

AGENDA ITEM 3.

EXECUTIVE DIRECTOR'S REPORT

ILLINOIS STUDENT ASSISTANCE COMMISSION

EXECUTIVE DIRECTOR'S REPORT

STATE LEGISLATIVE UPDATE

Without a compromise on the FY08 budget and with major controversies still unsettled, the General Assembly's spring session has continued past May 31st—the date after which the Illinois Constitution requires a three-fifths majority in each chamber to pass any legislation that has an immediate effective date, including a budget. As of this writing, the Governor and legislative leaders have yet to agree on an appropriate balance among their competing priorities, which include health care, education, and relief from rising utility rates. They have not agreed upon how or by how much to increase State revenues.

Regardless of when the final budget deal occurs—and unless the deal involves a drastic change in the State's revenue structure—it seems likely that higher education as a whole may see a modest funding increase. The table below summarizes how the two budgets proposed thus far would affect ISAC.

Governor's Proposed Budget

STATUS: Proposed in March budget address, no bill introduced in legislature

- 1.9% increase for MAP, including a contribution from ISAC's Student Loan Operating Fund.
- \$34.4 million from SLOF for the MAP+ grant, which was initiated last year to provide financial assistance for middle-income families.
- Funding for the new Nurse Educator Loan Repayment Program (an initiative of the Governor's office), which is designed to attract more nurses to nursing education in order to alleviate the state's nursing shortage.
- Other increases in appropriation from SLOF requested by ISAC to account for changes in the timing of certain federal payments.

House Democrats' Proposed Budget

STATUS: Only budget proposal to face a vote. Passed House as Amendments #1 & 2 to Senate Bill 1132 (63-53-0). Not yet sent to the Senate for consideration due to a procedural hold on the bill. Reportedly, this hold would be removed if the chambers agreed on a solution to address rising utility rates.

- 1.3% increase for MAP, with the General Revenue Fund the sole source for the appropriation. The new dollars would accommodate recent changes made at the federal level that affect the calculation of a student's expected family contribution (EFC). This is the only change from the actual FY07 budget.
- \$34.4 million from SLOF for the MAP+ grant, which was initiated last year to provide financial assistance for middle-income families.
- Also includes a lump sum of \$7.2 million for the Illinois Community College Board for additional reimbursements under the Illinois Veteran Grant program, along with a 2% increase in funding for public universities.

- Notably, these programs are among a very limited number of items that would receive any increase in the House's proposal.

ISAC's Budget and Finance Division staff have begun working on a proposal that our agency can provide to legislative appropriations staff in the likely event that there is no budget agreement before the end of FY07. At that point, the General Assembly may propose month-by-month budgets to keep State services going, and we believe it's in our best interest to provide them with enough information to craft a short-term budget appropriate for our operations.

Both chambers continue to consider bills and amendments, but there is relatively little movement of substantive legislation in this overtime session. Updates on a variety of measures affecting higher education affordability and access are available through the State Legislative Update on collegezone.com, and a complete update on bills affecting ISAC will be provided to the Commission following the close of the 2007 spring session.

FEDERAL UPDATE

Congressional negotiations at the federal level regarding the federal student loan programs have injected notes of uncertainty into ISAC's budgeting process.

Congressional Democrats and the White House have seemed eager to outdo each other in attempts to add funding for Pell grants and improve student loan terms for borrowers. Unfortunately, the primary source identified for these funding increases seems to be cuts to subsidies for the Federal Family Education Loan Program.

Recent suggestions have ranged from proposals that could result in figurative belt-tightening to proposals that could have taken a \$36 million chunk from our budget if enacted in FY06.

Like other not-for-profits and state agencies that participate in FFELP, ISAC finds itself in a somewhat awkward position: Our enthusiasm for new benefits for students is complicated by the knowledge that the changes used to fund these increases will challenge our agency. As we have pointed out to members of the Illinois Congressional delegation, Pell increases are obviously valuable and overdue, but without sufficient outreach service such as ISAC provides, many students won't see the benefit of larger grants because they will not know that they qualify for the aid or how they can obtain it.

Two industry groups of which ISAC is a member, the Education Finance Council (EFC) and NCHelp (the National Council of Higher Education Loan Programs) have provided guidance, analysis, and lobbying efforts on behalf of lenders and guarantors that could be hurt by proposed cuts.

I also made a visit to Capitol Hill, last week to express our agency's concerns. Along with Katharine Gricevich and a DC-based staffer for the Governor, we lobbied the Illinois Congressional delegation to keep a watchful eye on negotiations surrounding FFELP. We asked that they give special consideration to state agencies and not-for-profits as they create a new subsidy structure. In particular, we requested that they carve out a separate position for us in law so that we would be subject to much less severe cuts than the for-profit lenders. We attempted to convey the value that our mission-based agency adds voluntarily to the FFEL Program, emphasizing early awareness efforts and default prevention. ISAC's programs represent a

bargain for taxpayers that is clearly distinguishable from the use of subsidies by for-profit lenders.

MEDIA UPDATE

Our agency has been in the news. In early May, we issued a statewide letter-to-the-editor titled “*At age 50, ISAC sharpens focus*”, which touted our accomplishments during the past 50 years, explained our reasoning for selling part of the loan portfolio and stated the case to make ISAC more “Illinois-centric.” We also disseminated a media kit to every daily newspaper in Illinois addressing the loan portfolio sale.

We were featured in a Page 1 Sunday story in the *Chicago Sun-Times* about student loan debt. We responded to this comprehensive three-page article with an op ed, making the points that:

- while 6 percent of borrowers default, 94 percent of borrowers make their payments on time, noteworthy considering these are high-risk borrowers;
- while we sympathize with borrowers who are down on their luck, we have an obligation to taxpayers and students;
- default can be avoided by making payments on time, and
- student loan debt can best be avoided by saving now for college.

We further used the forum as an opportunity to dispel some misconceptions about student loans. The *Sun-Times* ran our reply as their featured letter. Many ISAC staff in several departments assisted in ensuring that this story stated our case accurately and it’s appreciated.

The *Sun-Times* also ran a story about student loans and bankruptcy, which was picked up by Associated Press, WBBM-TV in Chicago and the Chronicle of Higher Education.

The state’s largest student newspaper – the *Daily Illini* – had a front-page story about ISAC’s default prevention efforts.

One “feel-good” story was our announcing the 1,150 Illinois students who are this year’s Robert C. Byrd Honors Scholars. Each student will receive a \$1,500 college scholarship, totaling \$1.72 million.

A program administered by ISAC - the Illinois Veteran Grant - will be the subject of a *USAToday* article expected to run on June 29 or July 2.

During the upcoming month, we plan to:

- launch the College Illinois Capstone Loan Program with a July 18-19 media blitz;
- resume our “listening tours” at schools around the state, which will include media briefings for local and campus press, and promote the electronic transcript transmission process offered in Illinois Mentor.

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2007 APPROPRIATION SUMMARY REPORT
(July 1, 2006 - May 31, 2007)

	FY2007 Appropriation	Year-to-date Expended	Number of Recipients	Percentage Expended
<u>STATE GENERAL FUNDS</u>				
SCHOLARSHIPS AND GRANTS				
Monetary Award Program	\$354,259,800	\$354,259,348	145,960	100.0%
Illinois Incentive for Access Grants	8,200,000	8,050,500	20,554	98.2%
Teacher Loan Forgiveness Program	500,000	386,544	87	77.3%
Minority Teacher Scholarships	3,100,000	2,888,642	600	93.2%
Illinois Future Teachers Corps Scholarships	4,100,000	3,751,403	563	91.5%
Student to Student Grants	950,000	664,894	N/A	70.0%
Dependents Grants	470,000	435,161	61	92.6%
National Guard Grants	4,480,000	2,409,638	1,628	53.8%
Illinois Veteran Grants	19,250,000	19,191,712	10,823	99.7%
Bonus Incentive Grants	650,000	648,920	942	99.8%
Forensic Science Scholarships	500,000	0	0	0.0%
Nurse Educator Scholarships	1,350,000	385,662	28	28.6%
Illinois Scholars Program	3,160,000	3,160,000	N/A	100.0%
TOTAL	\$400,969,800	\$396,232,423	181,246	98.8%
<u>SPECIAL REVENUE FUNDS</u>				
STUDENT LOAN OPERATING FUND				
Administration Expense (see detail on next page)	62,410,100	28,298,473	N/A	45.3%
Federal Loan System Development & Maintenance	5,000,000	681,822	N/A	13.6%
Higher Education Shared Service Center Expense	2,128,100	1,607,738	N/A	75.5%
Default Fees	15,000,000	9,010,788	N/A	60.1%
Monetary Award Program Plus Grants	34,400,000	26,634,250	59,319	77.4%
Monetary Award Program Grants	26,840,000	0	0	0.0%
TOTAL	\$145,778,200	\$66,233,070	59,319	45.4%
FEDERAL STUDENT LOAN FUND				
Loan Guarantee Program	190,000,000	149,503,370	N/A	78.7%
TOTAL	\$190,000,000	\$149,503,370	N/A	78.7%
SCHOLARSHIPS AND GRANTS				
Federal LEAP/SLEAP - Monetary Award Program	3,700,000	3,626,127	N/A	98.0%
Transfer to ED -Paul Douglas Funds Collected	400,000	0	N/A	0.0%
Federal Robert C. Byrd Fellowships	1,800,000	1,537,875	1,043	85.4%
TOTAL	\$5,900,000	\$5,164,002	1,043	87.5%
OTHER				
ISAC Accounts Receivables	300,000	50,834	N/A	16.9%
Higher Education License Plate Program	70,000	52,800	N/A	75.4%
Optometric Education Scholarship Program	50,000	50,000	10	100.0%
IVG- National Guard Grant Fund	20,000	0	0	0.0%
Illinois Future Teachers Corps Scholarship Fund	60,000	52,632	0	87.7%
Contracts and Grants Fund	70,000	14,515	N/A	20.7%
TOTAL, SPECIAL REVENUE FUNDS	\$342,248,200	\$221,121,222	10	64.6%
GRAND TOTAL	\$743,218,000	\$617,353,645	241,618	83.1%

ILLINOIS STUDENT ASSISTANCE COMMISSION
FISCAL YEAR 2007 APPROPRIATION REPORT
ADMINISTRATION
(July 1, 2006 - May 31, 2007)

STUDENT LOAN OPERATING FUND

Line Item	FY2007 Appropriation	Year-to-date Expended	% Expended
Personal Services	\$16,935,700	\$13,822,180	81.6%
Retirement	1,951,900	1,593,877	81.7%
Social Security	1,295,700	1,008,208	77.8%
Group Insurance	4,755,100	3,611,155	75.9%
Contractual Services	12,471,800	4,992,388	40.0%
Contractual - Collection Agency Fees	21,334,400	2,706,661	12.7%
Travel	208,300	80,632	38.7%
Commodities	265,200	68,730	25.9%
Printing	724,200	72,768	10.0%
Equipment	535,000	63,426	11.9%
Telecommunications	1,894,900	262,798	13.9%
Operation of Auto Equipment	37,900	15,651	41.3%
TOTAL	\$62,410,100	\$28,298,473	45.3%

ILLINOIS STUDENT ASSISTANCE COMMISSION
Federal Student Loan Reserve Fund (FSLRF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2006 -May 2007)

	2007	2006
BEGINNING CASH BALANCE, 05/01/07	\$38,970,882	\$48,789,493
Sources of Funds		
Collections	24,554,384	22,199,821
Repurchases, Rehabilitations & Consolidations	38,388,399	23,980,766
Reinsurance	98,680,184	84,850,682
Non- Reinsurable Claims	29,696	8,006
Default Fee	7,426,112	0
IRS Offsets	637,187	740,199
Interest on Investment	1,264,025	1,145,768
Miscellaneous Income	11,055	5,795
OLA Adjustment	593,603	0
Total Sources	171,584,645	132,931,037
Uses of Funds		
Reimbursements to Lenders	106,674,553	85,830,412
Funds Remitted to Dept. of Education-Default Collections	18,033,964	16,325,628
Funds Remitted to Dept.of Education-Repurchases/Rehabilitations/Consolidation	25,687,611	16,513,465
SLOF Retention-Default Collections	5,243,216	5,543,750
SLOF Retention-Repurchases/Rehabilitations/Consolidations	10,849,889	6,018,214
Transfer to SLOF - Account Maintenance Fees	0	6,284,191
Default Aversion Fees	1,595,807	1,889,200
Collections on Non-Reinsurable Claims	121,159	174,883
Borrower Refund	301,692	405,158
IRS Offsets Refunded	782,090	851,247
Total Uses	169,289,980	139,836,148
ENDING CASH BALANCE, 05/31/07	\$41,265,547	\$41,884,389
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Reinsurance Claims Filed	13,219,822	12,906,868
Total Due from Dept. of Education	13,219,822	12,906,868
Due To Dept. of Education		
Collections Share	(2,285,991)	(2,560,527)
Reinsurance Repayments	(3,686,896)	(2,546,697)
Direct Consolidation Share	(163,425)	0
Total Due to Dept. of Education	(6,136,312)	(5,107,224)
Due to SLOF		
SLOF Retention Payables	(1,118,583)	(1,471,547)
Default Aversion Fee Payable	(199,225)	(164,972)
Collections on Non-Reinsurable Claims	(21,472)	(14,143)
Total Due to SLOF	(1,339,280)	(1,650,662)
Due from SLOF		
Collection Agency Commission	27,143	20,044
Default Aversion Fee Deferred Charges	7,656,785	7,427,900
Default Fee	394,383	0
Direct Consolidation Share	163,425	0
Total Due from SLOF	8,241,736	7,447,944
Other Adjustments		
Other Receivable	225,782	149,648
Vouchers Payable-Lender Reimbursements	(44,328)	(4,308,973)
Due to Dept of Education Reserve Recall	(3,191,056)	(6,382,113)
Total Other Adjustments	(3,009,602)	(10,541,438)
ADJUSTED FUND BALANCE, 05/31/07	\$52,241,911	\$44,939,876

* SLOF - Student Loan Operating Fund

ILLINOIS STUDENT ASSISTANCE COMMISSION
Student Loan Operating Fund (SLOF)
Comparative Sources and Uses Report
Federal Fiscal Year to Date
(October 2006 -May 2007)

	2007	2006
BEGINNING CASH BALANCE, 05/01/07	\$20,683,037	\$17,302,060
Sources of Funds		
SLOF Retention-Default Collections	5,243,216	5,543,750
SLOF Retention-Repurchases/Rehabilitations/Consolidations	10,843,106	6,018,214
Direct Consolidation Fees	1,928,099	3,563,741
Loan Processing & Issuance Fees	4,085,675	4,294,021
Account Maintenance Fees	7,001,400	7,700,523
Default Aversion Fees	1,595,807	1,889,200
Interest on Investment	707,148	671,442
Collections on Non- Reinsurable Claims	121,159	174,883
Miscellaneous Income	250,055	39,333
MAP PLUS (from IDAPP loan sale)	26,529,500	0
Total Sources	58,305,165	29,895,105
Uses of Funds		
Administrative Expenses	22,975,276	23,741,718
Default Fee	7,426,112	0
MAP PLUS	26,634,250	0
Non- Reinsurable Claims	22,913	8,006
OLA Adjustment	593,603	0
Total Uses	57,652,153	23,749,724
ENDING CASH BALANCE, 05/31/07	\$21,336,049	\$23,447,440
ACCRUAL ADJUSTMENTS		
Due From Dept. of Education		
Loan Processing & Issuance Fees	439,717	332,359
Account Maintenance Fees	1,258,730	1,052,303
Total Due from Dept. of Education	1,698,447	1,384,662
Due to FSLRF		
Direct Consolidation Share	(163,425)	0
OLA Adjustment	(67,507)	0
Collection Agency Commission	(27,143)	(20,044)
Default Aversion Fee Deferred Revenue	(7,656,785)	(7,427,900)
Default Fee Payable	(394,383)	0
Total Due to FSLRF	(8,309,243)	(7,447,944)
Due from FSLRF		
SLOF Retention Receivable	1,118,583	1,471,547
Default Aversion Fee Receivable	199,225	164,972
Collection on Non-Reinsurable Claims	21,472	14,143
Total Due from FSLRF	1,339,280	1,650,662
Other Adjustments		
MAP PLUS Receivable	104,750	0
Interest on Investment	89,535	107,526
Fixed Assets	315,041	281,365
Vouchers Payable-Administrative Expenses	(4,084,042)	(3,529,435)
Due to Illinois GRF	(5,208)	(3,414)
Total Other Adjustments	(3,579,925)	(3,143,958)
ADJUSTED FUND BALANCE, 05/31/07	\$12,484,608	\$15,890,862

*FSLRF - Federal Student Loan Reserve Fund

ILLINOIS STUDENT ASSISTANCE COMMISSION
ILLINOIS DESIGNATED ACCOUNT PURCHASE PROGRAM
3/31/2007

	<u>CURRENT MONTH</u>	<u>PREV. MONTH</u>	<u>FY TO DATE</u>	<u>CUMULATIVE</u>
<u>Disbursements:</u>				
<i>Student Loan Originations & Purchases</i>				
Average Borrower Indebtedness	\$ 5,526	\$ 3,925	\$ 7,753	\$ 6,112
Number of Borrowers	7,171	6,935	149,243	1,386,795
Total Originations & Purchases	\$ 39,629,398	\$ 27,219,664	\$ 1,157,149,629	\$ 8,476,306,338
<i>Operating Expenses</i>	\$ 9,613,055	\$ 4,701,107	\$ 60,635,982	\$ 446,912,746
<u>Collections:</u>				
Principal - Student	\$ 34,586,062	\$ 49,871,538	\$ 773,647,933	\$ 4,208,691,724
Interest - Student	4,036,459	6,622,033	65,355,842	688,359,576
Principal - Guarantor	14,340,645	4,540,900	91,247,716	895,779,757
Interest - Guarantor	1,400,344	272,238	3,966,843	54,672,669
Federal Interest Benefits	-	11,543,686	31,795,745	260,059,012
Special Allowance	-	15,655,329	53,957,069	225,305,988
<u>Summary:</u>				
Total Principal	\$ 48,926,707	\$ 54,412,438	\$ 864,895,649	\$ 5,104,471,481
Total Interest	5,436,803	18,437,957	101,118,431	1,003,091,258
Total Special Allowance	0	15,655,329	53,957,069	225,305,988
 TOTAL COLLECTIONS	 <u>\$ 54,363,511</u>	 <u>\$ 88,505,724</u>	 <u>\$ 1,019,971,149</u>	 <u>\$ 6,332,868,726</u>

ILLINOIS STUDENT ASSISTANCE COMMISSION

COLLEGE ILLINOIS!

TOTAL PROGRAM PERFORMANCE

MAY 2007 - FY 2007

APPROXIMATE INVESTMENT RETURN, 05/31/2007

	<u>Ending</u> <u>Market Value</u>	<u>Fiscal</u> <u>Year-to-Date</u>	<u>Since</u> <u>Inception</u> ³	<u>Inception</u> <u>Date</u> ⁴
Total Program	\$976,404,899	16.8%	6.1%	7/6/1999
Policy Benchmark ¹		16.3%	6.1%	
Actuarial Assumption ²		7.3%	7.9%	
Domestic Equity	\$578,145,820	21.8%	4.8%	7/6/1999
William Blair & Co	41,740,970	16.3%	-2.3%	7/7/2000
<i>Russell 1000 Growth</i>		20.9%	-3.7%	
New Amsterdam Partners	40,942,757	18.6%	12.3%	7/15/2004
Holland Capital	39,192,808	18.8%	9.5%	7/15/2004
<i>Russell 1000 Growth</i>		20.9%	12.1%	
LSV Asset Management	83,448,412	26.6%	19.5%	2/13/2004
<i>Russell 1000 Value</i>		24.8%	15.5%	
State Street Global Advisors	83,040,706	22.6%	17.7%	4/21/2004
<i>Russell 1000 Value</i>		24.8%	17.6%	
Kenwood Capital	23,573,153	14.6%	18.5%	7/15/2004
<i>Russell 2000 Value</i>		18.8%	18.9%	
SSgA S&P 500 Index Fund	143,965,453	22.6%	3.7%	7/6/1999
<i>S&P 500 Index</i>		22.6%	3.5%	
Nicholas- Applegate Small Cap Core	53,557,638	21.7%	21.8%	11/14/2005
Denver Investment Advisors	48,056,554	27.1%	24.7%	11/14/2005
<i>Russell 2000</i>		18.2%	17.5%	
RhumbLine Advisors	20,627,369	0.0%	5.0%	2/28/2007
<i>Russell 2000 Value</i>		18.8%	5.0%	
International Equity	56,194,780	32.4%	22.5%	10/1/2002
LSV Asset Management International	56,194,780	32.4%	31.9%	11/4/2005
<i>MSCI EAFE</i>		27.3%	29.4%	
Domestic Fixed Income	\$313,368,241	6.4%	6.0%	7/6/1999
JP Morgan Investment Advisors	116,000,671	6.2%	3.5%	7/1/2003
<i>Lehman Aggregate Index</i>		6.4%	3.2%	
SSgA LB Aggregate Index	46,709,168	6.4%	2.8%	6/10/2005
<i>Lehman Aggregate Index</i>		6.4%	2.9%	
Galliard Capital Management	75,259,848	0.0%	1.0%	11/1/2006
Income Research & Management	75,398,554	0.0%	1.2%	11/1/2006
<i>Lehman Intermediate Gov't/Credit</i>		5.7%	1.0%	
Cash Account	\$28,696,058	6.4%	3.7%	
T - Bills		4.5%	3.3%	

Note: Returns are preliminary and subject to revision pending the June 30, 2007 quarterly report.

The total funding level includes initial dollars funded and any monthly contributions as well as withdrawals.

¹Policy Benchmark is 45% S&P 500, 18% Lehman Aggregate, 16% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 1% T-bills.

Prior to January 2006, 45% S&P 500, 18% Lehman Aggregate, 15% LB Intermediate Government/Credit, 10% Russell 2000, 5% Russell 2000 Value, 5% MSCI EAFE, and 2% T-bills.

Prior to April 2004, 45% S&P 500, 10% Russell 2000, 5% MSCI EAFE, 25% Lehman Aggregate, 13% LB Intermediate Government/Credit, and 2% T-bills.

Prior to October, 2002 the Policy Benchmark was 50% S&P500, 10% Russell 2000, 38%Lehman Aggregate, and 2% T-bills.

Prior to October, 2001 the Policy Benchmark was 50% S&P500, 47%Lehman Aggregate, and 3% T-bills.

²Effective July, 2006 the actuarial assumption was set at 8.0%. In July, 2002 the assumption had been lowered to 7.75% . Prior to July, 2002 the actuarial assumption was 8.0%.

³Annualized if over one year.

⁴All returns are as of the beginning of the first full month of performance.

ILLINOIS STUDENT ASSISTANCE COMMISSION

COLLEGE ILLINOIS!

SOURCES AND USES REPORT

May 2007 - FY 2007

BEGINNING MARKET VALUE TOTAL FUNDS BALANCE, 07/01/06

Cash at Custodians	\$10,745,602	
SSgA S&P 500 Index Fund	117,402,688	
JP Morgan Investment Advisors	99,777,347	
William Blair & Co.	33,876,277	
LSV Asset Management - International	42,213,254	
Denver Investment Advisors	34,984,815	
Nicholas-Applegate Small Cap Core	43,972,573	
Richmond Capital Management	123,523,673	
LSV Asset Management	65,817,901	
State Street Global Advisors	67,670,015	
SSgA Passive LB Aggregate Index Fund	38,731,089	
Kenwood Capital	20,534,704	
New Amsterdam Partners	34,495,477	
Holland Capital	32,977,189	
Nicholas- Applegate Small Cap Value	21,324,997	
Total Beginning Balance		\$788,047,603

SOURCES OF FUNDS

Contributions received	\$103,072,266	
Application and other fees	2,195,343	
Interest from Treasury and Banks	470,867	
Unrealized Gain on Investments	99,203,456	
Interest Income on Investments	18,847,587	
Realized Gain on Investments	16,367,504	
Total Sources		\$240,157,022

USES OF FUNDS

Administrative Expenses	\$3,678,704	
Refunds to Purchasers	5,304,693	
Tuition Payments	27,844,020	
Investment Expense	2,760,601	
Total Uses		\$39,588,019

ENDING MARKET VALUE TOTAL FUNDS BALANCE, 05/31/07

Cash at Custodians	\$28,696,058
SSgA S&P 500 Index Fund	143,965,455
JP Morgan Investment Advisors	115,257,073
William Blair & Co.	41,718,706
LSV Asset Management - International	55,988,845
Denver Investment Advisors	48,043,062
Nicholas-Applegate Small Cap Core	53,523,581
LSV Asset Management	83,272,025
State Street Global Advisors	82,862,207
SSgA Passive LB Aggregate Index Fund	53,709,169
Kenwood Capital	23,552,948
New Amsterdam Partners	40,902,194
Holland Capital	39,140,176
Income Research & Management	76,787,757
Galliard Capital	76,589,702
RhumbLine Advisors	24,607,647
Total Ending Balance	\$988,616,607

NUMBER AND DOLLAR VALUE OF PLANS, 05/31/2007

Number of Plans:	
Plans Paid in Full	36,006
Active Plans	15,022
Cancelled Plans	6,380
Suspended Plans	41
	Total Number of Plans
	57,449
Purchased Value of all Plans	\$1,183,941,180

Active Plan: Plan which has been approved and contract payments are being made.

Cancelled Plan: Plan that has been terminated either at the request of the purchaser or involuntarily due to delinquency, fraud, etc.

Suspended Plan: Plan with an incomplete application or other outstanding omissions; a plan with this status is inactive.