

EXECUTIVE SUMMARY



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OHIO RETIREMENT STUDY COUNCIL

Comparative Performance Study

Period ending 12/31/2006

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 sixteenth 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 December 31, 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 December 31, 2006, the systems experienced solid performance results, due primarily to strong equity market returns. The range of returns for the six months goes from a low of 8.89% (PERS HC) to a high of 12.06% (STRS). Given PERS HC appropriately higher allocation to fixed income it is expected that these results would trail the others in a rising equity market. The five retirement plans returns ranged from 9.83% (HPRS) to STRS 12.06%.
- Three of the systems lagged their respective policies for the six-month period, one matched the policy return and two outperformed. The two outperformers were STRS and PERS DB. These two outperformed by 88 and 11 basis points respectively. PERS HC matched their benchmark. OP&F had the largest lag of 32 basis points, HPRS trailed 20 basis points behind their index and SERS lagged by 8 basis points. On a calendar year basis four of the systems outperformed their benchmarks, with STRS generating the largest outperformance at 104 basis points. The two laggards were HPRS (32 basis points behind) and PERS DB (trailing by 29 basis points).
- From a universe comparison perspective, all systems with the exception of HPRS ranked above the median public retirement system in a broad universe of such funds (the Mellon All Public Fund Universe) for six months ending December 31, 2006.

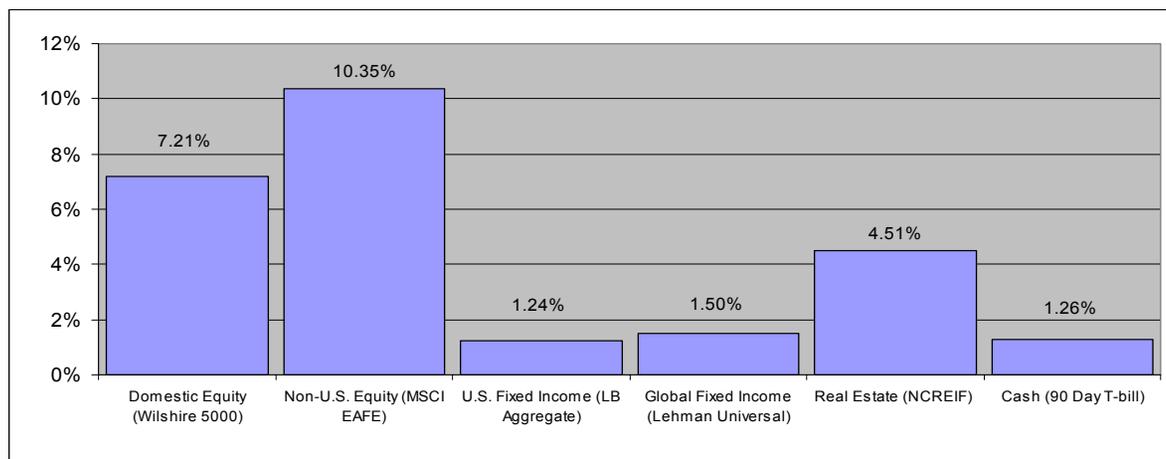
The top-performing fund for the six months was STRS (top percentile). The other funds ranged from the 12th percentile (PERS DB) to the 56th percentile (HPRS).

- For the calendar year 2006, all of the systems with the exception of HPRS were above median versus the Mellon All Public Fund Total Fund universe. HPRS ranked just below median at the 52nd percentile; STRS was the leader ranking in the 4th percentile.
- Over the trailing three-year period, only HPRS has underperformed its policy benchmark, by 27 basis points: 11.27% vs. 11.54%. STRS has the strongest annualized three-year return of 14.05%, ahead their benchmarks by 127 basis points. It is worth noting that STRS has the highest equity allocation in their benchmark (67.0%) which includes the highest allocation to international equities (25.0%). Their policy allocation to fixed income is also the lowest of the group at 20.5%. The strong performance of equities, and especially international equities has been beneficial to the plan. For the three-year period PERS DB (+12.23%), SERS (+12.59%) and OP&F (+12.74%) have returns that are tightly clustered; all three have outperformed their benchmark for the period.
- Relative to the Mellon All Public Fund universe, four of the five systems are above median for three years with HPRS the exception (63rd percentile). STRS has the best relative performance (6th percentile), Followed by OP&F (23rd), SERS (26th), and PERS DB (41st).
- For the trailing five-year period, all systems have outperformed their respective policy benchmarks. STRS (+10.24%) and OP&F (+10.04%) ranked in the second quartile, while PERS DB (+9.61%) performed at the median of the Mellon All Public Total Fund Universe. HPRS (+9.53%, third quartile) and SERS (9.18%, third quartile) had the weakest relative returns. The fact that all systems beat their benchmark is noteworthy.
- Over the trailing ten-year period, OP&F, PERS DB, SERS and STRS are exceeding their actuarial interest rate. HPRS has lagged their actuarial rate. In comparison to the systems' respective policy benchmarks over the past ten years, SERS and STRS outperformed, OP&F effectively matched their benchmark while HPRS and PERS DB trailed for the 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. The obvious exception is PERS HC. It is important to note that they have a lower actuarial interest rate target than the others, at 6.5%. The retirement plans all have actuarial return assumptions of 8.00% to 8.25%. As a result, PERS HC has a lower equity and higher fixed income allocation than the retirement plans. This similarity in policy makes comparing one system's results to the other a more meaningful exercise over the more recent time periods. There were still some important differences in target allocations in the 1990's which impact the longer term return series.

- Appendix 2.1 and 2.2 at the end of this report compares the current and target asset allocation of each of the systems two public fund universes, the total universe of public funds and the universe of public funds in excess of \$1 billion. 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 total public fund median plan's allocation to domestic equity (39.91%) in the Mellon Total Public Fund Universe. The same is true of the public funds over \$1 billion universe. It is noteworthy that the median universe allocation to domestic equities has dropped by almost 1% over the past six months.
 2. The systems' actual and target asset allocation to fixed income fall below the total public fund median plan's exposure to fixed income (26.21%). This median is down by almost 1.5% in the six months since our last report.
 3. There is a 20.30% allocation to international equity amongst the total public fund universe. HPRS is below that both in actual (11.36%) and target (15.00%) allocation. All other systems have an actual allocation higher than the median. SERS and HPRS were two exceptions, as they set their international equity target allocations to 16.00% and 15.00%, respectively.
 4. All five of the retirement systems' asset allocation targets to real estate rank above the median plan's allocation to real estate (6.02%), and four of the five have an actual allocation above median. OP&F is the exception, with an actual allocation of 4.44% versus a target of 8.00%. SERS has the largest actual real estate allocation at 9.93% and the largest target allocation of 10.00%.
 5. There is a 5.44% allocation to alternative investments amongst the total public fund universe. HPRS has the largest actual (9.16%) and target (10.00%) allocation. All other systems have actual allocations ranging between 1.97% and 2.98%.

Market Environment

The fourth quarter produced positive investment results for the six major asset classes. The best return was achieved by non-U.S. equity (+10.35%) followed by U.S. equity (+7.21%), real estate (+4.51%), non-U.S. fixed income (+1.50%), cash (+1.26%) and U.S. fixed income (+1.24%).



Median Fund Returns

The median fund in the Mellon public fund database gained 5.94% in the fourth quarter and returned +14.46% for 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 +4.80% for the fourth quarter and +11.12% for 2006, falling shy of the median fund return in the Mellon public fund database.

Universe Medians Performance Summary Periods Ending December 31, 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>
Fund Sponsor						
Public Fund Universe	5.94%	10.07%	14.46%	11.92%	9.62%	9.05%
Corporate DB Universe	5.71%	9.81%	13.22%	10.95%	8.74%	8.82%
Education Eleemosynary Universe	6.24%	9.94%	14.89%	12.43%	9.88%	9.75%
Taft-Hartley Universe	5.56%	9.20%	12.25%	10.86%	8.60%	8.70%
All Fund Universe	5.80%	9.81%	13.61%	11.18%	8.96%	9.02%
60% Wilshire 5000 / 40% LB Aggregate	4.80%	9.21%	11.12%	8.39%	6.84%	8.05%

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

	US Equity	Intl Equity	Fixed Income	Private / Public Real Estate	Alternative Investment	Cash
PERS (DB)	45.20%	20.00%	25.40%	6.60%	1.80%	1.00%
PERS (HC)	32.50%	16.00%	46.70%	4.80%	0.00%	0.00%
STRS	42.00%	25.00%	20.50%	9.50%	3.00%	0.00%
OP&F	46.00%	20.00%	23.00%	8.00%	3.00%	0.00%
SERS	46.00%	16.00%	23.00%	10.00%	3.00%	2.00%
HPRS	44.00%	15.00%	22.00%	9.00%	10.00%	0.00%

Note: PERS instituted separate policy target allocations for their defined benefit and health care plans in January 2005. An allocation of 46.7% to total fixed income in the Health Care Plan consists of 16.0% (fixed income), 13.2% short duration and 17.5% (TIPS). The Defined Benefit Plan real estate allocation is comprised of 5.6% private real estate and 1.0% REITS.

- 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 67.0% (STRS) to 48.5% (PERS HC). 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 Health Care plan has a target allocation of 4.8% 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.

Total Fund Return vs. Policy Benchmark						
Fund		<u>One Quarter</u>	<u>Two Quarters</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>
PERS (DB)						
	Actual	6.50%	10.87%	15.02%	12.23%	9.61%
	Policy	6.30%	10.76%	15.31%	11.92%	9.30%
	Difference	0.20%	0.11%	-0.29%	0.31%	0.31%
PERS (HC)						
	Actual	4.70%	8.89%	12.75%	N/A	N/A
	Policy	4.60%	8.89%	12.59%	N/A	N/A
	Difference	0.10%	0.00%	0.16%	N/A	N/A
STRS						
	Actual	6.86%	12.06%	16.88%	14.05%	10.24%
	Policy	6.58%	11.18%	15.84%	12.78%	9.41%
	Difference	0.28%	0.88%	1.04%	1.27%	0.83%
OP&F						
	Actual	6.37%	10.41%	16.15%	12.74%	10.04%
	Policy	6.52%	10.73%	15.68%	12.47%	9.98%
	Difference	-0.15%	-0.32%	0.47%	0.27%	0.06%
SERS						
	Actual	6.40%	10.37%	15.37%	12.59%	9.18%
	Policy	5.92%	10.45%	14.67%	11.83%	8.58%
	Difference	0.48%	-0.08%	0.70%	0.76%	0.60%
HPRS						
	Actual	6.24%	9.83%	14.32%	11.27%	9.53%
	Policy	5.93%	10.03%	14.64%	11.54%	9.28%
	Difference	0.31%	-0.20%	-0.32%	-0.27%	0.25%

All returns are for periods ending 12/31/2006. Returns for periods longer than one year are annualized.

- PERS: The fourth quarter return for the total fund outperformed its policy index by 0.20% yet underperformed by 0.29% in 2006. Over the trailing three- and five-year periods, the total fund outperformed its policy index by 31 basis points for both time periods.
- STRS: The fourth quarter return for the total fund outperformed its policy index by 0.28% and by 1.04% in 2006. Over the trailing three- and five-year periods, the total fund has outperformed its policy index by 127 basis points and 83 basis points, respectively.
- OP&F: OP&F underperformed its policy index by 0.15% during the fourth quarter but outpaced the policy by 0.47% in 2006. The total fund has outperformed its policy index over the trailing three- and five-year periods by 27 basis points and 6 basis points, respectively.
- SERS: The total fund outperformed its policy index by 0.48% in the fourth quarter and by 0.70% in 2006. The fund has outperformed its policy index over the trailing three- and five-year periods by 76 basis points and 60 basis points, respectively.
- HPRS: The total fund outperformed its policy index during the fourth quarter by 0.31% yet underperformed by 0.32% in 2006. For the longer term trailing three year period, the total fund underperformed its policy index by 27 basis points, while the trailing five year period exceeded the policy index by 25 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>	
PERS (DB)						
Actual	6.90%	11.71%	14.86%	11.16%	7.20%	
Policy	7.10%	12.13%	15.76%	11.22%	7.18%	
Difference	-0.20%	-0.42%	-0.90%	-0.06%	0.02%	
PERS (HC)						
Actual	6.90%	11.71%	14.86%	N/A	N/A	
Policy	7.10%	12.13%	15.76%	N/A	N/A	
Difference	-0.20%	-0.42%	-0.90%	N/A	N/A	
STRS						
Actual	7.35%	12.59%	16.21%	11.52%	7.04%	
Policy	7.12%	12.09%	15.71%	11.19%	7.08%	
Difference	0.23%	0.50%	0.50%	0.33%	-0.04%	
OP&F						
Actual	6.93%	11.00%	14.81%	11.78%	7.80%	
Policy	7.20%	11.99%	15.77%	11.48%	7.61%	
Difference	-0.27%	-0.99%	-0.96%	0.30%	0.19%	
SERS						
Actual	7.08%	10.73%	14.54%	11.00%	7.20%	
Policy	7.12%	12.09%	15.71%	11.19%	7.17%	
Difference	-0.04%	-1.36%	-1.17%	-0.19%	0.03%	
HPRS						
Actual	7.39%	10.77%	15.59%	12.19%	9.55%	
Policy	7.36%	11.59%	16.00%	11.69%	8.21%	
Difference	0.03%	-0.82%	-0.41%	0.50%	1.34%	

All returns are for periods ending 12/31/2006. Returns for periods longer than one year are annualized.

Domestic equity returns were positive for the fourth quarter. All of the funds experienced strong gains in domestic equity during the fourth quarter. HPRS generated the best return (+7.39%) on an absolute basis, while STRS produced the best return (+7.35%) on a relative basis for the quarter. On an absolute and relative basis for 2006, STRS had the best result with a positive 16.21% return, which exceeded its equity benchmark by 50 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>	
PERS (DB)						
Actual	1.70%	5.67%	5.28%	4.76%	5.91%	
Policy	1.50%	5.46%	4.97%	4.21%	5.64%	
Difference	0.20%	0.21%	0.31%	0.55%	0.27%	
PERS (HC)						
Actual	1.70%	5.67%	5.28%	N/A	N/A	
Policy	1.50%	5.46%	4.98%	N/A	N/A	
Difference	0.20%	0.21%	0.30%	N/A	N/A	
STRS						
Actual	1.52%	5.71%	5.23%	4.43%	5.98%	
Policy	1.50%	5.45%	4.96%	4.21%	5.63%	
Difference	0.02%	0.26%	0.27%	0.22%	0.35%	
OP&F						
Actual	1.74%	5.43%	5.54%	5.45%	6.80%	
Policy	1.24%	5.10%	4.34%	3.70%	5.06%	
Difference	0.50%	0.33%	1.20%	1.75%	1.74%	
SERS						
Actual	1.62%	5.50%	5.52%	4.38%	5.83%	
Policy	1.24%	5.10%	4.33%	3.70%	5.06%	
Difference	0.38%	0.40%	1.19%	0.68%	0.77%	
HPRS						
Actual	1.71%	5.72%	5.78%	5.16%	6.56%	
Policy	1.23%	5.08%	4.31%	3.69%	5.05%	
Difference	0.48%	0.64%	1.47%	1.47%	1.51%	

All returns are for periods ending 12/31/2006. Returns for periods longer than one year are annualized.

Fixed income returns were positive for all of the funds for the fourth quarter. OP&F had the best fourth quarter return (+1.74%) followed by HPRS (+1.71%). In 2006, HPRS posted the strongest result (+5.78%) on an absolute and relative basis, followed by OP&F (+5.54%). 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>	
PERS (DB)						
Actual	11.60%	15.62%	26.78%	21.96%	16.88%	
Policy	11.20%	15.54%	26.72%	21.35%	16.44%	
Difference	0.40%	0.08%	0.06%	0.61%	0.44%	
PERS (HC)						
Actual	11.60%	15.73%	26.91%	N/A	N/A	
Policy	11.20%	15.54%	26.72%	N/A	N/A	
Difference	0.40%	0.19%	0.19%	N/A	N/A	
STRS						
Actual	11.18%	16.11%	25.01%	23.72%	17.62%	
Policy	10.73%	15.89%	24.52%	22.71%	15.40%	
Difference	0.45%	0.22%	0.49%	1.01%	2.22%	
OP&F						
Actual	10.53%	15.11%	28.23%	21.42%	15.94%	
Policy	11.16%	15.47%	26.65%	21.33%	16.43%	
Difference	-0.63%	-0.36%	1.58%	0.09%	-0.49%	
SERS						
Actual	11.54%	16.29%	25.88%	23.75%	15.45%	
Policy	10.29%	15.46%	24.34%	21.83%	13.85%	
Difference	1.25%	0.83%	1.54%	1.92%	1.60%	
HPRS						
Actual	9.40%	13.45%	24.90%	18.60%	12.99%	
Policy	10.41%	14.80%	26.48%	19.97%	15.00%	
Difference	-1.01%	-1.35%	-1.58%	-1.37%	-2.01%	

All returns are for periods ending 12/31/2006. Returns for periods longer than one year are annualized.

All of the funds experienced strong gains in international equity during the fourth quarter. Both PERS plans (+11.60%) had the best absolute result, followed by SERS (+11.54%), STRS (+11.18%), OP&F (+10.53%) and HPRS (+9.40%). In 2006, OP&F (+28.23%) led all plans with the best absolute and relative result. SERS had the best absolute and relative results for the trailing three-year period (+23.75%), and STRS led all plans on an absolute and relative basis for the trailing five-year period (+17.62%).

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>
PERS (DB)						
	Actual	6.30%	10.87%	17.23%	N/A	N/A
	Policy	4.50%	8.16%	16.57%	N/A	N/A
	Difference	1.80%	2.71%	0.66%	N/A	N/A
PERS (DB) "Public Markets Only"						
	Actual	9.90%	19.90%	37.18%	N/A	N/A
	Policy	9.10%	19.14%	35.90%	N/A	N/A
	Difference	0.80%	0.76%	1.28%	N/A	N/A
PERS (HC) "Public Markets Only"						
	Actual	9.90%	19.90%	37.18%	N/A	N/A
	Policy	9.10%	19.14%	35.90%	N/A	N/A
	Difference	0.80%	0.76%	1.28%	N/A	N/A
STRS						
	Actual	7.09%	18.91%	30.75%	27.19%	18.47%
	Policy	5.16%	9.17%	18.24%	17.92%	14.14%
	Difference	1.93%	9.74%	12.51%	9.27%	4.33%
OP&F						
	Actual	6.47%	9.82%	26.61%	21.99%	16.76%
	Policy	4.51%	8.18%	16.59%	17.02%	12.56%
	Difference	1.96%	1.64%	10.02%	4.97%	4.20%
SERS						
	Actual	3.51%	8.03%	19.84%	18.66%	13.70%
	Policy	4.70%	10.01%	21.07%	18.43%	14.21%
	Difference	-1.19%	-1.98%	-1.23%	0.23%	-0.51%
HPRS						
	Actual	8.34%	11.48%	11.34%	12.01%	9.47%
	Policy	4.51%	8.18%	16.59%	17.02%	13.27%
	Difference	3.83%	3.30%	-5.25%	-5.01%	-3.80%

All returns are for periods ending 12/31/2006. Returns for periods longer than one year are annualized.

For the private real estate returns during the fourth quarter, HPRS achieved the strongest absolute return by posting a gain of 8.34%, followed by STRS (+7.09%), OP&F (+6.47%), PERS DB (+6.30%) and SERS (+3.51%). In 2006, STRS led all plans with the best absolute return (+30.75%) followed by OP&F (+26.61%), SERS (+19.84%), PERS DB (+17.23%) and HPRS (+11.34%). STRS led all plans over the trailing three- and five-year periods. 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. The REIT portfolios for the PERS DB and PERS HC plans advanced 9.90% for the fourth quarter and 37.18% for the full year.

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>
PERS (DB)						
	Actual	4.70%	7.32%	15.48%	23.56%	15.62%
	Policy	5.40%	4.14%	13.57%	16.41%	11.01%
	Difference	-0.70%	3.18%	1.91%	7.15%	4.61%
PERS (HC)						
	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
STRS						
	Actual	4.53%	6.02%	16.09%	19.13%	8.20%
	Policy	4.53%	6.02%	16.09%	19.13%	N/A
	Difference	0.00%	0.00%	0.00%	0.00%	N/A
OP&F						
	Actual	2.65%	6.74%	17.44%	16.84%	1.66%
	Policy	5.72%	4.97%	15.39%	18.25%	13.63%
	Difference	-3.07%	1.77%	2.05%	-1.41%	-11.97%
SERS						
	Actual	4.46%	6.50%	12.87%	14.98%	3.45%
	Policy	7.71%	6.97%	13.80%	15.30%	7.73%
	Difference	-3.25%	-0.47%	-0.93%	-0.32%	-4.28%
HPRS						
	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 12/31/2006. Returns for periods longer than one year are annualized.

During the fourth quarter, PERS DB had the best absolute return (+4.70%) followed by STRS (+4.53%), SERS (+4.46%) and OP&F (+2.65%). In 2006, OP&F had the highest return (+17.44%), followed by STRS (+16.09%), PERS DB (+15.48%) and SERS (+12.87%). For the three- and five-year periods, PERS DB had the best absolute and relative results, returning a positive 23.56% and 15.62%, respectively, followed by STRS (3yrs: +19.13%, 5yrs: +8.20%). 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)	8.11%	8.70%	8.00%	1/1/2005
PERS (HC)	N/A	N/A	6.50%	1/1/2005
STRS	8.90%	8.66%	8.00%	7/1/2005
OP&F	8.81%	8.82%	8.25%	1/1/2005
SERS	8.86%	8.67%	8.00%	7/1/2006
HPRS	6.85%	9.25%	8.00%	12/31/2004

* Note: Actuarial interest rate assumption for PERS Health Care Plan has been project 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, STRS and SERS exceeded their respective policy index over the ten-year period for period ended December 31, 2006. HPRS and PERS are underperforming their policy indices while OP&F is approximating their policy index over the ten-year period. On a positive note, all plans are exceeding their actuarial interest rate except for HRPS.

Universe Comparisons

Public Fund Universe Peer Rankings

	One Quarter	Two Quarters	One Year	Three Years	Five Years
PERS (DB)	11	12	36	41	50
STRS	6	0	4	6	27
OP&F	18	32	13	23	33
SERS	17	35	33	26	67
HPRS	29	56	52	63	52

During the fourth quarter, all plans ranked in the first quartile within the Mellon All Public Plan Universe except for HPRS which ranked high in the second quartile. In 2006, STRS and OP&F placed in the first quartile, SERS and PERS DB ranked in the second quartile and HPRS ranked slightly below the median public plan in the universe. 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, STRS and OP&F ranked ahead of median public plan in the universe.

Ohio Retirement Study Council

Performance Summary Table

Periods Ending 12/31/06

	1 Qtr	2 Qtrs	1 Yr	3 Yrs	5 Yrs	10 Yrs	Incept Date
HPRS							
Total Return	6.24	9.83	14.32	11.27	9.53	6.85	12/31/93
Domestic Equity	7.39	10.77	15.59	12.19	9.55	5.32	12/31/93
Fixed Income	1.71	5.72	5.78	5.16	6.56	6.98	12/31/93
Cash & Equiv	1.35	2.58	4.88	3.64	2.88	4.05	3/31/94
Real Estate	8.34	11.48	11.34	12.01	9.47	9.36	12/31/93
International Equity	9.40	13.45	24.90	18.60	12.99	8.47	3/31/95
PERS (Defined Benefit Plan)							
Total Return	6.50	10.87	15.02	12.23	9.61	8.11	12/31/93
Domestic Equity	6.90	11.71	14.86	11.16	7.20	8.00	12/31/93
Fixed Income	1.70	5.67	5.28	4.76	5.91	6.63	12/31/93
Cash & Equiv	1.30	2.72	5.23	3.35	2.59	3.97	12/31/93
Real Estate	6.30	10.87	17.23	NA	NA	NA	3/31/05
REITS	9.90	19.9	37.18	NA	NA	NA	3/31/06
International Equity	11.60	15.62	26.78	21.96	16.88	8.58	9/30/96
Alternatives	4.70	7.32	15.48	23.56	15.62	14.40	12/31/95
PERS (Health Care Plan)							
Total Return	4.70	8.89	12.75	N/A	N/A	N/A	12/31/04
Domestic Equity	6.90	11.71	14.86	N/A	N/A	N/A	12/31/04
Fixed Income	1.70	5.67	5.28	N/A	N/A	N/A	12/31/04
Cash & Equiv	1.40	2.82	5.32	N/A	N/A	N/A	12/31/04
REITS	9.90	19.90	37.18	N/A	N/A	N/A	12/31/04
International Equity	11.60	15.73	26.91	N/A	N/A	N/A	12/31/04
TIPS	-1.30	2.35	0.60	N/A	N/A	N/A	2/28/05
Short Duration	1.20	3.22	4.78	N/A	N/A	N/A	2/28/05
OP&F							
Total Return	6.37	10.41	16.15	12.74	10.04	8.81	12/31/93
Domestic Equity	6.93	11.00	14.81	11.78	7.80	8.81	12/31/93
Fixed Income	1.74	5.43	5.54	5.45	6.80	7.31	12/31/93
Cash & Equiv	1.24	2.57	4.81	3.06	2.42	3.75	9/30/96
Real Estate	6.47	9.82	26.61	21.99	16.76	15.12	12/31/93
International Equity	10.53	15.11	28.23	21.42	15.94	8.82	9/30/94
Alternatives	2.65	6.74	17.44	16.84	1.66	7.26	3/31/94

	1 Qtr	2 Qtrs	1 Yr	3 Yrs	5 Yrs	10 Yrs	Incept Date
SERS							
Total Return	6.40	10.37	15.37	12.59	9.18	8.86	12/31/93
Domestic Equity	7.08	10.73	14.54	11.00	7.20	8.45	12/31/93
Fixed Income	1.62	5.50	5.52	4.38	5.83	6.77	12/31/93
Cash & Equiv	1.35	2.71	5.14	3.31	2.37	4.21	12/31/93
Real Estate	3.51	8.03	19.84	18.66	13.70	12.11	12/31/93
International Equity	11.54	16.29	25.88	23.75	15.45	9.66	12/31/94
Alternatives	4.46	6.50	12.87	14.98	3.45	5.64	12/31/93
STRS							
Total Return	6.86	12.06	16.88	14.05	10.24	8.90	12/31/93
Domestic Equity	7.35	12.59	16.21	11.52	7.04	8.10	12/31/93
Fixed Income	1.52	5.71	5.23	4.43	5.98	7.15	12/31/93
Cash & Equiv	1.33	2.64	4.97	3.19	2.50	3.97	12/31/93
Real Estate	7.09	18.91	30.75	27.19	18.47	15.33	12/31/93
International Equity	11.18	16.11	25.01	23.72	17.62	9.12	12/31/93
Alternatives	4.53	6.02	16.09	19.13	8.20	5.40	12/31/93
Indices							
Russell 1000	6.95	12.36	15.46	10.98	6.82	8.64	
Russell 2000	8.90	9.38	18.35	13.55	11.38	9.43	
Russell 3000	7.13	12.11	15.74	11.20	7.17	8.64	
Standard & Poors 500	6.70	12.74	15.79	10.44	6.19	8.42	
S&P 500 Equal Wtd	7.08	11.30	15.80	13.53	11.04	11.57	
S&P 600 Small Cap	7.84	6.89	15.12	14.99	12.49	11.57	
S&P 400 Mid Cap	6.99	5.83	10.32	13.09	10.89	13.47	
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68	
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24	
Citigroup Broad Inv Grade	1.25	5.15	4.33	3.79	5.10	6.26	
MSCI EAFE (Net)	10.35	14.69	26.34	19.93	14.98	7.71	
MSCI Em Mkts Free (Gross)	17.64	23.53	32.59	30.97	26.97	9.40	
MSCI World ex-U.S. (Net)	10.12	14.22	25.71	20.10	15.25	7.96	
LB Mortgage	1.60	5.28	5.22	4.17	4.84	6.16	
NCREIF Property	4.51	8.18	16.59	17.02	13.27	12.72	

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.

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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.

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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.

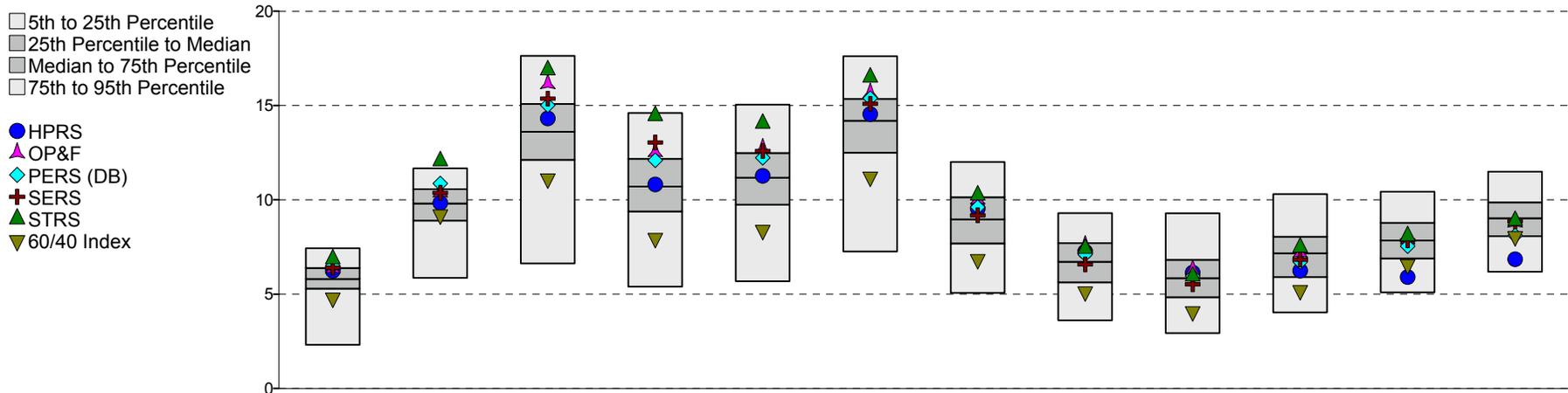
MSCI World Ex-US – An index that measures the performance of the developed stock markets of the following developed countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, 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. Mellon All Total Fund Universe
Performance and Rank Data as of 12/29/06

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	6.24	9.83	14.32	10.82	11.27	14.54	9.53	7.25	6.14	6.24	5.90	6.85
OP&F	6.37	10.41	16.15	12.55	12.74	15.68	10.04	7.59	6.30	7.21	7.92	8.81
PERS (DB)	6.50	10.87	15.02	12.09	12.23	15.39	9.61	7.11	5.96	6.70	7.54	8.11
SERS	6.40	10.37	15.37	13.04	12.59	15.09	9.18	6.58	5.52	6.83	7.85	8.86
STRS	6.86	12.06	16.88	14.46	14.05	16.50	10.24	7.42	5.95	7.49	8.09	8.90
60/40 Index	4.80	9.21	11.12	7.96	8.39	11.21	6.84	5.13	4.07	5.20	6.57	8.05
Universe(5%)	7.43	11.67	17.63	14.61	15.04	17.61	12.01	9.30	9.29	10.30	10.43	11.49
Universe(25%)	6.38	10.57	15.08	12.17	12.48	15.35	10.14	7.70	6.82	8.05	8.78	9.87
Universe(Median)	5.80	9.81	13.61	10.71	11.18	14.19	8.96	6.72	5.85	7.17	7.84	9.02
Universe(75%)	5.29	8.90	12.12	9.39	9.74	12.49	7.69	5.62	4.84	5.90	6.90	8.08
Universe(95%)	2.31	5.86	6.63	5.39	5.68	7.26	5.06	3.61	2.93	4.03	5.09	6.19

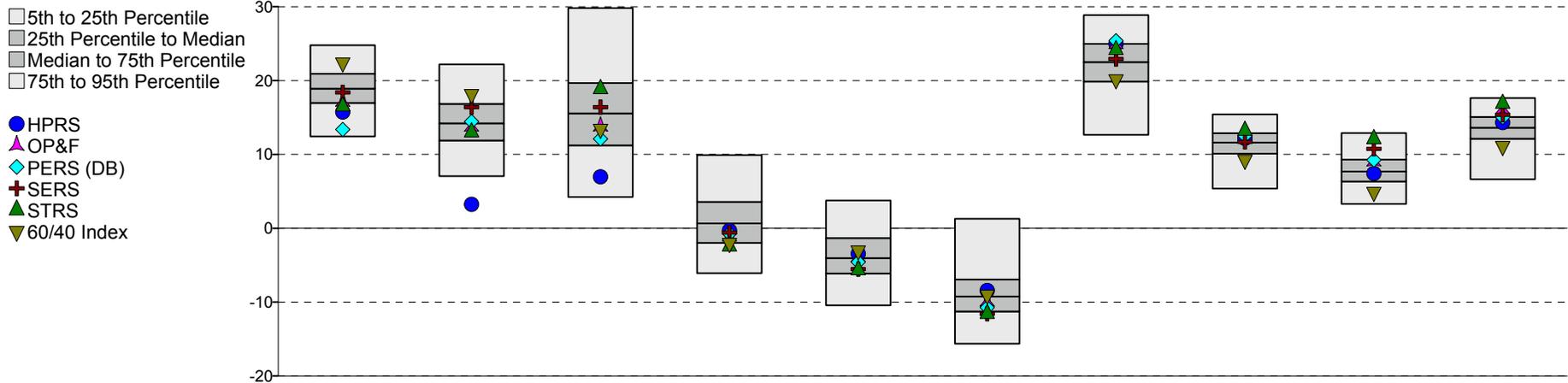
Percentile Rank

	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	32	47	38	47	48	43	37	36	42	70	90	91
OP&F	26	29	14	21	22	20	27	27	37	48	47	56
PERS (DB)	20	16	26	26	28	24	36	40	47	60	62	75
SERS	24	30	22	17	23	31	45	52	61	58	50	54
STRS	13	3	9	6	10	12	24	31	47	40	45	53
60/40 Index	86	69	86	89	88	85	85	83	88	86	81	76

This page compares the Total Fund results to a broad universe of total funds – 465 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 STRS has demonstrated the highest return for the ten-year period with an 8.90% annualized return, which ranks the fund in the 53rd percentile.

**Total Plans vs. Mellon All Total Fund Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42	14.32
OP&F	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06	16.15
PERS (DB)	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25	15.02
SERS	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76	15.37
STRS	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08	16.88
60/40 Index	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90	11.12
Universe(5%)	24.78	22.18	29.82	9.92	3.75	1.28	28.86	15.42	12.90	17.63
Universe(25%)	20.91	16.85	19.67	3.57	-1.33	-6.93	24.97	12.88	9.31	15.08
Universe(Median)	18.90	14.20	15.55	0.66	-4.04	-9.24	22.50	11.60	7.69	13.61
Universe(75%)	16.97	11.88	11.23	-1.98	-6.13	-11.26	19.87	10.09	6.33	12.12
Universe(95%)	12.44	7.06	4.23	-6.08	-10.44	-15.62	12.66	5.38	3.30	6.63

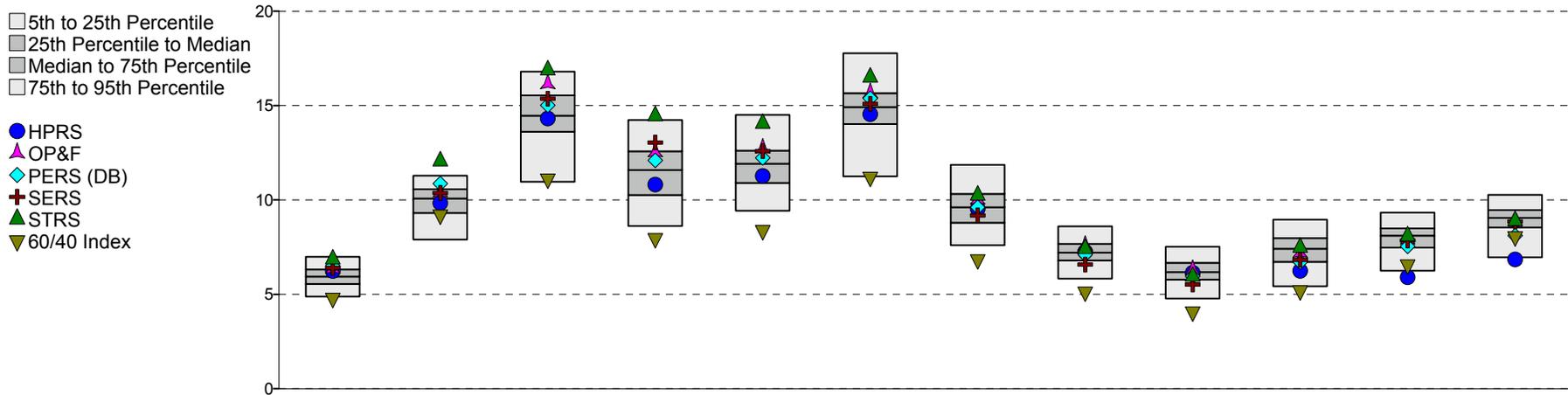
Percentile Rank

	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	1/06 - 12/06
HPRS	85	99	89	59	44	41	25	39	56	38
OP&F	74	54	60	67	47	58	25	22	28	14
PERS (DB)	94	48	72	64	56	68	21	32	26	26
SERS	59	29	44	62	68	77	44	48	13	22
STRS	79	63	29	80	69	78	33	21	6	9
60/40 Index	14	18	62	75	41	48	73	84	89	86

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2006. The graph shows that all plans exceeded the median during 2006. STRS ranked in the 9th percentile, OP&F ranked in the 14th percentile, SERS placed in the 22nd percentile, PERS placed in the 26th percentile and HPRS ranked in the 38th percentile.

**Total Plans vs. Mellon All Public Total Fund Universe
Performance and Rank Data as of 12/29/06**

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	6.24	9.83	14.32	10.82	11.27	14.54	9.53	7.25	6.14	6.24	5.90	6.85
OP&F	6.37	10.41	16.15	12.55	12.74	15.68	10.04	7.59	6.30	7.21	7.92	8.81
PERS (DB)	6.50	10.87	15.02	12.09	12.23	15.39	9.61	7.11	5.96	6.70	7.54	8.11
SERS	6.40	10.37	15.37	13.04	12.59	15.09	9.18	6.58	5.52	6.83	7.85	8.86
STRS	6.86	12.06	16.88	14.46	14.05	16.50	10.24	7.42	5.95	7.49	8.09	8.90
60/40 Index	4.80	9.21	11.12	7.96	8.39	11.21	6.84	5.13	4.07	5.20	6.57	8.05
Universe(5%)	6.99	11.29	16.80	14.24	14.51	17.77	11.86	8.61	7.52	8.96	9.33	10.27
Universe(25%)	6.32	10.57	15.54	12.58	12.61	15.66	10.32	7.67	6.67	7.98	8.49	9.46
Universe(Median)	5.94	10.07	14.46	11.59	11.92	14.92	9.62	7.21	6.18	7.42	8.11	9.05
Universe(75%)	5.55	9.31	13.62	10.26	10.90	14.02	8.79	6.80	5.78	6.73	7.47	8.54
Universe(95%)	4.88	7.90	10.96	8.62	9.43	11.25	7.60	5.83	4.78	5.42	6.25	6.96

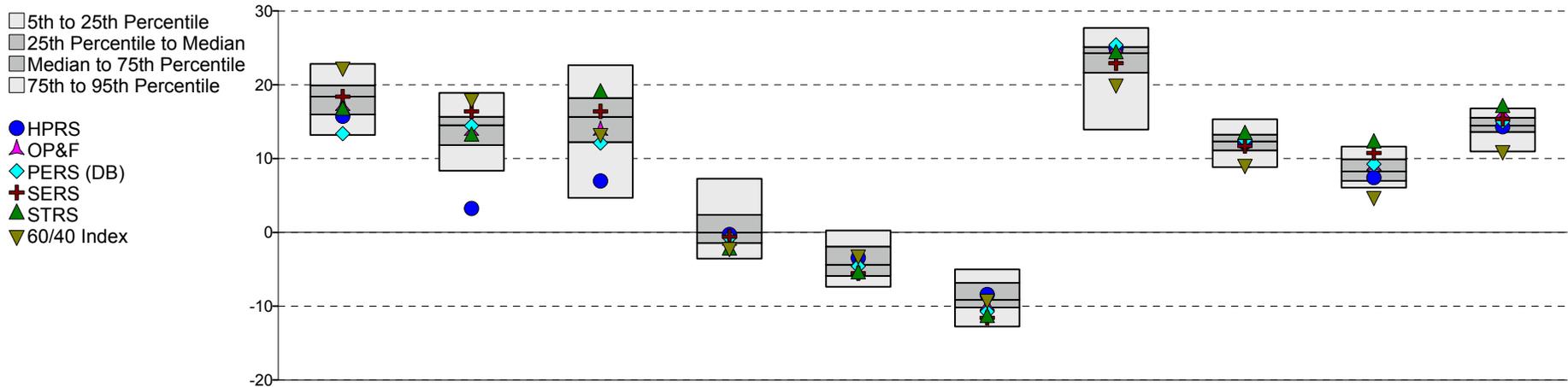
Percentile Rank

	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	29	56	52	57	63	58	52	42	54	82	97	95
OP&F	18	32	13	26	23	24	33	27	42	61	52	60
PERS (DB)	11	12	36	36	41	36	50	57	70	75	74	89
SERS	17	35	33	17	26	48	67	80	85	73	57	57
STRS	6	0	4	4	6	13	27	34	70	46	50	55
60/40 Index	96	78	95	96	96	95	97	100	100	97	94	90

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 Mellon 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 HPRS ranked above the median public fund for the full year.

**Total Plans vs. Mellon All Public Total Fund Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

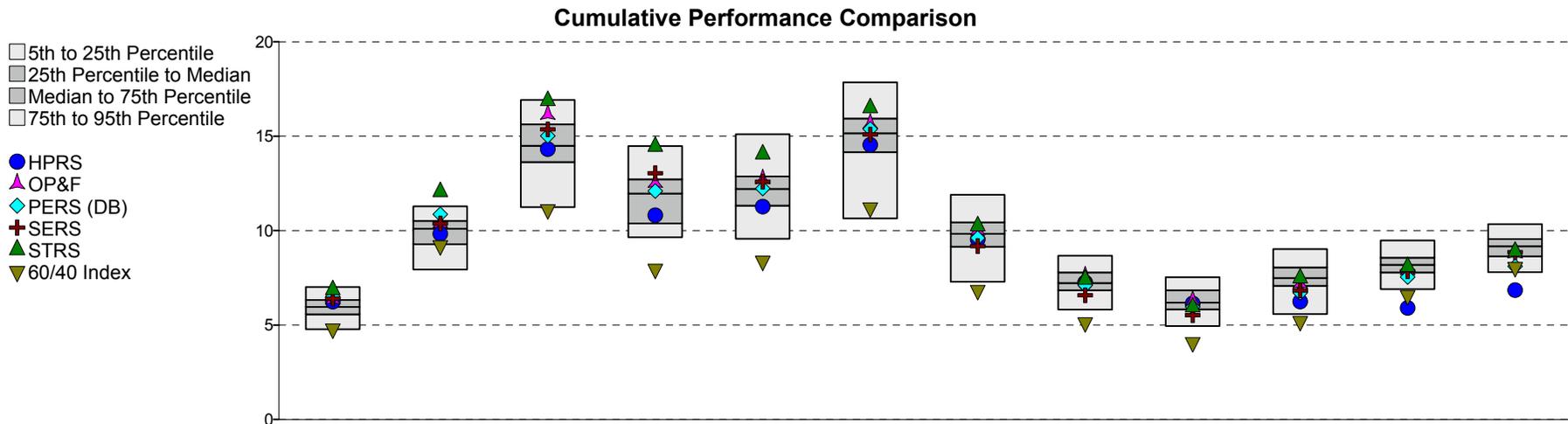
	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05	1/06 - 12/06
HPRS	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42	14.32
OP&F	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06	16.15
PERS (DB)	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25	15.02
SERS	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76	15.37
STRS	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08	16.88
60/40 Index	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90	11.12
Universe(5%)	22.83	18.91	22.64	7.28	0.25	-5.02	27.69	15.33	11.63	16.80
Universe(25%)	19.92	15.66	18.21	2.37	-1.93	-6.83	25.12	13.24	9.91	15.54
Universe(Median)	18.38	14.52	15.65	-0.01	-4.40	-9.15	24.28	12.33	8.24	14.46
Universe(75%)	15.97	11.83	12.23	-1.44	-5.89	-10.17	21.64	11.11	6.98	13.62
Universe(95%)	13.18	8.34	4.68	-3.55	-7.38	-12.75	13.93	8.84	6.06	10.96

Percentile Rank

	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	1/06 - 12/06
HPRS	80	100	94	52	38	39	28	54	70	52
OP&F	64	56	65	67	41	71	28	27	33	13
PERS (DB)	94	51	77	64	52	77	21	43	31	36
SERS	49	19	41	61	67	86	65	68	11	33
STRS	72	63	15	88	69	87	50	25	3	4
60/40 Index	7	6	67	85	38	47	86	93	97	95

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2006. All plans except HPRS ranked above the median return for this universe in 2006. STRS ranked in the 4th percentile, OP&F ranked in the 13th percentile, SERS placed in the 33rd percentile, PERS placed in the 36th percentile and HPRS ranked in the 52nd percentile.

**Total Plans vs. Mellon Large Public Total Fund Universe
Performance and Rank Data as of 12/29/06**



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	6.24	9.83	14.32	10.82	11.27	14.54	9.53	7.25	6.14	6.24	5.90	6.85
OP&F	6.37	10.41	16.15	12.55	12.74	15.68	10.04	7.59	6.30	7.21	7.92	8.81
PERS (DB)	6.50	10.87	15.02	12.09	12.23	15.39	9.61	7.11	5.96	6.70	7.54	8.11
SERS	6.40	10.37	15.37	13.04	12.59	15.09	9.18	6.58	5.52	6.83	7.85	8.86
STRS	6.86	12.06	16.88	14.46	14.05	16.50	10.24	7.42	5.95	7.49	8.09	8.90
60/40 Index	4.80	9.21	11.12	7.96	8.39	11.21	6.84	5.13	4.07	5.20	6.57	8.05
Universe(5%)	7.01	11.28	16.92	14.48	15.11	17.85	11.90	8.67	7.53	9.02	9.48	10.34
Universe(25%)	6.33	10.51	15.63	12.71	12.87	15.94	10.44	7.78	6.84	8.05	8.57	9.55
Universe(Median)	5.96	10.10	14.49	11.96	12.21	15.16	9.83	7.23	6.18	7.49	8.19	9.17
Universe(75%)	5.57	9.28	13.63	10.38	11.32	14.16	9.15	6.84	5.83	7.08	7.79	8.64
Universe(95%)	4.78	7.94	11.25	9.65	9.57	10.65	7.29	5.82	4.94	5.58	6.90	7.80

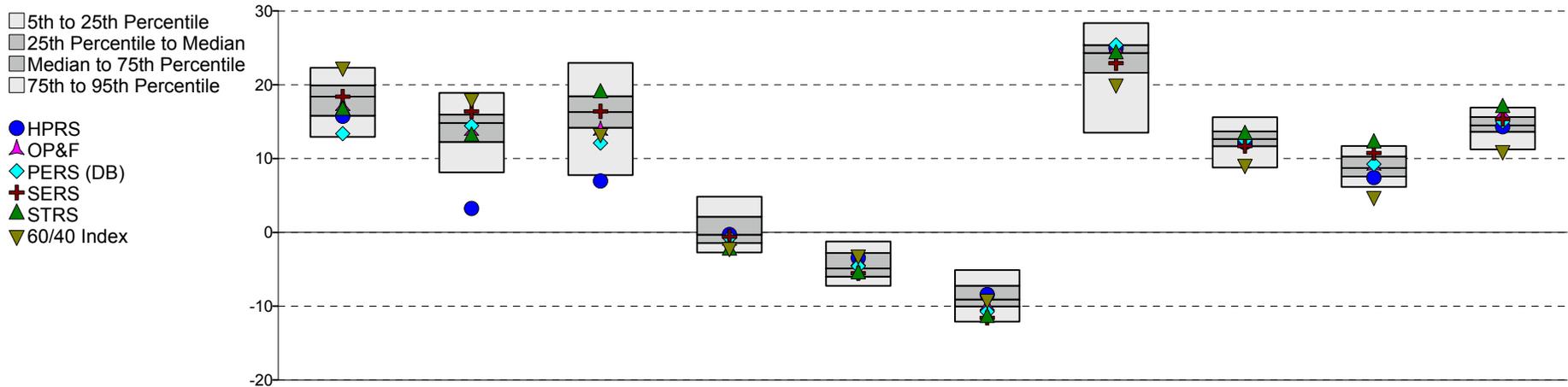
Percentile Rank

	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	31	59	58	67	76	66	64	47	55	86	100	97
OP&F	20	30	14	32	26	30	40	33	46	68	61	68
PERS (DB)	14	12	42	42	49	43	61	61	71	81	86	94
SERS	18	33	38	21	30	58	73	82	86	78	68	68
STRS	8	0	5	5	7	16	34	41	71	50	59	65
60/40 Index	95	77	95	96	96	94	96	100	100	99	96	94

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 and PERS ranked in the bottom quartile within the Russell Large Public Total Fund Universe for the ten-year period, while SERS, STRS and OP&F ranked in the third quartile for the same period.

**Total Plans vs. Mellon Large Public Total Fund Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS	15.73	3.23	6.96	-0.29	-3.46	-8.42	24.96	12.18	7.42	14.32
OP&F	17.15	13.77	13.81	-1.12	-3.88	-9.89	24.97	13.13	9.06	16.15
PERS (DB)	13.37	14.45	12.10	-0.72	-4.57	-10.73	25.40	12.50	9.25	15.02
SERS	18.38	16.40	16.40	-0.59	-5.52	-11.57	22.93	11.69	10.76	15.37
STRS	16.51	13.01	18.87	-2.45	-5.66	-11.59	24.16	13.23	12.08	16.88
60/40 Index	22.43	18.14	13.43	-2.02	-3.03	-9.01	20.14	9.25	4.90	11.12
Universe(5%)	22.29	18.91	22.95	4.84	-1.25	-5.10	28.37	15.60	11.70	16.92
Universe(25%)	19.91	15.95	18.44	2.12	-2.79	-7.22	25.38	13.69	10.28	15.63
Universe(Median)	18.38	14.81	16.30	-0.33	-4.88	-9.09	24.31	12.65	8.73	14.49
Universe(75%)	15.80	12.26	14.19	-1.44	-5.99	-10.03	21.61	11.68	7.58	13.63
Universe(95%)	12.93	8.12	7.75	-2.72	-7.26	-12.10	13.51	8.79	6.15	11.25

Percentile Rank

	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	1/06 - 12/06
HPRS	76	100	95	46	30	36	31	64	77	58
OP&F	62	61	76	66	34	71	31	37	39	14
PERS (DB)	92	56	88	63	44	81	25	56	36	42
SERS	50	18	49	59	61	92	65	75	15	38
STRS	70	66	20	93	63	92	53	35	4	5
60/40 Index	4	6	78	90	29	47	88	92	97	95

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2006. In 2006, all plans except HPRS ranked above the median return for this universe. STRS ranked in the 5th percentile, SERS ranked in the 38th percentile, PERS placed in the 42nd percentile, OP&F placed in the 14th percentile and HPRS ranked in the 58th percentile.

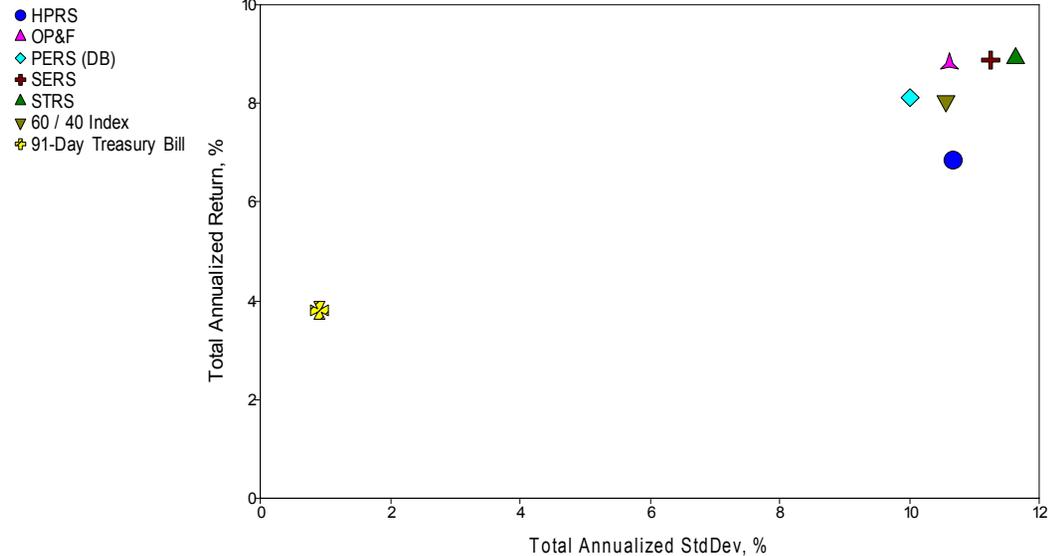
Ohio Retirement Study Council

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06

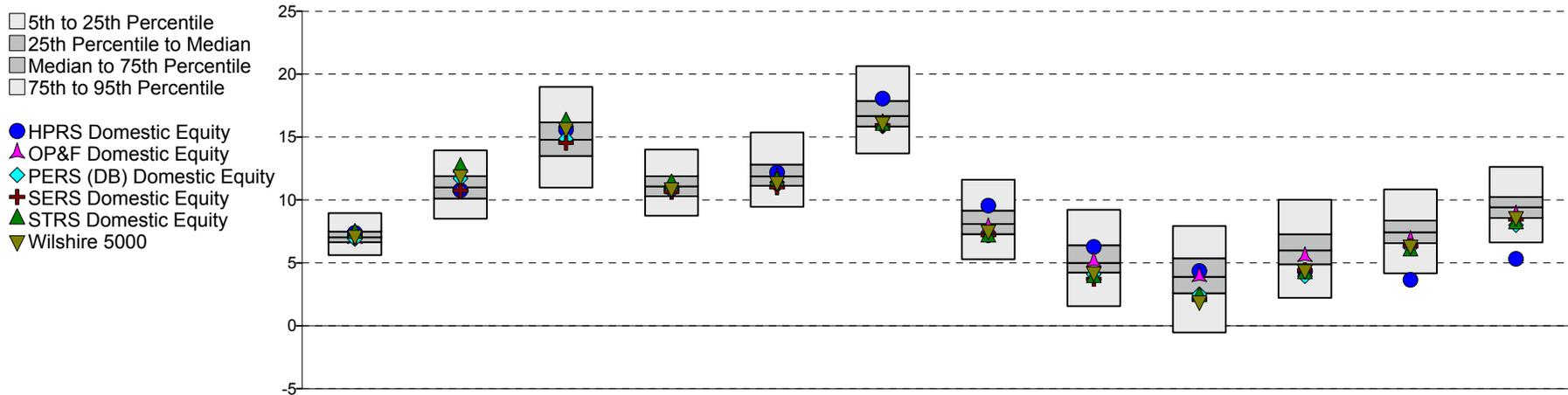


	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS	6.85	10.68	3.48	0.32
OP&F	8.81	10.62	5.33	0.50
PERS (DB)	8.11	10.01	4.61	0.45
SERS	8.86	11.27	5.44	0.48
STRS	8.90	11.64	5.52	0.47
60 / 40 Index	8.05	10.57	4.61	0.43
91-Day Treasury Bill	3.80	0.90	0.00	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 highest ten-year annualized return were STRS and SERS. STRS' higher return was achieved with the higher risk (volatility) while SERS' return was achieved with the lower 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. Mellon All Domestic Equities Universe
Performance and Rank Data as of 12/29/06**

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	7.39	10.77	15.59	10.93	12.19	18.06	9.55	6.27	4.36	4.33	3.65	5.32
OP&F Domestic Equity	6.93	11.00	14.81	11.14	11.78	16.08	7.80	5.09	3.90	5.50	6.78	8.81
PERS (DB) Domestic Equity	6.90	11.71	14.86	10.75	11.16	15.84	7.20	4.10	2.51	3.95	6.22	8.00
SERS Domestic Equity	7.08	10.73	14.54	10.64	11.00	15.94	7.20	3.72	2.14	4.41	6.33	8.45
STRS Domestic Equity	7.35	12.59	16.21	11.30	11.52	15.92	7.04	3.82	2.31	4.13	5.94	8.10
Wilshire 5000	7.21	12.00	15.77	10.98	11.48	16.21	7.62	4.28	1.99	4.47	6.42	8.68
Universe(5%)	8.95	13.94	18.98	14.01	15.37	20.63	11.61	9.22	7.93	10.02	10.84	12.62
Universe(25%)	7.49	11.90	16.17	11.88	12.81	17.87	9.15	6.40	5.36	7.28	8.36	10.23
Universe(Median)	7.03	11.01	14.78	11.08	11.88	16.67	8.10	5.00	3.89	6.00	7.43	9.41
Universe(75%)	6.65	10.12	13.50	10.29	11.13	15.85	7.28	4.23	2.58	4.89	6.57	8.57
Universe(95%)	5.62	8.52	10.97	8.74	9.45	13.70	5.29	1.56	-0.53	2.23	4.17	6.63

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	28	60	33	55	37	21	18	28	41	84	97	97
OP&F Domestic Equity	59	50	49	48	54	69	57	49	49	62	72	69
PERS (DB) Domestic Equity	61	30	48	62	75	75	79	78	76	88	82	87
SERS Domestic Equity	47	62	55	68	79	72	79	83	84	83	79	81
STRS Domestic Equity	30	13	24	41	63	73	82	83	79	85	85	85
Wilshire 5000	38	21	31	53	64	64	64	74	87	82	76	73

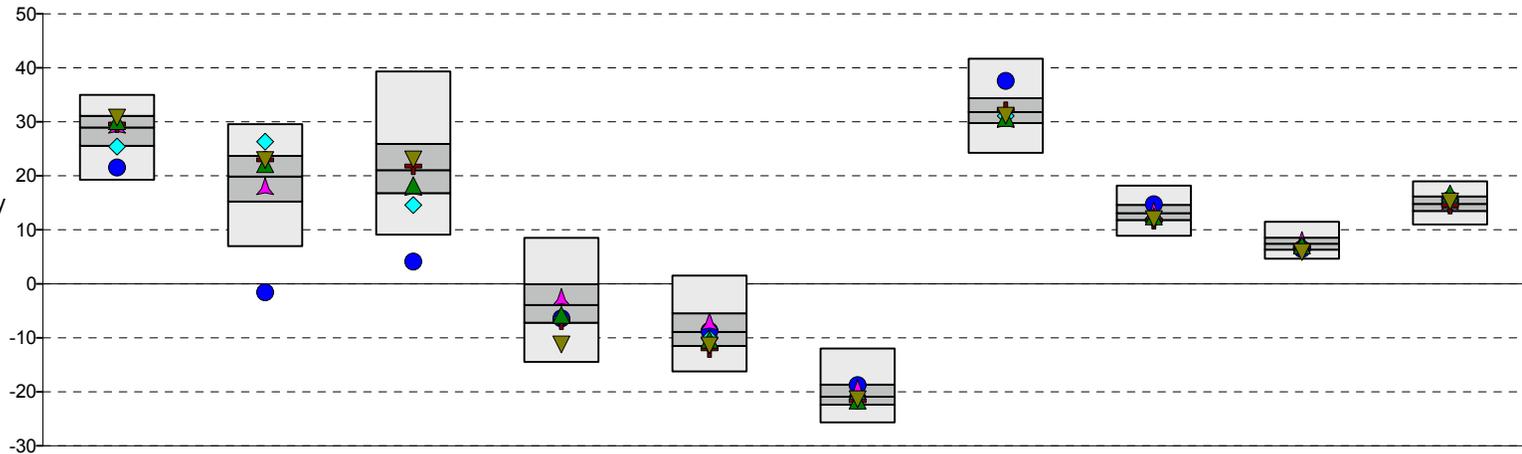
The exhibits above, and on the next three pages, focus on domestic equity results. The analysis is similar to the Total Fund analysis, except that now the comparisons are to a broad equity universe (above) and to the equity returns of Public Funds on pages 13 and 14. When compared to equity portfolios in the broad equity universe, for the past ten years, OP&F placed in the third quartile, while SERS, PERS, STRS and HPRS have ranked in the fourth quartile. The Wilshire 5000 Index ranked in the third quartile over the ten-year period.

**Total Domestic Equities vs. Mellon All Domestic Equities Universe
Performance and Rank Data as of 12/29/06**

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, %

	1/97 - 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	1/06 - 12/06
HPRS Domestic Equity	21.54	-1.59	4.11	-6.40	-8.74	-18.76	37.58	14.74	6.45	15.59
OP&F Domestic Equity	28.96	17.57	17.41	-2.97	-7.47	-19.81	30.00	13.05	7.59	14.81
PERS (DB) Domestic Equity	25.41	26.31	14.58	-6.51	-10.14	-21.37	31.09	11.99	6.79	14.86
SERS Domestic Equity	29.59	22.96	21.81	-6.87	-12.04	-21.66	32.12	11.73	6.87	14.54
STRS Domestic Equity	29.58	21.64	17.75	-6.28	-10.90	-22.16	30.20	11.95	6.59	16.21
Wilshire 5000	31.29	23.43	23.56	-10.73	-10.90	-20.86	31.65	12.49	6.39	15.77
Universe(5%)	34.98	29.56	39.34	8.52	1.51	-11.99	41.69	18.17	11.50	18.98
Universe(25%)	31.11	23.68	25.90	-0.07	-5.45	-18.68	34.37	14.61	8.53	16.17
Universe(Median)	28.95	19.88	21.04	-3.93	-8.91	-20.92	31.82	13.07	7.41	14.78
Universe(75%)	25.55	15.22	16.78	-7.22	-11.50	-22.39	29.78	11.82	6.33	13.50
Universe(95%)	19.27	6.98	9.09	-14.45	-16.23	-25.65	24.25	8.89	4.64	10.97

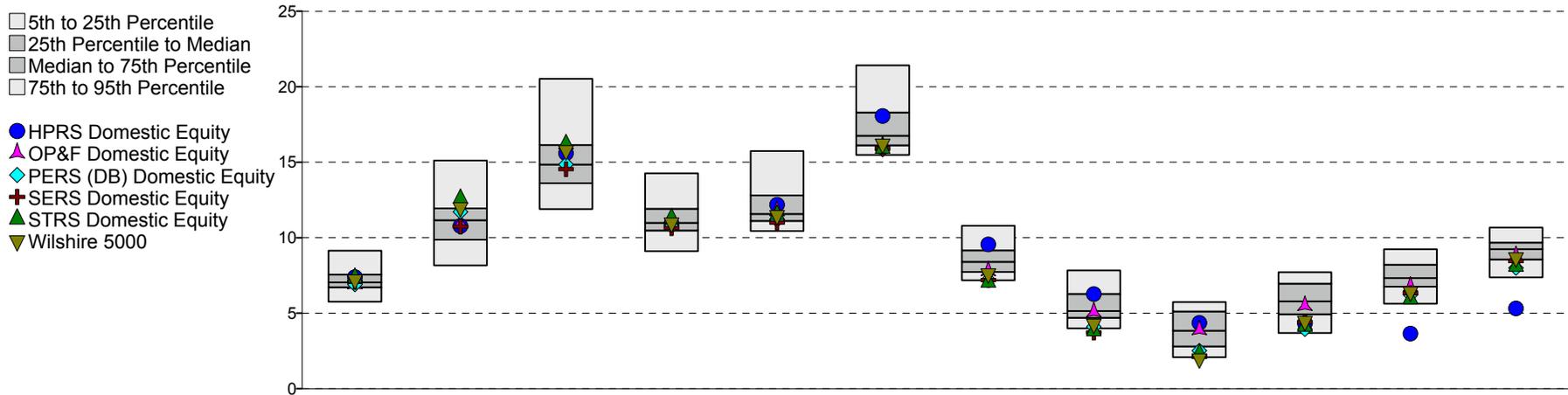
Percentile Rank

	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	1/06 - 12/06
HPRS Domestic Equity	92	99	98	68	49	26	11	23	73	33
OP&F Domestic Equity	50	62	72	43	38	37	72	50	45	49
PERS (DB) Domestic Equity	76	13	82	69	61	58	60	73	64	48
SERS Domestic Equity	41	29	47	72	79	64	45	77	63	55
STRS Domestic Equity	42	38	69	67	70	72	70	73	69	24
Wilshire 5000	23	26	36	91	70	49	52	62	74	31

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2006 within the Mellon All Domestic Equities Universe. All plans except SERS ranked above the median return for this universe in 2006. STRS ranked in the 24th percentile, HPRS ranked in the 33rd percentile, PERS placed in the 48th percentile, OP&F placed in the 49th percentile and SERS ranked in the 55th percentile.

**Total Domestic Equities vs. Mellon All Public Domestic Equity Universe
Performance and Rank Data as of 12/29/06**

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	7.39	10.77	15.59	10.93	12.19	18.06	9.55	6.27	4.36	4.33	3.65	5.32
OP&F Domestic Equity	6.93	11.00	14.81	11.14	11.78	16.08	7.80	5.09	3.90	5.50	6.78	8.81
PERS (DB) Domestic Equity	6.90	11.71	14.86	10.75	11.16	15.84	7.20	4.10	2.51	3.95	6.22	8.00
SERS Domestic Equity	7.08	10.73	14.54	10.64	11.00	15.94	7.20	3.72	2.14	4.41	6.33	8.45
STRS Domestic Equity	7.35	12.59	16.21	11.30	11.52	15.92	7.04	3.82	2.31	4.13	5.94	8.10
Wilshire 5000	7.21	12.00	15.77	10.98	11.48	16.21	7.62	4.28	1.99	4.47	6.42	8.68
Universe(5%)	9.14	15.11	20.52	14.26	15.74	21.41	10.79	7.83	5.74	7.71	9.23	10.67
Universe(25%)	7.55	11.94	16.14	11.91	12.80	18.29	9.16	6.27	5.11	6.96	8.21	9.68
Universe(Median)	7.04	11.16	14.85	10.98	11.57	16.76	8.41	5.14	3.84	5.79	7.33	9.24
Universe(75%)	6.71	9.86	13.61	10.48	11.12	16.12	7.73	4.70	2.80	4.93	6.75	8.56
Universe(95%)	5.76	8.17	11.90	9.10	10.44	15.48	7.17	3.99	2.08	3.69	5.63	7.37

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	29	58	29	52	35	30	15	25	42	92	99	99
OP&F Domestic Equity	60	53	52	43	46	79	70	54	50	52	74	72
PERS (DB) Domestic Equity	64	35	50	59	71	86	95	92	82	94	86	91
SERS Domestic Equity	46	60	56	67	78	83	95	97	89	91	85	81
STRS Domestic Equity	31	17	24	39	51	83	96	97	84	93	93	90
Wilshire 5000	40	23	27	50	53	69	81	87	97	90	81	73

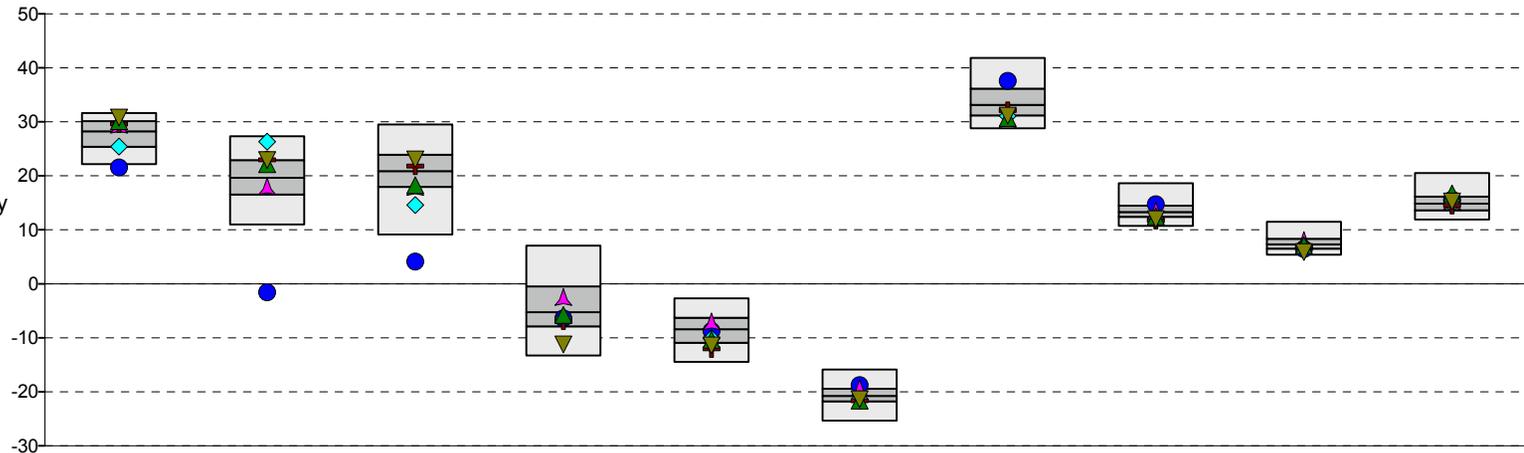
The comparisons above compare the domestic equity returns of the five Ohio public funds to the domestic equity returns of all of the public funds in the Mellon Universe. Over the ten-year period all plans trailed the median return in the universe ranking in the bottom quartile, except for OP&F which placed in the third quartile.

**Total Domestic Equities vs. Mellon All Public Domestic Equity Universe
Performance and Rank Data as of 12/29/06**

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, %

	1/97 - 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	1/06 - 12/06
HPRS Domestic Equity	21.54	-1.59	4.11	-6.40	-8.74	-18.76	37.58	14.74	6.45	15.59
OP&F Domestic Equity	28.96	17.57	17.41	-2.97	-7.47	-19.81	30.00	13.05	7.59	14.81
PERS (DB) Domestic Equity	25.41	26.31	14.58	-6.51	-10.14	-21.37	31.09	11.99	6.79	14.86
SERS Domestic Equity	29.59	22.96	21.81	-6.87	-12.04	-21.66	32.12	11.73	6.87	14.54
STRS Domestic Equity	29.58	21.64	17.75	-6.28	-10.90	-22.16	30.20	11.95	6.59	16.21
Wilshire 5000	31.29	23.43	23.56	-10.73	-10.90	-20.86	31.65	12.49	6.39	15.77
Universe(5%)	31.64	27.32	29.52	7.08	-2.69	-15.89	41.83	18.63	11.50	20.52
Universe(25%)	30.11	22.91	23.91	-0.49	-6.29	-19.45	36.15	14.48	8.33	16.14
Universe(Median)	28.24	19.64	20.87	-5.27	-8.42	-20.77	33.13	13.29	7.30	14.85
Universe(75%)	25.39	16.53	17.95	-7.89	-10.92	-21.78	31.20	12.40	6.50	13.61
Universe(95%)	22.16	10.98	9.14	-13.28	-14.47	-25.35	28.80	10.73	5.40	11.90

Percentile Rank

	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	1/06 - 12/06
HPRS Domestic Equity	98	98	98	57	54	18	13	17	76	29
OP&F Domestic Equity	44	66	77	34	40	28	90	55	47	52
PERS (DB) Domestic Equity	75	9	87	57	68	64	80	83	67	50
SERS Domestic Equity	32	22	38	61	84	70	62	88	66	56
STRS Domestic Equity	33	37	76	54	75	79	90	83	71	24
Wilshire 5000	13	16	29	94	75	52	68	69	79	27

The graph above is a calendar year performance comparison with twelve-month measurement periods ending December 31, 2006 within the Mellon All Public Domestic Equities Universe. Over the past twelve months, STRS ranked in the 24th percentile, HPRS ranked in the 29th percentile, PERS approximated the median return, OP&F placed in the 52nd percentile and SERS ranked in the 56th percentile.

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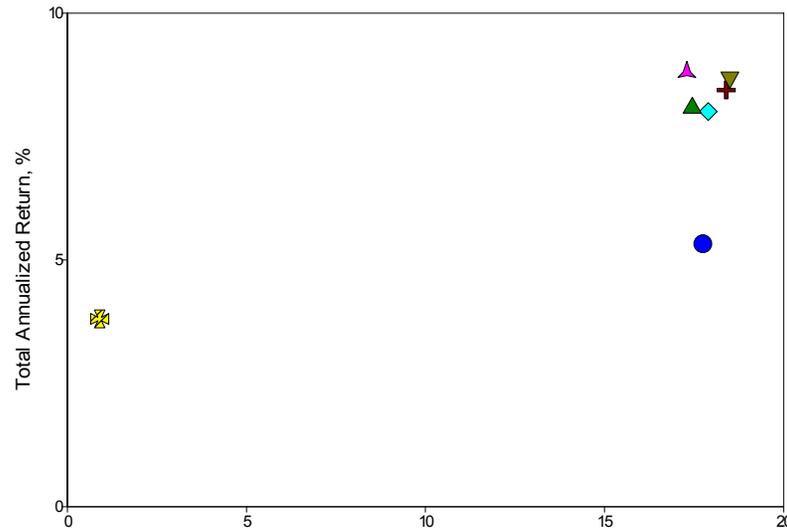
Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06

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

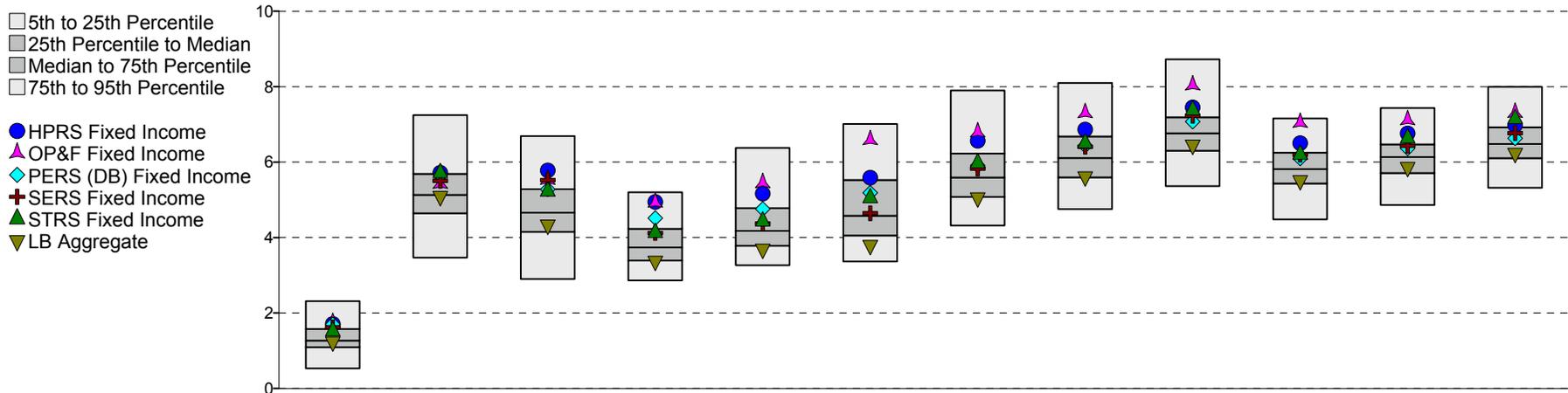


	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS Domestic Equity	5.32	17.73	3.02	0.17
OP&F Domestic Equity	8.81	17.32	6.24	0.36
PERS (DB) Domestic Equity	8.00	17.89	5.57	0.31
SERS Domestic Equity	8.45	18.39	6.09	0.33
STRS Domestic Equity	8.10	17.47	5.60	0.32
Wilshire 5000	8.68	18.48	6.32	0.34
91-Day Treasury Bill	3.80	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, STRS, PERS Defined Benefit Plan and HPRS.

**Total Fixed Income vs. Mellon All Domestic Fixed Income Universe
Performance and Rank Data as of 12/29/06**

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	1.71	5.72	5.78	4.94	5.16	5.59	6.56	6.86	7.45	6.50	6.76	6.98
OP&F Fixed Income	1.74	5.43	5.54	4.93	5.45	6.59	6.80	7.31	8.04	7.05	7.12	7.31
PERS (DB) Fixed Income	1.70	5.67	5.28	4.52	4.76	5.19	5.91	6.44	7.07	6.10	6.36	6.63
SERS Fixed Income	1.62	5.50	5.52	4.12	4.38	4.64	5.83	6.41	7.23	6.20	6.43	6.77
STRS Fixed Income	1.52	5.71	5.23	4.13	4.43	5.05	5.98	6.50	7.38	6.20	6.64	7.15
LB Aggregate	1.24	5.09	4.33	3.38	3.70	3.80	5.06	5.62	6.45	5.52	5.86	6.24
Universe(5%)	2.32	7.25	6.69	5.20	6.38	7.01	7.90	8.10	8.72	7.16	7.43	7.99
Universe(25%)	1.58	5.69	5.28	4.23	4.78	5.52	6.22	6.68	7.19	6.25	6.47	6.92
Universe(Median)	1.27	5.13	4.66	3.74	4.18	4.58	5.59	6.11	6.76	5.82	6.14	6.48
Universe(75%)	1.10	4.65	4.15	3.39	3.78	4.06	5.08	5.59	6.30	5.43	5.71	6.10
Universe(95%)	0.53	3.47	2.90	2.86	3.27	3.36	4.32	4.76	5.36	4.48	4.86	5.32

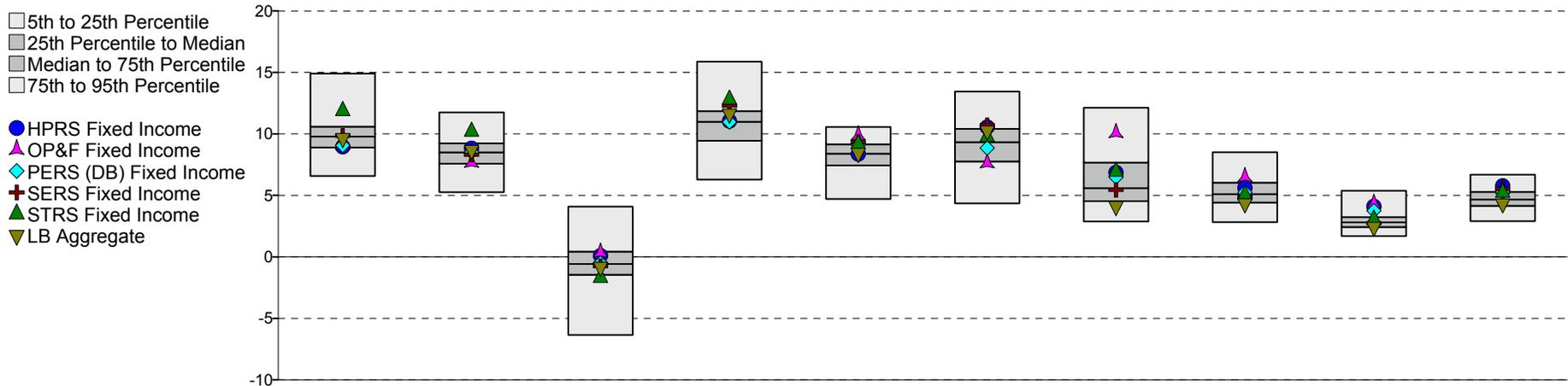
Percentile Rank

	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	17	24	15	7	16	23	21	21	19	17	18	24
OP&F Fixed Income	16	33	20	7	12	10	16	12	12	5	9	15
PERS (DB) Fixed Income	17	27	25	15	26	33	37	31	31	30	29	41
SERS Fixed Income	22	30	20	30	41	47	39	32	24	27	27	30
STRS Fixed Income	29	24	27	30	39	36	33	29	20	26	22	20
LB Aggregate	55	53	69	77	81	85	77	73	69	70	71	68

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 domestic fixed income accounts in the Mellon Universe. For the trailing ten-year period, all funds placed in either the top quartile (OP&F, STRS and HPRS) of the universe or the second quartile (SERS and PERS) of the universe.

Total Fixed Income vs. Mellon All Domestic Fixed Income Universe
Performance and Rank Data as of 12/29/06

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS Fixed Income	8.95	8.83	0.10	11.05	8.37	10.56	6.87	5.61	4.11	5.78
OP&F Fixed Income	9.11	7.67	0.35	12.55	9.90	7.63	10.08	6.50	4.33	5.54
PERS (DB) Fixed Income	9.07	8.53	-0.50	10.97	9.11	8.86	6.48	5.25	3.76	5.28
SERS Fixed Income	9.84	8.32	-0.76	12.29	9.35	10.71	5.45	4.89	2.74	5.52
STRS Fixed Income	11.87	10.19	-1.70	12.80	9.17	9.76	6.94	5.03	3.04	5.23
LB Aggregate	9.65	8.69	-0.82	11.63	8.44	10.26	4.10	4.34	2.43	4.33
Universe(5%)	14.91	11.75	4.08	15.87	10.56	13.44	12.12	8.51	5.38	6.69
Universe(25%)	10.59	9.23	0.43	11.85	9.15	10.41	7.67	6.04	3.24	5.28
Universe(Median)	9.78	8.50	-0.58	10.98	8.39	9.33	5.60	5.10	2.80	4.66
Universe(75%)	8.90	7.58	-1.45	9.44	7.44	7.76	4.52	4.42	2.43	4.15
Universe(95%)	6.57	5.26	-6.35	6.29	4.71	4.35	2.88	2.83	1.68	2.90

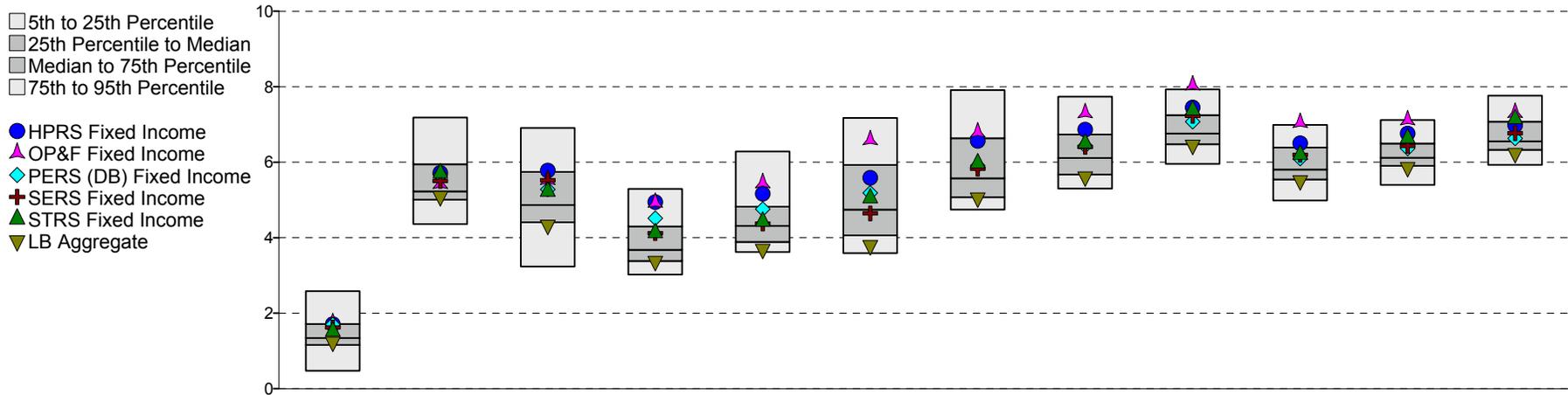
Percentile Rank

	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	1/06 - 12/06
HPRS Fixed Income	74	39	29	49	51	22	32	34	10	15
OP&F Fixed Income	72	74	27	12	10	78	11	18	9	20
PERS (DB) Fixed Income	73	49	45	50	26	59	37	44	14	25
SERS Fixed Income	46	56	57	15	20	18	54	57	54	20
STRS Fixed Income	12	11	79	10	24	41	32	52	34	27
LB Aggregate	55	44	59	31	48	28	84	78	75	69

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2006 within the Mellon All Domestic Fixed Income Universe. In 2006, all plans ranked in the first quartile of the universe, while STRS placed just outside of the first quartile by ranking in the 27th percentile.

**Total Fixed Income vs. Mellon All Public Domestic Fixed Income Universe
Performance and Rank Data as of 12/29/06**

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	1.71	5.72	5.78	4.94	5.16	5.59	6.56	6.86	7.45	6.50	6.76	6.98
OP&F Fixed Income	1.74	5.43	5.54	4.93	5.45	6.59	6.80	7.31	8.04	7.05	7.12	7.31
PERS (DB) Fixed Income	1.70	5.67	5.28	4.52	4.76	5.19	5.91	6.44	7.07	6.10	6.36	6.63
SERS Fixed Income	1.62	5.50	5.52	4.12	4.38	4.64	5.83	6.41	7.23	6.20	6.43	6.77
STRS Fixed Income	1.52	5.71	5.23	4.13	4.43	5.05	5.98	6.50	7.38	6.20	6.64	7.15
LB Aggregate	1.24	5.09	4.33	3.38	3.70	3.80	5.06	5.62	6.45	5.52	5.86	6.24
Universe(5%)	2.58	7.18	6.91	5.29	6.29	7.17	7.91	7.74	7.93	6.99	7.12	7.76
Universe(25%)	1.72	5.95	5.74	4.30	4.82	5.93	6.64	6.73	7.25	6.39	6.50	7.07
Universe(Median)	1.34	5.23	4.86	3.68	4.31	4.74	5.57	6.11	6.76	5.80	6.12	6.55
Universe(75%)	1.16	5.01	4.41	3.38	3.89	4.06	5.07	5.67	6.48	5.54	5.91	6.33
Universe(95%)	0.48	4.36	3.24	3.02	3.62	3.59	4.74	5.30	5.96	4.99	5.40	5.93

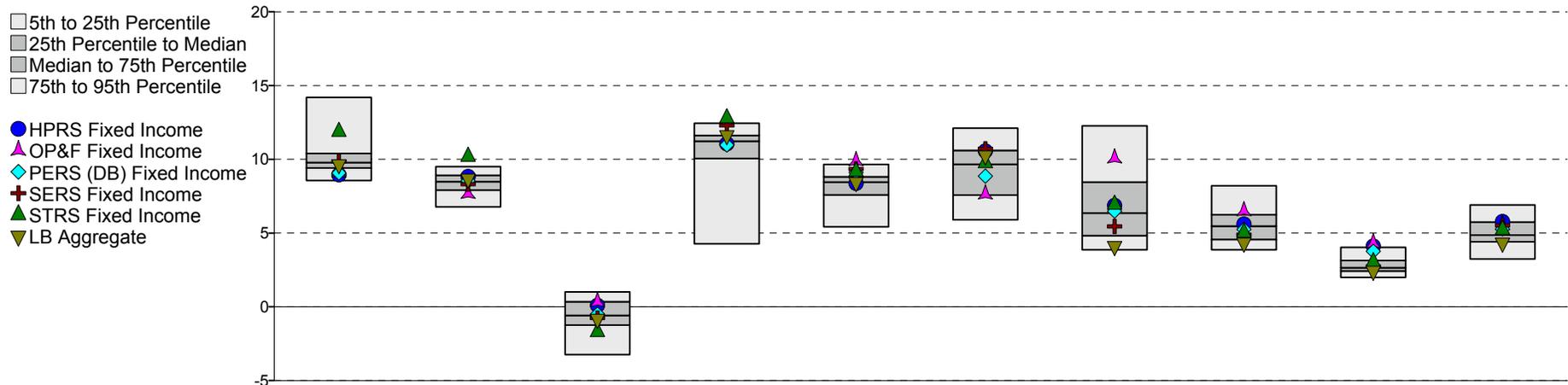
Percentile Rank

	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	25	32	23	10	17	30	27	20	15	19	12	30
OP&F Fixed Income	24	40	29	10	11	14	18	13	4	5	5	17
PERS (DB) Fixed Income	26	32	34	19	31	42	35	33	42	32	31	48
SERS Fixed Income	37	35	31	33	46	54	38	37	26	30	30	40
STRS Fixed Income	44	32	40	32	45	44	34	31	19	30	17	20
LB Aggregate	66	67	78	77	88	88	77	79	76	77	78	83

The exhibit above compares the fixed income results of the five funds to that of the domestic fixed income returns of the public funds in the Mellon 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. Mellon All Public Domestic Fixed Income Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS Fixed Income	8.95	8.83	0.10	11.05	8.37	10.56	6.87	5.61	4.11	5.78
OP&F Fixed Income	9.11	7.67	0.35	12.55	9.90	7.63	10.08	6.50	4.33	5.54
PERS (DB) Fixed Income	9.07	8.53	-0.50	10.97	9.11	8.86	6.48	5.25	3.76	5.28
SERS Fixed Income	9.84	8.32	-0.76	12.29	9.35	10.71	5.45	4.89	2.74	5.52
STRS Fixed Income	11.87	10.19	-1.70	12.80	9.17	9.76	6.94	5.03	3.04	5.23
LB Aggregate	9.65	8.69	-0.82	11.63	8.44	10.26	4.10	4.34	2.43	4.33
Universe(5%)	14.20	9.50	1.01	12.44	9.66	12.12	12.27	8.20	4.03	6.91
Universe(25%)	10.40	8.92	0.35	11.62	8.82	10.60	8.46	6.25	3.14	5.74
Universe(Median)	9.78	8.48	-0.58	11.23	8.46	9.66	6.35	5.47	2.64	4.86
Universe(75%)	9.41	7.91	-1.24	10.05	7.58	7.57	4.83	4.57	2.42	4.41
Universe(95%)	8.57	6.77	-3.24	4.27	5.43	5.90	3.86	3.86	1.99	3.24

Percentile Rank

	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	1/06 - 12/06
HPRS Fixed Income	83	34	30	59	53	28	39	42	3	23
OP&F Fixed Income	82	76	25	4	3	75	15	23	2	29
PERS (DB) Fixed Income	82	48	47	63	17	62	47	52	8	34
SERS Fixed Income	43	56	55	6	13	13	63	68	40	31
STRS Fixed Income	11	2	87	3	16	44	39	63	28	40
LB Aggregate	64	42	56	23	52	32	89	87	75	78

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2006 within the Mellon All Public Domestic Fixed Income Universe. In 2006, HPRS ranked in the first quartile, while the other plans placed in the second quartile of the universe.

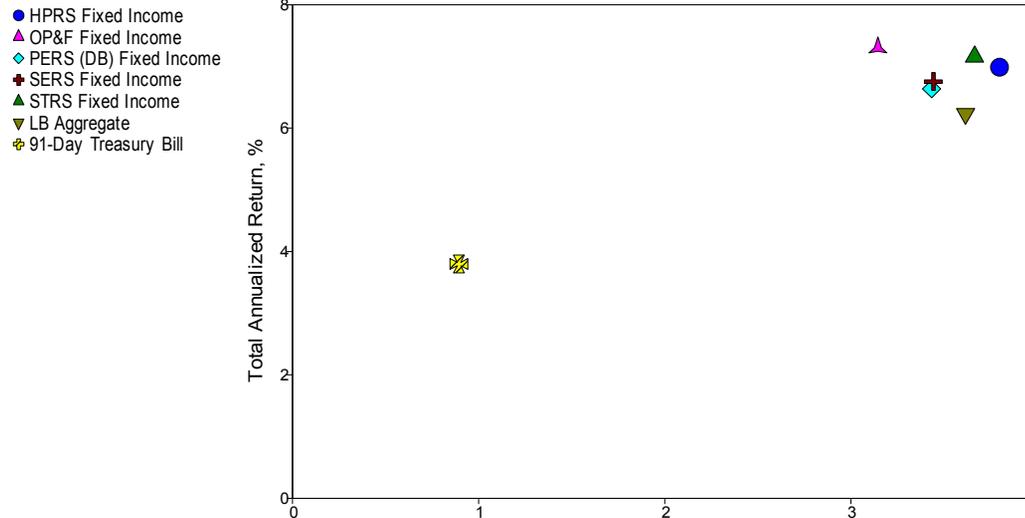
Ohio Retirement Study Council

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

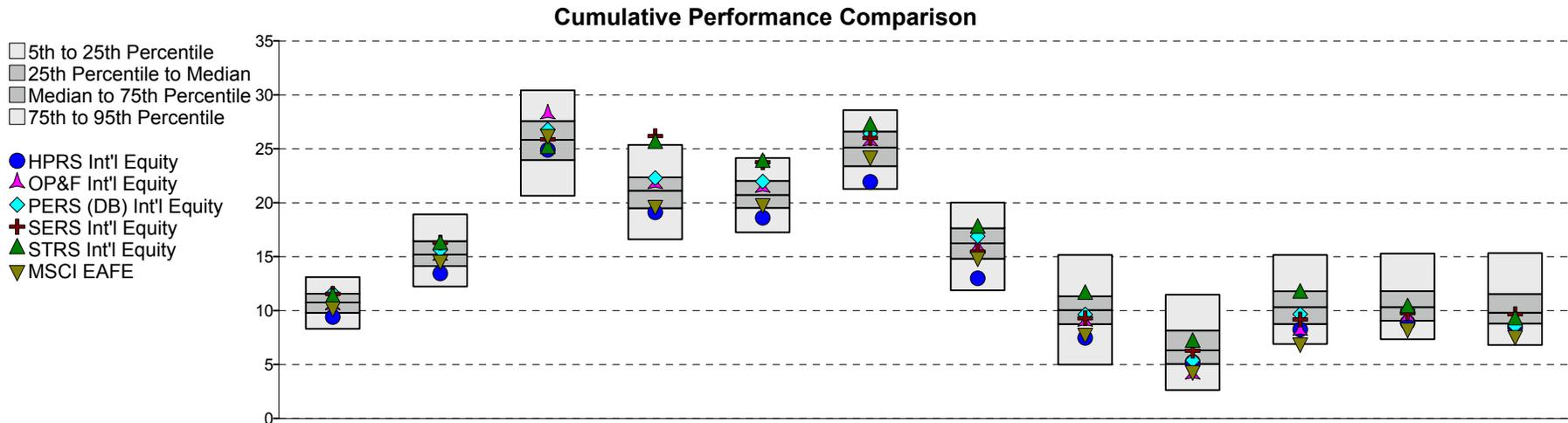
1/97 - 12/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
HPRS Fixed Income	6.98	3.80	3.12	0.83
OP&F Fixed Income	7.31	3.14	3.42	1.09
PERS (DB) Fixed Income	6.63	3.44	2.78	0.82
SERS Fixed Income	6.77	3.44	2.91	0.87
STRS Fixed Income	7.15	3.67	3.28	0.92
LB Aggregate	6.24	3.62	2.41	0.69
91-Day Treasury Bill	3.80	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. Mellon All International Equity Universe
Performance and Rank Data as of 12/29/06**



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	9.40	13.45	24.90	19.11	18.60	21.93	12.99	7.47	5.22	8.24	8.89	8.47
OP&F Int'l Equity	10.53	15.11	28.23	21.76	21.42	25.73	15.94	9.00	4.11	8.15	9.46	8.82
PERS (DB) Int'l Equity	11.60	15.62	26.78	22.30	21.96	26.40	16.88	9.63	5.39	9.67	10.07	8.58
SERS Int'l Equity	11.54	16.29	25.88	26.18	23.75	26.01	15.45	9.29	6.29	9.18	9.77	9.66
STRS Int'l Equity	11.18	16.11	25.01	25.47	23.72	27.08	17.62	11.50	7.05	11.60	10.24	9.12
MSCI EAFE	10.35	14.69	26.34	19.77	19.93	24.34	14.98	7.90	4.43	7.02	8.39	7.71
Universe(5%)	13.10	18.93	30.42	25.36	24.16	28.59	20.01	15.16	11.46	15.16	15.29	15.33
Universe(25%)	11.56	16.44	27.57	22.36	22.02	26.60	17.63	11.33	8.15	11.79	11.80	11.53
Universe(Median)	10.74	15.20	25.83	21.11	20.72	25.12	16.25	10.05	6.32	10.33	10.33	9.80
Universe(75%)	9.79	14.13	23.96	19.50	19.52	23.38	14.80	8.75	5.05	8.76	9.05	8.80
Universe(95%)	8.31	12.23	20.65	16.61	17.25	21.27	11.88	5.00	2.64	6.90	7.34	6.81

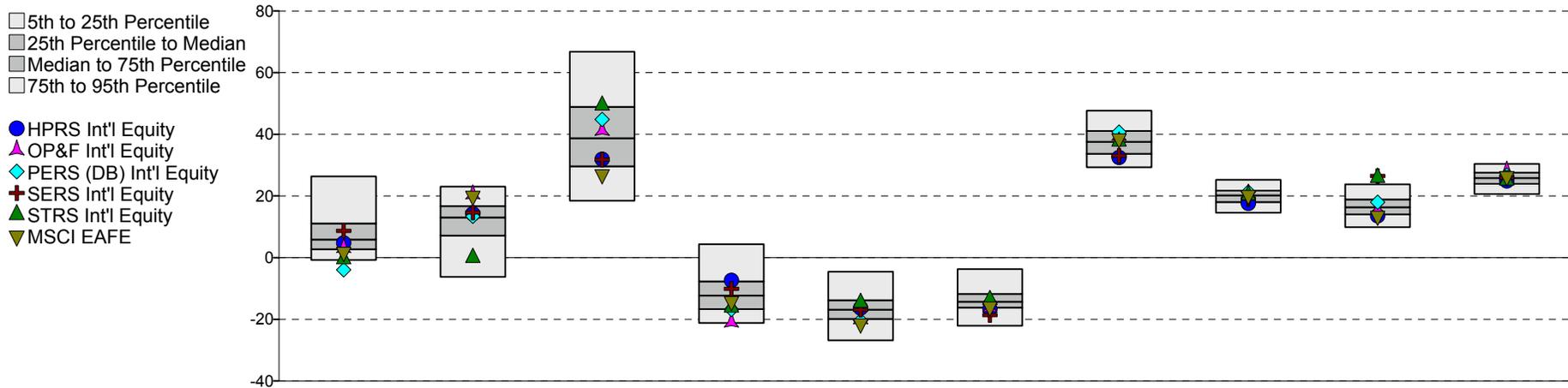
Percentile Rank

	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	80	88	64	79	86	90	92	89	73	85	80	84
OP&F Int'l Equity	54	53	19	36	35	35	54	72	87	85	70	74
PERS (DB) Int'l Equity	24	40	37	26	27	27	39	59	70	60	55	80
SERS Int'l Equity	25	27	50	3	7	33	64	66	51	68	64	53
STRS Int'l Equity	37	29	62	5	7	19	25	22	38	28	53	68
MSCI EAFE	59	62	44	72	67	62	72	84	85	94	90	91

The exhibit above, and on the next page, compare the international equity results of the five funds to that of a broad international equity universe consisting of all of the international equity accounts in the Mellon Universe. For the ten-year period ending December 31, 2006, SERS ranked slightly below median (53rd percentile), while STRS and OP&F ranked in the third quartile and PERS and HPRS placed in the fourth quartile.

Total International Equities vs. Mellon All International Equity Universe Performance and Rank Data as of 12/29/06

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS Int'l Equity	4.76	14.24	31.94	-7.35	-16.34	-16.66	32.50	17.59	13.58	24.90
OP&F Int'l Equity	3.17	20.55	41.21	-20.98	-19.93	-16.17	39.60	20.73	15.62	28.23
PERS (DB) Int'l Equity	-3.96	13.37	44.83	-16.80	-20.41	-14.55	40.71	21.30	17.97	26.78
SERS Int'l Equity	8.69	14.63	31.73	-10.08	-16.91	-18.64	33.02	19.04	26.49	25.88
STRS Int'l Equity	-0.47	-0.03	49.38	-16.17	-14.63	-13.69	37.71	20.28	25.94	25.01
MSCI EAFE	1.78	20.00	26.96	-14.17	-21.44	-15.94	38.59	20.25	13.54	26.34
Universe(5%)	26.34	23.02	66.79	4.38	-4.58	-3.74	47.65	25.24	23.76	30.42
Universe(25%)	11.08	16.70	48.92	-7.72	-13.83	-11.76	41.08	21.74	18.88	27.57
Universe(Median)	5.85	13.03	38.74	-12.30	-16.85	-14.30	37.59	20.18	16.34	25.83
Universe(75%)	2.74	7.16	29.64	-16.69	-19.89	-16.21	33.71	18.05	14.07	23.96
Universe(95%)	-0.75	-6.25	18.47	-21.19	-26.80	-22.09	29.32	14.58	9.90	20.65

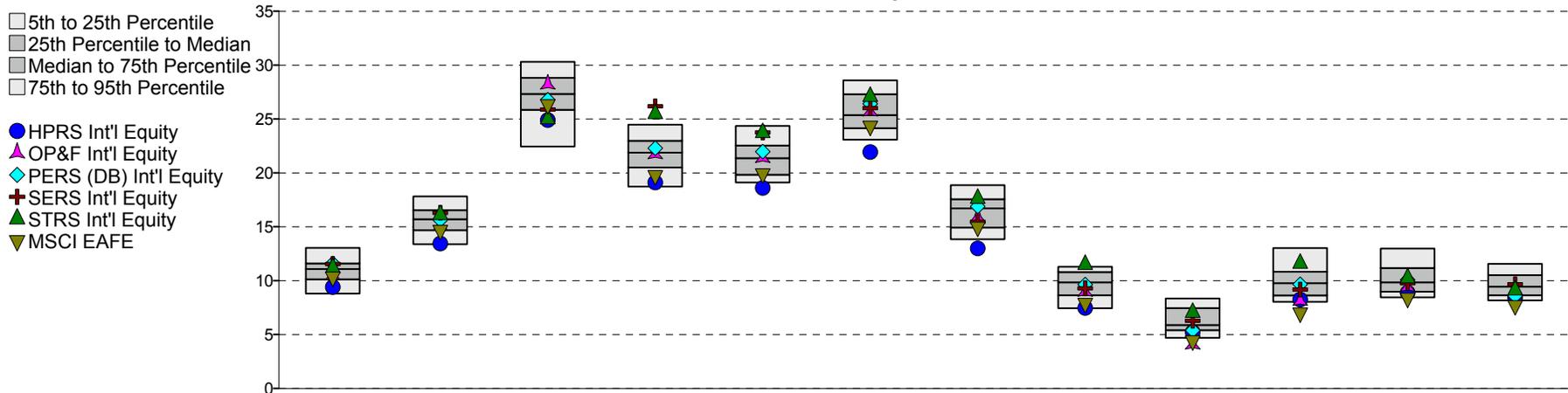
Percentile Rank

	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	1/06 - 12/06
HPRS Int'l Equity	59	41	68	24	47	78	82	78	80	64
OP&F Int'l Equity	73	8	44	95	76	75	37	38	59	19
PERS (DB) Int'l Equity	98	48	36	77	79	52	28	30	33	37
SERS Int'l Equity	31	37	68	37	50	90	79	67	1	50
STRS Int'l Equity	95	90	25	72	31	45	48	49	2	62
MSCI EAFE	84	9	82	61	84	73	43	49	81	44

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2006 within the Mellon All International Equity Universe. Over the past twelve months, OP&F ranked in the 19th percentile, PERS ranked in the 37th percentile, SERS approximated the median return, STRS placed in the 62nd percentile and HPRS ranked in the 64th percentile.

**Total International Equities vs. Mellon All Public International Equity Universe
Performance and Rank Data as of 12/29/06**

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	9.40	13.45	24.90	19.11	18.60	21.93	12.99	7.47	5.22	8.24	8.89	8.47
OP&F Int'l Equity	10.53	15.11	28.23	21.76	21.42	25.73	15.94	9.00	4.11	8.15	9.46	8.82
PERS (DB) Int'l Equity	11.60	15.62	26.78	22.30	21.96	26.40	16.88	9.63	5.39	9.67	10.07	8.58
SERS Int'l Equity	11.54	16.29	25.88	26.18	23.75	26.01	15.45	9.29	6.29	9.18	9.77	9.66
STRS Int'l Equity	11.18	16.11	25.01	25.47	23.72	27.08	17.62	11.50	7.05	11.60	10.24	9.12
MSCI EAFE	10.35	14.69	26.34	19.77	19.93	24.34	14.98	7.90	4.43	7.02	8.39	7.71
Universe(5%)	13.05	17.81	30.30	24.47	24.36	28.59	18.86	11.29	8.34	13.03	12.98	11.56
Universe(25%)	11.60	16.54	28.82	22.97	22.53	27.30	17.56	10.79	7.45	10.82	11.17	10.51
Universe(Median)	11.08	15.70	27.32	21.88	21.37	25.36	16.70	9.84	5.88	9.77	9.84	9.44
Universe(75%)	10.13	14.68	25.85	20.50	19.83	24.15	14.92	8.65	5.40	8.63	8.98	8.65
Universe(95%)	8.80	13.38	22.45	18.74	19.10	23.08	13.84	7.44	4.70	8.04	8.45	8.16

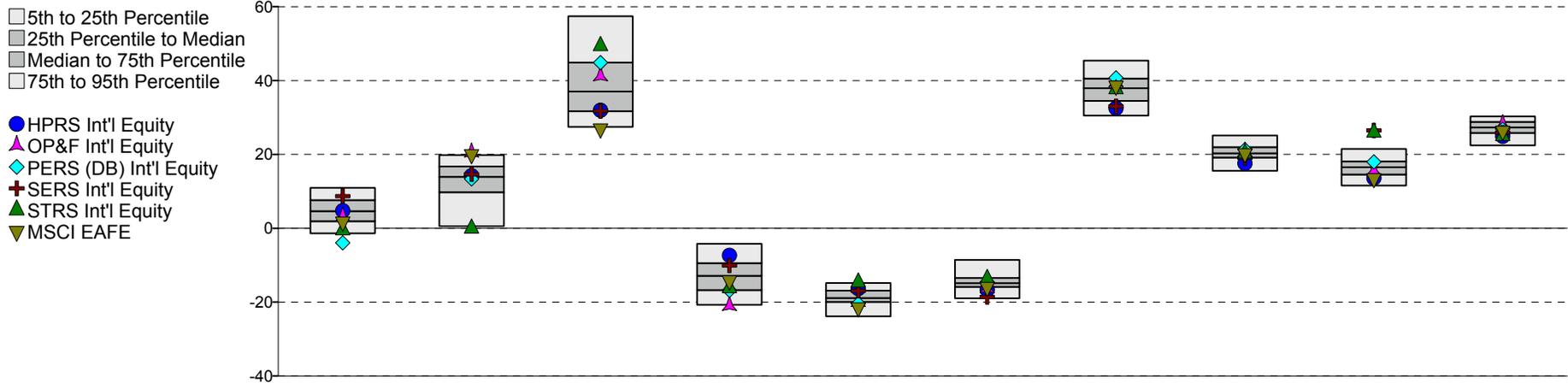
Percentile Rank

	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	91	94	86	92	99	100	97	95	82	82	79	84
OP&F Int'l Equity	68	70	32	53	49	43	63	70	99	83	64	66
PERS (DB) Int'l Equity	25	52	65	39	41	34	41	53	75	52	44	78
SERS Int'l Equity	29	30	75	1	10	38	68	62	37	60	52	41
STRS Int'l Equity	45	35	81	1	10	29	25	3	32	17	42	56
MSCI EAFE	72	75	70	85	71	68	74	93	97	100	99	97

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 Mellon Universe. Over the ten-year period, SERS outpaced the median international equity return of public funds, while other plans fell below the median return.

**Total International Equities vs. Mellon All Public International Equity Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS Int'l Equity	4.76	14.24	31.94	-7.35	-16.34	-16.66	32.50	17.59	13.58	24.90
OP&F Int'l Equity	3.17	20.55	41.21	-20.98	-19.93	-16.17	39.60	20.73	15.62	28.23
PERS (DB) Int'l Equity	-3.96	13.37	44.83	-16.80	-20.41	-14.55	40.71	21.30	17.97	26.78
SERS Int'l Equity	8.69	14.63	31.73	-10.08	-16.91	-18.64	33.02	19.04	26.49	25.88
STRS Int'l Equity	-0.47	-0.03	49.38	-16.17	-14.63	-13.69	37.71	20.28	25.94	25.01
MSCI EAFE	1.78	20.00	26.96	-14.17	-21.44	-15.94	38.59	20.25	13.54	26.34
Universe(5%)	10.95	19.82	57.40	-4.19	-14.84	-8.56	45.39	25.13	21.48	30.30
Universe(25%)	7.63	16.71	44.89	-9.43	-16.87	-13.46	40.52	21.96	18.08	28.82
Universe(Median)	4.62	13.92	37.05	-12.86	-18.87	-14.87	37.93	20.32	16.54	27.32
Universe(75%)	1.89	9.78	31.69	-16.75	-19.97	-15.88	34.48	19.18	14.57	25.85
Universe(95%)	-1.37	0.55	27.44	-20.72	-23.86	-18.96	30.53	15.54	11.58	22.45

Percentile Rank

	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	1/06 - 12/06
HPRS Int'l Equity	49	48	71	12	20	79	89	88	85	86
OP&F Int'l Equity	62	0	38	96	75	77	36	40	65	32
PERS (DB) Int'l Equity	96	53	25	75	81	43	23	34	27	65
SERS Int'l Equity	10	44	73	27	26	93	86	77	0	75
STRS Int'l Equity	93	95	15	70	3	28	51	51	0	81
MSCI EAFE	82	4	96	59	89	76	45	52	87	70

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2006 within the Mellon All Public International Equity Universe. In 2006, OP&F ranked 32nd percentile, while all other plans ranked below the median return.

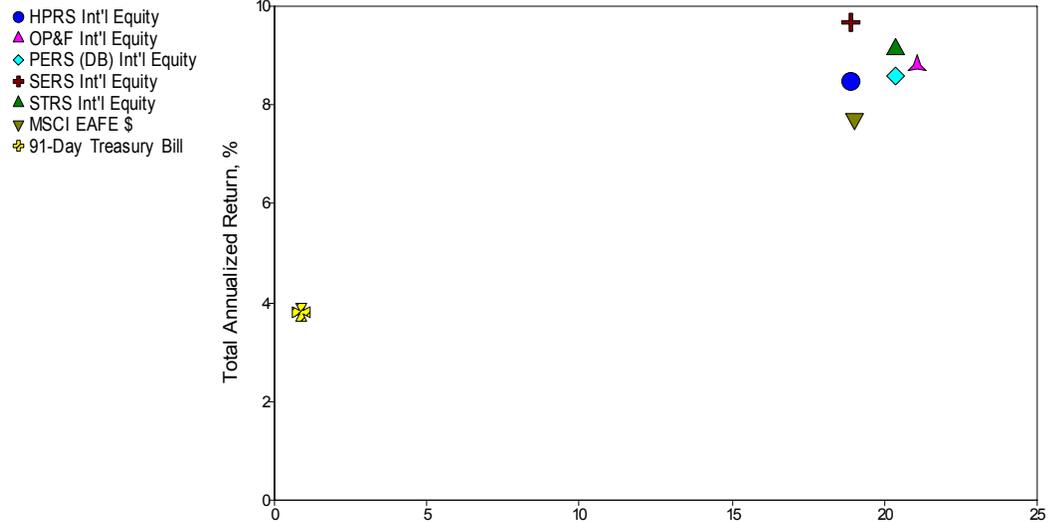
Ohio Retirement Study Council

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

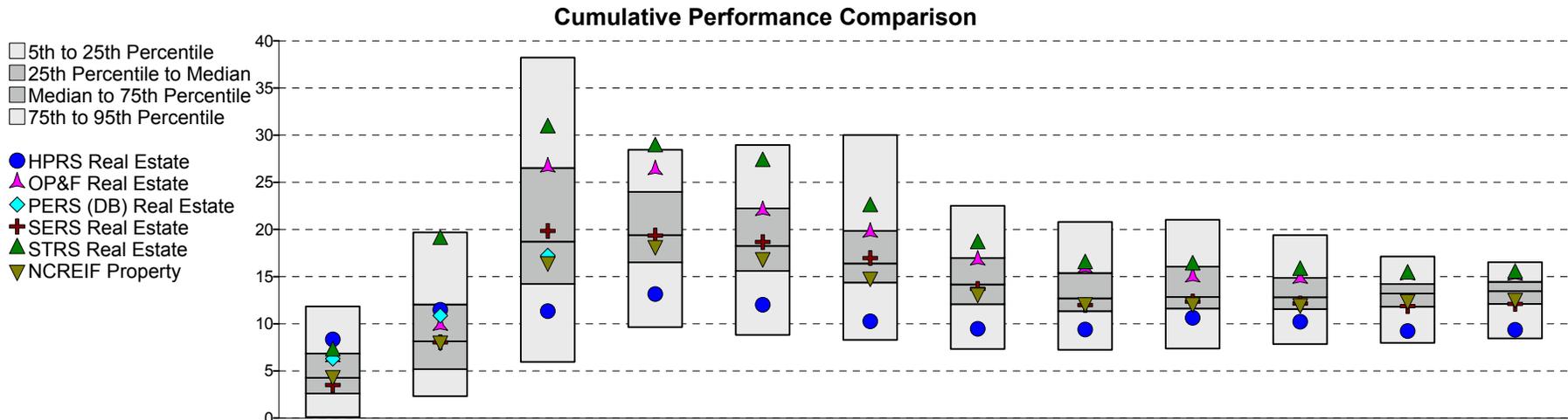
1/97 - 12/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
HPRS Int'l Equity	8.47	18.90	6.20	0.33
OP&F Int'l Equity	8.82	21.06	6.92	0.33
PERS (DB) Int'l Equity	8.58	20.38	6.55	0.32
SERS Int'l Equity	9.66	18.92	7.34	0.38
STRS Int'l Equity	9.12	20.38	7.09	0.34
MSCI EAFE \$	7.71	19.02	5.49	0.29
91-Day Treasury Bill	3.80	0.90	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 ten-year period.

**Total Real Estate vs. Mellon All Real Estate Universe
Performance and Rank Data as of 12/29/06**



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	8.34	11.48	11.34	13.15	12.01	10.26	9.47	9.39	10.63	10.22	9.22	9.36
OP&F Real Estate	6.47	9.82	26.61	26.34	21.99	19.70	16.76	15.92	14.95	14.80	15.15	15.12
PERS (DB) Real Estate	6.30	10.87	17.23	NA								
SERS Real Estate	3.51	8.03	19.84	19.36	18.66	16.97	13.70	11.98	12.36	12.15	11.86	12.11
STRS Real Estate	7.09	18.91	30.75	28.75	27.19	22.39	18.47	16.35	16.22	15.65	15.25	15.33
NCREIF Property	4.51	8.18	16.59	18.31	17.02	14.96	13.27	12.25	12.25	12.14	12.58	12.72
Universe(5%)	11.83	19.70	38.24	28.45	28.95	30.01	22.51	20.80	21.03	19.41	17.13	16.53
Universe(25%)	6.85	12.05	26.52	23.99	22.23	19.86	16.97	15.38	16.06	14.86	14.21	14.45
Universe(Median)	4.27	8.13	18.71	19.40	18.26	16.40	14.16	12.69	12.83	12.81	13.21	13.46
Universe(75%)	2.61	5.19	14.23	16.51	15.59	14.38	12.07	11.34	11.61	11.56	11.81	12.11
Universe(95%)	0.11	2.32	5.96	9.65	8.82	8.29	7.33	7.24	7.38	7.84	7.97	8.45

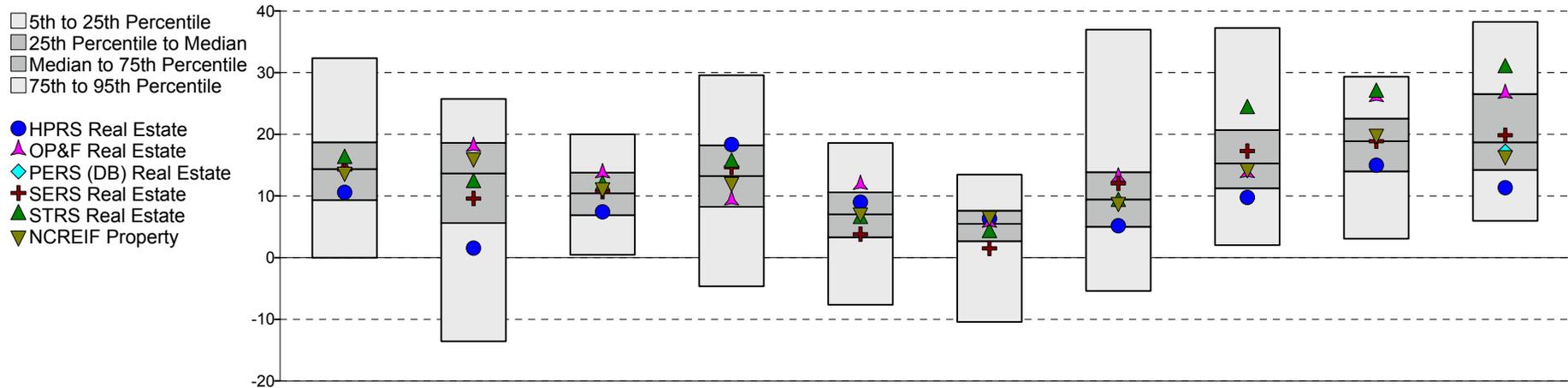
Percentile Rank

	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	16	27	82	84	90	90	89	87	81	83	92	93
OP&F Real Estate	27	33	25	14	28	27	29	19	35	25	19	16
PERS (DB) Real Estate	28	29	59	NA								
SERS Real Estate	62	53	45	51	48	49	62	70	63	69	73	75
STRS Real Estate	24	7	15	5	9	15	16	18	24	19	19	15
NCREIF Property	45	49	63	67	68	65	69	64	65	70	62	62

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 Mellon Universe. Beginning January 1, 2006, PERS viewed REITS and private real estate as separate asset classes, therefore the prior return series is no longer being reported. For the ten-year period ending December 31, 2006, STRS and OP&F exceeded the median return to place in the 15th percentile and 16th 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. Mellon All Real Estate Universe
Performance and Rank Data as of 12/29/06**

Calendar Year Performance



Return, %

	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	1/06 - 12/06
HPRS Real Estate	10.59	1.55	7.43	18.35	9.00	6.35	5.17	9.78	14.99	11.34
OP&F Real Estate	14.84	18.02	13.72	9.30	11.84	5.70	13.06	13.74	26.07	26.61
PERS (DB) Real Estate	NA	17.23								
SERS Real Estate	14.33	9.60	10.70	14.65	3.79	1.49	12.05	17.28	18.87	19.84
STRS Real Estate	16.04	12.11	11.73	15.43	6.30	4.01	9.06	24.13	26.78	30.75
NCREIF Property	13.91	16.22	11.35	12.25	7.29	6.74	8.99	14.48	20.06	16.59
Universe(5%)	32.34	25.73	20.01	29.58	18.59	13.47	36.96	37.23	29.34	38.24
Universe(25%)	18.70	18.61	13.80	18.22	10.58	7.62	13.87	20.70	22.56	26.52
Universe(Median)	14.36	13.65	10.44	13.23	7.03	5.48	9.43	15.27	18.87	18.71
Universe(75%)	9.32	5.61	6.90	8.24	3.30	2.68	5.02	11.25	14.00	14.23
Universe(95%)	0.00	-13.58	0.47	-4.64	-7.63	-10.42	-5.39	2.02	3.06	5.96

Percentile Rank

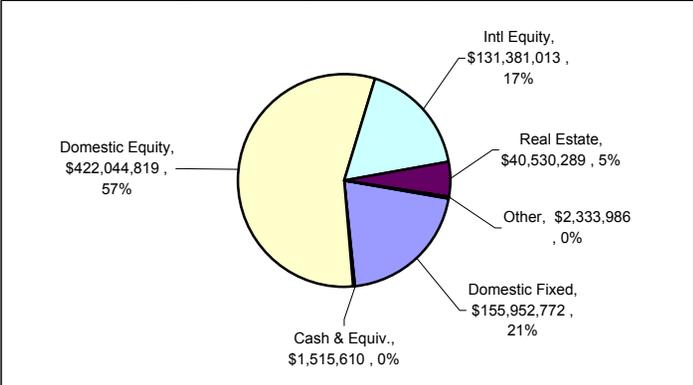
	1/97 - 12/97	1/98 - 12/98	1/99 - 12/99	1/00 - 12/00	1/01 - 12/01	1/02 - 12/02	1/03 - 12/03	1/04 - 12/04	1/05 - 12/05	1/06 - 12/06
HPRS Real Estate	71	82	71	24	33	39	75	81	70	82
OP&F Real Estate	46	30	26	73	17	46	27	62	11	25
PERS (DB) Real Estate	NA	59								
SERS Real Estate	52	66	49	40	69	81	30	39	50	45
STRS Real Estate	36	58	42	36	53	67	55	19	10	15
NCREIF Property	56	40	44	62	47	34	55	55	43	63

The graph above provides an analysis of the calendar year performance with twelve-month measurement periods ending December 31, 2006 within the Mellon All Real Estate Universe. In 2006, STRS and OP&F outpaced the median real estate return, which placed both plans in the top quartile of the universe. For the same time period, SERS also beat the median real estate return to place in the second quartile of the universe, while PERS and HPRS lagged the median return to rank in the third and fourth quartile respectively of the Mellon Universe.

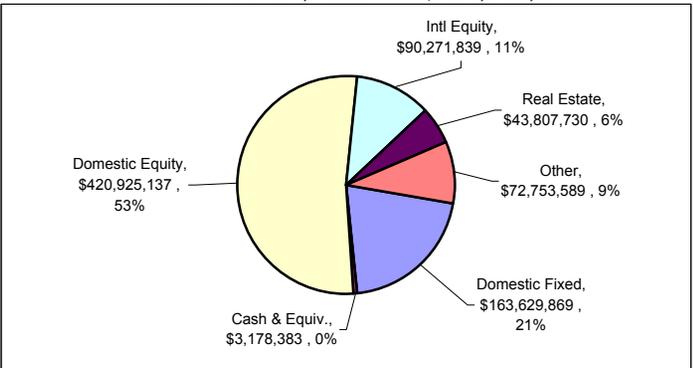
Highway Patrol Retirement System

**Asset Allocation
HPRS**

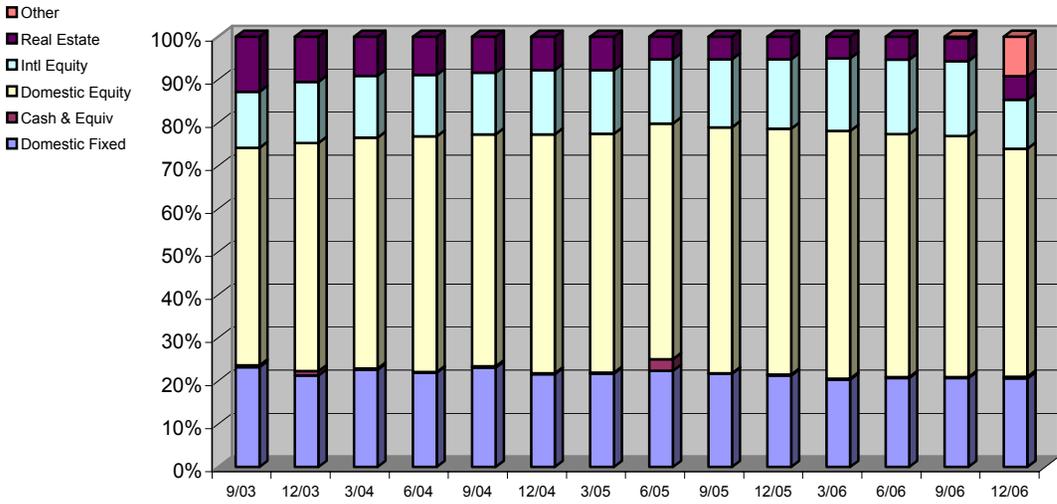
September 30, 2006 \$753,758,488



December 31, 2006 \$794,566,547



**Asset Allocation
HPRS**



	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06
Domestic Fixed %	23.2	21.3	22.6	21.9	23.1	21.6	21.7	22.3	21.7	21.3	20.3	20.7	20.7	20.6
Cash & Equiv. %	0.4	1.0	0.3	0.2	0.3	0.2	0.3	2.7	0.1	0.2	0.2	0.2	0.2	0.4
Domestic Equity %	50.5	53.0	53.6	54.7	53.9	55.5	55.5	54.8	57.1	57.1	57.5	56.5	56.0	53.0
Intl Equity %	13.0	14.2	14.4	14.3	14.3	14.9	14.8	14.9	15.8	16.1	16.9	17.3	17.4	11.4
Real Estate %	12.8	10.5	9.1	8.9	8.4	7.8	7.8	5.3	5.3	5.3	5.1	5.4	5.4	5.5
Other %													0.3	9.1
Total Value (\$mil)	569.8	624.9	639.3	639.2	639.2	681.0	670.3	676.6	702.5	713.7	749.9	733.6	753.8	794.6

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 last 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 12/31/2006

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	Dec-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 thirteen years.

Highway Patrol Retirement System

Performance Overview

Returns for Period Ending December 31, 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	6.24	9.83	14.32	11.27	9.53	6.85
Policy Index	5.93	10.03	14.64	11.54	9.28	9.25
Domestic Equity	7.39	10.77	15.59	12.19	9.55	5.32
Domestic Equity Segment Median	7.03	11.01	14.78	11.88	8.10	9.41
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68
International Equity	9.40	13.45	24.90	18.60	12.99	8.47
International Equity Segment Median	10.74	15.20	25.83	20.72	16.25	9.80
MSCI EAFE	10.35	14.69	26.34	19.93	14.98	7.71
Fixed Income	1.71	5.72	5.78	5.16	6.56	6.98
Fixed Income Segment Median	1.27	5.13	4.66	4.18	5.59	6.48
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24
Cash	1.35	2.58	4.88	3.64	2.88	4.05
Real Estate	8.34	11.48	11.34	12.01	9.47	9.36
NCREIF	4.51	8.18	16.59	17.02	13.27	12.72

Over the ten-year period as of December 31, 2006, the fund's total return is trailing the policy index by 2.40% annually. This is due to its domestic equity and real estate returns, which both lagged their respective benchmarks (Wilshire 5000 Index and NCREIF Index) by 336 basis points. The more recent one-year period shows that HPRS is underperforming the policy index by 32 basis points.

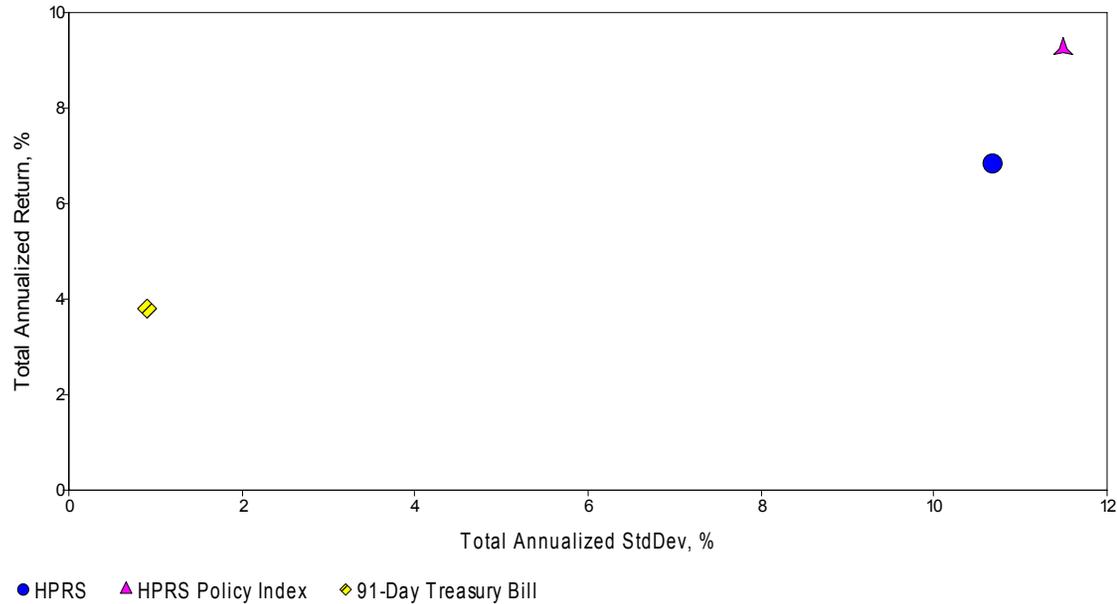
Highway Patrol Retirement System

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
HPRS	6.85	10.68	3.48	0.32
HPRS Policy Index	9.25	11.49	5.83	0.50
91-Day Treasury Bill	3.80	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 240 basis points.

Highway Patrol Retirement System

Asset Allocation Actual vs. Benchmark June 30, 2006

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%

December 31, 2006

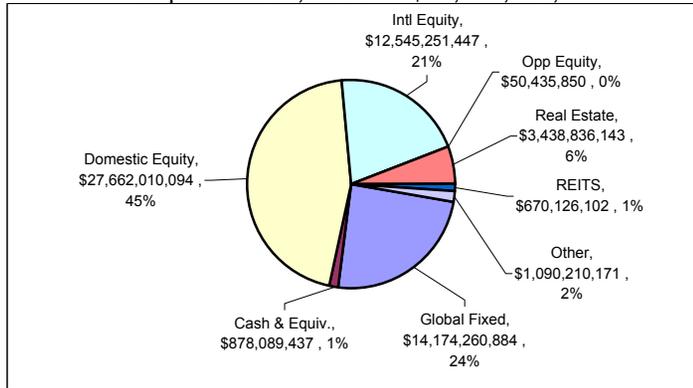
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	53.0%	32% S & P 500 / 16% Russell 2500	44.0%	9.0%
Fixed Income	20.6%	LB Aggregate	22.0%	-1.4%
Intl. Equity	11.4%	MSCI EAFE (Net)	15.0%	-3.6%
Real Estate	5.5%	NCREIF	9.0%	-3.5%
Alternative Investments	9.1%	5% HFRI FOF / 10% CPI + 5%	10.0%	-0.9%
Short Term	0.4%	3 Month T-Bill	0.0%	0.4%

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

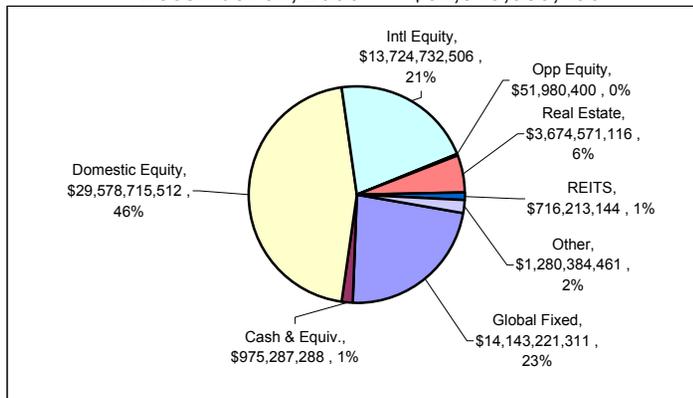
Public Employees Retirement System

Asset Allocation PERS Defined Benefit Plan

September 30, 2006 \$61,028,691,929

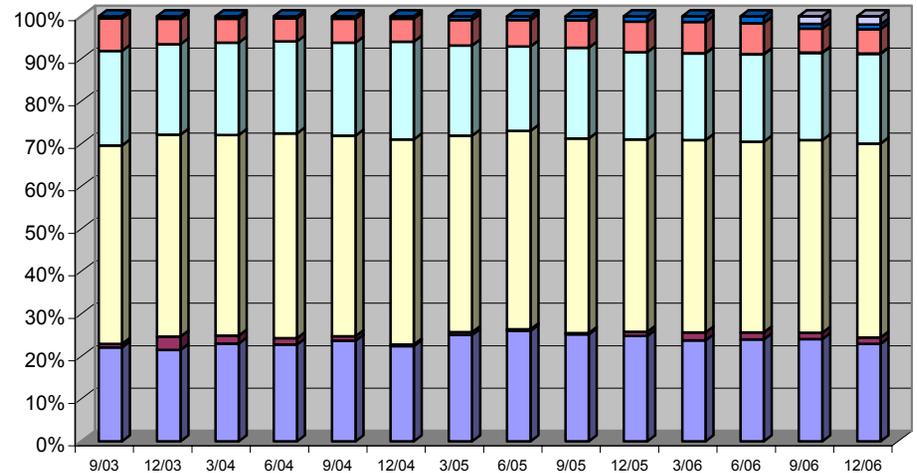


December 31, 2006 \$64,849,583,486



Asset Allocation PERS Defined Benefit Plan

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



	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06
Global Fixed %	22.1	21.5	23.0	22.8	23.7	22.4	25.0	26.0	25.2	24.8	23.8	24.0	24.1	22.9
Cash & Equiv. %	0.8	3.2	1.9	1.5	1.0	0.4	0.7	0.4	0.3	1.0	1.8	1.7	1.4	1.5
Domestic Equity %	46.7	47.5	47.2	48.1	47.2	48.2	46.2	46.6	45.7	45.2	45.3	44.9	45.3	45.6
Intl Equity %	22.2	21.3	21.8	21.7	21.9	23.0	21.2	19.9	21.4	20.5	20.4	20.5	20.6	21.1
Opp Equity %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Real Estate %			4.5	4.4	4.5	4.3	5.4	5.5	5.7	6.6	6.3	6.2	5.6	5.7
REITS %			1.0	1.0	1.1	1.1	0.6	0.7	0.7	0.7	1.1	1.0	1.1	1.1
Other %	0.5	0.6	0.6	0.5	0.6	0.6	0.9	0.9	1.0	1.3	1.3	1.6	1.8	2.0
Total Value (\$bil)	53.7	58.6	60.4	60.0	59.8	64.6	52.8	53.7	55.7	57.2	59.7	59.0	61.0	64.8

Note: Defined benefit and health care plan assets were segregated in January 2005. An allocation of 22.90% to total fixed income consists of 22.83% (fixed income) and 0.07% (stable value) as of December 31, 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 last 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 12/31/2006

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
	Mar-99	Mar-99	45.4	Giliberto-Levy Mortgage
			45.4	SB Broad Inv Grade
			35.0	Standard & Poors 500
			7.6	MSCI World Ex-US (Net)
			6.6	NCREIF
	Jun-99	Jun-99	2.2	NAREIT
			2.2	Giliberto-Levy Mortgage
			1.0	91-Day Treasury Bill
			40.1	SB Broad Inv Grade
			35.0	Standard & Poors 500
Jun-99	Jun-99	12.9	MSCI World Ex-US (Net)	
		6.6	NCREIF	
		2.2	NAREIT	
		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 thirteen years.

Public Employees Retirement System
 Defined Benefit Plan
 Quarter Ending 12/31/2006

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)			

Public Employees Retirement System
Defined Benefit Plan
Quarter Ending 12/31/2006

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 policy is located on the following page.

Public Employees Retirement System

Defined Benefit Plan

Quarter Ending 12/31/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Jun-06	Sep-06	45.4	Russell 3000
			24.8	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
			6.3	Real Estate
			1.0	Wilshire Resi Full Cap
			1.6	Russell 3000 + 3% (1 Qtr arrears)
		1.0	LB Bellweather 3Mth T-Bill	
	Sep-06	Dec-06	45.2	Russell 3000
			25.4	Lehman Universal
			20.0	MSCI AC World Ex-US (Net)
			5.6	Real Estate
			1.0	Wilshire Resi Full Cap
			1.8	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 12/31/2006

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	
Jun-06	Dec-06	32.5	Russell 3000	
		16.0	Lehman Universal	
		16.0	MSCI ACWI Ex-US (Net)	
		4.8	Wilshire Resi Full Cap	
		17.5	Lehman US Tips	
		13.2	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 two year period since inception.

Public Employees Retirement System

Defined Benefit Plan - Performance Overview

Returns for Period Ending December 31, 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	6.50	10.87	15.02	12.23	9.61	8.11
Policy Index	6.30	10.76	15.31	11.92	9.30	8.70
Domestic Equity	6.90	11.71	14.86	11.16	7.20	8.00
Domestic Equity Segment Median	7.03	11.01	14.78	11.88	8.10	9.41
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68
International Equity	11.60	15.62	26.78	21.96	16.88	8.58
International Equity Segment Median	10.74	15.20	25.83	20.72	16.25	9.80
MSCI EAFE	10.35	14.69	26.34	19.93	14.98	7.71
Fixed Income	1.70	5.67	5.28	4.76	5.91	6.63
Fixed Income Segment Median	1.27	5.13	4.66	4.18	5.59	6.48
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24
Cash	1.30	2.72	5.23	3.35	2.59	3.97
Real Estate	6.30	10.87	17.23	NA	NA	NA
NCREIF	4.51	8.18	16.59	17.02	13.27	12.72
Public Real Estate	9.90	19.90	37.18	NA	NA	NA
Wilshire Resi Full Cap	9.10	19.14	35.90	NA	NA	NA
Alternative	4.70	7.32	15.48	23.56	15.62	14.40

Over the past ten-year period, the PERS Defined Benefit Plan trailed its policy index by 59 basis points. Weaker relative performance in domestic equity attributed to the performance shortfall. For the more recent one-year period, the plan lagged the policy benchmark by 29 basis points.

Public Employees Retirement System

Health Care Plan - Performance Overview

Returns for Period Ending December 31, 2006

	<u>1 Qtr</u>	<u>2 Qtrs</u>	<u>1 Yr</u>
Total Fund	4.70	8.89	12.75
Policy Index	4.60	8.89	12.59
Domestic Equity	6.90	11.71	14.86
Domestic Equity Segment Median	7.03	11.01	14.78
Wilshire 5000	7.21	12.00	15.77
International Equity	11.60	15.73	26.91
International Equity Segment Median	10.74	15.20	25.83
MSCI EAFE	10.35	14.69	26.34
Fixed Income	1.70	5.67	5.28
Fixed Income Segment Median	1.27	5.13	4.66
LB Aggregate	1.24	5.09	4.33
Cash	1.40	2.82	5.32
Public Real Estate	9.90	19.90	37.18
Wilshire Resi Full Cap	9.10	19.14	35.90
Treasury Inflation Protected Securities	-1.30	2.35	0.60
Lehman U.S. TIPS	-1.29	2.22	0.41
Short Duration	1.20	3.22	4.78
Lehman 1-3 Year Government	0.98	3.02	4.12

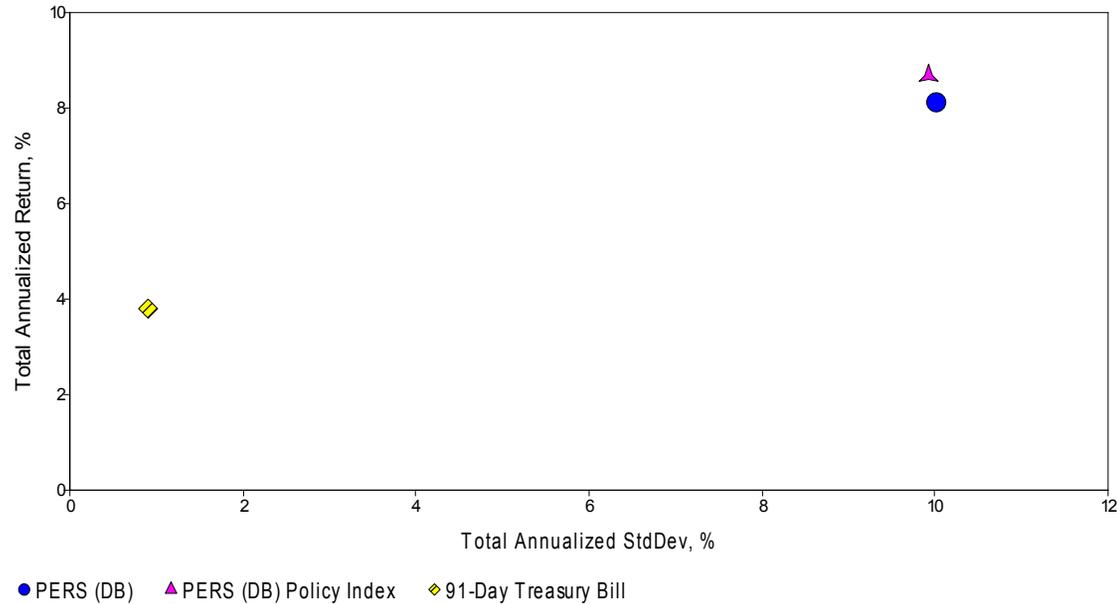
For the trailing one-year period, the PERS Health Care Plan outperformed its policy index by 16 basis points. Stronger relative performance in international equity, fixed income, REITS, TIPS and short duration bonds were attributable to the relative outperformance versus the policy index.

Public Employees Retirement System

Defined Benefit Plan - Performance Overview Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
PERS (DB)	8.11	10.01	4.61	0.45
PERS (DB) Policy Index	8.70	9.92	5.15	0.51
91-Day Treasury Bill	3.80	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 59 basis points.

Public Employees Retirement System

Defined Benefit Plan - Asset Allocation Actual vs. Benchmark June 30, 2006

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	44.9%	Russell 3000	46.0%	-1.1%
Fixed Income	24.0%	Lehman Universal	25.6%	-1.7%
Intl. Equity	20.5%	MSCI AC World ex US	20.0%	0.5%
Opportunistic Equity	0.1%	--	0.0%	0.1%
Real Estate	6.2%	PERS Custom Index	6.4%	-0.2%
REITS	1.0%	Wilshire Resi full cap	0.0%	1.0%
Alternative Investments	1.6%	Russell 3000 + 3% (1 Qtr arrears)	1.0%	0.6%
Short Term	1.7%	LB Bellweather 3 Month T-Bill	1.0%	0.7%

December 31, 2006

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	45.6%	Russell 3000	45.2%	0.4%
Fixed Income	22.9%	Lehman Universal	25.4%	-2.5%
Intl. Equity	21.1%	MSCI AC World ex US	20.0%	1.1%
Opportunistic Equity	0.1%	--	0.0%	0.1%
Real Estate	5.7%	PERS Custom Index	5.6%	0.1%
REITS	1.1%	Wilshire Resi full cap	1.0%	0.1%
Alternative Investments	2.0%	Russell 3000 + 3% (1 Qtr arrears)	1.8%	0.2%
Short Term	1.5%	LB Bellweather 3 Month T-Bill	1.0%	0.5%

As of the end of the fourth quarter, the PERS Defined Benefit Plan is overweight in domestic equity, international equity, Real Estate, REITS, alternative investments and cash, while being underweight in fixed income.

Public Employees Retirement System

Health Care Plan - Asset Allocation Actual vs. Benchmark June 30, 2006

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 Bonds	11.2%	LB 1-3 Yr Gov't	9.5%	1.7%
Short Term	1.2%	91 Day T- Bill	0.0%	1.2%

December 31, 2006

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	29.9%	Russell 3000	32.5%	-2.6%
Fixed Income	14.5%	Lehman Universal	16.0%	-1.5%
Intl. Equity	15.4%	MSCI AC World ex US	16.0%	-0.6%
REITS	5.2%	Wilshire Resi full cap	4.8%	0.4%
TIPS	19.2%	LB U.S. Tips	17.5%	1.7%
Short Duration Bonds	14.4%	LB 1-3 Yr Gov't	13.2%	1.2%
Short Term	1.4%	91 Day T-Bill	0.0%	1.4%

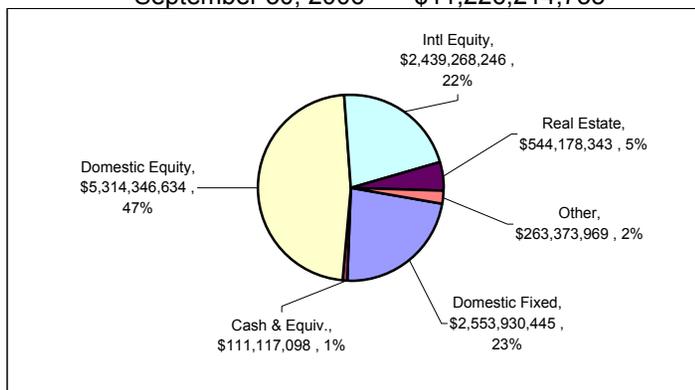
REVISED AS OF 6/11/07 DUE TO DATA CORRECTION FROM ENNIS KNUPP.

As of the end of the fourth 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.

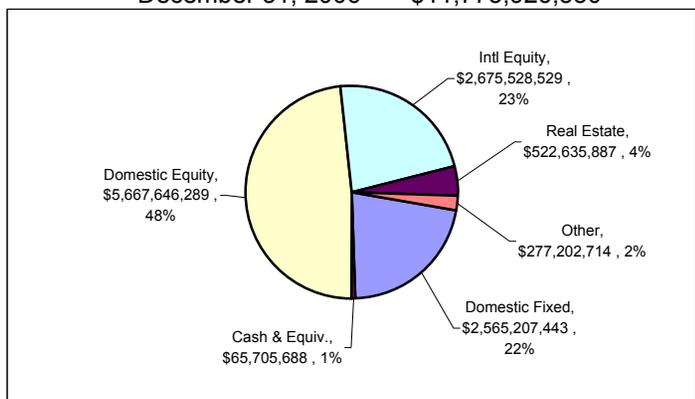
Police & Fire Pension Fund

**Asset Allocation
OP&F**

September 30, 2006 \$11,226,214,735

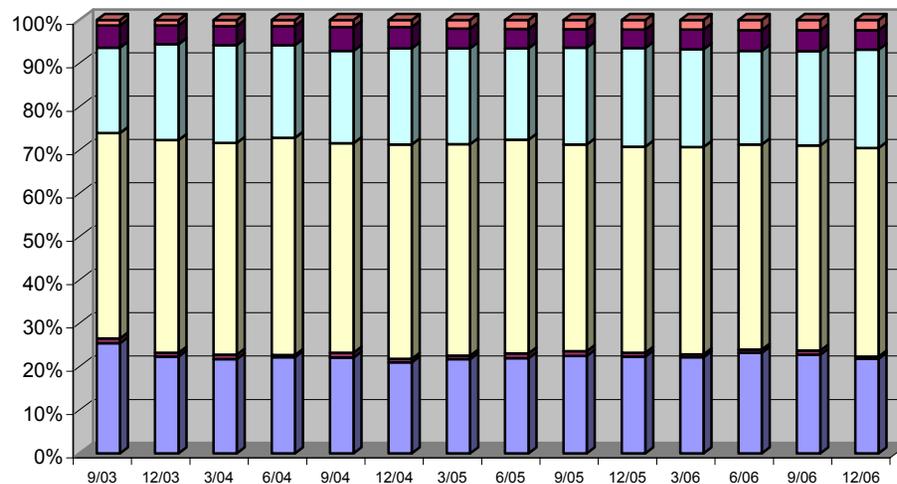


December 31, 2006 \$11,773,926,550



**Asset Allocation
OP&F**

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



	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06
Domestic Fixed %	25.4	22.3	21.8	22.2	22.1	21.0	21.8	21.9	22.5	22.4	22.2	23.2	22.8	21.8
Cash & Equiv. %	1.1	0.9	1.0	0.5	1.1	0.8	0.8	1.1	1.1	0.9	0.7	0.8	0.9	0.6
Domestic Equity %	47.4	49.0	49.0	50.1	48.4	49.5	48.8	49.4	47.7	47.6	47.8	47.3	47.3	48.1
Intl Equity %	19.7	22.1	22.6	21.4	21.3	22.2	22.1	21.0	22.3	22.8	22.5	21.6	21.7	22.7
Real Estate %	5.2	4.4	4.4	4.4	5.5	4.9	4.6	4.5	4.3	4.3	4.6	4.8	4.9	4.4
Other %	1.2	1.2	1.4	1.4	1.6	1.6	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4
Total Value (\$bil)	8.0	8.7	9.0	8.9	9.0	9.7	9.7	9.8	10.2	10.4	10.9	10.8	11.2	11.8

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 last 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 12/31/2006

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
			3.0	MSCI Em Mkts Free (Gross)
			1.0	Wilshire 5000 (lagged) + 5%
	Dec-04	Dec-04	46.0	Wilshire 5000
			18.0	LB Aggregate
			17.0	MSCI EAFE (Net)
			8.0	NCREIF
			5.0	First Boston High Yield
	Mar-05	Dec-06	3.0	MSCI Em Mkts Free (Gross)
			3.0	Wilshire 5000 (lagged) + 5%
			46.0	Wilshire 5000
			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%			

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

Police & Fire Pension Fund

Performance Overview

Returns for Period Ending December 31, 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	6.37	10.41	16.15	12.74	10.04	8.81
Policy Index	6.52	10.73	15.68	12.47	9.98	8.82
Domestic Equity	6.93	11.00	14.81	11.78	7.80	8.81
Domestic Equity Segment Median	7.03	11.01	14.78	11.88	8.10	9.41
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68
International Equity	10.53	15.11	28.23	21.42	15.94	8.82
International Equity Segment Median	10.74	15.20	25.83	20.72	16.25	9.80
MSCI EAFE	10.35	14.69	26.34	19.93	14.98	7.71
Fixed Income	1.74	5.43	5.54	5.45	6.80	7.31
Fixed Income Segment Median	1.27	5.13	4.66	4.18	5.59	6.48
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24
Cash	1.24	2.57	4.81	3.06	2.42	3.75
Real Estate	6.47	9.82	26.61	21.99	16.76	15.12
NCREIF	4.51	8.18	16.59	17.02	13.27	12.72
Alternative	2.65	6.74	17.44	16.84	1.66	7.26

For the trailing ten-year period, the fund underperformed its policy index by 1basis point. 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 47 basis points for the more recent one-year period.

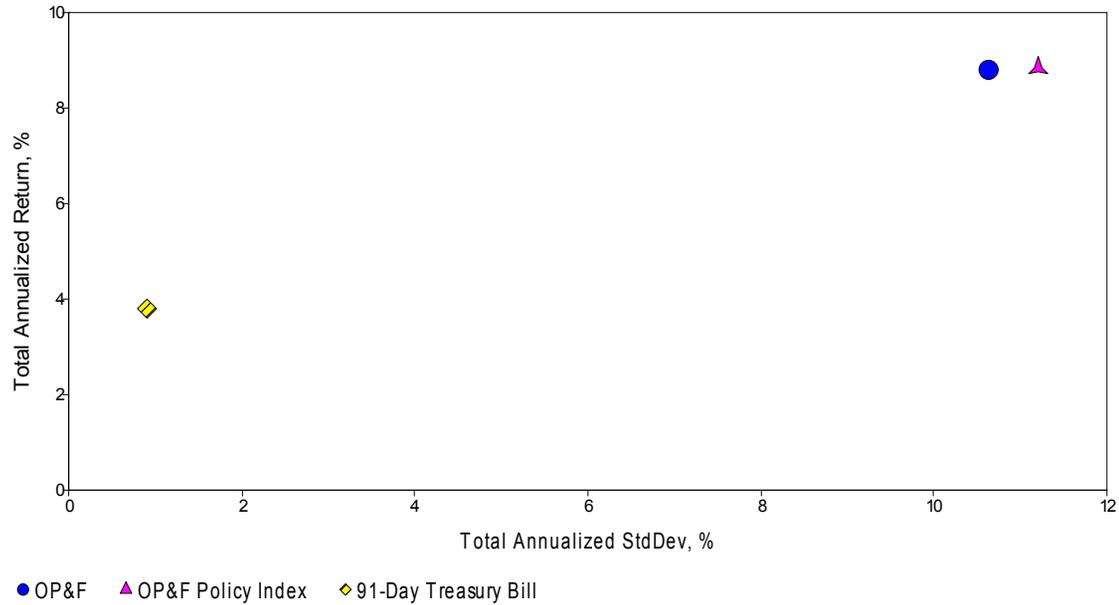
Police & Fire Pension Fund

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
			Alpha, %	Sharpe Ratio
	Total	Total		
OP&F	8.81	10.62	5.33	0.50
OP&F Policy Index	8.82	11.21	5.40	0.48
91-Day Treasury Bill	3.80	0.90	0.00	NA

The OP&F Fund has slightly underperformed the policy index (+8.81% vs. +8.82%) over the last ten-year period at a lower level of risk. This has generated a slightly better Sharpe ratio than the policy index.

Police & Fire Pension Fund

Asset Allocation Actual vs. Benchmark June 30, 2006

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%
Alternative Investments	2.3%	Wilshire 5000 Lagged + 5%	3.0%	-0.7%
Short Term	0.8%	3 Month T-Bill	0.0%	0.8%

December 31, 2006

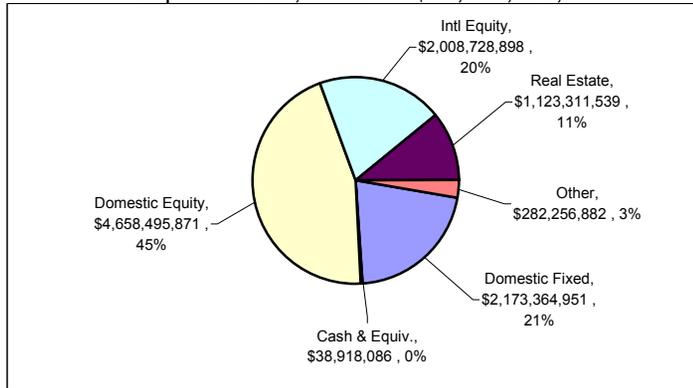
Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	48.1%	Wilshire 5000	46.0%	2.1%
Fixed Income	21.8%	Lehman Aggregate	23.0%	-1.2%
Intl. Equity Comp.	22.7%	MSCI ACWI ex- U.S. (Net)	20.0%	2.7%
Real Estate	4.4%	NCREIF	8.0%	-3.6%
Alternative Investments	2.4%	Wilshire 5000 Lagged + 5%	3.0%	-0.6%
Short Term	0.6%	3 Month T-Bill	0.0%	0.6%

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

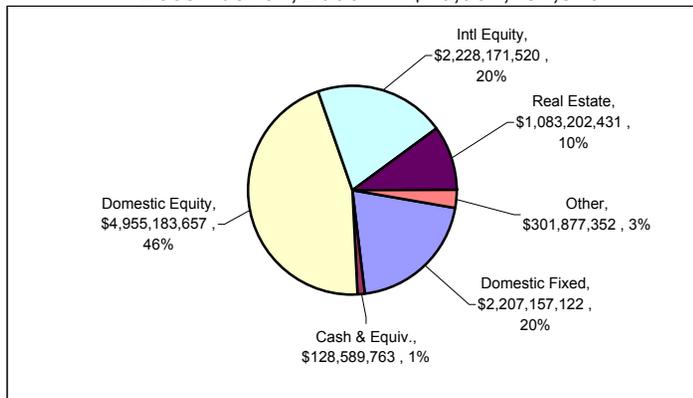
School Employees Retirement System

**Asset Allocation
SERS**

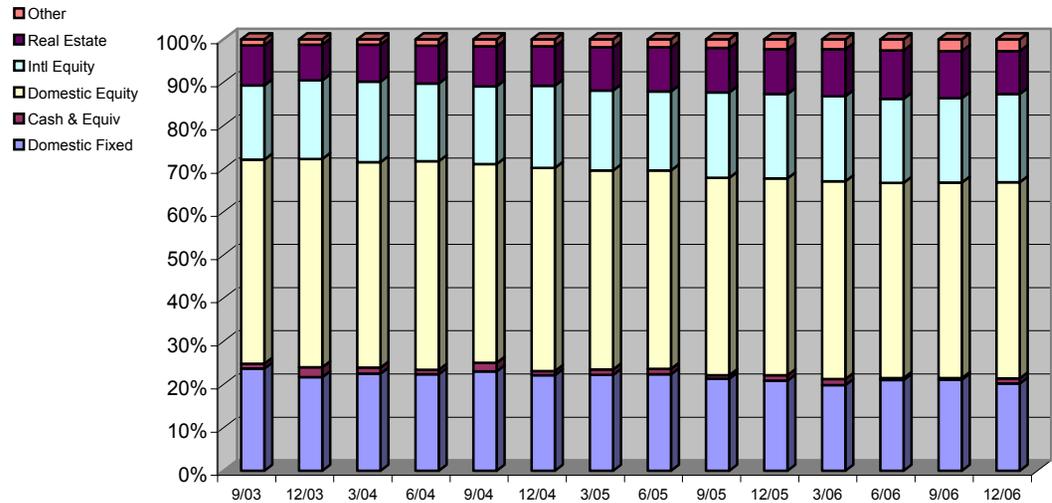
September 30, 2006 \$10,285,076,227



December 31, 2006 \$10,904,181,845



**Asset Allocation
SERS**



	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06
Domestic Fixed %	23.7	21.7	22.5	22.4	23.0	22.2	22.2	22.4	21.3	20.9	19.9	21.0	21.1	20.2
Cash & Equiv. %	1.1	2.3	1.4	1.0	2.0	0.9	1.2	1.2	0.8	1.7	1.4	0.5	0.4	1.2
Domestic Equity %	47.4	48.2	47.6	48.3	46.1	47.1	46.1	46.0	45.7	45.1	45.8	45.2	45.3	45.5
Intl Equity %	17.2	18.2	18.7	18.0	18.0	19.0	18.5	18.3	19.8	19.5	19.7	19.5	19.5	20.4
Real Estate %	9.3	8.2	8.5	8.8	9.3	9.2	10.1	10.2	10.3	10.5	10.9	11.2	10.9	9.9
Other %	1.4	1.3	1.3	1.5	1.6	1.6	1.9	1.9	2.0	2.3	2.3	2.6	2.8	2.8
Total Value (\$bil)	7.5	8.1	8.3	8.3	8.3	8.9	8.8	9.0	9.4	9.6	10.1	10.0	10.3	10.9

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 last 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 12/31/2006

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	Dec-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 thirteen years. The current policy index is listed in the table on the right.

School Employees Retirement System

Performance Overview

Returns for Period Ending December 31, 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	6.40	10.37	15.37	12.59	9.18	8.86
Policy Index	5.92	10.45	14.67	11.83	8.58	8.67
Domestic Equity	7.08	10.73	14.54	11.00	7.20	8.45
Domestic Equity Segment Median	7.03	11.01	14.78	11.88	8.10	9.41
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68
International Equity	11.54	16.29	25.88	23.75	15.45	9.66
International Equity Segment Median	10.74	15.20	25.83	20.72	16.25	9.80
MSCI EAFE	10.35	14.69	26.34	19.93	14.98	7.71
Fixed Income	1.62	5.50	5.52	4.38	5.83	6.77
Fixed Income Segment Median	1.27	5.13	4.66	4.18	5.59	6.48
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24
Cash	1.35	2.71	5.14	3.31	2.37	4.21
Real Estate	3.51	8.03	19.84	18.66	13.70	12.11
NCREIF	4.51	8.18	16.59	17.02	13.27	12.72
Alternative	4.46	6.50	12.87	14.98	3.45	5.64

For the trailing ten-year period, the fund exceeded its policy index by 19 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 70 basis points.

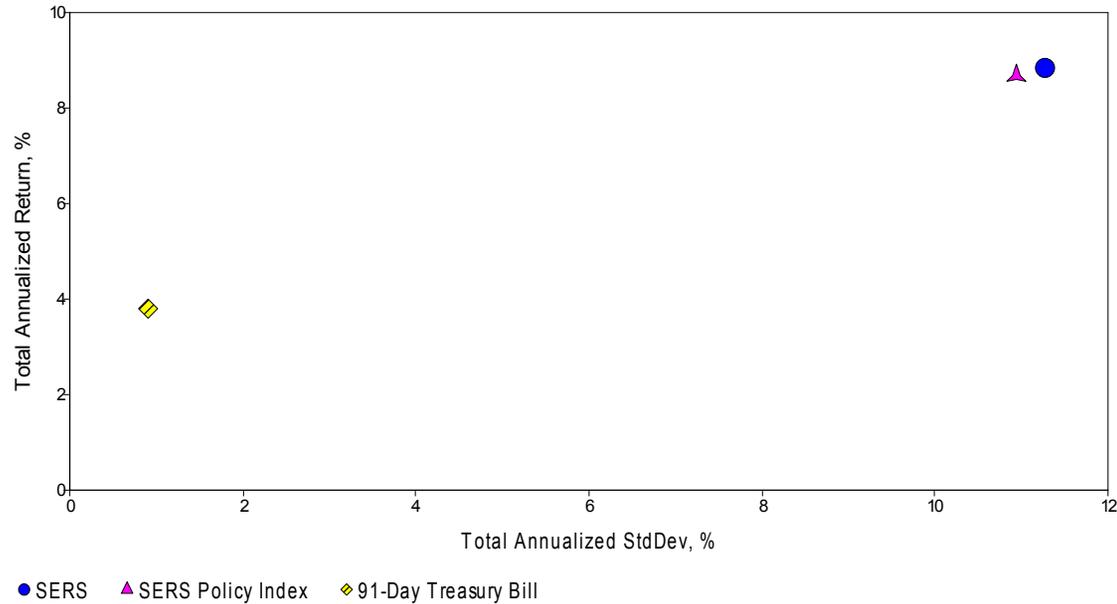
School Employees Retirement System

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06



Created with MPI Stylus™

	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
SERS	8.86	11.27	5.44	0.48
SERS Policy Index	8.67	10.94	5.23	0.47
91-Day Treasury Bill	3.80	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 June 30, 2006

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%
Alternative Investments	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%

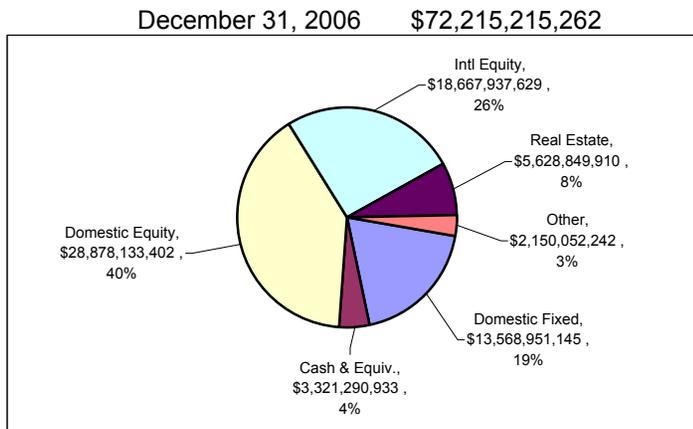
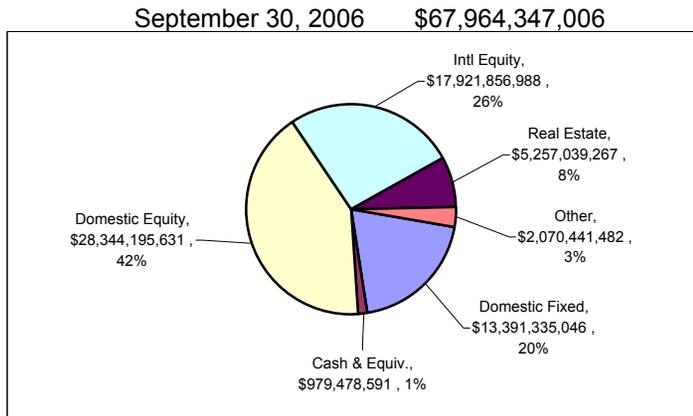
December 31, 2006

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	45.5%	Russell 3000	46.0%	-0.5%
Fixed Income	20.2%	LB Aggregate	23.0%	-2.8%
Intl. Equity	20.4%	MSCI ACWI ex US (Developed - 50% Hdg)	16.0%	4.4%
Real Estate	9.9%	Custom RE (1 Qtr arrears)	10.0%	-0.1%
Alternative Investments	2.8%	S&P (1 Qtr arrears) + 3%	3.0%	-0.2%
Short Term	1.2%	Citigroup 30 Day T-Bill	2.0%	-0.8%

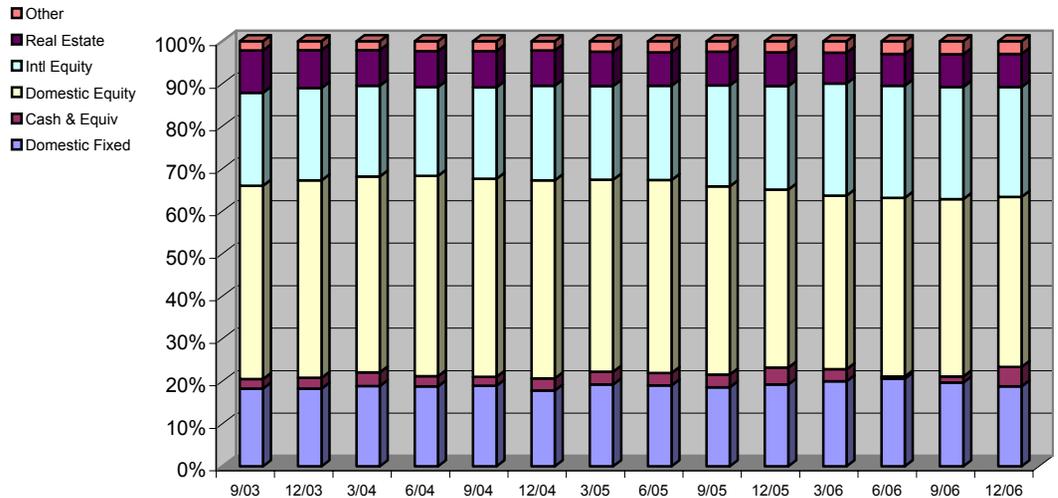
As of the end of the fourth quarter, SERS is overweight in international equity, while being underweight in domestic equity, fixed income, real estate, alternative investments and cash.

State Teachers Retirement System

Asset Allocation



Asset Allocation



	9/03	12/03	3/04	6/04	9/04	12/04	3/05	6/05	9/05	12/05	3/06	6/06	9/06	12/06
Domestic Fixed %	18.3	18.3	18.9	18.8	19.0	17.8	19.2	19.0	18.6	19.2	20.0	20.6	19.7	18.8
Cash & Equiv. %	2.2	2.5	3.2	2.4	2.1	2.9	3.0	3.0	3.0	4.0	2.8	0.5	1.4	4.5
Domestic Equity %	45.5	46.5	46.1	47.2	46.6	46.7	45.1	45.4	44.3	41.9	40.8	42.0	41.7	40.0
Intl Equity %	21.9	21.7	21.3	20.9	21.5	22.3	22.0	22.1	23.7	24.3	26.4	26.4	26.4	25.9
Real Estate %	9.9	8.9	8.4	8.5	8.5	8.3	8.1	7.9	8.0	8.0	7.3	7.5	7.7	7.8
Other %	2.2	2.1	2.1	2.3	2.3	2.2	2.5	2.6	2.5	2.6	2.7	3.0	3.1	3.0
Total Value (\$bil)	48.5	52.8	54.4	54.3	54.2	58.2	57.9	59.1	62.0	63.5	66.5	65.4	67.9	72.2

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 last 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 12/31/2006

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 12/31/2006

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-02	Dec-02	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
	Mar-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)
	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)
Mar-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	

Label	Quarter Start	Quarter End	Percent	Description
Policy Index (cont.)	Sep-06	Dec-06	42.0	Russell 3000
			20.5	Lehman Universal
			20.0	MSCI World ex US 50% Hedged
			9.5	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 on the right.

State Teachers Retirement System

Performance Overview

Returns for Period Ending December 31, 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	6.86	12.06	16.88	14.05	10.24	8.90
Policy Index	6.58	11.18	15.84	12.78	9.41	8.66
Domestic Equity	7.35	12.59	16.21	11.52	7.04	8.10
Domestic Equity Segment Median	7.03	11.01	14.78	11.88	8.10	9.41
Wilshire 5000	7.21	12.00	15.77	11.48	7.62	8.68
International Equity	11.18	16.11	25.01	23.72	17.62	9.12
International Equity Segment Median	10.74	15.20	25.83	20.72	16.25	9.80
MSCI EAFE	10.35	14.69	26.34	19.93	14.98	7.71
Fixed Income	1.52	5.71	5.23	4.43	5.98	7.15
Fixed Income Segment Median	1.27	5.13	4.66	4.18	5.59	6.48
LB Aggregate	1.24	5.09	4.33	3.70	5.06	6.24
Cash	1.33	2.64	4.97	3.19	2.50	3.97
Real Estate	7.09	18.91	30.75	27.19	18.47	15.33
NCREIF	4.51	8.18	16.59	17.02	13.27	12.72
Alternative	4.53	6.02	16.09	19.13	8.20	5.40

Over the trailing ten-year period, the fund outperformed its policy index by 24 basis points. Strong relative outperformance in international equity, fixed income and real estate contributed to overall returns. Over the more recent one-year period, the fund exceeded its policy index by a larger margin, outpacing the policy benchmark by 104 basis points.

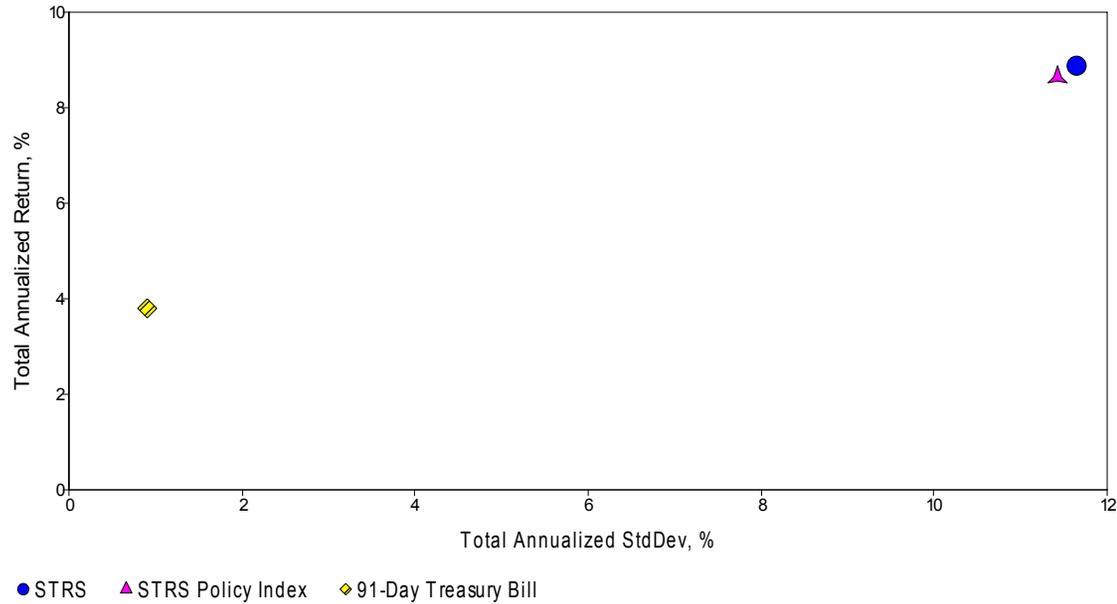
State Teachers Retirement System

Performance Overview

Returns for Period Ending December 31, 2006

Performance vs. Risk

1/97 - 12/06



	Annualized Return, %	Annualized StdDev, %	MPT Statistics	
	Total	Total	Alpha, %	Sharpe Ratio
STRS	8.90	11.64	5.52	0.47
STRS Policy Index	8.66	11.43	5.27	0.46
91-Day Treasury Bill	3.80	0.90	0.00	NA

The chart above illustrates that on a risk-adjusted basis, the fund's risk-adjusted return exceeded the policy index over the last ten-year period by 24 basis points.

State Teachers Retirement System

Asset Allocation Actual vs. Benchmark 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%
Alternative Investments	3.0%	Alt. Inv. Actual Return	3.0%	0.0%
Short Term	0.5%	3 Month T-Bill	0.0%	0.5%

December 31, 2006

Asset Class	Asset Allocation	Benchmark	Benchmark Weighting	Difference
Domestic Equity	40.0%	Russell 3000	42.0%	-2.0%
Fixed Income	18.8%	Lehman Universal	20.5%	-1.7%
Intl. Equity	25.9%	Intl. Hybrid Benchmark	25.0%	0.9%
Real Estate	7.8%	NCREIF Hybrid	9.5%	-1.7%
Alternative Investments	3.0%	Alt. Inv. Actual Return	3.0%	0.0%
Short Term	4.5%	3 Month T-Bill	0.0%	4.5%

As of the end of the fourth quarter, STRS was overweight in international equity and cash, while being underweight in domestic equity, 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

Asset Class	Quarter One Weight	Quarter Two Weight	Average Weight	Market Index Return	Avg Wght * Mkt Idx Ret
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%
Allocation Index Return					4.96%

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.

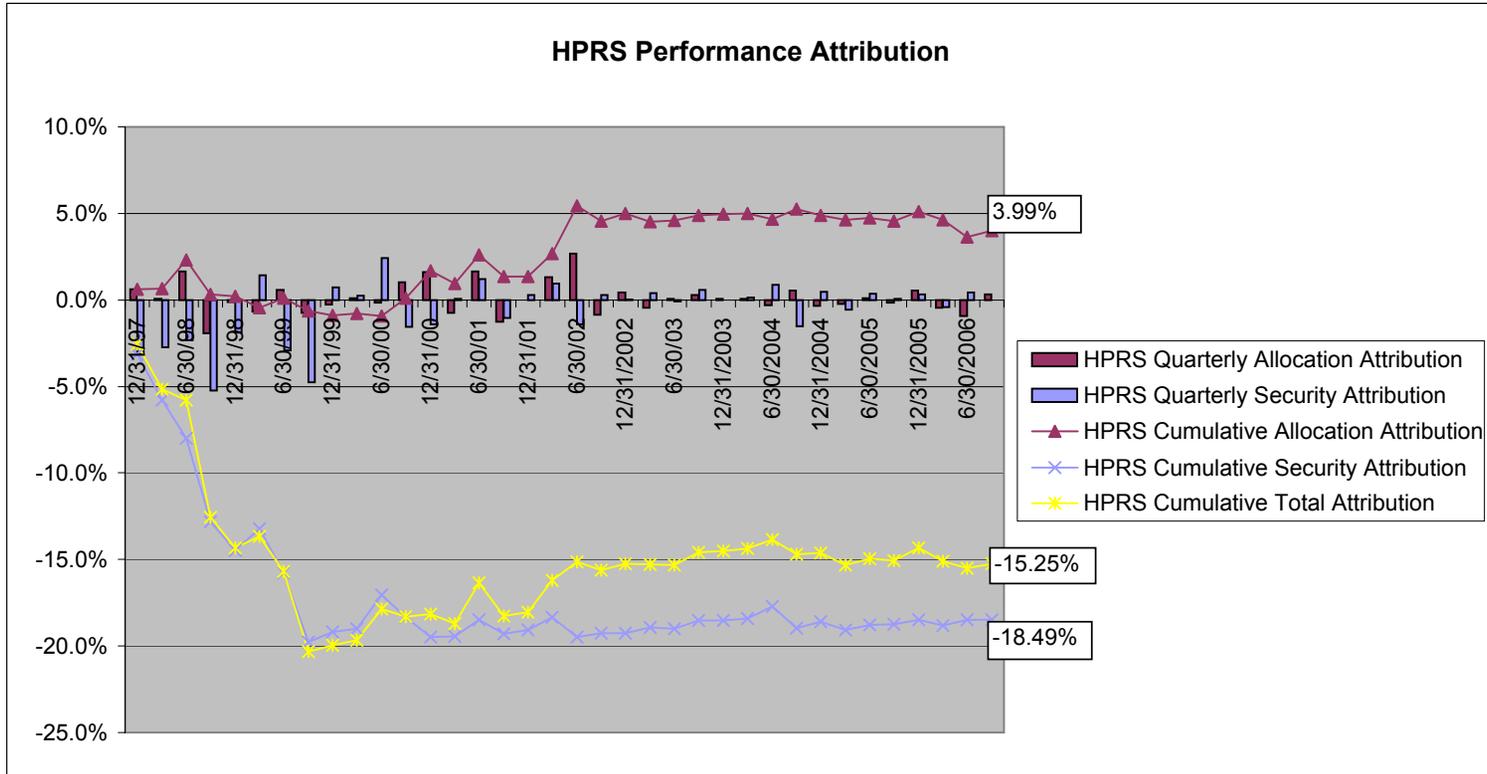
Appendix: ORSC Performance Attribution

The analysis shows that all plans except HPRS achieved positive total attribution results over the past eight years with STRS exhibiting the strongest total attribution result. From an asset allocation perspective, all funds except STRS benefited for the same time period, with HPRS leading the way followed by SERS, PERS and OP&F. The analysis also illustrates that active management of its investment managers has contributed to total performance for all funds except HPRS over the past eight years.

Breakdown of Attribution Results - Last 8 Years

	Asset Attribution	Selection Attribution	Total Attribution
HPRS	0.45%	-0.84%	-0.39%
PERS	0.08%	0.06%	0.14%
OP&F	0.02%	0.07%	0.09%
SERS	0.42%	0.20%	0.62%
STRS	0.00%	0.63%	0.64%

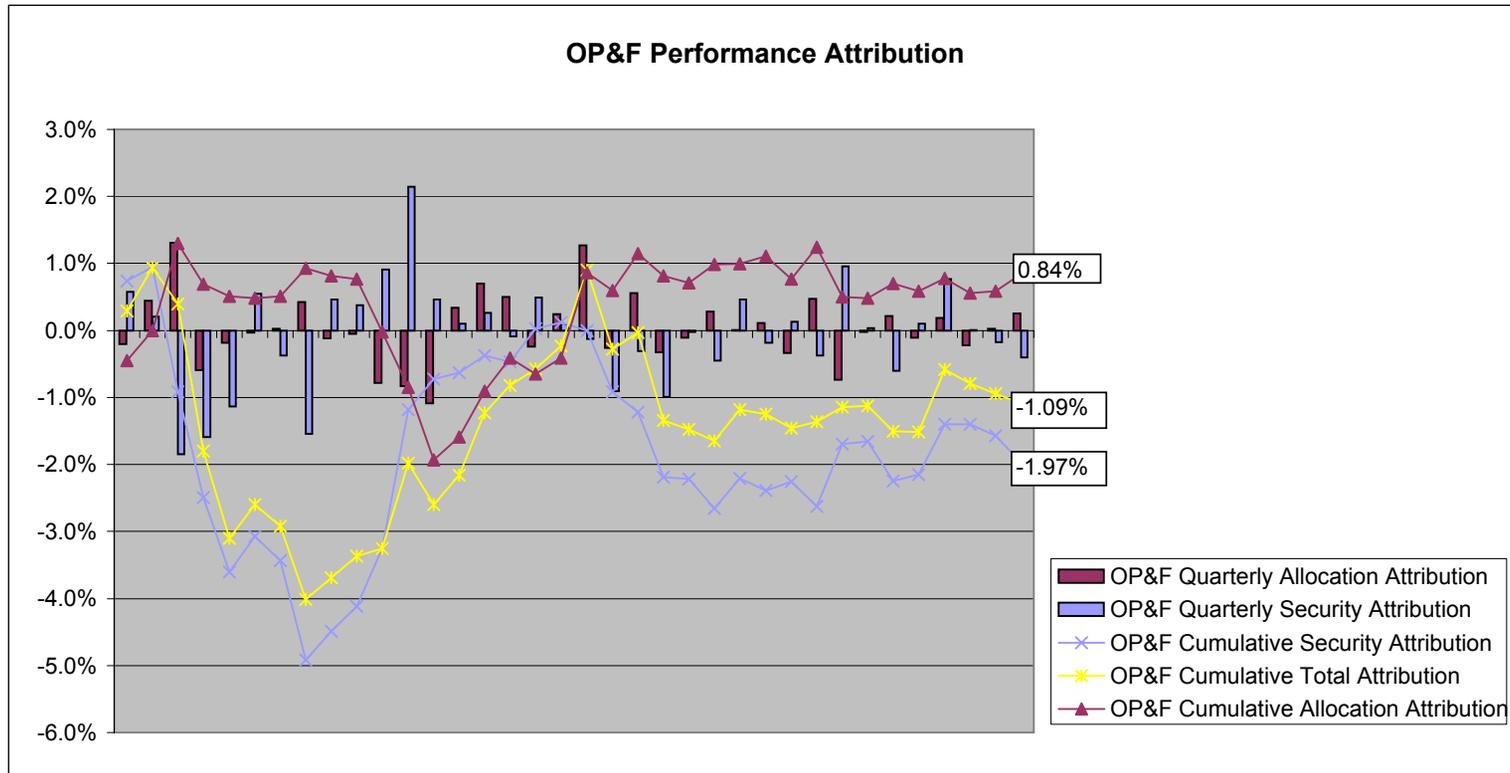
Appendix: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	-0.535%	-0.281%	0.517%	0.451%
Security Selection Attribution	0.297%	0.014%	0.201%	-0.840%
Total Attribution	-0.239%	-0.263%	0.727%	-0.388%

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 (+3.99%). 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 (-18.49%). The yellow line represents the total value added to (or subtracted by) a combination of asset allocation strategies and active portfolio management (-15.25%). The above graph demonstrates that over the past eight years, HPRS' asset allocation strategy has added 3.99% to the return of the fund, while over the same period, the active management of their investment managers has subtracted 18.49% from the fund's performance.

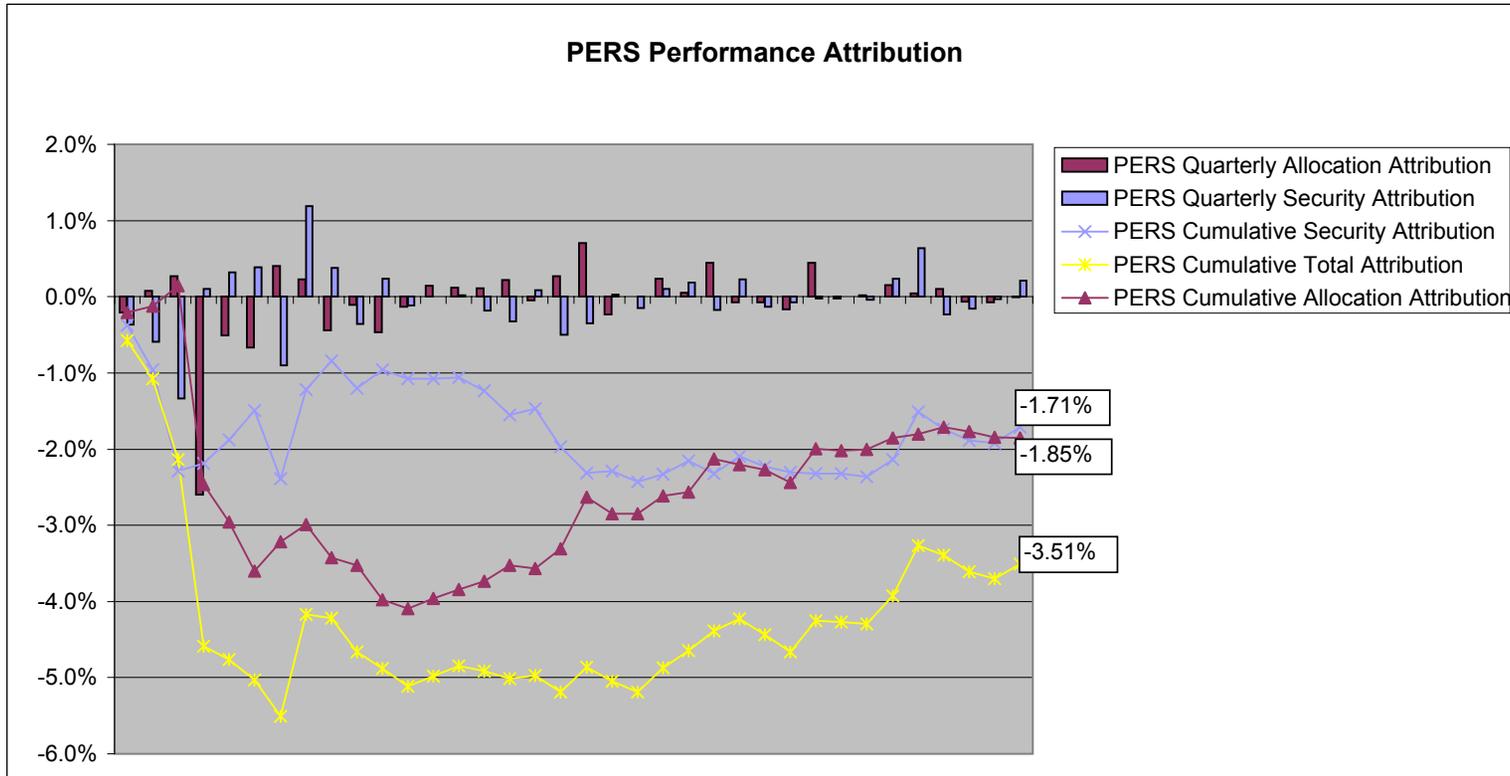
Appendix 1.4: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	0.254%	-0.048%	0.249%	0.018%
Security Selection Attribution	0.182%	0.233%	-0.305%	0.067%
Total Attribution	0.436%	0.188%	-0.054%	0.091%

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

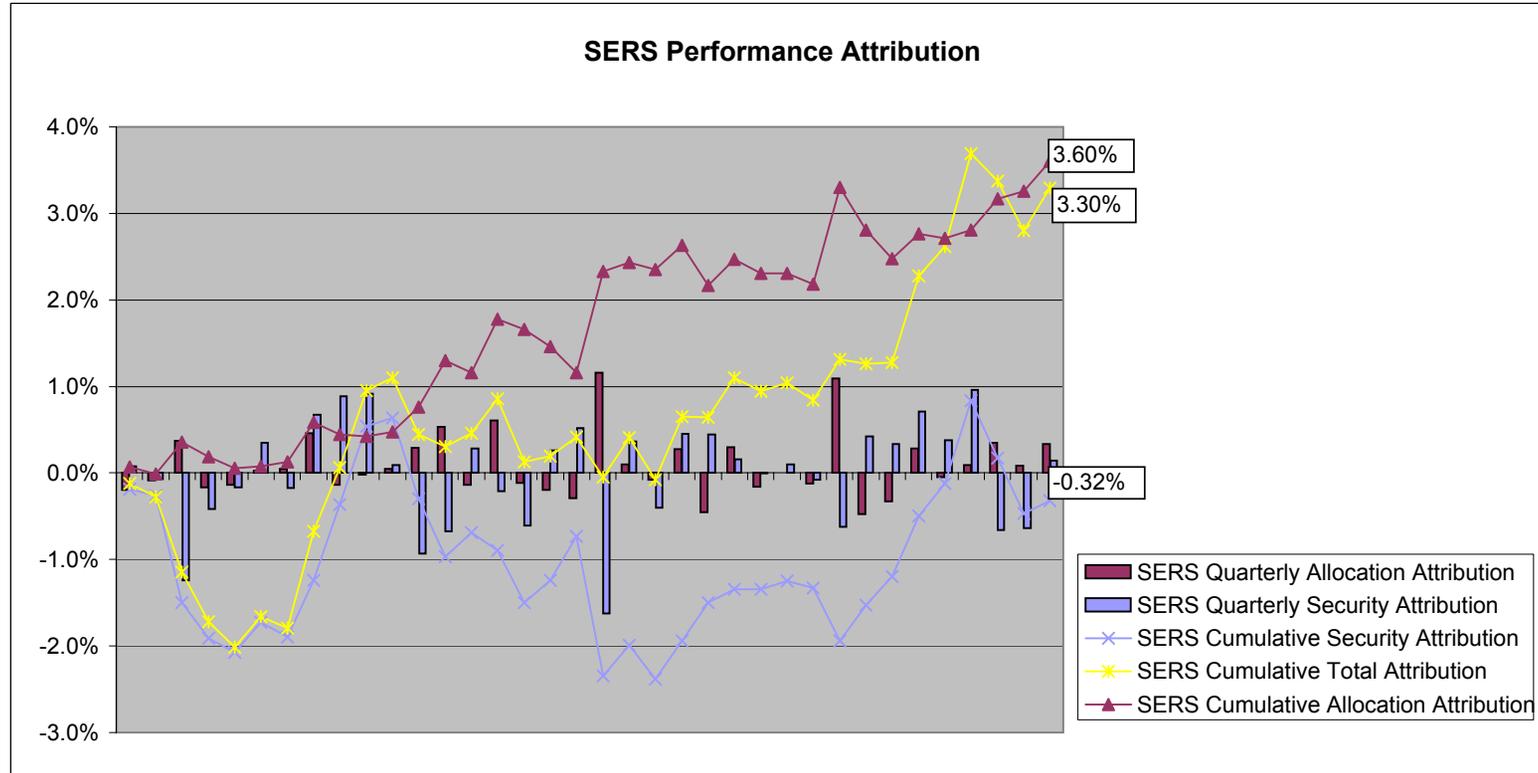
Appendix: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	-0.046%	0.095%	0.345%	0.078%
Security Selection Attribution	-0.205%	0.208%	-0.032%	0.061%
Total Attribution	-0.251%	0.303%	0.314%	0.140%

The above graph shows that both asset allocation and manager selection decisions positively impacted total performance over the eight-year period. However, for the trailing one-year period, the plan sustained losses from both asset allocation and manager selection decisions.

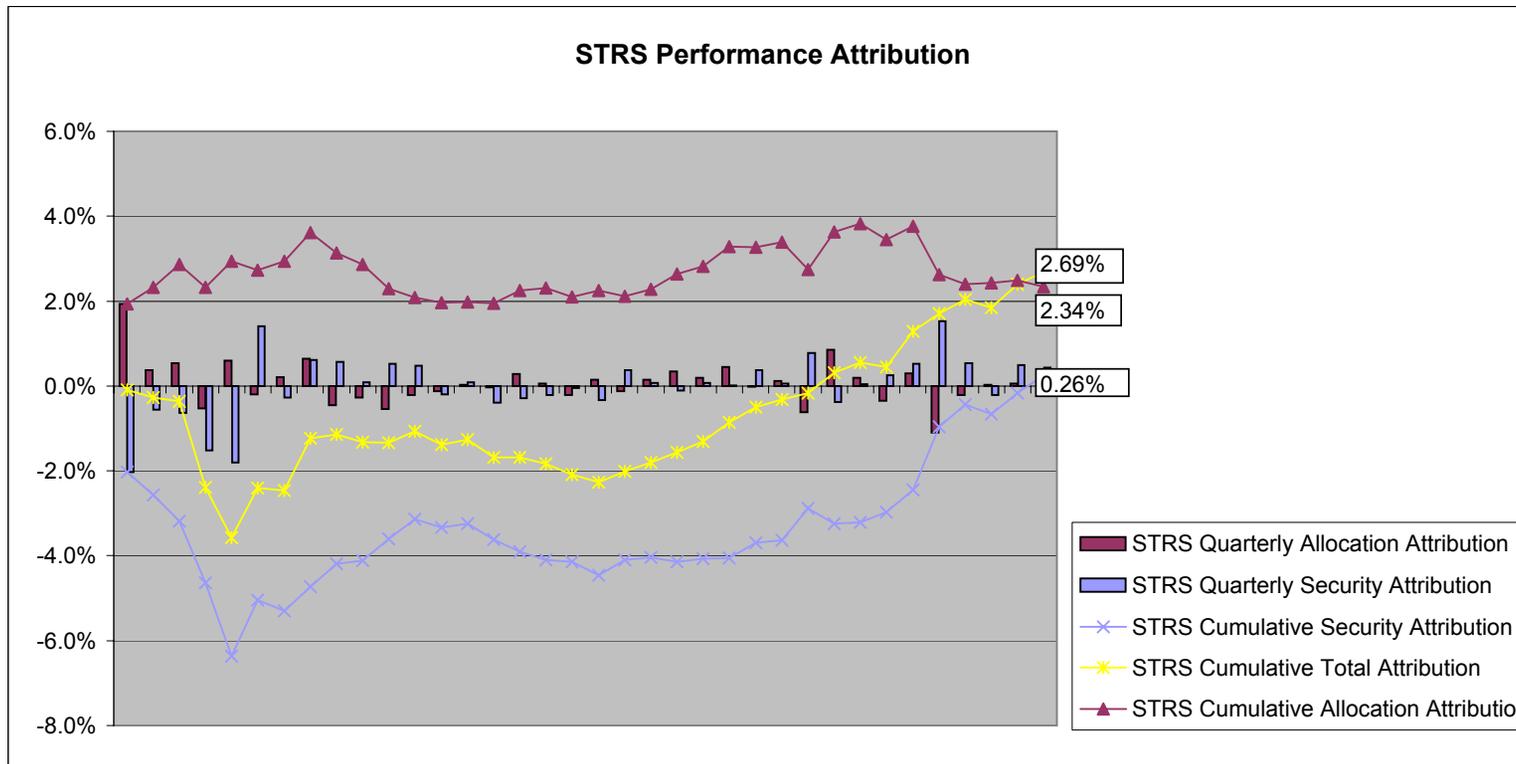
Appendix 1.6: ORSC Performance Attribution



Annualized Attribution	One Year	Three Years	Five Years	Eight Years
Asset Allocation Attribution	0.863%	0.368%	0.379%	0.419%
Security Selection Attribution	-0.200%	0.345%	0.238%	0.201%
Total Attribution	0.664%	0.718%	0.624%	0.624%

The graph above shows that SERS has benefited more from asset allocation decisions for all time periods. Active management of their investment managers over the trailing three-, five- and eight-year periods has also added 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	-0.275%	-0.304%	0.019%	0.002%
Security Selection Attribution	1.239%	1.477%	0.850%	0.629%
Total Attribution	0.962%	1.177%	0.874%	0.636%

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 active management, both internal and external.

Appendix - Ohio Retirement Systems Asset Allocation Comparison Analysis

Comparison of Asset Allocation versus Mellon Total Public Fund Universe

	U.S. Equity	Fixed Income	Non-U.S. Equity	Private / Public Real Estate	Alternatives	Cash
PERS (DB) - ACTUAL	45.62%	22.90%	21.16%	6.77%	1.97%	1.50%
PERS (DB) - TARGET	45.20%	25.40%	20.00%	6.60%	1.80%	1.00%
STRS - ACTUAL	39.99%	18.79%	25.90%	7.79%	2.98%	4.55%
STRS - TARGET	42.00%	20.50%	25.00%	9.50%	3.00%	0.00%
OP&F - ACTUAL	48.14%	21.79%	22.72%	4.44%	2.35%	0.56%
OP&F - TARGET	46.00%	23.00%	20.00%	8.00%	3.00%	0.00%
SERS - ACTUAL	45.45%	20.24%	20.43%	9.93%	2.77%	1.18%
SERS - TARGET	46.00%	23.00%	16.00%	10.00%	3.00%	2.00%
HPRS - ACTUAL	52.98%	20.59%	11.36%	5.51%	9.16%	0.40%
HPRS - TARGET	44.00%	22.00%	15.00%	9.00%	10.00%	0.00%
Maximum	58.66%	49.63%	35.10%	11.57%	16.29%	8.05%
5th	52.64%	42.60%	30.63%	10.40%	13.40%	7.45%
25th	47.28%	32.75%	23.12%	8.05%	9.46%	5.26%
Median	39.91%	26.21%	20.30%	6.02%	5.44%	2.47%
75th	35.01%	20.94%	17.33%	3.70%	3.85%	1.39%
95th	27.97%	14.36%	11.52%	0.00%	2.24%	0.66%
Minimum	23.25%	13.33%	4.98%	0.00%	1.53%	0.00%

Note:

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

Forty institutions represented the universe run.

PERS (DB) fixed income allocation is comprised of 22.83% in fixed income and 0.07% in stable value. The real estate allocation is comprised of 5.67% private real estate and 1.10% REITS.

Additionally, an allocation of 0.08% to opportunistic equity was not included.

Source: Mellon Trust Universe Quarter Ended December 31, 2006

Appendix - Ohio Retirement Systems Asset Allocation Comparison Analysis

Comparison of Asset Allocation versus Mellon Billion Dollar Public Fund Universe

	U.S. Equity	Fixed Income	Non-U.S. Equity	Private / Public Real Estate	Alternatives	Cash
PERS (DB) - ACTUAL	45.62%	22.90%	21.16%	6.77%	1.97%	1.50%
PERS (DB) - TARGET	45.20%	25.40%	20.00%	6.60%	1.80%	1.00%
STRS - ACTUAL	39.99%	18.79%	25.90%	7.79%	2.98%	4.55%
STRS - TARGET	42.00%	20.50%	25.00%	9.50%	3.00%	0.00%
OP&F - ACTUAL	48.14%	21.79%	22.72%	4.44%	2.35%	0.56%
OP&F - TARGET	46.00%	23.00%	20.00%	8.00%	3.00%	0.00%
SERS - ACTUAL	45.45%	20.24%	20.43%	9.93%	2.77%	1.18%
SERS - TARGET	46.00%	23.00%	16.00%	10.00%	3.00%	2.00%
HPRS - ACTUAL	52.98%	20.59%	11.36%	5.51%	9.16%	0.40%
HPRS - TARGET	44.00%	22.00%	15.00%	9.00%	10.00%	0.00%
Maximum	58.66%	49.63%	35.10%	9.49%	16.29%	8.05%
5th	51.56%	43.17%	30.03%	9.04%	14.08%	7.62%
25th	44.36%	31.85%	23.30%	7.63%	8.56%	5.55%
Median	39.28%	25.31%	20.56%	4.96%	5.14%	2.47%
75th	34.83%	19.17%	17.84%	3.39%	3.85%	1.31%
95th	27.57%	14.24%	13.85%	0.00%	2.64%	0.58%
Minimum	23.25%	13.33%	12.77%	0.00%	2.36%	0.00%

Note:

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

Thirty-one institutions represented the universe run.

HPRS total assets for period ended December 31, 2006 was \$794,566,547.

PERS (DB) fixed income allocation is comprised of 22.83% in fixed income and 0.07% in stable value. The real estate allocation is comprised of 5.67% private real estate and 1.10% REITS.

Additionally, an allocation of 0.08% to opportunistic equity was not included.

Source: Mellon Trust Universe Quarter Ended December 31, 2006

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