January 12, 2010

Dear Members of the Wisconsin Retirement System:

The State of Wisconsin Investment Board (SWIB) has reported preliminary investment results for the Core Trust Fund and Variable Trust Fund as of December 31, 2009. They are as follows:

- Core Trust Fund: 22.2%
- Variable Trust Fund: 33.7%

Many Wisconsin Retirement System (WRS) members will naturally want to know how these results will affect their accounts and/or monthly annuities. The Department of Employee Trust Funds (ETF) will not have a definitive answer until February or March, after finalized 2009 investment results have been reported, and subsequent effective rates and annuity adjustments calculated. However, based on the preliminary year-end figures, the following table shows the approximate projected range of Core Fund effective rates and annuity adjustments for this year.

<table>
<thead>
<tr>
<th>Preliminary 2009 SWIB Investment Returns</th>
<th>Approximate Core Fund Effective Rate</th>
<th>Approximate Core Fund Annuity Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.2%</td>
<td>4%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Important notes regarding the table above:
- Final 2009 SWIB investment returns will not be available until later this month. Finalized year-end investment returns could end up slightly higher or lower than the preliminary investment returns in the first column of the table.
- Final 2009 effective rates, which are applied to active and some inactive employee accounts, will not be available until February or March. ETF uses the effective rates, which take into account factors such as investment returns and reserves, as a starting point to calculate the annual increases or decreases paid to WRS retirees.
- Annuity adjustments for WRS retirees are reflected in the May 1 annuity payment. Assumed interest, mortality rates and other actuarial factors may also affect the final annual increases or decreases. The projections above are based solely on investment returns.
- Core Fund investment returns are smoothed over a five-year period to reduce the effects of market volatility on WRS members.

Variable Trust Fund
Some WRS members have elected to participate (by putting 50% of their contributions) in the optional and more volatile all-equity Variable Fund. Unlike the Core Fund, the Variable Fund investment returns (gains/losses) are not smoothed. Therefore, WRS members who participate in the Variable Fund experience effective rates and annuity adjustments on the Variable Fund portion of their account that are closer to actual Variable Fund investment returns.

Visit [http://etf.wi.gov](http://etf.wi.gov) for more information.