



July 30, 2010

Mr. Aristotle Hutras, Director
The Ohio Retirement Study Council
88 E. Broad Street, Suite 1175
Columbus, OH 43215-3506

RETIREMENT BOARD CHAIR
TIM MYERS

RETIREMENT BOARD VICE CHAIR
JAMES MCGREEVY

EXECUTIVE DIRECTOR
MICHAEL J. NEHF

Dear Aris:

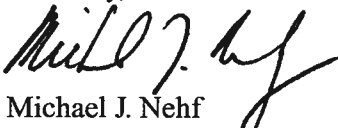
The State Teachers Retirement System of Ohio (STRS Ohio) has prepared the following materials regarding the STRS Ohio Iran and Sudan Divestment Policy and Program and its objective of reducing investment exposure to the potentially unique risks associated with investments in companies with ties to Iran and Sudan when comparable investments offering similar quality, return and safety are available.

The enclosed documents are as follows:

- Appendix A – STRS Ohio Iran and Sudan Divestment Policy and Program approved by the State Teachers Retirement Board in October 2007 (including screening criteria).
- Appendix B – 2010 Iran and Sudan Divestment Policy and Program Implementation Summary that provides a timeline of executed steps taken to date and planned activities for fiscal year 2011.
- Appendix C – A list of STRS Ohio-owned Scrutinized Companies including the market value of investments (covering period July 1, 2007 to June 30, 2010).
- Appendix D – The complete list of STRS Ohio Scrutinized Companies as of July 1, 2010. This list will constitute the beginning benchmark for the fiscal year 2011 reporting period.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Michael J. Nehf
Executive Director

State Teachers Retirement System of Ohio Iran and Sudan Divestment Policy and Program

POLICY

The Board of the State Teachers Retirement System of Ohio (the Board) hereby establishes a policy that subject to the Board's fiduciary responsibilities set forth in Ohio Revised Code Chapter 3307 and when a substitute investment with similar quality, return (taking into account, among other things, transaction costs) and safety can be identified, the Board will divest itself, and restrict the purchase, of public stocks and bonds issued by restricted companies doing business in Iran and Sudan. This policy will be known as the "Iran and Sudan Divestment Policy and Program" (the Policy).

The Policy intends to address the Iran and Sudan divestment mandates contained in legislation currently under consideration by the Ohio General Assembly, while adhering to the Board's obligation to discharge its duties solely in the interest of participants and beneficiaries for the exclusive purpose of providing benefits and defraying reasonable expenses as required by Ohio Revised Code Section 3307.15(A).

Time Period

The Policy will be effective as of October 18, 2007, based on STRS Ohio's international equity and international fixed income portfolio holdings as of June 30, 2007.

Investments Affected under the Policy

The Policy will apply only to STRS Ohio's directly owned, actively managed international equity and international fixed income portfolios.

Restricted Companies Doing Business in Iran and Sudan

Non-US Companies will be considered "restricted companies" if generally they (1) have certain threshold relationships with the governments of Sudan or Iran relating to mineral extraction, oil related activities or power production, (2) are complicit in the Darfur genocide or (3) supply military equipment to Sudan. The Deputy Executive Director, Investments, will have the authority to develop a "restricted company" definition that substantially meets the criteria outlined in Appendix A.

Developing Restricted Company List

STRS Ohio will contract with an independent third party to screen companies based on STRS Ohio's "restricted company" definition and to create a preliminary list of restricted companies. The STRS Ohio investment staff will review the preliminary list with those restricted company lists developed by the other Ohio public pension systems to attempt to achieve consistency in restricted company lists among the Ohio public pension systems. The contracted vendor will update the preliminary restricted company list on a quarterly basis. The Deputy Executive Director, Investments, will have the authority to resolve any conflicts whether a company should appear on the final restricted company list and to remove a company from the restricted company list after such company has ceased restricted business operations in Iran and/or Sudan. Upon the identification of a company on the final restricted company list, this Policy will become effective with respect to that company.

Procedures for Engagement/Remedy of Restricted Companies

If a company appears on the preliminary restricted company list, STRS Ohio or its contracted vendor (in coordination with the other Ohio public pension systems to the extent possible) will contact that company and request a formal explanation of the company's operations in Iran and Sudan. The purpose of the engagement will be to seek verification and to encourage the company to cease operations in Iran and/or Sudan. Each company will be allowed 90 days to respond, and each response will be reviewed to determine if inclusion on the restricted list is warranted. If the company ceases restricted business operations in Iran and/or Sudan, the company will be removed from the restricted company list. If the company neither replies nor ceases restricted business operations in Iran and/or Sudan, the company will be identified on the final restricted company list. If a company has appeared on the restricted company list previously, then STRS Ohio or its contracted vendor may contact them as required under this paragraph only annually.

No Change in Performance Benchmark/Calculation of Performance

Since STRS Ohio will only divest from or restrict investment in restricted companies having business operations in Iran and Sudan if a substitute with an equal risk/return profile can be identified, there will be no changes to the benchmark and performance calculations as a result of the Policy.

Reporting Requirements

The STRS Ohio investment staff will prepare on a quarterly basis a report outlining the effort to comply with the Policy. The STRS Ohio investment staff will prepare a formal report to the Board and the Ohio Retirement Study Council (ORSC) annually and more frequently if the Board or the ORSC so requests. The formal report will adhere to the guidelines established by the ORSC. The formal report will be based on changes to the investment portfolio since June 30, 2007.

Additional Purchases of Public Stocks and Bonds Issued by Restricted Companies

The Deputy Executive Director, Investments, will develop a procedure for documenting the reasons why a substitute investment of similar quality, return and safety is not available and/or why the purchase of any potential substitute investment would not fulfill STRS Ohio's fiduciary responsibilities to its participants and obtaining his approval to purchase, if a portfolio manager desires to purchase public stocks and bonds issued by a restricted company.

Implementing and Interpreting the Policy

The STRS Ohio investment staff will implement the Policy and the Deputy Executive Director, Investments, will have the authority to make any interpretations or create any procedures necessary to fulfill the intent of this Policy. If an issue could be interpreted in multiple ways, the Deputy Executive Director, Investments, should resolve the matter in a way that fulfills STRS Ohio's fiduciary responsibilities to its participants.

Termination of the Policy

The Policy will be terminated by the Board with respect to a country, without the need of any formal vote by the Board, if any of the following events occur with respect to that country:

Sudan

- a) Congress or the President of the United States determines that the government of Sudan has sufficiently halted the genocide in the Darfur region for at least 12 months;
- b) The federal government revokes all sanctions imposed against the government of Sudan;
- c) Congress or the President of the United States, through resolution, legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy; or
- d) Congress or the President of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allowed for the safe and voluntary return of refugees and internationally displaced persons.

Iran

- a) Congress or the President of the United States determined that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
- b) The federal government revokes all sanctions imposed against the government of Iran; or
- c) Congress or the President of the United States, through resolution, legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.

APPENDIX A

1. Company:
 - (a) has business operations that involve contracts with or provision of supplies or services to:
 - (i) the government of Sudan;
 - (ii) companies in which the government of Sudan has any direct or indirect equity share;
 - (iii) consortiums or projects commissioned by the government of Sudan; **OR**
 - (iv) companies involved in consortiums or projects commission by the government of Sudan; **AND**
 - (b) either (i) or (ii) of the following:
 - (i)
 - (A) More than 10% of its revenues or assets that are linked to Sudan oil-related activities or mineral extraction activities;
 - (B) Less than 75% of its revenues or assets that are linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; **AND**
 - (C) The company has failed to take substantial action specific to Sudan; **OR**
 - (ii)
 - (A) More than 10% of its revenues or assets that are linked to Sudan involve power production facilities;
 - (B) Less than 75% of its power production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; **AND**
 - (C) The company has failed to take substantial action specific to Sudan; **OR**
2. Company is complicit in the Darfur genocide; **OR**
3. Company supplies military equipment within Sudan; **OR**
4. Company has
 - (a) has business operations that involve contracts with or provision of supplies or services to:
 - (i) the government of Iran;
 - (ii) companies in which the government of Iran has any direct or indirect equity share;
 - (iii) consortiums or projects commissioned by the government of Iran; **OR**
 - (iv) companies involved in consortiums or projects commission by the government of Iran; **AND**
 - (b) either (i) or (ii) of the following:
 - (i) More than 10% of its revenues or assets that are linked to Iran oil-related activities, mineral extraction activities or petroleum resources; **OR**
 - (ii) The Company has, with actual knowledge, on or after August 5, 1996, made an investment of \$20M or more, or any combination of investments of at least \$10M each, which in the aggregate equals or exceeds \$20M in any 12 month

period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.

The following definitions will be used for determining inclusion on the STRS Ohio Iran and Sudan Restricted List.

- a. **Military Equipment** – the active business operation must be involved with the production, distribution, leasing, or supply of weapons, arms, military supplies or military equipment in Iran or Sudan; or in the supply of goods and services to any armed force actively participating in the conflict in Sudan.
- b. **Mineral Extraction** – the active business operation must be involved in the exploration, extraction, transporting or wholesale selling or trading of elemental minerals or associated metal alloys oxides; or the facilitation of such operations through service and supply activities.
- c. **Oil Related Activities** – the active business operation must be involved with owning rights to oil blocks, exporting, extracting, producing, refining, processing, exploring for, transporting, or trading of oil; or, constructing, maintaining, or operating a pipeline, refinery, or other oil-filed infrastructure; or facilitating such operations through service and supply activities.
- d. **Power Production Activities** – the active business operation must be involved in any business operation that involves a project commissioned by the national electric corporation of Sudan or other similar entity of the government of Sudan, whose purpose is to facilitate power generation and delivery; or facilitating such operations through service and supply activities.

**Iran and Sudan Divestment Policy and Program
Progress Summary
As of June 30, 2010**

FY 2008 Important Dates and Data Points

- October 2007 – STRS Ohio board adopts Iran and Sudan Divestment Policy and Program
- November 2007 – STRS Ohio receives an initial list of 80 restricted companies from RiskMetrics
- December 2007 – STRS Ohio sends engagement letter to companies on list with instructions to reply within 90 days; companies were asked to explain current and expected future business ties to Iran/Sudan
- January 2008 – STRS Ohio sends follow-up letter to companies failing to respond to initial inquiry
- March 2008 – Restricted List sent to internal and external asset managers, effective April 1, 2008
- June 2008 – based on replies and discussions with RiskMetrics, restricted list stands at 78 companies

FY 2009 Important Dates and Data Points

- September 2008 – Updated Restricted list provided to internal and external asset managers, effective October 1, 2008.
- January 2009 – STRS Ohio sends engagement letter to companies on the restricted list with instructions to explain current and expected future business ties to Iran/Sudan within 90 days
- March 2009 – STRS Ohio sends follow-up letter to companies failing to respond to initial inquiry
- March 2009 – Updated Restricted List sent to internal and external asset managers, effective April 1, 2009
- June 2009 – based on replies and discussions with RiskMetrics, restricted list stands at 72 companies

FY 2010 Important Dates and Data Points

- September 2009 –Updated Restricted list provided to internal and external asset managers, effective October 1, 2009.
- January 2010 – STRS Ohio sends engagement letter to companies on the restricted list with instructions to explain current and expected future business ties to Iran/Sudan within 90 days
- March 2010 – STRS Ohio sends follow-up letter to companies failing to respond to initial inquiry
- March 2010 – Updated Restricted List sent to internal and external asset managers, effective April 1, 2010
- June 2010 – based on replies and discussions with RiskMetrics, restricted list stands at 68 companies

FY 2011 Important Dates and Data Points

- September 2010 –Provide an updated Restricted List to internal and external asset managers, effective October 1, 2010
- January 2011 –STRS Ohio will send engagement letters to companies on the restricted list with instructions to explain current and expected future business ties to Iran/Sudan within 90 days
- March 2011 – STRS Ohio will send follow-up letter to companies failing to respond to initial inquiry
- March 2011 – Provide an updated Restricted List sent to internal and external asset managers, effective April 1, 2011

**State Teachers Retirement System of Ohio
Iran and Sudan Divestment Policy and Program
Restricted Investment List**

APPENDIX C

Audited STRS Positions 06/30/2007*				Audited STRS Positions 06/30/2010**			
Company Name	Sedol	Quantity 6/30/2007	Market Value 6/30/2007	Company Name	Sedol	Quantity 6/30/2010	Market Value 6/30/2010
ABB LTD CHF 2.5	7108899	4,613,803.00	104,679,444.54	ABB LTD CHF 2.02	7108899	657,933.00	11,577,911.88
ACS ACTIVIDADES CONS Y SERV	B01FLQ6	465,766.00	29,769,485.70	ABB LTD SPON ADR	2748472	83,599.00	1,444,590.72
AGGREKO PLC	0147899	1,117,500.00	12,882,458.29	AIR LIQUIDE SA EUR 5.5	B1YXBJ7	47,334.00	4,839,751.62
AKER KVAERNER	B1VLVW7	424,250.00	10,778,344.23	ALSTOM EUR 7.0	B0DJ8Q5	7,211.00	331,105.63
ALCATEL-LUCENT	5975006	106,593.00	1,485,823.41	CHINA PETROLEUM +	6291819	18,940,000.00	15,445,042.32
ALSTOM	B0DJ8Q5	374,574.00	62,847,494.23	CNOOC LTD HKD 0.02	B00G0S5	5,600,000.00	9,622,314.40
AMEC PLC	0028262	596,100.00	7,051,217.51	DONGFENG MOTOR GRO	B0PH5N3	1,826,000.00	2,152,676.93
BASF SE	5086577	754494	99,096,782.45	ENI SPA EUR 1.00	7145056	1,523,707.00	28,355,069.96
CHINA PETROLEUM +	6291819	24,700,000.00	27,329,998.97	FINMECCANICA SPA EUR 4.4	B0DJNG0	514,522.00	5,383,110.64
CREDIT AGRICOLE SA EUR 3.0	7262610	859,833.00	35,061,947.51	GAZPROM O A O NPV ADR	2016629	1,353,900.00	25,845,951.00
DAELIM INDUSTRIAL CO LTD	6249584	162,357.00	24,168,114.65	GAZPROM OAO RUB 5.0	4364928	800,000.00	3,819,282.12
ENI SPA	7145056	2,716,862.00	98,713,982.32	GEA GROUP AG	4557104	575,000.00	20,045,397.02
GAZPROM O A O NPV ADR	5140989	30,000.00	1,257,000.00	ITOCHU CORP	6467803	387,600.00	4,482,448.98
GAZPROM OAO RUB 5.0	4364928	800,000.00	8,376,000.00	JGC CORP	6473468	98,000.00	1,833,333.33
GEA GROUP AG	4557104	575,000.00	20,045,397.02	LINDE AG	5740817	25,912.00	3,123,690.33
ITOCHU CORP	6467803	387,600.00	4,482,448.98	LUKOIL-CLS	4560588	30,000.00	2,301,000.00
JGC CORP	6473468	98,000.00	1,833,333.33	LUKOIL-SPON ADR	2537432	795,458.00	60,255,943.50
LINDE AG	5740817	25,912.00	3,123,690.33	MALAYSIA INT SHIP MYR1(ALIEN MKT)	6558031	540,000.00	1,549,565.22
LUKOIL-CLS	4560588	30,000.00	2,301,000.00	MITSUBISHI HEAVY INDUSTRIES	6597067	6,041,200.00	38,699,297.05
LUKOIL-SPON ADR	2537432	795,458.00	60,255,943.50	MITSUI + CO LTD JPY 50.0	6597302	3,518,500.00	69,953,980.40
MALAYSIA INT SHIP MYR1(ALIEN MKT)	6558031	540,000.00	1,549,565.22	MITSUI ENGINEERING + SHIPB JPY 50.0	6597380	884,000.00	4,717,816.65
MITSUBISHI HEAVY INDUSTRIES	6597067	6,041,200.00	38,699,297.05	NORSK HYDRO ASA	B11HK39	1,249,400.00	48,247,552.59
MITSUI + CO LTD JPY 50.0	6597302	3,518,500.00	69,953,980.40	OIL + NATURAL GAS CORP LTD INR 10.0	6139362	120,000.00	3,411,886.30
MITSUI ENGINEERING + SHIPB JPY 50.0	6597380	884,000.00	4,717,816.65	OMV AG NPV	4651459	609,220.00	40,723,999.10
NORSK HYDRO ASA	B11HK39	1,249,400.00	48,247,552.59	PETROCHINA CO HKD 0.1	6226576	8,150,000.00	9,178,941.55
OIL + NATURAL GAS CORP LTD INR 10.0	6139362	120,000.00	2,658,595.28	PETROCHINA CO LTD USD 1.0 ADR	2568841	30,000.00	3,291,900.00
OMV AG NPV	4651459	609,220.00	40,723,999.10	PETROFAC LTD USD 0	B0H2K53	86,600.00	1,536,814.23
PETROCHINA CO HKD 0.1	6226576	15,057,000.00	22,187,965.62	PETROL BRASILEIROS PREF BRL0.12	2684532	3,406,000.00	45,684,633.77
PETROCHINA CO LTD USD 1.0 ADR	2568841	30,000.00	3,291,900.00	PETROL BRASILEIROS SPONS ADR-EACH	2683410	150,000.00	4,000,500.00
PETROFAC LTD USD 0	B0H2K53	86,600.00	1,536,814.23	PETROLEO BRASILEIRO SA PETR NPV ADR	2616580	1,306,800.00	39,618,909.00
RELIANCE INDUSTRIES LTD INR 10.0	6099626	354,000.00	14,781,586.44	RELIANCE INDUSTRIES LIMITED	6099626	354,000.00	14,781,586.44
REPSOL YPF SA EUR 1.0	5669354	1,688,091.00	66,693,043.69	REPSOL YPF SA	5669354	1,688,091.00	66,693,043.69
ROYAL DUTCH SHELL PLC EUR 0.07	B03MLX2	1,855,180.00	75,717,834.09	RIO TINTO ADR-EACH CNV INTO 4 ORD	2740434	47,582.00	14,565,801.84
ROYAL DUTCH SHELL PLC-ADR	B03MM62	4,700.00	236,034.00	RIO TINTO LTD	6220103	417,617.00	35,010,152.16
ROYAL DUTCH SHELL PLC-B SHS	B03MM40	1,410,737.00	34,428,556.15	RIO TINTO PLC	0718875	1,246,260.00	95,703,605.27
SAIPEM	4768768	783,426.00	24,215,125.15	ROLLS ROYCE GROUP 20P	3283648	4,011,535.00	43,346,843.07
SAMSUNG HEAVY INDUSTRIES	6772217	240,000.00	11,744,072.75	ROYAL DUTCH SHELL A PLC EUR 0.07	B03MLX2	1,855,180.00	75,717,834.09
SASOL LTD	6777450	1,015,347.00	38,325,855.26	ROYAL DUTCH SHELL PLC-B SHS	B03MM40	988,520.00	41,317,678.36
SEMBCORP INDUSTRIES LTD	B08X163	1,147,620.00	4,277,963.51	SAIPEM	4768768	1,199,700.00	41,094,218.06
SNAM RETE GAS SPA EUR 1.0	7251470	111,437.00	447,449.06	SAMSUNG HEAVY INDUSTRIES	6772217	240,000.00	11,744,072.75
STATOIL HYDRO ASA NOK 2.5	7133608	1,540,158.00	29,948,306.45	SASOL LTD NPV	6777450	419,325.00	15,030,629.31
TECHNIP SA	4874160	110,708.00	6,455,909.66	SNAM RETE GAS SPA EUR 1.0	7251470	111,437.00	447,449.06
TOTAL SA EUR 2.5	B15C557	2,174,184.00	176,963,718.62	STATOIL HYDRO ASA NOK 2.5	7133608	1,540,158.00	29,948,306.45
WARTSILA B EUR 3.5	4525189	185,074.00	12,223,992.75	TECHNIP SA	4874160	110,708.00	6,455,909.66
Total		89,316,488.00	1,616,684,461.90	TOTAL SA EUR 2.5	B15C557	776,050.00	35,144,057.47
Add: PETRONAS GAS Bhd (Fixed Income)			970,554.40	ADD: YPF SOCIEDAD ANONIMA - REPSOL (Fixed Income)			1,368,250.00
GRAND TOTAL			1,617,655,016.30				423,364,227.76
Change since June 30, 2007							-73.83%
Companies on Restricted List			76				68
Number of Companies Owned			41				24

STRS Ohio - Iran and Sudan Divestment Policy and Program
Restricted List
Iran and Sudan Divestment Policy and Program
As of July 1, 2010

Entity name	Ticker	Number
ABB Ltd.	ABB	1
Aker Solutions ASA (formerly Aker Kvaerner)	AKSO	2
Alcatel Lucent	ALU	3
Alstom	ALO	4
AREF Investment Group Co	AIG	5
Areva	CEI	6
AviChina Industry & Technology	02357	7
Bharat Electronics Ltd.	500049	8
Bharat Heavy Electricals Ltd.	500103	9
Bolloré	BOL	10
China Petroleum & Chemical Corp.	SNP	11
CNOOC LTD	CEO	12
CNPC Hong Kong Ltd.	00135	13
Costain Group PLC	COST	14
Daelim Industrial Co.	000210	15
Dietswell	ALDIE	16
Dongfeng Motor Group Company Ltd	00489	17
Edison Spa (Formerly Montedison Spa)	EDN	18
Egypt Kuwait Holding Company	EKHO	19
Electricity Generating Public Co Ltd	EGCO	20
El-Sewedy Cables	SWDY	21
ENI Spa	E	22
Finmeccanica SPA	FNC	23
Gazprom OAO	GAZP	24
GS Engineering & Construction Ltd. (frmly LS Engineering & Construction)	006360	25
Harbin Power Equipment Co.	01133	26
Hyundai Heavy Industries Co.	009540	27
I.C.S.A (INDIA) LTD	531524	28
Indian Oil Corporation Ltd	IOC	29
Inpex Corporation	1605	30
JGC Corp.	1963	31
Jinan Diesel Engine Co Ltd	000617	32
Kejuruteraan Samudra Timur BHD	SAMUDRA	33
Kencana Petroleum Bhd	KENCANA	34
L air Liquide	AIQUY	35
La Mancha Resources Inc.	LMA	36
Liquefied Natural Gas Ltd.	LNG	37
Lukoil Oao	LUKOY	38
Mangalore Refinery & Petrochemicals Ltd.	500109	39
MISC Berhad (Formerly Malaysia International Shipping Corpor)	MISC	40
Mitsui Engineering & Shipbuilding Co. Ltd.	7003	41
MMC Corporation Bhd (frmly Malaysia Mining Corp. Bhd)	MMCCORP	42
Muhibbah Engineering (M) Bhd	MUHIBAH	43
Nam Fatt Corporation Bhd	NAMFATT	44
Oil & Natural Gas Corporation Ltd.	500312	45
OMV AG	OMVKY	46
Petrochina Company Limited	PTR	47
Petrofac Ltd	PFC	48
Petronas Dagangan Bhd	PETDAG	49
Petronas Gas Bhd	PETGAS	50
PSL Ltd.	526801	51
Ranhill Bhd	RANHILL	52
Reliance Industries Ltd.	500325	53
Repsol YPF S.A	REP	54
Royal Dutch Shell PLC	RDS.A	55
Saipem	SPM	56
Samsung Engineering Co. Ltd.	028050	57
Sasol Ltd	SSL	58
Scomi Engineering Bhd. (Formerly Bell & Order Bhd *B&O)	SCOMIEN	59
Scomi Group Bhd	SCOMI	60
Sinopec Kantons Holdings Ltd	00934	61
Sinopec Shanghai Petrochemical Co. (formerly Shanghai Petrochemical Co Ltd)	SHI	62
Snam Rete Gas S.p.A.	SRG	63
Statoil ASA	STO	64
Sudan Telecom Co. Ltd. (SUDATEL)	SUDATEL	65
Technip	TKPPY	66
Total SA	TOT	67
Wartsila Oyj	WRT1V	68