

MARKET UPDATE

After the stock market bottomed out on March 9, the first half of 2009 ended on a positive note. However, our investment advisors remain cautious about the short-term outlook.

Evidence indicates that we are still in the early stages of a longer term recovery and that the global economy is a long way from getting back to normal. The market's rally in June was dampened by disappointing jobs data among other factors.

Index	As of 06/30/09
United States	
S&P 500	3.2%
Russell 1000	4.3%
Russell 2000	2.6%
Barclays Gov't /Credit Index (Bonds)	0.6%
International	
MSCI Developed (ex US)	9.3%
MSCI Emerging Markets	36.0%
Salomon World Gov't Bonds	-1.5%

WRS PERFORMANCE UPDATE

Preliminary returns for both the Core Trust Fund and Variable Trust Fund for the first six months of 2009 were positive. In addition, both were ahead of their benchmarks for the same time period.

Wisconsin Retirement System	
<i>Preliminary Calendar Year-To-Date As Of June 30, 2009</i>	
FUND	RETURNS
Core Trust Fund	4.4%
Benchmark	3.7%
Variable Trust Fund	8.1%
Benchmark	7.0%

Performance highlights include:

- Stocks were a major contributor to positive returns and to outperforming the Core Fund benchmark.
- International stocks, especially emerging markets, outperformed U.S. stocks.
- SWIB's multi-asset strategies performed well.
- Real estate showed a significant negative performance year-to-date.

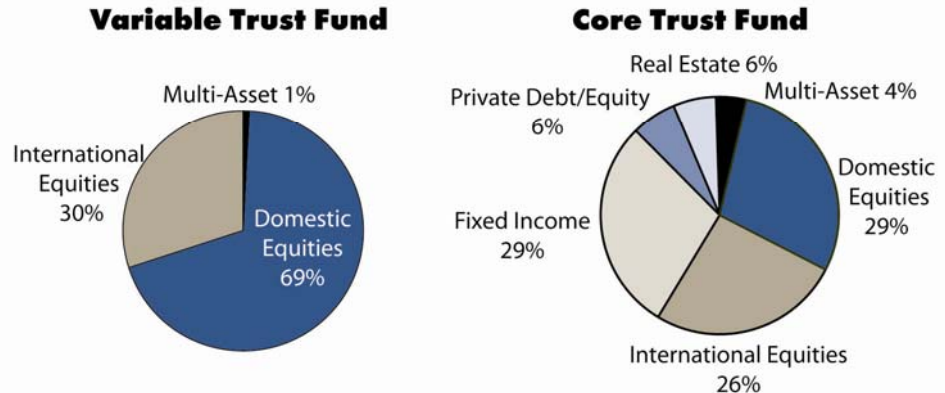
LOOKING AHEAD: ASSET ALLOCATION REVIEW

Every two years, SWIB completes a comprehensive review of its mix of assets to consider adjustments and new initiatives. Trustees, staff and consultants will meet in October to discuss allocations for 2010.

SWIB is pursuing ways to reduce the effect of wide swings in the stock market on WRS investments by further diversifying the Core Trust Fund assets while maintaining desired return targets.

The 2009 asset targets are shown at right.

2009 Asset Allocation Targets



CORPORATE GOVERNANCE: ACTIVITIES REPORT

As of June 2009, SWIB is providing a quarterly summary of activities related to corporate governance to the co-chairs of the Joint Survey Committee on Retirement Systems. There has been an unusual amount of activity triggered by the financial market difficulties and the change of administration in Washington. In addition to activities directly related to SWIB holdings, we are active participants in discussions on regulatory reform. Visit <http://www.swib.state.wi.us/governance.asp> if you would like to know more.

ADDITIONAL INFORMATION

If you would like additional information, please visit our website at www.swib.state.wi.us. If you have questions, please contact:

Sandy Drew, Legislative & Beneficiary Liaison
(608) 261-0182

Sandy.drew@swib.state.wi.us

or

Vicki Hearing, Public Information Officer
(608) 261-2415

Vicki.hearing@swib.state.wi.us