



PERFORMANCE SUMMARY

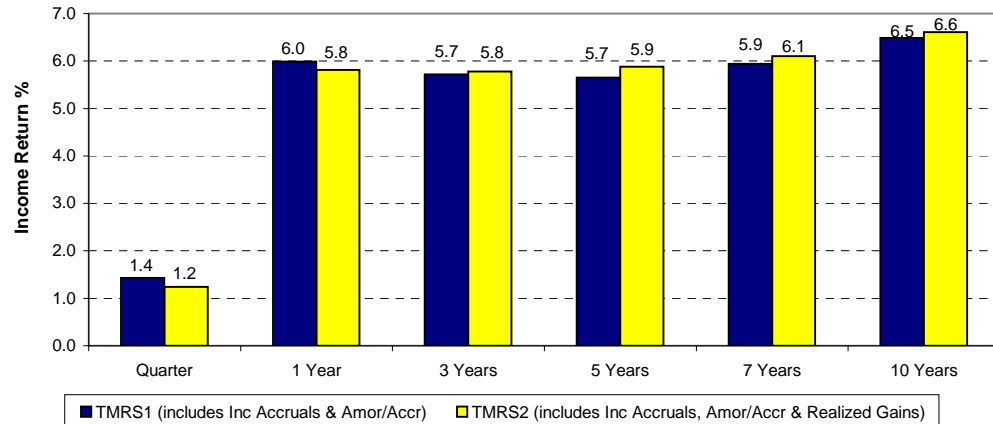
As of June 30, 2008

TMRS Income Rate of Return

| | <u>Quarter</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>7 Years</u> | <u>10 Years</u> |
|---|----------------|---------------|----------------|----------------|----------------|-----------------|
| TMRS1 (includes Inc Accruals & Amor/Accr) | 1.43 | 5.99 | 5.72 | 5.65 | 5.94 | 6.49 |
| TMRS2 (includes Inc Accruals, Amor/Accr & Realized Gains) | 1.24 | 5.81 | 5.78 | 5.88 | 6.10 | 6.61 |

The income rate of return spotlights TMRS' investment objectives for consistent quality income to support the current plan design.

Interest rates have steadily declined since August 2007, decreasing from 5.25% to 2.00% as of 6/30/08. This decline has made it difficult for TMRS to invest new monies into fixed income securities at attractive rates. Our current income stream continues to remain above the 5.00% minimum statutory rate.



TMRS Total Return

| | <u>Quarter</u> | <u>1 Year</u> | <u>3 Years</u> | <u>5 Years</u> | <u>7 Years</u> | <u>10 Years</u> |
|----------------------------|----------------|---------------|----------------|----------------|----------------|-----------------|
| TMRS - Fixed Income | -2.85 | 9.60 | 1.76 | 4.71 | 7.81 | 7.22 |
| LB Gov/Credit Long Index | -1.48 | 6.78 | 2.23 | 3.98 | 6.83 | 6.28 |
| LB US Aggregate Bond Index | -1.02 | 7.12 | 4.09 | 3.85 | 5.44 | 5.68 |
| TMRS - EAFE | -2.01 | | | | | |
| MSCI EAFE Index | -2.25 | | | | | |
| TMRS - Russell 3000 | -1.63 | | | | | |
| Russell 3000 Index | -1.69 | | | | | |
| Total Portfolio | -2.94 | 9.37 | 1.69 | 4.66 | 7.77 | 7.20 |

In January 2008, TMRS began diversifying its portfolio into equity index funds, averaging into the market at the rate of 1% monthly into both the Russell 3000 and MSCI EAFE index funds.

TMRS' performance for both the Russell 3000 and EAFE funds has been properly tracking the Russell 3000 Index and the MSCI EAFE Index. As of 6/30/08 the TMRS Russell 3000 fund had a quarterly return of -1.63% vs. -1.69% for the Russell 3000 Index and the TMRS EAFE fund had a return of -2.00% vs. -2.25% for the MSCI EAFE Index.

