

Oklahoma State Pension Commission Retirement System Summary of Actuarial Reports

February, 2003

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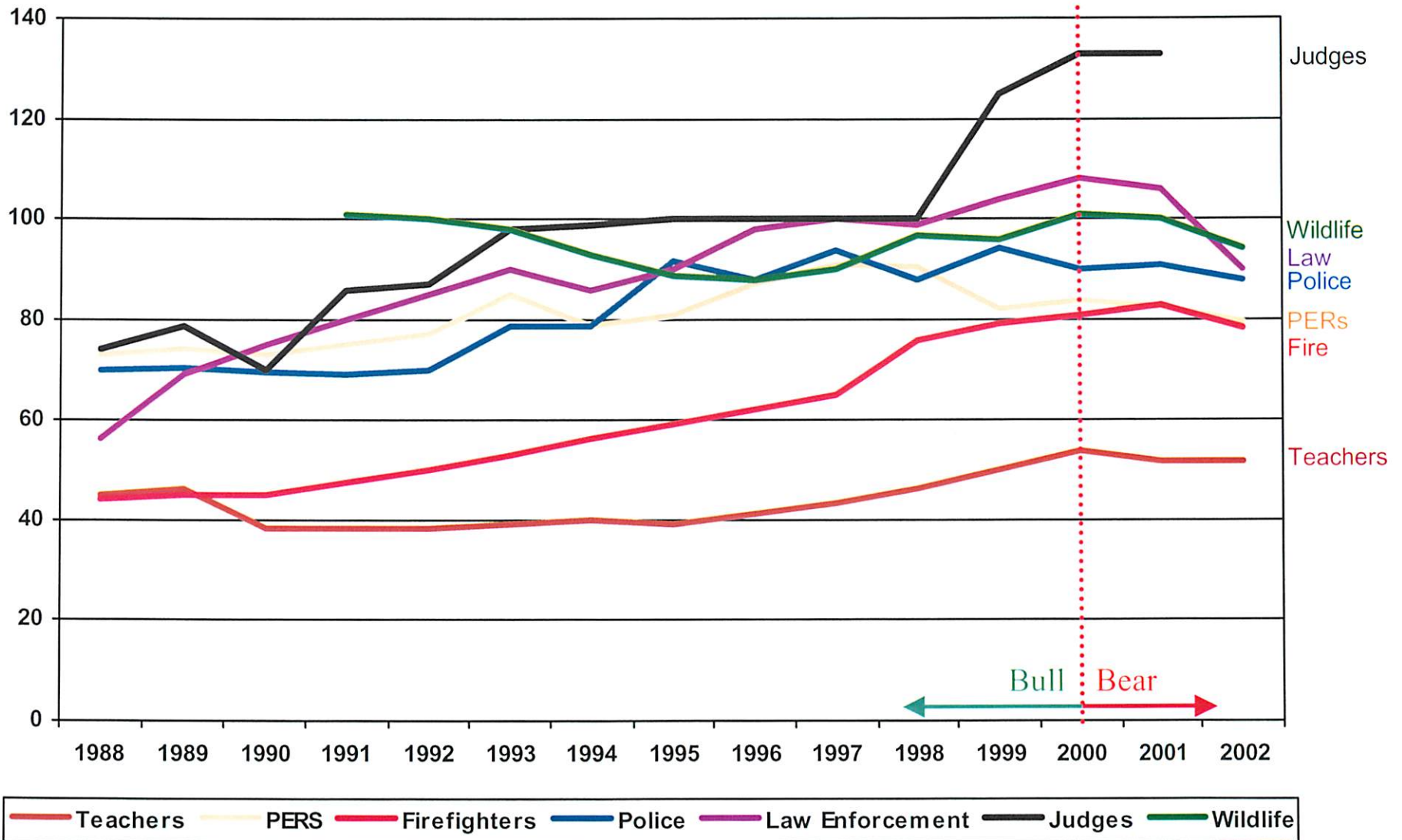
System Characteristics and Assumptions

- Based on July 1, 2002 Actuarial Valuation Reports from Actuaries¹ and System Financial Statements
 - Retirement System comprised of the seven plans (Teachers, PERS, Police, Firefighters, Law Enforcement, Judges, Wildlife)
 - All plans employ similar funding method – Entry Age Normal
 - Entry age normal is a conservative funding schedule
 - All plans employ similar asset valuation method (smoothed value)
 - Smoothing asset values allows Trustees to focus the investment program on the long term
 - Investment return assumptions range from 7.5% to 8.0%
 - Public Fund assumed investment return median is 8.3%²
 - Therefore, Oklahoma Systems are more conservative than average public fund
 - Major downward revisions with Corporate Plans, but not Public Funds
 - All plans have in place long term schedules (15 years and longer) to fully fund all programs.
- Let's not lose focus of the long term nature of what we're doing

1. Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company. Note that information for Judges Retirement System not available as of February 2003

2. Greenwich Associates survey based on preliminary data collected in August 2002

Funded Status History – Based on Actuarial Value of Assets



Source: 1999 and earlier: R.V. Kuhns & Associates,
 2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company



Funded Status

Funded Status - Actuarial Value of Assets

| Valuation Date | 7/01/1998 | 7/01/1999 | 7/01/2000 | 7/01/2001 | 7/01/2002 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Teachers | 46% | 50% | 54% | 51% | 51% |
| PERS | 91% | 82% | 84% | 83% | 80% |
| Firefighters | 76% | 79% | 81% | 83% | 78% |
| Police | 89% | 94% | 90% | 91% | 88% |
| Law Enforcement | 99% | 104% | 108% | 106% | 90% |
| Judges | 100% | 125% | 133% | 133% | NA |
| Wildlife | 97% | 96% | 101% | 100% | 94% |

Funded Status - Market Value of Assets

| Valuation Date | | 7/01/1999 | 7/01/2000 | 7/01/2001 | 7/01/2002 |
|-----------------|--|-----------|-----------|-----------|-----------|
| Teachers | | 57% | 59% | 49% | 44% |
| PERS | | 93% | 85% | 78% | 68% |
| Firefighters | | 84% | 87% | 76% | 65% |
| Police | | 106% | 97% | 86% | 74% |
| Law Enforcement | | 116% | 114% | 104% | 81% |
| Judges | | 142% | 146% | 128% | NA |
| Wildlife | | 104% | 113% | 94% | 79% |

Source: 1999 and earlier: R.V. Kuhns & Associates,
 2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company



Actuarial Accrued Liability and Assets(1999-2002)

* Dollars in Millions
As of Valuation Date (7/1)

| | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets (AVA) | Funded Ratio | Market Value of Assets (MV) | Funded Ratio |
|-------------------|---|---------------------------------------|-----------------|-----------------------------------|-----------------|
| 2002 Total | \$23,019.1 | \$15,063.6 | 65% | \$12,835.2 | 56% |
| Teachers | 12,275.9 | 6,311.0 | 51% | 5,418.0 | 44% |
| PERS | 6,639.7 | 5,299.7 | 80% | 4,485.5 | 68% |
| Firefighters | 1,858.1 | 1,457.2 | 78% | 1,214.3 | 65% |
| Police | 1,554.3 | 1,370.0 | 88% | 1,156.6 | 74% |
| Law Enforcement | 632.4 | 570.3 | 90% | 514.7 | 81% |
| Judges | NA | NA | NA | NA | NA |
| Wildlife | 58.7 | 55.4 | 94% | 46.1 | 79% |
| 2001 Total | \$21,660.5 | \$14,603.6 | 67% | \$13,861.1 | 64% |
| Teachers | 11,591.0 | 5,959.0 | 51% | 5,732.0 | 49% |
| PERS | 6,190.2 | 5,110.2 | 83% | 4,815.3 | 78% |
| Firefighters | 1,734.9 | 1,438.5 | 83% | 1,318.1 | 76% |
| Police | 1,443.4 | 1,319.0 | 91% | 1,238.8 | 86% |
| Law Enforcement | 508.4 | 538.3 | 106% | 528.5 | 104% |
| Judges | 139.1 | 184.9 | 133% | 178.0 | 128% |
| Wildlife | 53.5 | 53.7 | 100% | 50.4 | 94% |
| 2000 Total | \$19,357.5 | \$13,450.5 | 69% | \$14,231.1 | 74% |
| Teachers | 10,009.0 | 5,373.0 | 54% | 5,890.0 | 59% |
| PERS | 5,694.7 | 4,785.6 | 84% | 4,815.3 | 85% |
| Firefighters | 1,665.3 | 1,355.7 | 81% | 1,443.4 | 87% |
| Police | 1,354.5 | 1,222.1 | 90% | 1,319.3 | 97% |
| Law Enforcement | 457.4 | 495.1 | 108% | 521.3 | 114% |
| Judges | 128.0 | 169.7 | 133% | 186.9 | 146% |
| Wildlife | 48.6 | 49.3 | 101% | 54.9 | 113% |
| 1999 Total | \$17,950.9 | \$11,934.0 | 66% | \$13,462.6 | 75% |
| Teachers | 9,458.6 | 4,708.0 | 50% | 5,387.0 | 57% |
| PERS | 5,179.8 | 4,261.6 | 82% | 4,831.2 | 93% |
| Firefighters | 1,563.0 | 1,235.8 | 79% | 1,312.3 | 84% |
| Police | 1,160.0 | 1,094.4 | 94% | 1,224.1 | 106% |
| Law Enforcement | 425.9 | 442.6 | 104% | 493.2 | 116% |
| Judges | 119.1 | 148.8 | 125% | 168.6 | 142% |
| Wildlife | 44.5 | 42.8 | 96% | 46.2 | 104% |

Smooth out the cycle of returns

Defer recognition of losses.....

.....in the same manner we defer recognition of gains

Source: 1999 and earlier: R.V. Kuhns & Associates,
2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company

Funded Status



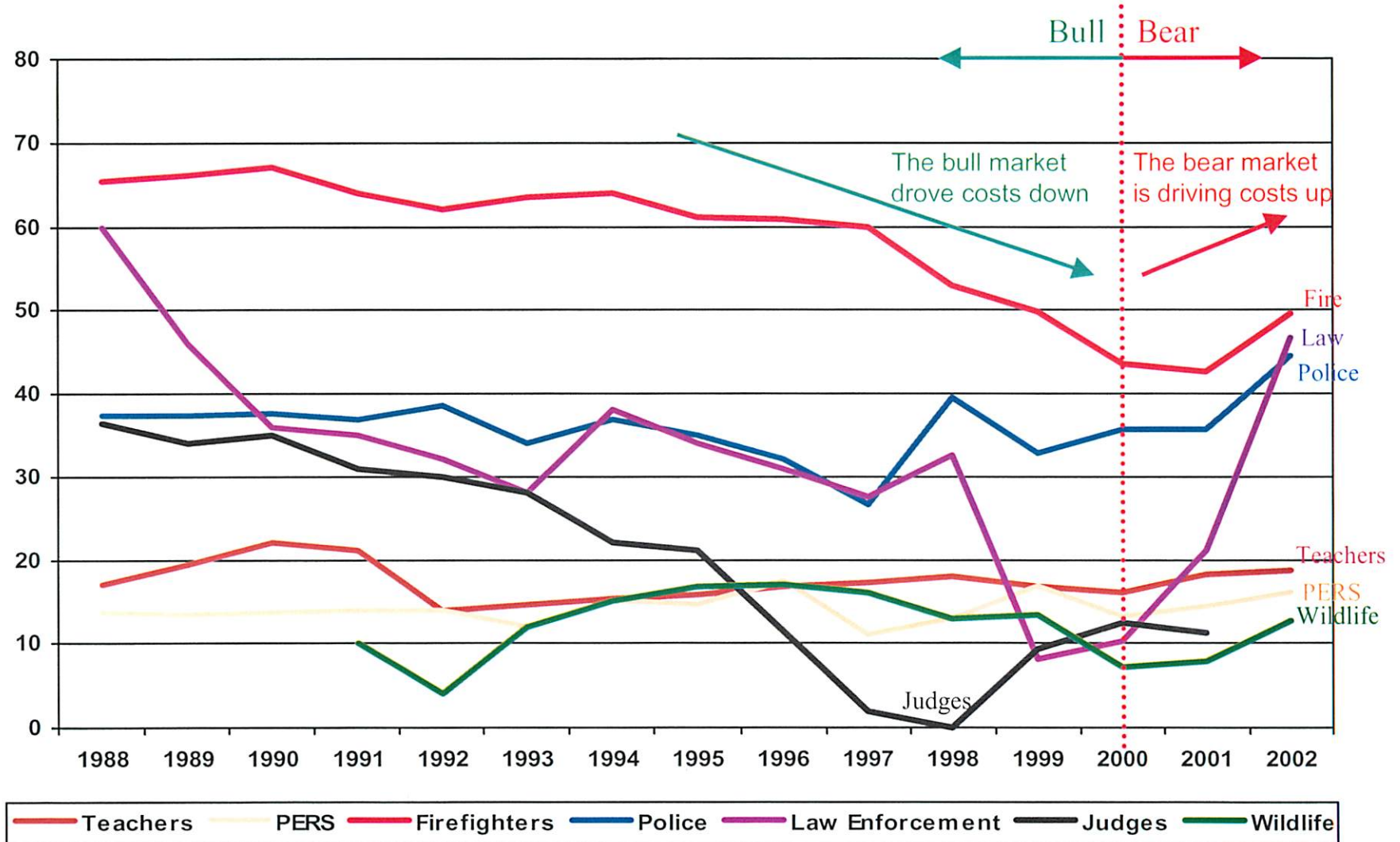
Liability Situation - Public Funds

Public Funds (341)

| | Total Funds | Percent of Public Funds | | No Answer/ Uncertain |
|-----------------------|----------------|----------------------------|----------------|-------------------------|
| | | Under Funded | Over Funded | |
| Public Funds | (341) | 27% | 31% | 42% |
| State | (110) | 27% | 26% | 46% |
| Municipal | (223) | 27% | 33% | 40% |
| Over \$5 billion | (73) | 27% | 30% | 42% |
| \$1,001-5,000 million | (83) | 25% | 35% | 40% |
| \$251-1,000 million | (106) | 26% | 29% | 44% |
| \$100-250 million | (75) | 28% | 29% | 43% |

Source: Greenwich Associates, Fall 2001

GASB 25 Annual Employer Cost as % of Payroll – All Sources (Local, State & Federal)



Source: 1999 and earlier: R.V. Kuhns & Associates,
2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company

Contributions – Employer (Local, State & Federal)



Required Employer Contribution (assuming GASB 25 funding requirements)

| Plan Year Beginning | 7/1/1995 | 7/1/1996 | 7/1/1997 | 7/1/1998 | 7/1/1999 | 7/1/2000 | 7/1/2001 | 7/1/2002 |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Teachers | \$434.7 | \$446.5 | \$446.2 | \$456.9 | \$455.3 | \$451.5 | \$556.2 | \$585.1 |
| PERS | 131.3 | 110.9 | 96 | 107.2 | 161.8 | 169.6 | 188 | 224.8 |
| Firefighters | 58.3 | 59.7 | 56.1 | 57 | 57 | 62 | 63.1 | 76.5 |
| Police | 30.9 | 26.5 | 22.4 | 39.8 | 34.7 | 53 | 54.9 | 71.7 |
| Law Enforcement | 7.8 | 6.6 | 6.1 | 8.7 | 6.3 | 4.1 | 10.7 | 23.0 |
| Judges | 2.5 | 1.2 | 0 | 0 | 0.4 | 1.1 | 1 | NA |
| Wildlife | 1.4 | 1.5 | 1.5 | 1.1 | 1.2 | 0.8 | 0.9 | 1.5 |
| Total | \$666.9 | \$652.9 | \$628.3 | \$670.7 | \$716.7 | \$742.1 | \$873.9 | \$982.6 |
| Exp. EE Contrib | NA | NA | NA | NA | \$259.6 | \$270.8 | \$291.2 | \$307.8 |

Actual Employer Contribution

| Plan Year Beginning | 7/1/1995 | 7/1/1996 | 7/1/1997 | 7/1/1998 | 7/1/1999 | 7/1/2000 | 7/1/2001 | 7/1/2002 |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Teachers | \$177.4 | \$276.8 | \$263.7 | \$244.4 | \$275.9 | \$328.2 | \$364.9 | TBD |
| PERS | 135.4 | 135.4 | 143.7 | 149.2 | 125.9 | 131.1 | 139.6 | TBD |
| Firefighters | 52.0 | 55.9 | 58.3 | 59.0 | 61.6 | 65.7 | 68.8 | TBD |
| Police | 31.2 | 33.0 | 35.4 | 36.2 | 37.7 | 40.0 | 42.2 | TBD |
| Law Enforcement | 16.0 | 17.0 | 18.0 | 18.0 | 19.6 | 19.4 | 20.4 | TBD |
| Judges | 4.5 | 4.9 | 0.0 | 0.0 | 2.9 | 1.9 | -- | TBD |
| Wildlife | 1.4 | 1.4 | 1.5 | 1.2 | 1.2 | 0.8 | 0.9 | TBD |
| Total | \$417.8 | \$524.5 | \$520.7 | \$508.0 | \$524.8 | \$587.1 | \$636.8 | TBD |
| EE Contrib | NA | NA | NA | NA | \$268.6 | \$293.1 | \$305.5 | TBD |

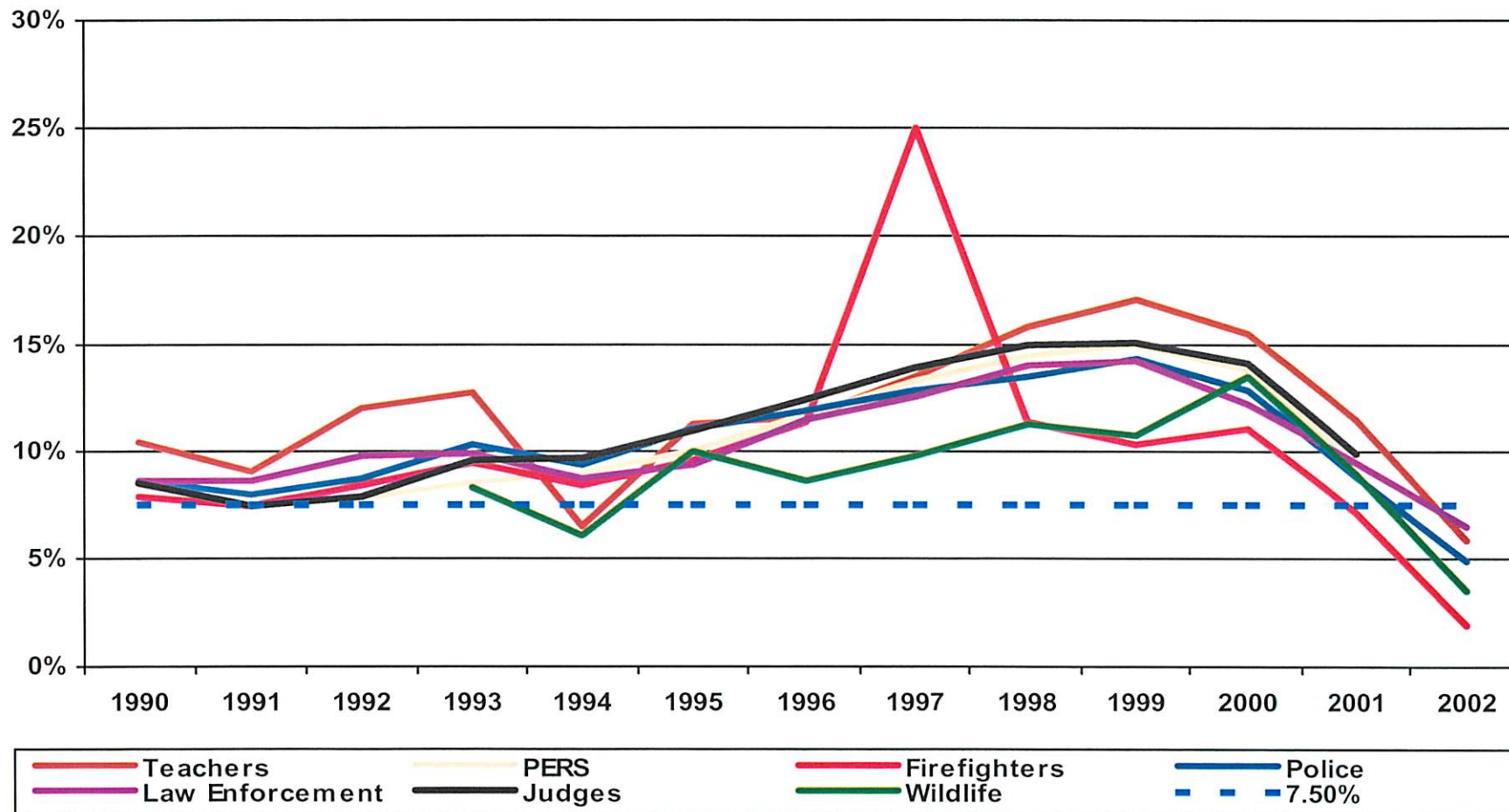
NA = Not Available

Source: 1999 and earlier: R.V. Kuhns & Associates,
2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company



Investment Return – Actuarial Value

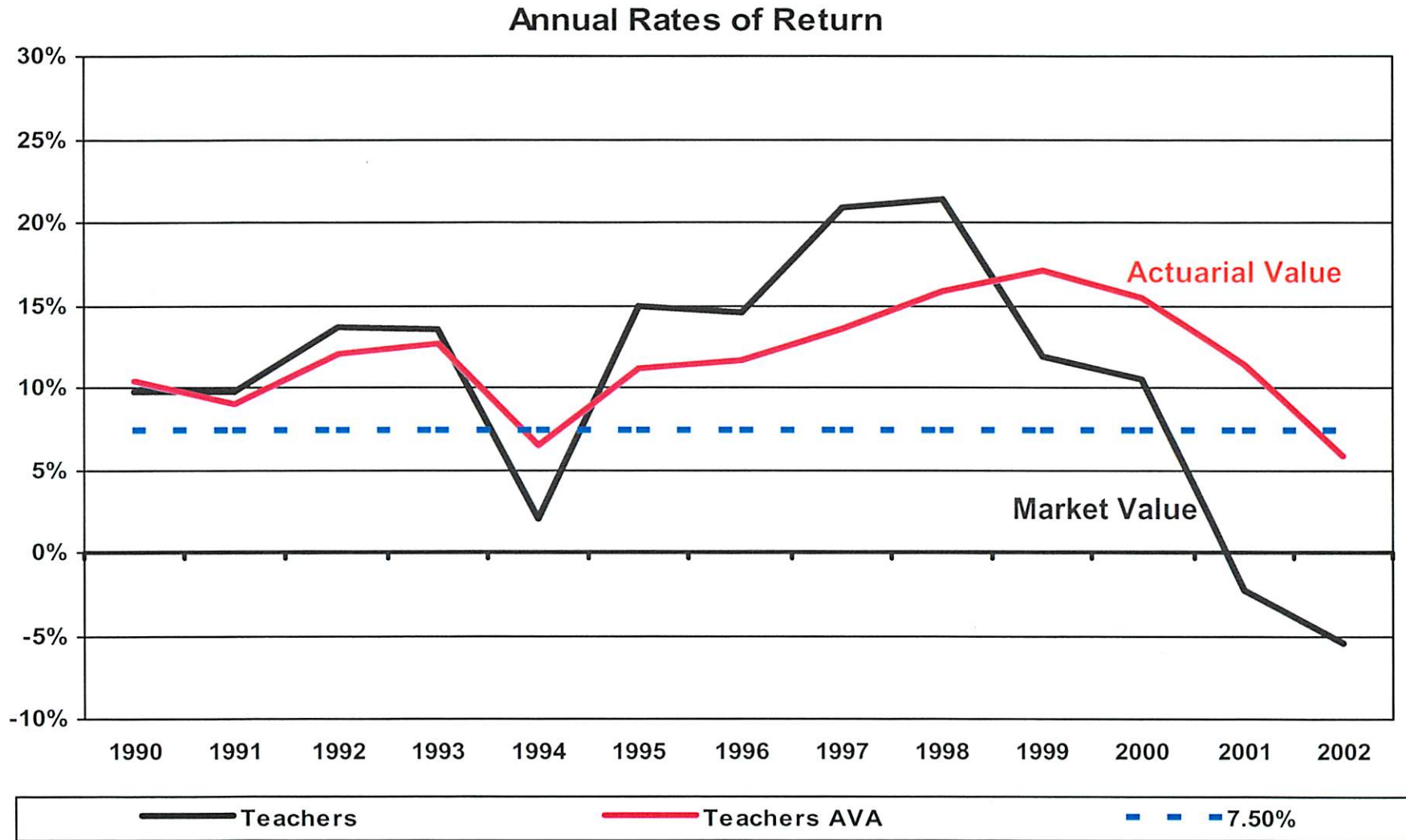
Annual Rates of Return



Source: 1999 and earlier: R.V. Kuhns & Associates,
2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company



Investment Return – Market Value Volatility



Source: 1999 and earlier: R.V. Kuhns & Associates,
2000 and later: Buck Consultants, William M. Mercer and Gabriel, Roeder, Smith & Company



Retirement System Investment Return Assumptions

- Based on July 1, 2002 Actuarial Valuation Reports from Actuaries¹
- The assumed investment return assumption ranges from 7.5% to 8.0%
- Public Fund assumed investment return median is 8.3%²
- Distribution of investment return assumptions for surveyed public funds below (August, 2002)²

| | Mean | Under 7.0% | 7.0- 7.4% | 7.5- 7.9% | 8.0- 8.5% | 8.6- 9.1% | 9.2- 9.7% | 9.8- 10.5% | Over 10.5% | No Answer/ Uncertain |
|-----------------------|------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------------------|
| Public Funds | 8.3% | 1% | 3% | 10% | 53% | 7% | 4% | 2% | 1% | 18% |
| State | 8.3% | 2% | 5% | 8% | 41% | 8% | 3% | 3% | 1% | 30% |
| Municipal | 8.3% | 1% | 3% | 11% | 61% | 5% | 5% | 2% | 1% | 12% |
| Over \$5 billion | 8.3% | 0% | 1% | 8% | 49% | 8% | 5% | 0% | 1% | 26% |
| \$1,001-5,000 million | 8.2% | 1% | 4% | 10% | 55% | 7% | 5% | 0% | 0% | 18% |
| \$251-1,000 million | 8.3% | 1% | 5% | 10% | 52% | 6% | 5% | 4% | 1% | 17% |
| \$100-250 million | 8.2% | 4% | 3% | 11% | 55% | 7% | 3% | 4% | 1% | 13% |

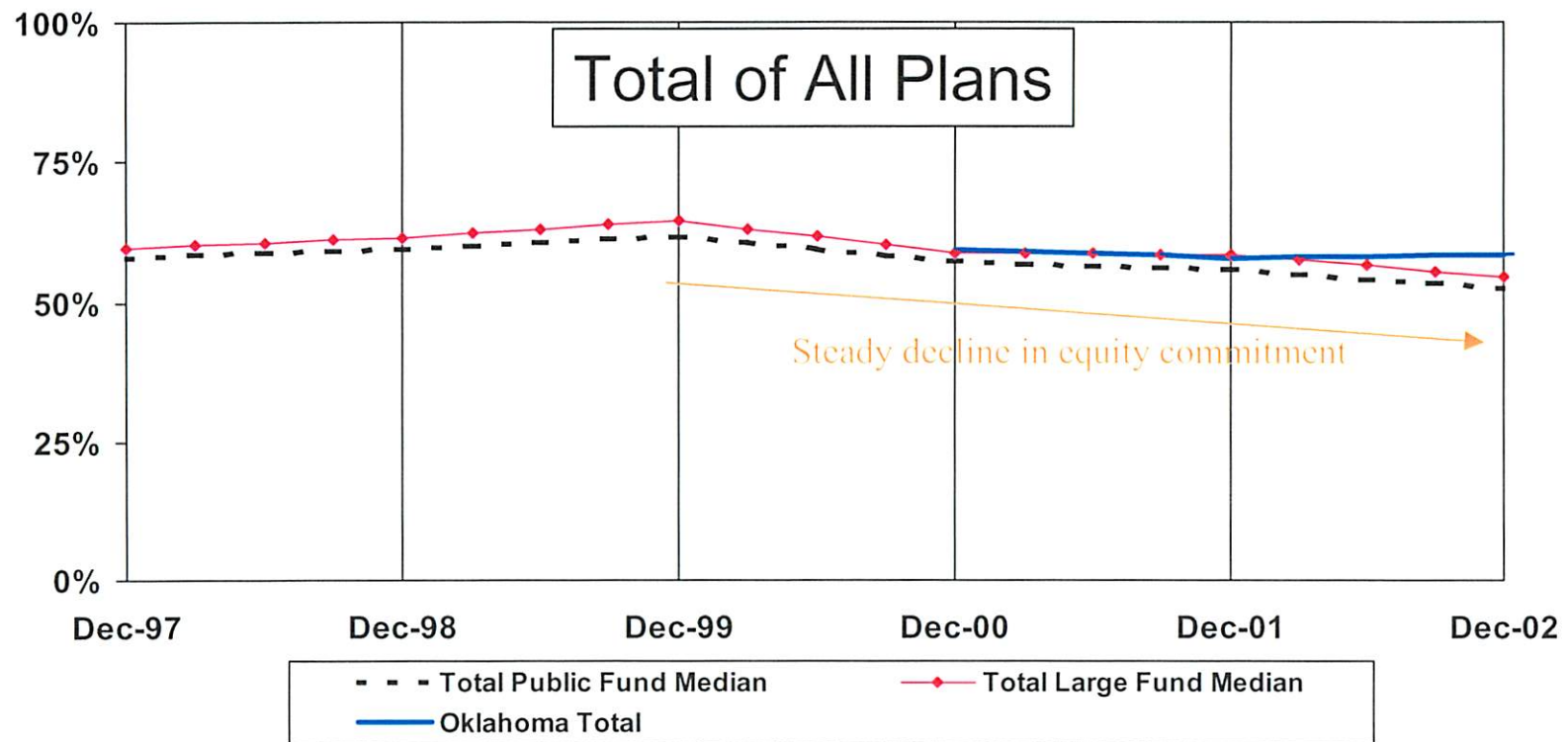
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7.5% 8.0%

1. Buck Consultants and William M. Mercer and Gabriel, Roeder, Smith & Company
 2. Greenwich Associates survey based on preliminary data collected in August 2002



Total Public Funds – Equity Commitment



| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Oklahoma Total - - - 59.3 57.9 58.5



Number of Managers Used

Mean Number of Investment Managers Used by Funds

Total Funds (1495) (1484) (1374) (1445)

| | Presently Manage | | | | Present Distribution of Managers | | | | | No Ans./ Unc. |
|------------------------|------------------|------|------|------|----------------------------------|------|-------|-------|---------|---------------------|
| | 1998 | 1999 | 2000 | 2001 | 1-5 | 6-10 | 11-15 | 16-30 | Over 30 | |
| Corporate Funds | 10.4 | 11.5 | 11.8 | 12.8 | 27% | 26% | 15% | 14% | 5% | 6% |
| Over \$5 billion | 32.1 | 36.9 | 32.5 | 27.3 | 4% | 6% | 20% | 35% | 18% | 9% |
| \$1,001-5,000 million | 14.6 | 15.5 | 14.2 | 17.5 | 7% | 23% | 24% | 30% | 7% | 2% |
| \$501-1,000 million | 9.7 | 9.8 | 9.0 | 11.6 | 23% | 33% | 23% | 6% | 3% | 8% |
| \$251-500 million | 7.1 | 6.4 | 6.6 | 7.4 | 37% | 37% | 7% | 5% | 1% | 9% |
| \$100-250 million | 5.4 | 5.1 | 5.1 | 7.6 | 48% | 25% | 6% | 3% | 2% | 6% |
| Public Funds | 12.7 | 15.0 | 14.9 | 17.9 | 16% | 27% | 18% | 16% | 12% | 6% |
| State | 17.7 | 21.2 | 21.3 | 24.7 | 14% | 21% | 12% | 17% | 22% | 8% |
| Municipal | 10.6 | 12.5 | 12.3 | 14.9 | 18% | 31% | 20% | 14% | 8% | 5% |
| Over \$5 billion | 27.0 | 35.7 | 30.2 | 34.1 | 5% | 8% | 11% | 26% | 36% | 8% |
| \$1,001-5,000 million | 17.6 | 18.0 | 17.9 | 20.6 | 4% | 18% | 24% | 34% | 12% | 4% |
| \$251-1,000 million | 8.4 | 8.8 | 9.5 | 11.1 | 18% | 43% | 27% | 3% | 3% | 4% |
| \$100-250 million | 6.3 | 6.7 | 6.9 | 9.5 | 40% | 32% | 5% | 4% | 3% | 11% |
| Endowments | 14.4 | 14.8 | 15.7 | 16.3 | 16% | 23% | 25% | 22% | 8% | 3% |
| Over \$1 billion | 29.3 | 32.9 | 33.7 | 24.4 | 9% | 21% | 16% | 17% | 17% | 9% |
| \$251-1,000 million | 13.2 | 14.0 | 13.8 | 15.5 | 12% | 24% | 27% | 24% | 6% | 4% |
| \$100-250 million | 8.0 | 8.0 | 8.6 | 12.9 | 23% | 20% | 26% | 18% | 2% | 5% |
| Total Funds | 11.7 | 13.0 | 13.3 | 14.7 | 22% | 26% | 18% | 16% | 7% | 6% |

Note: Means exclude "None."



Strategies Used

Demand for Different Types of Investments

Public Funds (314) (342) (344) (320) (341)

| Type of Investment | Now Use | | | | | Will Start Using | | | | |
|--|---------|------|------|------|------|------------------|------|------|------|------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Domestic equities - total | 97% | 93% | 95% | 93% | 94% | 12% | 12% | 15% | 12% | 10% |
| Active core equity | 55% | 48% | 49% | 44% | 40% | 1% | 2% | * | 1% | * |
| Value stocks - total | 89% | 87% | 89% | 85% | 87% | 7% | 6% | 5% | 4% | 6% |
| - Large cap | 84% | 84% | 84% | 81% | 80% | 2% | 1% | 1% | 1% | 1% |
| - Mid cap | -- | -- | -- | -- | 39% | -- | -- | -- | -- | 4% |
| - Small cap | 50% | 55% | 63% | 61% | 63% | 7% | 6% | 5% | 3% | 2% |
| Growth stocks - total | 81% | 82% | 88% | 85% | 86% | 7% | 6% | 6% | 4% | 5% |
| - Large cap | 74% | 76% | 82% | 82% | 78% | 2% | 2% | 1% | 1% | 1% |
| - Mid cap | -- | -- | -- | -- | 42% | -- | -- | -- | -- | 2% |
| - Small cap | 54% | 55% | 60% | 59% | 60% | 6% | 5% | 5% | 4% | 3% |
| Small cap stocks - total | 68% | 70% | 75% | 71% | 74% | 9% | 8% | 8% | 6% | 4% |
| Passive/index domestic equities | 48% | 47% | 52% | 56% | 57% | 3% | 3% | 3% | 2% | 1% |
| Enhanced index | -- | -- | 17% | 23% | 22% | -- | -- | 5% | 3% | 2% |
| International equities - total | 68% | 65% | 76% | 76% | 79% | 12% | 8% | 7% | 8% | 4% |
| Active or passive bonds - total | 94% | 91% | 92% | 89% | 90% | 9% | 6% | 4% | 5% | 4% |
| - Global | 14% | 15% | 17% | 18% | 18% | 2% | 1% | 3% | 1% | 0% |
| - Domestic | 93% | 94% | 90% | 85% | 86% | * | 0% | * | * | 0% |
| - International | 33% | 62% | 33% | 28% | 17% | 8% | 6% | 2% | 2% | 1% |
| - High yield | -- | -- | -- | 25% | 29% | -- | -- | -- | 3% | 3% |
| Balanced funds | 13% | 16% | 12% | 11% | 11% | 1% | 1% | 1% | 0% | 0% |
| Equity real estate | 50% | 47% | 45% | 43% | 41% | 11% | 10% | 2% | 1% | 2% |
| Private equity | -- | 16% | 24% | 24% | 30% | 4% | 4% | 1% | 5% | 4% |
| Hedge funds | -- | 2% | -- | 3% | 5% | -- | -- | -- | 2% | 3% |
| Fund-of-fund managers | -- | -- | -- | -- | 11% | -- | -- | -- | -- | 4% |

The Need for Sound Management Over Generations



Dow Jones
Index

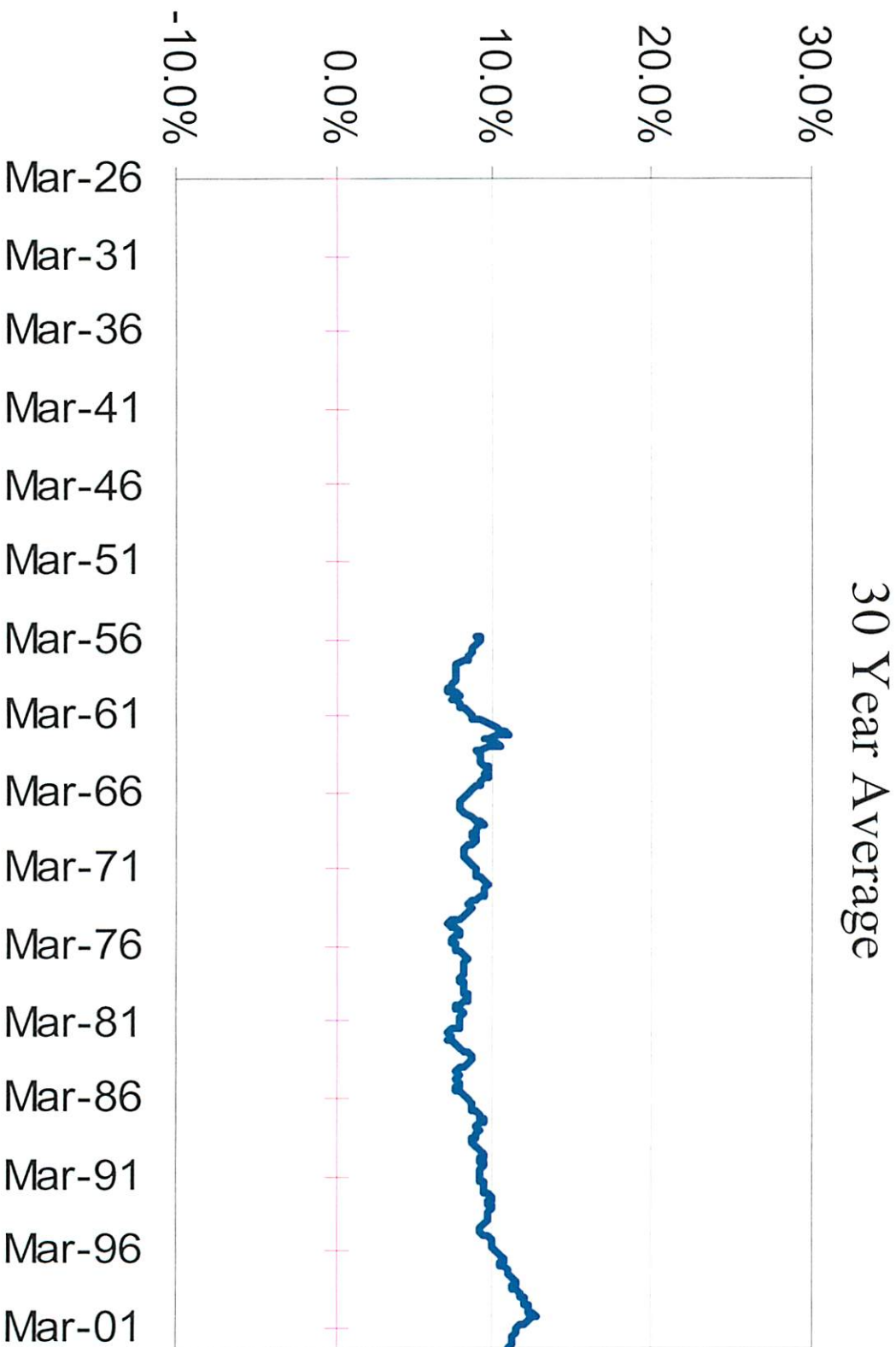


- Both bond and stock markets have long spells of going nowhere, with fierce rallies and declines throughout the dry spell (180 degree reversals)
- Volatility hurts buy-and-hold strategies: over-weight equities at market tops and under-weight equities at market bottoms
- Sometimes discipline is not essential (Charts #1 and #3), sometimes it's the key ingredient to long-term success (Chart #2)
- Discipline now more than ever
- Sharpen your rebalancing plans and execute
- Think outside the box

Total Returns – 60% Stocks and 40% Long Term Corporate Bonds



Source: Ibbotson Associates

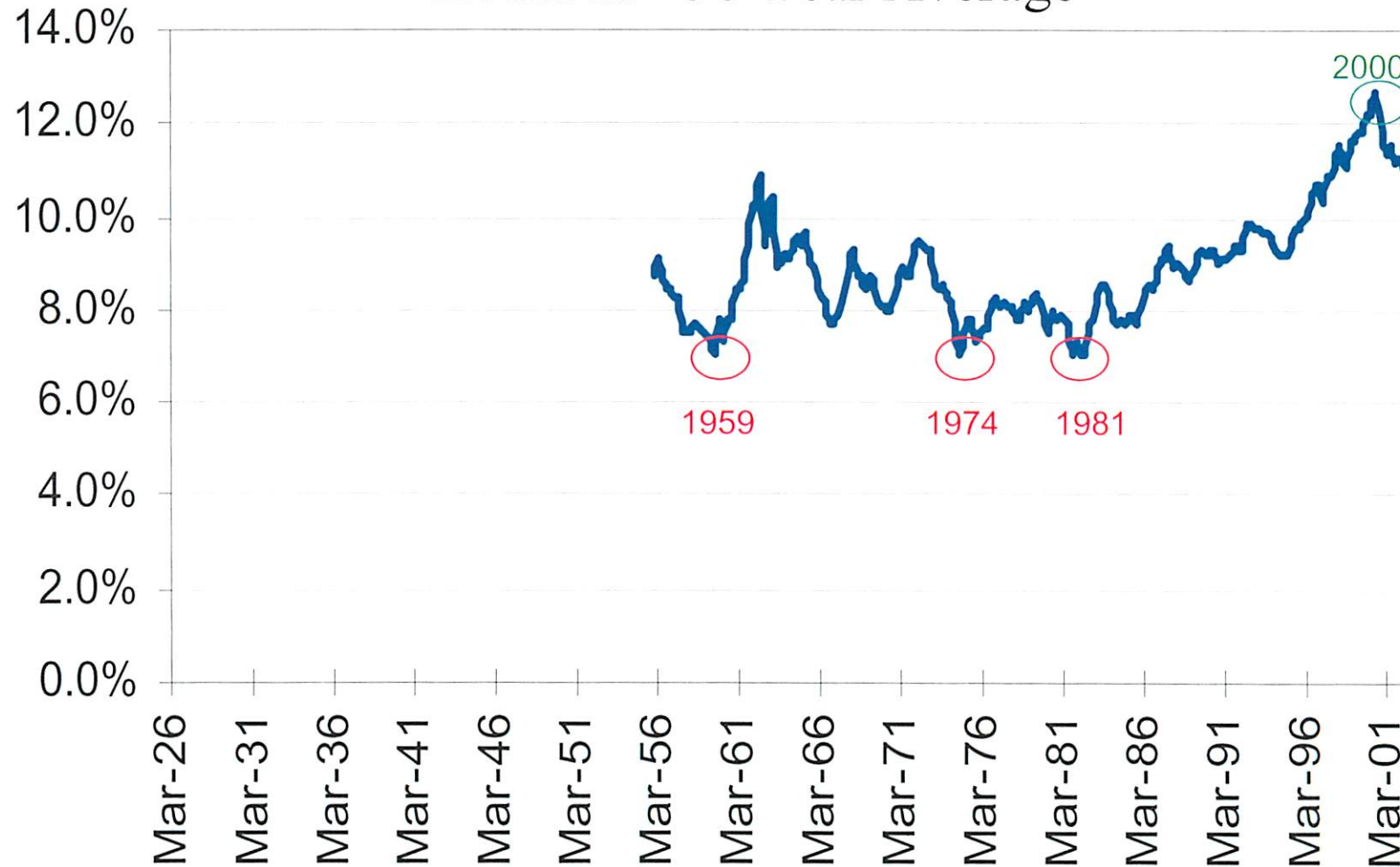


Total Returns – 60% Stocks and 40% Long Term Corporate Bonds



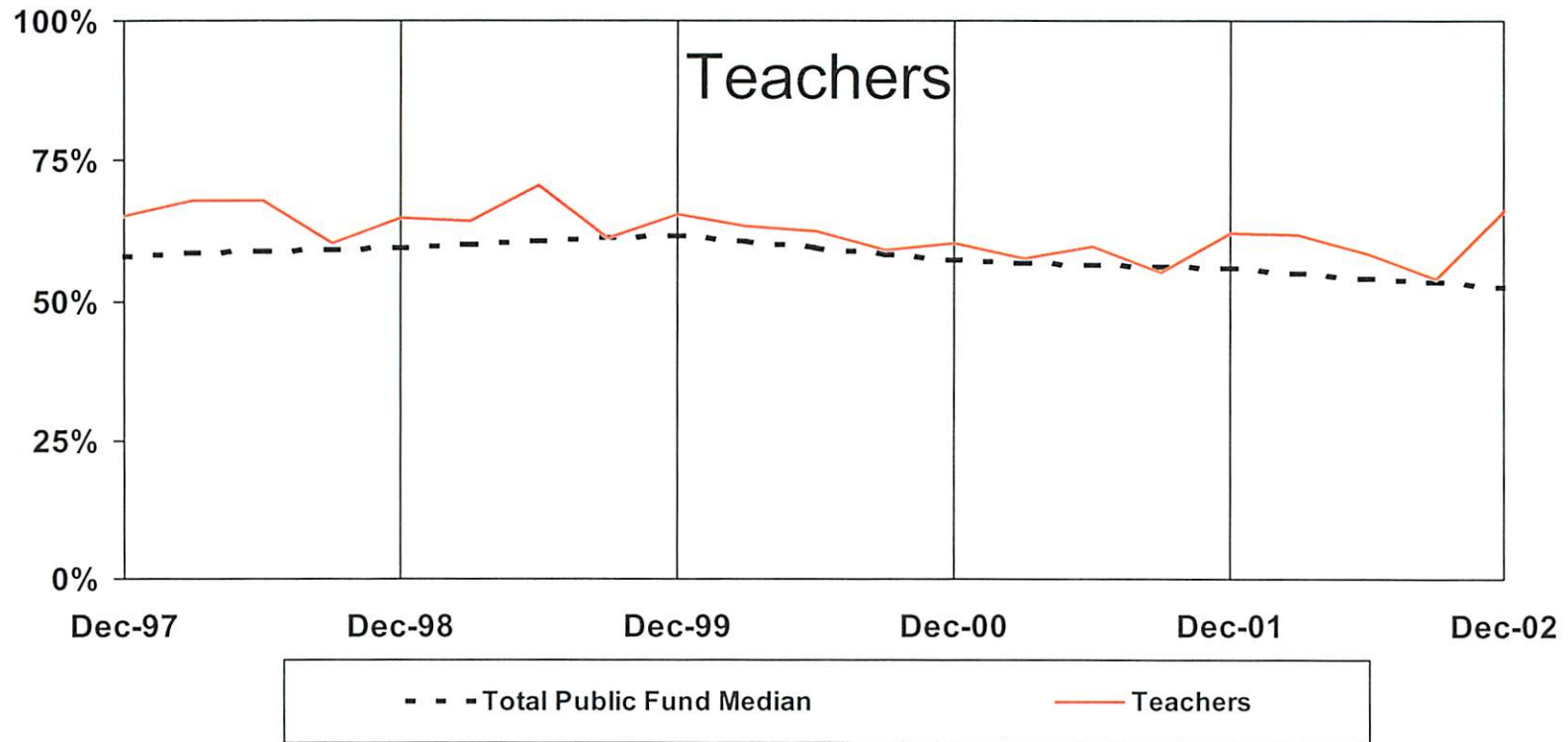
Source: Ibbotson Associates

Zoom In - 30 Year Average





Total Public Funds – Equity Commitment

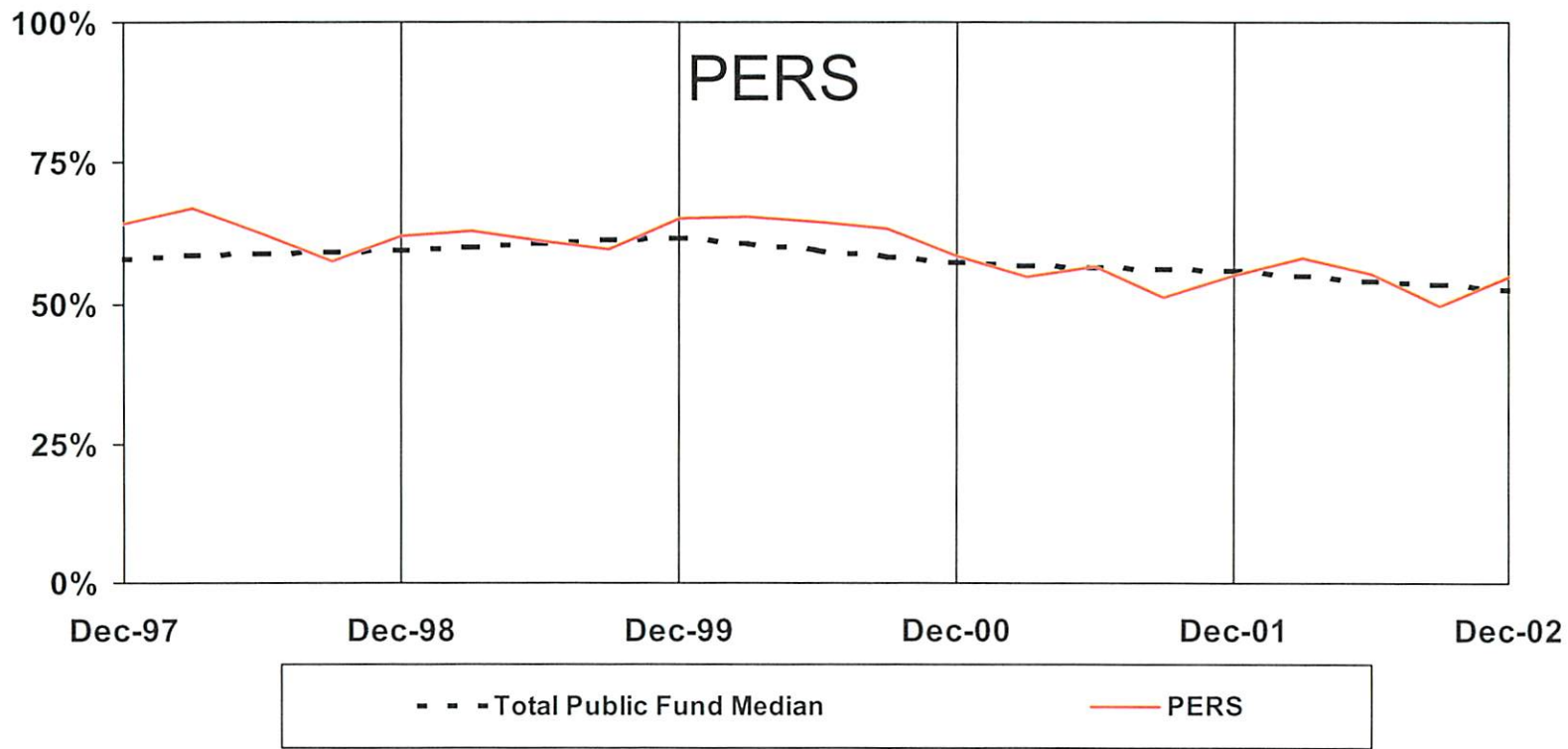


| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Teachers 65.0 64.6 65.3 60.2 62.0 66.0



Total Public Funds – Equity Commitment

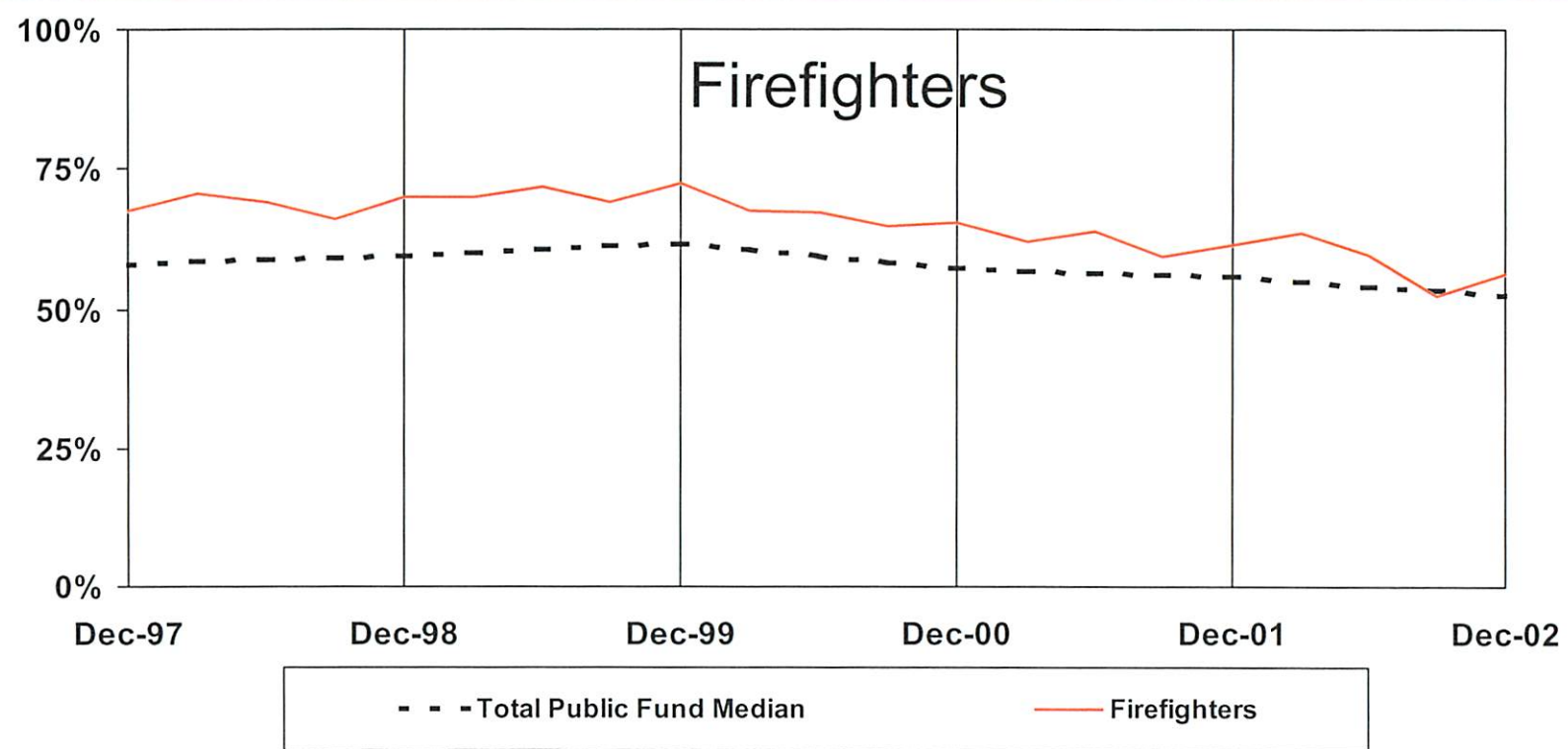


| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

PERS 64.2 62.0 64.9 58.3 54.9 54.8



Total Public Funds – Equity Commitment

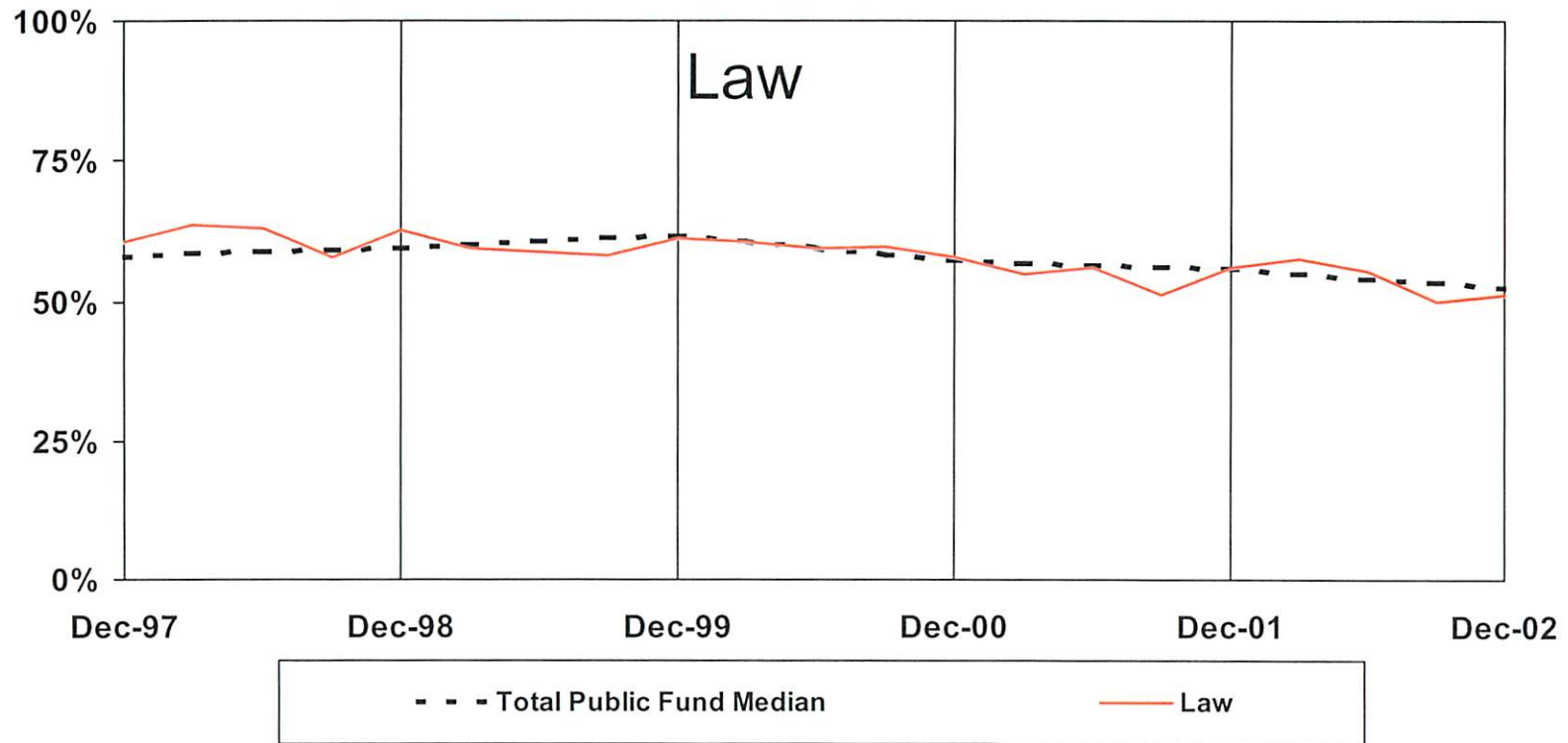


| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
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| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Firefighters
67.5
69.8
72.4
65.2
61.4
56.3



Total Public Funds – Equity Commitment

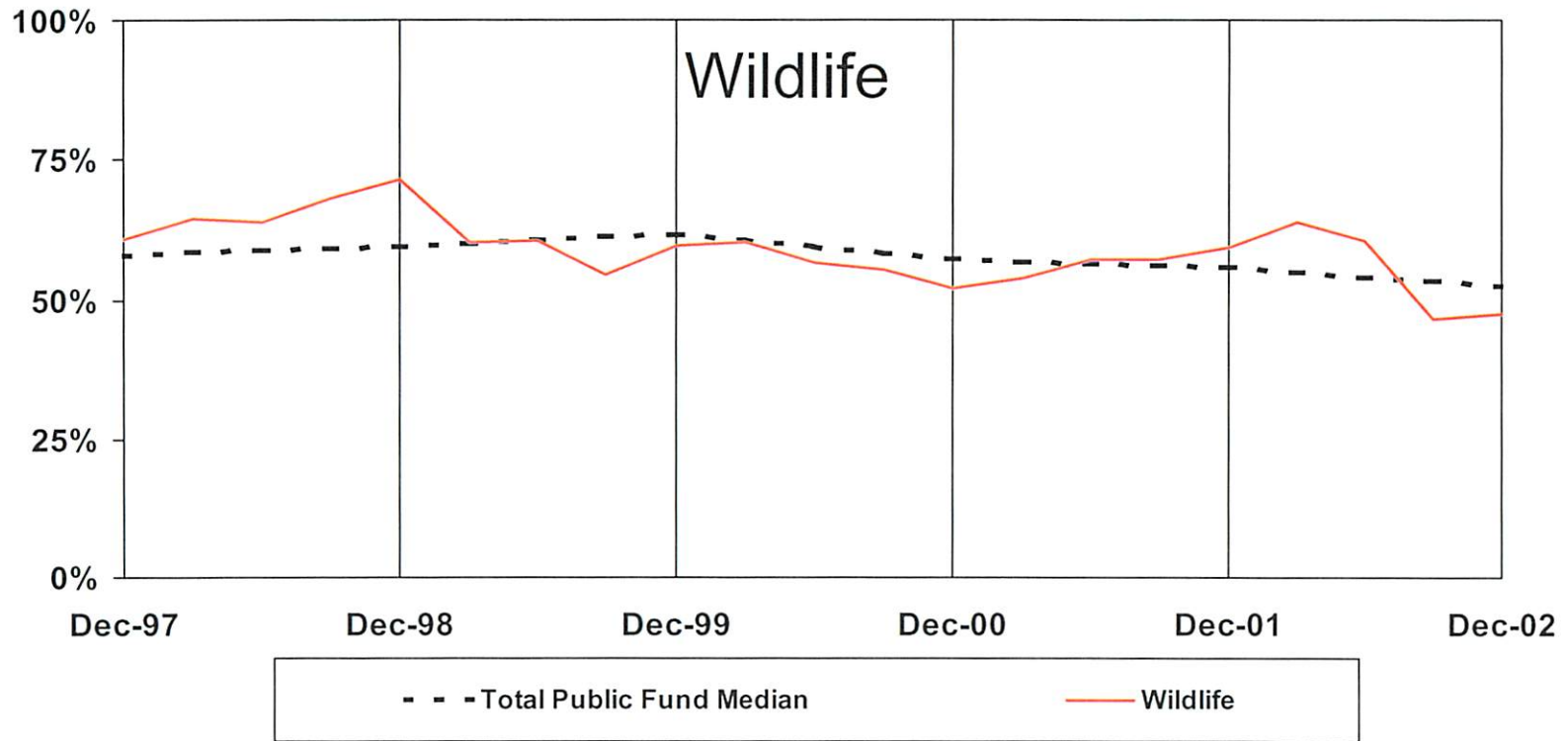


| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Law 60.5 62.6 61.1 57.7 55.9 51.1



Total Public Funds – Equity Commitment

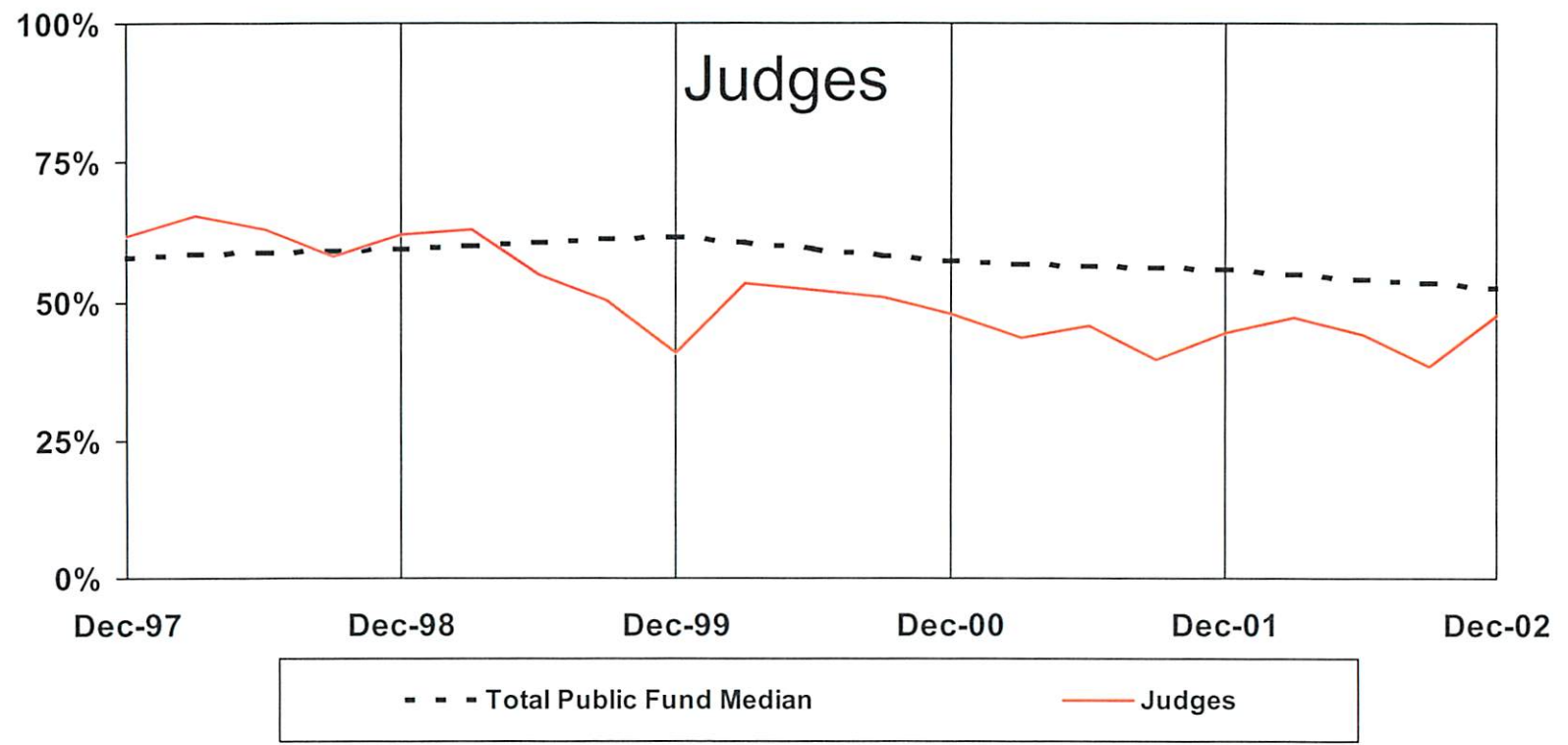


| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Wildlife 60.9 71.5 59.5 52.0 59.2 47.4



Total Public Funds – Equity Commitment



| | 12/97 | 12/98 | 12/99 | 12/00 | 12/01 | 12/02 |
|---------------------|-------|-------|-------|-------|-------|-------|
| Top 5th percentile | 68.5 | 71.5 | 72.9 | 71.4 | 69.1 | 64.8 |
| 25th percentile | 62.5 | 64.0 | 65.4 | 61.7 | 59.7 | 57.7 |
| Total Public Median | 58.2 | 59.7 | 61.8 | 57.3 | 55.9 | 52.5 |
| 75th percentile | 50.9 | 53.3 | 46.1 | 53.0 | 47.5 | 46.5 |
| 95th percentile | 0.0 | 10.6 | 19.9 | 26.8 | 0.0 | 0.0 |

Judges 61.8 62.0 40.8 47.7 44.3 47.5



Summary of Major Plan Changes

| System | Benefit Changes | Assumption and Method Change | Funding Changes | Other Legislative Changes |
|------------------------|--|---|---|---|
| Teachers' | Yes One time COLA (3% or 4%) above 1% expected COLA | None | Yes Increase dedicated revenue % FY 2005 through FY 2008 3.54% up to 5.00% | Yes 70 O.S. 2001, Sec. 17-106.1, Sec. H System to report results to State Pension Commission using prescribed assumptions |
| OPERS | House Bill 2124 (Ad hoc COLA for retirees) Senate Bill 405 (OMD firefighters) | Yes - Experience study Increased salary scale Retirement rates were increased Disability rates for males lowered Withdrawal rates increased | None | Yes 11 O.S. 2001, Sec. 51-105.4, Sec. H System to report results to State Pension Commission using prescribed assumptions |
| Firefighters | House Bill 2124 (Ad hoc COLA for retirees) | None | None | Yes 11 O.S. 2001, Sec. 49-100.9, Sec. H System to report results to State Pension Commission using prescribed assumptions |
| Police | House Bill 2124 (Ad hoc COLA for retirees) | None | None | Yes 11 O.S. 2001, Sec. 50-105.4, Sec. H System to report results to State Pension Commission using prescribed assumptions |
| Law Enforcement | House Bill 2212 (Redefine FAE) House Bill 2311 (Health insurance for spouses and children) | None | None | Yes 11 O.S. 2001, Sec.2-303.1, Sec. H System to report results to State Pension Commission using prescribed assumptions |
| Wildlife | None | None | None | None |

Teachers' Retirement System – Submission of Information to State Pension Commission



- During the 2002 legislative session, legislation was adopted that requires the Retirement Board to submit information to the State Pension Commission
- A valuation was to be performed, for informational purposes only, using a prescribed set of assumptions (70 O.S. 2001, Section 17-106.1, Section H)
 - Interest rate of 7.5% (instead of 8.0%)
 - COLA assumption of 2% (instead of 1%)
 - Mortality table (2000 tables instead of 1989 and 1994 tables)
 - Set amortization period of 30 years (instead of a “floating” period)
- Required information was provided to the Board as an addendum to the June 30, 2002 Actuarial Valuation Report performed by Gabriel, Roeder, Smith & Company
 - AAL = \$13.8 billion (vs. \$12.3 billion)
 - UAAL = \$7.5 billion (vs. \$6.0 billion)
 - Required State contribution = \$552.7 million (vs. current actual contribution of \$141.1 million)

OPERS Retirement System – Submission of Information to State Pension Commission



- During the 2002 legislative session, legislation was adopted that requires the Retirement Board to submit information to the State Pension Commission
- A valuation was to be performed, for informational purposes only, using a prescribed set of assumptions (11 O.S. 2001, Section 50-105.4, Section H)
 - Interest rate of 7.5% (same as current valuation)
 - COLA assumption of 2% (same as current valuation)
 - Mortality table (2000 tables instead of 1983 tables)
 - Set amortization period of 30 years (instead of 40 years)
- Required information was provided to the Board by Mercer (included in the System's Annual Financial Statement)
 - AAL = \$6.8 billion (vs. \$6.6 billion)
 - UAAL = \$1.5 billion (vs. \$1.3 billion)
 - Required State contribution = \$247.8 million (vs. current contribution of \$139.6 million)

Firefighters Retirement System – Submission of Information to State Pension Commission



- During the 2002 legislative session, legislation was adopted that requires the Retirement Board to submit information to the State Pension Commission
- A valuation was to be performed, for informational purposes only, using a prescribed set of assumptions (11 O.S. 2001, Section 49-100.9, Section H)
 - Interest rate of 7.5% (same as current valuation)
 - COLA assumption of 2% (instead of 50% of assumed increase in base pay)
 - Mortality table (2000 tables instead of 1983 and 1994 tables)
 - Set amortization period of 30 years (same as current valuation)
- Required information was provided to the Board as an addendum to the June 30, 2002 Actuarial Valuation Report performed by Buck Consultants
 - AAL = \$2.2 billion (vs. \$1.9 billion)
 - UAAL = \$730 million (vs. \$400 million)
 - Required State contribution = \$82.5 million (vs. current actual contribution of \$47.3 million)

Police Retirement System – Submission of Information to State Pension Commission



- During the 2002 legislative session, legislation was adopted that requires the Retirement Board to submit information to the State Pension Commission
- A valuation was to be performed, for informational purposes only, using a prescribed set of assumptions (11 O.S. 2001, Section 50-105.4, Section H)
 - Interest rate of 7.5% (same as current valuation)
 - COLA assumption of 2% (same for some retirees, others receive 33% to 50% of assumed increase in base pay)
 - Mortality table (same as current valuation)
 - Set amortization period of 30 years (instead of 20 years)
- Required information was provided to the Board as an addendum to the June 30, 2002 Actuarial Valuation Report performed by Buck Consultants
 - AAL = \$1.6 billion (vs. \$1.6 billion)
 - UAAL = \$196 million (vs. \$184 million)
 - Required State contribution = \$28 million (vs. current actual contribution of \$20 million)

Law Enforcement Retirement System – Submission of Information to State Pension Commission



- During the 2002 legislative session, legislation was adopted that requires the Retirement Board to submit information to the State Pension Commission
- A valuation was to be performed, for informational purposes only, using a prescribed set of assumptions (11 O.S. 2001, Section 2-303.1, Section H)
 - Interest rate of 7.5% (same as current valuation)
 - COLA assumption of 2% (instead of 3%)
 - Mortality table (same as current valuation)
 - Set amortization period of 30 years (instead of 19 years)
- Required information was provided to the Board as an addendum to the June 30, 2002 Actuarial Valuation Report performed by Buck Consultants
 - AAL = \$587 million (vs. \$632 million)
 - UAAL = \$17 million (vs. \$62 million)
 - Required State contribution = \$10.4 million (vs. current actual contribution of \$14.2 million)