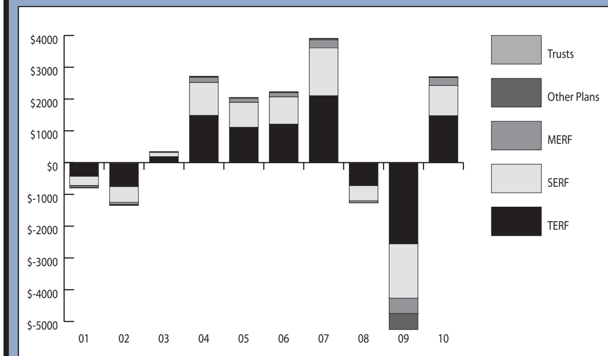
PENSION AND TRUST FUNDS
Growth in Assets ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-2

PENSION AND TRUST FUNDS
Investment Returns ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 1-3

PENSION AND TRUST FUNDS ASSET ALLOCATION
Actual vs. Policy at June 30, 2010

	TERF				SERF				MERF			
	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range	Actual	Target Policy	Lower Range	Upper Range
U.S. EQUITY												
Mutual Equity Fund (MEF)	24.4%	25.0%	17.0%	35.0%	25.3%	26.0%	17.0%	35.0%	18.4%	20.0%	12.0%	27.0%
INTERNATIONAL EQUITY												
Developed Market Intl Stock Fund (DMISF)	20.7%	20.0%	13.0%	27.0%	20.9%	20.0%	13.0%	27.0%	15.5%	16.0%	8.0%	21.0%
Emerging Market Intl Stock Fund (EMISF)	9.5%	9.0%	6.0%	12.0%	9.7%	9.0%	6.0%	12.0%	8.8%	8.0%	6.0%	10.0%
REAL ESTATE												
Real Estate Fund (REF)	3.6%	5.0%	4.0%	7.0%	3.6%	5.0%	4.0%	7.0%	3.5%	7.0%	5.0%	9.0%
FIXED INCOME												
Core Fixed Income Fund (CFIF)	11.6%	13.0%	9.0%	20.0%	11.8%	13.0%	9.0%	20.0%	17.1%	19.0%	14.0%	26.0%
Inflation Linked Bond Fund (ILBF)	4.5%	6.0%	4.0%	8.0%	4.5%	6.0%	4.0%	8.0%	9.3%	10.0%	7.0%	13.0%
Emerging Market Debt Fund (EMDF)	5.3%	4.0%	3.0%	5.0%	5.4%	4.0%	3.0%	5.0%	5.3%	5.0%	3.0%	7.0%
High Yield Debt Fund (HYDF)	3.1%	2.0%	1.0%	3.0%	3.2%	2.0%	1.0%	3.0%	3.1%	2.0%	1.0%	3.0%
Liquidity Fund (LF)	8.0%	6.0%	4.0%	10.0%	6.3%	4.0%	2.0%	7.0%	10.0%	3.0%	1.0%	6.0%
Commercial Mortgage Fund (CMF)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PRIVATE EQUITY												
Private Investment Fund (PIF)	9.3%	10.0%	8.0%	14.0%	9.3%	11.0%	8.0%	14.0%	9.0%	10.0%	7.0%	13.0%
TOTAL	**100.0%**	**100.0%**			**100.0%**	**100.0%**			**100.0%**	**100.0%**		

Figure 1-4

PENSION AND TRUST FUNDS
Asset Class Diversification

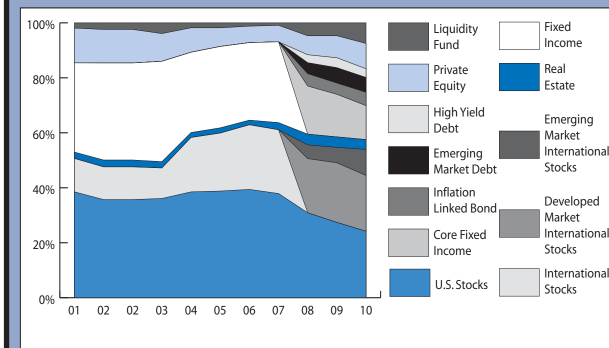


Figure 1-5

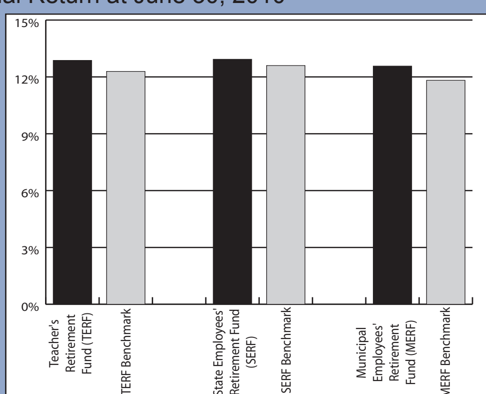
PENSION AND TRUST FUNDS
Advisor Breakdown

Fund	June 30, 2010	June 30, 2009
MEF	9	10
DMISF(1)	13	14
EMISF	4	2
PIF	66	66
CFIF	5	6
ILBF	2	2
EMDF	5	5
HYDF	4	4
CMF	1	1
REF	35	34
LF	6	4
Total(2)	150	148

(1) Does not include the Currency Overlay Manager.
(2) Actual total advisors was 142 and 139, respectively when factoring in advisors across multiple funds. Private Investment Fund partnerships with a $0 market value are not included.

Figure 1-6

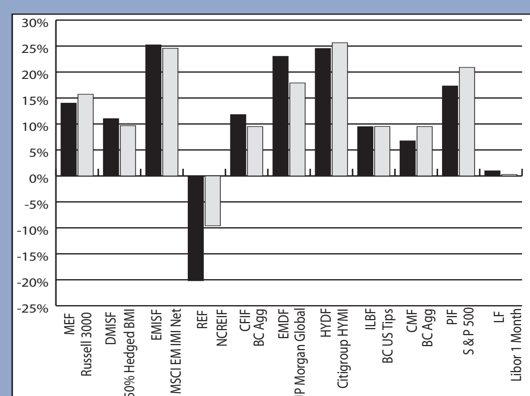
PENSION AND TRUST FUNDS
Annual Return at June 30, 2010 (1)



(1) Each Plan benchmark composite represents the Plans policy allocation weights times each investment Fund's return.

Figure 1-7

PENSION AND TRUST FUNDS
Annual Returns vs. Benchmarks



Combined Investment Funds Total Return Analysis (%)

	Fiscal Years Ending June 30,					Annualized		
	2010	2009	2008	2007	2006	3 Years	5 Years	10 Years
(Investment performance is calculated using a time-weighted rate of return based on the market rate of return.)								
PLANS								
Teacher's Retirement Fund (TERF)	12.87	(17.14)	(4.77)	17.47	10.74	(3.79)	2.99	3.10
TERF Benchmark-NCREIF	12.29	(16.85)	(6.03)	17.85	10.55	(4.27)	2.71	2.59
TERF Benchmark-Russell 3000	13.63	(17.62)	(7.29)	18.00	10.01	(4.61)	2.41	2.15
State Employees' Retirement Fund (SERF)	12.93	(18.25)	(4.83)	17.37	10.57	(4.22)	2.66	2.89
SERF Benchmark-NCREIF	12.60	(17.42)	(6.20)	17.85	10.55	(4.46)	2.59	2.53
SERF Benchmark-Russell 3000	13.93	(18.19)	(7.46)	18.00	10.01	(4.81)	2.29	2.08
Municipal Employees' Retirement Fund (MERF)	12.57	(14.90)	(4.11)	16.96	9.87	(2.79)	3.37	3.19
MERF Benchmark-NCREIF	11.82	(14.20)	(5.11)	17.85	10.55	(3.08)	3.47	2.97
MERF Benchmark-Russell 3000	13.71	(15.26)	(6.57)	18.00	10.01	(3.44)	3.17	2.52
COMBINED INVESTMENT FUNDS								
U.S. Stocks								
Mutual Equity Fund	14.01	(28.36)	(12.99)	18.24	10.29	(10.76)	(1.51)	(0.66)
Russell 3000 Index	15.72	(26.56)	(12.69)	20.07	9.56	(9.47)	(0.48)	(0.92)
International Stocks								
Developed Markets International Stock Fund	11.03	(27.98)	(14.60)	26.36	23.91	(11.93)	1.35	N/A
S&P/Citigroup EPAC BMI 50% Hedged	9.68	(26.79)	(16.05)	27.07	27.37	(12.32)	1.76	N/A
Emerging Markets International Stock Fund	25.23	(30.90)	0.19	42.27	35.85	(4.65)	10.88	10.12
MSCI Emerging Market Investable Market Index	24.57	(26.84)	3.49	44.99	35.47	(1.93)	13.12	10.21
Equity Commercial Real Estate								
(1) Real Estate Fund	(20.18)	(28.66)	6.04	14.21	6.87	(15.48)	(5.92)	1.18
Russell 3000 Index	15.72	(26.56)	(12.69)	20.07	9.56	(9.47)	(0.48)	(0.92)
Russell NCREIF (1 Qtr. Lag)	(9.60)	(14.68)	13.58	16.59	20.19	(4.32)	4.19	7.12
U.S. Fixed Income								
Core Fixed Income Fund	11.81	2.84	5.65	5.84	(0.39)	6.70	5.07	6.45
BC Aggregate Bond Index	9.50	6.05	7.13	6.12	(0.81)	7.55	5.54	6.47
Emerging Market Debt	23.02	(3.62)	5.59	14.84	11.07	7.78	9.81	N/A
JP Morgan EMBI Global	17.90	2.24	5.10	11.12	4.62	8.21	8.16	N/A
High Yield Debt	24.54	(4.59)	(1.88)	12.01	4.49	5.25	6.41	6.49
Citigroup High Yield Market Index	25.64	(3.26)	(2.29)	11.63	4.14	5.90	6.66	7.18
Inflation Linked Bonds	9.48	(0.20)	16.81	3.45	(1.70)	8.47	5.35	N/A
BC US Tips	9.52	(1.11)	15.09	3.99	(1.64)	7.62	4.98	7.46
Commercial Mortgage Fund	6.75	(3.14)	12.05	8.17	9.51	5.03	6.54	7.88
BC Aggregate Bond Index	9.50	6.05	7.13	6.12	(0.81)	7.55	5.54	6.47
Alternative Assets								
(1) Private Investment Fund	17.32	(16.36)	13.66	19.56	11.46	3.71	8.25	3.49
S & P 500	14.43	(26.22)	(13.12)	20.59	8.63	(9.81)	(0.79)	(1.59)
State Street Private Equity Index (1 Qtr. Lag)	20.89	(29.34)	13.54	29.75	27.89	(1.02)	9.98	N/A
Liquidity Fund								
(2) Liquidity Fund	0.98	1.54	4.59	5.61	4.51	2.36	3.43	3.19
Libor 1 Month Index	0.27	1.35	4.10	5.37	4.51	1.89	3.10	2.87

(1) Real Estate and Private Investment returns published for prior years were net of management fees and for 2008 forward published numbers are net of all expenses.

(2) The Liquidity Fund includes all cash balances, including manager cash. However all fund returns still reflect cash balances.

2010 liquidity fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To provide a liquid source of funds to meet the cash flow needs of the pension and trust funds, thereby enabling the other investment funds to remain fully invested.

Performance Objective: An annual total return in excess of the benchmark.

Benchmark: One Month LIBOR Index

Date of Inception: November 1, 2007

Total Net Assets: $2,218,880,969

Number of Advisors: 6 external

Management Fees: $2,892,287

Operating Expenses: $388,757

Expense Ratio: .15%

Description of the Fund

The Liquidity Fund is structured into three tiers for the purpose of enhancing investment returns and better matching cash outflows. The first tier invests solely in money market instruments, which are highly liquid securities with maturities of less than one year The second tier adds incremental credit risk and an extension of maturities, to match future expected benefit cash outflows and to generate additional interest income. The third tier adds foreign exposure and further maturity extension, providing global diversification and enhanced expected return. This structure enables the CRPTF to strategically manage cash to meet the outflow requirements of the plans and trusts, while maximizing potential returns and avoiding forced securities sales in other investment funds, especially in down markets.

Portfolio Characteristics

The preservation of the Fund's capital, a high degree of liquidity and a strong focus on credit fundamentals represent the core of the investment philosophy for the Liquidity Fund. The Liquidity Fund investments include Treasury securities, Government Agency paper, commercial paper, certificates of deposit, asset-backed securities, mortgage backed securities, domestic and foreign corporate bonds, sovereign debt and foreign currency. Preferred stock and convertible bonds are not permitted, nor are derivative securities, with the exception of currency spot or forward contracts. At June 30, 2010, the weighted average maturity of the LF was 202 days and the average quality rating was AA-1. (See Figure 2-5.)

Market Review

Short term interest rates remained historically low and relatively stable during the fiscal year. One-month LIBOR traded around 25 basis points for the period while the targeted Fed Funds rate was between zero and 25 basis points. During early fiscal 2010, Treasury yields rose due to increased investor risk appetite and concerns about excess supply of Treasury issues. The Treasury yield curve steepened significantly with the difference between two and ten year Treasuries widening to 270 basis points during the first half of the fiscal year, but flattening by almost 50 basis points in the second half of the year. The sovereign debt crisis, along with discouraging domestic economic data, led to a shift back towards higher quality assets. The U.S. dollar declined against a basket of major currencies during the first five months of the year and rose steadily thereafter, although there were marked differences in relative currency movements across countries. For example, the reverse trends occurred against the Euro, with the U.S. dollar rising through November and declining into early June before turning upward again. The Euro was adversely impacted by the Greece debt crisis and fears of contagion. The dollar was flat against the Chinese yuan most of the fiscal year due to Chinese central bank intervention.

Performance Summary

For the fiscal year ended June 30, 2010, the Liquidity Fund generated a return of .98%, net of all expenses, outperforming the one month LIBOR benchmark of .27%, by 71 basis points. (See Figure 2-6.) Tier 1 returned .30%, having the lowest credit and interest rate risk of the three tiers. During fiscal 2010, Tiers 2 and 3 were fully funded. Their annual return contributions of 2.00% and 3.87%, respectively, were the result of maturity extension, credit exposure and foreign diversification.

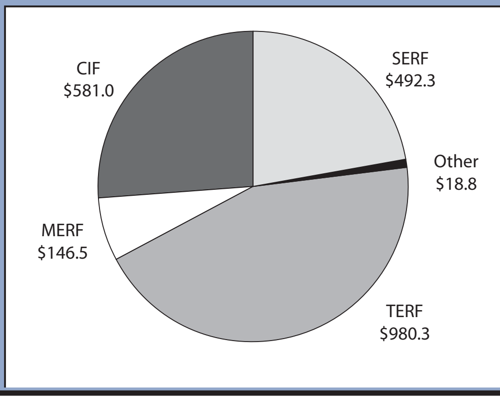
As of June 30, 2010, the Fund's compounded annualized total returns for the trailing three, five and ten year periods were 2.36%, 3.43% and 3.19%, respectively, net of all expenses. These returns exceeded those of the Fund's benchmark for the time periods listed by 47, 33 and 32 basis points, respectively. The cumulative returns of the Liquidity Fund for the three, five and ten year periods were 7.24%, 18.37% and 36.88%, respectively. (See Figure 2-6.)

Risk Profile

By maintaining a short average maturity the Fund has relatively low interest rate risk and by investing in high quality securities, the Liquidity Fund has a lower risk of credit default. The Fund does assume currency risk though its investments in global sovereign bonds and emerging market currencies. The Fund has negligible liquidity risk, reinvestment risk or inflation risk. Counter party risk is carefully managed by dealing only with reputable, very high quality firms.

Figure 2-1

LIQUIDITY FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund
CIF - Combined Investment Funds

Figure 2-2

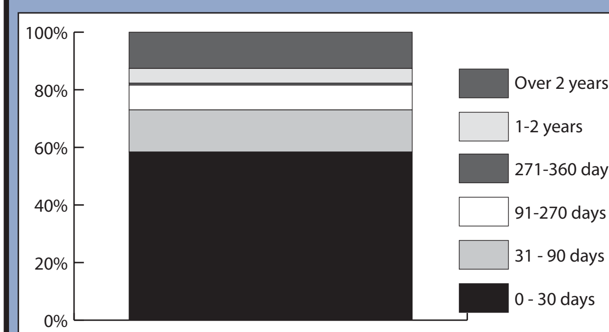
LIQUIDITY FUND[1]
Risk Profile at June 30, 2010

Relative Volatility	1.02
Standard Deviation	0.61
R^2	0.20
Beta	0.68
Alpha	0.33

(1) Based upon returns over the last five years.

Figure 2-3

LIQUIDITY FUND
Security Maturity[1] Analysis at June 30, 2010



(1) Or Interest Rate Reset Period.

Figure 2-4

LIQUIDITY FUND
Distribution by Security Type at June 30, 2010

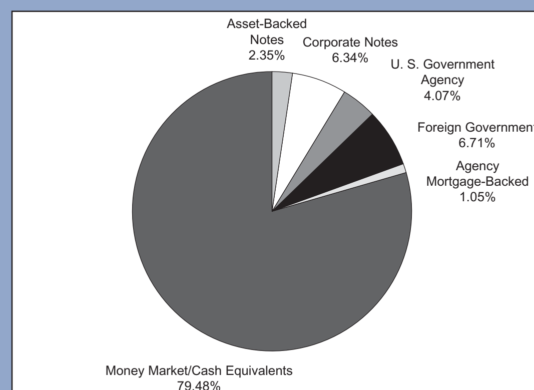


Figure 2-5

LIQUIDITY FUND
Comprehensive Profile

Date	Number of Issues	Yield[1]	Average Maturity	Average Quality
2010	244	0.98%	202 days	AA-1
2009	162	1.54%	36 days	AA-2
2008	71	4.59%	39 days	A-1+/AA+
2007	97	5.61%	87 days	A-1+/AA+
2006	69	4.54%	54 days	A-1+/AA+
2005	100	2.38%	44 days	A-1+/AA+
2004	92	1.30%	48 days	A-1+/AA+
2003	109	1.80%	48 days	A-1+/AA+
2002	104	3.03%	51 days	A-1+/AA+
2001	90	6.35%	65 days	A-1+/AA+

(1) Represents annual total return of the Fund for year ended June 30.

Figure 2-6

LIQUIDITY FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
LF	0.98	2.36	3.43	3.19
Libor 1 Month Index	0.27	1.89	3.10	2.87
Cumulative Total Return (%)				
LF	0.98	7.24	18.37	36.88
Libor 1 Month Index	0.27	5.79	16.49	32.74

Figure 2-7

LIQUIDITY FUND
Annual Total Return

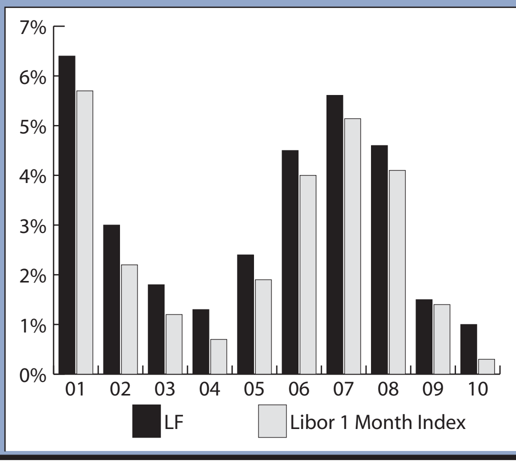


Figure 2-8

LIQUIDITY FUND
Investment Advisor Tiers at June 30, 2010

Investments	Net Asset Value	% of Fund
Tier I	$1,493,003,627	67.29%
Tier II	376,918,808	16.99%
Tier III	348,958,534	15.72%
Total LF	**$2,218,880,969**	**100.00%**

Figure 2-9

LIQUIDITY FUND
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	$1,493,003,644	67.29%
Payden & Rygel	100,657,036	4.54%
PIMCO	176,020,927	7.93%
Ambassador Capital Management	100,240,839	4.52%
Lazard	172,298,394	7.76%
Colchester Global Investors Ltd.	176,660,129	7.96%
TOTAL LF	**$2,218,880,969**	**100.00%**

Figure 2-10

LIQUIDITY FUND
Ten Largest Holdings* at June 30, 2010

Security Name	Maturity Date	Market Value	%
Barclays Cap Tri Party C	7/1/2010	$99,245,000	4.48%
Bank Of Nova Scotia	7/14/2010	53,000,000	2.39%
Westpac Banking Corp	7/12/2010	47,996,187	2.16%
Deutsche Bank Ag Ny	7/6/2010	45,000,000	2.03%
Barclays Capital Repo	7/1/2010	44,000,000	1.99%
Credit Suisse First Boston Repo	7/1/2010	44,000,000	1.99%
Barclays Bank Plc	1/7/2011	40,000,000	1.81%
HSBC Tri Party C	7/1/2010	40,000,000	1.81%
CSFB Tri Party C	7/1/2010	40,000,000	1.81%
Deutsche Tri Party C	7/1/2010	40,000,000	1.81%
Top Ten		**$493,241,187**	**22.28%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010 mutual equity fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To participate in the growth of the U. S. economy through the ownership of domestic equity securities.

Performance Objective: An annual total return that is 65 to 135 basis points greater than that of the Russell 3000 after expenses.

Benchmark: Russell 3000 Index

Date of Inception: July 1, 1972

Total Net Assets: $5,289,091,696

Number of Advisors: 9 external

Management Fees: $10,744,251

Operating Expenses: $2,224,959

Expense Ratio: 0.24%

Description of the Fund

The Mutual Equity Fund (MEF) is an externally managed fund investing in primarily the common stocks of U.S. corporations. MEF serves as an investment vehicle for the Pension and Trust Funds with the goal of earning a long-term real rate of return significantly above the inflation rate.

At the close of the fiscal year, MEF consisted of ten externally managed equity portfolios structured to approximate the composition of the Russell 3000 Index. The ten portfolios were managed by nine advisors grouped into five style categories. By style, investments at year end were diversified as 63.7% in large capitalization, 5.1% in all capitalization 9.5% in small to mid-capitalization, 14.4% in active- extension, and 7.3% in cash equivalents and other net assets.

Portfolio Characteristics

The largest industry weightings at June 30, 2010 were information technology (15.8%), followed by financials (14.1%) and consumer discretionary (11.3%). (See Figure 3-3.)

The MEF's ten largest holdings, aggregating to 13.1% of Fund investments, included a variety of blue chip companies and were broadly diversified with the largest holding of 2.2% in Exxon Mobil. (See Figure 3-9.)

Market Review

The fiscal year began with a rally within the domestic equity markets as investor appetite for risk increased, following the worst global recession in the post- WWII era. Over the first half of the fiscal year, markets rebounded strongly across all market caps (large, mid, small) and investment styles (value, core, growth) following news of increases in home-building and automotive sales. The broad market continued to recover through March as markets were driven by performance in the consumer discretionary and industrial sectors. However, the MEF suffered in the quarter ending June 30, 2010 as all major domestic equity indices posted losses. Several events, including the European debt crisis, the Gulf of Mexico oil spill, and a Congressional vote on new financial regulatory measures resulted in a sell-off by investors. All ten sectors of the S&P 500 posted losses during the last quarter of the fiscal year. The materials, industrials, financials and energy sectors were particularly hit hard. Domestic equity markets posted positive returns for the one-year period ending June 30, 2010.

Performance Summary

For the fiscal year ended June 30, 2010, the Mutual Equity Fund (MEF) posted a return of 14.01%, net of fees and operating expenses, which underperformed the Russell 3000 Index return of 15.72% by 171 basis points. (See Figure 3-5.) The returns from the small cap portion of the portfolio were higher than the large cap returns, but the small cap segment had a lower dollar allocation than the large cap. The active extension segment of the portfolio created the greatest drag on performance. During this same period, MEF's net assets fell from $5.590 billion to $5.289 billion, a decrease of $.301 billion. Of this net total change, an increase of $.691 billion was due to net realized and unrealized gains and $1.078 billion in net cash outflows to participating pension plans and trusts. Offsetting this amount is an inflow of $87 million in net investment income.

While volatility in investment returns is expected in the short-term, the Fund's long-term performance remains the most important comparative measure. As Figure 3-4 illustrates, MEF has generated annualized total returns, net of fees, of -10.76%, -1.51%, and -0.66% over the last three, five, and ten-year periods, respectively. The Fund returns underperformed the Russell 3000 for the three and five-year periods by 129 and 103 basis points, respectively, and outperformed for the ten-year period by 26 basis points.

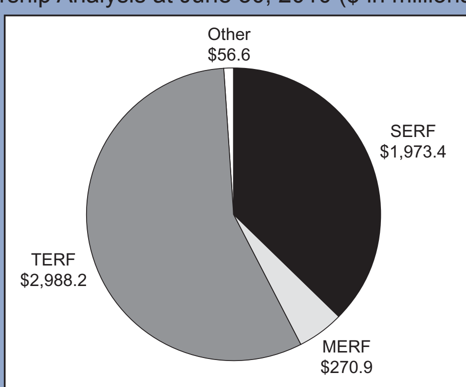
The MEF's cumulative total returns for the three, five, and ten year periods ending June 30, 2010, were -28.94%, -7.33%, and -6.42%, respectively.

Risk Profile

Based on returns over the last five years, the Fund has exhibited a similar degree of risk as that of its benchmark, the Russell 3000 Index. With a relative volatility of 1.01, the MEF's returns have almost equal volatility to those of the Index and reflect a strong degree of correlation, as shown by the fund's beta of 1.00. MEF's annual excess return during the five year period, or return relative to that achieved by the benchmark, was a negative 1.03%. (See Figure 3-2.)

Figure 3-1

MUTUAL EQUITY FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 3-2

MUTUAL EQUITY FUND (1)
Risk Profile at June 30, 2010

Relative Volatility	1.01
Standard Deviation	17.55
R^2	1.00
Beta	1.00
Alpha	-1.03

(1) Based upon returns over the last five years.

Figure 3-3

MUTUAL EQUITY FUND
Fiscal 2010 Industrial Sector vs. Index (%)
Based on Investments in Securities, at Value [1]

At 6/30/2010:	MEF		Russel 3000	
	% of Net Assets	Annual Return	%of Net Assets	Annual Return
Energy	8.9	3.1	9.8	4.2
Materials	4.0	19.3	4.0	18.3
Industrials	9.1	17.9	11.6	24.2
Consumer Discretionary	11.3	25.7	11.9	28.2
Consumer Staples	8.6	15.5	8.7	14.9
Health Care	11.2	9.9	12.2	10.5
Financials	14.1	15.5	17.4	17.2
Information Technology	15.8	19.8	17.9	17.0
Telecommunication Services	2.7	5.2	2.8	6.0
Utilities	2.9	4.3	3.7	6.9
Commingled Fund	11.4	10.4	0.0	-
	100.0		100.0	

(1) Excludes the Liquidity Fund.

Figure 3-4

MUTUAL EQUITY FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
MEF	14.01	-10.76	-1.51	-0.66
Russell 3000	15.72	-9.47	-0.48	-0.92
Cumulative Total Return (%)				
MEF	14.01	-28.94	-7.33	-6.42
Russell 3000	15.72	-25.80	-2.39	-8.82

Figure 3-5

MUTUAL EQUITY FUND
Annual Total Return

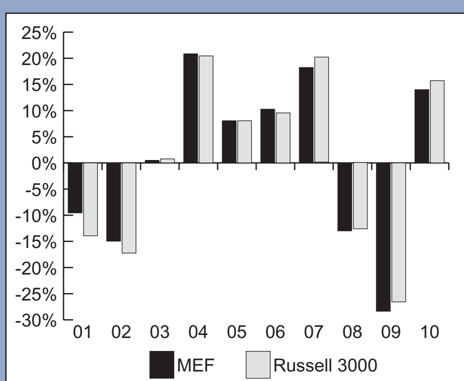


Figure 3-6

MUTUAL EQUITY FUND
Components of Total Return ($ in millions)

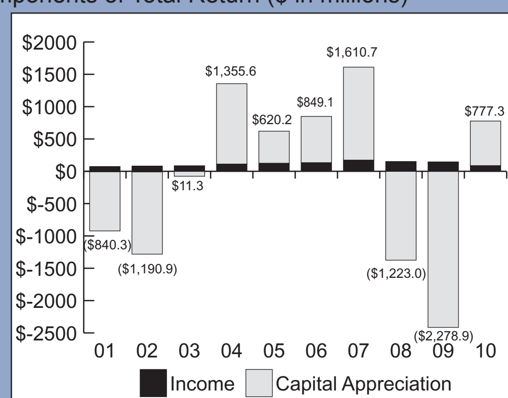


Figure 3-7

MUTUAL EQUITY FUND
Comprehensive Profile for the Fiscal Years ending June 30,

	2010		2009		2008		2007		2006	
	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell	MEF	Russell
# of Issues	1,914	3,000	1,954	3,000	2,206	3,000	2,175	3,000	2,033	3,000
Cap ($ Bil)	$57.2	$59.0	$52.8	$58.7	$69.6	$72.2	$81.1	$81.5	$67.9	$69.3
P/E	16.3	17.5	20.5	19.8	18.5	18.1	17.6	18.8	17.0	18.2
Div Yield	1.90%	2.00%	1.98%	2.19%	1.90%	2.10%	1.60%	1.70%	1.70%	1.80%
ROE	15.9%	15.8%	18.4%	20.2%	19.0%	20.2%	19.5%	20.0%	19.3%	19.1%
P/B	2.7	2.9	2.9x	3.0x	3.6x	3.8x	3.6x	4.0x	3.5x	3.6x
Cash & Equiv.	0.9%	0.0%	9.7%	0.0%	0.8%	0.0%	0.7%	0.0%	1.0%	0.0%

Source: Monthly Bundle-Equity Portfolio Characteristics under Russell 3000

Figure 3-8

MUTUAL EQUITY FUND
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
Large Cap	**$3,369,646,357**	**63.71%**
BGI Barclays	765,654,045	14.48%
T. Rowe Price Associates	741,404,050	14.01%
State Street Global Advisors	1,862,588,262	35.22%
Active Extension	**762,654,863**	**14.42%**
AXA Rosenberg Investment Management	187,719,220	3.55%
Pyramis	291,501,068	5.51%
Numeric	283,434,575	5.36%
All Cap	**268,916,132**	**5.08%**
Capital Prospects	135,861,230	2.57%
FIS Group, Inc.	133,054,902	2.51%
Small/Mid Cap Enhanced	**371,812,347**	**7.03%**
AXA Rosenberg	371,812,347	7.03%
Small/Mid Cap Active	**129,038,328**	**2.44%**
Bivium	129,038,328	2.44%
Other (1)	**387,023,669**	**7.32%**
TOTAL MEF	**5,289,091,696**	**100.00%**

(1) Other represents cash equivalents and other net assets.

Figure 3-9

MUTUAL EQUITY FUND
Ten Largest Holdings* at June 30, 2010

Security Name	Sector	Market Value	%
Exxon Mobil Corp	Energy	$117,859,718	2.23%
Apple Inc	Information Tech	80,523,053	1.52%
Microsoft	Technology	75,320,543	1.42%
Proctor & Gamble Co	Consumer Staples	72,737,506	1.37%
JP Morgan Chase & Co	Financials	64,376,818	1.22%
AT&T Inc	Telecomm Svcs	63,320,107	1.20%
Johnson & Johnson	Health Care	59,811,952	1.13%
Wells Fargo & Co	Financials	54,879,258	1.04%
Intl Business Machines	Information Tech	52,635,202	1.00%
Bank of America Corp	Financials	51,993,821	0.98%
Top Ten		**$693,457,978**	**13.11%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010 core fixed income fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To provide a long-term real rate of return above the inflation rate and provide a stream of income to meet the cash flow needs of the pension and trust funds, by investing in a range of fixed income securities.

Performance Objective: To achieve a net return that exceeds its benchmark by 37 to 125 basis points per annum, over rolling three to five year periods.

Benchmark: Barclays Capital U. S. Aggregate

Date of Inception: November 1, 2007	**Total Net Assets:** $2,701,446,209
Number of Advisors: 5 external	**Management Fees:** $3,499,757
Operating Expenses: $790,443	**Expense Ratio:** 0.15%

Description of the Fund

The Core Fixed Income Fund ("CFIF") is an externally managed fund investing primarily in domestic fixed income securities with the goal of achieving a long-term, real rate of return above the inflation rate and to generate income. Diversification of the assets across the spectrum of fixed income classes and among multiple money managers is expected to reduce the volatility of investment returns under various economic scenarios. Fixed income securities include both fixed and variable rate coupon bonds that are issued by U.S. federal and state governments, domestic corporations and municipalities, as well as securitized assets such as mortgage-backed and asset-backed securities.

At June 30, 2010 the CFIF was managed by one passive and four active money managers, representing 38% and 62% of the Fund, respectively. The active strategies included a fund-of-funds manager for the Connecticut Horizon Fund.

The CFIF's long-term objective has been to achieve an annual return, net of management fees and operating expenses, of between 37.5 and 125 basis points in excess of the Barclays Capital U.S. Aggregate, which is widely considered to be a proxy for the performance of the overall U.S. bond market.

Portfolio Characteristics

CFIF continues to be well diversified across the spectrum of available fixed income securities. The Fund was invested in U.S. Government (22%), agency (36%), corporate (24%), mortgage-backed (8%) and asset-backed (4%) securities. The remaining 6% was invested in the Liquidity Fund and other assets. For the purpose of enhancing value, each CFIF active manager is given some discretion to deviate from the Barclays Capital Aggregate in the management of its funds. This active investment management can result in weighting differences between CFIF and the Barclays Capital Aggregate in terms of sectors, quality ratings and maturities. The Fund's average quality rating of AA-1, as judged by Moody's Investor Services, was the same as the Barclays Aggregate rating. At June 30, 2010, the CFIF was under weighted U.S. Treasury and agency securities and over weighted corporate bonds, mortgage-backed securities and asset backed securities versus the Barclays Capital Aggregate. (See Figure 4-4.)

Market Review

Fiscal 2010 was a year in which the global economy began to recover from the worst recession in the post-WWII era. Investors became more confident with market conditions, leading them to favor riskier products, which in turn led to credit spreads narrowing. Specifically, corporate bonds were especially strong performers benefiting from investors seeking alternatives to Treasuries, as the financial stability of corporations improved relative to that of the Government. Collateralized mortgage-backed securities (CMBS) performed well as investors showed increase interest for bonds that were anticipated to be eligible for the Government's legacy TALF and PPIP programs. Treasuries performed poorly into early 2010, as concerns over Treasury issuance and poor auction results resulted in a sell-off, causing an increase in yields. However, over the quarter ending June 2010, concerns regarding debt challenges facing Greece and several of its European neighbors, along with unease associated with domestic economic data, led many investors to favor higher quality assets. Treasuries and investment grade credit rallied over the final quarter amid a flight-to-quality.

Performance Summary

The CFIF's value as of June 30, 2010 was $2.7 billion, down from $3.2 billion one year earlier. Of this $458 million decline, $787.1 million was due to net cash outflows from participating pension and trust funds, $206.3 million from net realized and unrealized gains, and $122.9 million from net investment income.

For the fiscal year ended June 30, 2010 the Core Fixed Income Fund generated a total return of 11.81%, net of fees and operating expenses, outperforming the benchmark return of 9.50% by 231 basis points. The out performance for the fiscal year was primarily attributable to underweighting of U.S. Treasuries and over weightings of mortgage-backed and credit securities. For the trailing three, five and ten-year periods, CFIF's compounded annual total returns were 6.70%, 5.07% and 6.45% respectively, net of all expenses The cumulative total returns for the three, five, and ten-year periods ending June 30, 2010, were 21.48%, 28.08% and 86.90%, respectively. (See Figure 4-8.)

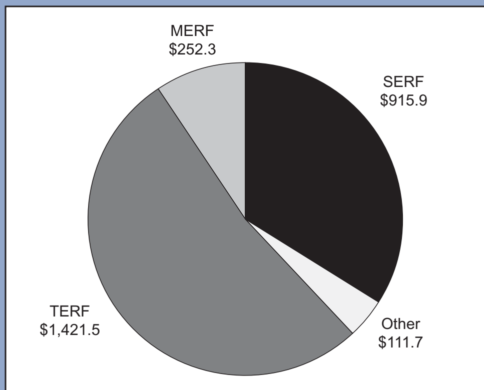
Risk Profile

Given CFIF's investment policies and objectives, the Fund is exposed to various forms of risk, such as credit default risk, interest rate risk, liquidity risk, inflation risk, reinvestment risk and counter party risk. These risks are monitored on an on-going basis and actions are taken to mitigate identified risks.

External rating agencies assign credit ratings to individual securities reflecting their view of the underlying firm's credit worthiness or in the case of securitized debt, the underlying assets. U.S. Treasury bonds, which carry the highest rating of AAA, are backed by the full faith and credit of the U.S. Government and, therefore, have no credit risk. The overall quality of the Core Fixed Income Fund is very high quality at AA-1. Sixty nine percent of the Fund is rated AAA the same average quality of the AAA Barclays Capital Aggregate. (See Figure 4-5.)

Figure 4-1

CORE FIXED INCOME FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees' Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 4-2

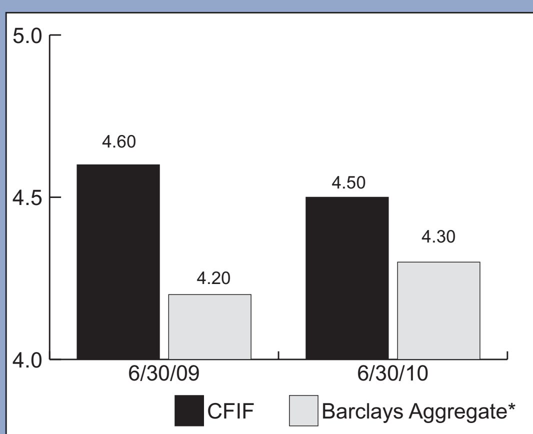
CORE FIXED INCOME FUND (1)
Risk Profile at June 30, 2010

Relative Volatility	1.12
Standard Deviation	4.13
R^2	0.84
Beta	1.02
Alpha	-0.47

(1) Based upon returns over the last five years.

Figure 4-3

CORE FIXED INCOME FUND
Modified Duration vs. Index (1) (in Years)



(1) Computed without the effect of Cash and other Net Assets.

Figure 4-4

CORE FIXED INCOME FUND
Distribution by Sector at June 30, 2010
Based on Investments in Securities, at Value

	CFIF	Barclays Aggregate	Variance
Treasury	22.0%	32.7%	-10.7%
Agency	36.2%	41.1%	-4.9%
Corporate	23.7%	18.8%	4.9%
Mortgage-Backed	8.2%	3.1%	5.1%
Asset-Backed	4.0%	0.3%	3.7%
Other[1]	5.9%	4.0%	1.9%
TOTAL	**100.0%**	**100.0%**	

(1) Other category includes Liquidity Fund and other assets.

Figure 4-5

CORE FIXED INCOME FUND
Distribution by Quality Rating at June 30, 2010
Based on Investments in Securities, at Value

Aaa	68.6%
AA-1	1.5%
AA-2 to A-1	7.0%
A-2 to BAA-1	10.3%
Less than BAA-1	8.6%
Not Rated1	4.0%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 4-6

CORE FIXED INCOME FUND
Distribution by Coupon at June 30, 2010
Based on Investments in Securities, at Value

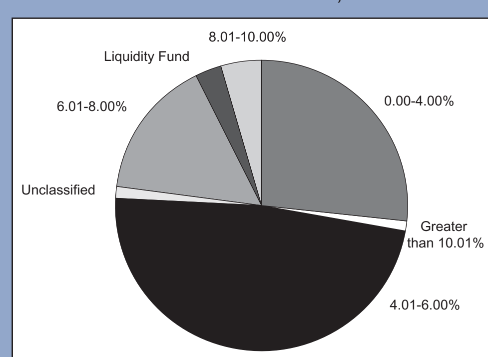


Figure 4-7

CORE FIXED INCOME FUND
Duration Distribution at June 30, 2010
Based on Investments in Securities, at Value

0-3 Years	44.3%
3-5 Years	20.7%
5-7 Years	11.1%
7-10 Years	8.6%
10+ Years	9.2%
Unknown[(1)]	1.6%
Liquidity Fund	4.5%
Total	100.0%

(1) *Represents securities for which the duration could not be calculated by the custodian..*

Figure 4-8

CORE FIXED INCOME FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CFIF	11.81	6.70	5.07	6.45
BC Aggregate	9.50	7.55	5.54	6.47
Cumulative Total Return (%)				
CFIF	11.81	21.48	28.08	86.90
BC Aggregate	9.50	24.39	30.94	87.14

Figure 4-9

CORE FIXED INCOME FUND
Annual Total Return

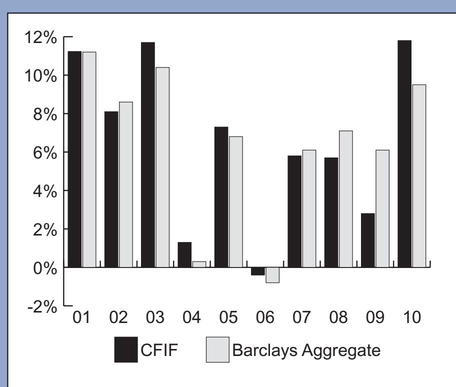


Figure 4-10

CORE FIXED INCOME FUND
Comprehensive Profile
for the Fiscal Year ending June 30,

	2010		2009	
	CFIF	BC AGG*	CFIF	LBAI*
Number of Issues	3,398	7,755	3,421	8,454
Average Coupon	4.70%	4.50%	4.90%	5.00%
Yield Maturity	3.10%	2.70%	5.70%	4.00%
Average Maturity	6.60	6.10	6.70	5.90
Modified Duration	4.50	4.30	4.60	4.20
Average Quality	AA-1	AA-1	AA-1	AAA
Liquidity Fund*	4.5%	0.0%	6.8%	0.0%

* *Note: Beginning weights.*

Figure 4-11

CORE FIXED INCOME FUND
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
State Street Global Advisors	$1,038,045,975	38.43%
BlackRock Financial Mgmnt, Inc.	662,480,061	24.52%
Wellington	531,174,461	19.66%
Phoenix	324,967,803	12.03%
Progress	131,722,970	4.88%
Other [(1)]	13,054,939	0.48%
TOTAL CFIF	**$2,701,446,209**	**100.00%**

(1) *Other represents Liquidity Fund, other assets and terminated advisor balances.*

Figure 4-12

CORE FIXED INCOME FUND
Ten Largest Holdings[1] at June 30, 2010

Security Name	Maturity	Market Value	%
U.S. Treasury N/B	5/15/2040	35,747,721	1.28%
FNMA TBA Aug 30 Single Fam	12/1/2099	27,365,490	0.98%
U.S. Treasury Bonds	2/15/2015	25,408,076	0.91%
U.S. Treasury N/B	8/31/2011	24,356,816	0.87%
U.S. Treasury N/B	10/31/2014	21,562,948	0.77%
U.S. Treasury N/B	5/15/2020	21,538,205	0.77%
FHLMC TBA Aug 30 Gold Single	12/1/2099	18,332,466	0.66%
FNMA TBA Aug 30 Single Fam	12/1/2099	18,132,584	0.65%
FNMA Pool 745275	2/1/2036	16,724,202	0.60%
FNMA Pool 888876	5/1/2033	15,272,804	0.55%
Top Ten		**224,441,312**	**8.04%**

(1) A complete list of portfolio holdings is available from the Office of the Treasurer.

Figure 4-13

CORE FIXED INCOME FUND
Quarterly Current Yield [1] vs. Indices (%)

	6/30/10	3/31/10	12/31/09	9/30/09	6/30/09
CORE FIXED INCOME	**4.53**	**4.71**	**4.82**	**7.47**	**7.90**
Barclays Aggregate	4.18	4.38	4.51	4.63	4.80
Citigroup 3 Month T-Bill	0.17	0.15	0.05	0.11	0.19
Barclays Treasury	2.90	3.09	3.19	3.25	3.47
Barclays Agency	3.05	3.20	3.27	3.40	3.59
Barclays Mortgage	4.80	4.96	5.05	5.06	5.20
Barclays Corporate	5.48	5.62	5.74	5.79	6.20
Barclays Asset Backed	4.38	4.56	4.76	4.79	5.36

(1) Current Yield represents annual coupon interest divided by the market value of securities.

* All of the Barclays Capital indicies were formerly known as the Lehman Brothers indicies.

2010 inflation linked bond fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To invest primarily in U.S. inflation-linked securities with a goal of achieving a long-term real rate of return above the inflation rate.

Performance Objective: To achieve a net return that exceeds its benchmark by 20 to 40 basis points per annum, over rolling three to five year periods.

Benchmark: Barclays Capital U.S. Treasury Inflation Protection Securities ("BC TIPS") Index.

Date of Inception: November 1, 2007

Total Net Assets: $1,062,889,500

Number of Advisors: 2 external

Management Fees: $901,014

Operating Expenses: $289,217

Expense Ratio: 0.13

Description of the Fund

Description of the Fund

The Inflation Linked Bond Fund ("ILBF") is an externally managed fund investing primarily in U.S.Treasury Inflation Protection Securities ("TIPS"), although nominal U.S. Treasuries and foreign government securities can be included on a limited basis. The goal of the Fund is to achieve a long-term rate of return above the inflation rate and provide a source of interest income to help offset the outflow of retirement benefit payments. Inflation-linked bonds can provide protection against rampant inflation and this asset class has low to negative correlations to other asset classes within the CRPTF. An inflation-linked bond pays a fixed real coupon on an inflation-adjusted principal amount. Therefore, while the rate of the coupon payment is locked the actual dollars of interest earned will vary according to the change in principal. The ultimate amount of interest paid over the life of the bond will depend on the change in inflation. At June 30, 2010, the Fund had two investment advisors.

The ILBF's long-term objective has been to achieve an annual return, net of management fees and operating expenses, of between 20 and 40 basis points in excess of the Fund's benchmark.

Portfolio Characteristics

The ILBF is comprised mainly of U.S. TIPS. The Fund has Moody's Investor Services highest quality rating, AAA, matching the quality rating of the benchmark. The Fund's average coupon at June 30, 2010 was 2.25% versus 2.19% for the benchmark. The average maturity of Fund and its benchmark were 9.15 years and 9.17 years, respectively. (Figure 5-9.)

Market Review

During the first half of the fiscal year, improvements in the economy, reductions in deflationary concerns, firmer commodity prices and an increase in nominal Treasury supply drove the performance of the TIPS market. Crude oil prices began the fiscal year at $72/barrel and jumped up to $80/barrel by the end of December. The five year TIPS' breakeven rate, defined as the difference between nominal U.S. Treasury bonds and the TIPS rate, was flat during the quarter ending September 2009 but returned close to its long-term average ending 2009 at 2.2%.

During the beginning of 2010, long-term inflation expectations fell after news of weaker core inflation. However, as the US economy slowed down, investors became more risk averse. In conjunction with a dip in commodity prices, the TIPS market improved on an absolute basis towards the end of the fiscal year. However, the high supply and low price of oil negatively influenced the relative performance of the TIPS market over the last half of the fiscal year. Crude oil prices increased during the beginning of 2010 to $84/barrel but ended the fiscal year down at $76/barrel. The five year TIPS breakeven rate dipped in 2010 to 1.6%, lower than the long-term average.

Performance Summary

The ILBF's value as of June 30, 2010 was $1,062.9 million, an increase of $ 225.6 million from the prior fiscal year. Of this total, $142 million was due to net cash inflows from participating pension and trust funds and $34.1 million of net investment income, plus $ 49.5 million from net realized and unrealized gains.

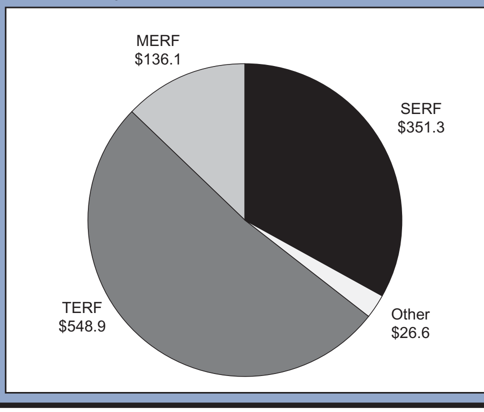
For the fiscal year ended June 30, 2010 the ILBF generated a total return of 9.48%, net of fees and operating expenses, underperforming the benchmark return of 9.52% by 4 basis points. For the trailing three year period, ILBF's compounded annual total return was 8.47%, net of fees and operating expenses, outperforming the benchmark by 85 basis points (Figure 5-7.)

Risk Profile

The major risk facing the Inflation Linked Bond Fund is a rise in real interest rates. Real interest rates are primarily driven by expectations for real growth in the economy and for monetary policy. Economic growth and tight monetary policy to stem inflationary pressures are conditions that can drive up real interest rates. A rise in real interest rates decreases the effectiveness of TIPS as an inflation hedge, as bond prices fall.

Figure 5-1

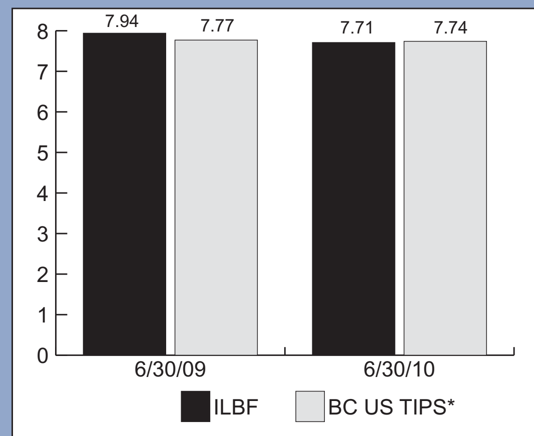
INFLATION LINKED BOND FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 5-2

INFLATION LINKED BOND FUND
Modified Duration vs. Index (1) (in Years)



(1) Computed without the effect of Cash and other Net Assets.

Figure 5-3

INFLATION LINKED BOND FUND
Distribution by Sector at June 30, 2010
Based on Investments in Securities, at Value

	ILBF	BC US TIPS*	Variance
Treasury	96.2%	100.0%	-3.8%
Agency	0.0%	0.0%	0.0%
Corporate	0.0%	0.0%	0.0%
Foreign	0.0%	0.0%	0.0%
Liquidity Fund	3.8%	0.0%	3.8%
TOTAL	**100.0%**	**100.0%**	

Figure 5-4

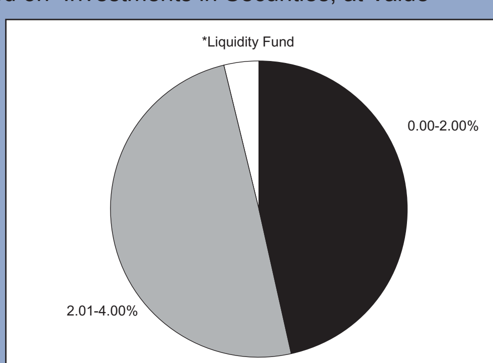
INFLATION LINKED BOND FUND
Distribution by Quality Rating at June 30, 2010
Based on Investments in Securities, at Value

Aaa	100.0%
AA-1	0.0%
AA-2 to A-1	0.0%
A-2 to BAA-1	0.0%
Less than BAA-1	0.0%
Not Rated1	0.0%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 5-5

INFLATION LINKED BOND FUND
Distribution by Coupon at June 30, 2010
Based on Investments in Securities, at Value



**Note: Ending weights*

Figure 5-6

INFLATION LINKED BOND FUND
Duration Distribution at June 30, 2010
Based on Investments in Securities, at Value

0-3 Years	54.2%
3-5 Years	5.8%
5-7 Years	10.8%
7-10 Years	22.6%
10+ Years	2.8%
Unknown(1)	0.0%
Liquidity Fund	3.8%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

Figure 5-7

INFLATION LINKED BOND FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
ILBF	9.48	8.47	5.35
LB U.S. Tips	9.52	7.62	4.98
Cumulative Total Return (%)			
ILBF	9.48	27.63	29.79
LB U.S. Tips	9.52	24.64	27.49

Figure 5-8

INFLATION LINKED BOND FUND
Annual Total Return

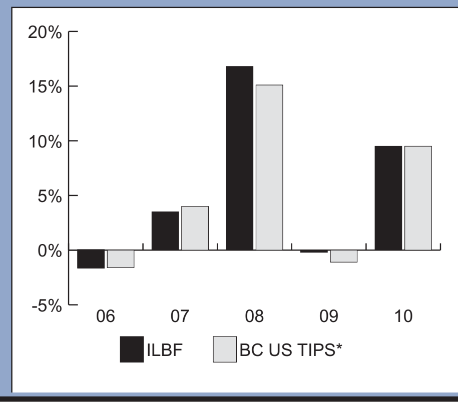


Figure 5-9

INFLATION LINKED BOND FUND
Comprehensive Profile for the Fiscal Year ending June 30,

	2010 ILBF	BC US TIPS	**2009** ILBF	BC US TIPS*
Number of Issues	26	29	26	27
Average Coupon	2.25%	2.19%	2.22%	2.28%
Average Maturity	9.15	9.17	9.23	9.19
Modified Duration	7.71	7.74	7.94	7.77
Average Quality	AAA	AAA	AAA	AAA
Liquidity Fund (1)	3.8%	0.0%	1.6%	0.0%

(1) Ending Weights

Figure 5-10

INFLATION LINKED BOND FUND
Investment Advisors at June 30, 2010

Investment Advisor	**Net Asset Value**	**% of Fund**
Brown Brothers Harriman	$600,761,965	56.52%
Hartford Investment Mgmt Co.	461,830,308	43.45%
Other (1)	297,227	0.03%
TOTAL ILBF	**$1,062,889,500**	**100.00%**

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 5-11

INFLATION LINKED BOND FUND
Ten Largest Holdings (1) at June 30, 2010

Security Name	Maturity	Market Value	%
U.S. Treasury Bonds	01/15/25	99,213,493	9.27%
U.S. Treasury Bonds	01/15/26	87,043,947	8.13%
U.S. Treasury Notes	01/15/16	84,301,286	7.87%
U.S. Treasury Notes	04/15/11	72,610,257	6.78%
U.S. Treasury Notes	01/15/14	66,797,952	6.24%
U.S. Treasury Notes	07/15/16	64,307,460	6.01%
U.S. Treasury Notes	01/15/17	57,903,348	5.41%
U.S. Treasury Notes	01/15/15	54,088,528	5.05%
U.S. Treasury Bonds	04/15/28	52,389,083	4.89%
U.S. Treasury Notes	07/15/12	46,685,398	4.36%
Top Ten		**685,340,752**	**64.01%**

(1) A complete list of portfolio holdings is available from the Office of the Treasurer.

* The Barclays Capital U. S. TIPS Index was formerly known as the Lehman Brothers U. S. TIPS Index.

2010 emerging market debt fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To invest primarily in debt securities of select foreign emerging markets with a goal of portfolio diversification and enhanced risk-adjusted returns.

Performance Objective: To achieve a net return that exceeds its benchmark by 100 to 200 basis points per annum, over rolling three to five year periods.

Benchmark: J.P. Morgan Emerging Market Bond Index (EMBI) Global Index.

Date of Inception: November 1, 2007

Total Net Assets: $1,175,862,368

Number of Advisors: 5 external

Management Fees: $4,544,477

Operating Expenses: $385,283

Expense Ratio: 0.43%

Description of the Fund

The Emerging Market Debt Fund (EMDF) is an externally managed fund investing primarily in government and corporate debt securities of select foreign emerging markets with a goal of achieving a long-term real rate of return above the inflation rate. The economies and financial markets of emerging countries have historically had lower correlations to U.S. markets and provide desirable risk diversification for the portfolio. Emerging markets are expected to have higher economic growth rates than developed countries. The EMDF money managers have different investment approaches and generate returns from both country and currency selection. Securities can be dollar denominated or in the local currency of the country, with the latter sometimes hedged back to the U.S. dollar. Sovereign loans, Brady bonds and Eurobonds, along with quasi-sovereigns, multinational companies and local corporate debt are examples of securities held in this fund.

At June 30, 2010, the Fund had five money managers.

Portfolio Characteristics

The Emerging Market Debt Fund is a diversified portfolio with an overall yield to maturity of 6.33%. This compares favorably to the benchmark yield to maturity of 5.86%. (See Figure 6-11.) The Fund is diversified across geographic regions with the highest weighting in Latin American countries at 40%. Europe was the second highest regional concentration in the portfolio and was also the highest underweight compared to the index. Investments in Africa also out weighed those of the index. (See Figure 6-3.) The average quality of EMDF was Baa-3, the same quality as the benchmark. (See Figure 6-11.) The distribution by quality ratings for the Fund is portrayed in Figure 6-4. With a duration lower than the index, 6 years versus 7.1 years, the fund has less interest rate risk than the index.

Market Review

The emerging debt markets began the fiscal year strongly, rallying behind news of recovering market conditions. Specifically, optimistic views of the global GDP recovery, the loosening of credit conditions and government policies propelled the emerging debt market during the quarter ending September 2009. The rally continued into the end of 2009; however fears of central banks abandoning their economic stimulus plans, a rise in US interest rates as well as the strengthening of the US dollar slowed the emerging debt markets rally. Regardless of these setbacks, emerging debt market spreads continued to tighten. News of the European sovereign debt crisis and the debt crisis involving state-owned Dubai World led investors to favor emerging market sovereigns in lieu of their developed market counterparts. Sovereign risk concerns temporarily dwindled during the beginning of 2010 after reports of EU financial aid and hopes of IMF involvement in the Greek debt crisis. An increase in large flows into the emerging market debt asset class, fundamental improvements in credit quality, improvements in global liquidity and attractive bond yield curves led investors into higher yielding emerging market bonds. However, over the quarter ending June 2010, emerging debt market spreads widened in most emerging market countries as fears of contagion of the European debt crisis outside of the Euro zone were met. As a result, S&P downgraded Greece to junk status and downgraded Portugal and Spain further fueling the mounting sovereign debt problems. The emerging debt markets faced extreme volatility in May, ending the month lower. Sentiment improved in June, reopening the new issue market, which was closed during the economic crisis.

Performance Summary

The EMDF's value as of June 30, 2010 was $1.2 billion, a rise of $.44 million. Of this increase, $199 million was due to net cash outflows from participating pension and trust funds and $87.3 million was generated from net investment income. Net realized and unrealized gains contributed $155.8 million.

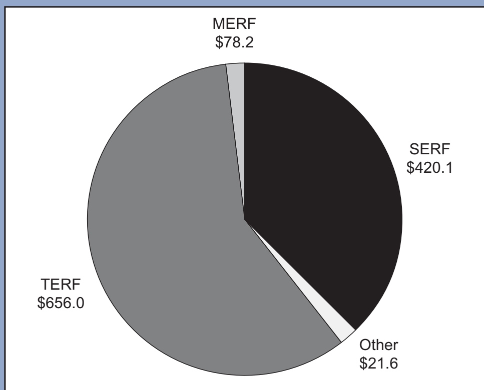
For the fiscal year ended June 30, 2010 the Emerging Market Debt Fund outperformed its benchmark by 512 basis points. It generated a return of 23.02%, net of fees and operating expenses compared the benchmark return of 17.90%. For the trailing three year and five year periods, EMDF's compounded annual total returns were 7.78% and 9.81%, respectively, net of fees. The cululative return over the past five years was 1166 basis points more than the benchmark. (See Figure 6-7.)

Risk Profile

Given EMDF's investment policies and objectives, the Fund is exposed to various forms of risk. These include, but are not limited to interest rate risk, currency risk, purchasing power risk, default risk, and reinvestment risk. In addition, the Fund is potentially exposed to geopolitical risk. These risks are monitored on an on-going basis and actions are taken as appropriate to mitigate identified risks.

Figure 6-1

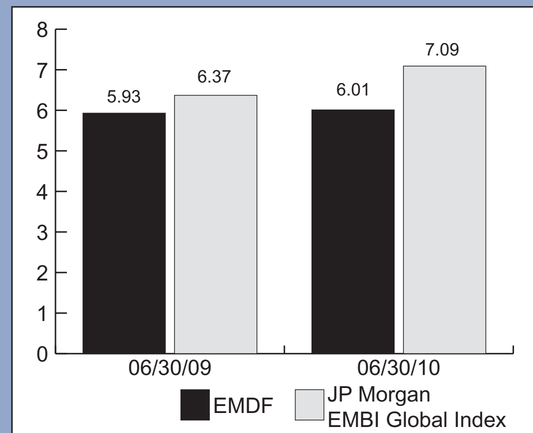
EMERGING MARKET DEBT FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 6-2

EMERGING MARKET DEBT FUND
Modified Duration vs. Index (1) (in Years)



(1) Computed without the effect of Cash and other Net Assets.

Figure 6-3

EMERGING MARKET DEBT FUND
Distribution by Region at June 30, 2010

	EMDF	JP Morgan EMBI	Variance
Asia	16.0%	17.1%	-1.1%
Africa	5.9%	2.9%	3.0%
Europe	27.4%	32.4%	-5.0%
Latin America	40.4%	39.0%	1.4%
Middle East	2.2%	1.9%	0.3%
United States	8.1%	6.7%	1.4%
TOTAL	**100.0%**	**100.0%**	

Figure 6-4

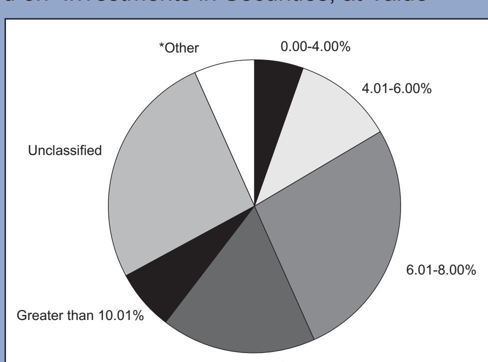
EMERGING MARKET DEBT FUND
Distribution by Quality Rating at June 30, 2010
Based on Investments in Securities, at Value

Aaa	2.4%
AA-1	0.0%
AA-2 to A-1	1.4%
A-2 to BAA-1	19.1%
Less than BAA-1	37.9%
Not Rated(1)	39.2%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 6-5

EMERGING MARKET DEBT FUND
Distribution by Coupon at June 30, 2010
Based on Investments in Securities, at Value



** Includes Liquidity Fund and other assets. Note: Ending weights.*

Figure 6-6

EMERGING MARKET DEBT FUND
Duration Distribution at June 30, 2010
Based on Investments in Securities, at Value

0-3 Years	12.3%
3-5 Years	14.9%
5-7 Years	40.1%
7-10 Years	12.7%
10+ Years	11.0%
Unknown(1)	4.7%
Liquidity Fund	4.3%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

Figure 6-7

EMERGING MARKET DEBT FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
EMDF	23.02	7.78	9.81
JP Morgan EMBI Global Index	17.90	8.21	8.16
Cumulative Total Return (%)			
EMDF	23.02	25.19	59.68
JP Morgan EMBI Global Index	17.90	26.69	48.02

Figure 6-8

EMERGING MARKET DEBT FUND
Annual Total Return

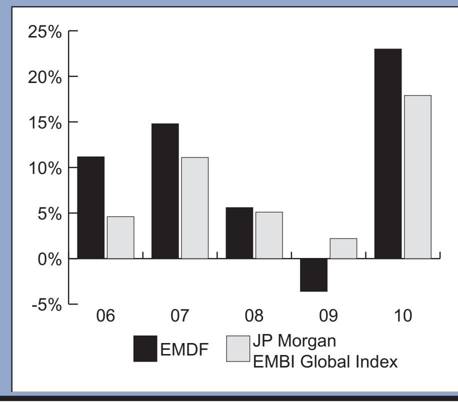


Figure 6-9

EMERGING MARKET DEBT FUND
Investment Advisors at June 30, 2010

Investment Advisor	**Net Asset Value**	**% of Fund**
Ashmore	$275,397,208	23.42%
Stone Harbor Investment Partners	258,043,051	21.95%
ING Investment Management	204,085,677	17.36%
Pyramis	220,008,611	18.71%
UBS Global Asset Management	216,987,326	18.45%
Other (1)	1,340,495	0.11%
TOTAL EMDF	**$1,175,862,368**	**100.00%**

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 6-10

EMERGING MARKET DEBT FUND
Ten Largest Holdings* at June 30, 2010

Security Name	Maturity	Market Value	%
Russian Federation	03/31/30	32,278,161	2.79%
Nota Tesouro Nacional	01/01/21	19,304,440	1.67%
Republic of Argentina	03/28/11	18,368,845	1.59%
UBS Glam REF 70325	03/05/11	12,458,890	1.08%
UBS Glam REF 70325	03/05/15	12,243,246	1.06%
Republic of Indonesia	03/04/19	12,175,625	1.05%
UBS Glam REF 70491	03/20/17	10,605,430	0.92%
South Africa (Republic)	12/21/18	10,496,341	0.91%
Republic of Poland	07/15/19	10,315,502	0.89%
Brazil (FED REP)	05/15/45	10,142,666	0.88%
Top Ten		**$148,389,146**	**12.84%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

Figure 6-11

EMERGING MARKET DEBT FUND
Comprehensive Profile for the Fiscal Year ending June 30,

	2010		2009	
	EMDF	EMBI	EMDF	EMBI
Number of Issues	475	225	391	203
Yield to Maturity	6.33%	5.86%	14.48%	7.77%
Average Maturity	10.19%	12.40%	10.98%	12.30%
Modified Duration	6.01	7.09	5.93	6.37
Average Quality	BAA-3	BAA-3	BA-1	BA-1
*Other	6.7%	0.0%	6.9%	0.0%

** Includes Liquidity Fund and other assets. Note: Ending weights*

2010

high yield debt fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To invest in below investment grade debt securities with a goal of achieving a long-term real rate of return above the inflation rate.

Performance Objective: To achieve a net return that exceeds its benchmark by 150 to 300 basis points per annum, over rolling three to five year periods.

Benchmark: Citigroup High Yield Market Index

Date of Inception: November 1, 2007

Total Net Assets: $692,764,499

Number of Advisors: 4 external

Management Fees: $2,544,771

Operating Expenses: $239,169

Expense Ratio: 0.39%

Description of the Fund

The High Yield Debt Fund (HYDF) is an externally managed fund investing in below investment grade debt securities with a goal of achieving a long-term real rate of return above the inflation rate. This asset class pays a higher interest rate than investment grade credit to compensate the investor for higher default risk. Combining top-down macro analysis with fundamental bottom-up security selection, the Fund managers identify distressed corporations that have upside potential. Higher interest income and security price appreciation are the drivers of investment return.

At June 30, 2010 the Fund had four money managers. (See Figure 7-11.)

The HYDF's long-term objective is to achieve an annual return, net of management fees and operating expenses, of between 150 and 300 basis points in excess of the Citigroup High Yield Market Index over rolling three-to-five year periods.

Portfolio Characteristics

The HYDF is comprised of 679 securities and is well diversified across a range of corporate high yield securities, predominantly in the U. S. Two of the fund's managers tend to invest in the higher quality end of the spectrum while the other two will consider opportunities in lower quality investments. The Fund's average quality rating was B-2, matching the average quality of the benchmark. (See Figure 7-10.) At June 30, 2010, two-thirds of the portfolio's investments had maturities in the three to seven year time frame.

Market Review

As investors began to show a willingness to take on more risk, the bond market saw a decline in credit spreads in high yield securities during the fiscal year ended June 30, 2010. As a result, high yield bonds displayed strong returns at the beginning of the fiscal year, continuing the rally that began in early 2009. Over the first three quarters of the fiscal year, CCC-rated bonds were the best performers versus higher-quality bonds as investors sought higher yielding, riskier assets. High yield bonds returned positive performance in eleven out of the twelve months in 2009, resulting in the asset class's best performance on record. The rally began to slow down in the quarter ending March 2010, but high yield continued to generate positive returns due to optimistic economic news and improved corporate balance sheets. Over the quarter ending June 2010, investors began to question the legitimacy of the market recovery. Concerns regarding debt challenges facing Greece and several of its European neighbors, along with unease associated with domestic economic data, led many investors to seek higher quality assets, leaving high yield bonds out of favor. BB-rated bonds became the best performer, contrasting the strong performance of CCC-rated bonds throughout most of the fiscal year.

Performance Summary

The HYDF's value as of June 30, 2010 was $692.8 million, a decline of $40.4 million since June 2009. This decrease was the result of, $206.7million from net cash outflows to participating pension and trust funds, $63.7 million from net investment income and $102.6 million from net realized and unrealized gains.

For the fiscal year ended June 30, 2010 the HYDF gained 24.5%, net of fees and operating expenses, compared to the benchmark return of 25.6%. Over the five year period, HYDF had an annualized return of 6.4% versus the index return of 6.7%. On a cumulative basis over the same period, this fund returned 36.5% compared to the index return of 38% (See Figure 7-8.)

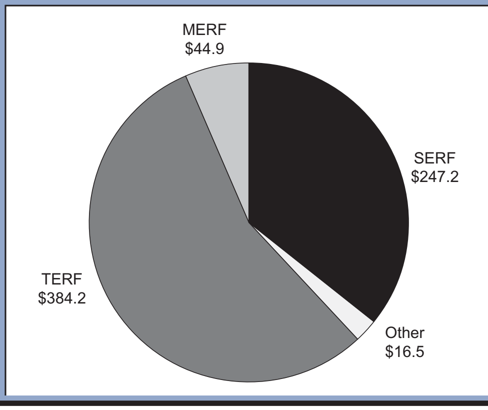
Risk Profile

Given the HYDF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to credit default risk, interest rate risk, liquidity risk, reinvestment risk and inflation risk. In addition, the Fund is occasionally exposed to political, economic and currency risk resulting from investments in international high yield securities.

PENSION FUNDS MANAGEMENT DIVISION

Figure 7-1

HIGH YIELD DEBT FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 7-2

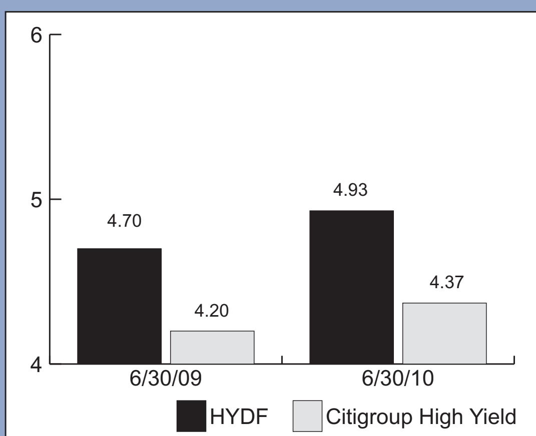
HIGH YIELD DEBT FUND (1)
Risk Profile at June 30, 2010

Relative Volatility	0.84
Standard Deviation	11.37
R^2	0.92
Beta	0.81
Alpha	-0.25

(1) Based upon returns over the last five years.

Figure 7-3

HIGH YIELD DEBT FUND
Modified Duration vs. Index (1) (in Years)



(1) Computed without the effect of Cash and other Net Assets.

Figure 7-4

HIGH YIELD DEBT FUND
Distribution by Sector at June 30, 2010
Based on Investments in Securities, at Value

	HYDF	Citigroup	Variance
Treasury	0.0%	0.0%	0.0%
Agency	0.0%	0.0%	0.0%
Corporate	94.1%	99.9%	-5.8%
Mortgage-Backed	0.0%	0.0%	0.0%
Asset-Backed	0.0%	0.1%	-0.1%
Other(1)	5.9%	0.0%	5.9%
TOTAL	100.0%	100.0%	

(1) Other category includes non fixed-income securities such as common and preferred stock and convertible securities, Liquidity Fund and other assets.

Figure 7-5

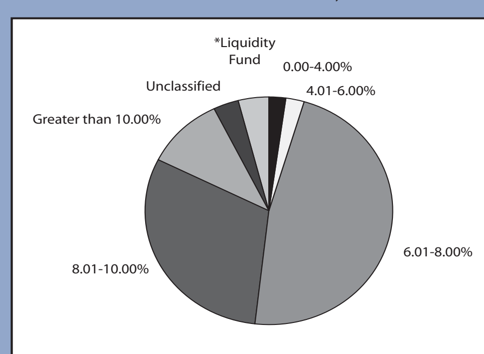
HIGH YIELD DEBT FUND
Distribution by Quality Rating at June 30, 2010
Based on Investments in Securities, at Value

AA-2 to A-1	0.9%
A-2 to BAA-1	3.9%
Less than BAA-1	84.9%
Not Rated1	10.3%
Total	100.0%

(1) Represents securities for which ratings are unavailable.

Figure 7-6

HIGH YIELD DEBT FUND
Distribution by Coupon at June 30, 2010
Based on Investments in Securities, at Value



** Note: Ending weights.*

PENSION FUNDS MANAGEMENT DIVISION

Figure 7-7

HIGH YIELD DEBT FUND
Duration Distribution at June 30, 2010
Based on Investments in Securities, at Value

0-3 Years	18.7%
3-5 Years	35.4%
5-7 Years	27.2%
7-10 Years	9.0%
10+ Years	2.3%
Unknown(1)	3.4%
Liquidity Fund	4.0%
Total	100.0%

(1) Represents securities for which the duration could not be calculated by the custodian.

Figure 7-8

HIGH YIELD DEBT FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
HYDF	24.54	5.25	6.41	6.49
Citigroup High Yield Market Index	25.64	5.90	6.66	7.18
Cumulative Total Return (%)				
HYDF	24.54	16.58	36.45	87.46
Citigroup High Yield Market Index	25.64	18.76	38.06	100.12

Figure 7-9

HIGH YIELD DEBT FUND
Annual Total Return

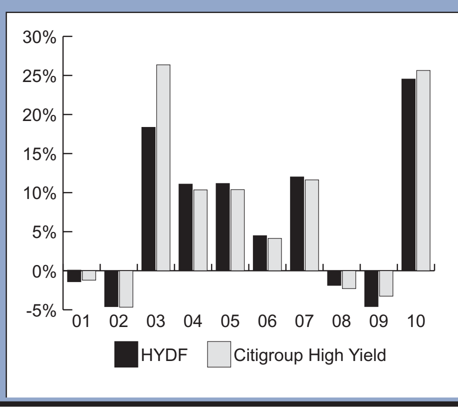


Figure 7-10

HIGH YIELD DEBT FUND
Comprehensive Profile for the Fiscal Year ending June 30,

	2010		2009	
	HYDF	Citigroup	HYDF	Citigroup
Number of Issues	679	1,394	605	1,222
Average Coupon	8.10%	8.34%	7.90%	8.10%
Yield Maturity	9.11%	8.95%	11.90%	12.20%
Average Maturity	6.86	5.71	7.8	6.5
Modified Duration	4.93	4.37	4.7	4.2
Average Quality	B-2	B-2	B-1	B-1
Liquidity Fund	4.0%	0.0%	8.2%	0.0%

**Note: Ending Weights*

Figure 7-11

HIGH YIELD DEBT FUND
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
Loomis Sayles & Co., Inc.	$229,269,448	33.10%
Stone Harbor Investment Partners	94,233,670	13.60%
Shenkman Capital Management	226,634,207	32.71%
Oaktree Capital Management, L.L.C.	137,825,017	19.90%
Other (1)	4,802,157	0.69%
TOTAL HYDF	**$692,764,499**	**100.00%**

(1) Other represents Liquidity Fund, other assets and terminated advisor balances.

Figure 7-12

HIGH YIELD DEBT FUND
Ten Largest Holdings* at June 30, 2010

Security Name	Maturity	Market Value	%
Borden Inc	02/15/23	$ 6,832,875	1.04%
Toys R Us Inc	10/15/18	6,603,500	1.00%
Qwest Capital Funding	07/15/28	6,236,100	0.95%
Dynegy Hldgs Inc	05/01/16	5,234,119	0.80%
Valeant Pharmaceuticals Intl	11/15/13	5,222,100	0.80%
Tenet Healthcare Corp	11/15/31	5,190,900	0.79%
AES Corp	10/15/17	5,181,300	0.79%
Citibank NA	07/02/10	4,976,173	0.76%
Vertex Pharmaceuticals Inc	Com. Stock	4,908,187	0.75%
Aramark Corp	02/01/15	4,545,000	0.69%
Top Ten		54,930,254	8.37%

** A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010 developed markets international stock fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To achieve a long-term real rate of return above the U.S. inflation rate and provide asset diversification through equity investments in developed foreign countries.

Performance Objective: An annual total return 100 to 250 basis points greater than the Benchmark after expenses.

Benchmark: S&P/Citigroup BMI EPAC (Europe, Pacific, Asia Composite) Index 50% Hedged

Date of Inception: November 1, 2007

Number of Advisors: 14 external

Operating Expenses: $1,839,727

Total Net Assets: $4,434,960,564

Management Fees: $22,085,148

Expense Ratio: 0.54%

Description of the Fund

The Developed Markets International Stock Fund ("DMISF") is an externally managed fund, which invests in equity securities of non-U.S. corporations. The goal of this asset class is to participate in the growth of developed foreign markets and achieve a long–term, real rate of return above the U.S. inflation rate. At the end of fiscal year 2010, the Fund had fourteen external advisors specializing in different aspects of the market. (See Figure 8-6.) Based on the Fund's net asset value as of June 30, 2010, actively managed core investments accounted for approximately 29.9% of the portfolio. The remaining portion of the portfolio that was actively managed was allocated as follows: 22.3% in active growth/value, 14.5% in small cap, and 14.4% risk controlled. Fourteen and a half percent of the portfolio was passively managed and 1.6% was contained in the currency management account. Additionally, approximately 2.3% was managed through the Connecticut Horizon Fund (CHF) with the final .5% held in cash equivalents.

Portfolio Characteristics

At fiscal year-end, DMISF was 99.5% invested in developed market foreign securities, reflecting the Fund's policy to be fully invested. The DMISF country allocations were generally similar to the weightings of the index, with Japan, Australia, and Korea slightly underweighted relative to the index. The largest geographic concentrations were Japan (19.4%) and the United Kingdom (18.1%). The variances from the index weightings reflect the active management of the portfolio. (See Figure 8-5.)

The DMISF was well diversified by market, sector and capitalization. At year-end, the Fund's largest investment, consumer staples' leader Nestlé's, comprised 1.8% of the total aggregate investment securities. At June 30, 2010, the top ten holdings of the portfolio accounted for only 10.5% of the Fund's investments indicating broad stock diversification. (See Figure 8-7.)

Market Review

The developed markets began the fiscal year on a high note, rallying throughout the quarter ending September 30, 2009. Performance was driven by strong gains within the European equities' market. Significant exposure to the financials sector, specifically within banking stocks, led the equities' rally over the quarter. However, by June the rally in developed markets subsided. The Greek debt crisis led investors to raise concerns regarding the fiscal and economic policies of many other European countries and also threatened the stability of the Euro. In addition, concerns over the rising debt to GDP ratios across the region and further questions about financial stability drove down performance across the region. Greece ended the fiscal year down 46.8%. As a result of the instability within the European markets, the developed markets rally came to a halt over the quarter ending June 30, 2010.

Performance Summary

For the fiscal year ended June 30, 2010, the Developed Markets International Stock Fund generated a return of 11.03%, net of fees and operating expenses, which outperformed its benchmark return of 9.68% by 135 basis points.

DMISF's market value grew from $4,415.9 million on June 30, 2009 to $4,434.9 million, an increase of $19 million. Net realized and unrealized gains of $412.9 million along with $110.8 million of net investment income were offset by cash withdrawals of $503.7 million by participating pension plans and trusts. The Fund outperformed its benchmark by 39 basis points over the three year period, generating a return of -11.93% versus -12.32% for the index. Over the five year period, the Fund's annualized return was 1.35% versus 1.76% for its benchmark, an underperformance of 41 basis points. (Figure 8-3).

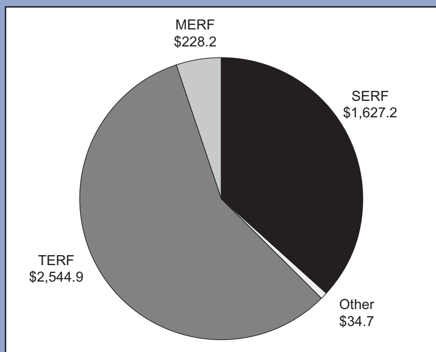
The cumulative total returns produced by DMISF exceeded the benchmark over the one and three year periods and was below the index over the five year period.

Risk Profile

Given DMISF's investment policies and objectives, the Fund is exposed to several risks. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company risk. A currency hedging strategy is employed. As stated in the Investment Policy Statement, a 50% hedge ratio should provide an acceptable reduction in the portfolio's currency risk profile over time. The Fund has been slightly less volatile than its benchmark over the five-year period ending June 30, 2010. DMISF's high R2 score of 0.99 demonstrates a relatively strong overall correlation with the performance of the index. The results of these two measurements indicate that the Fund is producing higher risk–adjusted returns compared to its benchmark.

Figure 8-1

DEVELOPED MARKETS INTERNATIONAL STOCK
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 8-2

DEVELOPED MARKETS INTERNATIONAL STOCK [(1)]
Risk Profile at June 30, 2010

Relative Volatility	0.98
Standard Deviation	18.38
R^2	0.99
Beta	0.97
Alpha	-0.41

(1) Based upon returns over the last five years.

Figure 8-3

DEVELOPED MARKETS INTERNATIONAL STOCK
Periods ending June 30, 2010

	1 YR	3 YRS	5YRS
Compounded, Annual Total Return (%)			
DMISF	11.03	-11.93	1.35
S&P/Citigroup BMI			
EPAC 50% Hedged	9.68	-12.32	1.76
Cumulative Total Return (%)			
DMISF	11.03	-31.69	6.95
S&P/Citigroup BMI			
EPAC 50% Hedged	9.68	-32.59	9.11

Figure 8-4

DEVELOPED MARKETS INTERNATIONAL STOCK
Annual Total Return

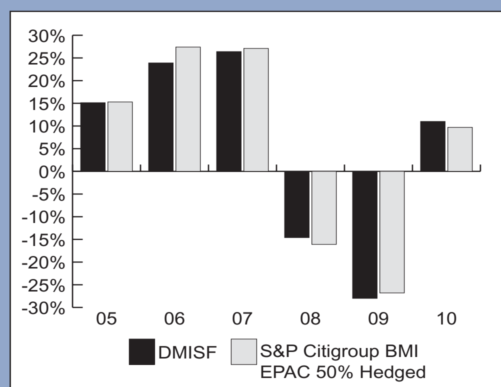


Figure 8-5

DEVELOPED MARKETS INTERNATIONAL STOCK
Diversification by Benchmark Country with Return (%) at June 30, 2010 (1)

	DMISF % of Net Assets 6/30/10	Benchmark % of Net Assets 6/30/10	Variance
Australia	5.2	7.7	-2.5
Austria	0.6	0.4	0.2
Belgium	0.8	1.0	-0.2
Denmark	1.0	1.0	0.0
Finland	0.9	1.1	-0.2
France	8.0	8.7	-0.7
Germany	6.7	7.0	-0.3
Greece	0.3	0.3	0.0
Hong Kong	3.1	3.1	0.0
Ireland	0.4	0.4	0.0
Italy	2.7	3.0	-0.3
Japan	19.4	22.2	-2.8
Korea	3.2	4.8	-1.6
Luxembourg	0.2	0.5	-0.3
Netherlands	3.5	2.6	0.9
New Zealand	0.2	0.1	0.1
Norway	0.6	0.9	-0.3
Portugal	0.2	0.4	-0.2
Singapore	1.9	1.8	0.1
Spain	2.1	3.2	-1.1
Sweden	2.1	2.9	-0.8
Switzerland	8.2	7.5	0.7
United Kingdom	18.1	19.4	-1.3
Other	10.6	0.0	10.6
Total	**100.0**	**100.0**	

Figure 8-6

DEVELOPED MARKETS INTERNATIONAL STOCK
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
Index	**$643,899,823**	**14.52%**
State Street Global Advisors	643,899,823	14.52%
Core	**1,427,372,133**	**32.19%**
Invesco Global Asset Mgmt.	175,522,939	3.96%
AQR Capital Management	518,387,343	11.69%
Acadian Asset Management	182,882,308	4.12%
Artio Global	449,467,939	10.14%
Progress	101,111,604	2.28%
Active-Growth	**511,832,524**	**11.54%**
MFS Institutional Advisors, Inc.	511,832,524	11.54%
Active-Value	**479,311,240**	**10.81%**
Grantham, Mayo, Van Otterloo	479,311,240	10.81%
Small Cap	**644,021,970**	**14.52%**
Schroder Investment Mgmt.	221,955,384	5.00%
Dimensional Fund Advisors	201,856,115	4.55%
William Blair & Company	220,210,471	4.97%
Risk Controlled	**640,159,768**	**14.43%**
BlackRock	314,448,922	7.09%
Pyramis	325,710,846	7.34%
Other (1)	**88,363,106**	**1.99%**
TOTAL DMISF	**4,434,960,564**	**100.00%**

(1) Other represents Liquidity Fund, other assets and terminated advisor balances, as well as, currency overlay balances for the DMISF (managed by Pareto).

Figure 8-7

DEVELOPED MARKETS INTERNATIONAL STOCK
Ten Largest Holdings* at June 30, 2010

Security Name	Country	Market Value	%
Nestle SA CHFO.10 REGD	Switzerland	$ 77,999,342	1.80%
Royal Dutch Shell PLC A Shares Eur .07	United Kingdom	53,794,807	1.24%
Roche Holdings AG Genusscheine NPV	Switzerland	51,536,598	1.19%
HSBC Holdings ORD USD 0.50 UK REG	United Kingdom	46,545,054	1.08%
Novartis AG CHF 0.50 REGD	Switzerland	44,326,091	1.02%
Glaxosmithkline ORD GBP 0.25	United Kingdom	40,731,126	0.94%
Sanofi Aventis EUR 2.0	France	36,436,956	0.84%
Total SA Eur 2.5 Post Division	France	35,270,998	0.82%
Astrazeneca ORD USD 0.25	United Kingdom	33,785,298	0.78%
Vodafone Group ORD USD 0.11428571	United Kingdom	33,235,013	0.77%
Top Ten		**453,661,283**	**10.48%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010 emerging markets international stock fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To achieve a long–term, real rate of return above the U.S, inflation rate by participating in the growth of emerging market economies through the ownership of equity securities.

Performance Objective: An annual total return of 200 basis points greater than the MSCI Emerging Markets IMI (with net dividends) Index benchmark after expenses.

Benchmark: MSCI Emerging Markets IMI (Investable Market Index) Index

Date of Inception: November 1, 2007

Number of Advisors: 4 external

Operating Expenses: $1,689,274

Total Net Assets: $2,073,164,572

Management Fees: $12,333,677

Expense Ratio: 0.87%

Description of the Fund

The Emerging Market International Stock Fund ("EMISF") is an externally managed fund, which invests in foreign companies located in countries having developing or emerging economies. Emerging markets are expected to grow at a higher rate than developed markets and investments in these markets also provide further diversification for CRPTF assets. EMISF is managed by four emerging markets external money managers. The newest manager was hired during the third quarter of fiscal 2010 as a result of an increased strategic asset allocation to emerging markets' equity investments.

Portfolio Characteristics

The EMISF country allocations differ, in some cases significantly, to the weightings of the index. Each manager is permitted some discretion to deviate from the index in order to enhance performance. China had the largest variance from the index representing 5.7% of the EMISF portfolio compared to 19.4% of the index. Other countries that were meaningfully underweighted relative to the benchmark were India, South Africa and Taiwan. Thailand and Turkey had significant over weights to the index. Twenty percent of the fund was allocated to stocks in emerging countries outside of the benchmark. (See Figure 9-6.).

The EMISF was well diversified at year-end. The top ten holdings accounted for 19.24% of the Fund's investments across six countries. (Figure 9-8.). The EMISF's largest holdings included a variety of "blue chip" companies located in Latin America, Eastern Europe, and the Far East. The Fund's largest investment, comprising 2.62% of investment securities, was Korea's Samsung Electric.

Market Review

During the fiscal year ended June 30, 2010, emerging markets continued to lead the global equity rally, which began at the beginning of 2009. The rally was led by the financials' sector as investor confidence recovered over 2009. As many investors saw emerging market countries as being significant players in the global economic recovery, performance of the BRIC countries (Brazil, Russia, India and China) led the rally in 2009. However beginning in 2010, the emerging markets' rally began to lose steam, as countries such as China and Brazil experienced negative returns. China's underperformance is attributable to poor returns amongst banks and real estate companies, as investors grew concerned over the lending practices of banks, coupled with the bubble developing within the real estate market. Brazil's poor performance was a result of a decline in returns within telecommunications and consumer discretionary companies, as well as a sharp decline in Petrobas, the largest company in Latin America. The emerging markets' rally came to a halt over the quarter ending June 2010, as the financial instability in several European countries, fueled by the sovereign debt crisis, decreased investor confidence throughout the region.

Performance Summary

For the fiscal year ended June 30, 2010, the Emerging Markets International Stock Fund (EMISF) generated a return of 25.23%, net of fees and operating expenses, outperforming its benchmark index return of 24.57% by 66 basis points. Under weighting China, India and South Africa, and over weighting Turkey, relative to the index, contributed positively to performance. Over weighting Hungary and under weighting Taiwan detracted from performance.

The EMISF's value as of June 30, 2010 was $2,073.1 million, up from $1,147.3 million one year earlier. Of this $925.8 million increase, $548.1 million emanated from net cash inflows from participating pension and trust funds, $343.1 million from net realized and unrealized gains, and $34.9 million from net investment income.

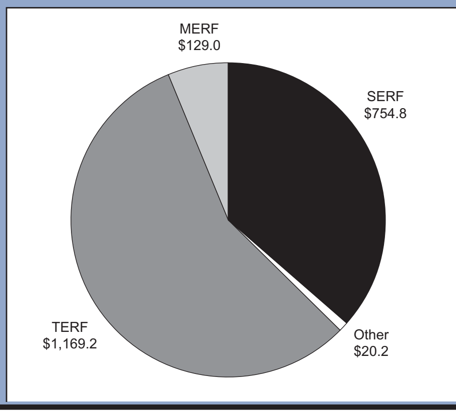
The Fund returned -4.65% and 10.88% for the three and five year periods, underperforming by 272 basis points and 224 basis points respectively. Over the ten year period, the fund was within 9 basis points of the benchmark return of 10.21%, returning 10.12%. The cumulative returns for the Fund for the three, five and ten year periods were -13.30%, 67.56% and 162.26%, respectively, as illustrated in Figure 9-4.

Risk Profile

Given EMISF's investment policies and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, political and economic risk, currency exchange risk, market risk, and individual company risk. Based on returns over the last five years, the Fund's risk profile is similar to that of the benchmark. Its high R2 of 0.99 demonstrates a strong overall correlation with the performance of the index. In the aggregate, EMISF's annualized excess return over the five-year period, or return in excess of that earned by the benchmark, was -2.24%. (See Figure 9-2.) Over the past five years, the fund has experienced less volatility than the benchmark as evidenced by its .97% relative volatility.

Figure 9-1

EMERGING MARKETS INTERNATIONAL STOCK
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 9-2

EMERGING MARKETS INTERNATIONAL STOCK
Risk Profile at June 30, 2010

Relative Volatility	0.97
Standard Deviation	27.62
R^2	0.99
Beta	0.97
Alpha	-2.24

(1) Based upon returns over the last five years.

Figure 9-3

EMERGING MARKETS INTERNATIONAL STOCK
Fiscal 2010 Economic Sector vs. Index (%)

	EM ISF	MSCI Index	Variance
Energy	13.6	12.4	1.2
Materials	10.5	15.8	-5.3
Industrials	8.2	8.8	-0.6
Consumer Discretionary	7.4	7.1	0.3
Consumer Staples	5.5	5.4	0.1
Health Care	1.4	0.7	0.7
Financials	24.3	25.6	-1.3
Information Technology	9.3	12.5	-3.2
Telecommunication Services	6.4	8.3	-1.9
Utilities	1.8	3.4	-1.6
Commingled Fund	10.0	0.0	10.0
Preferred Stock	0.0	0.0	0.0
Private Placement	0.0	0.0	0.0
Liquidity Fund	1.6	0.0	1.6
	100.0	100.0	

Figure 9-4

EMERGING MARKETS INTERNATIONAL STOCK
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
EMISF	25.23	-4.65	10.88	10.12
MSCI EMERGING MARKETS IMI INDEX	24.57	-1.93	13.12	10.21
Cumulative Total Return (%)				
EMISF	25.23	-13.30	67.56	162.26
MSCI EMERGING MARKETS IMI INDEX	24.57	-5.69	85.25	164.33

Figure 9-5

EMERGING MARKETS INTERNATIONAL STOCK
Annual Total Return

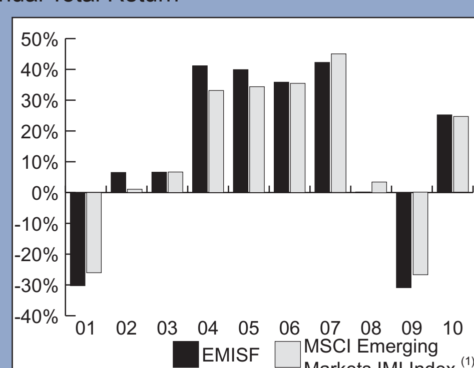


Figure 9-6

EMERGING MARKETS INTERNATIONAL STOCK
Diversification by Benchmark Country with Return (%) at June 30, 2010 (1)

	EMISF		EMISF Benchmark	
	% of Net Assets 6/30/10	Total Return	% of Net Assets 6/30/10	Total Return
Argentina	0.1	15.3	0.1	39.9
Brazil	14.7	26.8	15.3	21.8
Chile	0.6	35.4	1.5	25.2
China	5.7	20.3	19.4	10.9
Columbia	0.1	52.8	0.8	53.6
Czech Republic	0.5	1.9	0.4	-1.5
Egypt	0.8	9.2	0.5	11.4
Hungary	1.4	-1.6	0.4	15.5
India	2.9	48.2	8.3	32.0
Indonesia	3.1	69.2	2.4	66.0
Israel	0.6	12.7	0.0	0.0
Jordan	0.0	0.0	0.0	0.0
Kazakhstan	0.0	0.0	0.0	0.0
Korea	12.9	25.3	13.5	31.9
Malaysia	2.4	42.0	2.9	33.9
Mexico	4.6	31.9	4.4	31.7
Morocco	0.0	-20.7	0.2	-11.5
Pakistan	0.0	-4.8	0.1	34.3
Peru	0.2	27.1	0.6	52.2
Philippines	1.0	50.1	0.5	35.5
Poland	1.0	11.3	1.3	23.1
Russia	7.9	18.5	6.3	26.5
South Africa	3.6	23.9	7.2	18.4
Taiwan	7.2	11.9	10.8	15.4
Thailand	4.2	39.6	1.5	34.6
Turkey	4.4	54.8	1.6	43.7
Venezuela	0.0	0.0	0.0	0.0
Other Countries	20.1	0.0	0.0	0.0
Total	**100.0**		**100.0**	

(1) Includes Liquidity Fund and cash equivalents at each country level.

Figure 9-7

EMERGING MARKETS INTERNATIONAL STOCK
Investment Advisors at June 30, 2010

Investment Advisor	**Net Asset Value**	**% of Fund**
Grantham, Mayo, Van Otterloo	579,031,270	27.93%
Emerging Markets Management	562,542,529	27.13%
Aberdeen Asset Management	511,208,154	24.66%
Schroders Investment Mgt	415,973,739	20.07%
Other (1)	4,408,880	0.21%
TOTAL EMISF	2,073,164,572	100.00%

(1) Other represents Liquidity Fund, other assets and terminated advisor balances, as well as, currency overlay balances for the DMISF.

Figure 9-8

EMERGING MARKETS INTERNATIONAL STOCK
Ten Largest Holdings* at June 30, 2010

Security Name	**Country**	**Market Value**	**%**
Samsung Electronic KRW 5000	Republic of Korea	54,210,055	2.62%
Vale SA Depository Receipts	Brazil	53,183,480	2.58%
Petroleo Brasileiro SA Sponsored ADR	Brazil	51,738,522	2.51%
Gazprom ADR OAO	Russian Federation	47,943,655	2.32%
China Mobile Ltd. HKD 0.10	Hong Kong	47,795,789	2.31%
CNOOC Ltd HKD 0.02	Hong Kong	38,764,655	1.88%
Lukoil OAO ADR Rub 0.025	Russian Federation	30,949,045	1.50%
America Movil ADR Series L	Mexico	24,795,570	1.20%
Grupo Financiero Banorte NPV	Mexico	24,162,107	1.17%
Taiwan Semiconductor SP ADR	Taiwan	23,838,175	1.15%
Top Ten		**397,381,053**	**19.24%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010 real estate fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To provide diversification to the overall CRPTF investment program; preserve investment capital and generate attractive risk-adjusted rates of return. The REF also provides current income and serves as a hedge against inflation.

Performance Objective: An annual total return which is equal to or greater than CRPTF's actuarially determined assumed rate of return and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

Benchmark: National Council of Real Estate Investment Fiduciaries Index (NCREIF) with a one quarter lag.

Date of Inception: July 1, 1982

Total Net Assets: $783,828,981

Number of Partnerships: 35 external

Management Fees [(1)]: $3,100,126

Operating Expenses: $861,849

Expense Ratio: 0.51%

Capitalized and Netted Fees: $14,317,722

(1) See note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Description of the Fund

The Real Estate Fund (REF) is an externally managed fund that invests in real estate, real estate related investments and mortgages. These investments are restricted by policy to the purchase of shares in group annuities, limited partnerships, group trusts, corporations, and other indirect ownership structures managed by professional commercial real estate investment firms.

REF is benchmarked against the NCREIF index. Its strategic objectives are: (1) to provide diversification to the overall CRPTF investment program; (2) to preserve investment capital and generate attractive risk-adjusted rates of return; (3) to provide current income; and (4) to provide a hedge against inflation. Its returns are expected to be equal to or greater than CRPTF's actuarially determined assumed rate of return (currently 8.5%) and competitive with that of other asset classes in which CRPTF invests, on a risk adjusted basis.

Portfolio Characteristics

At June 30, 2010, the portfolio consisted of 35 externally managed portfolios/investments with 0.3% invested in real estate trusts, 90.0% invested in limited partnerships or limited liability companies and 9.7% invested in the Liquidity Fund. The Fund's ten largest holdings aggregated to 47.25% of the fund. (See figure 10-12.)

As currently structured, 9.7% of the REF is invested in the Liquidity Fund, 13.4% apartment, 11.4% hotel, 9.1% retail, 21.9% office 8.4% industrial and 26.1% in other real estate including mixed use, land, resorts, senior housing and condominiums. (See figure 10-7.)

The portfolio is reasonably well diversified geographically with 22.6% in the West, 22.4% in the South, 28.4% in the East and 6.6% in the Midwest. The balance of 4.2% is invested internationally with 15.8% invested in the Liquidity Fund and other assets. (See figure 10-6.)

Performance Summary

For the fiscal year ending June 30, 2010, the REF generated a total return of -20.18%, net of fees, which under performed the National Council of Real Estate Investment Fiduciaries Index (NCREIF) of -9.60% by 1,058 basis points. Most of the underperformance was due to early recognition of valuation declines resulting from the national credit crisis and the REF's 59% leverage which compounds the valuation declines in a down market versus the unleveraged index.

During the fiscal year, the value of REF increased from $769.6 million to $783.8 million, due primarily to $202.8 million of new purchases offset by ($174.4) net unrealized losses, $13.9 million of distributions and $0.3 million in salaries.

For the trailing three, five and ten year periods, REF's compounded annual returns were (15.48%), (5.92%), and 1.18%, respectively, net of all expenses (see figure 10-8). The REF returns underperformed the benchmark in the three, five and ten year periods by 1,116 basis points, 1,011 basis points and 594 basis points, respectively. Most of the long-term underperformance is due to a legacy portfolio (1998 commitments) that has underperformed. The short-term underperformance is due to 59% portfolio leverage versus an unlevered index.

During fiscal year 2010, the CRPTF committed $200 million to three Public Private Investment Funds, which was part of a broad effort to repair balance sheets throughout the U.S. financial system and ensure that credit is available to households and businesses. Three separate limited partnership investment were made into these fund: $50 million into AllianceBernstein Legacy Securities (Delaware) LP; $50 million into Marathon Legacy Securities Public-Private Investment Fund, LP, and $100 million into WLR IV PPIP Co-Invest, LP.

Market Review

The outlook for the US real estate markets is highly contingent upon a growing economy and a low unemployment rate. Despite recent encouraging trends for both the US economy and the job market, job creation is expected to remain sluggish and the economic outlook uncertain. The broader economic recovery will ultimately filter through to office jobs, which will support an office property recovery, but first must overcome hesitancy by tenants to expand space needs. The recession has also taken its toll on industrial and retail properties. The downturn in demand for these properties is primarily due to lack of consumer demand, which has led to a reduction in inventories and higher vacancy rates for retail space. One bright spot has been the growth in the apartment sector, vacancies have declined and improvements have been seen across virtually all markets helped by the expiration of the home buyer's tax credit. More recently, there are continued signs of decelerating declines in market value, and in some cases modest appreciation across the asset class. Transaction activity is increasing, and capitalization rates are beginning to compress within certain lower risk real estate sectors. Institutional investors have begun to refocus on making investments within this battered real estate asset class.

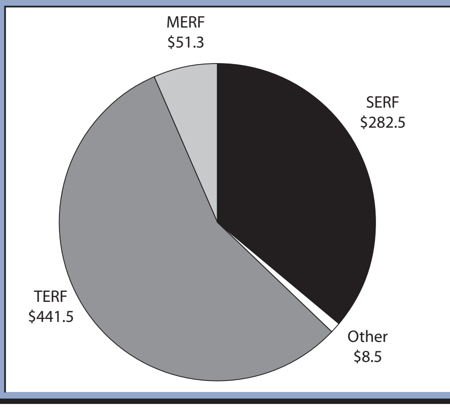
Risk Profile

Given REF's investment policy and objectives, the Fund is exposed to several forms of risk. These include risks attendant to alternative investments, such as management, operations, market, and liquidity risk, but also include geographic, financing, and construction risks specific to real estate investments.

As shown below, based on returns over the last five years, the Fund has exhibited substantially more volatility than its benchmark. The Fund's statistics are consistent with its extraordinarily low R2 of 0.00, signifying almost no correlation between Fund returns and those of the benchmark. Its beta of -0.03 indicates little sensitivity to overall fluctuations in the benchmark. In the aggregate, the Fund's monthly alpha, or return relative to that achieved by the benchmark, was negative 10.11 over the five-year time period. Work continues on rebuilding the portfolio to more closely align the Fund with the benchmark.

Figure 10-1

REAL ESTATE FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 10-2

REAL ESTATE FUND
Risk Profile at June 30, 2010

Relative Volatility	1.33
Standard Deviation	10.22
R2	0.00
Beta	-0.03
Alpha	-10.11

(1) Based upon returns over the last five years.

Figure 10-3

REAL ESTATE FUND
Investments Analysis [(1)]

At	No. of REF Investments	REF Book Value	REF Market Value
6/30/2010	35	1,097,439,251	715,310,010
6/30/2009	34	996,474,812	745,643,849
6/30/2008	31	920,921,272	968,885,960
6/30/2007	23	485,341,324	531,570,750
6/30/2006	12	259,551,191	330,169,779
6/30/2005	11	304,926,401	394,855,227
6/30/2004	10	324,142,113	344,673,596
6/30/2003	10	393,641,512	420,132,363
6/30/2002	10	413,693,249	467,819,628
6/30/2001	10	403,106,638	471,662,581

(1) Number of investments in annuities, partnerships, corporations, and trusts, excluding the Liquidity Fund.

Figure 10-4

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2010
Based on Investments in Securities, at Value

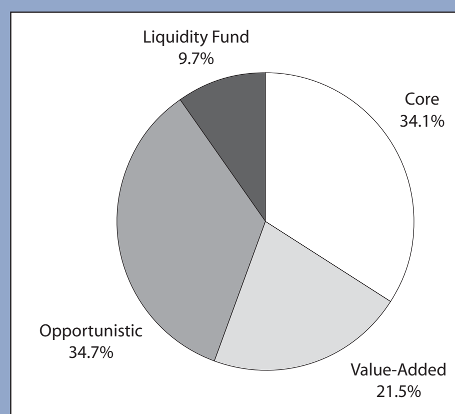


Figure 10-5

REAL ESTATE FUND
Distribution by Investment Type at June 30, 2010
Based on Investments in Securities, at Value

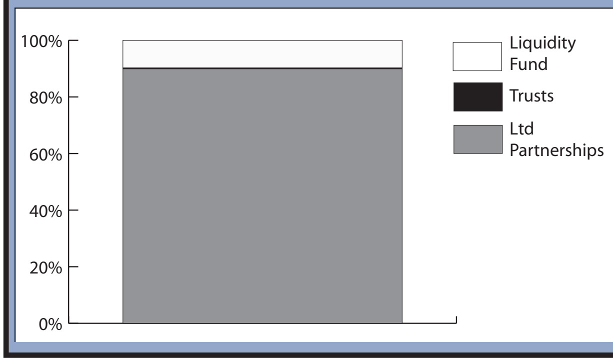


Figure 10-6

REAL ESTATE FUND
Distribution by Geographic Location at June 30, 2010
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
East	28.4%	34.5%	-6.1%
Midwest	6.6%	11.0%	-4.4%
South	22.4%	21.7%	0.7%
West	22.6%	32.8%	-10.2%
International	4.2%	0.0%	4.2%
Other (1)	15.8%	0.0%	15.8%
	100.0%	100.0%	

(1) Includes Liquidity Fund and other assets.

Figure 10-7

REAL ESTATE FUND
Diversification by Property Type at June 30, 2010
Based on Investments in Securities, at Value

	REF	NCREIF	Variance
Apartment	13.4%	24.5%	-11.1%
Industrial	8.4%	14.8%	-6.4%
Office	21.9%	35.0%	-13.1%
Retail	9.1%	23.8%	-14.7%
Hotel	11.4%	1.9%	9.5%
Other(1)	35.8%	0.0%	35.8%
	100.0%	100.0%	

(1) Includes senior living, real estate mixed use, land, Liquidity Fund and other assets.

Figure 10-8

REAL ESTATE FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
REF	-20.18	-15.48	-5.92	1.18
NCREIF Property	-9.60	-4.32	4.19	7.12
Cumulative Total Return (%)				
REF	-20.18	-39.62	-26.30	12.40
NCREIF Property	-9.60	-12.40	22.76	99.00

Figure 10-9

REAL ESTATE FUND
Annual Total Return

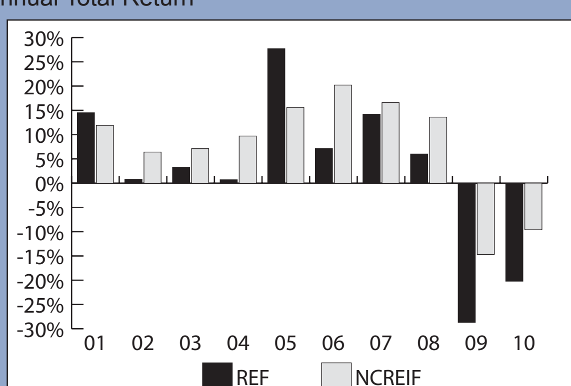


Figure 10-10

REAL ESTATE FUND
Components of Total Return ($ in millions)

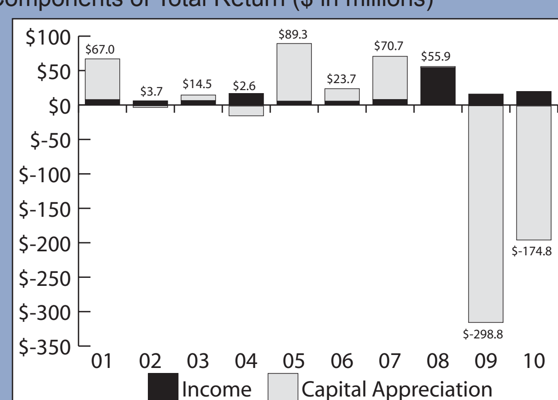


Figure 10-11

REAL ESTATE FUND
Funds at June 30, 2010

Fund	Net Asset Value	% of Fund
1800 E. St. Andrew Place	$18,156,905	2.32%
1155 Perimeter Center West	26,639,547	3.40%
AEW Partners III	7,883,709	1.01%
AEW 221 Trust	2,708,893	0.35%
AEW Core	481,132	0.06%
Alliance Bernstein Legacy	42,887,005	5.47%
Apollo Real Estate	15,223,252	1.94%
Blackstone Real Estate VI LP	30,978,400	3.95%
Blackstone Real Estate Partner Europe III LP	2,405,287	0.31%
Canyon Johnson Urban Fund II	29,275,945	3.73%
Canyon Johnson Urban Fund III	1,142,460	0.15%
Capri Select Income II LLC	6,985,650	0.89%
Colony Realty Partners II LP	18,531,176	2.36%
Cornerstone Patriot	42,865,500	5.47%
Covenant Apartment Fund V LP	24,673,550	3.15%
Covenant Apartment Fund VI	10,103,790	1.29%
The Glen at Lafayette Hill	12,622,352	1.61%
IL & FS India Realty Fund II	25,725,591	3.28%
Macfarlane Urban Real Estate Fund II LP	14,320,948	1.83%
Marathon Legacy Securities PPI	33,072,845	4.22%
Mullica Hill Plaza	7,446,307	0.95%
North Scottsdale Corporate Center	43,404,835	5.54%
Prime Property Fund	60,641,800	7.74%
Rio Hill Shopping Center	38,727,058	4.94%
RLJ RE Fund III LP	8,659,408	1.10%
RLJ Urban Lodging Fund II	28,751,650	3.67%
Rocky Creek Apartments	11,896,889	1.52%
Rockwood Capital Fund V	8,109,795	1.03%
Rockwood Capital VI Limited Partnership	9,708,590	1.24%
Rockwood Capital VII Limited Partnership	6,509,793	0.83%
Starwood Opportunity Fund VII	31,755,800	4.05%
Starwood Opportunity Fund VIII	10,955,630	1.40%
Urban Strategy America Fund LP	17,116,204	2.18%
Walton Street Real Estate	15,366,560	1.96%
WLR IV PPIP Co Invest LP	49,575,756	6.32%
Other (1)	68,518,969	8.74%
TOTAL REF	$783,828,981	100.00%

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.

Figure 10-12

REAL ESTATE FUND
Ten Largest Holdings* at June 30, 2010

Property Name	Type	Market Value	%
Prime Property Fund	Core	$60,641,800	7.65%
WLR IV PPIP Co Invest LP	Opportunistic	49,575,756	6.26%
Alliance Bernstein Legacy	Value-Added	42,887,005	5.41%
Cornerstone Patriot	Core	42,865,500	5.41%
Marathon Legacy Securities PPI	Value-Added	33,072,845	4.17%
Starwood Opportunity Fund VII	Opportunistic	31,755,800	4.01%
Blackstone Real Estate VI LP	Opportunistic	30,978,400	3.91%
Canyon Johnson Urban Fund II	Opportunistic	29,275,945	3.69%
RLJ Urban Lodging Fund II	Opportunistic	28,751,650	3.63%
Covenant Apartment Fund V LP	Value-Added	24,673,550	3.11%
Top Ten		**$374,478,251**	**47.25%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

Figure 10-13

REAL ESTATE FUND
New Investments Made in Fiscal Year 2010 (1) (in Excess of $3 Million)

Partnership Name	Commitment Amount	Investment Type
AllianceBernstein Legacy Securities	$50 million	Public-Private Investment Fund
Marathon Legacy Securities Public-Private Investment Fund, LP	$50 million	Public-Private Investment Fund
WLR IV PPIP Co-Invest, LP	$100 million	Public-Private Investment Fund
Total	$200 million	

(1) These represent new Real Estate Partnerships that were invested in by the Fund during fiscal year 2010.

2010 commercial mortgage fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To achieve yields in excess of those available on domestic fixed income securities by investing in mortgages on income producing property or in commercial mortgage backed securities (CMBS).

Performance Objective: An annual total return which is one percentage point greater than that of the BC Aggregate Bond Index after expenses.

Benchmark: Barclays Aggregate Bond Index (BCI)

Date of Inception: November 2, 1987

Total Net Assets: $3,826,443

Number of Advisors: 1 external

Management Fees: $37,125

Operating Expenses: $17,286

Expense Ratio: 1.21%

Description of the Fund

The Commercial Mortgage Fund (CMF) is an externally managed fund that holds mortgages on income-producing commercial property. Established in 1982, it serves as a fixed income investment tool for the pension plans with the goal of realizing yields in excess of those available from traditional domestic fixed income securities, while accepting slightly greater credit risk.

CMF's investment assets consist of one externally managed commercial real estate mortgage loan and interests in Yankee Mac pooled residential mortgage-backed securities created pursuant to a previous Connecticut State Treasury program.

The CMF's performance objective is an annual total return, net of management fees and operating expenses, which exceeds that of the BCI by 100 basis points.

Portfolio Characteristics

The sole remaining commercial mortgage loan is secured by three mobile home parks in Phoenix, AZ. The loan has a 9.55% interest rate and a maturity of September 2012. The loan amortized by approximately $1.27 million during the fiscal year. Debt service coverage is abundant at 2.99 times.

The portfolio is healthy from a credit risk standpoint. CMF had no delinquent or non-performing loans at fiscal year end. None of the Fund's investments are scheduled to mature in the next 12 months.

Performance Summary

For the fiscal year ended June 30, 2010, the CMF generated a return of 6.75%, net of management fees and operating expenses, under performing the BCI of 9.50% by 2,750 basis points. The CMF's unfavorable performance is attributable to an unrealized valuation adjustment.

During the fiscal year, CMF assets declined from $5.137 million to $3.826 million. This reduction was due to distributions of $0.391 million, redemptions of $1.267 million, net gains from operations of $0.364 million and $0.02 million in salaries.

For the trailing three, five, and ten-year periods, CMF's total compounded annual portfolio return was 5.0%, 6.54% and 7.88%, respectively, net of all expenses. The Fund's results over the three year period under-preformed the benchmark by 252 basis points. For the five and 10 year periods the fund's results exceeded the benchmark by 100 basis points and 141 basis points, respectively.

At June 30, 2010, the Fund consisted of one commercial mortgage loan in the amount of $3,464,167 and five residential mortgage pools with a combined value of $193,054 and cash of $160,894 at fair value. The CMF continues to be inactive regarding new loans and is being managed to maximize the total return of its remaining holdings.

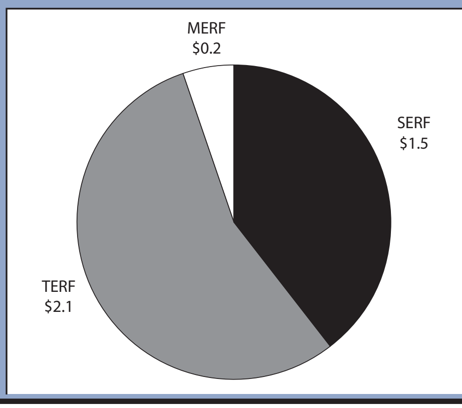
Risk Profile

Given CMF's investment policies and objectives, the Fund is exposed to several forms of risk. These include risks specific to fixed income investing, such as purchasing power risk, market risk, and default risk. Moreover, falling interest rates subject commercial mortgages to the risk of prepayment, thereby shortening investors' assumed time horizon and exposing them to reinvestment risk. However, yield maintenance-based prepayment penalties, which are included in the majority of the Fund's commercial mortgage investments, help minimize this risk.

Based on returns over the last five years, the Fund's risk profile is similar to that of the BC Aggregate Bond Index. With a relative volatility of 2.13, its returns are more volatile than the index. The Fund's beta of .35 signifies a limited amount of sensitivity to movements in the Index as a whole. CMF's five-year monthly alpha, or return in excess of that predicted by returns in the overall market, at June 30, 2010 was 1.00.

Figure 11-1

COMMERCIAL MORTGAGE FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 11-2

COMMERCIAL MORTGAGE FUND (1)
Risk Profile at June 30, 2010

Relative Volatility	2.13
Standard Deviation	7.89
R2	0.03
Beta	0.35
Alpha	1.00

(1) Based upon returns over the last five years.

Figure 11-3

COMMERCIAL MORTGAGE FUND
Quarterly Current (1) Yield Analysis

	CMF	BC Aggregate
6/30/2010	7.70%	4.18%
3/31/2010	7.95%	4.38%
12/31/2009	7.99%	4.51%
9/30/2009	7.86%	4.63%
6/30/2009	8.14%	4.80%

(1) Current Yield represents annual coupon interest divided by the market value of securities.

Figure 11-4

COMMERCIAL MORTGAGE FUND
Distribution by Property Type at June 30, 2010
Based on Investments in Securities, at Value

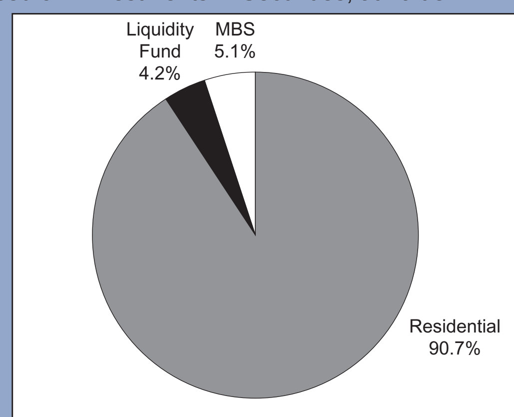


Figure 11-5

COMMERCIAL MORTGAGE FUND
Distribution by Location at June 30, 2010
Based on Investments in Securities, at Value

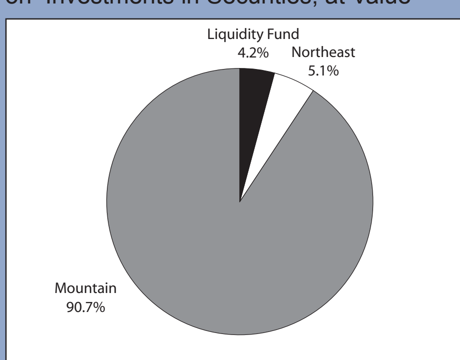


Figure 11-6

COMMERCIAL MORTGAGE FUND
Maturity Analysis
Dollar Value ($ in millions)/Number of Loans

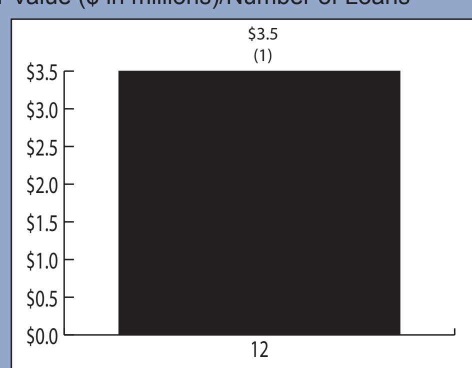


Figure 11-7

COMMERCIAL MORTGAGE FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
CMF	6.75	5.03	6.54	7.88
BC Aggregate	9.50	7.55	5.54	6.47
Cumulative Total Return (%)				
CMF	6.75	15.87	37.26	113.60
BC Aggregate	9.50	24.39	30.94	87.14

Figure 11-8

COMMERCIAL MORTGAGE FUND
Annual Total Return

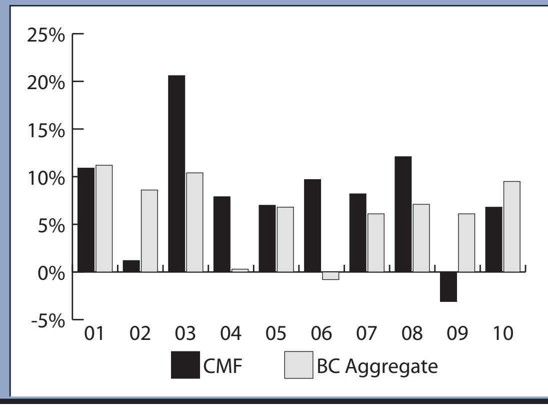


Figure 11-9

COMMERCIAL MORTGAGE FUND
Components of Total Return ($ in millions)

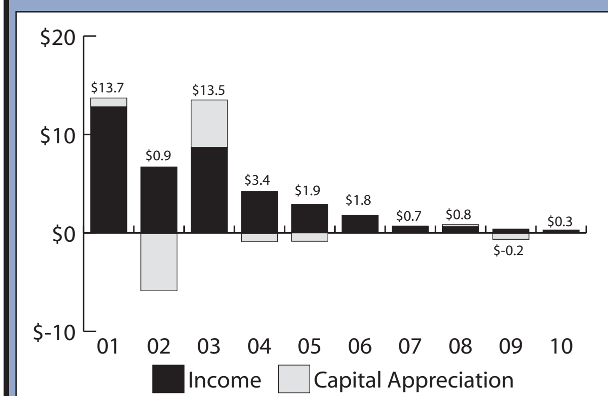


Figure 11-10

COMMERCIAL MORTGAGE FUND
Investment Advisors at June 30, 2010

Investment Advisor	**Net Asset Value**	**% of Fund**
AEW Capital Management	$3,464,356	90.54%
Other [1]	362,087	9.46%
TOTAL CMF	**$3,826,443**	**100.00%**

(1) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.

Figure 11-11

COMMERCIAL MORTGAGE FUND
Five Largest Holdings* at June 30, 2010

Property Name	Property Type	Market Value	%
SASCO	Other	$3,464,167	90.73%
Yankee Mac Series G 11.125%	Residential	94,453	2.47%
Yankee Mac Series E 11.056%	Residential	68,224	1.79%
Yankee Mac Series F 12.981%	Residential	28,227	0.74%
Yankee Mac Series A 13.075%	Residential	2,149	0.06%
Top Five		**$3,657,220**	**95.79%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

2010

private investment fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: A long-term asset allocation with the goal of earning returns in excess of the public equity markets through investments in private equity companies.

Performance Objective: To outperform the Standard & Poor 500 Index ("S&P 500") by 500 basis points at the end of ten years.

Benchmark: S&P 500

Date of Inception: July 1, 1987

Number of Partnerships: 66 external

Operating Expenses: $1,654,756

Capitalized and Netted Fees: $30,432,412

Total Net Assets: $2,013,846,298

Expensed Management Fees (1): $8,323,349

Expense Ratio: 0.55%

(1) See Note 1 to the Financial Statements for a discussion of similar fees incurred at the investment level.

Description of the Fund

The Private Investment Fund (PIF) is an externally managed fund whose strategic focus is divided into two sub-asset classes: venture capital and corporate finance. Further corporate finance encompasses several underlying strategies, including buyout, mezzanine, and special situations. The Private Investment Fund serves as a long-term investment tool for the Pension and Trust Funds, with the goal of earning returns in excess of the public equity markets through investments in private and public companies.

This Fund structure allows for experienced industry professionals to manage PIF's assets while allowing the Fund to realize the benefits of a diversified private market portfolio in the areas of investment type, strategic focus, industry type and geographic region. The performance objective of the Fund is to outperform, net of management fees and Division operating expenses over a rolling ten-year period, the Standard & Poor's 500 Index by 500 basis points.

Portfolio Characteristics

The Private Investment Fund invests in private equity funds either directly as a Limited Partner to a specific fund or indirectly as a limited partner to a fund of funds vehicle. Fund-of-funds investments are investment funds which may have multiple areas of strategic focus. These funds invest in multiple private equity partnerships that invest in underlying companies. Private equity investments include two general areas of strategic focus:

Corporate Finance

- Buyout focused investments can be defined as controlling or majority investments in private equity or equity-like securities of more established companies on the basis of the company's asset values and/or cash flow.
- Mezzanine Debt focused investments can be defined as investments in securities located between equity and senior debt in the company's capital structure. Mezzanine debt investments offer higher current income than senior debt securities and often offer equity participation features that may take the form of warrants or contingent equity interests.
- Special Situations focused investments can be defined as investments in a variety of securities (Debt, Preferred Equity, Common Equity) in portfolio companies at a variety of stages of development (Seed, Early Stage, Later Stage).

- International Private Equity focused investments can be defined as investments in private equity or equity-like securities in companies located outside the continental United States. International Private Equity investments often offer higher return potential as a result of the above average rates of growth available in select international economies.

Venture Capital

- Venture Capital focused investments can be narrowly defined as investments in the private equity or equity-like securities of developing companies in need of growth or expansion capital. These investments can range from early-stage financing, where a company has little more than a marketable idea, to expansion financing, where a company has a marketable product but requires additional capital to bring the product to market.

Through June 30, 2010, the PIF had 70 funds with aggregate capital commitments in the amount of $5.9 billion of which approximately 75 percent, or $4.3 billion has been “drawn down” for investment purposes while the balance of approximately $1.6 billion or 25 percent is committed but not yet drawn. (See Figure 12-6.)

Market Review

The private equity market has shown some signs of recovery in 2010. Despite continued volatility in the global capital markets and softness in the U.S. economy, private equity firms are deploying capital at an increasing rate. In addition, exit activity is increasing and the operating and financial performance of portfolio companies is improving.

The slowdown in private equity fundraising has persisted through 2010. Global fundraising in 2010 is on pace to be 12% below 2009 and 70% below the peak in 2007, according to Thomson One. Conversely, the amount of capital invested in U.S. private equity transactions has increased. Approximately $81 billion was invested in 4,141 buyout and venture deals in first half of 2010, versus $28 billion invested in 3,323 deals in the first half of 2009, according to Thomson One.

U.S. credit markets rebounded in the first half of 2010. Average debt-to-EBITDA ratios for all transaction sizes rose from a low of 3.7x in 2009 to 4.4x in the second quarter of 2010; but still significantly lower than the peak of 6.0x in 2007, according to Standard & Poor’s Leveraged Commentary.

The IPO and M&A markets have also strengthened this year. Through the first half of 2010 there were 322 private equity backed IPO and M&A transactions versus 368 in all of 2009, according to Thomson One.

The Dodd-Frank Wall Street Reform and the Consumer Protection Act have impacted regulatory oversight of the private equity industry. In particular, private equity firms with more than $150 million of assets under management are now required to register with the SEC and adhere to certain disclosure requirements.

Performance Summary

For the fiscal year ended June 30, 2010, PIF generated a compounded annual rate of return of 17.32%. This return was measured using a Time Weighted Return (“TWR”) calculation methodology.

While short-term returns are evaluated, longer term (e.g. 10 years) returns are more meaningful in evaluating private equity portfolio performance. Long-term horizons better reflect the illiquid nature of PIF’s holdings and the time it takes these investments to mature. PIF’s performance return is benchmarked against the S&P 500 plus 500 basis points. Over the last 10 years through June 30, 2010, PIF has exceeded its benchmark of the S&P 500 plus 500 by 8 basis points. From a TWR perspective, the PIF has underperformed the State Street Private Equity Index time-weighted benchmark of 20.89% by 357 basis points.

The institutional standard for measuring private equity performance is the Internal Rate of Return (“IRR”), rather than the TWR. IRR is a dollar-weighted annualized return that considers both cash flows and time. Since its inception in 1987, PIF has generated a 7.9% IRR. A tool commonly used by institutional investors to benchmark IRR performance is the public market equivalent (“PME”). The PME essentially converts a public equity index TWR into an IRR. From inception through June 30, 2010, PIF has generated 590 basis points in excess of its S&P 500 PME benchmark.

During fiscal 2010, PIF added $175 million of new commitments to two private equity fund managers (See Figure 12-10).

During fiscal year 2010, PIF's assets increased from $1,626 million to $2,014 million, an increase of $388 million.

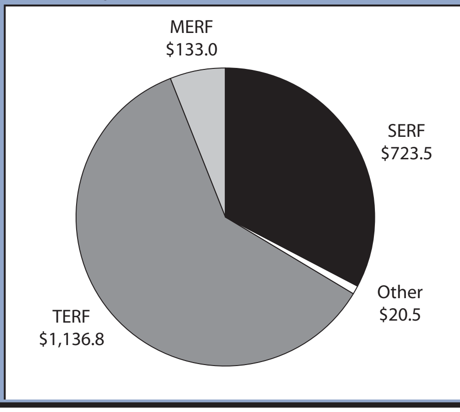
Risk Profile

Given PIF's investment policy and objectives, the Fund is exposed to several forms of risk. These include, but are not limited to, risks attendant with alternative investments, such as management, operations, and product risk, as well as overall liquidity risk. Assuming these risks as part of a prudent, total portfolio strategy enables PIF to participate in the possibility of substantial long-term investment returns.

PIF's risk profile is complex given the valuation judgments and liquidity constraints placed on it due to its alternative investment strategy. Over the last five years, PIF's volatility relative to its benchmark has been 0.51 with a correlation of 0.03. Over the last five years, the Fund has returned an annual alpha, or return relative to that predicted by its benchmark, of -1.73. (See Figure 12-2.)

Figure 12-1

PRIVATE INVESTMENT FUND
Ownership Analysis at June 30, 2010 ($ in millions)



TERF - Teachers' Retirement Fund
SERF - State Employees Retirement Fund
MERF - Connecticut Municipal Employees' Retirement Fund

Figure 12-2

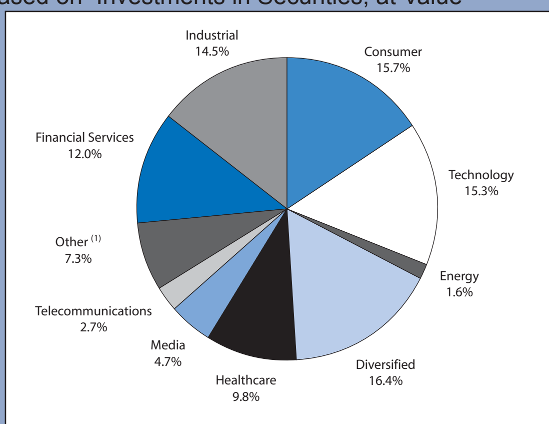
PRIVATE INVESTMENT FUND (1)
Risk Profile at June 30, 2010

Relative Volatility	0.51
Standard Deviation	8.55
R^2	0.03
Beta	0.09
Alpha	-1.73

(1) Based upon quarterly returns over the last five years.

Figure 12-3

PRIVATE INVESTMENT FUND
Distribution by Industry at June 30, 2010
Based on Investments in Securities, at Value



(1) Includes Liquidity Fund and other assets at the partnership level.

Figure 12-4

PRIVATE INVESTMENT FUND
Distribution by Geographic Location at June 30, 2010
Based on Investments in Securities, at Value

Region	%
Northeast (Excludes Connecticut)	16.0%
International	13.8%
West Coast	16.2%
Other(1)	7.3%
Southeast	15.0%
Mid-Atlantic	9.0%
MidWest	10.3%
Southwest	8.2%
Connecticut	2.4%
Northwest	1.8%
TOTAL	100.00%

(1) Includes the Liquidity Fund and other assets at the partnership level..

Figure 12-5

PRIVATE INVESTMENT FUND
Periods ending June 30, 2010

	1 YR	3 YRS	5 YRS	10 YRS
Compounded, Annual Total Return (%)				
PIF	17.32	3.71	8.25	3.49
S & P 500	14.43	-9.81	-0.79	-1.59
State Street Private Equity Index (1 Qtr. Lag)	20.89	-1.02	9.98	5.14
Cumulative Total Return (%)				
PIF	17.32	11.54	48.64	40.88
S & P 500	14.43	-26.65	-3.91	-14.78
State Street Private Equity Index (1 Qtr. Lag)	20.89	-3.01	60.93	65.09

Figure 12-6

PRIVATE INVESTMENT FUND
Distributed by Committed and Invested Capital
As of June 30, 2010 ($ in millions)

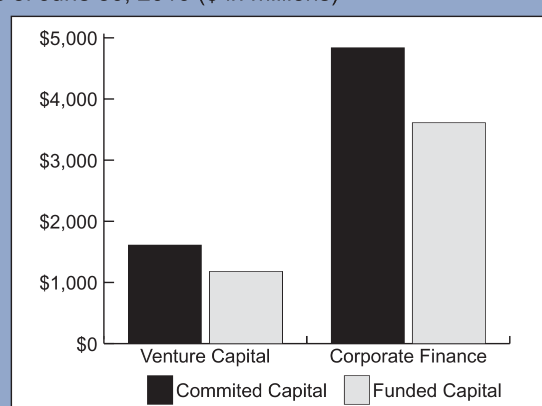


Figure 12-7

PRIVATE INVESTMENT FUND
Annual Total Return

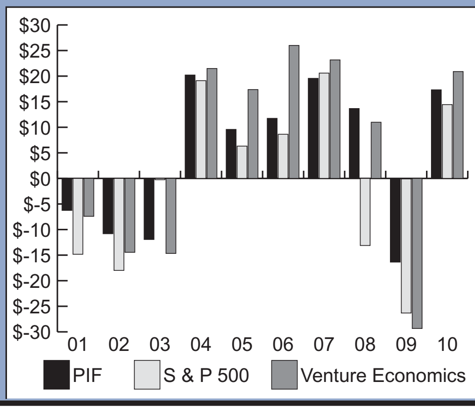


Figure 12-8

PRIVATE INVESTMENT FUND
Components of Total Return ($ in millions)

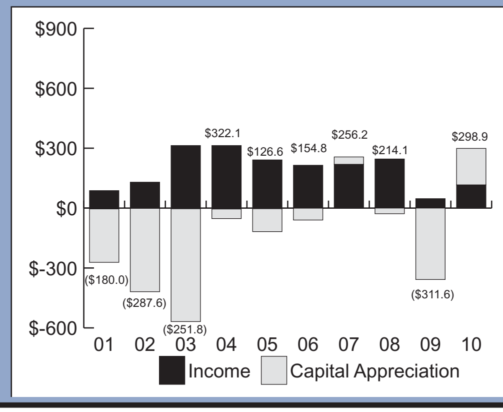


Figure 12-9

PRIVATE INVESTMENT FUND
Ten Largest Holdings* at June 30, 2010

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	160,725,705	7.99%
Fairview Constitution II LP	Fund of Funds	123,187,147	6.12%
Carlyle Asia Partners LP	International	99,721,385	4.95%
Parish Capital Buyout Fund II	Fund of Funds	96,260,356	4.78%
KKR 2006 Fund	Buyout	88,197,715	4.38%
Pegasus Partners IV	Special Situations	88,133,949	4.38%
KKR Millennium Fund	Buyout	86,909,736	4.32%
Welsh Carson Anderson & Stowe X LP	Buyout	84,599,510	4.20%
FS Equity Partners V	Buyout	78,460,140	3.90%
Charterhouse Equity Partners IV	Buyout	71,505,266	3.55%
Top Ten		**977,700,909**	**48.57%**

* *A complete list of portfolio holdings is available from the Office of the Treasurer.*

Figure 12-10

PRIVATE INVESTMENT FUND
New Investments Made in Fiscal Year 2010(1) (in Excess of $3 Million)

Partnership Name	Commitment Amount	Partnership Type	Inv. Date
Landmark XIV	$100 million	Fund-of-Funds	February 25, 2010
Audax Mezzanine III	75 million	Mezzanine	May 10, 2010
Total:	$175 million		

(1) These represent new Private Equity Partnerships that were invested in by the Fund during fiscal year 2010.

Figure 12-11

PRIVATE INVESTMENT FUND
Investment Advisors at June 30, 2010

Investment Advisor	Net Asset Value	% of Fund
Buyout	**$916,118,768**	**45.49%**
KKR Millennium Fund	86,909,736	4.32%
Yucaipa American Alliance Fund II LP	52,968,853	2.63%
Hicks, Muse Tate & Furst Equity Fund III	23,531,328	1.17%
Thomas H. Lee Equity Fund VI	46,016,032	2.28%
Welsh Carson Anderson & Stowe VIII	15,962,376	0.79%
Wellspring Capital Partners III	18,019,745	0.89%
SCP Private Equity Partners	3,471,924	0.17%
Charterhouse Equity Partners IV	71,505,266	3.55%
Forstmann Little Equity Fund VI	735,755	0.04%
DLJ Merchant Banking Fund II	14,447,823	0.72%
KKR 1996 Fund	5,973,159	0.30%
FS Equity Partners V	78,460,140	3.90%
FS Equity Partners VI	10,679,364	0.53%
Blackstone Capital Partners III	8,258,510	0.41%
Thayer Equity Investors IV	14,279,684	0.71%
Kelso Investment Associates VI	5,181,616	0.26%
Green Equity Investors III	2,310,785	0.11%
Wellspring Capital Partners II	2,151,798	0.11%
Candover 2008 Fund	6,289,922	0.31%
Leeds Equity Partners V LP	4,855,229	0.24%
Welsh Carson Anderson & Stowe XI	13,409,239	0.67%
AIG Healthcare Partners LP	32,643,135	1.62%
AIG Altaris Health Partners II	11,761,887	0.58%
Welsh Carson Anderson & Stowe X LP	84,599,510	4.20%
Court Square Capital Partners II	43,143,342	2.14%
Ethos Private Equity Fund V	26,590,596	1.32%
Boston Ventures VII	37,232,513	1.85%
KKR 2006 Fund	88,197,715	4.38%
Nogales Investors Fund II	10,213,598	0.51%
ICV Partners II LP	18,061,711	0.90%
Vista Equity Partners Fund III	50,354,935	2.50%
RFE Investments Partners	4,893,452	0.24%
RFE Investment Partners VII	23,008,090	1.14%
Venture Capital	**$23,340,281**	**1.16%**
Conning Capital Partners V	1,943,359	0.10%
Crescendo World Fund	72,584	0.00%
Grotech Partners V	6,155,241	0.31%
Crescendo III	2,087,161	0.10%
Syndicated Communications	13,081,936	0.65%
Mezzanine	**$40,477,895**	**2.01%**
SW Pelham Fund	3,398,397	0.17%
GarMark Partners	526,570	0.02%
GarMark Partners II LP	30,345,402	1.51%
SW Pelham Fund II	6,207,526	0.31%
International	**$170,876,573**	**8.49%**
Compass Partners European Equity Fund	16,426,114	0.82%
Gilbert Global Equity Partners	35,300,379	1.75%
Carlyle Europe Partners	8,250,076	0.41%
AIG Global Emerging Markets Fund	11,178,619	0.56%
Carlyle Asia Partners	99,721,385	4.95%
Fund of Funds	**$550,355,818**	**27.33%**
The Constitution Liquidating Fund	160,725,704	7.98%
Landmark Private Equity Fund VIII	23,804,890	1.18%
CS/CT Cleantech Opp Fund	13,459,707	0.67%
CT Emerging Pvt Equity	9,121,390	0.45%
Fairview Constitution III	52,459,954	2.60%
Goldman Sachs Private Equity Partners CT	8,426,270	0.42%
Lexington Capital Partners II	4,073,132	0.20%
Parish Capital I LP	37,666,321	1.87%
Parish Capital Buyout Fund II	96,260,356	4.78%
Fairview Constitution II LP	123,187,147	6.12%
Connecticut Horizon Legacy	7,822,662	0.39%
Landmark Equity Partners XIV LP	8,968,930	0.45%
JP Morgan Nutmeg I	4,379,355	0.22%
Special Situations	**$203,240,295**	**10.09%**
Welsh Carson Anderson & Stowe Capital Partners III	16,209,171	0.80%
Levine Leichtman Capital Partners IV LP	10,511,435	0.52%
Greenwich Street Capital Partners II	2,450,819	0.12%
Pegasus Partners IV	88,133,949	4.38%
WLR Recovery Fund IV	55,193,279	2.74%
KPS Special Situations Fund II	30,741,642	1.53%
Other (1)	**109,436,668**	**5.43%**
SUBTOTAL PIF	**2,013,846,298**	**100.00%**

(1) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.

debt management division

Division Overview

The Debt Management Division is responsible for the cost-effective issuance and management of the State of Connecticut's bonded debt. The State's strategic investment in local school construction, roads, bridges, airports, higher education, clean water, and economic development are the foundation of Connecticut's physical and social infrastructure. The Division uses the latest financial instruments available in the public financing market when issuing new debt. The Debt Management Division consists of eleven professionals under the direction of the Assistant Treasurer.

The Division maintains relationships with institutional and retail investors who have shown confidence in the State's economy by purchasing bonds and notes at attractive interest rates. The optimization of the State's credit rating is critical to obtaining low rates in the future. Debt Management staff is in continual contact and actively participates in rating presentations with Moody's Investors Service, Standard and Poor's Ratings, and Fitch Ratings, the three major rating agencies.

During the last several legislative sessions, Division staff has been involved in the drafting of new laws with the Executive and Legislative Branches and has provided financial advice on new legislative initiatives. This has resulted in the design of new bonding programs that have been well received in the financial markets, while maintaining exemption from federal and State taxes where appropriate. Specific examples include electric deregulation; Second Injury; UCONN 2000; school construction; open space; economic development in Bridgeport, Hartford, and New Haven; municipal financial oversight; Bradley International Airport; Economic Recovery Notes; Transportation Strategy Board Project Funding; Unclaimed Property Securitization; securitization to preserve Conservation and Clean Energy Programs; the establishment of a Housing Trust Fund bonding program; the authorization of bonding backed by future federal transportation funds; and a program designed to improve the funding of the Teachers' Retirement Fund including the issuance of bonds.

The Division manages all public financing programs for the State and coordinates the issuance of bonds with State quasi-public authorities, including the Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Housing Finance Authority, the Connecticut Resources Recovery Authority, the Connecticut Higher Education Supplemental Loan Authority, and the Capital City Economic Development Authority.

The active public financing programs for the State include:

	Amount Outstanding June 30, 2010
GENERAL OBLIGATION BONDS General Obligation bonds are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. General Obligation bonds are issued for construction of State buildings, grants and loans for housing, local school construction, economic development, community care facilities, State parks, and open space. Public Act 07-186 authorized the issuance of bonds sufficient to fund a $2 billion deposit into the Teachers' Retirement Fund. On April 30, 2008, the State issued $2,276,578,271 of Taxable General Obligation - Teacher Retirement Fund bonds.	$13,017,887,088
ECONOMIC RECOVERY NOTES Economic recovery notes are paid out of the revenues of the State General Fund and are supported by the full faith and credit of the State of Connecticut. Economic recovery notes were issued to finance the State's FY 2009 budget deficit.	$915,795,000
UCONN 2000 BONDS The University of Connecticut pays UCONN 2000 bonds from a debt service commitment appropriated from the State General Fund originally established under P.A. 95-230 and extended in 2010. Up to $2.3 billion of Debt Service Commitment bonds will be issued under a 22-year $2.8 billion capital program to rebuild and refurbish the University of Connecticut.	$877,492,441
OTHER GENERAL FUND APPROPRIATION DEBT The State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund. This debt consists of the following programs: Connecticut Health and Educational Facilities Authority special obligation bonds for a childcare facilities program were assumed by the State, and the State has committed to pay interest and principal on these bonds by appropriation from the State's General Fund ($68,240,000).	$176,560,000

The Connecticut Housing Finance Authority (CHFA) Bonds were issued to provide funding of the new supportive housing program. The State is required to make all debt service payments on the bonds pursuant to a contract assistance agreement between CHFA, the Treasurer, and OPM ($61,775,000).

Other appropriation debt includes CDA Tax Incremental Financing and CDA lease revenue financing for a State facility, ($30,465,000) and a Certificate of Participation issue for the Connecticut Juvenile Training School Energy Center Project ($16,080,000).

SPECIAL TAX OBLIGATION BONDS $3,030,485,000

Transportation-related bonds are paid out of revenues pledged in the State Transportation Fund. Special Tax Obligation bonds are issued for the State's portion of highway and bridge construction, maintenance and capital needs of mass transit systems, State piers, and general aviation airports. The bonds are secured by transportation-related taxes and revenues, and additional security for the bonds is provided by a debt service reserve fund that totaled $428.7 million on June 30, 2010.

CLEAN WATER FUND REVENUE BONDS $821,950,000

The Clean Water Fund and the Drinking Water Fund constitute the State's revolving fund programs. Revenue bonds provide below-market-rate loans to Connecticut municipalities for the planning, design, and construction of wastewater treatment projects and to Connecticut municipalities and private water companies for drinking water quality improvement projects. The bonds are secured by loan repayments from Connecticut municipalities and private borrowers, general revenues of the program, and restricted revolving fund assets of $110.4 million as of June 30, 2010. The revolving fund includes State G.O. bonds and Federal Capitalization Grants. An interest rate subsidy is provided to borrowers from earnings on the revolving fund and from State G.O. subsidy bonds. The State also provides grants and some loans for the program through its general obligation bond program.

CAPITAL CITY ECONOMIC DEVELOPMENT BOND $102,680,000

The Capital City Economic Development Authority (CCEDA) bonds were issued to provide funding for the Adriaen's Landing Development project in Hartford. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $9 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

BRADLEY INTERNATIONAL AIRPORT REVENUE BONDS $188,785,000

The airport revenue bonds are payable solely from gross operating revenues from the operation of Bradley International Airport, and proceeds are used for capital improvements at the airport.

BRADLEY PARKING GARAGE REVENUE BONDS $43,005,000

Parking garage bonds are payable from garage parking revenues and by a guarantee from the project developer/lessee.The bonds financed the design and construction of a new parking garage at Bradley International Airport with approximately 3,450 parking spaces on five levels.

Total debt outstanding at June 30, 2010 $19,174,639,529

In FY 2010, the Debt Management Division managed the sale of $1.7 billion in new money bonds issued to fund State programs and capital projects, $915.8 million of Economic Recovery Notes and $353.1 million in bond anticipation notes to refund notes. The Division also issued $258.2 million in refunding bonds for the General Obligation program, $49.8 million in refunding bonds for the Special Tax Obligation Bond program, $115.8 million in refunding bonds for the Clean Water Fund Revenue Bond program, $36.1 million in refunding bonds for the UCONN 2000 program, for a total of $459.9 million in refunding bonds. The following table summarizes the bonds issued during the last fiscal year:

Bond Type	Par Amount	True Interest Cost (1)	Average Life (Years)	Issue Date
NEW MONEY ISSUES:				
GENERAL OBLIGATION				
2009 Series D	$165,750,000	1.83%	3.1	12/03/2009
2009 Series B Taxable BABs (2)	450,000,000	3.53%	15.8	12/23/2009
2010 Series A	105,000,000	2.60%	6.4	04/28/2010
2010 Series A Taxable BABs (2)	184,250,000	3.22%	12.3	04/28/2010
2010 A Bond Anticipation Notes	353,085,000	0.58%	1.1	04/28/2010
2010 Series B	200,000,000	2.37%	4.9	06/23/2010
ECONOMIC RECOVERY NOTES				
2009 Series A	915,795,000	2.34%	4.2	12/03/2009
UCONN 2000				
2010 Series A	97,115,000	3.60%	10.2	05/25/2010

DEBT MANAGEMENT DIVISION

Bond Type	Par Amount	True Interest Cost [1]	Average Life (Years)	Issue Date
SPECIAL TAX OBLIGATION				
2009 Series A	195,970,000	2.96%	6.1	11/10/2009
2009 Series B Taxable BABs [2]	304,030,000	3.64%	16.0	11/10/2009
2010 Subtotal New Money Issues	**$2,970,995,000**			
REFUNDING BONDS:				
General Obligation Refunding Bonds 2010 Series C	$258,235,000	2.84%	7.1	06/23/2010
Special Tax Obligation Refunding Bonds 2009 Series C	49,775,000	1.83%	3.0	11/10/2009
Clean Water Fund Refunding Bonds 2009 Series C	115,835,000	3.11%	7.7	07/30/2009
UCONN 2000 Refunding Bonds 2010 Series A	36,095,000	2.80%	5.9	05/25/2010
2010 Subtotal Refunding Issues	**$459,940,000**			
TOTAL	**$3,430,935,000**			

(1) An industry defined term representing a composite overall present-value based interest rate for an entire bond issue excluding cost of issue and other costs.

(2) BABs are "Build America Bonds" authorized under the federal American Recovery and Reinvestment Act. The bonds are issued as taxable securities but are eligible for federal reimbursements of a portion of the interest expense, providing a savings as compared with regular tax-exempt bonds. The TIC's shown are after federal subsidy.

The Year in Review

Highlights of the Debt Management Division's accomplishments and important initiatives in fiscal year 2010 include:

- New Money Bonds - During fiscal year 2010, the Debt Management Division issued $1.7 billion of new money bonds to fund local school construction, State grants and economic development initiatives, transportation infrastructure projects, Clean Water Fund loans and grants, and improvements at State universities. In addition, the Division issued $353.1 million in bond anticipation notes to refund maturing notes.

- Refunding Bonds – To take advantage of refunding savings and debt restructuring, the Division issued $258.2 million of General Obligation refunding bonds, $49.8 million of Special Tax Obligation refunding bonds, $115.8 million of Clean Water Fund refunding bonds, and $36.1 million of UCONN 2000 refunding bonds. Since January 1999, debt refundings and defeasances have produced $645 million in debt service savings.

- Economic Recovery Notes and Cash Position - The Division executed the sale of $915.8 million of Economic Recovery Notes to fund the 2009 budget deficit, bringing in needed cash to the State's General Fund in December 2009. During the year, the State continued to work closely with the Cash Management Division to monitor and efficiently manage the State's available cash resources. Due to improved cash projections, a one-year line of credit established with a group of four banks in 2009 was not renewed.

- State Budget Matters and Deficits – The Division worked closely with the Treasurer and the Office of Policy and Management on the statutorily required joint report to the Legislature evaluating financing options to provide funding for the 2011 budget. A team of legal and financial professionals assisted with the evaluation of a full range of options. The final budget settlement between the Governor and the Legislature in May 2010 included a provision for the issuance of bonds backed by surcharges on electric bills, and the Division assisted with enabling legislation and fiscal impact analyses.

- American Recovery and Reinvestment Act (ARRA) - The Division continued to monitor the receipt of federal stimulus funds and helped lead a statewide effort with other state agencies to implement cost-effective new bonding options available to the State and its municipalities under the ARRA. The Division completed the issuance of $938.3 million of "Build America Bonds" in three series for existing bonding needs. Build America Bonds are a new type of bond authorized under ARRA where taxable bonds are issued and the federal government reimburses 35% of the interest expense, providing a savings as compared with traditional tax-exempt bonds. These Build America Bond issues allowed the State increased market access to new bond investors and provided $44.3 million in debt service savings over the life of the bonds.

- Transportation Bonding - The Division completed the issuance of $500 million of Special Tax Obligation bonds to fund transportation infrastructure improvements as well as $49.8 million of refunding bonds for savings. This financing included the Division's first use of Build America Bonds. The Division also consulted with the Office of Policy and Management, the Department of Transportation, and the Legislature on budget, credit rating, and bonding matters impacting the Special Transportation Fund. The Division also worked closely with the Department of Transportation evaluating a variety of finance issues related to the Bradley Airport bonding programs, including reviewing potential refunding options, responding to credit reviews, and funding planned expansions.

- Clean Water Fund and Municipal Finance Issues – After carefully monitoring the markets for more than a year, the Division moved ahead with an economic refunding of $115 million of Clean Water Fund auction rate securities. The "AAA" rated Clean Water Fund refunding bonds attracted more than $190 million of retail orders. The Division worked closely with the Departments of Environmental Protection and Public Health to successfully deploy 100% of the federal stimulus funding by critical deadlines ensuring no funding was forfeited to other states. The Division completed recommendations to the City of Waterbury on its issuance of $330 million of pension obligation bonds and reached an agreement with the City of Ansonia to address affordability concerns with their Clean Water Fund loans.

- Quasi-Public Agencies – The Division continued to coordinate with the State's quasi-public agencies including consulting with the Connecticut Housing Finance Authority on the issuance of bonds for the supportive housing and emergency mortgage assistance programs, with the Connecticut Health and Educational Facilities Authority on a new hospital equipment loan program, with the Connecticut Development Authority on deploying various new bonding options included in the ARRA to local projects, and with the Connecticut Higher Education Supplemental Loan Authority on bonding and credit issues as well as evaluating future options for the agency.

- University of Connecticut - The Division continued its collaboration with the University of Connecticut completing a new money and refunding bond issue for the UCONN 2000 program as well as a refunding of some of the University's Student Fee Revenue bonds for additional savings, the first issuance of bonds for this credit in several years. The Division also consulted with the University on a variety of finance issues including expansion and extension of the UCONN 2000 program to provide for funding of a new John Dempsey Hospital, contingent on certain additional federal funds.

- Industry Matters - The Division continued to monitor developments in the municipal credit markets including the impact of various provisions of the federal Financial Reform Legislation on the municipal industry, the impact of municipal credit rating recalibrations on Connecticut's bond programs, and proposals for changes in municipal disclosure.

- Work continued on strengthening Division administration, including new systems and contracting with professionals, and personnel:

  - ♦ The Clean Water Fund program continued with the phased installation of its new loan and grant project management accounting system. An amendment to the interagency Memorandum of Agreement with DPH was drafted to inform the passage of new legislation to update the agencies' roles in managing the Drinking Water program.

  - ♦ The Division implemented further improvements to its investor relations program with strategic advertising of direct links to the BUYCTBONDS website on State news outlets' websites. Enhancements were also made to the BUYCTBONDS website to include links to other state quasi-public agencies' websites. The Division also increased the frequency of use of institutional investor road shows offered over the internet, as more investors seek to complete a thorough credit analysis prior to purchasing bonds.

- ♦ Recommendations were developed and approved for the extension of the U.S. Bank paying agent contract, and the Division negotiated a five-year extension with no fee increases and implemented the contract extension and approval process.
- ♦ The Division coordinated activities related to tax-exempt bond inquiries by the Internal Revenue Service for three different bonding programs, and all of the audits were successfully concluded with no adverse findings.
- ♦ A detailed investment policy recommendation was developed for investment of the assets of the Special Tax Obligation reserve fund, incorporating input from the Treasury's investment divisions.
- ♦ Following her appointment to the federal Environmental Facilities Advisory Board in March 2009, the Division's Clean Water Fund financial administrator became active in her new role by contributing significant work on one of the latest EFAB reports which analyzed state revolving fund financing programs and related investment options.
- ♦ An opening for a Research Analyst, resulting from an early retirement, was approved for refill and filled with a qualified candidate.

2010 Division Performance

The Division focused on several important challenges during the fiscal year, all stemming from a national economic recession which quickly followed the crisis in the financial markets during the prior fiscal year. Major areas of focus included the evaluation of financing options to assist the Legislature with projected budget deficits, maintaining proactive communications with the credit rating agencies and investors regarding the State's fiscal situation, continuing to work with the Cash Management Division to monitor and efficiently manage the State's overall state cash resources, and taking full advantage of the savings offered by the new bonding options authorized under the American Recovery and Reinvestment Act. With the State's fiscal challenges, the Division's participation in the drafting of legislation and in the formulation of budget options, including options for deficit financing and securitizations, was critical.

Fiscal year 2010 was a year of changes and challenges in the area of credit ratings. A major industry recalibration of municipal credit ratings combined with general pressure on the State's credit rating due to an economic downturn and related fiscal and budget issues worked together to make for an active year. These factors caused the State's credit ratings and credit outlooks to change during the year, but by the end of the fiscal year, the State's General Obligation credit rating had settled at solid "AA" credit ratings with Stable Outlooks from all three credit rating agencies. The Division communicated throughout the year with the credit rating agencies and the investment community to provide frequent and timely updates regarding the State budget and the economy.

Figure 13-1

DEBT MANAGEMENT
General Fund Debt Service Appropriation as a Percent of the General Fund Appropriation

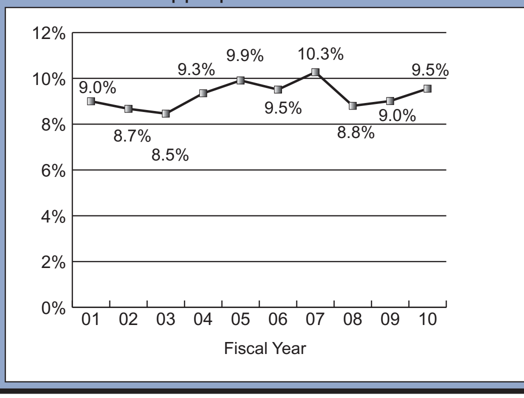


Figure 13-2

DEBT MANAGEMENT
Total Debt Outstanding ($ in millions) at June 30, 2010

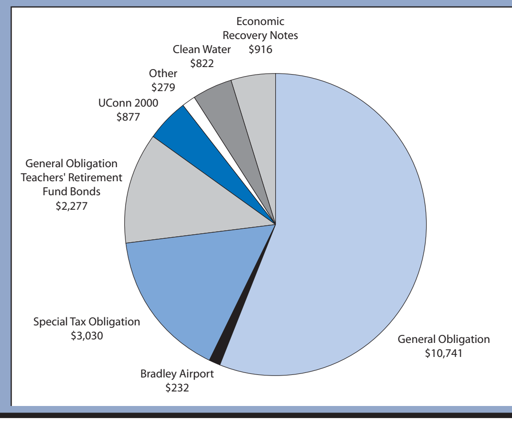
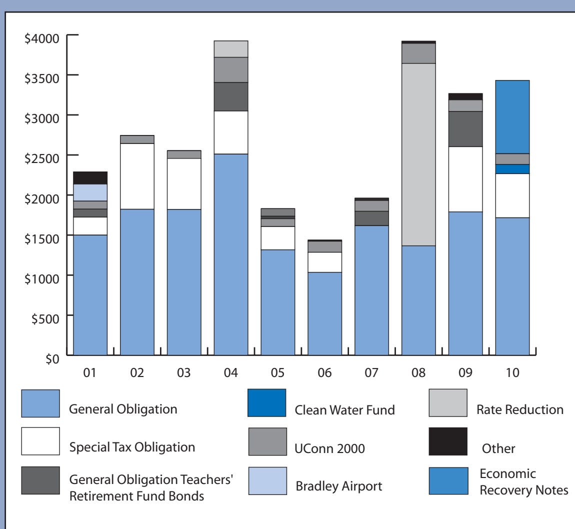


Figure 13-3

DEBT MANAGEMENT
Bond Issuance ($ in millions) fiscal years 2001 - 2010



Division Overview

The Cash Management Division is responsible for managing the state's cash movements, banking relationships and short-term investments. The Cash Management Division is responsible for:

- Maintaining maximum investment balances by ensuring more timely deposits, controlling disbursements, minimizing banking costs and providing accurate cash forecasts;
- Earning the highest current income level in the Short-Term Investment Fund (STIF) consistent, first, with the safety of principal and, second, the provision of liquidity;
- Providing responsive services to STIF investors;
- Prudently investing more stable fund balances for longer periods and higher yields, including banks that meet standards for financial strength and community support;
- Protecting State deposits through well-controlled internal operations and use of high quality banks;
- Improving operating efficiency by more use of electronic data communication and processing; and
- Providing State agencies with technical assistance on cash management and banking issues.

Under the administration of an Assistant Treasurer, the 21 employees of the Division are organized into four Treasury units.

The Bank Control and Reconciliation unit maintains accountability of the state's annual internal and external cash flow. The unit tracks the flow of funds through 20 Treasury bank accounts and authorizes the release of state payroll, retirement and vendor checks. More than three million transactions are accounted for and reconciled annually. The unit also processes stop payments and check reissues.

The Cash Control unit on a daily basis, forecasts available cash, funds disbursement accounts, concentrates cash from depository banks, sweeps available cash into short-term investment vehicles to maximize investment balances, and executes electronic transfers. The unit also prepares annual cash flow projections for various State and bond rating agencies and the primary retirement funds, and monitors actual cash receipts and disbursements. During fiscal year 2010, the unit controlled movement of $27.3 billion to and from state bank accounts and investment vehicles.

The Short-Term Investments unit invests STIF assets, monitors custodian activity, and prepares quarterly and annual performance reports on the Fund. During fiscal year 2010, the unit invested an average of $4.7 billion in short-term money market instruments. As of June 30, 2010, the unit administered 1,123 active STIF accounts for 64 state agencies and authorities and 267 municipalities and local entities. In addition, the unit manages the Grant Express program that enables municipalities to deposit certain grant payments directly into their STIF accounts, and the Debt Express and Clean Water Fund Express programs that allow towns to make debt payments automatically from their STIF accounts. The unit makes longer-term investments for balances that are expected to be available on a more stable basis in our STIF Plus and Extended Investment Portfolio programs, and, pursuant to CGS 3-24k, the Community Bank and Credit Union Initiative, in which we support Connecticut-based banks and credit unions with assets not exceeding $500 million through the investment in institutions' certificates of deposit.

The Client Services unit works with state agencies to speed the deposit of funds and identify mechanisms to reduce banking costs. The unit also reviews state agencies' requests to open new bank accounts, maintains records of the state's bank accounts held by individual banks, reviews bank invoices and compensation, and manages the division's procurement efforts for new bank services. The Client Services unit also manages the insurance collateral program in conjunction with the Department of Insurance, which requires companies writing insurance policies in the state to deposit securities and funds totaling a fixed percentage of the policies' value. At June 30, 2010, approximately $359 million in securities was pledged to the program.

The Year in Review

Highlights of the Division's accomplishments and important initiatives in fiscal year 2010 include:

- Completed procurement of new banking services for the Department of Labor to allow it to make unemployment benefit payments by direct deposit or via debit cards. That initiative will save the state in excess of $4 million annually in administrative costs;
- Provided support to state agencies to access Internet-based systems provided by the banks for account balance inquiry, stop payments, electronic fund transfers, and check status queries;
- Expanded with the Comptroller's Office a system for making electronic payments to municipalities and vendors, which totaled $5.8 billion during the year;
- Held our fifteenth annual meeting of STIF investors in concert with our third Public Finance Outlook conference attended by over 160 state, local government, and private finance professionals;
- Added payments flowing through the Debt Service Express, in which participating towns have debt service payments deducted from their STIF accounts by their bond paying agent;
- Continued to develop and test a multi-level business continuity and disaster recovery system to support daily cash operations;
- Expanded the process of depositing checks through the internet via remote deposit, allowing for faster depositing and reduction of banking costs;
- Assisted the Probate Court administration in centralizing the financial operations of the restructured court system; and
- Worked with state agencies to expand the ability to collect fees via electronic checks or credit card payments over Internet-based systems.

2010 Division Performance

The Cash Management Division successfully realized many achievements throughout the 2010 fiscal year including:

- Total annual return of 0.34 percent in STIF. This exceeded its primary benchmark by 25 basis points, resulting in $11.9 million in additional interest income for Connecticut governments and their taxpayers, while adding $4.7 million to its reserves. Over the past ten years STIF has earned an additional $144 million, while adding $28.7 million to its reserves during this period. (The next section of this report provides a detailed discussion of STIF.);
- STIF's Comprehensive Annual Financial Report (CAFR) was awarded the Certificate of Achievement for Excellence in Financial Reporting for 2009 by the Government Finance Officers Association (GFOA);
- STIF's credit rating of AAAm – the highest available — was maintained and affirmed by Standard & Poor's (S&P), the leading rating agency of money market funds and local government investment pools;
- The addition of 48 local government STIF accounts with $69 million of assets;
- Investment of $93.5 million with community financial institutions under the Connecticut Community Bank and Credit Union Initiative at an average awarded annualized interest rate of 0.34 percent;

- STIF Plus and the Extended Investment Portfolio, longer-term investment portfolios, earned 6.23 percent and 0.49 percent respectively, thereby adding $5.0 million in incremental state income;
- Aggressively managed bank account balances to maximize investment income, thereby adding $1,530,000 to investment income;
- The identification and recapture of $183,000 in annualized bank overcharges;
- Expansion of Grant Express program, in which certain state grants are deposited directly into municipal STIF accounts. Since the inception of this program, $17.5 billion has been deposited into municipal STIF accounts, thereby accelerating the availability of municipal funds; and
- Designed and implemented new statements for STIF investors that offer a number of enhancements and are produced in Connecticut.

2010 short-term investment fund

Fund Facts at June 30, 2010

Investment Strategy/Goals: To provide a safe, liquid and effective investment vehicle for the operating cash of the State, municipalities and other Connecticut political subdivisions.

Performance Objective: As high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity.

Benchmarks: iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index, Federal Reserve Three-Month CD, Federal Reserve Three-Month T-Bill.

Date of Inception: 1972

Total Net Assets: $4.6 billion

Internally Managed

External Management Fees: None

Expense Ratio: Less than 3 basis points (includes internal management and personnel salaries)

Description of the Fund

The Treasurer's Short-Term Investment Fund ("STIF" or the "Fund") is an AAAm rated investment pool of high-quality, short-term money market instruments managed by the Treasurer's Cash Management Division. Created in 1972, it serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State. (See figure 15-1.) STIF's objective is to provide as high a level of current income as is consistent with, first, the safety of principal and, second, the provision of liquidity to meet participants' daily cash flow requirements. During the 2010 fiscal year, STIF's portfolio averaged $4.7 billion.

STIF employs a top-down approach to developing its investment strategy for the management of its assets. Starting with the objectives of the Fund, STIF considers constraints outlined in its investment policy, which include among other parameters: liquidity management, limitations on the portfolio's weighted average maturity (see figure 15-2), and permissible investment types. Next, an asset allocation is developed to identify securities that are expected to perform well in the current market environment. Over the long-term, STIF continually analyzes expectations of future interest rate movements and changes in the shape of the yield curve to ensure the most prudent and effective short-term money management for its clients. Ongoing credit analysis enables STIF to enhance its yield by identifying high-quality credits in undervalued sectors of the economy.

STIF pays interest monthly based on the daily earnings of the Fund less Fund expenses and an allocation to the Fund's Designated Surplus Reserve. The daily reserve allocations equal one-tenth of one percent of the Fund's daily balances divided by the number of days in the year, until the reserve totals one percent of the Fund's daily balance. The reserve on June 30, 2010, totaled $38.5 million.

To help the Fund and its investors evaluate performance, STIF compares its returns to three benchmarks. The first is iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index. This index represents an average of institutional money market mutual funds rated AAAm that invest primarily in first-tier (securities rated A-1, P-1) taxable securities. While STIF's investment policy allows for somewhat greater flexibility than these SEC-registered funds, the MFR Index is the most appropriate benchmark against which to judge STIF's performance. During the past year, STIF's actual investment strategy has been considerably more restrictive than most private money funds and its own policy would permit. (See figure 15-3.)

STIF's yields are also compared to the average Federal Reserve three-month T-Bill rate and the Federal Reserve three-month CD rate. The former benchmark is used to measure STIF's effectiveness in achieving yields in excess of a "risk-free" investment. The latter is shown for the benefit of STIF investors, many of whom invest in bank certificates of deposit. In viewing these benchmarks, it is important to keep in mind that yields of the CD index will exceed those of the T-Bill index due to a CD's slightly higher risk profile and comparatively lower liquidity. Additionally, it is important to note that the 90-day benchmarks exceed STIF's shorter average maturity. In order to maintain its AAAm rating, the STIF cannot exceed a 60-day weighted average maturity (WAM) limit. Furthermore, these benchmarks are "unmanaged" and are not affected by management fees or operating expenses. (See figure 15-6.)

Among the Fund's several achievements during the 2010 fiscal year was the reaffirmation and continuation of its AAAm rating by Standard & Poor's. In S&P's view, "a fund rated 'AAAm' has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market and/or liquidity risks."

Portfolio Characteristics

Fiscal year 2010 saw a continuation of the cautious strategy that began in the first half of fiscal year 2008. This strategy was taken in response to the highly unsettled financial markets which were a direct result of the unwinding of the sub-prime real estate market. STIF's more conservative investment practices include increased liquidity, short average portfolio maturity, holdings of securities guaranteed or insured by the U.S. government and federal agencies, and significantly restricted investments in corporate securities.

Accordingly, at year-end STIF held 72 percent of fund assets in overnight investments or investments that are available on a same-day basis. During the fiscal year, the Fund's weighted average maturity increased from nine to 19 days. Forty-eight percent of STIF's assets were invested in securities issued, insured or guaranteed by the U.S. government or federal agencies, in repurchase agreement backed by such securities, or in money funds comprised of such securities.

The Fund ended the year with a 79 percent concentration in investments with short-term ratings of A-1+ or long-term ratings of AAA (the highest ratings of Standard & Poor's). Eighty-eight percent of the Fund was invested in securities with maturities, or interest rate reset dates for adjustable rate securities, of less than 30 days, versus 95 percent at the previous year-end. The Fund's three largest security weightings included deposit instruments (40.5 percent), federal agency securities (24.4 percent) and Bank Commercial Paper (10.4 percent). (See Figure 1-5.)

Market Review

What a difference a year can make. During fiscal year 2009 we witnessed the collapse of Lehman Brothers, the purchase of Bear Stearns, Merrill Lynch and Wachovia by other banks, and the bankruptcies of both Chrysler and General Motors. The Reserve Fund broke the buck, the U.S. government bailed out numerous financial companies including AIG, and in addition, Fannie Mae and Freddie Mac were placed into conservatorship by the federal government.

Fiscal year 2010, on the contrary, proved to be a year in which the U.S. economy steadied itself and grew in each of the four quarters, with growth rates ranging from 1.6 percent to 5.0 percent annualized. However, despite the fact that economic conditions improved over the previous fiscal year, the Federal Reserve maintained its target range for federal funds at 0 - .25 percent where it has held since December 2008.

The overall economic picture is one of slow growth for an extended period of time with GDP not expected to surpass three percent annually until at least 2012. Unemployment, reaching the highest levels since 1982, ranged during the fiscal year from a low of 9.4 percent in July to a high of 10.1 percent in October ending the fiscal year at 9.5 percent. Economists do not expect much improvement in the rate of unemployment until at least calendar year 2012 when they expect the rate to decline rather modestly and average 8.0 percent during the year.

Performance Summary

For the one-year period ending June 30, 2010, STIF reported an annual total return of 0.34 percent, net of operating expenses and $4.7 million in allocations to Fund reserves. Annual total return measures the total investment income a participant would earn with monthly compounding at the Fund's monthly net earned rate during the year. This figure exceeded that achieved by its benchmark, the MFR Index, which equaled 0.09 percent, by 25 basis points. In addition, STIF performance handily exceeded that of three-month T-Bills, which yielded 0.12 percent and performed well against three-month CDs, which yielded 0.29 percent. STIF's relative performance was also directly affected by the fund's more cautious investment strategy for most of the fiscal year that, while prudent under difficult market conditions, resulted in reductions in STIF's yield.

The principal reasons for STIF's strong performance despite its more cautious strategy for most of the year was its low overall expenses which give the Fund a risk-free advantage over other money funds.

Over the long-term, STIF has performed exceptionally well. For the trailing three-, five-, seven-, and ten-year periods, STIF's compounded annual total return was 1.97 percent, 3.16 percent, 2.75 percent, and 2.95 percent, net of operating expenses and contributions to reserves, exceeding returns of each of its benchmarks for all time periods. Viewed on a dollar-for-dollar basis, had one invested $10 million in STIF ten years ago, that investment would have been worth $13.4 million at June 30, 2010, versus $13 million for a hypothetical investment in the MFR Index. (See Figure 1-6.) During the past 10 years, STIF has earned $144 million above its benchmark while adding $28.7 million to its reserves.

As noted in the 2008 and 2009 annual reports, $24 million was transferred from the reserves effective June 30, 2008, to cover a reduction in value of our Cheyne Finance (now Gryphon) securities, without affecting the $1.00 per share net asset value or any loss of principal to any investors.

Risk Profile

STIF is considered extremely low risk for several reasons. First, its portfolio is comprised of high-quality, highly liquid securities, which insulate the Fund from default and liquidity risk. (See figure 15-4.) Second, its relatively short average maturity reduces the Fund's price sensitivity to changes in market interest rates. Third, STIF has a strong degree of asset diversification by security type and issuer, as required by its investment policy, strengthening its overall risk profile. And finally, STIF's reserve is available to protect against security defaults or the erosion of security values due to dramatic and unforeseen market changes. As the primary short-term investment vehicle for the operating cash of the State, STIF has the ultimate confidence of the State government.

While STIF is managed diligently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured.

Figure 15-1

SHORT-TERM INVESTMENT FUND
Ownership Analysis at June 30, 2010 ($ in millions)

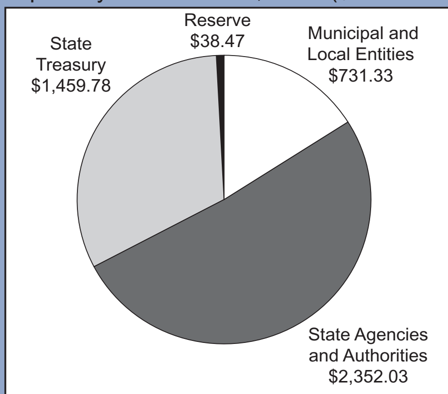


Figure 15-2

SHORT-TERM INVESTMENT FUND
Maturity Analysis

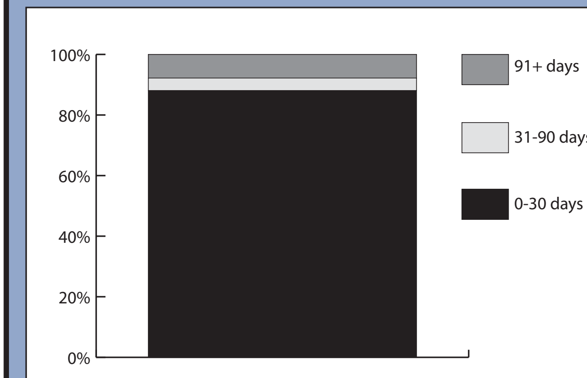


Figure 15-3

SHORT-TERM INVESTMENT FUND
Quarterly Yield vs. Benchmark

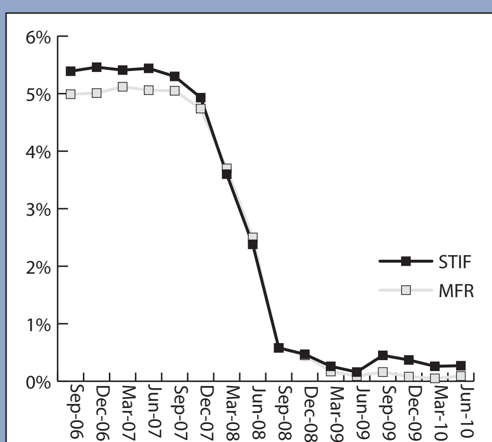


Figure 15-4

SHORT-TERM INVESTMENT FUND
Distribution by Quality Rating at June 30, 2010
Based on Investments in Securities, at Value

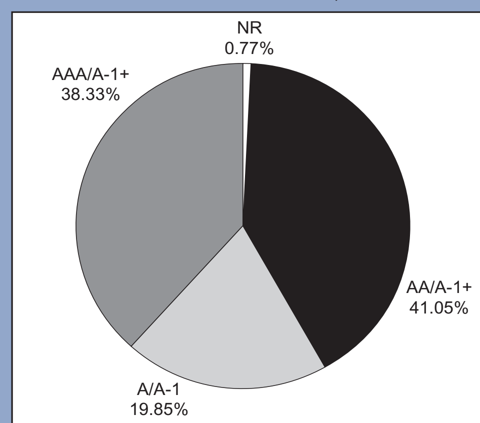


Figure 15-5

SHORT-TERM INVESTMENT FUND
Distribution by Security Type at June 30, 2010

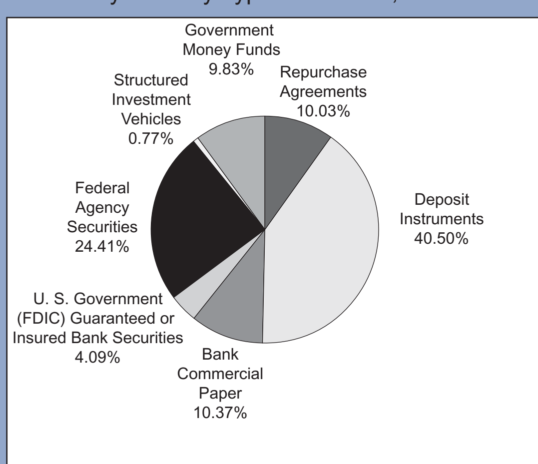


Figure 15-6

SHORT-TERM INVESTMENT FUND
Period ending June 30, 2010

	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
Compounded Annual Total Return (%)					
STIF	0.34	1.97	3.16	2.75	2.95
MFR Index*	0.09	1.81	2.90	2.45	2.63
Fed. Three-Month T-Bill	0.12	1.16	2.47	2.22	2.40
Fed. Three-Month CD	0.29	2.08	3.20	2.80	2.89
Cumulative Total Return (%)					
STIF	0.34	6.04	16.81	20.91	33.81
MFR Index*	0.09	5.52	15.39	18.48	29.60
Fed. Three-Month T-Bill	0.12	3.52	13.00	16.62	26.83
Fed. Three-Month CD	0.29	6.39	17.09	21.34	32.95

STIF uses a time-weighted linked rate of return formula to calculate rates of return.

Represents iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index.

Division Overview

The primary mission of the Division is to locate rightful owners or heirs of unclaimed property in accordance with state law and return those assets. Another core responsibility is to receive and record all property received from holders of unclaimed property. All Division goals support the principal mission of unclaimed property as a consumer protection service, safeguarding the financial assets of Connecticut citizens until such time as they may claim their property.

The division receives and maintains a permanent record of reports of unclaimed property filed annually by holders of such property. Holders include banks, insurance companies, brokerage firms, utility companies and businesses that are required to relinquish this property to the State Treasurer following a loss of contact with the owner of record, generally three years. The division prescribes the form of holder reports, and is responsible for monitoring holder reporting. To determine whether a holder is complying with its duties under the law unclaimed property is permitted to conducted examinations of company records. If the Treasurer, in his or her discretion, determines that securities or mutual funds transferred to the Treasurer as unclaimed property should be sold, the division is responsible for carrying out the sale, in accordance with the requirements of law, and retaining the proceeds of the sale for the benefit of the owner of the property. The division is also responsible for preparing monthly, quarterly and annual financial statements.

The division processes claims of persons asserting ownership of property that has been abandoned and delivered to the Treasurer's Office. The division provides claim forms and provides instruction on the documentation required to prove ownership of the various types of property that have been transferred to the Treasurer. Claims are reviewed and if ownership is proven, the division is responsible for issuing checks to the rightful owner. In order to attempt to locate the owners of abandoned property transferred to the Treasurer, at least biennially, the Treasurer publishes a list of abandoned property reported and transferred to the Treasurer in the previous calendar year [since the last publication].

The Year in Review

During fiscal year 2010, the Unclaimed Property Division returned $33.4 million to rightful owners, an accomplishment representing the largest dollar amount returned by the Division. During the same time period the Division received $71 million in unclaimed property receipts voluntarily reported by holders.

2010 Division Performance

- The Division returned $33.4 million to rightful owners who filed just under 17,360 claims.
- The Division returned 346,728.23 shares to rightful owners at an estimated value of $2.7 million.
- The Division received $71 million in unclaimed property receipts voluntarily reported by holders.
- The Division sold 17.2 million shares that brought $151.2 million into the general fund until rightful owners come forward to claim the property.
- The Division maintains a website with $532.8 million in escheated property for 922,917 rightful owners
- Connecticut General Statute section 3-69a (a) (2), requires the Unclaimed Property Division to deposit a portion of its receipts into the Citizen's Election Fund and the balance into the General Fund. For fiscal year 2010, the division deposited $18,191,261 million into the Citizens' Election Fund.

UNCLAIMED PROPERTY DIVISION

Figure 16-1

UNCLAIMED PROPERTY FUND
Summary of Gross Receipts ($ in millions)

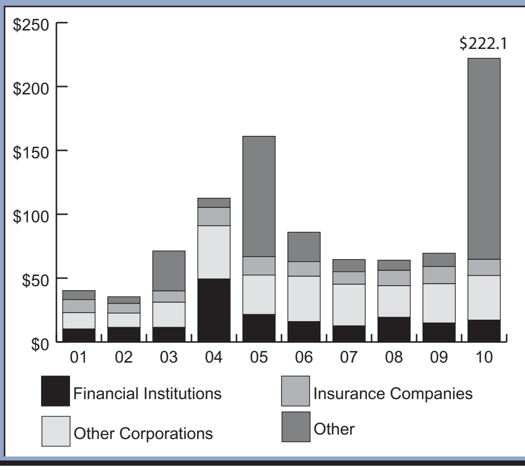


Figure 16-2

UNCLAIMED PROPERTY FUND
Claims Paid ($ in millions)

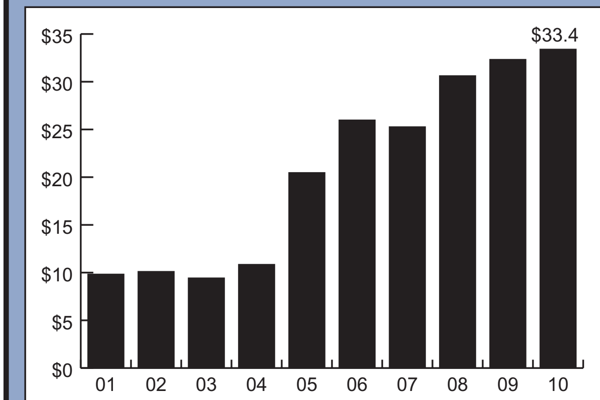


Figure 16-3

UNCLAIMED PROPERTY FUND
Number of Claims Paid

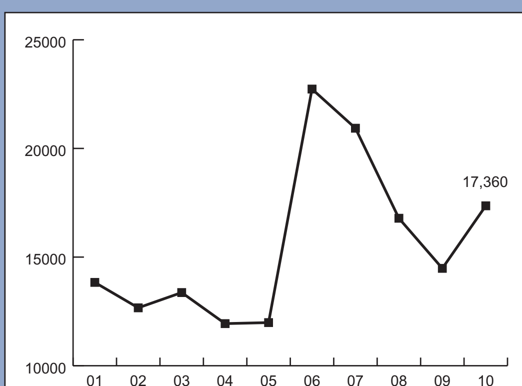
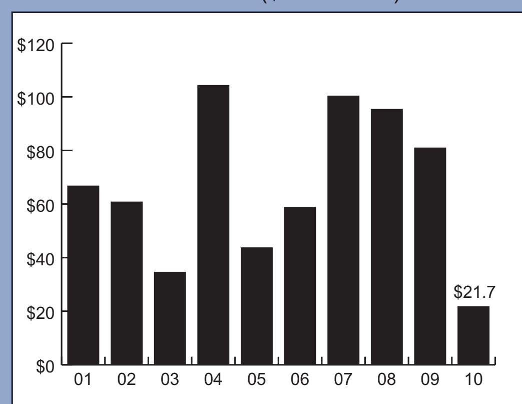


Figure 16-4

UNCLAIMED PROPERTY FUND
Market Value of Securities ($ in millions)



DIVISION OVERVIEW

The State Treasurer is the Custodian of the Second Injury Fund ("SIF" or "the Fund"), a state operated workers' compensation insurance fund established in 1945 to discourage discrimination against veterans and encourage the assimilation of workers with a pre-existing injury into the workforce. Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a pre-existing injury or condition, was hurt on the job and that second injury was made "materially and substantially" worse by the first injury. Such employers transferred liability for these workers' compensation claims to the Fund after 104 weeks, if certain criteria were met under the Connecticut Workers' Compensation Act (thus the term "Second Injury Fund").

The Fund continues to be liable for claims involving uninsured employers, for reimbursement of cost of living adjustments for certain injuries involving payment of total disability or dependent widow's benefits and, on a pro rata basis, reimbursement claims to employers of any worker who had more than one employer at the time of the injury. In addition the Fund is still responsible for "second injury claims" which were transferred to the Fund prior to July 1, 1999.

The mission of the Second Injury Fund is to provide quality service both to the injured workers and employers of Connecticut, whom we jointly serve. The Fund accomplishes this by adjudicating qualifying workers' compensation claims fairly and in accordance with applicable law, industry standards and best practices. Where possible, the Second Injury Fund seeks to return injured workers to gainful employment or seeks settlement of claims, which will ultimately reduce the burden of Second Injury Fund liabilities on Connecticut taxpayers and businesses.

The Assistant Deputy Treasurer maintains general oversight over the division which includes a management team, a claims unit, an accounting and collections unit, an investigations unit, and other administrative support functions. The Second Injury Fund works closely with the Office of the Attorney General who represents the Fund before the Workers' Compensation Commission, the Chief State's Attorney's office and other state agencies in the fulfillment of its mission.

History

The Fund's responsibilities were expanded over the years through judicial and legislative reform. In addition to payments for "second injury" claims, the Fund assumed other statutory obligations such as: Group health insurance reimbursements; Benefit payments pending appeals; Cost of Living reimbursements for death benefits; Cost of Living reimbursements for total disabilities; Acknowledgment of Physical Defects claims; Concurrent employment claims; and Uninsured employer claims.

The Fund experienced minimal growth during its first 30 years. However in the two decades preceding the 1995 Reform Act, the Fund experienced annual claim growth in excess of 20% for the period 1970 to 1995. While there were many explanations for the rapid acceleration of the Fund's liabilities during this period, (i.e., higher benefit levels, medical inflation, etc.) the primary reasons for its exponential growth can be attributed to the impact of a 1974 Connecticut Supreme Court decision in the Jacques case. In summary, cases could be transferred to the Fund based on a pre-existing "condition" as well as a prior injury, regardless of whether the condition was manifest or not. Thus the Jacques case opened the door for a myriad of latent conditions such as arthritis, disc disease and compromised cardiac function.

After 50 years, the Fund had become the largest disburser of workers' compensation benefits in the State and over time, its annual benefit payout increased seven fold, peaking at $120 million in fiscal year 1994. An actuarial analysis projected the Fund's future liability at $6.2 billion as of June 30, 1994. Its operations, which are financed by assessments on Connecticut employers, reached a dollar value high of $146.5 million in 1995. In response the Connecticut General Assembly closed the Fund to new "second injury" claims sustained on or after July 1, 1995.

Legislative Reforms

The Workers' Compensation Reform Act of 1993 was responsible for significantly reducing Connecticut employers' cost of business. However, legislation that had the greatest impact on the Fund was enacted in 1995, 1996 and 2005. Highlights are listed below:

Public Act 95-277

- Closed the Fund to new "second injury" claims for injuries sustained on or after 7/1/95 and expanded enforcement, fines and penalties against employers who fail to provide workers' compensation coverage.

Public Act 96-242

- Imposed a July 1, 1999 deadline for transfer of all eligible "second injury" claims to the Fund and authorized the issuance of up to $750 million in bonds to finance settlement of claims against the Fund.

Public Act 05-199 (Effective 07/01/06)

- This bill, drafted with the assistance of a task force convened by Treasurer Nappier clarified the language of the SIF statutes regarding assessments and eased the process by which the Fund can reach settlements with injured workers of uninsured employers.

Assessments

The Second Injury Fund operations are financed by assessments on all Connecticut employers. The Treasurer as Custodian of the Fund, establishes the assessment rate on or before May 1st of each year. Treasurer Nappier is the first Connecticut State Treasurer to formalize an assessment audit program to ensure uniform methods of reporting.

Insured employers pay a surcharge on their workers' compensation insurance policies based on "standard premiums" calculated and issued by insurance companies who also collect and remit this assessment to the Fund. Effective 7/1/06, insured employers paid based on a Second Injury Fund Surcharge. The assessment for self-insured employers is based on "paid losses" for medical and indemnity benefits incurred in the prior calendar year.

There were 4 assessments made in FY10 on insured employers of $23.3 million. Self insured employers were assessed 4 times during FY10 at $6.2 million, bringing the total assessment on all Connecticut employers to $29.5 million for FY10.

Assessment rates, which are used to determine how much Connecticut businesses will pay to the Fund, have either been reduced or maintained over the last eleven years. The implementation of management reforms and stricter oversight allowed Treasurer Nappier to reduce rates charged to Connecticut businesses for assessments paid to the Treasury's Second Injury Fund. For FY10, rates for insured employers is 2.75% and for self-insured employers, the assessment rate is 3.84%.

The Year in Review

Fiscal Year 2010 Highlights

The Second Injury Funds' major achievements during the past year have continued the implementation of Treasurer Nappier's management reforms. Highlights for fiscal year 2010 include:

- Provided $38.1 million in indemnity, medical and settlement payments to injured workers. The number of injured workers receiving bi-weekly benefits is now 326 compared to 349 a year ago.
- Achieved a total of 202 settlements at a cost of $10.3 million. Through June 30, 2010, the Fund has paid 15 injured workers receiving bi-weekly benefits settlements at a cost of $2.8 million with an estimated future net savings of $7.8 million.

- A total savings of $1.8 million in medical costs was realized using the services and Preferred Provider Organization Networks offered by our contracted medical vendors. The Fund worked in conjunction with the nurse consultant to review all bills for causal relation, contract compliance and duplicate payments.
- Continued to implement the General Assembly's 1996 mandate to reduce the financial impact of the Fund on Connecticut's businesses:
    - ♦ As of June 30, 2010 the Fund's open claim inventory was 2,534. (See figure 17-1)
    - ♦ Reserves (estimated unfunded liability) for all open claims were $426.8 million, a reduction of $10.8 million (2.5%) from a year ago. (See figure 17-2)
- Worked with the Second Injury Fund Advisory Board to help the Fund carry out its mission.

Figure 17-1

SECOND INJURY FUND
Open Claims by Statute as of 06/30/2010

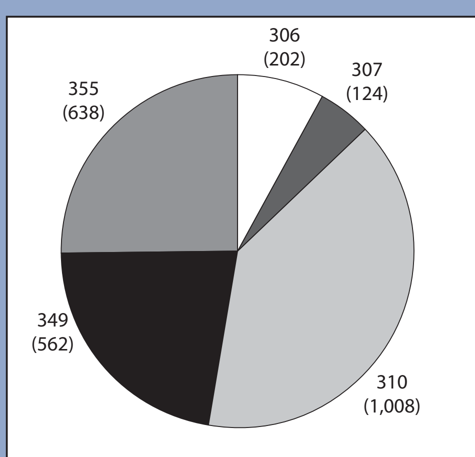
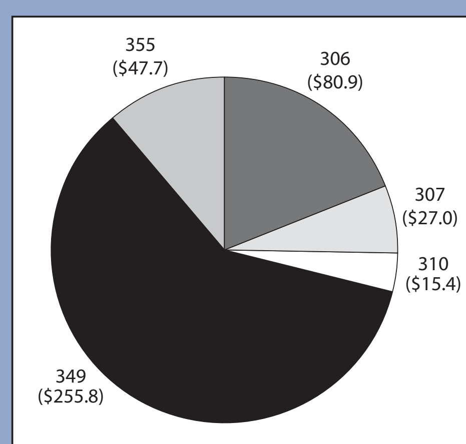


Figure 17-2

SECOND INJURY FUND
Value of Reserves by Statute as of 6/30/2010
($ in millions)



Description of the Trust

The Connecticut Higher Education Trust (“CHET” or “Trust”) is a Qualified State Tuition Program pursuant to Section 529 of the Internal Revenue Code, which was unanimously approved by the Connecticut General Assembly in Public Act No. 97-224 (the “Act”) and signed into law by the Governor in July 1997. The program began operating on January 1, 1998. While the Trust is considered an instrumentality of the State, the assets of the Trust do not constitute property of the State, and the Trust shall not be construed to be a department, institution or agency of the State.

CHET is a trust, available for families to save and invest for higher education expenses, that is privately managed under the supervision of the State Treasurer. Current Internal Revenue Service regulations provide that total contributions to an individual account may not exceed the amount determined by actuarial estimates as is necessary to pay tuition, required fees, and room and board expenses of the designated beneficiary for five years of undergraduate enrollment at the highest cost institution allowed by the program. While money is invested in CHET, there are no federal or state taxes on earnings. Amounts may be withdrawn to pay for tuition, room and board, fees, books, supplies and equipment required by the beneficiary for enrollment or attendance at any eligible public or private educational institution. Earnings withdrawn for qualified education expenses are exempt from Federal and Connecticut State Income Taxes. Earnings withdrawn for non-qualified expenses are taxable income to the account owner, and incur an additional federal tax penalty of 10 percent.

The state income tax deduction for CHET, which became effective on July 1, 2006, provides Connecticut taxpayers with the ability to deduct program contributions of up to $5,000 for single filers or $10,000 for joint filers per year from their Connecticut adjusted gross income. CHET contributions made after January 1, 2006 were eligible for this deduction. In addition, the passage of the federal 2006 Pension Protection Act made federal tax benefits permanent and settled the uncertainty regarding long term 529 plan federal tax benefits which had been set to expire on December 31, 2010.

TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), and the Treasurer of the State of Connecticut have entered into a Management Agreement under which TFI serves as Program Manager. In 2009, the Treasurer issued an RFP for management of the CHET program soliciting proposals for both the current Direct Sold program, as well as for an Advisor Sold Plan. In 2010, the Treasurer entered into a Management Agreement again with TFI for a contract period ending in March 2015. As of June 30, 2010, the Treasurer was in negotiations with another bidder to award the development and operation of an Advisor Sold Plan. The Program is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940.

Under the Direct Sold Plan, an individual participating in the Program establishes an Account in the name of a Beneficiary. Contributions may be allocated among eight investment options: the Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the 100% Equity Index Option, the Social Choice Option, the 100% Fixed Income Option, the Money Market Option and the Principal Plus Interest Option. These options provide Connecticut families the opportunity to save for future college expenses, with the flexibility to choose investment vehicles which meet their particular risk tolerance and financial need. Under the new Management Agreement with TFI, additional investment options will be offered, beginning in the fall of 2010.

The program’s core Managed Allocation Option offers an age based investment approach, utilizing a total of six individual age bands, structured as groups of beneficiaries born within the same three-year period. As the age band group approaches college age, each Fund’s assets are moved from more aggressive to more conservative investments in accordance with the Trust’s investment policy. The Managed Allocation Age Band Funds are comprised of underlying investments in up to six TIAA-CREF institutional mutual funds, which as of June 30, 2010 consisted of an institutional domestic equity index fund, an international equity index fund, a bond fund, an inflation linked bond fund, a real estate securities fund and a money market fund.

The Aggressive Managed Allocation Option introduced in November 2007 also invests in the same underlying Funds as the Managed Allocation Option; however, the contributions to this investment option are more heavily invested in equities and real estate than in the Managed Allocation Option in all age bands.

The High Equity Option invests in a combination of TIAA-CREF institutional equity mutual funds, and bond funds. As of June 30, 2010, the High Equity Option was comprised of the following underlying equity and fixed income funds: Institutional S&P 500 Index, Small Cap Equity, Mid Cap Value, Mid Cap Growth, International Equity Index, Inflation Linked Bond and Bond Funds.

The 100% Equity Index Option invests among a combination of equity index mutual funds to provide the opportunity for long-term capital growth while avoiding the uncertainty associated with actively managed portfolios. As of June 30, 2010, the 100% Equity Index Option was comprised of two underlying TIAA-CREF institutional mutual funds, the Institutional Equity Index and the Institutional International Equity Index.

The Social Choice Option introduced in November 2007 invests in the TIAA-CREF Institutional Social Choice Equity Fund, which invests primarily in equity securities of companies that meet certain social criteria, such as product safety, corporate citizenship, human rights and environmental performance.

The 100% Fixed-Income option seeks to provide preservation of capital along with a moderate rate of return through a diversified mix of fixed income investments. As of June 30, 2010, the 100% Fixed-Income Option was comprised of two underlying TIAA-CREF institutional mutual funds, the Institutional Bond Fund and the Institutional Inflation Linked Bond Fund.

The Money Market Option introduced in February 2008 seeks to provide high current income consistent with preserving capital. This investment option invests in the TIAA-CREF Institutional Money Market Fund.

The Principal Plus Interest Option provides a more conservative and stable offering designed for investors who for a variety of reasons and investment timelines tolerate very limited risk. The assets in the Principal Plus Interest Option are allocated to a funding agreement issued by TIAA-CREF Life Insurance Company, a subsidiary of TIAA, which offers a guarantee to the Trust of principal and an annual rate of return. The rate of return was set to 2.75% from July 1, 2009 to June 30, 2010.

In June 2006, the Treasurer approved an increase in CHET's account balance limit for contributions from its previous level of $235,000, which had remained level since program inception, to $300,000. This increased contribution limit was made to keep pace with increasing college tuition costs and has more closely aligned CHET with maximum levels in other state plans.

Program features include a low minimum account opening balance of $25 ($15 if using payroll deduction), and the convenience of automated payroll and bank Electronic Funds Transfers (EFT) for contributions. Account funds can be used at thousands of eligible (accredited) college and higher education institutions nationwide and abroad. The program allows for transferability of account funds to other eligible members of the original beneficiary's family without penalty. In addition, over 500 employers currently offer payroll deduction in the state.

The Year in Review

CHET continued its aggressive push to educate, build awareness and grow new accounts by promoting CHET as the official state-sponsored 529 college plan for Connecticut families of all demographic and socio-economic groups. During fiscal year 2010, the number of new accounts grew from 86,559 (June 2009) to 94, 886 (June 2010), with 89.4% of those accounts coming from state residents. At the end of June 2010, program equity of account holders was $1.265 billion. That compares with just over 4,000 accounts and $18 million in assets when the Treasurer took office in 1999.

As a low-cost, direct-sold 529 college saving plan, CHET's annual fees are among the lowest in the country. These annualized fees consist of underlying mutual fund expenses and program manager fees, plus a 0.01% state oversight fee. As of June 30, 2010, total fees were 0.60% of average daily net assets for all investment options, except for the Principal Plus Interest option which has a total 0.01% fee. There are no additional charges or penalties imposed by or payable to the Program in connection with opening or maintaining accounts under any of the Investment Options.

CHET offers customers eight different investment options. At the end of the 2010 fiscal year, the Managed Allocation Option remained the most actively utilized investment option in the CHET program capturing 57.8% of total program assets, while 15.6% of assets were invested in the High Equity, 13.7% in the Principal Plus Interest Option, 4.6% in the 100% Equity Index Option, 4.7% in the Aggressive Managed Allocation Option and 3.6% combined in the 100% Fixed-Income, Money Market and Social Choice Equity Options.

CONNECTICUT HIGHER EDUCATION TRUST

The American Recovery and Reinvestment Act of 2009, or “Stimulus Bill” expanded the definition of qualified higher education expenses to include computer technology and equipment for section 529 college savings accounts in 2009 and in 2010. This includes internet access and software, but excludes non-educational software for sports, games or hobbies.

The State Treasurer’s Office works closely with TFI to strengthen public awareness and increase understanding of CHET. Each year an annual marketing plan is developed outlining strategies and tactics that build awareness of and educates all Connecticut families about the benefits and affordability of saving for college early via CHET. In 2009/2010, CHET utilized a series of integrated direct marketing campaigns (direct mail, e-mail and online advertising), community events, promotions, radio, television, print ads as well as public and media relations. CHET spreads this important message to prospective account owners across the state, to all socio-economic groups. Existing account owners are reminded of the importance of making regular contributions in order to meet their college saving’s objectives. CHET also schedules educational seminars and webinars; and, distributes CHET information to schools, libraries, financial influencers and top employers.

Major marketing milestones in fiscal year 2010 include the launch of outdoor advertising (billboards and bus ads) in an effort to enhance brand awareness of the program, executing an award winning essay and drawing promotion (CHET Dream Big! Competition), launching a Summer Reading Promotion in libraries throughout the state, expanding educational activities and promotions targeting low-to-moderate income families and developing new events and activities targeting Hispanic/Latino families.

The current contract with TIAA-CREF Tuition Financing, Inc. (TFI) expires March 12, 2015 having selected TFI to continue as program manager after a competitive bid evaluation.

CHET Advisory Committee

There is a statutorily established CHET Advisory Committee, which meets annually. The Committee met on December 3, 2009.

The Connecticut Higher Education Trust Advisory Committee consists of the State Treasurer, the Commissioner of Higher Education, the Secretary of the Office of Policy and Management and the co-chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, or their designees, and one student financial aid officer and one finance officer at a public institution of higher education in the state, each appointed by the Board of Governors of Higher Education, and one student financial aid officer and one finance officer at an independent institution of higher education in the state, each appointed by the Connecticut Conference of Independent Colleges.

The statutory members of the CHET Advisory Committee as of the December 3, 2009 annual meeting were:

DENISE L. NAPPIER, State Treasurer

ROBERT L. GENUARIO, Secretary Office of Policy and Management, Designee: John Mengacci

MICHAEL MEOTTI, Commissioner, Department of Higher Education, Designee: Nancy Brady

SEN. THOMAS GAFFEY, Senate Chair, Education Committee, Designee: Robert Lockert

REP ANDREW M. FLEISCHMANN, House Chair, Education Committee

SEN. KEVIN WITKOS, Senate Ranking Member, Education Committee, Designee: Gregg Cogswell

REP. DEBRALEE HOVEY, House Ranking Member, Education Committee

SEN. EILEEN M. DAILY, Senate Chair, Finance, Revenue and Bonding Committee, Designee: Chatam Pordner

REP. CAMERON STAPLES, House Chair, Finance, Revenue and Bonding Committee, Designee: Rep. Andres Ayala

REP. CHRIS PERONE, House Ranking Member, Finance, Revenue and Bonding Committee

SEN. ANDREW RORABACK, Senate Ranking Member, Finance, Revenue and Bonding Committee, Designee: Jamie Makus

REP. VINCENT CANDELORA, House Ranking Member, Finance, Revenue and Bonding Committee, Designee: Dave Williams

MARGARET WOLF, Director of Financial Aid, Capitol Community College

JAMES BLAKE, Executive Vice President of Finance & Administration, Southern Connecticut State University

WILLIAM LUCAS, Vice President Finance, Fairfield University, Designee: Ray Bordeau

JULIE SAVINO, Dean of Student Financial Assistance, Sacred Heart University, Designee: Silvie Hangan

Financial Statements

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

CERTIFICATION BY AUDITORS OF PUBLIC ACCOUNTS AND STATE COMPTROLLER

We have audited the accompanying statement of net assets of the Combined Investment Funds, as of June 30, 2010, and the related statements of changes in net assets for the fiscal years ended June 30, 2010 and 2009. We have audited the accompanying statement of net assets of the Short-Term Investment Fund, including the list of investments as of June 30, 2010, and the related statements of changes in net assets for the fiscal years ended June 30, 2010 and 2009. We have audited the accompanying statement of net assets of the Short-Term Plus Investment Fund, including the list of investments as of June 30, 2010, and the related statements of changes in net assets for the fiscal years ended June 30, 2010 and 2009. We have audited the statements of condition of the other Non-Civil List Trust Funds as of June 30, 2010, together with the related statements of revenue and expenditures, and statements of changes in fund balance and the statements of cash flows for the other Non-Civil List Trust Funds, for the fiscal year ended June 30, 2010. We have also audited the statement of net assets of the Second Injury Fund, together with the related statements of revenues, expenses and changes in fund net assets and the statements of cash flows for the Second Injury Fund, for the fiscal years ended June 30, 2010 and 2009. We have also examined the schedules of Civil List Funds investments, as of June 30, 2010, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2010, and debt outstanding, as of June 30, 2010, and changes in debt outstanding during the fiscal year ended June 30, 2010. These financial statements and schedules are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on the financial statements and schedules based on our audit.

We did not audit the accompanying financial statements of the Tax Exempt Proceeds Fund, Inc. or the Connecticut Higher Education Trust. These financial statements were audited by other auditors whose reports thereon have been included with the accompanying financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2010, by correspondence with the custodians. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the financial schedules, the State Treasury has prepared the schedules of Civil List Funds investments, as of June 30, 2010, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2010 and debt outstanding, as of June 30, 2010, and changes in debt outstanding during the fiscal year ended June 30, 2010, using accounting practices prescribed by the State Comptroller which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial schedules of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the schedules referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the cash and investments of the Civil List Funds as of June 30, 2010, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2010, the balance of bonds outstanding as of June 30, 2010, and bonds issued, retired and refunded, and bond interest payments made during the year ended on that date.

In our opinion, the schedules referred to above present fairly, in all material respects the cash and investments of the Civil List Funds as of June 30, 2010, the Civil List Funds cash receipts and disbursements for the fiscal year ended June 30, 2010, the balance of bonds outstanding as of June 30, 2010, and bonds issued, retired and refunded, and bond interest payments made during the year ended on that date, all in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Combined Investment Funds, the Short-Term Investment Fund, the Short-Term Plus Investment Fund, the Second Injury Fund and other Non-Civil List Trust Funds as of June 30, 2010, and the results of their operations and changes in net assets for the year then ended, and the changes in fund balance for the other Non-Civil List Trust Funds and cash flows for the Second Injury Fund and the other Non-Civil List Trust Funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 1B to the financial statements of the Combined Investment Funds, the State Treasurer's policy is to present investments at fair value. The fair value of most of the assets of the Real Estate Fund, the Commercial Mortgage Fund and the Private Investment Fund are estimated by investment advisors in the absence of readily ascertainable market values, and reviewed and adjusted, when appropriate, by the State Treasurer. The fair value of most of the assets of the Real Estate Fund and the Private Investment Fund are presented at the cash adjusted fair values, which utilize the investment advisors' March 31, 2010, quarter ending estimated values adjusted for cash flows of the Funds during the subsequent quarter that affect the value at the Funds' level. Adjustments are made for underlying investments that experienced significant changes in value during the quarter, if deemed appropriate. We have reviewed the investment advisors' values, the relevant cash flows and the procedures used by the State Treasurer in reviewing the estimated values and have read underlying documentation and, in the circumstances, we believe the procedures to be reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Combined Investment Funds Schedule of Net Assets by Investment Fund, Schedules of Changes in Net Assets by Investment Fund, Total Net Asset Value by Pension Plans and Trust Funds and the Schedules of Investment Activity by Pension Plan and by Trust, contained within the supplemental information section, are presented for purposes of additional analysis and are not a required part of the financial statements of the Combined Investment Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements of the Combined Investment Funds and, in our opinion, is fairly presented in all material respects in relation to the financial statements of the Combined Investment Funds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it. The introduction section, supplemental information section and the statutory appendix have not been audited except as specifically noted in this auditors' opinion.

At the present time, a separate auditors' report is being prepared by the Auditors of Public Accounts covering the State-Wide operations of the State Treasury. This auditors' report, consisting of comments, recommendations, and certifications, will be maintained on file in the offices of the Auditors of Public Accounts.

This particular certification is issued by the Auditors of Public Accounts and the State Comptroller in accordance with Section 2-90 of the General Statutes.

Kevin P. Johnston

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

Nancy Wyman

Nancy Wyman
State Comptroller

December 17, 2010
State Capitol
Hartford, Connecticut

The following Management's Discussion and Analysis (MD&A) provides an overview of the Annual Report of the Office of the Treasurer's financial performance for the fiscal year ended June 30, 2010. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements, notes to financial statements and on Compliance Under C.G.S. Section 2-90 Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards included in the "Financial Statements" section, and the other information included in the "Supplemental Information" section of this report.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

The Treasurer is the chief fiscal officer of the State of Connecticut, overseeing a wide variety of activities regarding the prudent conservation and management of State funds. These include the asset investment administration of a $21.9 billion portfolio for six State pension and eight State trust funds, a short-term investment fund approximating $4.6 billion, a short-term plus investment fund approximating $52.6 million and the Connecticut Higher Education Trust, a qualified state tuition program designed to promote and enhance affordability and accessibility of higher education to State residents, containing $1.3 billion as of June 30, 2010.

The organizational structure of the Treasury comprises an Executive Office which coordinates all financial reporting, administration and support functions within the Treasury, oversees administration of the Connecticut Higher Education Trust, and five divisions including: Pension Funds Management responsible for managing the assets of over 190,000 active and retired teachers, state, and municipal employees as well as trust funds financing academic programs, grants, and initiatives throughout the state; Debt Management, the public finance department for the State, responsible for issuing and managing the State's debt including issuing bonds to finance State capital projects and managing debt service payments and cash flow borrowing, administering the Clean Water Fund and Tax Exempt Proceeds Fund and maintaining the State's rating agency relationships; Cash Management, responsible for all the State's cash inflows and outflows and managing the State's cash transactions, banking relationships and short-term investments; Unclaimed Property responsible for returning unclaimed property to rightful owners or heirs; and the Second Injury Fund, responsible for managing the largest workers' compensation claim operation in Connecticut, serving injured workers whose claims are paid by the Fund.

The financial statements include: the Combined Investment Funds (which includes Civil and Non-Civil List Trust Funds), Short-Term Investment Fund, Short-Term Plus Investment Fund, Connecticut Higher Education Trust, Special Obligation Rate Reduction Bonds, Tax Exempt Proceeds Fund, escheat securities private purpose trust fund held for others (Unclaimed Property), and the Second Injury Fund.

Combined Investment Funds and Short-Term and Short-Term Plus Investment Funds: The Statement of Net Assets and the Statement of Changes in Net Assets are two financial statements that report information about the Funds as a whole, and about its activities that should help explain how the Funds are performing as a result of this year's activities. These statements include all assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the Funds assets and liabilities, with the difference between the two reported as "net assets".

The Statement of Changes in Net Assets presents information showing how the Funds net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Funds financial statements.

Civil And Non-Civil List Trust Funds: The Civil List Pension and Trust Funds schedule includes all cash and investment balances, and activity for the fiscal year. The Non-Civil List Trust Funds Financial Statements include all assets and liabilities, revenues and expenditures, and changes in fund balances using the accrual basis of accounting.

The Notes to the Civil and Non-Civil List Trust Funds Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Connecticut Higher Education Trust: The Statement of Assets and Liabilities and Statement of Operations are two financial statements that report information about the Connecticut Higher Education Trust Program as of June 30.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Connecticut Higher Education Trust Program financial statements.

Special Obligation Rate Reduction Bonds: The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows are financial statements that report information about the Special Obligation Rate Reduction Bonds.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Special Obligation Rate Reduction Bonds financial statements.

Tax Exempt Proceeds Fund: The Statement of Assets and Liabilities, Statement of Operations and Statement of Changes in Net Assets are financial statements that report information about the Tax Exempt Proceeds Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Tax Exempt Proceeds Fund financial statements.

The Second Injury Fund: The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Fund Balance are financial statements that report information about the Second Injury Fund.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Second Injury Fund's financial statements.

FINANCIAL HIGHLIGHTS OF FISCAL YEAR 2010

At June 30, 2010, the Combined Investment Funds reported investment balances of $21.9 billion. The Short-Term Investment Fund reported a fund balance of $4.6 billion. These two funds account for 99% of the investments in the fiduciary funds managed by the Office of the Treasurer.

The Connecticut Retirement Plans and Trust Funds fiscal 2010 performance produced a net return (after all expenses) of 12.88%. Pension and Trust assets were $20.4 billion at June 30, 2009 and were $21.9 billion at June 30, 2010 as a result of 2010 positive funds performance.

The Short Term Investment Fund achieved an annual return of 0.34%, exceeding its benchmark by 25 basis points, resulting in $11.9 million in additional interest income for the state, state agencies and municipalities and their taxpayers while also adding $4.7 million to its reserves. At the end of the 2010 fiscal year, the Short Term Investment Fund had more than $4.6 billion in assets under management.

The Short Term Plus Investment Fund, at the end of the 2010 fiscal year, had $52.6 million in assets under management and an annual return of 6.23%.

The Treasury issued $460 million of refunding of various bonds providing future debt service savings of $49 million.

The Connecticut Higher Education Trust Investments held 94,886 accounts with total assets of $1.265 billion at the end of the 2010 fiscal year compared to 86,559 accounts and $1.049 billion in assets in the prior fiscal year.

The Office of the Treasurer recovered $5.8 million in the fiscal year from class action lawsuits.

CONDENSED FINANCIAL INFORMATION

Combined Investment Funds rrepresent the pension funds of the State employees and teachers, municipal employees, as well as academic programs, grants and initiatives throughout the State.

Net Assets and Changes in Net Assets

Net Assets - The net assets of the Combined Investment Funds at the close of the 2010 fiscal year were $21.9 billion, an increase of $1.5 billion from the previous year. The change in net assets resulted from net investment gains from operations of $2.6 billion and $1.1 billion of net cash outflows to the Connecticut Retirement Plans and Trust Funds. The net cash outflow of $1.1 billion was comprised of distributions to the plans and trusts.

The net assets of the Combined Investment Funds at the close of the 2009 fiscal year were $20.4 billion, a decrease of $5.5 billion from the previous year. The change in net assets resulted from net investment losses from operations of $4.5 billion and $1.0 billion of net cash outflows to the Connecticut Retirement Plans and Trust Funds. The net cash outflow of $1.0 billion was comprised of pension payments to beneficiaries of $1.5 billion that were offset by net contributions from unit holders of $0.5 billion.

Operating Income – Favorable performance results achieved a return of 12.88%, net of all management fees and expenses, resulting in an increase in net assets from operations in the 2010 fiscal year, compared to a negative return of -17.37%, net of all expenses for the previous fiscal year. Returns were positive in the Funds investment classes except for the Real Estate Fund in fiscal year 2010 due to the solid U.S. economic recovery following two years of market volatility related to credit market tightening around the world.

Unfavorable performance results achieved a negative return of -17.37%, net of all management fees and expenses, resulting in a decrease in net assets from operations in the 2009 fiscal year, compared to a negative return of -4.71%, net of all expenses for the previous fiscal year. Returns were negative in the Funds investment classes in fiscal year 2009 due to continuing market volatility related to credit market tightening around the world.

Table 1 - Net Assets

Assets	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Investments at Fair Value	$21,784,939,405	$1,353,759,257	$20,431,180,148	$(5,697,980,362)	$26,129,160,510
Cash, Receivables and Other	7,494,616,324	(4,025,732,123)	11,520,348,447	(4,364,299,273)	15,884,647,720
Total Assets	29,279,555,729	(2,671,972,866)	31,951,528,595	(10,062,279,635)	42,013,808,230
Liabilities	(7,409,965,367)	4,159,396,944	(11,569,362,311)	4,572,623,241	(16,141,985,552)
Net Assets	$21,869,590,362	$1,487,424,078	$20,382,166,284	$(5,489,656,394)	$25,871,822,678

Table 2 - Changes in Net Assets

Additions	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Dividends	$417,408,272	$17,548,252	$399,860,020	$(250,235,550)	$650,095,570
Interest	324,045,018	(34,875,299)	358,920,317	(101,106,945)	460,027,262
Securities Lending & Other Income	29,034,334	(45,853,028)	74,887,362	(87,569,314)	162,456,676
Total Investment Income	770,487,624	(63,180,075)	833,667,699	(438,911,809)	1,272,579,508
Total Investment Expenses	83,801,294	6,071,663	89,872,957	111,975,929	201,848,886
Net Investment Income	686,686,330	(57,108,412)	743,794,742	(326,935,880)	1,070,730,622
Net Realized Gain/(Loss)	214,424,589	3,156,785,285	(2,942,360,696)	(3,617,993,995)	675,633,299
Net Change in Unrealized Gains on Investments	1,737,661,123	4,071,262,087	(2,333,600,964)	670,720,903	(3,004,321,867)
Net Increase (Decrease) in Net Assets resulting from operations	2,638,772,042	7,170,938,960	(4,532,166,918)	(3,274,208,972)	(1,257,957,946)
Purchase of Units by Participants	3,647,050,210	(2,952,232,462)	6,599,282,672	(1,585,243,282)	8,184,525,954
Total Additions	6,285,822,252	4,218,706,498	2,067,115,754	(4,859,452,254)	6,926,568,008
Deductions					
Administrative Expense	3,835,777	(442,484)	3,393,293	(154,702)	3,238,591
Distribution of Income to Unit Owners	579,288,269	128,352,904	707,641,173	264,764,948	972,406,121
Redemption of Units by Participants	4,215,274,128	2,630,463,556	6,845,737,682	(838,346,131)	6,007,391,551
Total Deductions	4,798,398,174	2,758,373,976	7,556,772,148	(573,735,885)	6,983,036,263
Change in Net Assets	1,487,424,078	6,977,080,472	(5,489,656,394)	(5,433,188,139)	(56,468,255)
Beginning Net Assets	20,382,166,284	(5,489,656,394)	25,871,822,678	(56,468,255)	25,928,290,933
Ending Net Assets	$21,869,590,362	$1,487,424,078	$20,382,166,284	$(5,489,656,394)	$25,871,822,678

Short-Term Investment Fund represents an investment pool of short-term money market instruments serving the State and State agencies, authorities, municipalities and other public subdivisions of the State.

Net Assets and Changes in Net Assets

Net Assets - The net assets under management in the Short-Term Investment Fund at the close of the 2010 fiscal year were $4.6 billion, a $0.1 billion increase from the previous year. The principal reason for the increase was an increase in State Agencies and Authorities STIF investments of $0.42 billion partly offset by a decrease of $0.39 billion in State Treasury and Municipal and Local entities.

The net assets under management in the Short-Term Investment Fund at the close of the 2009 fiscal year were $4.5 billion, a decrease of $0.5 billion from the previous year. The principal reasons for the decrease was an overall decrease of $0.67 billion in State Treasury and Municipal and Local entities offset partly by an increase in State Agencies and Authorities STIF investments of $0.17 billion.

Operating Income - General financial market conditions produced an annual total return of 0.34%, net of operating expenses and allocations to Fund reserves in fiscal 2010, compared to an annual total return of 1.49%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The annual total return exceeded that achieved by its benchmark, which equaled 0.09%, by 25 basis points, resulting in $11.9 million in additional interest income for Connecticut governments and their taxpayers while also adding $4.7 million to its reserves.

General financial market conditions produced an annual total return of 1.49%, net of operating expenses and allocations to Fund reserves in fiscal 2009, compared to an annual total return of 4.13%, net of operating expenses and allocations to Fund reserves in the previous fiscal year. The annual total return exceeded that achieved by its benchmark, which equaled 1.30%, by 19 basis points, resulting in $8.7 million in additional interest income for Connecticut governments and their taxpayers while also adding $4.6 million to its reserves.

Table 3 - Net Assets

Assets	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Investments in Securities, at Amortized Cost	$4,579,765,770	$33,032,434	$4,546,733,336	$(501,562,084)	$5,048,295,420
Receivables and Other	2,859,419	(1,081,804)	3,941,223	(11,257,209)	15,198,432
Total Assets	4,582,625,189	31,950,630	4,550,674,559	(512,819,293)	5,063,493,852
Liabilities	(1,036,174)	1,113,394	(2,149,568)	6,822,629	(8,972,197)
Net Assets	$4,581,589,015	$33,064,024	$4,548,524,991	$(505,996,664)	$5,054,521,655

Table 4 - Changes in Net Assets

Assets	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Net Interest Income	$21,244,054	$(53,695,119)	$74,939,173	$(133,233,331)	$208,172,504
Net Realized Gains	284,196	(322,507)	606,703	563,207	43,496
Net Decrease in Fair Value of Investments	-	-	-	24,000,000	(24,000,000)
Total Increase from Operations	21,528,250	(54,017,626)	75,545,876	(108,670,124)	184,216,000
Purchase of Units by Participants	14,549,690,761	(1,036,715,340)	15,586,406,101	1,130,764,398	14,455,641,703
Total Additions	14,571,219,011	(1,090,732,966)	15,661,951,977	1,022,094,274	14,639,857,703
Deductions					
Distribution of Income to Participants	15,572,194	(54,126,804)	69,698,998	(135,485,806)	205,184,804
Redemption of Units by Participants	14,521,369,298	(1,575,618,016)	16,096,987,314	1,713,898,098	14,383,089,216
Operating Expenses	1,213,495	(48,834)	1,262,329	104,544	1,157,785
Total Deductions	14,538,154,987	(1,629,793,654)	16,167,948,641	1,578,516,836	14,589,431,805
Change in Net Assets	33,064,024	539,060,688	(505,996,664)	(556,422,562)	50,425,898
Total net assets – beginning	4,548,524,991	(505,996,664)	5,054,521,655	50,425,898	5,004,095,757
Total net assets - ending	$4,581,589,015	$33,064,024	$4,548,524,991	$(505,996,664)	$5,054,521,655

Short-Term Plus Investment Fund is intended for the investment of funds that are not needed for immediate liquidity and are not likely to be needed for at least several months.

Net Assets

Net Assets - The net assets under management in the Short-Term Plus Investment Fund at the close of the 2010 fiscal year were $52.6 million, lower than the prior year due to redemption of investments.

Net Assets - The net assets under management in the Short-Term Plus Investment Fund at the close of the 2009 fiscal year were $88.9 million, lower than the prior year due to redemption of investments.

Table 5 - Net Assets

Assets	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Investments in Securities, at Fair Value	$52,542,927	$(36,311,336)	$88,854,263	$(220,699,371)	$309,553,634
Receivables and Other	56,213	(127,587)	183,800	(1,361,490)	1,545,290
Total Assets	52,599,140	(36,438,923)	89,038,063	(222,060,861)	311,098,924
Liabilities	(32,274)	119,005	(151,279)	633,611	(784,890)
Net Assets	$52,566,866	$(36,319,918)	$88,886,784	$(221,427,250)	$310,314,034

Table 6 - Changes in Net Assets

Additions	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Net Interest Income	$618,864	$(6,296,068)	$6,914,932	$(7,098,244)	$14,013,176
Net Realized Gains	40,014	45,440	(5,426)	(39,828)	34,402
Total Investment Income	658,878	(6,250,628)	6,909,506	(7,138,072)	14,047,578
Purchase of Units by Participants	755,456	(6,711,457)	7,466,913	(7,087,588)	14,554,501
Total Additions	1,414,334	(12,962,085)	14,376,419	(14,225,660)	28,602,079
Deductions					
Distribution of Income to Participants	636,452	6,196,850	6,833,302	7,153,190	13,986,492
Redemption of Units by Participants	41,324,707	184,975,293	226,300,000	(221,300,000)	5,000,000
Operating Expenses	22,426	53,778	76,204	(15,118)	61,086
Net Change in Unrealized Loss	(4,249,333)	6,843,496	2,594,163	623,246	3,217,409
Total Deductions	37,734,252	198,069,417	235,803,669	(213,538,682)	22,264,987
Change in Net Assets	(36,319,918)	185,107,332	(221,427,250)	(227,764,342)	6,337,092
Total net assets – beginning	88,886,784	(221,427,250)	310,314,034	6,337,092	303,976,942
Total net assets - ending	$52,566,866	$(36,319,918)	$88,886,784	$(221,427,250)	$310,314,034

Connecticut Higher Education Trust

Net Assets and Changes in Net Assets

Net Assets – Net Assets of the Connecticut Higher Education Trust at the close of the current fiscal year were $1.265 billion, an increase of $216 million from the previous year.

Net assets of the Connecticut Higher Education Trust at the close of the 2009 fiscal year were $1.049 billion, a decrease of $27 million from the previous year.

Changes in Net Assets – The change in net assets of the Connecticut Higher Education Trust increased by $216 million in fiscal year 2010 resulting from $103 of net realized and unrealized appreciation on investments including net investment income in addition to $113 million of contributions to active accounts, net of redemptions.

The change in net assets of the Connecticut Higher Education Trust decreased by $27 million in fiscal year 2009 resulting from $127 of net realized and unrealized losses on investments including net investment income partly offset by $100 million of contributions to active accounts, net of redemptions.

Table 7 - Net Assets

Assets	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Investments, at Value	$1,266,125,038	$216,592,698	$1,049,532,340	$(26,881,784)	$1,076,414,124
Cash, Receivables and Other	2,612,134	1,514,776	1,097,358	(1,171,469)	2,268,827
Total Assets	1,268,737,172	218,107,474	1,050,629,698	(28,053,253)	1,078,682,951
Liabilities	(2,885,952)	(1,524,360)	(1,361,592)	646,887	(2,008,479)
Net Assets	$1,265,851,220	$216,583,114	$1,049,268,106	$(27,406,366)	$1,076,674,472

Table 8 - Changes in Net Assets

Additions	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
Net investment income	$22,633,482	$(4,618,765)	$27,252,247	$(3,781,223)	$31,033,470
Net realized gain on investments	(15,465,177)	20,798,151	(36,263,328)	(47,510,934)	11,247,606
Net change in unrealized appreciation (depreciation)	95,673,151	214,293,154	(118,620,003)	(39,961,743)	(78,658,260)
Net Increase (Decrease) in Net Assets Resulting From Operations	102,841,456	230,472,540	(127,631,084)	(91,253,900)	(36,377,184)
From account owner transactions	113,741,658	13,516,940	100,224,718	(58,035,536)	158,260,254
Change in Net Assets	216,583,114	243,989,480	(27,406,366)	(149,289,436)	121,883,070
Total net assets – beginning	1,049,268,106	(27,406,366)	1,076,674,472	121,883,070	954,791,402
Total net assets - ending	$1,265,851,220	$216,583,114	$1,049,268,106	$ (27,406,366)	$1,076,674,472

Second Injury Fund

Net Assets - The net assets of the Second Injury Fund (SIF) at the close of fiscal year 2010 were $37.8 million, a decrease of $14.5 million from the previous year net asset balance of $52.3 million.

The net assets of the Fund at the close of previous fiscal year were $52.3 million, a decrease of $7.9 million from the previous year net asset balance of $60.2 million..

Operating Income – The $14.5 million decrease in net assets resulted mainly from a net operating loss of $14.7 million.

The $7.9 million decrease in net assets in 2009 resulted mainly from lower net operating income of $8.7 million less than the previous year due to reductions in the assessment rates to insured employers by 0.5% to 3.0% and to self insured employers by 2.0% to 4.7%.

Special Obligation Rate Reduction Bonds

The State defeased the outstanding Special Obligation Rate Reduction Bonds on June 5, 2008 and distributed on March 6, 2009 all but $22,108 of the revenues collected before December 2009. The $22,108 consists of funds remaining after payment to the IRS for arbitrage rebate and includes interest earnings on revenues that were collected.

The Special Obligation Rate Reduction Bonds were issued in 2004 pursuant to Connecticut General Statutes to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund. The repayment of the bonds including principal, interest and all fees and expenses are payable from a State RRB charge on the electric bills of the State's two electric utilities.

The net assets of the Special Obligation Rate Reduction Bonds presented at the close of the calendar year December 31, 2008 was $12 million, versus a $90 million deficit the prior year. After all appropriate expenses were paid, the remaining funds in the amount of $11.5 million were distributed to the respective utility companies on March 6, 2009.

Tax Exempt Proceeds Fund

Net Assets - The net assets of the Tax Exempt Proceeds Fund at the close of the fiscal year were $125 million, a decrease of $7 million from the previous year.

The net assets of the Tax Exempt Proceeds Fund at the close of the 2009 fiscal year were $132 million, a decrease of $42 million from the previous year.

Changes in Net Assets – The total decreases in net assets of the Tax Exempt Proceeds Fund in fiscal years 2010 and 2009 were the result of a net decrease of fund investments.

REQUIRED SUPPLEMENTARY INFORMATION

Following the Financial Statements section of this annual report is a Supplemental Information section that further explains and supports the financial information and includes additional schedules for the Combined Investment Funds, debt schedules, cash management activities including Civil List Funds, and information on Unclaimed Property and fiscal year division expenses for the Office of the Treasurer.

DEBT ADMINISTRATION

Long-term debt obligations of the State consist of general obligation bonds and revenue dedicated bonded debt. General obligation bonds, issued by the State, are backed by the full faith and credit of the State. Dedicated revenue debt payments are made from legally restricted revenues.

At June 30, 2010, the State had $19.2 billion in bonds and notes outstanding versus $17.9 billion at June 30, 2009, an increase of $1.3 billion. Outstanding debt at June 30, 2010 was issued to fund local school construction projects, state grants and economic development initiatives, Clean Water Fund loans, improvements to state universities and transportation projects.

The following table presents total outstanding debt for the State distinguished by bond financing type.

Outstanding Debt as of June 30,

Bond Type	2010	Increase (Decrease)	2009	Increase (Decrease)	2008
General obligation –					
Tax supported	$10,159,003,817	$211,723,492	$9,947,280,325	$308,702,800	$9,638,577,525
Bond Anticipation Notes	581,245,000	0	581,245,000	581,245,000	0
Teachers Retirement Fund	2,276,578,271	0	2,276,578,271	0	2,276,578,271
Economic Recovery Notes	915,795,000	915,795,000	0	0	0
Revenue supported	1,060,000	(530,461)	1,590,461	(530,430)	2,120,891
Transportation	0	0	0	(723,286)	723,286
Special Tax Obligation	3,030,485,000	213,470,000	2,817,015,000	27,670,000	2,789,345,000
Bradley International Airport	188,785,000	(10,145,000)	198,930,000	(9,605,000)	208,535,000
Clean Water Fund	821,950,000	(63,250,000)	885,200,000	390,580,000	494,620,000
UCONN 2000	877,492,441	32,547,726	844,944,715	81,531,360	763,413,355
CDA Increment Financing	27,550,000	(2,525,000)	30,075,000	(2,430,000)	32,505,000
CDA Government					
Lease revenue	2,915,000	(620,000)	3,535,000	(580,000)	4,115,000
CHEFA Childcare					
Facilities program	68,240,000	(1,360,000)	69,600,000	15,895,000	53,705,000
Bradley Parking operations	43,005,000	(1,650,000)	44,655,000	(1,550,000)	46,205,000
CT Juvenile Training school	16,080,000	(440,000)	16,520,000	(420,000)	16,940,000
CHFA Special Needs Housing Bonds	61,775,000	(1,980,000)	63,755,000	37,840,000	25,915,000
CCEDA Bonds	102,680,000	(2,435,000)	105,115,000	20,850,000	84,265,000
Total	$19,174,639,529	$1,288,600,757	$17,886,038,772	$1,448,475,444	$16,437,563,328

During fiscal year 2010, the State issued $1.7 billion of new money bonds, $0.9 billion of Economic Recovery Notes and $0.3 billion of bond anticipation notes to fund state programs and issued refunding bonds totaling $0.5 billion to refinance amounts outstanding on previously issued bonds as interest rates continued at relatively low levels during the year. The $3.4 billion of issued bonds were offset by bonds retired of $1.7 billion and bonds refunded of $0.5 billion resulting in a net increase of $1.2 billion in bonds outstanding. Since 1999, debt refunding and defeasances have produced $0.645 billion in debt savings to taxpayers.

Moody's Investors Service, Standard & Poor's Corporation, and Fitch Investors Service rate the State's general obligations AA with Stable Outlooks from all three credit rating agencies.

More detailed information about outstanding bonds and other long-term debt can be found in the Supplemental and Statistical Sections of this report.

ECONOMIC CONDITIONS AND OUTLOOK

After an extended run of dismal performance, the equity markets finally returned to positive territory. As Fiscal Year 2010 began, The S&P 500 turned positive after a string of five consecutive quarters of negative performance. Buoyed by improving liquidity conditions and signs that the worst of the downturn and financial crisis may now be over, stocks posted solid gains across most regions and sectors. The Federal Open Market Committee (FOMC) maintained its zero-to-25 basis point target in the federal funds rate. However in response to the improving economic outlook and record Treasury issuance, interest rates rose significantly during the first half of 2010.

After starting the fiscal year off with generally rising prices, U.S. and global equity markets underwent a correction in the last half of the fiscal year. During Fiscal Year 2010, indications of long-term strength in the domestic and global economies continued. Corporate profits were strong. The European Union responded effectively to the sovereign debt crisis. Inflation in developed counties remained under control. Emerging economies grew, as did large developed economies of the U.S., Germany and China. Nevertheless, the Dow ended the fiscal year at 9,774, 15.7% better than the 8,447 level it was at when the fiscal year began, but down from 11,204 reached in April 2010. Most analysts attributed the decline in stock prices to investor doubts about European debt, the sustainability of recovery, fiscal policy in Europe and China, and the consequences of the oil spill in the Gulf of Mexico. The percent of the U.S. labor force that is unemployed remained at 9.5 percent at the end of the fiscal year 2010, unchanged from 2009. The percent of the Connecticut labor force that is unemployed rose to 8.9 percent for the fiscal year ended June 2010. Throughout this period the Fed's FOMC has continued to employ all available tools to promote economic recovery and to preserve price stability. While the FOMC expects that the economic recovery is proceeding and that the labor market is improving gradually, at its June 2010 meeting the Committee maintained the target range for the federal funds rate at 0 to ¼ percent for an extended period in 2010.

CONTACTING THE OFFICE OF THE TREASURER

This financial report is designed to provide a general overview of the Office of the Treasurer's finances and to show the Office's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to:

Connecticut State Treasury
55 Elm Street
Hartford, CT 06106-1773
Telephone (860) 702-3000
www.state.ct.us/ott

State of Connecticut

Office of the Treasurer

DENISE L. NAPPIER
TREASURER

HOWARD G. RIFKIN
DEPUTY TREASURER

December 30, 2010

To the Honorable
M. Jodi Rell, Governor of Connecticut
Denise L. Nappier, Treasurer of Connecticut
Members of the Connecticut General Assembly
And Citizens of the State of Connecticut

This report was prepared by the Office of the Treasurer, which is responsible for the accuracy of the data, the completeness and fairness of the presentation and all disclosures. We present the financial statements and data as being accurate in all material respects and prepared in conformity with generally accepted accounting principles and such financial statements are audited annually by the State of Connecticut Auditors of Public Accounts.

To carry out this responsibility, the Office of the Treasurer maintains financial policies, procedures, accounting systems and internal controls that management believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investments and other assets are safeguarded.

It is our belief that the contents of this Annual Report make evident the State of Connecticut Office of the Treasurer support of the safe custody and conscientious stewardship of the State's property and money including Trusts and Custodial accounts held by the State Treasurer. In addition, the Office of the Treasurer has sought to maximize earnings on the assets held by the State Treasurer within the boundaries of prudent investment guidelines authorized by Article Four, Section 22 of the Connecticut Constitution and in Title 3 of the Connecticut General Statutes, thereby stabilizing taxpayer costs and securing the safety of benefit commitments established by various General Statutes covering the State retirement systems and other retirement systems administered by the State.

The State of Connecticut also issues a Comprehensive Annual Financial Report (the "CAFR") available from the State Comptroller's Office. The material presented herein is intended to expand on, but not to conflict with, the State's CAFR.

In management's opinion, the internal control structure of the Office of the Treasurer is adequate to ensure that the financial information in this report presents fairly the financial condition and results of operations of the funds that follow.

Sincerely,

Howard G. Rifkin
Deputy Treasurer

55 ELM STREET, HARTFORD, CONNECTICUT 06106-1773, TELEPHONE: (860) 702-3000

COMBINED INVESTMENT FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2010

		TOTAL
ASSETS		
Investments in Securities, at Fair Value		
Liquidity Fund	$	-
Cash Equivalents		1,640,653,567
Asset Backed Securities		91,299,042
Government Securities		2,823,711,217
Government Agency Securities		834,378,865
Mortgage Backed Securities		323,166,587
Corporate Debt		1,603,717,186
Convertible Securities		42,184,097
Common Stock		10,344,453,334
Preferred Stock		68,897,290
Real Estate Investment Trust		98,855,754
Mutual Fund		1,010,283,472
Limited Liability Corporation		4,238,959
Trusts		2,708,893
Limited Partnerships		2,896,391,142
Annuities		-
Total Investments in Securities, at Fair Value		21,784,939,405
Cash		40,214,066
Receivables		-
Foreign Exchange Contracts		4,248,215,036
Interest Receivable		77,124,682
Dividends Receivable		19,811,134
Due from Brokers		284,542,369
Foreign Taxes		10,668,171
Securities Lending Receivable		1,032,633
Reserve for Doubtful Receivables		(2,324,597)
Total Receivables		4,639,069,428
Invested Securities Lending Collateral		2,811,954,840
Other Funds on Deposit		-
Prepaid Expenses		3,377,990
Total Assets		29,279,555,729
LIABILITIES		
Payables		
Foreign Exchange Contracts		4,181,944,637
Due to Brokers		388,858,600
Income Distribution		84,688
Other Payable		11,311,177
Total Payables		4,582,199,102
Securities Lending Collateral		2,811,954,840
Accrued Expenses		15,811,425
Total Liabilities		7,409,965,367
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$	21,869,590,362

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

COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	TOTAL
ADDITIONS	
OPERATIONS	
Investment Income	
Dividends	$ 417,408,272
Interest	324,045,018
Other Income	5,608,105
Securities Lending	23,426,229
Total Income	770,487,624
Expenses	
Investment Advisory Fees	69,739,420
Custody and Transfer Agent Fees	2,019,838
Professional Fees	2,744,429
Security Lending Fees	3,303,483
Security Lending Rebates	4,383,689
Investment Expenses	1,610,435
Total Expenses	83,801,294
Net Investment Income	686,686,330
Net Realized Gain (Loss)	214,424,589
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	1,737,661,123
Net Increase (Decrease) in Net Assets Resulting from Operations	2,638,772,042
Unit Transactions	
Purchase of Units by Participants	3,647,050,210
TOTAL ADDITIONS	6,285,822,252
DEDUCTIONS	
Administrative Expenses	
Salary and Fringe Benefits	(3,835,777)
Distributions to Unit Owners	
Income Distributed	(579,288,269)
Unit Transactions	
Redemption of Units by Participants	(4,215,274,128)
TOTAL DEDUCTIONS	(4,798,398,174)
Change in Net Assets Held in Trust for Participants	1,487,424,078
Net Assets- Beginning of Period	20,382,166,284
Net Assets- End of Period	$ 21,869,590,362

The accompanying notes are an integral part of these financial statements

COMBINED INVESTMENT FUNDS

STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	TOTAL
ADDITIONS	
OPERATIONS	
Investment Income	
Dividends	$ 399,860,020
Interest	358,920,317
Other Income	8,701,607
Securities Lending	66,185,755
Total Income	833,667,699
Expenses	
Investment Advisory Fees	55,934,969
Custody and Transfer Agent Fees	1,748
Professional Fees	2,517,327
Security Lending Fees	6,251,980
Security Lending Rebates	24,212,508
Investment Expenses	954,425
Total Expenses	89,872,957
Net Investment Income	743,794,742
Net Realized Gain (Loss)	(2,942,360,696)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(2,333,600,964)
Net Increase (Decrease) in Net Assets Resulting from Operations	(4,532,166,918)
Unit Transactions	
Purchase of Units by Participants	6,599,282,672
TOTAL ADDITIONS	2,067,115,754
DEDUCTIONS	
Administrative Expenses:	
Salary and Fringe Benefits	(3,393,293)
Distributions to Unit Owners:	
Income Distributed	(707,641,173)
Unit Transactions	
Redemption of Units by Participants	(6,845,737,682)
TOTAL DEDUCTIONS	(7,556,772,148)
Change in Net Assets Held in Trust for Participants	(5,489,656,394)
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	
Net Assets- Beginning of Period	25,871,822,678
Net Assets- End of Period	$ 20,382,166,284

The accompanying notes are an integral part of these financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Combined Investment Funds (the "Funds") are separate legally defined funds, which have been created by the Treasurer of the State of Connecticut (the "Treasurer") under the authority of the Connecticut General Statutes (CGS) Section 3-31b. The Funds are open-end, unitized portfolios consisting of the Liquidity Fund, Mutual Equity Fund, Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund, High Yield Fund, Developed Market International Stock Fund, Emerging Market International Stock Fund, Real Estate Fund, Commercial Mortgage Fund and the Private Investment Fund. The Funds were established to provide a means for investing pension and other trust fund assets entrusted to the Treasurer in a variety of investment classes. The units of the Funds are owned by these pension and trust funds. For financial reporting purposes of the State of Connecticut, the Funds are considered to be internal investment pools and are not reported in the State's combined financial statements. Instead, each fund type's investment in the fund is reported as "equity in combined investment funds" in the State's combined balance sheet.

The Treasurer, as sole fiduciary of the Funds, is authorized to invest in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. This authority is restricted only by statute. Such limitations include prohibitions against investment in companies doing business in Iran and those doing business in Northern Ireland, but who have failed to implement the MacBride Principles (CGS Section 3–13h). Other legislation restricts the maximum aggregate investment in equity securities to 60% of the fair value of the Trust Funds.

The Funds are not subject to regulatory oversight and are not registered with the Securities and Exchange Commission as an investment company.

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements.

A. NEW PRONOUNCEMENTS

The financial statements and corresponding footnotes include the application of GASB 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement requires that the fair value of financial arrangements called derivatives or derivative instruments be reported in the financial statements. The provisions of this Statement are effective for periods beginning after June 15, 2009.

B. SECURITY VALUATION

Investments are stated at fair value for each of the Funds as described below. For the Commercial Mortgage Fund, the investments listed on the Statement of Net Assets, other than the amounts invested in the Liquidity Fund, are shown at fair values provided to the Fund by the investment advisor, and adjusted, when appropriate, by the Treasurer's staff. For the Real Estate and Private Investment Funds substantially all of the investments, other than those in the Liquidity Fund, are shown at values that are estimated by the Treasurer's staff. Such estimations utilize the investment advisors' prior quarter end estimated fair value, plus or minus the appropriate related cash flows as described later in this section. The Treasurer's staff reviews the valuations for all investments in these alternative asset classes (Commercial Mortgage, Real Estate, and Private Investment Funds) to see that they are reasonable and consistent. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed and the differences could be material.

<u>Liquidity Fund</u>

Existing money market vehicles are valued at amortized cost on a daily basis, which approximates fair value. A standard price hierarchy is utilized in the daily valuation of the Liquidity Fund.

The Liquidity Fund at times may utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest

The Liquidity Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2010, the Fund held MBSs of $10,124,847 and ABSs of $42,554,779.

Repurchase Agreements held are collateralized at 100 percent of the securities' value. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York. The collateral is evaluated daily to ensure its fair value exceeds the current fair value of the repurchase agreements including accrued interest.

Mutual Equity Fund

Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year. Corporate bonds and certain over-the-counter stocks are valued at the mean of bid and asked prices as furnished by broker-dealers.

Core Fixed Income Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Core Fixed Income Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2010, the Fund held MBSs of $304,081,637 and ABSs of $32,251,192.

Interest-only stripped mortgage backed securities (IOs), a specialized type of Collateralized Mortgage Obligation (CMO), are included as Mortgage Backed Securities on the statement of Net Assets. The cash flow on these investments is derived from the interest payments on the underlying mortgage loans. Prepayments on the underlying loans curtail these interest payments, reducing the value of the IOs and, as such, these instruments are extremely sensitive to changes in interest rates, which encourage or discourage such prepayments. At June 30, 2010 the Fund's holdings had a fair value of $709,218 and a cost of $7.9 million. The valuations were provided by the custodian.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Core Fixed Income Fund are authorized to invest in global fixed income securities.

Inflation Linked Bond Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Inflation Linked Bond Fund are authorized to invest in global fixed income securities.

Emerging Market Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The Emerging Market Debt Fund invests in Mortgage Backed Securities (MBSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2010, the Fund held MBSs of $202,701.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the Emerging Market Debt Fund are authorized to invest in global fixed income securities.

High Yield Debt Fund

Investments are valued based on quoted market prices when available. For securities that have no quoted market value, fair value is estimated based on yields currently available on comparable securities of issuers with similar credit ratings.

When-issued securities held are fully collateralized by U.S Government securities and such collateral is in the possession of the Fund's custodian. The collateral is evaluated daily to ensure its market value exceeds the current market value of the instruments including accrued interest.

The High Yield Fund invests in Mortgage Backed Securities (MBSs) and Asset Backed Securities (ABSs), which are included in the Statement of Net Assets. These are bonds issued by a special purpose trust that collects payments on an underlying collateral pool of mortgage or other loans and remits payments to bondholders. The bonds are structured in a series of classes or tranches, each with a different coupon rate and stated maturity date. Interest payments to the bondholders are made in accordance with the trust indentures and amounts received from borrowers in excess of interest payments and expenses are used to amortize the principal on the bonds. Such principal payments are made to retire the tranches of bonds in order of their stated maturity. Because mortgage prepayments are largely dependent on market interest rates, the ultimate maturity date of the bonds is unpredictable and is sensitive to changes in market interest rates, but is generally prior to the stated maturity date. At June 30, 2010, the Fund held MBSs of $8,564,348 and ABSs of $16,493,071.

Investments in non-U.S. fixed income securities are utilized on an opportunistic basis. Certain advisors within the High Yield Fund are authorized to invest in global fixed income securities.

Developed Market International Stock Fund

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Emerging Market International Stock Fund

Investments in securities listed on security exchanges are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean of the last reported bid and asked prices.

Certain cash held in non-U.S. dollar denominated trading accounts is non-interest bearing.

Real Estate Fund

Investments in securities not listed on security exchanges and investments in trusts, limited partnerships, and annuities, which comprise substantially all of the Fund's investments, are carried at the cash adjusted fair value. The cash adjusted fair value utilizes the prior calendar quarter end fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Real Estate Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, this estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments to the reported cash adjusted fair values are made to prevent overstatement. At June 30, 2010, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Assets by approximately $19 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment.

Commercial Mortgage Fund

This Fund invests in commercial mortgage loans and mortgage backed securities generally through indirect ownership vehicles such as trusts and corporations. The value of the Fund's interest in these entities is based on the fair value of the underlying commercial loan portfolio or securities held. Fair value for the mortgage portfolio is computed by discounting the expected cash flows of the loans at a rate commensurate with the risk inherent in the loans. The discount rate is determined using the yield on U.S. Treasury securities of comparable remaining maturities plus an appropriate market spread for credit and liquidity risk. The Fund does not record fair values in excess of amounts at which the borrower could settle the obligation, giving effect to any prepayment premiums. In the event that the fair value of the loan collateral, based on an appraisal, is less than the outstanding principal balance, the collateral value is used as fair value. These calculations are performed by the investment advisor and reviewed by Treasury personnel.

Private Investment Fund

The Private Investment Fund is comprised of investments in various limited partnerships, limited liability companies and securities. The general partner or managing member is the investment advisor and is compensated on a fee basis for management services in addition to its participation in partnership profits and losses. These investments are carried at their cash adjusted fair values. The cash adjusted fair value utilizes the prior quarter fair value as estimated by the investment advisor, (i) plus cash flows relating to capitalized expenses and principal contributions disbursed from and (ii) minus amounts received by the Private Investment Fund, to estimate the current fair value. The Treasurer's staff reviews the prior quarter estimated fair values provided by the investment advisors for reasonableness. In those instances where an advisor's value appears to be overstated, the estimated fair value is adjusted accordingly. Additionally, the staff monitors the estimated cash adjusted fair values against the estimated values subsequently reported by the investment advisors. In the event of significant total Fund-level differences between the cash adjusted estimates and the investment advisors' estimated values, adjustments of reported cash adjusted values are made to prevent overstatement. At June 30, 2010, the estimated investment values provided by the investment advisors, net of the adjustments noted above, exceeded cash adjusted fair values reported on the Statement of Net Assets by approximately $35 million. Consistent with the cash adjusted fair value presentation this increase will be considered for the next quarter's adjustment. Securities traded on securities exchanges are valued at the last reported sales price on the last business day of the fiscal year. Corporate bonds and certain over-the-counter stocks are valued at the mean of bid and asked prices as furnished by broker-dealers.

Fair values of the underlying investments are generally represented by cost unless there has been an additional arms-length indication of value, such as a public offering or a new investment by a third party.

C. INVESTMENT TRANSACTIONS AND RELATED INCOME

Investment transactions are accounted for on a trade date basis. Dividend income is recognized as earned on the ex-dividend date. Interest income is recorded on the accrual basis as earned. Realized gains and losses are computed on the basis of the average cost of investments sold. Such amounts are calculated independent of and are presented separately from the Net Change in Unrealized Gains and Losses on the Statement of Operations and the Statement of Changes in Net Assets. Realized gains and losses on investments held more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses represent the difference between the fair value and the cost of investments. The increase (decrease) in such difference is accounted for as a change in unrealized gain (loss). In the Funds' cost basis records, premiums are amortized using the straight-line method that approximates the interest method.

Dividends earned by the Private Investment, Real Estate, Commercial Mortgage Funds relate to investments that are not listed on security exchanges. Such dividends are recognized as income when received, generally net of advisory fees.

D. FOREIGN CURRENCY TRANSLATION

The value of investments, assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon appropriate fiscal year end foreign exchange rates. Purchases and sales of foreign investments and income and expenses are converted into U.S. dollars based on currency exchange rates prevailing on the respective dates of such transactions. The Funds do not isolate that portion of the results of operations arising from changes in the exchange rates from that portion arising from changes in the market prices of securities.

E. SHARE TRANSACTIONS AND PRICING

All unit prices are determined at the end of each month based on the net asset value of each fund divided by the number of units outstanding. Purchases and redemptions of units are based on the prior month end price and are generally processed on the first business day of the month.

F. EXPENSES

Expenses of the funds are recognized on the accrual basis and are deducted in calculating net investment income and net asset value on a monthly basis. Fees and expenses of the Real Estate Fund are generally recognized when paid, by netting them against dividends received. Each of the funds bears its direct expenses, such as investment advisory fees, and, in addition, each of the funds is allocated a portion of the overhead expenses of the Pension Funds Management Division of the Office of the State Treasurer, which services the funds. These expenses include salary and fringe benefit costs and other administrative expenses. Certain of these costs are allocated among the Funds based on relative net asset values. Other costs are charged directly based on the specific duties of personnel.

G. DISTRIBUTIONS

Net investment income earned by the Combined Investment Funds is distributed monthly to the unit owners of the funds, generally in the following month.

H. DERIVATIVE FINANCIAL INSTRUMENTS

GASB Statement Number 53 Accounting and Financial Reporting for Derivative Instruments, requires that the fair value of financial arrangements called derivatives or derivative instruments be reported in the financial statements. GASB defines a derivative instrument as a financial instrument or other contract with all of the following characteristics: a) It has one or more reference rates and (2) one or more notional amounts or payment provisions or both. b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. c) Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2010, the funds maintained positions in a variety of such securities that are all reported at fair value on the statement of net assets. The Liquidity Fund held adjustable rate securities with a fair value of $684,901,790 and cost of $684,749,050, asset backed securities with a fair value of $42,554,779 and a cost of $42,695,795, and mortgage backed securities net of CMOs with a fair value of $ 9,628,140 and a cost of $9,654,805 and CMOs with a fair value and cost of $496,708 and TBAs with a fair value of $4,333,905 and a cost of $4,302,812. The Core Fixed Income Fund held adjustable rate securities with a fair value of $329,785,107 and a cost of $331,955,243, asset backed securities with a fair value of $32,251,192 and a cost of $32,075,020, mortgage backed securities net of CMOs with a fair value of $91,352,516 and a cost of $93,016,705 and CMOs with a fair value of $212,729,121 and a fair value $217,205,099, TBAs with a fair value of $97,064,046 and a cost of $96,673,956, and IOs securities with a fair value of $ 709,218 and a cost of $7,860,727. The Emerging Market Debt Fund held adjustable rate securities with a fair value of $77,186,197 and a cost of $72,885,655, mortgage backed securities with a fair value of $202,701 and a cost of $204,120. The Emerging Market Debt Fund also held futures with a notional cost of $11,541,279 and an unrealized gain of $306,103 reported in the Due From Brokers in the Statement of Net Assets. The High Yield Fund held adjustable rate securities with a fair value of $18,135,922 and a cost of $18,226,992, mortgage backed securities net of CMOs with a fair value of $8,564,348 and a cost of $8,606,191, and CMOs with a fair value of $16,493,071 and a cost of $14,402,118. The Developed Market International Stock held adjustable rate securities with a fair value of $48,420 and a cost of $47,305 and option securities with a fair value of $942,566 and a cost of $786,600. The Developed Market International Stock also held futures with a notional cost of $30,870,542 and an unrealized gain of $3,425,619 reported in the Due From Brokers and an unrealized loss of $5,836,114 reported in the Due to Brokers in the Statement of Net Assets.

The Liquidity Fund, Core Fixed Income Fund, Emerging Market Debt Fund, High Yield Debt Fund, Developed Market International Stock Fund and Emerging Market International Stock Fund, and were invested in foreign exchange contracts. The specific nature of these investments is discussed more fully in the foreign exchange contract note for each respective fund, where appropriate. These financial instruments are utilized for trading and other purposes. Those that are used for other than trading purposes are foreign exchange contracts, which can be used to facilitate trade settlements, and may serve as foreign currency hedges. The credit exposure resulting from such contracts is limited to the recorded fair value of the contracts on the Statement of Net Assets.

The remaining such securities are utilized for trading purposes and are intended to enhance investment returns. All positions are reported at fair value and changes in fair value are reflected in income as they occur. The funds' credit exposure resulting from such investments is limited to the recorded fair value of the derivative financial instruments.

The Mutual Equity Fund, Core Fixed Income Fund, Emerging Market Debt Fund, Developed International Stock Fund, and the Emerging Market International Stock Fund also utilize derivatives indirectly through participation in mutual funds. These mutual funds may hold derivatives from time to time. Such derivatives may be used for hedging, investment and risk management purposes. These transactions subject the investor to credit and market risk.

I. COMBINATION/ELIMINATION ENTRY

The financial statements depict a full presentation of each of the Combined Investment Funds. However, one of these funds, the Liquidity Fund, is owned both directly by the pension plans and trust funds which have accounts in the Fund, and also indirectly because each of the other Combined Investment Funds has an account with the Liquidity Fund. As a result, elimination entries are presented for the purpose of netting out balances and transactions relating to the ownership of the Liquidity Fund by the other Combined Investment Funds. The combined presentation totals to the overall net assets owned by the pension plans and trust funds.

J. FEES AND REALIZED GAINS

Investment advisory fees incurred for the Private Investment Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2010:

	Netted	Capitalized	Expensed	Total
Private Investment Fund	$14,889,379	$15,543,033	$8,323,349	$ 38,755,761

In addition, realized gains and losses are not reported at the level of the Fund's investment since these relate to realized gains and losses on the underlying securities held by the Funds' investment vehicles. The following is the Fund's share of such net realized gains and losses for the fiscal year ended June 30, 2010:

Private Investment Fund	$104,738,115

Periodically the Private Investment Fund may receive stock distributions in lieu of cash. These securities are included as common stock on the Statement of Net Assets. When one of these individual securities is sold the realized gain or loss is presented on the Statement of Operations. Realized loss for such transactions for the fiscal year ended June 30, 2010 were $1,509,276.

The Mutual Equity Fund includes an investment in a limited partnership and investments in mutual funds. Fees incurred from these investments are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2010 totaled $1,505,090.

The Core Fixed Income Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2010 totaled $813.

The Emerging Market Debt Fund includes an investment in a mutual fund. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2010 totaled $2,077,039.

The Emerging Market International Stock Fund includes investments in mutual funds. Fees incurred are deducted from the operations of the fund and are not separately presented on the Statement of Operations. The corresponding fees incurred for the fiscal year ended June 30, 2010 totaled $1,156,047.

The Developed Market International Stock Fund includes investment in a mutual fund. The corresponding fees incurred for the fiscal year ended June 30, 2010 totaled $269,260.

Investment advisory fees incurred for certain investments in the Real Estate Fund are generally charged to the entity in which the Fund has been invested. In such cases, these amounts are either capitalized in the cost basis of the investment and become a component of unrealized gain (loss) or are netted against the corresponding income generated. Certain other fees are incurred directly by the Funds. These amounts are expensed and are reflected as Investment Advisory Fees on the Statement of Operations. The appropriate treatment is determined depending on the terms of the investment agreement. Capitalized fees are not separately presented on the Statement of Operations. These fees are borne by the partners in their respective shares. The following is a listing of the Fund's total fees for the fiscal year ended June 30, 2010:

	Netted	Capitalized	Expensed	Total
Real Estate Fund	$ 9,600,333	$4 ,717,389	$3,100,126	$ 17,417,848

Investment advisory fees for the Liquidity, Mutual Equity, Core Fixed Income Fund, Inflation Linked Bond Fund, Emerging Market Debt Fund, and the High Yield Investment Fund (except as noted above) and Developed Market International Stock Fund and the Emerging Market International Stock Fund are estimated monthly based on periodic reviews of asset values and performance results. Accordingly, the amounts listed as Investment Advisory Fees on the Statement of Operations represent estimates of annual management fee expenses.

K. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

L. RELATED PARTY AND OTHER TRANSACTIONS

There were no related party transactions during the fiscal year. Additionally, there were no "soft dollar" transactions. Soft dollar transactions result from arrangements whereby firms doing business with organizations such as the Treasury arrange for third parties to provide other services in lieu of cash payment. These arrangements tend to obscure the true cost of operations and can result in potential overpayment for services. Such transactions have been prohibited by the Treasurer.

M. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS, INVESTMENTS AND SECURITIES LENDING PROGRAM

Deposits:

The Funds minimize custodial credit risk by maintaining certain restrictions set forth in the Investment Policy Statement. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the Funds would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The Funds utilize a Liquidity Account that is a cash management pool investing primarily in highly liquid money market securities such as commercial paper, certificates of deposit, bank notes and other cash equivalents, asset backed securities, and floating rate corporate bonds. Deposits shall consist of cash instruments generally maturing in less than one year and having a quality rating, by at least one widely recognized rating agency, of A-1 or P-1 and earn interest at a rate equal to or better than the International Business Communications ("IBC") First Tier Institutions-Only Rated Money Fund Report Index.

At June 30, 2010, the reported amount of Funds deposits were $40,214,066 and the bank balance was $40,214,066. Of the bank amount, $40,214,066 was uncollateralized and uninsured. Through the Securities Lending Program $2,810,567,318 was collateralized with securities held by the counterparty's trust department or agent but not in the State's name.

Investments:

Pursuant to the Connecticut General Statutes, the Treasurer is the principal fiduciary of the Funds, authorized to invest in a broad range of equity and fixed income securities, as well as real estate properties, mortgages and private equity. The Funds minimizes credit risk, the risk of loss due to the failure of the security issuer or backer, in accordance with a comprehensive Investment Policy Statement (IPS), as developed by The Office of the Treasurer and the State's Investment Advisory Council (IAC), that provides policy guidelines for the Funds and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. There have been no violations of these investment restrictions during the 2010 fiscal year.

The Funds concentration of credit risk, the risk attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in Government Securities and Government Agency Securities. However, there can be no more than 5% of the total portfolio market value invested in other securities.

The following table provides average credit quality and exposure levels information on the credit ratings associated with Funds investments in debt securities.

	Fair Value	Percentage of Fair Value
Aaa	$3,038,954,690	39.81%
Aa	300,391,602	3.94%
A	410,861,176	5.38%
Baa	558,752,848	7.32%
Ba	304,202,228	3.99%

B	330,842,451	4.33%
Caa	139,359,080	1.83%
Ca	7,252,325	0.10%
C	1,468,633	0.02%
MIG	8,259,249	0.11%
Prime 1	345,685,399	4.53%
Government fixed income securities (not rated)	374,616,745	4.91%
Not Rated	1,812,426,581	23.73%
	$7,633,073,007	100.00%

The investments in the Private Equity Fund, Real Estate Fund and Commercial Mortgage Fund generally utilize investment vehicles such as annuity contracts, common stocks, limited partnerships and trusts to comply with investment guidelines against direct ownership of such investment assets.

The investments of the Liquidity, Mutual Equity, Core Fixed Income, Inflation Linked Bond, Emerging Market Debt, High Yield Investment, Developed Market International Stock and the Emerging Market International Stock Funds were securities registered under the State Street Bank and Trust Co. nominee name Pondwave & Co. and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut, or bearer and held by a designated agency of the Pension Plans and Trust Funds of the State of Connecticut.

Investments of cash collateral received under securities lending arrangements are registered in the master custodian's name and are invested in a fund maintained by the master custodian exclusively for the Funds. In circumstances where securities or letters of credit are received as collateral under securities lending arrangements, the collateral is held by the master custodian in a commingled pool in the master custodian's name, as trustee. When "tri-party" collateral is received, the collateral consists of cash, letters of credit or securities but is held in a commingled pool by a third party master custodian in the Funds' master custodian's name. The breakdown of Securities Lending is as follows:

Investment	Fair Value
Government Securities	$ 10,384,675
Government Agency Securities	3,068,569
U.S. Corporate Stock	3,467,328
International Equity	980,580
Collateral Securities held by Investment Pools under Securities Lending Arrangements:	
Other	676,715,661
Corporate Debt	2,115,950,505
Total	$ 2,810,567,318

The following table provides information about the interest rate risks associated with the Funds investments. Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and therefore, more volatile than those with shorter maturities. Investment Managers that manage the CRPTF portfolio are given full discretion to manage their portion of CRPTF assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Barclays Aggregate – an intermediate duration index.

The investments include certain short-term cash equivalents, various long term items, and restricted assets by maturity in years.

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	$1,640,653,567	$1,476,783,186	$ -	$ -	$ 163,870,381
Asset Backed Securities	91,299,042	1,441,659	83,311,934	6,545,449	-
Government Securities	2,823,711,217	284,301,075	968,336,430	712,400,267	858,673,445
Government Agency Securities	834,378,865	1,872,841	44,189,769	57,216,313	731,099,942
Mortgage Backed Securities	323,166,587	3,651,038	49,251,865	9,873,919	260,389,765
Corporate Debt	1,603,717,186	92,533,128	599,208,355	624,132,111	287,843,592
Convertible Debt	42,184,097	2,708,209	24,392,706	2,068,476	13,014,706
Mutual Fund	273,962,446	-	-	-	273,962,446
	$7,633,073,007	$1,863,291,136	$1,768,691,059	$1,412,236,535	$2,588,854,277

NOTES TO FINANCIAL STATEMENTS (Continued)

Exposure to foreign currency risk results from investments in foreign currency-denominated equity or fixed income securities. As a means of limiting its exposure, the CRPTF utilizes a strategic hedge ratio of 50% for the developed market portion of the International Stock Fund. This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. dollar denominated securities, managers are required to limit that investment to a portion of their respective portfolios. The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars.

			Fixed Income Securities						Equities		
Foreign Currency	Total	Cash	Government Securities	Mutual Funds	Corporate Debt	Convertible Securities	Mortgage Backed	Asset Backed	Common Stock	Preferred Stock	Real Estate Investment Trust
Argentine Peso	$ 1,083,475	$ 76,799	$ 1,006,676	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Australian Dollar	258,255,700	308,533	12,197,221	-	17,519,150	-	-	-	214,960,524	18,502	13,251,770
Brazilian Real	179,427,518	3,165,987	50,776,861	-	7,233,544	294,688	-	-	76,404,469	41,551,969	-
Canadian Dollar	100,681,277	441,703	8,159,577	-	-	-	-	-	92,079,997	-	-
Chilean Peso	1,083,343	685	-	-	581,805	-	-	-	344,522	156,331	-
Colombian Peso	16,602,812	-	7,618,816	-	8,983,996	-	-	-	-	-	-
Czech Koruna	15,382,072	211,386	-	-	-	-	-	-	15,170,686	-	-
Danish Krone	44,276,777	215,217	-	-	-	-	-	-	44,061,560	-	-
Egyptian Pound	21,262,769	238,718	5,989,349	-	-	-	-	-	15,034,702	-	-
Euro Currecny	1,229,218,036	3,988,614	39,039,670	-	6,523,916	-	2,148,965	1,538,434	1,158,611,807	13,634,183	3,732,447
Ghana Cedi	239,820	-	239,820	-	-	-	-	-	-	-	-
Hong Hong Dollar	423,373,365	600,195	-	92,876	-	-	-	-	422,052,344	-	627,950
Hungarian Fornit	39,427,421	366,365	8,176,890	-	-	-	-	-	30,884,166	-	-
Iceland Krona	1,862	1,862	-	-	-	-	-	-	-	-	-
Indian Rupee	237,899	-	-	-	237,899	-	-	-	-	-	-
Indonesian Rupiah	92,501,452	124,687	13,065,967	-	13,082,704	-	-	-	66,228,094	-	-
Israleli Shekel	335,876	-	-	-	-	-	-	-	335,876	-	-
Japanese Yen	889,508,639	4,766,674	4,160,587	-	-	361,659	-	-	878,276,673	-	1,943,046
Kazakhstan Tenge	2,063,073	-	-	-	2,063,073	-	-	-		-	-
Malaysian Ringgit	76,138,073	14,984	22,445,128	-	3,679,468	-	-	-	49,998,493	-	-
Mexican Peso	96,932,397	1,838,814	41,405,768	-	-	-	-	-	53,687,815	-	-
Moroccan Dirham	430,079	30,364	-	-	-	-	-	-	399,715	-	-
New Russian Rubel	3,622,453	70,116	-	-	3,552,337	-	-	-	-	-	-
New Taiwan Dollar	64,029,377	473,811	-	-	-	-	-	-	63,555,566	-	-
New Zealand Dollar	42,680,958	190,786	32,822,412	48,537	-	-	-	-	9,609,060	-	10,163
Nigerian Naria	3,933,903	-	-	-	3,933,903	-	-	-	-	-	-
Norwegian Krone	32,835,686	110,840	6,430,940	-	-	-	-	-	26,293,906	-	-
Pakistan Rupee	170,269	170,269	-	-	-	-	-	-	-	-	-
Peruvian Nouveau Sol	1,296,066	468	1,295,598	-	-	-	-	-	-	-	-
Philippine Peso	21,159,849	11,013	-	-	-	-	-	-	21,148,836	-	-
Polish Zloty	60,926,632	5,478	33,589,116	-	-	-	-	-	27,332,038	-	-
Pound Sterling	789,570,795	1,744,317	-	-	-	-	-	-	784,189,355	-	3,637,123
Singapore Dollar	79,384,416	512,770	-	-	-	-	-	-	74,599,610	-	4,272,036
South African Rand	115,932,736	982,516	26,424,619	-	96,075	-	-	-	88,429,526	-	-
South Korean Won	386,352,790	465,618	5,368,622	-	-	-	-	-	369,386,847	11,131,703	-
Sri Lanka Rupee	201,651	-	-	-	201,651	-	-	-	-	-	-
Swedish Krona	93,853,800	1,647,093	-	-	-	-	-	-	92,206,707	-	-
Swiss Franc	345,584,385	650,866	-	-	-	-	-	-	344,933,519	-	-
Thailand Baht	96,870,986	-	9,468,445	-	995,689	-	-	-	86,406,852	-	-
Turkish Lira	111,661,969	308,307	17,446,109	-	-	-	-	-	93,907,553	-	-
Zambian Kwacha	361,670	-	-	-	361,670	-	-	-	-	-	-
	$5,738,894,126	$23,735,855	$347,128,191	$141,413	$69,046,880	$656,347	$2,148,965	$1,538,434	$5,200,530,818	$66,492,688	$27,474,535

Securities Lending:

Certain of the Funds engage in securities lending transactions to provide incremental returns to the Funds. The Funds are permitted to enter into securities lending transactions pursuant to Section 3-13d of the Connecticut General Statutes and Amendment No.2 of the Custodial Contract. The Funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the period ended June 30, 2010, the master custodian lent certain securities of the Client and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The master custodian did not have the ability to pledge or sell collateral securities delivered therefore absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, the master custodian has an obligation to indemnify the Client in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of Default of the Borrower. During the fiscal year, the Client and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. On June 30, 2010, the Client had no credit risk exposure to borrowers. The market value of collateral held and the market value of securities on loan for the Funds as of June 30, 2010 was $2,830,292,919 and $ 2,750,910,865 respectively.

Under ordinary circumstances, the average effective duration of the security lending operations will be managed such that it will not exceed 120 days, or fall below 1 day. Under such ordinary circumstances, the net duration, as defined by the duration of assets less the duration of liabilities, will not exceed 45 days. In the event that the average effective duration does exceed 120 days, or the net duration does exceed 45 days for any 3-day period, the Trustee shall, (i) notify the Funds within 5 business days and (ii) take appropriate action as is reasonable to return an average effective duration below 120 days or a net duration below 45 days. The average effective duration is calculated using the weighted average effective duration of holdings. The average effective duration of the security lending program at June 30, 2010 was 25.93 days.

The average effective duration is managed to be within 45 days due to the inability to monitor the weighted average duration of liabilities. The weighted average duration of liabilities is assumed to remain at 1 day.

The fair value of collateral held and the fair value of securities on loan are as follows for the Funds as of June 30, 2010:

Fund	Fair Value of Collateral	Fair Value of Securities Lent
Mutual Equity	$ 511,009,406	$ 495,375,649
Core Fixed Income	707,447,138	698,763,725
Inflation Linked Bond	911,795,306	898,460,346
Emerging Market Debt	46,954,074	46,397,155
High Yield Investment	146,066,280	143,769,407
Developed Market International Stock	348,253,732	332,165,138
Emerging Market International Stock	141,169,029	135,979,445
Total	$2,812,694,965	$2,750,910,865

Investments made using the cash collateral received from security loans were included in the Statement of Net Assets. The fair value of these amounts is as follows:

Fund	Cash Equivalents	Corporate Debt	Total Investments
Mutual Equity	$122,891,920	$384,257,723	$507,149,643
Core Fixed Income	167,999,496	525,299,826	693,299,322
Inflation Linked Bond	220,812,310	690,434,618	911,246,928
Emerging Market Debt	11,371,014	35,554,821	46,925,835
High Yield Investment	35,373,326	110,605,104	145,978,430
Developed Market International Stock	84,080,252	262,901,631	346,981,883
Emerging Market International Stock	34,187,343	106,896,782	141,084,125
Total	$676,715,661	$2,115,950,505	$2,792,666,166

These amounts are invested in a pool which is maintained solely on behalf of the Funds, but whose investments are held in the master custodian’s name. The above total amounts were included on the Statement of Net Assets in “Invested Securities Lending Collateral”.

NOTE 3: PURCHASES AND SALES OF INVESTMENT SECURITIES

For the period ended June 30, 2010, the aggregate cost of purchases and proceeds from sales of investment securities were as follows:

Fund	Purchases	Sales
Mutual Fixed Income	$5,830,682,200	$6,821,284,249
Core Fixed Income	6,943,432,138	7,303,232,349
Inflation Linked Bond	2,393,378,390	2,216,063,537
Emerging Market Debt	1,576,055,994	1,706,265,347
High Yield Investment	1,067,119,692	1,237,486,225
Developed Market International Stock	4,574,996,572	5,035,185,143

Emerging Market International Stock	4,078,915,212	3,500,397,136
Real Estate	528,633,276	375,913,282
Commercial Mortgage	4,138,291	5,403,408
Private Investment Fund	921,935,605	880,203,812

The above amounts include the effect of cost adjustments processed during the year.

NOTE 4: UNREALIZED APPRECIATION AND DEPRECIATION ON INVESTMENTS AND FOREIGN EXCHANGE CONTRACTS

At June 30, 2010, the gross appreciation of investment securities and foreign currency in which there was an excess of fair value over cost, the gross depreciation of investment securities and foreign currency in which there was an excess of cost over fair value and the resulting net appreciation (depreciation) by fund were as follows:

Fund	Gross Appreciation	Gross Depreciation	Net Appreciation (Depreciation)
Mutual Equity	$755,093,305	$641,810,486	$113,282,819
Core Fixed Income	141,174,375	34,511,735	106,662,640
Inflation Linked Bond	37,233,130	292,698	36,940,432
Emerging Market Debt	153,909,581	80,585,039	73,324,542
High Yield Investment	33,484,299	36,324,514	(2,840,215)
Developed Market International Stock	359,962,263	583,791,146	(223,828,883)
Emerging Market International Stock	298,499,867	94,081,585	204,418,282
Real Estate	6,216,980	388,452,250	(382,235,270)
Commercial Mortgage	48,551	17	48,534
Private Investment Fund	322,436,469	168,920,379	153,516,090

NOTE 5: FOREIGN EXCHANGE CONTRACTS

From time to time the Liquidity, Core Fixed Income, Emerging Market Debt, High Yield Investment, Developed Market International Stock, Emerging Market International Funds utilize foreign currency contracts to facilitate transactions in foreign securities and to manage the Funds' currency exposure. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the Funds' investments against currency fluctuations. Also, a contract to buy or sell can offset a previous contract. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms.

The U. S. dollar value of forward foreign currency contracts is determined using forward currency exchange rates supplied by a quotation service.

Investing in forward currency contracts may increase the volatility of the Funds' performance. Price movements of currency contracts are influenced by, among other things, international trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and changes in worldwide interest rates. Governments from time to time intervene in the currency markets with the specific intent of influencing currency prices. Such intervention may cause certain currency prices to move rapidly. Additionally, the currency markets may be particularly sensitive to interest rate fluctuations.

At June 30, 2010, the Funds had recorded unrealized gains (losses) from open forward currency contracts as follows:

Liquidity Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Brazilian Real	$ 362,000	$ 11,870
Chilean Peso	3,401,000	(52,229)
Colombian Peso	1,772,000	57,391
Czech Koruna	-	4,639
Egyptian Pound	26,423,381	(279,382)
Euro Currency	18,573,390	(1,224,529)
Ghana Cedi	7,694,740	11,785
Hungarian Forint	-	(391,979)
Indian Rupee	10,231,951	108,967
Indonesian Rupiah	7,250,000	105,398
Israeli Shekel	8,484,824	(73,083)
Japanese Yen	18,508,725	673,928
Kazakhstan Tenge	6,398,000	(8,729)

Kenyan Shilling	6,917,192	(77,617)
Malaysian Ringgit	14,702,557	(23,681)
Mexican Peso	23,895,819	(435,435)
New Romanian Leu	-	(809,440)
New Russian Ruble	3,010,000	(4,749)
New Taiwan Dollar	5,255,710	(77,817)
New Zealand Dollar	654,279	(28,947)
Norwegian Krone	228,872	(2,828)
Philippine Peso	11,309,383	(105,270)
Polish Zloty	-	(235,438)
Pound Sterling	9,727,624	(137,692)
Serbian Dinar	-	(86,301)
Singapore Dollar	17,018,189	22,768
South Korean Won	17,242,573	(708,732)
Swedish Krona	7,892,783	(488,569)
Turkish Lira	10,209,000	(23,409)
Uganda Shilling	5,704,764	(36,549)
Yuan Renminbi	5,477,604	(53,500)
Zambian Kwacha	7,012,648	(207,615)
	$ 255,359,008	$ (4,576,774)
Contracts to Sell:		
Australian Dollar	$ 31,958,500	$ 2,429,734
Canadian Dollar	8,615,170	461,267
Colombian Peso	1,783,487	(45,903)
Egyptian Pound	13,191,474	14,359
Euro Currency	107,872,365	4,172,697
Ghana Cedi	1,111,265	(1,582)
Hungarian Forint	7,895,965	650,316
Indonesian Rupiah	2,071,000	14,490
Israeli Shekel	1,512,157	473
Japanese Yen	12,494,634	(323,073)
Kenyan Shilling	1,944,000	16,022
Mexican Peso	19,652,355	366,709
New Romanian Leu	819,118	39,645
New Taiwan Dollar	5,176,492	(1,401)
New Zealand Dollar	33,918,255	487,024
Norwegian Krone	6,821,398	244,886
Philippine Peso	1,710,982	(1,624)
Polish Zloty	13,502,427	1,814,469
Pound Sterling	2,964	(28)
South Korean Won	6,112,898	111,013
Yuan Renminbi	53,269	(443)
	278,220,175	10,449,050
Total	$ 533,579,183	$ 5,872,276

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 533,579,183	$ 533,579,183	$ -
Unrealized Gain/Loss	(4,576,774)	10,449,050	5,872,276
Net	$ 529,002,409	$ 523,130,133	$ 5,872,276

Core Fixed Income Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Euro Currency	$ 8,971,425	$ 214,699
	8,971,425	214,699
Total	$ 8,971,425	$ 214,699

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 8,971,425	$ 8,971,425	$ -
Unrealized Gain/Loss	-	214,699	214,699
Net	$ 8,971,425	$ 8,756,726	$ 214,699

Emerging Market Debt Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Brazilian Real	$ 7,906,080	$ 16,454
Chilean Peso	2,937,390	(119,269)

Colombian Peso	1,892,802	86,668
Euro Currency	4,602,493	(2,716)
Indian Rupee	13,581,783	127,262
Indonesian Rupiah	6,574,781	223,466
Israeli Shekel	4,577,783	(95,801)
Malaysian Ringgit	7,583,947	66,550
Mexican Peso	9,605,455	(17,172)
New Russian Ruble	4,724,296	(130,175)
Peruvian Nouveau Sol	3,494,423	13,926
Philippine Peso	5,276,924	(84,645)
Polish Zloty	4,652,859	(274,144)
South African Rand	495,593	(3,468)
South Korean Won	6,432,518	(72,259)
Thailand Baht	2,098,259	(5,398)
Turkish Lira	4,897,822	10,128
Yuan Renminbi	24,693,663	(93,462)
	$ 116,028,871	$ (354,055)
Contracts to Sell:		
Brazilian Real	$ 13,070,297	$ (665,539)
Chilean Peso	1,319,584	22,360
Colombian Peso	5,026,641	(59,914)
Euro Currency	19,620,490	675,896
Hungarian Forint	5,320,128	99,298
Indonesian Rupiah	3,192,034	3,002
Israeli Shekel	4,510,165	27,773
Japanese Yen	4,057,506	(41,875)
Mexican Peso	892,268	(4,688)
Polish Zloty	4,514,227	86,104
South African Rand	6,781,859	18,215
Thailand Baht	3,792,559	(27,489)
Turkish Lira	4,914,355	45,701
Yuan Renminbi	8,136,649	48,820
	85,148,762	227,664
Total	$ 201,177,633	$ (126,391)

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 201,177,633	$ 201,177,633	$ -
Unrealized Gain/Loss	(354,055)	227,664	(126,391)
Net	$ 200,823,578	$ 200,949,969	$ (126,391)

High Yield Investment Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Sell:		
Mexican Peso	$ 4,393,045	$ 12,966
	4,393,045	12,966
Total	$ 4,393,045	$ 12,966

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 4,393,045	$ 4,393,045	$ -
Unrealized Gain/Loss	-	12,966	12,966
Net	$ 4,393,045	$ 4,380,079	$ 12,966

Developed Market International Stock Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Australian Dollar	$ 210,719,469	$ (7,447,662)
Brazilian Real	475,700	(1,504)
Canadian Dollar	334,648	(2,567)
Danish Krone	590,768	(3,070)
Euro Currency	141,198,501	(3,402,985)
Hong Kong Dollar	10,880,454	(16,670)
Japanese Yen	177,730,813	3,094,171
New Zealand Dollar	80,120,318	(1,299,633)
Norwegian Krone	68,590,609	(1,029,170)
Pound Sterling	83,606,954	1,209,825
Singapore Dollar	72,288,268	(607,712)
South Korean Won	11,146,379	(417,766)

Swedish Krona	68,539,912	311,511
SwIss Franc	113,411,938	2,438,975
	$ 1,039,634,731	$ (7,174,257)
Contracts to Sell:		
Australian Dollar	$ 258,106,876	$ 6,070,665
Czech Koruna	415,176	(5,071)
Danish Krone	21,139,336	1,568,522
Euro Currency	931,986,093	80,271,268
Hong Kong Dollar	90,458,078	298,659
Hungarian Forint	100,872	(1,741)
Japanese Yen	529,919,554	(29,169,268)
Mexican Peso	498,137	(1,067)
New Zealand Dollar	80,439,094	(399,696)
Norwegian Krone	28,741,857	1,755,258
Polish Zloty	45,983	(577)
Pound Sterling	560,067,843	5,214,329
Singapore Dollar	106,851,250	(72,581)
South Korean Won	46,482,397	3,416,347
Swedish Krona	70,992,694	1,497,495
Swiss Franc	272,850,591	2,900,265
	2,999,095,831	73,342,807
Total	$ 4,038,730,562	$ 66,168,550

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 4,038,730,562	$ 4,038,730,562	$ -
Unrealized Gain/Loss	(7,174,257)	73,342,807	66,168,550
Net	$ 4,031,556,305	$ 3,965,387,755	$66,168,550

Emerging Market International Stock Fund:

Foreign Currency	Value	Unrealized Gain/(Loss)
Contracts to Buy:		
Brazilian Real	$ 85,774	$ (271)
Hong Kong Dollar	342,508	(67)
Hungarian Forint	1,098,067	6,646
Malaysian Ringgit	15,921	16
Philippine Peso	369,180	(10)
South African Rand	15,343	7
Thailand Baht	2,500	1
	$ 1,929,293	$ 6,322
Contracts to Sell:		
Brazilian Real	$ 135,044	$ (45)
Hungarian Forint	227,623	(3,972)
Philippine Peso	10,414	(50)
Thailand Baht	2,786	(6)
Turkish Lira	159,201	(1,674)
	535,068	(5,747)
Total	$ 2,464,361	$ 575

Financial Statement Amounts:

	Receivable	Payable	Net
FX Value	$ 2,464,361	$ 2,464,361	$ -
Unrealized Gain/Loss	6,322	(5,747)	575
Net	$ 2,470,683	$ 2,470,108	$ 575

The net unrealized gain has been included in the Statement of Operations as a component of Net Change in Unrealized Gain (Loss) on Investments.

NOTE 6: COMMITMENTS

In accordance with the terms of the individual investment agreements, the Private Investment Fund and the Real Estate Fund have outstanding commitments to make additional investments. These commitments will be fulfilled as suitable investment opportunities become available. Unfunded commitments at June 30, 2010, were as follows:

Fund	Total Commitment	Cumulative Amounts Funded	Unfunded Commitment
Real Estate	$1,874,303,364	$1,443,464,395	$430,838,969
Private Investment	$5,929,664,766	$4,279,031,600	$1,650,633,166

NOTE 7: CONTINGENCY

There was no pending or threatened litigation against the Connecticut Retirement Plans and Trust Funds (“CRPTF”) during the fiscal year ended June 30, 2010.

The CRPTF continues to with investment partners to recover assets lost due to the malfeasance of others. Related to an action against the former general partner of a limited partnership in the Private Investment Fund (“PIF”), members of the advisory committee of the limited partnership entered into a settlement agreement with the partnership’s former law firm, having allegedly participated in the actions that lead to losses. The CRPTF led an effort to seek additional compensation for failure to furnish adequate information during the settlement negotiations. The majority of the proceeds from the aggregate $6.8 million settlement were distributed. A related action has been initiated by the Philadelphia office of the Securities and Exchange Commission. The SEC has assured the partnership that assets recovered in its action will be turned over to the partnership for distribution to the limited partners. A liquidating trustee was appointed in 2007 to dissolve the partnership and wind up its business activities. The remaining reserve was scheduled to be distributed, on a pro rata basis, in December 2008. The liquidating trustee is waiting for the conclusion of the related SEC action. The SEC has not furnished the liquidating trustee or the limited partners with information concerning its anticipated schedule for completion of its action.

NOTE 9: COST BASIS OF INVESTMENTS

The aggregate cost values of investments in the Funds are as follows at June 30, 2010:

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Investments in Securities, at Cost					
Cash Reserve Fund	$ -	$ 45,057,017	$ 126,934,505	$ 40,958,353	$ 50,203,094
Cash Equivalents	1,639,611,001	-	-	-	100,000
Asset Backed Securities	42,695,795	-	32,075,020	-	-
Government Securities	366,851,679	-	739,197,591	992,762,087	621,517,935
Government Agency Securities	23,073,630	-	765,869,889	-	-
Mortgage Backed Securities	10,151,513	-	310,221,804	-	204,120
Corporate Debt	136,715,714	-	708,113,323	-	173,352,313
Convertible Securities	-	-	-	-	-
Common Stock	-	4,391,546,548	-	-	-
Preferred Stock	-	-	-	-	-
Real Estate Investment Trust	-	73,215,549	-	-	-
Mutual Fund	-	410,481,217	531,171	-	236,649,609
Limited Liability Corporation	-	-	-	-	-
Trusts	-	-	-	-	-
Limited Partnerships	-	255,270,416	-	-	-
Partnerships	-	-	-	-	-
Annuities	-	-	-	-	-
Total Investments in Securities, at cost	$2,219,099,332	$5,175,570,747	$2,682,943,303	$1,033,720,440	$1,082,027,071

Additionally, another limited partnership in the PIF invested $15 million in a portfolio company that reported double digit revenue growth. In 2005, the General Partner initiated a sales process expecting to realize significant gain. Lack of cooperation from management challenged the sale process, resulting in legal action from the partnership and other investors in the portfolio company to force a sale. This process uncovered serious financial irregularities in the portfolio company, resulting in the removal and criminal investigation of the CEO and other senior managers. The portfolio company is currently in bankruptcy. In July 2008, the Bankruptcy Court approved the portfolio company's plan of liquidation. A liquidation trustee was appointed to oversee further liquidation efforts, including investigation and pursuit of potential litigation claims. The liquidation trustee has filed law suits or arbitration proceedings against certain parties, including the bank that issued the credit facility, the investment bank, an equipment manufacturer, accounting firms, and a law firm, among others. In January 2009, the liquidation trustee entered into a settlement agreement with the General Partner, exchanging mutual releases for the GP, the fund and its investors. Additionally, the settlement agreement provides for a sharing of recovery from further prosecution of the matter, including any settlement reached with the insurance carrier. Recoveries are anticipated to be quite modest, if at all. In 2009, the bank has filed a motion under seal which, if granted, may permit the bank to reduce any liability to the liquidation trustee by the proportionate amount that it can attribute to either the minority shareholders (including the fund) or their director designees. Though the filing is under seal and the ultimate resolution of this motion cannot be determined at this time, counsel to the GP believes the contribution claims against the GP, if any, should be precluded as to the result of the settlement agreement with the liquidation trustee. Finally, the United States Attorney in Pittsburgh has obtained indictments against five (5) company insiders. The GP's director designees have and will continue to provide testimony in the liquidation trustee's various actions.

NOTE 8: SUBSEQUENT EVENT

During the fiscal year ending June 30, 2010 the Treasurer named five fund of hedge funds managers as preferred vendors. Contracts for the five managers where in negotiations subsequent to June 30, 2010.

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND
$ 24,448,850	$ 91,772,233	$ 27,905,931	$ 77,279,240	$ 160,863	$ 108,530,584
-	815,707	-	-	-	-
16,402,118	-	-	-	-	-
4,012,362	-	-	-	-	-
-	-	-	-	-	-
8,606,191	-	-	-	193,054	-
551,485,899	1,530,122	-	-	-	-
36,718,841	459,966	-	-	-	-
14,765,695	4,361,130,307	1,615,186,015	-	3,415,664	5,311,781
2,276,783	19,857,323	39,825,882	-	-	-
299,200	33,480,704	-	-	-	-
-	43,233,458	177,919,847	-	-	-
-	-	-	-	-	4,452,180
-	-	-	8,193,224	-	-
-	-	-	1,089,246,027	-	1,741,290,563
-	-	-	-	-	-
-	-	-	-	-	-
$659,015,939	$4,552,279,820	$1,860,837,675	$1,174,718,491	$3,769,581	$1,859,585,108

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS

FISCAL YEAR ENDED JUNE 30,	**LIQUIDITY FUND**					**MUTUAL EQUITY**				
PER SHARE DATA	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
Net Asset Value- Beginning of Period	$1.00	$1.00	$-	$-	$-	$648.30	$927.68	$1,085.16	$933.70	$858.25
INTRAFUND TRANSFER IN (OUT)	-	-	-	-	-	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	0.01	0.02	-	-	-	10.86	16.89	16.87	18.04	13.66
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	-	-	-	-	-	79.56	(279.76)	(156.38)	151.06	74.43
Total from Investment Operations	0.01	0.02	-	-	-	90.42	(262.87)	(139.51)	169.10	88.09
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(0.01)	(0.02)	-	-	-	(11.74)	(16.51)	(17.97)	(17.64)	(12.64)
Net Asset Value - End of Period	$1.00	$1.00	$-	$-	$-	$726.98	$648.30	$927.68	$1,085.16	$933.70
TOTAL RETURN	**0.98%**	**1.54%**	**0.00%**	**0.00%**	**0.00%**	**14.01%**	**-28.68%**	**-12.99%**	**18.24%**	**10.27%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$2,219	$2,171	$-	$-	$-	$5,289	$5,590	$7,999	$9,818	$8,982
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.15%	0.04%	0.00%	0.00%	0.00%	0.24%	0.14%	0.26%	0.12%	0.32%
Ratio of Expenses to Average Net Assets	0.15%	0.04%	0.00%	0.00%	0.00%	0.27%	0.30%	0.80%	0.75%	0.66%
Ratio of Net Investment Income (Loss)										
to Average Net Assets	0.70%	1.55%	0.00%	0.00%	0.00%	1.58%	2.14%	1.68%	1.83%	1.53%

FISCAL YEAR ENDED JUNE 30,	**MUTUAL FIXED INCOME**					**CORE FIXED INCOME**				
PER SHARE DATA	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
Net Asset Value- Beginning of Period	$-	$-	$114.53	$112.04	$116.37	$110.56	$113.86	$-	$-	$-
INTRAFUND TRANSFER IN (OUT)	-	-	(116.90)	-	-	-	-	-	115.45	- -
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	-	-	2.00	6.23	5.92	4.92	5.30	4.09	-	-
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	-	-	2.08	1.53	(4.98)	7.88	(2.44)	(1.44)	-	-
Total from Investment Operations	-	-	4.08	7.76	0.94	12.80	2.86	2.65	-	-
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	-	-	(1.71)	(5.27)	(5.27)	(5.49)	(6.16)	(4.24)	-	-
Net Asset Value - End of Period	$-	$-	$-	$114.53	$112.04	$117.87	$110.56	$113.86	$-	$-
TOTAL RETURN	**0.00%**	**0.00%**	**0.00%**	**6.92%**	**0.77%**	**11.81%**	**2.84%**	**5.65%**	**0.00%**	**0.00%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$-	$-	$-	$7,594	$6,419	$2,701	$3,160	$4,537	$-	$-
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	-	-	-	0.13%	0.13%	0.15%	0.14%	0.20%	-	-
Ratio of Expenses to Average Net Assets	-	-	-	1.01%	0.90%	0.20%	031%	1.30%	-	-
Ratio of Net Investment Income (Loss)										
to Average Net Assets	-	-	-	5.19%	5.19%	4.18%	4.62%	8.62%	-	-

FISCAL YEAR ENDED JUNE 30,	**INFLATION LINKED BOND**					**EMERGING MARKET DEBT**				
PER SHARE DATA	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
Net Asset Value- Beginning of Period	$128.08	$131.19	$-	$-	$-	$108.68	$118.78	$-	$-	$-
INTRAFUND TRANSFER IN (OUT)	-	-	$120.07	-	-	-	-	121.80	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	4.87	2.21	10.41	-	-	9.02	10.90	4.34	-	-
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	7.39	(2.11)	2.15	-	-	15.68	(15.89)	(5.90)	-	-
Total from Investment Operations	12.26	0.10	12.56	-	-	24.70	(4.99)	(1.56)	-	-
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(2.90)	(3.21)	(1.44)	-	-	(4.88)	(5.11)	(1.46)	-	-
Net Asset Value - End of Period	$137.44	$128.08	$131.19	$-	$-	$128.50	$108.68	$118.78	$-	$-
TOTAL RETURN	**9.48%**	**-0.20%**	**16.81%**	**0.00%**	**0.00%**	**23.02%**	**-3.62%**	**5.59%**	**0.00%**	**0.00%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$1,063	$837	$1,173	$-	$-	$1,176	$1,132	$1,047	$-	$-
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.13%	0.11%	0.07%	-	-	0.43%	0.32%	0.32%	-	-
Ratio of Expenses to Average Net Assets	0.35%	0.76%	0.55%	-	-	0.43%	0.35%	0.40%	-	-
Ratio of Net Investment Income (Loss)										
to Average Net Assets	3.59%	1.79%	5.45%	-	-	7.55%	8.93%	5.16%	-	-

Source: Amounts were derived from custodial records.

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

	HIGH YIELD DEBT					INTERNATIONAL STOCK				
FISCAL YEAR ENDED JUNE 30,	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$98.48	$112.63	$-	$-	$-	$-	$-	$442.47	$347.57	$282.09
INTRAFUND TRANSFER IN (OUT)	-	-	$119.44	-	-	-	-	(473.81)	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	9.33	9.72	5.41	-	-	-	-	2.41	9.09	7.91
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	14.19	(15.60)	(7.68)	-	-	-	-	31.53	92.81	64.29
Total from Investment Operations	23.52	(5.88)	(2.27)	-	-	-	-	33.94	101.90	72.20
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(8.31)	(8.27)	(4.54)	-	-	-	-	(2.60)	(7.00)	(6.72)
Net Asset Value - End of Period	$113.69	$98.48	$112.63	$-	$-	$-	$-	$0.00	$442.47	$347.57
TOTAL RETURN	**24.54%**	**-4.59%**	**-1.88%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**29.65%**	**25.69%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$693	$733	$759	$-	$-	$-	$-	$-	$6,021	$5,357
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.39%	0.32%	0.45%	-	-	-	-	-	0.52%	0.53%
Ratio of Expenses to Average Net Assets	0.43%	0.48%	1.03%	-	-	-	-	-	1.19%	1.19%
Ratio of Net Investment Income (Loss)										
to Average Net Assets	8.92%	9.08%	9.37%	-	-	-	-	-	2.42%	2.51%

	DEVELOPED MARKET INTERNATIONAL					EMERGING MARKET INTERNATIONAL STOCK				
FISCAL YEAR ENDED JUNE 30,	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$270.69	$384.58	$-	$-	$-	$264.93	$389.39	$-	$-	$-
INTRAFUND TRANSFER IN (OUT)	-	-	478.96	-	-	-	-	474.35	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	6.97	8.45	9.49	-	-	6.05	6.72	18.06	-	-
(Both Realized and Unrealized)	23.23	(114.67)	(97.18)	-	-	61.21	(126.78)	(100.62)	-	-
Total from Investment Operations	30.20	(106.22)	(87.69)	-	-	67.26	(120.06)	(82.56)	-	-
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(5.31)	(7.67)	(6.69)	-	-	(4.44)	(4.40)	(2.40)	-	-
Net Asset Value - End of Period	$295.58	$270.69	$384.58	$-	$-	$327.75	$264.93	$389.39	$-	$-
TOTAL RETURN	**11.03%**	**-27.98%**	**-14.60%**	**0.00%**	**0.00%**	**25.23%**	**-30.90%**	**0.19%**	**0.00%**	**0.00%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$4,435	$4,416	$5,108	$-	$-	$2,073	$1,147	$1,304	$-	$-
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.54%	0.41%	0.54%	-	-	0.87%	0.59%	0.99%	-	-
Ratio of Expenses to Average Net Assets	0.57%	0.49%	0.96%	-	-	0.89%	0.67%	1.38%	-	-
Ratio of Net Investment Income (Loss)										
to Average Net Assets	2.49%	2.51%	3.92%	-	-	2.15%	2.08%	9.28%	-	-

	REAL ESTATE					COMMERCIAL MORTGAGE				
FISCAL YEAR ENDED JUNE 30,	**2010**	**2009**	**2008**	**2007**	**2006**	**2010**	**2009**	**2008**	**2007**	**2006**
PER SHARE DATA										
Net Asset Value- Beginning of Period	$38.76	$55.48	$55.10	$56.53	$62.31	$49.48	$55.58	$54.86	$59.31	$58.76
INTRAFUND TRANSFER IN (OUT)	-	-	-	-	-	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS										
Net Investment Income (Loss)	0.88	0.86	3.41	0.81	0.86	3.76	3.71	4.25	4.18	5.41
Net Gains or (Losses) on Securities										
(Both Realized and Unrealized)	(8.62)	(16.51)	0.13	6.98	2.84	(0.51)	(5.39)	1.26	(0.88)	(0.10)
Total from Investment Operations	(7.74)	(15.65)	3.54	7.79	3.70	3.25	(1.68)	5.51	3.30	5.31
LESS DISTRIBUTIONS										
Dividends from Net Investment Income	(0.62)	(1.07)	(3.16)	(9.22)	(9.48)	(4.22)	(4.42)	(4.79)	(7.75)	(4.76))
Net Asset Value - End of Period	$30.40	$38.76	$55.48	$55.10	$56.53	$48.51	$49.48	$55.58	$54.86	$59.31
TOTAL RETURN	**-20.18%**	**-28.66%**	**6.04%**	**14.21%**	**7.09%**	**6.75%**	**-3.14%**	**12.05%**	**8.17%**	**9.69%**
RATIOS										
Net Assets - End of Period ($000,000 Omitted)	$784	$770	$1,002	$686	$399	$4	$5	$7	$8	$18
Ratio of Expenses to Average Net Assets										
(excl. sec. lending fees & rebates)	0.51%	0.52%	0.48%	0.25%	0.41%	1.21%	1.53%	1.16%	0.82%	1.03%
Ratio of Expenses to Average Net Assets	0.51%	0.52%	0.48%	na	na	1.21%	1.53%	1.16%	na	na
Ratio of Net Investment Income (Loss)										
to Average Net Assets	2.54%	1.80%	6.42%	1.45%	1.39%	7.77%	7.09%	7.77%	5.65%	9.23%

Source: Amounts were derived from custodial records.

COMBINED INVESTMENT FUNDS

SUPPLEMENTAL SCHEDULE OF FINANCIAL HIGHLIGHTS (Continued)

	PRIVATE INVESTMENT				
FISCAL YEAR ENDED JUNE 30,	**2010**	**2009**	**2008**	**2007**	**2006**
PER SHARE DATA					
Net Asset Value- Beginning of Period	$44.43	$54.85	$56.43	$55.35	$57.45
INTRAFUND TRANSFER IN (OUT)	-	-	-	-	-
INCOME FROM INVESTMENT OPERATIONS					
Net Investment Income (Loss)	2.97	1.83	8.15	8.47	8.69
Net Gains or (Losses) on Securities					
(Both Realized and Unrealized)	4.59	(9.99)	(0.92)	1.29	(2.45)
Total from Investment Operations	7.56	(8.16)	7.23	9.76	6.24
LESS DISTRIBUTIONS					
Dividends from Net Investment Income	(2.36)	(2.26)	(8.81)	(8.68)	(8.34))
Net Asset Value - End of Period	$49.63	$44.43	$54.85	$56.43	$55.35
TOTAL RETURN	**17.32%**	**-16.36%**	**13.66%**	**19.56%**	**11.74%**
I**RATIOS**					
Net Assets - End of Period ($000,000 Omitted)	$2,014	$1,627	$1,795	$1,564	$1,360
Ratio of Expenses to Average Net Assets					
(excl. sec. lending fees & rebates)	0.55%	0.54%	0.66%	0.36%	0.43%
Ratio of Expenses to Average Net Assets	0.55%	0.54%	0.66%	na	na
Ratio of Net Investment Income (Loss)					
to Average Net Assets	6.37%	2.76%	14.65%	14.97%	15.32%

Source: Amounts were derived from custodial records.

SHORT-TERM INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2010

	June 30, 2010
ASSETS	
Investment in Securities, at Amortized Cost (Note 7)	$ 4,579,765,770
Accrued Interest and Other Receivables	2,610,060
Prepaid Assets	249,359
Total Assets	4,582,625,189
LIABILITIES	
Distribution Payable	1,036,174
Interest Payable	-
Total Liabilities	1,036,174
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$ 4,581,589,015

See accompanying Notes to the Financial Statements.

SHORT-TERM INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

	2010	2009
ADDITIONS		
Operations		
Interest Income	$ 21,244,054	$ 74,939,173
Net Investment Income	21,244,054	74,939,173
Net Realized Gains	284,196	606,703
Net Increase Resulting from Operations	21,528,250	75,545,876
Share Transactions at Net Asset Value of $1.00 per Share		
Purchase of Units	14,549,690,761	15,586,406,101
TOTAL ADDITIONS	14,571,219,011	15,661,951,977
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants*	(15,572,194)	(69,698,998)
Total Distributions Paid and Payable	(15,572,194)	(69,698,998)
Share Transactions at Net Asset Value of $1.00 per Share		
Redemption of Units	(14,521,369,298)	(16,096,987,314)
Operations		
Operating Expenses	(1,213,495)	(1,262,329)
TOTAL DEDUCTIONS	(14,538,154,987)	(16,167,948,641)
CHANGE IN NET ASSETS	33,064,024	(505,996,664)
Net Assets Held in Trust for Participants		
Beginning of Year	4,548,524,991	5,054,521,655
End of Year	$ 4,581,589,015	$ 4,548,524,991

* *Net of designated reserve transfer contributions and expenses.*

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Short-Term Investment Fund ("STIF" or the "Fund") is a money market investment pool managed by the Treasurer of the State of Connecticut. Section 3-27 of the Connecticut General Statutes (CGS) created STIF. Pursuant to CGS 3-27a - 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. Securities in which the State Treasurer is authorized to invest monies of STIF include United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, and asset-backed securities. STIF is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State's financial reporting entity) is not displayed in the State's basic financial statements. Instead, each fund type's investment in STIF is reported as "cash equivalents" in the statement of net assets. The external portion (i.e., the portion that belongs to investors which are not part of the State's financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

The Fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use amortized cost to report net assets.

Related Party Transactions.

STIF had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity.

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

Security Valuation of Financial Instruments.

The assets of the Fund are carried at amortized cost (which approximates fair value) except for Cheyne (Gryphon) which is reflected at amortized cost adjusted for reserve transfer (see Note 7and the List of Investments). All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions.

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income.

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses.

Operating and interest expenses of STIF are accrued as incurred.

Fiscal Year.

The fiscal year of STIF ends on June 30.

Distributions to Investors.

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of the Fund net of administrative expenses and, if applicable, an allocation to the Designated Surplus Reserve. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at a constant $1.00 net asset value per share, which is consistent with the per share net asset value of the Fund, excluding the Designated Surplus Reserve.

Designated Surplus Reserve.

While STIF is managed prudently to protect against losses from credit and market changes, the Fund is not insured or guaranteed by any government. Therefore, the maintenance of capital cannot be fully assured. In order to provide some protection to the shareholders of STIF from potential credit and market risks, the Treasurer has designated that a portion of each day's net earnings be transferred to the Designated Surplus Reserve (Reserve). Such amounts are restricted in nature and are not available for current distribution to shareholders. The amount transferred daily to the Designated Surplus Reserve is equal to 0.1 percent of end of day investment balance divided by the actual number of days in the year until the reserve account is equal to or greater than 1.0 percent of the daily investment balance. If net losses significant to the aggregate portfolio are realized, the Treasurer is authorized to transfer funds from the Reserve to Participants with Units Outstanding.

As of June 30, 2010, the balance in the Designated Surplus Reserve was $38,470,895 which reflects $4.7 million in contributions during the year.

Estimates.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT DISCLOSURES

A formal investment policy (as adopted August 21, 1996, revised June 16, 2008 and April 17, 2009) specifies policies and guidelines that provide for the systematic management of STIF and prudent and productive investment of funds. STIF's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2010. All securities of STIF are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF's deposits may not be recovered. The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of total assets at the time of purchase. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A- and its issuer rating is at least "C".

Certificates of Deposit in banks are insured up to $250,000 (through December 31,2013), any amount above this limit is considered uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to ten percent of the outstanding deposit. As of fiscal year-end, certificates of deposit in the Short-Term Investment Fund totaled $1,855,000,000. Of that amount, $1,668,600,000 was exposed to custodial credit risk representing the portion that was uninsured and uncollateralized. Each of the CD's had daily put options that would allow STIF to redeem the investments on a same-day basis.

Under the Federal Deposit Insurance Corporation (FDIC) rule for its Transaction Account Guarantee Program, the FDIC provides unlimited deposit insurance coverage for non-interest bearing transaction accounts, including Negotiable Order of Withdrawal (NOW) accounts that pay no more that 0.50 percent interest annually through June 30, 2010. As of fiscal year-end, the Short-Term Investment Fund had $50 million invested in FDIC-insured NOW accounts.

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in the general level of interest rates will adversely affect the fair value of an investment. The STIF's policy for managing interest rate risk is to limit investments to a very short weighted average maturity, not to exceed 90-days, and to comply with Standard and Poor's requirement that the weighted average maturity not exceed 60 days. The weighted-average maturity is calculated daily, and reported to Standard and Poor's weekly to ensure compliance. As of June 30, 2010 the weighted average maturity of the STIF was 19 days. The breakdown of the STIF's maturity profile is outlined below.

Investments	Amortized Cost	Investment Maturity in Years: Less than One	One - Five
Deposit Instruments:			
Fixed	$1,855,000,000	$1,855,000,000	$ -
Floating Rate Notes			
Corporate Notes			-
Structured Investment Vehicles	35,323,023	35,323,023	-
Federal Agency Securities			
Fixed	341,340,194	341,340,194	-
Floaters	776,454,559	776,454,559	-
US Government Guaranteed	187,521,256	177,422,360	10,098,896
Government Money Market Funds	450,000,000	450,000,000	-
Repurchase Agreements	459,126,000	459,126,000	-
Money Market Funds (LMCS)	738	738	-
Bank Commercial Paper	475,000,000	475,000,000	-
Total	$4,579,765,770	$4,569,666,874	10,098,896

Additionally, STIF is allowed by policy to invest in floating-rate debt securities. Further, investment in floating-rate securities with maturities greater than two years is limited to no more than 20 percent of the overall portfolio. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities reset frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF portfolio held $919 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STIF manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

Credit Quality Rating	Amortized Cost	Percentage of Amortized Cost
AAAm	$ 450,000,000	9.83%
AA / A-1+	2,339,126,738	51.08
A / A-1	450,000,000	9.83
N/R*	35,323,023	0.77
Federal Agency and U.S. Govt / Govt Guaranteed Securities	1,305,316,009	28.50
Total	$4,579,765,770	100.00%

* The security's credit rating, while in compliance with investment guidelings at time of purchase, fell below guidelines as of June 30, 2010.

Concentration of Credit Risk

The Short-Term Investment Fund limits the amount it may invest in any one issuer to an amount not to exceed 10 percent at the time of purchase other than overnight or two-business-day repurchase agreements and U.S. government and agency securities. As of June 30, 2010, the table below lists issuers with concentrations of greater than 5 percent. The three instances in which concentrations on June 30, 2010 exceeded 10 percent resulted from a decline in the overall portfolio size. At the time of purchase, the securities were at or below 10 percent.

Issuer	Fair Value	Percent of Total Portfolio
JP Morgan Chase Bank	$480,000,000	10.5
US Bank	475,000,000	10.4
Wells Fargo Bank	475,000,000	10.4
Sovereign Bank	450,000,000	9.8
TD Bank	450,000,000	9.8
Freddie Mac	401,788,000	8.8
RBS Citizens Bank	359,126,000	7.8
Federal Farm Credit	337,546,375	7.4
Federal Home Loan Bank	296,976,000	6.5
Goldman Sachs	253,300,418	5.5

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF effective February 1, 1996. STIF pays a percentage of the annual rate of $110,600 for the Short-Term Investment Unit. This percentage is calculated annually by determining the STIF fund size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: DISTRIBUTIONS TO INVESTORS

The components of the distributions to investors are as follows for the income earned during the twelve months ended:

Distributions:	2010	2009
July	$1,804,102	$9,552,900
August	1,766,231	10,885,593
September	1,652,063	10,020,904
October	1,435,864	8,382,261
November	1,244,871	6,870,533
December	1,348,631	5,624,806
January	1,179,381	4,289,444
February	936,966	3,477,010
March	1,020,218	3,477,312
April	1,022,252	2,679,262
May	1,125,441	2,592,339
June (Payable at June 30)	1,036,174	1,846,634
Total Distribution Paid & Payable	$15,572,194	$69,698,998

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and fair value as of June 30, 2010:

Investment	Amortized Cost	Fair Value
Deposit Instruments	$1,855,000,000	$1,855,000,000
Corporate Notes and SIVs	35,323,023	36,928,000
Federal Agency Securities	1,117,794,753	1,117,480,960
Government Money Market Funds	450,000,000	450,000,000
US Government Guaranteed/Insured	187,521,256	187,436,670
Repurchase Agreements	459,126,000	459,126,000
Bank Commercial Paper	475,000,000	475,000,000
Money Market Funds (LMCS)	738	738
TOTAL	**$4,579,765,770**	**$4,580,972,368**

The Gryphon Funding pass-through note was received as a result of the Cheyne Finance restructuring in July 2008, and consists of the securities that were underlying the Cheyne notes. Since the restructuring, the Gryphon note has made monthly principal and interest payments. Due to uncertain market conditions, and because the Gryphon note represents a continuation of the Cheyne notes, we determined that continuation of the previous accounting treatment of applying all cash distributions to amortized cost maximizes recovery of value and, in our view, best protects the fund. During the fiscal year, cash payments totaled $9.1 million, consisting of $8.7 million in principal and $0.4 million in interest. The interest payments are not included in Investment Income or in Distributions to Participants, but recorded against the amortized cost of this investment until such time as the relative principal and interest amounts, and their ultimate effect on the Fund, are known. As discussed in the fiscal year 2008 report, on December 5, 2008, $24 million was transferred from the reserves to cover a reduction in value effective June 30, 2008. Amortized cost reflects cash distributions of $40.7 million since April 2008 and the reserve transfer. The June 30, 2010, estimated fair value of $36.9 million was provided by the Gryphon custodian and, exceeds security's amortized cost of $35.3 million by $1.6 million.

Repurchase agreements are agreements to purchase securities from an entity for a specified amount of cash and to resell the securities to the entity at an agreed upon price and time. They are used to enhance returns with minimal risk on overnight cash deposits of the Fund. Such transactions are only entered into with primary government securities dealers who report directly to the Federal Reserve Bank of New York and commercial banks that meet certain quality standards. All repurchase agreements are collateralized at between 100 percent and 102 percent of the securities' value. As of fiscal year end, STIF held $459 million in repurchase agreements.

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 provides guidance on derivative disclosures, requires that all derivatives be reported on the Statement of Net Assets and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2010, the Short-Term Investment Fund held adjustable-rate corporate notes and U.S. government agency securities whose interest rates vary directly with short-term money market indices and are reset either daily, weekly, monthly or quarterly. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

NOTE 8: CREDIT RATING OF THE FUND

Throughout the year ended June 30, 2010, STIF was rated AAAm, its highest rating, by Standard and Poor's Corporation ("S&P"). In October 2009, following a review of the portfolio and STIF's investment policies, management and procedures, S&P reaffirmed STIF's AAAm rating and has continued to maintain this high rating throughout the current fiscal year. In order to maintain an AAAm rating, STIF adheres to the following guidelines:

- Weekly portfolio and market value calculations;
- Maintenance of credit quality standards for portfolio securities with at least 50% of such securities rated A-1+ or invested in overnight repurchase agreements with dealers or banks rated A-1;
- Ensuring adequate portfolio diversification standards with, at the time of purchase, no more than 5% of the portfolio invested in an individual security and no more than 10% invested in an individual issuer, excluding one and two day repurchase agreements and U.S. government agency securities; and
- A limit on the overall portfolio weighted average maturity (currently no more than 60 days).

It is the Treasurer's intention to take any and all such actions as are needed from time to time to maintain the AAAm rating.

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2010

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
FEDERAL AGENCY SECURITIES (24.41% OF TOTAL INVESTMENTS)						
$ 25,000,000	FANNIE MAE - DISCOUNT NOTE, 9/22/10	0.10	$ 24,984,438	$ 24,994,225	313589G72	AAA
25,000,000	FANNIE MAE 6.63, 11/15/10	0.13	25,586,573	25,604,000	31359MGJ6	AAA
20,000,000	FANNIE MAE 1.75, 3/23/11	0.41	20,184,271	20,194,900	31398AVQ2	AAA
10,000,000	FANNIE MAE 5.13, 4/15/11	0.33	10,362,327	10,377,430	31359MM26	AAA
10,000,000	FFC 0.39, 12/1/10	0.22	9,999,581	10,000,290	31331G4T3	AAA
5,000,000	FFC-FLT 0.67, 1/24/11	0.43	5,014,224	5,012,535	31331GFV6	AAA
25,000,000	FFC-FLT 0.43, 4/25/11	0.29	25,000,000	25,025,675	31331GL56	AAA
25,000,000	FFC-FLT 0.18, 5/6/11	0.43	24,982,715	24,946,850	31331G2Z1	AAA
25,000,000	FFC-FLT 0.50, 7/27/11	0.46	25,000,000	25,010,125	31331GC80	AAA
25,000,000	FFC-FLT 0.44, 8/3/11	0.31	24,997,219	25,032,975	31331GF79	AAA
25,000,000	FFC-FLT 0.35, 8/17/11	0.47	24,998,573	24,966,350	31331GH93	AAA
25,000,000	FFC-FLT 0.30, 9/16/11	0.48	24,995,485	24,945,100	31331JHR7	AAA
50,000,000	FFC-FLT 0.33, 11/2/11	0.33	50,000,000	49,995,150	31331G2M0	AAA
23,000,000	FFC-FLT 0.23, 11/4/11	0.51	22,987,452	22,916,050	31331G2V0	AAA
25,000,000	FFC-FLT 0.23, 11/23/11	0.51	24,992,925	24,902,250	31331G4C0	AAA
25,000,000	FFC-FLT 0.26, 1/25/12	0.54	24,988,114	24,893,300	31331JCF8	AAA
25,000,000	FFC-FLT 0.35, 2/6/12	0.54	24,985,854	24,925,675	31331JND1	AAA
25,000,000	FFC-FLT 0.50, 5/2/12	0.56	24,981,466	24,974,050	31331JQL0	AAA
5,000,000	FHLB 1.00, 8/5/10	0.22	5,003,692	5,003,680	3133XTK47	AAA
25,000,000	FHLB 0.28, 11/10/10	0.22	24,993,038	25,005,375	3133XYGZ2	AAA
25,000,000	FHLB 4.75, 12/10/10	0.24	25,485,640	25,497,225	3133XDTA9	AAA
10,000,000	FHLB 0.40, 12/28/10	0.27	9,994,760	10,003,040	3133XVZC8	AAA
10,000,000	FHLB 0.57, 12/29/10	0.28	10,008,682	10,014,380	3133XV5G2	AAA
3,333,333	FHLB 0.50, 3/7/11	0.36	3,333,333	3,333,543	3133XWXX2	AAA
10,000,000	FHLB 3.25, 3/11/11	0.40	10,192,944	10,197,160	3133XPWW0	AAA
10,000,000	FHLB 0.50, 3/14/11	0.36	10,000,000	10,002,150	3133XX4G9	AAA
10,000,000	FHLB 0.50, 4/6/11	0.36	9,992,599	10,003,120	3133XXKZ9	AAA
10,000,000	FHLB 0.70, 4/18/11	0.42	10,013,297	10,022,100	3133XVDM0	AAA
10,000,000	FHLB 0.65, 5/25/11	0.35	10,000,000	10,002,630	3133XYCQ6	AAA
10,000,000	FHLB 0.70, 5/27/11	0.48	10,000,000	10,003,470	3133XYEQ4	AAA
10,000,000	FHLB 0.75, 6/7/11	0.48	10,000,000	10,004,030	3133XYHQ1	AAA
10,000,000	FHLB 0.75, 6/21/11	0.66	10,000,000	10,001,720	3133XYNY7	AAA
10,000,000	FHLB 0.80, 6/24/11	0.81	10,000,000	9,999,310	3133XYQP3	AAA
3,000,000	FHLB-FLT 0.25, 1/14/11	0.42	3,001,623	3,000,900	3133XSVP0	AAA
25,000,000	FHLB-FLT 0.25, 5/25/11	0.44	25,000,000	24,957,875	3133XVVN8	AAA
25,000,000	FHLB-FLT 0.25, 6/21/11	0.45	24,995,083	24,952,675	3133XWCS6	AAA
25,000,000	FHLB-FLT 0.30, 8/19/11	0.47	25,000,000	24,951,950	3133XX3D7	AAA
25,000,000	FHLB-FLT 0.27, 10/13/11	0.46	24,990,368	25,012,450	3133XY2Y0	AAA
25,000,000	FHLB-FLT 0.37, 11/28/11	0.36	25,000,000	25,007,650	3133XYM51	AAA
10,000,000	FREDDIE MAC - DISCOUNT NOTE, 7/29/10	0.03	9,998,444	9,999,770	313397ZY0	AAA
25,000,000	FREDDIE MAC - DISCOUNT NOTE, 10/12/10	0.15	24,980,688	24,989,275	313397K34	AAA
29,043,000	FREDDIE MAC 4.75, 1/18/11	0.34	29,746,159	29,741,978	3134A4VJ0	AAA
7,590,000	FREDDIE MAC 2.75, 4/11/11	0.42	7,723,569	7,727,318	3137EABK4	AAA
8,680,000	FREDDIE MAC 1.63, 4/26/11	0.42	8,756,160	8,765,663	3137EABZ1	AAA
1,400,000	FREDDIE MAC-FLT 0.39, 1/28/11	0.43	1,401,741	1,401,190	3128X8HJ4	AAA
25,000,000	FREDDIE MAC-FLT 0.61, 3/9/11	0.43	25,009,616	25,018,850	3128X8RC8	AAA
60,100,000	FREDDIE MAC-FLT 0.35, 4/1/11	0.43	60,198,512	60,170,858	3128X8UJ9	AAA
25,000,000	FREDDIE MAC-FLT 0.34, 4/7/11	0.43	24,996,164	25,027,775	3128X8VE9	AAA
29,091,000	FREDDIE MAC-FLT 0.25, 5/4/11	0.44	29,107,535	29,112,760	3128X8B92	AAA
25,000,000	FREDDIE MAC-FLT 0.28, 8/5/11	0.45	25,010,542	25,002,500	3128X8E24	AAA
25,000,000	FREDDIE MAC-FLT 0.32, 9/26/11	0.32	24,981,243	24,995,750	3128X93D0	AAA
25,000,000	FREDDIE MAC-FLT 0.35, 10/26/11	0.38	24,986,653	24,989,025	3134G1BL7	AAA
25,000,000	FREDDIE MAC-FLT 0.29, 11/7/11	0.36	24,989,652	24,983,850	3134G1DL5	AAA
25,000,000	FREDDIE MAC-FLT 0.15, 1/25/12	0.38	24,912,954	24,918,600	3128X9WA4	AAA
25,000,000	FREDDIE MAC-FLT 0.27, 2/2/12	0.35	24,975,924	24,966,400	3128X9XN5	AAA
5,000,000	FREDDIE MAC-FLT 0.31, 2/10/12	0.35	4,993,451	4,996,185	3128X9YV6	AAA
25,000,000	FREDDIE MAC-FLT 0.31, 2/16/12	0.35	24,979,470	24,979,850	3128X9ZJ2	AAA
$1,115,237,333			$ 1,117,794,753	$ 1,117,480,960		
DEPOSIT INSTRUMENTS (40.50% OF TOTAL INVESTMENTS)[(1)]						
$ 480,000,000	JP MORGAN CHASE 0.43, 12/31/10	0.43	$ 480,000,000	$ 480,000,000	43499K004	A-1+
450,000,000	SOVEREIGN BANK 0.63, 1/14/11	0.63	450,000,000	450,000,000	846995009	A-1
100,000,000	TD BANK 0.60, 6/14/11	0.60	100,000,000	100,000,000	87899F958	A-1+

SHORT-TERM INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2010 (Continued)

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
225,000,000	TD BANK 0.60, 6/24/11	0.60	225,000,000	225,000,000	87899F958	A-1+
40,000,000	TD BANK 0.52, 6/24/11	0.52	40,000,000	40,000,000	87899F958	A-1+
50,000,000	TD BANK 0.55, 6/28/11	0.55	50,000,000	50,000,000	87899F958	A-1+
35,000,000	TD BANK 0.52, 6/30/11	0.52	35,000,000	35,000,000	87899F958	A-1+
475,000,000	WELLS FARGO BANK 0.25, 10/1/10	0.25	475,000,000	475,000,000	92799C006	A-1+
$1,855,000,000			$ 1,855,000,000	$ 1,855,000,000		
STRUCTURED INVESTMENT VEHICLES (0.77% OF TOTAL INVESTMENTS)						
$ 84,099,830	GRYPHON 0.00,	0.00	$ 35,323,023	$ 36,928,000	40099A9R8	N/R (2) (4)
$ 84,099,830			$ 35,323,023	$ 36,928,000		
BANK COMMERCIAL PAPER (10.37% OF TOTAL INVESTMENTS)						
$ 475,000,000	US BANK 0.25, 10/15/10	0.25	$ 475,000,000	$ 475,000,000	90299S000	A-1+
$ 475,000,000			$ 475,000,000	$ 475,000,000		
MONEY MARKET FUNDS (9.83% OF TOTAL INVESTMENTS)						
$ 225,000,000	FFI GOVERNMENT FUND 0.02, 12/31/10	0.02	$ 225,000,000	$ 225,000,000	929EAQ000	AAAm
225,000,000	GOLDMAN SACHS GOV'T FUND 0.03, 12/31/10	0.03	225,000,000	225,000,000	03799N9J9	AAAm
738	LMCS 0.01, 07/01/10	0.01	738	738	536991003	A-1
$ 450,000,738			$ 450,000,738	$ 450,000,738		
REPURCHASE AGREEMENTS (10.03% OF TOTAL INVESTMENTS)						
$ 100,000,000	BANK OF AMERICA 0.01, 7/1/10	0.01	$ 100,000,000	$ 100,000,000	07399S003	A-1
359,126,000	RBS CITIZENS BANK 0.05, 7/1/10	0.05	359,126,000	359,126,000	75299Y008	A-1
$ 459,126,000			$ 459,126,000	$ 459,126,000		
U. S. GOVERNMENT (FDIC) GUARANTEED OR INSURED BANK SECURITIES (4.09% OF TOTAL INVESTMENTS)						
$ 10,000,000	CITIGROUP FDIC 1.38, 5/5/11	0.45	$ 10,062,441	$ 10,076,530	17313YAB7	AAA
25,000,000	CITIGROUP FDIC 0.49, 6/3/11	0.40	25,000,000	25,010,000	17313YAD3	AAA
10,000,000	CITIGROUP FDIC 1.25, 6/3/11	0.47	10,057,930	10,070,850	17313YAC5	AAA
10,000,000	CITIGROUP FDIC 1.5, 7/12/11	0.60	10,098,896	10,091,530	17314JAK9	AAA
50,000,000	CITIGROUP FDIC 0.41, 11/15/11	0.66	50,000,000	49,878,350	17314JAM5	AAA
30,000,000	FARMINGTON SAVINGS BANK (NOW) 0.25, 12/29/10	0.25	30,000,000	30,000,000	310992003	AAA (3)
4,000,000	GE CAPITAL FDIC 0.62, 3/11/11	0.22	4,003,749	4,008,992	36967HAM9	AAA
3,000,000	GOLDMAN SACHS FDIC 0.62, 11/9/11	0.42	3,011,531	3,014,268	38146FAG6	AAA
25,000,000	GOLDMAN SACHS FDIC 1.15, 12/5/11	0.33	25,286,709	25,286,150	38146FAB7	AAA
20,000,000	HUDSON VALLEY BANK (NOW) 0.25, 12/29/10	0.25	20,000,000	20,000,000	44499J005	AAA (3)
$ 187,000,000			$ 187,521,256	$ 187,436,670		
$4,625,463,902	**TOTAL INVESTMENT IN SECURITIES**		**$ 4,579,765,770**	**$ 4,580,972,368**		

(1) Deposit instruments have daily put option.

(2) The Gryphon note was received as a result of the Cheyne Finance restructuring in July 2008. Cash distributions through June 2010 have totaled $40.7 million. $24 million of the reserves were transferred to cover a reduction in value effective June 30, 2008. As discussed in the fiscal year 2008 annual report, the realization of the value reduction and the transfer of reserves occurred on December 5, 2008. The stated market value is based on estimated market values of the portfolio of securities provided by the Gryphon custodian.

(3) Negotiable Order of Withdrawal (NOW) deposits are fully insured by FDIC under the Transaction Account Guarantee Program and have a daily put option.

(4) The security's credit rating, while in compliance with investment guidelines at time of purchase, fell below guidelines as of June 30, 2010.

SHORT-TERM INVESTMENT FUND

SCHEDULE OF ANNUAL RATES OF RETURN

	Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
STIF Total Rate of Return (%)	0.34	1.49	4.13	5.54	4.38	2.32	1.16	1.64	2.61	6.11
iMoneyNet Money Fund Average™ Rated First Tier Institutional Average (MFR) Index (%)(1)	0.09	1.30	4.07	5.14	4.01	1.91	0.75	1.20	2.22	5.74
Total Assets in STIF, End of Period ($ - Millions)	4,582	4,548	5,054	5,004	5,430	4,314	3,829	3,280	3,546	4,565
Percent of State Assets in Fund	84	81	83	80	84	84	81	69	67	71
Number of Participant Accounts in Composite, End of Year(2)										
State Treasury	51	47	39	47	58	84	124	115	112	55
Municipal and Local Entities	656	608	637	578	542	548	556	551	544	496
State Agencies and Authorities	416	367	418	406	406	446	474	440	428	346
Total	1,123	1,022	1,094	1,031	1,066	1,078	1,154	1,106	1,084	897

(1) Represents iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index. These Index rates have been taken from published sources.

(2) As of 2006 and going forward, inactive accounts were closed and only active accounts were included in the total number of participant accounts.

SHORT-TERM INVESTMENT FUND

SCHEDULE OF QUARTERLY RATES OF RETURN

FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages ™ (MFR) Index(%) (1)
2010		
Sep-09	0.11	0.04
Dec-09	0.09	0.02
Mar-10	0.06	0.01
Jun-10	0.06	0.02
YEAR	**0.34**	**0.09**
2009		
Sep-08	0.58	0.58
Dec-08	0.47	0.45
Mar-09	0.26	0.17
Jun-09	0.16	0.09
YEAR	**1.49**	**1.30**
2008		
Sep-07	1.34	1.27
Dec-07	1.24	1.19
Mar-08	0.90	0.92
Jun-08	0.59	0.62
YEAR	**4.13**	**4.07**
2007		
Sep-06	1.36	1.26
Dec-06	1.38	1.26
Mar-07	1.33	1.26
Jun-07	1.36	1.26
YEAR	**5.54**	**5.14**
2006		
Sep-05	0.89	0.80
Dec-05	1.05	0.93
Mar-06	1.12	1.05
Jun-06	1.25	1.17
YEAR	**4.38**	**4.01**

FISCAL YEAR	Rate of Return(%)	iMoneyNet Money Fund Averages ™ (MFR) Index(%)(1)
2005		
Sep-04	0.38	0.29
Dec-04	0.53	0.41
Mar-05	0.64	0.54
Jun-05	0.77	0.67
YEAR	**2.32**	**1.91**
2004		
Sep-03	0.28	0.19
Dec-03	0.30	0.19
Mar-04	0.29	0.19
Jun-04	0.29	0.18
YEAR	**1.16**	**0.75**
2003		
Sep-02	0.48	0.38
Dec-02	0.45	0.32
Mar-03	0.36	0.26
Jun-03	0.35	0.24
YEAR	**1.64**	**1.20**
2002		
Sep-01	0.95	0.85
Dec-01	0.66	0.55
Mar-02	0.48	0.41
Jun-02	0.49	0.39
YEAR	**2.61**	**2.22**
2001		
Sep-00	1.69	1.58
Dec-00	1.70	1.58
Mar-01	1.45	1.39
Jun-01	1.14	1.06
YEAR	**6.11**	**5.74**

(1) Represents iMoneyNet Money Fund Average™ - Rated First Tier Institutional Average (MFR) Index. These Index rates have been taken from published sources.

CALCULATION OF RATES OF RETURN

STIF uses a time-weighted linked rate of return formula to calculate rates of return. Other methods may produce different results and the results for individual participants and different periods may vary. The current rates of return may not be indicative of future rates of return.

The time-weighted linked rate of return formula used by STIF is as follows: Monthly returns are calculated by taking the sum of daily income earned on an accrual basis, after deduction for all operating expenses and a transfer to the Designated Surplus Reserve, divided by the average daily participant balance for the month.

The rates of return presented herein are those earned by the Fund during the periods presented as described above.

SHORT-TERM PLUS INVESTMENT FUND

STATEMENT OF NET ASSETS
JUNE 30, 2010

		June 30, 2010
ASSETS		
Investment in Securities, at Fair Value (Note 7)	$	52,542,927
Accrued Interest and Other Receivables		48,366
Prepaid Assets		7,847
Total Assets	$	52,599,140
LIABILITIES		
Distribution Payable		32,274
Interest Payable		-
Total Liabilities	$	32,274
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$	52,566,866

See accompanying Notes to the Financial Statements.

SHORT-TERM PLUS INVESTMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

	2010	2009
ADDITIONS		
Operations		
Interest Income	$ 618,864	$ 6,914,932
Net Investment Income	618,864	6,914,932
Net Realized Gains (Losses)	40,014	(5,426)
Net Increase Resulting from Operations	658,878	6,909,506
Share Transactions at Net Asset Value		
Purchase of Units	755,456	7,466,913
TOTAL ADDITIONS	1,414,334	14,376,419
DEDUCTIONS		
Distribution to Participants (Notes 2 & 6)		
Distributions to Participants	(636,452)	(6,833,302))
Total Distributions Paid and Payable	(636,452)	(6,833,302)
Share Transactions at Net Asset Value		
Redemption of Units	(41,324,707)	(226,300,000)
Operations		
Operating Expenses	(22,426)	(76,204)
Net Change in Unrealized Gain/(Loss) on Investments	4,249,333	(2,594,163)
TOTAL DEDUCTIONS	(37,734,252)	(235,803,669)
CHANGE IN NET ASSETS	(36,319,918)	(221,427,250)
Net Assets held in Trust for Participants		
Beginning of Year	88,886,784	310,314,034
End of Year	$ 52,566,866	$ 88,886,784

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Medium-Term Investment Fund ("STIF Plus" or the "Fund") is a money market and short-term bond investment pool managed by the Treasurer of the State of Connecticut. Section 3-28a of the Connecticut General Statutes (CGS) created STIF Plus. Pursuant to CGS 3-28a, the State, municipal entities, and political subdivisions of the State are eligible to invest in the Fund. The State Treasurer is authorized to invest monies of STIF Plus in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, asset-backed securities and investment fund comprised of authorized securities. STIF Plus is authorized to issue an unlimited number of units.

For State of Connecticut financial reporting purposes, STIF Plus is considered to be a mixed investment pool – a pool having external and internal portions. The internal portion (i.e., the portion that belongs to investors that are part of the State's financial reporting entity) is not displayed in the State's basic financial statements. Instead, each fund type's investment in STIF Plus is reported as "cash equivalents" in the statement of net assets. The external portion (i.e., the portion that belongs to investors which are not part of the State's financial reporting entity) is recorded in an investment trust fund in the basic financial statements.

Related Party Transactions.

STIF Plus had no related party transactions during the fiscal year with the State of Connecticut and its component units including leasing arrangements, the performance of administrative services and the execution of securities transactions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity.

The Fund is a Fiduciary Investment Trust Fund. A fiduciary fund is used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for fiduciary funds are generally those applicable to similar businesses in the private sector. The Fund uses the accrual basis of accounting.

Security Valuation of Financial Instruments.

The assets of the STIF Plus are carried at fair value which is the current market value. All premiums and discounts on securities are amortized or accreted on a straight line basis.

Security Transactions.

Purchases and sales of investments are recorded on a trade date basis. Gains and losses on investments are realized at the time of the sales and are calculated on the basis of an identified block or blocks of securities having an identified amortized cost. Bond cost is determined by identified lot.

Interest Income.

Interest income, which includes amortization of premiums and accretion of discounts, is accrued as earned.

Expenses.

Operating and interest expenses of STIF Plus are accrued as incurred.

Fiscal Year.

The fiscal year of STIF Plus ends on June 30.

Distributions to Investors.

Distributions to investors are earned on units outstanding from date of purchase to date of redemption. Income is calculated daily based upon the actual earnings of STIF Plus net of administrative expenses. Distributions are paid monthly within two business days of the end of the month, and are based upon actual number of days in a year. Shares are sold and redeemed at the current market value per share, which is consistent with the per share net asset value of the Fund.

Estimates.

The preparation of the financial statements in conformity with (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities in the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: DEPOSIT AND INVESTMENT DISCLOSURES

STIF Plus's investment practice is to invest all cash balances; as such, there was no uninvested cash at June 30, 2010. All securities of STIF Plus are registered under the State Street Bank nominee name, Pond, Tide & Co., for the State of Connecticut nominee name, Conn. STIF & Co., and held by a designated agent of the State.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the STIF Plus's deposits may not be recovered. The STIF Plus follows policy parameters that limit deposits in any one entity to a maximum of five percent of total assets at the time of purchase. Further, the certificates of deposits must be issued from commercial banks whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least AA- or which carry an unconditional letter of guarantee from such a bank that meets the short-term debt rating requirements.

Certificates of Deposit in banks are insured up to $250,000 (through December 31, 2013), any amount above this limit is considered uninsured. Additionally, state banking regulation requires all Connecticut public depositories to segregate collateral against public deposits in an amount equal to ten percent of the outstanding deposit. As of fiscal year-end, STIF Plus Investment Fund did not hold any certificates of deposit investments.

Interest Rate Risk – Investments

Interest rate risk that changes in the general level of interest rates will adversely affect the market value of an investment. STIF Plus's policy for managing interest rate risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2010 the weighted average maturity of the STIF Plus was 105 days. The breakdown of the STIF Plus's maturity profile is outlined below.

		Investment Maturity in Years	
Investments	**Fair Value**	**Less than One**	**One - Five**
Corporate Notes	$44,477,776	$44,477,776	$ -
Asset-Backed Securities			
Fixed	2,490,323	-	2,490,323
Floaters	5,574,256	5,574,256	-
Money Market Funds	572	572	-
Total	$52,542,927	$50,052,604	$2,490,323

Additionally, STIF Plus is allowed by policy to invest in floating-rate debt securities. For purposes of the weighted average maturity calculation and classification in the chart above, variable-rate securities are calculated using their interest rate reset dates. Because these securities re-set frequently to prevailing market rates, interest rate risk is substantially reduced. As of fiscal year-end, the STIF Plus portfolio held $50 million in variable rate securities.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The STIF Plus manages its credit risk by investment only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations.

Investment Type	Fair Value	A-1+	AAA	AA+	AA-	A	B-	C
Corporate Notes	44,477,776	-	-	10,000,120	7,992,504	26,485,152	-	-
Asset Backed Securities								
Fixed	2,490,323	-	2,490,323	-	-	-	-	-
Floaters	5,574,256	-	2,776,537	-	-	-	1,584,951	1,212,768
Money Market Funds	572	572	-	-	-			
Total	$52,542,927	$572	$5,266,860	$10,000,120	$7,992,504	$26,485,152	$1,584,951	1,212,768

Concentration of Credit Risk

STIF Plus limits the amount it may invest in any single corporate entity to an amount not to exceed 5 percent or in any single federal agency to an amount not to exceed 15 percent at the time of purchase. As of June 30, 2010, the table below lists issuers with concentrations of greater than 5 percent of the total portfolio.

Issuer	Fair Value	Percent of Total Portfolio
GE Capital Corp	$10,000,120	19.0
Goldman Sachs	9,830,620	18.7
Merrill Lynch	9,712,100	18.5
Wells Fargo	7,992,504	15.2
Citigroup	6,942,432	13.2

These concentrations result from the reduced size of the portfolio from $88.9 million to $52.5 million during the year. The concentrations were consistent with investment guidelines at the time of purchase.

NOTE 4: CUSTODIAN

State Street Bank was appointed as custodian for STIF Plus effective October 2, 2006. STIF Plus pays a percentage of the annual rate of $110,600 for the Short-Term Investment Unit. This percentage is calculated annually by determining the STIF Plus fund size relative to that of the total Short-Term Investment Unit.

NOTE 5: ADMINISTRATION

STIF Plus is managed and administered by employees of the State of Connecticut Treasury. Salaries and fringe benefit costs as well as operating expenses are charged directly to the Fund.

NOTE 6: DISTRIBUTIONS TO INVESTORS

The components of the distributions to investors are as follows for the income earned during the twelve months ended:

Distributions:	2010	2009
July	$91,990	$809,903
August	78,180	807,954
September	65,702	780,532
October	59,642	809,359
November	50,713	795,451
December	49,053	722,082
January	80,812	588,206
February	32,178	446,123
March	32,855	384,349
April	31,573	295,490
May	31,479	242,574
June (Payable at June 30)	32,275	151,279
Total Distribution Paid & Payable	$636,452	$6,833,302

NOTE 7: INVESTMENTS IN SECURITIES

The following is a summary of investments in securities, at amortized cost and market value as of June 30, 2010:

Investment	Amortized Cost	Fair Value
Asset-Backed Securities	$9,250,003	$8,064,579
Corporate Notes	45,008,880	44,477,776
Money Market Funds	572	572
TOTAL	$54,259,455	$52,542,927

In an effort to improve disclosures associated with derivative contracts, the Government Accounting Standards Board (GASB) issued GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for the fiscal years beginning after June 15, 2009. Statement No. 53 provides guidance on derivative disclosures, requires that all derivatives be reported on the Statement of Net Assets and defines a derivative instrument as a financial instrument or other contract with all three of the following characteristics: a) it has (1) one or more underlyings (a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates or other variable) and (2) one or more notional amounts (a number of currency units, shares, bushels, pounds, or other units specified in the contract) b) it requires no initial investment or smaller than would be required for other types of contracts c) its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For the fiscal year ended June 30, 2010, the Short-Term Plus Investment Fund held adjustable-rate corporate notes, and asset-backed securities whose interest rates vary directly with short-term money market indices and are reset daily, monthly, quarterly or semi-annually. Such securities allow the Fund to earn higher interest rates as market rates increase, thereby increasing fund yields and protecting against the erosion of market values from rising interest rates. These adjustable rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers.

SHORT-TERM PLUS INVESTMENT FUND

LIST OF INVESTMENTS AT JUNE 30, 2010

Par Value	Security (Coupon, Maturity or Reset Date)	Yield %	Amortized Cost	Fair Value	Asset ID	Quality Rating
ASSET-BACKED SECURITIES (15.35% of total investments)						
$ 1,201,311	ARSI 2004-W10 A2 0.74, 10/25/34	0.74	$ 1,201,310	$ 1,061,771	040104LM1	AAA
1,059,734	BAYV 2006-C 1A1 6.035, 11/28/36	5.62	1,059,734	1,082,254	07325DAB0	AAA
1,464,039	CITI MORT LOAN TR - 2007 AMC2 0.43, 1/25/37	0.43	1,464,038	1,104,580	17311XAA3	B- (1)
1,848,803	GRANM 2007 - 12A1 0.42, 12/20/54	0.42	1,848,803	1,714,765	38741YDF3	AAA
511,997	GSAA 05-15 2A1 0.44, 1/25/36	0.44	511,997	480,371	362341D63	B- (1)
1,277,235	INDB 2006-1 A1 0.42, 7/25/36	0.42	1,277,235	1,039,380	45661JAA1	CCC(1)
418,494	NAA 2006-AF2 1A1 0.45, 8/25/36	0.45	418,493	173,388	65536VAA5	CCC(1)
1,468,395	RAMC 2005-2 AF3 4.49, 8/25/35	5.61	1,468,394	1,408,069	75970NAK3	AAA
$ 9,250,008			$ 9,250,003	$ 8,064,579		
CORPORATE NOTES (84.65% of total investments)						
$ 7,000,000	CITIGROUP 0.54, 5/18/11	0.54	$ 7,001,662	$ 6,942,432	172967DL2	A (1)
5,000,000	GE CAPITAL CORP 0.36, 10/18/10	0.36	5,000,201	4,999,650	36962GY32	AA+
5,000,000	GE CAPITAL CORP 0.35, 10/6/10	0.35	5,000,058	5,000,470	36962GY24	AA+
5,000,000	GOLDMAN SACHS 0.53, 2/6/12	0.43	5,001,426	4,874,715	38141GEW0	A (1)
5,000,000	GOLDMAN SACHS 0.69, 10/7/11	0.40	5,013,855	4,955,905	38141EJV2	A (1)
10,000,000	MERRILL LYNCH 0.77, 6/5/12	0.40	10,000,841	9,712,100	59018YE72	A (1)
5,000,000	WELLS FARGO 0.39, 1/12/11	0.35	4,996,636	4,997,679	949746NC1	AA-
3,000,000	WELLS FARGO 0.39, 1/12/11	0.35	2,994,201	2,994,825	949746NC1	AA-
$ 45,000,000			$ 45,008,880	$ 44,477,776		
MONEY MARKET FUNDS (0.00% of total investments)						
$ 572	GS GOVT FUND 0.03, 07/01/10	0.03	$ 572	$ 572	03799N9J9	A1+
$ 572			$ 572	$ 572		
$ 54,250,580	**TOTAL INVESTMENT IN SECURITIES**		**$ 54,259,455**	**$ 52,542,927**		

(1) The security's credit rating, while in compliance with investment guidelines at time of purchase, was below guidelines as of June 30, 2010.

CIVIL LIST PENSION AND TRUST FUNDS

SCHEDULE OF CASH AND INVESTMENTS, BALANCES AND ACTIVITY (at Fair Value) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Teachers' Retirement	State Employees' Retirement	Municipal Employees' Retirement	Probate Court Retirement	Judges' Retirement	State's Attorneys' Retirement	Soldiers Sailors & Marines Fund	Arts Endowment Fund	Police & Firemen's Survivor's Fund
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Income Receivable	48,776	28,233	6,620	310	510	7	-	87	75
Interest in Investment Funds	12,273,555,439	7,789,607,302	1,470,621,054	71,821,103	149,775,049	990,782	61,698,583	16,822,319	19,424,965
Total Cash and Investments	$12,273,604,215	$7,789,635,535	$1,470,627,674	$71,821,413	$149,775,559	$990,789	$61,698,583	$16,822,406	$19,425,040
Schedule of Activity:									
Cash and Investments at July 1, 2009	$11,397,053,409	$7,321,033,018	$1,345,133,733	$66,308,182	$148,171,455	$863,613	$56,722,207	$15,662,739	$17,815,992
Shares Purchased (Excluding Liquidity Fund)	652,313,900	391,648,500	66,173,400	4,229,200	6,219,200	8,250	-	-	150,900
Shares Redeemed (Excluding Liquidity Fund)	(1,305,006,089)	(882,904,822)	(145,524,771)	(6,976,775)	(20,303,540)	-	-	-	(1,003)
Net Purchase and Redemptions of Liquidity Fund	378,914,814	212,549,322	76,823,866	1,953,460	1,368,672	62,616	45,226	(82,565)	54,245
Net Investment Income	321,398,381	207,642,999	40,872,498	1,993,899	4,407,333	33,791	2,804,054	767,183	666,138
Realized Gain (Loss) from Sale of Investments	502,466,817	346,416,872	49,873,664	2,694,271	5,696,288	23	1,058	2,577	786
Change in Unrealized Gain/(Loss) on Investment Funds	648,184,236	401,053,718	78,179,381	3,615,402	8,626,627	56,346	4,930,447	1,240,176	1,404,687
Increase (Decrease) in Receivables - Net (1)	(322,872)	(161,073)	(31,599)	(2,327)	(3,143)	(59)	(355)	(521)	(567)
Distributions	(321,398,381)	(207,642,999)	(40,872,498)	(1,993,899)	(4,407,333)	(33,791)	(2,804,054)	(767,183)	(666,138)
Cash and Investments at June 30, 2010	$12,273,604,215	$7,789,635,535	$1,470,627,674	$71,821,413	$149,775,559	$990,789	$61,698,583	$16,822,406	$19,425,040

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

(1) Reflects timing differences in the recognition of income by the Plans.

NON-CIVIL LIST TRUST FUNDS

FINANCIAL STATEMENTS
JUNE 30, 2010

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
STATEMENT OF CONDITION, at Market						
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$36,972
Interest & Dividends Receivable	38	3	9	4	15	-
Investments in Combined Investment Funds, at Fair Value	9,129,167	602,950	2,049,918	964,664	2,527,067	-
Total Assets	$9,129,205	$602,953	$2,049,927	$964,668	$2,527,082	$36,972
LIABILITIES & FUND BALANCE						
Due to Other Funds	$118,549	$23,419	$79,658	$37,514	$ -	$ -
Fund Balance	9,010,656	579,534	1,970,269	927,154	2,527,082	36,972
Total Liabilities & Fund Balance	$9,129,205	$602,953	$2,049,927	$964,668	$2,527,082	$36,972

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF REVENUE AND EXPENDITURES

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
REVENUE					
Net Investment Income	$367,081	$23,419	$79,658	$37,515	$93,661
Realized Gain on Investments	1,036	15	36	27	18
Change in Unrealized Gain (Loss) on Investments	735,524	47,356	161,174	75,725	183,704
Increase (Decrease) in Cash Reserve Fund Income Receivables - (1)	(204)	(23)	(79)	(38)	(123)
Total Revenue	$1,103,437	$70,767	$240,789	$113,229	$277,260
EXPENDITURES	-	-	-	-	-
Excess of Revenue over Expenditures	$1,103,437	$70,767	$240,789	$113,229	$277,260

(1) Reflects timing differences in the recognition of income by the Plans and Trusts.

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

STATEMENT OF CHANGES IN FUND BALANCE

	SCHOOL FUND	AGRICULTURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
Fund Balance at July 1, 2009	$8,274,302	$532,186	$1,809,138	$851,440	$2,249,822	$36,848
Excess of Revenue over Expenditures	1,103,437	70,767	240,789	113,229	277,260	-
Net Cash Transactions	-	-	-	-	-	-
Transfer from Other Funds	-	-	-	-	-	124
Transfer to Other Funds	(381,804)	(26,569)	(90,359)	(42,522)	-	-
Increase in Due to Other Funds	14,721	3,150	10,701	5,007		-
Fund Balance at June 30, 2010	$9,010,656	$579,534	$1,970,269	$927,154	$2,527,082	$36,972

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND
Cash Flows from Operating Activities:					
Excess of Revenues over Expenditures	$1,103,437	$70,767	$240,789	$113,229	$277,260
Realized Gain on Investments	(1,036)	(15)	(36)	(27)	(18)
Change in Unrealized (Gain) Loss on Investments	(735,524)	(47,356)	(161,174)	(75,725)	(183,704)
(Increase) Decrease in Cash Reserve Fund Income Receivables	204	23	79	38	123
Net Cash Provided by Operations	$367,081	$23,419	$79,658	$37,515	$93,661
Cash Flows from Non Capital Financing Activities:					
Operating Transfers - Out to Other Funds	(381,804)	(26,569)	(90,359)	(42,522)	-
Operating Transfers - In from Other Funds	-	-	-	-	-
Net Cash Used for Non-Capital Financing Actvities	(381,804)	(26,569)	(90,359)	(42,522)	-
Cash Flows from Investing Activities:					
Net Purchase and Redemptions of Cash Reserve Fund	14,723	3,150	10,701	5,007	(93,661)
Purchase of Investments	-	-	-	-	-
Proceeds from Sale of Investment	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	14,723	3,150	10,701	5,007	(93,661)
			-		
Net Increase (Decrease) In Cash	-	-	-	-	-
Cash June 30, 2009	-	-	-	-	-
Cash June 30, 2010	$ -	$ -	$ -	$ -	$ -

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NON-CIVIL LIST TRUST FUNDS

STATEMENT OF CONDITION, AT COST
JUNE 30, 2010

	SCHOOL FUND	AGRICUL-TURAL COLLEGE FUND	IDA EATON COTTON FUND	ANDREW C. CLARK FUND	HOPEMEAD STATE PARK TRUST FUND	MISC. AGENCY TRUST FUNDS
ASSETS						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$36,972
Interest & Dividends Receivable	38	3	9	4	15	-
Investments in Combined Investment Funds	7,040,132	465,688	1,573,566	761,482	2,048,117	-
Total Assets	$7,040,170	$465,691	$1,573,575	$761,486	$2,048,132	$36,972
LIABILITIES						
Due to Other Funds	$118,549	$23,419	$79,658	$37,514	$ -	$ -
Fund Balance	6,921,621	442,272	1,493,917	723,972	2,048,132	36,972
Total Liabilities & Fund Balance	$7,040,170	$465,691	$1,573,575	$761,486	$2,048,132	$36,972

See Notes to Civil and Non-Civil List Trust Fund Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civil List and Non-Civil list trust funds (the “trust funds”) are entrusted to the Treasurer for investment purposes. Civil List trust funds are mandated by the State Legislature and are administered by the Office of the State Comptroller. Accordingly, the presentation of the Civil List funds in the Treasurer’s Annual Report (see Civil List trust funds cash and investments schedules in the Supplemental Information section of these document) is intended to present only the cash and investments under the Treasurer’s care and does not depict a full financial statement presentation. The Non-Civil List Trust funds are not administered by the Office of the Comptroller. Accordingly, the financial statements presented for the Non-Civil List funds are designed to provide a full set of financial statements for the trusts’ investment assets and provide the necessary detail for the respective Boards that administer these trust funds.

Significant account policies of the trust funds are as follows:

Basis of Presentation: The foregoing Non-Civil List trust fund financial statements represent the financial position, results of operations and cash flows of the investment trust assets of the funds in accordance with generally accepted accounting principles. These financial statements present all of the financial statements of the Non-Civil List funds except for the Second Injury Fund which, due to the unique nature of its operation, is presented separately in this Annual Report. The financial statements do not include a Statement of Revenue and Expenditures for the Miscellaneous Agency and Trust Funds because agency funds do not report operations. These statements were prepared on the fair value basis. A Statement of Condition on a cost basis is also presented for informational purposes.

Valuation of Combined Investment Fund Shares: All unit prices are determined at the end of each month based on the fair value of the applicable investment fund.

Expenses: The Non-Civil List trust funds are not charged with any expenses for administration of the trust funds. Investment expenses of the Combined Investment Funds are deducted in calculating net investment income.

Distribution of Net Investment Income: Net investment income earned by the Combined Investment Funds is generally distributed in the following month. Net investment income is comprised of dividends and interest less investment expense.

Purchases and Redemptions of Units: Purchases and redemptions of units are generally processed on the first day of the month based on the prior month end price. Purchases represent cash that has been allocated to a particular investment fund in accordance with directions from the Treasurer’s office. Redemptions represent the return of principal back to the plan. In the case of certain funds, a portion of the redemption can also include a distribution of income.

NOTE 2. STATEMENT OF CASH FLOWS

A statement of cash flows is presented for the non-expendable Non-Civil List trust funds. This presentation is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 9. No such statement of cash flows is presented for the Miscellaneous Agency and Trust Funds as none is required.

NOTE 3. MISCELLANEOUS AGENCY AND TRUST FUND TRANSFERS

These transactions comprise principal and income transfers to trustees as well as transfers and expenditure payments made on their behalf. Certain of these transfers are made to the General Fund and other Civil List funds as well as various state agencies.

SECOND INJURY FUND

STATEMENT OF NET ASSETS
JUNE 30, 2010 and 2009

	June 30, 2010	June 30, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 45,622,057	$ 57,251,127
Receivables, net of allowance for uncollectible accounts - $10,791,669 and $11,558,823 respectively	5,906,527	8,149,741
Other Assets	41,587	16,748
TOTAL CURRENT ASSETS	51,570,171	65,417,616
NONCURRENT ASSETS:		
Capital assets:		
Computers	33,093	33,093
Office equipment	18,982	18,982
Less accumulated depreciation	(49,144)	(46,829)
TOTAL NONCURRENT ASSETS	2,931	5,246
TOTAL ASSETS	51,573,102	65,422,862
LIABILITIES		
CURRENT LIABILITIES:		
Claims and benefits payable	7,615,767	7,623,846
Settlement payable	3,112,332	2,599,426
Accounts payable and other accrued liabilities	1,240,501	1,352,591
Compensated absences	456,558	359,387
TOTAL CURRENT LIABILITIES	12,425,158	11,935,250
NONCURRENT LIABILITIES:		
Accounts payable and accrued liabilities	1,155,000	1,030,500
Compensated absences	161,605	128,659
TOTAL NONCURRENT LIABILITIES	1,316,605	1,159,159
TOTAL LIABILITIES	13,741,763	13,094,409
NET ASSETS		
Unrestricted Net Assets	37,831,339	52,328,453
TOTAL NET ASSETS	$ 37,831,339	$ 52,328,453

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

	2010	2009
OPERATING REVENUES		
Assessment Revenues	$29,490,370	$36,465,941
Fund Recoveries	602,702	485,263
Other Income	37,767	35,191
TOTAL OPERATING REVENUES	30,130,839	36,986,395
OPERATING EXPENSES		
Injured Worker Benefits:		
Settlements	10,782,487	10,117,350
Indemnity Claims Benefits	22,056,446	21,269,642
Medical Claims Benefits	5,305,199	6,964,852
Total Injured Worker Benefits	38,144,132	38,351,844
Administrative Expenses	6,654,720	7,391,435
TOTAL OPERATING EXPENSES	44,798,852	45,743,279
OPERATING INCOME (LOSS)	(14,668,013)	(8,756,884)
NON-OPERATING INCOME		
Interest Income	170,899	876,695
Change in Net Assets	(14,497,114)	(7,880,189)
NET ASSETS - Beginning of Year	52,328,453	60,208,642
NET ASSETS - End of Year	$37,831,339	$52,328,453

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
SOURCE:		
Assessment revenues	$ 31,618,485	$ 38,950,161
Fund recoveries	602,702	501,985
Other income	37,767	35,191
Other assets	(28,371)	9,437
Depreciation	2,316	2,316
	32,232,899	39,499,090
USE:		
Injured worker benefits	(37,514,807)	(37,455,772)
Administrative expenses	(6,521,593)	(7,254,880)
	(44,036,400)	(44,710,652)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(11,803,501)	(5,211,562)
CASH FLOWS FROM INVESTING ACTIVITIES		
SOURCE:		
Interest Income	174,431	896,645
NET CASH PROVIDED BY INVESTING ACTIVITIES	174,431	896,645
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,629,070)	(4,314,917)
Cash and cash equivalents, Beginning of Year	57,251,127	61,566,044
CASH AND CASH EQUIVALENTS, End of Year	$ 45,622,057	$ 57,251,127
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	$ (14,668,013)	$ (8,756,884)
Adjustments to reconcile operating income to net cash:		
Provided by operating activities:-		
Depreciation expense	2,316	2,316
Decrease (increase) in assets:		
Decrease in receivables, net	2,243,214	2,190,052
Decrease (increase) in other assets	(28,371)	9,437
Increase (decrease) in liabilities		
Increase (decrease) in accounts payable & accrued expenses	517,237	1,303,183
Increase (decrease) in compensated absences	130,116	40,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (11,803,501)	$ (5,211,562)

See accompanying Notes to the Financial Statements.

SECOND INJURY FUND

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Second Injury Fund ("SIF" or the "Fund") is an extension of the Workers' Compensation Act managed by the Treasurer of the State of Connecticut and operates under Chapter 568, of the Connecticut General Statutes (C.G.S.). Prior to July 1, 1995, the Fund provided relief to employers where a worker, who already had a preexisting injury or medical condition, was hurt on the job and that second injury was made "materially and substantially" worse by the preexisting injury or medical condition.

In 1995 the Connecticut General Assembly closed the Fund to new "second injury" claims sustained on or after July 1, 1995. However, the Fund will continue to be liable for payment of claims which involve an uninsured or bankrupt employer and, on a pro rata basis, be liable for reimbursement claims to employers of any worker who had more than one employer at the time of the injury.

In addition, the Fund will continue to be liable for and make payments with respect to:

- Widow and dependent death benefits
- Reimbursement for cost of living adjustments on certain claims
- Second injury claims transferred to the Fund prior to July 1999 with a date of injury prior to July 1, 1995.

For State of Connecticut financial reporting purposes, SIF is reported as an Enterprise Fund. (See Note 2)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The accompanying financial statements of SIF have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

The Fund utilizes the enterprise fund form of reporting. The reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The full accrual form of accounting is employed, and revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. GASB No. 34 has defined an enterprise fund as a governmental unit in which the pricing policies of the activity establish fees and charges designed to recover its costs.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Fund are the monies assessed to Connecticut employers for their share of the Fund's expenses for managing workers' compensation claims assigned to the Fund by statute.

Cash and Cash Equivalents

Cash consists of funds in bank checking accounts and deposits held by the State General Fund in the Treasury Business Office account. Cash equivalents include investments in the State of Connecticut Short-Term Investment Fund (STIF). Custodial Credit Risk for Cash and Cash Equivalents is the risk that in the event of a bank failure, the SIF deposits may not be returned to them. STIF Investment Policy ensures strong asset diversification by security type and issuer, comprised of high quality, very liquid securities with a relatively short average maturity. SIF has 99.3% of its cash invested in STIF which is rated AAAm by Standard & Poor's Corporation ("S&P"). Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value.Receivables, Net of Allowance for Uncollectible Accounts

Receivables, Net of Allowance for Uncollectible Accounts

The receivables balance is composed of assessment receivables and other receivables.

Assessment receivables are recorded inclusive of interest due and result from amounts billed in accordance with C.G.S. 31-354 Assessments: SIF's primary source of revenue is from the levying of assessments against self-insured and insured Connecticut employers. Insurance carriers who insure Connecticut employers are responsible to collect the assessments from employers and submit the revenue to SIF. (See Note 3)

Other receivables are recorded inclusive of interest due and result from amounts billed in accordance with either statute C.G.S. 31-301 or C.G.S.355.

C.G.S. 31-301, Appeal Cases, provides for the payment of indemnity (lost wages) and medical benefits to an injured worker while their claims are under appeal. Upon a decision in the appeal, the injured worker (in cases of denial of compensation), or insurer (in cases of award of compensation), must reimburse the SIF for monies expended during the appeal process. This statute was repealed with passage of P.A. 95-277 for appeals filed on injuries occurring after July 1, 1995. During fiscal years 2010 and 2009, there were no benefits paid for appeals cases.

C.G.S. 31-355, Non Compliance, mandates that SIF pay indemnity and medical benefits for injured workers whose employers fail to or are unable to pay the compensation. The most common examples of these cases involve employers who did not carry worker's compensation insurance or are bankrupt.

Appeal Cases and Non Compliance transactions are recorded as injured worker benefits when paid by the Fund. Concurrently, the Fund seeks recovery of the amounts paid from the party statutorily responsible and a receivable is established. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received.

The Fund records other receivables for penalties and citations and certain other payments made under other statutes where the Fund has a right to seek reimbursement. The receivable is offset by a credit to Allowance for Uncollectible Accounts. Recoveries are recorded as revenue when cash is received. Revenue is recorded for these receivables when cash is received.

The allowance for uncollectible account represents those amounts estimated to be uncollectible as of the balance sheet date. The Fund fully reserves for the other receivable balances. (See Note 4)

Capital Assets

The category of capital assets consists of computers and office equipment. The Fund is recording these capital assets at cost with a useful life of 5 years on a straight-line method. In the year of acquisition of the capital asset, the Fund has elected to take a half a year depreciation expense.

Claims Benefits Payable

This category of liability includes indemnity and medical benefits to injured workers as claims and widow and depeThis category of liability includes indemnity and medical benefits to injured workers as claims and widow and dependent death benefits that will not be submitted to the Fund well as reimbursements to insurance companies and self-insured employers for widow claims and dependent death benefits in addition to concurrent employment cases incurred as at the balance sheet date. The long-term portion of claims benefits payable represents an estimate of the amount of liability of as June 30, 2010 and June 30, 2009 of the concurrent employment until a year or more for reimbursement. (See Note 5)

Settlements Payable

Settlements are negotiated agreements for resolving the Fund's future exposure on injured worker claims. An accrual is made for all settlements committed as of the balance sheet date. (See Note 5)

Accounts Payable and Other Accrued Liabilities

Accounts payable and other accrued liabilities represent administrative expenses of the Fund outstanding as of June 30, 2010 and June 30, 2009 as well as assessments owed to Connecticut Workers' Compensation and other Connecticut employers. (See Note 5)

Compensated Absences

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977 can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent of sixty days. (See Note 5)

NOTE 3: ASSESSMENTS

The assessment method for carriers paying on behalf of insured employers is on an actual premium basis. The premium surcharge, which is paid by insured employers through their worker's compensation insurance carrier within 45 days of the close of a quarter, is the premium surcharge rate multiplied by the employer's "SIF's surcharge base" premium on all policies with an effective date for that quarter. "SIF's surcharge base" means direct written premium on policies prior to application of any deductible policy premium credits. The premium surcharge is set yearly based on the Fund's budgetary needs prior to the start of the fiscal year. The annual insured employers' assessment rate for the fiscal year ending June 30, 2010 was 2.75% and for the fiscal year ending June 30, 2009 was 3.00%.

The method of assessment for self-insured employers is a quarterly billing based on the previous calendar year's paid losses. The annual assessment rate for self-insured employers for the fiscal year ending June 30, 2010 was 3.84% and for the fiscal year ending June 30, 2009 was 4.7%.

NOTE 4: RECEIVABLES

The following is an analysis of the changes in the Fund receivable balances:

As of June 30, 2010:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$9,713,402	$61,177,185	$63,699,005	$0	$7,191,582	$5,906,527	$1,285,055
Non-Compliance 355	9,418,067	2,935,536	313,537	3,031,918	9,008,148	0	9,008,148
Other Receivables	577,095	410,202	326,931	161,900	498,466	0	498,466
Total Receivables	$19,708,564	$64,522,923	$64,339,473	$3,193,818	$16,698,196	$5,906,527	$10,791,669

As of June 30, 2009:

	Beginning Balance	Additions	Cash Receipts	Write-Offs	Ending Balance	Amount Due Within One Year	Allowance for Uncollectible
Assessments	$11,875,202	$58,553,463	$60,715,263	$0	$9,713,402	$8,149,741	$1,563,661
Non-Compliance 355	8,282,425	3,746,239	220,581	2,390,016	9,418,067	0	9,418,067
Other Receivables	718,432	320,596	313,780	148,153	577,095	0	577,095
Total Receivables	$20,876,059	$62,620,298	$61,249,624	$2,538,169	$19,708,564	$8,149,741	$11,558,823

NOTE 5: LIABILITES AND COMPENSATED ABSENCES

The following is an analysis of the changes in the Fund liabilities and compensated absence balances:

As of June 30, 2010:

	Beginning Balance	**Additions**	**Cash Disbursements**	**Ending Balance**	**Amount Due Within One Year**
Claims and Benefits Payable	$8,654,346	$27,486,147	$27,369,726	$8,770,767	$7,615,767
Settlements Payable	2,599,426	10,782,487	10,269,581	3,112,332	3,112,332
Accounts Payable & Accrued Expenses	1,352,591	7,037,239	7,149,329	1,240,501	1,240,501
Compensated Absences	488,046	130,117	-	618,163	456,558
Total Liabilities & Compensated Absences	$13,094,409	$45,435,990	$44,788,636	$13,741,763	$12,425,158

As of June 30, 2009:

	Beginning Balance	**Additions**	**Cash Disbursements**	**Ending Balance**	**Amount Due Within One Year**
Claims and Benefits Payable	$7,985,465	$28,298,493	$27,629,612	$8,654,346	$7,623,846
Settlements Payable	2,372,237	10,117,350	9,890,161	2,599,426	2,599,426
Accounts Payable & Accrued Expenses	945,480	8,077,376	7,670,265	1,352,591	1,352,591
Compensated Absences	447,711	40,335	-	488,046	359,387
Total Liabilities & Compensated Absences	$11,750,893	$46,533,554	$45,190,038	$13,094,409	$11,935,250

NOTE 6: SETTLEMENTS

Negotiations were at various stages of completion for settlements valued and accrued at June 30, 2010 were $3.1 million and at June 30, 2009 were $2.6 million.

NOTE 7: SUBSEQUENT EVENTS

Effective July 1, 2010, the assessment rates for insured employers remains the same of 2.75% on voluntary policies and on assigned risk policies, the assessment rates have remained the same of 2.2%. The assessment rate for self-insured employers decreased from 3.84% to 3.25% effective January 1, 2011.

CONNECTICUT HIGHER EDUCATION TRUST

STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2010	June 30, 2009
ASSETS		
Investments, at value (cost: $1,305,096,276 and $1,184,176,733)	$1,266,125,038	$1,049,532,340
Cash	93,721	58,274
Dividends and interest receivable	893,515	-
Receivable from securities transactions	262,503	397,934
Receivable from Program units sold	1,362,395	641,150
TOTAL ASSETS	1,268,737,172	1,050,629,698
LIABILITIES		
Accrued program management fee	325,838	313,721
Accrued state trustee fee	9,143	7,334
Due to custodian	-	5,055
Payable for securities transactions	1,382,394	396,300
Payable for Program units repurchased	1,168,577	639,182
TOTAL LIABILITIES	2,885,952	1,361,592
NET ASSETS	$1,265,851,220	$1,049,268,106

See notes to financial statements.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30,

	2010	2009
INVESTMENT INCOME		
Interest	$4,340,106	$4,632,715
Dividends	22,710,556	26,255,410
TOTAL INCOME	27,050,662	30,888,125
EXPENSES		
Program management fees	4,313,321	3,550,511
State trustee fees	103,859	85,367
TOTAL EXPENSES	4,417,180	3,635,878
NET INVESTMENT INCOME	22,633,482	27,252,247
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments in underlying fund shares	(15,465,177)	(36,287,390)
Realized gain distributions from underlying funds	-	24,062
Net change in unrealized appreciation (depreciation) on investments in underlying shares	95,673,151	(118,620,003)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	80,207,974	(154,883,331)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$102,841,456	$(127,631,084)

See notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30,

	2010	2009
OPERATIONS		
Net Investment income	$22,633,482	$27,252,247
Net realized gain (loss) on total investments	(15,465,177)	(36,263,328)
Net change in unrealized appreciation (depreciation) on investments	95,673,151	(118,620,003)
NET INCREASE (DECREASE) FROM OPERATIONS	102,841,456	(127,631,084)
ACCOUNT OWNER TRANSACTIONS		
Subscriptions	474,430,020	415,250,132
Redemptions	(360,688,362)	(315,025,414)
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	113,741,658	100,224,718
NET INCREASE (DECREASE) IN NET ASSETS	216,583,114	(27,406,366)
NET ASSETS:		
Beginning of year	1,049,268,106	1,076,674,472
End of year	$1,265,851,220	$1,049,268,106

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Connecticut Higher Education Trust Program (the “Program”) was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee (the “Trustee”) of the Connecticut Higher Education Trust (the “Trust”). The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA”), and the Trustee have entered into a Management Agreement under which TFI serves as Program Manager. The Program is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code and was established pursuant to the Connecticut Annotated Statues Sections 3-22f to 3-22o. Investment options and allocations, as approved by the Trustee, are described in the current Disclosure Booklet for the Program.

The assets in the Principal Plus Interest Option are allocated to a funding agreement issued by TIAA-CREF Life Insurance Company (“TIAA-CREF Life”), a subsidiary of TIAA. The Funding Agreement guarantees to the Trust a return of principal plus a minimum rate of interest and provides the opportunity for additional interest as declared periodically by TIAA-CREF Life.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which may require the use of estimates made by management and the evaluation of subsequent events through September 15, 2010. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program.

Security valuation: All investments are recorded at their estimated fair value as described in the valuation of investments note to the financial statements.

Accounting for investments: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the TIAA-CREF Funds are recorded on the exdividend date. Realized gains and losses are based upon the specific identification method.

Federal and state income tax: No provision for federal income tax has been made. The Program is designed to constitute a qualified tuition program under Section 529 of the Internal Revenue Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner in the investment options are represented by Program units. Subscriptions and redemptions are recorded upon receipt of account owner’s instructions in good order, based on the next determined net asset value per unit (“Unit Value”). Unit Values for each investment option are determined at the close of business of the New York Stock Exchange.

There are no distributions of net investment gains or net investment income to the investment option’s account owners or beneficiaries.

NOTE 2—VALUATION OF INVESTMENTS

All investments are valued at fair value utilizing various valuation methods. U.S. GAAP establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Program’s own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Program's major categories of assets and liabilities measured at fair value follows:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Principal Plus Interest Option: The TIAA-CREF Life Funding Agreement, to which the Principal Plus Interest Option allocates assets, is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of TIAA-CREF Life. The Funding Agreement has a floating rate of interest that resets annually based on a projected rate of return. The Funding Agreement is categorized in Level 3 of the fair value hierarchy.

Transfers between levels are recognized at the end of the reporting period. As of June 30, 2010, there were no significant transfers between levels by the Program options.

As of June 30, 2010, all of the investments in the Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the 100% Equity Index Option, the 100% Fixed-Income Option, the Social Choice Option, the Money Market Option, and the Administrative Account were valued based on Level 1 inputs.

As of June 30, 2010, all investments in the Principal Plus Interest Option were categorized in Level 3 of the fair value hierarchy.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	Principal Plus Interest Option
Balance as of 06/30/09	$ 154,483,968
Realized Gain/Loss	-
Change in Unrealized Appreciation/Depreciation	-
Gross Purchases	57,905,730
Gross Sales	(38,949,298)
Balance as of 06/30/10	$ 173,440,400

NOTE 3—MANAGEMENT AGREEMENTS

For its services as Program Manager with respect to the Managed Allocation Option, the Aggressive Managed Allocation Option, the 100% Equity Index Option, the 100% Fixed-Income Option, the Social Choice Option, the Money Market Option and the High Equity Option, TFI is paid an annual aggregate Program management fee of 0.24% to 0.49% of the average daily net assets of the Program, invested in such investment options. In addition, Advisors is paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Program management fee plus the weighted average expenses of each of the underlying mutual funds in the aforementioned investment options will not exceed 0.59% of the average daily net assets of the Program invested in such investment options.

No fee is charged on the assets invested in the Principal Plus Interest Option; however a fee is paid to TFI by TIAA-CREF Life for distribution, administrative and other reasonable expenses.

Prior to May 15, 2010, for its services as Program Manager with respect to the Managed Allocation Option, the Aggressive Managed Allocation Option, the 100% Equity Index Option, the 100% Fixed-Income Option, the Social

Choice Option, the Money Market Option and the High Equity Option, TFI was paid an annual aggregate Program management fee of 0.315% to 0.56% of the average daily net assets of the Program, invested in such investment options. In addition, Advisors was paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Program management fees plus the weighted average expenses of each of the underlying mutual funds in the aforementioned investment options did not exceed 0.64% of the average daily net assets of the Program invested in such investment options.

The Trustee collects a state trustee fee of 0.01% of the average daily net assets of the Program annually to pay for expenses related to the oversight of the Program. The Trustee is authorized to withdraw a state fee of up to 0.02% of the average daily net assets of the Program. The state trustee fee is not charged on the assets invested in the Principal Plus Interest Option.

For the period ended June 30, 2010, TFI received total Program management fees of $4,313,322. Total underlying fund fee expenses for the TIAA-CREF Funds during the period were $2,262,048. The Program management fees and the state trustee fees charged to each investment option are disclosed in the Statement of Operations.

NOTE 4—INVESTMENTS

As of June 30, 2010, net unrealized appreciation (depreciation) of portfolio investments was $(38,971,238) consisting of gross unrealized appreciation of $22,193,300 and gross unrealized depreciation of $(61,164,538).

Purchases and sales of non-government portfolio securities for the year ended June 30, 2010 were $239,285,305 and $121,865,375, respectively.

An account owner has an investment in an investment option and not a direct investment in any underlying mutual fund or other investment vehicle.

As of June 30, 2010, the Program's investments consist of the following:

TIAA-CREF Mutual Funds (Institutional Class):	SHARES	COST	VALUE
Inflation-Linked Bond Fund	10,998,498	$ 113,666,232	$ 120,543,535
Equity Index Fund	36,829,383	300,799,737	287,269,186
International Equity Index Fund	7,255,126	119,790,774	97,726,549
Bond Fund	31,636,547	316,551,377	331,867,373
Money Market Fund	97,349,562	97,349,562	97,349,562
Real Estate Securities Fund	3,672,057	34,603,158	30,441,352
S&P 500 Index Fund	7,965,809	108,982,480	93,199,971
Mid-Cap Growth Fund	688,263	10,625,855	10,048,647
Small-Cap Equity Fund	1,028,268	14,355,751	11,465,185
Mid-Cap Value Fund	706,384	11,663,273	9,571,509
Social Choice Equity Fund	310,166	2,817,078	2,751,170
TIAA-CREF Mutual Funds (Retail Class):			
Money Market Fund*	450,599	450,599	450,599
TIAA-CREF Life Insurance Company:			
Funding Agreement		173,440,400	173,440,400
		$1,305,096,276	$1,266,125,038

* Represents the assets of the administrative account.

NOTE 5 – ACCOUNTING PRONOUNCEMENT

In January 2010, the Financial Accounting Standards Board issued authoritative guidance that improves disclosures about fair value measurements thereby increasing transparency in financial reporting. Some of the new disclosure requirements are effective for interim and annual reporting periods beginning after December 15, 2009. The remaining disclosure requirements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management has evaluated the new disclosure requirements and has determined that the new requirements will not have a material impact on the Program's financial statements.

CONNECTICUT HIGHER EDUCATION TRUST

REPORT OF INDEPENDENT AUDITORS

To the Trustee of the Connecticut Higher Education Trust Program and Account Owners:

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of nineteen portfolios constituting the Connecticut Higher Education Trust Program (hereafter referred to as the "Program") at June 30, 2010, the results of each of their operations, the changes in each of their net assets and each of their financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of TIAA-CREF Tuition Financing, Inc (hereafter referred to as the "Program Manager"); our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Program Manager, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at June 30, 2010 by correspondence with the transfer agent, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Boston, MA
September 15, 2010

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENT OF NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,108	$ 11,989,868
Receivables	-	-
Total current assets	22,108	11,989,868
Noncurrent assets:		
Trustee cash and cash equivalents	-	-
Total noncurrent assets	-	-
Total Assets	**$ 22,108**	**$ 11,989,868**
LIABILITIES		
Current liabilities:		
Special obligation bonds payable - current portion	$ -	$ -
Accounts payable and accrued liabilities	-	-
Interest payable	-	-
Total current liabilities	-	-
Noncurrent liabilities:		
Special obligation bonds payable	-	-
Premium on special obligation bonds, net of amortization	-	-
Total noncurrent liabilities	-	-
Total Liabilities	**$ -**	**$ -**
NET ASSETS		
Restricted for debt service	-	-
Unrestricted deficit	22,108	11,989,868
Total Net Assets (Deficit)	**$ 22,108**	**$ 11,989,868**

See accompanying Notes to the Financial Statements.

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2009	2008
Operating Revenues		
Utilities revenues	$ -	$ 17,725,057
Operating Expenses		
Administrative expenses	161,902	230,095
Operating income	(161,902)	17,494,963
Non-Operating Revenues (Expenses)		
Interest income	22,689	594,085
Cash defeasance cost		(516,875)
IRS payment	(370,418)	-
Distribution to utilities	(11,458,130)	-
Total non-operating revenues (expenses)	(11,805,859)	77,210
Net income before special and extraordinary items	(11,967,761)	17,572,173
Special and Extraordinary Items		
Bonds issued	-	-
Deferred revenue	-	-
Capital contribution	-	85,000,000
Total special and extraordinary items	-	85,000,000
Change in net assets	(11,967,761)	102,572,173
Net Assets, beginning	11,989,868	(90,582,304)
Net Assets, ending	$ 22,108	$ 11,989,868

See accompanying Notes to the Financial Statements.

STATE OF CONNECTICUT SPECIAL OBLIGATION RATE REDUCTION BONDS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2009	2008
Cash Flows from Operating Activities		
Source:		
Collection revenues	$ -	$ 17,725,058
Trustee cash	-	-
	-	17,725,058
Use:		
Administrative expenses	(161,902)	(230,095)
Net cash provided by operating activities	(161,902)	17,494,963
Cash Flows from Noncapital Financing Activities		
Distribution to utilities	11,458,130	
Payment to IRS	370,418	
Cash defeasance of Special Obligation Bonds		110,990,000
Cash defeasance expense		516,875
Asset contribution to cash defeasance		(16,734,519)
Capital contribution to cash defeasance from general fund		(85,000,000)
Net cash used from noncapital financing activities	11,828,548	9,772,356
Cash Flows from Investing Activities		
Interest income	(22,689)	(594,085)
Net cash used by investing activities	(22,689)	(594,085)
Net Increase (Decrease) in cash and cash equivalents	(11,967,761)	8,316,692
Cash and cash equivalents, December 31, 2008	11,989,868	3,673,176
Cash and cash equivalents, December 31, 2009	$ 22,108	$ 11,989,868

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ (161,902)	$ 17,494,963
Adjustments to reconcile operating income to net cash:		
Decrease (increase) in assets		
Decrease in trustee cash	161,902	-
Increase in receivables		
Increase (decrease) in liabilities	-	-
Increase in accounts payable & accrued expenses	-	-
Net Cash provided by Operating Activities	$ 0	$ 17,494,963

See accompanying Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: INTRODUCTION AND BASIS OF PRESENTATION

The Rate Reduction Bond Fund (the "Fund") was established in 2004 to account for the trustee-held assets, receipts, and expenses associated with State of Connecticut Special Obligation Rate Reduction Bonds. The Special Obligation Rate Reduction Bonds were issued in 2004 to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund.

The bonds were issued pursuant to Connecticut General Statutes Sections 16-245e through 16-245k, 16-245m and 16-245n, as amended. The statutes authorize the Connecticut Department of Public Utility Control to issue a financing order authorizing a nonbypassable State RRB charge on the electric bills of the State's two investor-owned electric utilities: The Connecticut Light and Power Company (CL&P) and The United Illuminating Company (UI). The charge is calculated, billed, and collected by the two utilities pursuant to servicing agreements with the State. Collections from the State RRB charge are remitted to the bond trustee in an aggregate amount sufficient to cover principal, interest, and other fees associated with the bonds.

The State of Connecticut, acting through the Office of the Treasurer, was authorized to issue the bonds. Repayment of the bonds including principal and interest, servicing fees, trustee fees, rating agency fees, legal and accounting fees and other related fees and expenses are payable solely from the State RRB charge. The State RRB charge is to be used exclusively for this purpose until the bonds have matured on June 30, 2011. Neither the full faith and credit nor the taxing power of the State is pledged to the bonds.

A cash defeasance of the bonds was done on June 5, 2008. Therefore, there is $0 of outstanding principal and interest remaining. State RRB revenue recognized during calendar year 2009 is $0.

For State of Connecticut financial reporting purposes, the RRB Fund is reported as an enterprise fund. (See Notes 2 and 4.)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The accompanying financial statements of the Fund have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB).

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The Fund implemented GASB No. 34 effective July 1, 2004. GASB No. 34, Paragraph 67, requires the Fund to utilize the enterprise fund form of reporting. The reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The full accrual form of accounting is employed and revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. GASB No. 34 has defined an enterprise fund as a governmental unit in which the activity is financed with debt that is secured solely by a pledge of the revenues from fees and charges of an activity. In addition, if the long-term debt is to be serviced by the Fund, then it is accounted for by the Fund.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the Fund are the monies assessed against each customer and applied equally to each company's retail customers of the same class. Companies are defined as CL&P and UI, who service the Transition Property and collect the State RRB charge.

Receivables

The receivables balance is composed of collection receivables.

Trustee Cash and Cash Equivalents

Trustee cash and cash equivalents consist of funds in various accounts held by U.S. Bank National Association as required by the Indenture of Trust dated June 23, 2004, covering the 2004 Series A Special Obligation Rate Reduction Bonds. These accounts include a Collection Account, Bond Account, Reserve Account, Rebate Account, and Cost of Issuance Account.

Bond Premiums

The premium on the revenue bonds is being amortized over the term of the bonds on a straight-line basis, which yields results equivalent to the interest method. The initial amount of premium received on the Special Obligation Rate Reduction Bonds was $12,266,194.80. As of December 31, 2009 and 2008, the amount of premium remaining is $0.00 and $0.00 respectively.

NOTE 3: SPECIAL ASSESSMENT REVENUE BONDS

The Special Obligation Rate Reduction Bonds were issued to sustain for two years the funding of energy conservation and load management and renewable energy investment programs by providing money to the State's General Fund. The bonds were payable entirely from the State RRB charge, and the State of Connecticut has no contingent obligation either directly or indirectly for the payment of such bonds.

Public Act No. 07-1 of the June 2007 Special Session, Sections 21 and 134 authorized the use of 2007 fiscal year General Fund surplus in the amount of $85,000,000 to be used for the purpose of defeasing or purchasing some or all of the 2004 Series A Special Obligation Rate Reduction Bonds maturing after December 30, 2007.

On April 30, 2008, the DPUC issued its Decision in Docket No. 03-09-08RE01 approving the defeasance of the Bonds and the application of unexpended funds by the Trustee. The State defeased the outstanding Bonds on June 5, 2008, with the $85,000,000 of surplus funds authorized and moneys held in the Collection Account and Reserve Account.

A summary of the beginning and ending balances of the bonds is presented below:

Balance at 12/31/2008	Increases	Decreases	Balance at 12/31/2009	Amount due within one year
$0	$0	$0	$0	$0

Balance at 12/31/2007	Increases	Decreases	Balance at 12/31/2008	Amount due within one year
$110,990,000	$0	$110,990,000	$0	$0

Bonds were issued on June 23, 2004, for $205,345,000. The outstanding maturities of the remaining 2004 bond issue mature on June 30 and December 30 of each year through 2011 and bear fixed interest rates ranging from 2.50% to 5.00%.

The Trustee for these bonds is U.S. Bank National Association, successor in interest to Wachovia Bank National Association, and holds the accounts as required by the Bond Indenture. Collections are wire transferred to the Trustee daily by CL&P and UI in accordance with the servicing agreements.

At December 31, 2009 and 2008, the Trustee Accounts included the following:

	2009	2008
Reserve Account	$ -	$ 40,606
Collection Account	10,779	11,567,523
Rebate Account	11,329	381,709
Total Trustee Accounts	$22,108	$11,989,838

NOTES TO FINANCIAL STATEMENTS (Continued)

Pursuant to the DPUC Order No. 2 in Docket No. 03-09-08RE01 it is expected that a final disbursement of residual Distributable Funds will be made in the future and the $22,108 will be distributed to the REI Fund and the C&LM Funds.

NOTE 4: PREMIUM ON SPECIAL ASSESSMENT REVENUE BONDS

Due to the cash defeasance of the bonds on June 5, 2008, there is no longer any premium to be amortized. However, the original schedule of the premium received on the 2004 Series A Special Obligation Rate Reduction Bonds was to be amortized over the term of the bonds as shown in the table below.

	Semi-Annual Premium	Bond Premium Balance
09/23/2004		$12,266,194.80
12/30/2004	$876,156.77	11,390,038.03
06/30/2005	876,156.77	10,513,881.26
12/30/2005	876,156.77	9,637,724.49
06/30/2006	876,156.77	8,761,567.71
12/30/2006	876,156.77	7,885,410.94
06/30/2007	876,156.77	7,009,254.17
12/30/2007	876,156.77	6,133,097.40
06/30/2008	876,156.77	5,256,940.63
12/30/2008	876,156.77	4,380,783.86
06/30/2009	876,156.77	3,504,627.09
12/30/2009	876,156.77	2,628,470.31
06/30/2010	876,156.77	1,752,313.54
12/30/2010	876,156.77	876,156.77
06/30/2011	876,156.77	0.00

NOTE 5: CASH DEPOSITS - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Fund deposits may not be returned to it. The Fund deposits cash in various accounts held by U.S. Bank National Association, as successor to Wachovia Bank National Association, as required by the Indenture of Trust dated June 23, 2004, covering the 2004 Series A Special Obligation Rate Reduction Bonds. Deposits in banks are insured up to $100,000; any amount above this limit is considered uninsured. Additionally, State banking law requires all financial institutions that accept State of Connecticut deposits to segregate collateral against these deposits in an amount equal to 10 percent of the outstanding deposit. As of December 31, 2009 and 2008, $0 and $0 respectively of the Fund balance was exposed to custodial credit risk representing the portion that was uninsured and collateral held by the pledging bank not in the name of the State of Connecticut.

NOTE 6: INVESTMENTS

As of December 31, 2009, the Fund's investments consisted of the following:

	Investment Maturities (In Years)			
	Fair Value	**Less Than 1**	**1 to 5**	**6 to 10**
Securities				
Short-Term Investment Fund	$10,779	$10,779	$0	$0
U.S. Treasury Money Market Fund	$11,329	$11,329	$0	$0

NOTES TO FINANCIAL STATEMENTS (Continued)

As of December 31, 2008, the Fund's investments consisted of the following:

	Investment Maturities (In Years)			
	Fair Value	Less Than 1	1 to 5	6 to 10
Securities				
Short-Term Investment Fund	$11,553,568	$11,553,568	$0	$0
U.S. Treasury Money Market Fund	$395,664	$395,664	$0	$0

Restricted investments held by the Trustee in the collection account and the debt service reserve accounts are invested pursuant to the Indenture.

Interest Rate Risk

The Fund's investment policies are delineated in Section 509 of the Indenture of Trust dated June 23, 2004.

Credit Risk

The Fund's investments in securities were rated by Standard and Poor's as of December 31, 2009, as follows:

Securities	Fair Value	AAA
Short-Term Investment Fund	$11,553,568	AAAm
U.S. Treasury Money Market Fund	$395,664	AAAm

Concentrations of Credit Risk

The Fund places no limit on the amount of investment in any one issuer. The Fund's investment policies are delineated in Section 509 of the Indenture of Trust dated June 23, 2004. In addition, in accordance with Connecticut General Statutes, allowable investments include: 1) obligations, securities, and investments set forth in subsection (f) of Section 3-20 of the Connecticut General Statutes and 2) participation certificates in the State's Short-Term Investment Fund created under Section 3-27a of the Connecticut General Statutes.

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS
STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

KEVIN P. JOHNSTON

ROBERT G. JAEKLE

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying Statement of Net Assets of the State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2009 and 2008, and the related Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows for the years then ended. These financial statements are the responsibility of the management of the State Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the State Rate Reduction Bond charge is calculated, billed, and collected by two investor-owned electric utilities pursuant to servicing agreements with the State. We did not audit the electric utilities' compliance with the servicing agreements, which were examined by other auditors.

The financial statements present only the Statement of Net Assets of the State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2009 and 2008 and the Statements of Revenues, Expenses, and Changes in Net Assets, and Statements of Cash Flows for the years then ended, and are not intended to present fairly the financial position and the results of operations of the Enterprise Funds of the State of Connecticut, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Connecticut Special Obligation Rate Reduction Bonds as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements of the State of Connecticut Special Obligation Rate Reduction Bonds taken as a whole. The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the Management's Discussion and Analysis and express no opinion on it.

Kevin P. Johnston
Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

August 23, 2010
State Capitol
Hartford, Connecticut

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2010

ASSETS

Investments in securities, at amortized cost (Note 2)	$	127,123,196
Receivable for securities sold		3,520,000
Receivable for shares sold		57,519
Accrued interest receivable		91,684
Total assets		130,792,399
LIABILITIES		
Payable for securities purchased		1,530,566
Due to custodian		4,075,488
Payable to affiliate (Note 3)		27,374
Total liabilities		5,633,428
Net assets	$	125,158,971

SOURCES OF NET ASSETS

Net capital paid in on shares of capital stock (Note 5)	$	125,158,971
Accumulated net realized gain (losses)		—
Net assets	$	125,158,971
Net Asset Value, per share (applicable to 125,160,974 shares outstanding) (Note 5)	$	1.00

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

TAX EXEMPT PROCEEDS FUND, INC.

SCHEDULE OF INVESTMENTS
JUNE 30, 2010

Face Amount		Maturity Date	Interest Rate	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Tax Exempt Commercial Paper (6.39%)						
$ 4,000,000	Harris County, TX – Series C	08/12/10	0.35%	$ 4,000,000	P-1	A-1+
4,000,000	Long Island Power Authority, NY LOC State Street Bank & Trust Company	08/04/10	0.32	4,000,000	P-1	A-1+
8,000,000	**Total Tax Exempt Commercial Paper**			**8,000,000**		
Tax Exempt General Obligation Notes and Bonds (10.23%)						
$ 4,000,000	Concord School District, NH BAN	01/21/11	0.75%	$ 4,003,303	MIG1	
1,670,000	Manitowoc County, WI Note Anticipation Notes	10/01/10	0.80	1,675,028	MIG1	
2,000,000	Oconomowoc Area School District, Dodge, Jefferson and Waukesha Counties, WI Tax and Revenue Anticipation Promissory Notes	08/23/10	0.75	2,002,880	MIG1	
1,695,000	Reedsville School District, Manitowic and Brown Counties, WI BAN	07/01/10	0.55	1,695,000		SP-1+
1,900,000	School District of New Berlin, Waukesha County, WI Tax and Revenue Anticipation Promissory Notes	08/25/10	0.75	1,901,419	MIG1	
1,525,000	Waunakee Community School District, Dane County, WI BAN	11/01/10	0.65	1,530,566	MIG1	
12,790,000	**Total Tax Exempt General Obligation Notes and Bonds**			**12,808,196**		
Tax Exempt Variable Rate Demand Instruments (b) (84.95%)						
$ 3,000,000	City of Cohasset, MN RB (Minnesota Power & Light Company Project) – Series 1997A LOC LaSalle National Bank N.A.	06/01/20	0.30%	$ 3,000,000		A-1+
1,400,000	City of Newport, KY Kentucky League of Cities Funding Trust Lease Program RB – Series 2002 LOC US Bank, N. A.	04/01/32	0.29	1,400,000	VMIG1	
7,000,000	City of Santa Clara, CA Subordinated Electric Revenue Bonds – Series 2008B LOC Dexia CLF	07/01/27	0.28	7,000,000		A-1
2,900,000	Colorado Health Facilities Authority HRB (Boulder Community Hospital Project) – Series 2000 LOC JPMorgan Chase Bank, N.A.	10/01/30	0.26	2,900,000	VMIG1	A-1+

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2010

Face Amount		Maturity Date	Interest Rate	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Tax Exempt Variable Rate Demand Instruments (b) (Continued)						
$ 5,000,000	Columbus, OH Regional Airport Authority Capital Funding RB (Oasbo Expanded Asset Pooled Financing Program) – Series 2006 LOC U.S. Bank N.A.	12/01/36	0.30%	$5,000,000	VMIG1	
1,100,000	Commonwealth of Puerto Rico Public Improvement Refunding Bonds – Series 2007A-8 LOC Wachovia Bank, N.A.	07/01/34	0.25	1,100,000	VMIG1	A-1+
1,835,000	Connecticut State Development Authority RB (Pierce Memorial Baptist Home, Inc. Project 1999 Refunding Series) LOC LaSalle National Bank N.A.	10/01/28	0.20	1,835,000		A-1+
4,500,000	Dormitory Authority of the State of New York Blythedale Childrens HRB Series 2009 LOC TD Bank, N.A.	12/01/36	0.27	4,500,000	VMIG1	
3,600,000	East Baton Rouge Parish, LA PCRB (Exxon Mobile Project)	11/01/19	0.10	3,600,000	P-1	A-1+
2,000,000	Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds (Charleston Landing Apartments) 2001 Series I-A Guaranteed by Federal Home Loan Mortgage Corporation	07/01/31	0.30	2,000,000		A-1+
2,250,000	Florida Housing Finance Corporation Multifamily Housing Revenue Refunding Bonds (Island Club Apartments) 2001 Series J-A Guaranteed by Federal Home Loan Mortgage Corporation	07/01/31	0.30%	2,250,000		A-1+
1,525,000	HEFA of the State of Missouri RB Educational Facilities RB (Ranken Technical College) – Series 2007 LOC Northern Trust Company	11/15/31	0.16	1,525,000		A-1+
3,400,000	Illinois Development Finance Authority RB (Glenwood School For Boys) – Series 1998 LOC Harris Trust & Savings Bank	02/01/33	0.32	3,400,000		A-1+
2,225,000	Illinois Finance Authority RB (Riverside Health System) - Series 2004 LOC JPMorgan Chase Bank, N.A.	11/15/29	0.23	2,225,000	VMIG1	A-1+
2,800,000	Iowa Higher Education Loan Authority Private College Facility RB (University of Dubuque Project) – Series 2007 LOC Northern Trust Company	04/01/35	0.16	2,800,000		A-1+

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

TAX EXEMPT PROCEEDS FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2010

Face Amount		Maturity Date	Interest Rate	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (b) (Continued)						
$ 900,000	Irvine Ranch Water District, Orange County, CA Waterworks Bonds Election 1988 Series A for Improvement District No. 182 LOC Landesbank Hessen Thuringen Girozentrale	11/15/13	0.15%	$ 900,000		A-1+
3,000,000	Irvine, CA Assessment District # 89-10 (Orange County) Updates Improvement Bond LOC Bayerische HypoVereins Bank AG	09/02/15	0.16	3,000,000	VMIG1	A-1+
2,100,000	Irvine, CA Assessment District # 97-16 Limited Obligation Improvement Bond LOC State Street Bank & Trust Company	09/02/22	0.16	2,100,000	VMIG1	A-1+
5,950,000	Jackson County, MS Port Facility Refunding RB (Chevron U.S.A. Inc. Project) – Series 1993	06/01/23	0.13	5,950,000	P-1	
800,000	Lincoln County, WY PCRB (Exxon Corporation) – Series 1985	08/01/15	0.10	800,000		A-1+
2,000,000	Marion County, FL IDA Multifamily Housing Revenue Refunding Bonds (Chambrel at Pinecastle Project) – Series 2002 Guaranteed by Federal National Mortgage Association	11/15/32	0.31	2,000,000		A-1+
6,000,000	Maryland Health and Higher Educational Facilities Authority RB (University of Maryland Medical System Issue) – Series 2007A LOC Wachovia Bank, N.A.	07/01/34	0.26	6,000,000	VMIG1	A-1+
1,000,000	M-S-R Public Power Agency, CA San Juan Project Subordinate Lien RB Series 2008M LOC Dexia CLF	07/01/22	0.16	1,000,000		A-1
735,000	New Canaan, CT Housing Authority RB (The Village at Waveny Care Center Project) – Series 2002 LOC Bank of America, N.A.	01/01/22	0.23	735,000		A-1+
7,700,000	New Jersey EDA School Facilities Construction Bonds – Series 2006 R-1 LOC Lloyds Bank PLC/ Bank of Nova Scotia	09/01/31	0.12	7,700,000	VMIG1	A-1+
900,000	New Jersey EDA School Facilities Construction Bonds – Series 2006R-3 LOC Lloyds Bank PLC/ Bank of Nova Scotia	09/01/31	0.14	900,000	VMIG1	A-1+

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

TAX EXEMPT PROCEEDS FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2010

Face Amount		Maturity Date	Interest Rate	Value (Note 1)	Ratings (a) Moody's	Standard & Poor's
Variable Rate Demand Instruments (b) (Continued)						
$ 2,000,000	New Jersey Health Care Facilities Financing Authority RB (Saint Barnabas Health Care System Issue) – Series 2001A LOC JP Morgan Chase Bank, N.A.	07/01/31	0.21%	$ 2,000,000	VMIG1	A-1+
1,000,000	New Ulm, MN Hospital Refunding RB (Health Central Systems Project) – Series 1985 LOC Wells Fargo Bank, N.A.	08/01/14	0.35	1,000,000		A-1+
3,500,000	New York City, NY GO Bonds Fiscal 2004 Sub-Series H-2 LOC Bank of New York Mellon	03/01/34	0.15	3,500,000	VMIG1	A-1+
1,700,000	New York City, NY GO Bonds Fiscal 2004 Sub-Series H-7 LOC KBC Bank, N.A.	03/01/34	0.15	1,700,000	VMIG1	A-1
5,000,000	New York, NY GO Bonds Fiscal 1994 Sub-Series A-4 LOC Bayerische Landesbank	08/01/22	0.13	5,000,000	VMIG1	A-1+
1,945,000	North Carolina Capital Facilities Finance Agency Capital Facilities RB (The Mental Health Association in North Carolina, Inc. Project) – Series 2007 LOC Branch Banking & Trust Company	02/01/27	0.34	1,945,000	P-1	A-1+
3,400,000	Palm Beach County, FL Educational Facilities Authority RB (Lynn University Project) – Series 2001 LOC Bank of America, N.A.	11/01/21	0.30	3,400,000	P-1	A-1+
1,600,000	Redevelopment Agency of the City of Pittsburg, CA Los Medanos Community Development Project Subordinate Tax Allocation Bonds – Series 2004A LOC State Street Bank & Trust Company/ California State Teachers Retirement System	09/01/35	0.14	1,600,000		A-1+
5,100,000	State of Connecticut HEFA RB (Yale University Issue) – Series V-2	07/01/36	0.08	5,100,000	VMIG1	A-1+
150,000	State of Connecticut HEFA RB (Charlotte Hungerford Hospital Issue) – Series 1998C LOC Bank of America, N.A.	07/01/13	0.45	150,000	VMIG-1	
1,000,000	State of Connecticut HEFA RB (Yale-New Haven Hospital Issue) – Series K-2 LOC JPMorgan Chase Bank, N.A.	07/01/25	0.22	1,000,000	VMIG1	A-1+

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

SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2010

Face Amount		Maturity Date	Interest Rate	Value (Note 1)	Ratings (a) Moody's	Ratings (a) Standard & Poor's
Variable Rate Demand Instruments (b) (Continued)						
$ 300,000	State of Connecticut HEFA RB Mulberry Gardens Issue, Series E LOC Bank of America, N.A.	07/01/36	0.45%	$ 300,000		A-1+
4,000,000	Turlock Irrigation District, CA COP (Capital Improvements and Refunding Project) 2001 Series A LOC Societe Generale	01/01/31	0.12	4,000,000		A-1+
106,315,000	**Total Tax Exempt Variable Rate Demand Instruments**			**106,315,000**		
	Total Investments (101.57%) (Cost $127,123,196†)			**127,123,196**		
	Liabilities in Excess of Cash and Other Assets (-1.57%)			**(1,964,225)**		
	Net Assets (100.00%)			**$125,158,971**		

† Aggregate cost for federal income tax purposes is identical. All securities are valued at amortized cost and as a result, there is no unrealized appreciation and depreciation.

FOOTNOTES:

(a) Unless the securities are assigned their own ratings, the ratings are those of the bank whose letter of credit guarantees the issue. All letters of credit are irrevocable and direct pay covering both principal and interest. In addition, certain issuers may have either a line of credit, a liquidity facility, a standby purchase agreement or some other financing mechanism to ensure the remarketing of the securities. This is not a guarantee and does not serve to insure or collateralize the issue. Ratings have not been audited by Sanville & Company.

(b) Securities payable on demand at par including accrued interest (usually with one or seven days notice) and where indicated are unconditionally secured as to principal and interest by a bank letter of credit. The interest rates are adjustable and are based on bank prime rates or other interest rate adjustment indices. The rate shown is the rate in effect at the date of this statement.

KEY:

BAN	=	Bond Anticipation Note	HRB	=	Hospital Revenue Bond
GO	=	General Obligation	IDA	=	Industrial Development Authority
COP	=	Certificate of Participation	LOC	=	Letter of Credit
EDA	=	Economic Development Authority	PCRB	=	Pollution Control Revenue Bond
HEFA	=	Health and Educational Facilities Authority	RB	=	Revenue Bond

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

TAX EXEMPT PROCEEDS FUND, INC.

BREAKDOWN OF PORTFOLIO HOLDINGS BY MATURITY
JUNE 30, 2010

Securities Maturing in	Value	% of Portfolio
Less than 31 Days	$108,010,000	84.97%
31 through 60 Days	11,904,299	9.36
61 through 90 Days	—	—
91 through 120 Days	1,675,028	1.32
121 through 180 Days	1,530,566	1.20
Over 180 Days	4,003,303	3.15
Total	**$127,123,196**	**100.00%**

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

TAX EXEMPT PROCEEDS FUND, INC.

BREAKDOWN OF PORTFOLIO HOLDINGS BY STATE
JUNE 30, 2010

States	Value	% of Portfolio
California	$ 19,600,000	15.42%
Colorado	2,900,000	2.28
Connecticut	9,120,000	7.17
Florida	9,650,000	7.59
Illinois	5,625,000	4.42
Iowa	2,800,000	2.20
Kentucky	1,400,000	1.10
Louisiana	3,600,000	2.83
Maryland	6,000,000	4.72
Minnesota	4,000,000	3.15
Mississippi	5,950,000	4.68
Missouri	1,525,000	1.20
New Hampshire	4,003,303	3.15
New Jersey	10,600,000	8.34
New York	18,700,000	14.71
North Carolina	1,945,000	1.53
Ohio	5,000,000	3.93
Puerto Rico	1,100,000	0.87
Texas	4,000,000	3.15
Wisconsin	8,804,893	6.93
Wyoming	800,000	0.63
Total	**$127,123,196**	**100.00%**

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED
JUNE 30, 2010

INVESTMENT INCOME		
Income:		
Interest	$	296,267
Expenses (Note 3)		
Investment management fee		428,524
Less: Fees waived (Note 3)		(135,034)
		293,490
Net investment income		2,777
REALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments		-0-
Increase in net assets resulting from operations	$	2,777

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

TAX EXEMPT PROCEEDS FUND, INC.

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 and 2009

		2010		2009
INCREASE (DECREASE) IN NET ASSETS FROM				
Operations:				
Net investment income	$	2,777	$	1,418,408
Net realized gain on investments		-0-		-0-
Increase in net assets resulting from operations		2,777		1,418,408
Dividends to shareholders from net investment income*		(2,777)		(1,418,408)
Capital share transactions (Note 5):		(7,018,649)		(42,253,118)
Total increase/(decrease)		(7,018,649)		(42,253,118)
Net Assets:				
Beginning of year		132,177,620		174,430,738
End of year	$	125,158,971	$	132,177,620
Undistributed net investment income	$	-0-	$	-0-

* Designated as exempt-interest dividends for federal income tax purposes.

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

TAX EXEMPT PROCEEDS FUND, INC.

FINANCIAL HIGHLIGHTS

	Years Ended June 30,				
	2010	2009	2008	2007	2006
Per Share Operating Performance:					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$1.00	$1.00	$1.00	$1.00	$1.00
Income from investment operations:					
Net investment income	0.000	0.011	0.026	0.032	0.025
Less distributions from:					
Dividends from net investment income	(0.000)	(0.011)	(0.026)	(0.032)	(0.025)
Net asset value, end of year	$1.00	$1.00	$1.00	$1.00	$1.00
Total Return	0.00%	1.10%	2.68%	3.27%	2.57%
Ratios/Supplemental Data					
Net assets, end of year (000's)	$125,159	$132,178	$174,431	$189,080	$155,258
Ratios to average net assets:					
Net investment income	0.00%	1.14%	2.67%	3.23%	2.55%
Expenses	0.27%	0.40%	0.40%	0.40%	0.40%
Management fees waived	0.13%	0.00%	0.00%	0.00%	0.00%

NOTES TO FINANCIAL STATEMENTS

1. Organization

Tax Exempt Proceeds Fund, Inc. ("Fund") is a no-load, diversified, open-end management investment company registered under the Investment Company Act of 1940 (the "1940 Act"). The Fund is a short term, tax exempt money market fund whose objective is to seek as high a level of current interest income exempt from federal income taxes as is believed to be consistent with the preservation of capital, maintenance of liquidity and stability of principal.

2. Summary of Significant Accounting Policies

CODIFICATION

The Financial Accounting Standards Board has issued FASB ASC 105 (formerly FASB Statement No. 168), The "FASB Accounting Standards Codification™" and the Hierarchy of Generally Accepted Accounting Principles ("GAAP") ("ASC 105"). ASC 105 established the FASB Accounting Standards Codification ("Codification" or "ASC") as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification. GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009. The Fund has implemented the Codification as of June 30, 2010.

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America.

VALUATION OF SECURITIES

Investments are recorded on the basis of amortized cost, which approximates value, as permitted by Rule 2a-7 under the 1940 Act. Under this method, a portfolio instrument is valued at cost and any discount or premium is amortized on a constant basis to the maturity of the instrument. The maturity of variable rate demand instruments is deemed to be the longer of the period required before the Fund is entitled to receive payment of the principal amount or the period remaining until the next interest rate adjustment. See Note 7 for additional disclosure on valuation of securities.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME

Securities transactions are recorded on a trade date basis. Interest income, adjusted for accretion of discount and amortization of premium, is recorded on the accrual basis from settlement date. Realized gains and losses on sales are computed on the basis of specific identification of the securities sold.

FEDERAL INCOME TAXES

It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its tax exempt and taxable (if any) income to its shareholders. As such, the Fund will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income tax is required in the financial statements. The Fund recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations.

In addition, GAAP requires management of the Fund to analyze all open tax years, fiscal years 2008-2010, as defined by IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the period ended June 30, 2010, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

2. Summary of Significant Accounting Policies (continued)

DIVIDENDS AND DISTRIBUTIONS

Dividends from net investment income (excluding capital gains and losses, if any, and amortization of market discount) are declared daily and paid monthly. Net realized capital gains, if any, are distributed at least annually and in no event later than 60 days after the end of the Fund's fiscal year.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP 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 increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Management has evaluated the impact of all subsequent events through July 29, 2010, the date the financial statements were issued and has determined that there were no subsequent events requiring recognition of disclosure in these financial statements.

REPRESENTATIONS AND INDEMNIFICATIONS

In the normal course of business the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

RISKS

The effect on performance from investing in securities issued or guaranteed by companies in the banking and financial services industries will depend to a greater extent on the overall condition of those industries. Financial services companies are highly dependent on the supply of short-term financing. The value of securities of issuers in the banking and financial services industry can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad.

The value of, payment of interest on, repayment of principal for and the ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions in which the issuers are located.

Since many municipal securities are issued to finance similar projects, especially those relating to education, housing, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and a Portfolio's investment in municipal securities.

There is some risk that a portion or all of the interest received from certain tax-free municipal securities could become taxable as a result of determinations by the Internal Revenue Service.

3. Investment Management Fees and Other Transactions with Affiliates

Under the Investment Management Contract, the Fund pays an investment management fee to the Manager at the annual rate of 0.40 of 1% per annum of the Fund's average daily net assets up to $250 million; 0.35 of 1% per annum of the average daily net assets between $250 million and $500 million; and 0.30 of 1% per annum of the average daily net assets over $500 million. The Management Contract also provides that the Manager will bear the cost of all other expenses of the Fund.

Therefore, the fee payable under the Management Contract will be the only expense of the Fund. At June 30, 2010, the Fund owed $27,374 to the Manager for these services, which is included in Payable to Affiliates on the Statement of Assets and Liabilities. For the year ended June 30, 2010, the Manager waived $135,034 of management fee.

In a low interest rate environment, such as the environment that existed at June 30, 2010, Reich & Tang Asset Management LLC ("the "Manager") has historically waived their fees to maintain a minimum non-negative yield for the Fund. The Manager is under no contractual obligation to continue such waiver in the future.

Pursuant to a Distribution Plan adopted under Securities and Exchange Commission Rule 12b-1, the Fund and the Manager have entered into a Distribution Agreement. The Fund's Board of Directors has adopted the plan in case certain expenses of the Fund are deemed to constitute indirect payments by the Fund for distribution expenses.

Directors of the Fund not affiliated with the Manager receive from the Fund (fee is paid by the Manager from its management fee) an annual retainer of $1,250 and a fee of $450 for each Board of Directors meeting attended and are reimbursed for all out-of-pocket expenses relating to attendance at such meeting.

As of June 30, 2010, no Directors, Officers or affiliated entities had investments in the Fund.

4. Security Transactions with Affiliated Funds

The Fund is permitted to purchase or sell securities from or to certain other Reich & Tang Funds under specified conditions outlined in procedures adopted by the Board of Directors of the Fund. The procedures have been designed to ensure that any purchase or sale of securities of the Fund from or to another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment advisor (or affiliated investment advisors), common Directors and/or common Officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effected at the current market price. For the year ended June 30, 2010, the Fund engaged in purchases and sales with affiliates, none of which resulted in any gains or losses, which amounted to:

Purchases	$119,410,000
Sales	182,375,000
Gains/(Losses)	-0-

5. Capital Stock

At June 30, 2010, 20,000,000,000 shares of $.001 par value stock were authorized. Transactions in capital stock, all at $1.00 per share, were as follows:

	Year Ended June 30, 2010		Year Ended June 30, 2009	
	Net Assets	**Shares**	**Net Assets**	**Shares**
Sold	$ 767,955,845	767,955,845	$ 881,690,681	881,690,681
Issued on reinvestment of dividends	3,012	3,012	1,419,718	1,419,718
Redeemed	(774,977,506)	(774,977,506)	(925,366,589)	(925,366,589)
Additional paid-in-capital*	-0-	-0-	3,072	-0-
Net increase (decrease)	$ (7,018,649)	(7,018,649)	$ (42,253,118)	(42,256,190)

* During the year ended June 30, 2009, Reich & Tang Services, Inc. ("TA"), allocated amounts to the Fund related to aged items below $50 or for which shareholder data was unavailable.

6. Tax Information

The tax character of distributions paid during the years ended June 30, 2010 and 2009 was as follows:

	2010	2009
Tax-exempt income	$ 2,777	$ 1,418,408

7. Additional Valuation Information

Under the provisions of GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods giving the highest priority to readily available unadjusted quotes prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3) generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

Level 1 – prices are determined using quoted prices in an active market for identical assets.

Level 2 – prices are determined using other significant observable inputs. Observable inputs are inputs that the other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3 – prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of the end of the reporting period, June 30, 2010. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Money market securities may be valued using amortized cost, in accordance with the 1940 Act.

Generally, amortized cost approximates the current fair value of a security, but as the value is not obtained from a quoted price in an active market, such securities are reflected as a Level 2.

The following table summarizes the inputs used to value the Fund's investments as of June 30, 2010:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities issued by states of the United States and political subdivisions of the states	$-0-	$127,123,196	$-0-
Total	$-0-	$127,123,196	$-0-

For the year ended June 30, 2010, there were no Level 1 or 3 investments.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Tax Exempt Proceeds Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Tax Exempt Proceeds Fund, Inc. (the “Fund”) including the schedule of investments, as of June 30, 2010 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2010 by correspondence with the Fund’s custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Tax Exempt Proceeds Fund, Inc. as of June 30, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Sanville & Company

Sanville & Company
New York, New York
July 29, 2010

Supplemental Information

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

COMBINED INVESTMENT FUNDS
TOTAL NET ASSET VALUE BY PENSION PLANS AND TRUST FUNDS
JUNE 30, 2010

Retirement Funds	**Net Asset Value**
Teachers' Retirement Fund	$12,273,555,439
State Employees' Retirement Fund	7,789,607,302
Municipal Employees' Retirement Fund	1,470,621,054
State Judges' Retirement Fund	149,775,049
The Probate Court Retirement Fund	71,821,103
State's Attorneys Retirement Fund	990,782
Non-retirement Trust Funds	
Soldiers' Sailors' & Marines' Fund	61,698,583
Police & Firemans' Survivors' Benefit Fund	19,424,965
Connecticut Arts Endowment Fund	16,822,319
School Fund	9,129,167
Ida Eaton Cotton Fund	2,049,918
Hopemead Fund	2,527,067
Andrew Clark Fund	964,664
Agricultural College Fund	602,950
TOTAL	$21,869,590,362

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET ASSETS BY INVESTMENT FUND
JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ASSETS					
Investments in Securities , at Fair Value					
Liquidity Fund	$ -	$45,038,142	$126,859,828	$40,960,160	$50,151,134
Cash Equivalents	1,639,611,001	-	-	-	100,000
Asset Backed Securities	42,554,779	-	32,251,192	-	-
Government Securities	361,204,296	-	779,359,724	1,029,700,712	648,990,654
Government Agency Securities	23,140,094	-	811,238,771	-	-
Mortgage Backed Securities	10,124,847	-	304,081,637	-	202,701
Corporate Debt	137,469,391	-	735,272,491	-	182,486,978
Convertible Securities	-	-	-	-	-
Common Stock	-	4,407,035,856	-	-	-
Preferred Stock	-	-	-	-	-
Real Estate Investment Trust	-	71,138,098	-	-	-
Mutual Fund	-	482,022,115	542,300	-	273,420,146
Limited Liability Corporation	-	-	-	-	-
Trusts	-	-	-	-	-
Limited Partnerships	-	283,619,355	-	-	-
Annuities	-	-	-	-	-
Total Investments in Securities, at Fair Value	2,214,104,408	5,288,853,566	2,789,605,943	1,070,660,872	1,155,351,613
Cash	9,233	-	-	2,414	6,700,024
Receivables					
Foreign Exchange Contracts	529,002,409	-	8,971,425	-	200,823,578
Interest Receivable	3,908,398	6,227	22,126,985	8,225,278	16,814,018
Dividends Receivable	-	5,214,814	-	-	-
Due from Brokers	-	18,216,606	200,605,856	-	4,926,560
Foreign Taxes	-	35,996	62,244	-	773,454
Securities Lending Receivable	-	156,747	124,013	141,338	10,945
Reserve for Doubtful Receivables	-	(1,901)	(640,030)	-	(294,154)
Total Receivables	532,910,807	23,628,489	231,250,493	8,366,616	223,054,401
Invested Securities Lending Collateral	-	510,652,476	698,087,873	917,540,821	47,249,947
Other Funds on Deposit	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Total Assets	2,747,024,448	5,823,134,531	3,718,944,309	1,996,570,723	1,432,355,985
LIABILITIES					
Payables					
Foreign Exchange Contracts	523,130,133	-	8,756,726	-	200,949,969
Due to Brokers	4,302,812	20,993,419	309,694,880	15,850,448	7,045,386
Income Distribution	26,490	-	-	-	-
Other Payable	-	120,569	488	-	-
Total Payables	527,459,435	21,113,988	318,452,094	15,850,448	207,995,355
Securities Lending Collateral	-	510,652,476	698,087,873	917,540,821	47,249,947
Accrued Expenses	684,044	2,276,371	958,133	289,954	1,248,315
Total Liabilities	528,143,479	534,042,835	1,017,498,100	933,681,223	256,493,617
NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$2,218,880,969	$5,289,091,696	$2,701,446,209	$1,062,889,500	$1,175,862,368
Units Outstanding	2,214,775,395	7,275,474	22,919,294	7,733,564	9,150,803
Net Asset Value and Redemption Price per Unit	$1.00	$726.98	$117.87	$137.44	$128.50

COMBINED INVESTMENT FUNDS

SCHEDULE OF NET ASSETS BY INVESTMENT FUND (Continued)
JUNE 30, 2010

HIGH YIELD-DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
$24,439,960	$91,745,456	$27,896,128	$77,173,211	$160,894	$108,497,236	$(592,922,149)	$ -
-	942,566	-	-	-	-	-	1,640,653,567
16,493,071	-	-	-	-	-	-	91,299,042
4,455,831	-	-	-	-	-	-	2,823,711,217
-	-	-	-	-	-	-	834,378,865
8,564,348	-	-	-	193,054	-	-	323,166,587
548,301,512	186,814	-	-	-	-	-	1,603,717,186
41,527,750	656,347	-	-	-	-	-	42,184,097
9,745,529	4,142,927,367	1,781,086,082	-	3,464,167	194,333	-	10,344,453,334
2,404,603	18,359,743	48,132,944	-	-	-	-	68,897,290
243,120	27,474,536	-	-	-	-	-	98,855,754
-	46,158,108	208,140,803	-	-	-	-	1,010,283,472
-	-	-	-	-	4,238,959	-	4,238,959
-	-	-	2,708,893	-	-	-	2,708,893
-	-	-	712,601,117	-	1,900,170,670	-	2,896,391,142
-	-	-	-	-	-	-	-
656,175,724	4,328,450,937	2,065,255,957	792,483,221	3,818,115	2,013,101,198	(592,922,149)	21,784,939,405
-	28,837,505	4,674,123	-	-	-	(9,233)	40,214,066
							-
4,393,045	4,031,556,305	2,470,683	-	-	-	(529,002,409)	4,248,215,036
12,934,828	20,316	2,122	-	62	3	13,086,445	77,124,682
17,268	7,598,438	6,980,614	-	-	-	-	19,811,134
26,845,726	28,490,983	5,456,638	-	-	-	-	284,542,369
1,205	9,655,776	139,496	-	-	-	-	10,668,171
39,896	467,915	91,779	-	-	-	-	1,032,633
(611,040)	(766,395)	(11,077)	-	-	-	-	(2,324,597)
43,620,928	4,077,023,338	15,130,255	-	62	3	(515,915,964)	4,639,069,428
146,986,690	349,378,453	142,058,580	-	-	-	-	2,811,954,840
-	-	-	-	-	-	-	-
-	-	-	-	8,266	3,369,724	-	3,377,990
846,783,342	8,783,690,233	2,227,118,915	792,483,221	3,826,443	2,016,470,925	(1,108,847,346)	29,279,555,729
4,380,079	3,965,387,755	2,470,108	-	-	-	(523,130,133)	4,181,944,637
1,548,934	28,321,136	5,404,397	-	-	-	(4,302,812)	388,858,600
-	-	-	-	-	-	58,198	84,688
439,296	-	-	8,129,912	-	2,620,912	-	11,311,177
6,368,309	3,993,708,891	7,874,505	8,129,912	-	2,620,912	(527,374,747)	4,582,199,102
146,986,690	349,378,453	142,058,580	-	-	-	-	2,811,954,840
663,844	5,642,325	4,021,258	524,328	-	3,715	(500,862)	15,811,425
154,018,843	4,348,729,669	153,954,343	8,654,240	-	2,624,627	(527,875,609)	7,409,965,367
$692,764,499	$4,434,960,564	$2,073,164,572	$783,828,981	$3,826,443	$2,013,846,298	$(580,971,737)	$21,869,590,362
6,093,481	15,004,114	6,325,412	25,784,009	78,886	40,577,585		
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63		

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS					
OPERATIONS					
Investment Income					
Dividends	$ -	$88,910,121	$37,103	$ -	$7,100,299
Interest	18,673,154	955,780	124,264,831	33,200,382	84,874,231
Other Income	-	4,709,232	706,117	-	-
Securities Lending	-	6,397,444	3,562,763	4,199,924	197,765
Total Income	18,673,154	100,972,577	128,570,814	37,400,306	92,172,295
Expenses					
Investment Advisory Fees	2,892,287	10,744,251	3,499,757	901,014	4,544,477
Custody and Transfer Agent Fees	-	592,083	240,034	88,901	105,570
Professional Fees	92,550	385,394	151,501	47,887	59,984
Security Lending Fees	-	942,176	447,671	494,268	28,462
Security Lending Rebates	-	921,876	1,185,704	1,628,574	42,543
Investment Expenses	106,429	35,539	50,550	9,461	46,200
Total Expenses	3,091,266	13,621,319	5,575,217	3,170,105	4,827,236
Net Investment Income	15,581,888	87,351,258	122,995,597	34,230,201	87,345,059
Net Realized Gain (Loss)	1,398,777	146,422,841	(85,671,834)	28,198,333	54,206,617
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	2,448,634	544,793,180	292,061,850	21,323,807	101,685,851
Net Increase (Decrease) in Net Assets Resulting from Operations	19,429,299	778,567,279	329,385,613	83,752,341	243,237,527
Unit Transactions					
Purchase of Units by Participants	3,308,833,684	-	-	162,500,000	-
TOTAL ADDITIONS	3,328,262,983	778,567,279	329,385,613	246,252,341	243,237,527
DEDUCTIONS					
Administrative Expenses					
Salary and Fringe Benefits	(189,778)	(1,211,943)	(348,358)	(142,968)	(173,529)
Distributions to Unit Owners					
Income Distributed	(16,790,887)	(93,114,520)	(136,994,857)	(20,312,559)	(47,140,193)
Unit Transactions					
Redemption of Units by Participants	(3,263,630,115)	(985,500,000)	(650,500,000)	(150,000)	(151,900,000)
TOTAL DEDUCTIONS	(3,280,610,780)	(1,079,826,463)	(787,843,215)	(20,605,527)	(199,213,722)
Change in Net Assets Held in Trust for Participants	47,652,203	(301,259,184)	(458,457,602)	225,646,814	44,023,805
Net Assets- Beginning of Period	2,171,228,766	5,590,350,880	3,159,903,811	837,242,686	1,131,838,563
Net Assets- End of Period	$2,218,880,969	$5,289,091,696	$2,701,446,209	$1,062,889,500	$1,175,862,368
Other Information:					
Units					
Purchased	12,644,875,668	-	-	1,197,687	-
Redeemed	(12,603,477,742)	(1,347,647)	(5,661,321)	(1,171)	(1,263,797)
Net Increase (Decrease)	41,397,926	(1,347,647)	(5,661,321)	1,196,516	(1,263,797)

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

HIGH YIELD-DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
$282,352	$126,496,894	$46,751,825	$23,136,047	$401,965	$124,291,666	$ -	$417,408,272
65,514,621	1,899,449	733,623	561,298	741	1,544,075	(8,177,167)	324,045,018
19,119	159,831	13,806	-	-	-	-	5,608,105
846,690	6,768,954	1,452,689	-	-	-	-	23,426,229
66,662,782	135,325,128	48,951,943	23,697,345	402,706	125,835,741	(8,177,167)	770,487,624
2,544,771	22,085,148	12,333,677	3,100,126	37,125	8,323,349	(1,266,562)	69,739,420
67,120	473,622	210,474	67,787	445	173,802	-	2,019,838
39,049	269,350	98,187	470,006	262	1,170,788	(40,529)	2,744,429
125,269	1,041,161	224,476	-	-	-	-	3,303,483
144,344	344,222	116,426	-	-	-	-	4,383,689
9,828	302,349	1,064,587	12,918	89	19,091	(46,606)	1,610,435
2,930,381	24,515,852	14,047,827	3,650,837	37,921	9,687,030	(1,353,697)	83,801,294
63,732,401	110,809,276	34,904,116	20,046,508	364,785	116,148,711	(6,823,470)	686,686,330
22,294,432	110,381,007	169,221,914	(63,080,704)	419	(168,334,674)	(612,539)	214,424,589
80,344,795	302,435,776	173,923,657	(131,384,936)	(1,691)	351,373,634	(1,343,434)	1,737,661,123
166,371,628	523,626,059	378,049,687	(174,419,132)	363,513	299,187,671	(8,779,443)	2,638,772,042
-	-	575,000,000	202,788,350	-	180,455,000	(782,526,824)	3,647,050,210
166,371,628	523,626,059	953,049,687	28,369,218	363,513	479,642,671	(791,306,267)	6,285,822,252
(123,172)	(794,406)	(316,026)	(311,138)	(16,490)	(291,075)	83,106	(3,835,777)
(56,649,900)	(83,870,390)	(25,395,091)	(13,884,655)	(390,812)	(92,097,306)	7,352,901	(579,288,269)
(150,000,000)	(419,900,000)	(1,500,000)	-	(1,267,000)	-	1,409,072,987	(4,215,274,128)
(206,773,072)	(504,564,796)	(27,211,117)	(14,195,793)	(1,674,302)	(92,388,381)	1,416,508,994	(4,798,398,174)
(40,401,444)	19,061,263	925,838,570	14,173,425	(1,310,789)	387,254,290	625,202,727	1,487,424,078
733,165,943	4,415,899,301	1,147,326,002	769,655,556	5,137,232	1,626,592,008	(1,206,174,464)	20,382,166,284
$692,764,499	$4,434,960,564	$2,073,164,572	$783,828,981	$3,826,443	$2,013,846,298	$(580,971,737)	$21,869,590,362
-	-	1,998,863	5,924,671	-	3,970,176		
(1,351,154)	(1,309,307)	(4,199)	-	(24,940)	-		
(1,351,154)	(1,309,307)	1,994,664	5,924,671	(24,940)	3,970,176		

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
ADDITIONS					
OPERATIONS					
Investment Income					
Dividends	$ -	$ 136,986,761	$ 2,416,239	$ -	$ 25,241,007
Interest	34,435,214	1,094,293	171,793,662	12,472,336	75,342,282
Other Income	-	4,740,295	3,584,612	15,149	-
Securities Lending	-	23,059,408	11,744,830	13,172,181	517,333
Total Income	34,435,214	165,880,757	189,539,343	25,659,666	101,100,622
Expenses					
Investment Advisory Fees	571,942	7,729,408	4,595,441	944,154	3,241,988
Custody and Transfer Agent Fees	1,000	500	-	-	-
Professional Fees	61,477	428,461	201,704	60,170	53,434
Security Lending Fees	-	2,111,513	980,091	1,258,955	40,097
Security Lending Rebates	-	8,729,527	5,529,129	5,290,231	261,329
Investment Expenses	-	200,046	47,959	-	108,409
Total Expenses	634,419	19,199,455	11,354,324	7,553,510	3,705,257
Net Investment Income	33,800,795	146,681,302	178,185,019	18,106,156	97,395,365
Net Realized Gain (Loss)	(118,002)	(1,527,195,580)	(55,634,344)	(33,431,634)	(77,667,777)
Net Change in Unrealized Gain/(Loss) on Investments and Foreign Currency	(1,571,310)	(885,144,418)	(56,799,550)	6,044,613	(61,696,680)
Net Increase (Decrease) in Net Assets Resulting from Operations	32,111,483	(2,265,658,696)	65,751,125	(9,280,865)	(41,969,092)
Unit Transactions					
Purchase of Units by Participants	4,262,166,388	-	-	-	177,000,000
TOTAL ADDITIONS	4,294,277,871	(2,265,658,696)	65,751,125	(9,280,865)	135,030,908
DEDUCTIONS					
Administrative Expenses					
Salary and Fringe Benefits	(143,452)	(1,042,522)	(403,141)	(133,576)	(113,176)
Distributions to Unit Owners					
Income Distributed	(33,539,341)	(142,409,677)	(206,684,638)	(26,128,284)	(45,615,798)
Unit Transactions					
Redemption of Units by Participants	(4,251,018,707)	-	(1,235,821,000)	(300,000,000)	(4,798,000)
TOTAL DEDUCTIONS	(4,284,701,500)	(143,452,199)	(1,442,908,779)	(326,261,860)	(50,526,974)
Change in Net Assets Held in Trust for Participants	9,576,371	(2,409,110,895)	(1,377,157,654)	(335,542,725)	84,503,934
Net Assets- Beginning of Period	2,161,652,395	7,999,461,775	4,537,061,465	1,172,785,411	1,047,334,629
Net Assets- End of Period	$2,171,228,766	$5,590,350,880	$3,159,903,811	$837,242,686	$1,131,838,563
Other Information:					
Units					
Purchased	4,262,166,388	-	-	-	1,650,096
Redeemed	(4,251,018,707)	-	(11,267,665)	(2,402,691)	(53,227)
Net Increase (Decrease)	11,147,681	-	(11,267,665)	(2,402,691)	1,596,869

COMBINED INVESTMENT FUNDS

SCHEDULE OF CHANGES IN NET ASSETS BY INVESTMENT FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

HIGH YIELD-DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	ELIMINATION ENTRY	TOTAL
$ 231,436	$ 128,686,192	$ 30,737,495	$ 20,148,337	$ 516,781	$ 54,895,772	$ -	$ 399,860,020
68,921,759	1,232,239	420,912	406,674	2,371	1,461,987	(8,663,412)	358,920,317
26,516	330,691	-	-	-	4,344	-	8,701,607
2,182,786	12,948,255	2,560,962	-	-	-	-	66,185,755
71,362,497	143,197,377	33,719,369	20,555,011	519,152	56,362,103	(8,663,412)	833,667,699
2,321,899	18,200,409	6,970,008	3,567,394	73,500	7,862,719	(143,893)	55,934,969
-	500	-	-	-	-	(252)	1,748
38,092	242,176	56,665	468,049	364	922,202	(15,467)	2,517,327
189,237	1,393,473	278,614	-	-	-	-	6,251,980
955,409	2,763,059	683,824	-	-	-	-	24,212,508
990	298,821	87,404	210,782	14	-	-	954,425
3,505,627	22,898,438	8,076,515	4,246,225	73,878	8,784,921	(159,612)	89,872,957
67,856,870	120,298,939	25,642,854	16,308,786	445,274	47,577,182	(8,503,800)	743,794,742
(49,939,172)	(789,853,210)	(211,076,783)	(15,921,318)	(55)	(181,552,509)	29,688	(2,942,360,696)
(44,167,904)	(659,994,091)	(154,148,813)	(298,815,024)	(600,220)	(177,220,802)	513,235	(2,333,600,964)
(26,250,206)	(1,329,548,362)	(339,582,742)	(298,427,556)	(155,001)	(311,196,129)	(7,960,877)	(4,532,166,918)
58,000,000	746,427,991	200,000,000	86,000,000	-	201,700,000	867,988,293	6,599,282,672
31,749,794	(583,120,371)	(139,582,742)	(212,427,556)	(155,001)	(109,496,129)	860,027,416	2,067,115,754
(78,923)	(626,374)	(141,674)	(357,659)	(18,085)	(370,801)	36,090	(3,393,293)
(57,719,321)	(108,635,249)	(16,708,680)	(19,880,236)	(508,827)	(58,249,143)	8,438,021	(707,641,173)
-	-	-	-	(1,091,960)	-	(1,053,008,015)	(6,845,737,682)
(57,798,244)	(109,261,623)	(16,850,354)	(20,237,895)	(1,618,872)	(58,619,944)	(1,044,533,904)	(7,556,772,148)
(26,048,450)	(692,381,994)	(156,433,096)	(232,665,451)	(1,773,873)	(168,116,073)	(184,506,488)	(5,489,656,394)
759,214,393	5,108,281,295	1,303,759,098	1,002,321,007	6,911,105	1,794,708,081	(1,021,667,976)	25,871,822,678
$733,165,943	$4,415,899,301	$1,147,326,002	$769,655,556	$5,137,232	$1,626,592,008	$(1,206,174,464)	$20,382,166,284
704,073	3,030,577	982,505	1,793,138	-	3,887,834		
-	-	-	-	(20,527)	-		
704,073	3,030,577	982,505	1,793,138	(20,527)	3,887,834		

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Teachers' Retirement Fund					
Book Value at June 30, 2009	$601,371,211	$1,065,529,266	$1,585,132,229	$396,310,624	$637,484,209
Market Value at June 30, 2009	$600,827,585	$3,162,911,966	$1,647,520,615	$409,901,381	$623,777,296
Shares Purchased	1,601,014,944	-	-	107,820,000	-
Shares Redeemed	(1,222,100,130)	(562,200,000)	(326,349,000)	(150,000)	(76,640,000)
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,324,479	394,390,612	24,091,498	4,972	6,175,641
Net Investment Income Earned	6,749,887	52,653,639	71,846,187	10,140,706	26,258,926
Net Investment Income Distributed	(6,749,887)	(52,653,639)	(71,846,187)	(10,140,706)	(26,258,926)
Changes in Market Value of Fund Shares	(777,105)	(6,915,587)	76,222,324	31,346,615	102,702,142
Market Value at June 30, 2010	$980,289,773	$2,988,186,991	$1,421,485,437	$548,922,968	$656,015,079
Book Value at June 30, 2010	$981,610,504	$897,719,878	$1,282,874,727	$503,985,596	$567,019,850
Shares Outstanding	978,475,979	4,110,437	12,060,001	3,993,953	5,105,245
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
State Employees' Retirement Fund					
Book Value at June 30, 2009	$279,531,124	$612,494,866	$1,058,244,987	$277,633,554	$417,713,694
Market Value at June 30, 2009	$279,284,499	$2,083,109,849	$1,102,708,090	$289,586,326	$414,145,861
Shares Purchased	762,136,222	-	-	40,000,000	-
Shares Redeemed	(549,586,900)	(364,300,000)	(253,340,000)	-	(64,750,000)
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	715,555	269,240,141	19,572,916	-	5,369,559
Net Investment Income Earned	3,577,764	34,703,926	46,961,454	6,862,984	16,918,267
Net Investment Income Distributed	(3,577,764)	(34,703,926)	(46,961,454)	(6,862,984)	(16,918,267)
Changes in Market Value of Fund Shares	(272,548)	(14,669,781)	46,954,985	21,692,652	65,300,218
Market Value at Jun 30, 2010	$492,276,828	$1,973,380,209	$915,895,991	$351,278,978	$420,065,638
Book Value at June 30, 2010	492,796,001	517,435,007	824,477,903	317,633,554	358,333,253
Shares Outstanding	491,365,983	2,714,507	7,770,538	2,555,899	3,269,037
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
Municipal Employees' Retirement Fund					
Book Value at June 30, 2009	$69,668,966	$82,332,337	$284,999,955	$114,224,641	$76,995,683
Market Value at June 30, 2009	$69,606,721	$286,240,301	$294,261,605	$115,978,170	$74,193,368
Shares Purchased	132,938,420	-	-	11,500,000	-
Shares Redeemed	(56,114,554)	(50,400,000)	(59,796,000)	-	(8,900,000)
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	101,515	37,546,297	4,017,314	-	526,394
Net Investment Income Earned	870,335	4,767,885	12,743,670	2,776,266	3,113,843
Net Investment Income Distributed	(870,335)	(4,767,885)	(12,743,670)	(2,776,266)	(3,113,843)
Changes in Market Value of Fund Shares	(14,137)	(2,519,128)	13,828,276	8,621,089	12,364,258
Market Value at Jun 30, 2010	$146,517,965	$270,867,470	$252,311,195	$136,099,259	$78,184,020
Book Value at June 30, 2010	146,594,347	69,478,634	229,221,269	125,724,641	68,622,077
Shares Outstanding	146,246,866	372,595	2,140,629	990,256	608,444
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
$429,429,053	$2,161,823,166	$404,996,878	$644,635,686	$4,237,586	$1,534,511,271	$9,465,461,178
$408,703,567	$2,544,193,415	$645,686,803	$433,701,795	$2,801,732	$916,655,606	$11,396,681,762
-	-	326,864,000	113,868,800	-	103,761,100	2,253,328,844
(85,571,095)	(251,905,000)	(1,500,000)	-	(690,994)	-	(2,527,106,219)
-	-	-	-	-	-	-
5,785,832	70,381,253	639,458	-	(326,928)	-	502,466,817
31,467,764	48,147,276	14,305,278	7,809,802	213,140	51,805,776	321,398,381
(31,467,764)	(48,147,276)	(14,305,278)	(7,809,802)	(213,140)	(51,805,776)	(321,398,381)
55,234,627	182,203,312	197,536,983	(106,076,318)	303,037	116,404,206	648,184,236
$384,152,931	$2,544,872,980	$1,169,227,244	$441,494,277	$2,086,847	$1,136,820,912	$12,273,555,439
$349,643,790	$1,980,299,419	$731,000,336	$758,504,486	$3,219,664	$1,638,272,371	$9,694,150,621
3,378,967	8,609,674	3,567,418	14,522,929	43,023	22,906,141	1,056,773,768
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63	
$285,750,721	$1,265,854,419	$253,049,266	$416,435,047	$2,969,182	$1,008,857,699	$5,878,534,559
$261,829,983	$1,612,683,866	$414,859,773	$276,024,130	$1,973,645	$584,637,690	$7,320,843,712
-	-	212,848,000	74,550,400	-	64,250,100	1,153,784,722
(53,828,060)	(146,200,000)	-	-	(486,762)	-	(1,432,491,722)
-	-	-	-	-	-	-
1,733,598	50,011,572	-	-	(226,469)	-	346,416,872
20,232,184	30,767,826	9,208,195	5,006,620	150,143	33,253,636	207,642,999
(20,232,184)	(30,767,826)	(9,208,195)	(5,006,620)	(150,143)	(33,253,636)	(207,642,999)
37,420,267	110,673,467	127,104,836	(68,020,750)	209,651	74,660,721	401,053,718
$247,155,788	$1,627,168,905	$754,812,609	$282,553,780	$1,470,065	$723,548,511	$7,789,607,302
233,656,259	1,169,665,991	465,897,266	490,985,447	2,255,951	1,073,107,799	5,946,244,431
2,173,955	5,504,948	2,303,001	9,294,591	30,307	14,578,993	541,561,761
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63	
$51,351,295	$151,603,090	$47,634,043	$75,532,874	$461,805	$178,187,322	$1,132,992,011
$46,996,607	$223,428,802	$74,879,338	$51,106,840	$309,151	$108,094,611	$1,345,095,513
-	-	30,814,000	12,562,400	-	11,297,000	199,111,820
(9,102,523)	(17,250,000)	-	-	(76,248)	-	(201,639,325)
-	-	-	-	-	-	-
280,933	7,435,895	-	-	(34,684)	-	49,873,664
3,660,713	4,285,338	1,625,631	913,764	23,519	6,091,534	40,872,498
(3,660,713)	(4,285,338)	(1,625,631)	(913,764)	(23,519)	(6,091,534)	(40,872,498)
6,758,334	14,565,993	23,335,533	(12,409,208)	32,052	13,616,319	78,179,381
$44,933,351	$228,180,690	$129,028,871	$51,260,032	$230,271	$133,007,930	$1,470,621,054
42,529,705	141,788,985	78,448,043	88,095,274	350,873	189,484,322	1,180,338,170
395,229	771,968	393,679	1,686,196	4,747	2,680,016	156,290,625
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Probate Court Retirement Fund					
Book Value at June 30, 2009	$4,685,213	$4,025,351	$13,107,887	$4,550,209	$3,763,953
Market Value at June 30, 2009	$4,680,899	$14,435,746	$13,898,180	$4,634,219	$3,682,044
Shares Purchased	5,453,694	-	-	1,660,000	-
Shares Redeemed	(3,500,234)	(2,500,000)	(2,364,000)	-	(470,000)
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	7,600	1,879,957	214,789	-	33,407
Net Investment Income Earned	42,910	240,404	617,827	124,240	153,436
Net Investment Income Distributed	(42,910)	(240,404)	(617,827)	(124,240)	(153,436)
Changes in Market Value of Fund Shares	3,983	(121,493)	638,318	359,458	603,124
Market Value at June 30, 2010	$6,645,942	$13,694,210	$12,387,287	$6,653,677	$3,848,575
Book Value at June 30, 2010	6,646,273	3,405,308	10,958,676	6,210,209	3,327,360
Shares Outstanding	6,633,642	18,837	105,095	48,412	29,950
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
Judges' Retirement Fund					
Book Value at June 30, 2009	$6,598,973	$13,491,385	$32,915,860	$13,389,682	$8,433,783
Market Value at June 30, 2009	$6,593,172	$31,279,920	$33,511,252	$13,563,243	$8,062,467
Shares Purchased	19,376,968	-	-	1,520,000	-
Shares Redeemed	(18,008,296)	(6,100,000)	(8,651,000)	-	(1,140,000)
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	13,035	3,796,838	489,832	-	63,988
Net Investment Income Earned	62,857	519,631	1,394,263	326,615	334,424
Net Investment Income Distributed	(62,857)	(519,631)	(1,394,263)	(326,615)	(334,424)
Changes in Market Value of Fund Shares	(7,346)	111,348	1,517,942	1,010,391	1,330,173
Market Value at Jun 30, 2010	$7,967,533	$29,088,106	$26,868,026	$16,093,634	$8,316,628
Book Value\Cost at Jun 30, 2010	7,980,680	11,188,223	24,754,692	14,909,682	7,357,771
Book Value at June 30, 2010	7,952,793	40,012	227,951	117,097	64,722
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
State's Attorneys' Retirement Fund					
Book Value at June 30, 2009	$127,706	$37,049	$435,160	$17,299	$45,435
Market Value at June 30, 2009	$127,589	$141,509	$446,259	$20,732	$46,206
Shares Purchased	70,212	-	-	-	-
Shares Redeemed	(7,596)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	23	-	-	-	-
Net Investment Income Earned	1,309	2,620	22,519	472	2,094
Net Investment Income Distributed	(1,309)	(2,620)	(22,519)	(472)	(2,094)
Changes in Market Value of Fund Shares	225	17,176	29,491	1,516	8,427
Market Value at Jun 30, 2010	$190,453	$158,685	$475,750	$22,248	$54,633
Book Value\Cost at Jun 30, 2010	190,345	37,049	435,160	17,299	45,435
Book Value at June 30, 2010	190,100	218	4,036	162	425
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY PENSION PLAN (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
$2,471,379	$7,312,843	$2,294,710	$3,796,709	$27,599	$7,904,409	$53,940,262
$2,296,081	$11,086,606	$3,722,305	$2,517,226	$18,169	$5,334,070	$66,305,544
-	-	1,456,000	605,800	-	507,400	9,682,894
(438,293)	(1,200,000)	-	-	(4,482)	-	(10,477,009)
-	-	-	-	-	-	-
19,909	540,760	-	-	(2,151)	-	2,694,271
179,216	210,317	80,250	44,877	1,382	299,040	1,993,899
(179,216)	(210,317)	(80,250)	(44,877)	(1,382)	(299,040)	(1,993,899)
324,202	587,380	1,158,860	(609,396)	2,000	668,966	3,615,402
$2,201,899	$11,014,746	$6,337,165	$2,513,630	$13,536	$6,510,436	$71,821,103
2,052,995	6,653,603	3,750,710	4,402,509	20,966	8,411,809	55,840,418
19,368	37,264	19,335	82,686	279	131,181	7,126,049
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63	
$5,543,161	$17,887,599	$5,501,959	$8,294,612	$45,383	$19,288,254	$131,390,652
$4,986,372	$24,506,612	$8,177,783	$5,586,493	$30,457	$11,870,031	$148,167,802
-	-	3,018,000	1,041,800	-	639,400	25,596,168
(1,060,029)	(3,345,000)	-	-	(7,511)	-	(38,311,836)
-	-	-	-	-	-	-
20,983	1,315,003	-	-	(3,391)	-	5,696,288
387,587	459,633	175,737	96,949	2,317	647,320	4,407,333
(387,587)	(459,633)	(175,737)	(96,949)	(2,317)	(647,320)	(4,407,333)
730,006	1,246,628	2,562,900	(1,327,621)	3,128	1,449,078	8,626,627
$4,677,332	$23,723,243	$13,758,683	$5,300,672	$22,683	$13,958,509	$149,775,049
4,504,115	15,857,602	8,519,959	9,336,412	34,481	19,927,654	124,371,271
41,141	80,259	41,979	174,365	468	281,254	9,022,041
$113.69	$295.58	$327.75	$30.40	$48.51	$49.63	
$53,177	$-	$-	$45,799	$-	$-	$761,625
$48,447	$-	$-	$32,805	$-	$-	$863,547
-	-	-	8,250	-	-	78,462
-	-	-	-	-	-	(7,596)
-	-	-	-	-	-	-
-	-	-	-	-	-	23
4,189	-	-	588	-	-	33,791
(4,189)	-	-	(588)	-	-	(33,791)
7,482	-	-	(7,971)	-	-	56,346
$55,929	$-	$-	$33,084	$-	$-	$990,782
53,177	-	-	54,049	-	-	832,514
492	-	-	1,088	-	-	196,522
$113.69	$-	$-	$30.40	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Soldiers' Sailors' & Marines' Fund					
Book Value at June 30, 2009	$606,749	$983,642	$37,929,520	$1,725,943	$4,533,494
Market Value at June 30, 2009	$606,449	$3,992,473	$40,323,946	$2,125,588	$4,737,600
Shares Purchased	3,067,225	-	-	-	-
Shares Redeemed	(3,021,999)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,058	-	-	-	-
Net Investment Income Earned	5,442	73,903	2,034,728	48,546	214,564
Net Investment Income Distributed	(5,442)	(73,903)	(2,034,728)	(48,546)	(214,564)
Changes in Market Value of Fund Shares	(534)	484,529	2,664,902	155,375	864,021
Market Value at June 30, 2010	$652,199	$4,477,002	$42,988,848	$2,280,963	$5,601,621
Book Value at June 30, 2010	653,033	983,642	37,929,520	1,725,943	4,533,494
Shares Outstanding	650,992	6,158	364,721	16,596	43,593
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
Endowment for the Arts					
Book Value at June 30, 2009	$1,150,970	$-	$11,040,873	$502,392	$1,319,527
Market Value at June 30, 2009	$1,149,949	$-	$11,215,770	$591,204	$1,317,599
Shares Purchased	931,182	-	-	-	-
Shares Redeemed	(1,013,747)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	2,577	-	-	-	-
Net Investment Income Earned	8,060	-	565,941	13,503	59,673
Net Investment Income Distributed	(8,060)	-	(565,941)	(13,503)	(59,673)
Changes in Market Value of Fund Shares	1,181	-	741,221	43,213	240,299
Market Value at Jun 30, 2010	$1,071,142	$-	$11,956,991	$634,417	$1,557,898
Book Value at June 30, 2010	1,070,982	-	11,040,873	502,392	1,319,527
Shares Outstanding	1,069,156	-	101,444	4,616	12,124
Market Value per Share	$1.00	$-	$117.87	$137.44	$128.50
Agricultural College Fund					
Book Value at June 30, 2009	$48,883	$25,364	$302,380	$13,760	$36,140
Market Value at June 30, 2009	$48,838	$105,176	$312,915	$16,495	$36,763
Shares Purchased	24,818	-	-	-	-
Shares Redeemed	(27,968)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	15	-	-	-	-
Net Investment Income Earned	307	1,946	15,790	376	1,665
Net Investment Income Distributed	(307)	(1,946)	(15,790)	(376)	(1,665)
Changes in Market Value of Fund Shares	50	12,766	20,679	1,205	6,703
Market Value at Jun 30, 2010	$45,753	$117,942	$333,594	$17,700	$43,466
Book Value at June 30, 2010	45,748	25,364	302,380	13,760	36,140
Shares Outstanding	45,669	162	2,830	129	338
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
$5,301,306	$-	$-	$-	$-	$-	$51,080,654
$4,935,796	$-	$-	$-	$-	$-	$56,721,852
-	-	-	-	-	-	3,067,225
-	-	-	-	-	-	(3,021,999)
-	-	-	-	-	-	-
-	-	-	-	-	-	1,058
426,871	-	-	-	-	-	2,804,054
(426,871)	-	-	-	-	-	(2,804,054)
762,154	-	-	-	-	-	4,930,447
$5,697,950	$-	$-	$-	$-	$-	$61,698,583
5,301,306	-	-	-	-	-	51,126,938
50,119	-	-	-	-	-	1,132,180
$113.69	$-	$-	$-	$-	$-	
$1,545,250	$-	$-	$-	$-	$-	$15,559,012
$1,387,609	$-	$-	$-	$-	$-	$15,662,131
-	-	-	-	-	-	931,182
-	-	-	-	-	-	(1,013,747)
-	-	-	-	-	-	-
-	-	-	-	-	-	2,577
120,006	-	-	-	-	-	767,183
(120,006)	-	-	-	-	-	(767,183)
214,262	-	-	-	-	-	1,240,176
$1,601,871	$-	$-	$-	$-	$-	$16,822,319
1,545,250	-	-	-	-	-	15,479,024
14,090	-	-	-	-	-	1,201,430
$113.69	$-	$-	$-	$-	$-	
$42,296	$-	$-	$-	$-	$-	$468,823
$38,542	$-	$-	$-	$-	$-	$558,729
-	-	-	-	-	-	24,818
-	-	-	-	-	-	(27,968)
-	-	-	-	-	-	-
-	-	-	-	-	-	15
3,335	-	-	-	-	-	23,419
(3,335)	-	-	-	-	-	(23,419)
5,953	-	-	-	-	-	47,356
$44,495	$-	$-	$-	$-	$-	$602,950
42,296	-	-	-	-	-	465,688
391	-	-	-	-	-	49,519
$113.69	$-	$-	$-	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Ida Eaton Cotton Fund					
Book Value at June 30, 2009	$164,272	$87,363	$1,021,247	$46,470	$122,060
Market Value at June 30, 2009	$164,122	$358,376	$1,064,766	$56,127	$125,093
Shares Purchased	80,018	-	-	-	-
Shares Redeemed	(90,719)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	36	-	-	-	-
Net Investment Income Earned	1,027	6,634	53,729	1,282	5,664
Net Investment Income Distributed	(1,027)	(6,634)	(53,729)	(1,282)	(5,664)
Changes in Market Value of Fund Shares	182	43,495	70,366	4,103	22,814
Market Value at June 30, 2010	$153,639	$401,871	$1,135,132	$60,230	$147,907
Book Value at June 30, 2010	153,607	87,363	1,021,247	46,470	122,060
Shares Outstanding	153,355	553	9,631	438	1,151
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
Andrew Clark Fund					
Book Value at June 30, 2009	$78,489	$41,101	$495,688	$22,555	$59,240
Market Value at June 30, 2009	$78,416	$167,656	$500,623	$26,388	$58,812
Shares Purchased	50,641	-	-	-	-
Shares Redeemed	(55,648)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	27	-	-	-	-
Net Investment Income Earned	520	3,102	25,262	603	2,663
Net Investment Income Distributed	(520)	(3,102)	(25,262)	(603)	(2,663)
Changes in Market Value of Fund Shares	62	20,348	33,085	1,929	10,724
Market Value at Jun 30, 2010	$73,498	$188,004	$533,708	$28,317	$69,536
Book Value at June 30, 2010	73,509	41,101	495,688	22,555	59,240
Shares Outstanding	73,362	259	4,528	206	541
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
School Fund					
Book Value at June 30, 2009	$461,575	$384,307	$4,757,413	$216,479	$568,594
Market Value at June 30, 2009	$461,172	$1,576,067	$4,925,234	$259,620	$578,627
Shares Purchased	410,697	-	-	-	-
Shares Redeemed	(425,420)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,036	-	-	-	-
Net Investment Income Earned	4,780	29,174	248,525	5,931	26,207
Net Investment Income Distributed	(4,780)	(29,174)	(248,525)	(5,931)	(26,207)
Changes in Market Value of Fund Shares	583	191,275	325,494	18,977	105,527
Market Value at Jun 30, 2010	$448,068	$1,767,342	$5,250,728	$278,597	$684,154
Book Value at June 30, 2010	447,888	384,307	4,757,413	216,479	568,594
Shares Outstanding	447,239	2,431	44,548	2,027	5,324
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
$142,819	$-	$-	$-	$-	$-	$1,584,231
$130,925	$-	$-	$-	$-	$-	$1,899,409
-	-	-	-	-	-	80,018
-	-	-	-	-	-	(90,719)
-	-	-	-	-	-	-
-	-	-	-	-	-	36
11,322	-	-	-	-	-	79,658
(11,322)	-	-	-	-	-	(79,658)
20,214	-	-	-	-	-	161,174
$151,139	$-	$-	$-	$-	$-	$2,049,918
142,819	-	-	-	-	-	1,573,566
1,329	-	-	-	-	-	166,457
$113.69	$-	$-	$-	$-	$-	
$69,389	$-	$-	$-	$-	$-	$766,462
$62,024	$-	$-	$-	$-	$-	$893,919
-	-	-	-	-	-	50,641
-	-	-	-	-	-	(55,648)
-	-	-	-	-	-	-
-	-	-	-	-	-	27
5,365	-	-	-	-	-	37,515
(5,365)	-	-	-	-	-	(37,515)
9,577	-	-	-	-	-	75,725
$71,601	$-	$-	$-	$-	$-	$964,664
69,389	-	-	-	-	-	761,482
630	-	-	-	-	-	79,526
$113.69	$-	$-	$-	$-	$-	
$665,451	$-	$-	$-	$-	$-	$7,053,819
$606,610	$-	$-	$-	$-	$-	$8,407,330
-	-	-	-	-	-	410,697
-	-	-	-	-	-	(425,420)
-	-	-	-	-	-	-
-	-	-	-	-	-	1,036
52,464	-	-	-	-	-	367,081
(52,464)	-	-	-	-	-	(367,081)
93,668	-	-	-	-	-	735,524
$700,278	$-	$-	$-	$-	$-	$9,129,167
665,451	-	-	-	-	-	7,040,132
6,160	-	-	-	-	-	507,729
$113.69	$-	$-	$-	$-	$-	

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	LIQUIDITY FUND	MUTUAL EQUITY FUND	CORE FIXED INCOME FUND	INFLATION LINKED BOND FUND	EMERGING MARKET DEBT FUND
Hopemead Fund					
Book Value at June 30, 2009	$256,075	$94,338	$1,240,840	$54,187	$142,321
Market Value at June 30, 2009	$255,836	$384,141	$1,254,833	$63,632	$141,816
Shares Purchased	102,517	-	-	-	-
Shares Redeemed	(8,856)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	18	-	-	-	-
Net Investment Income Earned	2,434	7,112	63,318	1,453	6,421
Net Investment Income Distributed	(2,434)	(7,112)	(63,318)	(1,453)	(6,421)
Changes in Market Value of Fund Shares	567	46,618	82,927	4,652	25,865
Market Value at June 30, 2010	$350,082	$430,759	$1,337,760	$68,284	$167,681
Book Value at June 30, 2010	349,754	94,338	1,240,840	54,187	142,321
Shares Outstanding	349,435	593	11,350	497	1,305
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50
Police & Fireman's Survivors' Benefit Fund					
Book Value at June 30, 2009	$1,170,118	$6,467,744	$8,140,446	$370,407	$972,808
Market Value at June 30, 2009	$1,169,055	$5,647,700	$7,959,723	$419,563	$935,011
Shares Purchased	649,304	-	-	-	-
Shares Redeemed	(595,059)	-	-	-	-
Returns of Capital	-	-	-	-	-
Gain/(Loss) on Shares Redeemed	1,303	-	-	-	-
Net Investment Income Earned	9,693	104,544	401,644	9,582	42,346
Net Investment Income Distributed	(9,693)	(104,544)	(401,644)	(9,582)	(42,346)
Changes in Market Value of Fund Shares	1,754	685,405	526,039	30,665	170,521
Market Value at Jun 30, 2010	$1,226,357	$6,333,105	$8,485,762	$450,228	$1,105,532
Book Value at June 30, 2010	1,225,666	6,467,744	8,140,446	370,407	972,808
Shares Outstanding	1,224,085	8,712	71,994	3,276	8,603
Market Value per Share	$1.00	$726.98	$117.87	$137.44	$128.50

COMBINED INVESTMENT FUNDS
SCHEDULE OF INVESTMENT ACTIVITY BY TRUST (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

HIGH YIELD DEBT FUND	DEVELOPED MARKET INTERNATIONAL STOCK FUND	EMERGING MARKET INTERNATIONAL STOCK FUND	REAL ESTATE FUND	COMMERCIAL MORTGAGE FUND	PRIVATE INVESTMENT FUND	TOTAL
$166,677	$-	$-	$-	$-	$-	$1,954,438
$149,426	$-	$-	$-	$-	$-	$2,249,684
-	-	-	-	-	-	102,517
-	-	-	-	-	-	(8,856)
-	-	-	-	-	-	-
-	-	-	-	-	-	18
12,923	-	-	-	-	-	93,661
(12,923)	-	-	-	-	-	(93,661)
23,075	-	-	-	-	-	183,704
$172,501	$-	$-	$-	$-	$-	$2,527,067
166,677	-	-	-	-	-	2,048,117
1,517	-	-	-	-	-	364,696
$113.69	$-	$-	$-	$-	$-	
$1,140,668	$-	$-	$985,066	$6,350	$-	$19,253,607
$993,954	$-	$-	$686,267	$4,077	$-	$17,815,350
-	-	-	150,900	-	-	800,204
-	-	-	-	(1,003)	-	(596,062)
-	-	-	-	-	-	-
-	-	-	-	(517)	-	786
85,962	-	-	12,056	311	-	666,138
(85,962)	-	-	(12,056)	(311)	-	(666,138)
153,480	-	-	(163,661)	484	-	1,404,687
$1,147,434	$-	$-	$673,506	$3,041	$-	$19,424,965
1,140,668	-	-	1,135,966	4,830	-	19,458,535
10,093	-	-	22,155	63	-	1,348,981
$113.69	$-	$-	$30.40	$48.51	$-	

COMBINED INVESTMENT FUNDS
SUMMARY OF OPERATIONS (Dollars in Thousands)
FISCAL YEARS ENDING JUNE 30

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Investment Income [(1)]	$762,800	$803,203	$1,171,356	$972,879	$889,710	$828,019	$946,643	$846,384	$741,812	$787,287
Expenses [(2)]	79,950	62,802	82,403	56,738	69,712	64,509	49,131	48,428	60,570	67,282
Net Investment Income	682,850	740,401	1,088,953	916,141	819,998	763,510	897,512	797,956	681,242	720,005
Realized Gains/(Losses)	214,425	(2,815,892)	654,172	1,524,107	886,031	698,664	880,979	(566,640)	(449,961)	269,330
Change in Unrealized Gains/(Losses)	1,737,661	(2,460,069)	(3,004,322)	1,472,314	520,430	591,155	936,916	123,784	(1,563,253)	(1,776,378)
Total	$2,634,936	$(4,535,560)	$(1,261,197)	$3,912,562	$2,226,459	$2,053,329	$2,715,407	$355,100	$(1,331,972)	$(787,043)

(1) Securities lending income and expenses are shown net in the Investment Income line above for all periods presented.
(2) Expenses shown above include salary and fringe benefits.

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS
PENSION AND TRUST FUNDS
BALANCES [(1)] IN COMBINED INVESTMENT FUNDS (Dollars in Thousands)
AT JUNE 30, 2010

Fund Name	Teachers' Retirement Fund		State Employees' Retirement Fund		Municipal Employees' Retirement Fund		Probate Court Retirement Fund		Judges Retirement Fund		State's Attorneys' Retirement Fund		Trust Funds	
LF	$980,290	7.99%	$492,277	6.32%	$146,518	9.96%	$6,646	9.25%	$7,967	5.32%	$190	19.19%	$4,021	3.55%
MEF	2,988,187	24.35%	1,973,380	25.33%	270,868	18.41%	13,694	19.07%	29,088	19.41%	159	16.06%	13,716	12.11%
CFIF	1,421,485	11.58%	915,896	11.76%	252,311	17.16%	12,387	17.25%	26,868	17.94%	476	48.08%	72,023	63.61%
ILBF	548,923	4.47%	351,279	4.51%	136,099	9.25%	6,654	9.26%	16,094	10.75%	22	2.22%	3,818	3.37%
EMDF	656,015	5.34%	420,065	5.39%	78,184	5.32%	3,848	5.36%	8,317	5.55%	55	5.56%	9,378	8.28%
HYBD	384,153	3.13%	247,156	3.17%	44,933	3.06%	2,202	3.07%	4,677	3.12%	56	5.66%	9,587	8.47%
DMISF	2,544,873	20.73%	1,627,169	20.89%	228,181	15.52%	11,015	15.34%	23,723	15.84%	-	0.00%	-	0.00%
EMISF	1,169,227	9.53%	754,813	9.69%	129,029	8.77%	6,337	8.82%	13,759	9.19%	-	0.00%	-	0.00%
REF	441,494	3.60%	282,554	3.63%	51,260	3.49%	2,514	3.50%	5,301	3.54%	32	3.23%	674	0.60%
CMF	2,087	0.02%	1,470	0.02%	230	0.02%	13	0.02%	23	0.02%	-	0.00%	3	0.01%
PIF	1,136,821	9.26%	723,549	9.29%	133,008	9.04%	6,510	9.06%	13,958	9.32%	-	0.00%	-	0.00%
Total	$12,273,555	100.00%	$7,789,608	100.00%	$1,470,621	100.00%	$71,820	100.00%	$149,775	100.00%	$990	100.00%	$113,220	100.00%

(1) Based on Net Asset Value

Source: Amounts were dervied from custodial records.

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2010 (1)

Liquidity Fund (2)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$1,626,177,183	$1,621,182,259	7.44%	0.98%
2009	952,212,787	$950,605,428	4.65%	1.54%
2008	1,140,821,830	1,140,821,830	4.36%	4.59%
2007	236,297,695	236,297,695	0.88%	5.61%
2006	280,548,978	280,548,978	1.20%	4.51%
2005	395,948,288	395,948,288	1.84%	2.36%
2004	363,170,856	363,170,856	1.76%	1.28%
2003	710,832,993	710,832,993	3.75%	1.80%
2002	481,664,484	481,664,484	2.46%	3.03%
2001	391,346,777	391,346,777	1.85%	6.35%

Mutual Equity Fund

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$5,175,570,747	$5,288,853,566	24.28%	14.01%
2009	6,019,782,554	5,588,272,211	27.35%	-28.36%
2008	7,563,373,750	8,017,007,807	30.68%	-12.99%
2007	7,628,304,018	9,810,773,724	36.64%	18.24%
2006	7,501,163,477	8,983,043,768	38.25%	10.29%
2005	6,991,797,244	8,284,992,409	38.40%	8.06%
2004	6,544,070,199	7,779,104,677	37.67%	20.86%
2003	6,047,280,312	6,603,061,918	34.77%	0.48%
2002	6,401,472,709	6,688,728,705	34.20%	-14.95%
2001	6,649,619,519	7,949,775,481	37.49%	-9.55%

Mutual Fixed Income Fund (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$ -	$ -	-	-
2009	-	-	-	-
2008	-	-	-	-
2007	8,604,509,537	8,537,943,917	31.89%	6.92%
2006	7,179,817,139	7,052,537,386	30.03%	0.77%
2005	6,567,168,651	6,662,163,634	30.88%	7.70%
2004	6,368,703,625	6,325,884,136	30.63%	2.79%
2003	7,082,889,175	7,308,417,293	38.49%	12.03%
2002	7,412,105,698	7,295,007,838	37.30%	5.64%
2001	7,363,064,249	7,218,746,648	34.04%	8.03%

Core Fixed Income Fund (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$2,682,943,303	$2,789,605,943	12.81%	11.81%
2009	$3,400,625,343	$3,215,718,047	15.74%	2.84%
2008	4,979,684,914	4,851,300,830	18.57%	5.65%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-
2002	-	-	-	-
2001	-	-	-	-

Inflation Linked Bond Fund (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$1,033,720,440	$1,070,660,872	4.91%	9.48%
2009	813,926,651	829,543,021	4.06%	-0.20%
2008	1,152,973,047	1,162,545,028	4.45%	16.81%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-
2002	-	-	-	-
2001	-	-	-	-

Emerging Market Debt Fund (6)

	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$1,082,027,071	$1,155,351,613	5.30%	23.02%
2009	1,153,012,696	1,125,226,197	5.51%	-3.62%
2008	1,006,342,436	1,040,295,964	3.98%	5.59%
2007	-	-	-	-
2006	-	-	-	-
2005	-	-	-	-
2004	-	-	-	-
2003	-	-	-	-
2002	-	-	-	-
2001	-	-	-	-

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2010 (1) (Continued)

High Yield Debt Fund (6) / International Stock Fund (5)

	High Yield Debt Fund Book Value	Market Value	% of Total Fund MV	Rate of Return	International Stock Fund Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$659,015,939	$656,175,724	3.01%	24.54%	$ -	$ -	-	-
2009	801,755,724	718,563,903	3.52%	-4.59%	-	-	-	-
2008	784,159,491	745,137,049	2.85%	-1.88%	-	-	-	-
2007	-	-	-	-	4,293,498,472	5,940,213,814	22.19%	29.65%
2006	-	-	-	-	4,145,802,552	5,392,666,574	22.96%	25.69%
2005	-	-	-	-	3,587,545,036	4,372,185,115	20.27%	19.23%
2004	-	-	-	-	3,407,481,400	3,995,868,265	19.35%	29.69%
2003	-	-	-	-	2,047,590,656	2,026,297,000	10.67%	-6.39%
2002	-	-	-	-	2,306,936,221	2,272,810,463	11.62%	-9.00%
2001	-	-	-	-	2,449,711,883	2,466,657,788	11.63%	-13.29%

Developed Market International Stock Fund (5) / Emerging Market International Stock Fund (5)

	Developed Market Book Value	Market Value	% of Total Fund MV	Rate of Return	Emerging Market Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$4,552,279,820	$4,328,450,937	19.87%	11.03%	$1,860,837,675	$2,065,255,957	9.48%	25.23%
2009	4,847,669,826	4,464,491,006	21.85%	-27.98%	1,110,911,776	1,141,401,975	5.59%	-30.90%
2008	4,879,325,913	5,077,825,949	19.43%	-14.60%	1,111,317,184	1,295,936,888	4.96%	0.19%
2007	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-

Real Estate Fund (3) / Commercial Mortgage Fund (3)

	Real Estate Fund Book Value	Market Value	% of Total Fund MV	Rate of Return	Commercial Mortgage Fund Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$1,174,718,491	$792,483,221	3.64%	-20.18%	$3,769,581	$3,818,115	0.02%	6.75%
2009	1,021,805,530	770,955,194	3.77%	-28.66%	5,084,919	5,135,144	0.02%	-3.14%
2008	954,279,128	1,002,243,816	3.84%	6.04%	6,255,651	6,906,096	0.03%	12.05%
2007	638,511,736	684,741,163	2.56%	14.21%	7,355,621	7,763,461	0.03%	8.17%
2006	327,772,520	398,391,108	1.70%	6.87%	17,729,189	18,192,114	0.08%	9.51%
2005	309,798,748	399,727,575	1.85%	27.56%	19,796,542	20,267,798	0.09%	6.76%
2004	348,015,445	368,546,928	1.78%	0.53%	35,210,421	36,228,371	0.18%	7.83%
2003	399,402,161	425,893,012	2.24%	3.30%	69,871,489	71,990,878	0.38%	20.62%
2002	417,067,553	471,193,932	2.41%	0.81%	69,553,258	71,468,307	0.37%	1.19%
2001	407,455,431	476,011,373	2.24%	14.45%	92,793,153	100,727,402	0.47%	10.88%

COMBINED INVESTMENT FUNDS
INVESTMENT SUMMARY AT JUNE 30, 2010 (1) (Continued)

	Private Investment Fund (3)				Total Fund (4)			
	Book Value	Market Value	% of Total Fund MV	Rate of Return	Book Value	Market Value	% of Total Fund MV	Rate of Return
2010	$1,859,585,108	$2,013,101,198	9.24%	17.32%	$21,710,645,358	$21,784,939,405	100.00%	12.88%
2009	1,819,125,566	1,621,268,022	7.94%	-16.36%	21,945,913,372	20,431,180,148	100.00%	-17.37%
2008	1,809,775,995	1,789,139,253	6.85%	13.66%	25,388,309,339	26,129,160,510	100.00%	-4.71%
2007	1,657,888,536	1,556,795,484	5.81%	19.56%	23,066,365,615	26,774,529,258	100.00%	17.34%
2006	1,692,805,252	1,357,518,114	5.78%	11.46%	21,145,639,107	23,482,898,042	100.00%	10.55%
2005	2,046,726,560	1,437,979,798	6.67%	8.94%	19,918,781,069	21,573,264,617	100.00%	10.46%
2004	2,406,829,047	1,781,312,669	8.63%	18.70%	19,473,480,993	20,650,115,902	100.00%	15.23%
2003	2,413,582,348	1,842,900,019	9.70%	-11.94%	18,771,449,134	18,989,393,113	100.00%	2.49%
2002	2,315,048,277	2,276,642,374	11.64%	-10.81%	19,403,848,200	19,557,516,103	100.00%	-6.39%
2001	2,217,285,786	2,601,575,275	12.28%	-6.25%	19,571,276,798	21,204,840,744	100.00%	-3.68%

(1) All rates of return are net of management fees and division operating expenses.

(2) The market value of the Liquidity Fund for the periods presented represents the market value of the pension and trust balances in the Liquidity Fund only (excluding receivables and payables); the Liquidity Fund balances of the other combined investment funds are shown in the market value of each fund.

(3) Investment returns published for prior years were net of management fees, but were restated in 2008 net of all expenses.

(4) Represents a composite return of the total pension and trust funds. Individual returns for the three primary pension funds (Teachers, State Employees and Minicipal Employees) are separately presented elsewhere due to different asset allocations of each fund.

(5) On November 1, 2007 the International Stock Fund (ISF) was reallocated into two sub portfolios of international equity securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the international stock fund into two components: developed markets international stocks and emerging markets international stocks to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.

(6) On November 1, 2007 the Mutual Fixed Income Fund was reallocated into four sub portfolios of fixed income securities. The reallocation was a result of the modifications to the Investment Policy Statement (IPS) as approved by the Investment Advisory Council (IAC) and adopted by the Treasurer in October 2007. The reallocation of assets, outlined in the IPS, was based on an asset liability study that identified the need to reallocate the mutual fixed income fund into four components: core fixed income, emerging market debt, high yield debt and inflation-linked bonds to allow for greater flexibility in managing risk and return in the various Connecticut Retirement Plans and Trust Funds.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2010

LIQUIDITY FUND

Security Name	Maturity Date	Market Value	%
Barclays Cap Tri Party C	07/01/2010	$99,245,000.00	4.48%
Bank of Nova Scotia	07/14/2010	53,000,000.00	2.39%
Westpac Banking Corp	07/12/2010	47,996,186.67	2.16%
Deutsche Bank AG NY	07/06/2010	45,000,000.00	2.03%
Barclays Capital Repo	07/01/2010	44,000,000.00	1.99%
Credit Suisse First Boston Repo	07/01/2010	44,000,000.00	1.99%
Barclays Bank PLC	01/07/2011	40,000,000.00	1.81%
HSBC Tri Party C	07/01/2010	40,000,000.00	1.81%
CSFB Tri Party C	07/01/2010	40,000,000.00	1.81%
Deutsche Tri Party C	07/01/2010	40,000,000.00	1.81%
Top Ten		**$493,241,186.67**	**22.28%**
Fair Value LF		**2,214,104,408.00**	

MUTUAL EQUITY FUND

Security Name	Industry Sector	Market Value	%
Exxon Mobil Corp	Energy	$117,859,718	2.23%
Apple Inc	Information Technology	80,523,053	1.52%
Microsoft	Technology	75,320,543	1.42%
Proctor & Gamble Co	Consumer Staples	72,737,506	1.37%
JP Morgan Chase & Co	Financials	64,376,818	1.22%
AT&T Inc	Telecommunication Svcs	63,320,107	1.20%
Johnson & Johnson	Health Care	59,811,952	1.13%
Wells Fargo & Co	Financials	54,879,258	1.04%
International Business Machines	Information Technology	52,635,202	1.00%
Bank of America Corp	Financials	51,993,821	0.98%
Top Ten		**$693,457,978**	**13.11%**
FAIR VALUE MEF		**$5,288,853,566**	

CORE FIXED INCOME FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
U.S. Treasury N/B	4.375%	05/15/2040	U.S. Govt Agency	$35,747,721	1.28%
FNMA TBA Aug 30 Single Fam	4.500%	12/01/2099	U.S. Govt Agency	27,365,490	0.98%
U.S. Treasury Bonds	11.250%	02/15/2015	U.S. Govt Agency	25,408,076	0.91%
U.S. Treasury N/B	1.000%	08/31/2011	U.S. Govt Agency	24,356,816	0.87%
U.S. Treasury N/B	2.250%	10/31/2014	U.S. Govt Agency	21,562,948	0.77%
U.S. Treasury N/B	3.500%	05/15/2020	U.S. Govt Agency	21,538,205	0.77%
FHLMC TBA Aug 30 Gold Single	5.000%	12/01/2099	U.S. Govt Agency	18,332,466	0.66%
FNMA TBA Aug 30 Single Fam	5.000%	12/01/2099	U.S. Govt Agency	18,132,584	0.65%
FNMA Pool 745275	5.000%	02/01/2036	U.S. Govt Agency	16,724,202	0.60%
FNMA Pool 888876	5.500%	05/01/2033	U.S. Govt Agency	15,272,804	0.55%
Top Ten				**$224,441,312**	**8.04%**
FAIR VALUE CFI				**$2,789,605,943**	

INFLATION LINKED BOND FUND

Security Name	Coupon	Maturity	Security Type	Market Value	%
U.S. Treasury Bonds	2.375%	01/15/2025	U.S. Govt Agency	$99,213,493	9.27%
U.S. Treasury Bonds	2.000%	01/15/2026	U.S. Govt Agency	87,043,947	8.13%
U.S. Treasury Notes	2.000%	01/15/2016	U.S. Govt Agency	84,301,286	7.87%
U.S. Treasury Notes	2.375%	04/15/2011	U.S. Govt Agency	72,610,257	6.78%

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2010 (Continued)

U.S. Treasury Notes	2.000%	01/15/2014	U.S. Govt Agency	66,797,952	6.24%
U.S. Treasury Notes	2.500%	07/15/2016	U.S. Govt Agency	64,307,460	6.01%
U.S. Treasury Notes	2.375%	01/15/2017	U.S. Govt Agency	57,903,348	5.41%
U.S. Treasury Notes	1.625%	01/15/2015	U.S. Govt Agency	54,088,528	5.05%
U.S. Treasury Bonds	3.625%	04/15/2028	U.S. Govt Agency	52,389,083	4.89%
U.S. Treasury Notes	3.000%	07/15/2012	U.S. Govt Agency	46,685,398	4.36%
Top Ten				**$685,340,752**	**64.01%**

FAIR VALUE ILB **$1,070,660,872**

EMERGING MARKET DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
Russian Federation	1.000%	03/31/2030	$32,278,161	2.79%
Nota Tesouro Nacional	10.000%	01/01/2021	19,304,440	1.67%
Republic of Argentina	7.000%	03/28/2011	18,368,845	1.59%
UBS Glam REF 70325	4.960%	03/05/2011	12,458,890	1.08%
UBS Glam REF 70325	7.010%	03/05/2015	12,243,246	1.06%
Republic of Indonesia	11.625%	03/04/2019	12,175,625	1.05%
UBS Glam REF 70491	8.520%	03/20/2017	10,605,430	0.92%
South Africa (Republic)	8.000%	12/21/2018	10,496,341	0.91%
Republic of Poland	6.375%	07/15/2019	10,315,502	0.89%
Brazil (FED REP)	6.000%	05/15/2045	10,142,666	0.88%
Top Ten			**$148,389,146**	**12.84%**

FAIR VALUE EMD **$1,155,351,613**

HIGH YIELD DEBT FUND

Security Name	Coupon	Maturity	Market Value	%
Borden Inc	7.875%	02/15/2023	$6,832,875	1.04%
Toys R Us Inc	7.375%	10/15/2018	6,603,500	1.00%
Qwest Capital Funding	6.875%	07/15/2028	6,236,100	0.95%
Dynegy Hldgs Inc	8.375%	05/01/2016	5,234,119	0.80%
Valeant Pharmaceuticals Intl	4.000%	11/15/2013	5,222,100	0.80%
Tenet Healthcare Corp	6.875%	11/15/2031	5,190,900	0.79%
AES Corp	8.000%	10/15/2017	5,181,300	0.79%
Citibank NA	15.000%	07/02/2010	4,976,173	0.76%
Vertex Pharmaceuticals Inc	Common Stock		4,908,187	0.75%
Aramark Corp	8.500%	02/01/2015	4,545,000	0.69%
Top Ten			**$54,930,254**	**8.37%**

FAIR VALUE HYI **$656,175,724**

DEVELOPED MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Nestle SA CHFO.10 REGD	Switzerland	$77,999,342	1.80%
Royal Dutch Shell PLC A Shares Eur .07	United Kingdom	53,794,807	1.24%
Roche Holdings AG Genusscheine NPV	Switzerland	51,536,598	1.19%
HSBC Holdings ORD USD 0.50 UK REG	United Kingdom	46,545,054	1.08%
Novartis AG CHF 0.50 REGD	Switzerland	44,326,091	1.02%
Glaxosmithkline ORD GBP 0.25	United Kingdom	40,731,126	0.94%
Sanofi Aventis EUR 2.0	France	36,436,956	0.84%
Total SA Eur 2.5 Post Division	France	35,270,998	0.82%
Astrazeneca ORD USD 0.25	United Kingdom	33,785,298	0.78%
Vodafone Group ORD USD 0.11428571	United Kingdom	33,235,013	0.77%
Top Ten		**$453,661,283**	**10.48%**

FAIR VALUE DM ISF **$4,328,450,937**

COMBINED INVESTMENT FUNDS
TOP TEN HOLDINGS* BY FUND AT JUNE 30, 2010 (Continued)

EMERGING MARKET INTERNATIONAL STOCK FUND

Security Name	Country	Market Value	%
Samsung Electronic KRW 5000	Republic of Korea	$54,210,055	2.62%
Vale SA Depository Receipts	Brazil	53,183,480	2.58%
Petroleo Brasileiro SA Sponsored ADR	Brazil	51,738,522	2.51%
Gazprom ADR OAO	Russian Federation	47,943,655	2.32%
China Mobile Ltd. HKD 0.10	Hong Kong	47,795,789	2.31%
CNOOC Ltd HKD 0.02	Hong Kong	38,764,655	1.88%
Lukoil OAO ADR Rub 0.025	Russian Federation	30,949,045	1.50%
America Movil ADR Series L	Mexico	24,795,570	1.20%
Grupo Financiero Banorte NPV	Mexico	24,162,107	1.17%
Taiwan Semiconductor SP ADR	Taiwan	23,838,175	1.15%
Top Ten		**$397,381,053**	**19.24%**
FAIR VALUE EM ISF		**$2,065,255,957**	

REAL ESTATE FUND

Property Name	Patnership Type	Market Value	%
Prime Property Fund	Core	$60,641,800	7.65%
WLR IV PPIP Co Invest LP	Opportunistic	49,575,756	6.26%
Alliance Bernstein Legacy	Value-Added	42,887,005	5.41%
Cornerstone Patriot	Core	42,865,500	5.41%
Marathon Legacy Securities PPI	Value-Added	33,072,845	4.17%
Starwood Opportunity Fund VII	Opportunistic	31,755,800	4.01%
Blackstone Real Estate VI LP	Opportunistic	30,978,400	3.91%
Canyon Johnson Urban Fund II	Opportunistic	29,275,945	3.69%
RLJ Urban Lodging Fund II	Opportunistic	28,751,650	3.63%
Covenant Apartment Fund V LP	Value-Added	24,673,550	3.11%
Top Ten		**$374,478,251**	**47.25%**
FAIR VALUE REF		**$792,483,221**	

COMMERCIAL MORTGAGE FUND

Property Name	Location	Property Type	Market Value	%
SASCO	Various	Other	$3,464,167	90.73%
Yankee Mac Series G 11.125%	Various	Residential	94,453	2.47%
Yankee Mac Series E 11.056%	Various	Residential	68,224	1.79%
Yankee Mac Series F 12.981%	Various	Residential	28,227	0.74%
Yankee Mac Series A 13.075%	Various	Residential	2,149	0.06%
Top Five			**$3,657,220**	**95.79%**
FAIR VALUE CMF			**$3,818,115**	

PRIVATE INVESTMENT FUND

Partnership Name	Partnership Type	Market Value	%
Constitution Liquidating Fund	Fund of Funds	$160,725,705	7.99%
Fairview Constitution II LP	Fund of Funds	123,187,147	6.12%
Carlyle Asia Partners LP	International	99,721,385	4.95%
Parish Capital Buyout Fund II	Fund of Funds	96,260,356	4.78%
KKR 2006 Fund	Buyout	88,197,715	4.38%
Pegasus Partners IV	Special Situations	88,133,949	4.38%
KKR Millennium Fund	Buyout	86,909,736	4.32%
Welsh Carson Anderson & Stowe X LP	Buyout	84,599,510	4.20%
FS Equity Partners V	Buyout	78,460,140	3.90%
Charterhouse Equity Partners IV	Buyout	71,505,266	3.55%
Top Ten		**$977,700,909**	**48.57%**
FAIR VALUE PIF		**$2,013,101,198**	

* A complete list of portfolio holdings is available from the Office of the Treasurer.

PENSION FUNDS MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2010	Status at June 30, 2010
INVESTMENT ADVISORY SERVICES				
Domestic Equity Investment Advisory Services				
AXA Rosenberg Institutional Equity Management	Equity Advisor	Mar-96	$ 817,894	Active
Blackrock\Barclay's Global Investors	Equity Advisor	Mar-96	1,279,650	Active
Bivium Capital Partners, LLC	Equity Advisor	Jul-05	1,302,624	Active
Capital Prospects LLC	Equity Advisor	Jul-05	832,638	Active
FIS Group Inc.	Equity Advisor	Jul-05	779,667	Active
State Street Global Advisors	Equity Advisor	Mar-96	134,862	Active
T. Rowe Price Associates	Equity Advisor	Nov-08	2,052,593	Active
TCW Asset Management	Equity Advisor	Mar-96	809,009	Inactive
Total Domestic Equity Advisor Compensation			**$8,008,937**	
Core Fixed Income Investment Advisory Services				
Blackrock Financial Management	Core Income Advisor	Mar-96	$1,055,013	Active
Goodwin Capital Advisors (Phoenix)	Core Income Advisor	Nov-97	534,754	Active
Progress Investment Management	Core Income Advisor	Jul-05	823,293	Active
State Street Global Advisors	Core Income Advisor	Mar-96	250,696	Active
Wellington Asset Management	Core Income Advisor	Nov-97	449,376	Active
Western Asset Management	Core Income Advisor	Nov-97	425,920	Inactive
Total Core Fixed Income Advisor Compensation			**$3,539,052**	
Inflation Linked Bond Investment Advisory Services				
Hartford Investment Management Co.	Inflation Income Advisor	May-05	$399,253	Active
Brown Brother Harriman & Co	Inflation Income Advisor	May-05	973,728	Active
Total Inflation Linked Bond Advisor Compensation			**$1,372,981**	
Emerging Market Debt Investment Advisory Services				
ING Investment Management Co	Emerging Market Income Advisor	May-09	$598,270	Active
Pyramis Global Advisors	Emerging Market Income Advisor	Oct-07	978,290	Active
Stone Harbor Investment Partners	Emerging Market Income Advisor	Oct-07	1,102,088	Active
UBS Global Asset Management Co	Emerging Market Income Advisor	Oct-07	1,229,146	Active
Total Emerging Market Debt Advisor Compensation			**$3,907,794**	
High Yield Debt Advisory Services				
Loomis Sayles & Co., Inc.	High Yield Income Advisor	Mar-96	$511,590	Active
Oaktree Capital Management	High Yield Income Advisor	Mar-96	613,714	Active
Shenkman Capital Management	High Yield Income Advisor	Dec-07	826,854	Active
Stone Harbor Investment Partners	High Yield Income Advisor	Oct-07	526,281	Active
Total High Yield Debt Advisor Compensation			**$2,478,439**	
Liquidity Fund Advisory Services				
Ambassador Capital Management	Cash Reserve Account Advisor	May-09	$107,885	Active
Pacific Investment Management	Cash Reserve Account Advisor	Mar-09	263,309	Active
Payden & Rygel	Cash Reserve Account Advisor	Mar-09	118,006	Active
Colchester Global Investors	Cash Reserve Account Advisor	May-09	373,734	Active
Lazard Asset Management	Cash Reserve Account Advisor	Aug-09	987,397	Active
State Street Global Advisors	Cash Reserve Account Advisor	Mar-96	314,126	Active
Total Liquidity Fund Advisor Compensation			**$2,164,457**	
Developed Market International Equity Investment Advisory Services				
Acadian Asset Management	International Equity Advisor	Sep-06	$1,145,707	Active
AQR Capital Management, LLC	International Equity Advisor	Sep-06	2,501,900	Active
Artio Global Asset Management	International Equity Advisor	Sep-06	1,981,372	Active
Blackrock (Merrill Lynch)	International Equity Advisor	Aug-03	824,192	Active
Dimensional Fund Advisors	International Equity Advisor	Mar-09	1,349,548	Active

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2010	Status at June 30, 2010
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	2,770,547	Active
Invesco Global Asset Management	International Equity Advisor	Aug-03	522,925	Active
MFS Institutional Advisors	International Equity Advisor	Aug-03	1,841,425	Active
Pareto Partners\Bank of New York	International Equity Advisor	Feb-04	2,379,251	Active
Progress Investment Management	International Equity Advisor	Jul-05	625,136	Active
Pyramis Investment (Fidelity)	International Equity Advisor	Aug-03	847,138	Active
Schroder Investment Management	International Equity Advisor	Sep-06	1,314,860	Active
State Street Global Advisors	International Equity Advisor	Mar-96	412,631	Active
William Blair & Company	International Equity Advisor	Mar-09	1,594,531	Active
Total Developed Market International Equity Advisor Compensation			**$20,111,163**	
Emerging Market International Equity Investment Advisory Services				
Aberdeen Asset Management	International Equity Advisor	Jul-09	$1,953,646	Active
Emerging Markets Management LLC	International Equity Advisor	Aug-03	3,355,933	Active
Grantham, Mayo, Van Otterloo & Co	International Equity Advisor	Mar-96	4,359,800	Active
Schroder Investment Management	International Equity Advisor	Jan-10	441,983	Active
Total Emerging Market International Equity Advisor Compensation			**$10,111,362**	
Real Estate Investment Advisory Services [2]				
AEW Capital Management, LP(Core)	Real Estate Advisor	Aug-98	$865,688	Active
Blackstone Real Estate Partners VI	Real Estate Advisor	Aug-07	1,484,438	Active
Blackstone Real Estate Partners Europe III	Real Estate Advisor	Nov-08	750,000	Active
Canyon Johnson Urban Fund II LP	Real Estate Advisor	May-05	571,243	Active
Canyon Johnson Urban Fund III, LP	Real Estate Advisor	Feb-08	913,043	Active
MacFarlane Urban Real Estate Fund II	Real Estate Advisor	Oct-08	2,250,000	Active
NB-Urban Strategy America Fund I, LP	Real Estate Advisor	Oct-05	30,603	Active
RLJ Urban Lodging Fund III, LP	Real Estate Advisor	Aug-07	781,250	Active
Rockwood Capital Partners Fund VII	Real Estate Advisor	Jun-06	171,250	Active
Total Real Estate Advisor Compensation			**$7,817,515**	
Commercial Mortgage Investment Advisory Services				
AEW Capital Management, LP	Commercial Mortgage Advisor	Aug-87	$37,125	Active
Total Commercial Mortgage Advisor Compensation			**$37,125**	
Private Investment Advisory Services [2]				
AIG Altaris Health Partners, LP	Private Investment Advisor	Sep-04	$504,218	Active
AIG Altaris Healthcare Partners II, LP	Private Investment Advisor	Oct-07	1,033,732	Active
AIG Global Emerging Markets Fund, LP	Private Investment Advisor	Dec-97	67,953	Active
Blackstone Capital Partners III, LP	Private Investment Advisor	Oct-97	10,089	Active
Boston Venture Capital Partners VII, LP	Private Investment Advisor	May-07	1,489,320	Active
Carlyle Asia Partners, LP	Private Investment Advisor	Dec-98	303,371	Active
Carlyle Europe Partners, LP	Private Investment Advisor	Dec-97	266,426	Active
Charterhouse Equity Partners IV, LP	Private Investment Advisor	Feb-05	524,818	Active
Court Square Capital Partners II, LP	Private Investment Advisor	Dec-06	1,289,728	Active
Constitution Liquidating Fund, LP	Private Investment Advisor	Jul-87	400,000	Active
CS\CT Cleantech Opportunities Fund, LP	Private Investment Advisor	Jul-07	181,893	Active
CT Horizon Legacy Fund, LP	Private Investment Advisor	Jun-08	97,521	Active
DLJ Merchant Banking Fund II, LP	Private Investment Advisor	Nov-96	166,752	Active
Ethos Capital Fund V, LP	Private Investment Advisor	Aug-06	839,611	Active
Fairview Constitution II, LP	Private Investment Advisor	May-05	1,300,000	Active
Fairview Constitution III, LP	Private Investment Advisor	Jun-07	2,400,000	Active
FS Equity Partners V, LP	Private Investment Advisor	Mar-04	94,055	Active
FS Equity Partners VI, LP	Private Investment Advisor	Mar-04	1,603,591	Active
Garmark Partners, II LP	Private Investment Advisor	Jun-95	929,689	Active
Green Equity Partners, LP	Private Investment Advisor	Sep-98	29,747	Active
Greenwich Street Capital Partners II LP	Private Investment Advisor	Oct-98	9,511	Active
ICV Associates II LP	Private Investment Advisor	Oct-05	667,546	Active
KKR Associates 2006 Fund, LP	Private Investment Advisor	May-07	1,089,981	Active
KKR Associates Millennium Fund, LP	Private Investment Advisor	May-07	67,797	Active
Leeds Equity Associates V LP	Private Investment Advisor	Apr-09	616,274	Active
LLCP Partners IV LP	Private Investment Advisor	Jul-08	1,227,249	Active

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1) (Continued)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Comp. Paid in FY 2010	Status at June 30, 2010
M2 – CT Emerging Private Equity Fund-of-Funds, LP	Private Investment Advisor	Nov-07	1,013,699	Active
Nogales Investors II, LP	Private Investment Advisor	Oct-06	449,947	Active
Pegasus Investors IV, LP	Private Investment Advisor	Aug-07	1,246,983	Active
SW Pelham Fund II, LP	Private Investment Advisor	Dec-02	223,425	Active
RFE Associates VII, LP	Private Investment Advisor	Feb-08	201,644	Active
Syncom Partners V, LP	Private Investment Advisor	Apr-06	579,099	Active
Thayer Equity Investors IV, LP	Private Investment Advisor	Nov-98	195,955	Active
Thomas H. Lee Equity Fund VI, LP	Private Investment Advisor	Jul-07	1,030,058	Active
Vista Equity Partners III, LP	Private Investment Advisor	Apr-08	688,224	Active
Yucaipa American Alliance Fund, LP	Private Investment Advisor	Jul-08	693,750	Active
Wellspring Capital Partners III, LP	Private Investment Advisor	Apr-03	353,904	Active
Total Private Equity Advisor Compensation			**$23,887,560**	
TOTAL COMPENSATION TO INVESTMENT ADVISORS			**$83,436,385**	
CONSULTING SERVICES				
CRA Rogers Casey	Consultant -Pension Funds	Jan-01	$160,599	Active
Franklin Park Associates LLC	Consultant -Private Investment	Jul-04	943,208	Active
Mercer Investment Consulting	Consultant -Pension Funds	Oct-07	500,000	Active
New England Pension Consultants (NEPC)	Consultant -Pension Funds	Jun-08	445,487	Active
The Townsend Group	Consultant -Pension Funds	Mar-08	250,000	Active
TOTAL CONSULTING SERVICES COMPENSATION			**$2,299,294**	
MISCELLANEOUS SERVICES				
Day Pitney	Legal Services	Jun-03	$102,649	Active
Edwards Angell Palmer & Dodge	Legal Services	Dec-07	171,828	Active
McCarter & English	Legal Services	Sep-08	29,865	Active
Pepe & Hazard	Legal Services	Jul-03	12,029	Active
Pullman & Comley	Legal Services	Jul-03	8,688	Active
Reinhart Boerner Van Deuren	Legal Services	Dec-07	80,357	Active
Robinson & Cole	Legal Services	Dec-07	22,748	Active
A & A Office Systems	Photocopier Lease	N/A	5,116	Active
Bloomberg Financial LP	Subscription	N/A	42,671	Active
CERES Incorporated	Membership Dues	N/A	10,000	Active
First Resource Group Staffing	Temporary Services	N/A	25,255	Active
Institutional Limited Partners Association	Membership Dues	N/A	5,000	Active
Council of Institutional Investors	Membership Dues	N/A	26,000	Active
Corporate Governance Research Consulting	Corporate Governance Services	N/A	17,055	Active
Institutional Shareholder Services	Proxy Voting	Nov-99	50,730	Active
Interfaith Center on Corporate Responsibility	Subscription	N/A	7,000	Active
Investor Responsibility Support Services	Asset Recovery	Dec-02	21,875	Active
The Corporate Library	Subscription	N/A	25,000	Active
West Group	Subscription	N/A	12,330	Active
TOTAL MISCELLANEOUS SERVICES COMPENSATION			**$676,196**	
GRAND TOTAL			**$86,411,875**	

(1) Expenses are presented on a cash basis.

(2) Alternative Investment Management fees for the Private Investment Fund and the Real Estate Fund include capitalized fees and expensed fees. Capitalized fees are part of the cost of the investment and become a component of unrealized gain(loss). Capitalized fees are disclosed in Note 1 of the Combined Investment Funds Financial Statements. Expensed fees which are not part of the cost of the investment are recorded in the Statement of Operations.

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT
JUNE 30, 2010

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
LIQUIDITY (LF)				
State Street Global Advisors	Active	$	1,493,003,644	67.29%
Payden & Rygel	Active		100,657,036	4.54%
PIMCO	Active		176,020,927	7.93%
Ambassador Capital Management	Active		100,240,839	4.52%
Lazard	Active		172,298,394	7.76%
Colchester Global Investors Ltd.	Active		176,660,129	7.96%
SUBTOTAL LF		**$**	**2,218,880,969**	**100.00%**
MUTUAL EQUITY FUND (MEF)				
Large Cap		**$**	**3,369,646,357**	**63.71%**
BGI Barclays Global Investors, N.A.	Enhanced - Index		765,654,045	14.48%
T. Rowe Price Associates	Enhanced - Index		741,404,050	14.01%
State Street Global Advisors	Passive - Indexed		1,862,588,262	35.22%
Active Extension			**762,654,863**	**14.42%**
AXA Rosenberg Investment Management	Active		187,719,220	3.55%
Pyramis	Active		291,501,068	5.51%
Numeric	Active		283,434,575	5.36%
All Cap			**268,916,132**	**5.08%**
Capital Prospects	Active		135,861,230	2.57%
FIS Group, Inc.	Active		133,054,902	2.51%
Small/Mid Cap			**371,812,347**	**7.03%**
AXA Rosenberg Investment Management	Enhanced - Index		371,812,347	7.03%
Small/Mid Cap			**129,038,328**	**2.44%**
Bivium	Active		129,038,328	2.44%
Other (1)			**387,023,669**	**7.32%**
SUBTOTAL MEF		**$**	**5,289,091,696**	**100.00%**
CORE FIXED INCOME FUND (CFIF)				
State Street Global Advisors	Passive	$	1,038,045,975	38.43%
BlackRock Financial Management, Inc.	Active		662,480,061	24.52%
Wellington	Active		531,174,461	19.66%
Phoenix	Active		324,967,803	12.03%
Progress	Active		131,722,970	4.88%
Other (1)			**13,054,939**	**0.48%**
SUBTOTAL CFIF		**$**	**2,701,446,209**	**100.00%**
INFLATION LINKED BOND FUND (ILBF)				
Brown Brothers Harriman	Active	$	600,761,965	56.52%
Hartford Investment Mgmt Co.	Active		461,830,308	43.45%
Other (1)			**297,227**	**0.03%**
SUBTOTAL ILBF		**$**	**1,062,889,500**	**100.00%**
EMERGING MARKET DEBT FUND (EMDF)				
Ashmore	Active	$	275,397,208	23.42%
Stone Harbor Investment Partners	Active		258,043,051	21.95%
ING Investment Management	Active		204,085,677	17.36%
Pyramis	Active		220,008,611	18.71%
UBS Global Asset Management	Active		216,987,326	18.45%
Other (1)			**1,340,495**	**0.11%**
SUBTOTAL EMDF		**$**	**1,175,862,368**	**100.00%**
HIGH YIELD INCOME FUND (HYIF)				
Loomis Sayles & Co., Inc.	Active	$	229,269,448	33.10%
Stone Harbor Investment Partners	Active		94,233,670	13.60%
Shenkman Capital Management	Active		226,634,207	32.71%
Oaktree Capital Management, L.L.C.	Active		137,825,017	19.90%
Other (1)			**4,802,157**	**0.69%**
SUBTOTAL HYIF		**$**	**692,764,499**	**100.00%**

COMBINED INVESTMENT FUNDS
LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)
JUNE 30, 2010

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
DEVELOPED MARKET INTERNATIONAL STOCK FUND (DMISF)				
Index		**$**	**643,899,823**	**14.52%**
State Street Global Advisors	Index-Passive		643,899,823	14.52%
Core			**1,427,372,133**	**32.19%**
Invesco Global Asset Mgmt.	Active		175,522,939	3.96%
AQR Capital Management	Active		518,387,343	11.69%
Acadian Asset Management	Active		182,882,308	4.12%
Artio Global	Active		449,467,939	10.14%
Progress	Active		101,111,604	2.28%
Active-Growth			**511,832,524**	**11.54%**
MFS Institutional Advisors, Inc.	Active		511,832,524	11.54%
Active-Value			**479,311,240**	**10.81%**
Grantham, Mayo, Van Otterloo	Active		479,311,240	10.81%
Small Cap			**644,021,970**	**14.52%**
Schroder Investment Mgmt.	Active		221,955,384	5.00%
Dimensional Fund Advisors	Active		201,856,115	4.55%
William Blair & Company	Active		220,210,471	4.97%
Risk Controlled			**640,159,768**	**14.43%**
BlackRock	Active		314,448,922	7.09%
Pyramis	Active		325,710,846	7.34%
Other (1)			**88,363,106**	**1.99%**
SUBTOTAL DMISF		**$**	**4,434,960,564**	**100.00%**
EMERGING MARKET INTERNATIONAL STOCK FUND (EMISF)				
Aberdeen Asset Management	Active	$	511,208,154	24.66%
Schroders Investment Mgt	Active		415,973,739	20.07%
Grantham, Mayo, Van Otterloo	Active		579,031,270	27.93%
Emerging Markets Management	Active		562,542,529	27.13%
Other (1)			**4,408,880**	**0.21%**
SUBTOTAL EMISF		**$**	**2,073,164,572**	**100.00%**
REAL ESTATE FUND (REF)				
1800 E. St. Andrew Place	Active	$	18,156,905	2.32%
1155 Perimeter Center West	Active		26,639,547	3.40%
AEW Partners III	Active		7,883,709	1.01%
AEW 221 Trust	Active		2,708,893	0.35%
AEW Core	Active		481,132	0.06%
Alliance Bernstein Legacy	Active		42,887,005	5.47%
Apollo Real Estate	Active		15,223,252	1.94%
Blackstone Real Estate VI LP	Active		30,978,400	3.95%
Blackstone Real Estate Partner Europe III LP	Active		2,405,287	0.31%
Canyon Johnson Urban Fund II	Active		29,275,945	3.73%
Canyon Johnson Urban Fund III	Active		1,142,460	0.15%
Capri Select Income II LLC	Active		6,985,650	0.89%
Colony Realty Partners II LP	Active		18,531,176	2.36%
Cornerstone Patriot	Active		42,865,500	5.47%
Covenant Apartment Fund V LP	Active		24,673,550	3.15%
Covenant Apartment Fund VI	Active		10,103,790	1.29%
The Glen at Lafayette Hill	Active		12,622,352	1.61%
IL & FS India Realty Fund II	Active		25,725,591	3.28%
Macfarlane Urban Real Estate Fund II LP	Active		14,320,948	1.83%
Marathon Legacy Securities PPI	Active		33,072,845	4.22%
Mullica Hill Plaza	Active		7,446,307	0.95%
North Scottsdale Corporate Center	Active		43,404,835	5.54%
Prime Property Fund	Active		60,641,800	7.74%
Rio Hill Shopping Center	Active		38,727,058	4.94%
RLJ RE Fund III LP	Active		8,659,408	1.10%
RLJ Urban Lodging Fund II	Active		28,751,650	3.67%
Rocky Creek Apartments	Active		11,896,889	1.52%
Rockwood Capital Fund V	Active		8,109,795	1.03%
Rockwood Capital VI Limited Partnership	Active		9,708,590	1.24%
Rockwood Capital VII Limited Partnership	Active		6,509,793	0.83%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2010

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
Starwood Opportunity Fund VII	Active		31,755,800	4.05%
Starwood Opportunity Fund VIII	Active		10,955,630	1.40%
Urban Strategy America Fund LP	Active		17,116,204	2.18%
Walton Street Real Estate	Active		15,366,560	1.96%
WLR IV PPIP Co Invest LP	Active		49,575,756	6.32%
Other (3)	**Active**		**68,518,969**	**8.74%**
SUBTOTAL REF		**$**	**783,828,981**	**100.00%**
COMMERCIAL MORTGAGE FUND (CMF)				
AEW Capital Management	Active	$	3,464,356	90.54%
Other (2)			**362,087**	**9.46%**
SUBTOTAL CMF		**$**	**3,826,443**	**100.00%**
PRIVATE INVESTMENT FUND (PIF)				
Buyout		**$**	**916,118,768**	**45.49%**
KKR Millennium Fund	Active		86,909,736	4.32%
Yucaipa American Alliance Fund II LP	Active		52,968,853	2.63%
Hicks, Muse Tate & Furst Equity Fund III	Active		23,531,328	1.17%
Thomas H. Lee Equity Fund VI	Active		46,016,032	2.28%
Welsh Carson Anderson & Stowe VIII	Active		15,962,376	0.79%
Wellspring Capital Partners III	Active		18,019,745	0.89%
SCP Private Equity Partners	Active		3,471,924	0.17%
Charterhouse Equity Partners IV	Active		71,505,266	3.55%
Forstmann Little Equity Fund VI	Active		735,755	0.04%
DLJ Merchant Banking Fund II	Active		14,447,823	0.72%
KKR 1996 Fund	Active		5,973,159	0.30%
FS Equity Partners V	Active		78,460,140	3.90%
FS Equity Partners VI	Active		10,679,364	0.53%
Blackstone Capital Partners III	Active		8,258,510	0.41%
Thayer Equity Investors IV	Active		14,279,684	0.71%
Kelso Investment Associates VI	Active		5,181,616	0.26%
Green Equity Investors III	Active		2,310,785	0.11%
Wellspring Capital Partners II	Active		2,151,798	0.11%
Candover 2008 Fund	Active		6,289,922	0.31%
Leeds Equity Partners V LP	Active		4,855,229	0.24%
Welsh Carson Anderson & Stowe XI	Active		13,409,239	0.67%
AIG Healthcare Partners LP	Active		32,643,135	1.62%
AIG Altaris Health Partners II	Active		11,761,887	0.58%
Welsh Carson Anderson & Stowe X LP	Active		84,599,510	4.20%
Court Square Capital Partners II	Active		43,143,342	2.14%
Ethos Private Equity Fund V	Active		26,590,596	1.32%
Boston Ventures VII	Active		37,232,513	1.85%
KKR 2006 Fund	Active		88,197,715	4.38%
Nogales Investors Fund II	Active		10,213,598	0.51%
ICV Partners II LP	Active		18,061,711	0.90%
Vista Equity Partners Fund III	Active		50,354,935	2.50%
RFE Investments Partners	Active		4,893,452	0.24%
RFE Investment Partners VII	Active		23,008,090	1.14%
Venture Capital			**23,340,281**	**1.16%**
Conning Capital Partners V	Active		1,943,359	0.10%
Crescendo World Fund	Active		72,584	0.00%
Grotech Partners V	Active		6,155,241	0.31%
Crescendo III	Active		2,087,161	0.10%
Syndicated Communications	Active		13,081,936	0.65%
Mezzanine			**40,477,895**	**2.01%**
SW Pelham Fund	Active		3,398,397	0.17%
GarMark Partners	Active		526,570	0.02%
GarMark Partners II LP	Active		30,345,402	1.51%
SW Pelham Fund II	Active		6,207,526	0.31%

COMBINED INVESTMENT FUNDS

LIST OF INVESTMENT ADVISORS AND NET ASSETS UNDER MANAGEMENT (Continued)

JUNE 30, 2010

Name of Fund	Investment Strategy		Net Assets Under Management	Percent of Fund Total
International			**170,876,573**	**8.49%**
Compass Partners European Equity Fund	Active		16,426,114	0.82%
Gilbert Global Equity Partners	Active		35,300,379	1.75%
Carlyle Europe Partners	Active		8,250,076	0.41%
AIG Global Emerging Markets Fund	Active		11,178,619	0.56%
Carlyle Asia Partners	Active		99,721,385	4.95%
Fund of Funds			**550,355,818**	**27.33%**
The Constitution Liquidating Fund	Active		160,725,704	7.98%
Landmark Private Equity Fund VIII	Active		23,804,890	1.18%
CS/CT Cleantech Opp Fund	Active		13,459,707	0.67%
CT Emerging Pvt Equity	Active		9,121,390	0.45%
Fairview Constitution III	Active		52,459,954	2.60%
Goldman Sachs Private Equity Partners Connecticut	Active		8,426,270	0.42%
Lexington Capital Partners II	Active		4,073,132	0.20%
Parish Capital I LP	Active		37,666,321	1.87%
Parish Capital Buyout Fund II	Active		96,260,356	4.78%
Fairview Constitution II LP	Active		123,187,147	6.12%
Connecticut Horizon Legacy	Active		7,822,662	0.39%
Landmark Equity Partners XIV LP	Active		8,968,930	0.45%
JP Morgan Nutmeg I	Active		4,379,355	0.22%
Special Situations			**203,240,295**	**10.09%**
Welsh Carson Anderson & Stowe Capital Partners III	Active		16,209,171	0.80%
Levine Leichtman Capital Partners IV LP	Active		10,511,435	0.52%
Greenwich Street Capital Partners II	Active		2,450,819	0.12%
Pegasus Partners IV	Active		88,133,949	4.38%
WLR Recovery Fund IV	Active		55,193,279	2.74%
KPS Special Situations Fund II	Active		30,741,642	1.53%
Other (3)			**109,436,668**	**5.43%**
SUBTOTAL PIF		**$**	**2,013,846,298**	**100.00%**
TOTAL		**$**	**22,450,562,099**	
Adjustments (4)			**(580,971,737)**	
GRAND TOTAL		**$**	**21,869,590,362**	

(1) Other represents cash equivalents, other net assets and terminated advisor balances, as well as, currency overlay balances for the DMISF.
(2) Other also includes residential mortgage-backed securities for the Commercial Mortgage Fund.
(3) Other represents moneys earmarked for distribution to participants, reinvestment, and expenses as well as terminated advisor balances.
(4) Represents Elimination Entry to the Financial Statements to account for investment of Combined Investment Funds in the Liquidity Fund.

PENSION FUNDS MANAGEMENT DIVISION

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
ABEL NOSER CORPORATION	52.00	2,100.00	0.02
ABG SECURITIES AS (STOCKHOLM)	933.83	41,168.00	0.02
ABG SECURITIES LIMITED	9,072.66	658,678.00	0.01
ABG SUNDAL COLLIER NORGE ASA	4,278.98	346,074.00	0.01
ABM AMRO HOARE GOVETT ASIA LTD, SEOUL	8,750.13	201,653.00	0.04
ABN AMRO ASIA LIMITED	4,857.58	5,783,000.00	0.00
ABN AMRO BANK N. V. HONG KONG	80,877.79	35,520,568.00	0.00
ABN AMRO BANK NV HONG KONG BRANCH	1,826.17	1,969,300.00	0.00
ABN AMRO INCORPORATED	696.00	17,400.00	0.04
ABN AMRO SECURITIES (USA) INC	14,644.06	869,655.00	0.02
ACCESS SECURITIES INC	7,279.04	358,094.00	0.02
ACCIONES Y VALORES DE MEXICO	8,149.09	1,088,000.00	0.01
ACTINVER CASA DE BOLSA SA DE CV	5,811.19	877,400.00	0.01
ADAMS HARKNESS AND HILL INC	3,871.64	99,849.00	0.04
ALARIS TRADING PARTNERS	809.36	47,740.00	0.02
ALBERT FRIED & COMPANY LLC	194.00	9,700.00	0.02
ALLEN & COMPANY INCORPORATED	1,179.00	39,300.00	0.03
ALPHA FINANCE	1,566.44	65,392.00	0.02
ALTIUM CAPITAL LIMMITED	321.92	25,000.00	0.01
ALTIUM CAPITAL LTD	436.35	50,000.00	0.01
AMERICAN PORTFOLIOS FINANIAL	247.86	5,154.00	0.05
AMERICAN TECHNOLOGY RESEARCH INC	1,005.00	30,300.00	0.03
AQUA SECURITIES LP	4.00	200.00	0.02
ARBUTHNOTSECURITIES LIMITED	956.18	64,003.00	0.01
ARDEN PARTNERS LTD	769.26	239,906.00	0.00
ASSENT LLC	164.49	16,449.00	0.01
ATA SECURITIES INC. (ISTANBUL)	12,511.23	1,155,892.00	0.01
ATR KIM ENG SECURITIES, INC	799.58	2,521,782.00	0.00
AUERBACH GRAYSON	1,799.99	98,058.00	0.02
AUTREPAT-DIV RE	3,890.62	1,160,101.22	0.00
AVONDALE PARTNERS LLC	6,696.78	168,074.00	0.04
B RILEY AND CO INC.	42.06	1,402.00	0.03
BAIRD ROBERT W. & COMPANY INCORPORATED	19,534.38	27,394,948.38	0.00
BANCA COMMERCIALE ITALIANA MILAN	2,846.15	149,092.00	0.02
BANCA IMISECURITIES CORP	3,063.28	262,920.00	0.01
BANCO BARCLAYS SA	135.99	29,917,920.00	0.00
BANCO BILBAO VIZCAYA ARGENTARI	3,137.55	92,065.00	0.03
BANCO COMERCIAL PORTUGUES	245.58	43,195.00	0.01
BANCO DE INVESTIMENTOS CREDIT	815.83	12,717,598.00	0.00
BANCO ESPIRITO SANTO DE INVEST	8.94	600.00	0.01
BANCO ITAU S.A.	2,156.79	35,500.00	0.06
BANCO ITAU SA	70,242.80	3,463,095.00	0.02
BANCO NACIONAL DE MEXICO S.A.	1,128.77	139,700.00	0.01
BANCO PACTUAL S.A.	907.75	5,038,373.00	0.00
BANCO PORTUGUES DE INVESTIMENTO S.A.	808.59	61,037.00	0.01
BANCO SANTANDER CENTRAL HISPANO	68,266.91	165,946,353.00	0.00
BANCO SANTANDER DE NEGOCIOS	8,440.62	30,679,896.00	0.00
BANK AM BELLEVUE	336.10	698.00	0.48
BANK AUSTRIA CREDITANSTALT AG	319.07	14,839.00	0.02
BANK J.VONTOBEL UND CO. AG	2,467.09	2,631.00	0.94
BANK OF AMERICA SECURITIES LLC	92.55	928,852,319.08	0.00
BANK OF NEW YORK BRUSSELS	2,841.08	385,776,867.00	0.00
BANK SAL.OPPENHEIM JR. AND CIE.	176.38	4,350.00	0.04
BANQUE NATIONAL DE PARIS HONG KONG	8,345.35	33,630,600.00	0.00
BANQUE NATIONALE DU CANADA	817.23	20,853.00	0.04
BANQUE PARIBAS FRANKFURT	50.99	400.00	0.13
BARCLAYS BANK PLC	3,810.54	72,117,644.00	0.00
BARCLAYS CAPITAL	63,673.14	27,577,342,578.26	0.00
BARCLAYS CAPITAL INC	34,215.07	5,303,739,970.20	0.00
BARCLAYS CAPITAL INC.	945.88	8,324,985,344.58	0.00
BARCLAYS CAPITAL INC./LE	2,293.70	5,330,968.00	0.00
BARCLAYS CAPITAL LE	30,535.32	5,544,201.00	0.01
BARRINGTON RESEARCH ASSOCIATES INC.	1,424.45	29,888.00	0.05
BAYPOINT TRADING LLC	7,576.86	369,047.00	0.02
BBVA PRIVANZA BANCO S.A. MADRID	16.40	349.00	0.05
BEAL M R + COMPANY	662.00	26,900.00	0.02
BEAR STEARNS SECURITIES CORP	310.35	6,367.00	0.05
BHIRUD ASSOCIATES, INC	6,659.60	125,755.00	0.05
BLAYLOCK + CO INC	11,363.53	788,926.00	0.01
BLEY INVESTMENT GROUP	15,593.87	454,019.00	0.03
BLOOMBERGTRADEBOOK EUROPE LIMITED	26.40	660.00	0.04
BLOOMBERGTRADEBOOK LLC	23,005.11	696,047.00	0.03
BMO CAPITAL MARKETS	3,813.09	101,662.00	0.04
BNP PARIBAS PEREGRINE SECS LT ASIA	450.76	13,736.00	0.03
BNP PARIBAS PEREGRINE SECS PT	9,044.46	29,987,940.00	0.00
BNP PARIBAS PEREGRINE SECURITIES	48,605.11	18,432,529.00	0.00
BNP PARIBAS SA	4,554.20	5,577,151.00	0.00
BNP PARIBAS SECURITIES SERVICES	19,545.54	1,682,266.00	0.01
BNY BROKERAGE	3,467.10	99,060.00	0.04
BNY CONVERGEX	204,907.75	9,908,834.00	0.02
BNY CONVERGEX LJR	678.37	24,617.00	0.03
BNY MELLON/VTB CAPITAL PLC	1,679.94	67,525.00	0.02
BOCI SECURITIES LTD.	6,576.70	2,788,000.00	0.00
BOE SECURITIES INC	1,253.00	33,500.00	0.04
BOE SECURITIES INC/BROADCORT CAP CORP	5,429.57	136,015.00	0.04
BOENNING + SCATTERGOOD INC	3,285.30	200,490.00	0.02
BOSTON FINANCIAL DATA SYSTEMS	532.20	18,400.00	0.03
BRADESCO S.A CTVM	9,347.81	425,174.00	0.02
BREAN MURRAY	122.75	2,725.00	0.05
BREAN MURRAY, CARRET& CO., LLC	23.25	775.00	0.03
BREWIN DOLPHIN BELL LAWRIE LIMITED	602.06	176,427.00	0.00
BROADCORTCAPITAL (THRU ML)	351.74	9,164.00	0.04
BROCKHOUSE + COOPER INC MONTREAL	5,476.29	927,302.00	0.01
BRUNSWICKWARBURG NOMINEES	2,422.14	966,556.00	0.00
BUCKINGHAM RESEARCH GROUP INC	4,370.65	105,833.00	0.04
CA IB INVESTMENTBANK AG	1,474.24	97,681.00	0.02
CABRERA CAPITAL MARKETS	28,968.02	2,230,354.00	0.01
CALYON SECURITIES	1,374.11	127,541.00	0.01
CANACCORDADAMS LIMITED	66.42	6,971.00	0.01
CANACCORDGENUITY CORP.	4,378.14	117,841.00	0.04
CANACCOROADAMS INC	16,370.47	361,022.00	0.05
CANADIAN IMPERIAL BANK OF COMMERCE	227.36	6,487.00	0.04
CANTOR FITZ EUR 2	9,456.91	1,306,496.00	0.01
CANTOR FITZGERALD	308.77	5,737.00	0.05
CANTOR FITZGERALD & CO / CASTLEOAK SEC	3,235.45	6,572,718.00	0.00
CANTOR FITZGERALD & CO./AQUA SECURITIES,	3,012.00	301,200.00	0.01
CANTOR FITZGERALD + CO.	114,140.29	19,830,453.20	0.01
CANTOR FITZGERALD AND CO	475.25	509,677.00	0.00
CANTOR FITZGERALD/CANTOR CLEARING SERV	170.00	13,668,379.40	0.00
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	19,488.50	678,541.00	0.03
CARIS + COMPANY INC	2,316.00	50,725.00	0.05
CARNEGIE	2,523.22	243,796.00	0.01
CARNEGIE A S	1,686.16	460,631.00	0.00
CARNEGIE BK	1,873.93	15,966.00	0.12
CARNEGIE SECURITIES FINLAND	3,248.78	97,490.00	0.03
CAZENOVE + CO	10,410.44	1,466,834.00	0.01
CAZENOVE ASIA LIMITED	4,351.87	3,358,800.00	0.00
CAZENOVE ASIA LTD	15,707.40	8,934,200.00	0.00
CENKOS SECURITIES LIMITED	123.86	46,948.00	0.00
CENTRO INTERNATIONALE HANDELSBANK	5,189.44	41,282.00	0.13
CENTROBANCA SPA MILANO	800.71	245,130.00	0.00
CHARLES SCHWAB & CO INC	4,090.48	623,112.00	0.01
CHEEVERS + CO	153.00	5,100.00	0.03
CHEUVREUXDE VIRIEU	2,480.92	101,602.00	0.02
CHICAGO ANALYTIC TRADING COMPANY	8,472.00	211,800.00	0.04
CHINA INTRTNL CAP CORP HK SECS LTD	19,962.69	9,663,437.00	0.00
CHURCHILLCAPITAL LTD	168.58	1,210.00	0.14
CIBC WORLD MARKETS CORP	1,062.52	6,578,691.83	0.00
CIBC WORLD MKTS INC	15,051.51	437,305.00	0.03
CITATION GROUP	5,878.35	331,845.00	0.02
CITIBANK AS PRAHA	944.80	5,860.00	0.16
CITIBANK BUDAPEST RT(HUNGARY)	146.20	16,580.00	0.01
CITIBANK CANADA	185.00	4,943.00	0.04
CITIBANK INTERNATIONAL PLC	1,045.20	39,484.00	0.03
CITIBANK MEXICO	63,648.14	5,574,500.00	0.01
CITIBANK N.A.	11,533.43	10,454,799,348.96	0.00
CITIGROUPGLBL MARKTET KOERA SECS LTD	2,055.09	60,953.00	0.03
CITIGROUPGLOBAL MARKETS ASIA LTD	689.93	38,500.00	0.02
CITIGROUPGLOBAL MARKETS AUSTRALIA PTY	4,395.55	589,474.00	0.01
CITIGROUPGLOBAL MARKETS INC	201,983.83	1,570,821,712.38	0.00
CITIGROUPGLOBAL MARKETS INC SALOMON BRO	280.93	3,176,793,394.97	0.00
CITIGROUPGLOBAL MARKETS INC.	479,841.18	36,383,070,432.99	0.00
CITIGROUPGLOBAL MARKETS LIMITED	336,896.38	786,859,496.87	0.00
CITIGROUPGLOBAL MARKETS SINGAPORE SECUR	81.10	1,170,109,637.00	0.00
CITIGROUPGLOBAL MARKETS UK EQUITY LTD	51,974.96	9,299,602.00	0.01
CITIGROUPGLOBAL MKT	63.99	132,449,200.00	0.00
CJSC DEPOSITORY CLEARING CO	726.59	1,463,145.00	0.00
CLSA SECURITIES KOREA LTD.	20,961.40	182,000.00	0.12
CLSA SECURITIES MALAYSIA SDN BHD	3,316.18	1,827,100.00	0.00
CLSA SINGAPORE PTE LTD.	24,128.97	7,446,836.00	0.00
COLLINS STEWART	1,530.98	115,000.00	0.01
COLLINS STEWART + CO	1,052.89	48,843.00	0.02
COLLINS STEWART INC.	518.00	14,200.00	0.04
COLLINS STEWART LLC	87.50	1,750.00	0.05
COMMERCE INTL MERCHANT BANKERS	4,302.94	2,565,500.00	0.00
COMMERZBANK AG	1,565.92	2,117,656.98	0.00
COMMERZBANK AG LONDON	181.77	6,814.00	0.03
CORE PACIFIC SECURITIES INTL LIMITED	92.78	11,500.00	0.01
COWEN ANDCOMPANY, LLC	70,389.47	3,094,599.00	0.02
CRAIG - HALLUM	2,629.84	65,309.00	0.04
CREDIT AGRICLE INDOSUEZ	9,353.01	366,501.00	0.03
CREDIT AGRICOLE CIB	5,478.20	2,114,576.00	0.00
CREDIT AGRICOLE INDOSUEZ CHEUVREUX	83,805.24	3,480,346.00	0.02
CREDIT LYONNAIS CAPITAL INDONESIA	2,187.75	607,966.00	0.00
CREDIT LYONNAIS SECS	1,680.00	56,000.00	0.03
CREDIT LYONNAIS SECURITIES (USA) INC	87,604.51	52,912,932.00	0.00
CREDIT LYONNAIS SECURITIES ASIA GUERNSEY	8,024.88	20,123,700.00	0.00
CREDIT LYONNAIS SECURITIES(ASIA)	60,997.19	39,345,042.00	0.00
CREDIT RESEARCH + TRADING LLC	618.00	20,600.00	0.03
CREDIT SUISSE FIRST BOSTON	4,360.37	6,351,114,753.00	0.00
CREDIT SUISSE FIRST BOSTON (EUROPE)	15,889.45	270,683.00	0.06
CREDIT SUISSE FIRST BOSTON SA CTVM	20,077.55	3,708,096.00	0.01

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
CREDIT SUISSE SECURITIES (EUROPE) LTD	184,016.72	2,976,809,604.67	0.00
CREDIT SUISSE SECURITIES (USA) LLC	875,270.14	5,279,159,755.54	0.00
CREDIT USA	834.18	53,876.00	0.02
CRESTCO LTD	671.65	91,811.00	0.01
CS FIRST BOSTON (HONG KONG) LIMITED	70,407.72	39,005,854.00	0.00
CS SECURITIES EUROPE LTD	16.60	901,660,065.00	0.00
CSFB AUSTRALIA EQUITIES LTD	10,019.52	1,411,849.00	0.01
CSI US INSTITUTIONAL DESK	1,044.00	26,100.00	0.04
CUSTOM EQUITY RESEARCH DBA SUMMER ST RES	39,018.88	1,989,379.00	0.02
D CARNEGIE AG	5,016.91	134,977.00	0.04
DAEWOO SECURITIES CO LTD	23,170.10	422,311.00	0.05
DAHLMAN ROSE + COMPANY LLC	1,506.00	44,000.00	0.03
DAISHIN SECURITIES CO. LTD.	1,988.07	94,815.00	0.02
DAIWA SECURITIES (HK) LTD.	9,039.38	2,994,072.00	0.00
DAIWA SECURITIES AMERICA INC	34,845.01	3,775,434.00	0.01
DANSKE BANK A.S.	6,707.37	92,022.00	0.07
DAVENPORT& CO. OF VIRGINIA, INC.	886.04	25,776.00	0.03
DAVIDSON D.A. + COMPANY INC.	5,949.48	146,937.00	0.04
DAVY STOCKBROKERS	1,958.74	199,838.00	0.01
DBS VICKERS (HONG KONG) LIMITED	4,516.47	1,380,000.00	0.00
DBS VICKERS SECURITIES (SINGAPORE)	5,978.23	2,036,800.00	0.00
DBS VICKERS SECURITIES(THAILAND)	3,050.44	1,048,000.00	0.00
DEAGROATT+ CAMPBELL SDN BHD	16,643.33	7,007,910.00	0.00
DENIZ YATIRIM MENKUL DEGERLER A.S.	4,048.85	1,431,214.00	0.00
DEPOSITORY CLEARING COMPANY	54.98	7,620.00	0.01
DEUTSCHE BANK AG JAKARTA	66.79	27,500.00	0.00
DEUTSCHE BANK AG LONDON	91,170.39	3,506,667,479.15	0.00
DEUTSCHE BANK ALEX BROWN	3,339.55	84,452.00	0.04
DEUTSCHE BANK SECURITIES	225.78	412.00	0.55
DEUTSCHE BANK SECURITIES INC	496,108.84	8,299,080,542.08	0.00
DEUTSCHE MORGAN GRENFELL SECS	12,945.36	1,665,635.00	0.01
DEUTSCHE SECURITIES ASIA LIMITED	44,280.18	21,248,046.00	0.00
DEUTSCHE SECURITIES ASIA LTD	6,602.41	88,158.00	0.07
DG BANK, DEUTSCHE GENOSSENSCHAFTSBA	901.07	6,014.00	0.15
DIRECT ACCESS PARTNERS LLC	1,554.70	83,980.00	0.02
DIRECT TRADING INSTITUTIONAL INC	4,490.70	384,728.00	0.01
DIVINE CAPITAL MARKETS LLC	72,317.80	3,288,396.00	0.02
DNB NOR MARKETS CUSTODY DNB NORBANK ASA	561.67	1,763.00	0.32
DONGWON SECURITIES	9,390.21	56,100.00	0.17
DOUGHERTYCOMPANY	3,225.42	94,708.00	0.03
DOWLING &PARTNERS	19,670.50	678,900.00	0.03
DRESDNER BANK AG, LONDON BRANCH	339.29	28,735.00	0.01
DUNDAS UNLU SECURITIES INC.	32,888.77	6,071,265.00	0.01
DUPONT GILBERT SA	2,223.83	49,964.00	0.04
E. OHMAN JOB FONDKOMMISSION AB	128.70	3,200.00	0.04
E.L.AND C. BAILLIEU LTD	308.45	914,372.00	0.00
EMERGING GROWTH EQUITIES LTD	1,154.30	115,430.00	0.01
ERSTE BANK DER OESTERREICHISCHEN	3,691.65	70,534.00	0.05
ESN NORTHAMERICA, INC.	1,784.20	600,991.00	0.00
EUROCLEARBANK S.A N.V.	133.84	52,601,597.40	0.00
EUROCLEARBANK SA NV	143.25	169,775.00	0.00
EUROMOBILIARE SIM S.P.A.	6,983.93	1,594,754.00	0.00
EVLI SECURITIES LTD	387.23	10,532.00	0.04
EVOLUTIONBEESON GREGORY LIMITED	3,181.52	261,186.00	0.01
EXANE S.A.	30,085.48	1,093,304.00	0.03
EXECUTION(HONG KONG) LIMITED	21,544.72	15,685,000.00	0.00
EXECUTIONLIMITED	5,019.90	1,043,015.00	0.00
FATOR - DORIA ATHERINO S.A CV	1,426.55	31,100.00	0.05
FIDELITY CAPITAL MARKETS	51,310.82	2,835,996.00	0.02
FIG PARTNERS LLC	482.52	12,063.00	0.04
FINANCIALBROKERAGE GROUP (FBG)	35,994.16	2,528,481.00	0.01
FINANCIERA SAN PEDRO-PERU	111.00	3,700.00	0.03
FIRST ANALYSIS SECURITIES CORP	1,403.18	30,794.00	0.05
FIRST CLEARING, LLC	130.24	3,256.00	0.04
FIRST SECURITIES ASA	2,020.94	333,925.00	0.01
FIRST SOUTHWEST COMPANY	5,827.20	145,680.00	0.04
FOKUS BANK ASA	78.20	6,455.00	0.01
FORSYTH BARR LTD	188.34	152,034.00	0.00
FORTIS BANK (NEDERLAND) N.V.	464.81	5,138.00	0.09
FOX PITT KELTON INC	3,130.55	75,151.00	0.04
FOX PITT KELTON LTD	6,567.62	816,877.00	0.01
FRIEDMAN BILLINGS + RAMSEY	23,018.68	899,398.00	0.03
G TRADE SERVICES LTD	1,392.64	377,980.00	0.00
GALATA SECURITIES INC	1,261.25	256,020.00	0.00
GARBAN EQUITIES LIMITED LONDON	477.27	651,000.00	0.00
GARDNER RICH & CO	4,329.12	155,254.00	0.03
GBM INTERNATIONAL INC.	1,803.50	257,688.00	0.01
GFI SECURITIES LLC	1,625.00	65,000.00	0.03
GK GOH SECURITIES (HK) LTD.	833.76	136,000.00	0.01
GLOBAL EQUITIES	848.29	25,386.00	0.03
GMP SECURITIES LTD.	2,133.99	56,601.00	0.04
GOLDMAN SACHS (ASIA) LLC	27,807.11	108,856.00	0.26
GOLDMAN SACHS + CO	379,485.70	2,066,750,074.56	0.00
GOLDMAN SACHS DO BRASIL BANCO MULTI AVEN	41.44	1,900.00	0.02
GOLDMAN SACHS DO BRASIL CORRETORA	2,449.49	37,943.00	0.06
GOLDMAN SACHS INTERNATIONAL	217,683.39	21,319,594.00	0.01

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
GOODBODY STOCKBROKERS	4,838.83	622,132.00	0.01
GORDON HASKETT	78.00	3,900.00	0.02
GREEN STREET ADVISORS	518.00	15,300.00	0.03
GREENTREEBROKERAGE SERVICES INC	2,246.20	84,255.00	0.03
GRIFFITHSMCBURNEY + PARTNERS	879.00	28,600.00	0.03
GRISWOLD COMPANY	115.40	5,770.00	0.02
GUZMAN + CO	22,918.44	1,581,466.00	0.01
HC ISTANBUL	32,865.08	6,687,520.00	0.00
HEDGING GRIFFO COR DE VAL S.A	1,209.13	38,625.00	0.03
HEEVERS &CO. INC.	3,390.04	101,818.00	0.03
HEFLIN + CO LLC	98,387.34	5,146,763.00	0.02
HELVEA SA	190.80	110.00	1.73
HIBERNIA SOUTHCOAST CAPITAL INC	2,090.56	48,967.00	0.04
HONGKONG + SHANGHAI BANKING	6,172.25	1,191,248.00	0.01
HONGKONG AND SHANGHAI BANKING CORP	41,476.01	13,726,000.00	0.00
HOWARD WEIL DIVISION LEGG MASON	4,985.40	101,172.00	0.05
HSBC BANKBRASIL SA BANCO MULTIPLO	2,004.65	10,993,151.00	0.00
HSBC BANKPLC	56,324.29	1,534,023,846.00	0.00
HSBC BROKERAGE (USA) INC.	1,761.84	44,046.00	0.04
HSBC JAMES CAPEL SEOUL	3,881.86	43,285.00	0.09
HSBC SECURITIES (USA) INC.	33,642.76	27,612,908,917.00	0.00
HSBC SECURITIES (USA), INC.	4,264.79	193,975.00	0.02
HVB CAPITAL MARKETS, INC	4,994.81	44,503.00	0.11
HYUNDAI SECURITIES CO. LTD.	28,014.74	803,111.00	0.03
ICAP CORPORATES LLC	7,014.92	187,523.00	0.04
ICAP DO BRASIL DTVM LTDA	852.18	76,113.00	0.01
ICAP SECURITIES LTD	9,367.19	269,957,151.00	0.00
ING BANK N V	43,659.14	91,117,709.00	0.00
ING FINANCIAL MARKETS LLC	70,404.93	27,543,282.00	0.00
INSTINET	266,473.49	10,072,931.00	0.03
INSTINET AUSTRALIA CLEARING SRVC PTY LTD	934.81	1,453,358.00	0.00
INSTINET CANADA	4.55	949.00	0.00
INSTINET LLC	4,819.70	424,409.00	0.01
INSTINET PACIFIC LIMITED	47,935.22	61,199,533.00	0.00
INSTINET SINGAPORE SERVICES PT	2,280.49	1,094,010.00	0.00
INSTINET U.K. LTD	83,430.75	22,613,417.00	0.00
INTERDIN BOLSA S.V.B., S.A.	926.22	47,078.00	0.02
INTERMONTE SEC SIM SPA	402.18	45,559.00	0.01
INVERLAT INTERNATIONAL	2,541.47	272,403.00	0.01
INVESTEC HENDERSON CROSTHWAITE	821.16	80,393.00	0.01
INVESTEC SECURITIES	4,542.54	624,582.00	0.01
INVESTMENT TECHNOLOGY GROUP INC.	211,022.13	19,011,502.00	0.01
INVESTMENT TECHNOLOGY GROUP LTD	38,355.44	6,673,616.00	0.01
ISI GROUPINC	37,532.43	1,768,798.00	0.02
ISLAND TRADER SECURITIES INC	213.32	21,332.00	0.01
ITG AUSTRALIA LTD.	3,115.17	2,817,115.00	0.00
ITG CANADA	826.66	48,600.00	0.02
ITG INC	785.92	103,917.00	0.01
ITG INC.	524.96	40,671.00	0.01
ITG SECURITIES (HK) LTD	30,964.28	10,771,666.00	0.00
IVY SECURITIES, INC.	177.00	5,900.00	0.03
J AND E DAVY	2,419.56	150,154.00	0.02
J B WERE AND SON	4,269.71	11,899,435.00	0.00
J P MORGAN SECURITIES INC	189,747.79	12,032,528,511.34	0.00
J.P. MORGAN CLEARING CORP.	152,802.45	149,776,875.07	0.00
J.P. MORGAN SECURITIES INC.	135,798.11	8,486,942.00	0.02
J.P. MORGAN SECURITIES LIMITED	9,553.07	1,267,809.00	0.01
J.P.MORGAN SECURITIES(FAR EAST)LTD SEOUL	28,779.21	277,408.00	0.10
JACKSON PARTNERS + ASSOCIATES INC	108.00	2,700.00	0.04
JACKSON SECURITIES	136,797.30	7,344,144.00	0.02
JANNEY MONTGOMERY, SCOTT INC	1,579.00	35,040.00	0.05
JB WERE AND SON (NZ) LTD	844.28	81,570.00	0.01
JEFFERIES+ COMPANY INC	539,434.16	98,992,089.42	0.01
JEFFERIESINTERNATIONAL LTD	7,353.67	3,220,242.00	0.00
JMP SECURITIES	11,112.43	257,352.00	0.04
JOH BERENBERG GOSSLER AND CO	22,791.90	386,190.00	0.06
JOHNSON RICE + CO	5,421.58	118,853.00	0.05
JONESTRADING INSTITUTIONAL SERVICES LLC	103,564.43	5,110,920.00	0.02
JP MORGANSECURITIES	2,934.75	13,914,692.00	0.00
JP MORGANSECURITIES AUSTRALIA LTD	19,749.94	3,433,717.00	0.01
JP MORGANSECURITIES LIMITED	150,406.64	184,202,405,873.30	0.00
JP MORGANSECURITIES SA	75.20	6,100.00	0.01
JPMORGAN CHASE BANK	4,646.46	19,519,579,904.90	0.00
JPMORGAN CHASE BANK N.A. LONDON	280.86	12,456.00	0.02
JPMORGAN SECURITIES(ASIA PACIFIC)LTD	74,180.43	31,226,452.00	0.00
KAS-ASSOCIATIE N.V.	5,148.31	210,032.00	0.02
KAUFMAN BROTHERS	591.43	25,253.00	0.02
KBC FINANCIAL PRODUCTS UK LTD	11,888.34	128,726.00	0.09
KBC PEEL HUNT LTD	5,830.62	1,446,470.00	0.00
KEEFE BRUYETTE + WOODS INC	19,138.45	754,856.00	0.03
KEEFE BRUYETTE AND WOOD LIMITED	6,695.61	1,644,154.00	0.00
KELLOGG PARTNERS	473.85	15,795.00	0.03
KEMPEN + CO N.V.	603.44	58,016.00	0.01
KEPLER EQUITIES	66.93	3,980.00	0.02
KEPLER EQUITIES FRANKFURT BRANCH	3,096.05	34,105.00	0.09
KEPLER EQUITIES PARIS	8,766.04	126,505.00	0.07

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
KEPLER EQUITIES SUCURSAL EN ESPANA	1,325.15	61,557.00	0.02
KEPLER EQUITIES ZURICH	1,730.84	76,370.00	0.02
KEPPLER CAPITAL MARKETS	166.94	7,850.00	0.02
KEYBANC CAPITAL MARKETS INC	11,898.80	2,437,875.00	0.00
KIM ENG SECURITIES	13,867.69	10,373,410.00	0.00
KIM ENG SECURITIES, P.T.	586.91	133,500.00	0.00
KING, CL,& ASSOCIATES, INC	15,481.80	436,543.00	0.04
KNIGHT CLEARING SERVICES LLC	50.40	1,260.00	0.04
KNIGHT DIRECT LLC	36.00	4,614.00	0.01
KNIGHT SECURITIES	91,835.02	5,581,232.00	0.02
KNIGHT SECURITIES INTERNATIONAL	1,294.92	4,082,200.00	0.00
KNIGHT SECURITIES L.P.	6,591.94	2,680,670.00	0.00
LABRANCHEFINANCIAL SERVICES L	36,542.03	1,845,657.00	0.02
LADENBURGTHALMAN + CO	1,365.00	39,000.00	0.04
LANDESBANK BADEN WUERTTEMBERG	87.26	896.00	0.10
LARRAIN VIAL	9,198.33	653,221.00	0.01
LAZARD ASSET MANAGEMENT	5,931.34	633,204.00	0.01
LAZARD CAPITAL MARKETS LLC	4,229.39	304,127.00	0.01
LEERINK SWANN AND COMPANY	4,952.86	117,712.00	0.04
LEGENT CLEARING LLC	41.75	1,075.00	0.04
LIGHTHOUSE FINANCIAL GROUP LLC	3,012.73	86,367.00	0.03
LINK S.A CCTVM	419.43	31,374.00	0.01
LIQUIDNETASIA LIMITED	3,579.52	1,574,106.00	0.00
LIQUIDNETAUSTRALIA PTY LTD	103.08	26,192.00	0.00
LIQUIDNETEUROPE LIMITED	323.40	92,359.00	0.00
LIQUIDNETINC	27,555.77	1,334,660.00	0.02
LOOP CAPITAL MKTS LLC	47,933.11	1,932,881.00	0.02
M M WARBURG	550.82	6,366.00	0.09
M RAMSEY KING SECURITIES INC	11,703.04	408,768.00	0.03
MACQUARIEBANK LIMITED	49,581.79	3,389,411.00	0.01
MACQUARIECAPITAL (EUROPE) LTD	6,845.31	1,517,412.00	0.00
MACQUARIEEQUITIES LIMITED (SYDNEY)	28,356.83	7,170,445.00	0.00
MACQUARIEEQUITIES NEW YORK	2,599.33	97,210.00	0.03
MACQUARIEEQUITIES NEW ZEALAND	565.10	100,296.00	0.01
MACQUARIESEC NZ LTD	39.13	21,289.00	0.00
MACQUARIESECURITIES (SINGAPORE)	15,780.04	28,912,930.00	0.00
MACQUARIESECURITIES (USA) INC	727.55	16,431.00	0.04
MACQUARIESECURITIES LIMITED	150,138.78	86,558,550.00	0.00
MACQUARIESECURITIES LTD SEOUL	12,247.82	281,588.00	0.04
MAGAVCEO LEE + CO	1,345.80	44,860.00	0.03
MAGNA SECURITIES CORP	101,834.64	5,109,167.00	0.02
MEDIOBANCA SPA	6,505.42	749,196.00	0.01
MELVIN SECURITIES LLC	543.71	21,515.00	0.03
MERRILL LYNCH	7.42	29,738,706.00	0.00
MERRILL LYNCH (SINGAPORE) PTE LTD	631.91	876,000.00	0.00
MERRILL LYNCH AND CO INC	1,349.65	262,920.00	0.01
MERRILL LYNCH INTERNATIONAL	243,091.03	44,242,861.00	0.01
MERRILL LYNCH PEIRCE FENNER AND S	274,510.88	110,149,078.00	0.00
MERRILL LYNCH PIERCE FENNER + SMITH INC	144,284.07	102,863,490.55	0.00
MERRILL LYNCH PIERCE FENNER AND SMITH	4,766.74	953,342.00	0.01
MERRILL LYNCH PROFESSIONAL CLEARING CORP	2,821.61	68,785.00	0.04
MERRILL LYNCH, PIERCE FENNER SMITH	52.60	1,315.00	0.04
MERRIMAN CURHAN FORD + CO	1,114.45	24,966.00	0.04
MERRION CAPITAL GROUP	264.13	8,785.00	0.03
MF GLOBALUK LIMITED	10,925.12	693,950.00	0.02
MIDWEST RESEARCH SECURITIES	741.16	23,258.00	0.03
MIRAE ASSET HONG KONG LIMITED	302.48	68,000.00	0.00
MIRAE ASSET INVESTMENT MANAGEMENT CO LTD	2,566.98	4,363.00	0.59
MISCHLER FINANCIAL GROUP, INC-EQUITIES	38,061.30	1,831,848.00	0.02
MITSUBISHI UFJ SECURITIES (USA)	6,305.85	360,497.00	0.02
MITSUBISHI UFJ SECURITIES INT PLC	308.73	19,900.00	0.02
MIZUHO SEC ASIA LTD	4,224.34	597,300.00	0.01
MIZUHO SECURITIES USA INC	21,155.81	772,157.00	0.03
MKM PARTNERS	720.00	14,400.00	0.05
ML PROFESSIONAL CLEARING CORP	752.00	18,800.00	0.04
MONNESS, CRESPI, HARDT & CO. INC	40.80	816.00	0.05
MONTECITOADVISORS	29.60	740.00	0.04
MONTROSE SECURITIES EQUITIES	65,803.11	3,353,905.00	0.02
MONUMENT SECURITIES LIMITED	130.07	67,313.00	0.00
MORGAN KEEGAN & CO INC	9,036.32	4,786,600.00	0.00
MORGAN STANLEY	1,113.46	1,781,770.00	0.00
MORGAN STANLEY & CO. INCORPORATED/RETAIL	5,291.70	111,619,525.00	0.00
MORGAN STANLEY AND CO INTERNATIONAL	8,763.00	290,157.00	0.03
MORGAN STANLEY AND CO. INTERNATIONAL	71,133.13	50,833,475.57	0.00
MORGAN STANLEY CO INCORPORATED	806,365.27	1,383,729,190.05	0.00
MORGAN STANLEY DEAN WITTER AUSTRALIA	213.96	50,326.00	0.00
MORGAN STANLEY INTERNATIONAL LTD	123.70	5,500.00	0.02
MORGAN STANLEY SECURITIES LIMITED	6,210.90	703,292.00	0.01
MR BEAL &COMPANY	28,824.60	1,014,113.00	0.03
MSDWOR MORGAN ST CO INTL PLC	16.82	15,000.00	0.00
MULTITRADE SECURITIES LLC	488.26	12,375.00	0.04
MURIEL SIEBERT & CO, INC.	48.00	1,200.00	0.04
NATEXIS BLEICHROEDER INC	16,363.81	630,977.00	0.03
NATIONAL FINANCIAL SERVICES CORP.	19,705.73	8,558,717.00	0.00
NATIXIS SECURITIES	1,104.63	86,963.00	0.01
NBC CLEARING SERVICES INCORPORATED	4,997.37	132,005.00	0.04

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
NCB STOCKBROKERS LTD	924.06	176,923.00	0.01
NEEDHAM +COMPANY	8,757.39	192,963.00	0.05
NESBITT BURNS	4,081.13	5,034,860.00	0.00
NEUE ZURCHER BANK	1,098.26	2,011.00	0.55
NOMURA FINANCIAL AND INVESTMEN	1,076.62	24,270.00	0.04
NOMURA INTERNATIONAL (HONG KONG) LTD	1,981.53	4,282,000.00	0.00
NOMURA INTERNATIONAL PLC	83,268.51	11,171,902.00	0.01
NOMURA INTL (HK) LTD, SEOUL BR	7,863.62	232,561.00	0.03
NOMURA SECURITIES INTERNATIONAL INC	137,838.94	65,648,116.00	0.00
NORDEA BANK NORGE ASA	621.61	7,600.00	0.08
NORDIC PARTNERS	1,125.77	42,893.00	0.03
NORTH SOUTH CAPITAL LLC	57.80	1,410.00	0.04
NOVA CAPITAL MARKETS LLC	79.00	1,580.00	0.05
NUMIS SECURITIES INC.	21,938.75	2,078,407.00	0.01
NUMIS SECURITIES LIMITED	1,805.63	554,633.00	0.00
NUTMEG SECURITIES	2,054.00	89,900.00	0.02
NYFIX TRANSACTION SERVICES #2	1,089.39	210,924.00	0.01
NZB NEUE ZUERCHER BANK	7,843.32	87,674.00	0.09
NZB NEUE ZURCHER BANK	3,871.79	31,236.00	0.12
O NEIL, WILLIAM AND CO. INC/BCC CLRG	8,963.02	224,994.00	0.04
ODDO FINANCE	7,645.26	138,636.00	0.06
OIEN SECURITIES, INC	15,810.41	794,405.00	0.02
OLIVETREESECURITIES LIMITED	192.87	6,486.00	0.03
OPPENHEIM, SAL.,JR UND CIE KOELN	3,044.77	55,119.00	0.06
OPPENHEIMER + CO. INC.	22,841.43	4,466,302.63	0.01
ORIEL SECURITIES LTD	575.56	50,526.00	0.01
OYAK MENKUL DEGERELER A S	330.44	54,670.00	0.01
PACIFIC AMERICAN SECURITIES, LLC	91,638.24	4,487,252.00	0.02
PACIFIC CREST SECURITIES	6,612.30	190,795.00	0.03
PANMURE GORDON AND CO LTD	2,512.95	279,648.00	0.01
PAREL	5,096.41	67,868.00	0.08
PARIBAS SECURITIES INC	35,484.44	5,253,280.00	0.01
PCS DUNBAR SECURITIES	2,532.35	50,647.00	0.05
PENSERRA SECURITIES LLC	3,690.71	291,371.00	0.01
PENSON FINANCIAL SERVICES CANADA INC	15,719.94	550,562.00	0.03
PENSON FINANCIAL SERVICES INC	1,845.08	59,036.00	0.03
PERCIVAL FINANCIAL PARTNERS LTD.	5,860.00	146,500.00	0.04
PERSHING DLJ S L	155,583.82	49,961,089.00	0.00
PERSHING LLC	35,783.70	102,039,757.31	0.00
PERSHING SECURITIES LIMITED	46,019.38	1,698,525.00	0.03
PETERCAM S.A.	5,627.64	85,755.00	0.07
PICKERINGENERGY PARTNERS, INC	688.90	13,778.00	0.05
PIPELINE TRADING SYSTEMS LLC	2,658.92	454,571.00	0.01
PIPER JAFFRAY	18,610.61	6,415,286.00	0.00
PODESTA +CO	170.50	3,950.00	0.04
PRITCHARDCAPITAL PARTNERS LLC	461.00	9,220.00	0.05
PULSE TRADING LLC	57,998.54	3,039,172.00	0.02
RABOBANK INTL	395.97	5,196.00	0.08
RASHID HUSSAIN SECURITIES SDN	2,338.00	1,704,900.00	0.00
RAYMOND JAMES + ASSOCIATES INC	418.35	6,320.00	0.07
RAYMOND JAMES AND ASSOCIATES INC	24,534.05	769,768.92	0.03
RAYMOND JAMES TRUST COMPANY	5,012.61	1,575,691.00	0.00
RBC CAPITAL MARKETS	59,841.72	193,473,666.73	0.00
RBC DOMINION SECURITIES INC.	7,205.35	6,936,164.00	0.00
RBS EQUITIES (AUSTRALIA) LIMITED	4,709.57	513,007.00	0.01
RBS SECURITIES INC	22,219.09	2,297,894.00	0.01
REDBURN PARTNERS LLP	904.25	22,000.00	0.04
RENAISSANCE CAPITAL GROUP	1,133.79	36,510.00	0.03
RENAISSANCE CAPITAL LTD	224.27	75,518.00	0.00
REYNDERS,GRAY + COMPANY,INC	10,975.76	200,891.00	0.05
RIDGE CLEARING + OUTSOURCING SOLUTIONS	34,188.57	11,243,929.92	0.00
RIDGE CLEARING AND OUTSOURCING SOLUTIONS	2,239.77	1,320,790.00	0.00
ROBERTS +RYAN INVESTMENTS INC	103,575.65	5,303,372.00	0.02
ROCHDALE SEC CORP.(CLS THRU 443)	66,129.96	3,208,558.00	0.02
RODMAN & RENSHAW LLC	182.50	6,325.00	0.03
ROSENBLATT SECURITIES LLC	22,057.90	1,102,895.00	0.02
ROTH CAPITAL PARTNERS LLC	1,657.10	33,515.00	0.05
SALOMON BROS INC	216.00	1,002,500.00	0.00
SAMSUNG SECURITIES CO LTD	14,032.20	550,282.00	0.03
SAMUEL A RAMIREZ & COMPANY INC	17,513.27	1,284,713.00	0.01
SANDERS MORRIS HARRIS	4,548.60	113,050.00	0.04
SANDLER ONEILL + PART LP	345.00	11,500.00	0.03
SANFORD C. BERNSTEIN LTD	57,395.50	10,024,728.00	0.01
SANFORD CBERNSTEIN CO LLC	45,292.25	2,977,289.00	0.02
SANTANDERCENTRAL HISPANO BOLSA	320.82	14,200.00	0.02
SANTANDERINVESTMENT SECURITIES INC	53.85	10,001,077.00	0.00
SCOTIA CAPITAL (USA) INC	3,448.90	2,366,406.00	0.00
SCOTIA CAPITAL MKTS	11,087.72	371,864.00	0.03
SCOTT & STRINGFELLOW, INC	28,319.99	8,114,410.12	0.00
SEI FINANCIAL SER CO	972.00	24,300.00	0.04
SEI INVESTMENTS DISTRIBUTION CO	576.00	14,400.00	0.04
SG AMERICAS SECURITIES LLC	4,381.47	316,854.00	0.01
SG SECURITIES HK	13,713.09	6,626,298.00	0.00
SHAW STOCKBROKING LTD (SYDNEY)	210.66	171,332.00	0.00
SHORE CAPITAL STOCKBROKERS LTD	161.45	5,325.00	0.03
SIDOTI + COMPANY LLC	5,273.82	114,871.00	0.05

COMBINED INVESTMENT FUNDS SCHEDULE OF BROKERAGE COMMISSIONS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Broker Name	$ Commission	Shares/ Par Value	Avg Comm
SIMMONS +COMPANY INTERNATIONAL	1,272.00	40,025.00	0.03
SKANDINAVISKA ENSKILDA BANK	538.97	57,215.00	0.01
SKANDINAVISKA ENSKILDA BANKEN LONDON	8,336.70	430,057.00	0.02
SOCIETE GENERALE	17,975.95	1,378,815.00	0.01
SOCIETE GENERALE BANK AND TRUST	487.55	5,270.00	0.09
SOCIETE GENERALE LONDON BRANCH	78,493.07	3,280,123.00	0.02
SOLEIL SECURITIES	5,866.75	146,775.00	0.04
SOUTHERN CROSS EQUITIES	211.62	21,877.00	0.01
SOUTHWESTSECURITIES	696.99	2,879,392.00	0.00
SOUTHWESTSECURITIES, INC.	2,086.00	17,089,834.40	0.00
SPEAR, LEEDS AND KELLOGG	148.88	25,766.00	0.01
STANDARD CHARTERED BANK (HONG KONG) LIMI	12,034.83	2,662,400.00	0.00
STANLEY (CHARLES) + CO LIMITED	186.95	92,752.00	0.00
STATE STREET BANK + TRUST CO LONDON	143,044.91	9,508,972.00	0.02
STATE STREET GLOBAL MARKETS	101,740.00	5,415,000.00	0.02
STATE STREET GLOBAL MARKETS, LLC	19,353.70	1,139,148.00	0.02
STEPHENS,INC.	3,887.22	11,055,754.90	0.00
STERNE AGEE & LEACH INC.	1,618.71	1,202,480.00	0.00
STIFEL NICOLAUS + CO INC	29,592.47	29,239,726.36	0.00
STUART FRANKEL + CO INC	14,377.07	751,602.00	0.02
STUDNESS RESEARCH	1,029.00	37,400.00	0.03
STURDIVANT + CO INC	309.00	10,300.00	0.03
SUNTRUST CAPITAL MARKETS, INC.	11,796.48	425,116.00	0.03
SVENSKA HANDELSBANKEN	15,245.61	818,736.00	0.02
SVENSKA HANDELSBANKEN LONDON BRANCH	4,626.78	161,827.00	0.03
SWAP BROKER	7,336.72	85,074,843.00	0.00
SWEDBANK	2,698.37	104,828.00	0.03
TD WATERHOUSE CDA	2,220.03	11,411,708.00	0.00
TEB YATIRIM MENKUL DEGERLER A.S.	1,374.64	122,500.00	0.01
THE BENCHMARK COMPANY, LLC	413.65	8,613.00	0.05
THE ROYALBANK OF SCOTLAND N.V.UK EQUITI	50,781.57	7,517,675.00	0.01
THEMIS TRADING LLC	47,467.87	2,482,760.00	0.02
THINKEQUITY PARTNERS LLC	4,724.19	103,666.00	0.05
THINKEQUITY PARTNERS, LLC	60.00	2,000.00	0.03
THOMAS WEISEL PARTNERS LLC	47,062.40	1,979,036.00	0.02
TORONTO DOMINION BANK	1,108.30	610,709.00	0.00
TROIKA DIALOG USA, INC	2,108.54	163,525.00	0.01
UBS AG	299,451.32	152,822,570.63	0.00
UBS AG LONDON	84,592.90	167,067,287.00	0.00
UBS SECS LLC/EQUITIES,NY	2,480.73	5,550.00	0.45
UBS SECURITIES ASIA LTD	139,851.66	70,470,362.00	0.00
UBS SECURITIES CANADA INC	2,544.03	96,780.00	0.03
UBS SECURITIES LLC	219,901.87	299,667,475.22	0.00
UBS SECURITIES PTE.LTD., SEOUL	32,280.01	195,179.00	0.17
UBS SECURITIES SINGAPORE PTE	6,767.42	12,748,190.00	0.00
UBS WARBURG (HONG KONG) LIMITED	2,180.57	233,200.00	0.01
UBS WARBURG AUSTRALIA EQUITIES	406.44	12,203.00	0.03
UBS WARBURG LLC	81,464.27	6,086,179.00	0.01
UNICREDITSPA	38.83	1,833.00	0.02
UNX INC.	9,670.31	507,601.00	0.02
UOB KAY HIAN (HONG KONG) LTD	858.66	879,670.00	0.00
UOB KAY HIAN PTE LIMITED	9,797.16	1,039,597.00	0.01
UOB KAY HIAN SECURITIES	5,977.12	1,888,850.00	0.00
UOB KAY HIAN SECURITIES PT	4,897.93	11,230,000.00	0.00
UTENDAHL CAPITAL PARTNERS	188.00	4,700.00	0.04
VANDHAM SECURITIES CORP	8,297.64	207,441.00	0.04
VICKERS BALLAS TAMARA PT	2,586.66	9,450,000.00	0.00
VTB BANK EUROPE PLC	1,653.87	475,969.00	0.00
W.J. BONFANTI INC	3.08	154.00	0.02
WACHOVIACAPITAL MARKETS, LLC	36,999.27	11,815,244.00	0.00
WEDBUSH MORGAN SECURITIES INC	9,944.19	16,508,400.73	0.00
WEEDEN + CO.	119,168.71	8,248,490.00	0.01
WELLS FARGO INVT LLC	574.75	10,703.00	0.05
WILLIAM BLAIR & COMPANY L.L.C	19,791.97	461,508.00	0.04
WILLIAMS CAPITAL GROUP LP (THE)	51,338.93	2,571,276.00	0.02
WINTERFLOOD SECURITIES LTD	237.71	50,000.00	0.00
WOOD AND COMPANY	3,444.60	46,627.00	0.07
WOORI INVESTMENT SECURITIES	7,130.59	120,800.00	0.06
YAMNER & CO INC (CLS THRU 443)	6,425.09	641,573.00	0.01
YUANTA CORE PACIFIC SECURITIES	338.18	84,000.00	0.00
ZANNEX SECURITIES	117.78	19,586.00	0.01
TOTAL	**$14,385,489.29**		

GLOSSARY OF INVESTMENT TERMS

Agency Securities – Securities, usually bonds, issued by U.S. Government agencies. These securities have high credit ratings but are not backed by the full faith and credit of the U.S. Government.

Alpha - A coefficient which measures risk-adjusted performance, factoring in the risk due to the specific security, rather than the overall market. A high value for alpha implies that the stock or mutual fund has performed better than would have been expected given its beta (volatility).

Asset - Anything owned that has economic value; any interest in property, tangible or intangible, that can be used for payment of debts.

Asset Backed Security- Bonds or notes collateralized by one or more types of assets including real property, mortgages, and receivables.

Banker's Acceptance (BA) - A high-quality, short-term negotiable discount note, drawn on and accepted by banks which are obligated to pay the face amount at maturity.

Basis Point (bp) - The smallest measure used in quoting yields or returns. One basis point is 0.01% of yield, 100 basis points equals 1%. For example, a yield that changed from 8.75% to 9.50% has increased by 75 basis points.

Benchmark - A standard unit used as the basis of comparison; a universal unit that is identified with sufficient detail so that other similar classifications can be compared as being above, below, or comparable to the benchmark.

Beta - A quantitative measure of the volatility of a given stock, mutual fund or portfolio relative to the overall market.

Book Value (BV) - The value of individual assets, calculated as actual cost minus accumulated depreciation. Book value may be more or less than current market value.

Capital Gain (Loss) - Also known as capital appreciation (depreciation), capital gain (loss) measures the increase (decrease) in value of an asset over time.

Certificates of Deposit (CDs) - A debt instrument issued by banks, usually paying interest, with maturities ranging from 3 months to six years.

Citigroup Broad Investment-Grade Bond Index (CBIG) - A market value-weighted index composed of over 4,000 individually priced securities with a quality rating of at least BBB. Each issue has a minimum maturity of one year with an outstanding par amount of at least $25 million.

Citigroup World Government Bond Index Non-U.S. (CWGBI) - An unhedged index measuring government issues of 12 major industrialized countries.

Coefficient of Determination (R^2) - A statistic which indicates the amount of variability in a dependent variable, such as Fund returns, which may be explained by an independent variable, such as market returns, in a regression model. The coefficient of determination is denoted R^2 and ranges from 0 to 1.0. If the statistic measures 0, the independent variable offers no explanation of the dependent variable. If the statistic measures 1.0, the independent variable fully explains the dependent variable.

Collateral – Assets pledged by a borrower to secure a loan or other credit, and subject to seizure in the event of default.

Collateralized Mortgage Obligation (CMO) – A mortgage-backed, investment-grade bond that separates mortgage pools into different maturity classes. CMO payment obligations are backed by mortgage-backed securities with a fixed maturity.

Commercial Paper - Short-term obligations with maturities ranging from 2 to 270 days. An unsecured obligation issued by a corporation or bank to finance its short-term credit needs.

Compounded Annual Total Return - Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Consumer Price Index (CPI) - A measure of change in the cost of a fixed basket of products and services as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Components of the CPI include housing costs, food, transportation, and electricity.

Cumulative Rate of Return - A measure of the total return earned for a particular time period. This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. For example, if a $100 investment grew to $120 in a two-year period, the cumulative rate of return would be 20%.

Current Yield - The relationship between the stated annual interest or dividend rate and the market price of a security. In calculating current yield, only income payments are considered; no consideration is given to capital gain/loss.

Derivative - Derivatives are generally defined as contracts whose value depend on, or derived from, the value of an underlying asset, reference rate, or index. For example, an option is a derivative instrument because its value derives from an underlying stock, stock index, or future.

Discount Rate - The interest rate that the Federal Reserve charges banks for loans, using government securities or eligible paper as collateral.

GLOSSARY OF INVESTMENT TERMS (Continued)

Diversification – A portfolio strategy designed to reduce exposure to risk by putting assets in several different securities or categories of investments.

Duration - A measure of the average time to receipt of all bond cash flows. Duration is used to determine the percentage change in price of a fixed income security for a given change in the security's yield to maturity. Duration is stated in terms of time periods, generally years. (See Modified and Macaulay duration).

Equity - The ownership interest possessed by shareholders in a corporation in the form of common stock or preferred stock.

ERISA (Employee Retirement Income Security Act) - The 1974 federal law which established legal guidelines for private pension plan administration and investment practices.

Expense Ratio – Operating costs (including management fees) expressed as a percentage of the fund's average net assets for a given time period.

Fair Value - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds Rate - The interest rate that banks charge each other for the use of Federal Funds. This rate changes daily and is a sensitive indicator of general interest rate trends.

Federal Reserve Board – The 7- member Board of Governors that oversees Federal Reserve Banks, establishes monetary policy and monitors the economic health of the economy.

Fiduciary - A person, company, or association holding assets in trust for a beneficiary. The fiduciary is charged with the responsibility to invest the money prudently for the beneficiary's benefit.

Fitch Investor Services - A financial services rating agency.

Floating Rate Note - A fixed principal instrument which has a long or even indefinite life and whose yield is periodically reset relative to a reference index rate to reflect changes in short- or intermediate-term interest rates.

Gross Domestic Product - Total final value of goods and services produced in the United States over a particular period or time, usually one year. The GDP growth rate is the primary indicator of the health of the economy.

Hedge - An investment in assets which serves to reduce the risk of adverse price movements in a security, by taking an offsetting position in a related security, such as an option or short sale.

Index - A benchmark used in executing investment strategy which is viewed as an independent representation of market performance. Example: S&P 500 index.

Index Fund – A passively managed fund that tries to mirror the performance of a specific index, such as the S&P 500.

Inflation – The overall general upward price movement of goods and services in an economy, usually as measured by the Consumer Price Index and the Producer Price Index.

Investment Income - The equity dividends, bond interest, and/or cash interest paid on an investment.

J-Curve - An economic theory stating that a policy designed to have one effect will initially have the opposite effect. With regard to closed end commingled fund investments, this generally refers to the impact on returns of contributions made in the early portion of a fund's existence. Invested capital is used to pay fees and organizational costs as well as to make investments in non-income producing enterprises. Such uses negatively impact returns in early periods but are expected to generate increasing income and valuations in the late periods as the previously non-income producing entities start producing income and the relative size of fees and other costs diminish relative to the value of invested capital.

JP Morgan Emerging Markets Bond Index Plus (EMBI+) - An index which tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar local markets instruments. The EMBI+ expands upon Morgan's original Emerging Markets Bond Index, which was introduced in 1992 and covers only Brady bonds.

LB Aggregate Index - An index made up of Government, Corporate, Mortgage Backed, and Asset Backed securities, all rated investment grade. Returns are market value weighted inclusive of interest. Issues must have at least one year to maturity and an outstanding par value of at least $200 million.

Letter of Credit - An instrument or document issued by a bank, guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and eliminates the seller's risk.

Liability - The claim on the assets of a company or individual - excluding ownership equity. An obligation that legally binds an individual or company to settle a debt.

Leverage - The use of borrowed funds to increase purchasing power and, ideally, to increase profitability of an investment transaction or business.

Macaulay Duration - The weighted-average term to maturity of a bond's cash flows. The weighting is based on the present value of each cash flow divided by price.

Market Value – A security's last reported sale price or its current bid and ask prices. The price as determined dynamically by buyers and sellers in an open market.

GLOSSARY OF INVESTMENT TERMS (Continued)

Master Custodian - An entity, usually a bank, used for safekeeping of securities and other assets. Responsible for other functions including accounting, performance measurement and securities lending.

Maturity Date - The date on which the principal amount of a bond or other debt instrument becomes payable or due.

Mezzanine Debt – Debt that incorporates equity –based options, such as warrants, with a lower – priority debt.

MFR Index (iMoneyNet's First Tier Institutional-only Rated Money Fund Report Averages™ Index) - An index which represents an average of the returns of institutional money market mutual funds that invest primarily in first-tier (securities rated A-1, P-1) taxable securities.

Modified Duration - A measure of the price sensitivity of a bond to interest rate movements. It is the primary basis for comparing the effect of interest rate changes on prices of fixed income securities.

Money Market Fund - An open-ended mutual fund that invests in commercial paper, bankers' acceptances, repurchase agreements, government securities, certificates of deposit, and other highly liquid and safe securities and pays money market rates of interest. The fund's net asset value remains a constant $1 per share - only the interest rate goes up or down.

Moody's (Moody's Investors Service) - A financial services rating agency.

MSCI-EAFE - Morgan Stanley Europe Australasia Far East foreign equity index. An arithmetic value weighted average of the performance of over 900 securities on the stock exchanges of 21 countries on three continents. The index is calculated on a total return basis, which includes reinvestment of dividends net of withholding taxes.

Net Asset Value (NAV) - The total assets (including any valuation gains or losses on investments or currencies) minus total liabilities divided by shares outstanding.

NCREIF (National Council of Real Estate Investment Fiduciaries) - An index consisting of investment-grade, non-agricultural, income-producing properties: apartments, hotels, offices, and warehouses. Its return includes appreciation, realized capital gains, and income. It is computed by adding the income return and capital appreciation return generated by the properties in the index, on a quarterly basis.

Par Value - The stated or face value of a stock or bond. It has little significance for common stocks, however, for bonds it specifies the payment amount at maturity.

Pension Fund - A fund set up by a corporation, labor union, governmental entity, or other organization to pay the pension benefits of retired workers.

Percentile - A description of the percentage of the total universe in which portfolio performance is ranked.

Price/Book (P/B) - A ratio showing the price of a stock divided by its book value. The P/B measures the multiple at which the market is capitalizing the net asset value per share of a company at any given time.

Price/Earnings (P/E) - A ratio showing the price of a stock divided by its earnings per share. The P/E measures the multiple at which the market is capitalizing the earnings per share of a company at any given time.

Present Value - The current value of a future cash flow or series of cash flows discounted at an appropriate interest rate or rates. For example, at a 12% interest rate, the receipt of one dollar a year from now has a present value of $0.89286.

Principal - Face value of an obligation, such as a bond or a loan, that must be repaid at maturity.

Prudent Person Rule - The standard adopted by some states to guide those fiduciaries with responsibility for investing money of others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investment.

Realized Gain (Loss) - A gain (loss) that has occurred financially. The difference between the principal amount received and the cost basis of an asset realized at sale.

Relative Volatility - The standard deviation of the Fund divided by the standard deviation of its selected benchmark. A relative volatility greater than 1.0 suggests comparatively more volatility in Fund returns than those of the benchmark.

Repurchase Agreements ("Repos") – A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. Repos are widely used as a money market instrument.

Reverse Repurchase Agreements ("Reverse Repos") - A purchase of securities with an agreement to resell them at a higher price at a specific future date.

Return on Equity (ROE) - The net income for the accounting period after payment of preferred stock dividends and before payment of common stock dividends of a company divided by the common stock equity at the beginning of the accounting period.

Risk Adjusted Return - A modified (usually reduced) return which accounts for the cost of a specific investment exposure as well as the aggregate risk of such exposure.

Russell 3000 - An equity index comprised of the securities of the 3,000 largest public U.S. companies as determined by total market capitalization. This index represents approximately 98% of the U.S. equity market's capitalization.

GLOSSARY OF INVESTMENT TERMS (Continued)

Securities Lending - A carefully collateralized process of loaning portfolio positions to custodians, dealers, and short sellers who must make physical delivery of positions. Securities lending can reduce custody costs or enhance annual returns by a full percentage point or more in certain market environments.

Soft Dollars - The value of research or other services that brokerage houses and other service entities provide to a client "free of charge" in exchange for the client's brokerage.

S&P 500 (Standard & Poor's) – A basket of 500 stocks considered to be widely held. The performance of this index is thought to be representative of the stock market as a whole. The index selects its constituents based upon their market size, liquidity and sector. S&P 500 stocks are considered to be the leading large (to mid) cap corporations in a given sector.

S&P Credit Ratings Service - A financial services rating agency.

Standard Deviation - A statistical measure showing the deviation of an individual value in a probability distributed from the mean (average) of the distribution. The greater the degree of dispersion from the mean rate of return, the higher the standard deviation; therefore, the higher the risk.

Total Fund Benchmark - A hybrid benchmark customized to reflect the CRPTF's asset allocation and performance objectives. This benchmark is comprised of 36% Russell 3000 Index; 18% International Stock Fund benchmark; 29% Mutual Fixed Income benchmark; 5% Russell 3000 Index; 11% S&P 500 Index; and 1% MFR First Tier Rated Index. The International Stock Fund benchmark is comprised of 83% Citigroup Europe, Pacific, Asia Composite Broad Market Index (50% Hedged) and 17% MSCI Emerging Market Free Index. The Mutual Fixed Income benchmark consists of 73% Lehman Brothers U. S. Aggregate Index, 17% S&P/Citigroup High Yield Market Index, and 10% JPM Emerging Markets Bond Index.

Treasury Bill (T-Bill) - Short-term, highly liquid government securities issued at a discount from the face value and returning the face amount at maturity.

Treasury Bond or Note - Debt obligations of the Federal government that make semiannual coupon payments and are sold at or near par value in denominations of $1,000 or more.

Trust - A fiduciary relationship in which a person, called a trustee, holds title to property for the benefit of another person, called a beneficiary.

TUCS - Trust Universe Comparison Service. TUCS is based upon a pooling of quarterly trust accounting data from participating banks and other organizations that provide custody for trust assets.

Turnover - Security purchases or sales divided by the fiscal year's beginning and ending market values for a given portfolio.

Unrealized Gain (Loss) - A profit (loss) that has not been realized through the sale of a security. The gain (loss) is realized when a security or futures contract is actually sold or settled.

Variable Rate Note - Floating rate notes with a coupon rate adjusted at set intervals, such as daily, weekly, or monthly, based on different interest rate indices, such as LIBOR, Fed Funds, and Treasury Bills.

Volatility - A statistical measure of the tendency of a market price or yield to vary over time. Volatility is said to be high if the price, yield, or return typically changes dramatically in a short period of time.

Yield - The return on an investor's capital investment.

Yield Curve - A graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest possible. The Y-axis represents the interest rate and the X-axis represents time, generally with a normal curve that is convex in shape.

Zero Coupon Bond - A bond paying no interest that sells at a discount and returns principal only at maturity.

UNDERSTANDING INVESTMENT PERFORMANCE

Introduction

This section discusses the Treasury's approach to measuring performance, including risk and return of the Connecticut Retirement Plans and Trust Funds (CRPTF).

Understanding Performance

To measure success in achieving the primary objective of the Asset Allocation Plan, the Fund's performance is evaluated in two principal areas: risk and return. The results of these reviews, coupled with information on portfolio characteristics, are used to monitor and improve the performance of the Fund's external investment advisors.

To bring accountability and perspective to Fund performance and measurements of risk and return, The Connecticut Retirement Plans and Trust Funds are compared to those of similarly structured peer groups and indices. These comparisons enable plan participants, the Treasurer and the Investment Advisory Council, to determine whether and by how much Fund returns exceeded or fell short of the benchmarks. Each Fund's benchmark is selected on the basis of portfolio composition, investment style, and objectives.

Comparative performance is reviewed over both the near-term and the long-term for two reasons. First, pension management is, by its very nature, a long-term process. While both young and old employees comprise the pool of plan beneficiaries, the average age of plan participants is relatively low and requires that plan assets be managed for the long term. Second, as experience has shown, results attained in the short term are not necessarily an indicator of results to be achieved over the long term. Performance must be viewed in a broader context.

Overall performance is measured by calculating monthly returns and linking them to provide one-, three-, five- and ten-year histories of overall investment performance. Short-term performance is measured by total return over one-month, quarter-end, and trailing one-year time periods. Risk is also measured over both short- and the long-term periods.

Risk

The measurement of risk is a critical component in investment management. It is the basis for both strategic decision-making and investment evaluation. As an investment tool, investors assume risk to enhance portfolio returns. These enhancements, viewed as returns in excess of those available on "risk-free" investments, such as Treasury Bills, vary in magnitude according to the degree of risk assumed. Many investors focus on the negative aspects of risk and in doing so forego substantial upside potential, which can significantly enhance long-term returns. Thus, while risk can never be completely eliminated from a portfolio, the prudent management of risk can maximize investment returns at acceptable levels of risk.

Risk can take several forms and include: market risk, the risk of fluctuations in the overall market for securities; company risk, the risk of investing in any single company's stock or bonds; currency-exchange risk, the risk that a foreign country's currency may appreciate or depreciate relative to the U.S. dollar, thus impacting the value of foreign investments; and political risk, risk incurred through investing in foreign countries with volatile economies and political systems.

With respect to fixed income investments, investors also assume: reinvestment risk, the risk that cash flows received from a security will be reinvested at lower rates due to declining interest rates; credit or default risk, the risk that the issuer of a fixed income security may fail to make principal and interest payments on the security; interest rate risk, the risk that prices of fixed coupon bonds will decline in the event of rising market interest rates; and inflation or purchasing power risk, the risk that the real value of a security and its cash flows may be reduced by inflation. The level of risk incurred in fixed income investing increases as the investment time horizon is lengthened. This is demonstrated by the comparatively higher yields available on "long bonds," or bonds maturing in 20 to 30 years, versus those available on short-term fixed income securities.

In the alternative investment category, risks are significantly greater than those of publicly traded investments. Assessment of progress is more tenuous and valuation judgments are more complex. The investor assumes not only management, product, market, and operations risk, similar to equity investing, but also assumes liquidity risk, the risk that one's investment cannot be immediately liquidated at other than substantially discounted value.

UNDERSTANDING INVESTMENT PERFORMANCE (Continued)

Volatility

To measure the effects of risk on the portfolio, the volatility of returns is calculated over time. Volatility, viewed as deviation of returns from an average of these returns over time, is measured statistically by standard deviation. Standard deviation is one of the most widely accepted and descriptive risk measures used by investment professionals today. Funds with high standard deviations are considered riskier than those with low standard deviations.

To evaluate the significance of the Funds' standard deviation, each Fund's relative volatility, or the ratio of the Fund's standard deviation to that of the benchmark is calculated. A relative volatility greater than 1.0 indicates that the Fund is more volatile than the benchmark while a measure less than 1.0 indicates less volatility. A relative volatility of 1.0 signifies an equal degree of volatility between the Fund and the benchmark.

As an extension of standard deviation, each Fund's beta, or a measure of the relative price fluctuation of the Fund to its benchmark, is also calculated. The measurement of beta allows one to evaluate the sensitivity of Fund returns to given movements in the market and/or its benchmark. A beta greater than 1.0 compared to the selected market benchmark signifies greater price sensitivity while a beta less than 1.0 indicates less sensitivity.

To measure the degree of correlation between Fund returns and the benchmark, the Division calculates the coefficient of determination, or R^2. This calculation, which is used in conjunction with beta, allows one to evaluate how much of the volatility in Fund returns is explained by returns in the selected market benchmark. An R^2 of 1.0 indicates that Fund returns are perfectly explained by returns of the benchmark, while a value less than 1.0 indicates that the returns of the benchmark explain only a portion of the fund return.

Finally, to evaluate how well each of the above measures actually predicted returns of the Fund, a calculation is performed on the Fund's alpha. This calculation measures the absolute difference between the Fund's monthly return and that predicted by its beta. Used together, these measures provide a comprehensive view of a Fund's relative risk profile.

Return

The Pension and Trust Funds are managed for maximum return with minimal risk. Return, viewed in this context, includes realized and unrealized gains in the market value of a security, including those attributable to currency fluctuations, as well as income distributed from a security such as dividends and interest. Return is measured through two calculations: compounded annual total return and cumulative total return.

Compounded Annual Total Return - This return measure evaluates performance over the short and long-term. Compounded annual total return measures the implicit annual percentage change in value of an investment, assuming reinvestment of dividends, interest, and realized and unrealized capital gains, including those attributable to currency fluctuations. In effect, compounded annual total return "smoothes" fluctuations in long-term investment returns to derive an implied year-to-year annual return.

Cumulative Total Return - This calculation measures the absolute percentage change in value of an investment over a specified period, assuming reinvestment of dividends, interest income, and realized capital gains. While this calculation does not "smooth" year-to-year fluctuations in long-term returns to derive implied annual performance, cumulative total return allows one to see on an absolute basis the percentage increase in the total Fund's value over a specified time. Viewed graphically, cumulative total return shows one what a $10 million investment in the CRPTF a set number of years ago would be worth today.

DEBT MANAGEMENT DIVISION

CHANGES IN DEBT OUTSTANDING - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Bond Finance Type	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	FY 2010 [1] Interest Paid
General Obligation - Tax Supported [2]	$ 9,947,280,325	$ 1,363,235,000	$ 889,821,508	$ 261,690,000	$ 10,159,003,817	$ 576,950,889
General Obligation - Bond Anticipation Notes	581,245,000	353,085,000	353,085,000	-	581,245,000	16,782,304
General Obligation Teachers' Retirement Fund Bonds [3]	2,276,578,271	-	-	-	2,276,578,271	121,386,576
General Obligation - Economic Recovery Notes	-	915,795,000	-	-	915,795,000	3,155,286
General Obligation - Revenue Supported	1,590,461	-	530,461	-	1,060,000	87,475
Special Tax Obligation	2,817,015,000	549,775,000	285,315,000	50,990,000	3,030,485,000	145,493,501
Bradley International Airport	198,930,000	-	10,145,000	-	188,785,000	9,789,428
Clean Water Fund	885,200,000	115,835,000	57,710,000	121,375,000	821,950,000	35,632,428
UCONN 2000 [4]	844,944,715	133,210,000	64,777,274	35,885,000	877,492,441	39,219,583
CDA Increment Financing[5]	30,075,000	-	2,525,000	-	27,550,000	1,233,606
CDA Governmental Lease Revenue[6]	3,535,000	-	620,000	-	2,915,000	233,310
CHEFA Childcare Facilities Program[7]	69,600,000	-	1,360,000	-	68,240,000	3,728,621
Juvenile Training School[8]	16,520,000	-	440,000	-	16,080,000	799,363
Bradley International Parking Operations	44,655,000	-	1,650,000	-	43,005,000	2,856,786
CHFA Special Needs Housing Bonds [9]	63,755,000	-	1,980,000	-	61,775,000	2,721,771
CCEDA Bonds [10]	105,115,000	-	2,435,000	-	102,680,000	6,821,151
TOTAL	**$17,886,038,772**	**$3,430,935,000**	**$1,672,394,243**	**$ 469,940,000**	**$ 19,174,639,529**	**$ 966,892,078**

(1) Includes interest rate swap payments and variable rate bond fees.

(2) Debt outstanding at June 30, 2010 includes $11,275,000.00 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(3) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund $2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.

(4) UConn 2000 Bonds were authorized in three stages in a total amount of $2.3 billion over a 22 year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is appropriated from the State General Fund.

(5) The Connecticut Development Authority (CDA) has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(6) The Connecticut Development Authority (CDA) has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.

(7) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(8) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.

(9) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step Initiative. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and OPM.

(10) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $9 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and the Office of Police and Management. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2010 fiscal year is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

For a detailed listing of debt outstanding for the fiscal year ended June 30, 2010, please see Statutory Appendix.

DEBT MANAGEMENT DIVISION

RETIREMENT SCHEDULE OF IN-SUBSTANCE DEFEASED DEBT OUTSTANDING (1) - BUDGETARY BASIS
JUNE 30, 2010

Date Escrow Established		Amount of Principal Outstanding	Last Payment Date on Refunded Debt		Market Value of Escrow	Investment Profile of Escrow Account
BOND TYPE: GENERAL OBLIGATION						
11/15/1999	$	781,460	06/01/2013	$	1,046,668	State & Local Government Series Bonds
11/20/2001		-	06/15/2010		3,466	Cash
09/05/2002		17,480,000	12/15/2010		17,784,818	FNMA/FHLMC
04/08/2004		522,370,000	11/15/2012		548,594,133	FNMA/FHLB/Cash
04/27/2005		274,045,000	11/15/2012		279,442,838	State & Local Government Series Bonds
11/09/2006		278,420,000	10/15/2013		286,861,802	State & Local Government Series Bonds
05/10/2007		170,140,000	10/15/2013		174,357,087	State & Local Government Series Bonds
06/23/2010		261,690,000	12/01/2021		287,871,998	State & Local Government Series Bonds
SUBTOTAL	**$**	**1,524,926,460**		**$**	**1,595,962,810**	
BOND TYPE: SPECIAL TRANSPORTATION FUND						
01/23/2003	$	108,820,000	10/01/2011	$	113,204,296	State and Local Government Series Bonds
12/02/2004		60,005,000	12/01/2012		66,503,181	US Treasury Strips, RefCorps and Cash
11/10/2009		22,790,000	09/01/2010		23,579,109	State and Local Government Series Bonds
SUBTOTAL	**$**	**191,615,000**		**$**	**203,286,586**	
BOND TYPE: CLEAN WATER FUND						
07/10/2003	$	60,220,000	10/01/2011	$	64,386,018	US Treasury Bonds, Notes & Strips
06/30/2008		18,545,000	10/01/2012		19,371,010	FNMA/FHLB/FHLMC/Cash
SUBTOTAL	**$**	**78,765,000**		**$**	**83,757,028**	
BOND TYPE: UCONN 2000						
01/29/2004	$	56,430,000	04/01/2012	$	57,667,810	State and Local Government Series Bonds
03/15/2006		15,745,000	04/01/2012		16,929,863	State and Local Government Series Bonds
04/12/2007		46,695,000	02/15/2013		47,851,476	State and Local Government Series Bonds
05/25/2010		26,885,000	02/15/2021		29,613,103	State and Local Government Series Bonds
SUBTOTAL	**$**	**145,755,000**		**$**	**152,062,252**	
BOND TYPE: RATE REDUCTION BONDS						
04/30/2008	$	33,655,000	06/30/2011	$	34,218,215	State & Local Government Series Bonds
SUBTOTAL	**$**	**33,655,000**		**$**	**34,218,215**	
BOND TYPE: SECOND INJURY FUND						
06/20/2002	$	28,465,000	01/01/2011	$	28,930,862	State & Local Government Series Bonds
06/25/2003		18,385,000	01/01/2011		18,941,796	State & Local Government Series Bonds
06/25/2004		8,290,000	01/01/2011		8,371,967	State & Local Government Series Bonds
06/24/2005		1,560,000	01/01/2011		1,580,921	State & Local Government Series Bonds
SUBTOTAL	**$**	**56,700,000**		**$**	**57,825,546**	
TOTAL	**$**	**2,031,416,460**		**$**	**2,127,112,437**	

(1) Represents bonds which have been refunded with proceeds of other bond issues and bonds which have been defeased using budget surplus. Although the State is still legally responsible for principal and interest payments on the refunded bonds, the refunded bonds are not carried as a liability of the State since they have been “in-substance” defeased. Investments adequate to meet all payments have been irrevocably deposited in escrow accounts with an independent agent for the sole purpose of satisfying principal and interest. The adequacy of each escrow account to meet debt service payments has been verified by an independent accounting firm.

Note 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget is presented on a comprehensive basis of accounting other than generally accepted accounting principles. In order to be consistent with the Comptroller’s statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

Note 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Aggregate Compensation Paid in FY 2010	Status as of 06/30/10
A.C. Advisory, Inc.	Financial Advisor	$ 65,490	Active
Acacia Financial Group, Inc.	Financial Advisor	94,195	Active
AMTEC	Arbitrage Calculation/Verification Agent Fees	38,600	Active
Bank of America/Merrill Lynch	Liquidity/Remarketing Fees	219,413	Active
Barclay's Capital (fka Lehman Brothers)	Remarketing Fees	49,863	Active
Bayerische Landesbanke	Liquidity Fees	80,728	Active
Bloomberg	Subscription	7,065	Active
Carlin, Charron & Rosen, LLP	Auditor	74,864	Active
Citigroup Global Markets, Inc.	Management Fees	100,000	Active
Day Pitney, LLP	Bond/Disclosure Counsel	1,069,009	Active
Dexia Public Finance Bank	Liquidity Fees	329,324	Active
Edwards Angell Palmer & Dodge LLP	Bond Counsel	321,835	Active
Finn Dixon & Herling LLP	Disclosure/Tax Counsel	105,661	Active
First Southwest Company	Financial Advisor	95,581	Active
Fitch Ratings	Rating Agency	277,500	N/A
Goldman Sachs	Remarketing/Management Fees	76,164	Active
Hardwick Law Firm, LLC	Bond Counsel	104,325	Active
Hawkins, Delafield & Wood, LLP	Arbitrage Calculation Fees	235,032	Active
ImageMaster	Financial Printer	60,349	Active
IRS	Arbitrage Rebate Payments	198,120	N/A
JP Morgan Chase Securities	Remarketing/Management Fees	101,300	Active
Lamont Financial Services	Financial Advisor	196,575	Active
Landesbank Hessen-Thuringen	Liquidity Fees	112,193	Active
Lewis & Munday	Bond Counsel	219,496	Active
M.R. Beal & Co.	Management Fees	90,000	Active
Moody's Investors Service	Rating Agency	407,063	N/A
Morgan Stanley & Co, Inc.	Management Fees	85,000	Active
Orrick, Herrington & Sutcliffe, LLP (BondLogistix)	Arbitrage Calculation Fees	12,600	Active
P.G. Corbin & Co.	Financial Advisor	71,278	Active
Public Resources Advisory Group	Financial Advisor	180,491	Active
Pullman & Comley, LLC	Bond Counsel	318,593	Active
Robinson & Cole	Bond/Tax Counsel	324,709	Active
Seward and Monde	Auditor	48,000	Active
Shipman & Goodwin, LLP	Bond Counsel	258,522	Active
Siebert Brandford Shank & Co.	Management Fees	75,000	Active
Soeder & Associates	Tax/Disclosure Counsel	183,260	Active
Squire, Sanders & Dempsey	Bond Counsel	102,106	Active
Standard & Poor's Rating Service	Rating Agency	383,275	N/A
The Bank of New York Mellon	Administrative/Trustee Fees	6,800	Active
U. S. Bank	Administrative/Escrow/Trustee Fees	194,020	Active
Updike, Kelly & Spellacy	Bond Counsel	216,824	Active
Wells Fargo National Association	Management Fees	85,000	Active
Wilmington Trust Company	Auction Agent/Broker/Dealer Fees	49,060	Active
Total		**$ 7,324,283**	

(1) Expenses are presented on a cash basis. Debt Management expenses are comprised of payments to vendors made through the Treasury Business Office, fees netted at bond closings, and fees and expenses paid from Cost of Issuance accounts. Unless listed in the description, the amounts shown do not include bond issuance expenses paid on behalf of the State or sales charges which are distributed by agreement of the underwriters.

CASH MANAGEMENT DIVISION

ACTIVITY STATEMENT
FISCAL YEAR ENDED JUNE 30, 2010

Description	Total	
INFLOWS		
RECEIPTS:		
DEPOSITS	$ 25,682,042,443.02	(1)
BAD CHECKS	(7,761,234.84)	(2)
TREASURY INITIATED TRANSFERS	2,167,456,383.35	(3)
TOTAL RECEIPTS	27,841,737,591.53	
TRANSFERS:	10,572,143,448.71	(4)
OTHER INFLOWS:		
INTERNAL BANK TRANSFERS	31,240,147,282.45	(5)
INTERBANK TRANSFERS	20,453,494,206.29	(6)
TOTAL OTHER INFLOWS	51,693,641,488.74	
TOTAL INFLOWS	$ 90,107,522,528.98	
OUTFLOWS		
DISBURSEMENTS:		
VENDOR	$ 23,306,858,416.22	(7)
PAYROLL	3,936,764,940.57	(8)
TOTAL DISBURSEMENTS	27,243,623,356.79	
TRANSFERS:	11,086,041,634.45	(4)
OTHER OUTFLOWS:		
INTERNAL BANK TRANSFERS	31,240,147,282.45	(5)
INTERBANK TRANSFERS	20,453,494,206.29	(6)
TOTAL OTHER OUTFLOWS	51,693,641,488.74	
TOTAL OUTFLOWS	$ 90,023,306,479.98	

(1) Deposits - revenue received from taxes, licenses, lottery fees, federal grants and other sources.

(2) Bad Checks - checks issued with insufficient funds in the originator’s bank account.

(3) Treasury Initiated Transfers - To record debt service payments to the proper bank account and transfer of investment income to the proper fund.

(4) Transfers - income earned from short and long-term investments, transfers of cash from one fund to the other, investment activity, and Certificates of Deposit purchased and sold with Connecticut banks under the Treasurer’s Community Bank and Credit Union Initiative.

(5) Internal Bank Transfers - transfers of money from concentration accounts to zero balance accounts with the same depository institution to provide funds to cover authorized disbursements and invest excess cash.

(6) Interbank Transfers - transfers of state moneys between banks to invest excess cash or to cover authorized disbursements.

(7) Vendor - expenditures for goods and services provided to the State by vendors.

(8) Payroll - expenditures for the State’s personnel and retirement payrolls.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (1)
FISCAL YEAR ENDED JUNE 30, 2010
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (3) (4)

Fund Name	Cash Balance July 1, 2009	FY 2010 Receipts	FY 2010 Disbursements	Transfers	Other Net Adjustments (2)	Adjusted Cash Balance June 30, 2010
TOTAL FUNDS	**$(314,874,661.21)**	**$27,841,737,591.53**	**$27,243,623,356.79**	**$(513,898,185.74)**	**$78,590,162.11**	**$(152,068,450.10)**

(1) Detailed information on activity within each individual fund (formerly provided in the Statutory Appendix) can be obtained from the Comptroller's Annual Report.

(2) Other Net Adjustments have been included to bring the Treasurer's cash balance presentation into conformance with the Comptroller's cash balance presentation.
These adjustments include the following:
- Cash held in agency checking accounts.
- Petty cash balance.
- Deposit coded incorrectly: to be corrected in fiscal year 2011.

(3) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the Budget Act enacted by the General Assembly. The Budget Act enacted for the 2010 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the Budgetary Act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Summary Schedule of Cash Receipts and Disbursements.

(4) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SUMMARY SCHEDULE OF CASH AND INVESTMENTS [1]
FISCAL YEAR ENDED JUNE 30, 2010
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [2] [3]

Description		Total All Funds
General Investments		
Cash	$	(152,068,450.10)
STIF		2,595,122,398.50
TEPF		16,202,609.58
Investments with Treasurer as Trustee		
Short-Term		2,327,787,992.38
Long-Term		20,215,985,967.89
Investments with Others as Trustee		
Short-Term		373,560,543.06
Long-Term		315,843,901.03
Total	**$**	**25,692,434,962.34**
Reconcilation Between Treasurer & Comptroller [4]		
Office of the Comptroller		
Cash and STIF June 30, 2010 (Annual Statutory Report)	$	3,817,328,173.00
Agency Fiduciary Funds		(14,003,714.00)
Reporting Adjustment		(0.32)
Tax Exemp Bond Proceeds Fund #11000		187,584.31
Tax Exemp Bond Proceeds Fund #12052		2,763,410.81
Tax Exemp Bond Proceeds Fund #12059		44,446.90
Tax Exemp Bond Proceeds Fund #13048		1,035,764.28
Tax Exemp Bond Proceeds Fund #17001		463,362.63
Tax Exemp Bond Proceeds Fund #17891		205.98
Short-Term Investment Fund #12010		22.24
Short-Term Investment Fund #21010		0.03
Cash and invest with Trustee Fund #12052		(2,763,410.81)
Cash and invest with Trustee Fund #12059		(44,446.90)
Cash and invest with Trustee Fund #13048		(1,035,764.28)
Cash and invest with Trustee Fund #14005		587,649,981.87
Cash and invest with Trustee Fund #17001		(463,362.63)
Cash and invest with Trustee Fund #17891		(205.98)
Cash and invest with Trustee Fund #21008		7,905,324.01
Cash and invest with Trustee Fund #21009		123,821,768.56
Cash and invest with Trustee Fund #21014		245.19
Cash and invest with Trustee Fund #21015		196,612,087.06
Cash and invest with Trustee Fund #21018		67,532,680.78
Cash and invest with Trustee Fund #21020		10,397.63
Total	**$**	**4,787,044,550.36**
Office of the Treasurer		
Cash	$	(152,068,450.10)
STIF		2,595,122,398.50
TEPF		16,202,609.58
STIF/Investment with Treasurer as Trustee		2,327,787,992.38
Total	**$**	**4,787,044,550.36**

(1) For a detailed listing of the Civil List Investments for the Fiscal Year Ending June 30, 2010, please see Statutory Appendix.

(2) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2010 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Summary Schedule of Cash and Investments.

(3) GAAP accounting requires that investment balances be presented to include the accrued investment earnings. This manner of presentation is not used for the budgetary basis presentation.

(4) Reconciliation of Cash Equivalents Per Comptroller's Books to Cash and General Investments and Short-Term Investments Per Treasury Books..

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM (1)
FISCAL YEAR ENDED JUNE 30, 2010

Fund	Participant	Department	SID	Interest Earned During the Year
12004	**Insurance Fund**			
	INSURANCE FUND	DOI37500	10010	$22,465.56
Total				22,465.56
12007	**Workers Compensation**			
	ADMINISTRATION FUND	WCC42000	10010	69,111.06
Total				69,111.06
12014	**Criminal Injuries Compensation Fund**			
	VICTIM SERVICES	JUD95000	12047	15,508.64
Total				15,508.64
12015	**Vending Facilities Operators Fringe Benefits**			
	VENDING FACILITY PROGRAM - FEDERAL INCOME	ESB65000	40012	59.78
Total				59.78
12017	**University of Connecticut Operating Fund**			
	OPERATING FUND	UOC67000	40001	735,824.55
Total				735,824.55
12018	**University Health Center Operating Fund**			
	OPERATING FUND	UHC72000	40001	116,935.97
	STUDENT SCHOLARSHIPS AND LOANS	UHC72000	40014	17,064.70
Total				134,000.67
12019	**State University Operating Fund**			
	STATE UNIVERSITIES	CSU83000	40001	580,344.43
	CENTRAL CONNECTICUT STATE UNIVERSITY	CSU84000		6,942.97
	EASTERN CONNECTICUT STATE UNIVERSITY	CSU85500		11,390.09
Total				598,677.49
12020	**Regional Community/Technical Colleges Operating Fund (Tuition Account)**			
	BOARD FOR REGIONAL COMM-TECH COLLEGE	CCC78000	40001	301,183.62
Total				301,183.62
12022	**University of Connecticut Research Foundation**			
	RESEARCH	UOC67000	40001	73,909.81
Total				73,909.81
12031	**Employment Security - Administration**			
	PENALTY & INTEREST	DOL40000	40213	32,950.36
	TITLE XII EXCESS FUNDS	DOL40000	40214	3,950.55
Total				36,900.91
12037	**Tobacco Settlement Fund**			
	TOBACCO SETTLEMENT FUND	OPM20000		7,028.78
Total				7,028.78
12060	**GENERAL FUND**			
	RESEARCH IN PLANT SCIENCE	AES48000	30099	1,662.57
	ADMINISTRATION OF GRANTS	AES48000	30116	376.03
	BOARD FOR STATE ACADEMIC AWARD	BAA77000	35186	7,515.25
	CT DISTANCE LEARNING CONSORTIUM	BAA77000	35289	2,481.27
	OFFICE OF TOURISM	CAT45200	30207	180.10
	CONN STATE LIBRARY ACCOUNT	CSL66000	30082	151.25
	CT LIBRARY & MUSEUM FUND	CSL66000	30093	7,001.54
	HISTORIC DOCUMENTS PRESERVATION ACCOUNT	CSL66000	35150	1,546.69
	CHILDREN’S TRUST FUND	CTF94000	30219	840.30
	RICHARD A. FORESTER MEMORIAL FUND	DCF91000	30084	43.74
	GEARUP SCHOLARSHIP TRUST FUND	DHE66500	22133	7,902.92
	WEISMAN TEACHER SCHOLARSHIP FUND	DHE66500	30405	205.90
	FINANCIAL LITERACY INITIATIVES	DHE66500	30432	1,196.59
	PRIVATE OCCUPATIONAL STUDENT PROTECTION FUND	DHE66500	35135	12,684.16

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM [(1)] (Continued)
FISCAL YEAR ENDED JUNE 30, 2010

Fund	Participant	Agency	SID	Interest Earned During the Year
	CONNECTICUT FUTURES ACCOUNT	DHE66500	35151	8,205.35
	BOARD OF PAROLE'S ASSET FORFEITURE ACCOUNT	DOC88000	20127	294.52
	CORRECTIONAL MEMORIAL FUND	DOC88000	30015	94.42
	CORRECTION GENERAL WELFARE FUND	DOC88000	35137	1,466.29
	COOPERATIVE/COMMUNITY POLICING PROGRAM	DPS32000	20270	204.75
	FEDERAL ASSET FORFEITURE	DPS32000	20493	2,866.84
	ENHANCED 911 TELECOMMUNICATIONS FUND	DPS32000	35190	72,715.19
	CHILDREN,S TRUST FUND	DSS60000	30219	845.82
	BRAIN INJURY PREVENTION AND SERVICE ACCOUNT	DSS60000	35308	452.94
	NVRLF SEQUESTERED ACCOUNT	ECD46000	30459	2,510.61
	JOB INCENTIVE ACCOUNT	ECD46000	35146	0.00
	MRD ESCROW ACCT.	ECD46000	35170	107.02
	MRS ESCROW ACCT.	ECD46000	35173	21.00
	CITIZENS ELECTION FUND RESERVE ACCT	ELE13500	30422	401.87
	CITIZEN ELECTION FUND	ELE13500	35333	-3,670.22
	CITIZEN ELECTION FUND GRANTS	ELE13500	35339	162,660.66
	FAUCHTSWANGER FUND	ESB65000	30030	28.57
	FRAUENHOFER FUND	ESB65000	30042	68.87
	MISCELLANEOUS GRANTS	ESB65000	30070	59.30
	SARA BROWN FUND	ESB65000	30092	814.45
	CHARLES PRECOURT MEMORIAL FUND	ESB65000	30104	13.63
	ANN COROTEAU MEMORIAL FUND	ESB65000	30113	18.07
	VENDING FACILITIES PROGRAM-STATE AND LOCAL INCOME	ESB65000	35149	2,565.97
	LAW LIBRARY-DONATED COPIER RECEIPTS	JUD95000	30238	11.31
	DERBY COURTHOUSE MAINTENANCE RESERVE	JUD95000	35188	3,027.47
	MERIDEN COURTHOUSE MAINTENANCE RESERVE	JUD95000	35195	2,990.72
	CRIMINAL VIOLENCE VICTIMS ESCROW ACCT.	JUD95000	35203	0.89
	CLIENT SECURITY FUND	JUD95000	35205	31,294.58
	MILFORD COURTHOUSE RESERVE ACCOUNT	JUD95000	35371	3,308.62
	DMHAS-COMMUNITY MENTAL HEALTH STRATEGIC INVESTMENT	MHA53000	35160	78.80
	DMHAS-COMMISSIONER'S OFFICE PRE-TRIAL ACCOUNT	MHA53000	35166	16,111.93
	DRUG ASSET FORFEITURE PROGRAM	MIL36000	35112	160.22
	EXXON OVERCHARGE	OPM20000	20488	228.87
	STRIPPER WELL OVERCHARGE	OPM20000	20492	4,305.87
	JUVENILE ACCOUNTABLIITY INCENTIVE BLOCK	OPM20000	21672	4,856.39
	JUSTICE ASSISTANCE GRANT	OPM20000	21921	23,884.17
	JUSTICE ASSISTANCE GRANT	OPM20000	26015	358.44
	JUSTICE ASSISTANCE GRANT	OPM20000	29002	32,911.03
	INVESTMENT FUND	OTT14000	35101	30,101.79
	SECOND INJURY	OTT14000	35105	5,214.88
	SECOND INJURY STIPULATION & REIMBURSEMENT	OTT14000	35111	9,316.04
	MUNICIPAL PARTICIPATION FUND	OTT14000	35269	244.89
	WALLACE FOUNDATION GRANT	SDE64000	30256	75.87
	DIV. OF FINANCE AND INTERNAL OPERATIONS	SDE64000	35351	1,026.00
	FINANCIAL LITERACY UBS	SDE64000	35358	1,222.58
	FINANCIAL LITERACY	SDE64000	35380	707.91
	HELP AMERICA VOTE	SOS12500	21465	14,749.57
Total				482,723.07
21009	**Bradley International Airport Operations**			
	BRADLEY ENTERPRISE FUND	DOT57000	40001	50,220.54
Total				50,220.54
21019	**Stadium Facility Enterprise Fund**			
	STADIUM ENTERPRISE FUND	OPM20000		2,567.90
Total				2,567.90
22001	**Correction Industries**			
	CORRECTIONAL COMMISSARY FUND	DOC88000	42304	6,703.66
Total				6,703.66

CIVIL LIST FUNDS
INTEREST CREDIT PROGRAM [1] (Continued)
FISCAL YEAR ENDED JUNE 30, 2010

Fund	Participant	Agency	SID	Interest Earned During the Year
31001	**State Employees' Retirement System**			
	STATE EMPLOYEES RETIREMENT FUND	OSC15000	40001	-6,822.25
Total				-6,822.25
31006	**Teacher's Retirement System**			
	TEACHER'S RETIREMENT BOARD OPERATING FUND	TRB77500	40001	-27,939.23
Total				-27,939.23
31008	**Municipal Employees Retirement - Fund B**			
	MUNICIPAL EMPOLYEES RETIREMENT FUND	OSC15000	40001	3,661.70
Total				3,661.70
31011	**OPEB Fund**			
	OPEB FUND	OSC15000	40001	176,503.73
Total				176,503.73
31012	**Teacher's Retirement System**			
	TEACHER'S RETIREMENT BOARD	TRB77500	42358	244,380.96
Total				244,380.96
35001	**Connecticut Health Club Guaranty Fund**			
	HEALTH CLUB GUARANTEE FUND	DCP39500	40001	1,182.24
Total				1,182.24
35002	**Real Estate Guaranty**			
	REAL ESTATE GUARANTEE FUND	DCP39500	40001	1,720.86
Total				1,720.86
35003	**Home Improvement Guaranty Fund**			
	HOME IMPROVEMENT GUARANTEE FUND	DCP39500	40001	1,256.15
Total				1,256.15
35006	**New Home Construction Guaranty Fund**			
	NEW HOME CONSTRUCTION GUARANTY	DCP39500	40001	2,096.68
Total				2,096.68
35007	**Tobacco and Health Trust Fund**			
	TOBACCO HEALTH TRUST FUND	OPM20000	40001	32,611.04
Total				32,611.04
35008	**Biomedical Research Trust Fund**			
	BIOMEDICAL RESEARCH FUND	DPH48500		36,774.71
Total				36,774.71
35009	**Endowed Chair Investment Fund**			
	ENDOWED CHAIR INVESTMENT FUND	DHE66500	40001	19,026.08
Total				19,026.08
35012	**Various Treasurer's Trust Funds**			
	IRWIN LEPOW TRUST FUND	CME49500	42354	87.04
	R. GRAEME SMITH	DPS32000	42353	23.16
	FITCH FUND	DVA21000	42352	0.03
	FITCH FUND	DVA21000	42356	137.69
	JOHN H. KING	JUD95000	42355	601.94
	WHITE FUND	JUD95000	42357	5.78
Total				855.64
Grand Total				$2,721,010.73

(1) Interest is earned at the monthly simple interest rate of the Treasurer's Short-Term Investment Fund. Interest is calculated on the average monthly balance of the fund or account, and credited to the fund or account on a quarterly basis.

(2) Interest is earned by the participant and allocated to the constituent units.

CASH MANAGEMENT DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 [(1)]
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2010	Status As of 6/30/10
Bank of America	Banking Services	Various	$ 3,058,060	Active
Webster Bank	Banking Services	Jun-98	284,075	Active
People's Bank	Banking Services	Mar-97	191,553 (2)	Active
US Bank National Assn	Bond Trustee & Paying Agent	Jul-06	144,305	Active
State Street Bank & Trust	STIF Custodian Fees	Jul-05	110,600	Active
Wachovia Bank National Assn	Banking Services	Feb-97	58,106 (2)	Active
McGraw-Hill Companies, Inc.	Subscription & Rating	N/A	36,500	Active
RogersCasey, Inc.	Investment Consulting Services	Dec-07	18,750	Active
Bloomberg Financial LP	Subscription	N/A	18,747	Active
Moodys Investors Services	Subscription & Research	N/A	17,160	Active
Fitch Information Inc.	Credit Research	N/A	12,650	Active
iMoney Net Inc.	Subscription	N/A	9,555	Active
UHY	AIMR Attestation Services	Sep-07	9,500	Terminated
TOTAL			**$ 3,969,561**	

(1) Expenses are presented on a cash basis.

(2) Includes compensation realized through bank balances and fees.

UNCLAIMED PROPERTY DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2010	Status As of 6/30/10
A & A Office Systems, Inc.	Photocopier Lease	N/A	$ 6,706	Active
ACS Unclaimed Property Clearinghouse	Securities Services & Claims Processing	July-06	808,035	Active
ACS Unclaimed Property Clearinghouse	Identification & Collection of Property	August-94	1,541,504	Active
Audit Services US LLC	Identification & Collection of Property	May-06	144,933	Active
BlackRock Investment Management LLC	Security Commission Expense	May-09	144,994	Active
Bloomberg Financial LP	Subscription	N/A	14,310	Active
Connecticut Post LP	Advertising	N/A	13,924	Active
Iron Mountain Off-Site Data Protection	Storage & Retrieval of Files	N/A	5,216	Active
New Haven Register	Advertising	N/A	7,059	Active
Republican American	Advertising	N/A	5,885	Active
Suburban Stationers Inc.	Office Supplies	N/A	10,165	Active
The Hartford Courant	Advertising	N/A	136,422	Terminated
TOTAL			**$ 2,839,153**	

(1) Expenses are presented on a cash basis.

UNCLAIMED PROPERTY DIVISION

FIVE YEAR SELECTED FINANCIAL INFORMATION

	Fiscal Year Ended June 30,				
	2010	2009	2008	2007	2006
Receipts (Net of fees) (1) (4)	$222,107,523	$ 69,496,494	$ 64,037,656	$ 64,567,697	$ 84,735,321
Fees netted from proceeds	0	0	0	0	1,225,874
Gross Receipts	222,107,523	69,496,494	64,037,656	64,567,697	85,961,195
Claims Paid	33,408,124	32,341,525	30,626,832	25,280,243	25,990,877
Transfer to Citizens Election Fund (4)	18,191,261	17,940,100	17,300,000	16,000,000	17,000,000
Administrative Expenses:					
Salaries & Fringe benefits	3,771,592	3,646,721	3,396,050	3,896,514	3,154,315
Data processing & hardware	2,514,603	2,170,581	3,018,137	2,826,339	3,237,913
All Other	431,564	119,645	449,575	220,355	266,173
Fees netted from proceeds (1)	0	0	0	0	1,225,874
Total Disbursements	58,317,144	56,218,572	54,790,595	48,223,450	50,875,152
Excess of Receipts over Disbursements (2)	$163,790,379	$ 13,277,922	$ 9,247,061	$ 16,344,247	$ 35,086,043
Approximate Market Value of Securities at Fiscal Year End:					
Total Securities Inventory	$ 22,097,989	$ 88,297,207	$ 95,399,474	$ 99,761,769	$ 59,295,118
Securities liquidated	$151,166,311	$ 1,142,461	$ 0	$ 0	$ 13,617,580
Number of claims paid	17,360	14,481	16,787	20,930	22,732

(1) Fees include amounts for liquidation of securities, property recovered in out-of-state audits and appraisal and auction of safe deposit box contents. As of July 1, 2006, there is no netting of fees and amounts are now included in data processing and hardware costs under Administrative Expenses.

(2) Excess of receipts over disbursements is remitted to the General Fund, however, amounts collected remain liabilities of the State until returned to rightful owners.

(3) The amounts disclosed above as “receipts” and “claims paid” represent actual cash flows and do not include the value of the marketable securities received by the Unclaimed Property Division , nor the value of the securities returned to owners. However, the amounts disclosed above as fiscal year end market values of securities help provide a general indication of the relative net activity in such assets over time. Receipts net of fees, include the proceeds from securities liquidated in a given year.

(4) Per P.A. 05-5, October 25, 2005 special session, required Unclaimed Property Division to deposit certain funds into the Citizens’ Election Fund and the balance is deposited into the General Fund.

Summary of Gross Receipts
Fiscal Year Ended June 30, 2010

Financial institutions	$17,155,456
Other corporations	34,870,582
Insurance companies	12,643,672
Govern agency/ public authorities	3,752,850
Dividends on securities held	1,031,952
Estates	131,667
Securities tendered	464,770
Securities sold	151,166,311
Sale of property lists, copying and other charges	39,505
Reciprocal exchange program with other states	850,758
Refunds	0
Total Gross Receipts	$222,107,523

EX-OFFICIO DUTIES OF THE STATE TREASURER
BOARDS, COMMITTEES AND COMMISSIONS

STATE BOND COMMISSION (§ 3-20(c) CGS)

As authorized by the General Assembly, all projects and grants funded from State bonds, as well as the issuance of the bonds, must be authorized by the State Bond Commission. The members of the Commission include the Governor, Treasurer, Comptroller, Attorney General, Secretary of the Office of Policy and Management (OPM), Commissioner of Public Works, and the Cochairpersons and the ranking minority members of the joint standing committee of the General Assembly having cogniznace of matters relating to finance, revenue and bonding.

INVESTMENT ADVISORY COUNCIL (§ 3-13b(a) CGS)

The Investment Advisory Council advises on investment policy and guidelines, and also reviews the assets and performance of the pension funds. Additionally, the Council advises the Treasurer with respect to the hiring of outside investment advisors and on the appointment of the Chief Investment Officer. The Investment Advisory Council consists of the Treasurer, the Secretary of OPM and ten appointees of the Governor and State Legislature.

BANKING COMMISSION (§ 36a-70(h)(1) CGS)

The Banking Commission approves all applications for the creation of state banks or trust companies. As part of this process, the Commission holds public hearings on applications prior to granting approval. The Commission members are the Treasurer, Comptroller and Banking Commissioner.

FINANCE ADVISORY COMMITTEE (§ 4-93 CGS)

The Finance Advisory Committee approves budget transfers recommended by the Governor and has other such powers over the State budget when the General Assembly is not in session. The Committee members are the Governor, Lieutenant Governor, Treasurer, Comptroller, two Senate members who are members of the Legislature's Appropriations Committee and three House members who are members of the Legislature's Appropriations Committee.

CONNECTICUT LOTTERY CORPORATION BOARD OF DIRECTORS (§ 12-802(b) CGS)

The Connecticut Lottery Corporation manages the State lottery and is responsible to introduce new lottery games and maximize the efficiency of operations in order to provide a greater return to the general fund. The thirteen member Board of Directors includes the Treasurer, the Secretary of OPM, as well as appointees by the Governor and State Legislature.

CONNECTICUT HIGHER EDUCATION TRUST(CHET) ADVISORY COMMITTEE (§ 3-22e(a) CGS)

This committee advises the Treasurer on policies concerning CHET. The Connecticut Higher Education Trust allows families to make tax deferred investments for higher education costs. The Commissioner of Higher Education, the Secretary of OPM, the Cochairpersons and ranking members of the Legislature's education committee, and finance, revenue and bonding committees, and four representatives of private higher education and the public serve with the Treasurer on this board.

COUNCIL OF FISCAL OFFICERS (By Charter)

The purpose of the Council of Fiscal Officers is to provide a forum for discussion and participation in the development of State financial policies, practices and systems. Membership is open to all State officials or employees, elected or appointed, classified or unclassified, serving in a fiscal management position. The Treasurer is one of four permanent members of the Executive Board.

THE STANDARDIZATION COMMITTEE (§ 4a-58(a) CGS)

The standardization committee approves or grants waivers to existing purchasing regulations when it is in the best interests of the State to do so. The members of this committee include the Treasurer, Comptroller, Commissioner of Administrative Services, and such administrative heads of State departments as are designated for that duty by the Governor.

EX-OFFICIO DUTIES OF THE STATE TREASURER (Continued)
BOARDS, COMMITTEES AND COMMISSIONS

INFORMATION AND TELECOMMUNICATION SYSTEMS (IT)
EXECUTIVE STEERING COMMITTEE (§ 4d-12(b) CGS)

The IT Executive Steering Committee directs the planning, development, implementation and maintenance of State information and telecommunication systems. The Committee consists of the Treasurer, Comptroller, Secretary of OPM, Commissioner of Administrative Services, and the Chief Information Officer.

CONNECTICUT DEVELOPMENT AUTHORITY (CDA) (§ 32-11a(c) CGS)

The Connecticut Development Authority administers programs that support the State's economic development efforts. CDA has two basic types of loan programs: direct loans and loan guarantees (of bank loans). The Board membership includes the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, four members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA) (§ 8-244(a) CGS)

CHFA was created to increase the supply of, and encourage and assist in the purchase, development and construction of, housing for low and moderate-income families and persons throughout the State. It provides mortgages for single family homeowners at below market rates, mortgages for multi-family developers, and construction financing. The members of the board include the Treasurer, Commissioner of Economic and Community Development, Secretary of OPM, Banking Commissioner, seven members appointed by the Governor, and four members appointed by legislative leaders.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA)
BOARD OF DIRECTORS (§ 10a-179(a) CGS)

CHEFA is a conduit bond issuer for hospitals, nursing homes, private universities, private secondary schools and day care facilities. The board members include the Treasurer, Secretary of OPM, and eight members appointed by the Governor.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA)
BOARD OF DIRECTORS (§ 10a-224(a) CGS)

CHESLA finances supplemental student loans and issues bonds every two years. The Board consists of eight members including the Treasurer, Commissioner of Higher Education, Secretary of OPM, and five additional members appointed by the Governor.

STUDENT FINANCIAL AID INFORMATION COUNCIL (§ 10a-161b CGS)

The council develops procedures to improve student financial aid policy and increase resources, develops methods to improve financial aid awareness, especially amoung middle and high school students and their families, and coordinates financial aid delivery. The council is assisted in their responsibilities by the Department of Higher Education and the Connecticut Association of Professional Financial Aid Administrators. The Council consists of the Commissioners of Higher Education, the Treasurer, four members appointed by the Governor, and four members appointed by the legislative leadership.

CONNECTICUT STUDENT LOAN FOUNDATION (§10a-201)

The Student Loan Foundation is a non-profit corporation created to improve educational opportunity and promote repayment of loans. The corporation is governed by a board of directors consisting of fourteen members including the chairperson of the Board of Governors of Higher Education and the Commissioner of Higher Education; six public members appointed by the Governor; four members with knowledge of business or finance appointed by the legislature leadership; and the Treasurer.

TOTAL ADMINISTRATION EXPENDITURES
FISCAL YEARS ENDED JUNE 30,

Fiscal Years Ended June 30,

	2010	%	2009	%	2008	%	2007	%	2006	%
GENERAL FUND										
Personal Services	$3,210,145	3.66%	$3,602,754	3.80%	$3,513,197	4.11%	$3,607,677	3.89%	$3,485,301	4.10%
Other Expenses	155,429	0.18%	239,594	0.25%	305,232	0.36%	285,592	0.31%	285,532	0.34%
Capital Equipment	-	0.00%	-	0.00%	100	0.00%	100	0.00%	100	0.00%
TOTAL	**3,365,574**	**3.83%**	**3,842,348**	**4.05%**	**3,818,529**	**4.47%**	**3,893,369**	**4.20%**	**3,770,933**	**4.44%**
PENSION FUNDS										
Personal Services	$3,992,849	4.55%	$3,581,005	3.78%	$3,394,051	3.97%	$3,250,644	3.50%	$3,088,226	3.63%
Other Expenses	65,105,625	74.17%	72,325,071	76.29%	62,672,093	73.29%	69,572,587	74.97%	62,116,512	73.11%
Capital Equipment	-	0.00%	7,388	0.01%	2,763	0.00%	28,007	0.03%	5,756	0.01%
TOTAL	**69,098,474**	**78.72%**	**75,913,464**	**80.07%**	**66,068,907**	**77.26%**	**72,851,238**	**78.50%**	**65,210,494**	**76.75%**
SECOND INJURY FUND										
Personal Services	$6,203,425	7.07%	$6,523,771	6.88%	$6,031,570	7.05%	$6,535,640	7.04%	$6,690,597	7.87%
Other Expenses	597,001	0.68%	672,593	0.71%	834,908	0.98%	712,690	0.77%	760,058	0.89%
Capital Equipment	-	0.00%	10,242	0.01%	27,048	0.03%	54,784	0.06%	4,881	0.01%
TOTAL	**6,800,426**	**7.75%**	**7,206,606**	**7.60%**	**6,893,526**	**8.06%**	**7,303,114**	**7.87%**	**7,455,536**	**8.78%**
UNCLAIMED PROPERTY FUND										
Personal Services	$3,771,596	4.30%	3,646,721	3.85%	$3,396,090	3.97%	$3,896,514	4.20%	$3,154,315	3.71%
Other Expenses	2,946,163	3.36%	2,282,854	2.41%	3,441,613	4.02%	3,017,579	3.25%	3,502,759	4.12%
Capital Equipment	-	0.00%	7,372	0.01%	26,059	0.03%	29,115	0.03%	1,328	0.00%
TOTAL	**6,717,759**	**7.65%**	**5,936,947**	**6.26%**	**6,863,762**	**8.03%**	**6,943,208**	**7.48%**	**6,658,402**	**7.84%**
SHORT-TERM INVESTMENT FUND										
Personal Services	$1,007,303	1.15%	994,643	1.05%	$913,106	1.07%	$1,008,349	1.09%	$1,094,906	1.29%
Other Expenses	262,867	0.30%	312,325	0.33%	365,873	0.43%	205,828	0.22%	236,446	0.28%
Capital Equipment	-	0.00%	1,733	0.00%	863	0.00%	8,291	0.01%	349	0.00%
TOTAL	**1,270,170**	**1.45%**	**1,308,701**	**1.38%**	**1,279,842**	**1.50%**	**1,222,468**	**1.32%**	**1,331,701**	**1.57%**
Other Financing Sources (1)	**$522,873**	**0.60%**	**$595,201**	**0.63%**	**$587,610**	**0.69%**	**$589,270**	**0.63%**	**$533,321**	**0.63%**
TOTAL AGENCY	**$87,775,276**	**100.00%**	**$94,803,267**	**100.00%**	**$85,512,176**	**100.00%**	**$92,802,667**	**100.00%**	**$84,960,387**	**100.00%**

(1) Other Financing Sources include: Clean Water Fund; Special Transportation Fund; and the Capital Equipment Fund.

EXECUTIVE DIVISION

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 [1]
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date	Aggregate Compensation Paid in FY 2010	Status As of 6/30/10
A & A Office Systems	Photocopier Lease	N/A	$ 9,623	Active
CERES, Inc.	Dues	N/A	10,000	Active
Corporate Governance Research Consulting, LLC	Corporate Governance Services	Mar-07	17,055	Active
Council of Institutional Investors	Dues	N/A	26,000	Active
Interfaith Center on Corporate Responsibility	Subscription	N/A	7,000	Active
Investor Responsibility Support Services	Proxy Voting Services	Dec-02	27,083	Active
JP Morgan Chase Bank	Purchasing Card Expenditures	N/A	5,316	Active
Suburban Stationers Inc.	Office Supplies	N/A	8,870	Active
The Corporate Library	Subscription	N/A	25,000	Active
National Assocation Of StateTreasurer	Dues	N/A	7,100	Active
West Group	Subscription	N/A	12,330	Active
TOTAL			$ 155,377	

(1) Expenses are presented on a cash basis.

SECOND INJURY FUND

SCHEDULE OF EXPENSES IN EXCESS OF $5,000 (1)
FISCAL YEAR ENDED JUNE 30, 2010

Name of Firm	Description of Services	Contract Date		Aggregate Compensation Paid in FY 2010	Status As of 6/30/10
A & A Office Systems Inc.	Photocopier Lease	N/A	$	8,944	Active
Aegis International Inc.	Surveillance Services	January-06		35,176	Active
Automatic Data Processing Inc.	Check Processing	June-06		17,576	Active
Coventry Healthcare Workers Compensation Inc.	Provider Bill Audit Services	February-06		217,718	Active
Iron Mountain Off-Site Data Protection	Records Management Services	N/A		8,815	Active
MCMC, LLC	IME/Case Mgmt./Job Placement	January-06		41,745	Active
Security Services of Connecticut Inc.	Surveillance Services	January-06		39,817	Active
Suburban Stationers Inc.	Office Supplies	N/A		10,039	Active
TOTAL			$	**379,830**	

(1) Expenses are presented on a cash basis. This schedule only includes services that were retained directly by the Fund and does not include medical services ordered by Workers Compensation Commissioners, claimants or their treating physicians.

Statutory Appendix

STATE OF CONNECTICUT

QUI TRANSTULIT SUSTINET

TREASURER'S OFFICE

DEBT MANAGEMENT DIVISION

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS

JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 [2]	Interest Paid During FY 2010[3]
BOND TYPE: GENERAL OBLIGATION - TAX SUPPORTED											
11/14/1989	$ 16,425,765	$ -	$16,425,765	$ -	$ -				11/04/2009	$ -	$48,439,236
05/15/1990	12,002,165	-	12,002,165	-	-				05/15/2010	-	38,470,836
11/20/1990	7,449,383	-	1,803,494	-	5,645,889	7.352	7.352	11/15/2010	11/15/2010	17,618,586	5,325,506
01/01/1991	2,546,243	-	1,305,621	-	1,240,621	6.753	6.753	07/01/2010	01/01/2011	-	150,232
05/16/1991	7,030,783	-	1,697,476	-	5,333,307	7.000	7.000	05/15/2011	05/15/2011	14,545,197	4,597,524
12/12/1991	7,686,965	-	1,934,350	-	5,752,615	6.701	6.727	12/15/2010	12/15/2011	13,813,718	4,385,650
01/21/1992	4,918,977	-	1,607,289	-	3,311,688	6.034	6.034	08/01/2010	02/01/2012	-	272,683
05/14/1992	7,073,007	-	1,797,723	-	5,275,284	6.777	6.795	05/15/2011	05/15/2012	12,407,121	4,142,277
11/17/1992	6,913,864	-	2,114,131	-	4,799,733	6.358	6.402	11/15/2010	11/15/2012	9,713,025	4,016,869
03/15/1993	26,010,000	-	8,670,000	-	17,340,000	5.500	5.500	03/15/2011	03/15/2012	-	1,430,550
03/15/1993	20,680,000	-	10,395,000	-	10,285,000	5.500	5.500	09/15/2010	09/15/2010	-	846,340
05/19/1993	9,204,176	-	3,052,236	-	6,151,940	5.923	5.944	06/15/2011	06/15/2012	10,582,522	5,256,764
10/01/1993	22,440,000	-	-	-	22,440,000	6.000	6.000	03/15/2012	03/15/2012	-	1,346,400
11/16/1993	10,045,356	-	2,046,995	-	7,998,361	5.341	5.383	12/01/2010	12/01/2012	11,295,269	2,690,005
03/15/1994	16,249,539	-	5,329,539	-	10,920,000	5.650	5.650	03/15/2012	03/15/2012	-	910,105
05/26/1994	10,731,952	-	1,855,876	-	8,876,076	6.371	6.414	06/01/2011	06/01/2013	15,570,680	3,177,124
11/22/1994	13,463,076	-	3,038,473	-	10,424,603	6.266	6.398	12/15/2010	12/15/2013	17,185,574	4,610,527
03/28/1996	3,096,556	-	387,500	-	2,709,056	5.030	5.030	11/01/2010	05/01/2018	-	150,900
05/14/1997	50,000,000	-	10,000,000	-	40,000,000	4.250	4.250	05/15/2011	05/15/2014	-	210,913
09/01/1997	10,906,857	-	896,455	-	10,010,402	5.081	5.081	03/01/2011	03/01/2020	-	554,177
09/30/1997	1,980,000	-	255,000	-	1,725,000	5.081	5.081	03/01/2011	03/01/2020	-	100,604
08/01/1998 [4]	13,790,000	-	2,515,000	-	11,275,000	4.600	4.750	12/15/2010	12/15/2013	-	584,080
05/01/1999	12,340,800	-	772,560	-	11,568,240	4.633	4.633	09/01/2010	09/01/2022	-	553,853
05/06/1999	3,115,000	-	320,000	-	2,795,000	4.633	4.633	09/01/2010	09/01/2022	-	136,905
06/15/1999	4,675,000	-	-	-	4,675,000	5.250	5.250	06/15/2014	06/15/2014	-	245,438
11/01/1999	12,250,000	-	12,250,000	-	-				11/01/2009	-	306,250
04/15/2000	7,500,000	-	7,500,000	-	-				04/15/2010	-	382,500
06/15/2000	22,500,000	-	22,500,000	-	-				06/15/2010	-	1,163,010
12/15/2000	66,000,000	-	33,000,000	-	33,000,000	4.600	5.375	12/15/2010	12/15/2010	-	2,500,226
02/22/2001	100,000,000	-	-	-	100,000,000	4.250	4.250	02/15/2018	02/15/2021	-	469,496
06/12/2001	2,480,000	-	225,000	-	2,255,000	4.650	4.650	10/01/2010	10/01/2022	-	112,763
06/12/2001	7,729,861	-	478,859	-	7,251,002	4.652	4.652	10/01/2010	10/01/2022	-	348,440
06/15/2001	373,195,000	-	60,540,000	-	312,655,000	4.400	5.500	12/15/2010	12/15/2016	-	18,568,728
06/15/2001	40,000,000	-	20,000,000	-	20,000,000	4.250	4.250	06/15/2011	06/15/2011	-	1,675,000
06/15/2001	20,000,000	-	-	-	20,000,000	4.330	4.330	06/15/2012	06/15/2012	-	866,000
11/15/2001	81,165,000	-	9,000,000	52,915,000	19,250,000	3.700	5.000	11/15/2010	11/15/2011	-	3,573,961
11/15/2001	198,865,000	-	4,025,000	-	194,840,000	5.000	5.125	11/15/2010	11/15/2019	-	10,004,044
12/15/2001	65,000,000	-	22,000,000	-	43,000,000	4.100	5.000	12/15/2010	12/15/2011	-	2,492,015
04/15/2002	62,860,000	-	14,250,000	20,110,000	28,500,000	4.150	5.250	04/15/2011	04/15/2012	-	3,001,020
06/15/2002	58,295,000	-	11,200,000	19,180,000	27,915,000	3.950	4.500	06/15/2011	06/15/2013	-	2,467,793
06/15/2002	51,075,000	-	16,605,000	-	34,470,000	5.000	5.500	12/15/2011	12/15/2018	-	2,235,225

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)

JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 [2]	Interest Paid During FY 2010[3]
08/15/2002	139,125,000	-	20,835,000	24,875,000	93,415,000	3.500	5.250	11/15/2010	11/15/2022	-	5,970,723
08/15/2002	224,250,000	-	11,900,000	-	212,350,000	4.000	5.500	11/15/2010	11/15/2015	-	11,754,950
11/01/2002	111,285,000	-	11,840,000	43,340,000	56,105,000	3.500	5.000	10/15/2010	10/15/2022	-	5,001,928
04/15/2003	142,785,000	-	15,000,000	39,655,000	88,130,000	3.600	5.000	04/15/2011	04/15/2023	-	6,622,618
04/15/2003	35,800,000	-	9,000,000	-	26,800,000	5.750	5.750	04/30/2011	04/30/2013	-	263,132
05/01/2003	127,305,000	-	16,025,000	38,485,000	72,795,000	3.300	5.000	05/01/2011	05/01/2023	-	5,779,748
08/20/2003	61,580,000	-	29,155,000	-	32,425,000	5.000	5.000	08/01/2010	08/01/2010	-	2,350,125
10/01/2003	119,895,000	-	10,000,000	8,610,000	101,285,000	3.000	5.000	08/15/2010	08/15/2023	-	4,906,476
11/13/2003	82,525,000	-	10,525,000	-	72,000,000	2.875	5.250	10/15/2010	10/15/2023	-	3,336,269
12/18/2003	43,135,000	-	21,765,000	-	21,370,000	5.000	5.000	03/15/2011	03/15/2011	-	2,156,750
03/01/2004	225,000,000	-	15,000,000	14,520,000	195,480,000	2.750	5.000	03/01/2011	03/01/2024	-	10,351,365
04/08/2004	973,585,000	-	28,820,000	-	944,765,000	2.750	5.000	12/01/2010	06/01/2020	-	47,794,119
05/04/2004	205,000,000	-	30,000,000	-	175,000,000	3.300	5.000	04/01/2011	04/01/2024	-	10,058,881
12/22/2004	220,000,000	-	15,000,000	-	205,000,000	2.900	5.000	12/01/2010	12/01/2024	-	10,080,170
03/16/2005	280,000,000	-	-	-	280,000,000	5.000	5.000	03/01/2016	03/01/2023	-	9,706,913
04/27/2005	275,860,000	-	-	-	275,860,000	4.375	5.250	06/01/2017	06/01/2021	-	14,409,938
04/27/2005	15,620,000	-	-	-	15,620,000	3.990	3.990	06/01/2016	06/01/2016	-	623,238
04/27/2005	20,000,000	-	-	-	20,000,000	5.070	5.070	06/01/2017	06/01/2017	-	1,014,000
04/27/2005	20,000,000	-	-	-	20,000,000	5.200	5.200	06/01/2020	06/01/2020	-	1,040,000
06/01/2005	252,000,000	-	15,750,000	-	236,250,000	4.000	5.000	06/01/2011	06/01/2025	-	11,088,000
06/01/2005	36,000,000	-	6,000,000	-	30,000,000	4.300	4.450	06/01/2011	06/01/2015	-	1,569,000
11/15/2005	255,000,000	-	15,000,000	-	240,000,000	4.000	5.000	11/15/2010	11/15/2025	-	11,722,500
03/09/2006	246,500,000	-	14,500,000	-	232,000,000	3.500	5.000	12/15/2010	12/15/2025	-	10,444,830
05/01/2006	170,000,000	-	10,000,000	-	160,000,000	3.700	5.000	05/01/2011	05/01/2026	-	7,655,385
06/01/2006	199,750,000	-	11,750,000	-	188,000,000	3.600	5.000	06/01/2011	06/01/2026	-	9,560,208
11/09/2006	295,000,000	-	-	-	295,000,000	4.000	5.000	11/01/2012	11/01/2026	-	14,096,500
11/09/2006	307,005,000	-	-	-	307,005,000	4.000	5.000	12/15/2015	12/15/2022	-	14,895,375
12/14/2006	327,000,000	-	22,000,000	-	305,000,000	3.500	5.000	12/01/2010	12/01/2021	-	14,384,744
12/14/2006	8,000,000	-	8,000,000	-	-				12/01/2009	-	192,000
05/10/2007	178,200,000	-	10,960,000	-	167,240,000	4.000	5.000	05/01/2011	05/01/2027	-	7,779,925
05/10/2007	173,055,000	-	25,000	-	173,030,000	4.000	5.000	05/01/2011	05/01/2022	-	8,474,900
06/14/2007	213,300,000	-	10,790,000	-	202,510,000	3.750	5.000	06/01/2011	06/01/2027	-	9,788,978
12/19/2007	178,385,000	-	30,385,000	-	148,000,000	3.500	5.000	03/15/2011	03/15/2015	-	8,748,250
12/19/2007	36,000,000	-	10,000,000	-	26,000,000	3.950	4.290	12/01/2010	12/01/2012	-	1,268,900
12/19/2007	285,000,000	-	15,000,000	-	270,000,000	3.500	5.000	12/01/2010	12/01/2027	-	12,230,950
04/30/2008	37,500,000	-	12,500,000	-	25,000,000	3.500	3.500	05/01/2011	05/01/2012	-	575,853
06/26/2008	380,000,000	-	20,000,000	-	360,000,000	3.000	5.000	04/15/2011	04/15/2028	-	16,334,716
06/26/2008	369,550,000	-	19,450,000	-	350,100,000	3.000	5.000	04/15/2011	04/15/2028	-	17,487,960
11/06/2008	500,000,000	-	25,000,000	-	475,000,000	3.500	5.750	11/01/2010	11/01/2028	-	23,701,546
02/26/2009	400,000,000	-	15,000,000	-	385,000,000	2.000	5.000	02/15/2011	02/15/2029	-	16,652,647
03/26/2009	72,595,000	-	28,300,000	-	44,295,000	2.000	5.000	03/01/2011	03/01/2018	-	1,870,928
03/26/2009	155,000,000	-	12,750,000	-	142,250,000	2.000	5.000	03/01/2011	03/01/2023	-	5,571,841
03/26/2009	80,000,000	-	8,000,000	-	72,000,000	3.080	5.460	03/01/2011	03/01/2019	-	3,527,922

SCHEDULE OF DEBT OUTSTANDING (1) - BUDGETARY BASIS (Continued)
JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 (2)	Interest Paid During FY 2010(3)
12/03/2009	-	165,750,000	-	-	165,750,000	5.000	5.000	01/01/2012	01/01/2014	-	644,583
12/23/2009	-	450,000,000	-	-	450,000,000	4.950	5.632	12/01/2020	12/01/2029	-	10,689,139
04/28/2010	-	184,250,000	-	-	184,250,000	4.407	5.257	04/01/2019	04/01/2026	-	-
04/28/2010	-	105,000,000	-	-	105,000,000	2.500	5.000	04/01/2015	04/01/2018	-	-
06/23/2010	-	200,000,000	-	-	200,000,000	1.500	5.000	06/01/2011	12/01/2018	-	-
06/23/2010	-	258,235,000	-	-	258,235,000	2.000	5.000	12/01/2012	12/01/2021	-	-
SUB-TOTAL	**$ 9,947,280,325**	**$ 1,363,235,000**	**$889,821,507**	**$261,690,000**	**$10,159,003,817**					**$122,731,692**	**$576,950,889**
BOND TYPE: GENERAL OBLIGATION - BOND ANTICIPATION NOTES											
04/29/2009	$ 228,160,000	$ -	$ -	$ -	$ 228,160,000	2.000	4.000	06/01/2011	06/01/2011	$ -	$ 9,740,220
04/29/2009	353,085,000	-	353,085,000	-	-				04/28/2010	-	7,042,084
04/28/2010	-	353,085,000	-	-	353,085,000	2.000	2.000	05/19/2011	05/19/2011	-	-
SUB-TOTAL	**$ 581,245,000**	**$ 353,085,000**	**$353,085,000**	**$ -**	**$ 581,245,000**					**$ -**	**$16,782,304**
BODY TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS (5)											
04/30/2008	$2,089,675,000	$ -	$ -	$ -	$2,089,675,000	4.200	5.850	03/15/2014	03/15/2032	$ -	$120,857,076
04/30/2008	176,313,271	-	-	-	176,313,271	5.404	6.270	03/15/2014	03/15/2025	24,944,047	-
04/30/2008	10,590,000	-	-	-	10,590,000	5.000	5.000	03/15/2028	03/15/2028	-	529,500
SUB-TOTAL	**$2,276,578,271**	**$ -**	**$ -**	**$ -**	**$2,276,578,271**					**$ 24,944,047**	**$121,386,576**
BOND TYPE: ECONOMIC RECOVERY NOTES											
12/03/2009	$ -	$ 915,795,000	$ -	$ -	$ 915,795,000	2.000	5.000	01/01/2012	01/01/2016	$ -	$ 3,155,286
SUB-TOTAL	**$ -**	**$ 915,795,000**	**$ -**	**$ -**	**$ 915,795,000**					**$ -**	**$ 3,155,286**
BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED											
03/15/1993	$ 1,590,000	$ -	$ 530,000	$ -	$ 1,060,000	5.500	5.500	03/15/2011	03/15/2012	$ -	$ 87,450
03/15/1994	461	-	461	-	-				03/15/2010	-	25
SUB-TOTAL	**$ 1,590,461**	**$ -**	**$ 530,461**	**$ -**	**$ 1,060,000**					**$ -**	**$ 87,475**
BOND TYPE: SPECIAL TAX OBLIGATION											
05/15/1990	$ 22,750,000	$ -	$22,750,000	$ -	$ -				06/01/2010	$ -	$ 1,620,938
12/19/1990	43,000,000	-	20,800,000	-	22,200,000	6.171	6.171	12/01/2010	12/01/2010	-	2,022,190
09/15/1991	77,655,000	-	-	-	77,655,000	6.500	6.500	10/01/2010	10/01/2012	-	5,047,575
09/01/1992	82,860,000	-	18,850,000	-	64,010,000	6.125	6.125	09/01/2010	09/01/2012	-	4,500,250
10/01/1996	23,940,000	-	23,940,000	-	-				10/01/2009	-	718,200
04/15/1998	175,440,000	-	22,305,000	16,100,000	137,035,000	5.500	5.500	10/01/2010	10/01/2013	-	8,545,056
09/15/1998	62,925,000	-	11,275,000	-	51,650,000	5.500	5.500	11/01/2010	11/01/2013	-	3,150,813
11/15/1999	19,735,000	-	7,635,000	12,100,000	-				12/01/2009	-	195,488
07/15/2000	43,110,000	-	9,880,000	22,790,000	10,440,000	5.250	5.250	09/01/2010	09/01/2010	-	1,407,881
09/15/2001	39,205,000	-	-	-	39,205,000	4.000	5.375	10/01/2010	10/01/2014	-	1,741,750
09/15/2001	270,125,000	-	52,525,000	-	217,600,000	5.375	5.375	10/01/2010	10/01/2015	-	12,868,835
05/01/2002	55,145,000	-	-	-	55,145,000	4.000	5.375	07/01/2010	07/01/2022	-	2,611,264

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)
JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 [2]	Interest Paid During FY 2010[3]
11/01/2002	133,250,000	-	5,305,000	-	127,945,000	3.300	5.250	12/01/2010	12/01/2022	-	6,202,444
07/01/2003	58,290,000	-	45,390,000	-	12,900,000	3.000	5.000	09/01/2010	09/01/2010	-	1,553,563
11/15/2003	163,840,000	-	7,895,000	-	155,945,000	3.000	5.000	01/01/2011	01/01/2024	-	7,748,604
11/15/2004	174,170,000	-	7,365,000	-	166,805,000	3.500	5.000	07/01/2010	07/01/2024	-	8,371,810
11/15/2004	89,725,000	-	265,000	-	89,460,000	3.000	5.250	07/01/2010	07/01/2019	-	4,306,262
12/15/2005	227,105,000	-	8,725,000	-	218,380,000	4.500	5.000	07/01/2010	07/01/2025	-	10,834,650
10/25/2007	242,020,000	-	8,345,000	-	233,675,000	3.500	5.000	08/01/2010	08/01/2027	-	11,015,270
10/01/2008	97,690,000	-	-	-	97,690,000	3.000	5.000	02/01/2012	02/01/2022	-	3,812,050
12/10/2008	300,000,000	-	9,460,000	-	290,540,000	3.000	5.000	11/01/2010	11/01/2028	-	14,042,581
01/29/2009	415,035,000	-	2,605,000	-	412,430,000	2.000	5.000	02/01/2011	02/01/2022	-	18,798,107
11/10/2009	-	195,970,000	-	-	195,970,000	2.500	5.000	12/01/2010	12/01/2029	-	4,184,275
11/10/2009	-	304,030,000	-	-	304,030,000	4.855	5.740	12/01/2020	12/01/2029	-	9,303,704
11/10/2009	-	49,775,000	-	-	49,775,000	2.000	5.000	12/01/2010	12/01/2014	-	889,941
SUB-TOTAL	**$ 2,817,015,000**	**$ 549,775,000**	**$285,315,000**	**$ 50,990,000**	**$ 3,030,485,000**					**$ -**	**$145,493,501**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT											
03/01/2001	$ 170,880,000	$ -	$ 4,600,000	$ -	$ 166,280,000	4.300	5.250	10/01/2010	10/01/2031	$ -	$ 8,650,550
03/01/2001	17,335,000	-	305,000	-	17,030,000	4.200	4.300	10/01/2010	10/01/2012	-	734,128
07/08/2004	10,715,000	-	5,240,000	-	5,475,000	5.000	5.000	10/01/2010	10/01/2010	-	404,750
SUB-TOTAL	**$ 198,930,000**	**$ -**	**$10,145,000**	**$ -**	**$ 188,785,000**					**$ -**	**$ 9,789,428**
BOND TYPE: CLEAN WATER FUND											
07/01/2003	$ 101,180,000	$ -	$ 4,650,000	$ -	$ 96,530,000	2.375	5.000	10/01/2010	10/01/2025	$ -	$ 4,404,646
07/01/2003	89,680,000	-	7,975,000	-	81,705,000	2.375	5.000	10/01/2010	10/01/2015	-	4,120,431
07/10/2003	55,000,000	-	-	55,000,000	-				07/01/2009	-	21,762
07/10/2003	66,375,000	-	-	66,375,000	-				07/03/2009	-	27,264
07/27/2006	142,115,000	-	5,880,000	-	136,235,000	3.750	5.000	07/01/2010	07/01/2027	-	6,153,913
07/27/2006	15,655,000	-	7,290,000	-	8,365,000	3.800	5.000	07/01/2010	07/01/2012	-	561,150
08/06/2008	171,195,000	-	21,375,000	-	149,820,000	3.000	5.000	02/01/2011	02/01/2018	-	7,492,225
06/25/2009	199,440,000	-	2,795,000	-	196,645,000	2.000	5.000	06/01/2011	06/01/2027	-	8,265,857
06/25/2009	44,560,000	-	7,745,000	-	36,815,000	2.000	5.000	06/01/2011	06/01/2015	-	1,384,098
07/30/2009	-	115,835,000	-	-	115,835,000	1.500	5.000	10/01/2010	10/01/2022	-	3,201,082
SUB-TOTAL	**$885,200,000**	**$ 115,835,000**	**$57,710,000**	**$121,375,000**	**$ 821,950,000**					**$ -**	**$35,632,428**
BOND TYPE: UCONN 2000 [6]											
02/21/1996	$ 4,369,715	$ -	$ 2,247,274	$ -	$ 2,122,441	5.100	5.100	02/01/2011	02/01/2011	$ 2,251,527	$ 2,257,726
03/01/1999	13,000,000	-	4,000,000	9,000,000	-				04/01/2010	-	572,000
03/01/2000	6,550,000	-	6,550,000	-	-				03/01/2010	-	327,500
03/15/2001	20,675,000	-	4,745,000	10,970,000	4,960,000	4.000	4.000	04/01/2011	04/01/2011	-	906,248
04/01/2002	15,000,000	-	5,000,000	-	10,000,000	4.200	5.000	04/01/2011	04/01/2012	-	653,944
03/01/2003	37,205,000	-	4,725,000	6,885,000	25,595,000	3.200	5.250	02/15/2011	02/15/2023	-	1,595,090
01/15/2004	73,370,000	-	4,895,000	9,030,000	59,445,000	2.750	5.000	01/15/2011	01/15/2024	-	3,015,160
01/15/2004	203,080,000	-	11,240,000	-	191,840,000	3.900	5.000	01/15/2011	01/15/2020	-	10,149,105

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)

JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 [2]	Interest Paid During FY 2010[3]
03/16/2005	76,870,000	-	4,900,000	-	71,970,000	3.375	5.000	02/15/2011	02/15/2025	-	3,372,071
03/15/2006	65,570,000	-	3,860,000	-	61,710,000	3.450	5.000	02/15/2011	02/15/2026	-	2,890,310
03/15/2006	59,555,000	-	-	-	59,555,000	4.750	5.000	02/15/2013	02/15/2020	-	2,970,888
04/12/2007	78,815,000	-	5,270,000	-	73,545,000	3.600	5.000	04/01/2011	04/01/2027	-	3,212,375
04/12/2007	46,030,000	-	-	-	46,030,000	5.000	5.000	04/01/2016	04/01/2022	-	2,301,500
04/16/2009	144,855,000	-	7,345,000	-	137,510,000	2.000	5.000	02/15/2011	02/15/2029	-	4,995,666
05/25/2010	-	97,115,000	-	-	97,115,000	2.000	5.000	02/15/2011	02/15/2030	-	-
05/25/2010	-	36,095,000	-	-	36,095,000	2.000	5.000	02/15/2011	02/15/2021	-	-
SUB-TOTAL	**$ 844,944,715**	**$ 133,210,000**	**$64,777,274**	**$35,885,000**	**$ 877,492,441**					**$ 2,251,527**	**$39,219,583**
BOND TYPE: CDA INCREMENT FINANCING [7]											
01/01/1997	$ 985,000	$ -	$ 985,000	$ -	$ -				05/01/2010	$ -	$ 52,944
10/05/2004	7,225,000	-	340,000	-	6,885,000	3.000	5.000	10/15/2010	10/15/2024	-	284,489
10/05/2004	4,765,000	-	620,000	-	4,145,000	3.000	3.500	12/15/2010	12/15/2015	-	141,694
10/05/2004	8,370,000	-	-	-	8,370,000	5.000	5.125	05/01/2011	05/01/2017	-	423,413
12/20/2006	8,730,000	-	580,000	-	8,150,000	3.750	4.000	12/15/2010	12/15/2020	-	331,066
SUB-TOTAL	**$30,075,000**	**$ -**	**$ 2,525,000**	**$ -**	**$ 27,550,000**					**$ -**	**$ 1,233,606**
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [8]											
12/15/1994	$ 3,535,000	$ -	$ 620,000	$ -	$ 2,915,000	6.600	6.600	06/15/2011	06/15/2014	$ -	$ 233,310
SUB-TOTAL	**$ 3,535,000**	**$ -**	**$ 620,000**	**$ -**	**$ 2,915,000**					**$ -**	**$ 233,310**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [9]											
04/15/1998	$ 4,870,000	$ -	$ 120,000	$ -	$ 4,750,000	6.750	6.750	07/01/2010	07/01/2028	$ -	$ 324,675
11/01/1998	6,895,000	-	205,000	-	6,690,000	4.400	5.000	07/01/2010	07/01/2028	-	332,838
09/01/1999	14,950,000	-	510,000	-	14,440,000	5.000	5.625	07/01/2010	07/01/2029	-	807,829
08/01/2000	3,430,000	-	90,000	-	3,340,000	4.875	5.500	07/01/2010	07/01/2030	-	183,434
04/01/2001	3,415,000	-	85,000	-	3,330,000	4.250	5.000	07/01/2010	07/01/2031	-	165,419
12/20/2006	19,165,000	-	350,000	-	18,815,000	3.625	5.000	07/01/2010	07/01/2036	-	922,138
10/23/2008	16,875,000	-	-	-	16,875,000	4.000	6.000	07/01/2010	07/01/2038	-	992,288
SUB-TOTAL	**$69,600,000**	**$ -**	**$ 1,360,000**	**$ -**	**$ 68,240,000**					**$ -**	**$ 3,728,621**
BOND TYPE: JUVENILE TRAINING SCHOOL [10]											
02/15/2001	$ 16,520,000	$ -	$ 440,000	$ -	$ 16,080,000	4.250	5.250	12/15/2010	12/15/2030	$ -	$ 799,363
SUB-TOTAL	**$ 16,520,000**	**$ -**	**$ 440,000**	**$ -**	**$ 16,080,000**					**$ -**	**$ 799,363**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS											
03/15/2000	$ 44,655,000	$ -	$ 1,650,000	$ -	$ 43,005,000	6.125	6.600	07/01/2010	07/01/2024	$ -	$ 2,856,786
SUB-TOTAL	**$ 44,655,000**	**$ -**	**$ 1,650,000**	**$ -**	**$ 43,005,000**					**$ -**	**$ 2,856,786**

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)
JUNE 30, 2010

Issue Date	Outstanding June 30, 2009	FY 2010 Issued	FY 2010 Retired	FY 2010 Refunded or Defeased	Outstanding June 30, 2010	Low Rate (%)	High Rate (%)	Next Maturity Date	Last Maturity Date	Interest Accreted Through FY 2010 [2]	Interest Paid During FY 2010[3]
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS [11]											
09/13/2007	$ 25,045,000	$ -	$ 910,000	$ -	$ 24,135,000	4.000	5.000	06/15/2011	06/15/2027	$ -	$ 1,197,687
05/19/2009	36,550,000	-	-	-	36,550,000	2.375	5.000	06/15/2011	06/15/2029	-	1,472,275
05/19/2009	2,160,000	-	1,070,000	-	1,090,000	2.299	2.299	06/15/2011	06/15/2011	-	51,809
SUB-TOTAL	**$ 63,755,000**	**$ -**	**$ 1,980,000**	**$ -**	**$ 61,775,000**					**$ -**	**$ 2,721,771**
BOND TYPE: CCEDA BONDS [12]											
07/21/2004	$ 10,760,000	$ -	$ 1,315,000	$ -	$ 9,445,000	3.300	5.000	06/15/2011	06/15/2016	$ -	$ 416,100
07/21/2004	57,470,000	-	-	-	57,470,000	3.960	3.960	06/15/2017	06/15/2034	-	4,517,314
08/04/2005	14,385,000	-	635,000	-	13,750,000	5.000	5.000	06/15/2011	06/15/2029	-	719,250
12/16/2008	22,500,000	-	485,000	-	22,015,000	3.500	5.750	06/15/2011	06/15/2034	-	1,168,487
SUB-TOTAL	**$ 105,115,000**	**$ -**	**$ 2,435,000**	**$ -**	**$ 102,680,000**					**$ -**	**$ 6,821,151**
TOTAL	**$17,886,038,772**	**$ 3,430,935,000**	**$1,672,394,243**	**$469,940,000**	**$19,174,639,529**					**$149,927,266**	**$966,892,078**

SCHEDULE OF DEBT OUTSTANDING [1] - BUDGETARY BASIS (Continued)
JUNE 30, 2010

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2010.

(2) Includes interest accreted on Capital Appreciaton Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the column shown as outstanding June 30, 2010.

(3) Includes interest rate swap payments and variable rate bond fees.

(4) Debt outstanding at June 30, 2010 includes $11,275,000.00 in Certificates of Participation for the Middletown Courthouse, which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the courthouse, subject to the annual appropriation of funds or the availability of other funds. The base rent is appropriated as debt service. The Certificates of Participation are included on the Treasurer's Debt Management System for control purposes.

(5) The Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund $2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.

(6) UConn 2000 Bonds were authorized in two stages, in a total amount of $2.3 billion over a 20 year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is appropriated from the State General Fund.

(7) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(8) The Connecticut Development Authority issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.

(9) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA Childcare debt service appropriation per Public Act 97-259.

(10) A lease purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.

(11) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step Initiative. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and OPM.

(12) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for Adriaen's Landing Development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $9 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

NOTE 1: In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appear in the budget enacted by the General Assembly. The Budget Act enacted for the 2010 fiscal year is presented on a comprehensive basis of accounting principles. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of this schedule.

NOTE 2: GAAP accounting requires that Long-Term debt obligations be segregated into the portion payable within the next fiscal year (the current portion) and the remaining portion that is not due until after the next fiscal year. This manner of presentation is not used for the budgetary basis presentation.

DEBT MANAGEMENT DIVISION

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1]

JUNE 30, 2010

CORE Fund No.	Legacy Fund No.	Name	Inception to Date: Amount Authorized	Inception to Date: Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010[2]	Outstanding Incl. Accreted Interest June 30, 2010
BOND TYPE: GENERAL OBLIGATION-TAX SUPPORTED							
12033	1501	ECONOMIC DEVELOPMENT FUND	$157,430,000	$109,430,000	$ -	$ -	$ -
12034	1502	ECONOMIC DEVELOPMENT ASSISTANCE	716,800,000	624,062,441	116,723,148	-	116,723,148
12036	1504	ECONOMIC STABILIZATION FUND	95,000,000	86,462,706	-	-	-
12040	3775	CONGREGATE HOUSING FOR ELDERLY	323,126,594	323,126,594	5,183,307	14,136,111	19,319,418
12040	3804	ELDERLY HOUSING PROJECT	3,000,000	3,000,000	150,000	409,086	559,086
12050	1870	LOCAL CAPITAL IMPROVEMENT FUND	615,000,000	585,000,000	160,205,000	-	160,205,000
12051	1872	CAPITAL EQUIPMENT PURCHASE FUND	384,990,000	321,213,428	38,900,000	-	38,900,000
12052	1873	GRANTS TO LOCAL GOVTS. & OTHERS	2,249,449,508	1,376,732,272	185,473,147	17,185,574	202,658,721
12053	1874	ECONOMIC DEVELOPMENT & OTHER GRANTS	104,193,324	101,193,948	5,752,615	13,813,719	19,566,334
12055	1879	HOUSING HOMELESS PERSONS	8,100,000	7,095,696	1,054,436	-	1,054,436
12058	1961	SPECIAL CONTAMINATED PROP REM & INS FUND	6,000,000	3,000,000	-	-	-
12059	1971	HARTFORD REDEVELOPMENT	500,000,000	475,810,000	156,305,000	-	156,305,000
12063	1800	HOUSING BONDS	562,477,506	501,925,235	7,774,743	5,222,439	12,997,182
12066	2066	DECD - HOUSING TRUST FUND	110,000,000	40,000,000	20,000,000	-	20,000,000
13007	3080	ELIMINATION OF WATER POLLUTION	398,000,000	397,965,861	-	-	-
13009	3089	SCHOOL CONSTRUCTION	1,810,839,500	1,810,839,500	33,578,903	18,479,951	52,058,854
13010	3090	MAGNET SCHOOLS	6,002,530,770	5,985,029,694	4,297,005,000	-	4,297,005,000
13015	3783	AGRICULTURAL LAND PRESERVATION	120,250,000	114,498,716	31,000,000	-	31,000,000
13019	3795	GRANTS FOR URBAN ACTION	1,172,487,544	1,041,148,354	278,101,852	-	278,101,852
13048	3048	CSUS 2020 FUND INFRASTRUCTURE PROGRAM	190,000,000	92,280,000	37,660,000	-	37,660,000
17001	3001	GENERAL STATE PURPOSES	302,534,389	290,134,149	102,283,889	-	102,283,889
17011	3011	GENERAL STATE PURPOSES	585,577,595	493,545,494	269,554,662	-	269,554,662
17021	3021	GENERAL STATE PURPOSES	449,960,490	439,134,446	342,352,538	-	342,352,538
17041	3041	GENERAL STATE PURPOSES	255,236,871	190,897,976	182,500,878	-	182,500,878
17051		GENERAL STATE PURPOSES	202,822,361	172,500,000	162,507,350	-	162,507,350
17061		GENERAL STATE PURPOSES	177,381,115	118,080,291	112,080,291	-	112,080,291
17071		GENERAL STATE PURPOSES	424,020,739	172,258,777	168,511,427	-	168,511,427
17081		GENERAL STATE PURPOSES	244,530,361	55,000,000	55,000,000	-	55,000,000
17091		GENERAL STATE PURPOSES	11,600,000	11,600,000	11,600,000	-	11,600,000
17101		GENERAL STATE PURPOSES	25,066,316	-	-	-	-
17831		CAPITAL IMPROVEMENTS	88,295,310	86,802,041	-	-	-
17851		CAPITAL IMPROVEMENTS	116,686,668	113,336,252	-	-	-
17861	3861	CAPITAL IMPROVEMENTS	119,859,926	119,463,359	8,664,114	-	8,664,114
17871	3871	CAPITAL IMPROVEMENTS	521,848,335	509,853,706	2,074,381	-	2,074,381
17891	3891	GENERAL STATE PURPOSES	416,558,089	411,978,686	1,405,000	-	1,405,000
17901	3901	GENERAL STATE PURPOSES	533,894,091	528,220,942	10,445,622	27,331,610	37,777,232
17911	3911	GENERAL STATE PURPOSES	148,479,844	142,314,891	7,429,580	10,582,521	18,012,101
17921	3921	GENERAL STATE PURPOSES	322,135,563	320,382,563	17,340,000	-	17,340,000
17931	3931	GENERAL STATE PURPOSES	628,254,036	615,735,971	9,421,076	15,570,680	24,991,756
17951	3951	GSP/UCONN BABBIDGE LIBRARY & PLAZA DECK	207,907,527	205,950,003	11,442,805	-	11,442,805
17961	3961	GENERAL STATE PURPOSES	265,384,447	259,071,813	54,726,981	-	54,726,981

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2010

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010[2]	Outstanding Incl. Accreted Interest June 30, 2010
17971	3971	GENERAL STATE PURPOSES	195,285,581	188,557,040	6,287,947	-	6,287,947
17981	3981	GENERAL STATE PURPOSES	208,069,445	206,844,656	106,400,693	-	106,400,693
17991	3991	GENERAL STATE PURPOSES	305,471,379	251,123,848	39,081,314	-	39,081,314
21004	6024	CONNECTICUT INNOVATIONS, INC.	114,800,500	114,300,319	10,000	-	10,000
21014	6864	CLEAN WATER FUND	954,036,534	710,253,884	233,656,118	-	233,656,118
21016	6866	CLEAN WATER FUND-LONG ISLAND SOUND	71,993,466	64,102,782	13,600,000	-	13,600,000
35013	7202	INDUSTRIAL BUILDING MORTGAGE INS FD	26,000,000	5,550,000	-	-	-
	5999	G.O. BOND ANTICIPATION NOTES [3]	-	353,085,000	353,085,000		353,085,000
	9986	G.O. REFUNDING BONDS OCTOBER 1993 [4]	-	259,125,000	22,440,000	-	22,440,000
	9989	G.O. REFUNDING BONDS MARCH 1993 B [4]	-	157,745,000	10,285,000	-	10,285,000
	9972	MIDDLETOWN COURT HOUSE 1998 REFUNDING [4] [5]	-	34,375,000	11,275,000	-	11,275,000
	9970	G.O. REFUNDING BONDS 2001 SERIES C [4]	-	504,575,000	312,655,000	-	312,655,000
	9966	G.O. REFUNDING BONDS 2001 SERIES E AND F [4]	-	432,835,000	194,840,000	-	194,840,000
	9965	G.O. REFUNDING BONDS 2002 SERIES C [4]	-	155,500,000	34,470,000	-	34,470,000
	9964	G.O. REFUNDING BONDS 2002 SERIES E [4]	-	256,375,000	212,350,000	-	212,350,000
	9960	G.O. REFUNDING BONDS 2003 SERIES D [4]	-	215,580,000	32,425,000	-	32,425,000
	9959	G.O. REFUNDING BONDS 2003 SERIES G [4]	-	165,995,000	21,370,000	-	21,370,000
	9956	G.O. REFUNDING BONDS 2004 SERIES B [4]	-	1,030,375,000	944,765,000	-	944,765,000
	9952	G.O. REFUNDING BONDS 2005 SERIES B [4]	-	335,550,000	331,480,000	-	331,480,000
	9951	G.O. REFUNDING BONDS 2006 SERIES E [4]	-	308,400,000	307,005,000	-	307,005,000
	9950	G.O. REFUNDING BONDS 2007 SERIES B [4]	-	173,300,000	173,030,000	-	173,030,000
	9949	G.O. REFUNDING BONDS 2007 SERIES E [4]	-	181,085,000	148,000,000	-	148,000,000
	9948	G.O. TAXABLE REFUNDING BONDS 2008 SERIES C [4]	-	50,000,000	25,000,000	-	25,000,000
	9945	G.O. REFUNDING BONDS 2009 SERIES C [4]	-	74,215,000	44,295,000	-	44,295,000
	9943	G.O. REFUNDING BONDS 2010 SERIES C [4]	-	258,235,000	258,235,000	-	258,235,000
SUBTOTAL			**$23,453,365,724**	**$25,743,158,334**	**$10,740,248,817**	**$122,731,690**	**$10,862,980,507**

BOND TYPE: GENERAL OBLIGATION TEACHERS' RETIREMENT FUND BONDS [6]

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010	Outstanding Incl. Accreted Interest June 30, 2010
31006	3106	TEACHER'S RETIREMENT FUND TAXABLE G.O. BONDS 2008	$2,276,578,271	$2,276,578,271	$2,276,578,271	$24,944,047	$2,301,522,318
SUBTOTAL			**$2,276,578,271**	**$2,276,578,271**	**$2,276,578,271**	**$24,944,047**	**$2,301,522,318**

BOND TYPE: ECONOMIC RECOVERY NOTES

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010	Outstanding Incl. Accreted Interest June 30, 2010
	2030	ECONOMIC RECOVERY NOTES	$2,257,523,504	$2,198,440,000	$915,795,000	$ -	$915,795,000
SUBTOTAL			**$2,257,523,504**	**$2,198,440,000**	**$915,795,000**	**$ -**	**$915,795,000**

BOND TYPE: GENERAL OBLIGATION - REVENUE SUPPORTED

CORE Fund No.	Legacy Fund No.	Name	Amount Authorized	Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010	Outstanding Incl. Accreted Interest June 30, 2010
12029	1302	CONN STUDENT LOAN FOUNDATION	$ 5,000,000	$ -	$ -	$ -	$-

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2010

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010[2]	Outstanding Incl. Accreted Interest June 30, 2010
13042	3876	UNIV.& STATE UNIVERSITY FACILITIES	104,363,266	104,192,153	1,060,000	-	1,060,000
SUBTOTAL			**$109,363,266**	**$104,192,153**	**$1,060,000**	**$ -**	**$1,060,000**
BOND TYPE: SPECIAL TAX OBLIGATION							
13033	3842	INFRASTRUCTURE IMPROVEMENT	$9,618,852,104	$6,696,650,752	$2,013,595,000	$ -	$2,013,595,000
14005	9975	STO 1998 SERIES A REFUNDING BONDS[4]	-	197,500,000	137,035,000	-	137,035,000
14005	9967	STO 2001 SERIES B REFUNDING BONDS[4]	-	533,335,000	217,600,000	-	217,600,000
14005	9961	STO 2003 SERIES A REFUNDING BONDS[4]	-	338,610,000	12,900,000	-	12,900,000
14005	9953	STO 2004 SERIES B REFUNDING BONDS[4]	-	89,725,000	89,460,000	-	89,460,000
14005	9947	STO 2008 SERIES 1 REFUNDING BONDS[4]	-	97,690,000	97,690,000	-	97,690,000
14005	9946	STO 2009 SERIES 1 REFUNDING BONDS[4]	-	415,035,000	412,430,000	-	412,430,000
14005	9944	STO 2009 SERIES C REFUNDING BONDS[4]	-	49,775,000	49,775,000	-	49,775,000
SUBTOTAL			**$9,618,852,104**	**$8,418,320,752**	**$3,030,485,000**	**$ -**	**$3,030,485,000**
BOND TYPE: BRADLEY INTERNATIONAL AIRPORT							
21012	6310	BRADLEY REVENUE BONDS	$194,000,000	$194,000,000	$166,280,000	$ -	$166,280,000
	9954	BRADLEY AIRPORT GEN. REV REFUNDING BONDS[4]	-	30,640,000	5,475,000	-	5,475,000
	9969	BRADLEY AIRPORT REVENUE REFUNDING 2001B[4]	-	19,180,000	17,030,000	-	17,030,000
SUBTOTAL			**$194,000,000**	**$243,820,000**	**$188,785,000**	**$ -**	**$188,785,000**
BOND TYPE: CLEAN WATER FUND							
21015	6865	CLEAN WATER FUND - FED. ACCT.	$1,745,731,375	$1,349,430,253	$553,085,000	$ -	$553,085,000
21018	6868	DWF FEDERAL REVOLVING	87,668,625	59,289,747	26,145,000	-	26,145,000
	9983	CLEAN WATER REFUNDING [4]	-	476,070,000	242,720,000	-	242,720,000
SUBTOTAL			**$1,833,400,000**	**$1,884,790,000**	**$821,950,000**	**$ -**	**$821,950,000**
BOND TYPE: UCONN 2000 [7]							
13045	3952	UCONN 2000	$1,419,062,147	$1,419,062,147	$543,972,441	$2,251,527	$546,223,968
	9958	UCONN 2000 REFUNDING BONDS (4)	-	360,095,000	333,520,000	-	333,520,000
SUBTOTAL			**$1,419,062,147**	**$1,779,157,147**	**$877,492,441**	**$2,251,527**	**$879,743,968**
BOND TYPE: CDA INCREMENT FINANCING [8]							
88004	8004	CABELA'S INC. - TAX INCREMENTAL FINANCING	$9,950,000	$9,825,000	$8,150,000	$ -	$8,150,000
88100	8100	CDA - TAX INCREMENTAL FINANCING	3,470,000	-	-	-	-
	9955	CDA REFUNDING BONDS SERIES A, B AND C [4]	-	22,435,000	19,400,000	-	19,400,000
SUBTOTAL			**$13,420,000**	**$32,260,000**	**$27,550,000**	**$ -**	**$27,550,000**

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)
JUNE 30, 2010

CORE Fund No.	Legacy Fund No.	Name	Inception to Date Amount Authorized	Inception to Date Amount Issued	Principal Outstanding June 30, 2010	Interest Accreted Through Fiscal Year 2010[2]	Outstanding Incl. Accreted Interest June 30, 2010
BOND TYPE: CDA GOVERNMENTAL LEASE REVENUE [9]							
88500	8500	NEW BRITAIN GOVERNMENT CENTER	$9,275,000	$9,275,000	$2,915,000	$ -	$2,915,000
SUBTOTAL			**$9,275,000**	**$9,275,000**	**$2,915,000**	**$ -**	**$2,915,000**
BOND TYPE: CHEFA CHILDCARE FACILITIES PROGRAM [10]							
77800	7800	CHEFA CHILDCARE-NOW	$ -	$5,375,000	$4,750,000	$ -	$4,750,000
77802	7802	CHILDCARE POOL 1 SERIES A	-	10,175,000	6,690,000	-	6,690,000
77804	7804	CHEFA CHILDCARE-SERIES C	-	18,690,000	14,440,000	-	14,440,000
77805	7805	CHEFA CHILDCARE SERIES D	-	3,940,000	3,340,000	-	3,340,000
77806	7806	CHEFA CHILDCARE SERIES E	-	3,865,000	3,330,000	-	3,330,000
77807	7807	CHEFA CHILDCARE SERIES F	-	19,165,000	18,815,000	-	18,815,000
77808	7808	CHEFA CHILDCARE FACILITIES PROGRAM SERIES G	-	16,875,000	16,875,000	-	16,875,000
SUBTOTAL			**$ -**	**$78,085,000**	**$68,240,000**	**$ -**	**$68,240,000**
BOND TYPE: JUVENILE TRAINING SCHOOL [11]							
88800	8800	CT JUVENILE TRAINING SCHOOL ENERGY CENTER	$ -	$19,165,000	$16,080,000	$ -	$16,080,000
SUBTOTAL			**$ -**	**$19,165,000**	**$16,080,000**	**$ -**	**$16,080,000**
BOND TYPE: BRADLEY INTERNATIONAL PARKING OPERATIONS [12]							
21008	6299	BRADLEY INTERNATIONAL PARKING OPERATIONS	$55,000,000	$53,800,000	$43,005,000	$ -	$43,005,000
SUBTOTAL			**$55,000,000**	**$53,800,000**	**$43,005,000**	**$ -**	**$43,005,000**
BOND TYPE: CHFA SPECIAL NEEDS HOUSING BONDS [13]							
12060	7500	CHFA SUPPORTIVE HOUSING BONDS	$70,000,000	$65,755,000	$61,775,000	$ -	$61,775,000
SUBTOTAL			**$70,000,000**	**$65,755,000**	**$61,775,000**	**$ -**	**$61,775,000**
BOND TYPE: CCEDA BONDS [14]							
12060	7300	CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY	$ -	$110,000,000	$102,680,000	$ -	$102,680,000
SUBTOTAL			**$ -**	**$110,000,000**	**$102,680,000**	**$ -**	**$102,680,000**
GRAND TOTAL			**$41,309,840,016**	**$43,016,796,657**	**$19,174,639,529**	**$149,927,264**	**$19,324,566,793**

SCHEDULE OF AUTHORIZED AND ISSUED DEBT OUTSTANDING [1] (Continued)

JUNE 30, 2010

(1) Includes all outstanding debt issued by the State of Connecticut as of June 30, 2010. All debt except refunding issues is authorized by the General Assembly and the State Bond Commission prior to issuance.

(2) Includes interest accreted on Capital Appreciation Bonds (CABs) only. Interest on CABs accretes over the life of the bond and is paid at maturity. This amount is not included in the column shown as outstanding June 30, 2010.

(3) On April 28, 2009 the State issued $581,245,000 Bond Anticipation Notes (BANs) Series A and Series B. On April 28, 2010 $353,085,000 Bond Anticipation Notes (BANs) were issued to pay down the 2009 Series A BANs maturing on April 28, 2010. No new authorization was required.

(4) Refunding issues. Proceeds used to refund other bonds reducing overall debt service expense.

(5) Debt outstanding at June 30, 2010 includes $11,275,000 in Certificates of Participation for the Middletown Courthouse which is not debt of the State. However, the State is obligated to pay a base rent under a lease for the Courthouse, subject to the annual appropriation of funds or the availability of other funds; therefore, the base rent is appropriated as debt service.

The Certificates of Participation are included in the Treasurer's Debt Management System for control purposes.

(6) The General Obligation Teachers' Retirement Fund Bonds were issued as taxable bonds pursuant to Public Act 07-186 to fund $2 billion of the unfunded liability of the Connecticut Teachers' Retirement Fund, capitalized interest and cost of issuance.

(7) UConn 2000 Bonds were authorized in two stages in a total amount of $2.3 billion over a 20 year period to be paid by the University of Connecticut from a State Debt Service commitment. As each series is issued, the debt service is validly appropriated from the State General Fund.

(8) The Connecticut Development Authority has issued tax increment bonds for certain economic development projects. The debt service on the bonds is deemed appropriated from the State's General Fund.

(9) The Connecticut Development Authority has issued its lease revenue bonds for the New Britain Government Center. The State is obligated to pay base rent subject to the annual appropriation of funds. These payments are budgeted in the Treasurer's debt service budget as lease payments.

(10) On July 1, 1999, the Treasurer's Office assumed the responsibility for the CHEFA CHILDCARE debt service appropriation per Public Act 97-259.

(11) A lease-purchase financing of the heating and cooling plant at the Juvenile Training School in Middletown.

(12) Includes Bradley International Airport Special Obligation Parking Revenue Bonds, 2000 Series A $43,005,000.

(13) The Connecticut Housing Finance Authority (CHFA) Special Needs Housing bonds were issued pursuant to Public Act 05-280 and Public Act 05-3 for the purpose of financing costs of the Next Step Initiative. The State is required to make debt service payments on the bonds under a contract assistance agreement between CHFA, the Treasurer and OPM.

(14) The Capital City Economic Development Authority (CCEDA) Bonds were issued to provide funding for the Adriaen's Landing development project in Hartford. The bonds, issued in a combination of fixed and variable rate securities, have a final maturity of 2034. The State is required to make all debt service payments on the bonds up to a maximum annual amount of $9 million pursuant to a contract assistance agreement between CCEDA, the Treasurer, and OPM. CCEDA is required to reimburse the State for the debt service payments from net parking and central utility plant revenues.

CASH MANAGEMENT DIVISION

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1) (2)
FISCAL YEAR ENDED JUNE 30, 2010
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING (4) (5)

Legal No.	Legal Type	GAAP No.	GAAP Type	Fund Name	STIF Investments 6/30/10	Tax Exempt Proceeds Fund Investments 6/30/10	Investments with Treasurer as Trustee Short-Term 6/30/10	Investments with Treasurer as Trustee Long-Term 6/30/10	Investments with Others as Trustee Short-Term 6/30/10	Investments with Others as Trustee Long-Term 6/30/10	Total
GENERAL FUND[3]											
11000	Gen. Fund	1100	Gen.Fund	General Fund	$353,836,684.85		$689,020,162.45 [16]				$1,042,856,847.30
SUBTOTAL GENERAL FUND					**$353,836,684.85**	**$-**	**$689,020,162.45**	**$-**	**$-**	**$-**	**$1,042,856,847.30**
SPECIAL REVENUE FUNDS											
12001	Spec.Rev.	1201	Spec.Rev.	Transportation	$53,445,693.45						$53,445,693.45
12005	Spec.Rev.	1215	Spec.Rev.	Probate Court Administration	4,492,187.41						4,492,187.41
12010	Spec.Rev.	1209	Spec.Rev.	Soldiers, Sailors and Marines	595.23						595.23
12012	Spec.Rev.	1215	Spec.Rev.	Municipal Emp. Retirement Administration	952,935.05						952,935.05
12013	Spec.Rev.	1208	Spec.Rev.	Regional Market Operation	965,606.12						965,606.12
12016	Spec.Rev.	1213	Spec.Rev.	Recreation and Natural Heritage Trust Fund	-	$1,873,172.09					1,873,172.09
12018	Spec.Rev.	2107	Enterprise	University Health Center Operating Fund	90,626.96						90,626.96
12021	Spec.Rev.	1215	Spec.Rev.	Grants - Tax Exempt Proceeds	-	4,609,359.07					4,609,359.07
12023	Spec.Rev.	2107	Enterprise	Univ Health Center Research Foundation	37,627,555.50						37,627,555.50
12032	Spec.Rev.	1210	Spec.Rev.	Employment Security - Special Admin	52,658.18						52,658.18
12034	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Bond Fund	2,537,390.31						2,537,390.31
12035	Spec.Rev.	1212	Spec.Rev.	Economic Assistance Revolving Fund		4,445,966.11					4,445,966.11
12038	Spec. Rev.	1212	Spec. Rev.	Individual Development Acct Reserve Fund				$437,221.69			437,221.69
12047	Spec.Rev.	1212	Spec.Rev.	Child Care Facilities	224,132.18						224,132.18
12051	Spec.Rev.	1215	Spec.Rev.	Capital Equipment Purchase Fund	11,553,453.74						11,553,453.74
12052	Spec.Rev.	1212	Spec.Rev.	Grants to Local Governments and Others	127,051,592.86						127,051,592.86
12053	Spec.Rev.	1213	Spec.Rev.	Economic Development and Other Grants	759,824.61						759,824.61
12059	Spec.Rev.	1212	Spec.Rev.	Hartford Downtown Redevelopment	1,519,444.78						1,519,444.78
12060	Spec Rev.	1211	Spec.Rev.	Federal And Other Restricted Accounts	441,738.96	291,378.21					733,117.17
12062	Spec Rev.	1211	Spec.Rev.	Transportation Grants & Restricted Accts	117,168.07						117,168.07
12065	Spec.Rev.	1214	Spec.Rev.	Housing Assist. Bond Fund - Tax Exempt	5,560,935.47						5,560,935.47
12066	Spec.Rev.	1214	Spec.Rev.	Housing Trust Fund	5,504,879.85						5,504,879.85
SUBTOTAL SPECIAL REVENUE FUNDS					**$252,898,418.73**	**$11,219,875.48**	**$-**	**$437,221.69**	**$-**	**$-**	**$264,555,515.90**
CAPITAL PROJECTS FUNDS											
13009	Cap. Proj.	1212	Spec.Rev.	School Construction	$3,962,237.74						$3,962,237.74
13010	Cap. Proj.	1212	Spec.Rev.	School Construction - Magnet Schools	198,848,964.97						198,848,964.97
13015	Cap. Proj.	1212	Spec.Rev.	Agricultural Land Preservation	23,443,839.79						23,443,839.79
13019	Cap. Proj.	1212	Spec.Rev.	Community Conservation & Development	66,869,224.01						66,869,224.01
13021	Cap. Proj.	1301	Cap.Proj.	State University Facilities	13,498.82						13,498.82
13022	Cap. Proj.	1303	Cap.Proj.	Ramp Construction	-	$11,612.01					11,612.01
13033	Cap. Proj.	1302	Cap.Proj.	Infrastructure Improvement Fund	186,800,409.00						186,800,409.00
13036	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	-	468.00					468.00
13037	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	139,913.90						139,913.90
13042	Cap. Proj.	1301	Cap.Proj.	University and State University Facilities	1,487,414.67						1,487,414.67
13048	Cap. Proj.	1301	Cap.Proj.	CSUS 2020	79,538,258.41						79,538,258.41
17001	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	6,486,631.57						6,486,631.57
17021	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	33,997,110.71						33,997,110.71
17041	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	20,410,058.85						20,410,058.85
17051	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	11,742,126.90						11,742,126.90
17061	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	67,556,264.66						67,556,264.66
17071	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	83,012,327.68						83,012,327.68
17081	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	45,162,009.43						45,162,009.43
17086	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	46,393.41						46,393.41
17091	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	40,321.54						40,321.54
17771	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,896,204.95						1,896,204.95
17801	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,627,878.29						2,627,878.29

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS [1] [2]
FISCAL YEAR ENDED JUNE 30, 2010
PRESENTED UNDER BUDGETARY BASIS OF ACCOUNTING [4] [5]

Legal No.	Type	GAAP No.	Type	Fund Name	STIF Investments 6/30/10	Tax Exempt Proceeds Fund Investments 6/30/10	Investments with Treasurer as Trustee Short-Term 6/30/10	Investments with Treasurer as Trustee Long-Term 6/30/10	Investments with Others as Trustee Short-Term 6/30/10	Investments with Others as Trustee Long-Term 6/30/10	Total
17831	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	3,038,248.86						3,038,248.86
17841	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,275,617.33						2,275,617.33
17851	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,643,266.02						2,643,266.02
17861	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	8,095,689.47						8,095,689.47
17871	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	127,897.37						127,897.37
17891	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	328,616.50						328,616.50
17901	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	969,704.27						969,704.27
17911	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	111,625.67						111,625.67
17921	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,630,438.91						1,630,438.91
17951	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,829,909.88						2,829,909.88
17961	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,920,170.81						2,920,170.81
17971	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	1,229,523.04						1,229,523.04
17991	Cap. Proj.	1301	Cap.Proj.	Capital Improvements & Other Purposes	2,920,618.07						2,920,618.07
SUBTOTAL CAPITAL PROJECTS FUNDS					**$863,202,415.50**	**$12,080.01**	**$-**	**$-**	**$-**	**$-**	**$863,214,495.51**
DEBT SERVICE FUNDS											
14001	Debt Service	2106	Enterprise	University Bond Liquidation	$1,893,809.91						$1,893,809.91
14002	Debt Service	2109	Enterprise	State University Dormitory	43,568,712.90						43,568,712.90
14005	Debt Service	1401	Debt Service	Transportation Fund Reserve	587,649,981.87 [6]				$100,101,563.27 [6]		687,751,545.14
SUBTOTAL DEBT SERVICE FUNDS					**$633,112,504.68**	**$-**	**$-**	**$-**	**$100,101,563.27**	**$-**	**$733,214,067.95**
ENTERPRISE FUNDS											
21005	Enterprise	1215	Spec.Rev.	Auto Emissions Inspection	$1,259,642.16						$1,259,642.16
21008	Enterprise	2110	Enterprise	Bradley International Parking Operations	7,905,324.01 [7]				4,507,630.00		12,412,954.01
21009	Enterprise	2101	Enterprise	Bradley International Airport Operations	123,821,768.56 [8]				50.00 [8]	13,257,960.01 [8]	137,079,778.57
21010	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Bond Financed		$4,970,654.09					4,970,654.09
21011	Enterprise	1212	Spec.Rev.	Local Bridge Revolving Fund - Revenue Financed	341,369.17						341,369.17
21014	Enterprise	1213	Spec.Rev.	Clean Water Fund - State	18,017,889.35 [9]				1,465,000.00 [9]	6,355,000.00 [9]	25,837,889.35
21015	Enterprise	2105	Non.-Exp.	Clean Water Fund - Federal	264,155,176.05 [12]				62,207,125.98 [10]	270,941,079.37 [10]	597,303,381.40
21016	Enterprise	1213	Spec.Rev.	Clean Water Fund - Long Island Sound	869,756.03						869,756.03
21018	Enterprise	2111	Spec.Rev.	Drinking Water Fund - Fed Revolving Loan	68,507,237.53 [12]				1,078,222.20 [11]	25,289,861.65 [11]	94,875,321.38
21020	Enterprise	1216	Spec.Rev.	Rate Reduction Bond Operations	10,397.63 [13]				11,328.75 [13]		21,726.38
SUBTOTAL ENTERPRISE FUNDS					**$484,888,560.49**	**$4,970,654.09**	**$-**	**$-**	**$69,269,356.93**	**$315,843,901.03**	**$874,972,472.54**
FIDUCIARY FUNDS											
31001	Pension	3103	Pension	State Employees' Retirement Fund			$492,796,001.17	$7,296,811,294.92 [14]			$7,789,607,296.09
31002	Pension	3105	Pension	State Attorneys' Retirement Fund			190,344.26	800,437.43 [14]			990,781.69
31003	Pension	3105	Pension	General Assembly Retirement Fund	$16,809.28						16,809.28
31004	Pension	3106	Pension	Judges & Comp Commissioners' Retrmt Fund			7,980,681.46	141,794,365.46 [14]			149,775,046.92
31005	Pension	3105	Pension	Public Defenders Retirement Fund	217,134.64						217,134.64
31006	Pension	3104	Pension	Teachers' Retirement Fund			981,610,504.64	11,291,944,930.40 [14]			12,273,555,435.04
31008	Pension	3107	Pension	Municipal Employees' Retirement - Fund B			146,594,347.05	1,324,026,701.51 [14]			1,470,621,048.56
31009	Other Em. Benefits	3102	Agency	Policemen & Firemen Survivors' Benefit Fund			1,225,667.12	18,199,297.53 [14]			19,424,964.65
31010	Pension	3108	Pension	Probate Judges & Employees Retirement Fund			6,646,268.91	65,174,833.30 [14]			71,821,102.21
35010	Fiduciary	1502	Permanent	Connecticut Arts Endowment Fund			1,070,981.88	15,751,336.58 [14]			16,822,318.22
35011	Fiduciary	1501	Non.-Exp.	Soldiers, Sailors and Marines Trust Fund			653,033.44	61,045,549.07 [14.]			61,698,582.51
35014	Fiduciary	2103	Exp.Trust	Unemployment Compensation Fund					$204,189,622.86 [15]		204,189,622.46
35015	Fiduciary	2107	Enterprise	John Dempsey Hospital Malpractice Trust Fund	6,949,870.33						6,949,870.33
SUBTOTAL FIDUCIARY FUNDS					**$7,183,814.25**	**$-**	**$1,638,767,829.93**	**$20,215,548,746.20**	**$204,189,622.86**	**$-**	**$22,065,690,013.24**
TOTAL CIVIL LIST FUNDS					**$2,595,122,398.50**	**$16,202,609.58**	**$2,327,787,992.38**	**$20,215,985,967.89**	**$373,560,543.06**	**$315,843,901.03**	**$25,844,503,412.44**

CIVIL LIST FUNDS
SCHEDULE OF INVESTMENTS (1) (2) (Continued)
FISCAL YEAR ENDED JUNE 30, 2010

(1) Detailed information on the adjusted cash balances and total STIF balances within each individual fund can be obtained from the Comptroller's Annual Report.

(2) Short-term investments shown at cost which, due to their short-term nature, approximates market.

(3) Represents assets of the Common Cash Pool which is not a component of the General Fund. The Common Cash Pool is comprised of the inevitable balances of a number of individual funds and, for purposes of administration only, is shown as an investment of the General Fund. The General Fund is commonly in a net borrowing position from the resources of the other funds within the pool.

(4) In accordance with Section 3-115 of the General Statutes, the State Comptroller shall provide accounting statements relating to the financial condition of the State as a whole in the same form and in the same categories as appears in the budget act enacted by the General Assembly. The Budget Act enacted for the 2010 fiscal year is presented on a comprehensive basis of accounting other than general accepted accounting principals. In order to be consistent with the Comptroller's statements and the budgetary act, the State Treasurer has employed the same comprehensive basis of accounting for the presentation of the Civil List Funds Schedule of Investments

(5) GAAP accounting requires that investment balances be presented to include the accrued interest earned. This manner of presentation is not used for the budgetary basis presentation.

(6) Short-term investments consist of STIF Accounts and GIC's held by US Bank as Trustee. Long-term investments consist of GIC's. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(7) Short-term investments consist of STIF Accounts held by US Bank as Trustee. Long-term investments consist of GIC's. Investments are held by US Bank as Trustee. For description of the program, see Debt Management Division.

(8) Short-term investments consist of STIF Accounts and GIC's held by US Bank as Trustee. Long-term investments consist of GIC's. Investments held by US Bank as Trustee. For description of program, see Debt Management Division.

(9) STIF Investments consist of both Treasury directed and trustee directed accounts. For description of program, see Debt Management Division.

(10) STIF Investments consist of Trustee directed accounts. Short-term investments consist of Money Market Funds. All investments are held by US Bank as Trustee. For description of program, see Debt Management Division.

(11) Both Short-term and Long-term Investments consist of Money Market Funds and GIC's. All investments are held by US Bank as Trustee. For description of program, see Debt Management Division.

(12) STIF Investments consist of both Treasury directed and trustee directed accounts.

(13) STIF Investments consist of Trustee directed accounts. Short-term investments consist of Money Market Funds. All investments are held by US Bank as Trustee.

(14) Represents market value of shares held by various retirement plans in the Treasurer's Combined Investment Funds.

(15) Cash on deposit with Federal Government.

(16) Investments consist of Agency and CD portfolios with an average maturities of less than one year in accordance with C.G.S. 3-24k and 3-38a.

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS

JUNE 30, 2010

Name of Insurance Company	Par Amount of Collateral	Market Value
The following securities are on deposit with the State Treasurer for the Insurance Department under Sec 38a-83:		
ACE Life Insurance Company	$ 5,000,000.00	$ 5,473,964.00
Aetna Better Health, Inc.	500,000.00	535,820.00
Aetna Health Inc. (CT)	525,000.00	528,979.50
Aetna Health and Life Insurance Company	2,075,000.00	2,184,085.75
Aetna Insurance Company Of Connecticut	2,550,000.00	2,686,272.00
Aetna Life Insurance Company	1,500,000.00	1,724,726.00
Allianz Global Risks US Insurance Company	681,000.00	788,257.50
American Centennial Insurance Company	50,000.00	64,713.29
American Equity Specialty Insurance Company	2,600,000.00	2,712,303.51
American Maturity Life Insurance Company	5,700,000.00	5,958,267.00
American Phoenix Life & Reassurance Company	5,650,000.00	6,262,990.00
American Security Insurance Company	35,000.00	38,376.80
AmeriChoice of Connecticut, Inc.	500,000.00	505,820.00
Anthem Health Plans, Inc.	500,000.00	540,625.00
Arbella Protection Insurance Company	50,000.00	64,226.50
Associated Indemnity Corporation	300,000.00	345,267.00
Automobile Insurance Company of Hartford (The)	4,050,000.00	4,349,475.25
AXIS Specialty Insurance Company	2,800,000.00	2,882,348.00
Beazley Insurance Company, Inc.	2,500,000.00	2,535,937.50
C.M. Life Insurance Company	1,600,000.00	1,723,376.00
California Insurance Company	1,850,000.00	1,910,570.00
Carolina Casualty Insurance Company	200,000.00	238,678.27
Charter Oak Fire Insurance Company (The)	4,525,000.00	4,883,952.00
Chicago Title Insurance Company	100,000.00	111,367.00
CIGNA Healthcare of Connecticut, Inc.	525,000.00	613,614.75
CIGNA Health and Life Insurance Company	2,500,000.00	2,517,100.00
Cologne Reinsurance Company Of America	3,505,000.00	3,675,167.75
Connecticare, Inc.	500,000.00	555,740.00
Connecticut Attorneys Title Insurance Company	210,000.00	237,432.30
Connecticut General Life Insurance Company	1,710,000.00	1,825,713.20
Covenant Insurance Company	600,000.00	754,601.00
Electric Insurance Company	60,000.00	69,829.20
Employers' Fire Insurance Company	655,000.00	801,490.82
Executive Risk Specialty Insurance Company	3,110,000.00	3,509,851.60
Fairfield Insurance Company	2,510,000.00	2,641,125.20
Farmington Casualty Company	3,000,000.00	3,333,900.00
Finial Reinsurance Company	3,550,000.00	3,823,740.50
Fireman's Fund Insurance Company	9,459,000.00	10,984,864.61
First State Insurance Company	2,200,000.00	2,444,244.00
First Trenton Indemnity Company	100,000.00	142,469.00
Fitchburg Mutual Insurance Company	50,000.00	52,937.50
General Re Life Corporation	1,500,000.00	2,137,035.00
General Star Indemnity Company	2,975,000.00	3,347,734.25
Genesis Insurance Company	3,000,000.00	3,438,420.00
Genworth Mortgage Ins Corporation of North Carolina	60,000.00	66,688.80
Gulf Underwriters Insurance Company	3,000,000.00	3,143,213.88
Harbor Point Reinsurance U.S., Inc.	3,025,000.00	3,247,544.00
Harleysville Worcester Insurance Company	9,065,000.00	9,485,586.05
Hartford Accident & Indemnity Company	3,500,000.00	3,722,880.00
Hartford Fire Insurance Company	3,300,000.00	3,467,508.00
Hartford Insurance Company of the Southeast	200,000.00	210,544.00
Hartford International Life Reassurance Corp.	5,645,000.00	6,131,365.90
Hartford Life Insurance Company	2,350,000.00	2,484,749.00
Hartford Life & Accident Insurance Company	1,915,000.00	2,043,241.60
Hartford Life & Annuity Insurance Company	2,860,000.00	3,114,704.70
Hartford Steam Boiler Inspection & Insurance Company	4,000,000.00	4,106,240.00

CASH MANAGEMENT DIVISION

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)

JUNE 30, 2010

Name of Insurance Company	Par Amount of Collateral	Market Value
Hartford Steam Boiler Inspection & Ins Co of CT	3,100,000.00	3,182,336.00
Hartford Underwriters Insurance Company	3,250,000.00	3,429,010.00
Health Net of Connecticut, Inc.	500,000.00	501,815.00
Homesite Insurance Company	2,500,000.00	2,553,700.00
IdeaLife Insurance Company	1,500,000.00	1,572,825.00
ING Life Insurance & Annuity Company	3,600,000.00	3,456,252.00
Insurance Company of the West	100,000.00	145,813.00
Integon National Insurance Company	75,000.00	86,812.50
Integon Preferred Insurance Company	75,000.00	80,349.75
Knights of Columbus	2,000,000.00	1,960,000.00
Liberty Mutual Insurance Company	50,000.00	53,730.50
Massachusetts Mutual Life Insurance Company	1,600,000.00	2,290,256.00
MEMBERS Life Insurance Company	350,000.00	449,585.50
MetLife Insurance Company of Connecticut	10,125,000.00	10,404,072.25
Middlesex Mutual Assurance Company	1,525,000.00	1,678,462.00
MML Bay State Life Insurance Company	1,500,000.00	1,615,665.00
Munich American Reassurance Company	40,000.00	44,459.20
National Liability & Fire Insurance Company	2,750,000.00	2,758,607.50
New England Insurance Company	2,945,000.00	3,311,252.90
New England Reinsurance Corporation	3,225,000.00	4,439,406.00
New London County Mutual Insurance Company	600,000.00	641,388.00
Northern Assurance Company of America	2,165,000.00	2,784,918.76
Nutmeg Insurance Company	3,000,000.00	3,278,900.00
Odyssey America Reinsurance Corporation	5,000,000.00	5,307,300.00
OneBeacon America Insurance Company	6,185,000.00	7,977,598.83
Oxford Health Plans (CT), Inc.	500,000.00	505,820.00
Pacific Insurance Company, Limited	2,820,000.00	3,205,773.40
Patrons Mutual Insurance Company of Connecticut	120,000.00	128,484.00
PHL Variable Insurance Company	5,070,000.00	5,370,792.00
Phoenix Insurance Company (The)	4,635,000.00	5,216,826.30
Phoenix Life & Annuity Company	5,650,000.00	6,073,476.50
Prudential Annuities Life Assurance Corporation	1,500,000.00	1,504,695.00
Prudential Retirement Insurance & Annuity Company	5,015,000.00	5,582,544.65
PXRE Reinsurance Company	7,430,000.00	7,461,949.00
R.V.I. America Insurance Company	2,540,000.00	2,389,381.60
R.V.I. National Insurance Company	2,550,000.00	2,728,797.00
Safeco Surplus Lines Insurance Company	100,000.00	109,883.00
Seneca Insurance Company, Inc.	260,000.00	269,838.40
Sentinel Insurance Company, Ltd.	3,405,000.00	3,415,000.00
Sequoia Insurance Company	125,000.00	131,288.75
Sparta Insurance Company	3,070,000.00	3,082,170.80
Standard Fire Insurance Company (The)	4,000,000.00	4,206,720.00
Sun Life and Health Insurance Company (U.S.)	5,000,000.00	6,181,250.00
Swiss Re Life & Health America, Inc.	5,290,000.00	5,872,939.20
Thames Insurance Company, Inc.	200,000.00	213,796.00
T.H.E. Insurance Company	300,000.00	310,691.00
TIG Indemnity Company	100,000.00	99,987.00
TIG Insurance Company	3,800,000.00	4,062,048.00
Tower National Insurance Company	50,000.00	50,181.50
TravCo Insurance Company	4,875,000.00	5,503,076.50
Travelers Auto Insurance Company of New Jersey	100,000.00	101,820.00
Travelers Casualty & Surety Company	3,000,000.00	3,214,760.00
Travelers Casualty & Surety Company of America	3,180,000.00	3,388,360.20
Travelers Casualty Company of Connecticut	2,500,000.00	2,588,187.00
Travelers Casualty Insurance Company of America	3,400,000.00	4,843,946.00
Travelers Commercial Casualty Company	3,200,000.00	3,476,544.00
Travelers Commercial Insurance Company	2,125,000.00	2,351,245.00
Travelers Excess & Surplus Lines Company	2,500,000.00	2,586,125.00
Travelers Home & Marine Insurance Company (The)	5,125,000.00	5,719,398.50
Travelers Indemnity Company (The)	6,630,000.00	7,266,032.80
Travelers Indemnity Company of America (The)	3,565,000.00	3,749,239.20

SECURITIES HELD IN TRUST FOR POLICYHOLDERS (Continued)
JUNE 30, 2010

Name of Insurance Company	Par Amount of Collateral	Market Value
Travelers Indemnity Company of Connecticut (The)	3,000,000.00	3,133,285.50
Travelers Personal Insurance Company	5,500,000.00	6,911,460.00
Travelers Personal Security Insurance Company	4,100,000.00	4,388,178.00
Travelers Property Casualty Company of America	3,005,000.00	4,469,361.90
Travelers Property Casualty Insurance Company	2,050,000.00	2,274,365.00
Trenwick America Reinsurance Corporation	6,275,000.00	6,309,153.75
Truck Insurance Exchange	370,000.00	402,881.90
Trumbull Insurance Company	2,580,000.00	2,766,176.90
United Guaranty Residential Insurance Company of NC	50,000.00	51,204.50
UnitedHealthcare Insurance Company	1,510,000.00	1,626,556.90
United Illuminating Company	214,000.00	214,903.08
United States Fidelity and Guaranty Company	6,000,000.00	6,431,640.00
Vantis Life Insurance Company	1,550,000.00	1,652,106.50
Vision Service Plan Insurance Company	2,600,000.00	2,780,050.00
Wellcare of CT, Inc.	525,000.00	527,375.00
Western National Life Insurance Company	100,000.00	110,469.00
Zenith Insurance Company	1,111,000.00	1,201,613.16
TOTAL	**$ 328,510,000.00**	**$ 359,400,038.56**

UNEMPLOYMENT COMPENSATION FUND

On Account with the Secretary of the Treasury of the United States as Trustee of the Unemployment Compensation Fund

The Act which established Unemployment Compensation provides that contributions from employers be collected by the Labor Commissioner as Administrator of the Act and be deposited with the State Treasurer. (Chapter 2, Public Act, Special Session 1936). These funds are then sent to the Secretary of the Treasury of the United States. The Administrator requests withdrawals as needed to pay benefits to employees.

BALANCE at JUNE 30, 2009		**$ 243,628,581.41**
Deposits	$ 679,572,000.00	
Combined Wage Transfers to Connecticut	16,586,981.97	
Earnings	1,982,823.24	
Extended Benefits	123,650,000.00	
Federal Employee & Ex-Servicemen Contributions	11,974,000.00	
Extended Unemployment Compensation 08	1,148,665,000.00	
Federal Additional Compensation	195,572,000.00	
Federal Unemployment Account	498,452,705.05	2,676,455,510.26
TOTAL CASH AVAILABLE		**$ 2,920,084,091.67**
Reed Act Withdrawals for Benefits	$ 103,325,769.81	
Reed Act Withdrawal for Administration	448,673.88	
Federal Employee & Ex-Servicemen Withdrawals	11,974,000.00	
Withdrawals for Benefit Payments	2,600,146,025.12	2,715,894,468.81
BALANCE at JUNE 30, 2010		**$ 204,189,622.86**

Office of the State Treasurer

LIST OF PRINCIPAL OFFICIALS AND PHONE NUMBERS

Denise L. Nappier
Treasurer, State of Connecticut
Tel: (860) 702-3001
Fax: (860) 702-3043

Howard G. Rifkin
Deputy Treasurer
Tel: (860) 702-3292
Fax: (860) 728-1290

Linda D. Hershman
Assistant Deputy Treasurer and Chief of Staff
Tel: (860) 702-3012
Fax: (860) 728-1290

M. Timothy Corbett
Chief Investment Officer
Pension Funds Management
Tel: (860) 702-3005
Fax: (860) 702-3042

Meredith A. Miller
Assistant Treasurer
Policy
Tel: (860) 702-3294
Fax: (860) 728-1290

Lawrence A. Wilson
Assistant Treasurer
Cash Management
Tel: (860) 702-3126
Fax: (860) 702-3041

Maria M. Greenslade
Assistant Deputy Treasurer
Second Injury Fund and Unclaimed Property
Tel: (860) 702-3125
Fax: (860) 702-3021

Sarah K. Sanders
Assistant Treasurer
Debt Management
Tel: (860) 702-3288
Fax: (860) 702-3034

CONNECTICUT STATE TREASURY

55 Elm Street
Hartford, CT 06106-1773
Tel: (860) 702-3000
www.state.ct.us/ott