



Ohio Public Employees Retirement System

January 23, 2009

The Honorable Jon Husted
Ohio Senate
Senate Office Building
Columbus, Ohio 43215

Dear Senator Husted:

This purpose of this letter is to provide you with additional information regarding the status of the Iran and Sudan Divestiture policy adopted by the OPERS Board in September 2007. This policy establishes guidelines for OPERS to follow when identifying, engaging or investing in companies with ties to Iran and Sudan.

For the first year, the Iran Sudan Divestment Policy required OPERS staff to prepare quarterly reports for the OPERS Board updating them on progress made towards managing and implementing the policy. Thereafter, reports will be provided to the board on a semi-annual basis. The third quarterly report was presented to the OPERS Investment Committee at its November meeting and covered the period from December 31, 2007, to September 30, 2008. A copy of the materials presented to the Board is attached.

During the review period, OPERS' exposure to scrutinized companies declined from 39 names representing \$621 million in exposure to 25 names and \$391 million in exposure. This decline occurred during a period when companies in the financial sector struggled relative to energy and materials firms. Over three quarters of the names on the OPERS Scrutinized Companies List are classified as belonging to the energy or materials sectors.

Pursuant to our policy, we are engaging each scrutinized company through written communication in a continual effort to understand the company's business ties with Iran and/or Sudan. We have received responses from a majority of the companies on our list and will continue this engagement effort going forward.

The policy requires each affected portfolio manager to make the divestment decision based on its own investment research as to whether a replacement company can be identified that offers similar quality, return, and safety. The primary reason given by investment managers for owning shares in scrutinized companies is the lack of comparable securities offering similar quality, return and safety.

While there continues to be a net decrease in the dollar value of our holdings in scrutinized companies, it is still too early to draw any conclusions about the impact of the policy. If you have any questions or need any additional information, please let me know.

Sincerely,

Chris DeRose
CEO

cc: Representative Shannon Jones
Representative Josh Mandel
Aristotle Hutras

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
277 EAST TOWN STREET COLUMBUS, OHIO 43215-4642
1-800-222-PERS (7377)
www.opers.org

MEMORANDUM

Date: November 12, 2008

To: OPERS Board Members

From: Deanne Rau, Portfolio Manager - External Public Markets
Julie Becker, General Counsel
Carol Nolan Drake, Director - External Relations
Tom Sherman, Government Relations Officer

RE: **Iran and Sudan Divestment Update**

Purpose

This memorandum provides a progress report on the Iran and Sudan Divestment Policy ("Policy"). This is the third quarterly report since the implementation of the Policy. It provides an overview of the company screening criteria, the list of scrutinized companies and updates on engagement initiatives and divestment activity.

Background

In September 2007, the OPERS Iran and Sudan Divestment Policy ("Policy") was approved. Key features of the Policy include the following:

- Applies to public stocks and bonds in the Non-U.S. Equity and Global Bond asset classes that are actively managed through separate accounts within the Defined Benefit and the Health Care Funds.
- Is consistent with fiduciary duties.
- Establishes a goal of reducing investment exposure to companies with ties to Iran and Sudan when comparable investments offering similar quality, return and safety are available.
- Requires staff to develop an Iran and Sudan Divestment Process to identify and engage companies with ties to Iran and/or Sudan. Staff is also required to report the company screening criteria, the list of scrutinized companies and summary risk and return impacts from divestment activity.

Staff created the Iran Sudan Divestment Committee ("ISDC") to identify and engage companies. Current members of the ISDC include General Counsel, Director-External Relations, Portfolio

Manager-External Public Markets, with other staff members such as the Government Relations Officer participating as required. Since December 31, 2007, ISDC has spent 932 hours on Iran Sudan Divestment work and meeting Policy requirements.

Scrutinized Companies

The OPERS ISDC Screening Criteria (shown as Attachment A) remains unchanged from the last update to the Investment Committee; and staff continues to use RiskMetrics to help identify companies that meet the screening criteria. The OPERS Scrutinized Company List ("List") is shown in Attachment B. This List, which went into effect on July 1, 2008 and has been provided to all impacted external and internal investment managers. This version of the List will remain in effect until December 31, 2008. On January 1, 2009 an updated List will be produced to incorporate any company additions or deletions from the prior six-month period.

Exposure to Scrutinized Companies

During the period of December 1, 2008 to September 30, 2008, OPERS' exposure to scrutinized companies declined from 39 names representing \$621 million in exposure to 25 names and \$391 million in exposure. The reduction in exposure was primarily due to the decline in global equity markets during the year.

A detailed listing of OPERS exposure to scrutinized companies is provided in Attachment C. This listing provides the consolidated exposure to scrutinized names for both the OPERS Defined Benefit and Health Care Funds. For the scrutinized names, OPERS continues to own, staff requested each investment manager responsible for the exposure to provide a written explanation. A summary of the managers' responses is provided in Attachment D. The primary reason investment managers owned scrutinized companies was due to the lack of availability of comparable securities offering similar quality, return and safety.

The names on the List continue to be heavily weighting towards the energy sector. During the third quarter, this sector returned a negative -28.8%, but managed to outperform other sectors, notably financials (-32.8%) and materials (-34.9%). In addition, OPERS continued to increase its Non-U.S. Equity exposure within the Health Care Plan and Defined Benefit Plan. From July 1st to September 30th, a total of \$300 million in additional dollars were allocated to Non-U.S. Equity. This partially explains why the total number of shares in scrutinized companies rose from 45,713,035 to 54,193,292 during the quarter.

Engagement Update

OPERS' Corporate Governance Department has continued engaging companies identified by RiskMetrics as having potential ties to Iran and/ or Sudan. In particular, when a scrutinized company provided OPERS information about its activity in Iran and/or Sudan--and if the firm believed their involvement did not meet OPERS' screening criteria--the information was forwarded to RiskMetrics. RiskMetrics then performed research to see if the firm merited continued inclusion on our List. The Corporate Governance Department has also been in contact with other institutional investors regarding Iran and/or Sudan Divestment issues.

In early 2009, Corporate Governance will work with RiskMetrics to update the OPERS Scrutinized Company List. Letters will be sent to each of the companies identified on this

updated List. The List, in turn, will be provided to all external and internal investment managers impacted by the Policy.

Next Steps

Staff continues to administer the Policy and will provide another status report at the January 2009 Investment Committee.

Attachment A: OPERS Iran and Sudan Divestment Committee Screening Criteria

OPERS IRAN AND SUDAN DIVESTMENT COMMITTEE
SCREENING CRITERIA

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 commissioned 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 commissioned by the government of Iran; **AND**
- (v) More than 10% of its revenues or assets that are linked to Iran oil-related activities, mineral extraction activities or petroleum resources.

The following definitions will be used for determining inclusion on the OPERS Iran and Sudan Divestment Committee Screening Criteria:

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.

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.

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.

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.

Substantial action-adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking significant humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

Complicit-taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the populations of the Darfur region of Sudan negatively affected by genocide from communicating with each other, encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abused in Darfur; or other similar actions.

Attachment B: OPERS Scrutinized Company List

List of Scrutinized Companies: July 1, 2008 to December 31, 2008	
Acs, Actividades de Construccion y Servicios S.A	MISC Berhad
Aker ASA	Mitsui & Company Limited
Alcatel-Lucent	Mitsui Engineering & Shipbuilding Company Limited
Alstom	MMC Corporation Berhad
AREF Investment Group Company	Muhibbah Engineering (M) Berhad
Areva	Nam Fatt Corporation Berhad
AviChina Industry & Technology Company Limited	Oil & Natural Gas Corp. Limited
Bharat Electronics Limited	OMV Aktiengesellschaft
Bharat Heavy Electricals Limited	PECD Berhad
Bolloré	PetroChina Company Limited
Bow Valley Energy Limited	Petrofac Limited
China Petroleum & Chemical Corp.	Petroleo Brasileiro
CNOOC Limited	Petronas Dagangan Berhad
CNPC Hong Kong Limited	Petronas Gas Berhad
Costain Group plc	PSL Limited
Daelim Industrial Company	Reliance Industries Limited
Dongfeng Motor Group Company Limited	Repsol YPF S.A
Electricity Generating plc	Rolls-Royce Group plc
ENI SpA	Royal Dutch Shell plc
Gazprom OAO	Saipem
GS Holdings Corp.	Samsung Engineering Company Limited
Harbin Power Equipment Company	Sarawak Energy Berhad
I.C.S.A (INDIA) Limited	Sasol Limited
Indian Oil Corporation Limited	Scomi Engineering
Inpex Holdings Inc.	Scomi Group Berhad
Itochu Corp.	Sinopec Kantons
JGC Corp.	Sinopec Shanghai Petrochemical Company
Kejuruteraan Samudra Timur Berhad	Snam Rete Gas
Kencana Petroleum Berhad	Snc-Lavalin Group Inc.
La Mancha Resources Inc.	StatoilHydro ASA
L'Air Liquide SA	Sudan Telecom Company Limited
Linde AG	Technip
Liquified Natural Gas	The Weir Group plc
Lukoil Oao	Total SA
Lundin Petroleum AB	Wärtsilä Oyj
Mangalore Refinery & Petrochemicals Limited	

Attachment D: Investment Manager Rationale for Exposure as of September 30, 2008

Attachment D: Investment Manager Rationale for Exposure	
OPERS Internal Global Bond	<p>The company is one of the world's largest diversified miners and has very strong cash flow. In fact, last year the firm produced \$1 billion in cash flow per month. Management is committed to reducing the company's leverage, making them even more financially sound. Their recent 20 year bond pricing was attractively priced.</p> <p>One of the world's largest energy companies that is financially sound and likely to double its oil reserve base within the next 3 years due to recent offshore discoveries.</p>
	<p>Rio Tinto</p> <p>Petroleo Brasileiro</p>
	<p>Alstom</p> <p>PetroChina</p> <p>Petroleo Brasileiro</p> <p>Daelim Industrial Company</p>
TT International	<p>Best idea. No comparable investment offering similar quality, return and safety available.</p> <p>The company has an attractive valuation, which discounts the excessive oil price and Chinese fuel subsidy duration. The expected fuel hike in China is also likely to relieve pressure on their refining margins.</p> <p>Petroleo Brasileiro has the most geologically advantaged home area available to a listed global oil company, with the prolific deep offshore Santos basin being the most recent evidence of this position. The company is experiencing both fast volume and profit growth, and high visibility of medium term production replacement.</p> <p>Best idea. No comparable investment offering similar quality, return and safety available.</p> <p>Rolls-Royce business is focused on its core competency, the design and manufacture of highly efficient and competitive gas turbines. The firm is likely to achieve low teens EPS growth with the added benefit of the effect of weakening Sterling on US dollar earnings. TT believes the growth of the aftermarket and maturing of the business model (with potentially lower R&D) are the key drivers. The annuity effect of the company's in-house servicing and engine spares businesses is yet to be fully appreciated by the market.</p> <p>Gazprom has huge oil and gas reserves, supplies energy for Western Europe and benefits from strong oil and energy demand and prices. In addition, Russian domestic gas price control recently eased to their benefit. Valuations are also attractive relative to other firms in the industry.</p> <p>Resulting from the merger of Norwegian firms Statoil and the oil businesses arm of Norsk Hydro, the combined unit represents a high production growth, low valuation exploration and production company. The attractors of the stock as an investment are primarily those of low relative valuation in the context of an oil price that seems to have an asymmetric upside risk based on irregular supply side shocks, reinforced by solid demand side strength. Against this environment, the stock should outperform the oil sector.</p>
	<p>Rolls Royce Group</p> <p>Gazprom</p> <p>StatoilHydro ASA</p>

<p style="text-align: center;">Alliance Bernstein</p>	<p>Royal Dutch Shell PLC</p>	<p>Royal Dutch is part of the ACWI 35 and no comparable non-restricted stock is available. It also constitutes 1.38% of the MSCI ACWI x US benchmark. Royal Dutch is a large integrated oil producer where the refining and exploration/production asset growth profile seems to be underestimated by the market.</p>
	<p>China Petroleum & Chemical</p>	<p>Best Idea - no comparable investment offering similar quality, return and safety available.</p>
	<p>ENI SpA</p>	<p>Best Idea - no comparable investment offering similar quality, return and safety available.</p>
	<p>Lukoil</p>	<p>Best Idea - no comparable investment offering similar quality, return and safety available.</p>
	<p>Petroleo Brasileiro</p>	<p>Petroleas Security is part of the ACWI 35 and no comparable non-restricted stock is available. The company has shown successful exploration and production growth in the Atlantic, especially in the Tupi and Carouel fields. It will continue to exceed market forecasts and benefit from elevated oil prices.</p>
	<p>Gasprom OAO</p>	<p>Gasprom is part of the ACWI 35 and no comparable non-restricted stock is available. Gasprom has huge oil and gas reserves, supplies energy for Western Europe and benefits from strong oil and energy demand and prices. In addition, Russian domestic gas price control recently eased to their benefit.</p>
	<p>Mitsui & Co</p>	<p>Mitsui is part of the ACWI 35 and no comparable non-restricted stock is available. Mitsui is a partner in oil production facilities and in iron ore mines. The company benefits from strong demand and higher prices in both.</p>
	<p>Seasol Ltd</p>	<p>Seasol is a technology leader in the gas-to-liquid and the coal-to-liquid conversion process. The company is able to use low cost coal and gas contracts to its advantage and produce and sell high priced oil.</p>
	<p>StatoilHydro ASA</p>	<p>StatoilHydro is in the ACWI 35 and no comparable non-restricted stock is available. The company has strong production growth of between 4 and 6%, little exposure to weak refining margins and high exposure to LNG and gas prices in Europe that are priced off oil. The market will be surprised by Statoil's earnings leverage. The company has also recently stated that it will stop investing in Iran.</p>
	<p>Technip SA</p>	<p>The manager is currently exiting the position.</p>
	<p>Total SA</p>	<p>Total SA is in the ACWI 35 and no comparable non-restricted stock is available. It also constitutes 1.02% of the MSCI ACWI x US benchmark. Total is one of the few developed market integrated oil companies able to grow production by between 4-6% as new fields in Angola and the Middle East come on stream. It has a robust and successful Exploration & Production program and should beat estimates as it benefits from high oil prices and increased production.</p>
	<p>Total SA</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Royal Dutch Shell PLC</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>ENI SpA</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Repsol YPF</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
<p>Alstom</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>Itchu Corporation</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>OMV</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>Mitsui & Co</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>JGC Corporation</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>StatoilHydro ASA</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>Impex Holdings</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>ACS Actividades</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>	
<p>Linde AG</p>	<p>One of the leading suppliers of industrial gases, as well as one of the world leaders in environmentally friendly hydrogen technology. Difficult to find alternatives in which to invest. There is a French competitor, Air Liquide, which is also on the OPERS List, however its growth profile is not as good and the valuation is more expensive.</p>	
<p>ENI SpA</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>	
<p>Petroleo Brasileiro</p>	<p>The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.</p>	
<p>CNOOC Ltd</p>	<p>The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.</p>	
<p>Royal Dutch Shell PLC</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>	
<p>Total SA</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>	
<p style="text-align: center;">Quantitative Management Associates (QMA)</p>	<p>Royal Dutch Shell PLC</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>ENI SpA</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Repsol YPF</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Alstom</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Itchu Corporation</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>OMV</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
	<p>Mitsui & Co</p>	<p>Quant model unable to find comparable investment offering similar quality, return and safety.</p>
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	<p>Linde AG</p>	<p>One of the leading suppliers of industrial gases, as well as one of the world leaders in environmentally friendly hydrogen technology. Difficult to find alternatives in which to invest. There is a French competitor, Air Liquide, which is also on the OPERS List, however its growth profile is not as good and the valuation is more expensive.</p>
	<p>ENI SpA</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>
	<p>Petroleo Brasileiro</p>	<p>The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.</p>
	<p>CNOOC Ltd</p>	<p>The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.</p>
<p>Royal Dutch Shell PLC</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>	
<p>Total SA</p>	<p>Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.</p>	

JP Morgan

LSV Asset Management	Repsol YPF	Quant model unable to find comparable investment offering similar quality, return and safety.
	StatOil/Hydro ASA	Quant model unable to find comparable investment offering similar quality, return and safety.
	ENI SpA	Quant model unable to find comparable investment offering similar quality, return and safety.
	Royal Dutch Shell PLC	Quant model unable to find comparable investment offering similar quality, return and safety.
Acadellian	Aggreko	Quant model unable to find comparable investment offering similar quality, return and safety.
	Lukoil	Quant model unable to find comparable investment offering similar quality, return and safety.
	Sasol Ltd	Quant model unable to find comparable investment offering similar quality, return and safety.
	OMV	Quant model unable to find comparable investment offering similar quality, return and safety.
	Electricity Generating	Quant model unable to find comparable investment offering similar quality, return and safety.
	Petronas Daganagan	Quant model unable to find comparable investment offering similar quality, return and safety.
	Dongfeng Motor	Quant model unable to find comparable investment offering similar quality, return and safety.
Petrofac	Quant model unable to find comparable investment offering similar quality, return and safety.	
Brands	Alcatel-Lucent	Manager believes the company continues to be attractively value relative to its long-term potential. Given the specifics of the this company, they were unable to identify a substitute investment that has comparable quality, return and safety.
	CNOOC	CNOOC is a Chinese oil and gas exploration and production company. The manager continues to hold the company since they have not been able to identify a comparable name offering the same quality, return and safety.
Walter Scott		
Capital Guardian		The manager believes the company's status as "quasi sovereign" (majority owned by the Russian government) gives it superior comfort on repayment capabilities. In fact, it has direct access to Russia's ample financial reserves and explicit state support. As a business it is strategically linked to many Western countries and companies with contracts and, therefore, politically important to Europe in a way that other Russian companies are not. Overall, there are no other companies which operate on a similar scale that can serve as an alternative investment. Finally, it carries an attractive valuation.
T Rowe Price	Gazprom	Gazprom is the largest natural gas producer in the world, with the largest hydrocarbon reserves. It owns and controls the gas pipeline infrastructure in Russia and enjoys a monopoly on Russian gas exposures. The outlook for gas prices globally and within Russia is strong. Overall, the company has a unique position within the industry and will benefit from its unrivalled access to valuable resources.
	CNOOC	Manager feels the company is one of the best oil exploration and production plays in Asia. Since a large portion of the firm's oil production comes from offshore China, which enjoys one of the lowest tax regimes in the world, CNOOC's realization per barrel of oil is among the big global energy and production companies.
	Petroleo Brasileiro	Petrobras is the largest oil producer in Brazil, with a production growth rate few other global oil companies can match. It has announced recent important new reserves and is expected to continue to show success from its on-going exploration work.
Goldman Sachs	Alcatel-Lucent	Alcatel-Lucent is a globally diversified telecom equipment provider. While it has been recently challenged to diversify its business mix away from wireless infrastructure, the company benefits from a strong product portfolio. Furthermore, its balance sheet is supported by modest leverage. This cash balance provides Alcatel Lucent with ample liquidity to address its debt maturities and restructure its business operations.

MANAGER WATCHLIST

Asset Class	Individual Responsible	Manager	Mandate	Size of Portfolio (\$ millions)	Date Watchlisted	Reason(s)	Most Recent Report	Projected Follow-up Report
Global Bonds	DeAnne Rau	Shenkman Capital	High Yield Debt	\$203,265,298	July-06	Performance	Jul-08	January-09
Global Bonds	Dan Sarver	Smith Breeden	Lehman Aggregate	\$336,524,076	October-08	Performance	Oct-08	April-09
US Equity	John Blue	Barclays Global Investors	Russell 1000	\$1,616,638,779	May-08	Performance	Nov-08	May-09
US Equity	Dan Sarver	Invesco	US Small Cap Core	\$267,344,381	February-08	Performance	Aug-08	February-09

November-08



Attachment D: Exposure to Scrutinized Companies- December 31, 2007 to July 1, 2008

OPERS Positions 12/31/2007		Shares	Market Value
Company Name	12/31/2007	12/31/2007	12/31/2007
ACS Actividades de Construccion y Servicios SA	9,680	574,026.13	
Aggreko Plc	153,611	1,626,317.37	
Alcatel-Lucent	3,147,760	22,730,163.74	
Alstom	2,056	440,896.04	
BG Group PLC	1,613,660	36,860,875.75	
China Petroleum & Chemical Corp	6,980,000	10,542,738.64	
CNOOC Ltd	14,221,900	24,216,335.36	
Cnrc Hong Kong Ltd	540,000	345,499.19	
Daelim Industrial	12,080	2,309,924.15	
Electricity Generating PCL	98,800	371,952.94	
ENI SpA	1,007,888	36,831,190.57	
Gazprom OAO	941,604	53,340,842.80	
ITOCHU Corp	51,000	498,652.46	
JGC Corporation	19,000	328,164.03	
Kencana Petroleum	219,100	162,983.37	
Linde AG	34,663	4,546,423.60	
LUKOIL	156,990	13,548,237.00	
Mitsubishi Heavy Industries Ltd	434,000	1,869,131.93	
Mitsui & Co Ltd	1,181,000	25,008,416.53	
MMC Corp Bhd	40,800	114,738.43	
Norsk Hydro ASA	565,200	8,066,118.62	
Oil & Natural Gas Corp Ltd	83,740	2,627,033.11	
OMV AG	28,784	2,327,091.29	
PetroChina Co Ltd	2,176,000	3,878,166.21	
Petrofac Ltd	98,158	1,072,368.79	
Petroleo Brasileiro SA	951,424	97,041,483.83	
Petronas Dagangan BHD	84,400	220,762.02	
Petronas Gas BHD	40,300	130,393.11	
Reliance Industries Ltd	21,879	3,098,919.25	
Repsol YPF SA	385,800	13,721,186.82	
Rio Tinto PLC	493,783	52,150,511.12	
Rolls-Royce Group PLC	571,182	6,194,737.82	
Royal Dutch Shell PLC	2,202,677	92,205,899.43	
Sinopec Shanghai Petrochemical Co Ltd	1,758,000	1,084,218.15	
Sasol Ltd	149,490	7,416,687.03	
StatoilHydro ASA	677,520	21,057,633.11	
Technip SA	72,927	5,798,031.94	
Total SA	688,540	57,082,447.28	
TOTAL	41,914,796	611,441,198.96	
Gazprom Capital (Fixed Income)		1,869,264.34	
Rio Tino (Fixed Income)		7,528,000.00	
GRAND TOTAL	41,914,796	620,838,463.30	
NUMBER OF COMPANIES	39		

OPERS Positions 7/1/2008		Shares	Market Value
Company Name	7/1/2008	7/1/2008	7/1/2008
ACS Actividades de Construccion y Servicios SA	4,398	221,095.43	
Alcatel-Lucent	3,147,760	19,141,970.92	
China Petroleum & Chemical Corp	10,750,000	10,063,477.81	
CNOOC Ltd	18,842,000	32,426,216.99	
Electricity Generating PCL	314,200	791,334.13	
ENI SpA	977,661	36,503,488.66	
Gazprom OAO	885,802	51,376,516.00	
ITOCHU Corp	45,000	479,598.57	
JGC Corp	12,000	236,336.22	
Linde AG	34,663	4,880,948.58	
LUKOIL	531,714	52,445,217.90	
Mitsui & Co Ltd	1,177,000	26,008,905.01	
OMV AG	32,728	2,570,807.01	
PetroChina Co Ltd	991,600	2,508,946.23	
Petrofac Ltd	98,158	1,444,465.66	
Petroleo Brasileiro SA	2,015,408	110,212,216.80	
Petronas Dagangan BHD	84,400	193,726.09	
Repsol YPF SA	393,908	15,532,930.00	
Rolls-Royce Group PLC	1,017,479	6,923,842.56	
Royal Dutch Shell PLC	2,225,780	91,325,454.59	
Sasol Ltd	156,577	9,219,882.23	
StatoilHydro ASA	1,214,710	45,318,054.45	
Technip SA	72,927	6,754,443.04	
Total SA	687,162	58,675,413.22	
TOTAL	45,713,035	585,255,288.10	
Gazprom Capital (Fixed Income)		1,653,642.75	
Petroleo Brasileiro (Fixed Income)		9,646,700.00	
GRAND TOTAL	45,713,035	596,555,630.85	
NUMBER OF COMPANIES	24		

Change in Shares Owned Since 12/31/2007	3,798,239.00
Change in Market Value Since 12/31/2007	\$ (24,282,832.45)
Percentage Change in Market Value Since 12/31/2007	-3.91%
Change in Number of Companies Since 12/31/2007	(15)
Percentage Change in Number of Companies Since 12/31/2007	-37%

*Unaudited

Attachment E: Investment Manager Rationale for Exposure as of July 1, 2008

Manager	Company	Rationale
OPERS Internal Global Bond Portfolio	Petroleo Brasileiro	One of the world's largest energy companies that is financially sound and likely to double its oil reserve base within the next 3 years due to recent offshore discoveries. The pricing of the purchased bond is +224 bps over U.S. Treasuries making it a good value.
TT International	Mitsui & Co	Japanese materials company experiencing upward earnings revision. Mitsui's earnings are expected to advance 25% or more in 2009. This is significantly ahead of the sector average growth. Revenue for the firm's energy related segment in particular are expanding at a brisk pace. In addition, the rise in iron ore prices should make a strong earnings contribution.
	PetroChina	The company has an attractive valuation, which discounts the excessive oil price and Chinese fuel subsidy duration. The expected fuel hike in China is also likely to relieve pressure on their refining margins.
	Petroleo Brasileiro	Petroleo Brasileiro has the most geologically advantaged home area available to a listed global oil company, with the prolific deep offshore Santos basin being the most recent evidence of this position. The company is experiencing both fast volume and profit growth, and high visibility of medium term production replacement.
	Repsol YPF	Spanish integrated oil company with the bulk of the business in exploration and production. The manager believes there will be two major drivers for the stock. Firstly, the results of test drilling in Brazil should continue to be a catalyst for performance; and secondly the IPO of YPF, its operating division in Argentina, should also stimulate interest.
	Rolls Royce Group	Rolls-Royce business is focused on its core competency, the design and manufacture of highly efficient and competitive gas turbines. The firm is likely to achieve low teens EPS growth with the added benefit of the effect of weakening Sterling on US dollar earnings. TT believes the growth of the aftermarket and maturing of the business model (with potentially lower R&D) are the key drivers. The annuity effect of the company's in-house servicing and engine spares businesses is yet to be fully appreciated by the market.
	StatoilHydro ASA	Resulting from the merger of Norwegian firms Statoil and the oil businesses arm of Norsk Hydro, the combined unit represents a high production growth, low valuation exploration and production company. The attractions of the stock as an investment are primarily those of low relative valuation in the context of an oil price that seems to have an asymmetric upside risk based on irregular supply side shocks, reinforced by solid demand side strength. Against this environment, the stock should outperform the oil sector.
Alliance Bernstein	Royal Dutch Shell PLC	Royal Dutch is part of the ACWI 35 and no comparable non-restricted stock is available. It also constitutes 1.38% of the MSCI ACWI x US benchmark. Royal Dutch is a large integrated oil producer where the refining and exploration/production asset growth profile seems to be underestimated by the market.
	China Petroleum & Chemical	Best Idea - no comparable investment offering similar quality, return and safety available.
	ENI SpA	Best Idea - no comparable investment offering similar quality, return and safety available.
	Lukoil	Best Idea - no comparable investment offering similar quality, return and safety available.
	Petroleo Brasileiro	Petrobras Security is part of the ACWI 35 and no comparable non-restricted stock is available. The company has shown successful exploration and production growth in the Atlantic, especially in the Tupi and Carousel fields. It will continue to exceed market forecasts and benefit from elevated oil prices
	Gazprom OAO	Gazprom is part of the ACWI 35 and no comparable non-restricted stock is available. Gazprom has huge oil and gas reserves, supplies energy for Western Europe and benefits from strong oil and energy demand and prices. In addition, Russian domestic gas price control recently eased to their benefit.
	Mitsui & Co	Mitsui is part of the ACWI 35 and no comparable non-restricted stock is available. Mitsui is a partner in oil production facilities and in iron ore mines. The company benefits from strong demand and higher prices in both.
	Sasol Ltd	Sasol is a technology leader in the gas-to-liquid and the coal-to-liquid conversion process. The company is able to use low cost coal and gas contracts to its advantage and produce and sell high priced oil.
	StatoilHydro ASA	StatoilHydro is in the ACWI 35 and no comparable non-restricted stock is available. The company has strong production growth of between 4 and 6%, little exposure to weak refining margins and high exposure to LNG and gas prices in Europe that are priced off oil. The market will be surprised by Statoil's earnings leverage. The company has also recently stated that it will stop investing in Iran.
	Technip SA	Technip benefits from long construction contract backlog in the energy infrastructure build that is taking place. In addition, it is one of the leaders in providing the oil industry with highly specialized deep sea oil equipment pipes and connectors.

Alliance Bernstein	Royal Dutch Shell PLC	Royal Dutch is part of the ACWI 35 and no comparable non-restricted stock is available. It also constitutes 1.38% of the MSCI ACWI x US benchmark. Royal Dutch is a large integrated oil producer where the refining and exploration/production asset growth profile seems to be underestimated by the market.
	China Petroleum & Chemical	Best Idea - no comparable investment offering similar quality, return and safety available.
	ENI SpA	Best Idea - no comparable investment offering similar quality, return and safety available.
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	Mitsui & Co	Mitsui is part of the ACWI 35 and no comparable non-restricted stock is available. Mitsui is a partner in oil production facilities and in iron ore mines. The company benefits from strong demand and higher prices in both.
	Sasol Ltd	Sasol is a technology leader in the gas-to-liquid and the coal-to-liquid conversion process. The company is able to use low cost coal and gas contracts to its advantage and produce and sell high priced oil.
	StatoilHydro ASA	StatoilHydro is in the ACWI 35 and no comparable non-restricted stock is available. The company has strong production growth of between 4 and 6%, little exposure to weak refining margins and high exposure to LNG and gas prices in Europe that are priced off oil. The market will be surprised by Statoil's earnings leverage. The company has also recently stated that it will stop investing in Iran.
Technip SA	The manager is currently exiting the position.	
Total SA	Total SA is in the ACWI 35 and no comparable non-restricted stock is available. It also constitutes 1.02% of the MSCI ACWI x US benchmark. Total is one of the few developed market integrated oil companies able to grow production by between 4-6% as new fields in Angola and the Middle East come on stream. It has a robust and successful Exploration & Production program and should beat estimates as it benefits from high oil prices and increased production.	
Quantitative Management Associates (QMA)	Total SA	Quant model unable to find comparable investment offering similar quality, return and safety.
	Royal Dutch Shell PLC	Quant model unable to find comparable investment offering similar quality, return and safety.
	ENI SpA	Quant model unable to find comparable investment offering similar quality, return and safety.
	Repsol YPF	Quant model unable to find comparable investment offering similar quality, return and safety.
	Alstom	Quant model unable to find comparable investment offering similar quality, return and safety.
	Itochu Corporation	Quant model unable to find comparable investment offering similar quality, return and safety.
	OMV	Quant model unable to find comparable investment offering similar quality, return and safety.
	Mitsui & Co	Quant model unable to find comparable investment offering similar quality, return and safety.
	JGC Corporation	Quant model unable to find comparable investment offering similar quality, return and safety.
	Statoilhydro ASA	Quant model unable to find comparable investment offering similar quality, return and safety.
	Impex Holdings	Quant model unable to find comparable investment offering similar quality, return and safety.
ACS Actividades	Quant model unable to find comparable investment offering similar quality, return and safety.	
JP Morgan	Linde AG	One of the leading suppliers of industrial gases, as well as one of the world leaders in environmentally friendly hydrogen technology. Difficult to find alternatives in which to invest. There is a French competitor, Air Liquide, which is also on the OPERS List, however its growth profile is not as good and the valuation is more expensive.
	ENI SPA	Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.
	Petroleo Brasileiro	The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.
	CNOOC Ltd.	The manager believes the holding is justified due to its attractive growth profile. It was not possible to find another company with attractive projected increases in production in the sector.
	Royal Dutch Shell PLC	Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.
	Total SA	Manager's investment thesis rests on production growth as well as attractive valuations relative to other firms in the sector.

LSV Asset Management	Repsol YPF	Quant model unable to find comparable investment offering similar quality, return and safety.
	StatoilHydro ASA	Quant model unable to find comparable investment offering similar quality, return and safety.
	ENI SpA	Quant model unable to find comparable investment offering similar quality, return and safety.
	Royal Dutch Shell PLC	Quant model unable to find comparable investment offering similar quality, return and safety.
Acadian	Aggreko	Quant model unable to find comparable investment offering similar quality, return and safety.
	Lukoil	Quant model unable to find comparable investment offering similar quality, return and safety.
	Sasol Ltd	Quant model unable to find comparable investment offering similar quality, return and safety.
	OMV	Quant model unable to find comparable investment offering similar quality, return and safety.
	Electricity Generating	Quant model unable to find comparable investment offering similar quality, return and safety.
	Petronas Dagangan	Quant model unable to find comparable investment offering similar quality, return and safety.
	Dongfeng Motor	Quant model unable to find comparable investment offering similar quality, return and safety.
	Petrofac	Quant model unable to find comparable investment offering similar quality, return and safety.
Brandes	Alcatel-Lucent	Manager believes the company continues to be attractively value relative to its long-term potential. Given the specifics of the this company, they were unable to identify a substitute investment that has comparable quality, return and safety.
Walter Scott	CNOOC	CNOOC is a Chinese oil and gas exploration and production company. The manager continues to hold the company since they have not been able to identify a comparable name offering the same quality, return and safety.
Capital Guardian	Gazprom	The manager believes the company's status as "quasi sovereign" (majority owned by the Russian government) gives it superior comfort on repayment capabilities. In fact, it has direct access to Russia's ample financial reserves and explicit state support. As a business it is strategically linked to many Western countries and companies with contracts and, therefore, politically important to Europe in a way that other Russian companies are not. Overall, there are no other companies which operate on a similar scale that can serve as an alternative investment. Finally, it carries an attractive valuation.
T Rowe Price	Gazprom	Gazprom is the largest natural gas producer in the world, with the largest hydrocarbon reserves. It owns and controls the gas pipeline infrastructure in Russia and enjoys a monopoly on Russian gas exposures. The outlook for gas prices globally and within Russia is strong. Overall, the company has a unique position within the industry and will benefit from its unrivalled access to valuable resources.
	CNOOC	Manager feels the company is one of the best oil exploration and production plays in Asia. Since a large portion of the firm's oil production comes from offshore China, which enjoys one of the lowest tax regimes in the world, CNOOC's realization per barrel of oil is among the big global energy and production companies.
	Petroleo Brasileiro	Petrobras is the largest oil producer in Brazil, with a production growth rate few other global oil companies can match. It has announced recent important new reserves and is expected to continue to show success from its on-going exploration work.
Goldman Sachs	Alcatel-Lucent	Alcatel-Lucent is a globally diversified telecom equipment provider. While it has been recently challenged to diversify its business mix away from wireless infrastructure, the company benefits from a strong product portfolio. Furthermore, its balance sheet is supported by modest leverage. This cash balance provides Alcatel Lucent with ample liquidity to address its debt maturities and restructure its business operations.

