

## EXECUTIVE SUMMARY



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**DECEMBER 13, 2006**

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## **OHIO RETIREMENT STUDY COUNCIL**

Comparative Performance Study

Period ending 6/30/2006

### **Introduction**

Evaluation Associates is pleased to present to the Council the most recent results of our ongoing, semi-annual comparative study of the performance of the five Ohio Statewide pension funds pursuant to Section 171.04 of the Revised Code. This is the fifteenth report we have prepared pursuant to this authority. The purpose of this comparative report is to provide the framework for dialogue with the retirement systems and to assist the Council in meeting its oversight responsibilities. As is our practice, this report reflects investment performance for all five retirement systems over the ten year period beginning July 1, 1996 and ending June 30, 2006.

An important value of this type of report is its ability to provide an “apples to apples” comparison of the systems’ investment results. Such a comparison is possible, since all of the systems are subject to the same investment standards and restrictions and have been so from their inception. In light of the fact that rate of return calculations are extremely sensitive to time period differences, it is critical that any comparative study be done with a consistent time frame, as was done in this report.

As is common practice when examining pension fund results we make reference, throughout the report, to such things as quartile rankings and universe comparisons. The universes used for comparative purposes in the body of the report are those of the Russell Trust Universe Service. The comparisons are formulated by pooling data from a wide range of investment consulting firms and they provide a statistically valid measure of results relative to a large sample.

While the entire measurement period for this report, as mentioned above, is ten years, certain exhibits contained within the report reference shorter periods. When a shorter period is used for comparison purposes it is because that particular exhibit refers to a standard comparative reference period such as the past three or five years.

In order to put performance in the proper context, it is important to understand the historical evolution of the investment restrictions imposed on the funds by statute. Prior to 1993 and the passage of S.B. 43, the investment authority of the funds was severely limited. Only 35% of each fund’s assets could be invested in common stock and individual stock purchases were limited to domestic securities specified by a legal list. S.B. 43 expanded the legal list to include American Depository Receipts (ADRs), commingled stock investment funds, derivative instruments and real estate investment trusts (REITs). More importantly, the act permitted the funds to invest up to 50% of their total assets in U.S. stock and 10% in foreign stocks, bonds, and other obligations.

In March 1997, S.B. 82 abolished the legal list and adopted the “prudent person rule.” The funds’ investment authority under this act is expanded to allow any individual investment, so long as the overall portfolio is diversified. This allows for responses to changes in the economy and investment markets and reliance on professional investment managers and economic advisors to guide the decision making process. Along with this expansion of investment authority, however, comes the requirement of prudence and diligence in the development of guidelines, benchmarks, and objectives, and importantly, mandates ongoing monitoring by those with fiduciary responsibility.

The majority of pension assets, in both the public and private sector, are managed with “prudent person” guidelines, which is to say largely without minimums or maximums placed on individual asset classes or securities. This approach, currently in place in the Ohio systems, is the optimal way to manage fund assets. It gives each fund the ability to develop an asset allocation strategy that is likely to maximize expected return while minimizing risk, all relative to the need to fund future obligations. Such an approach is fully consistent with the primary mandate of any pension fund – management that is in the best interest of plan participants.

As of January 1, 2005, the Public Employees Retirement System (PERS) implemented a new structure for their assets. Approximately \$11 Billion was segregated into a new fund with a separate asset allocation policy, different from the policy for the rest of the fund – which now exists solely for the purpose of funding the defined benefit pension obligations (Despite the segregation of assets, retiree health care benefits remain discretionary under PERS law). The policy target (asset allocation) for the remaining pension assets was also modified, reflecting the different risk and reward characteristics of the newly segregated fund. Our report reflects these changes by separating the two PERS asset pools whenever appropriate.

Our findings may be summarized as follows:

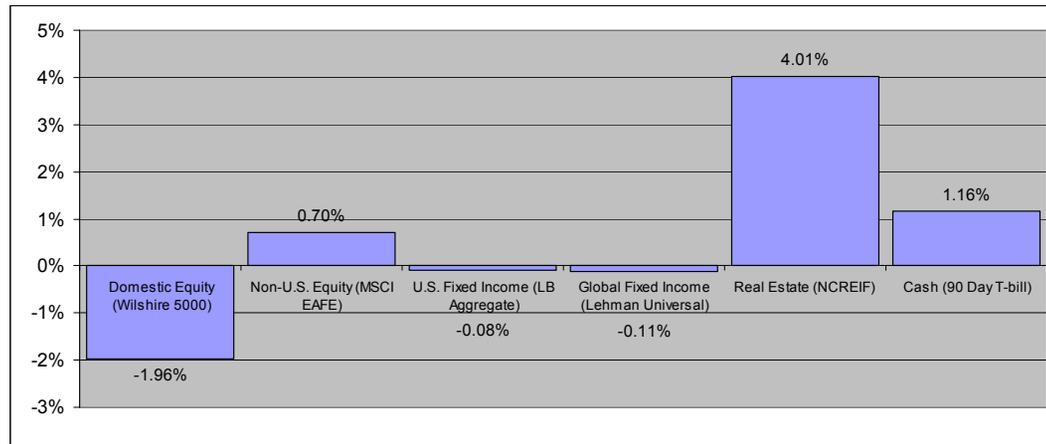
- In the six months ending June 30, 2006, the systems experienced modest single digit performance results, due primarily to lackluster market returns in the second quarter of 2006. The range of returns for the six months goes from a low of 3.54% (PERS HC) to a high of 5.20% (OP&F).
- Four of the systems outperformed their respective policies for the six-month period. The two exceptions were PERS (DB), which underperformed its policy index by 0.36% and HPRS which lagged by 10 basis points. OP&F’s policy index return for the six-month period was the best performing policy index (+4.47%); PERS HC policy index was the lowest performing policy index (+3.40%). This was due to the plan’s higher allocation to fixed income which was quite weak over the six months period.
- From a universe comparison perspective, all systems except PERS (DB) ranked above the median public retirement system in a broad universe of such funds (the Russell/Mellon All Public Fund Universe) for six months ending June 30, 2006. The top-performing fund for the six months was OP&F (13th percentile). The other funds ranged from the 30th percentile (SERS) to the 62nd percentile (PERS DB).
- For the twelve months ending June 30, 2006, all of the systems outpaced their respective policy index returns, ranking them in the 14<sup>th</sup>, 20<sup>th</sup>, 24<sup>th</sup>, 36<sup>th</sup> and 52<sup>nd</sup> percentiles in the Russell All Public Total Fund Universe. Although HPRS beat its policy index (+11.00% vs. +10.78%) for the same period, the system ranked slightly below the median public retirement system in a broad universe of such funds.

- Over the trailing three-year period, only HPRS has underperformed its policy benchmark, although only by 1 basis point. STRS has the strongest annualized three-year return of 14.54%, ahead of OP&F (+14.00%), SERS (+13.38%) PERS DB (+13.33%) and HPRS (12.54%). STRS also has the largest margin of outperformance against its policy benchmark, returning 1.22% more than the benchmark on an annualized basis.
- From a universe comparison standpoint, for the trailing three-year period STRS (13<sup>th</sup> percentile) and OP&F (22<sup>nd</sup> percentile) ranked in the first quartile, while SERS (36<sup>th</sup> percentile) and PERS DB (40<sup>th</sup> percentile) ranked above the median return of the Russell All Public Total Fund Universe. HPRS ranked in the third quartile (62<sup>nd</sup> percentile).
- For the trailing five-year period, all systems have outperformed their respective policy benchmarks. OP&F (+7.62%) and HPRS (+7.35%) ranked in the second quartile, while STRS (+7.15) and PERS DB (+6.94%) ranked in the third quartile of the Russell All Public Total Fund Universe. It is important to note that STRS ranked in the 51<sup>st</sup> percentile, so for all intents and purposes it was at the universe median. Although SERS outpaced its policy index, the system placed in the 79<sup>th</sup> percentile to rank in the fourth quartile of the broad universe for the same period.
- Over the longer-term, ten-year period, OP&F, SERS and STRS are exceeding their actuarial interest rate. In comparison to the systems' respective policy benchmarks over the past ten years, SERS and OP&F outperformed, while HPRS, PERS DB and STRS trailed for the same period.
- During the seven years that we have been reviewing the results of the systems on behalf of the Council, the asset allocation targets have tended to converge. As the table on page f shows, current targets are very close to each other. This similarity in policy makes comparing one system's results to the other a more meaningful exercise. In the case of PERS DB, the Retirement Board accepted a proposed change to the defined benefit policy target to take effect on January 1, 2005. The change to the new defined benefit policy target was instituted due to increased exposure to illiquid asset classes (private equity and real estate). Prior to January 1, 2005, PERS utilized fixed weights for all asset classes – liquid and illiquid. Under the new policy target, PERS uses floating weights for illiquid asset classes, based on actual invested allocations to these areas (see pages 34 through 36).
- Appendix 2.1 and 2.2 at the end of this report compares the current and target asset allocation of each of the systems to two public fund universes, the total universe of public funds (page 66) and the universe of public funds in excess of \$1 billion (page 67). The following observations grow out of our review of the systems' asset allocation:
  1. The systems' actual and target asset allocation to domestic equity rank above the median plan's allocation to domestic equity (40.74%) in the Russell Total Public Fund Universe.
  2. The systems' actual and target asset allocation to fixed income fall below the median plan's exposure to fixed income (28.66%).

3. In general, the systems' asset allocation targets are above the median (17.55%) with respect to their allocation to international equity. SERS and HPRS were two exceptions, as they set their international equity target allocations to 16.0% and 15.0%, respectively. It is worth noting that SERS actual international equity allocation as of this report was 19.47%, or above the universe median. The HPRS actual allocation was 17.27%, below but close to the universe median.
4. The systems' asset allocation targets to real estate rank above the median plan's allocation to real estate (6.60%), while PERS DB, SERS and STRS actual asset allocation to real estate exceeds the median plan' allocation. SERS has the largest actual real estate allocation at 11.19%. HPRS has the largest target allocation at 12.00%.
5. The systems' actual asset allocation and asset allocation targets to alternative investments rank below the median plan's allocation to alternative investments (4.99%).

## Market Environment

The second quarter produced mixed investment results for the six major asset classes. The best return was achieved by real estate (+4.01%) followed by cash (+1.16%) and non-U.S. equity (+0.70%). U.S. equity (-1.96%), U.S. fixed income (-0.08%) and non-U.S. fixed income (-0.11%) fell during the second quarter.



## Median Fund Returns

The median fund in the Russell public fund database lost 0.87% in the second quarter but gained 4.02% for year-to-date 2006. A hypothetical fund with a 60% allocation to the Wilshire 5000 and a 40% allocation to the Lehman Brothers Aggregate Bond Index would have returned -1.20% for the second quarter and 1.75% for year-to-date 2006, falling shy of the median fund return in the Russell public fund database.

### Universe Medians Performance Summary Periods Ending June 30, 2006

	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
<b>Fund Sponsor</b>						
Public Fund Universe	-0.87%	4.02%	11.28%	13.09%	7.18%	8.67%
Corporate DB Universe	-1.10%	3.23%	9.58%	12.01%	6.29%	8.65%
Education Eleemosynary Universe	-0.72%	4.13%	12.55%	13.30%	7.19%	9.60%
Taft-Hartley Universe	-0.94%	3.32%	9.71%	11.36%	6.44%	8.55%
All Fund Universe	-0.99%	3.49%	10.09%	12.15%	6.63%	8.75%
<b>60% Wilshire 5000 / 40% LB Aggregate</b>	<b>-1.20%</b>	<b>1.75%</b>	<b>5.59%</b>	<b>8.61%</b>	<b>4.71%</b>	<b>7.93%</b>

## Asset Allocation

- **Comparison of Policy Asset Allocation:**  
A well diversified asset allocation is the key investment decision that retirement fund Boards make based on risk tolerance, the pension liability structure and the funding costs of each fund. Asset allocation policy varies across funds for this reason.
- **Total Fund Return vs. Policy Benchmark:**  
Investment returns and the variation or volatility of returns are primarily determined by the policy asset allocation.
- **Long Term Return:**  
The primary objective of investment performance for each fund is to meet or exceed the respective policy benchmarks over a reasonable time period. Funds also seek to exceed the actuarial interest rate over a longer time horizon.
- **Peer Rankings:**  
In comparing rankings of fund performance in peer universes, asset allocation differences need to be considered.

**Comparison of Policy Asset Allocation**

	<b>US Equity</b>	<b>Intl Equity</b>	<b>Fixed Income</b>	<b>Private / Public Real Estate</b>	<b>Alternative Investment</b>	<b>Cash</b>
<b>PERS (DB)</b>	45.60%	20.00%	24.70%	7.30%	1.40%	1.00%
<b>PERS (HC)</b>	37.50%	18.00%	40.00%	4.50%	0.00%	0.00%
<b>STRS</b>	42.00%	25.00%	21.00%	9.00%	3.00%	0.00%
<b>OP&amp;F</b>	46.00%	20.00%	23.00%	8.00%	3.00%	0.00%
<b>SERS</b>	46.00%	16.00%	23.00%	10.00%	3.00%	2.00%
<b>HPRS</b>	48.00%	15.00%	25.00%	12.00%	0.00%	0.00%

Note: PERS instituted separate policy target allocations for their defined benefit and health care plans in January 2005. An allocation of 40.0% to total fixed income in the Health Care Plan consists of 18.0% (fixed income), 9.5% (short duration bonds) and 12.5% (TIPS).

- As seen in the table above, the asset allocation targets for the various systems are similar. All plans are equity-oriented, with exposure to this asset class ranging from 62% (SERS) to 67% (STRS). On the contrary, the greatest divergence in policy target allocations is evident in real estate. HPRS has a target allocation of 12.0% to real estate while the PERS Defined Benefit plan has a target allocation of 7.3% to real estate.

## Evaluating Funds

- The most appropriate benchmark for evaluating the performance of each of the Ohio funds is the blended index contained in their respective investment policy statements. The investment policy statement contains information about the investment objectives and investment constraints that are specific to each fund based upon such factors as the funds' liquidity needs and the age of the workforce they employ.
- There are two investment objectives: (1) a return that matches the cash flows of assets and liabilities and (2) the amount of risk the fund is willing and able to tolerate. These objectives are constrained by time horizon, liquidity needs, and government regulations.
- The investment policy statement guides the funds' asset allocation decisions. Asset allocation is very important because some studies show that 95% of the variance in returns is explained by this decision alone. Therefore, Ohio fund returns should be compared against returns from organizations with similar asset allocations.
- Performance of each of the Ohio funds should first be measured against each fund's own policy benchmark return (the return of the specified target policy mix), and secondarily, against the peer group.
- A comparison of the returns of the Ohio funds against one another is a valid exercise. It must be done, however, while keeping in mind any differences in the individual funds' policy allocations and the level of risk tolerance implied by those allocations.

# **Executive Summary**

## Total Fund Returns

The table below displays total fund results for all of the systems, comparing each fund's return to its own benchmark return. The tables that follow repeat the same comparison on an individual asset class basis.

<b>Total Fund Return vs. Policy Benchmark</b>						
<b>Fund</b>	<b><u>One Quarter</u></b>	<b><u>Two Quarters</u></b>	<b><u>One Year</u></b>	<b><u>Three Years</u></b>	<b><u>Five Years</u></b>	
<b>PERS (DB)</b>						
Actual	-0.79%	3.74%	11.97%	13.33%	6.94%	
Policy	-0.57%	4.10%	11.21%	12.87%	6.69%	
Difference	-0.22%	-0.36%	0.76%	0.46%	0.25%	
<b>PERS (HC)</b>						
Actual	-0.62%	3.54%	10.60%	N/A	N/A	
Policy	-0.65%	3.40%	9.87%	N/A	N/A	
Difference	0.03%	0.14%	0.73%	N/A	N/A	
<b>STRS</b>						
Actual	-1.09%	4.30%	13.73%	14.54%	7.15%	
Policy	-0.90%	4.18%	12.26%	13.32%	6.61%	
Difference	-0.19%	0.12%	1.47%	1.22%	0.54%	
<b>OP&amp;F</b>						
Actual	-0.59%	5.20%	12.72%	14.00%	7.62%	
Policy	-0.38%	4.47%	12.13%	13.72%	7.18%	
Difference	-0.21%	0.73%	0.59%	0.28%	0.44%	
<b>SERS</b>						
Actual	-1.10%	4.53%	13.18%	13.38%	6.48%	
Policy	-0.79%	3.81%	11.00%	12.44%	5.93%	
Difference	-0.31%	0.72%	2.18%	0.94%	0.55%	
<b>HPRS</b>						
Actual	-1.48%	4.09%	11.00%	12.54%	7.35%	
Policy	-0.59%	4.19%	10.78%	12.55%	6.82%	
Difference	-0.89%	-0.10%	0.22%	-0.01%	0.49%	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

- PERS: The second quarter return for the total fund underperformed its policy index by 0.22% and by 0.36% for year-to-date 2006. Over the trailing one-, three- and five-year periods, the total fund outperformed its policy index by 76 basis points, 46 basis points and 25 basis points, respectively.
- STRS: The second quarter return for the total fund underperformed its policy index by 0.19% and outpaced by 0.12% for year-to-date 2006. Over the trailing one-, three- and five-year periods, the total fund is outperforming its policy index by 147 basis points, 122 basis points and 54 basis points, respectively.
- OP&F: OP&F underperformed its policy index by 0.21% during the second quarter but outpaced the policy by 0.73% for year-to-date 2006. The total fund has outperformed its policy index over the trailing one-, three- and five-year periods by 59 basis points, 28 basis points and 44 basis points, respectively.
- SERS: The total fund underperformed its policy index by 0.31% in the second quarter but outpaced the policy by 0.72% for year-to-date 2006. The fund has outperformed its policy index over the trailing one-, three- and five-year periods by 218 basis points, 94 basis points and 55 basis points, respectively.
- HPRS: The total fund underperformed its policy index during the second quarter by 0.89% and 0.10% for year-to-date 2006. However, over the longer term trailing five-year period, the total fund outpaced its policy index by 49 basis points.

## Domestic Equity Returns

Domestic Equity Return vs. Policy Benchmark						
<u>Fund</u>	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	
<b>PERS (DB)</b>						
Actual	-2.00%	2.82%	9.61%	12.67%	3.84%	
Policy	-1.98%	3.23%	9.59%	12.57%	3.66%	
Difference	-0.02%	-0.41%	0.02%	0.10%	0.18%	
<b>PERS (HC)</b>						
Actual	-2.00%	2.82%	9.61%	N/A	N/A	
Policy	-1.98%	3.23%	9.58%	N/A	N/A	
Difference	-0.02%	-0.41%	0.03%	N/A	N/A	
<b>STRS</b>						
Actual	-2.10%	3.22%	10.14%	12.61%	3.37%	
Policy	-1.98%	3.22%	9.55%	12.53%	3.57%	
Difference	-0.12%	0.00%	0.59%	0.08%	-0.20%	
<b>OP&amp;F</b>						
Actual	-2.12%	3.43%	10.17%	13.57%	4.77%	
Policy	-1.96%	3.37%	9.92%	12.98%	4.02%	
Difference	-0.16%	0.06%	0.25%	0.59%	0.75%	
<b>SERS</b>						
Actual	-2.26%	3.44%	10.75%	12.96%	3.84%	
Policy	-1.98%	3.22%	9.55%	12.56%	3.53%	
Difference	-0.28%	0.22%	1.20%	0.40%	0.31%	
<b>HPRS</b>						
Actual	-2.41%	4.35%	10.83%	15.46%	6.64%	
Policy	-2.41%	3.95%	10.29%	13.86%	4.90%	
Difference	0.00%	0.40%	0.54%	1.60%	1.74%	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

The domestic equity market experienced losses in the second quarter. On an absolute and relative basis, PERS DB and HC generated the best returns, losing a modest 2.00% during the second quarter. On an absolute and relative basis for year-to-date 2006, HPRS had the best result with a positive 4.35% return, which exceeded its equity benchmark by 40 basis points. Over the three and five-year periods, HPRS outpaced other plans.

## Fixed Income Returns

Fixed Income Return vs. Policy Benchmark						
<u>Fund</u>	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	
<b>PERS (DB)</b>						
Actual	-0.11%	-0.37%	0.44%	3.27%	5.67%	
Policy	-0.11%	-0.46%	-0.26%	2.67%	5.53%	
Difference	0.00%	0.09%	0.70%	0.60%	0.14%	
<b>PERS (HC)</b>						
Actual	-0.11%	-0.37%	0.44%	N/A	N/A	
Policy	-0.11%	-0.46%	-0.26%	N/A	N/A	
Difference	0.00%	0.09%	0.70%	N/A	N/A	
<b>STRS</b>						
Actual	-0.14%	-0.46%	0.04%	2.96%	5.85%	
Policy	-0.11%	-0.46%	-0.26%	2.67%	5.38%	
Difference	-0.03%	0.00%	0.30%	0.29%	0.47%	
<b>OP&amp;F</b>						
Actual	0.11%	0.10%	2.38%	4.53%	6.87%	
Policy	-0.08%	-0.72%	-0.81%	2.05%	4.98%	
Difference	0.19%	0.82%	3.19%	2.48%	1.89%	
<b>SERS</b>						
Actual	0.09%	0.02%	0.37%	2.84%	5.70%	
Policy	-0.08%	-0.73%	-0.81%	2.05%	4.97%	
Difference	0.17%	0.75%	1.18%	0.79%	0.73%	
<b>HPRS</b>						
Actual	-0.35%	0.06%	1.26%	3.68%	6.31%	
Policy	-0.08%	-0.73%	-0.81%	2.05%	4.97%	
Difference	-0.27%	0.79%	2.07%	1.63%	1.34%	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

Fixed income returns were negative for all of the funds except OP&F and SERS for the second quarter. OP&F had the best second quarter return (+0.11%) followed by SERS (+0.09%). For year-to-date 2006, OP&F posted the strongest result (+0.10%) on an absolute and relative basis, followed by HPRS (+0.06%) and SERS (+0.02%). Over the trailing three and five-year periods, OP&F led all plans on an absolute and relative basis.

## International Equity Returns

International Equity Return vs. Policy Benchmark						
<u>Fund</u>	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	
<b>PERS (DB)</b>						
Actual	-0.31%	9.65%	29.06%	25.99%	11.72%	
Policy	0.00%	9.68%	27.91%	25.30%	11.43%	
Difference	-0.31%	-0.03%	1.15%	0.69%	0.29%	
<b>PERS (HC)</b>						
Actual	-0.31%	9.66%	28.95%	N/A	N/A	
Policy	0.00%	9.68%	27.91%	N/A	N/A	
Difference	-0.31%	-0.02%	1.04%	N/A	N/A	
<b>STRS</b>						
Actual	-2.48%	7.66%	29.23%	26.80%	12.33%	
Policy	-2.06%	7.45%	28.72%	25.50%	10.40%	
Difference	-0.42%	0.21%	0.51%	1.30%	1.93%	
<b>OP&amp;F</b>						
Actual	0.54%	11.40%	29.50%	25.67%	11.10%	
Policy	0.00%	9.68%	27.91%	25.29%	11.43%	
Difference	0.54%	1.54%	1.37%	0.31%	-0.36%	
<b>SERS</b>						
Actual	-3.01%	8.24%	30.40%	25.68%	9.95%	
Policy	-1.69%	7.69%	27.79%	24.07%	8.73%	
Difference	-1.32%	0.55%	2.61%	1.61%	1.22%	
<b>HPRS</b>						
Actual	0.05%	10.10%	26.09%	21.69%	8.81%	
Policy	0.70%	10.17%	26.56%	23.94%	10.02%	
Difference	-0.65%	-0.07%	-0.47%	-2.25%	-1.21%	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

OP&F (+0.54%) had the best absolute result, followed by HPRS (+0.05%), while SERS (-3.01%), STRS (-2.48%) and PERS (-0.31%) posted negative returns during the second quarter. For year-to-date 2006, OP&F (+11.40%) led all plans with the best absolute and relative result. SERS had the best one-year absolute and relative return of +30.40%. STRS had the best absolute results for the trailing three- and five-year periods, gaining 26.80% and 12.33%, respectively.

## Real Estate Returns

Real Estate Return vs. Policy Benchmark						
<u>Fund</u>	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	
<b>PERS (DB)</b>						
Actual	2.66%	5.74%	23.07%	15.82%	12.06%	
Policy	4.01%	7.78%	18.11%	14.93%	11.64%	
Difference	-1.35%	-2.04%	5.28%	-0.20%	-0.46%	
<b>PERS (HC) "Public Markets Only"</b>						
Actual	-1.13%	14.41%	22.21%	N/A	N/A	
Policy	-1.16%	14.07%	21.72%	N/A	N/A	
Difference	0.03%	0.34%	0.37%	N/A	N/A	
<b>STRS</b>						
Actual	3.78%	9.95%	27.23%	22.13%	15.00%	
Policy	3.44%	8.31%	19.24%	16.88%	12.49%	
Difference	0.34%	1.64%	7.99%	5.25%	2.45%	
<b>OP&amp;F</b>						
Actual	2.39%	15.28%	23.76%	20.93%	15.50%	
Policy	4.01%	7.78%	18.67%	15.79%	10.67%	
Difference	-1.62%	7.50%	5.09%	5.14%	4.83%	
<b>SERS</b>						
Actual	3.25%	10.93%	20.65%	18.67%	11.75%	
Policy	2.58%	10.06%	20.07%	17.44%	12.96%	
Difference	0.67%	0.87%	0.58%	1.23%	-1.21%	
<b>HPRS</b>						
Actual	-0.43%	-0.13%	13.63%	8.32%	7.93%	
Policy	4.01%	7.78%	18.67%	15.79%	12.00%	
Difference	-4.44%	-7.91%	-5.04%	-7.47%	-4.07%	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

During the second quarter, STRS achieved the strongest absolute return by posting a gain of 3.78%, followed by SERS (+3.25%), PERS DB (+2.66%) and OP&F (+2.39%). For year-to-date 2006, OP&F led all plans with the best absolute return (+15.28%) followed by PERS HC (+14.41%), SERS (+10.93%), STRS (+9.95%) and PERS DB (+5.74%). STRS (+22.13%) led all plans over the trailing three-year period, and OP&F (+15.50%) outpaced all plans over the trailing five-year period. The policy returns for each of the funds varies greatly from quarter to quarter. This is due to the index selected and the method of reporting.

## Alternative Asset Returns

Alternative Asset Return vs. Policy Benchmark						
<u>Fund</u>	<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	
<b>PERS (DB)</b>						
Actual	1.94%	7.61%	25.45%	27.60%	12.76%	
Policy	6.09%	9.06%	17.71%	22.71%	6.67%	
Difference	-4.15%	-1.45%	7.74%	4.89%	6.09%	
<b>PERS (HC)</b>						
Actual	N/A	N/A	N/A	N/A	N/A	
Policy	N/A	N/A	N/A	N/A	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	
<b>STRS</b>						
Actual	4.76%	9.50%	17.51%	19.50%	5.51%	
Policy	4.76%	9.50%	17.51%	19.50%	N/A	
Difference	0.00%	0.00%	0.00%	0.00%	N/A	
<b>OP&amp;F</b>						
Actual	2.34%	10.03%	23.62%	13.75%	-2.16%	
Policy	6.69%	10.28%	19.72%	24.67%	10.95%	
Difference	-4.35%	-0.35%	3.26%	-11.75%	-13.45%	
<b>SERS</b>						
Actual	4.18%	5.98%	23.23%	12.94%	-2.70%	
Policy	3.58%	6.39%	14.73%	20.24%	5.67%	
Difference	0.60%	-0.41%	8.50%	-7.30%	-8.37%	
<b>HPRS</b>						
Actual	N/A	N/A	N/A	N/A	N/A	
Policy	N/A	N/A	N/A	N/A	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	

All returns are for periods ending 6/30/2006. Returns for periods longer than one year are annualized.

During the second quarter, STRS had the best absolute return (+4.76%) followed by SERS (+4.18%), OP&F (+2.34%) and PERS DB (+1.94%). For year-to-date 2005, OP&F had the highest return (+10.03%), followed by STRS (+9.50%), PERS DB (+7.61%) and SERS (+5.98%). For the three- and five-year periods, PERS DB had the best absolute and relative results, returning a positive 27.60% and 12.76%, respectively, followed by STRS (3yrs: +19.50%, 5yrs: +5.51%). SERS and OP&F posted negative returns for the five-year period, losing 2.70% and 2.16%, respectively. There is also a large amount of variation in the policies for alternative investments. As an example, STRS uses their actual alternative investment return as their policy return, while OP&F, on the other hand, adds 5% annually to the Wilshire 5000 index to benchmark its alternative investment returns.

## Long-Term Results vs. Targets

### Long Term Return - 10 Years

	Actual Return	Benchmark Actual Return	Actuarial Interest Rate	Valuation Date
PERS (DB)	7.65%	8.25%	8.00%	1/1/2005
PERS (HC)	N/A	N/A	6.50%	1/1/2005
STRS	8.28%	8.30%	8.00%	7/1/2005
OP&F	8.57%	8.41%	8.25%	1/1/2005
SERS	8.55%	8.38%	8.00%	7/1/2005
HPRS	6.52%	9.05%	8.00%	12/31/2004

\* Note: Actuarial interest rate assumption for PERS Health Care Plan has been projected for 50 years.

The table above provides a long-term look at how the systems are performing compared to their policy returns and also compared to their actuarial interest rate. On a relative basis, OP&F and SERS exceeded their respective policy index over the ten-year period for period ended June 30, 2006. HPRS and PERS are underperforming their policy indices by 253 and 60 basis points, respectively, on an annualized basis. STRS is approximating their policy index over the ten-year period. On a positive note, STRS, OP&F and SERS are exceeding their actuarial interest rate.

## Universe Comparisons

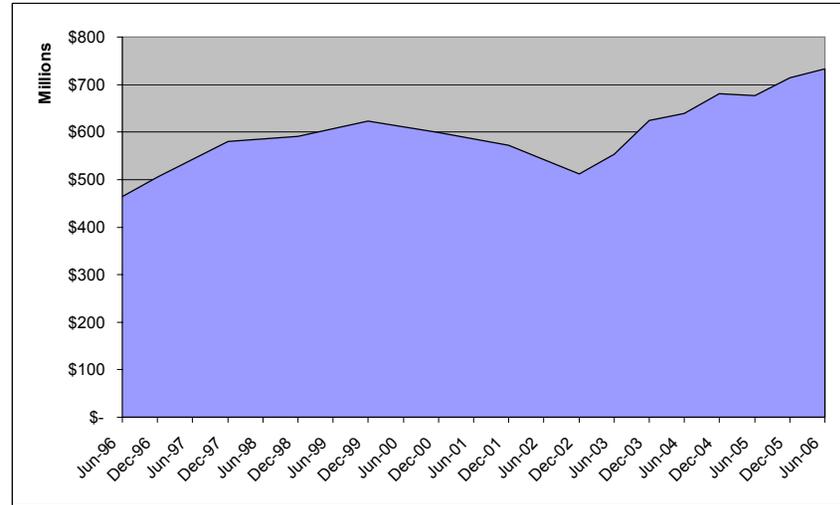
Public Fund Universe Peer Rankings

	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>PERS (DB)</b>	40	62	36	40	60
<b>STRS</b>	70	33	14	13	51
<b>OP&amp;F</b>	33	13	24	22	28
<b>SERS</b>	72	30	20	36	79
<b>HPRS</b>	93	46	52	62	43

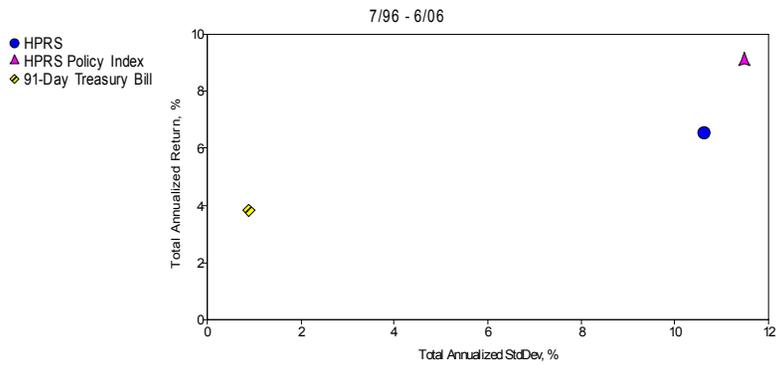
OP&F and PERS (DB) ranked ahead of the median public plan in the Russell All Public Plan Universe for the second quarter. OP&F, SERS, STRS and HPRS ranked ahead of the median public plan in the universe for year-to-date 2006. STRS, OP&F, SERS and PERS (DB) ranked ahead of the median public plan in the universe for the three-year period. Over the longer five-year period, OP&F and HPRS ranked ahead of median public plan in the universe, while STRS ranked just below the median public plan in the 51<sup>st</sup> percentile.

# Highway Patrol Retirement System

HPRS Returns					
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>US Equity</b>					
Actual	-2.41%	4.35%	10.83%	15.46%	6.64%
Benchmark	-2.41%	3.95%	10.29%	13.86%	4.90%
Difference	0.00%	0.40%	0.54%	1.60%	1.74%
<b>Fixed Income</b>					
Actual	-0.35%	0.06%	1.26%	3.68%	6.31%
Benchmark	-0.08%	-0.73%	-0.81%	2.05%	4.97%
Difference	-0.27%	0.79%	2.07%	1.63%	1.34%
<b>Intl. Equity</b>					
Actual	0.05%	10.10%	26.09%	21.69%	8.81%
Benchmark	0.70%	10.17%	26.56%	23.94%	10.02%
Difference	-0.65%	-0.07%	-0.47%	-2.25%	-1.21%
<b>Real Estate</b>					
Actual	-0.43%	-0.13%	13.63%	8.32%	7.93%
Benchmark	4.01%	7.78%	18.67%	15.79%	12.00%
Difference	-4.44%	-7.91%	-5.04%	-7.47%	-4.07%



Performance vs. Risk



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
HPRS	6.52	10.64	3.16	0.29
HPRS Policy Index	9.05	11.47	5.63	0.49
91-Day Treasury Bill	3.81	0.90	0.00	NA

Asset Mix

	Actual June 30, 2006	Target	Difference
US Equity	56.5%	48.0%	8.5%
Intl. Equity	17.3%	15.0%	2.3%
Alternative Assets	0.0%	0.0%	0.0%
<b>Total Equity</b>	<b>73.7%</b>	<b>63.0%</b>	<b>10.7%</b>
Fixed Income	20.7%	25.0%	-4.3%
Real Estate	5.4%	12.0%	-6.6%
Short Term Investments	0.2%	0.0%	0.2%
<b>Total Debt</b>	<b>26.3%</b>	<b>37.0%</b>	<b>-10.7%</b>
	100.0%	100.0%	0.0%

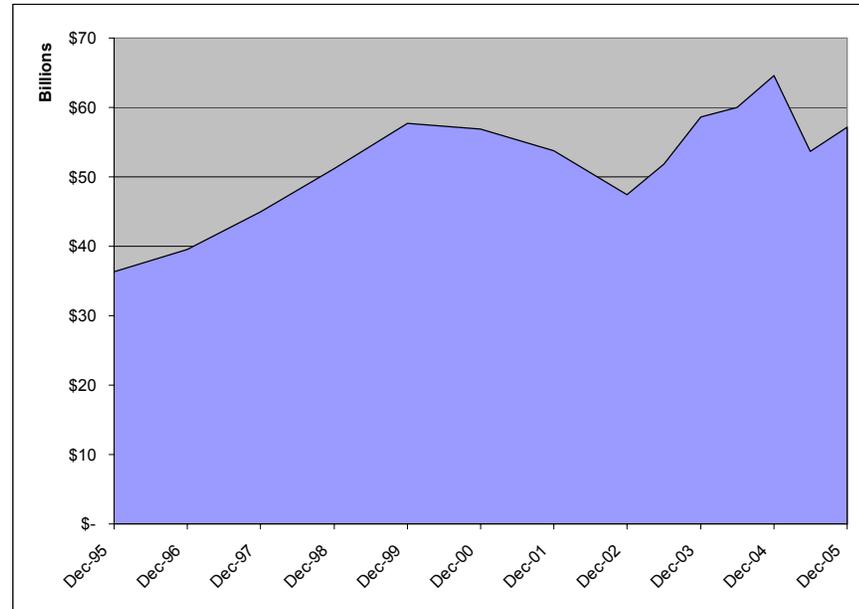
Characteristic Data

Assets @ 6-30-2006:	\$	733,556,526
Actuarial Interest Rate:		8.00%
Investment Staff Size:		1

# Public Employees Retirement System

## Defined Benefit Plan

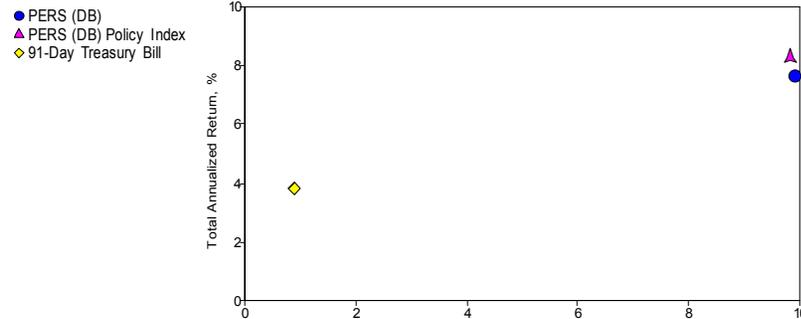
PERS Returns					
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>US Equity</b>					
Actual	-2.00%	2.82%	9.61%	12.67%	3.84%
Benchmark	-1.98%	3.23%	9.59%	12.57%	3.66%
Difference	-0.02%	-0.41%	0.02%	0.10%	0.18%
<b>Fixed Income</b>					
Actual	-0.11%	-0.37%	0.44%	3.27%	5.67%
Benchmark	-0.11%	-0.46%	-0.26%	2.67%	5.53%
Difference	0.00%	0.09%	0.70%	0.60%	0.14%
<b>Intl. Equity</b>					
Actual	-0.31%	9.65%	29.06%	25.99%	11.72%
Benchmark	0.00%	9.68%	27.91%	25.30%	11.43%
Difference	-0.31%	-0.03%	1.15%	0.69%	0.00%
<b>Real Estate</b>					
Actual	2.66%	5.74%	23.07%	15.82%	12.06%
Benchmark	4.01%	7.78%	18.11%	14.93%	11.64%
Difference	-1.35%	-2.04%	5.28%	-0.20%	-0.46%
<b>Private Equity</b>					
Actual	1.94%	7.61%	25.45%	27.60%	12.76%
Benchmark	6.09%	9.06%	17.71%	22.71%	6.67%
Difference	-4.15%	-1.45%	7.74%	4.89%	6.09%



Note: Defined Benefit and Health Care plan assets were segregated on January 1, 2005.

Performance vs. Risk

7/96 - 6/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha %	Sharpe Ratio
PERS (DB)	7.65	9.92	4.16	0.41
PERS (DB) Policy Index	8.25	9.83	4.71	0.47
91-Day Treasury Bill	3.81	0.90	0.00	NA

Asset Mix

	Actual June 30, 2006	Target	Difference
US Equity	44.85%	45.60%	-0.75%
Intl. Equity	20.51%	20.00%	0.51%
Opp. Equity	0.09%	0.00%	0.09%
Alternative Assets	1.64%	1.40%	0.24%
<b>Total Equity</b>	<b>67.09%</b>	<b>67.00%</b>	<b>0.09%</b>
Fixed Income	23.97%	24.70%	-0.73%
Real Estate	7.28%	7.30%	-0.02%
Short Term Investments	1.66%	1.00%	0.66%
<b>Total Debt</b>	<b>32.91%</b>	<b>33.00%</b>	<b>-0.09%</b>
	100.00%	100.00%	0.00%

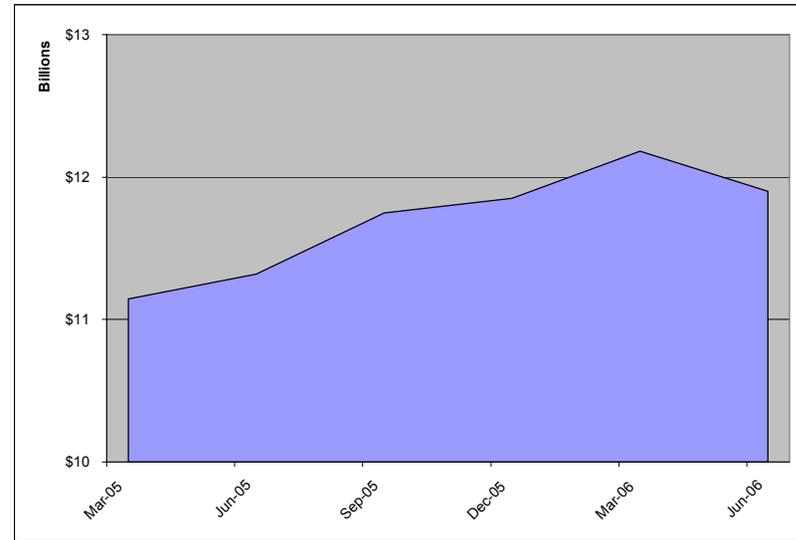
Note: An allocation of 23.97% to total fixed income consists of 23.90% (fixed income) and 0.07% (stable value)

Characteristic Data

Assets @ 6-30-2006:	\$	59,015,651,582
Actuarial Interest Rate:		8.00%
Investment Staff Size:		56

# Public Employees Retirement System Health Care Plan

PERS Returns																																								
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years																																			
<b>US Equity</b>																																								
Actual	-2.00%	2.82%	9.61%	N/A	N/A																																			
Benchmark	-1.98%	3.23%	9.58%	N/A	N/A																																			
Difference	-0.02%	-0.41%	0.03%	N/A	N/A																																			
<b>Fixed Income</b>																																								
Actual	-0.11%	-0.37%	0.44%	N/A	N/A																																			
Benchmark	-0.11%	-0.46%	-0.26%	N/A	N/A																																			
Difference	0.00%	0.09%	0.70%	N/A	N/A																																			
<b>Intl. Equity</b>																																								
Actual	-0.31%	9.66%	28.95%	N/A	N/A																																			
Benchmark	0.00%	9.68%	27.91%	N/A	N/A																																			
Difference	-0.31%	-0.02%	1.04%	N/A	N/A																																			
<b>REITS</b>																																								
Actual	-1.13%	14.41%	22.21%	N/A	N/A																																			
Benchmark	-1.16%	14.07%	21.72%	N/A	N/A </tr <tr> <td>Difference</td> <td>0.03%</td> <td>0.34%</td> <td>0.37%</td> <td>N/A</td> <td>N/A</td> <td></td> </tr> <tr> <td colspan="7"><b>TIPS</b></td> </tr> <tr> <td>Actual</td> <td>0.52%</td> <td>-1.71%</td> <td>-1.59%</td> <td>N/A</td> <td>N/A</td> <td></td> </tr> <tr> <td>Benchmark</td> <td>0.49%</td> <td>-1.77%</td> <td>-1.64%</td> <td>N/A</td> <td>N/A</td> <td></td> </tr> <tr> <td>Difference</td> <td>0.03%</td> <td>0.06%</td> <td>0.05%</td> <td>N/A</td> <td>N/A</td> <td></td> </tr>	Difference	0.03%	0.34%	0.37%	N/A	N/A		<b>TIPS</b>							Actual	0.52%	-1.71%	-1.59%	N/A	N/A		Benchmark	0.49%	-1.77%	-1.64%	N/A	N/A		Difference	0.03%	0.06%	0.05%	N/A	N/A	
Difference	0.03%	0.34%	0.37%	N/A	N/A																																			
<b>TIPS</b>																																								
Actual	0.52%	-1.71%	-1.59%	N/A	N/A																																			
Benchmark	0.49%	-1.77%	-1.64%	N/A	N/A																																			
Difference	0.03%	0.06%	0.05%	N/A	N/A																																			



Note: Defined Benefit and Health Care plan assets were segregated on January 1, 2005.

Asset Mix			
	Actual June 30, 2006	Target	Difference
US Equity	33.6%	37.5%	-4.0%
Intl. Equity	17.4%	18.0%	-0.7%
<b>Total Equity</b>	<b>50.9%</b>	<b>55.5%</b>	<b>-4.6%</b>
Fixed Income	16.4%	18.0%	-1.6%
REITS	5.0%	4.5%	0.5%
TIPS	15.3%	12.5%	2.8%
Short Duration Bonds	11.2%	9.5%	1.7%
Short Term Investment	1.2%	0.0%	1.2%
<b>Total Debt</b>	<b>49.1%</b>	<b>44.5%</b>	<b>3.4%</b>
	100.0%	100.0%	-1.2%

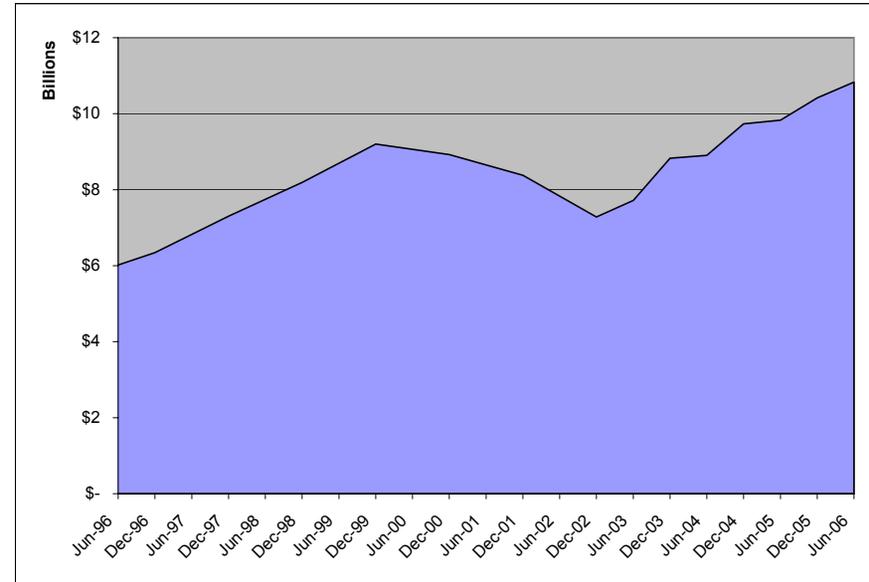
This section was intentionally left blank as risk/return profile for one year of data is not meaningful.

### Characteristic Data

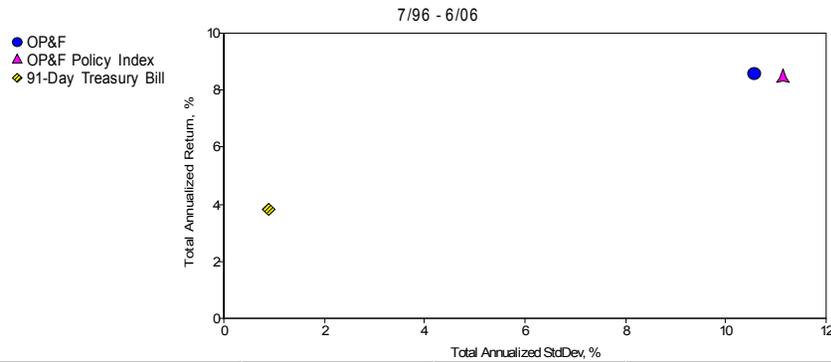
Assets @ 6-30-2006:	\$	11,900,646,247
Actuarial Interest Rate:		6.50%
Investment Staff Size:		56

# Police & Fire Pension Fund

OP&F Returns					
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>US Equity</b>					
Actual	-2.12%	3.43%	10.17%	13.57%	4.77%
Benchmark	-1.96%	3.37%	9.92%	12.98%	4.02%
Difference	-0.16%	0.06%	0.25%	0.59%	0.75%
<b>Fixed Income</b>					
Actual	0.11%	0.10%	2.38%	4.53%	6.87%
Benchmark	-0.08%	-0.72%	-0.81%	2.05%	4.98%
Difference	0.19%	0.82%	3.19%	2.48%	1.89%
<b>Intl. Equity</b>					
Actual	0.54%	11.40%	29.50%	25.67%	11.10%
Benchmark	0.00%	9.68%	27.91%	25.29%	11.43%
Difference	0.54%	1.54%	1.37%	0.31%	-0.36%
<b>Real Estate</b>					
Actual	2.39%	15.28%	23.76%	20.93%	15.50%
Benchmark	4.01%	7.78%	18.67%	15.79%	10.67%
Difference	-1.62%	7.50%	5.09%	5.14%	4.83%
<b>Private Equity</b>					
Actual	2.34%	10.03%	23.62%	13.75%	-2.16%
Benchmark	6.69%	10.28%	19.72%	24.67%	10.95%
Difference	-4.35%	-0.35%	3.26%	-11.75%	-13.45%



Performance vs. Risk



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
OP&F	8.57	10.56	5.08	0.48
OP&F Policy Index	8.41	11.14	5.00	0.44
91-Day Treasury Bill	3.81	0.90	0.00	NA

Asset Mix

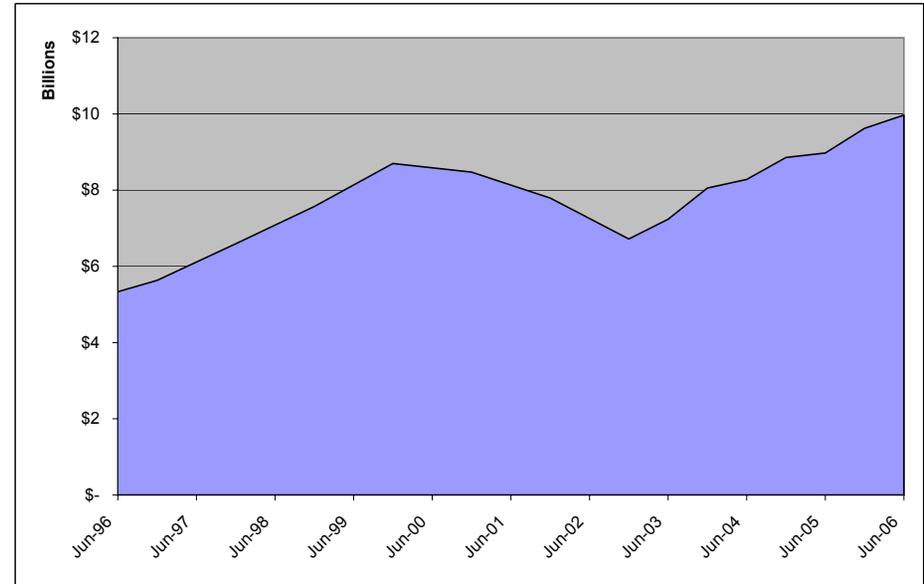
	Actual June 30, 2006	Target	Difference
US Equity	47.3%	46.0%	1.3%
Intl. Equity	21.6%	20.0%	1.6%
Alternative Assets	2.3%	3.0%	-0.7%
Total Equity	71.2%	69.0%	2.2%
Fixed Income	23.2%	23.0%	0.2%
Real Estate	4.8%	8.0%	-3.2%
Short Term Investments	0.8%	0.0%	0.8%
Total Debt	28.8%	31.0%	-2.2%
	100.0%	100.0%	0.0%

Characteristic Data

Assets @ 6-30-2006:	\$	10,830,530,264
Actuarial Interest Rate:		8.25%
Investment Staff Size:		13

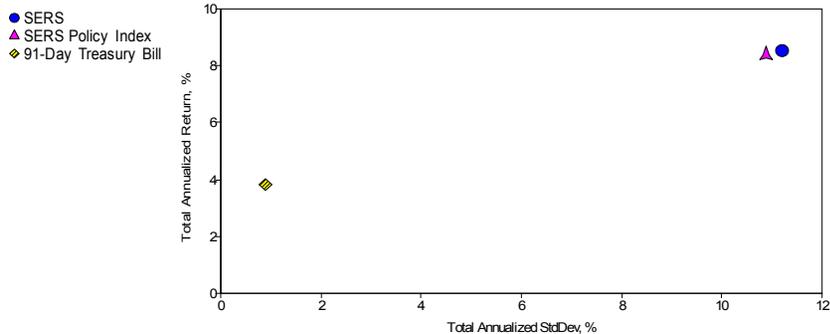
# School Employees Retirement System

SERS Returns					
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>US Equity</b>					
Actual	-2.26%	3.44%	10.75%	12.96%	3.84%
Benchmark	-1.98%	3.22%	9.55%	12.56%	3.53%
Difference	-0.28%	0.22%	1.20%	0.40%	0.31%
<b>Fixed Income</b>					
Actual	0.09%	0.02%	0.37%	2.84%	5.70%
Benchmark	-0.08%	-0.73%	-0.81%	2.05%	4.97%
Difference	0.17%	0.75%	1.18%	0.79%	0.73%
<b>Intl. Equity</b>					
Actual	-3.01%	8.24%	30.40%	25.68%	9.95%
Benchmark	-1.69%	7.69%	27.79%	24.07%	8.73%
Difference	-1.32%	0.55%	2.61%	1.61%	1.22%
<b>Real Estate</b>					
Actual	3.25%	10.93%	20.65%	18.67%	11.75%
Benchmark	2.58%	10.06%	20.07%	17.44%	12.96%
Difference	0.67%	0.87%	0.58%	1.23%	-1.21%
<b>Private Equity</b>					
Actual	4.18%	5.98%	23.23%	12.94%	-2.70%
Benchmark	3.58%	6.39%	14.73%	20.24%	5.67%
Difference	0.60%	-0.41%	8.50%	-7.30%	-8.37%



## Performance vs. Risk

7/96 - 6/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
SERS	8.55	11.21	5.13	0.45
SERS Policy Index	8.38	10.89	4.94	0.45
91-Day Treasury Bill	3.81	0.90	0.00	NA

## Asset Mix

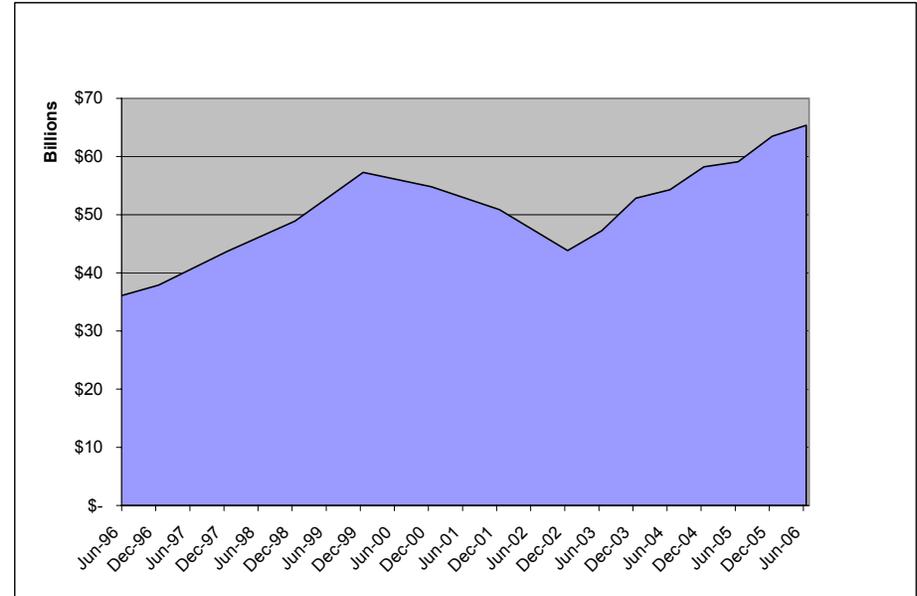
	Actual June 30, 2006	Target	Difference
US Equity	45.2%	46.0%	-0.8%
Intl. Equity	19.5%	16.0%	3.5%
Alternative Assets	2.6%	3.0%	-0.4%
Total Equity	67.3%	65.0%	2.3%
Fixed Income	21.0%	23.0%	-2.0%
Real Estate	11.2%	10.0%	1.2%
Short Term Investments	0.5%	2.0%	-1.5%
Total Debt	32.7%	35.0%	-2.3%
	100.0%	100.0%	0.0%

## Characteristic Data

Assets @ 6-30-2006: \$ 9,970,578,546  
 Actuarial Interest Rate: 8.00%  
 Investment Staff Size: 12

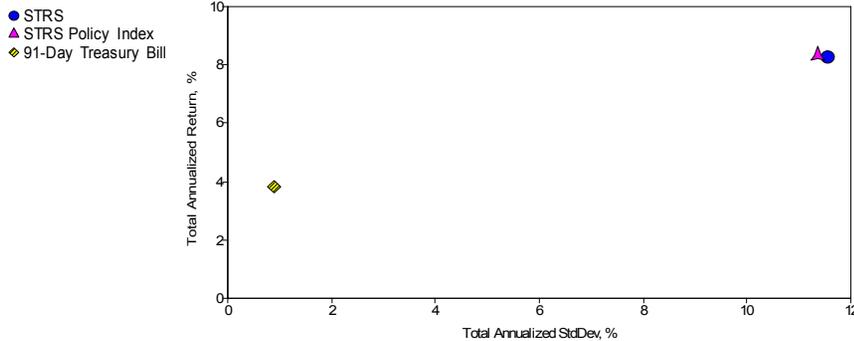
# State Teachers Retirement System

STRS Returns					
Portfolio	One Quarter	Two Quarters	One Year	Three Years	Five Years
<b>US Equity</b>					
Actual	-2.10%	3.22%	10.14%	12.61%	3.37%
Benchmark	-1.98%	3.22%	9.55%	12.53%	3.57%
Difference	-0.12%	0.00%	0.59%	0.08%	-0.20%
<b>Fixed Income</b>					
Actual	-0.14%	-0.46%	0.04%	2.96%	5.85%
Benchmark	-0.11%	-0.46%	-0.26%	2.67%	5.38%
Difference	-0.03%	0.00%	0.30%	0.29%	0.47%
<b>Intl. Equity</b>					
Actual	-2.48%	7.66%	29.23%	26.80%	12.33%
Benchmark	-2.06%	7.45%	28.72%	25.50%	10.40%
Difference	-0.42%	0.21%	0.51%	1.30%	1.93%
<b>Real Estate</b>					
Actual	3.78%	9.95%	27.23%	22.13%	15.00%
Benchmark	3.44%	8.31%	19.24%	16.88%	12.49%
Difference	0.34%	1.64%	7.99%	5.25%	2.45%
<b>Private Equity</b>					
Actual	4.76%	9.50%	17.51%	19.50%	5.51%
Benchmark	4.76%	9.50%	17.51%	19.50%	N/A
Difference	0.00%	0.00%	0.00%	0.00%	N/A



## Performance vs. Risk

7/96 - 6/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
STRS	8.28	11.55	4.92	0.42
STRS Policy Index	8.30	11.36	4.91	0.43
91-Day Treasury Bill	3.81	0.90	0.00	NA

## Asset Mix

	Actual June 30, 2006	Target	Difference
US Equity	42.0%	42.0%	-3.0%
Intl. Equity	26.4%	25.0%	6.4%
Alternative Assets	3.0%	3.0%	1.0%
<i>Total Equity</i>	<i>71.4%</i>	<i>70.0%</i>	<i>4.4%</i>
Fixed Income	20.6%	21.0%	-2.4%
Real Estate	7.5%	9.0%	-1.5%
Short Term Investments	0.5%	0.0%	-0.5%
<i>Total Debt</i>	<i>28.6%</i>	<i>30.0%</i>	<i>-4.4%</i>
	100.0%	100.0%	0.0%

## Characteristic Data

Assets @ 6-30-2006:	\$	65,364,511,056
Actuarial Interest Rate:		8.00%
Investment Staff Size:		112

# Ohio Retirement Study Council

## Performance Summary Table

Periods Ending 6/30/06

	1 Qtr	2 Qtrs	1 Yr	3 Yrs	5 Yrs	10 Yrs	Incept Date
<b>HPRS</b>							
Total Return	-1.48	4.09	11.00	12.54	7.31	6.52	12/31/93
Domestic Equity	-2.41	4.35	10.83	15.46	6.64	5.19	12/31/93
Fixed Income	-0.35	0.06	1.26	3.68	6.31	6.87	12/31/93
Cash & Equiv	1.58	2.25	4.64	2.88	2.70	4.05	3/31/94
Real Estate	-0.43	-0.13	13.63	8.32	7.93	8.53	12/31/93
International Equity	0.05	10.10	26.09	21.69	8.81	7.28	3/31/95
<b>PERS (Defined Benefit Plan)</b>							
Total Return	-0.79	3.74	11.97	13.33	6.94	7.65	12/31/93
Domestic Equity	-2.00	2.82	9.61	12.67	3.84	7.65	12/31/93
Fixed Income	-0.11	-0.37	0.44	3.27	5.67	6.61	12/31/93
Cash & Equiv	1.27	2.45	4.39	2.62	2.34	3.98	12/31/93
Real Estate	2.66	5.74	23.07	15.82	12.06	11.82	12/31/93
International Equity	-0.31	9.65	29.06	25.99	11.72	N/A	9/30/96
Alternatives	1.94	7.61	25.45	27.60	12.76	17.96	12/31/95
<b>PERS (Health Care Plan)</b>							
Total Return	-0.62	3.54	10.60	N/A	N/A	N/A	12/31/04
Domestic Equity	-2.00	2.82	9.61	N/A	N/A	N/A	12/31/04
Fixed Income	-0.11	-0.37	0.44	N/A	N/A	N/A	12/31/04
Cash & Equiv	1.26	2.43	4.46	N/A	N/A	N/A	12/31/04
REITS	-1.13	14.41	22.21	N/A	N/A	N/A	12/31/04
International Equity	-0.31	9.66	28.95	N/A	N/A	N/A	12/31/04
TIPS	0.52	-1.71	-1.59	N/A	N/A	N/A	02/28/05
Short Duration	0.75	1.51	2.85	N/A	N/A	N/A	02/28/05
<b>OP&amp;F</b>							
Total Return	-0.59	5.20	12.72	14.00	7.62	8.57	12/31/93
Domestic Equity	-2.12	3.43	10.17	13.57	4.77	8.77	12/31/93
Fixed Income	0.11	0.10	2.38	4.53	6.87	7.28	12/31/93
Cash & Equiv	1.15	2.19	3.98	2.37	2.26	3.64	9/30/96
Real Estate	2.39	15.28	23.76	20.93	15.50	14.62	12/31/93
International Equity	0.54	11.22	29.28	25.60	11.07	7.68	9/30/94
Alternatives	2.34	10.03	23.62	13.75	-2.16	10.92	3/31/94

	1 Qtr	2 Qtrs	1 Yr	3 Yrs	5 Yrs	10 Yrs	Incept Date
<b>SERS</b>							
Total Return	-1.10	4.53	13.18	13.38	6.48	8.55	12/31/93
Domestic Equity	-2.26	3.44	10.75	12.96	3.84	8.48	12/31/93
Fixed Income	0.09	0.02	0.37	2.84	5.70	6.74	12/31/93
Cash & Equiv	1.24	2.36	4.38	2.55	2.32	4.21	12/31/93
Real Estate	3.25	10.93	20.65	18.67	11.75	11.80	12/31/93
International Equity	-3.01	8.24	30.40	25.68	9.95	8.23	12/31/94
Alternatives	4.18	5.98	23.23	12.94	-2.70	4.07	12/31/93
<b>STRS</b>							
Total Return	-1.09	4.30	13.73	14.54	7.15	8.28	12/31/93
Domestic Equity	-2.10	3.22	10.14	12.61	3.37	7.65	12/31/93
Fixed Income	-0.14	-0.46	0.04	2.96	5.85	7.14	12/31/93
Cash & Equiv	1.19	2.27	4.16	2.48	2.26	3.98	12/31/93
Real Estate	3.78	9.95	27.23	22.13	15.00	14.01	12/31/93
International Equity	-2.48	7.66	29.23	26.80	12.33	7.45	12/31/93
Alternatives	4.76	9.50	17.51	19.50	5.51	5.90	12/31/93
<b>Indices</b>							
Russell 1000	-1.66	2.76	9.08	12.04	3.12	8.56	
Russell 2000	-5.03	8.20	14.55	18.69	8.49	9.05	
Russell 3000	-1.98	3.23	9.56	12.56	3.52	8.52	
Standard & Poors 500	-1.44	2.71	8.63	11.22	2.49	8.32	
S&P 500 Equal Wtd	-2.07	4.04	11.84	16.79	7.98	11.31	
S&P 600 Small Cap	-4.56	7.69	13.92	20.46	11.07	11.80	
S&P 400 Mid Cap	-3.14	4.24	12.98	18.14	9.30	13.82	
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48	
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22	
Citigroup Broad Inv Grade	-0.11	-0.78	-0.81	2.13	5.02	6.24	
MSCI EAFE (Net)	0.70	10.16	26.56	23.94	10.02	6.39	
MSCI Em Mkts Free (Gross)	-4.27	7.33	35.91	34.77	21.54	6.66	
MSCI World ex-U.S. (Net)	0.67	10.06	26.89	24.25	10.40	6.76	
LB Mortgage	0.01	-0.06	0.39	2.89	4.64	6.13	
NCREIF Property	4.01	7.78	18.67	15.79	12.00	12.41	

The Summary Tables display each of the System's total fund and individual asset class returns as well as the returns for selected broad market indices over the measurement period.

# Ohio Retirement Study Council

## INDEX DEFINITIONS

**Russell 1000** – Made up of the 1000 largest companies within the Russell 3000 index. It is also known as the Market-Oriented Index because it represents the group of stocks from which most active money managers choose.

**Russell 2000** – A small-cap index consisting of the smallest 2000 companies in the Russell 3000 index, representing approximately 7% of the Russell 3000 total market capitalization.

**Russell 3000** – An index composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio of securities represents approximately 98% of the investable U.S. equity market.

**Standard & Poor's 500** – An index that is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Market-value-weighted means that the weight of each stock in the index, for a given month, is proportionate to its market capitalization (price times the number of shares outstanding) at the beginning of that month. Currently, the S&P Composite includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957 it consisted of 90 of the largest stocks.

**S&P 500 Equal Weighted** – An index of the same stocks as those in the S&P 500, but with equal dollar investments in each issue.

**S&P 600 Small Cap** – An index designed to measure the performance of the small capitalization sector of the U.S. equities market. This index consists of 600 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation.

**S&P MidCap 400** – An index designed to measure the performance of the middle capitalization sector of the U.S. equities market. This market capitalization weighted index was created in June of 1991 and consists of 400 domestic stocks from the NYSE, NASDAQ and AMEX chosen for market size, liquidity and industry group representation. Each stock added to the index must represent a viable enterprise and must be representative of the industry group to which it is assigned. The market price of each security in the index must be responsive to changes in industry affairs. Aggregate market value of the stock and its trading activity are important considerations in the selection process.

**Wilshire 5000** – Measures the performance of all U.S. common equity securities, and so serves as an index of all stock trades in the United States.

# Ohio Retirement Study Council

**LB Aggregate** – An index that includes fixed rate debt issues rated investment grade or higher by Moody’s Investor’s Service, Standard and Poor’s Corporation, or Fitch Investor’s Service, in that order. (It also includes Commercial Mortgage Backed Securities.) Bonds or securities included must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule; must be dollar-denominated and nonconvertible; and must be publicly issued. All issues have at least one year to maturity with intermediate indices including bonds

**SB Broad Investment Grade** – An index that spans the “available” market for U.S. Treasury/agency securities, investment grade corporate bonds (BBB or better) and mortgage pass-through securities.

**MSCI EAFE** – The index is listed for foreign stock funds (EAFE refers to Europe, Australasia, and Far East). Widely accepted as a benchmark for international stock performance, the EAFE index is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world.

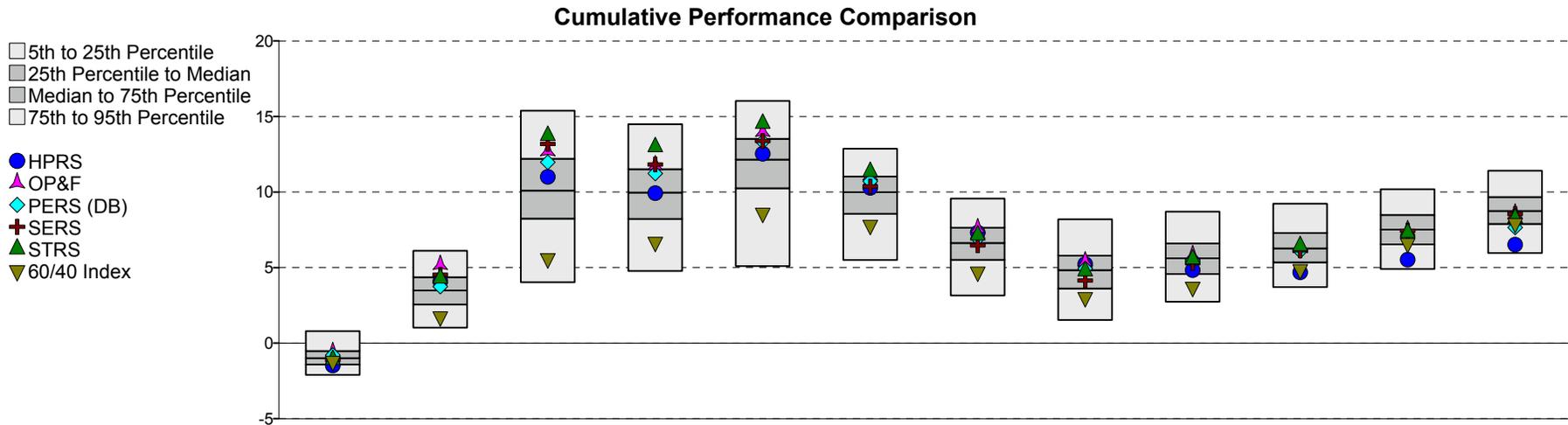
**MSCI Emerging Markets Free** – A capitalization-weighted index of stocks from 26 emerging markets that only includes issues that may be traded by foreign investors. Consists of equities from emerging markets in Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Turkey, Thailand, and Venezuela.

**MSCI World Ex-US** – An index that measures the performance of the developed stock markets of the following developed countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

**LB Mortgage-Backed** – An index that includes 15 and 30 year fixed rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA)

**NCREIF Property** – An index that is also known as the NPI or Combined Index. It consists of both equity and leveraged properties, but the leveraged properties are reported on an unleveraged basis. So, the index is completely unleveraged. The universe of properties includes: Existing properties only – no development projects; only investment-grade, non-agricultural, income-producing properties: apartment, industrial, office and retail; the database increases quarterly as participants execute transactions and as new members join NCREIF and submit data; sold properties are removed from the index in the quarter the sale takes place but the historical information remains in the database; each property’s market value is determined by real estate appraisal methodology, consistently applied.

Total Plans vs. Russell All Total Fund Universe  
Performance and Rank Data as of 06/30/06



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	-1.48	4.09	11.00	9.93	12.54	10.28	7.35	5.23	4.83	4.68	5.52	6.52
OP&F	-0.59	5.20	12.72	11.78	14.00	11.13	7.62	5.42	5.84	6.30	7.49	8.57
PERS (DB)	-0.79	3.74	11.97	11.23	13.33	10.71	6.94	4.94	5.48	6.11	7.07	7.65
SERS	-1.10	4.53	13.18	11.83	13.38	10.37	6.48	4.14	5.30	6.13	7.44	8.55
STRS	-1.09	4.30	13.73	12.99	14.54	11.35	7.15	4.77	5.56	6.44	7.31	8.28
60/40 Index	-1.20	1.75	5.59	6.68	8.61	7.81	4.71	3.03	3.71	4.88	6.61	7.93
Universe(5%)	0.80	6.12	15.38	14.49	16.03	12.86	9.57	8.20	8.70	9.22	10.18	11.41
Universe(25%)	-0.52	4.37	12.20	11.51	13.52	11.02	7.65	5.79	6.60	7.29	8.48	9.67
Universe(Median)	-0.99	3.49	10.09	9.96	12.15	9.99	6.63	4.83	5.61	6.27	7.51	8.75
Universe(75%)	-1.42	2.56	8.24	8.22	10.25	8.56	5.51	3.62	4.58	5.35	6.54	7.90
Universe(95%)	-2.09	1.03	4.03	4.77	5.10	5.51	3.16	1.53	2.74	3.71	4.91	5.97

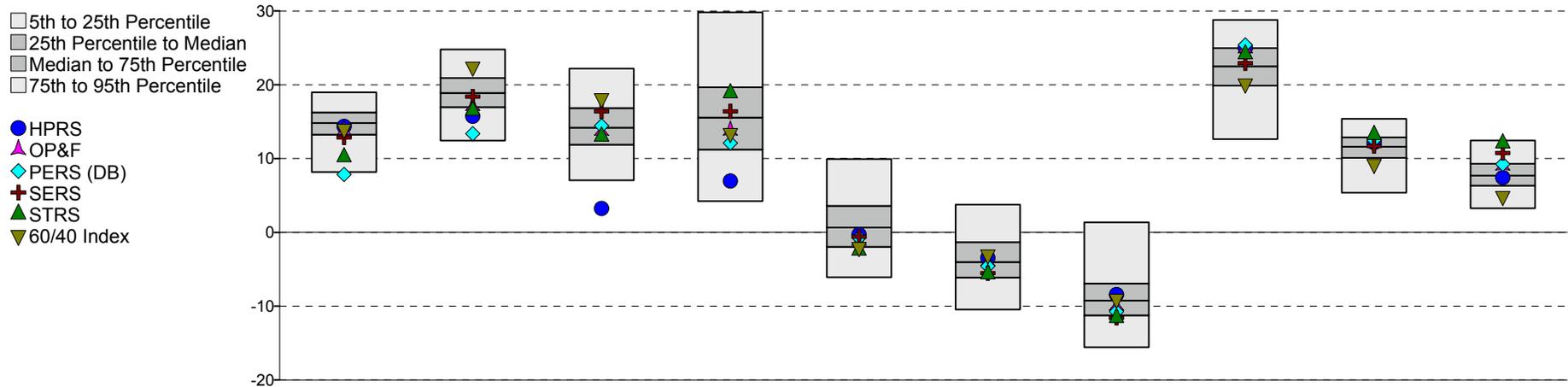
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	78	32	39	50	43	43	33	41	69	85	91	92
OP&F	28	13	21	22	19	24	25	35	43	49	51	56
PERS (DB)	36	41	27	28	27	33	43	48	53	56	64	81
SERS	56	23	17	22	27	41	54	68	60	55	53	58
STRS	55	27	14	13	15	21	37	51	51	45	59	67
60/40 Index	63	90	91	88	86	82	88	86	87	83	74	74

This page compares the Total Fund results to a broad universe of total funds – 413 other funds, including those of public, corporate, and multi-employer pension plans and totaling \$1.5 Trillion in assets – over a ten-year measurement period. Here and elsewhere in the report, the “floating bars” define the universe against which the performance is being compared. The table just below the graph displays each fund’s return for that period and the table below that defines each fund’s relevant ranking in the universe. The numbers in the “rank” rows are percentile rankings. The 60/40 Index is the composition of a hypothetical portfolio of 60% stocks (Wilshire 5000 Index) and 40% bonds (Lehman Aggregate Bond Index). The graph above is a cumulative performance comparison with measurement periods that are annualized over the last ten years. The graph shows that OP&F has demonstrated the highest return for the ten-year period with a 8.57% annualized return, which ranks the fund in the 56th percentile.

**Total Plans vs. Russell All Total Fund Universe  
Performance and Rank Data as of 06/30/06**

**Calendar Year Performance**



Return, %

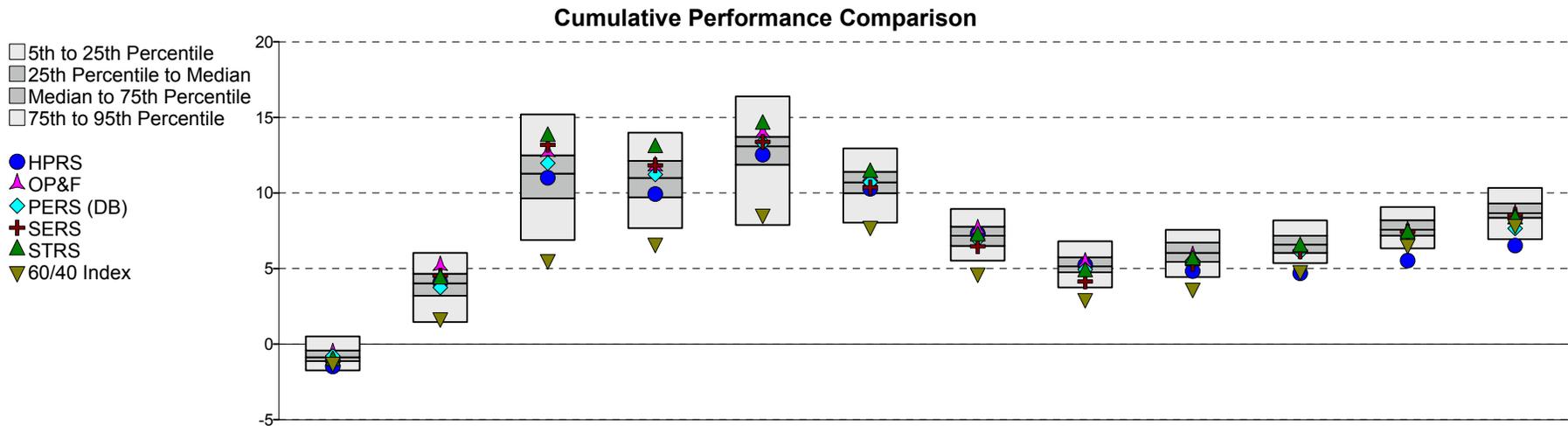
	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	14.35	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42
OP&F	13.85	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06
PERS (DB)	7.86	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25
SERS	12.85	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76
STRS	10.21	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08
60/40 Index	13.99	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90
Universe(5%)	18.98	24.78	22.18	29.82	9.93	3.75	1.35	28.79	15.38	12.45
Universe(25%)	16.24	20.91	16.85	19.67	3.60	-1.33	-6.93	24.96	12.88	9.30
Universe(Median)	14.82	18.89	14.19	15.55	0.67	-4.03	-9.24	22.50	11.60	7.70
Universe(75%)	13.25	16.97	11.88	11.23	-1.96	-6.13	-11.25	19.87	10.09	6.34
Universe(95%)	8.19	12.44	7.06	4.23	-6.09	-10.45	-15.56	12.63	5.38	3.25

Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	59	85	99	89	59	44	41	25	39	56
OP&F	68	74	54	60	67	47	58	25	22	28
PERS (DB)	95	94	48	72	64	57	68	21	32	25
SERS	79	58	29	44	63	68	77	44	48	12
STRS	91	79	63	29	80	70	78	33	21	6
60/40 Index	66	14	18	62	76	41	48	73	84	89

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2005. The graph shows that all plans except HPRS exceeded the median during 2005.

Total Plans vs. Russell All Public Total Fund Universe  
Performance and Rank Data as of 06/30/06



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	-1.48	4.09	11.00	9.93	12.54	10.28	7.35	5.23	4.83	4.68	5.52	6.52
OP&F	-0.59	5.20	12.72	11.78	14.00	11.13	7.62	5.42	5.84	6.30	7.49	8.57
PERS (DB)	-0.79	3.74	11.97	11.23	13.33	10.71	6.94	4.94	5.48	6.11	7.07	7.65
SERS	-1.10	4.53	13.18	11.83	13.38	10.37	6.48	4.14	5.30	6.13	7.44	8.55
STRS	-1.09	4.30	13.73	12.99	14.54	11.35	7.15	4.77	5.56	6.44	7.31	8.28
60/40 Index	-1.20	1.75	5.59	6.68	8.61	7.81	4.71	3.03	3.71	4.88	6.61	7.93
Universe(5%)	0.51	6.03	15.20	13.99	16.38	12.95	8.94	6.80	7.56	8.19	9.07	10.34
Universe(25%)	-0.42	4.66	12.49	12.12	13.71	11.40	7.77	5.74	6.72	7.18	8.19	9.31
Universe(Median)	-0.87	4.02	11.28	11.00	13.09	10.70	7.18	5.15	6.04	6.59	7.57	8.67
Universe(75%)	-1.12	3.20	9.64	9.72	11.88	9.98	6.50	4.75	5.44	6.04	7.18	8.36
Universe(95%)	-1.73	1.46	6.89	7.67	7.88	8.04	5.52	3.74	4.44	5.35	6.33	6.95

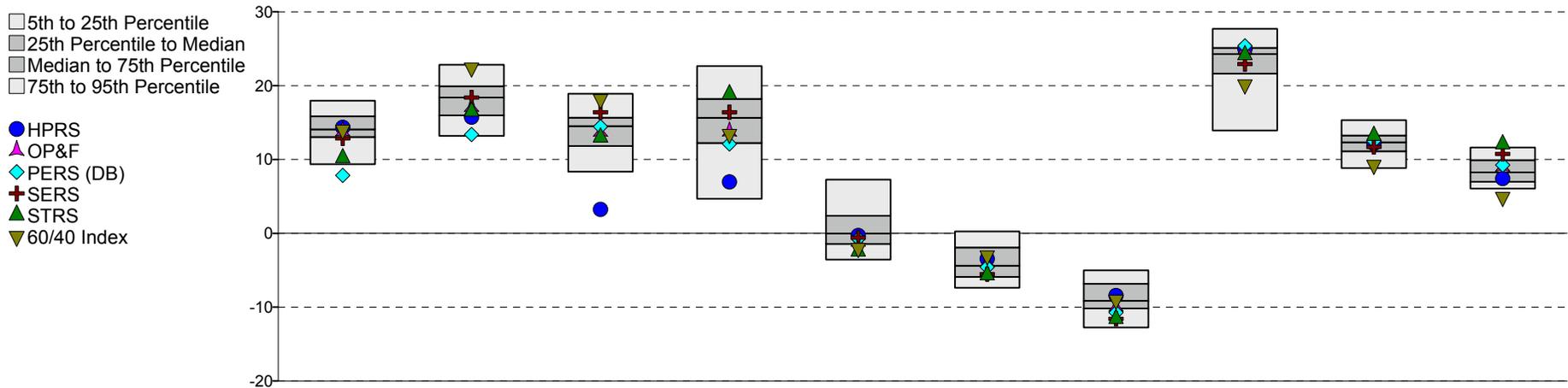
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	93	46	52	68	62	63	43	45	86	97	98	97
OP&F	33	13	24	31	22	34	28	35	54	62	57	59
PERS (DB)	40	62	36	39	40	50	60	62	71	73	79	93
SERS	72	30	20	30	36	61	79	91	78	72	60	60
STRS	70	33	14	14	13	28	51	73	70	56	66	78
60/40 Index	83	92	97	97	93	96	100	100	99	97	92	89

The graph above is a cumulative performance comparison with measurement periods that are annualized over the last ten years. The graph above compares the Total Fund results to a universe of all Public Retirement Systems in the Russell All Public Total Fund Universe. There were no Ohio funds that outperformed the median return in the universe for the ten-year period. On a positive note, all of the funds except PERS ranked above the median public fund for year-to-date.

Total Plans vs. Russell All Public Total Fund Universe  
Performance and Rank Data as of 06/30/06

Calendar Year Performance



Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	14.35	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42
OP&F	13.85	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06
PERS (DB)	7.86	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25
SERS	12.85	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76
STRS	10.21	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08
60/40 Index	13.99	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90
Universe(5%)	17.96	22.83	18.91	22.64	7.28	0.25	-5.02	27.69	15.33	11.63
Universe(25%)	15.84	19.92	15.66	18.21	2.37	-1.93	-6.83	25.12	13.24	9.91
Universe(Median)	14.07	18.38	14.52	15.65	-0.01	-4.40	-9.15	24.28	12.33	8.24
Universe(75%)	13.05	15.97	11.83	12.23	-1.44	-5.89	-10.17	21.64	11.11	6.98
Universe(95%)	9.36	13.18	8.34	4.68	-3.55	-7.38	-12.75	13.93	8.84	6.06

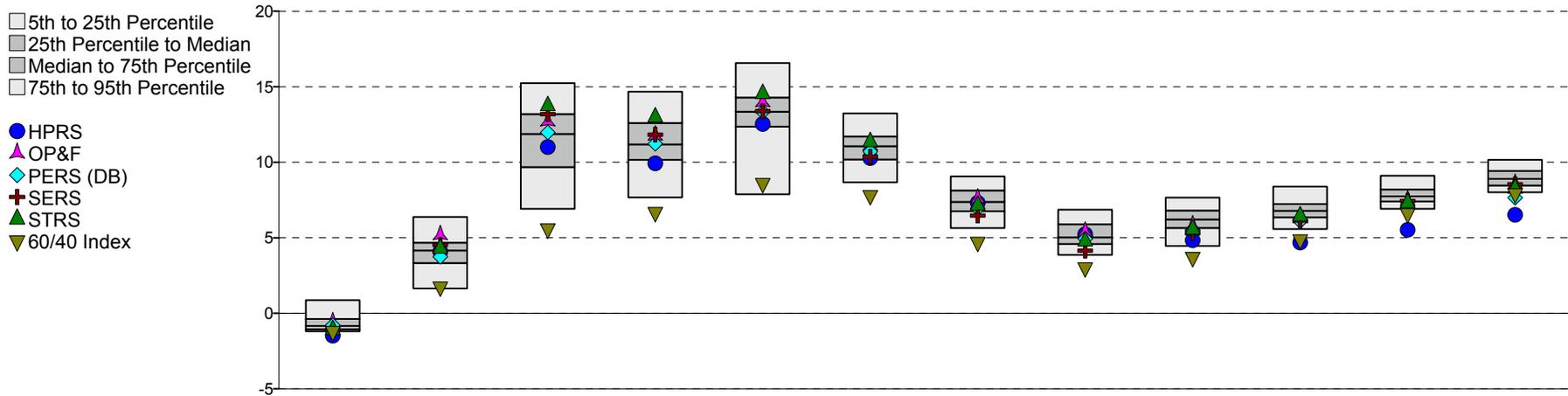
Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	44	80	100	94	52	38	39	28	54	70
OP&F	54	64	56	65	67	41	71	28	27	33
PERS (DB)	98	94	51	77	64	52	77	21	43	31
SERS	79	49	19	41	61	67	86	65	68	11
STRS	94	72	63	15	88	69	87	50	25	3
60/40 Index	52	7	6	67	85	38	47	86	93	97

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2005. All plans except HPRS ranked above the median return for this universe in 2005. STRS ranked in the 3rd percentile, SERS ranked in the 11th percentile, PERS placed in the 31st percentile, OP&F placed in the 33rd percentile and HPRS ranked in the 70th percentile.

**Total Plans vs. Russell Large Public Total Fund Universe  
Performance and Rank Data as of 06/30/06**

**Cumulative Performance Comparison**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	-1.48	4.09	11.00	9.93	12.54	10.28	7.35	5.23	4.83	4.68	5.52	6.52
OP&F	-0.59	5.20	12.72	11.78	14.00	11.13	7.62	5.42	5.84	6.30	7.49	8.57
PERS (DB)	-0.79	3.74	11.97	11.23	13.33	10.71	6.94	4.94	5.48	6.11	7.07	7.65
SERS	-1.10	4.53	13.18	11.83	13.38	10.37	6.48	4.14	5.30	6.13	7.44	8.55
STRS	-1.09	4.30	13.73	12.99	14.54	11.35	7.15	4.77	5.56	6.44	7.31	8.28
60/40 Index	-1.20	1.75	5.59	6.68	8.61	7.81	4.71	3.03	3.71	4.88	6.61	7.93
Universe(5%)	0.87	6.38	15.24	14.67	16.57	13.24	9.06	6.86	7.66	8.39	9.11	10.16
Universe(25%)	-0.38	4.68	13.19	12.60	14.28	11.71	8.13	5.89	6.80	7.24	8.20	9.43
Universe(Median)	-0.83	4.16	11.87	11.18	13.35	11.06	7.37	5.03	6.22	6.78	7.74	8.91
Universe(75%)	-1.05	3.33	9.68	10.15	12.36	10.18	6.76	4.60	5.65	6.35	7.41	8.46
Universe(95%)	-1.20	1.65	6.92	7.67	7.88	8.68	5.64	3.86	4.45	5.58	6.91	8.01

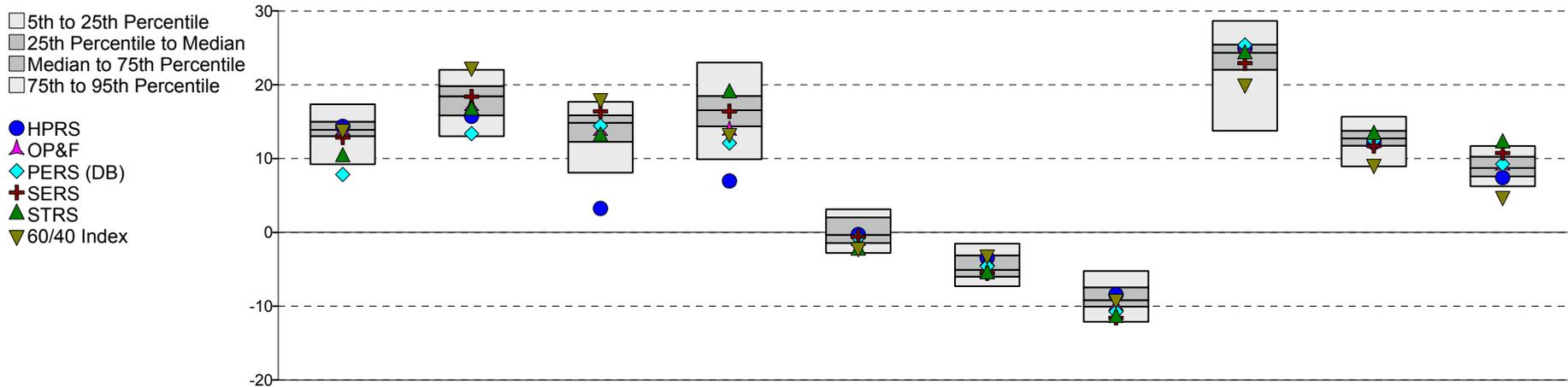
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS	100	52	56	76	74	72	54	40	91	100	100	100
OP&F	39	18	30	37	30	48	36	36	65	76	70	66
PERS (DB)	48	60	44	47	54	63	70	55	78	85	88	97
SERS	79	36	25	37	47	69	83	91	82	84	73	67
STRS	78	41	19	20	18	40	64	66	77	70	79	86
60/40 Index	95	94	98	98	93	97	100	100	100	99	97	97

The graph above is a cumulative performance comparison with measurement periods that are annualized over the last ten years and compares Total Fund results to a universe of Large Public Retirement Systems with total assets over one billion dollars. HPRS, PERS and STRS ranked in the bottom quartile within the Russell Large Public Total Fund Universe for the ten-year period, while SERS and OP&F ranked in the third quartile for the same period.

**Total Plans vs. Russell Large Public Total Fund Universe  
Performance and Rank Data as of 06/30/06**

**Calendar Year Performance**



**Return, %**

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	14.35	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42
OP&F	13.85	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06
PERS (DB)	7.86	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25
SERS	12.85	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76
STRS	10.21	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08
60/40 Index	13.99	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90
Universe(5%)	17.35	22.03	17.68	23.02	3.13	-1.54	-5.24	28.66	15.68	11.71
Universe(25%)	15.01	19.83	15.86	18.49	2.02	-3.12	-7.44	25.45	13.76	10.26
Universe(Median)	13.89	18.44	14.85	16.54	-0.34	-5.06	-9.18	24.34	12.73	8.73
Universe(75%)	13.05	15.84	12.26	14.37	-1.44	-6.00	-10.06	22.04	11.75	7.59
Universe(95%)	9.23	13.02	8.09	9.91	-2.78	-7.29	-12.12	13.76	8.94	6.24

**Percentile Rank**

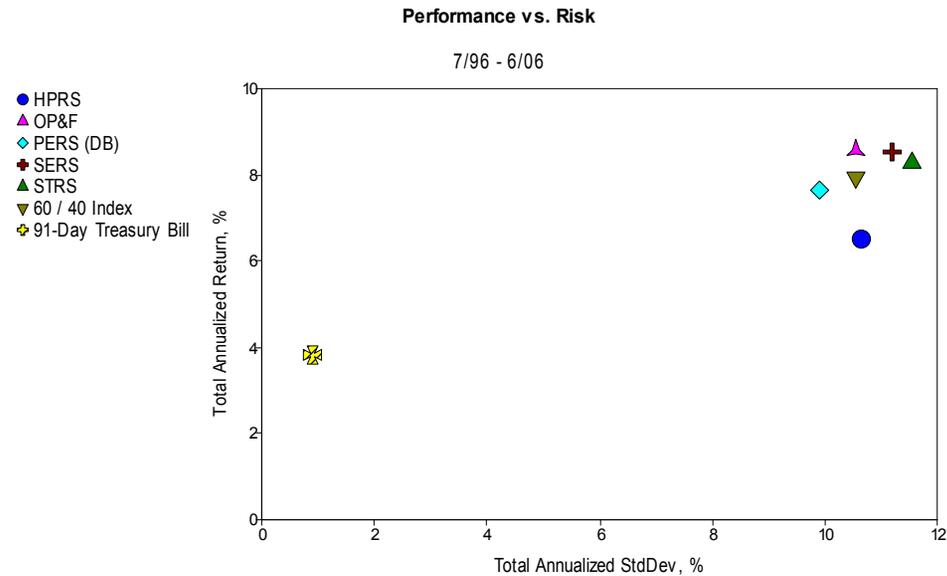
	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS	37	76	100	97	45	26	33	32	68	78
OP&F	50	64	63	79	66	30	70	32	40	39
PERS (DB)	98	94	58	90	63	41	80	26	59	37
SERS	80	51	17	52	58	58	91	69	77	14
STRS	93	70	68	21	93	61	91	56	37	4
60/40 Index	49	4	4	81	89	25	45	91	93	99

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2005. In 2005, all plans except HPRS ranked above the median return for this universe. STRS ranked in the 4th percentile, SERS ranked in the 14th percentile, PERS placed in the 37th percentile, OP&F placed in the 39th percentile and HPRS ranked in the 78th percentile.

# Ohio Retirement Study Council

## Performance Overview

Returns for Period Ending June 30, 2006

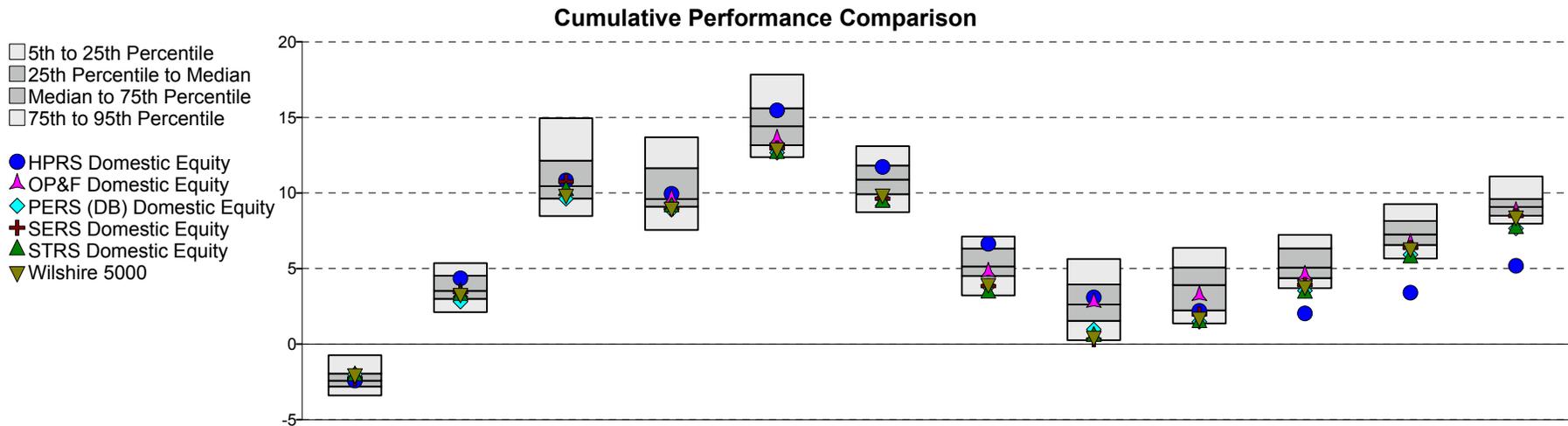


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	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
HPRS	6.52	10.64	3.16	0.29
OP&F	8.57	10.56	5.08	0.48
PERS (DB)	7.65	9.92	4.16	0.41
SERS	8.55	11.21	5.13	0.45
STRS	8.28	11.55	4.92	0.42
60 / 40 Index	7.93	10.56	4.48	0.42
91-Day Treasury Bill	3.81	0.90	0.00	NA

The graph above provides the first analysis of risk. The ten-year results of each Total Fund are displayed in the risk-return space. The vertical axis shows the fund's return and the horizontal axis shows the fund's risk (defined as annualized quarterly standard deviation of returns) for the period. This analysis allows us to compare the funds to each other on a risk/return basis. For example, the two funds with the lowest ten-year annualized return were HPRS and PERS. PERS' low return was achieved with the lower risk (volatility) while HPRS' return was achieved with the higher risk (volatility) of the two for the period. The Sharpe Ratio provides another tool for analysis. The number alone is not particularly meaningful, but when comparing two or more funds as is the case in this study, the higher Sharpe Ratio is the better risk-adjusted return.

Total Domestic Equities vs. Russell All Public Domestic Equity Universe  
Performance and Rank Data as of 06/30/06



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Domestic Equity	-2.41	4.35	10.83	9.94	15.46	11.72	6.64	3.09	2.19	2.03	3.40	5.19
OP&F Domestic Equity	-2.12	3.43	10.17	9.61	13.57	9.48	4.77	2.76	3.21	4.56	6.67	8.77
PERS (DB) Domestic Equity	-2.00	2.82	9.61	8.90	12.67	9.65	3.84	0.97	1.48	3.53	5.92	7.65
SERS Domestic Equity	-2.26	3.44	10.75	8.98	12.96	9.62	3.84	0.31	1.96	3.92	6.36	8.48
STRS Domestic Equity	-2.10	3.22	10.14	9.07	12.61	9.37	3.37	0.51	1.41	3.35	5.70	7.65
Wilshire 5000	-1.96	3.37	9.92	9.07	12.98	9.94	4.02	0.53	1.79	3.86	6.38	8.48
Universe(5%)	-0.73	5.35	14.95	13.69	17.83	13.10	7.12	5.63	6.37	7.23	9.26	11.10
Universe(25%)	-1.95	4.53	12.14	11.64	15.61	11.82	6.33	3.95	5.07	6.34	8.15	9.60
Universe(Median)	-2.42	3.52	10.45	9.61	14.41	10.88	5.14	2.62	3.91	5.06	7.26	9.08
Universe(75%)	-2.81	3.00	9.63	9.10	13.16	9.92	4.51	1.54	2.24	4.37	6.56	8.50
Universe(95%)	-3.40	2.12	8.47	7.55	12.37	8.73	3.22	0.27	1.37	3.69	5.66	7.96

Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Domestic Equity	50	32	45	46	28	28	17	37	81	98	99	100
OP&F Domestic Equity	34	53	62	49	61	89	66	45	59	66	73	68
PERS (DB) Domestic Equity	27	77	75	83	92	87	89	85	94	97	90	97
SERS Domestic Equity	43	53	46	80	84	88	90	94	89	86	77	75
STRS Domestic Equity	33	65	62	77	93	90	94	91	95	97	94	97
Wilshire 5000	25	55	68	77	84	73	87	91	92	91	77	76

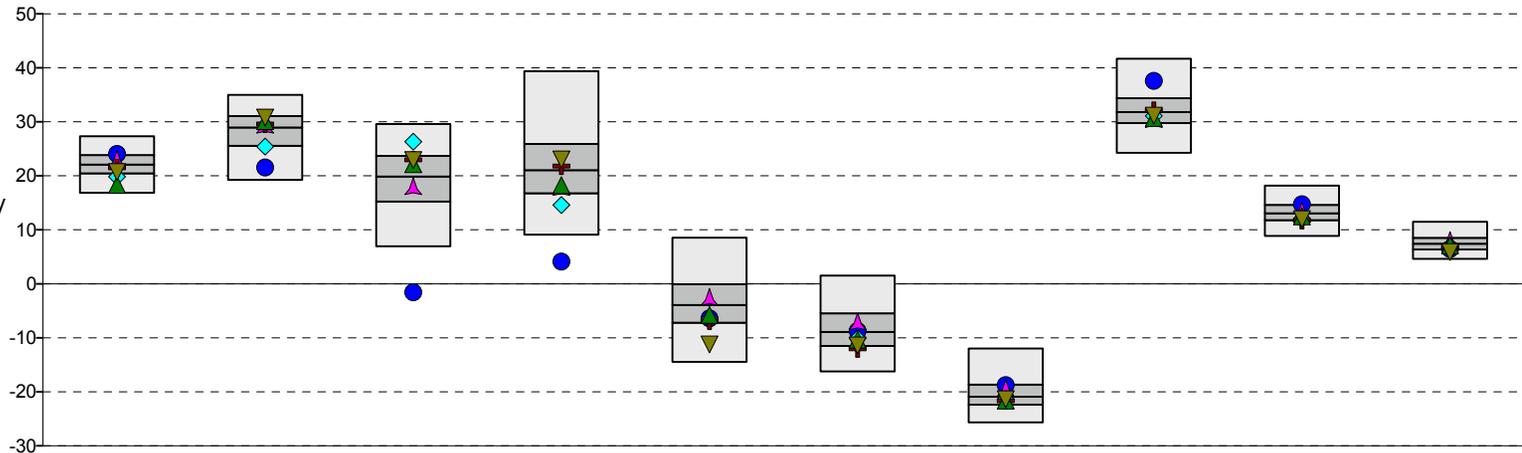
The comparisons above compare the domestic equity returns of the five Ohio public funds to the domestic equity returns of all of the public funds in the Russell Universe. Over the ten-year period, HPRS, PERS and STRS trailed the median return in the universe, ranking in the bottom quartile. OP&F (68th percentile) placed in the third quartile, while SERS ranked in the 75th percentile. The Wilshire 5000 Index also ranked in the fourth quartile over the ten-year period.

**Total Domestic Equities vs. Russell All Domestic Equities Universe  
Performance and Rank Data as of 06/30/06**

**Calendar Year Performance**

5th to 25th Percentile  
 25th Percentile to Median  
 Median to 75th Percentile  
 75th to 95th Percentile

● HPRS Domestic Equity  
▲ OP&F Domestic Equity  
◆ PERS (DB) Domestic Equity  
+ SERS Domestic Equity  
▲ STRS Domestic Equity  
▼ Wilshire 5000



Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Domestic Equity	24.06	21.54	-1.59	4.11	-6.40	-8.74	-18.76	37.58	14.74	6.45
OP&F Domestic Equity	22.61	28.96	17.57	17.41	-2.97	-7.47	-19.81	30.00	13.05	7.59
PERS (DB) Domestic Equity	19.83	25.41	26.31	14.58	-6.51	-10.14	-21.37	31.09	11.99	6.79
SERS Domestic Equity	21.48	29.59	22.96	21.81	-6.87	-12.04	-21.66	32.12	11.73	6.87
STRS Domestic Equity	17.81	29.58	21.64	17.75	-6.28	-10.90	-22.16	30.20	11.95	6.59
Wilshire 5000	21.21	31.29	23.43	23.56	-10.73	-10.90	-20.86	31.65	12.49	6.39
Universe(5%)	27.31	34.99	29.59	39.40	8.53	1.53	-11.98	41.70	18.18	11.49
Universe(25%)	23.86	31.08	23.69	25.90	-0.06	-5.47	-18.68	34.37	14.61	8.52
Universe(Median)	22.08	28.95	19.86	21.04	-3.94	-8.92	-20.93	31.81	13.05	7.41
Universe(75%)	20.44	25.55	15.22	16.76	-7.22	-11.51	-22.39	29.77	11.80	6.35
Universe(95%)	16.86	19.24	6.96	9.09	-14.46	-16.23	-25.66	24.25	8.88	4.63

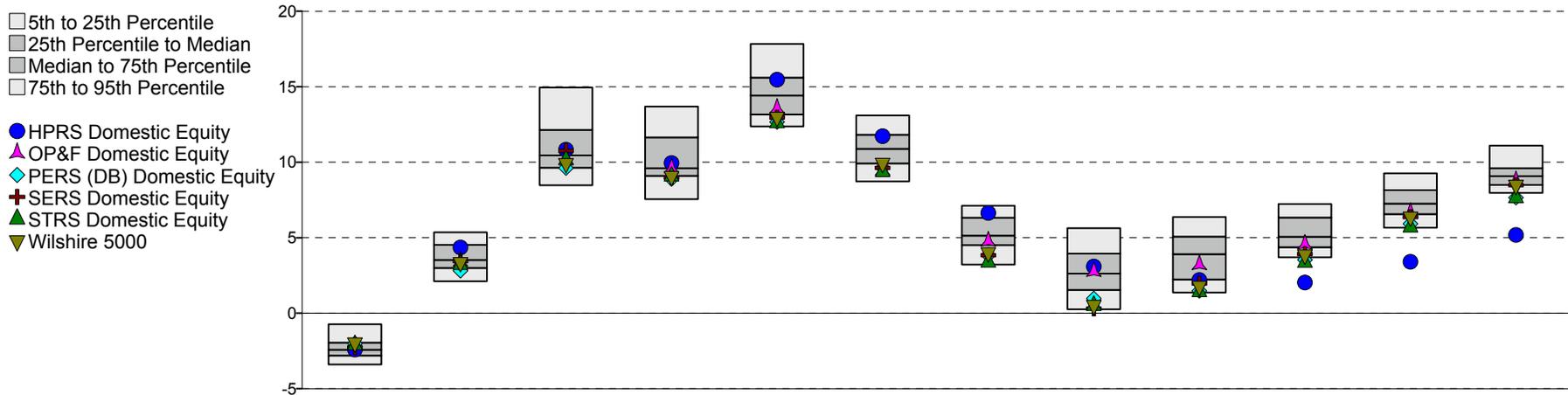
Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Domestic Equity	22	92	99	98	68	49	26	11	23	73
OP&F Domestic Equity	38	50	62	71	43	38	37	72	50	45
PERS (DB) Domestic Equity	81	76	14	82	69	61	58	60	73	64
SERS Domestic Equity	61	41	29	47	71	79	64	44	77	63
STRS Domestic Equity	92	42	38	69	67	70	72	70	73	69
Wilshire 5000	66	23	26	36	91	70	48	52	62	75

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2005 within the Russell All Domestic Equities Universe. In 2005, OP&F surpassed the median return for this universe, while other four plans ranked in the third quartile.

**Total Domestic Equities vs. Russell All Public Domestic Equity Universe  
Performance and Rank Data as of 06/30/06**

**Cumulative Performance Comparison**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Domestic Equity	-2.41	4.35	10.83	9.94	15.46	11.72	6.64	3.09	2.19	2.03	3.40	5.19
OP&F Domestic Equity	-2.12	3.43	10.17	9.61	13.57	9.48	4.77	2.76	3.21	4.56	6.67	8.77
PERS (DB) Domestic Equity	-2.00	2.82	9.61	8.90	12.67	9.65	3.84	0.97	1.48	3.53	5.92	7.65
SERS Domestic Equity	-2.26	3.44	10.75	8.98	12.96	9.62	3.84	0.31	1.96	3.92	6.36	8.48
STRS Domestic Equity	-2.10	3.22	10.14	9.07	12.61	9.37	3.37	0.51	1.41	3.35	5.70	7.65
Wilshire 5000	-1.96	3.37	9.92	9.07	12.98	9.94	4.02	0.53	1.79	3.86	6.38	8.48
Universe(5%)	-0.73	5.35	14.95	13.69	17.83	13.10	7.12	5.63	6.37	7.23	9.26	11.10
Universe(25%)	-1.95	4.53	12.14	11.64	15.61	11.82	6.33	3.95	5.07	6.34	8.15	9.60
Universe(Median)	-2.42	3.52	10.45	9.61	14.41	10.88	5.14	2.62	3.91	5.06	7.26	9.08
Universe(75%)	-2.81	3.00	9.63	9.10	13.16	9.92	4.51	1.54	2.24	4.37	6.56	8.50
Universe(95%)	-3.40	2.12	8.47	7.55	12.37	8.73	3.22	0.27	1.37	3.69	5.66	7.96

Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Domestic Equity	50	32	45	46	28	28	17	37	81	98	99	100
OP&F Domestic Equity	34	53	62	49	61	89	66	45	59	66	73	68
PERS (DB) Domestic Equity	27	77	75	83	92	87	89	85	94	97	90	97
SERS Domestic Equity	43	53	46	80	84	88	90	94	89	86	77	75
STRS Domestic Equity	33	65	62	77	93	90	94	91	95	97	94	97
Wilshire 5000	25	55	68	77	84	73	87	91	92	91	77	76

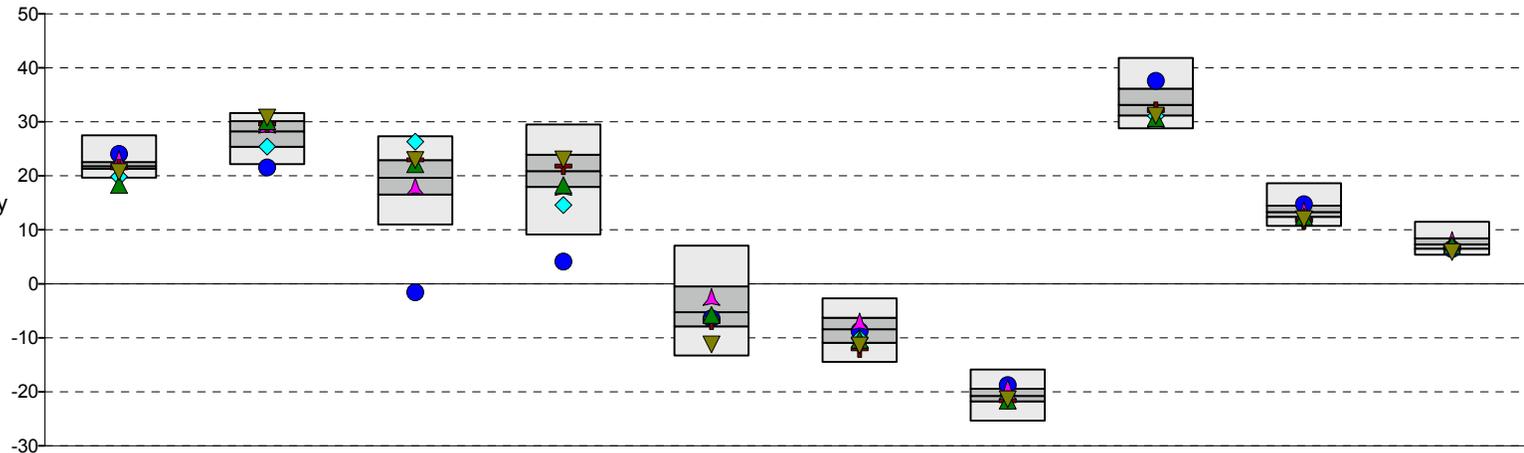
The comparisons above compare the domestic equity returns of the five Ohio public funds to the domestic equity returns of all of the public funds in the Russell Universe. Over the ten-year period, HPRS, PERS and STRS trailed the median return in the universe, ranking in the bottom quartile. OP&F (68th percentile) placed in the third quartile, while SERS ranked in the 75th percentile.

Total Domestic Equities vs. Russell All Public Domestic Equity Universe  
Performance and Rank Data as of 06/30/06

Calendar Year Performance

- 5th to 25th Percentile
- 25th Percentile to Median
- ▒ Median to 75th Percentile
- 75th to 95th Percentile

- HPRS Domestic Equity
- ▲ OP&F Domestic Equity
- ◆ PERS (DB) Domestic Equity
- ✚ SERS Domestic Equity
- ▲ STRS Domestic Equity
- ▼ Wilshire 5000



Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Domestic Equity	24.06	21.54	-1.59	4.11	-6.40	-8.74	-18.76	37.58	14.74	6.45
OP&F Domestic Equity	22.61	28.96	17.57	17.41	-2.97	-7.47	-19.81	30.00	13.05	7.59
PERS (DB) Domestic Equity	19.83	25.41	26.31	14.58	-6.51	-10.14	-21.37	31.09	11.99	6.79
SERS Domestic Equity	21.48	29.59	22.96	21.81	-6.87	-12.04	-21.66	32.12	11.73	6.87
STRS Domestic Equity	17.81	29.58	21.64	17.75	-6.28	-10.90	-22.16	30.20	11.95	6.59
Wilshire 5000	21.21	31.29	23.43	23.56	-10.73	-10.90	-20.86	31.65	12.49	6.39
Universe(5%)	27.49	31.64	27.32	29.52	7.08	-2.69	-15.89	41.83	18.63	11.50
Universe(25%)	22.54	30.11	22.91	23.91	-0.49	-6.29	-19.45	36.15	14.48	8.43
Universe(Median)	21.79	28.24	19.64	20.87	-5.27	-8.42	-20.77	33.13	13.29	7.30
Universe(75%)	21.31	25.39	16.53	17.95	-7.89	-10.92	-21.78	31.20	12.40	6.50
Universe(95%)	19.66	22.16	10.98	9.14	-13.28	-14.47	-25.35	28.80	10.73	5.40

Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Domestic Equity	14	98	98	98	57	54	18	13	17	76
OP&F Domestic Equity	23	44	66	77	34	40	28	90	55	47
PERS (DB) Domestic Equity	94	75	9	87	57	68	64	80	83	67
SERS Domestic Equity	64	32	22	38	61	84	70	62	88	66
STRS Domestic Equity	100	33	37	76	54	75	79	90	83	71
Wilshire 5000	78	13	16	29	94	75	52	68	69	79

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2005 within the Russell All Public Domestic Equities Universe. Over the past twelve months, domestic equity results for SERS (66th percentile), PERS (67th percentile) and STRS (71st percentile) placed in the third quartile, while OP&F (47th percentile) ranked in the second quartile. For the same time period, HPRS (76th percentile) placed in fourth quartile of the universe. Domestic equity results for all five plans outperformed the Wilshire 5000 for the calendar year 2005.

# Ohio Retirement Study Council

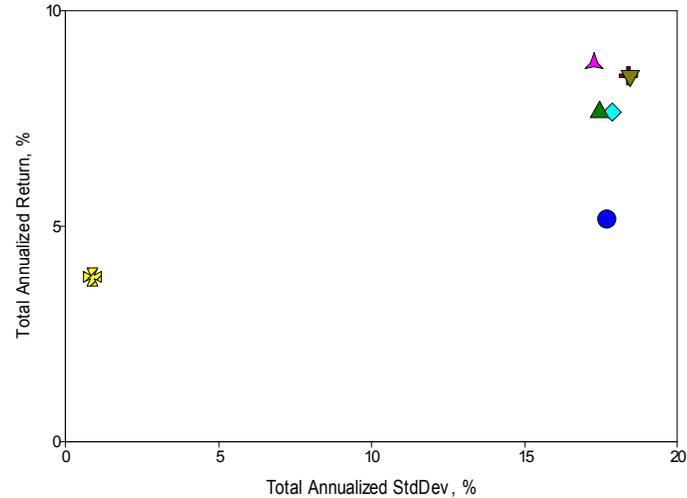
## Performance Overview

Returns for Period Ending June 30, 2006

### Performance vs. Risk

7/96 - 6/06

- HPRS Domestic Equity
- ▲ OP&F Domestic Equity
- ◆ PERS (DB) Domestic Equity
- ◆ SERS Domestic Equity
- ▲ STRS Domestic Equity
- ▼ Wilshire 5000
- ◆ 91-Day Treasury Bill



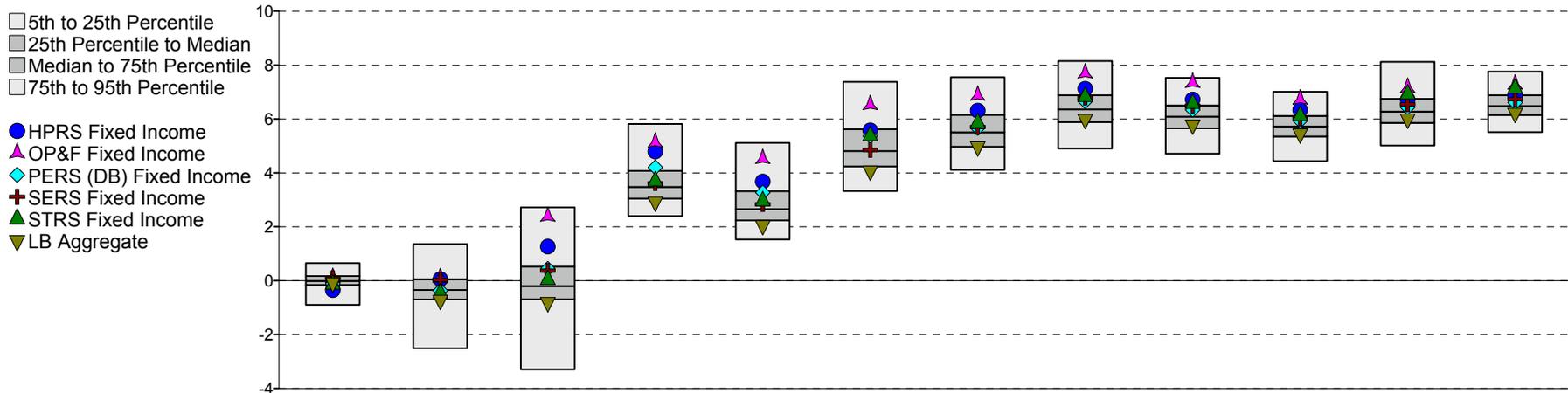
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	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS Domestic Equity	5.19	17.72	2.88	0.16
OP&F Domestic Equity	8.77	17.30	6.19	0.36
PERS (DB) Domestic Equity	7.65	17.85	5.22	0.29
SERS Domestic Equity	8.48	18.40	6.11	0.33
STRS Domestic Equity	7.65	17.45	5.16	0.29
Wilshire 5000	8.48	18.46	6.11	0.33
91-Day Treasury Bill	3.81	0.90	0.00	NA

This is a risk/return analysis of domestic equity portfolios for all of the funds. OP&F experienced the best risk-adjusted equity results over the ten-year period, followed by SERS, PERS Defined Benefit Plan, STRS and HPRS.

**Total Fixed Income vs. Russell All Fixed Income Universe  
Performance and Rank Data as of 06/30/06**

**Cumulative Performance Comparison**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Fixed Income	-0.35	0.06	1.26	4.79	3.68	5.58	6.31	7.12	6.72	6.34	6.72	6.87
OP&F Fixed Income	0.11	0.10	2.38	5.13	4.53	6.52	6.87	7.70	7.35	6.73	7.17	7.28
PERS (DB) Fixed Income	-0.11	-0.37	0.44	4.21	3.27	5.36	5.67	6.65	6.34	5.94	6.44	6.61
SERS Fixed Income	0.09	0.02	0.37	3.62	2.84	4.85	5.70	6.79	6.50	6.02	6.54	6.74
STRS Fixed Income	-0.14	-0.46	0.04	3.70	2.96	5.38	5.85	6.83	6.57	6.12	6.92	7.14
LB Aggregate	-0.08	-0.72	-0.81	2.93	2.05	4.08	4.97	5.99	5.78	5.45	6.01	6.22
Universe(5%)	0.65	1.36	2.72	5.82	5.11	7.38	7.55	8.15	7.53	7.01	8.12	7.76
Universe(25%)	0.17	0.05	0.52	4.07	3.32	5.62	6.16	6.88	6.50	6.11	6.75	6.89
Universe(Median)	-0.01	-0.34	-0.20	3.48	2.66	4.81	5.51	6.36	6.09	5.72	6.28	6.48
Universe(75%)	-0.16	-0.70	-0.69	3.05	2.24	4.24	4.97	5.89	5.66	5.35	5.86	6.15
Universe(95%)	-0.90	-2.51	-3.30	2.40	1.53	3.32	4.11	4.90	4.71	4.44	5.02	5.51

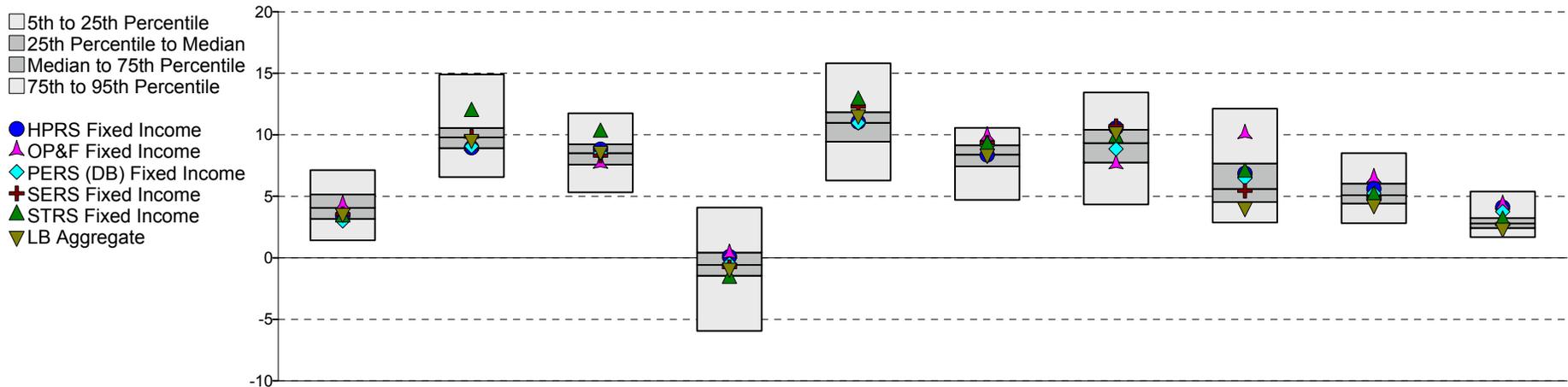
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Fixed Income	87	25	13	11	18	25	23	18	20	17	26	26
OP&F Fixed Income	32	23	6	9	9	11	12	9	8	9	13	15
PERS (DB) Fixed Income	70	52	27	21	28	31	42	35	34	35	38	43
SERS Fixed Income	34	26	30	40	42	49	41	28	25	28	32	34
STRS Fixed Income	73	58	41	37	39	31	34	27	23	25	19	18
LB Aggregate	61	77	79	81	86	81	75	72	68	67	67	70

The exhibit above, and on the next page, compare the fixed income results of the five funds to that of a broad fixed income universe consisting of all of the fixed income accounts in the Russell Universe. For the trailing ten-year period, all funds placed in either the top quartile (OP&F and STRS) of the universe or the second quartile (HPRS, SERS and PERS) of the universe.

**Total Fixed Income vs. Russell All Fixed Income Universe  
Performance and Rank Data as of 06/30/06**

**Calendar Year Performance**



Return, %

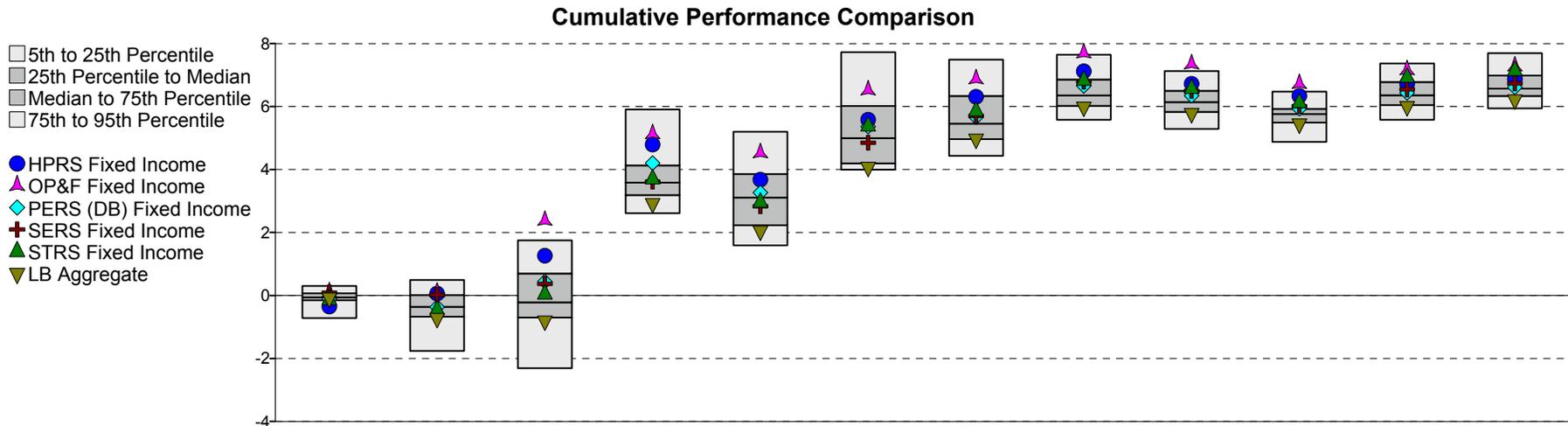
	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Fixed Income	3.42	8.95	8.83	0.10	11.05	8.37	10.56	6.87	5.61	4.11
OP&F Fixed Income	4.31	9.11	7.67	0.35	12.55	9.90	7.63	10.08	6.50	4.33
PERS (DB) Fixed Income	3.00	9.07	8.53	-0.50	10.97	9.11	8.86	6.48	5.25	3.76
SERS Fixed Income	3.54	9.84	8.32	-0.76	12.29	9.35	10.71	5.45	4.89	2.74
STRS Fixed Income	3.31	11.87	10.19	-1.70	12.80	9.17	9.76	6.94	5.03	3.04
LB Aggregate	3.63	9.65	8.69	-0.82	11.63	8.44	10.26	4.10	4.34	2.43
Universe(5%)	7.13	14.91	11.75	4.09	15.82	10.57	13.45	12.12	8.51	5.39
Universe(25%)	5.15	10.56	9.23	0.43	11.84	9.15	10.41	7.67	6.04	3.23
Universe(Median)	4.07	9.79	8.51	-0.58	10.98	8.39	9.33	5.60	5.10	2.80
Universe(75%)	3.17	8.92	7.58	-1.45	9.43	7.44	7.75	4.54	4.42	2.42
Universe(95%)	1.42	6.56	5.32	-5.95	6.29	4.71	4.35	2.88	2.82	1.68

Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Fixed Income	71	74	39	30	49	51	23	32	34	11
OP&F Fixed Income	42	73	74	27	11	10	78	11	18	9
PERS (DB) Fixed Income	79	73	49	45	50	26	59	37	44	14
SERS Fixed Income	67	46	56	57	14	20	18	54	57	54
STRS Fixed Income	72	12	11	79	10	24	41	32	52	33
LB Aggregate	65	55	44	59	30	48	28	84	78	75

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2005 within the Russell All Fixed Income Universe. In 2005, OP&F (9th percentile), HPRS (11th percentile), PERS (14th percentile) and STRS (33rd percentile) ranked above the median fixed income return, while SERS placed just outside of the second quartile by ranking in the 54th percentile.

**Total Fixed Income vs. Russell All Public Fixed Income Universe  
Performance and Rank Data as of 06/30/06**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Fixed Income	-0.35	0.06	1.26	4.79	3.68	5.58	6.31	7.12	6.72	6.34	6.72	6.87
OP&F Fixed Income	0.11	0.10	2.38	5.13	4.53	6.52	6.87	7.70	7.35	6.73	7.17	7.28
PERS (DB) Fixed Income	-0.11	-0.37	0.44	4.21	3.27	5.36	5.67	6.65	6.34	5.94	6.44	6.61
SERS Fixed Income	0.09	0.02	0.37	3.62	2.84	4.85	5.70	6.79	6.50	6.02	6.54	6.74
STRS Fixed Income	-0.14	-0.46	0.04	3.70	2.96	5.38	5.85	6.83	6.57	6.12	6.92	7.14
LB Aggregate	-0.08	-0.72	-0.81	2.93	2.05	4.08	4.97	5.99	5.78	5.45	6.01	6.22
Universe(5%)	0.30	0.49	1.75	5.91	5.20	7.72	7.49	7.64	7.13	6.47	7.37	7.70
Universe(25%)	0.07	0.01	0.70	4.13	3.85	6.02	6.34	6.86	6.50	5.92	6.78	6.99
Universe(Median)	-0.06	-0.36	-0.22	3.59	3.11	5.00	5.46	6.35	6.14	5.76	6.36	6.57
Universe(75%)	-0.15	-0.67	-0.70	3.19	2.23	4.19	4.96	6.02	5.83	5.49	6.05	6.33
Universe(95%)	-0.72	-1.76	-2.31	2.61	1.59	3.99	4.44	5.58	5.29	4.88	5.58	5.94

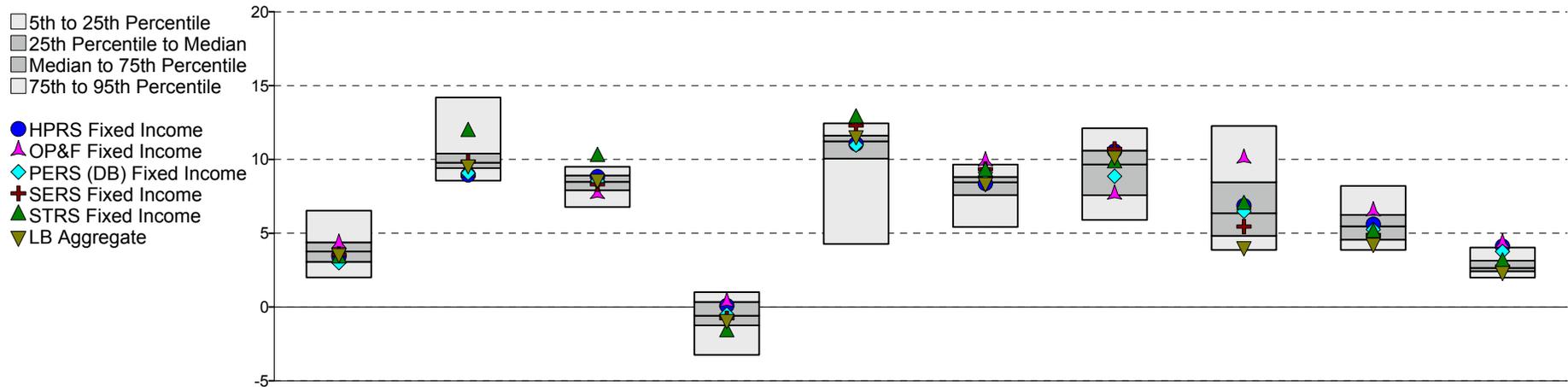
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Fixed Income	85	23	13	15	30	32	26	13	16	15	27	31
OP&F Fixed Income	20	22	2	10	12	16	11	3	2	2	7	21
PERS (DB) Fixed Income	66	52	28	24	45	35	39	37	39	24	45	46
SERS Fixed Income	22	24	34	48	55	56	39	27	26	19	39	38
STRS Fixed Income	71	58	43	42	53	35	33	26	20	17	11	23
LB Aggregate	55	78	78	80	85	88	74	77	76	76	76	81

The exhibit above compares the fixed income results of the five funds to that of the fixed income returns of the public funds in the Russell Universe. Over the ten-year period, all plans outpaced the median return. It should be noted that fixed income returns for all five systems are near-median or better for all annualized time periods.

**Total Fixed Income vs. Russell All Public Fixed Income Universe  
Performance and Rank Data as of 06/30/06**

**Calendar Year Performance**



Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Fixed Income	3.42	8.95	8.83	0.10	11.05	8.37	10.56	6.87	5.61	4.11
OP&F Fixed Income	4.31	9.11	7.67	0.35	12.55	9.90	7.63	10.08	6.50	4.33
PERS (DB) Fixed Income	3.00	9.07	8.53	-0.50	10.97	9.11	8.86	6.48	5.25	3.76
SERS Fixed Income	3.54	9.84	8.32	-0.76	12.29	9.35	10.71	5.45	4.89	2.74
STRS Fixed Income	3.31	11.87	10.19	-1.70	12.80	9.17	9.76	6.94	5.03	3.04
LB Aggregate	3.63	9.65	8.69	-0.82	11.63	8.44	10.26	4.10	4.34	2.43
Universe(5%)	6.52	14.20	9.50	1.01	12.44	9.66	12.12	12.27	8.20	4.03
Universe(25%)	4.38	10.40	8.92	0.35	11.62	8.82	10.60	8.46	6.25	3.14
Universe(Median)	3.76	9.78	8.48	-0.58	11.23	8.46	9.66	6.35	5.47	2.64
Universe(75%)	3.07	9.41	7.91	-1.24	10.05	7.58	7.57	4.83	4.57	2.42
Universe(95%)	2.01	8.57	6.77	-3.24	4.27	5.43	5.90	3.86	3.86	1.99

Percentile Rank

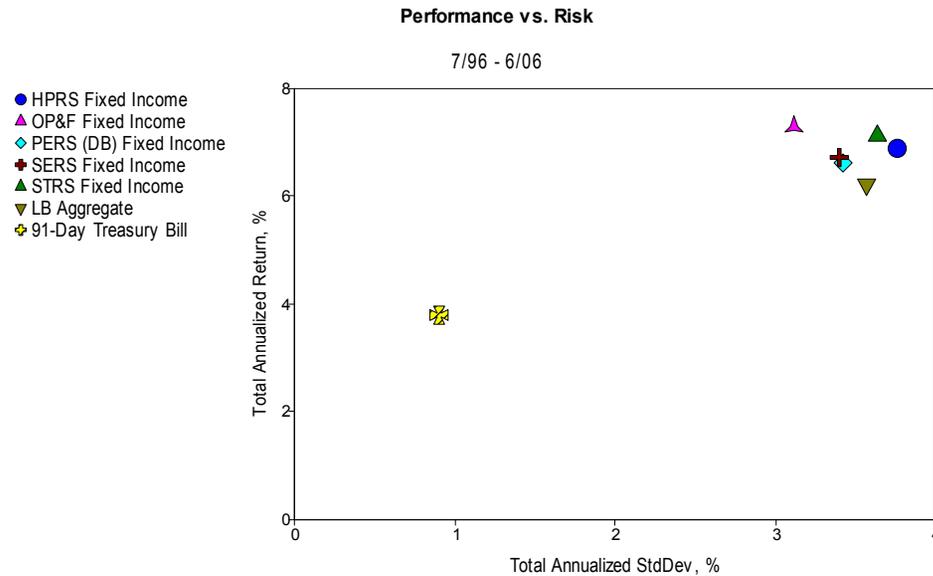
	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Fixed Income	64	83	34	30	59	53	28	39	42	3
OP&F Fixed Income	27	82	76	25	4	3	75	15	23	2
PERS (DB) Fixed Income	77	82	48	47	63	17	62	47	52	8
SERS Fixed Income	62	43	56	55	6	13	13	63	68	40
STRS Fixed Income	65	11	2	87	3	16	44	39	63	28
LB Aggregate	59	64	42	56	23	52	32	89	87	75

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2005 within the Russell All Public Fixed Income Universe. In 2005, OP&F (2nd percentile), HPRS (3rd percentile) and PERS (8th percentile) beat the median return in the universe. STRS (28th percentile) and SERS (40th percentile) also outpaced the median return in the universe, ranking in the second quartile of the universe for the same time period.

# Ohio Retirement Study Council

## Performance Overview

Returns for Period Ending June 30, 2006

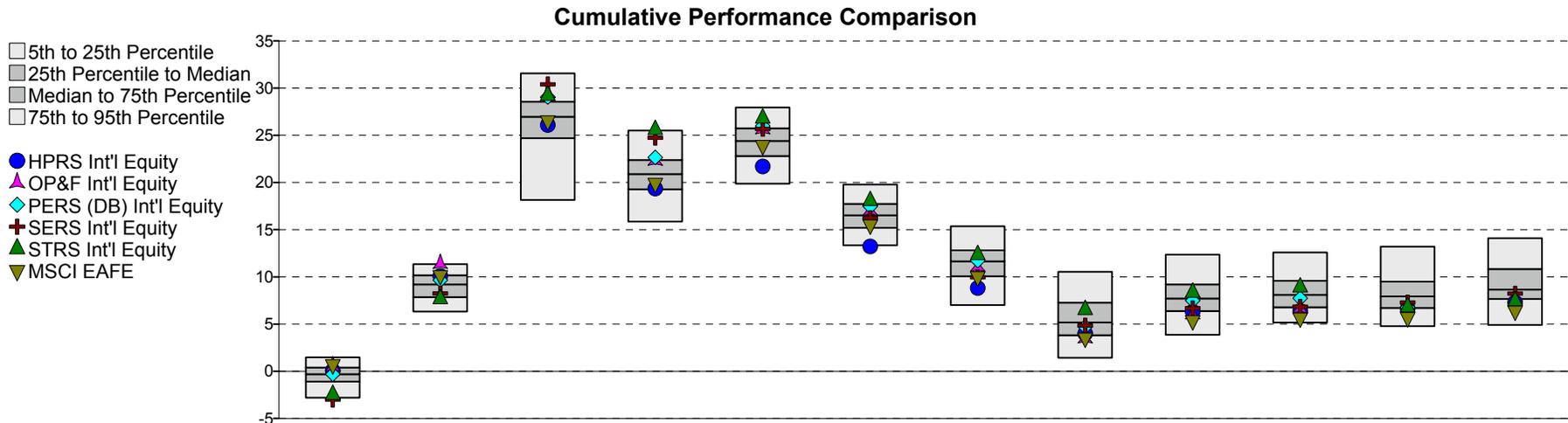


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	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS Fixed Income	6.87	3.76	3.01	0.80
OP&F Fixed Income	7.28	3.12	3.38	1.08
PERS (DB) Fixed Income	6.61	3.42	2.75	0.82
SERS Fixed Income	6.74	3.41	2.87	0.86
STRS Fixed Income	7.14	3.64	3.25	0.92
LB Aggregate	6.22	3.58	2.38	0.68
91-Day Treasury Bill	3.81	0.90	0.00	NA

The risk-return analysis above shows that all five of the fund's fixed income portfolios have demonstrated risk-adjusted returns (as measured by their Sharpe Ratios) greater than the bond market as defined by the Lehman Brothers Aggregate Bond Index over the ten-year period.

**Total International Equities vs. Russell All International Equity Universe**  
**Performance and Rank Data as of 06/30/06**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Int'l Equity	0.05	10.10	26.09	19.35	21.69	13.23	8.81	4.00	6.30	6.39	6.65	7.28
OP&F Int'l Equity	0.54	11.40	29.50	22.34	25.67	17.04	11.10	3.50	6.06	6.70	6.79	7.70
PERS (DB) Int'l Equity	-0.31	9.65	29.06	22.66	25.99	17.48	11.72	4.72	7.48	7.74	6.76	NA
SERS Int'l Equity	-3.01	8.24	30.40	24.75	25.68	16.23	9.95	4.84	6.68	6.84	7.28	8.23
STRS Int'l Equity	-2.48	7.66	29.23	25.59	26.80	18.05	12.33	6.52	8.34	8.90	6.80	7.45
MSCI EAFE	0.70	10.16	26.56	19.93	23.94	15.52	10.02	3.53	5.38	5.65	5.70	6.39
Universe(5%)	1.47	11.35	31.56	25.50	27.95	19.78	15.36	10.53	12.36	12.60	13.21	14.10
Universe(25%)	0.40	10.17	28.55	22.38	25.74	17.73	12.82	7.27	9.19	9.58	9.49	10.84
Universe(Median)	-0.31	9.19	26.96	20.89	24.40	16.52	11.64	5.18	7.71	8.09	7.93	8.66
Universe(75%)	-1.10	7.86	24.70	19.29	22.81	15.20	10.07	3.81	6.38	6.78	6.70	7.66
Universe(95%)	-2.81	6.32	18.14	15.87	19.88	13.34	7.02	1.42	3.86	5.16	4.78	4.90

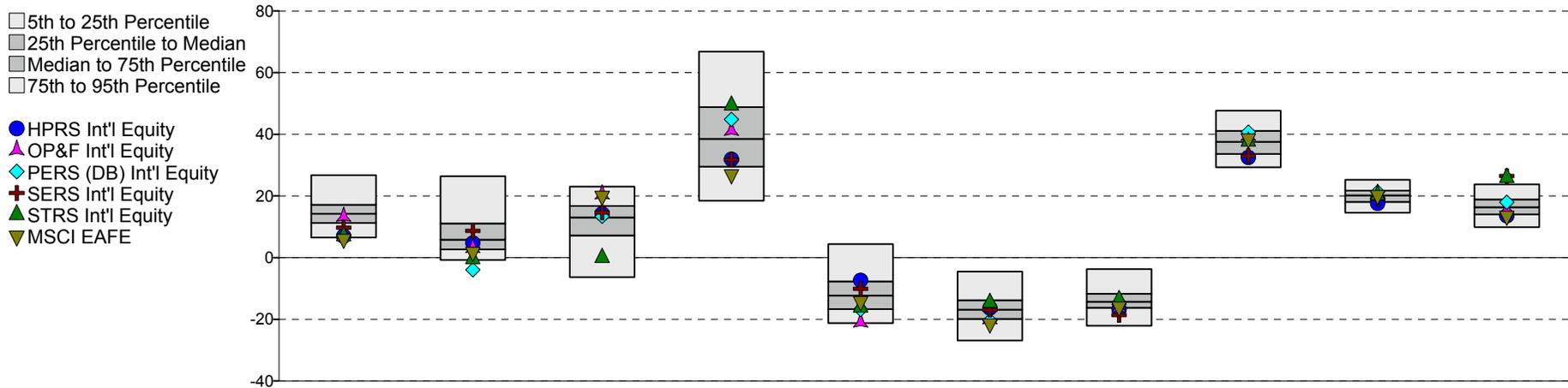
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Int'l Equity	38	28	62	74	88	95	89	72	75	83	76	81
OP&F Int'l Equity	20	4	15	26	25	40	60	79	78	78	73	74
PERS (DB) Int'l Equity	50	38	21	22	21	29	48	58	53	57	74	NA
SERS Int'l Equity	97	70	9	7	25	56	77	55	66	73	62	58
STRS Int'l Equity	93	77	18	5	10	21	35	31	38	32	73	78
MSCI EAFE	15	25	57	67	61	69	75	78	90	91	90	91

The exhibit above compares the international equity results of the five funds to that of the international equity returns of the public funds in the Russell Universe. Comparisons beyond nine years are not meaningful, since PERS did not have an international equity composite for that length of time (PERS had a single manager prior to July 1, 1996). Over the nine-year period, all of the funds have had international equity results that were below the median international equity portfolio in the Russell Mellon universe.

## Total International Equities vs. Russell All International Equity Universe Performance and Rank Data as of 06/30/06

### Calendar Year Performance



#### Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Int'l Equity	6.96	4.76	14.24	31.94	-7.35	-16.34	-16.66	32.50	17.59	13.58
OP&F Int'l Equity	13.32	3.17	20.55	41.21	-20.98	-19.93	-16.17	39.60	20.73	15.62
PERS (DB) Int'l Equity	NA	-3.96	13.37	44.83	-16.80	-20.41	-14.55	40.71	21.30	17.97
SERS Int'l Equity	9.71	8.69	14.63	31.73	-10.08	-16.91	-18.64	33.02	19.04	26.49
STRS Int'l Equity	6.97	-0.47	-0.03	49.38	-16.17	-14.63	-13.69	37.71	20.28	25.94
MSCI EAFE	6.05	1.78	20.00	26.96	-14.17	-21.44	-15.94	38.59	20.25	13.54
Universe(5%)	26.73	26.38	23.03	66.84	4.39	-4.53	-3.73	47.66	25.24	23.77
Universe(25%)	17.14	11.11	16.75	48.80	-7.70	-13.81	-11.75	41.11	21.76	18.88
Universe(Median)	14.24	5.81	13.03	38.52	-12.30	-16.85	-14.30	37.59	20.20	16.34
Universe(75%)	11.25	2.70	7.21	29.55	-16.69	-19.89	-16.25	33.65	18.09	14.03
Universe(95%)	6.53	-0.77	-6.32	18.46	-21.23	-26.87	-22.10	29.31	14.57	9.88

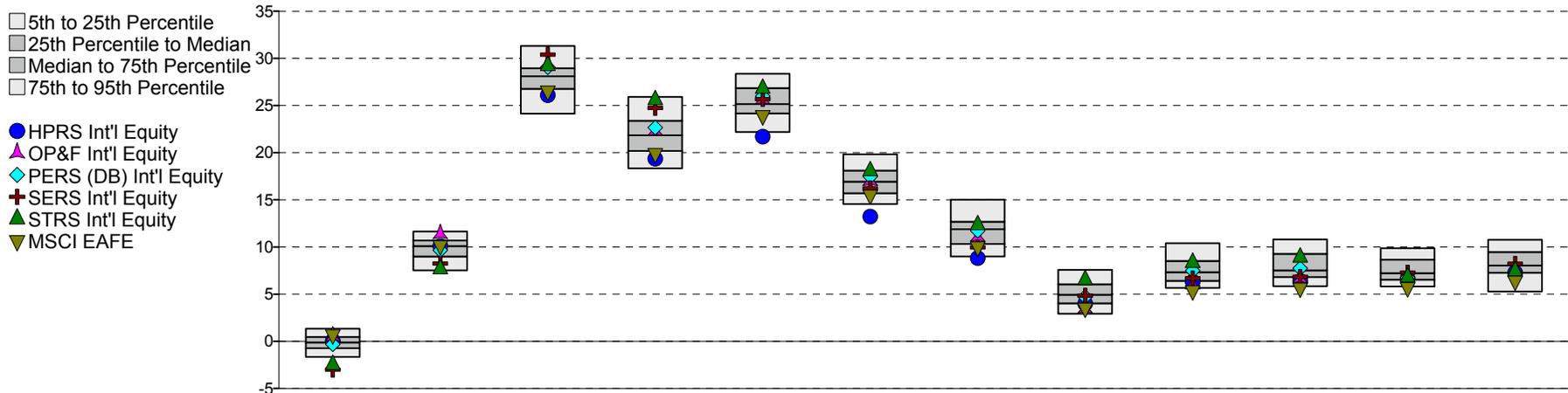
#### Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Int'l Equity	94	59	41	68	24	47	78	82	78	80
OP&F Int'l Equity	57	73	8	44	95	76	75	37	38	59
PERS (DB) Int'l Equity	NA	98	48	36	77	79	52	28	31	32
SERS Int'l Equity	82	31	38	68	37	50	90	79	67	1
STRS Int'l Equity	94	95	91	25	72	31	45	48	49	2
MSCI EAFE	97	84	10	82	61	84	73	43	49	81

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2005 within the Russell All Public International Equity Universe. In 2005, SERS and STRS ranked above all peers, while PERS (32nd percentile) ranked in the second quartile, outpacing the median return in the universe. For the same time period, HPRS (80th percentile) and OP&F (59th percentile) generated returns that were below the median.

**Total International Equities vs. Russell All Public International Equity Universe  
Performance and Rank Data as of 06/30/06**

**Cumulative Performance Comparison**



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Int'l Equity	0.05	10.10	26.09	19.35	21.69	13.23	8.81	4.00	6.30	6.39	6.65	7.28
OP&F Int'l Equity	0.54	11.40	29.50	22.34	25.67	17.04	11.10	3.50	6.06	6.70	6.79	7.70
PERS (DB) Int'l Equity	-0.31	9.65	29.06	22.66	25.99	17.48	11.72	4.72	7.48	7.74	6.76	NA
SERS Int'l Equity	-3.01	8.24	30.40	24.75	25.68	16.23	9.95	4.84	6.68	6.84	7.28	8.23
STRS Int'l Equity	-2.48	7.66	29.23	25.59	26.80	18.05	12.33	6.52	8.34	8.90	6.80	7.45
MSCI EAFE	0.70	10.16	26.56	19.93	23.94	15.52	10.02	3.53	5.38	5.65	5.70	6.39
Universe(5%)	1.35	11.64	31.32	25.92	28.36	19.83	15.00	7.57	10.40	10.81	9.86	10.76
Universe(25%)	0.45	10.69	28.95	23.38	26.85	18.10	12.67	6.05	8.53	9.27	8.65	9.46
Universe(Median)	-0.12	10.09	28.10	21.84	25.16	16.92	11.88	4.94	7.32	7.52	7.22	8.04
Universe(75%)	-0.73	8.99	26.77	20.18	24.16	15.69	10.32	4.02	6.42	6.81	6.54	7.27
Universe(95%)	-1.65	7.51	24.13	18.33	22.19	14.55	8.99	2.92	5.65	5.84	5.81	5.27

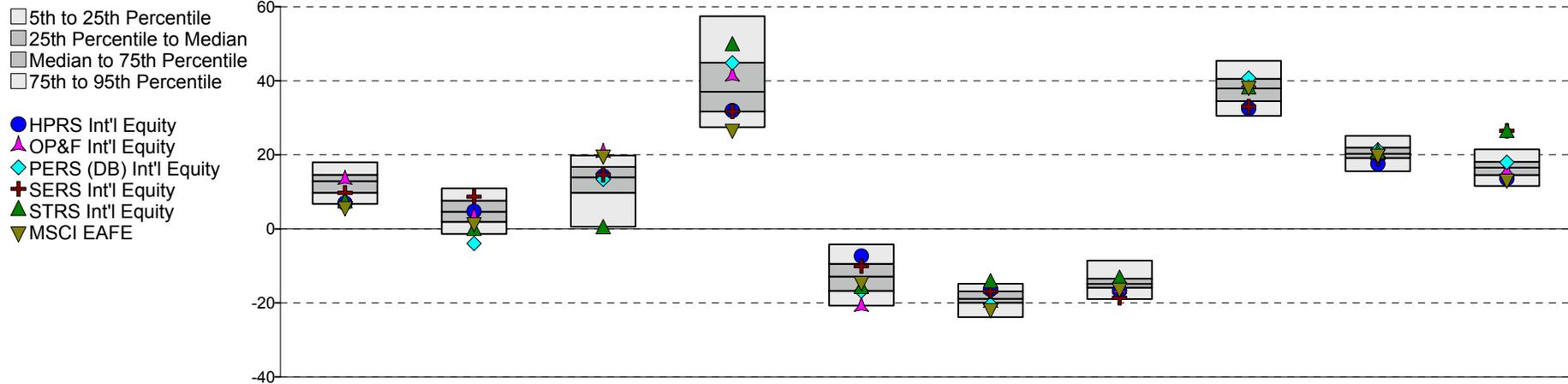
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Int'l Equity	40	50	83	86	96	99	95	81	81	86	66	75
OP&F Int'l Equity	20	8	15	37	42	49	65	89	83	81	64	67
PERS (DB) Int'l Equity	59	58	21	36	38	43	53	58	44	48	64	NA
SERS Int'l Equity	100	89	11	9	42	63	84	52	56	72	46	44
STRS Int'l Equity	99	91	20	7	26	27	33	20	31	27	64	71
MSCI EAFE	13	41	78	79	78	77	80	89	97	97	96	92

The exhibit above compares the international equity results of the five funds to that of the international equity returns of the public funds in the Russell Universe. Comparisons beyond nine years are not meaningful, since PERS did not have an international equity composite for that length of time (PERS had a single manager prior to July 1, 1996). Over the nine-year period, SERS outpaced the median international equity return of public funds to rank in the 46th percentile, while other plans fell below the median return.

## Total International Equities vs. Russell All Public International Equity Universe Performance and Rank Data as of 06/30/06

### Calendar Year Performance



#### Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Int'l Equity	6.96	4.76	14.24	31.94	-7.35	-16.34	-16.66	32.50	17.59	13.58
OP&F Int'l Equity	13.32	3.17	20.55	41.21	-20.98	-19.93	-16.17	39.60	20.73	15.62
PERS (DB) Int'l Equity	NA	-3.96	13.37	44.83	-16.80	-20.41	-14.55	40.71	21.30	17.97
SERS Int'l Equity	9.71	8.69	14.63	31.73	-10.08	-16.91	-18.64	33.02	19.04	26.49
STRS Int'l Equity	6.97	-0.47	-0.03	49.38	-16.17	-14.63	-13.69	37.71	20.28	25.94
MSCI EAFE	6.05	1.78	20.00	26.96	-14.17	-21.44	-15.94	38.59	20.25	13.54
Universe(5%)	17.98	10.95	19.82	57.40	-4.19	-14.84	-8.56	45.39	25.13	21.48
Universe(25%)	14.58	7.63	16.71	44.89	-9.43	-16.87	-13.46	40.52	21.96	18.08
Universe(Median)	12.90	4.62	13.92	37.05	-12.86	-18.87	-14.87	37.93	20.32	16.54
Universe(75%)	9.74	1.89	9.78	31.69	-16.75	-19.97	-15.88	34.48	19.18	14.57
Universe(95%)	6.74	-1.37	0.55	27.44	-20.72	-23.86	-18.96	30.53	15.54	11.58

#### Percentile Rank

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Int'l Equity	94	49	48	71	12	20	79	89	88	85
OP&F Int'l Equity	37	62	0	38	96	75	77	36	40	65
PERS (DB) Int'l Equity	NA	96	53	25	75	81	43	23	34	27
SERS Int'l Equity	77	10	44	73	27	26	93	86	77	0
STRS Int'l Equity	94	93	95	15	70	3	28	51	51	0
MSCI EAFE	97	82	4	96	59	89	76	45	52	87

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2005 within the Russell All Public International Equity Universe. In 2005, SERS and STRS ranked above all peers, while PERS (27th percentile) ranked in the second quartile, outpacing the median return in the universe. For the same time period, HPRS (85th percentile) and OP&F (65th percentile) generated returns that were below the median.

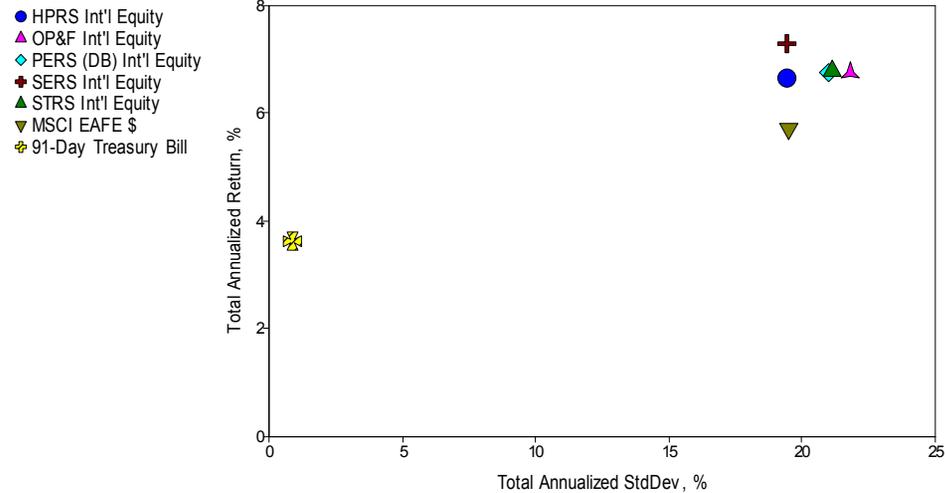
# Ohio Retirement Study Council

## Performance Overview

Returns for Period Ending June 30, 2006

### Performance vs. Risk

7/97 - 6/06

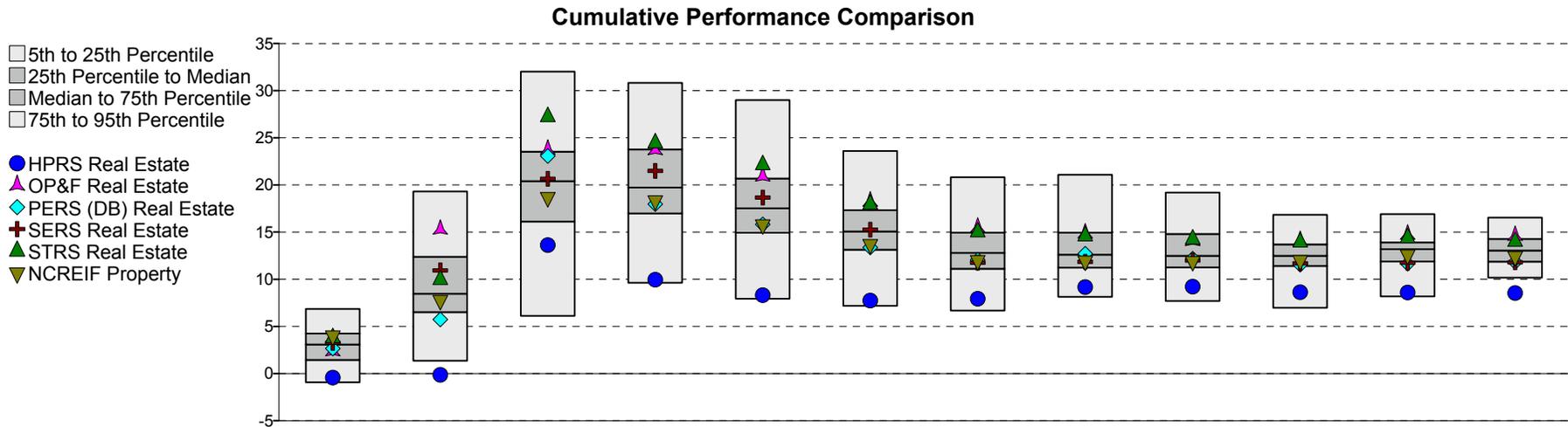


Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS Int'l Equity	6.65	19.43	4.74	0.24
OP&F Int'l Equity	6.79	21.81	5.31	0.24
PERS (DB) Int'l Equity	6.76	20.99	5.11	0.24
SERS Int'l Equity	7.28	19.41	5.35	0.27
STRS Int'l Equity	6.80	21.11	5.19	0.24
MSCI EAFE \$	5.70	19.49	3.83	0.19
91-Day Treasury Bill	3.63	0.91	0.00	NA

The risk-return analysis above illustrates that all five of the fund's international equity portfolios have demonstrated risk-adjusted returns (as measured by their Sharpe Ratios) greater than the non-U.S. equity market as defined by the MSCI EAFE Index over the nine-year period.

Total Real Estate vs. Russell All Real Estate Universe  
Performance and Rank Data as of 06/30/06



Return, %

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Real Estate	-0.43	-0.13	13.63	9.95	8.32	7.74	7.93	9.17	9.21	8.62	8.59	8.53
OP&F Real Estate	2.39	15.28	23.76	23.72	20.93	18.26	15.50	14.89	14.08	14.09	14.75	14.62
PERS (DB) Real Estate	2.66	5.74	23.07	17.97	15.82	13.37	12.06	12.70	12.18	11.54	11.64	11.82
SERS Real Estate	3.25	10.93	20.65	21.49	18.67	15.25	11.75	11.85	11.99	11.68	11.75	11.80
STRS Real Estate	3.78	9.95	27.23	24.44	22.13	17.95	15.00	14.58	14.25	13.93	14.39	14.01
NCREIF Property	4.01	7.78	18.67	18.35	15.79	13.69	12.00	11.93	11.89	12.00	12.59	12.41
Universe(5%)	6.86	19.32	32.02	30.82	28.99	23.61	20.82	21.08	19.19	16.84	16.91	16.54
Universe(25%)	4.24	12.38	23.53	23.77	20.68	17.33	14.95	14.94	14.80	13.70	13.90	14.27
Universe(Median)	3.07	8.47	20.41	19.73	17.53	15.07	12.80	12.60	12.49	12.48	13.20	13.05
Universe(75%)	1.44	6.52	16.11	16.98	14.93	13.14	11.11	11.24	11.27	11.41	11.88	11.86
Universe(95%)	-0.93	1.35	6.12	9.63	7.94	7.17	6.67	8.14	7.70	6.97	8.18	10.17

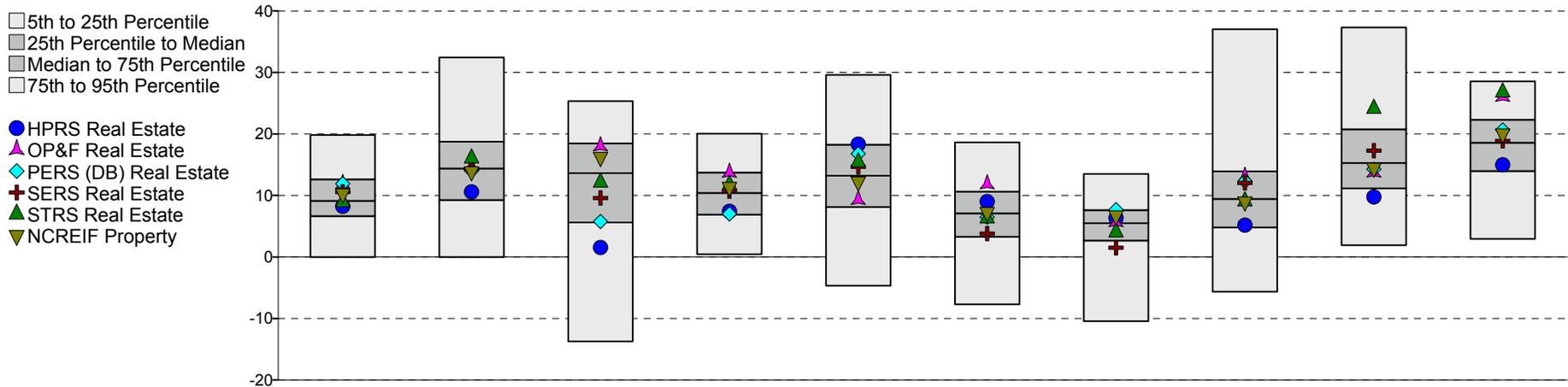
Percentile Rank

	One Quarter	Two Quarters	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
HPRS Real Estate	92	98	84	94	95	93	91	87	91	91	93	100
OP&F Real Estate	61	10	23	25	23	19	22	25	31	18	15	21
PERS (DB) Real Estate	58	79	30	66	64	73	64	48	58	74	78	75
SERS Real Estate	49	37	48	34	40	46	69	64	66	72	77	77
STRS Real Estate	36	43	13	23	18	19	25	28	30	19	19	28
NCREIF Property	30	65	61	63	65	71	65	62	67	70	60	63

The exhibit above, and on the next page, compare real estate results of the five funds to that of a broad real estate universe consisting of all of the real estate accounts in the Russell Universe. For the ten-year period ending June 30, 2006, OP&F and STRS exceeded the median return to place in the 21st percentile and 28th percentile, respectively. We have not included a risk/return analysis for real estate. While institutional investors in real property compute and report quarterly returns, these returns are based on appraisals and are not appropriately compared with other investments which actually trade on a daily basis. An annualized quarterly standard deviation of returns for real estate is, in our judgment, a meaningless number.

Total Real Estate vs. Russell All Real Estate Universe  
Performance and Rank Data as of 06/30/06

Calendar Year Performance



Return, %

	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Real Estate	8.25	10.59	1.55	7.43	18.35	9.00	6.35	5.17	9.78	14.99
OP&F Real Estate	11.89	14.84	18.02	13.72	9.30	11.84	5.70	13.06	13.74	26.07
PERS (DB) Real Estate	11.91	14.00	5.77	7.01	16.78	6.46	7.70	12.30	14.28	20.65
SERS Real Estate	10.55	14.33	9.60	10.70	14.65	3.79	1.49	12.05	17.28	18.87
STRS Real Estate	8.91	16.04	12.11	11.73	15.43	6.30	4.01	9.06	24.13	26.78
NCREIF Property	10.30	13.91	16.22	11.35	12.25	7.29	6.74	8.99	14.48	20.06
Universe(5%)	19.83	32.43	25.33	20.04	29.61	18.63	13.50	37.03	37.33	28.54
Universe(25%)	12.62	18.76	18.47	13.72	18.25	10.62	7.63	13.94	20.75	22.31
Universe(Median)	9.13	14.38	13.63	10.42	13.22	7.10	5.49	9.43	15.27	18.57
Universe(75%)	6.64	9.25	5.60	6.89	8.14	3.29	2.67	4.82	11.17	13.96
Universe(95%)	0.00	0.00	-13.73	0.43	-4.68	-7.70	-10.44	-5.65	1.91	2.94

Percentile Rank

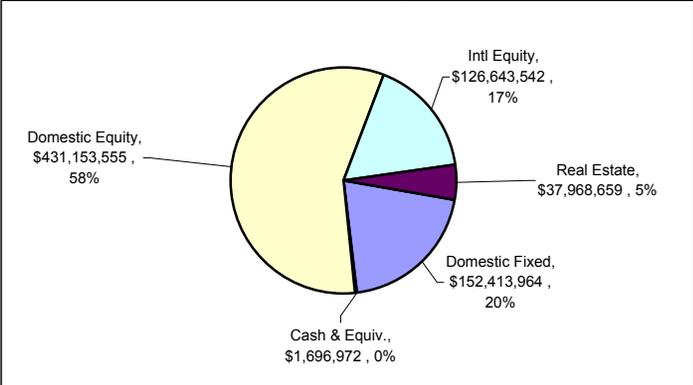
	1/96 - 12/96	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05
HPRS Real Estate	60	71	82	71	24	33	39	74	81	69
OP&F Real Estate	30	47	29	25	73	17	46	27	62	10
PERS (DB) Real Estate	30	55	74	74	31	53	25	30	58	35
SERS Real Estate	38	52	66	48	40	69	81	31	40	49
STRS Real Estate	52	37	58	42	36	53	67	55	20	9
NCREIF Property	40	55	39	44	61	48	34	55	55	41

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2005 within the Russell All Real Estate Universe. In 2005, STRS and OP&F outpaced the median real estate return, which placed both plans in the top decile of the universe. For the same time period, PERS and SERS also beat the median real estate return to place in the second quartile of the universe, while HPRS lagged the median return to rank in the third quartile of the Russell Universe.

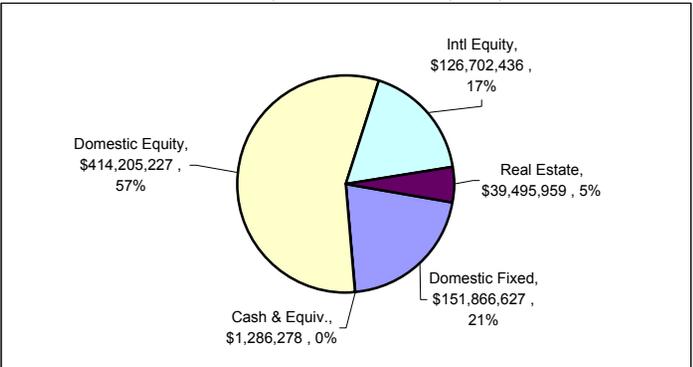
# Highway Patrol Retirement System

**Asset Allocation  
HPRS**

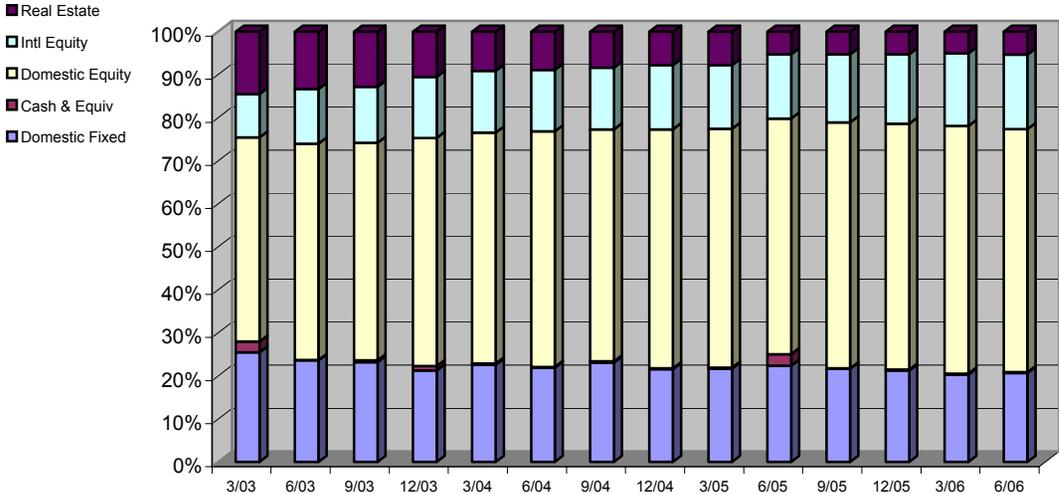
March 31, 2006    \$749,876,692



June 30, 2006    \$733,556,526



**Asset Allocation  
HPRS**



	3/03	6/03	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06
Domestic Fixed %	25.5	23.6	23.2	21.3	22.6	21.9	23.1	21.6	21.7	22.3	21.7	21.3	20.3	20.7
Cash & Equiv. %	2.5	0.1	0.4	1.0	0.3	0.2	0.3	0.2	0.3	2.7	0.1	0.2	0.2	0.2
Domestic Equity %	47.4	50.2	50.5	53.0	53.6	54.7	53.9	55.5	55.5	54.8	57.1	57.1	57.5	56.5
Intl Equity %	10.1	12.7	13.0	14.2	14.4	14.3	14.3	14.9	14.8	14.9	15.8	16.1	16.9	17.3
Real Estate %	14.5	13.3	12.8	10.5	9.1	8.9	8.4	7.8	7.8	5.3	5.3	5.3	5.1	5.4
Total Value (\$mil)	498.4	553.2	569.8	624.9	639.3	639.2	639.2	681.0	670.3	676.6	702.5	713.7	749.9	733.6

This is the first page devoted to the analysis of the Ohio Highway Patrol Retirement System's asset allocation. The chart on the left displays the fund's asset allocation over the first two quarters of 2006. The chart on the right tracks the quarterly asset allocation of the fund over the last fourteen quarters.

# Highway Patrol Retirement System

Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Mar-94	Dec-95	50.0	LB Aggregate
			50.0	Standard & Poors 500
	Mar-96	Dec-97	50.0	Standard & Poors 500
			40.0	LB Aggregate
			5.0	MSCI EAFE (Net)
			5.0	NCREIF
	Mar-98	Sep-99	40.0	Standard & Poors 500
25.0			LB Aggregate	
15.0			Russell 2000	
10.0			MSCI EAFE (Net)	
10.0			NCREIF	
Dec-99	Dec-01	40.0	Standard & Poors 500	
		20.0	Russell 2000	
		20.0	LB Aggregate	
		10.0	MSCI EAFE (Net)	
		10.0	NCREIF	
Mar-02	Dec-02	40.0	Standard & Poors 500	
		20.0	Russell 2500	
		20.0	LB Aggregate	
		10.0	MSCI EAFE (Net)	
		10.0	NCREIF	
Mar-03	Jun-06	32.0	Standard & Poors 500	
		16.0	Russell 2500	
		25.0	LB Aggregate	
		15.0	MSCI EAFE (Net)	
		12.0	NCREIF	

HPRS' custom policy index is listed above. The chart tracks the fund's change in asset allocation strategy over the past twelve and a half years.

# Highway Patrol Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Total Fund	-1.48	4.09	11.00	12.54	7.31	6.52
Policy Index	-0.59	4.19	10.78	12.55	6.82	9.05
Domestic Equity	-2.41	4.35	10.83	15.46	6.64	5.19
Domestic Equity Segment Median	-2.39	3.46	10.67	13.96	4.97	9.41
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48
International Equity	0.05	10.10	26.09	21.69	8.81	7.28
International Equity Segment Median	-0.31	9.19	26.96	24.40	11.64	8.66
MSCI EAFE	0.70	10.16	26.56	23.94	10.02	6.39
Fixed Income	-0.35	0.06	1.26	3.68	6.31	6.87
Fixed Income Segment Median	-0.01	-0.34	-0.20	2.66	5.51	6.48
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22
Cash	1.58	2.25	4.64	2.88	2.70	4.05
Real Estate	-0.43	-0.13	13.63	8.32	7.93	8.53
NCREIF	4.01	7.78	18.67	15.79	12.00	12.41

Over the ten-year period as of June 30, 2006, the fund's total return is trailing the policy index by 2.53% annually. This is due to its domestic equity and real estate returns, which lagged the Wilshire 5000 Index by 329 basis points and NCREIF Index by 388 basis points, respectively. However, the more recent one-year period shows that HPRS is outperforming the policy index by 22 basis points.

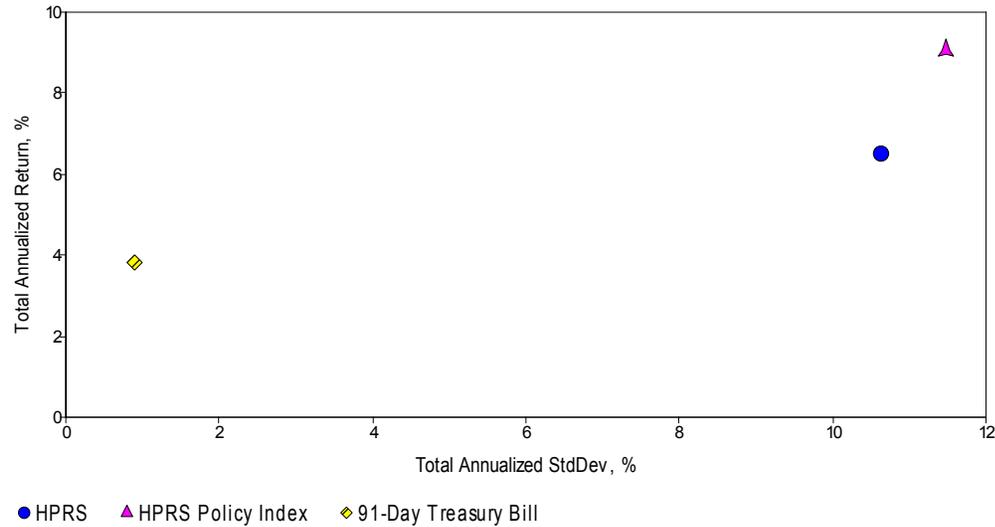
# Highway Patrol Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

Performance vs. Risk

7/96 - 6/06



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	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
HPRS	6.52	10.64	3.16	0.29
HPRS Policy Index	9.05	11.47	5.63	0.49
91-Day Treasury Bill	3.81	0.90	0.00	NA

The chart above shows that on a risk-adjusted basis, HPRS has fallen short of the risk-adjusted return of its policy index for the ten-year period by 253 basis points.

# Highway Patrol Retirement System

## Asset Allocation Actual vs. Benchmark December 31, 2005

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Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	57.1%	32% S & P 500 / 16% Russell 2500	48.0%	9.1%
Fixed Income	21.3%	LB Aggregate	25.0%	-3.7%
Intl. Equity	16.1%	MSCI EAFE (Net)	15.0%	1.1%
Real Estate	5.3%	NCREIF	12.0%	-6.7%
Short Term	0.2%	3 Month T-Bill	0.0%	0.2%

June 30, 2006

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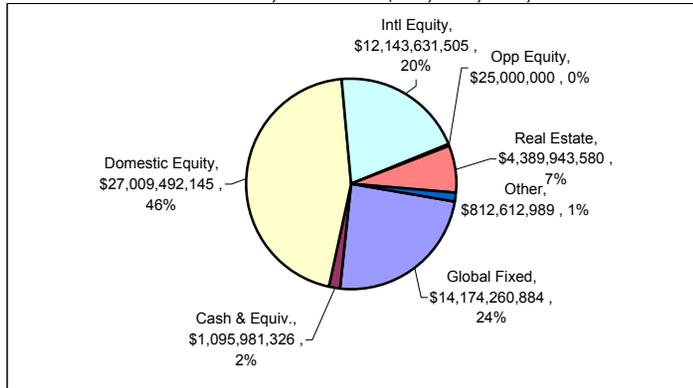
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	56.5%	32% S & P 500 / 16% Russell 2500	48.0%	8.5%
Fixed Income	20.7%	LB Aggregate	25.0%	-4.3%
Intl. Equity	17.3%	MSCI EAFE (Net)	15.0%	2.3%
Real Estate	5.4%	NCREIF	12.0%	-6.6%
Short Term	0.2%	3 Month T-Bill	0.0%	0.2%

As of the end of second quarter, HPRS is in overweight domestic equity, international equity and cash, while being underweight in fixed income and real estate.

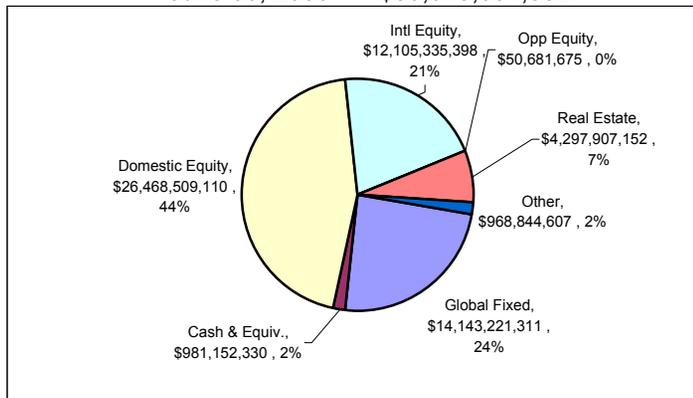
# Public Employees Retirement System

**Asset Allocation  
PERS Defined Benefit Plan**

March 31, 2006 \$59,650,922,430

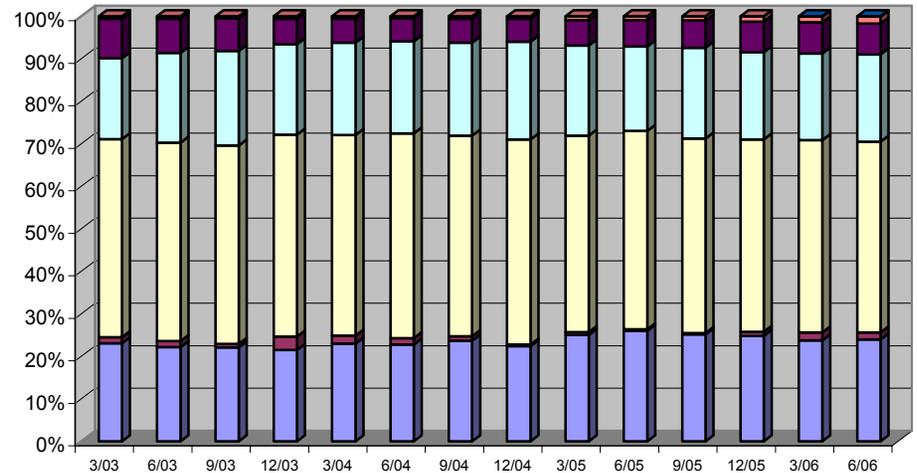


June 30, 2006 \$59,015,651,582



**Asset Allocation  
PERS Defined Benefit Plan**

- Opp Equity
- Other
- Real Estate
- Intl Equity
- Domestic Equity
- Cash & Equiv
- Global Fixed



	3/03	6/03	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06
Global Fixed %	23.1	22.2	22.1	21.5	23.0	22.8	23.7	22.4	25.0	26.0	25.2	24.8	23.8	24.0
Cash & Equiv. %	1.4	1.4	0.8	3.2	1.9	1.5	1.0	0.4	0.7	0.4	0.3	1.0	1.8	1.6
Domestic Equity %	46.6	46.7	46.7	47.5	47.2	48.1	47.2	48.2	46.2	46.6	45.8	45.3	45.3	44.9
Intl Equity %	19.0	21.1	22.2	21.3	21.8	21.7	21.9	23.0	21.2	19.9	21.4	20.5	20.4	20.5
Opp Equity %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Real Estate %	9.3	8.0	7.7	6.0	5.6	5.4	5.6	5.4	6.0	6.2	6.4	7.2	7.4	7.3
Other %	0.6	0.6	0.5	0.6	0.6	0.5	0.6	0.6	0.9	0.9	1.0	1.3	1.3	1.6
Total Value (\$bil)	46.2	51.8	53.7	58.6	60.4	60.0	59.8	64.6	52.8	53.7	55.7	57.2	59.7	59.0

Note: Defined benefit and health care plan assets were segregated in January 2005. An allocation of 23.97% to total fixed income consists of 23.90% (fixed income) and 0.07% (stable value) as of June 30, 2006.

This is the first page devoted to the analysis of the Ohio Public Employees Retirement System Defined Benefit Plan's asset allocation. The chart on the left displays the fund's asset allocation over the first two quarters of 2006. The chart on the right tracks the quarterly asset allocation of the fund over the last fourteen quarters.

# Public Employees Retirement System

## Defined Benefit Plan

### Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Mar-94	Jun-95	68.0	SB Broad Inv Grade
			17.0	Standard & Poors 500
			8.0	91-Day Treasury Bill
			7.0	NCREIF
	Sep-95	Dec-95	59.0	SB Broad Inv Grade
			26.0	Standard & Poors 500
			8.0	NCREIF
			6.0	91-Day Treasury Bill
			1.0	MSCI EAFE (Net)
	Mar-96	Dec-96	62.5	SB Broad Inv Grade
			23.0	Standard & Poors 500
			8.0	NCREIF
			4.5	91-Day Treasury Bill
			2.0	MSCI EAFE (Net)
	Mar-97	Dec-97	56.5	SB Broad Inv Grade
			27.0	Standard & Poors 500
			8.0	NCREIF
			4.5	91-Day Treasury Bill
			4.0	MSCI EAFE (Net)
	Mar-98	Dec-98	51.0	SB Broad Inv Grade
30.5			Standard & Poors 500	
8.0			NCREIF	
6.0			MSCI EAFE (Net)	
4.5			91-Day Treasury Bill	

Label	Quarter Start	Quarter End	Percent	Description		
Policy Index (cont.)	Dec-98	Dec-98	51.0	SB Broad Inv Grade		
			30.5	Russell 3000		
			6.0	MSCI World Ex-US (Net)		
			4.8	NCREIF		
			4.5	91-Day Treasury Bill		
			1.6	NAREIT		
			1.6	Giliberto-Levy Mortgage		
			Mar-99	Mar-99	45.4	SB Broad Inv Grade
					35.0	Standard & Poors 500
					7.6	MSCI World Ex-US (Net)
	6.6	NCREIF				
	2.2	NAREIT				
	Jun-99	Jun-99	40.1	SB Broad Inv Grade		
			35.0	Standard & Poors 500		
			12.9	MSCI World Ex-US (Net)		
			6.6	NCREIF		
			2.2	NAREIT		
	Mar-99	Mar-99	2.2	Giliberto-Levy Mortgage		
			1.0	91-Day Treasury Bill		
			2.2	Giliberto-Levy Mortgage		
2.2			Giliberto-Levy Mortgage			
1.0			91-Day Treasury Bill			

Charts above and on the following pages track PERS asset allocation policy index over the past twelve and a half ye

**Public Employees Retirement System**  
**Defined Benefit Plan**  
**Quarter Ending 6/30/2006**

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-99	Mar-02	36.1	SB Broad Inv Grade
			35.0	Standard & Poors 500
			16.9	MSCI World Ex-US (Net)
			6.6	NCREIF
			2.2	NAREIT
			2.2	Giliberto-Levy Mortgage
	1.0	LB Bellweather 3Mth T-Bill		
	Mar-02	Mar-02	34.3	S&P 1500
			31.8	SB Broad Inv Grade
			18.9	MSCI World Ex-US (Net)
			5.7	NCREIF
			3.0	Russell 3000
			2.3	LB Bellweather 3Mth T-Bill
	Jun-02	Sep-02	1.9	NAREIT
			1.9	Giliberto-Levy Mortgage
			0.2	Standard & Poors 500
			34.7	S&P 1500
			29.2	SB Broad Inv Grade
19.3			MSCI World Ex-US (Net)	
5.8	Russell 3000			
5.6	NCREIF			
1.9	NAREIT			
1.9	Giliberto-Levy Mortgage			
1.5	LB Bellweather 3Mth T-Bill			
0.2	Standard & Poors 500			

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-02	Sep-02	44.7	Russell 3000
			25.6	SB Broad Inv Grade
			19.7	MSCI World Ex-US (Net)
			5.5	NCREIF
			1.8	NAREIT
			1.8	Giliberto-Levy Mortgage
	0.7	LB Bellweather 3Mth T-Bill		
	0.2	Standard & Poors 500		
	Dec-02	Dec-02	47.0	Russell 3000
			23.0	SB Broad Inv Grade
			20.0	MSCI World Ex-US (Net)
			5.4	NCREIF
			1.8	NAREIT
			1.8	Giliberto-Levy Mortgage
	0.6	LB Bellweather 3Mth T-Bill		
	0.4	Standard & Poors 500		
	Mar-03	Dec-04	46.0	Russell 3000
			23.0	Lehman Universal
20.0			MSCI AC World Ex-US (Net)	
8.1			NCREIF	
0.9			Wilshire Real Estate Securities	
1.0			LB Bellweather 3Mth T-Bill	
1.0	Russell 3000 + 3% (1 Qtr arrears)			

The current policy is located on the following page.

# Public Employees Retirement System

## Defined Benefit Plan

### Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Dec-04	Mar-05	46.3	Russell 3000
			26.2	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
			5.8	Custom Real Estate
			0.7	Russell 3000 + 3% (1 Qtr arrears)
			1.0	LB Bellweather 3Mth T-Bill
	Mar-05	Jun-05	46.1	Russell 3000
			26.0	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
6.0			Custom Real Estate	
0.9			Russell 3000 + 3% (1 Qtr arrears)	
Jun-05	Sep-05	46.1	Russell 3000	
		25.8	Lehman Universal	
		20.0	MSCI AC World Ex-US (Net)	
		6.2	Custom Real Estate	
		0.9	Russell 3000 + 3% (1 Qtr arrears)	
1.0	LB Bellweather 3Mth T-Bill			

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-05	Dec-05	46.0	Russell 3000
			25.6	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
			6.4	Custom Real Estate
			1.0	Russell 3000 + 3% (1 Qtr arrears)
			1.0	LB Bellweather 3Mth T-Bill
	Dec-05	Mar-06	45.7	Russell 3000
			24.4	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
7.6			Custom Real Estate	
1.3			Russell 3000 + 3% (1 Qtr arrears)	
Mar-06	Jun-06	45.6	Russell 3000	
		24.7	Lehman Universal	
		20.0	MSCI AC World Ex-US (Net)	
		7.3	Custom Real Estate	
		1.4	Russell 3000 + 3% (1 Qtr arrears)	
1.0	LB Bellweather 3Mth T-Bill			

The current PERS policy index is listed in the table on the right. PERS instituted separate floating policy indexes for their defined benefit and health care plans in January 2005. Listed below are conditions that apply to the movement of the defined benefit policy index:

- (1) To the extent that actual real estate investments are below the long run target, the difference will be carried in global bonds.
- (2) To the extent that actual private equity investments are below the long run target, the difference will be carried in U.S. eq
- (3) Real estate custom benchmark are calculated at 90% NCRIF minus 100 bps annually plus 10% Wilshire RESI minus 20 bps annually.

# Public Employees Retirement System

## Health Care Plan

### Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Dec-04	Jun-05	47.5	Russell 3000
			22.0	Lehman Universal
			22.0	MSCI ACWI Ex-US (Net)
			4.0	Wilshire Resi Full Cap
			2.5	Lehman US Tips
	2.0	Lehman 1-3 Yr Gov't		
	Jun-05	Dec-05	42.5	Russell 3000
			20.0	Lehman Universal
			20.0	MSCI ACWI Ex-US (Net)
4.2			Wilshire Resi Full Cap	
7.5			Lehman US Tips	
5.8	Lehman 1-3 Yr Gov't			
Dec-05	Jun-06	37.5	Russell 3000	
		18.0	Lehman Universal	
		18.0	MSCI ACWI Ex-US (Net)	
		4.5	Wilshire Resi Full Cap	
		12.5	Lehman US Tips	
9.5	Lehman 1-3 Yr Gov't			

PERS Health Care Plans' policy index is listed above. The chart above tracks the fund's change in asset allocation strategy since establishing a policy benchmark for its health care assets over a one and a half year period since inception.

# Public Employees Retirement System

## Defined Benefit Plan - Performance Overview

Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Total Fund	-0.79	3.74	11.97	13.33	6.94	7.65
Policy Index	-0.57	4.10	11.21	12.87	6.69	8.25
Domestic Equity	-2.00	2.82	9.61	12.67	3.84	7.65
Domestic Equity Segment Median	-2.39	3.46	10.67	13.96	4.97	9.41
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48
International Equity	-0.31	9.65	29.06	25.99	11.72	NA
International Equity Segment Median	-0.31	9.19	26.96	24.40	11.64	8.66
MSCI EAFE	0.70	10.16	26.56	23.94	10.02	6.39
Fixed Income	-0.11	-0.37	0.44	3.27	5.67	6.61
Fixed Income Segment Median	-0.01	-0.34	-0.20	2.66	5.51	6.48
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22
Cash	1.27	2.45	4.39	2.62	2.34	3.98
Real Estate	2.66	5.74	23.07	15.82	12.06	11.82
NCREIF	4.01	7.78	18.67	15.79	12.00	12.41
Alternative	1.94	7.61	25.45	27.60	12.76	17.96

Over the past ten-year period, the PERS Defined Benefit Plan trailed its policy index by 60 basis points. Weaker relative performance in domestic equity and real estate were attributable to the performance shortfall. For the more recent one-year period, the plan exceeded the return that was generated by the policy index, outpacing by 76 basis points.

# Public Employees Retirement System

## Health Care Plan - Performance Overview

### Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>
Total Fund	-0.62	3.54	10.60
Policy Index	-0.65	3.40	9.87
Domestic Equity	-2.00	2.82	9.61
Domestic Equity Segment Median	-2.39	3.46	10.67
Wilshire 5000	-1.96	3.37	9.92
International Equity	-0.31	9.66	28.95
International Equity Segment Median	-0.31	9.19	26.96
MSCI EAFE	0.70	10.16	26.56
Fixed Income	-0.11	-0.37	0.44
Fixed Income Segment Median	-0.01	-0.34	-0.20
LB Aggregate	-0.08	-0.72	-0.81
Cash	1.26	2.43	4.46
Public Real Estate	-1.13	14.41	22.21
Wilshire Resi Full Cap	-1.16	14.07	21.84
Treasury Inflation Protected Securities	0.52	-1.71	-1.59
Lehman U.S. TIPS	0.49	-1.77	-1.64
Short Duration	0.75	1.51	2.85
Lehman 1-3 Year Government	0.66	1.08	1.87

For the trailing one-year period, the PERS Health Care Plan outperformed its policy index by 73 basis points. Stronger relative performance in international equity, fixed income, REITS, TIPS and short duration bonds were attributable to the relative outperformance versus the policy index.

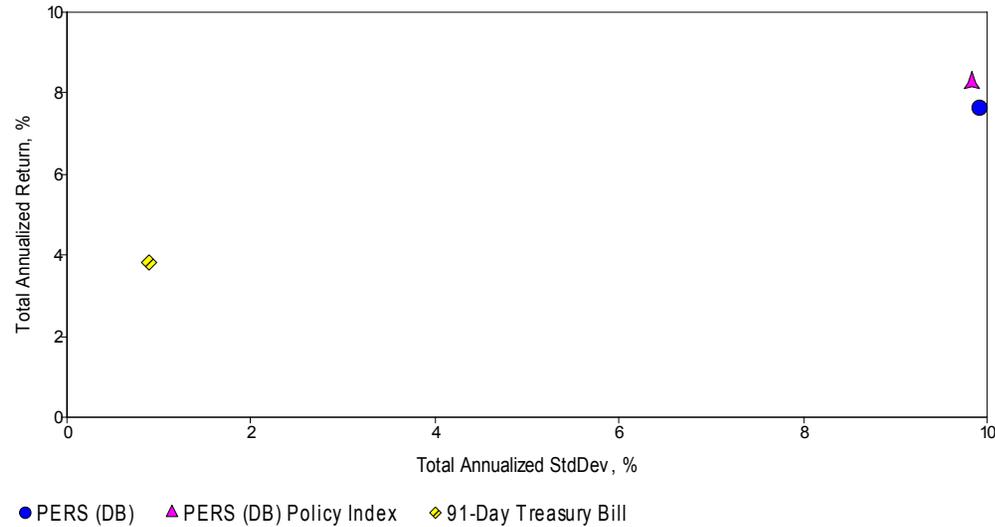
# Public Employees Retirement System

## Defined Benefit Plan - Performance Overview

Returns for Period Ending June 30, 2006

Performance vs. Risk

7/96 - 6/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
PERS (DB)	7.65	9.92	4.16	0.41
PERS (DB) Policy Index	8.25	9.83	4.71	0.47
91-Day Treasury Bill	3.81	0.90	0.00	NA

The chart above illustrates that on a risk-adjusted basis, the PERS Defined Benefit Plan has fallen short of the risk-adjusted return of its policy index over the last ten years by 60 basis points.

# Public Employees Retirement System

## Defined Benefit Plan - Asset Allocation Actual vs. Benchmark December 31, 2005

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	45.3%	Russell 3000	46.0%	-0.7%
Fixed Income	24.8%	Lehman Universal	25.6%	-0.9%
Intl. Equity	20.5%	MSCI AC World ex US	20.0%	0.5%
Real Estate	7.2%	PERS Custom Index	6.4%	0.9%
Private Equity	1.3%	Russell 3000 + 3% (1 Qtr arrears)	1.0%	0.3%
Short Term	1.0%	LB Bellweather 3 Month T-Bill	1.0%	-0.1%

June 30, 2006

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Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	44.9%	Russell 3000	45.6%	-0.7%
Fixed Income	24.0%	Lehman Universal	24.7%	-0.7%
Intl. Equity	20.5%	MSCI AC World ex US	20.0%	0.5%
Real Estate	7.3%	PERS Custom Index	7.3%	0.0%
Private Equity	1.6%	Russell 3000 + 3% (1 Qtr arrears)	1.4%	0.2%
Short Term	1.7%	LB Bellweather 3 Month T-Bill	1.0%	0.7%

Note: An allocation of 0.09% to opportunistic equity was not included.

As of the end of the second quarter, the PERS Defined Benefit Plan is overweight in international equity, private equity and cash, while being underweight in domestic equity and cash.

# Public Employees Retirement System

## Health Care Plan - Asset Allocation Actual vs. Benchmark December 31, 2005

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	39.1%	Russell 3000	42.5%	-3.4%
Fixed Income	19.1%	Lehman Universal	20.0%	-0.9%
Intl. Equity	19.3%	MSCI AC World ex US	20.0%	-0.7%
REITS	4.3%	Wilshire Resi full cap	4.2%	0.1%
TIPS	9.6%	LB U.S. Tips	7.5%	2.1%
Short Duration Bond	7.1%	LB 1-3 Yr Gov't	5.8%	1.3%
Short Term	1.5%	91 Day T- Bill	0.0%	1.5%

June 30, 2006

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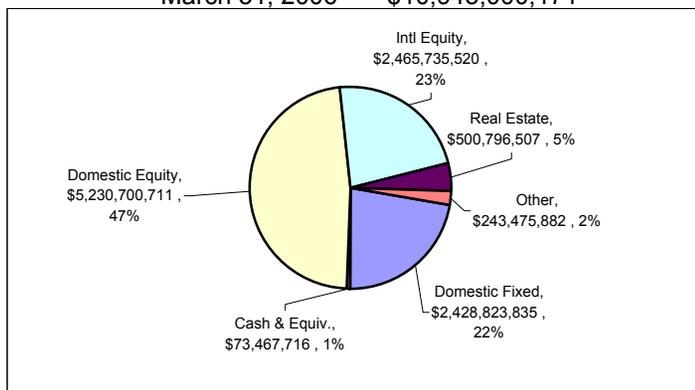
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	33.6%	Russell 3000	37.5%	-3.9%
Fixed Income	16.4%	Lehman Universal	18.0%	-1.6%
Intl. Equity	17.4%	MSCI AC World ex US	18.0%	-0.6%
REITS	5.0%	Wilshire Resi full cap	4.5%	0.5%
TIPS	15.3%	LB U.S. Tips	12.5%	2.8%
Short Duration Bond	11.2%	LB 1-3 Yr Gov't	9.5%	1.7%
Short Term	1.2%	91 Day T-Bill	0.0%	1.2%

As of the end of the second quarter, the PERS Health Care Plan is overweight in REITS, TIPS, short duration bonds and cash, while being underweight in domestic equity, fixed income and international equity.

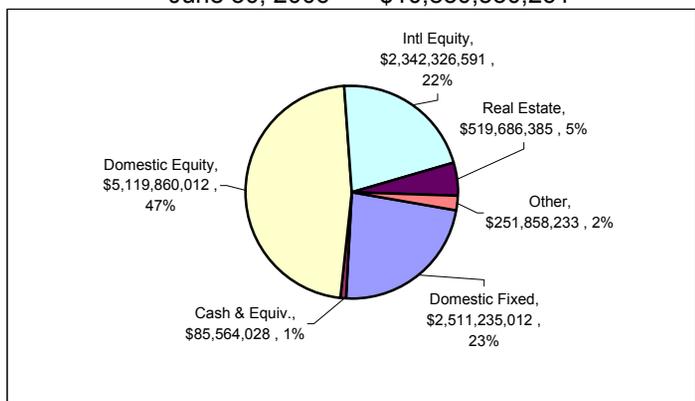
# Police & Fire Pension Fund

**Asset Allocation  
OP&F**

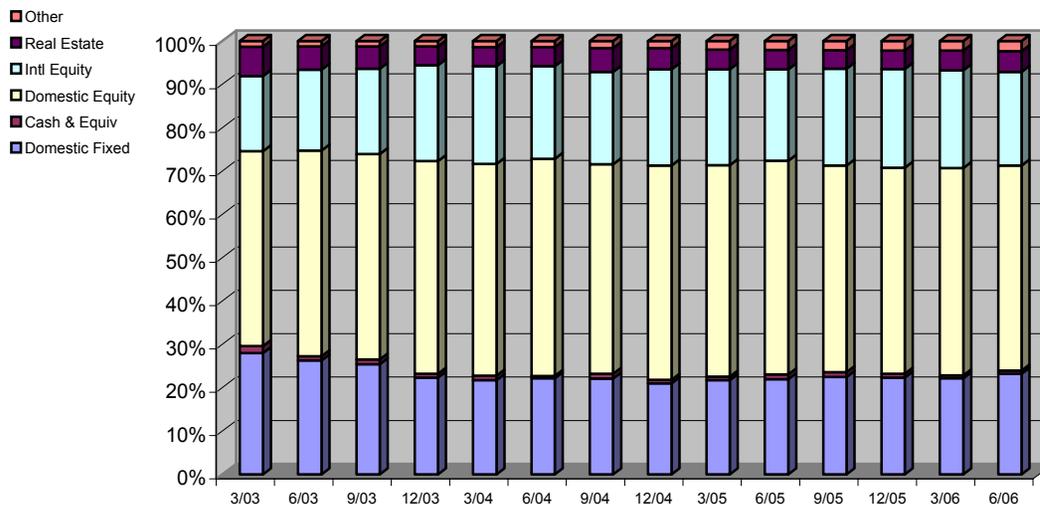
March 31, 2006     \$10,943,000,171



June 30, 2006     \$10,830,530,261



**Asset Allocation  
OP&F**



	3/03	6/03	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06
Domestic Fixed %	28.0	26.3	25.4	22.3	21.8	22.2	22.1	21.0	21.8	21.9	22.5	22.4	22.2	23.2
Cash & Equiv. %	1.6	1.0	1.1	0.9	1.0	0.5	1.1	0.8	0.8	1.1	1.1	0.9	0.7	0.8
Domestic Equity %	45.0	47.5	47.4	49.0	49.0	50.1	48.4	49.5	48.8	49.4	47.7	47.6	47.8	47.3
Intl Equity %	17.3	18.7	19.7	22.1	22.6	21.4	21.3	22.2	22.1	21.0	22.3	22.8	22.5	21.6
Real Estate %	6.8	5.4	5.2	4.4	4.4	4.4	5.5	4.9	4.6	4.5	4.3	4.3	4.6	4.8
Other %	1.3	1.2	1.2	1.2	1.4	1.4	1.6	1.6	2.0	2.1	2.1	2.2	2.2	2.3
Total Value (\$bil)	7.0	7.7	8.0	8.7	9.0	8.9	9.0	9.7	9.7	9.8	10.2	10.4	10.9	10.8

This is the first page devoted to the analysis of the Ohio Police & Fire Pension Fund's asset allocation. The chart on the left displays the fund's asset allocation over the first two quarters of 2006. The chart on the right tracks the quarterly asset allocation of the fund over the last fourteen quarters.

# Police & Fire Pension Fund

Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Mar-94	Sep-97	41.0	Wilshire 5000
			39.0	LB Aggregate
			10.0	MSCI EAFE (Net)
			9.0	Wilshire RE Funds
			1.0	S&P 500 + 5%
	Dec-97	Mar-01	41.0	Wilshire 5000
			35.0	LB Aggregate
			10.0	MSCI EAFE (Net)
			8.0	Wilshire RE Funds
			5.0	MSCI Em Mkts Free (Gross)
	Jun-01	Jun-01	41.0	Wilshire 5000
			35.0	LB Aggregate
			10.0	MSCI EAFE (Net)
			8.0	Wilshire RE Funds
			5.0	MSCI Em Mkts Free (Gross)
	Sep-01	Mar-02	1.0	S&P 500 (lagged) + 5%
46.0			Wilshire 5000	
18.0			LB Aggregate	
17.0			MSCI EAFE (Net)	
8.0			Wilshire RE Funds	
5.0			First Boston High Yield	
3.0	MSCI Em Mkts Free (Gross)			
3.0	Wilshire 5000 (lagged) + 5%			

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Jun-02	Sep-04	48.0	Wilshire 5000
			18.0	LB Aggregate
			17.0	MSCI EAFE (Net)
			8.0	NCREIF
			5.0	First Boston High Yield
	Dec-04	Dec-04	3.0	MSCI Em Mkts Free (Gross)
			1.0	Wilshire 5000 (lagged) + 5%
			46.0	Wilshire 5000
			18.0	LB Aggregate
			17.0	MSCI EAFE (Net)
	Mar-05	Jun-06	8.0	NCREIF
			5.0	First Boston High Yield
			3.0	MSCI Em Mkts Free (Gross)
			3.0	Wilshire 5000 (lagged) + 5%
			46.0	Wilshire 5000
	Mar-05	Jun-06	18.0	LB Aggregate
20.0			MSCI ACWI ex-U.S. (Net)	
8.0			NCREIF	
5.0			First Boston High Yield	
3.0			Wilshire 5000 (lagged) + 5%	
3.0			Wilshire 5000 (lagged) + 5%	

OP&F's custom policy index is listed above. The chart tracks the fund's change in asset allocation strategy over the past twelve and a half years. The current policy index is listed in the table on the right.

# Police & Fire Pension Fund

## Performance Overview

Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Total Fund	-0.59	5.20	12.72	14.00	7.62	8.57
Policy Index	-0.38	4.47	12.13	13.72	7.18	8.41
Domestic Equity	-2.12	3.43	10.17	13.57	4.77	8.77
Domestic Equity Segment Median	-2.39	3.46	10.67	13.96	4.97	9.41
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48
International Equity	0.54	11.40	29.50	25.67	11.10	7.70
International Equity Segment Median	-0.31	9.19	26.96	24.40	11.64	8.66
MSCI EAFE	0.70	10.16	26.56	23.94	10.02	6.39
Fixed Income	0.11	0.10	2.38	4.53	6.87	7.28
Fixed Income Segment Median	-0.01	-0.34	-0.20	2.66	5.51	6.48
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22
Cash	1.15	2.19	3.98	2.37	2.26	3.64
Real Estate	2.39	15.28	23.76	20.93	15.50	14.62
NCREIF	4.01	7.78	18.67	15.79	12.00	12.41
Alternative	2.34	10.03	23.62	13.75	-2.16	10.92

For the trailing ten-year period, the fund outperformed its policy index by 16 basis points. Stronger relative performance in domestic equity, international equity, fixed income and real estate continued to contribute to overall performance. In addition, OP&F outperformed its policy index by 59 basis points for the more recent one-year period.

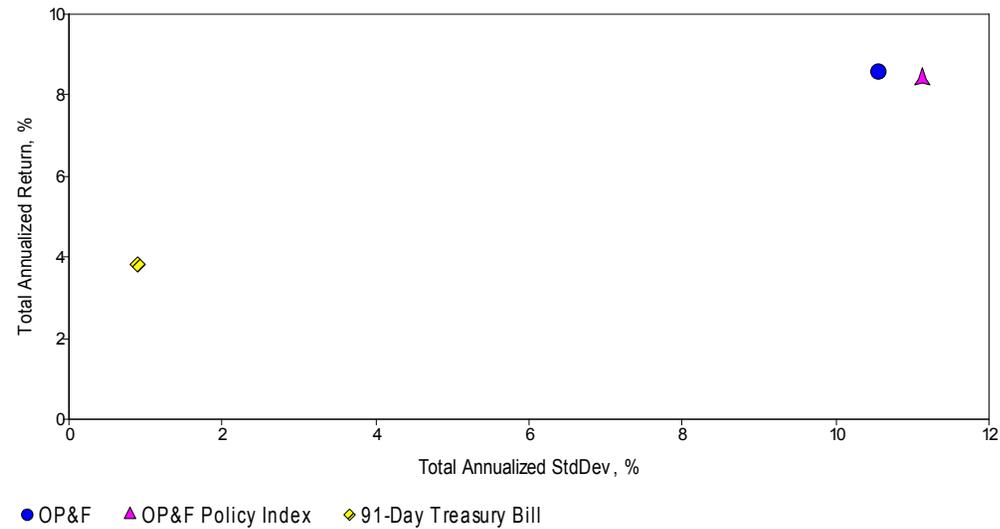
# Police & Fire Pension Fund

## Performance Overview

Returns for Period Ending June 30, 2006

Performance vs. Risk

7/96 - 6/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
OP&F	8.57	10.56	5.08	0.48
OP&F Policy Index	8.41	11.14	5.00	0.44
91-Day Treasury Bill	3.81	0.90	0.00	NA

The OP&F fund has outperformed the policy index on an absolute and risk-adjusted basis over the last ten-year period.

# Police & Fire Pension Fund

## Asset Allocation Actual vs. Benchmark December 31, 2005

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	47.6%	Wilshire 5000	46.0%	1.6%
Fixed Income	22.4%	Lehman Aggregate	23.0%	-0.6%
Intl. Equity Comp.	22.8%	MSCI ACWI ex-U.S. (Net)	20.0%	2.8%
Real Estate	4.3%	NCREIF	8.0%	-3.7%
Venture Capital	2.2%	Wilshire 5000 Lagged + 5%	3.0%	-0.8%
Short Term	0.9%	3 Month T-Bill	0.0%	0.9%

## June 30, 2006

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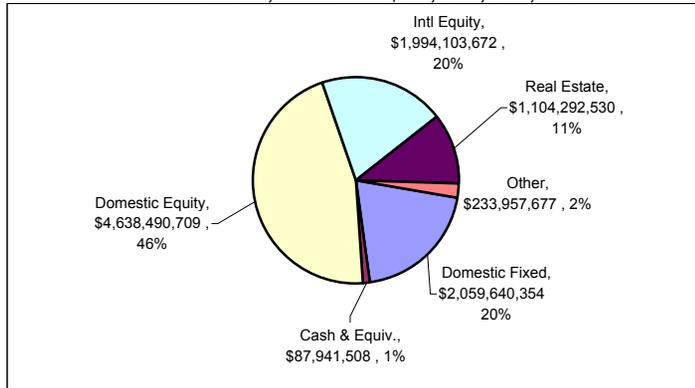
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	47.3%	Wilshire 5000	46.0%	1.3%
Fixed Income	23.2%	Lehman Aggregate	23.0%	0.2%
Intl. Equity Comp.	21.6%	MSCI ACWI ex- U.S. (Net)	20.0%	1.6%
Real Estate	4.8%	NCREIF	8.0%	-3.2%
Venture Capital	2.3%	Wilshire 5000 Lagged + 5%	3.0%	-0.7%
Short Term	0.8%	3 Month T-Bill	0.0%	0.8%

As of the end of the second quarter, OP&F is overweight in domestic equity, international equity, fixed income and cash, while being underweight in real estate and venture capital.

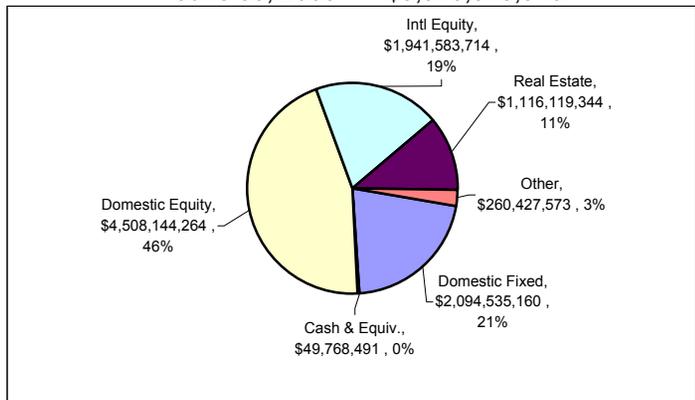
# School Employees Retirement System

**Asset Allocation**

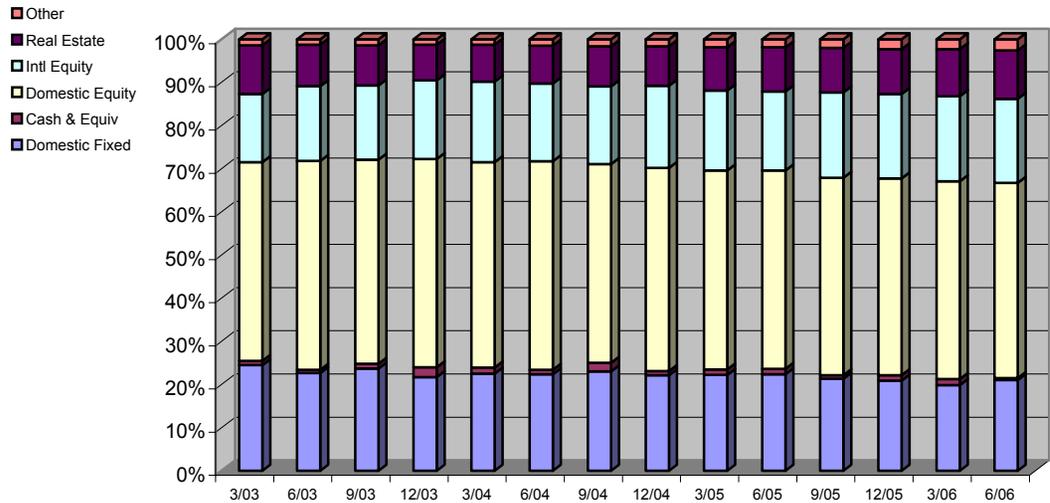
March 31, 2006 \$10,118,902,516



June 30, 2006 \$9,970,578,546



**Asset Allocation**



	3/03	6/03	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06
Domestic Fixed %	24.5	22.7	23.7	21.7	22.5	22.4	23.0	22.2	22.2	22.4	21.3	20.9	20.4	21.0
Cash & Equiv. %	1.0	0.7	1.1	2.3	1.4	1.0	2.0	0.9	1.2	1.2	0.8	1.7	0.9	0.5
Domestic Equity %	46.0	48.4	47.3	48.3	47.6	48.3	46.1	47.1	46.1	46.0	45.8	45.1	45.8	45.2
Intl Equity %	15.8	17.3	17.2	18.2	18.7	18.0	18.0	19.0	18.5	18.3	19.8	19.5	19.7	19.5
Real Estate %	11.3	9.6	9.3	8.2	8.5	8.8	9.3	9.2	10.1	10.2	10.3	10.5	10.9	11.2
Other %	1.4	1.3	1.4	1.3	1.3	1.5	1.6	1.6	1.9	1.9	2.0	2.3	2.3	2.6
Total Value (\$bil)	6.5	7.2	7.5	8.1	8.3	8.3	8.3	8.9	8.8	9.0	9.4	9.6	10.1	10.0

This is the first page devoted to the analysis of the Ohio School Employees Retirement System's asset allocation. The chart on the left displays the fund's asset allocation over the first two quarters of 2006. The chart on the right tracks the quarterly asset allocation of the fund over the last fourteen quarters.

# School Employees Retirement System

Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Mar-94	Sep-94	45.0	Standard & Poors 500
			28.0	ML Domestic Master Bond Idx
			10.0	MSCI EAFE (Net)
			10.0	NCREIF Classic Ppty Idx (1 Qtr arrear)
			5.0	Citigroup 30 Day T-Bill
	Dec-94	Dec-94	45.0	Standard & Poors 500
			28.0	ML Domestic Master Bond Idx
			10.0	MSCI EAFE 50% Hedged
			10.0	NCREIF Classic Ppty Idx (1 Qtr arrear)
			5.0	Citigroup 30 Day T-Bill
	Mar-95	Jun-95	45.0	Russell 3000
			28.0	ML Domestic Master Bond Idx
			10.0	MSCI EAFE 50% Hedged
			10.0	NCREIF Classic Ppty Idx (1 Qtr arrear)
			5.0	Citigroup 30 Day T-Bill
	Sep-95	Mar-97	45.0	Russell 3000
			28.0	LB Aggregate
			10.0	MSCI EAFE 50% Hedged
			10.0	NCREIF Classic Ppty Idx (1 Qtr arrear)
			5.0	Citigroup 30 Day T-Bill
Jun-97	Jun-97	45.0	Russell 3000	
		28.0	LB Aggregate	
		15.0	MSCI EAFE 50% Hedged	
		10.0	NCREIF Classic Ppty Idx (1 Qtr arrear)	
		1.0	Citigroup 30 Day T-Bill	
		1.0	S&P 500 + 5%	

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-97	Jun-99	45.0	Russell 3000
			28.0	LB Aggregate
			14.5	MSCI EAFE 50% Hedged
			0.5	MSCI Em Mkts Free
			10.0	NCREIF
	Sep-99	Dec-99	1.0	Citigroup 30 Day T-Bill
			1.0	S&P 500 +5%
			45.0	Russell 3000
			28.0	LB Aggregate
			14.0	MSCI EAFE 50% Hedged
	Mar-00	Jun-01	1.0	MSCI Em Mkts Free
			10.0	NCREIF
			1.0	Citigroup 30 Day T-Bill
			1.0	S&P 500 +5%
			48.0	Russell 3000
	Sep-01	Jun-02	23.0	LB Aggregate
			16.0	MSCI ACWI ex US (Developed - 50% Hdg)
			10.0	NCREIF
			1.0	S&P 500 +5%
			2.0	Citigroup 30 Day T-Bill
Sep-02	Jun-06	47.0	Russell 3000	
		23.0	LB Aggregate	
		16.0	MSCI ACWI ex US (Developed - 50% Hdg)	
		10.0	NCREIF	
		2.0	Private Equity (0% return arrears switch)	
		2.0	Citigroup 30 Day T-Bill	
		46.0	Russell 3000	
		23.0	LB Aggregate	
		16.0	MSCI ACWI ex US (Developed - 50% Hdg)	
		10.0	80% NCREIF (arrears), 20% NAREIT	
		3.0	S&P (1Qtr arrears) + 3%	
		2.0	Citigroup 30 Day T-Bill	

SERS' custom policy index is listed above. The charts tracks the fund's change in asset allocation strategy over the past twelve and a half years. The current policy index is listed in the table on the right.

# School Employees Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Total Fund	-1.10	4.53	13.18	13.38	6.48	8.55
Policy Index	-0.79	3.81	11.00	12.44	5.93	8.38
Domestic Equity	-2.26	3.44	10.75	12.96	3.84	8.48
Domestic Equity Segment Median	-2.39	3.46	10.67	13.96	4.97	9.41
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48
International Equity	-3.01	8.24	30.40	25.68	9.95	8.23
International Equity Segment Median	-0.31	9.19	26.96	24.40	11.64	8.66
MSCI EAFE	0.70	10.16	26.56	23.94	10.02	6.39
Fixed Income	0.09	0.02	0.37	2.84	5.70	6.74
Fixed Income Segment Median	-0.01	-0.34	-0.20	2.66	5.51	6.48
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22
Cash	1.24	2.36	4.38	2.55	2.32	4.21
Real Estate	3.25	10.93	20.65	18.67	11.75	11.80
NCREIF	4.01	7.78	18.67	15.79	12.00	12.41
Alternative	4.18	5.98	23.23	12.94	-2.70	4.07

For the trailing ten-year period, the fund is outpacing its policy index by 17 basis points, which is largely due to stronger relative performance in international equity and fixed income. The more recent one-year period shows that the fund outperformed its policy index by a larger margin, outpacing the policy index by 218 basis points.

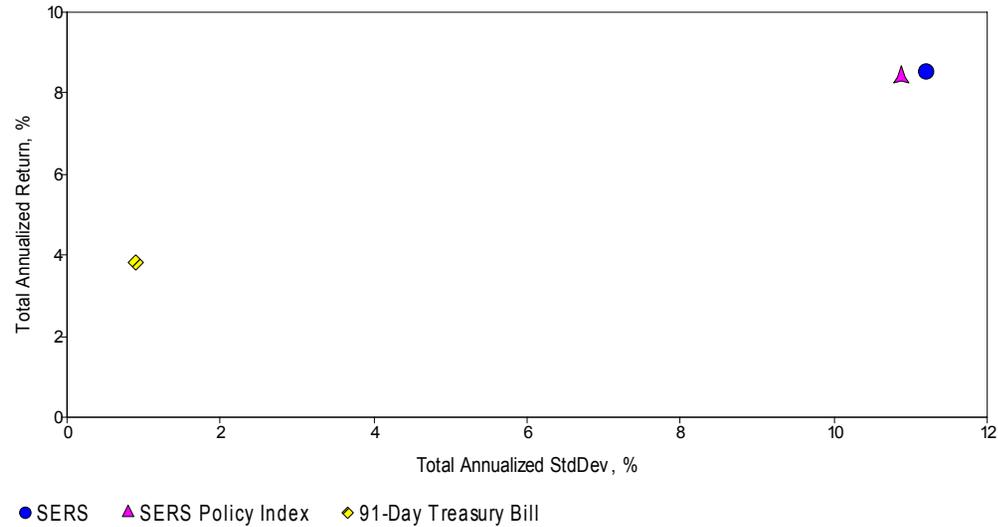
# School Employees Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

Performance vs. Risk

7/96 - 6/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
SERS	8.55	11.21	5.13	0.45
SERS Policy Index	8.38	10.89	4.94	0.45
91-Day Treasury Bill	3.81	0.90	0.00	NA

SERS has outperformed the policy index on an absolute and risk-adjusted basis over the last ten-year period.

# School Employees Retirement System

## Asset Allocation Actual vs. Benchmark December 31, 2005

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	45.1%	Russell 3000	46.0%	-0.9%
Fixed Income	20.9%	LB Aggregate	23.0%	-2.1%
Intl. Equity	19.5%	MSCI ACWI ex US (Developed - 50% Hdg)	16.0%	3.5%
Real Estate	10.5%	Custom RE (1 Qtr arrears)	10.0%	0.4%
Venture Capital	2.3%	S&P (1 Qtr arrears) + 3%	3.0%	-0.7%
Short Term	1.7%	Citigroup 30 Day T-Bill	2.0%	-0.3%

## June 30, 2006

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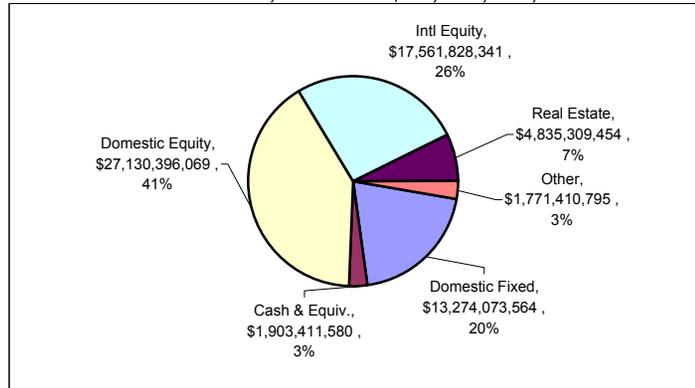
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	45.2%	Russell 3000	46.0%	-0.8%
Fixed Income	21.0%	LB Aggregate	23.0%	-2.0%
Intl. Equity	19.5%	MSCI ACWI ex US (Developed - 50% Hdg)	16.0%	3.5%
Real Estate	11.2%	Custom RE (1 Qtr arrears)	10.0%	1.2%
Venture Capital	2.6%	S&P (1 Qtr arrears) + 3%	3.0%	-0.4%
Short Term	0.5%	Citigroup 30 Day T-Bill	2.0%	-1.5%

As of the end of the second quarter, SERS is overweight in international equity and real estate, while being underweight in domestic equity, fixed income, venture capital and cash.

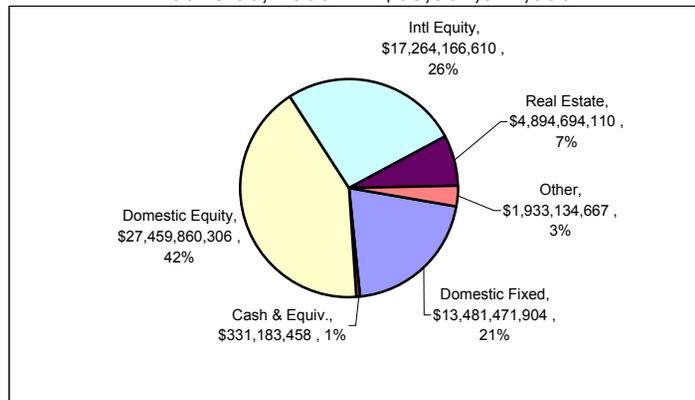
# State Teachers Retirement System

**Asset Allocation**

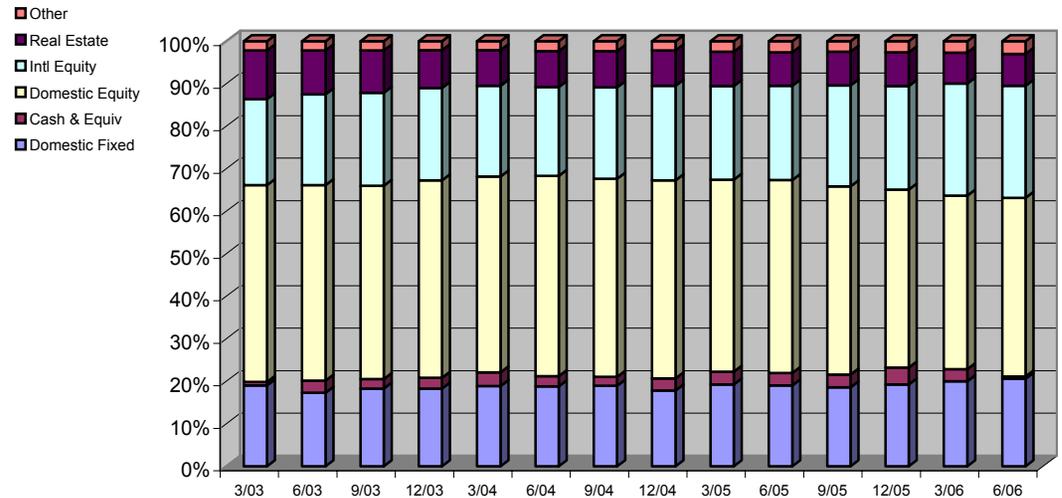
March 31, 2006 \$66,476,429,803



June 30, 2006 \$65,364,511,056



**Asset Allocation**



	3/03	6/03	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06
Domestic Fixed %	19.0	17.3	18.3	18.3	18.9	18.8	19.0	17.8	19.2	19.0	18.6	19.2	20.0	20.6
Cash & Equiv. %	0.8	2.9	2.2	2.5	3.2	2.4	2.1	2.9	3.0	3.0	3.0	4.0	2.8	0.5
Domestic Equity %	46.2	46.0	45.5	46.5	46.1	47.2	46.6	46.7	45.1	45.4	44.3	41.9	40.8	42.0
Intl Equity %	20.2	21.4	21.9	21.7	21.3	20.9	21.5	22.3	22.0	22.1	23.7	24.3	26.4	26.4
Real Estate %	11.4	10.3	9.9	8.9	8.4	8.5	8.5	8.3	8.1	7.9	8.0	8.0	7.3	7.5
Other %	2.2	2.2	2.2	2.1	2.1	2.3	2.3	2.2	2.5	2.6	2.5	2.6	2.7	3.0
Total Value (\$bil)	42.4	47.3	48.5	52.8	54.4	54.3	54.2	58.2	57.9	59.1	62.0	63.5	66.5	65.4

This is the first page devoted to the analysis of the Ohio State Teachers Retirement System's asset allocation. The chart on the left displays the fund's asset allocation over the first two quarters of 2006. The chart on the right tracks the quarterly asset allocation of the fund over the last fourteen quarters.

# State Teachers Retirement System

Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index	Mar-94	Dec-94	40.0	Standard & Poors 500
			45.0	Lehman Govt./Corp.
			9.0	STRS NCREIF Hybrid
			3.0	MSCI EAFE (Net)
			3.0	91-Day Treasury Bill
	Mar-95	Dec-95	46.0	Standard & Poors 500
			35.0	LB Aggregate
			9.0	STRS NCREIF Hybrid
			6.0	MSCI EAFE (Net)
			2.0	MSCI Em Mkts Free (Gross)
	Mar-96	Dec-96	45.0	Standard & Poors 500
			35.0	LB Aggregate
			9.0	STRS NCREIF Hybrid
			6.8	MSCI EAFE (Net)
			2.3	MSCI Em Mkts Free (Gross)
	Mar-97	Jun-97	45.0	Standard & Poors 500
34.0			LB Aggregate	
9.0			STRS NCREIF Hybrid	
6.0			MSCI EAFE (Net)	
4.0			MSCI Em Mkts Free (Gross)	
2.0	91-Day Treasury Bill			

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (Cont.)	Sep-97	Dec-97	45.0	Standard & Poors 500
			24.0	LB Aggregate
			12.0	MSCI EAFE (Net)
			9.0	STRS NCREIF Hybrid
			8.0	MSCI Em Mkts Free (Gross)
	Mar-98	Sep-98	2.0	91-Day Treasury Bill
			45.0	S&P 1500
			24.0	LB Aggregate
			12.0	MSCI EAFE 50% Hedged
			9.0	STRS NCREIF Hybrid
	Dec-98	Sep-00	8.0	MSCI Em Mkts Free (Gross)
			2.0	91-Day Treasury Bill
			45.0	S&P 1500
			24.0	LB Aggregate
			14.0	MSCI EAFE 50% Hedged
	Dec-00	Jun-02	9.0	STRS NCREIF Hybrid
6.0			MSCI Em Mkts Free (Gross)	
2.0			91-Day Treasury Bill	
45.0			S&P 1500	
25.0			Lehman Universal	
		15.0	MSCI EAFE 50% Hedged	
		9.0	STRS NCREIF Hybrid	
		5.0	MSCI Em Mkts Free (Gross)	
		1.0	91-Day Treasury Bill	

STRS' custom policy index is listed above and on the following page. Charts track the fund's change in asset allocation strategy over the past twelve and a half years.

# State Teachers Retirement System

Quarter Ending 6/30/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-02	Mar-03	45.0	S&P 1500
			23.0	Lehman Universal
			15.0	MSCI EAFE 50% Hedged
			9.0	STRS NCREIF Hybrid
			5.0	MSCI Em Mkts Free (Gross)
			2.0	Alt. Investment Actual Return
			1.0	91-Day Treasury Bill
	Jun-03	Jun-03	45.0	S&P/Russell Hybrid
			23.0	Lehman Universal
			15.0	MSCI EAFE 50% Hedged
			9.0	STRS NCREIF Hybrid
			5.0	MSCI Em Mkts Free (Gross)
			2.0	Alt. Investment Actual Return
			1.0	91-Day Treasury Bill
	Sep-03	Dec-05	45.0	Russell 3000
			23.0	Lehman Universal
15.0			MSCI World ex US 50% Hedged	
9.0			STRS NCREIF Hybrid	
5.0			MSCI Em Mkts Free (Gross)	
2.0			Alt. Investment Actual Return	
1.0			91-Day Treasury Bill	
Dec-05	Jun-06	42.0	Russell 3000	
		21.0	Lehman Universal	
		20.0	MSCI World ex US 50% Hedged	
		9.0	STRS NCREIF Hybrid	
		5.0	MSCI Em Mkts Free (Gross)	
		3.0	Alt. Investment Actual Return	
		0.0	91-Day Treasury Bill	

The current STRS policy index is listed above.

# State Teachers Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Total Fund	-1.09	4.30	13.73	14.54	7.15	8.28
Policy Index	-0.90	4.18	12.26	13.32	6.61	8.30
Domestic Equity	-2.10	3.22	10.14	12.61	3.37	7.65
Domestic Equity Segment Median	-2.39	3.46	10.67	13.96	4.97	9.41
Wilshire 5000	-1.96	3.37	9.92	12.98	4.02	8.48
International Equity	-2.48	7.66	29.23	26.80	12.33	7.45
International Equity Segment Median	-0.31	9.19	26.96	24.40	11.64	8.66
MSCI EAFE	0.70	10.16	26.56	23.94	10.02	6.39
Fixed Income	-0.14	-0.46	0.04	2.96	5.85	7.14
Fixed Income Segment Median	-0.01	-0.34	-0.20	2.66	5.51	6.48
LB Aggregate	-0.08	-0.72	-0.81	2.05	4.97	6.22
Cash	1.19	2.27	4.16	2.48	2.26	3.98
Real Estate	3.78	9.95	27.23	22.13	15.00	14.01
NCREIF	4.01	7.78	18.67	15.79	12.00	12.41
Alternative	4.76	9.50	17.51	19.50	5.51	5.90

Over the trailing ten-year period, the fund is underperforming its policy index by 2 basis points. This is primarily due to weaker relative underperformance in domestic equity, which lagged the Wilshire 5000 index by 83 basis points. However, the stronger relative outperformance in international equity, fixed income and real estate contributed to overall performance over the same time period. Over the more recent one-year period, the fund outperformed its policy index by 147 basis points, as stronger relative performance was recognized across all asset classes.

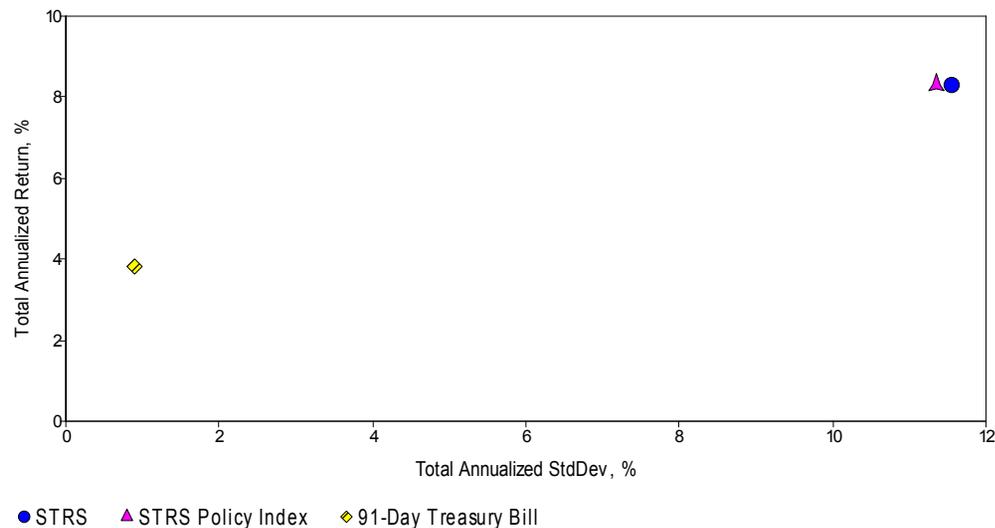
# State Teachers Retirement System

## Performance Overview

Returns for Period Ending June 30, 2006

Performance vs. Risk

7/96 - 6/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
STRS	8.28	11.55	4.92	0.42
STRS Policy Index	8.30	11.36	4.91	0.43
91-Day Treasury Bill	3.81	0.90	0.00	NA

The chart above illustrates that on a risk-adjusted basis, the fund has fallen short of the risk-adjusted return of the policy index over the last ten-year period by 2 basis points.

# State Teachers Retirement System

## Asset Allocation Actual vs. Benchmark December 31, 2005

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	41.9%	Russell 3000	45.0%	-3.1%
Fixed Income	19.2%	Lehman Universal	23.0%	-3.8%
Intl. Equity	24.3%	Intl. Hybrid Benchmark	20.0%	4.3%
Real Estate	8.0%	NCREIF Hybrid	9.0%	-1.0%
Venture Capital	2.6%	Alt. Inv. Actual Return	2.0%	0.6%
Short Term	4.0%	3 Month T-Bill	1.0%	3.0%

## June 30, 2006

---

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	42.0%	Russell 3000	42.0%	0.0%
Fixed Income	20.6%	Lehman Universal	21.0%	-0.4%
Intl. Equity	26.4%	Intl. Hybrid Benchmark	25.0%	1.4%
Real Estate	7.5%	NCREIF Hybrid	9.0%	-1.5%
Venture Capital	3.0%	Alt. Inv. Actual Return	3.0%	0.0%
Short Term	0.5%	3 Month T-Bill	0.0%	0.5%

As of the end of the second quarter, STRS was overweight in international equity and cash, while being underweight in fixed income and real estate.

# Appendix 1.1: ORSC Performance Attribution

The following exhibits provide an analysis of the impact of asset allocation and active management for the past eight years – the time period in which all five funds have been operating under “prudent person” standards. The three data points for each quarter are the allocation index return, the policy index return, and the total fund return. The quarterly asset allocation attribution is the result of deviation in asset allocation from the policy index. In order to accomplish this, an allocation index is created. The allocation index for a particular quarter is created by averaging the weight of a particular asset class at the beginning of the quarter and at the end of a quarter. The resulting average is then multiplied by the return of the market index that has been assigned to that asset class in the policy statement. The product of the allocation weight times the index return is the allocation index return for that asset class. This method is used for each asset class and the results of each asset class are then added together to create the allocation index return for the portfolio.

Here is an example:

## HPRS Allocation Index

<b>Asset Class</b>	<b>Quarter One Weight</b>	<b>Quarter Two Weight</b>	<b>Average Weight</b>	<b>Market Index Return</b>	<b>Avg Wght * Mkt Idx Ret</b>
Large Cap	29.22%	31.09%	30.16%	8.45%	2.548%
Small/Mid Cap	16.07%	16.55%	16.31%	6.64%	1.083%
Fixed Income	28.45%	24.91%	26.68%	1.57%	0.419%
Intl. Equity	9.05%	11.00%	10.03%	6.45%	0.647%
Real Estate	16.89%	15.51%	16.20%	1.59%	0.258%
Cash	0.30%	0.93%	0.62%	0.43%	0.003%
<b>Allocation Index Return</b>					<b>4.96%</b>

The policy index return is then subtracted from the allocation index return in order to determine the value added or subtracted by deviations in the funds’ asset allocation from the policy index.

The next step is to determine the value added or subtracted by active management. The allocation index return is subtracted from the total fund return in order to determine value added or subtracted. Finally, the total attribution is calculated by subtracting the policy index from the total fund return. The result is the total value added or subtracted by the combination of asset allocation and active management.

The lines on the graphs represent the cumulative effect of each quarterly attribution number. The endpoint is the total value added or subtracted from the fund’s return for the past five years. The data points on the graph have not been annualized. The table below each graph provides a one-, three-, and five-year annualized representation of the attribution of each fund.

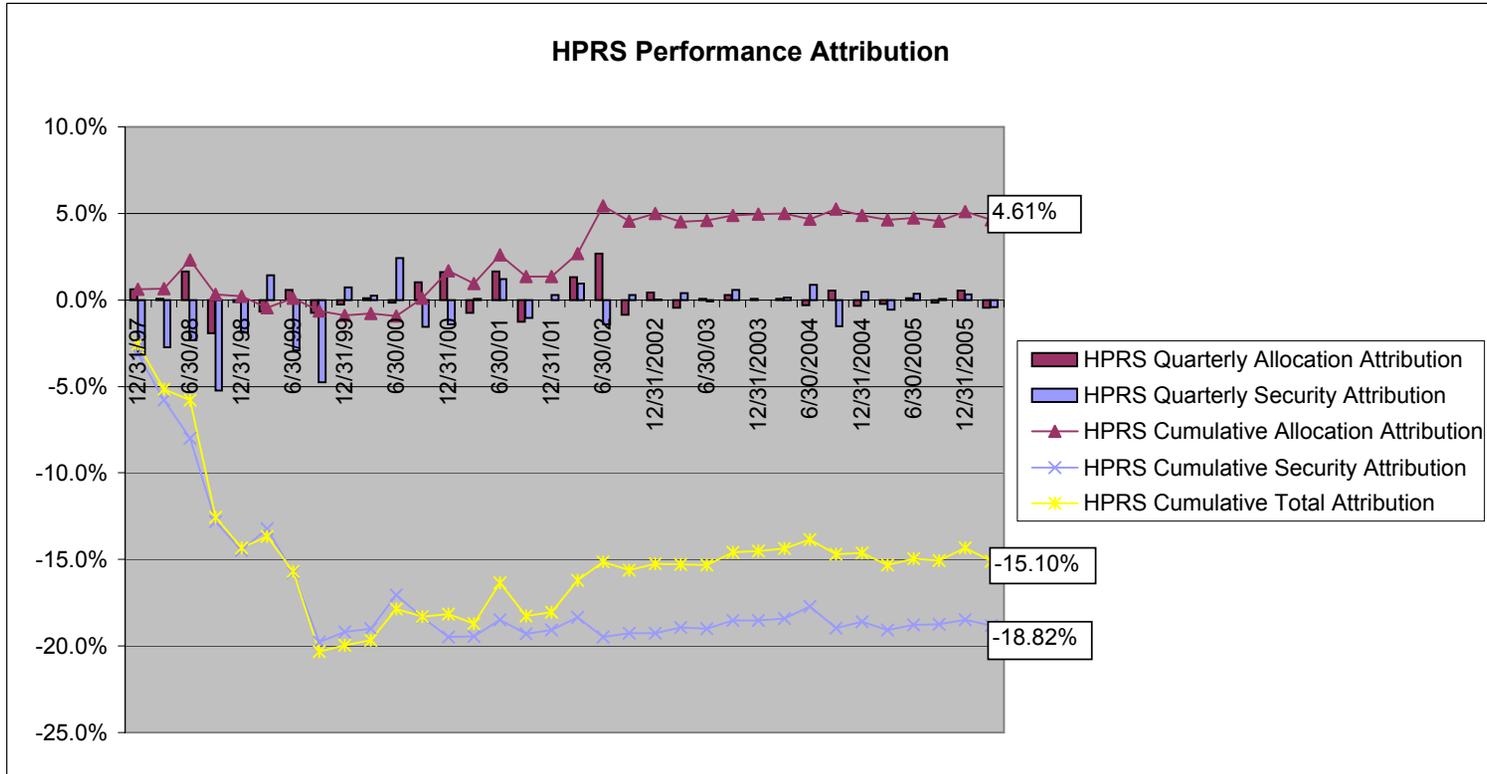
## Appendix 1.2: ORSC Performance Attribution

The analysis shows that SERS and STRS achieved positive total attribution results over the past eight years. SERS exhibited the strongest total attribution result, while HPRS posted the weakest total attribution result for the trailing eight-year period. From an asset allocation perspective, all funds except PERS benefited for the same time period. The analysis also illustrates that active management of its investment managers has detracted from total performance for all funds except STRS and SERS over the past eight years.

### Breakdown of Attribution Results - Last 8 Years

	<b>Asset Attribution</b>	<b>Selection Attribution</b>	<b>Total Attribution</b>
<b>HPRS</b>	0.48%	-1.84%	-1.37%
<b>PERS</b>	-0.21%	-0.12%	-0.32%
<b>OP&amp;F</b>	0.07%	-0.29%	-0.22%
<b>SERS</b>	0.39%	0.05%	0.45%
<b>STRS</b>	0.01%	0.24%	0.26%

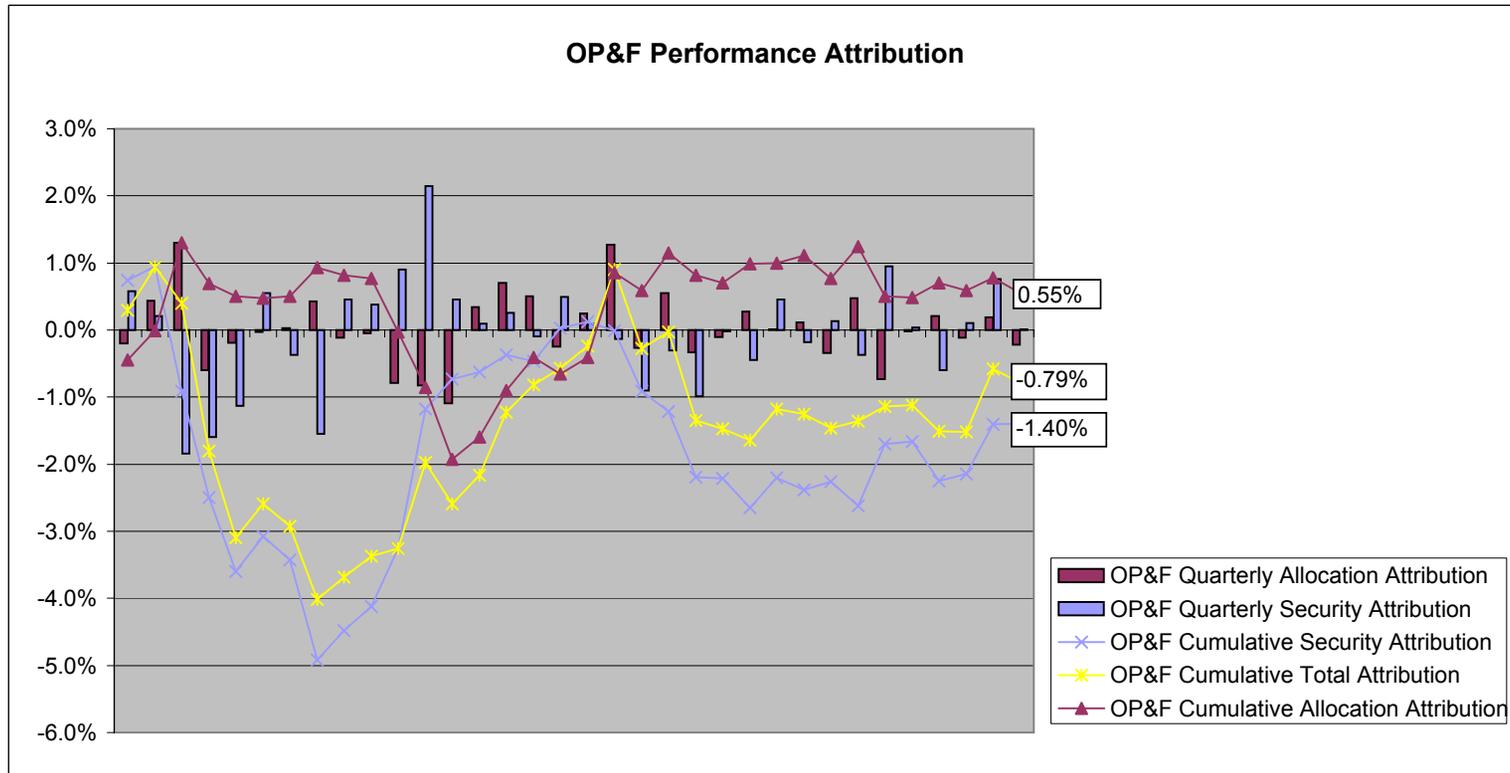
# Appendix 1.3: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	-0.019%	0.032%	0.717%	0.483%
Security Selection Attribution	0.284%	0.045%	0.152%	-1.843%
Total Attribution	0.262%	0.079%	0.870%	-1.374%

The graph above provides eight-year attribution analysis for the Highway Patrol Retirement System. The bars represent the value added to (or subtracted from) the portfolio each quarter from the fund's asset allocation decisions - decisions to be under or overweight in a particular asset class versus the policy target. The blue bars represent the value added to (or subtracted from) the portfolio from active portfolio management. The red line is a cumulative measure of the value added to (or subtracted from) the portfolio from asset allocation strategies over the eight years (+4.61%). The blue line represents the cumulative measure of the value added to (or subtracted from) the portfolio from active management over the past eight years (-18.82%). The yellow line represents the total value added to (or subtracted by) a combination of asset allocation strategies and active portfolio management (-15.10%). The above graph demonstrates that over the past eight years, HPRS' asset allocation strategy has added 4.61% to the return of the fund, while over the same period, the active management of their investment managers has subtracted 18.81% from the fund's performance. The cumulative effect of active management and asset allocation has subtracted 15.10% from the fund's performance over the past eight years, however the fund has added value over three- and five-year periods.

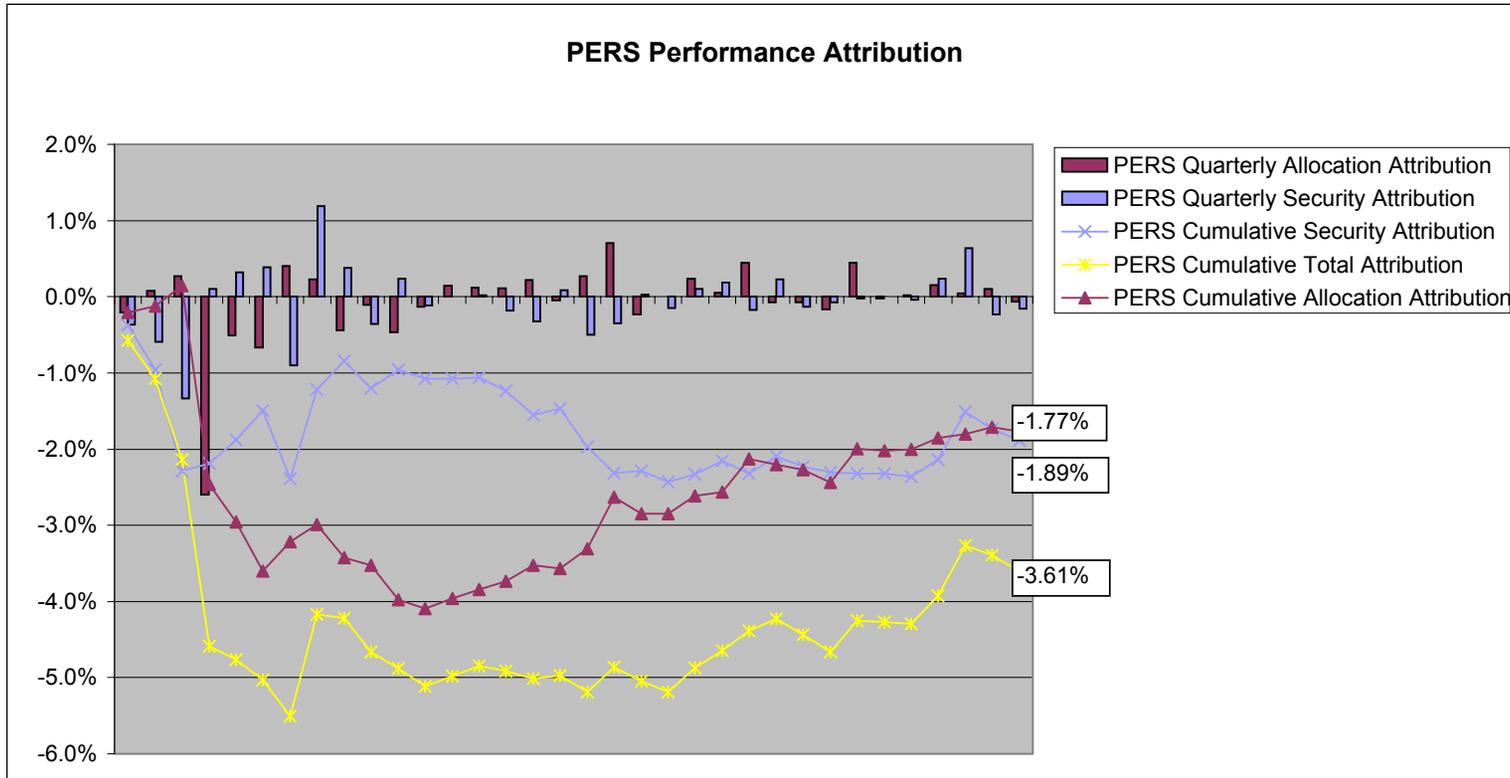
## Appendix 1.4: ORSC Performance Attribution



<b>Annualized Attribution</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Eight Years</b>
Asset Allocation Attribution	0.068%	-0.086%	0.433%	0.070%
Security Selection Attribution	0.267%	0.271%	-0.155%	-0.293%
Total Attribution	0.335%	0.188%	0.279%	-0.216%

The graph above shows that for the eight-year period, OP&F's active management of the fund's investment managers detracted from overall performance, while asset allocation decisions contributed to overall performance for the same period. OP&F has exhibited positive total attribution results for one-, three- and five-year periods.

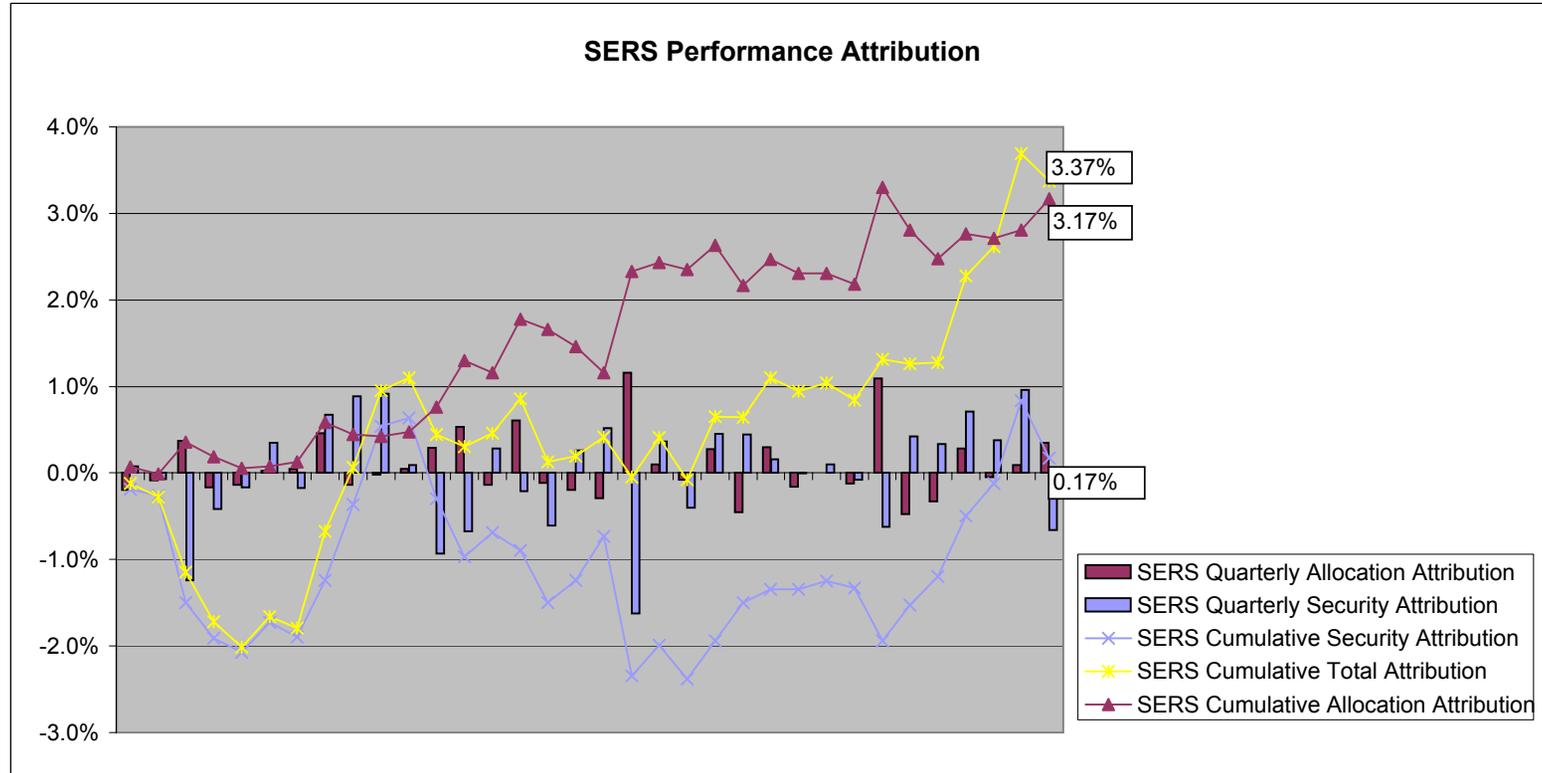
# Appendix 1.5: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	0.235%	0.288%	0.427%	-0.208%
Security Selection Attribution	0.482%	0.151%	-0.169%	-0.118%
Total Attribution	0.718%	0.440%	0.259%	-0.323%

The above graph shows that both asset allocation and manager selection decisions negatively impacted total performance over the eight-year period. For the trailing one-, three- and five-year periods, PERS' asset allocation decision contributed to overall performance.

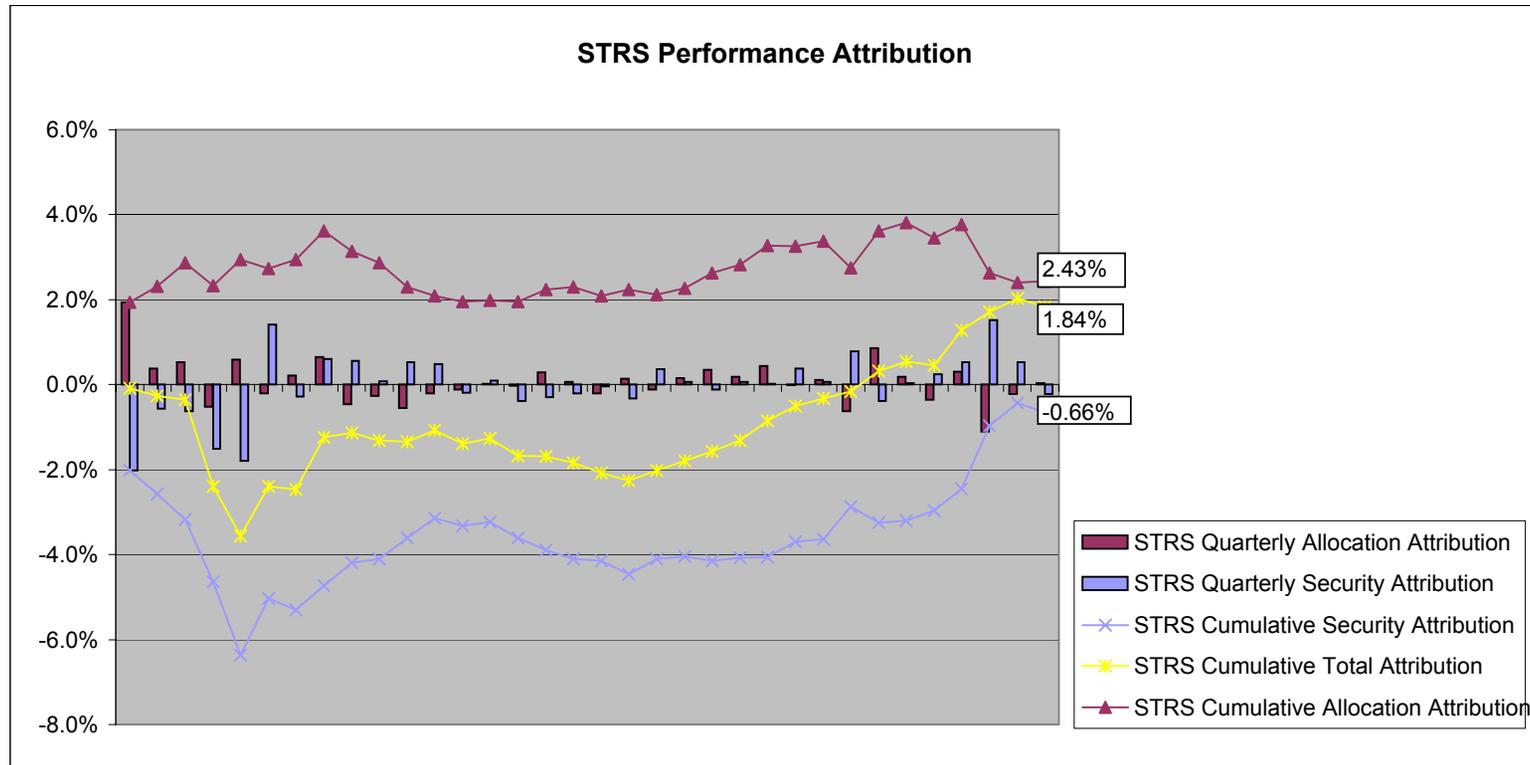
## Appendix 1.6: ORSC Performance Attribution



<b>Annualized Attribution</b>	<b>One Year</b>	<b>Three Years</b>	<b>Five Years</b>	<b>Eight Years</b>
Asset Allocation Attribution	0.678%	0.175%	0.394%	0.392%
Security Selection Attribution	1.383%	0.712%	0.172%	0.054%
Total Attribution	2.070%	0.892%	0.573%	0.450%

The graph above shows that SERS has benefited more from asset allocation decisions over the trailing five- and eight-year periods, but active management of their investment managers over the trailing one- and three-year periods has added more value to total attribution. SERS has exhibited positive total attribution results for all time periods.

# Appendix 1.7: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	-0.991%	-0.066%	0.088%	0.014%
Security Selection Attribution	2.382%	1.198%	0.529%	0.243%
Total Attribution	1.384%	1.140%	0.622%	0.262%

The graph above shows that STRS has added most value through active management of their investment managers over the past eight years. STRS posted positive total attribution results for all time periods, which was mostly due to their manager selection.

## Appendix 2.1 - Ohio Retirement Systems Asset Allocation Comparison Analysis

### Comparison of Asset Allocation versus Russell Total Public Fund Universe

	U.S. Equity	Fixed Income	Non-U.S. Equity	Real Estate	Alternatives	Cash
PERS (DB) - ACTUAL	44.85%	23.97%	20.51%	7.28%	1.64%	1.66%
PERS (DB) - TARGET	45.60%	24.70%	20.00%	7.30%	1.40%	1.00%
STRS - ACTUAL	42.01%	20.62%	26.41%	7.49%	2.96%	0.51%
STRS - TARGET	42.00%	21.00%	25.00%	9.00%	3.00%	0.00%
OP&F - ACTUAL	47.27%	23.19%	21.63%	4.80%	2.32%	0.79%
OP&F - TARGET	46.00%	23.00%	20.00%	8.00%	3.00%	0.00%
SERS - ACTUAL	45.22%	21.01%	19.47%	11.19%	2.61%	0.50%
SERS - TARGET	46.00%	23.00%	16.00%	10.00%	3.00%	2.00%
HPRS - ACTUAL	56.47%	20.70%	17.27%	5.38%	0.00%	0.18%
HPRS - TARGET	48.00%	25.00%	15.00%	12.00%	0.00%	0.00%
Maximum	67.07%	91.88%	31.36%	12.57%	14.31%	10.84%
5th	56.44%	50.27%	27.31%	12.22%	11.41%	7.40%
25th	48.28%	34.29%	21.43%	8.47%	9.33%	3.74%
Median	40.74%	28.66%	17.55%	6.60%	4.99%	1.81%
75th	35.55%	22.92%	15.17%	4.58%	2.99%	0.00%
95th	22.41%	17.05%	9.24%	0.00%	1.87%	0.00%
Minimum	14.03%	13.17%	4.49%	0.00%	1.36%	0.00%

Note:

Report is based upon plans that have submitted asset class data greater than 70% of the total market value.

Fifty-four institutions represented the universe run.

PERS (DB) fixed income allocation is comprised of 23.90% in fixed income and 0.07% in stable value. Additionally, an allocation of 0.09% to opportunistic equity was not included.

Source: Russell Trust Universe Quarter Ended June 30, 2006

## Appendix - Ohio Retirement Systems Asset Allocation Comparison Analysis

### Comparison of Asset Allocation versus Russell Billion Dollar Public Fund Universe

	U.S. Equity	Fixed Income	Non-U.S. Equity	Real Estate	Alternatives	Cash
PERS (DB) - ACTUAL	44.85%	23.97%	20.51%	7.28%	1.64%	1.66%
PERS (DB) - TARGET	45.60%	24.70%	20.00%	7.30%	1.40%	1.00%
STRS - ACTUAL	42.01%	20.62%	26.41%	7.49%	2.96%	0.51%
STRS - TARGET	42.00%	21.00%	25.00%	9.00%	3.00%	0.00%
OP&F - ACTUAL	47.27%	23.19%	21.63%	4.80%	2.32%	0.79%
OP&F - TARGET	46.00%	23.00%	20.00%	8.00%	3.00%	0.00%
SERS - ACTUAL	45.22%	21.01%	19.47%	11.19%	2.61%	0.50%
SERS - TARGET	46.00%	23.00%	16.00%	10.00%	3.00%	2.00%
HPRS - ACTUAL	56.47%	20.70%	17.27%	5.38%	0.00%	0.18%
HPRS - TARGET	48.00%	25.00%	15.00%	12.00%	0.00%	0.00%
Maximum	59.43%	91.88%	30.89%	9.47%	14.31%	10.84%
5th	55.75%	46.85%	27.27%	9.31%	11.87%	8.87%
25th	47.17%	49.62%	21.93%	6.86%	7.19%	4.16%
Median	41.05%	25.59%	18.49%	4.93%	4.60%	1.68%
75th	35.11%	22.24%	15.74%	3.23%	2.98%	0.66%
95th	26.08%	16.86%	13.80%	0.00%	1.79%	0.00%
Minimum	14.03%	13.17%	8.53%	0.00%	1.36%	0.00%

Note:

Report is based upon plans that have submitted asset class data greater than 70% of the total market value.

Thirty-seven institutions represented the universe run.

HPRS total assets for period ended June 30, 2006 was \$733,556,526.

PERS (DB) fixed income allocation is comprised of 23.90% in fixed income and 0.07% in stable value. Additionally, an allocation of 0.09% to opportunistic equity was not included.

Source: Russell Trust Universe Quarter Ended June 30, 2006

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