

Annual Report / Fiscal Year 08

State of Wisconsin Investment Board



Annual Report / Table of Contents

This document includes a brief overview of the assets under management by the State of Wisconsin Investment Board and the financial statements and related notes for the fiscal year ending June 30, 2008. A complete listing of the Board's investments held as of June 30, 2008, is available on the Internet at www.swib.state.wi.us or by contacting the Investment Board using the contact information provided on the back cover of this report.

INTRODUCTION	3
Message From The Chair.....	4
Executive Director's Message	5
Overview	6
Cost of Management.....	7
Board of Trustees.....	8
Agency Management	9
Wisconsin Retirement System.....	10
State Investment Fund	11
Various Funds	12
Investor Responsibility	13
FINANCIAL SECTION	15
Retirement Funds	16
State Investment Fund	38
Various Funds	48

Introduction



Whether during favorable markets or during a major market downturn such as in 2008, SWIB must diligently seek ways to manage the Wisconsin Retirement System (WRS) assets more effectively and efficiently. After an extensive review of best practices in the industry, SWIB initiated several changes designed to better manage risk and increase return potential.

The first was to restructure SWIB's domestic large company stock portfolios, which represent the biggest category of investments held by the WRS. The second was to move funds from external to internal management to reduce costs and increase net returns.

So far, the results look promising.

At the end of 2007, SWIB realigned its three internally managed large company domestic stock portfolios into portfolios that cover market sectors and reorganized the staff to provide more efficient market coverage. The new structure gives managing analysts individual discretion over trades within their assigned market sector, making the most of their knowledge and expertise. The six sectors staffed to date are consumer discretionary, financials, health care, industrials, technology and materials. Four additional sector portfolios will be implemented as resources become available.

The ultimate goal is to improve the analysts' depth of coverage and eventually merge the large company domestic and international portfolios to form global sector portfolios. This will allow the analyst for industrials, for example, to review and evaluate all large cap industrial companies, regardless of where they are located.

Early this year, the Governor and Legislature approved additional budget and staff to allow SWIB to move assets from outside money managers to less expensive management by SWIB staff. Since the beginning of 2008 we have moved nearly \$2.4 billion from external to internal management. The use of external managers in certain areas – such as emerging markets, which requires highly specialized skills and expertise – continues to be an effective strategy. SWIB has always had a focus on internal money management, but a growth in assets and restraints on resources meant more assets were moved to external managers over the years.

In addition, SWIB is also working to further optimize the mix of indexed, enhanced indexed and active investment strategies as well as the mix of portfolio managers to improve diversification and reduce costs. Formal targets for the amount of active risk in the Core and Variable Funds have been adopted. Additional tools and emphasis are being applied to ensure that risk is allocated where it is most likely to add return.

Today's investment universe offers a wide range of opportunities. We are charged with scrutinizing each opportunity to determine if it fits within the investment strategy appropriate for the trust funds as we continually manage the WRS into the future.

A handwritten signature in black ink, appearing to read "James A. Senty".

James A. Senty, Chair



The fiscal year of July 2007 through June 2008 saw unprecedented difficulties that began in the mortgage markets and spread to the broader credit and financial markets. As this letter is written, we know that those difficulties have resulted in historical stock market declines continuing into the fall of 2008. It is the bigger picture – the overall movement of the US and the international stock markets – much more so than any particular investments, that has had the most impact on the Wisconsin Retirement System (WRS) and any investor in the stock market. For the one-year period ending June 30, 2008, Core Fund returns were:

	One Year	Five Years	Ten Years
Core Fund	-4.5%	10.4%	6.7%
Benchmark	-2.5%	10.2%	6.3%

Stocks represent the largest type of investment held by the WRS and are an important part of the strategy that helps ensure the WRS can meet its financial obligations now and into the future. Over time, stocks have been a major contributor to the gains WRS members have experienced in their retirement accounts. The investment strategy determined for the trust funds takes into account that in some years there will be investment gains while in other years there will be losses. Historically, markets tend to be cyclical and decline after a few years of strong performance. In the past 30 years, the Core Fund experienced five calendar years of negative absolute returns, including three consecutive years of stock market losses in 2000-02.

We routinely analyze the potential impact of market downturns on the WRS. Our long-term focus means we are not forced to change basic investment strategy when there is market volatility. Sticking to a disciplined approach is especially critical during volatile markets and has proven to be the best strategy for investors, such as SWIB. The evidence is strong that staying in the market allows investors to fully participate in the market's upward trend.

Based on the S&P Price Index Return, from August 1929 to August 2000, stock prices from 11 market downturns generally made a strong jump fairly soon after reaching the lowest point; many within a month or less. An average of almost 1/3 of the total price recovery was earned in just the best week of the recovery (five straight trading days). Other evidence similarly indicates that investors who miss the market's best performing individual days can miss a significant portion of stock market gains over the long-term. For example, investors who were out of the market for the best ten days missed 38% of the gain in the S&P 500 for the 20-year period from 1988 through 2007

Part of SWIB's strategic discipline is our rebalancing process. SWIB sets a percentage target range for each asset class. When stocks go below the asset target, SWIB sells other assets that have gone above asset targets (at higher prices) and buys stocks at lower prices. Asset targets are designed to reinforce a "buy low, sell high" approach. In addition, we carefully monitor individual investments and events that may affect the markets. Down markets can present opportunities for investors to buy undervalued investments at attractive prices.

SWIB has taken a conservative, long-term approach to investing. We set investment targets with the expectation that there will be market losses in some years but that longer trends will reward careful and patient investors. SWIB will remain disciplined and continue to follow its investment strategy during these extraordinary times, and be prepared for the eventual recovery.


Keith Bozarth, Executive Director

The State of Wisconsin Investment Board (SWIB) is a state agency responsible for investing the assets of the Wisconsin Retirement System (WRS), the State Investment Fund (SIF) and five smaller trust funds established by the State. Investments are made according to the purpose and risk profile of each trust. The WRS includes the Core Retirement Investment Trust Fund (Core Fund) and the Variable Retirement Investment Trust Fund (Variable Fund).

The Investment Board was created under section 15.76 of the statutes. The Board’s duties as manager of the State’s trust funds

are provided in chapter 25 of the statutes. SWIB staff and Trustees are fiduciaries of the pension funds and are governed by the “prudent investor” standard, which requires them to use the diligence, skill and care that a prudent person acting in a similar capacity and with the same resources would use in managing a large public pension fund.

The law also requires SWIB to make investment decisions and conduct every aspect of its operations in the best financial

interest of the trust funds.

SWIB is directed by a nine-person, independent Board of Trustees and staffed with professional money managers and support personnel. The Board of Trustees appoints the executive director of the Investment Board. The executive director oversees the staff, develops and recommends agency and investment policies for Board adoption, and ensures adherence to state law and policies.

VISION

SWIB strives to be a premier public investment organization, a place where professional excellence and public service thrive. Superior investment returns, the highest ethical and professional standards, teamwork and a rewarding work environment will make SWIB the investment management organization of choice.

MISSION

To provide prudent and cost-effective management of funds held in trust by the State. This is achieved with solid investment returns, consistent with the purpose and risk profile of each fund.

Assets Under Management - June 30, 2008

Fund	\$ in Millions	% of Total
<i>Core Retirement Investment Trust Fund</i>	\$ 75,050	86%
<i>Variable Retirement Investment Trust Fund</i>	5,961	7
Wisconsin Retirement System	81,011	93
State Investment Fund*	5,100	6
Various Funds		
Injured Patients and Families Compensation Fund	736	1
State Life Insurance Fund	85	0
Local Gov’t Property Insurance Fund	53	0
Historical Society Trust Fund	11	0
Tuition Trust Fund	9	0
	\$ 87,005	100 %

*Excludes deposits from Core Retirement Investment Trust Fund, Variable Retirement Investment Trust Fund and Various Funds.

Management costs of the State of Wisconsin Investment Board include external management and advisory fees, investment support services as well as expenses incurred to manage agency operations. The majority of expenses are fees paid to outside advisors and fund managers. Costs of other support services include custodial banking services, investment research, and legal services.

Agency operating expenses for staff compensation, overhead and equipment were \$23.1 million in calendar year 2007 and represented about 10% of total costs. Expenses are paid from investment earnings of the funds SWIB manages.

SWIB participates in an annual

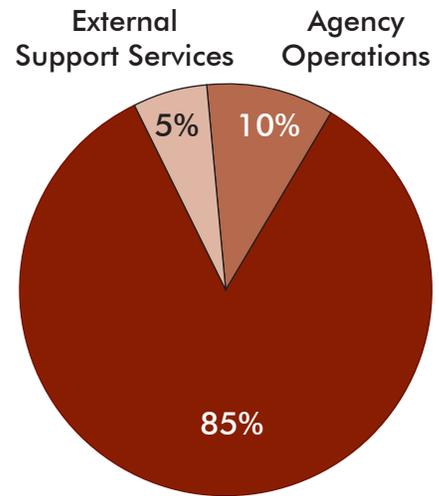
independent review of costs which compares SWIB to other investment managers and public pension fund peers. The 2007 analysis provided by CEM Benchmarking, Inc.¹ concluded that SWIB's total cost to manage the Core Fund was 26¢ per \$100 managed. The CEM report indicated that this amount is similar to the costs incurred by peers with a similar mix of assets.

The cost to manage the Core Fund was \$210.4 million in 2007. This represents 95% of SWIB's total cost of management.

In addition to the Core Fund, SWIB manages seven other funds. SWIB's costs to manage all funds were \$221.8 million, or 24¢ per \$100 managed in 2007.

Management Costs

Calendar Year Ended 12/31/07



External Management & Advisory Fees

- Costs for managing all funds were 24¢ per \$100 under management.
- All management costs are funded with earnings from the funds.
- Total costs for managing all funds for the calendar year ending December 31, 2007 were \$221.8 million.
- According to CEM¹, SWIB's costs for the Core Fund were considered comparable to peers based on the mix of assets managed.

Total Management Costs Calendar Year Ended 12/31/07

External Management & Advisory	\$188,181,700
Agency Operations	23,123,800
Consulting	3,276,300
Custodial Banking	3,458,800
Investment Research	3,721,700
Total	\$221,762,300

¹ CEM Benchmarking, Inc. is a Toronto-based, international firm that provides cost measurement and analysis of corporate and public pension funds.

The Board of Trustees is responsible for setting long-term investment policies, establishing investment portfolios and monitoring investment performance. The Board is comprised of the following:

- Six public members appointed by the Governor and confirmed by the State Senate including:
 - Four with at least 10 years investment experience.
 - One with at least 10 years financial experience and who works for a local government in the Local Government Investment Pool.
- Educator participant in the Wisconsin Retirement System (WRS) appointed by the Teachers Retirement Board.
- Non-educator participant in the WRS appointed by the Wisconsin Retirement Board.
- Secretary of the Department of Administration or designee.



James Senty



Thomas Boldt



David Geertsen



David Kruger



William Levit, Jr.



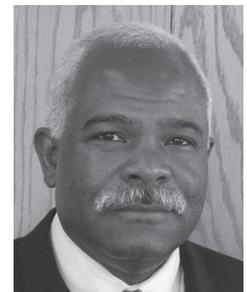
Deloris Sims



Wayne McCaffery



David Stella



Michael Morgan

Public Members*

James Senty, Board Chair, President of Midwest Gas Companies, La Crosse

Thomas Boldt, Board Vice Chair, President of The Boldt Group, Inc./ CEO, The Boldt Co., Appleton

David Geertsen, Local Government, Finance Director, Kenosha County

David Kruger, CEO/Owner, The Fiore Companies, Madison

William Levit, Jr., Attorney, Godfrey & Kahn S.C., Milwaukee

Deloris Sims, President & CEO, Legacy Bank Inc., Milwaukee

WRS Participant Members*

Wayne McCaffery, Educator, Teacher, Stevens Point

David Stella, Board Secretary, Non-educator, Secretary, Department of Employee Trust Funds

Department of Administration

Michael Morgan, Department Secretary

*Appointed Board members serve six-year terms.

SWIB has 113.5 authorized positions. The executive director oversees the staff. Portfolio managers, analysts and traders are responsible for daily investment decisions made within the parameters of the investment policy. Investment managers are supported by a well-trained staff with legal, technical, accounting and administrative expertise.

There are three investment groups — public equities (stocks), public fixed income, and private markets.

Domestic stocks primarily consist of investments in US companies. International stocks encompass investments in markets for developed and emerging countries.

Fixed income investments include US government bonds and corporate bonds purchased in public markets, corporate securities, US Treasury and agency securities and global bonds.

Real estate investments are commercial real estate with SWIB as a sole direct owner, or in joint ventures and partnerships. The portfolio is diversified by region and by property type. Private equity/debt investments primarily focus on leveraged buyouts (LBOs), venture capital, partnerships and structured investments.

Senior Management

Keith S. Bozarth
Executive Director

David C. Villa
Chief Investment Officer

Gail L. Hanson
Deputy Executive Director

Kenneth W. Johnson
Chief Operating Officer/Chief
Financial Officer

L. Jane Hamblen
Chief Legal Counsel

Ledell Zellers
Human Resources Director

Ronald A. Mensink
Managing Director Analytics & Fund
Management

Brandon Duck
Internal Audit Director

Chuck Carpenter
Managing Director Private Markets

A majority of the investment staff holds or is pursuing the Chartered Financial Analyst (CFA) designation and the Board adheres to CFA standards. Top investment staff experience ranges between 8 and 32 years.

The Wisconsin Retirement System (WRS) makes up 93% of the assets managed by SWIB. As a fiduciary for the funds, SWIB is dedicated to earning the best possible rate of return within acceptable risk parameters consistent with “prudent investor” standards. As of June 30, 2008, the total assets of the WRS were about \$81.0 billion.

The WRS includes the pension funds available through most public employers in Wisconsin other than the City of Milwaukee and Milwaukee County. Contributions made to the WRS by participating employees and their employers are invested by the Investment Board to finance retirement benefits.

More than 547,000 people participate in the WRS. Investment earnings account for the majority of the annuities paid, thus lowering the costs paid by taxpayers. Over \$3.5 billion in benefits were paid in 2007 to 143,000 annuitants in the WRS.

The WRS is comprised of two trust funds. The larger of the two is the Core Fund, which is a broadly diversified portfolio of stocks, bonds, real estate and other holdings. The second fund is the Variable Fund, which is invested in stocks.

The process for determining the effect of investment returns on employee accounts (“effective rate”) and changes in benefits for retirees differs between the Variable and Core Funds.

The Department of Employee Trust Funds (ETF) is responsible for administering the benefits of the WRS. Most employees who retire receive a pension annuity initially determined by a formula (calculated by ETF) using years of service, salary and job type.

ETF computes benefit changes based on the December 31 rate of return for each of the two trust funds to determine the impact on participants.

- WRS includes current and former employees of state agencies, the university system, school districts and most local governments.
- 9th largest public pension fund in the US.
- 24th largest pension fund in the world.
- Comprised of the Core Fund, a balanced fund, and the Variable Fund, a stock fund.
- Core Fund gains and losses are spread over five years to smooth the effect on participants’ accounts.
- Variable Fund annuities fully reflect prior year gains and losses of the investments.
- About 110,000 people participate in the Variable Fund.

Annualized Performance Ending 6/30/08

Retirement Funds	1-Year Return	5-Year Return	10-Year Return
Core Fund	-4.5%	10.4%	6.7%
Benchmark	-2.5	10.2	6.3
Variable Fund	-13.0%	9.8%	4.6%
Benchmark	-11.0	10.3	4.0
S&P 500	-13.1	7.6	2.9

The State Investment Fund (SIF) is a pool of cash balances of various state and local governmental units. The objectives of this fund are to provide safety of principal, liquidity and a reasonable rate of return. The Fixed Income Group manages the State Investment Fund.

The State Investment Fund includes retirement trust funds' cash balances pending longer-term investment by SWIB's other investment groups. This fund also functions as the State's cash management fund. By pooling the idle cash balances of all 58 state funds, it provides the State's general fund with the needed liquidity for operating expenses.

Over 1,000 local units of government also deposit revenues in the SIF until they are needed. These funds are commingled in the Local Government Investment Pool (LGIP).

The cash balances available for investment vary daily as cash is accumulated or withdrawn from the agency funds. The SIF is invested primarily in obligations of the US government and its agencies, and high quality commercial bank and corporate debt obligations. Net assets of the State Investment Fund as of June 30, 2008, were \$5.6 billion.

SIF Portfolio characteristics as of June 30, 2008

- 90% of Fund invested in US government securities.
- Average maturity 51 days versus iMoneyNet* at 45 days.
- Short-term liquidity (0 - 3 months) equal to 119% of LGIP and 79% of SIF.
- 31% of portfolio assets change rates overnight, 76% in three months.

Portfolio rankings

- SIF provided a superior rate of return, ranking 1st out of 192 government money market funds.
- SIF also ranked 269th out of 1,233 money market funds (top 22%).*

Source: The iMoneyNet financial company money fund statistics.

To achieve our objectives, the SIF adheres to rigorous quality standards, pays careful attention to maturity schedules and places emphasis on high marketability. Enhanced return is sought through intensive portfolio management, which considers probable changes in the general structure of interest rates.

Earnings for the SIF are calculated and distributed monthly, based on the participant's average daily balance as a percent of the total pool.

**State Investment Fund
Annualized Time-Weighted
Returns**

<u>Fiscal Year</u>	<u>Return</u>
1999	5.0%
2000	5.5
2001	6.0
2002	2.5
2003	1.5
2004	1.0
2005	2.1
2006	4.2
2007	5.4
2008	4.0

* iMoneyNet All Taxable Money Market Index

SWIB manages five funds for various state agencies. These funds represent about 1% of the total assets managed. Each is invested to meet specific objectives.

INJURED PATIENTS AND FAMILIES COMPENSATION FUND

The Fund was created by statute in 1975 to provide excess medical malpractice coverage for Wisconsin health care providers. Health care providers obtain primary medical malpractice insurance from private insurance companies in an amount required by law. Coverage in excess of the primary insurance is purchased by the Fund. The program is administered by the Office of the Commissioner of Insurance.

STATE LIFE INSURANCE FUND

The Fund is a state-sponsored life insurance program for the residents of Wisconsin. The applicant must be a state resident at the time of application for coverage through the Fund. The Fund operates on a nonprofit basis and receives no subsidies from the state.

LOCAL GOVERNMENT PROPERTY INSURANCE FUND

The purpose of the Fund is to make reasonably priced property insurance available for tax-supported local government property such as government buildings, schools, libraries, and motor vehicles. The Fund provides policy and claim service to the policyholders.

HISTORICAL SOCIETY TRUST FUND

The State Historical Society of Wisconsin is both a state agency and a private membership organization. SWIB is responsible for investing the endowment funds of the Historical Society to help with its goal to promote a wider appreciation of the American heritage, with an emphasis on the collection, advancement, and dissemination of knowledge of the history of Wisconsin and the region.

TUITION TRUST FUND

The Tuition Trust Fund was created to invest the funds for EdVest Wisconsin, a state-sponsored way to save for the cost of college expenses. This Fund is currently closed to new participants. Other options are administered through the Office of the State Treasurer.

Contact Information

Injured Patients and Families Fund

(608) 266-6830 (Madison)
<http://oci.wi.gov/pcf.htm>

State Life Insurance Fund

(608) 266-0107 (Madison)
(800) 562-5558 (toll-free)
<http://oci.wi.gov/slif.htm>

Local Government Property Insurance Fund

(608) 266-3585 (Madison)
(800) 236-8517 (toll-free)
<http://oci.wi.gov/lgpif.htm>

State Historical Society

(608) 264-6400
<http://www.wisconsinhistory.org/>

EdVest

(608) 264-7899 (Madison)
(888) 338-3789 (toll-free)
<http://www.ost.state.wi.us/home/edvest.html>

SWIB's Corporate Governance Program has two primary goals: (a) to protect and increase SWIB's long-term returns and (b) to meet SWIB's fiduciary obligation to manage shareholder rights as an asset of the trust funds.

The primary focus is working with directors and management of a company with a goal of increasing economic value. It is one way SWIB works to fulfill its fiduciary obligation to the WRS beneficiaries.

The program incorporates traditional corporate governance practices, corporate citizenship and litigation. Its strategy is developed by SWIB's governance and investment staff working together within parameters approved by Trustees.

Corporate governance — the relationship between the shareholders, directors and management of a company, as defined by the corporate charter, bylaws, formal policy and rule of law — makes up the largest part of our program. Governance issues are considered when voting our proxies and evaluating investments. Each year, SWIB identifies key issues based on staff recommendations and national governance trends.

Then, SWIB monitors companies within its portfolios that could benefit from improvements in the identified areas. SWIB

Key Corporate Governance Issues

1. Effective corporate boards. SWIB supports an effective board of directors with a majority of independent directors who are willing to act in the best interest of the company shareholders. An independent director has no conflicts of interest with shareholders and is one whose only connection to the corporation is as a director and shareholder.
2. Director elections. SWIB supports election of directors with a majority vote of shareholders. Although shareholders can currently withhold a vote for a director, the company can decide if the director will remain in office. SWIB supports shareholder ability to nominate directors when needed.
3. Executive compensation plans. SWIB supports effective compensation committees that establish plans to compensate executives at reasonable levels but believes compensation should strongly correlate with performance. SWIB supports increased transparency and disclosure of compensation components including the goal setting process and method of attainment. SWIB also supports advisory votes on compensation plans.

determines ways to work with company management, corporate boards and other shareholders to make positive changes.

Initially, we contact company management and company directors to resolve concerns. If companies are not responsive, SWIB may vote against proposals or choose to withhold its proxy votes from certain director candidates. We may also seek adoption of a shareholder resolution or decide to sell the stock.

Policies for voting corporate citizenship resolutions also reinforce investment goals to enhance returns. SWIB considers sustainability issues when initially

investing in a company. Making investments or using proxy votes solely for promoting social or political causes or goals is contrary to our fiduciary duties. We believe the social acceptability of products and practices is an economic consideration that should be part of the investment decision.

As a large investor it is difficult to avoid losses associated with corporate governance failure and fraud. It is our fiduciary duty to take reasonable steps, including litigation, to recover such losses. SWIB manages its legal claims and follows Board approved guidelines to identify cases where it could consider acting as lead plaintiff.

This page left blank intentionally

Financial Section



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
www.legis.wisconsin.gov/lab

Janice Mueller
State Auditor

INDEPENDENT AUDITOR'S REPORT

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Keith S. Bozarth, Executive Director
State of Wisconsin Investment Board

We have audited the accompanying Statement of Net Investment Assets for the Retirement Investment Trust Funds (Core Retirement Investment Trust Fund and Variable Retirement Investment Trust Fund) of the State of Wisconsin as of June 30, 2008, and the related Statement of Changes in Net Investment Assets for the year then ended. These financial statements are the responsibility of the State of Wisconsin Investment Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements for the year ended June 30, 2007, are being presented for informational purposes only. These financial statements were audited by us and we expressed an unqualified opinion on them in our report dated November 21, 2007, but we have not performed any auditing procedures since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial statements referred to in the first paragraph present only the investment activity of the Retirement Investment Trust Funds attributable to the transactions of the State of Wisconsin Investment Board. The financial statements do not purport to, and do not, present the financial activity of the Retirement Investment Trust Funds attributable to the Department of Employee Trust Funds. Further, they do not purport to, and do not, present fairly the financial position and results of operations of the Investment Board or of the State of Wisconsin in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective net investment assets of each of the Retirement Investment Trust Funds as of June 30, 2008, and the respective changes in net investment assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 2, the financial statements include investments that do not have readily ascertainable market prices and are valued based on a variety of third-party pricing methods. We have reviewed the procedures used by the Investment Board in arriving at estimates of the values of such investments and have inspected underlying documentation, and, given the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ from the values that would have been used had a ready market for the investments existed.

As discussed in Note 10, subsequent to June 30, 2008, global investment markets have been experiencing significant adverse events. The investment assets of the Retirement Investment Trust Funds have experienced a considerable decline in value subsequent to June 30, 2008, because of the volatile market conditions.

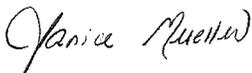
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Retirement Investment Trust Funds. The supplementary information included as Management's Discussion and Analysis, which precedes the financial statements, is presented for purposes of additional analysis and is not a required part of the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The introduction section of the annual report has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2008, on our consideration of the Investment Board's internal control over financial reporting for the Retirement Investment Trust Funds; on our tests of its compliance with certain provisions of laws, regulations, and contracts; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which is included in a management letter to the Investment Board, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

December 2, 2008

by


Janice Mueller
State Auditor

Management Discussion and Analysis

Retirement Funds

The State of Wisconsin Retirement Funds' narrative discussion and analysis of the financial activities for the fiscal year ended June 30, 2008 is presented by management as an introduction to the financial statements. It is meant to assist the reader in understanding the financial statements by providing an overall review of the financial activities during the year as well as to provide a comparison of the prior year's activity and results.

Overview of Basic Financial Statements

Following this section are the financial statements and footnotes which reflect only the investment activity of the funds. Retirement reserves, contribution revenue and benefit expense are excluded from presentation in these statements.

The **Statement of Net Investment Assets** provides information on the financial position of the funds at year-end. It indicates the investment assets available for payment of future benefits and any current liabilities related to the investments.

The **Statement of Changes in Net Investment Assets** presents the results of the investing activities during the year. The changes reflected on this statement support the overall change that has occurred to the prior year's net assets on the Statement of Net Investment Assets.

The **Notes to the Financial Statements** offer additional discussion that is essential to the full understanding of the data presented in the financial statements. The notes give more detail about accounting policies, significant account balances and activities, material risks, obligations, contingencies and subsequent events, if any.

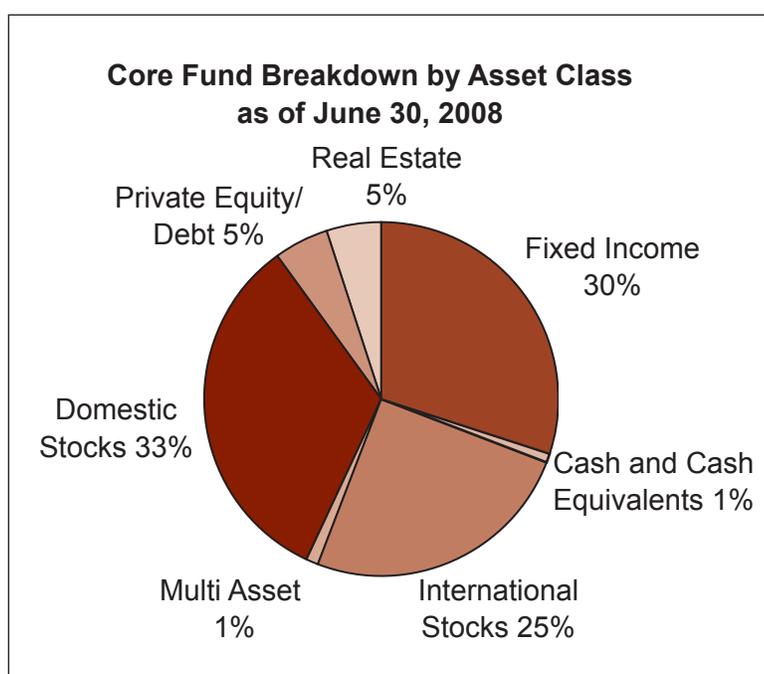
The financial statements and related notes are prepared in accordance with Governmental Accounting Standards Board Pronouncements.

Retirement Trust Funds

Approximately 547,000 people participate in the Wisconsin Retirement System (WRS), including current and former employees of Wisconsin's state agencies and most local governments in the state of Wisconsin. Contributions made to the WRS by these employees and their employers are invested by the State of Wisconsin Investment Board to finance retirement and other benefits. The WRS is comprised of the Core Retirement Investment Trust Fund and the Variable Retirement Investment Trust Fund collectively, whose combined net investment assets total \$81.0 billion as of June 30, 2008.

Core Retirement Investment Trust Fund

The larger of the two trust funds comprising the Wisconsin Retirement System is the Core Retirement Investment Trust Fund (Core Fund) with \$75.0 billion of net assets. All WRS members have invested at least half — if not all — of their pension account in the Core Fund. It is a fully diversified, balanced fund invested for the long-term needs of the WRS. Diversification helps to stabilize the effects of market changes. The basic investment objective of this trust fund is to achieve an average 7.8% annual return over the long-term which equates to an annual rate



of return of 3.7% a year above wage-rate growth. This objective is based on market rate of return and actuarial assumptions needed to meet obligations of the pension system.

The Core Fund net investment assets decreased approximately \$5.4 billion, or 7%, net of payments to beneficiaries for the year ended June 30, 2008. This was primarily due to total investment returns of -4.5%. Asset class returns for fiscal year 2008 were: public equities -11.9%, fixed income 9.6%, real estate 0.0%, private equity 6.3%. Net investment assets were decreased by net disbursements made by the Department of Employee Trust Funds mainly for net benefit payments. The statements presented here reflect the investment activity of these funds, as well as net cash flows related to the Department of Employee Trust Funds which include benefit payments, contribution receipts and transfers to/from the Variable Retirement Investment Trust Fund. Retirement reserves, contribution revenue, and benefit expense are excluded from presentation in these statements.

Core Retirement Investment Trust Fund Condensed Financial Information			
Fiscal Year Ended:	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 1,034,655,661	\$ 1,681,398,319	(38)
Other Current Assets	1,626,781,781	369,884,434	340
Invested Securities Lending Collateral	5,834,263,422	7,135,002,856	(18)
Other Assets	6,052,355	6,320,303	(4)
Investments	<u>73,960,805,192</u>	<u>78,764,952,335</u>	(6)
Total Investment Assets	\$ 82,462,558,411	\$ 87,957,558,247	(6)
Current Liabilities	\$ 1,567,645,602	\$ 355,575,263	341
Securities Lending Collateral Liability	5,834,263,422	7,135,002,856	(18)
Other Liabilities	<u>10,920,628</u>	<u>0</u>	n/a
Total Liabilities	\$ 7,412,829,652	\$ 7,490,578,119	(1)
Net Investment Assets	<u>\$ 75,049,728,759</u>	<u>\$ 80,466,980,128</u>	(7)
Investment Income (Loss)	\$ (3,561,688,076)	\$ 12,438,006,007	(129)
Investment Expense	<u>(213,023,596)</u>	<u>(203,942,429)</u>	4
Net Investment Income (Loss)	\$ (3,774,711,672)	\$ 12,234,063,578	(131)
Net Disbursements	<u>(1,642,539,697)</u>	<u>(1,751,184,208)</u>	(6)
Net Increase (Decrease) in Net Investment Assets	<u>\$ (5,417,251,369)</u>	<u>\$ 10,482,879,370</u>	(152)

Cash and cash equivalents decreased by 38% over the previous fiscal year end balance. A portion of this decrease can be attributed to a reduction in securitized cash positions within fixed income portfolios. In fiscal year 2007, some internal fixed income managers found interest rate futures to be very attractive for their portfolio. Under SWIB's policies, a large pool of cash was required to back those positions. Conversely, at the end of fiscal year 2008, fixed income managers found interest rate futures to be less attractive and so held fewer positions in those instruments. Some of the decrease in cash is also reflective of the unique interest rate environment experienced at the close of the 2007 fiscal year. At that time, the relatively flat yield curve did not offer much incentive, in terms of yield, for holding longer duration instruments. Smaller cash balances at the end of fiscal year 2008 were also the result of equity managers purchasing undervalued securities as those opportunities arose during the decline in equity markets experienced during the 2008 fiscal year.

Management Discussion and Analysis

Current assets and current liabilities increased by about 340% over the previous fiscal year due to more receivables from investment sales and payables for purchases pending over the current fiscal year end. This is largely the result of a transition of equity assets from externally managed funds to internal portfolios which took place over the fiscal year end.

The invested securities lending collateral and the securities lending collateral liability decreased 18% over the previous year end. However, this decrease in cash collateral was offset by an increase in non-cash securities lending collateral. Such a change is consistent with the cash market environment at the end of fiscal year 2008, whereby the cost of funding increased as a result of the credit crisis.

Expenses increased by roughly 4% when comparing fiscal year 2008 to 2007. The change can be attributed mainly to increases in fees incurred on private market assets. Management fees incurred on private market assets increased by \$19.3 million over the fiscal year. Two factors contributed to this increase. First, these assets under management have grown by \$1.4 billion, or 29%, over the past year. Second, this asset type generally has higher fees at the beginning of the investment's life because management fees are based on committed assets, rather than assets under management. During the fiscal year, SWIB committed to funding an additional \$4.0 billion in assets.

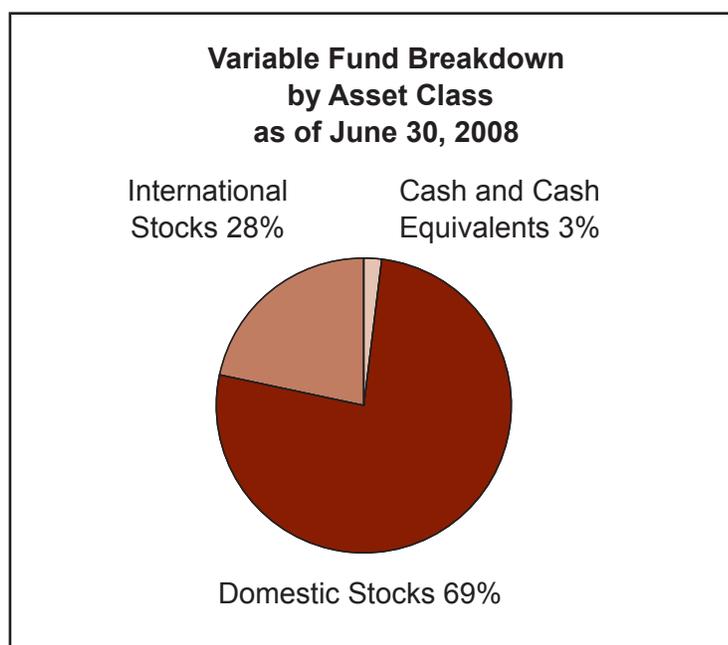
Total fees paid to external managers decreased by \$8.2 million when compared to the prior fiscal year. The primary cause was a reduction in performance based fees to external equity managers, whose returns lagged their benchmarks during the fiscal year.

Net disbursements decreased slightly when compared to fiscal year 2007. This line item represents the net cash flows of non-investment related activity such as net benefit payments/receipts, and expenses related to administering the benefit programs. The bulk of the decrease in net outflows results from the transfer of health insurance reserves totaling \$124.7 million into the Core Fund. Historically, cash reserves related to health insurance were held in the State Investment Fund as short term investments. Due to changes in the health plans, reserves have grown and outflows have become more predictable, allowing for a long term approach to investing the reserves. In addition, \$39.4 million was transferred to the Core fund as participants opted out of the Variable fund.

VARIABLE RETIREMENT INVESTMENT TRUST FUND

The Variable Retirement Investment Trust Fund (Variable Fund) allows active employees participating in the WRS to put half of their pension fund contributions into this stock fund. Approximately 20% of WRS members participate in the Fund, which totaled \$6.0 billion at the end of fiscal year 2008. It is 96.7% invested in equities with the remaining assets held in cash and cash equivalents. Employees who choose this fund accept a higher degree of risk for the potential of greater long-run returns. The investment objective of the Variable Fund is to exceed similar equity-oriented portfolios over a full market cycle.

The Variable Fund net investment assets decreased \$1.4 billion over the fiscal year. The decrease stemmed from the equity portfolios returning -13.1% for the fiscal year ended June 30, 2008. Employee and employer contributions were offset by disbursements out of the Fund and negative investment returns. Disbursements include annuity payments to retirees and



active participants opting out of the Variable Fund. At the end of each calendar year, individual participants in the Variable Fund may elect to terminate their variable participation and transfer their account to the Core Fund.

Variable Retirement Investment Trust Fund Condensed Financial Information			
Fiscal Year Ended:	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 83,114,986	\$ 110,784,705	(25)
Other Current Assets	324,672,618	13,545,363	2,297
Invested Securities Lending Collateral	275,187,385	270,231,434	2
Investments	<u>5,877,870,138</u>	<u>7,246,616,235</u>	(19)
Total Investment Assets	\$ 6,560,845,127	\$ 7,641,177,737	(14)
Current Liabilities	\$ 324,631,608	\$ 16,317,619	1,889
Securities Lending Collateral Liability	<u>275,187,385</u>	<u>270,231,434</u>	2
Total Liabilities	\$ 599,818,993	\$ 286,549,053	109
Net Investment Assets	<u>\$ 5,961,026,134</u>	<u>\$ 7,354,628,684</u>	(19)
Investment Income (Loss)	\$ (913,863,020)	\$ 1,353,404,266	(168)
Investment Expense	<u>(7,663,684)</u>	<u>(10,589,653)</u>	(28)
Net Investment Income (Loss)	\$ (921,526,704)	\$ 1,342,814,613	(169)
Net Disbursements	<u>(472,075,846)</u>	<u>(425,307,664)</u>	11
Net Increase (Decrease) in Net Investment Assets	<u>\$ (1,393,602,550)</u>	<u>\$ 917,506,949</u>	(252)

Cash and cash equivalents balances decreased by 25% over the prior fiscal year end. As was the case with the Core Fund's decreased cash balance, this decrease was primarily the result of equity managers purchasing undervalued securities as those opportunities arose during the decline in equity markets experienced during the 2008 fiscal year.

The significant percentage change between fiscal years for both Other Current Assets and Current Liabilities can be explained by increases in investment purchases and sales pending over year end. This is largely the result of a transition of equity assets between externally managed funds to internal portfolios which took place over the fiscal year end.

Expenses for the Variable Fund decreased by 28% when comparing fiscal year 2008 to the previous fiscal year. The general declines experienced in the equity markets caused a reduction in fees charged. Additionally, performance based fees decreased due to external equity managers underperforming relative to their benchmarks.

Net disbursements increased when compared to fiscal year 2007. This line item represents the net cash flows of non-investment related activity such as net benefit payments/receipts, participants choosing to enter into or exit out of the Variable Fund and expenses related to administering the benefit programs.

RETIREMENT FUNDS
Statement of Net Investment Assets
as of June 30, 2008

Assets	<u>Core Retirement Investment Trust Fund</u>	<u>Variable Retirement Investment Trust Fund</u>
Cash and Cash Equivalents	\$ 1,034,655,661	\$ 83,114,986
Receivable:		
Interest & Dividends	208,987,276	5,284,622
Securities Lending Income	7,913,904	465,202
Investment Sales	1,409,880,601	318,922,794
Invested Securities Lending Collateral	5,834,263,422	275,187,385
Other Assets	6,052,355	0
Investments (at fair value):		
Fixed Income	22,279,066,395	0
Preferred Securities	209,766,932	18,109,577
Convertible Securities	35,606,851	0
Stocks	43,829,944,551	5,859,760,561
Limited Partnerships	6,169,329,865	0
Commercial Mortgages	129,004,755	0
Real Estate	467,910,227	0
Multi Asset	<u>840,175,616</u>	<u>0</u>
 Total Investment Assets	 \$ 82,462,558,411	 \$ 6,560,845,127
 Liabilities		
Payable for Investments Purchased	1,523,703,573	322,376,158
Foreign Currency Contracts	4,209,517	529,379
Financial Futures Contracts	75,677	0
Accounts Payable	39,656,835	1,726,071
Due to Other Funds	10,920,628	0
Securities Lending Collateral Liability	<u>5,834,263,422</u>	<u>275,187,385</u>
 Total Investment Liabilities	 <u>\$ 7,412,829,652</u>	 <u>\$ 599,818,993</u>
 Net Investment Assets Held in Trust	 <u><u>\$ 75,049,728,759</u></u>	 <u><u>\$ 5,961,026,134</u></u>

The accompanying notes on pages 26 through 37 are an integral part of this statement.

RETIREMENT FUNDS
Statement of Changes in Net Investment Assets
For the Fiscal Year Ended June 30, 2008

	<u>Core Retirement Investment Trust Fund</u>	<u>Variable Retirement Investment Trust Fund</u>
Additions:		
Investment Income:		
Net Increase (Decrease) in the Fair Value of Investments	\$ (4,884,186,727)	\$ (981,567,101)
Interest	672,932,054	2,473,710
Dividends	529,195,172	62,903,900
Securities Lending Commissions	303,965,053	11,220,507
Other Income	71,908,265	0
Less:		
Investment Expense	(213,023,596)	(7,663,684)
Securities Lending Rebates	(251,210,057)	(8,690,810)
Securities Lending Fees	<u>(4,291,836)</u>	<u>(203,226)</u>
Total Investment Income (Loss)	\$ (3,774,711,672)	\$ (921,526,704)
Deductions:		
Net Receipts (Disbursements) - Department of Employee Trust Funds	<u>(1,642,539,697)</u>	<u>(472,075,846)</u>
Net Increase (Decrease)	\$ (5,417,251,369)	\$ (1,393,602,550)
Net Investment Assets Held in Trust:		
Beginning of Year	<u>80,466,980,128</u>	<u>7,354,628,684</u>
End of Year	<u>\$ 75,049,728,759</u>	<u>\$ 5,961,026,134</u>

The accompanying notes on pages 26 through 37 are an integral part of this statement.

RETIREMENT FUNDS
Statement of Net Investment Assets
Comparative Amounts as of June 30, 2007

	<u>Core Retirement Investment Trust Fund</u>	<u>Variable Retirement Investment Trust Fund</u>
Assets		
Cash and Cash Equivalents	\$ 1,681,398,319	\$ 110,784,705
Receivable:		
Interest & Dividends	186,513,129	3,601,967
Securities Lending Income	3,186,669	194,608
Investment Sales	178,466,140	8,827,858
Foreign Currency Contracts	0	920,930
Invested Securities Lending Collateral	7,135,002,856	270,231,434
Financial Futures Contracts	1,718,496	0
Other Assets	6,320,303	0
Investments (at fair value):		
Fixed Income	22,517,169,352	0
Preferred Securities	151,505,878	12,574,140
Convertible Securities	48,609,991	0
Stocks	49,674,006,101	7,234,042,095
Limited Partnerships	4,787,913,646	0
Commercial Mortgages	180,641,233	0
Real Estate	505,485,225	0
Multi Asset	<u>899,620,909</u>	<u>0</u>
 Total Investment Assets	 \$ 87,957,558,247	 \$ 7,641,177,737
Liabilities		
Payable for Investments Purchased	315,257,509	14,044,224
Foreign Currency Contracts	802,937	0
Accounts Payable	38,181,102	2,273,395
Deposits Held in Custody for Others	1,333,715	0
Securities Lending Collateral Liability	<u>7,135,002,856</u>	<u>270,231,434</u>
 Total Investment Liabilities	 <u>\$ 7,490,578,119</u>	 <u>\$ 286,549,053</u>
 Net Investment Assets Held in Trust	 <u><u>\$ 80,466,980,128</u></u>	 <u><u>\$ 7,354,628,684</u></u>

The accompanying notes on pages 26 through 37 are an integral part of this statement.

RETIREMENT FUNDS
Statement of Changes in Net Investment Assets
Comparative Amounts For the Fiscal Year Ended June 30, 2007

	<u>Core Retirement Investment Trust Fund</u>	<u>Variable Retirement Investment Trust Fund</u>
Additions:		
Investment Income:		
Net Increase (Decrease) in the Fair Value of Investments	\$ 11,269,667,275	\$ 1,302,295,594
Interest	617,710,860	4,271,843
Dividends	440,958,817	46,090,139
Securities Lending Commissions	355,417,589	10,412,809
Other Income	97,792,883	0
Less:		
Investment Expense	(203,942,429)	(10,589,653)
Securities Lending Rebates	(340,970,670)	(9,502,424)
Securities Lending Fees	<u>(2,570,747)</u>	<u>(163,695)</u>
Total Investment Income	\$ 12,234,063,578	\$ 1,342,814,613
Deductions:		
Net Receipts (Disbursements) - Department of Employee Trust Funds	<u>(1,751,184,208)</u>	<u>(425,307,664)</u>
Net Increase	\$10,482,879,370	\$917,506,949
Net Investment Assets Held in Trust:		
Beginning of Year	<u>69,984,100,758</u>	<u>6,437,121,735</u>
End of Year	<u>\$ 80,466,980,128</u>	<u>\$ 7,354,628,684</u>

The accompanying notes on pages 26 through 37 are an integral part of this statement.

Notes to the Financial Statements

1. Description of Funds

The State of Wisconsin Investment Board (SWIB) has control of the investment and collection of principal, interest, and dividends of all monies invested by the Core Retirement Investment Trust Fund and the Variable Retirement Investment Trust Fund. The statements presented here reflect only the investment activity of these funds. Excluded from presentation in the statements are, for example, retirement reserves, contribution revenue, and benefit expense.

All of the Retirement Fund's administrative expenses are funded through employer/employee contributions and investment earnings. The administrative expenses are reflected in the "Investment Expense" account included in the Statement of Changes in Net Investment Assets. This account represents SWIB's operating expenses as well as expenses directly related to the investment function such as external management fees, legal fees, custodial bank fees, and investment consulting fees.

A. Core Retirement Investment Trust Fund

The Core Retirement Investment Trust Fund (Core Fund) consists primarily of the assets of the retirement fund. The Wisconsin Retirement System (WRS) is administered by the Department of Employee Trust Funds (ETF) in accordance with Chapter 40 of the Wisconsin Statutes. All retirement fund contributions are invested in this trust fund unless participants have elected to have half of their contributions invested in the Variable Retirement Investment Trust Fund. In addition to the retirement contributions, the assets of various other benefit programs are invested as part of the Core Retirement Investment Trust Fund as listed in the table below.

Other Benefit Programs Within the Core Fund	
June 30, 2008	
(Dollars in Millions)	
Accumulated Sick Leave	\$ 2,104.3
Duty Disability	316.1
Long Term Disability Insurance	295.8
Health Insurance	193.4
Milwaukee Retirement System	124.6
Income Continuation Insurance	90.0
Police and Firefighters	54.1
State Retiree Health Insurance	24.1
Local Retiree Health Insurance	2.1
Total	<u>\$ 3,204.5</u>

The Core Fund is managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin Statutes s. 25.14 and 25.17. The Core Fund and SWIB are not registered with the Securities and Exchange Commission as an investment company. The investments of the Core Fund consist of a highly diversified portfolio of securities. Wisconsin Statutes s. 25.182 authorizes SWIB to manage the Core Fund in any manner that does not violate the "prudent investor" standard of responsibility in Wisconsin Statutes s. 25.15(2).

B. Variable Retirement Investment Trust Fund

The Variable Retirement Investment Trust Fund (Variable Fund) also consists primarily of the assets of the retirement fund. In addition, the Milwaukee Retirement Systems had \$14.8 million invested in the Variable Fund as of June 30, 2008.

Participation in the Variable Fund is at the option of the employee. Participants have elected to credit one half of their retirement contributions and matching amounts of employer contributions to this fund, and have the remainder credited to the Core Fund. Individual participants in the Variable Fund program have a one-time option to terminate their Variable participation and transfer their account to the Core Fund.

The Variable Fund is managed by SWIB with oversight by a Board of Trustees as authorized by Wisconsin Statutes s. 25.14 and 25.17. The Variable Fund and SWIB are not registered with the Securities and Exchange Commission as an investment company. Wisconsin Statutes s. 25.17(5) states assets of the Variable Fund shall be invested primarily in equity securities which shall include common stocks, real estate or other recognized forms of equities whether or not subject to indebtedness, including securities convertible into common stocks and securities of corporations in the venture capital stage. Subject to that requirement, SWIB may invest the Variable Fund in any manner that does not violate the “prudent investor” standard of responsibility in Wisconsin Statutes s. 25.15(2).

2. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements were prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB).

B. Basis of Accounting

The accompanying statements are prepared based upon the flow of economic resources, measurement focus and the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Security transactions and the related gains and losses are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date, and interest income is accrued as earned.

SWIB applies all applicable GASB pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements.

C. Valuation of Securities

The investments of the Core Fund and the Variable Fund are valued at fair value, per Wisconsin Statutes s. 25.17(14). Monthly, the investments are adjusted to fair value, with unrealized gains and losses reflected in the Statement of Changes in Net Investment Assets as “Net Increase (Decrease) in Fair Value of Investments”.

Generally, fair value information represents actual bid prices or the quoted yield equivalent for securities of comparable maturity, quality and type as obtained from one or more major investment brokers. If quoted market prices are not available, a variety of third party pricing methods are used, including appraisals, certifications, pricing models and other methods deemed acceptable by industry standards.

Commercial mortgages are priced via a matrix pricing system. The traditional discounted cash flow methodology is employed, where discount rates are developed based on market derived spreads over a base Treasury or London inter-bank offering rate yield. Spreads incorporate such factors as coupon rates, term to maturity, agency ratings and sector/industry information.

Private placements are priced using a multi-tiered approach that prices each holding based on the best available information using the following hierarchy of pricing sources:

1. Custodian supplied prices for assets that are in the Lehman Aggregate Bond Index
2. Prices provided by a third party with expertise in the bond market
3. Modeled prices utilizing CMS BondEdge where spreads are supplied by a contracted third party

In a few instances private placements cannot be priced by one of the above three sources. In these circumstances the investment is priced using an alternative bond index price or, if no independent quotation exists, the investment is priced by SWIB management, usually at cost.

Limited partnerships' fair value is estimated based on periodic reports from the limited partnerships' management. Annually, the reports are audited by independent auditors.

The basis for valuing real estate is independent appraisals, which are prepared once every three years. In years

Notes to the Financial Statements

when appraisals are not performed the asset managers are responsible for providing market valuations. These valuations are based on generally accepted industry standards and are most typically based on discounted cash flow and comparable sales methodologies. Annually, direct real estate holdings are audited by independent auditors.

A limited number of securities are carried at cost. Certain non-public or closely held stocks are not reported at fair value, but are carried at cost since no independent quotation is available to estimate fair value for these securities.

All derivative financial instruments are reported at fair value in the Statement of Net Investment Assets. The instruments are marked to fair value at least monthly, with valuation changes recognized in income. Gains and losses are recorded in the Statement of Changes in Net Investment Assets as "Net Increase (Decrease) in Fair Value of Investments" during the period the instruments are held and when the instrument is sold or expires. The nature and use of derivative instruments is discussed in Note 5.

D. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect amounts reported herein. Due to the inherent uncertainty involved, actual results could differ from those estimates.

3. Deposit and Investment Risk

A. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to SWIB. Fixed income credit risk investment guidelines spell out the minimum ratings required at the time of purchase by individual portfolios, or groups of portfolios, based on the portfolios' investment objectives. In addition, some fixed income portfolios are required to carry a minimum weighted average rating at all times. Information regarding SWIB's credit risk related to derivatives is found in Note 5.

The following schedule displays the lowest credit rating assigned by several nationally recognized statistical rating organizations on debt securities held by the Core Fund and the Variable Fund as of June 30, 2008. Included in this schedule are fixed income securities including certain short term securities classified as cash equivalents on the Statement of Net Investment Assets. Obligations of the United States and obligations explicitly guaranteed by the U.S. government have been included in the AAA rating below although they are considered to be without credit risk. The table below also includes investments in externally managed commingled or pooled funds which have not been rated by an independent rating agency. Although the funds themselves do not carry ratings, external management investment guidelines govern minimum credit quality standards for the investments within each portfolio. These standards are determined based on the investment objectives and risk parameters of each fund.

Credit Quality Distribution June 30, 2008		
<u>Ratings</u>	<u>Fair Value</u>	<u>% of Total</u>
P-1 or A-1	\$ 878,101,905	3
Aaa or AAA	7,481,047,660	26
Aa3 to Aa1 or AA- to AA+	2,808,891,349	10
A3 to A1 or A- to A+	2,552,781,639	9
Baa3 to Baa1 or BBB- to BBB+	964,366,647	3
Ba3 to Ba1 or BB- to BB+	413,793,889	2
B3 to B1 or B- to B+	380,414,064	1
Caa1 to Caa3 or CCC- to CCC+	129,774,896	0
Ca1 to Ca3 or CC- to CC+	4,153,100	0
D	8,613,947	0
Commingled or Pooled Funds	12,139,155,712	41
Not Rated	1,563,679,923	5
Total	<u>\$ 29,324,774,731</u>	<u>100%</u>

B. Custodial Credit Risk

The Retirement Funds do not have a deposit or investment policy specifically related to custodial credit risk.

Deposits — Custodial credit risk related to deposits is the risk that, in the event of the failure of a depository financial institution, SWIB will not be able to recover deposits that are in possession of an outside party. Bank deposits as of June 30, 2008 were \$210.4 million. A portion of the deposits, totaling \$15.7 million, are covered by federal depository insurance. The remaining uninsured and uncollateralized deposits, totaling \$194.7 million, were held in foreign currencies or margin accounts in SWIB's custodian's nominee name. In addition, SWIB held a number of time deposits with foreign financial institutions with a fair value of \$140.0 million, all of which were uncollateralized and uninsured.

Investments — Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. As of June 30, 2008 the Retirement Funds held 16 tri-party repurchase agreements totaling \$1.0 billion. SWIB's securities lending collateral account and cash management account participate in repurchase agreement pools, purchasing only a portion of a repurchase agreement in which the manager of these accounts is the buyer-lender. Since the manager that purchased the repurchase agreement is the counterparty, the securities are not held in SWIB's name. They are held in the counterparty's name and held by the counterparty's agent.

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. SWIB limits concentrations of credit risk by establishing investment guidelines for individual portfolios or groups of portfolios that generally restrict issuer concentrations in any one company or Rule 144A securities to less than 5% of assets.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SWIB uses a number of different methods to manage interest rate risk.

Generally, SWIB analyzes long or intermediate term portfolios' interest rate risk using various duration calculations. Modified duration, which is stated in years, is the measure of price sensitivity of a fixed income security to an interest rate change of 100 basis points. The calculation is based on the weighted average of the present values for all cash flows. Some pooled investments are analyzed using an option adjusted duration calculation which is similar to the modified duration method. Option adjusted duration incorporates the duration shortening effect of any embedded call provisions in the securities.

Short-term portfolios use the weighted average maturity to analyze interest rate risk. Weighted average maturity is the maturity of each position in a portfolio weighted by the dollar value of the position to compute an average maturity for the portfolio as a whole. This measure indicates a portfolio's sensitivity to interest rate changes: a longer weighted average maturity implies greater volatility in response to interest rate changes.

SWIB's investment guidelines related to interest rate risk vary by portfolio. Some fixed income portfolios are required to be managed within a range of a targeted duration, while others are required to maintain a weighted average maturity at or below a specified number of days or years.

The following table presents the interest rate exposure for the Core and Variable Fund assets. Weighted average maturity, where reset dates are assumed to be the effective maturity date for the security, is presented for the securities lending collateral reinvestment pool. Longer term instruments held by the Retirement Funds are presented using modified duration, as this measure more accurately states the interest rate sensitivity of these investments.

**Interest Rate Sensitivity by Investment Type
June 30, 2008**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
Asset Backed Securities	\$ 145,103,011	5.230
Certificate of Deposit	2,500,000	0.164
Commercial Paper	155,968,485	0.111
Commercial Paper	7,491,635	N/A
Corporate Bonds	3,125,342,520	5.203
Corporate Bonds	4,320,841	N/A
Government Agency	906,517,017	3.929
Commercial Mortgages	157,877,130	3.575
Municipal Bonds	3,436,000	8.007
Private Placements	444,100,746	5.706
Private Placements	1,179,114	N/A
Repurchase Agreements	141,143,665	0.001
Sovereign Debt	3,545,283,754	6.286
Sovereign Debt	13,770,986	N/A
United States Treasury Securities	3,472,995,466	7.967
	<u>\$ 12,127,030,370</u>	
 <u>Intermediate and Long Term Pooled Investments</u>		
Emerging Market Fixed Income	\$ 497,065,069	6.768
Global Fixed Income	491,355,199	4.670
Domestic Fixed Income	9,656,762,851	5.156
Total Intermediate and Long Term Pooled Investments	<u>\$ 10,645,183,119</u>	
 <u>Securities Lending Collateral Pool</u>		
Asset Backed Securities	\$ 682,953,869	25
Certificate of Deposit	86,875,352	59
Commercial Paper	592,531,466	35
Corporate Bonds	2,830,868,395	26
Repurchase Agreements	865,359,566	1
Pooled Investments	918,595,230	28
Total Securities Lending Pool Investments	<u>\$ 5,977,183,878</u>	
<u>Short Term Pooled Investments</u>	<u>\$ 575,377,364</u>	49
Total Fair Value	<u><u>\$ 29,324,774,731</u></u>	

N/A = data not available

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. It includes the risk that currencies in which a portfolio's investments are denominated, or currencies in which a portfolio has taken on an active position, will decline in value relative to the U.S. dollar.

Foreign currency exchange rates may fluctuate significantly for a number of reasons, including the forces of supply and demand in the foreign exchange markets, actual or perceived changes in interest rates, intervention by U.S. or foreign governments or central banks, currency controls, or political developments in the U.S. or abroad. The Retirement Funds hold foreign currency denominated cash and securities invested directly in designated actively managed portfolios and indirectly through their investment in certain commingled investment funds.

SWIB's policies include foreign currency risk management objectives relating to each individual portfolio. These guidelines address the foreign currency management activities permitted for each portfolio based on the portfolio's mandates, risk tolerances and objectives. SWIB also employs discretionary currency overlay strategies at the total fund level when currency market conditions suggest such strategies are warranted.

As of June 30, 2008 the Core Fund and the Variable Fund assets were denominated in the currencies shown in the Currency Exposures by Investment Type schedule on pages 32 and 33.

4. Securities Lending Transactions

State statutes and Board policies permit SWIB to use investments of the Core and Variable Funds to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities in exchange for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for identical securities in the future. SWIB's securities custodian is an agent in lending the Funds' directly held domestic and international securities. When the Retirement Funds' domestic securities are delivered to a borrower as part of a securities lending agreement, the borrower is required to place collateral equal to 102 percent of the loaned securities' fair value, including interest accrued, as of the delivery date with the lending agent. In the event that foreign securities are loaned, the borrower is required to place collateral totaling 105 percent of the loaned securities' fair value, including interest accrued, as of the delivery date with the lending agent except when the collateral is denominated in the same currency as the loaned security. In this case, collateral is required to total 102 percent of the loaned securities' fair value, including interest accrued, as of the delivery date. Collateral is marked to market daily and adjusted as needed to maintain the required minimum level.

Cash collateral is reinvested by the lending agent or its affiliate in accordance with contractual investment guidelines which are designed to minimize the risk of principal loss and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested in short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers and fees paid to agents, results in the gross earnings from lending activities, which are then split on a percentage basis with the lending agent.

In accordance with money market mutual fund industry standards, the cash collateral reinvestment pools are valued at amortized cost. The amortized or book value of a fund's assets and underlying fair market value of the assets may differ based on market conditions. The pool's market value relative to its amortized cost is expressed as net asset value (NAV) and is derived by dividing total market value by amortized cost. In fiscal year 2008, the securities lending reinvestment pools' NAV fell to below the typical money market fund floor value of 99.50%. As of June 30, 2008, the U.S. dollar cash collateral reinvestment pool's NAV was 99.38% while the foreign reinvestment pool had an NAV of 99.36%.

At year-end, the Retirement Funds had no credit risk exposure to borrowers because the amounts the Retirement Funds owed the borrowers exceeded the amounts the borrowers owed the Retirement Funds. The contract with the lending agent requires it to indemnify the Retirement Funds if the borrowers fail to return the loaned securities and the collateral margin is inadequate to replace the securities lent. The Retirement Funds are also indemnified against losses resulting from violations of investment guidelines.

The majority of security loans can be terminated on demand by the Retirement Funds or the borrower. The average term of the loans is approximately six days which is shorter than the weighted average maturity/days to reset of 23 days for investments made with the U.S. dollar cash collateral and the weighted average maturity/days to reset of 28 days for investments made with foreign cash collateral at June 30, 2008.

Pledging or selling collateral securities cannot be done without a borrower default. The quantity or dollar value of securities lending contracts that the Retirement Funds may enter into is not restricted by statute.

The Retirement Funds also earn securities lending income as part of total net earnings from the investment in several commingled funds. These earnings are automatically reinvested in the commingled fund, and as a result the earnings are combined with all other earnings and gains and losses for these funds, and reported in the Statement of Changes in Net Investment Assets as "Net Increase (Decrease) in the Fair Value of Investments".

Currency Exposures by Investment Type as of June 30, 2008					
Currency	Cash & Cash Equivalents	Commercial Mortgages	Convertible Securities	Stocks	Fixed Income
Argentina Peso	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0
Australian Dollar	3,828,590	0	0	421,660,818	111,175,129
Brazil Real	948,349	0	0	10,608,051	60,362,441
British Pound Sterling	6,513,818	0	0	1,809,843,778	316,075,558
Canadian Dollar	8,385,806	0	0	512,949,657	108,531,639
Colombian Peso	0	0	0	0	8,309,179
Czech Koruna	227	0	0	0	0
Danish Krone	754,808	0	0	81,004,480	28,829,881
Euro Currency Unit	114,155,196	0	0	3,561,936,957	1,333,636,638
German Mark	0	0	0	0	212,672
Hong Kong Dollar	1,760,173	0	0	186,848,739	0
Hungarian Forint	50,314	0	0	1,909,908	0
Iceland Krona	0	0	0	0	17,870,348
Indian Rupee	1,207,545	0	0	27,281,825	0
Indonesian Rupian	120,055	0	0	23,511,656	25,845,727
Israeli Shekel	271,181	0	0	12,647,913	0
Italian Lira	0	0	0	0	1,785,592
Japanese Yen	31,477,249	0	0	2,074,812,743	931,756,514
Malaysian Ringgit	1,725,685	0	0	7,705,751	77,478,885
Mexican New Peso	(82,558)	0	0	76,914,840	64,496,459
New Taiwan Dollar	1,582,293	0	0	157,026,451	0
New Turkish Lira	1,880,251	0	0	33,439,970	5,788,269
New Zealand Dollar	52,128	0	0	1,901,849	50,174,494
Norwegian Krone	2,319,140	0	0	198,488,606	16,909,522
Peruvian Nuevo Sol	385,605	0	0	0	1,855,072
Philippines Peso	41,166	0	0	6,866,257	0
Polish Zloty	(9,956)	0	0	10,103,346	55,588,232
S. African Comm Rand	401,496	0	0	29,530,154	30,970,537
Singapore Dollar	1,291,261	0	0	125,330,888	56,397,427
South Korean Won	34,122	0	0	154,906,634	8,086,825
Swedish Krona	7,620,903	0	0	129,998,535	97,034,240
Swiss Franc	1,625,030	0	0	534,474,582	0
Thailand Baht	884,036	0	0	32,801,878	0
United States Dollar	928,546,731	129,004,755	35,606,851	39,465,198,846	18,867,732,141
Uruguayan Peso	0	0	0	0	2,162,974
Total	\$ 1,117,770,647	\$ 129,004,755	\$ 35,606,851	\$ 49,689,705,112	\$ 22,279,066,395

Currency Exposures by Investment Type as of June 30, 2008					
Currency	Multi Asset	Preferred Securities	Limited Partnerships	Real Estate	Total Exposure by Currency
Argentina Peso	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3
Australian Dollar	0	0	0	0	536,664,537
Brazil Real	0	179,904,687	0	0	251,823,528
British Pound Sterling	0	0	125,727,601	0	2,258,160,755
Canadian Dollar	0	0	29,198,987	0	659,066,089
Colombian Peso	0	0	0	0	8,309,179
Czech Koruna	0	0	0	0	227
Danish Krone	0	0	0	0	110,589,169
Euro Currency Unit	0	34,218,647	521,183,030	0	5,565,130,468
German Mark	0	0	0	0	212,672
Hong Kong Dollar	0	0	0	0	188,608,912
Hungarian Forint	0	0	0	0	1,960,222
Iceland Krona	0	0	0	0	17,870,348
Indian Rupee	0	0	0	0	28,489,370
Indonesian Rupian	0	0	0	0	49,477,438
Israeli Shekel	0	0	0	0	12,919,094
Italian Lira	0	0	0	0	1,785,592
Japanese Yen	0	0	0	0	3,038,046,506
Malaysian Ringgit	0	0	0	0	86,910,321
Mexican New Peso	0	0	0	0	141,328,741
New Taiwan Dollar	0	0	0	0	158,608,744
New Turkish Lira	0	0	0	0	41,108,490
New Zealand Dollar	0	0	0	0	52,128,471
Norwegian Krone	0	0	0	0	217,717,268
Peruvian Nuevo Sol	0	0	0	0	2,240,677
Philippines Peso	0	0	0	0	6,907,423
Polish Zloty	0	0	0	0	65,681,622
S. African Comm Rand	0	0	0	0	60,902,187
Singapore Dollar	0	0	0	0	183,019,576
South Korean Won	0	8,563,393	0	0	171,590,974
Swedish Krona	0	0	45,148	0	234,698,826
Swiss Franc	0	0	0	0	536,099,612
Thailand Baht	0	0	0	0	33,685,914
United States Dollar	840,175,616	5,189,782	5,493,175,099	467,910,227	66,232,540,048
Uruguayan Peso	0	0	0	0	2,162,974
Total	\$840,175,616	\$227,876,509	\$ 6,169,329,865	\$ 467,910,227	\$ 80,956,445,977

5. Derivative Financial Instruments

Derivatives offer a low cost and effective way to establish or hedge existing portfolio positions. Investment guidelines define allowable derivative activity for each portfolio and are based on the investment objectives which have been established by the Board. Where derivatives are permitted, guidelines stipulate allowable instruments and the manner in which they are to be used. For those portfolios given the authority to utilize derivatives, all derivative issuers or counterparties used must be a recognized exchange or a bank or broker dealer with an actual credit rating of no less than: (1) "A1/P1" on short term debt from S&P or Moody's; and/or (2) "A" on long term debt from S&P or Moody's.

Below are the types of derivatives that SWIB uses in its dedicated account portfolios. SWIB also invests in derivative instruments indirectly through several commingled funds. These derivatives have not been included in the following totals.

A. Foreign Currency Forwards and Options

Currency exposure management is permitted through the use of exchange traded currency instruments, and through the use of over-the-counter spot and forward contracts in foreign currencies. SWIB may employ discretionary currency overlay strategies at the total fund level when currency market conditions suggest such strategies are warranted. Direct hedging of currency exposure back to the U. S. dollar is permitted when consistent with the strategy of the portfolio. Cross-currency exposure management to transfer out of an exposed currency and into a benchmark currency is permitted in some portfolios. In certain cases, currencies of non-benchmark countries may be held through the use of forward contracts, provided that the notional value of any single non-benchmark currency does not exceed 5% of the market value of the portfolio. Losses may arise from future changes in the value of the underlying currency, or if the counterparties do not perform under the terms of the contract.

During the fiscal year presented in these financial statements SWIB's currency exposure management involved the use of foreign currency spot and forward contracts. Generally, SWIB enters into these contracts to hedge foreign exchange risk. The following table presents the fair value of foreign currency spot and forward contract assets and liabilities held by the Core and Variable Funds as of June 30, 2008.

Foreign Currency Spot and Forward Contracts		
June 30, 2008		
	<u>Core Fund</u>	<u>Variable Fund</u>
Pending Receivable	\$ 4,221,690,685	\$ 324,047,553
Pending Payable	<u>(4,225,900,202)</u>	<u>(324,576,932)</u>
Net Foreign Currency Contract Asset (Liability)	<u>\$ (4,209,517)</u>	<u>\$ (529,379)</u>

B. Futures Contracts

A financial futures contract is an exchange traded agreement to buy or sell a financial instrument at an agreed upon price and time in the future. Upon entering into a futures contract, collateral is deposited with the broker, in SWIB's name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Net Investment Assets. Losses may arise from future changes in the value of the underlying instrument.

Financial futures contracts and financial options contracts may be entered into for the following objectives: to protect

the portfolio against the risk of changing asset values or interest rates, enhance liquidity, aid in cash flow management, manage interest rate exposure, adjust duration or as a substitute for cash market transactions.

The Retirement Funds were invested in exchange-traded interest rate futures contracts and equity futures contracts with a net nominal value of (\$98.9 million) as of June 30, 2008.

C. Asset Backed Securities

The Core Fund holds asset backed securities, which are reported at fair market value in the Statement of Net Investment Assets.

Asset backed securities are debt securities whose value is derived from payments and prepayments of principal and interest generated from whole loan mortgages, mortgage pass-through securities, credit card receivables, car loan and leases receivables, insurance proceeds receivable, as well as, airline and railroad car loan receivables. In some cases, cash flows are distributed to different investment classes or tranches in accordance with the security's established payment order. Some tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some asset backed securities may be subject to a reduction in interest payments as a result of prepayments of underlying mortgages, leases, or loans which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and thus a decline in the fair value of the security. Rising interest rates may cause an increase in anticipated interest payments, thus an increase in fair value of the security. The Core Fund holds only high quality, senior tranches, resulting in minimal risks of default and prepayment. The degree of prepayment risk also varies with the type of underlying assets. Mortgage backed securities tend to have a higher degree of prepayment risk due to the long term nature of the security. SWIB held mortgage backed securities with a fair value totaling \$169.8 million at June 30, 2008.

D. Options

Option contracts give the purchaser of the contract the right to buy (call) or sell (put) the security or index underlying the contract at an agreed upon price on or before the expiration of the option contract. The seller of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid to enter into the contract. SWIB investment guidelines allow internal U.S. equity portfolios to buy put options and sell call options in connection with existing portfolio positions. Call options may be purchased or put options sold on investments that could be held in the portfolio if the options were exercised. Domestic fixed income portfolios are permitted to enter into option contracts for the purposes of adjusting duration, taking or modifying credit positions, or investing anticipated cash flows. The Retirement Funds held no options during fiscal year 2008.

E. Credit Default Swaps

Certain fixed income portfolios are permitted to manage credit exposures through the use of credit default swaps. A credit default swap (CDS) is an over-the-counter contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. This agreement effectively introduces credit exposure to the seller's portfolio without actually holding the bond, basket of investments or bond index. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate, currency, and call risk, that often come with a typical bond. Losses may arise in the event of the bond issuer's bankruptcy or failure to make a coupon payment, or if the counterparties do not perform under the terms of the contract. Liquidity in the cash bond market may also affect performance of these instruments, if the contract is structured to have a physical, rather than a cash settlement.

During fiscal year 2008, one externally managed portfolio in the Core Fund participated in the CDS market, however, as of June 30, 2008 the Core Fund held no open CDS contracts.

6. Summary of Investments

The following schedules provide summary information by investment classification for the Core Fund and Variable Fund at June 30, 2008:

Core Retirement Investment Trust Fund
June 30, 2008

Classification	Coupon Rate (%)	Maturity Dates	Cost	Fair Value
Fixed Income	Variable & 0.00 to 20.00	7/2008 to 10/2049	\$ 20,352,163,575	\$ 22,279,066,395
Preferred Securities	N/A	N/A	121,651,622	209,766,932
Convertible Securities	0.43 to 8.00	9/2009 to 12/2049	37,035,482	35,606,851
Stocks	N/A	N/A	38,461,774,156	43,829,944,551
Limited Partnerships	N/A	N/A	5,952,099,102	6,169,329,865
Commercial Mortgages	6.77 to 7.36	7/2009 to 12/2014	123,474,458	129,004,755
Real Estate	N/A	N/A	284,114,636	467,910,227
Multi Asset	N/A	N/A	549,000,000	840,175,616
			<u>\$ 65,881,313,031</u>	<u>\$ 73,960,805,192</u>

Variable Retirement Investment Trust Fund
June 30, 2008

Classification	Cost	Fair Value
Preferred Securities	\$ 10,518,854	\$ 18,109,577
Stocks	<u>5,654,542,936</u>	<u>5,859,760,561</u>
	<u>\$ 5,665,061,790</u>	<u>\$ 5,877,870,138</u>

7. Milwaukee Retirement System

The Milwaukee Retirement System (MRS), consisting of several funds within the Milwaukee Public School Retirement System, invests in the Core Fund and Variable Fund through the WRS. Since the MRS is a separate legal entity from the WRS, both the Core Fund and the Variable Fund qualify as external investment trust funds. Participation by the MRS in the Core Fund and Variable Fund is described in the ETF Administrative Code, Chapter 10.12. MRS provides assets to ETF for investment in the Core Fund and Variable Fund which are managed by SWIB. Each month the ETF distributes to the MRS their pro-rata share of the total Core Fund's earnings less administrative expenses, as well as the Variable Fund's earnings less administrative expenses. The MRS accounts are adjusted to fair value and gains/losses are recorded directly in the accounts per ETF Administrative Code 10.12(2). No State statute, legal provision, or legally binding guarantee exists to support the value of MRS's portion of the Core Fund or the Variable Fund.

8. Unfunded Capital Commitments

The Core Fund has committed to fund various limited partnerships and side-by-side agreements related to its private equity and real estate holdings. Commitments that have not been funded totaled \$5.9 billion as of June 30, 2008. Unfunded commitments are not included in the financial statements since the amount and timing of the funding is not certain.

9. Loss Contingency

On September 5, 2008, the Internal Revenue Service (IRS) provided SWIB with a "Notice of Transferee Liability." This claim seeks taxes, penalties and interest relating to the sale of Shockley Communications Corporation (SCC) stock in 2001.

SWIB, as a governmental entity, is income tax exempt. However, the IRS asserts that the shareholders' sale of SCC stock in 2001 should have been characterized as a sale of assets by SCC, on which SCC should have paid income taxes. Based on the theory of transferee liability, the IRS asserts that the former SCC shareholders, including SWIB, would be liable for those taxes, plus penalties and interest. Transferee liability is limited to the amount actually received by the putative transferee, plus interest. As a result, SWIB's liability, as a putative transferee of SCC assets, would be limited to a total of \$28.3 million of SCC's tax deficiency, plus interest.

SWIB will aggressively contest the IRS' assertions of SWIB's tax liability. Furthermore, SWIB believes that the loss, if any, resulting from the claim will not have a material impact on SWIB's net investment assets or net income in future years. As such, SWIB has not recognized a loss relating to this matter in the current year, nor does it appear as a contingent liability in the Statement of Net Investment Assets.

10. Subsequent Events

Subsequent to the June 30, 2008 fiscal year end, global capital markets have experienced unprecedented adverse events including a worldwide credit crisis, liquidity constraints, and the continued write down of mortgage related assets. These events have helped bring about a global economic recession which has already seen a rise in bankruptcies, acquisitions of several large financial institutions and government bailouts. Capital markets have reacted with increased volatility due to continued uncertainty of future global economic conditions.

The investment assets of the Core and Variable Funds have also incurred a considerable decline in value due to the unfavorable market conditions. Since capital markets are highly dynamic and change in value daily, readers of the financial statements should check SWIB's website for current information relating to the value of retirement fund assets.

To weather the issues facing the global economy, SWIB continues to focus on producing the long-term, stable asset growth needed to meet pension obligations to current and future retirees in the Wisconsin Retirement System. This is accomplished by focusing on asset allocation, diversification of investments, and selecting the best investment opportunities for meeting the long-term objectives of the retirement system.



STATE OF WISCONSIN
Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
www.legis.wisconsin.gov/lab

Janice Mueller
State Auditor

INDEPENDENT AUDITOR'S REPORT

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Keith S. Bozarth, Executive Director
State of Wisconsin Investment Board

We have audited the accompanying Statement of Net Assets for the State Investment Fund of the State of Wisconsin as of June 30, 2008, and the related Statement of Operations and Changes in Net Assets for the year then ended. These financial statements are the responsibility of the State of Wisconsin Investment Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements for the year ended June 30, 2007, are being presented for informational purposes only. These financial statements were audited by us and we expressed an unqualified opinion on them in our report dated August 22, 2007, but we have not performed any auditing procedures since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

The financial statements referred to in the first paragraph present only the State Investment Fund and do not purport to, and do not, present fairly the financial position and results of operations of the Investment Board or of the State of Wisconsin in conformity with accounting principles generally accepted in the United States of America.

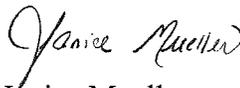
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the net assets of the State Investment Fund as of June 30, 2008, and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the State Investment Fund. The supplementary information included as Management’s Discussion and Analysis, which precedes the financial statements, is presented for purposes of additional analysis and is not a required part of the financial statements referred to in the first paragraph. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and, accordingly, we express no opinion on it. The introduction section of the annual report has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2008, on our consideration of the Investment Board’s internal control over financial reporting for the State Investment Fund; on our tests of its compliance with certain provisions of laws, regulations, and contracts; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which is included in a management letter to the Investment Board, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

August 28, 2008

by 
Janice Mueller
State Auditor

Management Discussion and Analysis

State Investment Fund

Management's Discussion and Analysis provides general information on the financial activities of the State Investment Fund (SIF). The SIF temporarily invests the operating funds of: 1) State of Wisconsin Agencies, 2) the State's public retirement funds, and 3) the Wisconsin Local Government Investment Pool (LGIP). At June 30 the ownership of the SIF was as follows:

	2008	2007
1. Various State of Wisconsin Agencies	25%	29%
2. Wisconsin Public Retirement Funds	9%	17%
3. Local Government Investment Pool	66%	54%

Following this section are the Financial Statements and Notes to the Financial Statements. The Statement of Net Assets provides information on the types of investments and the liabilities of the SIF. The Statement of Operations and Changes in Net Assets provides information on the net investment income of the SIF and its net assets at year end. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the SIF financial statements. Condensed SIF financial information for the fiscal years ended June 30, 2008 and 2007 (for comparison) is as follows:

SIF Condensed Financial Information			
Fiscal Year Ended:	2008	% Chg.	2007
Total Assets	\$ 5,830,457,009	(9.9%)	\$ 6,473,796,855
Total Liabilities	216,581,009	(13.1%)	249,106,855
Net Assets	\$ 5,613,876,000	(9.8%)	\$ 6,224,690,000
Investment Revenue	261,201,741	(15.0%)	\$ 307,435,486
Expenses	2,203,590	21.7%	1,810,084
State Working Bank	3,326,292	14.0%	2,918,217
Net Investment Income	\$ 255,671,859	(15.5%)	\$ 302,707,185
Average Daily Cash Balance	\$ 6,576,691,453	13.2%	\$ 5,811,424,524
Time Weighted Annual Yield	4.02%		5.40%

Because the SIF is used to temporarily invest participants' operating cash flows, investments are in highly liquid, short-term fixed income securities. At June 30, 2008, SIF Net Assets had decreased by \$610,814,000 from the prior year due to participant withdrawals significantly exceeding contributions in the final quarter of the fiscal year compared to the prior year. The Average Daily Cash Balance, however, was 13.2% higher than the previous year due to higher SIF balances earlier in the fiscal year compared to the prior year. This monthly average peaked at \$7.374 billion in February 2008.

The Net Investment Income decrease of 15.5% for FY 2008 was largely due to the Federal Open Markets Committee reducing the Federal Funds Rate seven times during the fiscal year 2008, from 5.25% to 2.00%. This also caused the Time Weighted Annual Yield to decrease from 5.40% to 4.02%.

STATE INVESTMENT FUND
Statement of Net Assets

As of June 30, 2008 (with Comparative Amounts for June 30, 2007)

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets		
Investments (at fair value):		
Repurchase Agreements	\$ 1,371,000,000	\$ 2,011,000,000
Government and Agency	3,851,263,560	3,155,380,204
Commercial Paper	0	730,499,065
Certificates of Deposit (CDs)	600,000,000	516,965,000
Asset Backed Securities	0	0
Mortgage Backed Securities	177,635	250,889
Yankee/Euro Issues	<u>0</u>	<u>50,000,000</u>
 Total Net Investments (at fair value)	 \$ 5,822,441,195	 \$ 6,464,095,158
 Other Assets:		
Accrued Interest Receivable	<u>8,015,814</u>	<u>9,701,697</u>
 Total Assets	 <u>\$ 5,830,457,009</u>	 <u>\$ 6,473,796,855</u>
 Liabilities		
Check Float Invested	\$ 205,687,832	\$ 221,548,672
Earnings Distribution Payable	10,664,619	27,458,183
Accrued Expenses	<u>228,558</u>	<u>100,000</u>
 Total Liabilities	 <u>\$ 216,581,009</u>	 <u>\$ 249,106,855</u>
 NET ASSETS	 <u><u>\$ 5,613,876,000</u></u>	 <u><u>\$ 6,224,690,000</u></u>
 Net Assets consist of:		
Participating Shares	\$ 5,613,876,000	\$ 6,224,690,000
Undistributed Unrealized Gains (Losses)	<u>0</u>	<u>0</u>
 NET ASSETS	 <u><u>\$ 5,613,876,000</u></u>	 <u><u>\$ 6,224,690,000</u></u>

The accompanying notes on pages 43 through 46 are an integral part of this statement.

STATE INVESTMENT FUND
Statement of Operations and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008 (with Comparative Amounts for 2007)

	<u>2008</u>	<u>2007</u>
Investment Revenue	\$ 261,201,741	\$ 307,435,486
Expenses		
Management Operating Expense Allocation	\$ 1,880,723	\$ 1,421,850
Custodial Bank Charges	109,108	175,000
Electronic Services	205,059	206,654
Legal and Consulting Fees	8,700	6,580
	<u>2,203,590</u>	<u>1,810,084</u>
Total Expenses	\$ 2,203,590	\$ 1,810,084
Net Investment Revenue	\$ 258,998,151	\$ 305,625,402
State Working Bank Charges	3,326,292	2,918,217
	<u>255,671,859</u>	<u>302,707,185</u>
Net Investment Income	\$ 255,671,859	\$ 302,707,185
Distributions Paid and Payable	<u>255,671,859</u>	<u>302,707,185</u>
Change in Undistributed Unrealized Gains (Losses)	\$ 0	\$ 0
Beginning of Period Undistributed Unrealized Gains (Losses)	0	0
End of Period Undistributed Unrealized Gains (Losses)	<u>\$ 0</u>	<u>\$ 0</u>
Participant Transactions		
Receipts by Transfer to Fund	\$ 28,231,258,000	\$ 27,949,573,000
Disbursements by Transfer from Fund	<u>(28,842,072,000)</u>	<u>(26,456,584,000)</u>
Net Change in Participating Shares	\$ (610,814,000)	\$ 1,492,989,000
Beginning of Period Participating Shares	<u>6,224,690,000</u>	<u>4,731,701,000</u>
End of Period Participating Shares	<u>\$ 5,613,876,000</u>	<u>\$ 6,224,690,000</u>
NET ASSETS	<u>\$ 5,613,876,000</u>	<u>\$ 6,224,690,000</u>

The accompanying notes on pages 43 through 46 are an integral part of this statement.

1. Description of Fund

The State Investment Fund (SIF) pools the cash of the State of Wisconsin and its agencies, certain retirement funds, and various local government units (Local Government Investment Pool – LGIP) into a commingled fund with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. Only State of Wisconsin agencies are required to invest their operating cash in the SIF. In the State's Comprehensive Annual Financial Report (CAFR), each State agency's pro rata portion of the SIF is reported in their Generally Accepted Accounting Principles (GAAP) fund as "Cash and Cash Equivalents" while the funds of various local governments are reported as a separate fiduciary investment trust fund entitled "Local Government Pooled Investment Fund". The staff of the State of Wisconsin Investment Board (SWIB) manages the SIF with oversight by the Board of Trustees as authorized in Wisconsin Statutes 25.14 and 25.17. The SWIB is not registered with the SEC as an investment company.

Wisconsin Statutes 25.17(3)(b), (ba), (bd), and (dg) enumerate the various types of securities in which the SIF can be invested, which include direct obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, the unsecured notes of financial and industrial issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States and solvent financial institutions in Wisconsin and bankers acceptances. The Board of Trustees may specifically approve other prudent legal investments.

2. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the investment activity of the SIF are prepared in accordance with Generally Accepted Accounting Principles for governments as prescribed by the Governmental Accounting Standards Board (GASB).

B. Basis of Accounting

The accompanying statements are prepared based upon the flow of economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Security transactions and the related gains and losses are recorded on a trade date basis. Interest income is accrued as earned and dividend income is recorded on the ex-dividend date.

SWIB applies all applicable GASB pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

C. Valuation of Securities

Generally, investments are valued at fair value for financial statement purposes and amortized cost for purposes of calculating income to participants (See Footnote 3). BNY Mellon, as custodial bank, compiles fair value information for applicable securities by utilizing third party pricing services. The fair value of investments is determined at the end of each month.

Government/U.S. Agency securities and Commercial Paper are priced using matrix pricing. This method estimates a security's fair value by using quoted market prices for securities with similar interest rates, maturities, and credit ratings. Further, short-term debt investments with remaining maturities of up to ninety days are valued using amortized cost to estimate fair value, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Notes to the Financial Statements

Repurchase Agreements and nonnegotiable Certificates of Deposit are valued at cost because they are nonparticipating contracts that do not capture interest rate changes in their value. In addition, a bond issued by a State of Wisconsin agency, having a par value at June 30, 2008 of \$0.2 million, is valued at par, which management believes approximates fair value.

Summary Information by Investment Classification				
June 30, 2008				
	Interest Rates	Maturity Dates	Book Value (Amort. Cost)	Fair Value
Repurchase Agreements	1.75-2.50	07/01/08	\$1,371,000,000	\$1,371,000,000
Government and Agency	2.00-2.90	07/01/08-03/05/09	3,851,263,560	3,851,263,560
Commercial Paper	N/A	N/A	0	0
Certificates of Deposit	2.29-5.70	07/01/08-07/15/10	600,000,000	600,000,000
Asset Back Securities	N/A	N/A	0	0
Mortgage Backed Securities	3.47	05/27/09	177,635	177,635
Yankee/Euro Issues	N/A	N/A	0	0
Total Investments			<u>\$5,822,441,195</u>	<u>\$5,822,441,195</u>
Ratio of Fair Value to Book Value				<u>100.00%</u>

D. Management Operating Expenses

Management operating expenses are SWIB's administrative costs that are allocated to the SIF participants.

E. State Working Bank Charges

State Working Bank Charges represent charges for various state banking services such as lockbox, e-pay, and depository services. These expenses are allocated to SIF participants based on their proportionate usage of banking services and, accordingly, reduce the participant's share of the Net Investment Revenue.

3. Pool Earnings and Pool Shares

For purposes of calculating earnings to each participant, all investments are valued at amortized cost. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributed net income includes interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements, because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the equity section of the statement of net assets as "Undistributed Unrealized Gains (Losses)".

Pool shares are bought and redeemed at \$1.00 based on the amortized cost of the investments in the SIF. The State of Wisconsin does not provide any legally binding guarantees to support the value of pool shares. However, LGIP investments, except for investments in U.S. Government/Agencies, State of Wisconsin Agencies, and Wisconsin Banks,

are insured against credit loss by the Financial Security Assurance Corporation. The cost of this insurance is deducted from the LGIP's SIF earnings and not included in these financial statements. Further, the Federal Deposit Insurance Corporation (FDIC) insures the pro rata share of Certificates of Deposit held by the LGIP. Finally, the State of Wisconsin appropriation for losses on public deposits protects a depositing municipality by up to \$400,000 if the local governing body has designated the LGIP as a public depository.

4. Deposit and Investment Risk

SWIB recognizes that risk issues permeate the entire investment process from asset allocation to performance evaluation. SWIB monitors risk through multiple forms of analysis and reporting. For the SIF, evaluations of levels of diversification, nominal risk exposures including sector, maturity, and interest rate exposures, and risk/return plots form the core of the monitoring process. In addition, the portfolio is reviewed daily for compliance with investment guidelines. At least quarterly, comprehensive reporting is presented to SWIB's Compliance and Investment Committees and the Board of Trustees.

A. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the SIF. The SIF's investment guidelines establish very specific maximum exposure limits by security type based on the minimum credit ratings as issued by Nationally Recognized Statistical Rating Organizations (NRSROs). As of June 30, 2008, these credit ratings and aggregate exposures by investment type were as follows:

Credit Quality Distribution for Securities			
		2008	
	Rating	Fair Value	%
Repurchase Agreements (Collateral):			
US Government Debt	N/A	\$1,029,000,000	17.7%
Govt Sponsored Entity US Agency	AAA/Aaa	342,000,000	5.9%
Federal Home Loan Board	A-1+/P-1	1,329,845,528	22.8%
Freddie Mac (Federal Home Loan Mortgage Corp)	A-1+/P-1	1,283,585,625	22.1%
Fannie Mae (Federal National Mortgage Assoc)	A-1+/P-1	1,212,818,047	20.8%
Federal Home Loan Board-Note	AAA/Aaa	25,014,360	0.4%
Certificates of Deposits:			
Non-Negotiable (Var. Wisc Banks)	NR	500,000,000	8.6%
Negotiable	A-1+/P-1	100,000,000	1.7%
Mortgage Backed Securities	NR	177,635	0.0%
Totals		\$5,822,441,195	100.0%

B. Custodial Credit Risk

Deposits — Custodial credit risk related to deposits is the risk that, in the event of the failure of a depository financial institution, SWIB will not be able to recover deposits that are in possession of an outside party. SWIB does not have a deposit policy specifically for custodial credit risk. As of June 30, 2008, the SIF held certificates of deposit with an estimated fair value of \$500 million invested pursuant to the Wisconsin Certificate of Deposit Program (administered by Bankers Bank) established in July 1987. Investment guidelines provide that banks accepted into this program must accept deposits in Wisconsin and meet credit-screening criteria designed to assure the safety of the deposits. Approximately

Notes to the Financial Statements

\$438 million is insured through FDIC insurance and the State of Wisconsin appropriation for losses on public deposits. The remaining \$62 million is considered uninsured and uncollateralized. The actual coverage of these deposits fluctuates daily based on the allocable share of participants' accounts.

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The SIF's investment guidelines limit concentrations of credit risk by establishing maximum issuer and/or issue exposure limits based on credit rating. These guidelines do not place a limit on maximum exposure for any U.S. Treasury or Agency securities. As of June 30, 2008 the SIF has more than five percent of its investments in FHLB (23.3%), FHLMC (22.1%), FNMA (20.8%), and Repurchase Agreement collateral consisting of various securities issued by these same three U.S. Agencies (5.9%). Since the Repurchase Agreements mature each day, new collateral, consisting of a different blend of U. S. Treasury and Agency securities, is assigned each night.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The SIF uses the weighted average maturity method to analyze interest rate risk and investment guidelines mandate that the weighted average maturity for the entire portfolio will not exceed one year.

Weighted Average Maturities (WAM) for Securities		
	2008	
	Fair Value	WAM (Days)
Repurchase Agreements	\$ 1,371,000,000	1
Government and Agencies	3,851,263,560	58
Commercial Paper	0	--
Certificates of Deposit	600,000,000	137
Asset Backed Securities	0	--
Mortgage Backed Securities	177,635	331
Yankee/Euro Issues	0	--
Total Fair Value	<u>\$ 5,822,441,195</u>	
Portfolio Weighted Average Maturity		53

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. SIF guidelines allow the investment in Canadian or Euro denominated issues provided they are fully hedged against foreign currency risk. As of June 30, 2008 the SIF did not own any issues denominated in a foreign currency.

5. Related Party Transactions

The SIF held one bond issued by a State of Wisconsin agency, the Department of Veterans Affairs, with a remaining par and carrying value of \$0.2 million as of June 30, 2008. Management believes the rate of interest received is comparable to rates for bonds with similar characteristics issued by an unaffiliated third party.



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
www.legis.wisconsin.gov/lab

Janice Mueller
State Auditor

INDEPENDENT AUDITOR'S REPORT

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Keith S. Bozarth, Executive Director
State of Wisconsin Investment Board

We have audited the accompanying Statement of Net Investment Assets for the Various Funds (Local Government Property Insurance Fund, State Life Insurance Fund, Injured Patients and Families Compensation Fund, EdVest Tuition Trust Fund, and Historical Society Trust Fund) of the State of Wisconsin as of June 30, 2008, and the related Statement of Changes in Net Investment Assets for the year then ended. These financial statements are the responsibility of the State of Wisconsin Investment Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

The financial statements for the year ended June 30, 2007, are being presented for informational purposes only. These financial statements were audited by us and we expressed an unqualified opinion on them in our report dated November 21, 2007, but we have not performed any auditing procedures since that date.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 financial statements referred to in the first paragraph present only the investment activity of the Various Funds attributable to the transactions of the State of Wisconsin Investment Board. The financial statements do not purport to, and do not, present the financial activity of the Various Funds attributable to other state agencies. Further, they do not purport to, and do not, present fairly the financial position and results of operations of the Investment Board or of the State of Wisconsin in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective net investment assets of each of the Various Funds as of June 30, 2008, and the respective changes in net investment assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

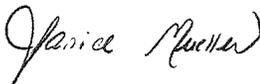
As explained in Note 2, the financial statements include investments that do not have readily ascertainable market prices and are valued based on a variety of third-party pricing methods. We have reviewed the procedures used by the Investment Board in arriving at estimates of the values of such investments and have inspected underlying documentation, and, given the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimated values may differ from the values that would have been used had a ready market for the investments existed.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Various Funds. The supplementary information included as Management's Discussion and Analysis, which precedes the financial statements, is presented for purposes of additional analysis and is not a required part of the financial statements referred to in the first paragraph. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The introduction section of the annual report has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2008, on our consideration of the Investment Board's internal control over financial reporting for the Various Funds; on our tests of its compliance with certain provisions of laws, regulations, and contracts; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which is included in a management letter to the Investment Board, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

December 2, 2008

by 
Janice Mueller
State Auditor

Management Discussion and Analysis

Various Funds

Management Discussion and Analysis provides general information on the investment financial activities of the Various Funds. The State of Wisconsin Investment Board (SWIB) has control of the investment and collection of principal, interest, and dividends of all monies invested of the Local Government Property Insurance Fund (LGPIF), State Life Insurance Fund (Life Fund), Injured Patients and Families Compensation Fund (IPFCF), Historical Society Trust Fund (HSTF), and EdVest Tuition Trust Fund (EdVest) (collectively known as the "Various Funds").

Following this section are the financial statements and notes. The Statement of Net Investment Assets provides information on the types of investments and the liabilities of the Various Funds. The Statement of Changes in Net Investment Assets provides information on the investment income of the Various Funds and their net assets at year-end. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Various Funds' financial statements. Condensed financial information for the fiscal year ended June 30, 2008 (with comparable amounts for 2007) is as follows:

Various Funds Condensed Investment Financial Information			
Fiscal Year Ended:	2008	% Change	2007
<u>Net Investment Assets:</u>			
Local Govt Property Ins Fund	\$ 53,207,254	(2.8)	\$ 54,734,738
State Life Insurance Fund	85,197,190	3.6	82,235,583
Injured Patients & Families Comp Fd	735,587,218	(7.8)	798,050,650
EdVest Tuition Trust Fund	9,330,777	(2.9)	9,609,556
Historical Society Trust Fund	11,232,081	(11.7)	12,717,278
<u>Net Investment Income:</u>			
Local Govt Property Ins Fund	\$ 2,331,699	(20.6)	\$ 2,937,843
State Life Insurance Fund	5,579,562	2.3	5,454,705
Injured Patients & Families Comp Fd	26,929,111	(60.5)	68,235,436
EdVest Tuition Trust Fund	848,992	55.3	546,713
Historical Society Trust Fund	(1,049,622)	N/A	1,860,781

Percentage changes in the Net Investment Assets of the Various Funds were due to changes in Net Investment Income as described below and due to program activities within the fund that were not investment related.

For FY 2008, equity markets were generally lower and bond prices were higher as the Federal Open Markets Committee reduced the Fed Funds Target rate seven times, from 5.25% to 2.00%. Since the Local Government Property Insurance Fund is entirely invested in the State Investment Fund, the lower short-term interest rates resulted in a 20.6% reduction in net income.

The 60.5% decrease in Net Investment Income for Injured Patients and Families Compensation Fund was due to several factors. At the end of FY 2008 the fund held four indexed stock funds, representing 16.5% of Net Investment Assets, which experienced a \$15.8 million decrease in fair value during the current year as compared to a \$30.1 million increase in fair value during the prior year. Also, in October 2007, as provided by the 2007 Wisconsin Act 20, the State transferred \$71.5 million from IPFCF to the State's General Fund, resulting in a negative SIF balance for the IPFCF. This resulted in the IPFCF paying the SIF the weighted average daily yield for the negative balance.

The 55.3% increase in Net Investment Income for EdVest was due to significant appreciation in the government sponsored entity bonds it held.

The decrease in Net Investment Income for the Historical Society Trust Fund was largely due to an indexed stock fund, representing 74.8% of Net Investment Assets, which experienced a \$1.3 million decrease in fair value during the current year as compared to a \$1.4 million increase in fair value during the prior year.

VARIOUS FUNDS
Statement of Net Investment Assets
As of June 30, 2008

	Local Gov't. Property Insurance Fund	State Life Insurance Fund	Injured Patients & Families Compensation Fund	EdVest Tuition Trust Fund	Historical Society Trust Fund
Investment Assets					
Cash and Cash Equivalents	\$ 53,099,808	\$ 1,929,401	\$ 252	\$ 882,629	\$ 230,468
Receivables:					
Investment Income Receivable	108,040	1,267,978	9,728,688	25,910	10,523
Investment Sales Receivable	0	0	0	0	47,855
Investments:					
Fixed Income	0	82,001,804	639,397,447	8,422,238	2,540,369
Stocks	0	0	121,761,814	0	8,404,933
Total Investment Assets	\$ 53,207,848	\$ 85,199,183	\$ 770,888,201	\$ 9,330,777	\$ 11,234,148
Liabilities					
Investment Purchases Payable	0	0	9,361	0	470
Accounts Payable	594	1,993	13,622	0	1,597
Due to State Investment Fund	0	0	35,278,000	0	0
Total Liabilities	\$ 594	\$ 1,993	\$ 35,300,983	\$ 0	\$ 2,067
Net Investment Assets	\$ 53,207,254	\$ 85,197,190	\$ 735,587,218	\$ 9,330,777	\$ 11,232,081

VARIOUS FUNDS
Statement of Changes in Net Investment Assets
For the Fiscal Year Ended June 30, 2008

	Local Gov't. Property Insurance Fund	State Life Insurance Fund	Injured Patients & Families Compensation Fund	EdVest Tuition Trust Fund	Historical Society Trust Fund
From Investment Activities:					
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	\$ 0	\$ 904,850	\$ (7,787,242)	\$ 345,813	\$ (1,034,902)
Interest	2,333,555	4,681,146	34,772,577	503,179	9,414
Investment Expenses	(1,856)	(6,434)	(56,224)	0	(24,134)
Net Investment Income	\$ 2,331,699	\$ 5,579,562	\$ 26,929,111	\$ 848,992	\$ (1,049,622)
From Participant Transactions:					
Net Receipts (Disbursements) - Non-Investment Activity	(3,859,183)	(2,617,955)	(89,392,543)	(1,127,771)	(435,575)
Net Increase (Decrease) in Net Investment Assets	\$ (1,527,484)	\$ 2,961,607	\$ (62,463,432)	\$ (278,779)	\$ (1,485,197)
Net Investment Assets					
Beginning of Year	54,734,738	82,235,583	798,050,650	9,609,556	12,717,278
End of Year	\$ 53,207,254	\$ 85,197,190	\$ 735,587,218	\$ 9,330,777	\$ 11,232,081

The accompanying notes on pages 53 through 57 are an integral part of this statement.

VARIOUS FUNDS
Statement of Net Investment Assets
Comparative Amounts as of June 30, 2007

	Local Gov't. Property Insurance Fund	State Life Insurance Fund	Injured Patients & Families Compensation Fund	EdVest Tuition Trust Fund	Historical Society Trust Fund
Investment Assets					
Cash and Cash Equivalents	\$ 54,495,500	\$ 2,152,061	\$ 40,958,472	\$ 1,510,326	\$ 219,205
Receivables:					
Investment Income Receivable	239,238	1,209,968	9,630,491	33,149	32,690
Investment Sales Receivable	0	0	0	0	11,035
Investments:					
Fixed Income	0	78,873,554	609,892,692	8,066,081	2,487,108
Stocks	0	0	137,577,835	0	9,967,711
Total Investment Assets	\$ 54,734,738	\$ 82,235,583	\$ 798,059,490	\$ 9,609,556	\$ 12,717,749
Liabilities					
Investment Purchases Payable	0	0	3,685	0	106
Accounts Payable	0	0	5,155	0	365
Total Liabilities	\$ 0	\$ 0	\$ 8,840	\$ 0	\$ 471
Net Investment Assets	\$ 54,734,738	\$ 82,235,583	\$ 798,050,650	\$ 9,609,556	\$ 12,717,278

VARIOUS FUNDS
Statement of Changes in Net Investment Assets
Comparative Amounts for the Fiscal Year Ended June 30, 2007

	Local Gov't. Property Insurance Fund	State Life Insurance Fund	Injured Patients & Families Compensation Fund	EdVest Tuition Trust Fund	Historical Society Trust Fund
From Investment Activities:					
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	\$ 32,971	\$ 889,650	\$ 35,490,158	\$ (17,383)	\$ 1,866,102
Interest	2,907,215	4,571,006	32,796,811	564,096	11,551
Investment Expenses	(2,343)	(5,951)	(51,533)	0	(16,872)
Net Investment Income	\$ 2,937,843	\$ 5,454,705	\$ 68,235,436	\$ 546,713	\$ 1,860,781
From Participant Transactions:					
Net Receipts (Disbursements) - Non-Investment Activity	(1,325,662)	(2,439,760)	(16,211,938)	(1,094,586)	(499,780)
Net Increase (Decrease) in Net Investment Assets	\$ 1,612,181	\$ 3,014,945	\$ 52,023,498	\$ (547,873)	\$ 1,361,001
Net Investment Assets					
Beginning of Year	53,122,557	79,220,638	746,027,152	10,157,429	11,356,277
End of Year	\$ 54,734,738	\$ 82,235,583	\$ 798,050,650	\$ 9,609,556	\$ 12,717,278

The accompanying notes on pages 53 through 57 are an integral part of this statement.

1. Description of Funds

The State of Wisconsin Investment Board (SWIB) has control of the investment and collection of principal, interest, and dividends of all monies invested of the Local Government Property Insurance Fund, State Life Insurance Fund, Injured Patients and Families Compensation Fund, Historical Society Trust Fund, and EdVest Tuition Trust Fund (collectively known as the "Various Funds"). The statements presented herein reflect only the investment activity of the Various Funds. Excluded from the presentation in the statements are, for example, claim reserves, reserves for life policies and contracts, contribution revenue, premiums earned, benefit expense, and expenditures from endowment income. Also excluded from the statements are SWIB's administrative receipts and disbursements related to the investment function.

The State Investment Fund (SIF) is used to temporarily invest the operating cash flows of the Various Funds. SWIB manages the SIF with oversight by a Board of Trustees, as authorized in Wisconsin Statutes 25.14 and 25.17. SWIB is not registered with the Securities and Exchange Commission (SEC) as an investment company.

A. Local Government Property Insurance Fund

The Local Government Property Insurance Fund (LGPIF) provides property insurance protection to local government units on an optional basis. The Office of the Commissioner of Insurance (OCI) is responsible for administering the operations of the LGPIF, while SWIB performs the investment activities for the fund. SWIB's investment objective is to ensure safety of principal and maximization of return within liquidity needs established by the OCI. Wisconsin Statute 25.17(3)(b) allows investments in direct obligations of the United States and Canada, securities guaranteed by the United States, unsecured notes of financial and industrial issuers, Yankee/Euro dollar issues, certificates of deposit issued by banks in the United States, and solvent financial institutions in this state.

B. State Life Insurance Fund

The State Life Insurance Fund (Life Fund) offers low cost life insurance protection to Wisconsin residents in amounts up to \$10,000 per person. The Office of the Commissioner of Insurance is responsible for administering the operations of the Life Fund. SWIB's investment objective is to maintain a diversified portfolio of high quality publicly issued fixed income obligations that will preserve principal, maximize income while minimizing costs to policyholders, and approximate the expected life of the Fund's insurance contracts. Wisconsin Statute 25.17(3)(a) allows investments in loans, securities and any other investments as authorized by s. 620.22, Wis. Stats. Permitted classes of investments include bonds of government units or of corporations, loans secured by mortgages, preferred or common stocks, real property and other investments not specifically prohibited by statute.

C. Injured Patients and Families Compensation Fund

The Injured Patients and Families Compensation Fund (IPFCF) provides medical malpractice insurance protection to health care providers permanently practicing or operating in Wisconsin. Management of the IPFCF is vested with a Board of Governors and administration of the operations of the fund is the responsibility of the Office of the Commissioner of Insurance. Since September 1990, SWIB has been responsible for investing the securities held by this Fund. SWIB's investment objective is to maintain a diversified portfolio of investments to provide a balance between capital appreciation, preservation of capital, and current income consistent with the needs of the IPFCF. Wisconsin Statute 25.17(3)(a) allows investments in loans, securities and any other investments as authorized by s. 620.22, Wis. Stats. Permitted classes of investments include bonds of governmental units or of corporations, loans secured by mortgages, preferred or common stock, real property and other investments not specifically prohibited by statute.

D. Historical Society Trust Fund

The State Historical Society of Wisconsin collects and preserves historical and cultural resources relating to the history of Wisconsin and the western United States, conducts historical research, facilitates and encourages education

Notes to the Financial Statements

in Wisconsin history, and serves as the Trustee of the State for the preservation and care of government records. In addition to state and federal funds, the Historical Society receives gifts, grants, and bequests to assist it in carrying out its mission. The gifts, grants and bequests are deposited into the Historical Society Trust Fund (HSTF). SWIB is responsible for managing and supervising the Fund's investments with an investment objective of maintaining a diversified portfolio of high quality publicly issued equities and fixed income obligations providing long-term growth in capital and income generation. Any income earned, except where reinvestment is required by the terms of the gift or bequest, may be expended by the Historical Society in accordance with provisions of the gift, grant or bequest. The Historical Society funds available for investment are authorized to be invested in "every kind of property, real, personal or mixed, and every kind of investment, specifically including but not by the way of limitation, bonds, debentures, and other corporate obligations, stocks, preferred or common, and shares of investment companies and investment trusts, which persons of prudence, discretion, and intelligence acquire or retain for their own account."

E. EdVest Tuition Trust Fund

The EdVest Wisconsin program offers families a way to prepare for future higher education costs. When the program was established in 1997, it offered a bond-based tuition unit investment option. These units, plus investment earnings, are expected to equal one percent of the projected average annual cost of tuition at University of Wisconsin campuses in the year of their use. The Office of State Treasurer is responsible for the administration of the EdVest Wisconsin program. Wisconsin Statute 14.63(10)(b) directs SWIB to invest moneys held in the Tuition Trust Fund in investments with maturities and liquidity that are appropriate for the needs of the fund as reported by the State Treasurer in his or her quarterly reports. All income derived from such investments shall be credited to the fund. The sale of tuition units was discontinued in 2002. Other investment options are available under the EdVest program, but these are not managed by the Investment Board.

2. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the investment activity of the Various Funds are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America for governments as prescribed by the Governmental Accounting Standards Board (GASB).

The Local Government Property Insurance Fund, the State Life Insurance Fund, and the Injured Patients and Families Compensation Fund operate similar to insurance enterprises and are reported by the State as proprietary funds. In reporting the investment activity of proprietary funds, SWIB applies all applicable GASB pronouncements and those Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The Historical Society Trust Fund is reported by the State as a governmental fund and the EdVest Tuition Trust Fund is reported by the State as a fiduciary fund.

B. Basis of Accounting

The accompanying statements are prepared based upon the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Security transactions and the related gains and losses are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned.

C. Valuation of Securities

As required by Governmental Accounting Standards Board Statement No. 31, the investments of the Various Funds are valued at fair value, with unrealized and realized gains and losses reflected in the Statement of Changes in

Net Investment Assets as “Net Increase (Decrease) in Fair Value of Investments”.

Generally, fair value is based on quoted market prices. Private placements are priced via a multi-tiered method. This method prices each holding based on the best available information using a hierarchy of pricing sources.

D. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect amounts reported herein. Due to the inherent uncertainty involved, actual results could differ from those estimates.

E. Cash and Cash Equivalents

Cash and Cash Equivalents reported on the Statement of Net Investment Assets include bank deposits and the individual funds' shares in the State Investment Fund.

3. Deposits and Investments

SWIB recognizes that risk issues permeate the entire investment process from asset allocation to performance evaluation. SWIB monitors risk through multiple forms of analysis and reporting. Inspection of levels of diversification, nominal risk exposures, risk/return plots, and matching liabilities with assets forms the core of the monitoring process. In addition, portfolios and asset classes are reviewed monthly for compliance with investment guidelines and exceptions, if any, are remedied in a prudent manner. On a quarterly basis, guideline exceptions, when identified, are reviewed by SWIB's Compliance Committee.

A. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Various Funds. The Various Funds' (except for EdVest) investment guidelines generally require that issues be rated “A-” or better at the time of purchase based on the minimum credit ratings as issued by Nationally Recognized Statistical Rating Organizations (NRSROs). IPFCF guidelines provide that, at the time of purchase, at least 80% of the bond portfolio must be rated “A3/A1-” or better, using the lower of split rating. EdVest guidelines do not specifically list a minimum credit quality. As of June 30, 2008, credit ratings were as follows:

Notes to the Financial Statements

Credit Quality Distribution for Fixed Income Securities - June 30, 2008

	LGPIF		Life Fund		IPFCF		EdVest		Historical Society	
	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	%	Fair Value	%
AAA	\$ 0	0.0	\$38,058,545	45.4	\$293,493,277	45.9	\$7,630,592	82.0	\$ 0	0.0
AA	0	0.0	8,744,945	10.4	52,698,978	8.2	214,022	2.3	0	0.0
A	0	0.0	22,068,510	26.3	157,703,044	24.7	172,769	1.8	0	0.0
BBB	0	0.0	11,861,894	14.1	108,893,873	17.0	93,938	1.0	0	0.0
BB	0	0.0	765,000	0.9	16,660,625	2.6	98,667	1.1	0	0.0
B	0	0.0	0	0.0	4,747,650	0.8	0	0.0	0	0.0
CCC	0	0.0	502,910	0.6	5,200,000	0.8	212,250	2.3	0	0.0
Commingled (Not Rated)	0	0.0	0	0.0	0	0.0	0	0.0	2,540,369	91.7
Subtotal	\$ 0	0.0	\$82,001,804	97.7	\$639,397,447	100.0	\$8,422,238	90.5	\$2,540,369	91.7
SIF (unrated)	53,099,000	100.0	1,929,000	2.3	0	0.0	882,000	9.5	229,000	8.3
Totals	\$53,099,000	100.0	\$83,930,804	100.0	\$639,397,447	100.0	\$9,304,238	100.0	\$2,769,369	100.0

Note: SIF shares are reported on the Statement of Net Investment Assets as Cash and Cash Equivalents.

B. Custodial Credit Risk

Deposits — Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Various Funds will not be able to recover deposits that are in possession of an outside party. The Various Funds do not have a deposit policy specifically for custodial credit risk. As of June 30, 2008 the Various Funds had \$3,559 deposited in a bank account covered by federal depository insurance.

Investments — Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Various Funds will not be able to recover the value of investments that are in the possession of an outside party. The Various Funds do not have an investment policy specifically for custodial credit risk. As of June 30, 2008 the Various Funds did not have any investment securities exposed to custodial credit risk.

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. With the exception of EdVest, the Various Funds investment guidelines limit concentrations of credit risk by establishing maximum issuer and/or sector exposure limits. Generally, the guidelines require that no single issuer may exceed 5% of the fund investments, with the exception of the U.S. Government and its Agencies, whose exposure is unlimited. The LGPIF further limits AAA-rated mortgage-backed, AAA-rated asset-backed, and individual corporate issuers to 3% of the market value of the fund investments.

Excluding investments issued or explicitly guaranteed by the U.S. government and pooled investments, as of June 30, 2008 none of the Various Fund had more than five percent of their total investments (including the SIF) in a single issuer.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Various Funds use the duration method to identify and manage interest rate risk. Three of the Various Funds have investment guidelines relating to interest rate risk. The LGPIF guidelines require that a bond's maturity must not exceed

ten years. The Life Fund guidelines require the Weighted Average Maturity (WAM) of the portfolio, including cash, shall be a minimum of ten years. The IPFCF guidelines require that the average duration of the aggregate bond portfolio shall be less than ten years.

Duration or WAM (in years) for Fixed Income Securities - June 30, 2008										
	LGPIF		Life Fund		IPFCF		EdVest		Historical Society	
	Fair Value	Duration	Fair Value	WAM	Fair Value	Duration	Fair Value	Duration	Fair Value	Duration
Govt/Agcy	\$ 0	0.00	\$36,143,326	15.47	\$269,168,088	4.41	\$7,494,322	4.51	\$ 0	0.00
Corporate	0	0.00	45,858,478	18.01	370,229,359	5.17	927,916	3.97	0	0.00
Mortgage/ABS	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Bond Funds	0	0.00	0	0.00	0	0.00	0	0.00	2,540,369	5.18
Subtotal/Ave	<u>\$ 0</u>	0.00	<u>\$82,001,804</u>	16.89	<u>\$639,397,447</u>	4.85	<u>\$8,422,238</u>	4.45	<u>\$2,540,369</u>	5.18
SIF	53,099,000	0.14	1,929,000	0.14	0	0.00	882,000	0.14	229,000	0.14
Total/Ave	<u>\$53,099,000</u>	0.14	<u>\$83,930,804</u>	16.51	<u>\$639,397,447</u>	4.85	<u>\$9,304,238</u>	4.04	<u>\$2,769,369</u>	4.76

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Various Fund investment guidelines do not specifically address foreign currency risk with the exception that the Life Fund only allows investments in U.S. dollar denominated instruments. As of June 30, 2008 the Various Funds did not own any issues denominated in a foreign currency.

4. Derivative Financial Instruments

Interest Only Strips — Interest only strips are securities that derive cash flow from the payment of interest on underlying debt securities. EdVest held several interest only strips for yield enhancing purposes. Because the underlying securities are United States Treasury obligations, the credit risk is low. On the other hand, interest only strips are more volatile in terms of pricing, and thus the market risk is higher than traditional United States Treasury obligations.

As of June 30, 2008, the EdVest Tuition Trust Fund held interest only strips valued at \$7.3 million, representing approximately 78.8% of portfolio investments.

5. Subsequent Events

Subsequent to the June 30, 2008 fiscal year end, global capital markets have experienced unprecedented, adverse events including a worldwide credit crisis, liquidity constraints, and the continued write down of mortgage related assets. These events have helped bring about a global economic recession which has already seen a rise in bankruptcies, acquisitions of several large financial institutions and government bailouts. Capital markets have reacted with increased volatility due to continued uncertainty of future global economic conditions.

The investment assets of some of the Various Funds have also incurred a considerable decline in value due to the unfavorable market conditions. To weather the issues facing the global economy, SWIB continues to focus on producing long-term, stable asset growth by focusing on asset allocation, diversification of investments, and selecting the best investment opportunities for meeting the long term objectives of the Various Funds.

This publication is available on the Internet at www.swib.state.wi.us/publications.asp or by contacting the Investment Board at:

Mailing Address: PO Box 7842, Madison WI 53707
Office Location: 121 E. Wilson Street, Madison WI 53703
General Telephone: (608) 266-2381
Beneficiary Hotline: (800) 424-7942
Email: info@swib.state.wi.us

This page left blank intentionally

This page left blank intentionally

State of Wisconsin Investment Board
Mailing Address: PO Box 7842, Madison WI 53707
Office Location: 121 E. Wilson Street, Madison WI 53703
Website: www.swib.state.wi.us