BWC Invested Assets
Estimated and Unaudited
As of November 18, 2009

Nov09 MV Increase Bonds……………. + $ 79 million (+0.6% return)
Nov09 MV Increase Equities…………. .+ $ 356 million (+6.8% return)

Nov09 MV Increase Bonds+Equities....... + $ 435 million
(+2.4% Nov09 MTD portfolio return including Cash)

BWC Net Assets 6/30/08……………..$2,503 million
BWC Net Assets 12/31/08……………..$2,312 million (-$191 mm FY09TD)
BWC Net Assets 3/31/09……………..$1,523 million (-$980 mm FY09TD)
BWC Net Assets 6/30/09……………..$2,515 million (+$ 12 mm FY09)
BWC Net Assets 9/30/09……………..$3,848 million (+$1,333 mm FY10TD)
BWC Net Assets 10/31/09……………..$3,676 million (+$1,161 mm FY10TD)

BWC Asset Allocation MV 11/18/09

Bonds*…………	$12,857 million	68.6%
Equities*……….	5,596 million	29.8%
Cash……………	306 million	1.6%
TOTAL………...	$18,759 million	100.0%

* includes nominal cash held by outside managers

Portfolio Return Calendar 2008……… -2.3% (-$444 million net inv. income)
Portfolio Return Fiscal Year 2009…… -1.1% (-$195 million net inv. income)

Fiscal Year 2010 YTD

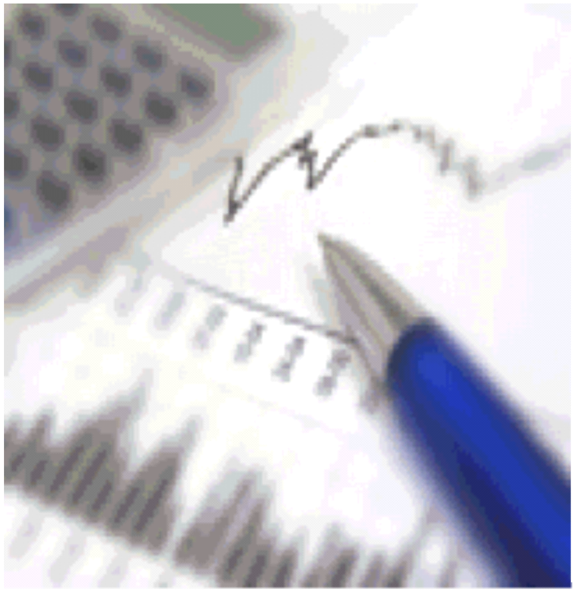
Portfolio Return July-Oct09…………+ 9.7%

Prepared by: Bruce Dunn, CFA
BWC Chief Investment Officer

MERCER

Consulting. Outsourcing. Investments.

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



Ohio Bureau of Workers Compensation (Ohio BWC)

Investment Performance

Third Quarter 2009

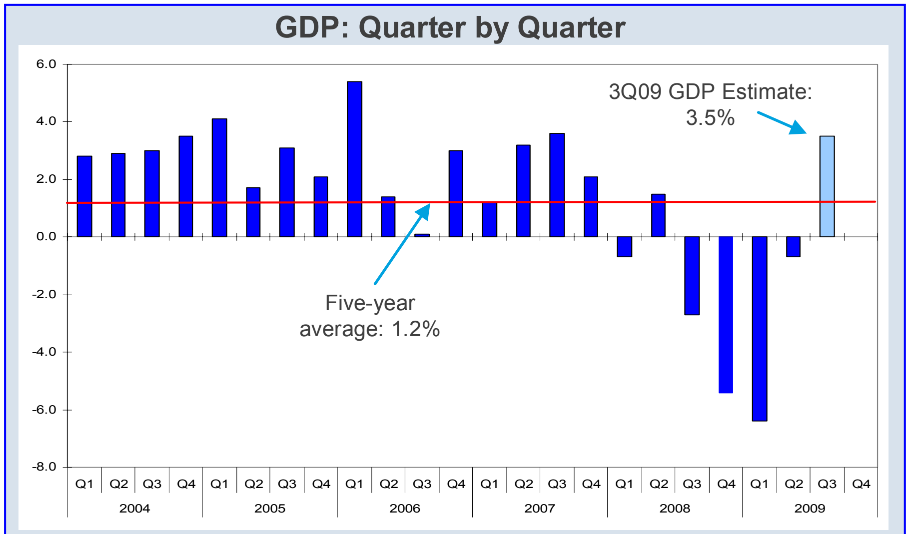
Services provided by Mercer Investment Consulting, Inc.

Table of Contents

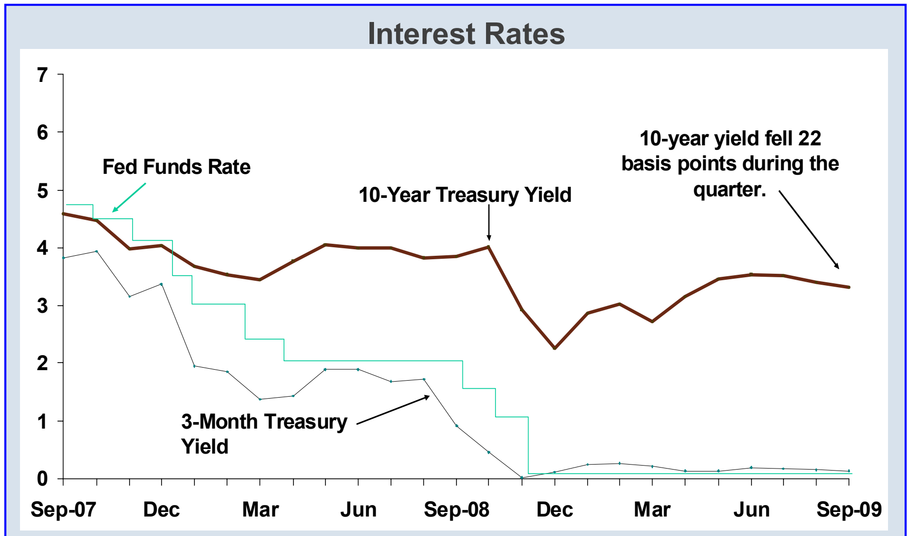
Market Environment

U.S. Capital Markets and Macroeconomic Conditions

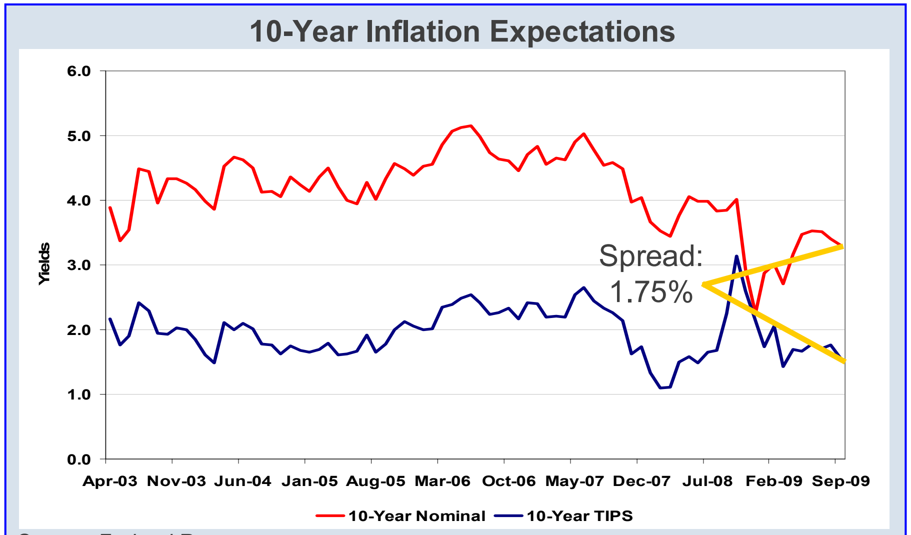
Economy



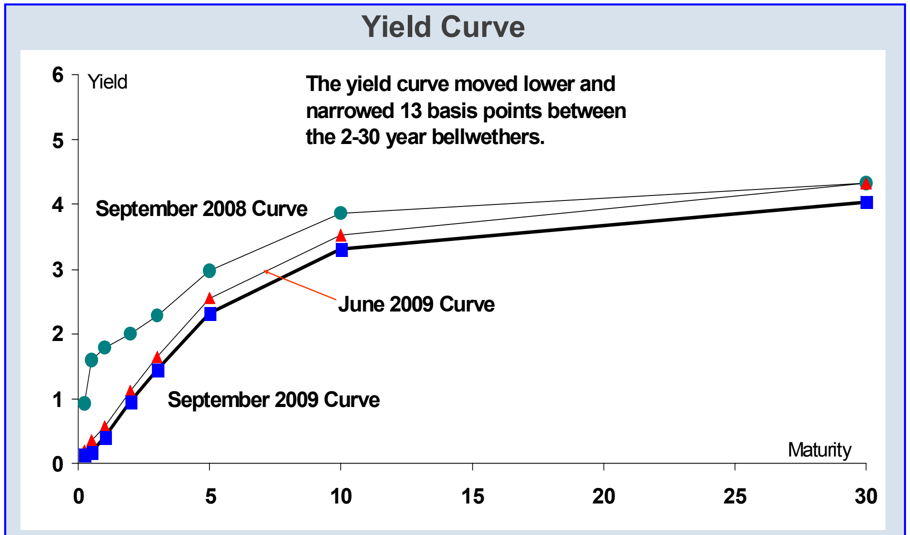
Source: Bureau of Economic Analysis and Federal Reserve Philadelphia



Source: Federal Reserve Bank of New York and the Treasury Department



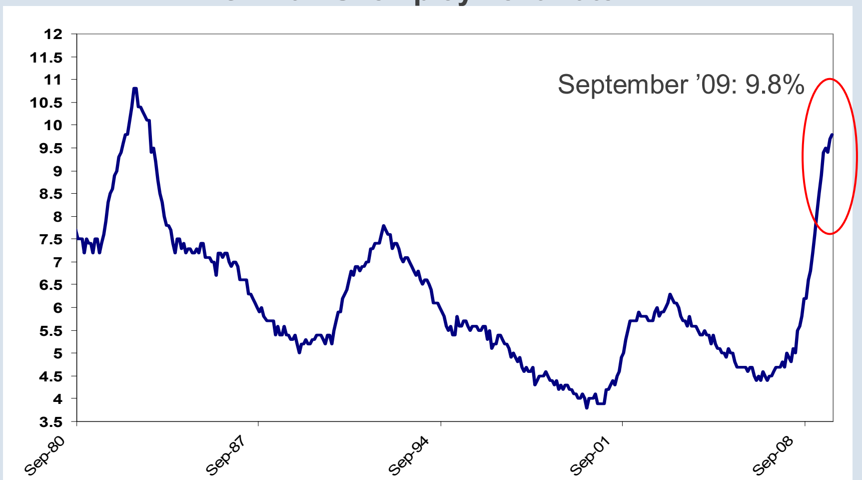
Source: Federal Reserve



Source: US Department of Treasury

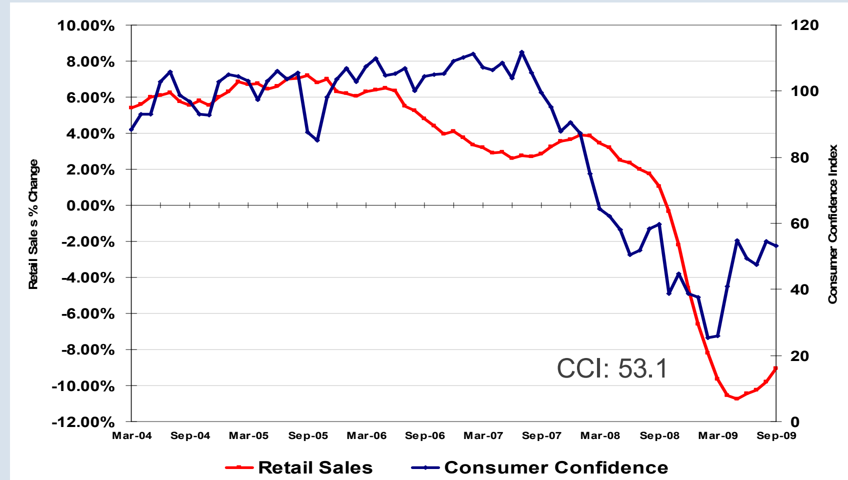
Economy

Civilian Unemployment Rate



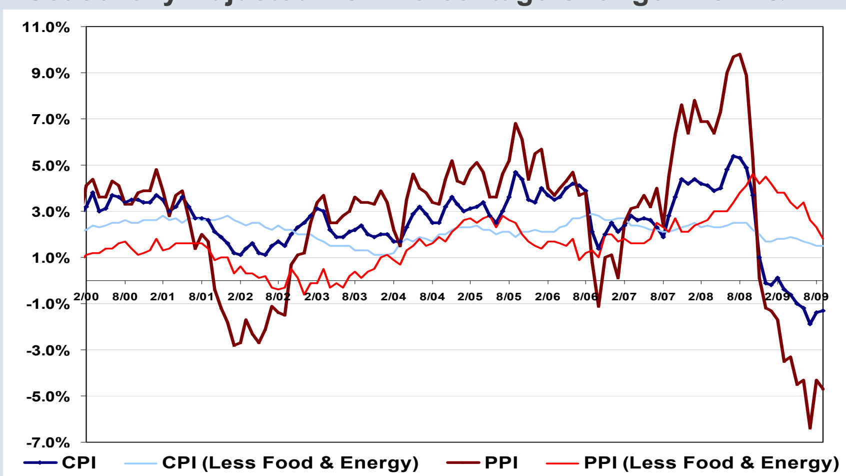
Source: Bureau of Labor Statistics, NBER

Consumer Confidence Index vs Smoothed YOY %



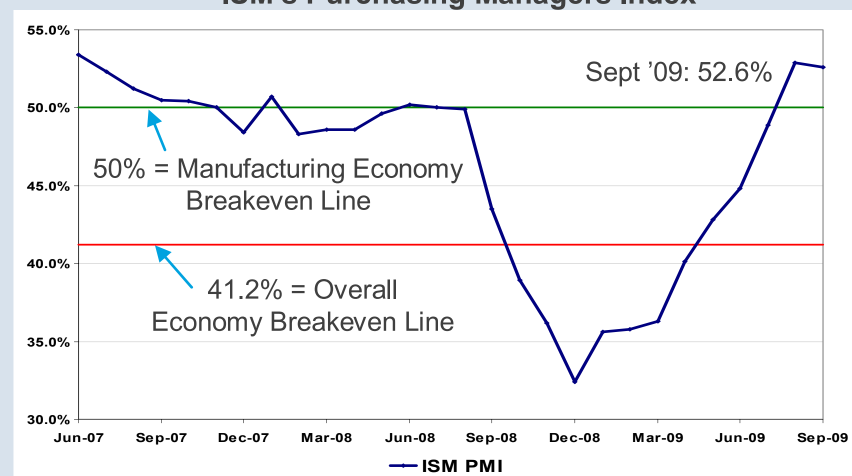
Source: The Conference Board and U.S. Census Bureau

Seasonally Adjusted YOY Percentage Change in CPI & PPI



Source: Bureau of Labor Statistics. CPI-All Consumers. PPI-Finished Goods

ISM’s Purchasing Managers Index

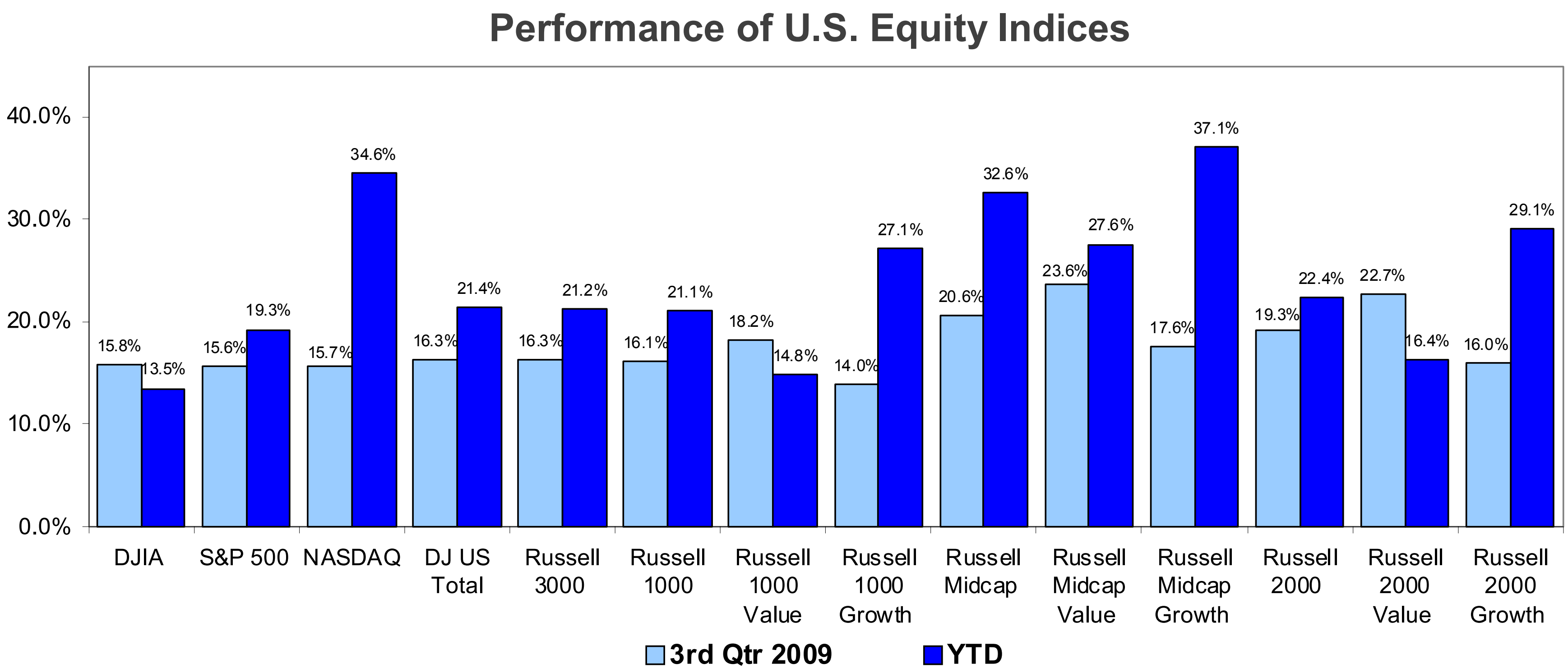


Source: Institute for Supply Management

Domestic Equity

U.S. Equity Surges Across All Market Caps as Value Outperforms Growth

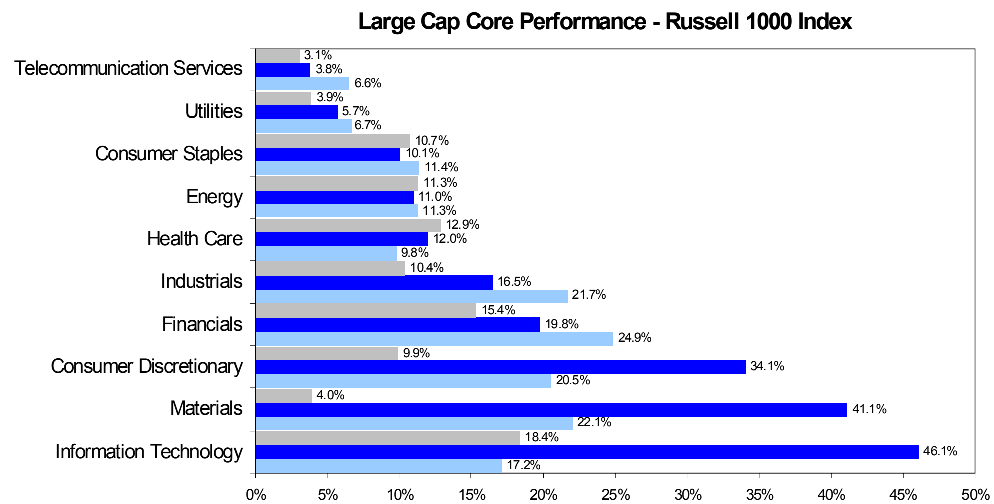
- After the third quarter, the US appears to have begun to recover from the worst recession in the post-war era driven by increased home-building and automotive sales. US stocks continued to rebound strongly across all market caps (large, mid, small) and investment styles (value, core, growth).
- Value-oriented stocks outperformed their growth counterparts across all market caps.
- Small-cap equities outperformed large-cap equities; however, mid-cap stocks were the strongest performers.

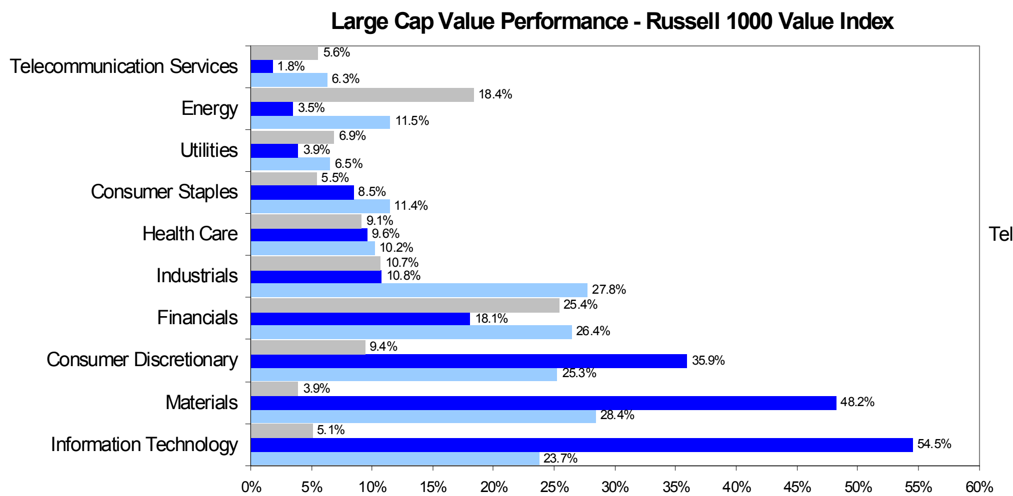


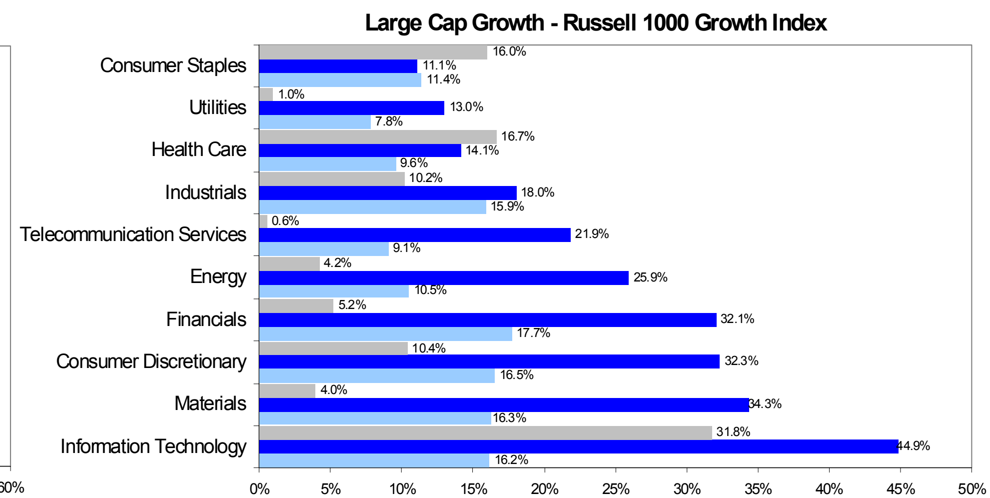
Domestic Equity

Large Cap Stocks Underperformed Small Cap Stocks

- All of the ten sectors of the Russell 1000, Russell 1000 Value, and Russell 1000 Growth indices reported positive returns for the quarter.
- Telecommunication services and utilities were the worst performing sectors in the large cap space.





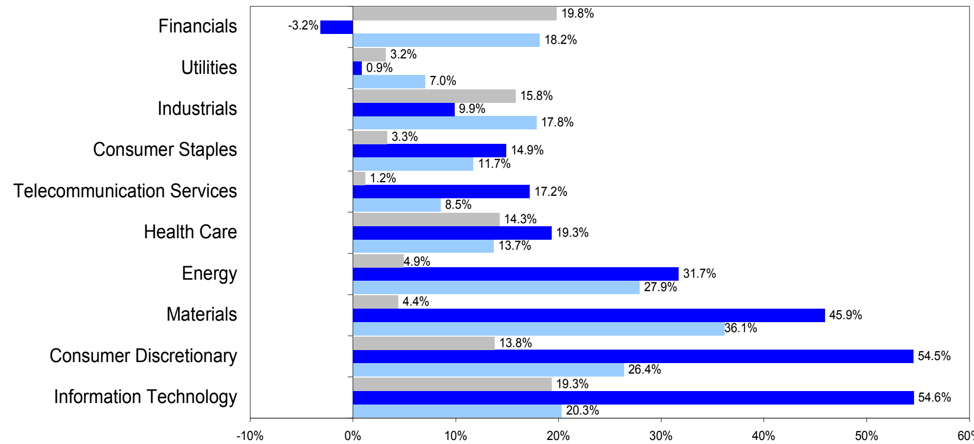


Small Cap Stocks Continue to Post Strong Gains

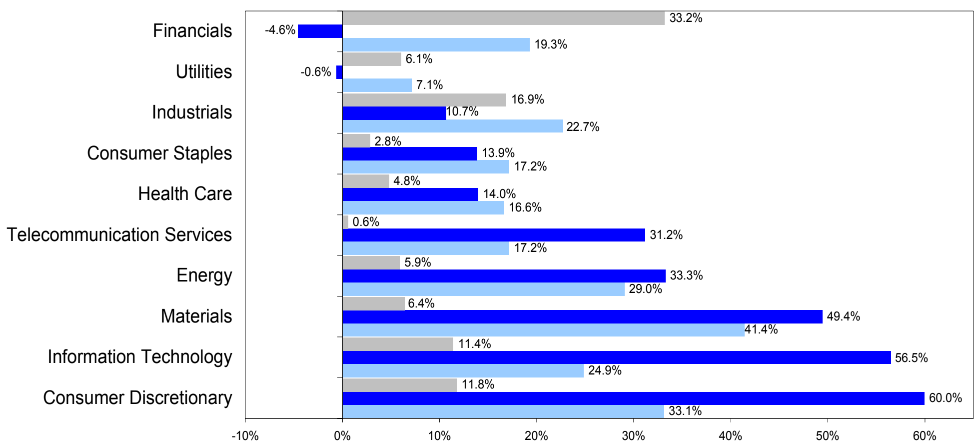
Small Cap Stocks Outperform Large Cap Stocks

- Top performing sectors for the quarter included information technology, consumer discretionary, materials, and energy
- Value stocks outperformed Growth stocks by a significant margin (22.7% vs. 16.0%, respectively)
- Lower-quality stocks continued to rally as they continued to benefit from an improved lending environment and growing optimism on the economic outlook

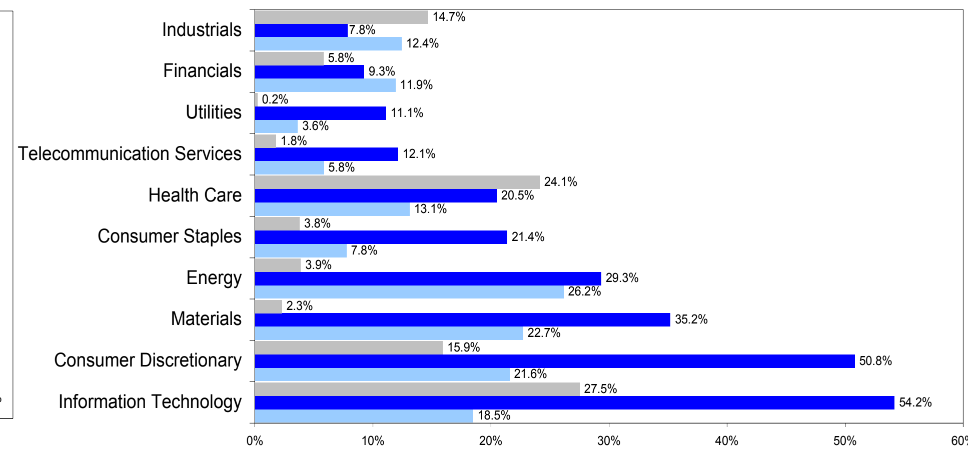
Small Cap Core Performance - Russell 2000 Index



Small Cap Value Performance - Russell 2000 Value Index



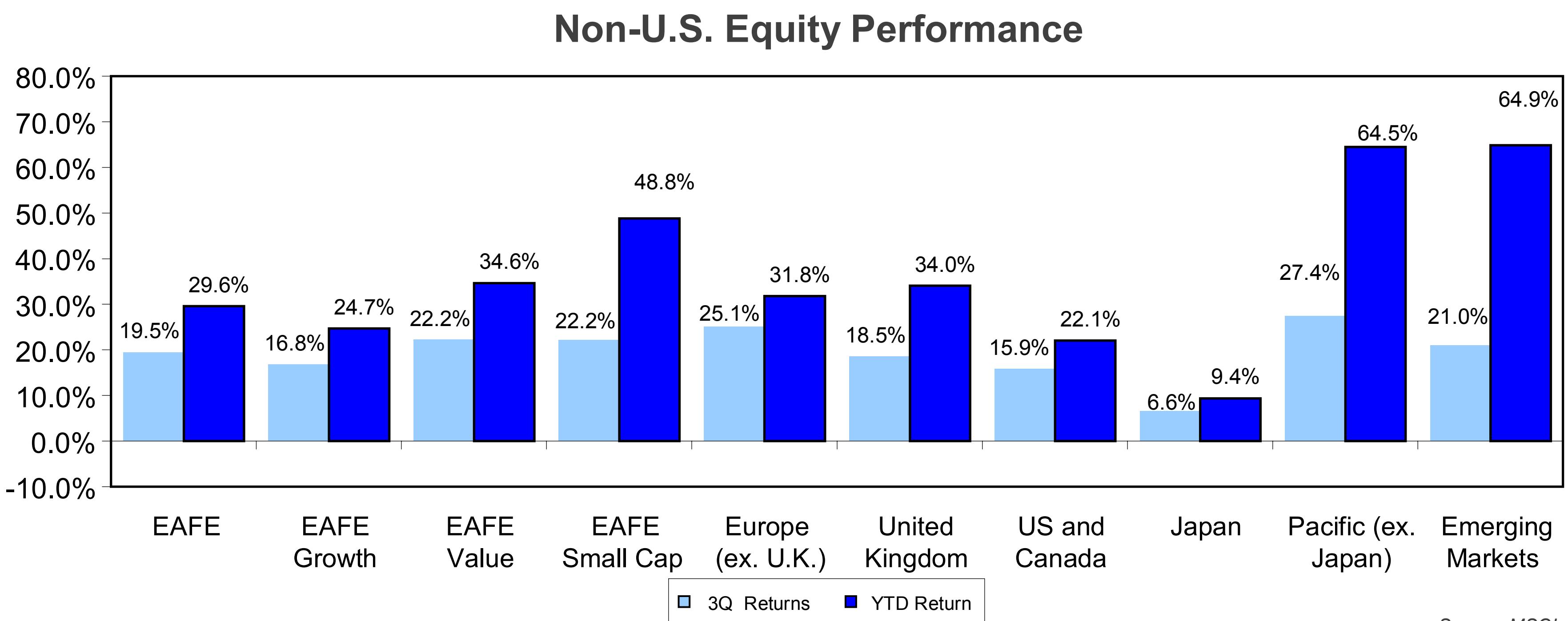
Small Cap Growth Performance - Russell 2000 Growth Index



■ GICS Sector YTD Performance ■ GICS Sector QTR Performance ■ GICS Sector QTR Weighting

Developed Markets: Non-U.S. Equities Gain

- MSCI EAFE gained 19.5% (gross) in the third quarter
  - In local currency terms, MSCI EAFE gained 14.9% for the quarter
- Japan, which represents 21.5% of the index, posted a 6.6% return. In local currency terms, Japan posted a -1.1% loss.
- The UK, which represents 20.8% of the index, posted a 18.5% return. In local currency terms, UK posted a 22.1% gain.

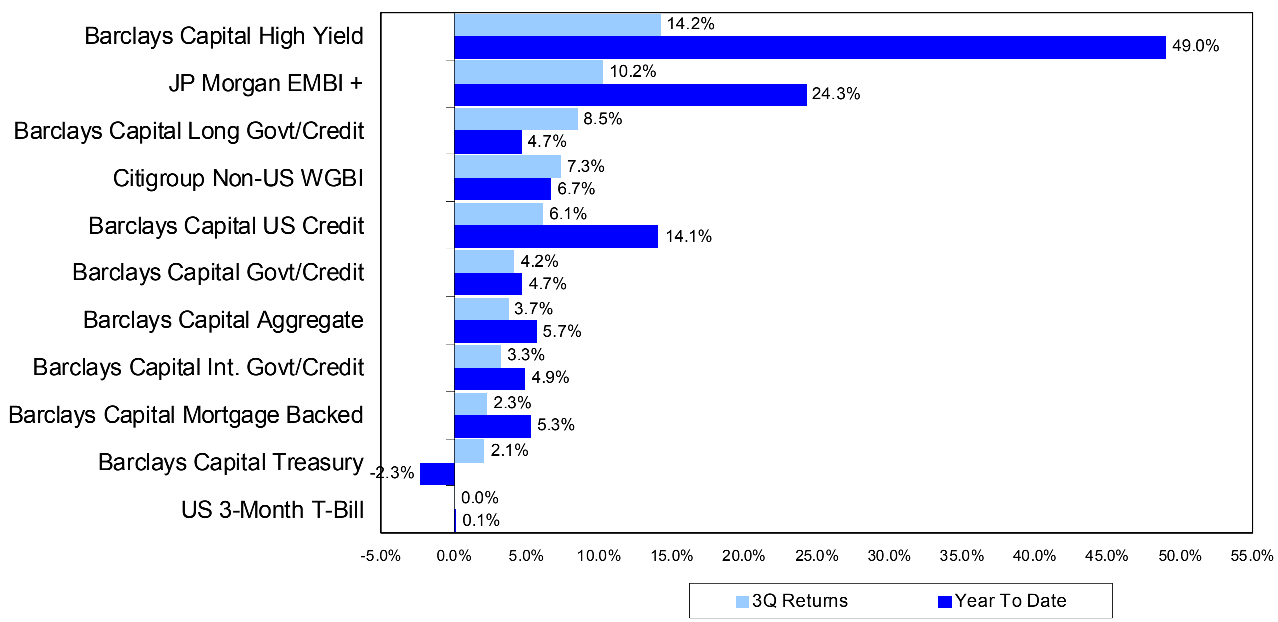


Source: MSCI

Performance

- Barclays Aggregate Index finished strong, up 3.7% for the quarter as credit spreads narrowed.
  - Corporates and CMBS were fueled by a search for yield, returning 8.1% and 12.7%, respectively for the quarter.
    - Financial companies once again perform well due to the Fed's efforts to mitigate tail risk.
    - CMBS rally, especially bonds anticipated to be eligible for legacy TALF and PPIP.
  - Treasuries and Agencies lagged as the dollar weakens and Fannie Mae and Freddie Mac continue to struggle.
    - The Fed extends its mortgage buying program from October 2009 to March 2010, but pace of buying has moderated.
- Markets embraced riskier assets as BBB outperformed A which outperformed AA.
  - AAA bonds show negative return year-to-date reflecting downgrades in the market.
- Barclays US High Yield Index has now returned 14.2% for the quarter and 49.0% year-to-date.

Third Quarter Fixed Income Performance



Market Summary Returns

For Periods Ending September 30, 2009

		QTR	YTD	1 YR	3 YRS*	5 YRS*	10 YRS*
Equity	S&P 500	15.6	19.3	-6.9	-5.4	1.0	-0.2
	Russell 1000 Value	18.2	14.9	-10.6	-7.9	0.9	2.6
	Russell 1000 Growth	14.0	27.1	-1.9	-2.5	1.9	-2.6
	Russell MidCap	20.6	32.6	-3.5	-4.1	3.9	6.0
	Russell MidCap Value	23.6	27.6	-7.1	-5.7	3.5	7.4
	Russell MidCap Growth	17.6	37.1	-0.4	-3.1	3.8	2.2
	Russell 2000	19.3	22.4	-9.5	-4.6	2.4	4.9
	Russell 2000 Value	22.7	16.4	-12.6	-6.6	1.8	8.1
	Russell 2000 Growth	15.9	29.1	-6.3	-2.6	2.9	1.1
	Russell 3000	16.3	21.2	-6.4	-5.1	1.6	0.7
	*Mercer Large Cap Value Equity Peer Group median***	16.5	18.2	-6.7	-5.4	2.2	4.2
	*Mercer Large Cap Growth Equity Peer Group median***	14.1	25.6	-2.7	-2.3	2.7	0.7
	*Mercer Small Cap Value Equity Peer Group median***	21.0	26.4	-4.6	-2.4	4.6	10.4
	*Mercer Small Cap Growth Equity Peer Group median***	16.3	29.5	-4.4	-2.4	3.2	4.7
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.4	2.6	3.0	3.0
	Barclays Capital Int. Gov't/Credit	3.3	4.9	10.0	6.2	4.7	5.9
	Barclays Capital Gov't/Credit	4.2	4.7	11.5	6.3	4.9	6.3
	Barclays Capital Aggregate	3.7	5.7	10.6	6.4	5.1	6.3
	Barclays Capital Intermediate Government	1.6	0.1	6.3	6.5	4.9	5.7
	Barclays Capital Long Gov't/Credit	8.5	4.7	18.4	6.9	6.0	7.8
	Barclays Capital MBS	2.3	5.3	9.9	7.4	5.9	6.4
	Barclays Capital TIPS	3.1	9.5	5.7	5.6	4.8	7.5
	Barclays Capital High Yield	14.2	49.0	22.3	5.3	6.1	6.3
	*Mercer Core Fixed Income Peer Group median***	5.2	10.3	13.1	6.9	5.5	6.6
International	MSCI EAFE	19.5	29.6	3.8	-3.1	6.6	3.0
	MSCI Emerging Markets	21.0	64.9	19.4	8.3	17.7	11.7
	Citigroup Non-US Gov't Bond	7.3	6.7	16.1	10.2	7.1	6.7
	Citigroup Non-US Gov't Bond - Hedged	2.0	2.2	7.9	5.3	5.2	5.5
	*Mercer International Equity Universe median***	19.0	30.0	4.0	-2.1	7.6	5.3
Miscellaneous	NCREIF Property Index***	-5.2	-19.4	-19.6	1.0	7.6	8.5
	FTSE NAREIT (Equity REITS)	33.3	17.0	-28.4	-12.4	1.4	9.5
	Merrill Lynch Inv. Grade Convertible	10.6	24.4	15.8	5.7	5.0	4.5
	Goldman Sachs Commodity Index	-1.8	4.7	-44.5	-10.8	-6.7	4.5
Inflation	CPI	0.1	2.7	-1.3	2.1	2.6	2.6

Index at 6/30/09	**Dow Jones**	**NASDAQ**	**S&P 500**	**Russell 2000**	**Wilshire 5000**
	8,447.00	1,835.04	919.32	508.28	9,428.19
Index at 9/30/09	**Dow Jones**	**NASDAQ**	**S&P 500**	**Russell 2000**	**Wilshire 5000**
	9,712.28	2,122.42	1,057.08	604.28	10,945.17

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

Executive Summary

All Funds Composite

At the end of the third quarter, the Total Fund held a balance of $18.72 billion, representing a gain of $1.54 billion over the previous quarter's balance of $17.18 billion.

During the third quarter, the Total Fund returned 7.9% net-of-fees. Over the trailing one- and three-year periods the Total Fund has returned 11.4% and 4.2%, respectively. Since inception, the All Funds Composite has returned 5.2%.

State Insurance Fund Total

The State Insurance Fund (SIF) held approximately $17.17 billion at the end of the third quarter representing an increase of $1.43 billion over the previous quarter's balance.

The State Insurance Fund's third quarter performance approximated that of the All Funds Composite. During the third quarter, the State Insurance Fund returned 7.9% and trailed the interim policy benchmark by 80 basis points. The SIF underperformed the interim policy benchmark during the period due to transitions into asset classes that are not included in the interim policy benchmark, but are consistent with the investment policy statement. Over the trailing one-year period, the State Insurance Fund outperformed the interim policy benchmark by 50 basis points.

Fixed Income

U.S. Aggregate Fixed Income

The U.S. Aggregate TM #1 transition account is solely held by the State Insurance Fund.

At the end of the quarter, this Fund represented 12.7% or $2.37 billion of the Total Fund's balance.

State Street Long Duration Government

The State Street Long Duration Government Portfolio is solely held by the State Insurance Fund. This portfolio was funded during the third quarter and performance reporting will begin in the fourth quarter

At the end of the quarter, this Fund represented 2.9% or $541.71 million of the Total Fund's balance.

Barclays Long Duration Government

The Barclays Long Duration Government Portfolio is solely held by the State Insurance Fund. The Fund was established during the third quarter and performance reporting will begin in the fourth quarter.

At the end of the quarter, Barclays Long Duration Government Portfolio represented 4.1% or $772.47 million of the Total Fund's balance.

State Street Long Duration Credit

The State Street Long Duration Credit Portfolio is solely held by the State Insurance Fund. The portfolio was funded during the period and performance will begin next reporting period.

At the end of the quarter, the State Street Long Duration Credit Fund represented 21.8% or $4.09 billion of the Total Fund's balance.

Barclays Long Duration Credit

The Barclays Long Duration Credit Portfolio is solely held by the State Insurance Fund. The Fund was established during the third quarter and performance reporting will begin in the fourth quarter.

At the end of the quarter, Barclays represented 5.0% or $940.99 million of the Total Fund's balance.

State Street Long Duration

The State Street Long Duration Fixed Income Fund held $850.08 million at the end of the third quarter, representing 4.5% of the Total Fund's balance. The State Street Long Duration strategy is held in the Disabled Workers Retirement Fund (DWRF) and the Black Lung Fund (BLF). During the third quarter, the portfolio returned 8.2% in the DWRF Portfolio and 8.3% in the BLF Portfolio. The funds trailed the Barclays Capital U.S. Gov/Credit Long Term Index by 30 and 20 basis points respectively during the quarter.

State Street Intermediate Duration

The State Street Intermediate Duration Fixed Income Fund held a total balance of $41.48 million at the end of the third quarter. The Intermediate Duration strategy is held in both the Public Worker's Relief Fund (PWRF) and Marine Insurance Fund (MIF). The strategy returned 3.2% during the quarter in both the PWRF and MIF trailing the Barclays Capital Intermediate Government/Credit Index by 10 basis points.

State Street TIPS Index

The State Street TIPS Fund is held in the State Insurance Fund (SIF), the Disabled Workers Retirement Fund (DWRF), and the Black Lung Fund (BLF). The TIPS Fund returned 3.0% during the quarter in all of the aforementioned portfolios. The Fund trailed the Barclays Capital US TIPS Index by 10 basis points during the third quarter.

At the end of the quarter, TIPS represented approximately 19.0% of the Total Fund.

Public Equity Portfolio

Northern Trust S&P 500 Index

The Northern Trust Global Large Cap S&P 500 Index Fund (NT S&P 500 Index) returned 15.5% over the third quarter and trailed the S&P 500 Index by 10 basis points.

The Northern Trust Fund is held in the State Insurance Fund (SIF), the Disabled Workers Retirement Fund (DWRF), and the Black Lung Fund (BLF).

At the end of the quarter, approximately 22.1% of the Ohio BWC’s assets were allocated to the NT S&P 500 Index Fund.

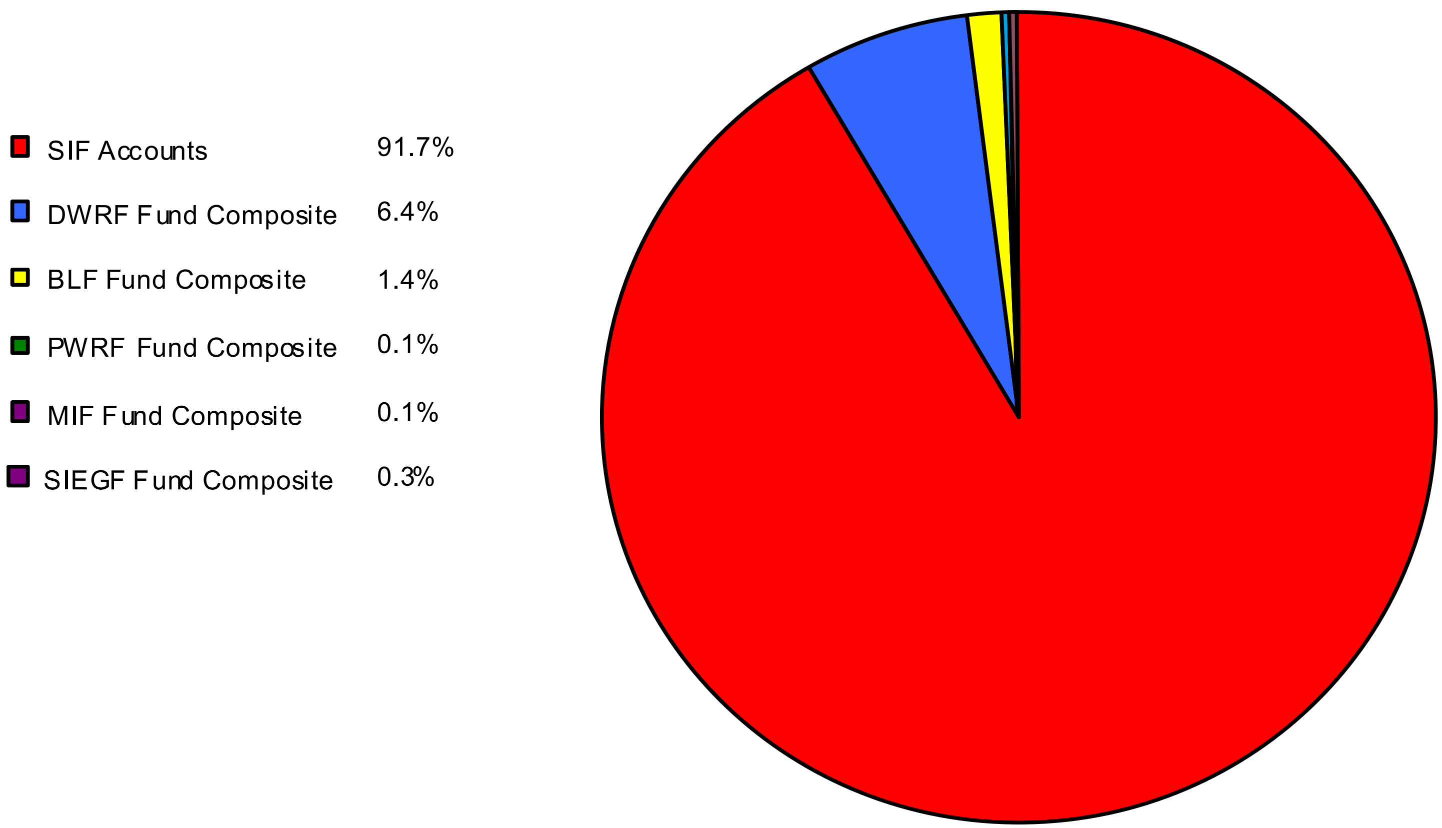
ACWI ex US Index

The ACWI ex US Index TM #2 transition account was established during the third quarter. We will begin reporting performance in the fourth quarter.

The ACWI ex US Index comprised approximately 4.4% of the Ohio BWC’s assets at the end of the third quarter.

Asset Allocation and Performance

As of September 30, 2009*

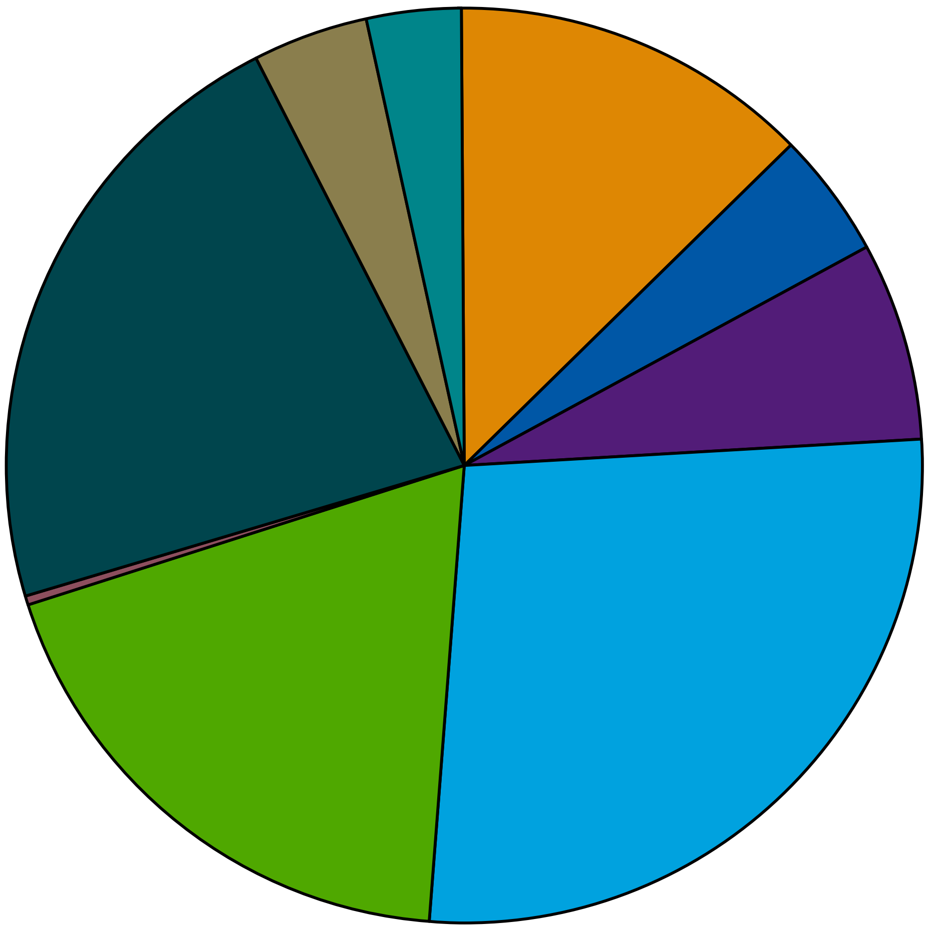


Total Market Value
$18,722,439,444

* Numbers may not add to 100% due to rounding.

As of September 30, 2009*

Aggregate Fixed Income	12.7%
Long Dur. Gov't/Credit FI	4.5%
Long Dur. Government FI	7.0%
Long Dur. Credit FI	26.9%
TIPS Fixed Income	19.0%
Int. Duration Fixed Income	0.2%
Large Cap Domestic Equity	22.1%
International Equity	4.4%
Short Term Investments	3.3%

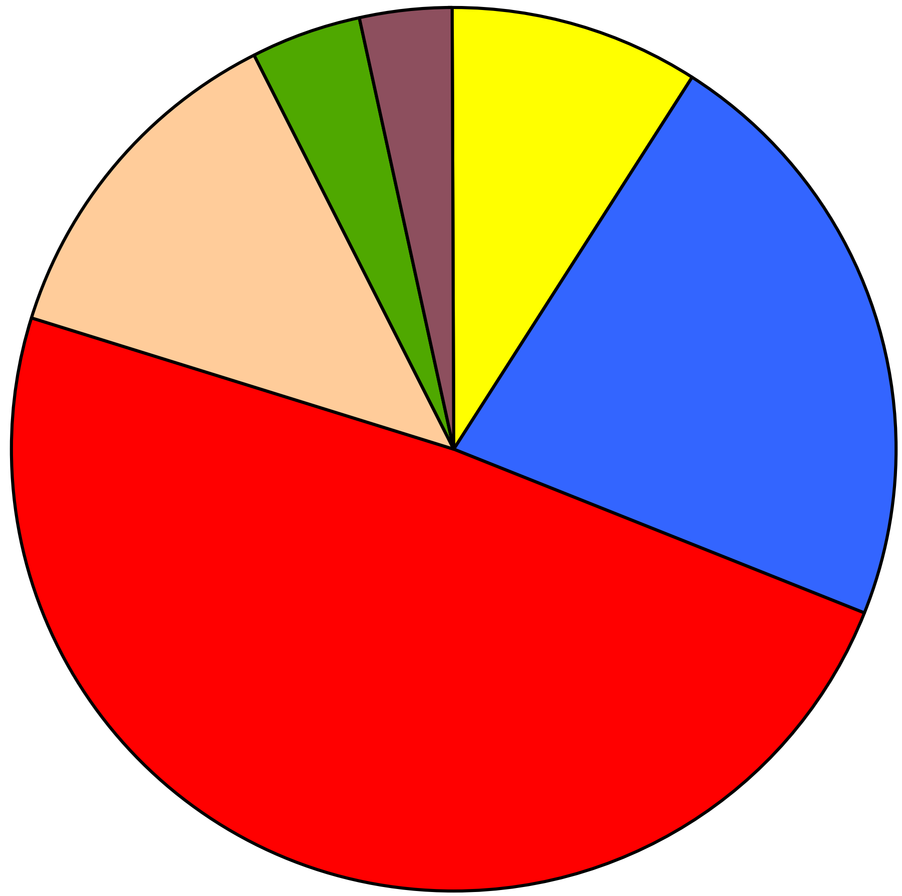


Total Market Value
$ 18,722,439,444

* Numbers may not add to 100% due to rounding.

As of September 30, 2009*

Barclays Global Investors	9.2%
Northern Trust	22.1%
State Street Global Advisors	48.5%
TM #1	12.7%
TM #2	4.4%
Cash & Miscellaneous	3.3%

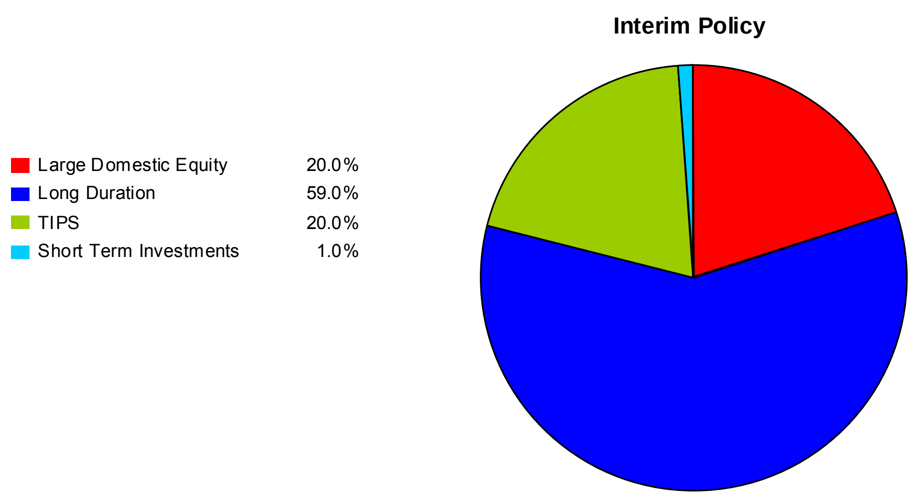


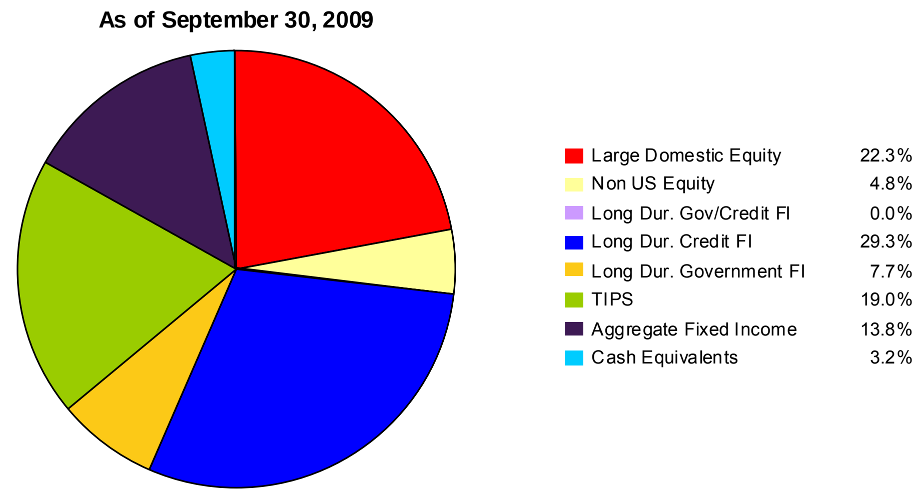
Total Market Value
$18,722,439,444

* Numbers may not add to 100% due to rounding.

Ohio Bureau of Workers Compensation (Ohio BWC)

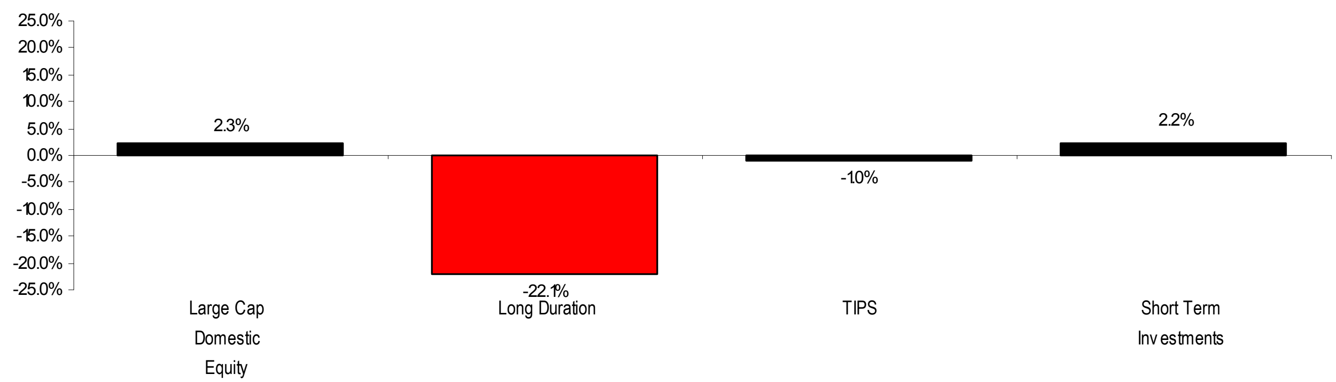
Asset Allocation – State Insurance Fund





Total Market Value
$17,171,632,292

Asset Allocation vs. Interim Policy



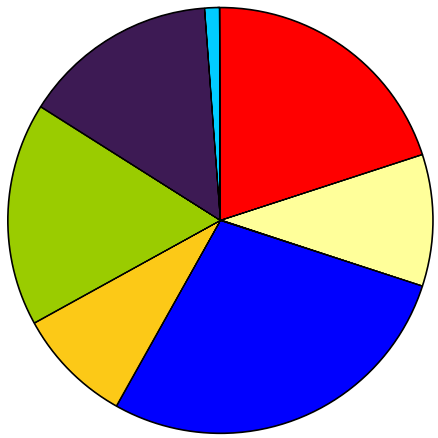
Mercer Investment Consulting, Inc.

Ohio Bureau of Workers Compensation (Ohio BWC)

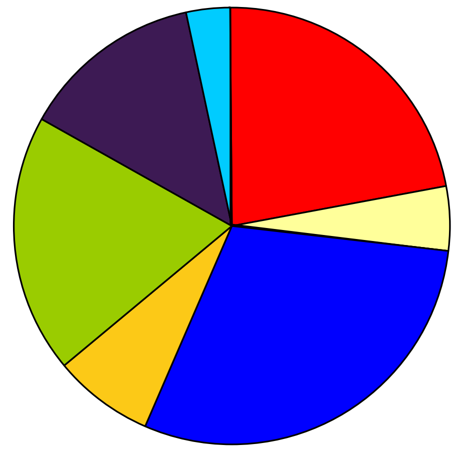
Asset Allocation – State Insurance Fund

Policy Benchmark

Domestic Equity	20.0%
Non US Equity	10.0%
Long Dur. Credit FI	28.0%
Long Dur. Government FI	9.0%
TIPS	17.0%
Aggregate Fixed Income	15.0%
Cash Equivalents	1.0%



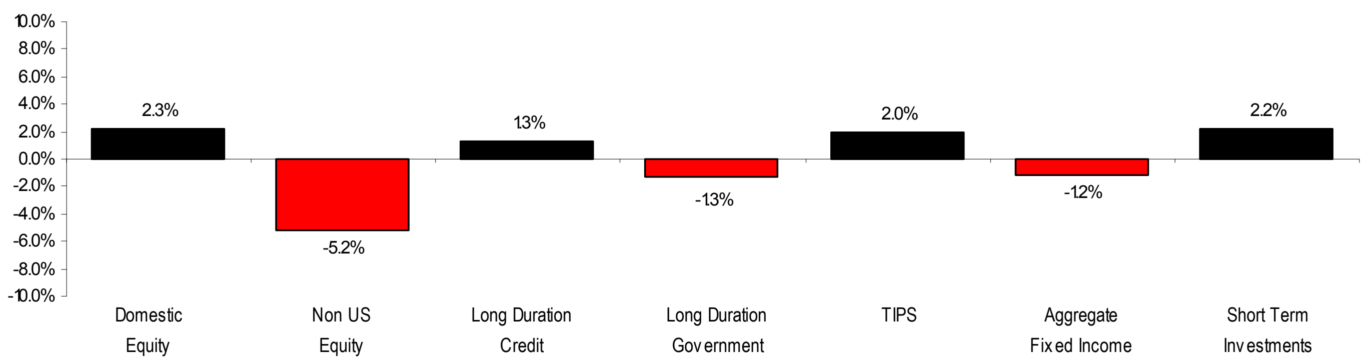
As of September 30, 2009



Domestic Equity	22.3%
Non US Equity	4.8%
Long Dur. Credit FI	29.3%
Long Dur. Government FI	7.7%
TIPS	19.0%
Aggregate Fixed Income	13.8%
Cash Equivalents	3.2%

Total Market Value
$17,171,632,292

Asset Allocation vs. Policy Benchmark



Mercer Investment Consulting, Inc.

Reconciliation

Portfolio Reconciliation By Manager

	Quarter Ending September 30, 2009			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
SIF U.S. Aggregate Transition Account	$0	$2,315,092,231	$59,552,040	$2,374,644,271
SIF SSGA LDFI	$7,333,358,004	-$7,351,917,583	$18,658,247	$98,668
SIF BGI LDFI	$1,602,922,234	-$1,652,901,005	$50,115,949	$137,178
SIF SSGA Government LDFI	$0	$513,516,854	$28,188,984	$541,705,838
SIF BGI Government LDFI	$0	$737,054,857	$35,414,686	$772,469,543
SIF SSGA Credit LDFI	$0	$3,706,793,981	$382,102,951	$4,088,896,932
SIF BGI Credit LDFI	$0	$892,457,963	$48,529,665	$940,987,628
SIF SSGA TIPS Index	$3,191,040,139	-$25,153,054	$94,791,723	$3,260,678,809
SIF Northern Trust Global Large Cap S&P 500 Index	$3,257,495,555	$54,867,497	$510,073,230	$3,822,436,281
SIF ACWI ex US Transition Account	$0	$796,444,724	$19,627,299	$816,072,023
SIF Miscellaneous Holding Account	$4,202,452	-$792,868	$737,557	$4,147,140
SIF Transition Account	$1,054,839	$0	$38,903	$1,093,742
SIF BWC Main Cash Account	$352,791,908	$195,263,858	$208,471	$548,264,237
DWRF SSGA LDFI	$651,316,581	-$5,096,688	$53,440,021	$699,659,914
DWRF SSGA TIPS	$239,184,187	-$27,793	$7,158,158	$246,314,552
DWRF NT S&P 500	$218,381,362	-$344,830	$34,386,708	$252,423,240
Disabled Workers Retirement	$6,715	$688,968	$392	$696,075
Black Lung SSGA LDFI	$138,825,536	-$29,768	$11,530,404	$150,326,171
Black Lung SSGA TIPS	$50,084,055	-$20,653	$1,498,600	$51,562,002
Black Lung NT S&P 500	$45,951,703	-$72,559	$7,235,677	$53,114,821
Black Lung	$754,949	-$12,432	$351	$742,867
PWRF Intermediate Duration Fixed Income	$23,005,512	-$4,498	$739,203	$23,740,216
Public Workers Relief Fund	$129,413	$100,032	$108	$229,552
MIF Intermediate Duration Fixed Income	$17,188,143	-$3,361	$552,281	$17,737,064
Marine Account	$177,448	$135,454	$92	$312,995
Self Insured Bond Fund	$54,581,326	-$661,199	$27,556	$53,947,683
Total	**$17,182,452,060**	**$175,378,127**	**$1,364,609,257**	**$18,722,439,444**

Total Plan Performance

Name	Current Market Value	Current Allocation	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
			Ending September 30, 2009										Inception	
Total Fund	**$18,722,439,444**	**100.0%**	**7.9%**	**--**	**7.5%**	**--**	**11.4%**	**--**	**4.2%**	**--**	**--**	**--**	**5.2%**	**Jun-05**
SIF Fund Composite	**$17,171,632,292**	**91.7%**	**7.9%**	**--**	**7.4%**	**--**	**11.4%**	**--**	**4.2%**	**--**	**--**	**--**	**5.2%**	**Jun-05**
*SIF Interim Policy Benchmark***			*8.7%*	*--*	*8.7%*	*--*	*10.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Jun-05*
SIF Bond Composite	**$11,979,618,867**	**64.0%**	**6.0%**	**--**	**4.6%**	**--**	**14.3%**	**--**	**--**	**--**	**--**	**--**	**6.8%**	**Dec-06**
SIF U.S. Aggregate Composite	**$2,374,644,271**	**12.7%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**1.7%**	**Jul-09**
Barclays Capital Aggregate			*3.7%*		*5.7%*		*10.6%*		*6.4%*		*5.1%*			
U.S. Aggregate Transition Account	$2,374,644,271	12.7%	--	--	--	--	--	--	--	--	--	--	1.7%	Jul-09
Barclays Capital Aggregate			*3.7%*		*5.7%*		*10.6%*		*6.4%*		*5.1%*			
SIF LDFI Composite	**$235,846**	**0.0%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**Mar-07**
Barclays Capital LT Govt/Credit			*8.5%*	*70*	*4.7%*	*78*	*18.4%*	*73*	*6.9%*	*78*	*6.0%*	*83*	*7.5%*	*Mar-07*
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*8.2%*	*Mar-07*
SSGA LDFI	$98,668	0.0%	--	--	--	--	--	--	--	--	--	--	--	Mar-07
Barclays Capital LT Govt/Credit			*8.5%*	*70*	*4.7%*	*78*	*18.4%*	*73*	*6.9%*	*78*	*6.0%*	*83*	*7.5%*	*Mar-07*
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*8.2%*	*Mar-07*
BGI LDFI	$137,178	0.0%	--	--	--	--	--	--	--	--	--	--	--	Mar-07
Barclays Capital LT Govt/Credit			*8.5%*	*70*	*4.7%*	*78*	*18.4%*	*73*	*6.9%*	*78*	*6.0%*	*83*	*7.5%*	*Mar-07*
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*8.2%*	*Mar-07*

** SIF Interim Policy Benchmark consists of 59% Barclays Capital Long US Govt/Credit Index, 20% Barclays Capital US TIPS Index, 20% S&P 500 Index, 1% 91-Day T-Bill

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)

Name	Current Market Value	Current Allocation	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception Return	Inception Since
			Ending September 30, 2009											
SIF U.S. Long Government Composite	**$1,314,175,382**	**7.0%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**4.7%**	**Jul-09**
Barclays Capital LT Govt.			*4.7%*		*-7.5%*		*9.1%*		*7.8%*		*6.6%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Jul-09*
SSGA Government LDFI	$541,705,838	2.9%	--	--	--	--	--	--	--	--	--	--	3.9%	Jul-09
Barclays Capital LT Govt.			*4.7%*		*-7.5%*		*9.1%*		*7.8%*		*6.6%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Jul-09*
BGI Government LDFI	$772,469,543	4.1%	--	--	--	--	--	--	--	--	--	--	2.0%	Aug-09
Barclays Capital LT Govt.			*4.7%*		*-7.5%*		*9.1%*		*7.8%*		*6.6%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Aug-09*
SIF U.S. Long Credit	**$5,029,884,560**	**26.9%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**5.8%**	**Jul-09**
Barclays Capital LT Credit			*12.0%*		*17.7%*		*27.3%*		*6.0%*		*5.3%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Jul-09*
SSGA Credit LDFI	$4,088,896,932	21.8%	--	--	--	--	--	--	--	--	--	--	5.7%	Jul-09
Barclays Capital LT Credit			*12.0%*		*17.7%*		*27.3%*		*6.0%*		*5.3%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Jul-09*
BGI Credit LDFI	$940,987,628	5.0%	--	--	--	--	--	--	--	--	--	--	3.1%	Aug-09
Barclays Capital LT Credit			*12.0%*		*17.7%*		*27.3%*		*6.0%*		*5.3%*			
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Aug-09*
SIF TIPS Composite	**$3,260,678,809**	**17.4%**	**3.0%**	**--**	**7.9%**	**--**	**5.1%**	**--**	**--**	**--**	**--**	**--**	**6.7%**	**Jan-07**
Barclays Capital US Tips			*3.1%*	--	*9.5%*	--	*5.7%*	--	*5.6%*	--	*4.8%*	--	*6.8%*	*Jan-07*
SSGA TIPS Index	$3,260,678,809	17.4%	3.0%	70	7.9%	81	5.1%	76	--	--	--	--	6.7%	Jan-07
Barclays Capital US Tips			*3.1%*	*63*	*9.5%*	*28*	*5.7%*	*59*	*5.6%*	*57*	*4.8%*	*62*	*6.8%*	*Jan-07*
Mercer Instl US Fixed Inflation Linked Bonds Median			*3.2%*		*8.9%*		*5.8%*		*5.8%*		*4.9%*		*--*	*Jan-07*

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)

Name	Current Market Value	Current Allocation	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
			Ending September 30, 2009										Inception	
SIF Equity Composite	**$4,643,749,187**	**24.8%**	**15.6%**	**--**	**19.4%**	**--**	**-6.7%**	**--**	**--**	**--**	**--**	**--**	**-8.0%**	**Dec-06**
S&P 500 Index (Total Return)			*15.6%*	*--*	*19.3%*	*--*	*-6.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
SIF Public Equity Composite	**$3,822,436,281**	**20.4%**	**15.5%**	**39**	**19.0%**	**52**	**-7.0%**	**61**	**--**	**--**	**--**	**--**	**-8.8%**	**Jan-07**
S&P 500 Index (Total Return)			*15.6%*	*38*	*19.3%*	*50*	*-6.9%*	*60*	*-5.4%*	*72*	*1.0%*	*83*	*-8.9%*	*Jan-07*
Mercer Instl US Equity Large Cap Core Median			*15.3%*		*19.2%*		*-5.9%*		*-4.5%*		*2.2%*		*--*	*Jan-07*
Northern Trust Global Large Cap S&P 500 Index	$3,822,436,281	20.4%	15.5%	39	19.0%	52	-7.0%	61	--	--	--	--	-11.6%	Jul-07
S&P 500 Index (Total Return)			*15.6%*	*38*	*19.3%*	*50*	*-6.9%*	*60*	*-5.4%*	*72*	*1.0%*	*83*	*-11.6%*	*Jul-07*
Mercer Instl US Equity Large Cap Core Median			*15.3%*		*19.2%*		*-5.9%*		*-4.5%*		*2.2%*		*--*	*Jul-07*
SIF International Equity Composite	**$816,072,023**	**4.4%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**5.6%**	**Aug-09**
ACWI ex US Transition Account	$816,072,02	4.4%	.	.	.	.	.	.	.	.	.	.	5.6%	Aug-09
MSCI AC World ex USA (Net)			*19.7%*		*36.4%*		*5.9%*		*-1.2%*		*8.1%*			
Miscellaneous Holding Account	$4,147,140	0.0%	18.6%	--	180.5%	--	126.6%	--	--	--	--	--	49.4%	Nov-06
Transition Account	$1,093,742	0.0%	3.7%	--	3.1%	--	3.0%	--	--	--	--	--	-5.1%	Dec-07
SIF Cash Composite	**$548,264,237**	**2.9%**	**0.1%**	**--**	**0.3%**	**--**	**0.7%**	**--**	**3.8%**	**--**	**--**	**--**	**4.4%**	**Jun-05**
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*
BWC Main Cash Account	$548,264,237	2.9%	0.1%	--	0.3%	--	0.7%	--	3.7%	--	--	--	4.2%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)

Name	Current Market Value	Current Allocation	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception Return	Inception Since
			Ending September 30, 2009											
DWRF Composite	**$1,199,093,781**	**6.4%**	**8.6%**	**--**	**8.1%**	**--**	**12.4%**	**--**	**--**	**--**	**--**	**--**	**4.4%**	**Dec-06**
DWRF Policy Benchmark			*8.7%*	*--*	*8.7%*	*--*	*10.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
DWRF SSGA LDFI	$699,659,914	3.7%	8.2%	75	4.3%	84	18.7%	69	--	--	--	--	8.4%	Oct-07
Barclays Capital LT Govt/Credit			*8.5%*	*70*	*4.7%*	*78*	*18.4%*	*73*	*6.9%*	*78*	*6.0%*	*83*	*8.1%*	*Oct-07*
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Oct-07*
DWRF SSGA TIPS	$246,314,552	1.3%	3.0%	71	7.9%	81	5.1%	76	--	--	--	--	5.3%	Oct-07
Barclays Capital US Tips			*3.1%*	*63*	*9.5%*	*28*	*5.7%*	*59*	*5.6%*	*57*	*4.8%*	*62*	*5.6%*	*Oct-07*
Mercer Instl US Fixed Inflation Linked Bonds Median			*3.2%*		*8.9%*		*5.8%*		*5.8%*		*4.9%*		*--*	*Oct-07*
DWRF NT S&P 500	$252,423,240	1.3%	15.7%	36	19.4%	49	-6.7%	57	--	--	--	--	-14.6%	Sep-07
S&P 500 Index (Total Return)			*15.6%*	*38*	*19.3%*	*50*	*-6.9%*	*60*	*-5.4%*	*72*	*1.0%*	*83*	*-14.8%*	*Sep-07*
Mercer Instl US Equity Large Cap Core Median			*15.3%*		*19.2%*		*-5.9%*		*-4.5%*		*2.2%*		*-13.8%*	*Sep-07*
Disabled Workers Retirement	$696,075	0.0%	0.1%	--	0.3%	--	0.8%	--	4.0%	--	--	--	3.9%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*
BLF Composite	**$255,745,861**	**1.4%**	**8.6%**	**--**	**8.3%**	**--**	**12.1%**	**--**	**--**	**--**	**--**	**--**	**4.3%**	**Dec-06**
BLF Policy Benchmark			*8.7%*	*--*	*8.7%*	*--*	*10.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
Black Lung SSGA LDFI	$150,326,171	0.8%	8.3%	74	4.7%	78	19.0%	62	--	--	--	--	8.6%	Oct-07
Barclays Capital LT Govt/Credit			*8.5%*	*70*	*4.7%*	*78*	*18.4%*	*73*	*6.9%*	*78*	*6.0%*	*83*	*8.1%*	*Oct-07*
Mercer Instl US Fixed Long Duration Median			*9.5%*		*8.6%*		*20.5%*		*7.8%*		*6.9%*		*--*	*Oct-07*
Black Lung SSGA TIPS	$51,562,002	0.3%	3.0%	71	7.9%	81	5.1%	76	--	--	--	--	5.3%	Oct-07
Barclays Capital US Tips			*3.1%*	*63*	*9.5%*	*28*	*5.7%*	*59*	*5.6%*	*57*	*4.8%*	*62*	*5.6%*	*Oct-07*
Mercer Instl US Fixed Inflation Linked Bonds Median			*3.2%*		*8.9%*		*5.8%*		*5.8%*		*4.9%*		*--*	*Oct-07*
Black Lung NT S&P 500	$53,114,821	0.3%	15.7%	36	19.4%	49	-6.6%	57	--	--	--	--	-14.6%	Sep-07
S&P 500 Index (Total Return)			*15.6%*	*38*	*19.3%*	*50*	*-6.9%*	*60*	*-5.4%*	*72*	*1.0%*	*83*	*-14.8%*	*Sep-07*
Mercer Instl US Equity Large Cap Core Median			*15.3%*		*19.2%*		*-5.9%*		*-4.5%*		*2.2%*		*-13.8%*	*Sep-07*
Black Lung	$742,867	0.0%	0.1%	--	0.3%	--	0.7%	--	3.7%	--	--	--	3.9%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)

Name	Current Market Value	Current Allocation	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Inception Return	Since
			Ending September 30, 2009										Inception	
PWRF Composite	**$23,969,769**	**0.1%**	**3.2%**	**--**	**4.6%**	**--**	**5.0%**	**--**	**--**	**--**	**--**	**--**	**3.8%**	**Dec-06**
PWRF Policy Benchmark			*3.2%*	*--*	*4.9%*	*--*	*9.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
PWRF Intermediate Duration Fixed Income	$23,740,216	0.1%	3.2%	72	--	--	--	--	--	--	--	--	--	Feb-09
Barclays Capital Int Govt/Credit			*3.3%*	*69*	*4.9%*	*86*	*10.0%*	*79*	*6.2%*	*69*	*4.7%*	*82*	*5.3%*	*Feb-09*
Mercer Instl US Fixed Intermediate Median			*3.7%*		*7.3%*		*11.5%*		*6.7%*		*5.2%*		*--*	*Feb-09*
Public Workers Relief Fund	$229,552	0.0%	0.0%	--	0.3%	--	0.7%	--	2.5%	--	--	--	2.7%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*
MIF Composite	**$18,050,058**	**0.1%**	**3.2%**	**--**	**4.6%**	**--**	**5.0%**	**--**	**--**	**--**	**--**	**--**	**3.9%**	**Dec-06**
MIF Policy Benchmark			*3.2%*	*--*	*4.9%*	*--*	*9.9%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
MIF Intermediate Duration Fixed Income	$17,737,064	0.1%	3.2%	72	--	--	--	--	--	--	--	--	--	Feb-09
Barclays Capital Int Govt/Credit			*3.3%*	*69*	*4.9%*	*86*	*10.0%*	*79*	*6.2%*	*69*	*4.7%*	*82*	*5.3%*	*Feb-09*
Mercer Instl US Fixed Intermediate Median			*3.7%*		*7.3%*		*11.5%*		*6.7%*		*5.2%*		*--*	*Feb-09*
Marine Account	$312,995	0.0%	0.1%	--	0.3%	--	0.7%	--	2.5%	--	--	--	2.9%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*
SIEGF Composite	**$53,947,683**	**0.3%**	**0.1%**	**--**	**0.3%**	**--**	**0.7%**	**--**	**--**	**--**	**--**	**--**	**2.8%**	**Dec-06**
SIEGF Policy Benchmark			*0.1%*	*--*	*0.2%*	*--*	*0.3%*	*--*	*--*	*--*	*--*	*--*	*--*	*Dec-06*
Self Insured Bond Fund	$53,947,683	0.3%	0.1%	--	0.3%	--	0.7%	--	3.1%	--	--	--	3.4%	Jun-05
Merrill Lynch 91 Day T-Bill			*0.1%*	*--*	*0.2%*	*--*	*0.4%*	*--*	*2.8%*	*--*	*3.1%*	*--*	*3.2%*	*Jun-05*

Appendix

Benchmark Weights

The benchmarks for their respective accounts are as follows:

		Weight
SIF Interim Policy Benchmark:		
BarCap Long US Government/Credit Index		59%
BarCap US TIPS		20%
S&P 500		20%
91-Day T-Bill		1%
	TOTAL:	100%
DWRF Policy Benchmark:		
BarCap Long US Government/Credit Index		59%
BarCap US TIPS		20%
S&P 500		20%
91-Day T-Bill		1%
	TOTAL:	100%
BLF Policy Benchmark:		
BarCap Long US Government/Credit Index		59%
BarCap US TIPS		20%
S&P 500		20%
91-Day T-Bill		1%
	TOTAL:	100%

		Weight
PWRF Policy Benchmark:		
BarCap Intermediate US Government/Credit		99%
91-Day T-Bill - 1%		1%
	TOTAL:	100%
MIF Policy Benchmark:		
BarCap Intermediate US Government/Credit		99%
91-Day T-Bill		1%
	TOTAL:	100%
SIEGF Policy Benchmark:		
91-Day T-Bill		100%

Manager Roster and Fee Schedule

as of September 30, 2009

Account	Fee Schedule	Est. Minimum Annual Fee ($)	Estimated Annual Fee ($)	Estimated Annual Fee (%)
SIF U.S. Aggregate Composite				
U.S. Aggregate Transition Account	No Fee		--	--
SIF LDFI Composite				
SSGA LDFI	0.03% of First $1,000.0 Mil, 0.02% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$30	0.03%
BGI LDFI	0.06% of First $1,000.0 Mil, 0.05% of Next $1,000.0 Mil, 0.04% Thereafter	$0	$82	0.06%
SIF U.S. Long Government Composite				
SSGA Government LDFI	0.03% of First $1,000.0 Mil, 0.01% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$135,426	0.03%
BGI Government LDFI	0.03% of First $1,000.0 Mil, 0.03% of Next $1,000.0 Mil, 0.02% Thereafter		$231,741	0.03%
SIF U.S. Long Credit				
SSGA Credit LDFI	0.05% of First $1,000.0 Mil, 0.04% of Next $1,000.0 Mil, 0.03% Thereafter	$0	$1,422,224	0.03%
BGI Credit LDFI	0.09% of First $1,000.0 Mil, 0.07% of Next $1,000.0 Mil, 0.06% Thereafter		$846,889	0.09%
SIF TIPS Composite				
SSGA TIPS Index	0.01% of First $500.0 Mil, 0.01% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$315,854	0.01%

Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee ($)	Estimated Annual Fee ($)	Estimated Annual Fee (%)
SIF Equity Composite				
SIF Public Equity Composite				
Northern Trust Global Large Cap S&P 500 Index	0.01% of Assets	$0	$305,795	0.01%
SIF International Equity Composite				
ACWI ex US Transition Account	No Fee		--	--
Miscellaneous Holding Account			--	--
Transition Account			--	--
SIF Cash Composite				
BWC Main Cash Account			--	--
DWRF Composite				
DWRF SSGA LDFI	0.03% of First $1,000.0 Mil, 0.02% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$209,898	0.03%
DWRF SSGA TIPS	0.01% of First $500.0 Mil, 0.01% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$36,947	0.02%
DWRF NT S&P 500	0.01% of Assets	$0	$20,194	0.01%
Disabled Workers Retirement			--	--
BLF Composite				
Black Lung SSGA LDFI	0.03% of First $1,000.0 Mil, 0.02% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$45,098	0.03%
Black Lung SSGA TIPS	0.01% of First $500.0 Mil, 0.01% of Next $1,000.0 Mil, 0.01% Thereafter	$0	$7,734	0.02%
Black Lung NT S&P 500	0.01% of Assets	$0	$4,249	0.01%
Black Lung			--	--

Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee ($)	Estimated Annual Fee ($)	Estimated Annual Fee (%)
PWRF Composite				
PWRF Intermediate Duration Fixed Income	0.04% of First $500.0 Mil, 0.03% of Next $500.0 Mil, 0.02% Thereafter	$0	$9,496	0.04%
Public Workers Relief Fund			--	--
MIF Composite				
MIF Intermediate Duration Fixed Income	0.04% of First $500.0 Mil, 0.03% of Next $500.0 Mil, 0.02% Thereafter	$0	$7,095	0.04%
Marine Account			--	--
SIEGF Composite				
Self Insured Bond Fund			--	--
Investment Management Fee			**$3,598,753**	**0.02%**

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

Asset Sector	Market Value Oct 31, 2009	% Assets	Market Value Sept 30, 2009	% Assets	Increase(Decrease) Prior Month-End	% Change	Market Value June 30, 2009	% Assets	Increase (Decrease) Prior Fiscal Year-End	% Change
Bonds	12,722,170,342	69.1%	13,131,731,342	70.1%	(409,561,000)	-3.1%	$13,230,413,310	76.9%	(508,242,968)	-3.8%
Equity	5,220,474,490	28.3%	4,925,314,599	26.3%	295,159,891	6.0%	3,522,150,726	20.5%	1,698,323,764	48.2%
Net Cash - OIM	76,427,942	0.4%	77,997,946	0.4%	(1,570,004)	-2.0%	27,624,432	0.2%	48,803,510	176.7%
Net Cash - Operating	343,727,225	1.9%	556,171,619	3.0%	(212,444,394)	-38.2%	366,634,742	2.1%	(22,907,517)	-6.2%
Net Cash - SIEGF	55,806,413	0.3%	53,949,662	0.3%	1,856,751	3.4%	54,583,234	0.3%	1,223,179	2.2%
Total Net Cash	475,961,580	2.6%	688,119,227	3.7%	(212,157,647)	-30.8%	448,842,408	2.6%	27,119,172	6.0%
Total Invested Assets	$18,418,606,412	100%	$18,745,165,168	100%	($326,558,756)	-1.7%	$17,201,406,444	100%	$1,217,199,968	7.1%

OIM: Outside Investment Managers
SIEGF: Self-Insured 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.

October 2009/September 2009 Comparisons

- Net investment income in October 2009 was a negative $(116) million representing a monthly net portfolio return of -0.6% (unaudited).
- Bond market value decrease of $(409.6) mm comprised of $52.6 mm in interest income and $(46.4) mm in OIM realized/unrealized losses ($26.2 mm net realized gain), offset by $415.8 mm in OIM/TM net sales/redemptions, representing a monthly net return of +0.1% (unaudited).
- Equity market value increase of $295.2 mm comprised of $5.3 mm of dividend income, $(127.2) mm in net realized/unrealized losses ($602.4 mm net realized loss) and by $417.1 mm in OIM/TM net purchases, representing a monthly net return of -2.4% (unaudited).
- Net cash balances decreased $(212.2) mm in October 2009 largely due to decreased operating cash balances ($212.4 mm).
  JPMorgan US Govt. money market fund had 30-day average yield of 0.11% for October 2009 (0.17% for Sept09) and 7-day average yield of 0.10% on 10/31/09 (0.14% on 9/30/09).

October 2009/June 2009 FYTD Results

- Net investment income for FYTD2010 was $1,245 million comprised of $263 mm of interest/dividend income and $983 mm of net realized/unrealized gains ($650 million net realized loss), offset by $2 mm in fees, representing a FYTD2010 net portfolio return of +7.3% (unaudited).
- Bond market value decrease of $(508) mm for FYTD2010 comprised of $235 mm in interest income and $565 mm of net realized/unrealized gains ($28 mm net realized loss), offset by $1,253 mm in OIM/TM net bond sales and $55 mm in OIM rebalancing redemptions, representing a FYTD2010 net return of +6.2% (unaudited).
- Equity market value increase of $1,698 mm for FYTD2010 comprised of $26 mm in dividend income, $418 mm in realized/unrealized gains ($622 mm net realized loss), $1,199 mm in OIM/TM net purchases and $55 mm in portfolio rebalancing purchases directed to OIM, representing a FYTD2010 net return of +12.8% (unaudited).

Ohio Bureau of Workers' Compensation
Investment Asset Allocation - Combining Schedule
As of October 31, 2009
(in thousands)

	SIF	% Trust	DWRF	% Trust	BLF	% Trust	PWRF	% Trust	MIF	% Trust	SIEGF	% Trust	ACF	% Trust	Totals	% of Total
Bonds	**$ 11,542,101**	**68.4%**	**$ 937,795**	**78.6%**	**$ 200,617**	**79.0%**	**$ 23,843**	**99.0%**	**$ 17,814**	**98.2%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ 12,722,170**	**69.0%**
Long Credit	4,994,133	29.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,994,133	27.1%
Long Government	1,284,166	7.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,284,166	7.0%
Long Gov/Credit	-	0.0%	688,139	57.7%	148,358	58.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	836,497	4.5%
TIPS	2,902,611	17.2%	249,656	20.9%	52,259	20.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,204,526	17.4%
Aggregate	2,361,214	14.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,361,214	12.8%
Intermediate Gov/Credit	-	0.0%	-	0.0%	-	0.0%	23,843	99.0%	17,814	98.2%	-	0.0%	-	0.0%	41,657	0.2%
MSCI ACWI ex-U.S.	(23)	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(23)	0.0%
Stocks	**4,919,783**	**29.2%**	**248,419**	**20.8%**	**52,272**	**20.6%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**5,220,474**	**28.4%**
Russell 3000	3,716,323	22.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,716,323	20.2%
MSCI ACWI ex-U.S.	1,194,054	7.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,194,054	6.5%
S&P 500	-	0.0%	248,104	20.8%	52,206	20.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	300,310	1.7%
Dividends Receivable	5,510	0.0%	315	0.0%	66	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,891	0.0%
Miscellaneous	3,896	0.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,896	0.0%
Net Cash & Cash Equivalents	**406,961**	**2.4%**	**5,501**	**0.6%**	**1,091**	**0.4%**	**239**	**1.0%**	**334**	**1.8%**	**55,806**	**100.0%**	**6,030**	**100.0%**	**475,962**	**2.6%**
Total Cash & Investments	**$ 16,868,845**	**100.0%**	**$ 1,191,715**	**100.0%**	**$ 253,980**	**100.0%**	**$ 24,082**	**100.0%**	**$ 18,148**	**100.0%**	**$ 55,806**	**100.0%**	**$ 6,030**	**100.0%**	**$ 18,418,606**	**100.0%**

Market value of bonds includes accrued investment income.

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

State Insurance Fund (SIF)

Overall SIF allocation from 80% bonds/20% stocks to 70% bonds/30% stocks continued in October, 2009 (new asset allocation transitions began in July, 2009). The domestic equity transition from the S&P500 to the Russell 3000 mandate was executed and completed this month. The international equity transition (initiated in August 2009 with a targeted 10% policy allocation) continued to progress in October, 2009 with a third 2.4% shift towards the mandate (MSCI ACWI ex-U.S.). As a result, the total SIF stock allocation increased from 26.9% to 29.2% with the completion of the third tranche of the international equity transition. In addition, the TIPS allocation decreased from 19.0% to 17.2% to fund this third phase of the ACWI ex-U.S. mandate. Transitions are effectively complete for the Russell 3000, Barclays US Aggregate and the Long Credit/Government split. The final transitions are anticipated to continue throughout the remainder of 2009 and into First Quarter, 2010.

Equity indices returns declined for the Russell 3000 (-2.57%), MSCI ACWI ex-U.S. (-1.24%) as well as for the S&P500 (-1.86%) for October, 2009. Bond indices returns overall remained slightly positive with a strong Barclays Capital U.S. TIPS index (+1.23%) and U.S. Aggregate Bond index (+0.49%) offset by negative performance for the Barclays Capital U.S. Government Long Term index (-1.40%) and the Barclays Capital U.S. Credit Long Term index (-0.20%).

Cash allocations decreased from 3.6% at the end of September to 2.4% at end of October due to a significant reduction in SIF operating cash of $218 million.

Disabled Workers' Relief and Coal Workers' Pneumoconiosis Funds (DWRF and BLF)
Mercer Consultants anticipate completion of an asset/liability study in the Fall of 2009.

PWRF, MIF, SIEGF
No changes to asset allocations are anticipated in Fiscal Year 2010.

Fund Asset Allocation:

	Equity	Bonds	Cash	Total
SIF	30%	69%	1%	100%
DWRF	20%	79%	1%	100%
BLF	20%	79%	1%	100%
PWRF		99%	1%	100%
MIF		99%	1%	100%
SIEGF			100%	100%
ACF		Not Applicable		

SIF:	State Insurance Fund	DWRF:	Disabled Workers' Relief Fund
		BLF:	Coal Workers' Pneumoconiosis Fund
PWRF:	Public Workers' Relief Fund	SIEGF:	Self-Insured Employers Guaranty Fund
MIF:	Marine Industry Fund	ACF:	Administrative Cost Fund

Ohio Bureau of Workers' Compensation
Investment Asset Allocation - Combining Schedule
As of September 30, 2009

(in thousands)

	SIF	% Trust	DWRF	% Trust	BLF	% Trust	PWRF	% Trust	MIF	% Trust	SIEGF	% Trust	ACF	% Trust	Totals	% of Total
Bonds	**$ 11,945,197**	**69.5%**	**$ 944,668**	**78.7%**	**$ 200,389**	**78.3%**	**$ 23,740**	**99.0%**	**$ 17,737**	**98.2%**	**$ -**	**0.0%**	**$ -**	**0.0%**	**$ 13,131,731**	**70.0%**
Long Credit	5,014,272	29.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,014,272	26.7%
Long Government	1,303,340	7.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,303,340	7.0%
Long Gov/Credit		0.0%	698,066	58.2%	148,840	58.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	846,906	4.5%
TIPS	3,265,523	19.0%	246,602	20.5%	51,549	20.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,563,674	19.0%
Aggregate	2,361,500	13.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,361,500	12.6%
Intermediate Gov/Credit	-	0.0%	-	0.0%	-	0.0%	23,740	99.0%	17,737	98.2%	-	0.0%	-	0.0%	41,477	0.2%
MSCI ACWI ex-U.S.	562	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	562	0.0%
Stocks	**4,618,940**	**26.9%**	**253,115**	**21.1%**	**53,260**	**20.8%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**	**4,925,315**	**26.3%**
Russell 3000	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MSCI ACWI ex-U.S.	798,661	4.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	798,661	4.3%
S&P 500	3,810,503	22.3%	252,760	21.1%	53,186	20.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,116,449	22.0%
Dividends Receivable	5,883	0.0%	355	0.0%	74	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	6,312	0.0%
Miscellaneous	3,893	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,893	0.0%
Net Cash & Cash Equivalents	**625,272**	**3.6%**	**2,263**	**0.2%**	**2,294**	**0.9%**	**230**	**1.0%**	**324**	**1.8%**	**53,950**	**100.0%**	**3,786**	**100.0%**	**688,119**	**3.7%**
Total Cash & Investments	**$ 17,189,409**	**100.0%**	**$ 1,200,046**	**100.0%**	**$ 255,943**	**100.0%**	**$ 23,970**	**100.0%**	**$ 18,061**	**100.0%**	**$ 53,950**	**100.0%**	**$ 3,786**	**100.0%**	**$ 18,745,165**	**100.0%**

Market value of bonds includes accrued investment income.

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

State Insurance Fund (SIF)

Overall SIF allocation from 80% bonds/20% stocks to 70% bonds/30% stocks continued in September, 2009 (new asset allocation transitions began in July, 2009). The international equity transition (initiated in August, 2009 with a targeted 10% policy allocation) continued to progress in September, 2009 with an additional 2.5% shift for the mandate (MSCI ACWI ex-U.S.). As a result, the total SIF stock allocation increased from 24.0% to 26.9% with this second tranche initiation. In addition, the long government allocation decreased from 10.1% to 7.6% to further fund the ACWI ex-U.S. mandate. Transitions are effectively complete for the Barclays US Aggregate and the Long Credit/Government split. Transitions are anticipated to continue throughout the remainder of 2009 and into First Quarter, 2010.

The S&P 500 index continued its strong month over month performance increase up 3.7% for September, 2009 as well as the MSCI ACWI ex-U.S. Index performance up 5.1% for the month. Also, the monthly bond performance of SIF bond portfolios increased between 1.9% to 3.0%. In particular, Barclay's Capital Long Credit portfolio increased 3.0% for September, 2009 (which comprises 28% of SIF's total policy target allocation).

Cash allocations decreased from 4.5% at end of August to 3.6% at end of September due to a reduction in SIF operating cash.

Disabled Workers' Relief and Coal Workers' Pneumoconiosis Funds (DWRF and BLF)

Mercer Consultants anticipate completion of an asset/liability study in the Fall of 2009.

PWRF, MIF, SIEGF

No changes to asset allocations are anticipated in Fiscal Year 2010.

Fund Asset Allocation:	Equity	Bonds	Cash	Total
SIF	30%	69%	1%	100%
DWRF	20%	79%	1%	100%
BLF	20%	79%	1%	100%
PWRF		99%	1%	100%
MIF		99%	1%	100%
SIEGF			100%	100%
ACF		Not Applicable		

SIF: State Insurance Fund

DWRF: Disabled Workers' Relief Fund

BLF: Coal Workers' Pneumoconiosis Fund

PWRF: Public Workers' Relief Fund

MIF: Marine Industry Fund

SIEGF: Self-Insured Employers Guaranty Fund

ACF: Administrative Cost Fund

INVESTMENT DIVISION

TO: Marsha Ryan, Administrator
BWC Investment Committee
BWC Board of Directors

FROM: Bruce Dunn, CFA, Chief Investment Officer

DATE: November 16, 2009

SUBJECT: CIO Report October, 2009

Fiscal Year 2010 Goals

The Investment Division has three major goals for the new fiscal year 2010. These goals and brief comments on action plans for each goal follow:

1. Provide support and execute new BWC Investment Policy resulting from investment consultant Asset-Liability studies.

2. Explore for investment consideration and subsequently initiate implementation processes pertaining to appropriate identified subject matters.

3. Continued establishment and execution of appropriate internal investment controls and compliance procedures.

Strategic Goal One – PORTFOLIO TRANSITION

BWC investment consultant Mercer completed an asset-liability study and related investment strategy recommendation for the State Insurance Fund that was approved by the Investment Committee and BWC Board of Directors at their respective March, 2009 meetings. A new Investment Policy Statement reflecting the new approved investment strategy target asset allocation for the State Insurance Fund was approved by the Investment Committee and BWC Board of Directors at their respective April, 2009 meetings.

As a result of these important actions, the Investment Division issued an RFP document on July 2, 2009 for Passive Index Management Services inviting proposals from qualified passive index investment managers for one or more of eight investment class mandates, six of which are the benchmark index mandates for the State Insurance Fund under its new targeted portfolio asset allocation as well as two holdover benchmark index mandates that remain applicable for the Disabled Workers Fund and the Coal Workers Fund.

The Bureau received four qualified responses to this RFP on August 4, 2009. The RFP Evaluation Committee has begun to evaluate these RFP responses and will conduct a thorough and complete RFP evaluation process with the intention to present finalists for recommendation to the Investment Committee and Board of Directors at the monthly scheduled meetings over the period September through December, 2009.

During the interim period until these finalist managers are identified and ultimately approved by the Board and under contract, a detailed asset allocation transition implementation plan approved by the Investment Committee and BWC Board of Directors at their respective May, 2009 meetings is being executed by the Investment Division with recently approved BWC transition managers. This plan identified five distinct asset class transitions and prioritized each transition with an expected timeline. This plan will enable the State Insurance Fund to achieve its targeted asset class mandate exposure for its approved new asset class mandates (intermediate duration bonds, international equities, small/mid cap U.S. equities represented in the Russell 3000 index) months sooner than when a new target asset manager can be funded.

The Investment Division will support investment consultant Mercer as necessary to perform and complete asset-liability studies on each of four speciality trust funds (Disabled Workers Fund, Coal Workers Fund, Public Work-Relief Employees Fund, Marine Industry Fund) for the purpose of presenting investment strategy recommendations for each of these funds for consideration by the Investment Committee and Board.

The Investment Division will also provide assistance as desired by the Investment Committee in revising the BWC Investment Policy Statement to accommodate the implementation and execution of new asset class mandates for all affected BWC portfolios.

Strategic Goal Two – NEW INVESTMENT CONSIDERATIONS

Over the course of fiscal year 2010, the Investment Division intends to explore for investment consideration certain additional identified asset classes as well as the potential employment of active investment management of certain to be identified asset classes. The employment of active management is closely associated with any prospective minority manager program to be implemented by the Investment Division upon consideration and approval by the Investment Committee and Board.

The Mercer asset-liability study for the State Insurance Fund presented to the Investment Committee in March, 2009 suggests in its Mix 5 strategy that a 5% asset allocation to high yield bonds and a further 5% asset allocation to alternative investments (2 ½ % to each of private equity and real estate) provides a higher long-term expected portfolio rate of return and lower standard deviation of expected returns than alternative mixes presented in this Mercer study that either exclude one or both of these two asset classes.

A three-step phase timeline for addressing investment policy decisions was presented by Mercer in its asset-liability study that logically addresses each of these investment considerations mentioned above. The Investment Division is in the process of implementing Phase 1 presented in this study for the State Insurance Fund as reflected in the Investment Policy Statement revisions approved in April, 2009 by the Investment Committee and Board. It is anticipated that Phase 1 will largely be completed by sometime in the January-March, 2010 quarter. Phase 2 and Phase 3 presented in the Mercer study addresses high yield bonds, alternative investments, active management and minority manager engagement. Once Phase 1 is largely completed, the Investment Division will focus on Phase 2 and Phase 3 topics in close coordination with Mercer and the Investment Committee over the second half of fiscal year 2010 (Jan-June 2010). Appropriate and necessary education will be provided to the Investment Committee by Mercer working closely with the Investment Division.

One important additional subject that will be explored during the second half of fiscal year 2010 involves the daily cash management of all trust fund portfolios by the Investment Division. The BWC Fiscal and Planning Division currently manages all cash balances of each of these portfolios, including operating cash, with virtually all cash being invested in a single U.S. government money market fund managed by JP Morgan that is utilized as an overnight cash sweep vehicle. The Investment Division intends to explore expanding the use of other higher yielding money market funds available as well as direct investments in short-term money market investments (commercial paper, certificates of deposit, repurchase agreements, etc.) in order to improve investment income and returns on its cash investments while maintaining desired liquidity.

Strategic Goal Three – INTERNAL INVESTMENT PROCEDURES

The Investment Division will continue to establish and improve upon internal investment policies and procedures. Such procedures will be written and mapped through the use of the Web Methods schematic mapping process. Among the procedures recently addressed in fiscal year 2010 were policies and procedures regarding the selection of transition managers. The BWC Internal Audit Division will be engaged as appropriate in auditing the Investment Division internal policies and processes.

The Investment Division has previously focused on establishing internal policies and processes on management oversight of the passive style investment managers, compliance, performance reporting, portfolio rebalancing, RFP/RFQ/RFI processes vendor invoice payments, as well as other investment activities to support the BWC Investment Policy. Internal processes will also be developed for the monitoring of active style investment managers in advance of the anticipated selection and engagement of any such managers as an outcome of any new active investment strategy approved. The formulation of proper detailed policies and processes with regards to potential Investment Division cash management of portfolio assets will also be essential.

Transition Activity Update

The Priority #1 Transition for the State Insurance Fund (SIF) involving the investment in fixed income securities of the broad Barclays Capital U.S. Aggregate Index commenced in late July, 2009 and was essentially completed in mid-August, 2009 by the transition manager chosen by the BWC transition Manager Evaluation Committee. This U.S. Aggregate Index has a targeted 15% asset allocation for the SIF portfolio under its new Investment Policy Statement. A total of approximately $2,327 million of invested assets were allocated to this transition whereby approximately $2,204 million of assets at market value were contributed from the Long Government bond portfolio (mostly bonds with some cash) and the remaining approximately $123 million in market value were contributed from the Long Credit bond portfolio. All of these Long Credit bonds were in-kind transferred to the transition account to be strategically retained by the transition manager to represent the long credit bond portion (approximately 5%) of the target U.S. Aggregate Index. Over approximately a three-week period, the BWC transition manager sold longer duration bonds received from the legacy Long Government bond portfolio and purchased shorter duration bonds represented in the target benchmark index. The transition manager reduced the duration of this $2.3 billion transition account bond portfolio from 11.7 years to the target benchmark index duration of 4.4 years by the end of the second day of heavy trading. This significant achievement was accomplished by selling the longest duration bonds first and accumulating short duration securities and cash in order to achieve the portfolio duration target of the U.S. Aggregate bond index as quickly as feasible. Once the duration target of the target benchmark bond index was achieved, additional trading was conducted by the transition manager to both maintain the duration target of this transition account consistent with the target benchmark index while also continually reducing tracking error to the index by accumulating additional bonds represented in the target benchmark index for the transition account portfolio to better match the asset sector profile of the index.

Since mid-August 2009 when the Priority #1 transition account portfolio was determined by the transition manager to be sufficiently correlated in performance to the target benchmark index, the BWC transition manager is and will be serving as an interim index investment manager for the Bureau until the final target manager(s) for this fixed income mandate is recommended by the RFP Evaluation Committee for consideration and approval by the Investment Committee and Board. State Street Global Advisors (SSGA) was recommended by the RFP Evaluation Committee as the single finalist investment manager for the U.S. Aggregate index mandate at the Investment Committee and Board meetings of October, 2009. The Investment Committee and Board approved SSGA as Bureau investment manager for such mandate at these respective meetings. Necessary background checks on the identified index management team of the approved target asset manager(s) and legal contracting of the management services agreement will occur before the services of the transition manager are no longer needed by the Bureau, enabling the transition account assets to be transferred to the chosen final target manager. It is the current goal of the Investment Division to complete this transfer of transition account assets in December, 2009.

The Investment Division has now completed the first three phases of the Priority #2 transition for SIF involving investments in a targeted 10% asset allocation in non-U.S. equities of the All Country World Index (ACWI ex-US). The third stage of this transition was completed in late October and early November, 2009. The first two phases of this transition occurred between late August and early October, 2009. The BWC transition manager chosen by the BWC Transition Manager Evaluation Committee for this specific transition largely sold Long Government bonds (in first two transition phases) and TIPS (in third transition phase) that were all transferred in-kind to the new transition account for the purpose of funding the purchase of non-U.S. equities with approximate initial respective market values aggregating $1,199 million to date. This Priority #2 Transition will continue with a final stage to be implemented later in the fourth quarter. As is the case with the Priority #1 Transition, it is the objective of the Investment Division to transfer all assets of this Priority #2 transition from the transition manager to the approved single finalist investment manager (Barclays Global Investors) sometime prior to the end of December, 2009 soon after investment manager background checks and legal contracting are completed.

The Priority #3 Transition for SIF involving the transition of the domestic U.S. equity portfolio ($3.8 billion market value) was executed in October, 2009 by the transition manager chosen by the BWC Transition Manager Evaluation Committee. This transition included a change in the benchmark index for this 20% targeted asset allocation mandate to the broad Russell 3000 Index from the large-cap stock S&P 500 Index. All 500 stocks held in the SIF S&P 500 index separate account managed by Northern Trust (valued at $3.75 billion) were transferred in-kind to the transition account. The transition manager implemented the Priority #3 Transition by selling a portion (15-20% on average) of each of the S&P 500 stocks received into the transition account in order to fund many of the mid-cap and small-cap stocks represented in the Russell 3000 index. This transition manager retained the remaining shares of each of the S&P 500 stocks as those stocks are included in the Russell 3000 index and represent approximately 85% of the total current market value of the benchmark index. A total of approximately $715 million market value of S&P 500 index stocks were sold by the transition manager for a realized gain in the transition account of $17 million. Stocks with a market value of $737 million were purchased by the transition manager during the month of October, 2009. The in-kind transfer at market value of the assets from the SIF S&P 500 index portfolio managed by Northern Trust to the transition account resulted in a realized loss to BWC of $614 million incurred by the Northern Trust S&P 500 managed index separate account in October, 2009. This loss was realized in order to close out the Northern Trust separate account equity positions upon their transfer at market value to the transition account.

Passive Index Management Services Master RFP

There were four qualified responses received by the Bureau on August 4, 2009 for its RFP for Passive Index Management Services that was issued on July 2, 2009. This master RFP includes eight investment class mandates consisting of each of the six bond or stock benchmark index mandates under its new targeted portfolio asset allocation for the State Insurance Fund as well as two holdover benchmark index mandates that remain applicable for the Disabled Workers Fund and the Coal Workers Fund.

The four respondents to this RFP were Barclays, Mellon, Northern Trust and State Street. Three of these four respondents provided proposals on each of the eight distinct asset class mandates of the RFP. The other respondent provided proposals on all but one mandate, the exception being the international equities mandate.

The BWC RFP Evaluation Committee has completed the grading of the RFP proposals. The RFP Evaluation Committee has identified preliminary investment manager finalists for each of the six asset class mandates for the State Insurance Fund. Further due diligence analysis will be conducted by members of the RFP Evaluation Committee with each prospective investment manager finalist for each mandate, including full-scale on-site meetings, before any investment manager finalists are confirmed by the RFP Evaluation Committee for presentation to the Investment Committee.

It is the intention of the Evaluation Committee to present investment manager finalists for recommendation to the Investment Committee and Board for consideration at the monthly scheduled meetings over the period September, 2009 through January, 2010. The previous Transition Activity Update section of this report provides some updated information on certain investment manager finalists approved by the Investment Committee and Board in the respective September and October, 2009 meetings.

Compliance

The investment portfolios were in compliance with the BWC Investment Policy at the end of October, 2009.

MERCER

Consulting. Outsourcing. Investments.

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Ohio Bureau of Workers' Compensation

Strategic Asset Allocation Analysis
CWPF and DWRF

November 19, 2009

Guy Cooper
Neil Cornell
Jordan Nault

Table of Contents

Overview of the Approach – Deterministic Scenario Analysis

Scenario Analysis

- Economic growth determines equity returns
  - Strong growth should translate to strong profit growth
- Inflation determines level of interest rates
  - Higher inflation = higher interest rates
- Thus, we are covering the two dimensions of investment risk for CWPF and DWRF: equity risk and interest rate risk
- We have developed a set of standard scenarios for analysis

Deterministic Economic Scenario Environments

Contrasting Economic Growth and Inflation

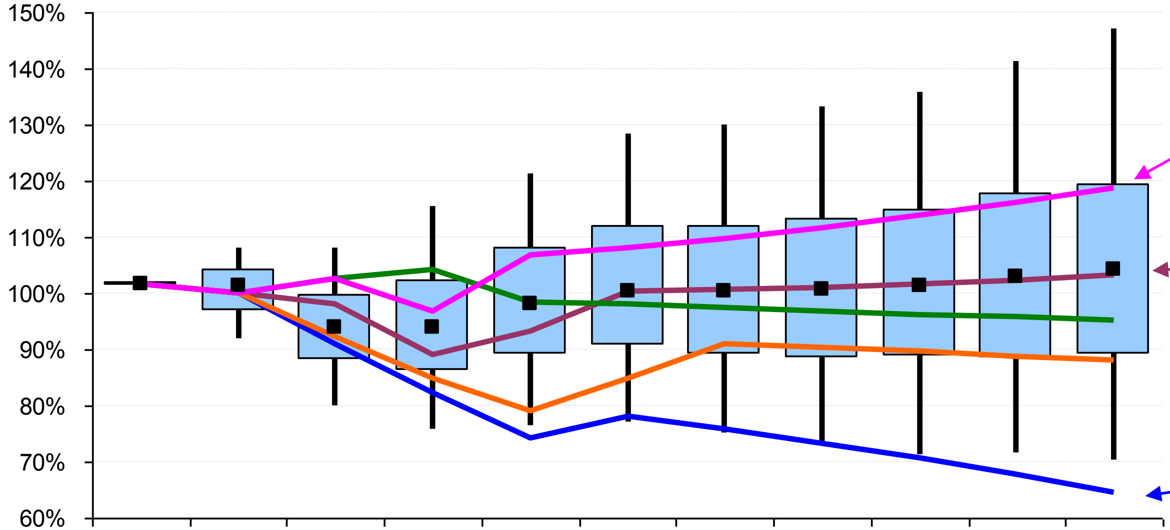
U.S. ECONOMIC GROWTH \ U.S. INFLATION	Low	Medium	High
Low	**U.S. Prolonged Recession** Economic growth and inflation fall over a three year time period and then recover partially, but not all the way back to equilibrium. Interest rates decline and remain at the lower level. Equity returns are initially negative, but rebound. Fixed income returns are initially very strong, but fall to a lower equilibrium level of return.		**U.S. Stagflation** Economic growth declines over a three year time period and recovers slightly, but not all the way back to equilibrium. Inflation jumps up and stays high for the forecast period. Initial equity and fixed income returns are negative, but once a new equilibrium is established, high nominal returns are earned, but returns are lower on an inflation-adjusted basis.
Moderate		**U.S. Base Case** A projection of average economic growth and inflation. Equity returns based on current capital market assumptions. We assume that the yield curve rises at the short and intermediate maturities over a three year time horizon. After three years, fixed income starts to earn returns slightly above the equilibrium rate.	
High	**U.S. Ideal Growth** Economic growth increases and stays above average for the remaining forecast period. Inflation drops to lower levels and stays low for the forecast period. Short term interest rates increase slightly while long term rates decline. Bond and equity returns are above average on an inflation-adjusted basis.		**U.S. Inflationary Growth** Economic growth increases over the first three years, then remains level for the remainder of the period. Inflation increases and stays high for the forecast period. Equities are initially hurt by rising inflation and interest rates, but reach a high equilibrium level of nominal return.

Scenario Analysis

- This scenario analysis does not employ stochastic methods but it yields equivalent results.
- Stochastic analysis focused on a series of vertical bar charts that depicted the range of results that could be expected from alternative policies. These bar charts aggregated the results of 1000 simulated future time periods.
- Scenario Analysis creates an equivalent version of these bar charts.
  - Base Case represents the most likely outcome (median)
  - Ideal Growth represents a best case outcome (75th percentile)
  - Inflationary Growth represents a worst case outcome (25th percentile)
  - Stagflation represents a worst case outcome (5th percentile)
  - Recession usually represents a below median outcome (35th percentile)
    - Heavily influenced by economic sensitivity of the liabilities to inflation and/or medical inflation

Comparison of Stochastic versus Deterministic Analysis

SIF Results (Base on January analysis)
Baseline Mix (80 FI/20 Eq), Smoothed Discount Rate Methodology



		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
95th		102%	108%	108%	115%	121%	129%	130%	133%	136%	141%	147%
75th		102%	104%	100%	102%	108%	112%	112%	113%	115%	118%	119%
50th		102%	101%	94%	94%	98%	100%	100%	101%	101%	103%	104%
25th		102%	97%	88%	86%	89%	91%	89%	89%	89%	88%	89%
5th		102%	92%	80%	76%	76%	77%	75%	73%	71%	72%	70%
Deterministic Scenarios												
Base Case		102%	100%	98%	89%	93%	100%	101%	101%	102%	102%	103%
Stagflation		102%	100%	91%	82%	74%	78%	76%	73%	71%	68%	65%
Prolonged Recession		102%	100%	103%	104%	99%	98%	97%	97%	96%	96%	95%
Inflationary Growth		102%	100%	92%	85%	79%	85%	91%	90%	90%	89%	88%
Ideal Growth		102%	100%	102%	97%	107%	108%	110%	112%	114%	116%	119%

Observations

- Ideal growth scenario fairly represents the 75th (25% upside probability)
- Base Case scenario and 50th percentile track fairly closely, especially during 2013 to 2018.
- Stagflation scenario is very representative of the worst case 5% percentile event, in later projection years, the stagflation scenario actually illustrates greater levels of risk

Coal Workers' Pneumoconiosis Fund or Black Lung Fund (CWPF)

CWPF
Specialty Fund Description

- Provides benefits to injured workers under the Federal Coal Mine Health and Safety Act of 1969. The federal government sets benefit levels and determines claim eligibility for benefits
- Provides voluntary coverage (employers may choose to purchase the insurance from BWC, from a private carrier, or self insure) to employers who have employee exposure to coal dust, as required by federal law
- Provides Permanent and Total Disabled (PTD) pension benefits and medical payments to employees who have contracted pneumoconiosis in the course of their employment
- Provides for Death benefits for surviving spouses of injured workers who have contracted pneumoconiosis in the course of their employment and subsequently died from pneumoconiosis
- Calculates and applies premium rates designed to provide premiums equal to the cost of all coal mining lung related occupational diseases that have injury dates during the policy year

Note: A moratorium on premium collections has been in place for the policy year 7-1-1999 through 7-1-2008 due to the high level of net assets. Premiums are paid only by employers who have newly subscribed to the CWPF on or after May 15, 1999.

CWPF
Current Status

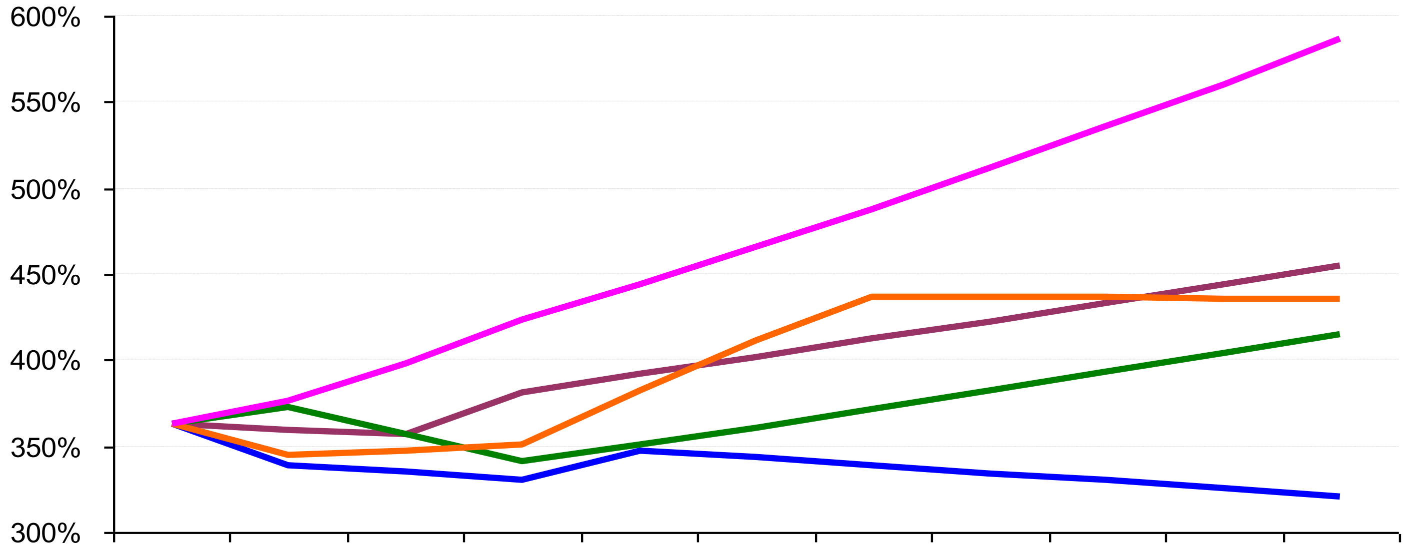
- June 30, 2009 Funding Ratio = 3.63
  - $235M (funded assets) / $65M (funded liabilities)
- Surplus of assets is not available for other uses under current legislation
- No reason to take additional investment risk in order to increase assets
- Mercer suggests a conservative asset allocation approach for CWPF
  - Secure funded status
  - Reduce risk / volatility
- Given that in addition to interest rate sensitivity, CWPF has exposure to cost of living experience sensitivity – TIPS are a good fit for this fund
- Given the favorable funding ratio of the CWPF – shorter duration fixed income is a better fit for this fund

CWPF
Alternative Mixes

	Mix A (current)	Mix B	Mix C	Mix D	Mix E	Mix F	Mix G
	20% Eq 80% FI	20% Eq 80% FI	30% Eq 70% FI	15% Eq 85% FI	20% Eq 80% FI	25% Eq 75% FI	20% Eq 80% FI
Equity							
US Equities - All Caps	20.0%	13.3%	20.0%	10.0%	13.3%	16.7%	13.3%
World x-US	0.0%	6.7%	10.0%	5.0%	6.7%	8.3%	6.7%
Total - Public Equity	**20.0%**	**20.0%**	**30.0%**	**15.0%**	**20.0%**	**25.0%**	**20.0%**
Public Equity: (US Equity : Non-US Equity)	100:0	67:34	67:33	67:33	67:34	67:33	67:34
Fixed Income							
US FI - Agg (Dur = 4.3)			15.0%	21.0%	19.7%	17.7%	39.5%
US FI - TIPS (Dur = 2.0)	20.0%	79.0%	17.0%	63.0%	59.3%	56.3%	39.5%
US FI - Long Credit (Dur = 11.4)			28.0%				
US FI - Long Gov (Dur = 15.0)			9.0%				
US FI - Long G/C (Dur = 11.6)	59.0%						
Cash (Dur = 0.2)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total - Fixed Income	**80.0%**	**80.0%**	**70.0%**	**85.0%**	**80.0%**	**75.0%**	**80.0%**
Est. Weighted Average Duration of US Fixed Income	9	2	8	3	3	3	3
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Portfolio Statistics							
Long-Term Expected Passive Annual Return	5.9%	5.7%	6.6%	5.5%	5.7%	5.9%	5.8%
Standard Deviation of Returns	8.8%	5.3%	8.2%	4.8%	5.2%	5.8%	5.3%
% of Liability Interest Rate Risk Hedged	292%	64%	223%	87%	82%	76%	100%

- *Notice long duration fixed income over hedges interest rate risk (80% - 100% hedge is sufficient) and increases volatility*

CWPF – Current Mix
Funded Ratio Projections



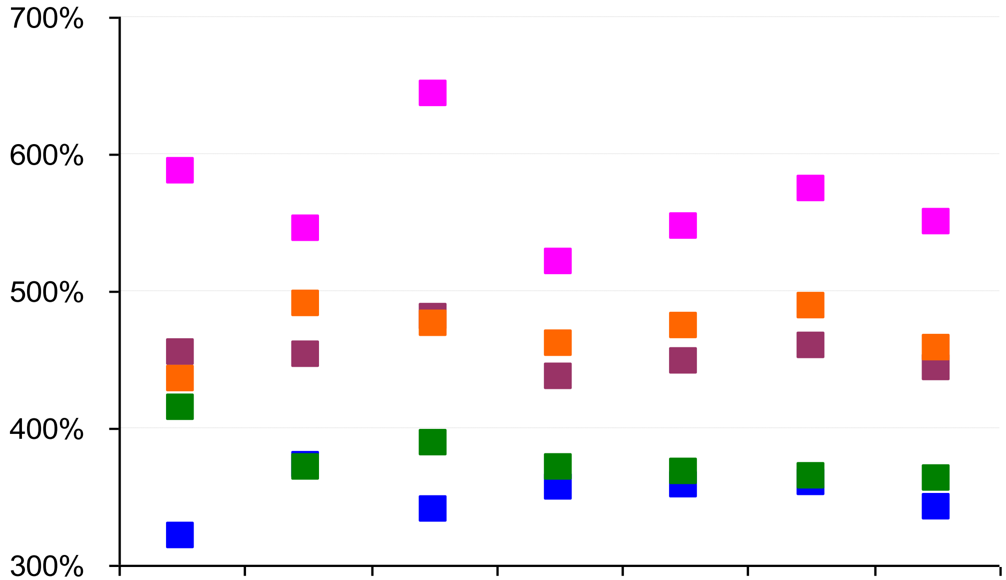
		Funded Ratio at 6/30/										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Base Case		363%	359%	357%	382%	392%	402%	412%	423%	433%	444%	455%
Stagflation		363%	339%	335%	330%	348%	343%	339%	334%	330%	325%	321%
Recession		363%	373%	357%	341%	351%	361%	371%	382%	393%	404%	415%
Inflationary Growth		363%	345%	348%	351%	383%	411%	436%	436%	436%	436%	436%
Ideal Growth		363%	376%	398%	424%	444%	466%	488%	511%	535%	561%	587%

Funded ratio expected to increase under all scenarios except Stagflation

Under Stagflation, high inflation experience drives benefits and liability higher, more so than the offsetting increases in the discount rate as the 10-year treasury yield rise. Poor equities returns, and the long bonds decrease in value also.

CWPF – Alternative Mixes
Funded Ratio in 2019

Investment Strategy
Mix A - Current
Mix B - 79% TIPS
Mix C - SIF allocation, 70% FI
Mix D - 85%FI, 75:25 TIPS to Agg
Mix E - 80%FI, 75:25 TIPS to Agg
Mix F - 75%FI, 75:25 TIPS to Agg
Mix G - 80%FI, 50:50 TIPS to Agg



		Funded Ratio at 6/30/2019						
		Mix A	Mix B	Mix C	Mix D	Mix E	Mix F	Mix G
Base Case		455%	454%	481%	438%	449%	460%	444%
Stagflation		321%	373%	340%	356%	358%	360%	343%
Recession		415%	372%	389%	371%	367%	364%	363%
Inflationary Growth		436%	490%	475%	462%	474%	488%	459%
Ideal Growth		587%	545%	644%	521%	547%	574%	550%

Mix B - Large TIPS exposure provides one of the smallest ranges of result outcome, and the most protection to funded ratio in Stagflation scenario

Mixes A and C – Long bond exposure has largest range of result outcomes

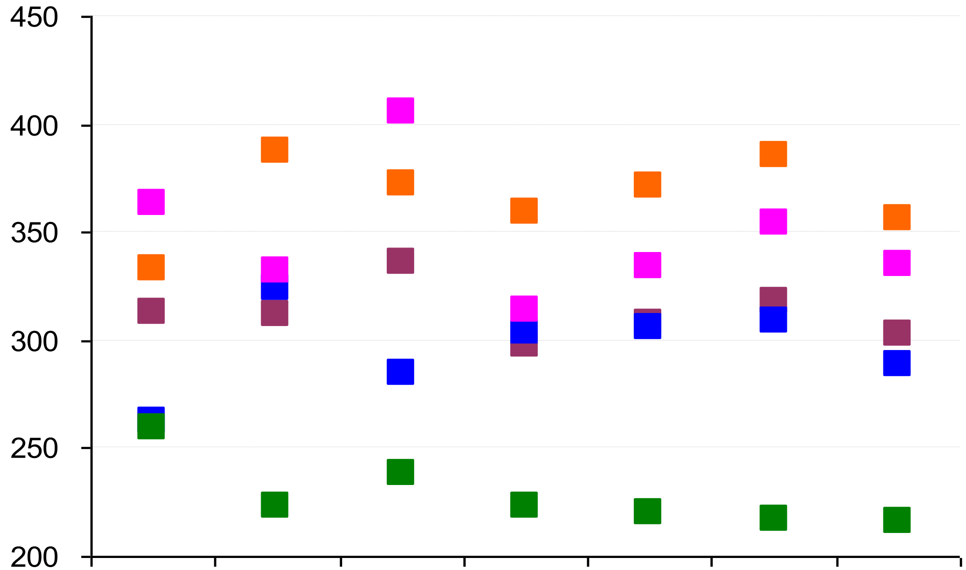
Mix D – Lower equity exposure and combination of TIPS and Aggregate bonds provides smallest range of result

Mixes E and F – As equity exposure is increased (compare to Mix D) and keep mixture of TIPS and aggregate bonds, funded ratio under recession scenario decreases, other are improved

Mix G – Compared to Mix E, as decrease exposure to TIPS, not as much protection to the funded ratio in high inflation scenarios, but improvement under Ideal scenario

CWPF – Alternative Mixes
Surplus / (Deficit) in 2019

Investment Strategy
Mix A - Current
Mix B - 79% TIPS
Mix C - SIF allocation, 70% FI
Mix D - 85%FI, 75:25 TIPS to Agg
Mix E - 80%FI, 75:25 TIPS to Agg
Mix F - 75%FI, 75:25 TIPS to Agg
Mix G - 80%FI, 50:50 TIPS to Agg



Funding ratio in dollar amount shown

Fund is expected to remain in high surplus position

Results are skewed as funded ratio surplus is heavily influenced by the growth in asset compared to smaller liabilities

($millions)

	Projected Surplus / (Deficit) at 6/30/2019						
	Mix A	Mix B	Mix C	Mix D	Mix E	Mix F	Mix G
Base Case	313	312	336	298	308	318	303
Stagflation	262	324	285	304	306	309	288
Recession	259	223	238	223	220	217	216
Inflationary Growth	333	387	372	359	372	385	356
Ideal Growth	363	332	406	314	334	354	335

Disabled Relief Workers' Fund (DWRF)

DWRF
Specialty Fund Description

DWRF I

- Provides supplementary payments to workers whose combined Permanent and Total Disabled (PTD) pension benefits and medical payments plus Social Security disability benefits are lower than DWRF entitlement amount on claims that occurred prior to 1987
- Allows for cost of living increases to injured workers receiving PTD benefits
- Operates on a terminal funding or cash flow basis in which premiums collected each policy year are equal to the payments made in the same policy year without regard to the accident/injury year

DWRF II

- Provides supplementary payments to workers whose combined PTD plus Social Security benefits are lower than the DWRF entitlement amount on claims that occurred in 1987 and after
- Allows for cost of living increases to injured workers receiving PTD benefits
- Current rate is 0.1% of premium base rate

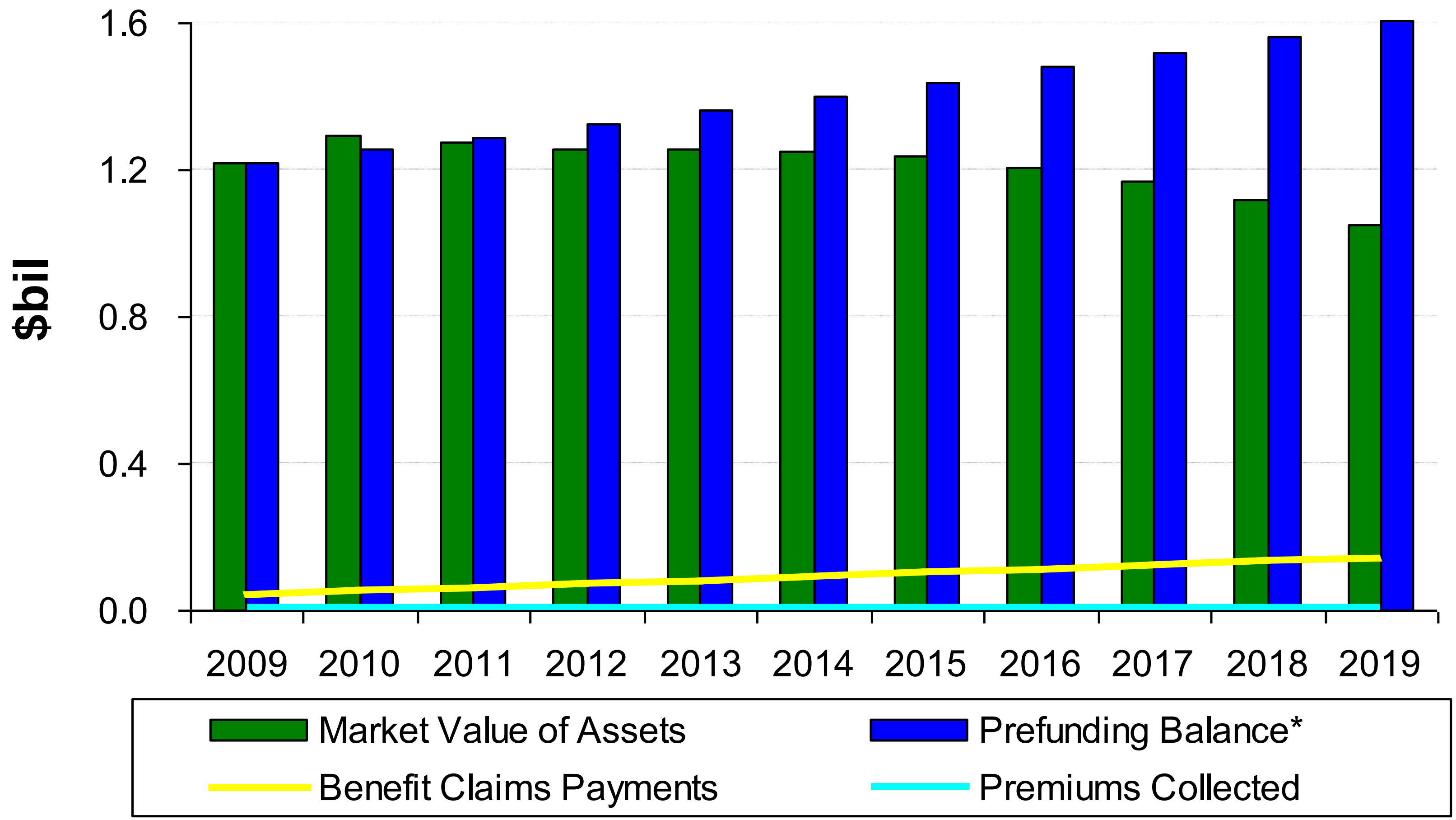
Note: Financial statements combine DWRF I and II. DWRF I will eventually expire when all PTD claims prior to 1987 are no longer being paid. DWRF II will continue to grow as the BWC allows future PTD claims.

DWRF
Current Status

- DWRF operates on a terminal funding or cash flow basis
  - It is Pay As You Go
- DWRF I premiums are structured to match benefit claims
- DWRF II premiums are kept low and the prefunded balance is utilized to cover the gap between premiums collected and benefit claims
  - DWRF II accumulated a prefunded balance (1987-1993) prior to a formal Attorney General opinion mandating the Pay As You Go status
- Since the fund is operating on a Pay As You Go basis, the funding ratio is not the most useful metric to consider when defining the appropriate investment strategy
- <u>Target prefunded balance objectives need to be established</u>
- Current prefunded balance is $1.2B
- DWRF II benefit claims are estimated to increase over time and will erode the prefunded balance

DWRF II – Current Mix

10 Year Projection Illustration of Base Case Scenario



Asset levels expected to erode as portfolio returns and premiums do not cover future benefit payment increases

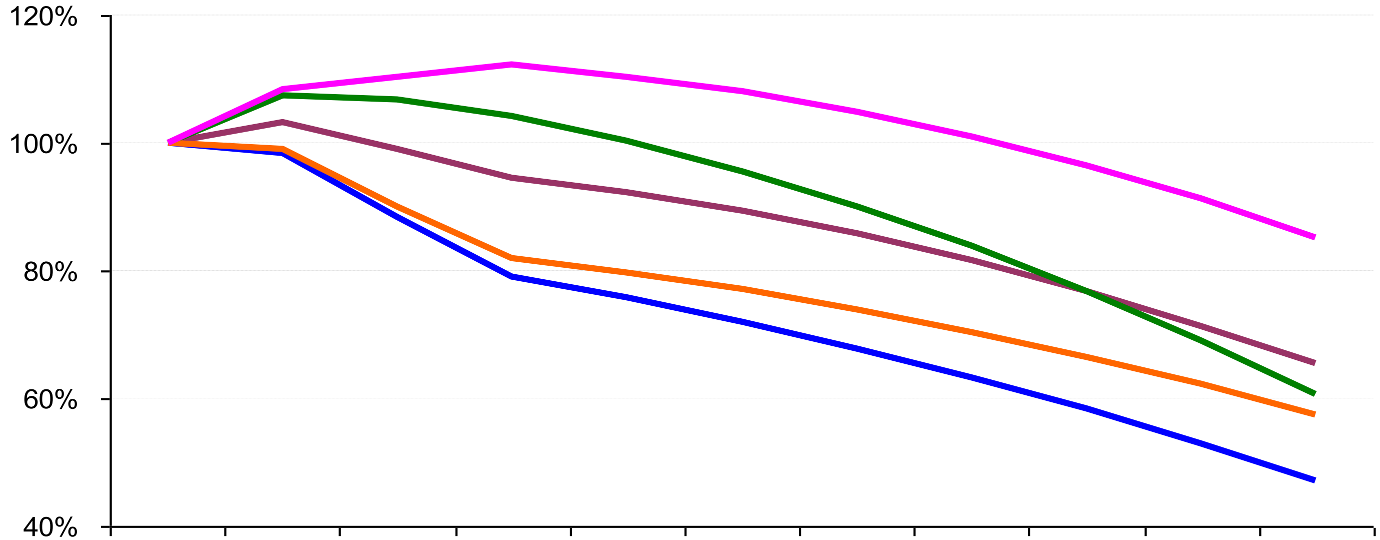
*Current value adjusted for inflation

DWRF II
Alternative Mixes

	Mix A (current) 20% Eq 80% FI	Mix B 30% Eq 70% FI	Mix C 70% Eq 30% FI
Equity			
US Equities - All Caps	20.0%	20.0%	26.7%
World x-US	0.0%	10.0%	13.3%
Total - Public Equity	**20.0%**	**30.0%**	**40.0%**
Public Equity: (US Equity : Non-US Equity)	100:0	67:33	67:33
Fixed Income			
US FI - Agg (Dur = 4.3)		15.0%	29.0%
US FI - TIPS (Dur = 2.0)	20.0%	17.0%	
US FI - Long Credit (Dur = 11.4)		28.0%	
US FI - Long Gov (Dur = 15.0)		9.0%	
US FI - Long G/C (Dur = 11.6)	59.0%		
Cash (Dur = 0.2)	1.0%	1.0%	1.0%
Total - Fixed Income	**80.0%**	**70.0%**	**30.0%**
Est. Weighted Average Duration of US Fixed Income	9	8	4
Alternatives			
Private Equity			30%
Total - Alternatives	**0.0%**	**0.0%**	**30.0%**
Total	**100.0%**	**100.0%**	**100.0%**
Total Portfolio Statistics			
Long-Term Expected Passive Annual Return	5.9%	6.6%	8.4%
Standard Deviation of Returns	8.8%	8.2%	14.2%

- Mix A represents the current asset allocation
- Mix B reflects the new SIF asset allocation and provides a higher expected return at a reduced risk compared to the current DWRF
- Mix C represents the required asset allocation policy to preserve the prefunded balance at over 100% in the Base Case Scenario

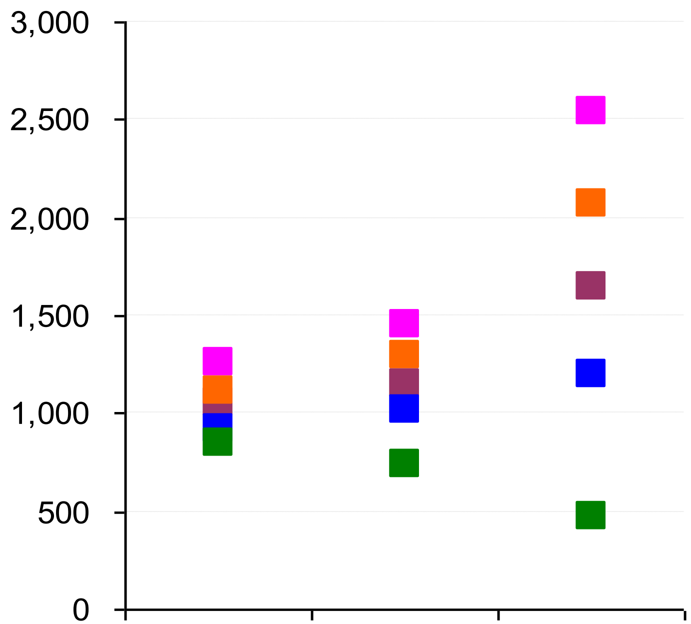
DWRF II – Current Mix
Market Value of Assets as a % of Prefunding Balance*



		MVA as % of Target Prefunding Balance										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Base Case		100%	103%	99%	95%	92%	89%	86%	82%	77%	71%	65%
Stagflation		100%	98%	88%	79%	76%	72%	68%	63%	58%	53%	47%
Recession		100%	107%	107%	104%	100%	95%	90%	84%	77%	69%	61%
Inflationary Growth		100%	99%	90%	82%	80%	77%	74%	70%	67%	62%	57%
Ideal Growth		100%	108%	110%	112%	110%	108%	105%	101%	97%	91%	85%

*Current value adjusted for inflation

DWRF II – Alternative Mixes
Market Value of Assets – 10 Year out



Investment Strategy
Mix A - Current
Mix B - SIF allocation, 70% FI
Mix C - 70% Equity w/30% PE

Mix B – Improvement in asset levels under all scenarios, except Recession

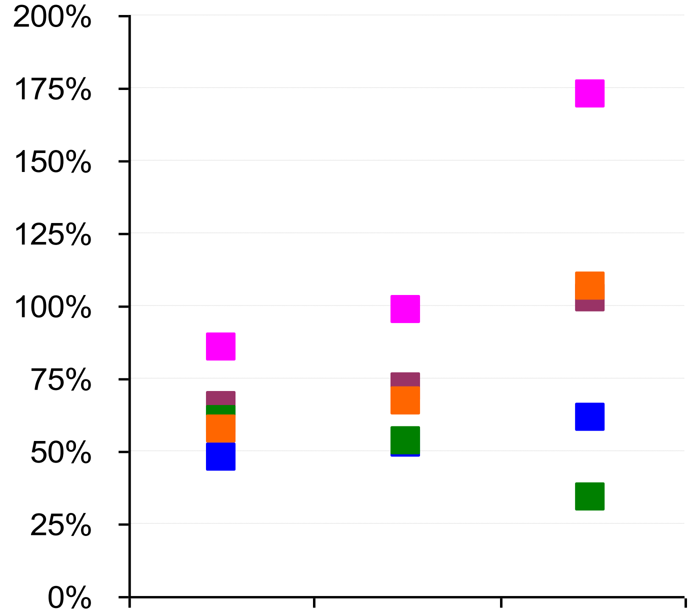
Mix C – High variability in asset levels outcomes

($millions)

	Projected MVA as of 6/30/2019		
	Mix A	Mix B	Mix C
Base Case	1,050	1,153	1,647
Stagflation	919	1,018	1,196
Recession	844	738	471
Inflationary Growth	1,117	1,297	2,070
Ideal Growth	1,254	1,450	2,543

DWRF II – Alternative Mixes

Market Value of Assets as a % of Prefunding Balance* in 2019



Investment Strategy
Mix A - Current
Mix B - SIF allocation, 70% FI
Mix C - 70% Equity w/30% PE

Mix B illustrates improvement in the ratio metric in all scenarios except Recession (compared to Mix A)

Mix C illustrates it requires a high equity exposure to maintain the ratio at 100%. Also displays the variability in outcomes over the projection period.

	MVA as % of Prefunding Bal. as of 6/30/2019		
	Mix A	Mix B	Mix C
Base Case	65%	72%	102%
Stagflation	47%	52%	62%
Recession	61%	53%	34%
Inflationary Growth	57%	67%	106%
Ideal Growth	85%	98%	173%

*Current asset value as of 6/30/09 adjusted for inflation in future years

Appendix

Description of the Economic Environments

Base Case

Reflects current conditions as starting point; Treasury bond yields are expected to rise dramatically while corporate bond yields are rising at the very short and long end of the yield curve, decreasing in the mid range; equity returns, starting in year ending 2010 offer an expected risk premium over bonds.

Base Case		Initial Value	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Yields	Inflation		2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
	Economic Growth		3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
	Health Care Inflation		6.0%	7.0%	8.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
	3-Month Treasury	0.19%	0.19%	2.45%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
	2-yr Treasury	1.11%	1.11%	3.12%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
	5-yr Treasury	2.54%	2.54%	3.84%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
	10yr Treasury	3.53%	3.53%	4.44%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	30yr Treasury	4.52%	4.52%	4.74%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
	Real 10yr TIPS	1.78%	1.78%	1.93%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	3-Mo Corp AA	0.84%	0.84%	3.01%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
	2-Yr Corp AA	2.97%	2.97%	3.99%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	5-Yr Corp AA	4.32%	4.32%	4.77%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
	10-Yr Corp AA	5.62%	5.62%	5.54%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	30-Yr Corp AA	6.17%	6.17%	5.85%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Returns	Domestic Equities		22.4%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
	International Equities		26.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
	Mkt Bonds		2.8%	0.4%	1.2%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
	Long Bonds		7.2%	0.2%	0.8%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
	Long Corp		11.3%	1.3%	1.8%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
	Long Gov		2.5%	-1.0%	-0.3%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
	Extra Long Bonds		0.3%	-4.7%	-4.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
	Cash		0.6%	1.9%	3.0%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
	TIPS		6.04%	4.0%	4.1%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	Private Eq		37.0%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
	High Yields		19.4%	6.9%	6.9%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%

Description of the Economic Environments
Stagflation

Federal budget deficit causes sharp increase in debt issuance; foreign investors back away from US asset ownership, causing bond yields to rise, slowing economic growth as cost of capital rises.

- Inflation and yields rise until June 2012 and stay at that level thereafter.
- Equity returns are low until June 2012 due to declining economic growth and rebound the following year.

Stagflation		Initial Value	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Yields	Inflation		3.5%	4.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	Economic Growth		0.0%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	Health Care Inflation		7.0%	8.5%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
	3-Month Treasury	0.19%	0.19%	4.05%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	2-yr Treasury	1.11%	1.11%	4.52%	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%	6.30%
	5-yr Treasury	2.54%	2.54%	5.10%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
	10yr Treasury	3.53%	3.53%	5.57%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%
	30yr Treasury	4.52%	4.52%	5.88%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%
	Real 10yr TIPS	1.78%	1.78%	1.59%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	3-Mo Corp AA	0.84%	0.84%	5.08%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%
	2-Yr Corp AA	2.97%	2.97%	5.86%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
	5-Yr Corp AA	4.32%	4.32%	6.51%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
	10-Yr Corp AA	5.62%	5.62%	7.14%	8.40%	8.40%	8.40%	8.40%	8.40%	8.40%	8.40%	8.40%
	30-Yr Corp AA	6.17%	6.17%	7.45%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%
Returns	Domestic Equities		15.3%	-0.7%	-0.3%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	International Equities		19.4%	-0.2%	0.2%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
	Mkt Bonds		-0.6%	-3.1%	-1.3%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
	Long Bonds		1.5%	-6.0%	-4.1%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
	Long Corp		5.1%	-5.4%	-3.3%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
	Long Gov		-2.1%	-6.0%	-4.3%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	Extra Long Bonds		-10.1%	-17.8%	-16.7%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
	Cash		0.9%	3.1%	5.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
	TIPS		7.79%	6.9%	7.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
	Private Eq		28.0%	-1.7%	-1.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
	High Yields		14.5%	1.9%	3.3%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Description of the Economic Environments

Recession

An event causing investors to jump from stocks to bonds; were the shock large enough, it could depress economy that is still trying to revive itself.

- Economic growth falls over a three year time period and then recovers.
- Inflation rate increases over a three year time period and remains at the lower level.
- Both intermediate and longer term bond yields decrease significantly over three years.
- Equity returns are initially low (even negative), but rebound to a lower equilibrium level.
- Fixed income returns are initially very strong, but fall to a lower equilibrium level.

Recession		Initial Value	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Yields	Inflation		0.5%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
	Economic Growth		-0.7%	-0.3%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	Health Care Inflation		6.0%	6.5%	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	3-Month Treasury	0.19%	0.19%	0.21%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
	2-yr Treasury	1.11%	1.11%	0.82%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
	5-yr Treasury	2.54%	2.54%	1.44%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	10yr Treasury	3.53%	3.53%	2.27%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
	30yr Treasury	4.52%	4.52%	2.68%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Real 10yr TIPS	1.78%	1.78%	1.43%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
	3-Mo Corp AA	0.84%	0.84%	1.25%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%
	2-Yr Corp AA	2.97%	2.97%	2.09%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
	5-Yr Corp AA	4.32%	4.32%	2.84%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
	10-Yr Corp AA	5.62%	5.62%	3.91%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%
	30-Yr Corp AA	6.17%	6.17%	4.39%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Returns	Domestic Equities		7.6%	-12.9%	-15.2%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
	International Equities		12.2%	-11.8%	-13.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
	Mkt Bonds		7.1%	5.2%	4.9%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
	Long Bonds		15.3%	10.2%	10.1%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
	Long Corp		17.3%	8.5%	8.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
	Long Gov		12.6%	11.7%	11.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	Extra Long Bonds		21.9%	23.0%	22.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
	Cash		0.1%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
	TIPS		6.05%	4.3%	4.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
	Private Eq		18.4%	-17.0%	-19.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	High Yields		11.7%	-4.3%	-5.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Description of the Economic Environments
Inflationary Growth

The Fed slows fight against inflation; job market tightens while productivity falls translating into a rise in inflation; less turmoil in the Middle East while up-tick in U.S. savings rate translates into increased domestic growth.

- Similar annual inflation, yields and fixed income returns as for the Stagflation economic scenario but with higher equity returns due to stronger economic growth.

Inflationary Growth		Initial Value	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Yields	Inflation		3.5%	4.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	Economic Growth		3.4%	3.7%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Health Care Inflation		6.0%	7.5%	9.0%	10.0%	11.0%	12.0%	12.0%	12.0%	12.0%	12.0%
	3-Month Treasury	0.19%	0.19%	4.71%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
	2-yr Treasury	1.11%	1.11%	5.18%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%
	5-yr Treasury	2.54%	2.54%	5.70%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%	7.40%
	10yr Treasury	3.53%	3.53%	6.10%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
	30yr Treasury	4.52%	4.52%	6.44%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
	Real 10yr TIPS	1.78%	1.78%	1.93%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	3-Mo Corp AA	0.84%	0.84%	5.08%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%
	2-Yr Corp AA	2.97%	2.97%	5.86%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
	5-Yr Corp AA	4.32%	4.32%	6.44%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
	10-Yr Corp AA	5.62%	5.62%	7.07%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%	8.30%
	30-Yr Corp AA	6.17%	6.17%	7.42%	8.55%	8.55%	8.55%	8.55%	8.55%	8.55%	8.55%	8.55%
Returns	Domestic Equities		21.4%	8.0%	9.1%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
	International Equities		25.3%	8.1%	9.1%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%	11.6%
	Mkt Bonds		-1.0%	-3.3%	-1.4%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
	Long Bonds		0.9%	-6.4%	-4.3%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
	Long Corp		5.4%	-5.0%	-3.0%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
	Long Gov		-4.3%	-8.1%	-5.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
	Extra Long Bonds		-13.6%	-22.5%	-21.4%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	Cash		1.0%	3.6%	5.9%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
	TIPS		6.59%	5.5%	6.3%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
	Private Eq		35.7%	9.2%	10.5%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
	High Yields		19.3%	8.7%	10.6%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%

Description of the Economic Environments
Ideal Growth

Jobs grow; consumers continue spending resulting in economic growth; Fed completes anticipated increase in fed funds rate, minimizing fears of inflation on the part of investors; productivity gains also suppress inflation.

- Economic growth becomes stronger and rises to 4% by December 2012.
- Equities slightly boom and earn near 25% in 2010 through 2012.
- Inflation remains tame, subsides to 1.8% by December 2012.

Ideal Growth		Initial Value	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Yields	Inflation		2.5%	2.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
	Economic Growth		3.4%	3.7%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Health Care Inflation		6.0%	6.5%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	3-Month Treasury	0.19%	0.19%	1.85%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
	2-yr Treasury	1.11%	1.11%	2.48%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
	5-yr Treasury	2.54%	2.54%	3.10%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
	10yr Treasury	3.53%	3.53%	3.60%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
	30yr Treasury	4.52%	4.52%	4.01%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	Real 10yr TIPS	1.78%	1.78%	1.76%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
	3-Mo Corp AA	0.84%	0.84%	2.15%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
	2-Yr Corp AA	2.97%	2.97%	3.09%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%
	5-Yr Corp AA	4.32%	4.32%	3.77%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	10-Yr Corp AA	5.62%	5.62%	4.51%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%	4.45%
	30-Yr Corp AA	6.17%	6.17%	4.99%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%	4.90%
Returns	Domestic Equities		35.2%	23.2%	21.6%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
	International Equities		38.4%	22.5%	21.1%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
	Mkt Bonds		4.9%	2.9%	3.2%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
	Long Bonds		10.9%	4.7%	4.7%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
	Long Corp		15.2%	6.0%	6.0%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
	Long Gov		7.4%	4.9%	4.9%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
	Extra Long Bonds		6.4%	3.1%	3.2%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
	Cash		0.5%	1.4%	2.3%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
	TIPS		6.38%	4.0%	3.7%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
	Private Eq		52.9%	28.2%	26.2%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%
	High Yields		24.0%	12.2%	11.4%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%

CWPF
Assumptions – Enterprise Report July 2009

- 6/30/09 Financial Statement Liability (in thousands) = $112,857
  - $64,900 in Reserves/Liability
  - $47,117 Investment Payables
  - $840 Other Liabilities
- 6/30/09 Financial Statement Assets (in thousands) = $283,329
  - $234,504 in Investable Assets
  - $48,824 Investment Receivables
- June 30, 2009 Funding Ratio = 3.63
  - $235,417 (funded assets) / $64,900 (funded liabilities)
- June 30, 2009 Discount Rate = 4.50%
- June 30, 2009 Inflation Assumption (COLA) = 4.0%
- June 30, 2009 Medical Inflation Trend = 1st year: 6.0%, 2nd year: 7.0%, 3rd year: 8.0%, Long term: 9.0%

CWPF
Assumptions – Sensitivities to economic changes

- Interest Rate Sensitivity
  - A 1% change in interest rate, such as from 5% to 4%, will increase the liability by 9.0%
- Inflation Sensitivity (effects 90% of the liabilities)
  - A 1% point increase in wage escalation factor will increase the discounted liability by 9.7%
- Medical Inflation Sensitivity (effects 9% of the liabilities)
  - A 1% point increase in medical inflation will increase the discounted liability by 0.9%
- Small portion of the liabilities are not sensitive to wage or medical inflation

DWRF
Assumptions – Enterprise Report July 2009

- 6/30/09 Financial Statement Liability (in thousands) = $2,108,640
- 6/30/09 Financial Statement Assets (in thousands) = $2,950,535
- June 30, 2009 Discount Rate = 4.50%
- June 30, 2009 Inflation Assumption (COLA) = 4.0%
- June 30, 2009 Medical Inflation Trend = 1st year: 6.0%, 2nd year: 7.0%, 3rd year: 8.0%, Long term: 9.0%

DWRF
Assumptions – Sensitivities to economic changes

- Interest Rate Sensitivity
  - A 1% change in interest rate, such as from 5% to 4%, will increase the liability by 12.38%
- Inflation Sensitivity
  - A 1% point increase in wage inflation (from 4% to 5%) will increase the discounted liability by 17.14%
- Expected DWRF II Benefit Payments over the next ten years (in millions, based on 2008 projection model)

Year Ending	Benefit Payments	Year Ending	Benefit Payments
2010	46.6	2015	93.9
2011	55.4	2016	104.1
2012	64.6	2017	114.4
2013	74.2	2018	124.7
2014	83.9	2019	135.2

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Services provided by Mercer Investment Consulting, Inc.

12-month Investment Committee Calendar

	November	Notes
11/19/2009	1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Investment Consultant Performance Report 3Q09 3. Specialty Funds (DWRF, Coal) Asset/Liability report and recommendation, first review 4. SIF Transition Activity Update (in CIO Report)	
Date	**December**	
12/16/2009	1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Specialty Funds (DWRF, Coal) Asset/Liability report and recommendation, second review, possible vote 3. SIF Transition Activity Update (in CIO Report)	
Date	**January**	
1/21/2010	1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Specialty Funds (DWRF, Coal) Asset/Liability report and recommendation, third review, possible vote if not voted on in December, 2009 3. Custodian annual review 4. SIF Transition Activity Update (in CIO Report) 5. Mercer High Yield Bond education	
	February	
2/25/2010	1. Investment Consultant Performance Report 4Q09 2. SIF Transition Activity Update (in CIO Report) 3. Mercer Alternative Asset classes education, session one	
	March	
3/25/2010	1. Investment Consultant contract renewal, possible vote 2. Mercer Alternative Asset classes education, session two	
Date	**April**	
4/29/2010		

12-month Investment Committee Calendar

Date	May	Notes
5/27/2010	1. Investment Consultant Performance Report 1Q10	
Date	**June**	
6/17/2010		
Date	**July**	
7/29/2010		
Date	**August**	
8/26/2010	1. BWC Investment Division Goals FY2011 2. Investment Consultant Performance Report 2Q10	
	September	
9/23/2010	1. Brokerage Activity Fiscal Year 2010 summary report	
Date	**October**	
10/21/2010		

The Ohio Bureau of Workers' Compensation

Statement of Investment Policy and Guidelines

Adopted by the BWC Board of Directors: June 19, 2009

Amends Adoption of: May 29, 2009

Table of Contents

The Ohio Bureau of Workers' Compensation
Statement of Investment Policy and Guidelines

I. INVESTMENT OBJECTIVES

The primary investment objective is to manage assets to create and maintain a reasonable net asset position that has a high probability to meet identified long term liabilities. This net asset level will be achieved through an investment strategy that assumes a prudent amount of risk to earn sufficient returns to improve the level of net assets over time while keeping premium payments as reasonable and predictable as possible for the benefit of the injured workers and employers of Ohio.

II. BACKGROUND

A. Purpose

This document establishes the investment policy (the "Investment Policy") for the Ohio Bureau of Workers' Compensation ("OBWC") State Insurance Fund and Ancillary Funds ("the Funds"). The Workers' Compensation Board of Directors ("Board") adopts this policy in order to assist the Administrator, the Chief Financial Officer, the Chief Investment Officer and the OBWC staff in meeting investment objectives and monitoring the performance of the investment of the net assets and reserves of the Funds as required by Ohio Revised Code Section 4121.12(F).

> *The Board is required to establish objectives, policies, and criteria for the administration of the investment program that include asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines, and monitor the administrator's progress in implementing the objectives, policies, and criteria on a quarterly basis. (O.R.C. 4121.12(F))*

B. Fiduciary Standard

Under Ohio Revised Code Section (O.R.C.) 4123.44, the voting members of the Board, the Administrator of OBWC, and the Chief Investment Officer of the OBWC are trustees of the state insurance fund and fiduciaries of the Funds, which are held for the benefit of the injured workers and employers of Ohio.

> *All fiduciaries shall discharge their duties with respect to the Funds with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the assets of the funds so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. (*O.R.C. 4123.44*)*

All investment activities undertaken by, or on behalf of, the OBWC, including any investment activities performed by outside Investment Managers and General Partners, will strictly adhere to the terms of this Investment Policy, the restrictions of the O.R.C. 4123.44 and any other applicable statutory or administrative rules.

III. ROLES AND RESPONSIBILITIES

A. Board Responsibilities

The Board is the primary body charged with overseeing investment activities relating to the Funds. Its oversight functions include the duties specified below:

i. Approve the strategic asset allocation and investment policy for the Funds and periodically review such policy in light of any changes in actuarial variables, market conditions, or other evolving facts or situations relevant to the appropriate character of that policy.

ii. Permit the Administrator to invest in an investment class only after the Board, by majority vote, opens the class in question.

iii. Close any class of investments when it deems prudent.

iv. Monitor and review the investment performance of the Funds on a quarterly (February, May, August and November) basis to determine achievement of goals and compliance with this Investment Policy.

v. Advise and consent to the Administrator's hiring of the CIO.

vi. Approve the selection and termination of all Investment Consultants.

vii. Approve the criteria and procedures for the selection of the Investment Managers and General Partners.

viii. Approve the final selection and funding and termination of all Investment Managers and General Partners.

ix. Approve the asset class to be managed, investment style, scope of investment activities and maximum percent of the Fund that may be allocated to each Investment Manager and General Partner.

x. Prohibit on a prospective basis any specific investment that the Board finds to be contrary to the Investment Objectives of the Funds. In the event that the Board determines that any activity undertaken or proposed to be undertaken pursuant to this Investment Policy is contrary to the Investment Objectives, the Board shall direct the Administrator to take the appropriate corrective action.

xi. Submit a report annually on the performance and the value of each investment class to the governor, the president and minority leader of the senate, and the speaker and the minority leader of the house of representatives.

The Board may appoint members to an Investment Committee for the express purpose of assisting the Board to carry out any of the responsibilities enumerated here. Rules governing and responsibilities of the Investment Committee are outlined in the Investment Committee Charter.

B. OBWC Staff Responsibilities

The Chief Investment Officer shall be employed by the Administrator, with the advice and consent of the Board, and shall be a senior member of the OBWC staff with the primary responsibility for implementing the Investment Policy. Subject to the supervision and control of the Administrator, the Chief Investment Officer shall:

i. Consult with the Investment Consultant and receive approval from the Board regarding the appropriate strategic asset allocation and investment policy for the Funds and periodically review such policy in light of any changes in actuarial variables, market conditions, or other evolving relevant facts or situations.

ii. Recommend permissible asset classes for investment to the Board.

iii. Monitor and review the investment performance of the Funds on a monthly basis to determine achievement of goals and compliance with Investment Policy. Provide a report of monthly market value changes by investment asset class.

iv. Consult with and receive approval from the Board on the selection and termination of all Investment Consultants.

v. Consult with and receive approval from the Board on the selection and termination of all Investment Managers and General Partners.

vi. Consult with and receive approval from the Board on the asset class to be managed, investment style, and scope of investment activities that may be allocated to each Investment Manager and General Partner.

vii. Implement the directives of the Board.

viii. Supervise the management of each Fund's assets in accordance with this Investment Policy and the objectives and guidelines set forth herein.

ix. Consult with and receive approval from the Board regarding criteria and procedures to be utilized to select Investment Managers and General Partners.

x. Monitor all managed assets to insure compliance with the guidelines set forth in this Investment Policy and report same to the Board on a monthly basis.

xi. Inform and receive approval by the Board of any significant change in investment strategy of approved Investment Managers and General Partners.

xii. Monitor manager trade execution.

xiii. Report to the Board on at least an annual basis summary trade activity by brokerage firm and communicate any unusual trading activity to the Board in a timely manner, including any discussions with Investment Managers regarding such trading activity.

xiv. Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Funds set forth herein. The CIO may retain a third party proxy voting service to comply with all the regulatory obligations related thereto or direct investment managers to vote the proxies related to securities held in their respective portfolios and comply with all the regulatory obligations related thereto.

xv. Consult with the Funds' Investment Managers on at least a quarterly basis to discuss account performance and other material information.

xvi. Collect and review the current Form ADV, the document filed with the U.S. Securities and Exchange Commission to register as an investment advisor, of each Investment Manager and Investment Consultant on an annual basis and provide a summary report to the Board.

C. Investments Managers' Responsibilities

Each Investment Manager shall:

i. Be a bank, insurance company, investment management company, or investment advisor as defined by the Investment Advisors Act of 1940.

ii. Manage the plan assets under its care, custody and/or control in accordance with the Investment Policy set forth herein and in compliance with applicable Ohio statutory requirements.

iii. Exercise full investment discretion over the assets in their care within the guidelines set forth herein, their Investment Management Agreement and the specific portfolio guidelines contained therein.

iv. Subject to any exceptions expressly set forth herein, Investment Managers shall be directly responsible for executing trades related to the portfolios they manage for the Funds. Investment Managers shall be responsible for seeking the best execution of trades. Any Broker used by any Investment Manager must be properly licensed.

v. Provide monthly performance evaluation reports that comply with the Global Performance Presentation Standards (GPPS) issued by the CFA Institute.

vi. Provide the CIO with firm's Brokerage, Soft Dollar and Trade Execution Policy on an annual basis.

vii. Provide the CIO with a report on at least monthly basis on the trading activities of the Funds, including, but not limited to, the volume of trades and related commissions executed by each Broker.

viii. Provide the CIO with the firm's Ethics Policy and quarterly confirmation of its compliance with said policy.

ix. Provide the CIO with the firm's most recent Form ADV on an annual basis.

x. Comply with the Campaign Contribution Policy as set forth in the Ohio Revised Code (O.R.C.) Section 3517 and provide written evidence of such compliance on a quarterly basis.

xi. Promptly inform the CIO in writing of all changes of a material nature pertaining to the firm's organization and professional staff.

xii. If directed by the Administrator and/or the Chief Investment Officer, shall promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Funds. Each manager designated to vote shall provide OBWC with firm's proxy voting policy on an annual basis, keep detailed records of said voting of proxies and related action and comply with all regulatory obligations related thereto.

xiii. Report to the CIO on at least a quarterly basis on the status of the portfolio and its performance for various time periods and meet with the staff at least semi-annually to report on the economic outlook and compliance with goals and objectives.

xiv. Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire Investment Policy.

D. General Partners' Responsibilities

Each General Partner shall:

i. Manage the plan assets under its care, custody and/or control in accordance with the Investment Policy set forth herein and in compliance with applicable Ohio statutory requirements.

ii. Exercise full investment discretion over the assets in their care within the guidelines set forth herein, their Partnership and/or Subscription Agreement and the specific portfolio guidelines contained therein.

iii. Provide the CIO with quarterly financial statements and an audited annual financial statement for each partnership or fund to which the Ohio BWC has made a commitment.

iv. Provide the CIO with an annual Valuation Certification attesting to the value of the Ohio BWC holdings in each partnership or fund.

v. Provide the CIO with the firm's Ethics Policy and annual confirmation of its compliance with said policy (for agreements entered into after January 1, 2006 only).

vi. Promptly provide the CIO with a detailed report of all capital calls and/or distributions for each partnership or fund.

vii. Comply with the Campaign Contribution Policy as set forth in the Ohio Revised Code (O.R.C.) Section 3517 and provide written evidence of such compliance on an annual basis (for agreements entered into after January 1, 2006 only).

viii. Promptly inform the CIO in writing of all changes of a material nature pertaining to the firm's organization and professional staff.

E. Investment Consultants' Responsibilities

The Investment Consultant shall:

i. Provide independent and unbiased information to the Board, the Administrator and the CIO.

ii. Assist in the development and amendment of this Investment Policy.

iii. Assist in the establishment of strategic asset allocation targets.

iv. Assist in the development of performance measurement standards.

v. Report the quarterly investment performance results and quarterly risk characteristics of the Funds to the Board.

vi. Monitor and evaluate Investment Manager performance on an ongoing basis.

vii. Conduct due diligence on the Funds' current and prospective Investment Managers.

viii. Confirm a procedural due diligence search process to include criteria and procedures to be utilized for the selection of all Investment Managers.

ix. Provide the CIO with the firm's most recent Form ADV on an annual basis.

x. Provide any other advice or services that the Board or the Administrator and Chief Investment Officer determine from time to time is necessary, useful or appropriate to fulfill the objectives of this Investment Policy in accordance with the Investment Consulting Agreement.

IV. INVESTMENT POLICY GUIDELINES

A. Asset Allocation Guidelines

The Funds are part of the Ohio Workers' Compensation System, an exclusive state insurance fund system that is held for the sole benefit of the injured workers and employers of Ohio.

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as fixed income, U.S. equity, non-U.S. equity, alternative investments and cash equivalents. It is the primary determinant of success in meeting long term investment objectives. The asset allocation decision reflects the Funds' return requirements as well as the Funds' tolerance for return variability (risk) within the context of the expected liabilities of the Funds. The liability considerations shall include, but not be limited to, current and expected future values of the benefits, premiums and total assets. These factors are important for identifying the investment horizon of the Funds and their cash flow requirements. A formal asset/liability analysis for each Fund will be conducted every three – five years, or more frequently if conditions warrant.

The Board has a long-term asset allocation policy for each Fund that identifies the strategic target asset weights and ranges to each of the major asset classes. These policies are detailed in Section VI.

B. Rebalancing Policy

Rebalancing is the periodic adjustment of an asset portfolio for the purposes of shifting the asset allocation back towards the desired target percentages. Rebalancing policies are put in place to provide a reliable discipline to keep a portfolio in balance as market fluctuations change the percentages that are committed to various assets classes. Over, time the asset mix of any portfolio will tend to drift away from its strategic target asset allocation, acquiring risk and return characteristics that are unintended.

The Board has a policy of rebalancing when actual asset allocations fall outside of the desired ranges as detailed in Section VI. For purposes of rebalancing, the percentages that each asset class constitutes of the total market value of the fund of which it is a part will be computed at the end of every calendar quarter. If the actual percentage of an assets class falls outside of the allowable ranges as outlined in Section VI by any amount, a rebalancing event will be triggered.

The following sequence of actions will be applied for any rebalancing activity:

1. When a rebalancing event is triggered, the Chief Investment Officer will notify the Administrator that a rebalancing event is imminent.
2. The Investment Division will then contact the appropriate outside investment managers and the BWC investment consultant to discuss market conditions and potential rebalancing actions.
3. The Investment Division will calculate a specific rebalancing dollar reallocation that will factor in appropriate future trust fund cash flows and the desired asset allocations after rebalancing. In general, the Board's policy, when rebalancing becomes necessary, is to restore an asset allocation for the out-of-balance asset class that is halfway between the outer bound that was violated and the original targeted asset percentage. Thus, as an example, if equities have a target allocation of 20%, and an allowable lower limit of 17%, but fall to 16% at a quarter's end as a result of market action, the proposed rebalancing plan would seek to restore equities to 18½% of the total fund (halfway between 17% and 20%).

4. The Chief Investment Officer will present a rebalancing recommendation to the Senior Officer Review Team, which consists of the BWC Administrator, the Chief Operating Officer, and the Chief Fiscal & Planning Officer, for approval before any such asset rebalancing can be implemented and executed.
5. Finally, the Chief Investment Officer will provide a written summary of the fully executed rebalancing activity for any respective trust fund portfolio to the BWC Investment Committee at its next scheduled meeting.

In order to minimize turnover, Fund cash flows, such as premiums received or benefits paid, will be used to the fullest extent to achieve rebalancing objectives.

During periods of extreme market conditions and consequent illiquid markets whereby the ability to execute identified Fund assets rebalancing adjustments is made difficult and costly in the judgment of the Administrator and Chief Investment Officer, such rebalancing actions may be suspended. The suspension of such rebalancing actions and the reason for such decision will be reported promptly to the Board by the Administrator and Chief Investment Officer. Any required rebalancing action for a Fund will be implemented when the impacted financial markets become sufficiently liquid so as to execute such rebalancing action with reasonable cost in the judgment of the Administrator and Chief Investment Officer.

C. General Guidelines

The following represent the general guidelines that will apply to the management of Fund assets. In addition, each Investment Manager will have specific guidelines that are part of their Investment Management Agreement that will document the Funds' performance expectations and the Investment Manager's role in the overall portfolio. The Funds use these guidelines to establish, guide and control the strategy for each Investment Manager.

i. The following guidelines serve to diversify the organizational risk of Investment Management firms or General Partners providing services to the Funds and to minimize the dependence by the Funds on any one investment firm. The diversification guidelines are as follows:

- No one investment organization or General Partner, utilizing active investment strategies, should manage more than 15% of the Funds' assets at the time it is hired.
- On a prospective basis, an investment organization which utilizes passive investment strategies, may manage up to 50% of the Funds' assets at the time it is hired. This guideline has been established to allow the BWC to take advantage of the benefits of low fees resulting from the economies of scale that exist with passive management. The Board, Staff and the Consultant will closely monitor this organizational risk to ensure the security of Fund assets. The maximum allocation under this guideline will only be utilized in circumstances where the fee benefit is believed to outweigh the organizational risk to the Funds.
- The Funds' assets managed by any one firm, utilizing either active or passive investment strategies, or General Partner should not exceed 5% of the total assets managed by the firm or General Partner for all clients in that asset class at the time it is hired. For purposes of this constraint, "asset class" shall be broadly defined to include all styles, sub-sectors, or specialty portfolios managed by a firm within a particular asset class.

ii. **Fixed Income Investments**

The investment goal of the fixed income investments is to offer the Funds a broad exposure to the return opportunities and investment characteristics associated with the U.S. domestic fixed income market. Each Fund's fixed income portfolio shall be invested in a manner that takes into consideration the duration and yield curve characteristics of its liabilities in order to preserve the reserve, provide for stable premiums and grow net assets. Passive fixed income investment mandates shall be managed to match the risk and return profile of an assigned fixed income benchmark resulting in performance with a reasonably low tracking error.

iii. **U.S. Equity**

The investment goal of the domestic equity investments is to offer the Funds a broad exposure to the return opportunities and investment characteristics associated with the U.S. domestic equity market. Passive U.S. equity investment mandates shall be managed to match the risk and return profile of an assigned U.S. equity benchmark resulting in performance with a reasonably low tracking error.

iv. **Non-U.S. Equity**

The investment goal of the non-U.S. equity investments is to offer the Funds a broad exposure to the return opportunities, diversification effects and investment characteristics associated with the non-U.S. equity market. Passive international equity investment mandates shall be managed to match the risk and return profile of an assigned international equity benchmark resulting in performance with a reasonably low tracking error.

v. **Cash Equivalents**

Cash equivalents may be held to meet each Fund's short term cash flow needs.

vi. **Securities Lending**

Securities lending shall be engaged by the Funds or their Investment Managers as determined and approved by the Board.

vii. **Derivatives**

A derivative is broadly defined as a contract whose value is based on the performance of an underlying financial asset, index or other investment. The most common forms of derivatives are futures, options, swaps and forwards.

The use of derivatives by the Funds or their Investment Managers is prohibited unless specifically approved by the Board. Specific approvals include:

1. Permission is granted to passive indexed investment managers to use futures on financial contracts in the management of commingled investment funds. The Board anticipates that this use of financial futures may be initiated by investment managers for specific risk-control purposes such as the facilitation of the investment of a large inflow of new money into the commingled fund.

The Board also recognizes that the language of the policies of some commingled funds permits other financial derivatives such as options and swaps. The Board has a very low tolerance for the use of other financial derivatives in commingled funds. On the infrequent occasions when financial derivatives such as options and swaps are used in commingled funds, the Board requires the investment staff of the BWC to report the use of the derivatives to the Board at the next scheduled meeting after the derivatives position has been initiated so that the Board may judge the appropriateness of the risks of the derivatives position. The Board will carefully evaluate whether remaining invested in that commingled fund is appropriate.

2. Permission is granted to investment transition managers to use futures on financial contracts, forward currency contracts, and Exchange Traded Funds in the management of portfolio transitions and in the management of portfolio rebalancing activity. The use of these instruments by investment transition managers for these purposes will typically begin and end in short periods of time.

3. Other derivatives that are generally approved for use include: collateralized mortgage obligations (CMOs), asset backed securities (ABS), and TBA mortgaged-backed securities in accordance with the restrictions stated in the definitions outlined below. Other broad classes of derivatives may be added in the future as deemed necessary and desireable by the Board.

   CMOs are mortgage-backed bonds that separate mortgage pools into different maturity classes. Issued by the Federal Home Loan Mortgage Corporation (Freddie Mac) and private issuers, CMOs are usually backed by government-guaranteed or other top-grade mortgages. Interest-only (IOs) and principal-only (POs) instruments are prohibited.

   ABS are bonds or notes backed by loan paper on accounts receivable originated by banks, credit card companies or other providers of credit and often "enhanced" by a bank letter of credit or by insurance coverage provided by an institution other than the issuer.

   TBA ("to be announced") pools are mortgage-backed securities in which the specific underlying mortgage pools are not identified at the time of commitment to purchase, but which share defined characteristics such as coupon and term to stated maturity. TBA pools are sometimes either sold before settlement or extended in settlement from original settlement date to a future settlement date that is typically in the next month. To qualify for investment by the Funds, TBA pools must be issued by Freddie Mac, Federal National Mortgage Association (Fannie Mae), or Government National Mortgage Association (Ginnie Mae).

viii. **Commission Recapture / Directed Brokerage**

The Funds shall not engage in commission recapture or directed brokerage programs.

ix. **General Prohibitions**

The following activities or investments are expressly prohibited within the Funds:

a. Short selling with the exception of selling futures contracts for risk-control purposes.

b. The use of all forms of leverage or the purchase of securities with borrowed money is prohibited, except that the Board recognizes that financial futures are generally purchased on margin and this is permitted.

c. Coins, artwork, horses, jewelry, gems, stamps, antiques, artifacts, collectibles, and memorabilia.

d. Direct or indirect investments in vehicles that target specified assets, which includes unregulated investments that are not commonly part of an institutional portfolio, that lack liquidity and that lack readily determinable valuation.

V. PERFORMANCE OBJECTIVES

A. Total Fund

The primary performance objective for each Fund is to achieve an aggregate rate of return that equals or exceeds the return of each Fund's Performance Benchmark on a consistent basis. Each Fund's Performance Benchmark combines designated market and/or custom indexes for Investment Category asset classes, weighted by asset-allocation target percentages. The Performance Benchmarks for each Fund are named in Section VI. The investment category Performance Benchmarks are described in Appendix A.

B. Asset Class Composites

Each asset class shall be measured relative to its designated market and/or custom index. It is expected that any active management of individual asset classes will provide an investment return in excess of the index, net of expenses, on a consistent basis.

VI. TARGET ASSET MIXES AND RANGES

A. State Insurance Fund (SIF)

The State Insurance Fund liabilities consist of the following primary components:

- Indemnity cost: the compensation paid to injured workers for lost wages
- Medical cost: the cost of providing medical coverage to injured workers

These liabilities are long-term in nature, with an approximate duration of 10 years. Premiums are set each year at a level that is expected to cover the cost of future claims. Future claims are estimated based on actuarial methods that measure the expected indemnity and medical costs. These costs are discounted at a rate that is consistent with the guidelines as established by the Government Accounting Standards Board (GASB).

The Board has adopted a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes with a specific performance benchmark for each asset class. The asset allocation is deemed reasonable by the Board given the risk and return objectives of the Fund within the context of the Fund's expected liabilities and the current funding ratio. Performance benchmarks have been selected to provide broadly diversified market coverage within each asset class segment.

The table below highlights the general asset classes approved for investment and the strategic target weights. The allowable range for all target weights is reflected in the following table.

State Insurance Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Long Duration Fixed Income – Credit Bonds	28%	24% - 32%	Barclays Capital U.S. Long Credit Index
Indexed Long Duration Fixed Income – U.S. Government Bonds	9%	6% - 12%	Barclays Capital U.S. Long Government Index
Indexed Barclays Capital Aggregate Fixed Income	15%	12% - 18%	Barclays Capital U.S. Aggregate Index
Indexed Treasury Inflation Protected Securities	17%	14% - 20%	Barclays Capital U.S. Treasury: U.S. TIPS Index
Cash and Cash Equivalents	1%	0 - 6%	3 Month U.S. Treasury Bills
Total Fixed Income	**70%**		
Indexed U.S. Equity	20%	17% - 23%	Russell 3000 Stock Index
Index Non-U.S. Equity	10%	7% - 13%	MSCI All World ex-U.S. Index
Total Public Equity	**30%**		
Total State Insurance Fund	**100%**		Fund Performance Benchmark A weighted index consisting of: 28% BC U.S. Long Credit Index 9% BC U.S. Long Govt. Index 15% BC U.S. Aggregate Index 17% BC U.S. TIPS Index 1% 3 Month U.S. Treasury Bills 20% Russell 3000 Index 10% MSCI All World Ex-U.S. Index

B. Disabled Workers' Relief Fund (DWRF)

The Disabled Workers' Relief Fund ("DWRF") provides supplementary payments to workers whose combined Permanent and Total Disabled plus Social Security disability benefits are lower than the DWRF entitlement amount.

These liabilities are long-term in nature, with an approximate duration of 10 years. Premiums are set each year at a level that is expected to cover the cost of future claims. These costs are discounted at a rate that is consistent with the guidelines as established by the GASB.

The Board has a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment and the strategic target weights. The allowable range for all target weights is reflected in the following table.

Disabled Workers' Relief Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Long Duration Fixed Income	59%	55% - 63%	Barclays Capital U.S. Long Government / Credit Index
Indexed Treasury Inflation Protected Securities	20%	17% - 23%	Barclays Capital U.S. Treasury: U.S. TIPS Index
Cash and Cash Equivalents	1%	0 - 6%	3 Month U.S. Treasury Bills
Total Fixed Income	**80%**		
Indexed U.S. Equity	20%	17% - 23%	Standard & Poor's 500 Stock Index
Total Public Equity	**20%**		Fund Performance Benchmark
Total Disabled Workers' Relief Fund	**100%**		A weighted index consisting of: 59% BC U.S. Gov/Credit Long Term Index 20% BC U.S. TIPS Index 1% 3 Month U.S. Treasury Bills 20% S&P 500 Index

C. Coal Workers' Pneumoconiosis Fund (CWPF)

The Coal Workers' Pneumoconiosis Fund ("CWPF") provides benefits for injured workers under the Federal Coal Mine Health and Safety Act of 1969. The CWPF provides voluntary coverage to employers who have employees who are exposed to coal dust, as required by federal law.

These liabilities are long-term in nature, with an approximate duration of 11 years. Premiums are set each year at a level that is expected to cover the cost of future claims. These costs are discounted at a rate that is consistent with the guidelines as established by the GASB.

The Board has a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment and the strategic target weights. The allowable range for all target weights is reflected in the following table.

Coal Workers' Pneumoconiosis Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Long Duration Fixed Income	59%	55% - 63%	Barclays Capital U.S. Long Government / Credit Index
Indexed Treasury Inflation Protected Securities	20%	17% - 23%	Barclays Capital U.S. Treasury: U.S. TIPS Index
Cash and Cash Equivalents	1%	0 - 6%	3 Month U.S. Treasury Bills
Total Fixed Income	**80%**		
Indexed U.S. Equity	20%	17% - 23%	Standard & Poor's 500 Stock Index
Total Public Equity	**20%**		Fund Performance Benchmark
Total: Coal Workers' Pneumoconiosis Fund	**100%**		A weighted index consisting of: 59% BC U.S. Gov/Credit Long Term Index 20% BC U.S. TIPS Index 1% 3 Month U.S. Treasury Bills 20% S&P 500 Index

D. Public Work-Relief Employees' Fund (PWRF)

The Public Work-Relief Employees' Fund ("PWRF") provides benefits for "work-relief employees" who are engaged in any public relief employment and receiving "work-relief" in the form of public funds or goods in exchange for any service or labor rendered in connection with any public relief employment.

These liabilities are intermediate-term in nature, with an approximate duration of 3-4 years. Premiums are set each year at a level that is expected to cover the cost of future claims. These costs are discounted at a rate that is consistent with the guidelines as established by the GASB.

The Board has a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment and the strategic target weights. The allowable range for all target weights is reflected in the following table.

Public Work-Relief Employees' Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Intermediate Duration Fixed Income	99%	NA	Barclays Capital Intermediate U.S. Government / Credit Index
Cash and Cash Equivalents	1%	0 - 6%	3 Month U.S. Treasury Bills
Total Fixed Income	**100%**		
Total Public Equity	**0%**		
Total: Public Work-Relief Employees' Fund	**100%**		Fund Performance Benchmark A weighted index consisting of: 99% BC Intermediate U.S. Gov / Credit Index 1% 3 Month U.S. Treasury Bills

E. Marine Industry Fund (MIF)

The Marine Industry Fund ("MIF") provides voluntary coverage to employers who have employees who work on or about navigable waters as required by the Federal Longshoremen and Harbor Workers' Act.

These liabilities are intermediate-term in nature, with an approximate duration of 3-4 years. Premiums are set each year at a level that is expected to cover the cost of future claims. These costs are discounted at a rate that is consistent with the guidelines as established by the GASB.

The Board has a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment and the strategic target weights. The allowable range for all target weights is reflected in the following table.

Marine Industry Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Intermediate Duration Fixed Income	99%	94-100%	Barclays Capital Intermediate U.S. Government / Credit Index
Cash and Cash Equivalents	1%	0 - 6%	3 Month U.S. Treasury Bills
Total Fixed Income	**100%**		
Total Public Equity	**0%**		
			Fund Performance Benchmark
Total: Marine Industry Fund	**100%**		A weighted index consisting of: 99% BC Intermediate U.S. Gov/Credit Index 1% 3 Month U.S. Treasury Bills

F. Self Insured Employers Guarantee Fund (SIEGF)

The Self Insured Employers Guarantee Fund ("SIEGF")/Surety Bond Fund ("SBF") provides for payment of compensation and benefits to injured workers of bankrupt self-insured employers.

The Board has a long-term asset allocation policy that identifies the strategic target weights to each of the major asset classes. The table below highlights the general asset classes approved for investment and the strategic target weights.

Self Insured Employers Guarantee Fund

Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Cash and Cash Equivalents	100%	NA	3 Month U.S. Treasury Bills
Total Fixed Income	**100%**		
Total Public Equity	**0%**		
			Fund Performance Benchmark
Total: Self Insured Employers Guarantee Fund	**100%**		A weighted index consisting of: 100% 3 Month U.S. Treasury Bills

VII. INVESTMENT POLICY STATEMENT REVIEW

The Board in conjunction with the Administrator, Chief Investment Officer and Investment Consultant will review this policy statement at least once a year, to determine if revisions are warranted and will publish the policy statement and any changes it adopts and make copies available to all interested parties.

It is not expected that this Investment Policy will change frequently; in particular short-term changes in the financial markets should generally not require an adjustment in this Investment Policy.

VIII. FAIR CONSIDERATION / PUBLIC INTEREST POLICY

The Board desires that Staff and the Investment Consultant identify, research and evaluate qualified Ohio managers, minority managers and women-owned managers and that Investment Managers give consideration to such managers and brokers in their efforts to fulfill the Funds' investment objectives, but only in compliance with their respective fiduciary duties to the Funds.

Qualified Ohio Managers - Criteria

As used in this Investment Policy, a qualified Ohio-qualified investment manager or broker is one that meets at least one of the following requirements:

- Has its corporate headquarters or principal place of business in Ohio
- Employs at least 500 individuals in Ohio
- Has a principal place of business in Ohio and employs at least 20 residents of the State

Minority Managers – Criteria

As used in this Investment Policy, a minority manager shall be defined as an investment manager or broker that is U.S. domiciled and is majority-owned by one, or any combination, of the following groups: African American, Native American, Hispanic American and Asian American.

Additionally, Investment Managers who are majority-owned by women are included in this Policy.

In addition to the requirements above, any qualified Ohio manager, and any minority or women-owned Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940. Any Broker must be properly licensed.

It is the Board's intention to give such firms consideration in their efforts to fulfill the Funds' investment objective; however, the Board is not obligated to hire any qualified Ohio manager, minority or women-owned firm on behalf of the Funds if such hiring is inconsistent with its fiduciary duty to the Funds and their stakeholders.

APPENDIX A – Investment Category Performance Benchmarks

I. Barclays Capital U.S. Aggregate Index

The Barclays Capital U.S. Aggregate Index consists of taxable fixed income securities that are SEC-registered and U.S. dollar denominated. The index covers the broad U.S. investment grade fixed coupon rate bond market with index components for government and corporate securities, residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities. Government and corporate securities include non-U.S. issuers, although non-U.S. issuers represent only a small portion of the index. Each security in the index must have at least one year to final maturity regardless of call features. Each security must be rated investment-grade (Baa3/BBB- or higher) in quality by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only one of the three ratings agencies rates a security, the rating must be investment grade. The index typically has a weighted average duration between three and five years which is considered to be intermediate-term in duration.

II. Barclays Capital U.S. Long Government/Credit Index

The Barclays Capital U.S. Long Government/Credit Index consists of taxable fixed income securities that are publicly issued and U.S. dollar denominated. The index includes fixed coupon rate U.S. treasury securities, U.S. federal agency securities, U.S. municipal securities, non-U.S. government securities and both U.S. and non-U.S. corporate securities. Non-U.S. issuers represent only a small portion of the index. Each security in the index must have a final maturity of at least ten years. The index is a component of the broad Barclays Capital U.S. Aggregate Index. Each security must be rated investment-grade (Baa3/BBB- or higher) in quality by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only one of the three ratings agencies rates a security, the rating must be investment grade. The index typically has a weighted average duration between ten and twelve years which is considered to be long-term in duration.

III. Barclays Capital U.S. Intermediate Government/Credit Index

The Barclays Capital U.S. Intermediate Government/Credit Index consists of taxable fixed income securities that are publicly issued and U.S. dollar denominated. The index includes fixed coupon rate U.S. treasury securities, U.S. federal agency securities, U.S. municipal securities, non-U.S. government securities and both U.S. and non-U.S. corporate securities. Non-U.S. issuers represent only a small portion of the index. Each security in the index must have a final maturity of at least one year and less than ten years. The index is a component of the broad Barclays Capital U.S. Aggregate Index. Each security must be rated investment-grade (Baa3/BBB- or higher) in quality by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only one of the three ratings agencies rates a security, the rating must be investment grade. The index typically has a weighted average duration between three and five years which is considered to be intermediate-term in duration.

IV. Barclays Capital U.S. Treasury: U.S. TIPS Index

The Barclays Capital U.S. Treasury: U.S. TIPS Index consists of all publicly issued U.S. dollar denominated Inflation-Protection securities (TIPS) issued by the U.S. Treasury that have at least one year to final maturity. The principal value of a TIPS increases with inflation and decreases with deflation, as measured by changes in the urban, non-seasonally adjusted consumer price index (CPI-U) calculated by the Bureau of Labor Statistics. The CPI-U index is a measure of the average change in prices paid by urban consumers for a fixed basket of goods and services. The principal value of a TIPS security is adjusted by a published index ratio reflecting the changes in the reference CPI-U index. TIPS securities have a stated fixed coupon rate of interest payable semi-annually that is applied to the inflation-adjusted principal value. Over the past several years, approximately one-third of the weighted market value of the index has been represented by issues in each of the maturity ranges of one-to-five years, five-to-ten years, and in excess of ten years. The index is considered to be intermediate-term in duration.

V. S&P 500 Index

The S&P 500 Index is a market capitalization weighted equity index maintained by Standard & Poors that seeks to be a benchmark of the U.S. large cap universe of stocks. S&P first identifies important industry categories and allocates a representative sample of stocks to each group. The companies chosen to be in the S&P 500 generally have the largest market values within their industry group. The industry categories are grouped into ten sectors: consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecommunication services, and utilities. It is calculated on a total return basis with all dividends reinvested.

VI. Russell 3000 Index

The Russell 3000 Index is a market capitalization weighted equity index maintained by the Russell Investment Group that seeks to be a benchmark of the entire U.S. stock market. More specifically, this index encompasses the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S., and represents 98% of the U.S. equity market. The Russell 3000 is comprised of stocks within the Russell 1000 and Russell 2000 Indices. Furthermore, the Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. It is calculated on a total return basis with all dividends reinvested.

VII. MSCI All Country World Index Ex U.S.

The MSCI All Country World Index Ex U.S. is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World Index Ex U.S. includes both developed and emerging markets. The index attempts to replicate the industry composition of each local market and includes representative sampling of large, medium, and small capitalization companies. The index is calculated with net dividends reinvested in U.S. dollars.

OBWC Board of Directors
Investment Committee Charter

Purpose

The purpose of the Investment Committee is to ensure that the assets of the Ohio Bureau of Workers' Compensation (OBWC) are effectively managed in accordance with the laws of the State of Ohio, and the Ohio Bureau of Workers' Compensation Statement of Investment Policy and Guidelines. The Investment Committee:

- assists the Board of Directors in the review and oversight of the State Insurance Fund and each Specialty Fund (collectively the Funds) assets;
- develops and monitors the implementation of the BWC's investment policy

In order to constitute the will of the Board of Directors, Committee actions must be ratified or adopted by the Board of Directors to become effective.

Membership

The Committee shall be composed of a minimum of five (5) members. Two members shall be the members of the Board who are the investment and securities experts. The Board, by majority vote, shall appoint at least three additional members of the Board to serve on the Investment Committee and may appoint additional members, who are not Board members, as the Board determines necessary. Each additional non-Board member appointed must have at least one of the following qualifications: a) experience managing another state's pension funds or workers' compensation funds; or b) expertise that the Board determines is needed to make investment decisions (RC 4121.129(C)(1)). Bureau management personnel cannot serve as a Committee member.

The Chair and Vice Chair are designated by the Board, based on the recommendation of the Board Chair. If the Board chair is not a member of the Committee, he/she shall be an ex-officio member. As an ex-officio member, the Board chair shall not vote if his/her vote will create a tie.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Members of the Investment Committee serve at the pleasure of the Board and the Board, by majority vote, may remove any member except the members of the Committee who are the investment and securities expert members of the Board.

Meetings

The Investment Committee will meet at least nine (9) times annually. The Committee Chair will provide a report of the meeting at the next subsequent

Board meeting. Additional meetings may be requested by the Committee Chair, 2 or more members of the Committee, or the Chair of the Board.

A quorum shall consist of a majority of Committee members. Committee meetings will be conducted according to Robert's Rules of Order. All Directors are encouraged to attend the Committee meetings.

The Committee will invite members of management, investment advisors, fiduciary counsel and/or others to attend meetings and provide pertinent information as necessary

Minutes for all meetings of the Committee will be prepared to document the actions of the Committee in the discharge of its responsibilities.

Duties and Responsibilities

The Investment Committee is charged with overseeing all investment-related matters and activities of the BWC. The Committee evaluates proposals requiring Board action and makes recommendations for consideration by the Board. The Committee shall:

1. Assist the Board in meeting the following statutory requirements:
   - Develop and recommend the strategic asset allocation and investment policy for the Funds in accordance with RC 4123.442 and submit to the Board for approval.
   - Periodically review the investment policy in light of any changes in actuarial variables, market conditions, etc. and make recommendations for any changes, as appropriate to the Board for approval. (RC 4121.12(F)(7))
   - Assist the Board to assure that the investment policy is reviewed and approved at least annually, published, and copies are made available to interested parties. (RC 4121.12(F)(8))
   - Prohibit, on a prospective basis, any investment the Committee finds to be contrary to the investment objectives of the Funds and submit to the Board for approval (RC 4121.12(F)(9)).
   - Recommend the opening and closing of each investment class and submit to the Board for approval. (RC 4121.12(F)(10))
   - Develop and recommend rules on due diligence standards for employees of BWC to follow when investing in each asset class. Develop and recommend policies and procedures to review and monitor the performance and value of each asset class. Submit these recommendations to the Board for approval. (RC 4121.12(F)(11))
   - Review the annual report on the investment performance of the funds and the value of each investment class and submit to the Board for approval. Once approved, this report must be submitted to the Governor, the president and Minority Leader of the Senate, and the

Speaker and Minority Leader of the House of Representatives. (RC 4121.12(F)(12))
- Monitor implementation of the investment policy by the Administrator and the Chief Investment Officer (RC 4121.129(C)(2)(c)).
- Recommend outside investment counsel with whom the Board may contract to assist the Investment Committee in fulfilling its duties (RC 4121.129(C)(2)(d)).
- Review the performance of the Chief Investment Officer and any investment consultants retained by the BWC to assure compliance with the investment policy and effective management of the Funds (RC 4121.129(C)(2)(e)).
- Consult with the Administrator and recommend to the Board the appointment of the Chief Investment Officer. (RC 4123.441)

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2. Recommend to the Board for approval the criteria and procedures for the selection of the Investment Managers and General Partners. Approve the final selection, funding and termination of all Investment Managers and General Partners.
3. Monitor and review the investment performance of the Funds on a quarterly basis to determine achievement of objectives and compliance with this investment policy.
4. Coordinate with other Board committees on items of common interest.
5. At least annually, review this charter and submit any proposed changes to the Governance Committee and to the Board for approval.
6. Create, by majority vote, a subcommittee consisting of one or more Directors on the Committee. In consultation with the Chair, other Board members may be appointed to the subcommittee as appropriate. The subcommittee shall have a specific purpose. The subcommittee shall keep minutes of its meetings. The subcommittee shall report to the Committee. The Committee by majority vote may dissolve the subcommittee at any time.
7. Perform such other duties required by law or otherwise as are necessary or appropriate to further the Committee's purposes, or as the Board may from time to time assign to the Committee.

InvestmentCommitteeCharter.doc
Review & Approved 112107, Bob Smith, Chair
Revised 012408
Revised 092408
Annual Review and Revision 112108
Annual Review and Revision 112009