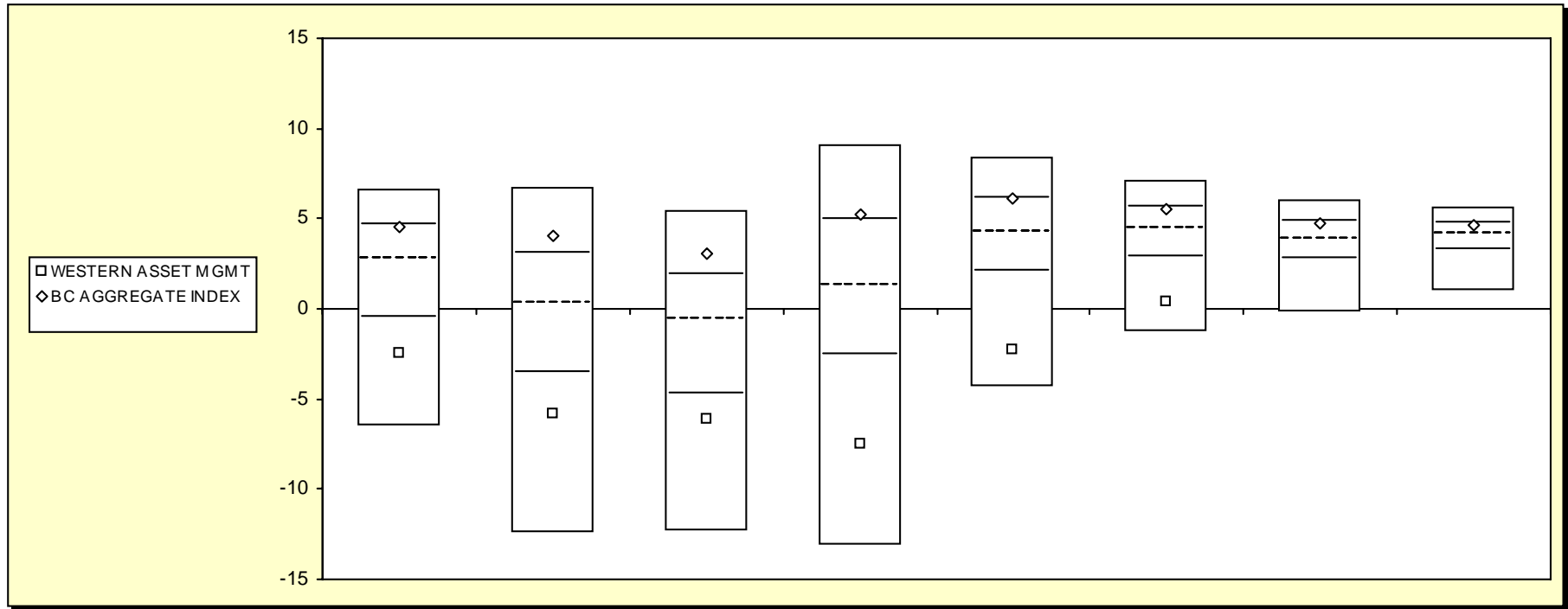


Fresno County Employees' Retirement Association

Cumulative Performance Comparisons

Period Ending: December 31, 2008



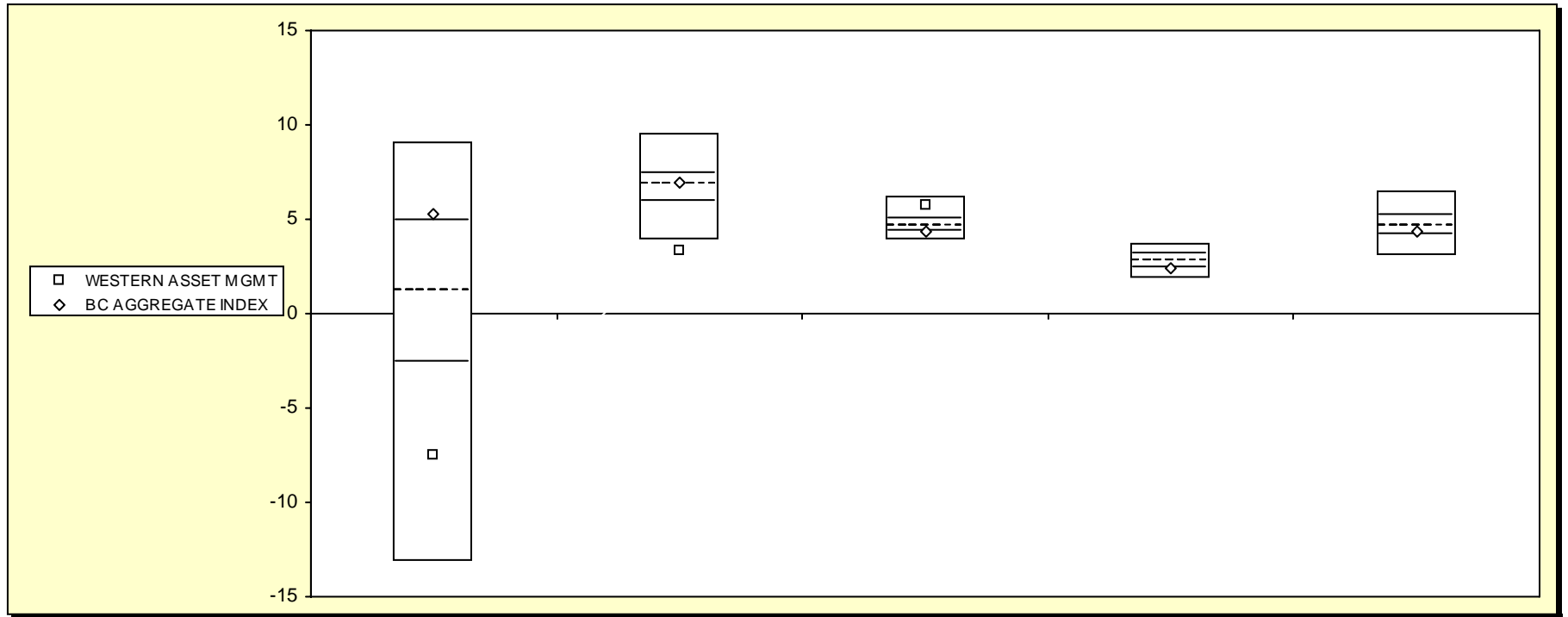
Bond Style - Core

	Last Quarter		Two Quarters		Three Quarters		One Year		Two Years		Three Years		Four Years		Five Years	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
5th Percentile	6.7		6.7		5.4		9.1		8.4		7.1		6.0		5.6	
25th Percentile	4.6		3.0		1.9		5.0		6.2		5.6		4.8		4.8	
50th Percentile	2.8		0.3		-0.6		1.3		4.3		4.4		3.9		4.1	
75th Percentile	-0.5		-3.6		-4.7		-2.6		2.1		2.9		2.8		3.2	
95th Percentile	-6.5		-12.5		-12.3		-13.1		-4.3		-1.3		-0.2		1.0	
WESTERN ASSET MGMT	-2.4	81	-5.8	80	-6.2	79	-7.5	84	-2.2	89	0.4	87				
BC AGGREGATE INDEX	4.6	25	4.1	19	3.0	19	5.2	24	6.1	26	5.5	27	4.7	28	4.7	29

Fresno County Employees' Retirement Association

Consecutive Performance Comparisons

Period Ending: December 31, 2008



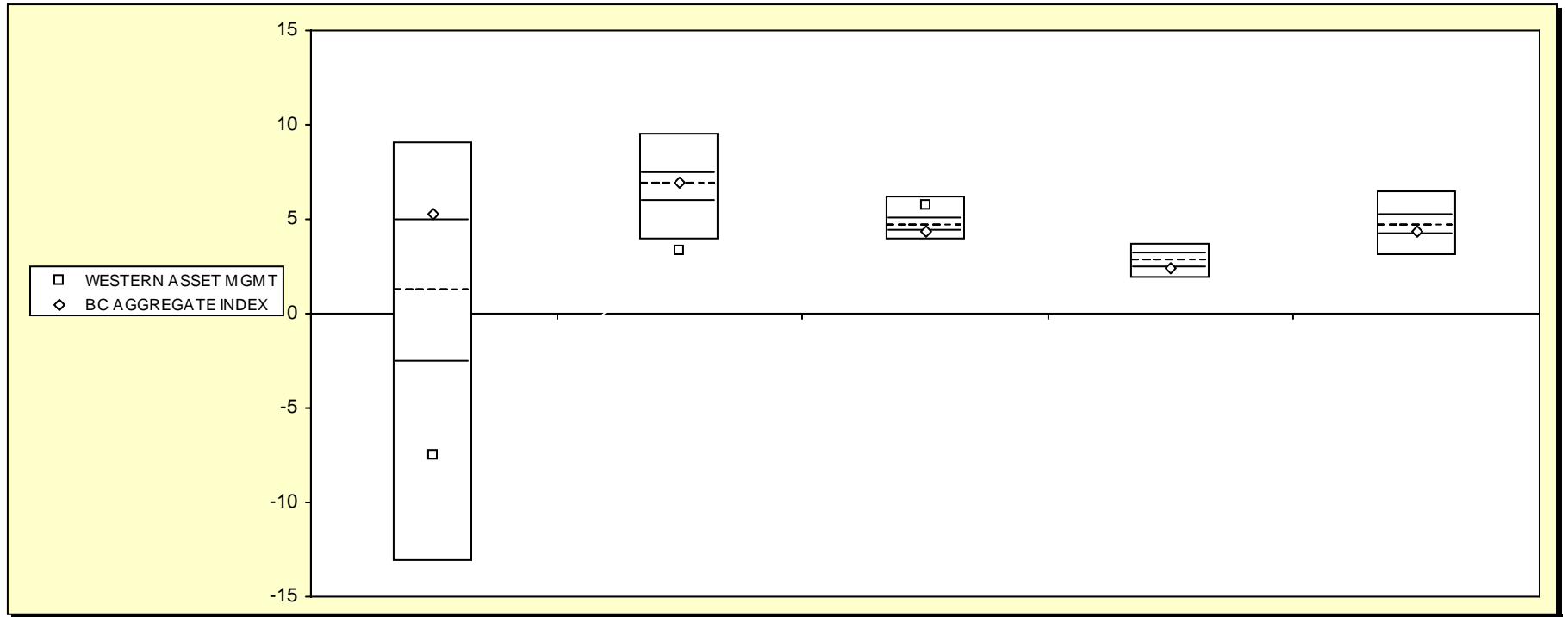
Bond Style - Core

	December 2008		December 2007		December 2006		December 2005		December 2004	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
5th Percentile	9.1		9.5		6.2		3.7		6.5	
25th Percentile	5.0		7.4		5.0		3.1		5.2	
50th Percentile	1.3		6.8		4.6		2.8		4.6	
75th Percentile	-2.6		5.9		4.4		2.4		4.1	
95th Percentile	-13.1		3.9		3.9		1.8		3.1	
WESTERN ASSET MGMT	-7.5	84	3.4	96	5.7	13				
BC AGGREGATE INDEX	5.2	24	7.0	44	4.3	76	2.4	75	4.3	65

Fresno County Employees' Retirement Association

Consecutive Annual - Five Year

Period Ending: December 31, 2008



Bond Style - Core

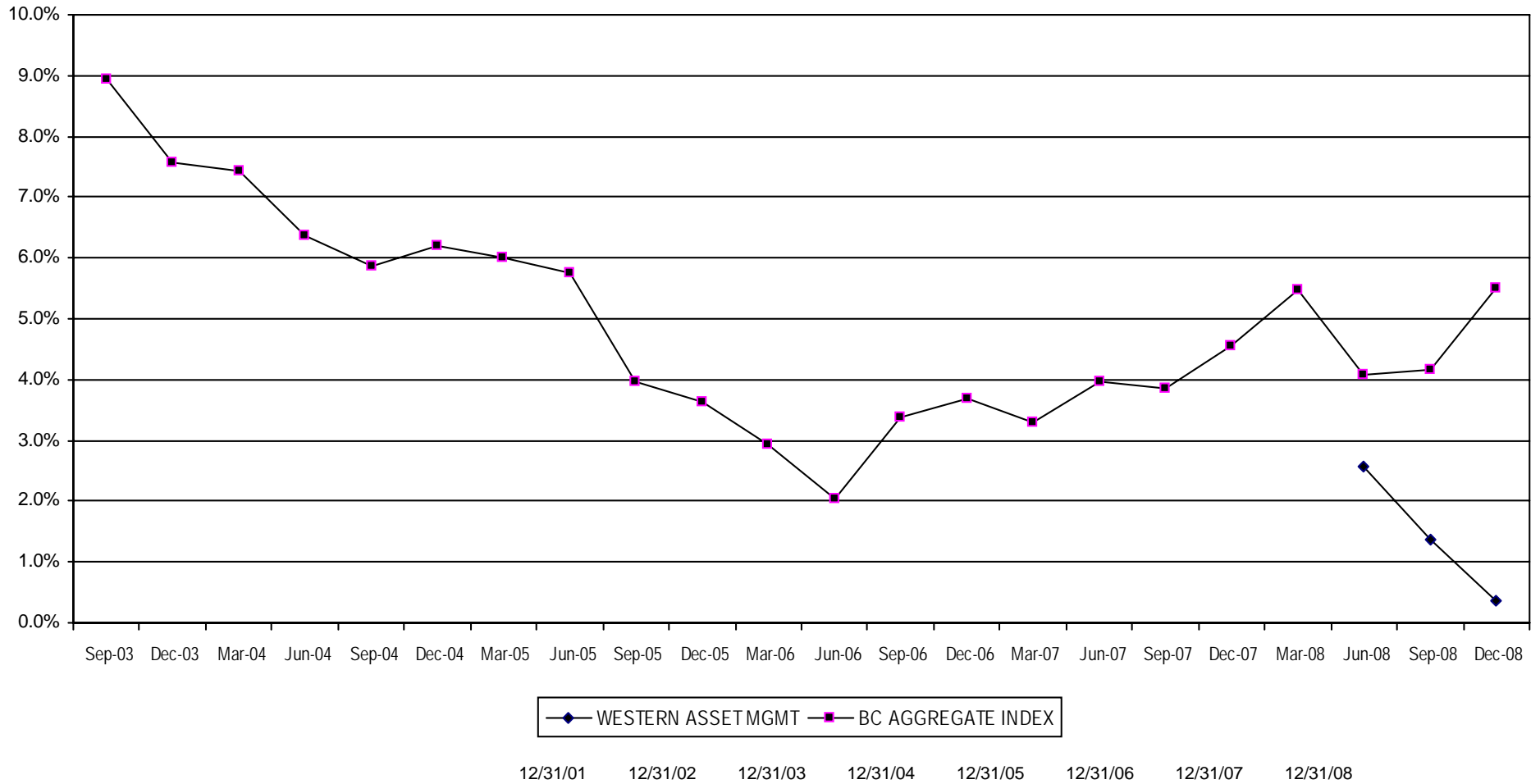
	December 2008		December 2007		December 2006		December 2005		December 2004	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
5th Percentile	9.1		9.5		6.2		3.7		6.5	
25th Percentile	5.0		7.4		5.0		3.1		5.2	
50th Percentile	1.3		6.8		4.6		2.8		4.6	
75th Percentile	-2.6		5.9		4.4		2.4		4.1	
95th Percentile	-13.1		3.9		3.9		1.8		3.1	
WESTERN ASSET MGMT	-7.5	84	3.4	96	5.7	13				
BC AGGREGATE INDEX	5.2	24	7.0	44	4.3	76	2.4	75	4.3	65

Fresno County Employees' Retirement Association

Rolling Return: 3 year Annualized

Period Ending: December 31, 2008

Rolling Return (3 Year Annualized)



WESTERN ASSET MGMT

.4

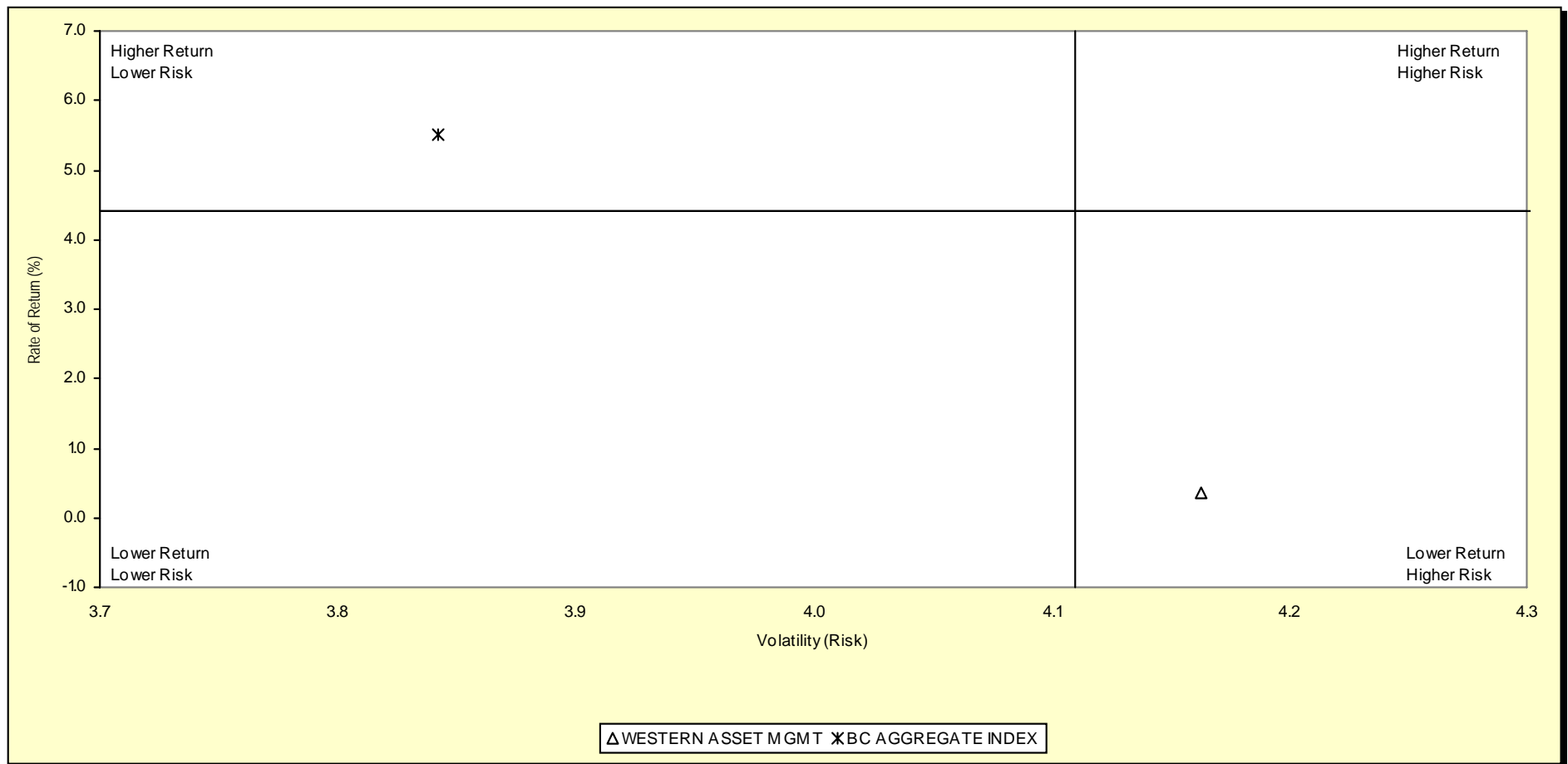
BC AGGREGATE INDEX

6.3 10.1 7.6 6.2 3.6 3.7 4.6 5.5

Fresno County Employees' Retirement Association

Three Year Return vs. Risk

Period Ending: December 31, 2008



Category	Annualized Return %	Standard Deviation %	Sharpe Ratio
WESTERN ASSET MGMT	0.4	4.2	-0.9
BC AGGREGATE INDEX	5.5	3.8	0.4
Bond Style - Core Universe Median	4.4	4.1	0.1

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

Bond Summary Statistics WESTERN ASSET MANAGEMENT

Portfolio Characteristics		
	Portfolio	BC AGGREGATE
Total Number of Securities	290	
Total Market Value	\$ 210,193,502	
Current Coupon	2.65	5.25
Yield To Maturity	9.43	4.04
Average Life	10.19	5.50
Duration	6.62	3.71
Quality	7.93	9.58

Duration (in Years)	
Range	%Held
0.0 to 1.0	3.1
1.0 to 3.0	6.8
3.0 to 4.0	3.2
4.0 to 6.0	8.1
6.0 to 8.0	4.4
Over 8.0	12.0
Unclassified	62.4

Quality	
Range	%Held
Govt (10)	8.1
Aaa (10)	5.0
Aa (9)	3.3
A (8)	4.7
Baa (7)	9.4
Below Baa	5.0
Other	64.5

Yield to Maturity	
Range	%Held
0.0 to 5.0	10.2
5.0 to 7.0	7.9
7.0 to 9.0	6.0
9.0 to 11.0	3.6
11.0 to 13.0	1.9
Over 13.0	8.0
Unclassified	62.4

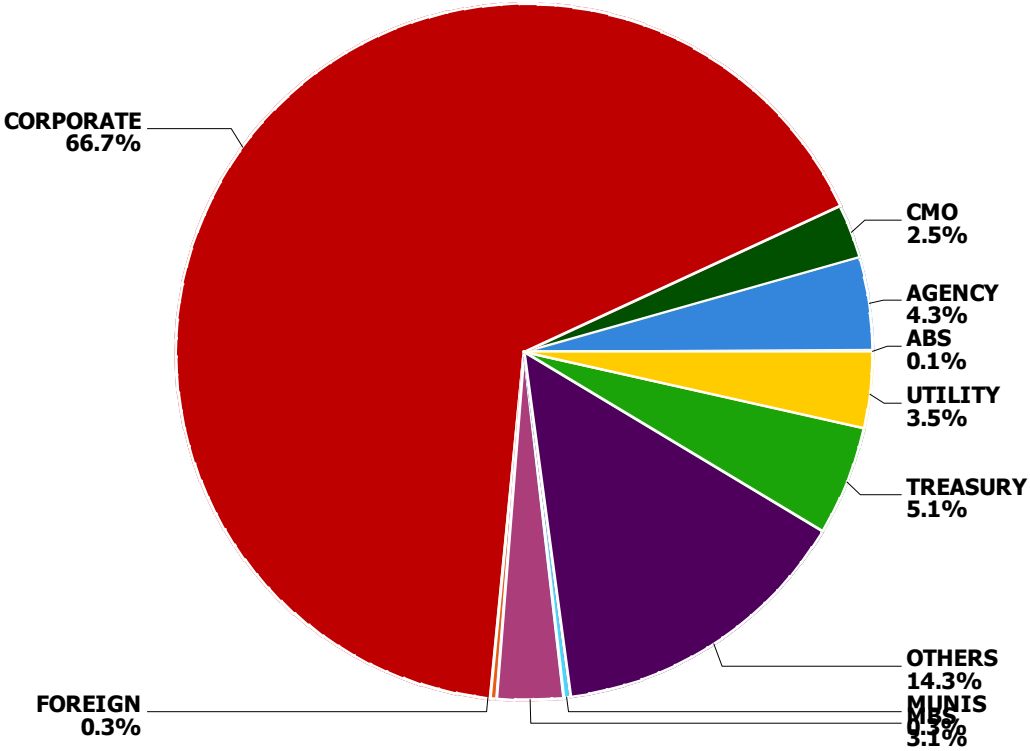
Average Life	
Range	%Held
0.0 to 1.0	2.8
1.0 to 3.0	5.4
3.0 to 5.0	5.9
5.0 to 10.0	11.6
10.0 to 20.0	5.7
Over 20.0	6.2
Unclassified	62.4

Coupon	
Range	%Held
0.0 to 5.0	58.3
5.0 to 7.0	20.2
7.0 to 9.0	7.1
9.0 to 11.0	1.3
11.0 to 13.0	0.2
Over 13.0	0.0
Unclassified	12.9

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Fixed Income Sector Allocation
WESTERN ASSET MANAGEMENT**



Sector	Account Weight	Index Weight	Difference
ABS	0.1%	4.9%	-4.7%
Agencies	4.3%	9.6%	-5.3%
CMO	2.5%	0.0%	2.5%
Corporates	66.7%	15.7%	51.1%
Foreign	0.3%	3.8%	-3.5%
MBS	3.1%	38.6%	-35.6%
Municipals	0.3%	0.0%	0.3%
Others	14.3%	0.0%	14.3%
Treasuries	5.1%	25.5%	-20.4%
Utilities	3.5%	2.0%	1.5%
Total	100.0%	100.0%	0.0%

Benchmark: BC AGGREGATE

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
0-5 Years						
AIFUL CORPORATION 144A	109,960	5.00	8/10/10	BAA2	1.21	48.34%
ALCOA INC	343,588	6.00	7/15/13	BAA1	3.76	8.59%
AMERICAN EXPRESS CR CORP M	57,598	5.88	5/02/13	A1	3.74	6.96%
AOL TIME WARNER INC	586,027	6.88	5/01/12	BAA2	2.89	8.24%
APACHE CORP	362,975	6.00	9/15/13	A3	4.05	5.10%
ASIF GLOBAL FING XIX 144A	40,137	4.90	1/17/13	AA3	3.41	11.08%
ATLANTIC EAST FUNDING LLC	3,339,202		3/25/09			
BAC CAP TR XIV	8,013	5.63	3/15/12	A1	2.26	40.68%
BELLSOUTH CORP	19,621	4.75	11/15/12	A2	3.49	5.29%
BP CAPITAL MARKETS PLC	709,879	5.25	11/07/13	AA1	4.28	4.24%
CATERPILLAR FINL SVCS MTNS	505,151	6.20	9/30/13	A2	4.06	5.45%
CDS-CDX.NA.HY.10 @ 500 bps	505,002		6/20/13			
CDS-CDX.NA.HY.10 @ 500 bps	1,010,004		6/20/13			
CDS-CDX.NA.IG HVOL.9 @ 140	3,574,939		12/20/12			
CDS-CDX.NA.IG.8 @ 35 bps 4	6,793,804		6/20/12			
CDS-CDX.NA.IG.HVOL.8 @ 75	-40,000		6/20/12			
CDS-CDX.NA.IG.HVOL.8 @ 75	-900,000		6/20/12			
CDS-CDX.NA.IG.HVOL.8 @ 75	35,301	0.75	6/20/12		N/A	N/A
CDS-CDX.NA.IG.HVOL.8 @ 75	1,403,202		6/20/12			
CDS-CDX.NA.IG.HVOL.8 @ 75	794,265	0.75	6/20/12		N/A	N/A
CDS-CSX N.A. IG.HVOL	706,014	0.75	6/20/12		N/A	N/A
CDS-CSX N.A. IG/HVOL	238,280	0.75	6/20/12		N/A	N/A
CDS-SLMA	706,014	2.60	9/20/12		N/A	N/A
CDS-SLMA @ 260 bps 5 Yr	249,491	2.60	6/20/12		N/A	N/A
CITIGROUP INC	615,545	6.50	8/19/13	A2	3.89	6.27%
COUNTRYWIDE FINL CORP MTN	29,240	5.80	6/07/12	AA2	3.06	6.64%

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
COUNTRYWIDE FINL CORP MTN	1,326,389	4.50	6/15/10	AA2	1.38	5.77%
COUNTRYWIDE HOME LOANS MTN	19,766	4.13	9/15/09	AA2	0.68	5.83%
DAIMLER CHRYSLER NORTH AME	261,600	5.88	3/15/11	A3	1.93	12.70%
DELTA_AIR_2000-001- A1	77,237	7.38	11/18/11	BA2	0.79	15.63%
DELTA_AIR_2000-001- A2	326,540	7.57	5/18/12	N/A	1.60	19.70%
DOMINION RES INC	405,974	5.70	9/17/12	BAA2	3.27	6.00%
DOMINION RES INC VA NEW	108,767	4.75	12/15/10	BAA2	1.84	5.36%
ELECTRONIC DATA SYS CORP	20,333	7.13	10/15/09	A2	0.75	4.94%
EVRAZ GROUP S A 144A	229,500	8.88	4/24/13	B1	2.86	29.73%
FIRSTENERGY CORP	255,220	6.45	11/15/11	BAA3	2.54	8.64%
FORD MOTOR CR CO	254,684	7.38	10/28/09	CAA1	0.72	24.49%
FORD MOTOR CR CO	54,788	7.25	10/25/11	CAA1	2.29	20.25%
FORD MTR CR CO	3,430,265	5.80	1/12/09	CAA1	0.03	14.70%
GENERAL MTRS ACCEP CORP	1,808,134	5.85	1/14/09	C	0.03	23.42%
GLITNIR BANKI HF 144A	68	0.00	9/15/11	C	0.00	99.99%
GLITNIR BANKI HF GLBL M 14	12,825	6.33	7/28/11	CAA2	0.52	99.99%
GMAC LLC 144A	467,746	6.63	5/15/12	N/A	2.80	15.27%
GMAC LLC 144A	113,985	7.50	12/31/13		N/A	N/A
GNMA POOL - 462418	82,009	7.50	12/15/12	GOVT	1.52	4.09%
GNMA POOL - 476329	11,376	7.50	6/15/13	GOVT	1.46	4.09%
GNMA POOL - 780763	1,104	7.50	12/15/10	GOVT	0.90	4.31%
GNMA POOL - 780859	47,767	7.50	9/15/13	GOVT	1.22	3.78%
GNMA POOL - 780899	29,706	7.50	10/15/13	GOVT	1.40	4.09%
GOLDMAN SACHS CAP II	11,533	5.79	6/01/12	A3	2.43	40.64%
GOLDMAN SACHS GROUP INC	114,469	5.45	11/01/12	A1	3.38	6.83%
GOLDMAN SACHS GROUP INC	275,909	4.50	6/15/10	A1	1.38	5.56%

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
HCA INC	189,000	6.75	7/15/13	CAA1	3.33	19.36%
HCA INC	9,870	6.30	10/01/12	CAA1	3.01	17.31%
HSBK EUROPE B V 144A	270,100	9.25	10/16/13	BAA3	3.44	17.85%
IMM EURO\$ FUT OPT Mar09C 9	-1		3/16/09			
IMM EURO\$ FUT OPT Sep09C 9	0		9/14/09			
IR Swap 3MO LIBOR	-4,505,940		11/28/12			
IR Swap 5.27% Fixed	5,066,690		11/28/12			
KAUPTHING BK HF 144A	6,000	5.75	10/04/11	CAA2	0.84	99.99%
KAZMUNAIGAZ FIN SUB BV 144	405,600	8.38	7/02/13	BAA1	3.31	15.31%
KINDER MORGAN ENERGY PARTN	69,933	6.30	2/01/09	BAA2	0.08	7.27%
KINDER MORGAN ENERGY PARTN	223,707	6.75	3/15/11	BAA2	1.96	8.12%
KINDER MORGAN ENERGY PARTN	64,106	5.85	9/15/12	BAA2	3.19	8.54%
LANDSBANKI IS HF 144A	11,900	0.00	8/25/11	CAA2	0.00	99.99%
LEHMAN BROS HLDGS INC	16,150	0.00	2/06/12	NR	0.00	54.15%
LEHMAN CAP MTN	35	5.86	5/31/12	NR	1.55	99.99%
LIBERTY MEDIA CORP NEW	26,223	5.70	5/15/13	BA2	3.49	17.22%
MORGAN STANLEY	436,223	5.63	1/09/12	A2	2.65	7.57%
NEXTEL COMMUNICATIONS INC	382,500	6.88	10/31/13	BA2	3.21	30.23%
OCCIDENTAL PETE CORP DEL	665,785	7.00	11/01/13	A2	4.10	4.85%
QWEST COMMUNICATIONS 1.00%	167,000	1.00	2/15/09		N/A	N/A
RABOBANK CAP FDG TR II 14	10,581	5.26	12/31/13	AA2	3.84	20.88%
SANTANDER ISSUANCES S A 1	323,874	5.80	6/20/11	AA2	2.21	10.52%
SLM CORP MTN BOOK ENTRY	271,898	5.00	10/01/13	BAA2	3.89	13.25%
SPRINT CAP CORP	288,000	8.38	3/15/12	BA2	2.55	16.66%
STIF	7,287,943		12/31/10			
TBA JAN 15 SINGLE FAM	497,700		12/01/99			

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
TYCO INTL GROUP S A	863,245	6.00	11/15/13	BAA1	4.12	7.53%
TYCO INTL GROUP S A	442,323	6.38	10/15/11	BAA1	2.48	7.05%
US 10YR FUT OPTN Mar09C	-9		2/20/09			
US 10YR FUT OPTN Mar09P	0		2/20/09			
US 10YR FUT OPTN Mar09P	0		2/20/09			
VERIZON GLOBAL FDG CORP	188,309	7.38	9/01/12	A3	3.14	5.95%
VERIZON NEW YORK INC	358,182	6.88	4/01/12	BAA3	2.83	7.05%
WACHOVIA CAP TR III	159,300	5.80	3/15/11	A3	1.70	33.56%
WASTE MGMT INC DEL	419,639	6.38	11/15/12	BAA3	3.33	8.45%
WEYERHAEUSER CO	384,915	6.75	3/15/12	BAA2	2.72	10.69%
XTO ENERGY INC	128,487	7.50	4/15/12	BAA2	2.83	7.90%
	46,680,208	5.56			2.13	12.59%

5-10 Years

AES CORP	100,800	7.75	10/15/15	B1	4.96	11.17%
AES CORP	524,800	8.00	10/15/17	B1	5.89	11.28%
AGFC CAP TR I 144A	23,885	6.00	1/15/17	BAA3	3.46	34.37%
ALTRIA GROUP INC	778,198	9.70	11/10/18	BAA1	6.50	8.47%
AMERICA MOVIL S A DE C V	168,916	5.63	11/15/17	A3	6.87	7.35%
AMERICAN EXPRESS CO	139,766	6.80	9/01/16	BAA1	4.78	18.98%
AMERICAN GEN FIN MEDTM SRN	51,932	6.90	12/15/17	BAA1	5.04	21.36%
AMERICAN INTL GROUP INC 14	182,980	8.25	8/15/18	A3	5.79	13.26%
AMERICAN INTL GROUP INC MT	46,920	5.85	1/16/18	A3	6.19	11.90%
AT&T INC GLOBAL NT	202,126	5.50	2/01/18	A2	7.16	5.35%
BAKER HUGHES INC	532,157	7.50	11/15/18	A2	7.22	6.02%
BEAR STEARNS COS INC	306,841	7.25	2/01/18	AA2	6.74	5.87%

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
CDS-CDX.NA.IG.8 @ 60 bps 9	4,343,200		6/20/17			
CITIGROUP 5.00% 9/15/14	598,116	5.00	9/15/14		N/A	N/A
CLEAR CHANNEL COMMUNICATIO	25,200	5.50	9/15/14	CAA1	2.09	65.20%
CLEAR CHANNEL COMMUNICATIO	22,000	4.90	5/15/15	CAA1	2.39	61.23%
COMCAST CABLE COMMUNICATIO	213,570	8.88	5/01/17	BAA2	5.97	7.75%
COMCAST CORP NEW	29,631	6.50	1/15/17	BAA2	6.13	6.70%
COMCAST CORP NEW	37,904	5.88	2/15/18	BAA2	6.95	6.65%
COMCAST CORP NEW	422,660	6.50	1/15/15	BAA2	4.84	6.85%
CREDIT SUISSE GUERNSEY BR	84,011	5.86	5/15/17	AA3	5.33	18.70%
DEUTSCHE TELEKOM INTL FIN	172,303	5.75	3/23/16	BAA1	5.82	6.50%
DIAGEO CAP PLC	798,938	7.38	1/15/14	A3	4.19	5.85%
EDISON MISSION ENERGY	87,000	7.00	5/15/17	B1	6.12	9.26%
EL PASO CORP	469,560	7.00	6/15/17	BA3	6.02	11.02%
ENTERPRISE PRODS OPER LLC	672,071	9.75	1/31/14	BAA3	3.96	9.29%
FARMER MAC 144A	1,014,813	5.13	4/19/17	AAA	6.98	3.35%
FNMA POOL - 006222	381	9.00	4/01/16	GOVT	0.45	2.14%
FNMA POOL - 070508	19,340	8.50	8/01/17	GOVT	1.68	4.70%
FORD MOTOR CR CO	388,315	12.00	5/15/15	CAA1	3.91	19.01%
GENERAL ELEC CAP CORP MTN	421,142	6.38	11/15/17	AA1	5.96	13.74%
GMAC LLC 144A	62,315	8.00	12/31/18		N/A	N/A
GMAC LLC 144A	126,412	6.75	12/01/14	N/A	4.43	14.88%
GNMA POOL - 186654	20,624	8.00	4/20/17	GOVT	2.17	5.30%
GNMA POOL - 216386	15,510	8.00	6/20/17	GOVT	2.04	5.03%
GNMA POOL - 509187	75,212	7.50	8/15/14	GOVT	1.92	4.89%
HBOS TREAS SVCS PLC 144A	97,298	5.25	2/21/17	AAA	6.57	5.67%
HCA INC	201,850	9.25	11/15/16	B2	5.40	10.83%

FRESNO COUNTY EMPLOYEES RETIREMENT ASSO.

As of December 31, 2008

**Bond Holdings
WESTERN ASSET MANAGEMENT**

Bond Name	Market Value	Coupon	Stated Maturity	Quality Rating	Duration	Yield to Maturity
HCA INC	6,150	6.50	2/15/16	CAA1	4.88	15.65%
HCA INC	27,825	9.13	11/15/14	B2	4.38	10.82%
HCA Inc	28,953	9.63	11/15/16		N/A	N/A
ICICI BK LTD 144A	123,926	6.38	4/30/17	BAA2	5.33	17.36%
ILFC E-CAPITAL TR I 144A	179,572	6.25	12/21/15	BAA3	4.45	23.73%
JP MORGAN CHASE & CO	745,965	5.15	10/01/15	AA3	5.61	6.17%
JP MORGAN CHASE & CO	314,918	6.13	6/27/17	AA3	6.69	6.37%
JPMORGAN CHASE & CO	542,685	5.13	9/15/14	AA3	4.86	5.77%
KAUPTHING BANK HF	1,050,000	7.63	2/28/15	N/A	4.79	7.63%
KAUPTHING BK HF MED TM 144	1,200	7.13	5/19/16	C	0.13	99.99%
KINDER MORGAN ENERGY PARTN	269,136	6.00	2/01/17	BAA2	6.11	8.27%
LEHMAN BROS HLDGS INC	34	0.00	12/28/17	NR	0.00	99.99%
PACIFIC GAS & ELEC CO	132,161	8.25	10/15/18	A3	7.10	5.55%
PEPSICO INC	441,234	7.90	11/01/18	AA2	7.28	4.97%
PETROBRAS INTL FIN CO	380,250	6.13	10/06/16	BAA1	6.13	6.54%
RABOBANK CAP FDG III 144A	27,414	5.25	10/21/16	AA2	5.63	15.39%
REALOGY CORP	44,550	12.38	4/15/15	CA	1.05	94.36%
RESONA PFD GLOBAL SECS 14	33,326	7.19	7/30/15	BAA1	4.22	22.31%
REYNOLDS AMERICAN INC	149,906	7.63	6/01/16	BAA3	5.39	10.97%
RIO TINTO FIN USA LTD	329,927	6.50	7/15/18	BAA1	6.33	11.10%
ROYAL BK SCOTLAND	39,828	7.64	9/29/17	A1	4.34	24.73%
ROYAL BK SCOTLAND GROUP 1	84,157	6.99	10/05/17	A1	4.98	20.17%
SBC COMMUNICATIONS INC	265,407	5.10	9/15/14	A2	4.87	5.45%
SHINSEI FIN CAYMAN LTD 14	83,660	6.42	7/20/16	BAA3	3.33	38.44%
SLM CORP MTN BOOK ENTRY	53,239	5.05	11/14/14	BAA2	4.66	13.47%
SLM CORP MTN BOOK ENTRY	6,344	5.00	4/15/15	BAA2	4.87	13.90%

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SLM CORP MTN BOOK ENTRY	479,158	5.38	5/15/14	BAA2	4.27	14.23%
SOUTHERN NAT GAS CO 144A	47,548	5.90	4/01/17	BAA3	6.16	9.59%
TELECOM ITALIA CAP	202,813	7.00	6/04/18	BAA2	6.56	10.16%
TELECOM ITALIA CAPITAL	220,763	5.25	10/01/15	BAA2	5.33	10.23%
TNK-BP FINANCE	208,000	7.50	7/18/16	BAA2	4.45	20.13%
TNK-BP FINANCE 144A	48,000	6.63	3/20/17	BAA2	4.94	19.60%
TNK-BP FINANCE 144A	75,000	7.88	3/13/18	BAA2	4.90	19.93%
TRAVELERS COMPANIES INC	340,621	6.25	3/15/17	A3	5.66	13.27%
TXU CORP	144,841	5.55	11/15/14	CAA1	4.16	22.22%
UNION PAC CORP	169,787	5.38	5/01/14	BAA2	4.54	6.65%
UNITED MEXICAN STS MTN BE	56,000	5.63	1/15/17	BAA1	6.40	5.63%
UNITED STATES TREAS BDS	89,320	8.88	8/15/17	GOVT	6.63	2.53%
UNITED STATES TREAS NTS I/	430,403	2.63	7/15/17	AAA	5.18	6.01%
VEDANTA RES PLC 144A	156,000	8.75	1/15/14	BA2	3.27	22.38%
VERIZON WIRELESS CAP LL 14	70,301	8.50	11/15/18	A2	7.06	6.15%
WACHOVIA CORP	875,619	5.25	8/01/14	A2	4.67	6.74%
WELLPOINT INC	27,304	5.88	6/15/17	BAA1	6.61	7.32%
XTO ENERGY INC	445,289	6.50	12/15/18	BAA2	7.40	6.95%
	22,927,229	6.78			5.51	9.64%
10-20 Years						
AES CORP 144A	604,500	8.00	6/01/20	B1	6.84	11.60%
DELTA_AIR_2007-001- A	224,119	6.82	2/10/24	BAA1	6.45	3.93%
DOMINION RES INC VA NEW	248,030	8.88	1/15/19	BAA2	4.34	7.73%
EDISON MISSION ENERGY	106,600	7.20	5/15/19	B1	6.91	10.03%
EDISON MISSION ENERGY	38,750	7.63	5/15/27	B1	8.61	10.39%
FHLMC GOLD POOL - A01592	48,354	8.00	11/01/21	GOVT	0.40	3.89%

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FHLMC GOLD POOL - G11605	804,968	5.50	9/01/19	GOVT	1.58	4.01%
FNMA POOL - 517384	10,698	8.00	11/01/20	GOVT	1.75	5.35%
GENERAL MTRS CORP	51,150	8.25	7/15/23	C	1.67	50.27%
GNMA POOL - 352057	72,547	8.00	10/15/23	GOVT	2.50	5.91%
GNMA POOL - 354566	97,855	7.50	4/15/23	GOVT	2.68	5.55%
GNMA POOL - 398921	4,300	8.00	10/15/26	GOVT	2.61	5.79%
GNMA POOL - 437021	1,256	8.00	8/15/27	GOVT	2.42	5.79%
GNMA POOL - 780973	33,973	8.25	5/15/20	GOVT	2.35	5.81%
KERR MCGEE CORP	254,287	6.95	7/01/24	BAA3	8.77	8.38%
NELNET STU LOAN FRN 04/24	283,547		4/25/24			
TIME WARNER CABLE INC	434,936	8.75	2/14/19	BAA2	6.92	7.50%
TXU CORP	12,383	6.50	11/15/24	CAA1	5.47	20.18%
U S TREAS BD STRIPPED PRIN	2,377,172	0.00	11/15/24	GOVT	16.50	2.72%
UNITED STATES TREAS BDS	5,595,458	5.50	8/15/28	GOVT	13.34	3.10%
UNITED STATES TREAS BDS I/	853,919	2.38	1/15/27	AAA	9.94	6.05%
UNITED STATES TREAS BDS I/	1,210,322	1.75	1/15/28	AAA	10.87	5.95%
WILLIAMS COS INC DEL	153,000	7.88	9/01/21	BAA3	7.05	11.43%
	13,522,121	4.41			11.45	4.69%
Over 20 Years						
AMERADA HESS CORP	86,398	7.88	10/01/29	BAA2	9.84	8.28%
AMERADA HESS CORP	309,352	7.30	8/15/31	BAA2	10.22	8.18%
ANADARKO FIN CO	380,240	7.50	5/01/31	BAA3	9.99	8.68%
AOL TIME WARNER INC	5,006	7.70	5/01/32	BAA2	10.70	7.69%
BA_MTG_CMBS_2004-004 A6	631,657	4.88	7/10/42	AAA	N/A	N/A
CDS-ABX @ 11 bps 38.2 Yr V	250,000		5/25/46			

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CDS-ABX @ 11 bps 38.2 Yr Z	-500,000		5/25/46			
CDS-ABX @ 18 bps 37.4 Yr V	385,250		7/25/45			
CDS-ABX @ 18 bps 37.4 Yr V	231,150		7/25/45			
CDS-ABX @ 18 bps 37.4 Yr V	539,350		7/25/45			
CDS-ABX @ 18 bps 37.4 Yr Z	-481,563		7/25/45			
CDS-ABX @ 18 bps 37.4 Yr Z	-288,938		7/25/45			
CDS-ABX @ 18 bps 37.4 Yr Z	-674,188		7/25/45			
CDS-ABX.HE 06-1 AAA 36.8 Y	-2,889,376		7/25/45			
CDS-ABX.HE 06-1 AAA 36.8 Y	2,311,501		7/25/45			
CDS-ABX.HE.AAA.06-1 @ 18 b	-192,625		7/25/45			
CDS-ABX.HE.AAA.06-1 @ 18 b	154,100		7/25/45			
CDS-ABX.HE.AAA.06-2 @ 11 b	-800,000		5/25/46			
CDS-ABX.HE.AAA.06-2 @ 11 b	400,000		5/25/46			
CITIGROUP INC	603,082	6.88	3/05/38	A2	13.24	5.88%
CONOCO INC	269,025	6.95	4/15/29	A1	11.20	6.28%
CVS CORP 144A	259,359	6.94	1/10/30	BAA2	8.09	11.98%
CWABS_TRUST_2005-004- AF3	222,432	4.46	9/25/32	AAA	1.64	9.90%
CWALT_2005-036- 3A1	434,815	4.91	8/25/35	AA3	8.52	38.00%
EL PASO ENERGY CORP MTN BE	58,421	7.75	1/15/32	BA3	7.63	12.39%
EL PASO ENERGY CORP MTN BE	85,347	7.80	8/01/31	BA3	7.63	12.44%
EL PASO NAT GAS CO	388,301	8.38	6/15/32	BAA3	9.28	9.89%
EXELON CORP	56,813	5.63	6/15/35	BAA1	10.48	9.44%
FEDERAL HOME LN BKS	1,281,560	5.50	7/15/36	GOVT	15.50	3.83%
FH GOLD 30YR 5.50% TBA - J	102,340	5.50	6/01/38	GOVT	2.44	4.00%
FIRSTENERGY CORP	515,581	7.38	11/15/31	BAA3	10.62	7.89%
FNMA POOL - 801516	809,452	4.71	8/01/34	GOVT	0.32	3.44%

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FNMA 30YR 5.00% TBA - JAN	3,981,510	5.00	6/01/38	GOVT	2.38	3.70%
FNMA 30YR 5.50% TBA - JAN	102,500	5.50	6/01/38	GOVT	2.13	3.80%
FNMA POOL - 252925	10,616	7.50	12/01/29	GOVT	2.01	4.67%
FNMA POOL - 585680	25,401	7.50	6/01/31	GOVT	1.87	4.78%
FORD MTR CO DEL	218,400	7.45	7/16/31	CA	3.39	26.83%
GENERAL MTRS CORP	3,500	8.38	7/15/33	C	1.71	47.77%
GMAC LLC 144A	138,493	8.00	11/01/31	N/A	7.21	13.92%
GMACM_LOAN_2005-AR1- 3A1	622,586	4.72	3/18/35	AAA	11.72	37.63%
GNMA POOL - 173777	884	8.00	8/15/30	GOVT	2.54	5.46%
GNMA POOL - 527094	2,974	8.00	2/15/30	GOVT	3.33	4.76%
GNMA POOL - 528178	5,406	8.00	3/15/30	GOVT	2.48	5.46%
GNMA POOL - 531211	3,182	8.00	6/15/30	GOVT	2.50	5.55%
GS_MTG_SEC_2005-GG4- AABA	618,079	4.68	7/10/39	AAA	3.04	8.71%
HLDGS III LTD	585,320	6.40	9/25/37		N/A	N/A
JP_MORGN_MTG_05-CIB13- A4	1,034,670	5.47	1/12/43	AAA	5.10	9.87%
JP_MORGN_MTG_05-CIBC12 A4	62,680	4.89	9/12/37	AAA	5.01	9.67%
KERR MCGEE CORP	1,279,565	7.88	9/15/31	BAA3	9.83	8.68%
KINDER MORGAN ENERGY PARTN	291,150	6.95	1/15/38	BAA2	10.38	8.78%
LB_UBS_CMBS_2005-C3- A5	1,362,363	4.74	7/15/30	AAA	4.86	9.22%
LB_UBS_CMBS_2005-C5- A4	323,672	4.95	9/15/30	N/A	5.08	9.06%
LEHMAN BROS HLDGS 5.953%	21	5.95	8/19/65		N/A	N/A
METLIFE INC	444,000	6.40	12/15/36	BAA1	9.12	11.05%
MLCC_MTG_TR_2005-A04- IIA2	862,461	4.46	7/25/35	AAA	17.55	23.48%
MLCC_MTG_TR_2005-A5- A3	903,690	4.44	6/25/35	N/A	15.21	15.49%
MLCC_MTG_TR_2006-C1- A4	476,012	5.84	5/12/39	N/A	5.38	9.64%
MLMI_SERIES_2004-A03- IVA3	375,031	5.04	5/25/34	N/A	12.61	18.95%

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MORG_ST_CAP_2005-HQ6 A4A	243,006	4.99	8/13/42	N/A	5.01	9.14%
MUFG CAPITAL FIN 6.346%	150,000	6.35	7/29/49		N/A	N/A
NEWS AMER INC	19,795	6.65	11/15/37	BAA1	12.59	6.73%
PACIFIC GAS & ELEC CO	82,977	5.80	3/01/37	A3	13.83	5.54%
PACIFIC GAS & ELEC CO	297,377	6.05	3/01/34	A3	13.07	5.59%
PEMEX PRJ FDG MSTR TR M 14	330,135	6.63	6/15/35	BAA1	11.24	8.03%
PEMEX PROJ FDG MASTER TR	35,553	6.63	6/15/35	BAA1	11.24	8.03%
PREFERRED BLOCKER INC	693		1/01/38			
ROYAL KPN NV	372,732	8.38	10/01/30	BAA2	10.52	7.19%
SASC_2004-006- 3A2	337,674	4.78	6/25/34	AAA	7.48	26.12%
SHELL INTERNATIONAL FIN BV	472,496	6.38	12/15/38	AA1	14.14	5.52%
SLM CORP MTN BOOK ENTRY	36,399	5.63	8/01/33	BAA2	9.71	9.93%
SOUTHERN NAT GAS CO	16,665	8.00	3/01/32	BAA3	9.11	9.84%
SUNTRUST CAP VIII	126,722	6.10	12/15/36	A2	10.72	9.02%
TENNESSEE GAS PIPELINE CO	39,687	7.63	4/01/37	BAA3	9.59	9.79%
TENNESSEE VALLEY AUTH	1,142,240	5.98	4/01/36	GOVT	15.00	4.14%
THORNBURG_TR_2006-001- A3	480,865	0.64	1/25/36	AA2	1.48	0.80%
TIME WARNER ENTMT CO LP	30,274	8.38	7/15/33	BAA2	10.05	8.29%
TURANALEM FIN B V 144A	232,200	8.25	1/22/37	BA1	4.82	19.32%
TXU CORP	156,979	6.55	11/15/34	CAA1	5.12	19.69%
UNITED MEXICAN STS MEDIUM	472,640	6.75	9/27/34	BAA1	12.34	6.31%
UNITED STATES TREAS BDS	27,869	4.75	2/15/37	GOVT	17.36	2.73%
UNITED STATES TREAS BDS	82,444	5.38	2/15/31	GOVT	14.47	3.04%
VALE OVERSEAS LTD	590,913	6.88	11/21/36	BAA2	11.55	7.68%
VERIZON COMMUNICATIONS	620,011	8.95	3/01/39	A3	12.18	6.69%
VERIZON COMMUNICATIONS	63,822	6.40	2/15/38	A3	13.30	5.94%

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WAMU_2005-AR4- A5	1,199,364	4.67	4/25/35	AAA	1.43	3.17%
WELLS FARGO CAP X	214,263	5.95	12/15/36	AA2	12.41	7.14%
WELLS FARGO CAP XV	656,500	9.75	12/31/49	N/A	3.65	9.47%
WESTERN ASSET FLOAT RT	40,319	0.00	12/31/99		N/A	N/A
WESTERN ASSET HIGH YIELD	54,369	0.00	12/31/99		N/A	N/A
WESTERN ASSET MBS PORTFOLI	94,990,899	0.00	12/31/99		N/A	N/A
WESTERN ASSET OPPORT INTL	3,828,174	0.00	12/31/99		N/A	N/A
WESTERN ASSET OPPORT YANKE	13,792	0.00	12/31/99		N/A	N/A
WILLIAMS COS INC DEL	22,350	8.75	3/15/32	BAA3	7.81	12.03%
WILLIAMS COS INC DEL	402,000	7.50	1/15/31	BAA3	8.00	11.70%
WILLIAMS COS INC DEL	157,550	7.75	6/15/31	BAA3	8.31	11.76%
WYETH	344,190	5.95	4/01/37	A3	14.18	5.20%
	127,063,943	1.36			8.18	9.32%