



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INVESTMENT COMMITTEE MEETING

AUGUST 26, 2013

10:00 AM

MEETING MATERIALS

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE MEMBERS:

Chair: Bill Peacher

James Dickson, Vernon Florence, Roger Gaddis, Jill Geiger, Gary Trennepohl

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Monday, August 26, 2013 – 10:00 AM
Embassy Suites Hotel & Conference Center – University A & B Conference Room
2501 Conference Dr
Norman, OK 73069

AGENDA

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. DISCUSSION AND POSSIBLE ACTION ON ASSET ALLOCATION**
- 4. DISCUSSION AND POSSIBLE ACTION ON REAL ESTATE PORTFOLIO**
- 5. DISCUSSION AND POSSIBLE ACTION ON PASSIVE INTERNATIONAL EQUITY RFP**
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT STAFF QUARTERLY REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON 403(b) QUARTERLY REPORT**
- 9. DISCUSSION AND POSSIBLE ACTION ON 403(b) CONTRACT**
- 10. DISCUSSION AND POSSIBLE ACTION ON PRIVATE EQUITY COMMITMENT PROCESS**
- 11. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 12. ADJOURNMENT**

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July 2013 - Market Performance Update

Equity Market Enjoys a Healthy Recovery

Equity Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	4.1	22.4	17.1	9.4
NASDAQ (prc chg only)	6.6	23.4	17.2	9.3
S&P 500 cap weighted	5.1	25.0	17.7	8.3
S&P 500 equal weighted	5.5	33.1	19.2	11.8
S&P Mid Cap	6.2	33.0	19.2	10.6
S&P Small Cap	6.8	34.8	20.5	11.0
S&P REIT	1.0	8.2	15.1	7.1
Russell 1000 Growth	5.3	21.6	18.0	9.0
Russell 1000 Value	5.4	30.7	18.0	7.9
Russell Mid Cap Growth	6.2	30.7	19.3	9.8
Russell Mid Cap Value	5.3	33.7	18.7	10.3
Russell 2000 Growth	7.6	35.4	20.3	10.0
Russell 2000 Value	6.4	34.2	17.1	8.9
Russell Top 200	5.2	23.7	17.6	7.9
Russell 1000	5.4	26.2	18.0	8.5
Russell Mid Cap	5.8	32.4	19.0	10.1
Russell 2500	6.5	34.7	19.4	10.5
Russell 2000	7.0	34.8	18.7	9.5
MSCI World Ex US	5.3	21.8	8.1	0.9
MSCI World Ex US Growth	4.7	20.2	8.7	0.7
MSCI World Ex US Value	6.0	23.3	7.5	1.1
MSCI EAFE	5.3	23.5	8.6	1.1
MSCI Emerging Markets	1.0	2.0	1.0	0.6

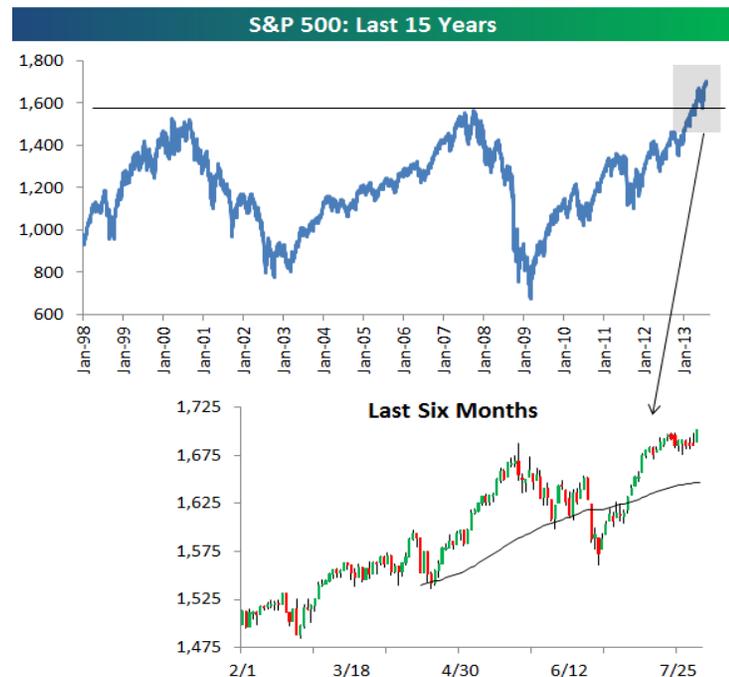
Equities rebounded during July while bonds earned modest gains or losses as interest rates inched higher. Domestic and international equities outperformed U.S. fixed income by wide margins.

Domestic value equity returns were mixed by style. Large cap value edged large cap growth. Mid cap and small cap growth outperformed their value counterparts during the month. Trailing year returns were extremely strong. Trailing five year returns have recently improved to more than 10% for several market segments.

Fixed income returns struggled during July as long term interests rose again during the month. Bond investors have had a difficult time as interest rates have risen and yield spreads have expanded. Second quarter GDP growth was reported as 1.7% while unemployment declined slightly.

Bond Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.2
BC Long Treasury	-1.9	-12.9	5.5	7.2
BC US Agg	0.1	-1.9	3.2	5.2

S&P 500 Sector Weightings (%)					
Sector	3/9/2009	12/31/2012	Current	Bull Market	YTD
Technology	17.84	18.95	17.72	-0.13	-1.23
Financials	8.58	15.63	16.72	8.14	1.09
Health Care	16.11	12.05	12.97	-3.14	0.92
Cons. Disc.	8.31	11.40	12.18	3.86	0.78
Energy	14.05	11.04	10.51	-3.53	-0.53
Cons. Staples	13.90	10.64	10.41	-3.49	-0.23
Industrials	9.46	10.13	10.28	0.81	0.15
Materials	3.18	3.62	3.31	0.13	-0.32
Utilities	4.43	3.47	3.31	-1.12	-0.16
Telecom	4.14	3.07	2.58	-1.56	-0.49



Manager Profile - Loomis Sayles Core Plus



Asset Class: Core Plus Fixed Income
 Status: **In Compliance**
 Portfolio Size: \$611,238,112
 Inception Date: 8/1/1999
 Initial Funding: \$280,155,336
 Subsequent Funding: -\$109,871,664
 Annual Management Fee: 0.15%
 Location: Boston, Massachusetts
 Structure: Wholly-owned by NATIXIS
 Portfolio Management Team: Peter W. Palfrey
 Rick Raczkowski

Notes:

Loomis manages their Core Plus mandate with a long-term preference for the yield advantage offered by corporate bonds. Their portfolios are diversified among major core and non-core sectors of the fixed income market. Interest rate strategies are employed to exploit or avoid interest rate risk.

This fund has provided strong returns since inception.

Represented by: Peter W. Palfrey
 Kenneth Johnson

Founded: 1926
 AUM: \$188 billion
 Core Plus AUM: \$1.5 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Loomis Sayles	7.1	10.0	6.7	1.3	-4.5	0.5
Barclays Capital Aggregate	5.7	5.2	3.2	-1.9	-3.2	0.1

Risk Characteristics	Avg. Number of Issues	Credit Quality	Modified Duration	Time to Maturity	Average Coupon
Loomis Sayles	366	BBB	6.9	10.3	5.0%
Barclays Capital Aggregate	413	A	5.1	-	4.0%

Manager Profile - Lord Abbett Core Plus

Asset Class:	Core Plus Fixed Income
Status:	In Compliance
Portfolio Size:	\$580,124,690
Inception Date:	11/1/2004
Initial Funding:	\$242,597,217
Subsequent Funding:	-\$92,465,450
Annual Management Fee:	0.17%
Location:	Jersey City, New Jersey
Structure:	Independent Firm
Portfolio Management Team:	Robert A. Lee Walter H. Prah Andrew H. O'Brien Jerald M. Lanzotti Kewjin Yuoh
Represented by:	Frank Paone Tom McDonald Kewjin Yuoh

Notes:

Lord Abbett uses a highly disciplined investment process. The team attempts to add value through fundamental and quantitative research. Process seeks relative value. Several strategies are employed to create diverse alpha sources. Models are used to optimize high yield portfolio is managed in a rigorous process that focuses on individual company and credit analysis.

The fund has provided strong returns since inception.

Founded:	1929
AUM:	\$137 billion
Core Plus AUM:	\$3.3 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Lord Abbett	6.2	7.6	5.3	0.7	-3.4	0.2
Barclays Capital Aggregate	4.7	5.2	3.2	-1.9	-3.2	0.1

Risk Characteristics	Avg. Number of Issues	Credit Quality	Modified Duration	Time to Maturity	Average Coupon
Lord Abbett	422	AA	5.1	7.2	4.3%
Barclays Capital Aggregate	413	A	5.1	-	4.0%

Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,756,340,887	22.4%	17.0%	5.4%	Excess allocation bound for Private Equity
Mid Cap	1,778,905,650	14.5%	13.0%	1.5%	
Small Cap	1,213,923,049	9.9%	10.0%	-0.1%	
Total Domestic Equity	5,749,169,586	46.8%	40.0%	6.8%	
Large Cap International Equity	1,357,088,685	11.0%	11.5%	-0.5%	
Small Cap International Equity	448,334,401	3.6%	6.0%	-2.4%	
Total International Equity	1,805,422,954	14.7%	17.5%	-2.8%	
Core Fixed Income	2,336,176,894	19.0%	17.5%	1.5%	
High Yield Bonds	617,681,817	5.0%	6.0%	-1.0%	
MLPs	753,781,357	6.1%	7.0%	-0.9%	
Private Equity	255,109,831	2.1%	5.0%	-2.9%	
Real Estate	530,077,146	4.3%	7.0%	-2.7%	
Opportunistic Assets	142,794,595	1.2%	0.0%	1.2%	
Total Non-Core Assets	2,299,444,746	18.7%	25.0%	-6.3%	
Cash	101,177,431	0.8%	0.0%	0.8%	
Composite	12,291,430,932	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of July 31, 2013

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	12,291,430,932	12/1/1991	21.7	9.6	9.1	8.8	13.6	21.3	4.2	3.6	4.2
Total Fund (Net of Fees)				9.2	8.7	8.4	13.2	21.0	3.8	3.5	4.2
<i>Allocation Index</i>				9.3	8.0	7.2	12.6	17.2	3.4	2.1	3.4
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	5,749,169,586 46.8%	4/1/1990	23.3	10.8	9.5	9.6	18.6	34.2	6.4	9.3	6.4
<i>S&P 500</i>				9.4	7.6	8.3	17.7	25.0	5.1	6.1	5.1
Total All Cap Equity	795,815,659 6.5%	9/1/2006	6.9	6.4	-	8.5	17.5	28.0	5.2	7.7	5.2
<i>Russell 3000</i>				6.4	-	8.6	18.1	26.9	5.5	6.6	5.5
Total Large Cap Active Equity	933,178,438 7.6%	1/1/1995	18.6	10.2	8.2	8.2	19.3	32.0	5.9	7.6	5.9
<i>S&P 500</i>				9.3	7.6	8.3	17.7	25.0	5.1	6.1	5.1
Total Mid Cap Equity	1,778,905,650 14.5%	11/1/1998	14.8	10.1	12.0	12.2	20.8	39.4	7.5	11.2	7.5
<i>Russell Mid Cap</i>				9.4	10.9	10.1	19.0	32.4	5.8	6.8	5.8
Total Small Cap Equity	1,213,923,049 9.9%	2/1/1998	15.5	9.2	9.9	9.8	16.2	40.5	6.7	12.5	6.7
<i>Russell 2000</i>				7.3	9.6	9.5	18.7	34.8	7.0	10.7	7.0
Total International Equity	1,381,876,416 11.2%	2/1/1998	15.5	9.1	9.2	2.9	9.6	24.6	5.4	1.3	5.4
<i>MSCI ACWI ex-US</i>				-	9.3	1.3	6.9	17.5	4.4	-2.3	4.4
Core Fixed Income (ex- High Yield)	2,336,176,894 19.0%	4/1/1990	23.3	7.3	6.4	8.0	6.0	-1.1	0.1	-4.5	0.1
<i>Barclays Aggregate</i>				4.7	-	5.2	3.2	-1.9	0.1	-3.2	0.1
Master Limited Partnerships	753,781,357 6.1%	2/28/2011	2.4	19.3	-	-	-	34.0	0.9	3.3	0.9
<i>Alerian MLP Index</i>				14.6	-	-	-	21.6	-0.5	0.5	-0.5
High Yield Fixed Income	617,681,817 5.0%	2/1/2009	4.5	16.9	-	-	10.2	10.7	1.6	-1.8	1.6
<i>ML High Yield II</i>				18.5	-	-	9.9	9.5	1.9	-1.3	1.9
Core Real Estate	530,077,146 4.3%	4/1/2011	2.3	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-
Cash	101,177,431 0.8%	4/1/1990	23.3	-	-	-	-	-	-	-	-
<i>91 Day T-bill</i>				-	1.7	0.3	0.1	0.1	0.1	0.0	0.0

Equity Portfolios Summary

As of July 31, 2013

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Hotchkis & Wiley Large Cap	488,871,518	4/1/1990	23.3	10.9	8.4	10.8	19.4	39.9	6.1	9.1	6.1
Russell 1000 Value	4.0%			10.0	8.2	7.9	18.0	30.7	5.4	7.2	5.4
Sawgrass	444,306,920	7/1/2006	7.1	7.6	-	9.1	19.3	24.3	5.8	6.0	5.8
Russell 1000 Growth	3.6%			7.7	-	9.0	18.0	21.6	5.3	5.2	5.3
ARI All Cap	401,216,930	9/1/2006	6.9	5.6	-	9.2	17.1	27.8	5.2	7.7	5.2
Russell 3000 Value	3.3%			6.4	-	8.6	18.1	26.9	5.5	6.6	5.5
EPOCH All Cap	394,598,729	9/1/2006	6.9	7.1	-	7.8	17.7	28.2	5.3	7.6	5.3
Russell 3000 Value	3.2%			6.4	-	8.6	18.1	26.9	5.5	6.6	5.5
NT Cap Weighted Passive	512,950,585	4/1/2012	1.3	17.9	-	-	-	24.9	5.1	6.0	5.1
S&P 500 Cap Weighted	4.2%			17.0	7.6	8.3	17.7	25.0	5.1	6.1	5.1
SSGA Eq Weighted Passive	514,396,206	4/1/2012	1.3	21.7	-	-	-	32.9	5.5	7.2	5.5
S&P 500 Equal Weighted	4.2%			-	10.5	11.8	19.2	33.1	5.5	7.2	5.5
Frontier Capital	440,604,946	6/1/2002	11.2	10.0	12.0	10.5	18.9	29.2	7.2	7.8	7.2
Russell Mid Cap Growth	3.6%			9.0	10.2	9.8	19.3	30.7	6.2	7.7	6.2
Wellington Management	384,777,020	9/1/1998	14.9	10.3	10.6	8.9	16.6	39.6	7.5	13.4	7.5
Russell Mid Cap Growth	3.1%			8.6	10.2	9.8	19.3	30.7	6.2	7.7	6.2
AJO Partners	441,269,535	8/1/1998	15.0	10.8	11.4	11.0	21.2	37.4	7.0	9.6	7.0
Russell MidCap	3.6%			9.0	10.9	10.1	19.0	32.4	5.8	6.8	5.8
Hotchkis & Wiley Mid Cap	512,254,149	8/1/2002	11.0	14.7	13.6	19.0	26.1	51.2	8.1	14.1	8.1
Russell MidCap Value	4.2%			11.4	11.2	10.3	18.7	33.7	5.3	5.9	5.3
Shapiro Capital Management	541,400,224	2/1/1998	15.5	10.3	13.0	14.2	18.7	40.3	6.4	12.0	6.4
Russell 2000	4.4%			8.4	9.5	8.9	17.1	34.2	6.4	9.2	6.4
Geneva Capital	170,256,184	6/1/2013	0.2	6.9	-	-	-	-	6.8	6.9	6.8
Russell 2000 Growth	1.4%			-	-	-	-	-	6.4	9.2	6.4
Wasatch Advisors	168,142,604	6/1/2013	0.2	4.1	-	-	-	-	6.6	4.1	6.6
Russell 2000 Growth	1.4%			-	-	-	-	-	6.4	9.2	6.4
Cove Street Capital	95,821,901	6/1/2013	0.2	5.8	-	-	-	-	7.3	5.8	7.3
Russell 2000 Value	0.8%			-	-	-	-	-	6.4	9.2	6.4
Frontier Capital	138,341,556	6/1/2013	0.2	3.5	-	-	-	-	7.4	3.5	7.4
Russell 2000 Value	1.1%			-	-	-	-	-	6.4	9.2	6.4
Neumeier Poma	99,960,579	6/1/2013	0.2	10.9	-	-	-	-	7.4	10.9	7.4
Russell 2000 Value	0.8%			-	-	-	-	-	6.4	9.2	6.4
Brandes - Terminated	832,429	2/1/1996	17.5	-	-	-	-	-	-	-	-
MSCI ACWI Ex US	0.0%			-	8.8	0.8	6.4	17.0	4.4	-2.5	4.4
Causeway Capital	482,949,273	5/1/2003	10.3	10.7	9.8	4.2	10.8	24.5	5.5	2.4	5.5
MSCI ACWI Ex US	3.9%			9.8	8.8	0.8	6.4	17.0	4.4	-2.5	4.4
International Transition Account	423,546,538	2/1/1996	17.5	-	-	-	-	-	-	-	-
MSCI ACWI Ex US	3.6%			-	8.8	0.8	6.4	17.0	4.4	-2.5	4.4
Thornburg	449,753,389	12/1/2005	7.7	6.8	-	3.3	8.5	17.2	5.2	0.4	5.2
MSCI ACWI Ex US	3.7%			4.4	8.8	0.8	6.4	17.0	4.4	-2.5	4.4
ARI Small Cap International	108,776,717	12/1/2011	1.7	18.8	-	-	-	26.9	3.8	1.1	3.8
MSCI EAFE Small Cap	0.9%			18.1	10.7	4.7	11.0	27.7	6.1	-0.2	6.1
Epoch Small Cap International	108,489,693	12/1/2011	1.7	18.0	-	-	-	29.2	6.7	3.2	6.7
MSCI EAFE Small Cap	0.9%			18.1	10.7	4.7	11.0	27.7	6.1	-0.2	6.1
Wasatch Small Cap International	116,486,138	12/1/2011	1.7	30.7	-	-	-	37.0	6.1	0.5	6.1
MSCI EAFE Small Cap	0.9%			18.1	10.7	4.7	11.0	27.7	6.1	-0.2	6.1
Wellington Small Cap International	114,581,852	12/1/2011	1.7	26.0	-	-	-	34.4	5.5	2.3	5.5
MSCI EAFE Small Cap	0.9%			18.1	10.7	4.7	11.0	27.7	6.1	-0.2	6.1

Fixed Income Portfolios Summary

As of July 31, 2013



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Loomis Sayles	611,238,112	8/1/1999	14.0	7.1	7.8	10.0	6.7	1.3	0.5	-4.5	0.5
<i>Barclays Aggregate</i>	5.0%			5.7	4.9	5.2	3.2	-1.9	0.1	-3.2	0.1
Lord Abbett	580,124,690	11/1/2004	8.8	6.2	-	7.6	5.3	0.7	0.2	-3.4	0.2
<i>Barclays Aggregate</i>	4.7%			4.7	-	5.2	3.2	-1.9	0.1	-3.2	0.1
Mackay Shields	599,031,874	11/1/2004	8.8	6.5	-	8.4	6.7	2.7	0.7	-2.6	0.7
<i>Barclays Aggregate</i>	4.9%			4.7	-	5.2	3.2	-1.9	0.1	-3.2	0.1
Hoisington	256,681,027	11/1/2004	8.8	7.5	-	8.3	6.5	-17.1	-2.7	-13.7	-2.7
<i>Barclays Aggregate</i>	2.1%			4.7	-	5.2	3.2	-1.9	0.1	-3.2	0.1
Stephens	289,101,190	11/1/2004	8.8	4.7	-	4.7	2.3	-0.6	0.3	-1.5	0.3
<i>Barclays Aggregate</i>	2.4%			4.7	-	5.2	3.2	-1.9	0.1	-3.2	0.1
Loomis Sayles High Yield	200,933,046	2/1/2009	4.5	16.8	-	-	9.1	11.1	0.9	-3.7	0.9
<i>Merrill Lynch High Yield II</i>	1.6%			18.5	-	-	9.9	9.5	1.9	-1.3	1.9
Lord Abbett High Yield	210,591,215	2/1/2009	4.5	17.9	-	-	11.4	12.4	2.1	-0.8	2.1
<i>Merrill Lynch High Yield II</i>	1.7%			18.5	-	-	9.9	9.5	1.9	-1.3	1.9
Mackay Shields High Yield	206,157,556	2/1/2009	4.5	15.9	-	-	10.1	8.6	1.7	-0.8	1.7
<i>Merrill Lynch High Yield II</i>	1.7%			18.5	-	-	9.9	9.5	1.9	-1.3	1.9

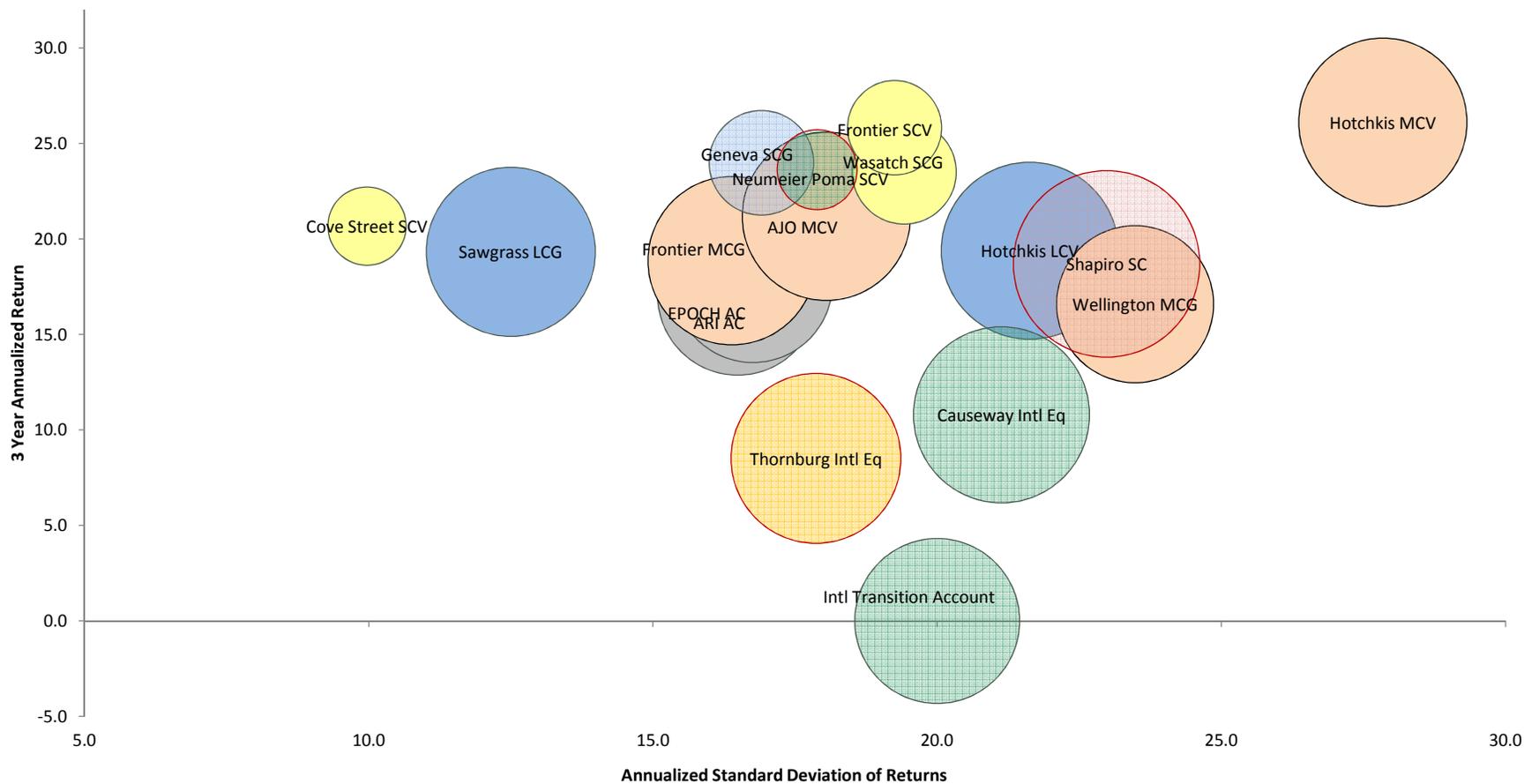
Non-Traditional Portfolios Summary

As of July 31, 2013



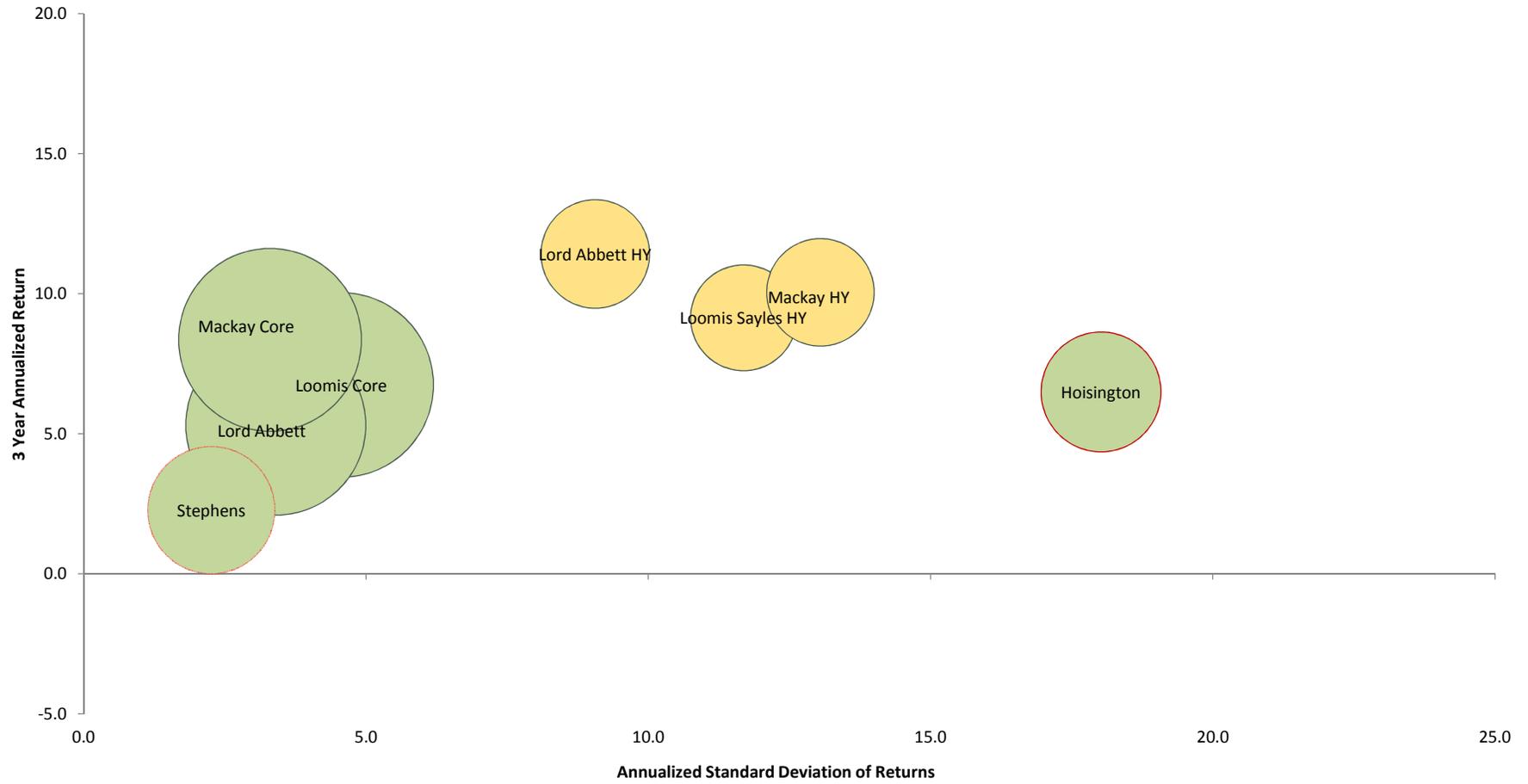
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Chickasaw Capital MLP	213,911,143	2/28/2011	2.4	25.7	-	-	-	42.1	0.3	2.3	0.3
<i>Alerian MLP Index</i>	1.7%			14.6	-	-	-	21.6	-0.5	0.5	-0.5
Cushing MLP Management	189,238,068	2/28/2011	2.4	19.0	-	-	-	37.7	0.9	3.7	0.9
<i>Alerian MLP Index</i>	1.5%			14.6	-	-	-	21.6	-0.5	0.5	-0.5
FAMCO MLP	350,632,146	2/28/2011	2.4	15.4	-	-	-	27.6	1.2	3.7	1.2
<i>Alerian MLP Index</i>	2.9%			14.6	-	-	-	21.6	-0.5	0.5	-0.5
Legacy Private Equity Portfolio	73,469,237	10/1/2008	4.8	-	-	-	-	-	-	-	-
Franklin Park Private Equity	181,640,594	4/1/2010	3.3	-	-	-	-	-	-	-	-
Total Private Equity %	2.1%										
AEW Real Estate	176,850,639	5/1/2011	2.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.4%			-	-	-	-	-	-	-	-
Heitman Real Estate	185,778,492	5/1/2011	2.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
L&B Real Estate	167,448,015	4/1/2011	2.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.4%			-	-	-	-	-	-	-	-
PIMCO Distressed Mortgage II	38,748	12/1/2008	4.7	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.0%			-	-	-	-	-	-	-	-
PIMCO BRAVO	135,297,603	3/31/2011	2.3	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	1.1%			-	-	-	-	-	-	-	-
PIMCO BRAVO II	7,458,244	3/31/2013	0.3	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.1%			-	-	-	-	-	-	-	-

Three Year Risk/Return Review - Equity Portfolios



1 Actual OTRS results used when available, composite when necessary.

Three Year Risk/Return Review - Fixed Income Portfolios



1 Actual OTRS results used when available, composite when necessary.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

International Large Cap Passive Equity Search

August, 2013

RFP Responses Received

1. Alliance Bernstein
2. BNY Mellon
3. Comerica
4. Northern Trust
5. Quantitative Management Associates
6. RhumbLine
7. State Street
8. Vanguard (late)



Submission Notes

- Alliance Bernstein was eliminated due to high tracking error.
- Comerica was eliminated due to high tracking error.
- Quantitative Management's listed annualized returns were as of 12/31/2012, when they were requested as of 6/30/2013. They were not marked as of 12/31/2012 in the RFP response. Quantitative Management was eliminated due to high fees.
- RhumbLine was not included in the following analysis due to the lack of track record. Their MSCI Emerging Markets index inception date is 1/30/2013. The inception date for their S&P ADR Index is 2/26/2010.
- Vanguard's response arrived on Monday, August 12th, past the deadline of 4 pm the previous Friday, August 9th.



Performance Comparison: Passive MSCI EAFE Managers

	BNY Mellon	Northern Trust	MSCI EAFE
Quarter	-0.78%	-0.77%	-0.98%
One Year	19.02%	19.03%	18.62%
Three Year	10.56%	10.39%	10.04%
Five Year	-0.22%	-0.31%	-0.63%
Seven Year	1.75%	1.72%	1.37%
Ten Year	8.03%	8.02%	7.67%
Fifteen Year	3.95%	3.93%	3.63%

* Returns shown are gross of fees.



Performance Comparison: Passive MSCI ACWI ex US Managers

	BNY Mellon	Northern Trust	State Street	MSCI ACWI ex US	FTSE Global All Cap ex US
Quarter	-2.93%	-2.95%	-2.97%	-3.12%	-2.79%
One Year	13.94%	13.97%	13.88%	13.63%	14.43%
Three Year	8.35%	8.24%	8.20%	7.99%	8.55%
Five Year	-0.58%	-0.57%	-0.60%	-0.80%	-0.08%
Seven Year	-	2.37%	2.39%	2.18%	2.99%
Ten Year	-	-	8.83%	8.62%	9.41%
Fifteen Year	-	-	-	-	5.38%

* Returns shown are gross of fees.



Performance Comparison: All Passive International Managers

	(ACWI ex US)/FTSE Global All Cap ex US Managers				MSCI EAFE Managers		
	BNY Mellon	Northern Trust	State Street	MSCI ACWI ex US	BNY Mellon	Northern Trust	MSCI EAFE
Quarter	-2.93%	-2.95%	-2.97%	-3.12%	-0.78%	-0.77%	-0.98%
One Year	13.94%	13.97%	13.88%	13.63%	19.02%	19.03%	18.62%
Three Year	8.35%	8.24%	8.20%	7.99%	10.56%	10.39%	10.04%
Five Year	-0.58%	-0.57%	-0.60%	-0.80%	-0.22%	-0.31%	-0.63%
Seven Year	-	2.37%	2.39%	2.18%	1.75%	1.72%	1.37%
Ten Year	-	-	8.83%	8.62%	8.03%	8.02%	7.67%
Fifteen Year	-	-	-	-	3.95%	3.93%	3.63%

* Returns shown are gross of fees.



Initial Fee Analysis, on \$430 Million Proposed Investment

BNY Mellon	Northern Trust		State Street
MSCI EAFE & MSCI ACWI ex US	MSCI ACWI ex US	MSCI EAFE	MSCI ACWI ex US
<ul style="list-style-type: none"> • 6 bps on the first \$50 million • 4 bps on the remaining 	<ul style="list-style-type: none"> • 10 bps on the first \$200 million • 8 bps on the remaining 	<ul style="list-style-type: none"> • 6 bps on the first \$200 million • 4 bps on the remaining 	<ul style="list-style-type: none"> • 9.5 bps on the first \$100 million • 8.5 bps on the next \$150 million • 7 bps on the next \$250 million • 6 bps on the remaining
<p>Annual Fee: \$182,000</p>	<p>Annual Fee: \$384,000</p>	<p>Annual Fee: \$212,000</p>	<p>Annual Fee: \$348,500</p>



Best and Final Fee Analysis, on \$430 Million Proposed Investment

BNY Mellon		Northern Trust		State Street
MSCI ACWI ex US	MSCI EAFE	MSCI ACWI ex US	MSCI EAFE	MSCI ACWI ex US
<ul style="list-style-type: none"> 5 bps on all assets 	<ul style="list-style-type: none"> 4 bps on the first \$100 million 3 bps on the remaining 	<ul style="list-style-type: none"> 8 bps on the first \$200 million 6 bps on the remaining 	<ul style="list-style-type: none"> 5 bps on the first \$200 million 3 bps on the remaining 	<ul style="list-style-type: none"> 9 bps on the first \$100 million 7 bps on the next \$150 million 5.5 bps on the remaining
Annual Fee: \$215,000	Annual Fee: \$139,000	Annual Fee: \$298,000	Annual Fee: \$169,000	Annual Fee: \$294,000

Please note: Mellon and SSGA require a minimum investment of \$400 million for their discounted fee structure.



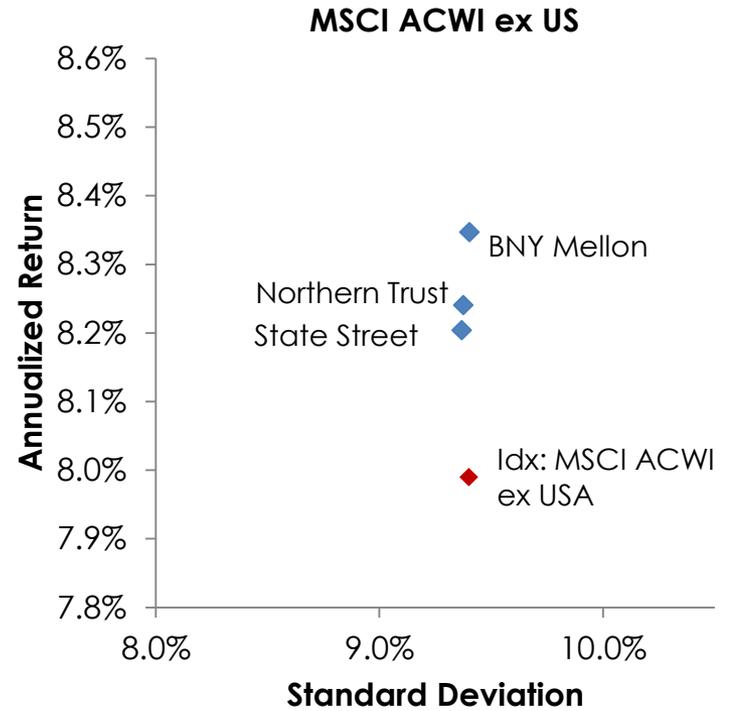
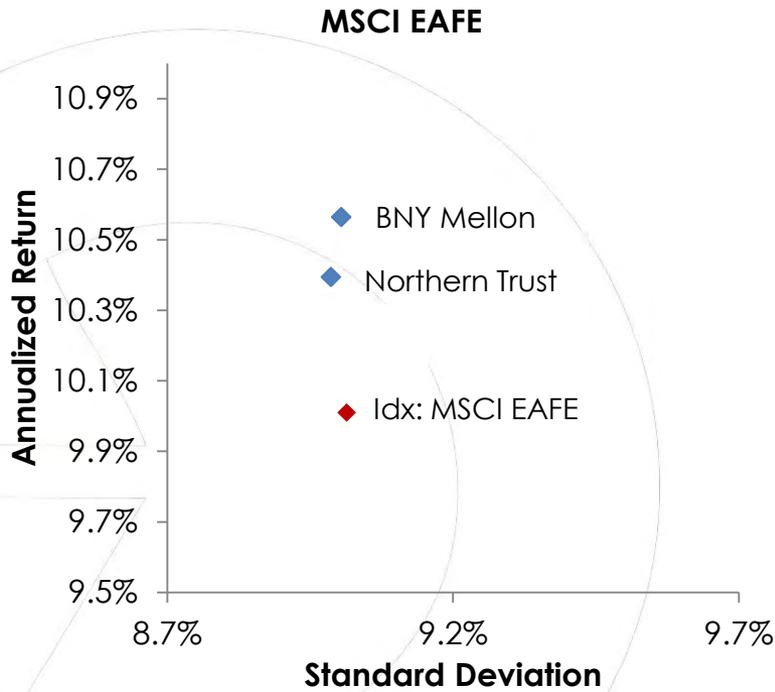
Sharpe Ratio Comparison, Three Year

Manager (MSCI EAFE)	Sharpe Ratio	Correlation to Index
BNY Mellon	1.17	99.65%
Northern Trust	1.16	99.98%

Manager (MSCI ACWI ex US/FTSE Global All Cap ex US)	Sharpe Ratio	Correlation to Index
BNY Mellon	0.89	99.93%
Northern Trust	0.88	99.99%
State Street	0.88	100.00%



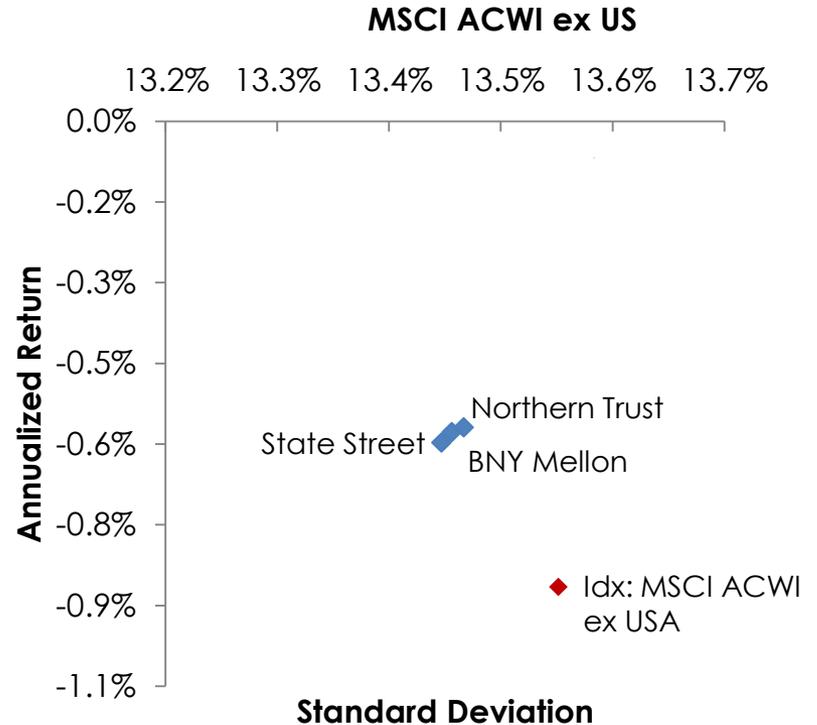
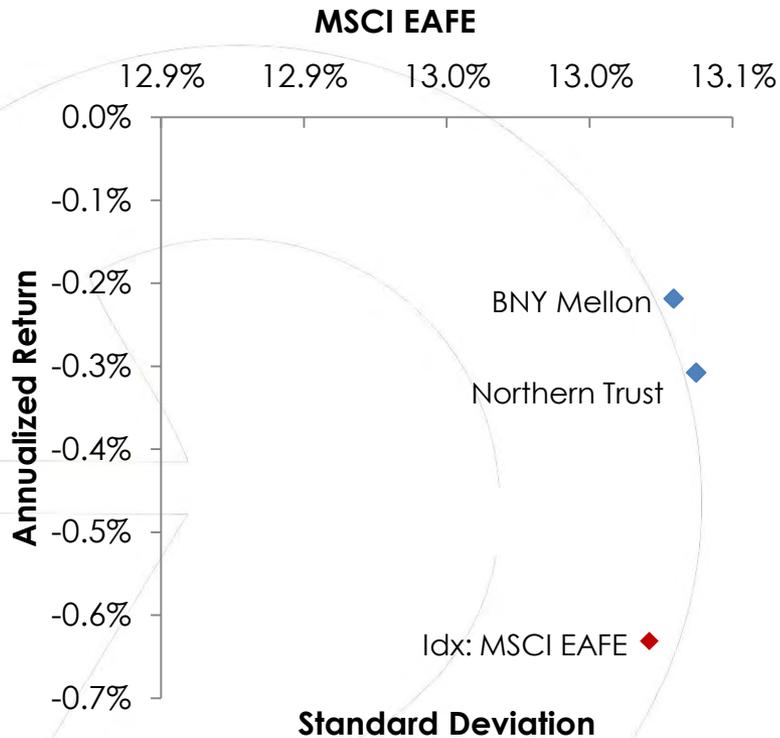
Risk Return Comparison, Three Year



* Please note differences in scale.

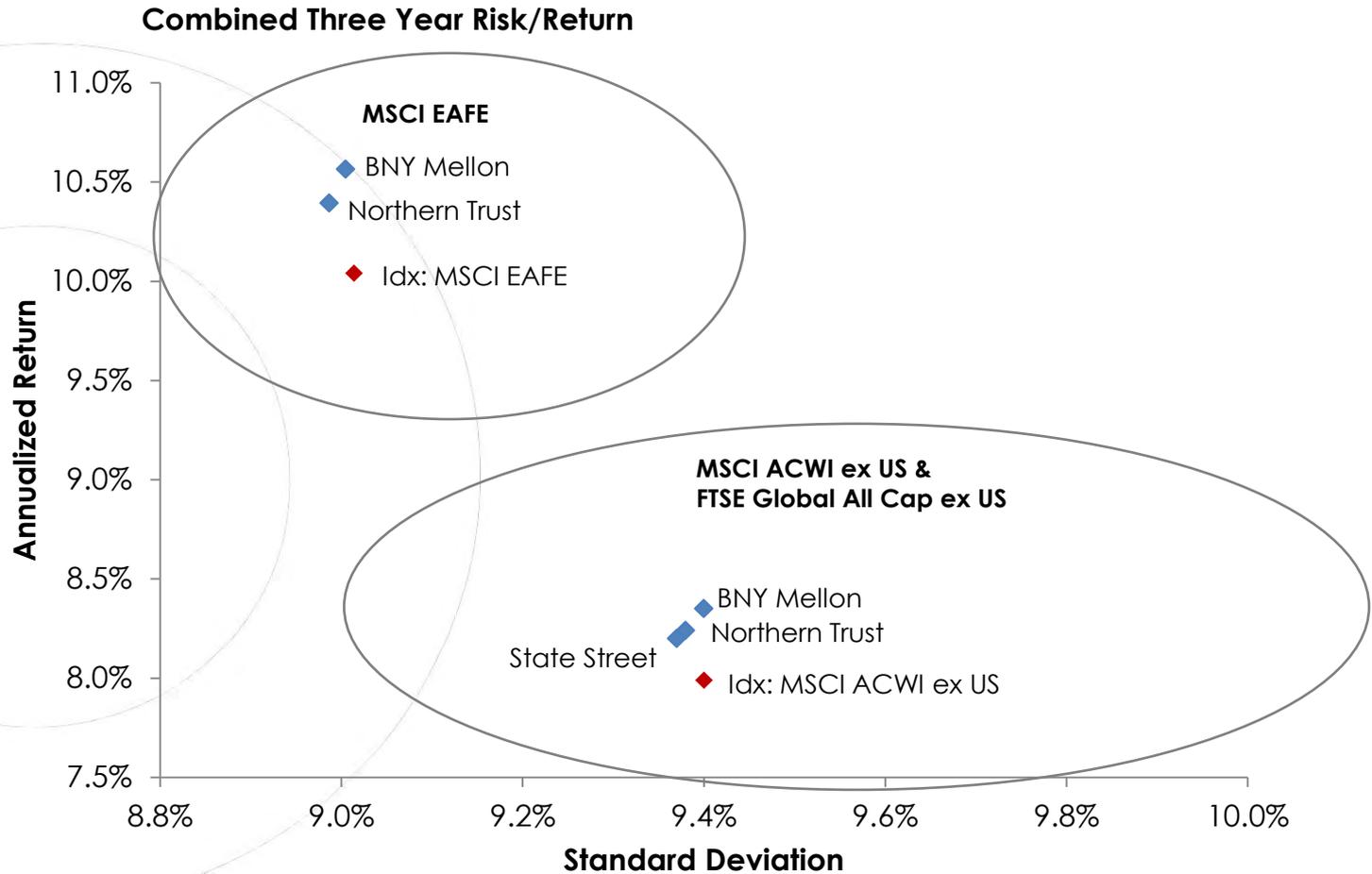


Risk Return Comparison, Five Year

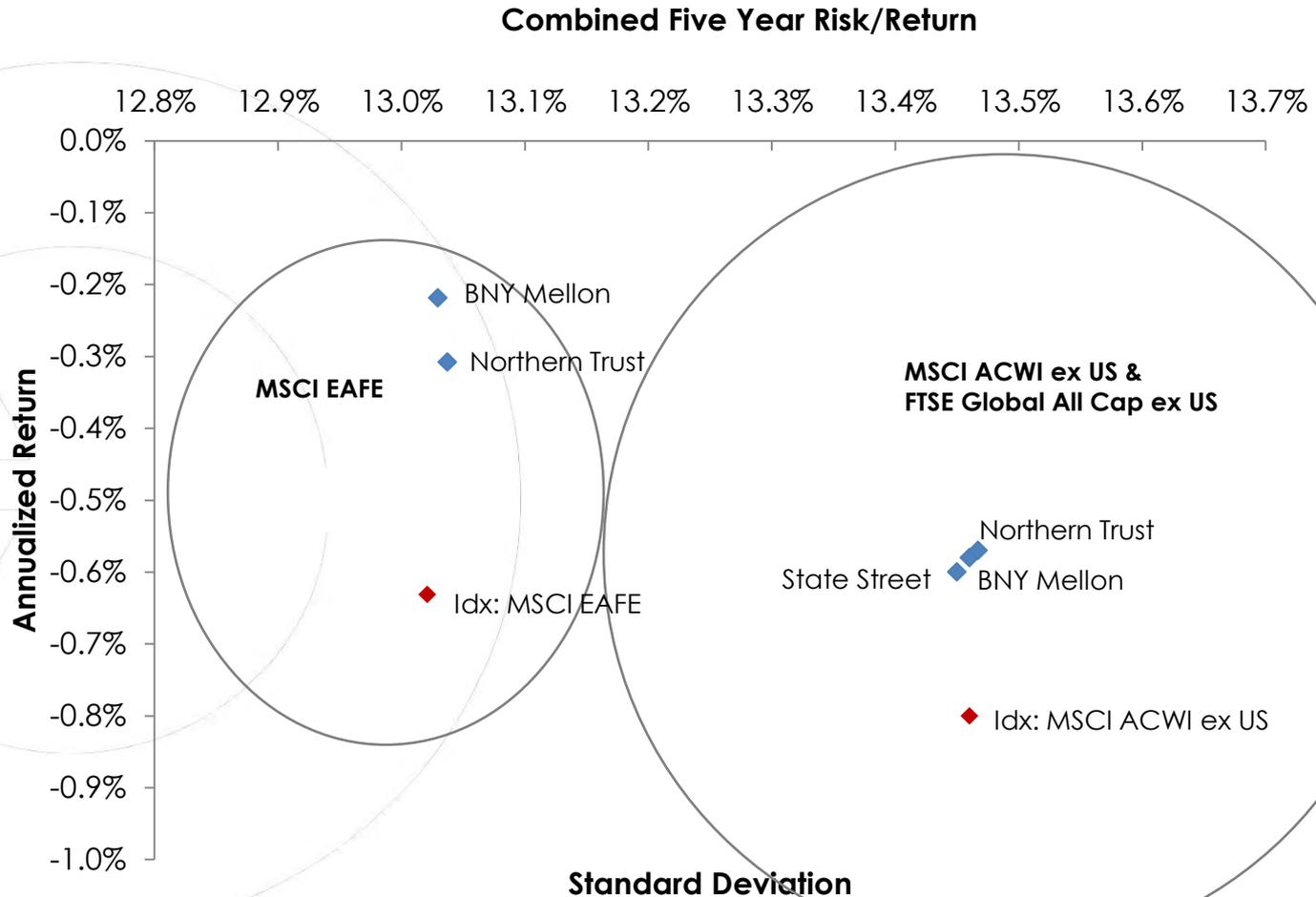


* Please note differences in scale.

Risk Return Comparison, Three Year Combined



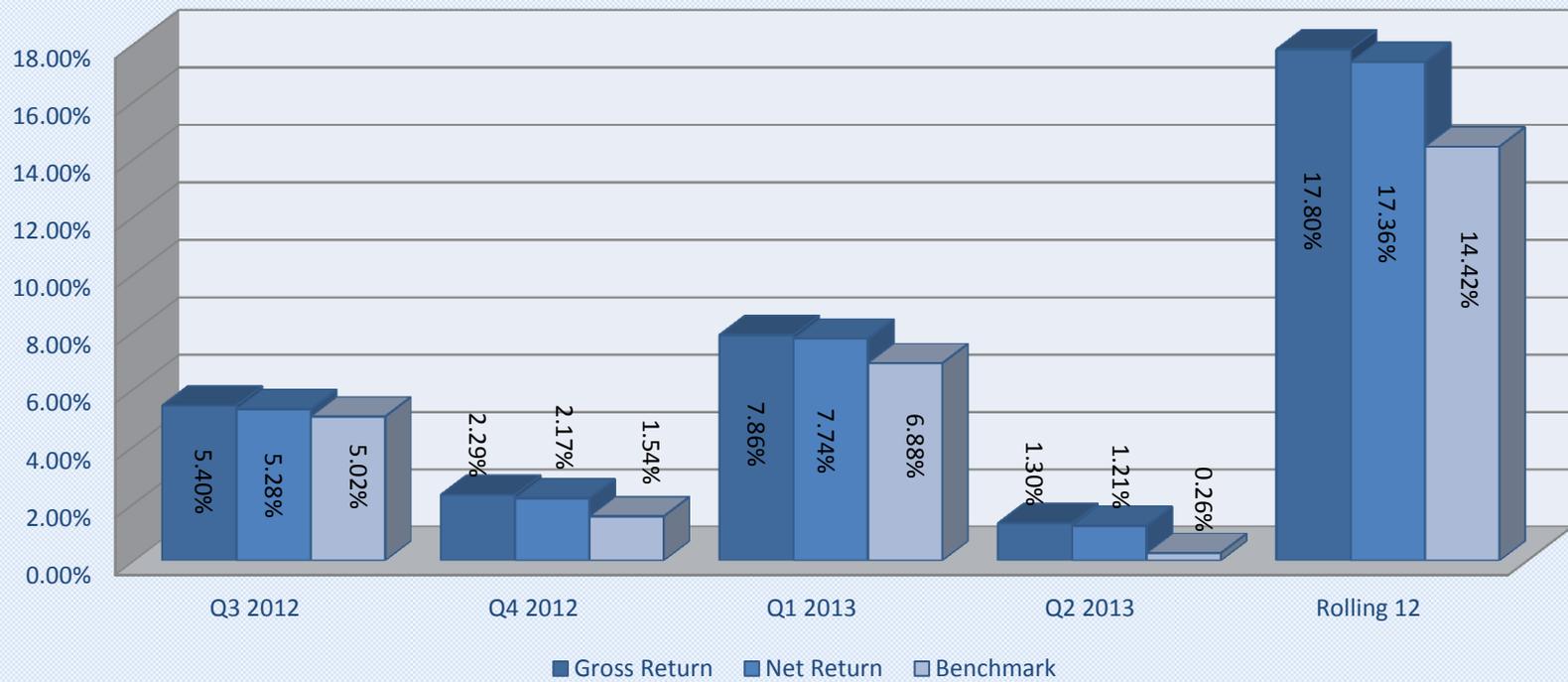
Risk Return Comparison, Five Year Combined

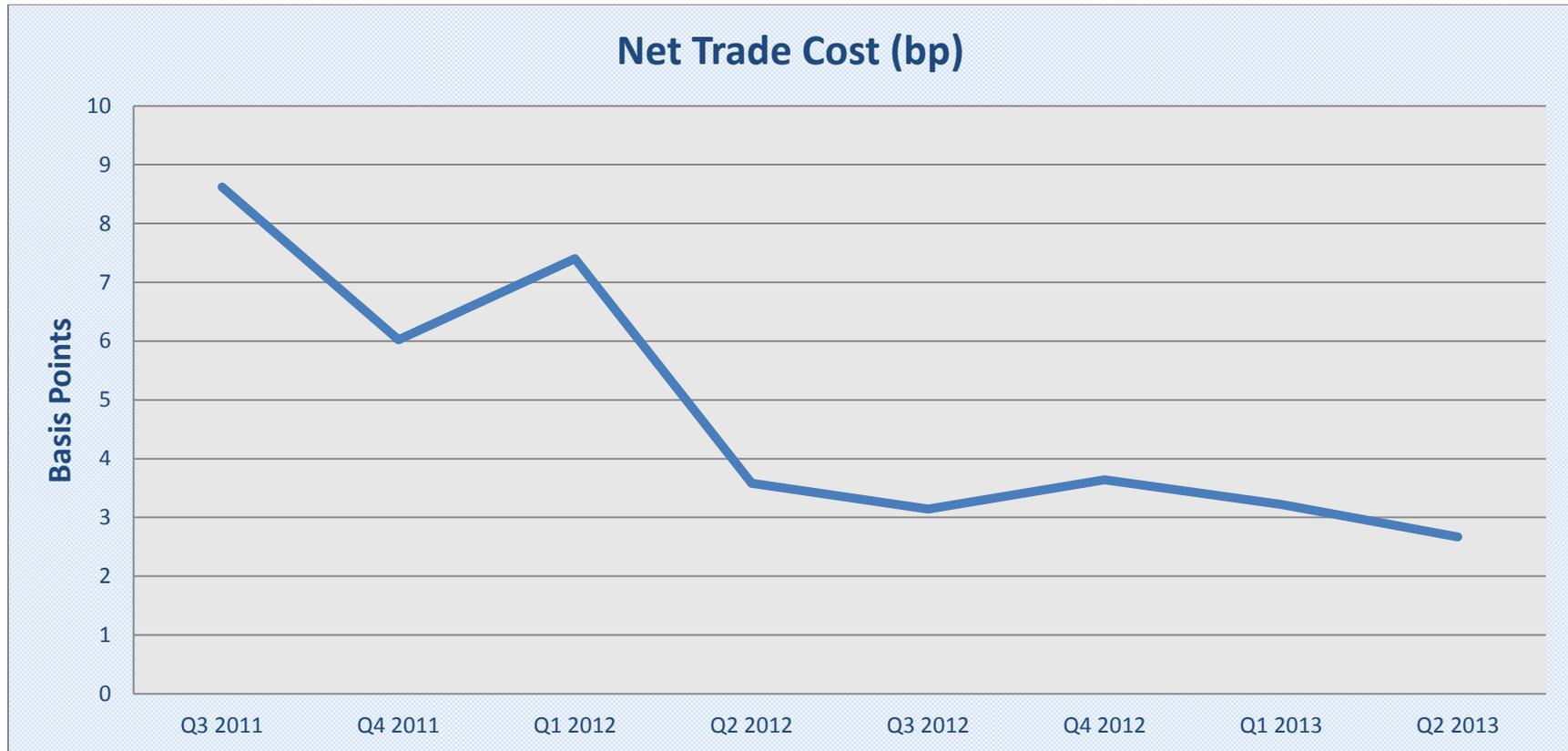


OTRS Q2 2013 Compliance Certification

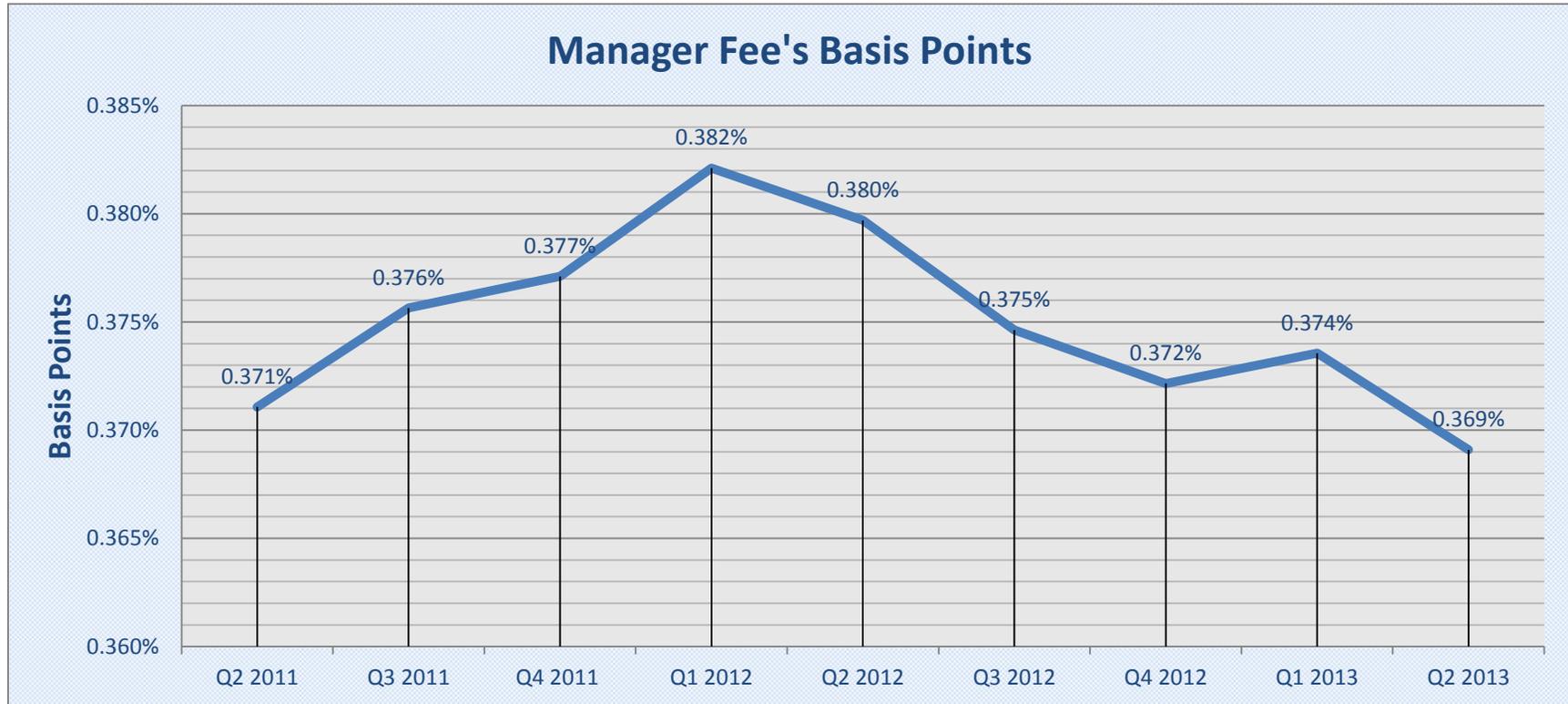
<i>Investment Firm</i>	<i>In-Compliance</i>	<i>Quarterly News & Notes</i>
AEW	Yes	David "Mac" McWhorter, Dir. Of Investor Relations, has left the firm
AJO	Yes	
ARI	Yes	
Brandes	Yes	The portfolio was liquidated using a transition manager, and the assets are currently managed using a futures overlay to the ACWI ex-US Index (Terminated)
Causeway	Yes	Foster Corwith and Alessandro Valentini were promoted to fundamental portfolio managers
Chickasaw	Yes	
Cove Street	Yes	Funded a new mandate for small cap domestic equity
Cushing / Swank	Yes	SEC charged senior trader with fraud
Epoch	Yes	Acquisition of Epoch by Toronto Dominion Bank (TD Bank) (Alert)
FAMCO	Yes	
Franklin Park	Yes	
Frontier	Yes	Funded a new mandate for small cap domestic equity
Geneva	Yes	Funded a new mandate for small cap domestic equity
Gregory W. Group	Yes	
Heitman	Yes	
Hoisington	Yes	
Hotchkis and Wiley	Yes	
Int'l Transition	Yes	
L&B Realty	Yes	
Loomis Sayles	Yes	Authorized use of agency mbs securities in the core plus account
Lord Abbett	Yes	Kristin Shofner, Director of Public Fund Marketing has left the firm
Mackay Shields	Yes	
Northern Trust	Yes	
Neumeier Poma	Yes	Funded a new mandate for small cap domestic equity
PIMCO	Yes	DMF I made its final distribution
Sawgrass	Yes	
Shapiro	Yes	
State Street	Yes	
Stephens	Yes	(Terminated)
Thornburg	Yes	
Wasatch	Yes	Funded a new mandate for small cap domestic equity
Wellington	Yes	(Alert)

OTRS Performance by Quarter and Rolling 12 Months





Qtr	Year	Net Cost (bp)	Prin Traded	# of Trades	Peer Rank	Quartile
3	2011	8.62	\$1,613,107,490	3,834	21%	4
4	2011	6.02	\$1,702,614,254	4,144	33%	3
1	2012	7.40	\$1,547,647,724	3,397	28%	3
2	2012	3.58	\$2,619,209,226	6,068	47%	3
3	2012	3.14	\$1,656,037,159	4,387	39%	3
4	2012	3.64	\$1,587,486,075	5,260	37%	3
1	2013	3.22	\$1,828,059,636	6,464	47%	3
2	2013	2.67	\$2,468,021,857	6,836	58%	2
Total	Total	4.56	\$15,022,183,421	40,390	41%	3



* Does not include AEW, Heitman, L&B, & Pimco



OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report
second quarter, 2013**



Market Environment – Tale of the Taper

Investors saw mixed returns during the second quarter as domestic equities enjoyed gains, while bonds and international equities suffered losses. The quarter started strong until the U.S. markets turned negative during late May when Fed Chairman Bernanke pronounced that the Fed would have to consider “tapering” bond purchases if the U.S. economy gained appreciable strength. While the statement was vague, investors interpreted an imminent end to the \$85 billion monthly asset purchases. Equities and bonds moved lower, but bonds were especially hard hit.

Worldwide economic growth remains challenged. Europe remains mired in recession. Emerging markets growth, especially China, has slowed. The U.S. economy is stuck in a subpar growth trajectory. With the possible exception of the U.S. energy renaissance, there are no stand out growth stories in the current economic environment.

Despite late quarter weakness, all segments of the domestic equity market enjoyed gains. Small caps outperformed. Value outperformed growth among large caps. Growth outperformed among mid and small caps.

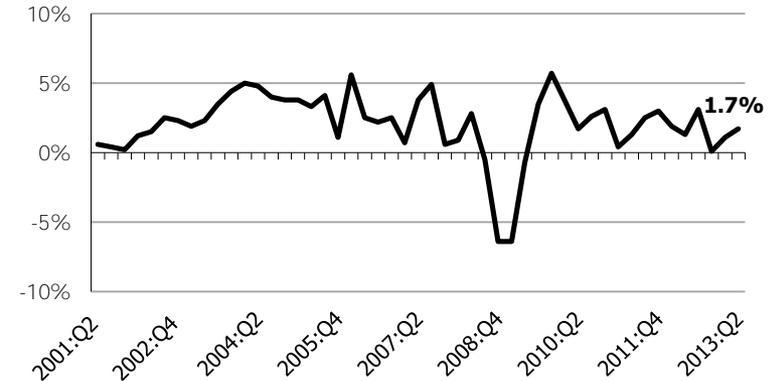
International equity investors saw most markets trade lower. Emerging markets were especially hard hit as China, Brazil and other nations saw slowing economic growth. Natural resource based economies have seen dramatic share declines this year. Japan was a standout, gaining more than 4% in US\$ terms.

Fixed income investors suffered losses during the quarter. Fed statements spooked bondholders who sold all segments of the bond market en masse. Falling bond prices spilled over into other income oriented assets such as REITS, high dividend paying stocks and MLPs.

Oil ended the quarter at \$96.56 barrel. Natural gas enjoyed a gain during the quarter, ending the period at \$3.58 in the U.S. Oil and natural gas production continues to expand at a rapid pace in the U.S.

Hedge funds posted modest returns during the quarter. Private equity investors were active, but deal activity continues to be predominantly focused in mid and lower market companies.

US Real GDP Growth - Annualized



	2011				2012				2013
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth quarter	First Quarter
Real GDP	0.1%	2.5%	1.3%	4.1%	2.0%	1.3%	3.1%	0.1%	1.1%
Unemployment	8.9%	9.1%	9.1%	8.7%	8.3%	8.2%	8.1%	7.8%	7.7%
Inflation (CPI)	2.1%	3.4%	3.8%	3.3%	2.8%	1.9%	1.7%	1.9%	1.7%
Prime Rate	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
91 Day T-Bill Yield	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
10 Year T-Bond Yield	3.4%	3.2%	2.4%	2.0%	2.0%	1.8%	1.6%	1.7%	1.9%

Market Environment – Domestic Equity

Equity markets performed well during the first half of the quarter, hitting new all-time highs before fading into quarter end. Domestic stocks have provided investors with surprisingly strong returns despite a relatively weak domestic economy. Corporate America has done an admirable job cutting costs, reorganizing and remaining cautious with new investments. However, their cautious activity has restrained economic growth and slowed the recovery in private sector employment.

Large cap value was the top performing market segment during the second quarter. Mid cap value was the poorest. Growth outperformed value among small caps and mid cap but not large caps. Over the year to date period, mid cap value was the top performing segment while large cap growth was the poorest. Since the market low set in March of 2009, domestic equities have been led higher by mid cap value stocks, which have posted a cumulative return of 226%. The poorest performing segment over that time period has large cap growth, gaining 157%. Value outperformed growth among large and mid caps while growth edged value among small caps.

The quarter's top performing sectors were Financials (+7.3% return), Consumer Discretionary (+6.8%) and Health Care (+3.8%). Poorest performers were Utilities (-2.7%), Materials (-1.8%), and Energy (-0.4%). Top contributors to the S&P 500 were Microsoft (+22% quarterly return), Google (+11%), and Wells Fargo (+12%). The three worst contributions to the quarter's return were Apple (-10%), IBM (-10%), and Qualcomm (-8%).

The domestic equity market is trading within a historically normal range. The forward P/E ratio of the S&P 500 ended the quarter at 13.9x vs. 14.1x for its ten year average. It had a dividend yield of 2.2% vs. 2.1% ten year average. So far this year, the U.S. equity market has enjoyed a period of relatively low volatility and stock price correlation.

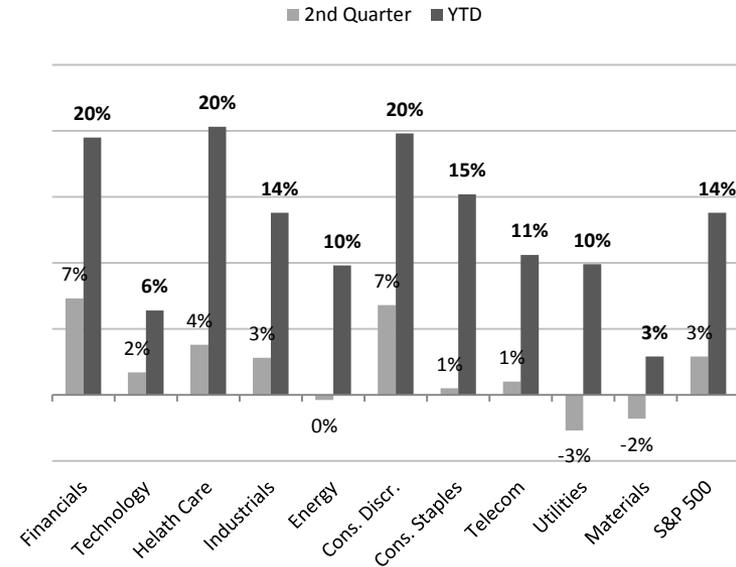
With the exception of the Carl Icahn vs. Michael Dell fight at Dell Computer, private equity remained largely under the radar. However, private equity investors have massive amounts of uninvested client capital. There has been some activity in the small to middle market, but virtually no deals in the large cap market.

The Master Limited Partnership sector enjoyed another positive quarter of returns despite rising interest rates. Shares did move lower during June, but outperformed other yield oriented investments. The sector remained very active with a number of IPOs and mergers so far this year. Real Estate Investment Trusts also traded lower as interest rates moved higher. Much of the selling pressure was attributed to excitable individual investors exiting the asset class.

S&P 500 Trailing 12-Month P/E Ratio



S&P 500 Sector Performance



Market Environment – International Equity

In U.S. Dollar terms, international equities were weak. Japan (+3.4%) continued to be the best performing region as the Bank of Japan embarked on radical measures to increase their money supply and growth. Emerging Markets was the poorest performing region as commodity demand declined.

The developed non-U.S. equity market, as measured by the MSCI All Country World ex-U.S. Investable Market Index, fell -1.6% during the quarter. Emerging markets, according to the MSCI EMF Index, fell -9.1%.

Year to date, the top three performing equity markets (in U.S. \$ terms) were Japan (+15%), Ireland (+14%) and the U.S. (+13%). The three poorest performers were Brazil (-19%), South Africa (-16%) and Greece (-14%).

The European economic condition remain sluggish as manufacturing activity is showing incremental improvement despite serious unemployment throughout the region. May unemployment was 12.2% throughout the Euro area. Germany, the strongest country in Europe, had 5.3% unemployment while Spain and Greece suffered 26.9% and 26.8% rates respectively. Deteriorating economic indicators caused the European Central Bank to cut short term rates to 0.5%, their lowest ever level. Data indicated that Europe has suffered six consecutive quarters with negative growth, the longest recessionary period for the continent since the end of World War II. MSCI announced in June that Greece would be relegated from their developed market index to their emerging market index in November.

The U.S. Dollar gained 6% vs. the yen but fell -1% vs. the Euro. Emerging markets currencies moved sharply lower vs. the U.S. Dollar.

Japan embarked on an enormous economic stimulus/asset purchasing program during early April. Taking a page from the U.S. Federal Reserve, the Bank of Japan "printed yen" which initially drove equity prices rapidly higher and the yen lower. Japanese equities experienced a volatile quarter that saw prices surge, fall back, then recover some of their initial gains. MSCI Japan rose 10% during the quarter.

Emerging markets suffered losses during the quarter as fear of the U.S. Fed tapering caused shares to sell off. Disappointing economic growth in China coupled with lower materials and commodities prices pushed share prices lower. Political instability in specific markets (Brazil, Turkey, Egypt) also caused sell-offs. Emerging markets equities are trailing developed markets by a large margin year to date. Corporate and Sovereign emerging markets debt issuance was heavy during April and May before slowing in June. Petrobras, a Brazilian oil producer, sold \$11 billion in dollar denominated bonds in the largest ever emerging market bond deal in history.

	GDP Growth (2013 Estimate)*	Inflation (2013 Estimate)*
Global Economy	2.2%	2.4%
USA	1.7%	1.8%
Euro Area	-0.5%	1.5%
UK	1.0%	2.8%
Japan	1.5%	0.0%
Asia ex-Japan	6.0%	3.5%
Latin America	2.8%	6.9%

*source: Bloomberg and the World Bank.

12-Month Forward P/E Ratio Comparison	Current	Post 1990 Average	Discount/ Premium
World	13.4	15.7	-14.6%
USA	13.9	16.4	-15.2%
Euro Area	12.4	13.9	-10.8%
UK	11.5	12.6	-8.7%
Japan	15.5	28.3	-45.2%
Asia ex-Japan	14.8	13.9	+6.5%

Market Environment – Fixed Income

Bond prices fell rather dramatically during June as Federal Reserve Chairman Bernanke hinted that various activities that the Fed had relied on since 2008 to support the U.S. economy might be nearing their end. Investors reacted immediately through unwinding of leverage carry trades, retail bond fund redemptions and dealers slashing their inventory. Fed policies and comments will likely drive market behavior for the rest of 2013.

Central banks remained committed to various stimulative activities during the second quarter. Budget sequestration, which was expected to negatively impact the U.S. economy, has had little noticeable effect thus far. This is in contrast with Europe, whose austerity measures had substantial negative impacts on many countries, but focused on the southern rim of the European Union.

Treasury yields reacted to the Fed's talk of tapering by shifting higher. From May 2nd through July 5th, the yield on the ten year Treasury bond rose 0.87%, from 1.62% to 2.49%. For the quarter, the ten year Treasury suffered a -4.57% loss in total return terms.

All sectors of the bond market suffered losses during the quarter. Credit spreads expanded modestly during the quarter. Year to date returns have also turned negative except for lower quality high yield issues, which were insulated from losses by the elevated yields. Despite market weakness, corporate bond issuance was strong during the quarter. During April, Apple completed the largest corporate bond issue in history, floating \$17 billion in debt across the yield curve.

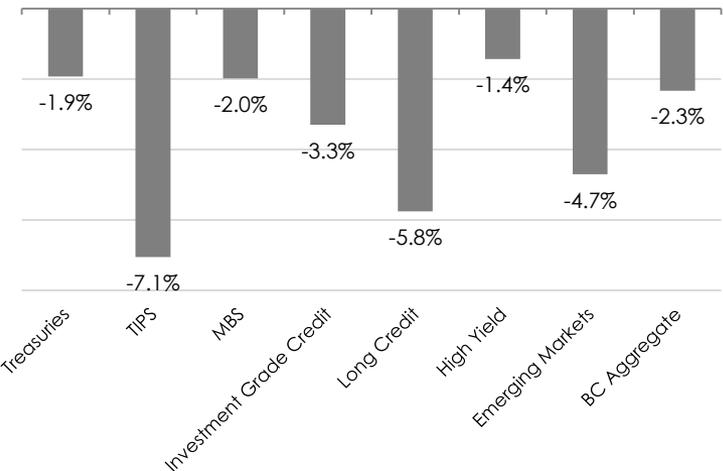
High yield bonds were the top performing segment of the U.S. fixed income market. The high yield index ended the quarter with a yield of 6.7% vs. 2.4% for the broad market. High yield defaults remain extremely low, 1.1% vs. 4.2% long-term average. Funds flowing into high yield decreased substantially on a year over year basis.

U.S. unemployment did not improve during the quarter. Unemployment rates were close to unchanged while the number of part time workers did increase. Inflation remains low to nonexistent as the U.S. growth outlook remains slightly above 2%, below average.

Residential real estate continued its recovery during the second quarter. Home prices increased in March and April at the fast pace since 2006, although higher mortgage rates are expected to slow activity. Late in the quarter, the U.S. Commerce Department reduced its initial estimate of first quarter GDP growth from 2.4% to 1.8%. Hourly wages for non-farm workers saw their largest drop on record as the payroll tax increase took effect. Commercial real estate posted modest gains during the second quarter.

Risk Level	Time Horizon			
	One Year		Three Years (annualized)	
	Terminal Yield	Total Return	Terminal Yield	Total Return
Low Risk				
2 Year Treasury (6.30 = 0.36%)	2.50%	-3.8%	4.00%	-2.0%
	1.25%	-1.4%	3.00%	-1.4%
	0.50%	0.1%	2.00%	-0.7%
Medium Risk				
10 Year Treasury (6.30 = 2.49%)	4.50%	-13.5%	5.50%	-5.4%
	3.50%	-6.0%	4.50%	-2.9%
	2.00%	6.9%	3.50%	-0.3%
High Risk				
30 Year Treasury (6.30 = 3.50%)	5.50%	-25.7%	6.00%	-8.6%
	4.50%	-12.8%	5.00%	-4.2%
	3.00%	13.4%	4.00%	0.8%

Second Quarter 2013 Returns



Market Environment – Index Comparison

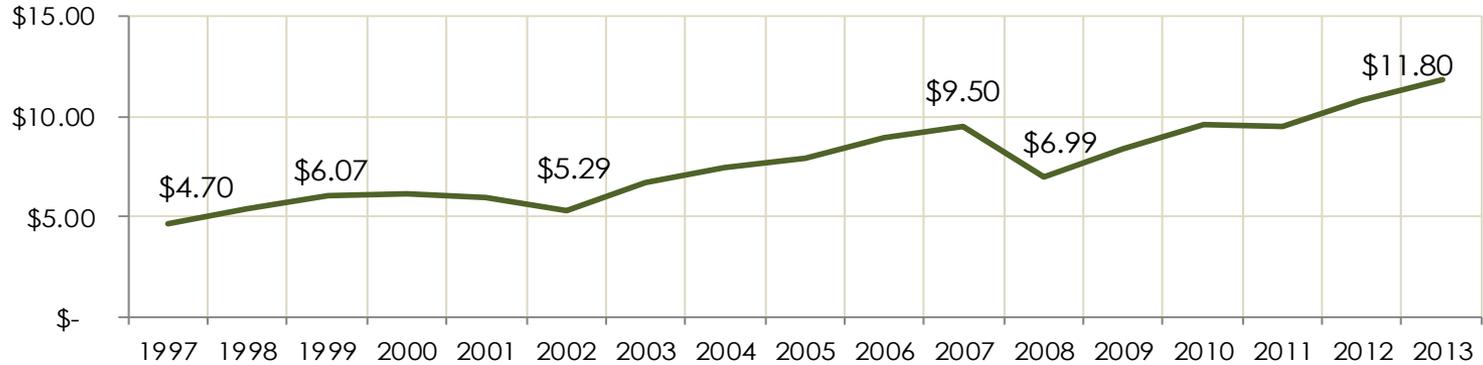
	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
Domestic Equity					
S&P 500	2.9	20.6	18.5	7.0	7.3
Russell 1000	2.7	21.2	18.6	7.1	7.7
Russell 1000 Value	3.2	25.3	18.5	6.7	7.8
Russell 1000 Growth	2.1	17.1	18.7	7.5	7.4
Russell 3000	2.7	21.5	18.6	7.3	7.8
Russell Midcap	2.2	25.4	19.5	8.3	10.7
Russell Midcap Value	1.7	27.7	19.5	8.9	10.9
Russell Midcap Growth	2.9	22.9	19.5	7.6	9.9
Russell 2000	3.1	24.2	18.7	8.8	9.5
Russell 2000 Value	2.5	24.8	17.3	8.6	9.3
Russell 2000 Growth	3.7	23.7	20.0	8.9	9.6
Alerian MLP	1.9	28.4	21.0	18.2	16.3
Fixed Income					
Barclays Capital Aggregate Bond	-2.3	-0.7	3.5	5.2	4.5
Barclays Capital Credit	-3.4	0.8	5.5	7.0	5.1
Barclays Capital Government	-1.9	-1.5	2.9	4.4	4.1
Barclays Capital Govt/Credit	-2.5	-0.6	3.9	5.3	4.4
Barclays Capital Interm Credit	-2.3	2.0	4.8	6.3	4.8
Barclays Capital Interm Govt	-1.4	-0.6	2.3	3.8	3.7
Barclays Capital Interm Govt/Cred	-1.7	0.3	3.1	4.6	4.0
Barclays Capital Long Credit	-6.3	-2.0	7.6	9.2	6.3
Barclays Capital Long Term Govt	-5.7	-8.2	6.2	7.5	6.1
Barclays Capital Long Govt/Credit	-6.1	-4.7	7.0	8.5	6.2
Barclays Capital Fixed Rate MBS	-2.0	-1.1	2.5	4.8	4.7
Merrill Lynch US High Yield Master II	-1.4	9.6	10.4	10.6	8.7
91 Day T-Bill	0.0	0.1	0.1	0.2	1.6
Consumer Price Index	-0.4	1.4	2.2	1.5	2.4
International					
MSCI EAFE	-1.0	18.6	10.0	-0.6	7.7
MSCI World ex US	-1.6	17.1	9.4	-0.8	7.9
MSCI Europe	-0.5	18.9	10.5	-1.4	7.5
MSCI Japan	4.4	22.3	8.6	-0.2	6.2
MSCI Pacific ex Japan	-10.9	12.3	11.1	3.3	12.7
MSCI Emerging Markets	-9.1	0.3	0.8	-2.9	11.0
Citigroup Non-\$ World Gov	-3.4	-5.7	2.6	2.6	4.8

Trailing Year Total Fund Return

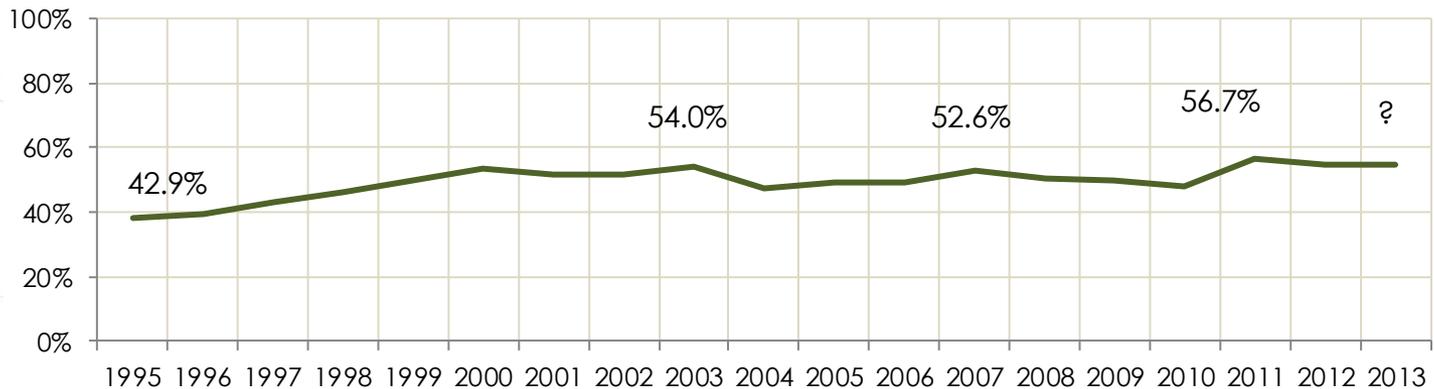
+17.8%

Plan History

Market Value History (\$Billions)



Funded Status History



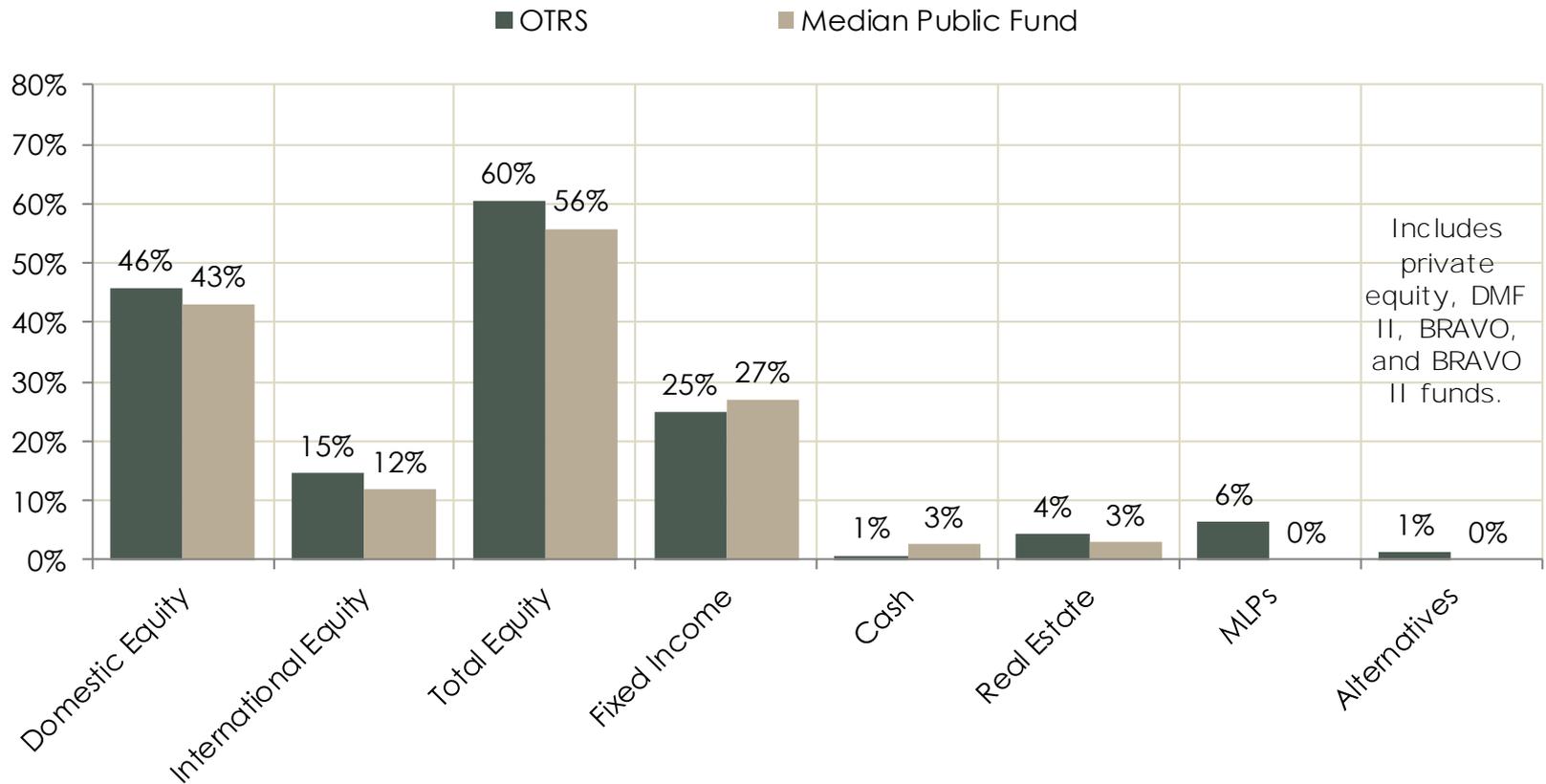
Observations – Second Quarter, 2013

- **INVESTMENT PERFORMANCE:** Total fund returns were positive during the quarter. The total fund earned a 1.3% return. Equity results were positive. Core and High Yield fixed income results were negative. The total fund's trailing returns were exceptional. The trailing year return was well above the actuarial assumption, above the allocation index and ranked extremely high among peer Pension Funds. **The total fund ranked in the top decile of public funds for all long term observation periods.** The ten year return (+8.8%) ranked in the 2nd percentile of all public funds.
- **INVESTMENT MANAGEMENT:** Two large cap index fund portfolios were added last year. The new international small cap equity allocation added returns during the quarter. The MLP allocation is performing well above expectation. Five new domestic small cap managers were funded during the quarter.
- **ASSET ALLOCATION:** A full asset allocation study was recently completed. The total fund's aggregate asset allocations are in the process of moving to new 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. The three real estate managers are fully invested, at their previous target level. A full review of real estate options are under consideration.

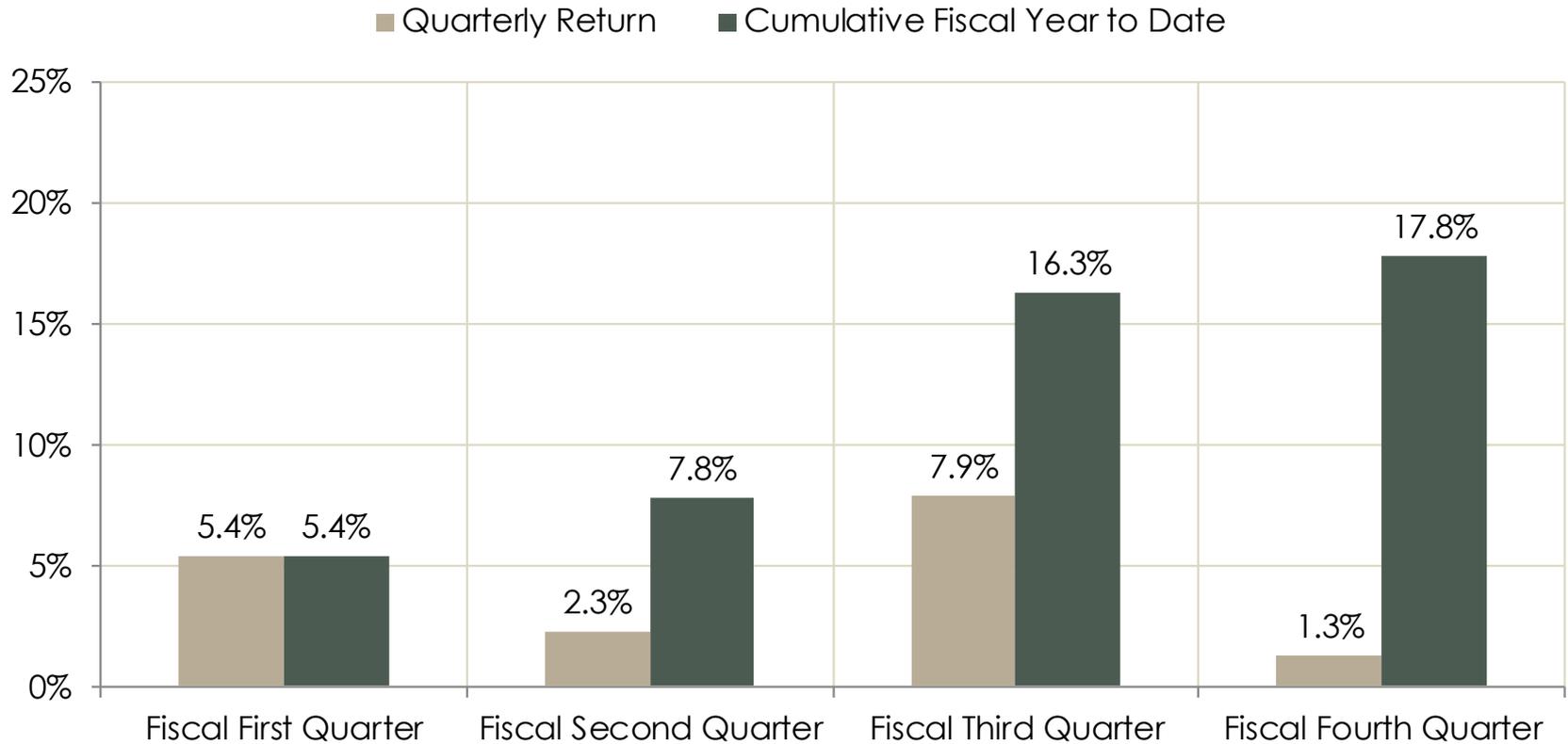
Asset Allocation Summary – Total Fund

	Current Allocation	New Target Allocation	Difference
Domestic Equity	45.80%	40.00%	5.80%
International Equity	14.53%	17.50%	-2.97%
Core Fixed Income	19.77%	17.50%	2.27%
Opportunistic Assets	1.21%	0.00%	1.21%
High Yield Fixed Income	5.15%	6.00%	-0.85%
Real Estate	4.36%	7.00%	-2.64%
Private Equity	2.08%	5.00%	-2.92%
MLPs	6.33%	7.00%	-0.67%
Cash	0.76%	0.00%	0.76%
Total	100.00%	100.00%	0.00%

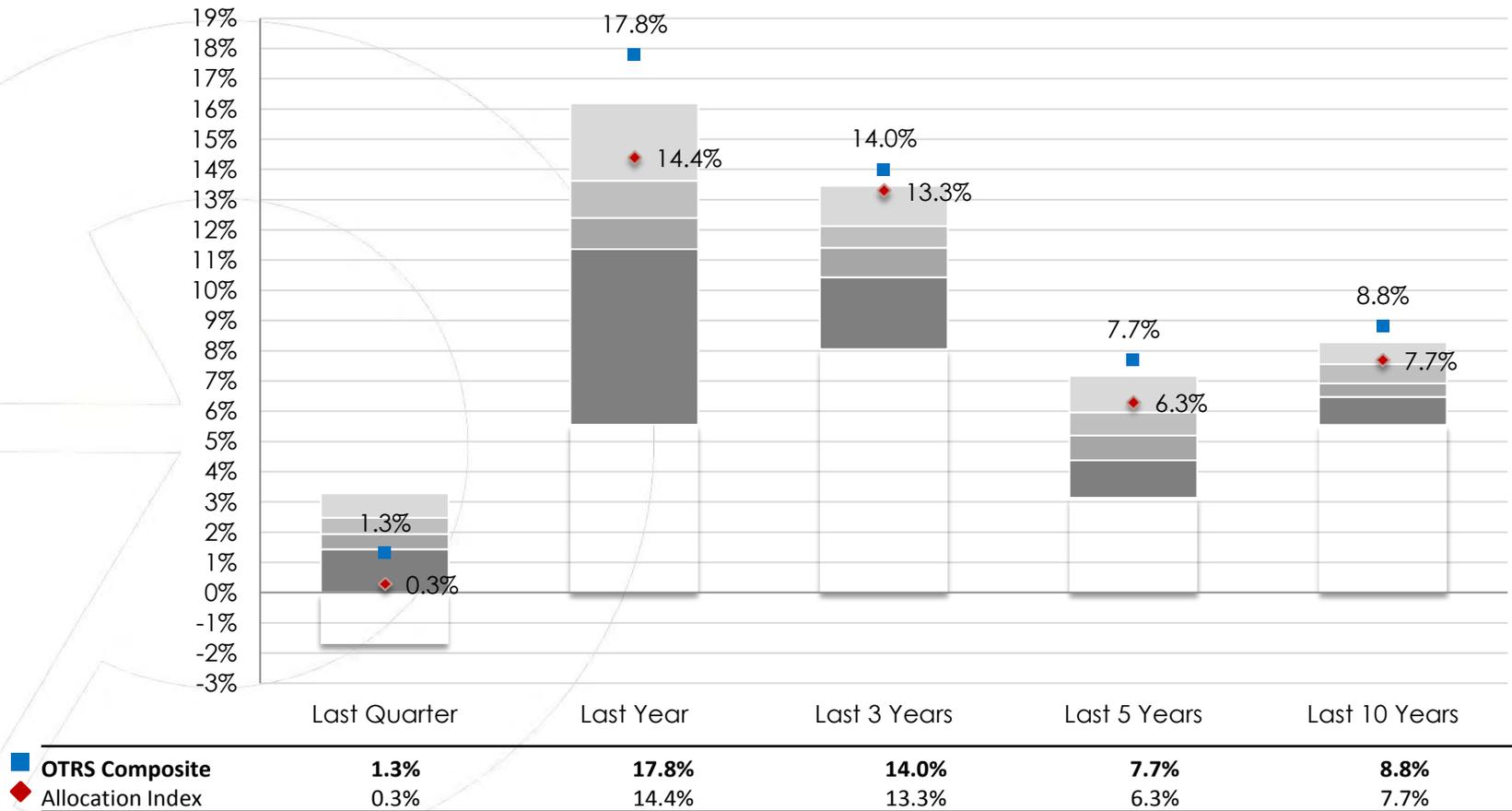
Total Fund Allocation vs. Median Public Fund



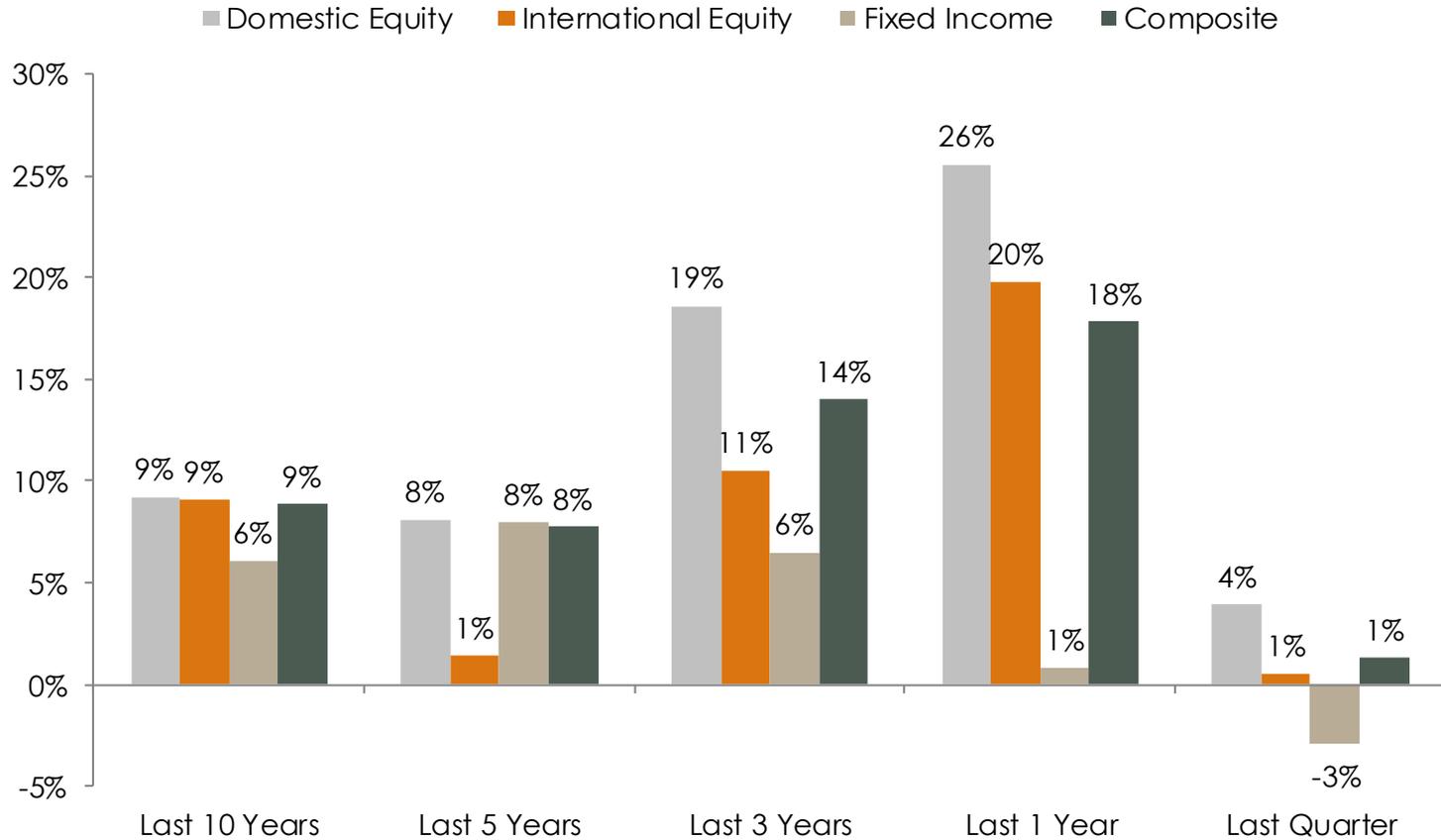
Composite Performance Summary as of June 30, 2013



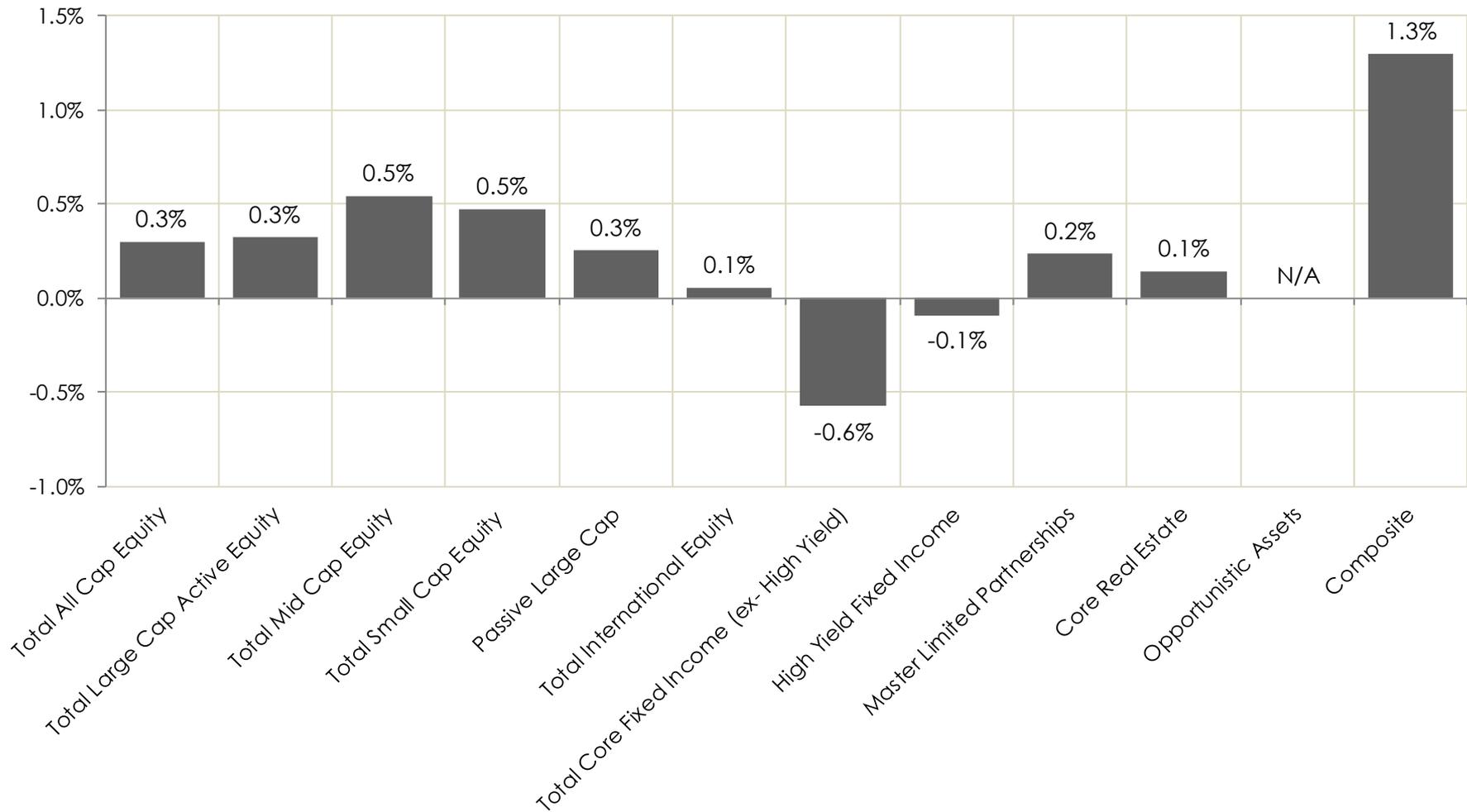
Total Fund vs. Public Fund Peer Universe



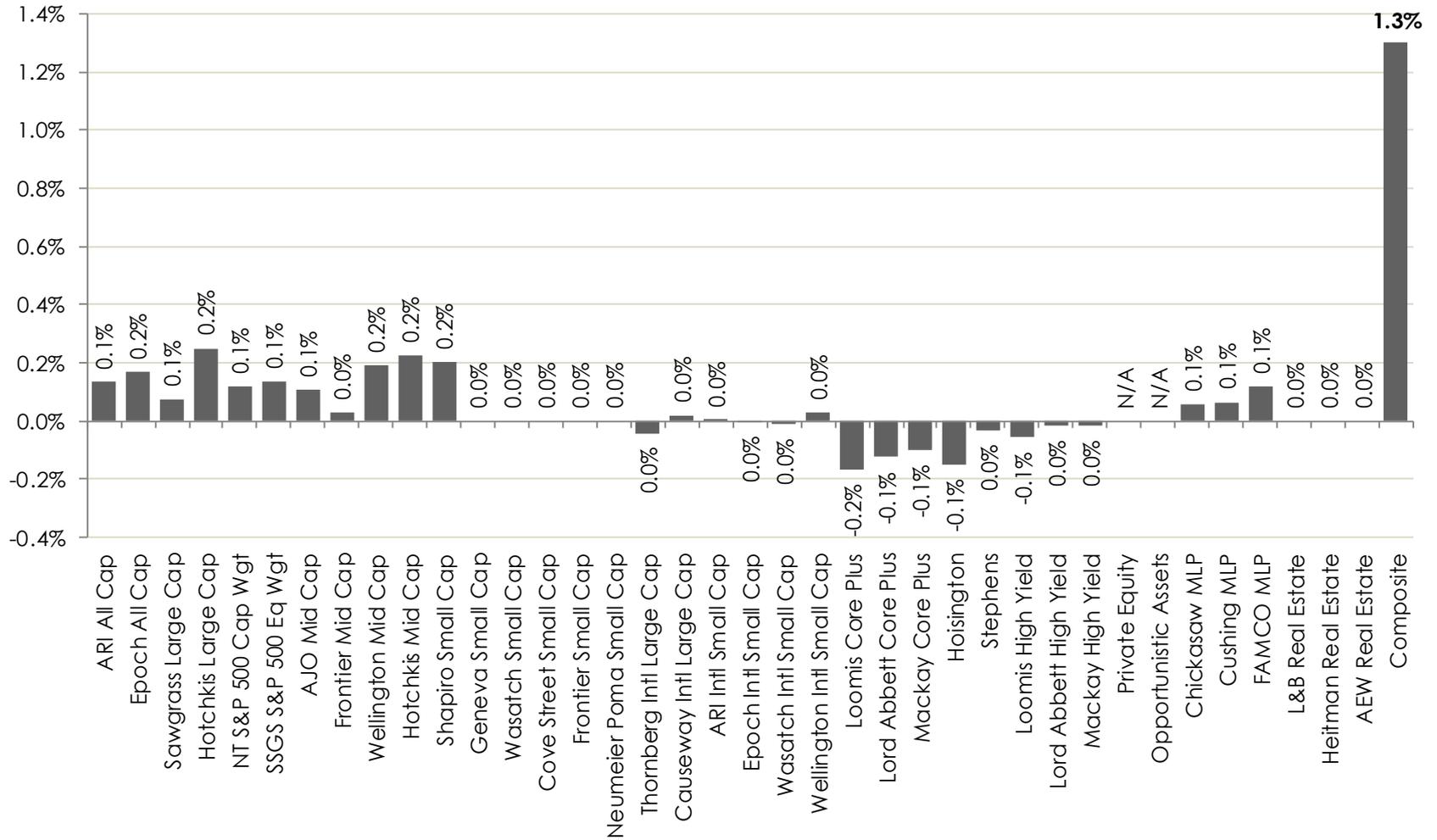
Composite Performance Summary as of June 30, 2013



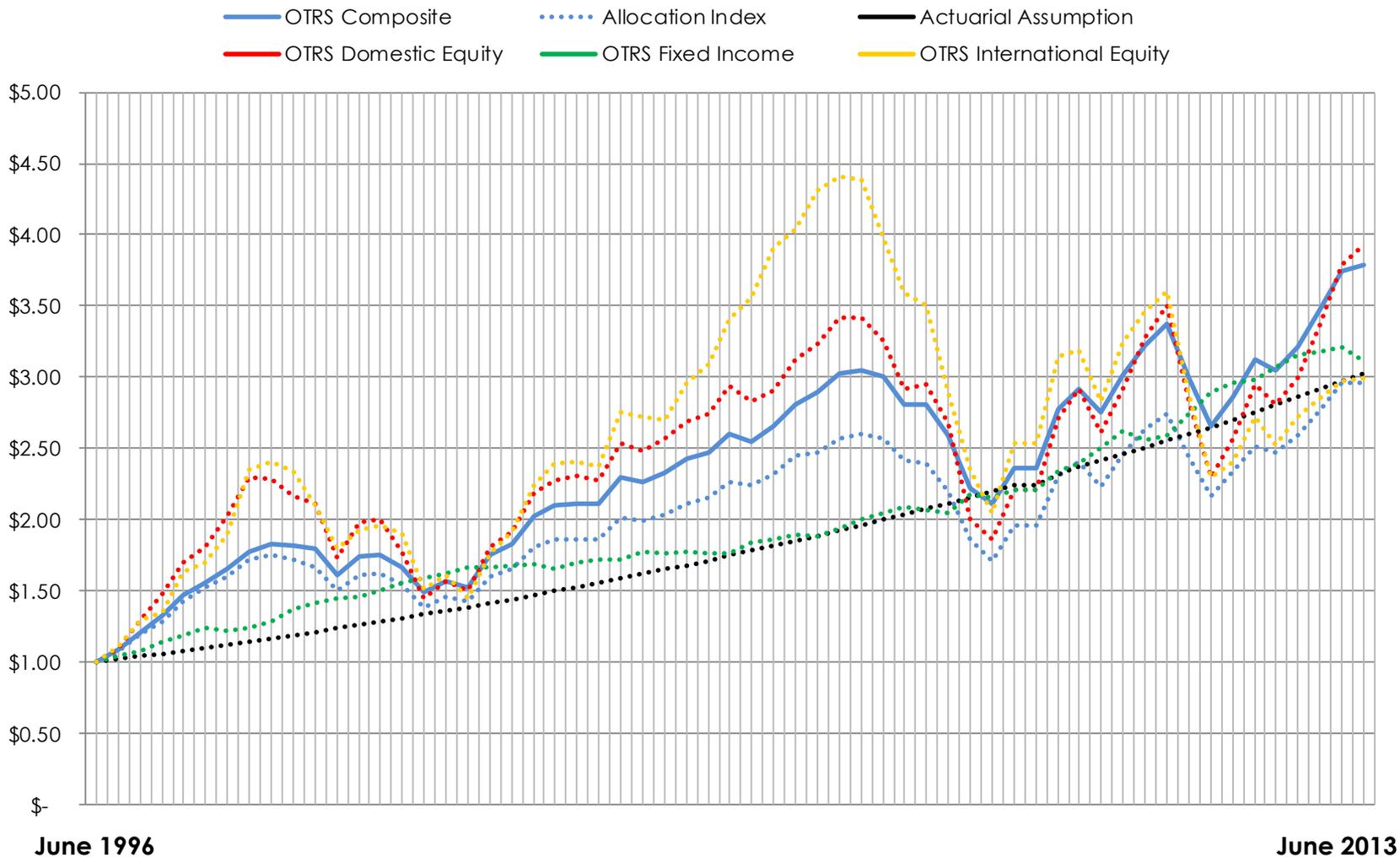
Composition of Quarterly Return by Asset Class



Composition of Quarterly Return by Portfolio



Growth of a Dollar Over Time: Period Ended June 30, 2013



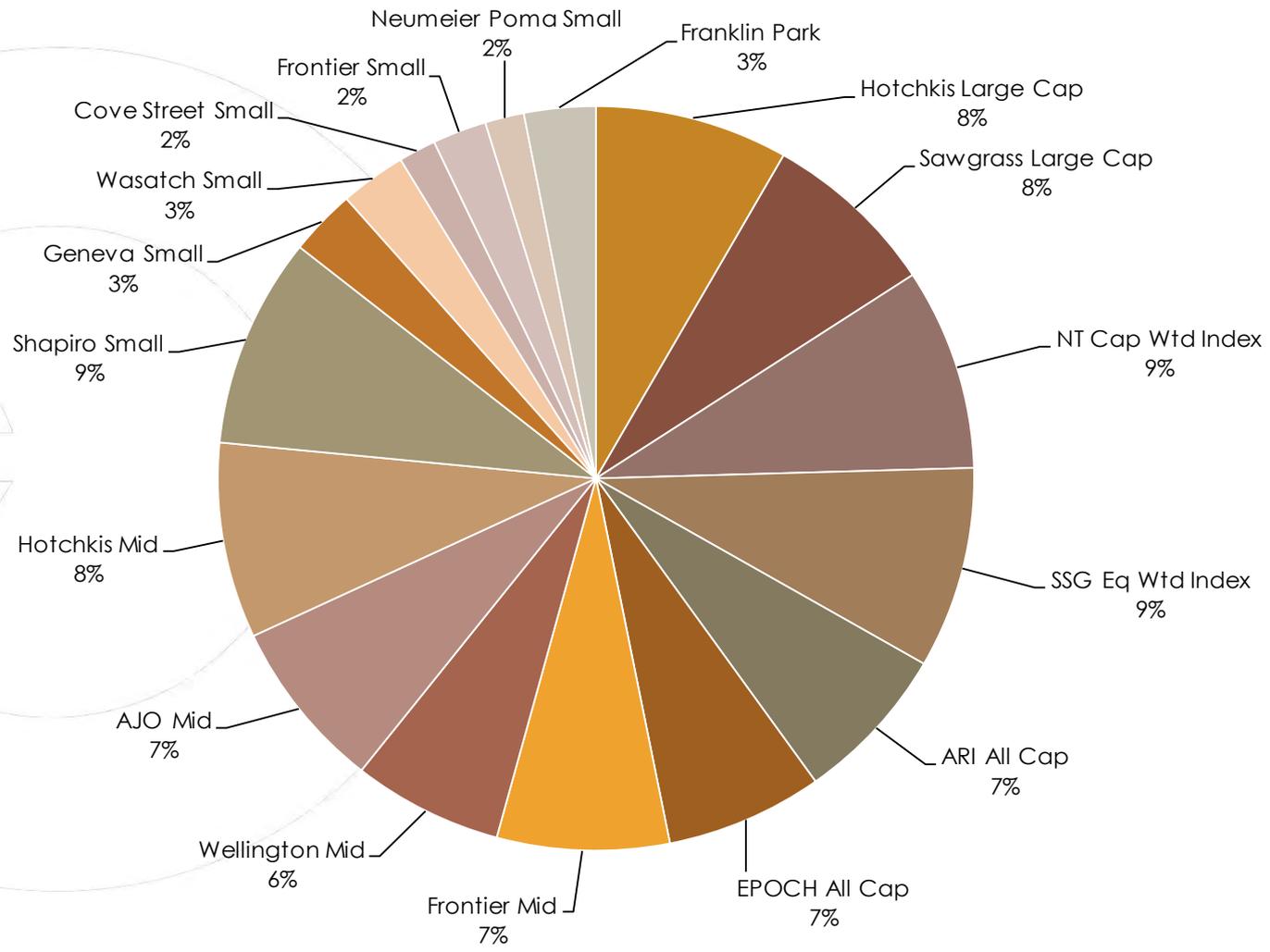
Performance – Total Fund

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Years	% Rank	Last Quarter	% Rank
Total Fund	8.8	2	7.7	1	14.0	3	17.8	1	1.3	11
<i>Allocation Index</i>	7.7		6.3		13.3		14.4		0.3	
<i>Actuarial Assumption</i>	8.0		8.0		8.0		8.0		1.9	
Total Domestic Equity	9.2	21	8.1	24	18.6	30	25.5	13	3.9	10
<i>S&P 500</i>	7.3		7.0		18.5		20.6		2.9	
Total International Equity	9.0	46	1.4	39	10.5	43	19.8	23	0.5	19
<i>MSCI ACWI ex-US</i>	9.1		-0.3		8.5		14.1		-2.9	
Total Core Fixed Income	6.1	23	7.9	18	6.5	20	0.8	57	-2.9	71
<i>Barclays Aggregate</i>	5.0		5.2		3.5		-0.7		-2.3	

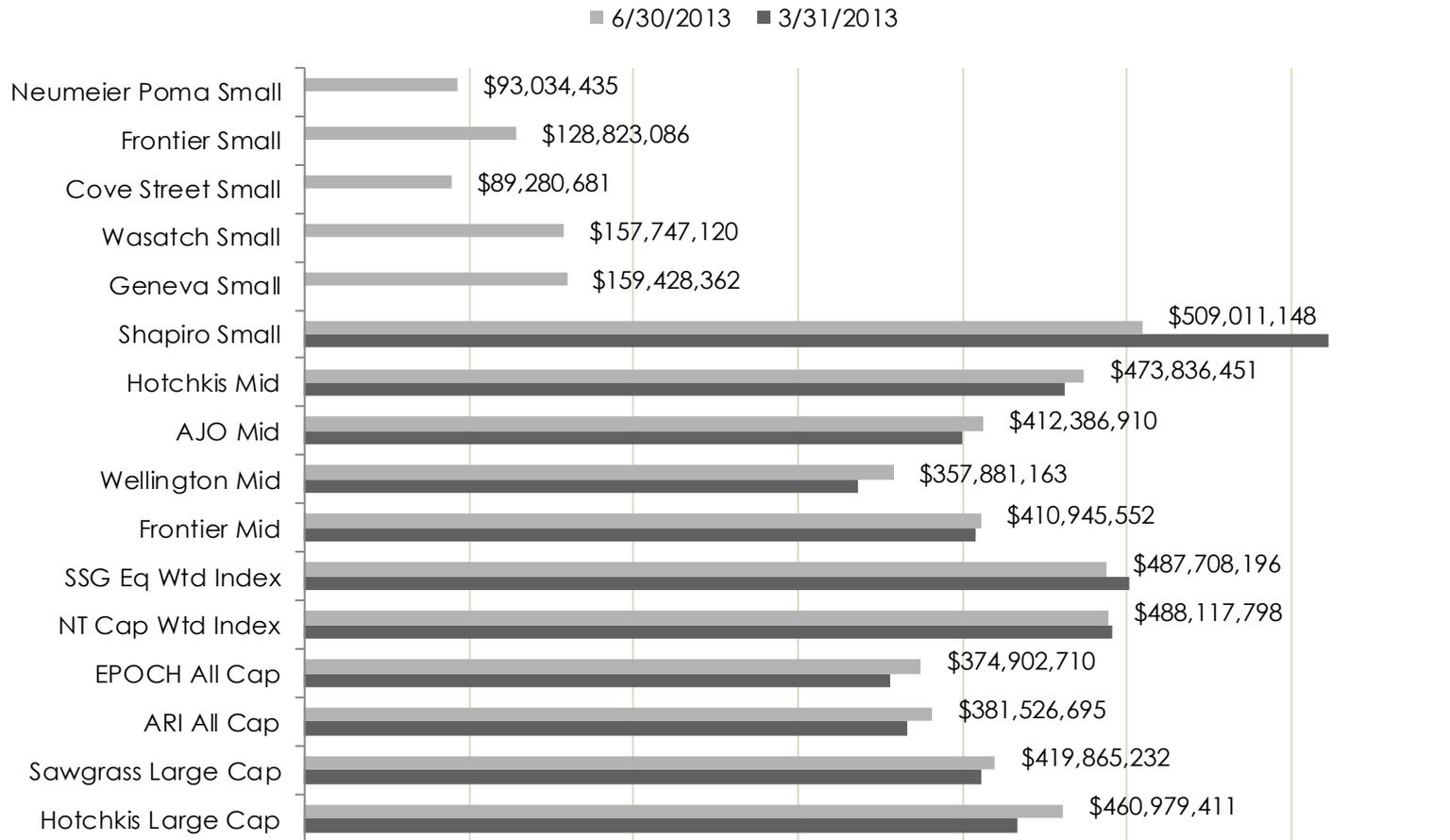
Composite Peer Ranking History

Periods Ended	Trailing 5 Years	Trailing 3 Years	Trailing Year	Last Quarter
2q2013	1	3	1	11
1q2013	3	4	4	3
4q2012	15	3	11	24
3q2012	21	13	8	10
2q2012	24	4	33	75
1q2012	22	13	25	14
4q2011	36	14	52	8
3q2011	31	23	95	89
2q2011	20	13	23	93
1q2011	9	21	5	17
4q2010	21	29	15	29
3q2010	30	38	10	18
2q2010	35	46	11	62
1q2010	24	25	70	44
4q2009	36	43	15	25
3q2009	26	42	32	13
2q2009	46	50	44	28
1q2009	23	24	18	28
4q2008	47	61	62	64
3q2008	24	59	67	48
2q2008	25	52	83	17
1q2008	19	49	83	79
4q2007	19	46	62	78
3q2007	18	36	37	87
2q 2007	10	29	18	34
1q 2007	15	27	38	19
4q 2006	23	44	59	36
3q 2006	15	24	69	57
Average Rank	23	30	38	40
% of Observations in Top Quartile	74%	48%	48%	44%
% of Observations Above Median	100%	89%	64%	68%

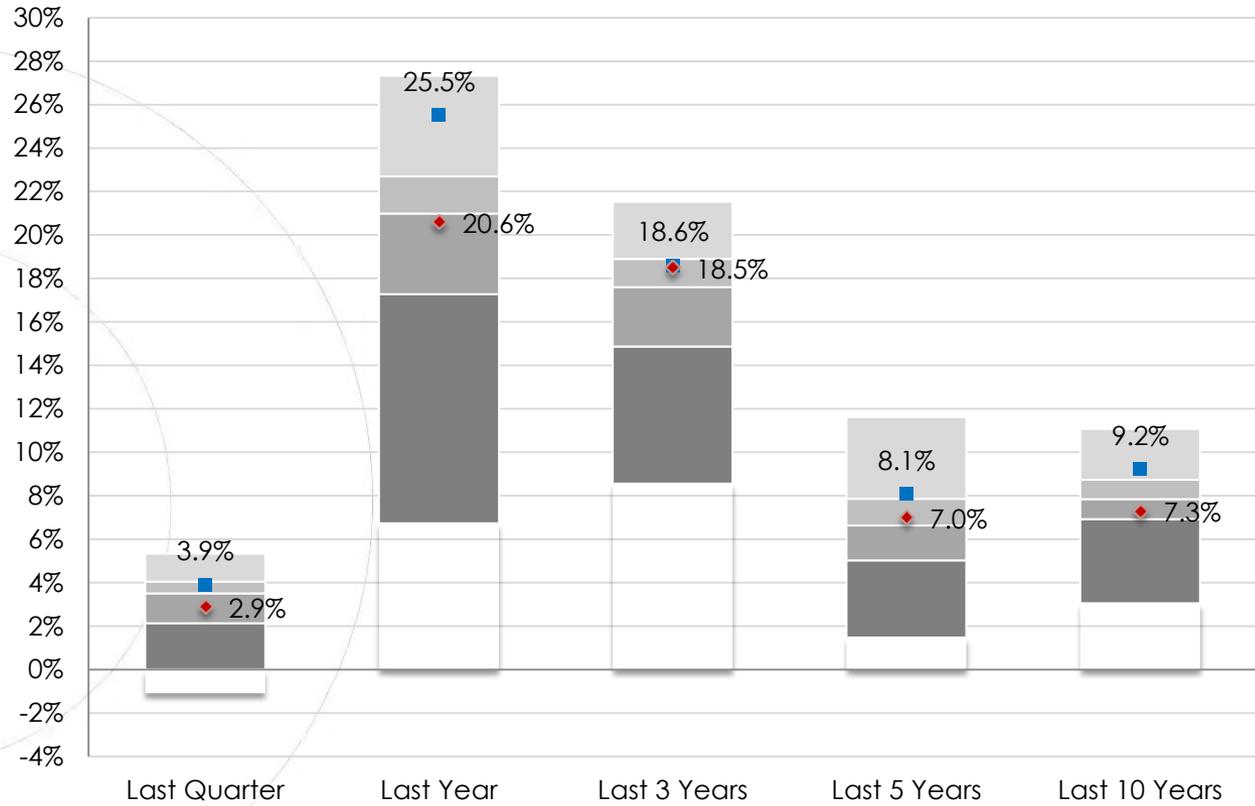
Asset Allocation Summary – Domestic Equity Allocation



Asset Allocation Summary – Domestic Equity Allocation



Domestic Equity Composite vs. U.S. Equity Allocation Peer Universe



■ OTRS Equity Composite

◆ S&P 500

3.9%

2.9%

25.5%

20.6%

18.6%

18.5%

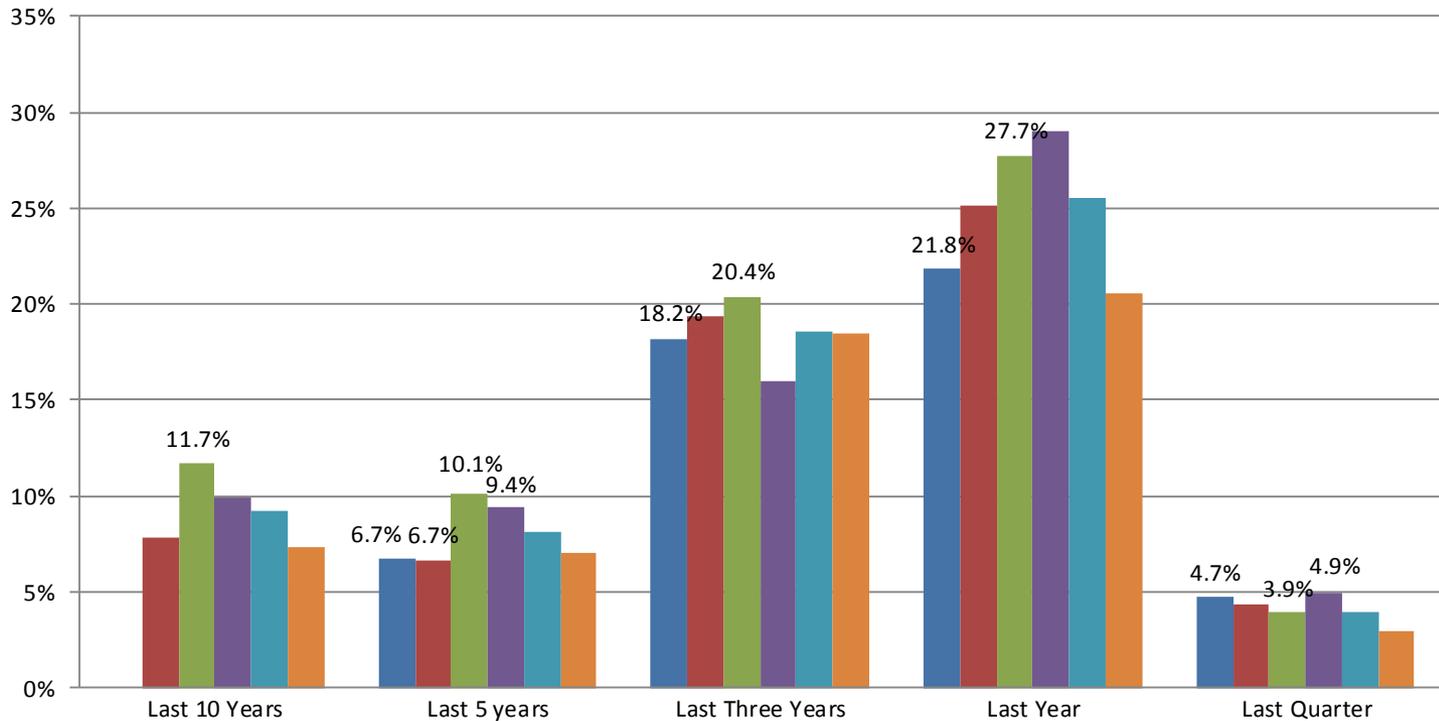
8.1%

7.0%

9.2%

7.3%

Domestic Equity Performance: Capitalization Composites



Performance – All Cap and Large Cap Equity Managers

	Last 10 Years	% Rank	Last 5 Year	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Advisory Research	-	-	7.5	54	17.7	61	22.1	47	4.1	22
EPOCH	-	-	5.9	81	18.6	48	21.6	50	5.3	12
<i>Russell 3000 Value</i>	-		7.3		18.6		21.5		2.7	
<i>Russell 3000</i>	-		7.3		18.5		21.5		2.7	
Hotchkis LCV	8.2	76	9.6	14	20.3	21	31.7	20	6.4	6
Sawgrass LCG	-		7.9	41	18.9	35	18.7	41	2.1	42
<i>S&P 500</i>	7.3		7.0		18.5		20.6		2.9	
<i>Russell 1000 Value</i>	7.8		6.7		18.5		25.3		3.2	
<i>Russell 1000 Growth</i>	-		7.5		18.7		17.1		2.1	
NT Cap Weighted	-	-	-	-	-	-	-	-	2.8	54
SSGS Equal Weighted	-	-	-	-	-	-	-	-	3.3	24
<i>S&P 500 Cap Weighted</i>	7.3		7.0		18.5		20.6		2.9	
<i>S&P 500 Equal Weighted</i>	10.2		10.5		19.9		26.5		3.2	

Performance – Mid Cap and Small Cap Equity Managers

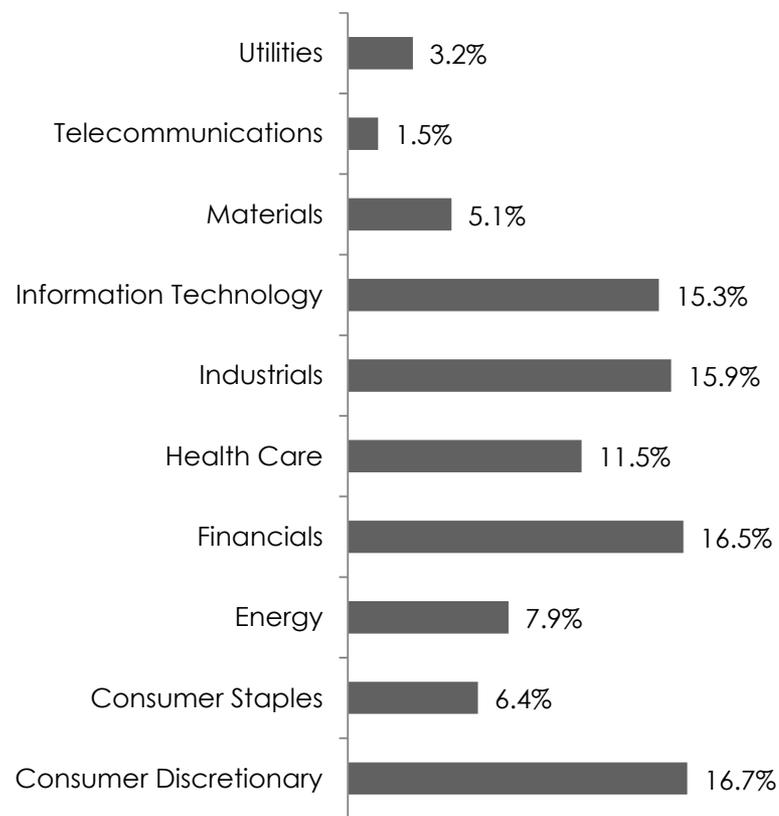
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
AJO MCC	10.9	71	8.9	45	21.1	22	27.6	37	3.1	35
Frontier MCG	11.6	49	8.7	48	18.0	63	19.4	81	0.9	95
Hotchkis MCV	13.5	1	17.6	2	26.2	3	37.9	1	5.6	2
Wellington MCG	10.2	74	6.2	80	16.0	90	25.5	32	6.3	3
<i>Russell MC</i>	<i>10.7</i>		<i>8.3</i>		<i>19.5</i>		<i>25.4</i>		<i>2.2</i>	
<i>Russell MC Growth</i>	<i>9.9</i>		<i>7.6</i>		<i>19.5</i>		<i>22.9</i>		<i>2.9</i>	
<i>Russell MC Value</i>	<i>10.9</i>		<i>8.9</i>		<i>19.5</i>		<i>27.7</i>		<i>1.7</i>	
Shapiro SCC	12.7	45	13.8	18	19.0	50	29.5	26	4.7	23
Geneva	-	-	-	-	-	-	-	-	-	-
Wasatch	-	-	-	-	-	-	-	-	-	-
Cove Street	-	-	-	-	-	-	-	-	-	-
Frontier	-	-	-	-	-	-	-	-	-	-
Neumeier Poma	-	-	-	-	-	-	-	-	-	-
<i>Russell 2000</i>	<i>9.5</i>		<i>8.8</i>		<i>18.7</i>		<i>24.2</i>		<i>3.1</i>	
<i>Russell 2000 Value</i>	<i>9.3</i>		<i>8.6</i>		<i>17.3</i>		<i>24.8</i>		<i>2.5</i>	

Total Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
General Electric	0.50%
Exelis	0.47%
Babcock & Wilcox	0.45%
Live Nation Entertainment	0.41%
SAIC	0.41%
VCA Antech	0.40%
Apple	0.39%
Whitewave Foods	0.38%
Xylem	0.38%
WPX Energy	0.37%
Top Ten Total Weight	4.16%

Sector Weightings



Composite Equity Portfolio Characteristics – Trailing Five Years

	Average Market Cap	Dividend Yield	Tracking Error	Alpha	R ²	Sharpe Ratio	Standard Deviation
Active All Cap/Large Cap Equity	\$100.4 billion	2.15%	5.23%	1.85	0.96	0.52	19.54
Mid Cap Equity	\$8.0 billion	1.16%	6.57%	2.30	0.94	0.53	23.94
Small Cap Equity	\$12.6 billion	1.01%	3.86%	2.38	0.40	0.28	11.37
International Equity	\$40.8 billion	2.59%	3.30%	1.59	0.65	0.13	15.44
Total Equity	\$42.75 billion	1.74%	4.90%	2.03	0.77	0.39	18.25

Active Domestic Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. S&P 500	Correlation vs. BC Aggregate
Hotchkis & Wiley	Large Cap Value	131.2%	107.5%	9.6%	0.97	-0.37
Sawgrass	Large Cap Growth	87.9%	88.1%	7.9%	0.98	-0.24
Advisory Research	All Cap	101.0%	98.0%	7.5%	0.98	-0.34
EPOCH	All Cap	110.3%	110.0%	5.9%	0.98	-0.32
AJO	Mid Cap Core	134.9%	110.6%	8.9%	0.97	-0.35
Frontier	Mid Cap Growth	99.9%	92.7%	8.7%	0.94	-0.35
Hotchkis & Wiley	Mid Cap Value	216.9%	110.4%	17.6%	0.95	-0.41
Wellington	Mid Cap Growth	164.5%	128.9%	6.2%	0.93	-0.39
Shapiro	Small Cap Core/Value	164.5%	128.9%	13.8%	0.92	-0.04
Cove Street	Small Cap Value	151.7%	96.6%	14.8%	0.90	-0.37
Neumeier Poma	Small Cap Value	135.0%	97.8%	12.1%	0.89	-0.35
Frontier	Small Cap Value	106.6%	86.8%	16.6%	0.94	-0.39
Geneva	Small Cap Growth	126.4%	93.8%	12.0%	0.92	-0.50
Wasatch	Small Cap Growth	118.5%	79.0%	14.3%	0.91	-0.43

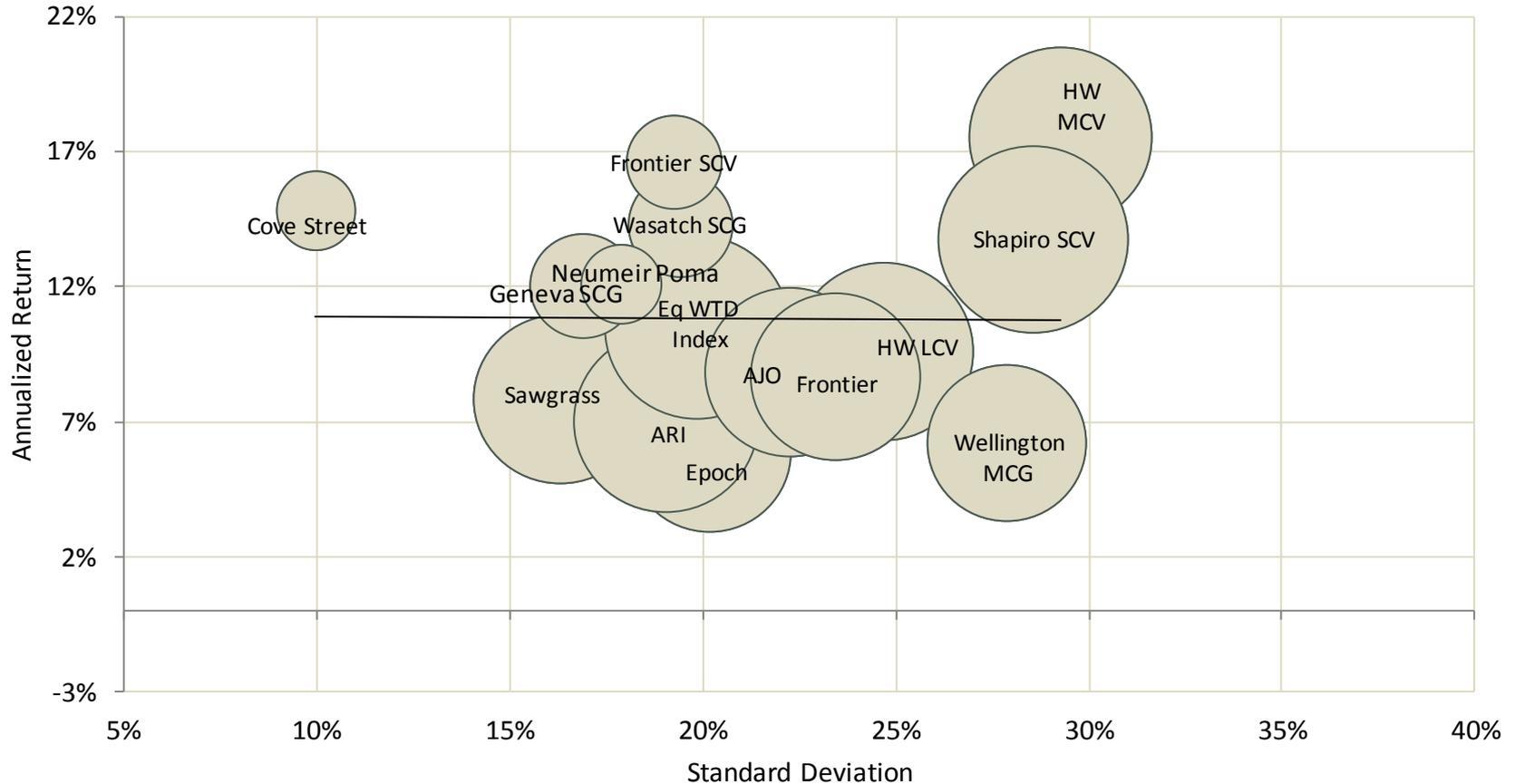
Upside and downside capture ratios measured against the S&P 500 index.

Domestic Equity Portfolios: Correlation Matrix

Trailing Five Years	AJO MCC	ARI AC	Cove Street SCV	Epoch AC	Frontier MCG	Frontier SCV	Geneva SCG	Hotchkis LCV	Hotchkis MCV	Neumeier Poma SCV	Sawgrass LCG	Shapiro SCC	Wasatch SCG	Wellington MCG
AJO MCC	-													
ARI AC	0.96	-												
Cove Street SCV	0.93	0.91	-											
Epoch AC	0.98	0.96	0.91	-										
Frontier MCG	0.97	0.92	0.89	0.96	-									
Frontier SCV	0.95	0.94	0.92	0.93	0.94	-								
Geneva SCG	0.93	0.92	0.89	0.91	0.92	0.95	-							
Hotchkis LCV	0.93	0.95	0.88	0.95	0.90	0.92	0.90	-						
Hotchkis MCV	0.94	0.96	0.93	0.95	0.94	0.97	0.91	0.96	-					
Neumeier Poma SCV	0.95	0.92	0.90	0.91	0.91	0.94	0.91	0.87	0.91	-				
Sawgrass LCG	0.96	0.95	0.91	0.92	0.93	0.91	0.92	0.93	0.91	0.87	-			
Shapiro SCC	-	-	-	-	-	-	-	-	-	-	-	-		
Wasatch SCG	0.95	0.91	0.91	0.91	0.93	0.93	0.93	0.89	0.93	0.93	0.88	0.02	-	
Wellington MCG	0.97	0.93	0.91	0.95	0.96	0.95	0.95	0.92	0.95	0.95	0.91	0.05	0.93	-

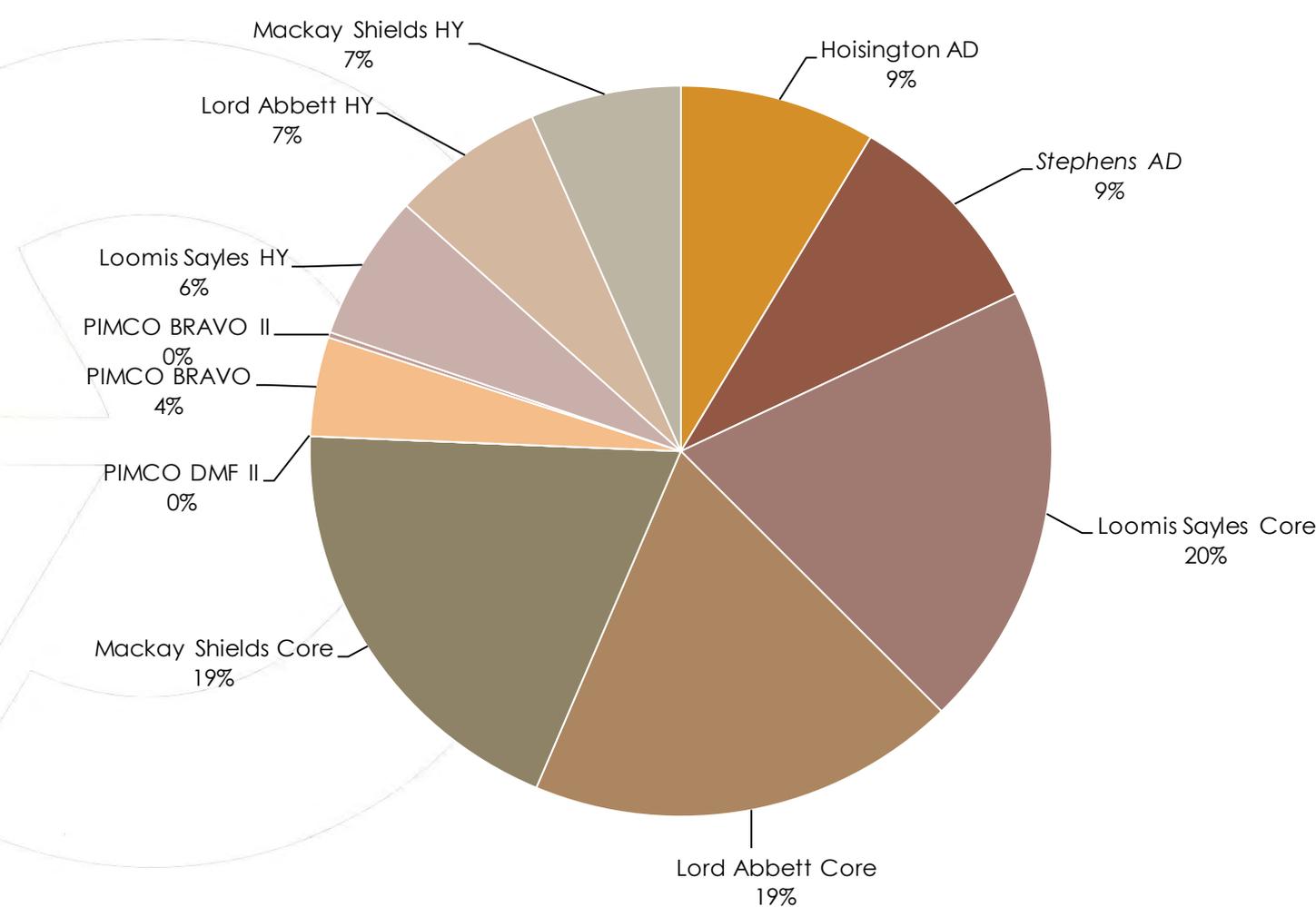
Domestic Equity Risk Return Comparison

Composite Data Used - Five Years Ended June 30, 2013

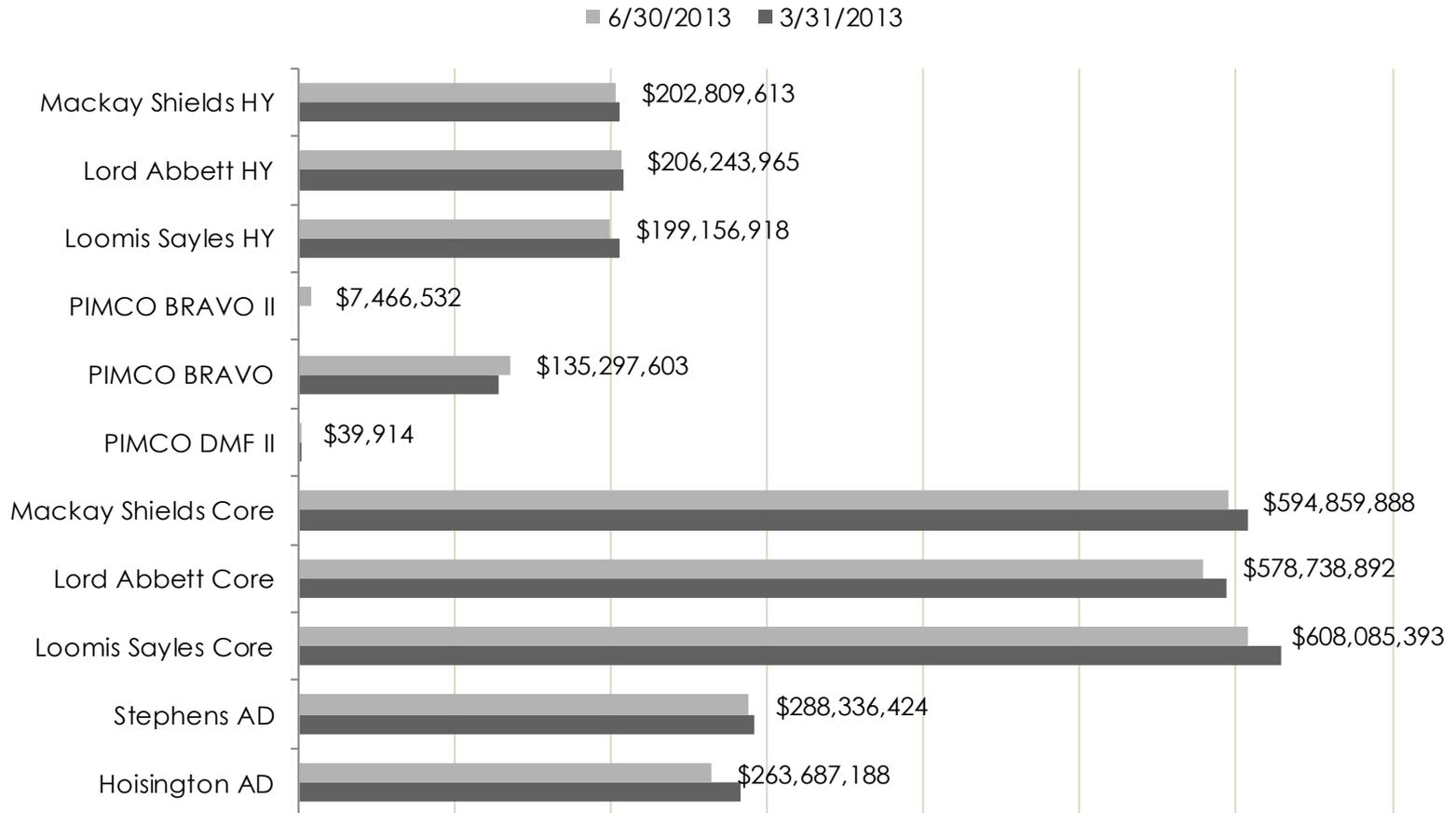


*Composite performance used when necessary to calculate figures.

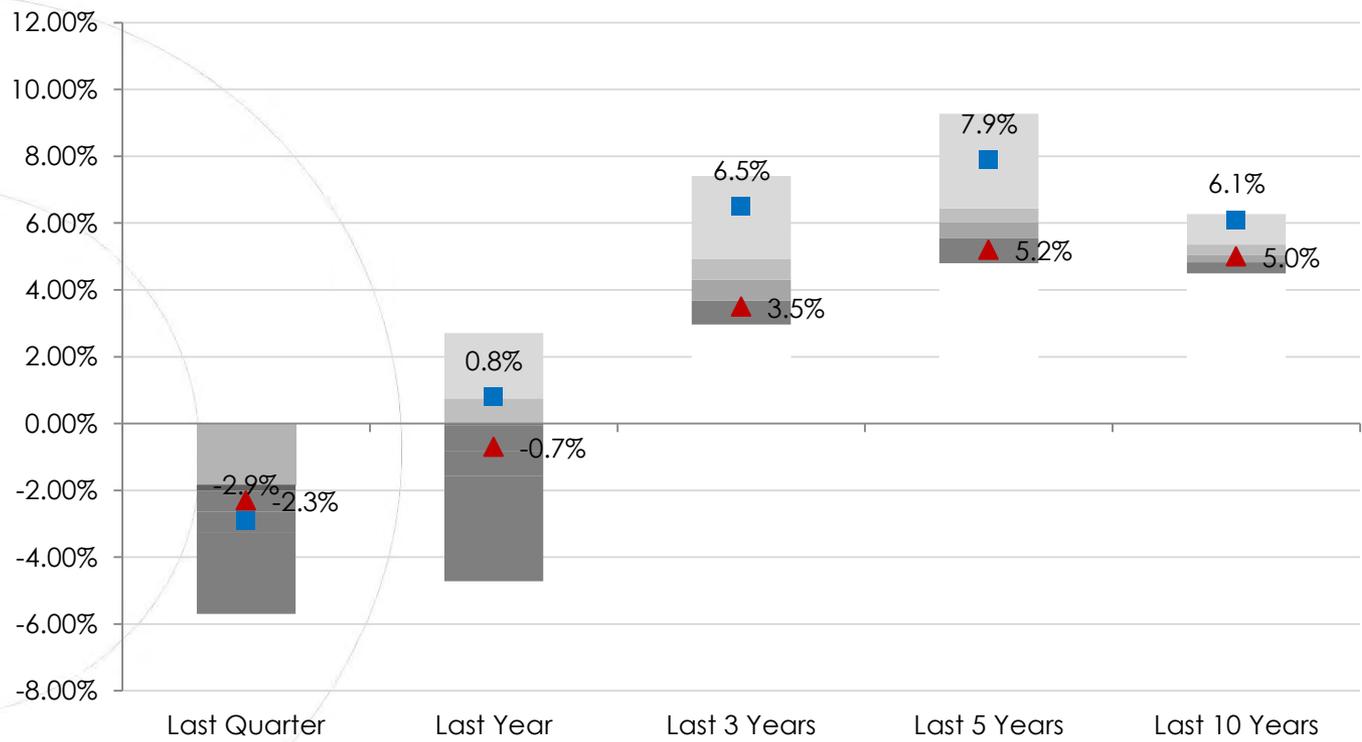
Asset Allocation Summary – Fixed Income Allocation



Asset Allocation Summary – Fixed Income Allocation



Fixed Income Composite vs. Core Fixed Income Peer Universe



■ OTRS Fixed Income Composite	-2.9%	0.8%	6.5%	7.9%	6.1%
◆ Barclays Capital Aggregate	-2.4%	-0.7%	3.5%	5.2%	5.0%

Performance – Fixed Income Managers

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last Year	% Rank	Last Quarter	% Rank
Loomis Sayles	7.4	2	9.7	3	7.4	5	2.8	3	-3.2	76
Lord Abbett	-	-	7.5	18	5.8	18	2.2	10	-2.5	52
Mackay Shields	-	-	8.2	13	7.3	6	4.0	2	-2.0	3
Hoisington	-	-	8.7	24	7.3	28	-11.4	100	-6.6	83
Stephens	-	-	4.8	84	2.6	89	0.1	43	-1.3	20
<i>BC Aggregate</i>	4.5		5.2		3.5		-0.7		-2.3	
Loomis HY	-	-	-		10.3	56	12.2	21	-3.3	97
Lord Abbett HY	-	-	-		11.9	17	12.2	21	-0.9	25
Mackay HY	-	-	-		10.4	53	8.7	61	-1.0	31
<i>ML High Yield II</i>	-		-		10.4		9.6		-1.4	

Fixed Income Portfolio Characteristics – Trailing Five Years

	Asset Class	Credit Quality	Modified Duration	Maturity	Yield to Maturity
Loomis Sayles	Core Plus	A	6.6	9.6	4.09%
Lord Abbett	Core Plus	A	5.2	7.2	3.28%
Mackay Shields	Core Plus	A	4.1	6.6	3.31%
Hoisington	Active Duration	Govt	19.8	24.3	3.46%
Core Fixed Income Composite	Core Plus	AA	7.2	9.4	3.55%
Loomis Sayles	High Yield	BB	5.4	9.2	5.86%
Lord Abbett	High Yield	B	5.3	6.9	5.90%
Mackay Shields	High Yield	BB	3.5	6.1	5.95%
High Yield Composite	High Yield	BB	4.7	7.4	5.91%

Fixed Income Performance Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. BC Aggregate	Correlation vs. S&P 500
Loomis Sayles	Core Plus	194.8%	154.1%	9.7%	0.79	0.52
Lord Abbett	Core Plus	144.9%	107.8%	7.5%	0.82	0.47
Mackay Shields	Core Plus	136.5%	53.0%	8.2%	0.89	0.39
Hoisington	Active Duration	238.6%	398.2%	8.7%	0.74	-0.32
Loomis Sayles	High Yield	240.7%	126.9%	11.6%	0.28	0.77
Lord Abbett	High Yield	219.9%	21.0%	11.7%	0.27	0.73
Mackay Shields	High Yield	181.2%	34.6%	9.8%	0.19	0.76

Upside and downside capture ratios measured against the Barclays Capital Aggregate index.
*Composite performance used when necessary to calculate figures.

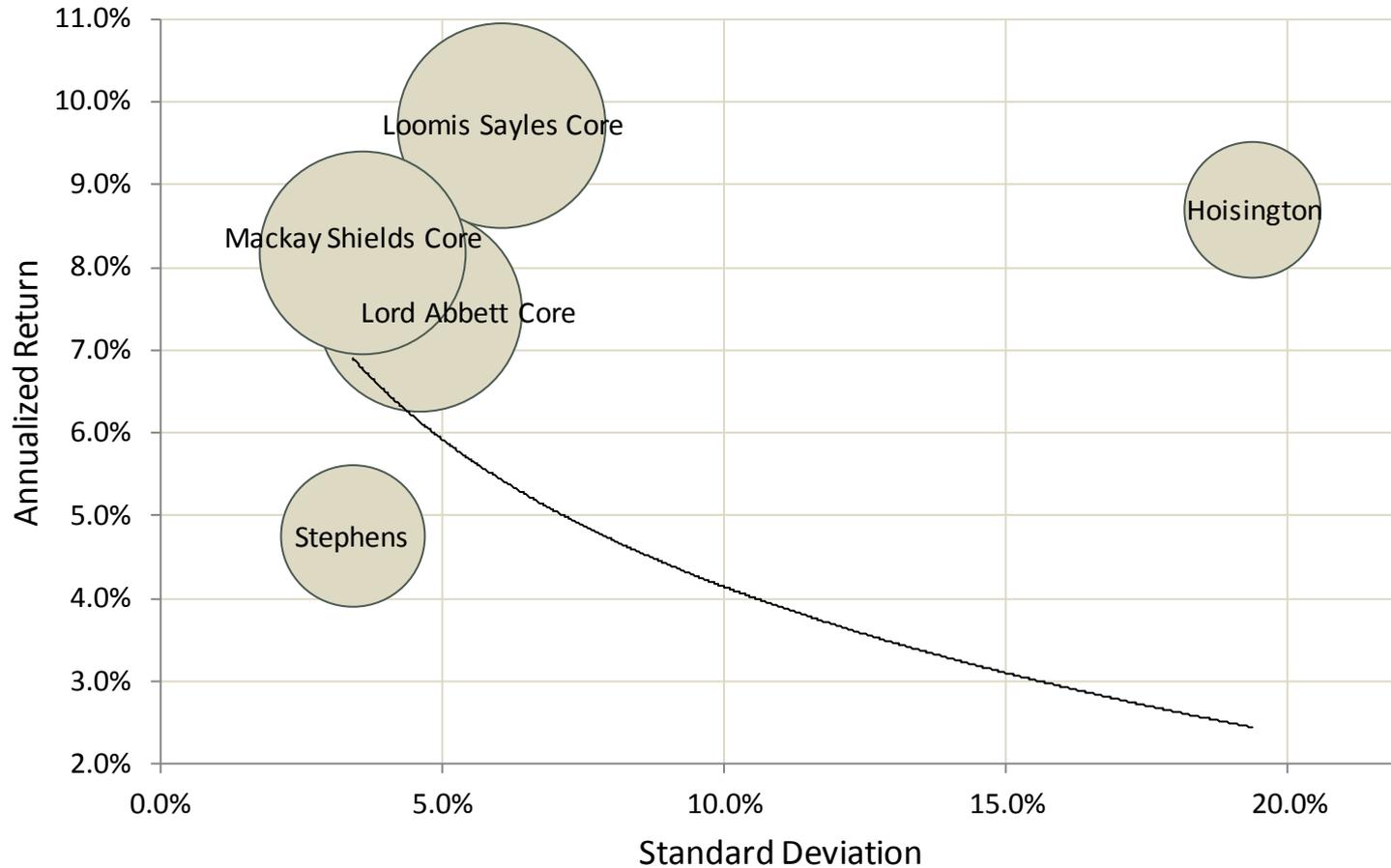
Fixed Income Portfolios: Correlation Matrix

Trailing Five Years	Hoisington	Loomis Core	Loomis High Yield	Lord Abbett Core	Lord Abbett High Yield	Mackay Shields Core	Mackay Shields High Yield
Hoisington							
Loomis Core	0.30						
Loomis High Yield	-0.31	0.73					
Lord Abbett Core	0.34	0.93	0.73				
Lord Abbett High Yield	-0.32	0.72	0.99	0.72			
Mackay Shields Core	0.47	0.88	0.57	0.89	0.55		
Mackay Shields High Yield	-0.29	0.68	0.97	0.73	0.98	0.54	

*Composite performance used when necessary to calculate figures.

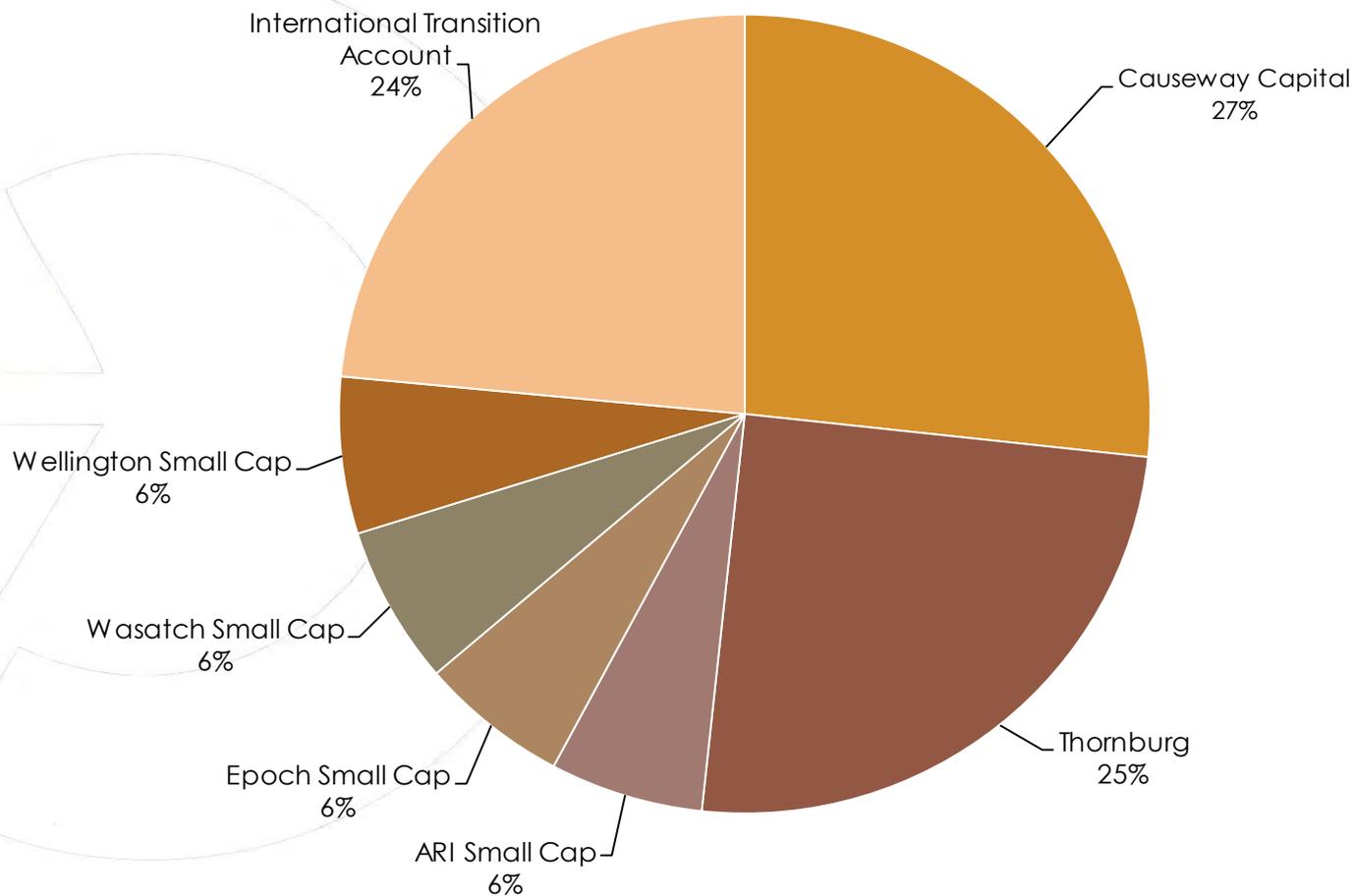
Fixed Income Risk Return Comparison

Composite Data Used - Five Years Ended June 30, 2013

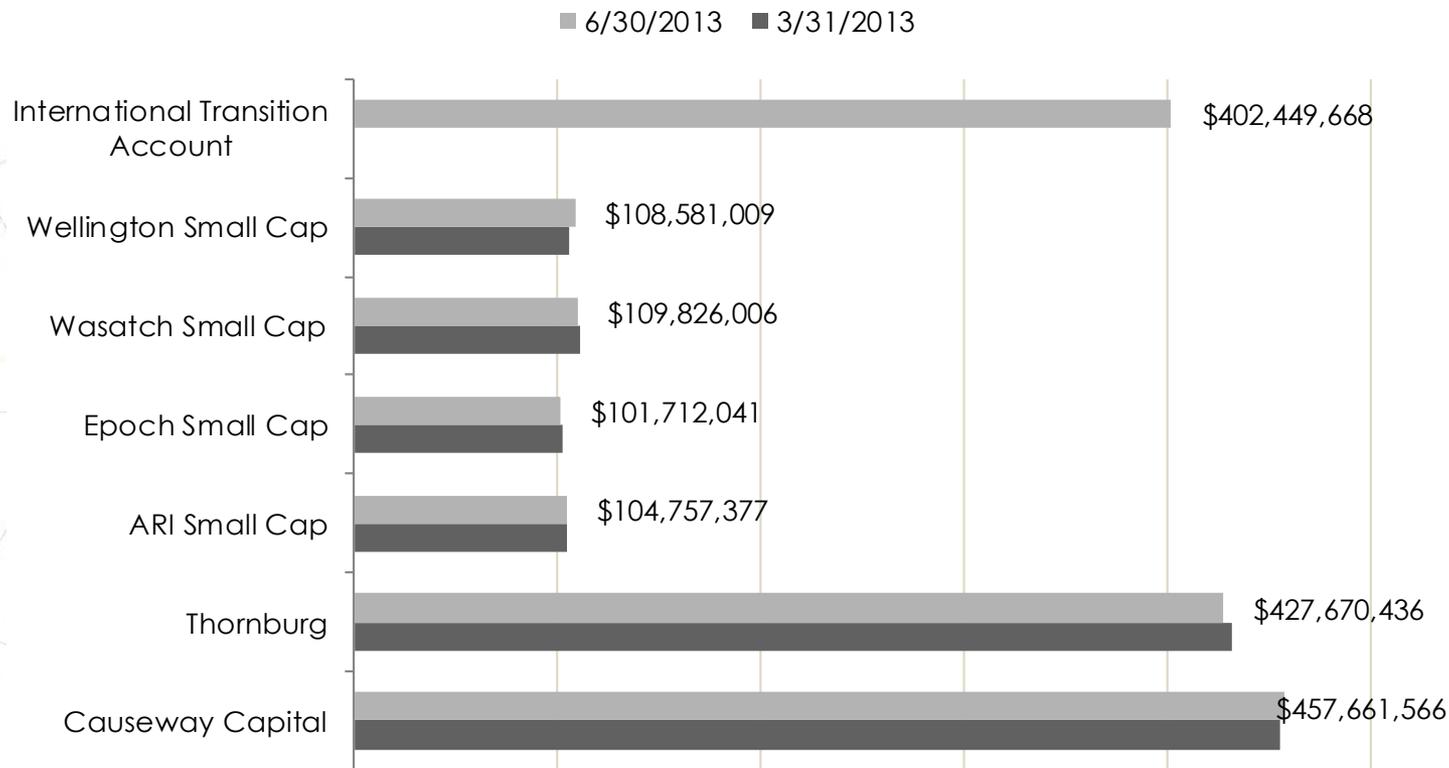


*Composite performance used when necessary to calculate figures.

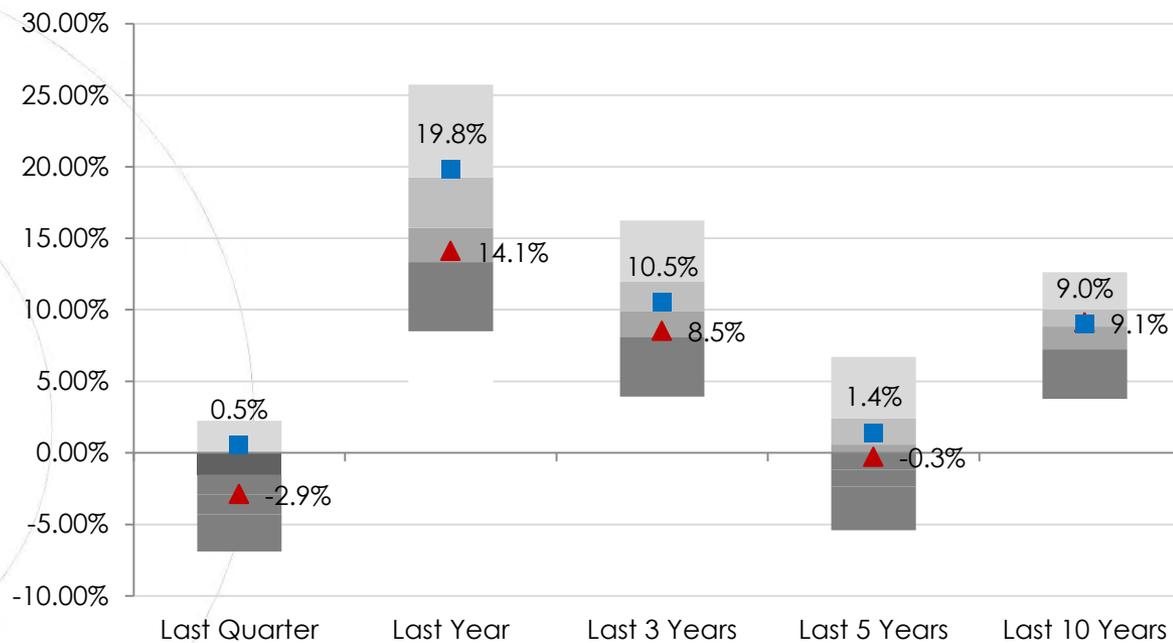
Asset Allocation Summary – International Equity Allocation



Asset Allocation Summary – International Equity Allocation



International Equity Composite vs. Non-US Equity Allocation Peer Universe



■ OTRS International Equity Composite

◆ MSCI ACWI Ex-US

0.5%

-2.9%

19.8%

14.1%

10.5%

8.5%

1.4%

-0.3%

9.0%

9.1%

Performance – International Equity Managers

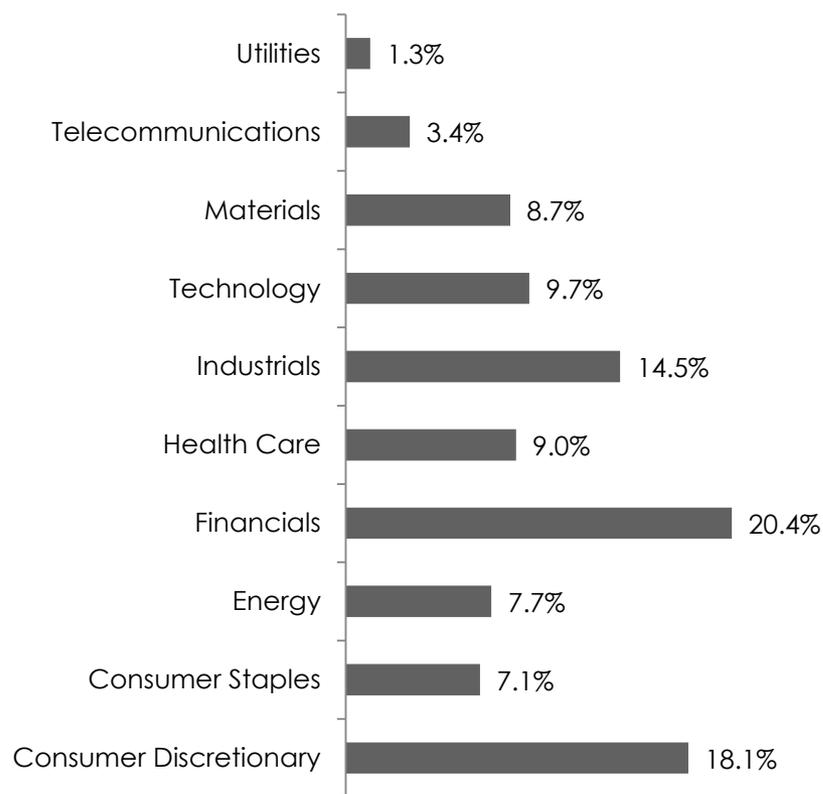
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Causeway	-		2.6	24	12.3	23	19.8	22	0.5	19
<i>Brandes</i>	-		-		-		-		-	
Thornburg	-		1.7	35	9.1	61	14.2	66	-1.1	39
<i>MSCI ACWI Ex US</i>	9.1		-0.3		8.5		14.1		-2.9	
ARI	-	-	-	-	-	-	23.5	12	0.5	19
EPOCH	-	-	-	-	-	-	22.6	15	-0.3	26
Wasatch	-	-	-	-	-	-	31.0	2	-1.2	41
Wellington	-	-	-	-	-	-	28.8	4	3.0	3
<i>MSCI EAFE Small Cap</i>	10.4		2.5		11.9		20.9		-2.5	

Total International Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Toyota Motor Corp	1.18%
Reed Elsevier	1.15%
Toyota Motor Corp	1.13%
Mitsubishi UFJ Financial	1.09%
Sanofi	0.90%
KDDI Corp	0.90%
Novartis AG	0.89%
LVHM Moet Louis Vuitton	0.85%
AKZO Nobel	0.83%
Novo Nordisk	0.81%
Top Ten Total Weight	9.73%

Sector Weightings



Active International Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. S&P 500	Correlation vs. MSCI ACWI ex US
Causeway	Large Cap Value	116.4%	94.0%	2.6%	0.92	0.98
Thornburg	Large Cap Core	92.6%	91.2%	1.7%	0.92	0.99
Advisory Research	Small Cap Value	107.7%	89.4%	4.0%	0.87	0.95
EPOCH	Small Cap Value	128.7%	100.5%	2.5%	0.89	0.97
Wasatch	Small Cap Growth	181.9%	90.6%	11.7%	0.83	0.95
Wellington	Small Cap Growth	93.0%	105.3%	2.0%	0.91	0.97

Upside and downside capture ratios measured against the MSCI ACWI ex-US index.

*Composite performance used when necessary to calculate figures.

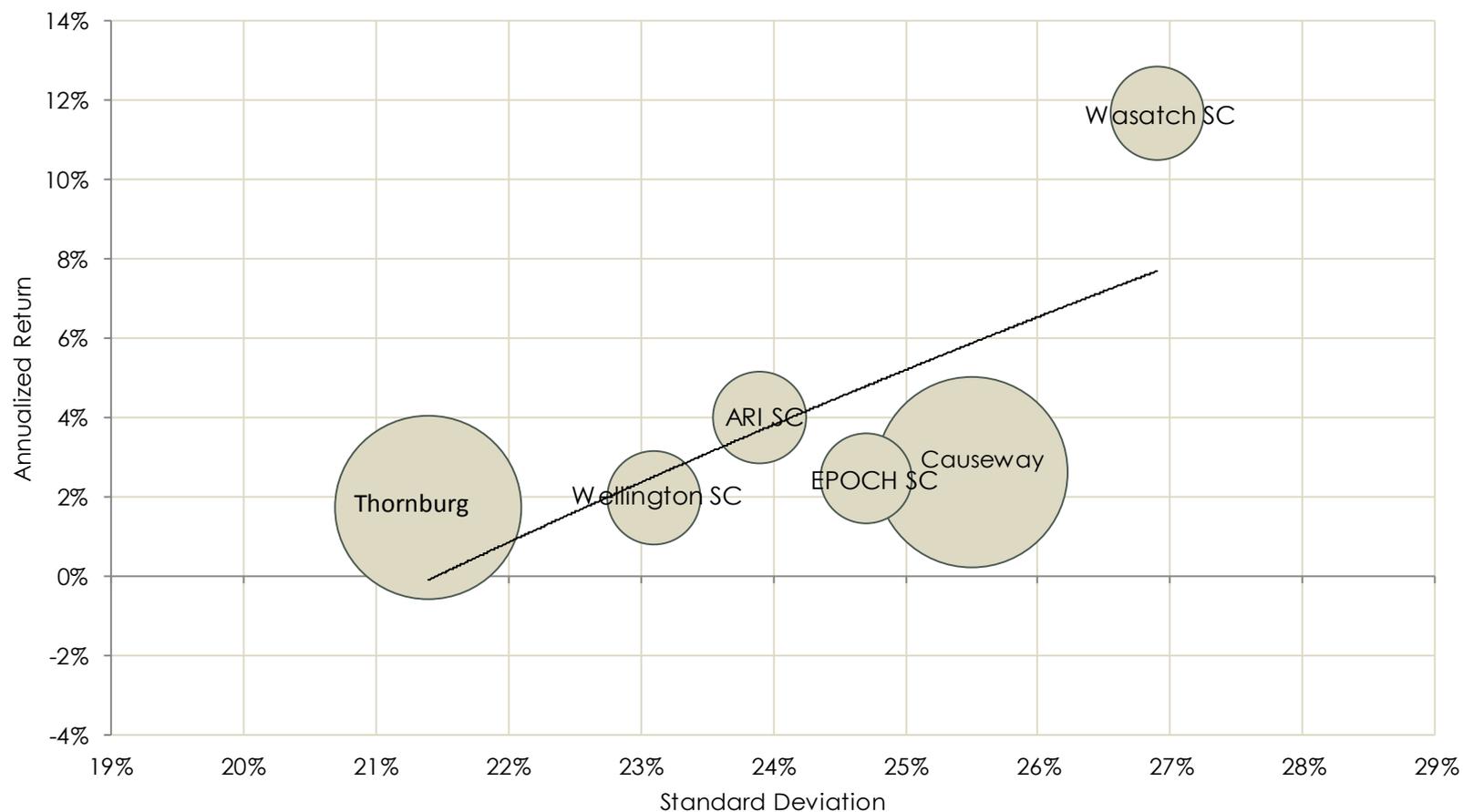
International Equity Portfolios: Correlation Matrix

Trailing Five Years	ARI SCI	Causeway LCI	EPOCH SCI	Thornburg LCI	Wasatch SCI	Wellington SCI
ARI SCI						
Causeway LCI	0.93					
EPOCH SCI	0.94	0.93				
Thornburg LCI	0.93	0.96	0.95			
Wasatch SCI	0.87	0.85	0.95	0.91		
Wellington SCI	0.95	0.93	0.97	0.98	0.92	

*Composite performance used when necessary to calculate figures.

International Equity Risk Return Comparison

Composite Data Used - Five Years Ended June 30, 2013



*Composite performance used when necessary to calculate figures.

Second Quarter, 2013

Performance – MLPs and Real Estate

	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Chickasaw	-	-	-	-	49.6	-	3.1	-
FAMCO	-	-	-	-	32.0	-	3.9	-
Swank	-	-	-	-	44.4	-	4.0	-
<hr/>								
<i>Alerian MLP</i>	-		-		28.4		1.9	
<hr/>								
AEW	-	-	-	-	10.8	-	3.1	
Heitman	-	-	-	-	12.2	-	4.6	
L&B	-	-	-	-	8.5	-	2.0	
<hr/>								
<i>NCREIF - OEDCE</i>	-0.15		14.96		12.2		3.9	
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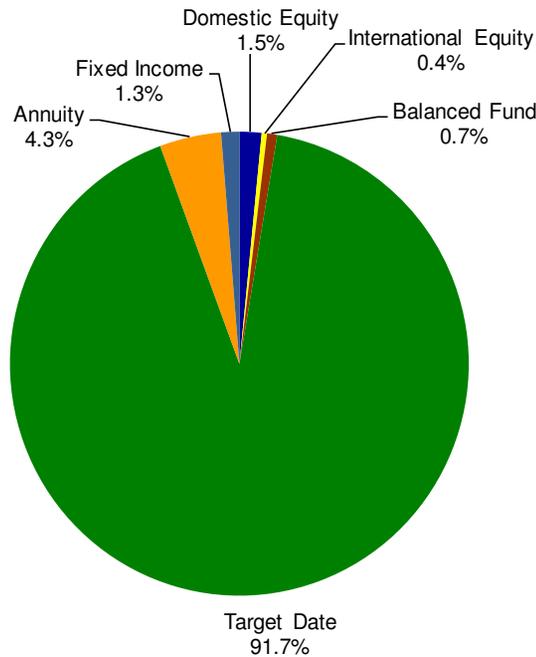
OKLAHOMA TEACHERS RETIREMENT SYSTEM

**403(b) executive summary report
second quarter, 2013**



403(B) PLAN
PERIODS ENDED JUNE 30, 2013

The Oklahoma Teachers' Retirement System 403(b) Plan ended the second quarter with a total market value of **\$204,233,915, down from \$207,661,914 at the beginning of the year.** The Plan was allocated¹ 91.7% to target date funds, 4.3% to an annuity fund, 1.3% to fixed income, 1.5% in domestic equity funds, 0.4% to international equity, and 0.7% 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, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Fixed Plus III	-		-		-		-		\$8,865,639 4.3%
Loomis Sayles Inv Gr Bond <i>Barclay's Cap Agg</i>	-3.2%	83	3.9%	7	6.8%	5	7.5%	10	\$2,605,337 1.3%
ING FMR Diversified <i>Russell Mid Cap Growth</i>	1.0%	77	20.2%	47	13.2%	92	5.8%	54	\$339,169 0.2%
ING JPMorgan Small Cap Core <i>Russell 2000</i>	2.3%	59	26.2%	30	20.1%	19	10.4%	17	\$540,246 0.3%
ING MFS <i>S&P 500/BC Agg (60/40)</i>	1.0%	22	14.3%	23	11.3%	48	5.7%	38	\$1,492,623 0.7%
ING Pioneer Mid Cap <i>Russell Mid Cap Value</i>	2.5%	49	20.4%	89	13.9%	91	5.0%	91	\$128,618 0.1%
ING Russell 1000 Index <i>Russell 1000</i>	2.6%	52	18.9%	73	17.5%	37	6.0%	48	\$463,997 0.2%
ING Van Kampen Growth & Income <i>Russell 1000 Value</i>	4.4%	21	25.3%	29	17.4%	40	7.4%	26	\$530,801 0.3%
American Funds Growth Fund <i>Russell 1000 Growth</i>	3.2%	18	23.0%	9	16.2%	55	4.9%	62	\$1,155,502 0.6%
American Funds Euro Pacific <i>MSCI EAFE</i>	-0.8%	43	15.5%	60	9.1%	62	1.1%	15	\$769,179 0.4%
ING Index Solution Funds									\$187,342,804 91.7%
Total Market Value excluding ING Index Funds									\$16,891,110
Total Market Value including ING Index Funds									\$204,233,915

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

403(B) PLAN REVIEW

PERIODS ENDED JUNE 30, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Index Solution Income	-1.3%	44	5.8%	48	6.7%	61	-	-	\$115,207,178
<i>Morningstar Lifetime Moderate 2000</i>	<i>-0.8%</i>		<i>4.2%</i>		<i>10.2%</i>		<i>4.8%</i>		61.5%
ING Index Solution 2015	-1.1%	40	7.5%	69	8.2%	69	-	-	\$42,148,362
<i>Morningstar Lifetime Moderate 2015</i>	<i>-1.6%</i>		<i>3.6%</i>		<i>12.2%</i>		<i>3.7%</i>		22.5%
ING Index Solution 2025	-0.3%	34	12.5%	42	11.5%	44	-	-	\$21,928,564
<i>Morningstar Lifetime Moderate 2025</i>	<i>-3.0%</i>		<i>1.0%</i>		<i>13.5%</i>		<i>1.9%</i>		11.7%
ING Index Solution 2035	0.4%	26	15.8%	42	13.1%	44	-	-	\$6,966,990
<i>Morningstar Lifetime Moderate 2035</i>	<i>-4.0%</i>		<i>-1.6%</i>		<i>13.9%</i>		<i>0.8%</i>		3.7%
ING Index Solution 2045	0.5%	42	17.1%	36	14.0%	24	-	-	\$1,040,213
<i>Morningstar Lifetime Moderate 2045</i>	<i>-4.3%</i>		<i>-2.6%</i>		<i>13.8%</i>		<i>0.5%</i>		0.6%
ING Index Solution 2055	0.5%	44	17.1%	40	-	-	-	-	\$51,497
<i>Morningstar Lifetime Moderate 2055</i>	<i>-4.5%</i>		<i>-3.2%</i>		<i>13.6%</i>		<i>0.4%</i>		0.0%
Total Market Value									\$187,342,804

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

Loomis Sayles Investment Grade Bond	LIGRX	Fixed Income
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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.

ING MFS Total Return	IMSRX	Balanced Fund
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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.

ING Russell Large Cap Index	IRLCX	Large Cap Blend
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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.

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	IISSX	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, 2013

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	0.90%	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	0.90%	1.24%
ING JPMorgan Small Cap Core Equity	Small Cap Blend	1.13%	1.41%
International Equity			
American Funds EuroPacific Growth	International Equity	0.69%	1.48
Fixed Income			
ING Fixed Plus Account III	Annuity	n/a	n/a
Loomis Sayles Investment Grade Bond	Fixed Income	0.84%	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	0.96%	1.30%

Source: Morningstar