




Investment Committee

Agenda
June 16, 2006
William Green Building, Second Floor, Room 2
8 a.m.

Investment Committee

Michael C. Koettters, Chairman
Retired Chief Investment Officer,
Wellpoint Inc.

William E. Sopko
President,
STAMCO Industries

Edwin McCausland, CFA
President,
Investment Perspectives LLC

Denise M. Farkas, CFA
Senior Vice President,
Spero Smith Investment Advisers

Old business

- Approval of previous meeting minutesMike Koettters
Insurance coverage - liabilityJames Barnes
Preservation of Surplus statutory guidanceJames Barnes/Ian Lanoff

New business

- Discussion of Fixed Income investment benchmarkMark Brubaker
Discussion of request for BWC management to submit a dividend policy and definition of adequate surplusMike Koettters
Discussion and recommendation for BWC to retain an independent actuary to perform specific dutiesMike Koettters
Discussion of Fiduciary Counsel.....Mike Koettters
Annual economic reviewAnthony Karydakakis/JP Morgan
Wilshire April 2006 Monthly Flash Report..... Mark Brubaker

Note: Written reports provided - no prepared presentations

- JP Morgan April Monthly Performance Report
- CIO Monthly Newsletter
- Investment Expenses - Manager and Operational Fees
- Investment Division Departmental Budget
- MRT Progress Report

The next WCOG Investment Committee meeting is scheduled for:
8 a.m.
July 20, 2006
William Green Building, Second Floor, Room 2




Investment Committee

Agenda
June 16, 2006
William Green Building, Second Floor, Room 2
8 a.m.

Investment Committee

Michael C. Koettters, Chairman
Retired Chief Investment Officer,
Wellpoint Inc.

William E. Sopko
President,
STAMCO Industries

Edwin McCausland, CFA
President,
Investment Perspectives LLC

Denise M. Farkas, CFA
Senior Vice President,
Spero Smith Investment Advisers

RFP updates:

Private equity RFP update
Transition manager RFP timeline
Index manager RFP timeline

.....
..... Bruce Dunn will be available for questions

Adjournment

Adjourn.....Mike Koettters

The next WCOC Investment Committee meeting is scheduled for:
8 a.m.
July 20, 2006
William Green Building, Second Floor, Room 2

**WORKERS' COMPENSATION OVERSIGHT COMMISSION
INVESTMENT COMMITTEE**

**MAY 25, 2006, 8:00 A.M.
WILLIAM GREEN BUILDING
THE NEIL SCHULTZ CONFERENCE CENTER
30 WEST SPRING ST., 2nd FLOOR (MEZZANINE)
COLUMBUS, OHIO 43215**

Members Present: Michael Koettters, Chairman
Denise Farkas
Edwin McCausland
Bill Sopko

Other Oversight Commission Members Present:
Thomas Bainbridge, Jr.

Members Absent: None

Others in attendance at the invitation of the Committee:
William Mabe, Administrator
Cathy Moseley, Chief of Staff
Tracy Valentino, Chief Finance Officer
Barb Ingram, Manager, Financial Reporting
Bruce Dunn, Chief Investment Officer
Lee Damsel, Assistant Director, Investments
Nancy Smeltzer, Chief Spokesperson
John Williams, Esq., Assistant Attorney General
Ian Lanoff, Esq., Groom Law Group
Karen Huey, Esq., Liaison to the Governor's Office
James Barnes, Esq., Chief Legal Officer
Tom Sico, Esq., Director of Legal Operations
Larry Rhodebeck, Esq., Legal Operations & Secretary for the meeting
Valarie Sanson-Davy, Administrative Assistant, Chief of Staff
Mark E. Brubaker, Wilshire Consulting
Dimitry Mindlin, Wilshire Consulting
Rich Hartzell, JPMorgan Chase
Jeff Scott, Mercer Oliver Wyman
Jeff Scholl, Mercer Oliver Wyman
Jeff Van Orden, Evaluation Associates

Public Meeting – Others in attendance not recorded

ROLL CALL

Mr. Koetters called the meeting to order and reported that there was a quorum of the Investment Committee.

OLD BUSINESS

Mr. Koetters introduced Bruce Dunn as the new Chief Investment Officer.

MINUTES OF APRIL 27, 2006

After discussion, motion, and second, the minutes of the meeting of April 27, 2006, were unanimously approved.

INSURANCE COVERAGE – LIABILITY

James Barnes, Chief Legal Officer, reported on obtaining liability coverage. The Oversight Commission already has director and officer (D & O) coverage at \$5 million and BWC is working with the Department of Administrative Service (DAS) to increase the coverage. BWC will obtain errors and omissions (E & O) coverage and has provided the DAS broker with a range of liability coverage for the calculation of premiums. Fiduciary bond coverage will be under either the D & O contract or the E & O contract. Mr. Koetters asked for notification of the Workers' Compensation Oversight Commission and the Investment Committee by memorandum when coverage is in place.

WILSHIRE QUARTERLY PERFORMANCE REPORT

Mark Brubaker, Wilshire Consulting, reviewed the performance of the State Insurance Fund portfolio. Transition to the Lehman Aggregate Index is nearly complete, with 97% of the portfolio complete by March 31. Lee Damsel, Assistant Chief Investment Officer, reported that the remainder should be sold within the next thirty days. Mr. Brubaker reported that portfolio performance for the State Insurance Fund investment portfolio will be reported, versus the Lehman aggregate bond index.

NEW BUSINESS

ASSET LIABILITY STUDY

Mr. Brubaker and Dimitry Mindlin, Wilshire Consulting, reported on the draft Asset Liability Study.

Mr. Koetters requested that Ian Lanoff, Fiduciary Counsel, write an opinion on the provisions of the Ohio Revised Code and House Bill 66 giving direction to the Oversight Commission on investments. Mr. Lanoff will submit the opinion to Wilshire. Wilshire, in turn,

will use the opinion and incorporate data from the National Counsel on Compensation Insurance (NCCI) and make a final recommendation on asset allocation. Mr. Koettters further requested that BWC staff review the Wilshire recommendation and that Oversight Commission members direct their comments to Wilshire.

CHIEF INVESTMENT OFFICER REPORTS

Mr. McCausland asked about press reports that the Request for Proposal (RFP) for sale of the private equities provided that BWC would be liquidating all investments. Ms. Damsel replied that the RFP specifies that the investment bank will sell all, part, or none and that she cannot control what the press chooses to report about the RFP.

JUNE MEETING

Mr. Koettters reported that the next meeting of the Investment Committee would be held June 16, 2006.

ADJOURNMENT

There was a motion and second to adjourn and Mr. Koettters adjourned the meeting.

Prepared by: Larry Rhodebeck, BWC Attorney
H:\Word\ldr\WCOC InvC 0506.doc
June 7, 2006



Ohio Bureau of Workers' Compensation Management Review Team Action Report

Ohio Bureau of Workers' Compensation Governor Appointed MRT

Team Members:

Tom Hayes : Team Leader

Laurie Fiori Hacking

James Nichols

TIMETABLE

- | | |
|---|---------------------------------|
| 1. MRT Assessment Time Period | June, 2005–October, 2005 |
| 2. MRT Final Report Presented to WCOC | September 22, 2005 |
| 3. MRT Final Written Action Report 10/31/05 | November 7, 2005 |
| 4. BWC executes recommendations | June 2005 - present |
| 5. BWC Administrator to issue Final Response Report to WCOC and Governor | Anticipated June, 2006 |

Management Review Team Recommendations

INVESTMENT COMMITTEE

MRT 15c	WCOC will review and may amend the BWC investment policy after the review of the current investment consultant asset liability study	6/16/06
MRT 22b	Create an independent Investment Board (HB376 and SB 282)	Pending
MRT 24	BWC to hire additional investment professionals	12/31/06
MRT 25	BWC to meet with Treasurer of State to determine the protocol for custodial bank selection	6/30/06
MRT 38	WCOC & BWC Administration will require periodic fiduciary performance audits	Pending

Management Review Team Recommendations

WORKERS' COMPENSATION OVERSIGHT COMMITTEE

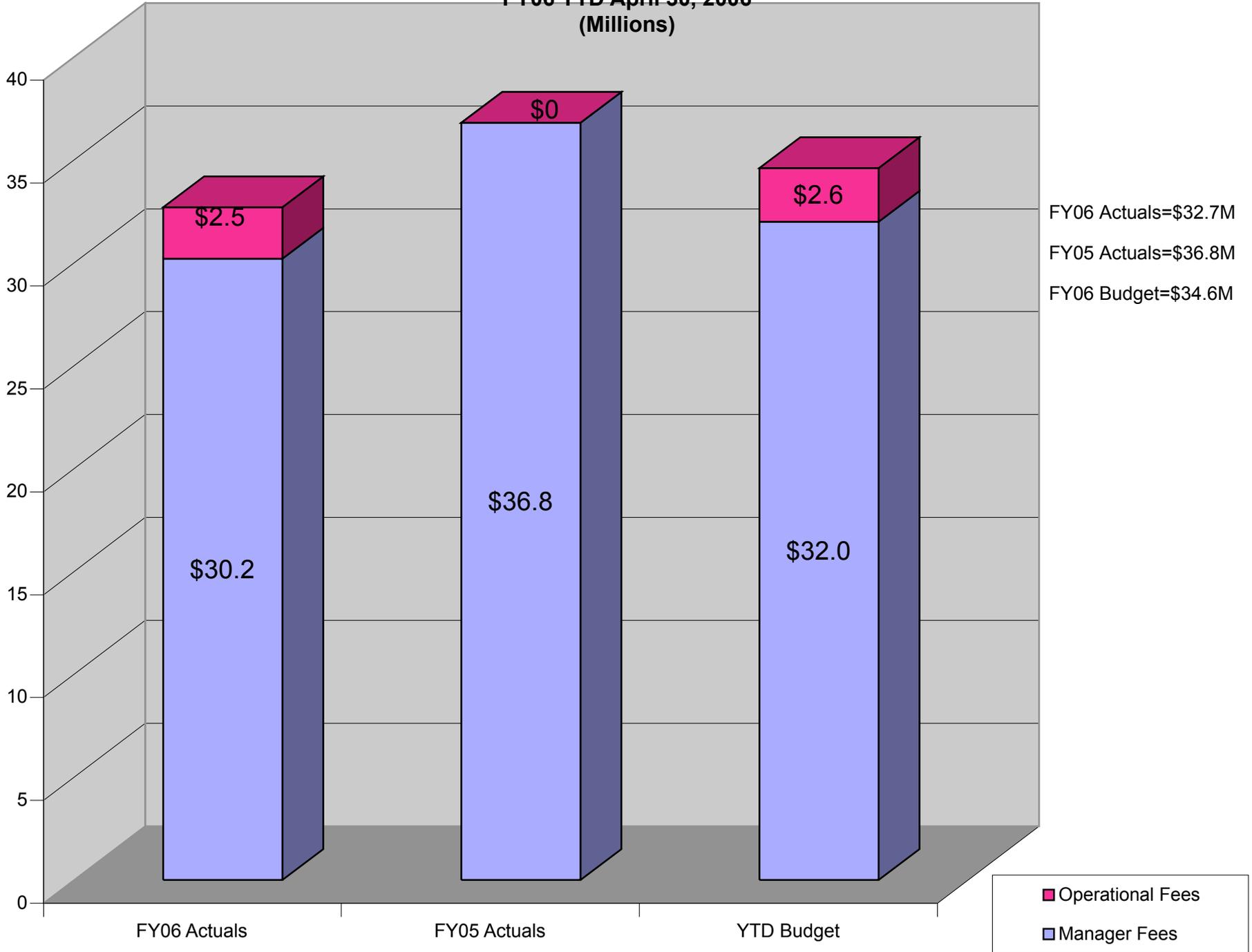
MRT 32c	WCOC to set up a committee structure to include an Actuarial Committee	Pending
MRT 39	WCOC will form an Actuarial Committee and meet regularly with the Investment Committee	Pending

Management Review Team Recommendations

PERCENT COMPLETED

Action Items:	40
Number Outstanding:	7
Number Completed:	33
Percent Completed:	83%

Investment Division
Investment Expenses - Manager & Operational Fees
FY06 YTD April 30, 2006
(Millions)





Ohio Bureau of Workers' Compensation

Index Manager RFP

June 16, 2006

Index Manager RFP Timeline

RFP ACTION ITEM

OVERSIGHT COMMISSION MEETING

Send RFP Advertisement to Newspapers/Journal

OVERSIGHT COMMISSION MEETING

Issue RFP

Open period for respondent's questions via email

WCOC responds to questions via website

DEADLINE FOR RFP PROPOSALS (2:00 PM)

BWC/Consultant Evaluation Committee initial review of proposals/Finalists identified

OVERSIGHT COMMISSION MEETING

Finalist Interviews

Regrade finalists / Notify final candidate

On-Site visit of finalist

WCOC MEETING PACKET DEADLINE

OVERSIGHT COMMISSION MEETING – WCOC Approval of Finalist

TIMELINE

June 16

July 11

July 20

July 25

July 25 – July 28

July 31 – August 4

August 22

August 22 – September 4

August 24

September 7

September 8 – September 11

September 12 or September 14

September 20

September 28

Index Manager RFP Evaluation Committee

Composition:

Five member Evaluation Committee

BWC CIO

Three BWC Investment Staff Members

Wilshire Consultant

Advertising:

Wall Street Journal (The Mart)

Barron's

Pensions and Investments

Dates

July 18,19,20

July 24 – July 30

July 10 – August 6



Ohio Bureau of Workers' Compensation

Private Equity RFP Update

June 16, 2006

Private Equity RFP Update Timeline

RFP ACTION ITEM

OVERSIGHT COMMISSION MEETING

Send RFP Advertisement to Newspapers/Journal

Issue RFP

Open period for respondent's questions via email

WCOC responds to questions via website

OVERSIGHT COMMISSION MEETING

DEADLINE FOR RFP PROPOSALS (2:00 PM)

BWC staff initial review of proposals

OVERSIGHT COMMISSION MEETING

Evaluation Committee review / finalists identified

Finalist Interviews

Regrade finalists / Notify final candidate

OVERSIGHT COMMISSION MEETING

On-Site visit of finalist

WCOC MEETING PACKET DEADLINE

OVERSIGHT COMMISSION MEETING – WCOC Approval of Finalist

TIMELINE

APRIL 27

April 27 - Complete

May 16 - Complete

MAY 16 – 19 - Complete

MAY 22 – 26 - Complete

MAY 25 - Complete

JUNE 15

JUNE 16 – 26

JUNE 16

JUNE 27-JULY 10

JULY 13

JULY 17

JULY 20

JULY 25

AUGUST 16

AUGUST 24

Private Equity RFP Evaluation Committee

Composition:

Five member Evaluation Committee

BWC CIO

Three BWC Investment Staff Members

Wilshire Consultant

Advertising:

Wall Street Journal (The Mart)

Barron's

Private Equity Week (Thompson Financial)

Pensions and Investments

Dates

May 16,17,18

May 22 - 28

May 22 - June 11

May 15 - June 11

OHIO BUREAU OF WORKERS' COMPENSATION

State Insurance Fund

April, 2006

Executive Summary

Domestic Fixed Income Overview:

Overall, the economic data released at the start of the second quarter pointed towards an economy with a healthy forward momentum. Although claims edged up steadily to levels above the 300,000 range in April, labor market conditions continued to tighten with the unemployment rate dipping back down to 4.7% in March. Payrolls increased by a higher-than-expected 211,000. Despite crude oil briefly crossing \$75 per barrel, the Conference Board Consumer Confidence Index rose to 109.6 in April from 107.2. Although some regional manufacturing surveys reported declines, the national ISM survey remained at healthy levels, edging up to 57.3 from 55.2.

Housing data has been mostly mixed recently. Housing starts slipped another 7.8% in March while new homes sales surged by 13.8% in the same period. The purchase component of the index of new mortgage applications has continued to erode in recent weeks.

In spite of the recent jump in energy costs, inflation remains relatively well-contained. Even though the March core CPI increased by 0.3%, the series' highest monthly increase in a year, the index is still up only 2.1% on a year-on-year basis. The core PCE deflator is now up 2.0% year-on-year from 1.8% in February.

The U.S. Treasury yield curve steepened during the month, as the spread between two- and five year Treasury notes ended at 6 basis points (bps), up from -1 bps at the end of March.

International Markets Overview:

April saw another strong month for international markets as they continued their impressive performance year to date. One trend that dominated the market was the continued slide of the US dollar which complimented international returns. While markets had begun to settle on a consensus that the interest rate cycle in the US was nearing an end, the view in April began to swing back towards a continued tightening.

Amongst the EAFE sectors, energy led the pack in the period, as the increasing threat of a nuclear equipped Iran reminded investors of the precarious supply-demand balance within the market. Software, the only sector to fall during April, experienced volatility amongst a number of the sectors' smaller-cap names. Index Corp (down 36%), TietoEnator (down 19%), and iSoft (down 16%) guided earnings estimates down citing rising global competition, decreasing sales prospects, and shirking margins on the heels of soaring labor costs.

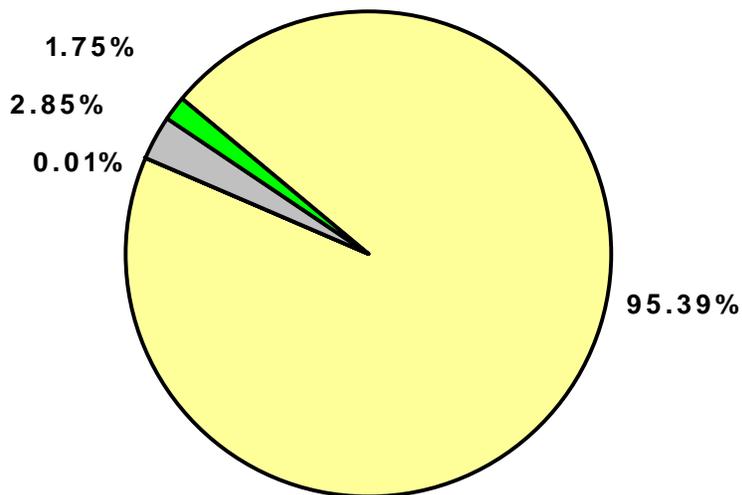
From a sector perspective, the telecom sector was the largest contributor, driven by the performance of Vodafone. We have long expected the company to focus on unlocking value within their business, and this finally appears to be happening with the disposal of their Japanese business, and the restructuring of the business into three business units. Cutting the portfolio at a regional level, stock selection within Japan contributed positively, while United Kingdom and the Pacific Rim detracted the most from performance. Within the UK, Smith and Nephew, the orthopedic and medical products company, had a difficult month as management reduced guidance on earnings growth following pricing cuts in Europe and Japan, and slower than expected sales growth resulting from the restructuring of their sales force. Whilst these issues do remain a concern, we would note that consensus estimates have now moved to reflect this, and the stock is trading at a historically low multiple. Following a product cycle lead pick up in the second half of the year, we would expect the benefits of a more efficient sales force should come to the fore and drive sales forward. We are meeting with management this month to discuss these issues.

Ohio Bureau of Workers' Compensation State Insurance Fund

Portfolio Market Value & Asset Allocation April, 2006

Portfolio Balances

Portfolio	Market Value	Percent of Total Assets
SIF Bond Total	\$14,309,091,272	95.39%
Stock Total	\$0	0.00%
International Stock Total*	\$1,463,256	0.01%
Alternative Asset Total	\$428,235,520	2.85%
Cash Reserve Total	\$262,542,152	1.75%
GRAND TOTAL	\$15,001,332,200	



*International Equity Holdings are comprised of dividend and tax reclaim receivables from previous international equity investments and international currencies resulting from such payments

Ohio Bureau of Workers' Compensation State Insurance Fund

Performance Measures For the Month Ending April, 2006

	BWC Investment Returns Monthly (Net of Fees)	New Benchmark Returns Monthly	New Benchmark Variance	BWC Investment Returns 3 Month Trailing (Gross of Fees)	New Benchmark Returns 3 Month Trailing	New Benchmark Variance
BWC Total SIF Investments	-0.15%	-0.18%	0.03%	-2.16%	-0.83%	-1.33%
SIF Bonds	-0.14%	-0.18%	0.04%	-0.11%	-0.83%	0.72%
Stocks	N/A	N/A	N/A	N/A	N/A	N/A
International Stocks	10.64%	N/A	N/A	5.46%	N/A	N/A
Alternative	-0.38%	N/A	N/A	-0.49%	N/A	N/A
Cash	0.42%	N/A	N/A	1.13%	N/A	N/A
Tranche #1 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #2 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #3 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #4 - Ssga MSCI EAFE - TM	-0.50%	N/A	N/A	-1.33%	N/A	N/A
Tranche #4 - SSGA S&P 500 - TM	N/A	N/A	N/A	0.00%	N/A	N/A
NEW BENCHMARK INFORMATION: •Lehman Brothers Aggregate Index						

Summary of Investment Manager Fee Impact:

- Investment Manager fees dampened Total Performance for the period by 0.01%

Ohio Bureau of Workers' Compensation State Insurance Fund

Performance Measures For the Month Ending April, 2006

	BWC Investment Returns Monthly (Gross of Fees)	New Benchmark Returns Monthly	New Benchmark Variance	BWC Investment Returns 3 Month Trailing (Gross of Fees)	New Benchmark Returns 3 Month Trailing	New Benchmark Variance
BWC Total SIF Investments	-0.14%	-0.18%	0.04%	-2.10%	-0.83%	-1.27%
SIF Bonds	-0.14%	-0.18%	0.04%	-0.11%	-0.83%	0.72%
Stocks	N/A	N/A	N/A	N/A	N/A	N/A
International Stocks	10.64%	N/A	N/A	5.46%	N/A	N/A
Alternative	-0.37%	N/A	N/A	-0.48%	N/A	N/A
Cash	0.42%	N/A	N/A	1.13%	N/A	N/A
Tranche #1 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #2 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #3 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #4 - Ssga MSCI EAFE - TM	-0.50%	N/A	N/A	-1.33%	N/A	N/A
Tranche #4 - SSGA S&P 500 - TM	N/A	N/A	N/A	N/A	N/A	N/A
NEW BENCHMARK INFORMATION:						
•Lehman Brothers Aggregate Index						

Summary of Monthly Performance Attribution:

•BWC's Total SIF outperformed its' New Benchmark by 0.04% for the period.

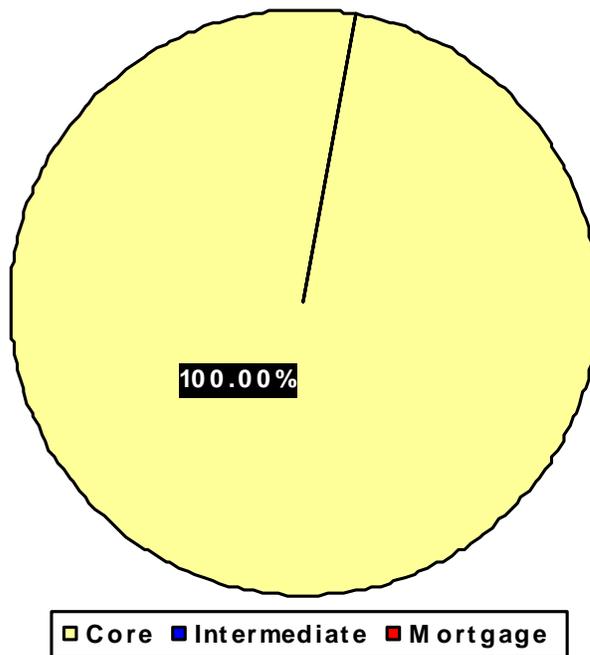
•Performance Relative to Benchmark Performance:

(+) BWC's Bond Portfolio outperformed its' Benchmark for the period.

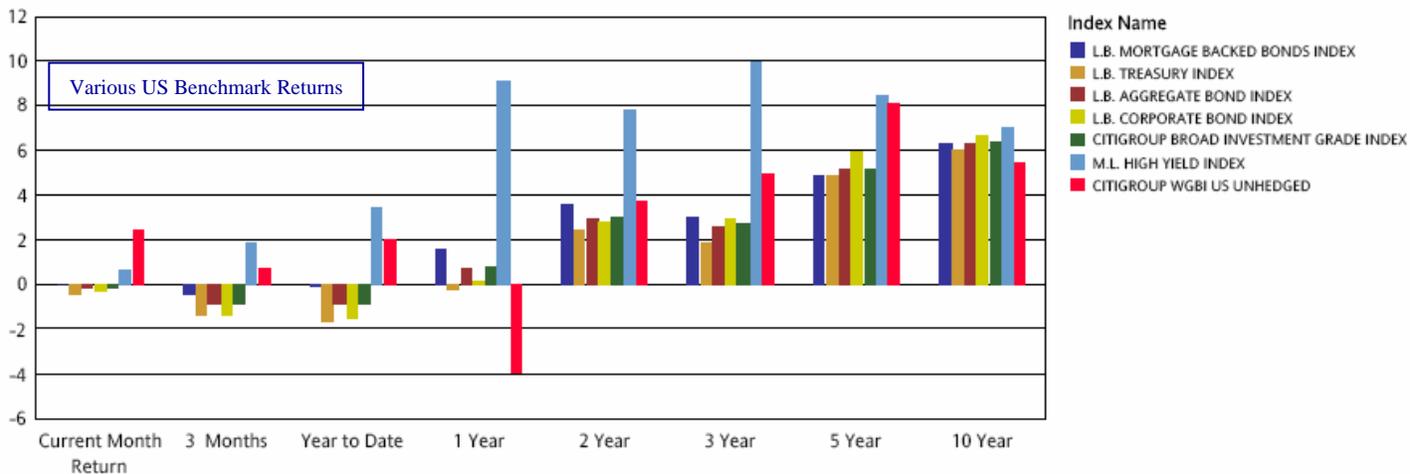
Ohio Bureau of Workers' Compensation State Insurance Fund

Fixed Income Allocation* & Returns

April, 2006

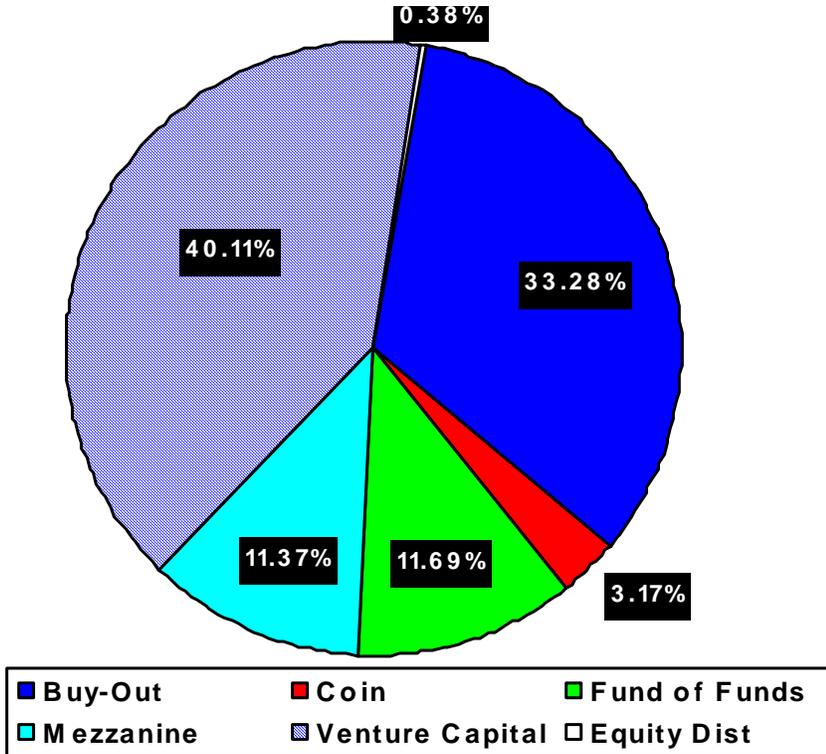


Fixed Income Returns As of April 2006



*Style classification does not consider fixed income assets contained in various Transition Management Accounts

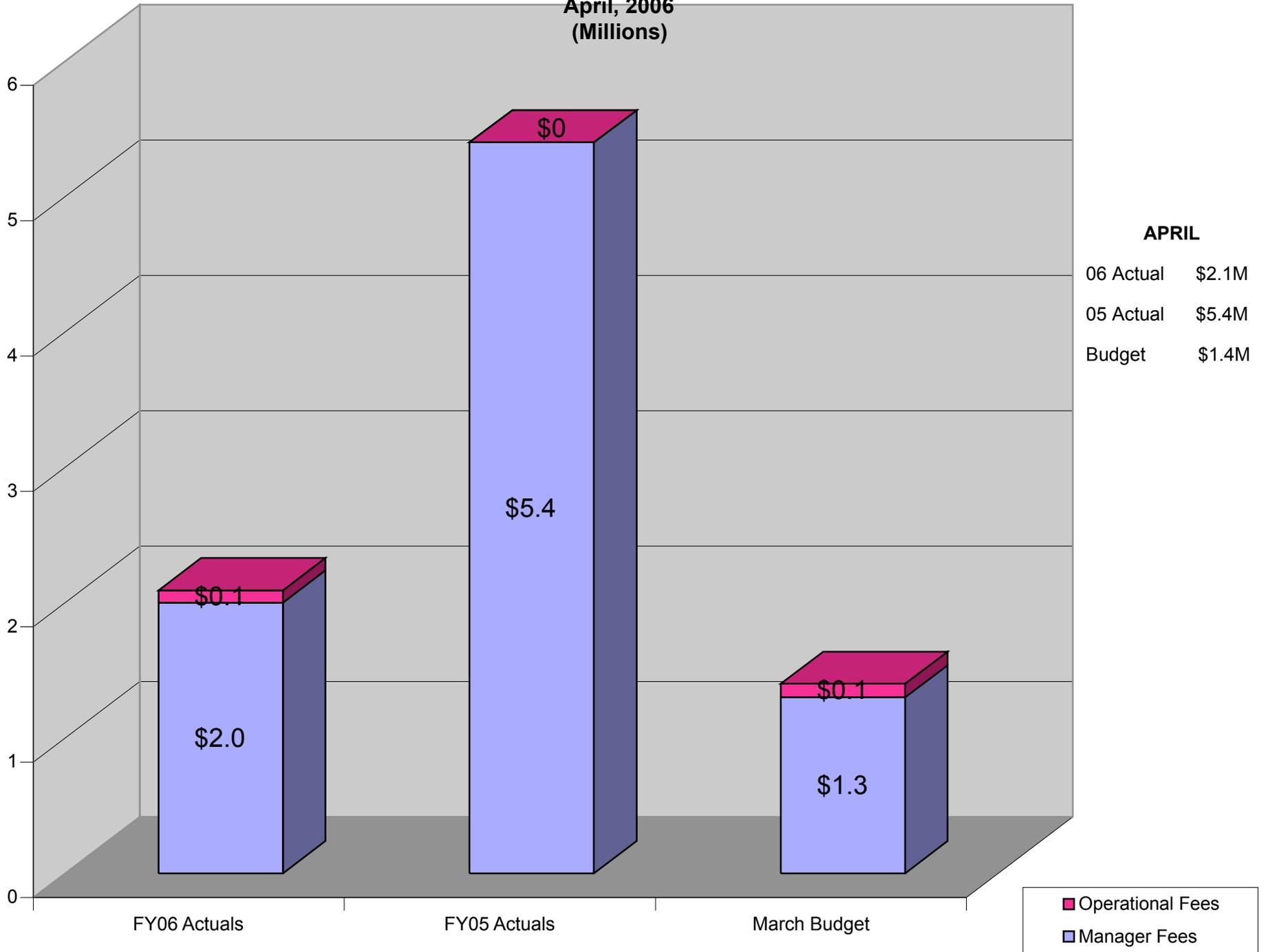
**Ohio Bureau of Workers' Compensation
State Insurance Fund
Alternative Asset Allocation
April, 2006**



Ohio Bureau of Workers' Compensation
State Insurance Fund
Fees Paid for the month of
April, 2006

Manager	Type	Fees Paid	Period Paid for
Alliance	Bond	\$113,498.00	3rd Qt 2005
Alliance	Bond	\$114,137.00	4th Qt 2005
Dana Investment Advisors	Stock	\$18,515.80	4th Qt 2005
Fairport	Bond	\$4,936.25	1st Qt 2006
Fortzleza Asset Management, Inc	Stock	\$12,378.54	4th Qt 2005
Holland Capital Management, L.P.	Bond	\$14,136.48	1st Qt 2006
Hughes Capital Management Inc	Bond	\$33,188.68	1st Qt 2006
John Hancock Funds, LLC	Bond	\$459,568.53	3rd Qt 2005
John Hancock Funds, LLC	Bond	\$456,634.70	4th Qt 2005
John Hancock Funds, LLC	Bond	\$152,276.12	1st Qt 2006
Lazard Asset Mgmt.	Stock	\$26,078.01	4th Qt 2005
Opus Capital Mgmt.	Stock	\$48,084.48	4th Qt 2005
Prima Capital	Bond	\$149,492.89	1st Qt 2006
Pugh Capital Mgmt.	Bond	\$7,598.68	1st Qt 2006
Veredus Asset Management LLC	Stock	\$183,368.88	4th Qt 2005
Wasner, Schroeder & Company	Bond	\$2,752.90	1st Qt 2006
Total Fees Paid		\$1,796,645.94	

**Investment Division
 Investment Expenses - Manager & Operational Fees
 April, 2006
 (Millions)**



INVESTMENT DIVISION

TO: Bill Mabe, Administrator/CEO
Mike Koetters, Chairman, Investment Committee
Denise Farkas, Investment Committee
Win McCausland, Investment Committee
Bill Sopko, Investment Committee

FROM: Bruce Dunn, Chief Investment Officer

DATE: June 6, 2006

SUBJECT: CIO Report for May, 2006

The Investment Division in May, 2006 continued to work on many important investment initiatives/directives given by the WCOC Investment Committee and Administrator Mabe. This report summarizes some of these activities, issues, and action plans relating to the Ohio Bureau of Workers' Compensation Investment Division.

2006 Strategic Initiatives

The Investment Division has the following 2006/2007 goals:

- | | | | |
|----|---|-----------|----------------------|
| 1. | Transition BWC's portfolio to a fixed income allocation while increasing annual cash income | 12/31/06 | TRANSITION COMPLETED |
| 2. | Establish a new BWC internal investment organization for restructured portfolio | 12/31/06* | |
| 3. | Create and implement a new monthly reporting system by outsourcing to custodian | 03/31/06 | COMPLETED |
| 4. | Establish proper investment controls and procedures to protect the assets of the State Insurance Fund | 12/31/06 | |
| 5. | Establish new investment accounting process for the restructured portfolio | 03/31/07 | |

*extended from 6/01/06

Strategic Initiative One- COMPLETED

The transition of BWC's actively managed portfolios to the State Street Lehman Aggregate passive fixed income index commenced on January 9, 2006, with State Street Global Markets (SSGM) managing the process on behalf of BWC. The transition is complete with only a few clean-up assets still being retained. The final report detailing the \$15.5 billion transition was included in the material for the April 27, 2006 WCOC/IC meeting. BWC's transition was completed on time with actual costs well below the anticipated estimates.

BWC has agreed to sell its three mezzanine loans secured by commercial real estate. The expected settlement date for this transaction is June 8, 2006. These loans are being sold for an aggregate principal value of \$42.25 million and have an

aggregate par value balance of \$45.2 million. As Transition Manager, State Street has performed the necessary due diligence in determining this sale value as a fair value for the disposal of these assets. After this transaction is completed, BWC will own several miscellaneous assets with an estimated market value of \$160,000.

In addition, annual cash income was anticipated to increase by an additional \$100 million as a result of the restructured portfolio comprised of nearly 100% fixed income assets. The additional interest income earned YTD ending April 30 was \$66.5 million higher for 2006 versus 2005.

Strategic Initiative Two

The new Chief Investment Officer, Bruce Dunn, assumed his position on May 22, 2006.

Training continues for the two newest investment managers of the Investment Division. Two other investment managers, with six and five years of tenure within the Investment Division, were reassigned to other Divisions within BWC. Recruitment activities continue for two new investment managers and further additions to staff will occur during the remainder of 2006.

Temporary personnel continues to focus on assisting in the organization of the private equity files and in imaging private equity documents.

Strategic Initiative Three – Previously COMPLETED (See March CIO report)

Strategic Initiative Four

The WCOC/IC approved a new Investment Policy at the April 27, 2006 meeting. The Investment Division continues to improve internal procedures for the management of the 68 private equity funds as well as the new bond index fund, performance reporting, and other investment activities to support the new Investment Policy.

Strategic Initiative Five

A new investment accounting process will be explored and finalized by March, 2007. The Investment Division will be involved with IT and Internal Audit for the initial prioritizing of support and development for the project plan.

Private Equity RFP Update

An RFP on the sale of up to all private equity funds owned by BWC was approved for issuance by the WCOC/IC at the April 27, 2006 meetings. This RFP was issued on May 16, 2006 with a stated deadline of June 15, 2006 for submissions of proposals. Working with the BWC Legal Division, the Investment Division completed responses to 35 questions raised during the Private Equity RFP open question period and these responses were posted on the BWC website on May 30, 2006.

Department of Justice Private Equity Action Update

Judge Frey consolidated the BWC v. Behrman action with the Dispatch v. BWC public records case. None of the Ohio pension funds have filed motion to intervene. Judge Frey issued a Pretrial Order on May 26, 2006 granting BWC's Motion for Default Judgment against the seven partnerships that did not respond to the initial complaint. As a result, the Columbus Dispatch can obtain (1) unredacted copies of the Ennis Knupp Report pertinent to all materials in Tab 4 of the seven defendants only and (2) redacted copies of Tab 5 of the Ennis Knupp Report specifically pertinent to only the defaulted parties.

Legislative Updates/HB66 Compliance

SCR 21 (Dann)

This resolution would require the return of all political contributions made by Thomas Noe.

This resolution has not been assigned to a committee

SB 151 (Dann)

This legislation would require the Ohio Retirement Study Council to oversee investment of funds under the Workers' Compensation Law and approve contracts entered into concerning the investment of those funds, to change the investment authority of the Administrator of Workers' Compensation, to establish restrictions concerning contracts for the investment of those funds, to require that criminal records checks be conducted on persons involved with the investment of those funds, to prohibit the Administrator from awarding a contract for the investment of those funds to an investment manager or business entity who has made specified campaign contributions, and to prohibit certain state officials from soliciting or accepting campaign contributions from those investment managers or business entities.

Currently in Senate Insurance, Commerce & Labor Committee

No hearings scheduled at this time

SB 282 (Fingerhut)

This legislation was introduced on March 7, 2006. This bill would require the WCOC to employ its own professional and clerical staff rather than use staff provided by the Administrator of Workers' Compensation, and to require the WCOC to adopt rules to establish the objectives, policies, and criteria for the investment program of the BWC.

Currently in Senate Insurance, Commerce & Labor Committee

No hearings scheduled at this time

HB 354 (Patton)

This legislation would require that any state agency with the authority to invest state funds to report on those investments using the Global Investment Performance Standards established by the CFA Institute.

Currently in House State Government Committee

No hearings scheduled at this time

HB 376 (Patton)

This legislation would create the Workers' Compensation Investment Board and would transfer the Workers' Compensation Oversight Commission's powers and duties regarding the investment program of the Bureau of Workers' Compensation to the Investment Board.

Currently in House State Government Committee

No hearings scheduled at this time

HCR 23 (Redfern)

This resolution would establish a committee to investigate BWC malfeasance.

Currently in House State Government Committee
No hearings scheduled at this time.

HB66 Compliance

Emily Hicks (BWC Legislative Liaison) is working with Cathy Moseley (BWC Chief of Staff) to ensure compliance to all related HB66 requirements.

SB 7 (Cates)

This legislation is often referred to as the “workers’ compensation reform” bill. This would make necessary administrative changes to the workers’ compensation system.

This bill passed. The only change is that a referendum petition was filed on Thursday, April 6, 2006. The group will need to attain 194,000 signatures to make it on the Nov. 7, 2006 ballot. Please see the attached referendum petition.

NOTE: Although HB 376 (Patton) and SB 282 (Fingerhut) are similar, both bills would require different action by BWC. They would both be debated and voted on in their respective chambers and then passed along to the opposite chamber for consideration. At this point, neither of the bills is scheduled for a hearing, which is the first step in the process.

- HB 376 would create the Workers' Compensation Investment Board and transfers to the Board the Workers' Compensation Oversight Commission's powers and duties regarding the Bureau of Workers' Compensation investment program.
- SB 282 would require the Workers' Compensation Oversight Commission to employ its own professional and clerical staff rather than use staff provided by the Administrator of Workers' Compensation, and to require the Oversight Commission to adopt rules to establish the objectives, policies, and criteria for the investment program of the Bureau of Workers' Compensation.

Support continues in providing supporting documentation for the following legal/investigative activity:

Coin Liquidation

MDL

Private Equity Declaratory Judgement

AOL/Time Warner

Inspector General, et al



June 16, 2006

Anthony Karydakis

Vice President

212-837-1499

anthony.l.karydakis@jpmorgan.com

Bob Parise

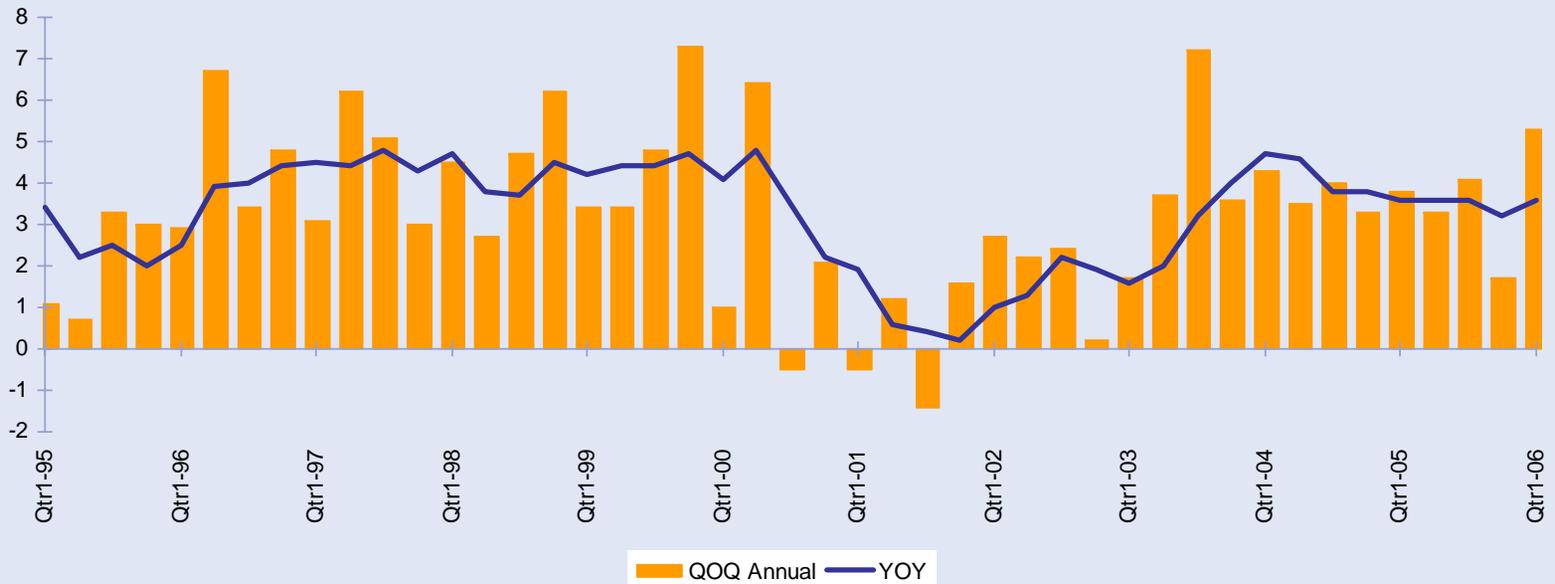
Vice President

312-267-5351

robert.m.parise@jpmorgan.com

GDP

Percent, Quarterly Annualized

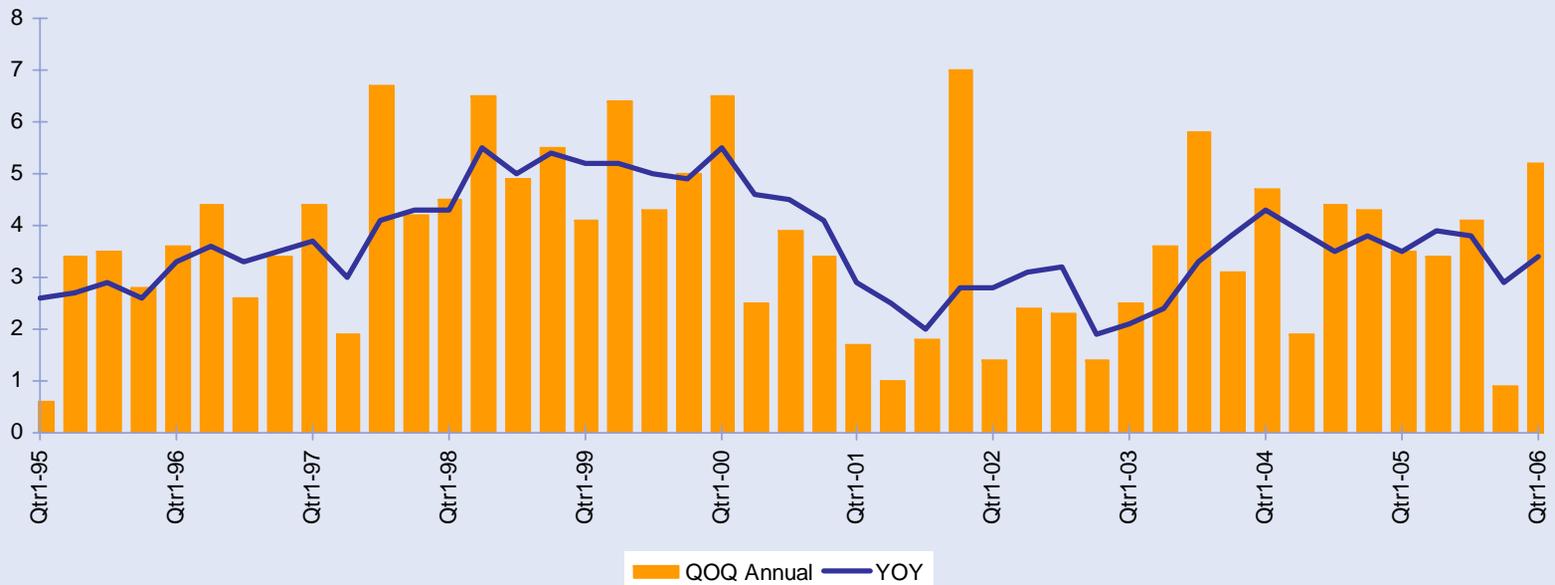


Source: Bureau of Economic Analysis

■ Real GDP grew at an annualized 5.3% in Q1, which translates into a 3.6% growth rate on a year-on-year basis. The pace of economic activity is already in the process of downshifting.

Personal Consumption Expenditures Component in GDP

Percent, Quarterly Annualized



Source: Bureau of Economic Analysis

■ Consumer spending has been a key engine of strength for the economy in the last two years. It is, however, likely to slow to a pace closer to 2.5-3.0%- still respectable.

New Home Sales



Source: U.S. Census Bureau

Purchase Component in Index of Weekly Mortgage Applications



Source: Bloomberg

Nonfarm Payrolls

Thousands, Monthly



Source: Bureau of Labor Statistics

- Job growth has slowed somewhat in the last couple of months. However, labor markets remain overall tight, with increasing evidence of shortage in skilled workers.

Capacity Utilization

Percent, Monthly



Source: Federal Reserve

- By some conventional measures, the economy is operating close to full capacity.

Wages and Salaries vs. Benefits in the ECI

Percent, YOY



Source: Bureau of Labor Statistics

- The tight labor market conditions have recently started putting some moderate upward pressure on wages. Still, on balance, wage increases remain fairly reasonably contained.

Medical Care Costs in CPI (YOY)

Percent, Monthly



Source: Bureau of Labor Statistics

- Medical cost gains have moderated since 2003 but they continue to outpace those of the overall CPI.

Journal of Commerce Price Index

Index, Daily

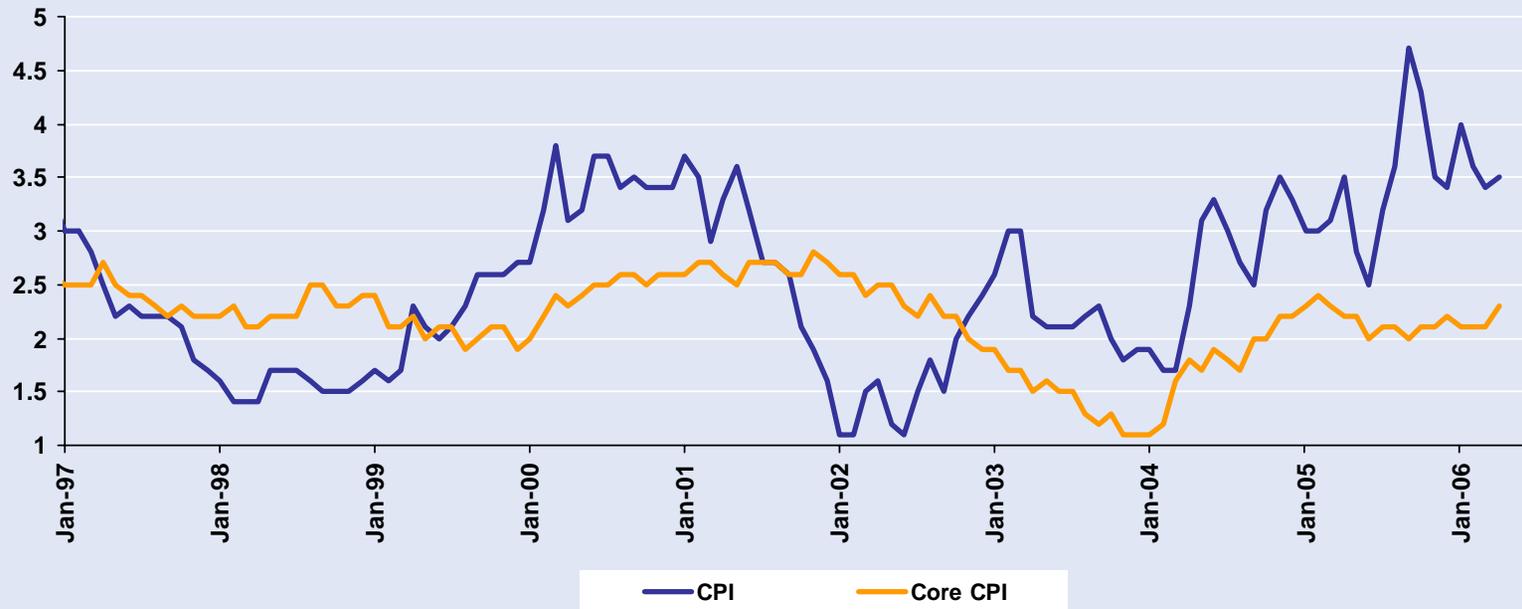


Source: Bloomberg

- Commodity prices remain near their historical high but their dramatic uptrend of the last four years should slow in the balance of the year, as the US economy cools down.

CPI (YOY)

Percent, Monthly

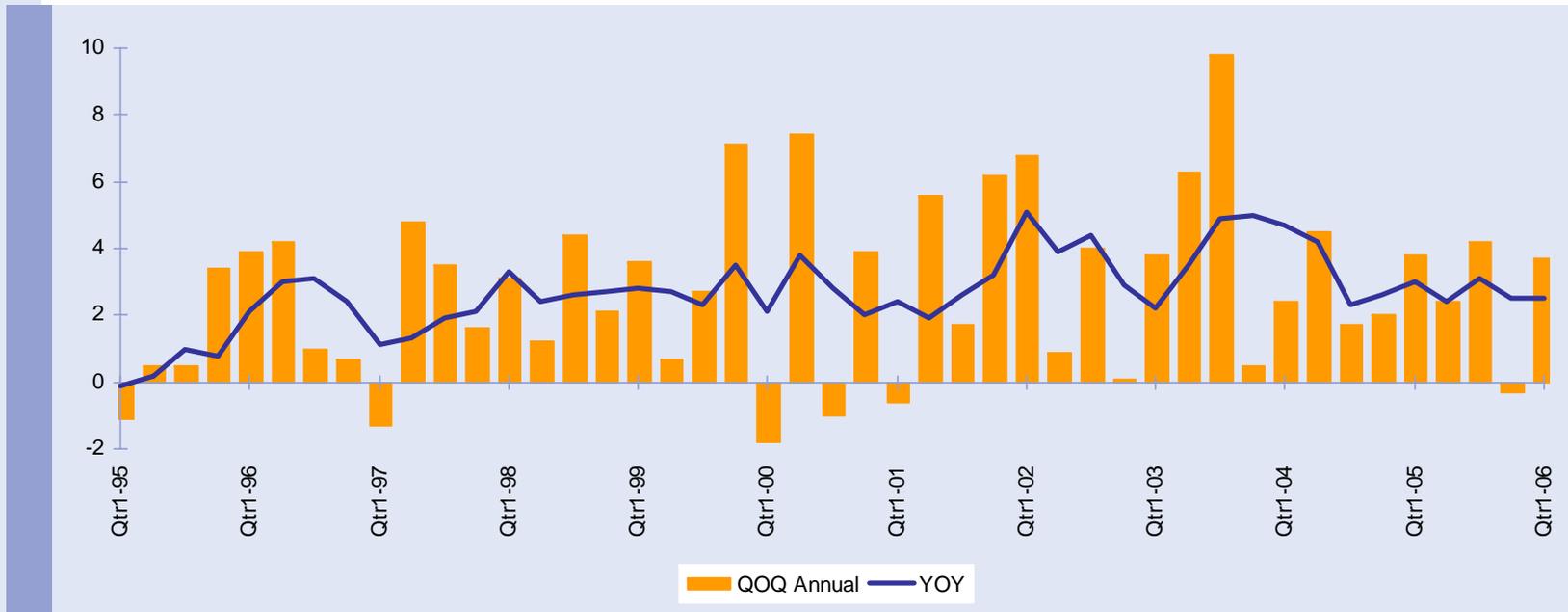


Source: Bureau of Labor Statistics

- Despite some elevated anxiety recently over the price picture, core inflation remains comfortably within its range of the last several years. Core CPI is currently running at 2.3% year-on-year.

Nonfarm Business Productivity

Percent, Quarterly



Source: Bureau of Labor Statistics

- The behavior of productivity will be instrumental in influencing the degree to which a moderate acceleration of wages will ultimately push inflation higher.

Fed Funds Target

Percent, Monthly



Source: Bloomberg

- The fed funds target is likely to be lifted to 5 ¼% with some risk that it will end up the year at 5 ½%. The Fed is determined to take whatever action necessary to prevent inflation from accelerating materially from its current level.

10-Yr Treasury Yield (End-of-week)

Percent



Source: Bloomberg

- Despite a moderate back-up in long-term rates since the beginning of the year, the 10-year Treasury yield is unlikely to move materially above 5% on a sustained basis.

Lehman Index of U.S. Corporate Investment Grade Spreads

Basis Points, Monthly

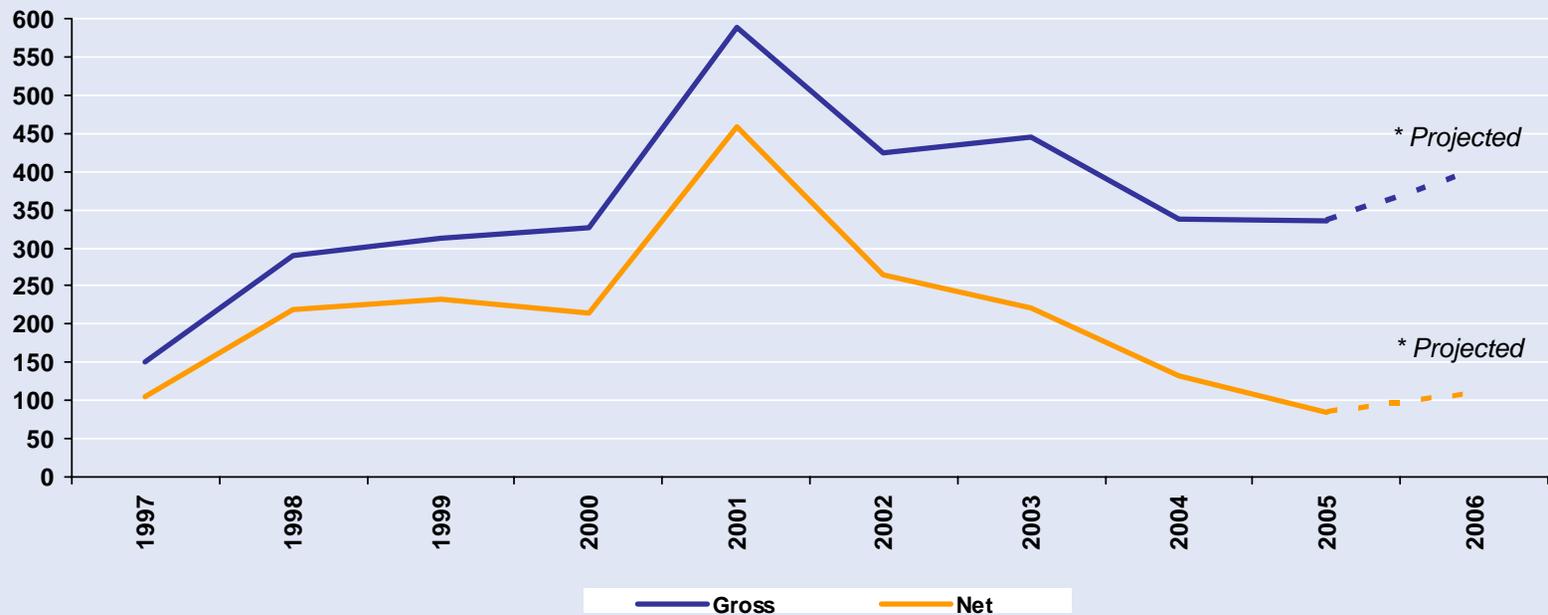


Source: Lehman Brothers

- Healthy corporate balance sheets helped keep investment grade spreads tight by the standards of the last few years.

Corporate Issuance of U.S. Investment Grade Corporate Bonds

Billions, Annual



Source: Lehman Brothers

- Gross issuance of corporate debt is picking up again, but a good portion of it will simply be replenishing maturing debt.

Mortgage Current Coupon Yield Spread Over 7-Year Swap Yield

Spread, Daily



Source: Bloomberg

- Mortgage spreads remain apparently unconcerned about the slowdown in the housing market.

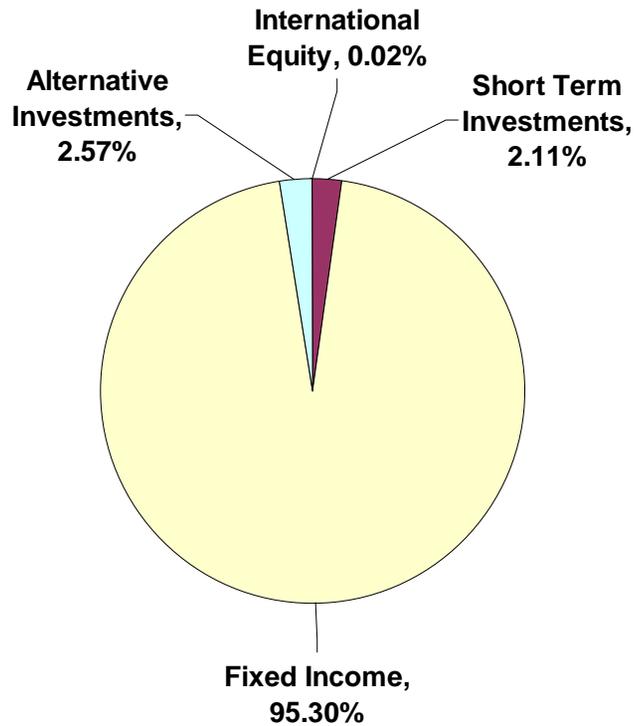
Ohio Bureau of Workers' Compensation

April 2006 Monthly Performance Flash Report

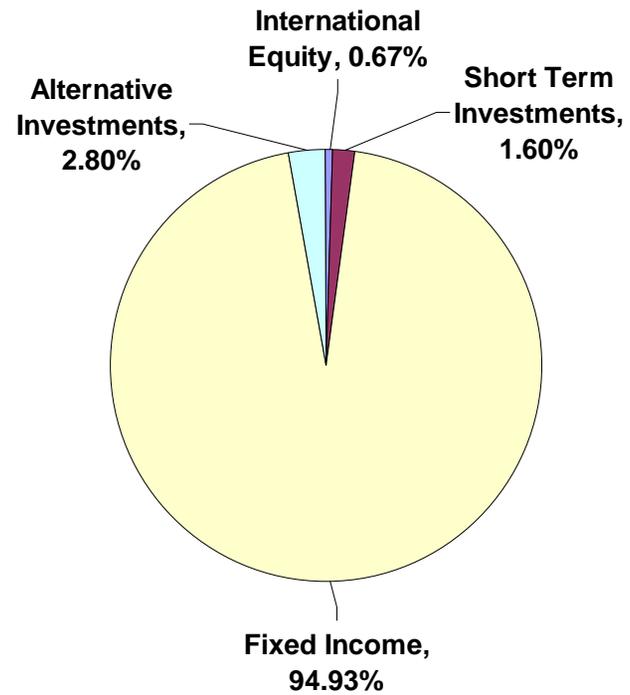


Asset Allocation – State Insurance Fund

As of March 31, 2006



As of April 30, 2006



Ohio Bureau of Workers' Compensation
 Monthly Performance and Market Value Summary
 Periods Ended 4/30/06



Manager	Returns						Market Value	
	Month	Prior Month	QTD	3 Months	YTD	1 Year	\$(000)	Percent
Ohio BWC Total Fund	-0.14	-0.09	-0.14	-0.01	1.25		16,378,192	100.00
State Insurance Fund	-0.14	-0.08	-0.14	0.00	1.39		15,033,138	100.00
SIF Custom Policy	-0.18	-0.98	-0.18	-0.87	0.58			
SSgA Passive Agg Bond SI CTF	-0.14		-0.14				14,201,324	86.71
Ancillary Composite	-0.13		-0.13				1,345,060	8.21
Black Lung 2000	-0.14		-0.14				221,894	1.35
Disabled Workers Retirement	-0.14		-0.14				1,056,984	6.45
Marine 2005	-0.14		-0.14				14,485	0.09
Public Workers Relief Fund	-0.14		-0.14				20,173	0.12
Self Insured Bond Fund 200	0.40		0.40				31,524	0.19
Restricted Stock - Liquidation	-2.91		-2.91				1,611	0.01
Cash Composite	0.42	0.38	0.42				262,630	1.60
Indices								
91 Day T-Bill Index	0.37	0.39	0.37	1.09	1.41	3.69		
Lehman Aggregate	-0.18	-0.98	-0.18	-0.83	-0.82	0.71		
Standard & Poor's 500	1.34	1.24	1.34	2.87	5.60	15.40		
DJ Wilshire 5000	1.11	1.84	1.11	2.95	6.61	18.61		
MSCI EAFE Index (N)	4.78	3.30	4.78	7.99	14.62	33.48		

Returns are preliminary and subject to change. Alternative investment returns are calculated quarterly and provided in a separate report.

Ohio Bureau of Workers' Compensation
 Monthly Performance and Market Value Summary
 Periods Ended 4/30/06



Manager	Returns						Market Value	
	Month	Prior Month	QTD	3 Months	YTD	1 Year	\$(000)	Percent
Cash Account	0.42		0.42				262,542	1.60
Cash Account -- Old							88	0.00
Tranche #3							109,224	0.67
Tranche #5							22	0.00
Alternative Investments Composite	N/A	15.99	N/A	15.99	15.99		458,321	2.80
Indices								
91 Day T-Bill Index	0.37	0.39	0.37	1.09	1.41	3.69		
Lehman Aggregate	-0.18	-0.98	-0.18	-0.83	-0.82	0.71		
Standard & Poor's 500	1.34	1.24	1.34	2.87	5.60	15.40		
DJ Wilshire 5000	1.11	1.84	1.11	2.95	6.61	18.61		
MSCI EAFE Index (N)	4.78	3.30	4.78	7.99	14.62	33.48		

Returns are preliminary and subject to change. Alternative investment returns are calculated quarterly and provided in a separate report.

Custom Policy Benchmark Transition – State Insurance Fund

SIF Policy Benchmark Transition			
Start	End	Percent	Description
11/30/2005	1/31/2006	100%	Pre-Transition Policy
1/31/2006	2/28/2006	50%	Pre-Transition Policy
		50%	Lehman Aggregate
2/28/2006	Present	100%	Lehman Aggregate

Pre-Transition Policy Benchmark	
S&P 500 Index	29%
MSCI EAFE Index	11%
Lehman Aggregate	57%
91 - Day T-Bill	3%

Tranche Key

Tranche	Tranche 1	Tranche 2	Tranche 3
Asset Type	Domestic Equity	Domestic Equity	International Equity
Manager	<p>Apex Capital Management, Inc. Bahl & Gaynor Investment Counsel Delancey Capital Group Gratry & Company Gries Financial LLC Charter Financial Group CIC Asset Management Dana Investment Advisors, Inc. Edgar Lomax Company JPMorgan Investment Management, Inc. Eubel Brady & Suttman Asset Management Cordillera Asset Management Fortaleza Asset Management, Inc. Great Northern Asset Management, Inc. GW Capital, Inc. Ariel Capital Management Buckhead Capital Daruma Asset Management, Inc. Ironwood Capital Management, LLC</p>	<p>ING Investment Management - Aeltus Lakepoint Investment Partners Lazard Asset Management Lynmark Capital Group, Inc New Amsterdam Partners, LLC. Rutland Dickson Asset Management Swarthmore Group Nottingham Investment Advisers, Ltd. Paradigm Asset Management Putnam Advisory Company, Inc Sturdivant & Company, Inc. Union Heritage Capital Management Victory Capital Management Inc. Putnam Advisory Company, Inc James Investment Research, Inc. Quantum Legacy Capital Management, LLC Renaissance Investment Management Riverbridge Partners LLC UBS Global Asset Management, Inc Veredus Asset Management Loomis Sayles & Co., L.P. Opus Capital Management, Inc. Penn Capital Management Co., Inc. R. Meeder & Associates Tamro Capital Partners LLC Piedmont Investment Advisors, LLC (fixed income)</p>	<p>ING Investment Management Capital Gaurdian Clay Findlay Invesco Global Perigee (aka Legg Mason) Simms Capital Asset Management Lombard Odier Montgomery Int'l Oeschle Putnam Institutional Societe General Investment Management</p>

Tranche	Tranche 4	Tranche 5	Tranche 6
Asset Type	Domestic & International Equity	Fixed Income	Ancillary
Manager	<p>State Street Global EAFE Index CTF SSgA S&P 500 Index CTF</p>	<p>Blackrock Pugh Capital Management Smith Graham Management Advent Capital Management Alliance Capital Blaylock Abacus Financial Group, Inc. John Hancock Advisers, LLC. LM Capital Group, LLC Morgan Stanley Investments LP Prima Capital Advisors Reams Capital Management, LLC Wasmer, Schroeder and Company, LLC Western Asset Management Banc One Managed 1030 Fairport Asset Management, LLC Holland Capital Management Hughes Capital Management Taplin, Canida & Habacht</p>	<p>Self Insured Bond Fund 200 Public Workers Relief Fund Marine Account 2005 Disabled Workers Retirement Black Lung 2000</p>

Accounts outside of transition:
BWC - Index Fund 1010
SSgA Passive Bond Market



OBWC Fixed Income Benchmark and Investment Structure Recommendations – Draft *Investment Committee: First Consideration*

June 16, 2006

Mark E. Brubaker, CFA
Managing Director

Julia Bonafede, CFA
Senior Managing Director



Introduction and Background

- **This purpose of this analysis is to illustrate the characteristics of a fixed income benchmark designed to more closely match the volatility of the Fund's expected claim payment stream.**
- **The fixed income benchmark was selected through an optimization process with the objective to maximize the cash flow yield of the portfolio while matching the duration and yield curve characteristics of the Ohio Bureau of Workers' Compensation's liability stream.**
- **The optimization process included the following benchmarks:**
 - ◆ Lehman Long Term Government Index
 - ◆ Lehman Long Term Credit Index
 - ◆ Lehman Intermediate Government Index
 - ◆ Lehman Intermediate Credit Index
 - ◆ Lehman Long Term Government/Credit Index
 - ◆ Lehman Intermediate Government/Credit Index
 - ◆ 91 Day T Bills



Long-Duration Fixed Income Benchmark

- Below is an analysis of two fixed income benchmarks. Due to the small marginal benefit derived from Customized Benchmark 2 (yield-to-maturity of 5.8% vs. 5.6%) and the credit risk that it entails, Wilshire recommends that OBWC utilize the Lehman Long Government/Credit Index (Customized Benchmark 1) for the fixed income allocation
- The Lehman Long Government/Credit index sector allocation as of March 31, 2006 was approximately 55% government / 45% credit
 - Active fixed income managers may elect to overweight credit sectors when they present relative value

Customized Benchmark 1:	
99%	Lehman Long-Term Govt/Corp
1%	91 Day T-Bill

Customized Benchmark 2:	
40%	Lehman Long-Term Govt
56%	Lehman Long-Term Corporate
4%	Lehman Int-Term Corporate

Portfolio Statistics	Lehman Aggregate	Customized Benchmark 1	Customized Benchmark 2	Liability Stream
Effective duration	4.59	10.38	10.30	10.38
Effective d2	2.87	8.70	8.61	8.67
Effective d3	3.57	6.43	6.24	6.06
Yield to Maturity	5.48	5.57	5.81	--
Cash flow yield	5.46	5.56	5.79	--
Current yield	5.19	5.90	6.08	--
Average coupon	5.24	6.79	6.80	--
Average price	100.04	100.00	110.27	--
Years to maturity	12.91	19.77	20.55	--
Est. Annual Income (\$)	\$900,446,055	\$916,937,742	\$954,868,619	--

Optimized portfolio duration, D2, D3

Effective duration: measures risk to changes in level of the yield curve

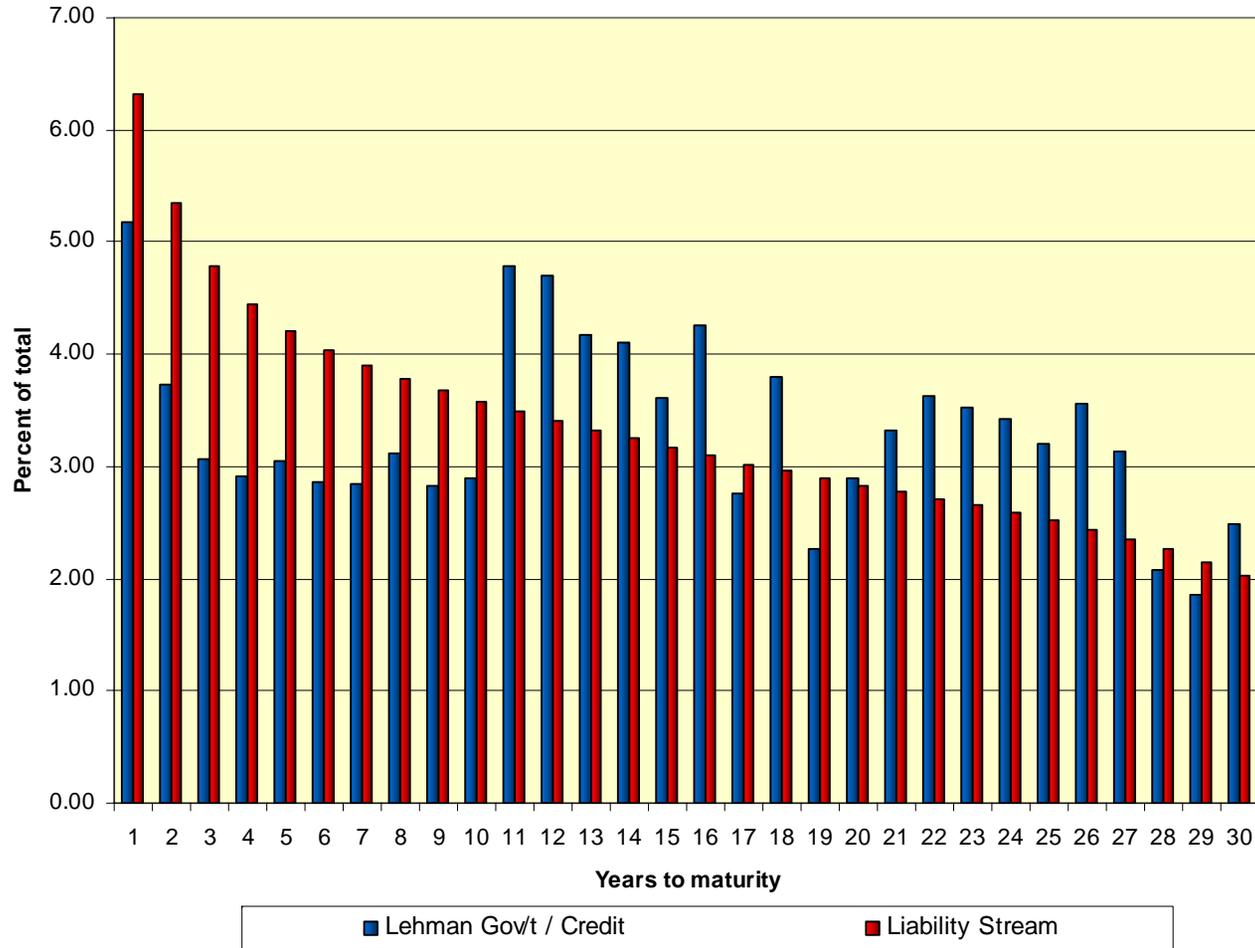
Effective D2: measures risk to changes in slope of the yield curve

Effective D3: measures risk to changes in the curvature of the yield curve



Cash Flow Analysis

Cash Flows



Observations and Recommendation

- **A portfolio utilizing the Lehman Government/Credit index would have similar sensitivity to changes in interest rates to that of Ohio Bureau of Workers' Compensation's reported reserves.**
 - OBWC's reserves are currently discounted at the 5-year rolling average yield-to-maturity of a 30-year Treasury Bond. Therefore, there is no fixed income instrument that would provide a perfect match of interest rate sensitivity.
- **Wilshire recommends that the OBWC begin shifting to the Lehman Government/Credit benchmark in 25% increments over a 3-5 month period following the completion of the index manager and active fixed income manager searches.**



Investment Structure Philosophy

- **Wilshire recommends using active management in inefficient markets, where there is a higher probability of success**

Asset Class / Structure	Market Observations	Recommended Approach
US Equity <i>Large Stocks</i> <i>Small Stocks</i>	Efficient <i>Highly Efficient</i> <i>Less Efficient</i>	Structured / Passive <i>Passive / Structured</i> <i>Active / Traditional</i>
Non-US Equity <i>Developed Markets</i> <i>Emerging Markets</i>	Inefficient <i>Inefficient</i> <i>Highly Inefficient</i>	Active <i>Active / Broad Market</i> <i>Active / Opportunistic</i>
Fixed Income <i>Core-Oriented</i> <i>High Yield</i>	Inefficient <i>Inefficient</i> <i>Highly Inefficient</i>	Active <i>Active / Spread Product / Opportunistic Non-US</i> <i>Active</i>
Alternative Investments	Highly Inefficient	Active / Access to Deals / Fund of Funds

Investment Structure

- **Wilshire recommends the following investment structure for implementing the asset allocation policy:**

Asset Class	% of Asset Class	Benchmark
U.S. Equity		Wilshire 5000
<i>Large Cap</i>	80%	<i>S&P 500</i>
Active	0%	
Passive	80%	
<i>Small/Mid Cap</i>	20%	<i>Wilshire 4500 / Russell 2500</i>
Active	20%	
Passive	0%	
Non-U.S. Equity		MSCI ACWI ex-U.S.
Active	80%	
Passive	20%	
Fixed Income - Long Duration		Lehman Long Government/Credit
Active	50%	
Passive	50%	
High Yield		Merrill Lynch High Yield Master II
Active	100%	
Passive	0%	
Inflation-Protected Securities		Lehman U.S. TIPS
Active	0%	
Passive	20%	
Cash Equivalents		90-Day T-Bill

Please refer to the following page for an analysis of the long-duration fixed income benchmark.



Julia K. Bonafede, CFA
Senior Managing Director and Principal

Julia joined Wilshire in 1991 initially as a member of the Consulting Division. She moved to the Analytics Division in 1993 and, in 1996, started Wilshire's European Analytics business in London. Beginning in 1999, Julia headed the Analytics Division's U.S.-based client service group, a staff of 30, located in Wilshire's New York and Santa Monica offices. Currently Julia directs Wilshire's Consulting Division.

Julia has a B.A. in Marketing from the University of Colorado and an M.B.A. in Finance and Entrepreneurship from the Marshall School of Business at the University of Southern California. She is a member of the Association for Investment Management and Research and is a founding member of the United Kingdom Society of Investment Professionals. Her publications include, "The Wilshire 5000 Total Market Index: The Logistics Behind Managing Broad-Based Indexes", *Journal of Indexes*, 3rd Quarter 2003; and "A Multi-Period Linking Algorithm that Has Stood the Test of Time", *The Journal of Performance Measurement*, Volume 7: Number 1.

Mark E. Brubaker, CFA
Managing Director

Mark joined the Pittsburgh, PA office of Wilshire Associates as a Senior Consultant in 1997. Mark works with a broad range of fund sponsors including public and corporate pensions, endowments and foundations and insurance companies. In addition to his client responsibilities, he serves on Wilshire's investment committee and chairs Wilshire's small cap value and growth manager research committees. He is a frequent speaker on investment-related topics including asset/liability management, alternative investments and emerging markets.

Mark earned a B.A. from Yale University and an MBA from Carnegie Mellon University with a concentration in finance. Before joining Wilshire, Mark worked at Westinghouse Electric Corporation, where he was responsible for over \$9 billion in defined benefit, defined contribution and foundation assets and at PNC Bank where he managed pension client relationships for the Investment Management and Trust Division.

He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and Pittsburgh Society of Financial Analysts.



OHIO BUREAU OF WORKERS' COMPENSATION TOTAL FUND

April, 2006

Executive Summary

Domestic Fixed Income Overview:

Overall, the economic data released at the start of the second quarter pointed towards an economy with a healthy forward momentum. Although claims edged up steadily to levels above the 300,000 range in April, labor market conditions continued to tighten with the unemployment rate dipping back down to 4.7% in March. Payrolls increased by a higher-than-expected 211,000. Despite crude oil briefly crossing \$75 per barrel, the Conference Board Consumer Confidence Index rose to 109.6 in April from 107.2. Although some regional manufacturing surveys reported declines, the national ISM survey remained at healthy levels, edging up to 57.3 from 55.2.

Housing data has been mostly mixed recently. Housing starts slipped another 7.8% in March while new homes sales surged by 13.8% in the same period. The purchase component of the index of new mortgage applications has continued to erode in recent weeks.

In spite of the recent jump in energy costs, inflation remains relatively well-contained. Even though the March core CPI increased by 0.3%, the series' highest monthly increase in a year, the index is still up only 2.1% on a year-on-year basis. The core PCE deflator is now up 2.0% year-on-year from 1.8% in February.

The U.S. Treasury yield curve steepened during the month, as the spread between two- and five year Treasury notes ended at 6 basis points (bps), up from -1 bps at the end of March.

International Markets Overview:

April saw another strong month for international markets as they continued their impressive performance year to date. One trend that dominated the market was the continued slide of the US dollar which complimented international returns. While markets had begun to settle on a consensus that the interest rate cycle in the US was nearing an end, the view in April began to swing back towards a continued tightening.

Amongst the EAFE sectors, energy led the pack in the period, as the increasing threat of a nuclear equipped Iran reminded investors of the precarious supply-demand balance within the market. Software, the only sector to fall during April, experienced volatility amongst a number of the sectors' smaller-cap names. Index Corp (down 36%), TietoEnator (down 19%), and iSoft (down 16%) guided earnings estimates down citing rising global competition, decreasing sales prospects, and shirking margins on the heels of soaring labor costs.

From a sector perspective, the telecom sector was the largest contributor, driven by the performance of Vodafone. We have long expected the company to focus on unlocking value within their business, and this finally appears to be happening with the disposal of their Japanese business, and the restructuring of the business into three business units. Cutting the portfolio at a regional level, stock selection within Japan contributed positively, while United Kingdom and the Pacific Rim detracted the most from performance. Within the UK, Smith and Nephew, the orthopedic and medical products company, had a difficult month as management reduced guidance on earnings growth following pricing cuts in Europe and Japan, and slower than expected sales growth resulting from the restructuring of their sales force. Whilst these issues do remain a concern, we would note that consensus estimates have now moved to reflect this, and the stock is trading at a historically low multiple. Following a product cycle lead pick up in the second half of the year, we would expect the benefits of a more efficient sales force should come to the fore and drive sales forward. We are meeting with management this month to discuss these issues.

Ohio Bureau of Workers' Compensation

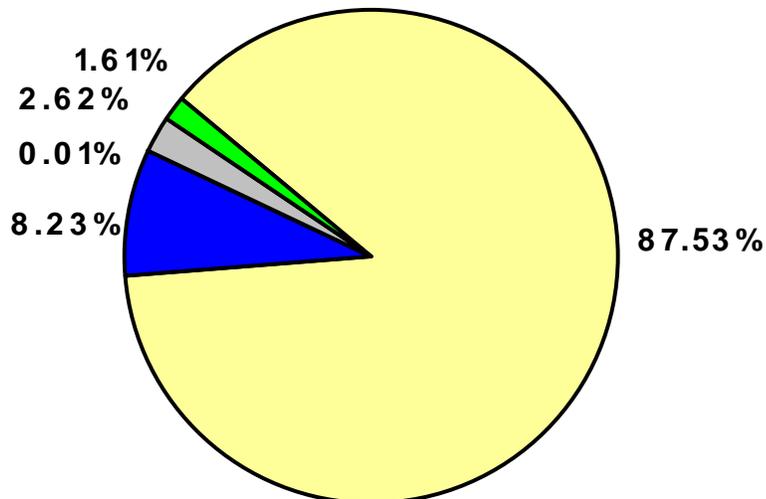
TOTAL FUND

Portfolio Market Value & Asset Allocation

April, 2006

Portfolio Balances

Portfolio	Market Value	Percent of Total Assets
SIF Bond Total	14,309,091,272	87.53%
Non-SIF Bond Total	\$1,345,060,084	8.23%
Stock Total	\$0	0.00%
International Stock Total*	\$1,463,256	0.01%
Alternative Asset Total	\$428,235,520	2.62%
Cash Reserve Total	\$262,542,152	1.61%
GRAND TOTAL	\$16,346,392,284	



■ Bond	■ Ancillary	■ Stock	■ Int'l Stock	■ Alternative	■ Cash
--	---	--	---	---	---

*International Equity Holdings are comprised of dividend and tax reclaim receivables from previous international equity investments and international currencies resulting from such payments

Ohio Bureau of Workers' Compensation

TOTAL FUND

Performance Measures

For the Month Ending April, 2006

	BWC Investment Returns Monthly (Net of Fees)	New Benchmark Returns Monthly	New Benchmark Variance	BWC Investment Returns 3 Month Trailing (Net of Fees)	New Benchmark Returns 3 Month Trailing	New Benchmark Variance
BWC Total Fund Investments	-0.15%	-0.18%	0.03%	-1.69%	-0.83%	-0.86%
Non-SIF Bonds	-0.13%	-0.18%	0.05%	-0.09%	-0.83%	0.74%
SIF Bonds	-0.14%	-0.18%	0.04%	-0.11%	-0.83%	0.72%
Stocks	N/A	N/A	N/A	N/A	N/A	N/A
International Stocks	10.64%	N/A	N/A	5.46%	N/A	N/A
Alternative	-0.38%	N/A	N/A	-0.49%	N/A	N/A
Cash	0.42%	N/A	N/A	1.13%	N/A	N/A
Tranche #1 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #2 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #3 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #4 - Ssga MSCI EAFE - TM	-0.50%	N/A	N/A	-1.33%	N/A	N/A
Tranche #4 - SSGA S&P 500 - TM	N/A	N/A	N/A	N/A	N/A	N/A

NEW BENCHMARK INFORMATION:

- Lehman Brothers Aggregate Index

Summary of Investment Manager Fee Impact:

- Investment Manager fees dampened Total Performance for the period by 0.01%

Ohio Bureau of Workers' Compensation TOTAL FUND

Performance Measures For the Month Ending April, 2006

	BWC Investment Returns Monthly (Gross of Fees)	New Benchmark Returns Monthly	New Benchmark Variance	BWC Investment Returns 3 Month Trailing (Gross of Fees)	New Benchmark Returns 3 Month Trailing	New Benchmark Variance
BWC Total Fund Investments	-0.14%	-0.18%	0.04%	-1.63%	-0.83%	-0.80%
Non-SIF Bonds	-0.13%	-0.18%	0.05%	-0.09%	-0.83%	0.74%
SIF Bonds	-0.14%	-0.18%	0.04%	-0.11%	-0.83%	0.72%
Stocks	N/A	N/A	N/A	N/A	N/A	N/A
International Stocks	10.64%	N/A	N/A	5.46%	N/A	N/A
Alternative	-0.37%	N/A	N/A	-0.48%	N/A	N/A
Cash	0.42%	N/A	N/A	1.13%	N/A	N/A
Tranche #1 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #2 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #3 - TM	N/A	N/A	N/A	N/A	N/A	N/A
Tranche #4 - Ssga MSCI EAFE - TM	-0.50%	N/A	N/A	-1.33%	N/A	N/A
Tranche #4 - SSGA S&P 500 - TM	N/A	N/A	N/A	N/A	N/A	N/A
NEW BENCHMARK INFORMATION:						
•Lehman Brothers Aggregate Index						

Summary of Monthly Performance Attribution:

•BWC's Total Fund outperformed its' New Benchmark by 0.04% for the period.

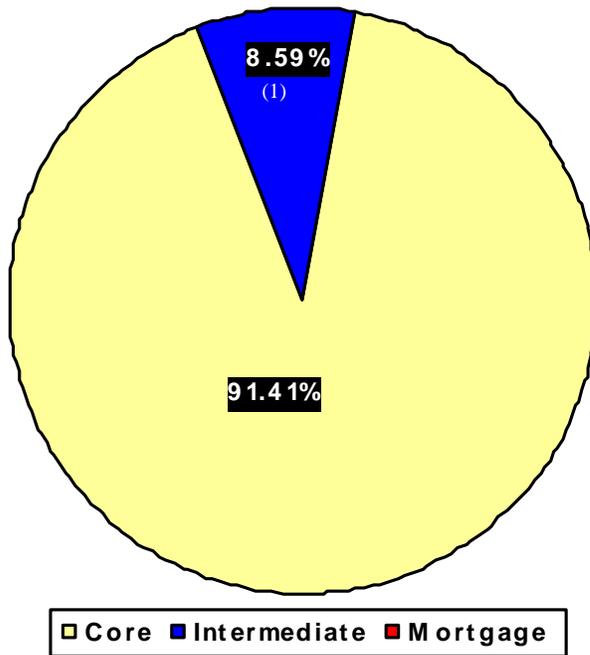
•Performance Relative to Benchmark Performance:

(+) BWC's Bond Portfolio outperformed its' Benchmark for the period.

(+) BWC's Ancillary – Bond Portfolio outperformed the New Benchmark for the current period.

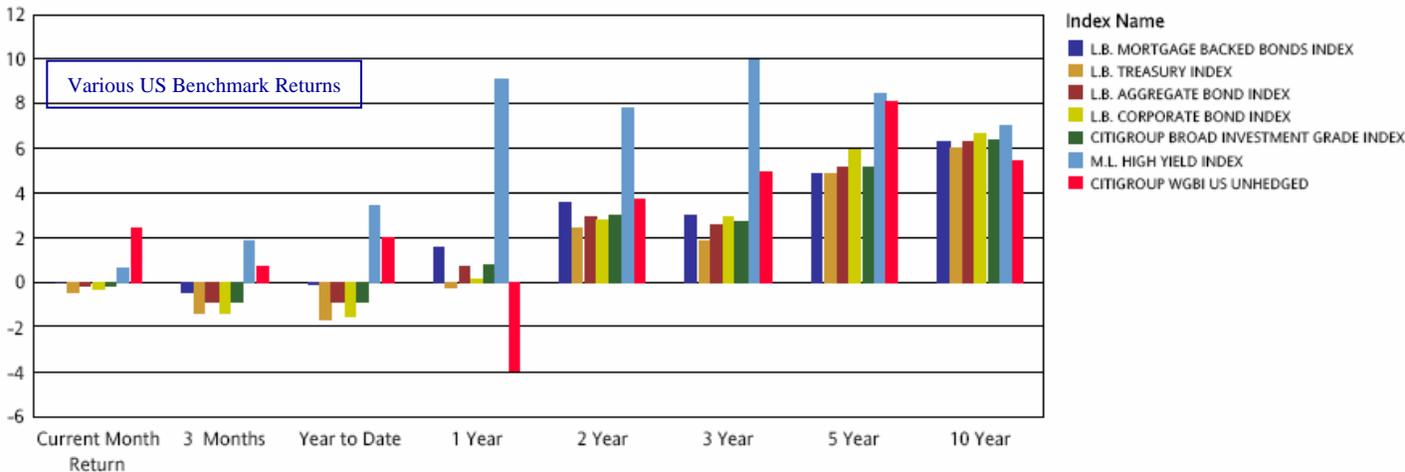
Ohio Bureau of Workers' Compensation TOTAL FUND

Fixed Income Allocation* & Returns April, 2006



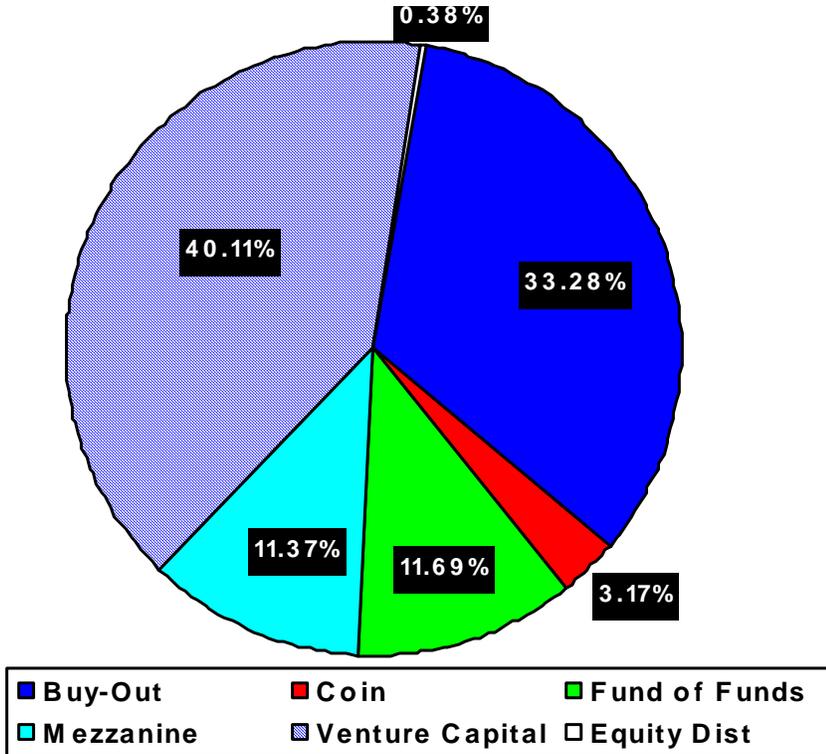
(1) Designation as "Intermediate" is in reference to the former benchmark and is not necessarily reflective of the investment style utilized

Fixed Income Returns As of April 2006



*Style classification does not consider fixed income assets contained in various Transition Management Accounts

Ohio Bureau of Workers' Compensation
TOTAL FUND
Alternative Asset Allocation
April, 2006



Ohio Bureau of Workers' Compensation
Total Fund
Fees Paid for the month of
April, 2006

Manager	Type	Fees Paid	Period Paid for
Alliance	Bond	\$113,498.00	3rd Qt 2005
Alliance	Bond	\$114,137.00	4th Qt 2005
Dana Investment Advisors	Stock	\$18,515.80	4th Qt 2005
Fairport	Bond	\$4,936.25	1st Qt 2006
Fortzleza Asset Management, Inc	Stock	\$12,378.54	4th Qt 2005
Holland Capital Management, L.P.	Bond	\$14,136.48	1st Qt 2006
Hughes Capital Management Inc	Bond	\$33,188.68	1st Qt 2006
John Hancock Funds, LLC	Bond	\$459,568.53	3rd Qt 2005
John Hancock Funds, LLC	Bond	\$456,634.70	4th Qt 2005
John Hancock Funds, LLC	Bond	\$152,276.12	1st Qt 2006
Lazard Asset Mgmt.	Stock	\$26,078.01	4th Qt 2005
Opus Capital Mgmt.	Stock	\$48,084.48	4th Qt 2005
Prima Capital	Bond	\$149,492.89	1st Qt 2006
Pugh Capital Mgmt.	Bond	\$7,598.68	1st Qt 2006
Veredus Asset Management LLC	Stock	\$183,368.88	4th Qt 2005
Wasner, Schroeder & Company	Bond	\$2,752.90	1st Qt 2006
Total Fees Paid		\$1,796,645.94	



Ohio Bureau of Workers' Compensation

Transition Manager RFP

June 16, 2006

Transition Manager RFP Timeline

RFP ACTION ITEM

OVERSIGHT COMMISSION MEETING

Send RFP Advertisement to Newspapers/Journal

Issue RFP

Open period for respondent's questions via email

WCOC responds to questions via website

OVERSIGHT COMMISSION MEETING

DEADLINE FOR RFP PROPOSALS (2:00 PM)

BWC/Consultant Evaluation Committee initial review of proposals/Finalists identified

Finalist Interviews (3 – 4 Candidates)

Regrade finalists / Notify final candidate

On-Site visit of finalist

WCOC MEETING PACKET DEADLINE

OVERSIGHT COMMISSION MEETING – WCOC Approval of Finalist

TIMELINE

June 16

June 16

June 23

June 30 – July 6

July 7 – July 14

July 20

July 25

July 25 – Aug 7

August 8

August 10

August 11 or August 14

August 16

August 24

Transition Manager RFP Evaluation Committee

Composition:

Five member Evaluation Committee

BWC CIO

Three BWC Investment Staff Members

Wilshire Consultant

Advertising:

Wall Street Journal (The Mart)

Barron's

Pensions and Investments

Dates

June 27, 28, 29

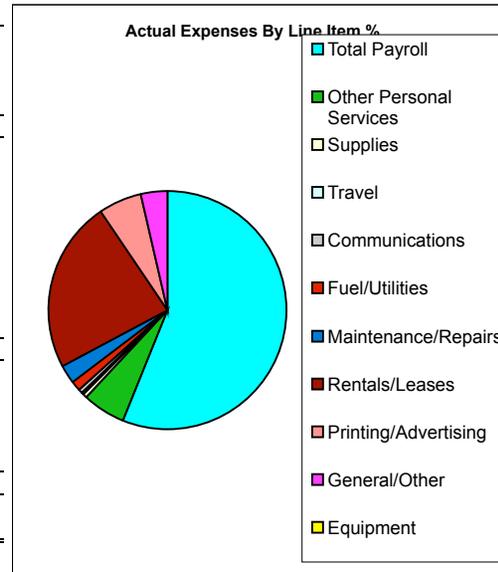
June 26 – July 2

June 26 – July 24

**Investment Division - Departmental Budget
Budget and Expenses Summary for Fiscal Year 2006
As of April 30, 2006**

Category	Year-to-Date			Total 2006		
	[2] Actual \$	[3] Budget \$	[4] Variance \$	[6] Forecast \$	[7] Annual Budget \$	Variance \$
Personal Service (100)	718,320	655,754	(62,566)	959,031	824,341	(134,690)
Maintenance (200)	443,268	649,385	206,117	778,741	707,394	(71,347)
Equipment (300)	245	3,000	2,755	3,000	3,000	-
Total	1,161,833	1,308,139	146,306	1,740,772	1,534,735	(206,037)

Object Class	Actual vs Budget YTD By Object Class		
	YTD Actual \$	YTD Budget \$	YTD Variance \$
Total Payroll (10)	651,831	651,831	-
Purchased Services (13)	59,979	-	(59,979)
Other Personal Services (15)	6,510	3,923	(2,587)
Total Personal Services	718,320	655,754	(62,566)
Supplies (21 +21i)	8,988	2,550	(6,438)
Travel (23)	3,523	52,290	48,767
Communications (24 + 24i)	4,977	5,269	292
Fuel/Utilities (25)	17,266	17,266	-
Maintenance/Repairs (26)	27,613	37,306	9,693
Rentals/Leases (27)	271,662	285,882	14,220
Printing/Advertising (28 +28i)	68,171	24,117	(44,054)
General/Other (22 +22i +29 + 29i)	41,068	224,705	183,637
Total Maintenance	443,268	649,385	206,117
Office Equipment (31)	-	-	-
Communic. Equipment (34)	245	-	(245)
Data Process Equipment (37 + 37i)	-	3,000	3,000
Other Equipment (30+32+35+36+38+39)	-	-	-
Total Equipment	245	3,000	2,755
Grand Total	1,161,833	1,308,139	146,306



Object Class	Actual % of total
Total Payroll	56.1%
Other Personal Services	5.7%
Supplies	0.8%
Travel	0.3%
Communications	0.4%
Fuel/Utilities	1.5%
Maintenance/Repairs	2.4%
Rentals/Leases	23.4%
Printing/Advertising	5.9%
General/Other	3.5%
Equipment	0.0%
Total	100%

Definitions:

Column [2]: Amount in Column 2 (YTD Disbursements) on the monthly budget report.

Column [3]: Amount in Column 3 (YTD Budget) on the monthly budget report.

Column [4]: Amount in Column 4 (YTD Variance) on the monthly budget report.

Column [6]: Calculate using Column 6 (YTD Disb & Current Enc.) plus projected spending for remainder of FY.

Column [7]: Amount in Column 7 (FY 2006) Total Budget) on the monthly budget report.