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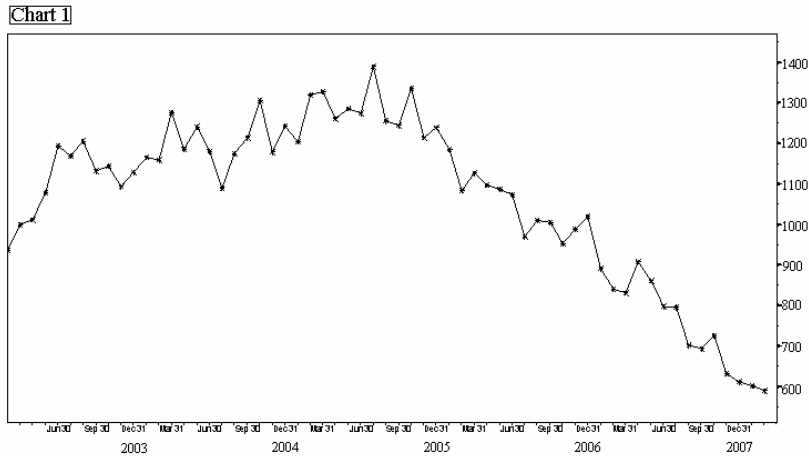
CITY OF ANN ARBOR

Reports for the period March 1, 2008 – March 31, 2008

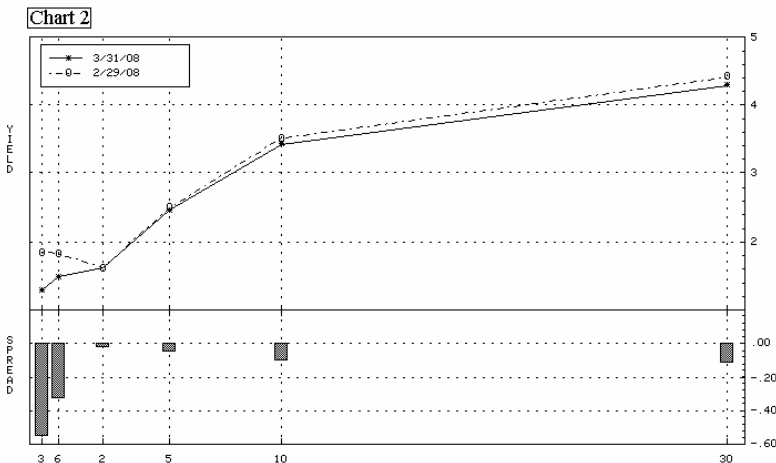
Please contact Accounting by calling the number above or email camreports@mbia.com with questions concerning this report.

Fixed Income Market Review March 31, 2008

New Home Sales (Thousands)
02/28/03 - 02/29/08



Treasury Yield Curves
02/29/08 - 03/31/08



Economic Indicators & Monetary Policy – On March 18th, the Federal Open Markets Committee (FOMC) voted to reduce the federal funds target rate 75 basis points from 3.00 to 2.25 percent. In its accompanying statement, the FOMC indicated that the outlook for economic activity had weakened further.

The Fed expects tightening credit conditions and a deepening of the housing contraction to weigh heavily on growth over the next few quarters. New home sales fell in February to the lowest level in 13 years. (See Chart 1.) Tighter loan restrictions and the prospect of lower home prices in the near future may have kept buyers away.

Stress in the financial markets has further complicated the Fed's plight. Bear Stearns, America's fifth largest investment bank, nearly collapsed in March. Alarmed by rumors of a cash shortage, Bear Stearns' clients withdrew nearly \$17 billion in two days. Faced with the prospect of bankruptcy, Bear Stearns accepted a Fed brokered offer to be acquired by JP Morgan Chase & Co.

The bailout of Bear Stearns, a company at the heart of a complex web of global transactions, may have reduced the risk of cascading failures of other institutions. However, until confidence is restored in the financial markets, the Fed may find it difficult to prop-up the faltering economy while keeping inflation in check.

Yield Curve & Spreads – Treasury yields were generally lower across the curve at month-end. Mounting concerns regarding the stability of financial institutions and the prospect of future FOMC rate cuts drove investors to the safety of government debt.

At the end of March, three-month Treasury bills yielded 1.29 percent, six-month Treasury bills yielded 1.49 percent, two-year Treasuries yielded 1.61 percent, five-year Treasuries yielded 2.46 percent, 10-year Treasuries yielded 3.42 percent, and 30-year bonds yielded 4.30. (See Chart 2.)

City of Ann Arbor
Activity and Performance Summary
for the period March 1, 2008 - March 31, 2008

<u>Amortized Cost Basis Activity Summary</u>	
Beginning Amortized Cost Value	182,721,242.20
Additions	
Contributions	0.00
Interest Received	446,978.66
Accrued Interest Sold	101,788.97
Gain on Sales	1,104.85
Total Additions	549,872.48
Deductions	
Withdrawals	8,896,905.84
Fees Paid	14,890.88
Accrued Interest Purchased	97,395.83
Loss on Sales	0.00
Total Deductions	(9,009,192.55)
Accretion (Amortization) for the Period	5,560.56
Ending Amortized Cost Value	174,267,482.69
Ending Fair Value	179,488,169.69
Unrealized Gain (Loss)	5,220,687.00

<u>Detail of Amortized Cost Basis Return</u>				
	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	14,228.66	0.00	0.00	14,228.66
Repurchase Agreement	517.60	0.00	0.00	517.60
Certificates of Deposit	284.17	0.00	0.00	284.17
U.S. Treasury	181,564.70	27,792.66	0.00	209,357.36
U.S. Instrumentality	392,615.22	(24,587.62)	0.00	368,027.60
Sales and Maturities				
Repurchase Agreement	26,632.94	0.00	0.00	26,632.94
U.S. Treasury	28,432.38	2,337.83	0.00	30,770.21
U.S. Instrumentality	12,534.72	17.69	1,104.85	13,657.26
Total	656,810.39	5,560.56	1,104.85	663,475.80

<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	4.52%	3.86%	2.63%
Overnight Repo	4.24%	3.50%	2.34%
3 Month T-Bill	3.73%	2.80%	1.29%
6 Month T-Bill	3.87%	2.94%	1.51%
1 Year T-Note	3.81%	2.88%	1.55%
2 Year T-Note	3.69%	2.76%	1.62%
5 Year T-Note	3.96%	3.28%	2.49%

<u>Summary of Amortized Cost Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	656,810.39	642,581.73
Accretion (Amortization)	5,560.56	5,560.56
Realized Gain (Loss) on Sales	<u>1,104.85</u>	<u>1,104.85</u>
Total Income on Portfolio	663,475.80	649,247.14
Average Daily Historical Cost	177,844,363.35	172,412,019.09
Annualized Return	4.40%	4.45%
Annualized Return Net of Fees	4.31%	4.35%
Annualized Return Year to Date Net of Fees	4.43%	4.44%
Weighted Average Effective Maturity in Days	578	599

City of Ann Arbor
Activity and Performance Summary
for the period March 1, 2008 - March 31, 2008

<u>Fair Value Basis Activity Summary</u>		
Beginning Fair Value		187,840,667.11
Additions		
Contributions	0.00	
Interest Received	446,978.66	
Accrued Interest Sold	101,788.97	
Total Additions		548,767.63
Deductions		
Withdrawals	8,896,905.84	
Fees Paid	14,890.88	
Accrued Interest Purchased	97,395.83	
Total Deductions		(9,009,192.55)
Change in Fair Value for the Period		107,927.50
Ending Fair Value		179,488,169.69

<u>Detail of Fair Value Basis Return</u>			
	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	14,228.66	0.00	14,228.66
Repurchase Agreement	517.60	0.00	517.60
Certificates of Deposit	284.17	0.00	284.17
U.S. Treasury	181,564.70	(34,235.00)	147,329.70
U.S. Instrumentality	392,615.22	160,412.50	553,027.72
Sales and Maturities			
Repurchase Agreement	26,632.94	0.00	26,632.94
U.S. Treasury	28,432.38	(14,250.00)	14,182.38
U.S. Instrumentality	12,534.72	(4,000.00)	8,534.72
Total	656,810.39	107,927.50	764,737.89

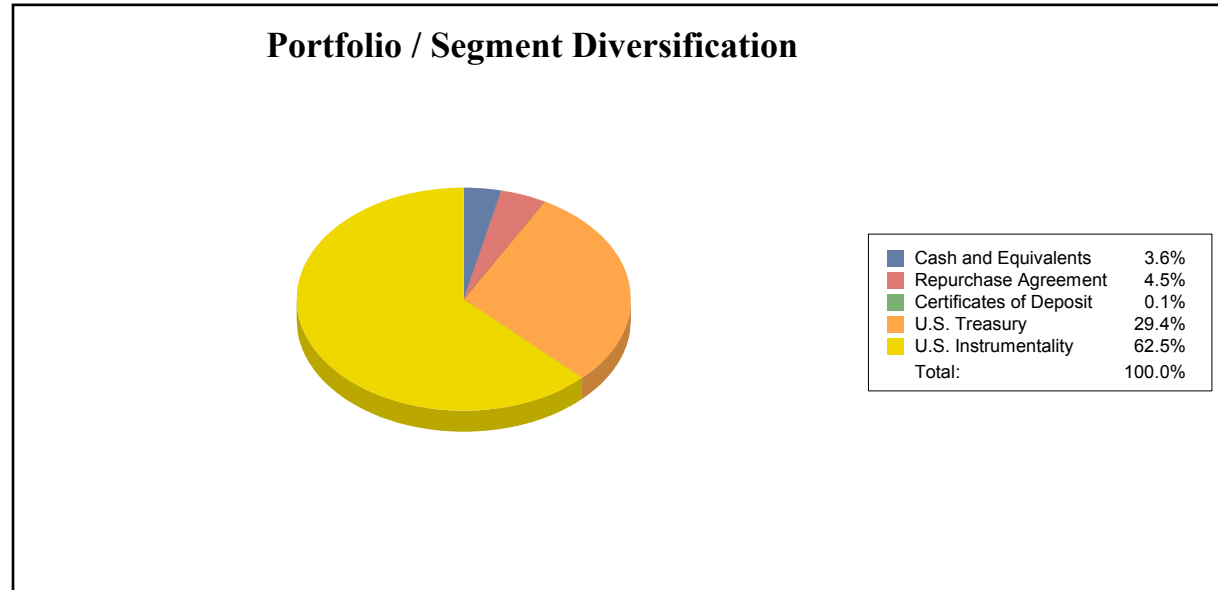
<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	4.52%	3.86%	2.63%
Overnight Repo	4.24%	3.50%	2.34%
3 Month T-Bill	4.69%	4.08%	2.83%
6 Month T-Bill	5.59%	5.42%	3.42%
1 Year T-Note	6.54%	7.04%	3.90%
2 Year T-Note	9.04%	11.66%	2.48%
5 Year T-Note	13.60%	20.06%	5.79%

<u>Summary of Fair Value Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	656,810.39	642,581.73
Change in Fair Value	<u>107,927.50</u>	<u>107,927.50</u>
Total Income on Portfolio	764,737.89	750,509.23
Average Daily Historical Cost	177,844,363.35	172,412,019.09
Annualized Return	5.08%	5.14%
Annualized Return Net of Fees	4.98%	5.04%
Annualized Return Year to Date Net of Fees	9.87%	10.02%
Weighted Average Effective Maturity in Days	578	599

**City of Ann Arbor
Recap of Securities Held
March 31, 2008**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	6,206,847.69	6,206,847.69	6,206,847.69	0.00	1	1	3.57	2.84	0.00
Repurchase Agreement	7,764,000.00	7,764,000.00	7,764,000.00	0.00	1	1	4.47	2.40	0.00
Certificates of Deposit	100,000.00	100,000.00	100,000.00	0.00	60	60	0.06	3.30	0.16
U.S. Treasury	51,185,626.99	51,686,673.59	53,705,682.50	2,019,008.91	469	469	29.44	4.78	1.22
U.S. Instrumentality	108,590,594.15	108,509,961.41	111,711,639.50	3,201,678.09	1,418	704	62.46	4.35	1.79
TOTAL	173,847,068.83	174,267,482.69	179,488,169.69	5,220,687.00	1,024	578	100.00	4.33	1.48

* Weighted Average Yield is calculated on a "yield to worst" basis.



City of Ann Arbor
Maturity Distribution of Securities Held
March 31, 2008

Maturity	Historical Cost	Percent
Under 90 Days	28,918,342.70	16.63%
90 To 180 Days	16,595,046.88	9.55%
180 Days to 1 Year	19,830,284.38	11.41%
1 To 2 Years	55,985,113.84	32.20%
2 To 5 Years	52,518,281.03	30.21%
Over 5 Years	0.00	0.00%
	173,847,068.83	100.00%

Maturity Distribution

