

Galliard Capital Management, Inc.



GALLIARD CAPITAL
MANAGEMENT

Experience, Consistency,
Performance

State of Wisconsin

November 15, 2005

Presenters:
Mike Norman
Principal

Karl Tourville
Managing Partner

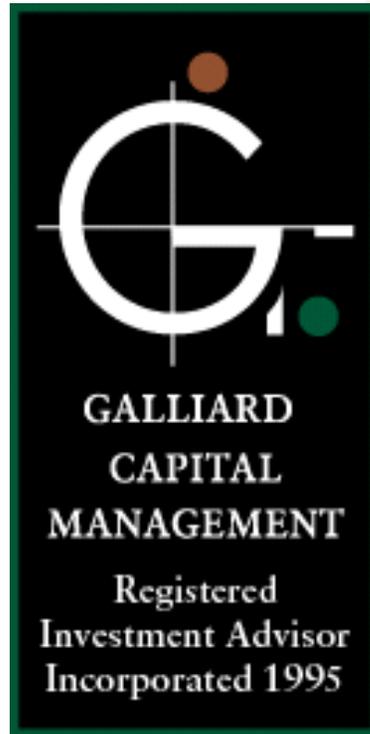
Section I: Galliard Update

Section II: Performance & Portfolio Review

Section III: Actively Managed Segment Strategy

Galliard Capital Management

A Wholly Owned Subsidiary of Wells Fargo & Company



Galliard At A Glance

2005 - \$21.4 Billion

- Galliard specializes exclusively in fixed income management for institutional investors.
- Our fixed income products are top performing – across the board – and highly ranked in peer universe comparisons.
- Since our firm's inception in 1995, turnover in our investment team has been minimal and the organization has remained stable.
- We've grown our business from \$1.8 billion of assets, 7 employees and 5 accounts to more than \$21 billion of assets, 36 employees and 110 institutional clients.
- Our relationship with Wells Fargo allows us to focus on what we do best: Fixed Income Investment Management. Wells Fargo supports Galliard with basic infrastructure services and provides assistance with audit and compliance resources.
- We've maintained excellent client retention by delivering what we say we'll deliver... risk controlled, value-added returns and exceptional client service. Period.

1995 - \$1.8 Billion

Experience. Consistency. Performance.

Representative Clients*

Corporate Retirement/Benefit Plans

A.O. Smith
American Electric Power
American International Group
Associated Benefits Corporation
BAE SYSTEMS North America, Inc.
Bemis Company, Inc.
BlueCross BlueShield of Minnesota
BNC Bank
Borden Chemical, Inc.
Cardinal Health, Inc.
Cenex Co-op
Depository Trust & Clearing Corporation
Great Atlantic & Pacific Tea Co.
Great River Energy
Grede Foundries, Inc.
Land O'Lakes
Opus U.S. Corporation
Penn Mutual Life Insurance Company
Proctor Hospital
Schwans Food Company
Sisters of Charity
Target Corporation
Tennessee Valley Co-op
The Toro Company
Thompson Tractor
UPM Kymmene
Wells Fargo & Company
Winston & Strawn

Corporate Operating Reserves

Banner Health System
HealthPartners
Mercy Hospital Iowa City
Midwest Assurance
Orlando Regional Healthcare System
Overseas Partners, LTD
P.N. Assurance
Possis Medical, Inc.
Regions Hospital
Southern States Insurance Exchange
SurModics, Inc.

Foundation/Endowments

HealthEast Foundation
The Minneapolis Foundation
Our Lady of the Lake University Foundation
Wells Fargo Foundation

Public Entities

City of Irvine
City of Los Angeles
City of Maple Grove
City of Minneapolis
City of New York
City of Saint Paul
Colorado County Officials And Employees'
Retirement Association
Kentucky Teachers Retirement System
League of Minnesota Cities Insurance Trust
Massachusetts Bay Transportation Authority
Metropolitan Transportation Authority of New York
Minneapolis Community Development Agency
Minneapolis Police Relief Association
Minnesota Counties Insurance Trust
Minnesota Service Cooperatives
Minnesota State Board of Investments
Public Employer Risk Management Association
State of Wisconsin
Unified Government of Athens - Clarke County, GA
Virginia Retirement System
Waukesha County

Taft/Hartley

I.B.E.W. Local No. 292
Minneapolis Food Distributing Industry
Minnesota Teamsters
Construction Division Local No. 221
Twin Cities Carpenters And Joiners
Twin City Floor Coverers Local No. 596

Mutual Funds

American Independence Funds
Wells Fargo Advantage Funds

Partnerships

Alliance Capital
Diversified Investment Advisors, Inc.
First Hawaiian Bank
Franklin/Templeton
Hartford Life Insurance Companies
ING
Nationwide Retirement Solutions
Prudential Retirement Services
Stanton Trust Company

BOLD denotes public stable value clients.

*Galliard Capital Management's representative client list includes 66% of Galliard clients. It excludes those requesting confidentiality, smaller clients, and others as determined by Galliard. Inclusion is not performance based nor does it represent any endorsement of Galliard's services by the client.

Galliard Core Fixed Income Products

Consistent Returns Superior to Benchmark

Periods Galliard Outperformed/Total Periods*

Fixed Income Composite	1 year	3 year	5 year
Short Duration**	88/98	65/66	38/38
Intermediate Core	29/36	28/28	20/20
Broad Market Core	32/36	28/28	20/20
Stable Value Separate Account	<u>28/29</u>	<u>17/17</u>	<u>9/9</u>
Total	230/262	193/194	134/134
Batting Average	88%	99%	100%

*Number of total periods varies by inception date for each composite

** Four Short Duration Composite results were totaled to produce a single Short Duration statistic.

The inception date for each Short Duration Composite is as follows:

Short Core, July 1998; Enhanced Cash, October 2001; Short Premium AAA, October 1998
and Short Premium Government, October 1995.

(Annualized rolling periods, beginning with first full period of composite and ending 6/30/05)

Stable Value Portfolio Review

Third Quarter 2005

Annualized Investment Performance¹

Periods Ending September 30, 2005

	<u>3Q05</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>Since Inception</u> ²
Portfolio (before inv. mgmt. fees)	1.30	3.82	5.16	5.29	5.84	6.04
Portfolio (net of inv. mgmt. fees)	1.26	3.68	4.97	5.08	5.62	5.84
5 Year Constant Maturity Treasury Index	0.99	2.93	3.82	3.37	3.82	4.38

Calendar Year Performance

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Portfolio (before inv. mgmt. fees)	5.18	5.41	6.22	6.85	6.77
Portfolio (net of inv. mgmt. fees)	4.97	5.19	5.98	6.60	6.54
5 Year Constant Maturity Treasury Index	3.43	2.97	3.81	4.55	6.15

Market Indices

3 Month Treasury Bills	1.64	1.05	1.68	3.25	5.92
Consumer Price Index	3.26	1.88	2.38	1.55	3.39

¹ Returns for periods of less than one year are not annualized.

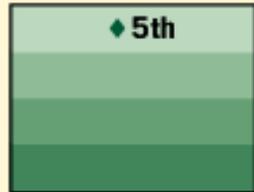
² Galliard's management of this portfolio began July 1, 1998

WDC Stable Value Fund

Relative to the Hueler First Source Universe

As of 6/30/05

2Q-05 Percentile Ranking



◆ Stable Value Portfolio: 1.26%

One Year Percentile Ranking *(as of 6/30/05)*



◆ Stable Value Portfolio: 5.13%

Three Year Percentile Ranking *(as of 6/30/05)*



◆ Stable Value Portfolio: 5.36%

Five Year Percentile Ranking *(as of 6/30/05)*



◆ Stable Value Portfolio: 5.92%

Hueler FIRSTSource UNIVERSE PROFILE

Second Quarter 2005

The following percentiles are constructed from the rates of return for the funds in the Hueler FIRSTSource Separate Account Index.

Percentile	Quarter (%)	1 Year (%)	3 Year (%)	5 Year (%)
	◆1.26			
5%	1.30	5.19	5.60	6.01
		◆5.13	◆5.36	◆5.92
10%	1.24	5.01	5.30	5.85
15%	1.21	4.86	5.22	5.79
25%	1.18	4.71	5.09	5.69
Median (50%)	1.12	4.51	4.91	5.49
Straight Average	1.12	4.51	4.61	5.27
75%	1.07	4.30	4.72	5.30
90%	0.99	4.00	4.54	5.15
95%	0.95	3.76	4.30	5.13
# of Plans	194	177	144	121

All performance numbers are gross of stable value management fees and net of contract fees.

◆ Stable Value Portfolio Performance is shown in green.

Hueler FIRSTSource does not provide firm specific rankings.

The Stable Value Portfolio returns shown are at or above Hueler Universe percentiles.

Portfolio Structure

Galliard Inception Date	July 1, 1998			
Investment Objective	The portfolio seeks to maintain safety of principal and a stable crediting rate, while generating a competitive return.			
Benchmark	5 Year Constant Maturity Treasury Yield			
Stable Value Portfolio Components	<u>Components</u>	<u>Minimum Weighting</u>	<u>Target Weighting</u>	<u>Maximum Weighting</u>
	Stable Value Funds	15%	20%	30%
	- Wells Fargo Stable Return			
	Security Backed Contracts**	70%	80%	85%
	Targeted Benchmark			
	- Galliard Intermediate		20%	
	- Galliard Aggregate		20%	
	- Alliance Capital Fund - Aggregate		15%	
	- PIMCO Fund		25%	
Key Portfolio Guidelines				
Portfolio Duration	Target is 4.0 years. Duration to be maintained +/- 1 year of target.			
Portfolio Quality (contract level)	Weighted Average Quality to be at least AA-			
Portfolio Quality (underlying security level)	All securities rated investment grade at time of purchase. Weighted Average Quality to be at least AA-			

Stable Value Portfolio Review

Third Quarter 2005

Portfolio Characteristics

Total Assets **\$318,853,681**
 Weighted Average Quality Aa2/AA+

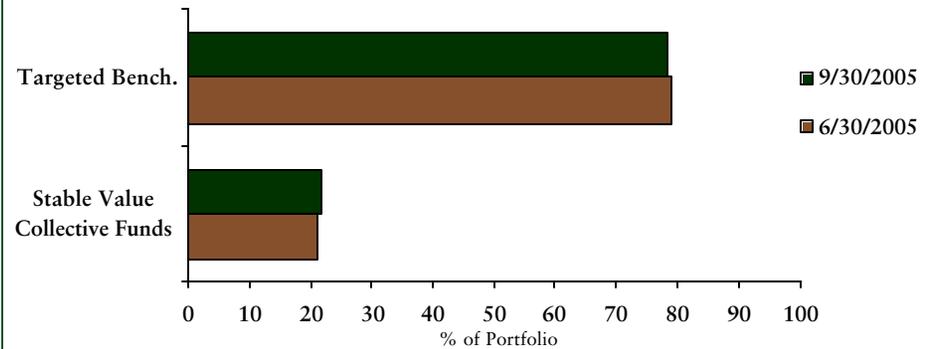
Blended Yield (Before fees) 5.24%
 Blended Yield (Net of fees)** 5.14%
 Effective Duration 3.39 years

** Net of investment management and other fees

Sector Distribution

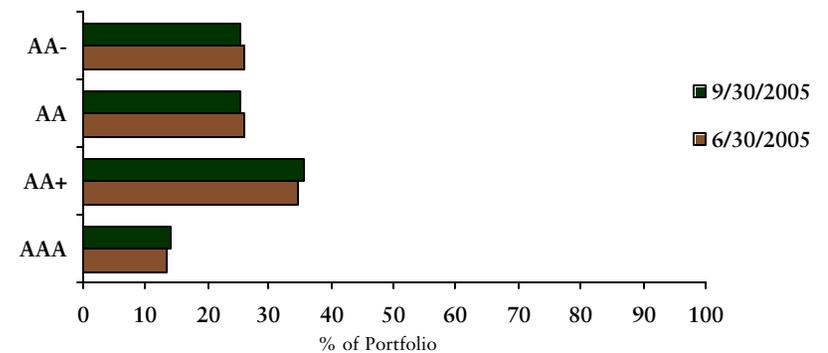
Sector Distribution	Contract Value (\$)	% of Portfolio 9/30/2005	% of Portfolio 6/30/2005
Collective Funds***	68,622,238	21.5%	21.0%
Investment Contracts	-	-	-
Security Backed Contracts			
Targeted Duration	-	-	-
Targeted Benchmark	250,231,443	78.5%	79.0%
Total	\$318,853,681	100.0% *	100.0% *

***Includes Stable Value Collective Funds, Receivables, and Payables.



Contract Quality Distribution

Quality Distribution	Contract Value (\$)	% of Portfolio 9/30/2005	% of Portfolio 6/30/2005
AAA	44,807,033	14.1%	13.5%
AA+	113,725,504	35.7%	34.6%
AA	80,160,572	25.1%	25.9%
AA-	80,160,572	25.1%	25.9%
A+	-	-	-
Total	\$318,853,681	100.0% *	100.0% *



* Total % of portfolio may not add to 100% due to rounding

Stable Value Portfolio Review

Third Quarter 2005

Contract Issuers

<u>Issuer</u>	<u>S&P Rating</u>	<u>Moody's Rating</u>
J.P. Morgan Chase Bank, N.A.	AA-	Aa2
Monumental Life Ins. Co.	AA	Aa3
IXIS Financial Products, Inc.	AAA	Aaa
Union Bank of Switzerland AG	AA+	Aa2

Manager Distribution

Investment Style Distribution

<u>Style Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio 9/30/2005</u>	<u>% of Portfolio 6/30/2005</u>
Galliard Capital	203,551,256	63.9%	64.5%
Alliance	44,378,035	13.9%	14.5%
PIMCO	70,924,389	22.2%	21.0%
Total	\$318,853,681	100.0% *	100.0% *

<u>Style Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio 9/30/2005</u>	<u>% of Portfolio 6/30/2005</u>
Stable Return Fund	68,622,238	21.5%	21.0%
Intermediate	67,477,855	21.2%	22.1%
Aggregate	182,753,587	57.3%	56.9%
Total	\$318,853,681	100.0% *	100.0% *

* Total % of portfolio may not add to 100% due to rounding

The Actively Managed Component

Key Goals:

- Enhance overall Fund returns through actively managed portfolios
- Focus on consistency of returns (low volatility)
- Control Risk

Strategies:

- Utilize a multi-manager approach to provide style diversification
- Utilize Intermediate and Core portfolios in order to maintain target fund duration
- Galliard to monitor performance of external portfolios to ensure compliance with guidelines
- Target allocation of 50% to 2 Galliard strategies and 50% to PIMCO and Alliance

State of WI Active Manager

Risk & Return Review (Active Portfolio Time Frame: 1/1/99 – 9/30/05)

	Return	Standard Deviation
Blended Portfolio	6.32	3.65
Blended Benchmark	5.72	3.7

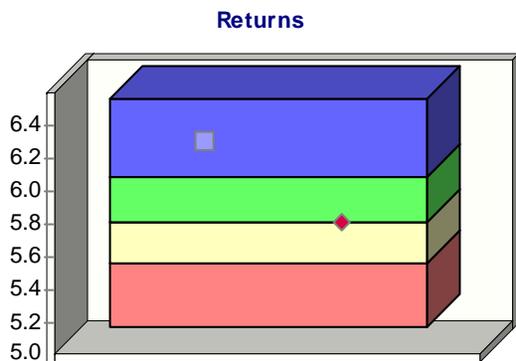
Portfolio Statistics vs. Benchmarks			
	Tracking Information		
	Error	Ratio	Alpha
Blended Benchmark	0.51	1.12	0.75
Lehman Aggregate	0.55	0.89	0.71
Lehman Int. Gov't/Credit	0.62	1.24	0.80

Manager Statistics

	% of Current Portfolio	Return	Standard Deviation	Tracking Error	Information Ratio	Alpha
Lehman Aggregate	57.30%	5.81	3.73	--	--	--
Alliance	13.90%	5.98	3.43	0.85	0.19	0.77
Galliard	21.20%	6.69	3.83	0.68	1.22	0.82
PIMCO	22.20%	6.55	4.04	0.96	0.73	0.45
Lehman Int. Gov't/Credit	21.20%	5.52	3.59	--	--	--
Galliard	21.20%	6.16	3.47	0.52	1.16	0.88

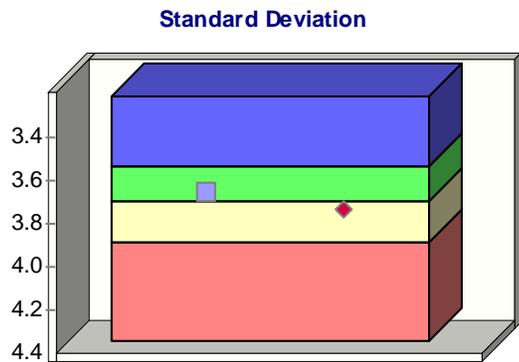
Wisconsin Active Portfolio Statistics vs. Peer Universe: and Lehman Aggregate*

1/1/99 – 9/30/05



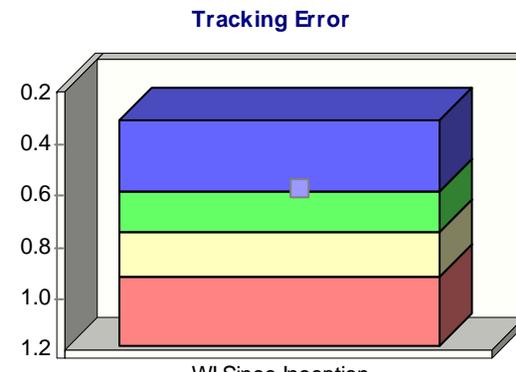
WI Since Inception

Ending 09/30/2005



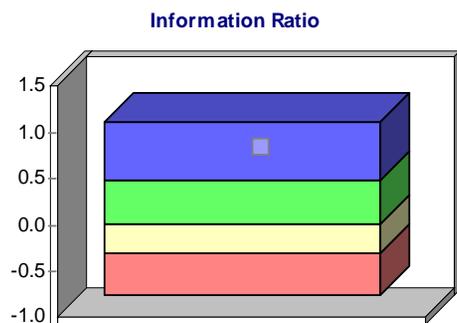
WI Since Inception

Ending 09/30/2005



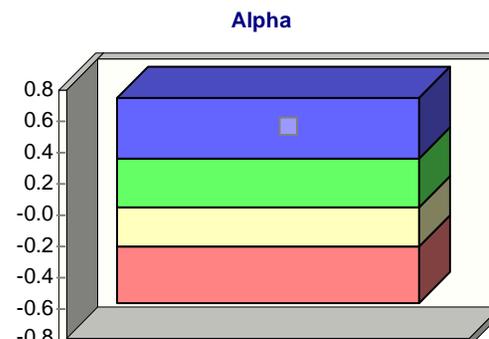
WI Since Inception

Ending 09/30/2005



WI Since Inception

Ending 09/30/2005



WI Since Inception

Ending 09/30/2005

■ 5-25 %tile
 ■ 25-50 %tile
 ■ 50-75 %tile
 ■ 75-95 %tile
◆ Lehman Aggregate Bond
■ WI Active Portfolio - WI Portfolio - Gross Size

*Universe: Broad Core M Defined
 Benchmark: Lehman Aggregate Bond
 January 1999 ending 9/30/05

Manager Oversight Process

Galliard utilizes an ongoing process to assure externally managed portfolios are in compliance

Monthly:

- Reg. 9 compliance testing by Wells Fargo
- Compliance certification by external manager
- Performance review by Galliard

Quarterly (in addition to the monthly):

- Comprehensive compliance certification by external manager regarding adherence to the investment guidelines and best execution policy
- Stress test and other analytics review by Galliard

Semi-annually (in addition to monthly and quarterly):

- Portfolio review by Galliard (with external manager in person or via phone)

Annually:

- Best execution policy review by Galliard