



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED
MEETING

FEBRUARY 23, 2011

9:00 AM

MEETING MATERIALS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, February 22, 2011 – 3:00 PM
Via Conference Call

AGENDA

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON AMENDMENTS TO INVESTMENT POLICY**
- 3. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 4. ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:

Chair: James Smith

Members: Cathy Conway, Dick Neptune, Michael Simpson, Gary Trennepohl

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, February 23, 2011 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE JANUARY 26, 2011 BOARD MEETING**
- 3. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. Aronson Johnson Ortiz
 - B. Hotchkis & Wiley – Mid Cap
 - C. Hotchkis & Wiley – Large Cap
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 5. 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
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON AUDIT COMMITTEE REPORT**
- 9. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF PERMANENT RULES**
 - A. Report to the Board
 - B. Proposed Rules for Adoption: 715:1-1-5 amended; 715:1-1-6 amended; 715:1-1-7 amended; 715:1-1-8 amended; 715:1-1-10 amended; 715:1-1-12 amended; 715:10-1-7 amended; 715:10-5-6 amended; 715:10-5-17 amended; 715:10-5-31 amended; 715:10-9-6 amended; 715:10-11-2 amended; 715:10-13-1 amended; 715:10-13-9 amended; 715:10-15-5 amended; 715:10-15-24 amended; 715:10-17-6 amended; 715:10-17-7 amended
- 10. DISCUSSION AND POSSIBLE ACTION ON LEGAL REPORT**
- 11. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
 - A. Service Dashboard
 - B. Client Status Update
 - C. Legislative Update
 - D. Other Items for Discussion

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, February 23, 2011 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA (continued)

12. **DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. SUPP. 2007 § 307(b)(4) FOR THE PURPOSE OF CONFIDENTIAL COMMUNICATIONS WITH ATTORNEY REGARDING PENDING INVESTIGATION ARISING FROM COMMUNICATION RECEIVED FROM A FORMER EMPLOYEE OF THE OKLAHOMA TEACHERS RETIREMENT SYSTEM**
 - 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. **QUESTIONS AND COMMENTS FROM TRUSTEES**
15. **NEW BUSINESS**
16. **ADJOURNMENT**

**MEETING MINUTES
JANUARY 26, 2011
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 9:02 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:

Michael Simpson, *Chairman*
Gary Trennepohl, *Vice-Chairman**
Bruce DeMuth, *Secretary**
Janet Barresi*
Cathy Conway

Odilia Dank
Richard Gorman
Dick Neptune
James Smith
Billie Stephenson

TRUSTEES ABSENT:

Sherrie Barnes
Preston Doerflinger

Galeard Roper

TRS STAFF PRESENT:

James R. Wilbanks, *Executive Director*
Josh Richardson, *Internal Auditor*
Dixie Moody, *Client Services Director*
Becky Wilson, *Executive Assistant*

Joe Ezzell, *Assistant Executive Director*
Nick Pointer, *Investment Analyst*
Kim Bold, *Human Resources Director*

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT:

Greg Weaver, *Gregory W. Group*
Tony Kay, *Gregory W. Group*

Douglas J. Anderson, *Gregory W. Group*
Mike Farrell, *Gregory W. Group*

OTHERS PRESENT:

Monte Lawler, *Moore Assoc of Classroom Teachers* Clint Sloan, *E-Capitol News*

**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. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 2 - MEETING MINUTES: A motion was made by Dr. Trennepohl with a second made by Mr. DeMuth to approve the December 15, 2010 meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 3 - PRESENTATIONS BY INVESTMENT MANAGERS: Goldman Sachs Asset Management and Sawgrass Asset Management, Investment Managers, were present to give respective presentations to the Board.

ITEM 4 – INVESTMENT COMMITTEE REPORT: Mr. Smith, Chairman of the Investment Committee, updated the Board on the Organizational Changes occurring at Lord Abbett. The Investment Committee did not recommend making any changes to the Lord Abbett Alert Status at this time.

Investment Managers from PIMCO were present and gave a presentation to the Board regarding the BRAVO fund. After discussion, the Investment Committee recommended the Board invest \$100 million into the PIMCO BRAVO fund. Trustees responding yes to the vote were Dr. Barresi; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; and Chairman Simpson. Trustees responding no to the vote were Dr. Trennepohl. Chairman Simpson declared the recommendation to have passed.

Mr. Smith also updated the Board on the Custody Search. No action was necessary.

A break was taken from 10:49 a.m. to 10:59 a.m.

ITEM 5 – AMENDMENTS TO INVESTMENT POLICY: Dr. Wilbanks updated the Board on Amendments to Investment Policy. No action was necessary.

ITEM 6 – MASTER LIMITED PARTNERSHIP RFP: Presentations were made to the Board by the four remaining finalists: Chickasaw Capital Management, Fiduciary Asset Management, Swank Capital, LLC, and Tortoise Capital Advisors. After giving respective presentations to the Board, a motion was made by Ms. Conway with a second made by Ms. Stephenson to hire Fiduciary Asset Management at 50%, Chickasaw Capital Management at 25% and Swank Capital, LLC at 25%, investing a total of \$450 million. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

A break for lunch was taken from 12:10 p.m. to 12:40 p.m.

ITEM 7 – 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.

A break was taken from 1:50 p.m. to 1:58 p.m.

ITEM 8 – 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, no action was necessary.

ITEM 9 – 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 10 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board. A motion was made by Mr. Neptune with a second made by Mr. DeMuth to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

ITEM 11 – EXECUTIVE SESSION REGARDING THE EXECUTIVE DIRECTOR OF THE OKLAHOMA TEACHERS RETIREMENT SYSTEM:

- A. A motion was made by Mr. Neptune with a second made by Mr. DeMuth to enter into Executive Session at 2:44 p.m. The motion carried by a unanimous voice vote. Trustees

responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

- B. A motion was made by Mr. Smith with a second made by Ms. Conway to return to Open Session at 3:35 p.m. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. Gorman; Mr. Neptune; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

ITEM 12 – POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: No action was necessary.

ITEM 13 – QUESTIONS AND COMMENTS FROM TRUSTEES: There were no questions or comments from the Trustees.

ITEM 14 - NEW BUSINESS: There was no further business from the Board.

ITEM 15 - ADJOURNMENT: There being no further business, a motion was made by Mr. Neptune with a second made by Ms. Stephenson to adjourn. The meeting was adjourned at 3:37 p.m. Trustees present at adjournment were Ms. Conway; Ms. Dank; Mr. Gorman; Mr. Neptune; Mr. Smith; 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 February 23, 2011.

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

Monthly Investment Analysis

Aronson, Johnson, Ortiz

Hotckis and Wiley

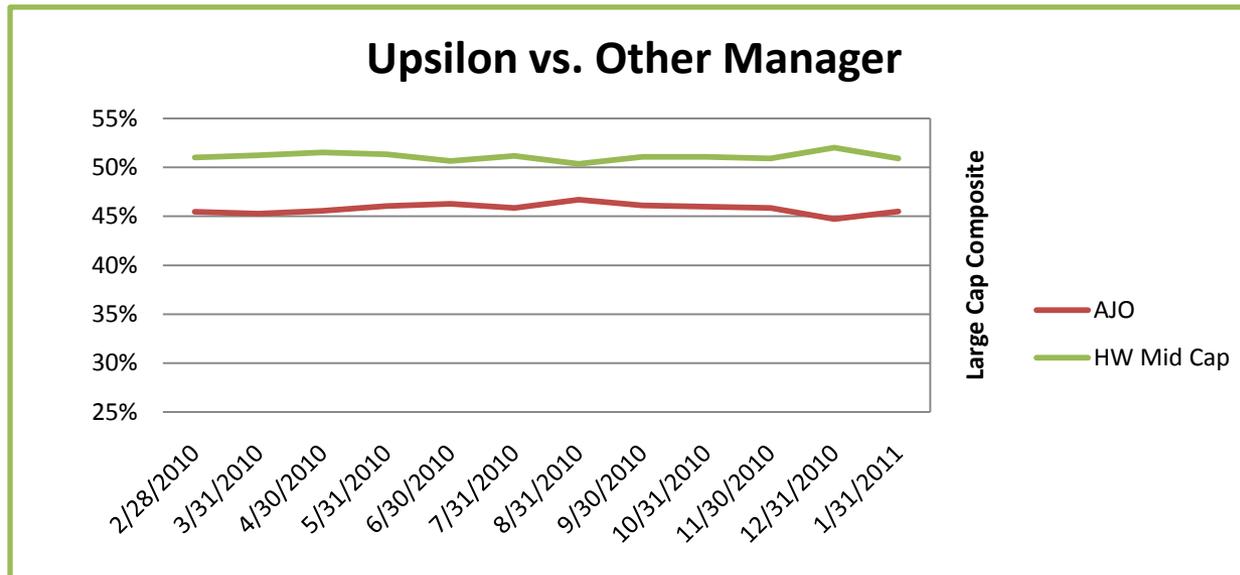
Portfolio Returns

	3 Months	1 Year	3 Year	5 Year	10 Year
AJO	9.94%	30.31%	3.58%	3.39%	7.96%
Russell Midcap	11.18%	32.58%	4.07%	4.06%	6.47%
AJO Alpha	--	(1.22%)	(0.25%)	(0.55%)	1.89%

	3 Months	1 Year	3 Year	5 Year	10 Year
Hotckis and Wiley Mid Cap Returns	13.00%	32.31%	8.28%	3.69%	--
Russell Midcap Value	10.53%	31.13%	3.36%	3.66%	--
Hotckis and Wiley Mid Cap Alpha	--	(7.21%)	4.58%	(0.13%)	--

	3 Months	1 Year	3 Year	5 Year	10 Year
Hotckis and Wiley Large Cap Returns	11.12%	26.66%	(2.21%)	(1.09%)	6.15%
Russell 1000 Value	9.75%	21.54%	(2.39%)	0.96%	3.45%
Hotckis and Wiley Large Cap Alpha	--	1.09%	0.84%	(1.78%)	2.54%

Manager Upsilon*



*Upsilon measures the percentage of each managers underlying portfolio holdings that is not overlapped by the other manager.

Portfolio Statistics

	3 Year Risk Statistics		
	AJO	Hotckis and Wiley Mid Cap	Hotckis and Wiley Large Cap
Beta	0.93	1.13	1.22
Sharpe Ratio	0.41	0.81	(0.33)
Treynor Ratio	0.03	0.07	(0.02)

Correlations

	AJO Returns	Frontier Returns	HW Mid Returns	Index
AJO Returns	1.00%			99.03%
Frontier Returns	96.85%	1.00%		98.10%
HW Mid Returns	92.24%	90.12%	1.00%	94.25%
Wellington Returns	96.84%	95.26%	90.43%	97.93%

	Goldman Returns	HW Large Returns	Index
Goldman Returns	1.00%		98.19%
HW Large Returns	89.53%	1.00%	97.20%
Sawgrass Returns	97.20%	92.07%	98.90%

January 2011 - Market Performance Update

Equities Push Higher



Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	2.2	24.3	1.0	2.7
NASDAQ (prc chg only)	1.8	25.7	4.2	3.2
S&P 500 cap weighted	2.4	22.2	-0.1	2.2
S&P 500 equal weighted	2.2	28.7	4.8	4.4
S&P Mid Cap	2.0	33.5	6.4	5.0
S&P Small Cap	0.2	30.9	4.8	3.0
S&P REIT	3.2	40.1	1.8	2.1
Russell 1000 Growth	2.5	25.1	3.1	3.9
Russell 1000 Value	2.3	21.5	-2.4	1.0
Russell Mid Cap Growth	2.0	34.3	4.5	4.1
Russell Mid Cap Value	2.3	31.1	3.4	3.7
Russell 2000 Growth	-0.6	34.4	5.3	3.3
Russell 2000 Value	0.1	28.3	3.6	1.9
Russell Top 200	2.5	19.7	-1.0	1.9
Russell 1000	2.4	23.3	0.5	2.5
Russell Mid Cap	2.1	32.6	4.1	4.1
Russell 2500	1.3	32.9	5.1	3.7
MSCI World Ex US	2.2	17.3	-2.1	2.7
MSCI World Ex US Growth	0.3	19.3	-2.0	3.1
MSCI World Ex US Value	4.1	15.2	-2.3	2.2
MSCI EAFE	2.4	15.9	-2.7	2.2
MSCI Emerging Markets	-2.7	22.8	3.6	10.1

Domestic equities pushed higher during the first month of 2011, led by large caps. The Dow Jones Industrial Average closed above 12,000 on the first day of February.

Fourth quarter corporate earnings were better than expected during January. Energy was the top performing market sector while Telecommunications suffered losses. Eight of the market's ten sectors enjoyed gains during January. Global tensions, focused on Egypt, pushed share prices lower, but only for a few days. Oil prices did move to the \$100/barrel level.

Core fixed income portfolios closed the month modestly higher. Long Treasury bond prices moved lower while cash equivalent portfolios were flat.

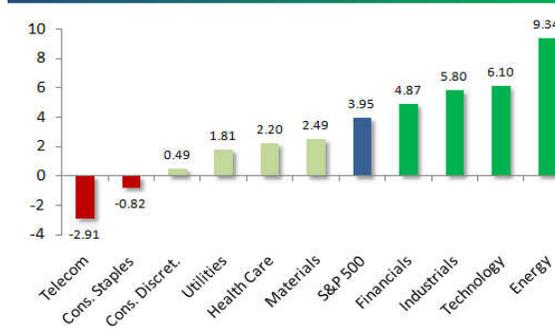
Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.6	2.2
BC Long Treasury	-2.2	4.3	4.0	5.5
BC US Agg	0.1	5.1	5.4	5.8

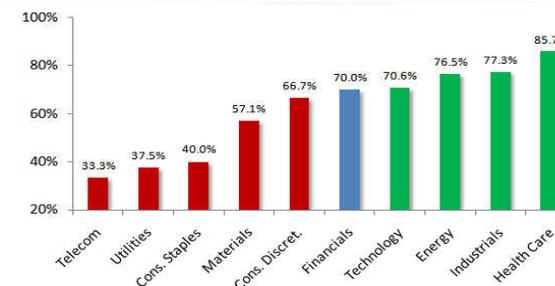
US Homeownership Rate (%): 1965 - 2010



S&P 500 Sector Performance YTD (%)



S&P 500 Sector Revenue Beat Rates



Oklahoma Teachers' Retirement System

Investment Manager Profile – As of January 31, 2011



Manager	Location	Structure	Investment Mandate	Portfolio Size	Status	Management Fee
AJO Partners	Philadelphia, Pennsylvania	Independent and Employee-owned	Mid Cap Equity	\$342,623,228	In Compliance	0.55%
Hotchkis & Wiley	Los Angeles, California	Independent and Employee-owned	Large Cap Value Equity Mid Cap Value Equity	\$388,237,526 \$364,040,303	In Compliance	0.34% 0.50%

Manager	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Since Inception
AJO Partners <i>Russell MidCap</i>	2.1	9.9	30.3	3.6	3.4	8.0	9.7
	2.1	11.2	32.6	4.1	4.1	4.7	8.0
							<i>Inception: 8.1998</i>
Hotchkis & Wiley Large Cap <i>Russell 1000 Value</i>	3.4	11.1	26.6	-2.2	-1.1	6.1	10.4
	2.3	9.7	24.5	-2.4	1.0	3.4	9.5
							<i>Inception: 3.1990</i>
Hotchkis & Wiley Mid Cap <i>Russell Mid Cap Value</i>	0.2	13.0	32.3	8.3	3.7	-	12.7
	2.2	10.5	31.1	3.4	3.7	-	10.5
							<i>Inception: 7.2002</i>

Manager	Management Philosophy	Represented By:
AJO Partners	Rigorous bottom-up process that blends quantitative investment techniques, fundamental security analysis, and thorough attention to trading.	Gina Marie Moore
Hotchkis & Wiley Large Cap	Hotchkis & Wiley are disciplined value investors in domestic equities. Their firm specializes in thorough, bottom-up investment research. They invest when the present value of a company's future cash flows exceeds its market price. Many of the companies held are unpopular and have low expectations.	George Davis Stanley Majcher

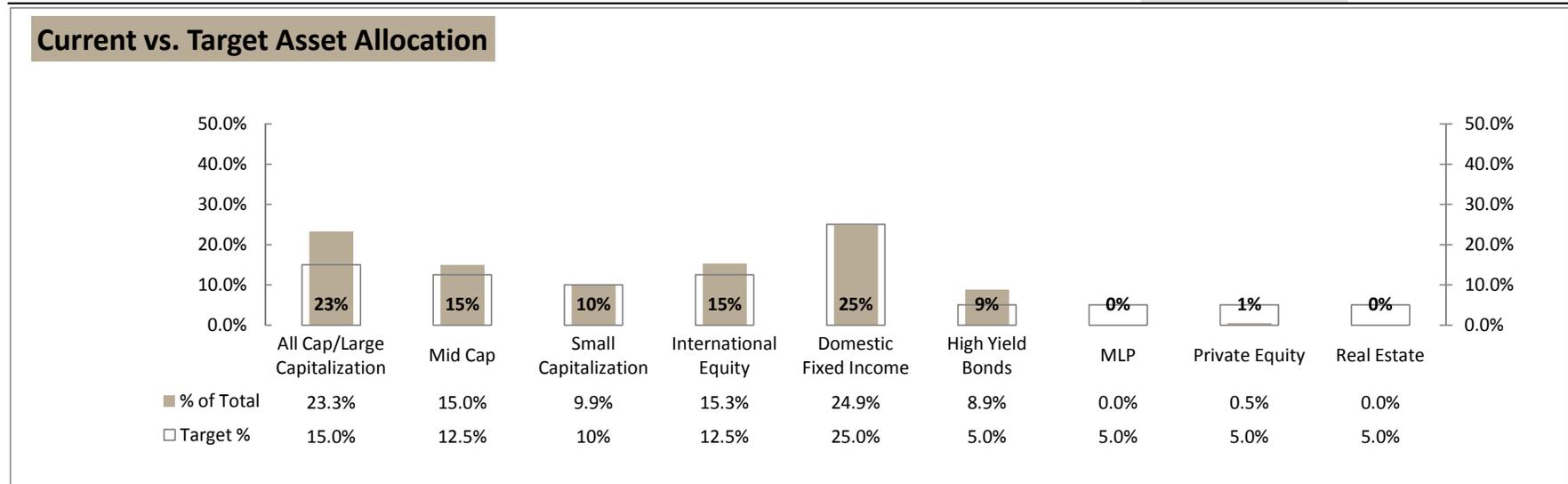
Oklahoma Teachers' Retirement System

Monthly Asset Allocation Review

As of January 31, 2011



Asset Class	Total Market Value	Percentage of Total	Target Percentage	Action?*
All Cap/Large Cap	2,273,363,858	23.3%	17.5%	Yes
Mid Cap	1,463,496,729	15.0%	12.5%	Yes
Small Cap	969,862,487	9.9%	10.0%	No
Total Domestic Equity	4,706,723,074	48.2%	40.0%	Yes
International Equity	1,497,142,448	15.3%	15.0%	No
Fixed Income (excludes OBP)	2,428,435,170	24.9%	25.0%	No
High Yield Bonds	864,159,060	8.9%	5.0%	Yes
MLP	-	0.0%	5.0%	Yes
Private Equity	51,118,826	0.5%	5.0%	Yes
Real Estate	-	0.0%	5.0%	Yes
Cash	59,904,848	0.6%	0.0%	Yes



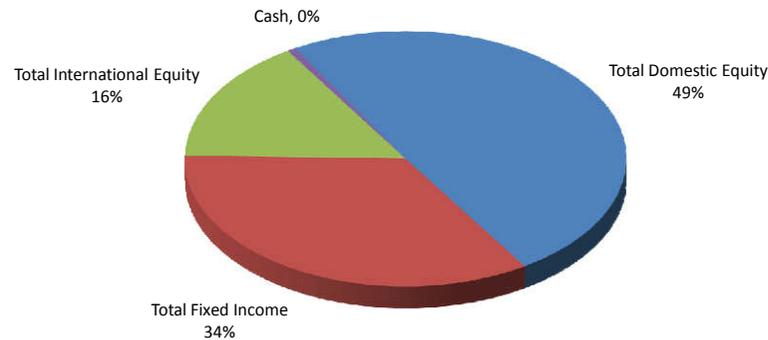
*Action is suggested when the allocation falls outside of 90% to 110% of its target allocation.

Oklahoma Teachers' Retirement System Composites and Total Fund
Performance Summary as of January 31, 2011



	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Total Domestic Equity	4,706,723,074	1.5	9.6	27.1	26.0	2.9	3.0	4.1	10.4	8.9	3.31.90
S&P 500		2.4	9.2	26.2	22.2	-0.1	2.2	1.3			
Total All Cap Equity	784,020,834	2.5	9.1	26.9	24.4	1.6	-	-	2.7	2.3	9.30.06
Russell 3000		2.2	9.7	27.2	24.0	0.8	2.5	2.0			
Total Large Cap Equity	1,489,343,024	2.2	7.5	23.3	19.6	-1.4	0.5	3.0	9.3	8.6	1.31.95
S&P 500		2.4	9.2	26.2	22.2	-0.1	2.2	1.3			
Total Mid Cap Equity	1,463,496,729	1.7	12.3	32.1	32.4	6.2	5.3	7.2	9.1	8.5	11.30.98
Russell MidCap		2.1	11.2	30.8	32.6	4.1	4.1	6.6			
Total Small Cap Equity	969,862,487	-0.5	9.3	26.2	28.6	7.1	4.3	5.2	8.7	6.0	1.31.98
Russell 2000		-0.3	11.4	29.0	31.4	4.6	2.6	5.8			
Total International Equity	1,497,142,448	2.1	4.7	25.0	17.0	-1.8	3.5	5.3	9.7	5.2	1.31.96
MSCI EAFE GD		2.4	5.4	27.2	15.9	-2.7	2.2	4.2			
Total Fixed Income (excludes High Yield)	2,428,435,170	0.0	-1.9	2.4	7.4	7.2	7.2	6.4	7.4	7.1	3.31.90
Barclays Aggregate		0.1	-1.5	1.3	5.1	5.4	5.8	5.7			
High Yield Fixed Income	864,159,060	1.9	2.8	12.7	16.3	-	-	-	28.1	32.6	2.28.2009
ML High Yield II		2.1	2.7	12.3	15.9	11.4	8.9	8.2			
Cash	59,904,848	-	-	-	-	-	-	-	-	-	-
91 Day T-bill		0.0	0.0	0.1	0.1	0.6	2.4	-			
Total Fund	9,759,925,200	1.3	5.1	18.6	18.7	4.3	5.0	6.0	9.4	9.3	11.30.91
Allocation Index		1.4	5.8	19.5	18.6	2.8	4.1	5.1	9.3		11.30.91
Actuarial Assumption		0.6	1.9	1.9	8.0	8.0	8.0	8.0	8.1		11.30.91

Composite Allocation by Asset Class



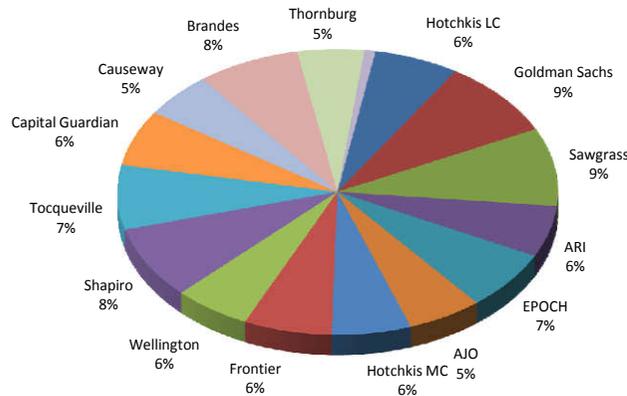
Oklahoma Teachers' Retirement System Equity Portfolios

Performance Summary as of January 31, 2011



	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hotchkis & Wiley Large Cap	388,237,526	3.4	11.1	27.7	26.6	-2.2	-1.1	6.1	10.4	9.5	3.31.90
<i>Russell 1000 Value</i>		2.3	9.7	24.5	21.5	-2.4	1.0	3.4			
Goldman Sachs Sawgrass	549,223,304	1.0	6.7	22.8	17.3	2.9	3.4	0.3	9.8	8.3	3.31.90
<i>Russell 1000 Growth</i>	551,882,193	2.5	5.9	20.9	17.5	0.3	-	-	2.9	4.9	6.30.06
Advisory Research EPOCH	363,414,214	2.4	9.5	24.3	23.7	0.8	-	-	1.3	1.9	9.30.06
<i>Russell 3000</i>	420,606,620	2.6	8.8	29.2	25.0	2.1	-	-	3.8	1.9	9.30.06
Capital Guardian	396,596,062	0.5	5.3	23.5	16.6	-2.4	2.0	-	9.9	7.8	4.30.03
Causeway Capital	320,641,222	3.3	5.3	29.0	20.3	-0.1	3.9	-	12.2	11.0	4.30.03
Brandes	474,116,265	3.6	3.7	22.9	11.9	-3.7	2.7	6.4	11.5	5.2	1.31.96
Thornburg	305,788,899	0.8	4.8	26.1	22.7	1.2	7.2	-	8.5	4.2	11.30.05
<i>MSCI EAFE GD</i>			2.4	5.4	27.2	15.9	-2.7	2.2	4.2		
<i>MSCI ACWI Ex US</i>		1.0	4.7	26.2	18.0	-1.4	3.6	5.5			
Wellington	352,982,675	2.3	14.4	35.6	34.4	6.1	5.9	8.7	10.5	7.7	8.31.98
Frontier Capital	403,850,523	2.0	11.8	31.1	32.5	6.9	8.2	-	9.3	7.8	5.31.02
<i>Russell MidCap Growth</i>		2.0	11.9	33.3	34.3	4.5	4.1	2.7			
AJO Partners	342,623,228	2.1	9.9	29.3	30.3	3.6	3.4	8.0	9.7	8.0	8.31.98
<i>Russell MidCap</i>		2.1	11.2	30.8	32.6	4.1	4.1	4.7			
Hotchkis & Wiley Mid Cap	364,040,303	0.2	13.0	32.5	32.3	8.3	3.7	-	12.7	10.5	7.31.02
<i>Russell MidCap Value</i>		2.2	10.5	28.7	31.1	3.4	3.7	8.4			
Shapiro Capital Management	514,028,395	1.6	11.6	30.8	32.5	11.9	8.3	11.6	9.7	7.6	1.31.98
Tocqueville	455,834,092	-2.8	6.9	21.5	24.5	4.1	3.3	8.0	9.3	9.0	10.31.00
<i>Russell 2000 Value</i>		0.1	11.1	26.6	28.3	3.6	1.9	8.1			
<i>Russell 2000</i>		-0.3	11.4	29.0	31.4	4.6	2.6	5.8			
Franklin Park Private Equity	51,118,826	0.0	1.6	1.6	7.8	-	-	-	-6.8	-	9.30.08

Equity Portfolio Allocation by Manager

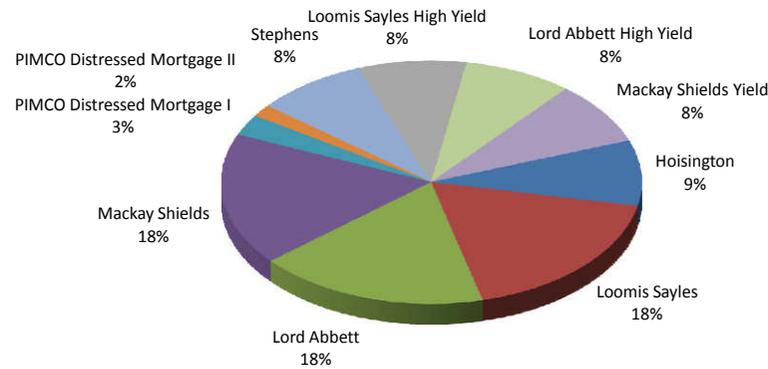


Oklahoma Teachers' Retirement System Fixed Income Portfolios
 Performance Summary as of January 31, 2011



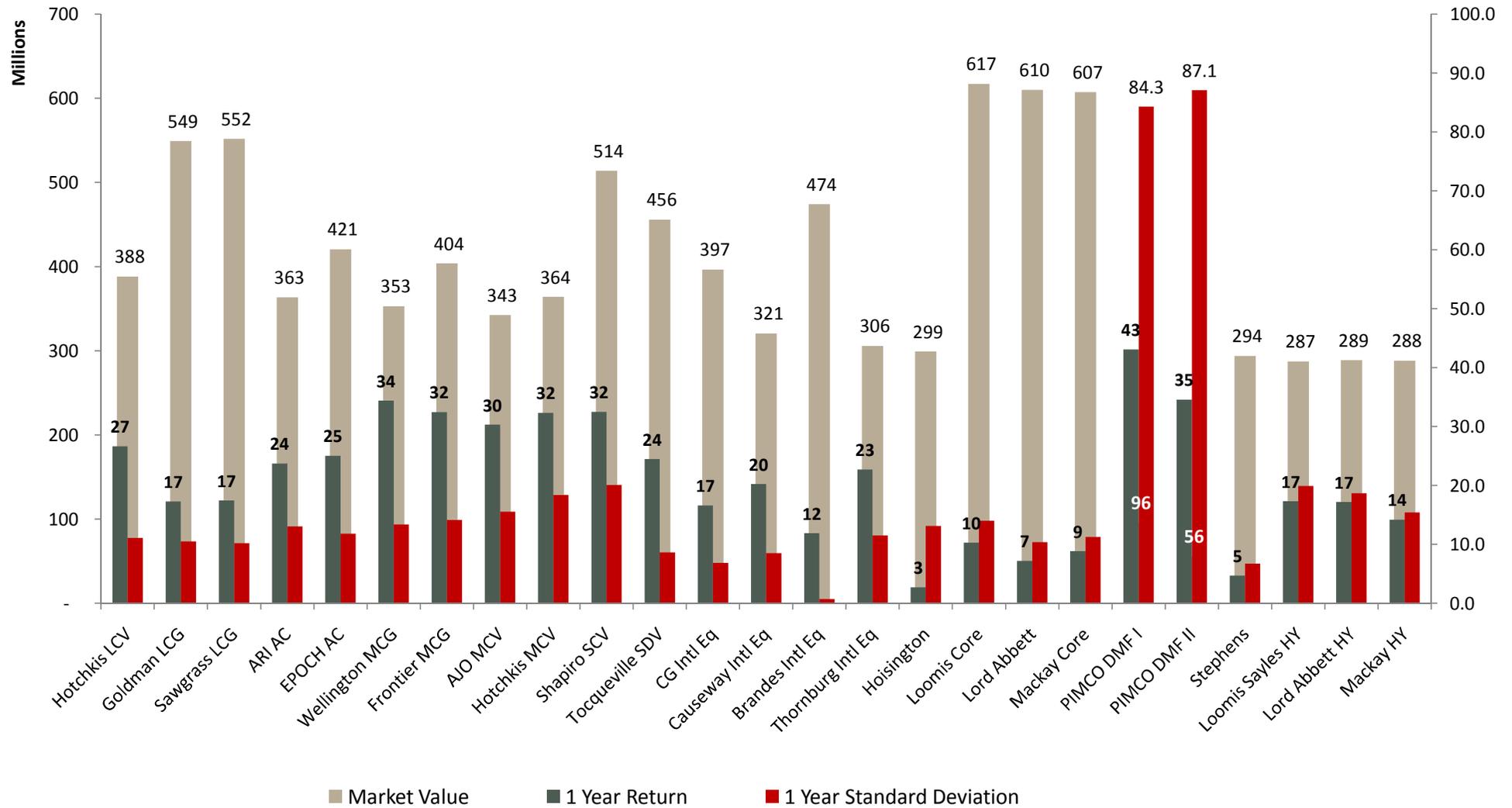
	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hoisington	299,168,018	-4.1	-9.6	-9.9	2.7	3.1	4.5	-	5.7	5.1	10.31.04
Loomis Sayles	617,248,725	0.8	-0.5	5.8	10.3	10.6	9.4	7.0	7.2	6.2	7.31.99
Lord Abbett	609,898,467	0.4	-1.0	3.1	7.2	7.8	7.2	-	6.4	5.1	10.31.04
Mackay Shields	607,305,332	0.9	-0.2	5.5	8.8	8.1	7.4	-	6.4	5.1	10.31.04
PIMCO Distressed Mortgage I	95,813,493	5.3	5.3	28.1	43.1	-	-	-	10.9	6.2	5.31.08
PIMCO Distressed Mortgage II	55,786,891	7.1	7.1	30.7	34.6	-	-	-	53.5	6.0	12.31.08
Stephens	293,933,623	0.3	-1.3	1.7	4.7	5.7	6.7	-	5.6	5.1	10.31.04
<i>Barclays Aggregate</i>			0.1	-1.5	1.3	5.1	5.4	5.8	5.7		
Loomis Sayles High Yield	287,203,473	1.7	2.4	14.1	17.3	-	-	-	30.3	32.6	2.28.09
Lord Abbett High Yield	288,667,169	2.2	3.3	13.5	17.2	-	-	-	28.8	32.6	2.28.09
Mackay Shields Yield	288,288,417	1.8	2.6	10.6	14.2	-	-	-	25.2	32.6	2.28.09
<i>Merrill Lynch High Yield II</i>			2.1	2.7	12.3	15.9	11.4	8.9	8.2		2.28.09

Fixed Income Portfolio Allocation by Manager



Oklahoma Teachers' Retirement System Risk/Return Comparison

Performance Summary as of January 31, 2011



Oklahoma Teachers' Retirement System

Estimated Net of Management Fee Performance Summary

As of January 31, 2011



Portfolio	Market Value	Estimated Fee	Last Month	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Year Annualized	Since inception	Index Since inception	Inception Date
Hotchkis & Wiley	388,237,526	0.33	3.3	11.0	26.3	-2.5	-1.4	5.8	10.0	8.0	3.31.90
<i>Russell 1000 Value</i>			2.3	9.7	21.5	-2.4	1.0	3.4			
Goldman Sachs	549,223,304	0.26	1.0	6.7	17.0	2.6	3.1	0.0	9.5	6.6	3.31.90
Sawgrass	551,882,193	0.35	2.5	5.8	17.1	-	-	-	2.6	4.9	6.30.06
<i>Russell 1000 Growth</i>			2.5	9.4	25.1	3.1	3.9	-0.4			
Advisory Research	363,414,214	0.34	2.4	9.4	23.4	0.4	-	-	1.0	1.9	9.30.06
EPOCH	420,606,620	0.45	2.6	8.7	24.6	1.6	-	-	3.4	1.9	9.30.06
<i>Russell 3000</i>			2.2	9.7	24.0	0.8	2.5	2.0			
AJO Partners	342,623,228	0.55	2.1	9.8	29.8	3.0	2.8	7.4	9.1	8.0	8.31.98
Wellington	352,982,675	0.45	2.3	14.3	34.0	5.7	5.4	8.3	10.1	7.7	8.31.98
Frontier Capital Management	403,850,523	0.55	2.0	11.7	31.9	6.4	7.7	-	8.8	7.8	5.31.02
Hotchkis & Wiley Mid Cap	364,040,303	0.50	0.1	12.9	31.8	7.8	3.2	-	12.2	10.5	7.31.02
<i>Russell MidCap</i>			2.1	11.2	32.6	4.1	4.1	4.7			
Shapiro Capital Management	514,028,395	0.72	1.6	11.4	31.8	11.2	7.6	10.9	8.9	7.6	1.31.98
Tocqueville	455,834,092	0.66	-2.8	6.7	23.8	3.4	2.6	-	8.7	8.3	9.30.00
<i>Russell 2000</i>			-0.3	11.4	31.4	4.6	2.6	5.8			
Franklin Park	51,118,826	-	-	-	-	-	-	-	-	-	9.30.08
<i>S&P 500 + 4.0%</i>			2.5	10.2	26.2	3.9	6.2	5.3			
Capital Guardian	396,596,062	0.41	0.4	5.2	16.2	-2.8	1.6	-	9.8	7.8	4.30.03
Causeway Capital	320,641,222	0.38	3.3	5.2	19.9	-0.5	3.5	-	11.8	11.0	4.30.03
Brandes	474,116,265	0.40	3.6	3.6	11.5	-4.1	2.3	6.0	11.1	5.2	1.31.96
Thornburg	305,788,899	0.52	0.8	4.7	22.2	0.6	-	-	8.0	4.2	11.30.05
<i>MSCI EAFE GD</i>			2.4	5.4	15.9	-2.7	2.2	4.2			
<i>MSCI ACWI Ex US</i>			1.0	4.7	18.0	-1.4	3.6	5.5			
Hoisington	299,168,018	0.15	-4.1	-9.6	2.6	2.9	4.4	-	5.6	5.1	10.31.04
Loomis Sayles	617,248,725	0.15	0.8	-0.6	10.1	10.4	9.3	6.8	7.1	6.2	7.31.99
Lord Abbett	609,898,467	0.17	0.4	-1.1	7.0	7.6	7.1	-	6.2	5.1	10.31.04
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<i>Barclays Aggregate</i>			0.1	-1.5	5.1	5.4	5.8	5.7			
Loomis Sayles High Yield	287,203,473	0.50	1.7	2.3	16.8	-	-	-	29.8	32.6	2.28.09
Lord Abbett High Yield	288,667,169	0.38	2.2	3.2	16.8	-	-	-	28.5	32.6	2.28.09
Mackay Shields High Yield	288,288,417	0.45	1.8	2.5	13.7	-	-	-	24.7	32.6	2.28.09
<i>ML High Yield II</i>			2.1	2.7	15.9	11.4	8.9	8.2			
Total Fund	9,759,925,200	0.35	1.3	5.0	18.4	3.9	4.6	5.7	9.1	9.3	11.30.91
<i>Allocation Index</i>			1.4	5.8	18.6	2.8	4.1	5.1	9.3		
<i>Actuarial Assumption</i>			0.6	1.9	8.0	8.0	8.0	8.0	8.0		

Oklahoma Teachers' Retirement System

Manager Status Summary

As of January 31, 2011



Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
Domestic Equity				
Goldman Sachs	6%	Large Cap Growth Equity	In Compliance	
Sawgrass	6%	Large Cap Growth Equity	On Alert	Performance - December 2010 (June, 2011)
Hotchkis & Wiley	4%	Large Cap Value Equity	In Compliance	
Advisory Research	4%	All Cap Equity	In Compliance	
EPOCH	4%	All Cap Equity	In Compliance	
AJO Partners	4%	Mid Cap Value Equity	In Compliance	
Frontier Capital Management	4%	Mid Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4%	Mid Cap Value Equity	In Compliance	
Wellington	4%	Mid Cap Growth Equity	In Compliance	
Shapiro Capital Management	5%	Small Cap Value Equity	In Compliance	
Tocqueville	5%	Small Cap Value Equity	In Compliance	
Franklin Park	1%	Private Equity	In Compliance	
International Equity				
Brandes	5%	International Value Equity	In Compliance	
Capital Guardian	4%	International Growth Equity	On Alert	Performance - December 2010 (June 2011)
Causeway Capital	3%	International Value Equity	In Compliance	
Thornburg	3%	International Value Equity	In Compliance	
Fixed Income				
Hoisington	3%	Fixed Income	In Compliance	
Loomis Sayles	6%	Fixed Income	In Compliance	
Lord Abbett	6%	Fixed Income	In Compliance	
Mackay Shields	6%	Fixed Income	In Compliance	
Stephens	3%	Fixed Income	In Compliance	
Loomis Sayles - High Yield	3%	High Yield Fixed Income	In Compliance	
Lord Abbett - High Yield	3%	High Yield Fixed Income	On Alert	Personnel Changes - December 2010 (June 2011)
Mackay Shields - High Yield	3%	High Yield Fixed Income	In Compliance	



OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report
fourth quarter, 2010**

Total Fund One Year Return

+15.9%

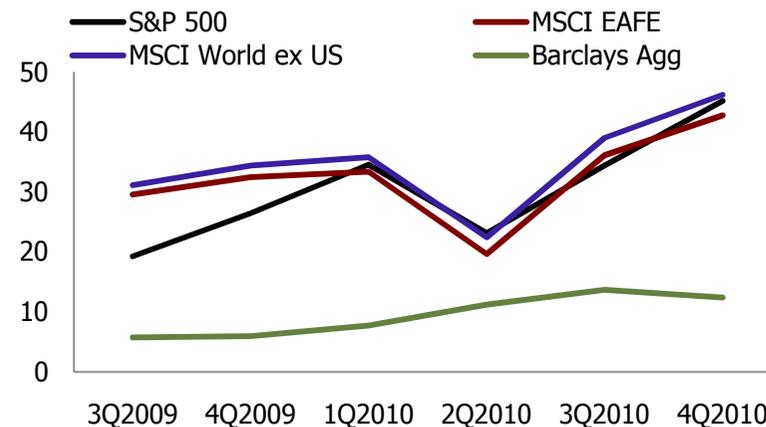
The Market Environment

- **Equity markets posted sizeable gains during the quarter.** The Russell 1000 Large Cap Index gained 11.2%, while the Russell Mid Cap Index gained 13.1%, and the Russell 2000 Small Cap Index returned 16.3%.
- **Small cap stocks outperformed** both mid and large caps during the quarter. **Growth outperformed value** across large, mid, and small capitalizations. **Small cap growth** was the top performing market segment during the quarter, **returning 17.1%**. **Large cap value** was the worst performing market segment on a relative basis, **gaining 10.5%**.
- **International equity** indexes also posted positive results during the quarter. The **MSCI EAFE Index returned 6.7%**, while the **MSCI Emerging Markets Index increased 7.4%**.
- The **domestic bond market was challenged during the quarter as interest rates rose.** The Fed left short-term interest rates at a range of **0.00% to 0.25%**. The Barclays Capital Aggregate Bond Index registered a loss of -1.3%, while the Three Month T-Bill Index ended the quarter with a return of 0.0%. The Long Treasury Index registered a loss of -8.2%.

Equity Performance Summary – Trailing Year

	Value	Core	Growth
Large	15.5	16.1	16.7
Mid	24.8	25.5	26.4
Small	24.5	26.9	29.1

Cumulative Performance Summary

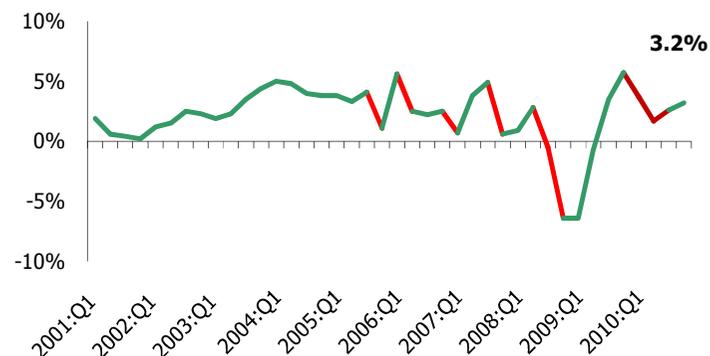


QUARTERLY MARKET ENVIRONMENT

The fourth quarter of 2010 was an interesting period for investors. Domestic equities posted double digit gains while bond prices fell. Investors shifted assets from fixed income to equities. Gold prices appreciated 29% during 2010 while crude oil gained 15%. Both the domestic and international economic recoveries firmed during the fourth quarter.

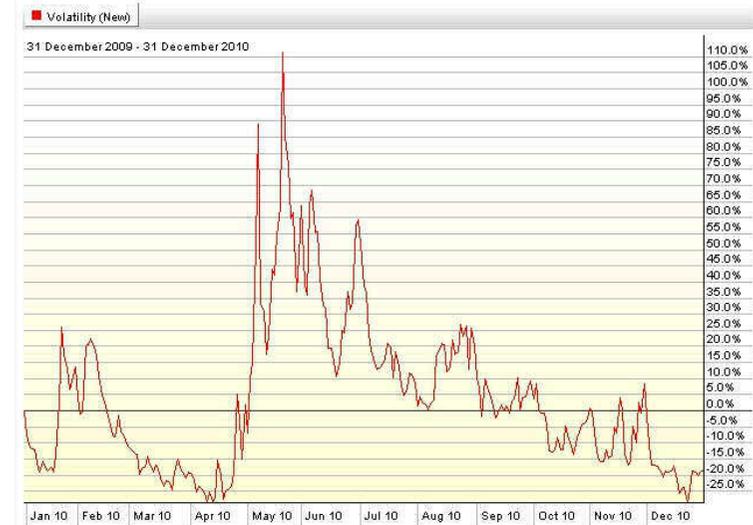
- U.S. Real GDP is grew 3.2% during the fourth quarter, an improvement on the third quarter's mark of 2.6%. However, the growth rate was below market expectations.
- Unemployment declined to 9.4%. Inflation fears rattled the bond markets.
- Despite rising earlier in the year, housing prices stalled during the fourth quarter. Rising mortgage rates and the expiration of the home-buyer tax credit earlier during 2010 played significant parts in the reversal.
- Again, the Fed took no action on short-term interest rates, leaving them unchanged at 0.00% to 0.25%. The Fed cut rates to this historically low level over two years ago. Several foreign central banks, including China, have hiked interest rates to stave off inflationary pressures.
- The Fed engaged in a second round of quantitative easing during the quarter. Financial markets reacted positively to the ongoing commitment to stabilize and grow the economy. The extension of existing Federal tax rates had a significant positive impact on market psychology. The November elections reduced uncomfortable levels of uncertainty within the business community. Nonetheless, U.S. unemployment remains painfully high.
- The US dollar strengthened 8% versus the Euro. However, it fell -12% versus the Yen.
- Hedge funds posted modest gains during the quarter and for the full year. The Hedge Fund Research HFRX equal weighted index of hedge funds gained 4.5% for the year.
- Private equity values edged modestly higher during the quarter. Public and private merger and acquisition volume has recently increased.
- Commercial real estate values were stable to slightly positive during the quarter. REITs continued their record of attractive returns.
- World real GDP growth has turned positive but is expected to remain muted. Economists hope China and other emerging markets can generate substantial growth until developed economies can overcome their debt issues. China and the US are forecasted to grow 10% and 3% during 2011, respectively. The Euro zone and Japan are expected to grow less than 2%

US Real GDP Growth - Annualized



DOMESTIC EQUITY SUMMARY

- The US equity market enjoyed another quarter of strong gains as the economy showed signs of traction. Returns were strongest during December.
- All ten sectors of the Russell 1000 index posted gains during the quarter. Top performing sectors were **Energy (22%), Materials (19%)** and **Consumer Discretionary (13%)**.
- The poorest performing sectors were Utilities (2%), Health Care (4%) and Consumer Staples (6%).
- The three largest individual contributors to the Russell 1000's fourth quarter return were **Exxon Mobil (+19% return), Apple (+14%), and Schlumberger (+36%)**. The three largest detractors to the index's return were Cisco Systems (-8%), Abbott Labs (-8%), and Berkshire Hathaway (-3%).
- Growth stocks led value stocks during the quarter and for the full year period.
- The largest component sectors of the Russell 1000 index at quarter end were Information Technology (18% of the index), Financials (16%), and Energy (12%).
- Investors favored high volatility shares during 2010. For the full year period, the highest decile of stocks ranked by Beta outperformed lowest decile by a significant margin: 26.9% vs. 4.3%. Smaller companies outperformed larger ones by a similar margin. Lower dividend stocks earned higher returns than higher paying issues.
- The **Russell 1000's price/earnings ratio ended 2010 at 16.1 a small increase from the 15.4 on September 30th**. Earnings growth was strong as companies' remained very much in control of their cost structures. The Russell Mid Cap and Russell 2000's price/earnings ratios were 19.1 and 19.6 respectfully versus 18.1 and 18.0 last quarter.
- The Alerian MLP index, which represents a diversified portfolio of publicly traded MLPs, gained 9% during the fourth quarter and 36% for the year. The FTSE REIT index rose 7% during the quarter, pushing its one year return to 28%. The Goldman Sachs commodity index gained 13% during the quarter and 9% over the last year. Global food prices rose appreciably during 2010.



INTERNATIONAL EQUITY SUMMARY

International equity markets enjoyed strong performance during the fourth quarter. This marked the second consecutive year of substantial gains. However, 2010 was a volatile year that saw market sentiment oscillate wildly between “risk on” and “risk off”. Cyclical market sectors outperformed defensive ones – an indication that investors believe a cyclical recovery is underway.

- During the fourth quarter, **the US equity market’s return ranked 14th out of 33 world equity markets.**
- Thailand, the Philippines, and Chile were the top performers for 2010, gaining +57%, +56% and +50% in US Dollar terms, respectively.
- The poorest performers for the year were all debt-saddled European countries: Greece (-47% return), Spain (-25%), and Italy (-19%).
- Europe remains divided between strong economies and weak ones. The European sovereign debt crisis was not resolved during the fourth quarter. Nonetheless, Germany enjoyed substantial growth.
- In US dollar terms, the strongest performing region during the fourth quarter was Japan, followed by the Pacific, emerging markets, and Europe. The rising Yen and continual political uncertainty depressed Japanese share price returns.
- **All ten sectors of the MSCI ACWI ex US index sectors posted fourth quarter gains.** Materials (16% fourth quarter return), Technology (12%) and Energy (12%) posted the quarter’s best returns. The quarter’s poorest performers were Telecommunications (2%), Utilities (2%) and Health Care (3%).
- Emerging markets extended their outperformance versus developed markets during the quarter. Over the past year, emerging markets gained 16.4% vs. 7.8% for developed markets.
- The top three contributors to the index’s fourth quarter return were BHP Billiton Ltd. (+23% return), BHP Billiton PLC (+25%), and Nestle (+10%). Poorest performers were Banco Santander (-16% return), Banco Bilbao Vizcaya Argentina (-21%), and Carrefour Group (-23%).



12 Month Forward P/E Ratio				
	Europe ex UK	UK	Japan	Asia ex Japan
Current Value	10.8	10.4	13.5	13.8
Post 1990 Average	14.4	12.8	33.2	14.0
Discount/Premium	-25%	-20%	-59%	-1%

FIXED INCOME SUMMARY

The US Treasury yield curve shifted as bond investors expected accelerating growth and perhaps inflation in the worldwide economy. The Federal Reserve announced that they would buy an additional \$600 billion in Treasury bonds to “promote a stronger pace of economic recovery”. The program is scheduled to purchase the bonds at a rate of \$75 billion per month.

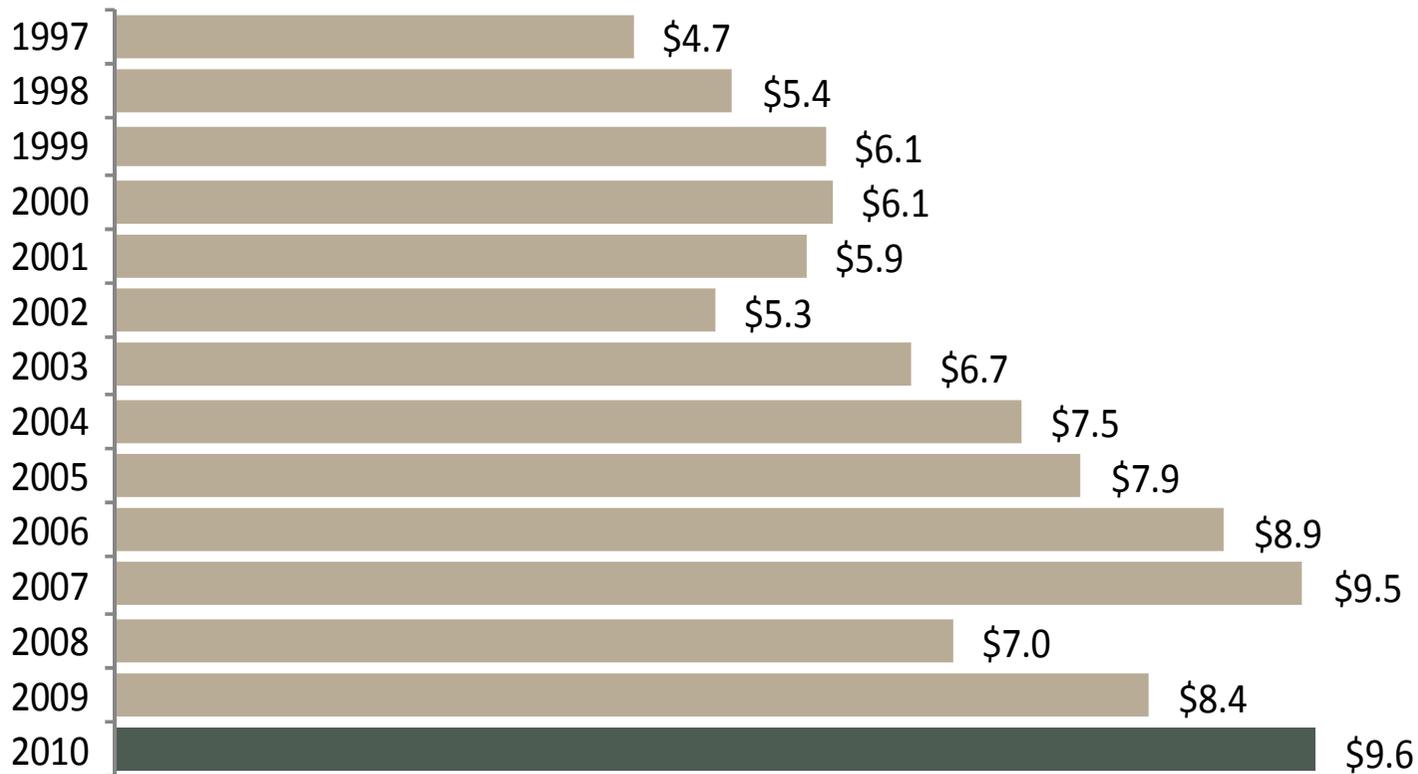
- Fixed income investors suffered losses during the fourth quarter.
- Treasury bond yields rose during the quarter. Most of the rise occurred after the announcement of the second round of quantitative easing. The yield on the thirty year Treasury bond ended the year at 4.33%, up 0.65%. The yield on the ten year Treasury bond rose 0.78% to 3.29% at year end.
- Yield spreads tightened in most sectors as investors moved away from Treasuries into higher yielding assets. All sectors of the bond market performed relatively well over the course of 2010. Investment grade and high yield corporate bonds earned attractive returns. Bonds issued by financials outperformed.
- Residential mortgage backed enjoyed strong relative performance during the fourth quarter. Quantitative easing and a host of technical factors supported mortgage-backed prices relative to other bond market sectors. Commercial mortgage backed issues also enjoyed strong relative returns.
- Total fund flows to US mutual funds shifted away from fixed income during the fourth quarter. This represents a significant change in investor behavior.
- The ML High Yield Master index gained 3% during the fourth quarter, bringing its one year return to 15%. High yield bond spreads experienced muted volatility during the quarter. Defaults and downgrades within the sector have remained very low. Although it remained historically strong, high yield bond issuance slowed around year end.



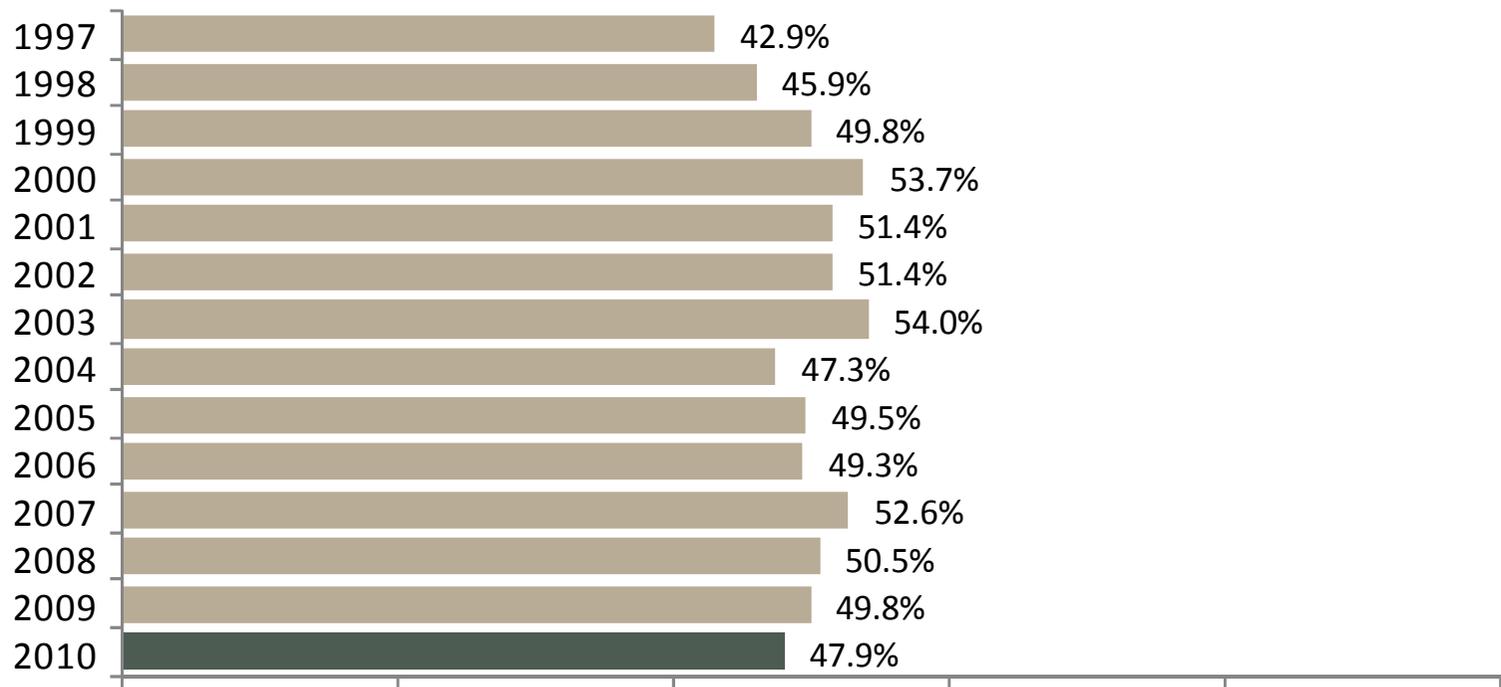
Risk Level	Time Horizon				
	One Year		Three Years (annualized)		
	Terminal Yield	Total Return	Terminal Yield	Total Return	
Low	2 Year Treasury (12.31 = 0.6%)	3.75%	-5.4%	5.00%	-2.2%
		2.50%	-3.1%	4.50%	-1.9%
		2.25%	-2.6%	3.00%	-1.0%
Medium	10 Year Treasury (12.31 = 3.3%)	5.00%	-10.0%	6.00%	-3.4%
		4.25%	-4.4%	5.25%	-1.6%
		3.75%	-0.5%	4.00%	1.5%
High Risk	30 Year Treasury (12.31 = 4.3%)	5.75%	-15.8%	6.50%	-5.2%
		5.00%	-6.0%	5.50%	-1.1%
		4.50%	1.6%	4.50%	3.5%

Domestic Equity	<i>Last Quarter</i>	<i>Last Year</i>	<i>Last Three Years Annualized</i>	<i>Last Five Years Annualized</i>	<i>Last Ten Years Annualized</i>
S&P 500	10.8	15.1	-2.9	2.3	1.4
Russell 1000	11.2	16.1	-2.4	2.6	1.8
Russell 1000 Value	10.5	15.5	-4.4	1.3	3.3
Russell 1000 Growth	11.8	16.7	-0.5	3.8	0.0
Russell 3000	11.6	16.9	-2.0	2.7	2.2
Russell Midcap	13.1	25.5	1.1	4.7	6.5
Russell Midcap Value	12.2	24.8	1.0	4.1	8.1
Russell Midcap Growth	14.0	26.4	1.0	4.9	3.1
Russell 2000	16.3	26.9	2.2	4.5	6.3
Russell 2000 Value	15.4	24.5	2.2	3.5	8.4
Russell 2000 Growth	17.1	29.1	2.2	5.3	3.8
Fixed Income					
Barclays Capital Aggregate Bond	-1.3	6.5	5.9	5.8	5.8
Barclays Capital Credit	-1.9	8.5	6.9	6.0	6.6
Barclays Capital Government	-2.3	5.5	5.1	5.5	5.4
Barclays Capital Govt/Credit	-2.2	6.6	5.6	5.6	5.8
Barclays Capital Interm Credit	-1.2	7.8	6.7	6.0	6.2
Barclays Capital Interm Govt	-1.6	5.0	4.9	5.4	5.1
Barclays Capital Interm Govt/Cred	-1.4	5.9	5.4	5.5	5.5
Barclays Capital Long Credit	-3.7	10.7	7.5	5.9	7.7
Barclays Capital Long Term Govt	-7.9	9.4	5.6	5.7	6.6
Barclays Capital Long Govt/Credit	-5.6	10.2	6.8	5.9	7.1
Barclays Capital Fixed Rate MBS	0.2	5.4	6.5	6.3	5.9
Merrill Lynch US High Yield Master II	3.1	15.2	10.1	8.8	8.6
91 Day T-Bill	0.0	0.1	0.7	2.3	2.3
Consumer Price Index	0.4	0.9	1.2	2.0	2.3
International					
MSCI EAFE	6.6	7.8	-7.0	2.5	3.5
MSCI World ex US	7.2	9.0	-6.3	3.1	4.0
MSCI Europe	4.5	3.9	-8.9	2.9	3.3
MSCI Japan	12.1	15.4	-4.6	-2.5	1.0
MSCI Pacific ex Japan	8.3	16.9	0.0	11.5	12.0
MSCI Emerging Markets	7.1	16.4	-2.6	10.3	13.2
Citigroup Non-\$ World Gov	-1.5	5.2	6.5	7.6	7.4

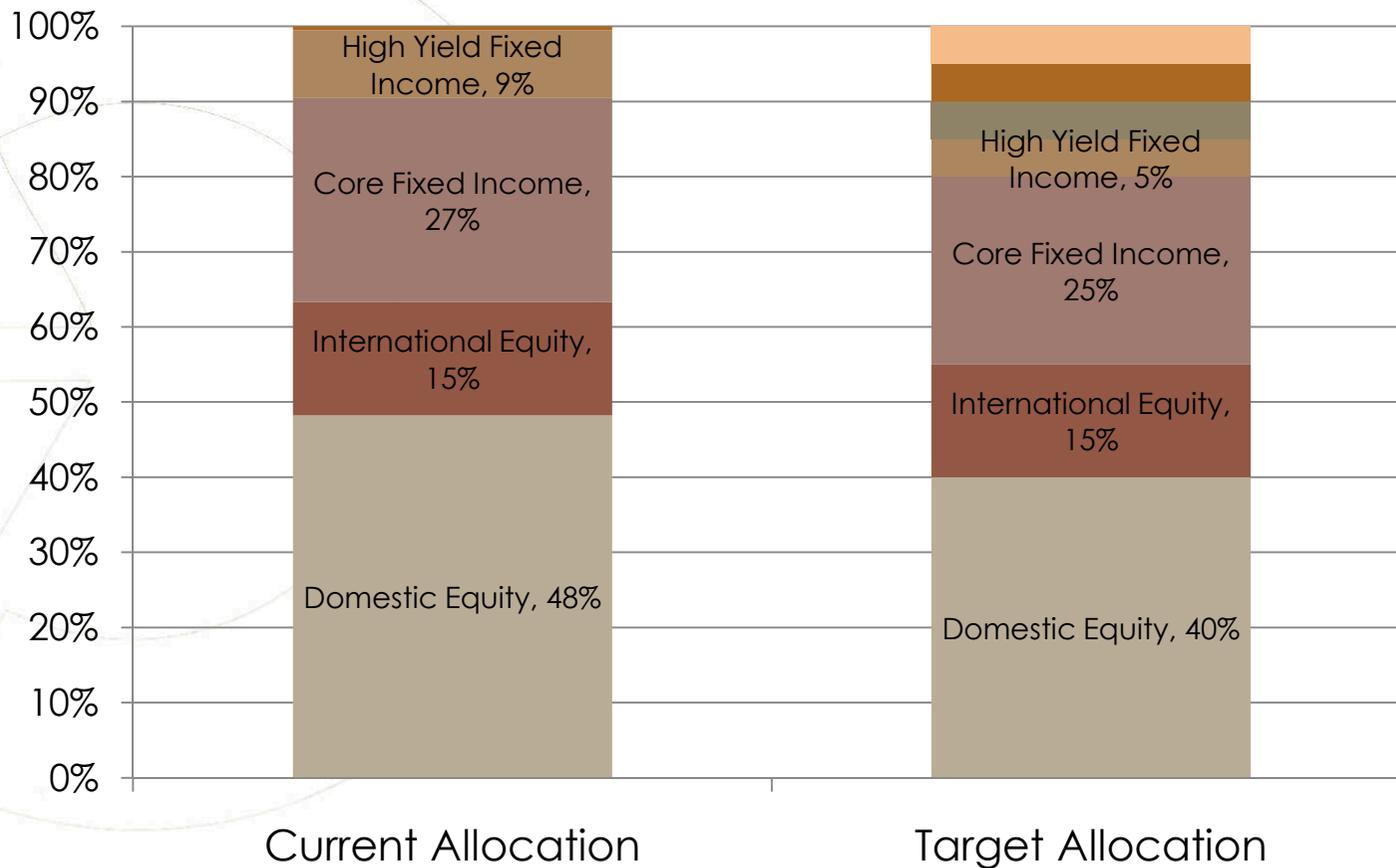
Total Fund Market Value (in billions)



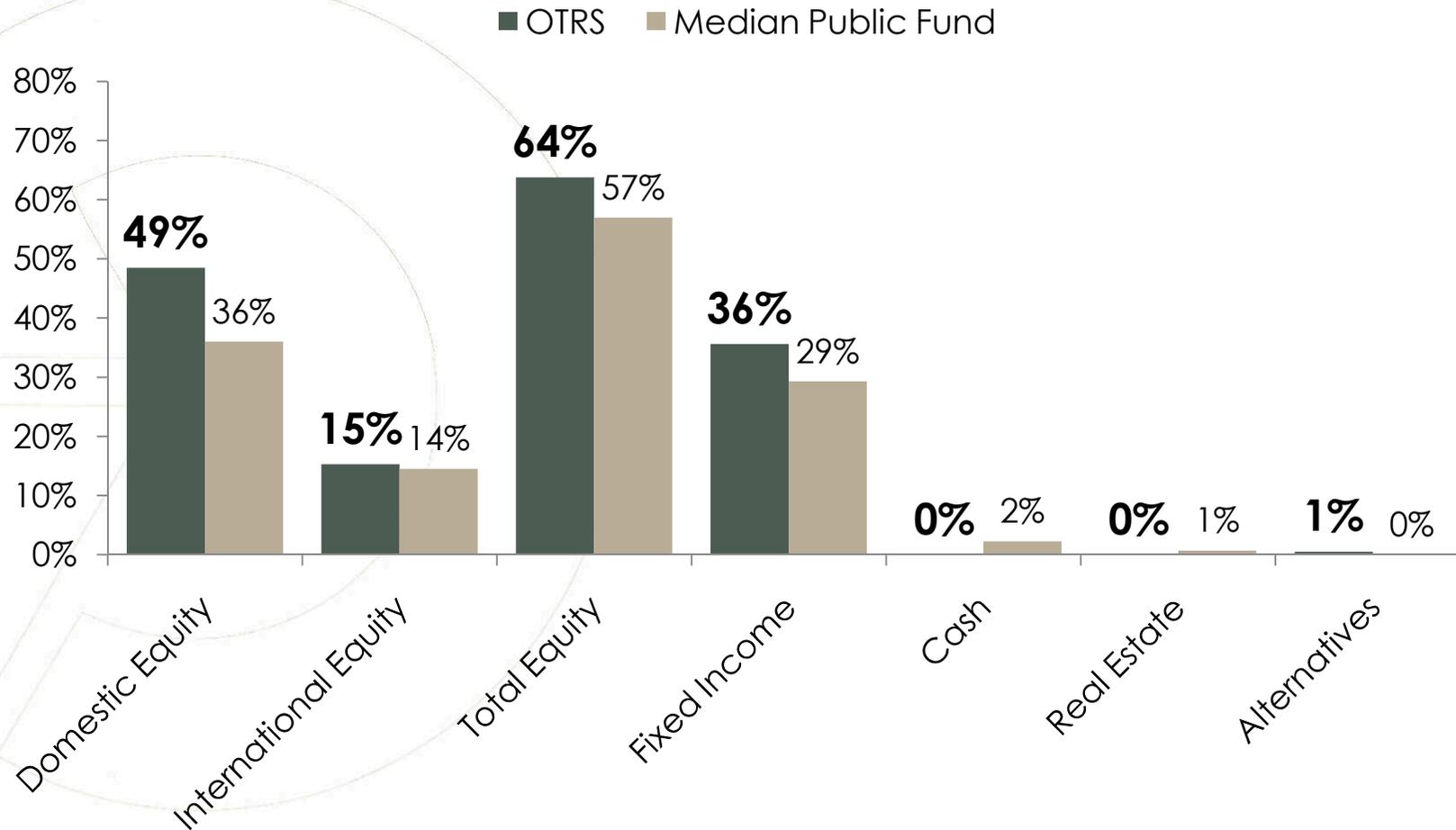
Funded Status History – As of Fiscal Year End



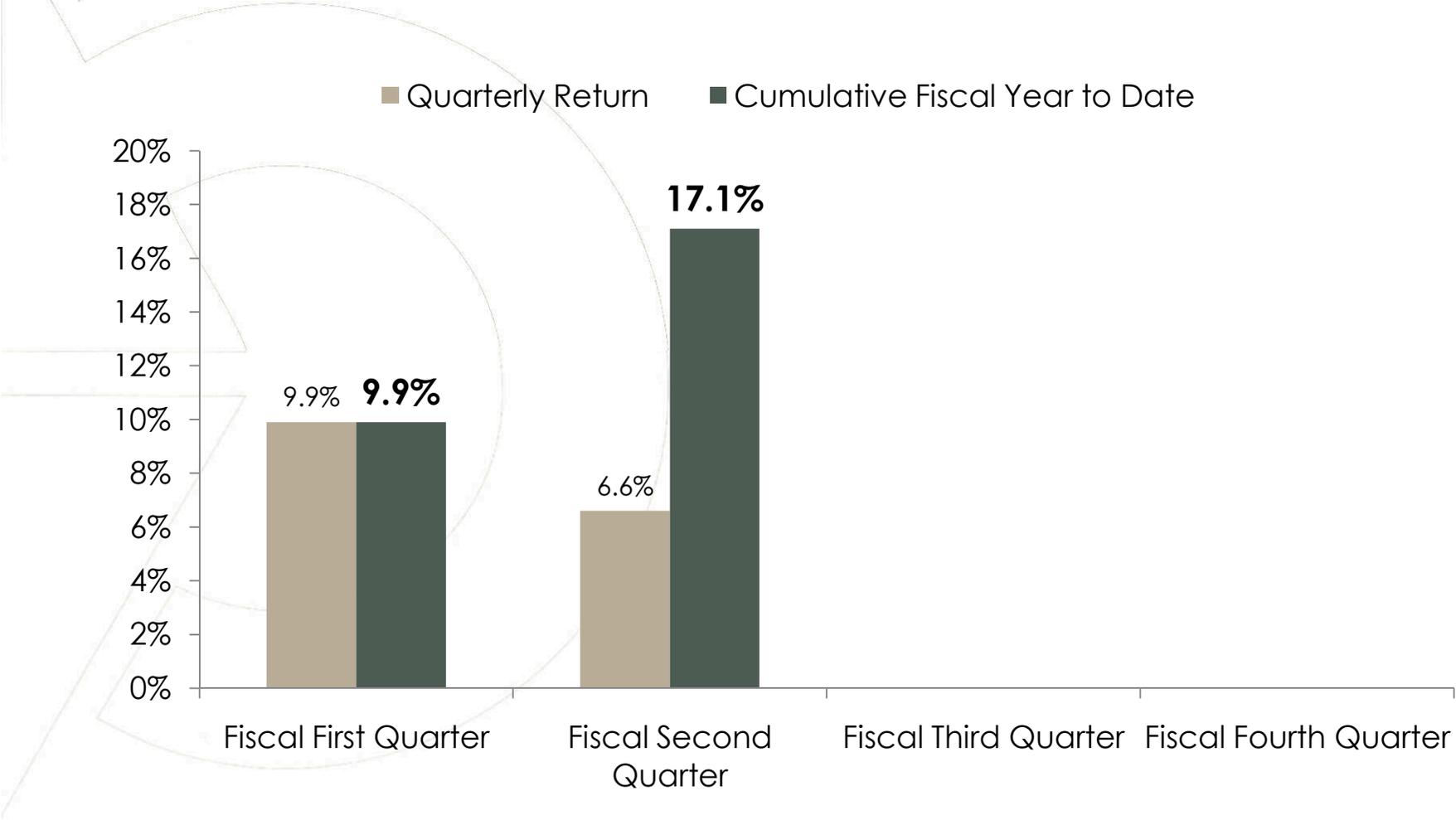
Asset Allocation Summary – Total Fund



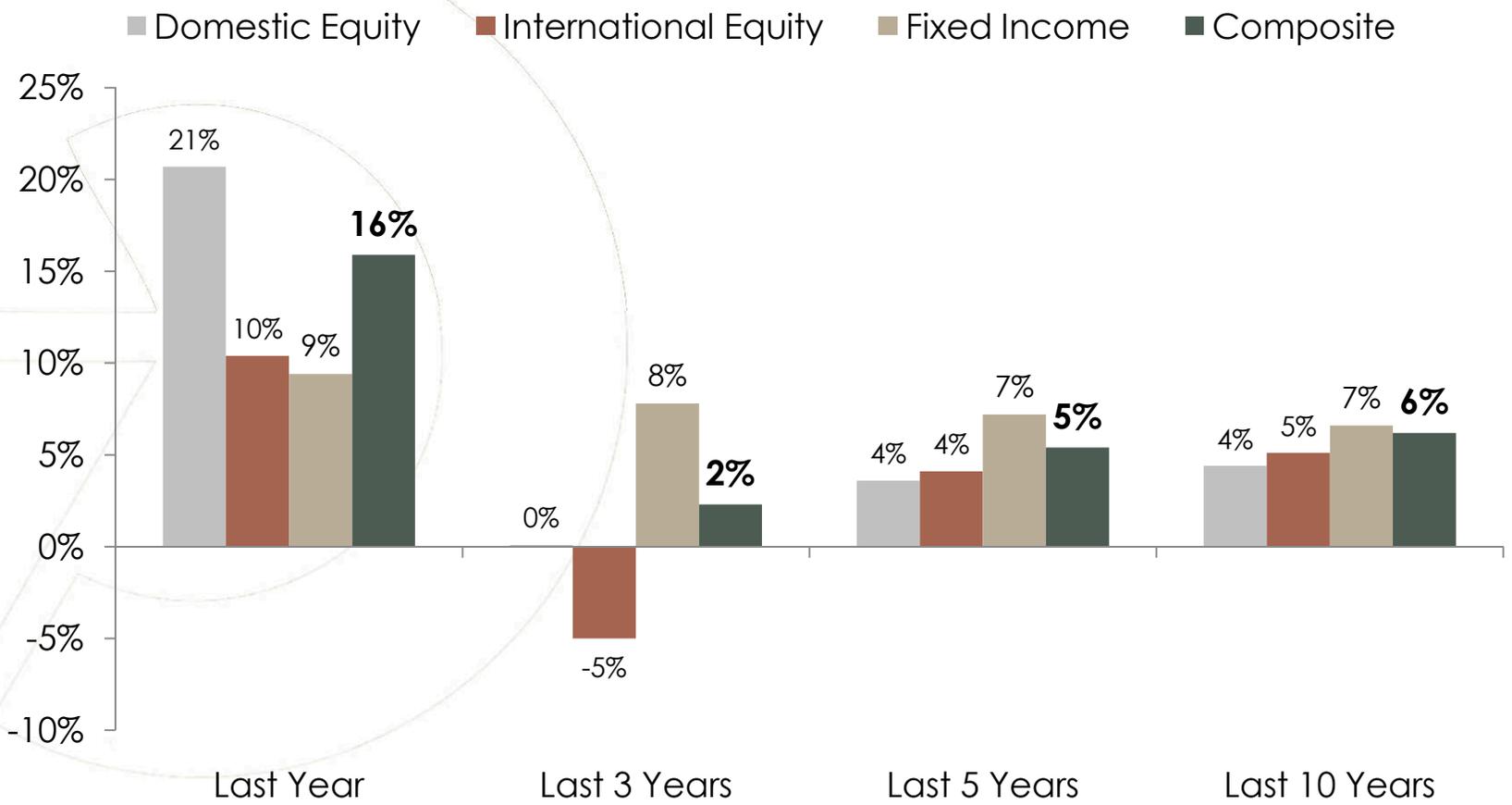
Total Fund Allocation vs. Median Public Fund



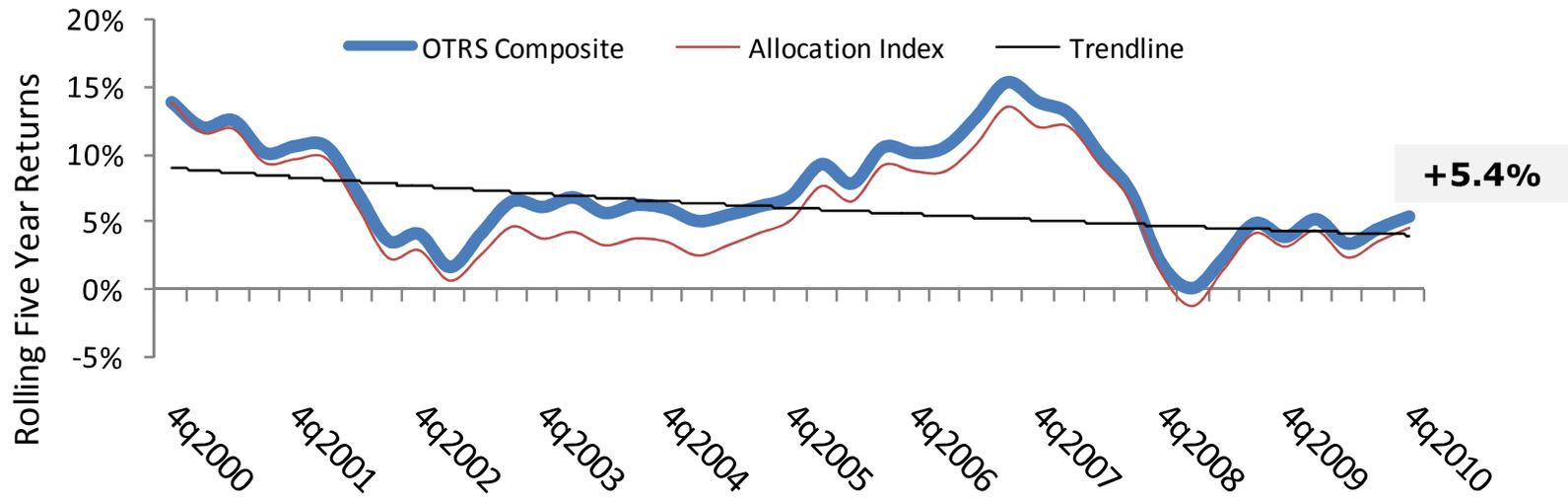
Composite Performance Summary as of December 31, 2010



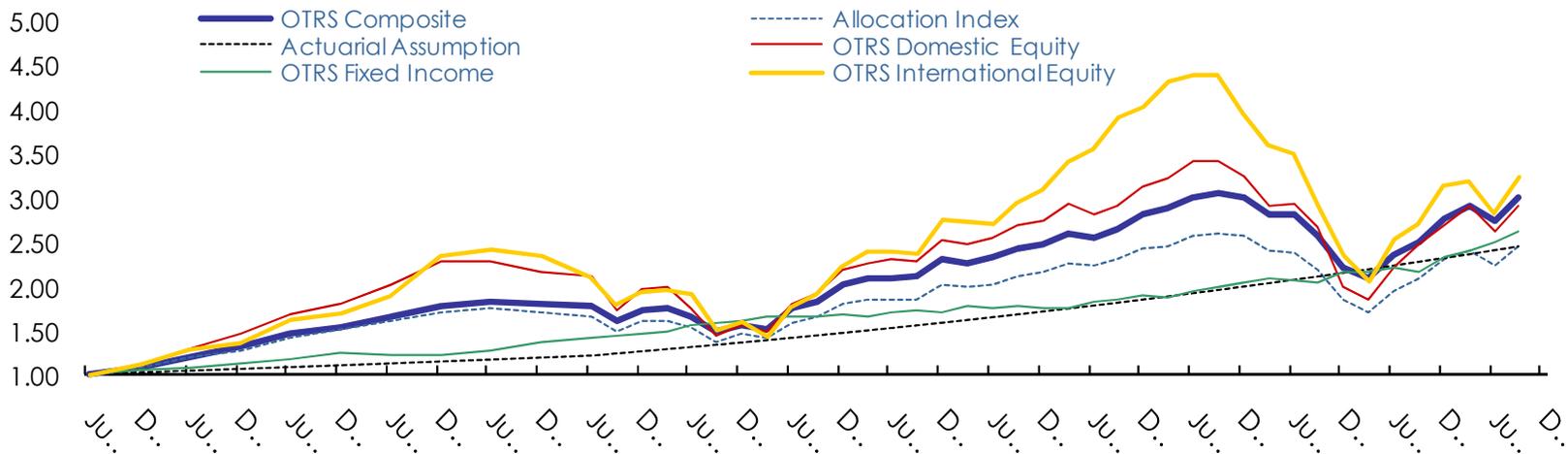
Composite Performance Summary as of December 31, 2010



Composite Return vs. Allocation Index Rolling Five Year Returns



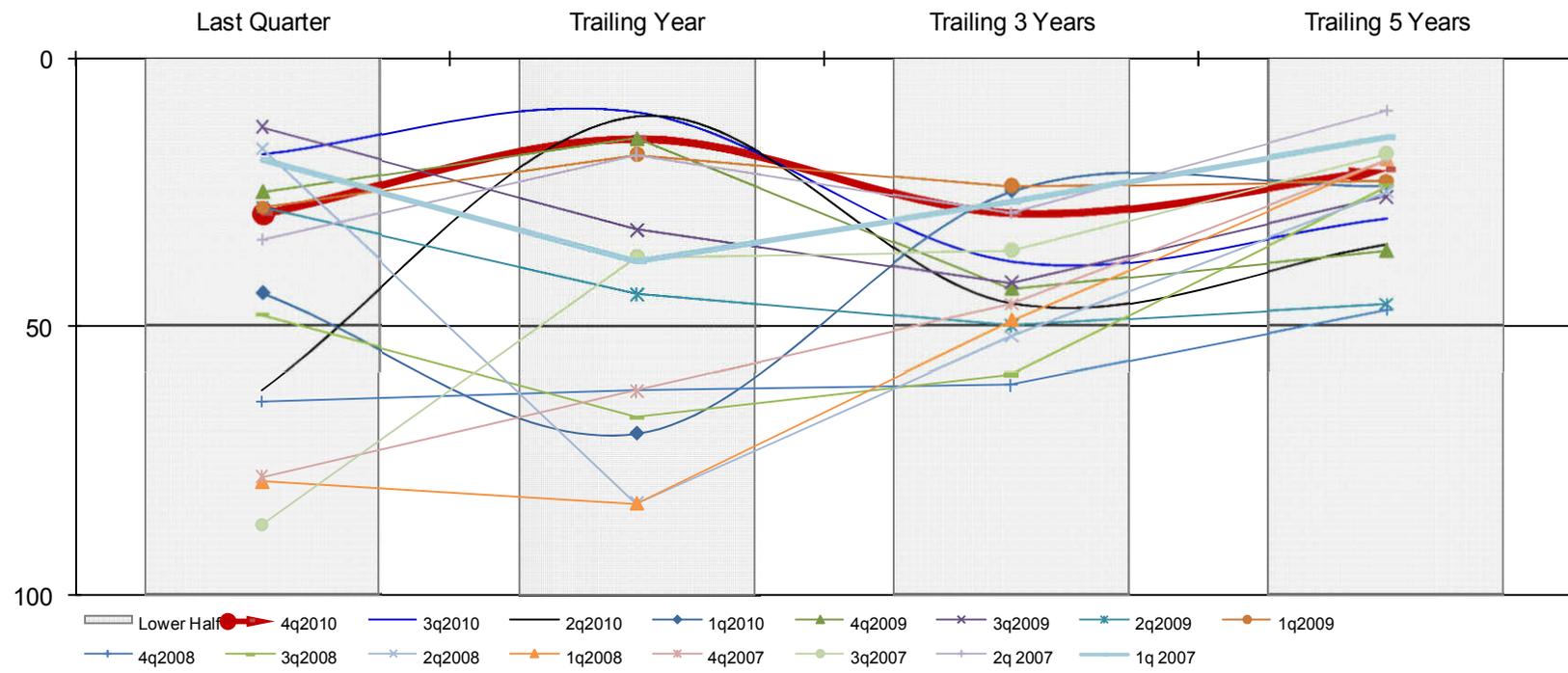
Growth of a Dollar Over Time Period Ended December 31, 2010



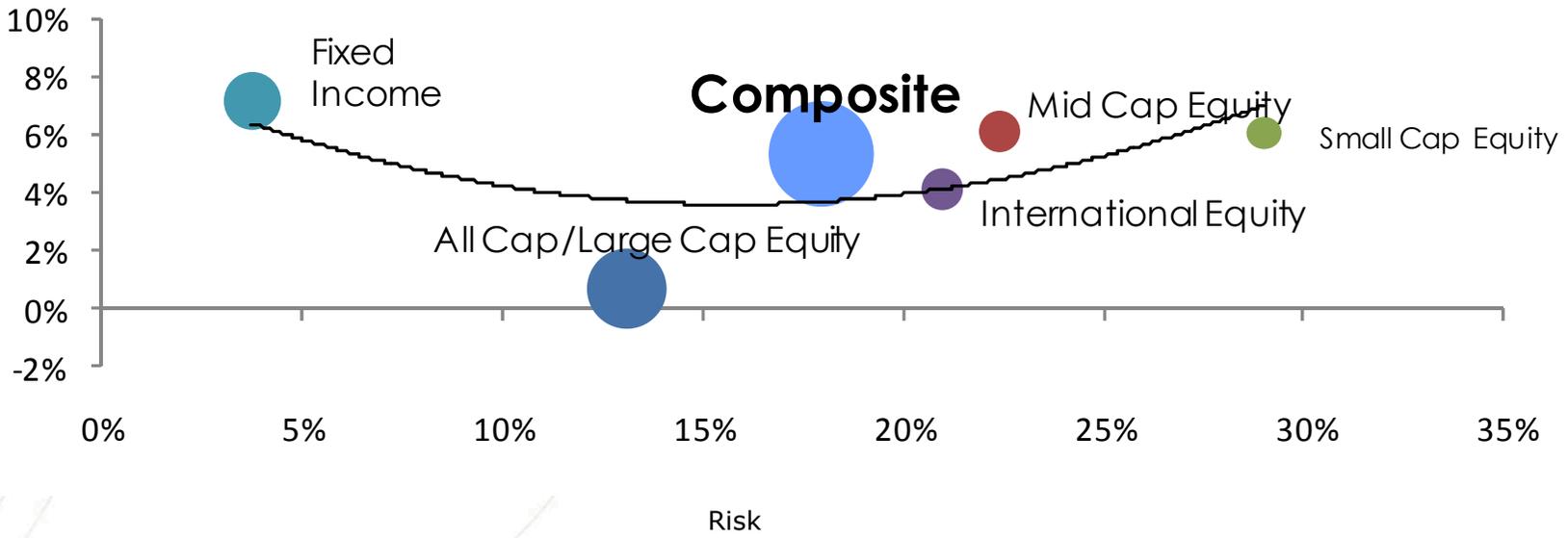
Performance – Total Fund

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
Total Fund	6.6	29th	15.9	15th	2.3	29th	5.4	21st	6.2	11th
Allocation Index	7.3		14.4		0.8		4.5		5.2	
Actuarial Assumption	1.9		8.0		8.0		8.0		8.0	
Total Domestic Equity	12.1	27th	20.7	24th	0.1	23rd	3.6	10th	4.4	22nd
S&P 500	10.8		15.1		-2.9		2.3		1.4	
Total International Equity	6.8	65th	10.4	63rd	-5.0	53rd	4.1	49th	5.1	58th
MSCI EAFE GD	6.7		8.2		-6.5		2.9		3.9	
Total Core Fixed Income	-2.1	81st	9.4	30th	7.8	22nd	7.2	21st	6.6	36th
BC Aggregate	-1.3		6.5		5.9		5.8		5.8	

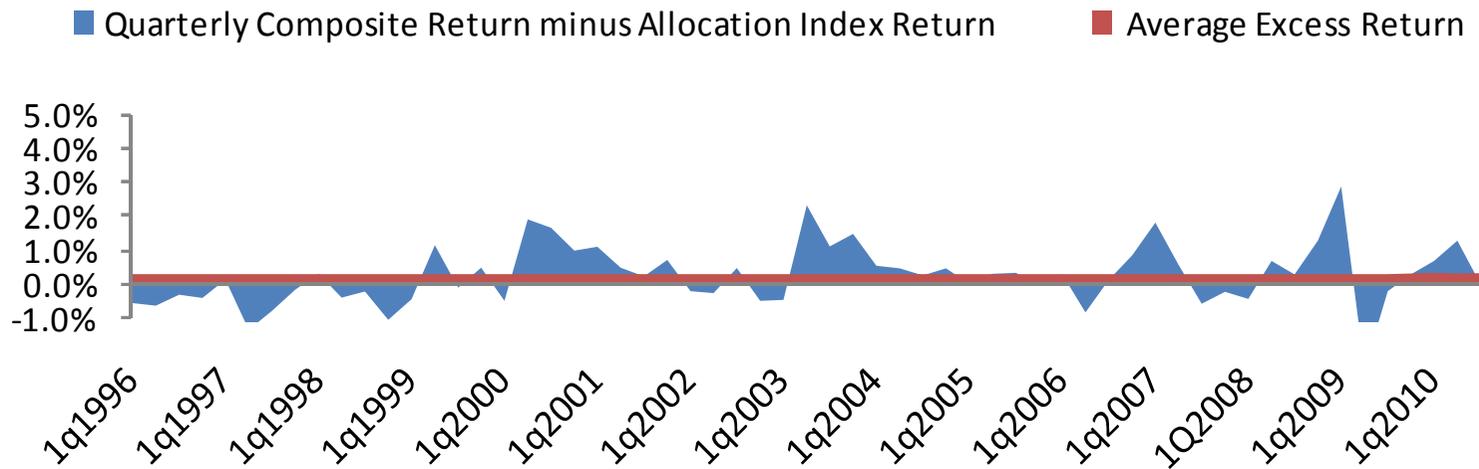
Composite Peer Rank History Periods Ended December 31, 2010



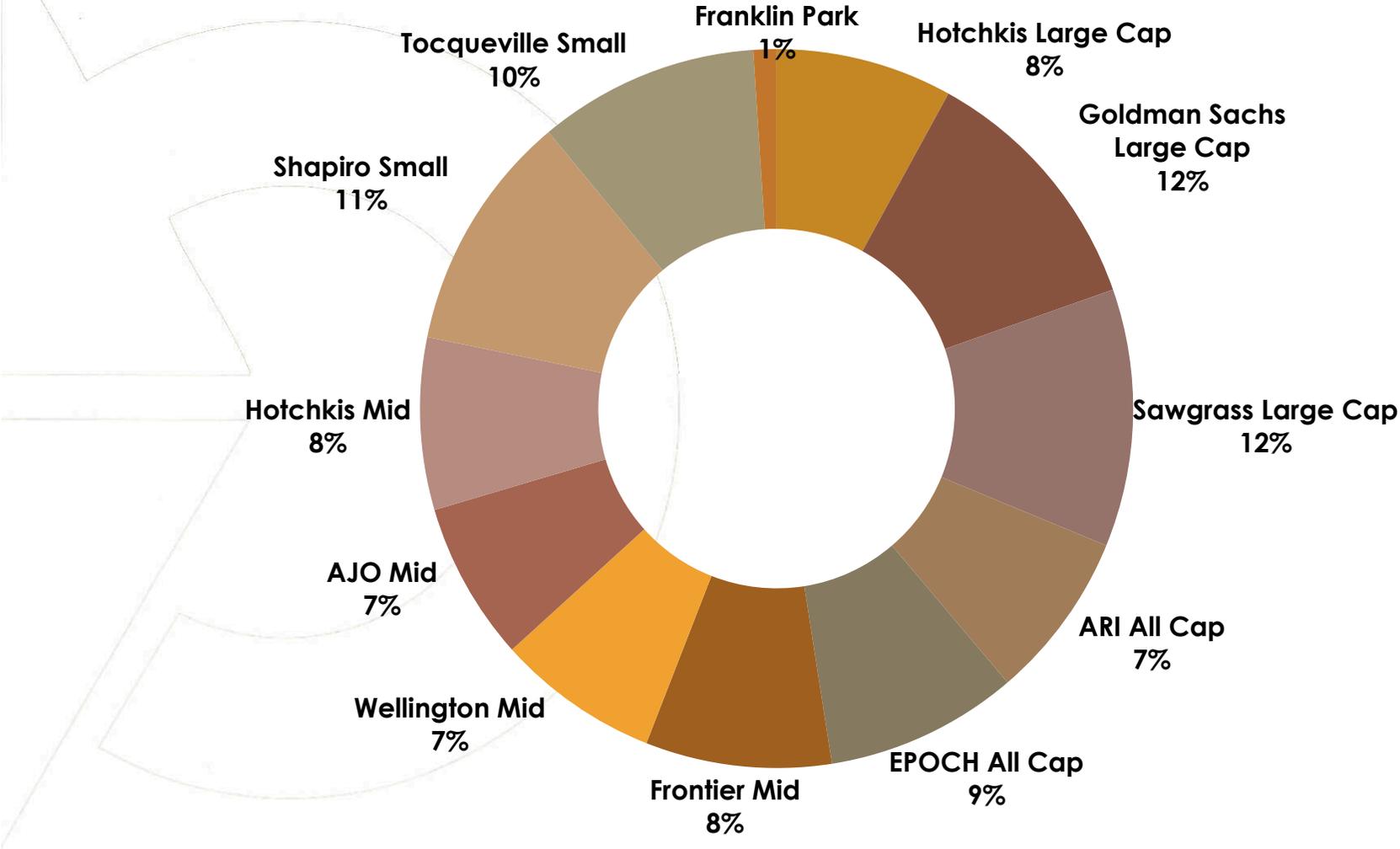
Risk Return Comparison of Asset Class Composites Five Years Ended **December 31, 2010**



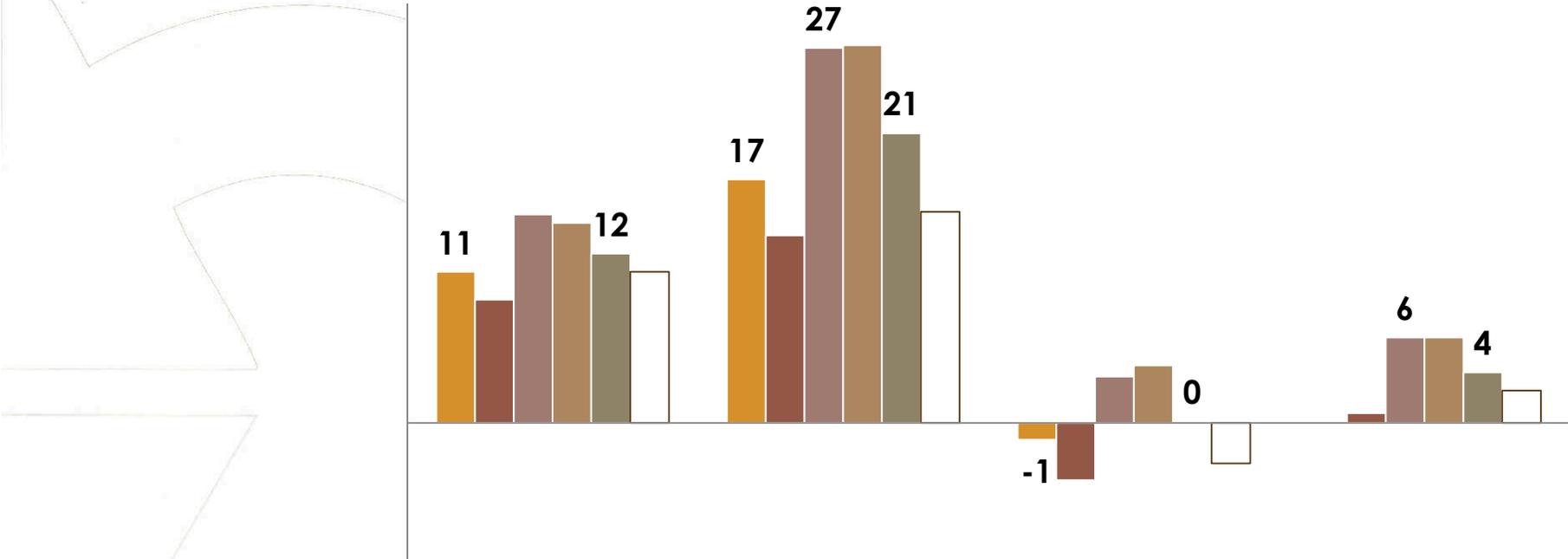
Total Fund Return History: Quarterly Observations Added Value: Composite Return vs. Allocation Index



Asset Allocation Summary – Domestic Equity Allocation



Domestic Equity Performance: Capitalization Composites



	Last Quarter	Last Year	Last Three Years	Last 5 Years
■ All Cap	10.8	17.4	-1.2	
■ Large Cap	8.8	13.4	-4.1	0.7
■ Mid Cap	14.9	26.8	3.3	6.1
■ Small Cap	14.3	27.0	4.1	6.1
■ All Domestic Equity	12.1	20.7	0.1	3.6
□ S&P 500	10.8	15.1	-2.9	2.3

Performance – All Cap and Large Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
Advisory Research	10.7	66 th	17.6	49 th	-1.6	60 th	-	-
EPOCH	10.9	63 rd	17.3	52 nd	-1.0	53 rd	-	-
<i>Russell 3000</i>	11.6		16.9		-2.0		2.7	
Hotchkis LCV	10.8	38 th	20.7	2 nd	-3.2	58 th	-1.3	96 th
Goldman Sachs	8.8	95 th	11.5	80 th	-0.6	37 th	3.9	29 th
Sawgrass	7.5	96 th	10.9	85 th	-3.4	81 st	-	
<i>S&P 500</i>	10.8		15.1		-2.9		2.3	

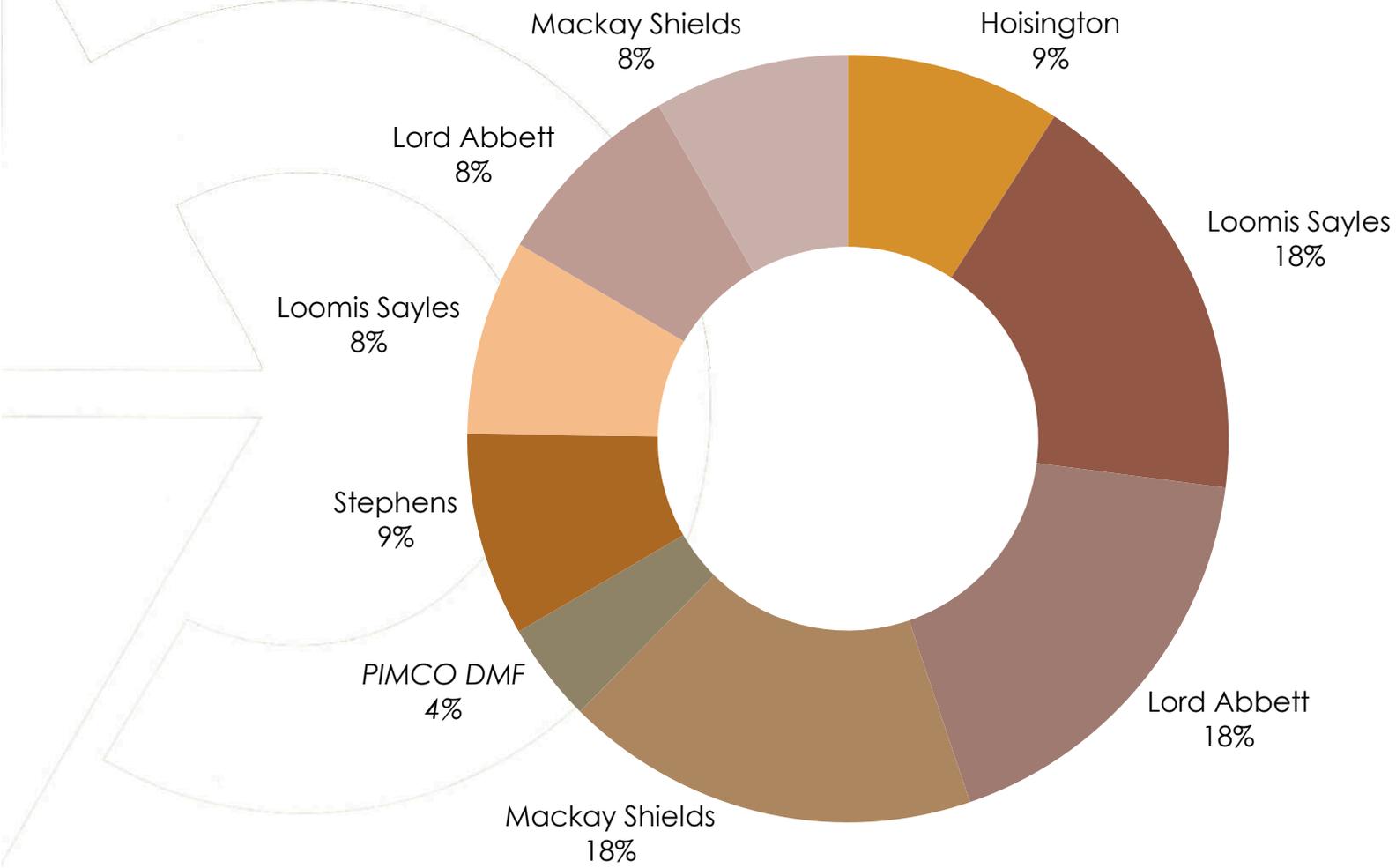
Performance – Mid Cap and Small Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
AJO	12.5	61 st	23.1	56 th	0.8	58 th	4.0	94 th
Frontier	14.9	51 st	23.5	75 th	2.8	29 th	9.3	7 th
Hotchkis MCV	16.5	6 th	34.7	2 nd	7.9	6 th	4.5	92 nd
Wellington	15.9	25 th	26.5	50 th	2.2	34 th	6.5	48 th
<i>Russell MC</i>	13.1		25.5		1.1		4.7	
Shapiro	14.3	60 th	28.2	42 nd	7.6	27 th	9.1	10 th
Tocqueville	14.5	58 th	25.8	56 th	2.3	80 th	6.1	52 nd
<i>Russell 2000</i>	16.3		26.9		2.2		4.5	

Composite Equity Portfolio Characteristics – Trailing Three Years

	Market Cap	Alpha	Tracking Error	R ²	Information Ratio	Sharpe Ratio	Standard Deviation
Domestic Equity	\$13.5 BB	1.30	6.85	0.94	0.10	0.00	25.83
All Cap Equity	\$15.7 BB	0.67	4.59	0.96	0.16	-0.09	22.86
Large Cap Equity	\$26.7 BB	-0.63	5.64	0.96	-0.21	-0.14	23.26
Mid Cap Equity	\$6.8 BB	2.49	7.28	0.95	0.26	0.09	27.57
Small Cap Equity	\$1.7 BB	5.62	9.20	0.86	0.45	0.31	29.43
International Equity	\$12.8 BB	1.32	5.05	0.97*	0.35	-0.22	25.84
Total Equity	\$13.3 BB	1.30	6.42	0.95	0.16	-0.05	25.83

Asset Allocation Summary – Fixed Income Allocation



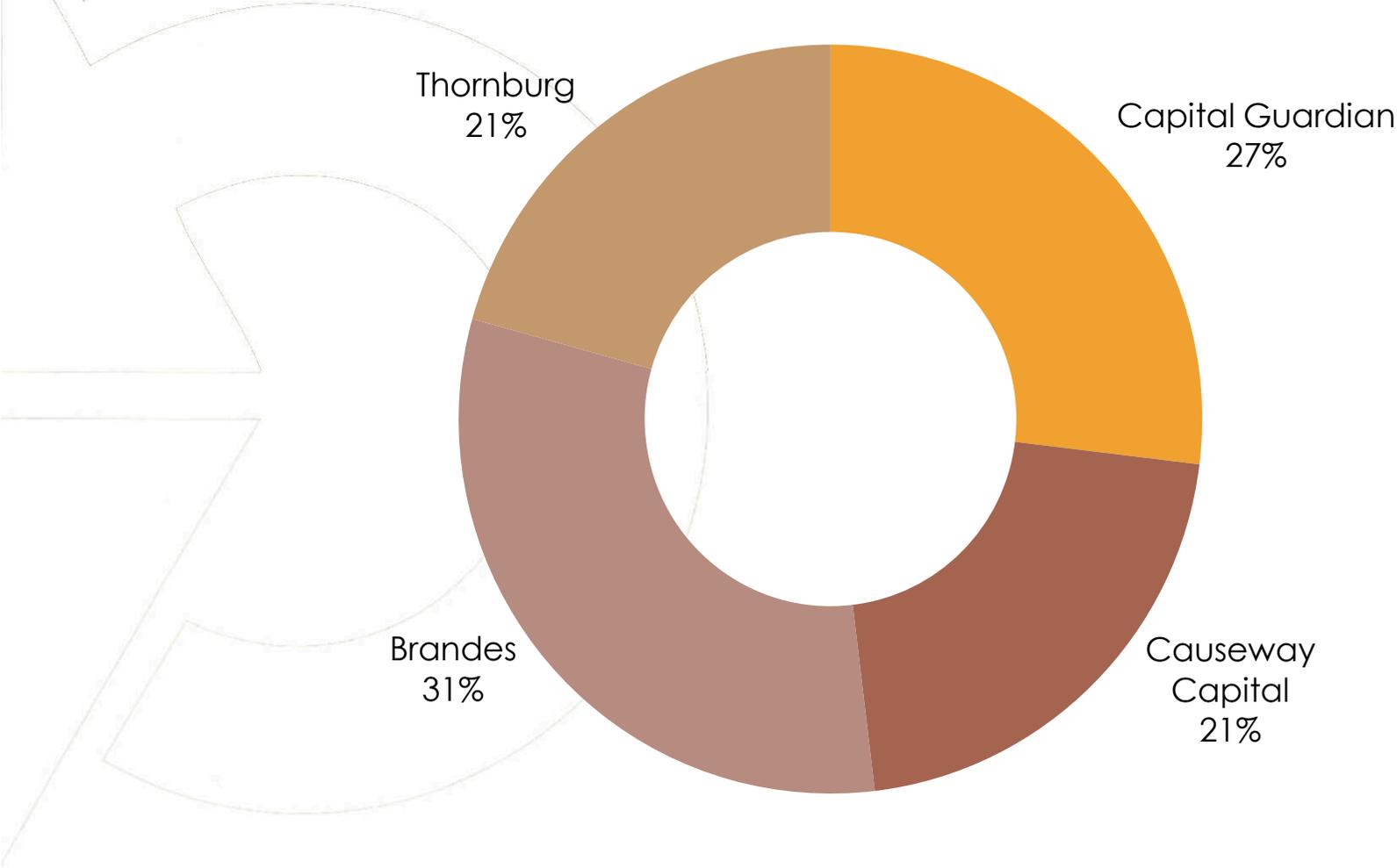
Performance – Fixed Income Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
Hoisington	-11.5	100 th	10.6	33 rd	5.1	81 st	5.0	94 th
Loomis Sayles	-0.4	31 st	11.3	15 th	10.8	2 nd	9.3	4 th
Lord Abbett	-0.8	47 th	8.5	42 nd	8.0	12 th	7.1	17 th
Mackay Shields	0.0	21 st	9.8	24 th	8.2	9 th	7.2	15 th
PIMCO DMF I	9.6	2 nd	50.6	1 st	-	-	-	-
PIMCO DMF II	11.8	1 st	38.5	2 nd	-	-	-	-
Stephens	-1.0	52 nd	5.5	79 th	-	-	-	-
Loomis HY	3.3	39 th	16.6	23 rd	-	-	-	-
Lord Abbett HY	3.9	21 st	16.4	25 th	-	-	-	-
Mackay HY	3.0	57 th	13.5	66 th	-	-	-	-
BC Aggregate	-1.3		6.5		5.9		5.8	

Fixed Income Portfolio Characteristics – Trailing Five Years

	Asset Class	Credit Quality	Modified Duration	Yield to Maturity	R ²	Sharpe Ratio
Hoisington	IRS	TSY	18.8	4.4%	0.55	0.32
Loomis Sayles	C+FI	A	5.8	4.5%	0.66	1.26
Lord Abbett	C+FI	A	4.7	4.0%	0.64	1.24
Mackay Shields	C+FI	A	5.0	5.2%	0.86	1.64
Stephens	IRS	AAA	3.2	1.5%	0.85	0.01
Loomis Sayles	HY	BB	5.2	5.6%	0.12	0.65
Lord Abbett	HY	BB	4.8	5.5%	0.10	0.69
Mackay Shields	HY	BB	3.4	6.5%	0.08	0.65

Asset Allocation Summary – International Equity Allocation



Performance – International Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
Brandes	4.2	92 nd	4.9	89 th	-6.5	97 th	2.8	71 st
Causeway	6.9	62 nd	13.3	35 th	-4.0	41 st	4.4	45 th
Capital Guardian	8.7	21 st	10.7	60 th	-5.4	58 th	3.2	64 th
Thornburg	8.5	22 nd	16.0	19 th	-2.7	24 th	8.6	10 th
MSCI EAFE	6.7		8.2		-6.5		2.9	
MSCI ACWI Ex US	7.2		11.2		-5.0		4.8	

fourth quarter 2010 - Conclusions

- Equities posted attractive gains during fourth quarter. Bonds suffered losses as interest rates rose and prices fell.
- Domestic equity markets posted double digit gains during the quarter. High risk assets outperformed low risk assets. Domestic and international financial events seemed to stabilize during the quarter.
- Domestic equity led international equity portfolios during the quarter.
- An MLP search was concluded during the quarter. Three managers were selected to manage parts of the \$500 million mandate: Chickasaw Capital, FAMCO and Swank.
- The Oklahoma Teachers' Composite posted a fourth quarter gain of 6.6% which trailed its allocation index but outperformed the actuarial assumption by a wide margin. The result ranked in the 29th percentile of public funds (1st percentile = highest). For the full year, the composite posted a 15.9% total return which ranked in the 15th percentile of its peer universe.
- Last quarter, the composite earned a total return of 9.9%.
- The Composite's weighted average management fees were 0.35% as of quarter end.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

INVESTMENT POLICY STATEMENT

REVISED December 2010

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I. Introduction

A. Legal Authority

Constitutional Authority

Section 62 of Article 5 of the Oklahoma Constitution was added as a result of the passage of State Question 306 on July 14, 1942. This section reads:

“The Legislature may enact laws to provide for the retirement for meritorious service of teachers and other employees in the public schools, colleges and universities in this State supported wholly or in part by public funds, and may provide for payments to be made and accumulated from public funds, either of the State or of the several school districts. Payments from public funds shall be made in conformity to equality and uniformity within the same classifications according to duration of service and remuneration received during such service.”

Statutory Authority

As a result of the passage of State Question 306, the Legislature enacted House Bill 297 in the 1943 legislative session that created the Oklahoma Teachers Retirement System (“System”). The legislation has been changed substantially in the years since its creation and is currently codified in Oklahoma Statutes Title 70, Sections 17-101 et. seq. (NOTE: In the remainder of this document, statutory references will follow the notation O.S. 70 § 17-101 to reference Oklahoma Statutes Title 70, Section 17-101.)

Purpose of System

In O.S. 70 § 17-102, paragraph 1 creates the Oklahoma Teachers Retirement System and outlines the purpose of the System as follows:

“A retirement system is hereby established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits under the provisions of this act for teachers of the State of Oklahoma.”

Board of Trustees Powers

The second paragraph of O.S. 70 § 17-102 provides the broad terms of the powers entrusted to the Board of Trustees (“Board”):

“The Board of Trustees shall have the power and privileges of a corporation and shall be known as the "Board of Trustees of the Teachers' Retirement System of Oklahoma", and by such name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.”

Further powers vested upon the Board are set forth in O.S. 70 § 17-106, in part:

“(1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the act are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.”

and:

“(10) Subject to the limitations of this act, the Board of Trustees shall, from time to time, establish rules and regulations for the administration of the funds created by this act and for the transaction of its business.

Finally, O.S. 70 § 17-106.1, in part, spells out the duties of the Board in relation to investment of fund assets:

“A. The Board of Trustees of the Teachers’ Retirement System of Oklahoma shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:
 - a. providing benefits to participants and their beneficiaries, and
 - b. defraying reasonable expenses of administering the System;
2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
4. In accordance with the laws, documents and instruments governing the System.”

B. Purpose

This policy statement is issued for the guidance of fiduciaries, including the members of the Board, investment managers, consultants and others responsible for investing the assets of the Fund.

The Board, both upon their own initiative and upon consideration of the advice and recommendations of the investment managers and other fund professionals involved with the assets, may amend policy guidelines. Proposed modifications should be documented in writing to the Board.

II. Statement of Goals and Objectives

This statement of investment goals and objectives is to set forth an appropriate set of goals and objectives for the Fund's assets and to define guidelines within which the investment managers may formulate and execute their investment decisions.

1. The primary investment goal of the overall fund is total return, consistent with prudent investment management standards. Total return includes income plus realized and unrealized gains and losses on System assets. In addition, assets of the System shall be invested to ensure that principal is preserved and enhanced over time. The Board seeks to limit and control risks which jeopardize the safety of principal and, to prohibit investments that are not prudent.
2. The long-term goal of the System is a real rate of return (after inflation) of at least 5.0% per year to protect and enhance the purchasing power of assets. The nominal target return is 8.0% per year assuming an annual inflation rate of 3.0%. The nominal return target is based on the rate of return assumption for the System's annual actuarial valuation of plan. This assumed rate of return is based upon the Board's judgment regarding the long-term expectations for permissible asset classes within a diversified Fund, a long-term outlook for inflation, and the current and projected needs of the System.
3. The total return for the System shall meet or exceed the System's Asset Allocation Index.
4. Total risk exposure and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds for the total System and each investment manager. Total portfolio risk exposure as measured by the standard deviation of return, and other applicable measures, should generally rank in the mid-range of comparable funds.
5. Investment managers' returns shall exceed the return of their designated benchmark index and rank in the top-third of the appropriate asset class and style universes. Passive managers shall match the return of the designated index.
6. The following table specifies the benchmark and style universe for each asset class in which the System invests.

Asset Class	Benchmark	Style Universe
Domestic Large Cap Equity	Russell 1000, Growth or Value Index	Style Specific Large Cap Equity Universe
Domestic All Cap Equity	Russell 3000, Growth or Value Index	Style Specific All Cap Equity Universe
Domestic Mid Cap Equity	Russell Mid Cap, Growth or Value Index	Style Specific Mid Cap Equity Universe
Domestic Small Cap Equity	Russell 2000, Growth or Value Index	Style Specific Small Cap Equity Universe
International Equity	MSCI ACWI ex U.S,	International Equity Universe
Domestic Fixed Income	Barclays Capital Aggregate	Domestic Fixed Income Universe
High-Yield Fixed Income	Merrill Lynch High-Yield Index	High Yield Fixed Income Universe
International Fixed Income	Citi WGBI Non-US\$	International Fixed Income Universe
Private Equity Real Estate	Russell 1000 + 4.0% per year NFI-ODCI	
Master Limited Partnerships	Alerian Total Return	MLP Universe
Total Fund	Allocation Index	Public Pension Fund Composit Universe

7. The Board is aware that there will be deviations from these performance targets. Normally, results are evaluated over a three to five year time horizon, but shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the Fund.
8. The Board expects the asset classes above to generate the returns specified in the table below over long-term horizons. These return expectations are based on historical market behavior and are an important part of the Fund's asset allocation strategy. The return expectations will be updated as needed.

Asset Class	Expected Long Term Return	Standard Deviation of Returns
Domestic All Cap/Large Cap Equity	8.75%	16.0% 9.0%
Domestic Mid Cap Equity	9.25%	18.0% 10.5%
Domestic Small Cap Equity	10.25%	21.0% 11.0%
International Equity	10.00%	20.0% 11.0%
Domestic Fixed Income	5.00%	4.0% 2.0%
High-Yield Fixed Income	9.00%	11.0% 6.5%
Private Equity	10.00%	8.0% 8.0%
Real Estate	10.00%	12.0% 12.0%
Master Limited Partnerships	10.00%	16.0% 9.0%
Total Fund	9.00%	13.5%6.6%

III. Roles and Responsibilities

A. Board of Trustees

The Board of Trustees shall be responsible for the overall management of the Oklahoma Teachers Retirement System investments. The Board shall review the total investment program, shall establish the investment policy, including the asset allocation, and provide overall direction to the staff of the Oklahoma Teachers Retirement System, the Investment Consultant, retained Investment Managers and other related parties in the execution of the investment policy.

The Board is responsible for evaluating, hiring, and terminating investment managers, custodian banks, securities lending agents, and consultants.

B. Investment Consultant

The duties and responsibilities of the Investment Consultant retained by the Board include:

1. Be appointed, and act as, a fiduciary for the System.
2. Assist the Board in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.
3. Assist the Board by monitoring compliance with this Investment Policy.
4. Provide assistance in investment performance calculation, evaluation, and analysis.
5. Provide assistance in Investment Manager searches and selection.
6. Provide assistance in Custodian, Securities Lending Agent, Transition Manager and Commission Recapture Agent searches and selection.
7. Provide timely information, written and/or oral, on investment strategies, instruments, Managers and other related issues, as requested by the Board.
8. Monitor the Board's investment managers and notify the Board of any material changes in the Investment Managers' firms or their staffing.
9. Acknowledge on a quarterly basis, in writing to the Board, the Investment Consultant's compliance with this Statement as it currently exists or as modified in the future.
10. Reporting to the Board at their request. The Investment Consultant shall report to the Board as outlined below. Monthly reports should be submitted in writing within 15 days of the end of each month.

INVESTMENT CONSULTANT REPORTING REQUIREMENTS

As Necessary (based on occurrence and on a timely basis)

1. Review of Organizational Structure
 - a. Organizational changes (i.e., ownership).
 - b. Any departures/additions to consulting staff.
 - c. Material changes in assets under advisement.

Monthly

1. Performance Review.
 - a. Present total fund, asset class and Investment Manager gross returns for last month, last quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - b. Present total fund, asset class and Investment Manager net of fee returns for last month, last quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - c. Compare actual asset allocation to target asset allocation and make recommendations for rebalancing.
 - d. Present manager status summary, including any recommended changes.
2. Other comments or information as required.

Quarterly

1. Performance Review.
 - a. Present total fund, asset class and Investment Manager returns for last calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - b. Present total fund, asset class and Investment Manager peer group rankings for last calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - c. Review and analysis of any outstanding investment manager policy exceptions.
2. Other comments or information as required.

3. Summary of Investment Guidelines.
 - a. Discuss adherence to guidelines.
 - b. Comments, concerns, or suggestions regarding the policy statement.
4. Certify to Board that Investment Consultant is in compliance with all requirements of this Investment Policy Statement.
5. Certify to Board that Investment Managers have certified their compliance with all requirements of this Investment Policy Statement. Report to the Board if any Investment Managers have failed to certify their compliance, and make recommendations as to any action Board should consider.

Annually

1. Review of investment oversight process, total fund construction and evaluation of investment manager's portfolio.
 - a. Brief review of the Investment Consultant's oversight process.
 - b. Critical analysis of the performance of the total fund, with particular attention paid to asset categories and Investment Managers that underperformed their relative benchmarks and the actuarially assumed rate of return.
 - c. Review of the asset allocation strategy used over the past year and underlying rationale.
 - d. Evaluation of strategies success/disappointments.
 - e. Current asset allocation strategy and underlying rationale.
2. Review of revenue sources and conflict of interest disclosure.
 - a. Provide the board with financial information regarding annual brokerage revenues, conference fees and sponsorships, and other monies received from money managers versus consulting revenues received directly from clients.
 - b. Disclose all brokerage and other compensation, including conference fees, consulting fees and sponsorships, received by the consultant from the System's managers.
 - c. Disclose any compensation received by the Investment Consultant from any Investment Manager or other vendor it recommends hiring.
 - d. Disclose any affiliated Investment Management firm.

C. Investment Managers

The duties and responsibilities of each of the investment managers retained by the Board include:

1. Be appointed, and act as, a fiduciary for the System.
2. Managing the Fund's assets in accordance with the policy guidelines and objectives expressed herein.
3. Prudently selecting investments based on thorough evaluation of all risks applicable to stated mandate.
4. Working with the Custodian and the Investment Consultant to verify monthly accounting and performance reports.
5. Acknowledge on a quarterly basis, in writing to the Board, the Investment Manager's compliance with this Statement as it currently exists or as modified in the future.
6. Reporting to the Board at their request. Each manager shall report to the Board and the Investment Consultant as outlined below. Monthly reports should be submitted in writing within 15 days of the end of each month.
- 6.7. It is the responsibility of each Investment Manager to act as a fiduciary in adopting proxy voting policies, and the manager acknowledges that its proxy voting policies may affect the value of their respective portfolio.
- 7.8. Certify to the Board that the ~~Advisor~~Manager does not employ the use of soft dollars on behalf of the Fund.

INVESTMENT MANAGER REPORTING REQUIREMENTS

As Necessary (based on occurrence and on a timely basis)

1. Review of Organizational Structure.
 - a. Organizational changes (i.e., ownership).
 - b. Discussion of any material changes to the investment process.
 - c. Any departures/additions to investment staff.
 - d. Material changes in assets under management.

Monthly

All ~~Advisor~~Managers with at least monthly reconciliation and valuation will provide:

1. Performance Review.
 - d. Present total fund and asset class returns for last month, calendar quarter, year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - e. Discuss performance relative to benchmarks; provide attribution analysis that identifies returns due to allocation and selection decisions.
 - f. Provide portfolio characteristics.
 - g. Risk and Return Attribution analysis of any granted exceptions to investment policy analysis.
2. Provide Portfolio Holdings.
 - a. Present book value and current market value.
 - b. List individual securities by sector.
3. Other Comments or Information.

Quarterly

1. Summary of Investment Guidelines.
 - a. Discuss adherence to guidelines.
 - b. Comments, concerns, or suggestions regarding the policy statement.
2. Certify to Board and the Investment Consultant that Manager is in compliance with all requirements of this Investment Policy Statement. Said certification shall be in writing and shall be received by the Board and Investment Consultant no later than 30 after the end of each calendar quarter.
3. Any ~~Advisor~~ **Manager** that manages a particular mandate that does not reconcile assets and provide market value of assets on a monthly basis will provide monthly performance and holdings reporting on a quarterly basis.

Annually

1. Review of Investment Process and Evaluation of Portfolio Management Process.
 - a. Brief review of investment process.
 - b. Investment strategy used over the past year and underlying rationale.
 - c. Evaluation of strategies success/disappointments.

- d. Current investment strategy and underlying rationale.
2. Provide, in either printed form or electronic access to, Form ADV filed with the Securities and Exchange Commission.
3. Each ~~advisor~~ **manager**, as pertinent to their applicable mandate, will report at least annually to the Board of Trustees their respective commissions recapture program on behalf of the Teachers' System. Each advisor shall provide:
 - a. A copy of its monitoring procedures.
 - b. An annual report documenting the nature, benefit and source of services obtained through Soft Dollar and other commission arrangements.
 - c. A statement demonstrating compliance with Section 28(e) of the Securities Exchange Act of 1934, and/or other applicable laws.
 - d. Analysis of execution.
4. **Each manager, as pertinent to their applicable mandate, will report annually to the Board of Trustees a record of proxy policies, as well as voting record for the previous 12 month period.**

D. Custodian

The custodian bank(s) will be responsible for performing the following functions:

1. Be appointed, and act as, a fiduciary for the System.
2. Accept daily instructions from designated staff.
3. Notify Investment Managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.
4. Resolve any problems that designated staff may have relating to the custodial account.
5. Safekeeping of securities.
6. Timely collection of interest and dividends.
7. Daily cash sweep of idle principal and income cash balances.
8. Processing of all investment manager transactions.
9. Collection of proceeds from maturing securities.
10. Disbursement of all income or principal cash balances as directed.

11. Providing monthly statements by investment account and a consolidated statement of all assets.
12. Provide monthly exchange traded funds and cash position by investment ~~advisor~~manager.
13. Provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.
14. Working with the System's staff and the Investment Consultant to ensure accuracy in reporting.
15. Monitor compliance with this Investment Policies Statement.
16. Providing required reports to assist the System's staff and vendors with compliance with the Governmental Accounting Standards Board, the Internal Revenue Service, the Securities and Exchange Commission, the Financial Industry Regulatory Authority and other regulatory agencies.
17. Monitoring and reporting of class action suits related to securities fraud claims and proceeds and collection of subsequent proceeds.
18. Processing and filing of Foreign Tax Reclaims

E. Securities Lending Agent

The securities lending agent will be responsible for managing the securities lending program including the following functions:

1. Be appointed, and act as, a fiduciary for the System.
2. Arrange terms and conditions of securities loans.
3. Monitor the market value of the securities lent and mark to market at least daily and ensure that any necessary calls for additional collateral are made and that such collateral is obtained on a timely basis.
4. Direct the investment of cash received as collateral in accordance with direction from the Board, provided that such investments are consistent with guidelines provided in this document.
5. Notify the Board of any changes to the investment guidelines in the Securities and Exchange Commission's rule 2A7 for consideration by the Board.

F. Transition Manager

The Transition Managers shall manage transitions of assets from one or more Investment Managers or asset categories to one or more other Investment Managers or asset categories. Transition Managers shall be employed at the discretion of the staff of the

Oklahoma Teachers Retirement System. Transition managers shall be utilized when such employment is likely to present significant opportunities for cost savings, technical efficiencies or other benefits to the System.

Transition Managers shall be responsible for managing transitions including the following functions:

1. Be appointed, and act as, a fiduciary for the System.
2. Provide a pre-trade analysis, which will include, among other things, a trading liquidity analysis, portfolio sector analysis, volatility analysis, and estimated transaction costs.
3. Provide a detailed written plan of transition execution.
4. Provide a post-trade analysis, which may compare the actual costs with the pre trade estimates. The report will also include various trading statistics, benchmarking information, and detailed trade reports.

IV. Asset Allocation

In order to have a reasonable probability of achieving the target return at an acceptable risk level, to reduce the risk of losses resulting from over-concentration of assets, and providing a stable level of earnings distributions, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on a quarterly basis and will be adjusted when an asset class weighting breaches its minimum or maximum allocation.

Asset Class	Target Allocation	Minimum Allocation	Maximum Allocation
Domestic All Cap/Large Cap Equity	17.5%	15.8%	19.3%
Domestic Mid Cap Equity	12.5%	11.3%	13.8%
Domestic Small Cap Equity	10.0%	9.0%	11.0%
International Equity	15.0%	13.5%	16.5%
Fixed Income	25.0%	22.5%	27.5%
High-Yield Fixed Income	5.0%	4.5%	5.5%
Private Equity	5.0%	4.5%	5.5%
Real Estate	5.0%	4.5%	5.5%
Master Limited Partnerships	5.0%	4.5%	5.5%
Cash and Equivalents	0.0%	0.0%	0.0%
Total	100.0%	-	-

The Fund's Asset Allocation Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth above. The Allocation Index can be used to separate the overall impact of active management from asset allocation.

The Asset Allocation Index is calculated by multiplying the target commitment to each asset class by the rate of return of the appropriate market index, as listed above, on a monthly basis.

V. **Rebalancing Policy**

A. Overall Fund Allocation

The following rebalancing procedure will be employed by the Fund: The Investment Consultant will report asset class exposures to the Board at the end of each month. If the percentage of the Fund's assets allocated to an asset class has breached its target range, the Investment Consultant shall make a recommendation to the Board of what, if any, action is recommended. After giving consideration to such recommendations the Board may take action to cause assets to be shifted between managers so as to bring the asset allocation of the "out of range" asset class back to its appropriate target.

Upon such action, the staff of the System and the Investment Consultant shall affect the changes as directed by the Board. The result of such transition shall be reported to the Board at the next scheduled meeting after the completion of the transition.

In order to accomplish a required rebalancing with as little transaction cost as is reasonably possible, the Board may take into account any cash flows which are anticipated to occur within a reasonable period of time (generally three months or less). Examples of such cash flows would be a contribution to the Fund from the State or a Manager termination. (No manager rated "On Alert" or lower shall receive additional assets without extenuating circumstances.)

B. Allocation among Equity Styles

Rebalancing of the allocation among equity styles is desirable: If rebalancing of the Fund's overall asset allocation (described above) is required, the general policy will be to rebalance among equity style weightings in such a way as to restore the balance of styles within an asset class. The Board will consider Consultant recommendations on this issue. These actions shall be reported to the Board at its next scheduled meeting.

VI. Securities Transactions

The Board of Trustees retains the right to direct brokerage commissions. When investment ~~advisor~~managers direct commissions on behalf of the Board, the direction will be contingent upon the institution being competitive in both price and execution for the specific transaction.

The Board of Trustees or its employees will only use soft dollar commissions (soft dollars) on fixed income securities which are generated as a result of concessions on fixed price offerings made to brokers on new issues and passed along to the Fund in part or whole. Such soft dollar commissions may be used only for investment related services or products. Soft dollar usage by equity ~~advisor~~managers for the benefit of the manager or the Fund is strictly prohibited.

The Board of Trustees may enter into relationships with brokerage firms who will conduct securities transactions at a discount or rebate a portion of commissions to the Fund. No portfolio manager is directed by the Board to trade with any particular brokerage firm. All relationships for commission recapture programs will be directly between the Board of Trustees and brokerage firms on a contract basis. All commission recapture credits will be returned to the Fund and will be treated as an asset of the Fund.

VII. Investment Guidelines

Full discretion, within the parameters of the guidelines described herein, is granted to the investment managers regarding the allocation of their portfolios, the selection of securities, and the timing of transactions. Any exception requests to the guidelines listed herein should be communicated to OTRS staff.

A. Ineligible Investments

Due to the vast number of types of financial instruments, as well as financial engineering, the following list of ineligible investments is not considered to be exhaustive. Any instrument, to which these Investment Guidelines do not explicitly prohibit, that is not expressly allowed by the applicable mandate specific guidelines, should be requested through the exception process, detailed in section B, prior to investment.

1. Futures and options instruments, except for the use of hedging interest rate or exchange rate risk, or to replicate the risk/return profile of an asset.
2. Privately placed or other non-marketable debt, except securities issued under Rule 144A.
3. Securities denominated in non-US currency, unless provided in accordance with an applicable mandate.
4. Lettered, legend or other so-called restricted stock
5. Commodities and commodity derivatives
6. Straight preferred stocks and non-taxable municipal securities should not normally be held unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.
7. Short sales, **leverage**, or purchases on margin.
8. Direct investments in private placements, real estate, oil and gas and venture capital, unless provided in accordance with an applicable mandate.
9. Investment funds, not to include Exchange Traded Funds (ETFs) **or Exchange Traded Notes (ETNs)**.
10. Private Equity portfolios that meet the following criteria will not be considered eligible for initial evaluation or potential funding commitments:

- a. Vehicles which are not backed by accredited investors, as that term is defined in Section 2 of the Federal Securities Act of 1933, as amended, (15 U.S.C. Section 77(b)) and rules and regulations promulgated under that section.
- b. Investments representing direct equity ownership in individual companies or other business entities, without the benefit of an intermediate partnership or other indirect ownership structure. However, this exception shall not include direct equity ownership which results from the distribution of securities from partnerships to OTRS.
- c. Investments which would violate resolutions passed by OTRS' Board.

B. ~~Advisor~~Manager Policy Exceptions

Requests for either, an allowance to invest in securities precluded by section A or the applicable mandate specific policies, should be submitted in writing to the Board of Trustees and include justification for request, proposed process to providing monthly reporting on attribution analysis of the contribution of allowed securities, and proposition of a one, two or three year expiration. Exception requests will undergo a reevaluation and approval process at the end of each term.

C. Domestic Equity Portfolios

1. Domestic Equity portfolios will hold a maximum of 5% in cash or cash equivalents.
2. Domestic Equity portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry.
3. Domestic Equity portfolios will not concentrate greater than 7% of market value of funds under advisement in holdings of a single issuer.
4. Domestic Equity portfolios will not hold greater than 5% of the outstanding shares of a single issuer.
5. Domestic Equity portfolios will be limited to the purchase of shares of common stock and American Depository Receipts (ADRs) listed on a domestic exchange.

D. International Equity

1. International Equity portfolios will hold a maximum of 5% in cash or cash equivalents.
2. International Equity portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry.
3. International Equity portfolios will not concentrate greater than 7% of market value of funds under advisement in holdings of a single issuer.

4. International Equity portfolios will not hold greater than 5% of the outstanding shares of a single issuer.
5. International portfolios will not concentrate greater than 30% of market value of funds under advisement in issuers from a single country ex UK, and 35% in the UK.
6. The ~~Advisor~~Manager will invest at least 70% of the portfolio in companies located in developed markets as determined by MSCI.
7. International Equity portfolios will be limited to the purchase of shares of common stock listed on an exchange.

E. Fixed Income

1. Fixed Income portfolios will hold a maximum of 5% in cash or cash equivalents.
2. Fixed Income portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry. This restriction does not apply to sovereign issues.
3. Fixed Income portfolios will not concentrate greater than 5% of market value of funds under advisement in holdings of a single issuer. This restriction does not apply to sovereign issues.
4. Fixed Income portfolios will not hold greater than 5% of the issued securities of a single issuer.
5. Fixed Income portfolios will not concentrate greater than 25% in issues which are rated Ba1 or lower by Moody's, or BB+ or lower by Standard & Poor's.
6. Fixed Income portfolios will not concentrate greater than 20% in non-USD denominated obligations.
7. Fixed Income portfolios will not concentrate greater than 10% in developing or emerging markets issuers.
8. Fixed Income portfolios will not hold issues which are rated below Caa2 Moody's, or CCC by Standard & Poor's. Unrated securities shall be permitted provided the security is rated Caa2/ CCC equivalent by the ~~Advisor~~Manager's internal rating system.
9. Fixed Income portfolios may hold shares of common stock converted from embedded corporate actions, at the time of conversion ~~adviser~~managers should communicate issues converted into common shares to OTRS staff.

F. Securities Lending

1. Securities Lending collateral portfolios will adhere to the quality and maturity guidelines established by SEC Rule 2a-7.

G. High Yield Fixed Income

1. High Yield portfolios will hold a maximum of 5% in cash or cash equivalents.
2. High Yield portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry. This restriction does not apply to sovereign issues.
3. High Yield portfolios will not concentrate greater than 5% of market value of funds under advisement in holdings of a single issuer. This restriction does not apply to sovereign issues,
4. High Yield portfolios will not hold greater than 5% of the issued securities of a single issuer.
5. High Yield portfolios will not concentrate greater than 10% of market value of funds under advisement in holdings of unrated obligations.
6. High Yield portfolios will not concentrate greater than 20% in non-USD denominated obligations.
7. High Yield portfolios will not concentrate greater than 10% in developing or emerging markets issuers.
8. High Yield portfolios may hold shares of common stock converted from embedded corporate actions, at the time of conversion ~~advisors~~managers should communicate issues converted into common shares to OTRS staff.
9. Investments in other funds (including REITs) not managed or advised by either the Management Company or the Investment Adviser shall not exceed five (5%) of the total assets of the portfolio, at any time, based on the aggregate market value of such investments.

H. Private Equity

1. Private Equity portfolios will be comprised of:
 - a. Corporate Finance Funds
 - i. Buyout and growth capital funds
 - ii. Distressed debt and turnaround funds
 - iii. Mezzanine debt funds

- b. Venture Capital Funds; and
 - c. Any other private investment strategy approved by OTRS.
2. In order to achieve a diversified private equity portfolio, the following sub-allocations shall be used as an overall target for commitment levels within the portfolio:

Segment	Long-Term Allocation Ranges
Corporate Finance ¹	80% - 100%
Venture Capital	0% - 20%

¹ Includes buyout, turnaround and debt related strategies

Region	Long-Term Allocation Ranges
U.S. and Western Europe	80% - 100%
Other	0% - 20%

- 3. Private Equity portfolios will make commitments of at least \$10 million.
- 4. Private Equity portfolios will not make commitments to a primary fund which exceeds an amount equal to 20% of the total amount raised for a proposed fund.
- 5. Private Equity portfolios will not concentrate aggregate commitments to a single investment sponsor greater than 25% of funds under advisement.
- 6. Prior to making a new commitment, the Manager shall provide detailed information on the opportunity, including a final memorandum summarizing all due diligence performed, to OTRS' pension staff, the general consultant and the Board.
- 7. Private equity investments will be governed by the subscription agreement, the Limited Partnership Agreement and other related documents.

I. Real Estate

Real Estate funds will invest in a manner consistent with guidelines set forth by the applicable subscription documents.

- 1. Real estate funds will not concentrate in excess of, the greater of \$100 million or 25% of the total Gross Asset Value (GAV) of the investment fund, in any single property.
- 2. Real estate funds will not concentrate greater than 15% of the total GAV of the investment fund in value-added properties.

3. Real estate funds will not carry leverage in excess of 30% of the GAV of the investment fund.

J. Master Limited Partnership

1. Master Limited Partnership (MLP) portfolios will be limited to the purchase of MLP interests, which include: (a) securities such as units and other securities issued by MLPs that are organized as partnerships or limited liability companies which elect to be taxed as a partnership; (b) securities that offer economic exposure to MLPs from entities holding primarily general partner or managing member interests in MLPs.
2. MLP portfolios will hold a maximum of 5% in cash or cash equivalents.
3. MLP portfolios will not concentrate greater than 15% of market value of funds under advisement in holdings of unregistered, privately placed securities of publicly traded MLPs at the time of purchase.
4. MLP portfolios will be permitted to invest in Initial Public Offerings and Secondary Public Offerings of MLP securities.
5. MLP portfolios will not concentrate greater than 10% of market value of funds under advisement in holdings of a single issue. A “single issue” is defined by shares in either the limited partner, or shares in the general partner; but shares in the limited partnership and general partnership should not be taken in aggregate.
6. MLP portfolios will not hold greater than 5% of the outstanding shares of a single issuer.

J.K. Distressed Mortgage Fund

1. Distressed mortgage investments will predominantly target investment opportunities in less liquid segments of the mortgage market. Securities will be primarily based within the United States; however the Distressed Mortgage Fund may make investments located outside of the United States.
2. Investments in the Distressed Mortgage Fund will be governed by the subscription agreement, the Limited Partnership Agreement and other related documents.

L. Bank Recapitalization and Value Opportunities (BRAVO) Fund

1. The BRAVO fund will have the broad discretion to invest principally in; i) loans and other assets originated or held by Financial Entities, ii) MBS and ABS, iii) minority/non-controlling equity and equity-linked securities, and/or debt

instruments of Banking Portfolio Companies or other Financial Institutions, iv) and residential and commercial real estate. The Fund may make such investments through FDIC-assisted transactions, any other existing or future program with any other U.S. or non-U.S. government agency or through private sector transactions.

2. Investments in the Distressed Mortgage Fund will be governed by the subscription agreement, the Limited Partnership Agreement and other related documents.

J.M. Derivatives

1. Objectives

These derivatives guidelines identify and allow common derivative investments and strategies which are consistent with applicable law and the Investment Policy Statement. These guidelines require investment managers to request the inclusion of additional derivative instruments and strategies. The guidelines require investment managers to follow certain controls, documentation and risk management procedures.

2. Definition and Classification of Derivatives

A derivative is a security or contractual agreement that derives its value from some underlying security, commodity, currency, or index. These guidelines classify derivatives into four separate categories distributed across two classes:

a. Derivative Contracts

- i. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments
- ii. Option-based derivatives, including put and call options contracts,.

b. Derivative Securities

- i. Collateralized Mortgage Obligations (CMOs)
- ii. Structured Notes

3. Allowed Uses of Derivatives

a. Derivative Contracts

- i. Hedging – the investment managers are permitted to use derivatives for clearly defined hedging purposes, including cross-hedging of currency exposures, subject to the documentation requirements below.

- ii. Creation of Market Exposures – Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class.

b. Derivative Securities

- i. Plain Vanilla CMOs – For the purpose of this policy, we will define a "plain vanilla" CMO as one which satisfies one or both of the following criteria:
 - (a) It passes the Federal Financial Institutions Examination Council (FFIEC) test;
 - (b) It can be shown that the CMO is less exposed to interest rate and prepayment risk than the underlying collateral.
- ii. Other CMOs - , which are not plain vanilla, are restricted to 10% of a manager's portfolio.
- iii. Structured Notes – Structured notes may be used so long as the exposure implied by their payment formula would be allowed if created without use of structured notes.

4. Prohibited Uses of Derivatives

Any use of derivatives not listed in section 3. is prohibited without written approval of the Board of Trustees. By way of revocation, it is noted that the following two uses of derivatives are prohibited:

- a. Leverage – derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.
- b. Unrelated Speculation – Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

5. Transaction Level Risk, Control Procedures and Documentation Requirements

For each over-the-counter derivative transaction, except foreign exchange forward contracts, investment managers are required to obtain at least two competitive bids or offers. For small-issue CMOs, it is acceptable to obtain competitive prices on similar securities. For all derivatives transactions, investment managers should maintain appropriate records to support that all derivative contracts used are employed for allowed strategies. In addition, the following requirements apply to derivative securities:

- a. "Plain Vanilla" CMOs – Document that the CMO is in fact "plain vanilla", according to the definition in section 3.b.i.a.
- b. Other CMOs – These CMOs must be stress tested to estimate how their value and duration will change with extreme changes in interest rates. An extreme change is one of at least 300 basis points

~~K.N.~~ Directed Commission

Investment managers shall use their best efforts to ensure that portfolio transactions are placed on a "best execution" basis. Additionally, arrangements to direct commissions shall only be implemented by specific authorization of the Board.

VIII. Third Party Marketing And Referrals Disclosure Policy

The Teachers' Retirement System of Oklahoma requires transparency and full disclosure of all relationships in proposed and committed investments with any third parties. Firms submitting investment proposals for consideration by Teachers' Retirement System of Oklahoma (including any sub-managers or consultants engaged by such firms) are hereby required to disclose the identity of all third-party marketers and/or individuals by whom the firm has been referred to Teachers' Retirement System of Oklahoma and further indicate those so identified that stand to receive fees or other consideration in the event that a contract between the firm and the Teachers' Retirement System of Oklahoma is secured. Any consideration paid or benefits received, or any relationship between such firm (including any sub-managers or consultants engaged by such firms) and third party marketing entities and/or individuals, shall be disclosed.

The disclosure requirements established by this Policy apply throughout the term of any contractual relationship Teachers' Retirement System of Oklahoma may have with any firm and represents a continuing obligation of disclosure.

This Policy becomes effective immediately and applies to all firms currently managing Teachers' Retirement System of Oklahoma assets. All firms submitting investment proposals must make the disclosures required by this Policy prior to any action being taken on the firm's investment proposal by the Board, as well as comply with the continuing obligation of disclosure.

Appendix A

Exceptions to Investment Guidelines

Any exception requests subsequent to the approval of these guidelines, should be submitted according to the framework established in section VII; B.

Firm: *Capital Guardian*

Exception: Section VII:D:6; *Increase the maximum portfolio concentration in Emerging Markets from 30% to 50%.*

Proposition for attribution reporting: *Submit a month-end report that will include attribution analysis on a security by security basis, and at the sector and country level, relative to benchmark. Further, Capital Guardian will provide a summary report of the portfolio's investments within emerging markets to highlight the accounts active contribution relative to the benchmark.*

Requested term: *12/31/2013*

Requesting firm: *Hoisington*

Exception requested: Section VII:E:1; *Increase maximum portfolio concentration in cash and cash equivalents from 5% to 100%.*

Proposition for attribution reporting: *Monthly reporting illustrating the contribution to total return.*

Requested term: *12/31/2013*

Requesting firm: *Loomis Sayles High Yield*

Exception requested: Section VII:G:6; *Increase the maximum portfolio concentration in non-USD from 20% to 40%.*

Proposition for attribution reporting: *Monthly reporting illustrating the contribution to total return.*

Requested term: *12/31/2013*

Requesting firm: *Loomis Sayles High Yield*

Exception requested: Section VII:G:7; *Increase the maximum portfolio concentration in emerging markets from 10% to 30%.*

Proposition for attribution reporting: *Monthly reporting illustrating the contribution to total return.*

Requested term: *12/31/2013*

Requesting firm: *Loomis Sayles High Yield*

Exception requested: Section VII:A:6; *Establish a 10% allocation to preferred stock.*

Proposition for attribution reporting: *Monthly reporting illustrating the contribution to total return.*

Requested term: *12/31/2013*

Requesting firm: *MacKay Shields Core*

Exception requested: Section VII:E:5; *Increase the maximum portfolio concentration in High Yield from 25% to 50%.*

Proposition for attribution reporting: *Attribution from the high yield allocation will be reported as a component of portfolio return.*

Requested term: *12/31/2012*

Requesting firm: *Shapiro Capital*

Exception requested: Section VII:A; *Selectively hold one or two large cap companies.*

Proposition for attribution: *Provide monthly reporting with and without large cap holdings.*

Requested term: *12/31/2013*



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INTERNAL AUDIT DEPARTMENT

Project Name: Employer Reporting Process Revamp
Project Number: CON1-10
Service Performed: Consulting
Date:

Objectives:

- Understand demographics of employer reports being sent to OTRS
- Test Post retirement to ensure accurate and complete payment of contributions
- Determine what information from employers should be required in order to automate submission processing and reduce risk of automating future retirement processes
- Develop efficient procedures for tracking and posting employer reports
- Establish appropriate implementation goals
- Work with MYConsulting to develop way to accept information from employers

Background:

Every month OTRS receives a report from each of its 600+ employers in order to remit their contributions. This report consists of at least three parts: Data file containing information for each contributing employee, remittances (checks) for contributions, and a TRS32 form (explanation of where contributions should be recorded).

The process by which OTRS received and processed employer reports and remittances was completely manual, required significant redundant resources and was not actively benchmarked or managed. The processes were neither completely documented nor consistently carried out. For example, missing and late submissions were not followed up on leaving months of lag time between contributions received and credit given to clients.

OTRS' past stance on processing reports was to receipt submissions immediately regardless of accuracy and over time work out the details to accurately post receipts to client accounts. This resulted in extra processing work as employers submitted sloppy and inaccurate remittances, incomplete or inconsistent TRS32 Forms and incomplete data files. A significant portion of the Client Records division's time was spent modifying data files, contacting employers and accommodating to employers' numerous special requests to deviate from the submission requirements of OTRS.

Prior to the initiation of the Client Accounting System redesign initiative, OTRS hired OK.Gov to design a computer system to renovate the employer reporting and submission process. Upon the termination of this effort OTRS determined it was necessary to take significant steps toward improving and renovating the existing process in order to prepare staff and employers for the widespread changes anticipated upon the Go-Live date of January 1, 2012. This report is the culmination and summary of that effort.



**OKLAHOMA TEACHERS
RETIREMENT SYSTEM**
INTERNAL AUDIT DEPARTMENT

Work Performed:

- Performed exhaustive walkthrough of entire employer reporting process.
- Analyzed trends in employer submissions for the FY2010.
 - Determined number of reports received late, penalties that should have been assessed, timing of reports etc.
- Compared W-2 data from the State Department of Education with internal information to determine post-retirement contributions expected.
 - Letters were distributed to all employers whose post-retirement contributions were significantly lower than the calculated expected post-retirement contributions.
- Held meetings with MYConsulting, the State Department of Education, OTRS Directors and staff to determine which information from employers would be necessary to develop the most effective information system.
- Redesigned process flow of internal reporting process.
- Initiated a quality assessment prior to accepting contributions.
- Informed employers of new expectations and requirements for processing submissions.

Findings:

Post Retirement

1. OTRS does not receive adequate information from employers to ensure all post-retirement contributions are received.
2. OTRS does not have reports designed to locate retired teaching clients.
3. OTRS does not capture post-retirement contributions paid to OTRS at the Client level.
4. OTRS does not receive 1099 information from employers. Without this information OTRS cannot enforce post-retirement employment contributions of Clients who are working in the same capacity as their former position but are on a contract.
5. OTRS was owed an estimated \$900,000 + for post retirement contributions not remitted in FY2010.

Employer Report Processing

1. Employers were allowed to deviate from OTRS submission requirements. This resulted in excessive accommodation of internal staff to handle and process incomplete, inaccurate, untimely and sloppy employer reports. Accordingly, OTRS employed no formal requirements and all reports were accepted and processed regardless of accuracy.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INTERNAL AUDIT DEPARTMENT

2. Prior to this initiative, 23 employers were submitting handwritten paper reports which were hand-keyed by internal staff on a monthly basis.
3. Prior to this initiative, 67 employers were submitting reports via floppy diskettes.
4. OTRS does not capture federal matching paid to OTRS at the Client level.
5. OTRS did not actively follow and track outstanding employer reports.
6. OTRS did not have a reliable way of logging when reports are received, when they are late, early etc.
7. 17% of employer reports received in FY2010 were late, totaling approximately \$180 million and \$69,000 owed in late fees respectively.
8. OTRS did not have a procedure in place to accrue interest on late report penalties. A lack of interest gives employers no incentive to remit penalties at all much less in a timely manner.
9. Reports were processed internally when time permitted. There was no official goal or objective of how to handle a backlog and most reports were not completely posted the day they were received.

Commendations:

1. All employer reports are now required to be submitted via web.
2. OTRS now employs a quality review of all employer submissions to ensure compliance with requirements, completeness and accuracy prior to processing. All deviations from these requirements are returned with explanations of how to successfully resubmit the reports.
3. OTRS has developed a method to track employer submissions and is actively rejecting incomplete and inaccurate reports. Additionally, OTRS is actively tracking and consistently billing late reports.
4. OTRS has submitted rule changes to ensure the success of the changing employer reporting process.
5. OTRS currently has a procedure in place to accrue interest on late report penalties.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INTERNAL AUDIT DEPARTMENT

6. As of 2/1/2011 OTRS has reduced the percentage of report rejections from 46% to 35%, proactively tracked and billed late and outstanding employer contributions and eliminated the time spent balancing reports. OTRS anticipates this percentage to decrease significantly in the following months.
7. Client Records division has been renamed Data Management and reorganized under IT with their sole focus on ensuring accurate upkeep and processing of the organizational inflow of data.

Recommendations:

1. OTRS should develop a method to capture and keep data received for Federal Matching and Post-Retirement on a person by person basis.
2. OTRS should request all information suggested by MYConsulting from Employers starting FY2011 (See Appendix A for list). Additionally, OTRS should request 1099 from employers in the same manner as they currently receive W-2's.
3. Data management should update the current Payroll Officer handbook and redistribute to all employer payroll officers.
4. Data management should develop a plan to target and train new and burdensome payroll officers.
5. Data management should develop benchmarks for successful processing of employer submissions.
6. OTRS should develop procedures for employers to submit electronic TRS32 forms and likewise electronic payments.
7. OTRS should perform a Post-Retirement audit for the 2010 calendar year.

Conclusion:

The employer reporting function has been one of the most neglected processes at OTRS for many years and is a cornerstone to the future success of the redesigned information system. Significant changes have been implemented in a short time period which has helped ensure the overall success of the organization by implementing timely and accurate collection of contributions, employing sound management practices and aligning the organizations objectives and vision with OTRS' expectations of employers.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INTERNAL AUDIT DEPARTMENT

This process will continue to develop efficiencies throughout the calendar year and ultimately pave the way for the successful implementation of the redesigned information system.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

INTERNAL AUDIT DEPARTMENT

Appendix A Future Monthly Employer Requirements as suggested by MyConsulting

*All employees must be reported, even if there are no contributions					
	Column Name	Description	Data Type	Length	Example
Master Record					
	CountyCode	School County Code	numeric	2	55
	DistrictCode	School District Code	alphanumeric	4	C101
	PayPeriodYear	Pay Period Year	numeric	4	2010
	PayPeriodMonth	Pay Period Month	numeric	2	10
	SchoolYear	School Year	numeric	4	2011
Detail Record					
Personal	TaxNumber	Federal Taxpayer Identification Number	varchar	9	987654321
	FirstName	First Name	alphanumeric	100	Terry
	MiddleName	Middle Name	alphanumeric	100	R
	LastName	Last Name	alphanumeric	100	Teacher
Service	EmploymentStatus	Member Employment Status - (F)Full-Time/(H)Half-Time/(I)Ineligible/(A)Alternative Retirement Plan/(O)Optional Employee Opted-Out	alphanumeric	1	F
	Classification	Indicates (C)Classified or (N)Non-classified position	alphanumeric	1	C
	RetiredReturnedToService	The member has retired within TRS, returned to work and has opted to not cease retirement payments (Y/N)	alphanumeric	1	N
	Sabbatical	Indicates if service reported has been performed on approved sabbatical (Y/N)	alphanumeric	1	N
	YearsOfExperience	Years of Service (this is not contributing years, but years of experience)	numeric	2	32
	ContractDays	Days contracted to work in school year	numeric	3	180
	TerminationDate	Date the employee terminated work (if applicable)	date		
Salary	YearContractSalary	Contracted Salary For School Year	decimal	10,2	60443.64
	YTDGrossSalary	Gross Salary Paid YTD	decimal	10,2	15110.91
	BaseSalary	Base Salary (amount for that month)	decimal	10,2	5036.97
	FringeSalary	Fringe Salary(amount for that month)	decimal	10,2	0
	FederalSalary	Salary Amount Paid By Federal Money	decimal	10,2	0
Contribution	MemberAfterTax	After Tax Contributions For Member (TSF)	decimal	10,2	0
	MemberBeforeTax	Before Tax Contributions For Member (TSF)	decimal	10,2	352.59
	StateCredit	State Credit For Member (TSF)	decimal	10,2	100.74
	EmployerContribution	Employer Contribution - 9.5% (RBF)	decimal	10,2	478.51
	HESC	Higher-Education Service Charge - 2.5% (RBF)	decimal	10,2	0
	FederalMatch	Federal Matching - 6.5% (RBF)	decimal	10,2	0

**Promulgation of Permanent Rules
Report to Board of Trustees
Teachers' Retirement System of Oklahoma
February 23, 2011**

The Oklahoma Secretary of State's Office of Administrative Rules published the Notice of Proposed Permanent Rulemaking in the *Oklahoma Register* on January 18, 2011, (Volume 28, Number 9, pages 365-366, Docket Number #10-1379).

The notice was mailed to all Teachers' Retirement System reporting entities and published on the TRS website (www.ok.gov/TRS/). The Notice of Rulemaking Intent, the Rule Impact Statement and the full text of the proposed permanent rules were published on the TRS website. The agency received no requests for copies of the Rule Impact Statement or the proposed rules.

The Teachers' Retirement System of Oklahoma held a public hearing on February 17, 2011, to receive comments regarding the proposed permanent rules. No one appeared at this hearing to make comments, nor did TRS receive written or oral comments about the proposed permanent rules.

The following is a summary of the provisions of each proposed rule:

**TITLE 715. TEACHERS' RETIREMENT SYSTEM
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

- **715:1-1-5, 715:1-1-6, 715:1-1-7, 715:1-1-8, 715:1-1-10, and 715:1-1-12** are being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director and the Assistant Executive Secretary to Assistant Executive Director, as mandated by HB 1935.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM
CHAPTER 10. GENERAL OPERATIONS**

SUBCHAPTER 1. MEMBERSHIP PROVISIONS

- **715:10-1-7** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.

SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

- **715:10-5-6** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.
- **715:10-5-17** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935. Additionally, this rule is being amended to correct a typographical error in the first paragraph – the word "perform" is being changed to "performed."
- **715:10-5-31** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.

SUBCHAPTER 9. SURVIVOR BENEFITS

- **715:10-9-6** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.

SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS

- **715:10-11-2** is being amended to clarify when pre-tax contributions can be refunded to a terminating optional member; specifically, the amendment adds that pre-tax contributions can be refunded once the member turns 62.

SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE

- **715:10-13-1** is being amended to clarify fringe benefits and regular annual compensation. The amendment specifically excludes from regular annual compensation any employer contributions to a deferred compensation plan not provided to all qualified members of the employer.
- **715:10-13-9** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935. Additionally, this rule is being amended to clarify the process for submitting monthly remittance reports from local school districts.

SUBCHAPTER 15. SERVICE RETIREMENT

- **715:10-15-5** was adopted as an emergency rule and is being promulgated as a permanent rule to allow a member who elected a reduced benefit a one-time irrevocable election to change their retirement plan within sixty (60) days of the retirement date. Additionally, this rule will allow a member who elected the maximum benefit, and marries after the retirement date, a one-time election to change their retirement plan.
- **715:10-15-24** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.

SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT

- **715:10-17-6** is being amended to clarify post-retirement earnings limits; specifically, the amendment removes earnings limits on post-retirement employment for members who have been retired for 36 months or more.
- **715:10-17-7** is being amended to change the title of the Executive Secretary of the Oklahoma Teachers Retirement System to Executive Director, as mandated by HB 1935.

The Board of Trustees is asked to adopt these rules, the full text of which follows.

Respectfully,

Kim Bold, Rules Liaison

TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
CHAPTER 1. ADMINISTRATIVE OPERATIONS

715:1-1-5. Executive SecretaryDirector

The Executive SecretaryDirector shall be the administrative officer for the Board of Trustees and shall be responsible for the general administration of the Retirement System.

- (1) All employees shall be under the direct supervision of the Executive SecretaryDirector, and shall be recommended by the Executive SecretaryDirector with approval by the Board of Trustees.
- (2) The Secretary-Treasurer shall be an employee of TRS.
- (3) All vouchers drawn against TRS shall be signed by two members of the administrative staff: the Executive SecretaryDirector, the Assistant Executive SecretaryDirector, the Secretary-Treasurer, or the Comptroller.
- (4) The Executive SecretaryDirector shall make reports to the Board of Trustees at its regular monthly meetings in regard to administrative matters, funds and budgetary matters, and present statements showing the general condition of the System's finances.

715:1-1-6. Bonds (protective)

- (a) Under supervision of the Board, the administration of the System is carried out by the Executive SecretaryDirector and the office staff. The State Treasurer, who is the custodian of the Teacher's Retirement funds, is under a \$50,000 bond to the Board of Trustees. A \$25,000 bond is required of the Executive SecretaryDirector.
- (b) All persons employed by TRS, except the Secretary-Treasurer, shall be bonded by a blanket bond in an amount not in excess of \$20,000. The position of Secretary-Treasurer shall be covered by an individual bond in the amount of \$25,000. The amount of the bonds of the Executive SecretaryDirector and the State Treasurer is set by the Teacher's Retirement law.
- (c) A cash and securities bond provides coverage on securities, \$10,000 inside the premises and \$30,000 outside the premises, and cash, \$500 inside the premises and \$1,000 outside the premises. A depositor's forgery bond in the amount of \$10,000 protects TRS and its members against forgery on checks.

715:1-1-7. Purchases

The Executive SecretaryDirector shall have authority to make such purchases of equipment and supplies as may be needed for the operation of TRS, subject to approval by the Board of Trustees.

715:1-1-8. Payment of salaries and claims

- (a) The Executive SecretaryDirector is authorized to approve and pay all payrolls for the regular personnel and extra help of TRS, as provided in the budget approved by the Board of Trustees. The Executive SecretaryDirector and the Secretary-Treasurer must comply with the law in making purchases of supplies, printing materials and equipment. Claims for all traveling expenses, utility bills, communications, bond premiums, rentals, payments of death claims to beneficiaries or estates, tax-sheltered annuity claims, and maintenance and repair of machines, when properly audited and approved by the Secretary-Treasurer or the Executive SecretaryDirector, may be paid before approval by the Board of Trustees. In the event of the absence of the Secretary-Treasurer or the Executive SecretaryDirector, the Assistant Executive SecretaryDirector may also sign for approval of claims.
- (b) The retired member payroll shall be paid when approved by the Secretary-Treasurer and the Executive SecretaryDirector, or in the event of an absence, the Assistant Executive SecretaryDirector may approve for one. The Board of Trustees shall then make final approval at the next regular meeting following the date on which the checks were mailed to retired members.

715:1-1-10. Grievances and complaints

Grievances and complaints are usually settled by correspondence or informal conference between the member or beneficiary and the staff of the Teachers' Retirement System.

- (1) Any interested person with a grievance which cannot be settled in this manner may appeal the decision of the staff to the executive secretarydirector of the Teachers' Retirement System. Request for an informal hearing before the executive secretarydirector must be in writing and include a clear statement of the grievance or complaint. The executive secretarydirector will provide a

written response within thirty (30) days, stating the official position of Teachers' Retirement in the matter before appeal. The response will either grant or deny the appellant's request. If denied, the executive secretarydirector shall provide to the member the applicable statutes, rules and administrative procedures used in reaching a decision to deny the appeal of the member. "Interested person" means any member of the Teachers' Retirement System; any beneficiary of a member; any retiree of the Teachers' Retirement System; any guardian, administrator, or executor of a member, retiree, or beneficiary; or any public school.

(2) Any decision of the executive secretarydirector may be appealed to the Board of Trustees of the Teachers' Retirement System. The member must appeal the decision of the executive secretarydirector within sixty (60) days of receipt of notification of denial by the executive secretarydirector.

(3) All cases of appeals to the Board of Trustees will be assigned to an administrative hearing judge, who will conduct a hearing and prepare a proposed order to the Board of Trustees. The executive secretarydirector shall appoint the administrative hearing judge from a list of individuals previously employed by the Board of Trustees to act in this role. All hearings shall be conducted in the offices of the Teachers' Retirement System at a time and date agreed to by the parties. It is expected that any party to the hearing will provide timely notice to the other parties if a delay or failure to appear is anticipated.

(4) Hearings will be conducted under the provisions of the Administrative Procedures Act [75 O.S. 250 et. seq.]. Opportunity shall be afforded all parties to respond and present evidence and arguments on all issues involved. The administrative hearing judge will have the authority to conduct the hearing and rule on the admissibility of all evidence. Any party shall at all times have the right to counsel, provided that such counsel must be duly licensed to practice law by the Supreme Court of Oklahoma, and provided further that such counsel shall have the right to appear and act for and on behalf of the party he represents. Upon the completion of the hearing, the administrative hearing judge shall afford the appellant the opportunity to present a written brief and arguments to be included as part of the record. Legal counsel for Teachers' Retirement shall be provided an equal opportunity to respond to appellant's written brief and arguments if requested. Once all evidence, arguments and briefs are received by the administrative hearing judge the record shall be closed.

(5) At the close of the hearing, the administrative hearing judge shall, as soon as practical, prepare a proposed order to be delivered to the Board of Trustees. This proposed order shall include findings of fact, based exclusively on the evidence and on matters officially noted in the record of the hearing, conclusions of law and a recommended order to the Board of Trustees. A copy of this proposed order shall be provided to all parties by the executive secretarydirector.

(6) The member shall have the right to file a written statement outlining any objections, exceptions and/or arguments he desires the Board of Trustees to consider in its consideration of the hearing judge's proposed order. This statement must be filed with the executive secretarydirector within twenty (20) days of receipt of the hearing judge's proposed order. No additional evidence or materials may be introduced by the member which were not presented at the hearing. The executive secretarydirector and/or TRS staff may prepare a written response in rebuttal to the member's statement. A copy of any response by TRS will be provided to the member at least ten (10) days prior to the time the member's appeal is scheduled for consideration by the Board of Trustees. The member may waive the ten (10) day limit if it would delay scheduling the matter before the Board.

(7) The executive secretarydirector may, prior to submitting the hearing officer's report to the Board of Trustees, settle any grievance or complaint in a manner agreeable to the appellant. In settling any grievance the executive secretarydirector shall not exceed the authority previously granted to him or her by the Board of Trustees. The executive secretarydirector shall report to the Board of Trustees any settlement which occurs after the hearing officer's report is filed.

(8) Consideration of the member's case will be scheduled before the Board of Trustees as soon as possible after the proposed order and any additional written materials have been filed with the Board in accordance with this section. Unless mutually agreed to by all parties, no hearing before the Board will be scheduled within ten (10) working days of such filings.

(9) At the meeting at which the Board of Trustees will consider the proposed order, the member will be afforded an opportunity to make a brief statement to the Board concerning the facts and any arguments he wishes to present and will be allowed to respond to questions from Trustees. Failure of

the member to appear at the Board hearing without prior notification will result in the member relinquishing his right to be heard by the Board. If such absence was unavoidable, the member may petition the Board for a rehearing. The Chairman of the Board of Trustees will have final authority to set the amount of time any party may have to present information to the Board.

(10) After consideration of all evidence and arguments, both oral and written, the Board will make a final determination on the proposed order. The Board of Trustees may accept, reject or accept as-modified the proposed order. The Board may make its own conclusions and issue an order in concert with those findings; or re-open the case and hear evidence themselves. If the Board decides to hear the case, it will determine whether to review the complete record, including a transcript of the original hearing conducted by the administrative hearing judge and all documentary evidence, or open the case to receive new evidence and testimony. As in all matters before the Board, seven (7) votes are necessary to approve any motion, resolution or order under consideration. A copy of the Board's final order will be delivered via mail to the member and his representative by the executive ~~secretary~~director of TRS.

(11) Any member receiving an adverse ruling from the Board retains certain rights under the Administrative Procedures Act. The member may file an action for judicial review in District Court in Oklahoma County. Such action must be filed within thirty (30) days after the aggrieved party is notified of the Board's order. The member may also petition for a rehearing, reopening or reconsideration of the appeal by the Board. Such petition must be filed with the executive ~~secretary~~director of TRS within ten (10) days from the date of the Board's decision and must be based on 75 O.S. 317.

(12) The Administrative Procedures Act prohibits direct or indirect communications by members and/or the representatives of members with the Board of Trustees in connection with any issue of fact or law regarding an appeal before the Board, except upon notice which provides an opportunity for all parties to participate. The Board of Trustees will not consider any evidence or statements made to them by members in connection with a pending appeal.

715:1-1-12. Public participation in adoption of rules

The Board encourages members to participate in the review and promulgation of rules governing the Teachers' Retirement System.

(1) Any interested person may informally request adoption of a rule by correspondence or conference with Teachers' Retirement System staff members. If satisfactory results cannot be achieved in this manner, any interested person may petition the Teachers' Retirement System to adopt, amend, or repeal a rule by filing a clear, written request to initiate rulemaking procedures with the executive ~~secretary~~director. The petition shall set forth the exact text of the proposed rule and the petitioner's name and address, and the name, business address, and telephone number of petitioner's counsel, if any. The petition may also include written documents in support of the petition.

(2) "Interested person" means any member of the Teachers' Retirement System; any beneficiary of a member; any retiree of the Teachers' Retirement System; any guardian, administrator, or executor of a member, retiree, or beneficiary; or any public school.

(3) The executive ~~secretary~~director shall grant or deny the petition within 60 days of its receipt. The executive ~~secretary~~director may consult informally with staff members and the petitioner in reaching a decision. The petition may be amended with consent of the petitioner at any time before a final decision is rendered.

(A) Upon granting the petition in writing, the executive ~~secretary~~director shall inform the Board and request authority to initiate rulemaking proceedings pursuant to the Administrative Procedure Act and the rules and regulations of the Teachers' Retirement System.

(B) Denial of the petition by the executive ~~secretary~~director, and reasons therefore, shall be in writing. The petitioner may appeal this decision to the Board of Trustees provided that a written notice of appeal is filed with the executive ~~secretary~~director within sixty (60) days after the decision of the executive ~~secretary~~director is issued. If no such notice of appeal is timely filed, or if the next regularly scheduled meeting of the Board of Trustees will occur more than sixty (60) days after receipt of the petition by the executive ~~secretary~~director, and the petitioner is unwilling to waive the deadline for a final decision until that meeting, the

decision of the executive ~~secretary~~director shall be the final decision of Teachers' Retirement System. The final decision of the Board shall be based on the written petition and written decision of the executive ~~secretary~~director unless the Board orders a hearing on the petition. If the Board approves the petition, the executive ~~secretary~~director shall initiate rulemaking proceedings pursuant to the Administrative Procedure Act and the rules and regulations of the Teachers' Retirement System.

(4) Oral and written data, views, and arguments on a proposed rule may be submitted informally to the executive ~~secretary~~director by informal conference or correspondence within twenty (20) days after publication of notice of the proposed rule is filed with the Department of Libraries.

(5) A written request for a public hearing on a proposed substantive rule may be submitted to the executive ~~secretary~~director within ten (10) days after publication of notice of the proposed substantive rule provided that the request is made by 25 persons, a governmental subdivision or agency, or an association having at least 25 members. The request shall contain the name and address of each person requesting the hearing and shall clearly specify the proposed rule for which a hearing is requested.

(6) The executive ~~secretary~~director shall schedule the proposed rule for hearing on a date no earlier than seven days after notice of the hearing date is published and no later than 20 days after receipt of the written request. The executive ~~secretary~~director or the Board of Trustees may reschedule the hearing in the interest of justice or administrative necessity or for good cause; however, the proposed rule shall not be adopted prior to the requested hearing.

(7) The executive ~~secretary~~director shall designate himself, a Teachers' Retirement System employee, or a specially appointed person as hearing officer to take the testimony of any interested person in support of or in opposition to the rule. The hearing officer shall designate the order of taking testimony and may establish reasonable time limits on oral testimony, provided that reasonable opportunity is given to amplify oral testimony in writing. All hearings will be held in the offices of Teachers' Retirement System, unless for good cause Teachers' Retirement System shall designate another place of hearing.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
CHAPTER 10. GENERAL OPERATIONS**

SUBCHAPTER 1. MEMBERSHIP PROVISIONS

715:10-1-7. Membership in education associations

Any member absent from employment in the public schools of Oklahoma because of election or appointment as a local, state or national education association officer shall be allowed to retain membership in TRS by making the contribution required of such member by Title 70 Okla. Stat. Section 17-116.2 and any other applicable statute. For purposes of this section the following shall apply:

- (1) An education association is defined as an organization of educators established for the sole purpose of promoting the advancement of educational goals in Oklahoma or at the national level. A local or state association must be duly organized under the laws of the state of Oklahoma with a charter or articles of incorporation filed with the appropriate state agency and must comply with all applicable laws of the state of Oklahoma. A national association must be duly registered or chartered for the purpose of furthering educational goals at the national level.
- (2) An "officer in an association" is a current member of TRS who is elected or appointed to an employment position within the association commensurate with a position in the public schools of Oklahoma defined as "classified" personnel by 70 O.S. 17-101. The officer must receive compensation for services rendered commensurate with compensation received for similar services in the public schools of Oklahoma.
- (3) A member must notify TRS in writing on the form provided by TRS, the member's intent to elect to continue membership in TRS within thirty (30) days of becoming employed by an eligible association. In making this election the member shall agree to make payment in accordance with 70 O.S. 17-116.2 for the period of employment that qualifies for continued membership and to comply with all statutes and rules of TRS in maintaining membership.
- (4) The maximum years of creditable service a member may receive for one such absence shall not exceed twelve (12) continuous years. A member may again qualify for creditable service in an educational association provided that the member returns to employment in the public schools of Oklahoma for a minimum of the same number of years received as credit in the former education association.
- (5) On the recommendation of the Executive ~~Secretary~~Director, the Board of Trustees may deny eligibility to any local state or national association, when it is judged not to conform with the intent of 70 O.S. 17-116.2 or when it is determined that the association was not established for the sole purpose of promoting the advancement of education.
- (6) Effective July 1, 1994, a member may elect to continue membership as provided in paragraph (3) above only if the member has ten (10) years of contributory Oklahoma service prior to July 1, 1994.

SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

715:10-5-6. Verification of Oklahoma service before membership

All requests for previous or prior Oklahoma service must be properly documented. Verification of such service is the responsibility of the member. Teachers' Retirement System "Verification of Oklahoma Service" form must be completed by the current superintendent, business manager, secretary of the school board or treasurer of the school board of the school where the service was performed.

- (1) An application for past Oklahoma service must be accompanied by documentation consisting of one of the following:
 - (A) Actual Payroll Registers - which must show names of employer/employee; employee's Social Security Number; and monthly salary.
 - (B) A Social Security Detailed Earnings Information Record - which must include employer and salary by calendar year.
 - (C) W-2 Tax Records - Actual copies for each calendar year needed or photocopies of state income tax returns.

- (2) Teachers' Retirement System will review and consider other supporting documentation in conjunction or in lieu of the above. The executive ~~secretary~~director will rule on the acceptability of all documents presented by members or employing schools in determining credit for past service.
- (3) Under no circumstance will TRS accept affidavits from school officials, co-workers or third parties to attest service performed by a member.

715:10-5-17. Adjustment for military service after retirement

All credit for active military duty ~~perform~~performed after July 1, 1943, must be purchased prior to the official retirement date of the member. No credit or adjustment will be made to a member's account after retirement unless evidence points to a clear and convincing error on the part of TRS staff. The Executive ~~Secretary~~Director will rule on the circumstances when such cases arise. Credit for active military duty will be accepted for eligible service prior to July 1, 1943, when evidence of such service is provided to TRS. An adjustment in the monthly retirement benefits of the member will be made beginning with the next check due if proper documentation is received by TRS by the 15th of the month. The adjustment in benefits shall not be retroactive.

715:10-5-31. Documentation of service

TRS reserves the right to require documentation of all service years credited to a member's account.

- (1) Members who are claiming eligible service after the school year in which it was actually rendered must verify the claim on the appropriate Teachers' Retirement System form. The specific documentation required will depend on the type of service being purchased. Under no circumstances will affidavits be accepted as documentation.
- (2) The ultimate responsibility for obtaining verification of service is that of the member.
- (3) The correctness of the service must be certified on the appropriate form by an official of the school where the service was rendered. This can be done by the superintendent, business manager, secretary of the school board, or treasurer of the school board at the time the certification is made. The certification must be based upon existing records maintained by the school and certified copies of these records must be attached to the application.
- (4) TRS will also accept federal or state tax records, or Detailed Earnings Information records from the Social Security Administration, as supporting documentation of employment where records cannot be obtained from the employing school, or where the records available are not deemed to be conclusive.
- (5) No credit may be granted unless clear and convincing proof of eligible service has been provided from a source other than the applicant member. A conclusion that clear and convincing proof has not been provided should in no way be construed as a challenge to the member's or any other affidavit's truthfulness and integrity.
- (6) The executive ~~secretary~~director of TRS shall be empowered to determine the completeness of documents submitted by a member in establishing service credit.

SUBCHAPTER 9. SURVIVOR BENEFITS

715:10-9-6. Probate Waivers

(a) In the event a member dies, leaving no living beneficiary or having designated his estate as beneficiary, the System shall require the judicial appointment of an administrator or executor for the member's estate prior to payment of any benefits or unpaid contributions. However, this requirement may be waived by the System for any benefits or unpaid contributions in the amount of \$5,000.00 or less, upon presentation of:

- (1) the member's valid Last Will and Testament
- (2) an Affidavit of Heirship naming all heirs to the member's estate which must state:
 - (A) that the value of the deceased member's entire estate is subject to probate, and that the estate wherever located, less liens and encumbrances, does not exceed Five Thousand Dollars (\$5,000), including the payment of benefits or unpaid contributions from the System;
 - (B) a description of the personal property claimed (including the death benefit or unpaid contributions or both), together with a statement that such personal property is subject to probate; and

- (C) a claim by each individual claiming heir identifying the amount of personal property that the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the deceased member pending with the System.
- (3) a Hold Harmless Agreement signed by all heirs;
- (4) a Corroborating Affidavit from someone other than an heir who is familiar with the deceased member; and
- (5) proof of payment of expenses of last sickness, death and burial, including all medical, hospital and funeral expenses.
- (b) The Executive ~~Secretary~~Director of the Teachers' Retirement System shall retain complete discretion in determining which requests for probate waiver may be granted or denied, for any reason. If there is any question as to the validity of any document herein required, the judicial appointment requirement shall not be waived.
- (c) After paying any death benefits or unpaid contributions to any claiming heirs as provided by this section, the Teachers' Retirement System is discharged and released from any and all liability, obligation and costs to the same extent as if the System had dealt with a personal representative of the deceased member. The System is not required to inquire into the truth of any matter specified in this section or into the payment of any estate tax liability.

SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS

715:10-11-2. Withdrawal of optional membership while still employed

A non-classified optional member may voluntarily terminate TRS membership while continuing employment in the public schools of Oklahoma, if:

- (1) Proper application is made to TRS. Withdrawal may be made no earlier than two (2) months after date of application and no earlier than the receipt by TRS of the final deposit to the member's account.
- (2) The financial officer of the employing school certifies the effective date of the member's last contributions and the date payment will be remitted to TRS.
- (3) Any member who withdraws under the conditions listed here may rejoin the Teachers' Retirement System, under the provision of OAC 715:10-1-4(8). A member who terminates membership under this section cannot redeposit contributions withdrawn under this section at a later date, even if the individual returns to membership in TRS. The member will also forfeit any right to purchase service performed from the date of termination of membership under this section and prior to the re-entry date, and will forfeit any unused sick leave accumulated from the date of termination of membership under this section and prior to the re-entry date.
- (4) A member's contributions cannot be terminated, by either the member or the employer, without termination of TRS membership. Any member who ceases contributions while still employed in an optional position shall be deemed to have become an ineligible member of TRS, and will have forfeited all rights to retirement benefits provided by TRS.
- (5) An employer may prevent its employees from withdrawing, under this rule, if the employer has a negotiated labor agreement, or formalized IRS plan, prohibiting such terminations and withdrawals.
- (6) After-tax contributions can be refunded to an optional member prior to separation from service. Pre-tax contributions cannot be refunded until the member terminates employment or turns 62. Following termination of employment, TRS should be contacted for the proper form to be completed for return of pre-tax contributions. Upon completion of the verification form by the school and the mandatory four-month waiting period, payment of the balance of the account will be made at the same time as regular withdrawals.

SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE

715:10-13-1. Regular annual compensation requirements

Each member of the Teachers' Retirement System is required to make contributions to the Retirement Fund. Monthly contributions are a set percent of "regular annual compensation". Regular annual

compensation is defined as wages plus fringe benefits, excluding the flexible benefit allowance provided by Section 26-105 of Title 70 of the Oklahoma Statutes, and shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of Title 70 of the Oklahoma Statutes. Wages and fringe benefits for retirement purposes are defined as normal periodic payment for service the right to which accrues on a regular basis in proportion to the service performed. Such periodic payments shall include staff development or other periodic payments to qualifying members. Fringe benefits shall include employer-paid group health and disability insurance, group term life insurance, annuities and pension contributions and IRS Code Section 125 cafeteria benefits provided on a periodic basis to all qualified members of the employer, which qualify as fringe benefits under the United States Internal Revenue Code. Excluded from regular annual compensation are; employer contributions to a deferred compensation plan that is not provided to all qualified members of the employer, expense reimbursement payments; office, vehicle, housing or other maintenance allowances; the flexible benefit allowance provided pursuant to Section 26-105 of Title 70 of the Oklahoma Statutes; payment for unused vacation and sick leave; any payment made for reason of termination or retirement; maintenance or other non-monetary compensation; payment received as an independent contractor or consultant; or any benefit payments not made pursuant to a valid employment agreement. Contributions can only be remitted on actual wages and fringe benefits. No individual can contribute on unearned or non-existent compensation. Under no circumstances can members pay retirement contributions on more than they actually earn.

715:10-13-9. Monthly remittance report of contributions

A remittance report shall be prepared and filed with the Executive ~~Secretary~~Director of the Teachers' Retirement System by the superintendent of schools or the financial secretary of a school, on the form supplied by the Teachers' Retirement System each month for each payroll period occurring during that month. This remittance report shall be submitted as an electronic file as specified by the Executive Director.

(1) School officials preparing the claims shall prepare an alphabetical list of all members comprising the report, the amount of contributions both taxed and non-taxed (paid by the employer on a before tax basis) for each employee and the total monthly compensation amount. Monthly compensation shall be the total compensation (including benefits) for the pay period and shall not in any case be less than 1/12th of the maximum compensation option elected by the member. The report must include a listing of ~~the retired members~~all persons who are employed by the school and the amount of employer contributions remitted for each ~~retired member~~employee. ~~Monthly compensation shall be the total compensation (including benefits) for the pay period and shall not in any case be less than 1/12th of the maximum compensation option elected by the member. (This list shall be known as TRS Form 50.)~~

(2) Schools shall send the TRS Form 32, Summary of Payroll Remittance, along with warrants covering the total amount to be remitted ~~shall accompany TRS Form 50~~for each month. All employee contributions, employer contributions, retired member contributions and matching funds for the pay period shall be remitted at the same time.

(3) TRS Form 1-A Personal Data shall be required for each new member of the Teachers' Retirement System. This form must be mailed to TRS prior to or with the first remittance report containing the name of a new employee/member.

(4) Payments for prior school years may not be included on current year reports. These payments must be handled as a back payment including any interest which may be due. Contact Teachers' Retirement System for proper billing of these amounts.

~~(5) — Special permission may be obtained to make a computerized report on magnetic media when it is to the advantage of both the remitting agency and the Teachers' Retirement System. Details of computerized reporting requirements are available from Teachers' Retirement. Prior approval by TRS is required before a school may utilize this option. (Note: Approval by the State Department of Education for an alternate accounting system does not guarantee acceptance for use in TRS reporting.)~~

~~(6)~~ (5) The employer of each member shall ~~deposit~~submit the required school reports and corresponding funds within ten (10) days of the last day of each calendar month ~~all employer and employee contributions of each member due the Retirement System for payroll periods ending during the calendar month. Employer and employee contribution amounts~~Any required reports and corresponding funds not paid~~submitted~~ to the Retirement System after thirty (30) days from the end

of the payroll month shall be subject to a monthly late charge of one and one-half percent (1 1/2%) of the unpaid balance to be paid by the employer to the Retirement System compounding monthly for each month payment is overdue.

(76) Reports for the summer months of June, July and August must be made on three individual TRS Form 32 reports; however, they can all be sent to TRS at the same time. Reports for July and August of the preceding school year must be prepared and filed as separate reports from reports filed for the new year beginning July 1. Contributions due for one fiscal or school year shall not be commingled on the same remittance report with contributions for the next fiscal or school year.

(87) ~~The executive secretary~~Executive Director of TRS may, at any time, require additional items to be included on the monthly remittance report or require additional reports when in the ~~executive secretary's~~Executive Director's judgment such information is necessary for the efficient operation of the System or to comply with state statutes.

(98) Receipts shall be issued by the Teachers' Retirement System to the remitting agency making the remittance.

SUBCHAPTER 15. SERVICE RETIREMENT

715:10-15-5. Date of retirement contract is binding; revocation of contract

The final contract for retirement becomes binding on the effective date shown on the contract and shall be known as the date of retirement. The contract may be revoked by the member, or the retirement plan changed, before the date of retirement. Any change or revocation must be in writing, delivered to the Teachers' Retirement System, Oklahoma City, Oklahoma, or postmarked by the United States Postal Service prior to the effective date of retirement. After the retirement date, the contract cannot be canceled, ~~nor the retirement plan changed.~~ After the retirement date the retirement plan cannot be changed except as outlined in paragraphs one (1) and two (2) below. If the member elected the Option 2 or Option 3 retirement contract and the member's designated beneficiary dies before the retirement date, the member may select another retirement plan without penalty. If a Maximum or Option 1 retiree should die during the month following the date of retirement and before the first retirement benefit is due, any distribution to beneficiaries designated on the member's retirement contract shall be paid pursuant to OAC 715:10-9-1 and 715:10-9-2.

(1) After the retirement date, a member who elected a reduced benefit under Option 1, Option 2, Option 3 or Option 4 may make a one-time irrevocable election to change their retirement plan within sixty (60) days of the retirement date. The beneficiary designated by the member at the time of retirement shall not be changed if the member makes the election provided for in this paragraph. Such election must be made in writing, delivered to the Teachers' Retirement System, Oklahoma City, Oklahoma, or postmarked by the United States Postal Service prior to the sixtieth day after the date of retirement.

(2) A member who elected the Maximum benefit and marries after the retirement date, may make a one-time election to change to an Option 2 or Option 3 benefit and name the member's spouse as the designated beneficiary. The member shall provide proof of the member's good health before the Board of Trustees will permit a change to either Option 2 or 3 and the naming of a designated beneficiary. A medical examination conducted by a licensed physician is required for purposes of determining good health. Such examination must be approved by the Medical Board. The member shall be required to provide proof of age for the new beneficiary. The Board of Trustees shall adjust the monthly benefit to the actuarially equivalent amount based on the new designated beneficiary's age. Such election must be made in writing using the forms proscribed by the Teachers' Retirement System and delivered to the Teachers' Retirement System, Oklahoma City, Oklahoma, or postmarked by the United States Postal Service prior to one (1) year after the date of marriage, or July 1, 2011, whichever date is later.

715:10-15-24. Due-date of retirement benefit payments

(a) Monthly benefit payments are due the first day of each month to all eligible retirees. Payments are deposited in the United States Postal Service, or paid to a designated agent providing electronic fund transfers, on the last day of each month. The benefit payment for the month in which the retired member

died, if not previously paid, shall be made to the member's beneficiary, or, if the member has no beneficiary, to the member's estate. The amount of the benefit payment for the month in which the member died shall be equal to the full monthly benefit payment, regardless of the day of the month on which the retired member died. TRS cannot be responsible for payments lost in the mail, except that duplicate payments will be processed after fifteen (15) days.

(b) Effective January 1, 2000, newly retired members shall be required to receive monthly benefit payments via electronic fund transfers to a banking or financial institution designated. The retiree and receiving institution must complete the form prescribed for this purpose by the Teachers' Retirement System. In the event the electronic fund transfer creates an undue hardship on the retiree, the executive ~~secretary~~director of the Teachers' Retirement System may waive this requirement when it is determined to be in the best interest of the member and the Retirement System.

SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT

715:10-17-6. Earnings limits

(a) Effective July 1, 2003, the annual earnings limit from employment in the public schools of Oklahoma for a retired member under age 62 may not exceed one-half (1/2) of the member's final average salary used in computing retirement benefits or \$15,000, whichever is less.

(b) Effective July 1 2003, the annual earnings limit from employment in the public schools of Oklahoma for a retired member age 62 or older may not exceed one-half (1/2) of the member's average salary used in computing retirement benefits or \$30,000, whichever is less.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, effective July 1, ~~2003~~2008, any retired member who has been retired for thirty-six (36) months or more may ~~earn up to \$30,000 annually~~receive annualized earnings from employment in the public schools of Oklahoma with no reduction in retirement benefits.

(d) For purposes of this rule the following shall apply:

(1) Earnings shall mean "regular annual compensation" as defined in OAC 715:10-13-1 and 70 O.S. § 17-116.2(D). Earnings shall include any payment by a public school for services rendered by a retired member who is employed for any purpose whatsoever. Supplemental retirement payments paid by a former public school employer in accordance with 70 O.S. 17-105(9) or other applicable state statutes or payments to an independent contractor or consultant, pursuant to a lawful contract which complies with the requirements of 70 O.S. § 6-101.2(B), will not be counted as earnings.

(2) Earnings in excess of the maximum limit will result in a loss of future retirement benefits of one dollar (\$1) for each one dollar (\$1) earned over the maximum.

(3) The earnings limits will, in all cases, be applied on a calendar year basis from January 1 through December 31.

(4) The earnings limit for the calendar year in which a member retires shall be one-twelfth (1/12th) of the annual limit multiplied by the number of months the member is eligible to work and receive payments from the public schools of Oklahoma.

(5) The earnings limit for the calendar year in which a member reaches age 62 shall be prorated in equal monthly increments with the month in which the member's birth date occurs counted at the higher earnings level.

(6) The earnings limit for the calendar year in which a member reaches his or her thirty-sixth (36th) month of retirement shall be prorated in equal monthly increments.

(7) For purposes of this section, for a retired member whose average salary exceeds \$40,000, "average salary" means the weighted or aggregated average used to compute monthly benefits for all the member's years of credited service.

715:10-17-7. Employment by a disabled retiree

A member retired under the disability retirement provisions of TRS is not eligible to be employed, in any capacity, by any school, public or private, in Oklahoma or in other state, from the date of retirement to age 62. After age 62, a member receiving disability retirement shall be eligible for post-retirement employment under the same conditions outlined above for other retired members.

(1) A disabled retiree who returns to Oklahoma public education employment at an annual salary equal to or greater than the annual salary received at the time of disability shall again become

a contributing member of TRS. Disability retirement payments shall be suspended until the member has qualified to be restored to active service. Upon completion of six (6) months of membership service, the member shall be considered as having met the requirements to be restored to active service. At such time, disability retirement shall be terminated and the unused portion of the accumulated contributions shall be re-established in the member's active retirement account. If the member again retires under a regular retirement allowance, eligibility to receive a monthly retirement allowance shall be based on total years of creditable service (see OAC 715:10-15-21).

(2) Each retired member, who has not attained age 62, receiving disability retirement from TRS shall complete a TRS Report of Earned Income by Disabled Member Form and file such form with TRS by April 15 each year. The report will list all "earned" income from all sources. Failure to complete a TRS Report of Earned Income by Disabled Member Form may result in suspension of monthly benefits if the executive ~~secretary~~director of TRS deems such action necessary and appropriate (see OAC 715:10-15-22).

REPORT OF LEGAL COUNSEL

Teachers' Retirement System of Oklahoma February 23, 2011

LITIGATION

1. OTRS vs. Delphi Corp., Federal Class Action Litigation

Issues: OTRS is represented by securities counsel, Nix, Patterson & Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General.

Status: OTRS and the State of Mississippi retirement fund were named co-lead plaintiffs. Pleadings were final in federal court, Detroit, Michigan. In September 2005, Delphi filed for Chapter 11 bankruptcy protection. Along with all other class action members in the federal civil action, OTRS was an unsecured creditor in the bankruptcy action. Delphi requested mediation for itself and certain officers and directors on July 23, 2007. A proposed settlement agreement was approved by OTRS trustees on August 22, 2007. The proposed settlement against Delphi was approved in the class action case on January 11, 2008, and the Bankruptcy Court approved the settlement and plan of confirmation on January 17, 2008. Hearings continue for Delphi to exit their bankruptcy court case. The Auditor's Settlement became effective June 26, 2008. A final settlement is pending.

Status: Proof of Claim filed for OTRS; Awaiting funding of Delphi's bankruptcy settlement.

2. Lionel M. Raff, et al vs. The Teachers' Retirement System of Oklahoma and Oklahoma State University, Class Action Petition

Issues: Plaintiffs, Lionel M. Raff and Mark G. Rockley, on behalf of themselves and all others similarly situated, claim that for numerous years they have been employed as professors at OSU. The professors contributed to both TRS and to TIAACREF as a part of their retirement program. They allege OSU significantly reduced their contributions to TIAA. Further, they allege that TRS has through the years made misrepresentations, or 'tricked' the professors, regarding the low base retirement option and subsequent TRS calculations that determine retirement. The professors allege that salary caps imposed by TRS rules and statutes are arbitrary and capricious and in violation of due process and equal protection; and, further, such salary caps are a breach of contract between OSU, TRS and the plaintiff professors.

Status: The case was filed in Oklahoma County District Court, October 4, 2001, Case No. CJ-2001-7651. The Attorney General's office is providing legal representation to OSU and OTRS in this matter through senior litigation counsel, Assistant Attorney General, Scott Boughton. Scott has represented OTRS in complex litigation cases many times in the past. Motion for Summary Judgment by Defendants, OTRS and OSU, and a Motion To Certify Class by Plaintiffs, is pending before Judge Nancy L. Coats. Settlement discussions continue. The Court has taken under advisement the issue of dismissing OTRS and may rule on that issue separately from the legal issues regarding OSU.

3. TRS vs. Connetics Securities Litigation, federal class action litigation

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. In this case, the firm recommended that TRS join with other states and certain other state funds to pursue the Connetics case.

TRS has been named lead plaintiff. A consolidated class action complaint was filed in United States District Court, Southern District of New York, on February 14, 2007. Connetics defendants filed a motion to transfer this case from New York to California. BLB&G filed a response to this motion. On May 23, 2007, Judge Kram granted Connetics Defendants' Motion to transfer venue to the United States District Court, Northern District of California.

On June 28, 2007, BLB&G filed an amended consolidated class action complaint for violations of the Federal Securities Laws. Defendants filed a Motion to Dismiss and our response was filed on September 17, 2007. On January 29, 2008, the Court dismissed the TRS complaint but granted leave to file an amended complaint. An amended complaint was filed on March 14, 2008. Defendants filed a motion to dismiss the amended complaint. TRS filed a response on June 20, 2008. On August 14, 2008, the Court dismissed some claims, but largely sustained the core claims in the amended complaint. Discovery and depositions are ongoing. A settlement conference was held on March 2, 2009. On May 8, 2009, the court granted TRS' motion for class certification.

BLB&G prepared and filed a Motion for Preliminary Approval of Settlement (approved by TRS on June 24, 2009) and for Permission to Notify the Class. Hearing on the motion is set for July 17, 2009. Court granted final approval of the settlement on October 9, 2009.

Status: Claims Administrator Assigned.

4. American Home Mortgage Investment Corporation

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue the American Home Mortgage case.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on September 26, 2007, and has joined with the Oklahoma Police Pension & Retirement System, to be named co-lead plaintiff. A hearing was held the week of January 21, 2008. On March 19, 2008, TRS and Police Pension were named lead plaintiffs. A mediation conference is was held in New York on January 16, 2009, and a proposed settlement was approved by the Trustees on February 4, 2009, April 29, 2009, and May 27, 2009. Motion for Approval of Class Action Settlement filed January 6, 2010. Court has approved settlements. Claims deadline was March 1, 2010.

Status: Claims processing pending.

5. MBIA, INC.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue MBIA, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on January 23, 2008. TRS filed its motion for lead plaintiff status on March 11, 2008. The Court appointed TRS Lead Plaintiff on June 30, 2008. A complaint was filed on October 17, 2008. Defendants filed a Motion to Dismiss on March 17, 2009. TRS filed an Opposition to the Motion to Dismiss. Hearing on Motion to Dismiss was held on March 5, 2010. On March 31, 2010, the Court issued an opinion that substantially denied Defendant's Motion to Dismiss. MBIA filed a Motion to Dismiss and Second Amended Complaint, and on October 8, 2010, BLB&G filed its opposition.

Status: Court response pending.

6. MoneyGram International, Inc.

Issues: OTRS is represented by securities counsel, Nix, Patterson & Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General. TRS voted to seek lead plaintiff status at its April 2008 meeting. TRS filed its motion on May 27, 2008, and was named lead plaintiff. A complaint was filed on October 3, 2008. MoneyGram filed their motion to dismiss on January 13, 2009. TRS filed a response on February 9, 2009. Oral arguments were held on March 11, 2009. The Court denied the motion to dismiss on May 20, 2009.

Nix, Patterson filed Lead Plaintiff Initial Disclosures on July 10, 2009. AG's office assisted Nix, Patterson in compiling discovery responses. Nix, Patterson completed first discovery response - due July 31, 2009. Brief in support of motion for Class Certification filed on August 21, 2009. Reply memorandum filed in support of motion for Class Action on January 22, 2010. Mediation process began late January, 2010. Settlement approved by TRS on February 24, 2010. The Court approved the settlement in all respects on June 17, 2010.

Status: Claims filing period pending.

7. Medtronic, Inc.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue Medtronic, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on February 4, 2009, and to seek co-lead plaintiff status with Oklahoma Firefighters Pension Fund. Danske Investment Management Als, and Union Asset Management Holding AG on March 25, 2009. The court

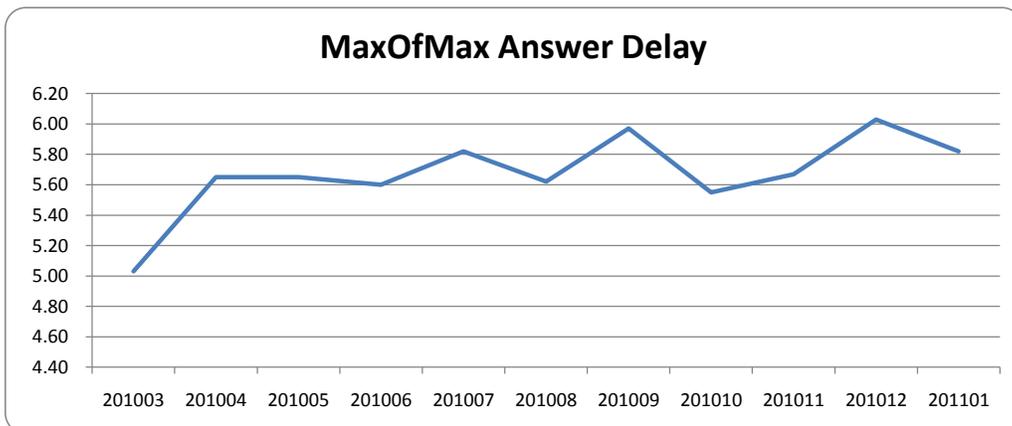
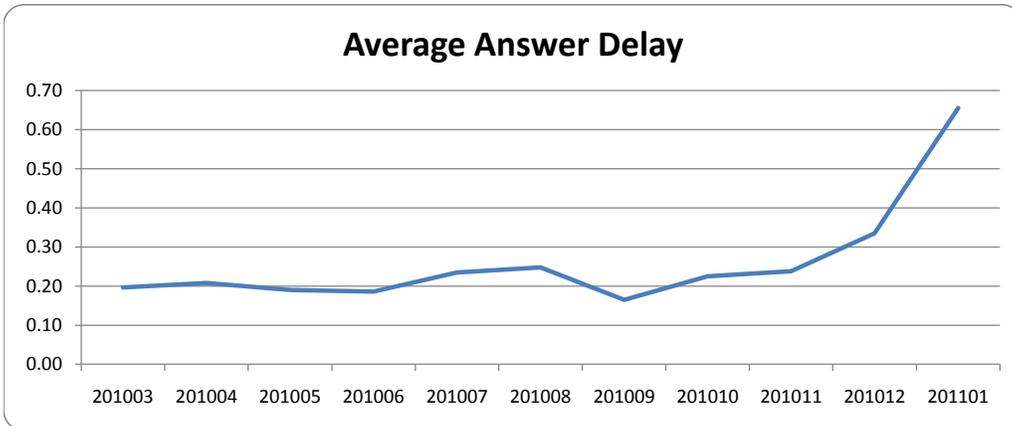
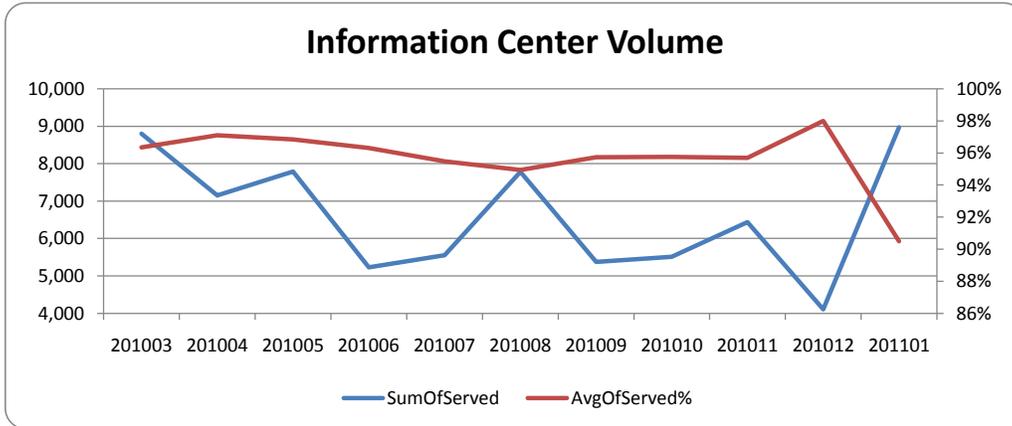
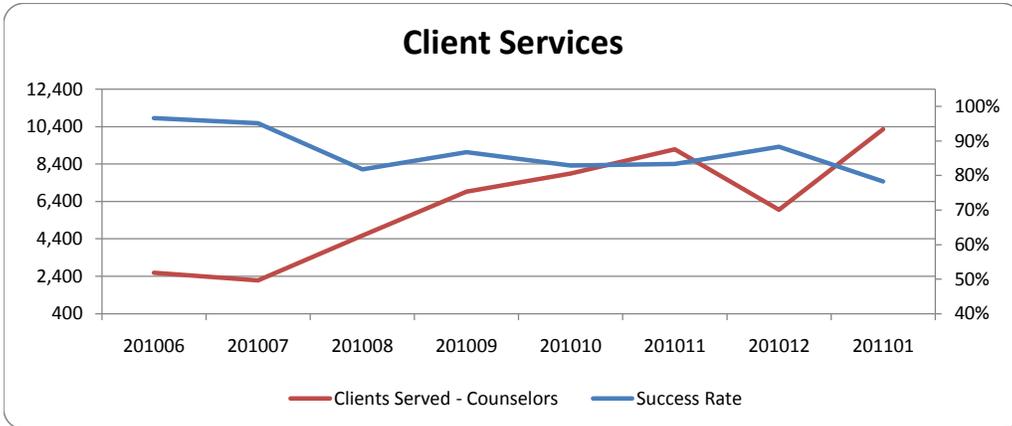
approved the co-lead plaintiffs on April 21, 2009. BLB&G filed an amended complaint August 21, 2009. BLB&G filed response to Defendant's Motion to Dismiss on or about November 19, 2009. On February 3, 2010, Defendant's Motion to Dismiss was substantially denied. Early mediation was conducted on June 24-25.

Status: Discovery ongoing.

ADMINISTRATIVE

There are no Administrative matters at this time.

Client Services Dashboard





OKLAHOMA TEACHERS RETIREMENT SYSTEM

Client Status Update Report

February 16, 2011

Regular Retirement

Clients Recommended:	100
Monthly Pay:	\$189,237.06

Disability Retirement

Clients Recommended for Regular Disability	7
Clients Recommended for Social Security Disability	0
Clients Not Recommended for Disability Retirement	0

Retirement Payroll Termination

Payroll Changes	(\$-126,523.41)
Deceased	114
Retirement Cancelled	01
Return To Teaching	0

*Client Status Update Report - Finance Division
January 31, 2011*

Board Meeting February 23, 2011

<i>Cash Basis</i>	January 2010	January 2011		
<i>Monthly Contributions:</i>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$20,209,091.86	\$23,202,661.45	\$2,993,569.59	14.81%
Employer Contributions	27,081,994.38	32,214,376.50	5,132,382.12	18.95%
State Revenue	<u>20,800,573.97</u>	<u>23,603,312.99</u>	<u>2,802,739.02</u>	<u>13.47%</u>
Total Retirement Receipts	68,091,660.21	79,020,350.94	10,928,690.73	16.05%
 <i>Monthly Distributions:</i>				
Retirement Benefits	68,993,551.90	80,601,153.14	11,607,601.24	16.82%
Withdrawals and Death Benefits	<u>3,382,826.83</u>	<u>3,520,450.62</u>	<u>137,623.79</u>	<u>4.07%</u>
Total Benefit Payments	<u>72,376,378.73</u>	<u>84,121,603.76</u>	<u>11,745,225.03</u>	<u>16.23%</u>
Net (Receipts - Payments)	<u>(\$4,284,718.52)</u>	<u>(\$5,101,252.82)</u>	<u>(\$816,534.30)</u>	<u>19.06%</u>
	Year to Date	Year to Date		
<i>Year to Date Contributions:</i>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$163,018,732.01	\$140,368,553.65	(\$22,650,178.36)	-13.89%
Employer Contributions	212,282,116.17	212,792,189.66	510,073.49	0.24%
State Revenue	<u>136,247,023.32</u>	<u>144,342,234.88</u>	<u>8,095,211.56</u>	<u>5.94%</u>
Total Retirement Receipts	511,547,871.50	497,502,978.19	(14,044,893.31)	-2.75%
 <i>Year to Date Distributions:</i>				
Retirement Benefits	522,577,951.47	570,098,523.02	47,520,571.55	9.09%
Withdrawals and Death Benefits	<u>26,132,213.69</u>	<u>30,029,284.31</u>	<u>3,897,070.62</u>	<u>14.91%</u>
Total Benefit Payments	548,710,165.16	600,127,807.33	51,417,642.17	9.37%
Net (Receipts - Payments)	<u>(\$37,162,293.66)</u>	<u>(\$102,624,829.14)</u>	<u>(\$65,462,535.48)</u>	<u>176.15%</u>

**DISABILITY RETIREMENT AS PROVIDED BY
70 O.S. 17-105 SOCIAL SECURITY DISABILITY
FEBRUARY 16, 2011**

MEMBER NAME	RETIREMENT NUMBER	SSA EFFECTIVE DATE	RETIREMENT DATE
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NONE

RETIREMENT PLANNING CONSULTANT

FEBRUARY 16, 2011

DATE PREPARED

DISABILITY RETIREMENT NOT RECOMMENDED
FEBRUARY 16, 2011

MEMBER NAME/COMMENTS

SEX/AGE

DATE OF BIRTH

NONE

RETIREMENT PLANNING CONSULTANT

FEBRUARY 16, 2011

DATE PREPARED

MEDICAL BOARD MEETING FEBRUARY 16, 2011

DISABILITY RETIREMENT RE-EVALUATED
FEBRUARY 16, 2011

RETIREMENT NUMBER	MEMBER NAME	SEX/AGE	DATE OF BIRTH	COMMENTS
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NONE

RETIREMENT PLANNING CONSULTANT

FEBRUARY 16, 2011

DATE PREPARED

MEDICAL BOARD MEETING FEBRUARY 16, 2011

MEDICAL BOARD REPORT
FEBRUARY 16, 2011

The Medical Board of the Teachers' Retirement System of Oklahoma met in the Board Room of the Teachers' Retirement System, located in the Oliver Hodge Building, 2500 North Lincoln Boulevard, 5th floor, Oklahoma City, Oklahoma 73105.

BOARD MEMBERS PRESENT:

George R. Jay, M.D.
Joseph Harroz, M.D.

OTHERS PRESENT:

Anthony W Gilliard, Retirement Planning Consultant

The following member's applications for Disability Retirement were presented and the Medical Board's action is noted beneath each name:

	MEMBER NAME/COMMENTS	SEX/AGE
1.	PAULA A BARBER <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-46
2.	DAVID S BRIDGE <i>DISABILITY RETIREMENT RECOMMENDED</i>	M-49
3.	PHILIP R BUSH <i>DISABILITY RETIREMENT RECOMMENDED</i>	M-46
4.	BEVERLY A COOK <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-54
5.	SANDRA K GOETZE <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-46
6.	GLENDA K KERBY <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-55
7.	CATHERINE R RIDER <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-46
8.	LISA D SANDERS <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-44

RETIREMENT PLANNING CONSULTANT

FEBRUARY 16, 2011

DATE PREPARED

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
FEBRUARY 1, 2011

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75969	JUDITH G ABSHER	62	Max.	146.12		491.74
75970	DOROTHY N ADCOCK	57	Max.	271.09		1249.71
75971	KAREN E ALICE	60	Opt.1	122.58		507.46
75972	LINDA K ANDREWS	65	Max.	90.77		3961.75
75973	MARILYN J BOATMUN	67	Max.	405.51		1615.44
75974	GEARY D BROWN	57	Opt.3	319.28		1614.50
75975	JIMMY A BROWN	71	Max.	101.51		269.69
75976	LILLIE F CARY	52	Opt.1	429.75		2201.38
75977	DWAYLA S CHAMBERLAIN	67	Max.	170.06		675.59
75978	KATHARINE R CHENEY	64	Max.	102.90		534.32
75979	LANORA M CONN	68	Opt.3	282.28		933.68
75980	JANA M COPE	56	Max.	395.30		1999.76
75981	EARLINE I COTTET	65	Max.	386.01		1218.00
75982	GORDON L EGGLETON	67	Opt.2	952.34		3472.81
75983	SUSAN L EMIG	57	Opt.2	395.64		1601.01
75984	JAMES D ENIS	61	Opt.2	189.08		899.61
75985	SUE L EVANS	62	Max.	339.66		1162.18
75986	CHRISTY GERAK	62	Opt.2	277.48		1020.74
75987	BRENDA S GOODEN	59	Max.	419.40		1366.27
75988	JANELLE L GREEAR	56	Max.	304.40		734.29
75989	JOY L HALL	62	Max.	226.07		880.56
75990	GARY L HAMILTON	66	Opt.2	304.54		1061.25
75991	GEORGIA L HARDT	66	Opt.2	83.22		354.17
75992	GENE F HARPER	61	Opt.4	376.20		1779.29
75993	GRADY D HARTMAN	64	Opt.2	168.21		576.47
75994	CHERYL L HENDERSON	59	Max.	464.22		2150.26
75995	DONETT B HENDRIX	56	Max.	545.80		2283.29
75996	CHARLES E HENLEY	62	Opt.2	25.25		3483.69
75997	LYNDON P HEPNER	54	Opt.2	634.71		2521.48
75998	PATRICIA F HIGH	64	Opt.3	943.99		4619.20
75999	DONNA J HOMER	65	Opt.2	234.14		1109.13
76000	JOHN P HOOVER	65	Opt.2	665.12		2359.86
76001	JOHANNA G HORNER	64	Opt.1	451.26		2431.61
76002	HELEN A HUNTINGTON	64	Max.	648.43		3193.87
76003	HAROLD D HUSTER	62	Opt.2	260.70		894.34
76004	CATHERINE R JOHNSON	62	Max.	123.93		381.40
76005	MARY S JONES	61	Max.	353.64		1408.82
76006	MAURICE JONES	64	Opt.2	297.58		1081.75
76007	KENNETH L JORGENSON	63	Opt.2	226.54		670.17
76008	JEAN F KENNEDY	68	Max.	89.35		210.82

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
FEBRUARY 1, 2011

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
76009	PIERCE R KIDDIE	65	Opt.1	203.77		603.33
76010	AMOS A KIMBERLING JR	67	Opt.1	847.62		4525.64
76011	IVA N KINCY	61	Max.	404.70		1531.80
76012	NANCY L KIRSCHNER	59	Max.	933.87		2491.87
76013	JAIR J KLARFELD	55	Opt.2	437.92		1797.34
76014	WINIFRED P LISLE	63	Max.	312.99		927.50
76015	VALERIA K LITTLECREEK	56	Opt.1	506.38		2797.94
76016	SUZANNE LONG	63	Max.	438.40		2071.53
76017	RAMONA J LUSTER	55	Max.	200.12		587.61
76018	GENEVA D MATLACK	62	Opt.2	770.42		4562.94
76019	BERNARD MATTHEWS	62	Opt.3	792.31		3984.09
76020	MEGAN R MATTHEWS	58	Opt.1	599.91		3448.11
76021	LETITIA A MCCREA	69	Opt.4	493.99		2222.80
76022	SUSAN E MCFARLAND	55	Opt.4	267.57		2485.23
76023	TOMMY W MCKINNEY	60	Opt.2	666.09		2263.26
76024	RANDALL J MCLERRAN	61	Opt.3	727.66		4068.84
76025	DIANN MEGERT	61	Opt.1	165.93		497.06
76026	MARY R MIZE	62	Max.	120.98		552.59
76027	DAPHNE K MOSLEY	59	Opt.2	463.86		2114.27
76028	SAUNDRA A MUNCRIEF	62	Max.	99.55		629.49
76029	PATSY A NELSON	62	Max.	251.97		943.65
76030	MICHAEL E NESS	62	Opt.2	151.24		459.30
76031	MARILYN R NICELY	64	Max.	161.63		504.29
76032	KAREN S NICKELL	69	Max.	716.18		3635.44
76033	LORRAINE A O'NEILL	62	Opt.2	495.31		2205.56
76034	JUDITH A PARSONS	58	Max.	675.89		1684.75
76035	DAVID O PENNINGTON	63	Opt.2	355.46		2093.66
76036	JACKIE B PIERCE	66	Max.	214.03		4288.00
76037	JO A PORTER	63	Max.	226.15		766.63
76038	FRANKIE V POURDAVOOD	56	Opt.1	35.84		67.45
76039	BRENDA J PRESLEY	62	Opt.1	268.16		1224.67
76040	RAY L PRICE	64	Opt.3	928.30		3613.81
76041	JANET M REES	65	Max.	209.63		690.97
76042	CAROL L RESNEDER	69	Max.	471.51		1612.00
76043	KERRY P ROBERTS	53	Opt.2	633.74		2251.77
76044	ELISABETH J SANMANN	64	Opt.1	244.06		882.86
76045	BILLIE R SHIRLEY	67	Opt.1	55.77		139.81
76046	VICKIE L SHUMATE	59	Max.	284.19		1244.91
76047	PAUL R SIMON	62	Opt.1	843.73		5123.83
76048	JAMES D SPEARS	57	Max.	669.53		2580.15

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
FEBRUARY 1, 2011

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
76049	ANN V STEWART	66	Opt.1	651.94		2224.96
76050	DAVID R STIGER	67	Opt.1	163.34		479.01
76051	PAMELA S STONEBARGER	57	Opt.1	611.48		2335.82
76052	MICHAEL W STRANGE	62	Opt.2	960.14		3536.58
76053	RICHARD C STRICKLAND	63	Opt.1	244.23		734.05
76054	RONALD G TACKETT	62	Opt.2	413.87		1687.79
76055	CAROLYN J THOMAS	57	Max.	542.79		2471.70
76056	NICHOLAS J THOMAS	61	Opt.2	520.57		2183.74
76057	JAYNE E TOWNSLEY	60	Opt.1	79.47		209.27
76058	BOBBY G TRAVIS	63	Opt.3	886.06		4298.14
76059	CAROL VANDIVER	65	Max.	273.58		904.07
76060	CHARLOTTE D WALLIS	62	Max.	105.19		353.60
76061	MARY J WALZER	58	Opt.3	554.43		2515.06
76062	DENNIS A WASHINGTON	58	Opt.4	211.34		1443.69
76063	PRISCILLA A WASHINGTON	62	Opt.3	261.26		951.96
76064	MELEA A WELCH	54	Opt.1	426.05		1840.55
76065	JOE D WEST	60	Opt.2	11.00		4295.28
76066	DEBORAH J WOLLENBERG	56	Opt.2	787.29		3305.49
76067	JAMES L YOUNG	62	Max.	459.66		1969.45
76068	CAROL F ZERBY	62	Opt.2	238.26		925.92
D3217	PAULA A BARBER	46	Dis.	367.57		1639.40
D3218	DAVID S BRIDGE	49	Dis.	478.73		1697.84
D3219	PHILIP R BUSH	46	Dis.	238.31		940.61
D3220	SANDRA K GOETZE	46	Dis.	184.17		2558.23
D3221	GLENDA K KERBY	55	Dis.	212.72		644.78
D3222	JAMES O OSBAN	58	Dis.	403.11		1146.60
D3223	CATHERINE R RIDER	46	Dis.	187.66		785.36
Total				41,044.64	0.00	189,237.06

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
FEBRUARY 1, 2011

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
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THIS IS TO CERTIFY THE 100 REGULAR MEMBERS, 0 SPECIAL RETIREES,
AND 7 DISABLED MEMBERS LISTED ON THIS REPORT HAVE MET THE REQUIRE-
MENTS FOR RETIREMENT UNDER THE TEACHERS' RETIREMENT LAW, AND THE
MONTHLY ALLOWANCE OPPOSITE EACH NAME IS THE AMOUNT CALCULATED BY THE
ACTUARY UNDER THE PLAN OF RETIREMENT SELECTED BY THE MEMBER. I
RECOMMEND THESE MEMBERS BE APPROVED FOR RETIREMENT ON A MONTHLY
BASIS IN THE AMOUNTS SHOWN AND THE FIRST RETIREMENT CHECKS BE MAILED
FEBRUARY 28, 2011

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
13072	I HESSER	STILLWATER	DEATH 12-10	5,000.00	OP-2 POPUP	-957.32
15079	PAULINE HEFNER	LAWTON	DEATH 12-10	5,000.00	MAX OPTION	-1,364.80
15362	EUGENIA GUTHRIE	PEORIA AZ	DEATH 12-10	5,000.00	OPTION-1	-1,350.73
15960	WOODROW BOWLES	WESTVILLE	DEATH 12-10	5,000.00	MAX OPTION	-1,958.73
16666	CLELA WOLF	TULSA	DEATH 12-10	5,000.00	MAX OPTION	-1,331.58
16681	JOSEPHINE EVERETT	OKLAHOMA CITY	DEATH 12-10	5,000.00	MAX OPTION	-720.40
17294	ELSIE PORTS	ENID	DEATH 12-10	5,000.00	OPTION-1	-1,358.15
17391	BEULAH WALTERS	WEWOKA	DEATH 12-10	5,000.00	OPTION-1	-2,048.77
18592	DORTHYE BOYD	NORMAN	DEATH 12-10	5,000.00	OPTION-1	-720.21
18718	MILDRED HERD	MIAMI	DEATH 12-10	5,000.00	OPTION-1	-379.85
19063	BERTHA RICHMOND	CHOCTAW	DEATH 11-10	5,000.00	OPTION-1	-314.63
19353	DAVID QUARLES	DURANT	DEATH 12-10	5,000.00	OPTION-1	-693.95
19664	MARY HALL	ARDMORE	DEATH 12-10	5,000.00	OP-3 POPUP	-1,769.05
19767	MILDRED KERR	JONES	DEATH 12-10	5,000.00	OPTION-1	-1,471.43
20136	DOROTHY WRIGHT	SOUTHLAKE TX	DEATH 12-10	5,000.00	OPTION-1	-1,177.18
20142	OLGA ZAFFOS	OKLAHOMA CITY	DEATH 12-10	5,000.00	OP-3 POPUP	-1,715.80
20392	KATHLEEN BROWN	TULSA	DEATH 09-10	.00	OP-3 BENEF	-477.35
20642	FRANK LUSTER	OKLAHOMA CITY	DEATH 12-10	5,000.00	OPTION-1	-1,730.91
20691	LILLIE MOORE	ARDMORE	DEATH 12-10	5,000.00	OPTION-1	-634.50
20726	ALMA PARKS	LAWTON	DEATH 12-10	5,000.00	MAX OPTION	-864.04
20736	VIRGINIA PERETT	TULSA	DEATH 12-10	5,000.00	MAX OPTION	-864.17
21022	MELVIN KEENEY	ALVA	DEATH 12-10	5,000.00	MAX OPTION	-1,162.56
21062	GUSSIE BARNETT	GRANDFIELD	DEATH 12-10	5,000.00	OPTION-1	-634.59
21875	ARLETA DENNIS	STINNETT TX	DEATH 12-10	5,000.00	MAX OPTION	-354.78
21918	MILDRED KLEPPER	OKLAHOMA CITY	DEATH 12-10	5,000.00	OPTION-1	-1,327.36
22120	JACK SISSON	NORMAN	DEATH 12-10	5,000.00	MAX OPTION	-1,878.64

Ret-No	Name		Area		Term	Amount-Due	Option	Benefit-Amt
22410	JANICE	HASTINGS	GRANBURY	TX	DEATH 12-10	5,000.00	MAX OPTION	-245.41
22827	G	WHITBECK	OKLAHOMA CITY		DEATH 11-10	5,000.00	OPTION-2	-806.27
22996	DONALD	ODOM	GUTHRIE		DEATH 12-10	5,000.00	OPTION-3	-1,896.39
23005	CHARLES	POPE	EDMOND		DEATH 12-10	5,000.00	OP-2 POPUP	-1,073.21
23257	MARCIA	CARROLL	ENID		DEATH 12-10	.00	OP-2 BENEf	-1,334.69
23692	JACK	GORDON	ATWOOD		DEATH 11-10	5,000.00	OP-2 POPUP	-2,372.06
23756	MARIE	HODGES	COWETA		DEATH 12-10	5,000.00	MAX OPTION	-752.03
23977	BETTY	REYNOLDS	TUTTLE		DEATH 12-10	.00	OP-2 BENEf	-1,925.80
24171	EDWA	WOOLF	GLENPOOL		DEATH 12-10	.00	OP-2 BENEf	-1,768.85
24453	MILDRED	FIRST	OKLAHOMA CITY		DEATH 12-10	5,000.00	MAX OPTION	-2,233.86
24522	JOYCE	CLARK	SAND SPRINGS		DEATH 11-10	5,000.00	MAX OPTION	-349.85
24752	JULIUS	WALKER	MCCLOUD		DEATH 12-10	5,000.00	MAX OPTION	-2,559.32
25643	THELMA	GILLETT	TULSA		DEATH 11-10	5,000.00	OPTION-3	-2,205.16
25716	FRANCES	HAMAKER	TULSA		DEATH 12-10	5,000.00	OPTION-1	-1,776.67
25986	KENNETH	KAPPEN	OKLAHOMA CITY		DEATH 12-10	5,000.00	OPTION-1	-1,541.70
26382	MAUDIE	PETERS	PRYOR		DEATH 12-10	5,000.00	MAX OPTION	-239.05
26925	DEAN	WILSON	TULSA		DEATH 12-10	5,000.00	OP-3 POPUP	-2,184.80
27098	LAWRENCE	ATCHISON	SPENCER		DEATH 12-10	.00	OP-2 BENEf	-1,649.52
27548	GERALDINE	DAVIS	MUSKOGEE		DEATH 12-10	5,000.00	MAX OPTION	-3,237.93
27569	BETTY	EDGE	MUSKOGEE		DEATH 12-10	5,000.00	OPTION-1	-861.40
27887	HELEN	STRINGER	COWETA		DEATH 12-10	5,000.00	MAX OPTION	-2,082.05
27908	ROBERT	THOMPSON	MIAMI		DEATH 12-10	5,000.00	OPTION-2	-1,772.96
28314	PEACHES	CURL	TULSA		DEATH 12-10	5,000.00	MAX OPTION	-1,939.51
28424	CLEABERN	SMITH	FORT TOWSON		DEATH 12-10	5,000.00	OPTION-1	-933.40
28747	THOMAS	GRAY	WEATHERFORD		DEATH 12-10	5,000.00	OPTION-2	-2,566.33
28917	VIVIAN	LOWERY	TULSA		DEATH 12-10	5,000.00	MAX OPTION	-666.44

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
28934	LILA	MARSHALL	SUGARLAND TX	Continued	OP-3 BENEF	1,139.76
29002	ALEXANDER	OSPOVAT	STILLWATER	DEATH 12-10	OP-2 POPUP	-2,337.79
29199	MAREE	TARVER	OKLAHOMA CITY	DEATH 12-10	OPTION-1	-3,298.63
29322	DUANE	MCLEMORE	CHANDLER	DEATH 12-10	OP-3 POPUP	-2,754.15
29401	LILLIAN	MARCANGELI	MCALESTER	DEATH 12-10	MAX OPTION	-301.65
30034	LAVERNE	TROTTER	DICKINSON TX	DEATH 12-10	MAX OPTION	-164.18
30241	BOB	BROWN	MIDWEST CITY	DEATH 12-10	OPTION-3	-842.79
31382	MARY	PHELPS	CATOOSA	DEATH 12-10	MAX OPTION	-210.28
31446	RUTHANNA	BEAUCHAMP	SPRING VALLEY CA	DEATH 12-10	OP-2 BENEF	-453.72
31497	VADA	BRUMLEY	BROKEN BOW	DEATH 12-10	OPTION-1	-1,280.65
31680	BETTY	GOSSMAN	WARR ACRES	DEATH 11-10	MAX OPTION	-717.82
31855	THELMA	LOOPER	GRANITE	DEATH 12-10	MAX OPTION	-243.22
32002	LENA	PAYNE	OKLAHOMA CITY	DEATH 01-11	OPTION-1	-2,004.91
32271	ANDREW	WOOD	SAYRE	DEATH 12-10	OPTION-2	-1,676.93
32980	WANDA	MARSHALL	CACHE	Continued	OP-2 BENEF	310.27
33341	LILLIE	CAMPBELL	EUFULA	DEATH 12-10	MAX OPTION	-239.33
33497	NOLEN	HARSH	ENID	DEATH 12-10	OPTION-1	-1,889.99
33715	MARY	PEARCE	NORMAN	DEATH 12-10	OPTION-1	-1,600.16
33763	BETTY	REYNOLDS	TUTTLE	DEATH 12-10	OP-2 POPUP	-1,054.65
34028	MARC	FAW	NORMAN	DEATH 12-10	OPTION-2	-1,755.89
34197	RAMONIA	YEISLEY	SHAWNEE	Continued	OP-3 BENEF	1,339.44
34570	BRUCE	SISSON	PERKINS	DEATH 12-10	OP-2 POPUP	-497.47
35415	ILA	WHITE	ADA	DEATH	OPTION-2	-1,448.50
35415	VASKON	WHITE	ADA	Continued	OP-2 BENEF	1,448.50
35712	DOROTHY	FORD	EDMOND	DEATH 12-10	MAX OPTION	-2,253.11
36111	ALLIE	PROUGH	SADLER TX	DEATH 11-10	MAX OPTION	-212.36

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt	
36536	ELLEN	FRANKLIN	LAWTON	DEATH 11-10	5,000.00	MAX OPTION -1,576.41	
37181	HENRY	HICKS	ARDMORE	DEATH 12-10	5,000.00	MAX OPTION -1,399.91	
37927	NORALEE	CASH	GROVE	DEATH 12-10	5,000.00	MAX OPTION -573.00	
38548	PATRICIA	MCDANIEL	NORMAN	DEATH 12-10	5,117.57	OPTION-1 -1,413.74	
39150	JOY	WALKER	TULSA	DEATH 12-10	7,505.62	OPTION-1 -2,030.15	
39794	ROSALEE	WOODS	CUSHING	Continued		OP-3 BENEF 945.92	
40083	SIDNEY	BROWN	NORMAN	DEATH 12-10	5,000.00	OP-2 POPUP -3,675.63	
40995	SHIRLEY	TIPTON	BROKEN ARROW	DEATH 12-10	5,000.00	OPTION-4 -643.28	
41046	DIXIE	FELAN	PAULS VALLEY	DEATH 12-10	5,000.00	OP-3 POPUP -197.12	
41097	BILL	NATION	SALLISAW	DEATH 12-10	5,000.00	OPTION-1 -1,874.93	
41241	DOROTHY	BALES	MUSTANG	DEATH 11-10	5,000.00	MAX OPTION -363.51	
42394	CARMANELL	TAYLOR	COALGATE	DEATH 12-10	5,000.00	OPTION-1 -798.72	
42812	SYLVIA	GARNER	GOTEBO	DEATH 12-10	.00	OP-2 BENEF -1,738.29	
43153	BARBARA	EWING	NOBLE	DEATH 12-10	5,000.00	OPTION-1 -1,025.59	
43202	DOROTHY	CROSS	EDMOND	DEATH 12-10	5,000.00	MAX OPTION -752.37	
43422	TEDDY	ARCHER	CHECOTAH	DEATH 10-10	5,000.00	OP-2 POPUP -811.35	
43745	EVELYN	CONNOR	OKLAHOMA CITY	DEATH 12-10	5,000.00	OPTION-2 -2,614.92	
44626	CHARLES	NICHOLS	BRISTOW	DEATH 12-10	5,000.00	OPTION-2 -435.50	
44951	RONNIE	RENFROW	MCCLOUD	Continued		OPTION-3 5,137.01	
45889	CHENEYA	JOHNSON	SAPULPA	DEATH 12-10	5,000.00	OPTION-2 -2,144.31	
47498	EARNEST	ARMSTRONG	MIAMI	DEATH	5,000.00	OPTION-2 -1,707.27	
47498	CHARITY	ARMSTRONG	MIAMI	Continued		OP-2 BENEF 1,707.27	
47747	LLOYD	FROESE	INOLA	DEATH 12-10	5,000.00	OPTION-2 -1,844.27	
48789	BETTY	YOUNG	THACKERVILLE	DEATH 12-10	5,000.00	OPTION-4 -298.03	
48934	MARCALEE	BOATRIGHT	ELLISVILLE	MO	DEATH 12-10	5,000.00	OPTION-4 -813.72
51037	LINDA	PRICKETT	DERBY	KS	CANCL 02-11	OP-4 BENEF -547.93	

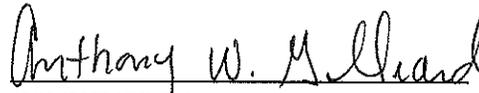
Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
52241	RHONDA	KOROPATWA	CANADA **	Continued	OP-3 BENEF	304.26
54232	ROSA	PAIVA	CLAREMORE	DEATH 10-10	MAX OPTION	-545.52
54392	STANLEY	STUBBLEFIELD	CHOUTEAU	Continued	OP-2 BENEF	1,952.88
55737	JON	JENNINGS	OKLAHOMA CITY	DEATH 12-10	OPTION-2	-1,564.12
56217	DOROTHY	EARLS	BLAIR	DEATH 12-10	OPTION-2	-450.56
58098	WILLIAM	COPELAND	TULSA	DEATH 12-10	MAX OPTION	-862.46
58973	CHARLES	GUNGOLL	DRUMMOND	DEATH	OPTION-3	-1,330.34
58973	ELYMRA	GUNGOLL	DRUMMOND	Continued	OP-3 BENEF	665.17
60690	CAROL	ENWALL	NORMAN	Continued	OP-2 BENEF	2,567.36
61991	GERRY	MOORE	EDMOND	DEATH 09-10	OPTION-2	-1,350.37
62674	MARILYN	CAYWOOD	BROKEN ARROW	Continued	OP-2 BENEF	1,248.12
62935	JUDY	BROYLES	CHOCTAW	Continued	OP-2 BENEF	1,002.20
63210	HALSEY	COVEY	HARTSHORNE	DEATH 12-10	MAX OPTION	-406.24
64206	DONNA	SIMMONS	ENID	DEATH 12-10	OPTION-1	-2,581.35
64525	KAREN	WARD	BATTIEST	DEATH 12-10	MAX OPTION	-4,230.40
64694	SHIRLEY	HAFFNER	LAHOMA	DEATH 12-10	MAX OPTION	-326.66
65092	CRAIG	HAMLIN	QUINTON	DEATH 12-10	OPTION-4	-2,076.90
69701	REBECCA	TODD	SOMERS CT	DEATH 12-10	MAX OPTION	-2,671.22
70352	SHENA	LAYN	KINGFISHER	DEATH	OPTION-2	-1,886.17
70352	JOE	LAYN	KINGFISHER	Continued	OP-2 BENEF	1,886.17
74355	HENRY	TIARKS	OKLAHOMA CITY	DEATH 08-10	OPTION-2	-2,255.79
75518	WILLIAM	FITE III	BROKEN ARROW	DEATH 12-10	OPTION-2	-2,728.30
75644	JAMES	JACKSON	NORMAN	Continued	OP-2 BENEF	2,484.63
75702	JANET	MCNEIL	CUSHING	Continued	MAX OPTION	2,517.53

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
B1765	LOLA	NELMS	WAGONER	DEATH 12-10	ACCT-CLOSED	SB 490	-194.89

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
D0570	F PRITCHETT	BETHANY	DEATH 11-10	5,000.00	DISABILITY	-489.65
D1701	MARJORIE SHARP	IDABEL	DEATH 12-10	5,000.00	DISABILITY	-474.69

TOTALS:

Payroll-Chg	-126,523.41
Deceased	114
Retirement Canceled	1
Return To Teaching	0
Continued - Max Ben	1
Continued - Option1	0
Continued - Option2	9
Continued - Option3	6
Continued - Option4	0
Continued - Disable	0


ADMINISTRATIVE ASSISTANT

2/16/11
DATE PREPARED