Oregon Investment Council

May 26, 2010 - 9:00 AM

PERS Headquarters
11410 S.W. 68th Parkway
Tigard, OR 97223

Oregon Investment Council

Harry Demorest
Chair

Office of The State Treasurer
Ted Wheeler
State Treasurer

Ronald Schmitz
Chief Investment Officer

OREGON INVESTMENT COUNCIL

2010 Meeting Schedule

Meetings Begin at 9:00 am
at
PERS Headquarters Building
11410 SW 68th Parkway
Tigard, OR 97223

January 27, 2010

February 24, 2010

April 28, 2010

May 26, 2010

July 28, 2010

September 29, 2010

October 27, 2010

December 1, 2010

OREGON INVESTMENT COUNCIL

Agenda

May 26, 2010
9:00 AM

PERS Headquarters
11410 S.W. 68th Parkway
Tigard, Oregon

Time	**A. Action Items**	**Presenter**	**Tab**
9:00-9:05	**1. Review & Approval of Minutes** April 28, 2010 Regular Meeting	**Ron Schmitz** *Chief Investment Officer*	**1**
9:05-9:20	**2. Litigation Update – Executive Session** *Possible executive session is being held pursuant to ORS 192.660(2)(h)*	**Fred Boss** *Chief Counsel, Civil Enforcement*	**2**
9:20-10:00	**3. Securities Lending Cash Management**	**Mike Mueller** *Deputy Chief Investment Officer* **Steve Meier** *Executive VP & Global Cash CIO, State Street* **Obie Knapp** *Vice President, State Street Securities Finance* **Johnson Shum** *Vice President, SSgA*	**3**
10:00-10:30	**4. Policy Implementation Overlay** *Russell Implementation Services*	**Mike Mueller** **Greg Nordquist** *Senior Portfolio Manager* **Sylvia Perek** *Portfolio Manager*	**4**
10:30-10:45	**---------------------BREAK----------------------**		
10:45-12:00	**5. OPERF Asset Liability Study** *Joint Meeting with OPERS Board*	**Mike Beasley** **John Meier** *Strategic Investment Solutions* **Lou Kingsland, Jr.** *SIS Strategic Advisor*	**5**

Harry Demorest, Chair — Keith Larson, Vice-Chair — Ted Wheeler, State Treasurer — Katy Durant, Member — Richard Solomon, Member — Paul Cleary, PERS Director (Ex-officio)

B. Information Items

12:00-12:15	**6. Asset Allocations & NAV Updates** a. Oregon Public Employees Retirement Fund b. SAIF Corporation c. Common School Fund d. HIED Pooled Endowment Fund	**Ron Schmitz**	**6**
	7. Calendar—Future Agenda Items	**Ron Schmitz**	**7**
	8. Other Items	**Council** **Staff** **Consultants**	

C. Public Comment Invited

15 Minutes

Harry Demorest	Keith Larson	Ted Wheeler	Katy Durant	Richard Solomon	Paul Cleary
Chair	Vice-Chair	State Treasurer	Member	Member	PERS Director (Ex-officio)

TAB 1 – REVIEW & APPROVAL OF MINUTES

April 28, 2010 Regular Meeting

RONALD D. SCHMITZ
CHIEF INVESTMENT OFFICER
INVESTMENT DIVISION

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STATE OF OREGON
OFFICE OF THE STATE TREASURER
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97301-3896

OREGON INVESTMENT COUNCIL
APRIL 28, 2010
MEETING MINUTES

Members Present:	Paul Cleary, Harry Demorest, Katy Durant, Dick Solomon, Treasurer Ted Wheeler
Member on Phone:	Keith Larson
Staff Present:	Andrea Belz, Darren Bond, Tony Breault, Brad Child, Jay Fewel, Wendy Finley, Sam Green, Ellen Hanby, Andy Hayes, John Hershey, Brooks Hogle, Julie Jackson, Jeff Keto, Perrin Lim, Tom Lofton, Mike Mueller, Kevin Nordhill, Jen Peet, Jo Recht, Tom Rinehart, Ron Schmitz, James Sinks
Consultants Present:	Allan Emkin and John Linder (PCA), Mike Beasley and John Meier (SIS), David Fann and Sundeep Rana (PCG), Nori Gerardo Lietz (Partners Group)
Legal Counsel Present:	Dee Carlson, Oregon Department of Justice Deena Bothello, Oregon Department of Justice

The OIC meeting was called to order at 9:00 am by Harry Demorest, Chair.

I. 9:00 a.m.: Review and Approval of Minutes

MOTION: Mr. Demorest brought approval of the February 24 and April 8, 2010 OIC minutes to the table. Mr. Solomon moved to approve the minutes. The motion was seconded by Ms. Durant and passed by a vote of 4/0 (Mr. Larson was not present for the vote).

II. 9:01 a.m.: OPERF Asset/Liability Study

Mike Beasley and John Meier of Strategic Investment Solutions (SIS) provided an update on the asset/liability study. This was an informational topic only that was mainly focused on the asset side and the various levels of allocation for each asset class. The specific areas that were modeled were correlations, risk, and returns. There was a brief question and answer period following the presentation.

9:20 am: Mr. Larson dialed in to the meeting.

ACTION: Staff will send around the Scenario Analysis Assumption to the PERS Board for their input.

ACTION: SIS will provide the OIC with a full set of assumptions regarding the Capital Markets outlook.

ACTION: Create alternative scenarios for the Opportunity Portfolio with different risk/return parameters and to look at leveraged portfolio options.

9:53 a.m.: Harry Demorest, OIC Chair read a prepared statement regarding the recent Oregonian coverage of Oregon State Treasury travel (see attached).

III. 10:04 a.m.: Oaktree Capital Management-OPERF and CSF Private Equity

Jay Fewel, Sr. Investment Officer and David Fann with Pacific Corporate Group gave a brief introduction about the Oaktree Capital Management (OCM) Opportunities Fund VIII. Staff recommended a commitment of $100 million by OPERF and $25 million by the Common School Fund (CSF) to OCM Opportunities Fund VIII, LP ($50 million to Fund A and $50 million to Fund B for OPERF and $12.5 million to Fund A and $12.5 million to Fund B for the Common School Fund). This commitment was originally proposed to be made through the Private Equity Committee, at its January 25, 2010 meeting. Due to an objection by a member of the OIC, this recommendation was pulled from that agenda, and was reintroduced to the full OIC following modification of some terms. Said commitment is subject to the satisfactory negotiation of the requisite legal documents by legal counsel working in concert with OST Staff and PCG.

ACTION: Mr. Solomon moved to approve the staff recommendation. Treasurer Wheeler seconded the motion. The motion was passed by a vote of 5/0.

IV. 10:06 a.m.: Aquiline Capital Partners-OPERF Private Equity

Mr. Fewel introduced Jeff Greenberg, Chief Executive Officer, and Geoff Kalish, Founder and Principal with Aquiline Capital Partners, LLC. Aquiline Capital Partners LLC is forming Aquiline Financial Services Fund II, L.P. to pursue a range of privately negotiated equity and equity-related investments within the financial services industry, across North America and Europe. They anticipate making 10 to 15 investments (ranging from $100 million to $400 million of equity) while focusing on corporate divestitures, public and private company buyouts, corporate restructurings, and, opportunistically, growth or start-up capital investments.

This commitment was originally proposed to be made through the Private Equity Committee, at its January 25, 2010 meeting. Due to an objection by a member of the OIC, this recommendation was pulled from that agenda, and was reintroduced to the full OIC. Said commitment is subject to the satisfactory negotiation of the requisite legal documents by legal counsel working in concert with OST Staff and PCG.

Staff recommended a commitment of $100 million to Aquiline Financial Services Fund II, L.P. Said commitment is subject to the satisfactory negotiation of the requisite legal documents by legal counsel working in concert with OST Staff and PCG.

There was a brief question and answer period following the presentation.

ACTION: Mr. Solomon moved to approve the staff recommendation, with the addition of a review by staff of the fund's budget. Mr. Larson seconded the motion. The motion was passed by a vote of 4/1 with Ms. Durant voting no.

V. 11:17 a.m.: Vornado Capital Partners LP-OPERF Real Estate

S. Bradford Child, Senior Real Estate Investment Officer and Nori Gerardo Lietz with Partners Group introduced Michael Fascitelli, President/CEO and Michelle Fellman, Executive Vice President of Vornado Capital Partners. The Fund targets $1 billion in total equity capital for investment in high quality office and urban retail in major metropolitan cities such as New York City and Washington D.C. The proposed fund will be "value-added" in nature with a target gross IRR return of 15 to 20 percent. Vornado is a large, successful public REIT with a market capitalization of almost $14 billion. Their assets are prime office and retail in major markets such as New York City and Washington DC. The company is vertically integrated with staff experienced in: real estate acquisitions, property management, development and re-development of existing properties. Most of the senior investment team has worked together for over 12 years. Vornado will invest 20 percent of the equity in the Fund up to $200 million. During its investment period, the Fund will be the primary acquisition vehicle for the REIT, providing a strong alignment of interests. Vornado believes that the next few years will offer an exceptional opportunity to invest in quality real estate investments as current owners and lenders address the property re-pricing of the recent past. Some of these opportunities may be of a size that exceeds Vornado's REIT resources. The Fund will provide Vornado with a platform to pursue large, high quality investments for the benefit of both the REIT and the other Fund investors. Vornado's in-house capabilities to lease, manage and remodel buildings will be beneficial in both the acquisition and turn-around of properties that may have been under-managed by prior distressed owners.

Staff recommended approval of a $100 million commitment to Vornado Capital Partners, L.P. subject to negotiation of the required legal documents, working in concert with the Department of Justice.

There was a brief question and answer period following the presentation.

ACTION: Ms. Durant moved to approve the staff recommendation. Treasurer Wheeler seconded the motion. The motion was passed by a vote of 5/0.

VI. 12:13 p.m.: Oregon Short Term Fund-Annual Review and Policy Updates

Perrin Lim, Senior Investment Officer gave an overview of policy 4.02.03 updates for the Oregon Short Term Fund. They include the following:

1. 4.02.03: Section VI-A-1a,b,c adds US$ denominated foreign government securities and instrumentalities rated a minimum AA-, Aa3, or AA- at the time of purchase and subject to 25% maximum.
2. 4.02.03: Section VI-A-5b,e allows domestic and foreign corporate indebtedness subject to 25% maximum in total foreign (corporate and government).
3. 4.02.03: Section VI-A-5d allows corporate notes with minimum long-term ratings of A-, A3, or A- at the time of purchase
4. 4.02.03: Section VI-A-9 adds municipal debt obligations with minimum long-term ratings of AA-, Aa3, or AA-, or are rated in the highest category for short-term municipal debt at the time of purchase.

Staff recommended the OIC approve the revised Oregon Short-Term Fund Portfolio Rules, Policy 4.02.03, as approved by the Oregon Short-Term Fund Board on January 26, 2010.

ACTION: Ms. Durant moved to approve the staff recommendation. Mr. Solomon seconded the motion. The motion was passed by a vote of 5/0.

VII. 12:25 p.m.: OST Intermediate Term Bond Fund

Perrin Lim and Tom Lofton presented to the Council the OST Intermediate Term Bond Fund. The purpose of the presentation was to obtain approval from the OIC to implement and operate a fixed income investment pool named the "Oregon Intermediate Term Pool" (OITP).

Certain state agencies and state sponsored entities have monies available to invest on a longer term basis than the Oregon Short-Term Fund (OSTF) rules allows. Currently, the investment options available to most state entities are restricted by Oregon Revised Statutes (ORS) and governed by the OIC. Except in specific and limited circumstances provided by ORS, the only investment vehicle available for state agencies and sponsored entities is the Oregon Short Term Fund.

The Oregon Intermediate Term Pool (OITP) will provide certain state-owned and sponsored entities the opportunity to place funds, not needed for short-term cash needs, in a vehicle that is able to accept greater market risk, within certain parameters, in order to achieve improved investment returns.

Staff expects to have the necessary administrative needs completed for OITP to become operational on July 1, 2010. Process mapping, responsibility assignment, and compliance and control procedures have been established. In addition, the OITP Policies and Guidelines, Prospectus, and administrative processes have been reviewed by internal audit staff. Pending OIC approval of OITP's implementation, OST Investment Accounting staff and Fixed Income Investment Staff will begin testing administrative and compliance procedures in May and June. Fixed Income Staff will also reach out to eligible state agencies to inform them of OITP.

Staff recommended that the OIC approve the implementation and operation of the Oregon Intermediate Term Pool and approve the OITP Policies and Procedures.

ACTION: Mr. Solomon moved to approve the staff recommendation. Ms. Durant seconded the motion. The motion passed by a vote of 5/0.

VIII. 12:40 p.m. OIC Annual Policy Update:

Mike Mueller, Deputy CIO presented updates on several OIC Policies based on statutory changes and to conform policy with practice (where appropriate). Staff recommended approval of OIC policies and procedures, as part of an annual "housekeeping" update (some key updates are listed below):

1. 4.01.01: Adds foreign holdings consistent with OSTF investment guidelines revisions from today.
2. 4.01.05: Strikes language for a reporting process that is not yet active.
3. 4.01.14: Strengthens language and reporting of losses, sets up reserve procedures for the OSTF—codifies current practice.
4. 4.01.19: Clarifies the procedures related to due diligence, implementation, funding, and monitoring for the Opportunity Portfolio for consistency with the private equity policy.
5. 4.04.01: Clarifies use of "direct" and "core."

6. 4.07.05: Updates manager name changes and adds LifePath Funds in Appendix.
7. Investment Objectives and Policy Framework for OPERF: Updates to reflect policy changes and definitions-change the review term from periodically to biennially.

ACTION: Mr. Solomon moved to approve the staff recommendation. Ms. Durant seconded the motion. The motion passed by a vote of 5/0.

IX. 12:43 p.m. Litigation Update

This agenda item was moved to the next meeting on May 26.

X. 12:43 p.m.: Asset Allocation and NAV Updates

Mr. Schmitz reviewed the Asset Allocations and NAV's for the period ended March 31, 2010. All asset classes are within their allocation ranges.

XI. 12:44 p.m.: Calendar – Future Agenda Items

Mr. Schmitz highlighted future agenda topics.

XII. 12:45 p.m.: Other Business

There was no other business discussed.

12:45 p.m.: Public Comments

Terry Scannell provided comments regarding the recent Oregonian coverage of the Oregon State Treasury travel policies.

The meeting adjourned at 12:55 p.m.

Respectfully submitted,

Julie Jackson

Julie Jackson
Executive Support Specialist

Harry Demorest, Chair, Oregon Investment Council

Comments Regarding Oregonian Coverage of OST Staff Travel

April 28, 2010

Before we move on to the next agenda item, I am going to exercise my prerogative as Chair and make a few comments about the Oregonian's reporting on the investment staff's travel expenses. I do so even though it's a violation of a long term belief to never pick a fight with someone who buys ink by the barrel. I also want to make clear that my comments are my own personally. I have not discussed them with any other council member and as such they should not be perceived as the view of the council.

First let me say in my four plus years on the council I have found the Oregonian reporting has been fair and balanced. Their recent coverage of staff travel is not. They may have been influenced by their recent training program on watch dog reporting, or as one blogger put it, "It's just a silly article losing sight of the forest for the trees to sell extra papers." They even went so far as to show a picture of Phil Mickelson playing golf at Pebble Beach, when they had been told that no Investment staff had played golf there.

The Investment Division is employed by the Treasurer but they serve the Council. Our primary concerns are superior investment results on a cost effective basis. On both counts, their results have been outstanding. Almost as a concession, buried in one paragraph in the middle of the initial story, the Oregonian reported, and I quote: "Trade magazines and industry associations do laud Oregon's public-investment performance as best in class." Best in class. "Returns from the pension funds investment in private partnerships in particular have been strong over time." Now I saw a nice headline there…Best in Class…unfortunately the Oregonian didn't. In fact, to say our private investments have been strong over time is an understatement. For almost every time period, private investments have substantially out performed public investments. To make clear what I mean by substantial, several billion over the last ten years and certainly much more if you go back to the 80's when the council first directed funds into private investments.[1] These are direct savings to Oregon taxpayers, and I mention this because the total focus of the articles dealt with travel monitoring private investments.

The second metric that is important to the council is cost. Again the investment staff is an excellent performer, when it comes to overall cost compared to a universe of pension funds. The council annually receives a report from an independent firm which shows that last year our total investment cost was

[1] In the meeting, an amount of $2.5 billion was inadvertently presented as an annual number. The error was due to a miscommunication between staff and the Chair. This figure was from private equity over the ten year period. An additional amount of more than $1.5 billion of value added comes from private real estate holdings over the ten years. While a regrettable error, this does not alter the fact that private investments have brought tremendous value to OPERF.

0.74 percent. Three quarters of one percent. That's below our peers that also have significant private equity in their portfolios, some of those peers which chose to be quoted in the article.

However, the most outrageous insinuation is that a "cozy relationship" with our investment partners colors our staff's recommendations and monitoring of investments. That's insulting and stupid. The evidence to prove the Oregonian's claim would be poor investment results or investments we didn't make that were superior but didn't offer the same conferences. The evidence is quite the contrary. If I personally had found that our staff was not attending partner conferences or participating in limited partner committees, or staying in their rooms instead of playing golf with one of our general partners, I would be upset that we weren't performing our duties. As a check, we have consultants that review every investment before it comes to the council. And by the way, the council itself hasn't been bashful in questioning or turning down staff recommendations. But perhaps the most important factor is that, up to 30 percent of the staff's compensation is determined by investment results. Does any reasonable person think that our staff would risk that for a fancy dinner?

Finally, I am not immune to the public perception created by these articles. I believe we have been caught up in current anti-Wall Street sentiment. I support, not that he needs it, our new Treasurer's review of travel policies. No matter what Ted chooses to do, the council will continue to insist that the investment staff not let up on their very heavy travel schedules (over 500,000 miles annually and 400 days away from home) to monitor and seek out the best private investments for our fund. They deserve the public's appreciation.

TAB 2 – LITIGATION UPDATE

Executive session may be held pursuant to

ORS 192.660(2)(h)

TAB 3 – SECURITIES LENDING CASH MANAGEMENT

Securities Lending Cash Collateral Discussion

Purpose
To discuss the cash collateral reinvestment pools managed by State Street Global Advisors, for the securities lending programs.

Background
During the February 2010 annual review of the securities lending program with State Street Bank, the OIC requested a discussion dedicated to the reinvestment of the cash collateral.

As previously reported, the Oregon State Treasury has participated in securities lending arrangements dating back decades. The most recent relationship, with State Street Bank, began in May 1997. Over the past 13 years, OIC managed accounts have benefited from over $316 million in net earnings from securities lending. Year-to-date, net earnings to OPERF and other funds have averaged about $2 million per month. Not only do the underlying funds benefit from the income derived from securities lending, but total plan costs for custody and related services are kept down, since a portion of the revenue from securities lending is retained by the bank. Earnings are not guaranteed and are a function of: market demand for securities, the Oregon portfolio "supply," as well as the reinvestment risk taken with the cash collateral. Today's discussion is primarily focused on the last factor.

Discussion
Steve Meier, Obie Knapp, and Johnson Shum will provide the OIC a presentation on the topic requested.

STATE STREET GLOBAL ADVISORS

Oregon Investment Council

May 26, 2010

Steven R. Meier, CFA, FRM

Executive Vice President and Chief Investment Officer, Global Cash

SSgA

Contents

US Cash Management Overview

Investing involves risk including the risk of loss of principal.

Experienced, Dedicated Global Team

Global Cash

Steven Meier, CFA, FRM — 26 years experience
Chief Investment Officer, EVP

London/GBP, EUR

Name	*yrs exp*
Mihaly Domjan, CFA **Managing Director, Head, European Cash Management**	14
Leonie Clark	15
Joe Gillingwater	12
Joanna Mauro	10
Neil Hutchison, CFA	11
Nick Pidgeon	22
Gregor Harwell, CFA	7
Alice Chan	8
Jennifer Hole, CFA*	8

Paris/EUR

Benjamin Platret	9
Joffrey Ricome	8

Sydney/AUD NZD

Ross Bolton	28
Simon Mullumby, CFA	14

Boston/USD

Name	*yrs exp*
Thomas J. Motley, CFA **Managing Director, Head, US Cash Management**	30
Thomas Connelley, CFA	19
Sean Dillon	16
Charles Byrne, CFA	12
Robert Jackson	19
Maria Pino, CFA	29
Jeff St. Peters, MDR	20
Sean Lussier	10
Andrew Goodale*	16
Todd Bean, CFA	11

Montreal/CAD

Louis Basque, CFA	17
Claudio Ferri	9
Jean Gauthier, CFA	18
Christian Hoffman	6

Global Credit Research (Multicurrency)

Name	*yrs exp*
Matthew Steinaway, CFA, Senior Managing Director and Deputy Head of Global Cash	15
Elizabeth Mingle	9
Unsecured/Corporate	
Michael Madden, FRM (London)	6
Attilio Qualtieri (Boston)	5
Asset Backed	
Pia McCusker, MDR (Boston)	9
Peter Hajjar (Boston)	9
Mi Lin Chen (Boston)	4
Qi Guan, CFA (Boston)	5
Site Analyst	
Omar Slim, CFA (Montreal)	5
Victor Grigore, CFA	4

Tokyo/JPY

Peter Morgan	20
Ramon Maronilla, CFA (Hong Kong)	15

Administrative Support
Leigh Dalton, Executive Assistant
Christina Mucci, Executive Assistant

Data Management/IT
Robert Wagner

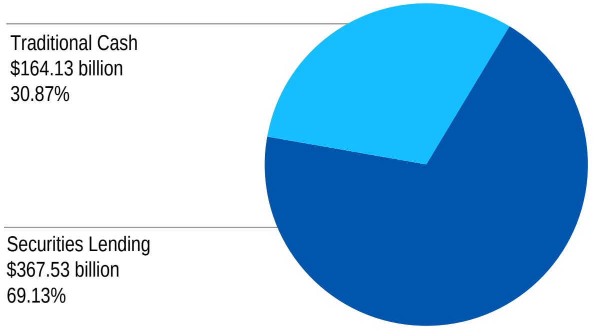
As of April 29, 2010
* Matrix reporting relationship to Global Cash

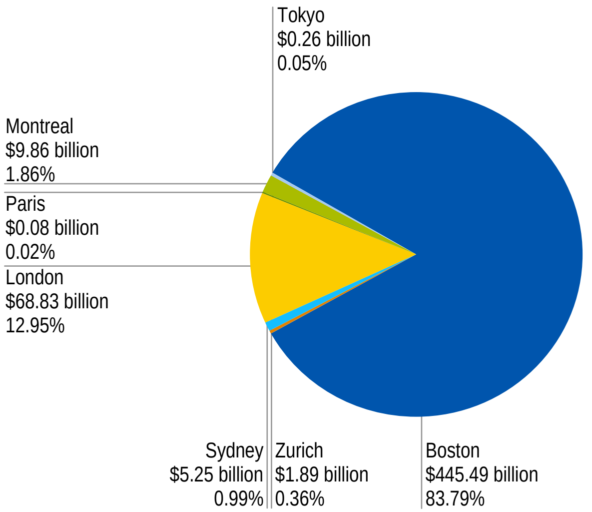
SSgA AUM and Competitive Advantages

As one of the world's largest Cash managers, SSgA is able to provide the following benefits to our clients:

- Priority treatment from dealers
  - Information flow
  - Access to product
- Price breaks for large tickets
  - Complete flow-through to clients
- First look at new structures
- Access to liquidity
- Well known by issuers
  - Reverse inquiry
- Well known by rating agencies
- Access to company management
  - Conformity with Regulation FD

$531.66 Billion* in Global Cash Assets
As of April 30, 2010

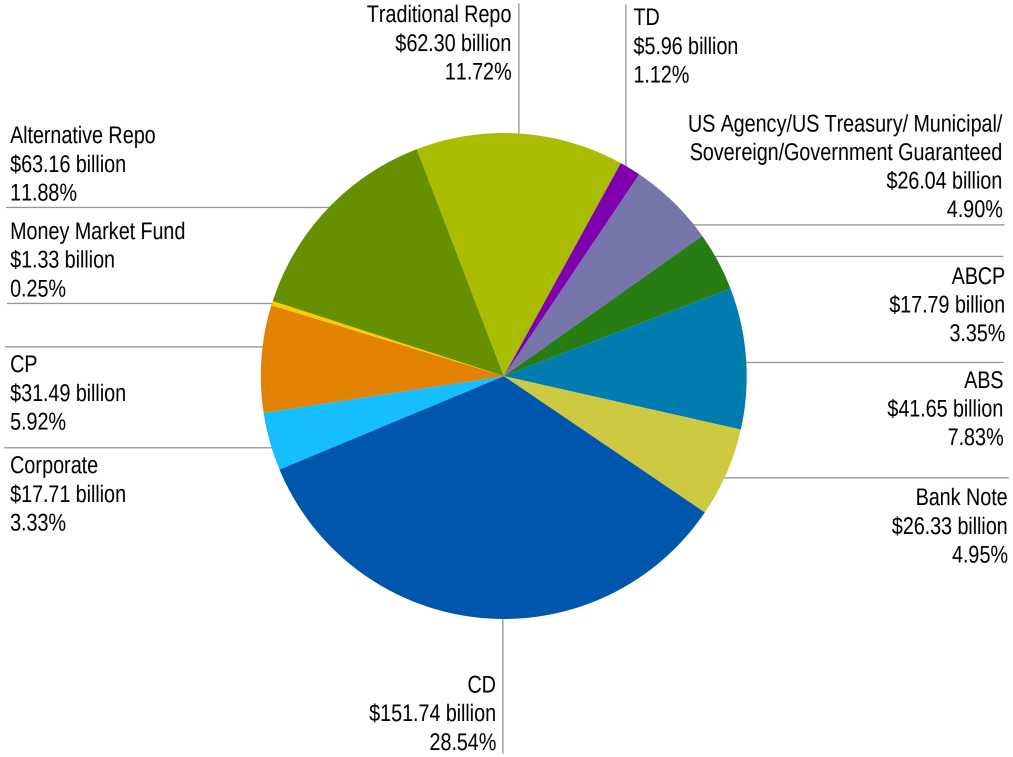




* Includes Cash and Lending. All umbrella funds and as of funds assets have been removed from the calculations. Global Fixed Income assets under management include those Strategies managed by SSgA's Asset Allocation Team. All calculations are unaudited.
Numbers are based on Par Value of the underlying securities (converted to USD)
Numbers do not include Fund of Fund positions in SSgA managed money market funds
Source: SSgA Assets Under Management reporting system

US Cash Management AUM by Security Type

$445.49 Billion AUM by Security Type
As of April 30, 2010



US Cash Management Aggregate ABS Allocation

	ABS Credit Quality
AAA	91.01%
AA	2.28
A	3.09
BBB	0.83
BB	1.18
B	0.14
CCC	0.22
NA	1.25
Total	**100.00%**

***Home Equity Sub-sector Allocation of Total ABS**

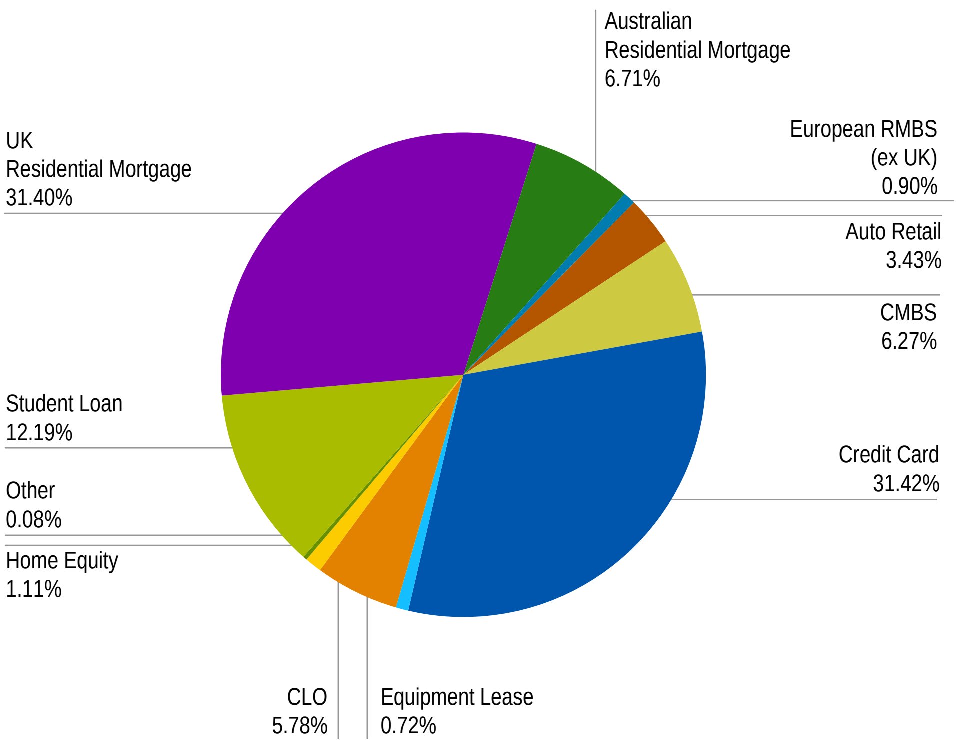
	$ USD	% of ABS
HELOC	263.41	0.64%
HEQ (Alt A)	111.03	0.27
HEQ (2nd Lien)	—	0.00
HEQ (Sub-prime)	86.23	0.21
Total	**$460.67 Million**	**1.11%**

WAL Per Region	
Boston	**1.72 Yrs**

Monoline Exposure

	$ USD	% of ABS
Boston	1.134	2.74%

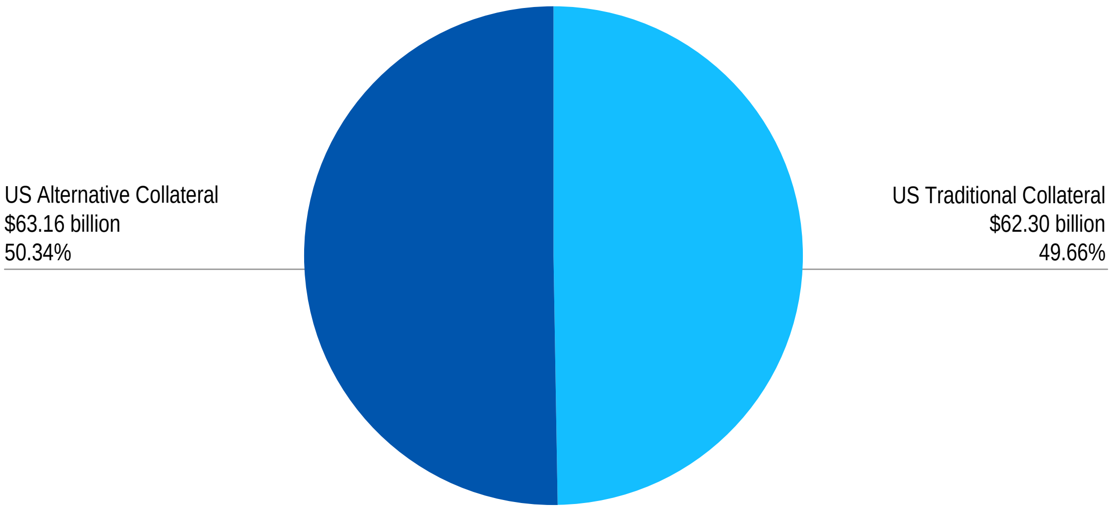
$44.50 Billion Aggregate ABS Allocation
As of April 30, 2010



Allocations are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.
Ratings are Standard and Poor's
Numbers are in billions and are in USD. Numbers do not include Legacy assets
Investments in asset backed and mortgage backed securities are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

US Cash Management Repurchase Agreements Outstanding

$125.45 Billion US Repurchase Agreements Outstanding
As of April 30, 2010



Source: SSgA

US Cash Management Team

US Portfolio Management Team Members

Name	Position	Years of Experience
Steven Meier, CFA, FRM	Global Cash CIO	26
Thomas Motley, CFA	Head, US Cash Management	29
Todd Bean	Portfolio Manager	10
Charles Byrne, CFA	Portfolio Manager	11
Thomas Connelley, CFA	Senior Portfolio Manager	18
Sean Dillon	Senior Portfolio Manager	18
Andrew Goodale	Senior Product Engineer	16
Robert Jackson	Senior Portfolio Manager	18
Sean Lussier	Portfolio Manager	9
Elizabeth Mingle	Senior Portfolio Manager	9
Maria Pino, CFA	Senior Portfolio Manager	28
Jeff St. Peters	Senior Portfolio Manager	19

Cash Management Resources

- Credit Research
- Risk Management
- Compliance
- Trading and Liquidity

- Experienced portfolio management team averaging 19 years of experience
- Asset class/sector specialization

Team as of April 30, 2010

Global Cash Investment Management

Core Objectives

- Through active management, portfolios seek to achieve safety of principal, daily liquidity and a high relative yield by investing in diverse instruments

Advantages

- Disciplined investment process
- Experienced, dedicated team
  - Asset-class focus
  - Commitment of resources
  - Career destination
- Long history of managing structured investments
- Dedicated credit support and discipline
- AUM size
  - One of the world's largest cash managers
- Strong risk management

Goal

- Seeks consistently strong risk-adjusted performance

As of April 30, 2010

Global Cash Investment Process

- Decision making process emphasizes team structure
  - Idea generation across global sites
- Portfolio managers collaborate on investment strategy
- Top down investment approach begins with macro economic view
  - Implications for monetary policy
- Yield curve and forward curves evaluated to position portfolios opportunistically
- Securities selection based on relative value assessment
- Credit and research groups essential to our risk-management investment philosophy
  - In-depth approved list of issuers
  - Real–time position monitoring

Experienced, Dedicated Global Cash Team

- Highly qualified professionals
  - Experience
  - Performance history
  - Dedication to excellence in investment management
- Team orientation
  - Collaboration of ideas/opinions
  - Balanced views
  - Significant bench-strength
  - Professional development of staff
- Portfolio generalists/sector specialists

SSgA Risk Management

- Multiple layers of risk management
  - Dedicated Risk Managers
  - Global credit analysis
  - Independent Compliance staff
  - Portfolio Managers
  - Investment guidelines
- Focus on risk-managed strategies
  - Core component of SSgA's culture
- Extensive use of technology
  - Bloomberg TOMS
  - Pre/post-trade compliance
  - Proprietary spread sheets/risk analytics
  - Portia accounting system
- For cash investments, strict adherence to credit approved list

US Cash Investment Universe

US Treasury Issues

US Agency Issues (Fixed, Floating, Callable)

Corporate Debt Obligations (CP, MTNs, FRNs, Bank Notes)

Time Deposits

Certificates of Deposit (Euro, Yankee, Domestic)

Bankers Acceptances

Supranational and Sovereign Debt

Asset-backed Trusts (Asset-Backed Commercial Paper)

Repurchase Agreements (Traditional/Non-traditional GC)

Money-market Mutual Funds/Commingled Pools

Asset-backed Securities (Term Tranches)

Mortgage-backed Securities (REMICs, CMOs)

Commercial MBS (Conduit and Large Loan Deals)

Fixed and Floating-rate Obligations

Other (PNs, XPNs, Master Notes, Extendible Notes, etc.)

Considerations/Inputs for Global Cash Decision Making

- Economic Conditions/Trends
- Federal Reserve Policy/Administered Rates
- FOMC meetings
- FED rhetoric
- Economic developments
- Shape of the Short-term Yield Curve
- Credit Spreads
- Liquidity Conditions
- Cash Flows
- Optionality
- Structure
- Issuer/Counterparty Default Risk
- Market Technicals
- Other

Economic Overview

- Recession is over, but a very gradual pace of improvement has been seen
- Employment showing early signs of improvement. Unemployment rate was 9.9% in April 2010.
  - Unemployment insurance initial claims rose to 444,000 in the week ended May 1st
- Federal Open Market Committee (FOMC) minutes of the April 28th meeting show that members anticipate a moderate recovery and that "the labor market [is] continuing to improve."
- Monetary policy has continued to target a range of 0 to 25 basis points. Target reaffirmed at March FOMC meeting.
- GDP revised down to 5.6% in 4Q2009; slower growth seen in the first half of 2010 as inventory replenishment slows
- Core inflation appears stable, comfortably below Fed's 2.0% target
  - Core PCE 1.3% (February y/y)
- Treasury and Fed discuss unwinding of massive stimulus activities; new banking/financial sector regulations continue to be debated in Congress
- Purchasing managers indexes (PMI) show activity increasing worldwide, albeit moderately outside US. Headline PMI rose in US to 55.4, the highest level since May 2006.

The views expressed in this material are the views of SSgA through the period ended May 1, 2010 and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected Past performance is not a guarantee of future results.

Source: SSgA, Bloomberg

Global Cash Credit Research

Team structure

- Ten analysts exclusively supporting Global Cash*
- Global research platform with analysts located in three sites — Boston, London, and Montreal
- Significant scope and scale
  - As of April 30, 2010 over $531 billion of assets under review

Global Cash
Steven Meier, CFA, FRM
Chief Investment Officer, EVP

Global Credit Research

Matthew Steinaway CFA,
Senior Managing Director and
Deputy Head of Global Cash

Christina Mucci, Executive Assistant

Bank/Financials/Corporates
Michael Madden (London)
Attilio Qualtieri (Boston)
Omar Slim, CFA (Montreal)
Victor Grigore (Montreal)

Asset Backed
Pia McCusker (Boston)
Head of ABS Credit
Peter Hajjar (Boston)
Mi Lin Chen (Boston)
Qi Guan (Boston)

CMINST-1372

* As of April 30, 2010

Global Cash Credit Research

Key operating tenants of Global Cash research

- Risk managed environment
  - Focus on preservation of client capital
  - Approved list methodology
  - “Signature” work flow process
  - Extensive disclosure requirements
- Transparency of process
  - Written documentation for all credit decisions
  - Extensive surveillance tools
  - Intranet distribution of all credit opinions
- Dedicated resources
  - Ten analysts deployed exclusively to the cash effort
  - Proprietary technology development including Credit Views, a credit library, work flow management and limit monitoring tool
  - Extensive investment in third-party data and modeling tools, including Intex, TREPP, and Bloomberg

Global Cash Credit Research

Cash research process

- Separation of risk management and credit research
  - Credit research approves cash entities within limits established by SSgA Risk Management
- Signature approval process required for risk exposures
- Transparent, formal communication
  - Approved lists for securities purchases
  - Credit research library
- Strong oversight and controls
  - Formal surveillance process
  - Violation tracking
  - Ongoing rating updates
  - Formal credit documentation requirements
  - Continuous exposure monitoring

Global Cash Credit Research

Competitive advantages of our distinct structure

- Independent, fundamental research process
  - Fundamentally-driven credit process supported by experienced research analysts
- Breadth and depth of credit research experience
  - Maintain market leading positions in a number of asset classes
  - Active in cash credit markets for over 15 years*
- Potential benefits of scale
  - Access to issuers' senior management as well as sell-side and rating agency analysts, research, and models
- Proprietary credit management systems built specifically for credit research
  - Ongoing investment in data and decision making tools
  - Credit management systems link PMs and analysts worldwide on a real-time basis

*As of April 30, 2010

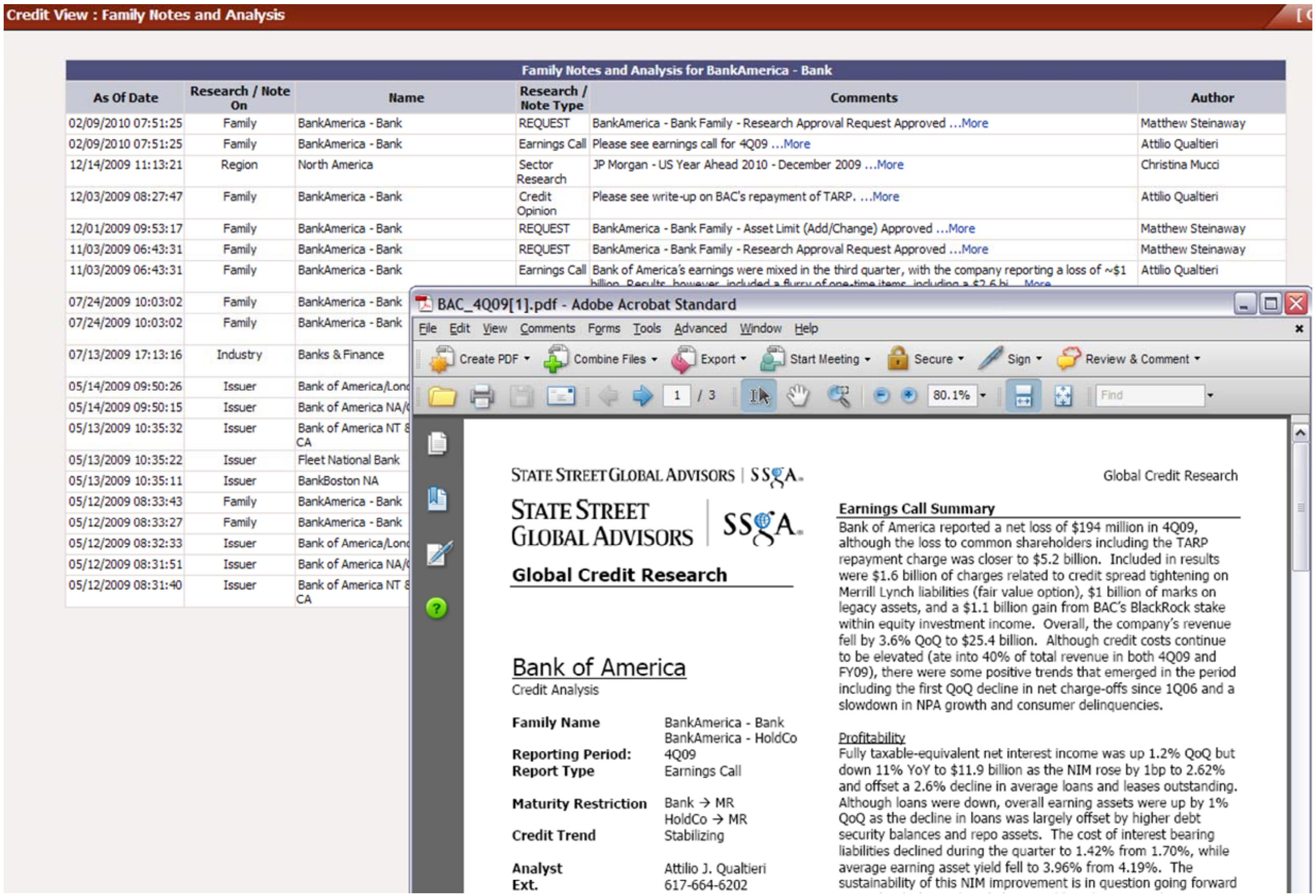
Credit market overview — key issues for 2010 and beyond

Questions remain regarding:

- Global Financial Institutions funding mix
  - What is the fate of securitization?
  - How will the regulatory issues be resolved? Tensions being created by new and sometimes contradictory regulations.
- The input of new capital rules on the financial markets
  - New capital rules for financial institutions
  - Exchange requirements of OTC transactions
- The treatment of senior unsecured and secured creditors in a bank failure
  - Will the market reprice bank risk?
  - Will increased risk in the IG bank sector force consolidation of liquidity providers?
- Finally, how will this all end?
  - Support and liquidity withdrawal will be meaningful
  - Select asset classes have not been repaired yet
  - Are the markets too early and too uniform in pricing the expected recover?

Research Library

- Captures all credit reports and increases transparency of credit process



The above screenshot is used for illustrative purposes only.

Global Cash Benefit Summary

Cash Management Objectives

1 **Safety:**
Principal Preservation

2 **Liquidity**

3 **Relative Return**

SSgA Value Added

Experienced Portfolio Management

- Seasoned team of 34 portfolio managers

Comprehensive Credit Analysis

- Dedicated team of ten specialized Global Cash credit analysts

Size

- $531.66 billion global cash assets

History

- Providing successful cash management for over 30 years

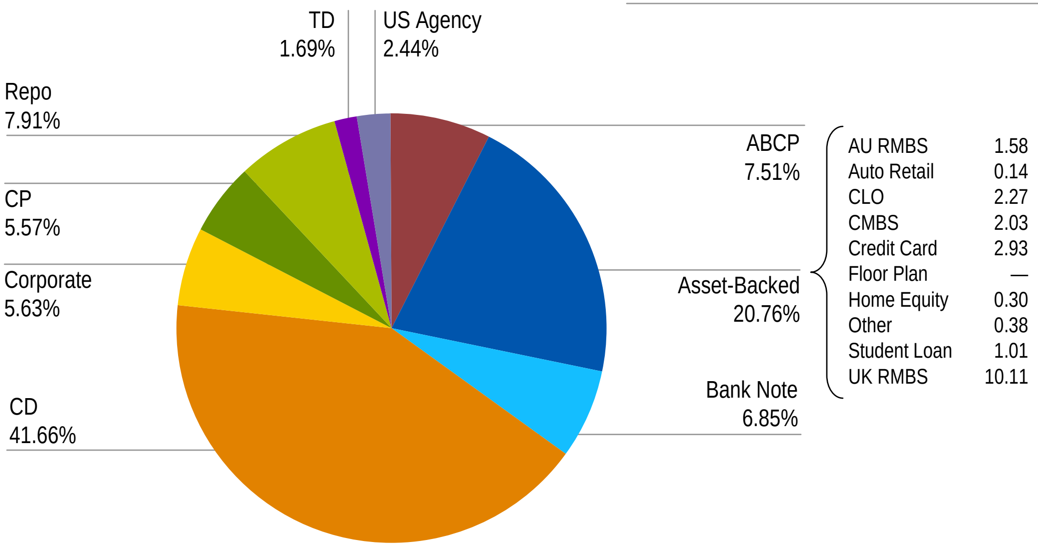
Source: SSgA
As of April 30, 2010

Portfolio Overview

Quality Investment Fund D

FC14 — Quality D
Summary Characteristics

As of April 30, 2010	
1-Day Yield (360 Basis)	0.33%
Shares Outstanding	48,310,869,245.67
Floating Rate %	49.84
% Foreign Issuers	35.42
WAM	31.70
WAM to Call	31.70
Call v. Mat Spread	—
% Callables	0.00%
Avg Life -Expected Maturity	227.74
Fund Price as of 04/30/10	99.1634



Credit Quality Breakdown	
LONG-TERM RATINGS	% OF FUND
AAA	20.44
AA	10.98
A	7.73
BBB+	—
BBB	0.21
BBB-	—
BB+	0.32
BB	—
BB-	—
SHORT-TERM RATINGS	% OF FUND
A-1+/P-1	42.26
A-1/P-1	18.06
SPLIT	—
Other	---

Floating Index Breakdown	% of Fund
FED FUNDS	—
1MO LIBOR	25.43
3 MOS LIBOR	24.41
PRIME	—
Reset Buckets	**% of Fund**
Next Business Day	1.22
2-7 Days	4.76
8-31 Days	28.03
1-2 Months	5.58
2-3 Months	10.26
Maturity Buckets	**% of Fund**
Next Business Day	8.56
1 WEEK LIQUIDITY	**19.51**
2-30 Days Liquidity	24.92
31-60 Days Liquidity	16.35
61-90 Days Liquidity	6.59
90 DAY LIQUIDITY	**56.43**
91-120 Days Liquidity	2.47
121-150 Days Liquidity	0.33
151-180 Days Liquidity	1.33
181-270 Days Liquidity	6.58
271-360 Days Liquidity	11.46
12-15 Month Liquidity	2.57
15-18 Month Liquidity	7.67
18-21 Month Liquidity	2.86
21-24 month Liquidity	1.76
Greater than 2 Year Liquidity	6.55
Repo Collateral	**% of Fund**
Treasuries	3.22
Agencies	2.30
Agency MBS	1.94
Money Markets	0.45
Corporates	—
Asset-Backed	—
Equities	—

The fund does not hold any SIV's, CDO's, or Extendible Liquidity Note securities. Ratings are Standard and Poor's.
Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.

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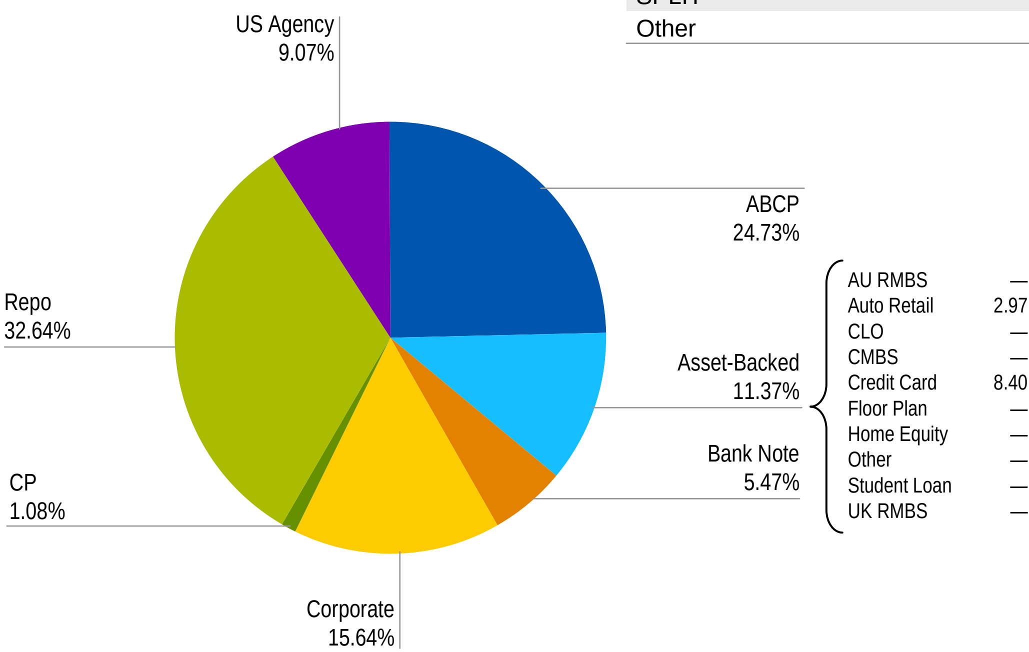
Oregon Short Term Fund

FC91 — Oregon Short Term
Summary Characteristics

As of April 30, 2010	
1-Day Yield (360 Basis)	0.31%
Shares Outstanding	4,628,952,778.77
Floating Rate %	42.91
% Foreign Issuers	—
WAM	24.26
WAM to Call	24.26
Call v. Mat Spread	—
% Callables	0.00%
Avg Life -Expected Maturity	114.88
Fund Price as of 04/30/10	99.9499



Credit Quality Breakdown	
LONG-TERM RATINGS	% OF FUND
AAA	22.60
AA	8.43
A	8.90
BBB+	—
BBB	—
BBB-	—
BB+	—
BB	—
BB-	—
SHORT-TERM RATINGS	% OF FUND
A-1+/P-1	30.60
A-1/P-1	29.46
SPLIT	—
Other	—

Floating Index Breakdown	% of Fund
FED FUNDS	2.98
1MO LIBOR	20.27
3 MOS LIBOR	19.66
PRIME	—
Reset Buckets	**% of Fund**
Next Business Day	5.14
2-7 Days	2.74
8-31 Days	24.31
1-2 Months	7.67
2-3 Months	3.05
Maturity Buckets	**% of Fund**
Next Business Day	27.50
1 WEEK LIQUIDITY	**34.19**
2-30 Days Liquidity	17.87
31-60 Days Liquidity	10.76
61-90 Days Liquidity	17.28
90 DAY LIQUIDITY	**73.40**
91-120 Days Liquidity	2.81
121-150 Days Liquidity	1.51
151-180 Days Liquidity	1.66
181-270 Days Liquidity	3.60
271-360 Days Liquidity	4.30
12-15 Month Liquidity	2.51
15-18 Month Liquidity	8.55
18-21 Month Liquidity	—
21-24 month Liquidity	1.02
Greater than 2 Year Liquidity	0.65
Repo Collateral	**% of Fund**
Treasuries	7.27
Agencies	—
Agency MBS	20.22
Money Markets	—
Corporates	—
Asset-Backed	5.14
Equities	—

*No SIV, No CDO, No Extendible Liquidity Note. Ratings are Standard and Poor's
Characteristics are as of the date indicated, are subject to change, and should not be relied upon as current thereafter.
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STATE STREET GLOBAL ADVISORS

Appendix A: Biography

Biography

Steven R. Meier, CFA, FRM

Steven is an Executive Vice President of State Street Global Advisors and is the Global Cash CIO. Steven, who joined SSgA in 2003, has more than 26 years of experience in the global cash and fixed income markets. Previously, he headed the firm's North American Cash and Securities Lending Cash Collateral portfolio management activities.

Prior to joining SSgA, Steven was a Senior Managing Director in State Street's Global Markets group responsible for developing its global fixed income business. He also served as Chief Operating Officer of State Street's electronic bond trading subsidiary, Advanced Auctions LLC, and was a member of its European subsidiary's Board of Directors. He received extensive capital markets experience and held senior positions in trading and investment banking in New York and London while working for Merrill Lynch and Credit Suisse First Boston for nearly 12 years. He also served on TradeWeb LLC's Executive Board while head of CSFB's global electronic trading unit. In addition, he was a senior global bond Portfolio Manager with Oppenheimer Capital and member of its Fixed Income Strategy Group.

Steven is a member of SSgA's Executive Management Group (EMG), Senior Management Group (SMG) and Investment Committee. He has earned the Chartered Financial Analyst designation, is a certified Financial Risk Manager (FRM), a member of the Boston Security Analysts Society, the Association for Investment Management and Research (AIMR) and the Global Association of Risk Professionals (GARP).

He holds a BBA from Hofstra University, an MBA from Indiana University's Graduate School of Business and an Advanced Certificate of Investment Management from the London Business School.

Securities Finance Performance Review

Johnson Shum
Obie Knapp, CFA

Performance Summary – Oregon Total Program

The State of Oregon - All Assets	2007	2008	2009	Jan-Apr 2009	Jan-Apr 2010	% Change
Average Lendables ($)	41,513,487,335	35,489,748,601	30,195,377,375	26,457,026,842	32,429,013,985	22.57%
Average On-Loan Balance($)	11,649,165,519	10,928,576,214	10,592,111,641	8,977,671,280	10,379,240,245	15.61%
Average Utilization (%)	28.1%	30.8%	35.1%	33.9%	32.0%	-5.68%
Earnings by Program						
US Equity & Corporate Bond ($)	13,233,972	26,441,130	15,498,863	6,518,352	3,380,490	-48.14%
US Government ($)	13,211,630	41,582,090	15,243,538	7,935,875	2,079,563	-73.80%
Non-US Equity ($)	12,677,085	23,414,006	16,326,931	6,994,075	2,129,951	-69.55%
Non-US Fixed ($)	513,426	467,882	136,073	65,411	19,791	-69.74%
Total ($)	39,636,113	91,905,107	47,205,405	21,513,713	7,609,795	-64.63%
Components of Spread						
Demand Spread (bps)	24.08	15.76	7.20	2.29	9.41	311.47%
Reinvestment Spread (bps)	18.71	91.61	47.96	78.99	15.22	-80.73%
Total Spread (bps)	42.79	107.37	55.17	81.27	24.62	-69.70%
Return on Lendables (bps)	11.27	25.90	15.63	24.39	7.04	-71.14%

Source: SL PerformanceReporter ®
Performance data shown represents past performance and is not a guarantee of future results

Currency reflected is U.S. dollars

Performance Summary – Oregon PER Funds

The State of Oregon - PERs	2007	2008	2009	Jan-Apr 2009	Jan-Apr 2010	% Change
Average Lendables ($)	31,750,582,419	24,119,726,432	18,938,947,525	15,434,049,322	21,160,726,523	37.10%
Average On-Loan Balance($)	7,150,163,205	5,919,127,237	5,919,722,057	5,250,193,278	6,011,252,524	14.50%
Average Utilization (%)	22.5%	24.5%	31.3%	34.0%	28.4%	-16.49%
Earnings by Program						
US Equity & Corporate Bond ($)	12,922,331	25,145,780	14,499,098	6,061,781	3,133,585	-48.31%
US Government ($)	4,238,961	12,305,749	4,071,137	1,920,615	855,380	-55.46%
Non-US Equity ($)	12,652,825	23,117,486	15,974,800	6,839,076	2,036,918	-70.22%
Non-US Fixed ($)	513,426	467,882	136,073	65,411	19,791	-69.74%
Total ($)	30,327,542	61,036,896	34,681,108	14,886,882	6,045,674	-59.39%
Components of Spread - QD						
Demand Spread (bps)	34.83	26.78	18.10	12.50	16.30	30.38%
Reinvestment Spread (bps)	20.06	110.75	56.42	89.61	17.68	-80.27%
Total Spread (bps)	54.89	137.53	74.52	102.11	33.98	-66.72%
Return on Lendables (bps)	11.27	25.31	18.31	28.94	8.57	-70.38%

Source: SL PerformanceReporter ®
Performance data shown represents past performance and is not a guarantee of future results

Currency reflected is U.S. dollars

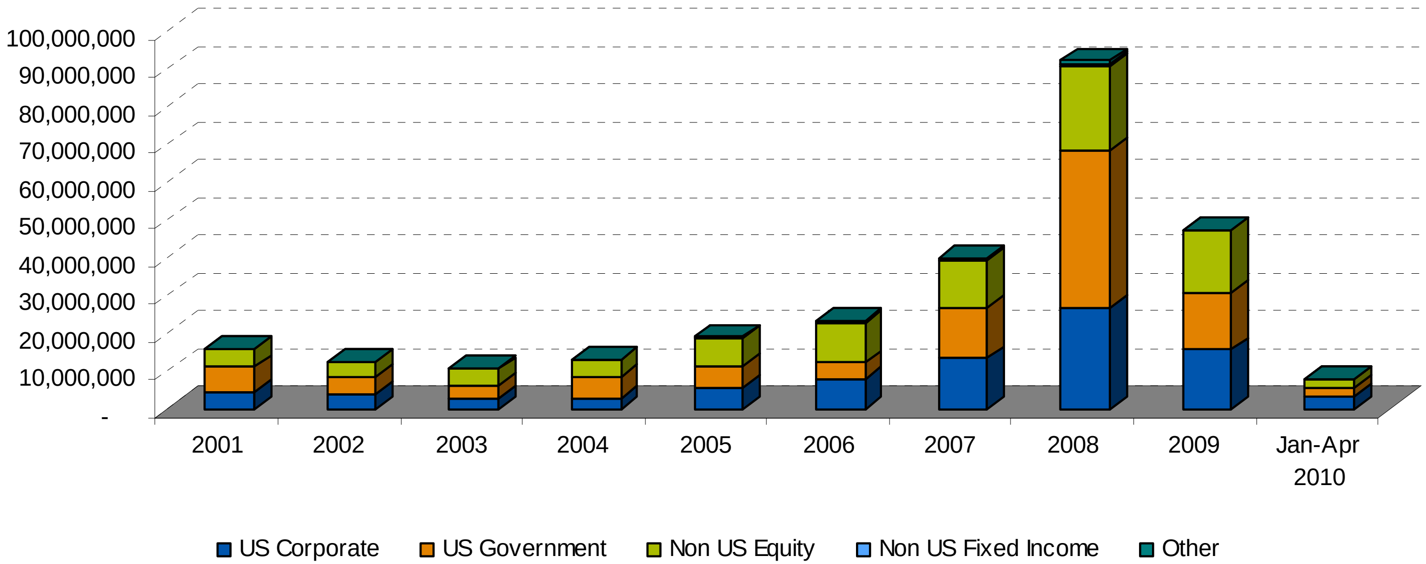
Performance Summary – Oregon Non-PER Funds

The State of Oregon - Non-PERs	2007	2008	2009	Jan-Apr 2009	Jan-Apr 2010	% Change
Average Lendables ($)	9,762,904,916	11,370,022,169	11,256,429,850	11,022,977,520	11,268,287,462	2.23%
Average On-Loan Balance($)	4,499,002,314	5,009,448,977	4,672,389,584	3,727,478,002	4,367,987,721	17.18%
Average Utilization (%)	46.1%	44.1%	41.5%	33.8%	38.8%	14.63%
Earnings by Program						
US Equity & Corporate Bond ($)	311,642	1,295,350	999,765	456,571	246,905	-45.92%
US Government ($)	8,972,669	29,276,341	11,172,401	6,015,261	1,224,183	-79.65%
Non-US Equity ($)	24,260	296,520	352,131	154,999	93,034	-39.98%
Total ($)	9,308,570	30,868,212	12,524,297	6,626,831	1,564,122	-76.40%
Components of Spread - STIF						
Demand Spread (bps)	7.00	2.73	(6.60)	(12.10)	(0.03)	-99.76%
Reinvestment Spread (bps)	16.56	69.00	37.25	64.03	11.83	-81.53%
Total Spread (bps)	23.56	71.73	30.65	51.93	11.80	-77.28%
Return on Lendables (bps)	11.25	27.15	11.13	18.04	4.16	-76.91%

Source: SL PerformanceReporter ®
Performance data shown represents past performance and is not a guarantee of future results

Currency reflected is U.S. dollars

Performance Summary
Oregon Historical Earnings - Calendar Year

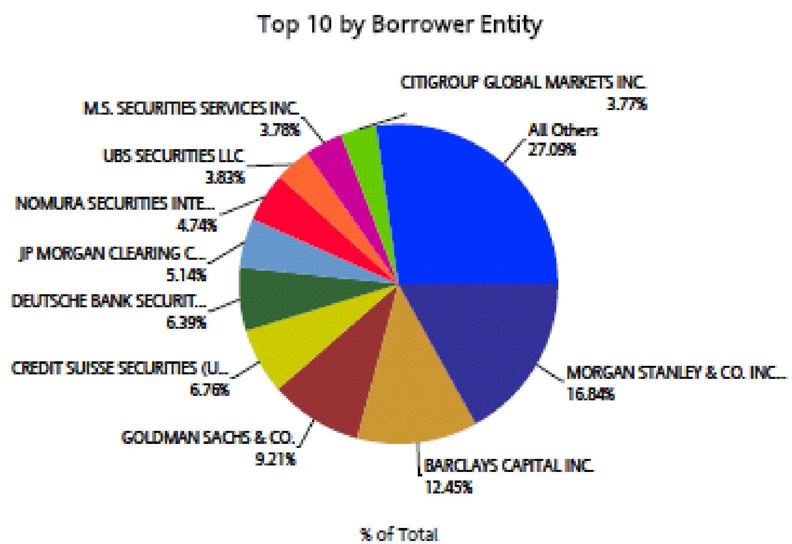


Source: SL PerformanceReporter ®
Performance data shown represents past performance and is not a guarantee of future results

Currency reflected is U.S. dollars

Borrower Exposure Summary – All Assets

Borrower Entity Legal Name	Cash Dly Collateral Amount Base	Non-Cash Dly Collateral Amount Base	Dly Mkt Value on Loan Base	% of Total
MORGAN STANLEY & CO. INCORPORATED	1,926,130,360.59	12,065.90	1,884,305,750.75	16.84%
BARCLAYS CAPITAL INC.	1,426,649,988.50	0.00	1,393,179,856.42	12.45%
GOLDMAN SACHS & CO.	1,065,071,317.70	5,052,649.15	1,030,356,505.19	9.21%
CREDIT SUISSE SECURITIES (USA) LLC	775,402,721.45	5,020,571.65	756,420,114.20	6.76%
DEUTSCHE BANK SECURITIES INC.	731,303,691.45	3,872,551.20	715,332,209.53	6.39%
JP MORGAN CLEARING CORP.	601,870,063.85	0.00	575,677,677.69	5.14%
NOMURA SECURITIES INTERNATIONAL, INC.	513,373,835.00	28,118,452.50	530,167,870.51	4.74%
UBS SECURITIES LLC	444,184,137.10	0.00	428,374,956.97	3.83%
M.S. SECURITIES SERVICES INC.	442,541,436.75	0.00	422,461,659.86	3.78%
CITIGROUP GLOBAL MARKETS INC.	435,744,299.60	587,604.85	422,253,432.77	3.77%
ALL OTHER BORROWERS	2,532,028,377.75	599,363,530.46	3,031,446,866.02	27.09%
	10,894,300,229.74	**642,027,425.71**	**11,189,976,899.91**	**100.00%**



Source: SL PerformanceReporter ®

As of April 30, 2010

TAB 4 – POLICY IMPLEMENTATION OVERLAY

OPERF Policy Implementation Overlay Manager Update

Purpose

To provide the OIC an update on the OPERF Policy Implementation Overlay program, provided by Russell Securities.

Background

Beginning in late 1998, the OIC elected to have State Street Bank Trust, through State Street Global Advisors (SSgA), implement an equity manager cash equitization program. Through that program, daily, excess manager cash was invested through two different commingled investment vehicles. For domestic equities, excess cash was equitized through SSgA's Stock Performance Index Futures Fund (SPIFF) and for international equities, through their International Stock Performance Index Futures Fund (ISPIFF). The respective benchmarks for the funds were the S&P 500 Index and the MSCI EAFE Index.

In September 2005, the OIC retained Russell Securities to implement a more thoughtful overlay program that does more than blindly "equitize" excess manager cash. Through this daily effort, Russell monitors excess manager cash, cash held by the fund to meet benefit payments, and the current allocation of the fund to the OIC established strategic asset allocation targets. They then trade equity and fixed income futures to better align the fund's overall asset allocation. The OIC receives a monthly update on the overlay exposures in the asset allocation portion of the monthly agenda materials.

As of March month end, OPERF has $24 million in fixed income contracts and $1.084 billion in global equity contracts, for a total notional exposure of $1.1 billion.

Last February, Russell Securities provided the OIC a presentation on the mechanics of the program, and the performance to date. Today's presentation is an update on the program.

Staff Recommendation

None. Information only.

Russell Overlay Update

State of Oregon

Greg Nordquist, CFA - Senior Portfolio Manager
Sylvia Perek – Portfolio Manager

May 26, 2010

Important information

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Unless otherwise noted, source for the data in this presentation is Russell Implementation Services Inc.

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Date of first use: May 2010

RIS RC: 0801

Agenda

- **Current assignment**
  - **What and why**
  - **2009-2010 results**

Oregon overlay highlights

What → Why → Results (1/1/09 to 4/30/10)

What

- **Overlay frictional cash with underweight asset class**

Why

- **Capture risk premium of policy over cash**
- **Reduce tracking error from unintended exposures**

Results (1/1/09 to 4/30/10)

YEAR	CASH EQ	REBAL	TOTAL
2009	415.83	163.54	579.37
2010	25.99	14.33	40.32

What

- **Long/short for deviations outside predetermined ranges (+/-0.5% to +/-1%)**
  - **Extreme market moves or tactical shifts**
  - **Expanded to +/-2% during 10/08**

Why

- **Reduce tracking error from unintended exposures** *(offset to physical)*
- **Reduce transaction costs** *(trade physicals as a last line of defense)*

Risk

- **TE from unintended exposures decreased by 80% on average**

What

- **Raise cash opportunistically**
  - **Piggyback on other cash flows**
  - **Conditional crosses**

Why

- **Reduce transaction costs**
- **Reduced administrative burden**

Transaction Costs *

- **Savings by equitizing and rebalancing with futures versus physicals:
$17 million on $10.6 billion traded**

Physical trading cost assumptions: US Equity at 11 bps, International equity at 23 bps, global equity at 14 bps and US Fixed income at 25 bps.
Futures trading cost assumptions: US Equity at 2.7 bps, International equity at 6.5 bps, global equity 5.5 bps and US Fixed income at 1.5 bps.
These costs assume one-way trading cost plus one quarterly roll. Indexes are unmanaged and cannot be invested in directly. For illustrative purposes only.

Daily process

Every day is a closed loop

Overlay Services Team (Portfolio Management)

- Download custodian/manager data.
- Reconcile previous day's account movements and instruct margin wires.
- Acct for significant cash flows real time.
- Calculate trade date cash & asset allocation
- Run alerts to identify tradable differences between actual and target (includes 1st guideline check).
- Instruct required trades

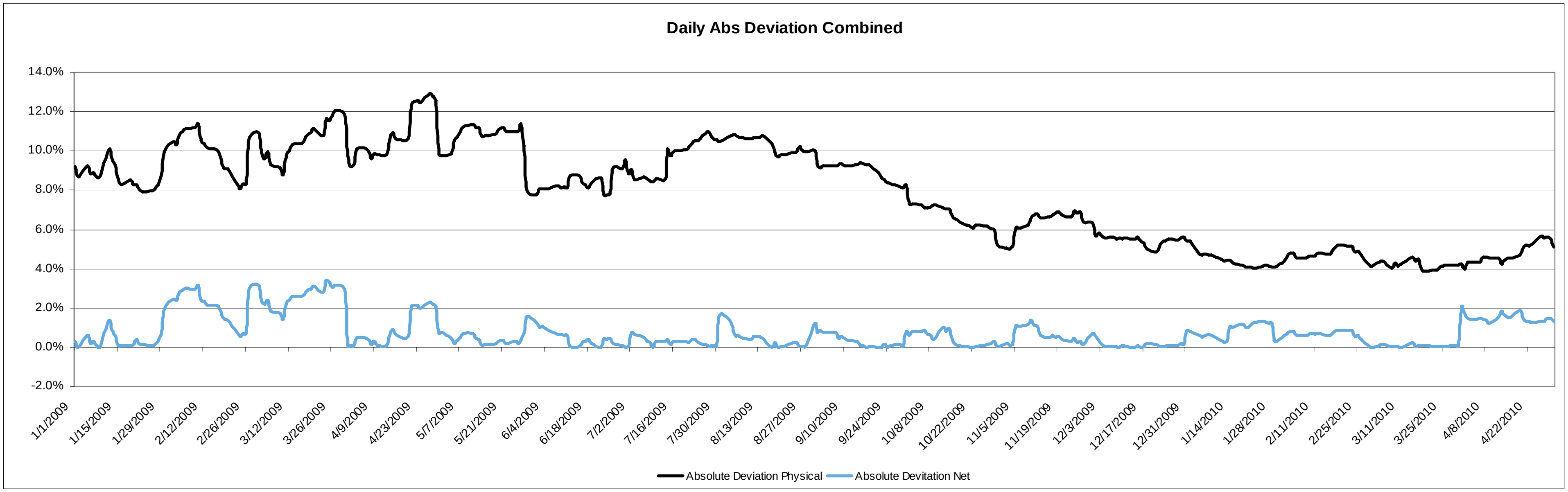
Overlay Services Team (Risk Controls)

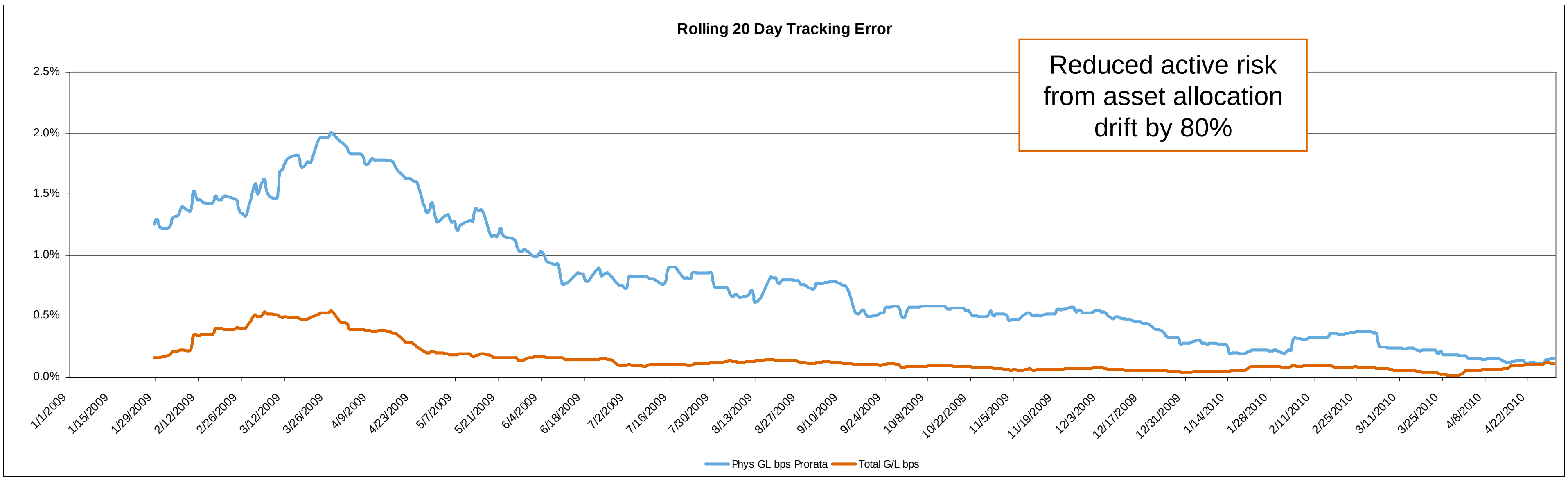
- Confirm trades executed as instructed and send trade tickets.
- Second guideline check.
- Instruct add'l trades associated with new manager fundings, intra-day cash flows, etc.
- Monitor collateral and margin buffer.
- Monthly performance reporting and evaluation (inc. working with 3rd party performance measurement providers).

Trading Desk

- Double check trade instructions.
- Execute trades.
- Research and recommend synthetic baskets.
- Roll futures contracts and collateral.

Russell Investments

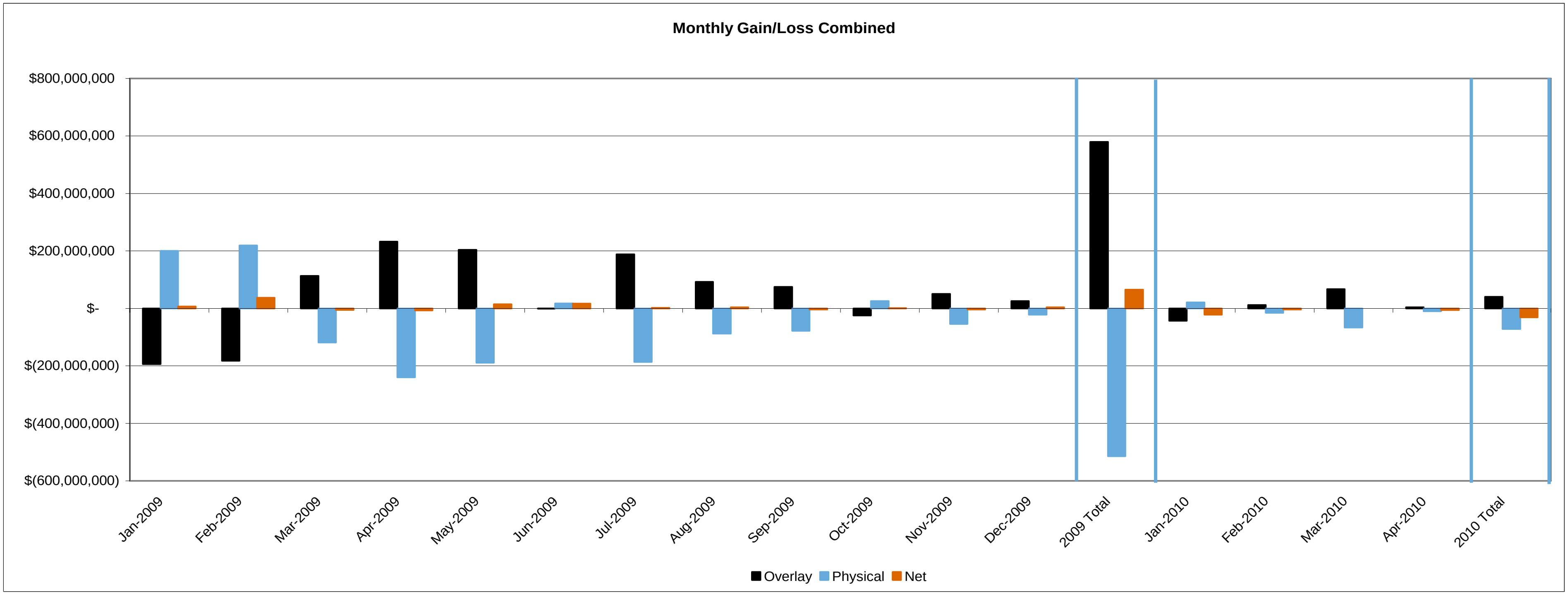




The information provided is based on historical data and is not a guarantee of future results

Oregon - Oregon

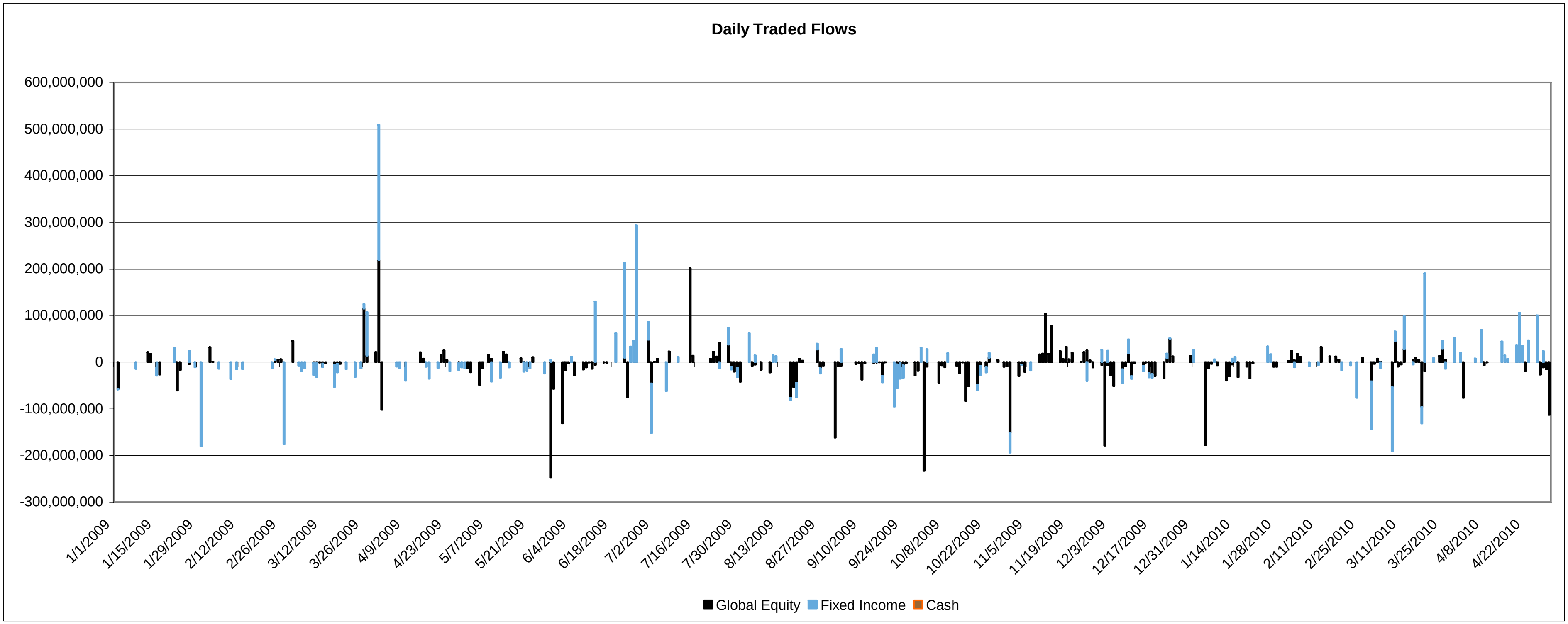
Performance Attribution



The information provided is based on historical data and is not a guarantee of future results

Russell Investments

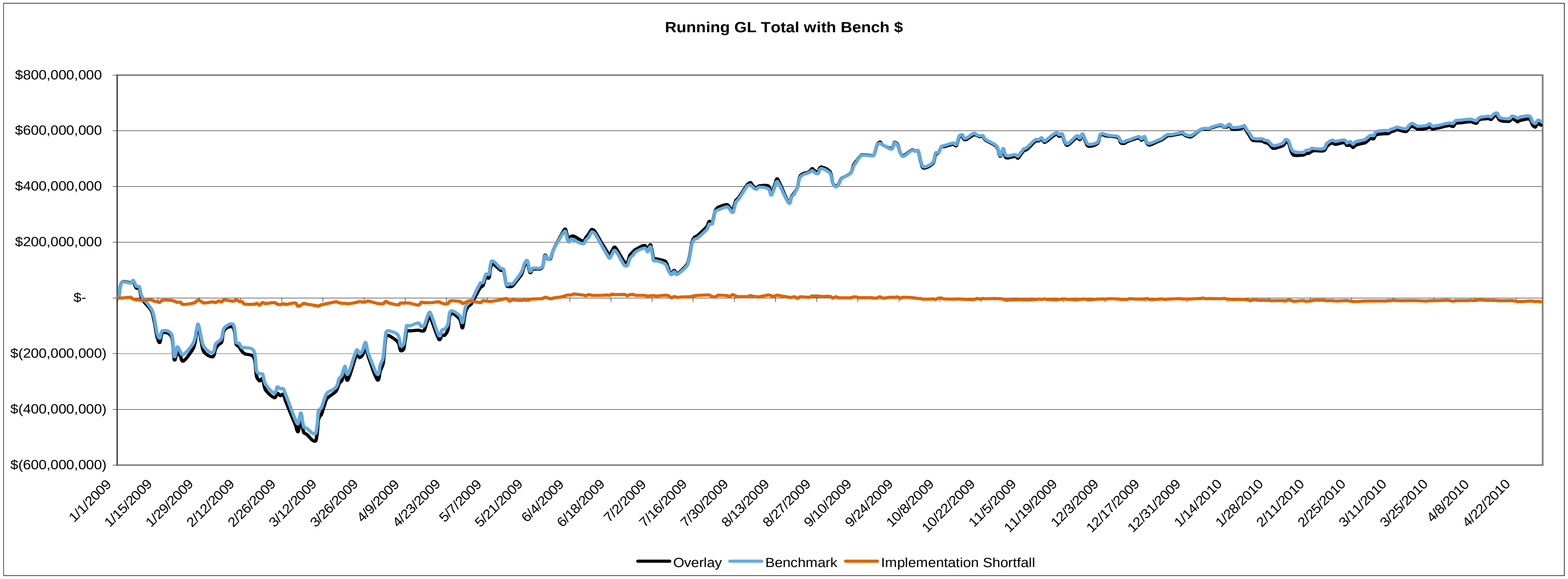
Performance Attribution



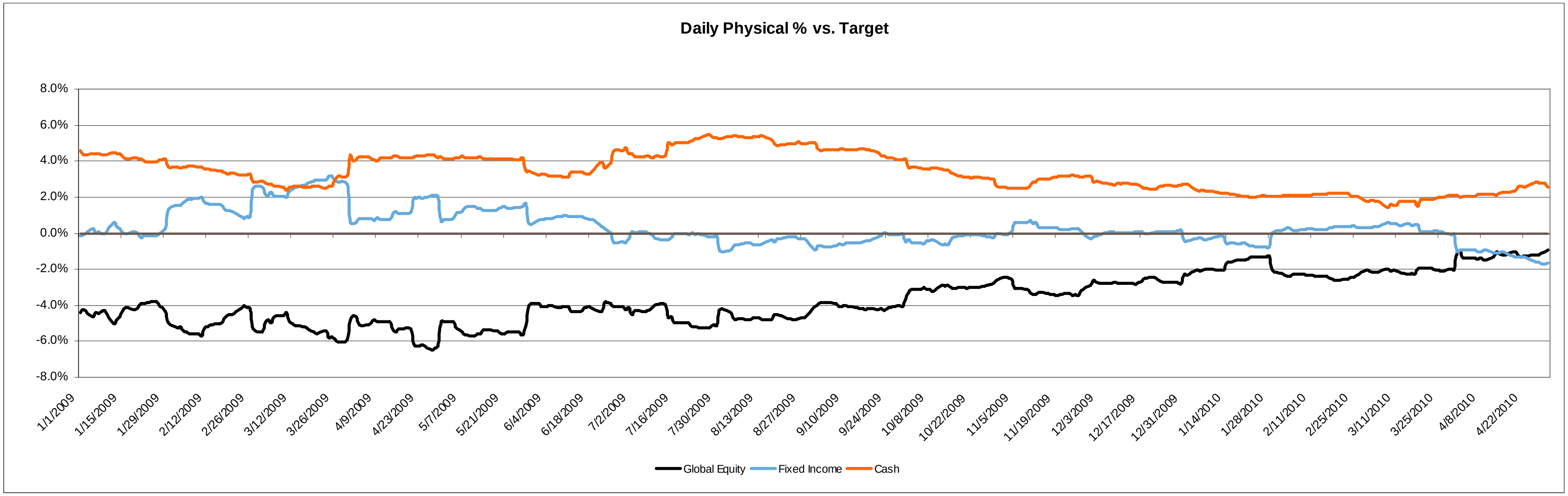
- **Total amount traded = $10.6 billion dollars**
- **Estimated transactions costs**
  - **Physical = $20 mm**
  - **Synthetic = $3 mm**
  - **Savings of approximately $17 mm**

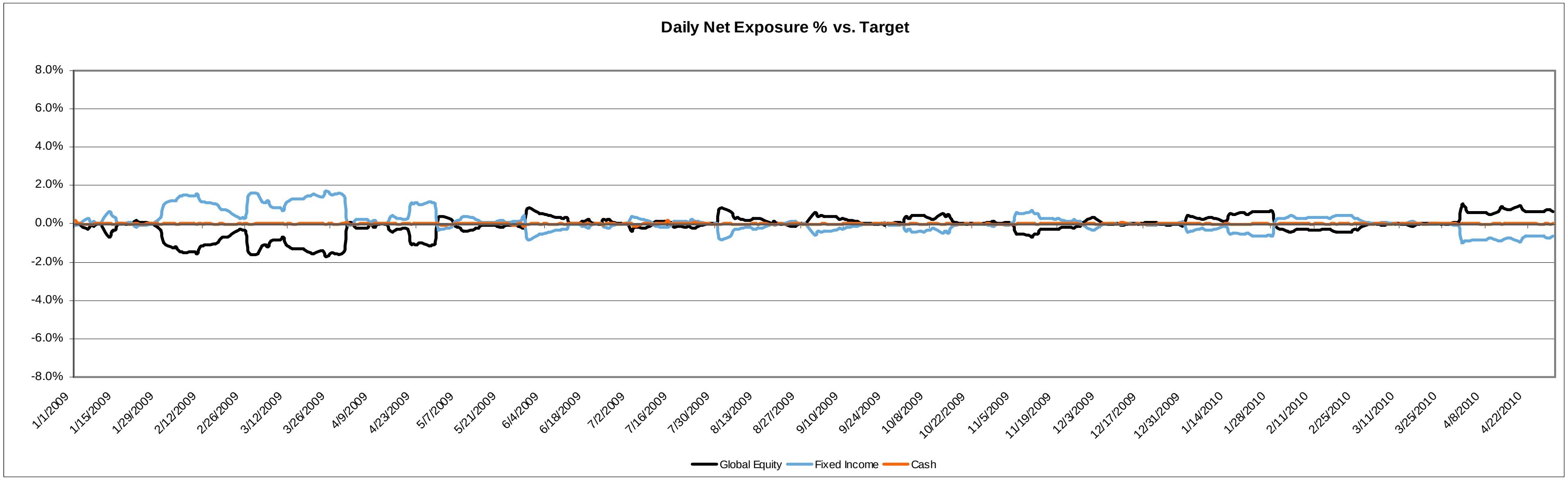
Physical trading cost assumptions: US Equity at 11 bps, International equity at 23 bps, global equity at 14 bps and US Fixed income at 25 bps.
Futures trading cost assumptions: US Equity at 2.7 bps, International equity at 6.5 bps, global equity 5.5 bps and US Fixed income at 1.5 bps.
These costs assume one-way trading cost plus one quarterly roll. Indexes are unmanaged and cannot be invested in directly. For illustrative purposes only.

Performance Attribution



The information provided is based on historical data and is not a guarantee of future results





The information provided is based on historical data and is not a guarantee of future results

Russell Investments

www.russell.com

TAB 5 – OPERF ASSET LIABILITY STUDY

OREGON PUBLIC EMPLOYEES RETIREMENT FUND

ASSET/LIABILITY DISCUSSION:
PHASE THREE-ASSETS/LIABILITY ANALYSIS

May 26, 2010

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 Bush Street, Suite 2000
San Francisco, CA 94104
(415) 362-3484

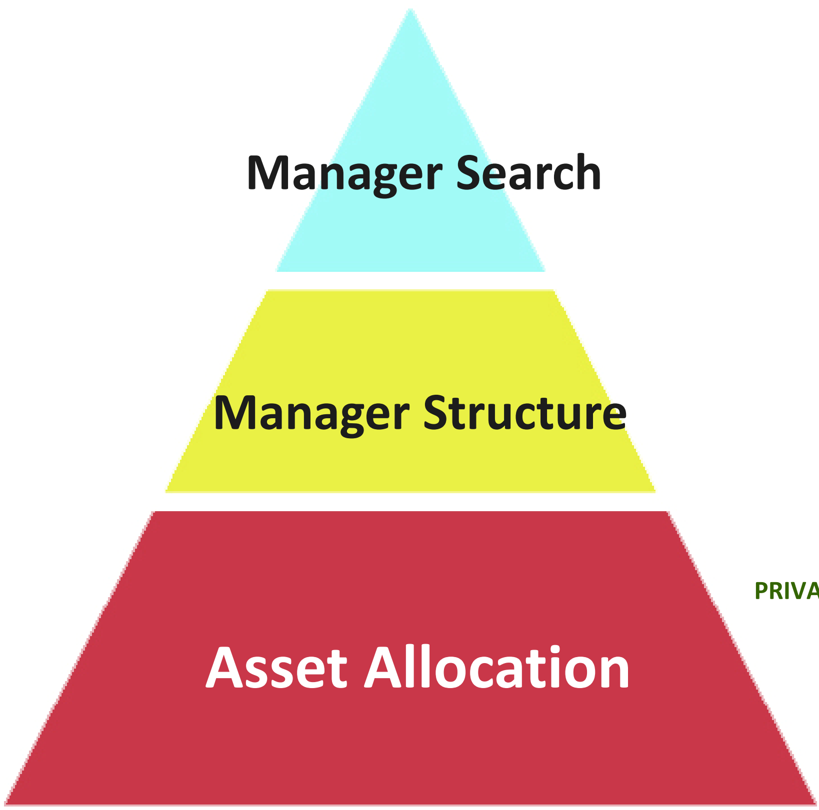
Michael R. Beasley
Managing Director

John P. Meier, CFA
Managing Director

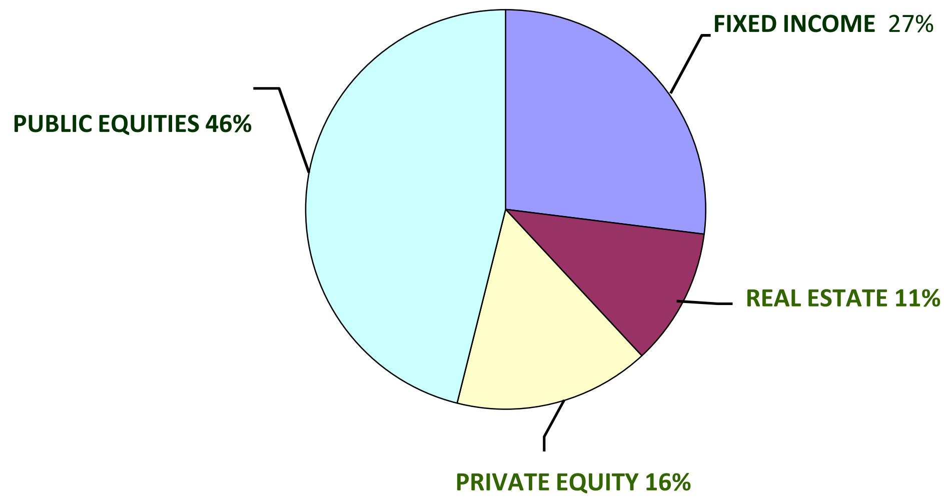
Road to Asset Allocation Policy

- Asset Liability Modeling Presentation Today
  - Stochastic Simulations for the next 5 – 7 years
    - Uses Representative Asset Mixes
    - Risk/Reward Analysis used to point toward an appropriate level of risk/return
  - Liquidity Analysis
  - Scenario Analyses
    - Inflation, Deflation, Recession and Low Return
- July Presentation
  - Refine ALM Analyses as necessary
  - Refine Potential Asset Allocation Policy
    - New Asset Classes or Implementation (Opportunity Portfolio, Alternatives Portfolio, TIPS, EMD, etc.)
  - Adopt New Asset Allocation Policy

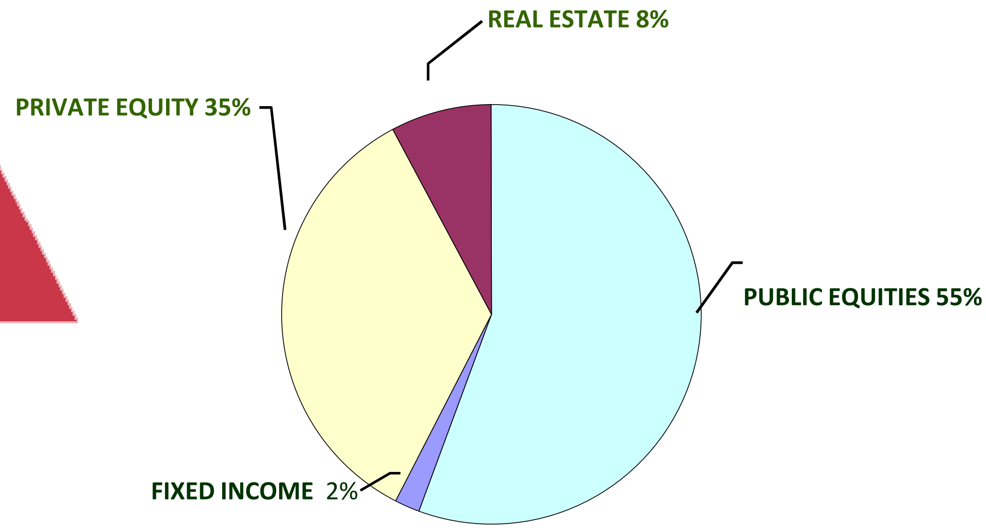
Asset Allocation



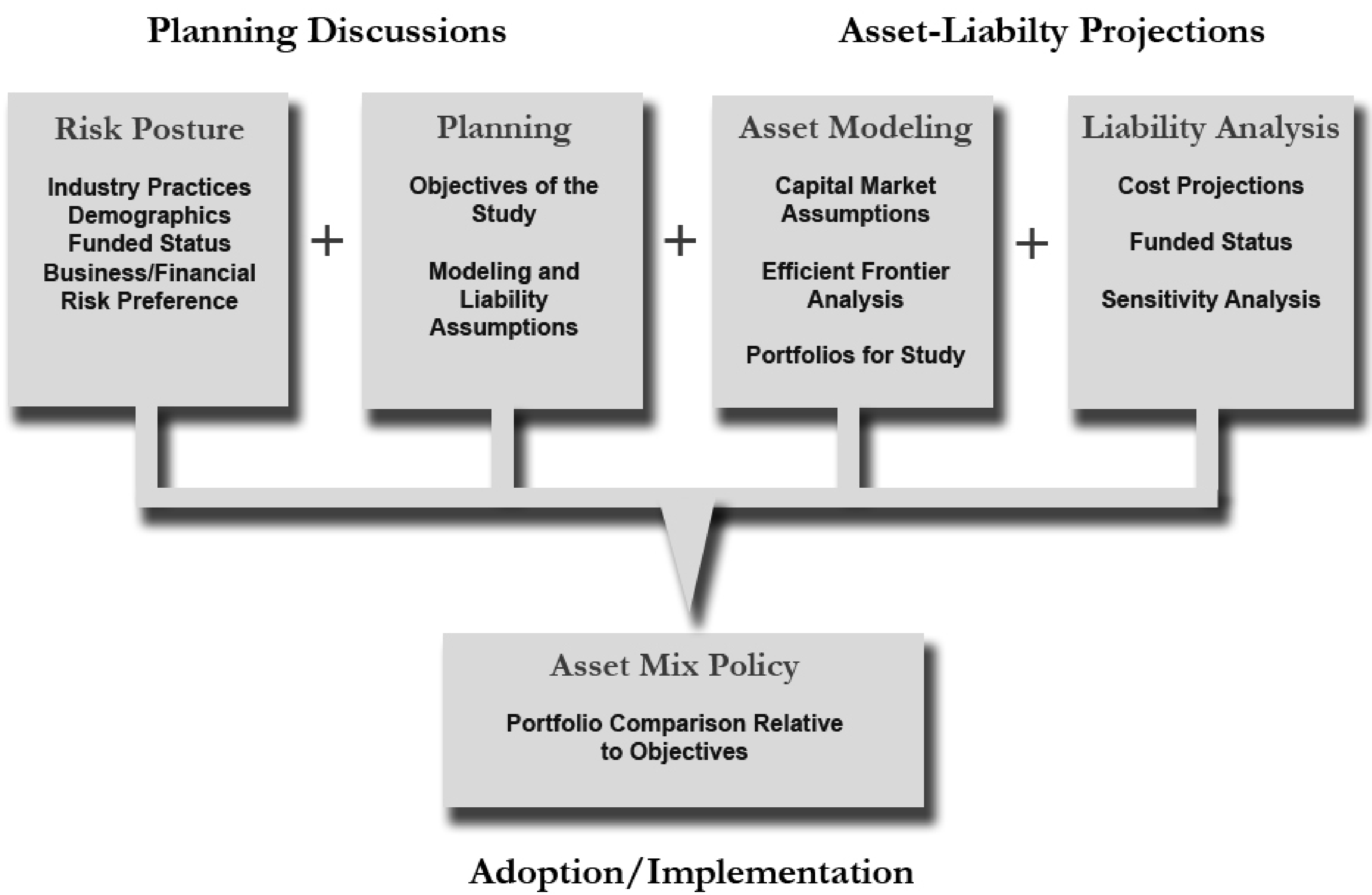
Plan's Strategic Policy



Portfolio Risk Allocation – Current Policy



Overview of the Asset-Liability Process



Current Asset Class "Implementation Assumptions"

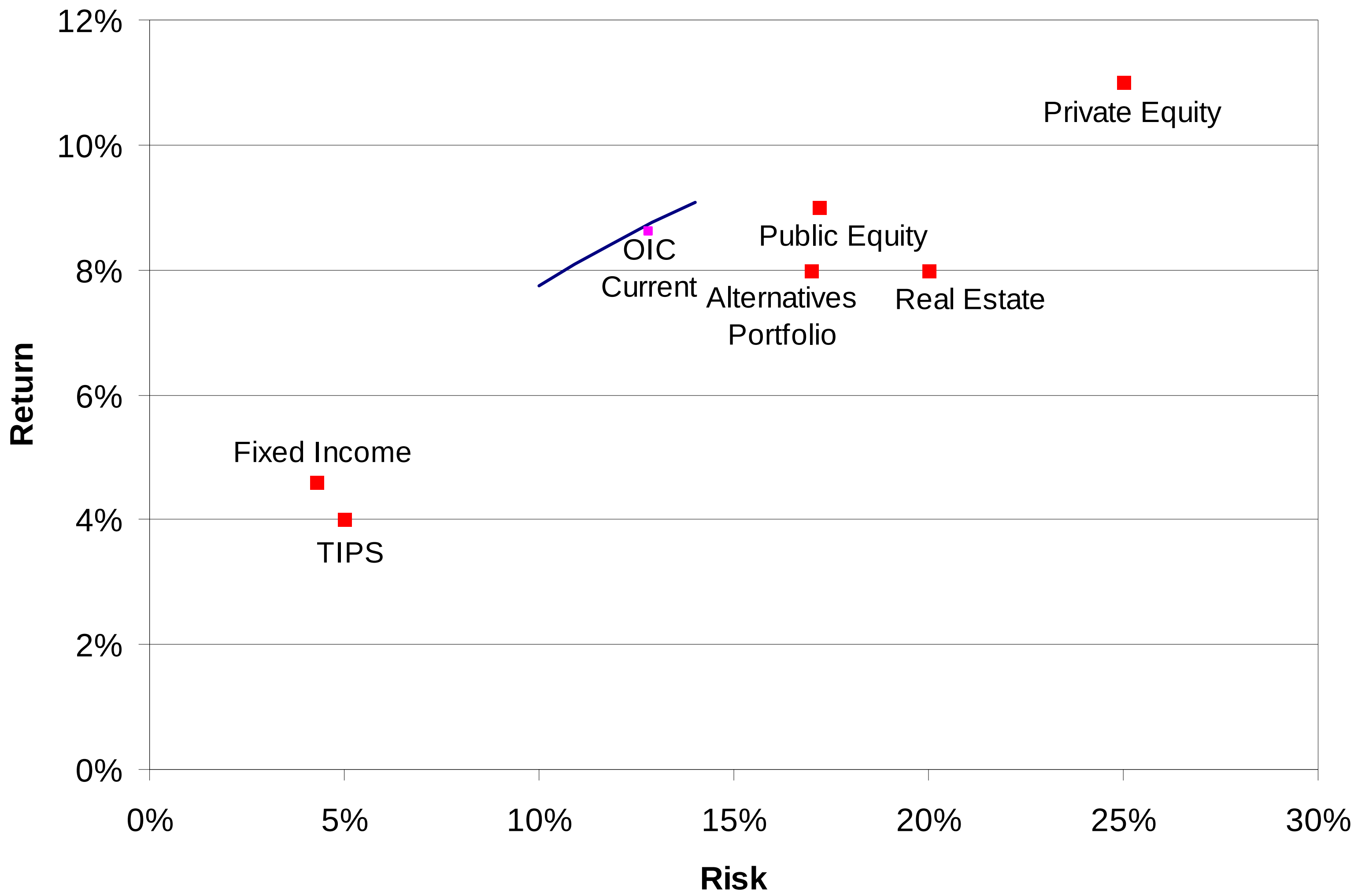
Asset Class	Expected Return	Expected Risk
Public Equity	9.0%	17.2%
Fixed Income	4.6%	4.3%
Private Equity	11.0%	25.0%
Real Estate	8.0%	20.0%
TIPS	4.0%	5.0%
Alternatives Portfolio	8.0%	17.0%

- Alternatives Portfolio – Permanent, Non Traditional, Real/Absolute Return Objective
  - Infrastructure, Absolute Return, Hard Assets/Commodities, etc.
- Lower Risk in PE than SIS Base Case to reflect OIC Capabilities and Experience
- Higher Return/Risk in RE than SIS Base Case to reflect OIC's Risk Strategy and Experience

Alternatives Portfolio

- 33% Absolute Return
- 33% Infrastructure
- 34% Hard Assets
  - 11% Commodities
  - 11% Timber and Agriculture
  - 12% Industrial Commodity Producers

Expected Risk vs Return



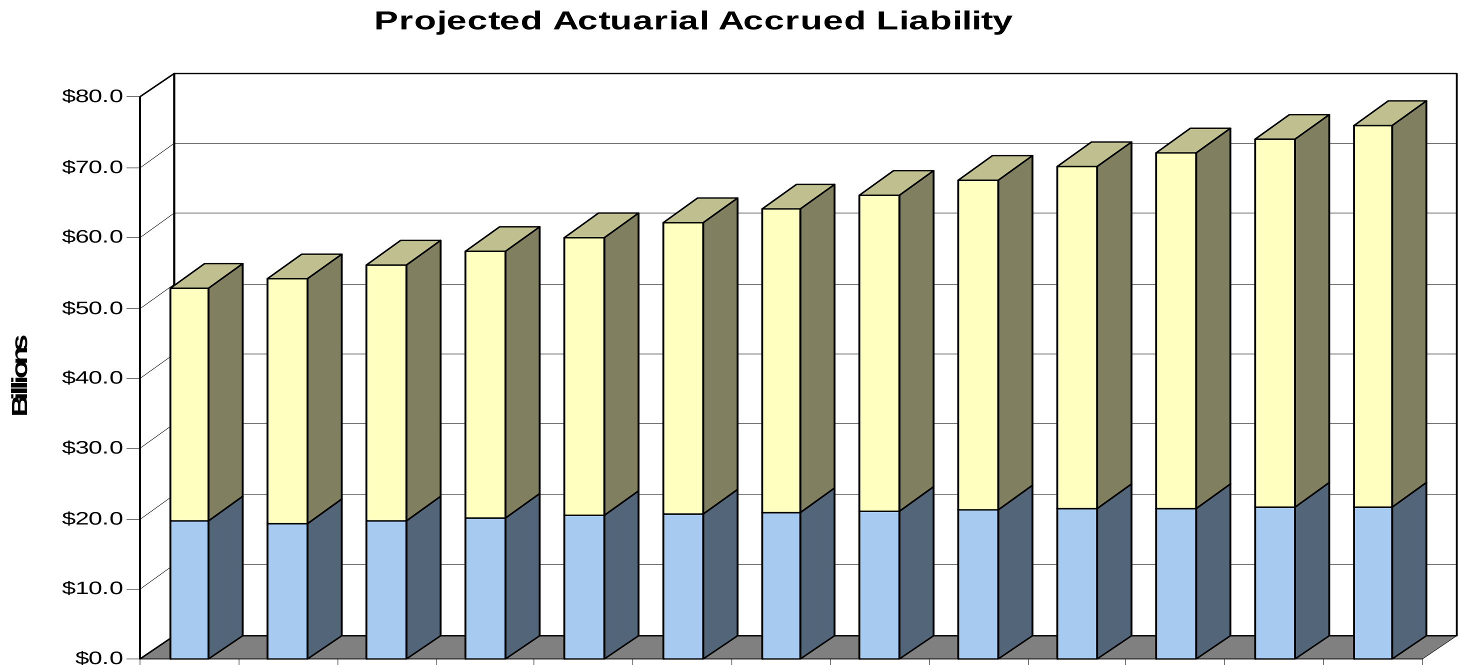
Current Asset Class Implementation, Add TIPS and Alternatives Portfolio

	Current Policy	Mix 4-1	Mix 4-2	Mix 4-3	Mix 4-4	Mix 4-5	Current Mix*
Public Equity	46.0%	19.8%	21.9%	24.2%	31.4%	39.2%	42.9%
Fixed Income	27.0%	36.9%	36.9%	31.5%	28.5%	20.7%	25.7%
Private Equity	16.0%	18.8%	20.7%	22.9%	24.0%	25.0%	19.8%
Real Estate	11.0%	8.2%	10.1%	12.1%	11.0%	10.0%	9.4%
TIPS	0.0%	11.4%	5.5%	4.3%	0.1%	0.1%	0.0%
Alts Port	0.0%	5.0%	4.8%	5.0%	5.0%	5.0%	2.2%
Equity	**73.0%**	**51.7%**	**57.6%**	**64.2%**	**71.4%**	**79.2%**	**74.3%**
Expected Return	8.61%	7.75%	8.08%	8.42%	8.76%	9.09%	8.61%
Std Deviation	12.8%	10.0%	10.9%	11.9%	12.9%	14.0%	12.8%
Sharpe Ratio	0.44	0.47	0.47	0.46	0.45	0.44	0.44

- TIPS are an important diversifier in lower risk mixes.
- Sharpe Ratio- Risk/Return Efficiency Higher for lower return mixes.
- Alternatives Portfolio at or near maximum for all mixes.
- All except the most conservative mix achieve the actuarial return without accounting for “alpha.”

*Actual mix as of 3/31/10

OPERF Actuarial Liability

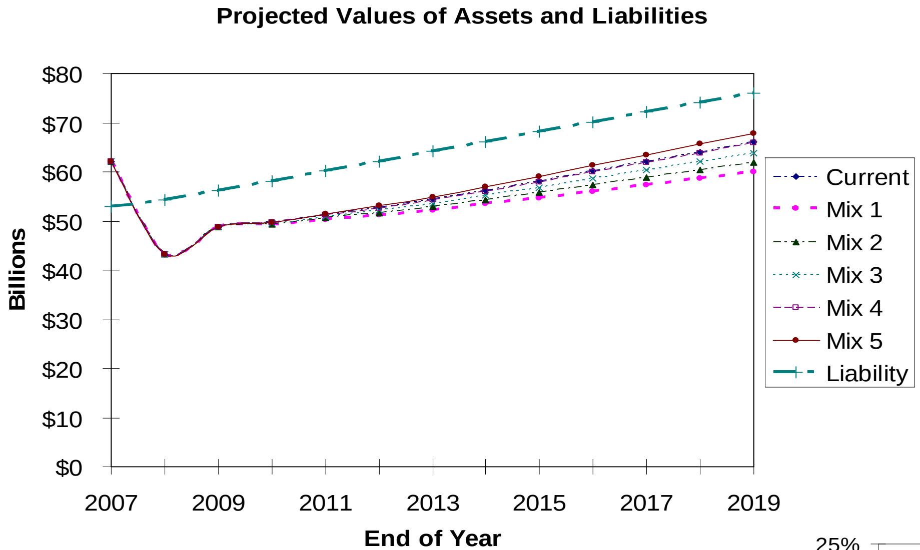


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retired/Inactive	$33.19	$34.80	$36.32	$37.93	$39.64	$41.41	$43.20	$45.02	$46.86	$48.73	$50.64	$52.43	$54.18
Active	$19.68	$19.46	$19.85	$20.19	$20.47	$20.71	$20.94	$21.15	$21.32	$21.43	$21.48	$21.62	$21.77

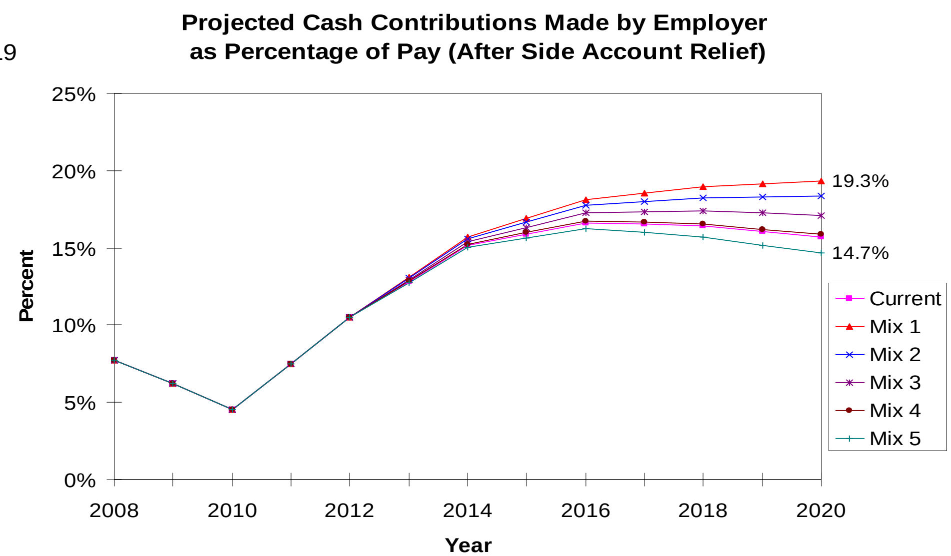
End of Year

- Total Liability expected to grow by 3.1% over the next 10 years.
- Retired Liability grows from 65% to 71% of Total Liability

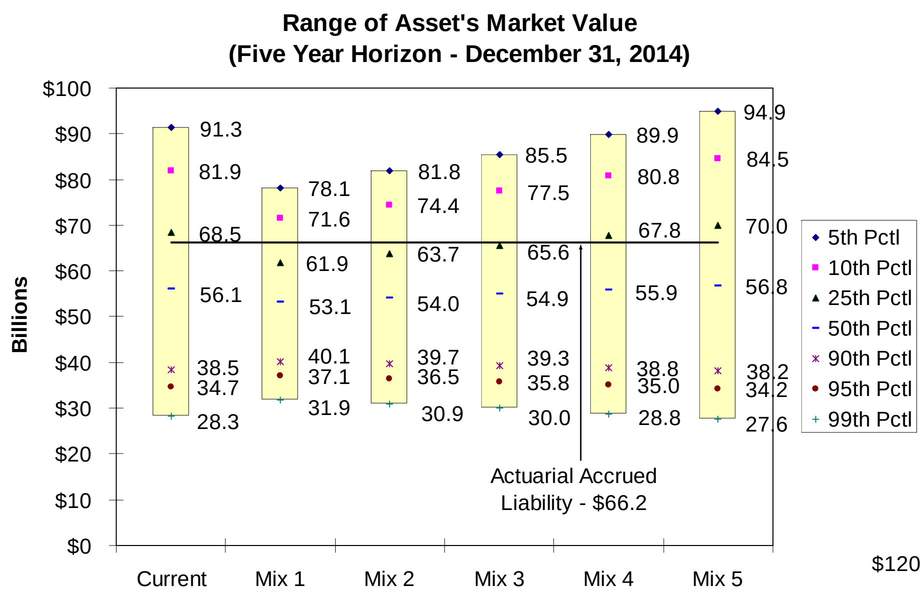
Simulation Results – “Expected” Values



- Contribution Rates through Mid 2013 cannot be affected by asset mix.
- Expected Net (After Side Account Adjustments) Contribution rates stay in the upper teens for the next 10 years.

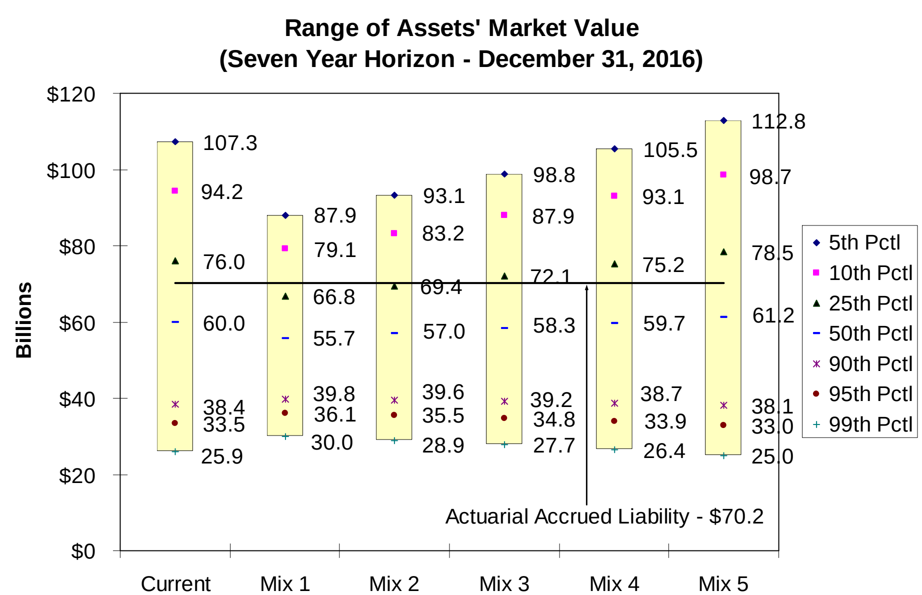


Distribution of Asset Values

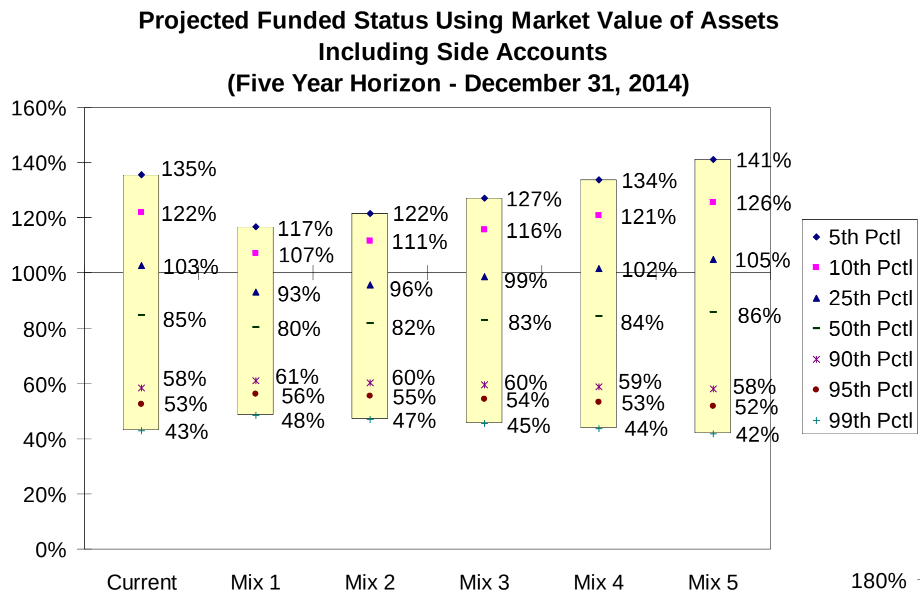


- Examine 5 and 7 Year horizons
- 5% chance that the unfunded liability will be 29.1 to 32.0 billion in 5 years, 34.1 to 37.2 billion in 7 years.
- While $3+ billion is significant, the loses are also significant with a “low risk” mix.

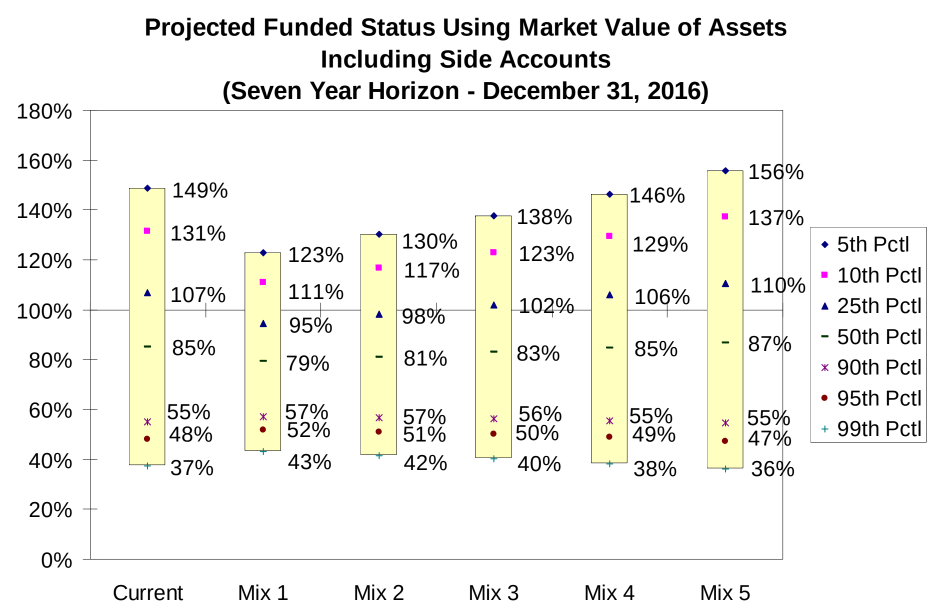
- The 5 years ending March 2008, were akin to a 90th percentile 5 year event.



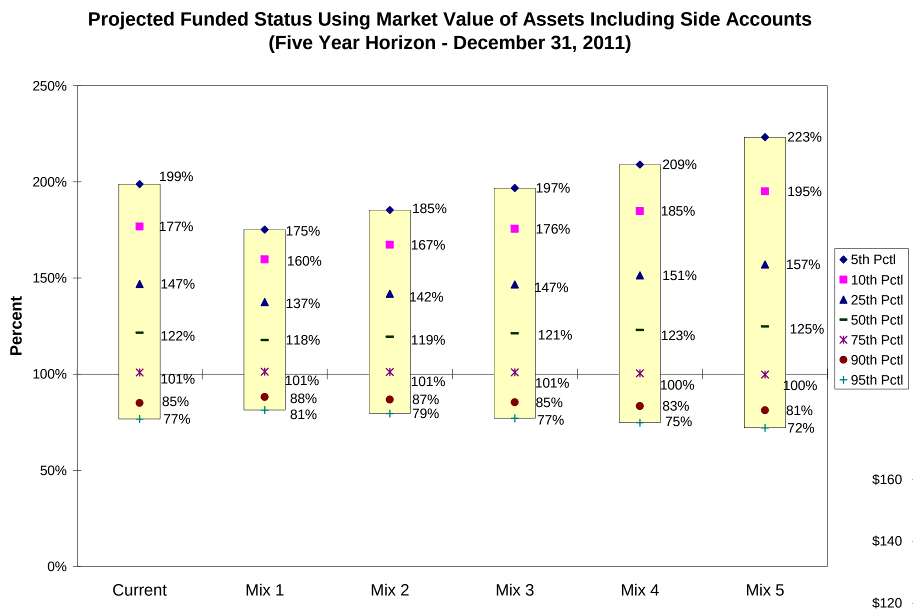
Distribution of Funded Status



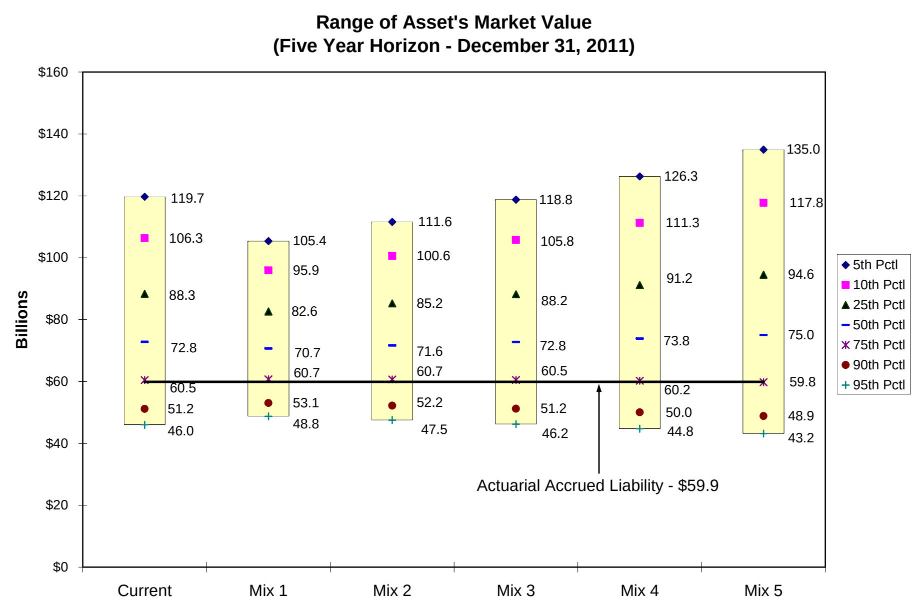
- Funded status expected to deteriorate for mixes 1 and 2 and improve or sustain for mixes 3 to 5.
- Roughly a 5% chance of that funded status could fall to less than 50% over the next 5 or 7 years.



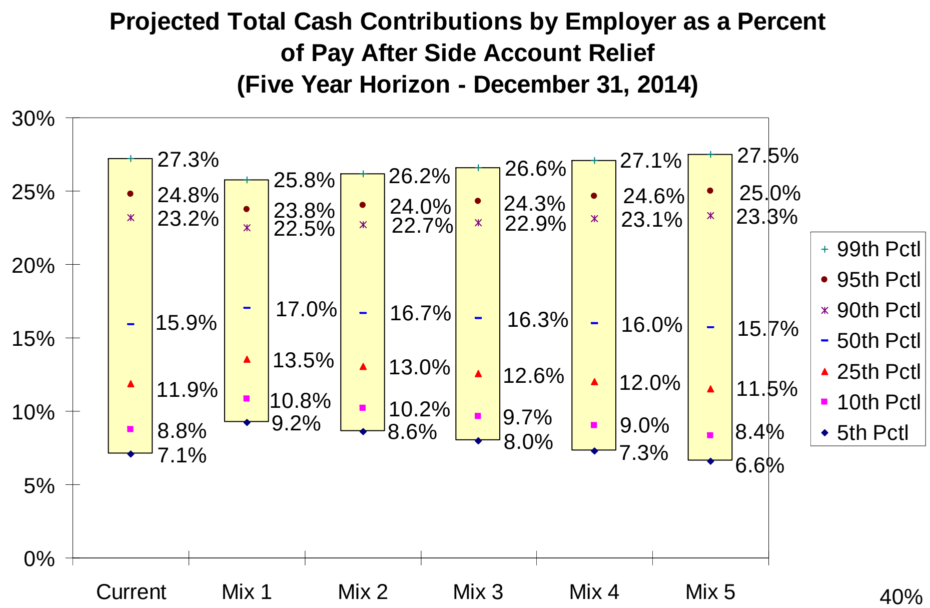
Comparable Charts from 2007 Study Presentation



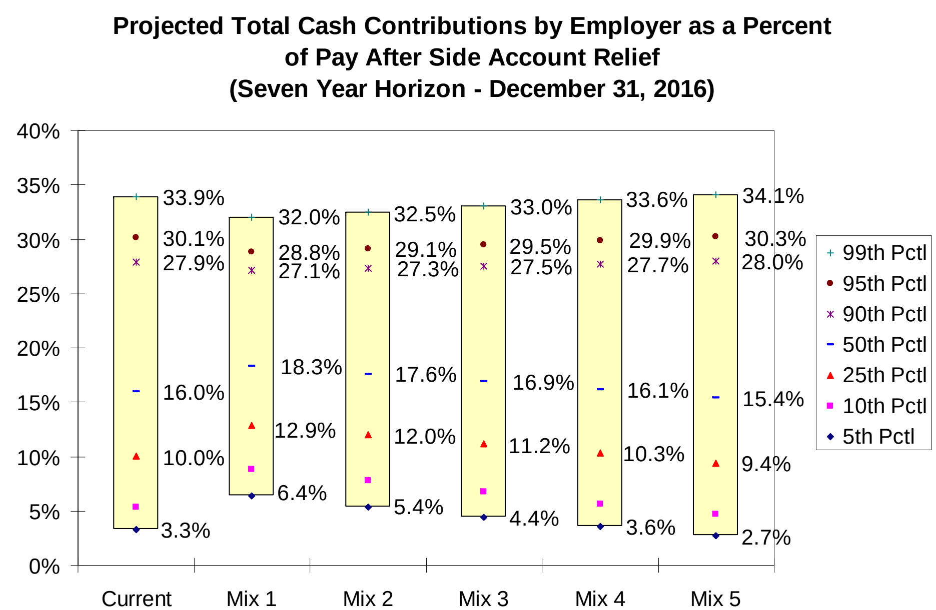
- 90 to 95th Percentile result similar to that which has been experienced since the study.



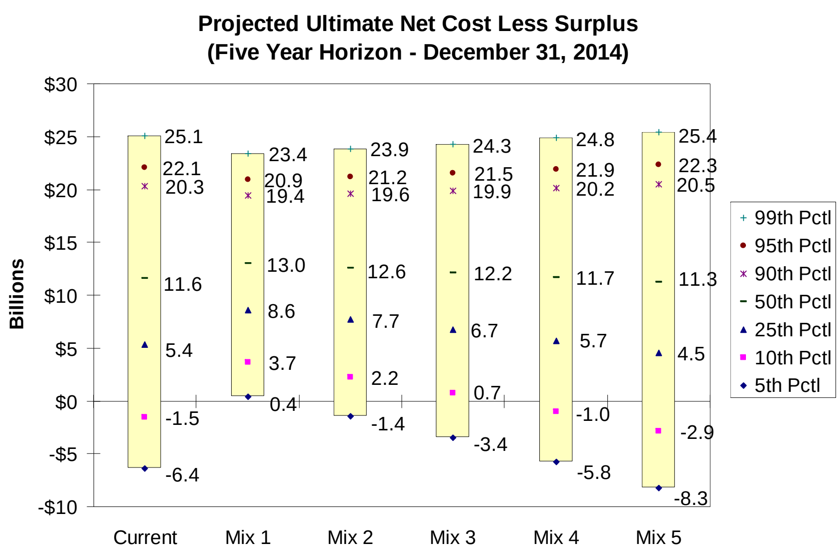
Distribution of Average OPERF Contribution (% of Pay)

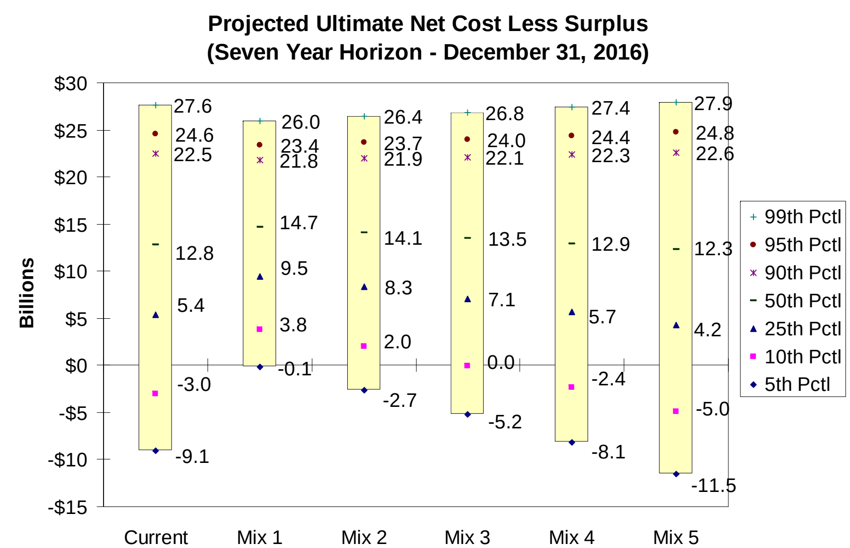


- In the event of a 95th Percentile event, taking less risk would limit contribution increases to 1.2% less at a five year horizon and 1.5% less at a seven year horizon.



Distribution of Ultimate Net Cost

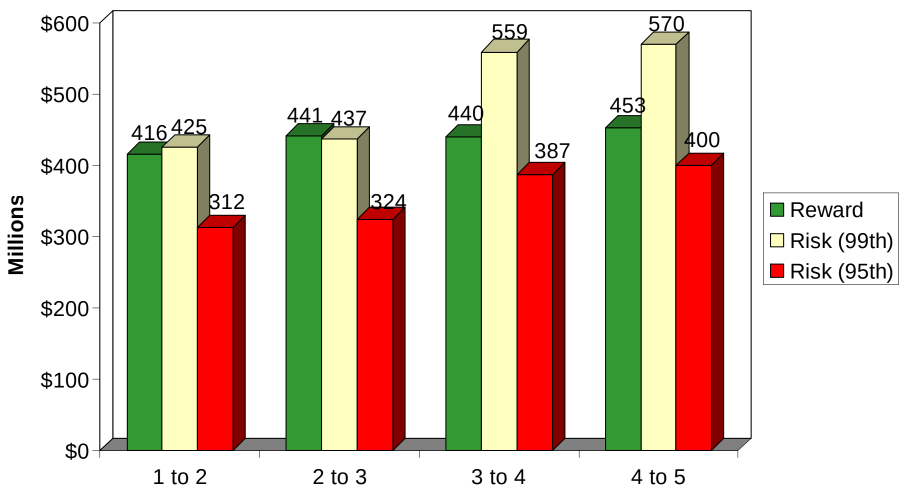




- **Ultimate Net Cost Less Surplus** is the economic present value of the expected cost of the pension fund to the sponsor. All costs, whether or not they are actually funded during the projection time period are taken into consideration. The calculation of the Ultimate Net Cost is the present value of the plan's contributions over the projection time horizon plus the present value of the plan's unfunded liability (value of assets minus actuarial liability) at the end of the projection period. Ultimate Net Cost assumes that there is no economic benefit to any surplus that has built up. For our analysis, we include a credit to Ultimate Net Cost if at the end of the projection period a surplus has been accumulated. We determine the present value of the surplus and subtract it to obtain the variable we typically use in evaluating alternative asset allocations. This variable, Ultimate Net Cost Less Surplus, is the ideal variable for "fully funded" plans.

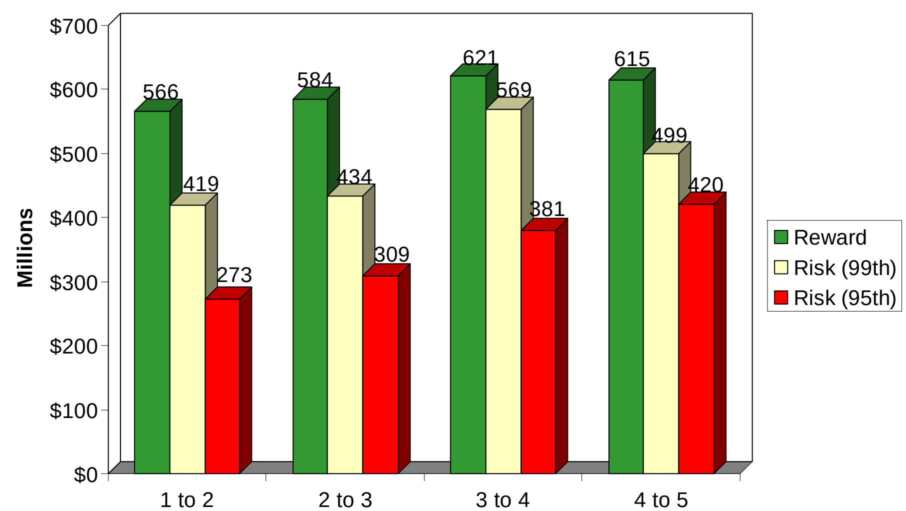
Risk/Reward Analysis

Ultimate Net Cost Less Surplus - Risk/Reward
(Five Year Horizon - December 31, 2014)

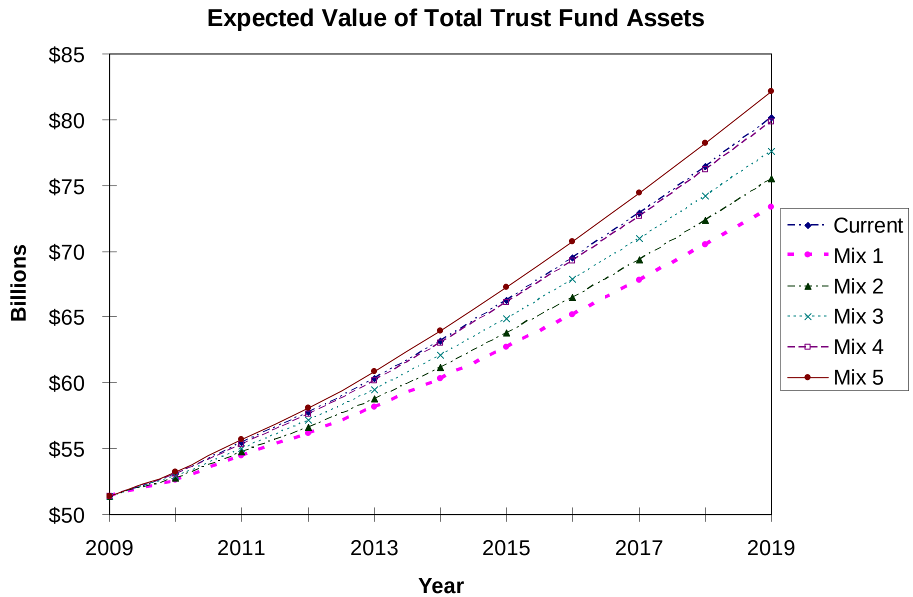


- 5 and 7 year horizon and a 95th Percentile level of risk suggest that most aggressive mix is appropriate.
- At a higher definition of risk, 99th, the most conservative mix is suggested as appropriate at a 5 year horizon.

Ultimate Net Cost Less Surplus - Risk/Reward
(Seven Year Horizon - December 31, 2016)

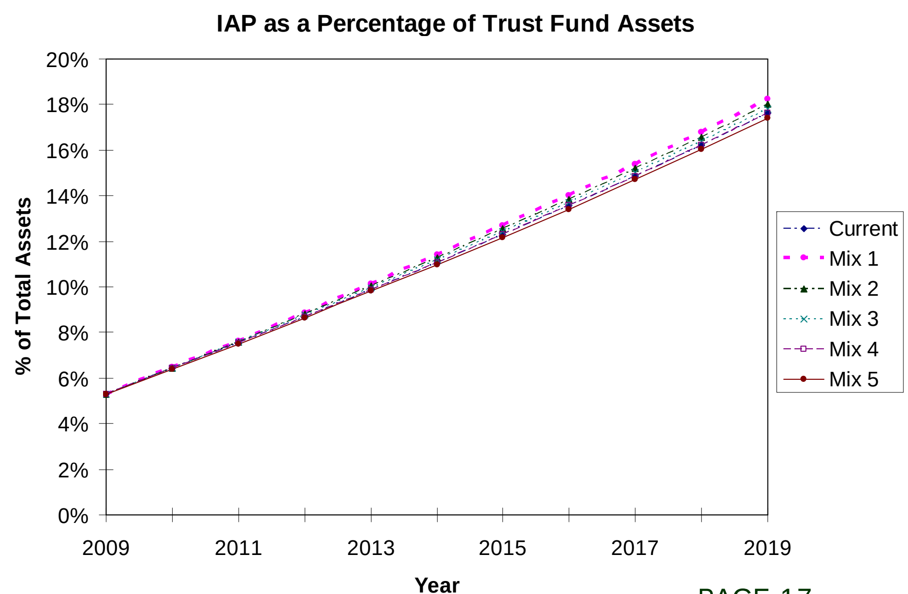


Liquidity Analysis – Potential Influence of the IAP

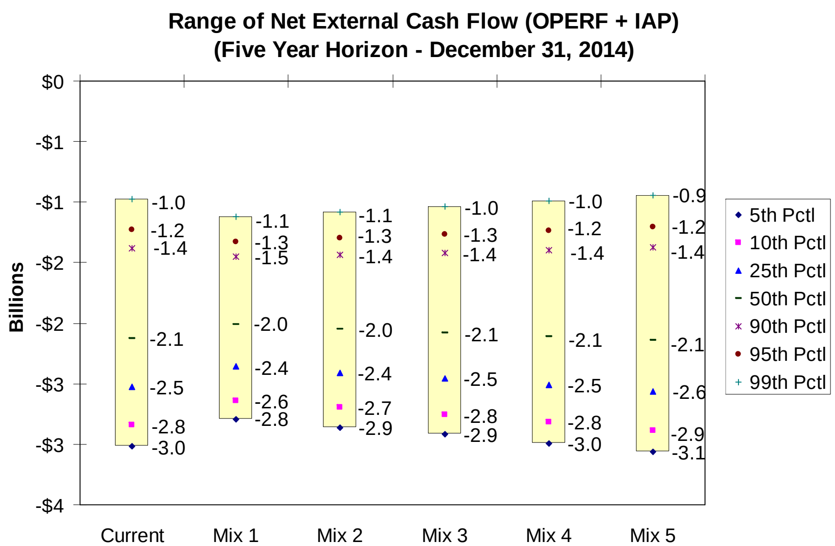


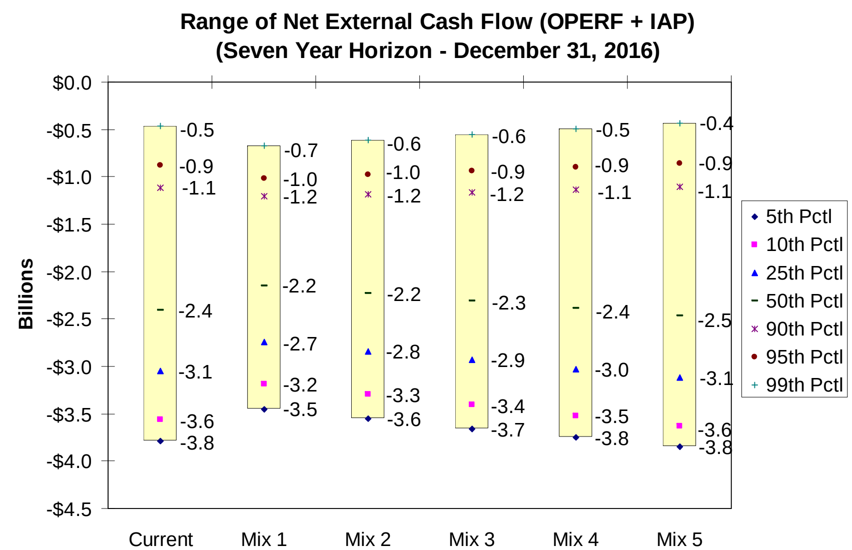
- IAP will be an increasing portion of the trust and influence on liquidity constraints on the trust.
- How will the IAP be managed as it becomes a larger portion of member retirement savings?
- For this analysis the IAP is assumed to be a significant positive cash flow contributor to the trust.

	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
2009	51.4	51.4	51.4	51.4	51.4	51.4
2010	53.1	52.7	52.8	52.9	53.1	53.2
2011	55.4	54.5	54.8	55.0	55.4	55.7
2012	57.8	56.2	56.7	57.1	57.6	58.1
2013	60.3	58.2	58.8	59.5	60.2	60.9
2014	63.2	60.3	61.2	62.1	63.0	64.0
2015	66.3	62.7	63.8	64.9	66.1	67.3
2016	69.5	65.2	66.5	67.9	69.3	70.8
2017	72.9	67.8	69.4	71.0	72.7	74.4
2018	76.5	70.5	72.4	74.2	76.2	78.2
2019	80.1	73.4	75.5	77.6	79.9	82.2



Liquidity Analysis – Trust Fund Net External Cash Flow





Range of Net External Cash Flows (% of Assets OPERF + IAP)						
	December 31, 2014					
	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
5th Pctl	-3.0%	-3.2%	-3.1%	-3.1%	-3.0%	-2.9%
10th Pctl	-3.1%	-3.3%	-3.2%	-3.2%	-3.1%	-3.1%
25th Pctl	-3.3%	-3.4%	-3.4%	-3.3%	-3.3%	-3.3%
50th Pctl	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%	-3.4%
90th Pctl	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%	-3.2%
95th Pctl	-3.1%	-3.1%	-3.1%	-3.1%	-3.1%	-3.1%
99th Pctl	-3.0%	-3.1%	-3.1%	-3.0%	-3.0%	-3.0%

Range of Net External Cash Flows (% of Assets OPERF + IAP						
	December 31, 2016					
	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
5th Pctl	-3.1%	-3.4%	-3.3%	-3.2%	-3.1%	-3.0%
10th Pctl	-3.3%	-3.5%	-3.4%	-3.4%	-3.3%	-3.2%
25th Pctl	-3.5%	-3.6%	-3.5%	-3.5%	-3.5%	-3.5%
50th Pctl	-3.5%	-3.3%	-3.4%	-3.4%	-3.5%	-3.5%
90th Pctl	-2.5%	-2.6%	-2.5%	-2.5%	-2.5%	-2.5%
95th Pctl	-2.2%	-2.4%	-2.3%	-2.3%	-2.2%	-2.2%
99th Pctl	-1.5%	-1.9%	-1.8%	-1.7%	-1.6%	-1.4%

- Net external cash flow is a manageable and stable portion of the trust.
- Under extremely poor events, net cash flow is actually a smaller portion of the trust.

Scenario Analysis Assumptions

- Inflation – Similar to late 1970's and early 1980's market returns
- Deflation- Hypothetical (no "extended" deflation experienced in the US recently)
- Low Return – Market conditions remain similar to now for extended period
- Recession – Similar to 1970's recession market returns

Current Asset Class Implementation-Scenario Analysis

	Current Policy	Mix 4-1	Mix 4-2	Mix 4-3	Mix 4-4	Mix 4-5	Current Mix*
Public Equity	46.0%	19.8%	21.9%	24.2%	31.4%	39.2%	42.9%
Fixed Income	27.0%	36.9%	36.9%	31.5%	28.5%	20.7%	25.7%
Private Equity	16.0%	18.8%	20.7%	22.9%	24.0%	25.0%	19.8%
Real Estate	11.0%	8.2%	10.1%	12.1%	11.0%	10.0%	9.4%
TIPS	0.0%	11.4%	5.5%	4.3%	0.1%	0.1%	0.0%
Alts Port	0.0%	5.0%	4.8%	5.0%	5.0%	5.0%	2.2%
Equity	**73.0%**	**51.7%**	**57.6%**	**64.2%**	**71.4%**	**79.2%**	**74.3%**
Scenario Return							
Inflation	9.11%	9.29%	9.27%	9.46%	9.33%	9.38%	9.13%
Deflation	5.20%	4.79%	4.99%	4.98%	5.13%	5.10%	5.19%
Low Return	6.36%	6.36%	6.59%	6.83%	7.09%	7.34%	7.14%
Recession	-1.15%	0.68%	0.35%	-0.11%	-0.95%	-1.92%	-1.49%

*Actual mix as of 3/31/10

Scenario Analysis Results

Inflation Scenario - December 31, 2014						
	Current	**Mix 1**	**Mix 2**	**Mix 3**	**Mix 4**	**Mix 5**
Actuarial Accrued Liabiltiy	69.4	69.4	69.4	69.4	69.4	69.4
MV Assets	59.1	59.5	59.3	59.6	59.3	59.6
Unfunded Liability	11.5	11.1	11.3	11.0	11.2	11.1
Funded Status	84%	84%	84%	84%	84%	84%
Ultimate Net Cost	12.1	11.9	12.0	11.8	12.0	11.9
Contrib % of Pay	14.2%	14.0%	14.1%	14.0%	14.1%	14.0%

Recession Scenario - December 31, 2014						
	Current	**Mix 1**	**Mix 2**	**Mix 3**	**Mix 4**	**Mix 5**
Actuarial Accrued Liabiltiy	66.1	66.1	66.1	66.1	66.1	66.1
MV Assets	32.3	36.6	35.7	34.6	33.1	31.5
Unfunded Liability	30.8	27.4	28.2	29.1	30.2	31.5
Funded Status	53%	58%	57%	56%	54%	52%
Ultimate Net Cost	23.4	21.3	21.7	22.3	23.0	23.8
Contrib % of Pay	23.6%	22.4%	22.6%	23.0%	23.4%	23.8%

Base Case Scenario - December 31, 2014						
	Current	**Mix 1**	**Mix 2**	**Mix 3**	**Mix 4**	**Mix 5**
Actuarial Accrued Liabiltiy	66.6	66.6	66.6	66.6	66.6	66.6
MV Assets	56.2	53.5	54.3	55.2	56.1	57.0
Unfunded Liability	11.3	13.6	12.9	12.2	11.4	10.7
Funded Status	83%	80%	81%	82%	83%	84%
Ultimate Net Cost	11.6	13.0	12.6	12.2	11.7	11.3
Contrib % of Pay	15.9%	16.9%	16.6%	16.3%	16.0%	15.7%

- Inflation Scenario results in an outcome that is slightly better than the Base Case.
- Under the Recession Scenario, the best outcome is with lowest risk mix but a poor outcome for all mixes.

Scenario Analysis Results

Deflation Scenario - December 31, 2014						
	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Actuarial Accrued Liabiltiy	66.2	66.2	66.2	66.2	66.2	66.2
MV Assets	46.9	46.0	46.5	46.5	46.9	46.8
Unfunded Liability	14.7	15.5	15.1	15.1	14.8	14.9
Funded Status	76%	75%	76%	76%	76%	76%
Ultimate Net Cost	15.9	16.4	16.2	16.1	16.0	16.0
Contrib % of Pay	19.1%	19.4%	19.2%	19.2%	19.1%	19.1%

Low Return Scenario - December 31, 2014						
	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Actuarial Accrued Liabiltiy	66.4	66.4	66.4	66.4	66.4	66.4
MV Assets	51.8	49.8	50.4	50.9	51.6	52.2
Unfunded Liability	15.0	16.6	16.1	15.6	15.1	14.6
Funded Status	77%	75%	76%	76%	77%	78%
Ultimate Net Cost	13.9	14.9	14.7	14.4	14.0	13.7
Contrib % of Pay	17.4%	18.1%	17.9%	17.7%	17.5%	17.3%

Base Case Scenario - December 31, 2014						
	Current	Mix 1	Mix 2	Mix 3	Mix 4	Mix 5
Actuarial Accrued Liabiltiy	66.6	66.6	66.6	66.6	66.6	66.6
MV Assets	56.2	53.5	54.3	55.2	56.1	57.0
Unfunded Liability	11.3	13.6	12.9	12.2	11.4	10.7
Funded Status	83%	80%	81%	82%	83%	84%
Ultimate Net Cost	11.6	13.0	12.6	12.2	11.7	11.3
Contrib % of Pay	15.9%	16.9%	16.6%	16.3%	16.0%	15.7%

- Riskiness of the mix does not materially change the outcome in the Deflation Scenario and all mixes are significantly worse than the Base Case.
- Under the Low Return Scenario, the best outcome emanates from the riskiest mix but as you would expect, costs are higher than the Base Case and the payoff for taking on risk is less.

Summary/Next Steps

- Ultimate Net Cost does not suggest taking less risk.
- Liquidity is not a problem.
  - IAP is the wild card.
- Refine ALM analyses as necessary.
- Refine asset mixes while reflecting OIC risk/return preferences.
- June/July – Share interim written correspondence, present final results on July 28, 2010.

APPENDIX

Professional Biographies

- **MICHAEL R. BEASLEY**. *Managing Director*. Co-founded Strategic Investment Solutions, Inc. (SIS) with Barry Dennis in 1994. Former EVP and Head of Consulting of Callan Associates, which he joined in 1986 and left in 1993. Founded Callan's Atlanta Office in 1986 and concurrently managed its New York Office in 1988. Served as Chairman of Callan's Manager Search Committee for two years. Brings 30 years of consulting and institutional investment experience to SIS. Prior experience includes 13 years with Merrill Lynch's Capital Markets Group in Jacksonville and Atlanta. Former Editorial Board member of the *Journal of Pension Plan Investing.* Frequent speaker on institutional investment issues. Graduate of the New Mexico Military Institute and an officer of the U.S. Army for five years that included a combat tour of duty in Vietnam.

- **JOHN P. MEIER, CFA**. *Managing Director and Head of Quantitative Services.* Highly experienced specialist in strategic planning, capital markets analysis, and quantitative investment strategies. A leading authority in the fields of perform-ance benchmarking and portfolio perform-ance attribution, whose ideas have been published in Pensions and Investments, Futures, Risk and Quantitative International Investing. Senior Product Manager at BARRA from 1988 to 1994, responsible for equi-ty risk and valuation models and services. B.S. in Chem. Eng. From Michigan State, MBA in Finance from UC Berkeley.

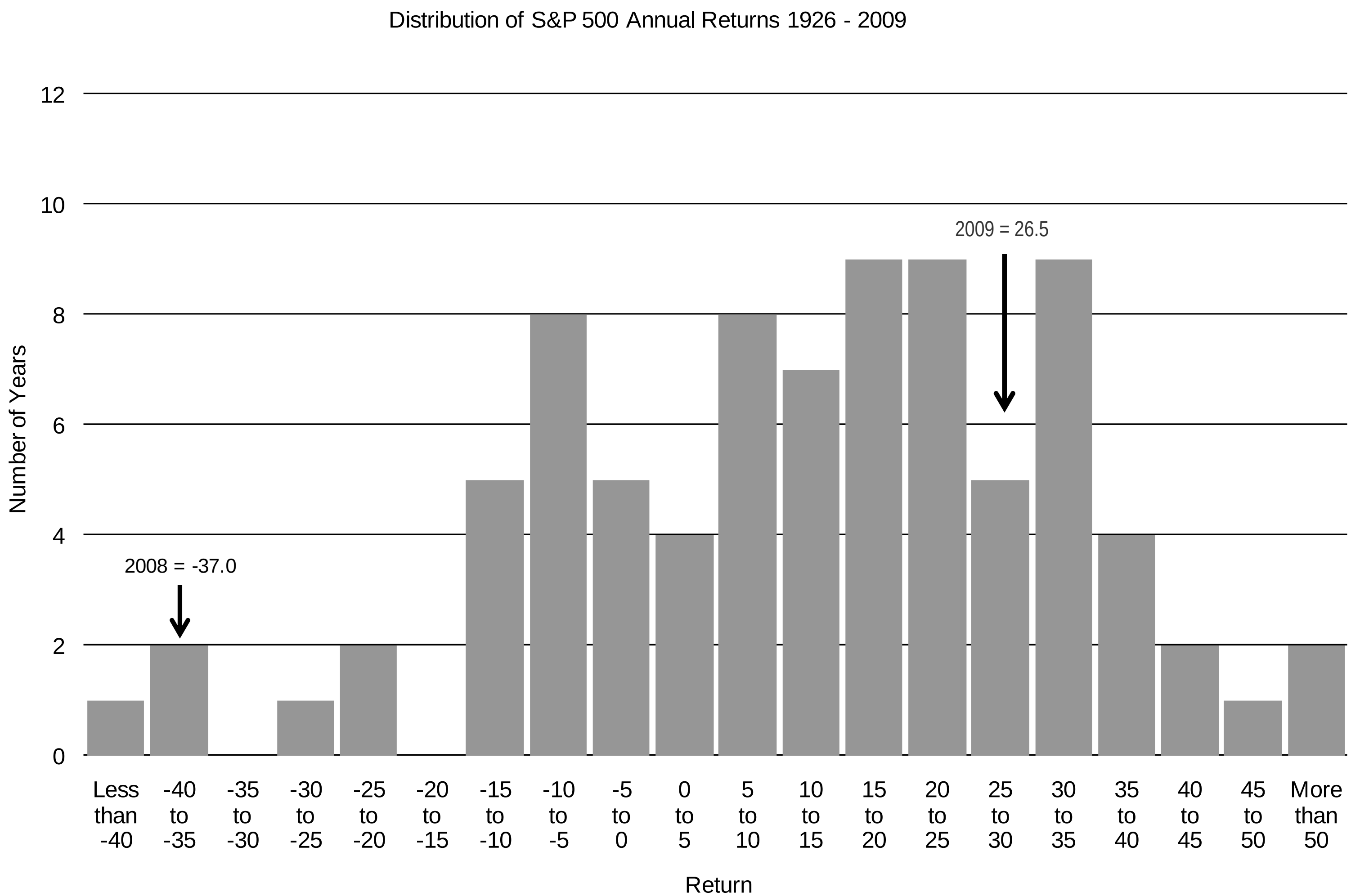
- **MARC GESELL, CFA**. *Vice President.* Quantitative analysis, statistical research, and systems deve-lopment specialist responsible for strategic planning. Seven years experi-ence in software R&D, asset allocation modeling, and investment analysis. Most recently AVP and portfolio manager for First Interstate Bank (now Wells Fargo), responsible for managing $200 million in private client portfolios. Helped establish clients' strategic plans, investment objectives, asset allocation mixes, and portfolio structure. B.S. in Computational Mathematics, Arizona State University, MBA in Finance, San Francisco State University, Chartered Financial Analyst. Former Officer, United State Army.

- **LOUIS KINGSLAND, JR.** *Adviser and Chair, Investment Policy Committee.* Developed first commercially available asset allocation and liability simulation model and asset mix optimizer, both still widely used today. Most recently EVP of Mellon Capital Management. Graduate, Air Force Academy. MA in Engineering, CalTech. Served as Deputy Mission Director of The Viking Space Project, and received a Distinguished Service Medal from NASA.

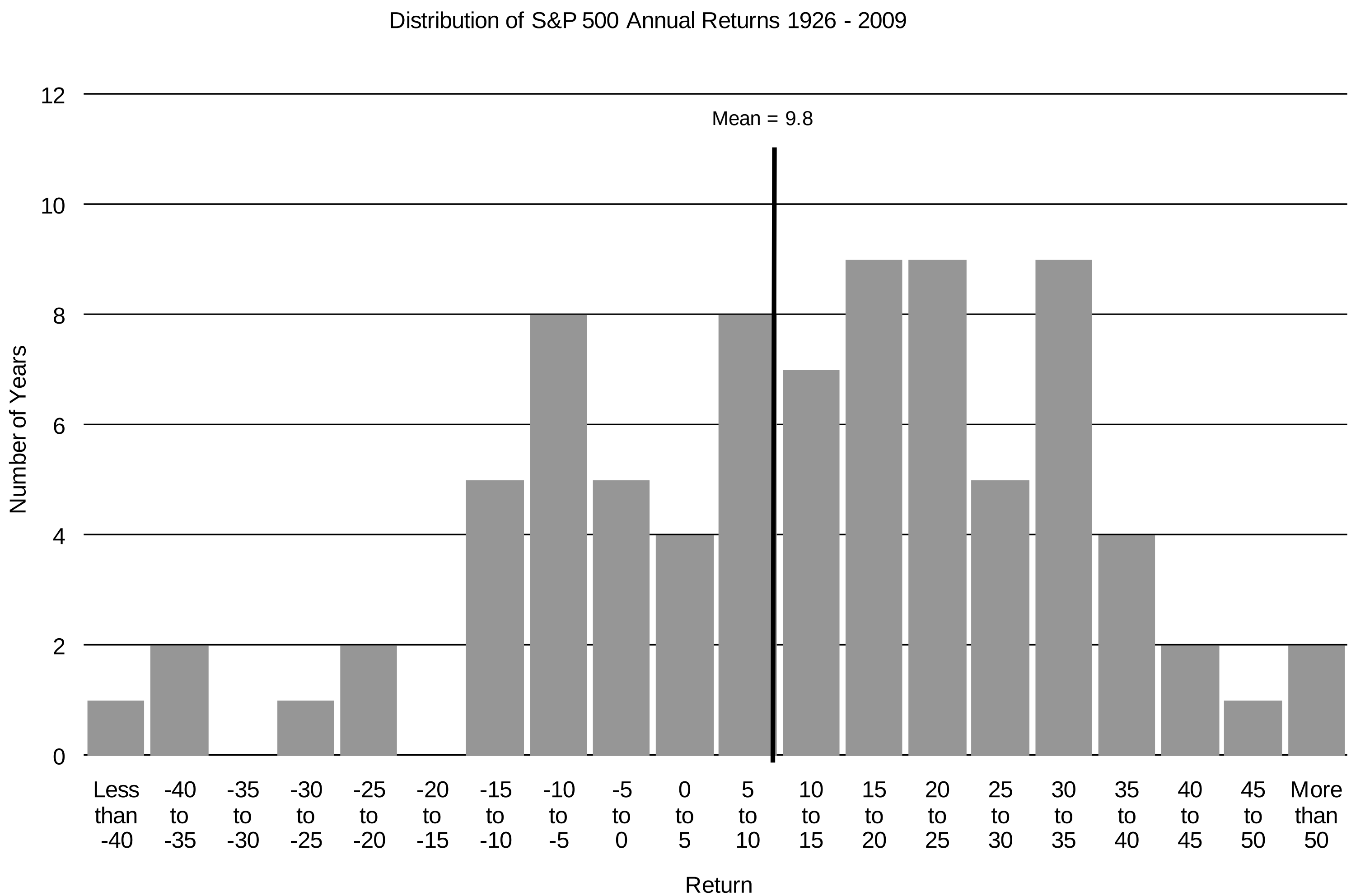
Defining Risk

- The basic definition of investment risk is variability of return. The alternative policies, or “asset mixes,” examined here are built to minimize this variability given an expected level of return over a long period of time. These mixes we call efficient. The method used to build them is an improved version of standard mean-variance optimization. The probabilities of continuously compounded returns to each asset class are assumed to approximate a bell shaped curve, or normal distribution. In other words, returns are random, and returns near the expected average are more likely than extreme returns. The likelihood of extreme returns is expressed as standard deviation. The probability of a particular asset-class return depends on the returns provided by every other asset class; this interdependence is expressed as correlation. Thus asset-class return expectations are commonly presented as three sets of numbers: mean returns, standard deviations, and correlations.

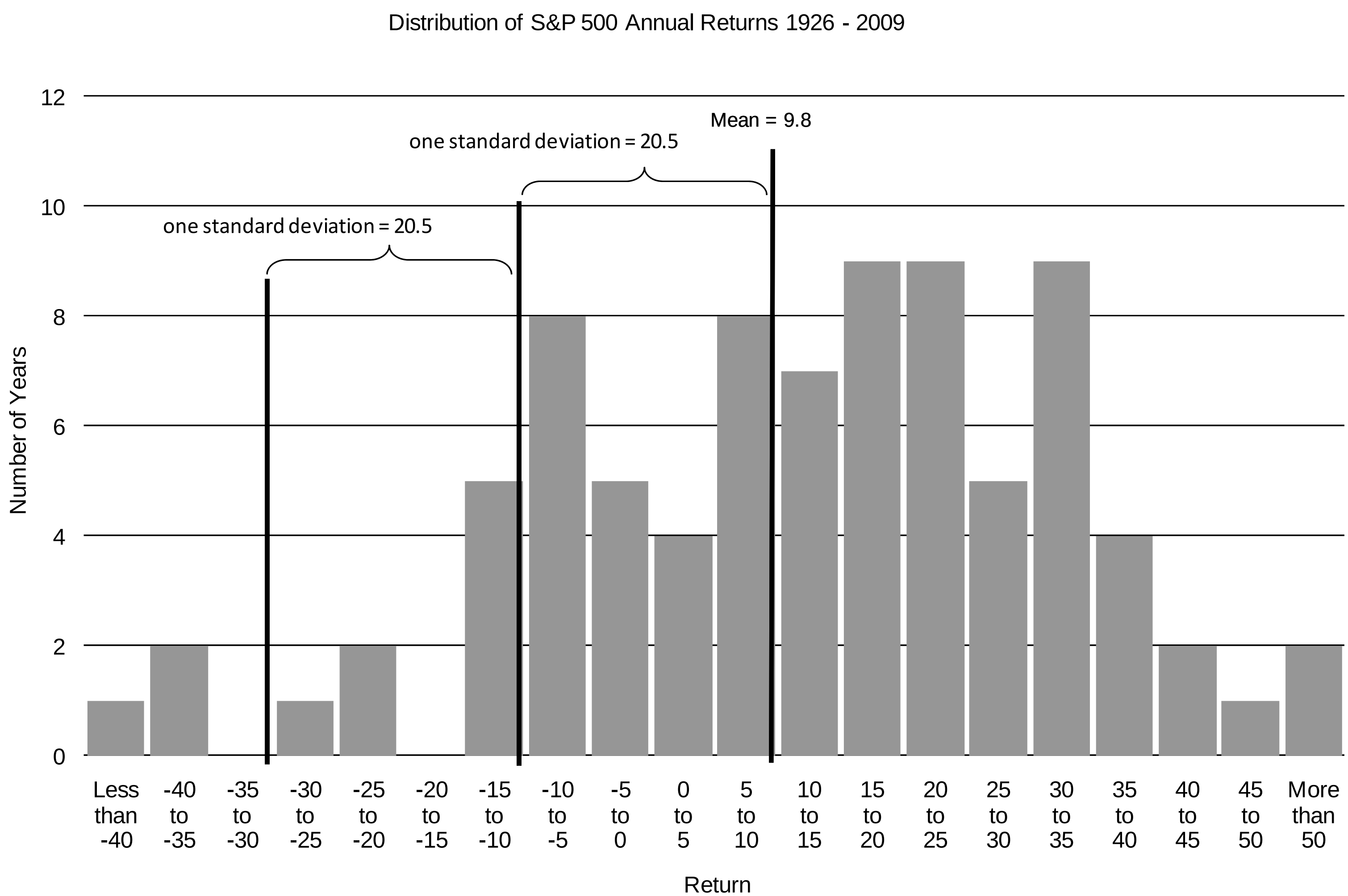
How Risky Are Investment Returns?



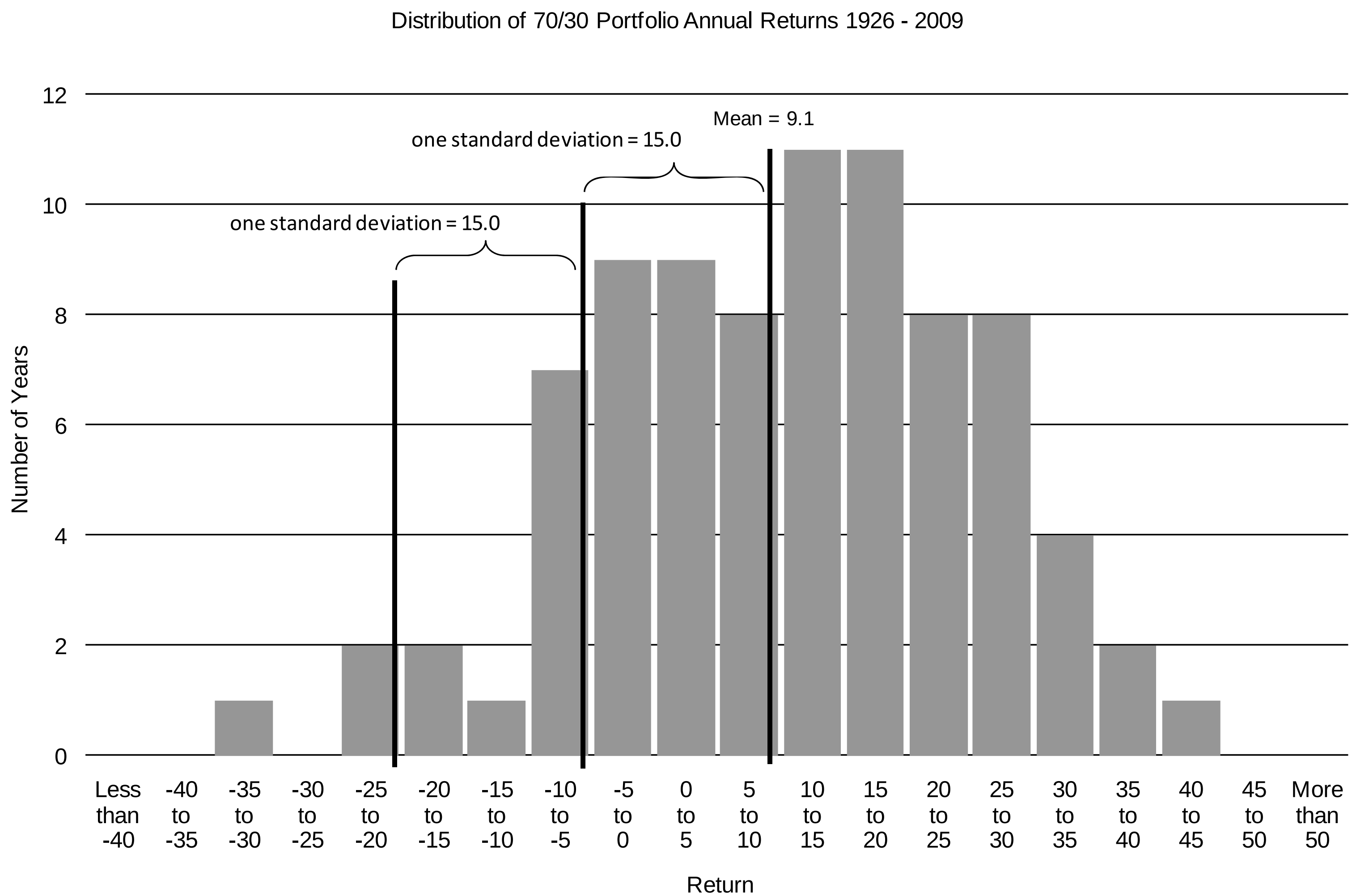
What Return Do We Plan On?



How Do We Measure Investment Risk?



Diversification Reduces Risk (at Some Cost)



Definitions

STRATEGIC ASSET ALLOCATION

The discipline used to determine which assets and what proportion among those assets meet an investor's cash flow requirements, planning horizon, and attitude toward risk.

EXPECTED RATE OF RETURN

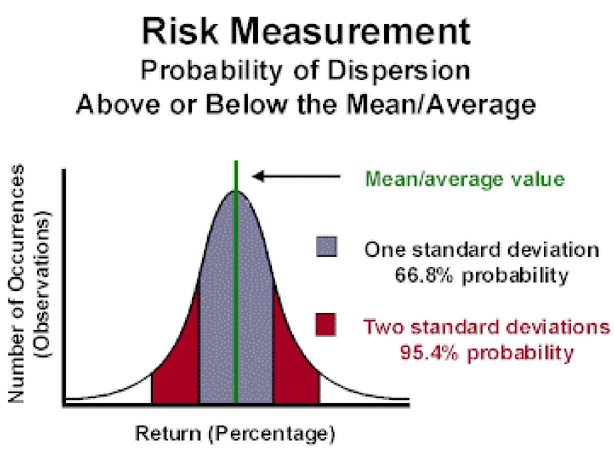
The expected value or mean of a probability distribution of returns. In our case, the expected return is the compounded annual return which is the same as the geometric mean. After tax expected return nets out the expected income and capital gains taxes paid by the trust.

STANDARD DEVIATION

A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution. The square root of the **variance**. When returns are normally distributed, an individual return will fall within one standard deviation of the mean about two-thirds of the time. For example, if a portfolio had an expected return of 5% and an expected risk (standard deviation) of 13, then:

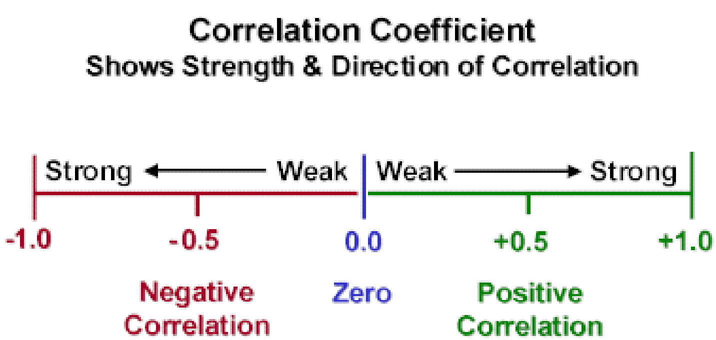
One Standard Deviation	68% of the time, returns can be expected to fall between –8.0% and +18%
Two Standard Deviations	95% of the time, returns can be expected to fall between -21% and +31%

Standard deviation is a useful historical measure of the variability of return earned by an investment portfolio. In performance measurement, it is generally assumed that a larger degree of dispersion implies that greater risk was taken to achieve the return.



Definitions

CORRELATION COEFFICIENT



Correlation coefficient (r) is a measure of the degree of **correlation** between two quantities or variables, such as the rates of return on stocks and on bonds. A negative coefficient of correlation indicates an inverse or negative relationship, whereas a positive value indicates a direct or positive relationship. The range of values is from -1 to +1 inclusive. A zero (0) value indicates that no correlation exists. Correlation coefficients are useful in **asset class** identification and portfolio **diversification**.

Scenario Analysis Returns

ASSET	BASE	INFLATION	DEFLATION	LOW RETURN	RECESSION
US LRG CAP	8.5%	6.5%	4.5%	7.0%	-5.7%
US SML CAP	9.0%	6.5%	4.5%	7.5%	-5.7%
US FIXED	4.0%	5.3%	6.0%	4.0%	6.0%
INTL STOCK	8.5%	9.2%	4.5%	7.0%	-5.7%
EM STOCK	9.2%	9.2%	4.5%	7.5%	-5.7%
INTL FIXED	4.1%	8.0%	6.0%	4.0%	6.0%
REAL EST	8.0%	13.0%	2.0%	6.0%	5.0%
PRIV EQTY	11.0%	8.5%	4.5%	8.0%	-10.0%
HIGH YIELD	6.4%	5.9%	5.2%	5.5%	1.0%
EM DEBT	5.7%	8.0%	6.0%	5.0%	6.0%
TIPS	4.0%	11.0%	1.0%	3.5%	3.5%
BANK LOAN	5.0%	10.0%	2.5%	3.0%	3.0%
ALTERNATIVES PORT	8.0%	11.0%	2.0%	6.5%	-1.0%
CASH	3.0%	9.0%	0.5%	1.0%	1.0%
INFLATION	2.4%	9.0%	0.0%	2.4%	1.9%

TAB 6 – ASSET ALLOCATIONS AND NAV UPDATES

Asset Allocations at April 30, 2010

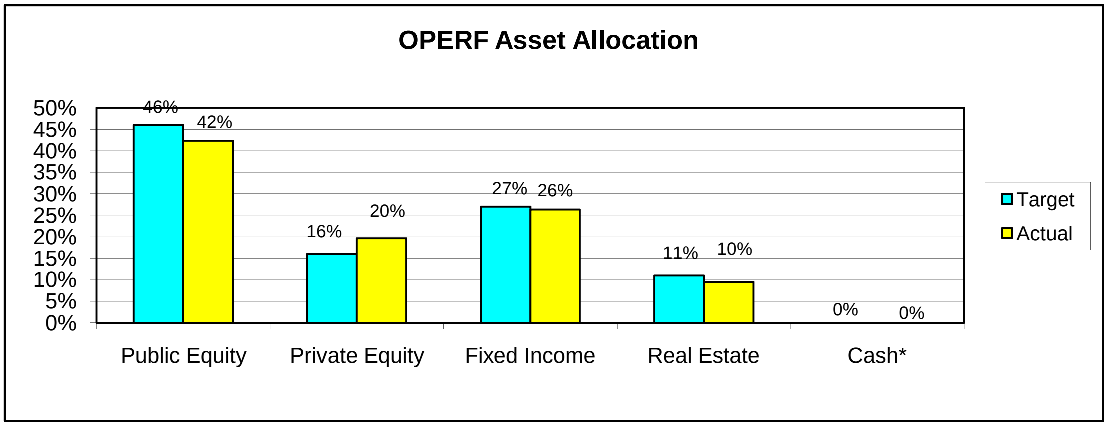
OPERF	Policy	Target	Regular Account: $ Thousands	Pre-Overlay	Overlay	Net Position	Actual	Variable Fund: $ Thousands	Total Fund: $ Thousands
Public Equity	41-51%	46%	21,552,461	41.2%	584,027	22,136,488	42.3%	936,440	23,072,928
Private Equity	12-20%	16%	10,295,295	19.7%		10,295,295	19.7%		10,295,295
Total Equity	**57-67%**	**62%**	**31,847,756**	**60.9%**	**584,027**	**32,431,783**	**62.0%**		**33,368,223**
Opportunity Portfolio			1,118,982	2.1%		1,118,982	2.1%		1,118,982
Fixed Income	**22-32%**	**27%**	**13,247,725**	25.3%	**521,439**	**13,769,164**	26.3%		**13,769,164**
Real Estate	**8-14%**	**11%**	**5,006,027**	9.6%	**-**	**5,006,027**	9.6%		**5,006,027**
Cash*	**0-3%**	**0%**	**1,110,176**	2.1%	**(1,105,466)**	**4,710**	0.0%	3,526	**8,236**
TOTAL OPERF		**100%**	**$ 52,330,666**	**100.0%**	**$ -**	**$ 52,330,666**	**100.0%**	**$ 939,966**	**$ 53,270,632**

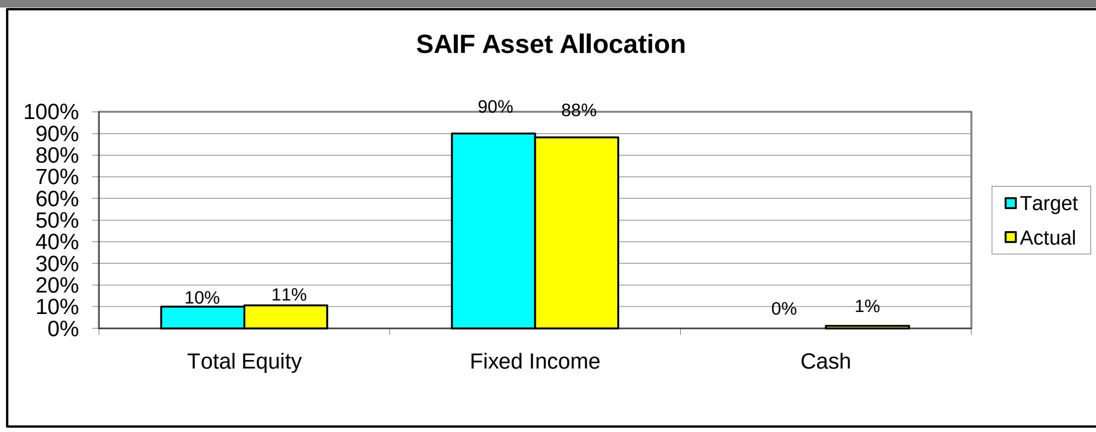
*Includes cash held in the policy implementation overlay program.

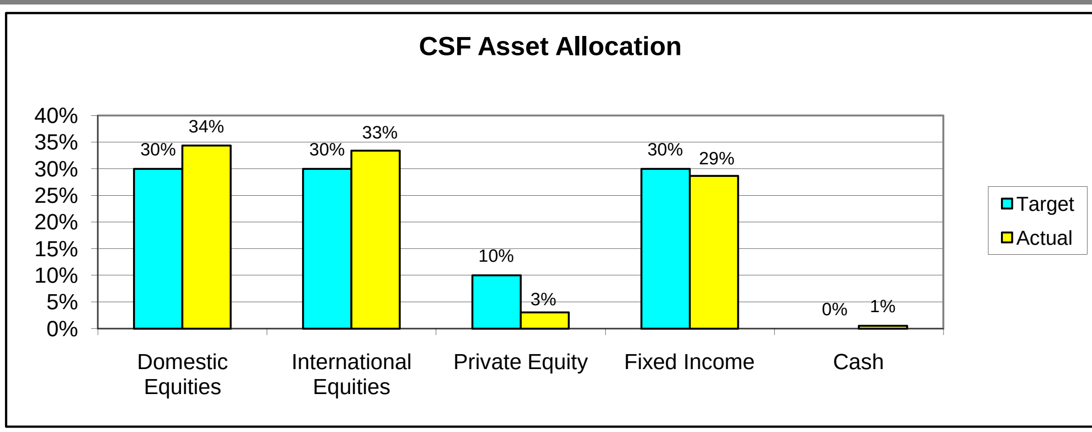
SAIF	Policy	Target	$ Thousands	Actual
Total Equity	**7-13%**	**10.0%**	**426,287**	**10.6%**
Fixed Income	**87-93%**	**90.0%**	**3,552,301**	**88.2%**
Cash	**0-3%**	**0%**	**47,784**	**1.2%**
TOTAL SAIF		**100%**	**$4,026,372**	**100.0%**

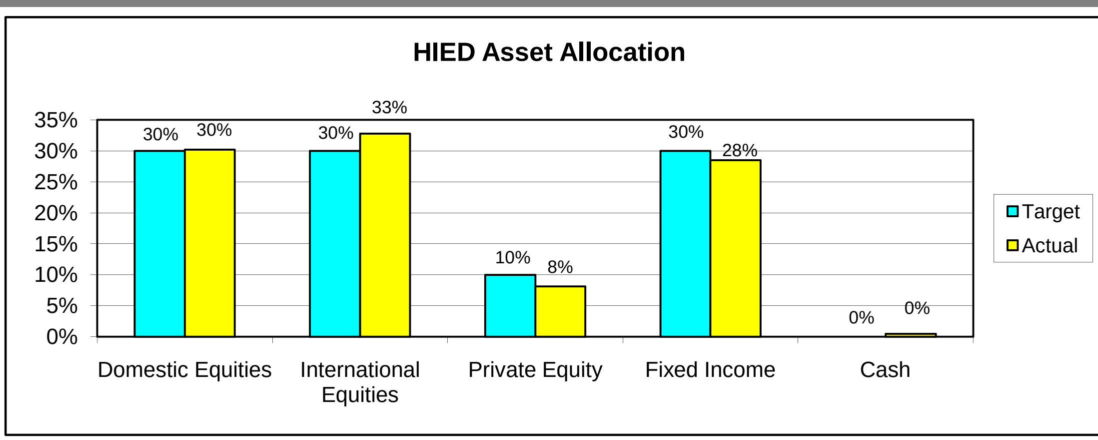
CSF	Policy	Target	$ Thousands	Actual
Domestic Equities	25-35%	30%	$351,080	34.3%
International Equities	25-35%	30%	341,557	33.4%
Private Equity	0-12%	10%	31,075	3.0%
Total Equity	**65-75%**	**70%**	**723,712**	**70.8%**
Fixed Income	**25-35%**	**30%**	**293,209**	**28.7%**
Cash	**0-3%**	**0%**	**5,558**	**0.5%**
TOTAL CSF			**$1,022,479**	**100.0%**

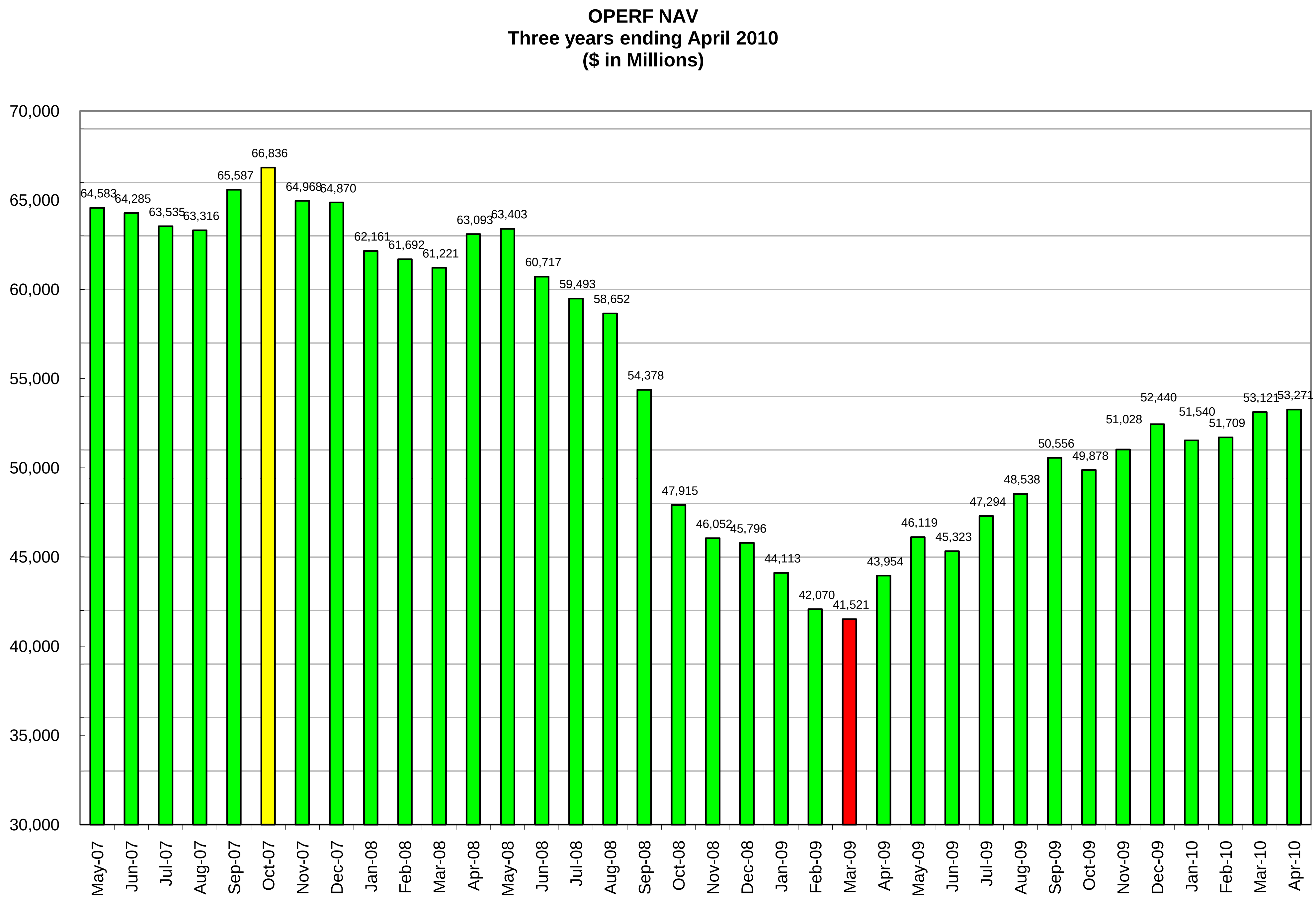
HIED	Policy	Target	$ Thousands	Actual
Domestic Equities	25-35%	30%	$19,343	30.2%
International Equities	25-35%	30%	20,989	32.8%
Private Equity	0-10%	10%	5,195	8.1%
Total Equity	**65-75%**	**70%**	**45,527**	**71.1%**
Fixed Income	**25-35%**	**30%**	**18,233**	**28.5%**
Cash	**0-3%**	**0%**	**287**	**0.4%**
TOTAL HIED			**$64,047**	**100.0%**


OPERF Asset Allocation
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
46%
42%
16%
20%
27%
26%
11%
10%
0%
0%
Public Equity
Private Equity
Fixed Income
Real Estate
Cash*
Target
Actual


SAIF Asset Allocation
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
10%
11%
90%
88%
0%
1%
Total Equity
Fixed Income
Cash
Target
Actual


CSF Asset Allocation
40%
35%
30%
25%
20%
15%
10%
5%
0%
30%
34%
30%
33%
10%
3%
30%
29%
0%
1%
Domestic Equities
International Equities
Private Equity
Fixed Income
Cash
Target
Actual


HIED Asset Allocation
35%
30%
25%
20%
15%
10%
5%
0%
30%
30%
30%
33%
10%
8%
30%
28%
0%
0%
Domestic Equities
International Equities
Private Equity
Fixed Income
Cash
Target
Actual


OPERF NAV
Three years ending April 2010
($ in Millions)
70,000
65,000
60,000
55,000
50,000
45,000
40,000
35,000
30,000
64,583
64,285
63,535
63,316
65,587
66,836
64,968
64,870
62,161
61,692
61,221
63,093
63,403
60,717
59,493
58,652
54,378
47,915
46,052
45,796
44,113
42,070
41,521
43,954
46,119
45,323
47,294
48,538
50,556
49,878
51,028
52,440
51,540
51,709
53,121
53,271
May-07
Jun-07
Jul-07
Aug-07
Sep-07
Oct-07
Nov-07
Dec-07
Jan-08
Feb-08
Mar-08
Apr-08
May-08
Jun-08
Jul-08
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Oct-08
Nov-08
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Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
Aug-09
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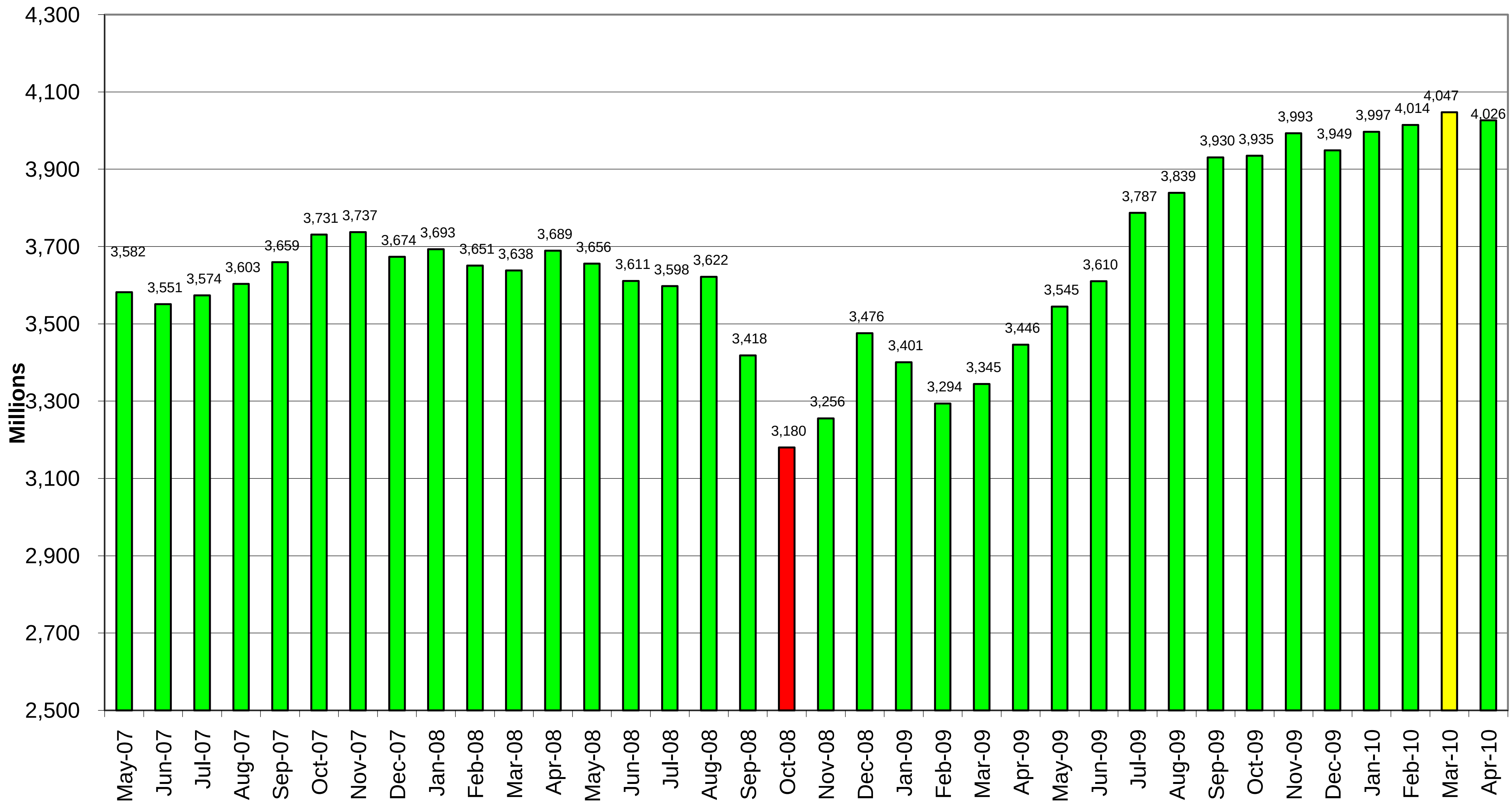
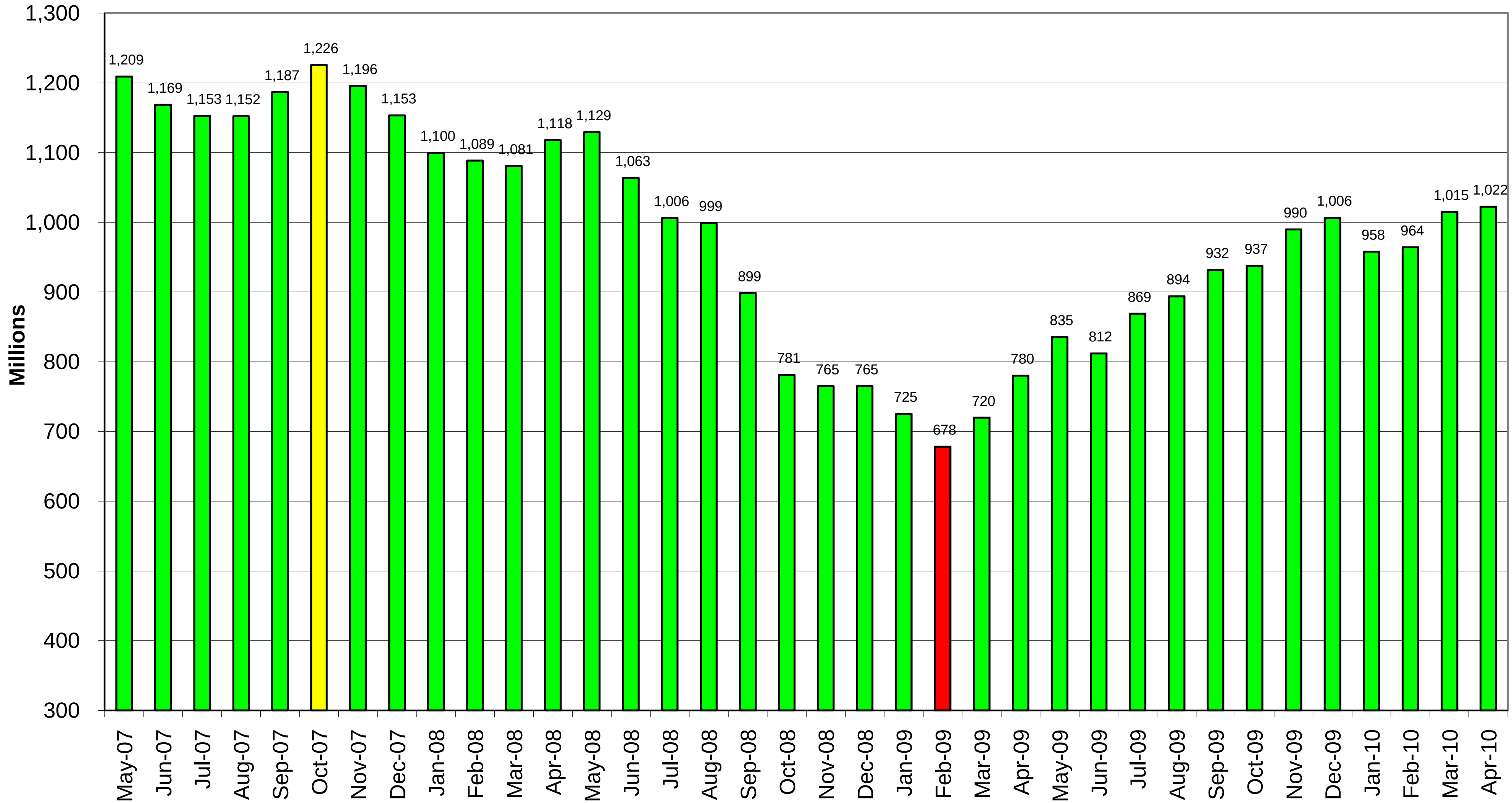
Jan-10
Feb-10
Mar-10
Apr-10

SAIF NAV
Three years ending April 2010
($ in Millions)



CSF NAV
Three years ending April 2010
($ in Millions)



TAB 7 – CALENDAR – FUTURE AGENDA ITEMS

2010 OIC Forward Agenda Topics

July 28:	OPERF Real Estate Annual Review Proxy Voting Update Annual Audit Update
September 29:	CEM Annual Review CSF Annual Review Passive/Active Analysis & OPERF Equity Attribution General Consultant Review
October 27:	OPERF Opportunity Portfolio Annual Plan
December 1:	OPERF 3rd Quarter Performance Review HIED Annual Review