



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED
MEETING

AUGUST 21-23, 2012

MEETING MATERIALS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Regular Board Meeting

Tuesday, August 21, 2012 – 12:00 PM

Wednesday, August 22, 2012 – 9:00 AM

Thursday, August 23, 2012 – 9:00 AM

Post Oak Lodge – Aspen Room

5323 W. 31st Street N

Tulsa, OK 74127

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON DEVELOPMENT OF OTRS STRATEGIC PLAN**
- 3. TRAINING ON ETHICS AND FIDUCIARY RESPONSIBILITY**

RECESS

Dinner at 6:30 p.m. at Post Oak Lodge, Tulsa, OK

No business of the Oklahoma Teachers Retirement System will be discussed

***THE BOARD MEETING WILL RECONVENE AT THE CALL OF THE CHAIR ON
WEDNESDAY, AUGUST 22, 2012***

- 4. DISCUSSION AND POSSIBLE ACTION ON DEVELOPMENT OF OTRS STRATEGIC PLAN**

RECESS

Dinner at 6:30 p.m. at Flemings Steakhouse, Tulsa, OK

No business of the Oklahoma Teachers Retirement System will be discussed

***THE BOARD MEETING WILL RECONVENE AT THE CALL OF THE CHAIR ON
THURSDAY, AUGUST 23, 2012***

- 5. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR:**
 - A. June 27, 2012 Board Meeting
 - B. July 18, 2012 Board Meeting
- 6. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. L&B Realty Advisors
 - B. Heitman Real Estate
 - C. AEW Capital Management
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT**

The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting
- 9. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 10. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY 403(B) REPORT**

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Regular Board Meeting

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Thursday, August 23, 2012 – 9:00 AM

Post Oak Lodge – Aspen Room

5323 W. 31st Street N

Tulsa, OK 74127

AGENDA (continued)

- 11. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT**
- 12. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 § 307(B)(3) FOR THE PURPOSE OF DISCUSSING THE PURCHASE OR APPRAISAL OF REAL PROPERTY FOR INVESTMENT PURPOSES**
 - A. Vote to Convene into Executive Session
 - B. Vote to Return to Open Session
- 13. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- 14. DISCUSSION AND POSSIBLE ACTION ON REQUEST FROM OKLAHOMA RETIRED EDUCATORS ASSOCIATION (OREA)**
- 15. DISCUSSION AND POSSIBLE ACTION ON EMERGENCY RULE MAKING**
- 16. DISCUSSION AND POSSIBLE ACTION ON MISSION STATEMENT**
- 17. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
 - A. Client Status Update
 - B. FY-2012 Budget to Actual Comparison
 - C. Other Items for Discussion
- 18. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 19. NEW BUSINESS**
- 20. ADJOURNMENT**

**MEETING MINUTES
JUNE 27, 2012
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Michael Simpson, Chairman, at 9:03 A.M., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda was posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Michael Simpson, <i>Chairman</i>	Roger Gaddis
Gary Trennepohl, <i>Vice Chairman*</i>	Jill Geiger
Bruce DeMuth, <i>Secretary*</i>	Stewart Meyers, Jr.
Sherrie Barnes	William Peacher
James Dickson*	Jonathan Small
Vernon Florence	Billie Stephenson

TRUSTEES ABSENT:

Beth Kerr

TRS STAFF PRESENT:

James R. Wilbanks, <i>Executive Director</i>	Becky Wilson, <i>Executive Assistant</i>
Grant Soderberg, <i>Investment Associate</i>	Josh Richardson, <i>Internal Auditor</i>
Kasey Tweed, <i>Intern</i>	

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT:

Greg Weaver, <i>Gregory W. Group</i>	Douglas J. Anderson, <i>Gregory W. Group</i>
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OTHERS PRESENT:

Wayne Maxwell, <i>Retired Professional OK Educators</i>	Charles Barnes
Norman Cooper, <i>OK Retired Educators Assoc.</i>	Gene Hopper

**Denotes either late arrival or early departure*

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Simpson called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 2 – MEETING MINUTES: Chairman Simpson asked if there were any changes to the meeting minutes. A motion was made by Dr. Trennepohl with a second made by Mr. Meyers to approve the May 16, 2012 meeting minutes. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 3 – PRESENTATION BY INVESTMENT MANAGERS: Brandes Investment Partners, Causeway Capital Management and Thornburg Investment Management, Investment Managers, were present to give respective presentations to the Board.

A break was taken from 9:51 a.m. to 9:56 a.m.

A break was taken from 10:55 a.m. to 11:05 a.m.

ITEM 4 – INVESTMENT CONSULTANT MONTHLY REPORT: Greg Weaver and Douglas Anderson, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

ITEM 5 – MANAGER STATUS SUMMARY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. After discussion, a motion was made by Dr. Trennepohl with a second made by Ms. Stephenson to extend the on notice status for Brandes Investment Partners until December 2012. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

After further discussion, a motion was made by Mr. Florence with a second made by Mr. Peacher to terminate Tocqueville Asset Management. The motion carried by a unanimous roll call vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 6 – RENEWAL OF MANAGER CONTRACTS: After discussion, a motion was made by Mr. DeMuth with a second made by Mr. Small to approve the renewal of the following manager contracts: Advisory Research, Inc., All-Cap & International Small-Cap; AEW Real Estate; Aronson Johnson Ortiz; Brandes Investment Partners, LP; Causeway Capital Management LLC; Chickasaw Capital Management; Epoch Investment Partners, Inc., All-Cap & International Small-Cap; Fiduciary Asset Management; Franklin Park, LLC; Frontier Asset Management; Heitman Real Estate; Hoisington Investment Management Company; Hotchkis & Wiley Investment, Mid-Cap & Large-Cap; JP Morgan; L&B Real Estate; Loomis, Sayles & Company, Core & High Yield; Lord Abbett & Company, LLC, Core & High Yield; MacKay Shields, LLC, Core & High Yield; Pacific Investment Management Company, LLC, DMF I, DMF II & BRAVO; Sawgrass Asset Management, LLC; Shapiro Capital Management Company, Inc.; Stephens Capital Management; Swank Capital LLC; Thornburg Investment Management, Inc.; Tocqueville Asset Management LP; Wasatch Inc.; and Wellington Management Company, LLP, Mid-Cap & International Small-Cap. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 7 – RENEWAL OF CONTRACT FOR GREGORY W. GROUP, INVESTMENT CONSULTANTS: After discussion, a motion was made by Mr. Small with a second made by Ms. Geiger to approve the renewal of contract for Gregory W. Group, Investment Consultants. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 8 – RENEWAL OF ICE MILLER CONTRACT: After discussion, a motion was made by Mr. DeMuth with a second made by Mr. Small to approve the renewal of contract for Ice Miller. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 12 – ELECTIONS OF BOARD OFFICERS: After motions with seconds, being duly made, the new Board officers were nominated and elected by acclamation by unanimous voice votes. Effective July

1, 2012, the new officers will be: Dr. Gary Trennepohl, Chairman; Mr. James Dickson, Vice Chairman; and Mr. Bruce DeMuth, Secretary.

ITEM 9 – ACTUARIAL ADJUSTMENT FACTORS: A presentation was made to the Board by Ryan Falls, Mark Randall and Brad Stewart of Gabriel Roeder Smith & Company, Consultants and Actuaries. After discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Small to accept the changes on actuarial adjustment factors. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. DeMuth; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

A break for lunch was taken from 12:25 p.m. to 12:50 p.m.

ITEM 10 – FY-2013 AGENCY BUDGET: Dr. Wilbanks presented the Board with the FY-2013 Agency Budget. After discussion, a motion was made by Mr. Meyers with a second made by Ms. Stephenson to approve the FY-2013 Agency Budget as presented. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 11 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board, including the client status update and legislative updates. A motion was made by Mr. Gaddis with a second made by Ms. Geiger to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; and Chairman Simpson.

ITEM 9 – QUESTIONS AND COMMENTS FROM TRUSTEES: Members of the Board expressed appreciation to outgoing Chairman, Dr. Michael Simpson.

ITEM 10 – NEW BUSINESS: There was no further business from the Board.

ITEM 11 – ADJOURNMENT: There being no further business, a motion was made by Ms. Stephenson with a second made by Mr. Small to adjourn. The meeting was adjourned at 1:17 p.m. Trustees present at adjournment were Ms. Barnes; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; and Chairman Simpson.

BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Michael Simpson, Chairman

ATTEST:

BY: _____
Bruce DeMuth, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers’ Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on July 18, 2012.

BY: _____
Becky Wilson, Executive Assistant to the Executive Director

**MEETING MINUTES
JULY 18, 2012
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Gary Trennepohl, Chairman, at 9:02 A.M., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda was posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Gary Trennepohl, <i>Chairman</i>	Beth Kerr
James Dickson, <i>Vice Chairman</i>	Stewart Meyers, Jr.
Bruce DeMuth, <i>Secretary</i>	William Peacher
Roger Gaddis	Michael Simpson
Jill Geiger*	Billie Stephenson

TRUSTEES ABSENT:

Sherrie Barnes	Jonathan Small
Vernon Florence	

TRS STAFF PRESENT:

James R. Wilbanks, <i>Executive Director</i>	Becky Wilson, <i>Executive Assistant</i>
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LEGAL COUNSEL PRESENT:

Regina Switzer, <i>Assistant Attorney General</i>	Gretchen Zumwalt-Smith
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INVESTMENT CONSULTANT PRESENT:

Greg Weaver, <i>Gregory W. Group</i>	Douglas J. Anderson, <i>Gregory W. Group</i>
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OTHERS PRESENT:

Terry Ingmire, <i>OK Retired Educators Assoc.</i>	Shawn Ashley, <i>E-Capitol</i>
Chuck Callahan, <i>JP Morgan</i>	Marcy King
Rachel Lawrence Mor	Jeannie Delancey

**Denotes either late arrival or early departure*

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Trennepohl called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl. Ms. Geiger joined the meeting immediately following roll call.

ITEM 2 - PRESENTATIONS BY INVESTMENT MANAGERS: Advisory Research, Epoch Investment Partners, Wasatch Advisors and Wellington Management Company, all International Small Cap Investment Managers, were present to give respective presentations to the Board.

A break was taken from 10:02 a.m. to 10:10 a.m.

A break was taken from 11:19 a.m. to 11:25 a.m.

ITEM 3 – INVESTMENT CONSULTANT MONTHLY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

ITEM 4 – MANAGER STATUS SUMMARY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. No action was necessary.

ITEM 8 – LEGAL REPORT: Regina Switzer, Assistant Attorney General and legal counsel to the Board, gave the legal report to the Board. No action was necessary.

ITEM 9 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board. A motion was made by Mr. DeMuth with a second made by Dr. Simpson to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl. Ms. Geiger was not present for the vote.

A break for lunch was taken from 12:05 p.m. to 12:30 p.m.

ITEM 5 – ORAL STATEMENTS REGARDING PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW AND RECOMMENDATION BY HEARING OFFICER FOR A MEMBER PETITIONING FOR RECLASSIFICATION TO RULE OF 80: The Chairman introduced Gretchen Zumwalt-Smith, an Assistant Attorney General, who was representing the Board of Trustees for this matter only; Regina Switzer would represent the Oklahoma Teachers Retirement System. Jeannie Delancey, OTRS Member and her attorney, Rachel Lawrence Mor, were present to give respective oral statements regarding the Administrative Law Judge Findings, dated June 21, 2012.

ITEM 6 – EXECUTIVE SESSION REGARDING PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW AND RECOMMENDATION BY HEARING OFFICER FOR A MEMBER PETITIONING FOR RECLASSIFICATION TO RULE OF 80:

- A. A motion was made by Dr. Simpson with a second made by Mr. Dickson to resolve into Executive Session at 1:01 p.m. The motion carried by a unanimous voice vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Geiger; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl.
- B. A motion was made by Mr. DeMuth with a second made by Ms. Stephenson to return to Open Session at 1:17 p.m. The motion carried by a unanimous voice vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Geiger; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl.

ITEM 7 – POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: A motion was made by Dr. Simpson with a second made by Ms. Stephenson to accept the ruling of the Administrative Law Judge. The motion carried by a unanimous roll call vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Geiger; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl.

ITEM 10 – QUESTIONS AND COMMENTS FROM TRUSTEES: There were no questions or comments from the Trustees.

ITEM 11 – NEW BUSINESS: There was no further business from the Board.

ITEM 12 – ADJOURNMENT: There being no further business, a motion was made by Ms. Stephenson with a second made by Ms. Kerr to adjourn. The meeting was adjourned at 1:20 p.m. Trustees present at adjournment were Mr. DeMuth; Mr. Dickson; Mr. Gaddis; Ms. Geiger; Ms. Kerr; Mr. Meyers; Mr. Peacher; Dr. Simpson; Ms. Stephenson; and Chairman Trennepohl.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Gary Trennepohl, Chairman

ATTEST:

BY: _____
Bruce DeMuth, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on August 23, 2012.

BY: _____
Becky Wilson, Executive Assistant to the Executive Director

July 2012 - Market Performance Update

Equity Performance Mixed, Bonds Higher

Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	1.2	10.1	15.4	2.5
NASDAQ (prc chg only)	0.2	6.6	14.1	2.9
S&P 500 cap weighted	1.4	9.1	14.1	1.1
S&P 500 equal weighted	0.2	3.8	16.0	2.6
S&P Mid Cap	0.0	1.2	16.1	3.5
S&P Small Cap	-0.8	4.0	15.6	2.7
S&P REIT	2.0	13.4	29.4	4.6
Russell 1000 Growth	1.3	8.3	15.4	3.5
Russell 1000 Value	1.0	7.6	13.2	-1.1
Russell Mid Cap Growth	-0.1	0.7	16.0	2.3
Russell Mid Cap Value	0.6	3.8	16.5	1.1
Russell 2000 Growth	-1.7	-0.5	14.5	2.7
Russell 2000 Value	-1.0	0.9	12.8	0.5
Russell 1000	1.2	8.0	14.3	1.3
Russell Mid Cap	0.2	2.3	16.2	1.9
Russell 2500	-0.7	0.9	15.4	2.2
Russell 2000	-1.4	0.2	13.7	1.7
MSCI World Ex US Growth	1.6	-11.0	5.3	-3.6
MSCI World Ex US Value	0.9	-11.3	2.6	-5.8
MSCI EAFE	1.2	-11.0	3.8	-5.1
MSCI Emerging Markets	2.0	-13.6	6.9	-0.4

Markets continued to suffer under economic uncertainty emanating from Europe. Spain has taken a turn for the worse and Italy looks poised to follow. China's economic growth has also slowed.

The domestic equity market favored larger companies. Growth outperformed value among large caps. Value outperformed among small and mid caps. International equities produced small gains in U.S. Dollar terms.

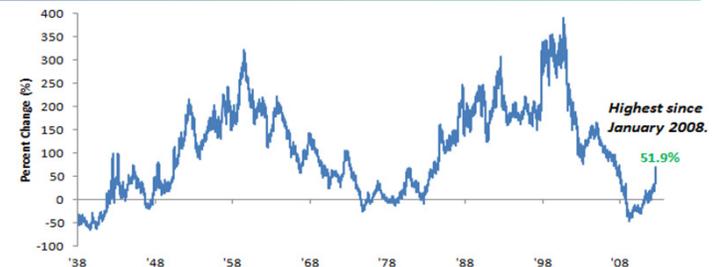
Fixed income markets were strong for the month. Core bonds and long duration bonds posted attractive results.

Our monthly report has a new format for improved readability. Returns in each table are grouped by column. The highest returns for the column are shown in dark green. The lowest returns are shown in dark red.

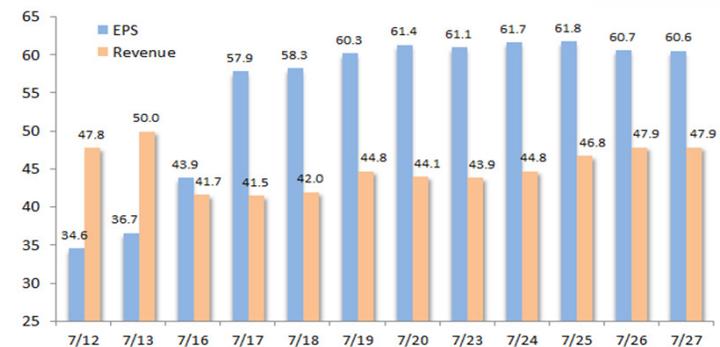
Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.8
BC Long Treasury	3.3	31.0	14.6	12.3
BC US Agg	1.4	7.3	6.9	6.9

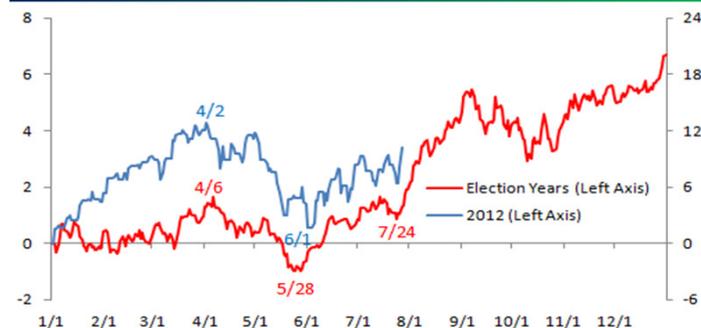
S&P 500 Rolling 10 Year Returns: 1938 - 2012



% of Companies Beating EPS and Revenue Estimates as Season Has Progressed



S&P 500 Average Annual Return (%): 1928 - 2012



Monthly Change in Market Value



Beginning of Month Market Value	\$10,094,088,548
Net Cash Flow	\$68,969,349
Change in Investment Value	\$119,591,291
Ending of Month Market Value	\$10,282,649,187

Monthly Rate of Return 1.2%

Manager Profile



Manager	Location	Structure	Investment Mandate	Portfolio Sizes	Status	Management Fee
AEW Capital Management, L.P.	Boston, Massachusetts	Wholly-owned by Natixis Global Asset Management	Core Real Estate	\$ 160,527,947	In Compliance	0.83%
Heitman	Chicago, Illinois	50% employee-owned, 50% Old Mutual Owned	Core Real Estate	\$ 164,136,057	In Compliance	0.82%
L&B Realty Advisors, LLC	Dallas, Texas	Employee-owned	Core Real Estate	\$ 153,000,101	In Compliance	0.45%

Manager	Management Philosophy	Represented By:
AEW Capital Management,	Members of AEW Research analyze economic data available to develop a comprehensive picture of the urban economy and its real estate markets. To complement this top-down analysis, group members engage in active dialogue with AEW management professionals to gain a bottom-up perspective on market trends. The primary results of these efforts are semi-annual analyses that forecast market supply, demand and returns for each of the major property types in each of the metropolitan areas in the United States.	David McWhorter Daniel Bradley
Heitman	The Fund seeks to deliver to its investors a combination of current income return and moderate appreciation (approximately two-third income and one-third capital appreciation). In acquiring assets for the fund, Heitman adheres to the following principles: buy in major markets and build a portfolio that is diversified by property type, economic exposure and geography. Buy assets with strong attributes such as proximity to amenities, complementary land uses and transportation networks that are well constructed to appeal to tenants over long periods of time.	Kathy Sandstrom David Perisho
L&B Realty Advisors, LLC	The fund will invest in traditional core property types, including multifamily, retail, office and industrial properties. The primary investment objective will be to protect equity and limit downside risk while assembling a diversified portfolio of appropriately priced, institutional quality, income-producing assets. The manager will use a core strategy that prudently uses leverage with a focus on the distribution of cash flow from operations. The manager will seek owners motivated to sell quality assets at prices expected to provide a desired rate of return with quantifiable downside risk. Manager will seek properties in markets affording long-term sustainable growth and avoid markets prone to excessive	Mark Gerigk Christian Metten Andy Smith

Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,176,762,709	21.2%	17.5%	3.7%	Excess allocation bound for Private Equity
Mid Cap	1,286,551,204	12.5%	12.5%	0.0%	
Small Cap	886,852,717	8.6%	10.0%	-1.4%	
Total Domestic Equity	4,350,166,631	42.3%	40.0%	2.3%	
Large Cap International Equity	1,116,877,541	10.9%	12.5%	-1.6%	
Small Cap International Equity	339,952,202	3.3%	2.5%	0.8%	
Total International Equity	1,456,829,743	14.2%	15.0%	-0.8%	
Core Fixed Income	2,391,831,439	23.3%	25.0%	-1.7%	
High Yield Bonds	603,999,112	5.9%	5.0%	0.9%	Capital calls have recently accelerated
MLPs	565,045,491	5.5%	5.0%	0.5%	
Private Equity	145,596,652	1.4%	5.0%	-3.6%	
Real Estate	477,664,105	4.6%	5.0%	-0.4%	
Opportunistic Assets	170,146,713	1.7%	0.0%	1.7%	
Total Non-Core Assets	1,962,452,073	19.1%	20.0%	-0.9%	
Cash	121,453,410	1.2%	0.0%	1.2%	
Composite	10,282,649,187	100.0%	100.0%		

Total Fund + Asset Class Composite Summary

As of July 31, 2012

	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Total Domestic Equity <i>S&P 500</i>	3,957,423,157 38.5%	-0.5 1.4	-4.4 -0.8	-0.5 1.4	1.6 9.1	13.3 14.1	0.9 1.1	8.1 6.3	9.8 8.8
Total All Cap Equity <i>Russell 3000</i>	621,932,618 6.0%	0.2 1.0	-2.6 -1.5	0.2 1.0	3.4 7.3	13.7 14.2	1.3 1.3	- -	3.1 3.2
Total Large Cap Active Equity <i>S&P 500</i>	707,018,993 6.9%	0.5 1.4	-2.5 -0.8	0.5 1.4	8.5 9.1	12.9 14.1	0.1 1.1	6.7 6.3	9.1 8.4
Total Mid Cap Equity <i>Russell Mid Cap</i>	1,286,551,204 12.5%	-1.5 0.2	-6.8 -3.9	-1.5 0.2	-0.2 2.3	15.2 16.2	2.3 1.9	10.3 9.6	8.2 7.9
Total Small Cap Equity <i>Russell 2000</i>	494,109,244 4.8%	-2.0 -1.4	-6.4 -3.3	-2.0 -1.4	-8.5 0.2	10.4 13.7	0.1 1.7	8.8 8.6	7.3 5.6
Total International Equity <i>MSCI ACWI ex-US</i>	1,456,829,743 14.2%	1.3 1.4	-4.1 -4.6	1.3 1.4	-9.2 -	4.7 -	-3.8 -	7.6 -	8.2 4.8
Core Fixed Income (ex- High Yield) <i>Barclays Aggregate</i>	2,391,831,439 23.3%	2.1 1.4	4.1 2.3	2.1 1.4	13.0 7.3	10.5 6.9	9.6 6.9	7.3 5.6	7.7 7.1
Master Limited Partnerships <i>Alerian MLP Index</i>	565,045,491 5.5%	5.2 5.1	-1.4 0.4	5.2 5.1	14.1 15.5	- -	- -	- -	10.4 10.2
High Yield Fixed Income <i>ML High Yield II</i>	603,999,112 5.9%	1.9 1.9	2.3 2.7	1.9 1.9	6.3 7.2	13.7 -	- -	- -	18.7 24.3
Core Real Estate <i>NCREIF</i>	477,664,105 4.6%	1.1 -	1.4 -	1.1 -	-5.3 -	- -	- -	- -	-4.0 -
Cash <i>91 Day T-bill</i>	121,453,410 1.2%	- 0.0	- 0.0	- 0.0	- 0.1	- 0.1	- 0.9	- -	- -
Total Fund <i>Allocation Index</i> <i>Actuarial Assumption</i>	10,282,649,187 100.0%	1.1 1.1 0.6	-1.3 -0.9 1.9	1.1 1.1 6.6	4.1 4.3 8.0	11.8 11.2 8.0	3.4 2.7 8.0	8.4 7.4 8.0	9.1 8.9 8.0

Equity Portfolios Summary

As of July 31, 2012

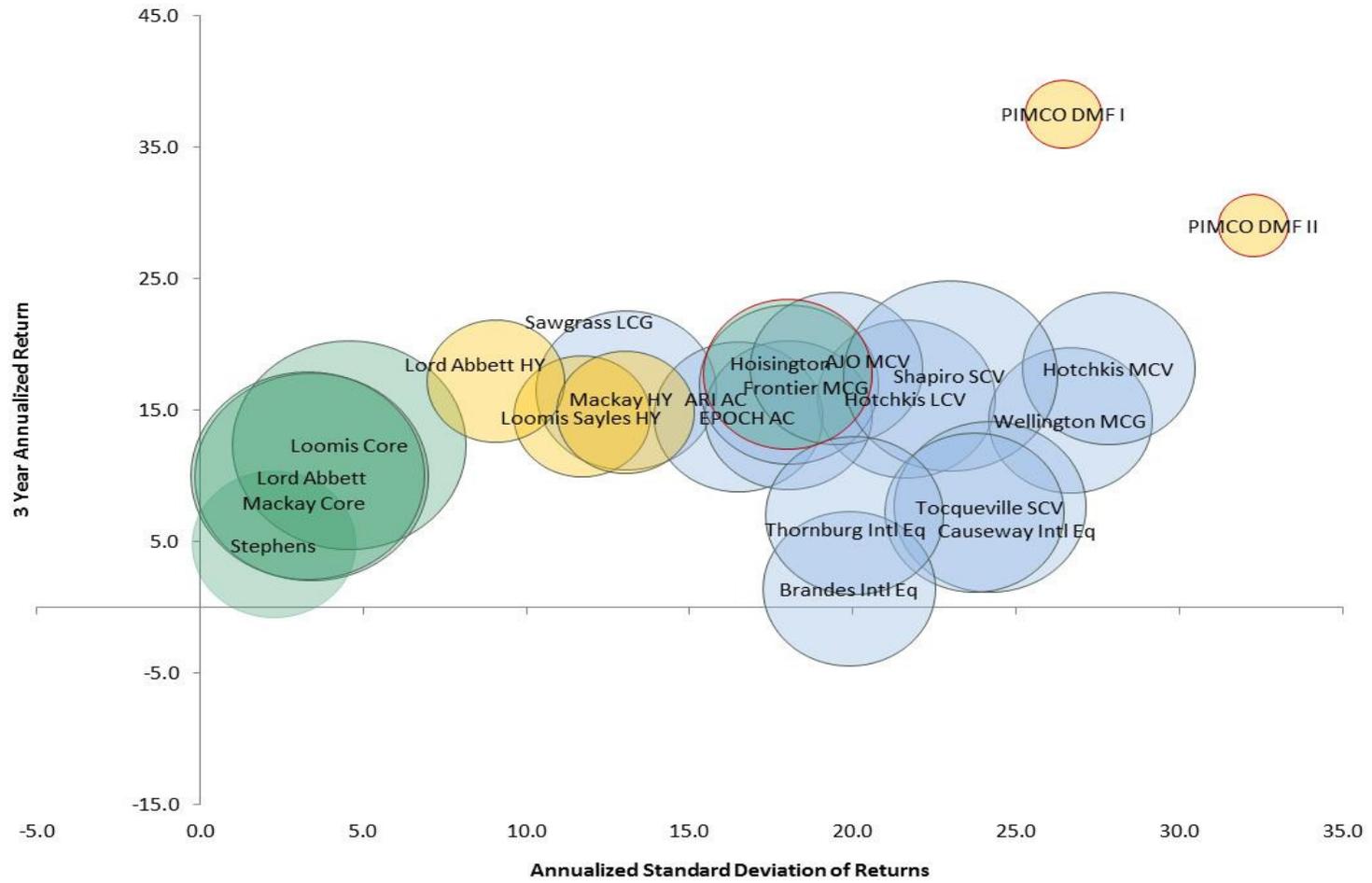
	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Hotchkis & Wiley Large Cap	349,480,278	-0.2	-3.7	-0.2	5.6	13.7	-2.7	6.7	9.8
Russell 1000 Value	3.4%	1.0	-0.2	1.0	7.6	13.2	-1.1	6.4	9.2
Sawgrass	357,538,714	1.1	-1.3	1.1	12.0	15.1	3.1	-	5.1
Russell 1000 Growth	3.5%	1.3	-2.6	1.3	8.3	15.4	3.5	-	5.6
ARI All Cap	314,062,429	0.5	-1.7	0.5	3.4	13.9	0.2	-	2.3
Russell 3000 Value	3.1%	1.0	-1.5	1.0	7.3	14.2	1.3	-	3.2
EPOCH All Cap	307,870,189	-0.2	-3.4	-0.2	3.2	13.4	2.1	-	3.8
Russell 3000 Value	3.0%	1.0	-1.5	1.0	7.3	14.2	1.3	-	3.2
NT Cap Weighted Passive	424,608,338	1.3	-0.9	1.3	-	-	-	-	-0.4
S&P 500 Cap Weighted	4.1%	1.4	-0.8	1.4	9.1	14.1	1.1	6.3	-6.6
SSGA Eq Weighted Passive	423,202,761	0.2	-3.1	0.2	-	-	-	-	-2.3
S&P 500 Equal Weighted	4.1%	0.2	-3.1	-	3.8	16.0	2.6	-	-
Frontier Capital	341,125,364	-0.9	-5.9	-0.9	3.4	14.3	4.5	11.1	8.3
Russell Mid Cap Growth	3.3%	-0.1	-5.7	-0.1	0.7	16.0	2.3	9.6	7.1
Wellington Management	275,671,932	-3.4	-13.4	-3.4	-13.1	10.6	-0.7	8.9	8.4
Russell Mid Cap Growth	2.7%	-0.1	-5.7	-0.1	0.7	16.0	2.3	9.6	7.2
AJO Partners	321,177,716	-0.7	-5.1	-0.7	0.5	16.2	2.1	9.4	9.1
Russell MidCap	3.1%	0.2	-3.9	0.2	2.3	16.2	1.9	7.7	7.4
Hotchkis & Wiley Mid Cap	348,576,193	-1.5	-2.7	-1.5	9.1	19.8	3.3	11.6	11.6
Russell MidCap Value	3.4%	0.6	-2.1	0.6	3.8	16.4	1.1	9.4	9.4
Shapiro Capital Management	494,025,126	-1.8	-7.0	-1.8	-4.5	14.5	3.3	12.7	8.5
Russell 2000 Value	4.8%	-1.0	-2.6	-1.0	0.9	12.8	0.5	8.1	6.9
Tocqueville	84,117	-1.9	-5.4	-1.9	-12.6	6.2	-2.2	8.2	7.1
	0.0%	-1.0	-2.6	-1.0	0.9	12.8	0.5	8.1	7.9
Causeway Capital	387,797,656	1.5	-3.3	1.5	-9.2	7.3	-2.8	-	9.3
MSCI ACWI Ex US	3.8%	1.4	-4.6	1.4	-	-	-	-	7.1
Brandes	345,202,883	-0.1	-3.6	-0.1	-10.0	1.4	-5.6	7.8	9.6
MSCI ACWI Ex US	3.4%	1.4	-4.6	1.4	-	-	-	-	3.6
Thornburg	383,641,081	2.4	-4.1	2.4	-10.0	6.3	-1.4	-	5.3
MSCI ACWI Ex US	3.7%	1.4	-4.6	1.4	-	-	-	-	0.5
ARI Small Cap International	85,701,783	1.1	-4.8	1.1	-	-	-	-	5.0
MSCI EAFE Small Cap	0.8%	-11.3	-13.7	-	-	-	-	-	-3.7
Epoch Small Cap International	83,952,372	1.2	-6.8	1.2	-	-	-	-	1.9
MSCI EAFE Small Cap	0.8%	-11.3	-13.7	-	-	-	-	-	-3.7
Wasatch Small Cap International	85,038,194	1.5	-4.2	1.5	-	-	-	-	14.0
MSCI EAFE Small Cap	0.8%	-11.3	-13.7	-	-	-	-	-	-3.7
Wellington Small Cap International	85,259,853	1.1	-7.4	1.1	-	-	-	-	9.3
MSCI EAFE Small Cap	0.8%	-11.3	-13.7	-	-	-	-	-	-3.7
Legacy Private Equity Portfolio	67,835,891	-	-	-	-	-	-	-	-
Franklin Park Private Equity	77,760,761	-	-	-	-	-	-	-	-
Total Private Equity %	1.4%								

Fixed Income and Non-Core Portfolios Summary

As of July 31, 2012

	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Hoisington	309,719,155	4.1	12.4	4.1	44.0	17.8	14.3	-	11.2
<i>Barclays Aggregate</i>	3.0%	1.4	2.3	1.4	7.3	6.9	6.9	-	5.6
Loomis Sayles	603,685,690	2.1	4.0	2.1	10.4	11.3	11.0	8.5	7.6
<i>Barclays Aggregate</i>	5.9%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	6.3
Lord Abbett	590,555,071	1.7	2.6	1.7	9.0	9.0	8.7	-	6.9
<i>Barclays Aggregate</i>	5.7%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	5.6
Mackay Shields	596,904,629	2.0	3.0	2.0	9.0	9.8	9.0	-	7.0
<i>Barclays Aggregate</i>	5.8%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	5.6
Stephens	290,966,895	1.0	1.7	1.0	4.4	4.8	6.7	-	5.4
<i>Barclays Aggregate</i>	2.8%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	5.6
PIMCO Distressed Mortgage I	45,753,969	2.2	3.5	2.2	6.9	32.4	-	-	8.8
<i>Barclays Aggregate</i>	0.4%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	-
PIMCO Distressed Mortgage II	44,171,571	1.7	3.9	1.7	5.4	33.7	-	-	31.6
<i>Barclays Aggregate</i>	0.4%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	-
PIMCO BRAVO	80,221,173	5.6	6.4	5.6	16.0	-	-	-	14.6
<i>Barclays Aggregate</i>	0.8%	1.4	2.3	1.4	7.3	6.9	6.9	5.6	-
Loomis Sayles High Yield	201,631,636	1.9	2.4	1.9	2.6	12.9	-	-	18.5
<i>Merrill Lynch High Yield II</i>	2.0%	1.9	2.7	1.9	7.2	-	-	-	21.0
Lord Abbett High Yield	201,767,444	2.0	1.9	2.0	7.4	14.8	-	-	19.5
<i>Merrill Lynch High Yield II</i>	2.0%	1.9	2.7	1.9	7.2	-	-	-	21.0
Mackay Shields Yield	200,600,032	1.8	2.7	1.8	9.1	13.3	-	-	18.0
<i>Merrill Lynch High Yield II</i>	2.0%	1.9	2.7	1.9	7.2	-	-	-	21.0
Chickasaw Capital MLP	152,809,206	5.6	-1.5	5.6	19.7	-	-	-	15.9
<i>Alerian MLP Index</i>	1.5%	5.1	0.4	5.1	15.5	-	-	-	4.9
FAMCO MLP	274,755,854	4.7	0.2	4.7	12.8	-	-	-	7.9
<i>Alerian MLP Index</i>	2.7%	5.1	0.4	5.1	15.5	-	-	-	4.9
Swank MLP	137,480,430	5.8	-4.3	5.8	10.7	-	-	-	8.0
<i>Alerian MLP Index</i>	1.3%	5.1	0.4	5.1	15.5	-	-	-	4.9
AEW Real Estate	160,527,947	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.6%	-	-	-	-	-	-	-	-
Heitman Real Estate	164,136,057	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.6%	-	-	-	-	-	-	-	-
L&B Real Estate	153,000,101	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%	-	-	-	-	-	-	-	-

Three Year Risk/Return Review



Portfolio Summary - Net of Fees Returns



Portfolio	Market Value	Estimated Fee	Last Month	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Year Annualized	Since Inception
Hotchkis & Wiley	\$ 349,480,278	0.35	-0.2	-3.8	5.2	13.3	-3.0	6.3	9.4
Russell 1000 Value			1.0	-0.2	7.6	13.2	-1.1	6.4	9.2
Sawgrass	\$ 357,538,714	0.40	1.0	-1.4	11.6	14.7	2.7	-	4.7
Russell 1000 Growth			1.3	-2.6	1.3	8.3	15.4	-	-
NT Cap Weighted	\$ 424,608,338	0.01	1.3	-	-	-	-	-	-0.4
SSG Equal Weighted	\$ 423,202,761	0.03	0.2	-	-	-	-	-	-2.3
S&P 500 (Cap weighted)			1.4	-0.8	1.4	9.1	14.1	1.1	6.3
Advisory Research	\$ 314,062,429	0.36	0.5	-1.8	3.0	13.6	-0.1	-	1.9
EPOCH	\$ 307,870,189	0.48	-0.2	-3.5	2.7	12.9	1.6	-	3.4
Russell 3000			1.0	-1.5	7.3	14.2	1.3	-	3.2
AJO Partners	\$ 321,177,716	0.55	-0.7	-5.2	0.0	15.7	1.6	8.8	8.6
Frontier Capital	\$ 341,125,364	0.56	-1.0	-6.0	2.8	13.8	3.9	-	7.8
Wellington	\$ 275,671,932	0.45	-3.4	-13.5	-13.5	10.2	-1.2	8.5	8.0
Hotchkis & Wiley Mid Cap	\$ 348,576,193	0.50	-1.5	-2.8	8.6	19.3	2.8	-	11.1
Russell MidCap			0.2	-3.9	2.3	16.2	1.9	9.6	7.9
Shapiro Capital	\$ 494,025,126	0.72	-1.8	-7.2	-5.2	13.8	2.6	12.0	7.7
Tocqueville	\$ 383,641,081	1.00	-2.0	-5.6	-13.6	5.2	-3.2	7.2	6.1
Russell 2000			-1.4	-3.3	0.2	13.7	1.7	8.6	5.6
Causeway Capital	\$ 387,797,656	0.36	1.5	-3.3	-9.5	7.0	-3.2	-	8.9
Brandes	\$ 345,202,883	0.42	-0.1	-3.7	-10.4	1.0	-6.0	7.4	9.2
Thornburg	\$ 383,641,081	0.51	2.4	-4.2	-10.5	5.8	-1.9	-	4.8
MSCI ACWI Ex US			1.4	-4.6	-	-	-	-	-
Advisory Research	\$ 85,701,783	0.70	1.0	-5.0	-	-	-	-	4.8
Epoch	\$ 83,952,372	0.83	1.1	-7.0	-	-	-	-	-4.6
Wasatch	\$ 85,038,194	0.90	1.4	-4.5	-	-	-	-	1.0
Wellington	\$ 85,259,853	0.98	1.0	-7.7	-	-	-	-	-4.7
MSCI EAFE Small Cap			-11.3	-13.7	-	-	-	-	-3.7
Hoisington	\$ 309,719,155	0.15	4.0	12.4	43.8	17.7	14.1	-	11.1
Loomis Sayles	\$ 603,685,690	0.15	2.1	4.0	10.2	11.1	10.8	8.3	7.5
Lord Abbett	\$ 590,555,071	0.17	1.7	2.6	8.8	8.8	8.5	-	6.7
Mackay Shields	\$ 596,904,629	0.21	2.0	3.0	8.8	9.6	8.8	-	6.8
Stephens	\$ 290,966,895	0.16	1.0	1.5	4.3	4.7	6.5	-	5.2
Barclays Aggregate			1.4	2.3	7.3	6.9	6.9	5.6	7.1
Loomis Sayles High Yield	\$ 201,631,636	0.50	1.9	2.2	2.1	12.4	-	-	18.0
Lord Abbett High Yield	\$ 201,767,444	0.38	2.0	1.8	7.0	14.5	-	-	19.1
Mackay Shields High Yield	\$ 200,600,032	0.45	1.7	2.6	8.6	12.8	-	-	17.6
ML High Yield II			1.9	2.7	7.2	-	-	-	24.3
Chickasaw MLP	\$ 152,809,206	0.80	5.5	-1.7	18.9	-	-	-	15.1
FAMCO MLP	\$ 274,755,854	0.50	4.6	0.1	12.3	-	-	-	7.4
Swank MLP	\$ 137,480,430	0.45	5.8	-4.5	10.2	-	-	-	7.5
Alerian MLP Index			5.1	0.4	15.5	-	-	-	10.2
Legacy Private Equity	\$ 67,835,891	-	-	-	-	-	-	-	-
Franklin Park	\$ 77,760,761	-	-	-	-	-	-	-	-
Russell Mid Cap + 4.0%			0.3	-2.9	6.3	20.2	5.9	13.6	-
AEW Real Estate	\$ 160,527,947	0.83	-	-	-	-	-	-	-
Heitman Real Estate	\$ 164,136,057	0.82	-	-	-	-	-	-	-
L&B Real Estate	\$ 153,000,101	0.45	-	-	-	-	-	-	-
NCREIF OEDCE			-	-	-	-	-	-	-
PIMCO DMF I	\$ 45,753,969	-	-	-	-	-	-	-	-
PIMCO DMF II	\$ 44,171,571	-	-	-	-	-	-	-	-
PIMCO BRAVO	\$ 80,221,173	-	-	-	-	-	-	-	-
Total Fund	\$ 10,282,649,187	0.36	1.1	-1.4	3.7	11.5	3.0	8.0	8.7
Allocation Index			1.1	-0.9	4.3	11.2	2.7	7.4	-
Actuarial Assumption			0.6	1.9	8.0	8.0	8.0	8.0	-

Manager Status Summary

Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
Sawgrass	3.5%	Large Cap Growth Equity	In Compliance	
Hotchkis & Wiley	3.4%	Large Cap Value Equity	In Compliance	
Advisory Research	3.1%	All Cap Equity	In Compliance	
EPOCH	3.0%	All Cap Equity	In Compliance	
AJO Partners	3.1%	Mid Cap Equity	In Compliance	
Frontier Capital Management	2.7%	Mid Cap Growth Equity	In Compliance	
Hotchkis & Wiley	3.3%	Mid Cap Value Equity	In Compliance	
Wellington	3.4%	Mid Cap Growth Equity	In Compliance	
Shapiro Capital Management	4.8%	Small Cap Value Equity	In Compliance	
Tocqueville	3.7%	Small Cap Value Equity	Terminated	
Brandes	3.4%	International Value Equity	On Notice	Performance - February 2012 December 2012)
Causeway Capital	3.8%	International Value Equity	In Compliance	
Thornburg	3.7%	International Value Equity	In Compliance	
Advisory Research	0.8%	International Small Cap Equity	In Compliance	
Epoch	0.8%	International Small Cap Equity	In Compliance	
Wellington	0.8%	International Small Cap Equity	In Compliance	
Wasatch	0.8%	International Small Cap Equity	In Compliance	
Hoisington	3.0%	Fixed Income	In Compliance	
Loomis Sayles	5.9%	Fixed Income	In Compliance	
Lord Abbett	5.7%	Fixed Income	In Compliance	
Mackay Shields	5.8%	Fixed Income	In Compliance	
Stephens	2.8%	Fixed Income	In Compliance	
Loomis Sayles	2.0%	High Yield Fixed Income	In Compliance	
Lord Abbett	2.0%	High Yield Fixed Income	In Compliance	
Mackay Shields	2.0%	High Yield Fixed Income	In Compliance	
Chickasaw	1.5%	MLPs	In Compliance	
FAMCO	2.7%	MLPs	In Compliance	
Swank/Cushing	1.3%	MLPs	In Compliance	
AEW	1.6%	Real Estate	In Compliance	
Heitman	1.6%	Real Estate	In Compliance	
L&B Partners	1.5%	Real Estate	In Compliance	
Franklin Park (Legacy + FP)	1.4%	Private Equity	In Compliance	
Opportunistic Portfolio	1.7%	Opportunistic	In Compliance	

Classification Notes:

In Compliance: The portfolio is in full compliance with its guidelines and it is performing to expectations.

On Alert: Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

On Notice: A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Committee's satisfaction, a replacement will be selected and hired.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

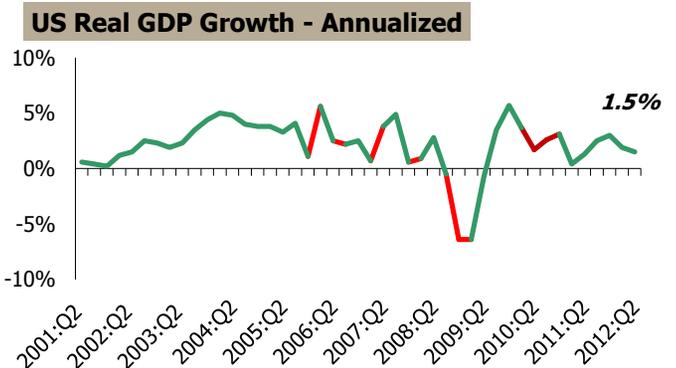
**executive summary report
second quarter, 2012**



Gregory W Group

SECOND QUARTER 2012 MARKET ENVIRONMENT

The second quarter of 2012 proved difficult for equity investors as unresolved macroeconomic risks created significant market uncertainty. Investors shed risky assets for safer ones, driving down equity prices before a dramatic recovery during June. The pattern seems to be a repeat of the past two years where risky assets rally during the first quarter of the year but falter during the summer and early autumn. The U.S. economic recovery stalled during the quarter as employment growth, consumer confidence and industrial production faltered. Europe's economic outlook is deteriorating. The U.K. has entered a recession and the rest of Europe is expected to follow during 2012. Europe's economic state remains fragile and subject to frequent setbacks. The growth prospects of the peripheral nations are extremely poor, causing varying levels of social unrest. Investor herding and the risk on/risk off mindset dominated worldwide investment markets as periods of relative calm were broken by elevated volatility and downward pressure on risky asset prices.

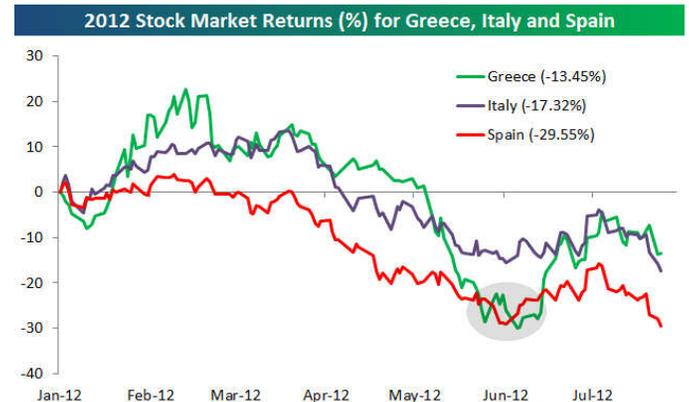


- Second quarter U.S. Real GDP growth was estimated to be 1.5%, a decrease from the previous quarter's 1.9% gain. The unemployment situation in the U.S. stalled during the second quarter. It was unchanged at 8.2% during the quarter. This translated to 12.7 million unemployed and 5.4 million long-term unemployed workers. Most economists believe real GDP growth must be sustained above 2.5% to meaningfully improve the U.S. unemployment situation. The Consumer Price Index moderated during the quarter, rising less than 2% for the year. U.S. housing prices showed some improvement.
- The Federal Reserve took no action on short-term interest rates, leaving them unchanged at 0.00% to 0.25%. During early June, "Operation Twist", an attempt to drive long term interest rates lower was extended.
- The S&P 500 has earned a cumulative return of +116% since reaching its bear market low on March 9, 2009. It closed the quarter 3% below its previous high reached on October 9, 2007.
- World real GDP growth expectations remain suppressed. Developed markets are expected to grow 1.2%. Emerging markets are forecast to grow just 5.4%, a sharp decrease from recent years.
- Crude oil and natural gas prices moved lower during the quarter. Crude prices moved below \$100 during May for the first time since February after data suggested a U.S. economic slowdown.
- Hedge funds trailed traditional portfolios over recent periods. The Hedge Fund Research HFRX equal weighted index of hedge funds fell -2.9% for the quarter and fell -4.4% for the trailing year. Most hedge fund subcategories suffered losses over the year ended June 30, 2012. Private equity activity increased slightly during the quarter, even as risk assets sold off.

DOMESTIC AND INTERNATIONAL EQUITY SUMMARY

The U.S. and foreign equity markets both declined during the quarter. Domestic equities fell less than -5% during the quarter after a dramatic recovery at the end of June. International equities fell further, with emerging markets shares falling furthest, down -10% for the quarter. The U.S. equity market gained 2% on the final day of the quarter. Volatility climbed during the quarter. Eurozone unemployment remained high, especially among young workers in the peripheral nations.

- Top contributing sectors of the domestic equity market were **Telecommunication Services (+13% return)**, **Consumer Staples (+2%)**, and **Health Care (+2%)**. The lowest contributing index sectors were Information Technology (-7%), Financials (-6%), and Energy (-7%).
- The three largest individual contributors to the Russell 1000's second quarter return were **AT&T (+16% return)**, **Verizon (+18%)**, and **Wal-Mart (+15%)**.
- Value stocks outpaced growth stocks during the second quarter. **Growth led value among large caps over the trailing year period. Value led among mid caps and small caps.** During the quarter, performance was fairly similar among large, mid and small caps.
- Major segments of the U.S. equity market remain reasonably valued. The **Russell 1000's price/earnings ratio ended the second quarter of 2012 at 12.9**, a decrease from 16.1 as of March 31, 2012. The Russell Mid Cap and Russell 2000's price/earnings ratios were 14.3 and 17.2 respectively, versus 20.5 and 18.4 last quarter. The dividend yields of the three indexes were 2.2%, 1.8% and 1.6%. By comparison, the 10 year Treasury Bond ended the quarter at 1.7%. Corporate profit margins remain quite high. Financial leverage in corporate America is very low.
- The Philippines, Thailand, and Belgium were the top performing markets during the first half of 2012, gaining 25%, 14%, and 13% in U.S. Dollar terms. Poorest performing markets were Portugal (-20%), Spain (-18%), and Brazil (-10%). The U.S. ranked 7th out of 33 markets for the period.
- **Nine of ten MSCI ACWI index ex-US sectors suffered second quarter losses.** The quarter's leading performance contributors were Health Care (+1% return), Telecommunications Services (-1%), and Consumer Staples (-2%). The quarter's poorest performers were Financials (-7%), Materials (-12%), and Energy (-11%). The index ended the quarter with a P/E ratio of 11.3x. The top three contributors to the MSCI ACWI ex-U.S. index's second quarter return were **Vodafone (+6% return)**,



Twelve Month Forward P/E Ratio

	Europe ex UK	UK	Japan	Asia ex Japan
Current Value	9.5	9.0	6.3	7.7
Post 1990 Average	14.0	12.6	9.4	9.1
Discount/Premium	-32%	-29%	-33%	-15%

SoftBank (+25%), and Anheuser-Busch InBev (+8%). The bottom three contributors were **Petrobras (-28% return), Barclays (-32%), and BASF (-17%).** **Emerging markets stocks suffered serious losses during the quarter.** China recently announced stimulus measures to invigorate their economy. Chinese government officials restated their target growth rate at 7.5%, a decrease from their previous goal of 8.0%.

FIXED INCOME SUMMARY

Domestic and foreign bonds were influenced by investor fear stemming from the global sovereign crisis. Investor sentiment in Europe improved briefly as Greek election results and a new Spanish bank bailout package encouraged investors. However, sentiment quickly eroded as economic reports showed continued deterioration in peripheral and core European economies. European governments squabbled about future austerity programs that are both necessary and painful to the restabilization of the European banking and sovereign debt framework. Generally speaking, government bonds enjoyed substantial price gains. Long-term U.S. Treasury bonds gained more than 10% during the quarter, causing their trailing year return to soar to +31%. However, with interest rates setting cyclical lows, it is difficult to see how they will be able to recreate these returns without another major financial crisis herding investors into the asset class.

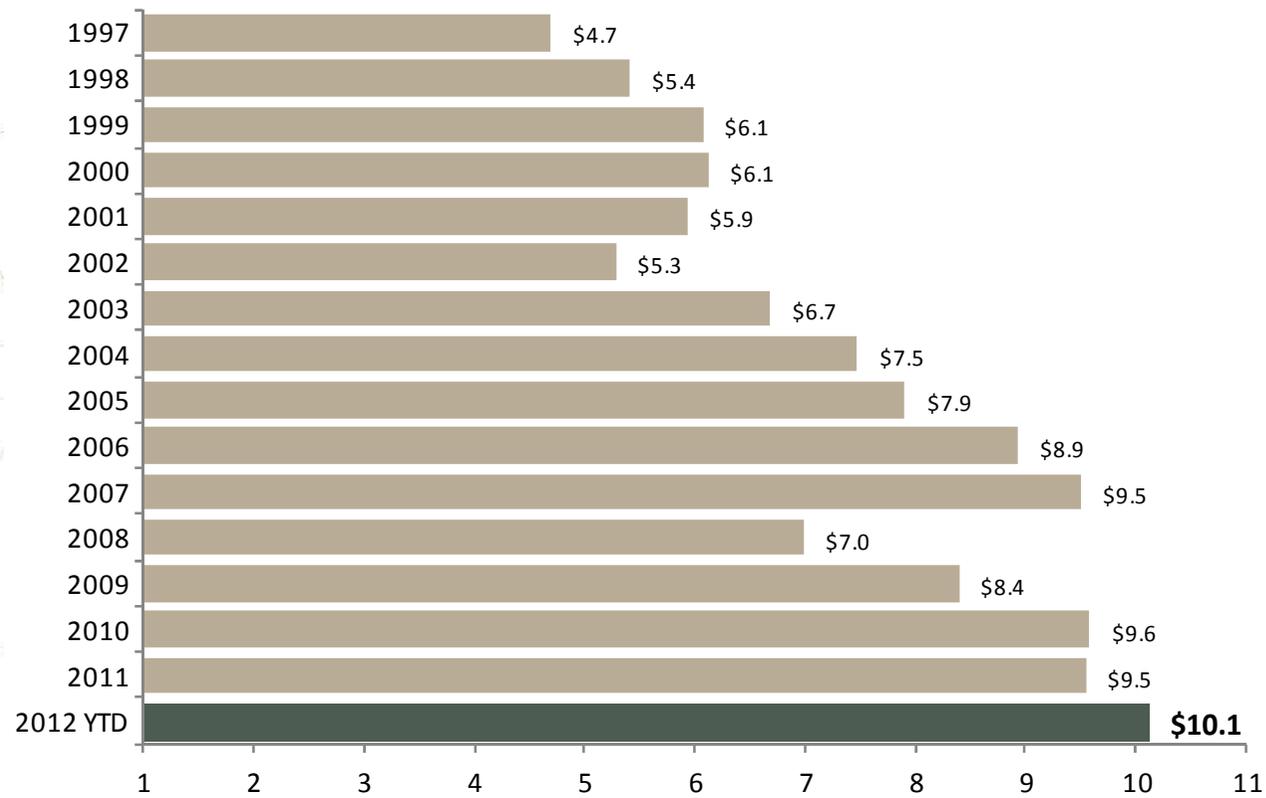
Risk Level	Time Horizon				
	One Year		Three Years (annualized)		
	Terminal Yield	Total Return	Terminal Yield	Total Return	
Low	2 Year Treasury (6.30 = 0.3%)	2.5%	-4.0%	4.0%	-2.1%
		1.3%	-1.6%	3.0%	-1.5%
		2.0%	-0.1%	2.0%	-0.8%
Medium	10 Year Treasury (6.30 = 1.7%)	4.5%	-21.1%	5.5%	-8.8%
		3.3%	-11.9%	4.5%	-6.3%
		2.5%	-5.8%	3.5%	-3.6%
High Risk	30 Year Treasury (6.30 = 2.8%)	5.5%	-37.4%	6.0%	-14.0%
		4.3%	-22.5%	5.0%	-9.6%
		3.5%	-11.1%	4.0%	-4.6%

- Bonds posted gains during the quarter, counterbalancing losses sustained in the equity markets. U.S. Treasury bond yields fell sharply as the yield curve flattened dramatically. The flattening was attributed to unexpected weakness in the global economy.
- Ninety-one Day T-bills ended the quarter with a yield of 0.08%, an increase of 0.01%. Ten year Treasury bond yields decreased -0.6% to 1.7% while the yield on the thirty year Treasury bond ended the quarter at 2.8%, far lower from 3.5% on March 31, 2012. Mortgage backed and asset backed issues posted modest results during the quarter. Institutional investors continued to reach for yield by expanding core fixed income mandates into more exotic fixed income instruments.
- Yield spreads expanded as investors moved into less risky bonds. Investment Grade and High Yield indexes enjoyed positive returns during the quarter despite trailing Treasury bonds' impressive gains. Emerging market debt remained a popular source of income with investors. Yield spreads were 3.7% at quarter end versus their long term average of 3.9%.
- High yield bonds trailed higher quality issues during the quarter due to the flight to less risky assets. They did produce a gain of close to 2% for the quarter and 7% for the trailing year. The yield spread between high yield issues and comparable maturity Treasuries remained stable at 6.6%. This is versus their long-term average of 5.9%. Defaults remained extremely low at 2.2% of outstanding issues. Issuance of high yield debt has declined over recent quarters.

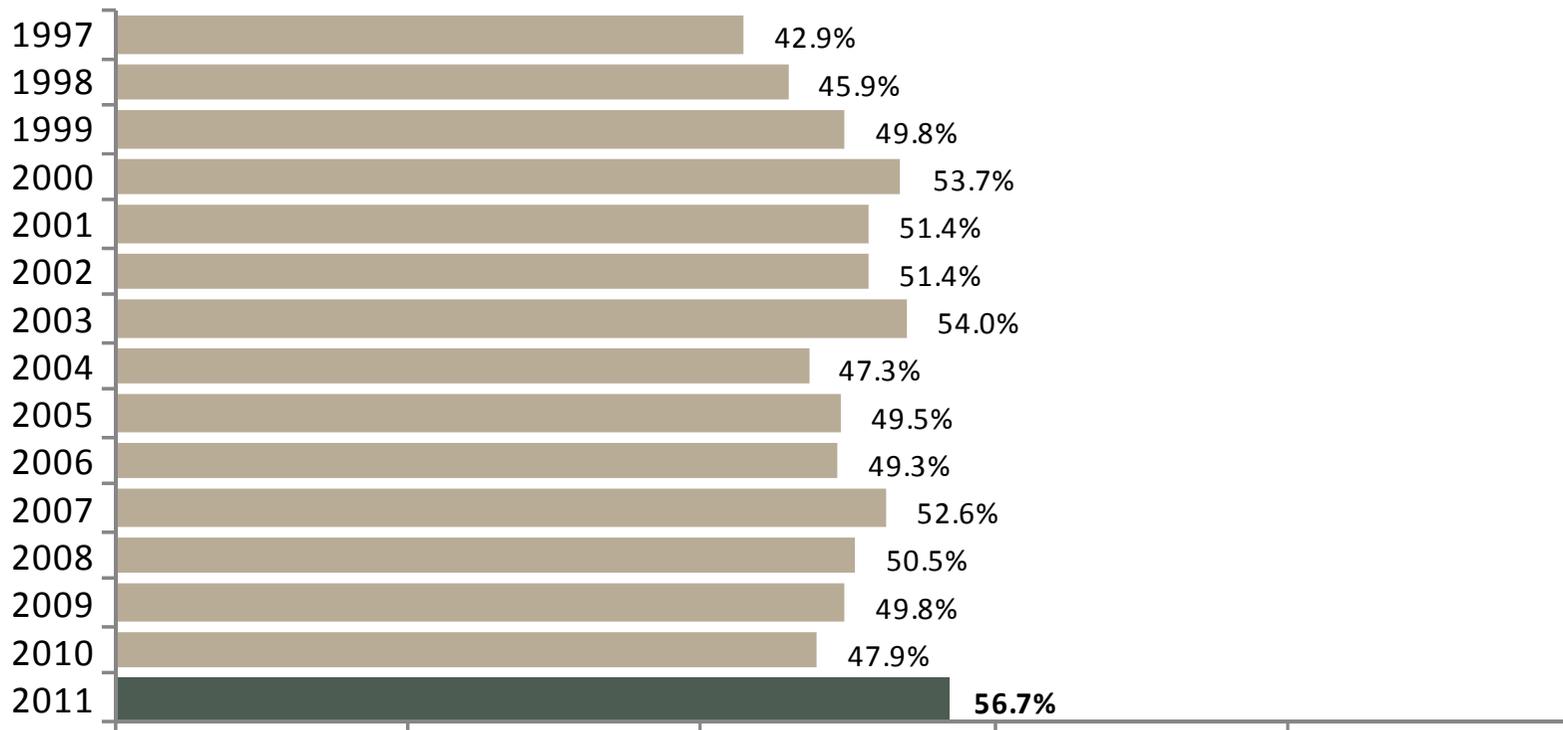


Domestic Equity	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
S&P 500	-2.8	5.5	16.4	0.2	5.3
Russell 1000	-3.1	4.4	16.6	0.4	5.7
Russell 1000 Value	-2.2	3.0	15.8	-2.2	5.3
Russell 1000 Growth	-4.0	5.8	17.5	2.9	6.0
Russell 3000	-3.2	3.8	16.7	0.4	5.8
Russell Midcap	-4.4	-1.7	19.4	1.1	8.5
Russell Midcap Value	-3.3	-0.4	19.9	-0.1	8.2
Russell Midcap Growth	-5.6	-3.0	19.0	1.9	8.5
Russell 2000	-3.5	-2.1	17.8	0.5	7.0
Russell 2000 Value	-3.0	-1.4	17.4	-1.1	6.5
Russell 2000 Growth	-3.9	-2.7	18.1	2.0	7.4
Alerian MLP	-2.3	7.9	27.0	9.9	16.7
Fixed Income					
Barclays Capital Aggregate Bond	2.1	7.5	6.9	6.8	5.6
Barclays Capital Credit	2.5	9.5	10.1	7.6	6.5
Barclays Capital Government	2.6	8.3	5.7	6.6	5.4
Barclays Capital Govt/Credit	2.6	8.8	7.3	6.9	5.8
Barclays Capital Interm Credit	1.5	6.2	8.4	6.8	5.9
Barclays Capital Interm Govt	1.5	5.0	4.4	5.8	4.6
Barclays Capital Interm Govt/Cred	1.5	5.4	5.8	6.0	5.1
Barclays Capital Long Credit	5.0	19.2	15.1	10.0	8.6
Barclays Capital Long Term Govt	10.3	31.4	13.5	11.9	8.9
Barclays Capital Long Govt/Credit	7.3	24.6	14.4	11.0	8.8
Barclays Capital Fixed Rate MBS	1.1	5.0	5.4	6.7	5.4
Merrill Lynch US High Yield Master II	1.8	6.5	16.2	8.2	9.9
91 Day T-Bill	0.0	0.0	0.1	0.9	1.8
Consumer Price Index	0.0	1.7	2.4	2.0	2.4
International					
MSCI EAFE	-7.1	-13.8	6.0	-6.1	5.1
MSCI World ex US	-7.2	-14.1	6.2	-5.7	5.6
MSCI Europe	-7.5	-16.5	6.3	-7.0	5.1
MSCI Japan	-7.3	-7.2	1.9	-6.5	2.5
MSCI Pacific ex Japan	-4.9	-10.0	13.1	0.5	12.1
MSCI Emerging Markets	-10.0	-18.2	7.2	-2.4	11.4
Citigroup Non-\$ World Gov	0.2	0.4	5.1	7.4	7.2

Total Fund Market Value (in billions)



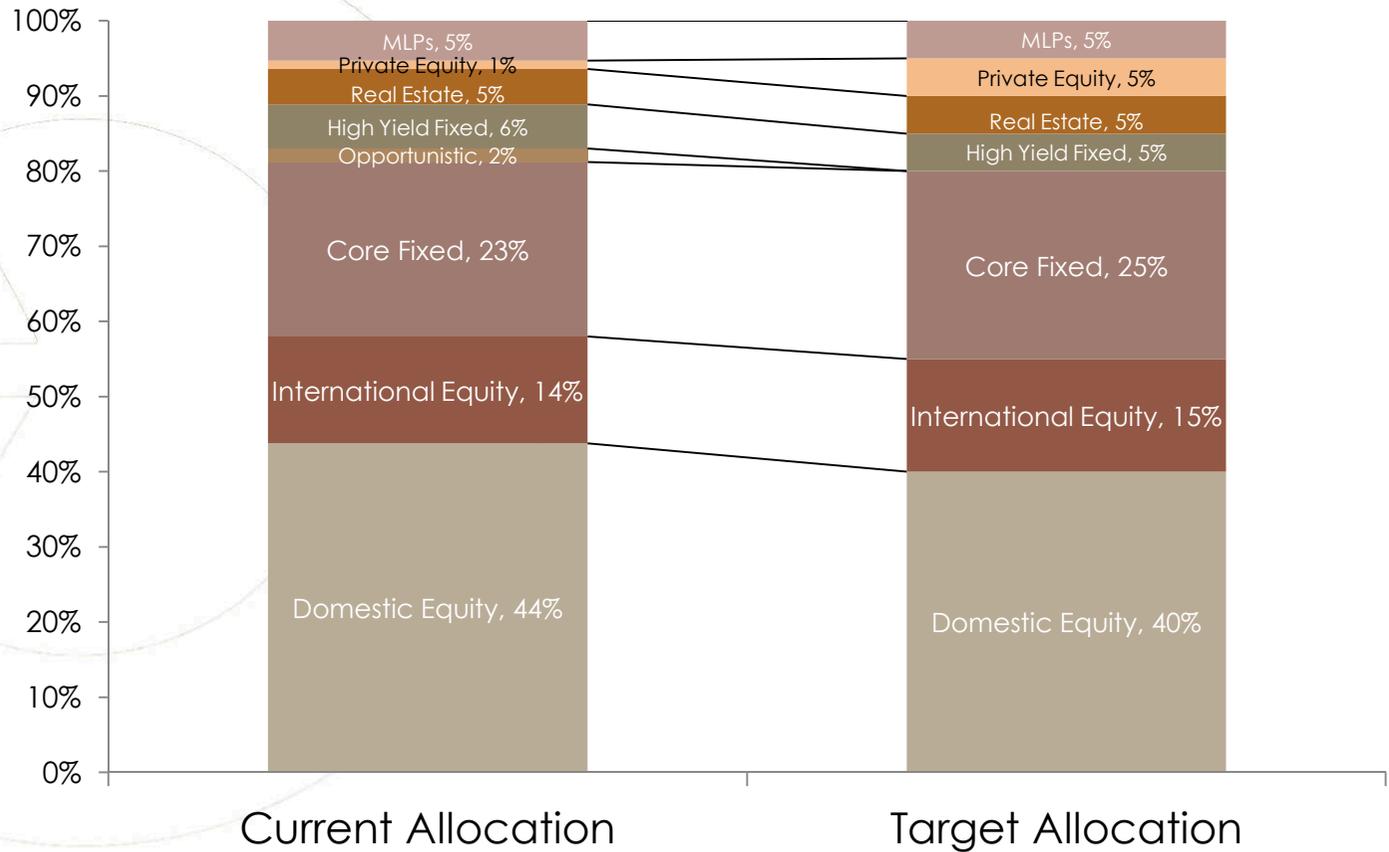
Funded Status History – As of Fiscal Year End



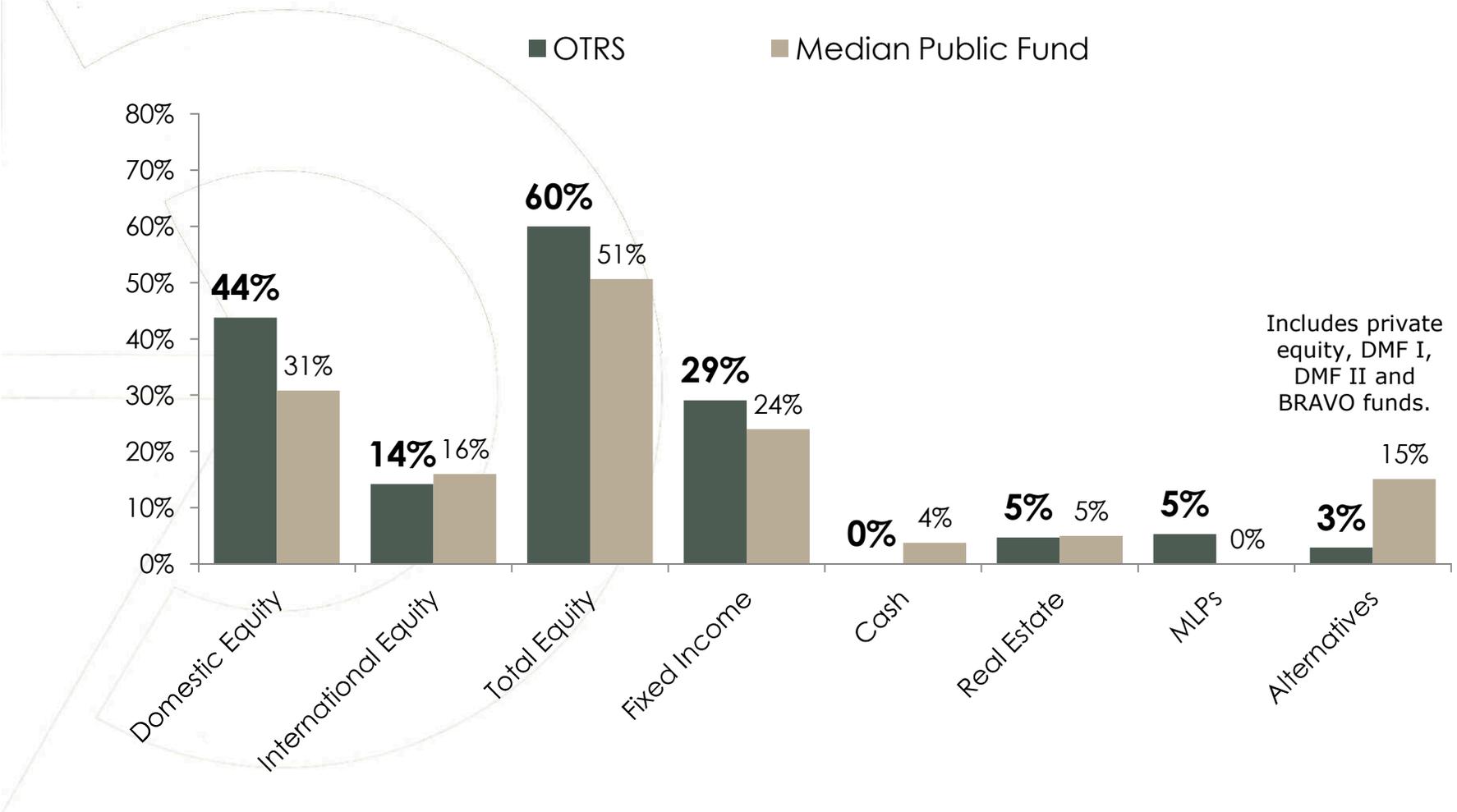
Observations – second quarter, 2012

- ▶ **INVESTMENT PERFORMANCE:** Total fund returns were disappointing during the quarter. The total fund suffered a loss for the period. Equity results were negative. Fixed income returns were positive. The trailing year return was positive, but below the actuarial assumption. Over the past year, the total fund endured two quarters of losses and two quarters of gains. The total fund ranked in the top one third of public funds during the period. Longer term results remained in the top quartile or top decile.
- ▶ **INVESTMENT MANAGEMENT:** One manager was terminated during the quarter. Two large cap index fund portfolios were added earlier this year.
- ▶ **ASSET ALLOCATION:** The total fund's allocations remained close to long-term targets. No additional allocations were made to the Opportunistic Portfolio although several investments are under consideration. The private equity portfolio called significantly more capital over the past year compared to previous years.

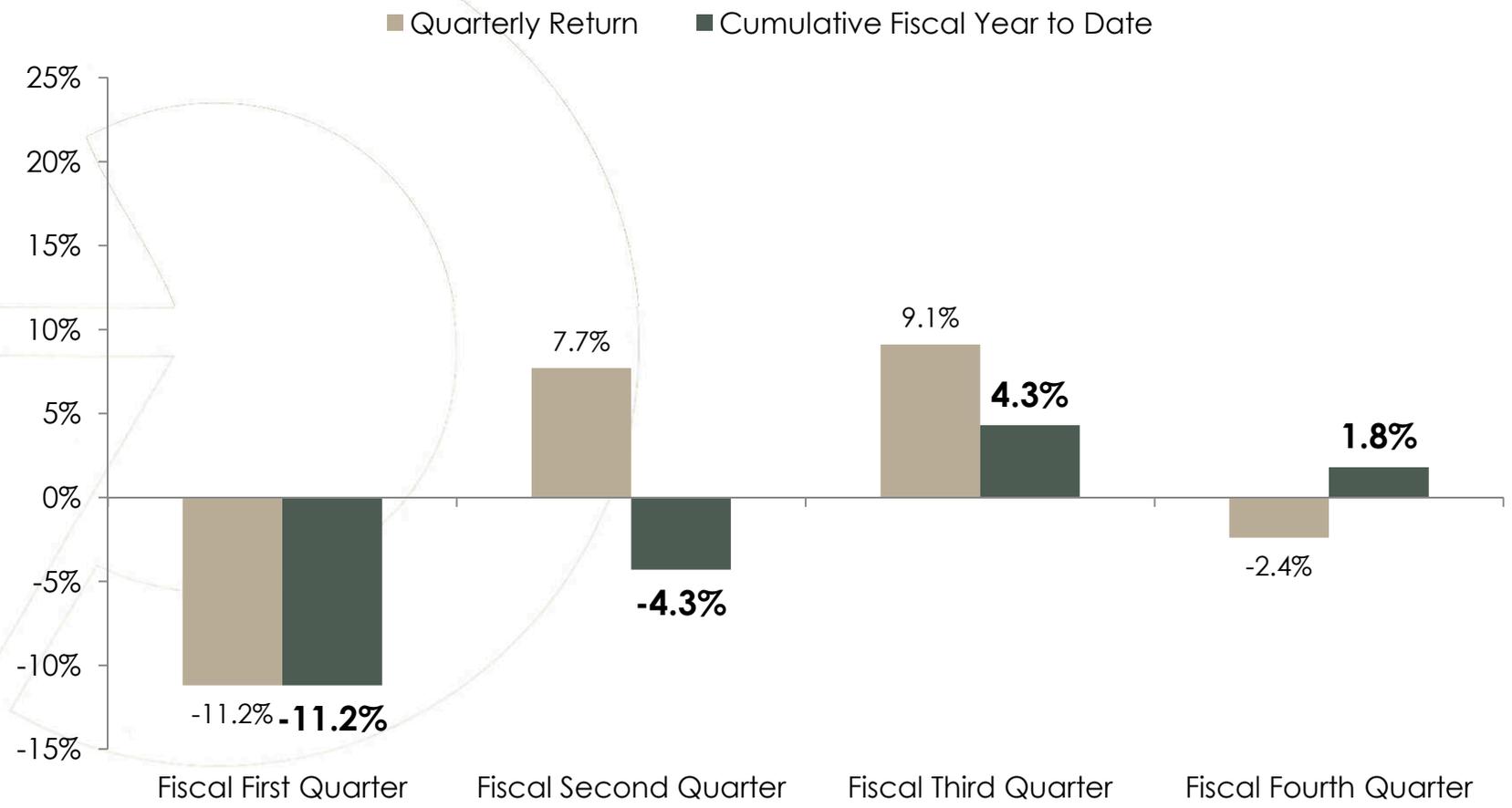
Asset Allocation Summary – Total Fund



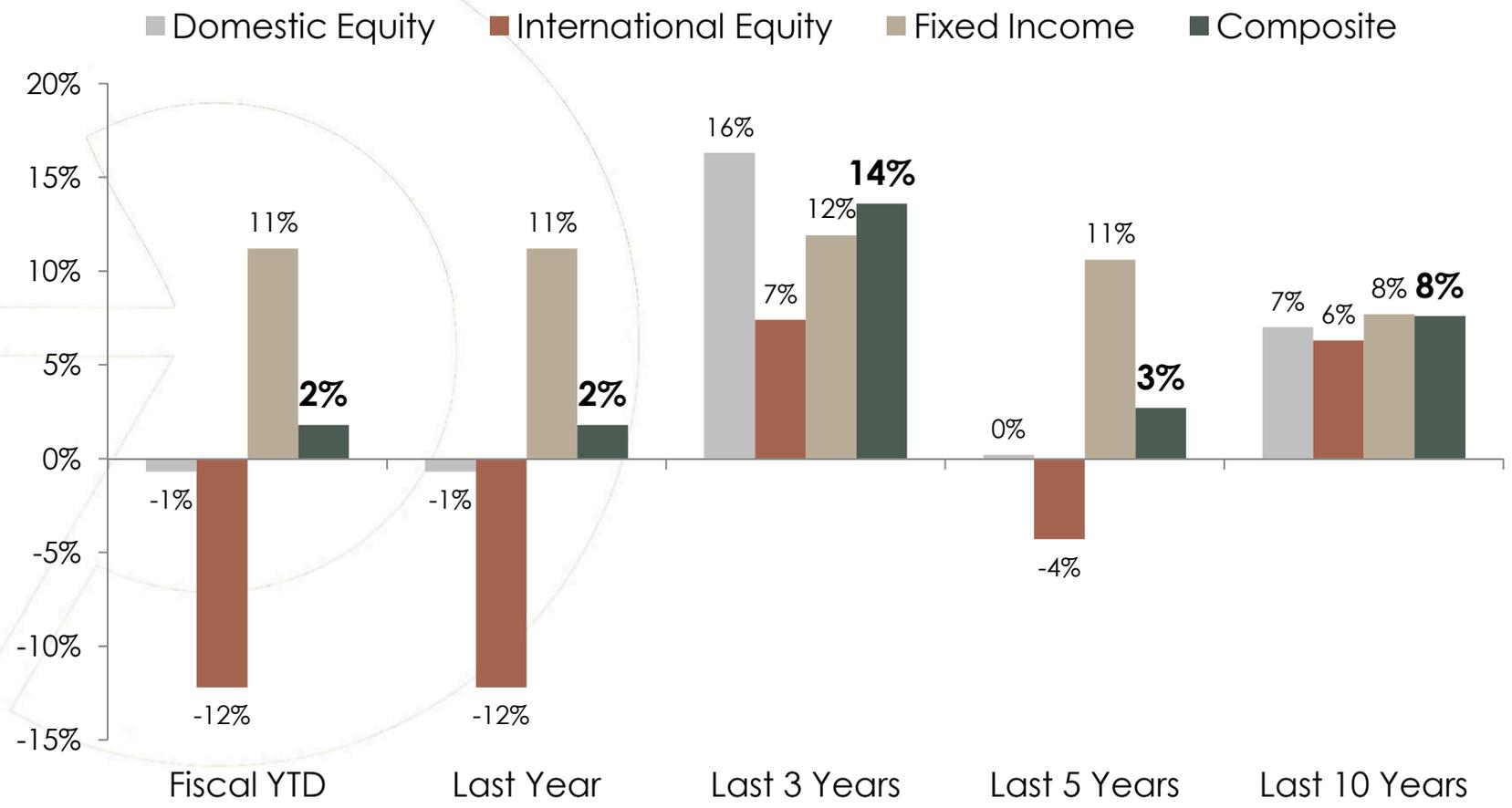
Total Fund Allocation vs. Median Public Fund



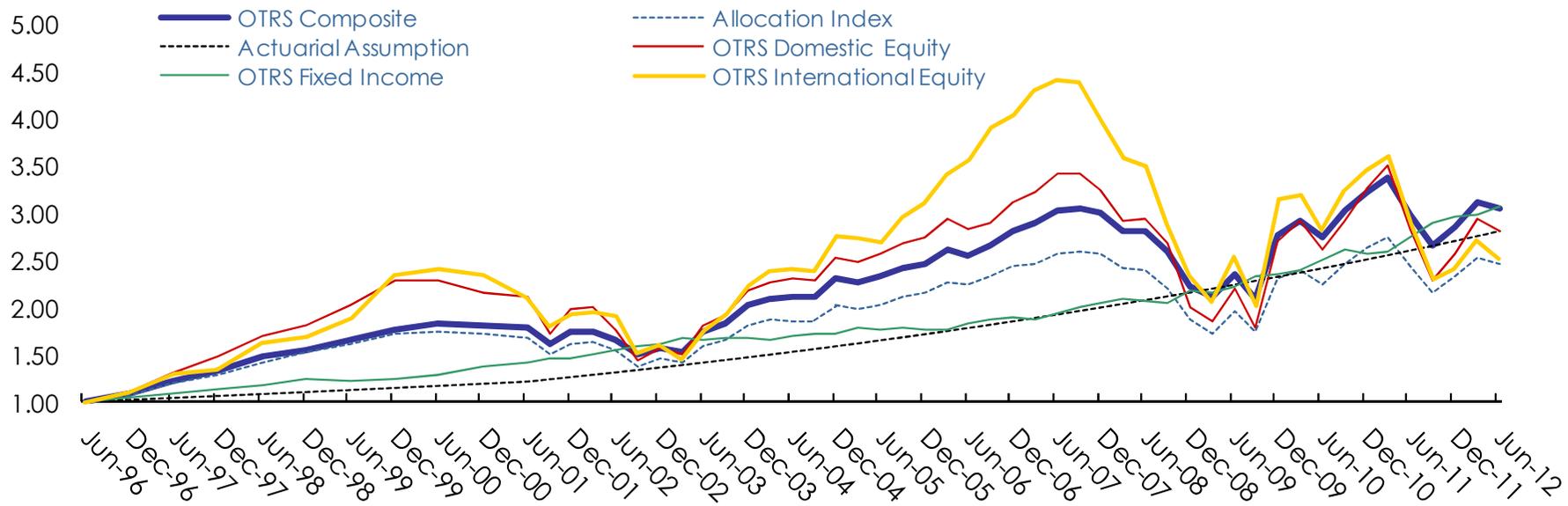
Composite Performance Summary as of June 30, 2012



Composite Performance Summary as of June 30, 2012



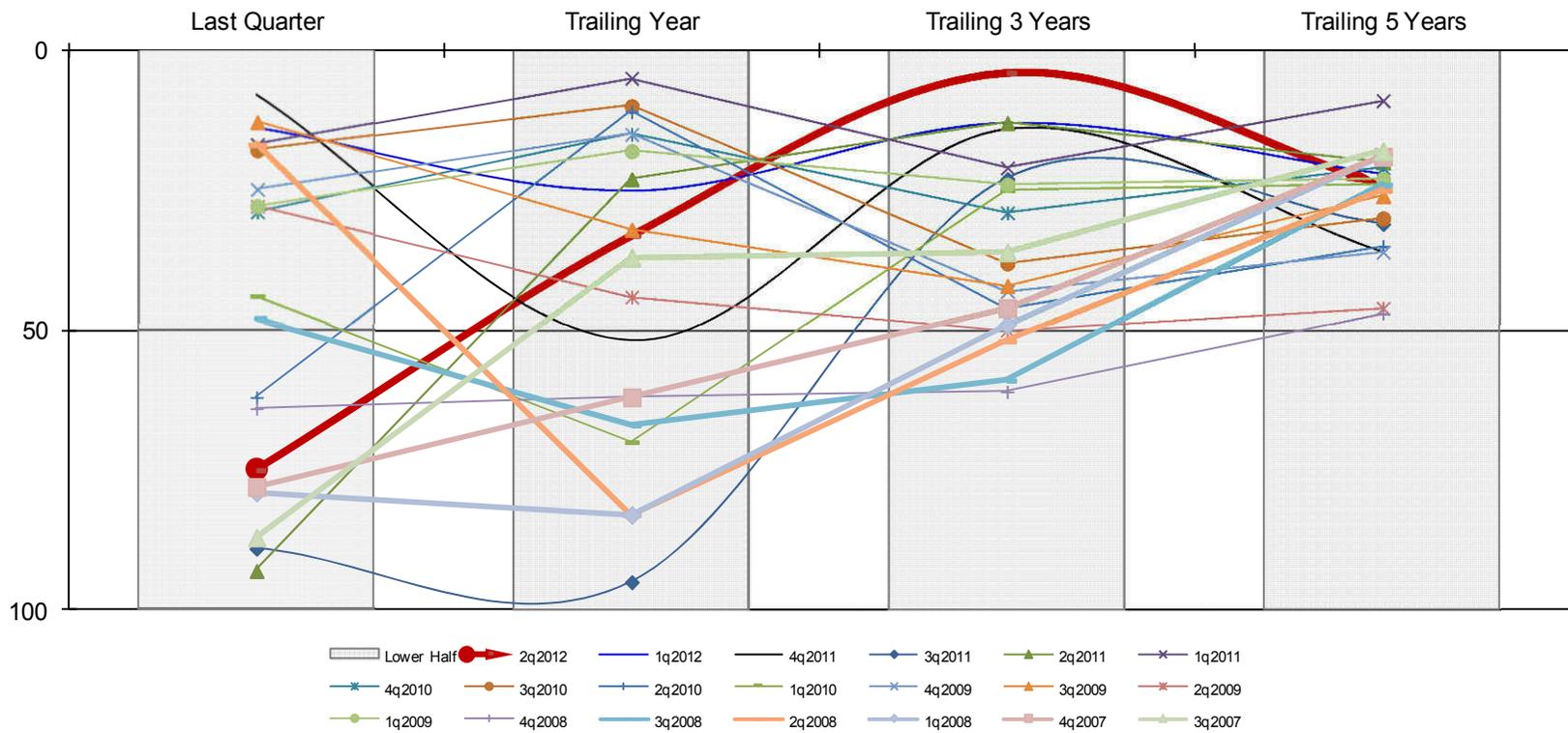
Growth of a Dollar Over Time Period Ended **June 30, 2012**



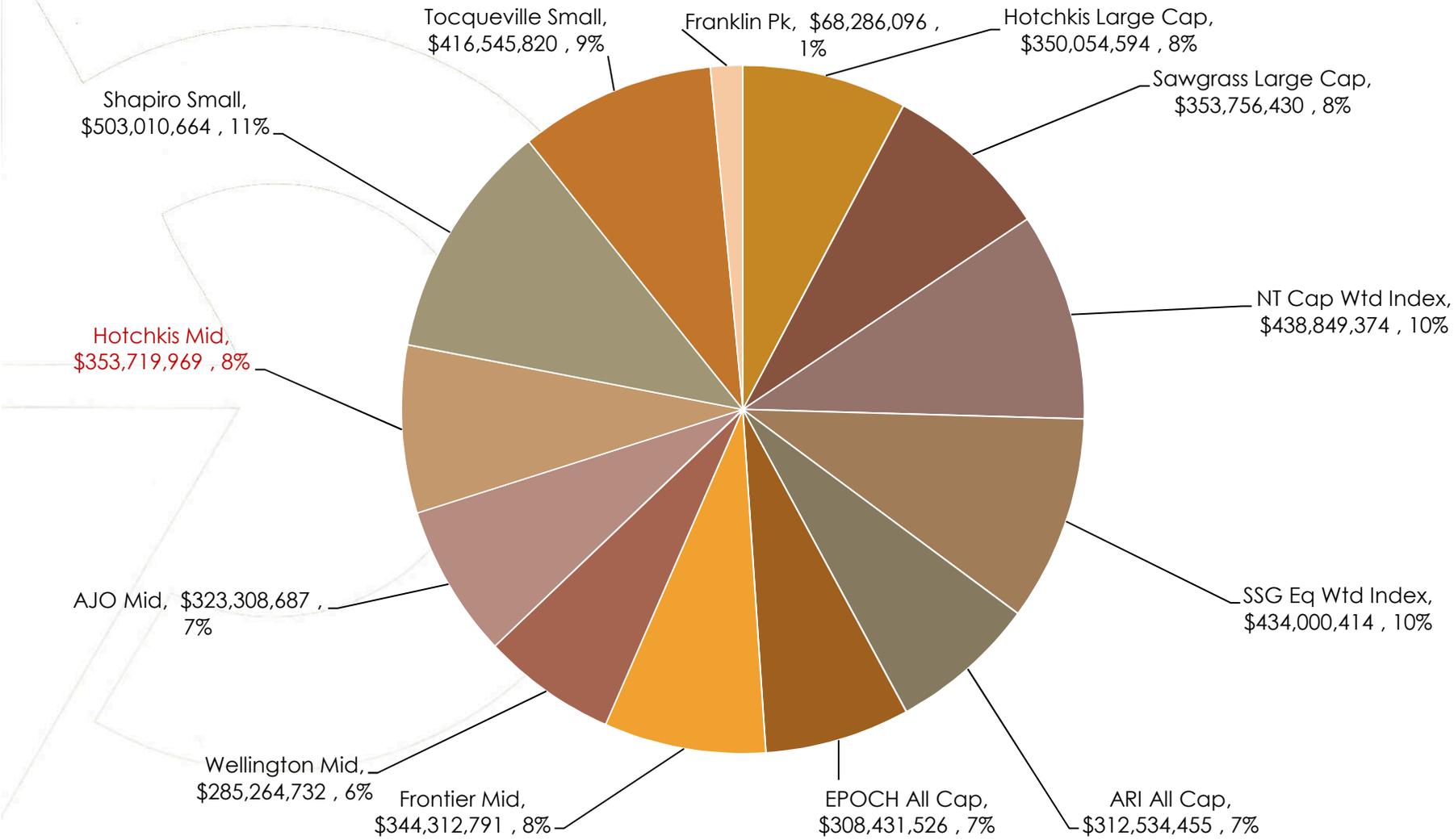
Performance – Total Fund

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
Total Fund	-2.4	75th	1.8	33rd	13.6	4th	2.7	24th	7.6	5th
Allocation Index	-2.1		2.0		13.2		2.0		6.7	
Actuarial Assumption	1.9		8.0		8.0		8.0		8.0	
Total Domestic Equity	-4.8	58th	-0.7	54th	16.3	52nd	0.2	60th	7.0	43rd
S&P 500	-2.8		5.4		16.4		0.2		5.3	
Total International Equity	-7.3	58th	-12.2	41st	7.4	62nd	-4.3	46th	6.3	51st
MSCI ACWI	3.1		-14.1		7.4		-4.2		7.2	
Total Core Fixed Income	3.1	23rd	11.2	20th	11.9	17th	10.6	9th	7.7	19th
BC Aggregate	2.1		7.5		6.9		6.8		5.6	

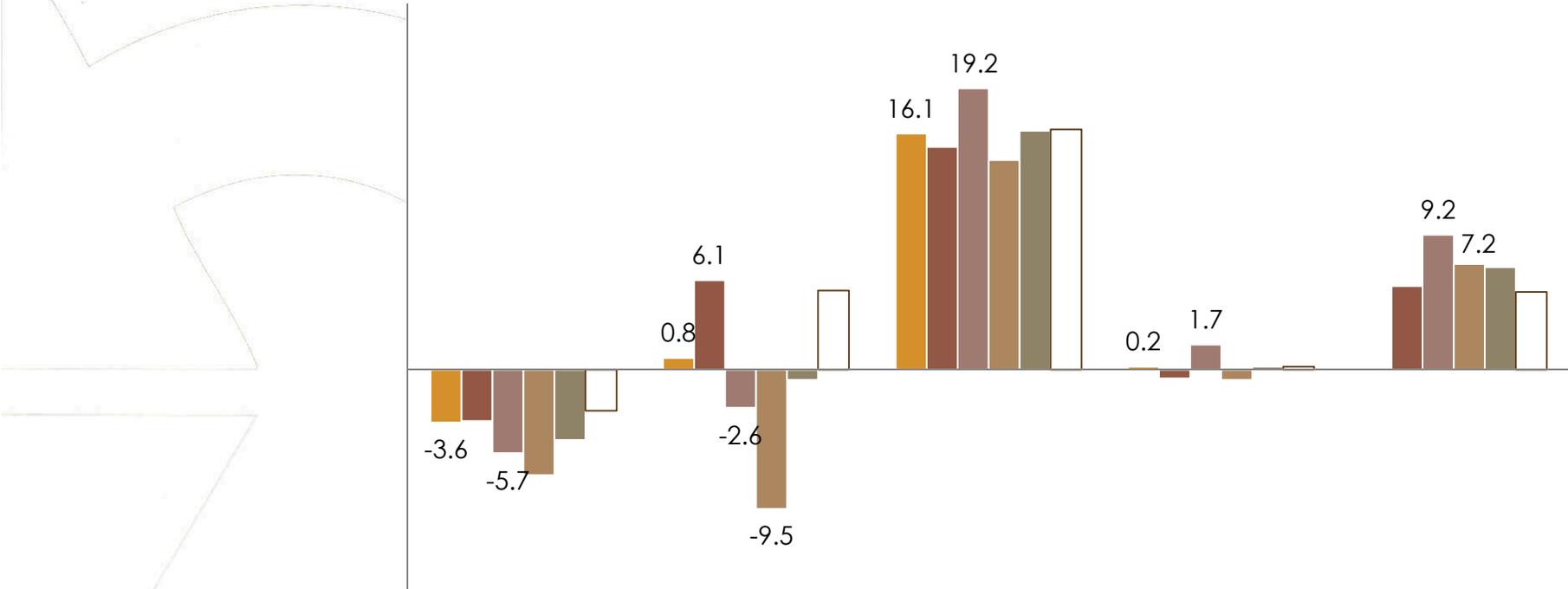
Composite Peer Rank History Periods Ended June 30, 2012



Asset Allocation Summary – Domestic Equity Allocation



Domestic Equity Performance: Capitalization Composites



	Last Quarter	Last Year	Last Three Years	Last 5 Years	Last 10 Years
All Cap	-3.6	0.8	16.1	0.2	
Large Cap	-3.5	6.1	15.2	-0.6	5.7
Mid Cap	-5.7	-2.6	19.2	1.7	9.2
Small Cap	-7.2	-9.5	14.3	-0.7	7.2
All Domestic Equity	-4.8	-0.7	16.3	0.2	7.0
S&P 500	-2.8	5.4	16.4	0.2	5.3

Performance – All Cap and Large Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
Advisory Research	-2.7	20th	1.9	48 th	16.5	42 nd	-1.2	75 th	-	-
EPOCH	-4.6	76th	-0.3	71st	15.7	55 th	1.5	21st	-	-
<i>Russell 3000 Value</i>	-2.3		2.6		15.9		-2.1		5.4	
<i>Russell 3000</i>	-3.1		3.8		16.7		0.4		5.8	
Hotchkis LCV	-4.3	54th	2.6	29th	17.0	17th	-3.7	82nd	5.7	58th
Sawgrass	-2.5	16th	9.2	11th	17.1	34th	2.6	44th	-	-
<i>S&P 500</i>	-2.8		5.4		16.4		0.2		5.3	
<i>Russell 1000 Value</i>	-2.2		3.0		15.8		-2.2		5.3	
<i>Russell 1000 Growth</i>	-4.0		5.8		17.5		2.9		6.0	

Performance – Passive Large Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
NT Cap Weighted	-1.7	8th	-	-	-	-	-	-	-	-
SSGS Equal Weighted	-2.5	21st	-	-	-	-	-	-	-	-
<i>S&P 500 Cap Weighted</i>	-2.8		5.4		16.4		0.2		5.3	
<i>S&P 500 Cap Weighted</i>	-4.0		-0.1		19.4		1.6		8.0	

Both portfolios ranked in the Large Cap Core Equity manager universe.

Performance – Private Equity Portfolio

	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Legacy Portfolio	15.2%	19.1%	n/m	n/m
Franklin Park	n/m	n/m	n/m	n/m
<hr/>				
S&P 500 Cap Weighted	5.4	16.4	0.2	5.3
<hr/>				

Private equity portfolio returns are shown through **March 31, 2012**, the latest available portfolio valuation. Returns shown are Internal Rates of Return, not time weighted returns that are used for all other portfolios.

Performance – Mid Cap and Small Cap Equity Managers

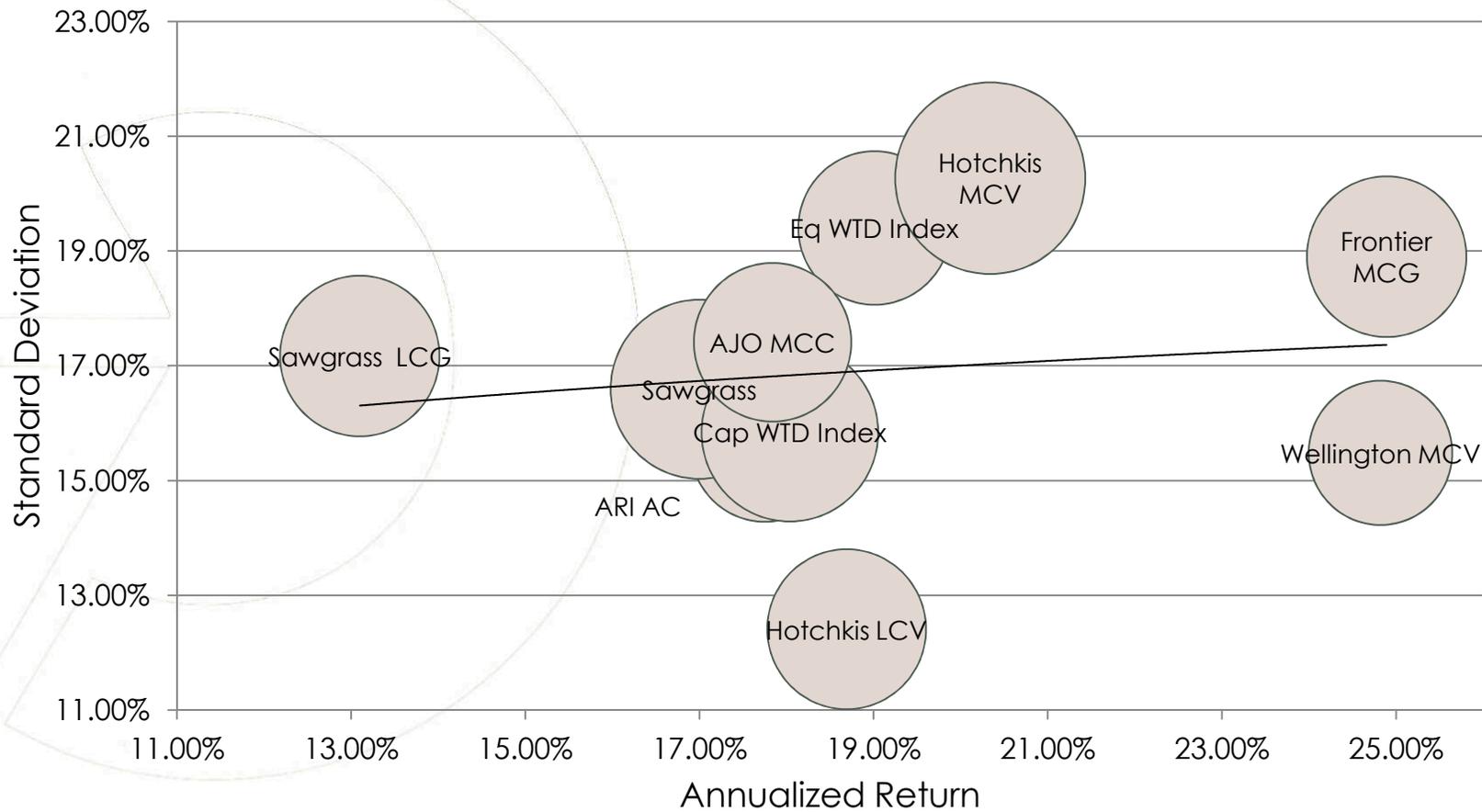
	Last Qtr	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
AJO MCC	-4.7	42 nd	-2.1	37 th	19.5	22 nd	1.3	76 th	8.5	n/m
Frontier MCG	-2.7	9 th	-0.1	25 th	17.3	52 nd	4.5	22 nd	9.7	24 th
Hotchkis MCV	-3.0	31 st	5.4	22 nd	25.1	6 th	1.7	76 th	-	-
Wellington MCG	-12.9	97 th	-13.8	91 st	15.4	73 rd	-0.9	81 st	8.0	77 th
<i>Russell MC</i>	-4.4		-1.7		19.4		1.1		6.6	
<i>Russell MC Growth</i>	-5.6		-3.0		19.0		1.9		8.5	
<i>Russell MC Value</i>	-3.3		-0.4		19.9		-0.1		8.2	
Shapiro SCV	-6.8	95 th	-5.2	94 th	19.3	39 th	2.3	49 th	11.0	3 rd
Tocqueville SCV	-7.6	98 th	-14.2	98 th	9.2	96 th	-2.8	97 th	6.7	98 th
<i>Russell 2000</i>	-3.5		-2.1		17.8		0.5		7.0	
<i>Russell 2000 Value</i>	-3.0		-1.4		17.4		-1.1		6.5	

Composite Equity Portfolio Characteristics – Trailing Three Years

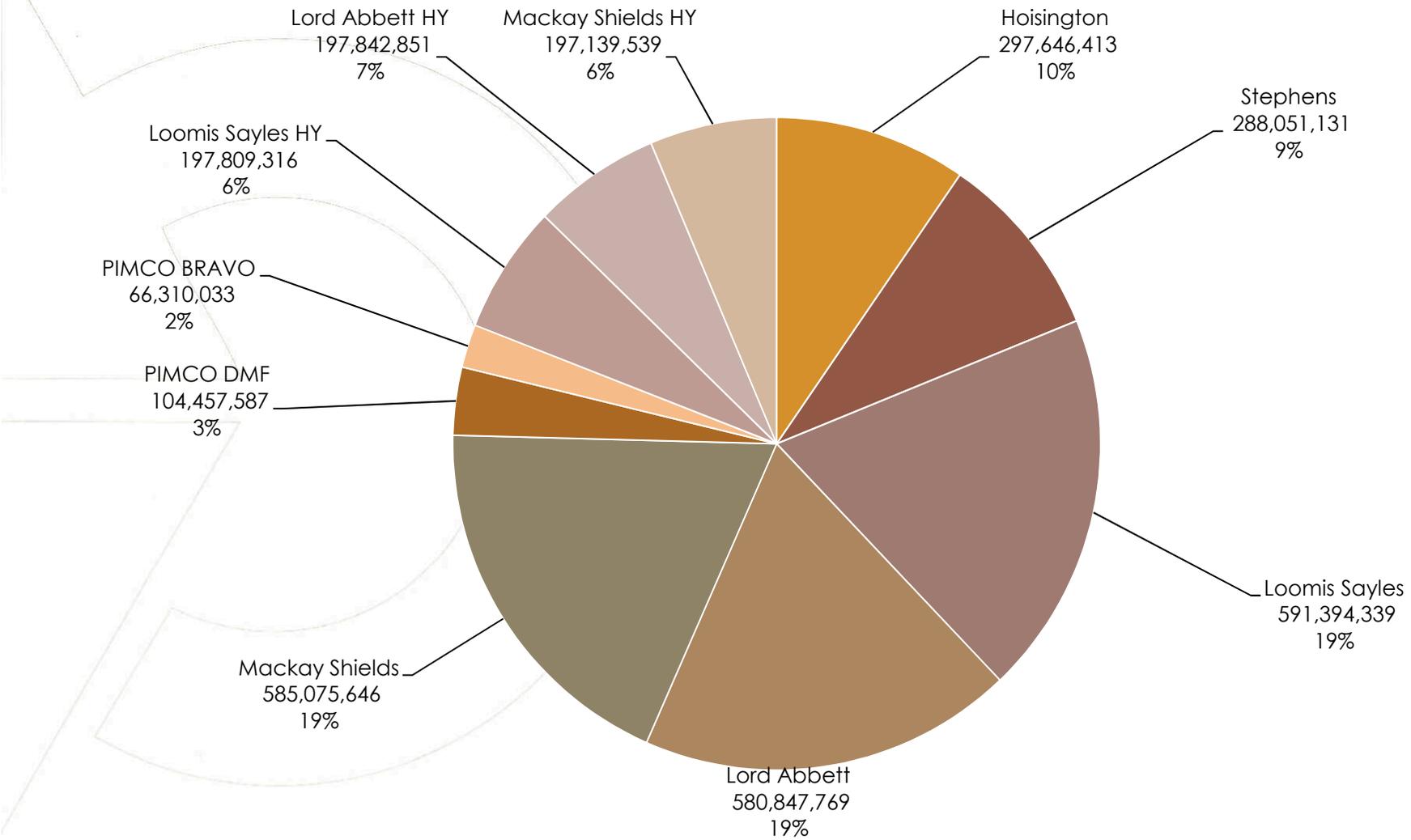
	Geometric Average Market Cap	Dividend Yield	Tracking Error	Alpha	R ²	Sharpe Ratio	Standard Deviation
All Cap/Large Cap Equity	\$96.7 Billion	2.3%	4.2%	1.4%	0.97	0.99	16.1%
Mid Cap Equity	\$6.9 Billion	1.2%	5.7%	-2.3%	0.95	0.90	21.7%
Small Cap Equity	\$0.8 Billion	0.5%	7.3%	-8.1%	0.90	0.40	22.9%
International Equity	\$36.0 Billion	3.3%	3.4%	1.18%	0.74	0.29	15.7%
Total Equity	\$40.4 Billion	2.0%	3.9%	-0.34%	0.76	0.61	15.8%

Domestic Equity Risk Return Comparison

Composite Data Used - Three Years Ended June 30, 2012



Asset Allocation Summary – Fixed Income Allocation

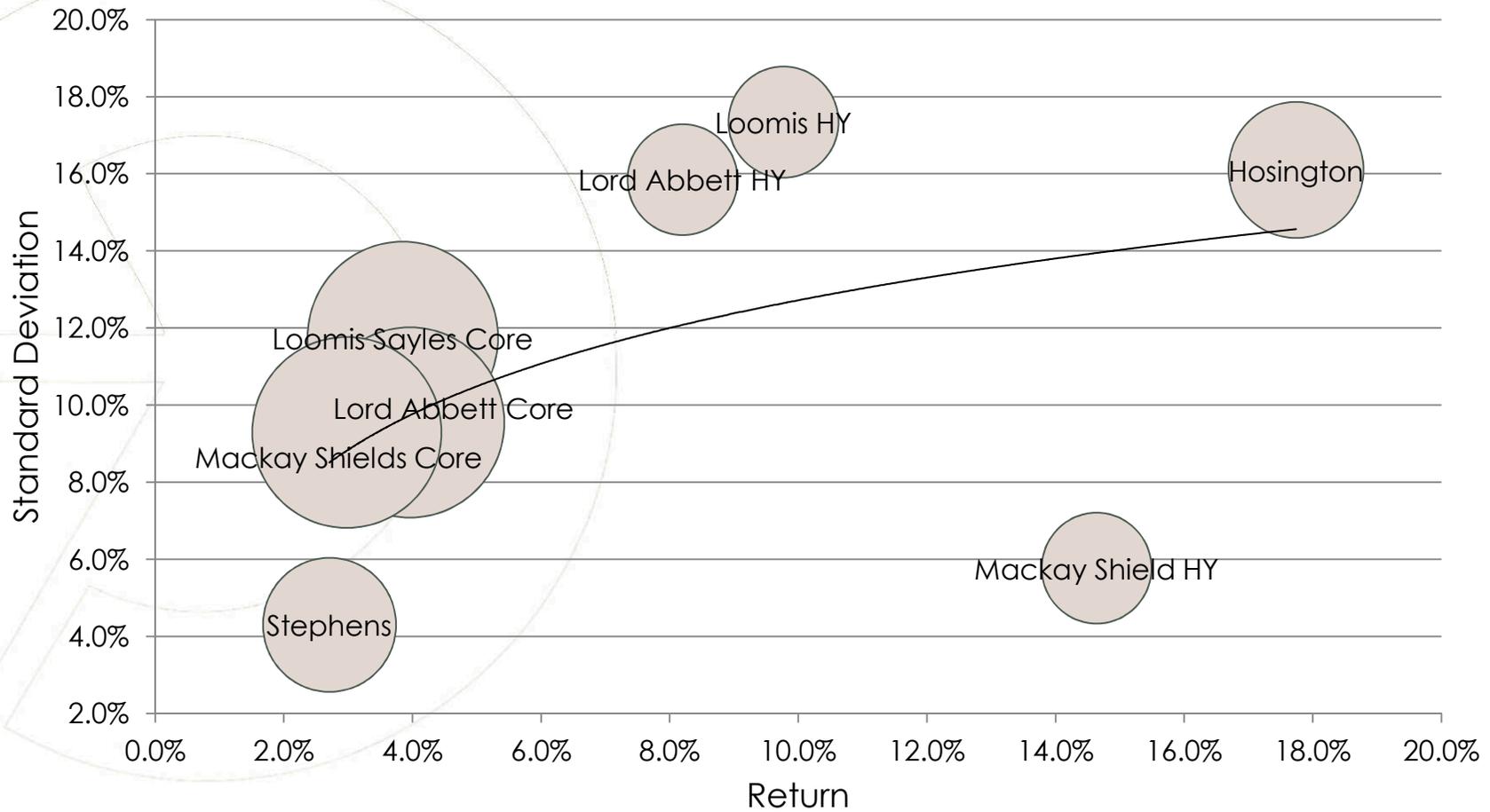


Performance – Fixed Income Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
Loomis Sayles	3.1	22 nd	10.1	22 nd	12.1	14 th	10.7	3 rd	8.1	9 th
Lord Abbett	2.2	42 nd	9.0	24 th	9.7	36 th	8.4	21 st	-	-
Mackay Shields	2.0	55 th	8.6	31 st	9.9	33 rd	8.7	19 th	-	-
Hoisington	13.9	1 st	45.9	1 st	16.4	6 th	14.2	2 nd	-	-
Stephens	1.7	65 th	4.3	77 th	4.8	88 th	6.8	77 th	-	-
<i>BC Aggregate</i>	2.1		7.5		6.9		6.8		5.7	
Loomis HY	0.4	91 st	0.8	96 th	14.5	56 th	-	-	-	-
Lord Abbett HY	0.8	85 th	6.4	70 th	16.7	22 nd	-	-	-	-
Mackay HY	1.9	30 th	8.6	25 th	14.7	50 th	-	-	-	-
<i>ML High Yield II</i>	1.8		6.5		16.2		8.2		9.9	

Fixed Income Risk Return Comparison

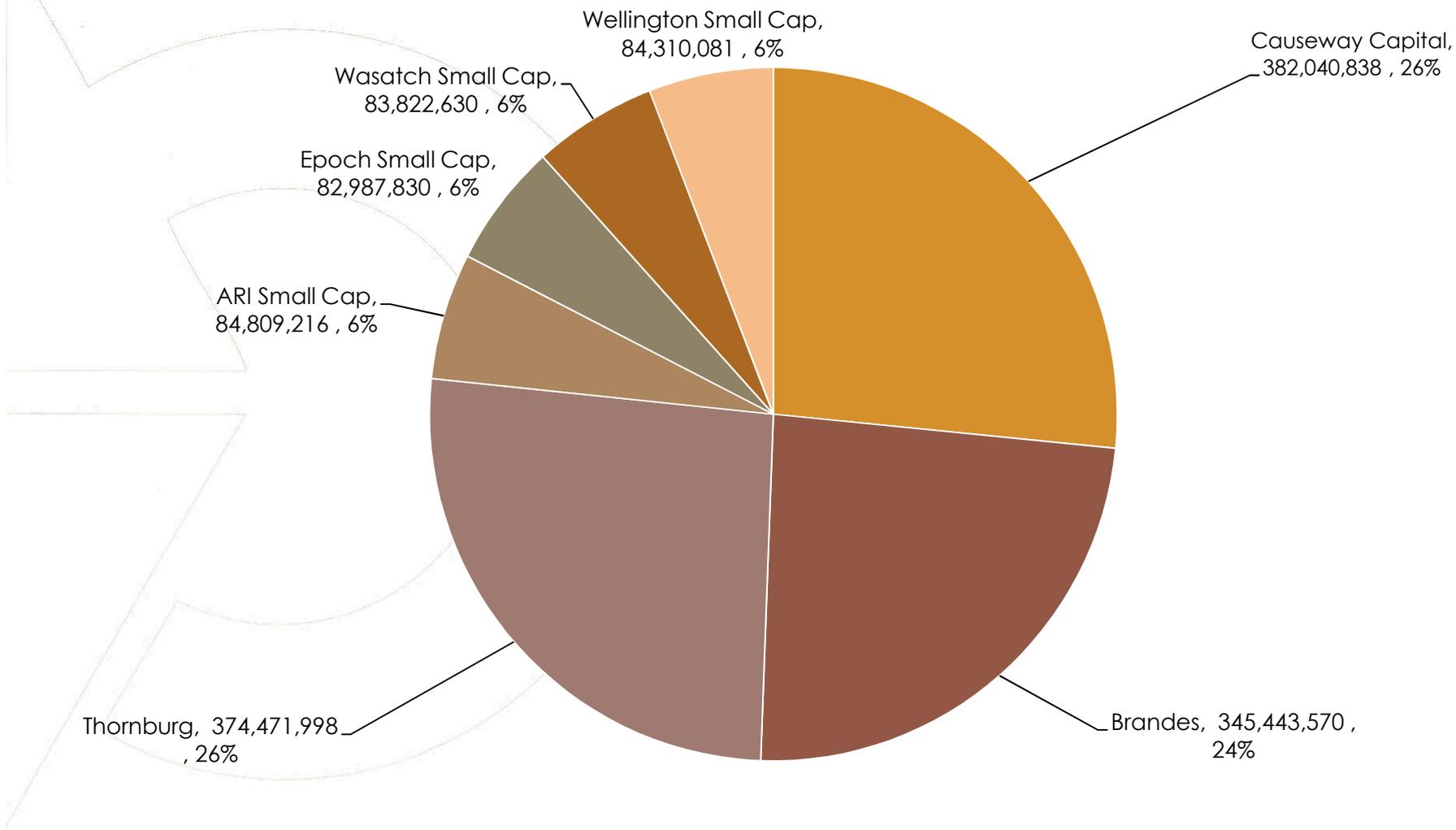
Composite Data Used - Three Years Ended June 30, 2012



Fixed Income Portfolio Characteristics – Trailing Three Years

	Asset Class	Credit Quality	Modified Duration	Maturity	Yield to Maturity	Sharpe Ratio	Alpha	Standard Deviation of Alpha
Loomis Sayles	Core Plus	A	6.2	9.1	3.8%	2.7	0.8%	1.1%
Lord Abbett	Core Plus	AA	4.8	6.7	3.9%	2.6	0.4%	1.3%
Mackay Shields	Core Plus	A	4.8	6.9	3.8%	3.3	0.6%	1.2%
Hoisington	Active Duration	TSY	19.4	24.0	2.7%	0.7	0.8%	3.6%
Stephens	Active Duration	AAA	4.7	5.3	1.2%	2.1	-0.1%	1.1%
Core Fixed Income Composite	Core Plus	AA	7.0	9.4	3.4%	2.1	0.3%	0.7%
Loomis Sayles	High Yield	B	5.6	9.6	8.1%	1.1	-0.4%	2.3%
Lord Abbett	High Yield	B	5.0	7.2	7.0%	1.6	0.3%	1.6%
Mackay Shields	High Yield	B	3.3	6.1	6.6%	2.1	0.3%	1.0%
High Yield Composite	High Yield	B	4.6	7.6	7.2%	1.5	0.1%	1.4%

Asset Allocation Summary – International Equity Allocation

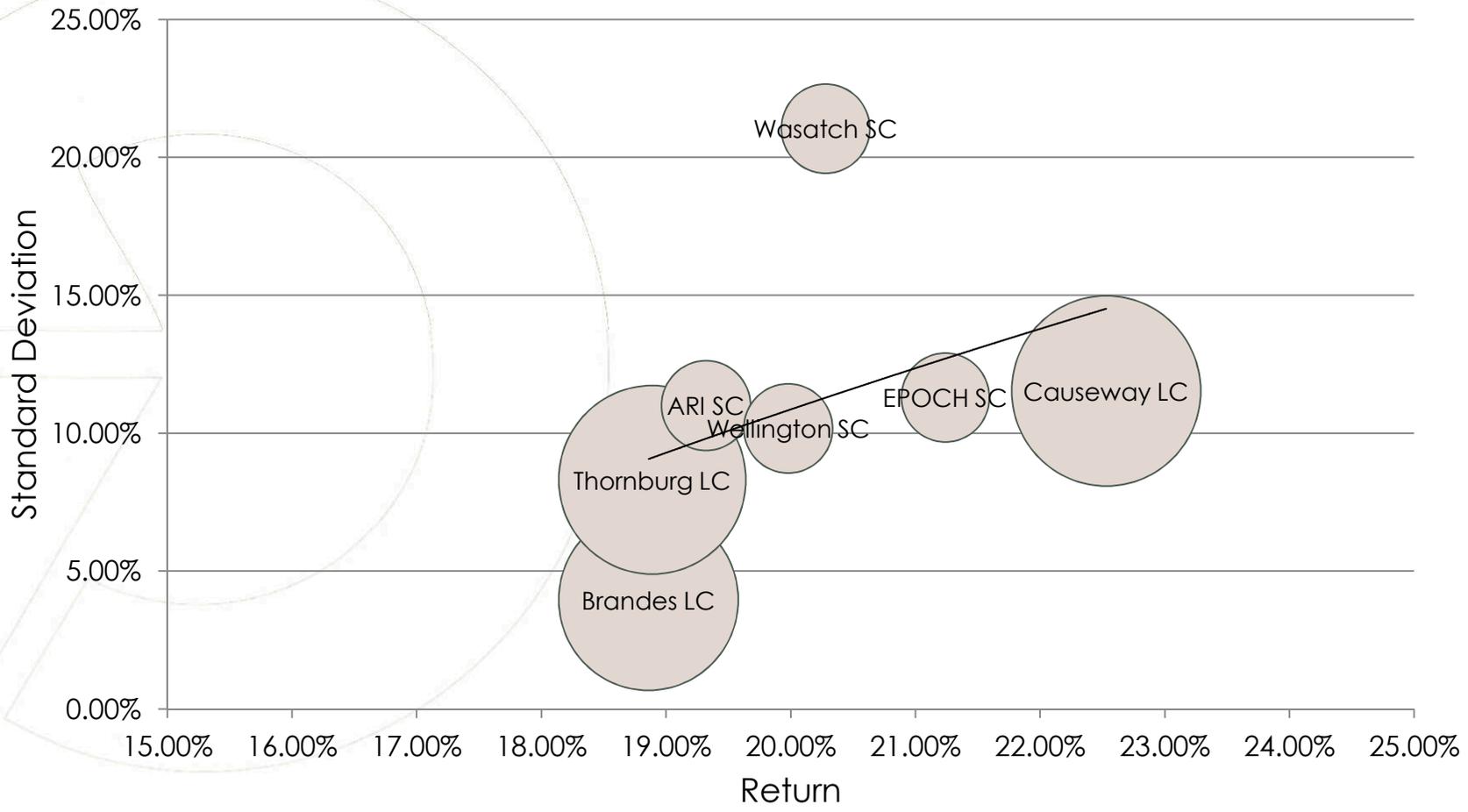


Performance – International Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
Causeway	-7.3	59 th	-11.5	35 th	10.6	21 st	-3.6	94 th	-	-
Brandes	-8.5	83 rd	-12.8	46 th	4.1	91 st	-5.9	73 rd	6.6	45 th
Thornburg	-6.6	37 th	-13.9	60 th	8.7	41 st	-1.4	16 th	-	-
MSCI ACWI Ex US	-7.6		-14.6		7.0		-4.6		6.7	
ARI	-5.3	18 th	-	-	-	-	-	-	-	-
EPOCH	-8.5	83 rd	-	-	-	-	-	-	-	-
Wasatch	-2.6	2 nd	-	-	-	-	-	-	-	-
Wellington	-7.7	72 nd	-	-	-	-	-	-	-	-
MSCI EAFE Small Cap	-8.7		-15.1		9.2		-5.3		8.5	

International Equity Risk Return Comparison

Composite Data Used - Three Years Ended June 30, 2012



Performance – MLP, Real Estate and Opportunistic Assets

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
Chickasaw	-3.9	-	13.8	-	-	-	-	-
FAMCO	-2.7	-	6.8	-	-	-	-	-
Swank	-7.7	-	4.2	-	-	-	-	-
<i>Alerian MLP</i>	-2.3		7.9		27.0		9.9	
AEW	1.7	68 th	-	-	-	-	-	-
Heitman	2.3	50 th	-	-	-	-	-	-
L&B	1.3	77 th	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	2.6		12.4		8.4		-0.9	
PIMCO DMF	2.1	-	1.9	-	32.7	-	-	-
PIMCO DMF II	1.8	-	3.7	-	34.4	-	-	-
PIMCO BRAVO	8.0	-	25.6	-	-	-	-	-
<i>BC Aggregate</i>	2.1		7.5		6.9		6.8	



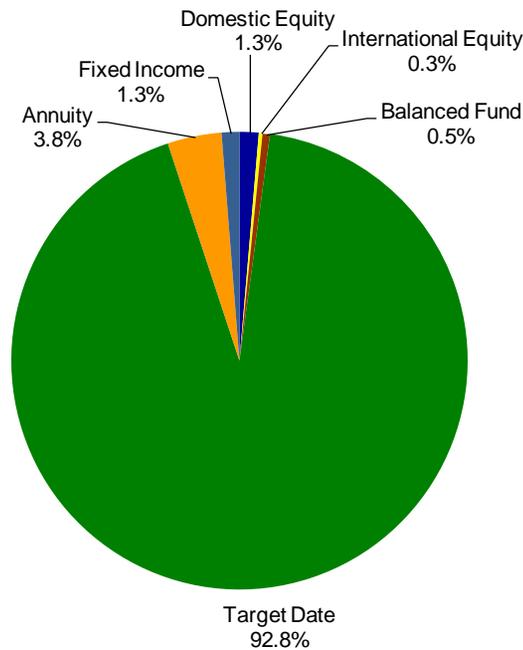
OKLAHOMA TEACHERS RETIREMENT SYSTEM

**403(b) plan executive summary report
second quarter, 2012**



403(B) PLAN
PERIODS ENDED JUNE 30, 2012

The Oklahoma Teachers' Retirement System 403(b) Plan ended the second quarter with a total market value of **\$210,049,295, down from \$214,697,304 at the beginning of the quarter**. The Plan was allocated¹ 92.8% to target date funds, 3.8% to an annuity fund, 1.3% to fixed income, 1.3% in domestic equity funds, 0.3% to international equity, and 0.5% to a balanced fund. The Plan's current allocation is depicted below:



Source: ING

¹Plan's allocation may not equal 100.0% due to rounding.

403(B) PLAN REVIEW

PERIODS ENDED JUNE 30, 2012

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Fixed Plus III	-		-		-		-		\$8,019,720 3.8%
Loomis Sayles Inv Gr Bond <i>Barclay's Cap Agg</i>	0.8% 2.6%	95	5.5% 8.8%	80	11.4% 6.9%	9	8.0% 6.8%	12	\$2,632,357 1.3%
ING FMR Diversified <i>Russell Mid Cap Growth</i>	-5.9% -5.6%	55	-5.8% -3.0%	61	14.0% 19.0%	86	1.1% 1.9%	50	\$504,466 0.2%
ING JPMorgan Small Cap Core <i>Russell 2000</i>	-3.8% -3.5%	32	-0.6% -2.1%	19	18.3% 17.8%	27	1.8% 0.5%	16	\$275,834 0.1%
ING MFS <i>S&P 500/BC Agg (60/40)</i>	-2.0% -0.8%	37	2.7% 6.3%	29	9.9% 12.6%	78	1.1% 2.8%	61	\$1,093,285 0.5%
ING Pioneer Mid Cap <i>Russell Mid Cap Value</i>	-6.9% -3.3%	89	-5.8% -0.4%	76	12.4% 19.9%	89	-1.7% -0.1%	71	\$150,625 0.1%
ING Russell 1000 Index <i>Russell 1000</i>	-2.7% -3.1%	14	6.3% 4.4%	6	14.9% 16.6%	39	-	-	\$344,885 0.2%
ING Van Kampen Growth & Income <i>Russell 1000 Value</i>	-2.2% -2.2%	24	0.7% 3.0%	49	14.0% 15.8%	44	-1.1% -2.2%	33	\$379,318 0.2%
American Funds Growth Fund <i>Russell 1000 Growth</i>	-4.2% -3.9%	19	-0.1% -2.7%	62	12.1% 18.1%	82	-0.5% 2.0%	73	\$1,177,464 0.6%
American Funds Euro Pacific <i>MSCI EAFE</i>	-6.2% -7.1%	30	-13.0% -13.8%	34	7.1% 6.0%	35	-2.6% -6.1%	-	\$558,114 0.3%
ING Index Solution Funds									\$194,913,226 92.8%
Total Market Value excluding ING Index Funds									\$15,136,068
Total Market Value including ING Index Funds									\$210,049,295

Sources of market values and performance: ING and Morningstar
 Provided data deemed to be accurate, but cannot be guaranteed.

403(B) PLAN REVIEW
 PERIODS ENDED JUNE 30, 2012

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Index Solution Income	-0.1%	25	4.1%	17	7.9%	82	-	-	\$125,039,776
<i>Morningstar Lifetime Moderate 2000</i>	-0.8%		4.2%		10.2%		4.8%		64.2%
ING Index Solution 2015	-1.0%	22	2.2%	31	9.3%	83	-	-	\$42,824,652
<i>Morningstar Lifetime Moderate 2015</i>	-1.6%		3.6%		12.2%		3.7%		22.0%
ING Index Solution 2025	-2.4%	42	-0.3%	48	11.0%	83	-	-	\$20,117,704
<i>Morningstar Lifetime Moderate 2025</i>	-3.0%		1.0%		13.5%		1.9%		10.3%
ING Index Solution 2035	-3.5%	39	-1.6%	41	11.6%	87	-	-	\$5,951,827
<i>Morningstar Lifetime Moderate 2035</i>	-4.0%		-1.6%		13.9%		0.8%		3.1%
ING Index Solution 2045	-4.3%	58	-3.1%	66	12.3%	73	-	-	\$909,469
<i>Morningstar Lifetime Moderate 2045</i>	-4.3%		-2.6%		13.8%		0.5%		0.5%
ING Index Solution 2055	-4.2%	43	-3.1%	47	-	-	-	-	\$69,799
<i>Morningstar Lifetime Moderate 2055</i>	-4.5%		-3.2%		13.6%		0.4%		0.0%
Total Market Value									\$194,913,226

Sources of market values and performance: ING and Morningstar

Provided data deemed to be accurate, but cannot be guaranteed.

Loomis Sayles Investment Grade Bond	LIGRX	Fixed Income
<p>The Loomis Sayles Investment Grade Bond Fund seeks high total investment return through a combination of current income and capital appreciation. The fund employs a value driven, opportunistic approach that focuses on a long term investment horizon. The fund uses out of benchmark securities to provide value and diversification. The fund will invest at least 80% of its net assets in investment-grade fixed-income securities. It may invest up to 10% of assets in below investment-grade fixed-income securities, and may invest any portion of its assets in securities of Canadian issuers, up to 20% of assets in securities of other foreign issuers, including emerging markets securities.</p>		

ING MFS Total Return	IMSRX	Balanced Fund
<p>The ING MFS Total Return Fund seeks above-average income consistent with the prudent employment of capital, a secondary objective is the reasonable opportunity for growth of capital and income. The fund mainly invests in equity securities and debt instruments. It seeks to invest between 40% and 75% of assets in equity securities and at least 25% of its assets in fixed-income senior securities. The fund may invest up to 25% of assets in foreign securities, including up to 10% in emerging-market securities.</p>		

ING Russell Large Cap Index	IRLCX	Large Cap Blend
<p>The ING Russell Large Cap Index Fund seeks investment results that correspond to the total return of the Russell Top 200 Index. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in equity securities of companies, which are at the time of purchase, included in the index; convertible securities that are convertible into stocks included in the index; other derivatives whose economic returns are, by design, closely equivalent to the returns of the index or its components; and exchange-traded funds.</p>		

ING Invesco Van Kampen Growth & Income **IVGSX** **Large Cap Value**

The **ING Invesco Van Kampen Fund** seeks long-term growth of capital and income. The fund invests primarily in income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities rated "investment grade". It may invest up to 25% of total assets in securities of foreign issuers. The fund may purchase and sell certain derivative instruments for various purposes.

American Funds Growth Fund **RGAEX** **Large Cap Growth**

The **American Funds Growth Fund** seeks capital growth. The fund's multiple manager structure allows ten portfolio managers to each manage a portion of the aggregate portfolio. The portfolio managers select stocks individually. The portfolio invests in companies that are expected to produce long-term growth, but only when they are reasonably priced. The fund may invest up to 25% of its assets in securities of issuers domiciled outside the United States.

ING FMR Diversified **IFDSX** **Mid Cap Growth**

The **ING FMR Diversified Fund** seeks long-term growth of capital. The fund invests up to 80% of assets in securities of companies with medium market capitalization. The sub-adviser generally defines medium market capitalization companies as those whose market capitalization is similar to the market capitalization of companies in the Russell Midcap Index or the Standard and Poor's MidCap 400 Index. The fund normally invests its assets in common stocks and may invest up to 25% of assets in securities of foreign issuers, including emerging markets securities, in addition to securities of domestic issuers.

ING Pioneer **IPVSX** **Mid Cap Value**

The **ING Pioneer Fund** seeks capital appreciation. The fund normally invests at least 80% of total assets in equity securities of mid-size companies. It may invest up to 25% of its total assets in equity and debt securities of non-U.S. issuers. The fund may invest in other investment companies, including exchange-traded funds.

ING JPMorgan **IJSSX** **Small Cap Blend**

The **ING JPMorgan Small Cap Core Equity Fund** seeks capital growth over the long term. The fund invests at least 80% of assets in equity securities of small-capitalization companies. The sub-adviser defines small-capitalization companies as companies with a market capitalization equal to those within a universe of Russell 2000 Index stocks at the time of purchase. It may also invest up to 20% of total assets in foreign securities. The fund may also invest up to 20% of total assets in convertible securities which generally pay interest or dividends and which can be converted into common or preferred stock.

American Funds EuroPacific Growth **REREX** **International**

The **American Funds EuroPacific Growth Fund's** investment objective is to provide long-term growth of capital. The fund invests in companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. The fund invests primarily in common stocks (may also invest in preferred stocks), convertibles, American Depositary Receipts, European Depositary Receipts, bonds and cash. The holdings are primarily outside the U.S. except a nominal portion that may be held in U.S. dollars. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

ING Index Solution Income	ISKSX	Income
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The **ING Solution Income Portfolio** seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. The ING Solution Income Portfolio is designed for people who plan to begin living their retirement goals now. It is a conservative ING Solution Portfolio.

ING Index Solution 2015	ISASX	Target Date
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These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2015 Portfolio is designed for people who plan to begin living their retirement goals in the years 2011 to 2020. It is a moderately conservative ING Index Solution Portfolio.

ING Index Solution 2025	ISDSX	Fixed Income
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These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2025 Portfolio is designed for people who plan to begin living their retirement goals in the years 2021 to 2030. It is a moderate ING Index Solution Portfolio.

ING Index Solution 2035	ISESX	Balanced Fund
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These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2035 Portfolio is designed for people who plan to begin living their retirement goals in the years 2031 to 2040. It is a moderately aggressive ING Index Solution Portfolio.

ING Index Solution 2045	ISJSX	Balanced Fund
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These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2045 Portfolio is designed for people who plan to begin living their retirement goals in the years 2041 to 2050. It is an aggressive ING Index Solution Portfolio.

ING Index Solution 2055	IISX	Balanced Fund
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These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2055 Portfolio is designed for people who plan to begin living their retirement goals during or after the year 2051. It is the most aggressive ING Index Solution Portfolio.

401(K) AND PROFIT SHARING PLAN – MANAGER EXPENSE REVIEW

PERIOD ENDED JUNE 30, 2012

Manager	Mandate	Expense Ratio	Category Average
Domestic Equity			
ING Russell Large Cap Index	Large Cap Blend	0.62%	0.60%
ING Invesco Van Kampen Gr & Inc	Large Cap Value	0.89%	1.28%
American Fund Growth Fund	Large Cap Growth	0.85%	1.34%
ING FMR Diversified Mid Cap	Mid Cap Growth	0.89%	1.40%
ING Pioneer Mid Cap Value	Mid Cap Value	0.87%	1.24%
ING JPMorgan Small Cap Core Equity	Small Cap Blend	1.13%	1.41%
International Equity			
American Funds EuroPacific Growth	International Equity	0.68%	1.48
Fixed Income			
ING Fixed Plus Account III	Annuity	n/a	n/a
Loomis Sayles Investment Grade Bond	Fixed Income	0.81%	0.97%
Asset Allocation			
ING Index Solution Income	Asset Allocation	0.80%	-
ING Index Solution 2015	Target Date	0.80%	-
ING Index Solution 2025	Target Date	0.80%	-
ING Index Solution 2035	Target Date	0.80%	-
ING Index Solution 2045	Target Date	0.80%	-
ING Index Solution 2055	Target Date	0.80%	-
Balanced			
ING MFS Total Return	Balanced	0.95%	1.30%

Source: Morningstar

August 6, 2012

James Wilbanks, Ph.D.
Executive Director
Teachers' Retirement System of Oklahoma
Oliver Hodge Building, 5th Floor
2500 N. Lincoln Boulevard
Oklahoma City, OK 73105

Dear Dr. Wilbanks:

The Oklahoma Retired Educators Association hereby requests approval by the TRS Board of Trustees for an OREA general membership mailing to all retired educators, such mailing to be conducted in compliance with the provisions of 70 OS 17-122.

Thank you for your cooperation and assistance regarding this request.

Please contact me if you need to do so.

Sincerely,

Norman W. Cooper
Executive Director

2012-2013 Emergency Rules

The Board is requested to adopt emergency rules as a result of the 2012 Permanent Rule Changes previously approved.

Below is a draft of changes to the rules.

715:10-17-6 is being amended to clarify the monthly pro-ration of the annual post-retirement earnings provisions. Without this clarification, the 2012 Permanent Rules Changes approved and effective as of August 1, 2012 would expand the post-retirement earnings provisions by allowing a retiree to earn the annual limit in less than a full year.

Subchapter 17. Post Retirement Employment

715:10-17-6. Earnings limits

The earnings limit for post-retirement earnings shall be one-twelfth (1/12) of the annual limit multiplied by the number of months the member is eligible to work and receive payments during each calendar year from the public schools of Oklahoma. ~~The~~All other limitations on post-retirement earnings shall be administered as directed in Title 70, Oklahoma Statutes, Section 17-116.10 [70 O.S. 17-116.10].

[**Source:** Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 11 Ok Reg 4785, eff 9-12-94 through 7-14-95 (emergency)¹; Amended at 12 Ok Reg 3285, eff 7-27-95; Amended at 15 Ok Reg 48, eff 9-4-97 (emergency); Amended at 15 Ok Reg 3481, eff 7-15-98; Amended at 17 Ok Reg 204, eff 9-8-99 (emergency); Amended at 17 Ok Reg 3071, eff 7-13-00; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 20 Ok Reg 384, eff 12-9-02 (emergency); Amended at 20 Ok Reg 2596, eff 7-11-03; Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)²; Amended at 21 Ok Reg 3099, eff 8-12-04; Amended at 28 Ok Reg 981, eff 5-26-11; Amended at 29 Ok Reg 868, eff 8-1-12]

Chapter 2 - Mission Statement

The Board of Trustees adopted the following as the Mission Statement of the Oklahoma Teachers Retirement System at the regular Board meeting on August 26, 2009.

It is the mission of the Oklahoma Teachers Retirement System to provide outstanding customer service to all of our active and retired Clients.

Further, the Board approved the following Mission Action Plan, which provides guidance to the Trustees and Staff on how this mission is to be accomplished.

MISSION ACTION PLAN

- Provide excellent communication and education to our Clients
- Protect and promote the financial interests of our Clients
- Consistently improve performance
- Pursue pro-active solutions and innovation
- Promote an environment of trust and cooperation where Colleagues are encouraged to reach their potential

*Teachers' Retirement System of Oklahoma
Client Status Update Report - Finance Division
July 31, 2012*

Board Meeting August 22, 2012

<i>Cash Basis</i>	July 2011	July 2012		
<i>Monthly Contributions:</i>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$21,720,066.66	\$30,416,633.03	\$8,696,566.37	40.04%
Employer Contributions	34,720,635.30	41,319,477.01	6,598,841.71	19.01%
State Revenue	<u>27,322,221.16</u>	<u>29,333,331.17</u>	<u>2,011,110.01</u>	<u>7.36%</u>
Total Retirement Receipts	83,762,923.12	101,069,441.21	17,306,518.09	20.66%
 <i>Monthly Distributions:</i>				
Retirement Benefits	94,148,022.39	96,493,328.40	2,345,306.01	2.49%
Withdrawals and Death Benefits	<u>5,025,382.14</u>	<u>4,081,425.22</u>	<u>(943,956.92)</u>	<u>-18.78%</u>
Total Benefit Payments	<u>99,173,404.53</u>	<u>100,574,753.62</u>	<u>1,401,349.09</u>	<u>1.41%</u>
Net (Receipts - Payments)	<u>(\$15,410,481.41)</u>	<u>\$494,687.59</u>	<u>\$15,905,169.00</u>	<u>-103.21%</u>
	Year to Date	Year to Date		
<i>Year to Date Contributions:</i>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>\$ Change</u>	<u>% Change</u>
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Net (Receipts - Payments)	<u>(\$15,410,481.41)</u>	<u>\$494,687.59</u>	<u>\$15,905,169.00</u>	<u>-103.21%</u>



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Monthly Retirement Status Report - August 2012

New Retirements

Type	Count	Benefit Total
Disability	11	\$ 8,783.99
Normal	177	\$ 342,461.00
Total	188	\$ 351,244.99

Terminated Retirements

33 (\$37,093.16)

Net Change

\$314,151.83

Normal Retirements
August 2012

Client Name	Estimate Ret. Date	Retirement Number	Benefit
BRENDA J GASS	8/1/2012	095493	\$1,304.10
GARY N CRUSON	8/1/2012	095496	\$1,670.84
SUSAN G BARNES	8/1/2012	095511	\$1,681.76
DEBORAH A KAY	8/1/2012	095528	\$650.44
JILL M KELSEY	8/1/2012	095529	\$1,952.30
ROBERT W KELSO	8/1/2012	095530	\$867.21
JANET C KERR	8/1/2012	095531	\$447.18
MELVIN EARL LACY JR	8/1/2012	095534	\$2,612.12
GAI T LE	8/1/2012	095535	\$95.72
JANE C LEEDY	8/1/2012	095536	\$1,700.36
GAY A LITTLEPAGE	8/1/2012	095537	\$4,844.15
SHERRIE K LOEWEN	8/1/2012	095538	\$1,771.33
RICHARD A LORMER	8/1/2012	095539	\$810.29
RONALD L LOVE	8/1/2012	095540	\$3,602.18
PATRICIA L MAKER	8/1/2012	095541	\$1,842.97
ANDREA M MANTELL	8/1/2012	095542	\$1,628.85
PAMELA J MARTIN	8/1/2012	095543	\$1,570.92
WILLIAM W MCMANUS JR	8/1/2012	095544	\$2,286.83
TRACY D MCCLOUD	8/1/2012	095547	\$2,021.55
NANCY L CHANDLER	8/1/2012	095548	\$1,002.71
TERI S MCCULLAR	8/1/2012	095550	\$2,423.24
GENEVA J CLINE	8/1/2012	095551	\$889.43
IRENE RUBLE MCEWEN	8/1/2012	095552	\$3,096.61
DEBORAH J MCINTYRE	8/1/2012	095553	\$2,727.39
PAUL F COOK	8/1/2012	095554	\$4,410.00
SANDRA GAYLE COOK	8/1/2012	095555	\$2,222.86
VICKIE L COOPER	8/1/2012	095557	\$1,940.19
KATHLEEN D CROWNOVER	8/1/2012	095558	\$657.88
HAROLD S DALLAM	8/1/2012	095559	\$729.90
CHARLES W DAVIS II	8/1/2012	095560	\$3,218.60
JUDITH K RAMPEY	8/1/2012	095562	\$1,015.68
CATHERINE E DEIST	8/1/2012	095563	\$2,782.58
DOROTHY C DEMAREE	8/1/2012	095564	\$686.08
GLENDA F DISMUKE	8/1/2012	095565	\$138.72
GRETCHEN A DIXON	8/1/2012	095566	\$798.37
JUDY K DONAHO	8/1/2012	095567	\$2,430.10
JANE DUPY	8/1/2012	095568	\$2,878.05
GERARD KEVIN DONOVAN	8/1/2012	095569	\$2,448.09
BETTY J EASON	8/1/2012	095570	\$993.76
CHARLES C ENGLAND	8/1/2012	095571	\$2,340.58
BECKY EROPKIN	8/1/2012	095572	\$359.09
DANIEL A EURICH	8/1/2012	095573	\$776.09
SANDRA L. FANNING	8/1/2012	095574	\$2,445.09
SUSAN T GARZON	8/1/2012	095575	\$1,768.52
MARGARET L FREMIN SCOTT	8/1/2012	095576	\$1,378.54
RICHARD D GIBSON	8/1/2012	095577	\$115.54
CARLA B GOBLE	8/1/2012	095578	\$2,851.61
GAIL A GOING	8/1/2012	095579	\$760.80
LINDA GOODWIN	8/1/2012	095580	\$181.19
JANET P GREEN	8/1/2012	095581	\$1,816.27
DONNA A MECHAM	8/1/2012	095582	\$2,047.63
CAROL R MEESE	8/1/2012	095583	\$569.06
DILLA J MEEH	8/1/2012	095584	\$1,854.13
PETER J MELLIN	8/1/2012	095585	\$3,045.98

Normal Retirements
August 2012

Client Name	Estimate Ret. Date	Retirement Number	Benefit
ROSEMARY A MILLHAM	8/1/2012	095589	\$650.75
G DAVID MONEY	8/1/2012	095590	\$2,945.03
JAMIE JACOBSON	8/1/2012	095592	\$2,800.58
ROBERT PAUL GREEN	8/1/2012	095593	\$2,370.70
LINDA L GUEST	8/1/2012	095594	\$1,516.22
ONA R HALE	8/1/2012	095595	\$637.81
JANICE G HAGGARD	8/1/2012	095596	\$1,779.03
ELLEN J HARDGROVE	8/1/2012	095597	\$745.75
BARBARA J HARPER	8/1/2012	095598	\$2,146.40
JUDY BETH HARTSBURG	8/1/2012	095599	\$750.86
E M HARVEY	8/1/2012	095600	\$1,174.77
DENNIS HENSLEY	8/1/2012	095601	\$3,055.46
SUSAN L. HEPNER	8/1/2012	095602	\$2,506.90
CAROLYN HILL	8/1/2012	095603	\$242.06
JONATHAN C HINES	8/1/2012	095604	\$1,339.06
SHEILA SHELDON HILL	8/1/2012	095605	\$3,271.33
NANCY R HINES	8/1/2012	095606	\$658.46
MARI B HIXON	8/1/2012	095607	\$6,861.99
LAWRENCE L HOBEROCK	8/1/2012	095608	\$2,934.82
STEPHEN D HOGAN	8/1/2012	095609	\$1,209.49
KATHRYN L HOLDER	8/1/2012	095610	\$3,318.61
LINDA J HUFF	8/1/2012	095611	\$2,190.77
MARY P HUNTER	8/1/2012	095612	\$9,350.86
HARVEY T HURT	8/1/2012	095613	\$1,441.06
DANA K JENKINS	8/1/2012	095614	\$2,042.24
DANA L JOHNS	8/1/2012	095615	\$1,960.73
BRUCE A JOHNSON	8/1/2012	095616	\$2,822.26
NANCY C JOHNSON	8/1/2012	095617	\$1,681.59
JIDLAPH G KAMOCHÉ	8/1/2012	095618	\$2,574.78
VERNA M JOHNSON	8/1/2012	095619	\$531.78
ZAHRA KARIMIPOUR	8/1/2012	095620	\$518.36
WILLIAM E KARSTEN	8/1/2012	095621	\$1,266.44
STEVE L MOORE	8/1/2012	095622	\$2,233.06
DAN R MORGAN	8/1/2012	095623	\$4,458.83
GRETCHEN M MORGAN	8/1/2012	095624	\$2,968.32
MARGARET A MOSES	8/1/2012	095625	\$1,877.99
DENNIS R MOSSER	8/1/2012	095626	\$1,743.09
SANDRA I MURRAY	8/1/2012	095627	\$1,987.47
VERNON LEE SCOGIN	8/1/2012	095628	\$2,187.96
JIM D SCHULER	8/1/2012	095629	\$2,809.04
SHARON M SCHAUB	8/1/2012	095630	\$5,953.28
BARBARA A ALVAREZ	8/1/2012	095631	\$823.43
RAFAEL T SALVATIERRA	8/1/2012	095632	\$659.67
FRANCINE R RUOKANGAS	8/1/2012	095633	\$3,021.36
SHERRY L ARNOLD	8/1/2012	095634	\$2,310.42
RHONDA G ROUSH	8/1/2012	095635	\$2,084.31
JANET L BASLER	8/1/2012	095636	\$1,171.46
DAVID L ROUSH	8/1/2012	095637	\$3,934.41
PATTI L BEAVERS	8/1/2012	095638	\$1,293.46
ELIZABETH RILEY	8/1/2012	095639	\$615.95
CLAY T BEDELL	8/1/2012	095640	\$1,878.25
REBECCA A REASNOR	8/1/2012	095641	\$2,636.39
CYNTHIA BIDACK	8/1/2012	095642	\$1,641.31
LINDA N BLANKENSHIP	8/1/2012	095643	\$4,085.15

Normal Retirements
August 2012

Client Name	Estimate Ret. Date	Retirement Number	Benefit
PATRICIA A REAGAN	8/1/2012	095644	\$2,119.61
MARY M BRENNER	8/1/2012	095645	\$2,267.82
DAVID K PINGLETON	8/1/2012	095646	\$2,073.73
LAURETTA M BUCHANAN	8/1/2012	095647	\$2,572.35
SHARON C PHILLIPS	8/1/2012	095648	\$510.85
LINDA BUCKNER	8/1/2012	095649	\$2,039.94
KAREN BUZZARD	8/1/2012	095650	\$2,170.00
KAY L CALDWELL	8/1/2012	095651	\$529.15
VERNELL CARTER	8/1/2012	095652	\$2,291.65
KATHY CASH	8/1/2012	095653	\$1,021.64
FRANK WILLIAM CHAMBERS	8/1/2012	095654	\$2,380.58
JANICE C PETTY	8/1/2012	095655	\$3,420.08
ANN M PENNINGTON	8/1/2012	095656	\$635.66
JANET PAYTON	8/1/2012	095657	\$609.96
O B PAUL	8/1/2012	095658	\$5,491.82
TOMI PALMER	8/1/2012	095659	\$885.55
SONDRA K OOTTON	8/1/2012	095660	\$214.70
BARBARA NORMAN	8/1/2012	095661	\$881.07
CYLINDA B NONAST	8/1/2012	095662	\$2,247.18
DELORES M NESTELL	8/1/2012	095663	\$570.36
JULIE E NELSON	8/1/2012	095664	\$411.11
SANDRA J WALTERS	8/1/2012	095665	\$2,277.31
DECARLA G WALLGREN	8/1/2012	095666	\$277.87
JAMES R WALL	8/1/2012	095667	\$1,395.48
LADONNA F TUMLESON	8/1/2012	095668	\$766.65
SHARON L TOLSON	8/1/2012	095669	\$1,404.55
MADELINE TIGER	8/1/2012	095670	\$582.33
RONALD A THORSON	8/1/2012	095671	\$1,084.82
DIXIE L THOMAS	8/1/2012	095672	\$1,210.84
DEBORAH THOMAS	8/1/2012	095673	\$2,299.30
ROBERT G TEETER	8/1/2012	095674	\$3,019.66
MICHAEL REED TAYLOR	8/1/2012	095675	\$2,206.73
PAULA D STEVENS	8/1/2012	095676	\$2,248.88
SUSAN ANN STEELE	8/1/2012	095677	\$3,230.05
SHERRY STANDLEE	8/1/2012	095678	\$3,105.40
GLENDA A SPARKS	8/1/2012	095679	\$1,353.56
DAVID WESLEY SPARKS	8/1/2012	095680	\$1,500.13
DAVID E SOLIDAY	8/1/2012	095681	\$2,316.01
CAROL ANN SNYDER	8/1/2012	095682	\$2,588.71
CARLENE SMITH	8/1/2012	095683	\$378.90
BEVERLY B SMITH	8/1/2012	095684	\$3,116.86
ROBERT A SMALLWOOD	8/1/2012	095685	\$1,014.34
GARRY D SKINNER	8/1/2012	095686	\$954.47
JAMES H SHAW	8/1/2012	095687	\$2,691.58
DIANA S SHAW	8/1/2012	095688	\$2,000.85
TERRY G SCOTT	8/1/2012	095689	\$3,689.97
PAMELA S ZUGELDER	8/1/2012	095690	\$1,948.84
NEIL WOMACK	8/1/2012	095691	\$2,514.01
PAMELA WINFIELD	8/1/2012	095692	\$2,268.88
MARILYNN WILLIAMS	8/1/2012	095693	\$3,214.66
RANAY L ALCORN	8/1/2012	095694	\$2,544.52
DAMON C WILLIAMS	8/1/2012	095695	\$1,559.09
JOHNNY WHITAKER	8/1/2012	095696	\$238.42
J DAVID WEMHANER	8/1/2012	095697	\$7,640.56

Disability Retirements
August 2012

Client Name	Estimate Ret. Date	Retirement Number	Benefit
ROBERT C HEDDLESTEN	8/1/2012	D095491	\$544.92
PAMELA C STORMENT	8/1/2012	D095497	\$393.10
JACKIE L SMITH	8/1/2012	D095508	\$877.45
LEWIS J SCHRIMSHER	8/1/2012	D095510	\$720.21
RHONDA K THOMPSON	8/1/2012	D095513	\$580.74
BILLY W HACKWORTH	8/1/2012	D095515	\$475.66
LESLIE M MOSS	8/1/2012	D095518	\$1,156.65
RANDY L VICKERS	8/1/2012	D095521	\$1,630.59
JAMIE S LINIHAN	8/1/2012	D095533	\$1,062.63
DEBORAH A CRULL	8/1/2012	D095588	\$911.05
MARIA A CROSLIN	8/1/2012	D095714	\$430.99

\$8,783.99

Termination Report
August 2012

Client Name	Termination Date	Retirement Number	Benefit
MARY J ARMSTRONG	8/1/2012	34278	\$573.71
CONNIE J BOEHME	8/1/2012	35872	\$1,559.79
MARY A BOUCHER	8/1/2012	41800	\$1,999.32
BARBARA J CARTER	8/1/2012	40107	\$1,659.61
MOLLIE S CONROY	8/1/2012	D02995	\$777.44
JAMES R COX	8/1/2012	36037	\$3,064.95
MINERVA CRUMP	8/1/2012	63216	\$323.97
R B DEAL	8/1/2012	23297	\$1,665.54
LOUISE C DEWITT	8/1/2012	39607	\$514.03
CATHERINE A GANN	8/1/2012	39626	\$1,460.12
EARLISSE P GREENE	8/1/2012	30577	\$1,622.88
DONALD R HORN	8/1/2012	36262	\$355.77
DANNY R KENNEDY	8/1/2012	72062	\$2,624.21
BEVERLY A KING	8/1/2012	31810	\$1,961.99
RUBY L MAXWELL	8/1/2012	29699	\$408.43
LETA D MILAM	8/1/2012	D03173	\$704.73
GEORGE R MITCHELL	8/1/2012	95523	\$798.43
RODNEY MOBBS	8/1/2012	95522	\$806.65
NEVADA H MURRAY	8/1/2012	12986	\$755.44
DONALD E MYERS	8/1/2012	54770	\$449.41
CLARA M OLDCROW	8/1/2012	32486	\$518.53
VONETTE E OWENS	8/1/2012	26343	\$404.57
FRANK J PIRAINO	8/1/2012	68695	\$356.43
SCOTT R PURYEAR	8/1/2012	95524	\$810.03
MARTHA J RECK	8/1/2012	32997	\$454.23
BILLIE W RUSSELL	8/1/2012	28474	\$1,692.51
CHERYLE D STEPHENS	8/1/2012	D01003	\$653.33
CANARA TROTTER	8/1/2012	15622	\$836.51
MARIE D WADE	8/1/2012	32569	\$1,263.17
PATTY J WEBBER	8/1/2012	38844	\$415.61
DORIS E WHITEHAIR	8/1/2012	14723	\$1,205.87
AARON G WHITWORTH	8/1/2012	26889	\$1,840.18
RONALD G WILKERSON	8/1/2012	44723	\$2,555.77
			\$37,093.16

SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2011 and Fiscal Year 2012
12 Month Year to Date Comparison

Object of Expenditure	FY-2011 YTD Actual Expenditures 6/30/2011	FY-2012 YTD Actual Expenditures 6/30/2012	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	2,187,662	1,845,245	(342,417)	-15.7%
Taxes, Benefits, and Other Expenses	1,091,611	1,100,660	9,049	0.8%
Subtotal Personal Services	3,279,273	2,945,905	(333,368)	-10.2%
Professional Services				
Investment Manager Expenses	34,185,436	34,624,455	439,019	1.3%
Investment Consultant Expenses	702,000	702,000	0	0.0%
Investment Custodian Expenses	0	0	0	0.0%
Pension Commission Expenses	47,153	63,879	16,726	35.5%
Subtotal Investment Expenses	34,934,589	35,390,334	455,745	1.3%
Legal Services - Special Projects	50,681	55,850	5,169	10.2%
Legal Services - Attorney General	51,331	51,066	(265)	-0.5%
Administrative Hearings	0	0	0	0.0%
Auditing Services	52,388	41,490	(10,898)	-20.8%
Actuarial Services	121,982	73,731	(48,251)	-39.6%
Medical Hearings	9,590	8,700	(890)	-9.3%
Miscellaneous Services	136,328	84,050	(52,278)	-38.3%
Subtotal Professional Services	422,300	314,887	(107,413)	-25.4%
Subtotal Professional Services	35,356,889	35,705,221	348,332	1.0%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	55,723	36,456	(19,267)	-34.6%
Employee Travel Expenses	51,243	45,970	(5,273)	-10.3%
Subtotal Travel and Per Diem Expenses	106,966	82,426	(24,540)	-22.9%
Administrative Expenses				
Miscellaneous Administrative Expenses	451,143	413,823	(37,320)	-8.3%
Rent Expenses	203,031	194,786	(8,245)	-4.1%
Maintenance and Repair Expenses	2,040	2,578	538	26.4%
Office Supplies and Material Expenses	41,892	49,635	7,743	18.5%
Office Furniture and Equipment Expenses	4,880	775	(4,105)	-84.1%
Subtotal Administrative Expenses	702,986	661,597	(41,389)	-5.9%
Data Processing Expenses				
Professional Services	707,443	731,757	24,314	3.4%
Travel and Per Diem Expenses	128	774	646	504.7%
Miscellaneous Administrative Expenses	42,948	6,265	(36,683)	-85.4%
Rent Expenses	31,642	10,662	(20,980)	-66.3%
Maintenance and Repair Expenses	23,952	9,792	(14,160)	-59.1%
Office Supplies and Material Expenses	16,806	5,601	(11,205)	-66.7%
Office Furniture and Equipment Expenses	10,322	50,056	39,734	384.9%
Subtotal Data Processing Expenses	833,241	814,907	(18,334)	-2.2%
Total Expenses	40,279,355	40,210,056	(69,299)	-0.2%
Totals Investment Expenses Only	34,934,589	35,390,334	455,745	1.3%
Totals Data Processing Expenses Only	833,241	814,907	(18,334)	-2.2%
Totals ex Investment and Data Processing Expenses	4,511,525	4,004,815	(506,710)	-11.2%

SCHEDULE II
Comparison of FY2012 Budget to Actual Expenses
12 Month Year to Date Comparison

Object of Expenditure	12 Month FY-2012 YTD Budget	12 Month FY-2012 YTD Actual	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	2,210,557	1,845,245	(365,312)	-16.5%
Taxes, Benefits, and Other Expenses	1,176,839	1,100,660	(76,179)	-6.5%
Subtotal Personal Services	3,387,396	2,945,905	(441,491)	-13.0%
Professional Services				
Investment Manager Expenses	44,700,000	34,624,455	(10,075,545)	-22.5%
Investment Consultant Expenses	702,000	702,000	0	0.0%
Investment Custodian Expenses	75,000	0	(75,000)	-100.0%
Pension Commission Expenses	60,000	63,879	3,879	6.5%
Subtotal Investment Expenses	45,537,000	35,390,334	(10,146,666)	-22.3%
Legal Services - Special Projects	60,000	55,850	(4,150)	-6.9%
Legal Services - Attorney General	55,000	51,066	(3,934)	-7.2%
Administrative Hearings	1,000	0	(1,000)	-100.0%
Auditing Services	46,100	41,490	(4,610)	-10.0%
Actuarial Services	150,000	73,731	(76,269)	-50.8%
Medical Hearings	20,000	8,700	(11,300)	-56.5%
Miscellaneous Services	75,650	84,050	8,400	11.1%
Subtotal Professional Services	407,750	314,887	(92,863)	-22.8%
Subtotal Professional Services	45,944,750	35,705,221	(10,239,529)	-22.3%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	78,000	36,456	(41,544)	-53.3%
Employee Travel Expenses	76,450	45,970	(30,480)	-39.9%
Subtotal Travel and Per Diem Expenses	154,450	82,426	(72,024)	-46.6%
Administrative Expenses				
Miscellaneous Administrative Expenses	535,400	413,823	(121,577)	-22.7%
Rent Expenses	229,500	194,786	(34,714)	-15.1%
Maintenance and Repair Expenses	26,500	2,578	(23,922)	-90.3%
Office Supplies and Material Expenses	70,500	49,635	(20,865)	-29.6%
Office Furniture and Equipment Expenses	117,000	775	(116,225)	-99.3%
Subtotal Administrative Expenses	978,900	661,597	(317,303)	-32.4%
Data Processing Expenses				
Professional Services	770,000	731,757	(38,243)	-5.0%
Travel and Per Diem Expenses	15,000	774	(14,226)	-94.8%
Miscellaneous Administrative Expenses	45,000	6,265	(38,735)	-86.1%
Rent Expenses	0	10,662	10,662	100.0%
Maintenance and Repair Expenses	0	9,792	9,792	100.0%
Office Supplies and Material Expenses	0	5,601	5,601	100.0%
Office Furniture and Equipment Expenses	35,000	50,056	15,056	43.0%
Subtotal Data Processing Expenses	865,000	814,907	(50,093)	-5.8%
Total Expenses	51,330,496	40,210,056	(11,120,440)	-21.7%
Totals Investment Expenses Only	45,537,000	35,390,334	(10,146,666)	-22.3%
Totals Data Processing Expenses Only	865,000	814,907	(50,093)	-5.8%
Totals ex Investment and Data Processing Expenses	4,928,496	4,004,815	(923,681)	-18.7%