



**WASHINGTON SUBURBAN
SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2008 AND 2007



**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2008 AND 2007**

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INDEPENDENT AUDITOR'S REPORT

The Commissioners
Washington Suburban Sanitary Commission

The Board of Trustees
Washington Suburban Sanitary Commission
Employees' Retirement Plan

We have audited the accompanying Statements of Plan Net Assets of the Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") as of December 31, 2008 and 2007, and the related Statements of Changes in Plan Net Assets for the years then ended. These basic financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of December 31, 2008 and 2007, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis, the schedules of funding progress and employer contributions, and the notes to the required supplementary information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of investments as of December 31, 2008, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Washington, D.C.
August 7, 2009

Thompson, Cobb, Bazilio & Associates, PC

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2008**

The Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") provides retirement benefits to the employees, retirees, and beneficiaries of the Washington Suburban Sanitary Commission. To facilitate understanding the Plan's financial performance for the year ended December 31, 2008, management has prepared this discussion and analysis. This discussion and analysis should be read in conjunction with the Plan's financial statements and supplementary information provided in this report.

OTHER SIGNIFICANT MATTERS

During 2008, financial markets as a whole incurred significant declines in values. As of December 31, 2008, the investments of the Plan also incurred significant declines in the values reported in the accompanying financial statements. During this period, and to the date of this report, the market has experienced significant volatility. As the values of investments fluctuate with market conditions, the amount of investment losses that the Plan could recognize in future financial statements, if any, cannot be determined.

FINANCIAL HIGHLIGHTS

As of December 31, 2008, the Plan's net assets held in trust for current and future retirement benefits were \$508.9 million dollars. This reflects a decrease in the Plan's net assets of \$240.0 million from the prior year. Total net investment losses were \$213.6 million dollars, which is comprised of a \$228.4 net loss in the fair market value of investments, \$17.7 million in dividends and interest, and investment expenses of \$2.9 million. This is compared to net assets of \$749.0 million and net investment income of \$56.0 million for calendar year 2007. The decrease reflects the precipitous decline in financial markets over the latter four months of 2008.

Participant and Plan sponsor contributions increased in 2008 to \$19.0 million from \$18.8 million in 2007 due to an increase in the number of employees and higher salary levels. Calendar year retirement annuity benefit payments totaled \$45.5 million. This represented an increase of \$2.4 million from 2007 to 2008 due to an increase in the number of retirees and cost-of-living increases.

The total fund investment return for 2008 was a loss of 27.7%. For the five-year period ending December 31, 2008, the Plan returned 1.0% per annum, and 2.5% annualized over the past ten years. The 2008 investment return and trailing five and ten-year periods reflect the significant depressed valuations prevalent at the end of 2008.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2008**

BOARD ACTIONS

During the year, the Board of Trustees (the "Board") took the following actions:

- The Plan ended its investment in the Morgan Stanley Small Cap Value Fund.
- Transferred funds out of Colchester Global Bond Fund to Treasury Inflation Protection Securities (TIPS) manager, Income Research & Management (IR&M).
- Hired and transferred funds to emerging markets investment manager, Dimensional Fund Advisors.
- Hired and transferred funds to C.B. Richard Ellis Investors, a global real estate investment manager.
- Redeemed funds from the Vanguard Growth Index Fund to partially fund retiree benefit payment obligations.
- Requested direct payment of future cash distributions from domestic real estate manager Sentinel Real Estate as opposed to re-investment in the fund.
- Adopted new target asset allocation ranges.

Subsequent to December 31, 2008, the Board took the following actions:

- The Plan's actively managed large cap value investment with UBS was ended.
- Subsequent to transition management, securities and cash were transferred for investment in the State Street Global Advisors (SSgA) Russell 1000 Value Index.

PLAN FUNDING

The Plan's actuarially determined target rate of investment return is 8.0% net of expenses. On an annual basis, the market value of the Plan's assets and its investment gains and losses are reviewed by the Plan's actuary to determine the viability and funding progress of the Plan.

The Plan began using the Average Value Method to determine the actuarial asset value effective July 1, 2006. This smoothing method explicitly recognizes each year's investment gain or loss over a five-year period with the final actuarial value not less than 80% or more than 120% of the market value of assets. As required by Governmental Accounting Standards Board Statement No. 25 and 27, the Plan's reported funding progress (expressed as the ratio of the actuarial value of assets to the actuarial accrued liability) was 94.5% on June 30, 2008, compared to 94.4% on June 30, 2007.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2008**

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

The financial information presented in this report includes two financial statements, the notes to the financial statements, and supplementary information.

The Statements of Plan Net Assets show the amount of assets, liabilities, and net assets held in trust for pension beneficiaries as of the end of the current and prior calendar years.

The Statements of Changes in Plan Net Assets show the additions to and reductions in the Plan's net assets during the current and prior calendar years. The statements present the major sources of funds added and uses of funds deducted.

The Notes to the Financial Statements contain disclosures and discussions which support the data presented in the financial statements. The notes present information about the creation and administration of the Plan, significant accounting policies, and investments. The notes are an integral part of the financial statements and should be considered in conjunction with the review of the financial statements.

The Supplementary Information includes additional information on the Plan's financial condition and trends, including information on employer contributions, actuarial assumptions, funding status, and investments for the last six fiscal years.

ADDITIONAL INFORMATION

These financial statements present the finances of the Plan in accordance with accounting principles generally accepted in the United States of America. Questions about these financial statements or other inquiries should be addressed to the Executive Director, WSSC Employees' Retirement Plan, Washington Suburban Sanitary Commission, 14501 Sweitzer Lane, Laurel, MD 20707-5902.

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF PLAN NET ASSETS
DECEMBER 31, 2008 AND 2007

| | December 31, | |
|--|----------------------|----------------------|
| | 2008 | 2007 |
| ASSETS | | |
| Cash and cash equivalents (Note A) | \$4,876,038 | \$5,791,845 |
| Investments at fair value (Note A): | | |
| Mutual and/or commingled funds | 262,854,808 | 488,232,472 |
| U. S. Government and agency bonds | 75,640,864 | 25,468,825 |
| Corporate bonds | 14,416,399 | 16,190,983 |
| Common stocks | 65,251,578 | 110,791,235 |
| Investment contracts with insurance company | 46,430,698 | 63,939,518 |
| Other holdings | | |
| Cash collateral received under | | |
| securities lending agreements (Note G) | 74,905,033 | 33,126,938 |
| Real estate fund units (Note E) | 47,411,919 | 46,283,055 |
| Limited partnership units | 20,000 | 20,080 |
| Total Investments | 586,931,299 | 784,053,106 |
| Dividends and accrued interest receivable | 1,537,226 | 739,847 |
| Contributions receivable from employees | 231,267 | 201,152 |
| Total Assets | 593,575,830 | 790,785,950 |
| LIABILITIES | | |
| Payable for collateral received under | | |
| securities lending agreements (Note G) | 74,905,033 | 33,126,938 |
| Collateral deficiency liability | 1,054,230 | - |
| Benefits payable and accrued expenses | 797,143 | 832,344 |
| Deferred prefunded WSSC contributions (Note B) | 7,958,038 | 7,874,187 |
| Total Liabilities | 84,714,444 | 41,833,469 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | \$508,861,386 | \$748,952,481 |

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

| | Years Ended December 31, | |
|---|---------------------------------|---------------|
| | 2008 | 2007 |
| ADDITIONS | | |
| Income from investments: | | |
| Dividends and interest | \$17,698,412 | \$19,150,972 |
| Net (depreciation) appreciation in the fair value of Plan investments (Note A) | (228,419,873) | 39,726,961 |
| Less investment expenses | (2,885,073) | (2,883,824) |
| Net Investment (Loss) Income | (213,606,534) | 55,994,109 |
| Contributions (Note B): | | |
| WSSC contributions | 15,832,225 | 15,755,202 |
| Employee contributions | 3,203,755 | 3,069,819 |
| Total Contributions | 19,035,980 | 18,825,021 |
| Total Additions | (194,570,554) | 74,819,130 |
| DEDUCTIONS | | |
| Benefit payments to retirees | 45,275,819 | 42,651,067 |
| Refunds of employees' contributions and interest earned | 244,722 | 505,065 |
| Total Deductions | 45,520,541 | 43,156,132 |
| NET (DECREASE) INCREASE IN NET ASSETS | (240,091,095) | 31,662,998 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | |
| BEGINNING OF YEAR | 748,952,481 | 717,289,483 |
| END OF YEAR | \$508,861,386 | \$748,952,481 |

The accompanying notes are an integral part of these financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Washington Suburban Sanitary Commission Employees' Retirement Plan (the "Plan") are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Plan considers all cash and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Investments

Investments are stated at fair value. The fair value is generally based on quoted market prices on the last business day of the Plan's year end. The fair value for real estate investments is determined using unit values supplied by the real estate investment manager, which are based upon the real estate investment managers' appraisals of underlying real estate values. Such values involve subjective judgment and may differ from amounts which would be realized if such real estate was actually sold (See Note E).

The Plan holds investment contracts with Prudential Financial. The fair value of these contracts is determined based on the fair value of the underlying pooled assets, and is an estimate only and not the result of a precise calculation which would be done at contract discontinuance or to measure the impact of excess withdrawals in any calendar year. It does not constitute an offer by Prudential Financial or a final experience adjustment.

Net appreciation (depreciation) in the fair value of investments reflected in the Statements of Changes in Plan Net Assets includes realized gains and losses on investments that were sold during the year and unrealized appreciation (depreciation) in the fair value of investments.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Plan's investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk.

NOTE B. DESCRIPTION OF PLAN

General

The Plan, a single employer contributory defined benefit retirement plan, was established in 1967 to provide retirement and death benefits for the employees of the Washington Suburban Sanitary Commission (WSSC) under conditions set forth in the Plan Document based on an employee's length of service and compensation. The Retirement Plan Document is amended from time to time, with the Plan last amended on January 21, 2009. WSSC has the right to amend the Plan Document via Commission resolution.

WSSC implemented the Open version of the Plan on July 1, 1978. Members of the Plan as of June 30, 1978 had an option to be included in the Open Version. This option expired December 31, 1978. The Open Version is mandatory for new employees. It generally provides for reduced employee contributions and benefits. At December 31, 2008, 1,401 employees were participating in the Open Version of the Plan, and 36 employees in the Closed Version of the Plan, a total of 1,437 employee participants.

The Plan provides for a review process for Participants whose claim for benefits is denied. As of December 31, 2008, there were no reviews pending.

Contributions

The Plan requires employees under the Closed Version to contribute 6% of gross wages and employees under the Open Version to contribute 3% of gross wages as a condition of employment.

WSSC funds annual pension plan costs based upon a level percentage of payroll costs. WSSC's contribution which is made in a lump sum on July 1 each year amounted to \$15,916,075 and \$15,748,374 on July 1, 2008 and 2007 respectively. For the years ended December 31, 2008 and 2007, the Plan recognized WSSC's contributions of \$15,832,225 and \$15,755,202, respectively. At December 31, 2008 and 2007, \$7,958,038 and \$7,874,187, respectively, of these contributions were recorded as deferred prefunded WSSC contributions.

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE B. DESCRIPTION OF PLAN (Continued)

Expenses

WSSC pays the administrative expenses of the Plan other than investment management consulting fees.

Pension Benefits

The Plan provides for 100% vesting of retirement benefits after five years of credited service.

Generally, the normal retirement benefits payable to an eligible participant are equal to the sum of:

1. 2.1% of final average monthly compensation multiplied by the Closed Version credited service, plus
2. 1.4% of final average monthly compensation multiplied by the Open Version credited service where the sum of Closed Version credited service and Open Version credited service, exclusive of accumulated sick leave service is subject to a maximum of 36 years.

The Plan provides options for disability and early retirement to eligible participants or their surviving spouses.

The Plan provides for periodic cost of living increases in retirement benefits. Participants covered by the Closed Version will receive an increase two months following a sustained increase in the Consumer Price Index of 3% or more. Participants in the Open Version receive an increase each March 1, based on the preceding calendar year's increase in the Consumer Price Index. The first increase may be pro-rated depending on the time of retirement.

As of December 31, 2008, 1,395 retirees and/or beneficiaries were receiving benefits from the Plan, and there were 78 terminated vested employees not yet receiving benefits. Seven employees retired as of December 31, 2008 and began receiving benefits in January 2009.

Plan Termination

In the event of termination, Plan assets are to be allocated in the following priorities:

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE B. DESCRIPTION OF PLAN (Continued)

1. Expenses, fees and other charges under the Plan, not previously paid.
2. Pension benefits based upon contributions made by employees and interest earned thereon.
3. Pension benefits based upon contributions made by the employer which are vested.
4. All other pension benefits under the Plan.

NOTE C. TRUSTEES OF THE PLAN

WSSC established a Board of Trustees for the Plan to be responsible for the investment management of the Plan's assets for the exclusive benefit of the Plan's participants. The trustees are governed by a Trust Agreement. The agreement provides for trustees to be appointed by WSSC and for the Board to be composed of two Commissioners, one staff expert, four employees who are participants of the Plan, and four representatives of the public.

The administration of the Plan is managed by the Executive Director who is appointed by the Commission.

NOTE D. INTERNAL REVENUE STATUS

The Plan obtained its latest determination letter on October 25, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and, therefore, that the Plan was qualified and the related Trust was tax exempt as of December 31, 2008 and 2007.

NOTE E. INVESTMENT IN REAL ESTATE FUND

As reported in the accompanying Statements of Plan Net Assets at December 31, 2008, and 2007, the Plan had an investment in the Sentinel Real Estate Fund, a real estate fund (the Fund). The valuation of the Plan's investments in the Fund is based upon both external appraisals and the Fund's appraisals of the underlying real estate assets of the Fund, which may or may not be realized by actual sale. The Plan also invests in the CB Richard Ellis Global REIT Fund which is valued by using quoted market prices on the last business day of the Plan's year-end.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE F. SIGNIFICANT INVESTMENTS

Individual investments that represent 5 percent or more of the fair value of the Plan's net assets are as follows.

| | December 31, | |
|--|---------------------|---------------|
| | 2008 | 2007 |
| ICM Small Company Portfolio | \$66,804,733 | \$102,945,921 |
| Morgan Stanley Investment Management | | |
| International Equity Trust | 37,985,672 | 56,631,878 |
| Vanguard Growth Index Fund | 27,569,242 | 71,885,971 |
| Vanguard Total Stock Market Index Fund | 63,386,993 | 100,507,403 |
| Colchester Global Fund | * | 47,142,597 |
| Prudential Financial Investment Contract | 37,412,698 | 40,512,642 |
| Sentinel Real Estate Fund | 37,886,631 | 46,283,055 |
| Artio Global Investors | 36,014,001 | 62,165,958 |

Except for investments in U.S. Government or Agency securities, investment managers invest no more than 7 percent of their portion of Plan assets, at cost, and no more than 10 percent at market, in securities of any one issuer or its subsidiaries or affiliates.

*Terminated Manager in 2008.

NOTE G. SECURITY LENDING

The Board of Trustees (the Board) policy permits the Plan to lend its securities to broker-dealers and other entities (Borrowers) for collateral that will be returned for the same securities in the future. The Plan's custodian is the agent in lending the Plan's securities for collateral of 102 percent for domestic securities and 105 percent for international securities. The custodian receives cash, securities or irrevocable bank letters of credit as collateral. All securities loans can be terminated on demand by either the Plan or the Borrowers. Cash collateral received from the Borrowers is invested by the lending agent, as an agent for the Plan, in a short-term investment pool in the name of the Plan, with guidelines approved by the Board. Such investments are considered a collateralized investment pool. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pool, which the Plan cannot determine.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE G. SECURITY LENDING (Continued)

The Plan records a liability for the return of the cash collateral shown as collateral held for securities lending in the Statements of Plan Net Assets. The Board does not restrict the amount of loans the lending agent may make on its behalf. The agent indemnifies the Plan by agreeing to purchase replacement securities, or return the cash collateral thereof, in the event a Borrower fails to return loaned securities or pay distributions thereon.

On September 19, 2008, Northern Trust declared a collateral deficiency for its Core USA collateral pool. This resulted in the creation of a liability to Core USA for all clients based upon their pro rata participation in the pool at that time. This liability is valued at \$1,054,230 as of December 31, 2008, representing \$899,323 in open cash payable, \$137,406 term payable, and \$17,501 impaired asset payable. In October of 2008, Northern Trust contributed approximately \$150 million in the aggregate to make up a portion of the collateral deficiency in five securities lending pools. This resulted in a \$124,720 credit to the Plan's accounts.

As of December 31, 2008 and 2007, the fair value of securities on loan was \$73,438,211 and \$33,242,509, respectively. Cash received as collateral and the related liability of \$74,905,033 and \$33,126,938 as of December 31, 2008 and 2007 are shown on the Statements of Plan Net Assets. Securities received as collateral are not reported as assets since the Plan does not have the ability to pledge or sell the collateral securities.

Securities lending revenues and expenses amounting to \$2,146,609 and \$1,582,850, respectively for December 31, 2008 and \$1,645,226 and \$1,568,442, respectively for December 31, 2007, have been classified with investment income and investment expenses, respectively, in the accompanying financial statements.

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE G SECURITY LENDING (Continued)

The following represents the balances relating to the securities lending transactions as of December 31, 2008 and 2007:

| | Fair Value of Underlying Securities | Non-Cash Collateral Value | Cash Collateral Investment Value |
|--|--|--|---|
| <u>December 31, 2008</u> | | | |
| Securities Lent for Cash Collateral: | | | |
| Corporate Bonds | \$1,502,844 | \$ - | \$1,534,778 |
| Common Stocks | 8,869,674 | - | 8,952,197 |
| U.S. Government & Agency Bonds | 63,065,693 | - | 64,418,058 |
| Securities Lent for Non-Cash Collateral: | | | |
| Common Stocks | - | - | - |
| U.S. Government & Agency Bonds | - | - | - |
| Total | <u>\$73,438,211</u> | <u>\$ -</u> | <u>\$74,905,033</u> |
| <u>December 31, 2007</u> | | | |
| Securities Lent for Cash Collateral: | | | |
| Corporate Bonds | \$677,846 | \$ - | \$693,320 |
| Common Stocks | 14,847,741 | - | 15,283,580 |
| U.S. Government & Agency Bonds | 16,844,155 | - | 17,150,038 |
| Securities Lent for Non-Cash Collateral: | | | |
| Common Stocks | 607,964 | 626,746 | - |
| U.S. Government & Agency Bonds | 264,803 | 270,168 | - |
| Total | <u>\$33,242,509</u> | <u>\$896,914</u> | <u>\$33,126,938</u> |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE G SECURITY LENDING (Continued)

At year-end, the Plan has credit risk exposure to Borrowers because the amount the Plan owes the Borrowers is under the amounts the Borrowers owe the Plan. The Plan is fully indemnified by its custodial bank against any losses incurred as a result of Borrower default.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2008 and 2007, there were no funds held by a counterparty that was acting as the Plan's agent in securities lending transactions.

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**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

The information presented in the required supplementary schedules of funding progress and employer contributions was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2008, underlying the actuarial computations are as follows:

| | |
|---|---|
| Valuation date | June 30, 2008 |
| Actuarial method | Frozen initial liability modification of the entry age normal method. |
| Amortization method | Prior to the effective date of GASB 25, the method is a 15-year amortization at 8% interest adjusted for the yearly increase in salary scale. Beginning with the effective date, the amortization method is based on a level percentage of projected payroll. |
| Remaining amortization | For the amortization component of the ARC (Annual Required Contribution), the effective remaining period is 7 years. |
| Asset valuation method | Beginning July 1, 2006, the Average Value Method is used to determine the Actuarial Asset Value. This method determines the value of assets so that asset appreciation or depreciation is only partially recognized in the year of occurrence. The result is a gradual recognition of 20% per year over a 5-year period of each year's appreciation or depreciation in excess of or less than that which was assumed. The Actuarial Asset Value must be within 80% to 120% of the Market Value of Assets. |
| <u>Actuarial assumptions:</u> | |
| Rate of return on investments | 8% |
| Yearly increase in cost of living | 3.5% |
| Yearly increase in salary scale | 5% |
| Yearly increase in total payroll | 5% |
| Annual rates of severance prior to retirement | Severance due to withdrawal is based on WSSC experience. Severance due to mortality or disability is based on published rates adjusted to reflect actual experience. |
| Mortality rates after retirement | RP 2000 Healthy Annuitant mortality table for non-disability retirement pensioners. GA-1983 mortality table assumed forward ten years for disability retirement pensioners. |
| Retirement age assumptions | Ranging from age 45 to 69. |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 6/30/2003 | \$ 530,071,026 | \$ 579,970,199 | \$ 49,899,173 | 91.4% | \$ 86,048,381 | 58.0% |
| 6/30/2004 | \$ 549,681,683 | \$ 596,273,529 | \$ 46,591,846 | 92.2% | \$ 89,385,634 | 52.1% |
| 6/30/2005 | \$ 572,869,929 | \$ 616,371,030 | \$ 43,501,101 | 92.9% | \$ 88,934,061 | 48.9% |
| 6/30/2006 | \$ 601,159,241 | \$ 642,651,894 | \$ 41,492,653 | 93.5% | \$ 89,509,798 | 46.4% |
| 6/30/2007 | \$ 689,681,811 | \$ 730,211,276 | \$ 40,529,465 | 94.4% | \$ 97,976,657 | 41.4% |
| 6/30/2008 | \$ 727,310,385 | \$ 769,488,003 | \$ 42,177,618 | 94.5% | \$ 102,652,120 | 41.1% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Year Ended June 30 | Annual Required Contribution (ARC) | Employer Contributions Made | Percentage Contributed* |
|--------------------------|---|-----------------------------------|----------------------------|
| 2004 | \$ 15,663,968 | \$ 14,867,261 | 94.9% |
| 2005 | \$ 16,037,056 | \$ 14,776,839 | 92.1% |
| 2006 | \$ 18,091,839 | \$ 15,743,897 | 87.0% |
| 2007 | \$ 19,541,202 | \$ 15,762,030 | 80.7% |
| 2008 | \$ 21,786,354 | \$ 15,748,374 | 72.3% |
| 2009 | \$ 14,444,809 | \$ 15,741,076 | 108.97% |

* Employer contributions made are based upon a level percentage (16.9%) of a budgeted payroll amount. This amount is determined subsequent to the actuarial valuation date, and therefore, will be a different percentage of covered (actuarial) payroll than calculated in the annual valuation.

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

| | | <u>Cost</u> | <u>Fair Value</u> |
|---|---|---------------------------|---------------------------|
| Mutual and/or Commingled Funds: | | | |
| | <u>Shares</u> | | |
| 3,614,975 | ICM Small Company Portfolio | \$94,048,482 | \$66,804,733 |
| 266,017 | Morgan Stanley Investment Management International Equity Trust | 5,323,832 | 37,985,672 |
| 586,663 | Dimensional Fund Advisors | 20,727,638 | 9,943,945 |
| 4,953,171 | Vanguard High Yield Corporate Fund | 30,167,052 | 21,150,040 |
| 1,358,100 | Vanguard Growth Index Fund | 31,631,075 | 27,569,424 |
| 3,222,521 | Vanguard Total Stock Market Index Fund | 102,798,778 | 63,386,993 |
| 332,724 | Artio Global Investors | 44,554,976 | 36,014,001 |
| TOTAL MUTUAL AND/OR COMMINGLED FUNDS | | <u>329,251,833</u> | <u>262,854,808</u> |
| U.S Government and Agency Bonds: | | | |
| | <u>Par</u> | | |
| \$ 400,000 | Federal Home Loan Mortgage Corporation 4.00%, due June 12, 2013 | 399,508 | 425,752 |
| 210,000 | Federal Home Loan Mortgage Corporation 6.875%, due September 15, 2010 | 221,214 | 229,021 |
| 195,000 | Federal Home Loan Mortgage Corporation 6.625%, due September 15, 2009 | 202,843 | 203,073 |
| 360,000 | Federal Home Loan Mortgage Corporation 5.875%, due March 21, 2011 | 368,402 | 380,112 |
| 25,461 | Federal Home Loan Mortgage Corporation Group #E88105, 6.00%, due March 1, 2017 | 25,685 | 26,402 |
| 420,121 | Federal Home Loan Mortgage Corporation Pool #G13076, 5.00%, due March 1, 2023 | 418,677 | 431,863 |
| 33,321 | Federal Home Loan Mortgage Corporation Group #E00546, 5.50%, due March 1, 2013 | 32,342 | 34,241 |
| 17,143 | Federal Home Loan Mortgage Corporation Pool #E00938, 7.00%, due January 1, 2016 | 17,563 | 17,978 |
| 300,436 | Federal Home Loan Mortgage Corporation Group #E01098, 6.00%, due February 1, 2017 | 304,098 | 310,937 |
| 348,609 | Federal Home Loan Mortgage Corporation Pool #B13269, 4.50%, due April 1, 2019 | 338,504 | 357,805 |
| 152,505 | Federal Home Loan Bank 5.46%, due November 27, 2015 | 153,655 | 157,051 |
| 392,648 | Federal Home Loan Bank 5.27%, due December 28, 2012 | 392,541 | 401,173 |
| 840,000 | Federal National Mortgage Association 5.50%, due March 15, 2011 | 891,116 | 918,427 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

U. S. Government and Agency Bonds (continued):

| | <u>Par</u> | | <u>Cost</u> | <u>Fair Value</u> |
|----|------------|---|-------------|-------------------|
| \$ | 260,000 | Federal National Mortgage Association 6.125%, due March 15, 2012 | \$288,688 | \$295,300 |
| | 350,000 | Federal National Mortgage Association 5.25%, due August 1, 2012 | 349,402 | 368,907 |
| | 510,000 | Federal National Mortgage Association 5.375%, due July 15, 2016 | 532,654 | 593,354 |
| | 500,000 | Federal National Mortgage Association 3.66%, due February 25, 2009 | 486,765 | 502,345 |
| | 34,081 | Federal National Mortgage Association Pool #253883, 6.00%, due August 1, 2016 | 34,238 | 35,508 |
| | 20,959 | Federal National Mortgage Association Pool #253941, 7.00%, due August 1, 2016 | 21,460 | 21,894 |
| | 78,836 | Federal National Mortgage Association Pool #254259, 5.50%, due April 1, 2017 | 77,850 | 81,619 |
| | 14,647 | Federal National Mortgage Association Pool #535006, 7.00%, due November 1, 2014 | 14,281 | 15,222 |
| | 12,832 | Federal National Mortgage Association Pool #535201, 7.50%, due March 1, 2015 | 12,857 | 13,448 |
| | 10,424 | Federal National Mortgage Association Pool #535377, 8.00%, due June 1, 2015 | 10,433 | 11,007 |
| | 37,500 | Federal National Mortgage Association Pool #545404, 6.00%, due January 1, 2017 | 37,512 | 39,070 |
| | 8,600 | Federal National Mortgage Association Pool #545093, 7.50%, due June 1, 2016 | 8,882 | 8,987 |
| | 15,865 | Federal National Mortgage Association Pool #580052, 6.00%, due July 1, 2016 | 16,059 | 16,529 |
| | 7,627 | Federal National Mortgage Association Pool #580044, 6.00%, due June 1, 2016 | 7,636 | 7,947 |
| | 17,187 | Federal National Mortgage Association Pool #630293, 6.00%, due March 1, 2017 | 17,455 | 17,896 |
| | 39,245 | Federal National Mortgage Association Pool #634771, 6.00%, due March 1, 2017 | 39,625 | 40,864 |
| | 239,493 | Federal National Mortgage Association Pool #789085, 5.50%, due August 1, 2019 | 239,942 | 247,499 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

| U. S. Government and Agency Bonds (continued): | | Cost | Fair Value |
|---|--|-------------|-------------------|
| <u>Par</u> | | | |
| \$ 440,059 | Federal National Mortgage Association Pool #910434, 6.00%, due January 1, 2037 | \$443,566 | \$453,530 |
| 629,567 | Federal National Mortgage Association Pool #929627, 5.50%, due June 1, 2038 | 636,453 | 646,024 |
| 342,405 | Federal National Mortgage Association Pool #976406, 5.50%, due March 1, 2038 | 342,352 | 351,356 |
| 16,574 | Government National Mortgage Association Pool #403952, 8.00%, due September 15, 2024 | 17,151 | 17,625 |
| 7,061 | Government National Mortgage Association Pool #423986, 8.00%, due August 15, 2026 | 7,194 | 7,516 |
| 2,700,000 | United States Treasury Notes, 3.63%, due April 15, 2028 | 4,508,254 | 4,308,488 |
| 1,500,000 | United States Treasury Notes, 3.88%, due April 15, 2029 | 2,567,973 | 2,441,453 |
| 5,700,000 | United States Treasury Notes, 2.375%, due January 15, 2025 | 6,790,370 | 6,438,579 |
| 1,300,000 | United States Treasury Notes, 2.00%, due January 15, 2026 | 1,397,937 | 1,336,621 |
| 1,200,000 | United States Treasury Notes, 4.25%, due January 15, 2010 | 1,621,027 | 1,517,559 |
| 950,000 | United States Treasury Notes, 3.375%, due January 15, 2012 | 1,256,522 | 1,146,589 |
| 1,000,000 | United States Treasury Notes, 3.00%, due July 15, 2012 | 1,294,179 | 1,180,916 |
| 2,460,000 | United States Treasury Notes, 1.875%, due July 15, 2013 | 2,973,886 | 2,731,944 |
| 2,670,000 | United States Treasury Notes, 2.00%, due January 15, 2014 | 3,224,026 | 2,966,169 |
| 3,200,000 | United States Treasury Notes, 2.00%, due July 15, 2014 | 3,787,404 | 3,478,159 |
| 5,415,000 | United States Treasury Notes, 8.75%, due April 15, 2010 | 6,102,920 | 5,819,920 |
| 1,315,000 | United States Treasury Notes, 1.625%, due January 15, 2015 | 1,550,245 | 1,383,584 |
| 2,150,000 | United States Treasury Notes, 1.875% due July 15, 2015 | 2,438,960 | 2,262,027 |
| 1,900,000 | United States Treasury Notes, 2.00%, January 15, 2016 | 2,125,795 | 1,986,089 |
| 2,545,000 | United States Treasury Notes, 2.50%, due July 15, 2016 | 2,925,741 | 2,708,605 |
| 2,300,000 | United States Treasury Notes, 2.375%, due January 15, 2017 | 2,603,806 | 2,451,347 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

U. S. Government and Agency Bonds (continued):

| U. S. Government and Agency Bonds (continued): | | | Cost | Fair Value |
|--|-----------|---|------------|------------|
| | Par | | | |
| \$ | 685,000 | United States Treasury Notes, 2.00%, due April 15, 2012 | \$774,190 | \$713,157 |
| | 1,490,000 | United States Treasury Notes, 2.625%, due July 15, 2017 | 1,598,000 | 1,596,070 |
| | 730,000 | United States Treasury Notes, 1.625%, due January 15, 2018 | 754,113 | 716,514 |
| | 155,000 | United States Treasury Notes, 1.647%, due July 15, 2018 | 135,812 | 145,637 |
| | 900,000 | United States Treasury Notes, 6.00%, due August 15, 2009 | 1,011,311 | 931,219 |
| | 242,000 | United States Treasury Notes, 6.50%, due February 15, 2010 | 260,781 | 258,127 |
| | 900,000 | United States Treasury Notes, 5.75%, due August 15, 2010 | 1,071,141 | 977,273 |
| | 100,000 | United States Treasury Notes, 5.00%, due February 15, 2011 | 104,063 | 109,320 |
| | 610,000 | United States Treasury Notes, 5.00%, due August 15, 2011 | 640,942 | 679,149 |
| | 270,000 | United States Treasury Notes, 4.00%, due November 15, 2012 | 268,705 | 299,721 |
| | 1,250,000 | United States Treasury Notes, 4.25%, due August 15, 2013 | 1,237,624 | 1,421,191 |
| | 570,000 | United States Treasury Notes, 4.25%, due November 15, 2013 | 584,027 | 650,513 |
| | 7,735,000 | United States Treasury Notes, 4.00%, due February 15, 2014 | 7,379,652 | 8,767,143 |
| | 400,000 | United States Treasury Notes, 3.50%, due August 15, 2009 | 389,950 | 407,828 |
| | 4,060,000 | United States Treasury Notes, 4.00%, due February 15, 2015 | 4,110,315 | 4,625,863 |
| | 274,000 | United States Treasury Notes, 4.25%, due August 15, 2015 | 287,176 | 318,182 |
| | 516,000 | United States Treasury Notes, 4.50%, due November 15, 2015 | 554,428 | 611,944 |
| | 468,000 | United States Treasury Notes, 5.125%, due May 15, 2016 | 512,039 | 566,682 |
| TOTAL U.S. GOVERNMENT AND AGENCY BONDS | | | 76,251,917 | 75,640,864 |

Corporate Bonds

| | | | | |
|----|------------|---|---------|---------|
| | <u>Par</u> | | | |
| \$ | 200,000 | American Express Credit Notes, 5.875%, due May 2, 2013 | 199,314 | 191,995 |
| | 140,000 | Ameriprise Financial Inc., Senior Notes, 5.35%, November 15, 2010 | 139,996 | 126,160 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

| Corporate Bonds (continued): | | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|--|--------------------|--------------------------|
| <u>Par</u> | | | |
| \$ 300,000 | Bank of America Corp., Senior Notes, 4.90%, due May 1, 2013 | \$299,534 | \$297,151 |
| 450,000 | Bank One Corp., Notes, 7.875%, due August 1, 2010 | 540,306 | 471,668 |
| 490,000 | Bear Stearns Notes, 4.735%, due September 11, 2042 | 492,676 | 444,072 |
| 400,000 | Bear Stearns Notes, 5.710%, due September 11, 2038 | 402,190 | 305,055 |
| 400,000 | Bear Stearns Notes, 5.464%, due April 12, 2038 | 402,128 | 351,465 |
| 330,000 | Bear Stearns Notes, 5.209%, due December 11, 2038 | 331,814 | 234,326 |
| 285,000 | Bear Stearns Notes, 5.736%, due June 11, 2050 | 286,552 | 232,705 |
| 300,000 | Bear Stearns Notes, 5.309%, due February 11, 2044 | 301,643 | 204,106 |
| 275,000 | Citi Group Inc., Notes, 5.399%, due July 15, 2044 | 275,366 | 222,192 |
| 380,000 | JP Morgan Chase Notes, 5.294%, due January 12, 2043 | 381,888 | 305,723 |
| 185,000 | Burlington Northern Santa Fe Corp., Notes, 7.125%, due December 15, 2010 | 214,367 | 189,625 |
| 550,000 | Caterpillar Financial Service Corp., Notes, 4.90%, due August 15, 2013 | 550,129 | 515,477 |
| 420,000 | Citi Group Inc., Senior Notes, 4.125%, due November 3, 2009 | 419,492 | 395,422 |
| 260,000 | CSX Corp., Notes, 6.30%, due March 15, 2012 | 284,404 | 251,740 |
| 263,000 | Coca Cola Enterprises Inc., Notes, 8.50%, due February 1, 2012 | 342,553 | 285,973 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

| Corporate Bonds (continued): | | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|---|--------------------|--------------------------|
| <u>Par</u> | | | |
| \$ 200,000 | Coca Cola Enterprises Inc., Notes, 7.375%, due March 3, 2014 | \$217,952 | \$219,621 |
| 240,000 | Colgate-Palmolive Corp., Notes, 5.98%, due April 25, 2012 | 240,000 | 254,747 |
| 390,000 | Continental Air Lines Notes, 7.056%, due March 15, 2011 | 397,516 | 374,400 |
| 250,000 | Cox Communications Inc., Notes, 7.75%, due November 1, 2010 | 287,805 | 245,379 |
| 450,000 | John Deere Capital Corp., Notes, 4.125%, due January 15, 2010 | 448,542 | 448,502 |
| 250,000 | ERP Operating LP Notes, 5.25%, due September 15, 2014 | 249,692 | 167,028 |
| 330,000 | General Electric Capital Corp., Notes, 5.625%, due September 15, 2017 | 306,567 | 331,962 |
| 480,000 | General Electric Capital Corp., Notes, 6.00%, due June 15, 2012 | 485,455 | 492,503 |
| 250,000 | General Worth Financial Corp., Notes, 4.95%, due October 1, 2015 | 233,794 | 94,840 |
| 450,000 | Goldman Sachs Group Inc., Notes, 5.15%, due January 15, 2014 | 455,760 | 405,283 |
| 355,000 | Household Financial Corp., Notes, 5.875%, due February 1, 2009 | 337,393 | 354,923 |
| 500,000 | Huntington National Bank Notes, 4.90%, January 15, 2014 | 497,520 | 379,680 |
| 500,000 | International Least Financial Corp., Notes, 4.375%, due November 1, 2009 | 502,765 | 438,370 |
| 400,000 | Kimberly Clark Corp., Notes, 5.00%, due August 15, 2013 | 399,492 | 410,734 |
| 402,000 | Lehman Brothers Holdings Inc., Senior Notes, 7.20%, due December 31, 2040 | 462,191 | 38,190 |

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008

| Corporate Bonds (continued): | | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|--|--------------------|--------------------------|
| <u>Par</u> | | | |
| \$ 171,000 | Liberty Mutual Group Inc., Senior Notes, 7.25%, due September 1, 2012 | \$171,000 | \$171,000 |
| 90,000 | Lowes Cos. Inc., Notes, 5.60%, due September 15, 2012 | 89,848 | 91,353 |
| 500,000 | Merrill Lynch & Co. Inc., Notes, 4.25%, due February 8, 2010 | 498,575 | 488,721 |
| 325,000 | Morgan Stanley Dean Witter & Co., Notes, 6.75%, due April 15, 2011 | 331,575 | 319,776 |
| 200,000 | Morgan Stanley Dean Witter & Co., Notes, 6.60%, due April 1, 2012 | 206,656 | 193,358 |
| 500,000 | National Rural Utilities Notes, 7.25%, due March 1, 2012 | 533,070 | 514,812 |
| 255,000 | Norfolk Southern Corp., Notes, 6.20%, due April 15, 2009 | 283,828 | 255,325 |
| 360,000 | Pitney Bowes Credit Corp., Notes, 8.55%, due September 15, 2009 | 472,331 | 373,514 |
| 710,000 | Residential Funding Mortgage Securities Notes, 5.31% due February 25, 2036 | 705,651 | 197,271 |
| 260,000 | Starbucks Corp., Notes, 6.25%, due August 15, 2017 | 260,133 | 234,744 |
| 400,000 | Travelers Property Casualty Corp., Notes, 5.00%, due March 15, 2013 | 406,588 | 378,419 |
| 240,000 | USX-Marathon Group Notes, 9.375%, due February 15, 2012 | 310,802 | 252,698 |
| 350,000 | United Technologies Corp., Notes, 4.875%, due May 1, 2015 | 348,029 | 341,173 |
| 325,000 | Verizon Inc., Notes, 6.875%, due April 1, 2012 | 327,514 | 323,359 |
| 230,000 | Wal Mart Stores Inc., Notes, 5.80%, due February 15, 2018 | 229,593 | 254,507 |

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008

| Corporate Bonds (continued): | | | <u>Cost</u> | <u>Fair Value</u> |
|-------------------------------------|--|--|--------------------|--------------------------|
| <u>Par</u> | | | | |
| \$ 120,000 | Walt Disney Co., Notes, 4.50%, due December 15, 2013 | | \$118,831 | \$120,791 |
| 225,000 | Waste Management Inc., Senior Notes, 7.65%, due March 15, 2011 | | 259,054 | 224,561 |
| Total Corporate Bonds | | | 16,939,874 | 14,416,399 |
| Common Stock | | | | |
| <u>Shares</u> | | | | |
| 29,000 | ACE Ltd. | | 1,557,347 | 1,534,680 |
| 13,100 | Aflac Inc. | | 667,927 | 600,504 |
| 39,300 | AT&T Inc. | | 1,513,733 | 1,120,050 |
| 5,700 | Abbott Laboratory | | 325,718 | 304,209 |
| 24,200 | Adobe System Inc. | | 949,419 | 515,218 |
| 17,100 | Allergan Inc. | | 688,965 | 689,472 |
| 10,500 | Amazon Inc. | | 512,676 | 538,440 |
| 25,700 | American Electric Power Co. Inc. | | 884,024 | 855,296 |
| 11,500 | Amgen Inc. | | 690,257 | 664,125 |
| 18,200 | Anadarko Petro Corp. | | 662,426 | 701,610 |
| 29,600 | Analog Devices Inc. | | 898,249 | 562,992 |
| 15,900 | Ansys Inc. | | 745,467 | 443,451 |
| 8,500 | Apollo Group Inc. | | 571,404 | 651,270 |
| 19,900 | Apple Inc. | | 2,321,919 | 1,698,465 |
| 17,500 | Baker Hughes Incorporated | | 858,169 | 561,225 |
| 23,600 | Bank New York Mellon Corp. | | 695,086 | 668,588 |
| 11,400 | Baxter International Inc. | | 732,076 | 610,926 |
| 6,000 | Beckman Coulter Inc. | | 424,555 | 263,640 |
| 9,200 | Bucyrus Internantonal Inc. | | 313,941 | 170,384 |
| 6,600 | Burlington Northern Santa Fe Corp. | | 271,603 | 499,686 |
| 34 | Capital Gaming International Inc. | | 82,346 | - |
| 26,500 | Carnival Corp. | | 1,274,610 | 644,480 |
| 17,600 | Celanese Corporation | | 208,049 | 218,768 |
| 10,600 | Chevron Corp. | | 725,353 | 784,082 |
| 15,400 | Coach Inc. | | 627,363 | 319,858 |
| 69,600 | Comcast Corp. | | 1,462,211 | 1,174,848 |
| 31,500 | Constellation Brands Inc. | | 836,085 | 496,755 |
| 18,300 | Covidien Ltd. | | 832,931 | 663,192 |
| 24,900 | Deere & Co., | | 1,217,661 | 954,168 |
| 31,800 | Dicks Sporting Goods Inc. | | 701,857 | 448,698 |
| 58,650 | Discover Financial Services | | 925,615 | 558,935 |
| 4,700 | EOG Resources Inc. | | 348,348 | 312,926 |
| 34,500 | Emerson Electric Co. | | 1,415,577 | 1,263,045 |
| 14,400 | Exelon Corp. | | 957,599 | 800,784 |
| 16,500 | FedEx Corp. | | 1,499,412 | 1,058,475 |
| 44,400 | Fifth 3rd Bancorp | | 1,419,639 | 366,744 |

WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008

| Common Stocks (continued): | | Cost | Fair Value |
|-----------------------------------|------------------------------------|-------------|-------------------|
| <u>Shares</u> | | | |
| 9,700 | Fluor Corp. | \$422,386 | \$435,239 |
| 14,200 | Fortune Brands Inc. | 1,127,814 | 586,176 |
| 31,500 | Foster Wheeler Ltd. | 1,502,288 | 736,470 |
| 30,700 | Gamestop Corp. | 1,382,041 | 664,962 |
| 79,200 | General Electric Company | 2,729,812 | 1,283,040 |
| 15,900 | Genzyme Corp. | 851,979 | 1,055,283 |
| 20,000 | Gilead Sciences, Inc. | 878,398 | 1,022,800 |
| 32,000 | Halliburton Co. | 959,086 | 581,760 |
| 7,100 | Hess Corp. | 406,796 | 380,844 |
| 51,600 | Hewlett Packard Co. | 2,204,539 | 1,872,564 |
| 25,300 | J.B Hunt Transport Services, Inc. | 717,656 | 664,631 |
| 33,000 | Illinois Tools Works Inc. | 1,163,608 | 1,156,650 |
| 139,000 | Intel Corp. | 2,526,973 | 2,037,740 |
| 10,700 | Intercontinental Exchange Inc. | 1,339,213 | 882,108 |
| 19,400 | International Paper Co. | 552,692 | 228,920 |
| 75,500 | Interpublic Group Co., Inc. | 666,495 | 298,980 |
| 1,400 | Intuitive Surgical Inc. | 276,986 | 177,786 |
| 16,800 | J P Morgan Chase & Co. | 553,497 | 529,704 |
| 15,200 | J C Penny Co., Inc. | 445,091 | 299,440 |
| 15,800 | Kohls Corp. | 670,073 | 571,960 |
| 37,800 | Macy's Inc. | 355,135 | 391,230 |
| 23,700 | Marathon Oil Corp. | 1,257,681 | 648,432 |
| 25,500 | Masco Corp. | 733,306 | 283,815 |
| 12,078 | Massey Energy Co. | 461,349 | 166,556 |
| 15,900 | Medco Health Solution Inc. | 339,562 | 666,369 |
| 29,400 | Medtronic Inc. | 1,184,118 | 923,748 |
| 8,000 | Metlife Inc. | 212,000 | 278,880 |
| 11,300 | Mettler- Toledo International Inc. | 1,158,897 | 761,620 |
| 59,900 | Microsoft Corp. | 1,703,896 | 1,164,456 |
| 52,500 | Microchip Technology Inc. | 1,782,269 | 1,025,325 |
| 15,800 | Monsanto Co. | 1,873,377 | 1,111,530 |
| 34,600 | Morgan Stanley Dean Witter & Co. | 1,174,144 | 554,984 |
| 24,400 | Network Appliance Inc. | 614,860 | 340,868 |
| 51,300 | News Corp. | 958,127 | 466,317 |
| 17,600 | Nike Inc. | 1,151,509 | 897,600 |
| 13,800 | Nisource Inc. | 314,714 | 151,386 |
| 26,400 | Noble Corporation | 1,354,667 | 583,176 |
| 16,585 | Nuvasive Inc. | 767,772 | 574,670 |
| 25,700 | Ominicon Group, Inc. | 906,675 | 691,844 |
| 24,150 | Paccar Inc. | 995,230 | 690,690 |
| 6,200 | PartnerRe Ltd. | 398,998 | 441,874 |
| 19,100 | Peabody Energy Corp. | 843,380 | 434,525 |
| 14,600 | Pepsico Inc. | 808,921 | 799,642 |
| 23,500 | PNC Financial Services Group | 946,608 | 530,395 |
| 10,400 | Psychiatric Solutions Inc. | 311,467 | 289,640 |
| 8,600 | Qualcomm Inc. | 360,453 | 308,138 |
| 23,900 | Range Res Corp. | 1,130,605 | 821,921 |

**WASHINGTON SUBURBAN SANITARY COMMISSION
EMPLOYEES' RETIREMENT PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2008**

| Common Stocks (continued): | | Cost | Fair Value |
|---|---|----------------------|----------------------|
| <u>Shares</u> | | | |
| 5,300 | Ryder Systems Inc. | \$200,926 | \$205,534 |
| 13,000 | Schlumberger Ltd. | 722,762 | 550,290 |
| 44,300 | Schwab Charles Corp. | 1,018,228 | 716,331 |
| 15,300 | Sempra Energy Inc. | 591,978 | 652,239 |
| 146,558 | Sprint Nextel Corp. | 2,489,120 | 268,201 |
| 44,900 | Staples Inc. | 868,893 | 804,608 |
| 59,200 | Starbucks Corp. | 895,645 | 560,032 |
| 6,600 | Sunoco Inc. | 267,287 | 286,836 |
| 20,400 | SunTrust Bank Inc. | 1,123,249 | 602,616 |
| 42,800 | TJX Cos. Inc. | 1,222,858 | 880,396 |
| 6,400 | Ultra Pete Corp. | 353,418 | 220,864 |
| 8,900 | Under Armor Inc. | 372,076 | 212,176 |
| 22,100 | VMware Inc. | 581,402 | 523,549 |
| 16,900 | Wal-Mart Stores Inc. | 1,014,690 | 947,414 |
| 26,600 | Wells Fargo Co. | 643,458 | 784,168 |
| 20,400 | Wyeth | 1,003,391 | 765,204 |
| 24,100 | XTO Energy Inc. | 1,054,676 | 850,007 |
| 5,800 | Zimmer Holdings Inc. | 354,051 | 234,436 |
| Total Common Stock | | 91,074,868 | 65,251,578 |
| Investment Contracts with Insurance Company: | | | |
| <u>Par</u> | | | |
| \$ 9,030,858 | Investment Contract with Prudential Financial #IN15546 | 9,030,858 | 9,018,000 |
| 41,863,171 | Investment Contract with Prudential Financial #IN17086 | 41,863,171 | 37,412,698 |
| TOTAL INVESTMENT CONTRACTS | | 50,894,029 | 46,430,698 |
| Other Holdings: | | | |
| <u>Units</u> | | | |
| 6,970 | Goss Holdings Inc., | 14,460 | - |
| 400 | Peachtree Cable Association Ltd., Limited Partnership Units | 4,000 | 20,000 |
| 624 | Sentinel Real Estate Fund Units | 36,388,540 | 37,886,631 |
| 10,000,000 | CB Richard Ellis Global REIT Fund | 10,000,000 | 9,525,288 |
| 74,905,033 | Cash collateral received under securities lending agreements | 74,905,033 | 74,905,033 |
| TOTAL OTHER HOLDINGS | | 121,312,033 | 122,336,952 |
| TOTAL INVESTMENTS | | \$685,724,554 | \$586,931,299 |

