

ohio Police & Fire Pension Fund

140 East Town Street / Columbus, Ohio 43215-5164 / Tel. (614) 228-2975 / www.op-f.org

December 8th 2010

Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, Ohio 43215
Attn: Mr. Aristotle Hutras, Director

Regarding: Iran/Sudan Divestment

Dear Mr. Hutras:

Enclosed is OP&F's statutorily required annual update on the current market value of holdings in companies that have been identified as having ties to Iran and Sudan under criteria in OP&F's Iran and Sudan Divestment Policy. We have compiled OP&F's holdings as of September 30, 2010 using our list of scrutinized companies and compared those to our previous holdings: The September 2010 holdings have a market value of \$74,049,794.42 compared to the June 2008 market value of \$251,452,918.87 which is a reduction of 70.55%.

For your review, the Ohio Legislature required OP&F to adopt an Iran and Sudan Divestment Policy. The policy attempts to honor the legislative directive to seek divestment while prioritizing the Board's fiduciary obligation to protect the interests of the members and retirees that OP&F serves. The policy, which was effective September 24, 2008, also provides guidance and clarity to staff and external investment managers seeking to implement the directive to seek divestment.

Legislation further required that the Fund shall file a report annually, which shall be made available to the public, to the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, the Ohio Retirement Study Council, and the Workers Compensation Council, and that we send a copy of that report to the United States Presidential Special Envoy to Sudan and the United States Presidential Special Envoy to Iran, or an appropriate designee or successor. The report includes:

- (a) A summary of correspondence with companies engaged by the Fund pursuant to this section;
- (b) All investments sold, redeemed, divested, or withdrawn pursuant to this section;

(c) Any progress made under division (B) (4) (d) of this section; (which asks managers of actively managed investment funds to consider removing the companies from holdings or to create a similar actively managed fund devoid of such companies.)

(d) A list of all publicly traded securities held directly by the Fund.

We have also attached a copy of the divestment policy, and the referenced market value comparison.

Please contact me with any questions on the foregoing. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Estabrook". The signature is fluid and cursive, with the first name being the most prominent.

William J. Estabrook
Executive Director

Cc: Senator Bill Harris, President of the Ohio Senate
Senator Capri Cafaro, Minority Leader of the Senate
Rep. Armond Budish, Speaker of the House
Rep. William G. Batchelder, Minority Leader of the House
Virginia McInerney, Director - Ohio Workers Compensation Council
Major General (Ret) Scott Gration, President's Special Envoy to Sudan
Office of the President's Special Envoy to Iran
Mr. Darryl Dever, Dever Associates

Appendix A:

A summary of correspondence with companies engaged by the Fund pursuant to this section

3-6-09 Staff sent 71 e-mails to officers of the 21 companies on the list of scrutinized companies that were then held by OP&F. Letters requested explanation of activities in Sudan & Iran by 4-3-09.

3-12-09 Staff followed up by sending eight letters via mail to officers of the three companies on the list of scrutinized companies whose e-mail systems refused/returned our e-mails. Letters requested explanation of activities in Sudan & Iran by 4-3-09.

4-16-09 Staff sent PDF copies of the six timely responses from companies on the Iran and Sudan screening lists; to RMG-ESG to request a review to confirm they should be kept on or dropped from those lists.

- ABB
- BHEL
- GDF Suez
- Inpex
- Petro China
- Total

5-5-09 RMG-ESG provided a confirmation that the responding companies should be kept on or dropped from those lists.

- ABB: Should be kept on the list for Sudan.
- BHEL: Should be kept on the list for Sudan.
- GDF Suez: Was previously on the Iran list, but removed in March.
 - *(note that this company has been on and off the lists repeatedly)*
- Inpex: Should be kept on the list for Iran.
- Petro China: Should be kept on the list for Sudan and for Iran.
- Total: Should be kept on the list for Iran.

RMG-ESG remains in contact with all listed companies to ensure they should be kept on or dropped from the listing. Part of their normal communication is a request for cessation, or explanation. The listing is provided in an updated format to OP&F monthly.

Appendix B:**All investments sold, redeemed, divested, or withdrawn pursuant to this section**

| | Bought | Did not Buy/comparable | Sold/comparable |
|------------|---------------------------------------|------------------------|-------------------|
| 8/26/2009 | | SnamRete | |
| 9/14/2009 | China Petroleum & Chemical | | |
| 9/23/2009 | PetroChina | | |
| 10/28/2009 | PetroChina | | |
| 11/24/2009 | OMV | | |
| 11/24/2009 | Statoil | | |
| 11/30/2009 | | | ABB |
| 12/4/2009 | Electricity Generating Public company | | |
| 1/5/2010 | Lukoil Holdings | | |
| 1/11/2010 | Alstom (B0DJ8Q) | | |
| 2/25/2010 | Lukoil Holdings | | |
| 3/25/2010 | Gazprom | | |
| 4/15/2010 | Harbin Power | | |
| 4/30/2010 | China Petroleum & Chemical Corp | | |
| 4/30/2010 | Gazprom OAO | | |
| 4/30/2010 | Lukoil OAO | | |
| 5/27/2010 | Hyundai Heavy Industries | | |
| 5/27/2010 | | Air Liquide | |
| 6/23/2010 | | Royal Dutch Shell | |
| 6/23/2010 | | Air Liquide | |
| 6/23/2010 | | | Alstom |
| 6/23/2010 | | | Statoil |
| 6/23/2010 | | | Royal Dutch Shell |
| 7/1/2010 | Gazprom OAO | | |
| 7/2/2010 | JGC Corp. | | |
| 7/20/2010 | Technip | | |
| 7/29/2010 | Gazprom OAO | | |
| 8/3/2010 | Wartsila | | |
| 8/11/2010 | OMV | | |
| 8/16/2010 | JGC Corp. | | |
| 8/27/2010 | China Petroleum & Chemical Corp | | |
| 9/30/2010 | Harbin Power | | |
| 10/25/2010 | China Petroleum | | |
| 10/25/2010 | OMV | | |
| 10/28/2010 | Hyundai Heavy Industries Co. Ltd | | |

Appendix C

Any progress made under division (B) (4) (d) of this section; (which asks managers of actively managed investment funds to consider removing the companies from holdings or to create a similar actively managed fund devoid of such companies.)

Ohio Police & Fire Pension Fund is invested in two active funds, both of which make up a portion of an existing International equity ACWI ex US mandate. Both managers have declined to set up separate similar actively managed funds devoid of such companies. However, both managers have agreed to monitoring companies on the scrutinized companies listing to try to find comparable securities.

Appendix D

A list of all publicly traded securities held by the Fund (and Market values)

| 30-Jun-08 | | | 30-Sep-10 | | |
|-----------------------------|------------------|-------|--------------------------------|-----------------|-------|
| Company | Market | | Company | Market | |
| China Petroleum & Chem-ADR | \$ 1,216,859.00 | Both | Aker Solutions ASA | \$8,863,892.10 | Iran |
| CNOOC Ltd | \$ 8,438,589.47 | Iran | BHARAT HEAVY ELECT LTD (DEMAT) | \$1,054,506.04 | Sudan |
| CNPC (HONG KONG) LTD | \$ 564,103.60 | Both | China Petroleum & Chem-ADR | \$2,807,304.00 | Both |
| DAELIM INDUSTRIAL CO | \$ 425,543.19 | Iran | CNOOC LTD | \$3,018,576.22 | Iran |
| Eni Spa | \$ 20,913,311.19 | Iran | DAELIM INDUSTRIAL CO | \$692,105.16 | Iran |
| GS HOLDINGS CORP | \$ 543.87 | Iran | Dongfeng Motor Grp Co Ltd-H | \$7,020,321.54 | Sudan |
| Inpex Holdings Inc | \$ 2,440,040.92 | Iran | Eni Spa | \$1,187,769.19 | Iran |
| Itochu Corp | \$ 853,665.23 | Iran | GAZPROM O A O SPON ADR | \$883,579.89 | Iran |
| Linde AG | \$ 3,165,973.10 | Iran | Harbin Power Equipment Co-H | \$1,314,416.13 | Sudan |
| LUKOIL OIL CO SPONS ADR | \$ 33,808,905.24 | Iran | Hyundai Heavy Industries | \$2,540,202.95 | Iran |
| Mitsui & Co Ltd | \$ 3,031,087.09 | Iran | INDIAN OIL CORP LTD (DEMAT) | \$255,830.48 | Both |
| OAQ Gazprom-Spon | \$ 35,065,672.94 | Iran | KUNLUN ENERGY COMPANY LTD | \$752,466.75 | Both |
| Oil & Natural Gas Corp Ltd | \$ 960,558.10 | Both | OAQ Gazprom-Spon | \$4,162,317.00 | Both |
| OMV Ag | \$ 876,306.75 | Iran | Oil & Natural Gas Corp Ltd | \$1,521,465.04 | Both |
| Petrofac Ltd | \$ 445,852.85 | Sudan | OMV Ag | \$936,535.53 | Iran |
| Petroleo Brasileiro | \$ 12,697,931.02 | Iran | Royal Dutch Shell | \$8,360,857.21 | Iran |
| RELIANCE INDU LTD(DEMAT) | \$ 1,738,833.21 | Sudan | Royal Dutch Shell PLC A Shs | \$17,469,831.39 | Iran |
| Repsol YPF SA | \$ 2,883,045.33 | Iran | Technip | \$11,052,214.31 | Iran |
| Royal Dutch Shell | \$ 16,286,222.89 | Iran | Wartsila OYJ-B Shares | \$155,603.49 | Sudan |
| Royal Dutch Shell PLC A Shs | \$ 31,793,790.03 | Iran | | | |
| Saipem | \$ 1,598,105.38 | Iran | | | |
| SASOL LTD SPON ADR | \$ 1,275,485.78 | Iran | | | |
| Schlumberger Ltd | \$ 50,485,564.84 | Both | | | |
| SNC-Lavalin Inc | \$ 994,143.76 | Iran | | | |
| StatoilHydro ASA | \$ 1,383,681.28 | Iran | | | |
| Technip | \$ 13,360,702.55 | Iran | | | |
| Total SA | \$ 4,748,400.26 | Iran | | | |

| | | | |
|---------------------------|-------------------|--|------------------|
| 6-30-08 Market Value | \$ 251,452,918.87 | Current Market Value | \$ 74,049,794.42 |
| % of holdings (6-30-08 #) | 100.00% | % of holdings <u>compared to</u> 6-30-08 | 29.45% |

| | Country breakdown | Country breakdown |
|---------|-------------------|-------------------|
| In Both | 4 | 5 |
| Sudan | 2 | 4 |
| Iran | 21 | 10 |
| Total | 27 | 19 |

| | |
|-----------------------|--------------------|
| | Mkt |
| TOTALS: | 30-Jun-08 |
| | \$ 251,452,918.87 |
| TOTALS: | 30-Sep-10 |
| CHANGE | \$ 74,049,794.42 |
| CHANGE % | (\$177,403,124.45) |
| REMAINING % | -70.55% |
| (compared to June 08) | 29.45% |