

Investment Committee Agenda

William Green Building

August 27, 2009

Level 2, Room 2

12:00 p.m. – 2:00 p.m.

Call to Order

Bob Smith, Committee Chair

Roll Call

Linda Byron, Scribe

Approve Minutes of the July 30, 2009 Meeting

Bob Smith, Committee Chair

Review and Approve Agenda*

Bob Smith, Committee Chair

Discussion Items

1. Monthly and Fiscal Year to Date Portfolio Value Comparisons
 - July 2009/June 2009
Bruce Dunn, Chief Investment Officer

2. Month-End Portfolio Asset Allocation Values
 - July 2009/June 2009
Bruce Dunn, Chief Investment Officer

3. Portfolio Performance
 - Mercer Quarterly Report – Second Quarter 2009
Bob Smith, Committee Chair
Mercer Team

4. CIO Report – July 2009
Bruce Dunn, Chief Investment Officer

5. Committee Calendar
Bob Smith, Committee Chair
Bruce Dunn, Chief Investment Officer

Adjourn

Bob Smith, Committee Chair

Next Meeting: September 24, 2009

* Not all agenda items may have materials

** Agenda subject to change

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

<u>Asset Sector</u>	<u>Market Value July 31, 2009</u>	<u>% Assets</u>	<u>Market Value June 30, 2009</u>	<u>% Assets</u>	<u>Increase (Decrease) Prior Fiscal Year-End</u>	<u>% Change</u>
Bonds	\$13,259,913,391	74.9%	\$13,223,292,563	76.9%	36,620,828	0.3%
Equity	3,839,255,509	21.7%	3,524,428,866	20.5%	314,826,643	8.9%
Net Cash - OIM	215,769,179	1.2%	35,121,653	0.2%	180,647,526	514.3%
Net Cash - Operating	342,572,023	1.9%	364,863,630	2.1%	(22,291,607)	-6.1%
Net Cash - SIEGF	54,127,633	0.3%	54,583,234	0.3%	(455,601)	-0.8%
Total Net Cash	612,468,835	3.5%	454,568,517	2.6%	157,900,318	34.7%
Total Invested Assets	\$17,711,637,735	100%	\$17,202,289,946	100%	\$509,347,789	3.0%

OIM: Outside Investment Managers

MIF: Marine Industry Fund; **PWRE:** Public Work-Relief Employees' Fund; **SIEGF:** Self-Insured Employers' Guaranty Fund

Beginning with March 2009 the cash for MIF and PWRE has been included in Net Cash - Operating due to the funding of the IDFI (bond index) accounts. June 30, 2008 Net Cash - SIEGF balance includes PWRE and MIF cash balances.

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.

July 2009/June 2009 Comparisons

- Net investment income in July 2009 was \$532 million representing a monthly net portfolio return of +3.1% (unaudited).
- Bond market value increase of \$36.6 mm comprised of \$64.0 mm in interest income and \$207.0 mm in OIM realized/unrealized gains (\$120.4 mm net realized loss), offset by \$179.4 mm in OIM net bond sales (increasing OIM cash balances accordingly) and by \$55 mm in OIM rebalancing redemptions, representing a monthly net return of +2.0% (unaudited).
- Equity market value increase of \$314.8 mm comprised of \$5.2 mm of dividend income, \$256.1 mm in net realized/unrealized gains (\$9.9 mm net realized loss) and \$55 mm in portfolio rebalancing purchases directed to OIM, offset by \$1.5 mm in OIM net stock sales (increasing OIM cash balances), representing a monthly net return of +7.5% (unaudited).
- Net cash balances increased \$157.9 mm in July 2009 largely due to increased OIM cash balances (\$180.6 mm) and by decreased operating cash balances (\$22.3 mm). JPMorgan US Govt. money market fund had 30-day average yield of 0.24% for July 2009 (0.29% for June09) and 7-day average yield of 0.22% on 7/31/09 (0.25% on 6/30/09).

Ohio Bureau of Workers' Compensation Investment Asset Allocation - Combining Schedule

As of June 30, 2009

<i>(in thousands)</i>	SIF	% Trust	DWRF	% Trust	BLF	% Trust	PWRF	% Trust	MIF	% Trust	SIEGF	% Trust	ACF	% Trust	Totals	% of Total
Bonds	\$ 12,106,322	76.9%	\$ 887,489	79.8%	\$ 188,912	80.0%	\$ 23,221	99.4%	\$ 17,349	98.9%	\$ -	0.0%	\$ -	0.0%	\$ 13,223,293	76.9%
Long Credit	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Long Government	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Long Gov/Credit	8,910,357	56.6%	648,041	58.3%	138,759	58.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	9,697,157	56.4%
TIPS	3,195,965	20.3%	239,448	21.5%	50,153	21.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,485,566	20.3%
Aggregate	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Intermediate Gov/Credit	-	0.0%	-	0.0%	-	0.0%	23,221	99.4%	17,349	98.9%	-	0.0%	-	0.0%	40,570	0.2%
Stocks	3,257,623	20.7%	220,425	19.8%	46,381	19.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,524,429	20.5%
Russell 3000	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MSCI ACWI ex-U.S.	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
S&P 500	3,248,144	20.6%	220,142	19.8%	46,322	19.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,514,608	20.5%
Dividends Receivable	5,441	0.0%	283	0.0%	59	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,783	0.0%
Miscellaneous	4,038	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,038	0.0%
Net Cash & Cash Equivalents	385,475	2.4%	3,772	0.3%	879	0.4%	129	0.6%	198	1.1%	54,583	100.0%	9,532	100.0%	454,568	2.6%
Total Cash & Investments	\$ 15,749,420	100.0%	\$ 1,111,686	100.0%	\$ 236,172	100.0%	\$ 23,350	100.0%	\$ 17,547	100.0%	\$ 54,583	100.0%	\$ 9,532	100.0%	\$ 17,202,290	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.

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

Ohio Bureau of Workers' Compensation Investment Asset Allocation - Combining Schedule

As of July 31, 2009

(in thousands)	SIF	% Trust	DWRF	% Trust	BLF	% Trust	PWRF	% Trust	MIF	% Trust	SIEGF	% Trust	ACF	% Trust	Totals	% of Total
Bonds	\$ 12,118,951	74.8%	\$ 906,006	78.9%	\$ 194,220	79.6%	\$ 23,316	98.9%	\$ 17,420	98.9%	\$ -	0.0%	\$ -	0.0%	\$ 13,259,913	74.9%
Long Credit	3,844,441	23.7%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,844,441	21.7%
Long Government	1,275,412	7.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1,275,412	7.2%
Long Gov/Credit	1,633,169	10.1%	666,414	58.0%	144,034	59.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,443,617	13.8%
TIPS	3,172,797	19.6%	239,592	20.9%	50,186	20.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,462,575	19.5%
Aggregate	2,193,132	13.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2,193,132	12.4%
Intermediate Gov/Credit	-	0.0%	-	0.0%	-	0.0%	23,316	98.9%	17,420	98.9%	-	0.0%	-	0.0%	40,736	0.2%
Stocks	3,554,652	21.9%	235,129	20.5%	49,475	20.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,839,256	21.7%
Russell 3000	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
MSCI ACWI ex-U.S.	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
S&P 500	3,545,160	21.9%	234,808	20.5%	49,408	20.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3,829,376	21.7%
Dividends Receivable	5,489	0.0%	321	0.0%	67	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	5,877	0.0%
Miscellaneous	4,003	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4,003	0.0%
Net Cash & Cash Equivalents	538,252	3.3%	6,993	0.6%	219	0.1%	257	1.1%	194	1.1%	54,128	100.0%	12,426	100.0%	612,469	3.5%
Total Cash & Investments	\$ 16,211,855	100.0%	\$ 1,148,128	100.0%	\$ 243,914	100.0%	\$ 23,573	100.0%	\$ 17,614	100.0%	\$ 54,128	100.0%	\$ 12,426	100.0%	\$ 17,711,638	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 - Transitions into new asset allocations began in July, 2009. The Long Credit and Long Government split was approximately 75% complete by the end of July, 2009. The U.S. Aggregate transition as well as the remaining Long Credit and Long Government split is anticipated to be fully completed mid-August, 2009. Transitions are anticipated to continue throughout the remainder of 2009 and into First Quarter, 2010.

The S&P 500 Index benchmark increased 7.56% in return for the month of July. This resulted in an increase in equity asset allocation from 20.5% to 21.7% over the month of July, 2009. The strong performance in equities caused a reduction in the bond asset allocation. Cash allocations increased as a result of SIF portfolio transitions, also causing a decline in the bond asset allocation.

Disabled Workers' Relief and Coal Workers' Pneumoconiosis Funds - 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:			Total
	Equity	Bonds	Cash	
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

PWRF: Public Workers' Relief Fund

SIEGF: Self-Insured Employers Guaranty Fund

BLF: Coal Workers' Pneumoconiosis Fund

MIF: Marine Industry Fund

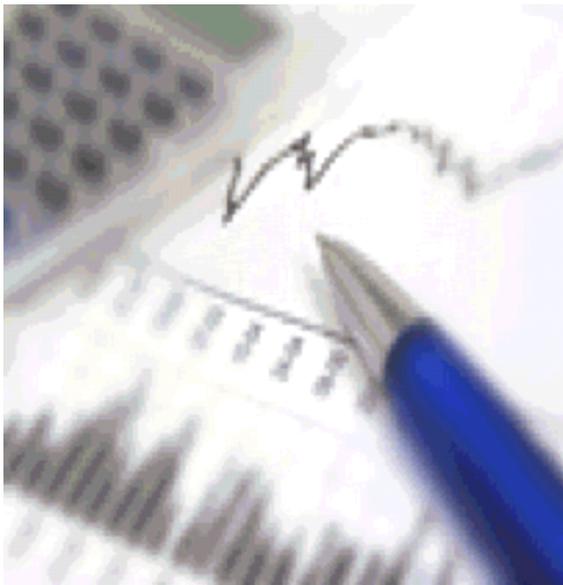
ACF: Administrative Cost Fund

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Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Evaluation - Summary Second Quarter 2009

Services provided by Mercer Investment Consulting, Inc.

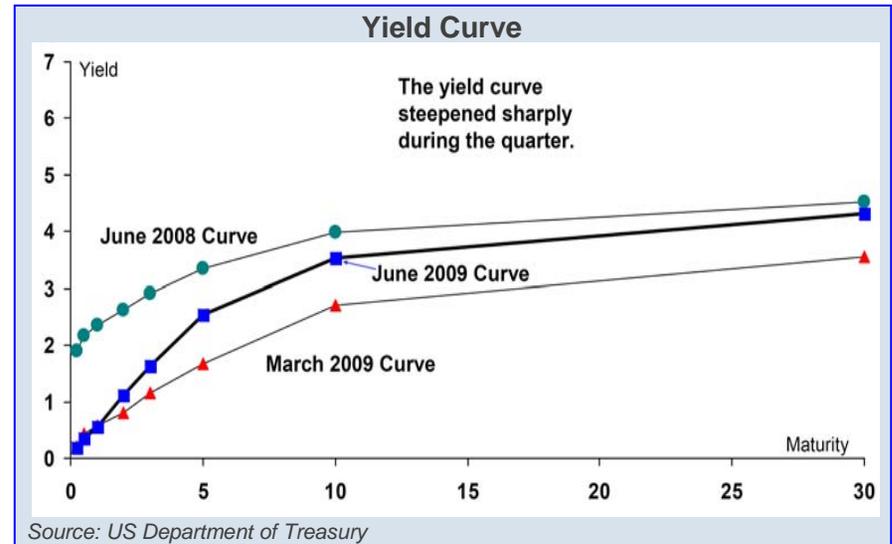
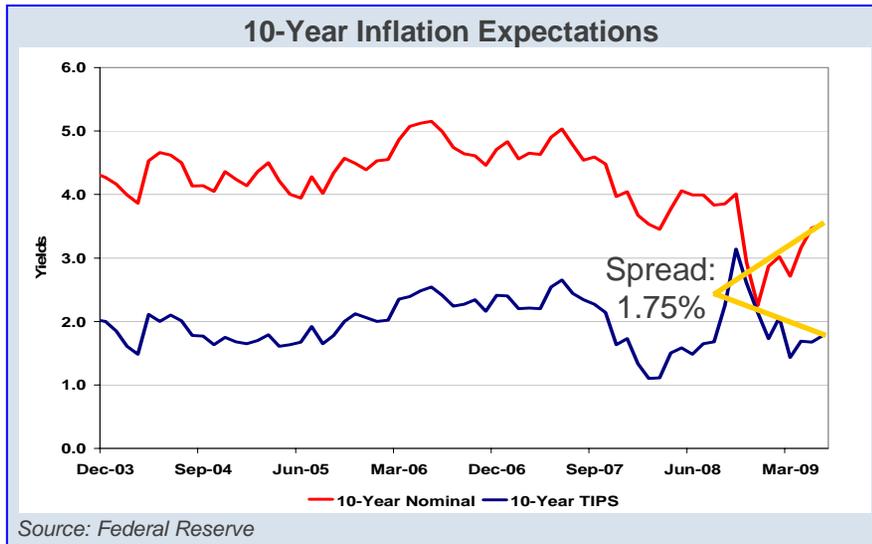
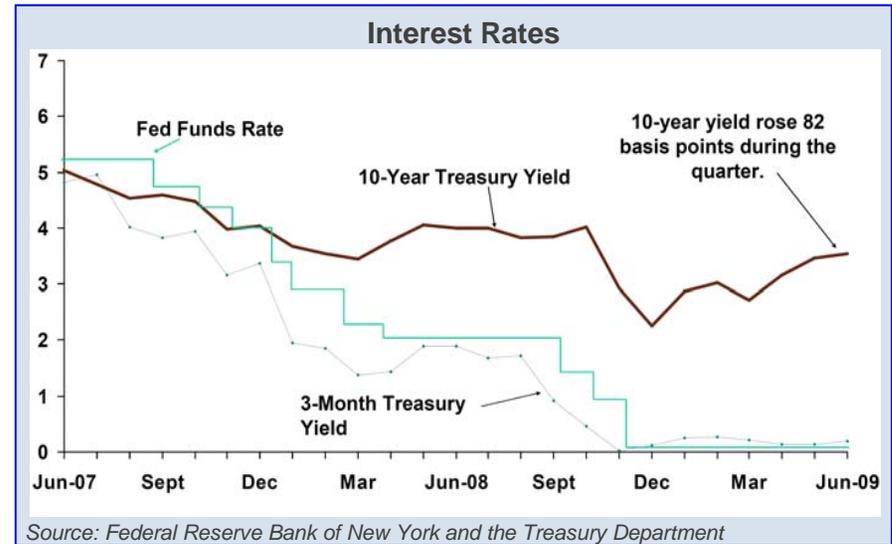
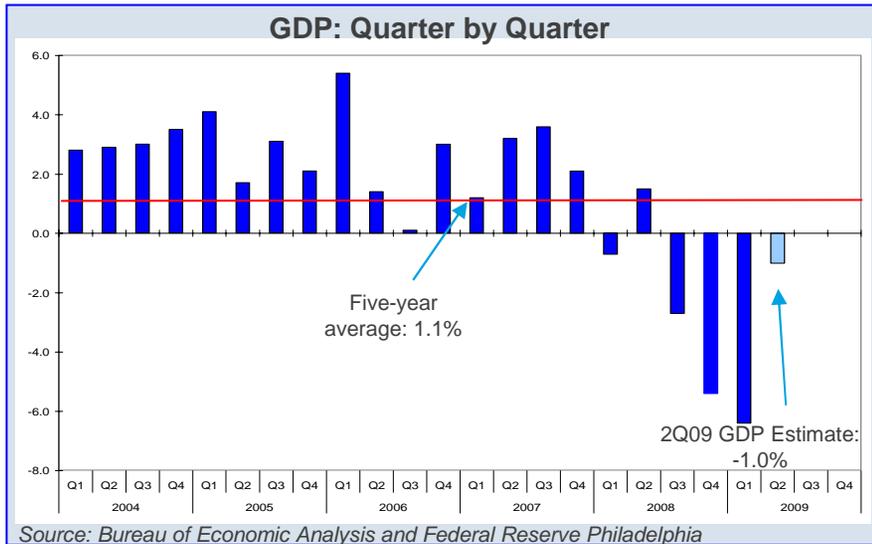
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1. Market Environment
2. Executive Summary
3. Asset Allocation and Performance
4. Appendix

Capital Markets Commentary

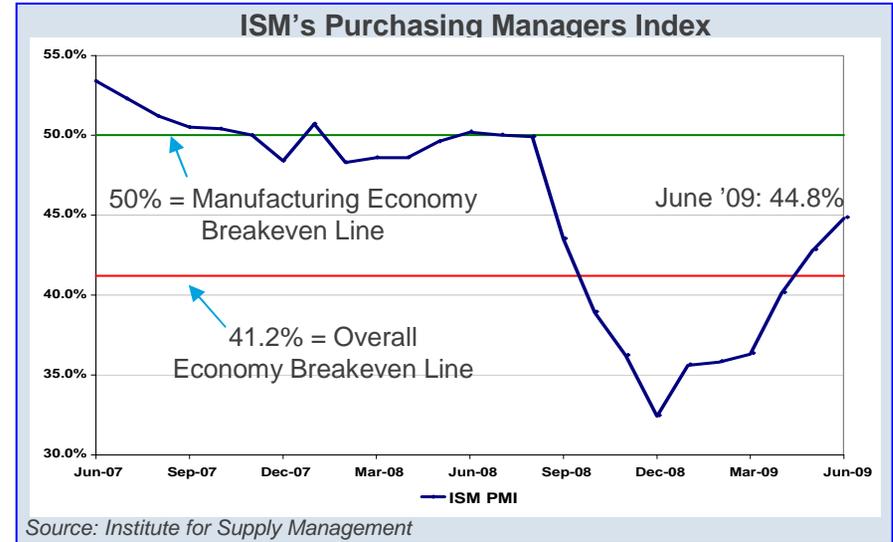
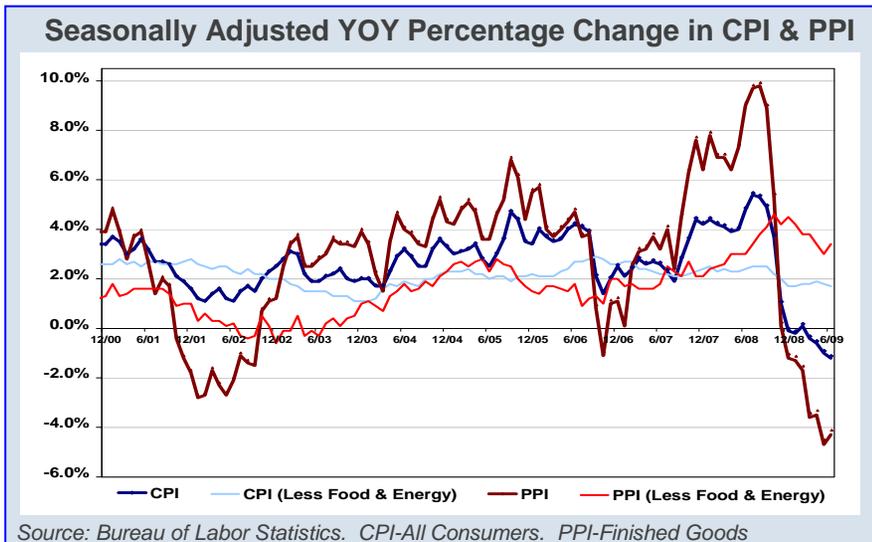
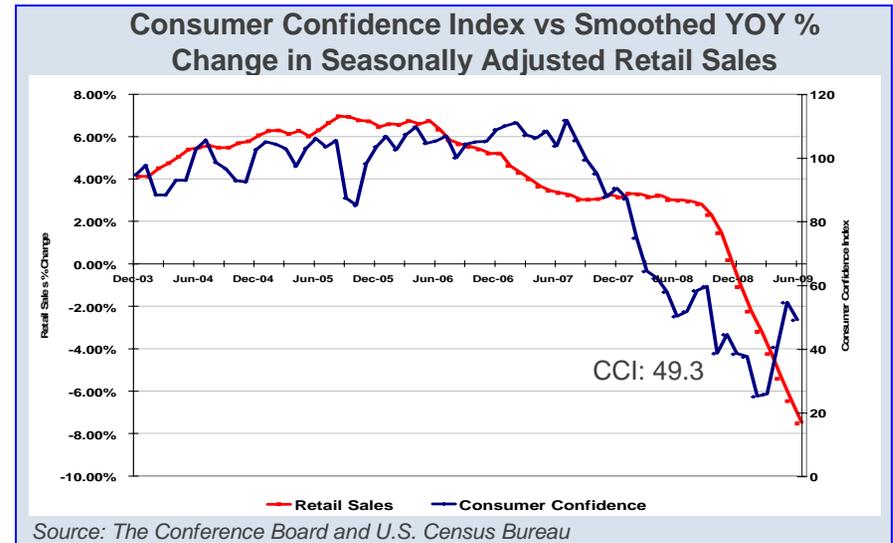
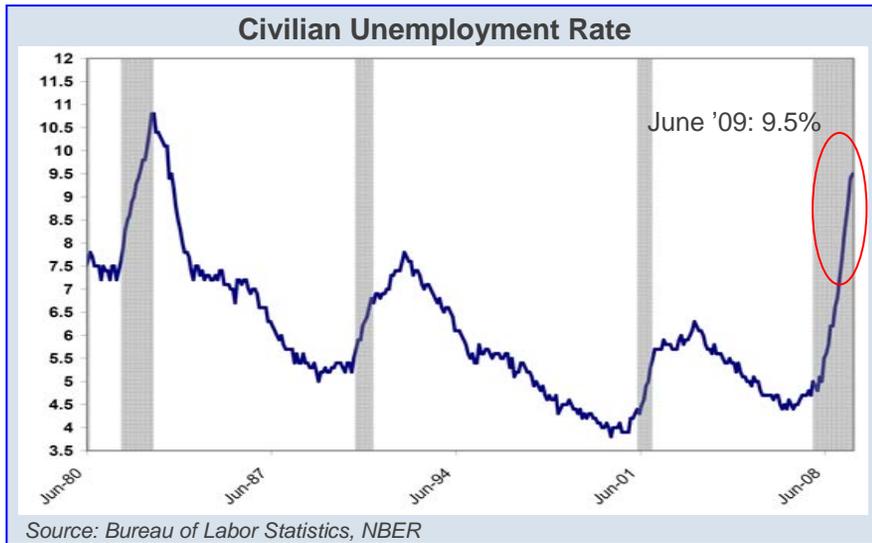
U.S. Capital Markets and Macroeconomic Conditions

Economy



U.S. Capital Markets and Macroeconomic Conditions

Economy

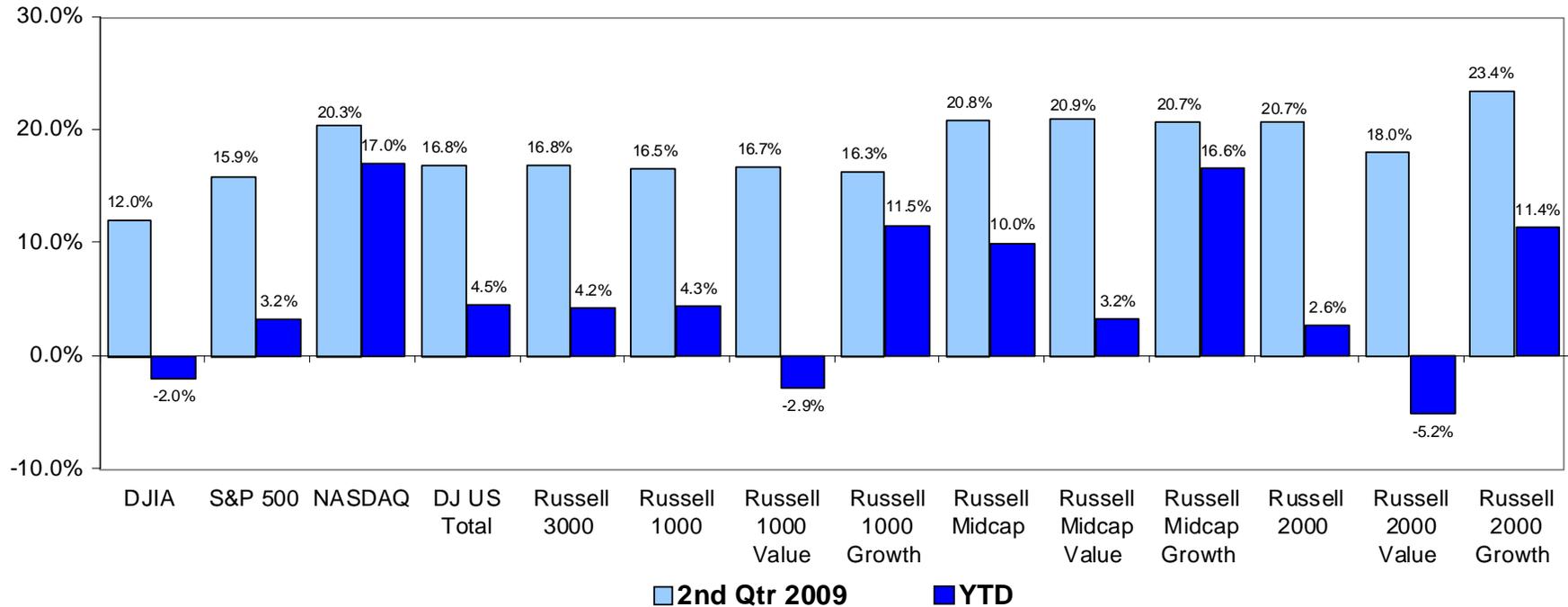


U.S. Equity Surges Across All Market Caps

Value Marginally Outperforms Growth

- After the second quarter, the U.S. remained in a deep recession but is beginning to show signs of recovery powered by increased government spending and improvements in housing and automotive sales. U.S. stocks rebounded strongly across all market caps (large, mid, small) and investment styles (value, core, growth).
- Value-oriented stocks marginally outperformed their growth counterparts within large and mid-cap equities however growth oriented stocks outperformed value stocks within the small-cap space.

Performance of U.S. Equity Indices

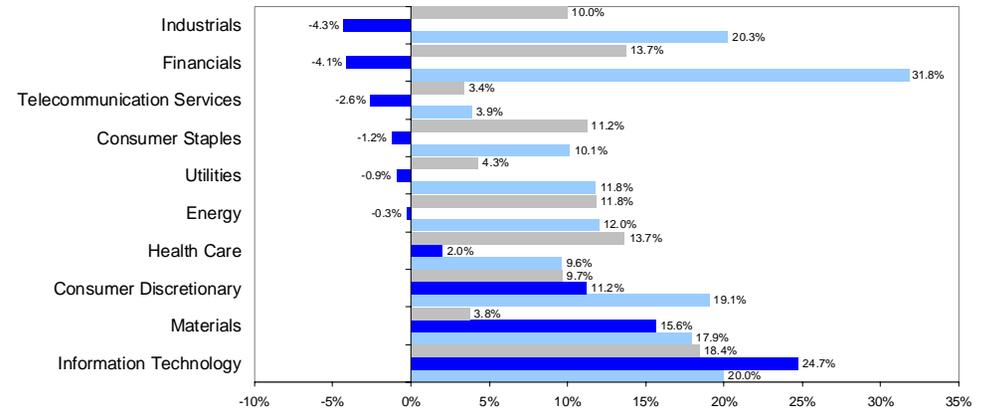


Large-Cap Stocks Underperformed Small-Cap Stocks

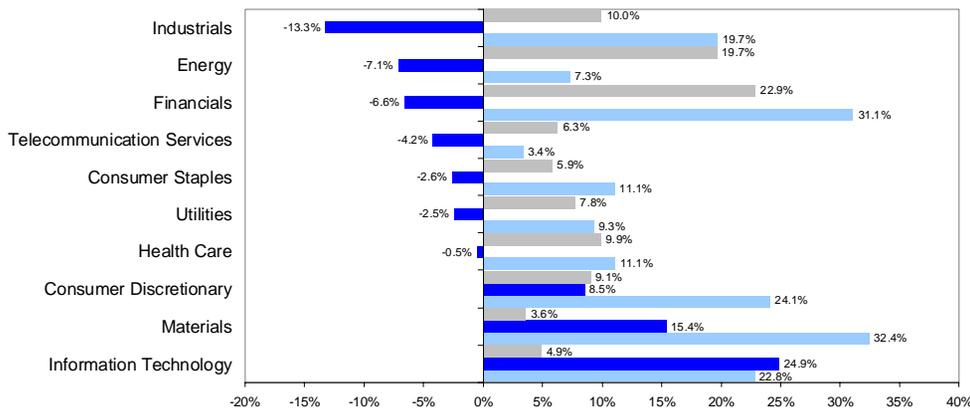
Weakest Performance in Telecommunications

- 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 was the worst performing sector in the large cap space.

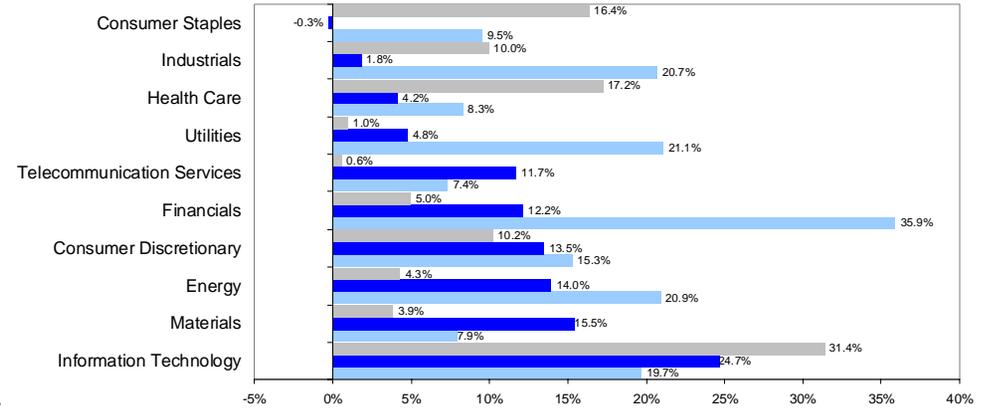
Large Cap Core Performance - Russell 1000 Index



Large Cap Value Performance - Russell 1000 Value Index



Large Cap Growth Performance - Russell 1000 Growth Index



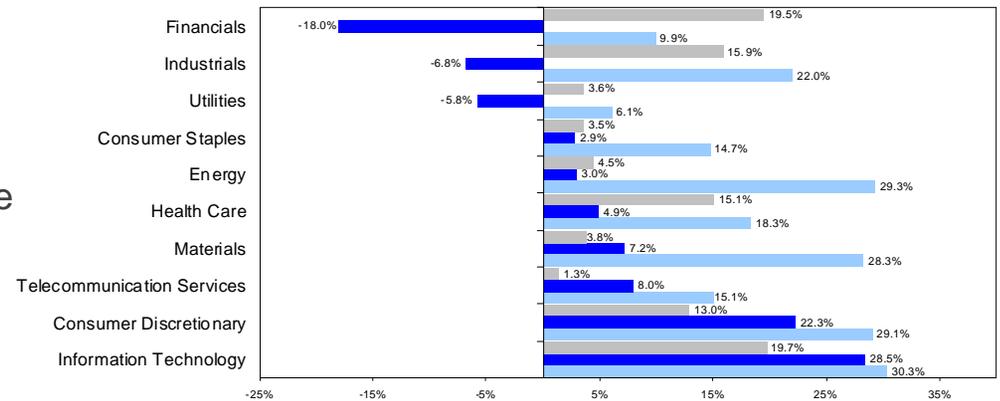
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

Small Cap Stocks Posts Strong Gains

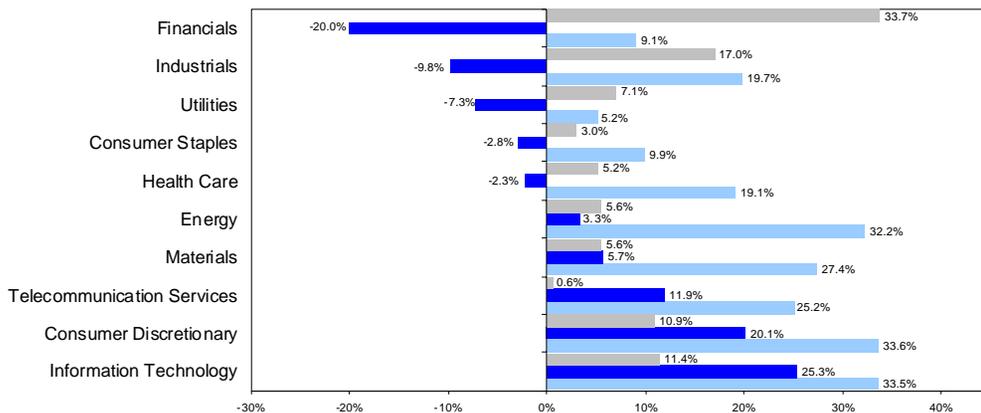
Small Cap Growth Continues to Outperform Small Cap Value

- All ten economic sectors posted positive gains, with the top performing sectors for the quarter being information technology, consumer discretionary, materials, energy, and industrials.
- Stocks with lower S&P equity ratings that were beaten the worst during the market sell-off rallied the most, as investors felt that a strong rebound was in order.
- Small cap growth stocks continue to outperform small cap value stocks, 23.4% compared to 18.0%, respectively.

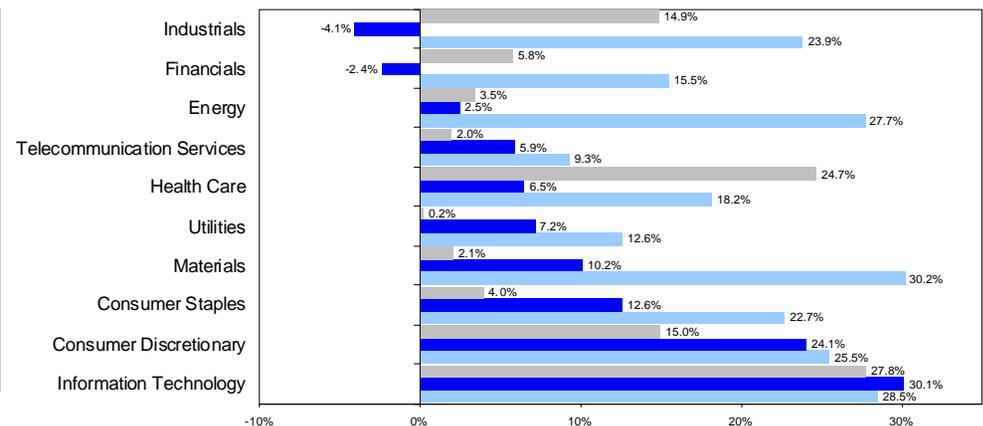
Small Cap Core Performance - Russell 2000 Index



Small Cap Value Performance - Russell 2000 Value Index



Small Cap Growth Performance - Russell 2000 Growth Index



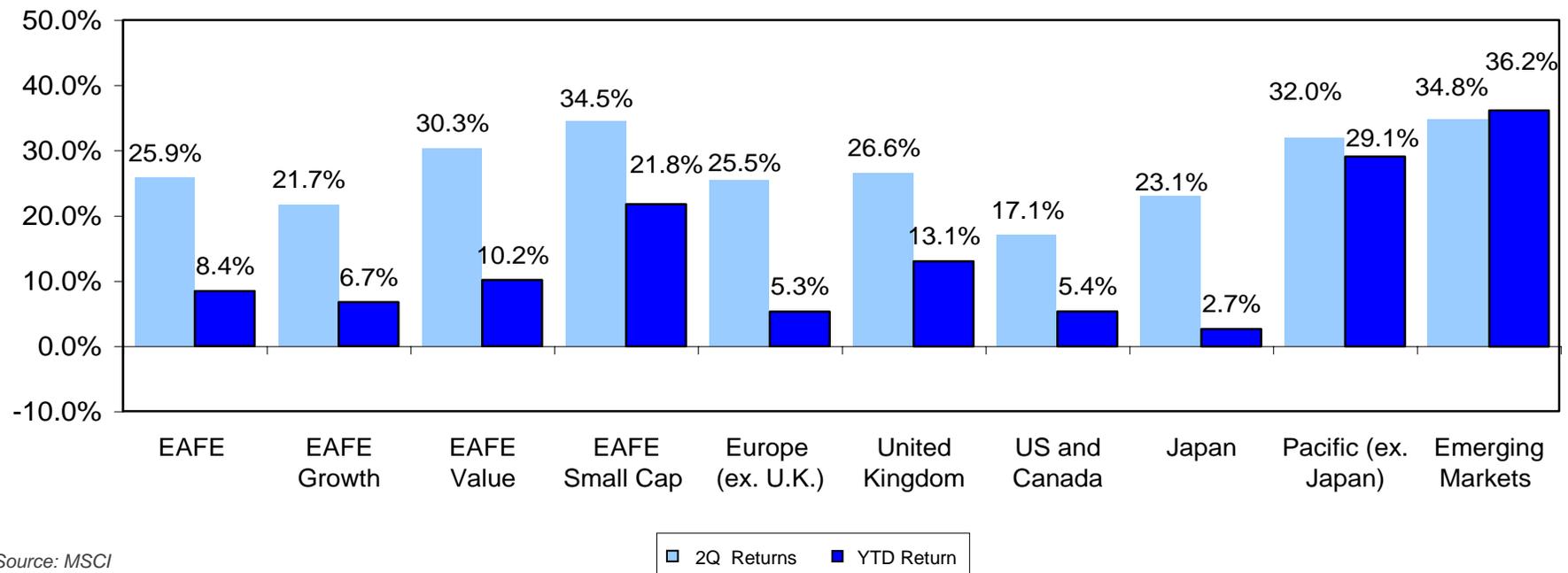
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

International Equities

Developed Markets: Non-U.S. Equities Gain

- MSCI EAFE gained 25.9% (gross) in the second quarter.
 - In local currency terms, MSCI EAFE gained 17.3% for the quarter.
- Japan, which represents 24.1% of the index, posted a 23.1% return. In local currency terms, Japan posted a 20.2% gain.
- The UK, which represents 21.0% of the index, posted a 26.6% return. In local currency terms, UK posted a 10.2% gain.

Non-US Equity Performance



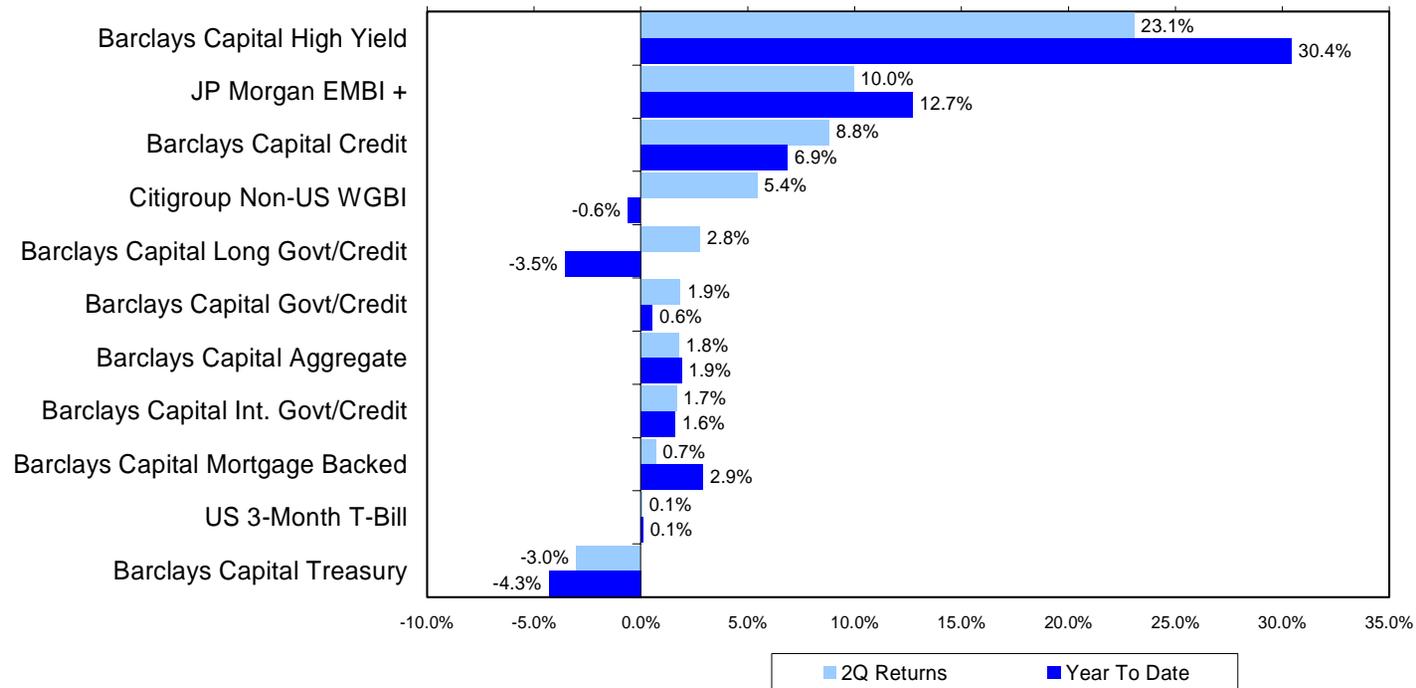
Source: MSCI

US Fixed Income

Performance

- Barclays Aggregate Index finished strong, up 1.8% for the quarter.
 - Corporates led the rally returning 10.5% as investors' risk appetite increased.
 - Financial companies were the top performers as signs of stress eased and several firms repaid TARP money and issued non-FDIC-backed debt.
 - Treasuries were the weakest-performing sector all three months of the quarter as issuances flooded the market and non-US investors had concerns over the government's monetary and fiscal policies.
- Barclays US High Yield Index experienced a strong quarter, returning 23.1% for the quarter and 30.4% year-to-date
 - Strongest returns since the mid-1980s.

Second Quarter Fixed Income Performance



Market Summary Returns

For Periods Ending June 30, 2009

		<u>QTR</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YRS*</u>	<u>5 YRS*</u>	<u>10 YRS*</u>
Equity	S&P 500	15.9	3.2	-26.2	-8.2	-2.2	-2.2
	Russell 1000 Value	16.7	-2.9	-29.0	-11.1	-2.1	-0.1
	Russell 1000 Growth	16.3	11.5	-24.5	-5.5	-1.8	-4.2
	Russell MidCap	20.8	10.0	-30.4	-9.3	-0.1	3.1
	Russell MidCap Value	20.9	3.2	-30.5	-11.1	-0.4	4.0
	Russell MidCap Growth	20.7	16.6	-30.3	-7.9	-0.4	0.0
	Russell 2000	20.7	2.6	-25.0	-9.9	-1.7	2.4
	Russell 2000 Value	18.0	-5.2	-25.2	-12.1	-2.3	5.0
	Russell 2000 Growth	23.4	11.4	-24.8	-7.8	-1.3	-0.9
	Russell 3000	16.8	4.2	-26.6	-8.3	-1.8	-1.5
	<i>Mercer Large Cap Value Equity Peer Group median**</i>	16.5	2.1	-25.6	-8.4	-0.7	2.0
	<i>Mercer Large Cap Growth Equity Peer Group median**</i>	15.3	10.2	-25.6	-5.5	-0.6	-0.7
	<i>Mercer Small Cap Value Equity Peer Group median**</i>	22.2	4.4	-22.7	-8.0	0.3	7.7
<i>Mercer Small Cap Growth Equity Peer Group median**</i>	21.5	11.4	-26.2	-8.1	-0.7	3.0	
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.8	3.0	3.0	3.1
	Barclays Capital Int. Gov't/Credit	1.7	1.6	5.3	6.1	4.6	5.7
	Barclays Capital Gov't/Credit	1.9	0.6	5.3	6.2	4.8	5.9
	Barclays Capital Aggregate	1.8	1.9	6.0	6.4	5.0	6.0
	Barclays Capital Intermediate Government	-1.4	-1.5	6.4	7.0	5.0	5.6
	Barclays Capital Long Gov't/Credit	2.8	-3.5	5.3	6.4	5.6	6.9
	Barclays Capital MBS	0.7	2.9	9.4	7.9	6.0	6.3
	Barclays Capital TIPS	0.7	6.2	-1.1	5.8	4.9	7.2
	Barclays Capital High Yield	23.1	30.4	-2.4	2.1	4.3	4.7
	<i>Mercer Core Fixed Income Peer Group median**</i>	4.1	4.8	5.9	6.2	5.1	6.1
International	MSCI EAFE	25.9	8.4	-31.0	-7.5	2.8	1.6
	MSCI Emerging Markets	34.8	36.2	-27.8	3.3	15.1	9.0
	Citigroup Non-US Gov't Bond	5.4	-0.6	3.5	7.9	6.2	6.5
	Citigroup Non-US Gov't Bond - Hedged	0.2	0.2	8.5	5.7	5.3	5.3
	<i>Mercer International Equity Universe median**</i>	23.9	8.9	-30.8	-6.4	4.0	3.7
Miscellaneous	NCREIF Property Index***	-7.3	-15.0	-14.7	4.2	9.4	9.4
	FTSE NAREIT (Equity REITS)	28.9	-12.2	-43.3	-18.0	-2.7	5.5
	Merrill Lynch Inv. Grade Convertible	8.4	12.4	-5.2	3.0	2.9	3.0
	Goldman Sachs Commodity Index	19.2	6.6	-59.7	-15.2	-3.4	6.3
Inflation	CPI	1.4	2.6	-1.4	2.1	2.6	2.6

Index at 3/31/09	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	7,608.92	1,528.59	797.87	422.75	8,113.14
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

* Annualized

** Preliminary

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

Executive Summary

Executive Summary

All Funds Composite

At the end of the first quarter, the Total Fund held a balance of \$17.18 billion, representing a gain of \$626.8 million over the previous quarter's balance of \$16.56 billion.

During the second quarter, the Total Fund returned 4.6% net-of-fees. Over the trailing one- and three-year periods the Total Fund has returned -1.1% and 2.8%, respectively. Since inception, the All Funds Composite has returned 3.6%.

State Insurance Fund Total

The State Insurance Fund (SIF) held approximately \$15.74 billion at the end of the second quarter representing an increase of \$571.8 million over the previous quarter's balance.

The State Insurance Fund's second quarter performance approximated that of the All Funds Composite. During the second quarter, the State Insurance Fund returned 4.6% and trailed the interim policy benchmark by 30 basis points. Over the trailing one-year period, the State Insurance Fund outperformed the interim policy benchmark by 140 basis points.

At the end of the second quarter, the State Insurance Fund held an overweight exposure to TIPS fixed income, short term investments and large cap domestic equity at the expense of long duration fixed income.

Public Equity Portfolio (Northern Trust)

The Northern Trust Global Large Cap S&P 500 Index Fund (NT S&P 500 Index) returned 15.7% over the second quarter and trailed the S&P 500 Index by 20 basis points due to cash flows.

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 20.5% of the Ohio BWC's assets were allocated to the NT S&P 500 Index Fund.

Executive Summary

Fixed Income

Barclays Long Duration

The Barclays Long Duration Portfolio is solely held by the State Insurance Fund. The Barclays Long Duration Fixed Income Fund returned 2.8%, over the second quarter and approximated the Barclays Capital U.S. Gov/ Credit Long Term Index. The Barclays Fund also ranked in the bottom half of the Mercer Institutional US Fixed Long Duration Universe (which is in line with our expectations for a passively managed strategy).

At the end of the quarter, Barclays represented 9.3% or \$1.60 billion of the Total Fund's balance.

State Street Long Duration

The State Street Long Duration Fixed Income Fund held \$8.12 billion at the end of the second quarter, representing 47.3% of the Total Fund's balance. The State Street Long Duration strategy is held in the State Insurance Fund (SIF), the Disabled Workers Retirement Fund (DWRP), and the Black Lung Fund (BLF). During the second quarter, the portfolio returned 2.9% in the SIF Portfolio, 2.7% in the DWRP Portfolio and 2.8% in the BLF Portfolio; all approximated or tracked the Barclays Capital U.S. Gov/Credit Long Term Index within 10 basis points, which returned 2.8% during the quarter.

State Street Intermediate Duration

The State Street Intermediate Duration Fixed Income Fund held a total balance of \$40.19 million at the end of the second quarter. The Intermediate Duration strategy is held in both the Public Worker's Relief Fund (PWRP) and Marine Insurance Fund (MIF). The strategy returned 1.6% during the quarter in both the PWRP 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 (DWRP), and the Black Lung Fund (BLF). The TIPS Fund returned 0.5% during the quarter in all of the aforementioned portfolios. The Fund trailed the Barclays Capital US TIPS Index by 20 basis points during the second quarter.

At the end of the quarter, TIPS represented approximately \$3.48 billion or 20.3% of the Total Fund's balance.

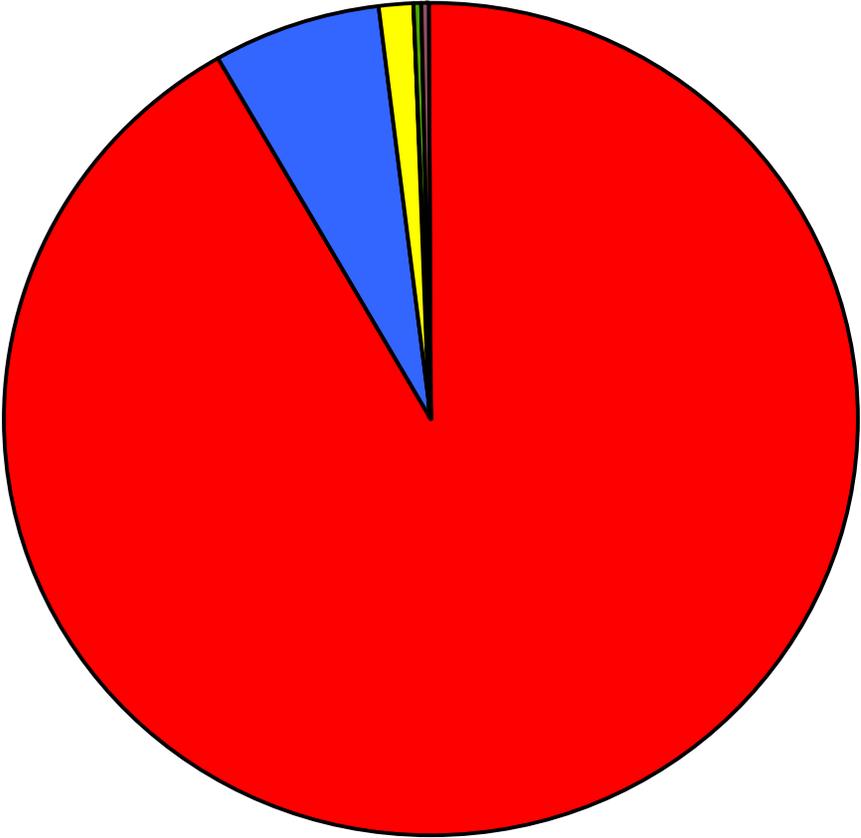
Asset Allocation and Performance

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation

As of June 30, 2009*

■ SIF Accounts	91.6%
■ DWRF Fund Composite	6.5%
■ BLF Fund Composite	1.4%
■ PWRF Fund Composite	0.1%
■ MIF Fund Composite	0.1%
■ SIEGF Fund Composite	0.3%

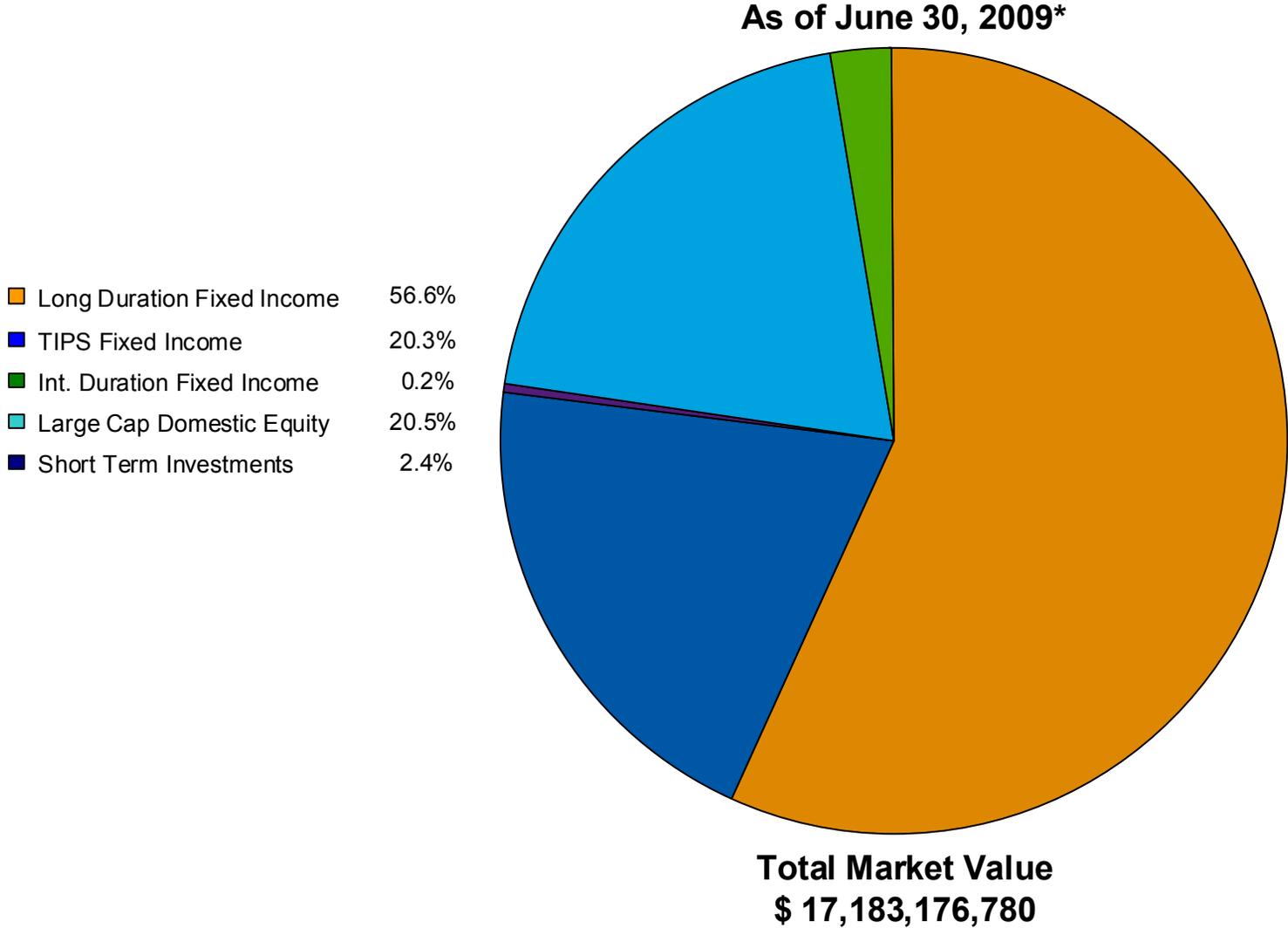


Total Market Value
\$17,183,176,780

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

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation



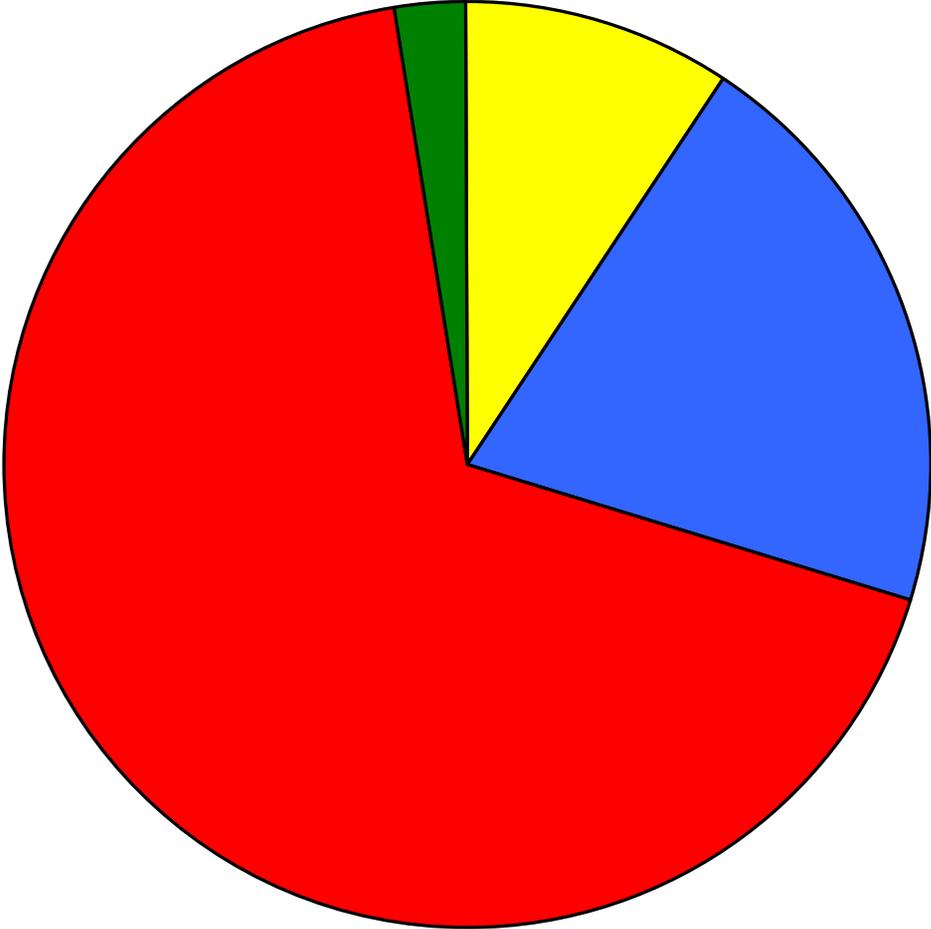
* Numbers may not add to 100% due to rounding.

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation

As of June 30, 2009*

Barclays Global Investors	9.3%
Northern Trust	20.5%
State Street Global Advisors	67.8%
Cash & Miscellaneous	2.4%



Total Market Value
\$ 17,183,176,780

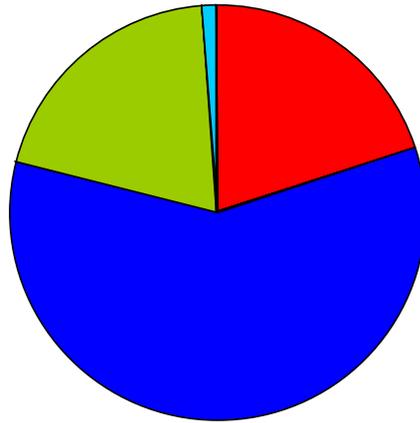
* Numbers may not add to 100% due to rounding.

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation – State Insurance Fund

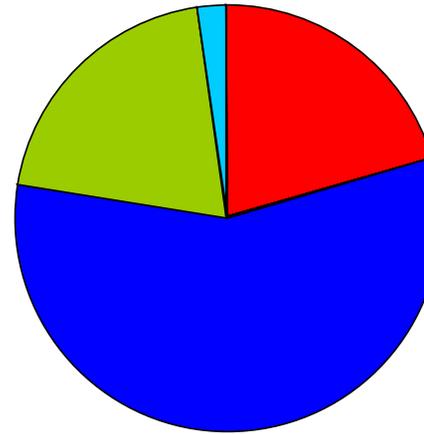
Interim Policy

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



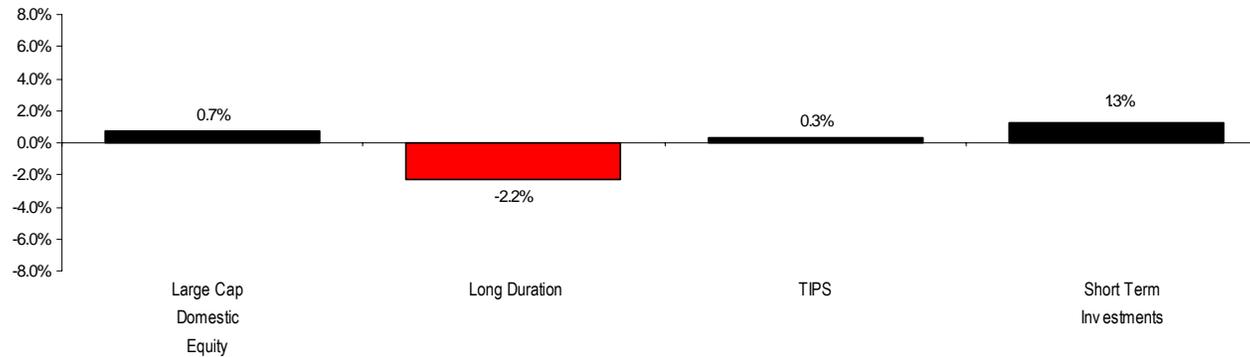
As of June 30, 2009

Large Domestic Equity	20.7%
Long Duration	56.8%
TIPS	20.3%
Short Term Investments	2.3%



**Total Market Value
\$15,742,865,130**

Asset Allocation vs. Long Term Policy



Ohio Bureau of Workers Compensation (Ohio BWC)

Reconciliation

Portfolio Reconciliation By Manager

	Quarter Ending June 30, 2009			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
SIF SSGA LDFI	\$7,222,672,649	-\$100,623,817	\$211,309,172	\$7,333,358,004
SIF BGI LDFI	\$1,574,623,260	-\$15,441,753	\$43,740,727	\$1,602,922,234
SIF SSGA TIPS Index	\$3,335,249,998	-\$160,153,268	\$15,943,410	\$3,191,040,139
SIF Northern Trust Global Large Cap S&P 500 Index	\$2,480,258,831	\$354,891,472	\$422,345,251	\$3,257,495,555
SIF Miscellaneous Transition Mgmt. BGI	\$1,623,337	-\$1,623,881	\$544	\$0
SIF Miscellaneous Holding Account	\$5,163,811	-\$1,725,000	\$763,640	\$4,202,452
SIF Transition Account	\$1,010,209	-\$237	\$44,867	\$1,054,839
SIF BWC Main Cash Account	\$550,430,769	-\$197,999,981	\$361,120	\$352,791,908
DWRF Miscellaneous Transition Mgmt. BGI	\$913	-\$4,293	\$3,381	\$0
DWRF SSGA LDFI	\$634,256,377	-\$92,711	\$17,152,915	\$651,316,581
DWRF SSGA TIPS	\$237,932,339	-\$27,636	\$1,279,484	\$239,184,187
DWRF NT S&P 500	\$188,733,453	\$582,809	\$29,655,584	\$218,971,845
Disabled Workers Retirement	\$3,694,495	-\$3,689,452	\$1,671	\$6,715
Black Lung SSGA LDFI	\$135,086,242	-\$28,930	\$3,768,224	\$138,825,536
Black Lung SSGA TIPS	\$49,836,723	-\$20,611	\$267,944	\$50,084,055
Black Lung NT S&P 500	\$39,706,113	\$132,621	\$6,247,206	\$46,085,939
Black Lung	\$1,557,234	-\$803,089	\$803	\$754,949
PWRF Intermediate Duration Fixed Income	\$22,642,302	-\$2,289	\$365,500	\$23,005,512
Public Workers Relief Fund	\$124,757	\$4,532	\$124	\$129,413
MIF Intermediate Duration Fixed Income	\$16,916,777	-\$1,710	\$273,076	\$17,188,143
Marine Account	\$311,376	-\$134,206	\$279	\$177,448
Self Insured Bond Fund	\$54,538,961	-\$6,376	\$48,740	\$54,581,326
Total	\$16,556,370,924	-\$126,767,806	\$753,573,661	\$17,183,176,780

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Total Plan Performance

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund	\$17,183,176,780	100.0%	4.6%	--	-0.4%	--	-1.1%	--	2.8%	--	--	--	3.6%	Jun-05
SIF Fund Composite	\$15,742,865,130	91.6%	4.6%	--	-0.4%	--	-1.1%	--	2.8%	--	--	--	3.6%	Jun-05
<i>SIF Interim Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	Jun-05
SIF Bond Composite	\$12,127,320,376	70.6%	2.3%	--	-1.3%	--	4.1%	--	--	--	--	--	5.0%	Dec-06
SIF LDFI Composite	\$8,936,280,237	52.0%	2.9%	65	-3.3%	77	5.9%	62	--	--	--	--	4.8%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
SSGA LDFI**	\$7,333,358,004	42.7%	2.9%	65	-3.3%	77	5.9%	62	--	--	--	--	4.9%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
BGI LDFI	\$1,602,922,234	9.3%	2.8%	71	-3.5%	78	5.5%	69	--	--	--	--	4.4%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
SIF TIPS Composite	\$3,191,040,139	18.6%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	6.1%	Jan-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	6.2%	Jan-07
SSGA TIPS Index**	\$3,191,040,139	18.6%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	6.1%	Jan-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	6.2%	Jan-07

* Please see appendix for gross of fee performance.

** Differences between manager performance and its respective index is due to pricing differences between JPMorgan and State Street Global Advisors.

Mercer Investment Consulting, Inc.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
SIF Equity Composite	\$3,262,752,846	19.0%	15.7%	--	3.3%	--	-25.9%	--	--	--	--	--	-13.9%	Dec-06
S&P 500 Index (Total Return)			15.9%	--	3.2%	--	-26.2%	--	--	--	--	--	--	Dec-06
SIF Public Equity Composite	\$3,257,495,555	19.0%	15.7%	47	3.0%	56	-26.2%	51	--	--	--	--	-14.9%	Jan-07
S&P 500 Index (Total Return)			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-15.0%	Jan-07
Mercer Instl US Equity Large Cap Core Median			15.5%		3.6%		-26.2%		-7.5%		-1.0%		--	Jan-07
Northern Trust Global Large Cap S&P 500 Index	\$3,257,495,555	19.0%	15.7%	47	3.0%	56	-26.2%	51	--	--	--	--	-19.3%	Jul-07
S&P 500 Index (Total Return)			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-19.4%	Jul-07
Mercer Instl US Equity Large Cap Core Median			15.5%		3.6%		-26.2%		-7.5%		-1.0%		--	Jul-07
Miscellaneous Transition Mgmt. BGI	\$0	0.0%	-8.7%	--	--	--	--	--	--	--	--	--	--	Feb-09
Miscellaneous Holding Account	\$4,202,452	0.0%	15.9%	--	136.5%	--	128.0%	--	--	--	--	--	45.4%	Nov-06
Transition Account	\$1,054,839	0.0%	4.4%	--	-0.5%	--	-9.8%	--	--	--	--	--	-8.1%	Dec-07
SIF Cash Composite	\$352,791,908	2.1%	0.1%	--	0.2%	--	1.2%	--	4.5%	--	--	--	4.4%	Jun-05
Merrill Lynch 91 Day T-Bill			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	Jun-05
BWC Main Cash Account	\$352,791,908	2.1%	0.1%	--	0.2%	--	1.2%	--	4.5%	--	--	--	4.4%	Jun-05
Merrill Lynch 91 Day T-Bill			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	Jun-05

* Please see appendix for gross of fee performance.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
DWRF Composite	\$1,109,479,328	6.5%	4.5%	--	-0.5%	--	-0.9%	--	--	--	--	--	1.5%	Dec-06
<i>DWRF Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	<i>Dec-06</i>
DWRF SSGA LDFI**	\$651,316,581	3.8%	2.7%	71	-3.6%	78	5.7%	63	--	--	--	--	4.6%	Oct-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.1%	<i>Oct-07</i>
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		--	<i>Oct-07</i>
DWRF SSGA TIPS**	\$239,184,187	1.4%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	4.3%	Oct-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	4.5%	<i>Oct-07</i>
DWRF NT S&P 500	\$218,971,845	1.3%	15.7%	47	3.2%	54	-26.1%	49	--	--	--	--	-23.2%	Sep-07
<i>S&P 500 Index (Total Return)</i>			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-23.3%	<i>Sep-07</i>
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.6%		-26.2%		-7.5%		-1.0%		-22.3%	<i>Sep-07</i>
Disabled Workers Retirement Cash Account	\$6,715	0.0%	0.1%	--	0.3%	--	1.3%	--	5.3%	--	--	--	4.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
BLF Composite	\$235,750,479	1.4%	4.6%	--	-0.3%	--	-1.3%	--	--	--	--	--	1.3%	Dec-06
<i>BLF Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	<i>Dec-06</i>
Black Lung SSGA LDFI**	\$138,825,536	0.8%	2.8%	71	-3.3%	77	6.0%	62	--	--	--	--	4.8%	Oct-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.1%	<i>Oct-07</i>
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		--	<i>Oct-07</i>
Black Lung SSGA TIPS**	\$50,084,055	0.3%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	4.3%	Oct-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	4.5%	<i>Oct-07</i>
Black Lung NT S&P 500	\$46,085,939	0.3%	15.7%	46	3.2%	54	-26.1%	49	--	--	--	--	-23.2%	Sep-07
<i>S&P 500 Index (Total Return)</i>			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-23.3%	<i>Sep-07</i>
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.6%		-26.2%		-7.5%		-1.0%		-22.3%	<i>Sep-07</i>
Black Lung Cash Account	\$754,949	0.0%	0.1%	--	0.2%	--	1.2%	--	4.9%	--	--	--	4.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>

* Please see appendix for gross of fee performance.

** Differences between manager performance and its respective index is due to pricing differences between JPMorgan and State Street Global Advisors.

Mercer Investment Consulting, Inc.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
PWRF Composite	\$23,134,926	0.1%	1.6%	--	1.4%	--	2.4%	--	--	--	--	--	2.9%	Dec-06
<i>PWRF Policy Benchmark</i>			1.7%	--	1.6%	--	5.2%	--	--	--	--	--	--	<i>Dec-06</i>
PWRF Intermediate Duration Fixed Income	\$23,005,512	0.1%	1.6%	--	--	--	--	--	--	--	--	--	--	Feb-09
<i>Barclays Capital Int Govt/Credit</i>			1.7%	--	1.6%	--	5.3%	--	6.1%	--	4.6%	--	2.0%	<i>Feb-09</i>
Public Workers Relief Fund Cash Account	\$129,413	0.0%	0.1%	--	0.3%	--	1.2%	--	3.8%	--	--	--	2.8%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
MIF Composite	\$17,365,592	0.1%	1.6%	--	1.4%	--	2.3%	--	--	--	--	--	3.0%	Dec-06
<i>MIF Policy Benchmark</i>			1.7%	--	1.6%	--	5.2%	--	--	--	--	--	--	<i>Dec-06</i>
MIF Intermediate Duration Fixed Income	\$17,188,143	0.1%	1.6%	--	--	--	--	--	--	--	--	--	--	Feb-09
<i>Barclays Capital Int Govt/Credit</i>			1.7%	--	1.6%	--	5.3%	--	6.1%	--	4.6%	--	2.0%	<i>Feb-09</i>
Marine Cash Account	\$177,448	0.0%	0.1%	--	0.3%	--	1.2%	--	3.8%	--	--	--	3.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
SIEGF Composite	\$54,581,326	0.3%	0.1%	--	0.2%	--	1.2%	--	--	--	--	--	3.1%	Dec-06
<i>SIEGF Policy Benchmark</i>			0.0%	--	0.1%	--	0.6%	--	--	--	--	--	--	<i>Dec-06</i>
Self Insured Bond Fund Cash Account	\$54,581,326	0.3%	0.1%	--	0.2%	--	1.2%	--	3.5%	--	--	--	3.7%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>

* Please see appendix for gross of fee performance.

Appendix

Benchmark Weights

The benchmarks for their respective accounts are as follows:

	Weight		Weight
SIF Interim Policy Benchmark:		PWRF Policy Benchmark:	
BarCap Long US Government/Credit Index	59%	BarCap Intermediate US Government/Credit	99%
BarCap US TIPS	20%	91-Day T-Bill - 1%	1%
S&P 500	20%	TOTAL:	100%
91-Day T-Bill	1%		
TOTAL:	100%	MIF Policy Benchmark:	
		BarCap Intermediate US Government/Credit	99%
DWRF Policy Benchmark:		91-Day T-Bill	1%
BarCap Long US Government/Credit Index	59%	TOTAL:	100%
BarCap US TIPS	20%		
S&P 500	20%	SIEGF Policy Benchmark:	
91-Day T-Bill	1%	91-Day T-Bill	100%
TOTAL:	100%		
		BLF Policy Benchmark:	
BarCap Long US Government/Credit Index	59%	BarCap Long US Government/Credit Index	59%
BarCap US TIPS	20%	BarCap US TIPS	20%
S&P 500	20%	S&P 500	20%
91-Day T-Bill	1%	91-Day T-Bill	1%
TOTAL:	100%		

Fee Schedule

Manager Roster and Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual 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	\$1,300,004	0.01%
BGI LDFI	0.06% of First \$1,000.0 Mil, 0.05% of Next \$1,000.0 Mil, 0.04% Thereafter	\$0	\$901,461	0.05%
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	\$310,283	0.00%
SIF Equity Composite				
SIF Public Equity Composite				
Northern Trust Global Large Cap S&P 500 Index	0.01% of Assets	\$0	\$260,600	0.01%
Miscellaneous Transition Mgmt. BGI			--	--
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	\$195,395	0.02%
DWRF SSGA TIPS	0.01% of First \$500.0 Mil, 0.01% of Next \$1,000.0 Mil, 0.01% Thereafter	\$0	\$35,878	0.01%
DWRF NT S&P 500	0.01% of Assets	\$0	\$17,518	0.01%
Disabled Workers Retirement			--	--

Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
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	\$41,648	0.02%
Black Lung SSGA TIPS	0.01% of First \$500.0 Mil, 0.01% of Next \$1,000.0 Mil, 0.01% Thereafter	\$0	\$7,513	0.01%
Black Lung NT S&P 500	0.01% of Assets	\$0	\$3,687	0.01%
Black Lung			--	--
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	\$9,202	0.03%
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	\$6,875	0.03%
Marine Account			--	--
SIEGF Composite				
Self Insured Bond Fund			--	--
Approximate Investment Management Fee			\$3,090,063	0.02%

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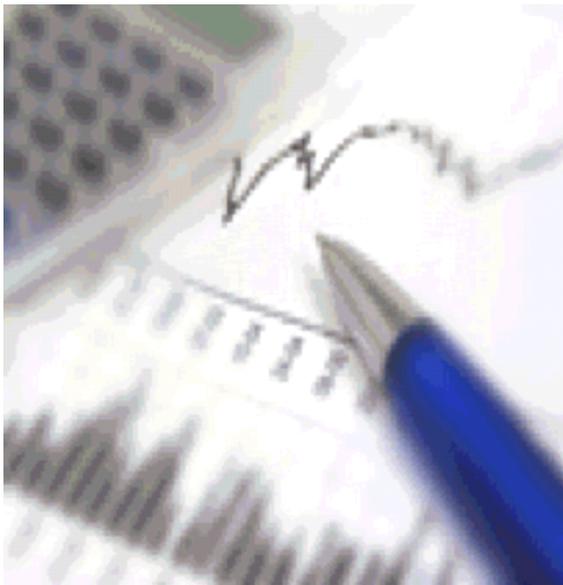
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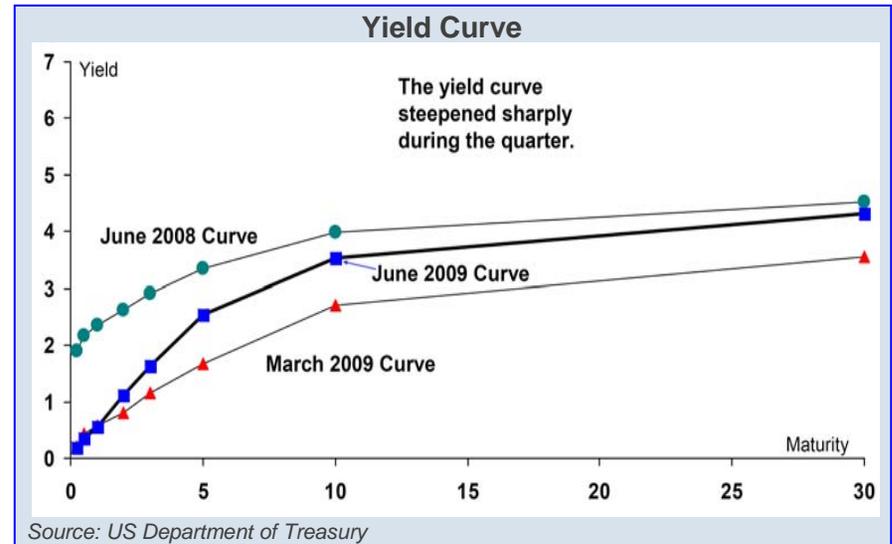
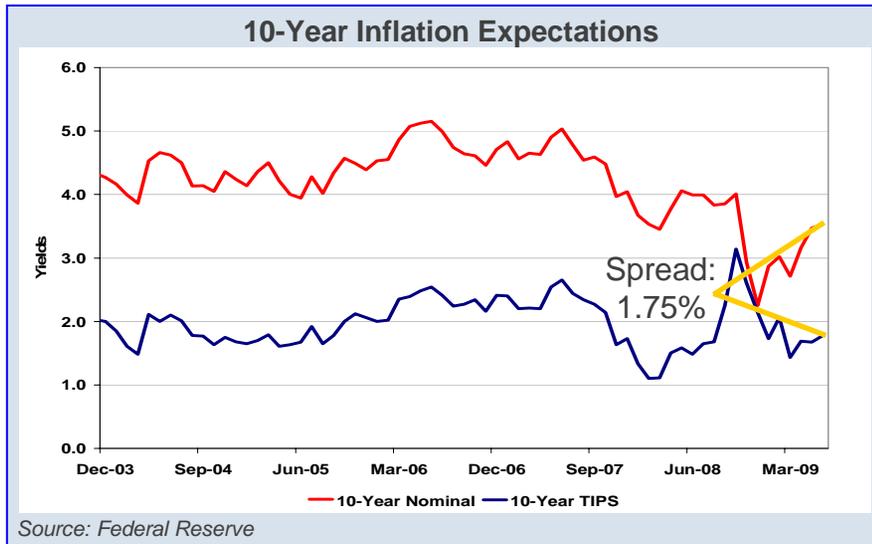
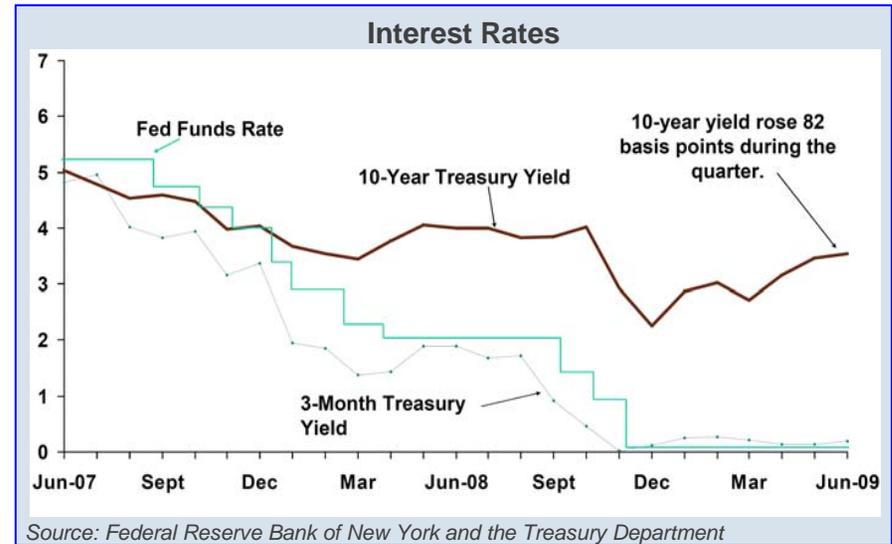
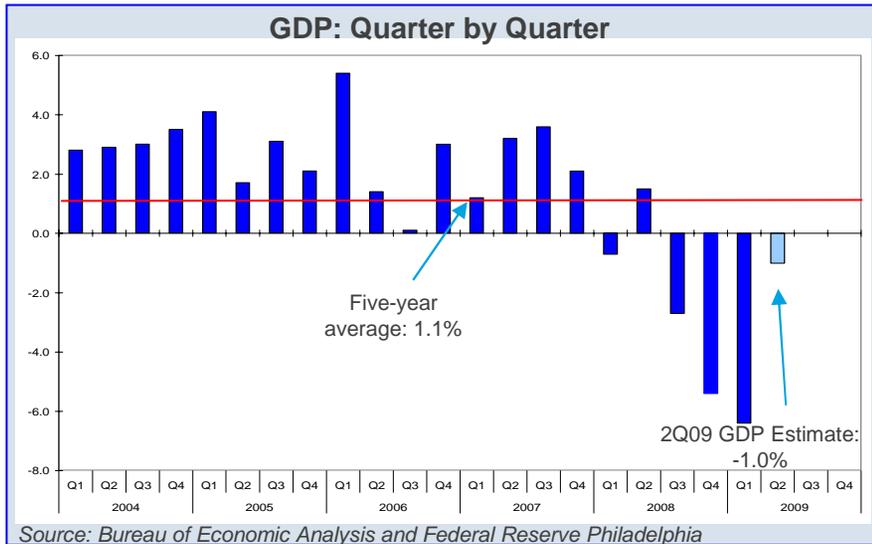
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Capital Markets Commentary

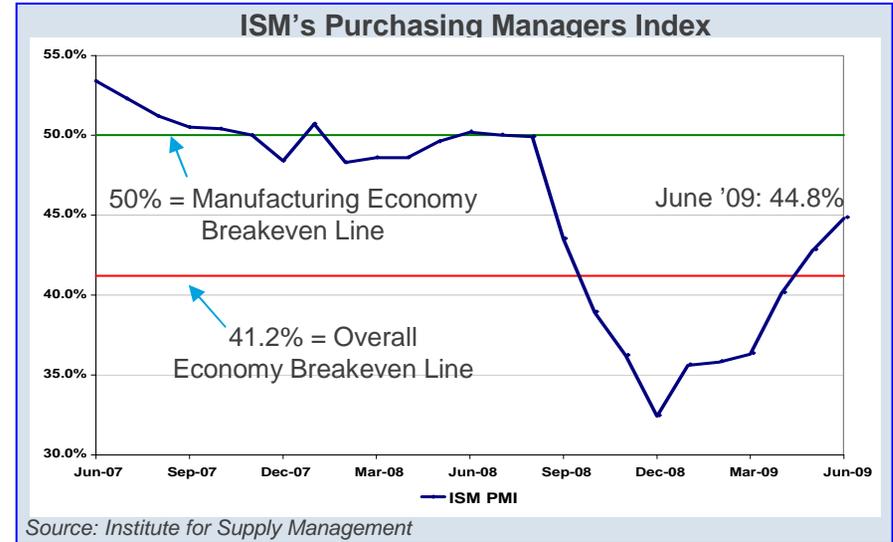
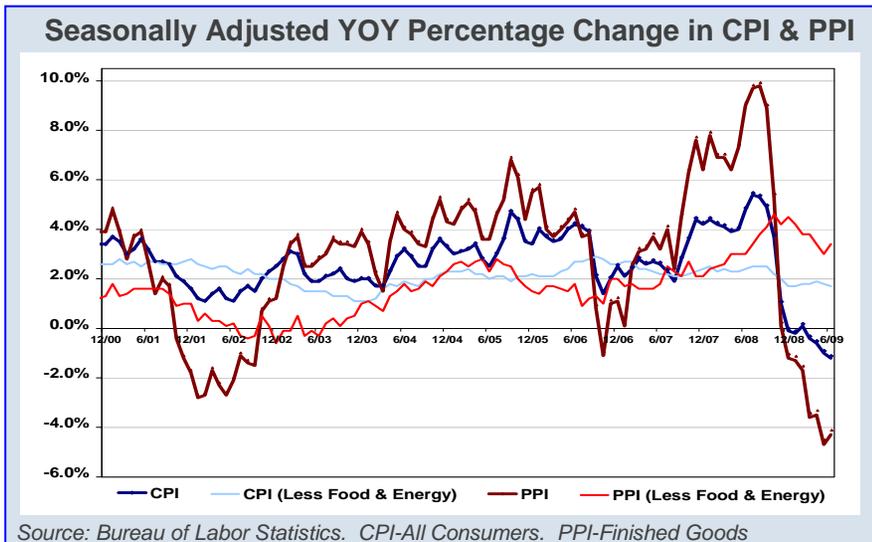
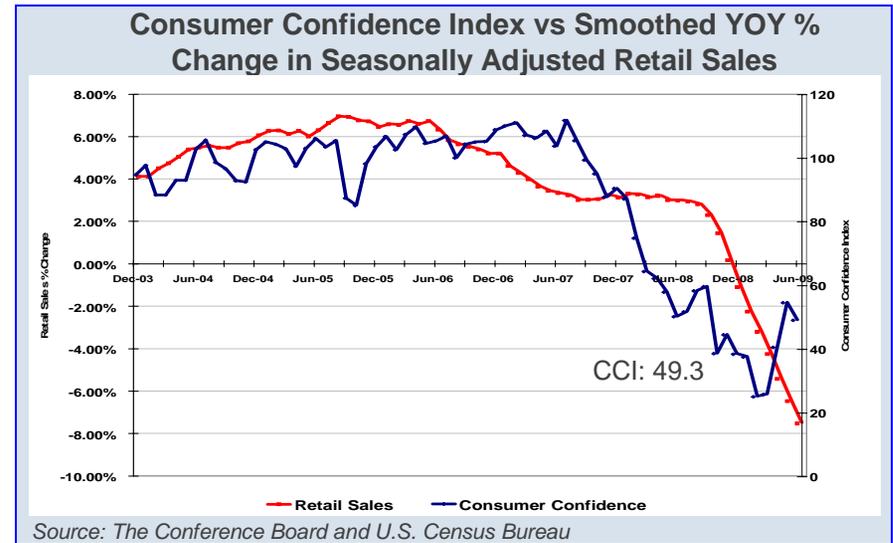
U.S. Capital Markets and Macroeconomic Conditions

Economy



U.S. Capital Markets and Macroeconomic Conditions

Economy

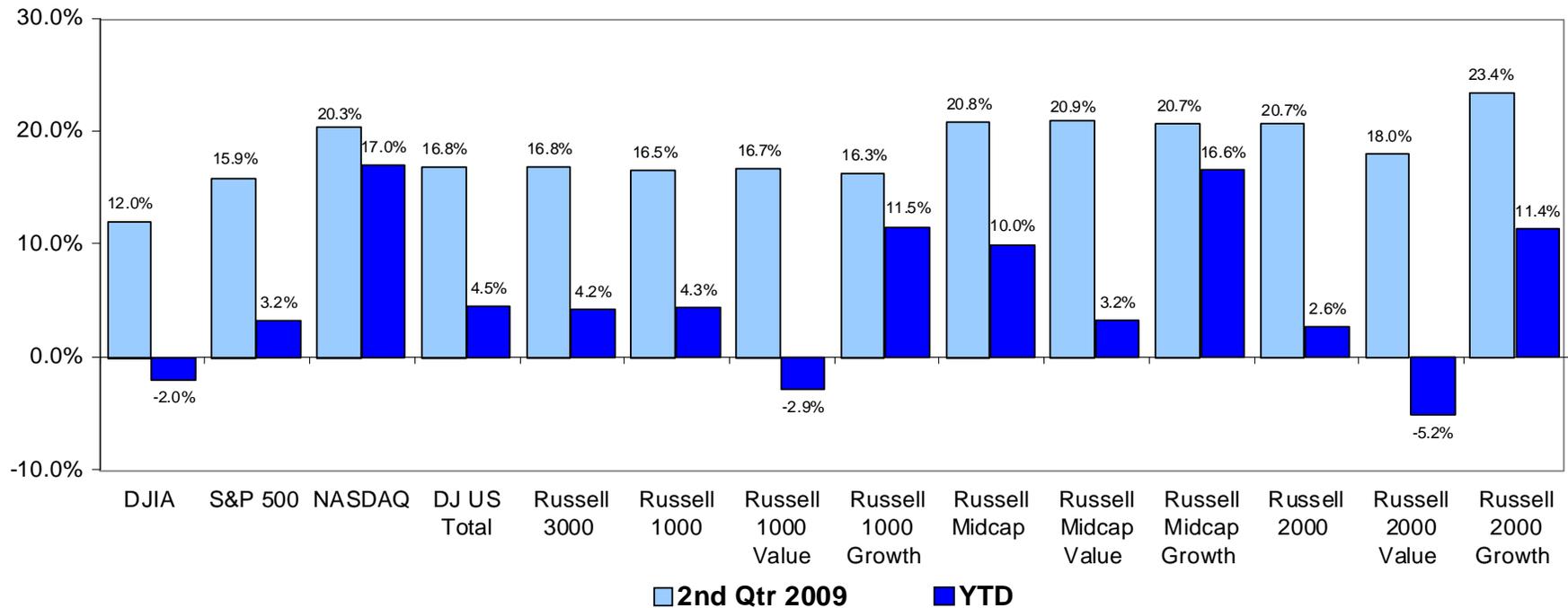


U.S. Equity Surges Across All Market Caps

Value Marginally Outperforms Growth

- After the second quarter, the U.S. remained in a deep recession but is beginning to show signs of recovery powered by increased government spending and improvements in housing and automotive sales. U.S. stocks rebounded strongly across all market caps (large, mid, small) and investment styles (value, core, growth).
- Value-oriented stocks marginally outperformed their growth counterparts within large and mid-cap equities however growth oriented stocks outperformed value stocks within the small-cap space.

Performance of U.S. Equity Indices

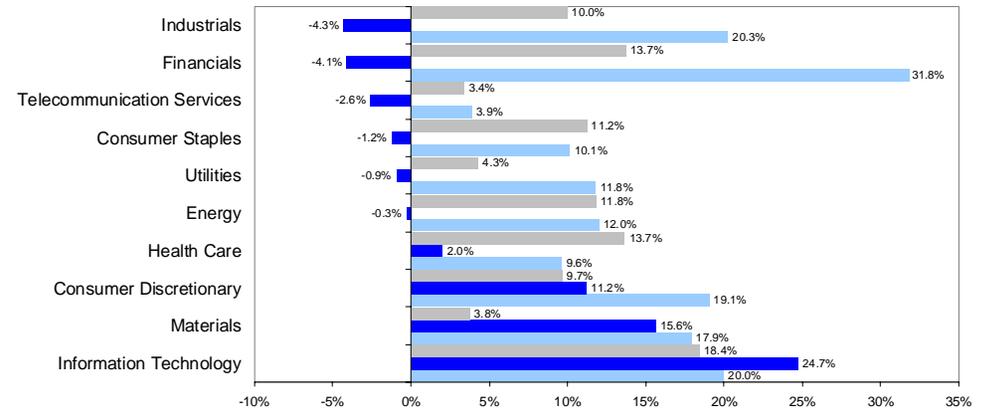


Large-Cap Stocks Underperformed Small-Cap Stocks

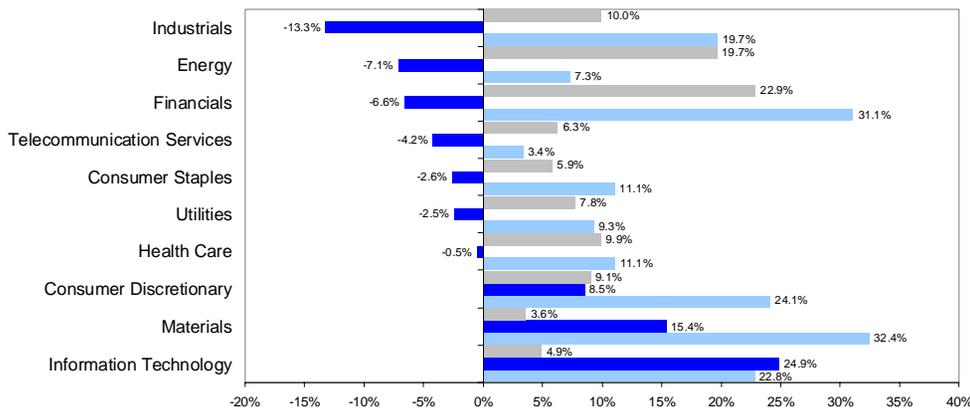
Weakest Performance in Telecommunications

- 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 was the worst performing sector in the large cap space.

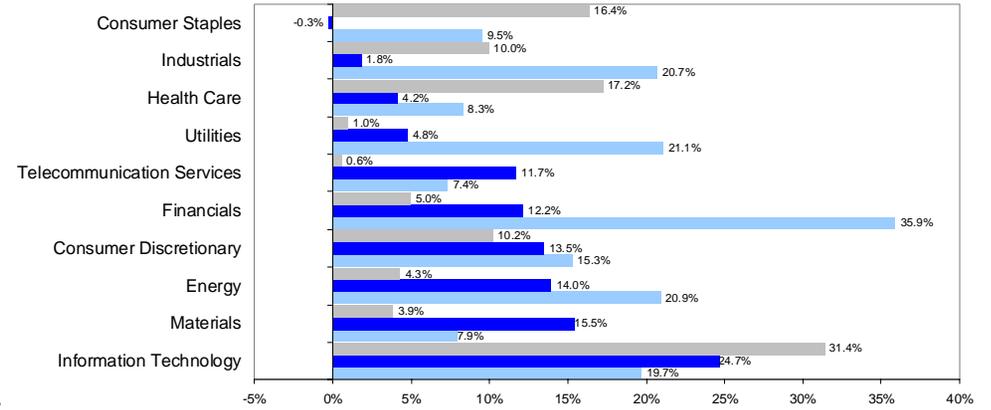
Large Cap Core Performance - Russell 1000 Index



Large Cap Value Performance - Russell 1000 Value Index



Large Cap Growth Performance - Russell 1000 Growth Index



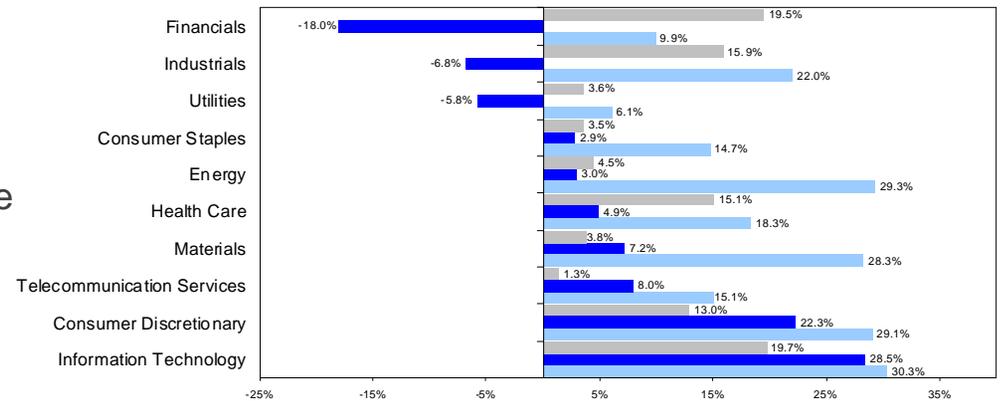
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

Small Cap Stocks Posts Strong Gains

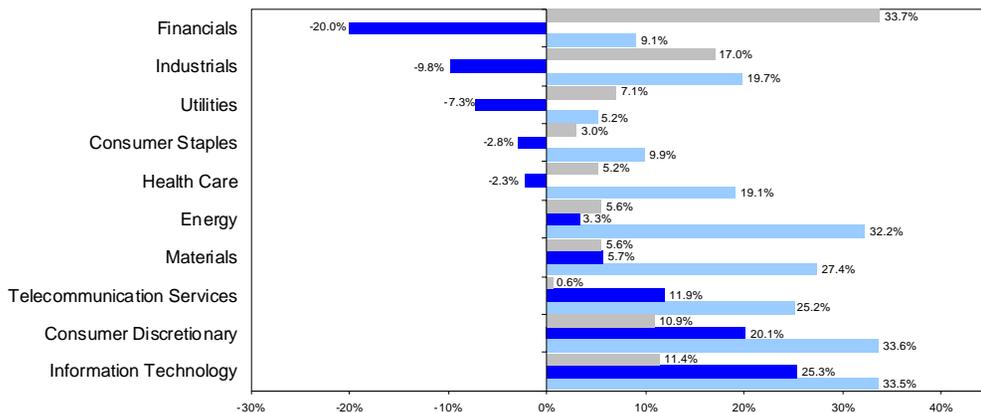
Small Cap Growth Continues to Outperform Small Cap Value

- All ten economic sectors posted positive gains, with the top performing sectors for the quarter being information technology, consumer discretionary, materials, energy, and industrials.
- Stocks with lower S&P equity ratings that were beaten the worst during the market sell-off rallied the most, as investors felt that a strong rebound was in order.
- Small cap growth stocks continue to outperform small cap value stocks, 23.4% compared to 18.0%, respectively.

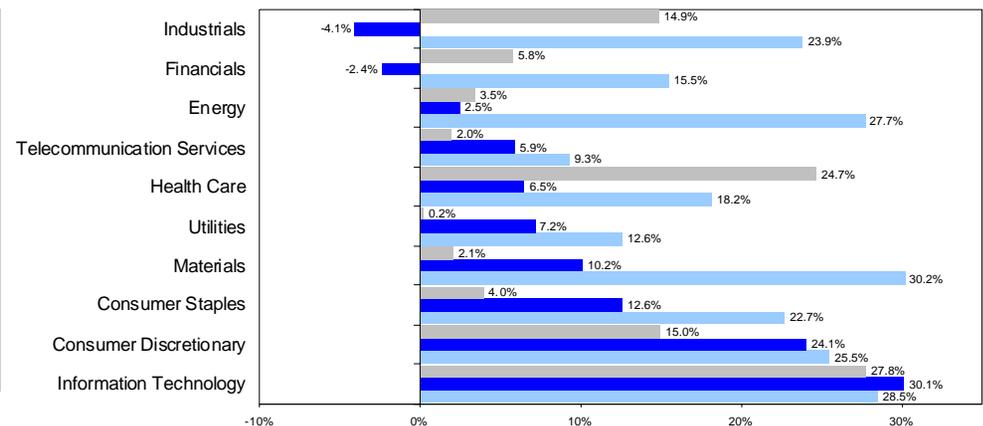
Small Cap Core Performance - Russell 2000 Index



Small Cap Value Performance - Russell 2000 Value Index



Small Cap Growth Performance - Russell 2000 Growth Index



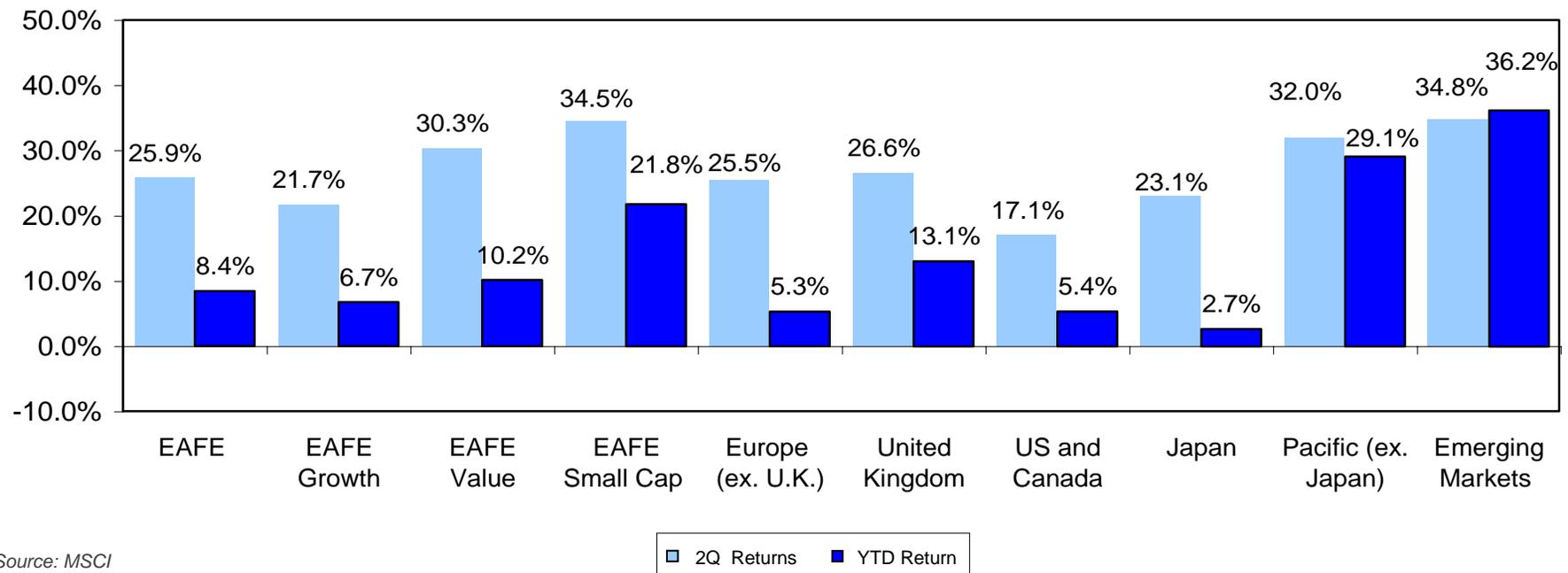
■ GICs Sector YTD Performance ■ GICs Sector QTR Performance ■ GICs Sector QTR Weighting

International Equities

Developed Markets: Non-U.S. Equities Gain

- MSCI EAFE gained 25.9% (gross) in the second quarter.
 - In local currency terms, MSCI EAFE gained 17.3% for the quarter.
- Japan, which represents 24.1% of the index, posted a 23.1% return. In local currency terms, Japan posted a 20.2% gain.
- The UK, which represents 21.0% of the index, posted a 26.6% return. In local currency terms, UK posted a 10.2% gain.

Non-US Equity Performance

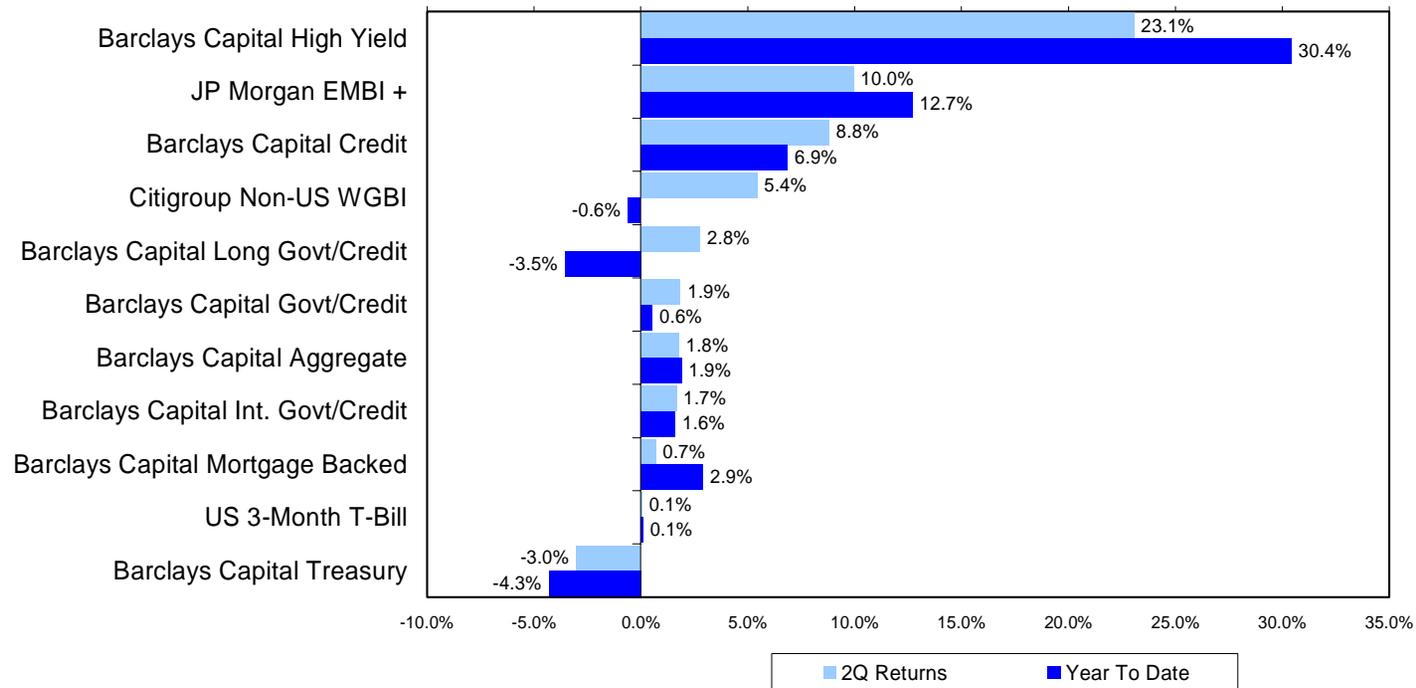


US Fixed Income

Performance

- Barclays Aggregate Index finished strong, up 1.8% for the quarter.
 - Corporates led the rally returning 10.5% as investors' risk appetite increased.
 - Financial companies were the top performers as signs of stress eased and several firms repaid TARP money and issued non-FDIC-backed debt.
 - Treasuries were the weakest-performing sector all three months of the quarter as issuances flooded the market and non-US investors had concerns over the government's monetary and fiscal policies.
- Barclays US High Yield Index experienced a strong quarter, returning 23.1% for the quarter and 30.4% year-to-date
 - Strongest returns since the mid-1980s.

Second Quarter Fixed Income Performance



Market Summary Returns

For Periods Ending June 30, 2009

		<u>QTR</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YRS*</u>	<u>5 YRS*</u>	<u>10 YRS*</u>
Equity	S&P 500	15.9	3.2	-26.2	-8.2	-2.2	-2.2
	Russell 1000 Value	16.7	-2.9	-29.0	-11.1	-2.1	-0.1
	Russell 1000 Growth	16.3	11.5	-24.5	-5.5	-1.8	-4.2
	Russell MidCap	20.8	10.0	-30.4	-9.3	-0.1	3.1
	Russell MidCap Value	20.9	3.2	-30.5	-11.1	-0.4	4.0
	Russell MidCap Growth	20.7	16.6	-30.3	-7.9	-0.4	0.0
	Russell 2000	20.7	2.6	-25.0	-9.9	-1.7	2.4
	Russell 2000 Value	18.0	-5.2	-25.2	-12.1	-2.3	5.0
	Russell 2000 Growth	23.4	11.4	-24.8	-7.8	-1.3	-0.9
	Russell 3000	16.8	4.2	-26.6	-8.3	-1.8	-1.5
	<i>Mercer Large Cap Value Equity Peer Group median**</i>	16.5	2.1	-25.6	-8.4	-0.7	2.0
	<i>Mercer Large Cap Growth Equity Peer Group median**</i>	15.3	10.2	-25.6	-5.5	-0.6	-0.7
	<i>Mercer Small Cap Value Equity Peer Group median**</i>	22.2	4.4	-22.7	-8.0	0.3	7.7
<i>Mercer Small Cap Growth Equity Peer Group median**</i>	21.5	11.4	-26.2	-8.1	-0.7	3.0	
Fixed Income	Citigroup 3-Month T-Bill	0.0	0.1	0.8	3.0	3.0	3.1
	Barclays Capital Int. Gov't/Credit	1.7	1.6	5.3	6.1	4.6	5.7
	Barclays Capital Gov't/Credit	1.9	0.6	5.3	6.2	4.8	5.9
	Barclays Capital Aggregate	1.8	1.9	6.0	6.4	5.0	6.0
	Barclays Capital Intermediate Government	-1.4	-1.5	6.4	7.0	5.0	5.6
	Barclays Capital Long Gov't/Credit	2.8	-3.5	5.3	6.4	5.6	6.9
	Barclays Capital MBS	0.7	2.9	9.4	7.9	6.0	6.3
	Barclays Capital TIPS	0.7	6.2	-1.1	5.8	4.9	7.2
	Barclays Capital High Yield	23.1	30.4	-2.4	2.1	4.3	4.7
	<i>Mercer Core Fixed Income Peer Group median**</i>	4.1	4.8	5.9	6.2	5.1	6.1
International	MSCI EAFE	25.9	8.4	-31.0	-7.5	2.8	1.6
	MSCI Emerging Markets	34.8	36.2	-27.8	3.3	15.1	9.0
	Citigroup Non-US Gov't Bond	5.4	-0.6	3.5	7.9	6.2	6.5
	Citigroup Non-US Gov't Bond - Hedged	0.2	0.2	8.5	5.7	5.3	5.3
	<i>Mercer International Equity Universe median**</i>	23.9	8.9	-30.8	-6.4	4.0	3.7
Miscellaneous	NCREIF Property Index***	-7.3	-15.0	-14.7	4.2	9.4	9.4
	FTSE NAREIT (Equity REITS)	28.9	-12.2	-43.3	-18.0	-2.7	5.5
	Merrill Lynch Inv. Grade Convertible	8.4	12.4	-5.2	3.0	2.9	3.0
	Goldman Sachs Commodity Index	19.2	6.6	-59.7	-15.2	-3.4	6.3
Inflation	CPI	1.4	2.6	-1.4	2.1	2.6	2.6

Index at 3/31/09	Dow Jones	NASDAQ	S&P 500	Russell 2000	Wilshire 5000
	7,608.92	1,528.59	797.87	422.75	8,113.14
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

* Annualized

** Preliminary

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

Executive Summary

Executive Summary

All Funds Composite

At the end of the first quarter, the Total Fund held a balance of \$17.18 billion, representing a gain of \$626.8 million over the previous quarter's balance of \$16.56 billion.

During the second quarter, the Total Fund returned 4.6% net-of-fees. Over the trailing one- and three-year periods the Total Fund has returned -1.1% and 2.8%, respectively. Since inception, the All Funds Composite has returned 3.6%.

State Insurance Fund Total

The State Insurance Fund (SIF) held approximately \$15.74 billion at the end of the second quarter representing an increase of \$571.8 million over the previous quarter's balance.

The State Insurance Fund's second quarter performance approximated that of the All Funds Composite. During the second quarter, the State Insurance Fund returned 4.6% and trailed the interim policy benchmark by 30 basis points. Over the trailing one-year period, the State Insurance Fund outperformed the interim policy benchmark by 140 basis points.

At the end of the second quarter, the State Insurance Fund held an overweight exposure to TIPS fixed income, short term investments and large cap domestic equity at the expense of long duration fixed income.

Public Equity Portfolio (Northern Trust)

The Northern Trust Global Large Cap S&P 500 Index Fund (NT S&P 500 Index) returned 15.7% over the second quarter and trailed the S&P 500 Index by 20 basis points due to cash flows.

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 20.5% of the Ohio BWC's assets were allocated to the NT S&P 500 Index Fund.

Executive Summary

Fixed Income

Barclays Long Duration

The Barclays Long Duration Portfolio is solely held by the State Insurance Fund. The Barclays Long Duration Fixed Income Fund returned 2.8%, over the second quarter and approximated the Barclays Capital U.S. Gov/ Credit Long Term Index. The Barclays Fund also ranked in the bottom half of the Mercer Institutional US Fixed Long Duration Universe (which is in line with our expectations for a passively managed strategy).

At the end of the quarter, Barclays represented 9.3% or \$1.60 billion of the Total Fund's balance.

State Street Long Duration

The State Street Long Duration Fixed Income Fund held \$8.12 billion at the end of the second quarter, representing 47.3% of the Total Fund's balance. The State Street Long Duration strategy is held in the State Insurance Fund (SIF), the Disabled Workers Retirement Fund (DWRP), and the Black Lung Fund (BLF). During the second quarter, the portfolio returned 2.9% in the SIF Portfolio, 2.7% in the DWRP Portfolio and 2.8% in the BLF Portfolio; all approximated or tracked the Barclays Capital U.S. Gov/Credit Long Term Index within 10 basis points, which returned 2.8% during the quarter.

State Street Intermediate Duration

The State Street Intermediate Duration Fixed Income Fund held a total balance of \$40.19 million at the end of the second quarter. The Intermediate Duration strategy is held in both the Public Worker's Relief Fund (PWRP) and Marine Insurance Fund (MIF). The strategy returned 1.6% during the quarter in both the PWRP 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 (DWRP), and the Black Lung Fund (BLF). The TIPS Fund returned 0.5% during the quarter in all of the aforementioned portfolios. The Fund trailed the Barclays Capital US TIPS Index by 20 basis points during the second quarter.

At the end of the quarter, TIPS represented approximately \$3.48 billion or 20.3% of the Total Fund's balance.

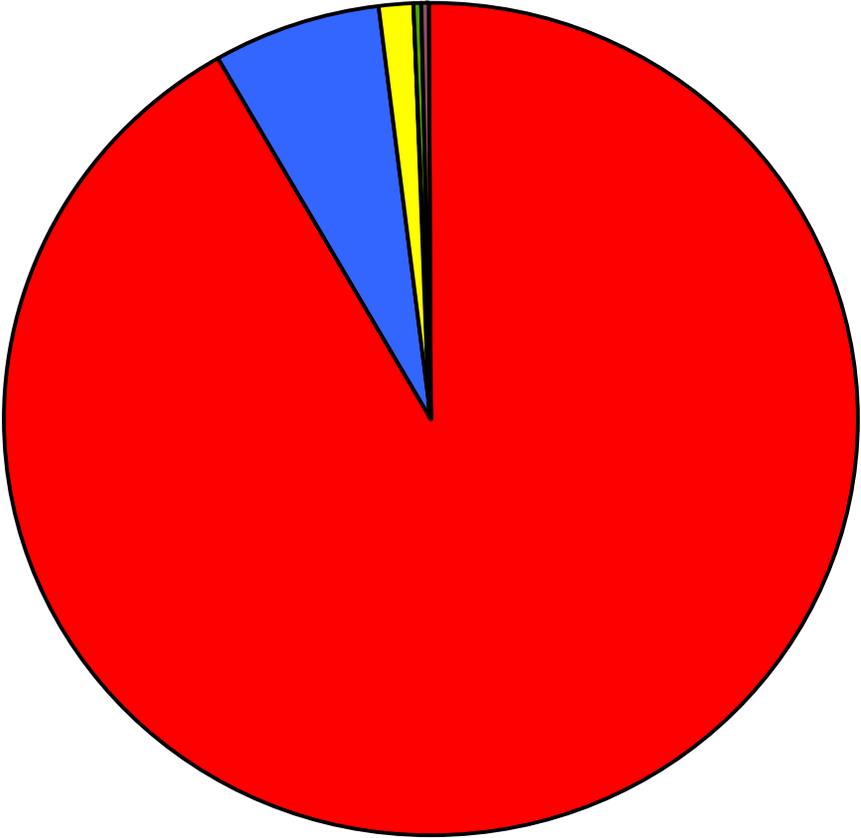
Asset Allocation and Performance

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation

As of June 30, 2009*

■ SIF Accounts	91.6%
■ DWRF Fund Composite	6.5%
■ BLF Fund Composite	1.4%
■ PWRF Fund Composite	0.1%
■ MIF Fund Composite	0.1%
■ SIEGF Fund Composite	0.3%

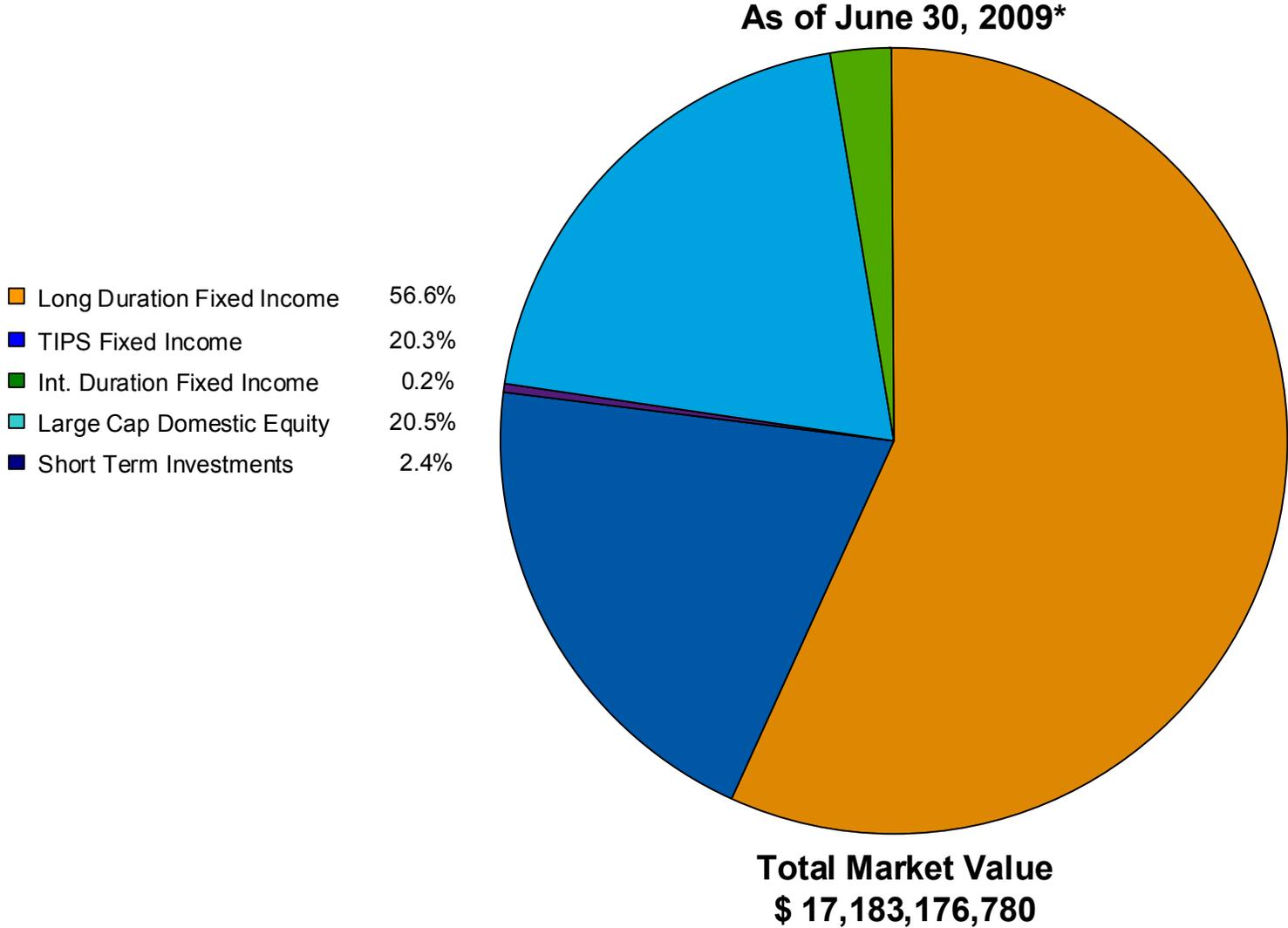


Total Market Value
\$17,183,176,780

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

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation



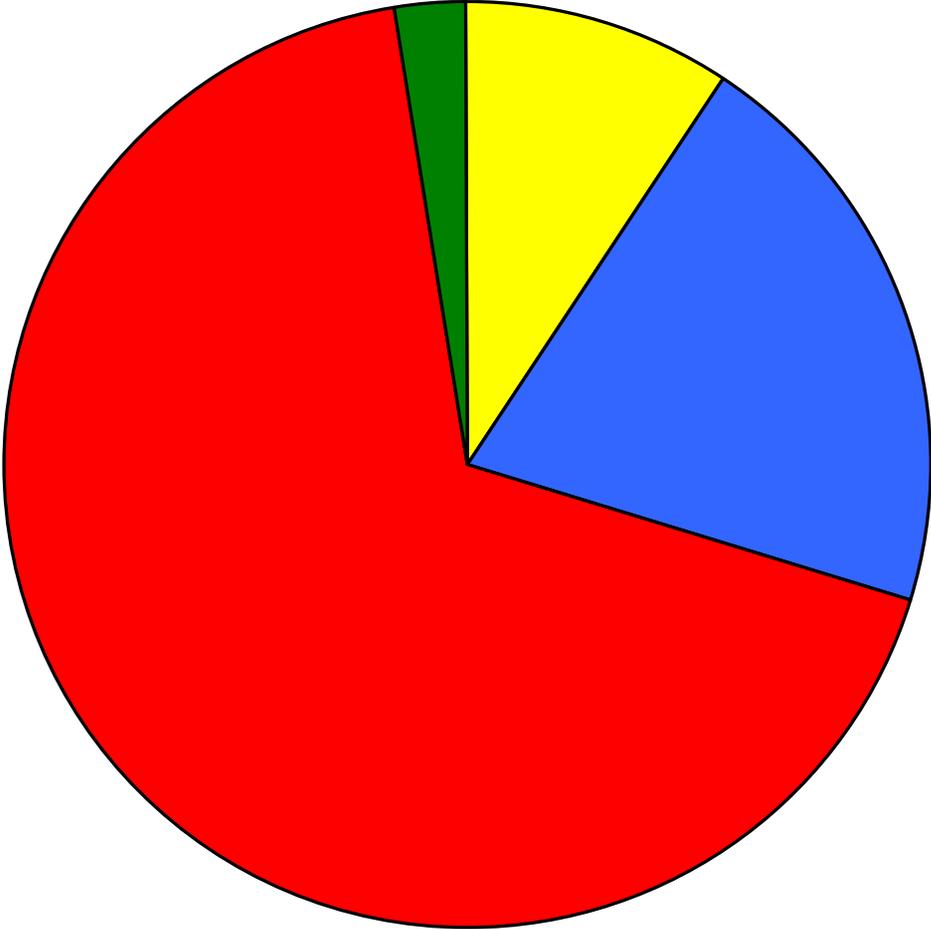
* Numbers may not add to 100% due to rounding.

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation

As of June 30, 2009*

Barclays Global Investors	9.3%
Northern Trust	20.5%
State Street Global Advisors	67.8%
Cash & Miscellaneous	2.4%



Total Market Value
\$ 17,183,176,780

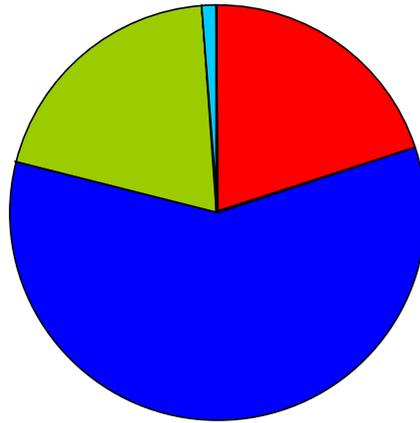
* Numbers may not add to 100% due to rounding.

Ohio Bureau of Workers Compensation (Ohio BWC)

Asset Allocation – State Insurance Fund

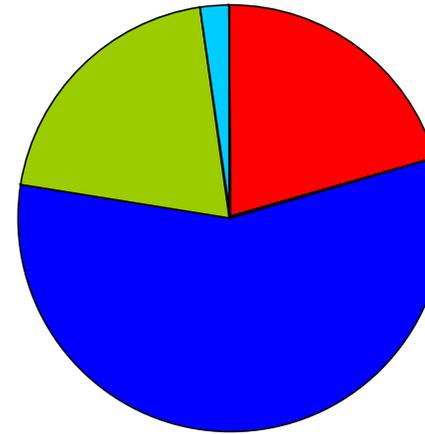
Interim Policy

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



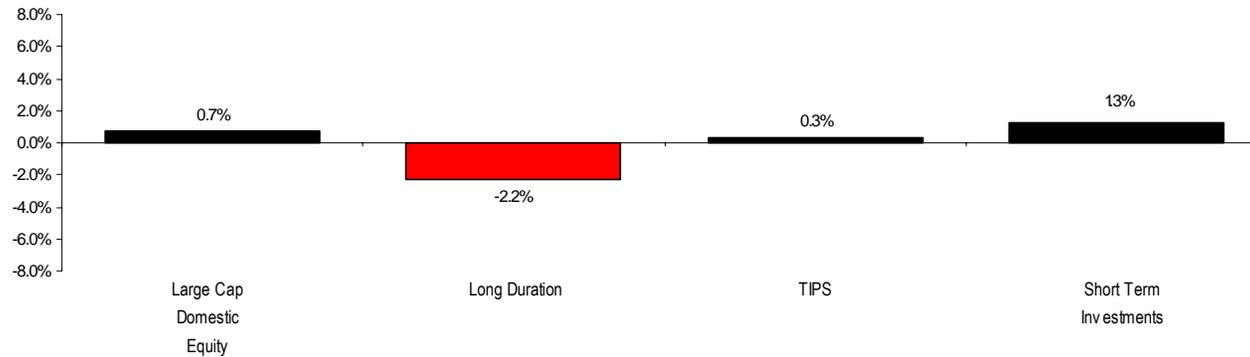
As of June 30, 2009

Large Domestic Equity	20.7%
Long Duration	56.8%
TIPS	20.3%
Short Term Investments	2.3%



Total Market Value
\$15,742,865,130

Asset Allocation vs. Long Term Policy



Ohio Bureau of Workers Compensation (Ohio BWC)

Reconciliation

Portfolio Reconciliation By Manager

	Quarter Ending June 30, 2009			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
SIF SSGA LDFI	\$7,222,672,649	-\$100,623,817	\$211,309,172	\$7,333,358,004
SIF BGI LDFI	\$1,574,623,260	-\$15,441,753	\$43,740,727	\$1,602,922,234
SIF SSGA TIPS Index	\$3,335,249,998	-\$160,153,268	\$15,943,410	\$3,191,040,139
SIF Northern Trust Global Large Cap S&P 500 Index	\$2,480,258,831	\$354,891,472	\$422,345,251	\$3,257,495,555
SIF Miscellaneous Transition Mgmt. BGI	\$1,623,337	-\$1,623,881	\$544	\$0
SIF Miscellaneous Holding Account	\$5,163,811	-\$1,725,000	\$763,640	\$4,202,452
SIF Transition Account	\$1,010,209	-\$237	\$44,867	\$1,054,839
SIF BWC Main Cash Account	\$550,430,769	-\$197,999,981	\$361,120	\$352,791,908
DWRF Miscellaneous Transition Mgmt. BGI	\$913	-\$4,293	\$3,381	\$0
DWRF SSGA LDFI	\$634,256,377	-\$92,711	\$17,152,915	\$651,316,581
DWRF SSGA TIPS	\$237,932,339	-\$27,636	\$1,279,484	\$239,184,187
DWRF NT S&P 500	\$188,733,453	\$582,809	\$29,655,584	\$218,971,845
Disabled Workers Retirement	\$3,694,495	-\$3,689,452	\$1,671	\$6,715
Black Lung SSGA LDFI	\$135,086,242	-\$28,930	\$3,768,224	\$138,825,536
Black Lung SSGA TIPS	\$49,836,723	-\$20,611	\$267,944	\$50,084,055
Black Lung NT S&P 500	\$39,706,113	\$132,621	\$6,247,206	\$46,085,939
Black Lung	\$1,557,234	-\$803,089	\$803	\$754,949
PWRF Intermediate Duration Fixed Income	\$22,642,302	-\$2,289	\$365,500	\$23,005,512
Public Workers Relief Fund	\$124,757	\$4,532	\$124	\$129,413
MIF Intermediate Duration Fixed Income	\$16,916,777	-\$1,710	\$273,076	\$17,188,143
Marine Account	\$311,376	-\$134,206	\$279	\$177,448
Self Insured Bond Fund	\$54,538,961	-\$6,376	\$48,740	\$54,581,326
Total	\$16,556,370,924	-\$126,767,806	\$753,573,661	\$17,183,176,780

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Total Plan Performance

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
Total Fund	\$17,183,176,780	100.0%	4.6%	--	-0.4%	--	-1.1%	--	2.8%	--	--	--	3.6%	Jun-05
SIF Fund Composite	\$15,742,865,130	91.6%	4.6%	--	-0.4%	--	-1.1%	--	2.8%	--	--	--	3.6%	Jun-05
<i>SIF Interim Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	Jun-05
SIF Bond Composite	\$12,127,320,376	70.6%	2.3%	--	-1.3%	--	4.1%	--	--	--	--	--	5.0%	Dec-06
SIF LDFI Composite	\$8,936,280,237	52.0%	2.9%	65	-3.3%	77	5.9%	62	--	--	--	--	4.8%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
SSGA LDFI**	\$7,333,358,004	42.7%	2.9%	65	-3.3%	77	5.9%	62	--	--	--	--	4.9%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
BGI LDFI	\$1,602,922,234	9.3%	2.8%	71	-3.5%	78	5.5%	69	--	--	--	--	4.4%	Mar-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.5%	Mar-07
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		5.1%	Mar-07
SIF TIPS Composite	\$3,191,040,139	18.6%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	6.1%	Jan-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	6.2%	Jan-07
SSGA TIPS Index**	\$3,191,040,139	18.6%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	6.1%	Jan-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	6.2%	Jan-07

* Please see appendix for gross of fee performance.

** Differences between manager performance and its respective index is due to pricing differences between JPMorgan and State Street Global Advisors.

Mercer Investment Consulting, Inc.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
SIF Equity Composite	\$3,262,752,846	19.0%	15.7%	--	3.3%	--	-25.9%	--	--	--	--	--	-13.9%	Dec-06
S&P 500 Index (Total Return)			15.9%	--	3.2%	--	-26.2%	--	--	--	--	--	--	Dec-06
SIF Public Equity Composite	\$3,257,495,555	19.0%	15.7%	47	3.0%	56	-26.2%	51	--	--	--	--	-14.9%	Jan-07
S&P 500 Index (Total Return)			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-15.0%	Jan-07
Mercer Instl US Equity Large Cap Core Median			15.5%		3.6%		-26.2%		-7.5%		-1.0%		--	Jan-07
Northern Trust Global Large Cap S&P 500 Index	\$3,257,495,555	19.0%	15.7%	47	3.0%	56	-26.2%	51	--	--	--	--	-19.3%	Jul-07
S&P 500 Index (Total Return)			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-19.4%	Jul-07
Mercer Instl US Equity Large Cap Core Median			15.5%		3.6%		-26.2%		-7.5%		-1.0%		--	Jul-07
Miscellaneous Transition Mgmt. BGI	\$0	0.0%	-8.7%	--	--	--	--	--	--	--	--	--	--	Feb-09
Miscellaneous Holding Account	\$4,202,452	0.0%	15.9%	--	136.5%	--	128.0%	--	--	--	--	--	45.4%	Nov-06
Transition Account	\$1,054,839	0.0%	4.4%	--	-0.5%	--	-9.8%	--	--	--	--	--	-8.1%	Dec-07
SIF Cash Composite	\$352,791,908	2.1%	0.1%	--	0.2%	--	1.2%	--	4.5%	--	--	--	4.4%	Jun-05
Merrill Lynch 91 Day T-Bill			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	Jun-05
BWC Main Cash Account	\$352,791,908	2.1%	0.1%	--	0.2%	--	1.2%	--	4.5%	--	--	--	4.4%	Jun-05
Merrill Lynch 91 Day T-Bill			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	Jun-05

* Please see appendix for gross of fee performance.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
DWR Composite	\$1,109,479,328	6.5%	4.5%	--	-0.5%	--	-0.9%	--	--	--	--	--	1.5%	Dec-06
<i>DWRF Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	<i>Dec-06</i>
DWRF SSGA LDFI**	\$651,316,581	3.8%	2.7%	71	-3.6%	78	5.7%	63	--	--	--	--	4.6%	Oct-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.1%	<i>Oct-07</i>
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		--	<i>Oct-07</i>
DWRF SSGA TIPS**	\$239,184,187	1.4%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	4.3%	Oct-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	4.5%	<i>Oct-07</i>
DWRF NT S&P 500	\$218,971,845	1.3%	15.7%	47	3.2%	54	-26.1%	49	--	--	--	--	-23.2%	Sep-07
<i>S&P 500 Index (Total Return)</i>			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-23.3%	<i>Sep-07</i>
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.6%		-26.2%		-7.5%		-1.0%		-22.3%	<i>Sep-07</i>
Disabled Workers Retirement Cash Account	\$6,715	0.0%	0.1%	--	0.3%	--	1.3%	--	5.3%	--	--	--	4.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
BLF Composite	\$235,750,479	1.4%	4.6%	--	-0.3%	--	-1.3%	--	--	--	--	--	1.3%	Dec-06
<i>BLF Policy Benchmark</i>			4.9%	--	0.0%	--	-2.5%	--	--	--	--	--	--	<i>Dec-06</i>
Black Lung SSGA LDFI**	\$138,825,536	0.8%	2.8%	71	-3.3%	77	6.0%	62	--	--	--	--	4.8%	Oct-07
<i>Barclays Capital LT Govt/Credit</i>			2.8%	71	-3.5%	78	5.3%	70	6.4%	68	5.6%	76	4.1%	<i>Oct-07</i>
<i>Mercer Instl US Fixed Long Duration Median</i>			4.1%		-0.3%		6.9%		6.8%		6.0%		--	<i>Oct-07</i>
Black Lung SSGA TIPS**	\$50,084,055	0.3%	0.5%	--	4.8%	--	-1.4%	--	--	--	--	--	4.3%	Oct-07
<i>Barclays Capital US Tips</i>			0.7%	--	6.2%	--	-1.1%	--	5.8%	--	5.0%	--	4.5%	<i>Oct-07</i>
Black Lung NT S&P 500	\$46,085,939	0.3%	15.7%	46	3.2%	54	-26.1%	49	--	--	--	--	-23.2%	Sep-07
<i>S&P 500 Index (Total Return)</i>			15.9%	44	3.2%	54	-26.2%	50	-8.2%	65	-2.2%	84	-23.3%	<i>Sep-07</i>
<i>Mercer Instl US Equity Large Cap Core Median</i>			15.5%		3.6%		-26.2%		-7.5%		-1.0%		-22.3%	<i>Sep-07</i>
Black Lung Cash Account	\$754,949	0.0%	0.1%	--	0.2%	--	1.2%	--	4.9%	--	--	--	4.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>

* Please see appendix for gross of fee performance.

** Differences between manager performance and its respective index is due to pricing differences between JPMorgan and State Street Global Advisors.

Mercer Investment Consulting, Inc.

Ohio Bureau of Workers Compensation (Ohio BWC)

Performance Summary (Net of Fee)*

Name	Current Market Value	Current Allocation	Ending June 30, 2009										Inception	
			3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	Return	Since
PWRF Composite	\$23,134,926	0.1%	1.6%	--	1.4%	--	2.4%	--	--	--	--	--	2.9%	Dec-06
<i>PWRF Policy Benchmark</i>			1.7%	--	1.6%	--	5.2%	--	--	--	--	--	--	<i>Dec-06</i>
PWRF Intermediate Duration Fixed Income	\$23,005,512	0.1%	1.6%	--	--	--	--	--	--	--	--	--	--	Feb-09
<i>Barclays Capital Int Govt/Credit</i>			1.7%	--	1.6%	--	5.3%	--	6.1%	--	4.6%	--	2.0%	<i>Feb-09</i>
Public Workers Relief Fund Cash Account	\$129,413	0.0%	0.1%	--	0.3%	--	1.2%	--	3.8%	--	--	--	2.8%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
MIF Composite	\$17,365,592	0.1%	1.6%	--	1.4%	--	2.3%	--	--	--	--	--	3.0%	Dec-06
<i>MIF Policy Benchmark</i>			1.7%	--	1.6%	--	5.2%	--	--	--	--	--	--	<i>Dec-06</i>
MIF Intermediate Duration Fixed Income	\$17,188,143	0.1%	1.6%	--	--	--	--	--	--	--	--	--	--	Feb-09
<i>Barclays Capital Int Govt/Credit</i>			1.7%	--	1.6%	--	5.3%	--	6.1%	--	4.6%	--	2.0%	<i>Feb-09</i>
Marine Cash Account	\$177,448	0.0%	0.1%	--	0.3%	--	1.2%	--	3.8%	--	--	--	3.1%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>
SIEGF Composite	\$54,581,326	0.3%	0.1%	--	0.2%	--	1.2%	--	--	--	--	--	3.1%	Dec-06
<i>SIEGF Policy Benchmark</i>			0.0%	--	0.1%	--	0.6%	--	--	--	--	--	--	<i>Dec-06</i>
Self Insured Bond Fund Cash Account	\$54,581,326	0.3%	0.1%	--	0.2%	--	1.2%	--	3.5%	--	--	--	3.7%	Jun-05
<i>Merrill Lynch 91 Day T-Bill</i>			0.0%	--	0.1%	--	0.6%	--	3.0%	--	3.1%	--	3.3%	<i>Jun-05</i>

* Please see appendix for gross of fee performance.

Appendix

Benchmark Weights

The benchmarks for their respective accounts are as follows:

	Weight		Weight
SIF Interim Policy Benchmark:			
BarCap Long US Government/Credit Index	59%	BarCap Intermediate US Government/Credit	99%
BarCap US TIPS	20%	91-Day T-Bill - 1%	1%
S&P 500	20%	TOTAL:	100%
91-Day T-Bill	1%		
TOTAL:	100%	MIF Policy Benchmark:	
		BarCap Intermediate US Government/Credit	99%
		91-Day T-Bill	1%
		TOTAL:	100%
DWRF Policy Benchmark:			
BarCap Long US Government/Credit Index	59%	SIEGF Policy Benchmark:	
BarCap US TIPS	20%	91-Day T-Bill	100%
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%		

Fee Schedule

Manager Roster and Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual 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	\$1,300,004	0.01%
BGI LDFI	0.06% of First \$1,000.0 Mil, 0.05% of Next \$1,000.0 Mil, 0.04% Thereafter	\$0	\$901,461	0.05%
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	\$310,283	0.00%
SIF Equity Composite				
SIF Public Equity Composite				
Northern Trust Global Large Cap S&P 500 Index	0.01% of Assets	\$0	\$260,600	0.01%
Miscellaneous Transition Mgmt. BGI			--	--
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	\$195,395	0.02%
DWRF SSGA TIPS	0.01% of First \$500.0 Mil, 0.01% of Next \$1,000.0 Mil, 0.01% Thereafter	\$0	\$35,878	0.01%
DWRF NT S&P 500	0.01% of Assets	\$0	\$17,518	0.01%
Disabled Workers Retirement			--	--

Fee Schedule

Account	Fee Schedule	Est. Minimum Annual Fee (\$)	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
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	\$41,648	0.02%
Black Lung SSGA TIPS	0.01% of First \$500.0 Mil, 0.01% of Next \$1,000.0 Mil, 0.01% Thereafter	\$0	\$7,513	0.01%
Black Lung NT S&P 500	0.01% of Assets	\$0	\$3,687	0.01%
Black Lung			--	--
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	\$9,202	0.03%
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	\$6,875	0.03%
Marine Account			--	--
SIEGF Composite				
Self Insured Bond Fund			--	--
Approximate Investment Management Fee			\$3,090,063	0.02%

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highest return is assigned the rank of zero (0), and the lowest the rank of 100. Depending on the number of observations between these two points, the remaining results are normalized to create percentile rankings.

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MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

INVESTMENT DIVISION

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

FROM: Bruce Dunn, CFA, Chief Investment Officer

DATE: August 17, 2009

SUBJECT: CIO Report July, 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 follows:

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 decision 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.

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 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 is presently evaluating and grading these RFP proposals. 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 through December, 2009.

Long Duration Fixed Income Portfolio Divisions

At this respective May, 2009 meetings, the Investment Committee and Board approved a revision in the long duration fixed income benchmark index for the State Insurance Fund. The revision involved separating the Barclays Capital U.S. Long Government/Credit Index into its two primary components, the Barclays Capital U.S. Long Government Index and the Barclays Capital U.S. Long Credit Index. These two components indices now serve as separate benchmark indices for the long duration fixed income portfolios of the State Insurance Fund (SIF).

Under the supervision of the Investment Division, the large separate account State Street passive indexed managed long duration fixed income (LDFI) SIF portfolio was split into two new separate accounts (Government and Credit) on July 23, 2009. Although all of the bond issues held in the State Street LDFI portfolio were transferred in-kind to each of the respective Government and Credit new LDFI accounts, each bond was sold out of the closed separate account on transfer date for accounting record purposes and a net gain or loss on transfer was incurred for each bond. The transition of all bonds involved in the State Street LDFI portfolio had an approximate aggregate market value of \$7.23 billion and resulted in a net realized loss incurred in July of \$85.0 million.

The initial valuation of the State Street managed SIF LDFI Government portfolio and Credit portfolio were \$3.43 billion and \$3.80 billion, respectively. The State Street managed LDFI Government portfolio is the funding source for most of the first two priority asset class transitions for SIF.

The Barclays passive indexed managed separate account SIF LDFI portfolio was also recently split into two new Government and Credit LDFI separate accounts on August 14, 2009. Accounting details of this transition will be provided in the August, 2009 CIO Report submitted for the September, 2009 Investment Committee meeting.

Compliance

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

12-month Investment Committee Calendar

Date	August	Notes
8/27/2009	<ol style="list-style-type: none"> 1. BWC Investment Division Goals FY2010 2. Investment Consultant Performance Report 2Q09 	
September		
9/24/2009	<ol style="list-style-type: none"> 1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Brokerage Activity Fiscal Year 2009 summary report 	
October		
10/29/2009	<ol style="list-style-type: none"> 1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Investment class performance/value annual report [ORC 4121.12(F)(12)], possible vote 3. Specialty Funds (DWRF,Coal) Asset/Liability report and recommendation, first review 	
November		
11/19/2009	<ol style="list-style-type: none"> 1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 2. Investment Consultant Performance Report 3Q09 3. Custodian annual review 4. Specialty Funds (DWRF,Coal) Asset/Liability report and recommendation, second review, possible vote 	
December		
12/17/2009	<ol style="list-style-type: none"> 1. Passive Indexed Investment Manager RFP finalists recommendation, possible vote 	
January		
1/21/2010	<ol style="list-style-type: none"> 1. Mercer High Yield Bond education 	

12-month Investment Committee Calendar

	February	Notes
2/25/2010	<ol style="list-style-type: none"> 1. Investment Consultant Performance Report 4Q09 2. Specialty Funds (Public Workers, Marine) Asset/Liability report and recommendation, first review 3. Mercer Alternative Asset classes education, session one 	
	March	
3/25/2010	<ol style="list-style-type: none"> 1. Investment Consultant contract renewal, possible vote 2. Specialty Funds (Public Workers, Marine) Asset/Liability report and recommendation, second review, possible vote 3. Mercer Alternative Asset classes education, session two 	
Date	April	
4/29/2010		
Date	May	
5/27/2010	<ol style="list-style-type: none"> 1. Investment Consultant Performance Report 1Q10 	
Date	June	
6/17/2010		
Date	July	
7/29/2010		

BWC Invested Assets
 Estimated and Unaudited
 As of August 26, 2009

Aug09 MV Increase Bonds..... + \$ 177 million (+1.3% return)
 Aug09 MV Increase Equities..... + \$ 166 million (+4.3% return)

Aug09 MV Increase Bonds+Equities..... + \$ 343 million (\$+312 mm SIF only)
 (+1.9% Aug09 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.....\$2,456 million (-\$ 47 mm FY09TD)
 BWC Net Assets 7/31/09.....\$2,950 million (+\$494 mm FY10TD)

BWC Asset Allocation MV 8/26/09

Bonds*.....	\$13,643 million	75.2%
Equities*.....	4,012 million	22.1%
Cash.....	<u>484 million</u>	<u>2.7%</u>
TOTAL.....	\$18,139 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% (-\$192 million net inv. income)

Fiscal Year 2010 YTD

Portfolio Return July09..... + 3.1%

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