Oregon Investment Council

June 1, 2011 - 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

2011 Meeting Schedule

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

January 7, 2011
(Special Meeting)

January 26, 2011

February 23, 2011

April 27, 2011

June 1, 2011

July 27, 2011

September 28, 2011

November 2, 2011

December 7, 2011

OREGON INVESTMENT COUNCIL

Agenda

June 1, 2011
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 27, 2011 Regular Meeting	**Ron Schmitz** *Chief Investment Officer*	**1**
9:05-9:40	**2. Vista Equity Partners IV, L.P.** *OPERF Private Equity*	**Jay Fewel** *Senior Investment Officer* **Robert Smith** *Chairman & CEO, Vista Equity Partners* **David Fann** *Pacific Corporate Group*	**2**
9:40-10:10	**3. Public Equity Review**	**Mike Viteri** *Senior Investment Officer* **Ben Mahon** *Investment Officer* **John Meier** *Strategic Investment Solutions*	**3**
10:10-10:35	**4. Fundamental Index Methodology Overview** *OPERF Public Equity*	**Robert Arnott** *Chairman, Research Affiliates*	**4**
10:35-10:45	**---------------------BREAK----------------------**		
10:45-11:15	**5. Core Real Estate Review** *OPERF Real Estate*	**Brad Child** *Senior Investment Officer* **Nori Lietz** *PCA Real Estate Advisors*	**5**

B. Information Items

11:15-11:35	**6. OPERF Policy Implementation Overlay Review**	**Mike Mueller** *Deputy CIO* **Greg Nordquist** *Senior Portfolio Manager, Russell Investments*	**6**
11:35-12:00	**7. SAIF Annual Review**	**Mike Mueller** **Brenda Rocklin** *President & CEO, SAIF Corporation* **Theresa McHugh** *VP of Financial Services, SAIF Corporation* **Jerry Dykes** *CFO, SAIF Corporation*	**7**
12:00-12:20	**8. OPERF 1st Quarter Performance Review**	**John Meier**	**8**
12:20-12:30	**9. Asset Allocations & NAV Updates** a. Oregon Public Employees Retirement Fund b. SAIF Corporation c. Common School Fund d. HIED Pooled Endowment Fund	**Ron Schmitz**	**9**
	10. Calendar—Future Agenda Items	**Ron Schmitz**	**10**
	11. Other Items	**Council** **Staff** **Consultants**	

C. Public Comment Invited

15 Minutes

TAB 1 – REVIEW & APPROVAL OF MINUTES

April 27, 2011 Regular Meeting

RONALD D. SCHMITZ
CHIEF INVESTMENT OFFICER
INVESTMENT DIVISION

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OREGON INVESTMENT COUNCIL
APRIL 27, 2011
MEETING MINUTES

Members Present:	Paul Cleary, Harry Demorest, Katy Durant, Keith Larson, Dick Solomon, Treasurer Ted Wheeler
Staff Present:	Darren Bond, Tony Breault, Brad Child, Michael Cutler, Jay Fewel, Sam Green, Ellen Hanby, Andy Hayes, John Hershey, Julie Jackson, Perrin Lim, Tom Lofton, Ben Mahon, Mike Mueller, Jen Peet, Tom Rinehart, Ron Schmitz, James Sinks, Michael Viteri, Sally Wood
Consultants Present:	Alan Emkin and John Linder (PCA), Nori Gerardo Lietz (Partners Group), John Meier and Deborah Gallegos (SIS), David Fann and Sundeep Rana (PCG)
Legal Counsel Present:	Dee Carlson, Oregon Department of Justice Fred Boss, 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 23, 2011 minutes to the table. Treasurer Wheeler moved approval of 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.

After approval of the minutes, Ron Schmitz gave an update on the most recent funds approved by the Private Equity Committee, which included: Sofinnova Ventures Fund VIII, L.P and Providence Fund VII, L.P. which were approved at the March 29, 2011 PEC Meeting.

II. 9:01 a.m.: Aurora Equity Partners IV, L.P. - *OPERF Private Equity*

This topic was cancelled.

III. 9:01 a.m.: TPG Specialty Lending – *OPERF Opportunity Portfolio*

Staff recommended that the OIC authorize a $100 million commitment to TPG Specialty Lending, Inc. subject to the satisfactory negotiation of terms and conditions, and completion of the requisite legal documents by DOJ legal counsel working in concert with OST staff.

OPERF has been an investor is a series of TPG's private equity funds dating back to 1992. TPG is sponsoring the creation of a new investment vehicle to make direct loans to middle market companies. The investment vehicle will be structured as a private Business Development Company ("BDC") which is in a corporate form as compared to the typical GP/LP structure that most funds take. TPGSL is targeting an $800 million - $1 billion capital raise.

The strategy of the investment vehicle is to originate new senior and junior secured loans to middle market companies in select sectors with EBITDA in the range of $50 million to $250 million and an enterprise value between $100 and $1 billion. The typical loan will be approximately $40-50 million and will have a current cash coupon to provide a current yield to investors. Additional return will be generated through fees, warrants and accumulating non current cash pay interest. Total loan returns are targeted in the lower mid teens, yet will be secured at the top of the company's capital structure. Further return enhancement will come from a modest amount of term based leverage (about 35 percent of assets) at the fund level.

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

MOTION: Treasurer Wheeler moved approval of the staff recommendation. Mr. Larson seconded the motion. The motion was passed by a vote of 5/0.

IV. 9:56 a.m.: Brazil Real Estate Opportunities Fund II, L.P. – *OPERF Real Estate Portfolio*

Staff recommended that the OIC authorize a $100 million commitment to the Brazil Real Estate Opportunities Fund II, L.P subject to the satisfactory negotiation of terms and conditions, and completion of the requisite legal documents by DOJ legal counsel working in concert with OST staff.
This Brazilian real estate investment partnership sponsored by Vision Brazil Investments ("VBI") will seek investments in office, industrial and retail properties as well as development ventures to create for-sale affordable housing. The $500 million opportunistic fund will seek net IRR returns of 20 percent using both development and property repositioning strategies.

VBI's first real estate fund raised US$200 million in 2008/9. The fund executed 12 transactions, primarily located in greater Sao Paulo and greater Rio de Janeiro. The investments were a mix of office, retail and for-sale housing. Fund I is expected to provide investors with a 22 percent net IRR. Pre-fund investments by VBI from 2006 to 2008 performed at this level or better. VBI's Fund II expects to invest in the same products with its development and re-development strategies. They target 35-50 percent investment in affordable housing, 25-40 percent in office, 10-35 percent in retail and 5-20 percent in logistics. They expect to invest in some of the secondary cities which are also seeing a growth in real estate demand.

Vision Brazil engaged Park Madison Partners as placement agent to assist in raising capital for Fund II. One potential investor considering VBI's Fund II is Partners Group, an affiliate of PCA Real Estate, Inc. Additional potential investors include European and U.S. Pension funds, banks and high net worth individuals.

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

MOTION: Ms. Durant moved approval of the staff recommendations. Mr. Larson seconded the motion. The motion was passed by a vote of 5/0.

V. 10:56 a.m.: Securities Lending Update

Mike Mueller, Deputy Chief Investment Officer introduced Steve Meier, Executive Vice President and Global Cash CIO with State Street Global Advisors and Johnson Shum, Vice President with State Street Securities Finance. Mr. Meier and Mr. Shum provided an update on the cash collateral reinvestment funds managed by State Street Global Advisors, and the lending program managed by State Street's Securities Finance.

In accordance with OIC policy 4.01.20, the investment division may lend securities through an agent lender. The Oregon State Treasury has participated in securities lending arrangements dating back decades. The most recent relationship, with State Street Bank, began in 1997. Over the past 14 years, OIC managed accounts have benefited from over $334 million in net earnings from securities lending.

The OIC was provided an update on securities lending last February, as well as a more detailed discussion of the cash collateral reinvestment management during May 2010. As the OIC requested at that meeting, staff worked with State Street last year to implement a separately managed cash collateral account for OPERF. The funds had previously being managed as part of a larger commingled investment pool managed on behalf of several State Street clients. The new OPERF separately managed account is managed predominately with the same reinvestment guidelines as the OSTF/Other Funds, except for legacy assets of approximately $600 million.

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

VI. 11:30 a.m.: Oregon Short Term Fund Annual Review

Perrin Lim, Senior Investment Officer presented the annual fiscal-year review of the Oregon Short-Term Fund. The additional purpose of this agenda item was to review and implement revisions to Investment Policy 4.02.03, the Oregon Short-Term Fund Portfolio Rules, approved by the Oregon Short-Term Fund Board on April 7, 2011. The last revision to the rules was reviewed and approved by members of the Oregon Short-Term Fund Board on September 23, 2010 and was approved by the Oregon Investment Council on September 29, 2010.

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

VII. 11:39 a.m.: OIC Annual Investment Policy Updates

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 revisions to various OIC policies and procedures and governance documents, as part of an annual update.

The following is a brief summary of the proposed policy changes:

1. 4.01.01; 4.01.02; 4.01.05: Adds “Alternative Investments” to policy.
2. 4.01.15: Updates Sudan Divestiture policy to: 1) Provide for additional staff oversight of the work being performed by the third party research firm retained; and; 2) Provide for the resolution of situations in which a manager inadvertently purchases a listed security.
3. 4.01.18: Updates OPERF Asset Allocation targets and ranges to include Alternative Investments target of 5 percent. Public equities and fixed income are reduced 3 percent and 2 percent, respectively.
4. 4.03.01: Updates new fixed income policy benchmark for emerging market debt portion.
5. 4.05.06: Updates proxy voting policy to: 1) Define the fiduciary duty of proxy voting in accordance with the CFA Institute; and 2) Provide for a process enabling managers to challenge the vote recommendations of the OIC proxy voting agent.
6. 4.06.01: Updates the Private Equity Policy to: 1) reduce the general minimum investment size from $100 million to $75 million; and 2) Eliminates the need to provide the general partner the Council’s approved commitment “in writing” immediately following the meeting (this in response to an audit recommendation).
7. 4.06.02: Updates the Alternative Investments Policy to: 1) Establish the OIC approved target allocation of 5 percent; 2) Create an “Alternative Portfolio Committee” with authority to invest an amount up to and including $50 million in first time investments, not to exceed $150 million per calendar year (other limits apply to follow-on funds); and 3) Same change as point 2) in item 6 above.

8. 4.06.03: Moves the "OPERF Opportunity Policy" from the General Policies and Procedures (Policy 4.01.19) to the "Private Equity and Alternative Investments" section. Establishes the "Opportunity Portfolio Committee" with the same thresholds defined in 4.06.02 for the Alternative Portfolio Committee, above. Reduces the minimum investment size from $75 million to $25 million, to be consistent with the Alternative Investments Policy.
9. OIC Summary of Key Investments Duties and Functions: No proposed changes, but last revision was in January 2006, so included for OIC review only.
10. OIC Statement of Fund Governance for OPERF: No proposed changes, but last revision was in July 2009, so included for OIC review only.
11. Investment Objectives and Policy Framework for OPERF: Updates to reflect the addition of strategic allocation to Alternative Investments as well as to update return expectations as provided by SIS (overall portfolio expected return is 8.3 percent). Also includes new section for the "Alternatives Portfolio Strategy" and updates to definitions in the Glossary.

MOTION: Mr. Solomon moved approval of the staff recommendations, with a change to policy 4.05.06 to replace agent name with "vendor." Treasurer Wheeler seconded the motion. The motion was passed by a vote of 5/0.

<u>VIII. 11:45 a.m.: Litigation Update</u>

Fred Boss, Chief Counsel, Civil Enforcement from the Oregon Department of Justice provided an update on pending litigation.

<u>IX. 11:49 a.m.: Asset Allocations and NAV Updates</u>

Mr. Schmitz reviewed the Asset Allocations and NAV's for the period ending March 31, 2011. All asset classes are within their allocation ranges.

<u>X. 11:50 a.m.: Calendar – Future Agenda Items</u>

Mr. Schmitz highlighted future agenda topics.

<u>XI. 11:50 a.m.: Other Business</u>

There was no other business discussed.

<u>Public Comments:</u>

Ken Kwartler and Bob Horenstein, with the Jewish Federation of Greater Portland, and Phyllis Lohse, with Christians United for Israel, spoke about their collective concerns regarding Iran's energy sector and the need for divestment from entities working in that sector. Treasurer Wheeler asked that the Jewish Federation continue working with Treasury staff on this issue.

Bill Parish with Parish & Company commented on the proposed repeal of the fractions rule by the US Treasury.

The meeting adjourned at 12:15 p.m.

Respectfully submitted,

Julie Jackson

Julie Jackson
Executive Support Specialist

TAB 2 – VISTA EQUITY PARTNERS IV, L.P.

OPERF Private Equity

Vista Equity Partners Fund IV, L.P.

Purpose

Staff is recommending a commitment of $100 million to Vista Equity Partners Fund IV, L.P. (the Fund), a $2.5 billion (target) fund pursuing controlling interest equity investments in the middle market, focusing on companies with enterprise values between $100 million and $1 billion.

Background

Vista was founded in 2000 by three Principals and will be led by Chairman and CEO Robert Smith. They maintain offices in San Francisco, Chicago and Austin, and employ eight Principals, five Vice Presidents, a CFO, eleven Associates and seven Analysts.

In 2000, the Firm closed its first fund, Vista Equity Partners Fund II, L.P. (Fund II), with a $1 billion commitment from a sole limited partner. Vista Equity Partners Fund III, L.P. (Fund III), was raised in 2007, as Vista's first institutionally backed fund, with $1.3 billion in commitments.

The Fund has a focused investment criteria and will continue the same investment strategy as the previous funds. Vista seeks companies that provide mission-critical software and technology-enabled solutions with recurring revenue streams, and where there is an opportunity to improve the company's operations. Typically, companies will have annual revenues in excess of $50 million and positive EBITDA. Following an investment, Vista seeks to create value by applying a standard set of operating procedures: "Vista Standard Operating Procedures" or "VSOPs", which include product development, sales and marketing, customer support, professional services, and general administration in order to improve a company's profitability.

It is understood that with the larger fund (targeted $2.5 billion), Vista will be investing in larger deals than prior funds. The Fund will invest in approximately 10 to 12 portfolio companies as the lead investor seeking control in each of its investments. Of these investments, Vista expects that approximately eight will be in the range of $100-250 million per transaction, while the remaining investments could be upwards of $350-400 million, per transaction.

Fund II and Fund III invested in deals ranging from $18 million to roughly $212 million, in equity. The best performance has come from deals in the $200-250 million range (resulting in a gross IRR of 56.6 percent and 0.0 percent loss ratio); the next best performance has come from deals in the $150-199 million range (resulting in a gross IRR of 44.8 percent and 0.0 percent loss ratio). Vista's historical deals in the $49 million and below range have resulted in a 16.5 percent gross IRR with a loss ratio of 15.9 percent. Therefore, the focus on larger deals can be viewed as a positive transition, when analyzing Vista's past performance.

Vista has generated very strong performance in its first two funds (Fund II and Fund III), with a limited loss ratio and a return of 155 percent of all called capital.

As of December 31, 2010:

- Vista Equity Partners II, L.P., a 2000 vintage fund, had a net IRR of 30.0 percent, and a net total value multiple of 2.49x. Both the IRR and multiple numbers are first-quartile results for a 2000 vintage fund according to Venture Economics data.

- Vista Equity Partners III, L.P., a 2007 vintage fund, had a net IRR of 27.4 percent, and a net total value multiple of 1.69x. Both the IRR and multiple numbers are first-quartile results for a 2007 vintage fund according to Venture Economics data.

- OPERF committed $100 million to Fund III, in 2008.

Vista will be working with Diamond Edge Capital Partners, as a placement agent, to help with specific fundraising mandates. Those mandates will exclude all public pension investors such that Vista will not be paying Diamond Edge directly or indirectly for any commitments received from any public pension funds.

A new commitment will be allocated 100 percent to the Corporate Finance investment subsector. As of September 30, 2010, OPERF's allocation to Corporate Finance is targeted at 65-85 percent, with a current fair market value plus unfunded commitments exposure totaling 70 percent.

We have reviewed the Fund's compliance with the Private Partnership Principles. It should be noted that Vista has proactively addressed many of the issues within OPERF's Principles. For example, the Fund will have the preferred 'European waterfall' carry structure, as well 100 percent fee offset. While these are strong terms, staff anticipates seeking improvements during final negotiations of terms and conditions.

Recommendation

Staff recommends that the OIC authorize a $100 million commitment to Vista Equity Partners IV, L.P., subject to the satisfactory negotiation of terms and conditions, and completion of the requisite legal documents by DOJ legal counsel working in concert with OST staff.

MEMORANDUM

TO: Oregon Public Employees' Retirement Fund ("OPERF")

FROM: PCG Asset Management LLC ("PCG AM")

DATE: April 28, 2011

RE: Vista Equity Partners Fund IV, L.P.

Strategy:

Vista Equity Partners (the "General Partner," the "Firm," or "Vista") is forming Vista Equity Partners Fund IV, L.P. (the "Fund" or "Fund IV") to acquire controlling interests in middle-market enterprise software businesses and technology-enabled solutions companies with enterprise values between $100 million and $1 billion. Vista maintains offices in San Francisco, California, Chicago, Illinois, and Austin, Texas, and consists of eight Principals, five Vice Presidents, a CFO, eleven Associates, and seven Analysts.

Vista was founded in 2000 by three Principals and will be led by Chairman and CEO Robert Smith. In 2000, the Firm closed its first fund, Vista Equity Partners Fund II, L.P. ("Fund II"), with $1 billion in commitments from a sole limited partner. Vista Equity Partners Fund III, L.P. ("Fund III") was subsequently raised as the Firm's first institutionally-backed fund in 2007 with $1.3 billion in commitments. Finally, Vista raised Vista Foundation Fund I, L.P. ("VFF") in 2009 with $400 million in capital commitments to target emerging and small-market enterprise software business and technology-enabled solutions companies.

The Fund has a focused investment criteria and will continue the same investment strategy as the previous funds. Vista targets companies that provide mission-critical software and technology-enabled solutions with recurring revenue streams. Typically, targeted companies will have annual revenues in excess of $50 million and positive EBITDA. Following an investment, Vista seeks to create value by applying a standard set of operating procedures ("SOPs") that include product development, sales and marketing, customer support, professional services, and general administration, in order to improve a company's profitability.

The Fund will invest in approximately 10 to 12 portfolio companies as the lead investor and will seek control in each of its investments. Of these investments, the General Partner expects that approximately eight investments will be in the range of $100 million to $250 million per transaction, while the remaining investments could be upwards of $350 million to $400 million per transaction. Although the Fund can invest up to 30% of invested capital in foreign-based entities, the majority of capital will be deployed in the U.S.

The Fund is targeting $2.5 billion in aggregate commitments with an undisclosed hard cap. Vista launched the Fund in the first quarter of 2011 and anticipates holding a first close by June 30, 2011. The General Partner will commit at least $100 million to the Fund, or approximately 4.0% based on a fund size of $2.5 billion, through a combination of management fee offsets and cash.

Please see attached investment memorandum for further detail on the investment opportunity.

Allocation:

A new commitment to the Fund would be allocated 100% to the Corporate Finance investment sub-sector. As of September 30, 2010, OPERF's allocation to Corporate Finance is listed in the table below. It is important to note that since allocation is based on fair market value, a commitment to the Fund would not have an immediate impact on OPERF's current portfolio allocation. A commitment to the Fund is complementary to OPERF's existing fund commitments and provides the overall portfolio with a further degree of diversification.

As of September 30, 2010	Target	FMV	FMV + Unfunded
Corporate Finance	65-85%	76%	70%

Conclusion:

The Fund offers OPERF an opportunity to participate in a differentiated portfolio of private equity investments. PCG AM's review of the General Partner and the proposed Fund indicates that the potential returns available justify the risks associated with an investment in the Fund. PCG AM recommends that OPERF consider a commitment of $100 million to the Fund. PCG AM's recommendation is contingent upon the following:

(1) Satisfactory negotiation or clarification of certain terms of the investment;

(2) Satisfactory completion of legal documents;

(3) Satisfactory continuation and finalization of due diligence;

(4) No material changes to the investment opportunity as presented; and

(5) Confidentiality maintained regarding the commitment of OPERF to the Partnership until such time as all the preceding conditions are met.

Vista Equity Partners

Vista Equity Partners Fund IV

Vista Equity Partners

Vista Equity Partners

Focused and Differentiated Investment Firm

- US-based private equity firm founded in 2000
- Approximately $3 billion in equity capital under management
- Proven operating platform that systematically deploys over 50 Unique Best Practices (VSOP's)
- Realized investment returns of 3.8X and gross IRR of 46.5%
- Completed 52 transactions representing over $13 billion in aggregate value

The Vista Difference - How We Create Value

We create value others can't see ($V_c = ER_c - ER_v$)

We bring process, focus and discipline to the value capture process

We create the low cost producers in the market

We create best in class product offerings

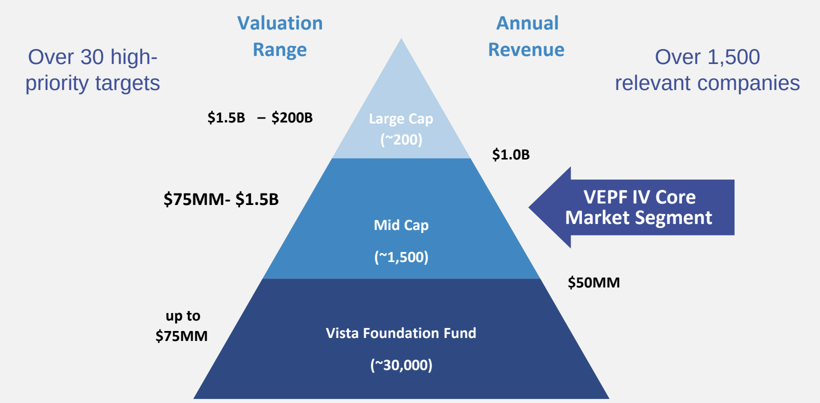
Vista Equity Partners

Software Market

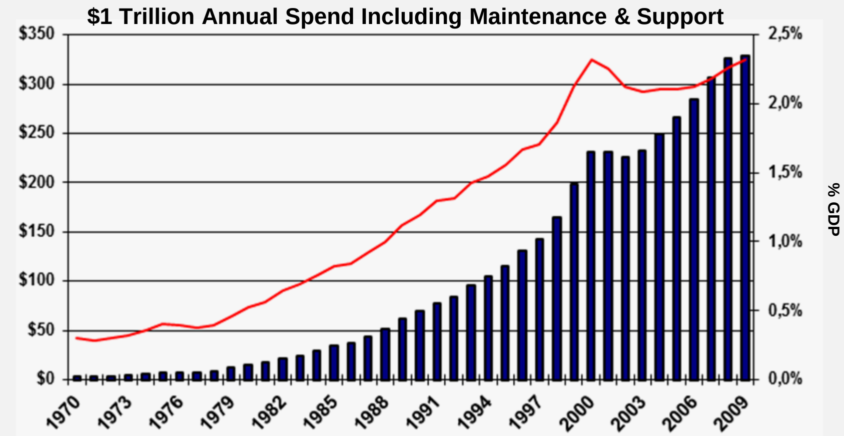
Large, Growing and Fragmented Addressable Market

- Identified over 32,000 primarily software focused companies worldwide, including over 18,000 in North America
- Many additional opportunities exist in carve-outs from the roughly 2,000 US and 5,000 global corporations with revenue in excess of $1 billion
- Of the ~4,200 companies with disclosed revenue, over 1,400 are squarely in Vista's target size between $50 million and $1 billion in revenue

Worldwide Market Segmentation

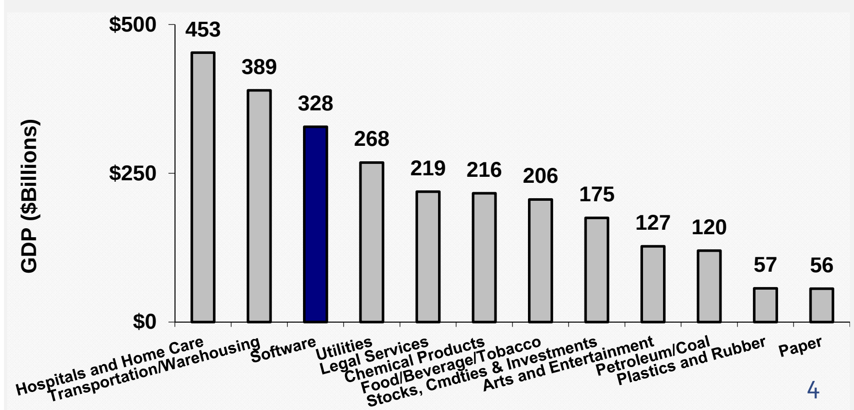


US New Software Spending: % GDP and $ billions



Note: Software spend does not include maintenance or support.

US Software Gross Output vs. Other Industries

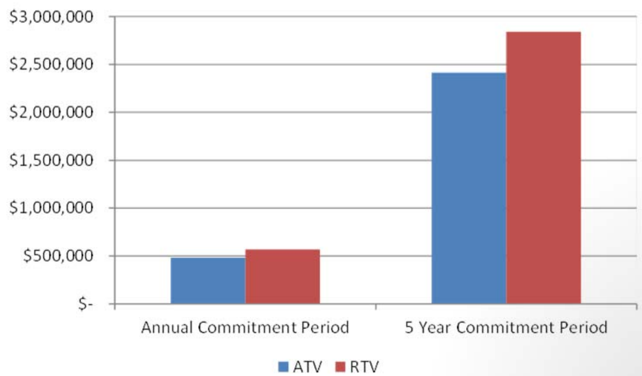


Sources: Gartner, IDC, Capital IQ, Vista proprietary database, and the Bureau of Economic Analysis.

Vista Equity Partners

Vista Equity Partners Portfolio Summary

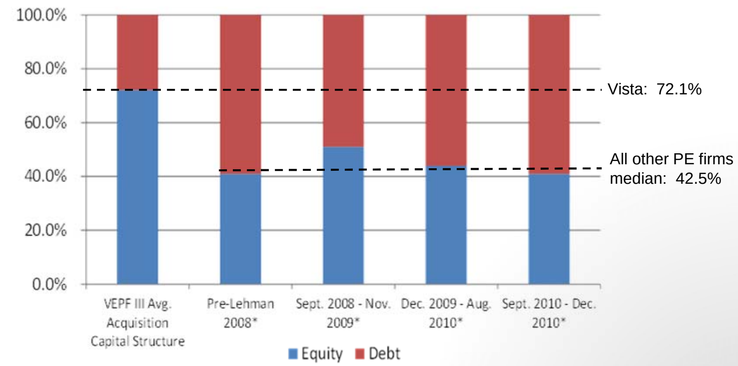
Vista's investment pace from the inception of VEPF III is consistent with a $2.5 billion fund size



35 transactions completed since 2007

Note: Values represent total transaction values, both acquisition (ATV) and realization / recap (RTV)

At acquisition, Vista utilizes equity in the capital structure to provide operational flexibility to transform the business and create value

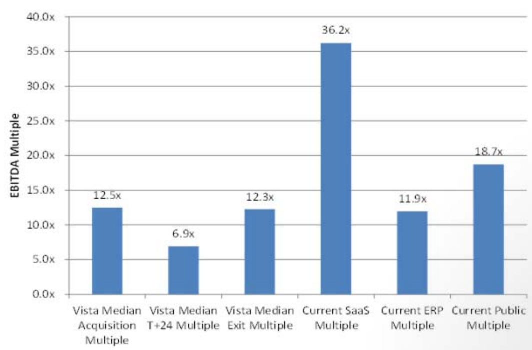


Vista utilizes more equity than the average private equity fund

Source: Average U.S. large LBO capital structure data from Bain Capital Global Private Equity Report 2011.

Vista has consistently doubled EBITDA margins in 2 years and triples by exit

- *Median at acquisition EBITDA margin: 13.7%*
- *Median T+24 EBITDA margin: 27.1%*
- *Median at exit / current EBITDA margin: 36.3%*



Notes:
Public ERP comps include: Oracle, SAP, Sage, Lawson, Blackbaud, Epicor and Deltek.
Public SaaS comps include: Salesforce.com, Concur, Ultimate Software, Taleo and Kenexa.
Enterprise values for publicly traded companies are as of December 31st, 2010.

($ in millions)

Vista Unrealized Portfolio

	# of Entities	Equity Invested	12/31/2011 Net Debt	2011E EBITDA
VEPF II	2	$ 131.5	$ 77.4	$ 46.2
VEPF III	6	$ 719.5	$ 19.3	$ 165.6
VFF I	3	$ 103.5	$ (18.7)	$ 23.2

Total gross return on realized portfolio: 3.8x and 46.5% IRR
Average realized return on large deals: 4.3x and 64.1% IRR

Notes:
Large deals include 9 investments of $120mm in EV or greater.
Large deals data set includes 4 realized investments and 5 unrealized investments.

Vista Equity Partners

The Vista Difference-Process, Focus, Discipline

The relentless pursuit of value creation through the training of our managers to implement the VSOPs

Focus

- Enterprise Software
- Mission / Business Critical Products
- Recurring Revenues
- High Customer Retention

Assess

- VSOP Lens
- Attributes for Value Creation
- CFS Under Our Control
- Operationally Oriented

Identify

- Key Managers to Implement VSOPs
- Internal and/or External
- Rigorous Screening Process
- Build a Bench

Investment Committee Process

Train / Install

- Vista Philosophy
- Whitepapers
- Templates
- One-on-One

Leverage

- Significant Operational Similarities Across Portfolio
- Ecosystem of Mngrs.
- Centers of Excellence
- Best Practices Sharing Summits

Monitor

- Vista Level
- Board of Directors
- Benchmarks
- Financial Performance

Transformation Process

Key differentiator is our systemic ability to create and capture ever increasing *cash flows* from our companies

Vista Equity Partners

Vista Equity Partners – Portfolio Cash Returns

($000)

Portfolio Company	Investment Date	VEF Equity Investment	Initial EBITDA	2011 EBITDA Plan	T+24 FCF Expansion	T+60 FCF Expansion [1]
Portfolio Company A	May 02	$ 35,000	$ 5,763	Sold	**0.9x**	**0.2x**
Portfolio Company B	Jan 03	50,000	32,906	Sold	**3.5x**	**3.1x**
Portfolio Company C	Jun 03	27,170	4,276	Sold	**1.1x**	**3.5x**
Portfolio Company D	Sep 04	200,185	25,812	Sold	**1.9x**	**1.9x**
Portfolio Company E	Sep 05	212,000	23,594	Sold	**2.9x**	**3.6x**
Portfolio Company F	Feb 06	47,500	6,398	Sold	**0.9x**	**1.9x**
Portfolio Company G	Oct 06	1,470,588	352,000	540,000	**1.5x**	**1.6x**
Portfolio Company H	Jan 07	131,496	16,700	42,000	**1.7x**	**3.0x**
Portfolio Company I	Oct 07	199,900	46,473	109,500	**1.8x**	**2.1x**
Portfolio Company J	Jan 08	32,000	10,523	8,235	**0.8x**	**1.7x**
Portfolio Company K	Jun 08	198,500	18,800	34,459	**1.0x**	**2.3x**
Portfolio Company L	Oct 08	86,000	8,637	18,888	**1.5x**	**2.8x**
Portfolio Company M	Nov 08	87,350	6,965	18,000	**2.3x**	**4.0x**
Portfolio Company N	Jul 09	190,600	5,839	61,813	**49.2x**	**99.4x**
Portfolio Company O	Jan 10	125,000	7,637	24,155	**2.8x**	**5.0x**
Median		**$ 125,000**	**$ 10,523**	**N/A**	**1.7x**	**2.8x**

(1) FCF based on run-rate performance at time of sale or latest company plan.

Vista Equity Partners

Forward Looking Information

This presentation contains certain forward-looking statements. The forward-looking statements are based on assumptions, including assumptions of future events. Some of the assumptions may prove to be incorrect. Actual results will vary from those projected or implied in the forward-looking information and the variances could be material. No information contained herein should be interpreted as an indication of the past or projected performance of Vista Equity Partners Fund III, L.P., Vista Equity Partners Fund IV, L.P., other Vista funds or any particular investment.

Vista Equity Partners

Vista Investment Team – Experience & Stability

Senior Management Coverage Across the US
- Approximately 40 Investment Professionals
- Senior team has worked together for over a decade

San Francisco, CA
Jamie Ford *– Principal and COO (11)*
Martin Taylor *– Operating Principal and President VCG (4)*
John Warnken-Brill *– CFO (5)*
Justin Cho *– Vice President (6)*
Marc Teillon *– Vice President (3)*

Chicago, IL
Christian Sowul *– Principal (10)*
Jim Hickey *– Principal (3)*
Michael Fosnaugh *– Vice President (6)*

Austin, TX
Robert Smith *– Chairman and CEO (11)*
Brian Sheth *– President (11)*
Monti Saroya *– Vice President (3)*
Betty Hung *– Operating Vice President (4)*

Vista Consulting Group
- Program Directors for VSOP installations
- Network of 3rd party providers focused on specific VSOP implementation
- Over 50 Operational Executives (trained/training)

Vista Equity Partners

Vista Management

Robert Smith, Chairman & CEO – 11 years Vista, 26 years total experience

Robert founded Vista Equity Partners in 2000 and is the firm's Chairman and CEO. He is Chairman of the Investment Committee and is actively involved in Vista's direction, investment decisions, executive development and operational strategies. Prior to founding Vista, Robert was the Co-Head of the Enterprise Systems and Storage sector for Goldman, Sachs & Co.'s investment banking division. Before his time with Goldman, Robert worked in strategic planning and development at Kraft General Foods (KGF). Robert holds a B.S. in Chemical Engineering from Cornell University and an M.B.A. degree from Columbia University.

Brian Sheth, President – 11 years Vista, 14 years total experience

Brian co-founded Vista with Robert Smith in 2000 and is the firm's President. He is Vice-Chairman of the Investment Committee and is actively involved in the execution of the all of the investment activities for the portfolio. He is also focused on the development of Vista's personnel and executive leadership of the portfolio companies. Prior to joining Vista, Brian worked at Bain Capital, where he focused on leveraged buyouts of technology companies and in the Mergers and Acquisitions Groups at Goldman, Sachs & Co. and Deutsche Morgan Grenfell. Brian received a B.S. in Economics from The University of Pennsylvania.

Martin Taylor, Operating Principal, President Vista Consulting Group – 4 years Vista, 20 years total experience

Martin joined Vista in 2006 and is the President of Vista Consulting Group, Vista's key operational transformation platform. He is also a member of the investment committee. He is responsible for driving the transformation and operational improvements of the firm's portfolio companies through leveraging the Vista SOP's and building platforms for their deployment. Martin is also active in portfolio executive development. Prior to joining Vista, Martin spent over 13 years at Microsoft. Microsoft Corporation. Martin attended George Mason University in Fairfax, VA.

James Ford, Chief Operating Officer – 11 years Vista, 13 years total experience

Jamie joined Vista Equity Partners in 2000 and is the firm's COO. In addition to his role on the investment committee, Jamie manages the firm's deal outreach initiatives, personnel development and leads transaction teams. Prior to joining Vista, Jamie worked in the Mergers and Acquisitions Group at Goldman, Sachs & Co. Jamie received a B.A. in Economics from Amherst College.

Vista Equity Partners

Vista Management

Christian Sowul, Principal – 10 years Vista, 14 years total experience

Christian joined Vista Equity Partners in 2001. Christian sits on the investment committee and co-heads the Chicago office. Christian continues to lead transaction teams in all sectors. Prior to joining Vista, Christian worked in the High Technology Group at Goldman, Sachs & Co. where he advised clients in a variety of verticals including software. Christian also worked at Deutsche Morgan Grenfell, where he focused on high technology M&A investment banking, and at Generation Partners, a venture capital firm focused on technology investments. Christian received a dual-degree, a B.S. in Economics from the Wharton School and a B.S. in Engineering from the School of Engineering, at the University of Pennsylvania.

Jim Hickey, Principal – 3 years Vista, 31 years total experience

Jim joined Vista Equity Partners in 2008. Jim sits on the investment committee and is Co-Head of the Chicago office. Prior to joining Vista, Jim spent 25 years at William Blair & Company, including 14 years heading up the technology investment banking practice and 11 years as a technology equity research analyst. Jim received an MBA from the University of Chicago and a B.A. in Economics from Williams College with honors.

John Warnken-Brill, Chief Financial Officer – 6 years Vista, 29 years total experience

John joined Vista Equity Partners in September 2006 and is the firm's CFO. In his role John also manages the firms investor relations, fundraising and compliance roles. Prior to joining Vista, John was at Blum Capital Partners, a San Francisco based private equity firm managing approximately $3.5 billion in assets and Putnam Lovell Group, Inc., a San Francisco based investment banking and private equity firm focusing on the asset management industry. John received a B.S. in Business Administration, Accounting and Finance, from the Haas School of Business at the University of California at Berkeley.

Vista Equity Partners

Vista Portfolio Returns Summary

As of March 31, 2011 ($000)

Company Name		Investment Date (a)	Realization Date	Equity Invested	Realized Value (b)	Unrealized Value (c)	Total Value	Cash Multiple	Gross IRR
Realized Investments									
Portfolio Company A	VEF II	8/25/2000	12/22/2004	$ 28,601	$ 44,991	$ -	$ 44,991	**1.57x**	**14.3%**
Portfolio Company B (d)	VEF II	1/23/2001	12/28/2010	18,800	38,574	14,600	53,174	**2.83x**	**12.1%**
Portfolio Company C	VEF II	5/14/2002	8/30/2005	35,000	75,573	-	75,573	**2.16x**	**25.1%**
Portfolio Company D	VEF II	1/14/2003	9/23/2005	50,000	257,778	-	257,778	**5.16x**	**84.0%**
Portfolio Company E (e)	VEF II	6/10/2003	2/24/2006	27,170	69,539	36,200	105,739	**3.89x**	**48.3%**
Portfolio Company F	VEF II	9/15/2004	9/26/2006	200,185	522,700	-	522,700	**2.61x**	**59.5%**
Portfolio Company G (f)	VEF II	9/22/2005	6/1/2010	212,000	1,041,928	-	1,041,928	**4.91x**	**52.8%**
Portfolio Company H	VEF II	2/9/2006	12/22/2010	47,500	130,530	-	130,530	**2.75x**	**23.9%**
Portfolio Company I (d)	VEPF III	10/12/2007	12/16/2010	199,900	706,548	206,500	913,048	**4.57x**	**59.8%**
Total Realized Investments				$ 819,157	$ 2,888,163	$ 257,300	$ 3,145,463	**3.84x**	**46.5%**
Unrealized Investments									
Portfolio Company J (g)	VEF II	8/22/2001		$ 20,000	$ -	$ -	$ -	**0.00x**	
Portfolio Company K (h)	VEF II	10/11/2001		18,656	2,428	-	2,428	**0.13x**	
Portfolio Company L	VEF II	10/26/2006		50,000	-	95,800	95,800	**1.92x**	
Portfolio Company M	VEF II	1/17/2007		131,496	-	240,900	240,900	**1.83x**	
Portfolio Company N	VEPF III	1/31/2008		32,000	-	63,100	63,100	**1.97x**	
Portfolio Company O	VEPF III	6/16/2008		198,500	-	322,700	322,700	**1.63x**	
Portfolio Company P	VEPF III	10/31/2008		86,000	-	135,400	135,400	**1.57x**	
Portfolio Company Q	VEPF III	11/10/2008		87,350	-	129,700	129,700	**1.48x**	
Portfolio Company R (i)	VEPF III	7/21/2009		190,600	-	310,100	310,100	**1.63x**	
Portfolio Company S	VEPF III	1/15/2010		125,000	-	189,000	189,000	**1.51x**	
Total Unrealized Investments (excludes VFF I)				$ 939,602	$ 2,428	$ 1,486,700	$ 1,489,128	**1.58x**	
Total Realized & Unrealized Portfolio (excludes VFF I)				$ 1,758,759	$ 2,890,590	$ 1,744,000	$ 4,634,590	**2.64x**	**37.8%**

(a) Initial investment date. Certain investments w ere staged over time.
(b) Excludes all management and transaction fees. Includes all potential future payouts (e.g. escrow s).
(c) Unrealized value based on analyses of comparable publicly traded companies, mergers or acquisitions of comparable companies, Vista entry multiples and discounted cash flow modeling.
(d) Unrealized value reflects value of equity rolled over in December 2010 partial realization transaction.
(e) IRR includes the unrealized value of Division I, a former division of Portfolio Company E, of w hich Vista ow ns 57.7% on a fully diluted basis as the result of a tax free spinoff at the time of the sale.
(f) Portfolio Company G w as formed by the merger of Acquisition I (purchased 9/22/05) and Acquisition II upon its purchase on 1/9/07. Also includes Acquisitions III, IV, and V acquired by Portfolio Company G in 2007/2008. Acquisition III and V acquisitions financed through cash on the balance sheet and debt w ith no new equity.
(g) Portfolio Company J is an early stage investment in w hich VEF II does not ow n a controlling interest.
(h) Portfolio Company K w as a venture capital investment w ritten dow n to $0 in 2005, although the company is still in operation.
(i) Reflects take private transaction date.

Vista Equity Partners

Thank You

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TAB 3 – PUBLIC EQUITY REVIEW

SECTION 3.1 –

PUBLIC EQUITY REVIEW COVER LETTER

Oregon Investment Council
Public Equity Review Cover Letter
June 1, 2011

Purpose
To provide the OIC with an outline of the Public Equity Annual Review agenda.

Outline
SIS Public Equity Review PowerPoint presentation - John Meier and Deborah Gallegos will discuss the role of public equities within the policy portfolio, the public equity structure, and the benchmark- and peer-relative performance results. SIS manager tear sheets to be provided under separate cover.
No Recommendations, information only.

Public Equity Policy Implementation Overview – Staff write-up providing a high-level overview of the management of the OPERF Public Equity portfolio in the context of OIC policy. Brief commentary by staff.
No Recommendations, information only.

130/30 Strategy Re-Introduction – Staff write-up reintroducing the concept of 130/30 strategies. Staff was authorized by the OIC in December 2006 to convert any existing long-only mandate to a 130/30 strategy, conditional upon staff and consultant concurrence such that the implementation of the strategy does not change the manager's role within Public Equity.
No Recommendations, information only.

Amended OIC Policy Updates - Staff is recommending approval of the red-line changes to the following OIC policies:

- 4.05.01 – Codifies OIC authorization to convert any existing long-only mandate to a 130/30 strategy.
- 4.05.03 – Clarifies the objectives and strategies of the Tiered Emerging Markets Strategy (TEMS).

Recommendation - Approve proposed staff changes as outlined above and reflected in attached policies.

Research Affiliates Fundamental Index (RAFI) PowerPoint presentation – Rob Arnott, President of Research Affiliates, will be introducing the topic of fundamental indexing. The concept of fundamental indexing was first presented in the March/April 2005 edition of the Financial Analysts Journal by then editor Rob Arnott. Since that time, the debate concerning the superiority of fundamentally-based indexes versus "old-fashioned" capitalization-based indexes (such as the S&P 500 or the Russell 2000) continues, and has been the catalyst for a slew of fundamentally-based strategies and product offerings. At its core, fundamental indexes differ from capitalization-weighted indexes because they weight companies on non-price-based metrics such as sales, earnings, book value, and dividends. To bolster the "superiority" argument of the fundamental index strategy, supporters point to the numerous valuation bubbles that have occurred over the years and maintain that investors were required to purchase over-priced/over-weighted stocks to maintain their cap-weighted indexes, and, consequently, lost money when those bubbles burst. They assert that fundamental indexing offers investors the opportunity to eliminate the "noise" surrounding individual stocks that can cause them to become over- or under-valued.

For the last few years, staff has been monitoring and researching the viability of implementing an internally managed fundamental index strategy. Staff believes that such a strategy would offer diversification and provide an additive, low cost strategy to the OPERF equity portfolio.
No recommendations, information only.

SECTION 3.2 –

PUBLIC EQUITY REVIEW SIS PRESENTATION

OREGON INVESTMENT COUNCIL

PUBLIC EQUITY REVIEW

JUNE 1, 2011

STRATEGIC INVESTMENT SOLUTIONS, INC.

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

John P. Meier, CFA
Managing Director

Deborah Gallegos
Director of Manager Research

Public Equity Role Within the Policy Portfolio

- Total Fund Return and Risk Control
  - Global source of returns and diversification.
  - Policy based Objectives (Active/Passive, Large/Small, Risk Tolerance, etc.)
    - Allows Staff to adjust portfolio on the margin based on conviction and outlook.
- Liquidity
  - Lesson from 2008 – Not all Public Equity is always liquid.
- Return
  - OIC Policy objective of 75 basis points of excess return net of fees is aggressive especially for such a large portfolio.
    - 50 Basis points has been achieved, an excellent result

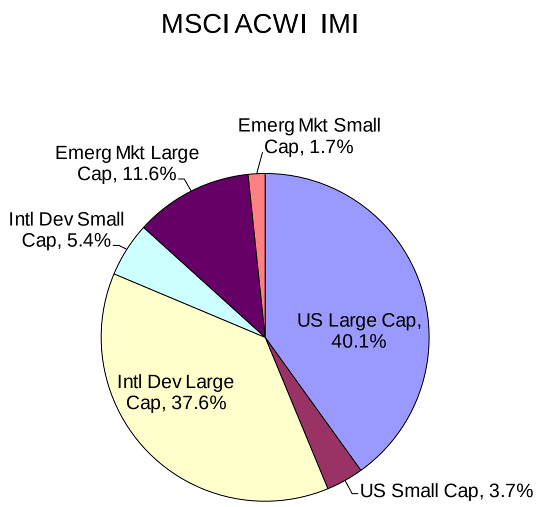
Current Public Equity

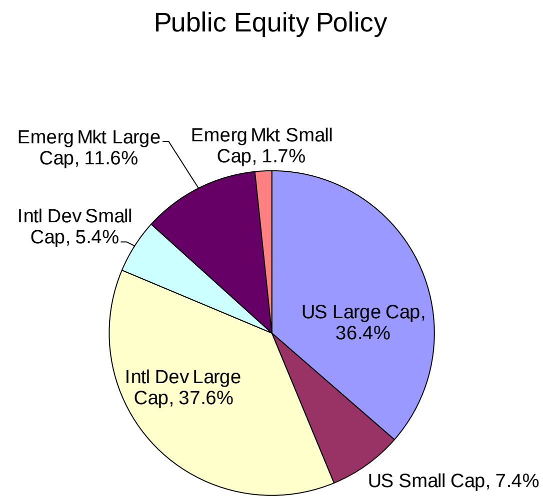
- Asset Class Benchmark = MSCI ACWI IMI (All Country, All Cap).
- Global Approach – Implemented at varying levels of specialization
  - US, Non-US and Global Managers.
  - Broad based and specialized to ensure structured exposure across the globe and across style and size spectrums.
- Pros of Current Structure
  - Globally diversified.
  - Most managers providing alpha so the overall portfolio outperforms.
  - Risks are well diversified and understood.
- Challenges of Current Structure
  - There will always be managers that are of concern!!!!!
  - Focus on the Total Portfolio, not the individual managers.

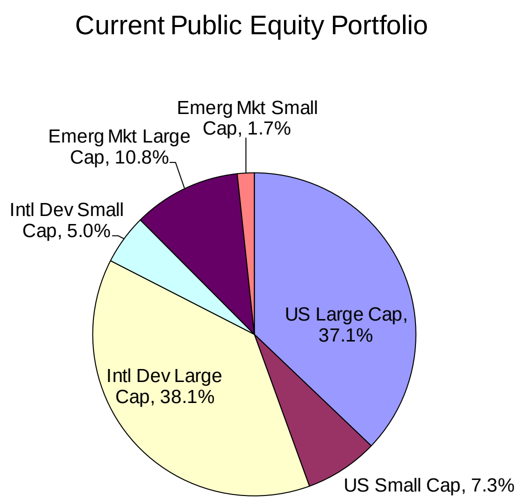
Current Public Equity (cont.)

	Policy	Current Portfolio
Active	75.0%	78.2%
Passive	25.0%	21.8%
U.S. (ACWI IMI Wgt.)	43.8%	44.5%
Non-U.S. (ACWI IMI Wgt.)	56.3%	55.5%
Emerging Markets (ACWI IMI Wgt.)	13.3%	12.5%
Growth	50.0%	51.6%
Value	50.0%	48.4%
U.S. Small Cap Overweight	100.0%	96.4%
Expected Tracking Error	0.75 -2.0%	1.0%

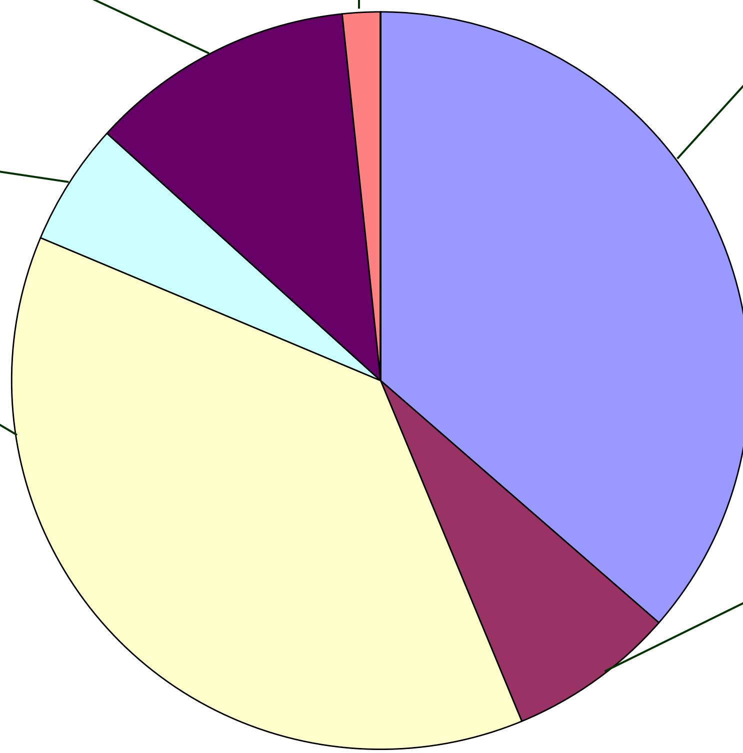
Current Public Equity (cont.)







Current Public Equity Managers



Emerging Markets Large Cap
Genesis
Arrowstreet
Pictet
Westwood
Blackrock TEMS

Emerging Markets Small Cap
DFA

International Small Cap
DFA
Harris Associates
Pyramis
Victory

International Large Cap
Market Oriented (Core)
Northern Trust
Arrowstreet
Lazard
Pyramis
AQR
SSgA
Value
Acadian
Brandes
AllianceBernstein (Int'l Portion)
Growth
TT International
Walter Scott
UBS

US Large Cap
Market Oriented
PIMCO
Pyramis
Northern Trust
OST Managed S&P400
OST Managed S&P500
Large Growth
Delaware
Aletheia
Wells Capital
BlackRock
Large Value
AJO
MFS
BlackRock
AllianceBerstein (US Portion)

US Small Cap
Market Oriented
Columbia Wanger
Wellington
OST Managed Russell 2000
Small Growth
Next Century
Next Century Micro Cap
Eudaimonia Micro Cap
Small Value
AQR
Boston Company

Asset Class Performance Review

- Since Adoption of Global Approach, Asset Class has outperformed on a net of fees basis with risk within expectations
  - 3 Years 0.57% excess return, 1.1% tracking error
- Active Management has worked (Net of Fees).

	Periods Ending 3-31-11		
	3 Yr	5 Yr	10 Yr
US Equity	0.73%	-0.05%	0.46%
Intl Equity	1.13%	0.36%	0.51%

- Peer (Public Funds >$1 Billion) Comparison (Gross of Fees) – Source: TUCS

US Equity	Periods Ending 3-31-11			
	3 Yr	5 Yr	7 Yr	10 Yr
OPERF	4.47%	3.18%	5.61%	4.83%
Median	3.88%	2.83%	5.06%	4.29%
R3000	3.41%	2.94%	5.08%	4.13%
OPERF Rank	30	35	25	25

Intl Equity	Periods Ending 3-31-11			
	3 Yr	5 Yr	7 Yr	10 Yr
OPERF	1.40%	4.96%	9.92%	8.80%
Median	-0.23%	3.72%	8.46%	7.64%
ACWI x US IMI	-0.38%	4.05%	8.89%	7.84%
OPERF Rank	5	10	1	1

Asset Class Peer Comparison

- Peer (Public Funds >$1 Billion) Comparison of Public Equity Allocations – Source: ICC

	Universe	OPERF
US Large Cap	83.8%	79.4%
US Small Cap	16.2%	20.6%
US	66.6%	43.5%
Intl Developed	27.1%	43.2%
Emerging	6.2%	13.3%
% Passive	27.0%	25.0%

Current Public Equity Structure Details

Manager/Strategy	Target %	Target $	Current $	MER
BR R1000G	4.25%	$ 997	$ 987	-
BR R1000V	4.25%	$ 997	$ 1,038	-
PIMCO	2.00%	$ 469	$ 482	48
Pyramis US LC	1.50%	$ 352	$ 382	38
NT US	3.25%	$ 763	$ 794	24
Delaware	1.70%	$ 399	$ 424	44
Aletheia	1.50%	$ 352	$ 374	53
WellsCap	2.25%	$ 528	$ 797	102
AJO	3.00%	$ 704	$ 829	72
MFS	3.00%	$ 704	$ 811	115
Next CenturySG	0.50%	$ 117	$ 151	30
Next Century Ultra	0.50%	$ 117	$ 148	38
Eudamonia	0.25%	$ 59	$ 106	17
AQR SV	0.70%	$ 164	$ 185	16
Boston Co	0.70%	$ 164	$ 190	17
Wanger	3.25%	$ 763	$ 775	47
Wellington	1.50%	$ 352	$ 375	65
OIC 500	5.00%	$ 1,173	$ 843	5
OIC 400	1.00%	$ 235	$ 176	3
OIC 2000	1.00%	$ 235	$ 133	1
SSGA Intl Indx	10.00%	$ 2,347	$ 2,002	-
Arrowstreet Intl	5.00%	$ 1,173	$ 1,126	86
Lazard	3.00%	$ 704	$ 796	81
Pyramis Intl LC	5.00%	$ 1,173	$ 1,026	62
AQR Intl	4.00%	$ 939	$ 947	61
Acadian	3.25%	$ 763	$ 759	68
Brandes	3.25%	$ 763	$ 739	80
TT	2.75%	$ 645	$ 773	64
Walter Scott	3.00%	$ 704	$ 813	101
UBS	2.75%	$ 645	$ 570	39
DFA Intl SC	1.00%	$ 235	$ 215	17
Harris SC	1.00%	$ 235	$ 225	41
Pyramis Intl SC	1.50%	$ 352	$ 303	24
Victory SC	0.80%	$ 188	$ 192	33
Genesis	3.00%	$ 704	$ 630	85
Arrowstreet EM	1.90%	$ 446	$ 431	51
Pictet	0.70%	$ 164	$ 221	15
Westwood'	0.50%	$ 117	$ 117	15
BR Tiered EM	1.00%	$ 235	$ 240	17
DFA EM SC	0.50%	$ 117	$ 124	23
NT Intl	1.00%	$ 235	$ 234	9
AB Global	4.00%	$ 939	$ 984	139
Total	100.0%	$ 23,467	$ 23,467	1,844

Total Public Equity

	Target Style	Portfolio
US LGGRO	12.7%	10.2%
US LGVAL	12.7%	11.8%
US MIDGRO	5.5%	8.2%
US MIDVAL	5.5%	7.0%
US SMLGRO	3.7%	2.6%
US SMLVAL	3.7%	2.9%
US MICRGRO	0.0%	1.5%
US MICRVAL	0.0%	0.4%
INTL LGGRO	15.5%	15.5%
INTL LGVAL	15.5%	14.5%
INTL MIDGRO	3.4%	4.9%
INTL MIDVAL	3.4%	3.2%
INTL SMLGRO	2.6%	2.5%
INTL SMLVAL	2.6%	2.5%
EMMKT	13.3%	12.5%
Style Risk		0.37%
Active Risk		0.86%
Risk to Bench		0.94%
Alpha		1.18%
IR		1.26
Lrg/Mid	74.2%	75.2%
% Value	50.0%	48.4%
US/Non US	43.8%	44.5%

US Equity

	Target Style	Portfolio
US LGGRO	29.1%	24.0%
US LGVAL	29.1%	25.4%
US MIDGRO	12.5%	19.2%
US MIDVAL	12.5%	14.2%
US SMLGRO	8.4%	6.0%
US SMLVAL	8.4%	6.7%
US MICRGRO	0.0%	3.5%
US MICRVAL	0.0%	0.9%
Lrg/Mid	83.2%	82.8%
% Value	50.0%	48.1%
Style Risk		1.07%
Active Risk		1.52%
Risk to Bench		1.86%
Alpha		1.10%
IR		0.59

Global Equity

	Target Style	Portfolio
US LGGRO	15.3%	0.0%
US LGVAL	15.3%	22.0%
US MIDGRO	6.6%	0.0%
US MIDVAL	6.6%	22.0%
US SMLGRO	0.0%	0.0%
US SMLVAL	0.0%	0.0%
US MICRGRO	0.0%	0.0%
US MICRVAL	0.0%	0.0%
INTL LGGRO	17.6%	0.0%
INTL LGVAL	17.6%	34.0%
INTL MIDGRO	3.9%	0.0%
INTL MIDVAL	3.9%	9.0%
INTL SMLGRO	0.0%	0.0%
INTL SMLVAL	0.0%	0.0%
EMMKT	13.3%	13.0%
Lrg/Mid	86.7%	87.0%
% Value	50.0%	93.5%
Style Risk		5.99%
Active Risk		4.38%
Risk to Bench		7.42%
Alpha		2.11%
IR		0.29

Int'l Equity

	Target Style	Portfolio
INTL LGGRO	27.5%	29.1%
INTL LGVAL	27.5%	24.6%
INTL MIDGRO	6.0%	9.2%
INTL MIDVAL	6.0%	5.2%
INTL SMLGRO	4.6%	4.6%
INTL SMLVAL	4.6%	4.7%
EMMKT	23.6%	22.4%
Lrg/Mid	67.2%	68.2%
% Value	50.0%	45.8%
% Small	9.2%	9.4%
Style Risk		0.41%
Active Risk		1.10%
Risk to Bench		1.17%
Alpha		1.17%
IR		1.00

Internal Strategies

- All four "internal" strategies are performing in line with long term expectations

Periods Ending 3/31/11	Market Value	1 Year	Inception
OST 500 Portfolio	$ 842.6	15.60%	18.72%
S&P 500 Index		15.65%	18.65%
Excess		-0.05%	0.07%
Tracking Error		0.06%	0.07%
Information Ratio		(0.83)	1.00
Inception: 10/1/09			
OST 400 Portfolio	$ 175.6	27.07%	29.33%
S&P 400 Index		26.95%	28.81%
Excess		0.12%	0.52%
Tracking Error		0.17%	0.24%
Information Ratio		0.71	2.17
Inception: 10/1/09			
OST 2000 Synthetic	$ 132.8	26.74%	26.74%
Russell 2000 Index		25.77%	25.77%
Excess		0.97%	0.97%
Tracking Error		0.14%	0.14%
Information Ratio		6.93	6.93
Inception: 4/1/10			
TEMS	$ 239.9	19.30%	49.01%
MSCI EM Index		18.47%	47.32%
Excess		0.83%	1.69%
Tracking Error		2.52%	2.93%
Information Ratio		0.33	0.58
Inception: 2/1/09			

Recommendation

- Maintain Current Structure.
- Improve performance through incremental manager changes and strategy additions.

APPENDIX

Manager Structure Glossary of Terms

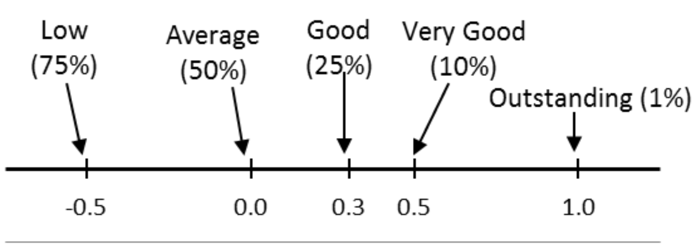
Asset Allocation Target	The asset class target benchmark, as defined in the asset/liability study.
Tracking Error	A measure of the dispersion of the difference in returns between two portfolios. Typically calculated as the standard deviation of the difference between the returns.
Style Risk	The tracking error between the structure's actual style and the asset allocation target style.
Active Risk	The structure's exposure to active management defined as the tracking error between the managers' portfolios and their styles.
Risk to Bench	The structure's tracking error to the asset allocation target for the asset class.
Mgr. Alpha	The structure's projected excess return above the target benchmark due to manager active management.
Information Ratio	Information ratio. The ratio of expected alpha to expected tracking error to the asset class benchmark.
MER	Manager Event Risk. The dollar impact on the fund if the manager were to underperform their style benchmark by a 95th percentile result in a given year.
US LGGRO	Index of growth oriented stocks in the Russell 200 Index (Largest 200 stocks in the Russell 1000 Index)
US LGVAL	Index of value oriented stocks in the Russell 200 Index (Largest 200 stocks in the Russell 1000)
US MIDGRO	Index of growth oriented stocks in the Russell Mid Cap Index (800 of Russell 1000 stocks not in the Russell 200 Index).
US MIDVAL	Index of value oriented stocks in the Russell Mid Cap Index (800 of Russell 1000 stocks not in the Russell 200 Index).
US SMLGRO	Russell 2000 Growth index. Index of growth oriented stocks in the Russell 2000 Small Cap Index.
US SMLVAL	Russell 2000 Value index. Index of value oriented stocks in the Russell 2000 Small Cap Index.
US MICRGRO	Russell Micro Cap Growth index. Index of value oriented stocks in the Russell Micro Cap Index.
US MICRVAL	Russell Micro Cap Value index. Index of value oriented stocks in the Russell Micro Cap Index.
INTL LCGRO	MSCI World ex US Large Cap Growth Index. Index of growth oriented large cap stocks in the MSCI World ex US IMI Index.
INTL LCVAL	MSCI World ex US Large Cap Value Index. Index of value oriented large cap stocks in the MSCI World ex US IMI Index.
INTL MIDGRO	MSCI World ex US Mid Cap Growth Index. Index of growth oriented mid cap stocks in the MSCI World ex US IMI Index.
INTL MIDVAL	MSCI World ex US Mid Cap Value Index. Index of value oriented mid cap stocks in the MSCI World ex US IMI Index.
INTL SMLGRO	MSCI World ex US Small Cap Growth Index. Index of growth oriented small cap stocks in the MSCI World ex US IMI Index.
INTL SMLVAL	MSCI World ex US Small Cap Value Index. Index of value oriented small cap stocks in the MSCI World ex US IMI Index.
EM MKTS	MSCI Emerging Markets IMI Index.

Information Ratio – Key Manager and Manager Structure Statistic

- Information Ratio is a risk-adjusted statistic that measures skill.

$$IR = \frac{Annualized \;\; active \;\; return}{Annualized \;\; active \;\; risk}$$

What is a "good" information ratio?



If you have IR and active risk (Tracking Error) then you can derive expected active return.

SECTION 3.3 –

PUBLIC EQUITY POLICY IMPLEMENTATION OVERVIEW

Oregon Investment Council
Public Equity Policy Implementation Overview
June 1, 2011

Purpose
To provide the OIC a high-level overview of the management of the OPERF Public Equity portfolio.

Recommendation
None. Informational only.

Background
In 2007, the OIC adopted an asset allocation policy for OPERF that reduced the allocation to public equities from 55 percent to 46 percent and approved a 50/50 weighting structure between U.S. and non-U.S. equities. Subsequently, in 2008, the OIC adopted a Public Equity structure benchmarked to the MSCI All Country World Investable Market Index (MSCI ACWI IMI). The adoption of this benchmark was the final step in a series of Staff recommended actions intended to reduce home country bias and to diversify the public equity portfolio using a broader investable equity universe. Although the total plan allocation to public equities was further reduced to 43 percent at the January 2011 meeting, the total equity structure remained firmly fixed to the MSCI ACWI IMI index.

As of March 31, 2011, the capitalization based allocation of the MSCI ACWI IMI index was comprised of 43.75 percent U.S. equities, 42.95 percent Developed International equities, and 13.30 percent Emerging Market equities. To implement this structure, Public Equity Staff utilizes a mix 42 differentiated investment strategies organized across style (core, growth, value), capitalization range (large, mid, small, micro) and geography (country, region, global) with the intent of replicating the broad exposures found within the benchmark.

The 42 diversified investment strategies can broadly be categorized as follows:

- 20 US equity strategies comprised of five indexed strategies (three of which are internally managed) and 15 active strategies;
- 22 International Equity strategies, comprised of 15 international developed strategies (one of which is indexed), six dedicated emerging market strategies (one of which is internally managed) and one global equity strategy.

Day-to-day management of the investment strategies requires continual monitoring by Staff for items such as organizational issues (ownership changes, staff turnover, key-man risk), drift in investment philosophy or process (is the manager performing the role that was intended?), and meeting performance objectives, to mention a few. Manager monitoring is couched against the backdrop of changing economic and market environments, which in turn requires an understanding of how those environments affect the various strategies within the public equity portfolio. Although Staff believes that continual monitoring of the existing manager line-up helps guard undesirable performance outcomes, it is our belief that effective monitoring also implies a keen awareness of non-OPERF managers and their strategies. In other words, has someone else come up with a better mouse-trap, or strategy, that will be additive within the public equity structure.

Discussion
In addition to policies outlining important purposes and guidelines, several general and Public Equity-specific policies, such as ***04.01.16*** *External Manager Watchlist*, ***04.01.09*** *"Open door" Policy to Investment Proposals,* and ***04.01.18*** *Public Employees Retirement Fund Rebalancing Policy,* relate to the due diligence, the monitoring of existing and prospective investment managers, and the operational aspects of managing the OPERF Public Equity portfolio. These policies help form a conceptual framework in which Staff, and the OIC, can

systematically consider current relevant data and use informed judgment to reduce the likelihood of oversights in implementation. These procedures also ensure that criteria are applied consistently, even if the OIC or Public Equity Staff changes in composition. These procedures can be informally grouped into three categories: Existing Managers, Prospective Managers, and Rebalancing. All three are discussed below.

Existing Managers

The goal of manager monitoring is to identify warning signs of adverse changes in existing managers' organizations. It is a formal, documented procedure that assists Staff in consistently collecting information relevant to evaluating the state of managers' operations.

Manager monitoring and retention is a continuous process beginning when a manager is hired. Key elements to Oregon's existing manager monitoring process include:

- On-site visitation requirement (periodicity - annually);
- Staff/Consultant structure study (periodicity – annually or quarterly as needed);
- Public Equity Report to OIC (periodicity – quarterly);
- Conference calls with managers to discuss firm, team, performance, positioning, etc. (periodicity – quarterly);
- Analysis of quantitative (portfolio risk platforms) and qualitative output (periodicity - monthly) ;
- Ongoing discussions with SIS, Russell, Northern Trust and other third-parties (periodicity – continuous).
- Staff/Consultant conviction rankings (periodicity - continuous).

Assessing manager investment skill is one of a fund sponsor's most challenging and scrutinized responsibilities. Every manager's relative returns will be positive in some periods and negative in others. Performance evaluation is ultimately a forward-looking exercise: the goal is to pick good managers to make investment decisions in the future. The problem is that the connection between past performance and future performance is tenuous at best. For this reason, most fund sponsors (including Oregon) incorporate quantitative data in their decision-making, but lean more heavily on qualitative elements such as those found within a robust manager monitoring process.

Prospective Managers

Staff continually scans the marketplace for promising investment managers. The most efficient venue is through visits with prospective managers in OST offices: in 2010, the Public Equity Staff conducted over 100 in-person meetings. Staff maintains files on those managers who have attracted interest, and utilizes a broad range of third-party databases and analytical tools to assist in the evaluation. Other sources of prospective manager idea generation include attendance at various conferences, discussions with peers at other fund sponsor organizations, meetings with consulting firms, and reviews of the financial press.

The combination of Public Equity quarterly reports, Staff/consultant conviction rankings, and continuous meetings with *Prospective Managers,* serve as a proactive approach to the resolution of undesirable changes in the OPERF *Existing Manager* line-up. As a result, Public Equity Staff generally have high conviction replacement candidates in mind, should the need arise to replace a manager. That said, the decision to terminate managers is not one taken lightly. One certainty with any manager termination is that transaction and opportunity costs will be incurred by the plan. Fired managers' portfolios must be converted to the hired managers' portfolios. This conversion requires buying and selling securities involving trading costs (commission and spread) and opportunity costs (market impact of trades), which in the end can have a very meaningful impact on the overall public equity performance. Moreover, replacing managers involves significant time and effort on behalf of Staff and the consultant. Staff continually weighs the desirability of retaining a prospective manager (via an assessment of investment skill) with the reality that switching managers entails substantial expense.

Rebalancing

Aside from the costs associated with *Existing Manager* terminations and *Prospective Manager* hires, many costs within Public Equity are unavoidable and are operationally necessary. For example, the asset allocation shifts approved by the OIC in 2007 and 2008 and the implied costs associated with the transition were necessary parts of implementing a new asset allocation policy for OPERF. Another example of unavoidable and operationally necessary costs is the continual raising of cash to pay for pension benefits. Cash raises for pension payments in 2010 were approximately $180 million per month due to the negative cash flow condition the fund (OPERF receives $180 million less in contributions than is required to meet monthly pension obligations). Capital calls from Private Equity or Real Estate partnerships also require costs in the conversion of equity securities to cash to meet contractual obligations. Since July of 2007, Public Equity has raised over $12 billion to satisfy the on-going needs of the plan.

The continuous need for cash, the Staff/consultant conviction rankings on *Existing Managers*, and the framework codified in *Policy 04.01.18* ***Public Employees Retirement Fund Rebalancing Policy***, are the venues that allow Public Equity Staff the discretion to make opportunistic rebalancing decisions at the margin. Criteria utilized for rebalancing are a function of the continuous quantitative and qualitative monitoring Staff performs on *Existing Managers*. OPERF equity strategies that have strong near-term performance, may be subject to mean reversion, and are candidates for rebalancing (taking profit). Managers who, as a result of market headwinds, organizational issues, or lower Staff conviction levels, are also candidates for rebalancing (risk mitigation). Public Equity Staff utilizes the quarterly memo to the OIC to report on all rebalancing activity as required by *Policy 04.01.18* ***Public Employees Retirement Fund Rebalancing Policy***.

SECTION 3.4 –

PUBLIC EQUITY REVIEW 130/30 RE-INTRODUCTION

Oregon Investment Council
Public Equity Review 130/30 Re-Introduction
June 1, 2011

Purpose
To provide the OIC with an update on OPERF 130/30 strategies.

Recommendation
None. Informational only.

Background
On December 6, 2006, the OIC authorized staff to implement "130/30" strategies from the existing stable of OPERF equity managers. These strategies allow for shorting of up to 40% of the value of the portfolio and use the proceeds of the short sale to buy an additional 40% in long positions, thus keeping net market exposure equal to 100%. Although the investment industry often refers to these structures as **Active Extension** strategies, given the typical level of allowable shorting, they are commonly called **140/40** (140% long and 40% short) or **130/30** strategies. Several OPERF equity managers have been running 130/30 products since 2005, but, to date, no OPERF manager has been engaged by staff for a 130/30 strategy. Several enhancements to the product landscape, notably reduced management fees, enhanced custodial arrangements, and improved performance, have revived our interest and staff is considering selectively implementing the strategy.

Discussion
The academic literature is deep regarding the potential value added to a portfolio by "relaxing the long-only constraint." Such portfolios permit investment managers to apply their views beyond that of a long-only portfolio. Long-only portfolios (which can be viewed as a 100/0 strategy) allow manager performance to benefit from a view that selected long positions will appreciate in value. Positions not held in a long-only portfolio imply that the manager has a negative (or at least less positive) view on the stock. Allowing shorting in a portfolio permits the manager to more fully express their negative view on a position, beyond just not holding the position. To better illustrate the benefits of shorting, we can look at the composition of the S&P 500 index.

As of March 30, 2011, the smallest 270 stocks in the S&P 500 each had less than a 10 basis point weight in the index. The smallest 270 stocks collectively made up 54% of the index by number, but only 16% of the index by weight. A long-only investment manager, with a negative view on one of these smaller stocks, can only be a maximum 10 basis points underweight. If one of these 10 basis point stocks drops by 50%, the maximum contribution to a long-only portfolio, by not holding the stock, is only 5 bps. Conversely, permitting shorts in a portfolio allows a manager to underweight this stock by more than just 10 basis points. A 1% short on this stock (total underweight of 110 basis points), subject to the same drop in value of 50%, would translate to a contribution to return of 55 basis points.

Implementation
From an implementation perspective, 130/30 strategies are operationally more complex than long-only strategies. If a plan sponsor chooses, the account can be managed as a separate account. Separate accounts offer more transparency and customization, however a prime broker is needed to facilitate shorting of securities and the financing of positions. It is also important to understand that although prime brokers custody short and long positions in a separate account structure, they are not plan fiduciaries. Alternatively, a plan sponsor can also choose to implement a 130/30 strategy via a commingled fund, which offers less transparency and customization. A commingled structure relieves the plan sponsor from having a contract in place with the prime broker, and by definition requires the investment manager, acting as a fiduciary, to contract with the prime broker directly.

Up until recently, these two implementation venues were the only options available. However, over the last few years, a third implementation venue that competes directly with prime brokers has become available. Known as an Enhanced Custody Model (ECM), the structure allows a plan sponsor engaging 130/30 strategies not only to benefit from self-borrowing, but also from self-financing. The self-borrow entails shorting in a 130/30 strategy to be sourced directly from the plan sponsor's aggregate inventory, minimizing the securities lending costs of sourcing from others. The self-financing reduces the funding costs charged by prime brokers of Libor minus/Libor plus a spread (typically 25 to 65 bps) for cash proceeds from shorts/utilizing cash proceeds from shorts to go long. Additionally, the enhanced custody model also provides the benefits of a separate account structure (transparency, control of assets, flexibility in shorting guidelines) without the contracting and legal issues involved of retaining a prime broker.

Recent Performance

Although theoretically compelling, 130/30 strategies did suffer headwinds in the quantitative meltdown of August 2007 (attributed to crowding of commonly used signals), and the subsequent global financial crisis that spanned from 2008 to 2009. Long-only active management strategies were also affected during this time-frame, however, the underperformance was more subdued due to the lack of shorting in the portfolio. A popular misconception about 130/30 strategies is that they provide downside protection, and, as a result the recent underperformance, the strategies lost appeal with many institutional investors. The reality is that 130/30 strategies amplify the exposure to manager skill, or lack thereof, therefore, 130/30 strategies and their long-only counterparts should be expected to perform in the same direction (up or down), but with differing magnitudes. Because the 130/30 strategy magnifies manager skill, ***Existing Manager*** selection and demonstrated success in managing long-only portfolios is critical. For sub-asset classes that may be impacted by reduced levels of liquidity (such as small cap and non-US equity), demonstrated success in directly managing 130/30 strategies are warranted.

OPERF Equity Manager 130/30 Capabilities

Although several OPERF managers offer 130/30 strategies in mandates that correspond to their current OPERF mandate (Acadian, AJO, AQR, Arrowstreet, and Pyramis), two high conviction managers offer strategies that have been of particular interest to staff:

- AQR offers a 130/30 strategy in small cap core through a commingled vehicle. Given that the OPERF AQR mandate is a small cap value mandate, AQR has proposed forming a new commingled fund structure with a proposed base fee that is in line with the current long-only fee structure but which also includes a capped outperformance fee, such that overall fees paid out are not meaningfully different from the current long-only portfolio fee.
- Arrowstreet offers 130/30 strategies in EAFE and Global Equity through commingled vehicles. The stated commingled fund base fee is in line with the current long-only fee structure but also includes an outperformance fee.
- Given the recent developments and service offerings at the custodian, both 130/30 strategies referenced above are excellent candidates for implementation through State Street Bank's Enhanced Custody model. Staff anticipates modifying the mandates for the above-named managers in accordance with the previously delegated authority granted by the OIC.

SECTION 3.5 –

PUBLIC EQUITY REVIEW - POLICY 4.05.01

FUNCTION: **Public Equity Investments**
ACTIVITY: **Strategic Role of Public Equity Securities within OPERF**

POLICY: **Public equity securities should comprise 41% to 51% of OPERF's total assets, with a strategic target of 46%, based on an overall global equity target allocation established in OIC Policy 4.01.18.**

PROCEDURES:

PURPOSE
The purpose of these Public Equity Investment Policies & Strategies is to define the strategic role of public equities as an asset class within the Investment Council's general investment policies for the Oregon Public Employees Retirement Fund (OPERF), to set forth specific short-term and long-term policy objectives for this segment of OPERF's investment portfolio, and to outline the strategies for implementing the Investment Council's public equity investment policies.

STRATEGIC ROLE
Publicly traded equity securities generally should provide enhanced returns and diversification to the OPERF. The investable universe of equity securities can be categorized as U.S., non-U.S. developed countries and emerging market countries. The Public Equity Fund also provides liquidity to OPERF to meet cash flow needs.

POLICY OBJECTIVES

1. To provide one of the highest expected returns of the OPERF's major asset classes. Over the long-term, the return should exceed inflation by 6.0 percent.

2. To achieve a portfolio return of 0.75 percent or more above the MSCI All Country World Index Investable Market Index (ACWI IMI) (net) over a market cycle of three to five years on a net-of-fee basis.

3. Active risk will be managed to a targeted annualized tracking error of 0.75 to 2.0 percent, relative to the MSCI ACWI IMI (net).

STRATEGIES

1. The public equity portfolio shall be structured on a global basis, seeking to loosely replicate the country and market capitalization characteristics of the world-wide investable stock universe.

2. Diversify the asset class of public equities across the stock markets of all investable countries to ensure exposure to a wide range of investment opportunities, and participate

broadly in those markets to receive the highest expected rate of return for equities, and to provide risk reduction to the entire equity portfolio. The size of any commitment to an individual investment manager's strategy will be based on the commitment's impact on the overall portfolio, the Investment Council's confidence in the abilities of the manager, the investment style of the manager, and the capacity of the manager to invest and manage such a commitment.

3. Maintain an overall portfolio market capitalization that reflects the MSCI ACWI IMI with a double weighting to U.S. small capitalization stocks, in an effort to enhance return. This tilt is based on the Investment Council's belief that inefficiencies in the small and micro cap markets, relative to the large cap market, through active management, will outperform large cap stocks over the long-term.

4. Invest opportunistically, using innovative investment approaches, within a controlled and defined portfolio allocation. To that end, 130/30 strategies may be implemented with any existing OPERF manager mandate conditional upon consultant and Chief Investment Officer concurrence, such that the implementation of the strategy does not change the managers role within Public Equity. Staff will report any 130/30 implementations to the Council.

5. Enhance returns to OPERF through exposure to active management.

6. Active investment managers are expected to outperform stated benchmarks on an after-fee, risk adjusted basis, over a market cycle of three to five years (see Appendix B). Those benchmarks include the passive management alternative. Comparisons against a representative peer group universe will also be considered in evaluating the performance and risk levels of managers.

7. All non-U.S. benchmarks assigned to managers should be unhedged. Managers may be permitted to hedge currency exposure and, in the case of managers whose stated investment approach includes active currency management, may take active currency positions, but all managers are measured against an unhedged benchmark.

8. The Investment Council's selection of active managers will be based upon demonstrated expertise. Active managers will be selected for their demonstrated ability to add value over a passive management alternative and within reasonable risk parameters by using a style which enables OPERF to meet the strategic target allocations set forth in Appendix A. The management guidelines described in Appendix C will be attached to and incorporated into the Investment Council's contract with every investment manager.

SAMPLE FORMS, DOCUMENTS, OR REPORTS (Attached)

A. Public Equity Strategic Targets (Appendix A)
B. Investment Manager Benchmarks (Appendix B)
C. Management Guidelines (Appendix C)

APPENDIX A

STRATEGIC TARGETS

Subject to periodic review and revision, the Investment Council adopts the following strategic target allocations (all targets are measured relative to the MSCI ACWI IMI):

a. Capitalization exposure similar to stated benchmark;

b. The Investment Council's strategic target allocations represent percentages of OPERF's total public equity portfolio. Each target allocation has an accompanying percentage range. The strategic target allocations and ranges can be summarized as follows:

	Targets	Ranges
Active	75%	65% - 85%
Passive	25%	15% - 35%
U.S.	ACWI weight	+/- 10%
Non-U.S.	ACWI weight	+/- 10%
Emerging Markets	ACWI weight	+/- 4%
Growth	50%	45% - 55%
Value	50%	45% - 55%
U.S. Small Cap Overweight	100%	0% - 140%

Note: The U.S. small cap overweight is based on the Russell 2000 index weight relative to the Russell 3000 index weight which approximates 8%.

c. The Investment Council will approve target allocations and associated ranges for the various sub-asset classes, at the time of hire. The OPERF public equity portfolio will be monitored quarterly by a report to the Investment Council that includes the target allocation for each category of management style (active/passive and growth/value). The actual percentage market value for each category, compared to its target allocation, will also be included in this report. When a segment falls outside of the established ranges or when manager allocations are considered sub-optimal, staff will transfer assets as deemed appropriate within the target allocations. The total structural characteristics of the public equity portfolio will be considered at the time of any rebalancing. Re-allocations between asset classes shall be governed by Policy 4.01.18.

APPENDIX B

INVESTMENT MANAGER BENCHMARKS

Manager	Benchmark	Peer Group	Return Objective Over Benchmark Net-of-Fees
U.S. Large Cap:			
Aletheia	Russell 1000 Growth	U.S. Large Growth	1.5%
Delaware	Russell 1000 Growth	U.S. Large Growth	1.5%
Wells Capital	Russell 1000 Growth	U.S. Large Growth	1.5%
Aronson+Johnson+Ortiz	Russell 1000 Value	U.S. Large Value	1.0%
MFS	Russell 1000 Value	U.S. Large Value	1.0%
PIMCO	Russell 1000	U.S. Large Core	1.0%
Pyramis	Russell 1000	U.S. Large Core	2.0%
Northern Trust Emerging Mgrs	Russell 3000	U.S. All Core	1.5%
BGI Russell 1000 Value Index	Russell 1000 Value	U.S. Large Value	N/A
BGI Russell 1000 Growth Index	Russell 1000 Growth	U.S. Large Growth	N/A
S&P 500 Index	S&P 500	U.S. Large Passive	N/A
S&P 400 Index	S&P 400	U.S. Mid Passive	N/A
U.S. Small and SMID Cap			
EAM	Russell Microcap Growth	U.S. Micro Gr.	2.5%
Next Century	Russell Microcap Growth	U.S. Micro Gr.	2.5%
Next Century	Russell 2000 Growth	U.S. Small Gr.	2.0%
AQR	Russell 2000 Value	U.S. Small Value	1.0%
Boston Company	Russell 2000 Value	U.S. Small Value	1.0%
Wellington	Russell 2000	U.S. Small Core	1.0%
Wanger	Russell 2500	U.S. SMID Core	1.0%
Russell 2000 Synthetic Index	Russell 2000	U.S. Small	0.3%
Non-U.S. Large Cap			
TT International	World x US Std Growth	Non-US Growth	2.0%
UBS	ACWI x US IMI Growth	Non-US Growth	2.0%
Walter Scott	World x US Std	Non-US Growth	2.0%
Acadian	ACWI x US IMI Value	Non-US Value	1.7%
Brandes	ACWI x US Std Value	Non-US Value	2.0%
AQR	World x US Std	Non-US Core	2.0%
Arrowstreet	ACWI x US IMI	Non-US Core	2.0%
Lazard	ACWI x US Std	Non-US Core	1.5%
Pyramis Select	ACWI x US Std	Non-US Core	1.0%
Northern Trust Emerging Mgrs	World x US IMI	Non-US Core	1.5%
SSgA World ex-US Index	World x US Std	Non-US Passive	N/A

Manager	Benchmark	Peer Group	Return Objective Over Benchmark Net-of-Fees
Non-U.S. Small Cap			
DFA	World x US Sm Cap Val	Non-US Small Value	1.5%
Harris Associates	ACWI x US Sm Cap Val	Non-US Small Value	2.0%
Pyramis Select	World x US Sm Cap	Non-US Small Core	2.0%
Victory Intl	World x US Sm Cap Gr	Non-US Small Growth	2.0%
Emerging Markets			
Arrowstreet	Em Mkts IMI	Emerging Markets	2.0%
DFA	Em Mkts Small Cap	Emerging Markets	1.5%
Genesis	Em Mkts IMI	Emerging Markets	2.0%
Pictet	Em Mkts Std	Emerging Markets	2.0%
BGI Tiered Emerging Markets	Em Mkts Std	Emerging Markets	2.0%
Westwood Global	Em Mkts Std	Emerging Markets	2.5%
Global			
AllianceBernstein Value	ACWI Value Std	Global Value	2.0%

ACWI – MSCI All-Country World Index (U.S. + Non-U.S. Developed + Emerging Markets)
IMI – MSCI IMI Index (Large Cap + Mid Cap + Small Cap)
Std – MSCI Standard Index (Large Cap + Mid Cap)
Sm Cap – MSCI Index (Small Cap)
Em Mkts – MSCI Emerging Markets Index

APPENDIX C

MANAGEMENT GUIDELINES

The following guidelines shall be attached to and incorporated into every separate account contract between the Investment Council and an active investment manager. These guidelines may be modified from time to time as considered necessary by the Chief Investment Officer, however, the assigned benchmark may not be changed without OIC approval:

1. The category of management to which a manager is assigned.

2. A description of the manager's investment style.

3. The manager's specific performance objective, expressed on a relative basis in comparison to an index or a passively managed alternative, as that manager's required excess return. The manager's required excess return will represent the risk-premium associated with this manager's investment style in comparison to the index or passively managed alternative to which the manager is assigned.

4. The expected risk (tracking error) of the portfolio expressed in relationship to the assigned benchmark.

5. Portfolio characteristics which the OIC expects the manager to exhibit on average throughout a market cycle.

6. A list of permissible equity securities in which the manager may invest.

SECTION 3.6 –

PUBLIC EQUITY REVIEW - POLICY 4.05.03

FUNCTION: **Equity Investments**
ACTIVITY: **Internal Equity – Portfolio Objectives & Strategies**

POLICY: **All internal equity investments shall be authorized by a public equity investment officer, authorization shall be documented, and shall be in accordance with portfolio guidelines established by the Oregon Investment Council**.

PURPOSE

The purpose of this policy is to specify the portfolio strategies staff is authorized to manage internally and to define the tolerable risk, performance objectives, and permitted investments.

POLICY OBJECTIVES & STRATEGIES

S&P 500 Index Strategy

1. The objective of the S&P 500 Index portfolio is to closely match the S&P 500 Total Return Index performance through a full replication strategy.
2. The S&P 500 Index Portfolio is expected to outperform the S&P 500 Total Return Index by approximately 5 basis points annualized over a market cycle with an expected tracking error of 10 basis points.

S&P 400 Index Strategy

1. The objective of the S&P 400 Index portfolio is to closely match the S&P 400 Total Return Index performance through a full replication strategy.
2. The S&P 400 Index Portfolio is expected to outperform the S&P 400 Total Return Index by 10 basis points annualized over a market cycle with an expected tracking error below 30 basis points.

Russell 2000 Synthetic Index Strategy

1. The objective of the Russell 2000 Index portfolio is to closely match the Russell 2000 Total Return Index performance through a synthetic replication strategy.
2. The Russell 2000 Index Portfolio is expected to outperform the Russell 2000 Index Total Return Index by 30 basis points annualized over a market cycle with an expected tracking error below 50 basis points.

Tiered Emerging Markets Strategy (TEMS)

1. The objective of the TEMS is to outperform the MSCI Emerging Markets (net) Index through a tiered allocation strategy based upon country weighting. The strategy is currently implemented using index commingled trust funds and is rebalanced annually by staff, or as needed given additions or deletions to the MSCI EM Index. Given the the underlying implementation vehicles are country index funds, the strategy does not utilize any active security selection.

2. The TEMS Portfolio is expected to outperform the MSCI Emerging Markets (net) Index by 200 basis points annualized over a market cycle with an expected tracking error of 400 basis points.

PERMITTED HOLDINGS

S&P 500 Index Strategy

1. Securities contained in the S&P 500 Index.
2. Securities reasonably expected to be part of the S&P 500 Index at some future date.
3. Securities that have recently been a member of the S&P 500 Index.
4. Exchange Traded Funds (ETFs) which replicate the S&P 500 Index such as: iShares S&P 500 Index Fund (Ticker: IVV) or Spyders (Ticker: SPDR).
5. S&P 500 Index Futures (Large Contracts and Mini's).
6. U.S. Treasury Bills or other acceptable cash equivalents utilized for equity futures collateral.

S&P 400 Index Strategy

1. Securities contained in the S&P 400 Index.
2. Securities reasonably expected to be part of the S&P 400 Index at some future date.
3. Securities that have recently been a member of the S&P 400 Index.
4. Exchange Traded Funds (ETFs) which replicate the S&P 400 Index such as: iShares S&P 400 Index Fund (Ticker: IJH).
5. S&P 400 Index Futures (Large Contracts and Mini's).
6. U.S. Treasury Bills or other acceptable cash equivalents utilized for equity futures collateral.

Russell 2000 Synthetic Index Strategy

1. Russell 2000 Index Futures.
2. U.S. Treasury Bills or other acceptable cash equivalents used for equity futures collateral.
3. Oregon Short Term Fund.

Tiered Emerging Markets Strategy (TEMS)

1. MSCI Emerging Market & Frontier Market commingled trust funds, exchange traded funds, or equity futures.

ABSOLUTE RESTRICTIONS

The Internal Public Equity Portfolios may not purchase the following investments or types of investments without the specific advanced approval of the Chief Investment Officer and the Oregon Investment Council:

1. Short sales of securities.
2. Margin purchases or other use of lending or borrowing money or leverage to create positions greater than 100% of the market value of assets under management.
3. Commodities.

4. Non-U.S. dollar denominated fixed income securities issued by entities incorporated or chartered outside of the United States.

PROCEDURES:

1. All trades are entered into an Order Management System (OMS) such as Bloomberg POMS and are authorized by the signature (electronic or handwritten) of a Public Equity Investment Officer. The Public Equity Investment Officer shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this policy. The Senior Public Equity Investment Officer will review trades initiated by members of the Public Equity team. The Chief Investment Officer will review trades initiated by the Senior Public Equity Investment Officer.

SAMPLE FORMS, DOCUMENTS, OR REPORTS (Attached): NONE

TAB 4 – FUNDAMENTAL INDEX METHODOLOGY OVERVIEW

Oregon Investment Council (OIC)

June 1, 2011

The Fundamental Index® Methodology:

Efficient Indexing
for an Inefficient Market®

Robert Arnott / arnott@rallc.com

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Executive Summary

Philosophy

- For all of their virtues, cap-weighted indexes suffer a construction flaw
- They overweight the overpriced and underweight the underpriced

Process

- Build portfolio weights on fundamental measures of firm size rather than price
- Provides systematic anchor for contra-trading against bubbles and crashes in regions, countries, sectors and individual stocks

Results

- Adds 2% retrospectively over cap-weighted indexes in US Large Company
- Adds 4% retrospectively over Global All Country cap-weighted index
- Value added in 80% of global indexes since respective launches
- Value added since inception in 5 of 5 “live” RALLC “long-only” managed products

Note: please refer to the disclosure slide at the end for all relevant disclaimers, disclosures, and information on our intellectual property.

The Virtues of Passive Management

Advantages of Passive Investing

Index funds are a compelling choice for investors

- Broad market exposures
- Diversification
- Large investment capacity
- Low fees and expenses
- Low due diligence and monitoring costs
- Superior performance over time relative to most active managers[1]

[1]Based on Vanguard Investment Counseling & Research, *The Case For Indexing*, April 2010

Frame of Reference
Two Views on the Markets

Cap-Weight Market Centric View	Graham & Dodd Economy-Centric View
▪ Markets are efficient—prices reflect true valuations ▪ Departures from cap weight are active bets, inherently a zero-sum game ▪ Invest in companies proportional to market valuation ▪ Seek equity risk premium not alpha	▪ Markets are constantly seeking fair value, but prices are rarely right ▪ Some companies can get overpriced, some underpriced ▪ The market itself makes active bets ▪ Create valuation model of the company and invest in ones which offer the best rate of return

Cap-Weighting Linked To Price Tech Bubble of 2000

	As of March 31			
	1999	**2000**	**2001**	**2002**
Cisco				
Percent in Russell 1000	1.65%	4.09%	1.11%	1.25%
Percent of Economy*	0.14%	0.20%	0.28%	0.44%
P/E	81.76	181.91	25.09	21.96
Ericsson				
Percent in FTSE Sweden	19.25%	45.83%	23.78%	10.04%
Percent of Economy*	6.67%	8.44%	8.95%	9.69%
P/E	32.13	95.99	25.99	57.22

*Percent of Economy represents the rebalance weight of each company in its respective RAFI Country Index.

Source: Research Affiliates, based on data from Wilshire Atlas and Bloomberg, CRSP, Compustat, Worldscope and Datastream.

RAFI®

Efficient Indexing for an Inefficient Market®

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The RAFI Approach

Create an index that reflects a company's economic footprint using fundamental measures of size

- Sales, Cash Flow, Dividends, Book Value
- Adjusted Sales, Retained Cash Flow, Dividends + Buybacks

The result, for any of these:

- Breaks the link between pricing errors and portfolio weights
- Pricing errors are uncorrelated (and cancel)
  - For example, both overvalued and undervalued stocks will be either overweighted or underweighted, but the errors largely offset each other
- Retains many benefits of an equivalent cap-weighted index
  - Diversification, indeed, more than cap-weighted in bubbles
  - Liquidity, transparency, and broad economic representation

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RAFI Weights: Composite Measure of Size
2010 Target Weights

	5-Year Average						Current			3/31/10
	Sales		Cash Flow		Dividend		Book Value		RAFI	Ru1000
	Weight	Rank	Weight	Rank	Weight	Rank	Weight	Rank	Weight	Weight
Exxon Mobil	3.4%	2	3.5%	**1**	3.0%	6	2.0%	5	2.9%	2.8%
Bank of America	1.2%	8	1.6%	5	3.1%	5	3.5%	**1**	2.3%	1.5%
General Electric	1.6%	6	1.5%	8	4.1%	2	2.1%	4	2.2%	1.7%
Wal-Mart Stores	3.4%	**1**	1.4%	11	1.2%	17	1.2%	11	1.7%	1.1%
Microsoft	0.5%	39	1.4%	10	4.3%	**1**	0.7%	22	1.7%	1.9%

Source: Research Affiliates, LLC., based on data from Bloomberg back office.

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Fundamental Factors
Why These Metrics?

Metrics reflect objective measures of relative size

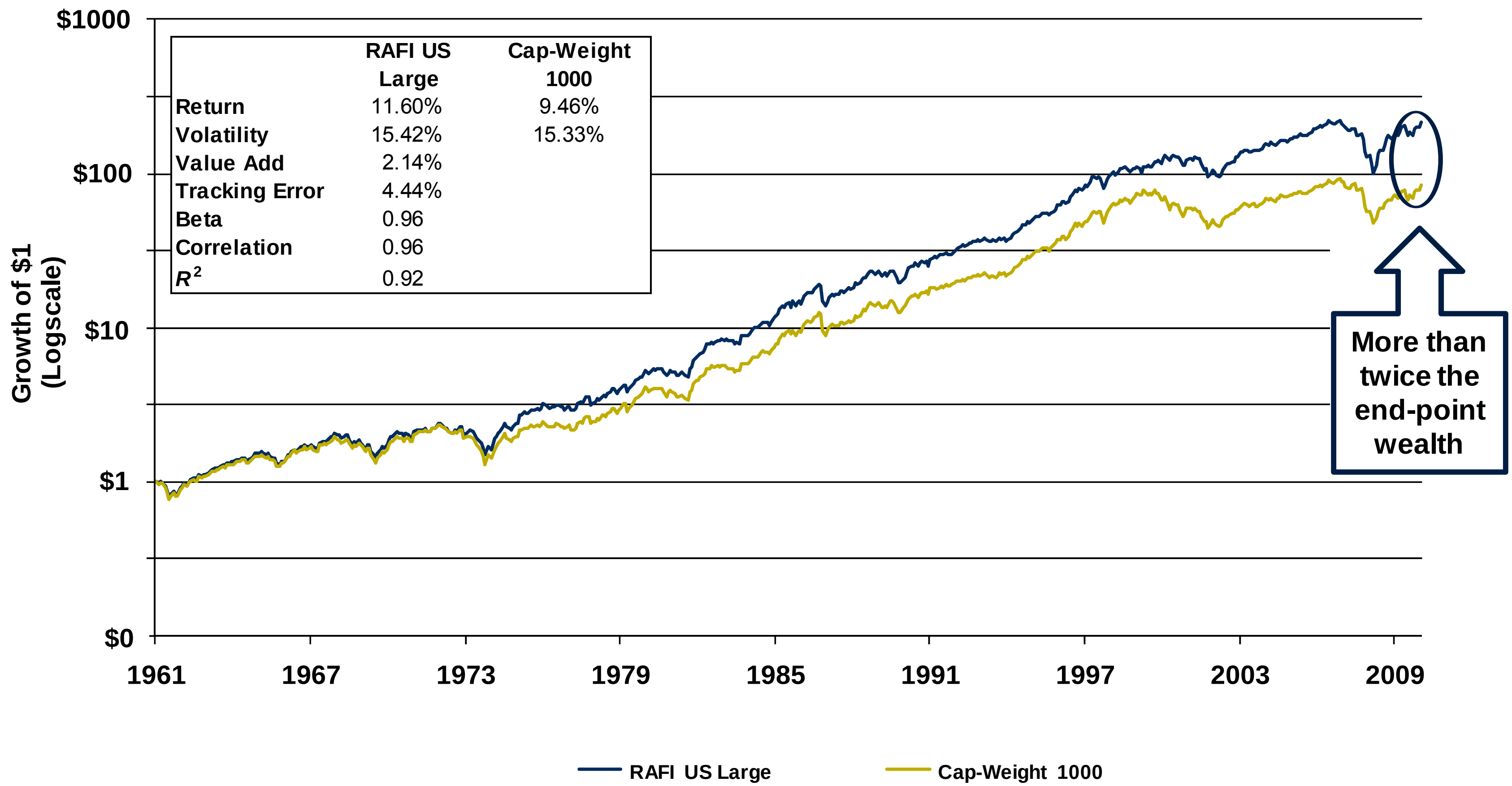
- Widely acceptable measures of company size
- Less susceptible to euphoria
- Easily accessible data
- Not intended to be predictive of future size or value
- Broadly available across countries

Metrics are not correlated with price

- Pricing errors are uncorrelated (and cancel)
- Both overvalued and undervalued stocks will be either overweighted or underweighted, but the errors largely offset each other

2% Per Annum Adds Up Over Time 1962–2010

RAFI US Large vs. Cap-Weight 1000



Note: The Cap-Weight 1000 is an annually rebalanced portfolio of the top 1,000 U.S. stocks by capitalization dating back to 1962. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

Source: Research Affiliates, based on data from Bloomberg, CRSP and Compustat.

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RAFI Performance Across Markets

Through December 2010	Annualized Return	Annualized Volatility	Annualized Value Add	% 3-Year Wins	Start Date
Simulated RAFI US Large	11.6%	15.4%	2.2%	74.5%	1962
S&P 500	9.4%	15.2%			
Simulated RAFI - 23 Country Average	14.0%	15.6%	2.8%	94.8%	1984
MSCI - 23 Country Average	11.1%	15.9%			
Simulated RAFI U.S. Small	15.9%	20.0%	4.2%	99.7%	1979
Russell 2000	11.8%	20.0%			
Simulated RAFI All World 3000	13.7%	15.5%	4.7%	89.6%	1984
MSCI All Country World	9.1%	15.7%			
Simulated RAFI Int'l. Small 1500	14.2%	17.5%	5.0%	96.3%	1999
MSCI EAFE Small Cap	9.1%	19.7%			
Simulated RAFI EM	16.6%	25.1%	9.5%	96.4%	1994
MSCI EM	7.1%	24.5%			

- Add 2% – 4% in most markets, more in less efficient markets
- Average over 90% win ratio in rolling 3-year periods

Source: Research Affiliates, LLC. based on data from Worldscope, Datastream, CRSP, and Compustat. The 23-Developed Countries correspond to a study conducted by Research Affiliates. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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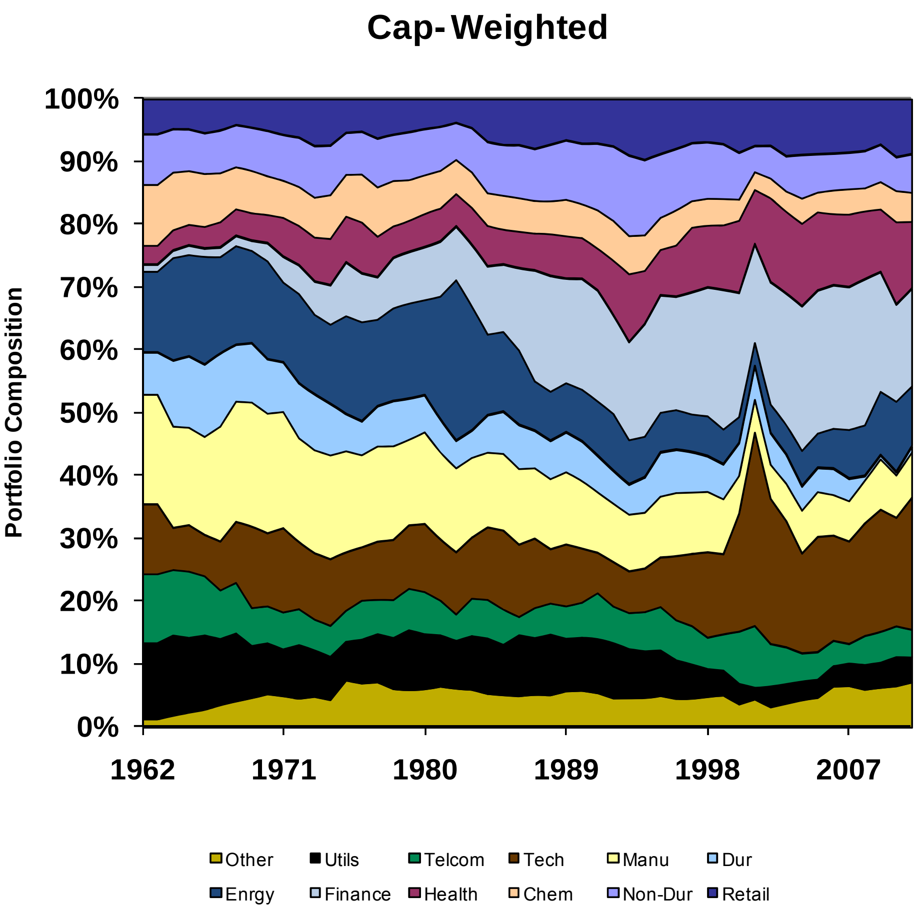
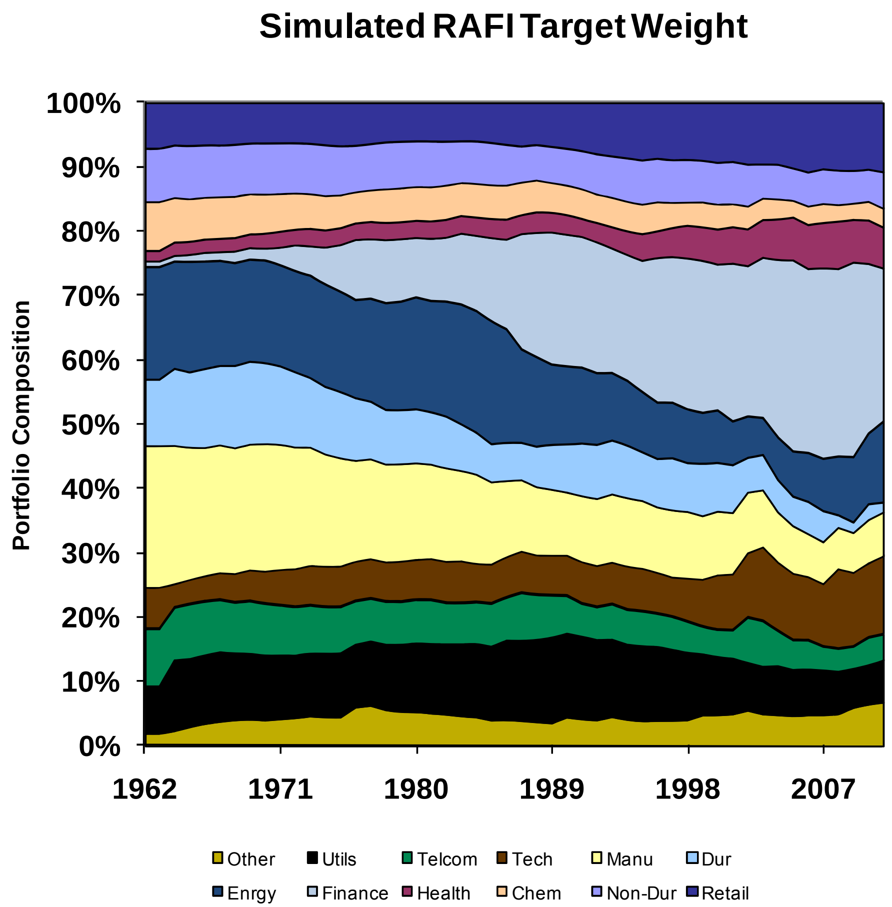
Contra-Trading Using the Fundamental Index

US Sector Weights: Which is Passive Strategy? Rolling 12-Month Averages: 1962–2010





Source: Research Affiliates, LLC. Based on data from CRSP and Compustat. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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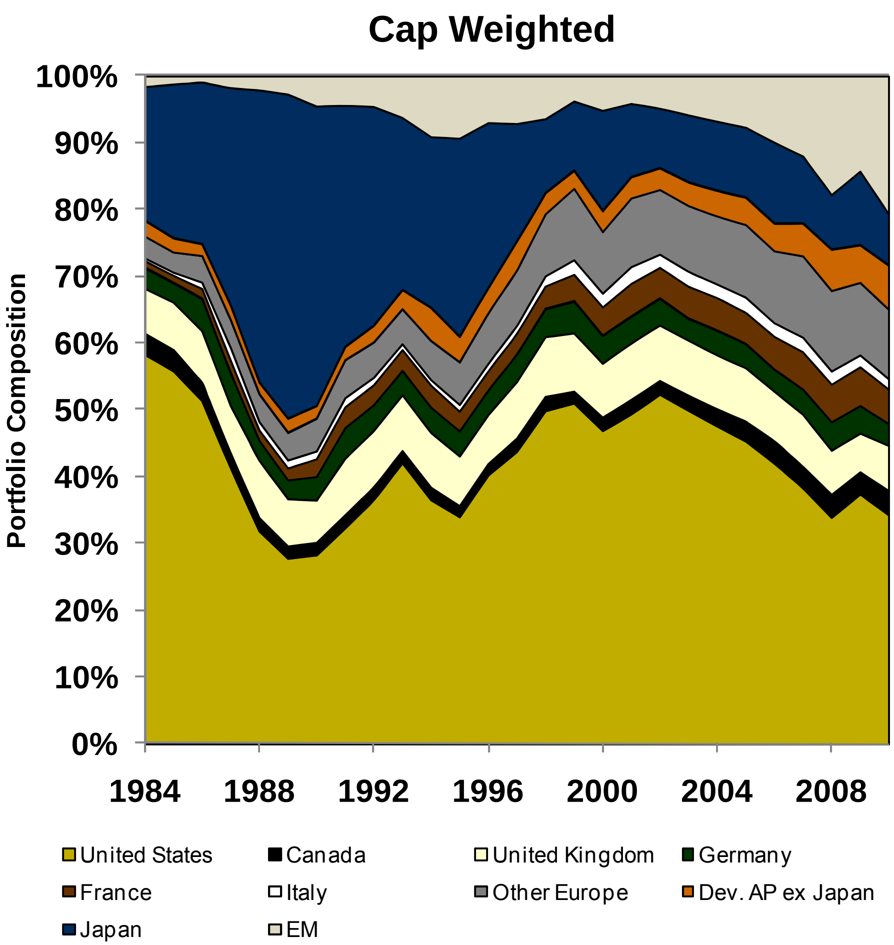
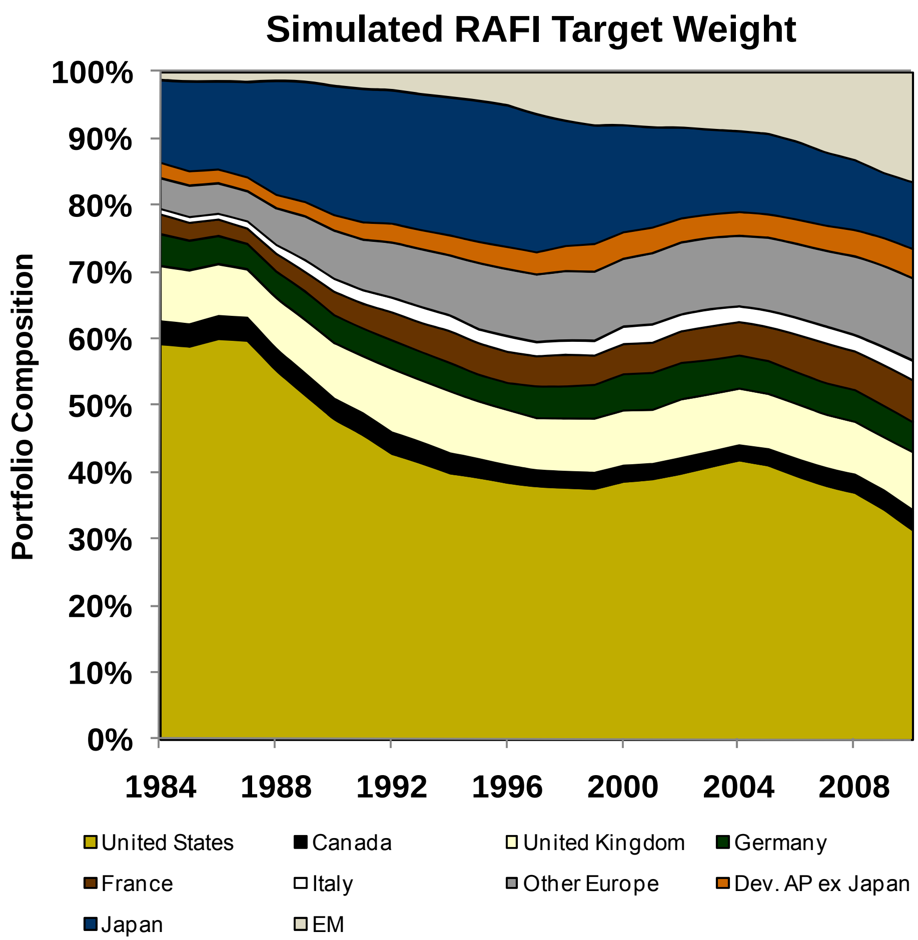
Country Weights: All World 3000 Rolling 12-Month Averages: 1984–2010





Source: Research Affiliates, LLC. Based on data from CRSP, Compustat, Datastream, and Worldscope. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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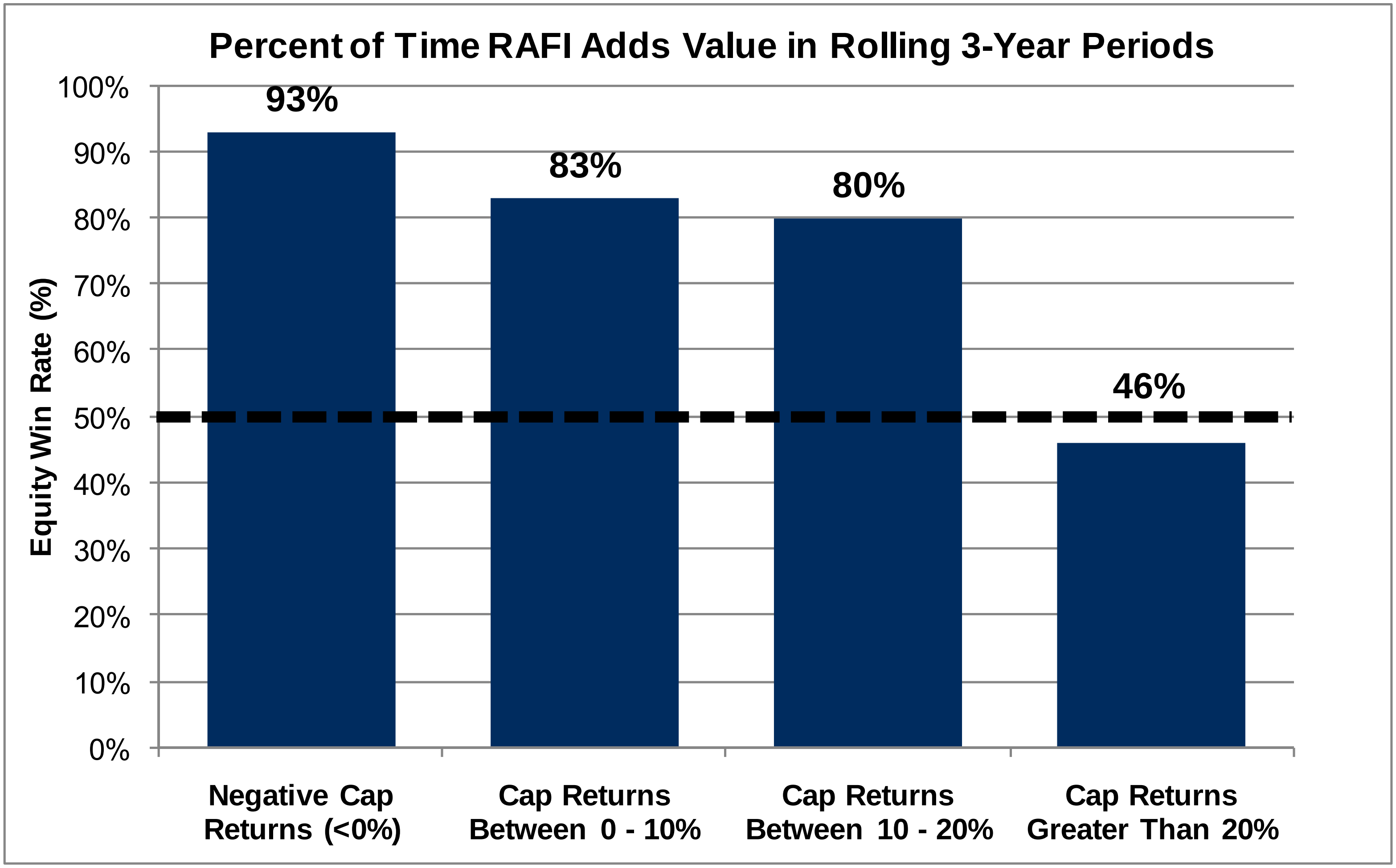
When Will the Fundamental Index Not "Work"

Simulated RAFI US Large vs. Cap-Weight Three-Year Returns: 1962–2010



Note: The Cap-Weight 1000 is an annually rebalanced portfolio of the top 1,000 U.S. stocks by capitalization dating back to 1962. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

Source: Research Affiliates, based on data from CRSP and Compustat.

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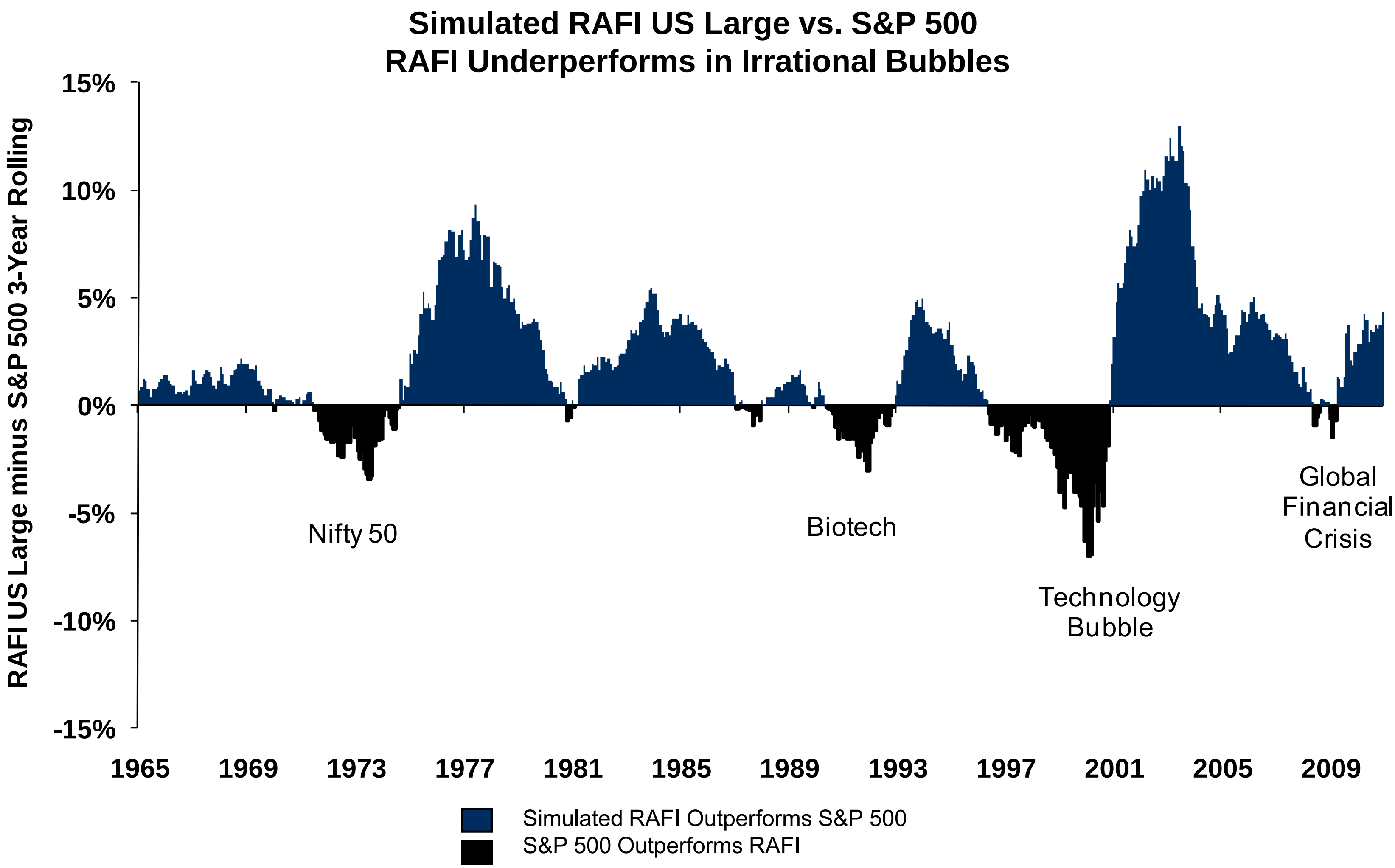
Wins and Losses: Simulated RAFI US Large Ann. Rolling Three-Year Returns, 1965– 2010



Source: Research Affiliates, LLC., based on data from Bloomberg, CRSP and Compustat. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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“Live” Results

Original Research - Simulated Results
A Look Back

	1983 - 2004		
Country	RAFI Return	MSCI Return	Value Added
Ireland	19.6%	10.9%	8.6%
Austria	16.6%	11.7%	4.9%
France	16.3%	12.4%	3.9%
Singapore	11.1%	7.2%	3.9%
Norway	15.0%	11.2%	3.8%
Spain	15.9%	12.3%	3.6%
Canada	13.2%	9.7%	3.5%
Portugal	10.7%	7.4%	3.3%
Greece	21.3%	18.1%	3.2%
United Kingdom	14.9%	11.8%	3.1%
Japan	6.4%	3.3%	3.1%
Hong Kong	20.5%	17.6%	2.9%
Germany	12.0%	9.1%	2.9%
Australia	15.5%	13.0%	2.6%
Italy	15.6%	13.3%	2.2%
United States	15.1%	12.9%	2.2%
Denmark	11.3%	9.1%	2.1%
Sweden	16.7%	14.8%	1.9%
Finland	13.9%	12.3%	1.6%
Netherlands	13.4%	11.9%	1.5%
Belgium	15.8%	14.4%	1.4%
New Zealand	6.5%	6.6%	-0.1%
Switzerland	10.8%	11.3%	-0.6%
23-Country Average	**15.9%**	**13.3%**	**2.7%**

- Average outperformance of 2.7%
- Excess return in 21 of 23 markets
- Value tailwind of +1.3% per year

Note: 23- Country Average values are determined from the return series of the average country, not the average of each respective statistic in the above table.
Source: Research Affiliates, LLC. Based on data from Worldscope, Datastream, CRSP and Compustat. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

RAFI Five-Year Scorecard
Live Results

11/28/2005 - 12/31/2010			
Country	RAFI Return	MSCI Return	Value Added
Austria	1.8%	-8.0%	9.8%
Hong Kong	17.3%	11.9%	5.4%
Germany	9.1%	5.1%	4.0%
Greece	-13.6%	-17.1%	3.4%
Belgium	-4.3%	-7.7%	3.4%
Sweden	10.8%	7.8%	2.9%
Finland	3.5%	0.6%	2.9%
Singapore	12.8%	10.5%	2.3%
United States	4.6%	2.3%	2.3%
Italy	-3.6%	-5.9%	2.3%
Japan	-6.2%	-8.2%	2.0%
France	2.3%	0.7%	1.6%
Portugal	2.7%	1.1%	1.6%
Canada	8.1%	7.1%	1.0%
Spain	3.6%	2.6%	0.9%
Switzerland	0.5%	-0.3%	0.8%
Norway	6.2%	5.6%	0.6%
Australia	5.4%	5.0%	0.4%
New Zealand	-1.9%	-2.2%	0.3%
United Kingdom	4.8%	5.1%	-0.2%
Netherlands	-0.7%	2.5%	-3.1%
Ireland	-24.7%	-21.6%	-3.2%
Denmark	4.9%	9.3%	-4.4%
23-Country Average	**1.9%**	**0.3%**	**1.6%**

- Full market cycle
- Average outperformance of 1.6%
- Excess return in 19 of 23 markets
- Value headwind of -1.1% per year

Note: 23- Country Average values are determined from the return series of the average country, not the average of each respective statistic in the above table.
Source: Research Affiliates, LLC. Based on data from Bloomberg.

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Concluding Thoughts

Efficient Indexing for an Inefficient Market

Cap-weighting has a rich history… and a flaw

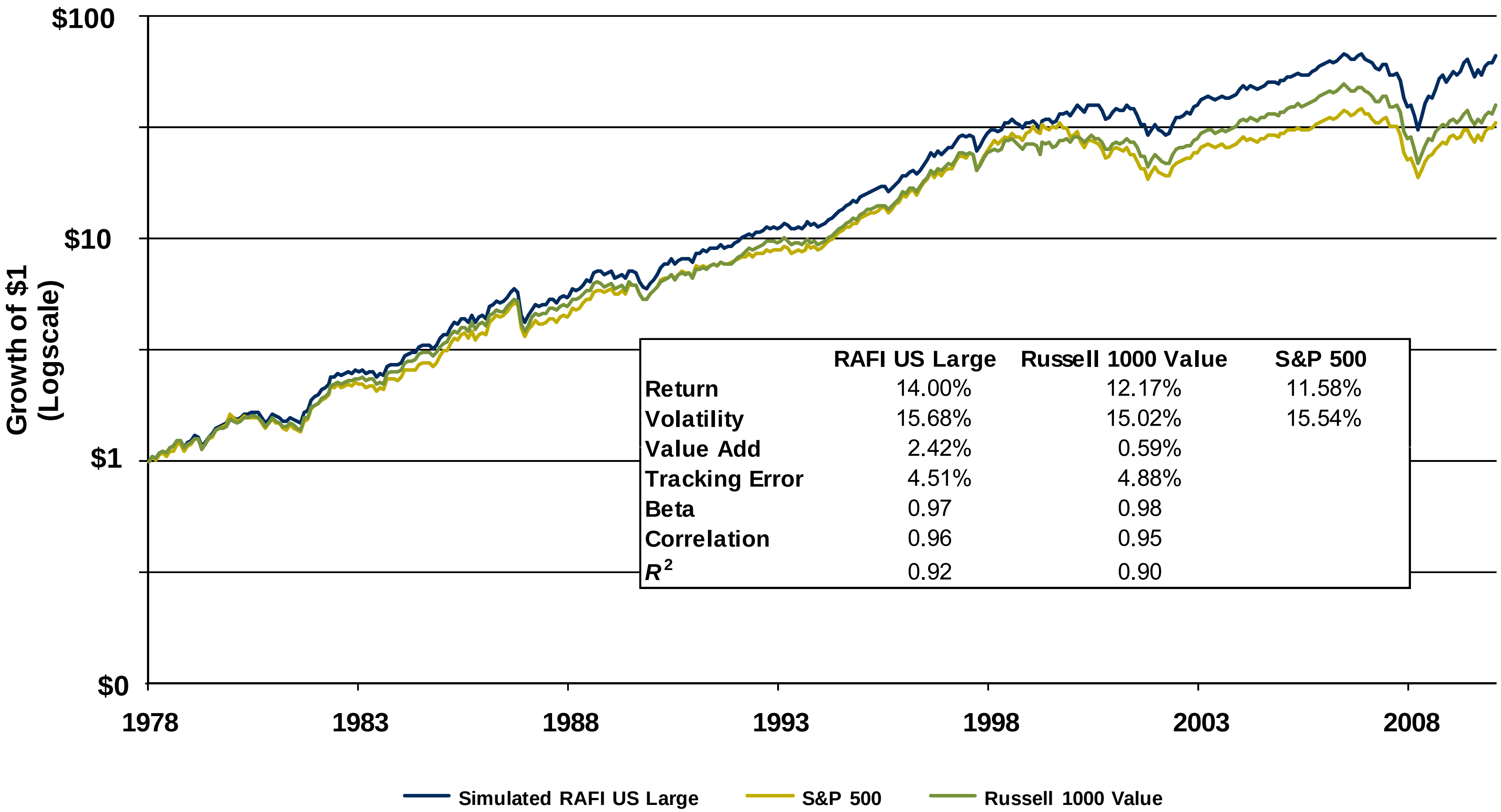
The RAFI strategy improves on cap weighting

- Addresses the shortcomings of cap weighting while maintaining the benefits of a broad market index
- Generally outperforms its cap-weighted counterparts
- Adds more value as pricing errors increase (i.e., in markets like emerging markets, international, and small cap)

Appendix

RAFI Approach is Not Solely Value
Simulated Returns, 1979–2010

Simulated RAFI US Large vs. Russell 1000 Value and S&P 500



	RAFI US Large	Russell 1000 Value	S&P 500
Return	14.00%	12.17%	11.58%
Volatility	15.68%	15.02%	15.54%
Value Add	2.42%	0.59%	
Tracking Error	4.51%	4.88%	
Beta	0.97	0.98	
Correlation	0.96	0.95	
R^2	0.92	0.90	

Source: Research Affiliates, LLC., based on data from Bloomberg, CRSP, and Compustat. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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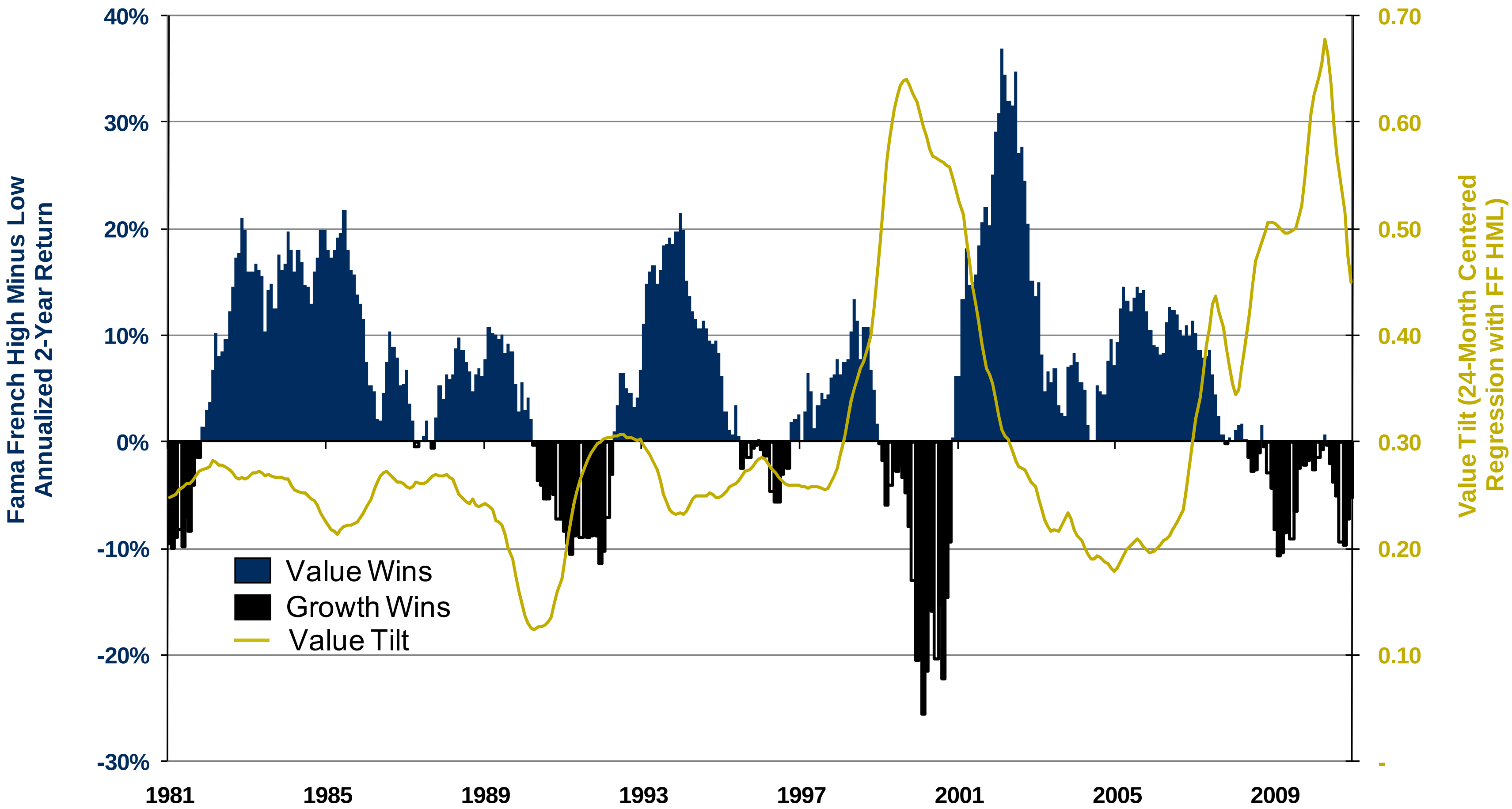
RAFI Exposure to Value is Dynamic
Simulated Returns, 1981–December 2010



Value Tilt–Rolling regression coefficient of RAFI US Large against Fama French HML (Value) factor.

Source: Research Affiliates, LLC. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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Dynamic Attribution Analysis of RAFI Returns

Simulated RAFI All World 3000 (1984–2010)

Total Value Added	*3.70%*	
Average Tilts	*1.57%*	
Dynamic Tilts	*2.13%*	
Sector Allocation	0.31%	
Average Sector Exposure		-0.04%
Dynamic Sector Exposure		0.35%
Style: Growth vs. Value	1.67%	
Average Value Exposure		1.04%
Dynamic Value Exposure		0.63%
Style: Small vs. Large	0.55%	
Average Size Exposure		0.37%
Dynamic Size Exposure		0.19%
Country Allocation	0.71%	
Average Country Exposure		0.21%
Dynamic Country Exposure		0.51%
Stock Selection	0.45%	

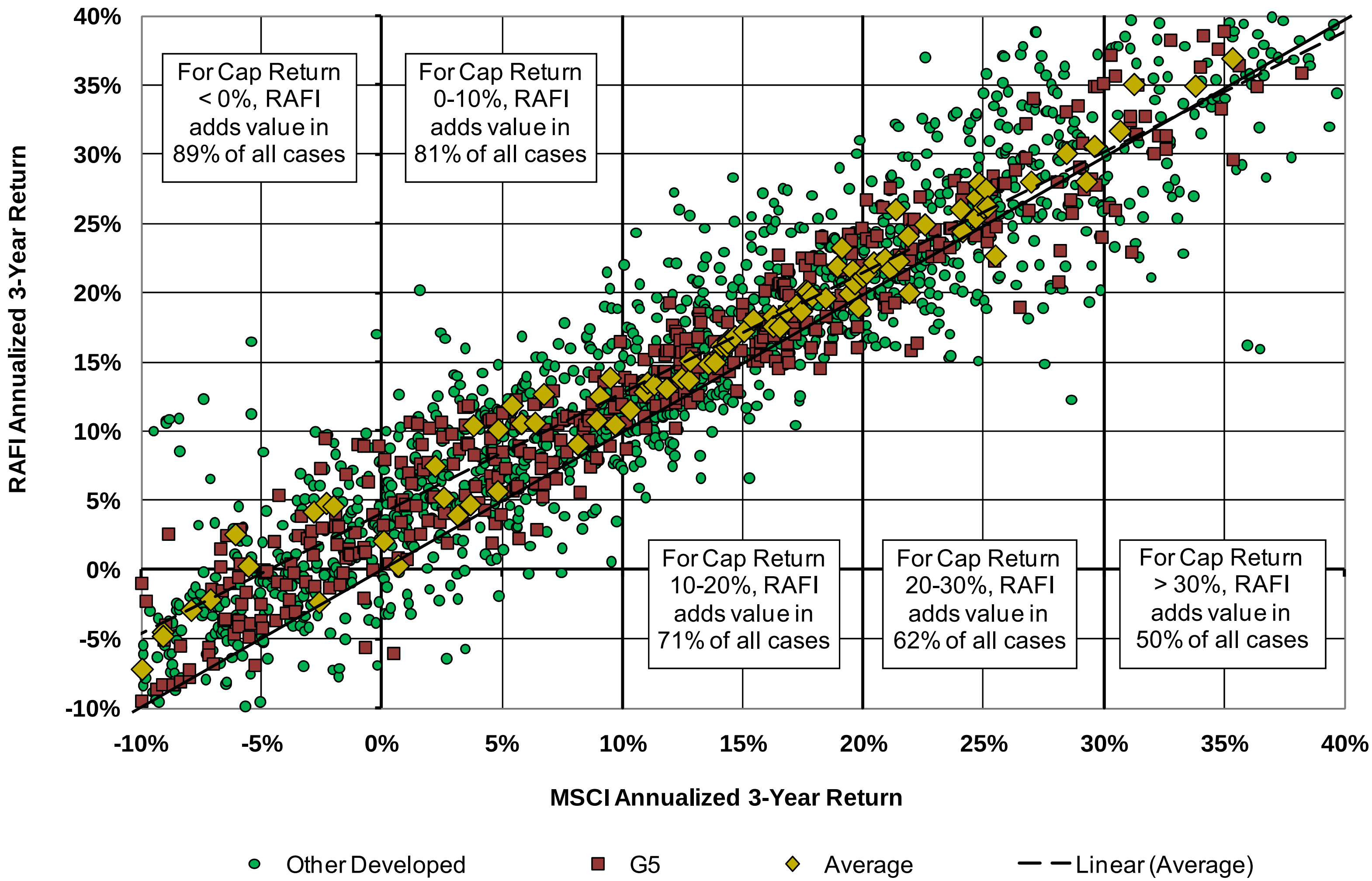
Simulated RAFI US Large (1962– 2010)

Total Value Added	*2.10%*	
Average Tilts	*0.58%*	
Dynamic Tilts	*1.52%*	
Sector Allocation	0.46%	
Average Sector Exposure		-0.05%
Dynamic Sector Exposure		0.50%
Style: Growth vs. Value	1.13%	
Average Value Exposure		0.43%
Dynamic Value Exposure		0.70%
Style: Small vs. Large	0.44%	
Average Size Exposure		0.19%
Dynamic Size Exposure		0.24%
Stock Selection	0.07%	

Source: Research Affiliates, LLC. Based on research conducted by Research Affiliates, LLC for the periods indicated in the tables above. The analysis displays value added attribution of simulated RAFI AW 3000 against a simulated Cap-Weight All World 3000 Index and simulated RAFI US Large vs S&P 500 Index. Returns are in USD. Source data provided by CRSP, Compustat, Datastream and Worldscope. Hypothetical or simulated performance results have certain inherent limitations and do not represent actual trading. Past simulated performance is no guarantee of future results.

The Dynamic Attribution Analysis displayed above is described in “Performance Attribution: Measuring Dynamic Allocation Skill” by Jason C. Hsu, Vitali Kalesnik, and Brett W. Myers, *Financial Analysts Journal*, November/December 2010, vol. 66, no. 6, pp. 17–26.

Simulated RAFI vs. MSCI, Rolling Three-Year Returns, 23 Countries, December 2010



Source: Research Affiliates, LLC. based on data from Worldscope, Datastream, CRSP and Compustat. Start dates for each country represented in the following graph is available on Slide 21. THE INDEX DATA PUBLISHED HEREIN IS SIMULATED, UNMANAGED AND CANNOT BE INVESTED IN DIRECTLY. PAST SIMULATED PERFORMANCE IS NO GUARANTEE OF FUTURE PERFORMANCE AND IS NOT INDICATIVE OF ANY SPECIFIC INVESTMENT. ACTUAL INVESTMENT RESULTS MAY DIFFER.

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About Research Affiliates

Research Affiliates, LLC

Mission

- Concentrate on **Research** and product development
- Partner with world-class **Affiliates** to bring product to market

Global leader in

- Global tactical asset allocation (GTAA)
- Innovative indexation

Profile

- Approximately $75 billion in assets managed using RA investment strategies as of March 31, 2011[1]
- Founded in 2002 by Rob Arnott
- Majority employee-owned

[1]As of 3/31/2011: Based on estimates. Includes assets managed or sub-advised by Research Affiliates or licensees using RAFI, eRAFI®, or GTAA strategies.

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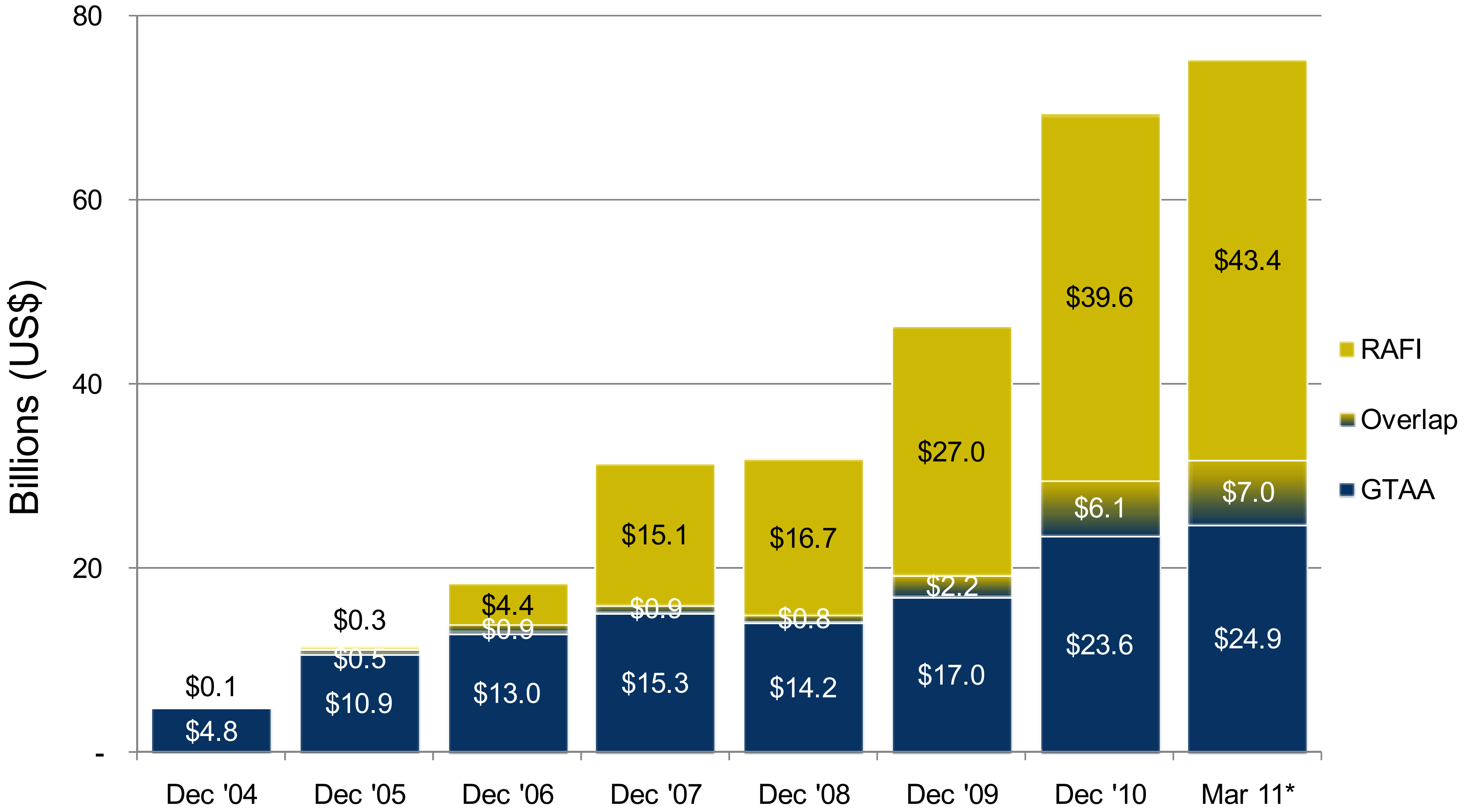
Managed Assets Growth Since Inception



*March 2011 data based on estimates.

Includes GTAA, RAFI and eRAFI assets managed or sub-advised by Research Affiliates and RAFI licensees.

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As of March 31, 2011

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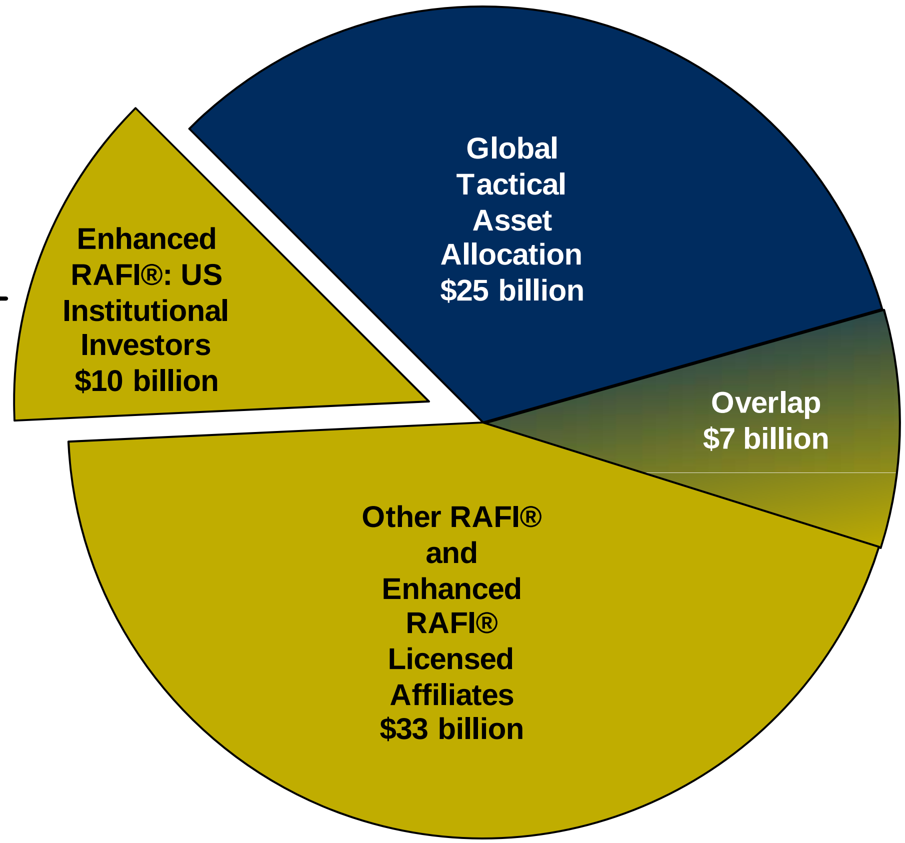
- New York City Employees' Retirement System
- New York City Police Pension Fund
- North Dakota State Investment Board
- Producer-Writers Guild of America
- San Joaquin County Employees Retirement Association
- Tacoma Employees' Retirement System
- Teamsters Health & Welfare and Pension Funds of Philadelphia
- University of Arizona Foundation



Affiliates

- PIMCO
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- PowerShares Capital Management
- Russell
- Colonial First State
- FTSE
- IPM
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TAB 5 – CORE REAL ESTATE REVIEW

Core Real Estate Manager Evaluation

Background

Following the 2009 annual real estate review in July 2010, Staff and Consultant agreed to conduct a further assessment of the real estate core portfolio and manager performance. It was recommended this follow-up be presented after the year-end 2010 property valuations were available to be included in the performance review for each manager.

Summary

The core portfolio is comprised of six separate managers as shown below. Four separate accounts, structured as joint ventures, are held with specialist managers for each of the primary real estate property types (office, industrial, retail and multifamily). The remaining includes an open-ended, comingled real estate fund and a separate account for investments in high-grade CMBS and securitized real estate debt product.

Manager	Year	Investment Mandate	# Properties	4Q10 NAV
GID	2005	Multifamily	13	$232M
Clarion	1994/2006	Office	7	$445M
Lincoln	2001	Industrial	46	$204M
Regency	2000/2004	Retail	29	$317M
Guggenheim	2008	Structured Debt	N/A	$329M
RREEF America II	2006	Open-End Diversified Core Fund	~160	$139M

Valuations Process

Each joint venture agreement dictates all properties to be externally appraised on a rolling two year basis, with the exception of the retail joint venture which mandates a three year external valuation process. All external appraisals for the core portfolio are contracted and managed by OPERF Staff. Managers are responsible for internally valuing the portfolio holdings during off-appraisal years. Generally speaking, most properties are marked to market at year-end with adjustments made throughout the year for capital activity as well as any significant changes affecting property cash flows. Additionally, all valuations are reviewed by Staff during the annual business plan presentations. Each portfolio is also subject to annual financial audits which review the manager's valuations for compliance with contract terms. The RREEF open-ended fund has been externally appraising each property on a quarterly basis in 2008 immediately following the global financial market crisis.

4Q2010 Valuations

With investors seeking yield, well-located, stabilized commercial real estate properties continue to be in high demand. Generally, 4Q2010, and late 3Q2010, were the first quarters in nearly two years in which commercial real estate began experiencing significant transaction activity. This "flight to quality" by investors and increased market transaction volume (i.e., sales) resulted in significant valuation increases in OPERF's core portfolio as appraisers had legitimate market comparables and better clarity to the underlying fundamentals of the real estate market and underwriting assumptions used by institutional investors in valuing future cash flows. This was particularly apparent in the multifamily sector as institutional buyers continued to lower yield expectations and bid up core, well-located apartment properties.

Manager Overviews

GID

The multifamily sector as a whole, as well as OPERF's multifamily core portfolio, saw a significant mark-to-market increase in 4Q10. As dictated by our partnership agreement, all properties within this joint venture were externally appraised as of December 31, 2010. With strong demographic trends providing demand and increased occupancy rates for the multifamily apartment rental market over the next few years, many institutional investors are seeking core multifamily product. As a result, stabilized apartment properties in good markets saw considerable appreciation in 2010, particularly during the second half of the year. OPERF's portfolio also benefited, as demonstrated in the 2010 portfolio returns. GID's management includes the full range of acquisition, development, on-site management and dispositions and has performed well in all aspects. Staff recommends no change to the current engagement.

Clarion

The office portfolio consists of two separate account joint ventures with a total of seven assets, six office properties and one regional shopping center. The National Office Portfolio (NOP) hold five of the assets previously contained within the OPERF direct portfolio prior to the core restructuring in the early 2000's. These properties were also managed by Clarion prior to the restructuring, hence the 1994 inception date for this portfolio. Columbia Office Properties (COP) is the joint venture for all new office acquisitions following the aforementioned core restructuring. As properties are sold from NOP, the capital is redeployed for acquisitions in COP.

The office portfolio also saw significant appreciation and favorable performance against the target benchmark in 2010. This was, in part, from conservative valuations and appraisals in the prior year, which may indicate the portfolio will outperform as the markets continue to recover. Given increased investor demand for core product, the manager is reviewing potential property sales within the portfolio. Initial opinions of value from local brokers based on recent sales activities indicate the properties, if sold, will most likely realize a premium over the present valuations.

Clarion has provided adequate service at both the property management and portfolio asset management level. On a levered but net of fees basis, the office portfolio trails the gross NCREIF office target benchmark. This may be, in part, due to two properties that have underperformed. Only hind sight can determine whether it is better to lease-up and operate or sell and cut your losses. Disposition of these two properties may well have improved the OPERF office portfolio performance. It is Staff's recommendation to continue monitoring Clarion's performance during the recovery phase of the current market cycle. At the same time, staff will work with Consultant on reviewing other management teams with national capabilities.

Lincoln

This joint venture industrial mandate commenced in 2001. The portfolio's 50% loan-to-value leverage created performance volatility over the past market cycle when compared against the NCREIF benchmark. Due to the financial crisis, this portfolio experienced very conservative valuations when all of the properties were externally appraised at the end of 2009. However, OPERF's industrial portfolio demonstrated a strong recovery in 2010, outperforming the industrial benchmark index by 680 bps over the previous one year. Staff expects the industrial portfolio to continue to perform well given its current high occupancy due to strong property locations and quality construction. The Lincoln portfolio also includes one non-mandate property consisting of an office building in Orange County, CA. This particular office submarket, as well as OPERF's property, experienced significant loss of occupancy and value due to high reliance on housing related tenants. Lincoln did acquire one other non-mandate property and achieved a 25% net IRR upon sale. Staff recommends no change to the current engagement.

Regency

This portfolio consists of two joint venture agreements with a public REIT manager as our joint venture partner. As properties are sold out from Regency Partners I, the capital will be reallocated for new acquisitions with Regency II. While the retail portfolio performance trails the target benchmark, much of the portfolio was acquired in a period of low cap rates and peak pricing. Working with Regency through a full market cycle will allow for a better assessment of property performance as the portfolio continues to stabilize. Our Regency retail portfolio also has a non-mandate property, Cameron Village, a 636,000 sq. ft. retail complex covering six blocks in Raleigh, North Carolina built in the 1950's. After our purchase in 2004, there were cost over runs during re-leasing. However, the center has run successfully since. Staff recommends no change to the current engagement.

Guggenheim

This separate account real estate debt mandate commenced in mid-2008 and invests in highly rated CMBS and real estate structured debt investments. The account's primary objective is to seek a stable risk-adjusted yield. Although only three years old, this mandate has exceeded its objectives (10.78% yield from inception vs. target 8.00% return). Now that all committed capital has been invested within this separate account, and the debt markets continue to provide investors with high yielding risk-adjusted returns, Staff and Consultant are currently conducting further due diligence to determine if additional allocation to this strategy is warranted.

RREEF

RREEF America II is a diversified core, open-end, co-mingled fund. The allocation to this fund was initially made as a method to provide diversification to the core portfolio, particularly industrial, during a time period when OPERF was still building up its core portfolio within the separate accounts. As an open-end fund structure, there exists a measure of liquidity to redeem shares as a potential rebalancing mechanism within the core accounts. OPERF partially redeemed approximately thirty percent of its commitment to this fund prior to the market declines in early 2008. As the core portfolio continues to grow, and the need for diversification through an open-end fund diminishes, Staff and Consultant will continue to monitor potential opportunities to redeem shares as a means of rebalancing within the core portfolio.

2011 CORE REAL ESTATE PORTFOLIO REVIEW

OREGON INVESTMENT COUNCIL

June 1, 2011

Oregon Public Employees' Retirement Fund

PCA Real Estate Advisors, Inc.

History of Core Real Estate Portfolio

- In the late 1970's – early 1980's the OPERF Portfolio only included public REITs managed by Alex-Brown.
- In the late 1980's OPERF began direct private Core Real Estate investments with Alex-Brown and Kleinwort Benson ("AB/KB").
- In the early 1990's AB/KB (both the REIT and Private Real Estate business) was acquired by LaSalle Investment Management ("LaSalle"). LaSalle was the sole Core Real Estate manager.
- By the late 1990's LaSalle's private Real Estate performance trailed the NCREIF Property Index ("NPI") over the 1-year, 3-year, 5-year and 10-year periods.
- In 2000 LaSalle was terminated and Jones Lang (which subsequently became ING Clarion) was hired to manage the Core Real Estate portfolio.

History of Core Real Estate Portfolio (cont.)

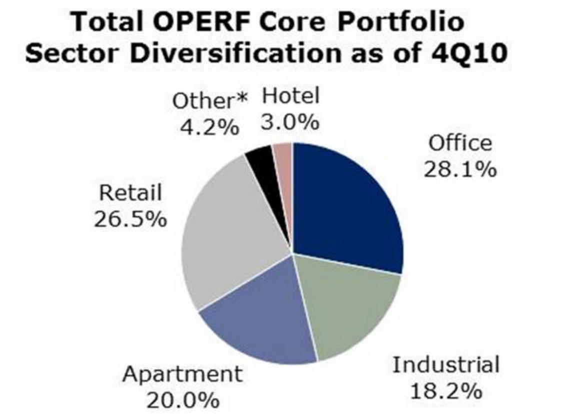
- In the early 2000's the OIC approved a decision to restructure the Core Real Estate portfolio.
  - Portfolio was subdivided into property types mirroring the NCREIF Index.
  - Specialist managers were hired to manage individual private property types.
    - GID – Apartments
    - Clarion – Office
    - Lincoln – Industrial
    - Regency – Neighborhood shopping centers
  - Overall objectives were adopted
    - Outperform NPI net of fees and generate a 8.5% nominal net return.
  - Each manager was given custom benchmarks
    - NCREIF sub-index and a 8.5% nominal net return (i.e. GID to outperform the NCREIF Apartment sub index, net of fees).

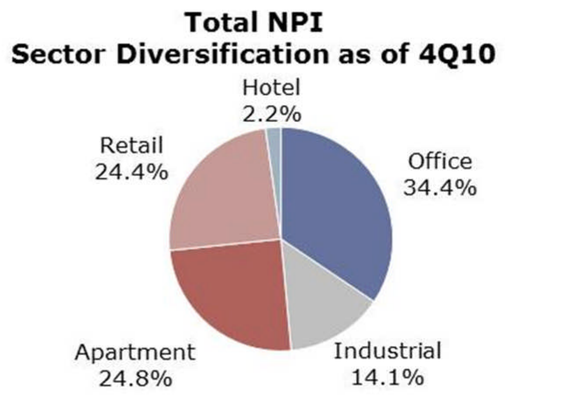
History of Core Real Estate Portfolio (cont.)

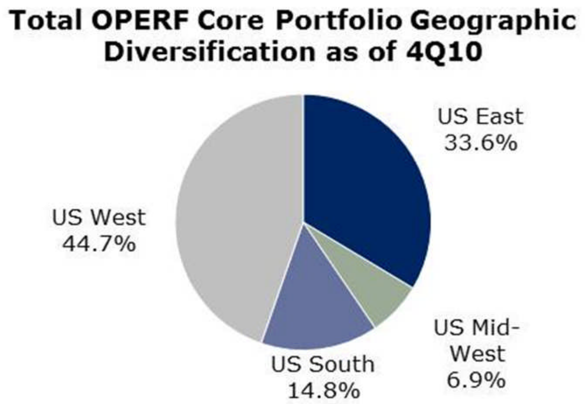
- Managers today (other than ING Clarion) assumed management at near the peak of the market.
    - Managers have not benefited from full market cycle – going from peak to trough and now back on an upward trajectory.
- Clarion has had full market cycle performance as their since-inception date was 2000.
- After 2005, Cohen and Steers was hired to manage a mall REIT portfolio and Guggenheim and RREEF were added to complement the Core Portfolio.
- Guggenheim is a high rated CMBS product with a high yield orientation and RREEF is a diversified core fund.

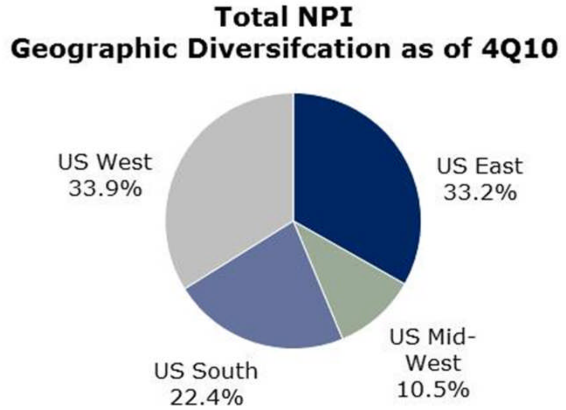
Overview of 4Q10 Core Real Estate Portfolio

- Total Core Real Estate portfolio is well diversified by both property type and geography.
- Portfolio generally mirrors the NCREIF Property Index Weights.









OPERF allocations have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the numbers for accuracy.

NCREIF Property Index ("NPI") as of 4Q10.

*OPERF 'Other' property sector includes Healthcare, Mixed Use and Land.

Core Real Estate 4Q10 Portfolio Returns

- As of 4Q10, the Core Real Estate Portfolio met its objective to outperform NCREIF net of fees over the ten year period.
- As of 4Q10, the Core Real Estate Portfolio did not meet its objective to generate a 8.5% nominal net return

	4Q10	1 Year	3 Year	5 Year	10 Year	Since Inception	
Actual Net Returns As of December 31, 2010	**TWR**	**TWR**	**TWR**	**TWR**	**TWR**	**TWR**	**IRR***
Total Direct Core Portfolio	16.0	26.3	(6.6)	2.3	7.7	7.7	9.1
Total NPI	4.6	13.1	(4.2)	3.5	7.4	8.9	N/A
Relative Over/ (Under) Performance	***11.3***	***13.2***	***(2.5)***	***(1.3)***	***0.3***	***(1.2)***	***N/A***

*NPI does not calculate IRRs.

All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10. *NPI does not calculate IRRs.

Core Unfunded Commitments

- As of 4Q10, the Core Real Estate Portfolio had USD 365m in unfunded commitments.

	Unfunded Commitment
Clarion Management Total	76,200,000
Clarion (National Office Portfolio)	0
Clarion Columbia Office Property (COP)	76,200,000
Clarion Holding	0
Guggenheim Separate Account	2,799,703
Lincoln Management Total	133,408,081
Lincoln (Industrial)	107,284,282
Lincoln Non Mandate	26,123,799
Regency Management Total	9,415,131
Regency Cameron Village	0
Regency Partners I Core	0
Regency Partners II	9,415,131
RREEF America II	0
Windsor Columbia Realty Fund (GID)	143,510,782
Total Core	**365,333,697**

All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

GID Investment Advisors

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
Windsor Columbia Realty Fund	4/1/2005	13	18%	250,000,000	143,510,782	232,268,974	14%

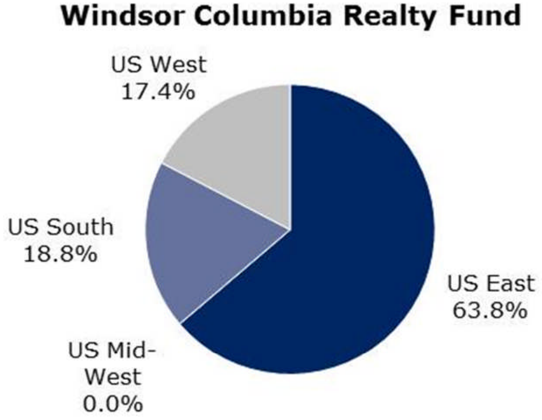
	Quarterly	1 Year	3 Year	5 Year	10 Year	Since Inception	
	TWR	TWR	TWR	TWR	TWR	TWR	IRR
Actual 4Q10 Returns							
Windsor Columbia Realty Fund	77.4	123.9	(8.2)	9.5	N/A	10.4	14.0
NPI - Apartment	6.3	18.2	(3.3)	2.9	7.4	8.5	N/A
Relative Performance compared to 4Q10 NPI-Apartment							
Windsor Columbia Realty Fund	*71.1*	*105.7*	*(4.9)*	*6.6*	*N/A*	*2.0*	*N/A*

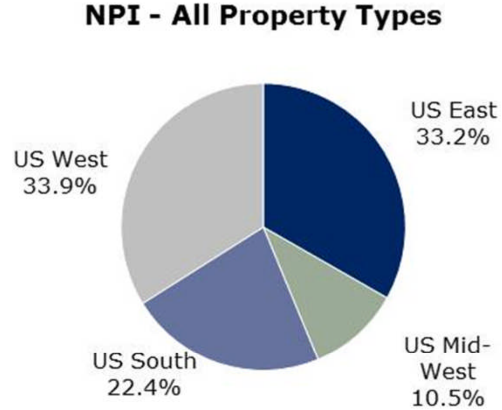
- As of 4Q10, Windsor Columbia Realty Fund outperformed the NPI-Apartment over all time periods except the trailing three-year period.
- Windsor Columbia Realty Fund values assets annually as of December 31 and therefore had large valuation changes at year end.
- Recent market cap rate adjustments in the apartment sector caused a significant increase in 4Q10 valuations.
- Relative to the custom benchmark has performed well.

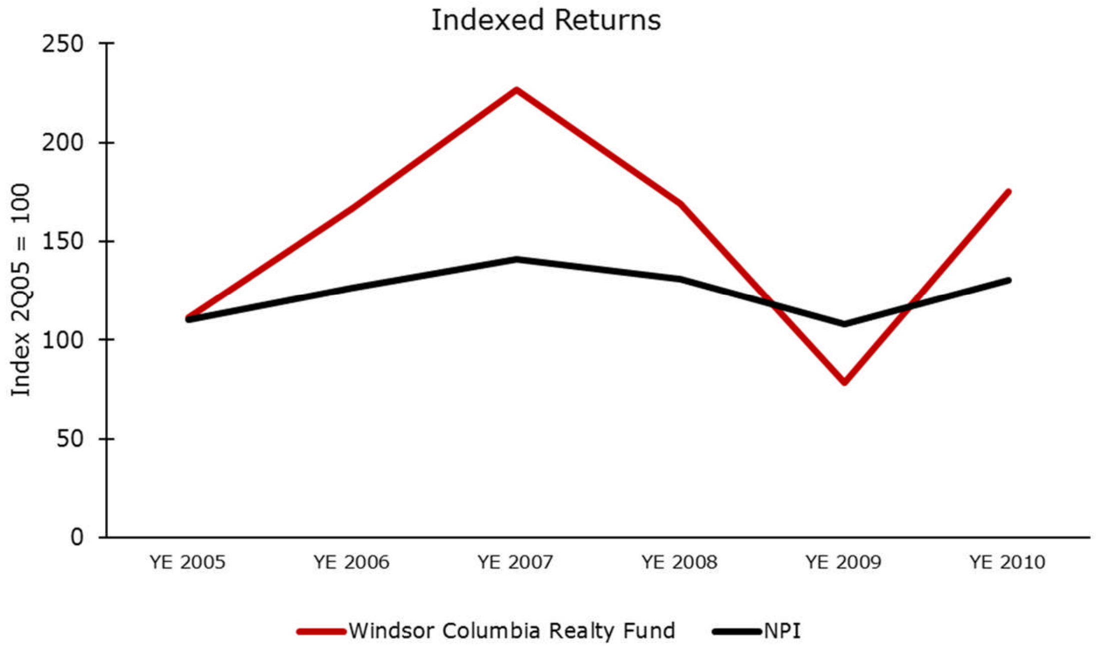
All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10. *NPI does not calculate IRRs.

GID Investment Advisors (cont.)







NCREIF Property Index ("NPI") as of 4Q10.

GID Investment Advisors (cont.)

- Windsor Columbia Realty Fund has USD 144m in unfunded commitments.
- GID contract issues:
  - Current market cap rates of 4.5% to 5.0%; too low for them to invest
  - Current hurdle rates are too high for GID to invest given current market conditions.
  - Guidelines have been temporarily relaxed to permit new investments this year, as they are underweighted.

NCREIF Property Index ("NPI") as of 4Q10.

Guggenheim Advisors

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
Guggenheim Separate Account	5/21/2008	25	0%	300,000,000	2,799,703	328,575,899	20%

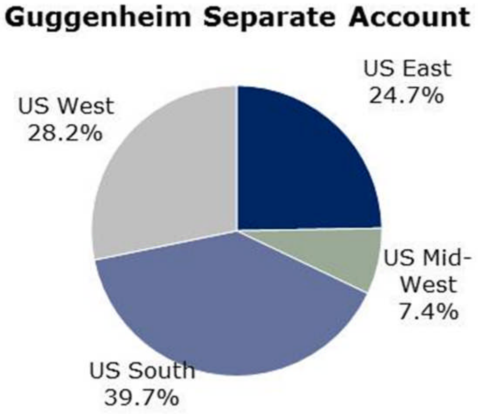
	Quarterly	1 Year	3 Year	5 Year	10 Year	Since Inception	
	TWR	TWR	TWR	TWR	TWR	TWR	IRR
Actual 4Q10 Returns							
Guggenheim Separate Account	2.5	13.8	N/A	N/A	N/A	9.7	10.8
NPI - Total	4.6	13.1	(4.2)	3.5	7.4	8.9	N/A
Relative Performance compared to 4Q10 NPI-Total							
Guggenheim Separate Account	*(2.1)*	*0.7*	*N/A*	*N/A*	*N/A*	*0.8*	*N/A*

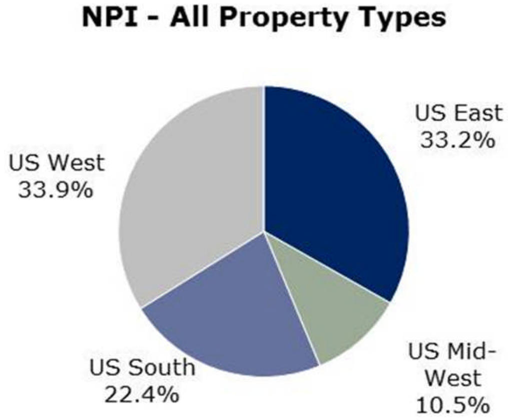
- As of 4Q10, Guggenheim Separate Account trailed the NPI-Total over the most recent quarter but outperformed over the trailing one-year period.
- This was a tactical commitment intended to generate substantial, core-like returns via current yield on rated CMBS securities.
- The portfolio is meeting expectations albeit over a short time period of less than three years.
- Currently reviewing the potential impact of an increase in interest rates on the portfolio and whether to allocate incremental capital.

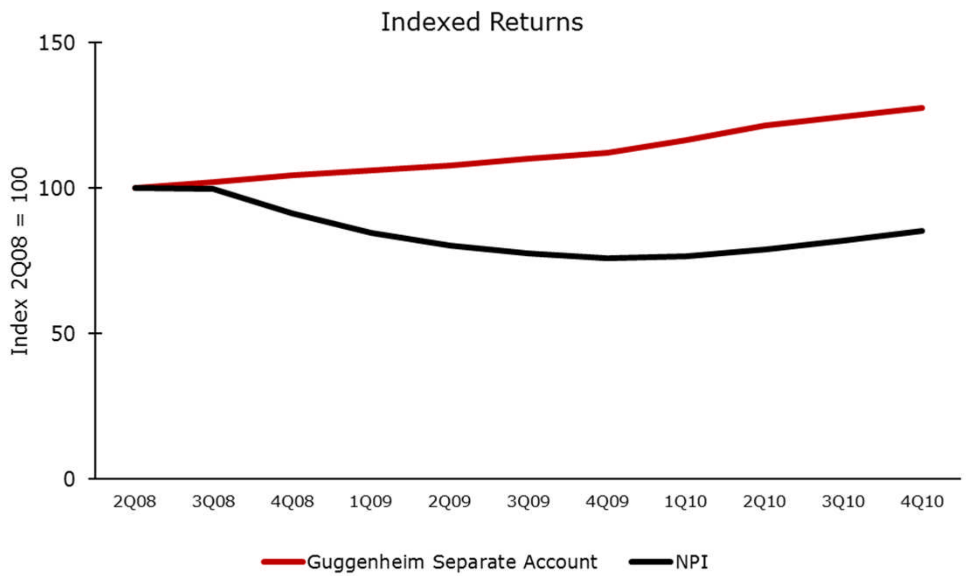
All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10. *NPI does not calculate IRRs.

Guggenheim Advisors (cont.)







NCREIF Property Index ("NPI") as of 4Q10.

Clarion Partners

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
Clarion (National Office Portfolio)	6/30/1994	5	18%	460,000,000	0	350,201,714	21%
Clarion Columbia Office Property (COP)	1/28/2006	2	50%	460,000,000	76,200,000	94,916,482	6%
Clarion Holding	9/30/2000	0	0%	-	0	108,835	0%

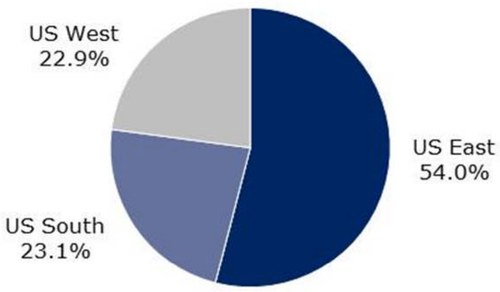
	Quarterly	1 Year	3 Year	5 Year	10 Year	Since Inception	
	TWR	TWR	TWR	TWR	TWR	TWR	IRR*
Historical YE 2007 Returns							
Clarion (National Office Portfolio)	11.6	16.6	20.7	17.8	N/A	9.0	11.2
Clarion Columbia Office Property (COP)	3.6	8.9	N/A	N/A	N/A	8.3	8.1
Clarion Holding	9.9	35.1	22.2	16.2	N/A	12.1	7.3
NPI - Office	3.8	20.5	19.7	15.2	N/A	12.4	N/A
Actual 4Q10 Returns							
Clarion (National Office Portfolio)	19.6	24.4	(11.2)	(2.2)	5.0	5.0	9.0
Clarion Columbia Office Property (COP)	57.6	58.4	1.8	4.4	N/A	4.4	3.7
Clarion Holding	26.3	27.2	(4.3)	3.6	7.2	7.0	7.0
Clarion Combined Portfolio	**26.1**	**30.3**	**(8.9)**	**(0.8)**	**5.9**	**5.5**	**N/A**
NPI - Office	3.9	11.7	(5.7)	3.8	6.4	8.2	N/A
Relative Performance compared to 4Q10 NPI-Office							
Clarion (National Office Portfolio)	*15.7*	*12.6*	*(5.5)*	*(5.9)*	*(1.4)*	*(3.1)*	*N/A*
Clarion Columbia Office Property (COP)	*53.7*	*46.7*	*7.6*	*N/A*	*N/A*	*(3.8)*	*N/A*
Clarion Holding	*22.4*	*15.5*	*1.4*	*(0.2)*	*0.8*	*(1.1)*	*N/A*
Clarion Combined Portfolio	***22.2***	***18.6***	***(3.2)***	***(4.6)***	***(0.5)***	***(2.6)***	***N/A***

- As of 4Q10, Clarion Combined Portfolio trailed the NPI-Office over the three, five and ten year periods.
- At the peak of the market in 2007, Clarion generally outperformed the benchmark.
- Given Clarion's long term performance, we recommend a review of the firm and the portfolio manager and to contrast them with other potential firms and portfolio managers.
- This review should occur in the next quarter; this is compounded by a recent sale of the firm.
- CBRE acquired the Euro and REIT businesses. Clarion retained the US Core business. It was a JV with Lightyear Capital.

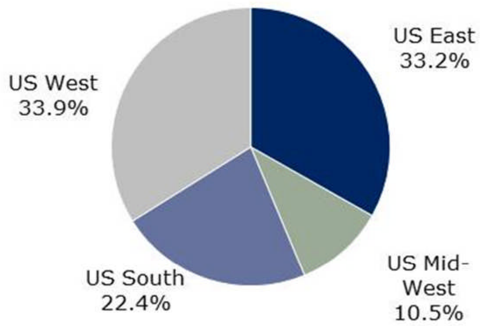
All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group. PCA RE has not verified the returns for accuracy.

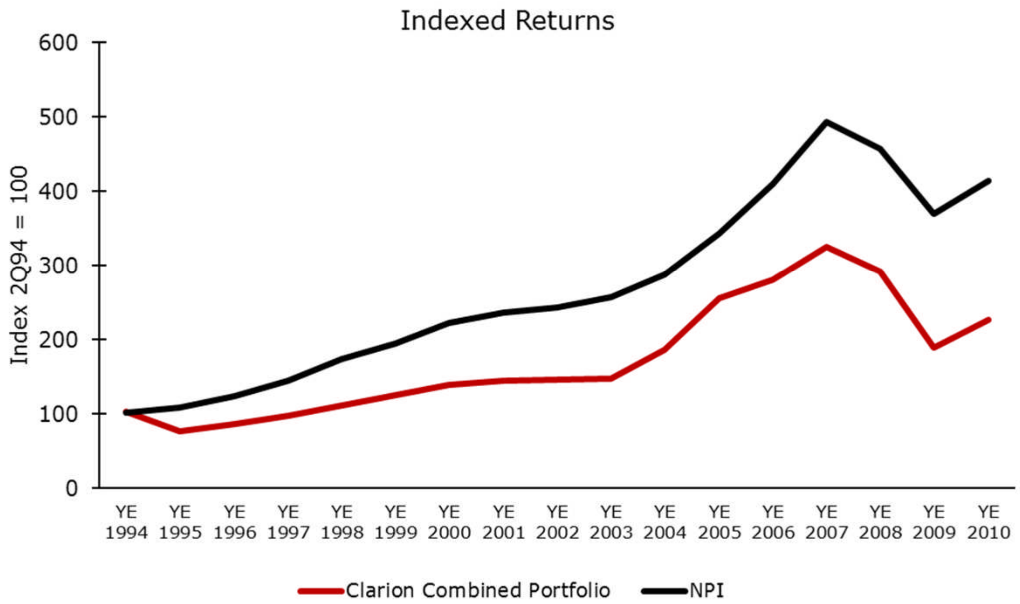
Clarion Partners (cont.)

Clarion Combined Portfolio



NPI - All Property Types





All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10.

Clarion Partners (cont.)

- Clarion has USD 76m in unfunded commitments.
- Clarion's plan is to call for USD 76m in uncalled capital sometime in 2011, most likely in the fourth quarter (subject to identifying a suitable investment opportunity).
    - Clarion estimates that USD 39m will be invested at year-end 2011.
    - Clarion has two potential sale candidates in the portfolio – The Lenox Building in Atlanta and Plaza Tower One in Denver. The timing of these dispositions could affect when Clarion calls for the unfunded capital commitment because Clarion may decide to combine the unfunded capital with the sales proceeds to expand the universe of potential investment opportunities. This might result in deferring the capital call until sometime during the first half of 2012.
- The Third Amendment to the Limited Liability Company Agreement for COP provides for an additional USD 50m of capital for one transaction or a related series of transactions outside of the ING Clarion office-mandate program.
    - Clarion plans to call for this capital this year, most likely in the fourth quarter.
    - We recommend that these decisions be reviewed in light of a review of the "non-core" mandate.
    - Note that ING Clarion recently announced a sale of the firm. The US real estate operations are being spun off as an independent firm to be called Clarion Partners (sponsored by Lightyear Capital) and this spin-off would manage the OPERF portfolio. The remainder of the firm was sold to CBRE.

All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10.

Lincoln Advisory Group

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
Lincoln (Industrial)	6/30/2001	45	55%	380,797,625	107,284,282	193,843,449	12%
Lincoln Non Mandate	3/31/2003	1	58%	50,000,000	26,123,799	9,015,986	1%

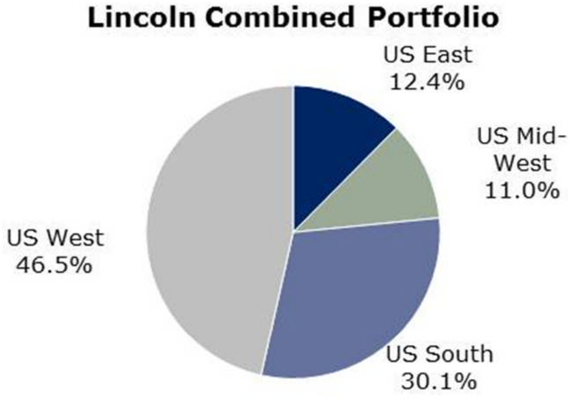
	Quarterly	1 Year	3 Year	5 Year	10 Year	Since Inception	
	TWR	TWR	TWR	TWR	TWR	TWR	IRR
Actual 4Q10 Returns							
Lincoln (Industrial)	4.8	16.4	(12.9)	(2.3)	N/A	9.6	7.3
Lincoln Non Mandate	(2.5)	0.4	(26.5)	(12.1)	N/A	(9.8)	1.9
Lincoln Combined Portfolio	***4.5***	***15.6***	***(13.7)***	***(2.8)***	***N/A***	***8.3***	***N/A***
NPI - Industrial	3.4	9.4	(5.4)	2.6	6.8	9.1	N/A
Relative Performance compared to 4Q10 NPI-Industrial							
Lincoln (Industrial)	*1.4*	*7.0*	*(7.5)*	*(4.9)*	*N/A*	*0.6*	*N/A*
Lincoln Non Mandate	*(5.9)*	*(8.9)*	*(21.1)*	*(14.8)*	*N/A*	*(18.9)*	*N/A*
Lincoln Combined Portfolio	***1.1***	***6.2***	***(8.3)***	***(5.4)***	***N/A***	***(0.8)***	***N/A***

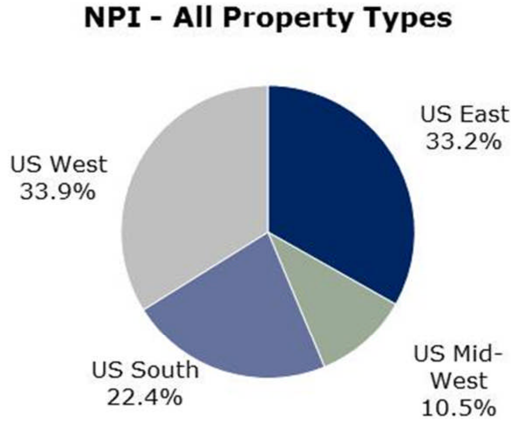
- As of 4Q10, Lincoln Combined Portfolio outperformed the NPI-Industrial over the quarter and trailing one-year period.
- Lincoln trailed the NPI-Industrial over the three-year and five-year periods but has outperformed the industrial-only NPI since inception.

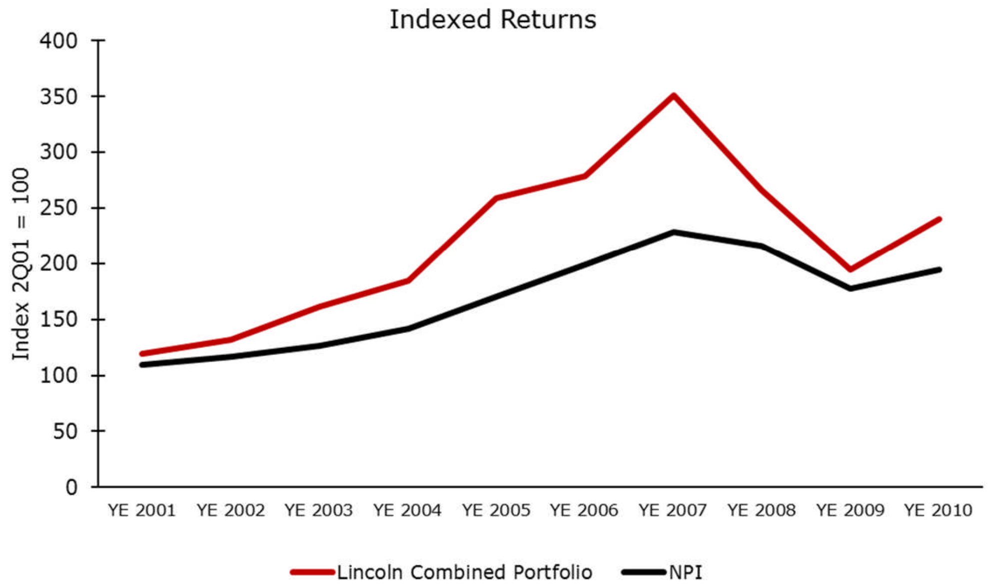
All time weighted returns ("TWR") and internal rates of return ("IRR") have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10. *NPI does not calculate IRRs.

Lincoln Advisory Group (cont.)







NCREIF Property Index ("NPI") as of 4Q10.

Lincoln Advisory Group (cont.)

- Lincoln has USD 133m in unfunded commitments.
- Lincoln is currently bidding on an office building that would utilize almost USD 20m of equity under the Non Mandate program.
- Lincoln's goal for 2011 is to place USD 75m of equity in industrial.
- There is a chance Lincoln could use most or all of the remaining industrial allocation on a couple of portfolio deals under review.
- Lincoln sold Fermi in April and the net proceeds were USD 15m.

NCREIF Property Index ("NPI") as of 4Q10.

Regency Centers Advisors

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
Regency Partners I Core	12/28/2000	14	44%	200,000,000	0	173,631,787	10%
Regency Partners II	10/21/2004	15	53%	50,000,000	9,415,131	92,865,783	6%
Regency Cameron Village Non Mandate	10/1/2004	1	40%	50,000,000	0	50,332,010	3%

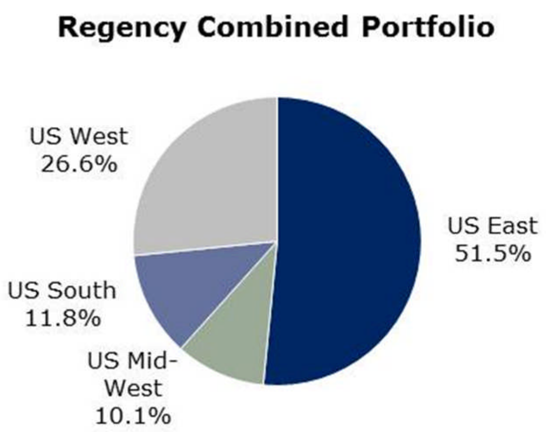
	Quarterly TWR	1 Year TWR	3 Year TWR	5 Year TWR	10 Year TWR	Since Inception TWR	Since Inception IRR
Actual 4Q10 Returns							
Regency Partners I Core	1.9	8.0	(7.7)	0.3	9.0	8.6	11.3
Regency Partners II	14.1	22.9	(8.0)	0.5	N/A	0.7	(4.1)
Regency Cameron Village Non Mandate	(1.0)	2.8	(0.7)	1.5	N/A	2.1	2.4
Regency Combined Portfolio	***4.6***	***10.9***	***(6.8)***	***0.5***	***8.4***	***8.0***	***N/A***
NPI - Retail	4.8	12.6	(1.3)	4.4	10.0	9.3	N/A
Relative Performance compared to 4Q10 NPI-Retail							
Regency Partners I Core	*(2.8)*	*(4.6)*	*(6.4)*	*(4.0)*	*(1.0)*	*(0.7)*	*N/A*
Regency Partners II	*9.3*	*10.3*	*(6.7)*	*N/A*	*N/A*	*(8.6)*	*N/A*
Regency Cameron Village Non Mandate	*(5.8)*	*(9.9)*	*0.6*	*(2.8)*	*N/A*	*(7.2)*	*N/A*
Regency Combined Portfolio	***(0.1)***	***(1.7)***	***(5.5)***	***(3.9)***	***(1.6)***	***(1.3)***	***N/A***

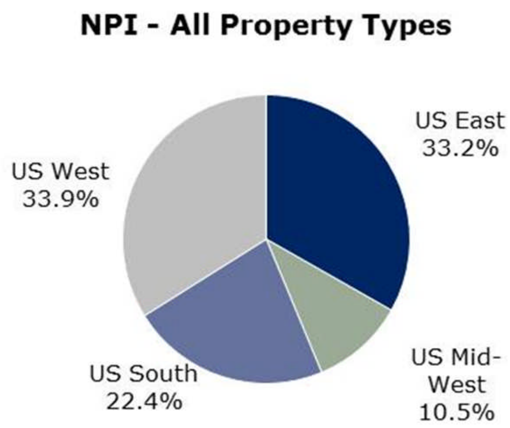
- As of 4Q10, Regency Combined Portfolio underperformed the NPI-Retail over all time periods.
- However, NPI-Retail sub index includes both regional malls and neighborhood community shopping centers. We cannot conclusively disaggregate the performance of both.
- In the public markets, regional mall portfolios have outperformed neighborhood community shopping centers.

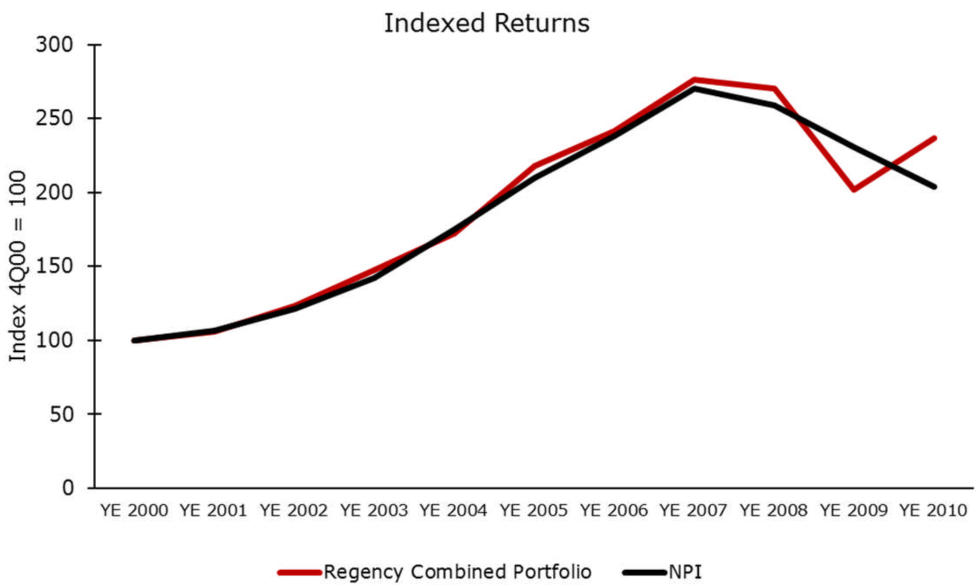
	1 Year	3 Year	5 Year
Cohen & Steers Mall Portfolio	35.0	(0.9)	0.5
Regency Centers (public company)	23.5	(21.6)	(4.1)

- We believe an 'apples-to-apples' comparison would demonstrate that Regency has performed in line with expectations

Regency Centers Advisors (cont.)







NCREIF Property Index ("NPI") as of 4Q10.

RREEF America II

	Inception Date	Remaining Investments	4Q10 Leverage	Original Commitment	4Q10 Unfunded Commitment	4Q10 NAV	4Q10 % of Core Portfolio
RREEF America II	6/9/2005	161	15%	200,000,000	0	138,735,502	8%

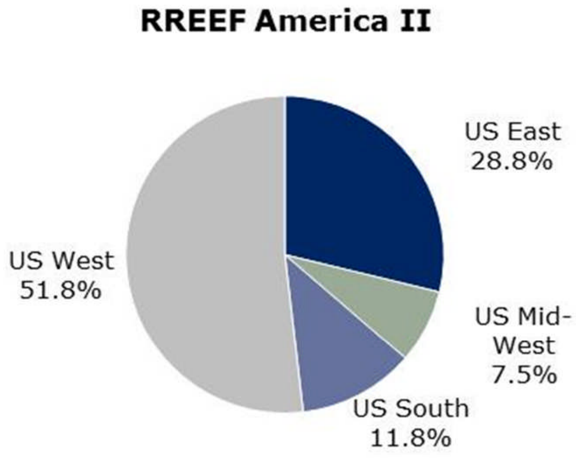
	Quarterly	1 Year	3 Year	5 Year	10 Year	Since Inception	
	TWR	TWR	TWR	TWR	TWR	TWR	IRR
Actual 4Q10 Returns							
RREEF America II	4.1	18.9	(10.3)	(1.1)	N/A	2.3	2.3
NPI - Total	4.6	13.1	(4.2)	3.5	7.4	8.9	N/A
Relative Performance compared to 4Q10 NPI-Total							
RREEF America II	*(0.5)*	*5.8*	*(6.2)*	*(4.6)*	*N/A*	*N/A*	*N/A*

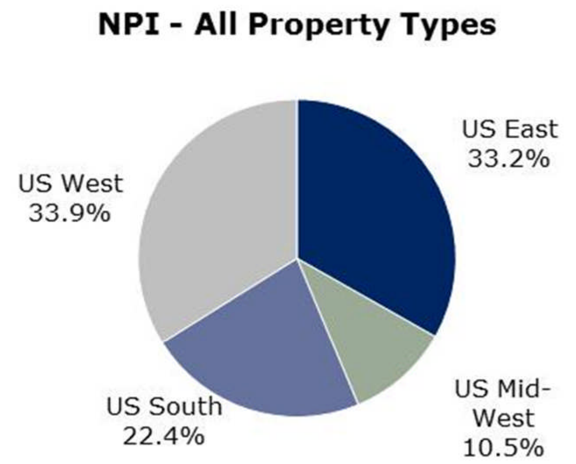
- As of 4Q10, RREEF America II outperformed the NPI-Total over the trailing one-year period but underperformed over the quarter and trailing three-year and five-year periods.
- The portfolio assets are appraised on a quarterly basis, thus mitigating volatility to an extent.
- Performance is disappointing and fees are higher than other core managers. Prudent liquidation appears appropriate.

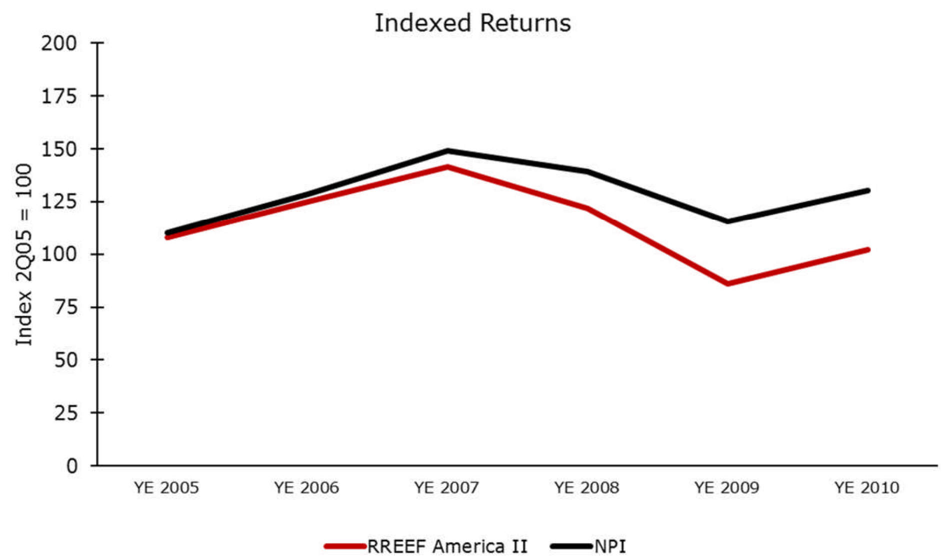
All time weighted returns (“TWR”) and internal rates of return (“IRR”) have been calculated by PrivateEdge Group, a division of State Street Bank. PCA RE has not verified the returns for accuracy.

NCREIF Property Index ("NPI") as of 4Q10. *NPI does not calculate IRRs.

RREEF America II (cont.)







NCREIF Property Index ("NPI") as of 4Q10.

Recommendations

- Evaluate non-mandate program. Confusing program and blurs composite performance relative to custom benchmarks. Data does not appear to support that it has added value over the long term. Recommendations to come at July meeting.
- Implement a prudent redemption of RREEF America REIT II position.
- GID hurdle rate has been modified in light of current market conditions and has been temporarily relaxed.
- Evaluate whether incremental allocations to Guggenheim program are appropriate.
- Evaluate ING Clarion portfolio and portfolio manager versus other alternatives.
- Composite Core recommendations to be made at Portfolio Review in July.

TAB 6 – OPERF POLICY IMPLEMENTATION

OVERLAY REVIEW

OPERF Policy Implementation Overlay Manager Update

Purpose

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

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 Investments 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 with the OIC's targets. The OIC receives a monthly update on the overlay exposures in the asset allocation portion of the monthly agenda materials (Tab 9 on today's agenda).

As of April month end, OPERF had $1.7 billion in fixed income contracts and $733 million in global equity contracts, for a total notional exposure of $2.4 billion.

Last May, Russell Investments 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 results over the past 12 months.

Staff Recommendation

None. Information only.

Russell Overlay Update

State of Oregon

Greg Nordquist, CFA – Director, Overlay Strategies – Americas

June 1, 2011

Important information

Nothing contained in this material is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

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Indexes and/or benchmarks are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

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

This material is a product of Russell Implementation Services Inc., a registered investment advisor and broker-dealer, member FINRA, SIPC.

Updated June 2011

RIS RC: 1241

Agenda

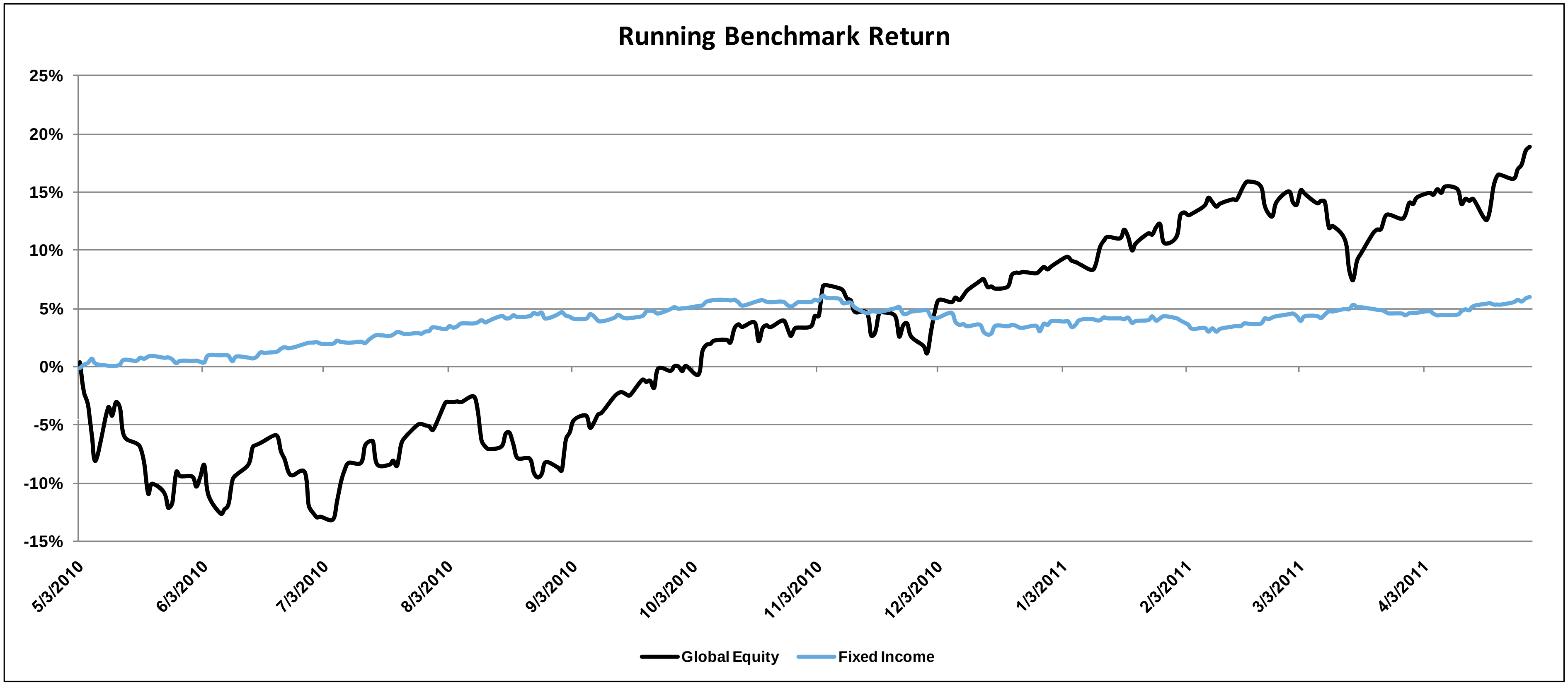
- Current assignment
  - What and why
- Year-in-review/ Overlay performance
  - April 2010 to April 2011

Oregon overlay highlights

What	Why	Results (5/1/10 to 4/30/11)
▪ **Overlay frictional cash with underweight asset class**	▪ **Capture risk premium of policy over cash** ▪ **Reduce tracking error from unintended exposures**	**Return** ▪ **+ $16 mm or 4 bps**
▪ **Long/short for deviations outside predetermined ranges (+/-2%)** ▪ **Extreme market moves or tactical shifts**	▪ **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 ~55%**
▪ **Raise cash opportunistically** ▪ **Piggyback on other cash flows** ▪ **Conditional crosses**	▪ **Reduce transaction costs** ▪ **Reduced administrative burden**	**Transaction Costs** ▪ **Savings by equitizing and rebalancing with futures versus physicals: $15 million**

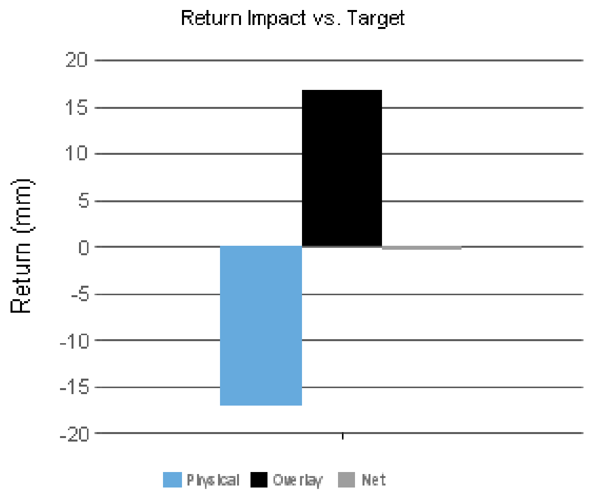
These costs assume one-way trading cost plus one quarterly roll. Indexes are unmanaged and cannot be invested in directly. For illustrative purposes only.

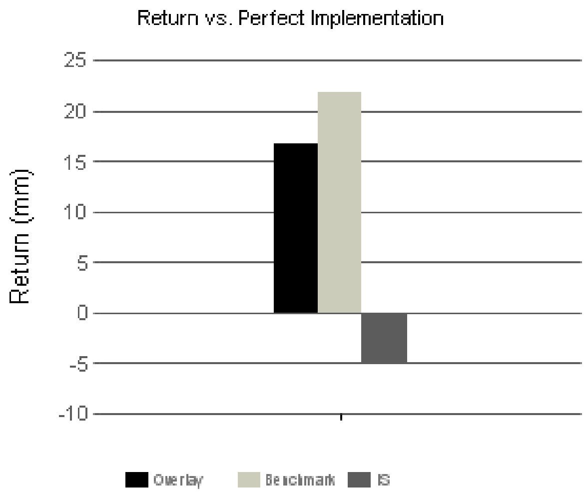
Benchmark Returns

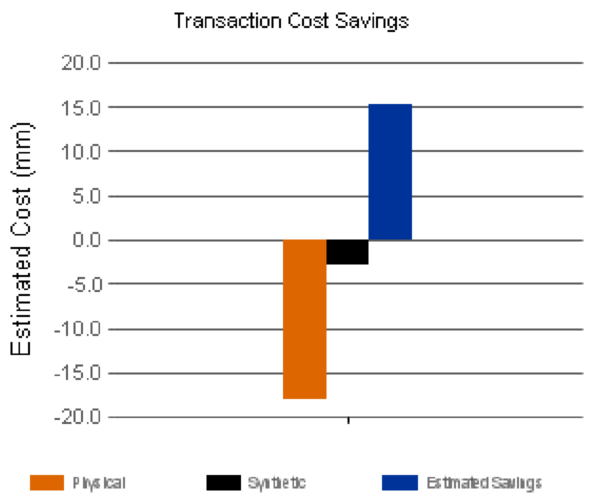


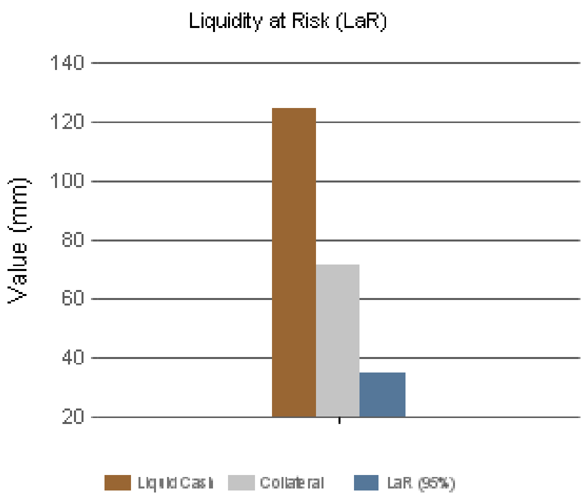
For illustrative purpose only.

Overlay Highlights

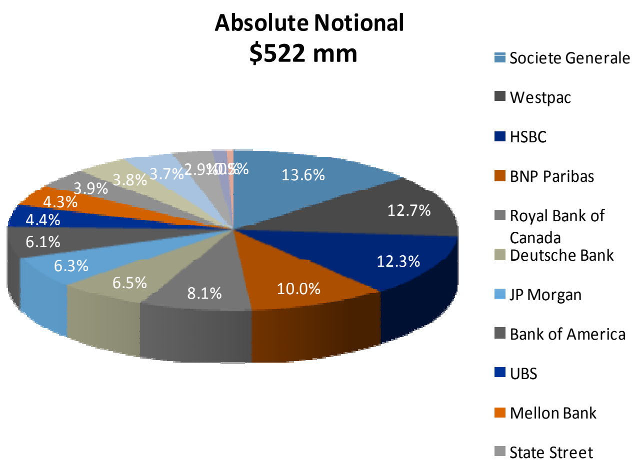






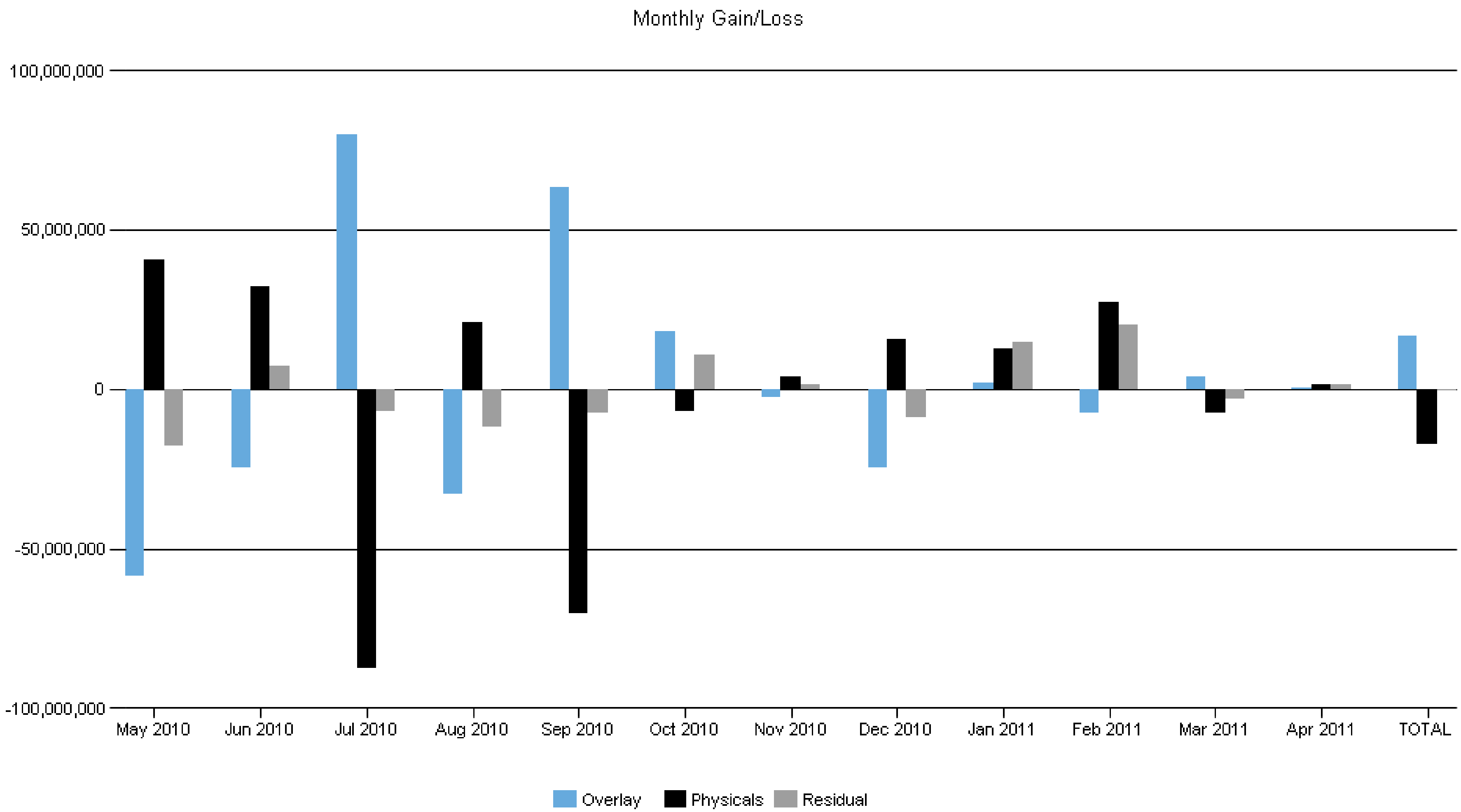


*Assumes 3 day returns



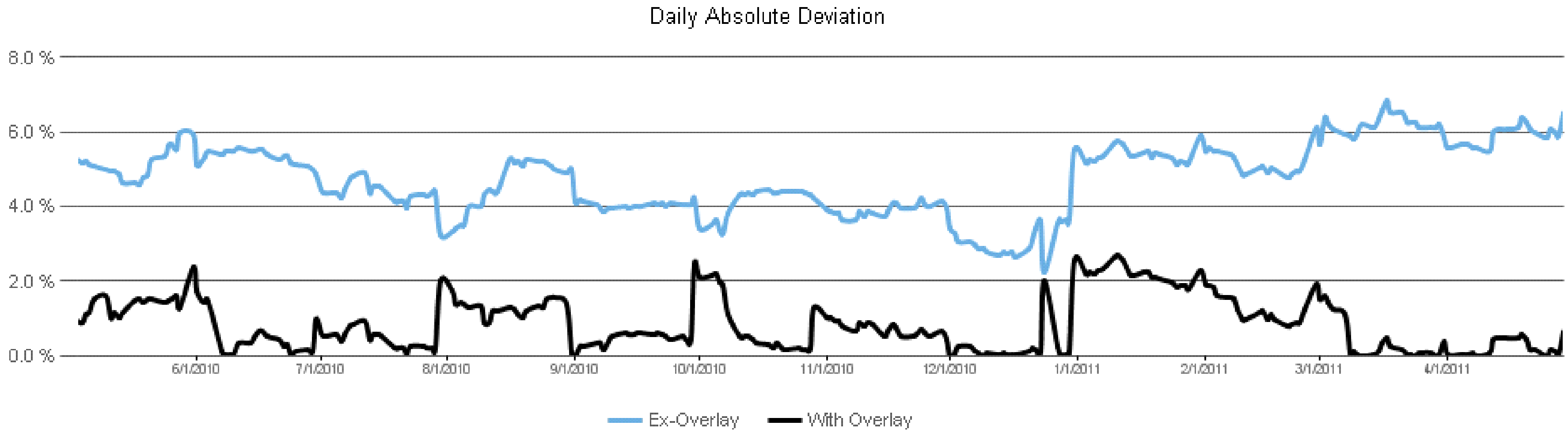
For illustrative purpose only.

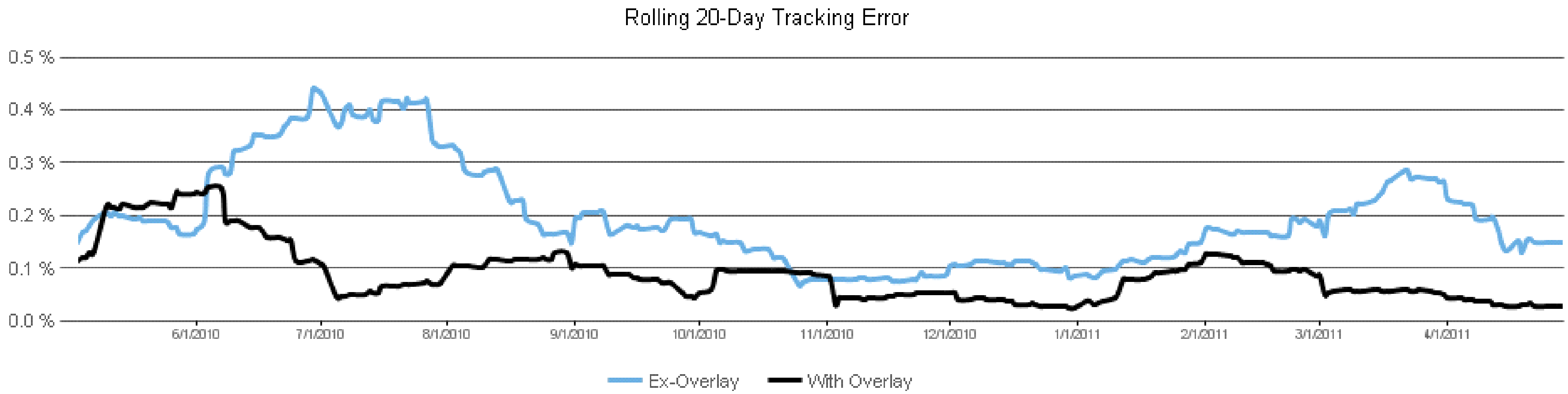
Return Impact vs. Physical Portfolio



For illustrative purpose only.

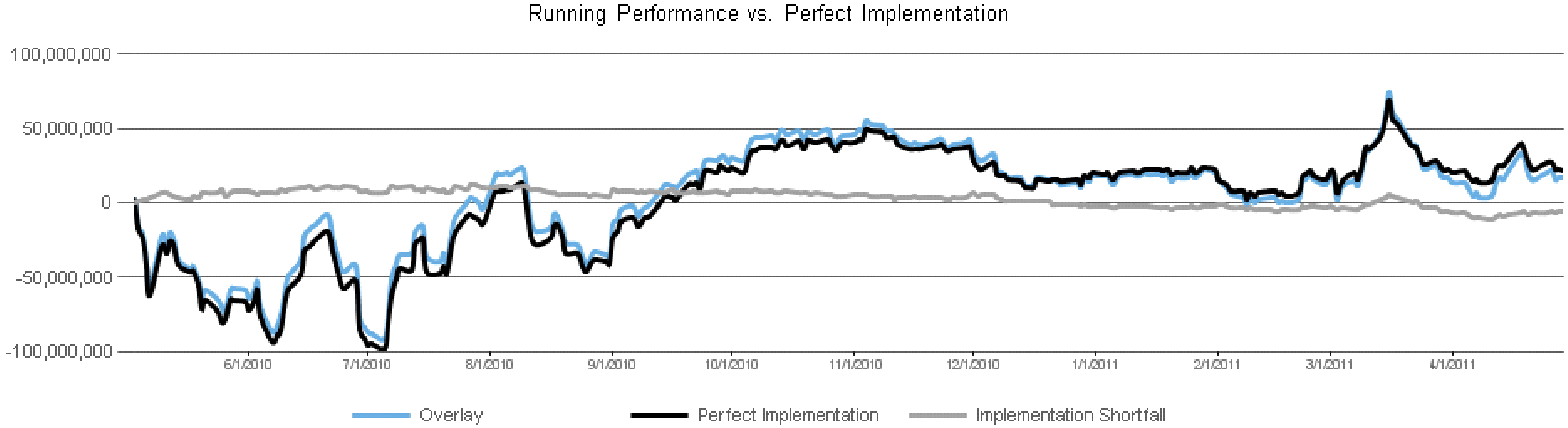
Total Fund Risk Management

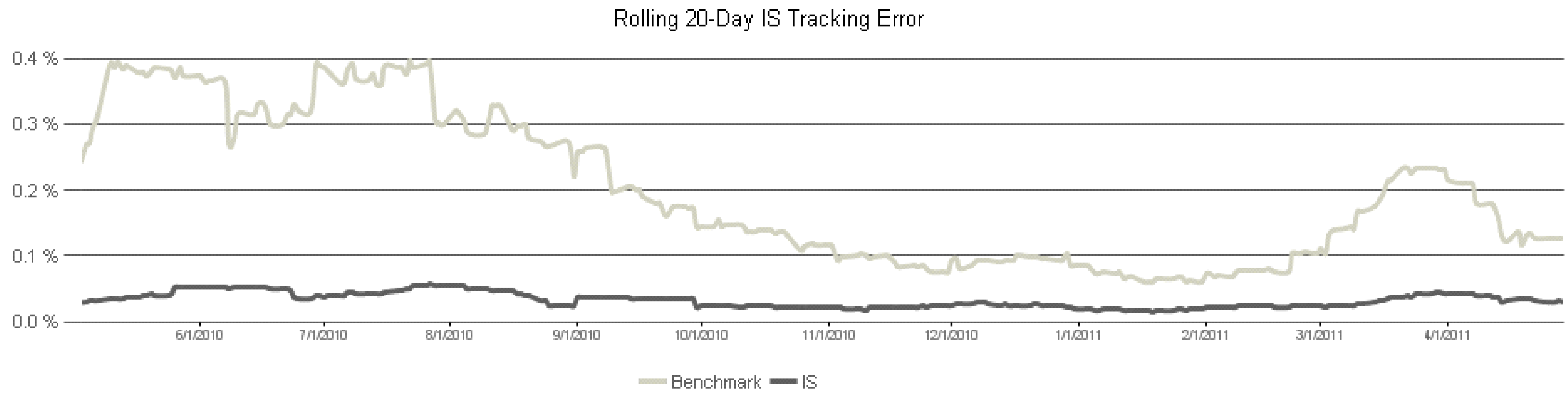




For illustrative purpose only.

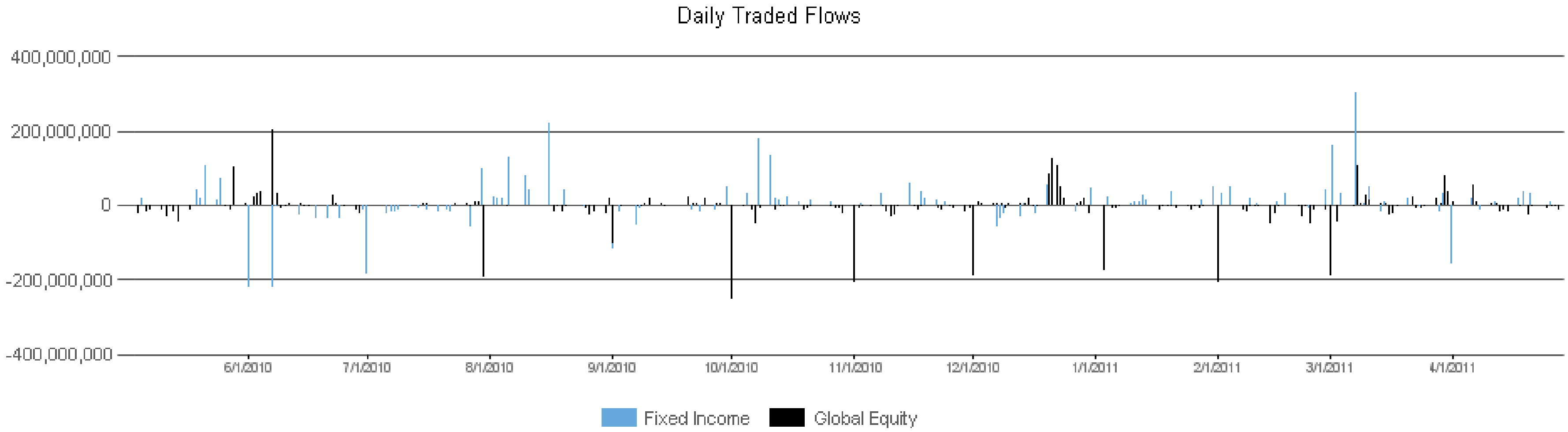
Total Fund Risk Management

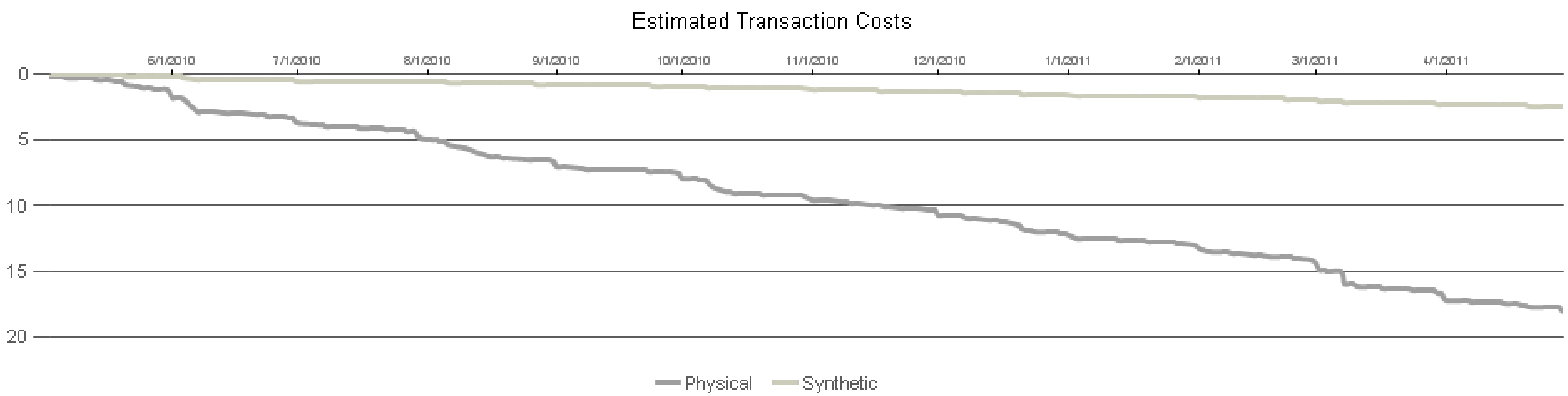




For illustrative purpose only.

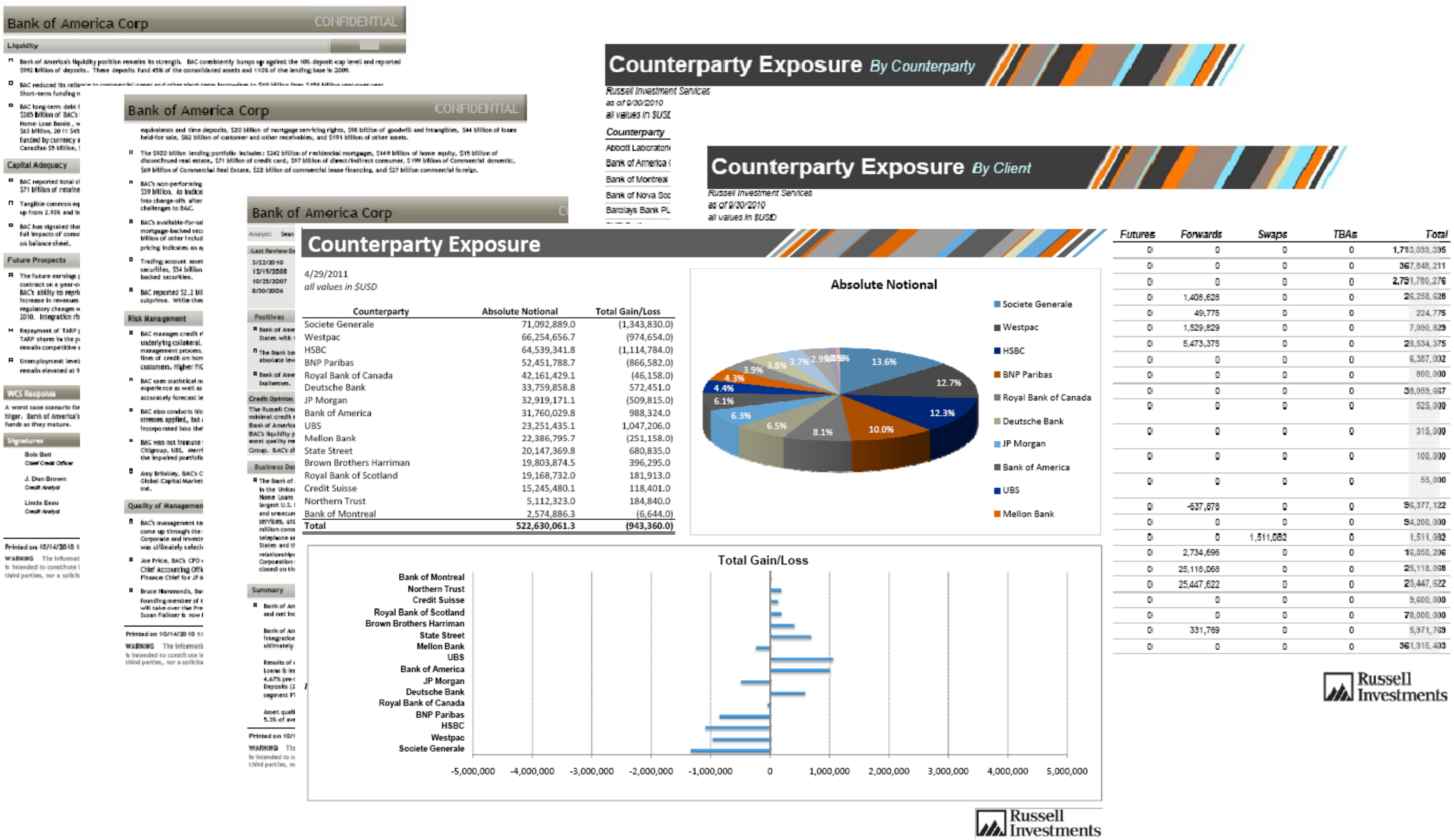
Total Fund Risk Management





For illustrative purpose only.

Minimizing counterparty risk / exposure



For illustrative purposes only.

Russell Investments

www.russell.com

TAB 7 – SAIF ANNUAL REVIEW

Oregon Investment Council
2011 SAIF Annual Review

Purpose

In accordance with OIC Policy 4.09.06 for SAIF: "Review of the asset allocation policy, investment management and performance will occur at least annually with the OIC and more frequently by Treasury staff. These reviews will focus on the continued appropriateness of policy, compliance with guidelines and performance relative to objectives. A formal process shall be established allowing SAIF staff to meet with OIC's consultants on an annual basis to discuss issues of management and asset allocation. In addition, SAIF staff will have the opportunity to address the OIC annually to discuss SAIF's particular views as to the management of the fund."

Background

At the January 2010 OIC meeting, the OIC approved policy changes to the asset allocation of the SAIF portfolio, reducing the total public equity exposure from 15 percent to 10 percent (and making it a global mandate), and reducing the fixed income portfolio duration from 7 years to 5 years.

Performance through April 2011

	MKT VAL $(M)	%	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS
SAIF PLAN	**4,236,835**	**100%**	**8.99**	**7.40**	**6.84**	**6.19**	**5.90**
SAIF Policy Benchmark			*8.67*	*6.74*	*6.66*	*5.88*	*5.59*
BLACKROCK MSCI ACWI IMI INDEX FUND	488,036	12%	19.54				
MSCI ACWI IMI NET			*19.27*				
WELLINGTON MANAGEMENT	1,855,125	44%	7.63	8.32	7.33	6.05	6.32
WESTERN ASSET MANAGEMENT	1,852,747	44%	7.92	7.55	7.44	6.38	6.97
SAIF Fixed Income Index			*7.34*	*7.36*	*7.16*	*5.82*	*6.07*
CASH FUND	33,067	0%	0.91	1.22	2.77	2.79	2.59
91 Day T-Bill			*0.17*	*0.49*	*2.16*	*2.32*	*2.19*
PLEDGED SECURITIES	7,703	0%	1.15	2.42			

The overall portfolio has performed well, with the fixed income portfolio providing significant alpha over the past two years. From a low of $3.18 billion in October 2008, the SAIF portfolio is up over 33 percent to $4.24 billion as of April 2011.

Recommendation

None at this time. SAIF management will provide an update on their business, under separate cover.

saif corporation

PRESENTATION TO THE

OREGON INVESTMENT COUNCIL

June 1, 2011

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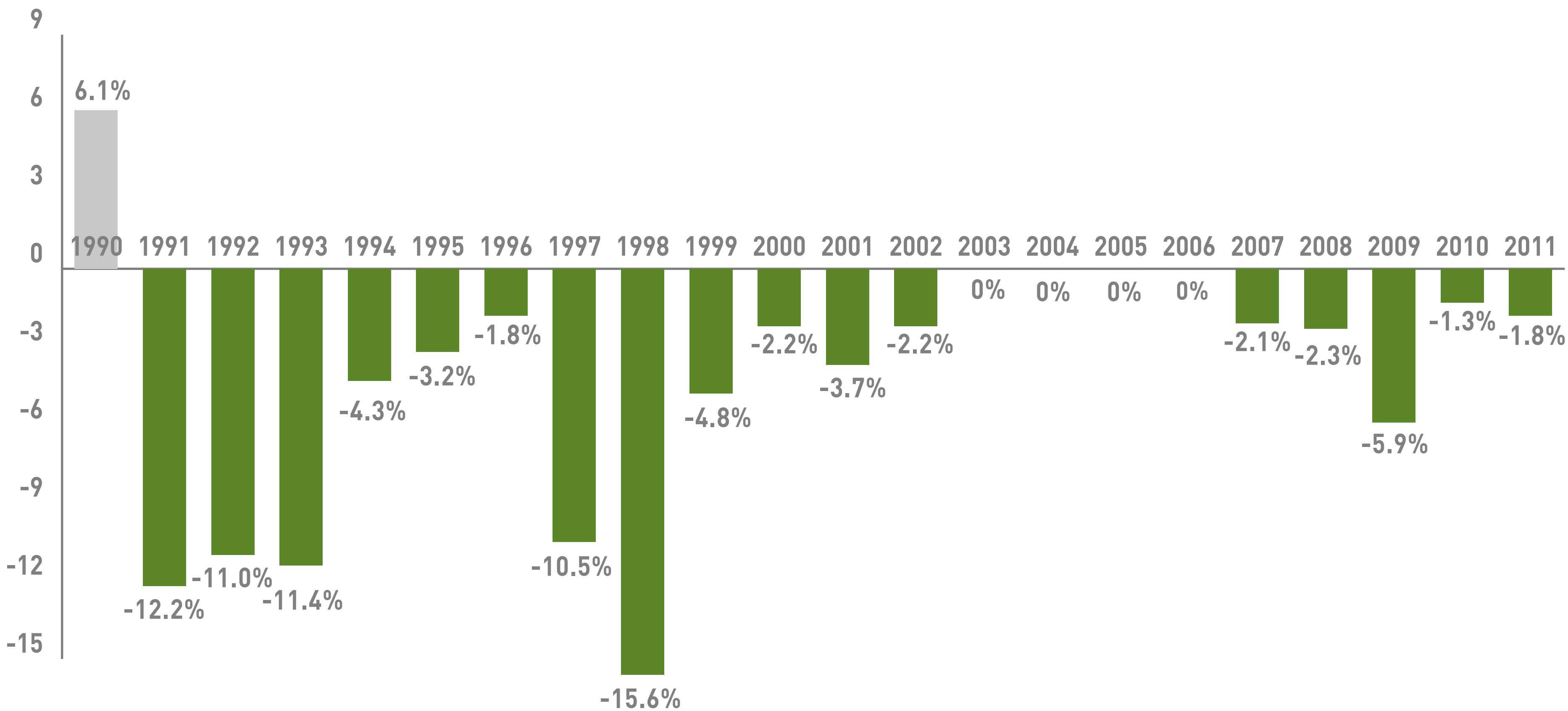
SAIF Invested Asset Allocation . . . . page 20

Facts

	2009	2010
Number of employers insured (including share of assigned risk pool)	47,643	46,561
Total invested assets	$3.9 billion	$4.1 billion
Total assets	$4.2 billion	$4.5 billion
Loss and loss adjustment expense reserves	$3.0 billion	$3.0 billion
Total liabilities	$3.2 billion	$3.5 billion
Surplus	$955.4 million	$958.6 million
Direct earned premium	$341.7 million	$331.7 million
Market share	40.8%	44.9%
Investment income	$155.4 million	$397.3 million
Policyholder dividend	$0	$200.5 million
Number of full-time equivalent filled positions	842	808

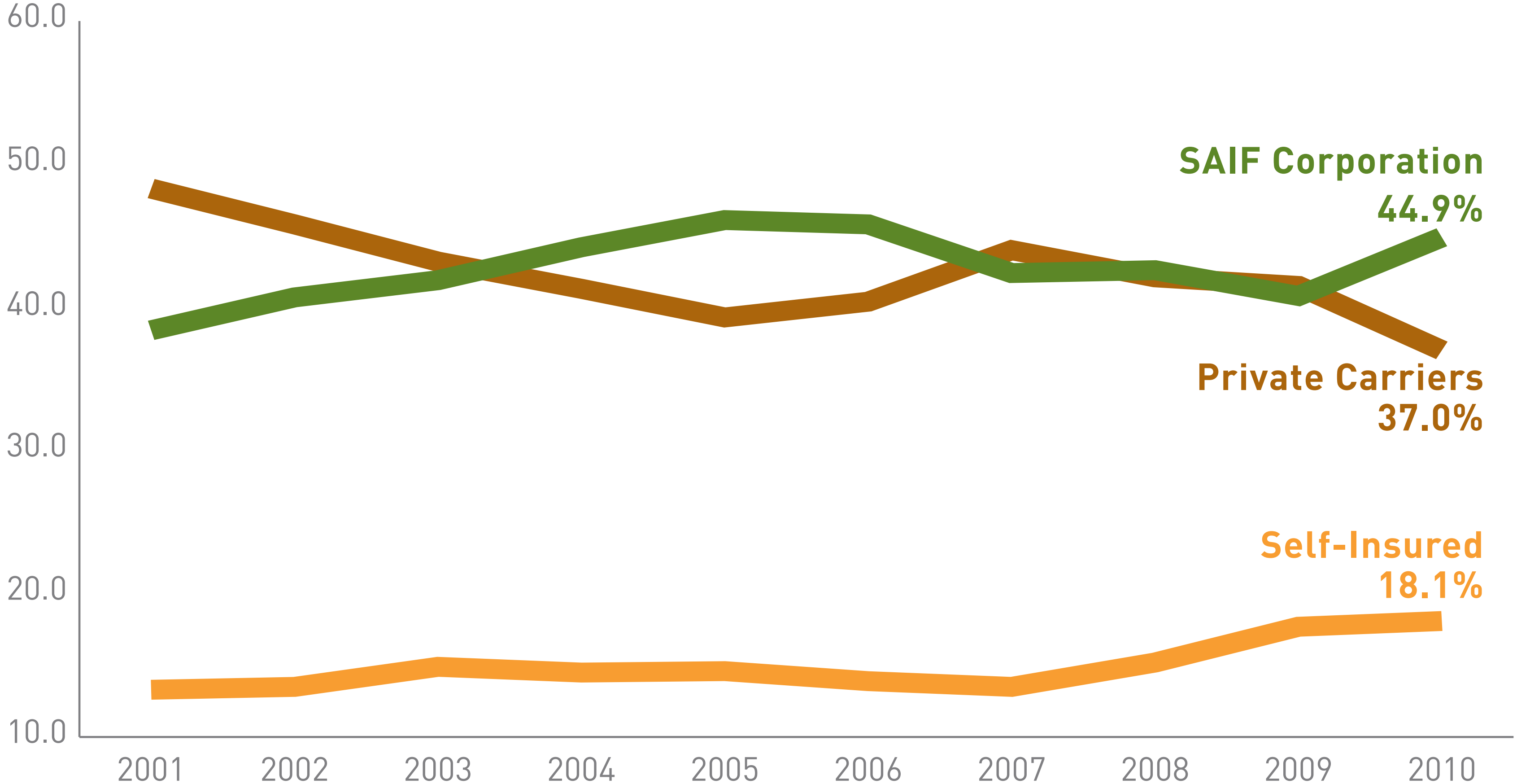
Pure Premium Rates 1990–2011



Source: National Council on Compensation Insurance (NCCI)

Share of Oregon Workers' Compensation Market

Based on Oregon direct premium written

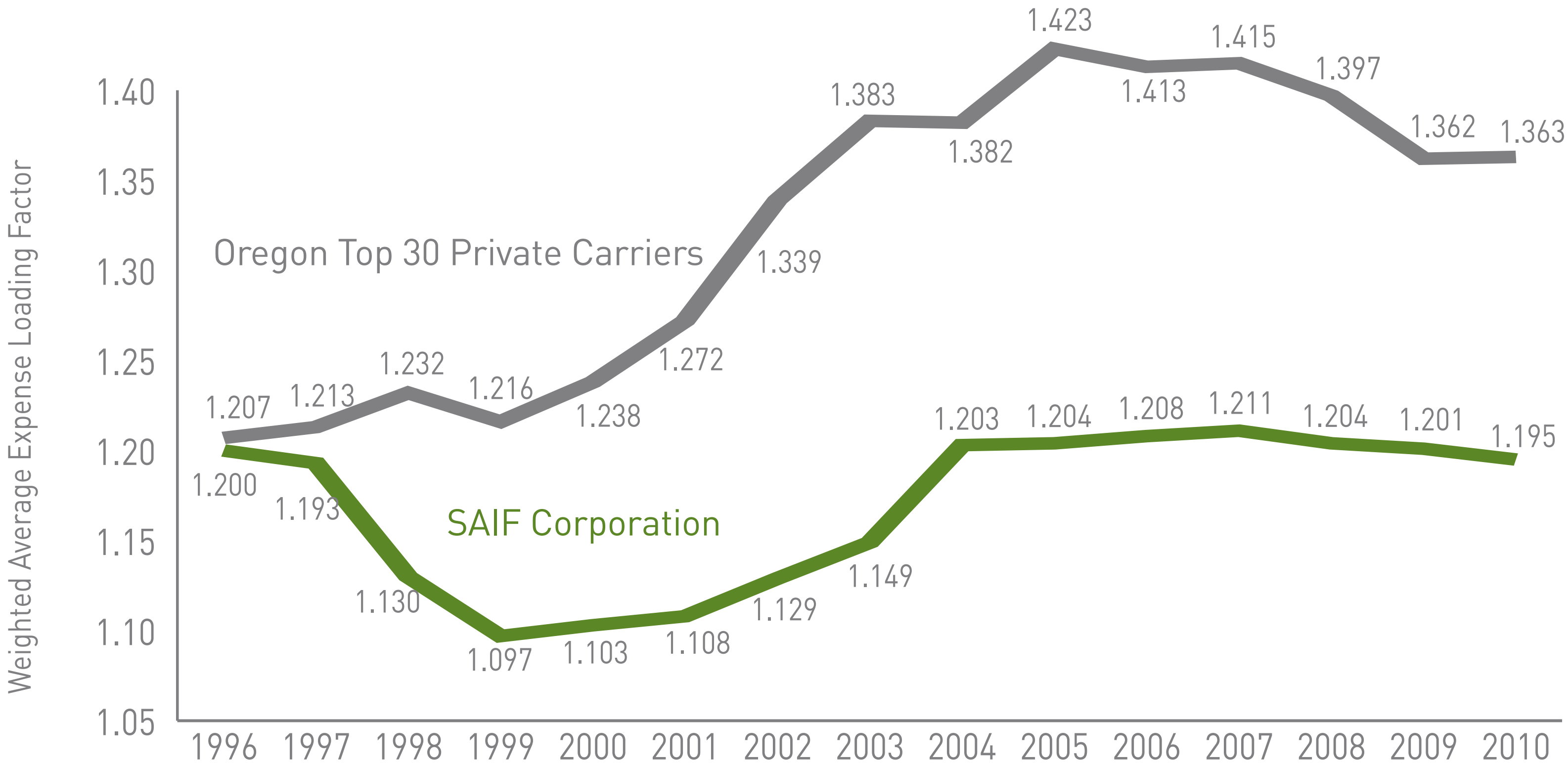


Source: Department of Consumer and Business Services (DCBS)

Weighted Average Expense Load Factors

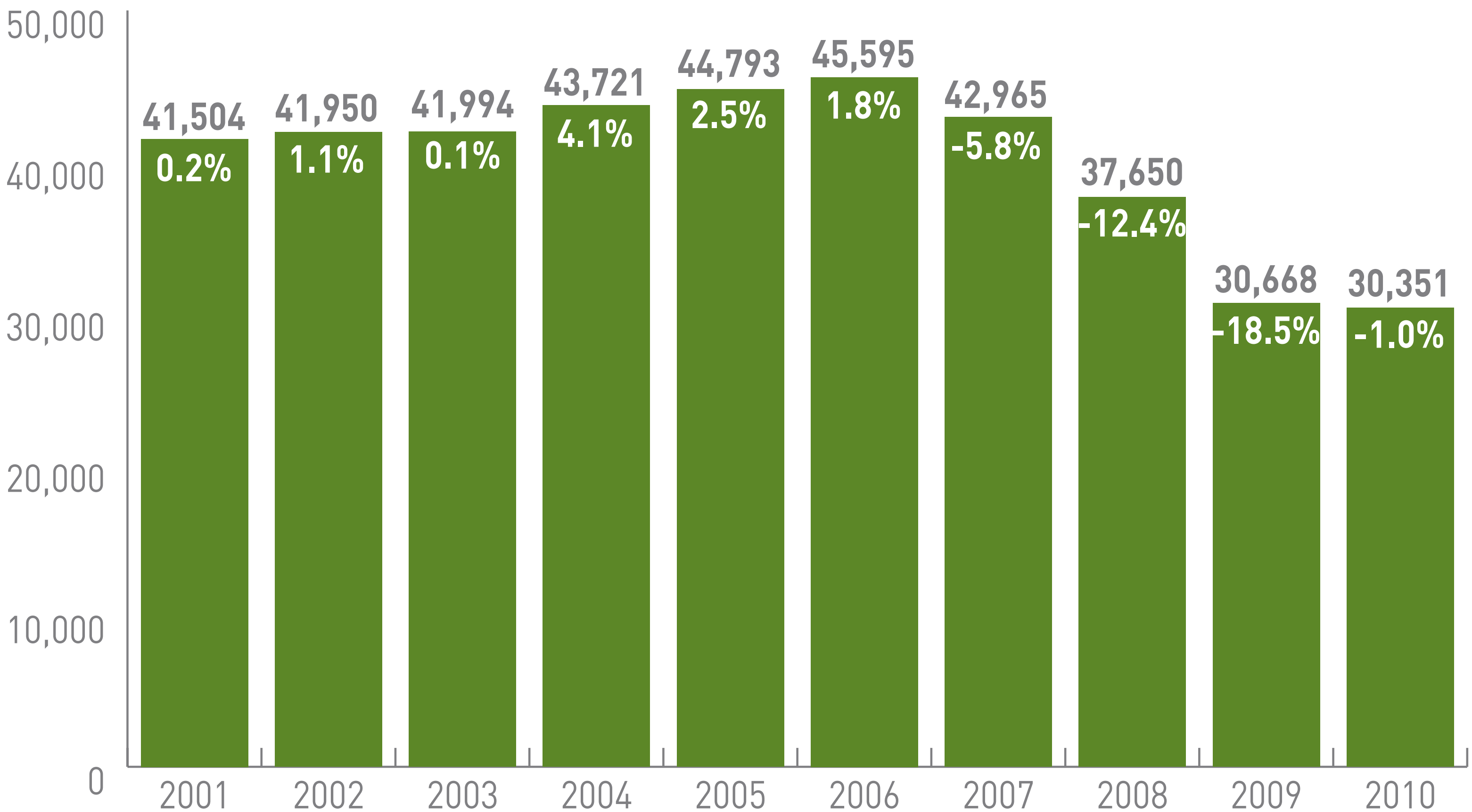
SAIF Corporation and the top 30 Oregon private carriers

Calendar years 1996–2010

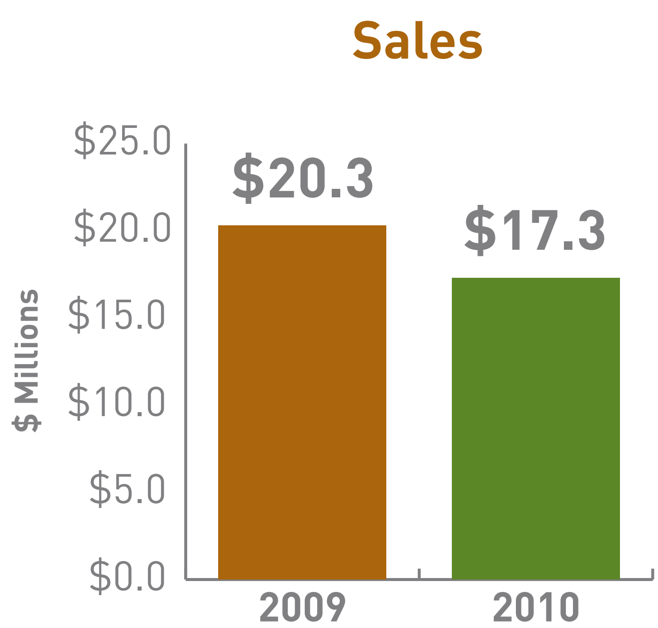


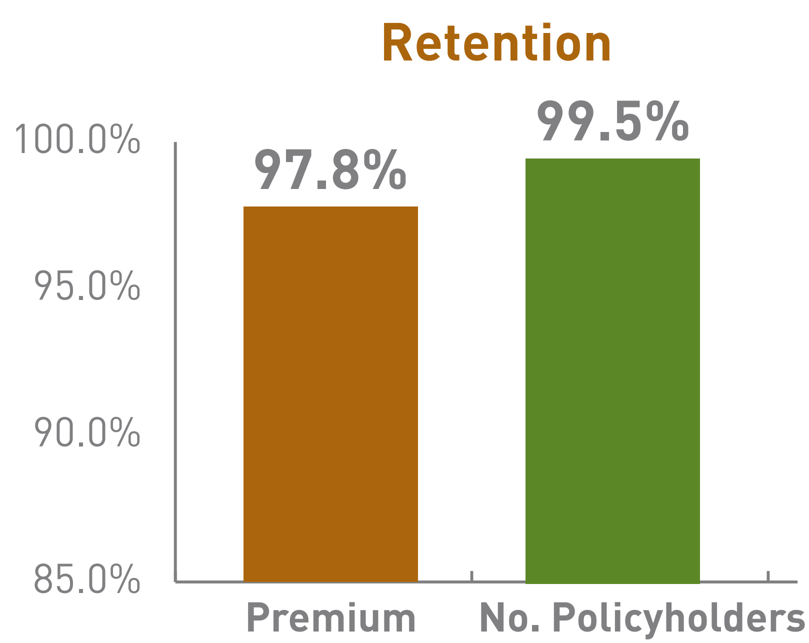
Expense load factors cover operating expenses, taxes, profit, and contingencies.
Source: Workers' Compensation Premium Report, Calendar Year 2010, Department of Consumer and Business Services (DCBS)

Calendar Year Claim Counts



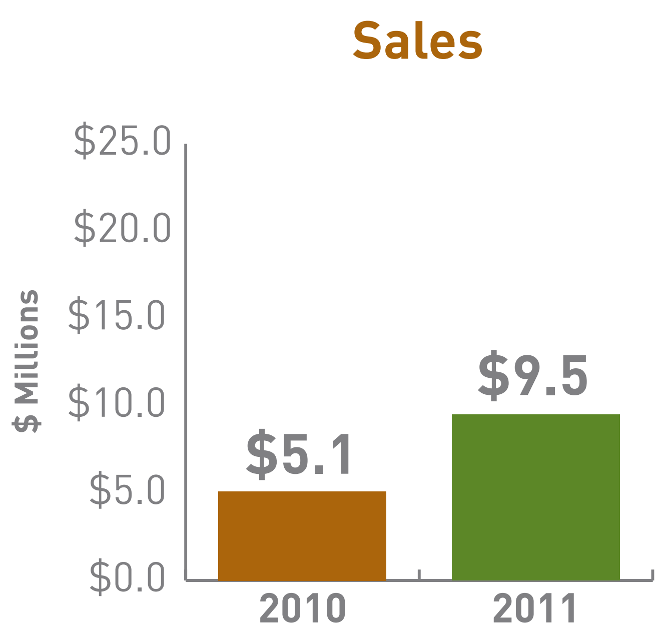
2010 Marketing Results

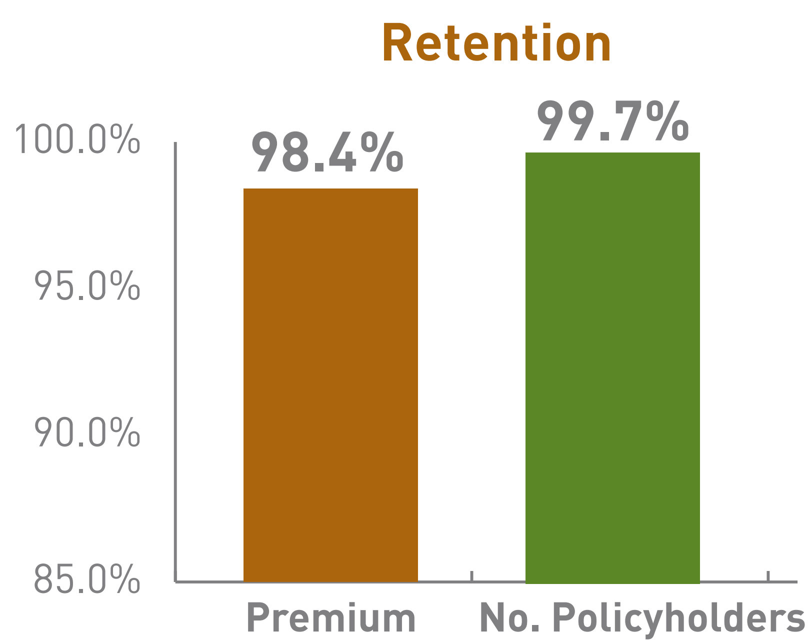




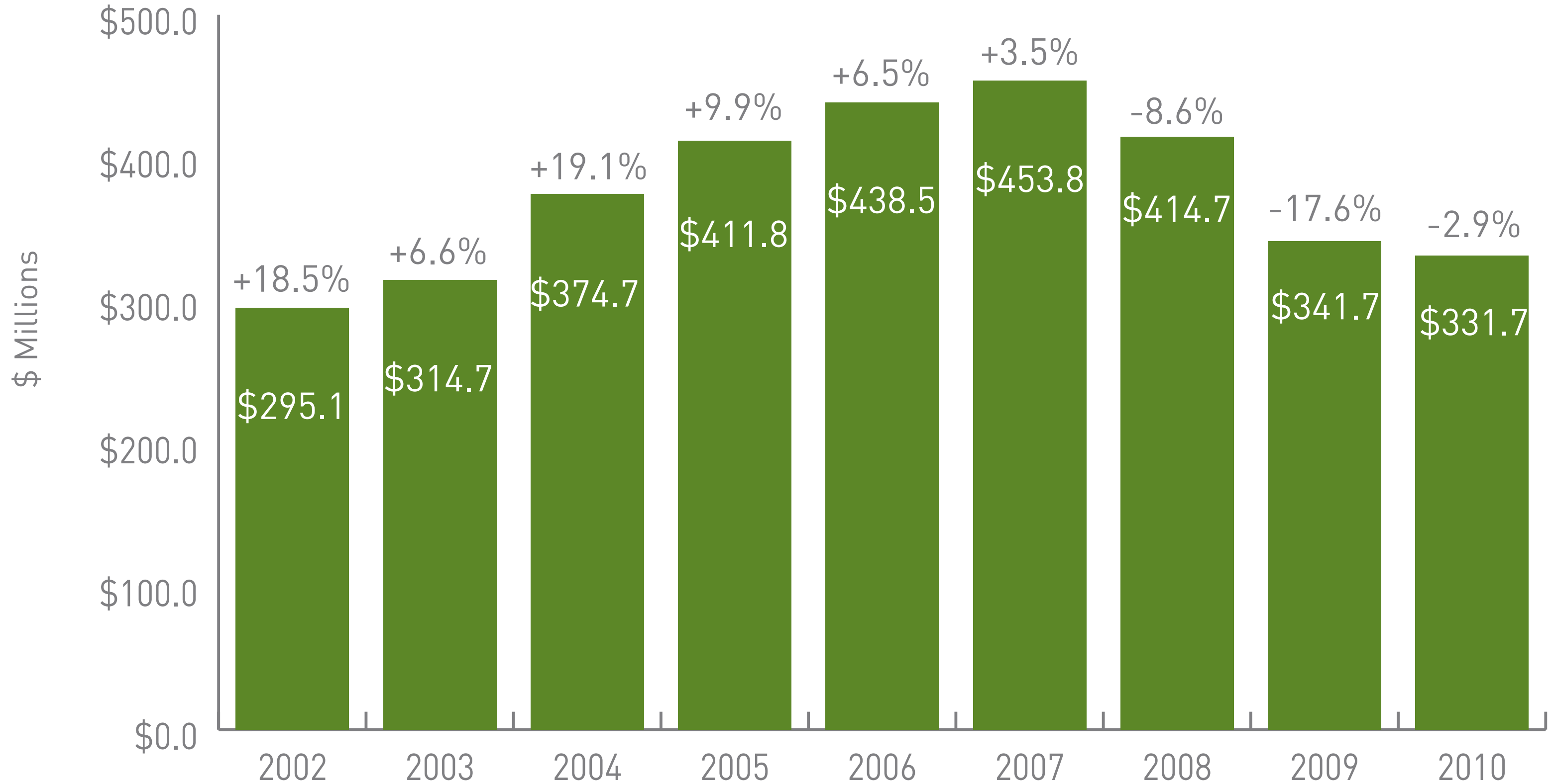
2011 Year-to-Date Marketing Results

As of May 2, 2011



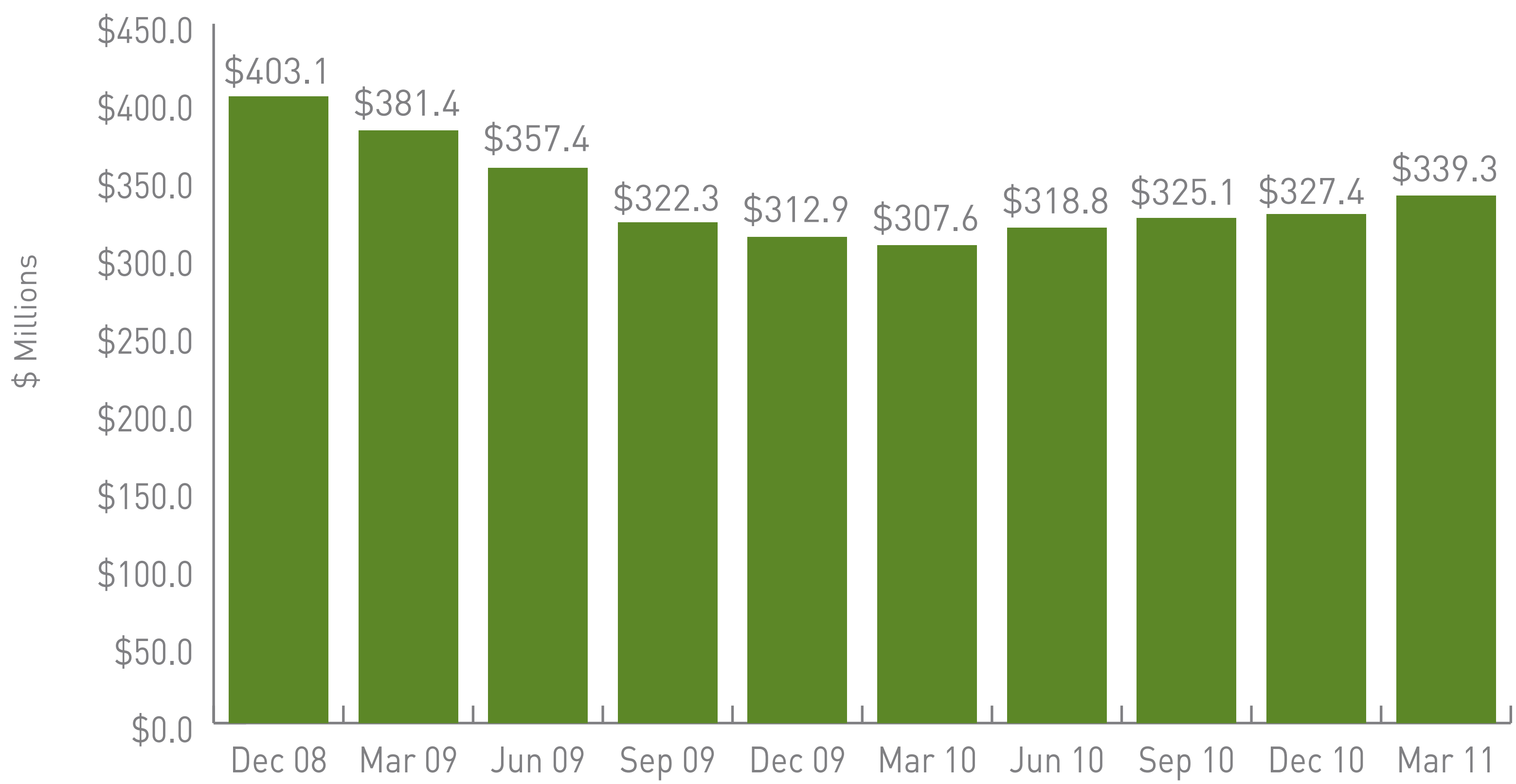


Direct Earned Premium

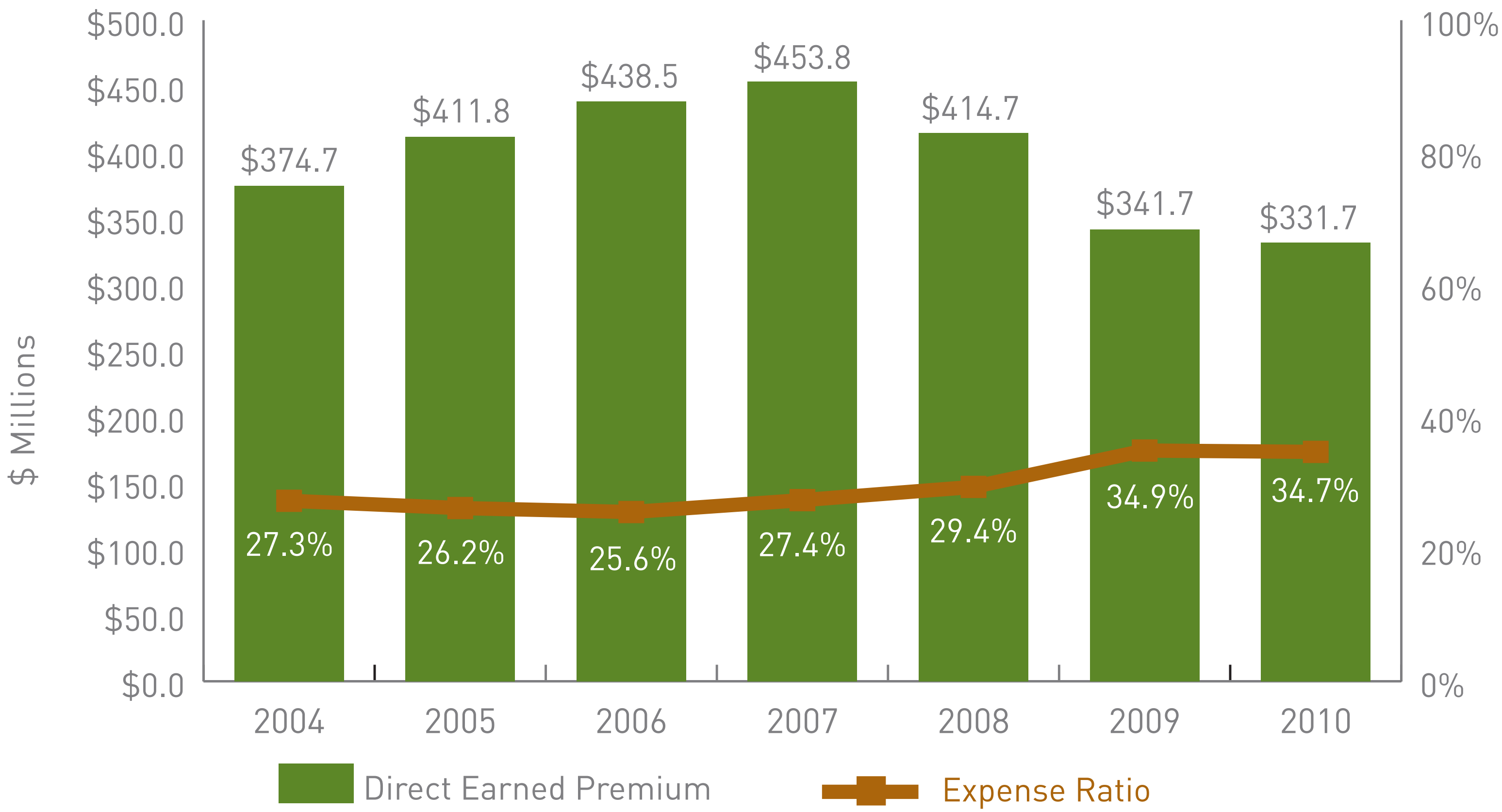


Direct Written Premium

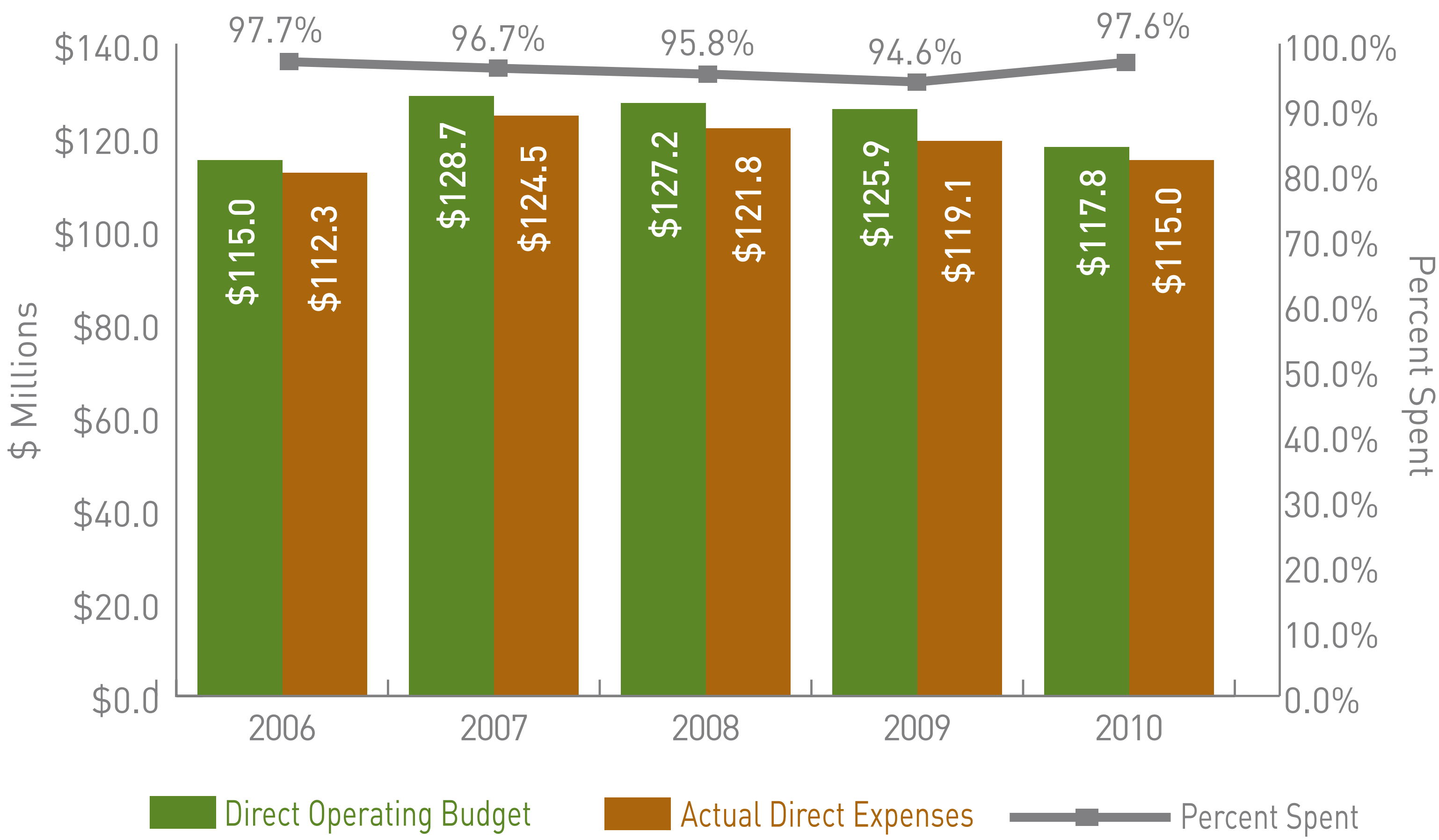
Rolling 4 Quarters



Direct Operating Expenses to Direct Earned Premium

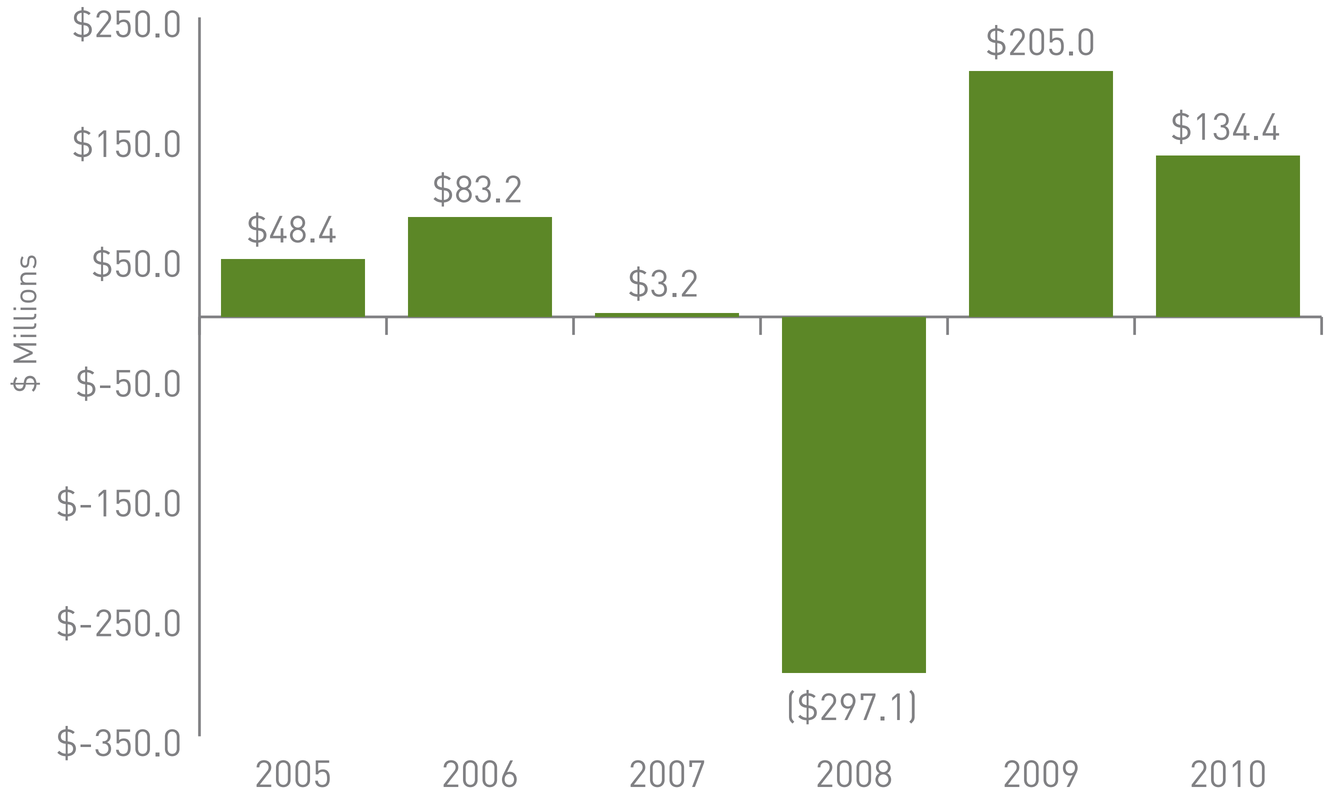


Budget and Actual Direct Operating Expenses



Interest and Dividend Income

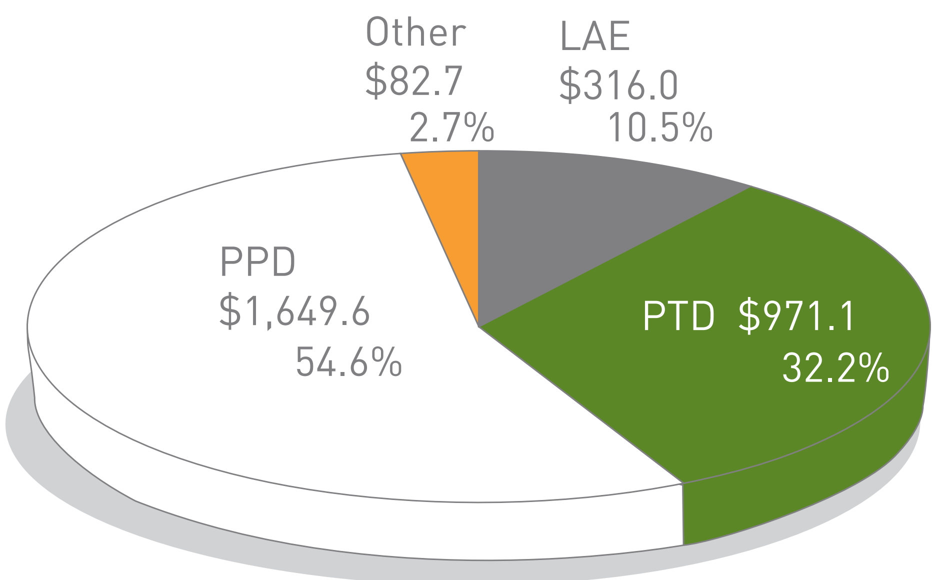
Net Realized and Unrealized Investment Gains (Losses)



Total Outstanding Unpaid Losses and LAE

As of December 31, 2010 ($ in Millions)

Total $3,019.4



Definitions:

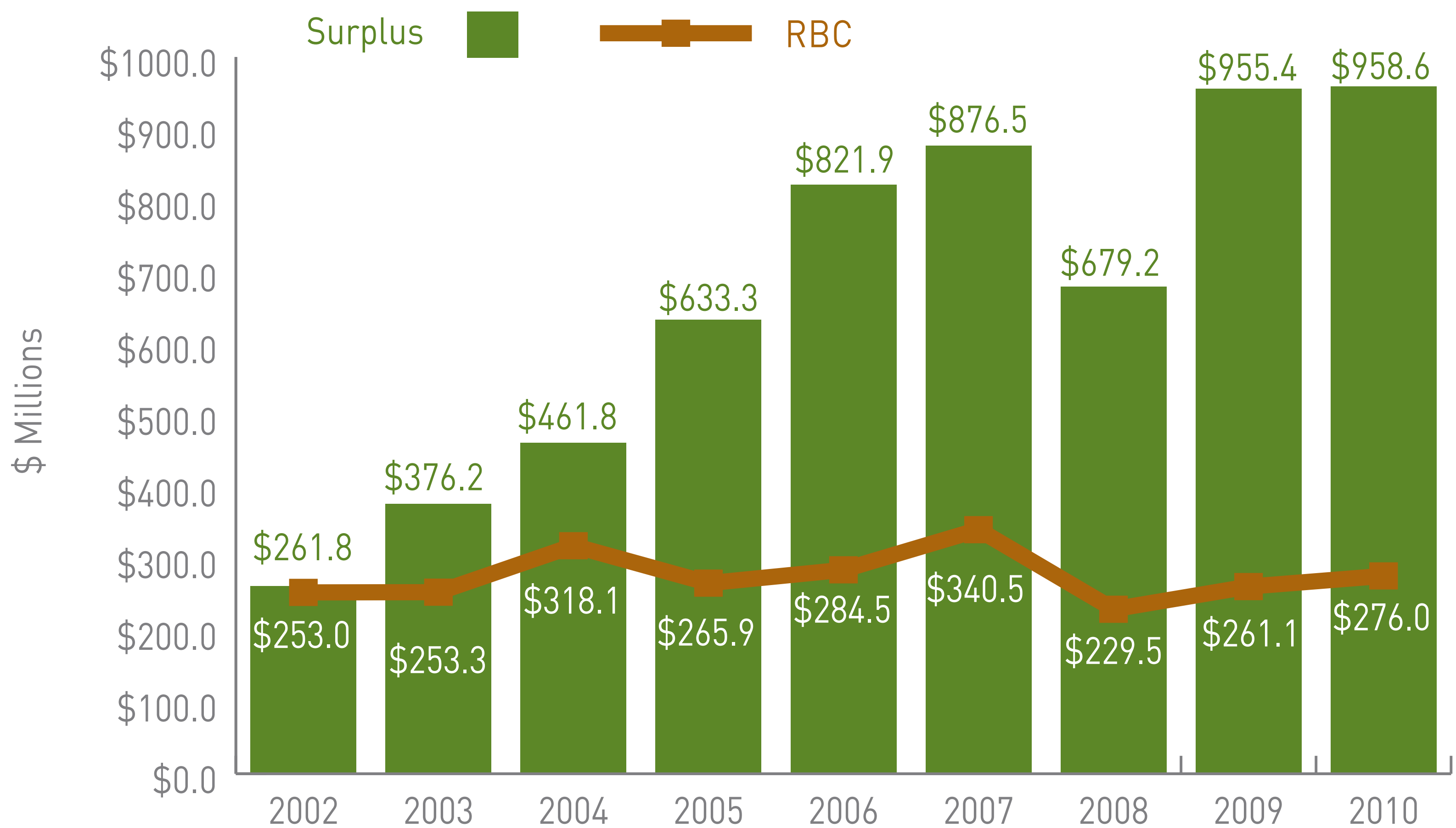
LAE (Loss Adjustment Expenses)
Reserves for the future cost of adjusting and processing claims.

PTD (Permanent Total Disability)
Reserves for the loss of use or function of any portion of the body that permanently incapacitates the worker from regularly performing work at a gainful and suitable occupation.

PPD (Permanent Partial Disability)
Reserves for permanent, complete, or partial loss of use of bodily extremities, including vision or hearing.

Other Reserves for claims involving fatalities, claims which only include medical costs, injured worker attorney fees, vocational rehabilitation costs, and other claim-related costs.

Surplus as of December 31



Adequacy of Surplus

- Risk-based capital (RBC) is the minimum amount of capital required by an insurance company to support its overall business operations. The formula for determining RBC is developed and maintained by the National Association of Insurance Commissioners (NAIC) and takes into consideration the size and risk profile of the company.
- A 2010 audit by an independent actuary hired by the Secretary of State Audits Division determined that SAIF's loss reserves, as of December 31, 2009, fell in the upper half of a reasonable range.
- Given SAIF's adequate loss reserves, the independent actuary concluded that SAIF's surplus appears to be sufficient to support SAIF as an ongoing concern over a five-year forecast horizon.

SAIF Investment Policy

At the January 27, 2010 meeting of the Oregon Investment Council, the following policy changes were approved:

Prior Asset Allocation

Asset Class	Benchmark	Strategic Target Allocation	Range
Domestic Equities	Russell 3000 Index	15%	10%–20%
US Fixed Income	Custom Fixed Income Benchmark	85%	80%–90%
Cash		0%	0%–3%
Policy Mix	Weighted aggregate of indexes listed above at target allocation	100%	

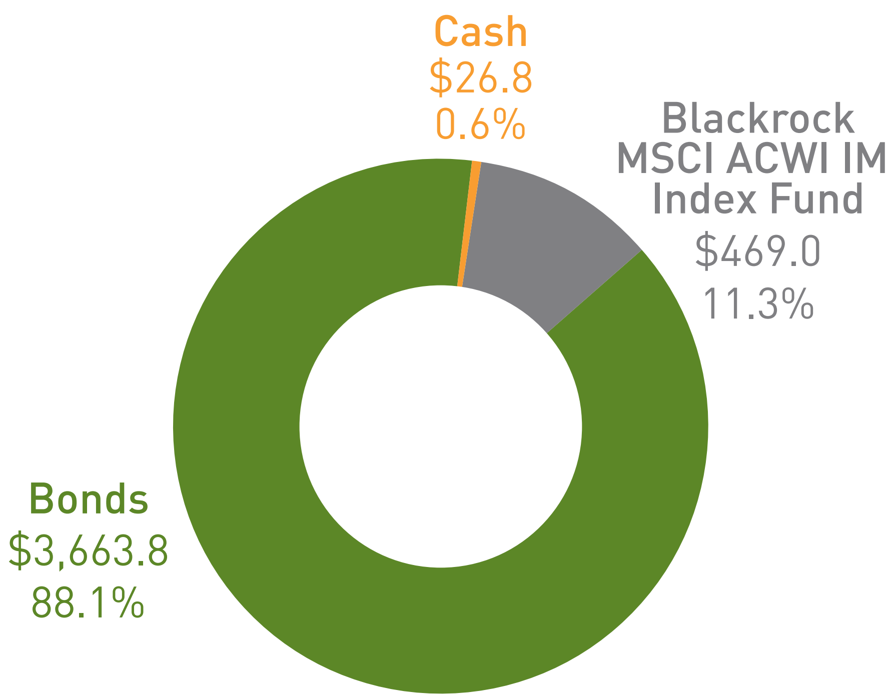
New Asset Allocation

Asset Class	Benchmark	Strategic Target Allocation	Range
Global Equities	MSCI ACWI IMI Index	10%	7%–13%
US Fixed Income*	Custom Fixed Income Benchmark	90%	87%–93%
Cash		0%	0%–3%
Policy Mix	Weighted aggregate of indexes listed above at target allocation	100%	

*Reduce the strategic duration for fixed income from 7 years to 5 years. Increase higher yielding assets within fixed income by approximately 10 to 15 percent.

SAIF Invested Asset Allocation

As of March 31, 2011 ($ in Millions)



($ in Millions)
Measured at Market Value

2011 Target Allocation: 10% Equity, 90% Core Bonds

Presentation to Oregon Investment Council
June 2011
Communication and Design G-OIC

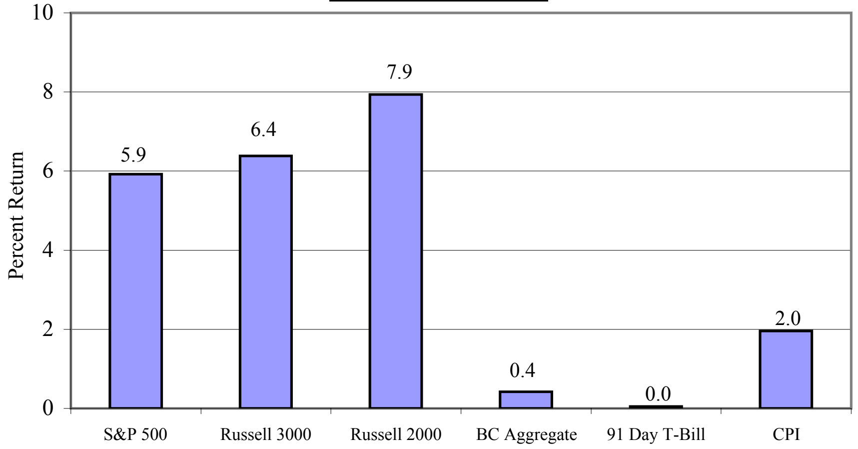
TAB 8 – OPERF 1ST QUARTER PERFORMANCE REVIEW

State of Oregon
OPERF Performance Summary
Quarter Ending March 31, 2011

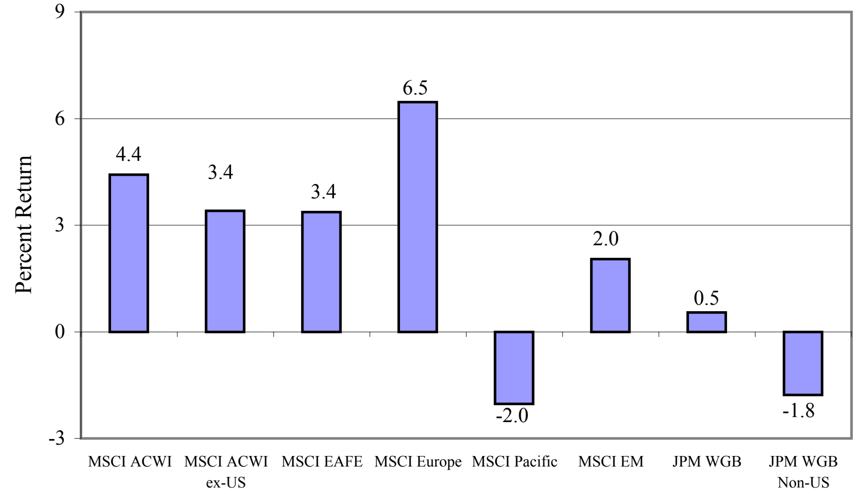
Capital Markets Review

Q1 2011

U.S. Markets



Global Markets



General Comments

Despite monumental events that shocked and disrupted the global economy, capital markets remained resilient and, for the most part, finished the first quarter higher. First, political upheaval and unrest in North Africa and the Middle East resulted in violence, regime changes and a shutdown of Libyan oil exports, which resulted in the highest oil prices since September of 2008 at $107 per barrel. Secondly, the catastrophic earthquake, Tsunami and subsequent nuclear crisis in Japan all helped to drive down its equity market by 4.9% in the quarter, and are likely to significantly impact the global economy for years to follow.

In the US, GDP grew at a rate of 1.8%, its seventh straight quarter of expansion, based on positive contributions from personal consumption expenditures, private inventory investment and higher net exports. Detracting from the growth was a decrease in government spending both on the federal and state and local levels as growing deficit concerns caused government expenditures and employment to trend downward.

Despite the decreasing employment by various levels of government, the national employment situation showed continued signs of improvement, with an addition of 524 thousand domestic jobs in the first quarter, the highest since the third quarter of 2006, while the unemployment rate dipped to 8.8%, its lowest rate since March of 2009. In spite of the improved employment situation, housing starts were at an all-time low and home prices remained stagnant.

While concerns of inflation grew slightly, pushing up appetites for inflation protected bonds, the actual inflation rates remained subdued well into the new year as the CPI-All Items increased by just 0.5% in both March and February, Spikes in gasoline and food prices fueled the concerns, as they continued to climb well above the other components of the CPI. The gasoline index posted its ninth consecutive increase, rising 27.5% over the last 12 months, while the food at home index rose 3.6%, compared with the 2.7% increase for the CPI, all items, over the last year.

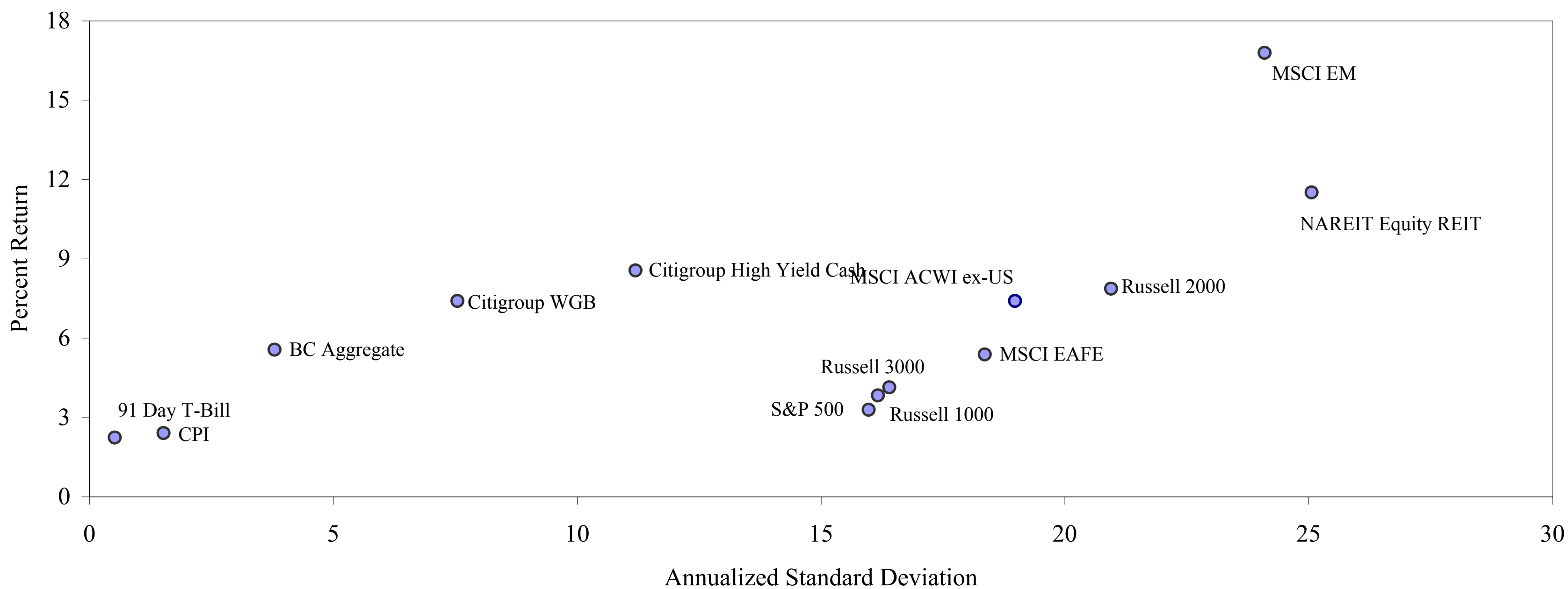
As a result of the continued higher unemployment and lower inflation rates, the Fed Reserve once again kept the fed funds rate unchanged in the 0.00 – 0.25% range. The Fed also plans to continue its easing program (QE2) for one more quarter with the purchases of $600 Billion more in Treasuries by the end of June.

Capital Markets Review

Q1 2011

Total Returns in US$	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	20 Years	10 Year Std. Dev.
91 Day T-Bill	0.05	0.05	0.16	0.51	2.23	2.24	3.64	0.52
BC Aggregate	0.42	0.42	5.12	5.30	6.03	5.56	6.77	3.80
Citigroup High Yield Cash	3.95	3.95	14.22	12.04	8.68	8.56	9.30	11.20
Citigroup World Gov't Bond	0.66	0.66	7.29	3.16	7.31	7.40	7.09	7.55
S&P 500	5.92	5.92	15.65	2.35	2.62	3.29	8.71	15.98
Russell 3000	6.38	6.38	17.41	3.42	2.95	4.13	9.02	16.40
Russell 1000	6.24	6.24	16.69	2.98	2.93	3.83	9.01	16.17
Russell 2000	7.94	7.94	25.79	8.56	3.35	7.87	9.82	20.95
MSCI ACWI ex-US	3.41	3.41	13.15	-0.85	3.59	7.41		18.98
MSCI EAFE	3.37	3.37	10.42	-3.01	1.30	5.39	5.64	18.36
MSCI Emerging Markets	2.05	2.05	18.46	4.32	10.70	16.79		24.23
Nareit Equity REIT	7.50	7.50	25.03	2.64	1.70	11.51	11.42	25.06
CPI	1.96	1.96	2.68	1.53	2.27	2.41	2.55	1.52

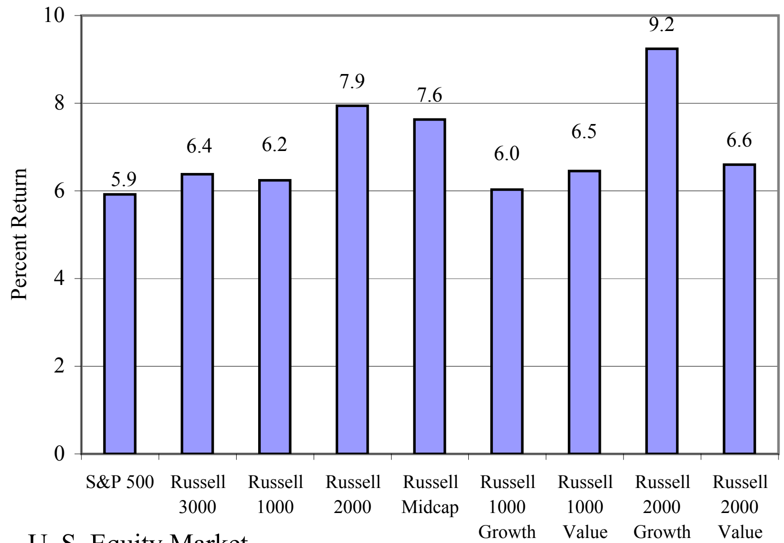
Risk vs. Return - 10 Years



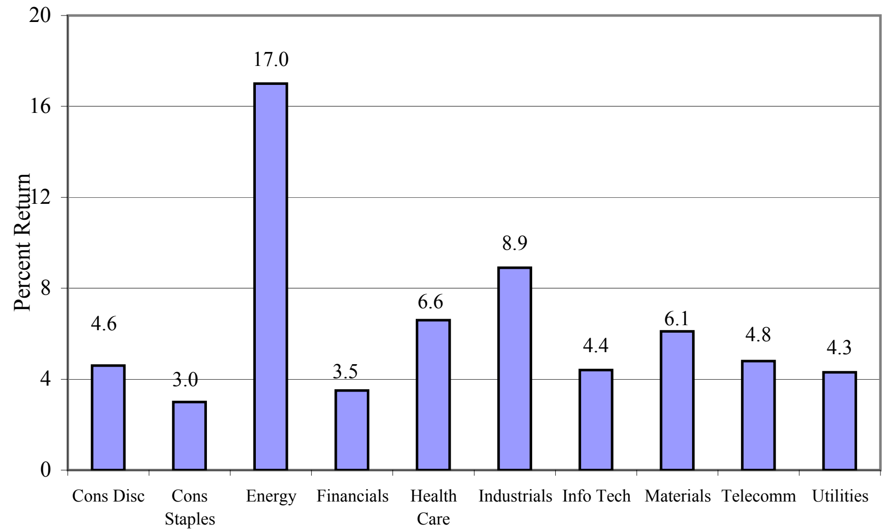
U.S. Equity Market Review

Q1 2011

U.S. Markets



Economic Sector Performance



U. S. Equity Market

Domestic equity markets performed well in the first quarter, led once again by the small cap indices as the Russell 2000 returned 7.94% in the quarter and the Russell Microcap Index posted a return of 6.80%, topping the Russell 1000 by 170 and 56 basis points, respectively. Over the trailing 12 months the spreads widened to 910 and 862 basis points, respectively.

Stocks displaying growth attributes also continued to outperform their value counterparts in the smaller capitalization range, as Growth outperformed Value by 264 basis points in the Russell 2000 Index. But the landscape changed slightly among large cap stocks as the Russell 1000 Value index returned 6.46% compared with a return of 6.03% to the Russell 1000 Growth index. For the trailing twelve months Growth continued to outperform Value across all capitalization ranges.

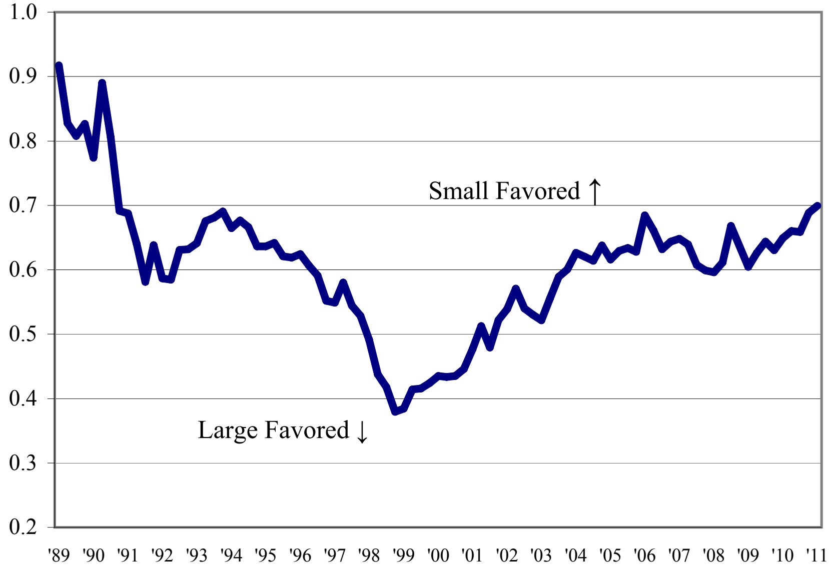
While all economic sectors contributed positively in the first quarter, the Energy sector led the way with a return of 17.0% behind strong returns to refining companies as a result of higher oil prices. Industrials and Health Care also outperformed the broad market with returns of 8.8% and 6.7%, respectively. Financials and Consumer Staples lagged the furthest behind with returns of 3.5% and 3.1%, respectively. Performance in the Financials sector was mixed as the Federal Reserve announced which banks were healthy enough to increase dividend payments, JP Morgan Chase (+9%), for example; and which banks were not healthy enough, namely Citigroup (-7%) and Bank of America (0%).

Domestic equities also continued to benefit from strong earnings reports, increasing levels of cash accumulating on corporate balance sheets as well as higher merger and acquisitions activity. Most noteworthy, was AT&T’s bid for privately held T-Mobile USA, which would make AT&T the largest cellular company in the US if approved.

U.S. Equity Market Review

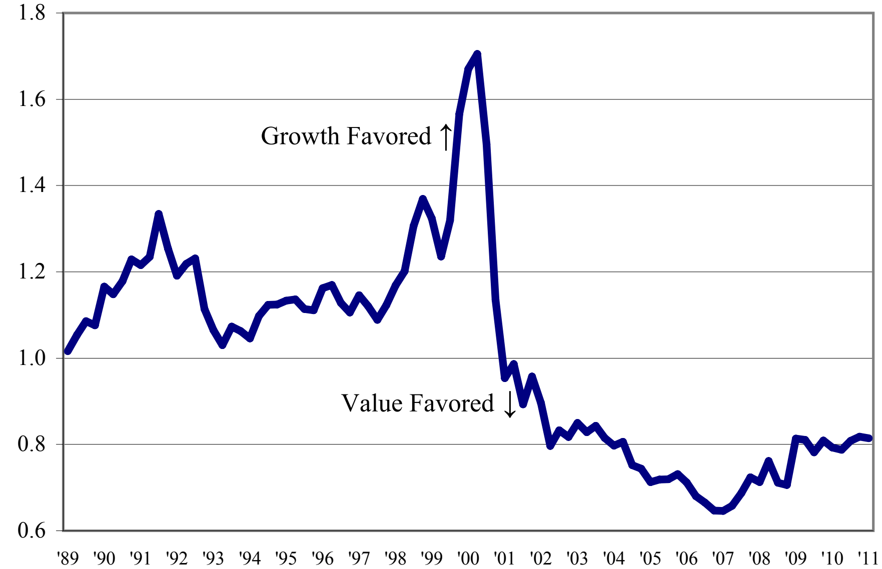
Q1 2011

Small vs. Large



Cumulative return of the Russell 2000 versus the Russell 1000

Growth vs. Value



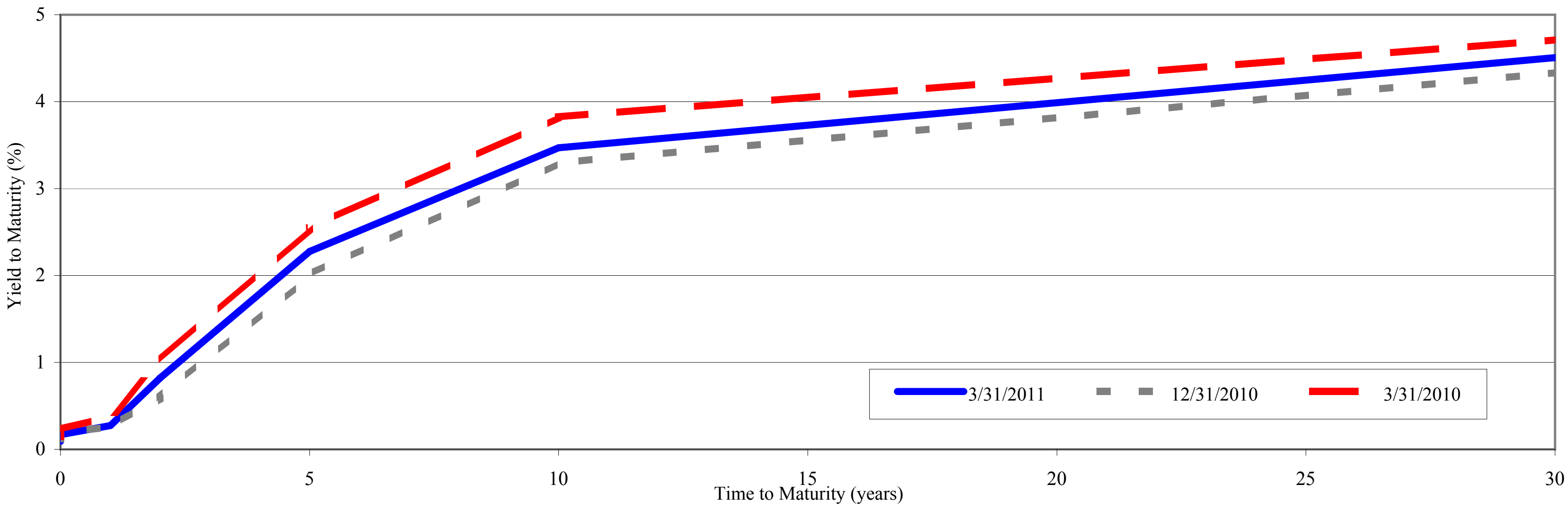
Cumulative return of the Russell 1000 Growth versus the Russell 1000 Value

Total Returns	**Quarter**	**Year to Date**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**20 Years**
S&P 500	5.92	5.92	15.65	2.35	2.62	3.29	8.71
Russell 3000	6.38	6.38	17.41	3.42	2.95	4.13	9.02
Russell 1000	6.24	6.24	16.69	2.98	2.93	3.83	9.01
Russell 2000	7.94	7.94	25.79	8.56	3.35	7.87	9.82
Russell Midcap	7.63	7.63	24.27	7.25	4.67	8.52	11.63
Russell 1000 Growth	6.03	6.03	18.26	5.19	4.34	2.99	7.75
Russell 1000 Value	6.46	6.46	15.15	0.60	1.38	4.53	9.76
Russell 2000 Growth	9.24	9.24	31.04	10.16	4.34	6.44	7.24
Russell 2000 Value	6.60	6.60	20.63	6.76	2.23	9.01	11.87

U.S. Fixed Income Market Review

Q1 2011

Treasury Yield Curve



U. S. Fixed Income Market

US Fixed Income markets posted modest returns in the first quarter, lagging equities but remaining positive for the most part. The Barclays US Aggregate Index returned 0.42%, while the Gov't/Credit Index lagged slightly with a return of 0.28%, as Treasuries finished down except on the very short end with the 3-month bills increasing by five basis points.

As the US economic outlook improved and investors' appetites for risk increased, Treasury yields swelled up to 3.74% (10-year Treasury) in the middle of February. However, by the close of the quarter, concerns about political upheaval and natural disasters had pushed the yield on the 10-year back down to 3.47%. But, as mentioned earlier, fears of a return of inflation based on higher food and energy prices caused TIPS (Treasury Inflation-Protected Securities) to outperform with a return of 2.08% in the quarter, vs. -0.37% for the 10-year Treasury.

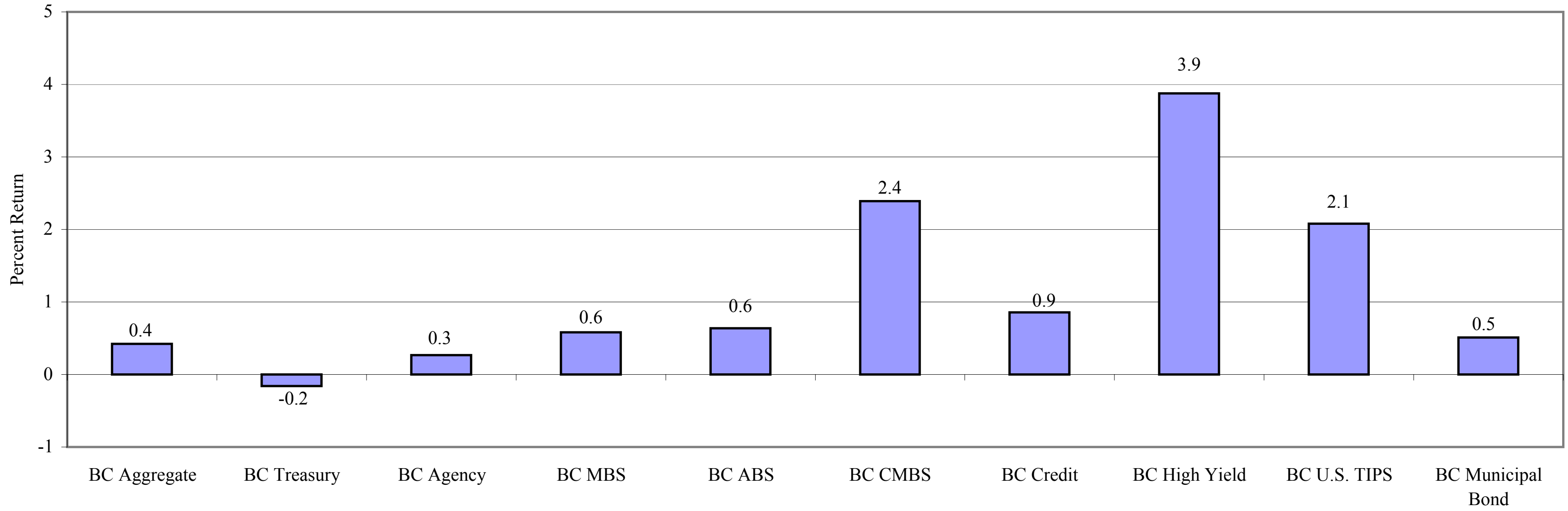
Securitized instruments continued to perform well as CMBS returned 2.05% in the quarter, followed by ABS at 0.64% and MBS at 0.58% based on strong demand for investment grade yield and a scarcity of supply.

Corporate Investment grade issues in the US also performed well in the quarter, particularly among the lower quality issues, as BBB-rated securities returned 1.29%. Similarly, US High Yield bonds started strongly and then faded with the global concerns, but still finished the quarter well above Treasuries with a return of 3.88%. Insurance companies were the best performing sector, while airlines had the lowest returns based on higher fuel costs.

U.S. Fixed Income Market Review

Q1 2011

U.S. Bond Sector Performance



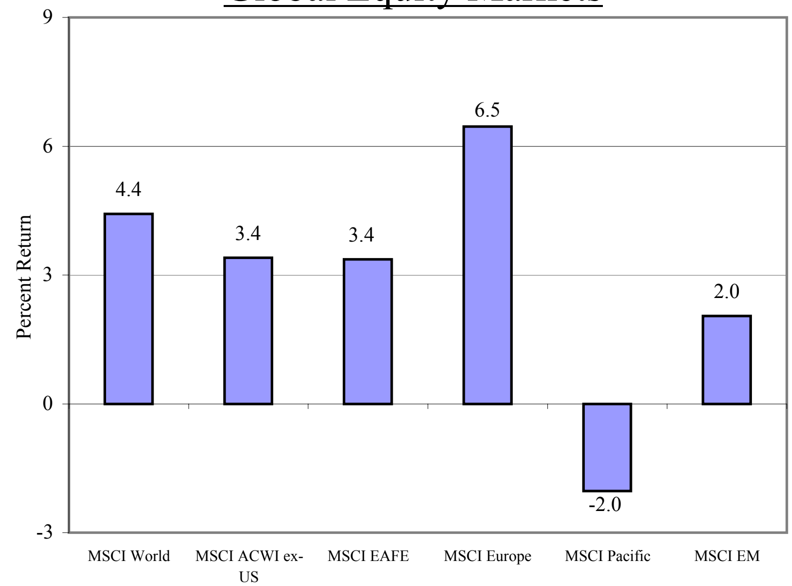
Total Returns	**Quarter**	**Year to Date**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**20 Years**
BC Aggregate	0.42	0.42	5.12	5.30	6.03	5.56	6.77
BC Treasury	-0.16	-0.16	4.53	3.55	5.69	5.15	6.54
BC Agency	0.27	0.27	3.51	4.01	5.55	5.18	6.57
BC MBS	0.58	0.58	4.37	5.88	6.48	5.66	6.72
BC ABS	0.64	0.64	4.21	5.74	4.36	4.59	
BC CMBS	2.39	2.39	13.53	8.41	6.19	6.24	
BC Credit	0.86	0.86	7.46	7.50	6.48	6.21	7.31
BC High Yield	3.88	3.88	14.32	12.91	9.10	8.76	
BC U.S. TIPS	2.08	2.08	7.91	3.93	6.25	6.74	
BC Municipal Bond	0.51	0.51	1.63	4.47	4.14	4.66	5.98

Global Equity Market Review

Q1 2011

Total Net Returns in US$	**Quarter**	**Year to Date**	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**20 Years**
MSCI World	4.42	4.42	14.08	0.31	2.94	5.04	
MSCI ACWI ex-US	3.41	3.41	13.15	-0.85	3.59	7.41	
MSCI EAFE	3.37	3.37	10.42	-3.01	1.30	5.39	5.64
MSCI EAFE Hedged	0.89	0.89	2.28	-1.71	-1.48	1.41	4.50
MSCI Europe	6.46	6.46	12.62	-4.15	2.04	5.68	8.34
MSCI Pacific	-2.03	-2.03	6.87	-0.28	-0.14	4.77	2.19
MSCI Emerging Markets	2.05	2.05	18.46	4.32	10.70	16.79	
MSCI UK	3.78	3.78	13.55	-2.26	1.78	5.23	7.40
MSCI Japan	-4.93	-4.93	1.45	-3.61	-4.69	1.39	0.00

Global Equity Markets



Non-US Equity Markets

Returns to international markets were generally positive around the globe, albeit with returns of roughly half of those in the US, as global events tested investors' nerves. The MSCI ACWI Ex-US returned 3.4% in the quarter in US Dollars, but only 1.3% when measured in local currencies. Value indices also outperformed growth in the MSCI EAFE and Emerging markets by 232 and 161 basis points, respectively, in the first quarter.

Despite continued sovereign concerns, Europe posted some of the strongest returns outside the US as the MSCI Europe Index returned 6.46% in the first quarter. Many of the countries at the heart of the debt crisis were among the best performers in the first quarter with Greece leading the way with a 15.2% return followed by Italy at 13.8% and Spain at 13.6%.

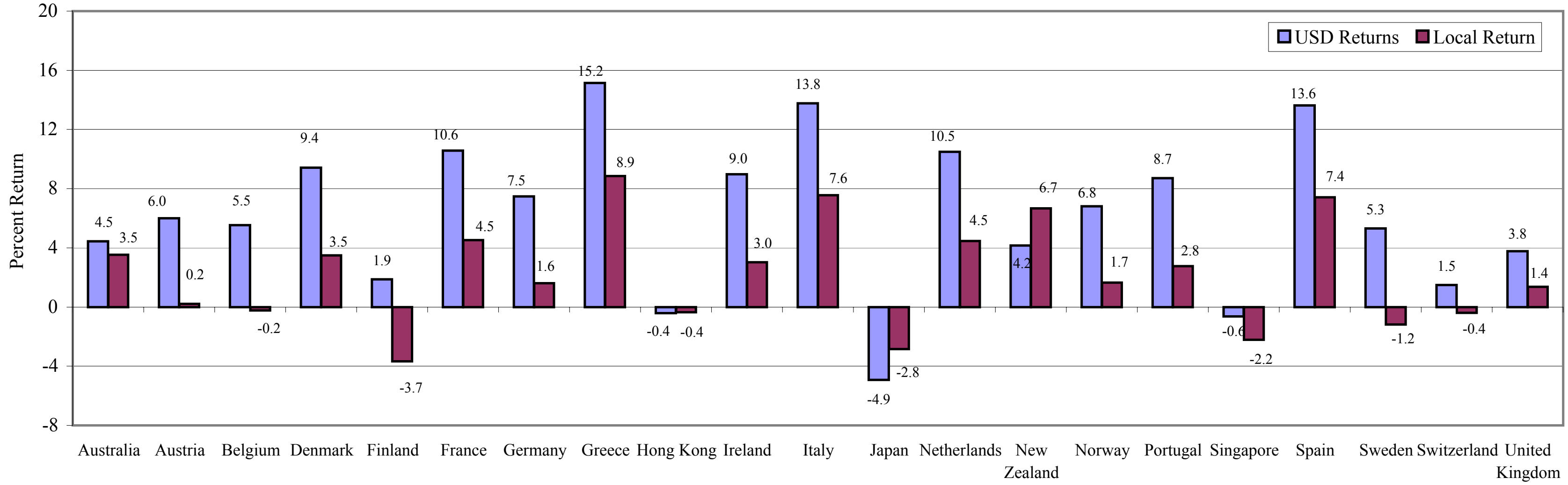
Not surprisingly, Japan's misfortune (-4.9%) weighed heavily on the Pacific region as the MSCI Pacific Index lost 2.0% in the quarter. At quarter-end, Japan's big three line-up of Canon, Mitsubishi and Sony had lost 16%, 15% and 11%, respectively. While the Japanese equity market sold off, the yen initially strengthened but then in a rare sign of unity, and for the first time in 11 years, the G7 nations successfully weakened the currency to pre-crisis levels, to help Japan sustain its exports.Against the dollar, the Yen fell 1.8% in the quarter, but increased 12.9% over the trailing 12 months. The British Pound and the Euro both surged against the dollars, as the ECB continued to hold key interest rates at historic lows.

Despite the weakness in the Pacific region, for the first time in more than two years the MSCI Emerging Markets Index underperformed the MSCI EAFE with a return of 2.05%. The crisis in the Middle East was largely responsible as Egypt declined by 23.2%. European based economies led the emerging markets as Hungary returned 20.2%, and the Czech Republic and Russia both returned 16.3% -- Russia, on the strength of its large energy sector and rising oil prices.

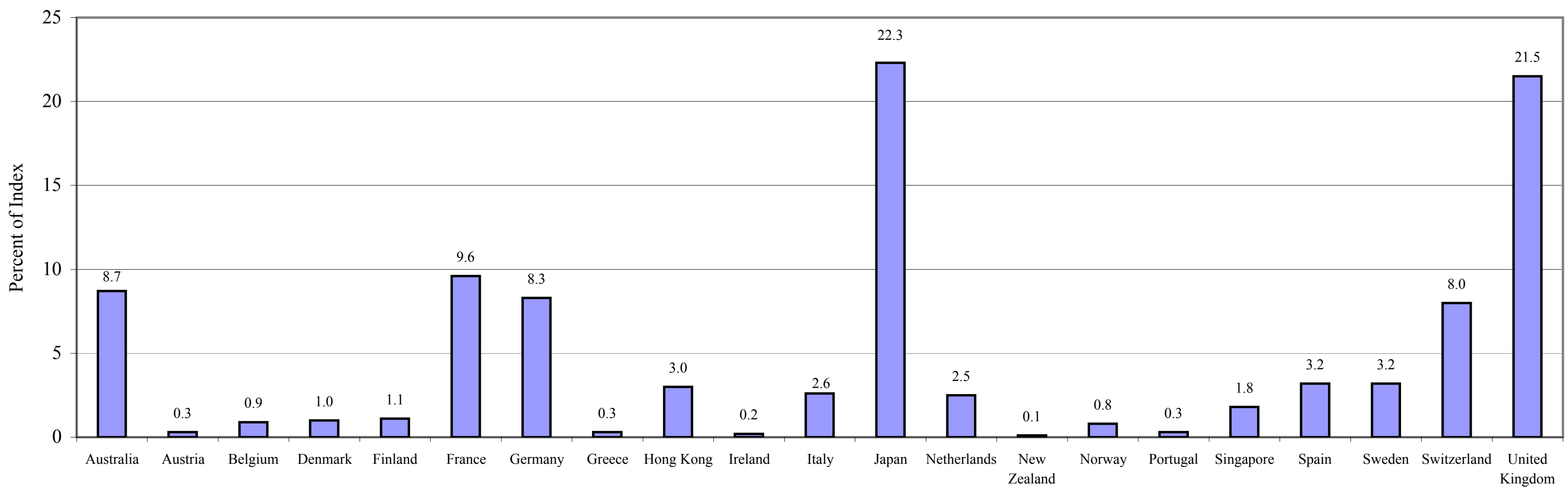
Global Equity Market Review

Q1 2011

MSCI EAFE Country Returns



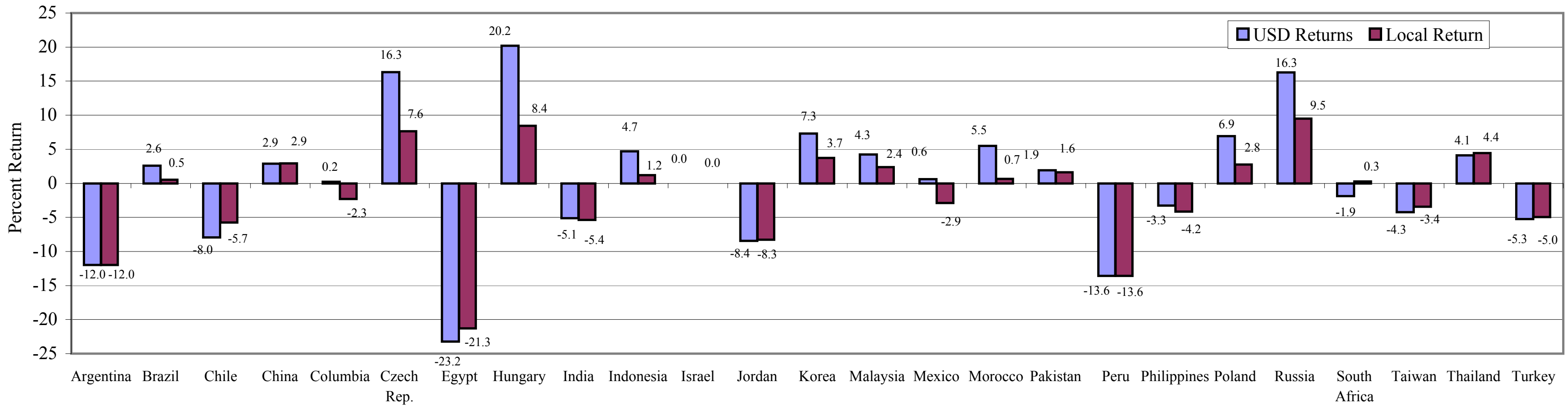
MSCI EAFE Country Weights



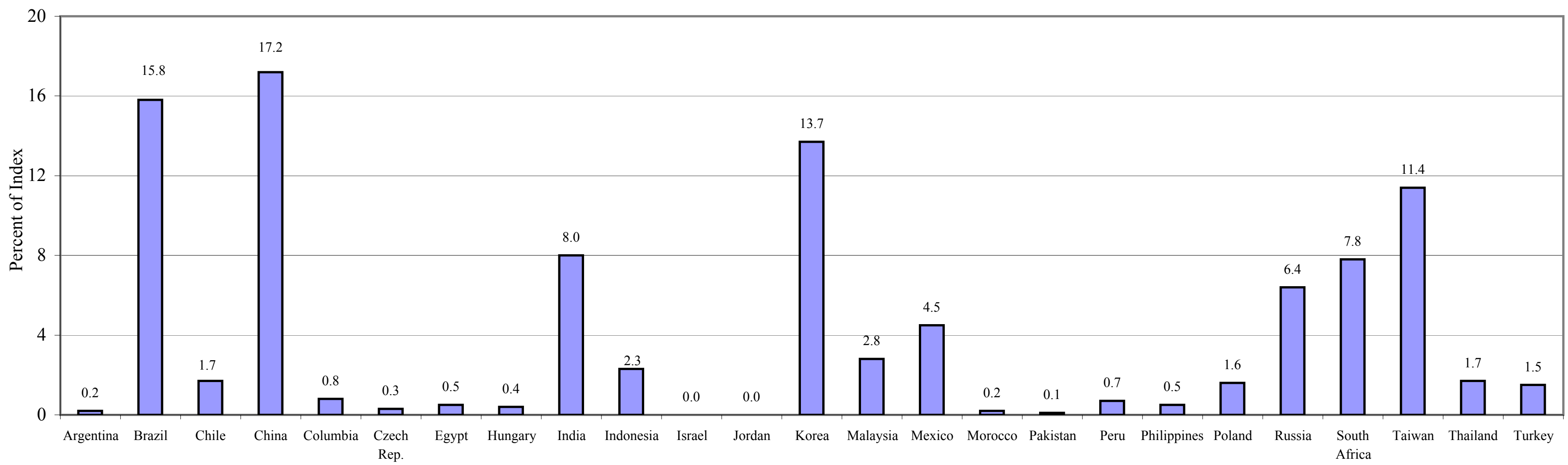
Global Equity Market Review

Q1 2011

MSCI Emerging Markets Country Returns



MSCI Emerging Markets Country Weights



OIC Regular Account Performance Report

Net of Fees

Periods Ending March 31, 2011

	3 Year %	5 Year %	7 Year %	10 Year %
Have returns affected benefit security?				
1. Total Regular Account	2.55	4.34	7.10	6.57
2. Actuarial discount rate	8.00	8.00	8.00	8.00
3. Out/Under performance (1-2)	-5.45	-3.66	-0.90	-1.43
Has plan been rewarded for capital market risk?				
4. Policy Return	2.78	4.75	6.63	6.21
5. Minimum risk/high cost policy of 91-day T-Bills	0.51	2.23	2.33	2.24
6. Impact of asset mix policy (4-5)	2.27	2.52	4.30	3.97
Has plan been rewarded for active management risk?				
7. Net active management effect (1-4)	-0.23	-0.41	0.47	0.36

State of Oregon

Total Fund Summary

Quarter Ending March 31, 2011

Total Fund:

The Total Regular Account finished the first quarter of 2011 up 4.71%, just slightly behind its benchmark, the OPERF Policy Benchmark by four basis points. For the trailing twelve months, the Plan returned 14.93%, which topped the benchmark by 157 basis points. Compared with the TUCS universe of all public funds greater than $1 Billion, the Regular Account improved to the 16th percentile in the first quarter, and to the 13th percentile for the year ended March 31.

Key Factors Contributing to Performance:

The Total Plan Attribution for the first quarter (page 16) shows that the Selection Factor in Private Equity was the chief detractor of performance vs. the Policy benchmark, subtracting 127 basis points from the net return. Most of the other factors were positive or near-neutral contributors, and were led by Weighting (allocation) in Private Equity (42 bp's), Selection in Real Estate (37 bp's) and Selection in Fixed Income (32 bp's). Over the trailing twelve months (page 17), Selection in Public Equity and Fixed Income were the greatest contributors, with each component adding 87 basis points. Selection in Private Equity was also the greatest detractor here, with a deduction of 76 basis points.

The Domestic Equity portfolio gained 6.53% in the first quarter, to edge out its benchmark, the Russell 3000, by 15 basis points, placing it in the 54th percentile of TUCS' rankings of US Equity pools of Public Plans. Over the trailing twelve months the portfolio gained 19.80% to outperform its benchmark by 238 basis points and place at the 15th percentile of the TUCS universe.

The International Equity portfolio returned 2.87% in the quarter, but fell short of its benchmark, the MSCI ACWI ex US IMI (net), by 35 basis points to land at the 57th percentile of TUCS' Public International Equity pools. For the trailing twelve months, the portfolio increased by 14.36%, which topped its benchmark by 29 basis points, and ranked 25th against its peers. Noteworthy was the portfolio's longer-term performance as it placed first among its peers over the seven and ten year periods.

The PERS Total Fixed Income portfolio demolished its benchmark, the Custom Fixed Income 90/10 benchmark, by 133 basis points. Similarly, for the year ended March 31, the portfolio beat the benchmark by 365 basis points with a return of 9.01%. Against, its peers in the TUCS US Fixed Income Pools, the portfolio placed at the 12th percentile in the quarter, and 12th on the year.

Also contributing well to the Plan's first quarter performance was the Real Estate Portfolio with a return of 8.51%, which topped its benchmark, the NCREIF Property Index (lagged one quarter) by 388 basis points placing it in the 5th percentile among TUCS' Real Estate Pools. With a return of 18.60% over the trailing 12 months, the portfolio beat the benchmark by 549 basis points. Contributing well to the longer-term performance were both the Real Estate and Private Equity portfolios, which placed first among their peers in the seven and ten year periods, while Private Equity added a first place finish in the five year period as well.

Note: Returns are net of fees. Private Equity and Real Estate Returns are lagged one quarter.

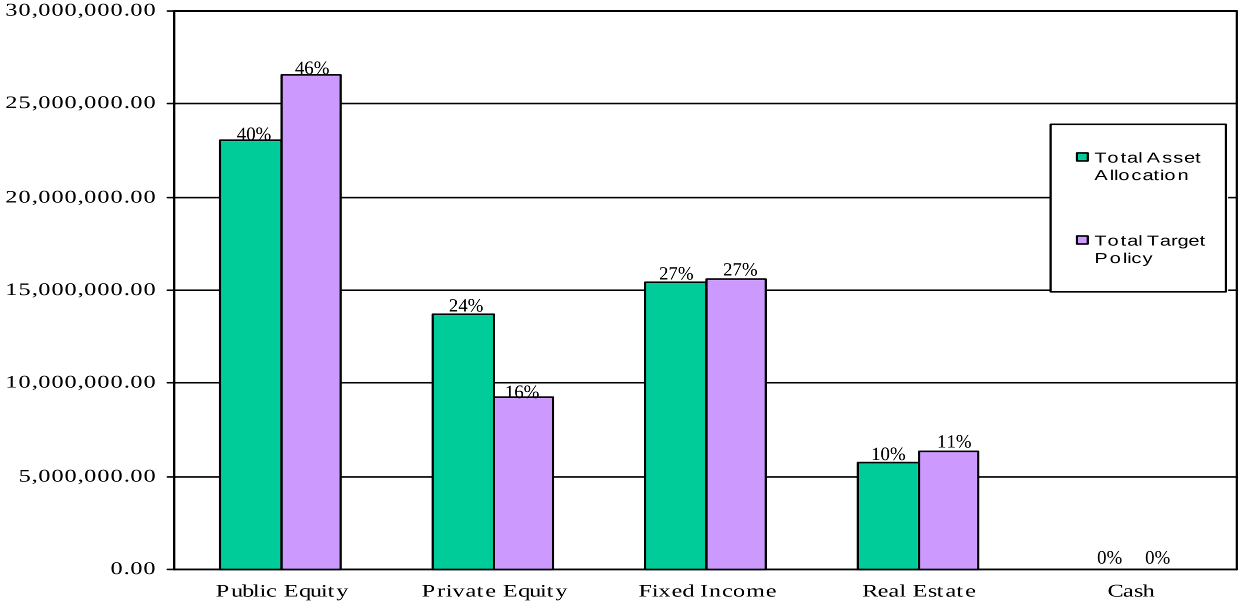
TUCS Universe: Public Funds $1 Billion or Larger (rankings based on gross returns)

State of Oregon

Total Regular Account Asset Allocation ($ Millions)

as of March 31, 2011

Asset Allocation vs. Target Policy



Allocation vs. Target Policy

	WEIGHTS			
	Allocation*	Policy	Difference	Median-Public Fund>$1 B Universe (TUCS)
PUBLIC EQUITY	40	46	-6.0	57.9
PRIVATE EQUITY	24	16	8.0	8.5
FIXED INCOME	27	27	0.0	23.7
REAL ESTATE	10	11	-1.0	2.7
CASH	-	-	-	2.8
TOTAL PLAN	100	100		

*Asset class allocations reflect the impact of the overlay program.

State Of Oregon

Total Fund Return Table

Rates Of Return

Periods Ending March 31, 2011

	Market Value $(M)	Current Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Inception to Date	Inception Date
FUNDS										
TOTAL REGULAR ACCOUNT	$57,765,190	4.71	4.71	14.93	2.55	4.34	7.10	6.57	7.37	07/01/1997
OPERF POLICY BENCHMARK		4.75	4.75	13.36	2.78	4.75	6.63	6.21		
PUBLIC FUNDS > $1 BILLION RANK*		16	16	13	70	45	7	13		
PUBLIC FUNDS > $10 BILLION RANK*		42	42	33	35	5	1	25		
TOTAL DOMESTIC EQUITY	$10,001,549	6.53	6.53	19.80	4.15	2.90	5.35	4.59	10.03	04/01/1971
RUSSELL 3000		6.38	6.38	17.41	3.42	2.95	5.08	4.13		
US EQUITY POOLS*		54	54	15	30	35	25	25		
TOTAL INTERNATIONAL EQUITY	$12,482,773	2.87	2.87	14.36	1.04	4.60	9.56	8.45	11.62	04/01/1985
MSCIACWI - OREGON MSCI ACWI EX US IMI NET		3.22	3.22	14.07	-0.09	4.23	9.03	7.94		
INTERNATIONAL EQUITY POOLS*		57	57	25	5	10	1	1		
TOTAL GLOBAL EQUITY	$984,148	5.23	5.23	13.68	-2.78				-3.21	03/01/2007
MSCIACVA - OREGON MSCI ACWI VALUE NET INDEX		5.48	5.48	12.64	-0.12					
TOTAL FIXED INCOME	$13,600,774	2.00	2.00	9.01	8.70	7.28	6.20	6.95	8.51	01/01/1988
CUSTOM FIXED INCOME 90/10 BLEND [3]		0.67	0.67	5.35	5.49	5.96	4.95	5.69		
US FIXED INCOME POOLS*		12	12	12	13	17	15	10		
TOTAL REAL ESTATE[1]	$5,773,160	8.51	8.51	18.60	-6.48	0.74	8.38	9.62	9.86	12/01/1996
NCREIF PROPERTY ONE QTR LAG		4.62	4.62	13.11	-4.18	3.51	7.26	7.38		
REAL ESTATE POOLS*		5	5	11	28	32	1	1		
TOTAL PRIVATE EQUITY[2]	$12,576,379	6.41	6.41	17.53	2.19	9.00	14.62	8.50	10.96	07/01/1997
BLENDED PRIVATE EQUITY INDEX QTR LAG		12.39	12.39	20.40	2.25	6.58	8.44	6.77		
US PRIVATE EQUITY*		36	36	30	21	1	1	1		
TOTAL OPPORTUNITY PORTFOLIO	$1,110,655	8.06	8.06	20.44	8.12					09/01/2006
RUSSELL 3000		6.38	6.38	17.41	3.42	2.95	5.08	4.13		
CPI + 5%		2.71	2.71	7.29	6.42	7.21	7.51	7.38		
OST SHORT TERM FUND - PERS	$887,452	0.31	0.31	0.80	1.28	2.82	2.78	2.62	4.26	12/01/1989
91 DAY T-BILL		0.05	0.05	0.16	0.51	2.23	2.33	2.24		

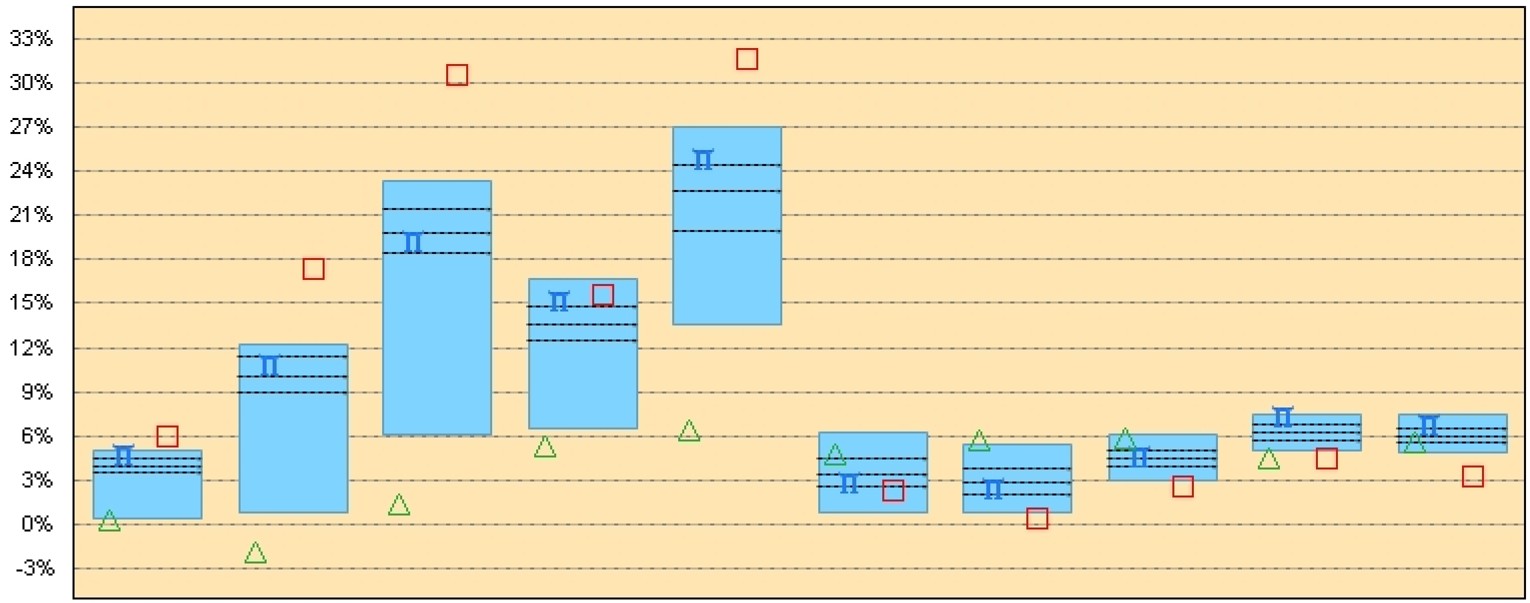
[1]Publicly traded real estate securities are current quarter; all others are 1 quarter lagged
[2]Private Equity returns lagged one quarter

*RANKING SOURCE: TUCS UNIVERSE, BASED ON GROSS RETURNS

[3]90% BC U.S. Universal/10% SSBI Non-US World Govt. Bond Hedged;
prior to 1/1/1999 Gov't/Credit; 1/99 to 6/00 SSBI Non-US WGB Unhedged

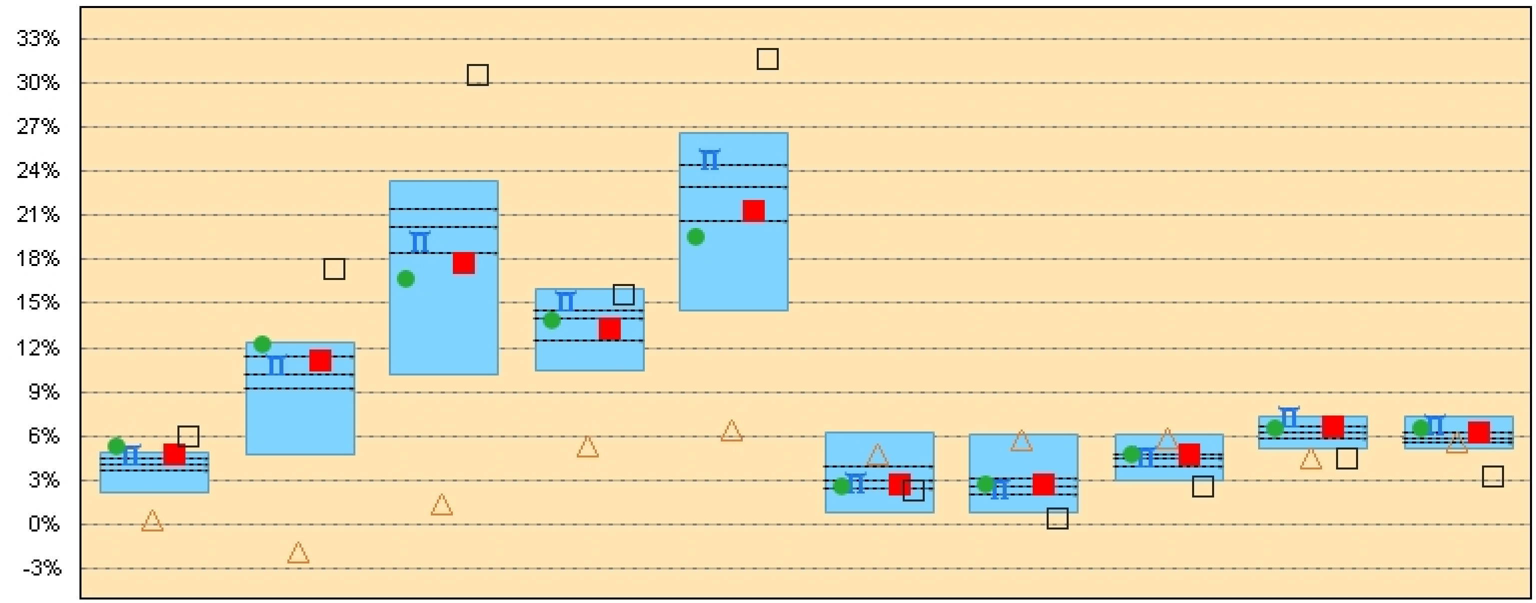
Assets not listed above include a total of $348,299 invested in the Overlay, Total Closed Global Equity, Transition Account, Transitional Managers, Shott Capital, and Fixed Income Transition Account.

State of Oregon
Performance Comparison
Total Returns of Master Trusts - Public : Plans > $1 Billion
Cumulative Periods Ending : March 31, 2011



Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	4.99	12.25	23.36	16.74	26.97	6.28	5.41	6.11	7.48	7.52
25th	4.51	11.44	21.49	14.74	24.38	4.51	3.76	5.05	6.78	6.55
50th	3.89	10.08	19.78	13.52	22.67	3.40	2.82	4.54	6.26	5.94
75th	3.56	8.99	18.50	12.48	19.90	2.56	2.03	3.98	5.75	5.62
95th	0.39	0.79	6.14	6.52	13.52	0.82	0.80	2.94	5.01	4.86
No. Of Obs	66	64	64	63	63	63	63	63	61	60
Total Regular Account	4.78 (16)	10.84 (32)	19.29 (59)	15.21 (13)	24.79 (21)	2.83 (70)	2.46 (63)	4.62 (45)	7.38 (7)	6.83 (13)
S&P 500	5.92 (1)	17.32 (1)	30.57 (1)	15.64 (7)	31.59 (1)	2.36 (78)	0.45 (100)	2.63 (100)	4.46 (97)	3.29 (99)
Barclays Govt/Credit	0.28 (97)	-1.90 (100)	1.32 (97)	5.25 (95)	6.38 (97)	4.82 (17)	5.70 (4)	5.84 (9)	4.49 (97)	5.53 (78)

State of Oregon
Performance Comparison
Total Returns of Public Funds > $10 Billion
Cumulative Periods Ending : March 31, 2011

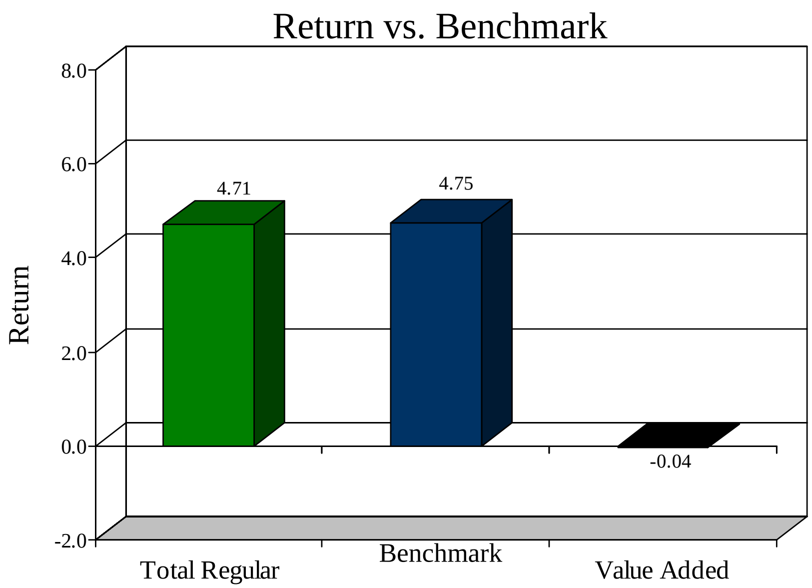


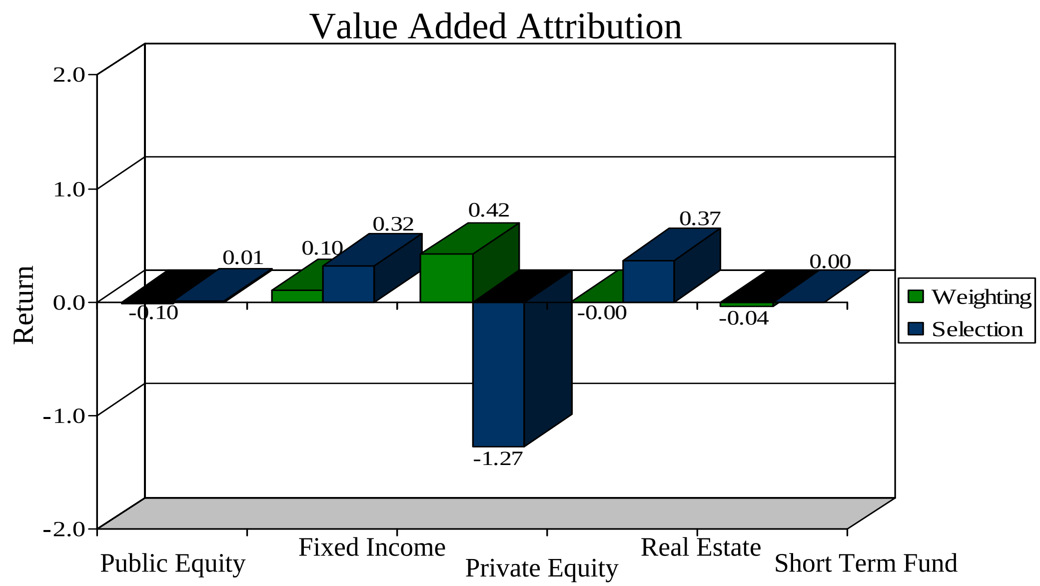
Percentile Rankings	1 Qtr	2 Qtrs	3 Qtrs	1 Year	2 Years	3 Years	4 Years	5 Years	7 Years	10 Years
5th	4.91	12.41	23.31	15.99	26.55	6.28	6.11	6.11	7.38	7.28
25th	4.49	11.44	21.49	14.50	24.43	4.00	3.14	4.83	6.69	6.29
50th	4.05	10.13	20.20	13.93	22.98	2.99	2.62	4.49	6.21	5.90
75th	3.62	9.17	18.50	12.48	20.60	2.49	2.07	3.98	5.78	5.62
95th	2.23	4.74	10.21	10.40	14.53	0.82	0.80	2.98	5.12	5.13
No. Of Obs	41	40	40	40	40	40	40	40	39	37
Total Regular Account	4.78 (16)	10.84 (30)	19.29 (62)	15.21 (13)	24.79 (22)	2.83 (60)	2.46 (57)	4.62 (42)	7.38 (5)	6.83 (8)
OPERF Policy Benchmark	4.75 (18)	11.15 (27)	17.80 (83)	13.36 (55)	21.35 (65)	2.78 (60)	2.76 (47)	4.75 (30)	6.63 (25)	6.21 (30)
Actual Allocation Retu	5.36 (1)	12.21 (5)	16.75 (88)	13.78 (50)	19.61 (83)	2.56 (70)	2.74 (47)	4.75 (30)	6.59 (25)	6.46 (17)
S&P 500	5.92 (1)	17.32 (1)	30.57 (1)	15.64 (5)	31.59 (1)	2.36 (75)	0.45 (100)	2.63 (100)	4.46 (99)	3.29 (100)
Barclays Govt/Credit	0.28 (100)	-1.90 (100)	1.32 (100)	5.25 (100)	6.38 (100)	4.82 (10)	5.70 (5)	5.84 (8)	4.49 (99)	5.53 (84)

Total Plan Attribution

Regular Account

1st Quarter 2011





	WEIGHTS			RETURNS			VALUE ADDED		
	Portfolio*	Benchmark**	Difference	Portfolio***	Benchmark	Difference	Weighting	Selection	Timing
PUBLIC EQUITY	42.39	46.00	-3.61	4.45	4.42	0.03	-0.01	0.01	
FIXED INCOME	24.58	27.00	-2.42	1.99	0.67	1.32	0.10	0.32	
PRIVATE EQUITY	21.98	16.00	5.98	6.41	12.39	-5.98	0.42	-1.27	
REAL ESTATE	9.78	11.00	-1.22	8.51	4.62	3.89	0.00	0.37	
SHORT TERM FUND	1.26	0.00	1.26	0.30	0.05	0.25	-0.04	0.00	
TOTAL REGULAR ACCT	100.00	100.00	0.00	4.71	4.75	-0.04	0.47	-0.57	0.06

* Weights of Portfolios based on beginning of period valuations.

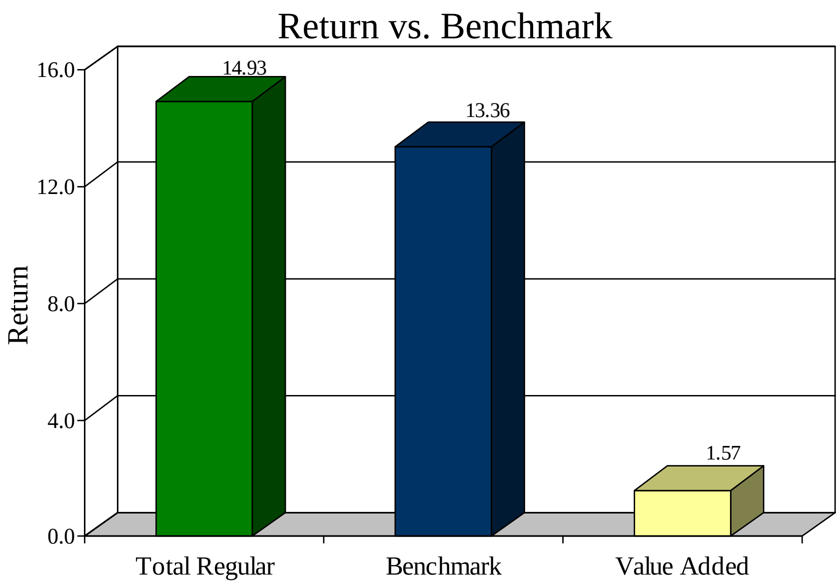
** Weights of Benchmarks based on average weights over entire period.

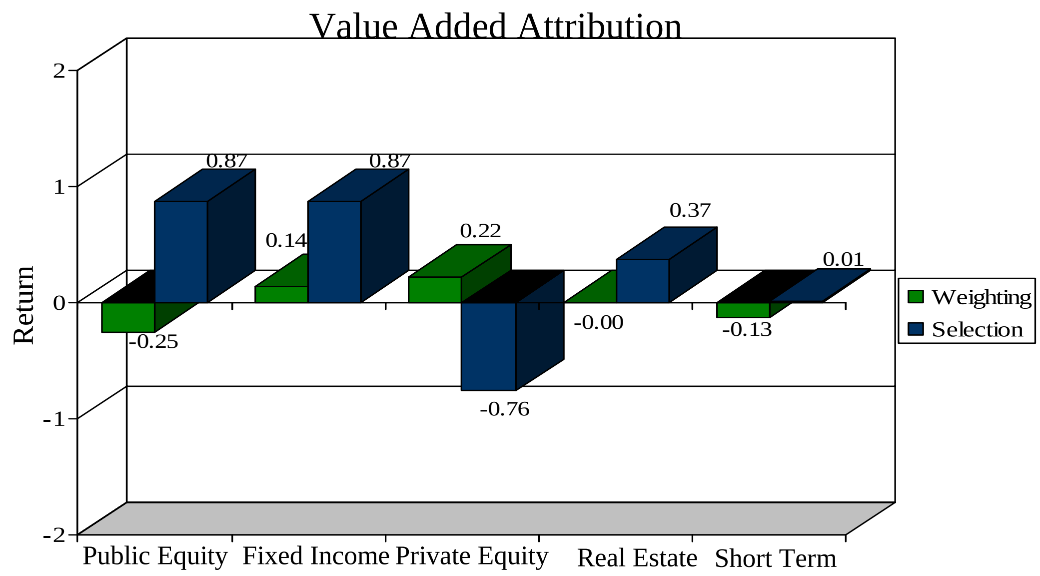
*** Asset Class Returns reflect the impact of the overlay program.

Total Plan Attribution

Regular Account

03/31/2010 – 03/31/2011





	WEIGHTS			RETURNS			VALUE ADDED		
	Portfolio*	Benchmark**	Difference	Portfolio***	Benchmark	Difference	Weighting	Selection	Timing
PUBLIC EQUITY	42.49	46.00	-3.51	16.44	14.08	2.36	-0.25	0.87	
FIXED INCOME	26.35	27.00	-0.65	8.99	5.35	3.64	0.14	0.87	
PRIVATE EQUITY	20.29	16.00	4.29	17.53	20.40	-2.86	0.22	-0.76	
REAL ESTATE	9.67	11.00	-1.33	18.60	13.11	5.49	0.00	0.37	
SHORT TERM FUND	1.19	0.00	1.19	0.84	0.16	0.68	-0.13	0.01	
TOTAL REGULAR ACCT.	100.00	100.00	0.00	14.93	13.36	1.57	-0.03	1.35	0.06

* Weights of Portfolios based on beginning of period valuations.

** Weights of Benchmarks based on average weights over entire period.

*** Asset Class Returns reflect the impact of the overlay program.

Total Regular Account

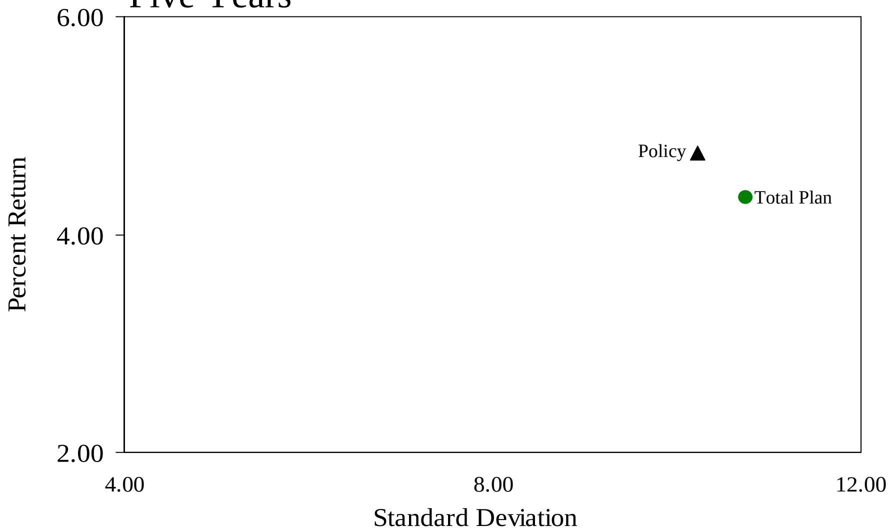
Total Risk vs. Return (OPERF Policy) as of March 31, 2011

Three Years

Risk Statistics

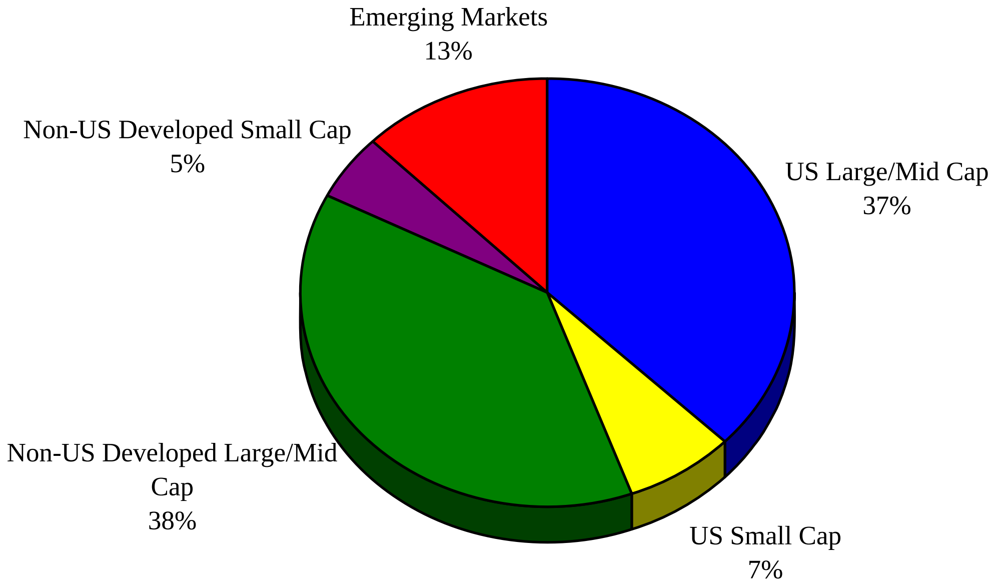
	3 Years	5 Years
Portfolio Return	2.55	4.34
Benchmark Return	2.78	4.75
Return Difference	-0.23	-0.40
Portfolio Standard Deviation	12.99	10.75
Benchmark Standard Deviation	12.37	10.23
Tracking Error	2.94	2.33
Historic Beta	1.02	1.03
R-squared	0.95	0.95
Jensen's Alpha	-0.28	-0.47
Sharpe Ratio	0.16	0.20
Treynor Ratio	1.99	2.06
Information Ratio	-0.08	-0.17

Five Years



State of Oregon

Public Equity Regional Allocation as of March 31, 2011

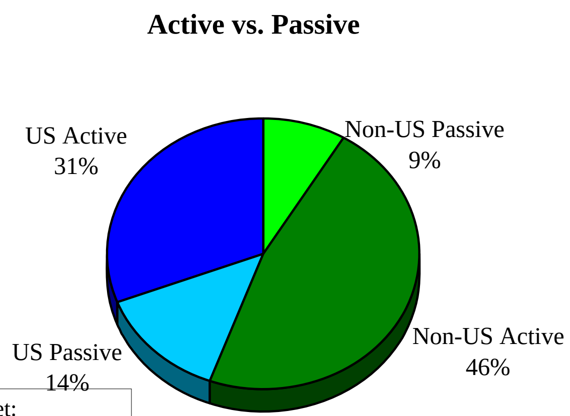


Target	
US Large/Mid:	37%
US Small:	7%
Non-US Developed Large/Mid:	38%
Non-US Developed Small:	5%
Emerging Markets:	14%

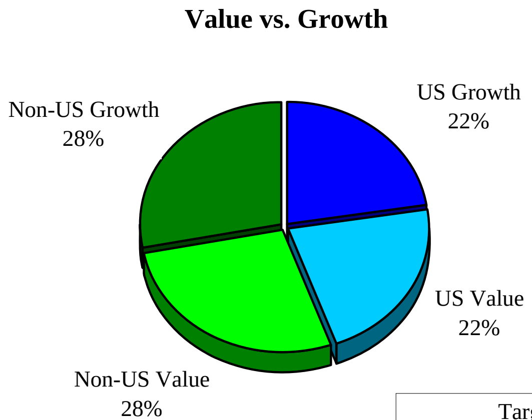
* Based on SIS's analysis of historical manager holdings for market capitalization and style characteristics.

State of Oregon

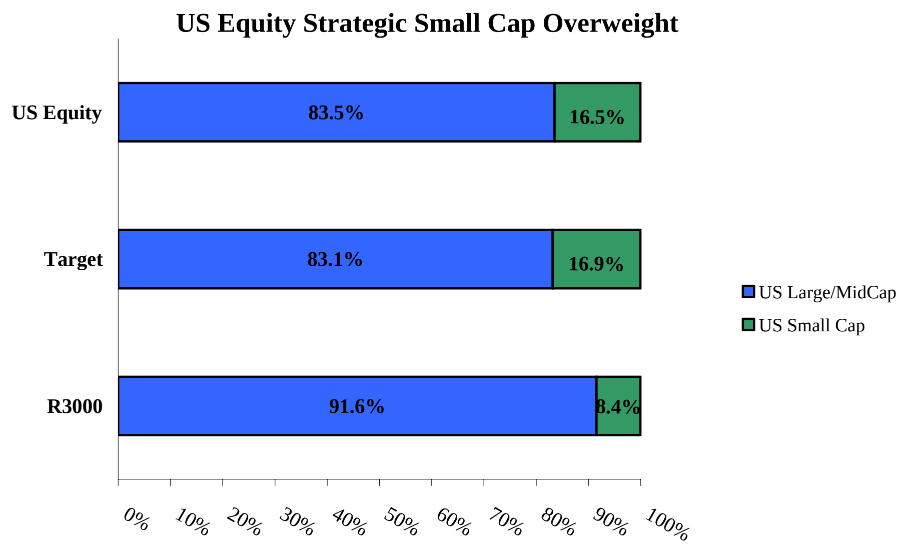
Public Equity Manager Allocation as of March 31, 2011



Target:	
Active:	75%
Passive:	25%



Target:	
Growth:	50%
Value:	50%



Target: 100% Overweight of Russell 2000 as a Percent of Russell 3000

Figures may not sum to 100% due to rounding.

Total Public Equity

Individual Manager Allocations

as of March 31, 2011

Manager	Market Value ($M)	Current % of Equities
Total Domestic Equity		
U.S. Large Cap:	**7,935,788**	**33.8%**
Aletheia Research	373,547	1.6%
Aronson+Johnson+Ortiz	829,408	3.5%
BGI Russell 1000 Growth	987,384	4.2%
BGI Russell 1000 Value	1,037,911	4.4%
Delaware	423,931	1.8%
MFS	810,707	3.5%
Northern Trust	793,473	3.4%
PIMCO	482,390	2.1%
Pyramis US Core	381,763	1.6%
S&P 400 Index	175,580	0.7%
S&P 500 Index	842,631	3.6%
Wells Capital Select	797,064	3.4%
U.S. Small and SMID Cap:	**2,064,041**	**8.8%**
AQR	185,267	0.8%
Boston Company	190,085	0.8%
Eudaimonia	106,172	0.5%
Next Century Micro	147,884	0.6%
Next Century Small	151,338	0.6%
R2000 Synthetic	132,829	0.6%
Wanger	775,373	3.3%
Wellington	375,093	1.6%
Passive	5,178,371	22.1%
Active	18,288,851	77.9%
Total Equities*	**23,469,002**	**100.0%**

Manager	Market Value ($M)	Current % of Equities
Total Non-US Equity		
Non-U.S. Large Cap:	**9,784,646**	**41.7%**
Acadian	758,781	3.2%
AQR	946,869	4.0%
Arrowstreet	1,126,348	4.8%
Brandes	739,201	3.1%
Lazard	796,297	3.4%
Northern Trust	234,355	1.0%
Pyramis Select	1,025,993	4.4%
SSgA	2,002,036	8.5%
TT International	772,573	3.3%
UBS	569,614	2.4%
Walter Scott	812,579	3.5%
Non-U.S. Small Cap:	**935,143**	**4.0%**
DFA	215,272	0.9%
Harris	224,855	1.0%
Pyramis Select (Non-US Smcap)	303,190	1.3%
Victory	191,827	0.8%
Emerging Markets:	**1,762,939**	**7.5%**
Arrowstreet	430,953	1.8%
BGI TEMs	239,862	1.0%
DFA SC	123,665	0.5%
Genesis	629,727	2.7%
Pictet	221,396	0.9%
Westwood	117,335	0.5%
Global:	**984,148**	**4.2%**
Alliance Bernstein Global Value	984,148	4.2%

* Includes $2,298 in other Equity assets not listed above, but does not include $36,789 in Transition Account.

State of Oregon

Total Active Domestic Equity Characteristics Summary

First Quarter 2011

Top 10 Holdings

	Mkt. Value ($M)	% of Portfolio
APPLE INC	112,970	1.9
JPMORGAN CHASE + CO	74,890	1.2
CHEVRON CORP	69,480	1.1
ORACLE CORP	64,170	1.1
EXXON MOBIL CORP	60,170	1.0
QUALCOMM INC	58,640	1.0
GOOGLE INCCL A	51,320	0.8
WELLS FARGO + CO	49,900	0.8
PFIZER INC	49,240	0.8
HESS CORP	49,210	0.8

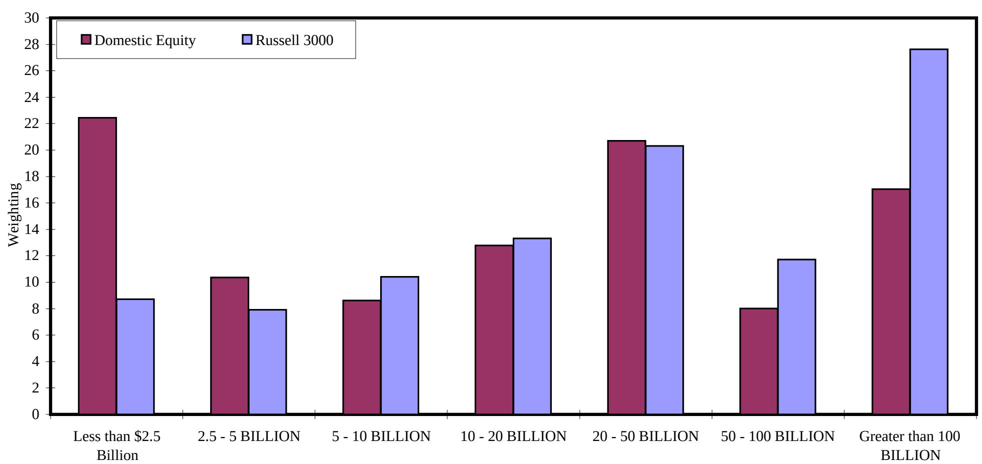
Characteristics

	Domestic Equity	Russell 3000
P/E Ratio	25.0	20.8
P/B Ratio	3.8	3.5
5 Year EPS Growth (%)	9.1	5.0
Market Cap - cap wtd ($MM)	49.8	74.6
Dividend Yield (%)	1.2	1.7

Risk Statistics

	3 Year	5 Year
Portfolio Return	4.45	2.78
Benchmark Return	3.42	2.95
Portfolio Standard Deviation	23.86	19.44
Benchmark Standard Deviation	22.66	18.47
Tracking Error	2.77	2.32
Historic Beta	1.05	1.05
R-Squared	0.99	0.99
Jensen's Alpha	0.89	-0.20
Sharpe Ratio	0.16	0.03
Information Ratio	0.37	-0.07

Market Capitalization



Market Capitalization

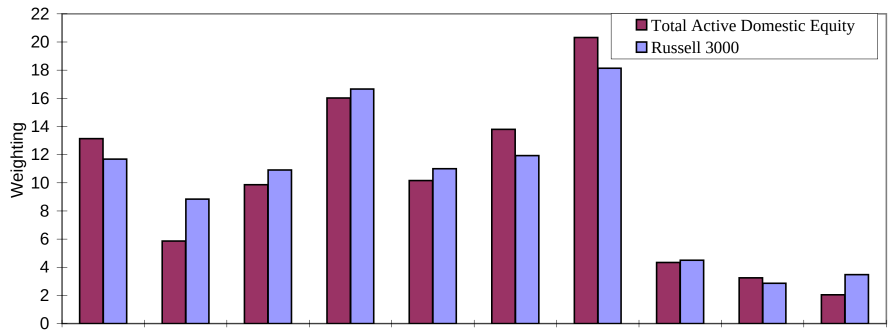
	Domestic Equity	Russell 3000
Less than $2.5 Billion	22.4	8.7
2.5 - 5 BILLION	10.4	7.9
5 - 10 BILLION	8.6	10.4
10 - 20 BILLION	12.8	13.3
20 - 50 BILLION	20.7	20.3
50 - 100 BILLION	8.0	11.7
Greater than 100 BILLION	17.1	27.6

State of Oregon

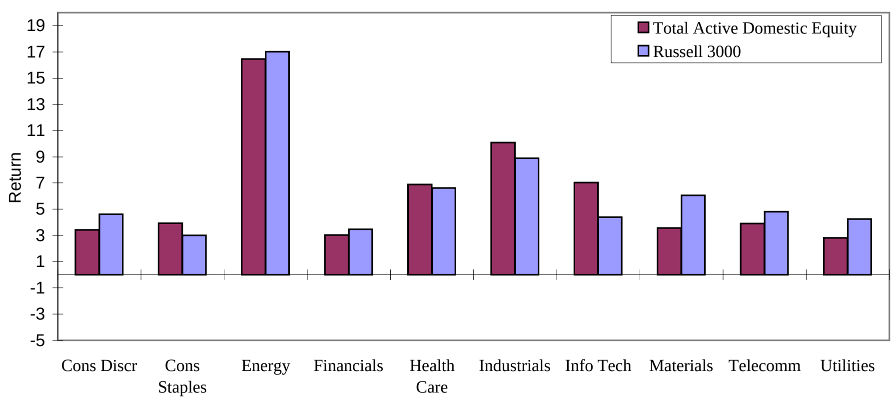
Total Active Domestic Equity Sector Attribution

First Quarter 2011

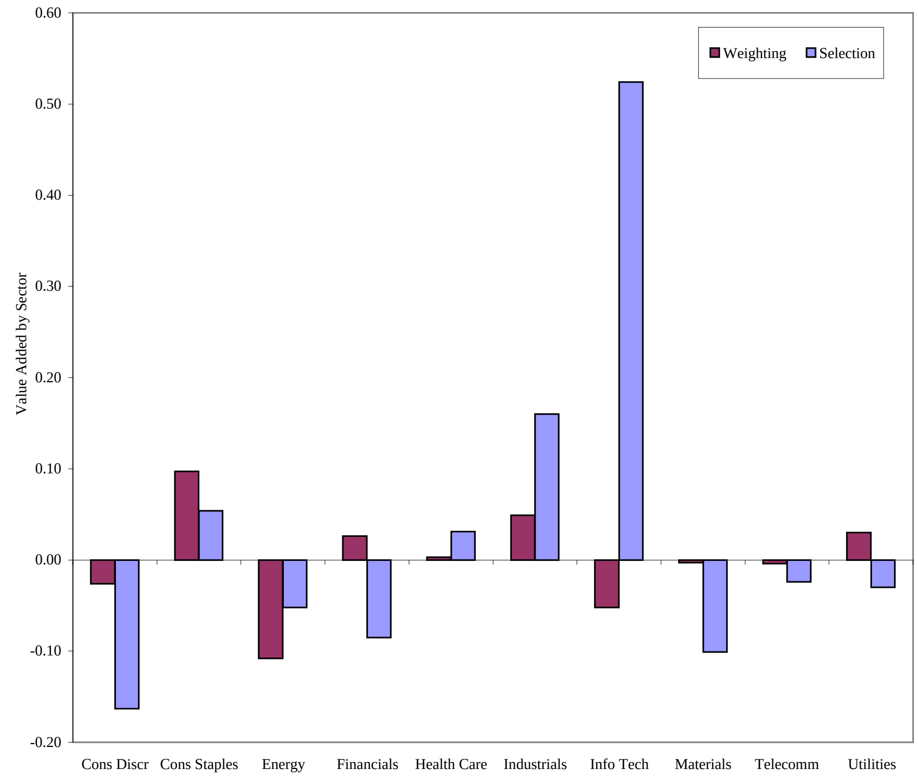
Weighting



Return



Value Added



	BEGINNING WEIGHTS			RETURNS			VALUE ADDED		
	Total Active Dom Equity	Russell 3000	Difference	Total Active Dom Equity	Russell 3000	Difference	Allocation	Selection	Timing
Consumer Discretionary	13.1	11.7	1.5	3.4	4.6	-1.2	0.0	-0.2	
Consumer Staples	5.9	8.8	-3.0	3.9	3.0	0.9	0.1	0.1	
Energy	9.9	10.9	-1.0	16.5	17.0	-0.5	-0.1	-0.1	
Financials	16.0	16.7	-0.7	3.0	3.5	-0.4	0.0	-0.1	
Health Care	10.1	11.0	-0.8	6.9	6.6	0.3	0.0	0.0	
Industrials	13.8	11.9	1.9	10.1	8.9	1.1	0.0	0.2	
Info Technology	20.3	18.1	2.2	7.0	4.4	2.5	-0.1	0.5	
Materials	4.3	4.5	-0.2	3.6	6.1	-2.3	0.0	-0.1	
Telecommunication	3.3	2.9	0.4	3.9	4.8	-0.9	0.0	0.0	
Utilities	2.0	3.5	-1.4	2.8	4.3	-1.4	0.0	0.0	
Total Fund	100.0	100.0	0.0	6.3	6.4	-0.1	0.0	0.3	-0.4

Note: Attribution is based on the invested portfolio's gross performance returns at the security level. Weighting is based on beginning of period holdings

State of Oregon

International Equity Atttribution Summary

First Quarter 2011

Top Ten Holdings

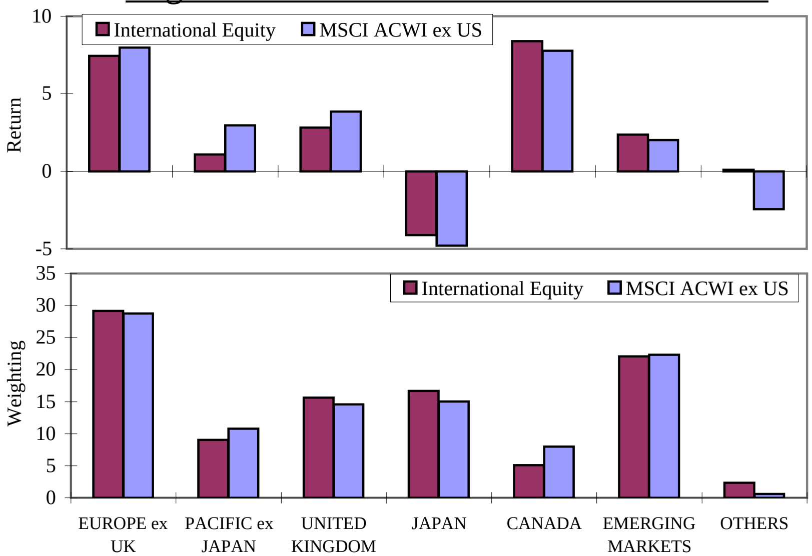
	Mkt. Value ($M)	% of Portfolio
NOVO NORDISK AS	73,840	0.6
SANOFI AVENTIS	65,575	0.5
GLAXOSMITHKLINE PLC	65,154	0.5
NESTLE SA	62,718	0.5
TOTAL SA	57,483	0.5
ENI	56,899	0.5
NIPPON TEL+TEL CP	56,158	0.4
XSTRATA PLC	54,894	0.4
CHINA MOBILE LTD	53,598	0.4
KIA MOTORS CORPORATION	51,363	0.4

*Excludes holdings of funds or ETF's

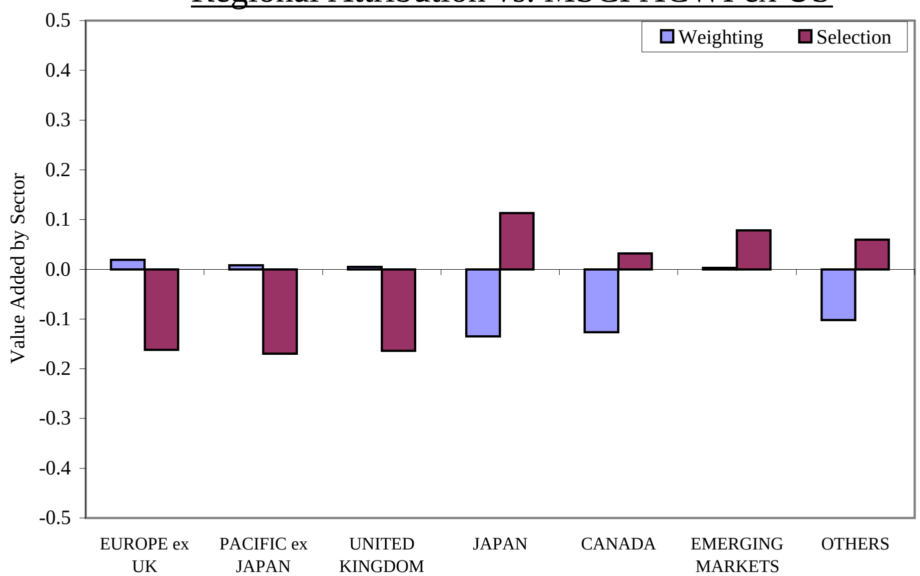
Market Capitalization

	International Equity	MSCI AC WORLD ex US
Less than 2.5 BILLION	13.7	2.2
2.5 - 5 BILLION	10.3	7.0
5 - 10 BILLION	13.7	14.2
10 - 20 BILLION	16.0	16.7
20 - 50 BILLION	19.8	24.9
50 - 100 BILLION	17.6	22.1
Greater than 100 BILLION	8.8	12.9

Regional Attribution vs. MSCI ACWI ex US



Regional Attribution vs. MSCI ACWI ex US



Note: Attribution is based on the invested portfolio's gross performance returns at the security level. Weighting is based on beginning of period holdings.

State of Oregon

International Equity Atttribution Summary
First Quarter 2011

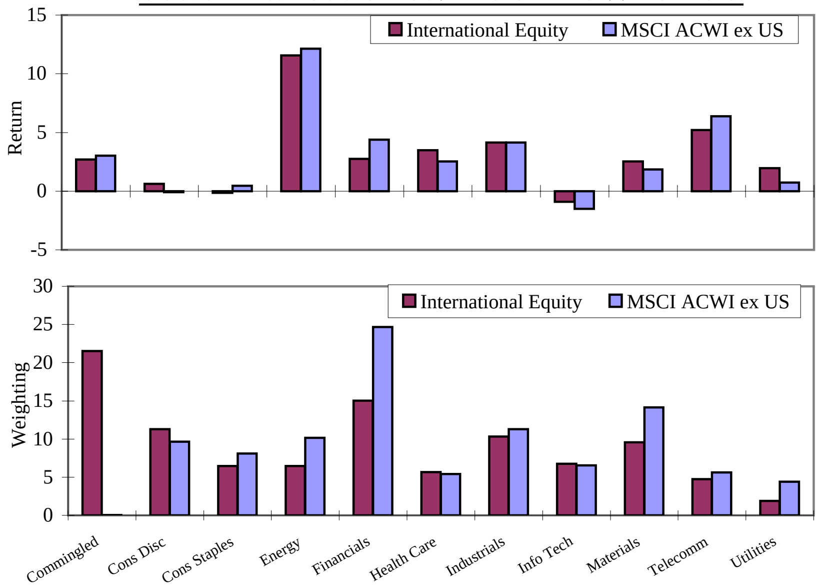
Risk Statistics

	3 Year	5 Year
Portfolio Return	1.04	4.60
Benchmark Return	-0.09	4.23
Portfolio Standard Deviation	26.40	21.78
Benchmark Standard Deviation	27.33	22.57
Tracking Error	1.69	1.48
Historic Beta	0.96	0.96
R-Squared	1.00	1.00
Jensen's Alpha	1.11	0.44
Sharpe Ratio	0.02	0.11
Information Ratio	0.67	0.25

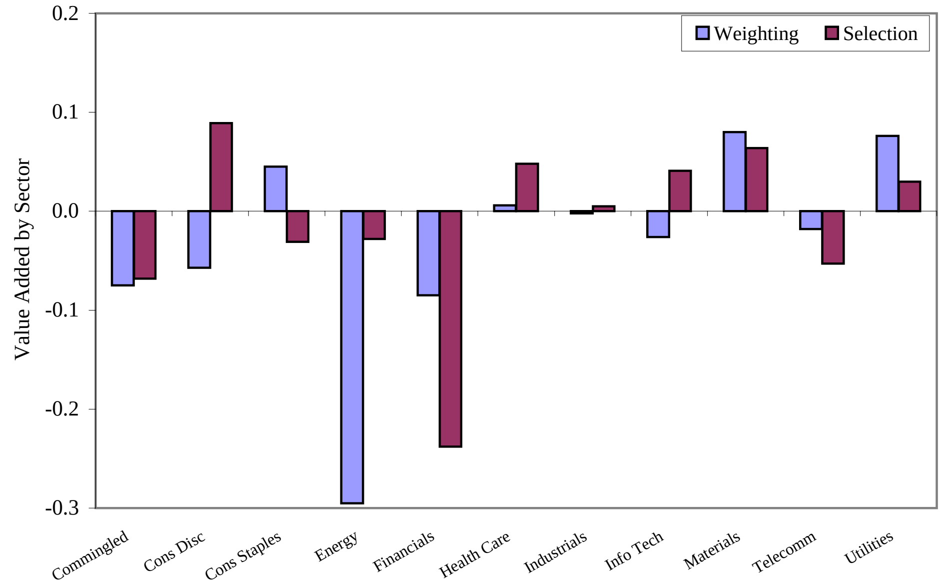
Characteristics

	International Equity	MSCI AC WORLD ex US
P/E Ratio	17.7	16.9
P/B Ratio	2.5	2.6
5 Year EPS Growth (%)	3.1	2.1
Market Cap - cap weighted ($B)	36.1	47.3
Dividend Yield (%)	2.5	2.7

Sector Attribution vs. MSCI ACWI ex US



Sector Attribution vs. MSCI ACWI ex US

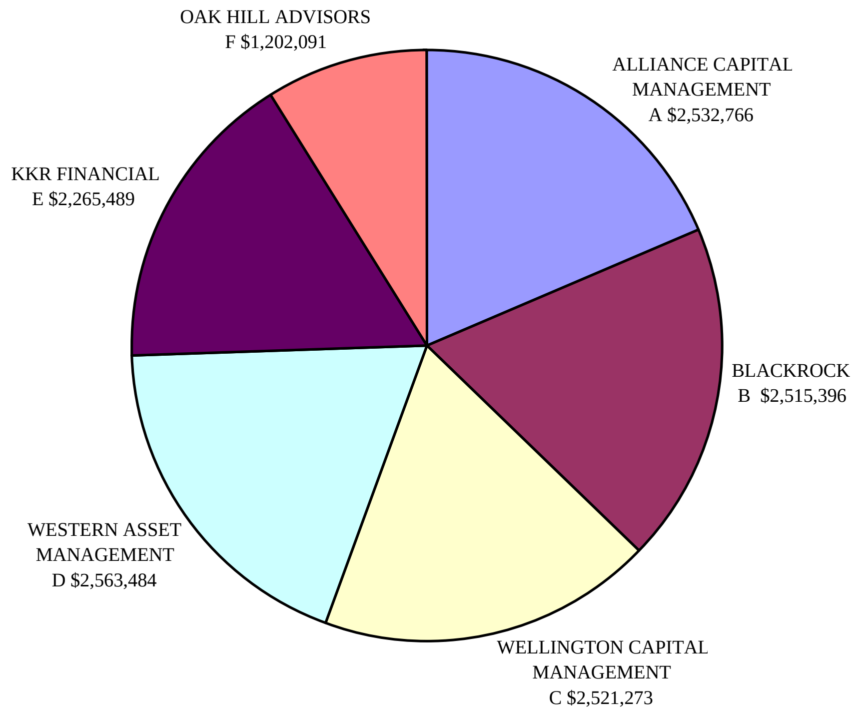


Note: All risk statistics are based on net performance returns and attribution is based on gross performance returns at the security level. Weighting is based on beginning of period holdings.

Total Fixed Income

Individual Manager Allocation
as of March 31, 2011

	Portfolio	$M	% ALLOCATION
	EXTERNAL FIXED INCOME		
A	ALLIANCE CAPITAL MANAGEMENT	$2,532,766	19%
B	BLACKROCK	$2,515,396	19%
C	WELLINGTON CAPITAL MANAGEMENT	$2,521,273	19%
D	WESTERN ASSET MANAGEMENT	$2,563,484	19%
E	KKR FINANCIAL	$2,265,489	17%
F	OAK HILL ADVISORS	$1,202,091	9%
Total Fixed Income		**$13,600,774**	

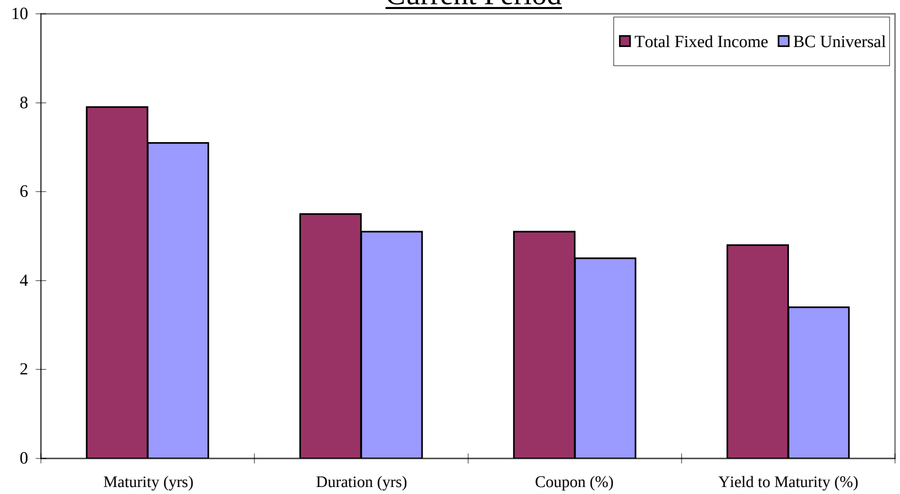


State of Oregon

Fixed Income Characteristics Summary

First Quarter 2011

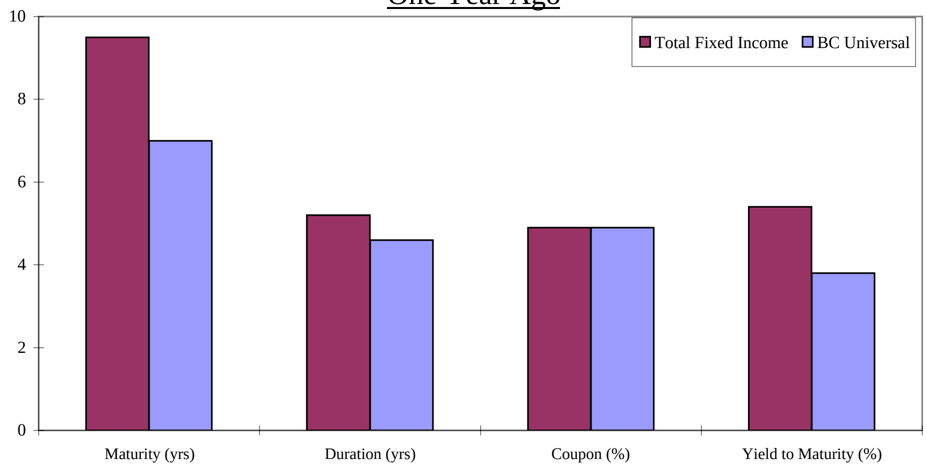
Current Period



Characteristics

	3/31/11		3/31/10	
Characteristics	**Portfolio**	**BC Universal**	**Portfolio**	**BC Universal**
Maturity (yrs)	7.9	7.1	9.5	7.0
Duration (yrs)	5.5	5.1	5.2	4.6
Coupon (%)	5.1	4.5	4.9	4.9
Yield to Maturity (%)	4.8	3.4	5.4	3.8
Moody's Quality Rating	A-2	AA-2	A-1	AA-2
S&P Quality Rating	A	AA	A	AA

One Year Ago



Risk Statistics

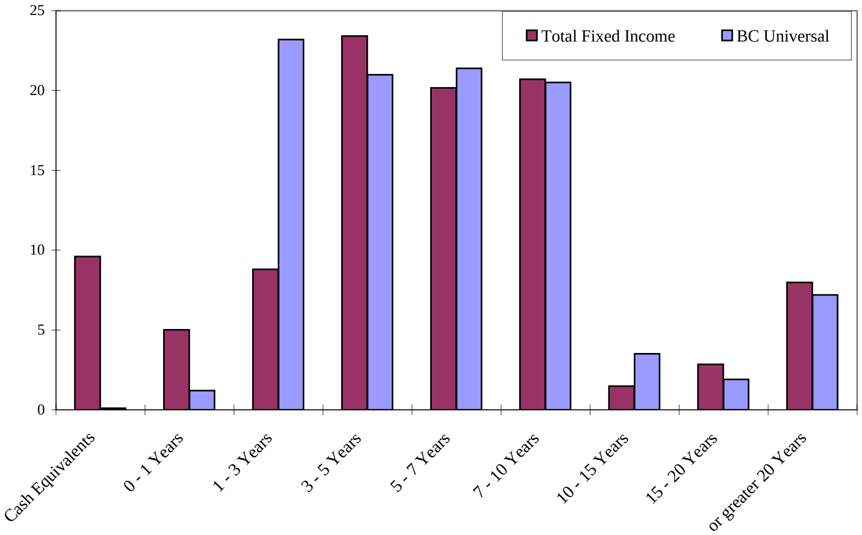
	3 Year	**5 Year**
Portfolio Return	8.70	7.28
Benchmark Return	5.49	5.96
Portfolio Standard Deviation	7.08	5.69
Benchmark Standard Deviation	4.18	3.55
Tracking Error	5.30	4.19
Historic Beta	1.16	1.14
R-Squared	0.47	0.49
Jensen's Alpha	2.44	0.81
Sharpe Ratio	1.16	0.89
Information Ratio	0.61	0.31

State of Oregon

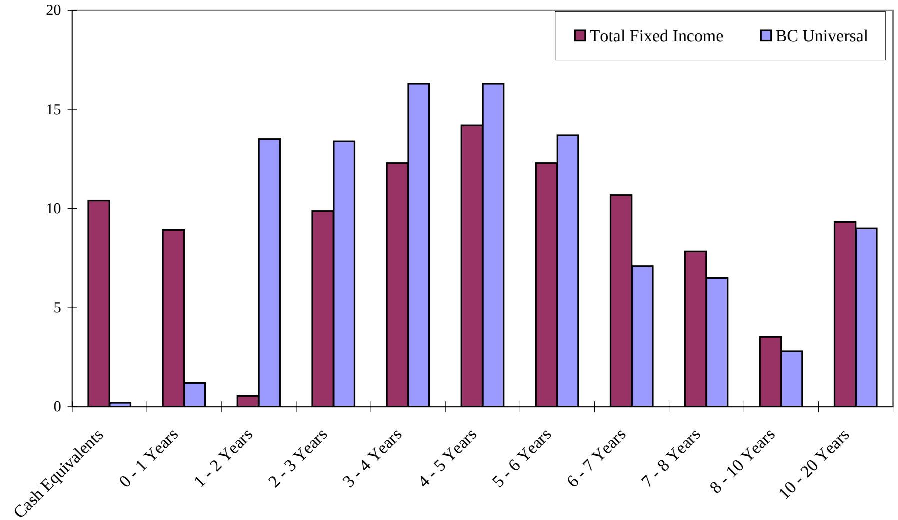
Fixed Income Characteristics Detail

First Quarter 2011

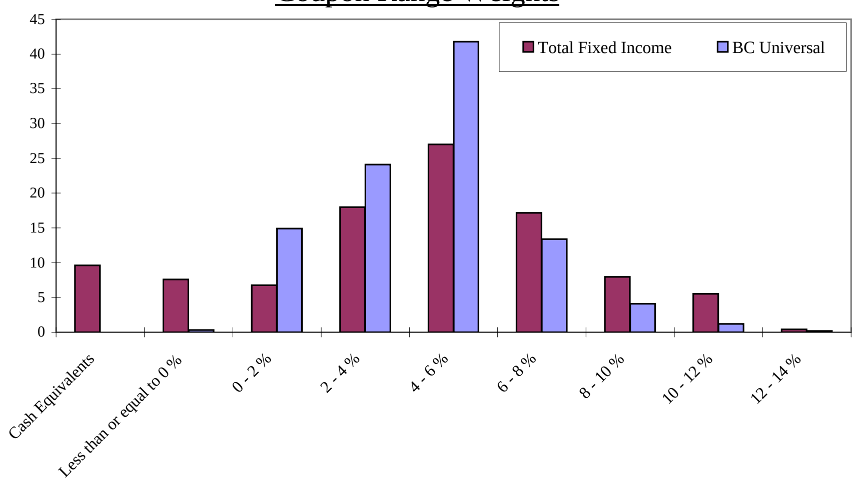
Maturity Range Weights



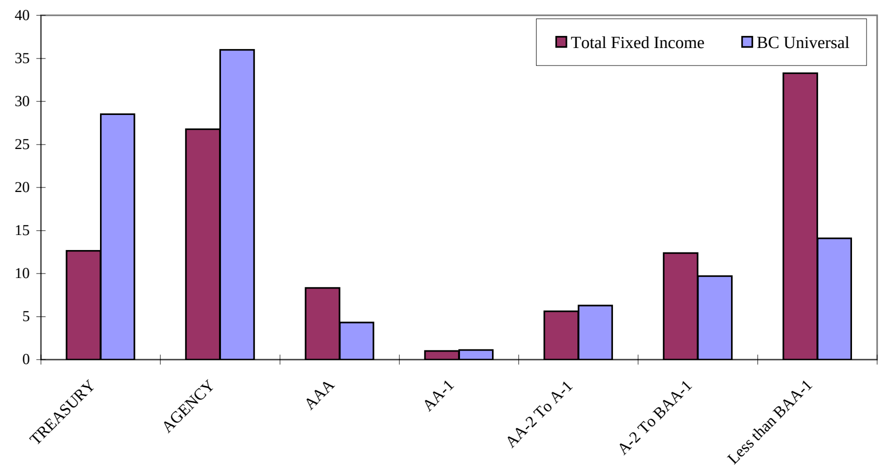
Duration Range Weights



Coupon Range Weights



Moody's Rating Weights

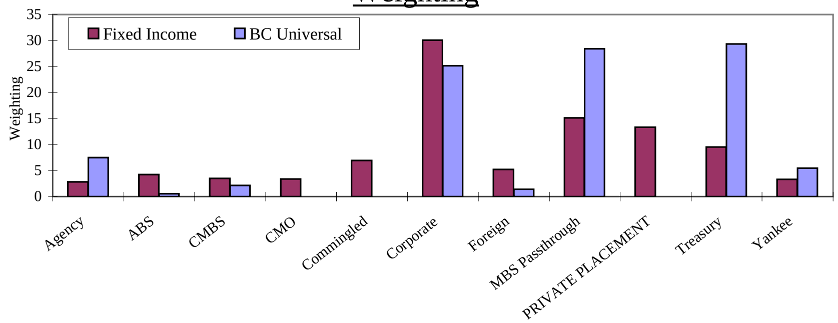


State of Oregon

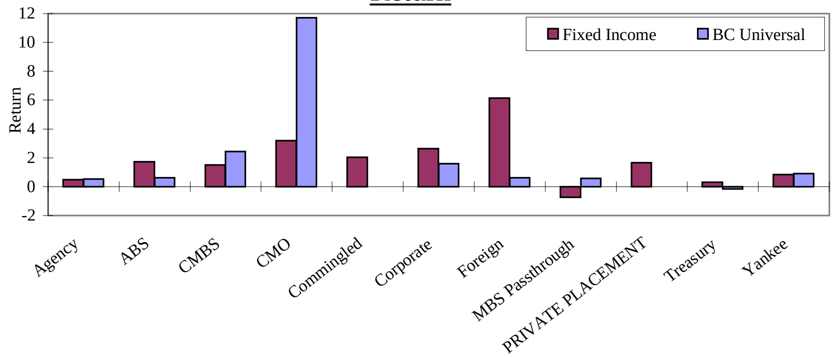
Fixed Income Sector Attribution

First Quarter 2011

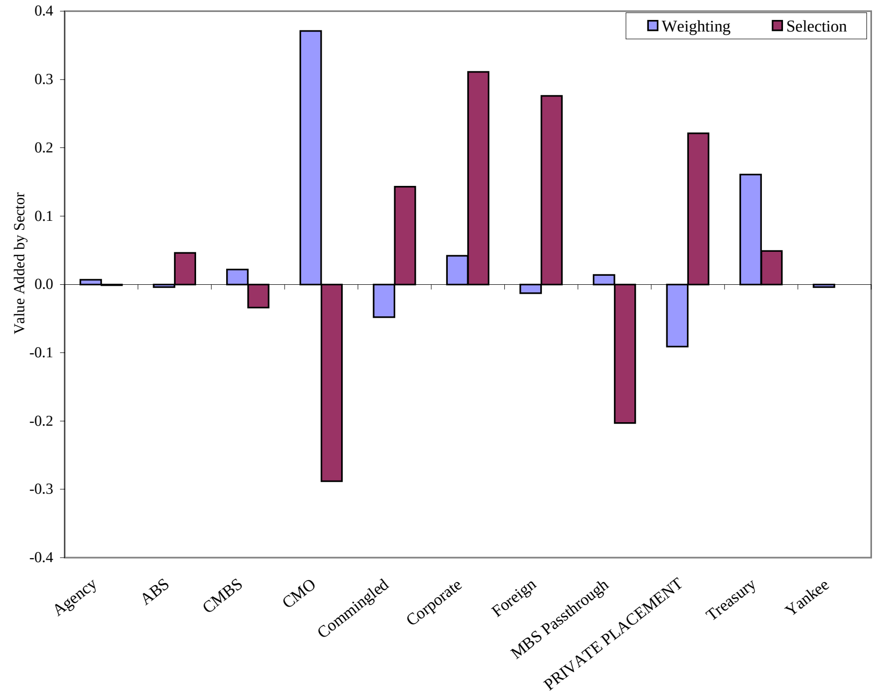
Weighting



Return



Value Added



	BEGINNING WEIGHTS			RETURNS			VALUE ADDED		
	Total Fixed Income*	BC Universal	Difference	Total Fixed Income*	BC Universal	Difference	Weighting	Selection	Timing
AGENCY	2.8	7.5	-4.7	0.5	0.5	0.0	0.0	0.0	-
ASSET BACKED	4.2	0.6	3.6	1.7	0.6	1.1	0.0	0.0	-
CMBS	3.5	2.2	1.3	1.5	2.4	-0.9	0.0	0.0	-
CMO	3.4	0.0	3.4	3.2	11.7	-7.6	0.4	-0.3	-
COMMINGLED FUND	6.9	0.0	6.9	2.0	0.0	2.0	0.0	0.1	-
CORPORATE	30.1	25.2	4.9	2.6	1.6	1.0	0.0	0.3	-
FOREIGN	5.2	1.4	3.8	6.1	0.6	5.5	0.0	0.3	-
MORTGAGE PASS-THROUG	15.1	28.4	-13.3	-0.7	0.6	-1.3	0.0	-0.2	-
PRIVATE PLACEMENT	13.3	0.0	13.3	1.7	0.0	1.7	-0.1	0.2	-
US TREASURY	9.5	29.3	-19.8	0.3	-0.2	0.5	0.2	0.0	-
YANKEE	3.3	5.5	-2.1	0.8	0.9	-0.1	0.0	0.0	-
TOTAL	100.0	100.0	0.0	1.6	0.7	0.9	0.4	0.5	-0.1

Note: Attribution is based on the invested portfolio's gross performance returns at the security level. Weighting is based on beginning of period holdings

*Excludes 1.8% in Euros, Convertibles, Preferred Stock, Miscellaneous and Swap-related investments

REAL ESTATE PORTFOLIO SUMMARY

Real Estate Portfolio and Investment-level data are provided below for period ended December 31, 2010. Portfolio refers to all real estate Investments held by OPERF, which is referred to herein as the Fund.

OPERF REAL ESTATE PORTFOLIO SUMMARY December 31, 2010		
Current Portfolio Net Asset Value	**$5.710**	**billion**
	9.71%	of Total Fund ($58.8B)
Current Unfunded Investment Commitments	**$2.029**	**billion**
Total Portfolio NAV plus Unfunded Commitments	**$7.739**	**billion**
	13.17%	of Total Fund
Target Allocation to Real Estate	**$6.466**	**billion**
	11.00%	of Total Fund
Total Number of Investments	**72**	

SUMMARY OF PORTFOLIO INVESTMENT NET RETURNS

Investment	Qtr	1-Yr.	3-Yr.	5-Yr.
Private Real Estate				
Direct Core	15.96%	26.34%	-6.64%	2.26%
Opportunistic	6.79%	12.04%	-7.63%	1.13%
Value Added	3.28%	11.14%	-22.95%	-9.69%
Total Private Real Estate	9.47%	16.90%	-9.13%	0.28%
Public Real Estate				
Domestic REIT Portfolio	7.03%	31.71%	-1.56%	1.03%
Global REIT Portfolio	4.79%	14.42%	-6.81%	N/A
Total Portfolio Return	8.79%	18.94%	-6.97%	1.08%
NCREIF Index	4.62%	13.11%	-4.18%	3.51%
NAREIT Index	7.44%	27.96%	0.66%	3.04%
EPRA/NAREIT Global (ex-US) Index	5.16%	16.01%	-6.98%	3.20%

Note: Time weighted returns by category and for the portfolio include all historical investments converted by the Private Edge Group (i.e. exited investments and managers).

PORTFOLIO NET RETURNS BY COMPONENT

Portfolio Net Asset Value ($M)

Total Real Estate
$5,709.5

One year return	18.94%
NCREIF Index	13.11%

Direct Core Portfolio
$1,664.4

% of total portfolio	29.15%
One year return	26.34%
NCREIF Index	13.11%

Clarion (Office)
Clarion Office Properties
Guggenheim Separate Account
Lincoln (Industrial)
Regency Retail Partners I (Retail)
Regency Retail Partners II (Retail)
RREEF America II
Windsor Columbia Realty Fund
Regency Cameron (Non Mandate)
Lincoln (Non Mandate)

Opportunistic Portfolio
$2,171.2

% of total portfolio	38.04%
One year return	12.04%
NCREIF Index	13.11%

Aetos Capital Asia II & III
AG Asia Realty Fund II, L.P.
Canyon Johnson Urban Fund III
Blackstone Partners VI
Fortress Fund II - V
Fortress Fund III PIK Note
Fortress Residential Inv. Deutschland
GI Partners Fund II & III
Greenfield Acquisition Partners III
Hampstead Fund I, II & III
Heritage Fields Capital
IL & FS India Realty Fund I & II
JE Roberts Fund II
JE Roberts Europe Fund III
Lion Mexico Fund
Lone Star Opportunity Fund III - VII
Lone Star Real Estate Fund I & II
OCM RE Oppo Fund A, LP
Rockpoint Real Estate Fund I - III
Starwood Cap Hospitality Fund II Global
Starwood Hospitality Fund
Starwood Hospitality Fund Co-Inv.
Westbrook Real Estate Fund I - IV

Value Added Portfolio
$696.3

% of total portfolio	12.20%
One year return	11.14%
NCREIF Index	13.11%

Alpha Asia Macro Trends
Beacon Capital Strategic Partners VI, LP
Buchanan Fund V
CBRE US Value Fund 5
Guggenheim III
Hines U.S. Office Value Added II
Keystone Industrial Fund I
KTR Industrial Fund II
Lionstone CFO One
Pac Trust
Rockpoint Finance Fund
Rockwood Real Estate VII & VIII
Vornado Capital Partners L.P.
Western National Realty II & Co-Invest II
Windsor Realty VII

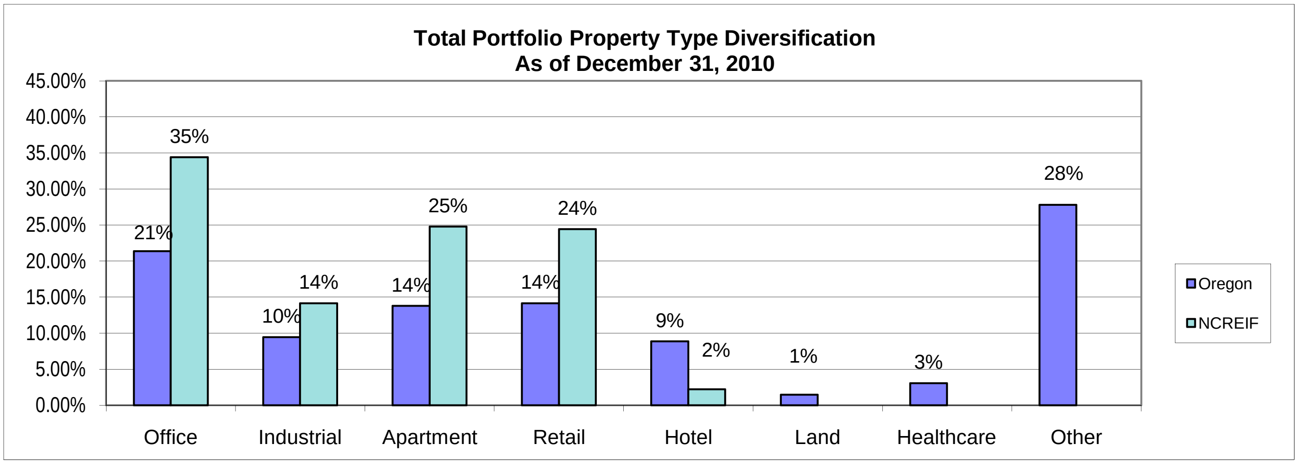
Publicly Traded Portfolio

	Domestic	Global
	$771.0	**$406.6**
% of total portfolio	13.50%	7.11%
One year return	31.71%	14.42%
Index	NAREIT 27.96%	EPRA/NAREIT Global (ex US) 16.01%

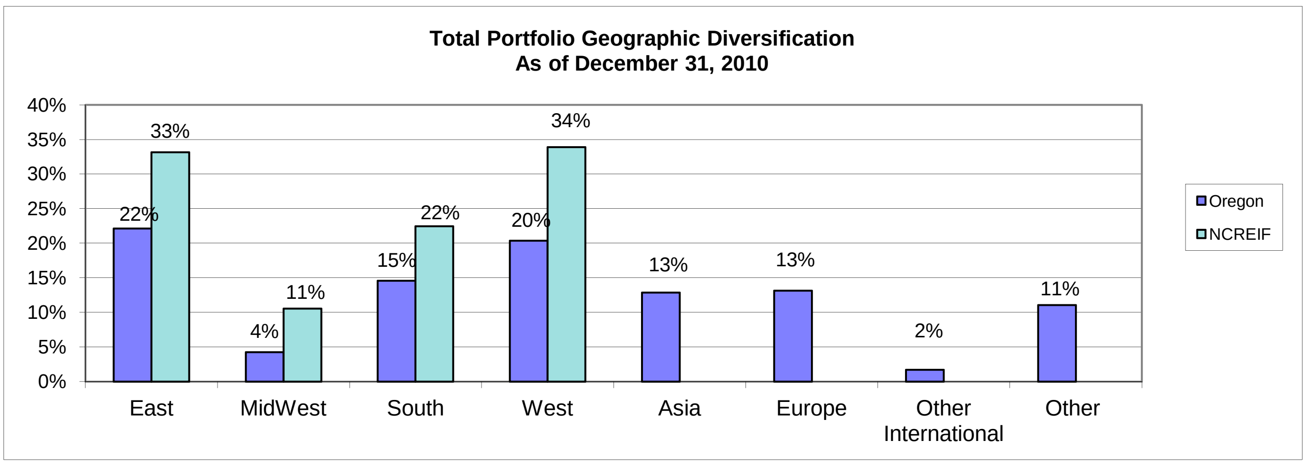
Domestic REITS
Cohen & Steers
Columbia Woodbourne
LaSalle REIT

Global REITS
European Investors
Morgan Stanley

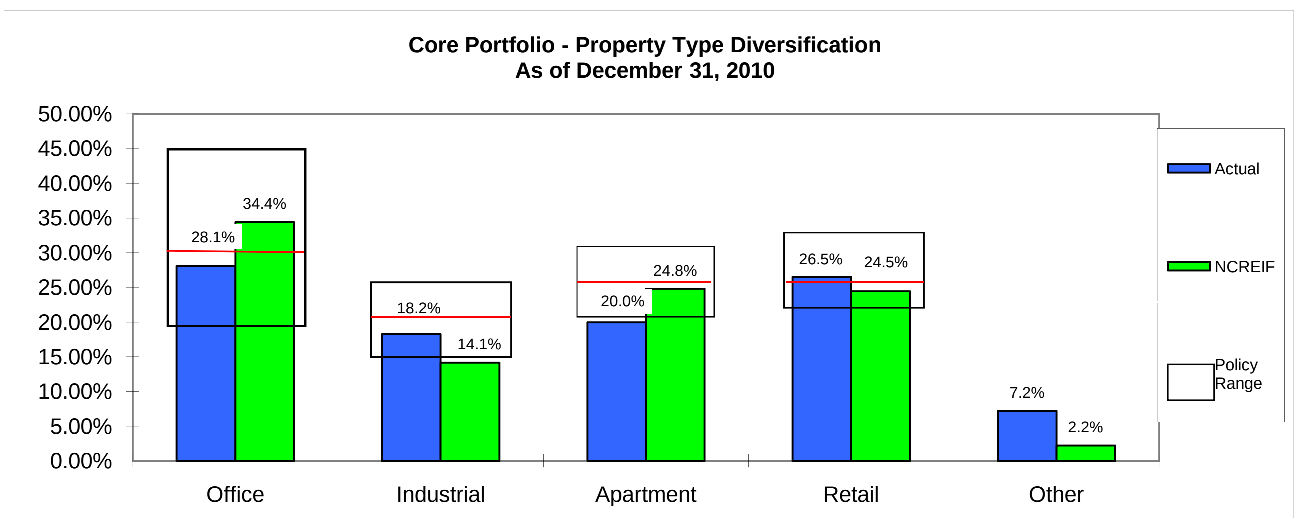
PORTFOLIO COMPOSITION REVIEW (% of Total Portfolio FMV)



Note: Other is primarily composed of Stocks/Equity (9%), Debt Instruments (55%), Operating Cos. (22%) and Diversifed (14%) investments.



Note: Other is primarily composed of US Diverse (95%) and Various (5%) per GP's financials and Quarterly Data Input Sheets.



Executive Summary

OPERF Alternative Investment Program ("the Program")

PRIVATE EQUITY POLICY

The program was formally started in 1981. The target private equity allocation is 16.0% of total pension assets with a range of + / - 400 basis points. As of December 31, 2010, private equity represented 22.4% of total pension assets, an increase of 62 basis points since last quarter.

PERFORMANCE OBJECTIVE

The Program's objective is to create significant long-term net returns to OPERF. As of December 31, 2010, the Program has achieved a total return of 16.2% since inception.

AS OF 31 DEC 2010	1 YEAR	3 YEAR	5 YEAR	10 YEAR	SINCE INCEPTION
Program IRR	19.1%	3.1%	8.9%	8.9%	16.2%
Venture Economics *	17.0%	1.2%	5.0%	3.8%	11.2%
Value Added	***2.0%***	***2.0%***	***4.0%***	***5.1%***	***4.9%***
Russell 3000 (+ 300 bps) **	20.8%	4.2%	6.6%	5.6%	15.2%
Value Added	***-1.7%***	***-1.1%***	***2.3%***	***3.3%***	***0.9%***

* Venture Economics Pooled IRR: *All U.S. Private Equity Funds as of December 31, 2010*

** Data is a dollar-weighted Long-Nickels calculation of quarterly changes in the Russell 3000 index plus 300 basis points.

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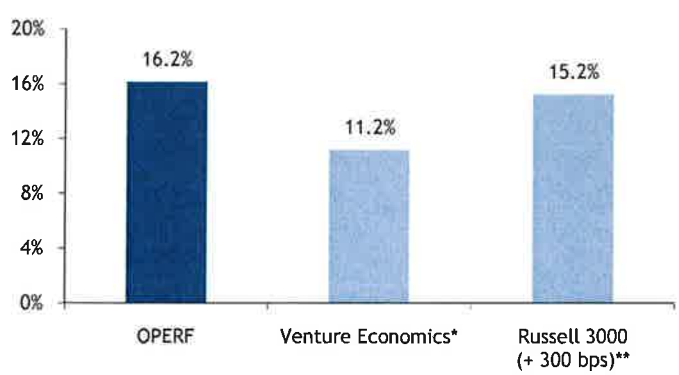
PROGRAM IRR VS. SELECTED BENCHMARKS

Net Returns since Inception



INVESTMENT PACING

The annual level of commitments is reviewed regularly with Staff and the Oregon Investment Council ("OIC"). Based on the desire to continue to build a well diversified portfolio and support OPERF's core relationships, PCG AM's annual pacing analysis completed in January 2011 recommended that OPERF commit up to $2.0 billion in 2011 pending the completion of due diligence, OIC approval, and successful legal negotiations.

PORTFOLIO EXPOSURE

Exposure % by Investment Type

Figures may not foot due to rounding

INVESTMENT TYPE	TARGET ALLOCATION	FMV	UNFUNDED	TOTAL EXPOSURE
Corporate Finance	65%-85%	76%	61%	70%
Venture Capital	5%-10%	4%	5%	5%
Special Situations	5%-15%	12%	10%	11%
Fund-of-Funds	5%-10%	5%	16%	10%
Co-Investments	0%-7.5%	3%	7%	4%
Investment Type Total:		**100%**	**100%**	**100%**
USA & Canada	*70%-100%*	*70%*	*71%*	*71%*
International & Global	*0%-30%*	*30%*	*29%*	*29%*

RECENT PROGRAM DEVELOPMENTS

- During the quarter, the OIC authorized $680 million of new commitments for the Program to eight private equity funds.
- For the year, the Program has closed on a total of $2,019 million in new commitments to 17 funds.
- Subsequent to fourth quarter-end, through April 30, 2011, the OIC authorized three new commitments totaling $700 million and the Program closed on four additional commitments of $375 million.

Portfolio Summary

Portfolio Review

FOUR NEW FUND COMMITMENTS

During the quarter, OPERF closed on $305 million in commitments to four new funds. Please see Activity Detail for more details and for other recent activity.

CONTRIBUTIONS INCREASED

Contributions increased significantly by 37.1% during the fourth quarter compared to the prior quarter and were 30.0% higher than the most recent four-quarter average of $620 million.

DISTRIBUTIONS INCREASED

Distributions also increased from the prior quarter, surging by 54.3%. At $750 million, distribution activity has never been this high on an absolute nominal basis in the history of the Program, beating the previous quarterly record set in Q1 2006 of $687 million. The most recent four-quarter average for distributions now stands at $501 million.

PORTFOLIO GAINS

The Portfolio appreciated by $924 million, net of cash flows, during the quarter, representing a 7.2% appreciation from the prior quarter. This relatively steep quarterly appreciation caused the Program's IRR since inception to increase from the prior quarter to 16.2%.

WEIGHTED AVERAGE AGE

Based on remaining value of all underlying funds, the weighted average age of the Portfolio is 5.4 years, representing a slight increase from the prior quarter. The relatively mature age of the Programs is expected to result in the continued gradual increase of distributions in the coming years.

Portfolio Activity

$ Million | Figures may not foot due to rounding

	2009	2010			
	Q4	Q1	Q2	Q3	Q4
Starting Valuation	$9,796	$10,418	$10,936	$11,231	**$11,950**
Contributions	$487	$444	$642	$588	**$806**
Distributions	($395)	($314)	($453)	($486)	**($750)**
Appreciation/(Depreciation)	$531	$389	$106	$617	**$924**
Ending Valuation	$10,418	$10,936	$11,231	$11,950	**$12,930**
Unfunded Commitments	$8,211	$8,304	$8,456	$8,328	**$8,104**
IRR Since Inception	16.0%	16.0%	15.9%	16.0%	**16.2%**
Weighted Avg. Age of Portfolio (yrs)	5.0	5.2	5.2	5.2	**5.4**

Program Summary

Active, Exited and Overall Program Performance

$ Million | Figures may not foot due to rounding

	September 30, 2010	December 31, 2010
Total Pension Assets *	$54,781	57,638
Allocation to Private Equity: *(Target 16.0% +/- 4.0%)*	21.8%	22.4%
ACTIVE		
# of Partnerships	181	184
Capital Committed	$25,758	$26,013
Cash Contributed	$20,397	$21,157
Recallable Return of Capital	$2,782	$2,874
Cash Distributed (Other) [1]	$12,135	$12,698
Estimated FMV	$11,945	$12,926
Total Value	$26,862	$28,498
Total Value Multiple [2]	1.37x	1.40x
IRR Since Inception	10.0%	10.4%
EXITED		
# of Partnerships	38	39
Capital Committed	$2,337	$2,387
Cash Contributed	$2,605	$2,651
Recallable Return of Capital	$240	$244
Cash Distributed (Other) [1]	$5,613	$5,705
Estimated FMV**	$5	$4
Total Value	$5,858	$5,952
Total Value Multiple [2]	2.38x	2.37x
IRR Since Inception	23.4%	23.5%
OVERALL		
Portfolio Multiple [2]	1.49x	1.51x
IRR	16.0%	16.2%

* Total Pension Assets updated to incorporate actual Private Equity portfolio values at each quarter end.

** Includes escrows of exited deals.

[1] Includes all non-recallable distributions

[2] Total Value Multiple is calculated net of recallable return of capital ("ROC"). In practice, both total distributions and contributions are reduced by the amount of recallable ROC in the numerator and denominator of the calculation, respectively.

Glossary

Variance Analysis Reports

These reports provide an analysis of the difference between the portfolio and the benchmark returns in terms of sector exposure. The incremental return is attributed to over-or under-weighting and selection within the sector.

For each sector, the beginning of the period weighting is used for both the portfolio and the benchmark. Returns are time-weighted for periods longer than one month. For periods of more than one month, the monthly calculations are geometrically linked over the indicated time period.

WEIGHTING

Measures the portion of the porfolio return that can be attributed to over/underweighting sectors/countries relative to the benchmark. Positive weighting occurs if the fund was overweighted in sectors/countries that performed well or underweighted in sectors/countries that did not perform well.

Sector weighting = [benchmark return $_{(sector)}$ - benchmark return $_{(total)}$] x [portfolio beginning weight $_{(sector)}$ - benchmark beginning weight $_{(sector)}$] / 100

SELECTION

Measures the portion of the portfolio return that can be attributed to the selecton of securities within a sector/country relative to the benchmark. Positive selection occurs if the portfolio's sector/country return is greater than the benchmark sector/country return.

Sector selection = [portfolio return $_{(sector)}$ - benchmark return $_{(sector)}$] x [portfolio beginning weight $_{(sector\ )}$] /100

TIMING

This is the value required to make the sum of weighting + selection + timing = the total variance between the portfolio and the benchmark. This is a result of attribution being based on beginning weights and the portfolio shifting weights throughout the month.

TAB 9 – ASSET ALLOCATIONS & NAV UPDATES

Asset Allocations at April 30, 2011

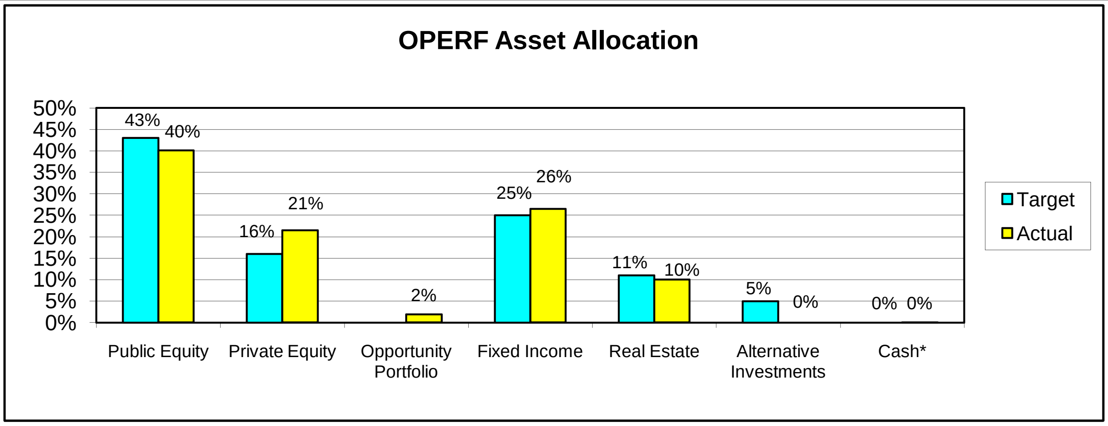
OPERF	Policy	Target	Regular Account $ Thousands	Pre-Overlay	Overlay	Net Position	Actual	Variable Fund $ Thousands	Total Fund $ Thousands
Public Equity	38-48%	43%	24,579,512	41.9%	(1,052,987)	23,526,525	40.1%	991,850	24,518,375
Private Equity	12-20%	16%	12,574,557	21.4%		12,574,557	21.4%		12,574,557
Total Equity	**54-64%**	**59%**	**37,154,069**	**63.4%**	**(1,052,987)**	**36,101,082**	**61.6%**		**37,092,932**
Opportunity Portfolio			1,121,858	1.9%		1,121,858	1.9%		1,121,858
Fixed Income	**20-30%**	**25%**	**13,811,098**	**23.6%**	**1,718,944**	**15,530,042**	26.5%		**15,530,042**
Real Estate	**8-14%**	**11%**	**5,863,527**	**10.0%**	**(3,400)**	**5,860,127**	10.0%		**5,860,127**
Alternative Investments	**0-8%**	**5%**	**-**	**0.0%**		**-**	0.0%		
Cash*	**0-3%**	**0%**	**684,061**	**1.2%**	**(662,557)**	**21,504**	0.0%	2,129	**23,633**
TOTAL OPERF		100%	**$ 58,634,613**	**100.0%**	**$ -**	**$ 58,634,613**	**100.0%**	**$ 993,979**	**$ 59,628,592**

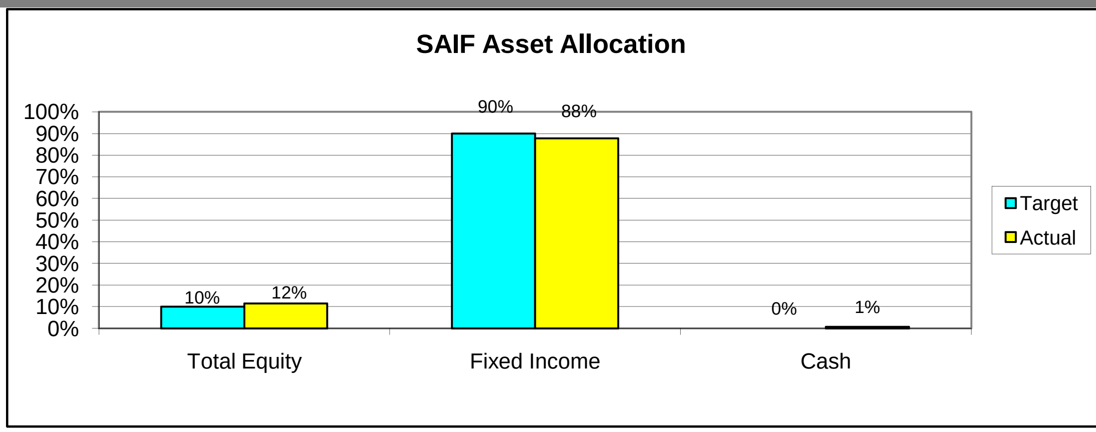
*Includes cash held in the policy implementation overlay program.

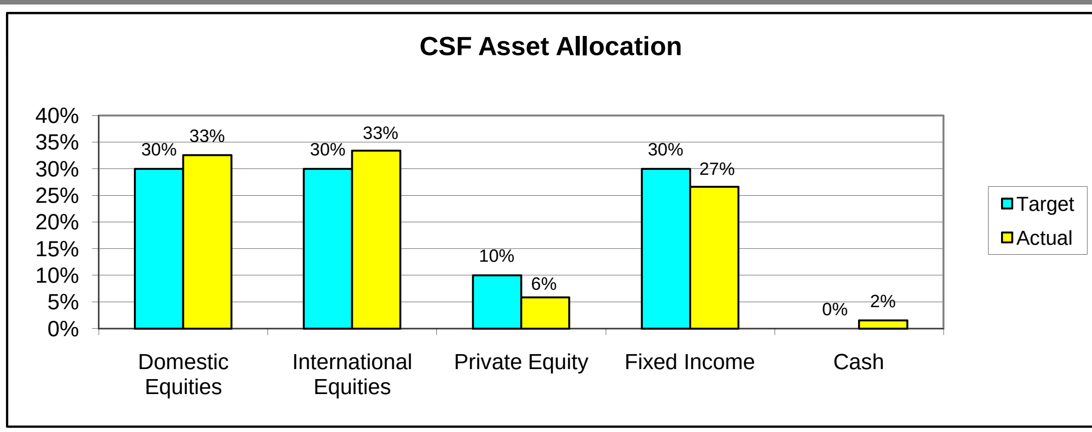
SAIF	Policy	Target	$ Thousands	Actual
Total Equity	**7-13%**	**10.0%**	**488,193**	**11.5%**
Fixed Income	**87-93%**	**90.0%**	**3,715,575**	**87.7%**
Cash	**0-3%**	**0%**	**33,067**	**0.8%**
TOTAL SAIF		**100%**	**$4,236,835**	**100.0%**

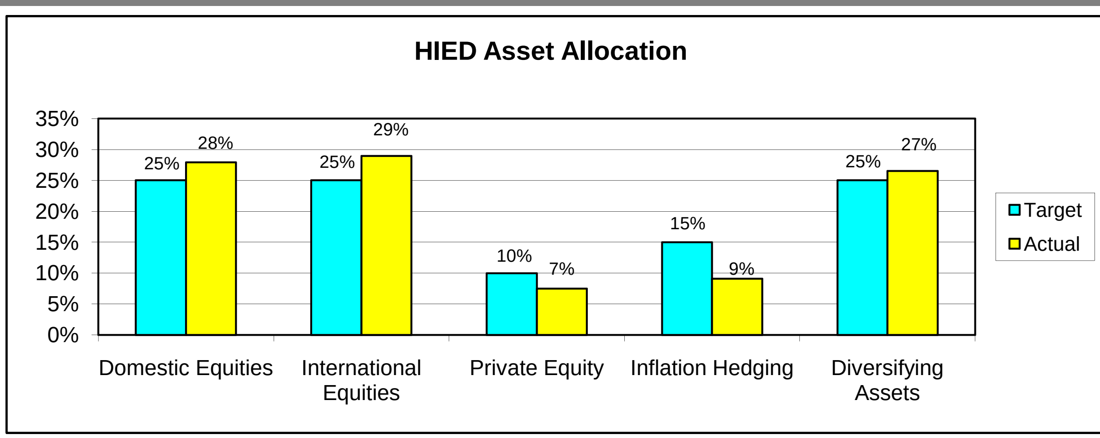
CSF	Policy	Target	$ Thousands	Actual
Domestic Equities	25-35%	30%	$377,254	32.5%
International Equities	25-35%	30%	387,036	33.4%
Private Equity	0-12%	10%	68,371	5.9%
Total Equity	**65-75%**	**70%**	**832,661**	**71.8%**
Fixed Income	**25-35%**	**30%**	**309,006**	**26.7%**
Cash	**0-3%**	**0%**	**17,813**	**1.5%**
TOTAL CSF			**$1,159,480**	**100.0%**

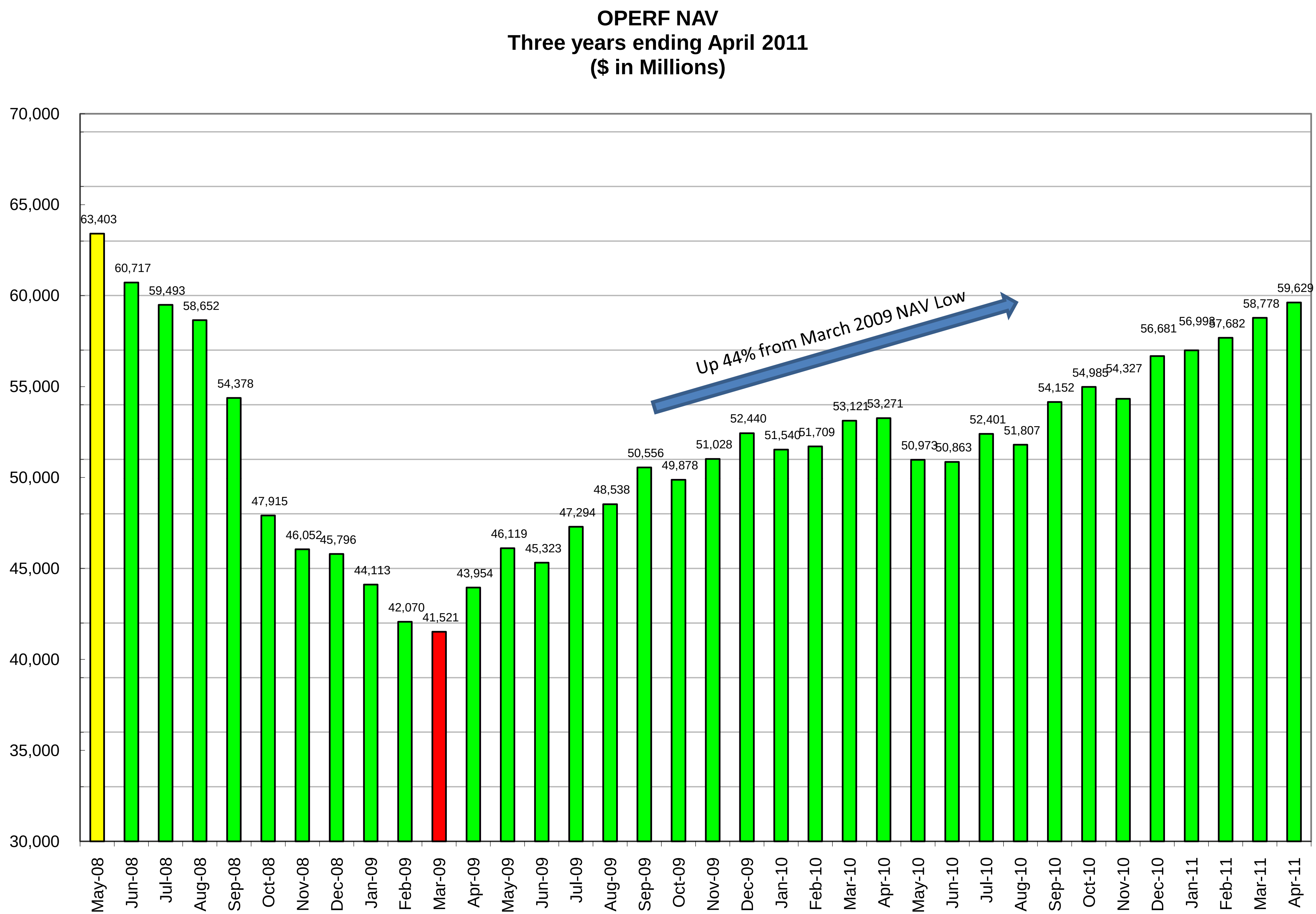
HIED	Policy	Target	$ Thousands	Actual
Domestic Equities	20-30%	25%	$18,695	27.9%
International Equities	20-30%	25%	19,396	29.0%
Private Equity	0-15%	10%	5,023	7.5%
Growth Assets	**50-75%**	**60%**	**43,114**	**64.4%**
Real Estate	0-10%	7.5%	1,544	2.3%
TIPS	0-10%	7.5%	4,563	6.8%
Inflation Hedging	**7-20%**	**15%**	**6,107**	**9.1%**
Fixed Income	20-30%	25%	16,769	25.0%
Cash	0-3%	0%	997	1.5%
Diversifying Assets	**20-30`%**	**25%**	**17,766**	**26.5%**
TOTAL HIED			**$66,987**	**100.0%**


OPERF Asset Allocation
50%
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
43%
40%
16%
21%
2%
25%
26%
11%
10%
5%
0%
0%
0%
Public Equity
Private Equity
Opportunity Portfolio
Fixed Income
Real Estate
Alternative Investments
Cash*
Target
Actual


SAIF Asset Allocation
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
10%
12%
90%
88%
0%
1%
Total Equity
Fixed Income
Cash
Target
Actual


CSF Asset Allocation
40%
35%
30%
25%
20%
15%
10%
5%
0%
30%
33%
30%
33%
10%
6%
30%
27%
0%
2%
Domestic Equities
International Equities
Private Equity
Fixed Income
Cash
Target
Actual


HIED Asset Allocation
35%
30%
25%
20%
15%
10%
5%
0%
25%
28%
25%
29%
10%
7%
15%
9%
25%
27%
Domestic Equities
International Equities
Private Equity
Inflation Hedging
Diversifying Assets
Target
Actual



OPERF NAV
Three years ending April 2011
($ in Millions)
70,000
65,000
60,000
55,000
50,000
45,000
40,000
35,000
30,000
Up 44% from March 2009 NAV Low
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
50,973
50,863
52,401
51,807
54,152
54,985
54,327
56,681
56,998
57,682
58,778
59,629
May-08
Jun-08
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
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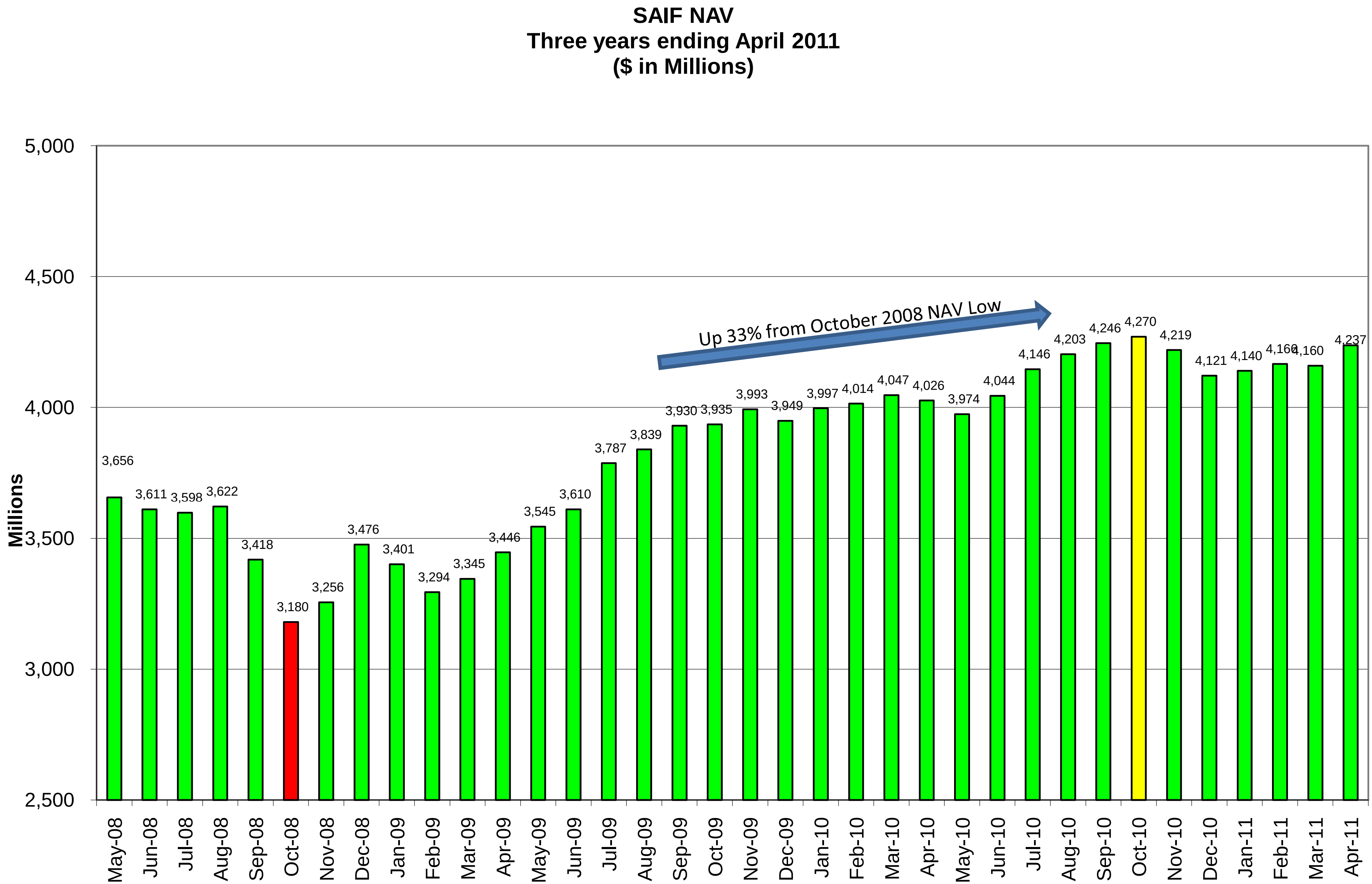
Feb-10
Mar-10
Apr-10
May-10
Jun-10
Jul-10
Aug-10
Sep-10
Oct-10
Nov-10
Dec-10
Jan-11
Feb-11
Mar-11
Apr-11


SAIF NAV
Three years ending April 2011
($ in Millions)
Millions
5,000
4,500
4,000
3,500
3,000
2,500
Up 33% from October 2008 NAV Low
3,656
3,611
3,598
3,622
3,418
3,180
3,256
3,476
3,401
3,294
3,345
3,446
3,545
3,610
3,787
3,839
3,930
3,935
3,993
3,949
3,997
4,014
4,047
4,026
3,974
4,044
4,146
4,203
4,246
4,270
4,219
4,121
4,140
4,166
4,160
4,237
May-08
Jun-08
Jul-08
Aug-08
Sep-08
Oct-08
Nov-08
Dec-08
Jan-09
Feb-09
Mar-09
Apr-09
May-09
Jun-09
Jul-09
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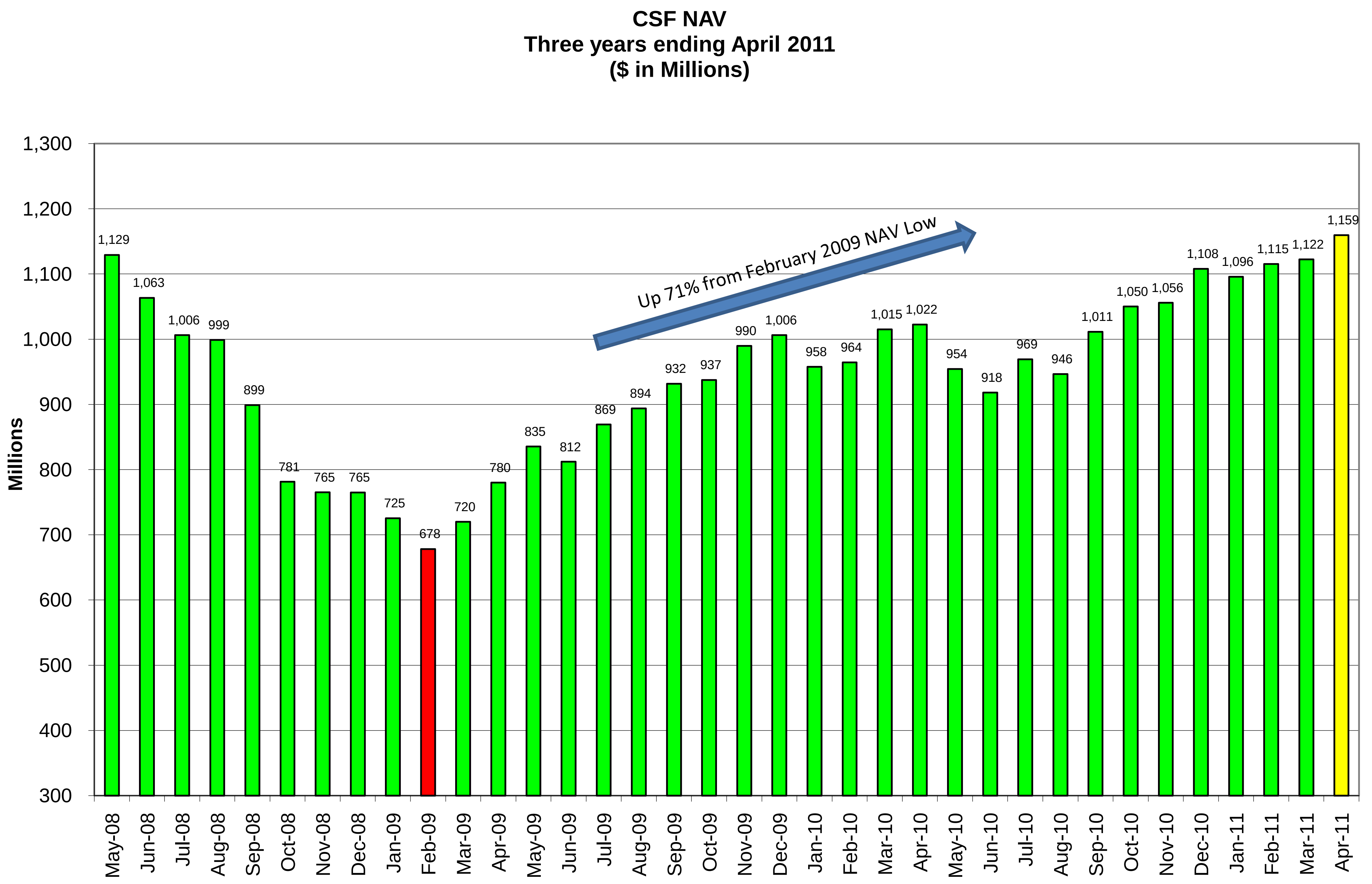
Nov-10
Dec-10
Jan-11
Feb-11
Mar-11
Apr-11


CSF NAV
Three years ending April 2011
($ in Millions)
Millions
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
Up 71% from February 2009 NAV Low
May-08 1,129
Jun-08 1,063
Jul-08 1,006
Aug-08 999
Sep-08 899
Oct-08 781
Nov-08 765
Dec-08 765
Jan-09 725
Feb-09 678
Mar-09 720
Apr-09 780
May-09 835
Jun-09 812
Jul-09 869
Aug-09 894
Sep-09 932
Oct-09 937
Nov-09 990
Dec-09 1,006
Jan-10 958
Feb-10 964
Mar-10 1,015
Apr-10 1,022
May-10 954
Jun-10 918
Jul-10 969
Aug-10 946
Sep-10 1,011
Oct-10 1,050
Nov-10 1,056
Dec-10 1,108
Jan-11 1,096
Feb-11 1,115
Mar-11 1,122
Apr-11 1,159

TAB 10 – CALENDAR – FUTURE AGENDA ITEMS

2011 OIC Forward Agenda Topics

July 27:	OPERF Real Estate Annual Review Annual Audit Update Real Estate Fund Alternative Funds (2)
September 28:	CSF Annual Review RE Consultant Recommendation Real Estate Fund Private Equity Fund Alternative Fund
November 2:	CEM Benchmarking Annual Review General Consultant Recommendation Private Equity Fund Alternative Fund
December 7:	OPERF 3rd Quarter Performance Review OPERF Opportunity Portfolio Review HIED Annual Review
January 2012:	OIC Election of Officers