

**THE NORTHERN TRUST COMPANY
SECURITIES LENDING COLLATERAL HOLDINGS**

**CORE USA COLLATERAL SECTION
OPEN CASH POOL**

**FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009
WITH REPORT OF INDEPENDENT AUDITORS**

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of The Northern Trust Company and the Participants of The Northern Trust Company Securities Lending Collateral Holdings – Core USA Collateral Section – Open Cash Pool

We have audited the accompanying statement of assets and liabilities, including the condensed statement of cash collateral holdings, of The Northern Trust Company Securities Lending Collateral Holdings – Core USA Collateral Section – Open Cash Pool (the “Open Cash Pool”) as of August 31, 2009, and the related statement of operations and changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Open Cash Pool’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Open Cash Pool’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Open Cash Pool’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The Northern Trust Company Securities Lending Collateral Holdings – Core USA Collateral Section – Open Cash Pool at August 31, 2009, and the results of its operations and changes in net assets and financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Chicago, Illinois
May 26, 2010

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL

STATEMENT OF ASSETS AND LIABILITIES

August 31, 2009
(000's Omitted, Except Units)

ASSETS

Cash Collateral Holdings, at Value (Cost \$22,627,550)	\$ 22,346,463
Repurchase Agreements, at Value (Cost \$9,613,359)	9,613,359
Cash	232,516
Accrued Income	6,341
Receivable from Participants	604,514
Receivable for Securities Sold	129,888
Total Assets	\$ 32,933,081

LIABILITIES

Payable for Securities Purchased	\$ 585,000
Distributions Payable	9,769
Accrued Expenses	693
Total Liabilities	\$ 595,462

NET ASSETS (Equivalent to \$1.0080 Per Unit, Based on 32,081,176,485 Units Outstanding)	\$ 32,337,619
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STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended August 31, 2009
(000's Omitted, Except Units)

INVESTMENT INCOME

Interest on Cash Collateral Holdings and Repurchase Agreements	\$ 437,947
Less: Expense Recovery Fee	7,181
Audit Fee	14
Total Expenses	\$ 7,195
Net Investment Income	\$ 430,752

REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS

Net Realized Losses on Securities Transactions	\$ (113,790)
Net Realized Losses to Participants from In-Kind Redemptions⁽¹⁾	\$ (338,488)
Net Increase from Contributions by Participants⁽²⁾	\$ 768,227
Net Unrealized Appreciation (Depreciation) on Investments	
Beginning of Year	\$ (493,768)
Less: Unrealized Loss on Investments from Term Merger ⁽³⁾	(96,889)
End of Year	(281,087)
Change in Net Unrealized Appreciation (Depreciation) on Investments	309,570
Net Realized and Unrealized Gains (Losses) on Investments and Contributions by Participants	\$ 625,519
Net Increase in Net Assets from Investment Activities	\$ 1,056,271

DISTRIBUTIONS FROM NET INVESTMENT INCOME	\$ (430,744)
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UNIT TRANSACTIONS

Admission of 101,134,143,850 Units	\$ 101,121,919
Withdrawal of 131,219,344,884 Units	(131,082,436)
Net Decrease in Net Assets from Unit Transactions	\$ (29,960,517)
Net Decrease in Net Assets	\$ (29,334,990)

NET ASSETS

Beginning of Year (62,166,377,519 Units Outstanding)	61,672,609
End of Year (32,081,176,485 Units Outstanding)	\$ 32,337,619

⁽¹⁾ For further information, please see Note E in the Notes to the Financial Statements

⁽²⁾ For further information, please see Note B in the Notes to the Financial Statements

⁽³⁾ For further information, please see Note G in the Notes to the Financial Statements

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL

FINANCIAL HIGHLIGHTS

For the Year Ended August 31,

	<u>2009</u>
Unit Value,	
Beginning of Year	\$ 0.9921
Net Investment Income ⁽¹⁾	0.0102
Distributions	(0.0127)
Contributions by Participants	0.0111
Net Realized and Unrealized Gains	
(Losses) on Investments	<u>0.0073</u>
Net Increase	<u>0.0159</u>
Unit Value,	
End of Year	<u>\$ 1.0080</u>
Total Return ^{(2) (3)}	1.27%
<u>Supplemental Data and Ratios</u>	
Net Assets (000's Omitted)	\$ 32,337,619
Ratio to Average Net Assets of:	
Expenses	0.02%
Net Investment Income	1.32%

⁽¹⁾ Calculated using the average shares outstanding method.

⁽²⁾ Assumes investment at constant dollar unit value of \$1.00 at the beginning of the year, reinvestment of all dividends and distributions, and a complete redemption of the investment at constant dollar unit value of \$1.00 at the end of the year.
(For more information regarding the NAV of the Fund, please refer to Note C in the Notes to the Financial Statements).

⁽³⁾ The total return for the Section, assuming a market based NAV, was 1.26% for the year ended August 31, 2009.
Without the value of the Contributions by Participants, the total return would have been 0.34%.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL
CONDENSED STATEMENT OF CASH COLLATERAL HOLDINGS
August 31, 2009
(000's Omitted)

	PAR VALUE	VALUE
ASSET-BACKED SECURITIES - 20.2%		
Auto Receivables - 2.3%	\$798,501	\$753,659
Credit Card Master Trusts - 12.2%		
Bank of America Credit Card Trust, Series 2006-A6, Class A6, Monthly Reset, LIBOR + .03%, 0.30%, 9/15/09	140,316	137,732
Bank of America Credit Card Trust, Series 2006-A9, Class A9, Monthly Reset, LIBOR + .01%, 0.28%, 9/15/09	104,534	103,750
Bank of America Credit Card Trust, Series 2006-A10, Class A10, Monthly Reset, LIBOR - .02%, 0.25%, 9/15/09	8,980	8,978
Bank of America Credit Card Trust, Series 2007-A2, Class A2, Monthly Reset, LIBOR + .02%, 0.29%, 9/15/09	94,712	93,514
Citibank Credit Card Insurance Trust, Series 2006-A6, Class A6, Monthly Reset, LIBOR + .01%, 0.28%, 9/24/09	81,927	81,618
Citibank Credit Card Insurance Trust, Series 2005-A6, Class A6, Quarterly Reset, LIBOR + .01%, 0.57%, 10/7/09	168,833	168,758
Citibank Credit Card Insurance Trust, Series 2007-A2, Class A2, Quarterly Reset, LIBOR - .01%, 0.41%, 11/23/09	7,763	7,733
Others	3,377,351	3,332,562
Credit Card Master Trusts Total	3,984,416	3,934,645
International Receivables - 2.4%	818,698	756,301
Other Receivables - 0.7%	223,289	220,492
Residential Mortgages - 1.1%	459,104	364,672
Student Loans - 1.5%	498,452	489,304
TOTAL ASSET-BACKED SECURITIES		
(Cost \$6,781,808)	6,782,460	6,519,073
CERTIFICATES OF DEPOSIT - 24.8%		
Non-U.S. Bank - Non U.S. Government Guaranteed - 1.1%	340,000	340,000
Non-U.S. Depository Institutions - 23.7%		
Barclays Bank, London Branch, 0.33%, 11/3/09	90,000	90,010
Barclays Bank, New York Branch, 0.33%, 11/9/09	329,600	329,554
BNP Paribas, Chicago, 0.33%, 10/22/09	199,000	199,014
0.33%, 10/23/09	198,000	198,014
BNP Paribas, London, 0.31%, 11/9/09	215,000	215,017
BNP Paribas, Paris, 0.00%, 9/10/09	85,000	84,993
0.27%, 9/14/09	130,000	130,000
0.00%, 10/13/09	125,000	124,945
Others	6,300,600	6,300,822
Non-U.S. Depository Institutions Total	7,672,200	7,672,369
TOTAL CERTIFICATES OF DEPOSIT		
(Cost \$8,012,026)	8,012,200	8,012,369
COMMERCIAL PAPER - 0.8%		
Multi-Seller Conduits - 0.8%	270,025	269,959
TOTAL COMMERCIAL PAPER		
(Cost \$269,959)	270,025	269,959

See Accompanying Notes to the Financial Statements.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL
CONDENSED STATEMENT OF CASH COLLATERAL HOLDINGS (Continued)
August 31, 2009
(000's Omitted)

	PAR VALUE	VALUE
CORPORATE NOTES - 1.1%		
U.S. Depository Institutions - 1.1%		
Bank of America, N.A.,		
0.26%, 9/8/09	\$210,000	\$210,000
0.25%, 9/21/09	150,000	150,000
TOTAL CORPORATE NOTES		
(Cost \$360,000)	360,000	360,000
EURODOLLAR TIME DEPOSITS - 8.2%		
Non-U.S. Depository Institutions - 8.2%	2,668,471	2,668,471
TOTAL EURODOLLAR TIME DEPOSITS		
(Cost \$2,668,471)	2,668,471	2,668,471
FLOATING RATE NOTES - 8.3%		
Bank Holding Companies - 2.4%		
Bank of America Corp.,		
Quarterly Reset, LIBOR +.20%,		
0.81%, 9/18/09	52,618	52,604
Quarterly Reset, LIBOR +.12%,		
0.59%, 11/6/09	108,740	108,767
0.55%, 11/18/09	77,180	77,064
0.53%, 11/23/09	252,570	251,264
Citigroup Funding, Inc.,		
Quarterly Reset, LIBOR +.25%,		
0.76%, 10/22/09	106,099	106,143
Citigroup, Inc.,		
Quarterly Reset, LIBOR +.15%,		
0.60%, 11/13/09	38,587	37,813
Others	151,944	151,963
Bank Holding Companies Total	787,738	785,618
Communications - 0.1%	27,765	27,794
Non-Depository Personal Credit Institutions - 3.4%	1,116,638	1,101,028
Non-U.S. Depository Institutions - 0.8%	264,113	264,223
Security and Commodity Brokers/Dealers - 0.9%	288,155	287,945
U.S. Depository Institutions - 0.7%	214,594	213,849
TOTAL FLOATING RATE NOTES		
(Cost \$2,698,715)	2,699,003	2,680,457
U.S. GOVERNMENT AGENCIES - 2.6% ⁽¹⁾		
Federal Farm Credit Bank Bonds - 1.5%	472,048	471,713
Federal Home Loan Bank Notes - 0.2%	69,891	69,824
Federal Home Loan Mortgage Corporation Notes - 0.7%	229,535	229,418
Federal National Mortgage Association Notes - 0.2%	57,361	57,307
TOTAL U.S. GOVERNMENT AGENCIES		
(Cost \$828,290)	828,835	828,262
U.S. GOVERNMENT OBLIGATIONS - 2.6%		
U.S. Treasury Bills - 2.6%	838,000	837,204
TOTAL U.S. GOVERNMENT OBLIGATIONS		
(Cost \$837,000)	838,000	837,204
VARIABLE RATE CERTIFICATES OF DEPOSIT - 0.5%		
Non-U.S. Depository Institutions - 0.5%	171,295	170,668
TOTAL VARIABLE RATE CERTIFICATES OF DEPOSIT		
(Cost \$171,281)	171,295	170,668
CASH COLLATERAL HOLDINGS (Cost \$22,627,550)	22,630,289	22,346,463

See Accompanying Notes to the Financial Statements.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL
CONDENSED STATEMENT OF CASH COLLATERAL HOLDINGS (Continued)
August 31, 2009
(000's Omitted)

	PAR VALUE	VALUE
REPURCHASE AGREEMENTS - 29.7%		
(Collateralized at a minimum of 102% by U.S. Government Agency Securities, Corporate Bonds and U.S. Equity Securities)		
Bank of America, N.A., dated 8/31/09, Repurchase Price \$253,361 0.22%, 9/1/09	\$253,359	\$253,359
Bank of America Securities LLC, dated 8/31/09, Repurchase Price \$300,003 0.33%, 9/1/09	300,000	300,000
Bank of America Securities LLC, dated 8/31/09, Repurchase Price \$300,004 0.48%, 9/1/09	300,000	300,000
Barclays Capital, Inc., dated 8/31/09, Repurchase Price \$1,110,006 0.21%, 9/1/09	1,110,000	1,110,000
Barclays Capital, Inc., dated 8/31/09, Repurchase Price \$1,025,006 0.22%, 9/1/09	1,025,000	1,025,000
Barclays Capital, Inc., dated 8/31/09, Repurchase Price \$1,510,018 0.43%, 9/1/09	1,510,000	1,510,000
Barclays Capital, Inc., dated 8/31/09, Repurchase Price \$700,015 0.78%, 9/1/09	700,000	700,000
BNP Paribas Securities Corp., dated 8/31/09, Repurchase Price \$1,565,010 0.22%, 9/1/09	1,565,000	1,565,000
Citigroup Global Markets, Inc., dated 8/31/09, Repurchase Price \$165,001 0.22%, 9/1/09	165,000	165,000
Citigroup Global Markets, Inc., dated 8/31/09, Repurchase Price \$725,009 0.43%, 9/1/09	725,000	725,000
Citigroup Global Markets, Inc., dated 8/31/09, Repurchase Price \$650,012 0.68%, 9/1/09	650,000	650,000
Others	1,310,000	1,310,000
TOTAL REPURCHASE AGREEMENTS		
(Cost \$9,613,359)	9,613,359	9,613,359
TOTAL INVESTMENTS - 98.8%		
(Cost \$32,240,909)	32,243,648	31,959,822
Other Assets less Liabilities - 1.2%		377,797
NET ASSETS - 100.0%		\$32,337,619

⁽¹⁾ The obligations of certain U.S. Government-sponsored entities are neither issued nor guaranteed by the United States Treasury. On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Fannie Mae and Freddie Mac in conservatorship. The United States Treasury has put in place a set of financing agreements to ensure that these entities continue to meet their obligations to holders of bonds that they have issued or guaranteed.

Interest rates represent either the stated coupon rate, annualized yield on date of purchase for discounted notes, or, for floating rate securities, the current reset rate.

Maturity dates represent either the stated date on the security or the next interest reset/puttable date for floating and variable rate securities.

Percentages shown are based on Net Assets.

See Accompanying Notes to the Financial Statements.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION - OPEN CASH POOL
CONDENSED STATEMENT OF CASH COLLATERAL HOLDINGS (Continued)
August 31, 2009
(000's Omitted)

In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Various inputs are used in determining the value of the Section's investments. These inputs are summarized in three levels listed below:

Level 1 - Quoted market prices in active markets for identical securities on the measurement date and on an ongoing basis

Level 2 - Other observable inputs (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmark interest rates and yield curves, and/or securities indices)

Level 3 - Significant unobservable inputs (e.g., information about assumptions, including risk, market participants would use in pricing a security)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities or other financial instruments. Following is a summary of the inputs used in valuing the Core USA Collateral Section - Open Cash Pool's investments and other financial instruments, which are carried at fair value, as of August 31, 2009:

	LEVEL 1 (000S)	LEVEL 2 (000S)	LEVEL 3 (000S)	TOTAL (000S)
Investments held by Core USA Collateral Section	\$ -	\$31,959,822 ⁽²⁾	\$ -	\$ 31,959,822

⁽²⁾ Classifications as defined in the Condensed Statement of Cash Collateral Holdings.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION – OPEN CASH POOL

NOTES TO FINANCIAL STATEMENTS

August 31, 2009

The Securities Lending Collateral Holdings - Core USA Collateral Section (the “Section”) invests cash and/or holds non-cash collateral received by The Northern Trust Company (the “Company”) for the exclusive benefit of the Company’s clients who participate as lenders in securities lending activities. Collateral is received from the securities lending borrowers and generally consists of cash or non-cash items, including, but not limited to, government securities and letters of credit. All collateral held by the Section is monitored daily by the Company on behalf of the Company’s clients to ensure that the total amount of collateral furnished by each borrower exceeds the total market value of securities, as required under the Section, loaned to that borrower against such collateral. Non-cash collateral is held in custody for the benefit of the Company’s clients, but is not invested by the Company.

Cash collateral of the Section may be invested in either a) the open cash collateral pool (“Open Cash Pool”) or b) in term investments (“Term Investments”). Term Investments are investments made to coincide with terms of specific underlying securities lending loan transactions by which participants of the term transactions will earn either a fixed or variable return for the term of the loan. Collectively, the Term Investments are recorded in a term book (“Term Book”). The Open Cash Pool holds all other investments on a commingled basis in an account separate from the Term Book for the benefit of pool participants.

The investment objectives of the Open Cash Pool and Term Investments are to provide its participants with a market rate of return for short term investments within applicable quality, maturity, and sector diversification guidelines. The investments are generally in short-term instruments with maturities, or frequencies of interest rates resets, of generally six months or less.

The accompanying financial statements reflect the operations of the Open Cash Pool. In March of 2009, management of the Section decided to merge the Term Book with the Open Cash Pool. See Note G for further information.

Fees and expenses associated with participation in the Company’s securities lending program, such as expenses to administer the program and rebates paid to borrowers, are charged at the individual client account level and are not considered expenses of the underlying Section.

Note A - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed in the preparation of the financial statements for the Open Cash Pool. These policies are in conformity with U.S. generally accepted accounting principles (“GAAP”). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Investment Valuation

Cash collateral investments are valued at fair value. Investments may be valued using amortized cost or other valuation methods if amortized cost is not indicative of fair value. Evaluated prices for securities may be provided by independent pricing services when such prices are believed to reflect the fair value of such securities. Such prices may be determined by taking into account securities prices, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. Any securities for which market quotations are not readily available are valued at fair value as determined in good faith by the Company. Other investments, including repurchase agreements, are valued at fair value.

Investment Transactions and Investment Income

Investment transactions are accounted for on a trade-date basis. Interest income is recognized daily on the accrual basis and includes amortization of premiums and accretion of discounts using the straight-line method, if applicable.

Repurchase Agreements

On behalf of the Open Cash Pool, the Company, acting as agent, may enter into agreements under which it purchases securities for cash from a counterparty and agrees to resell those securities to the same counterparty within a specified time at a specified price. During the term of a repurchase agreement, the market value of the underlying collateral, including accrued interest, is required to equal or exceed the market value of the repurchase agreement. Repurchase agreements are collateralized at a minimum of 102% by various securities, including, but not limited to, U.S. government and agency securities, corporate bonds, U.S. equity securities, commercial paper, and certificates of deposit. The underlying collateral for tri-party repurchase agreements is held in accounts for Northern Trust, as agent of the Open Cash Pool, at the Bank of New York or JPMorgan Chase which, in turn, holds securities through the book-entry system at the Federal Reserve Bank of New York. The underlying collateral for other repurchase agreements is held in a customer-only account for Northern Trust, as custodian for the Open Cash Pool, at the Federal Reserve Bank of Chicago. All collateral is monitored daily by the Company on behalf of the Open Cash Pool to ensure that its market value equals or exceeds the market value of the related repurchase agreements, as required under the Section’s guidelines. The Open Cash Pool is subject to credit risk on repurchase agreements to the extent that the counterparty fails to perform under the agreement and the value of the collateral received falls below the agreed repurchase price. Counterparty credit quality is monitored on a periodic basis and usage against credit limits is monitored on a daily basis to help ensure the credit risk to the Open Cash Pool is mitigated to an acceptable level.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION – OPEN CASH POOL

NOTES TO FINANCIAL STATEMENTS (Continued)

August 31, 2009

Note B - Collateral Deficiency

At August 31, 2008, the fair value net asset value of the Open Cash Pool was below \$.9950. Senior management of the Section continued to process participant activity at a net asset value of \$1.0000, pursuant to the governing documents of the Section, as they believed at the time that the decline in market value was temporary and that all securities held by the Open Cash Pool would mature at their respective par values. Senior management's conclusions were based on a number of factors including, without limitation, a detailed analysis of the credit quality of the issuers, and an ongoing analysis of the impact that participant activity would have on the liquidity needs of the Open Cash Pool and the overall market environment.

In September 2008, the Open Cash Pool held floating rate notes issued by Lehman Brothers Holdings, Inc. ("LBHI"). On September 15, 2008, LBHI filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. The Open Cash Pool's investments in the floating rate notes issued by LBHI amounted to \$115,000,000, representing 0.18% of net assets on September 15, 2008. LBHI's bankruptcy filing and a series of other events that occurred shortly thereafter triggered, among other things, an unprecedented freeze in the short-term investment market that adversely impacted the value of a number of securities held by the Open Cash Pool.

On September 19, 2008, senior management of the Section determined that as a result of the cumulative effects of these and other developments as well as the permanent impairment in value of the LBHI security, the Open Cash Pool should no longer process admissions and withdrawals at a "constant dollar" without corrective action. Under the Collateral Deficiency provisions of the Securities Lending Authorization Agreement, a Collateral Deficiency was determined by management of the Section, which required participants to reimburse the Section for certain realized and unrealized losses on securities transactions. The Open Cash Pool recorded a "Receivable from Participants" in the Statement of Assets and Liabilities and a corresponding "Contribution from Participants" in the Statement of Operations and Changes in Net Assets for the Collateral Deficiency. The total Collateral Deficiency for the Open Cash Pool amounted to \$768,227,000 and represented 1.11% of the Open Cash Pool's net assets on September 18, 2008. Each participant's obligation for the Collateral Deficiency to the Open Cash Pool was based on their pro rata share of the Section on September 18, 2008 and was due on demand. Participants electing an immediate withdrawal or the custom conversion redemption method, as described in Note C, were required to settle their Collateral Deficiency obligation on the redemption date. The remaining balance of the Collateral Deficiency at August 31, 2009 was approximately \$604,514,000. In addition, the LBHI notes were segregated from the Open Cash Pool in a separate sub-fund called the Lehman Sub-Fund ("sub-fund") and each participant received an interest holding of the sub-fund based on their pro-rata share of the Section on September 18, 2008. The Open Cash Pool recorded this transaction as a sale of the LBHI notes to the sub-fund and realized a loss of \$100,050,000, based on the fair value of the LBHI notes of \$14,950,000. Each participant in the sub-fund had an obligation to the Section for their pro rata share of the fair value of the LBHI notes.

Note C - Admissions, Withdrawals, and Distributions

The Open Cash Pool unit value is determined on a daily basis. Client admissions and withdrawals are processed using a "constant dollar" unit value and recorded on the trade date (with the exception of the in-kind withdrawal process as described in Note E). The Open Cash Pool declares all of its net investment income on a daily basis and distributes it on a monthly basis. Net realized gains on securities, if any, are distributed at least annually.

Use of a "constant dollar" unit value for processing participant activity could have a dilutive or anti-dilutive effect on the Open Cash Pool's unit value per share. In situations where the fair value of the Open Cash Pool's units is less than \$1.0000, participants making withdrawals from the Open Cash Pool will receive proceeds in excess of the fair value of their holdings, resulting in dilution to the Section's unit value. Participants making contributions to the Open Cash Pool will pay more than fair value for their units, which have an offsetting anti-dilutive effect on the Open Cash Pool's unit value. Conversely, in situations where the unit value of the Open Cash Pool is greater than \$1.0000, participants making withdrawals from the Open Cash Pool will receive proceeds that are less than the fair value of their holdings, which has an anti-dilutive effect on the Open Cash Pool's unit value. Participants making contributions to the Open Cash Pool will receive units with a fair value in excess of their contribution, which has an offsetting dilutive effect on the Open Cash Pool's unit value.

In September 2008, in light of the market, economic, and other factors at that time, senior management of the Section initiated various actions designed to reduce the potential dilutive effect of processing withdrawals, using a "constant dollar" unit value, and to help ensure continued equitable treatment of clients. Participants wishing to redeem their units were offered a number of alternatives to exit the Section, including (a) participation in the staged withdrawal program to facilitate a gradual departure from the Section over an approximate 12 month period, (b) custom conversion alternatives for participants meeting certain asset level thresholds, and (c) immediate in-kind distribution of securities for complete withdrawals.

Under each withdrawal alternative, participants were required to settle their obligation related to the Collateral Deficiency to the Open Cash Pool.

Note D - Income Taxes

The Open Cash Pool is not a separate legal entity for federal income tax purposes, and as a result, no income tax provision has been accrued.

SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION – OPEN CASH POOL

NOTES TO FINANCIAL STATEMENTS (Continued)

August 31, 2009

Note E - In-Kind Redemptions

After implementation of the guidelines for processing withdrawals described in Note C herein, certain participants elected the immediate in-kind withdrawal or custom conversion method, both of which resulted in the receipt of securities, cash, and other assets for their redemption proceeds. These transactions were processed at the fair value net asset value, which was less than \$1.0000 per unit. The Section recorded redemptions of \$14,446,168,000 and a net realized loss of \$338,488,000 on these in-kind conversions, which had no impact on the overall fair value net asset value of the Open Cash Pool and therefore did not have a negative impact on the remaining participants in the Open Cash Pool.

As part of the in-kind redemptions noted above, participants electing the custom fund conversion method included certain common and collective funds for which Northern Trust, N.A. or The Northern Trust Company of Connecticut served as trustee. These participants exchanged their units in the Open Cash Pool for units in a newly formed custom cash collateral pool. The redemptions were processed at the fair value net asset value, which was less than \$1.0000 per unit. These custom fund conversion transactions accounted for approximately \$14,177,202,000 of the in-kind redemptions and approximately \$333,697,000 of the net realized losses and represented approximately 98% of the total in-kind activity. The custom fund conversion transactions had no impact on the overall fair value net asset value of the Open Cash Pool and therefore did not impact the remaining participants in the Open Cash Pool.

Note F - Expense Recovery

Under the terms of The Northern Trust Company Securities Lending Collateral Schedule, the Company provides custodian, transfer agent, fund accounting, financial reporting and other administrative services to the Section. In accordance with the Open Cash Pool's expense recovery arrangement with the Company, an expense recovery charge of approximately \$7,181,000 was paid to the Company. The expense recovery amounts are based on a specified percentage of average daily net assets of the Open Cash Pool. The expense recovery fee is reported in the accompanying Statement of Operations and Changes in Net Assets. There are no fees charged to the Open Cash Pool for the Company's services as investment advisor.

Note G - Term Merger

On March 30, 2009, the Open Cash Pool acquired all of the net assets of the Term Book pursuant to a plan approved by management of the Section. The acquisition was accomplished via the issuance of 3,042,106,687 units by the Open Cash Pool in exchange for the net assets, with a value of approximately \$3,029,882,000, of the Term Book. The net assets of the Term Book included investments at market value of approximately \$2,943,817,000 (which includes unrealized loss on investments of approximately \$96,889,000), interest income of approximately \$1,401,000 and a receivable balance of approximately \$84,664,000 from unitholders in the Term Book related to the Collateral Deficiency determined on September 18, 2008. The net assets of the Open Cash Pool immediately before and after the combination were approximately \$23,969,606,000 and approximately \$26,999,488,000, respectively.

Note H - New Accounting Pronouncements

The Open Cash Pool has elected to defer FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"), to annual financial statements for fiscal years beginning after December 15, 2008 in accordance with FASB Staff Position Fin 48-3, Effective Date of Interpretation No. 48 for Certain Nonpublic Enterprises ("FSP FIN 48-3"). Uncertain tax positions are evaluated in accordance with FASB Statement No. 5, Accounting for Contingencies ("FAS 5"). FAS 5 requires the Open Cash Pool to record a liability for an estimated contingent loss if the information available indicates that it is probable that there is a tax liability incurred at the date of the financial statements, and the amount of the tax liability can be reasonably estimated. At this time, management is evaluating the implications of FIN 48 and the impact it will have on future financial statement disclosures, if any.

The Open Cash Pool adopted FASB Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly ("FSP FAS 157-4"), effective August 31, 2009. FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), when the volume and level of activity for the assets or liability have significantly decreased. FSP FAS 157-4 also requires additional disaggregation of the current FAS 157 required disclosures. Further information related to FAS 157-4 can be found in the Condensed Statement of Cash Collateral Holdings.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities ("FAS 161"), an amendment of FASB Statement No. 133. FAS 161 requires enhanced disclosures about (a) how and why a fund uses derivative instruments, (b) how derivative instruments and hedging activities are accounted for and (c) how derivative instruments and related hedging activities affect a fund's financial position, financial performance and cash flows. This will include quantitative disclosures on derivative positions existing at period end and the effect of using derivatives during the reporting period. FAS 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. At this time, management is evaluating the implications of FAS 161 and the impact it will have on future financial statement disclosures, if any.

**SECURITIES LENDING COLLATERAL HOLDINGS
CORE USA COLLATERAL SECTION – OPEN CASH POOL**

NOTES TO FINANCIAL STATEMENTS (Continued)

August 31, 2009

Note H - New Accounting Pronouncements (Continued)

The Open Cash Pool adopted FASB Statement of Financial Accounting Standards No. 165, Subsequent Events (“FAS 165”), effective August 31, 2009. FAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or are available to be issued. Please refer to Note I for further information.

On July 1, 2009, the FASB issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards CodificationTM and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162 (“FAS 168”). FAS 168 establishes that the FASB Accounting Standards Codification (“Codification”) will become the source of authoritative GAAP recognized by the FASB to be applied by non-governmental entities. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. FAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. At this time, management is evaluating the implications of FAS 168 and the impact it will have on future financial statement disclosures, if any.

Note I - Subsequent Events

In July of 2009, participants were notified of changes to the investment guidelines of the Section that became effective October 1, 2009. In general, the changes aligned the Open Cash Pool guidelines more closely with rules governing registered money market funds under SEC Rule 2a-7 that were in affect at that date. Note that the Open Cash Pool is not governed by SEC Rule 2a-7. Any new purchases made after October 1, 2009 needed to comply with the revised guidelines. Any investments purchased prior to October 1, 2009 were allowed to continue to be held by the Section.

Effective November 30, 2009, a portion of the Collateral Deficiency Receivable applicable to remaining Open Cash Pool and former Term Book participants (as described in Notes B and G, respectively) was reversed (“Reverse Collateral Deficiency”). A variety of factors were considered by management in making this determination, including, for example, the market environment, as well as the Open Cash Pool’s stability, liquidity, underlying asset quality, net asset value, and the perceived sustainability of the Open Cash Pool’s improvement. The partial Reverse Collateral Deficiency as of November 30, 2009 amounted to approximately \$340,141,000 and broadly represented the minimum amount required to maintain a \$1.000 net asset value. The partial Reverse Collateral Deficiency represented approximately 77% of the remaining Collateral Deficiency balance for unrealized losses at November 30, 2010 for participants who remained in the Open Cash Pool at that time.

In addition, all Open Cash Pool participants were required to make payments by December 15, 2009 for the realized losses of the Collateral Deficiency Receivable and the obligation for the sub-fund purchase.

Furthermore, on March 15, 2010 the remaining portion of the Collateral Deficiency balance for unrealized losses from participants who remained in the Open Cash Pool at that time was reversed. The additional Reverse Collateral Deficiency amounted to approximately \$97,249,000 and represented 100% of participants’ Collateral Deficiency balance for unrealized losses at March 15, 2010.

No changes were made to the withdrawal provisions implemented in September 2008, as described in Note C, as management of the Section determined that they were still necessary in order to help ensure the equitable treatment of the Section participants.

Management has evaluated subsequent events through May 26, 2010, the date the financial statements were available to be issued, and has determined that no other events requiring financial statement adjustment or disclosure have occurred.