BWC Board of Directors
Investment Committee
Thursday, May 29, 2008, 12:15 PM
William Green Building
Neil Schultz Conference Center
30 W Spring St., 2ND Floor (Mezzanine)
Columbus, OH 43215

Members Present: Robert Smith, Chair
Alison Falls, Vice Chair
David Caldwell
James Harris
Larry Price
William Lhota, ex officio member

Other Members Present:

Charles Bryan
Philip Fulton
James Hummel
James Matesich

Others Present: John Williams, Assistant Attorney General

Call to order

Mr. Smith called the meeting to order at 12:15 pm and the roll call was taken. All members were present.

Minutes of April 24, 2008

Motion was made by Mr. Price, and seconded by Mr. Caldwell, to approve the April 24, 2008 minutes. The motion passed unanimously.

New business /Action items

Charter Subcommittee Language

Alison Falls discussed charter subcommittee language. There is draft language in a handout, which is incorporated by reference into the minutes. The language is to be inserted under the duties and responsibilities section of the charter. Motion was made by Ms. Falls, seconded by Mr. Harris, as follows: that the Investment Committee of the Bureau Board of Directors, recommend that the Board of Directors approve an amendment to their Committee Charter. This amendment outlines the process for the Committee to create a subcommittee. Roll call was taken and the motion passed unanimously.

Revised Commingled Index Managers RFP Proposal

Bruce Dunn, Chief Investment Officer, first discussed new developments regarding the use of derivatives by Barclays Global Investments, approved in April, 2008 as the fixed income manager from the RFQ issued for the Public Work-Relief Employers' Fund and the Marine Industry Fund.

A presentation was made, by Mr. Dunn and Lee Damsel, Director of Investments, on the use of derivatives by Barclays in the management of the cash collateral pool applicable for the securities lending activity. This use of derivatives by Barclays was not known by either the investment staff or the investment consultant of the Bureau at the time Barclays was presented for approval. Mr. Dunn indicated that derivatives used in the Barclays managed securities lending dedicated cash collateral pool included certain swaps, including synthetic swaps. Mr. Dunn indicated that the Bureau has a no derivative policy except for, as provided on page thirteen of the Investment Policy Statement, defined permissible derivatives. All other derivatives must be approved by the Board.

Mr. Smith inquired as to whose asset is the collateral of the securities lending cash collateral pool. Mr. Dunn indicated that it is legally a Bureau asset. Ms. Damsel noted that securities are loaned, and then a cash collateral pool is used as collateral to cover for the security on loan. Ms. Damsel noted that Barclays targeted designated "money market fund" supports the 102% market value cash collateral position for any loaned security. Mr. Smith raised the issue whether the Bureau is in violation of policy if it enters into an agreement with Barclays. Ms. Damsel raised the issue as to whether the Bureau wants derivatives to be utilized by the Bureau's security lender. Ms. Falls emphasized the importance of not lending securities without collateral. There must be a claim on collateral in the event of default. Ms. Falls inquired as to whether this is in alignment with the investment policy. Ms. Falls noted that credit default swaps are harder to value today. Over time, she indicated a comfort level may be developed with derivative synthetic securities by the Investment Committee and Board. Mr. Bryan inquired with regard to the issue of inability to collect on collateral. There is an issue of potential negative public perception with regard to investing in derivatives. Mr. Dunn indicated that Barclays had specifically stated there were no derivatives in the bond management of the assets of the two ancillary trust funds pertinent to the RFQ. As it turns, out, however, Barclays would be using derivatives at the securities lending collateral protection level. Guy Cooper, of Mercer Consulting, discussed bond portfolio management. Mr. Cooper indicated that the Bureau probably shouldn't invest in this particular fund offered by Barclays given this new information. Mr. Smith noted this was not the correct time for the Bureau to invest in securities lending with derivatives exposure due, in part, to the current credit cycle. Mr. Dunn noted that the Bureau needs to go with a commingled structure with its smaller ancillary trust funds due to investment management efficiencies and management fee considerations, but can remain with a separate account management structure for its largest trust funds. Securities lending without derivatives is not offered for a commingled managed structure offered presently by Barclays. Mr. Dunn stated that it is his recommendation to defer entering into a contractual management agreement with Barclays at the present time, and discuss the issue further with Barclays and the other RFQ submitter, State Street. Mr. Dunn is not ready to make any further recommendation at this point in time.

Ms. Falls noted that the RFQ fund manager selection process was outstanding, and characterized by meticulous detail and exercise of due diligence. She is very pleased with the staff of the Bureau's handling of this process with the discovery of new information on the approved investment manager and also encouraged by the Board's lengthy and involved discussion of the issue. Ms. Falls noted that commingled management reduces costs. Securities lending may be evaluated with regard to the possibility of increasing returns. With respect to a RFQ, the Board needs additional information, gathered by Bureau Staff and Mercer Consulting, with recommendations and alternatives, prior to the Board rendering a decision.

A contract with Barclays has not been executed. Mr. Dunn noted that obtaining a more thorough understanding of the process and controls of Barclays with respect to the management of the securities lending cash collateral pool are important. This issue needs to be discussed with Barclays further.
Matesich inquired as to what counterparty risk was. Mr. Dunn indicated that a securities lender has an approved list of borrowing entities the lender is comfortable with, with respect to the borrowing party returning the security back when the loan expires. The risk associated with the party returning the security is counterparty risk. Ms. Damsel noted counterparty risk is greater than cash pool risk. Mr. Price inquired as to whether using Barclays will violate the investment policy. Mr. Dunn indicated that the Bureau investment policy would need revision and clarity with regards to derivative use for securities lending cash collateral pool management in order to use Barclays as commingled passive manager for the two ancillary funds in question. Mr. Harris is concerned about investment decisions violating express provisions of policy. Mr. Lhota expressed concern over changing policy. Work will continue on evaluating these investment issues for the next meeting.

Mr. Cooper of Mercer Consulting presented to the Investment Committee and Board a handout on BWC portfolio market value sensitivity to selected interest rate movements. This handout is incorporated into the minutes by reference. The discussion focused on investment sensitivity to interest rate changes, and the impact of shortening the duration of the fixed income portfolio of the Bureau. Comparison was made of three examples of different duration fixed income portfolios and the impact of interest rate change. Yield and duration were discussed. A shorter duration portfolio market value decline is not as significant as a long duration portfolio market value decline if interest rate levels increase. A shorter duration portfolio will earn less than the long duration portfolio if interest rates decline. With our current bond portfolio, market value would decrease by $1.39 billion with a one percent increase in the interest rate. Ms. Falls noted that it is important to have stability in premiums. Therefore, the Board must understand the potential counter-productive consequences if investment returns are highly volatile over a lengthy period of time. Mr. Cooper discussed the implications of changing from long duration fixed income to intermediate duration fixed income.

Mr. Haffey joined the meeting at 1:25 pm.

Mr. Dunn emphasized the need to consider the volatility of various fixed income strategies. Mr. Dunn further discussed the advantages of delaying the issuance of a commingled passive manager RFP involving the long duration fixed income mandate. He indicated there could be significant transaction and transition costs involved in removing significant long duration fixed income assets from a commingled passive investment manager. Ms. Damsel emphasized the need to be mindful prior to transitioning significant Bureau assets of the portfolio for the third time in four years. Mr. Lhota asked about the typical cost of transitions. Ms. Damsel responded that the 2006 transition was between ten million and fifteen million dollars in transition fees and transaction costs.

Motion was made by Ms. Falls, and seconded by Mr. Harris, as follows: that the Investment Committee of the Workers' Compensation Board of Directors recommend to the Board that the request for proposal (RFP) for commingled passive indexed investment managers, previously approved by the Investment Committee and the Board of Directors in December 2007, be amended to exclude the long duration fixed income asset class mandate at this time, for the reasons set forth in the memorandum of the Bureau's Chief Investment Officer dated May 16, 2008. The amended RFP process would therefore be for the U.S. TIPS, and Large Cap U.S. Equity asset class mandates for the State Insurance Fund, the Disabled Workers Fund and the Coal Workers Fund. Roll call was taken and the motion passed unanimously.

Discussion items

Monthly and Fiscal Year to Date Portfolio Value Comparisons
Mr. Dunn provided value comparisons. A handout is incorporated by reference into the minutes. Discussion was made of bonds, equity, and net cash investments. The performance of stocks has improved. Comparison was made of April 2008 and March 2008, as well as April 2008 and June of 2007.

CIO Report – April 2008
A written report, dated May 27, 2008, was included in Mr. Dunn's presentation and is incorporated into the minutes. Two new members of the investment team were introduced. Michael Berger is the new Assistant Manager and Fraser Nega is the new Administrative Assistant. Private equity matters were discussed. There were no additional sales of private equity partnerships in April of 2008. Sixty-five partnerships have been sold. Mr. Dunn indicated there was one additional private equity partnership sold in May of 2008. Discussion was made of Axxon Capital, a private equity limited partnership that just emerged from Small Business Administration imposed receivership status in May 2008 and converted to a limited liability corporation (LLC).This LLC investment is now being liquidated and no new investments will be made. Mr. Haffey inquired as to current LLC assets, and what they constituted. Mr. Dunn stated assets consisted mostly of cash. Mr. Dunn indicated that the BWC portfolio is in compliance with the Investment Policy Statement at the end of April, 2008.

Calendar
There will be a further discussion of securities lending and derivatives in June of 2008. The first quarter Mercer performance report and presentation has been deferred until June of 2008. Directors were advised to bring their Mercer educational topic books with them for next month's meeting. Ms. Falls emphasized the importance of a timeline for deliverables of Mercer working in coordination with Deloitte-Touche. The five point Mercer process must be allowed to proceed by August 2008. If it does not, it must be determined what elements are missing, preventing it from moving forward.

Adjournment

Upon motion by Mr. Price, seconded by Ms. Falls, the meeting was adjourned at 1:50 pm.

Prepared by Tom Woodruff, BWC Staff Counsel

DATE: June 13, 2008

TO: BWC Investment Committee

FROM: Bruce Dunn, CFA, Chief Investment Officer

SUBJECT: **Alternative Investment Options**
Public Work-Relief Employers' Fund
Marine Industry Fund

Background

At the April, 2008 Investment Committee and Board of Directors meeting, approval was provided for BWC to engage with Barclays Global Investors (Barclays) to serve as the Commingled Passive Index Manager for targeted Intermediate Duration Fixed Income assets for both the Public Work-Relief Employers' Fund (PWRF) and the Marine Industry Fund (MIF). This approval decision was the outcome of an RFQ process conducted by the Bureau during March-April 2008 whereby the Bureau received responses from Barclays and State Street Global Advisors (State Street), the two largest passive indexed fixed income asset managers in the world. The amount of assets currently anticipated to be invested in this defined commingled passive indexed intermediate fixed income mandate with securities lending are approximately $22.3 million for PWRF and $16.4 million for MIF, representing over 98% of total invested assets for each of these ancillary trust funds.

Shortly after the RFQ manager approval action voted by the Investment Committee and Board, it was learned that Barclays employed the use of certain derivative investments, including swaps contracts and synthetic swaps, in the management of the cash collateral pool securing bonds on loan with Barclays approved counterparty borrowers. This securities lending cash collateral pool is relevant to common trust fund investors such as BWC investing in units of the Barclays offered commingled pooled funds passively managed to the Lehman U.S. Intermediate Government/Credit (LIGC) benchmark index.

The BWC Chief Investment Officer communicated this derivative utilization information to the Investment Committee at the May 29, 2008 meeting and stated that Section IV.C.vii of the existing BWC Investment Policy Statement (IPS) currently prohibits the use of certain types of derivatives. Barclays currently utilizes certain derivative classes not presently permitted per the IPS in its management of the securities lending cash collateral pool pertinent to the RFQ approved investment mandate. It was mentioned by the CIO that a management contract would not be entered into with Barclays until the completion of requisite Ohio Revised Code background checks of identified Barclays investment management team members, which is estimated to be completed no earlier than July, 2008.

After considerable discussion on derivatives and the securities lending strategy of Barclays at the May, 2008 Investment Committee meeting, direction was given to the CIO, in collaboration with investment consultant Mercer, to present alternative action next steps to be addressed and discussed at the June, 2008 meeting. The following are the choices of action proposed for consideration by the Investment Committee with regards to investment strategy for the PWRF and MIF portfolios. It is noted that the current stated investment strategy objective for these two small ancillary portfolios (as reflected in Section VII of the IPS) is a 99% fixed income, 1% cash asset allocation with a targeted investment asset duration closely matching liability duration estimated at between 3-4 years. The intermediate fixed income benchmark index applicable to these two funds per the RFQ has historically consistently satisfied this stated duration target.

Alternative Actions

The following are three proposed separate choices of action to be considered by the Investment Committee with regards to addressing the PWRF and MIF portfolios. It must be mentioned that neither Barclays or State Street offer an alternative without securities lending to a client such as the Bureau desiring the commingled passive indexed management of fixed income assets to the current BWC intermediate duration fixed income benchmark. A commingled passive fixed income mandate offered by either firm must include acceptance of securities lending activities according to the terms specified by each firm.

(A) Barclays as Investment Manager. The RFQ Evaluation Committee (three members of BWC investment staff and a BWC Mercer consultant) would conduct further detailed due diligence analysis of the securities lending strategy, derivative employment strategy and internal risk controls and processes of Barclays pertaining to the RFQ mandate. Upon completion of this due diligence process performed by the RFQ Evaluation Committee, a report and recommendation on the Barclays securities lending platform would be submitted to the Investment Committee. If Barclays remained the recommended commingled passive fixed income investment manager and approval was reaffirmed by the BWC Investment Committee and Board, the BWC IPS would be required to be amended to accommodate the derivative classes permitted and utilized by Barclays in the management of the relevant securities lending cash collateral pool associated with the RFQ mandate.

(B) State Street as Investment Manager. State Street was provided a notification letter issued by the BWC CIO on April 25, 2008 indicating that State Street was not selected by the BWC Evaluation Committee and Board as its investment manager for the RFQ investment mandate. However, the RFQ Evaluation Committee does have the option of being able to recommend State Street as its investment manager from this RFQ due to the discovery of additional material information pertaining to derivatives utilization by Barclays that occurred subsequent to the April 25, 2008 Board meeting and RFQ vote. As mentioned previously, no management contract has been signed with Barclays. The RFQ proposal of State Street was very competitive with the proposal of

Barclays in the evaluation process conducted by the RFQ Evaluation Committee. Although State Street also has the legal right to utilize derivatives instruments such as options, futures and swaps in the management of both core bond assets as well as the securities lending collateral asset pool securing all bonds on loan, State Street has represented that derivatives have never actually been utilized to date in the management of its commingled passive indexed fixed income portfolio funds such as the fund offered to BWC per the RFQ.

If the Investment Committee would allow for this alternative option to be explored, the RFQ Evaluation Committee would conduct appropriate due diligence with both the bond management team and the securities lending team of State Street involved in the RFQ investment mandate. This due diligence would be for the purpose of submitting a report and recommendation to the Investment Committee regarding State Street serving as BWC fixed income investment manager for the PWRF and MIF ancillary trust funds as consistent with the RFQ. Although State Street has never utilized derivatives in the management of the RFQ investment mandate, consideration must be given to amending the BWC IPS reflecting the acknowledgement that such derivatives are legally permitted by this investment manager. It would be expected that appropriate State Street representatives from both the bond management and securities lending groups would be presented to the Investment Committee for questioning before any vote is taken for approval of State Street as investment manager for the PWRF and MIF assets.

(C) Maintain Current Interim Asset Allocation. The current interim strategy for PWRF and MIF was adopted in April, 2007 by the former BWC Oversight Commission (WCOC). Such interim strategy involves investing all assets in the JPMorgan U.S. Government money market fund (MMF) offered and managed by JPMorgan Chase Bank as sub-custodian for all BWC invested assets. At the time this decision was made over one year ago by the WCOC (due to concerns expressed by the Ohio Treasurer of State Office regarding the use of commingled managed accounts), the yield levels offered from MMF and the BWC Lehman intermediate fixed income duration benchmark index (LIGC) were similar as the U.S. fixed income yield curve was flat to slightly inverted in slope. Since 4Q07, however, the yield curve has steepened significantly to a conventional upward sloping yield curve. As of 6/12/08, the yield to maturity reflected in the LIGC benchmark index was 4.56% versus a yield of 2.18% offered by MMF, representing a large 2.38% yield differential favoring LIGC. The duration of LIGC was 3.86 years on 6/12/08. The historical duration of LIGC has consistently been within the 3-4 year band, matching perfectly the liability duration range for both PWRF and MIF reflected in the IPS.

The rationale for maintaining the status quo interim investment asset allocation of 100% cash-equivalents for PWRF and MIF would be for the combination of (i) a strong preference to continue to avoid potential or actual derivatives exposure (regardless of however well-managed for many years to date) and (ii) a desire to delay any asset allocation change pending Deloitte actuarial study deliverables for these two ancillary funds that may be applied by Mercer in helping to formulate proposed investment strategy. It deserves mentioning that an option not offered herein by the CIO is to have an outside investment manager manage the assets of these two small ancillary trust funds in a separate account custodian structure. Given the small size of these two trust funds, it would be impractical and not advisable to have these funds managed on a separate account basis. Given the fact that over 3,400 different issues comprise the LIGC benchmark index, a separate account management fee would be extremely high relative to assets under management and transaction fees for very small individual holdings would be extremely costly. This negative combination would result in significant underperformance tracking error of managed funds to the benchmark index.

CIO Preference

It is the preference of the CIO for the Investment Committee to either still give consideration to Barclays or to allow the RFQ Evaluation Committee to consider and pursue the alternative of State Street to serve as fixed income investment manager for all fixed income assets of these two smaller ancillary trust funds. The actual or legally permitted use of derivative investments is a common element reflected in the management charter (fund declaration) of virtually all commingled common trust pooled passive index managed funds available to the Bureau.

From actuarial evaluations performed by consultant Oliver Wyman, the duration of liabilities is estimated between 3-4 years as stated in the IPS for both PWRF and MIF. The current interim investment policy of 100% cash-equivalent investments for PWRF and MIF represents a significant mismatch of assets/liability duration in an environment where both trust funds are now sacrificing and earning an interest income yield that is more than 2% lower than the yield that can be earned by moving funds into a large well-managed commingled bond fund that is effectively duration matched to liabilities. If there is a change in investment strategy recommended by Mercer at some point later in 2008 or 2009, the CIO is of the opinion that the redemption of some or all assets from the chosen large commingled fixed income fund could be executed immediately in one day at minimal cost.

DATE: June 13, 2008

TO: BWC Investment Committee

FROM: Bruce Dunn, CFA, Chief Investment Officer

SUBJECT: **Timeline Modification Recommendation**
Request For Proposals Issuance
Commingled Passive Index Managers
State Insurance Fund/Disabled Workers Fund/Coal Workers Fund

Background

At the May, 2008 Investment Committee and Board of Directors meeting, the request to issue two separate Request for Proposals for identified asset class mandates was approved. Both approved RFPs were applicable for the three largest BWC trust funds (State Insurance Fund, Disabled Workers Fund, Coal Workers Fund). The anticipated first stage RFP for commingled passive index managers for U.S. TIPS and Large Cap U.S. Equity (S&P 500 index) mandates was scheduled to be issued in June, 2008. The anticipated second stage RFP for commingled passive index managers to be issued for long-duration fixed income (LDFI) and intermediate-duration fixed income (IDFI) mandates was targeted for an estimated September, 2008 issuance.

Further Review and Reassessment

In preparation for the issuance of both of these specific Request for Proposals and the many specific questions to be included in such documents issued by the Bureau, the Chief Investment Officer and several members of the Investment Division staff were conducting fact finding research efforts both before and after the May, 2008 Investment Committee and Board meetings when RFP issuance approval was provided. Such research included asking a number of specific questions to each of the Bureau's three current passive indexed investment managers (State Street, Barclays, Northern Trust) who are three of the largest passive indexed managers in the world for each of the four asset mandates to be reflected in the upcoming RFPs. It was deemed very important by the CIO to learn more about certain specific relevant subject areas prior to crafting and issuing the RFP because of the lengthy blackout period imposed once the RFP is issued and active. Questions were specifically focused on the following important subject matters:

- assets under management for each commingled fund mandate
- potential liquidity constraints for redemptions
- securities lending structures and strategies
- derivatives utilization
- investment options available to clients in subcomponent indices offered within LDFI and IDFI benchmark mandates

Based on the responses received by the Investment Division in recent weeks regarding these important subjects, the CIO has come to the following conclusions regarding commingled pooled investment structures for the large $16 billion plus asset State Insurance Fund and, to a lesser extent, the Disabled Workers Fund and the Coal Workers Fund.

(1) BWC would clearly be among the largest institutional clients and, in the case of TIPS and LDFI mandates, the dominant client of any large indexed manager offering an institutional commingled fund. This can serve as a clear constraint in the Bureau being able to redeem most or all unitized assets in a short period of time because many securities in the commingled asset pool may be out on loan and/or the fund manager could only slowly liquidate securities to raise cash so as to not harm the overall value and performance of the common trust fund in order to protect the remaining owners of such commingled fund.

(2) Utilization of derivatives (including options, futures, swaps contracts) are commonly permitted legally by fund declaration (equivalent to a prospectus) and are commonly utilized in the management of the core assets (bonds, stocks, cash) of commingled index funds. Derivatives for core asset management are primarily employed for the purpose of reducing tracking error by investing daily cash in appropriate derivatives to obtain benchmark index exposure to achieve tighter performance and less tracking error until such cash can be redirected to index securities investments.

(3) Utilization of derivatives are also commonly permitted legally by fund declaration and utilized in the management of securities lending cash collateral pools of institutional commingled index funds.

(4) The securities lending income share allocated between client investors and a common trust commingled pooled fund managing securities lending is fixed by fund declaration and non-negotiable, regardless of the size of assets invested by the client. In a separate account asset management structure, a large and valued client such as BWC would obtain and receive a higher percentage of securities lending income and could dictate that derivatives not be utilized in either the core asset management or in securities lending performed with the assets. The incremental securities lending income projected to be received by BWC from the higher percentage share earned under a separate account managed structure compared to a commingled structure, for any fixed income or non-U.S. equity mandate, would significantly exceed the difference in management fees (lower for commingled versus separate account) in the opinion of the Investment Division.

Conclusions and RFP Timeline Modification Recommendation

It is the recommendation of the CIO that the issuance of any commingled passive index manager RFP for the three Bureau trust funds stated herein be delayed until Mercer can provide investment strategy recommendations in coordination with the Deloitte actuarial study. The CIO believes it important to have any new Mercer presented investment strategy be approved by the Investment Committee and Board before large assets are potentially moved to a commingled management structure. Significant transition costs arising from trading execution and timing delays with securities out on loan are associated with any likely commingled fixed income mandates. BWC would avoid such transition costs if all assets remain managed as is in separate accounts until such time as decisions are made and approved regarding Mercer recommended investment strategy, as reflected in a revised Investment Policy Statement.

It is also suggested by the CIO that the BWC IPS with respect to permitted derivatives as presently defined be reexamined before any RFP for commingled index investment managers is issued. It will be necessary for Section IV.C.vii of the IPS to be amended in order to acknowledge the use or potential use of certain defined derivatives by commingled index investment managers. Perhaps Mercer as Investment Consultant can provide some education, perspective and guidance on this issue to assist BWC staff and the Investment Committee on ways to address this issue.

Ohio Bureau of Workers' Compensation
Invested Assets Market Value Comparison
TOTAL FUNDS

Asset Sector	Market Value May 31, 2008	% Assets	Market Value Apr 30, 2008	% Assets	Increase (Decrease) Prior Month-End	% Change	Market Value June 30, 2007	% Assets	Increase (Decrease) Prior Fiscal Year-End	% Change
Bonds	13,750,594,500	77.3%	$14,023,749,507	78.1%	(273,155,007)	-1.9%	$13,506,132,582	80.1%	244,461,918	1.8%
Equity	3,477,639,650	19.5%	3,433,383,691	19.1%	44,255,959	1.3%	3,094,056,499	18.3%	383,583,151	12.4%
Net Cash - OIM	76,036,784	0.4%	18,802,676	0.1%	57,234,108	304.4%	16,853,230	0.1%	59,183,554	351.2%
Net Cash - Operating	388,582,114	2.2%	384,700,805	2.1%	3,881,309	1.0%	200,337,474	1.2%	188,244,640	94.0%
Net Cash - MIF, PWRF, SIEGF	97,036,813	0.5%	96,897,807	0.5%	139,006	0.1%	47,788,060	0.3%	49,248,753	103.1%
Total Net Cash	561,655,711	3.2%	500,401,288	2.8%	61,254,423	12.2%	264,978,764	1.6%	296,676,947	112.0%
Total Invested Assets	$17,789,889,861	100%	$17,957,534,486	100%	($167,644,625)	-0.9%	$16,865,167,844	100%	$924,722,017	5.5%

OIM: Outside Investment Managers
MIF: Marine Industry Fund; **PWRE**: Public-Work Relief Employees' Fund **SIEGF**: Self-Insuring Employers' Guaranty Fund

Market Value of Bonds and Stocks includes accrued investment income.

Net Cash includes the impact of net trade receivables/payables, accrued money market earnings, and accrued investment manager fees.

May/April 2008 Comparisons

- Net investment income in May 2008 was a negative $161 million representing a net portfolio return of -0.91% (unaudited).
- Bond market value decrease of $273.2 mm comprised of $85.6 mm in interest income, ($289.0) mm in net realized/unrealized losses, $9.0 mm in ancillary portfolio fund redemptions to cash, and $60.8 mm in OIM net bond sales (increasing net cash balances accordingly).
- Equity market value increase of $44.3 mm comprised largely of $7.8 mm of dividend income, $34.4 mm in net realized/unrealized gains and $3.6 mm in lower OIM net cash balances.
- Net cash balances increased $61.3 mm in May 2008 largely due to increased OIM cash balances ($57.2mm) and increased operating cash balances ($3.9mm).
  JPMorgan US Govt. money market fund had 30-day average yield of 2.25% for May 2008 (2.51% for Apr08) and 7-day average yield of 2.27% on 5/31/08 (2.35% on 4/30/08).

May 2008/June 2007 YTD Comparisons

- Net investment income YTD of $888 million comprised of $789 mm of investment income and $111 mm of net realized/unrealized gains, offset slightly by $12 mm in fees.
- A total of $588 mm YTD has been shifted from Bonds to Equities due to ancillary fund portfolio transitions ($283 mm) and portfolio rebalancing actions ($305 mm).
  An additional $201 mm YTD was shifted from Bonds to Cash to fund operating expenses ($164 mm) and to execute two ancillary fund portfolio transitions ($37 mm).
- Bond market value increase of $244 mm comprised of $707 mm in interest income and $378 mm of net realized/unrealized gains, reduced by $789 mm in redemptions (see preceding bullet) and $52 mm in higher OIM cash balances.
- Equity market value increase of $384 mm comprised largely of $57 mm in dividend income and $588 mm inflow from transitions/rebalancing, reduced by $268 mm in realized/unrealized losses.

First Quarter 2008

Performance Evaluation

Ohio Bureau of Workers Compensation (BWC)

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Consulting. Outsourcing. Investments.

Mercer
10 South Wacker Drive, Suite 1700
Chicago, IL 60606-7500
312-902-7500

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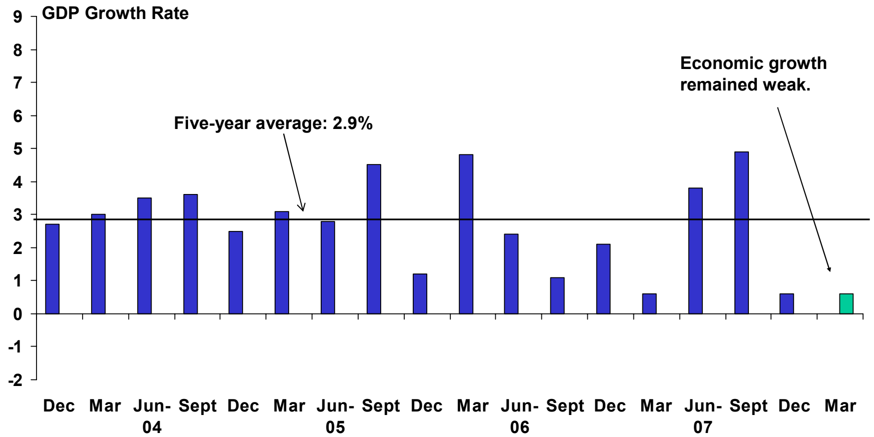
Market Environment

Economic Environment

For Periods Ending March 2008

Economic Profile

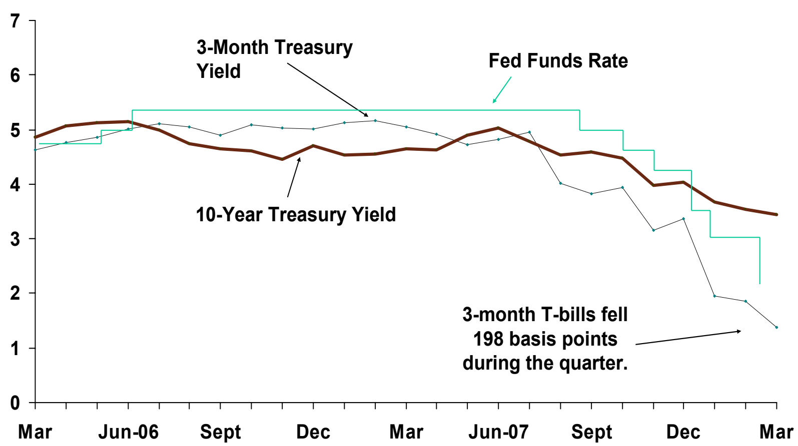
GDP Growth Rate



- The economy edged closer to recession during the quarter amid rising unemployment, weak consumer spending and the ongoing housing slump. The initial government estimate of first-quarter GDP growth was 0.6%
- Payroll employment declined for the third consecutive month in March, pushing the unemployment rate to nearly a 3-year high of 5.1%. Job losses totaled 232,000 during the quarter.
- Consumer confidence sank to a 5-year low in March amid concerns over rising prices and a bleak job market. Retail sales fell in February as consumers curtailed spending. On an annual basis, the retail sales growth rate slowed to 2.6%.
- The housing market worsened as home foreclosures and delinquency rates continued to rise. New home sales fell to their lowest level in 13 years in February, despite a record drop in prices.

Interest Rates and Inflation

Treasury Yields



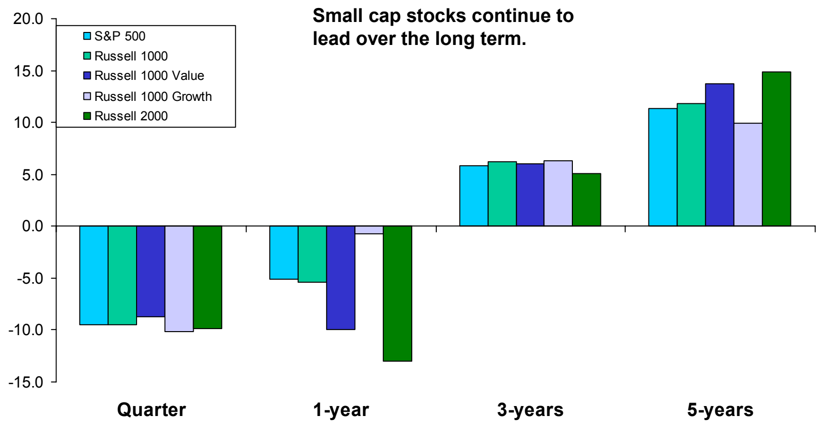
- The Fed slashed short-term interest rates a total of 200 basis points during the quarter, bringing the federal funds rate to 2.25%.
- Rates fell across the yield curve as investors fled to the safety of U.S. Treasuries. The 2-year Treasury yield fell 143 basis points to 1.62% and the 10-year Treasury yield fell 59 basis points to 3.45%. The 2- to 10-year yield slope steepened by 84 basis points.
- Over the quarter, the 3-month T-bill yield decreased 198 basis points to 1.38%, while the yield on 30-year Treasuries fell 15 basis points to 4.30%.
- Consumer prices held steady in February, but rose 0.8% for the quarter and increased 4.0% on a year-over-year basis. Core CPI was up 2.4% from a year ago.

Equity Market Performance

For Periods Ending March 2008

Domestic Equity Market Performance

Market Index Performance



- The stock market suffered losses during the first quarter amid concerns over negative corporate earnings and the credit and financial system crises. The S&P 500 Index was down 9.4%, its worst quarterly return in 5½ years, while the Russell 1000 Index lost 9.5%.
- Small cap stocks, as measured by the Russell 2000 Index, underperformed large cap stocks by a small margin, losing 9.9%.
- Growth underperformed value across all market capitalizations during the quarter. Large cap growth stocks were down 10.2%, while large cap value stocks lost 8.7%. Small cap growth stocks, down 12.8%, were the weakest performers.
- The technology, telecommunication and financial sectors suffered the largest losses during the quarter. Losses were least severe in the consumer staples and materials sectors.

Russell 1000 Sector Returns

Sector	Qtr Return	Weight
Energy	-6.7	12.9
Materials	-2.8	4.0
Consumer Discretionary	-7.7	9.3
Consumer Staples	-2.5	10.3
Health Care	-10.9	11.6
Financials	-13.3	16.8
Information Technology	-15.0	15.5
Telecommunication Services	-14.5	3.3
Utilities	-9.7	3.9
Industrials	-5.2	12.4

Source: Returns and security data for the Russell indices are provided by Russell/Mellon Analytical Services.
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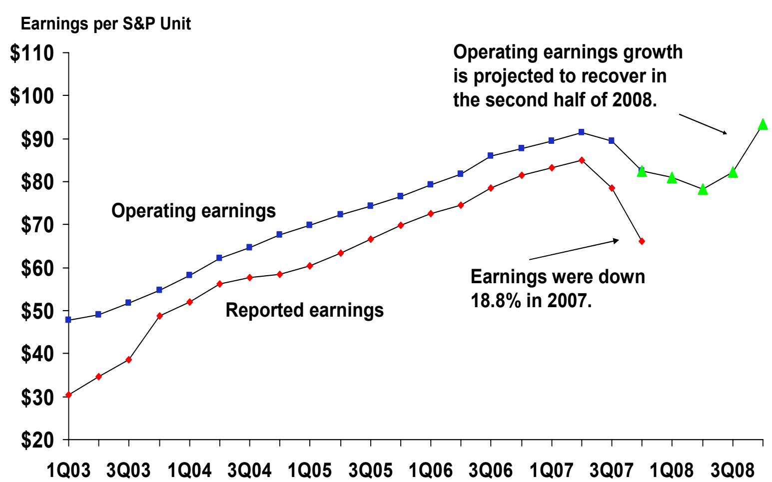
Russell® is a trademark of the Frank Russell Company.

S&P 500 Trailing 4-Quarter Earnings per Unit



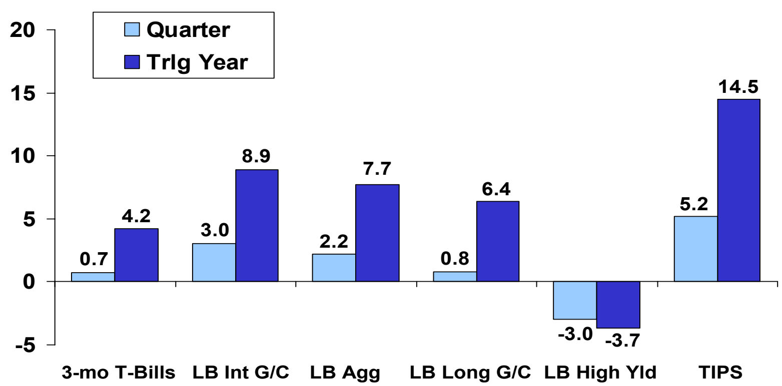
Source: Standard & Poor's

Fixed Income Market Performance

For Periods Ending March 2008

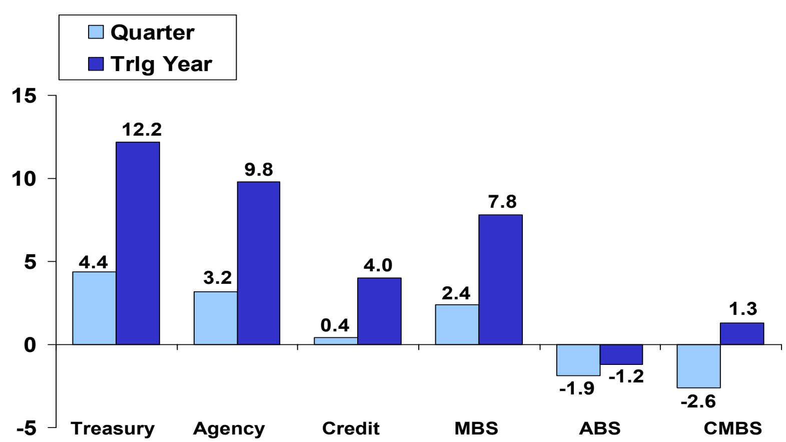
Fixed Income Market Performance

Performance by Maturity and Sector

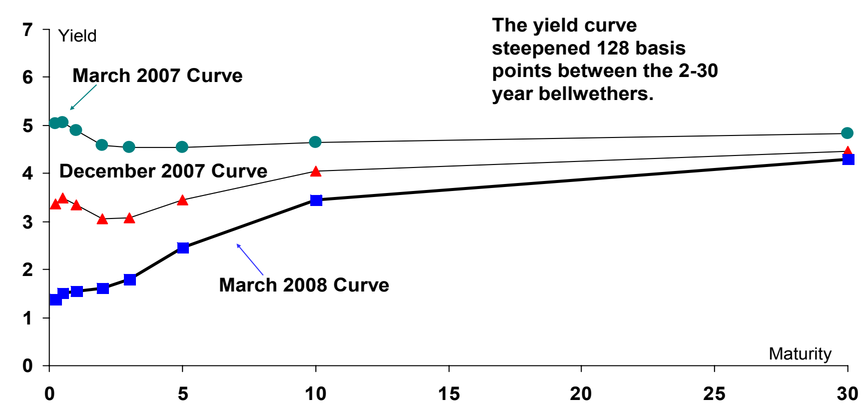


- The investment-grade bond market posted positive results during the first quarter due primarily to strong non-spread bond performance. The Lehman Brothers Aggregate Bond Index advanced 2.2%.
- Treasuries outperformed all spread sectors, gaining 4.4% for the quarter. Intermediate-term Treasuries outperformed both short- and longer-maturity Treasuries.
- The Lehman Brothers Credit Index edged up 0.4% during the quarter. In general, intermediate-term bonds outperformed long-term maturity issues. High-quality outperformed lower-rated debt as Aaa-rated issues returned 3.4% while Baa-rated bonds lost 1.1%. On average, credit spreads widened 96 basis points during the quarter.
- The Lehman Brothers MBS Index gained 2.4% for the quarter. CMBS and ABS were the worst performers in the investment grade index, losing 2.6% and 1.9% respectively.

Performance by Issuer



Treasury Yield Curves



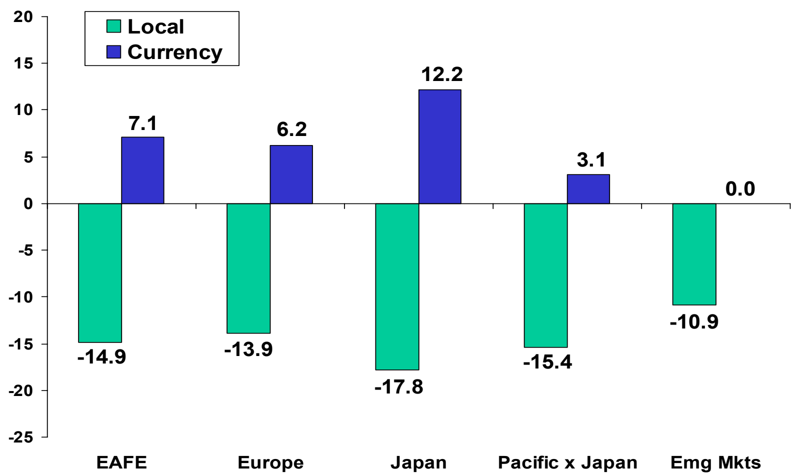
Mercer

Other Markets

For Periods Ending March 2008

International Equity Market Performance

Regional Performance for the Quarter



- The international equity markets suffered widespread losses during the quarter, as the MSCI EAFE Index fell 8.8% in U.S. dollar terms. In local currency terms, the Index was down 14.9%.
- The dollar continued to fall, reaching a record low versus the euro and a 12-year low versus the yen in March.
- The Pacific region was down 9.5% for the quarter. The Pacific ex-Japan region declined 12.8% because of weak performance in Hong Kong, which posted an 18.9% loss.
- The European region declined 8.6% during the quarter. Germany was down 11.7%, while the U.K. and France lost 10.5% and 8.3% respectively.
- Stocks in the developing markets retreated as the MSCI EM Index fell 10.9% in dollar terms for the quarter. EM Asia and EM Europe were the weakest-performing regions, losing 14.1% and 13.3% respectively. The EM Latin America region held up best, losing 1.4%.

Other Asset Classes

High Yield Bonds

- The Lehman Brothers High Yield Bond Index was down 3.0% for the quarter, its worst quarterly return since June 2002. The average yield spread versus Treasuries widened 222 basis points during the quarter.
- Long-term bonds underperformed intermediate-term issues. By quality, lower-rated bonds underperformed higher-rated bonds by a wide margin. Ba-rated issues lost 1.2%, while Ca-D bonds fell 20.3%.

Real Estate

- Equity REITS, as measured by the FTSE NAREIT Index, returned 1.4% during the quarter.
- The latest data available for the private real estate market showed a fourth-quarter gain of 3.2% for the NCREIF Property Index.

Inflation Indexed Bonds

- Treasury Inflation Protected Securities (TIPS) were up 5.2% for the quarter, outperforming Treasuries by 75 basis points.

Commodities

- The S&P GSCI Index declined in March, but gained 9.9% for the quarter. Industrial metals, up 20.7%, was the top-performing sector, followed by energy, which gained 10.9%.

International Bonds

- The Citigroup Non–U.S. Government Bond Index returned 10.9% in U.S. dollar terms during the quarter, with most countries reporting double-digit gains.
- The Lehman Brothers Emerging Markets Index edged up 0.2% in the first quarter. The Emerging Americas gave up 0.3%, while the remaining regions saw modest gains.

Market Returns Summary

For Periods Ending March 2008

		QTR	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	-9.4	-9.4	-5.1	5.9	11.3	3.5
	Russell 1000 Value	-8.7	-8.7	-10.0	6.0	13.7	5.5
	Russell 1000 Growth	-10.2	-10.2	-0.7	6.3	10.0	1.3
	Russell MidCap	-10.0	-10.0	-8.9	7.4	16.3	7.7
	Russell MidCap Value	-8.6	-8.6	-14.1	6.6	16.8	8.2
	Russell MidCap Growth	-10.9	-10.9	-4.6	7.8	15.2	5.2
	Russell 2000	-9.9	-9.9	-13.0	5.1	14.9	5.0
	Russell 2000 Value	-6.5	-6.5	-16.9	4.3	15.4	7.5
	Russell 2000 Growth	-12.8	-12.8	-8.9	5.7	14.2	1.7
	Russell 3000	-9.5	-9.5	-6.1	6.1	12.1	3.9
	Mercer Large Cap Value Equity Peer Group median	-8.8	-8.8	-6.8	6.7	14.1	6.4
	Mercer Large Cap Growth Equity Peer Group median	-10.9	-10.9	0.4	7.4	11.5	4.8
	Mercer Small Cap Value Equity Peer Group median	-7.2	-7.2	-13.7	5.6	16.6	9.0
	Mercer Small Cap Growth Equity Peer Group median	-14.5	-14.5	-8.9	6.3	14.5	6.6
Fixed Income	Citigroup Brothers 3-Month T-Bill	0.7	0.7	4.2	4.2	3.0	3.6
	Lehman Brothers Int. Gov't/Credit	3.0	3.0	8.9	5.7	4.4	5.9
	Lehman Brothers Gov't/Credit	2.5	2.5	8.4	5.5	4.6	6.1
	Lehman Brothers Aggregate	2.2	2.2	7.7	5.5	4.6	6.0
	Lehman Brothers Intermediate Government	4.1	4.1	11.2	6.3	4.3	5.8
	Lehman Brothers Long Gov't/Credit	0.8	0.8	6.4	5.1	5.5	6.9
	Lehman Brothers Mortgages	2.4	2.4	7.8	5.8	4.8	6.0
	Lehman Brothers TIPS	5.2	5.2	14.5	6.7	6.8	8.2
	Lehman Brothers High Yield	-3.0	-3.0	-3.7	4.9	8.6	4.8
	*Mercer Core Fixed Income Peer Group median***	1.5	1.5	6.3	5.3	4.8	6.1
International	MSCI EAFE	-8.8	-8.8	-2.3	13.8	21.9	6.6
	MSCI Emerging Markets	-10.9	-10.9	21.7	29.6	36.0	12.5
	Citigroup Non-US Gov't Bond	10.9	10.9	22.3	7.4	9.0	7.4
	Citigroup Non-US Gov't Bond - Hedged	2.1	2.1	6.1	4.9	4.3	5.6
	*Mercer International Equity Universe median***	-8.9	-8.9	-0.4	15.4	22.8	8.3
Miscellaneous	NCREIF Property Index***	3.2	3.2	15.8	17.5	15.1	12.9
	FTSE NAREIT	1.4	1.4	-17.4	11.7	18.3	10.7
	Merrill Lynch Inv. Grade Convertible	-2.0	-2.0	4.2	5.8	5.7	4.6
	Goldman Sachs Commodity Index	9.9	9.9	38.6	8.4	16.0	11.4
Inflation	CPI	0.8	0.8	4.0	3.4	2.7	2.8

Index at 12/31/07	**Dow Jones**	**NASDAQ**	**S&P 500**	**Russell 2000**	**Wilshire 5000**
	13,264.82	2,652.28	1,468.36	766.03	14,819.60
Index at 3/31/08	**Dow Jones**	**NASDAQ**	**S&P 500**	**Russell 2000**	**Wilshire 5000**
	12,262.89	2,279.10	1,322.70	687.97	13,332.00

* Annualized
** Preliminary
*** The NCREIF Property returns are one quarter in arrears.

Domestic Equity – Largest Positive & Negative Contributors to S&P 500

For First Quarter 2008

Domestic Equity - Largest Positive & Negative Contributors to S&P 500
For Periods Ending March 31, 2008

S&P 500 Quarterly Return = -9.44%

25 Largest Positive Contributors

Stock	Return (%)	End of Quart Weight	Cap Rank
WAL MART STORES INC COM	11.33%	1.09%	14
IBM CORP COM	6.89%	1.40%	9
EOG RES INC COM	34.59%	0.26%	93
YAHOO INC	24.38%	0.34%	71
DEVON ENERGY CORP NEW COM	17.52%	0.41%	56
CELGENE CORP	32.63%	0.23%	103
XTO ENERGY INC COM	20.68%	0.28%	88
GILEAD SCIENCES INC COM	12.00%	0.42%	51
CSX CORP COM	27.88%	0.20%	122
APACHE CORP COM	12.62%	0.35%	68
CATERPILLAR INC	8.44%	0.43%	50
COMCAST CORP NEW CL A	6.26%	0.51%	37
CHESAPEAKE ENERGY CORP COM	17.90%	0.19%	130
QUALCOMM INC	4.54%	0.58%	31
UNITED PARCEL SVC INC CL B	3.91%	0.66%	29
GENERAL ELEC CO COM	0.77%	3.24%	2
DU PONT E I DE NEMOURS & CO	6.99%	0.37%	64
BURLINGTON NORTH SANTA FE CORP	11.19%	0.24%	99
ZIMMER HLDGS INC COM	17.70%	0.16%	158
NUCOR CORP	15.27%	0.17%	147
APPLIED MATLS INC COM	10.20%	0.23%	105
TYCO INTERNATIONAL LTD BERMUDA	11.48%	0.19%	128
HOME DEPOT INC COM	4.66%	0.41%	54
PUBLIC STORAGE COM	21.47%	0.10%	244
TJX COS INC NEW COM	15.43%	0.13%	196

25 Largest Negative Contributors

Stock	Return (%)	End of Quarter Weight	Cap Rank
GOOGLE INC CL A	-36.30%	0.90%	24
MICROSOFT CORP COM	-19.96%	1.99%	4
APPLE INC	-27.55%	1.11%	13
EXXON MOBIL CORP	-9.36%	3.97%	1
MERCK & CO INC COM	-34.04%	0.72%	27
CITIGROUP INC COM	-26.42%	0.98%	20
AMERICAN INTL GROUP INC COM	-25.47%	0.96%	21
ALTRIA GROUP INC	-69.63%	0.41%	55
INTEL CORP	-20.05%	1.08%	15
UNITEDHEALTH GROUP INC COM	-40.91%	0.38%	60
WELLPOINT INC	-49.70%	0.21%	116
WACHOVIA CORP NEW COM	-27.52%	0.47%	45
SCHERING PLOUGH CORP COM	-45.73%	0.20%	120
VERIZON COMMUNICATIONS COM	-15.65%	0.92%	22
GOLDMAN SACHS GROUP INC COM	-22.96%	0.57%	32
SPRINT NEXTEL CORP COM SER 1	-49.05%	0.17%	152
CONOCOPHILLIPS	-13.20%	1.04%	17
CISCO SYS INC COM	-11.01%	1.26%	11
AT & T INC COM	-6.89%	2.03%	3
CHEVRON CORPORATION COM	-7.93%	1.55%	7
MOTOROLA INC COM	-41.71%	0.18%	131
LEHMAN BROS HLDGS INC COM	-42.29%	0.18%	144
SCHLUMBERGER LTD COM	-11.34%	0.91%	23
FANNIE MAE	-33.49%	0.23%	110
MERRILL LYNCH & CO INC	-23.57%	0.35%	70

Data Source: Compustat

Report Date: April 22, 2008

Executive Summary

Market Commentary

Economic conditions continued to weaken during the first quarter of 2008. Surging oil prices, the collapse of a major investment bank, depressed housing prices, and rising unemployment rates are increasing the likelihood of a recession in the first half of 2008. The advance estimate of annualized first-quarter GDP growth was 0.6%, following 0.6% growth in the fourth quarter and 4.9% growth in the third quarter. In response, the Federal Open Market Committee made significant cuts to the Federal Funds Target Rate, bringing it down to 2.25% from 4.25% at the end of December.

Consumer prices rose at an annual rate of 3.1% in the first quarter and 4.0% over the past 12 months as measured by the Consumer Price Index. Excluding volatile food and energy prices, the measure rose at an annual rate of 2.0% during the quarter and 2.4% over the past 12 months. The Producer Price Index for finished goods increased 6.9% over the past 12 months, up significantly since the middle of 2007 (2.3% in August). The Federal Reserve Board reported that preliminary production capacity utilization was 80.5% at the end of March, a decrease of 0.5% from the revised December number and 0.5% below the average for the period from 1972 – 2007. The unemployment rate rose to 5.1% from 5.0% at the end of December. The Consumer Confidence Index plunged and now sits at a five-year low.

Financial institutions and investment banks continued to make write-downs related to the sub-prime and credit crisis. In mid-March, the surprising collapse of Bear Stearns, one of the largest global investment banks, led the Federal Reserve to facilitate a merger with JPMorgan Chase. The failure of Bear Stearns prompted the Federal Reserve to open the discount window to investment banks, which should lower the risk of any further collapses among major financial institutions. Oil prices surged, surpassing $110/barrel. The housing market, as measured by the National Association of Home Builders/Wells Fargo Housing Market Index, showed signs of stabilizing off of the December low. Home prices, as measured by the S&P/Case-Shiller 20-City Composite Home Price Index, declined 10.7% annually as of January. The yield curve became significantly steeper as 3-month Treasuries fell from 3.36% at the end of December to 1.38% at the end of March. Ten-year Treasuries experienced a more modest decline, falling from 4.04% to 3.45%.

It was a poor start to the year for the equity markets, both domestically and internationally. The large cap domestic equity market declined 9.5% during the first quarter, as measured by the Russell 1000 Index. No sector posted gains during the quarter, while the technology (–14.6%) and financial services (–13.2%) sectors were hit hardest. The autos & transportation (–1.7%) and other energy (–2.4%) sectors outperformed on a relative basis. Small cap stocks, as measured by the Russell 2000 Index, declined 9.9% during the quarter, slightly trailing large cap equity. Reversing the recent market trend, value outperformed growth in both the large and small cap markets during the first quarter.

The international equity markets were hit nearly as hard as the domestic equity markets, falling 8.8% in U.S. dollar terms as measured by the MSCI EAFE Index. The dollar's continued slide added value during the period, as the index returned –14.9% in local currency terms. The weakest performers during the quarter included Hong Kong (–18.9% in U.S. dollar terms) and Greece (–15.8% in U.S. dollar terms). Denmark (0.4%) was the sole developed market to generate a positive return in U.S. dollar terms during the quarter. Emerging markets underperformed their developed counterparts during the first quarter, declining 10.9% in both U.S. dollar terms and local currency terms, as measured by the MSCI EM Index. Turkey (–38.3%), India (–27.0%), and China (–23.7%) posted significant losses in U.S. dollar terms during the quarter. Not all emerging markets struggled, however, as Morocco generated a 33.8% return.

The fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, significantly outperformed the equity markets and advanced 2.2% during the first quarter. Longer-term issues lagged shorter-term issues during the quarter, as the Lehman Brothers Long-Term Government/Credit Bond Index returned 0.8%. Corporate bonds declined 0.2% during the quarter, as measured by the Lehman Brothers U.S. Corporate Bond Index. The flight to quality continued in the bond market, as AAA issues significantly outperformed lower-quality issues. High-yield bonds continued to lag and declined 3.0% during the quarter, as measured by the Lehman Brothers U.S. Corporate High Yield Bond Index. Mortgages, as measured by the Lehman Brothers Mortgage-Backed Securities Index, returned 2.4% during the quarter, while Treasuries, as measured by the Lehman Brothers Treasury Bond Index, appreciated 4.4% during the quarter.

All Funds Composite

At the end of the first quarter, the All Funds Composite (including alternative investments) held a balance of $17.91 billion, representing a decrease of approximately $80 million over the previous quarter's balance of $17.99 billion. Excluding alternative investments, the All Funds Composite held an ending first quarter balance of $17.88 billion, representing an increase of $256 million over the previous quarter.

On an absolute basis, the All Funds Composite (including alternative investments) returned -0.6%, and underperformed the policy benchmark by 40 basis points. Excluding alternative investments, the All Funds Composite returned -0.3%, underperforming the benchmark by 10 basis points.

Over the trailing one year period, the All Funds Composite (including alternative investments) returned 5.1% and underperformed the policy benchmark by 110 basis points. Over the same period, the All Funds Composite (excluding alternative investments) returned 5.6% and underperformed the benchmark by 60 basis points.

Over the trailing two year period, the All Funds Composite (including alternative investments) returned 5.6% and underperformed the benchmark by 190 basis points. Over the same period, the All Funds Composite (excluding alternative investments) returned 5.8%, underperforming the benchmark by 170 basis points.

At the end of the first quarter, the All Funds Composite held an underweight of 3.3% in domestic equities, an underweight of 5.6% in long duration fixed income and an underweight of -1.0% in TIPS. During the same period the Total Plan held a 1.2% overweight in short-term investments.

State Insurance Fund

The State Insurance Fund (SIF) held approximately $16.42 billion at the end of the first quarter representing a decrease of $80 million over the previous quarter. Excluding alternatives, the State Insurance Fund had an ending first quarter balance of 16.39 billion (representing an increase of $272 million over the previous quarter).

The State Insurance Fund's first quarter performance closely mirrored that of the All Funds Composite. On an absolute basis, the State Insurance Fund (including alternative investments) returned -0.6% and underperformed the policy benchmark by 30 basis points. Excluding alternative investments, the State Insurance Fund returned -0.3% and approximated the returns of the policy benchmark.

During the trailing one year period, the SIF also performed in a similar fashion to the All Funds Composite: Including alternative investments, the State Insurance Fund returned 5.1% over the trailing one year period and underperformed the policy benchmark by 100 basis points. Excluding alternative investments the State Insurance Fund returned 5.7% and underperformed the policy benchmark by 40 basis points.

Over the trailing two year period, the SIF (including alternatives and excluding alternatives) returned 5.6%. Both with and without alternatives, the State Insurance Fund underperformed the benchmark by 190 basis points.

At the end of the quarter, the SIF held in overweight allocations of 0.7% in TIPS, 1.4% in short-term investments, 0.3% in alternative investments and 0.1% in miscellaneous investments. During the same period, the SIF held underweight positions in equity (-1.8%) and long duration bonds (-0.7%).

Public Equity Composite (Northern Trust)

The Northern Trust Global Large Cap S&P 500 Index Fund (NT S&P 500 Index) returned -9.4% over the first quarter and approximated the returns of the benchmark (the S&P 500 Index). With the exception of autos and transportation, all the major sectors in the S&P 500 Index underperformed over the first quarter. Most noticeably, technology (-14.4%), financial services (-13.7%), health care (-10.8%) and utilities (-11%) were the largest sources of negative return over the quarter.

The Public Equity Composite is comprised of the SIF NT S&P 500 Index Fund, the Disabled Workers Retirement Fund (DWRF), NT S&P 500 Index Fund and the Black Lung NT S&P 500 Index Fund. During the quarter, all these funds returned -9.4%.

At the end of the quarter, Northern Trust represented 18.1% of the All Fund's balance.

Fixed Income

LDFI Composite

The Long Duration Fixed Income (LDFI) Composite is comprised of the State Insurance Fund LDFI Index, the Disabled Workers Retirement LDFI Composite and the Black Lung LDFI Composite. On a gross basis, the LDFI Composite outperformed the returns of the U.S. Gov/ Credit Long Term Index by 10 basis points over the quarter. After fees, the composite approximated the returns of the index.

The State Insurance Fund LDFI Index is comprised of the BGI Long Duration Fixed Income Fund and the State Street Long Duration Fixed Income Fund. The DWRF and Black Lung LDFI composites are solely invested in the State Street Long Duration fixed income strategy.

Barclays

The Barclays Long Duration Fixed Income Fund returned 0.8% over the first quarter and approximated the returns of the Lehman Brothers U.S. Gov/ Credit Long Term Index.

At the end of the quarter, Barclays represented 8.9% or $1.59 billion of the All Fund's balance.

State Street

The State Street Long Duration Fixed Income Fund held $8.83 billion at the end of the first quarter, representing 49.2% of the All Fund's balance. During the first quarter, the portfolio returned 0.9% and outperformed the Lehman Brothers U.S. Gov/ Credit Long Term Index by 10 basis points.

TIPS Composite

The TIPS Composite is composed of the State Insurance Fund TIPS Index, Disabled Workers Retirement Fund TIPS Index and the Black Lung TIPS Index. The TIPS Composite approximated the returns of the Lehman Brothers US TIPS index (5.2%) over the quarter. All of the Bureau's TIPS Portfolios are solely invested in the State Street TIPS Index Fund.

At the end of the first quarter, the TIPS Composite held approximately $3.70 billion or 20.7% of the All Fund's balance.

Private Equity

As of December 31, 2007, the Ohio BWC's total private equity portfolio had an estimated internal rate of return (IRR) of 2.74%. This return was below the median IRR of 6.30% (calculated using Venture Xpert's IRR data by vintage year for all private equity weighted according to the BWC's weighted average allocation by vintage year).

During the fourth quarter in 2007, the BWC saw approximately $3.75 million of contributions (capital calls) and received approximately $2.15 million in distributions from the total private equity portfolio. The Fund also received an estimated $285.43 million from the sale of partnership interests during the quarter.

It is important to note that to date, the Ohio BWC has liquidated the vast majority of its private equity portfolio. Therefore, the reported performance (IRRs) for the BWC's Private Equity Partnerships will also reflect the recent demand and supply characteristics of the secondary market in addition to all recent (to December 31, 2007) and historical contributions and distributions:

- The buyout fund's composite IRR (as of December 31, 2007) was 13.87% as compared to an 8.00% median IRR for buyout funds with similar vintage years.
- The Ohio BWC's fund-of-fund composite IRR (as of December 31, 2007) was 4.49% as compared to a -4.06% median IRR for fund-of-funds with similar vintage years.
- The BWC's mezzanine fund composite IRR (as of December 31, 2007) was -1.46% as compared to a 7.50% median IRR for mezzanine funds with similar vintage years.
- The BWC's venture capital partnerships had an overall composite level IRR of -10.19% at the end of the fourth quarter in 2007 and trailed the 6.30% median IRR for venture capital funds with similar vintage years.

Asset Allocation and Performance

Ohio Bureau of Workers Compensation (BWC)

Asset Summary

As of March 31, 2008

		Total Market Value	% of Total Fund		% of Asset Class	
All Funds Composite	**$**	**17,913.9**	**100.0**	**%**	**100.0**	**%**
SIF Fund Composite		**16,418.1**	**91.6**		**100.0**	
SIF Accounts		**16,373.6**	**91.4**		**100.0**	
State Street Global Advisors (SSGA LDFI)		7,976.9	44.5		48.7	
Barclays Global Investors (BGI LDFI)		1,590.9	8.9		9.7	
SSGA TIPS Index		3,402.9	19.0		20.8	
Northern Trust (NT) S&P 500 Index		2,992.9	16.7		18.3	
Miscellaneous Holding Account		7.4	0.0		0.0	
Alternative Investment - Coin		9.4	0.1		0.1	
Transition Account		1.2	0.0		0.0	
BWC Main Cash Account		392.0	2.2		2.4	
DWRF Fund Composite		**1,153.7**	**6.4**		**100.0**	
DWRF SSGA LDFI		702.0	3.9		60.9	
DWRF SSGA TIPS		242.8	1.4		21.0	
DWRF NT S&P 500		206.8	1.2		17.9	
Disabled Workers Retirement		2.0	0.0		0.2	
BLF Fund Composite		**245.9**	**1.4**		**100.0**	
Black Lung SSGA LDFI		147.0	0.8		59.8	
Black Lung SSGA TIPS		50.9	0.3		20.7	
Black Lung NT S&P 500		47.2	0.3		19.2	
Black Lung		0.8	0.0		0.3	
PWRF Fund Composite						
Public Workers Relief Fund		22.5	0.1		100.0	
MIF Fund Composite						
Marine Account		16.7	0.1		100.0	
SIEGF Fund Composite						
Self Insured Bond Fund		57.1	0.3		100.0	

All dollars in millions, numbers may not add due to rounding

Ohio Bureau of Workers Compensation (BWC)

Asset Summary

As of March 31, 2008

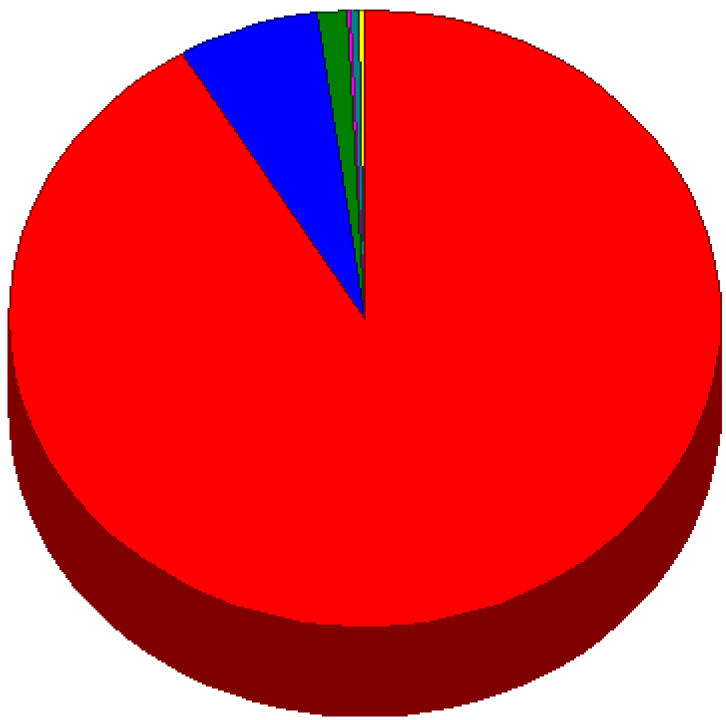
		Total Market Value	% of Total Fund		% of Asset Class	
Alternatives Composite	**$**	**44.5**	**0.2**	**%**	**100.0**	**%**
Private Equity - Distribution of Cash		2.5	0.0		5.7	
Private Equity		30.3	0.2		68.1	
Private Equity - Fund of Funds		8.4	0.0		19.0	
Private Equity - Venture Capital		3.2	0.0		7.2	

All dollars in millions, numbers may not add due to rounding

Ohio Bureau of Workers Compensation (BWC)
Asset Allocation
As of March 31, 2008

Breakdown by Composite

SIF Accounts	91.4%
DWRF Fund Composite	6.4%
BLF Fund Composite	1.4%
PWRF Fund Composite	0.1%
MIF Fund Composite	0.1%
SIEGF Fund Composite	0.3%
Alternatives Composite	0.2%



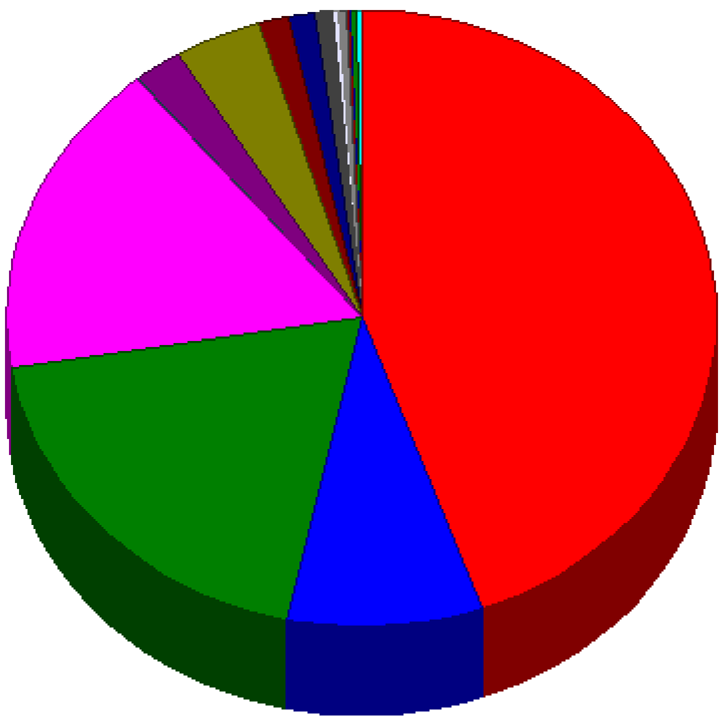
Total Market Value
$ 17,913,924,077

Numbers may not add due to rounding

Mercer

Ohio Bureau of Workers Compensation (BWC)
Asset Allocation
As of March 31, 2008

Detailed Breakdown



SSGA LDFI	44.5%
BGI LDFI	8.9%
SIF SSGA TIPS Index	19.0%
NT S&P 500 Index	16.7%
Miscellaneous Holding Account	0.0%
Alternative Investment - Coin	0.1%
Transition Account	0.0%
BWC Main Cash Account	2.2%
DWRF SSGA LDFI	3.9%
DWRF SSGA TIPS	1.4%
DWRF NT S&P 500	1.2%
Disabled Workers Retirement	0.0%
Black Lung SSGA LDFI	0.8%
Black Lung SSGA TIPS	0.3%
Black Lung NT S&P 500	0.3%
Black Lung	0.0%
Public Workers Relief Fund	0.1%
Marine Account	0.1%
Self Insured Bond Fund	0.3%
Private Equity - Distribution of Cash	0.0%
Private Equity	0.2%
Private Equity - Fund of Funds	0.0%
Private Equity - Venture Capital	0.0%

Total Market Value
$ 17,913,924,077

Numbers may not add due to rounding

Mercer

Ohio Bureau of Workers Compensation (BWC)

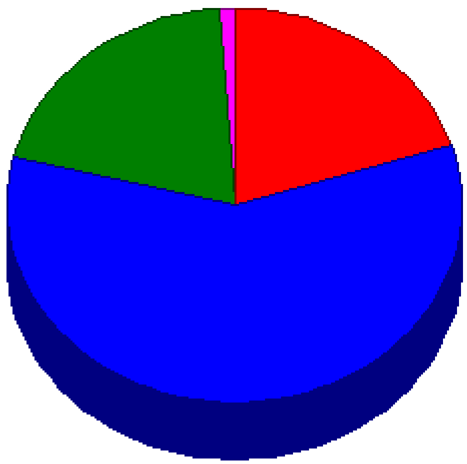
State Insurance Fund

Asset Allocation

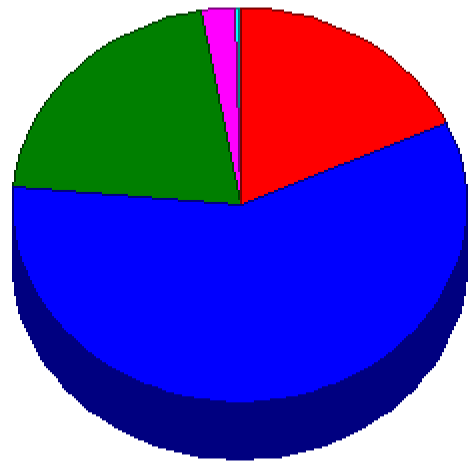
As of March 31, 2008

Policy

Equity	20.0 %
Long Duration	59.0 %
TIPS	20.0 %
Short Term Investments	1.0 %



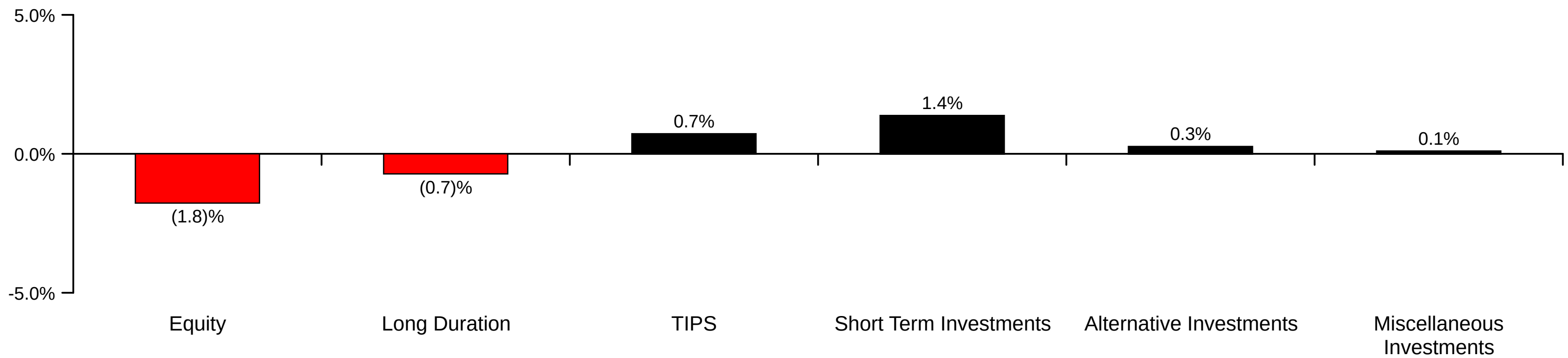
Actual



Equity	18.2 %
Long Duration	58.3 %
TIPS	20.7 %
Short Term Investments	2.4 %
Alternative Investments	0.3 %
Miscellaneous Investments	0.1 %

Total Market Value
$ 16,418,073,500

Asset Allocation vs. Policy



Numbers may not add due to rounding

Mercer

Ohio Bureau of Workers Compensation (BWC)

All BWC Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized Returns: 1 Year	2 Years	Inception to Date	Inception Date
All Funds Composite-Gross	**$ 17,913.9**	**100.0 %**	**(0.6)%**	**5.1 %**	**5.6 %**	**6.2 %**	**Jul 2005**
All Funds Composite-Net	**17,913.9**	**100.0**	**(0.6)**	**5.1**	**5.6**	**6.2**	**Jul 2005**
All Funds Ex-Alternatives Composite-Gross	**17,881.1**	**99.8**	**(0.3)**	**5.6**	**5.8**	**6.3**	**Jul 2005**
All Funds Ex-Alternatives Composite-Net	**17,881.1**	**99.8**	**(0.3)**	**5.6**	**5.8**	**6.2**	**Jul 2005**
All Funds Policy Benchmark			*(0.2)*	*6.2*	*7.5*	*5.7*	*Jul 2005*
SIF Fund Composite-Gross	**16,418.1**	**91.6**	**(0.6)**	**5.1**	**5.6**	**6.2**	**Jul 2005**
SIF Fund Composite-Net	**16,418.1**	**91.6**	**(0.6)**	**5.1**	**5.6**	**6.2**	**Jul 2005**
SIF Ex-Alternatives Composite-Gross	**16,385.2**	**91.5**	**(0.3)**	**5.7**	**5.6**	**6.2**	**Jul 2005**
SIF Ex-Alternatives Composite-Net	**16,385.2**	**91.5**	**(0.3)**	**5.7**	**5.6**	**6.0**	**Jul 2005**
SIF Policy Benchmark			*(0.3)*	*6.1*	*7.5*	*5.7*	*Jul 2005*
DWRF Composite-Gross	**1,153.7**	**6.4**	**(0.3)**	**4.7**	**--**	**5.0**	**Jan 2007**
DWRF Composite-Net	**1,153.7**	**6.4**	**(0.3)**	**4.7**	**--**	**5.0**	**Jan 2007**
DWRF Policy Benchmark			*0.8*	*7.1*	*--*	*7.0*	*Jan 2007*
BLF Composite-Gross	**245.9**	**1.4**	**(0.3)**	**4.7**	**--**	**5.0**	**Jan 2007**
BLF Composite-Net	**245.9**	**1.4**	**(0.3)**	**4.7**	**--**	**5.0**	**Jan 2007**
BLF Policy Benchmark			*0.8*	*7.1*	*--*	*7.0*	*Jan 2007*
PWRF Composite-Gross	**22.5**	**0.1**	**0.9**	**2.9**	**--**	**3.5**	**Jan 2007**
PWRF Composite-Net	**22.5**	**0.1**	**0.9**	**2.9**	**--**	**3.5**	**Jan 2007**
PWRF Policy Benchmark			*3.0*	*11.2*	*--*	*10.2*	*Jan 2007*
MIF Composite-Gross	**16.7**	**0.1**	**0.9**	**3.0**	**--**	**3.6**	**Jan 2007**
MIF Composite-Net	**16.7**	**0.1**	**0.9**	**3.0**	**--**	**3.6**	**Jan 2007**
MIF Policy Benchmark			*3.0*	*11.2*	*--*	*10.2*	*Jan 2007*
SIEGF Composite-Gross	**57.1**	**0.3**	**0.9**	**4.7**	**--**	**4.8**	**Jan 2007**
SIEGF Composite-Net	**57.1**	**0.3**	**0.9**	**4.7**	**--**	**4.8**	**Jan 2007**
SIEGF Policy Benchmark			*0.6*	*3.9*	*--*	*3.9*	*Jan 2007*

Ohio Bureau of Workers Compensation (BWC)

All BWC Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized Returns 1 Year	2 Years	Inception to Date	Inception Date
Bond Composite-Gross	**$ 14,113.4**	**78.8 %**	**2.0 %**	**--%**	**--%**	**2.0 %**	**Jan 2008**
Bond Composite-Net	**14,113.4**	**78.8**	**1.9**	**--**	**--**	**1.9**	**Jan 2008**
LDFI Composite-Gross	**10,416.8**	**58.1**	**0.9**	**--**	**--**	**0.9**	**Jan 2008**
LDFI Composite-Net	**10,416.8**	**58.1**	**0.8**	**--**	**--**	**0.8**	**Jan 2008**
SIF LDFI Composite-Gross	9,567.8	53.4	0.9	6.5	--	6.5	April 2007
SIF LDFI Composite-Net	9,567.8	53.4	0.8	6.5	--	6.5	April 2007
DWRF SSGA LDFI-Gross	702.0	3.9	0.9	--	--	3.4	Nov 2007
DWRF SSGA LDFI-Net	702.0	3.9	0.9	--	--	3.4	Nov 2007
Black Lung SSGA LDFI-Gross	147.0	0.8	0.9	--	--	3.5	Nov 2007
Black Lung SSGA LDFI-Net	147.0	0.8	0.9	--	--	3.5	Nov 2007
Lehman Brothers U.S. Gov/Credit-Long Term			*0.8*	*6.4*	*6.9*	*3.0*	*Nov 2007*
TIPS Composite-Gross	**3,696.6**	**20.6**	**5.2**	**--**	**--**	**5.2**	**Jan 2008**
TIPS Composite-Net	**3,696.6**	**20.6**	**5.2**	**--**	**--**	**5.2**	**Jan 2008**
SIF SSGA TIPS Index-Gross	3,402.9	19.0	5.2	14.5	--	14.6	Feb 2007
SIF SSGA TIPS Index-Net	3,402.9	19.0	5.2	14.5	--	14.6	Feb 2007
DWRF SSGA TIPS-Gross	242.8	1.4	5.2	--	--	9.1	Nov 2007
DWRF SSGA TIPS-Net	242.8	1.4	5.2	--	--	9.1	Nov 2007
Black Lung SSGA TIPS-Gross	50.9	0.3	5.2	--	--	9.1	Nov 2007
Black Lung SSGA TIPS-Net	50.9	0.3	5.1	--	--	9.0	Nov 2007
Lehman Brothers US Treasury: US TIPS			*5.2*	*14.5*	*9.8*	*5.2*	*Jan 2008*
Lehman Brothers US Treasury: US TIPS			*5.2*	*14.5*	*9.8*	*14.6*	*Feb 2007*
Lehman Brothers US Treasury: US TIPS			*5.2*	*14.5*	*9.8*	*9.2*	*Nov 2007*
Equity Composite-Gross	**3,297.7**	**18.4**	**(10.1)**	**--**	**--**	**(10.1)**	**Jan 2008**
Equity Composite-Net	**3,297.7**	**18.4**	**(10.1)**	**--**	**--**	**(10.1)**	**Jan 2008**
Dow Jones Wilshire 5000			*(9.5)*	*(5.8)*	*2.4*	*(9.5)*	*Jan 2008*
Public Equity Composite-Gross	**3,246.9**	**18.1**	**(9.4)**	**--**	**--**	**(9.4)**	**Jan 2008**
Public Equity Composite-Net	**3,246.9**	**18.1**	**(9.4)**	**--**	**--**	**(9.4)**	**Jan 2008**
SIF NT S&P 500 Index-Gross	2,992.9	16.7	(9.4)	--	--	(7.7)	Aug 2007
SIF NT S&P 500 Index-Net	2,992.9	16.7	(9.4)	--	--	(7.7)	Aug 2007
DWRF NT S&P 500-Gross	206.8	1.2	(9.4)	--	--	(12.4)	Oct 2007
DWRF NT S&P 500-Net	206.8	1.2	(9.4)	--	--	(12.4)	Oct 2007
Black Lung NT S&P 500-Gross	47.2	0.3	(9.4)	--	--	(12.4)	Oct 2007
Black Lung NT S&P 500-Net	47.2	0.3	(9.4)	--	--	(12.4)	Oct 2007
S&P 500 - Total Return Index			*(9.4)*	*(5.1)*	*3.0*	*(9.4)*	*Jan 2008*
S&P 500 - Total Return Index			*(9.4)*	*(5.1)*	*3.0*	*(7.8)*	*Aug 2007*
S&P 500 - Total Return Index			*(9.4)*	*(5.1)*	*3.0*	*(12.5)*	*Oct 2007*

Ohio Bureau of Workers Compensation (BWC)

All BWC Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized Returns 1 Year	2 Years	Inception to Date	Inception Date
SIF Alternative Composite-Gross	**$ 32.8**	**0.2 %**	**(71.3)%**	**(69.0)%**	**(42.8)%**	**(28.1)%**	**April 2005**
SIF Alternative Composite-Net	**32.8**	**0.2**	**(71.3)**	**(69.0)**	**(42.8)**	**(28.1)**	**April 2005**
Private Equity - Distribution of Cash	2.5	0.0	(19.2)	18.2	17.0	17.0	April 2006
SIF Private Equity	30.3	0.2	(72.5)	(70.3)	(45.9)	(38.2)	Jan 2006
Dow Jones Wilshire 5000 + 5%			*(7.3)*	*(0.8)*	*7.5*	*11.5*	*April 2005*
Miscellaneous Composite-Gross	**18.0**	**0.1**	**3.8**	**--**	**--**	**3.8**	**Jan 2008**
Miscellaneous Composite-Net	**18.0**	**0.1**	**3.8**	**--**	**--**	**3.8**	**Jan 2008**
SIF Miscellaneous Holding Account	7.4	0.0	9.6	30.6	--	17.8	Dec 2006
SIF Alternative Investment - Coin	9.4	0.1	0.0	--	--	0.0	Jan 2008
SIF Transition Account	1.2	0.0	1.6	--	--	1.6	Jan 2008
Cash Composite-Gross	**491.1**	**2.7**	**0.9**	**--**	**--**	**0.9**	**Jan 2008**
Cash Composite-Net	**491.1**	**2.7**	**0.9**	**--**	**--**	**0.9**	**Jan 2008**
BWC Main Cash Account-Gross	392.0	2.2	1.0	4.8	6.5	5.8	Jul 2005
BWC Main Cash Account-Net	392.0	2.2	1.0	4.8	6.5	5.8	Jul 2005
DWRF-Gross	2.0	0.0	1.1	7.2	6.1	4.7	Jul 2005
DWRF-Net	2.0	0.0	1.1	7.2	6.9	5.3	Jul 2005
Black Lung-Gross	0.8	0.0	0.9	6.5	6.0	4.9	Jul 2005
Black Lung-Net	0.8	0.0	0.9	6.5	6.5	5.4	Jul 2005
Public Workers Relief Fund-Gross	22.5	0.1	0.9	2.9	4.3	3.5	Jul 2005
Public Workers Relief Fund-Net	22.5	0.1	0.9	2.9	4.8	3.8	Jul 2005
Marine Account-Gross	16.7	0.1	0.9	3.0	4.3	3.9	Jul 2005
Marine Account-Net	16.7	0.1	0.9	3.0	4.7	4.2	Jul 2005
Self Insured Bond Fund-Gross	57.1	0.3	0.9	4.7	5.0	4.7	Jul 2005
Self Insured Bond Fund-Net	57.1	0.3	0.9	4.7	5.0	4.7	Jul 2005
U.S. 3-Month T-Bill			*0.6*	*3.9*	*4.3*	*4.1*	*Jul 2005*

Ohio Bureau of Workers Compensation (BWC)

State Insurance Fund

Performance Summary

Period Ending March 31, 2008

	Market Value	% of SIF Fund	Quarter		1 Year		2 Years	Inception to Date	Inception Date
					Annualized Returns				
SIF Fund Composite-Gross	**$ 16,418.1**	**100.0 %**	**(0.6)%**		**5.1 %**		**5.6 %**	**6.2 %**	**Jul 2005**
SIF Fund Composite-Net	**16,418.1**	**100.0**	**(0.6)**		**5.1**		**5.6**	**6.2**	**Jul 2005**
SIF Ex-Alternatives Composite-Gross	**16,385.2**	**99.8**	**(0.3)**		**5.7**		**5.6**	**6.2**	**Jul 2005**
SIF Ex-Alternatives Composite-Net	**16,385.2**	**99.8**	**(0.3)**		**5.7**		**5.6**	**6.0**	**Jul 2005**
SIF Policy Benchmark			*(0.3)*		*6.1*		*7.5*	*5.7*	*Jul 2005*
SIF Bond Composite-Gross	**12,970.7**	**79.0**	**2.0**	**30**	**8.5**	**20**	**--**	**7.9**	**Jan 2007**
SIF Bond Composite-Net	**12,970.7**	**79.0**	**1.9**	**30**	**8.5**	**20**	**--**	**7.9**	**Jan 2007**
Rank vs. US Fixed Income Billion Dollar Segment - Public									
US Fixed Income Billion Dollar Segment - Public Med			*1.2*		*6.0*		*6.4*	*--*	*--*
SIF LDFI Composite-Gross	**9,567.8**	**58.3**	**0.9**	**47**	**6.5**	**48**	**--**	**6.5**	**April 2007**
SIF LDFI Composite-Net	**9,567.8**	**58.3**	**0.8**	**47**	**6.5**	**48**	**--**	**6.5**	**April 2007**
SSGA LDFI-Gross	7,976.9	48.6	0.9	46	6.6	46	--	6.6	April 2007
SSGA LDFI-Net	7,976.9	48.6	0.9	47	6.6	47	--	6.6	April 2007
BGI LDFI-Gross	1,590.9	9.7	0.8	47	6.1	52	--	6.1	April 2007
BGI LDFI-Net	1,590.9	9.7	0.8	48	6.1	52	--	6.1	April 2007
Rank vs. Mercer US Fixed Long Duration Universe									
Mercer US Fixed Long Duration Universe Med			*0.5*		*6.4*		*7.0*	*--*	*--*
Lehman Brothers U.S. Gov/Credit-Long Term			*0.8*		*6.4*		*6.9*	*--*	*--*
SIF TIPS Composite-Gross	**3,402.9**	**20.7**	**5.2**		**17.2**		**--**	**14.6**	**Feb 2007**
SIF TIPS Composite-Net	**3,402.9**	**20.7**	**5.2**		**17.2**		**--**	**14.6**	**Feb 2007**
SSGA TIPS Index-Gross	3,402.9	20.7	5.2		14.5		--	14.6	Feb 2007
SSGA TIPS Index-Net	3,402.9	20.7	5.2		14.5		--	14.6	Feb 2007
Lehman Brothers US Treasury: US TIPS			*5.2*		*14.5*		*9.8*	*--*	*--*
SIF Equity Composite-Gross	**3,043.7**	**18.5**	**(10.2)**	**57**	**(5.5)**	**31**	**--**	**(3.7)**	**Jan 2007**
SIF Equity Composite-Net	**3,043.7**	**18.5**	**(10.2)**	**57**	**(5.5)**	**31**	**--**	**(3.7)**	**Jan 2007**
Rank vs. US Equity Billion Dollar Segment - Public									
US Equity Billion Dollar Segment - Public Med			*(10.1)*		*(6.8)*		*1.8*	*--*	*--*
Dow Jones Wilshire 5000			*(9.5)*		*(5.8)*		*2.4*	*(3.6)*	*Jun 2007*

Ohio Bureau of Workers Compensation (BWC)

State Insurance Fund

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Total Fund	Quarter	Annualized Returns: 1 Year	2 Years	Inception to Date	Inception Date
SIF Public Equity Composite-Gross	**$ 2,992.9**	**18.2 %**	**(9.4)% 44**	**(5.0)% 49**	**--%**	**(5.0)%**	**Feb 2007**
SIF Public Equity Composite-Net	**2,992.9**	**18.2**	**(9.4) 44**	**(5.0) 49**	**--**	**(5.0)**	**Feb 2007**
SIF NT S&P 500 Index-Gross	2,992.9	18.2	(9.4) 44	--	--	(7.7)	Aug 2007
SIF NT S&P 500 Index-Net	2,992.9	18.2	(9.4) 44	--	--	(7.7)	Aug 2007
Rank vs. Mercer US Equity Large Cap Core Universe							
Mercer US Equity Large Cap Core Universe Med			*(9.6)*	*(5.0)*	*3.2*	*--*	*--*
S&P 500 - Total Return Index			*(9.4)*	*(5.1)*	*3.0*	*(5.1)*	*Feb 2007*
S&P 500 - Total Return Index			*(9.4)*	*(5.1)*	*3.0*	*(7.8)*	*Aug 2007*
SIF Alternative Composite-Gross	**32.8**	**0.2**	**(71.3)**	**(69.0)**	**(42.8)**	**--**	**April 2005**
SIF Alternative Composite-Net	**32.8**	**0.2**	**(71.3)**	**(69.0)**	**(42.8)**	**--**	**April 2005**
Dow Jones Wilshire 5000 + 5%			*(7.3)*	*(0.8)*	*7.5*	*11.5*	*April 2005*
Miscellaneous Holding Account	7.4	0.0	9.6	30.6	--	17.8	Dec 2006
Alternative Investment - Coin	9.4	0.1	0.0	--	--	0.0	Jan 2008
Transition Account	1.2	0.0	1.6	--	--	1.6	Jan 2008
SIF Cash Composite-Gross	**392.0**	**2.4**	**1.0**	**4.8**	**7.0**	**6.2**	**Jul 2005**
SIF Cash Composite-Net	**392.0**	**2.4**	**1.0**	**4.7**	**6.4**	**5.8**	**Jul 2005**
BWC Main Cash Account-Gross	392.0	2.4	1.0	4.8	6.5	5.8	Jul 2005
BWC Main Cash Account-Net	392.0	2.4	1.0	4.8	6.5	5.8	Jul 2005
U.S. 3-Month T-Bill			*0.6*	*3.9*	*4.3*	*4.1*	*Jul 2005*

Ohio Bureau of Workers Compensation (BWC)

Ancillary Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Respective Fund	Quarter	Rank	1 Year	2 Years	Inception to Date	Inception Date
					Annualized Returns			
DWRF Composite-Gross	**$ 1,153.7**	**6.4 %**	**(0.3)%**		**4.7 %**	**--%**	**5.0 %**	**Jan 2007**
DWRF Composite-Net	**1,153.7**	**6.4**	**(0.3)**		**4.7**	**--**	**5.0**	**Jan 2007**
DWRF Policy Benchmark			*0.8*		*7.1*	--	*7.0*	*Jan 2007*
DWRF SSGA LDFI-Gross	702.0	3.9	0.9	46	--	--	3.4	Nov 2007
DWRF SSGA LDFI-Net	702.0	3.9	0.9	46	--	--	3.4	Nov 2007
Rank vs. Mercer US Fixed Long Duration Universe								
Mercer US Fixed Long Duration Universe Med			*0.5*		*6.4*	*7.0*	--	--
Lehman Brothers U.S. Gov/Credit-Long Term			*0.8*		*6.4*	*6.9*	--	--
DWRF SSGA TIPS-Gross	242.8	1.4	5.2		--	--	9.1	Nov 2007
DWRF SSGA TIPS-Net	242.8	1.4	5.2		--	--	9.1	Nov 2007
Lehman Brothers US Treasury: US TIPS			*5.2*		*14.5*	*9.8*	*9.2*	*Nov 2007*
DWRF NT S&P 500-Gross	206.8	1.2	(9.4)	44	--	--	(12.4)	Oct 2007
DWRF NT S&P 500-Net	206.8	1.2	(9.4)	44	--	--	(12.4)	Oct 2007
Rank vs. Mercer US Equity Large Cap Core Universe								
Mercer US Equity Large Cap Core Universe Med			*(9.6)*		*(5.0)*	*3.2*	--	--
S&P 500 - Total Return Index			*(9.4)*		*(5.1)*	*3.0*	*(12.5)*	*Oct 2007*
DWRF Operating Fund-Gross	2.0	0.0	1.1		7.2	6.1	4.7	Jul 2005
DWRF Operating Fund-Net	2.0	0.0	1.1		7.2	6.9	5.3	Jul 2005
U.S. 3-Month T-Bill			*0.6*		*3.9*	*4.3*	*4.1*	*Jul 2005*
BLF Composite-Gross	**245.9**	**1.4**	**(0.3)**		**4.7**	**--**	**5.0**	**Jan 2007**
BLF Composite-Net	**245.9**	**1.4**	**(0.3)**		**4.7**	**--**	**5.0**	**Jan 2007**
BLF Policy Benchmark			*0.8*		*7.1*	--	*7.0*	*Jan 2007*
Black Lung SSGA LDFI-Gross	147.0	0.8	0.9	46	--	--	3.5	Nov 2007
Black Lung SSGA LDFI-Net	147.0	0.8	0.9	46	--	--	3.5	Nov 2007
Rank vs. Mercer US Fixed Long Duration Universe								
Mercer US Fixed Long Duration Universe Med			*0.5*		*6.4*	*7.0*	--	--
Lehman Brothers U.S. Gov/Credit-Long Term			*0.8*		*6.4*	*6.9*	*3.0*	*Nov 2007*
Black Lung SSGA TIPS-Gross	50.9	0.3	5.2		--	--	9.1	Nov 2007
Black Lung SSGA TIPS-Net	50.9	0.3	5.1		--	--	9.0	Nov 2007
Lehman Brothers US Treasury: US TIPS			*5.2*		*14.5*	*9.8*	*9.2*	*Nov 2007*

Ohio Bureau of Workers Compensation (BWC)

Ancillary Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Respective Fund	Quarter		Annualized Returns 1 Year	2 Years	Inception to Date	Inception Date
Black Lung NT S&P 500-Gross	$ 47.2	0.3 %	(9.4)%	44	--%	--%	(12.4)%	Oct 2007
Black Lung NT S&P 500-Net	47.2	0.3	(9.4)	44	--	--	(12.4)	Oct 2007
Rank vs. Mercer US Equity Large Cap Core Universe								
Mercer US Equity Large Cap Core Universe Med			*(9.6)*		*(5.0)*	*3.2*	--	--
S&P 500 - Total Return Index			*(9.4)*		*(5.1)*	*3.0*	*(12.5)*	*Oct 2007*
Black Lung-Gross	0.8	0.0	0.9		6.5	6.0	4.9	Jul 2005
Black Lung-Net	0.8	0.0	0.9		6.5	6.5	5.4	Jul 2005
U.S. 3-Month T-Bill			*0.6*		*3.9*	*4.3*	*4.1*	*Jul 2005*
PWRF Composite-Gross	**22.5**	**0.1**	**0.9**		**2.9**	**--**	**3.5**	**Jan 2007**
PWRF Composite-Net	**22.5**	**0.1**	**0.9**		**2.9**	**--**	**3.5**	**Jan 2007**
Public Workers Relief Fund-Gross	22.5	0.1	0.9		2.9	4.3	3.5	Jul 2005
Public Workers Relief Fund-Net	22.5	0.1	0.9		2.9	4.8	3.8	Jul 2005
PWRF Policy Benchmark			*3.0*		*11.2*	--	*10.2*	*Jan 2007*
U.S. 3-Month T-Bill			*0.6*		*3.9*	*4.3*	*4.1*	*Jul 2005*

Ohio Bureau of Workers Compensation (BWC)

Ancillary Funds

Performance Summary

Period Ending March 31, 2008

	Market Value	% of Respective Fund	Quarter	Annualized Returns: 1 Year	2 Years	Inception to Date	Inception Date
MIF Composite-Gross	**$ 16.7**	**0.1 %**	**0.9 %**	**3.0 %**	**-- %**	**3.6 %**	**Jan 2007**
MIF Composite-Net	**16.7**	**0.1**	**0.9**	**3.0**	**--**	**3.6**	**Jan 2007**
Marine Account-Gross	16.7	0.1	0.9	3.0	4.3	3.9	Jul 2005
Marine Account-Net	16.7	0.1	0.9	3.0	4.7	4.2	Jul 2005
MIF Policy Benchmark			*3.0*	*11.2*	*--*	*10.2*	*Jan 2007*
U.S. 3-Month T-Bill			*0.6*	*3.9*	*4.3*	*4.1*	*Jul 2005*
SIEGF Composite-Gross	**57.1**	**0.3**	**0.9**	**4.7**	**--**	**4.8**	**Jan 2007**
SIEGF Composite-Net	**57.1**	**0.3**	**0.9**	**4.7**	**--**	**4.8**	**Jan 2007**
Self Insured Bond Fund-Gross	57.1	0.3	0.9	4.7	5.0	4.7	Jul 2005
Self Insured Bond Fund-Net	57.1	0.3	0.9	4.7	5.0	4.7	Jul 2005
SIEGF Policy Benchmark			*0.6*	*3.9*	*--*	*3.9*	*Jan 2007*
U.S. 3-Month T-Bill			*0.6*	*3.9*	*4.3*	*4.1*	*Jul 2005*

Private Equity Composite Level Totals (as of December 31, 2007)

Partnership	BWC Commitment	BWC Contributions to Date [1]	Distributions	Market Value as of 12/31/07 [2]	Net Annualized IRR	Upper Quartile [3]	Median	Lower Quartile
Buyout Fund Total	**$282,497,067**	**$239,269,563**	**$329,010,711**	**$2,944,232**	**13.87%**	**18.40%**	**8.00%**	**-0.10%**
Fund of Funds Total	**$100,000,000**	**$79,267,336**	**$88,895,846**	**$8,229,999**	**4.49%**	**-0.16%**	**-4.06%**	**-10.68%**
Mezzanine Total	**$60,000,000**	**$63,692,954**	**$66,254,425**	**$0**	**-1.46%**	**12.60%**	**7.50%**	**1.50%**
Venture Capital Total	**$371,642,000**	**$288,564,890**	**$219,321,226**	**$22,246,253**	**-10.19%**	**16.00%**	**4.90%**	**-2.10%**
Total	**$814,139,067**	**$670,794,743**	**$703,482,209**	**$33,420,484**	**2.74%**	**16.70%**	**6.30%**	**-1.40%**

1) BWC contributions to date (December 31, 2007) reflect all contributions made to the general partner for each fund. These amounts may not represent the funded amount against the commitment, as not all contributions are applicable towards the committed amount.

2) Market values utilized are provided by the general partner, when available. In the instances when managers did not provide market values as of December 31, 2007, estimates were calculated using actual market values as of the last date the market value was provided rolled forward to December 31, 2007, accounting for contributions and distributions during the interim time period.

3) As a benchmarking measure, the upper quartile, median, and lower quartile of IRRs at the composite level is presented for each fund category as taken from Venture Xpert. Data is as of December 31, 2007. Venture Xpert's returns are representative of the following periods:

- Buyout Fund: 1999-2007
- Fund of Funds: 2000-2007
- Mezzanine Funds: 1998-2007
- Venture Capital: 2000-2007
- Total: The total upper quartile, median quartile, and lower quartile values are weighted average IRRs calculated by taking Venture Xpert's upper, median, and lower quartile by vintage year and weighting those values according to BWC's weighted average allocation by vintage year for their private equity portfolio.

Buyout Funds

Partnership	Fund Name	Type	Vintage Year	BWC Commitment	BWC Contributions to Date [1]	Distributions	Market Value as of 12/31/07 [2]	Net Annualized IRR
Buyout Fund Total				**$282,497,067**	**$239,269,563**	**$329,010,711**	**$2,944,232**	**13.87%**
Brantley Partners	Brantley Partners IV, LP	Buyout	1999	$15,000,000	$15,684,411	$17,410,068	$0	2.45%
ABS Capital Partners	ABS Capital Partners IV, LP	Buyout	2000	$15,000,000	$13,334,632	$26,754,960	$0	23.75%
Behrman Capital	Behrman Capital III, LP	Buyout	2000	$20,000,000	$17,792,068	$21,654,666	$0	6.33%
Blue Point Capital Partners	Blue Point Capital Partners, LP	Buyout	2000	$10,000,000	$8,379,606	$10,400,073	$0	7.15%
Carlyle Group	Carlyle Partners III, LP	Buyout	2000	$15,000,000	$15,835,791	$31,901,602	$0	23.93%
Fremont Partners	Fremont Partners III, LP	Buyout	2000	$15,000,000	$15,230,655	$15,513,868	$0	1.55%
Halpern, Denney & Co.	Halpern Denny Fund III, LP	Buyout	2000	$20,000,000	$18,860,000	$20,043,067	$0	1.72%
Rosemont Investment Partners	Rosemont Partners I, LP	Buyout	2000	$5,000,000	$4,547,709	$3,707,773	$1,088,106	1.29%
Quad C Advisors	Quad-C Partners VI, LP	Buyout	2001	$15,000,000	$11,064,871	$22,528,754	$0	29.68%
Castle Harlan Inc.	Castle Harlan Partners IV, LP	Buyout	2002	$12,497,067	$12,431,966	$21,516,385	$0	29.57%
Wind Point Partners	Wind Point Partners V, LP	Buyout	2002	$10,000,000	$9,724,801	$12,431,466	$0	12.09%
Freeman Spogli & Co.	FS Equity Partners V, LP	Buyout	2003	$15,000,000	$10,020,634	$11,446,362	$0	8.86%
Kirtland Capital Corporation	Kirtland Capital Partners IV, LP	Buyout	2003	$5,000,000	$3,540,318	$2,443,055	$0	-18.98%
Levine Leichtman Capital Partners	Levine Leichtman Capital Partners III, LP	Buyout	2003	$15,000,000	$14,815,057	$12,448,260	$0	-15.70%
Sterling Partners	Sterling Capital Partners, LP	Buyout	2003	$15,000,000	$13,439,329	$21,664,030	$0	22.34%
Thayer Capital Partners	Thayer Equity Investors V, L.P.	Buyout	2003	$15,000,000	$13,796,176	$18,093,214	$0	12.77%
Carlyle Group	Carlyle Partners IV, LP	Buyout	2004	$20,000,000	$19,600,490	$31,783,476	$0	57.03%
MCM Capital Partners	MCM Capital Partners II, LP	Buyout	2004	$5,000,000	$1,394,460	$653,655	$0	-33.60%
Rosemont Investment Partners	Rosemont Partners II, LP	Buyout	2004	$10,000,000	$3,140,472	$562,961	$1,856,126	-15.12%
ABS Capital Partners	ABS Capital Partners V, LP	Buyout	2005	$20,000,000	$10,836,118	$19,399,660	$0	95.83%
Harbourvest Partners	HarbourVest Partners VII - Buyout Partnership	Buyout	2003-2005	$10,000,000	$5,800,000	$6,653,356	$0	3.80%

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2) Market values utilized are provided by the general partner when available. In the instances when managers did not provide market values as of December 31, 2007, estimates were calculated using actual market values as of the last date the market value was provided rolled forward to December 31, 2007, accounting for contributions and distributions that were made during the interim time period.

Fund-of-Funds and Mezzanine Funds

Partnership	Fund Name	Type	Vintage Year	BWC Commitment	BWC Contributions to Date [1]	Distributions	Market Value as of 12/31/07 [2]	Net Annualized IRR
Fund of Funds Total				**$100,000,000**	**$79,267,336**	**$88,895,846**	**$8,229,999**	**4.49%**
INVESCO Private Capital	Chancellor V, LP	Fund of Funds	2000	$20,000,000	$18,931,983	$5,551,518	$8,229,999	-8.11%
Peppertree Partners	The Peppertree Fund, LP	Fund of Funds	2000-2001	$10,000,000	$8,413,674	$11,353,799	$0	10.82%
Fort Washington Capital Partners	Fort Washington Private Equity Investors III	Fund of Funds	2000-2003	$15,000,000	$12,023,858	$11,824,295	$0	-0.44%
INVESCO Private Capital	INVESCO Venture Partnership Fund III, LP	Fund of Funds	2000-2004	$12,000,000	$8,520,751	$6,990,553	$0	-5.73%
INVESCO Private Capital	INVESCO US Buyout & Expansion Capital Fund III	Fund of Funds	2001-2003	$8,000,000	$4,168,772	$6,767,568	$0	16.45%
Lexington Partners	Lexington Capital Partners V, LP	Fund of Funds	2002	$20,000,000	$18,657,783	$38,596,923	$0	38.03%
Fort Washington Capital Partners	Fort Washington Private Equity Investors IV	Fund of Funds	2003-2005	$15,000,000	$8,550,515	$7,811,190	$0	-7.10%
Mezzanine Total				**$60,000,000**	**$63,692,954**	**$66,254,425**	**$0**	**-1.46%**
Smith Whiley & Company	SW Pelham Fund, L.P.	Mezzanine	1998	$20,000,000	$22,872,800	$9,971,365	$0	-27.94%
ABRY Partners	ABRY Mezzanine Partners, LP	Mezzanine	2001	$5,000,000	$6,911,152	$8,415,919	$0	11.75%
TCW/Crescent Mezzanine	TCW/Crescent Mezzanine Partners III, LP	Mezzanine	2001	$15,000,000	$14,192,188	$28,642,733	$0	37.31%
Babson Capital Management, LLC	Tower Square Capital Partners, LP	Mezzanine	2002	$10,000,000	$9,788,366	$8,753,100	$0	-6.09%
Smith Whiley & Company	SW Pelham Fund II, L.P.	Mezzanine	2003	$10,000,000	$9,928,449	$10,471,308	$0	2.98%

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2) Market values utilized are provided by the general partner, when available. In the instances when managers did not provide market values as of December 31, 2007, estimates were calculated using actual market values as of the last date the market value was provided rolled forward to December 31, 2007, accounting for contributions and distributions during the interim time period.

Venture Capital Funds

Partnership	Fund Name	Type	Vintage Year	BWC Commitment	BWC Contributions to Date [1]	Distributions	Market Value as of 12/31/07 [2]	Net Annualized IRR
Venture Capital Total				**$371,642,000**	**$288,564,890**	**$219,321,226**	**$22,246,253**	**-10.19%**
Athenian Venture Partners	Athenian Venture Partners II, LP	Venture	2000	$17,500,000	$16,999,666	$6,280,197	$6,780,117	-8.53%
Blue Chip Venture Company	Blue Chip IV, LP	Venture	2000	$20,000,000	$19,400,000	$12,337,020	$0	-14.62%
Meritech Capital Partners	Meritech Capital Partners II, LP	Venture	2000	$11,250,000	$9,993,750	$9,068,058	$0	-3.00%
Perseus-Soros Management Co.	Perseus-Soros Biopharmaceutical Fund, LP	Venture	2000	$5,000,000	$4,694,540	$5,147,480	$2,639,098	20.00%
Pharos Capital Group	Pharos Capital Partners, LP	Venture	2000	$5,000,000	$4,887,500	$3,100,897	$0	-9.28%
Primus Venture Partners	Primus Capital Fund V, LP	Venture	2000	$20,000,000	$20,000,000	$18,663,850	$0	-2.98%
Technology Venture Partners	Technology Venture Partners, L.P.	Venture	2000	$16,000,000	$8,775,000	$5,105,995	$0	-24.07%
Ascend Venture Group	Ascend Ventures, LP	Venture	2001	$5,000,000	$5,049,797	$2,288,813	$0	-21.92%
Axxon Capital Advisors	Axxon Capital, LP	Venture	2001	$3,000,000	$3,784,684	$783,599	$1,219,168	-18.94%
Carlyle Group	Carlyle Venture Partners II, LP	Venture	2001	$25,000,000	$30,671,432	$35,887,150	$0	6.53%
Edgewater Funds	Edgewater Growth Capital Partners, LP	Venture	2001	$15,000,000	$12,750,000	$10,608,205	$0	-8.56%
Meritage Private Equity Funds	Meritage Private Equity II, LP	Venture	2001	$15,000,000	$11,255,322	$6,233,599	$0	-22.04%
Adena Ventures	Adena Ventures, LP	Venture	2002	$500,000	$500,000	$38,606	$257,403	-17.43%
Apex Venture Partners	Apex Investment Fund V, LP	Venture	2002	$10,000,000	$9,644,158	$10,164,923	$0	1.91%
Buerk, Dale & Victor	Northwest Opportunity Fund, LP	Venture	2002	$20,000,000	$17,000,000	$11,052,891	$0	-16.35%
Early Stage Partners	Early Stage Partners, LP	Venture	2002	$9,000,000	$8,733,987	$4,223,385	$0	-23.73%
Edison Venture Fund	Edison Venture Fund V, LP	Venture	2002	$15,000,000	$13,200,000	$17,244,357	$0	9.05%
Prospector Equity Capital	Prospector Equity Capital, LP	Venture	2002	$15,000,000	$12,315,162	$4,014,221	$0	-42.58%
River Cities Capital Funds	River Cities Capital Fund III, LP	Venture	2002	$5,000,000	$4,556,526	$4,484,279	$0	-0.68%
Adams Street Partners	Adams Street V, LP	Venture	2003	$8,000,000	$7,560,000	$7,307,169	$0	-1.72%
Athenian Venture Partners	AVP Ohio Technology I, LP	Venture	2003	$10,000,000	$8,070,581	$11,382,932	$0	18.88%
Athenian Venture Partners	AVP Technology II, LP	Venture	2003	$2,200,000	$2,200,000	$105,411	$0	-51.40%
MK Capital Management	MK Capital, LP	Venture	2003	$10,000,000	$6,000,000	$4,572,293	$0	-13.33%
MWV Pinnacle Management Co.	MWV Pinnacle Capital Fund, LP	Venture	2003	$2,000,000	$1,239,133	$5,078	$760,527	-20.77%
Reservoir Venture Partners	Reservoir Venture Partners, LP	Venture	2003	$3,192,000	$2,713,213	$2,287,870	$0	-6.60%
Ascend Venture Group	Ascend Ventures II, LP	Venture	2004	$7,500,000	$5,110,442	$3,590,785	$0	-23.85%
Athenian Venture Partners	Athenian Venture Partners III, LP	Venture	2004	$25,000,000	$6,429,857	$0	$4,542,754	-14.92%
Charter Life Sciences	Charter Life Sciences, LP	Venture	2004	$5,000,000	$2,460,196	$1,629,659	$0	-24.59%
Draper Triangle Ventures	Draper Triangle Ventures II, LP	Venture	2004	$5,000,000	$2,213,267	$157,831	$1,773,268	-10.58%
EDF Ventures	EDF Ventures IV, LP	Venture	2004	$10,000,000	$5,009,338	$2,382,051	$0	-44.68%
Seneca Partners	Seneca Health Partners, LP I	Venture	2004	$1,500,000	$900,000	$576,466	$0	-21.27%
Triathlon Medical Ventures	Triathlon Medical Ventures Fund, LP	Venture	2004	$5,000,000	$2,034,582	$990,722	$0	-27.45%
Edgewater Funds	Edgewater Growth Capital Partners II, LP	Venture	2005	$25,000,000	$8,500,000	$8,850,000	$0	4.41%
Harbourvest Partners	HarbourVest Partners VII - Venture	Venture	2003-2005	$15,000,000	$8,325,000	$8,191,797	$0	-1.09%
Sema4 Inc.	Midwest Economic Opportunity Fund, LP	Venture	N/A	$5,000,000	$5,587,758	$563,637	$4,273,918	-2.69%

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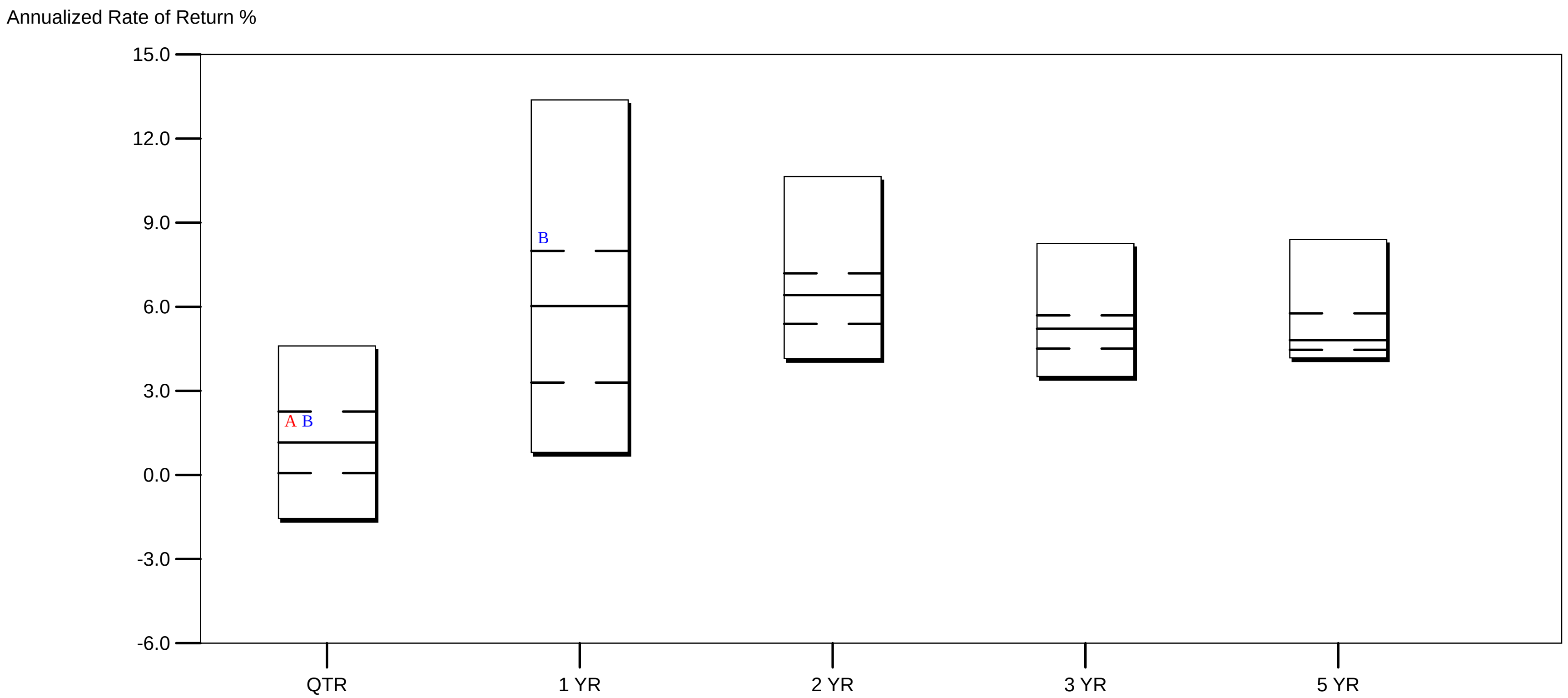
US Fixed Income Billion Dollar Segment - Public

Return Quartiles

Periods Ending March 31, 2008



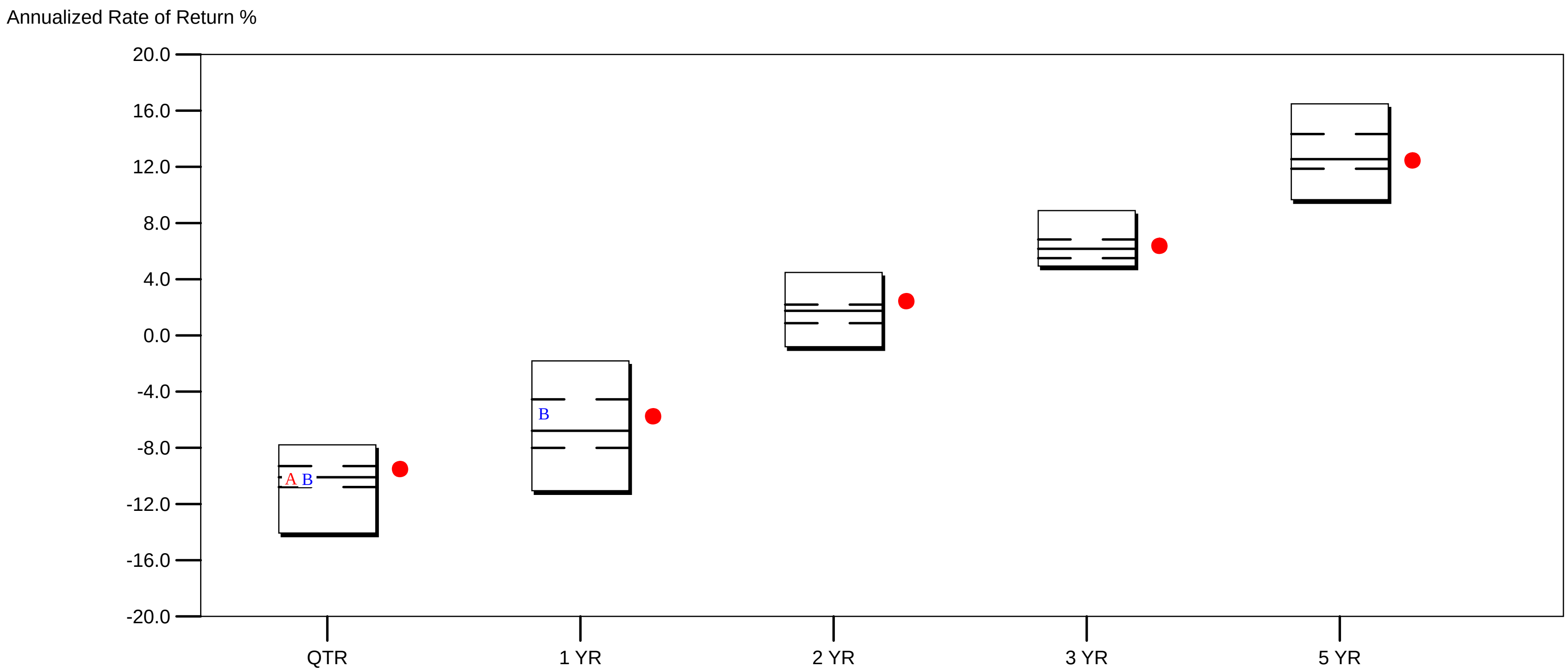
	QTR	1 YR	2 YR	3 YR	5 YR
5th Percentile	4.60	13.38	10.64	8.26	8.40
25th Percentile	2.26	7.99	7.19	5.69	5.76
Median	1.16	6.03	6.42	5.21	4.81
75th Percentile	0.06	3.30	5.39	4.51	4.46
95th Percentile	(1.56)	0.80	4.15	3.51	4.18
# of Participants	45	40	39	34	29
A Bond Composite	1.96 , 30	---	---	---	---
B SIF Bond Composite	1.96 , 30	8.50 , 20	---	---	---

Mercer

US Equity Billion Dollar Segment - Public

Return Quartiles

Periods Ending March 31, 2008



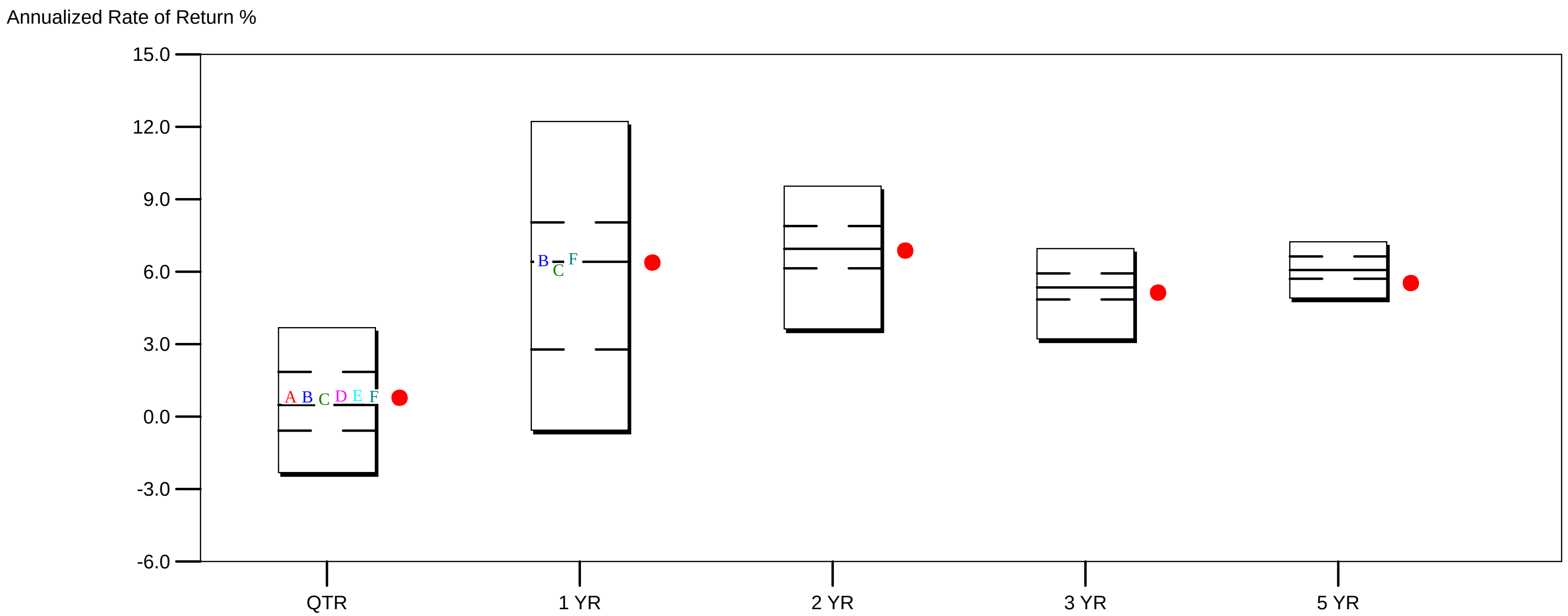
	QTR	1 YR	2 YR	3 YR	5 YR
5th Percentile	(7.79)	(1.82)	4.48	8.89	16.49
25th Percentile	(9.30)	(4.55)	2.20	6.83	14.34
Median	(10.10)	(6.79)	1.75	6.17	12.55
75th Percentile	(10.79)	(8.00)	0.88	5.50	11.86
95th Percentile	(14.07)	(11.05)	(0.80)	4.94	9.66
# of Participants	43	38	37	34	30
● Dow Jones Wilshire 5000	(9.52)	(5.76)	2.43	6.37	12.45
A Equity Composite	(10.14), 53	---	---	---	---
B SIF Equity Composite	(10.19), 57	(5.52), 31	---	---	---

Mercer

Mercer US Fixed Long Duration Universe

Return Quartiles

Periods Ending March 31, 2008



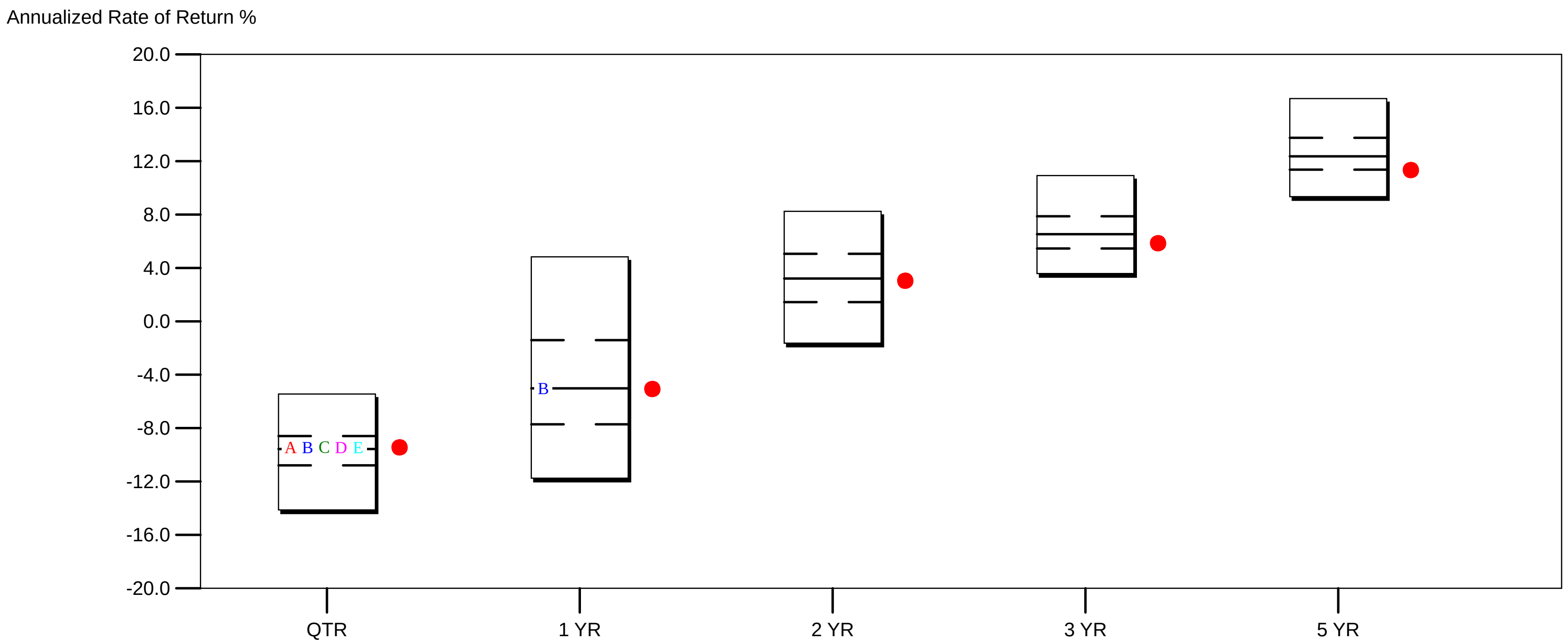
	QTR	1 YR	2 YR	3 YR	5 YR
5th Percentile	3.68	12.22	9.54	6.96	7.24
25th Percentile	1.85	8.04	7.89	5.93	6.63
Median	0.48	6.41	6.95	5.35	6.07
75th Percentile	(0.58)	2.78	6.14	4.85	5.71
95th Percentile	(2.32)	(0.56)	3.63	3.22	4.91
# of Participants	42	33	32	31	27
● Lehman Brothers U.S.	0.78	6.38	6.87	5.13	5.53
A LDFI Composite	0.86 , 47	---	---	---	---
B SIF LDFI Composite	0.85 , 47	6.51 , 48	---	---	---
C Barclays Global Investors	0.77 , 47	6.11 , 52	---	---	---
D Black Lung	0.89 , 46	---	---	---	---
E DWRF SSGA	0.91 , 46	---	---	---	---
F State Street Corp State Street	0.87 , 46	6.58 , 46	---	---	---

Mercer

Mercer US Equity Large Cap Core Universe

Return Quartiles

Periods Ending March 31, 2008



	QTR	1 YR	2 YR	3 YR	5 YR
5th Percentile	(5.45)	4.83	8.24	10.92	16.69
25th Percentile	(8.60)	(1.41)	5.06	7.87	13.75
Median	(9.57)	(5.02)	3.21	6.53	12.36
75th Percentile	(10.79)	(7.72)	1.44	5.46	11.36
95th Percentile	(14.13)	(11.75)	(1.64)	3.58	9.34
# of Participants	370	358	334	301	270
● S&P 500 - Total Return Index	(9.44)	(5.08)	3.03	5.85	11.32
A Public Equity Composite	(9.38), 44	---	---	---	---
B SIF Public Equity Composite	(9.38), 44	(4.96), 49	---	---	---
C Black Lung	(9.37), 44	---	---	---	---
D DWRF NT	(9.39), 44	---	---	---	---
E Northern Trust Global Large	(9.38), 44	---	---	---	---

Mercer

Portfolio Characteristics

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics

As of March 31, 2008

		State Street Corp State Street Passive Account		Barclays Global Investors Barclays Passive Act		Lehman Brothers U.S. Gov/Credit-Long Term			
Summary Statistics	Total Portfolio Size ($MM)		$7,881.11		$1,568.69		$1,166.26		
	Average Quality		AA2		AA2		AA2		
	Average Coupon		6.59%		6.58%		6.76%		
	Opt. Adj. Duration		10.57		10.56		11.43		
	Yield To Maturity		5.40%		5.48%		5.46%		
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	86	51.37%	50	51.67%	165	50.30%		
	Corporate	595	47.03%	455	46.65%	927	47.56%		
	Mortgage - Related	---	---	---	---	---	---		
	Asset - Backed	2	0.03%	2	0.07%	9	0.28%		
	Muni	5	1.18%	4	1.37%	15	1.29%		
	Preferred	---	---	---	---	---	---		
	Other	6	0.38%	4	0.25%	11	0.57%		
	Non US	---	---	---	---	---	---		
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	34	42.80%	32	42.09%	34	42.07%		
	Agency	54	8.20%	16	8.75%	123	7.48%		
	Aaa	18	2.66%	11	2.30%	47	3.47%		
	Aa1-Aa3	62	7.41%	60	8.52%	129	8.00%		
	A1-A3	243	18.25%	172	17.68%	352	17.33%		
	Baa1-Baa3	275	19.63%	215	19.78%	421	20.81%		
	Ba1-Ba3	5	0.42%	6	0.50%	11	0.40%		
	B1-B3	---	---	---	---	---	---		
	Caa1-Caa3	---	---	---	---	---	---		
	Ca	---	---	---	---	---	---		
	C	---	---	---	---	---	---		
	Other	---	---	---	---	---	---		
	Not Rated	5	0.65%	5	0.38%	10	0.43%		
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---	---	---		
	1 - 3 Years	---	---	---	---	---	---		
	3 - 5 Years	1	0.20%	---	---	---	---		
	5 - 7 Years	1	0.46%	---	---	---	---		
	7 - 10 Years	10	2.37%	1	0.15%	2	0.06%		
	10 - 15 Years	87	26.54%	61	26.91%	220	27.20%		
	15 - 20 Years	71	14.36%	59	17.25%	197	19.32%		
	20 Yrs And Above	524	55.74%	394	55.59%	707	53.38%		
	Not Rated/Cash	2	0.32%	2	0.10%	1	0.04%		

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics - Sequential

State Street Corp State Street Passive Account

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$7,881.11		$7,983.77			
	Average Quality		AA2		AA2			
	Average Coupon		6.59%		6.63%			
	Opt. Adj. Duration		10.57		10.80			
	Yield To Maturity		5.40%		5.33%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	86	51.37%	85	52.31%			
	Corporate	595	47.03%	575	45.90%			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	2	0.03%	2	0.03%			
	Muni	5	1.18%	5	1.14%			
	Preferred	---	---	---	---			
	Other	6	0.38%	9	0.62%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	34	42.80%	33	43.47%			
	Agency	54	8.20%	54	8.65%			
	Aaa	18	2.66%	15	2.22%			
	Aa1-Aa3	62	7.41%	61	7.12%			
	A1-A3	243	18.25%	234	18.25%			
	Baa1-Baa3	275	19.63%	261	18.68%			
	Ba1-Ba3	5	0.42%	6	0.49%			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	5	0.65%	14	1.13%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	---	---	---	---			
	3 - 5 Years	1	0.20%	1	0.20%			
	5 - 7 Years	1	0.46%	1	0.44%			
	7 - 10 Years	10	2.37%	15	1.47%			
	10 - 15 Years	87	26.54%	95	24.45%			
	15 - 20 Years	71	14.36%	64	18.14%			
	20 Yrs And Above	524	55.74%	489	54.55%			
	Not Rated/Cash	2	0.32%	13	0.76%			

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics - Sequential

Barclays Global Investors Barclays Passive Act

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$1,568.69		$1,552.36			
	Average Quality		AA2		AA2			
	Average Coupon		6.58%		6.61%			
	Opt. Adj. Duration		10.56		10.76			
	Yield To Maturity		5.48%		5.38%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	50	51.67%	48	52.38%			
	Corporate	455	46.65%	438	45.89%			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	2	0.07%	2	0.07%			
	Muni	4	1.37%	4	1.35%			
	Preferred	---	---	---	---			
	Other	4	0.25%	5	0.31%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	32	42.09%	30	42.56%			
	Agency	16	8.75%	16	8.99%			
	Aaa	11	2.30%	9	1.81%			
	Aa1-Aa3	60	8.52%	53	7.45%			
	A1-A3	172	17.68%	170	17.97%			
	Baa1-Baa3	215	19.78%	207	19.85%			
	Ba1-Ba3	6	0.50%	5	0.48%			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	5	0.38%	9	0.90%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	---	---	---	---			
	3 - 5 Years	---	---	---	---			
	5 - 7 Years	---	---	---	---			
	7 - 10 Years	1	0.15%	6	0.35%			
	10 - 15 Years	61	26.91%	64	26.71%			
	15 - 20 Years	59	17.25%	53	17.73%			
	20 Yrs And Above	394	55.59%	364	53.91%			
	Not Rated/Cash	2	0.10%	12	1.31%			

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics - Sequential

Lehman Brothers U.S. Gov/Credit-Long Term

		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Summary Statistics	Total Portfolio Size ($MM)		$1,166.26		$1,146.38		$1,064.53		$1,017.06		$1,016.52
	Average Quality		AA2		AA2		AA2		AA2		AA2
	Average Coupon		6.76%		6.78%		6.83%		6.87%		6.96%
	Opt. Adj. Duration		11.43		11.32		11.18		10.92		11.04
	Yield To Maturity		5.46%		5.44%		5.65%		5.84%		5.52%
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	165	50.30%	155	48.90%	139	49.34%	135	49.95%	109	51.69%
	Corporate	927	47.56%	913	48.39%	871	48.10%	839	47.59%	817	47.22%
	Mortgage - Related	---	---	---	---	---	---	---	---	---	---
	Asset - Backed	9	0.28%	8	0.27%	8	0.29%	8	0.30%	7	0.26%
	Muni	15	1.29%	12	1.12%	12	1.21%	10	1.11%	---	---
	Preferred	---	---	---	---	---	---	---	---	---	---
	Other	11	0.57%	26	1.32%	20	1.07%	19	1.05%	18	0.83%
	Non US	---	---	---	---	---	---	---	---	---	---
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	34	42.07%	33	40.86%	33	41.68%	33	42.39%	34	44.69%
	Agency	123	7.48%	117	7.39%	100	7.12%	95	6.99%	75	6.90%
	Aaa	47	3.47%	46	3.20%	47	3.38%	44	3.10%	35	2.57%
	Aa1-Aa3	129	8.00%	130	8.12%	114	8.04%	114	8.29%	105	7.58%
	A1-A3	352	17.33%	335	17.24%	327	16.34%	323	16.69%	319	16.12%
	Baa1-Baa3	421	20.81%	424	21.72%	390	21.55%	368	20.54%	358	20.46%
	Ba1-Ba3	11	0.40%	13	0.76%	9	0.30%	2	0.05%	4	0.12%
	B1-B3	---	---	---	---	---	---	---	---	---	---
	Caa1-Caa3	---	---	---	---	---	---	---	---	---	---
	Ca	---	---	---	---	---	---	---	---	---	---
	C	---	---	---	---	---	---	---	---	---	---
	Other	---	---	---	---	---	---	---	---	---	---
	Not Rated	10	0.43%	16	0.71%	30	1.60%	32	1.94%	21	1.56%
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---	---	---	---	---	---	---
	1 - 3 Years	---	---	---	---	---	---	---	---	---	---
	3 - 5 Years	---	---	---	---	---	---	---	---	---	---
	5 - 7 Years	---	---	---	---	---	---	---	---	---	---
	7 - 10 Years	2	0.06%	1	0.04%	1	0.04%	1	0.49%	---	---
	10 - 15 Years	220	27.20%	219	25.77%	202	25.14%	201	25.58%	196	27.88%
	15 - 20 Years	197	19.32%	179	20.61%	168	19.85%	156	20.07%	143	19.95%
	20 Yrs And Above	707	53.38%	700	52.47%	677	54.89%	650	53.75%	609	52.09%
	Not Rated/Cash	1	0.04%	15	1.12%	2	0.08%	3	0.10%	3	0.08%

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics
As of March 31, 2008

		DWRF SSGA LDFI		Black Lung SSGA LDFI		Lehman Brothers U.S. Gov/Credit-Long Term			
Summary Statistics	Total Portfolio Size ($MM)		$692.68		$145.00		$1,166.26		
	Average Quality		AA2		AA2		AA2		
	Average Coupon		6.56%		6.59%		6.76%		
	Opt. Adj. Duration		10.62		10.56		11.43		
	Yield To Maturity		5.34%		5.36%		5.46%		
Sector Breakdown -	Treasury/Agency	69	52.29%	69	52.52%	165	50.30%		
% Market Value	Corporate	451	45.72%	435	46.13%	927	47.56%		
(Fixed)	Mortgage - Related	---	---	---	---	---	---		
	Asset - Backed	---	---	---	---	9	0.28%		
	Muni	2	1.51%	2	0.80%	15	1.29%		
	Preferred	---	---	---	---	---	---		
	Other	5	0.49%	5	0.55%	11	0.57%		
	Non US	---	---	---	---	---	---		
Quality Breakdown -	US Treasuries	36	43.28%	35	42.54%	34	42.07%		
% Market Value	Agency	31	8.09%	32	9.16%	123	7.48%		
(Fixed, Conv., Cash)	Aaa	10	2.02%	10	2.21%	47	3.47%		
	Aa1-Aa3	48	7.93%	45	6.91%	129	8.00%		
	A1-A3	192	18.66%	184	18.78%	352	17.33%		
	Baa1-Baa3	202	18.38%	197	18.94%	421	20.81%		
	Ba1-Ba3	5	0.37%	5	0.37%	11	0.40%		
	B1-B3	---	---	---	---	---	---		
	Caa1-Caa3	---	---	---	---	---	---		
	Ca	---	---	---	---	---	---		
	C	---	---	---	---	---	---		
	Other	---	---	---	---	---	---		
	Not Rated	5	1.28%	5	1.09%	10	0.43%		
Maturity Breakdown -	Less Than 1 Year	---	---	---	---	---	---		
% Market Value	1 - 3 Years	---	---	---	---	---	---		
(Fixed, Conv., Cash)	3 - 5 Years	1	0.25%	1	0.26%	---	---		
	5 - 7 Years	1	0.36%	1	0.38%	---	---		
	7 - 10 Years	6	3.05%	6	2.13%	2	0.06%		
	10 - 15 Years	63	24.10%	62	25.82%	220	27.20%		
	15 - 20 Years	46	14.93%	45	15.07%	197	19.32%		
	20 Yrs And Above	410	56.36%	396	55.58%	707	53.38%		
	Not Rated/Cash	2	0.96%	2	0.74%	1	0.04%		

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics - Sequential
DWRF SSGA LDFI

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$692.68		$685.20			
	Average Quality		AA2		AA2			
	Average Coupon		6.56%		6.54%			
	Opt. Adj. Duration		10.62		10.93			
	Yield To Maturity		5.34%		5.33%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	69	52.29%	66	52.06%			
	Corporate	451	45.72%	432	45.68%			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	---	---	---	---			
	Muni	2	1.51%	2	1.48%			
	Preferred	---	---	---	---			
	Other	5	0.49%	9	0.78%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	36	43.28%	34	43.10%			
	Agency	31	8.09%	30	8.42%			
	Aaa	10	2.02%	7	1.58%			
	Aa1-Aa3	48	7.93%	47	8.11%			
	A1-A3	192	18.66%	185	19.36%			
	Baa1-Baa3	202	18.38%	189	18.00%			
	Ba1-Ba3	5	0.37%	6	0.44%			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	5	1.28%	13	1.00%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	---	---	---	---			
	3 - 5 Years	1	0.25%	1	0.24%			
	5 - 7 Years	1	0.36%	1	0.35%			
	7 - 10 Years	6	3.05%	12	2.35%			
	10 - 15 Years	63	24.10%	65	22.47%			
	15 - 20 Years	46	14.93%	42	16.61%			
	20 Yrs And Above	410	56.36%	379	56.43%			
	Not Rated/Cash	2	0.96%	11	1.54%			

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics - Sequential
Black Lung SSGA LDFI

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$145.00		$146.51			
	Average Quality		AA2		AA2			
	Average Coupon		6.59%		6.56%			
	Opt. Adj. Duration		10.56		10.93			
	Yield To Maturity		5.36%		5.34%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	69	52.52%	66	52.19%			
	Corporate	435	46.13%	424	46.18%			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	---	---	---	---			
	Muni	2	0.80%	2	0.77%			
	Preferred	---	---	---	---			
	Other	5	0.55%	9	0.86%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	35	42.54%	33	42.66%			
	Agency	32	9.16%	31	8.61%			
	Aaa	10	2.21%	7	1.58%			
	Aa1-Aa3	45	6.91%	44	6.44%			
	A1-A3	184	18.78%	183	19.73%			
	Baa1-Baa3	197	18.94%	187	18.57%			
	Ba1-Ba3	5	0.37%	6	0.43%			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	5	1.09%	12	1.98%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	---	---	---	---			
	3 - 5 Years	1	0.26%	1	0.26%			
	5 - 7 Years	1	0.38%	1	0.37%			
	7 - 10 Years	6	2.13%	12	1.65%			
	10 - 15 Years	62	25.82%	64	22.98%			
	15 - 20 Years	45	15.07%	42	17.46%			
	20 Yrs And Above	396	55.58%	373	55.49%			
	Not Rated/Cash	2	0.74%	10	1.79%			

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics - Sequential

Lehman Brothers U.S. Gov/Credit-Long Term

		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Summary Statistics	Total Portfolio Size ($MM)		$1,166.26		$1,146.38		$1,064.53		$1,017.06		$1,016.52
	Average Quality		AA2		AA2		AA2		AA2		AA2
	Average Coupon		6.76%		6.78%		6.83%		6.87%		6.96%
	Opt. Adj. Duration		11.43		11.32		11.18		10.92		11.04
	Yield To Maturity		5.46%		5.44%		5.65%		5.84%		5.52%
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	165	50.30%	155	48.90%	139	49.34%	135	49.95%	109	51.69%
	Corporate	927	47.56%	913	48.39%	871	48.10%	839	47.59%	817	47.22%
	Mortgage - Related	---	---	---	---	---	---	---	---	---	---
	Asset - Backed	9	0.28%	8	0.27%	8	0.29%	8	0.30%	7	0.26%
	Muni	15	1.29%	12	1.12%	12	1.21%	10	1.11%	---	---
	Preferred	---	---	---	---	---	---	---	---	---	---
	Other	11	0.57%	26	1.32%	20	1.07%	19	1.05%	18	0.83%
	Non US	---	---	---	---	---	---	---	---	---	---
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	34	42.07%	33	40.86%	33	41.68%	33	42.39%	34	44.69%
	Agency	123	7.48%	117	7.39%	100	7.12%	95	6.99%	75	6.90%
	Aaa	47	3.47%	46	3.20%	47	3.38%	44	3.10%	35	2.57%
	Aa1-Aa3	129	8.00%	130	8.12%	114	8.04%	114	8.29%	105	7.58%
	A1-A3	352	17.33%	335	17.24%	327	16.34%	323	16.69%	319	16.12%
	Baa1-Baa3	421	20.81%	424	21.72%	390	21.55%	368	20.54%	358	20.46%
	Ba1-Ba3	11	0.40%	13	0.76%	9	0.30%	2	0.05%	4	0.12%
	B1-B3	---	---	---	---	---	---	---	---	---	---
	Caa1-Caa3	---	---	---	---	---	---	---	---	---	---
	Ca	---	---	---	---	---	---	---	---	---	---
	C	---	---	---	---	---	---	---	---	---	---
	Other	---	---	---	---	---	---	---	---	---	---
	Not Rated	10	0.43%	16	0.71%	30	1.60%	32	1.94%	21	1.56%
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---	---	---	---	---	---	---
	1 - 3 Years	---	---	---	---	---	---	---	---	---	---
	3 - 5 Years	---	---	---	---	---	---	---	---	---	---
	5 - 7 Years	---	---	---	---	---	---	---	---	---	---
	7 - 10 Years	2	0.06%	1	0.04%	1	0.04%	1	0.49%	---	---
	10 - 15 Years	220	27.20%	219	25.77%	202	25.14%	201	25.58%	196	27.88%
	15 - 20 Years	197	19.32%	179	20.61%	168	19.85%	156	20.07%	143	19.95%
	20 Yrs And Above	707	53.38%	700	52.47%	677	54.89%	650	53.75%	609	52.09%
	Not Rated/Cash	1	0.04%	15	1.12%	2	0.08%	3	0.10%	3	0.08%

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics

As of March 31, 2008

		TIPS Index		DWRF SSGA TIPS		Black Lung SSGA TIPS		Lehman Brothers		
Summary Statistics	Total Portfolio Size ($MM)		$3,391.48		$241.34		$50.75		$10,215.82	
	Average Quality		UST		UST		UST		AAA	
	Average Coupon		2.41%		2.40%		2.41%		5.46%	
	Opt. Adj. Duration		5.48		5.47		5.47		4.63	
	Yield To Maturity		0.99%		0.99%		0.99%		4.45%	
Sector Breakdown -	Treasury/Agency	---	---	---	---	---	---	1075	33.03%	
% Market Value	Corporate	---	---	---	---	---	---	3243	22.47%	
(Fixed)	Mortgage - Related	---	---	---	---	---	---	27	43.27%	
	Asset - Backed	---	---	---	---	---	---	504	0.80%	
	Muni	---	---	---	---	---	---	23	0.18%	
	Preferred	---	---	---	---	---	---	---	---	
	Other	24	100.00%	24	100.00%	24	100.00%	47	0.25%	
	Non US	---	---	---	---	---	---	---	---	
Quality Breakdown -	US Treasuries	24	100.00%	24	100.00%	24	99.99%	141	23.29%	
% Market Value	Agency	---	---	---	---	---	---	902	52.64%	
(Fixed, Conv., Cash)	Aaa	---	---	---	---	---	---	634	3.54%	
	Aa1-Aa3	---	---	---	---	---	---	563	5.15%	
	A1-A3	---	---	---	---	---	---	1166	7.04%	
	Baa1-Baa3	---	---	---	---	---	---	1398	7.65%	
	Ba1-Ba3	---	---	---	---	---	---	43	0.20%	
	B1-B3	---	---	---	---	---	---	---	---	
	Caa1-Caa3	---	---	---	---	---	---	---	---	
	Ca	---	---	---	---	---	---	---	---	
	C	---	---	---	---	---	---	---	---	
	Other	---	---	---	---	---	---	---	---	
	Not Rated	1	0.00%	1	0.00%	1	0.01%	72	0.48%	
Maturity Breakdown -	Less Than 1 Year	---	---	---	---	---	---	---	---	
% Market Value	1 - 3 Years	3	12.61%	3	12.73%	3	12.72%	929	16.17%	
(Fixed, Conv., Cash)	3 - 5 Years	4	15.45%	4	15.15%	4	15.34%	1017	11.92%	
	5 - 7 Years	4	20.73%	4	20.79%	4	20.74%	593	6.25%	
	7 - 10 Years	6	22.08%	6	22.16%	6	22.10%	896	10.51%	
	10 - 15 Years	---	---	---	---	---	---	237	3.18%	
	15 - 20 Years	4	15.91%	4	15.95%	4	15.90%	201	2.21%	
	20 Yrs And Above	3	13.21%	3	13.22%	3	13.19%	1021	6.46%	
	Not Rated/Cash	1	0.00%	1	0.00%	1	0.01%	25	43.29%	

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics - Sequential
SSGA TIPS Index

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$3,391.48		$3,301.16			
	Average Quality		UST		UST			
	Average Coupon		2.41%		2.49%			
	Opt. Adj. Duration		5.48		6.11			
	Yield To Maturity		0.99%		1.49%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	---	---	---	---			
	Corporate	---	---	---	---			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	---	---	---	---			
	Muni	---	---	---	---			
	Preferred	---	---	---	---			
	Other	24	100.00%	23	100.00%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	24	100.00%	23	99.96%			
	Agency	---	---	---	---			
	AAA	---	---	---	---			
	AA1-AA3	---	---	---	---			
	A1-A3	---	---	---	---			
	Baa1-Baa3	---	---	---	---			
	Ba1-Ba3	---	---	---	---			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	1	0.00%	1	0.04%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	3	12.61%	3	13.80%			
	3 - 5 Years	4	15.45%	5	18.45%			
	5 - 7 Years	4	20.73%	3	15.66%			
	7 - 10 Years	6	22.08%	6	24.53%			
	10 - 15 Years	---	---	---	---			
	15 - 20 Years	4	15.91%	3	14.16%			
	20 Yrs And Above	3	13.21%	3	13.34%			
	Not Rated/Cash	1	0.00%	1	0.04%			

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics - Sequential
DWRF SSGA TIPS

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$241.34		$228.75			
	Average Quality		UST		UST			
	Average Coupon		2.40%		2.48%			
	Opt. Adj. Duration		5.47		6.11			
	Yield To Maturity		0.99%		1.50%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	---	---	---	---			
	Corporate	---	---	---	---			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	---	---	---	---			
	Muni	---	---	---	---			
	Preferred	---	---	---	---			
	Other	24	100.00%	23	100.00%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	24	100.00%	23	99.88%			
	Agency	---	---	---	---			
	AAA	---	---	---	---			
	AA1-AA3	---	---	---	---			
	A1-A3	---	---	---	---			
	Baa1-Baa3	---	---	---	---			
	Ba1-Ba3	---	---	---	---			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	1	0.00%	1	0.12%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	3	12.73%	3	13.78%			
	3 - 5 Years	4	15.15%	5	18.39%			
	5 - 7 Years	4	20.79%	3	15.65%			
	7 - 10 Years	6	22.16%	6	24.54%			
	10 - 15 Years	---	---	---	---			
	15 - 20 Years	4	15.95%	3	14.19%			
	20 Yrs And Above	3	13.22%	3	13.34%			
	Not Rated/Cash	1	0.00%	1	0.12%			

Ohio Bureau of Workers Compensation (BWC)
Fixed Income Characteristics - Sequential
Black Lung SSGA TIPS

		March 31, 2008		December 31, 2007		September 30, 2007	June 30, 2007	March 31, 2007
Summary Statistics	Total Portfolio Size ($MM)		$50.75		$49.89			
	Average Quality		UST		UST			
	Average Coupon		2.41%		2.49%			
	Opt. Adj. Duration		5.47		6.11			
	Yield To Maturity		0.99%		1.49%			
Sector Breakdown - % Market Value (Fixed)	Treasury/Agency	---	---	---	---			
	Corporate	---	---	---	---			
	Mortgage - Related	---	---	---	---			
	Asset - Backed	---	---	---	---			
	Muni	---	---	---	---			
	Preferred	---	---	---	---			
	Other	24	100.00%	23	100.00%			
	Non US	---	---	---	---			
Quality Breakdown - % Market Value (Fixed, Conv., Cash)	US Treasuries	24	99.99%	23	99.97%			
	Agency	---	---	---	---			
	AAA	---	---	---	---			
	AA1-AA3	---	---	---	---			
	A1-A3	---	---	---	---			
	Baa1-Baa3	---	---	---	---			
	Ba1-Ba3	---	---	---	---			
	B1-B3	---	---	---	---			
	Caa1-Caa3	---	---	---	---			
	Ca	---	---	---	---			
	C	---	---	---	---			
	Other	---	---	---	---			
	Not Rated	1	0.01%	1	0.03%			
Maturity Breakdown - % Market Value (Fixed, Conv., Cash)	Less Than 1 Year	---	---	---	---			
	1 - 3 Years	3	12.72%	3	13.77%			
	3 - 5 Years	4	15.34%	5	18.59%			
	5 - 7 Years	4	20.74%	3	15.63%			
	7 - 10 Years	6	22.10%	6	24.45%			
	10 - 15 Years	---	---	---	---			
	15 - 20 Years	4	15.90%	3	14.22%			
	20 Yrs And Above	3	13.19%	3	13.31%			
	Not Rated/Cash	1	0.01%	1	0.03%			

Ohio Bureau of Workers Compensation (BWC)

Fixed Income Characteristics - Sequential

Lehman Brothers

		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Summary Statistics	Total Portfolio Size ($MM)		$10,215.82		$9,870.88		$9,462.17		$9,095.09		$9,091.31
	Average Quality		AAA		AAA		AAA		AAA		AAA
	Average Coupon		5.46%		5.51%		5.50%		5.46%		5.44%
	Opt. Adj. Duration		4.63		4.63		4.79		4.85		4.47
	Yield To Maturity		4.45%		4.90%		5.33%		5.69%		5.28%
Sector Breakdown -	Treasury/Agency	1075	33.03%	1029	32.69%	1046	33.76%	1020	34.42%	863	34.59%
% Market Value	Corporate	3243	22.47%	3182	22.38%	3106	21.97%	3037	21.76%	2969	21.71%
(Fixed)	Mortgage - Related	27	43.27%	29	43.37%	29	42.79%	30	42.23%	29	42.18%
	Asset - Backed	504	0.80%	498	0.87%	521	0.91%	505	1.00%	507	1.14%
	Muni	23	0.18%	20	0.16%	19	0.16%	16	0.15%	---	---
	Preferred	---	---	---	---	---	---	---	---	---	---
	Other	47	0.25%	89	0.52%	71	0.40%	68	0.44%	53	0.37%
	Non US	---	---	---	---	---	---	---	---	---	---
Quality Breakdown -	US Treasuries	141	23.29%	140	23.02%	142	23.65%	141	23.88%	138	24.44%
% Market Value	Agency	902	52.64%	878	52.75%	886	52.59%	847	52.37%	702	51.97%
(Fixed, Conv., Cash)	Aaa	634	3.54%	664	3.37%	618	3.15%	626	3.29%	614	3.41%
	Aa1-Aa3	563	5.15%	569	5.14%	545	4.83%	550	4.93%	527	4.86%
	A1-A3	1166	7.04%	1110	7.19%	1071	6.69%	1090	6.81%	1115	7.01%
	Baa1-Baa3	1398	7.65%	1353	7.64%	1328	7.85%	1244	7.58%	1178	7.24%
	Ba1-Ba3	43	0.20%	61	0.32%	39	0.21%	17	0.08%	14	0.07%
	B1-B3	---	---	---	---	---	---	---	---	---	---
	Caa1-Caa3	---	---	---	---	1	0.00%	1	0.00%	1	0.00%
	Ca	---	---	---	---	---	---	---	---	---	---
	C	---	---	---	---	---	---	---	---	---	---
	Other	---	---	---	---	---	---	---	---	---	---
	Not Rated	72	0.48%	72	0.56%	162	1.02%	160	1.06%	132	0.98%
Maturity Breakdown -	Less Than 1 Year	---	---	---	---	---	---	---	---	---	---
% Market Value	1 - 3 Years	929	16.17%	865	15.36%	949	16.73%	941	17.28%	910	18.02%
(Fixed, Conv., Cash)	3 - 5 Years	1017	11.92%	992	12.10%	974	12.09%	943	12.40%	874	12.01%
	5 - 7 Years	593	6.25%	594	6.26%	573	6.27%	573	6.32%	576	6.18%
	7 - 10 Years	896	10.51%	902	10.48%	872	10.41%	830	10.12%	757	9.87%
	10 - 15 Years	237	3.18%	238	3.07%	226	2.89%	227	2.90%	222	3.18%
	15 - 20 Years	201	2.21%	183	2.40%	177	2.24%	160	2.26%	148	2.24%
	20 Yrs And Above	1021	6.46%	1014	6.52%	979	6.54%	943	6.39%	877	6.18%
	Not Rated/Cash	25	43.29%	59	43.82%	42	42.83%	59	42.33%	57	42.31%

TOTAL EQUITY CHARACTERISTICS
March 31, 2008

Ohio Bureau of Workers Compensation (BWC)

UNITED STATES DOLLAR			Black Lung NT S&P		DWRF NT S&P 500		Northern Trust Global Large Cap S&P		S&P 500 - Total Return Index		
Composition Summary											
Portfolio	Total Portfolio Size								11.5T		
Composition -	Equity (Common)								11.5	100.0%	
$ million/% portfolio	Fixed Income								0.0	0.0%	
	Convertibles								0.0	0.0%	
	Other & Receivables								0.0	0.0%	
	Cash Equivalents								0.0	0.0%	
	Rights & Warrants								0.0	0.0%	
	Options & Futures								0.0	0.0%	
	Mutual & Pooled Funds								0.0	0.0%	
Size of Companies -	Large Capitalization	53.1 & Above	49	48.6%	49	48.9%	49	48.6%	49	48.7%	
# holdings/% equity	Medium/Large Cap.	15.9 -- 53.1	140	32.2%	140	32.2%	140	32.4%	139	32.2%	
Russell 3000 Index	Medium Capitalization	5.0 -- 15.9	210	16.4%	210	16.2%	210	16.3%	210	16.3%	
Break Points	Medium/Small Cap.	1.8 -- 5.0	90	2.6%	90	2.5%	90	2.5%	90	2.6%	
	Small Capitalization	1.8 & Below	13	0.1%	13	0.1%	13	0.1%	12	0.1%	
	Unclassified		0	0.0%	0	0.0%	0	0.0%	0	0.0%	
	Market Cap. - $-Wtd Avg - $ billion								100%	98.40	
	Market Cap. - $-Wtd Avg Nlog - $ billion								100%	50.56	
Economic Sectors -	Technology		56	13.3%	56	13.4%	56	13.3%	56	13.3%	
# holdings/% equity	Health Care		48	12.0%	48	12.0%	48	12.0%	48	12.0%	
Based on Russell	Consumer Discretionary and Services		89	11.1%	89	11.1%	89	11.1%	88	11.1%	
Sector Scheme	Consumer Staples		33	8.6%	33	8.6%	33	8.6%	33	8.6%	
	Integrated Oils		7	7.7%	7	7.7%	7	7.7%	7	7.7%	
	Other Energy		29	5.5%	29	5.5%	29	5.5%	29	5.5%	
	Materials and Processing		35	4.3%	35	4.3%	35	4.3%	35	4.3%	
	Producer Durables		37	4.9%	37	5.0%	37	5.0%	37	5.0%	
	Autos and Transportation		15	2.6%	15	2.6%	15	2.6%	15	2.6%	
	Financial Services		103	17.6%	103	17.6%	103	17.6%	102	17.6%	
	Utilities		40	7.5%	40	7.5%	40	7.5%	40	7.5%	
	Other		10	4.9%	10	4.8%	10	4.8%	10	4.8%	
	Sector Deviation Measure (vs. R3000)			3		3		3		3	
Characteristics Summary											
Portfolio	Portfolio P/E		98%	16.3	98%	16.2	98%	16.3	98%	16.3	
Characteristics	Portfolio P/E Excluding Neg. Earnings		96%	15.6	96%	15.6	96%	15.6	96%	15.6	
	Portf. P/E - I/B/E/S 1 Yr Forecast EPS		97%	13.7	97%	13.7	97%	13.7	97%	13.7	
	Portfolio Price/Book		100%	2.48	100%	2.48	100%	2.49	100%	2.48	
	Price/Cash Flow		99%	11.0	99%	11.0	99%	11.0	99%	11.0	
	Portfolio Price/Sales		99%	1.4	99%	1.4	99%	1.4	99%	1.4	
	L.T. Growth Forecast - I/B/E/S Medians		100%	12.1	100%	12.1	100%	12.1	100%	12.1	
	1 Year EPS Forecast - I/B/E/S Medians		96%	11.0	96%	11.0	96%	11.0	96%	11.1	
	Return on Equity - 5 Year Average		94%	20.6	94%	20.6	94%	20.6	94%	20.6	
	EPS Growth - 5 Years		84%	20.0	84%	20.1	84%	20.1	84%	20.0	
	EPS Variability - 5 Years		97%	23.8	97%	23.7	97%	23.6	97%	23.7	
	EPS Variability - 10 Years		92%	47.8	92%	47.7	92%	47.6	92%	47.8	
	Beta (vs. R3000)		97%	0.9	97%	0.9	97%	0.9	97%	0.9	
	Number of Holdings			502		502		502		500	
Account Number				2OBFWBLN0012		2OBFWDNS0012		2OBFWLCI0012		IX1F00079488	

Mercer

TOTAL EQUITY CHARACTERISTICS
March 31, 2008

Ohio Bureau of Workers Compensation (BWC)

UNITED STATES DOLLAR		Black Lung NT S&P		DWRF NT S&P 500		Northern Trust Global Large Cap S&P		S&P 500 - Total Return Index		
Composition and Characteristics Detail										
Index Membership - # holdings/% equity	Russell 3000 Index	501	100.0%	501	100.0%	501	100.0%	500	100.0%	
	S&P 500 Index	500	100.0%	500	100.0%	500	100.0%	500	100.0%	
	All Growth		32.6%		32.7%		32.7%		32.7%	
	All Value		27.4%		27.3%		27.3%		27.3%	
	Partial Growth and Value		40.0%		40.0%		40.0%		40.0%	
Profitability	Return on Equity - 1 Year	96%	21.3	96%	21.3	96%	21.3	96%	21.3	
	Return on Equity - 2 Year Average	96%	21.7	96%	21.7	96%	21.7	96%	21.7	
	Return on Equity Momentum	92%	1.05	93%	1.06	92%	1.05	92%	1.05	
	Pretax Return on Assets - 5 Year Avg.	96%	12.3	96%	12.3	96%	12.3	96%	12.3	
Historical Growth Long-Term	Implied Growth - 5 Year Average	95%	14.3	95%	14.3	95%	14.3	95%	14.3	
	Sales/Share Growth - 5 Years	97%	12.9	97%	13.0	97%	13.0	97%	12.9	
	Dividends/Share Growth - 5 Years	78%	13.9	78%	13.9	78%	13.9	78%	13.9	
	Dividend Payout Ratio - 5 Year Average	96%	30.7	96%	30.7	96%	30.7	96%	30.7	
	EPS Growth - 10 Years	77%	11.2	77%	11.2	77%	11.3	77%	11.2	
	Dividends/Share Growth - 10 Years	73%	9.8	73%	9.8	73%	9.8	73%	9.8	
	Book Value 5 Year Growth	95%	13.1	95%	13.1	95%	13.1	95%	13.1	
	Cash Flow 5 Year Growth	89%	16.1	89%	16.2	89%	16.1	89%	16.1	
Historical Growth Short-Term	EPS Growth - 1 Year ($-Wtd. Median)	95%	12.4	95%	12.4	95%	12.4	95%	12.4	
	EPS Growth - 2 Years ($-Wtd. Median)	95%	13.0	95%	13.0	95%	13.0	95%	13.0	
	Sales/Share Growth - 1 Year	100%	14.3	100%	14.3	100%	14.3	100%	14.3	
	Sales/Share Growth - 2 Years	98%	14.2	98%	14.2	98%	14.2	98%	14.2	
Valuation	Portfolio P/E - Normalized Earnings	96%	13.6	96%	13.6	96%	13.6	96%	13.6	
	Portfolio P/E - 5 Year Average	96%	18.6	96%	18.5	96%	18.5	96%	18.6	
	Portf. P/E - 5 Yr Avg Excl Neg Earnings	88%	17.5	88%	17.4	88%	17.5	88%	17.5	
	Dividend Yield	100%	2.18	100%	2.18	100%	2.18	100%	2.18	
	Dividend Yield 5 Year Average	96%	1.90	96%	1.90	96%	1.90	96%	1.90	
	Portfolio P/E - $-Weighted Median	98%	17.0	98%	16.9	98%	16.9	98%	17.0	
	Portfolio P/E - Median	98%	17.0	98%	17.0	98%	17.0	98%	17.0	
	Portfolio Price/Book - $-Wtd. Median	100%	3.16	100%	3.16	100%	3.16	100%	3.16	
	Portfolio Price/Book - Median	100%	2.64	100%	2.64	100%	2.64	100%	2.64	
Quality/Market Risk	Quality Rank	86%	A-	86%	A-	86%	A-	86%	A-	
	Debt/Equity	94%	1.18	94%	1.18	94%	1.18	94%	1.18	
	Debt/Capital	100%	47.40	100%	47.38	100%	47.40	100%	47.35	
	Debt Coverage	82%	6.94	82%	6.98	82%	6.97	82%	6.96	
Account Number			2OBFWBLN0012		2OBFWDNS0012		2OBFWLCI0012		IX1F00079488	

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
Black Lung NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007				
Composition Summary								
Portfolio	Total Portfolio Size							
Composition -	Equity (Common)							
$ million/% portfolio	Fixed Income							
	Convertibles							
	Other & Receivables							
	Cash Equivalents							
	Rights & Warrants							
	Options & Futures							
	Mutual & Pooled Funds							
Size of Companies -	Large Capitalization (TOP 50)	49	48.6%	49	49.6%			
# holdings/% equity	Medium/Large Cap. (51 - 200)	140	32.2%	138	31.9%			
Russell 3000 Index	Medium Capitalization (201 - 500)	210	16.4%	214	16.2%			
Break Points	Medium/Small Cap. (501 - 1000)	90	2.6%	86	2.2%			
	Small Capitalization (1001+)	13	0.1%	13	0.2%			
	Unclassified	0	0.0%	0	0.0%			
	Market Cap. - $-Wtd Avg - $ billion							
	Market Cap. - $-Wtd Avg Nlog - $ billion							
Economic Sectors -	Technology	56	13.3%	56	14.1%			
# holdings/% equity	Health Care	48	12.0%	48	12.2%			
Based on Russell	Consumer Discretionary and Services	89	11.1%	90	11.0%			
Sector Scheme	Consumer Staples	33	8.6%	32	8.1%			
	Integrated Oils	7	7.7%	7	7.8%			
	Other Energy	29	5.5%	28	5.0%			
	Materials and Processing	35	4.3%	35	4.1%			
	Producer Durables	37	4.9%	37	4.9%			
	Autos and Transportation	15	2.6%	15	2.3%			
	Financial Services	103	17.6%	102	18.3%			
	Utilities	40	7.5%	40	7.6%			
	Other	10	4.9%	10	4.5%			
	Sector Deviation Measure (vs. R3000)		3		3			
Characteristics Summary								
Portfolio	Portfolio P/E	98%	16.3	99%	16.9			
Characteristics	Portfolio P/E Excluding Neg. Earnings	96%	15.6	97%	16.5			
	Portf. P/E - I/B/E/S 1 Yr Forecast EPS	97%	13.7	98%	15.1			
	Portfolio Price/Book	100%	2.48	100%	2.77			
	Price/Cash Flow	99%	11.0	100%	11.8			
	Portfolio Price/Sales	99%	1.4	99%	1.6			
	L.T. Growth Forecast - I/B/E/S Medians	100%	12.1	100%	12.3			
	1 Year EPS Forecast - I/B/E/S Medians	96%	11.0	98%	12.1			
	Return on Equity - 5 Year Average	94%	20.6	94%	20.4			
	EPS Growth - 5 Years	84%	20.0	84%	21.1			
	EPS Variability - 5 Years	97%	23.8	97%	23.6			
	EPS Variability - 10 Years	92%	47.8	91%	46.1			
	Beta (vs. R3000)	97%	0.9	98%	0.9			
	Number of Holdings		502		500			
Account Number	2OBFWBLN0012							

Mercer

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
Black Lung NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007				
Composition and Characteristics Detail								
Index Membership - # holdings/% equity	Russell 3000 Index	501	100.0%	500	100.0%			
	S&P 500 Index	500	100.0%	500	100.0%			
	All Growth		32.6%		33.6%			
	All Value		27.4%		27.4%			
	Partial Growth and Value		40.0%		39.0%			
Profitability	Return on Equity - 1 Year	96%	21.3	97%	21.9			
	Return on Equity - 2 Year Average	96%	21.7	97%	22.4			
	Return on Equity Momentum	92%	1.05	92%	1.09			
	Pretax Return on Assets - 5 Year Avg.	96%	12.3	97%	12.2			
Historical Growth Long-Term	Implied Growth - 5 Year Average	95%	14.3	95%	14.0			
	Sales/Share Growth - 5 Years	97%	12.9	97%	12.5			
	Dividends/Share Growth - 5 Years	78%	13.9	78%	14.5			
	Dividend Payout Ratio - 5 Year Average	96%	30.7	97%	30.4			
	EPS Growth - 10 Years	77%	11.2	77%	11.5			
	Dividends/Share Growth - 10 Years	73%	9.8	73%	9.6			
	Book Value 5 Year Growth	95%	13.1	96%	13.0			
	Cash Flow 5 Year Growth	89%	16.1	89%	17.4			
Historical Growth Short-Term	EPS Growth - 1 Year ($-Wtd. Median)	95%	12.4	96%	12.8			
	EPS Growth - 2 Years ($-Wtd. Median)	95%	13.0	96%	14.2			
	Sales/Share Growth - 1 Year	100%	14.3	100%	13.5			
	Sales/Share Growth - 2 Years	98%	14.2	99%	13.9			
Valuation	Portfolio P/E - Normalized Earnings	96%	13.6	96%	15.3			
	Portfolio P/E - 5 Year Average	96%	18.6	96%	18.5			
	Portf. P/E - 5 Yr Avg Excl Neg Earnings	88%	17.5	86%	16.8			
	Dividend Yield	100%	2.18	100%	1.97			
	Dividend Yield 5 Year Average	96%	1.90	95%	1.85			
	Portfolio P/E - $-Weighted Median	98%	17.0	99%	18.3			
	Portfolio P/E - Median	98%	17.0	99%	18.1			
	Portfolio Price/Book - $-Wtd. Median	100%	3.16	100%	3.38			
	Portfolio Price/Book - Median	100%	2.64	100%	2.96			
Quality/Market Risk	Quality Rank	86%	A-	87%	A-			
	Debt/Equity	94%	1.18	91%	1.07			
	Debt/Capital	100%	47.40	100%	46.91			
	Debt Coverage	82%	6.94	82%	6.69			
Account Number	2OBFWBLN0012							

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
DWRF NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007				
Composition Summary								
Portfolio Composition - $ million/% portfolio	Total Portfolio Size							
	Equity (Common)							
	Fixed Income							
	Convertibles							
	Other & Receivables							
	Cash Equivalents							
	Rights & Warrants							
	Options & Futures							
	Mutual & Pooled Funds							
Size of Companies - # holdings/% equity Russell 3000 Index Break Points	Large Capitalization (TOP 50)	49	48.9%	49	49.4%			
	Medium/Large Cap. (51 - 200)	140	32.2%	138	31.4%			
	Medium Capitalization (201 - 500)	210	16.2%	214	16.7%			
	Medium/Small Cap. (501 - 1000)	90	2.5%	86	2.4%			
	Small Capitalization (1001+)	13	0.1%	13	0.2%			
	Unclassified	0	0.0%	0	0.0%			
	Market Cap. - $-Wtd Avg - $ billion							
	Market Cap. - $-Wtd Avg Nlog - $ billion							
Economic Sectors - # holdings/% equity Based on Russell Sector Scheme	Technology	56	13.4%	56	14.1%			
	Health Care	48	12.0%	48	12.2%			
	Consumer Discretionary and Services	89	11.1%	90	11.0%			
	Consumer Staples	33	8.6%	32	8.0%			
	Integrated Oils	7	7.7%	7	7.8%			
	Other Energy	29	5.5%	28	4.9%			
	Materials and Processing	35	4.3%	35	4.1%			
	Producer Durables	37	5.0%	37	4.9%			
	Autos and Transportation	15	2.6%	15	2.3%			
	Financial Services	103	17.6%	102	18.4%			
	Utilities	40	7.5%	40	7.6%			
	Other	10	4.8%	10	4.5%			
	Sector Deviation Measure (vs. R3000)		3		3			
Characteristics Summary								
Portfolio Characteristics	Portfolio P/E	98%	16.2	99%	16.9			
	Portfolio P/E Excluding Neg. Earnings	96%	15.6	97%	16.5			
	Portf. P/E - I/B/E/S 1 Yr Forecast EPS	97%	13.7	98%	15.1			
	Portfolio Price/Book	100%	2.48	100%	2.77			
	Price/Cash Flow	99%	11.0	100%	11.8			
	Portfolio Price/Sales	99%	1.4	99%	1.6			
	L.T. Growth Forecast - I/B/E/S Medians	100%	12.1	100%	12.3			
	1 Year EPS Forecast - I/B/E/S Medians	96%	11.0	98%	12.0			
	Return on Equity - 5 Year Average	94%	20.6	94%	20.4			
	EPS Growth - 5 Years	84%	20.1	84%	21.0			
	EPS Variability - 5 Years	97%	23.7	97%	23.6			
	EPS Variability - 10 Years	92%	47.7	91%	46.3			
	Beta (vs. R3000)	97%	0.9	98%	0.9			
	Number of Holdings		502		500			
Account Number	2OBFWDNS0012							

Mercer

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
DWRF NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007				
Composition and Characteristics Detail								
Index Membership - # holdings/% equity	Russell 3000 Index	501	100.0%	500	100.0%			
	S&P 500 Index	500	100.0%	500	100.0%			
	All Growth		32.7%		33.5%			
	All Value		27.3%		27.5%			
	Partial Growth and Value		40.0%		39.0%			
Profitability	Return on Equity - 1 Year	96%	21.3	97%	21.8			
	Return on Equity - 2 Year Average	96%	21.7	97%	22.4			
	Return on Equity Momentum	93%	1.06	92%	1.09			
	Pretax Return on Assets - 5 Year Avg.	96%	12.3	97%	12.2			
Historical Growth Long-Term	Implied Growth - 5 Year Average	95%	14.3	95%	14.0			
	Sales/Share Growth - 5 Years	97%	13.0	97%	12.5			
	Dividends/Share Growth - 5 Years	78%	13.9	78%	14.4			
	Dividend Payout Ratio - 5 Year Average	96%	30.7	97%	30.4			
	EPS Growth - 10 Years	77%	11.2	77%	11.5			
	Dividends/Share Growth - 10 Years	73%	9.8	73%	9.5			
	Book Value 5 Year Growth	95%	13.1	96%	12.9			
	Cash Flow 5 Year Growth	89%	16.2	89%	17.4			
Historical Growth Short-Term	EPS Growth - 1 Year ($-Wtd. Median)	95%	12.4	96%	12.9			
	EPS Growth - 2 Years ($-Wtd. Median)	95%	13.0	96%	14.2			
	Sales/Share Growth - 1 Year	100%	14.3	100%	13.5			
	Sales/Share Growth - 2 Years	98%	14.2	99%	13.9			
Valuation	Portfolio P/E - Normalized Earnings	96%	13.6	96%	15.4			
	Portfolio P/E - 5 Year Average	96%	18.5	96%	18.6			
	Portf. P/E - 5 Yr Avg Excl Neg Earnings	88%	17.4	86%	16.9			
	Dividend Yield	100%	2.18	100%	1.97			
	Dividend Yield 5 Year Average	96%	1.90	95%	1.85			
	Portfolio P/E - $-Weighted Median	98%	16.9	99%	18.3			
	Portfolio P/E - Median	98%	17.0	99%	18.1			
	Portfolio Price/Book - $-Wtd. Median	100%	3.16	100%	3.38			
	Portfolio Price/Book - Median	100%	2.64	100%	2.96			
Quality/Market Risk	Quality Rank	86%	A-	86%	A-			
	Debt/Equity	94%	1.18	91%	1.08			
	Debt/Capital	100%	47.38	100%	46.94			
	Debt Coverage	82%	6.98	82%	6.68			
Account Number	2OBFWDNS0012							

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007	
Composition Summary					
Portfolio Composition - $ million/% portfolio	Total Portfolio Size				
	Equity (Common)				
	Fixed Income				
	Convertibles				
	Other & Receivables				
	Cash Equivalents				
	Rights & Warrants				
	Options & Futures				
	Mutual & Pooled Funds				
Size of Companies - # holdings/% equity Russell 3000 Index Break Points	Large Capitalization (TOP 50)	49	48.6%	49	49.7%
	Medium/Large Cap. (51 - 200)	140	32.4%	138	31.8%
	Medium Capitalization (201 - 500)	210	16.3%	214	16.1%
	Medium/Small Cap. (501 - 1000)	90	2.5%	86	2.3%
	Small Capitalization (1001+)	13	0.1%	13	0.2%
	Unclassified	0	0.0%	0	0.0%
	Market Cap. - $-Wtd Avg - $ billion				
	Market Cap. - $-Wtd Avg Nlog - $ billion				
Economic Sectors - # holdings/% equity Based on Russell Sector Scheme	Technology	56	13.3%	56	14.1%
	Health Care	48	12.0%	48	12.2%
	Consumer Discretionary and Services	89	11.1%	90	11.0%
	Consumer Staples	33	8.6%	32	8.0%
	Integrated Oils	7	7.7%	7	7.8%
	Other Energy	29	5.5%	28	4.9%
	Materials and Processing	35	4.3%	35	4.1%
	Producer Durables	37	5.0%	37	4.9%
	Autos and Transportation	15	2.6%	15	2.3%
	Financial Services	103	17.6%	102	18.4%
	Utilities	40	7.5%	40	7.6%
	Other	10	4.8%	10	4.5%
	Sector Deviation Measure (vs. R3000)		3		3
Characteristics Summary					
Portfolio Characteristics	Portfolio P/E	98%	16.3	99%	16.9
	Portfolio P/E Excluding Neg. Earnings	96%	15.6	97%	16.5
	Portf. P/E - I/B/E/S 1 Yr Forecast EPS	97%	13.7	98%	15.2
	Portfolio Price/Book	100%	2.49	100%	2.77
	Price/Cash Flow	99%	11.0	100%	11.8
	Portfolio Price/Sales	99%	1.4	99%	1.6
	L.T. Growth Forecast - I/B/E/S Medians	100%	12.1	100%	12.3
	1 Year EPS Forecast - I/B/E/S Medians	96%	11.0	98%	12.1
	Return on Equity - 5 Year Average	94%	20.6	94%	20.4
	EPS Growth - 5 Years	84%	20.1	84%	21.1
	EPS Variability - 5 Years	97%	23.6	97%	23.5
	EPS Variability - 10 Years	92%	47.6	91%	46.1
	Beta (vs. R3000)	97%	0.9	98%	0.9
	Number of Holdings		502		500
Account Number	2OBFWLCI0012				

Mercer

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
NT S&P 500

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007				
Composition and Characteristics Detail								
Index Membership -	Russell 3000 Index	501	100.0%	500	100.0%			
# holdings/% equity	S&P 500 Index	500	100.0%	500	100.0%			
	All Growth		32.7%		33.6%			
	All Value		27.3%		27.4%			
	Partial Growth and Value		40.0%		39.0%			
Profitability	Return on Equity - 1 Year	96%	21.3	97%	21.9			
	Return on Equity - 2 Year Average	96%	21.7	97%	22.4			
	Return on Equity Momentum	92%	1.05	92%	1.09			
	Pretax Return on Assets - 5 Year Avg.	96%	12.3	97%	12.2			
Historical Growth	Implied Growth - 5 Year Average	95%	14.3	95%	14.0			
Long-Term	Sales/Share Growth - 5 Years	97%	13.0	97%	12.6			
	Dividends/Share Growth - 5 Years	78%	13.9	78%	14.5			
	Dividend Payout Ratio - 5 Year Average	96%	30.7	97%	30.5			
	EPS Growth - 10 Years	77%	11.3	77%	11.5			
	Dividends/Share Growth - 10 Years	73%	9.8	73%	9.6			
	Book Value 5 Year Growth	95%	13.1	96%	13.0			
	Cash Flow 5 Year Growth	89%	16.1	89%	17.4			
Historical Growth	EPS Growth - 1 Year ($-Wtd. Median)	95%	12.4	96%	13.1			
Short-Term	EPS Growth - 2 Years ($-Wtd. Median)	95%	13.0	96%	14.2			
	Sales/Share Growth - 1 Year	100%	14.3	100%	13.5			
	Sales/Share Growth - 2 Years	98%	14.2	99%	13.9			
Valuation	Portfolio P/E - Normalized Earnings	96%	13.6	96%	15.3			
	Portfolio P/E - 5 Year Average	96%	18.5	96%	18.5			
	Portf. P/E - 5 Yr Avg Excl Neg Earnings	88%	17.5	86%	16.8			
	Dividend Yield	100%	2.18	100%	1.98			
	Dividend Yield 5 Year Average	96%	1.90	95%	1.86			
	Portfolio P/E - $-Weighted Median	98%	16.9	99%	18.3			
	Portfolio P/E - Median	98%	17.0	99%	18.1			
	Portfolio Price/Book - $-Wtd. Median	100%	3.16	100%	3.38			
	Portfolio Price/Book - Median	100%	2.64	100%	2.96			
Quality/Market Risk	Quality Rank	86%	A-	87%	A-			
	Debt/Equity	94%	1.18	91%	1.08			
	Debt/Capital	100%	47.40	100%	46.95			
	Debt Coverage	82%	6.97	82%	6.68			
Account Number	2OBFWLCI0012							

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
S&P 500 - Total Return Index

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Composition Summary											
Portfolio	Total Portfolio Size	11.5T		12.9T		13.5T		13.3T		12.7T	
Composition -	Equity (Common)	11.5	100.0%	12.9	100.0%	13.5	100.0%	13.3	100.0%	12.7	100.0%
$ million/% portfolio	Fixed Income	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Convertibles	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Other & Receivables	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Cash Equivalents	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Rights & Warrants	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Options & Futures	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	Mutual & Pooled Funds	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Size of Companies -	Large Capitalization (TOP 50)	49	48.7%	49	49.3%	49	48.8%	49	47.9%	51	49.0%
# holdings/% equity	Medium/Large Cap. (51 - 200)	139	32.2%	138	31.4%	139	31.2%	141	31.4%	147	31.3%
Russell 3000 Index	Medium Capitalization (201 - 500)	210	16.3%	214	16.7%	218	17.4%	220	17.9%	224	17.4%
Break Points	Medium/Small Cap. (501 - 1000)	90	2.6%	86	2.4%	86	2.5%	85	2.7%	75	2.2%
	Small Capitalization (1001+)	12	0.1%	13	0.2%	8	0.1%	5	0.1%	3	0.0%
	Unclassified	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Market Cap. - $-Wtd Avg - $ billion	100%	98.40	100%	109.45	100%	110.52	100%	103.08	100%	99.26
	Market Cap. - $-Wtd Avg Nlog - $ billion	100%	50.56	100%	56.60	100%	57.66	100%	55.05	100%	52.83
Economic Sectors -	Technology	56	13.3%	56	14.1%	58	13.7%	59	13.0%	59	12.5%
# holdings/% equity	Health Care	48	12.0%	48	12.2%	50	11.8%	50	11.9%	51	12.1%
Based on Russell	Consumer Discretionary and Services	88	11.1%	90	11.0%	89	11.2%	90	11.9%	91	12.3%
Sector Scheme	Consumer Staples	33	8.6%	32	8.0%	32	7.6%	32	7.3%	31	7.4%
	Integrated Oils	7	7.7%	7	7.8%	7	7.3%	7	6.7%	7	6.3%
	Other Energy	29	5.5%	28	5.0%	26	4.3%	25	4.0%	25	3.6%
	Materials and Processing	35	4.3%	35	4.1%	34	3.8%	34	3.7%	34	3.6%
	Producer Durables	37	5.0%	37	4.9%	36	4.8%	36	4.6%	35	4.3%
	Autos and Transportation	15	2.6%	15	2.3%	14	2.3%	14	2.4%	14	2.4%
	Financial Services	102	17.6%	102	18.4%	103	20.6%	101	21.8%	100	22.6%
	Utilities	40	7.5%	40	7.6%	41	7.8%	42	8.0%	43	8.3%
	Other	10	4.8%	10	4.5%	10	4.7%	10	4.8%	10	4.6%
	Sector Deviation Measure (vs. R3000)		3		3		3		3		3
Characteristics Summary											
Portfolio	Portfolio P/E	98%	16.3	99%	16.9	98%	17.0	98%	17.1	98%	16.6
Characteristics	Portfolio P/E Excluding Neg. Earnings	96%	15.6	97%	16.5	97%	16.8	97%	16.8	97%	16.3
	Portf. P/E - I/B/E/S 1 Yr Forecast EPS	97%	13.7	98%	15.2	98%	15.1	99%	15.5	99%	15.1
	Portfolio Price/Book	100%	2.48	100%	2.77	100%	2.92	100%	2.93	100%	2.83
	Price/Cash Flow	99%	11.0	100%	11.8	100%	12.2	100%	12.2	99%	12.0
	Portfolio Price/Sales	99%	1.4	99%	1.6	99%	1.7	99%	1.7	99%	1.6
	L.T. Growth Forecast - I/B/E/S Medians	100%	12.1	100%	12.3	100%	12.0	100%	11.9	100%	11.5
	1 Year EPS Forecast - I/B/E/S Medians	96%	11.1	98%	12.1	99%	12.3	97%	11.3	98%	9.3
	Return on Equity - 5 Year Average	94%	20.6	94%	20.4	95%	19.9	95%	19.4	96%	19.2
	EPS Growth - 5 Years	84%	20.0	84%	21.0	84%	21.8	83%	20.9	82%	19.8
	EPS Variability - 5 Years	97%	23.7	97%	23.6	97%	25.4	97%	25.2	97%	25.4
	EPS Variability - 10 Years	92%	47.8	91%	46.3	91%	44.6	91%	44.2	92%	43.8
	Beta (vs. R3000)	97%	0.9	98%	0.9	98%	0.9	98%	1.0	98%	1.0
	Number of Holdings		500		500		500		500		500
Account Number	IX1F00079488										

Mercer

TOTAL EQUITY CHARACTERISTICS
SEQUENTIAL

Ohio Bureau of Workers Compensation (BWC)
S&P 500 - Total Return Index

UNITED STATES DOLLAR		March 31, 2008		December 31, 2007		September 30, 2007		June 30, 2007		March 31, 2007	
Composition and Characteristics Detail											
Index Membership -	Russell 3000 Index	500	100.0%	500	100.0%	500	100.0%	500	100.0%	489	97.8%
# holdings/% equity	S&P 500 Index	500	100.0%	500	100.0%	500	100.0%	500	100.0%	500	100.0%
	All Growth		32.7%		33.5%		31.9%		30.7%		29.6%
	All Value		27.3%		27.5%		29.1%		30.4%		28.1%
	Partial Growth and Value		40.0%		39.0%		39.0%		38.8%		40.1%
Profitability	Return on Equity - 1 Year	96%	21.3	97%	21.8	97%	21.7	98%	21.3	98%	21.5
	Return on Equity - 2 Year Average	96%	21.7	97%	22.4	98%	21.8	98%	21.3	98%	21.1
	Return on Equity Momentum	92%	1.05	92%	1.09	93%	1.10	92%	1.10	91%	1.10
	Pretax Return on Assets - 5 Year Avg.	96%	12.3	97%	12.1	97%	11.4	98%	10.8	97%	10.5
Historical Growth	Implied Growth - 5 Year Average	95%	14.3	95%	14.0	96%	13.8	96%	13.4	96%	12.9
Long-Term	Sales/Share Growth - 5 Years	97%	12.9	97%	12.5	97%	11.7	97%	10.6	97%	10.1
	Dividends/Share Growth - 5 Years	78%	13.9	78%	14.4	79%	13.4	79%	13.7	79%	13.2
	Dividend Payout Ratio - 5 Year Average	96%	30.7	97%	30.4	97%	30.1	97%	30.1	97%	30.7
	EPS Growth - 10 Years	77%	11.2	77%	11.4	78%	11.1	81%	11.2	82%	11.4
	Dividends/Share Growth - 10 Years	73%	9.8	73%	9.5	74%	9.3	74%	9.4	75%	9.5
	Book Value 5 Year Growth	95%	13.1	96%	12.9	96%	12.6	96%	12.6	96%	12.4
	Cash Flow 5 Year Growth	89%	16.1	89%	17.3	91%	18.8	89%	17.0	91%	16.7
Historical Growth	EPS Growth - 1 Year ($-Wtd. Median)	95%	12.4	96%	13.1	96%	16.3	97%	15.8	97%	16.0
Short-Term	EPS Growth - 2 Years ($-Wtd. Median)	95%	13.0	96%	14.2	95%	15.6	95%	15.8	95%	15.1
	Sales/Share Growth - 1 Year	100%	14.3	100%	13.5	99%	13.9	100%	14.4	100%	15.9
	Sales/Share Growth - 2 Years	98%	14.2	99%	13.9	99%	14.3	99%	14.3	100%	14.7
Valuation	Portfolio P/E - Normalized Earnings	96%	13.6	96%	15.4	96%	16.5	96%	16.7	96%	16.2
	Portfolio P/E - 5 Year Average	96%	18.6	96%	18.6	97%	18.8	96%	18.6	95%	20.1
	Portf. P/E - 5 Yr Avg Excl Neg Earnings	88%	17.5	86%	16.8	84%	16.7	82%	16.5	82%	17.3
	Dividend Yield	100%	2.18	100%	1.97	100%	1.85	100%	1.82	100%	1.87
	Dividend Yield 5 Year Average	96%	1.90	95%	1.85	95%	1.88	96%	1.88	95%	1.88
	Portfolio P/E - $-Weighted Median	98%	17.0	99%	18.3	98%	18.5	98%	18.7	98%	17.8
	Portfolio P/E - Median	98%	17.0	99%	18.1	98%	18.6	98%	19.7	98%	19.1
	Portfolio Price/Book - $-Wtd. Median	100%	3.16	100%	3.38	100%	3.50	100%	3.30	100%	3.15
	Portfolio Price/Book - Median	100%	2.64	100%	2.96	100%	3.07	100%	3.12	100%	3.07
Quality/Market Risk	Quality Rank	86%	A-	86%	A-	96%	A-	87%	A-	87%	A-
	Debt/Equity	94%	1.18	91%	1.08	91%	1.15	92%	1.23	92%	1.22
	Debt/Capital	100%	47.35	100%	46.96	100%	47.85	100%	48.22	99%	47.67
	Debt Coverage	82%	6.96	82%	6.66	81%	6.19	80%	6.17	79%	5.99
Account Number	IX1F00079488										

Top 10 Equity Holdings

As of March 31, 2008

Security Name	Russell Economic Sectors	Portfolio Weight	Index Weight	Quarterly Rate of Return	Market Cap (USD-MM)
EXXON MOBIL CORP	INTEGRATED OILS	3.91%	3.93%	-9.36%	476.5
GENERAL ELEC CO COM	OTHER	3.22%	3.21%	0.77%	380.8
AT & T INC COM	UTILITIES	2.00%	2.01%	-6.89%	236.1
MICROSOFT CORP COM	TECHNOLOGY	1.97%	1.97%	-19.96%	271.5
PROCTER & GAMBLE CO COM	CONSUMER STAPLES	1.87%	1.87%	-4.05%	220.6
JOHNSON & JOHNSON COM	HEALTH CARE	1.59%	1.60%	-2.09%	187.9
CHEVRON CORPORATION COM	INTEGRATED OILS	1.53%	1.54%	-7.93%	183.5
BANK OF AMERICA CORP	FINANCIAL SERVICES	1.46%	1.46%	-6.57%	168.2
IBM CORP COM	TECHNOLOGY	1.38%	1.39%	6.89%	157.3
JPMORGAN CHASE & CO COM	FINANCIAL SERVICES	1.25%	1.27%	-0.81%	146.7
Total		**20.17%**	**20.25%**		

Benchmark					
S&P 500 - Total Return Index				-9.44%	98,397.6

Top 10 Equity Holdings

As of March 31, 2008

Security Name	Russell Economic Sectors	Portfolio Weight	Index Weight	Quarterly Rate of Return	Market Cap (USD-MM)
EXXON MOBIL CORP	INTEGRATED OILS	3.93%	3.93%	-9.36%	476.5
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CHEVRON CORPORATION COM	INTEGRATED OILS	1.53%	1.54%	-7.93%	183.5
BANK OF AMERICA CORP	FINANCIAL SERVICES	1.47%	1.46%	-6.57%	168.2
IBM CORP COM	TECHNOLOGY	1.37%	1.39%	6.89%	157.3
JPMORGAN CHASE & CO COM	FINANCIAL SERVICES	1.28%	1.27%	-0.81%	146.7
Total		**20.21%**	**20.25%**		

Benchmark					
S&P 500 - Total Return Index				-9.44%	98,397.6

Top 10 Equity Holdings

As of March 31, 2008

Security Name	Russell Economic Sectors	Portfolio Weight	Index Weight	Quarterly Rate of Return	Market Cap (USD-MM)
EXXON MOBIL CORP	INTEGRATED OILS	3.92%	3.93%	-9.36%	476.5
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JPMORGAN CHASE & CO COM	FINANCIAL SERVICES	1.26%	1.27%	-0.81%	146.7
Total		**20.19%**	**20.25%**		

Benchmark

S&P 500 - Total Return Index				-9.44%	98,397.6

Appendix

Important Information, Datasource Acknowledgements and Disclaimers

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Consulting. Outsourcing. Investments.

BWC Board of Directors

CIO Report May, 2008

Investment Division

Bruce Dunn, CFA, Chief Investment Officer

June 16, 2008

The Investment Division in May, 2008 continued to work on important investment initiatives. This report summarizes some of these activities, issues and action plans relating to the Ohio Bureau of Workers' Compensation Investment Division.

Fiscal Year 2008 Goals

The Investment Division has six major goals for fiscal year 2008. These goals are the following:

1. Execute and complete transition of BWC portfolios per new BWC Investment Policy

2. Complete establishment of new BWC Investment Division

3. Assist in establishment of new investment accounting system

4. Sell all 68 private equity funds

5. Establish proper investment controls and compliance procedures

6. Provide enhancement of knowledge to new BWC Board of Directors and Investment Committee

Strategic Goal One – PORTFOLIO TRANSITION

A pool of three Transition Managers (Barclays, Russell, State Street) were approved by the former Workers' Compensation Oversight Commission (WCOC) at its September 28, 2006 meeting. At the discretion of the BWC Investment Division, these transition managers are selected to oversee and effectively manage one or more of the many specific asset class exchanges in fulfillment of the goals of the new BWC Investment Policy. The new Investment Policy was approved at the July 20, 2006 WCOC meeting for State Insurance Fund assets and at the September 28, 2006 WCOC meeting for the assets of the BWC ancillary trust fund portfolios. At the time of this approval, most invested assets of the State Insurance Fund and all assets of four ancillary trust funds (except operating cash) were invested in bonds in a customized commingled fund passively indexed managed to the intermediate-duration Lehman Aggregate benchmark index.

The State Insurance Fund (SIF) had approximately $14.8 billion of investment assets involved in transitions to achieve its portfolio asset allocation and portfolio duration targets as per the new BWC Investment Policy. The State Insurance Fund asset transitions occurred over two stages between January, 2007 and April, 2007. These SIF asset transitions involved invested assets being sold, reinvested and transferred to respective approved passive indexed managers under the oversight and management of the respective transition managers chosen. Each such transition was very closely monitored by the BWC investment staff.

The transition of approximately $1.4 billion of assets involving four ancillary funds was completed in two distinct stages in July, 2007 and September, 2007. The first stage of the ancillary fund transitions involved invested assets totalling $21.4 million for the Ohio Public Workers Relief Fund (PWRF) and $15.2 million for the Ohio Marine Industry Fund (MIF). These assets were transitioned in July, 2007 to the JPMorgan U.S. Government Money Market Fund. This money market fund serves as the current interim investment strategy for these two smaller ancillary funds.

The second stage of the ancillary trust funds asset transition strategy involved the transitioning of invested assets of the two large ancillary trust funds, the Disabled Workers Relief Fund (DWRF) and the Coal Workers Pneumoconiosis Fund (CWPF). These two trust fund transitions totaled approximately $1.38 billion in invested assets, comprising approximately $1.14 billion for DWRF and $240 million for CWPF. These respective trust funds were transitioned in September, 2007 to three respective asset class mandates per the Investment Policy targeted asset class allocation. Similar to the SIF portfolio, these assets were all targeted to approved passive indexed managers.

As the result of the approval provided by the Board of Directors on November 21, 2007, all assets of PWRF and MIF totalling over $38 million, other than operating cash requirements, will be transitioned to a commingled pooled intermediate duration bond fund indexed to the new intermediate duration fixed income benchmark also approved by the Board of Directors at the November, 2007 meeting. At the April, 2008 meetings of the Investment Committee and Board of Directors, an investment manager (Barclays) was recommended and approved for these two ancillary funds upon the completion of the RFQ review and selection process. Upon the CIO learning in early May of the utilization of certain derivative asset classes in the related securities lending cash collateral pool managed by Barclays that are prohibited per the current BWC Investment Policy Statement, this decision is being reassessed after discussion of this matter at the May, 2008 Investment Committee meeting. The investment strategy of the PWRF and MIF portfolios will be addressed further at the upcoming June, 2008 Investment Committee meeting.

Strategic Goal Two – BUILD INVESTMENT STAFF

The Investment Division began fiscal year 2008 commencing July 1, 2007 with a staff of seven individuals consisting of the CIO, Director of Investments, two Senior Investment Managers, two assistant Investment Managers and an administrative assistant. Two new additions to staff occurred in late July, 2007 with the hiring of an Investment Administration Manager and an Assistant Investment Manager. Both of these more recent hires are making many contributions.

One of the two Senior Investment Managers who was on staff at the start of fiscal year 2008 is no longer a member of the Investment Division team, effective November 9, 2007. To fill this vacancy, one of the Assistant Investment Managers was offered and accepted the new position of Investment Manager. Two new additions to staff occurred in March and April of 2008 with the hiring of a new Assistant Investment Manager and an Administrative Assistant. An additional new Senior Investment Manager position was intended to be filled by the end of the first quarter of 2008. The clear leading candidate for the new Senior Investment Manager position initially accepted the Investment Division employment offer in late January, 2008 but retracted such acceptance in late February, 2008 to accept an alternative employment offer. The Investment Division subsequently reposted this Senior Investment Manager position in March. Interviewing with selected candidates for this important position will commence in June.

The necessary increase in positions of the BWC investment staff reflects the next stage of the building of a team of experienced investment professionals dedicated to serving the needs of the BWC and its customers with the highest of integrity and competence.

Strategic Goal Three – NEW INVESTMENT ACCOUNTING SYSTEM

A RFP process that began in November, 2006 for a new investment accounting and reporting system resulted in the selection of an integrated outsourced vendor solution offered by BNY Mellon. BWC has now completed the accounting conversion process and is currently in the process of completing the full implementation process to this web-based system. The BWC Investment Division is focusing on the goal to have an improved accounting system available to the investment staff to accommodate the effective daily monitoring of both passive and active style asset managers in satisfaction of the current BWC Investment Policy. The investment staff is now well into the process of learning how to utilize many of the analytical, compliance and performance measurement tools and resources offered by this accounting system through both formal training sessions and self education. Certain individuals at Mercer Investment Consulting are now being utilized by the Investment Division to assist in the education and implementation of analytical and compliance tools available. The transition of all performance data from Wilshire Associates to Mercer has been completed. Mercer now is in a position to present a first quarter 2008 performance report to the Investment Committee and other members of the Board of Directors at the June, 2008 Investment Committee meeting.

Strategic Goal Four – PRIVATE EQUITY SALE

Progress continued in the month of May, 2008 towards the goal of selling all 68 private equity partnerships. The sale of one additional private equity partnership occurred in May for total proceeds of $5.1 million. At the end of May, a total of 66 private equity partnerships have been sold by BWC for total proceeds of $399.0 million. All such proceeds received from private equity partnership sales are reinvested in the passive indexed Large Cap S&P 500 Equity portfolio managed by Northern Trust.

As mentioned in the April, 2008 CIO Report, the Axxon Capital partnership was converted in April to a limited liability corporation. This LLC investment with a current book value of $1.2 million is now being liquidated by the Bureau by means of actual liquidation of its remaining assets rather than by third party sale. A significant distribution of cash is expected to be received soon from Axxon Capital LLC. The book value of the one remaining private equity partnership to be sold is currently $2.0 million.

Strategic Goal Five – INTERNAL INVESTMENT PROCEDURES

The Internal Audit Division is providing guidance and assistance in both the creation and further improvement of proper procedures and controls for the Investment Division. This is important as the Investment Division selects and very closely monitors existing and new investment managers who will manage specific mandates reflected from the new Investment Policy approved.

The Investment Division has focused on the management oversight of the passive style investment managers, performance reporting, and other investment activities to support the Investment Policy. Internal procedures for the monitoring of active style investment managers will be developed well in advance of the selection of such managers.

Strategic Goal Six – BOARD OF DIRECTORS KNOWLEDGE ENHANCEMENT

An added goal of the Investment Division is to provide investment-related fundamental training to the new BWC Board of Directors. Such training will assist the Board of Directors in carrying out its fiduciary responsibilities to the BWC trust funds. The Investment Division will provide educational presentations (written and oral) on relevant topics at scheduled public meetings. The Investment Division will also provide training through informal discussion, as appropriate under the Ohio Sunshine Laws. The CIO and Director of Investments encourage Board members to contact them with inquiries, comments or concerns.

At the September, 2007 meetings, there were formal presentations made by the Investment Division on (i) the fundamentals of investments as relevant to the BWC portfolio of assets and current investment strategy, (ii) the BWC RFP process for securing external investment management services/products, and (iii) the advantages/disadvantages of the two types of alternative custodial structures for investment asset management. The BWC RFP process for securing a full service investment consulting firm and the roles of an evaluation committee in the RFP process was addressed in the October meetings. Discussion on the fundamentals of securities lending was started in the November meeting and was continued and concluded at the December meeting. With consultation of the Investment Division and the Administrator, Mercer has commenced in May, 2008 a series of monthly educational presentations on important investment topics. These educational presentations will be beneficial when Mercer later presents recommendations on proposed new investment policy.

Investment Staff Compliance and Certification

Ohio Revised Code requires the BWC Chief Investment Officer to be licensed as Bureau chief investment officer by the Ohio division of securities in the Department of Commerce. It also requires such chief investment officer to have the CFA designation. The current BWC chief investment officer has fulfilled these Ohio Revised Code requirements.

Each of the eight unclassified exempt members of the Investment Division staff have submitted their required annual Financial Disclosure Statement with the Ohio Ethics Commission. The Investment Division presently has five fully accredited and designated Chartered Financial Analysts (CFA) who are in good standing with the CFA Institute. They are Bruce Dunn, Lee Damsel, Doug Walouke, Greg Stought and Vyts Kulpa. A CFA member in good standing is required to sign a statement each year on file with the CFA Institute asserting that such person has an understanding of and has complied with all rules of the CFA codes governing professional conduct and activities, including no conflicts of interest in the performance of their professional responsibilities.

Compliance

The investment portfolios in the aggregate were in compliance with the BWC Investment Policy at the end of May, 2008. BWC Investment Policy Statement compliance rules have been built into the Mellon compliance monitoring system sufficiently at this time such that the Mellon system was very useful in monitoring portfolio compliance for May.

Quarterly Investment Manager Meetings Summary (First Quarter 2008)

Northern Trust (Passive Large Cap U.S. Equity)

Investment staff meeting with portfolio manager (PM) and two relationship managers occurred on May 6, 2008 at the Investment Division offices. State Insurance Fund total return for 1Q08 was -9.40% versus -9.44% for the benchmark S&P 500 index while 1Q08 total returns of the Disabled Workers Fund and Coal Workers Fund were -9.39% and -9.37%, respectively. The timing of the portfolio rebalancing shift from bonds to stocks at end of January, 2008 in combination with cash reinvestment drag during a significant negative return period are reasons for outperformance of portfolios versus the benchmark index during this quarter. PM Brent Reeder indicated that 2008 to date has seen only a few (four) add/delete changes in the S&P 500 index composition. An interesting discussion ensued with PM on approach S&P takes in determining index composition changes. A brief discussion on the Northern Trust approach to enhanced indexing on equities also occurred.

State Street Global Advisors (Passive Long Duration Fixed Income; Passive TIPS)

Investment staff meeting with the respective portfolio managers of both Long Duration Fixed Income (LDFI) and TIPS as well as the primary relationship manager occurred on May 7, 2008 at the Investment Division offices. State Insurance Fund LDFI portfolio total return in 1Q08 was 0.87% versus 0.76% for benchmark index return. Total 1Q08 return of Disabled Workers Fund and Coal Workers Fund LDFI portfolio was 0.90% and 0.88%, respectively, versus 0.76% benchmark index return. As was the case in the prior quarter, this excess performance was the result of a continued overweighting of U.S. government bonds and underweighting of corporate bonds. This underweighting of corporate bonds continues from lack of availability of many corporate bonds in sufficient size targeted for purchase in the secondary markets, given their reduced liquidity in a challenging corporate credit bond market environment. Progress, however, was made by LDFI PM John Kirby in reducing the over/under gap in portfolio weightings versus the benchmark index for both the large government and corporate sector representations. Such sector weighting differentials continue to narrow during 2Q08 to date. LDFI PM indicated liquidity in corporate bond sector is beginning to improve with the Federal Reserve moves in March to provide more liquidity support to financial institutions at low borrowing costs. LDFI PM mentioned State Street is attracting more Liability Driven Investing (LDI) related pension fund assets that are directed to the LDFI mandate.

The performance results for each of the U.S. TIPS portfolios for 1Q08 were 5.17% for both State Insurance Fund and Disabled Workers Fund and 5.13% for Coal Workers Fund versus the benchmark index return of 5.18%. TIPS PM Jay Mauro provided a good summary of the current state of the TIPS market and his views on the economy. The strong performance of U.S. TIPS in 1Q08 benefited from realized inflation being higher than expected inflation. TIPS PM indicated that TIPS will perform very well versus other asset classes in any period of stagflation.

The Investment staff received an update on several high-level management changes at State Street Global Advisors, including the recent announcement naming a new CEO (Scott Powers) recruited from outside the firm who was the CEO of Old Mutual Asset Management. It was reasserted that SSGA is fully committed to top-tier customer service with these management changes and that the risk management process on the active management side is being emphasized even more.

Barclays Global Investors (Passive Long Duration Fixed Income)

Investment staff meeting with portfolio manager (PM) and BWC client relationship associate by phone and the primary BWC Barclays relationship manager in person occurred on May 8, 2008 at the Investment Division offices. Performance for 1Q08 for State Insurance Fund LDFI portfolio managed by Barclays (BGI) had a total return of 0.75% versus the 0.76% benchmark index return.

The BGI relationship manager provided comments on State Street Bank & Trust (SSBT) serving as sub-custodian for all BGI managed U.S. funds. State Street Corp., parent company of SSBT, acquired Investors Bank & Trust (IBT) in 2007 when IBT was serving as sub-custodian for BGI funds. IBT was soon thereafter merged into SSBT. With the recent completion of due diligence performed by BGI on SSBT, BGI expects at the present time to continue with SSBT as its sub-custodian. LDFI PM Matt Tucker indicated that the transition to add previously non-permitted Yankee bond categories to the BWC portfolio over the Feb-Mar08 time period went smoothly, with the benchmark change effective 2/01/08. Matt Tucker commented that LDFI assets managed by BGI have grown in 2008 to date due to LDI appeal from corporate pension fund clients, partly driven by new FASB rules focusing on underfunding risks.

2008 / 2009 FY PROJECTIONS

ALL FUNDS

Interest Income	Projected July 2008	Projected August 2008	Projected September 2008	Projected October 2008	Projected November 2008	Projected December 2008
Bond Interest	$63,491,000	$63,491,000	$63,491,000	$63,491,000	$63,491,000	$63,491,000
Dividend Income	$5,750,000	$5,750,000	$5,750,000	$5,750,000	$5,750,000	$5,750,000
Money Market/Comm Paper Income	$813,200	$813,200	$813,200	$813,200	$813,200	$813,200
Miscellaneous Income (Corp Actions, etc.)	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Private Equity	$0	$0	$0	$0	$0	$0
Securities Lending Income	$0	$0	$0	$0	$0	$0
Total Interest Income	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,354,200**
Realized & Unrealized Capital Gains and (Losses)						
Net Realized Gain (Loss) Stock	$0	$0	$0	$0	$0	$0
Net Realized Gain (Loss) Bonds	$0	$0	$0	$0	$0	$0
Unrealized Gain (Loss) Stocks	$17,250,000	$17,250,000	$17,250,000	$17,250,000	$17,250,000	$17,250,000
Unrealized Gain (Loss) Bonds	$0	$0	$0	$0	$0	$0
Gain (Loss) PE	$0	$0	$0	$0	$0	$0
Change in Portfolio Value	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**
Investment Expenses	$340,000	$750,000	$110,000	$340,000	$764,000	$110,000
TOTAL INVESTMENT INCOME	**$87,264,200**	**$86,854,200**	**$87,494,200**	**$87,264,200**	**$86,840,200**	**$87,494,200**

Interest Income	Projected January 2009	Projected February 2009	Projected March 2009	Projected April 2009	Projected May 2009	Projected June 2009
Bond Interest	$63,491,000	$63,491,000	$63,491,000	$63,491,000	$63,491,000	$63,492,000
Dividend Income	$5,750,000	$5,750,000	$5,750,000	$5,750,000	$5,750,000	$5,750,000
Money Market/Comm Paper Income	$813,200	$813,200	$813,200	$813,200	$813,200	$814,200
Miscellaneous Income (Corp Actions, etc.)	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Private Equity	$0	$0	$0	$0	$0	$0
Securities Lending Income	$0	$0	$0	$0	$0	$0
Total Interest Income	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,354,200**	**$70,356,200**
Realized & Unrealized Capital Gains and (Losses)						
Net Realized Gain (Loss) Stock	$0	$0	$0	$0	$0	$0
Net Realized Gain (Loss) Bonds	$0	$0	$0	$0	$0	$0
Unrealized Gain (Loss) Stocks	$17,250,000	$17,250,000	$17,250,000	$17,250,000	$17,250,000	$17,250,000
Unrealized Gain (Loss) Bonds	$0	$0	$0	$0	$0	$0
Gain (Loss) PE	$0	$0	$0	$0	$0	$0
Change in Portfolio Value	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**	**$17,250,000**
Investment Expenses	$370,000	$764,000	$120,000	$350,000	$834,400	$170,000
Total Investment Income	**$87,234,200**	**$86,840,200**	**$87,484,200**	**$87,254,200**	**$86,769,800**	**$87,436,200**

TOTAL YEAR FORECAST FY 2009

	TOTAL
Bond Interest	$761,893,000
Dividend Income	$69,000,000
Money Market/Comm Paper Income	$9,759,400
Miscellaneous Income(Corp Actions, etc)	$3,600,000
Private Equity	$0
Securities Lending Income	$0
Total Interest Income	$844,252,400
PROJECTED FY 2008	
Net Realized Gain (Loss) Stock	$0
Net Realized Gain (Loss) Bonds	$0
Unrealized Gain (Loss) Stocks	$207,000,000
Unrealized Gain (Loss) Bonds	$0
Gain (Loss) PE	$0
Realized & Unrealized Gains and (Losses)	$207,000,000
Investment Expense	**$5,022,400**
Investment Income	**$1,046,230,000**

May 30, 2008 10:00 am

12-month Investment Committee Calendar

Date	December	Notes
12/17/08		
	January	
1/22/09	1. Investment Consultant Asset/Liability Report and recommendation, possible vote	
	February	
2/26/09	1. Investment Consultant Performance Report 4Q08	
	March	
3/26/09		
	April	
4/23/09	1. Annual Investment Committee Charter Review	
Date	**May**	
5/28/09	1. Investment Consultant Performance Report 1Q09	

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MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

May 28, 2008

Investment Topics
Ohio Bureau of Workers' Compensation (BWC)

Kristin Finney-Cooke
Guy M. Cooper
Kweku Obed

Agenda

1. **Fixed Income**

2. **Asset and Liability Matching – Discussion of basic concepts**

3. **U.S. Equity**
   – Active Management Styles

4.. **Non U.S. Equity**
   – International and Emerging Markets

5. **Active vs. Passive Management**

6. **Diversification – Correlation**

Fixed Income

Important Characteristics of a Bond

- Bonds provide income while stocks provide capital gains.
- The income offered by bonds is the ‘bird in the hand’ while the capital gains offered by stocks is the ‘two in the bush’.
- When you invest in bonds, you expect that most of what you will earn is the promised interest payment. Stocks do pay dividends but they are not ‘guaranteed’, and dividends are not generally an important part of what you earn when you invest in stocks.
- There are risks to the promised interest income payment of bonds. These include:
  - Credit risk – the risk that interest payments will not be made
  - Inflation risk – the risk that, although interest is paid, it is worth less because prices have gone up
  - Re-investment rate risk – the risk that when interest is received there are not good alternatives for re-investing the interest.
- Bond prices also fluctuate and this presents significant risks.

Terminology

- A bond is a loan from a lender to a borrower.
  - The lender is usually called the investor.
  - The borrower may be called the **issuer**.
- As with any loan, the borrower and lender must agree on:
  - **Maturity:** the length of time of the loan before it must be repaid.
  - **Coupon:** the amount of interest the borrower will pay the lender. Originally bond holders physically presented coupons on the semi-annual payment date to receive the interest due to them.
  - **Interest period:** how often the borrower pays interest to the lender. By convention, this is every six months for the most common bonds.
- **Yield:** the yield of a bond is a calculation of the percentage rate of return of the bond. There are actually many ways to compute a bond's yield depending on one's purpose. Common terms are:
  - **Current yield, book yield, yield-to-maturity** and **yield-to-worst**

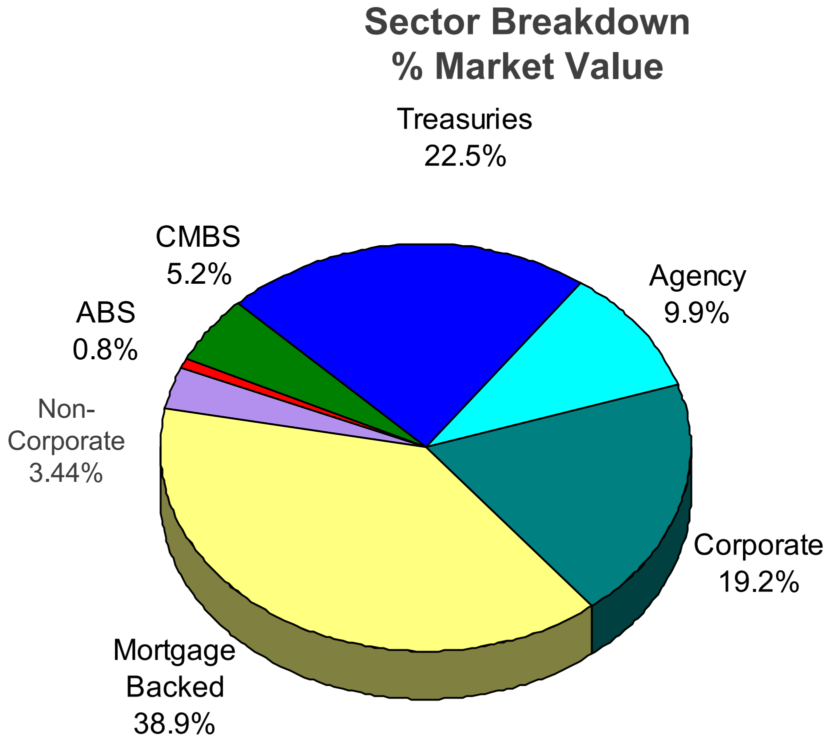
Common Types of Bonds (as classified by type of borrower)

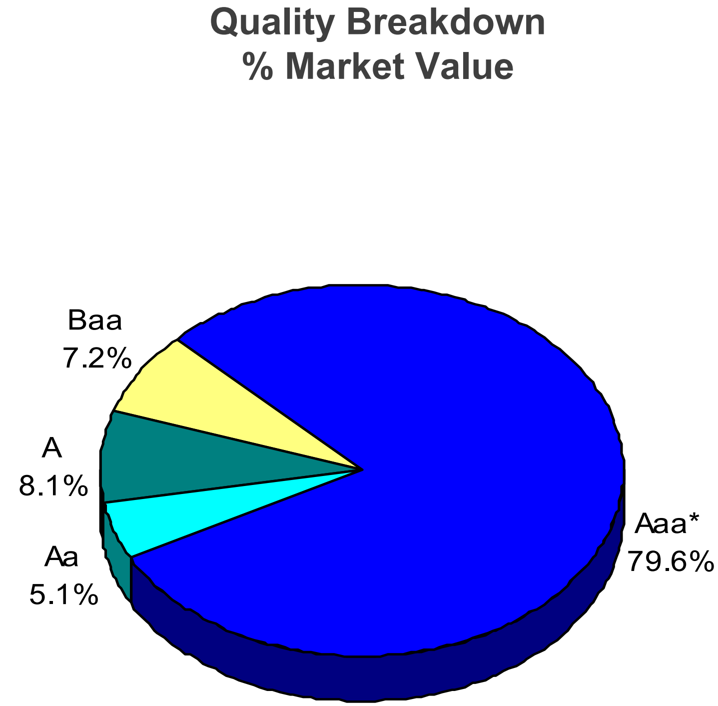
- U.S. Government Bonds
- Corporate Bonds
  - Investment Grade (Typical Credit Quality grades: AAA, AA, A, Baa)
  - Non-Investment Grade (High Yield, Junk, ratings below Baa)
- Mortgages and Mortgage-Backed Securities
- Other Collateralized Instruments
- TIPS
- Yankee Bonds
  - Foreign entities issue bonds payable in US dollars
- Non-Dollar Payees
  - Foreign Governments (Developed and Emerging Countries)
  - Foreign Corporations
- Synthetic Bonds (Futures and Swaps)

Fixed Income

US Investment Grade Fixed Income Market

Lehman Brothers Aggregate Bond Index
As of March 31, 2008

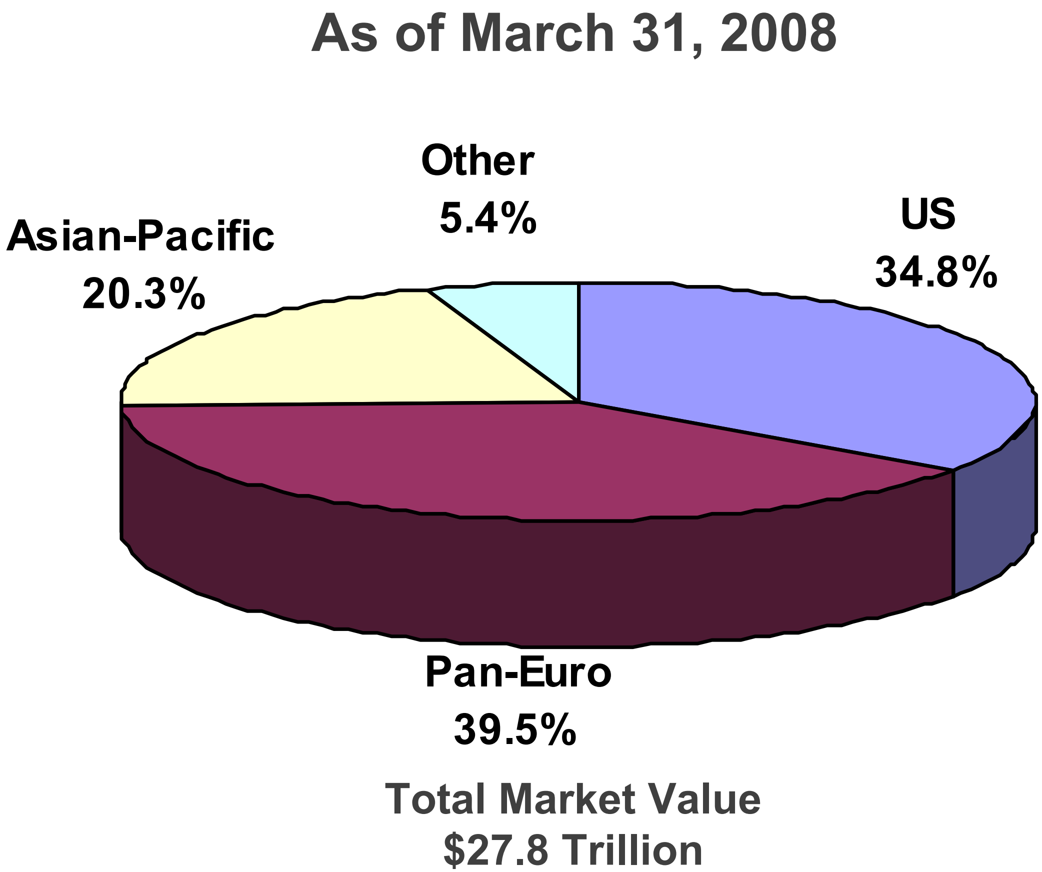




* Aaa includes Treasuries (23.29%), Agency (52.64%) and Credit (3.54%).

Source: Lehman Brothers

Fixed Income
World Bond Market by Sector



*Other includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities.

Source: Lehman Brothers

Common Types of Bonds (as classified by length of borrowing)

- Very short (maturity less than 90 days)
- Short (maturity between 90 days and 1 year)
- Intermediate (maturity between 1 and 10 years)
- Long (maturity between 10 and 30 years)

Any length of bond may be associated with any borrower type.

The Value of a Bond – Example

- Suppose the following offer: The U.S. Government offers to pay you $500 every year for 5 years and $10,000 at the end of the 5 years.
- How much would you pay for this?
  - What if the offer was for $500 every year for the next 15 years with $10,000 at the end of the 15 years?
  - What if the offer was $600 every year for 5 years?
  - What if the offer came from a person off the street that you didn’t know?

The Value of a Bond – Math

- The price of a bond is determined by a complex mathematical formula.
- Each type of bond may have a different formula, and usually Board members do not need to know the precise formula – computers and spreadsheets suffice for that.
- The formula for determining the price of a bond depends on five quantities:
  1. The coupon paid by the bond
  2. How often the coupon is paid (usually semi-annually)
  3. How long the coupon is going to be paid (i.e. the maturity)
  4. The yield-to-maturity of the bond
  5. Who the issuer is…
- Of these the most important is the yield-to-maturity. It is the only one of the quantities that changes from day to day and after you buy the bond.

Fundamental Theorem of Bond Valuation – Example

- Suppose you buy a 5 year $50,000 Certificate of Deposit from Bank ABC that is paying 5% interest.
- The next week you notice that Bank ABC is offering a 6% interest rate on 5 year Certificates of Deposit?
- If you had to or wanted to sell it, what is your 5% Certificate of Deposit worth?
- What would your 5% Certificate of Deposit be worth, do you think, if Bank ABC was offering only 4% on new Certificates of Deposit?

Fundamental Theorem of Bond Valuation – Math

- The price of a bond moves in the opposite direction to the bond's yield-to-maturity.
- If the bond's yield-to-maturity goes up, the bond's price goes down.
- If the bond's yield-to-maturity goes down, the bond's price goes up.
- A bond's yield-to-maturity is just the interest rate prevailing in the market that investors are willing to accept for that particular type of bond. As these rates change, which they do every minute, the price of the bond changes.
- Thus the value of a portfolio of bonds fluctuates as interest rates fluctuate, rising when interest rates go down, and falling when interest rates go up.

Duration – Common Sense Definitions

- Duration, like maturity, is a measure of the length of time of a bond. Duration is stated in years. It is almost always less than maturity.
- Duration measures the sensitivity of a bond to interest rate changes. Duration determines how much a bond will change in price when interest rates change.
- Facts about Duration:
  - The higher a bond's duration, the greater its sensitivity to a change in interest rates.
  - The higher a bond's duration, the more the bond will fall in price if interest rates go up.
  - The higher a bond's duration the more the price changes as interest rate changes – a form of risk.
  - The lower the duration, the less impact a change in interest rates will have on the value of your bonds.
  - Low (or short) duration can mean less than 3. High (or long) duration means 8-12.

Duration – Math

- Duration provides a useful formula that relates what happens to the price of a bond when interest rates change:
  - Percentage change in bond price = Percentage Point change in Yield times the Duration of the bond.
- Example: A bond with a duration of 5 years will decrease in value by 5% if interest rates rise 1% and increase in value by 5% if interest rates fall 1%.
- Mathematically, duration is the weighted average maturity of a bond's cash flows. But it is more intuitive to think of duration as the link between changes in interest rates and changes in bond prices.
- Duration is stated in years. It is always less than maturity, except for zero coupon bonds, where maturity and duration are the same.

Value of a $100 Bond after Interest Rate Changes

Interest Rates Decline by 1%:

Asset Duration	5 yrs	10 yrs
Assets	$105	$110

Interest Rates Increase by 1%:

Asset Duration	5 yrs	10 yrs
Assets	$95	$90

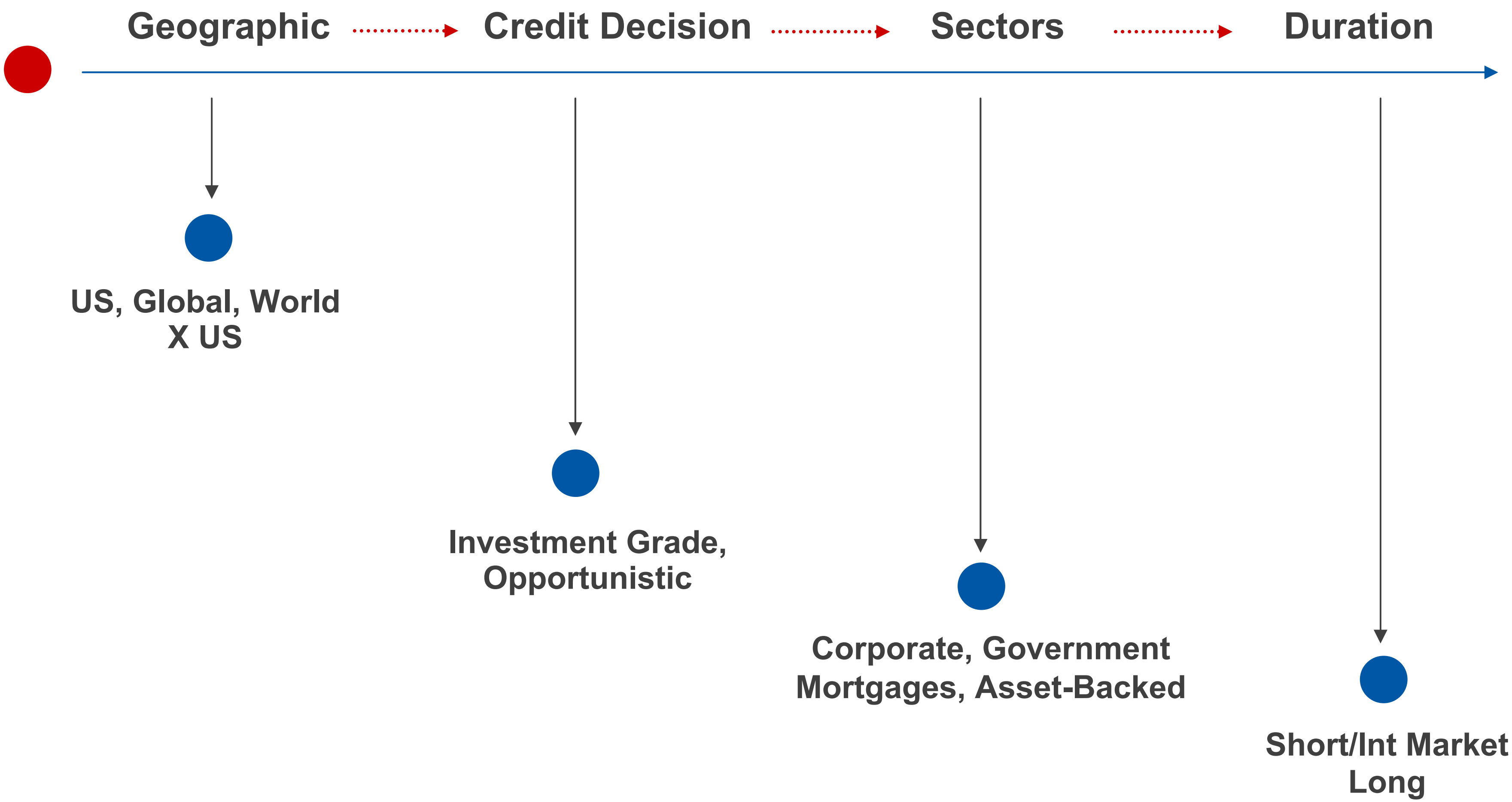
Treasury Inflation Protected Securities (TIPS)

- TIPS can be viewed as a special type of Treasury note or bond that offers protection from inflation.
- Like other Treasuries, these inflation-indexed securities pay interest every six months and pay the principal when the security matures. *The difference is that the coupon payments and underlying principal are automatically increased to compensate for inflation as measured by the consumer price index (CPI).*
- TIPS maintain an investor's real rate of return by guaranteeing their purchasing power.
- TIPS are seen as 'double-safe' investments as they are guaranteed by the US Treasury *and* because they guarantee purchasing power;
- Due to their relative safety, TIPS offer a relatively lower return for investors (in normal market conditions).

Convexity

- Convexity is a term that will be used frequently by investment managers and bond practitioners .
- Convexity refers to a mathematical property of the equation that relates a bond's price to changes interest rates.
- Gives a higher degree of accuracy in the pricing of bonds.
- In the normal course of your duties as a trustee, it is usually not necessary to know what the term convexity means.

Bond Portfolio Management
Choices



The Important role of Credit Analysis

- Since a bond derives its value from the promise of the issuer to pay periodic interest, it is critical to determine whether the issuer is likely to actually make the promised interest and principal payments for the life of the bond.
- Only the United States Government is deemed default free and immune from ever failing to pay the interest and principal that is due to investors in its bonds.
- All other issuers are rated by independent rating agencies on various scales indicating their creditworthiness. A typical scale is AAA, AA, A, and BBB, with BB, B, C, and NR reserved for lower credit rated issuers.
- Investment management firms who invest in bonds also typically have significantly sized staffs devoted to analyzing the creditworthiness of the bond issuers they own or might own.
- Some bonds are backed by collateral – assets specifically pledged to provide security for the promised payments. All mortgages are bonds backed by the collateral of the property the mortgage covers.

Common Portfolio Strategies
Core and Core Plus Strategies

Core Strategy

- A Core Bond strategy will seek both current income and the growth of capital through exposure to US government and corporate investment-grade obligations.

Core Plus Strategy

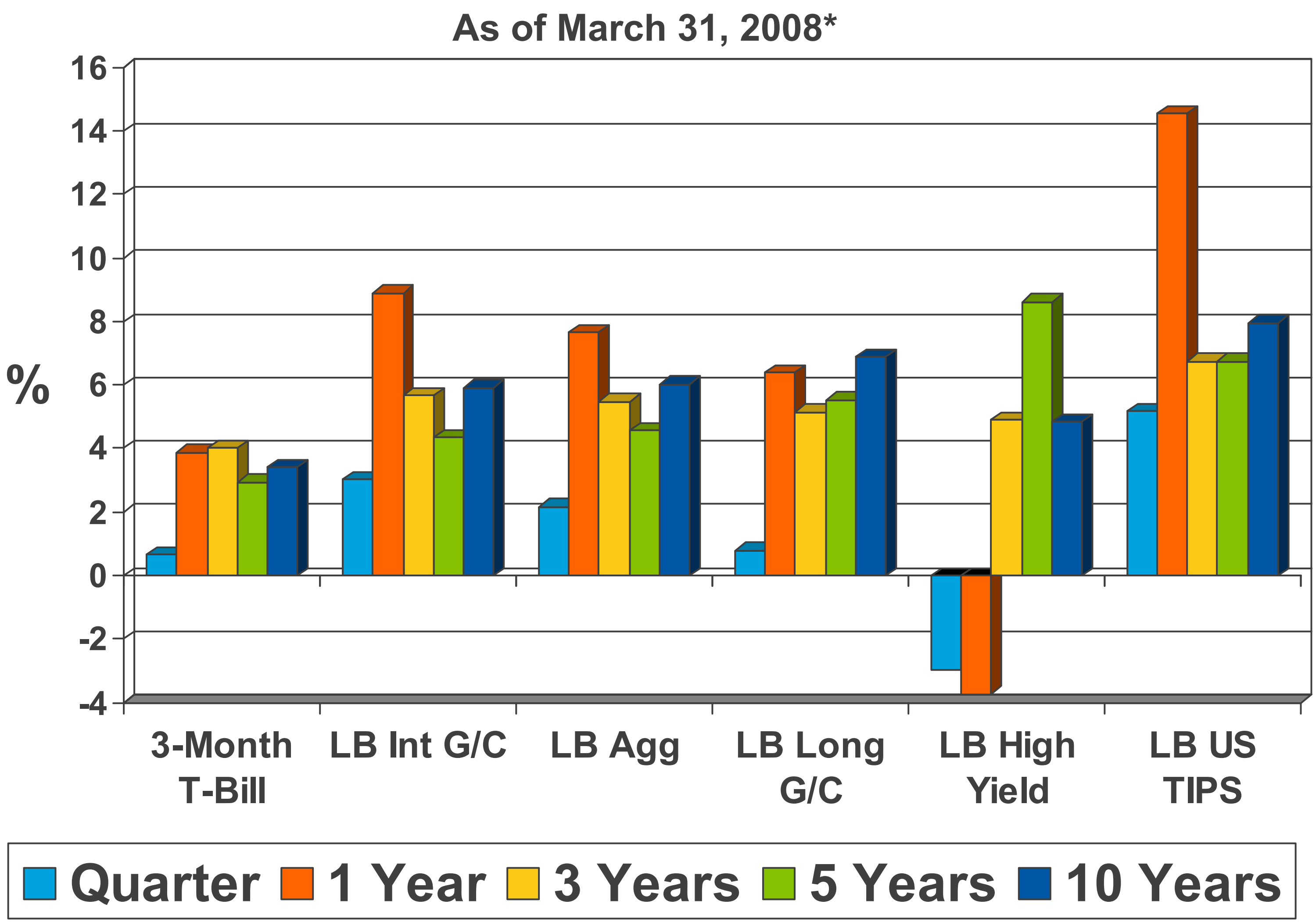
- A Core Plus strategy permits managers to add instruments with greater risk and greater potential return (high-yield, global and emerging market debt, for example) to core portfolios of investment-grade bonds.

Passive Fixed Income Strategies

- A Passive Fixed Income strategy seeks to replicate the characteristics and performance of one or more generally accepted indices of the overall bond market.

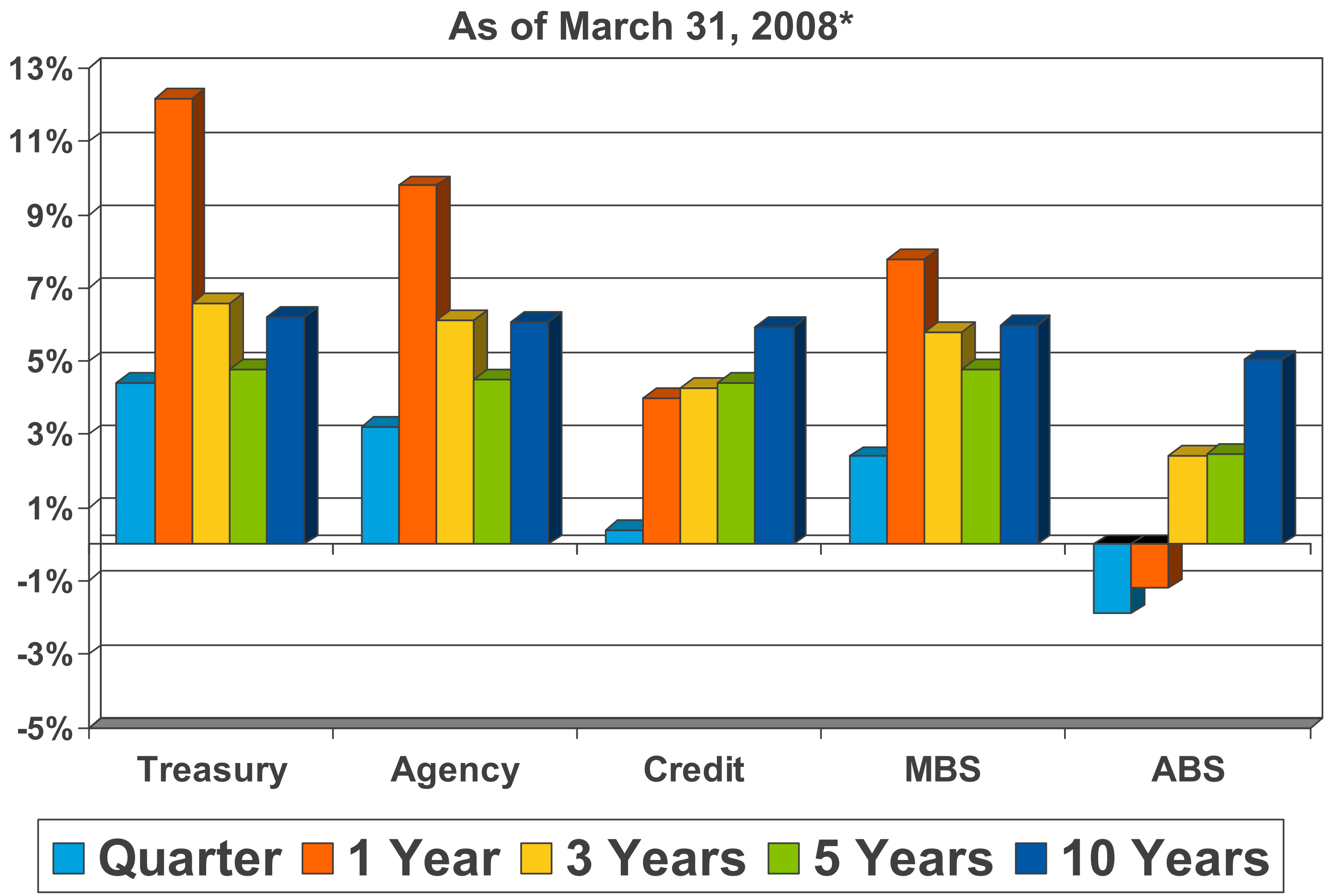
Fixed Income

Annualized Returns by Maturity and Sector



* Performance for one year or longer has been annualized.

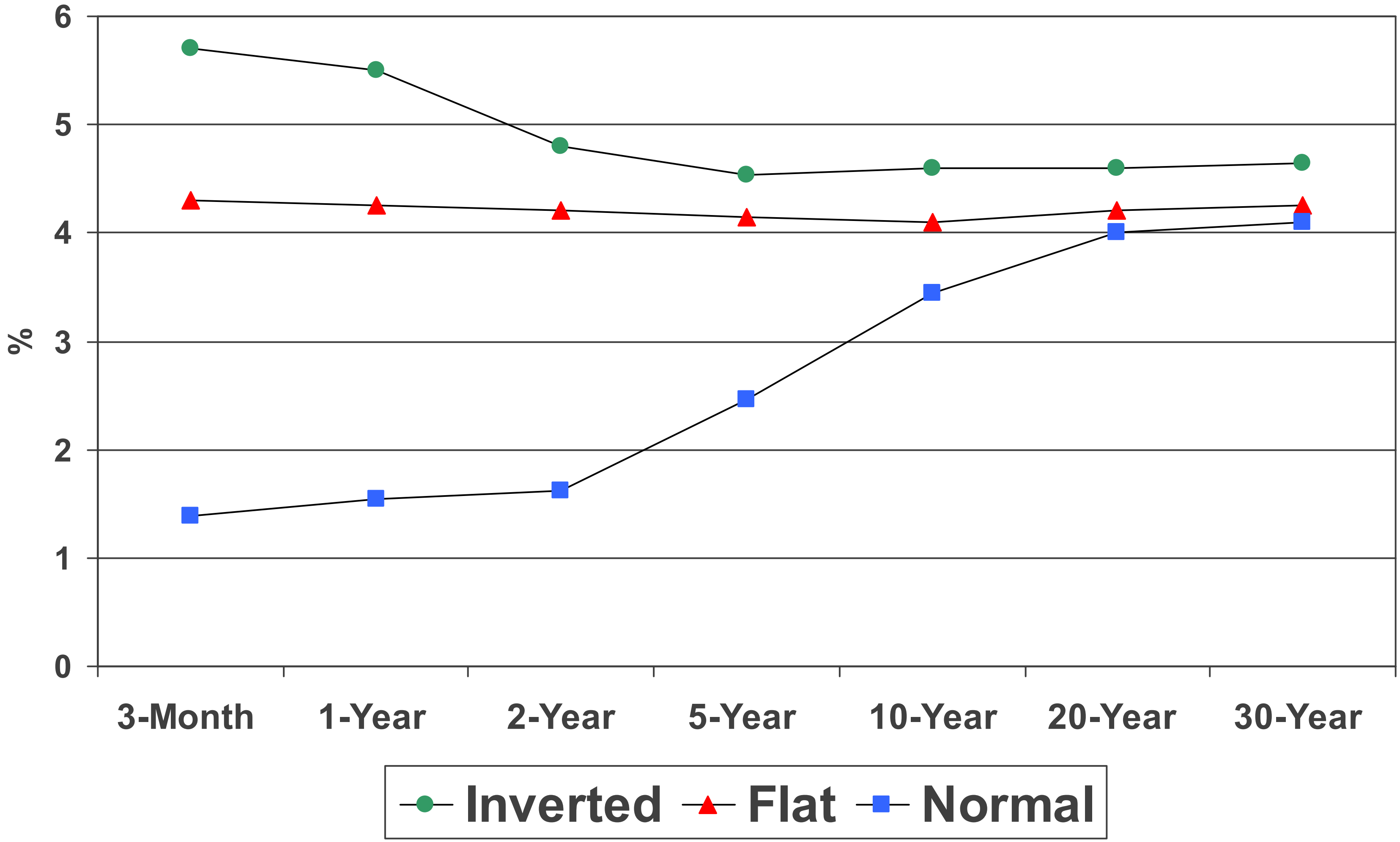
Fixed Income
Performance by Issuer



Source: Lehman Brothers

* Performance for one year or longer has been annualized.

Fixed Income
Yield Curve



Asset and Liability Matching

ALM – Asset and Liability M…

- ALM can mean:
- Asset and Liability **Modeling** – a computer exercise of determining how assets and liabilities behave in the future in various scenarios.
  - Example: What is the likely return over the next 20 years of an investment strategy that is invested 20% in equities and 80% in bonds? What is likely to be the worst that can happen in any one year over the 20 years?
- Asset and Liability **Management** – the general practice of paying attention to how both assets and liabilities behave
- Asset and Liability **Matching** – one of several approaches to matching assets to liabilities in an attempt to manage surplus
- All three of these will be important exercises in steps 3 – 5 of our Five Step Decision Making Framework.
  - 3. Setting Investment Objectives
  - 4. Determining Asset Allocation
  - 5. Establishing acceptable Risk Tolerances

ALM and Surplus Management

- Surplus equals Assets minus Liabilities
- If either Assets or Liabilities change, Surplus changes
- To manage Surplus, both Assets and Liabilities must be managed. It is not enough to just manage the assets.
- ALM in practice means designing an asset portfolio that behaves like the liabilities so that changes in assets are tracked by changes in liabilities.

The Market Value of Liabilities

- If we have to make a payment of $1,000,000 10 years from now, we would need $613,913 today to be sure we could pay that payment, if interest rates were 5%.
- If, tomorrow, interest rates were to rise to 6%, we would need less money to meet that ten year obligation. We would only need $558,395.
- If, tomorrow, interest rates were to fall to 4% we would need more money to meet that ten year obligation. We would need $675,564.
- In each case, we call the amount of money needed to cover a future liability the market value of the liability. The market value of a liability changes as interest rates change reflecting the fact that the cost of meeting that liability changes.
- Note that the market value of a liability is just the discounted value of a future expected payment.

The Market Value of Assets

- If interest rates were 5%, and we invested $613,913 in a bond asset with a duration of 10 years, we would be assured of that asset being worth $1,000,000 in ten years.
- If, tomorrow, interest rates were to rise to 6%, that asset would be worth only $558,395. But we would still be assured of that asset being worth $1,000,000 in ten years.
- If, tomorrow, interest rates were to fall to 4%, that asset would be worth only $675,564. And we would still be assured of that asset being worth $1,000,000 in ten years.

Summary: Market Value of Asset = Market Value of Liability

- We began, with interest rates at 5%, with the market value of our asset equal to the market value of our liability ($613,913).
- If interest rates rise to 6%, the market value of our asset still equals to the market value of our liability ($558,395).
- If interest rates fall to 4%, the market value of our asset still equals to the market value of our liability ($675,564).

Summary: Market Value of Asset = Market Value of Liability

Four things have happened:

1. Our surplus (assets minus liabilities) began at zero and remains unchanged at zero no matter what happens to interest rates.
2. We are assured of having a million dollars at the end of ten years to meet our liability
3. We are immune and indifferent to changes in the level of interest rates.
4. We are also immune and indifferent to changes in the stock market.

The Fundamental Theorem of Asset and Liability Matching

To achieve a perfect guarantee of meeting a future expected payment:

1. Match the market value of your asset to the market value of your liability
2. Match the duration of your asset to the duration of your liability

ALM in practice

- A number of real world complications arise in achieving the perfect asset and liability match.
- A future liability is not known with certainty. Estimates of what the liability may be might be wildly off, particularly if the future liability is subject to a high degree of uncertainty such as medical inflation.
- Typical coupon bonds do not have durations over 15. To match long liabilities we must use exotic instruments or U.S. Government zero-coupon bonds.
- ALM is expensive. This is because ALM relies on bonds which we expect to earn less than other asset classes, particularly stocks. In effect, ALM purchases safety and certainty at an expensive price.
- The theory of duration-matching makes several assumptions, which may not hold in practice: parallel shifts in yield curves, small changes in yields only, bonds cannot be called and do not contain other optionality.

ALM for the BWC

- Surplus equals Assets minus Liabilities
- The BWC does not mark its liabilities to market as interest rates change (or they do so to a limited degree). This is a consequence of the discount rate that is fixed for a twelve month period and perhaps of the actuarial smoothing of liabilities.
- With liabilities largely fixed, managing surplus at the Bureau is equivalent to managing assets. There is arguably no need or role for an asset strategy that tries to mimic the volatility of the liabilities.
- We have asked Deloitte to consider these questions of surplus management and a final determination of what the role of ALM for the BWC should be awaits their views.

U.S. Equity

U.S. Equity
Characteristics of Equity Market Investing

Common Stock or Equity Securities

- Represents ownership shares in a corporation. Each share of common stock typically entitles its owner to one vote.
- Residual claim and limited liability
- Generate returns from dividends and/or appreciation in the value of the stock price
- Returns are not guaranteed, as a stock investor can lose money if the stock price declines in value below the amount paid

U.S. Equity
Characteristics of Equity Market Investing

How your Portfolio Manager (PM) Invests in the Equity Market

- The portfolio manager invests in the stock market for clients by identifying a basket of securities to purchase.
- The basket of securities referred to as the portfolio will be identified through various types of analysis – in hopes that the portfolio will outperform a stated benchmark.
- The portfolio manager will stay within the guidelines set forth by the client as it relates to capitalization ranges (Large, Midcap or Small) and style (Growth, Value or Core).
- The portfolio will be measured against a stock market index (benchmark), which is defined as a method of measuring the stock market as a whole. The market can be Canadian stocks, American stocks, Bio-tech stocks, small-cap stocks, growth stocks, or any other market of interest.

U.S. Equity
Characteristics of Equity

Types of Stocks

Cyclical

- A cyclical stock is a stock that has a strong correlation with the movement of the general economy (business cycle) i.e. it will appreciate quickly when economic growth is strong and fall rapidly when growth is slowing.
- Automobile stocks are a good example of a cyclical stock; as economic growth slows, consumers have less disposable income to spend on new cars and vice versa.

U.S. Equity
Characteristics of Equity

Types of Stocks

Non-cyclical

- Non-cyclical securities, also called defensive stocks, are anticipated to experience profit regardless of economic conditions as non-cyclical firms produce or distribute essential goods or services that we demand regardless of the business cycle.
- The classic example of a non-cyclical stock is a food or household products stock (P&G) as consumers and businesses need household supplies regardless of the direction of the economy.
- When the economy is growing, non-cyclical stocks tend to lag behind cyclical stocks as they have a low correlation with the business cycle.

U.S. Equity
Characteristics of Equity

Types of Stocks

Standard & Poor’s classifies stocks into 10 sectors:

- **Consumer Discretionary**
- **Consumer Staples**
- **Energy**
- **Financials**
- **Health Care**
- **Industrials**
- **Information Technology**
- **Materials**
- **Telecommunication Services**
- **Utilities**

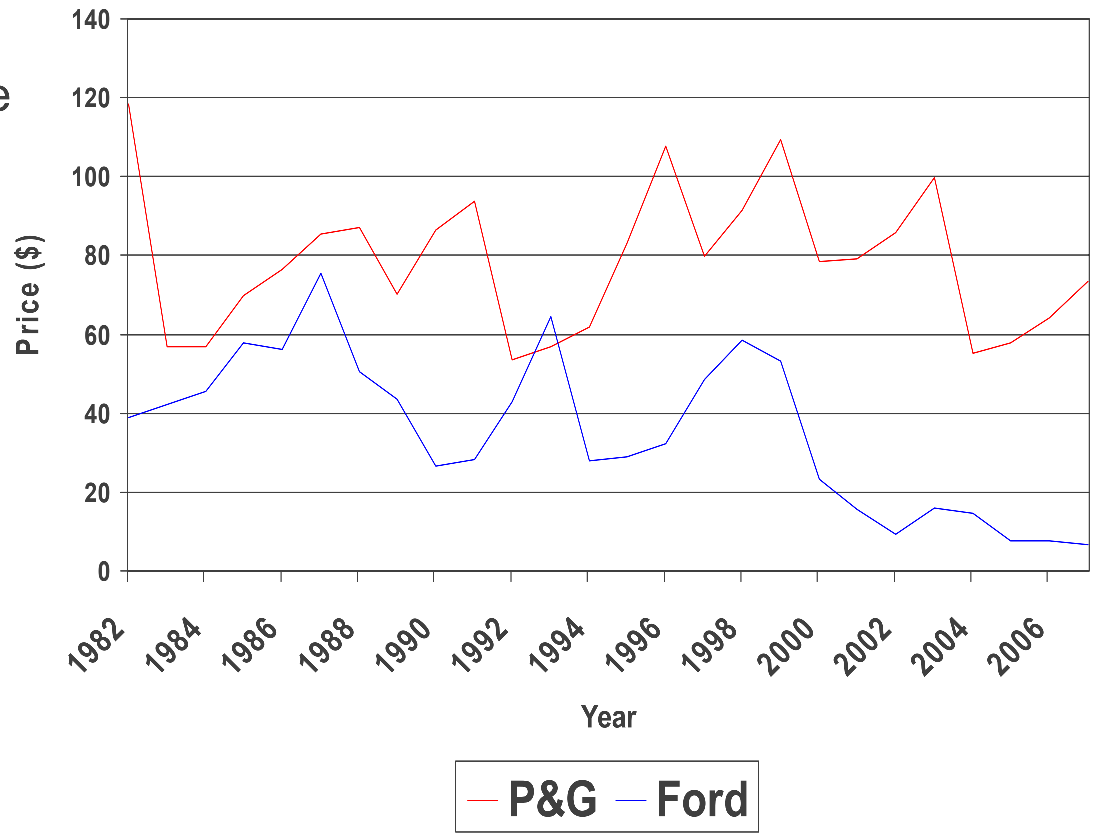
All of the sectors are cyclical with the exception of (3) Consumer Staples, Health Care and Utilities.

U.S. Equity

Characteristics of Equity

Types of Stocks

- The chart shows the performance of a highly cyclical company, the Ford Motor Co. (blue line), and a non-cyclical company, Proctor & Gamble (P&G) (red line).
- This chart clearly demonstrates how each company's share price reacts to downturns in the economy.
- You will see that the downturn in the economy from 2000 to 2002 drastically reduced Ford's share price, whereas P&G share price remained within its normal price range during the slowdown.



Domestic Equity
Market Capitalizations

The total market value of a company's outstanding common stock is calculated by multiplying the market price per share by the number of shares outstanding.

Market Capitalization = (# shares) x (price)

Example: Marsh & McLennan -MMC

$24.37 billion = 800 million shares x $30.47

U.S. Equity
Market Capitalization

Broad Market Index (Example: Russell 3000)

- Represents largely entire market, which includes all capitalization ranges (large, mid and small companies)
- Range from $468B – $261M with the average market capitalization at $82.8B
- An example of a broad index is the Russell 3000, which is often used as a proxy for the entire market

As of March 31, 2008

% of Total	Russell 3000
Large Cap	39.9%
Mid/Large Cap	26.8%
Mid Cap	17%
Small/Mid Cap	9.3%
Small Cap	7%

U.S. Equity
Market Capitalization Ranges

Large Cap

- Largest stocks in the broad market
- Range from $468B – $2.5B with the average market capitalization at $90.5B
- An example of a large cap index is the Russell 1000 Index, which is often used as the large cap benchmark that large cap portfolios are compared

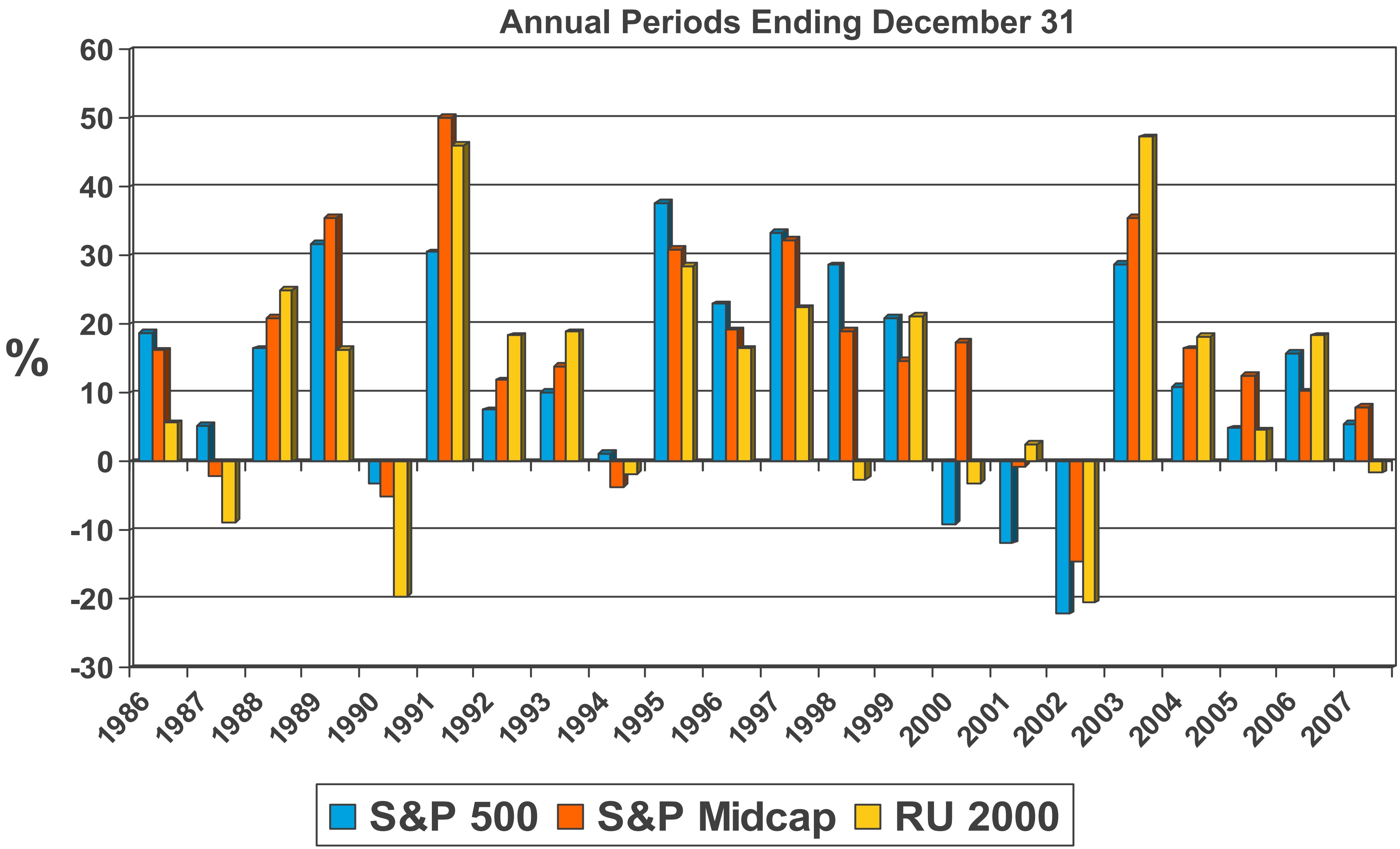
Mid Cap

- Stocks that fall in the middle of the capitalization range
- Range from $18.3B – $2.5B with the average market capitalization at $9.1B
- An example of a mid cap index is the Russell Mid Cap Index

Small Cap

- Smallest stocks in the broad market
- Range from $2.5B – $261M with the average market capitalization at $1.3B
- An example of a small cap index is the Russell 2000 Index

U.S. Equity
Performance by Capitalization



U.S. Equity
Methods of Investing

Passively Managed Portfolio

- A strategy of holding a well – diversified portfolio of securities without attempting to outperform other investors (defined as the broad market index, hence the benchmark)
- The PM will create a portfolio of securities that holds close to the same weightings of sectors (financials, technology, healthcare, etc.) as their specific benchmark

Active Managed Portfolio

- A strategy of creating a portfolio of securities selected by the “skill” of the portfolio manager with the goal of outperforming the broad market
- The term Alpha is typically used when discussing active management – Alpha is the excess returns generated by a portfolio due to the “skill” of the portfolio manager

U.S. Equity
Active Management Styles

Top-Down Investing

- A active management style that generally begins with an assessment of the economic environment. Typically, as a result of this macroeconomic analysis, specific industrial groups or geographical regions are identified for investment.

Bottom-Up Investing

- A active management style that focuses on the analysis of individual companies, utilizing fundamental, analytical techniques in an attempt to select superior performing issues.

U.S. Equity
Active Management Styles

Quantitative Strategies

- Most quantitative strategies rely heavily on computer simulations. A quantitative strategy must be based on a sound theory about why the strategy has worked in the past and why it should work in the future.

Fundamental Strategies

- Any investment strategy which is not based on quantitative techniques is based on fundamental techniques. A fundamental strategy is based on detailed industry and/or company research. It may be top-down or bottom-up in nature.

Domestic Equity
Active Management Styles

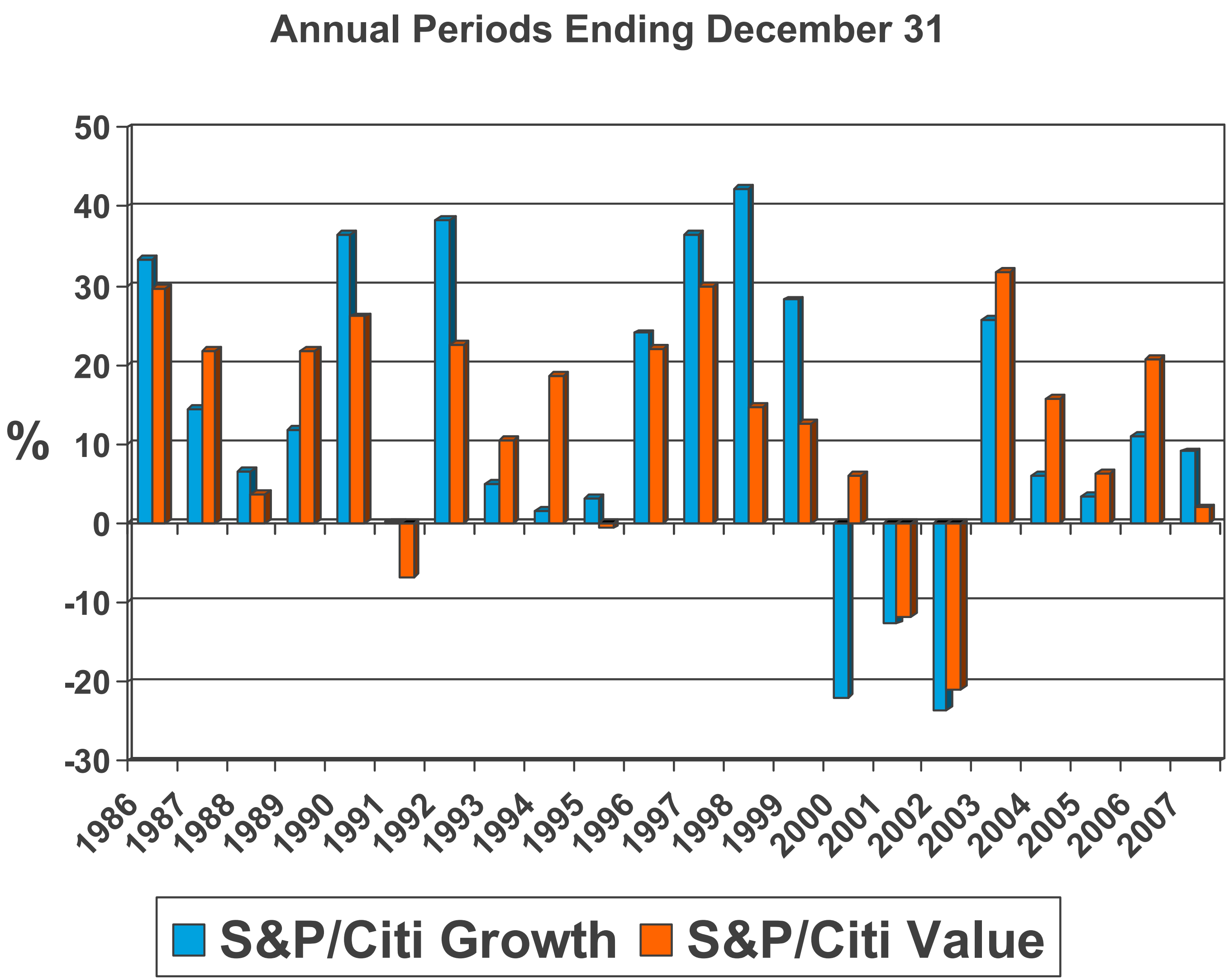
Value focused portfolios include:

- Companies viewed as having market prices which are undervalued. That is, the market has not properly recognized future earnings streams.
- Earnings are generally distributed to equity holders.
- Price to earnings ratio is generally, but not always, lower.
- Examples: Limited Brands and Heinz

Growth focused portfolios include:

- Companies whose sales and earnings are expanding faster than the general market and/or the industry average.
- Earnings are often plowed back into operations; therefore, dividend yield tends to be lower.
- Often the company maintains a solid position within an expanding part of the market.
- Generally characterized by price volatility as actual earnings are not always in line with expected earnings.
- Example: Google and Intel

U.S. Equity
S&P/ Citi Growth vs. S&P/ Citi Value



Non U.S. Equity

Non U.S. Equity
Economic Landscape

The Global Environment Has Changed Over Time:

- Historically the US dominated the world's economy
- Today more than 50% of the world's economy (stock investing opportunities) is outside of the US
- MSCI ACWI: Index of global stock opportunities, which includes 55 country indices (23 developed and 33 emerging market indices)
- Emerging market economies are playing an increasing role in the global economy

Non U.S. Equity

Market → Capitalization → Fund Style → Active/Passive → Manager

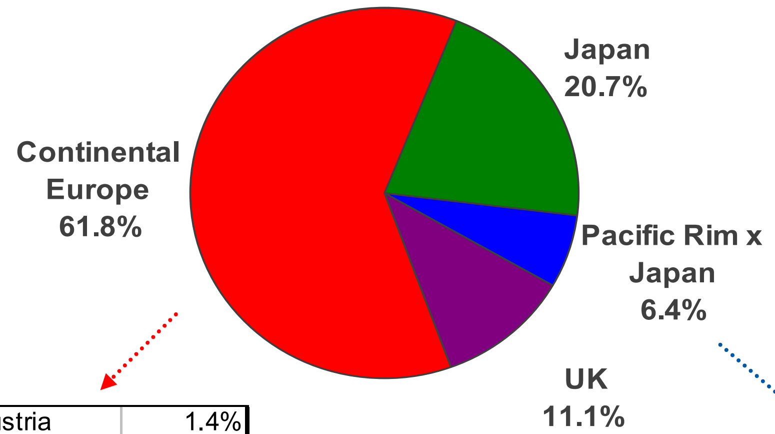
- **Market:** Developed, Emerging, Mixed
- **Capitalization:** Large, Small, All Cap
- **Fund Style:** Core, Growth, Value
- **Active/Passive:** Active, Passive
- **Manager:** Quantitative/Fundamental, Bottom-up/Top-down, Hedged/Un-hedged (Currency)

Non U.S. Equity
EAFE Country Allocation (Developed)

Developed Markets

- Large, liquid capital markets.
- Generally politically stable.
- Stable economic growth.
- Governmental departments responsible for investor protection.

MSCI EAFE Index
As of Mar 31, 2008



Austria	1.4%
Belgium	2.1%
Denmark	1.6%
Finland	1.2%
France	11.8%
Germany	16.2%
Greece	1.6%
Ireland	0.9%
Italy	9.2%
Netherlands	2.7%
Norway	1.8%
Portugal	0.9%
Spain	6.6%
Sweden	1.8%
Switzerland	2.0%

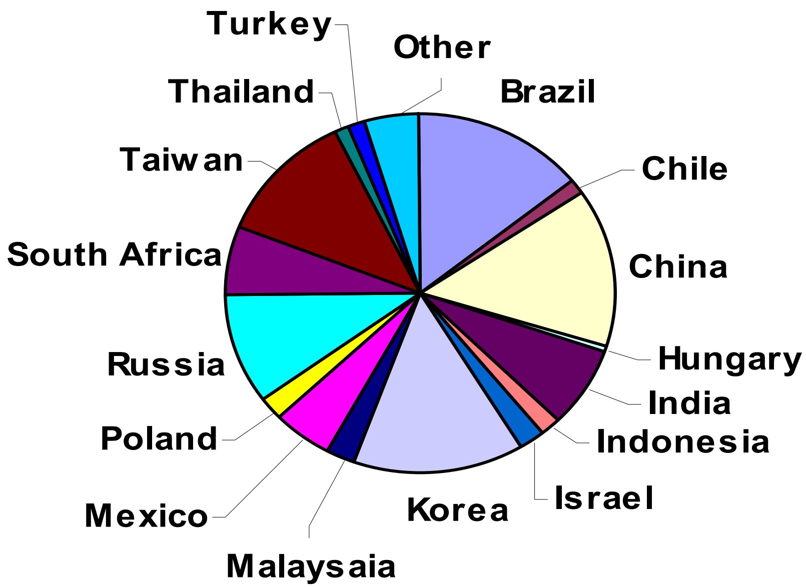
Hong Kong	1.2%
Singapore	0.7%
Australia	4.1%
New Zealand	0.4%

Non U.S. Equity
MSEMF Country Allocation (Emerging)

Emerging Markets

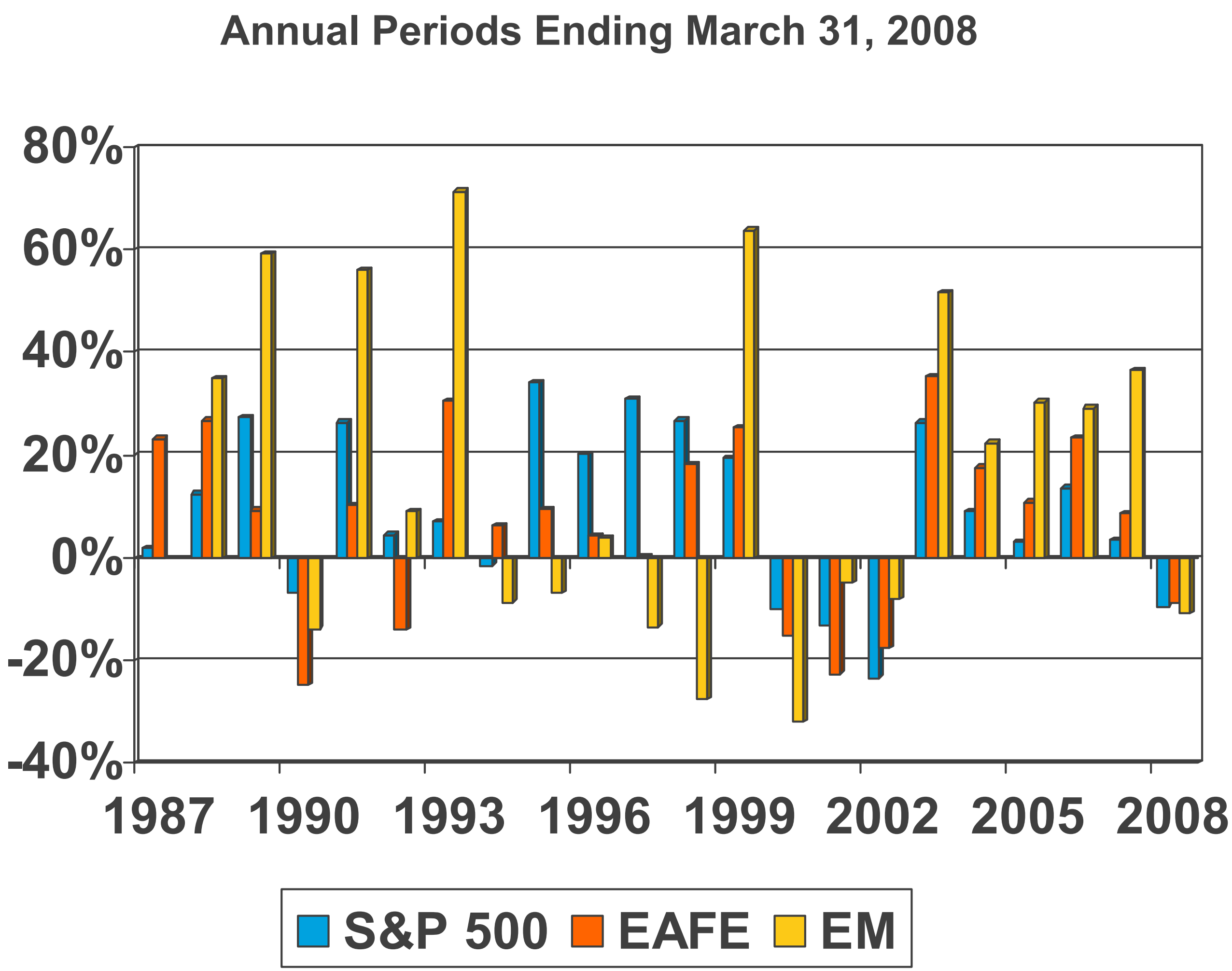
- Smaller, less liquid capital markets.
- Less politically stable and exhibit higher, more volatile economic growth.
- Less market regulation. Weak bankruptcy laws. Generally not as shareholder friendly due to capital controls.
- Higher expected returns over time, mediated by higher political and market risk.
- Not all are equal - some countries are more “developed” than others.

MS Emerging Market Free Index
As of Mar 31, 2008

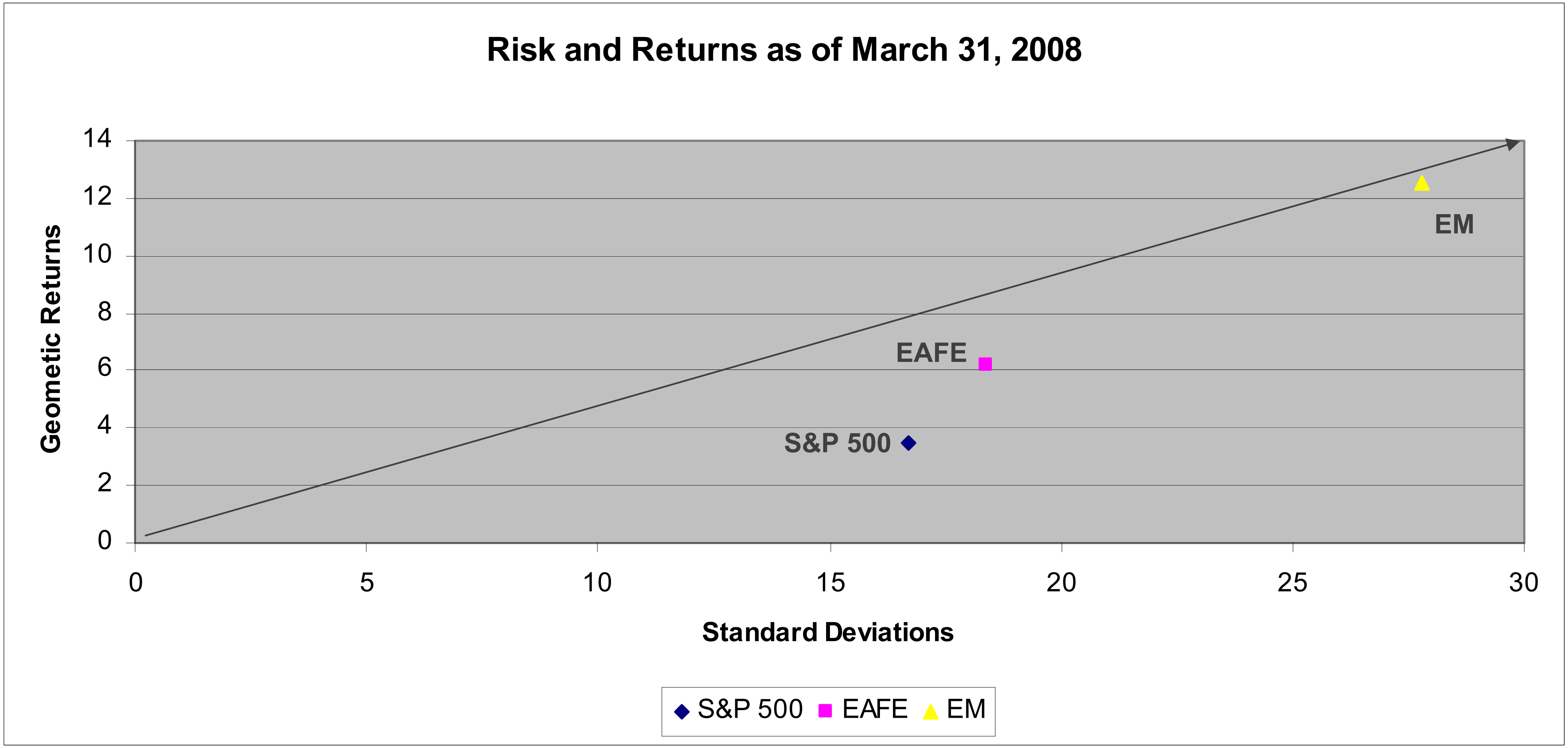


Source: MSCI

Non U.S. Equity
Developed versus Emerging Market returns



Non U.S. Equity
Risk and Return



Non U.S. Equity
Key Drivers – Emerging Market Equity

Performance of this sub-asset class can be attributed to the following factors, which give it potential to add value in an international portfolio:

- Expectations for global growth
- Developing market consumption
- Movements in commodity cycle
- Global and regional interest rates
- Improvements in EM balance sheet
- Increasing liquidity

Active vs. Passive Management

Active vs. Passive Management

Let us agree on what we are debating, discussing and disagreeing about: active vs. passive management:

Active management is the art of stock picking and market timing. Passive management refers to a buy-and-hold approach to money management. It can be applied to any asset class: big stocks, small stocks, value or growth, foreign or domestic can all be accessed by passive techniques.

Neither label, "active" or "passive," is perfect, and there will not always be a complete dichotomy between them. In any event, this is a debate about both market behavior and investor behavior.

Rex A. Sinquefield, October 1995

Active vs. Passive Management
Active Management

- A money management approach that aims to generate alpha i.e. outpace the ‘market’ as measured by a particular benchmark or index (e.g. the S&P 500, the Russell 1000, the Lehman Aggregate or the Intermediate Lehman Brothers U.S. Government / Credit)
- Prevailing market trends, the economy, political and other current events, and company-specific factors (such as projected earnings growth or interest rates / duration) will influence an active manager's decisions
- Active management includes a wide variety of strategies for identifying portfolio securities that are believed to offer above-average prospects for outperforming:
  - *As an example, some equity managers look for Value, while others search for Growth. Some fixed income providers are Core managers while others are High Yield investors.*
  - *Some managers focus on current and projected Fundamentals while others adopt a model-centric / quantitative approach*
  - *Some managers are Top-Down investors while others view stocks or bond credits from the Bottom-Up*
- Regardless of their individual approach, all active managers share a common thread - they buy and sell securities selectively, based on a forecast of future conditions.

Active vs. Passive Management
Passive Management

- Passive management is more commonly called ‘indexing’. Index managers generally believe that it is difficult to beat the market.
- Index managers essentially offer asset class performance that closely matches an index for investors who are unwilling to assume the risks of active management.
- This management style is considered passive because portfolio managers do not make decisions about which securities to buy and sell (they simply replicate or mirror the composition of the index by purchasing or sampling the same securities included in a particular stock or bond market index).

Active vs. Passive Management
Alpha and Tracking Error

- Active management is simply an attempt to “outperform" the market as measured by a particular benchmark or index (e.g. the S&P 500 or the Lehman Aggregate).
- Beating the market is analogous to ‘generating positive alpha’ (e.g. if an active manager generates a 7% return while their appropriate benchmark generates a return of 5%, the manager has an excess return or alpha of 2% or 200 basis points over the index).
- Tracking error (also called active risk) is a measure of how closely a portfolio follows the index to which it is benchmarked.
- An index fund <u>should</u> have a tracking error close to zero.
- All active managers must exhibit some level of tracking error against their target benchmark (if they do not, they would be managing an index fund, thus we would question whether paying active manager fees is appropriate).

Active vs. Passive Management
Beta

Active management exposes a portfolio to beta risk (or market risk) and to alpha risk (deviations from the market that the active manager takes).

By definition beta is a quantitative measure of the volatility of a given portfolio, relative to the overall market. The broad market beta is equal to 1. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile so for example if the market returns +/- 5%:

- A portfolio with a beta of 1.5 will return +/-7.5%
- A portfolio with a beta of 2 will return +/- 10%
- A portfolio with a beta of 0.5 will return +/- 2.5%

An index fund should have a beta of approximately 1 while an actively managed fund should have a beta that is greater or smaller than 1

Active vs. Passive Management
Standard Deviation

A manager’s alpha risk or active risk is measured by standard deviation

The standard deviation is often used by investors to measure the risk of a stock. The basic idea is that the standard deviation is a measure of volatility i.e. the more a stock's returns vary from the stock's average return, the more volatile the stock. Consider the following two stock portfolios and their respective returns over the last six months:

Month	Stock A Value	Return	Final Value	Stock B Value	Return	Final Value
1	1000	0.75%	1008	1000	1.50%	1015
2	1008	1%	1018	1015	5%	1066
3	1018	3%	1048	1066	12%	1194
4	1048	-1.5%	1032	1194	-9%	1086
5	1032	0.50%	1038	1086	-4%	1043
6	1038	2%	1058	1043	1.5%	1058

Both stocks end up increasing in value from $1,000 to $1,058. However, both stocks differ in volatility. Stock A's monthly returns range from -1.5% to 3% whereas Stock B's range from -9% to 12%.

The standard deviation of the returns is a better measure of volatility than the range of returns because it takes all the values into account. The standard deviation of the six returns for Stock A is 1.52; for Stock B it is 7.24

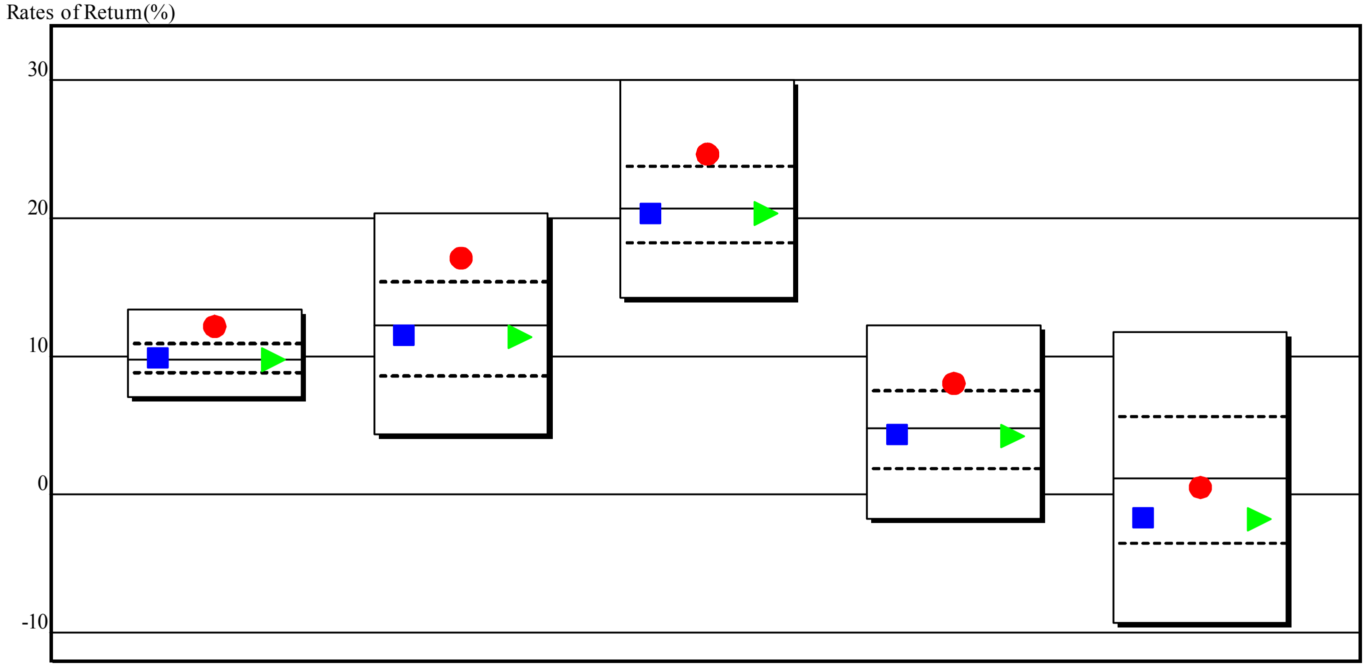
Equity Active vs. Passive Management

Generally speaking, in strong markets, we would expect an active manager to outperform the benchmark (while the index manager will approximate the benchmark's returns)

Equity Active vs. Passive

Comparison with the Mercer US Equity Large Cap Equity Universe

Performance before fees for periods ended December 2004



	3 Months (%)	1 Year (%)	2 Years (% pa)	3 Years (% pa)	5 Years (% pa)
Passive	9.8 *(49)*	11.5 *(56)*	20.4 *(53)*	4.4 *(54)*	-1.7 *(66)*
Active	12.1 *(12)*	17.2 *(15)*	24.6 *(20)*	8.1 *(20)*	0.5 *(53)*
Benchmark	9.8	11.4	20.3	4.3	-1.8
5th Percentile	13.3	20.2	29.9	12.1	11.7
Upper Quartile	10.9	15.4	23.7	7.5	5.6
Median	9.8	12.2	20.7	4.8	1.1
Lower Quartile	8.8	8.6	18.2	1.8	-3.6
95th Percentile	7.0	4.3	14.2	-1.9	-9.4
Number of Funds	1282	1231	1151	1081	903

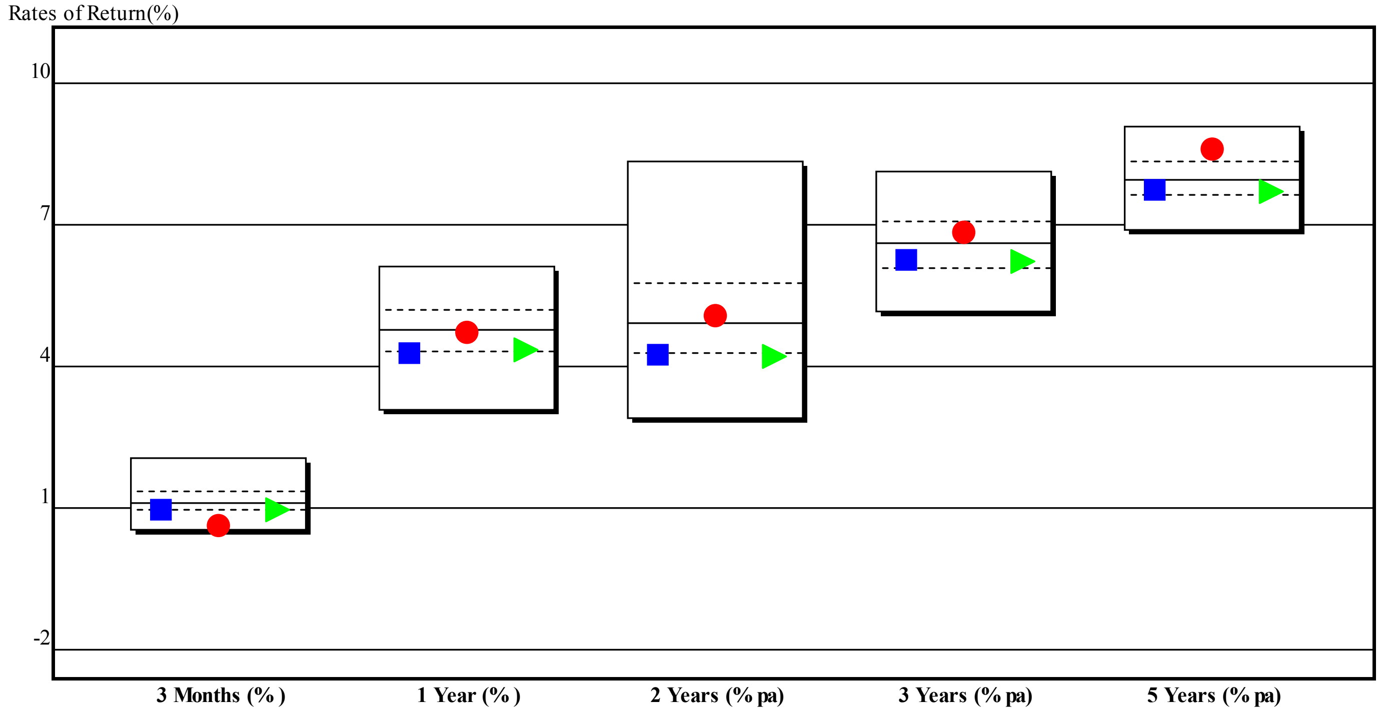
Fixed Income Active vs. Passive Management

Generally speaking, in strong markets, we would expect an active manager to outperform the benchmark (while the index manager will approximate the benchmark's returns)

Fixed Income Active vs. Passive

Comparison with the Mercer US Fixed Core Universe

Performance before fees for periods ended December 2004



	3 Months (%)		1 Year (%)		2 Years (% pa)		3 Years (% pa)		5 Years (% pa)	
Passive ■	0.9	*(73)*	4.3	*(76)*	4.2	*(77)*	6.2	*(66)*	7.7	*(66)*
Active ●	0.6	*(92)*	4.7	*(51)*	5.1	*(44)*	6.8	*(35)*	8.6	*(11)*
Benchmark ▶	1.0		4.3		4.2		6.2		7.7	
5th Percentile	2.0		6.1		8.3		8.1		9.1	
Upper Quartile	1.3		5.2		5.7		7.1		8.3	
Median	1.1		4.8		4.9		6.6		7.9	
Lower Quartile	0.9		4.3		4.3		6.1		7.6	
95th Percentile	0.5		3.1		2.9		5.1		6.9	
Number of Funds	359		353		344		332		311	

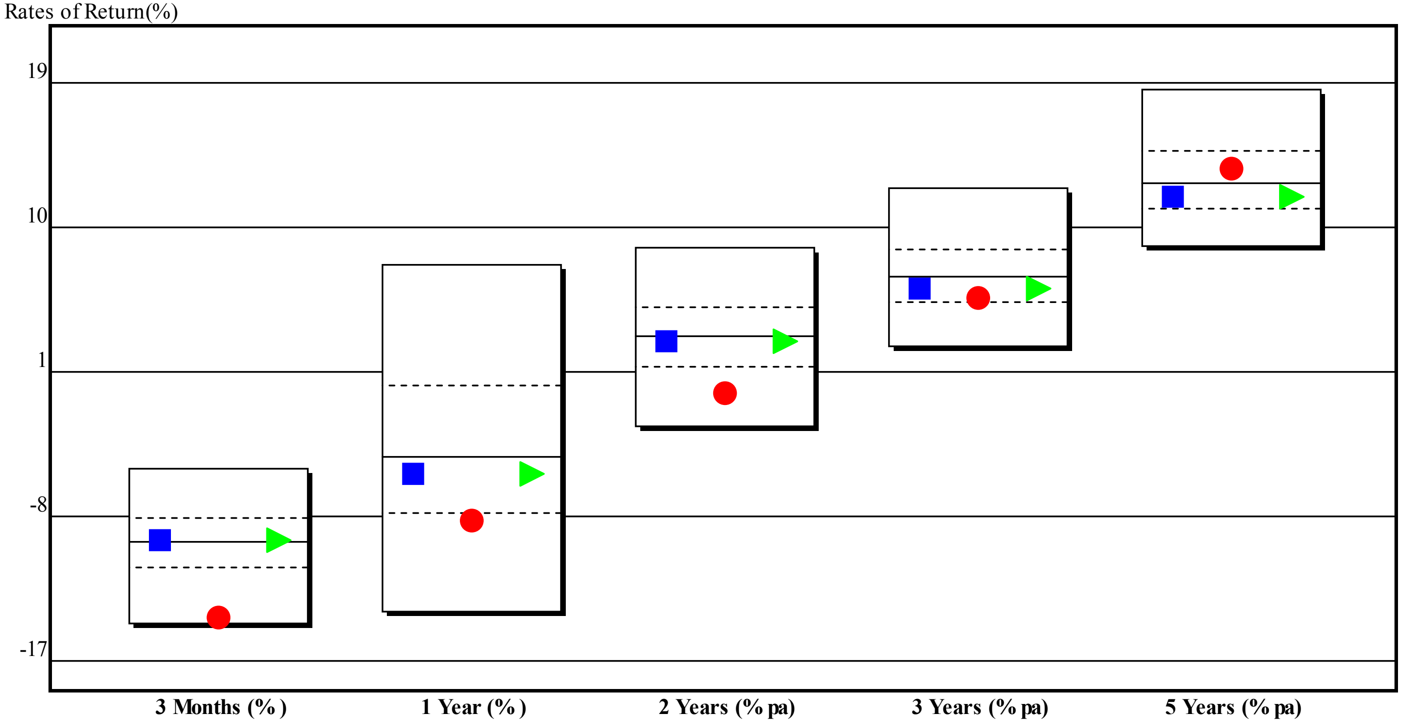
Equity Active vs. Passive Management

In weaker markets, less skillful active managers may fail to outperform the benchmark (while the index manager will approximate the benchmark's returns)

Equity Active vs. Passive

Comparison with the Mercer US Equity Large Cap Equity Universe

Performance before fees for periods ended March 2008



	3 Months (%)	1 Year (%)	2 Years (% pa)	3 Years (% pa)	5 Years (% pa)
Passive ■	-9.5 *(47)*	-5.4 *(59)*	2.9 *(54)*	6.2 *(59)*	11.9 *(64)*
Active ●	-14.3 *(93)*	-8.3 *(77)*	-0.3 *(88)*	5.7 *(70)*	13.7 *(37)*
Benchmark ▶	-9.5	-5.4	2.9	6.2	11.9
5th Percentile	-5.1	7.6	8.7	12.4	18.5
Upper Quartile	-8.2	0.1	5.0	8.5	14.7
Median	-9.6	-4.4	3.2	6.8	12.7
Lower Quartile	-11.3	-7.8	1.3	5.3	11.2
95th Percentile	-14.8	-14.1	-2.5	2.5	8.8
Number of Funds	1136	1091	1021	956	862

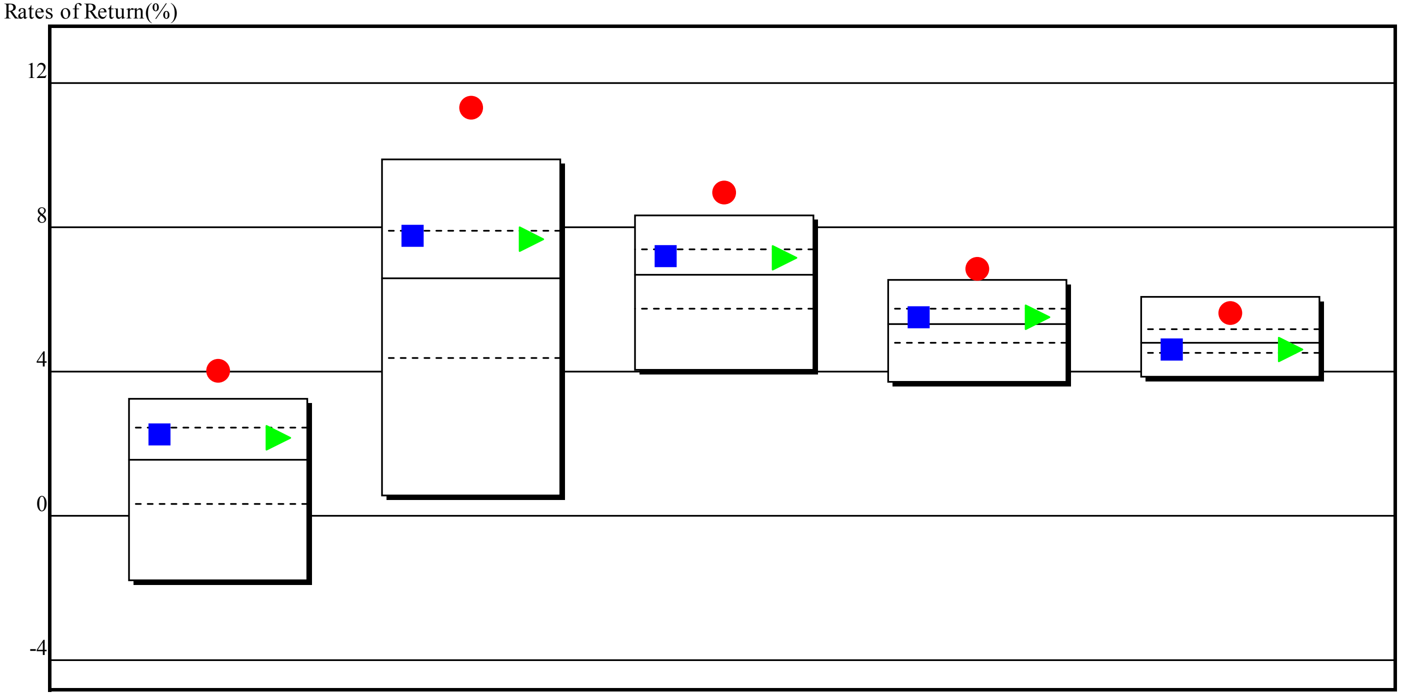
Fixed Income Active vs. Passive Management

In weaker markets the index manager will approximate the benchmark's returns, while you may see an out-performance of active fixed income managers

Fixed Income Active vs. Passive

Comparison with the Mercer US Fixed Core Universe

Performance before fees for periods ended March 2008



	3 Months (%)		1 Year (%)		2 Years (% pa)		3 Years (% pa)		5 Years (% pa)	
Passive	2.2	(30)	7.8	(28)	7.2	(32)	5.5	(40)	4.6	(68)
Active	4.0	(3)	11.3	(4)	8.9	(3)	6.9	(4)	5.6	(9)
Benchmark	2.2		7.7		7.1		5.5		4.6	
5th Percentile	3.2		9.9		8.3		6.5		6.1	
Upper Quartile	2.4		7.9		7.4		5.7		5.1	
Median	1.5		6.6		6.7		5.3		4.8	
Lower Quartile	0.3		4.3		5.7		4.8		4.5	
95th Percentile	-1.8		0.5		4.0		3.7		3.8	
Number of Funds	289		275		271		268		254	

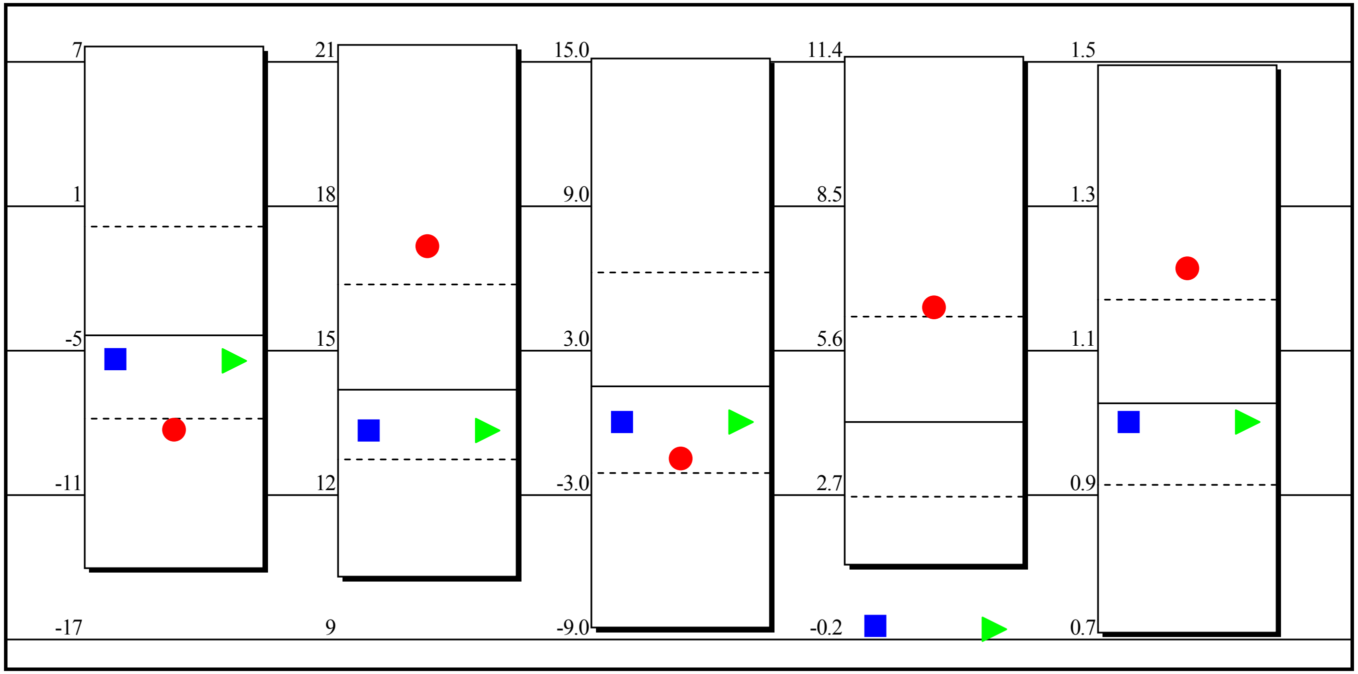
Equity Active vs. Passive Management

As expected the passive manager will have a similar risk and return profile as the benchmark while the active manager will have a more aggressive profile (due to a higher tracking error).

Equity Active vs. Passive

Comparison with the Mercer US Equity Large Cap Equity Universe

Risk and Return Characteristics (calculated quarterly) versus Benchmark for the period from Jun 2007 to Mar 2008



	Return (% pa)		Std Deviation (% pa)		Alpha (% pa)		Tracking Error (% pa)		Beta	
Passive ■	-5.4	*(59)*	13.3	*(64)*	0.0	*(61)*	0.1	*(100)*	1.0	*(57)*
Active ●	-8.3	*(77)*	17.2	*(19)*	-1.5	*(71)*	6.5	*(23)*	1.2	*(20)*
Benchmark ▶	-5.4	*(59)*	13.3	*(65)*	0.0	*(61)*	0.0	*(100)*	1.0	*(58)*
5th Percentile	7.6		21.3		15.1		11.5		1.5	
Upper Quartile	0.1		16.4		6.2		6.3		1.2	
Median	-4.4		14.2		1.5		4.1		1.0	
Lower Quartile	-7.8		12.7		-2.1		2.6		0.9	
95th Percentile	-14.1		10.3		-8.6		1.3		0.7	
Number of Funds	1091		1091		1091		1091		1091	

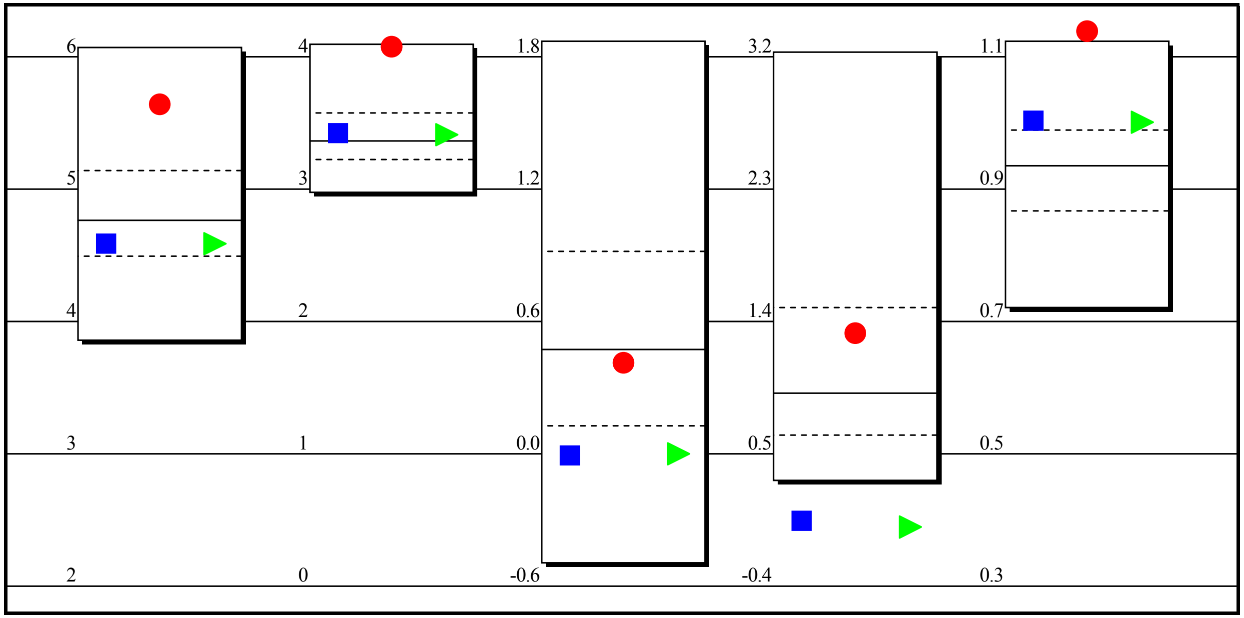
Fixed Income Active vs. Passive Management

As expected the passive manager will have a similar risk and return profile as the benchmark while the active manager will have a more aggressive profile (due to a higher tracking error).

Fixed Income Active vs. Passive

Comparison with the Mercer US Fixed Core Universe

Risk and Return Characteristics (calculated quarterly) versus Benchmark for the period from Jun 2003 to Mar 2008



	Return (% pa)		Std Deviation (% pa)		Alpha (% pa)		Tracking Error (% pa)		Beta	
Passive	4.6	*(68)*	3.4	*(39)*	0.0	*(82)*	0.0	*(100)*	1.0	*(21)*
Active	5.6	*(9)*	4.1	*(6)*	0.4	*(57)*	1.3	*(34)*	1.1	*(4)*
Benchmark	4.6	*(68)*	3.4	*(42)*	0.0	*(82)*	0.0	*(100)*	1.0	*(23)*

	Return (% pa)	Std Deviation (% pa)	Alpha (% pa)	Tracking Error (% pa)	Beta
5th Percentile	6.1	4.1	1.9	3.2	1.1
Upper Quartile	5.1	3.6	0.9	1.5	1.0
Median	4.8	3.4	0.5	0.9	0.9
Lower Quartile	4.5	3.2	0.1	0.6	0.9
95th Percentile	3.8	3.0	-0.5	0.3	0.7
Number of Funds	254	254	254	254	254

Active vs. Passive Management

Active Management (Advantages & Disadvantages)

Advantages

- Expert analysis - Seasoned managers make informed decisions based on experience, judgement, and prevailing market trends.
- Possibility of higher-than-index returns. Managers aim to beat the performance of the index, which means they strive for higher returns than the index delivers.
- Defensive measures - Managers can make changes if they believe the market may take a downturn. As an example, in the fixed income portfolio an active manager can easily adjust their duration whereas a passive manager must imitate the index.

Disadvantages

- Higher fees and operating expenses.
- Mistakes may happen. There is always the risk that managers may make unwise choices on behalf of investors, which could reduce returns.
- Style issues may interfere with performance. At any given time, a manager's style may be in or out of favor with the market, which could reduce returns.

Active vs. Passive Management

Passive Management (Advantages & Disadvantages)

Advantages

- Low operating expenses.
- Market performance - Investors can be assured that index funds will perform on par with the indexes.
- There is no action required by the fund. There is no decision-making required by the manager or the investor as the portfolio closely replicates the characteristics of the index.

Disadvantages

- Performance is dictated by the index. Investors must be satisfied with market returns because that is the best any index fund can and should produce.
- A lack of control - Managers cannot take action. Index fund managers are usually prohibited from using defensive measures, such as moving out of stocks, if the manager thinks stock prices are going to decline.
- Bonds purchased in an indexed portfolio are held through all yield curve changes. So, if the yield curve becomes inverted and 2-Year bonds offer a higher yield than 5-Year bonds, the indexed portfolio cannot take advantage of the more attractive risk/return relationship of the 2-Year bond without exceeding its stated target tracking error target versus the benchmark.

Active vs. Passive Management

Conclusions

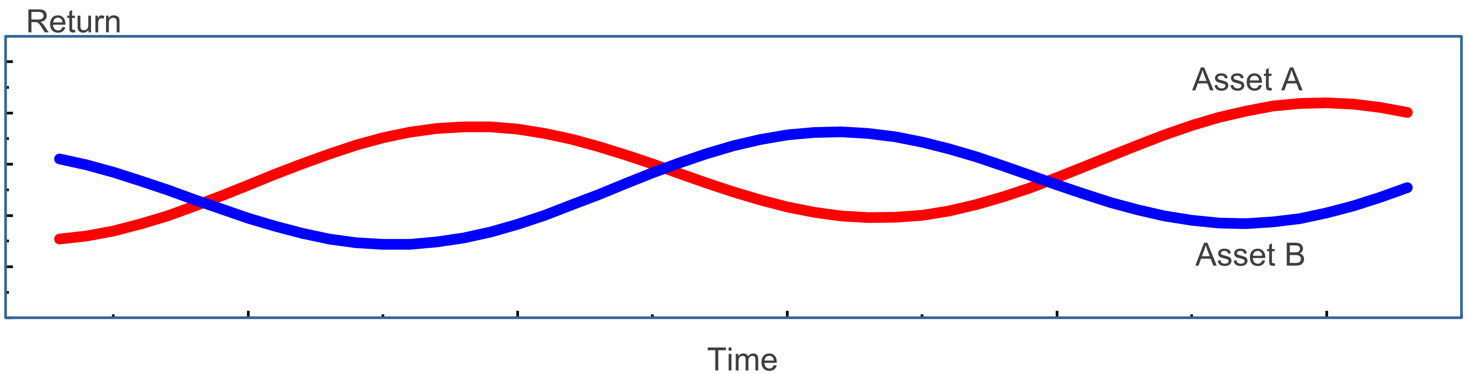
There are advantages and disadvantages to using both active and passive strategies. It is important that the debate of active vs. passive management should not be taken out of the context of an investors' goals and objectives. A risk budget analysis should be performed to determine the appropriate utilization of active and passive strategies within their portfolio.

Diversification

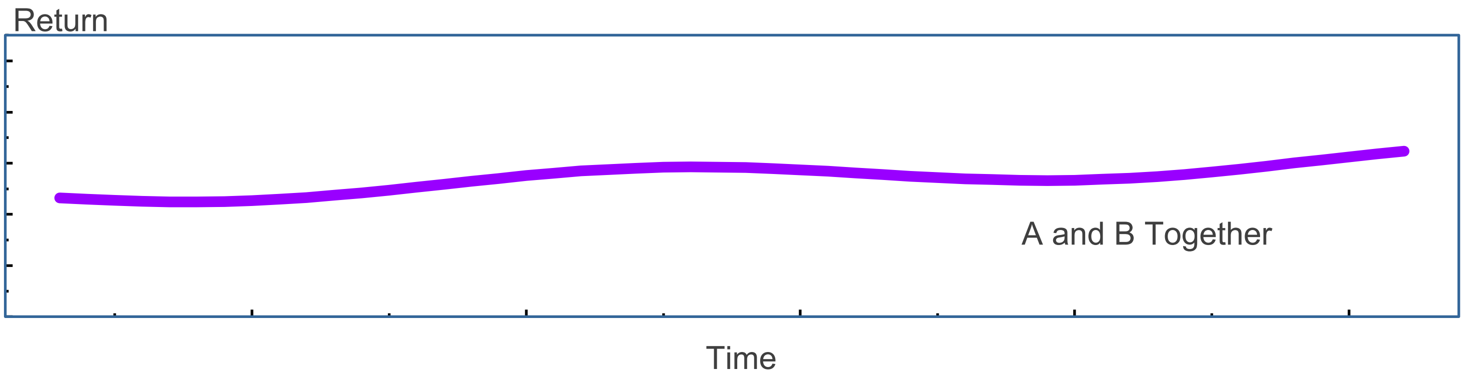
General Investment Theory
What is Diversification?

Diversification is the practice of holding a large number of assets or asset classes in a portfolio so as to reduce the portfolio's sensitivity to the return of an individual asset (or class of assets). Diversification can produce a more optimal risk/return relationship.

Assets A and B have low correlations



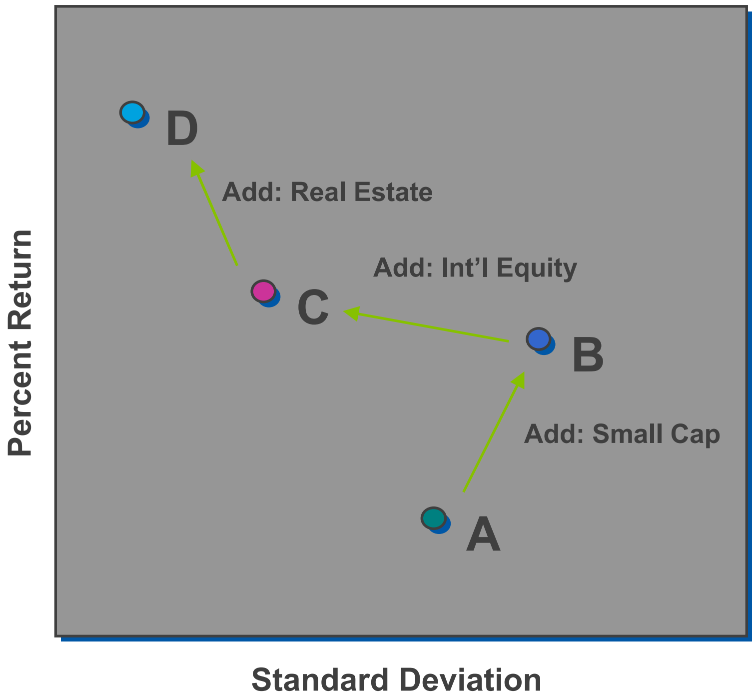
... so investing in both of them together smoothes results



General Investment Theory
Diversification and Risk

The following chart shows the diversification effect of different portfolio asset mixes. Although diversification is usually thought of in terms of risk reduction, it equivalently can be viewed in terms of return enhancement.

Diversification Effect

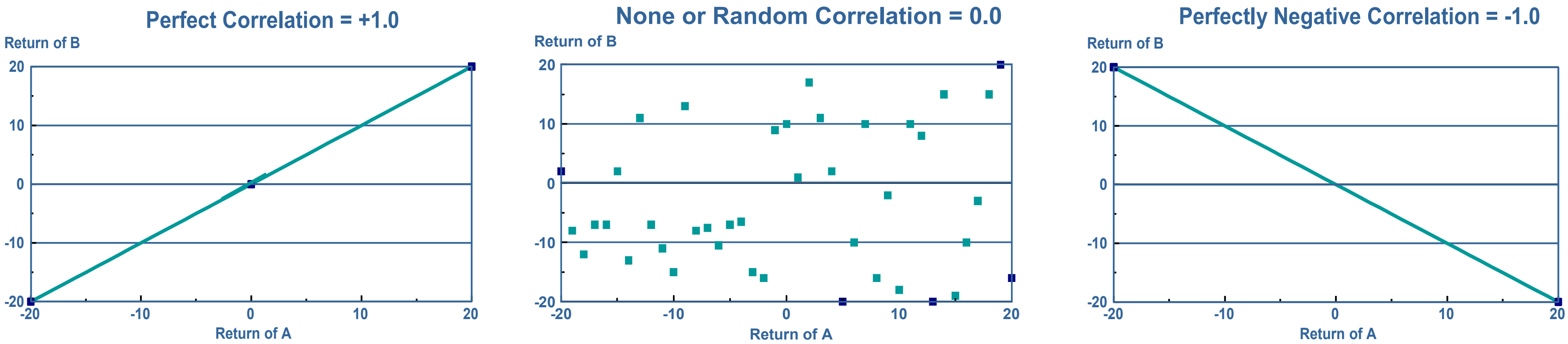


Diversification

Least → Most

	A	B	C	D
Cash	10%	10%	10%	5%
Bonds	30%	30%	30%	25%
Large Cap Stock	60%	50%	40%	40%
Small Cap Stock		10%	10%	10%
International Stock			10%	10%
Real Estate				10%
	100%	100%	100%	100%

General Investment Theory
Asset Class Correlations



For statistics in between the extremes, the interpretation is one of degree. For example, a correlation of 0.90 would be strongly positive while a correlation of -0.10 would be closer to random.

Correlation - Statistical measure of the degree to which the movement of two asset classes are related. Correlations of 1 means that assets move together. A correlation of 0 suggests that there is no relationship between assets (Random relationship). And a less than 1.0 correlation indicates a less than perfectly positive relationship, hence the potential for diversification benefits.

General Investment Theory

Nominal Correlations with asset classes

		Domestic Equity-Large Cap	Domestic Equity-Small Cap	International Equity	International Eq-Emerging Mkts	Fixed Income-Aggregate	Fixed Income-Long G/C	Inflation-Indexed Bonds	Cash
		1	2	3	4	5	6	7	8
1	Domestic Equity-Large Cap	1.00							
2	Domestic Equity-Small Cap	0.85	1.00						
3	International Equity	0.75	0.60	1.00					
4	International Eq-Emerging Mkts	0.50	0.45	0.55	1.00				
5	Fixed Income-Aggregate	0.20	0.20	0.10	0.00	1.00			
6	Fixed Income-Long G/C	0.25	0.15	0.15	0.00	0.95	1.00		
7	Inflation-Indexed Bonds	0.15	0.15	0.10	0.10	0.60	0.60	1.00	
8	Cash	0.00	0.00	0.00	0.00	0.10	0.10	0.30	1.00

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Investment Committee

<u>Investment Policy Statement</u>

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