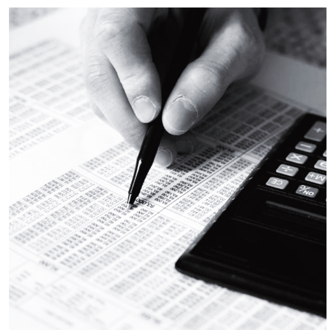
Working the PLAN

Oklahoma Public Employees Retirement System

A component unit of the State of Oklahoma • Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009



Working the PLAN

Oklahoma Public Employees Retirement System

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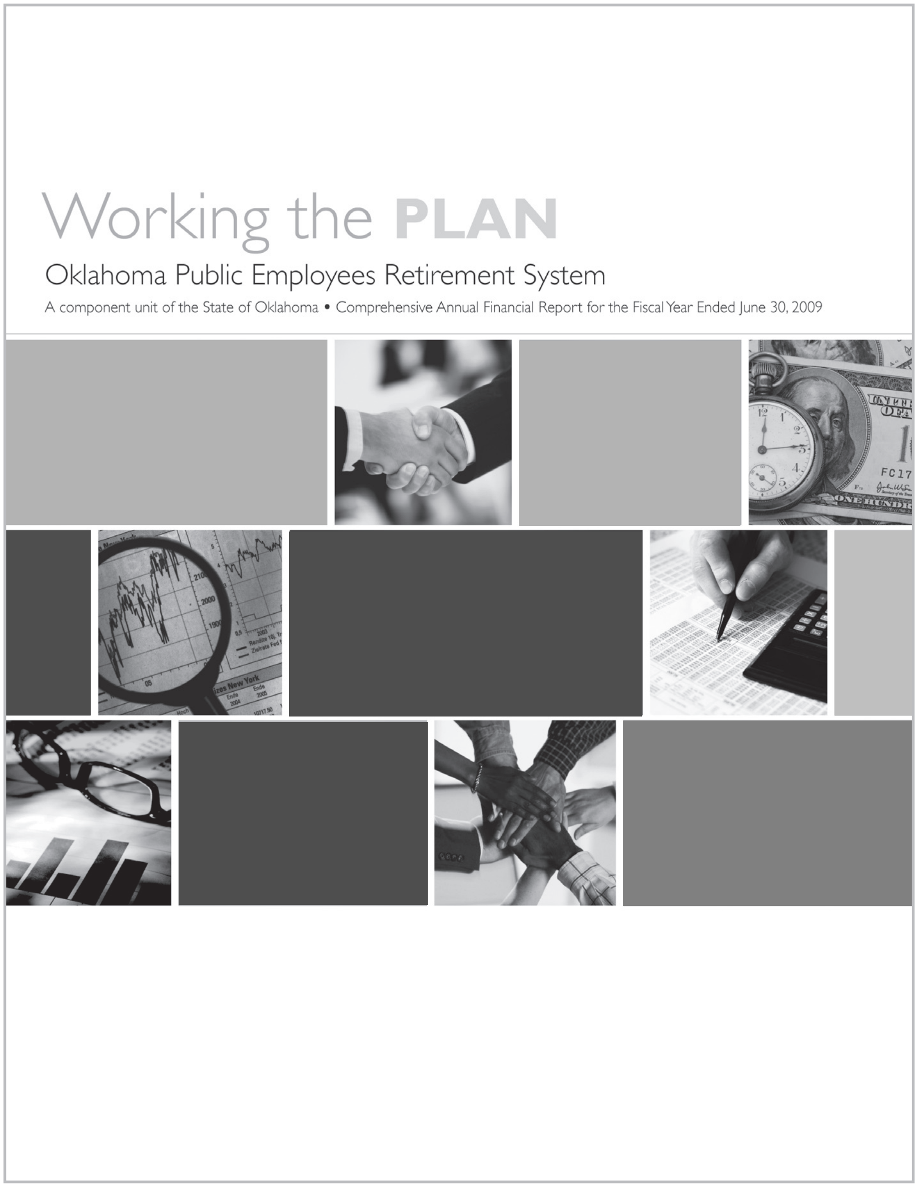
These are interesting times, indeed. Our working population is aging. Health care costs are continuing to rise. More employers are moving away from defined benefit pension plans and replacing them with defined contribution plans and individual retirement accounts. The questions about the solvency of the Social Security system, turmoil in the financial markets, and a downturn in the economy have kept the affordability of retirement in the forefront of public discussion.

Technology is changing rapidly. OPERS members and the American public are increasingly using the Internet to conduct financial transactions and purchase goods and services. In addition, younger employees are changing jobs more frequently and providing a challenge to employers in attracting and retaining a skilled workforce. Keeping pace in this climate requires sound planning.

OPERS has identified the following long-term business goals to meet the increasing and changing demands of our retired members, active members and participating employers:

- Providing prompt and comprehensive customer service.
- Managing assets of the Plan in a fiscally responsible manner.
- Informing and educating all members to help them identify and meet their retirement goals.
- Achieving and maintaining a well-funded status, and securing changes in plan design that make the plan easier to understand.
- Maintaining a competent and well-trained workforce.

Successful planning is not something an organization does every so often. It is a continuous process of communication, action and measurement. The strategic plan for the Oklahoma Public Employees Retirement System provides direction for the Board and staff as we approach the challenges and opportunities before us.



Prepared by the staff of the Oklahoma Public Employees Retirement System.

This publication, printed by the Department of Central Services, is issued by the Oklahoma Public Employees Retirement System as authorized by its Executive Director. Two hundred copies have been prepared and distributed at a cost of $2,635.00. Twenty-five copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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keeping up with CHANGE

Providing **prompt** and **comprehensive** customer service

Providing quality service demands keeping up with change and making investments in technology. Improved technology is critical to any organization's ability to be responsive in serving the needs of its customers. OPERS has an overarching goal of providing more information to our members and employers in a secure online environment. In doing so, customers will be able to view their personal information and have greater access to the self-service opportunities the Internet provides.

Several technology initiatives are currently being pursued, including:

- Implementing a new pension administration system using database software and replacing traditionally paper-intensive transactions with more streamlined electronic business processes.
- Upgrading the functionality of the OPERS web sites to offer more online transaction capability, online forms, and secure access to data.
- Building an Intranet site to serve as a content management system and improve internal communications.
- Developing customer relationship management technology to more effectively monitor our performance and frequency in serving our members.

An employer web site has also been successfully implemented that allows employers to enroll new members into the Plan and report payroll and contributions online.

TOM SPENCER
EXECUTIVE DIRECTOR

BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

November 30, 2009

Letter of Transmittal

To the Board of Trustees and
Members of the Oklahoma Public Employees Retirement System

State law requires that, after July 1 and before December 1 of each year, the Oklahoma Public Employees Retirement System (OPERS) publish an annual report that covers the operation of OPERS during the past fiscal year, including income, disbursements and the financial condition at the end of the fiscal year. This report is published, in part, to fulfill that requirement for the fiscal year ended June 30, 2009. State law also requires that OPERS provide certain information regarding the financial and actuarial condition of OPERS using certain prescribed assumptions as an addendum to the annual report. The Addendum section of this report is provided to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cole & Reed, P.C., Certified Public Accountants, has issued an unqualified opinion on the Oklahoma Public Employees Retirement Plan's statements of plan net assets as of June 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Plan

OPERS is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. It covers substantially all employees of the State of Oklahoma (the State) except those covered by six other plans sponsored by the State and also covers employees of participating counties and local agencies. The employee and employer contribution rates for each member category are established by the Oklahoma Legislature after recommendation by the OPERS Board of Trustees based on an actuarial calculation which is performed to determine the adequacy of such contribution rates.

Members qualify for full retirement benefits at their specified normal retirement age or, depending upon when they became members, when the sum of the member's age and years of credited service equals 80 or 90. Generally, benefits for state, county, and local agency employees are determined at 2% of the average salary, as defined, multiplied by the number of years of credited service. Members may elect to pay an additional contribution rate to receive benefits using a 2.5% factor for each full year the additional contributions are made. Separate benefit calculations are in effect for elected officials and hazardous duty members.

The Board of Trustees of OPERS consists of thirteen appointed members, some by position and some by association. Those serving through position are a member of the Corporation Commission as selected by the Commission, a member of the Tax Commission as selected by the Tax Commission, the Administrator of the Office of Personnel Management or designee, the State Insurance Commissioner or designee, and the Director of State Finance or designee. Of the remaining members, three are appointed by the Governor, one is appointed by the Supreme Court, two are appointed by the Speaker of the House of Representatives and two are appointed by the President Pro Tempore of the Senate. Qualifications for certain of these appointees include a balance of individuals having experience in investment management, pension management, public fund management, the banking profession or a licensed attorney or a licensed accountant.

Each year, OPERS, along with other state agencies, is required to file a budget work program with the Office of State Finance. This work program, as approved by the Board of Trustees, must include a description of all funds available for expenditure and show spending by major program category. OPERS receives no state appropriations and is funded through employee and employer contributions and investment earnings.

Additionally in each even-numbered year, OPERS, along with other state agencies, must file a strategic plan covering five fiscal years beginning with the next odd-numbered fiscal year. The strategic plan includes a mission statement, the core values and behaviors inherent to operations, and a summary of goals and objectives to be achieved through specific projects outlined for the five-year period. The mission of the OPERS Board and staff is to provide and promote accountable and financially sound retirement programs for Oklahoma's public servants, and the core values and behaviors inherent to agency operations are honesty and integrity, accountability, quality, customer service, teamwork, and workforce development. The summary of goals and objectives outlined in the strategic plan are

- Provide prompt and comprehensive customer service
- Manage the assets of the Plans in a fiscally responsible manner
- Inform and educate all members to help them identify and meet their retirement goals
- Maintain a competent and well-trained workforce
- Achieve and maintain well-funded status to assist the State in paying retirement benefit obligations, and secure changes in plan design that make the plan easier to understand or more equitable without an undue increase in the retirement system's liabilities.

Investments

The standard for OPERS in making investments is to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and unless under the circumstances it is clearly prudent not to do so. Funds of OPERS are invested solely in the interest of the membership and their beneficiaries, and defraying reasonable expenses of administering OPERS. The Board has established an investment policy and guidelines that identify asset allocation as the key determinant of return and diversification, both by and within asset classes, as the primary risk control element. Passive fund portfolios are considered to be suitable investment strategies, especially in highly efficient markets.

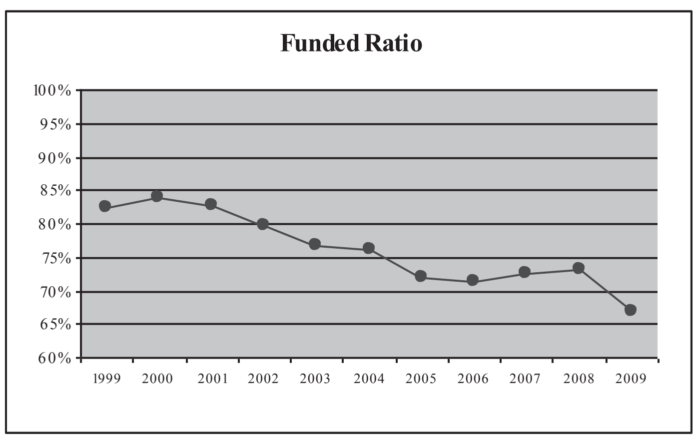
The Board engages outside investment managers to manage the various investment allocations of OPERS. At fiscal year end, the investment portfolio of OPERS was actively managed by three fixed income managers, six domestic equity managers and one international equity manager and passively managed by another investment manger with holdings in one domestic equity index and three international equity index funds.

Included in the Investment Section of this report are a summary of the Investment Portfolio by Type and Manager and a comparison of the above amounts to the target allocations, as shown in the Asset Comparison chart. For fiscal year 2009, investments provided a negative 15.4 percent rate of return. The annualized rate of return for OPERS was negative 1.9 percent over the last three years and 2.4 percent over the last five years.

Funding

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for OPERS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets of OPERS as of July 1, 2009 amounted to $9.3 billion and $6.2 billion, respectively.

The OPERS funded status dropped to 66.8 percent at July 1, 2009. It had improved in the two prior years moving from 71.4 percent at July 1, 2006 to 73.0 percent at July 1, 2008. It was 82.3 percent at July 1, 1999. The Legislature addressed the need for increased funding by increasing the employer contribution rate by 1.5 percent effective July 1, 2005. The next year the rate was increased 1.0 percent for state agencies, and it continues to increase 1.0 percent each year until it reaches 16.5 percent in 2011. That same year for non-state agency employers the combined employee and employer contribution rate was increased 1.0 percent annually until July 1, 2011 when it will reach 20.0 percent. In 2006 the Legislature increased the state employee contribution rate to be a level 3.5 per cent of salary effective July 1, 2006. Previously in effect was a tiered rate structure of 3.0 per cent on the first $25,000 of salary and 3.5 per cent on any salary above $25,000. Also in 2006 the Legislature provided a statutory requirement that retirement bills be analyzed for actuarial fiscal



impact and contain adequate funding sources sufficient to pay the cost of the change. A detailed discussion of funding is provided in the Actuarial Section of this report.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Oklahoma Public Employees Retirement System for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twelfth year OPERS has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of OPERS. We wish to express our appreciation to all staff members who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the financial management of the Oklahoma Public Employees Retirement System.

Respectfully submitted,

Tom Spencer
Executive Director

Virginia Lawrenz
Director of Finance and Chief Financial Officer

TOM SPENCER
EXECUTIVE DIRECTOR

BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

November 30, 2009

Chairman's Letter

Dear OPERS Members:

On behalf of the Board of Trustees of the Oklahoma Public Employees Retirement System, (OPERS), I am pleased to present the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2009.

This report is designed to provide a detailed look at the financial, investment and actuarial aspects of OPERS, which continues to be a strong retirement system.

You are encouraged to carefully review this report, as it contains a wealth of information about your retirement system. If you have questions or comments, please feel free to contact us. We can be reached at PO Box 53007, Oklahoma City, Oklahoma 73152-3007. Our telephone number is 405-858-6737 (or toll-free 1-800-733-9008).

I also want to thank the OPERS staff for their diligent work in preparing this report and their commitment to continually improve the administrative operations of OPERS.

Sincerely,

Don Kilpatrick
Chairman

Board of Trustees

Don Kilpatrick
Chairman
Appointee of the President
Pro Tempore of the Senate

Steve Paris
Vice Chairman
Appointee of the Governor

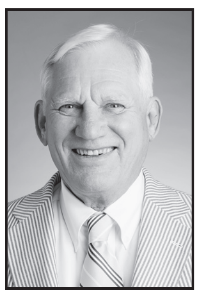
Dawn Cash
Appointee of the Speaker
of the House of
Representatives

Michael Clingman
Director of State Finance

Jeff Cloud
Member of Corporation
Commission
Selected by Commission

Michael D. Evans
Appointee of the
Supreme Court

Jonathan Barry Forman
Appointee of the Governor



Richard Haugland
Appointee of the
Speaker of the House of
Representatives

Oscar B. Jackson, Jr.
Administrator
Office of Personnel Management
Ex Officio

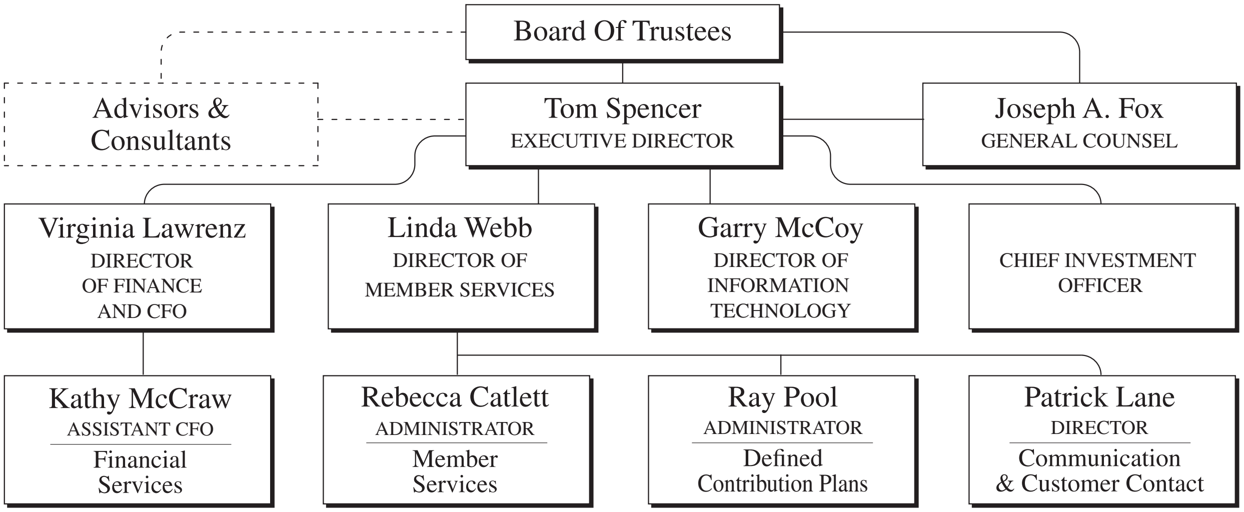
Jerry Johnson
Member Oklahoma
Tax Commission
Selected by Commission

Brian Maddy
Appointee of the President
Pro Tempore of the Senate

DeWayne McAnally
Appointee of the
Governor

Frank Stone
Designee of the State
Insurance Commissioner,
Kim Holland

Organizational Structure



Left to right: **Ray Pool, Linda Webb, Virginia Lawrenz, Tom Spencer, Garry McCoy, Joseph Fox, Rebecca Catlett, Patrick Lane, and Kathy McCraw**

Advisors and Consultants*

Master Custodian
The Northern Trust Company
Chicago, Illinois

Investment Consultant
Strategic Investment Solutions, Inc.
San Francisco, California

Actuarial Consultant
Milliman, Inc.
Omaha, Nebraska

Independent Auditors
Cole & Reed, P.C.
Oklahoma City, Oklahoma

Internal Auditors
Finley & Cook PLLC
Shawnee, Oklahoma

*The Schedules of Investment Expenses and Professional/Consultant Fees in the Financial Section provide more information regarding advisors and consultants.

2009 Legislation

Senate Bill 899

Forfeiture of Retirement Benefits upon Conviction of a Felony

Public officials are subject to the loss of their pensions if they are convicted of crimes of bribery, forgery, perjury, and campaign-related offenses. In addition, other felony crimes related to the official's office or employment will trigger a forfeiture. When the retirement system receives notice of a conviction or plea of guilt to one of these crimes, the pension of the individual is suspended with the right of an appeal to the system. Under prior law state officers and employees could lose their state pensions if the crime amounted to a "violation of the oath of office" of that official.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma Public Employees Retirement System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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keeping our PROMISES

Managing assets of the Plan in a **fiscally responsible** manner

The management of the physical and financial assets of OPERS is perhaps the most important responsibility of the Board and staff. The prudent investment of member and employer contributions is how we are keeping our promises of adding value to those contributions and providing a lifetime retirement benefit to our members.

In managing the assets of the Plan, the Board and staff are working toward:

- Auditing member data comprehensively to ensure reliability, accuracy and to provide members greater access to their personal information and improve the timeliness of service.
- Devoting a new position to serve as a liaison between OPERS and participating employers focusing on the reporting relationship between the Plan and local units of government.
- Establishing a subcommittee at the Board level to conduct a feasibility study on the permanent location of the OPERS offices and produce a good return on investment.

Equally important is the Plan's ability to provide services in the wake of an unplanned interruption to business. Consequently, the staff is developing a comprehensive business continuity plan to make certain operations are maintained in the event of a disaster.

COLE+REED P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Trustees
Oklahoma Public Employees Retirement System:

We have audited the accompanying statements of plan net assets of the Oklahoma Public Employees Retirement Plan (the Plan), a component unit of the state of Oklahoma, as of June 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan at June 30, 2009 and 2008, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules of funding progress and employers' contributions in schedule 1 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section, the Statistical Section, the Addendum and schedules 2 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information in schedules 2 through 4 has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section, the Investment Section, the Actuarial Section, the Statistical Section and the Addendum have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma
October 12, 2009

Management's Discussion and Analysis

As management of the Oklahoma Public Employees Retirement System (the Plan) we offer readers of the Plan's financial statements this narrative overview and analysis of the financial activities of the Plan for the fiscal years ended June 30, 2009 and 2008.

Financial Highlights

- The net assets held in trust for pension benefits totaled approximately $5.2 billion at June 30, 2009 compared to $6.3 billion at June 30, 2008 and $6.6 billion at June 30, 2007. The net assets are available for payment of monthly retirement benefits and other qualified distributions to the Plan's participants. The decreases of $1.1 billion and $0.4 billion of the respective years resulted primarily from the changes in the fair value of the Plan's investments due to volatile equity markets.

- At June 30, 2009 and 2008 the total number of members participating in the Plan increased 2.0% and 1.5%, respectively. Membership was 78,270 at June 30, 2009 and 76,733 at June 30, 2008. The number of retirees increased each respective year by 3.5% and 3.2%. The total number of retirees was 26,949 at June 30, 2009 and 26,033 at June 30, 2008.

- The funded ratio of the Plan was 66.8% at June 30, 2009 compared to 73.0% at June 30, 2008. The key items responsible for the change in the funded status were the return on the actuarial value of assets of negative 2.6% which resulted in an actuarial loss of $651.9 million and a liability gain of $58.2 million resulting from an actuarial accrued liability that was lower than expected. Other changes include the effect of contributions less than the actuarial rate and the expected increase due to the amortization method. The funded ratio of the Plan was 72.6% at June 30, 2007.

Overview of the Financial Statements

The Plan is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. The Plan covers substantially all employees of the state of Oklahoma (the State) except those covered by six other plans sponsored by the State and also covers employees of participating counties and local agencies. For the majority of the Plan's members, benefits are determined at 2% of the average highest thirty-six months' annual covered compensation multiplied by the number of years of credited service. Normal retirement age under the Plan is 62 or when the sum of the member's age and years of credited service equals or exceeds 80 (90 for anyone who became a member after June 30, 1992). Members become eligible to vest fully upon termination of employment after attaining eight years of credited service or the members' contributions may be withdrawn upon termination of employment.

The Plan's financial statements are comprised of a Statement of Plan Net Assets, a Statement of Changes in Plan Net Assets, and Notes to Financial Statements. Also included is certain required supplementary and supplementary information.

The Plan is administered by the Oklahoma Public Employees Retirement System, a component unit of the State, which together with other similar funds comprise the fiduciary-pension trust funds of the State.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Administered by the Oklahoma Public Employees Retirement System

Management's Discussion and Analysis

The *statement of plan net assets* presents information on the Plan's assets and liabilities and the resulting *net assets held in trust for pension benefits*. This statement reflects the Plan's investments, at fair value, along with cash and cash equivalents, receivables and other assets and liabilities.

The *statement of changes in plan net assets* presents information showing how the Plan's net assets held in trust for pension benefits changed during the years ended June 30, 2009 and 2008. It reflects contributions by members and participating employers along with deductions for retirement benefits, refunds and withdrawals, and administrative expenses. Investment income during the period is also presented showing income from investing and securities lending activities.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

The *required supplementary information* presents a schedule of funding progress and a schedule of employer contributions. Schedules of certain expenses and fees paid are presented as *supplementary information.*

Financial Analysis

The following are the condensed Schedules of Plan Net Assets and Changes in Plan Net Assets for the Oklahoma Public Employees Retirement Plan for the fiscal years ended June 30, 2009, 2008, and 2007.

Condensed Schedules of Plan Net Assets	**($ millions) June 30,**		
	2009	**2008**	**2007**
Cash and cash equivalents	$ 64.6	$ 61.5	$ 42.8
Receivables	471.3	364.9	650.2
Investments	5,220.6	6,346.3	6,854.8
Securities lending collateral	785.1	863.1	864.0
Property and equipment	0.4	0.6	0.6
Other assets	0.1	0.1	0.1
Total assets	6,542.1	7,636.5	8,412.5
Other liabilities	572.7	518.2	908.0
Securities lending collateral	795.9	863.1	864.0
Total liabilities	1,368.6	1,381.3	1,772.0
Ending net assets held in trust for benefits	$ 5,173.5	$ 6,255.2	$ 6,640.5

Condensed Schedules of Changes in Plan Net Assets	($ millions) June 30, 2009	2008	2007
Member contributions	$ 68.7	$ 66.7	$ 64.2
State and local agency contributions	243.0	220.0	197.7
Net investment income (loss)	(967.3)	(276.6)	938.8
Total additions	(655.6)	10.1	1,200.7
Retirement, death and survivor benefits	410.0	378.0	361.0
Refunds and withdrawals	11.5	12.8	11.8
Administrative expenses	4.6	4.6	4.6
Total deductions	426.1	395.4	377.4
Total changes in plan net assets	$ (1,081.7)	$ (385.3)	$ 823.3

For the year ended June 30, 2009 plan net assets decreased $1.1 billion or 17.3%. Total assets decreased $1.1 billion or 14.3% due to a 17.7% decrease in investments and a 9.0% decrease in securities lending collateral tempered by a 32.5% increase in pending sales of securities and a 29.2% increase in receivables. Total liabilities decreased $12.7 million or 0.9% due to a 7.8% decrease in securities lending collateral which was offset by a 10.5% increase of pending purchases of securities of $54.1 million.

Fiscal year 2009 showed a $665.6 million decrease in total additions and a $30.8 million increase in total deductions. Compared to the prior year, the decrease in additions was due to an additional decrease of $1.1 billion in the net depreciation of assets to the $434.7 million decrease in 2008. Deductions increased 7.8% due primarily to the $32.1 million increase in retirement, death and survivor benefits.

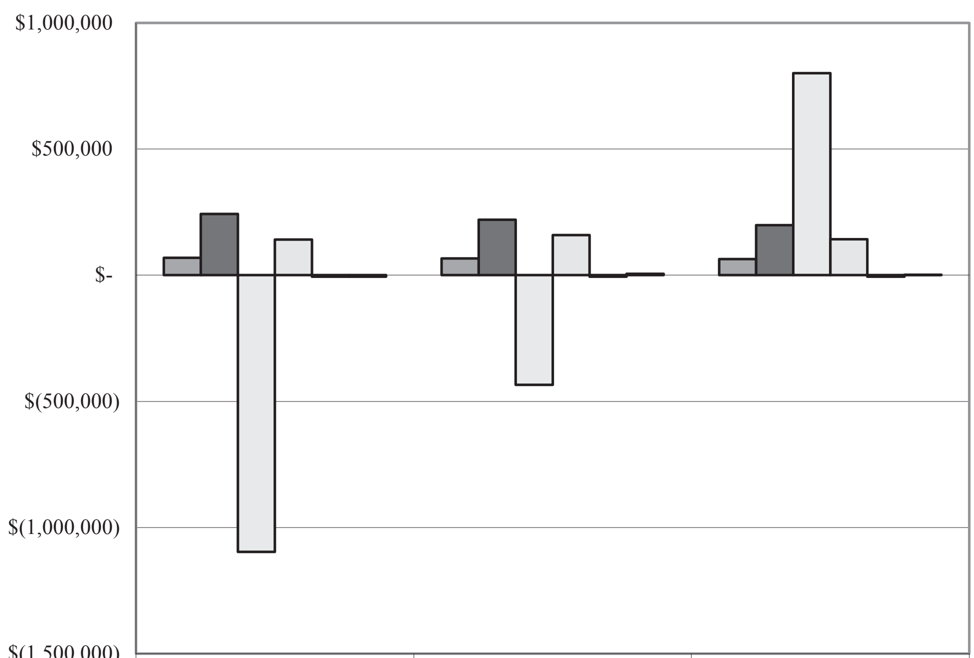
For the year ended June 30, 2008 plan net assets decreased $385.3 million or 5.8%. Total assets decreased $776.0 million or 9.2% due to a 7.4% decrease in investments, and a 45.9% decrease in pending sales of securities. Total liabilities decreased $390.7 million or 22.1% due to the 43.0% decrease of pending purchases of securities of $388.7 million.

Fiscal year 2008 showed a $1.2 billion decrease in total additions and a $18.0 million increase in total deductions. Compared to the prior year, additions decreased 99.2% primarily due to a change from the net appreciation in the fair value of investments of $800.5 million in fiscal 2007 to the net depreciation in the fair value of investments of $434.7 million in fiscal 2008. Deductions increased 4.8% due primarily to the $16.9 million increase in retirement, death and survivor benefits.

Additions to Plan Net Assets

For the year ended June 30, 2009 total additions to plan net assets decreased $665.6 million from the prior year. The net change in the fair value of investments of negative $662.3 million, from the $434.7 million net depreciation in 2008 to the $1.1 billion net depreciation in 2009, was the result of the declining equity markets. The year showed decreases in interest and dividend income of $16.6 million and $2.2 million or 13.5% and 6.2% respectively. Securities lending net income decreased $11.1 million or 205.2% due to a securities lending collateral deficiency of $10.8 million in fiscal 2009. Contributions of members and state and local agency employers were $25.0 million or 8.7% higher than the prior year due to increased contribution rates for employers and an increased salary base of the active members.

Additions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2009, 2008, and 2007
(in $000's)



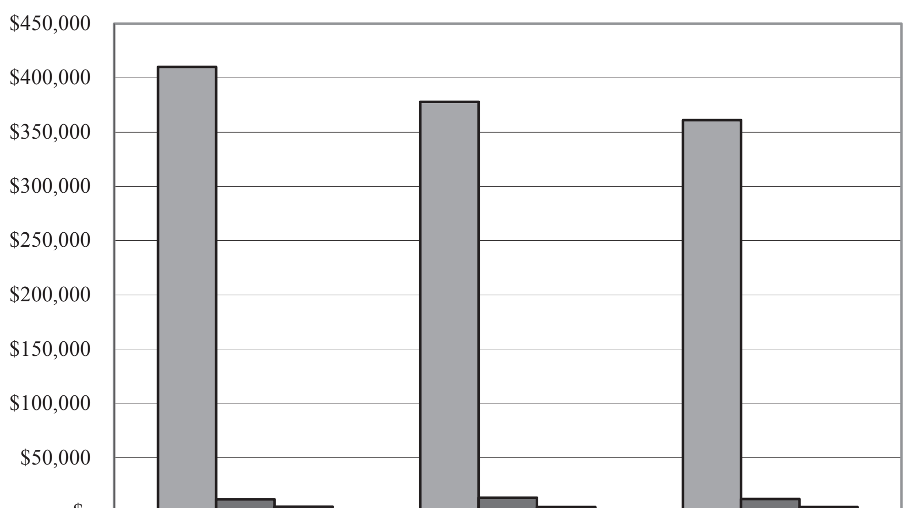
	2009	2008	2007
Member contributions	$68,713	$66,699	$64,180
State and local agency contributions	243,022	220,076	197,757
Net appreciation (depreciation)	(1,096,980)	(434,709)	800,498
Interest, dividends, and other investment income	141,073	158,483	142,955
Investment expenses	(5,630)	(5,850)	(6,214)
Securities lending income (loss)	(5,712)	5,429	1,550

For the year ended June 30, 2008 total additions to plan net assets decreased 99.2% from the prior year. The net change in the fair value of investments of negative $1.2 billion, from the $800.5 net appreciation in 2007 to the $434.7 net depreciation in 2008, was the result of the declining equity markets. The year showed increases in interest and dividend income of $11.4 million and $4.1 million or 10.2% and 13.1% respectively. Securities lending net income increased $3.9 million or 250.3% because the rebates were lower in fiscal 2008. Contributions of members and state and local agency employers were $24.8 million or 9.5% higher than the prior year due to increased contribution rates for employers and an increased salary base of the active members.

Deductions to Plan Net Assets

For the year ended June 30, 2009 total deductions increased $30.8 million or 7.8% from the prior year. Retirement, death and survivor benefits increased $32.1 million or 8.5% due to a 3.5% increase in the number of retirees at year end and a 1.2% increase in the average benefit. Refunds and withdrawals decreased $1.3 million or 10.4% as fewer participants withdrew contributions during fiscal 2009. The 0.6% increase in administrative expenses was primarily due to the increase in professional services.

Deductions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2009, 2008, and 2007
(in $000's)



	2009	2008	2007
Retirement, death and survivor benefits	$410,037	$377,974	$361,045
Refunds and withdrawals	11,516	12,848	11,816
Administrative expenses	4,603	4,575	4,553

For the year ended June 30, 2008 total deductions increased $18.0 million or 4.8% from the prior year. Retirement, death and survivor benefits increased $16.9 million or 4.7% due to a 3.2% increase in the number of retirees at year end and a 5.1% increase in the average benefit. Refunds and withdrawals increased $1.0 million or 8.7% as more participants withdrew contributions during fiscal 2008. The 0.5% increase in administrative expenses was primarily due to the increase in the Plan's allocation rate applied to total administrative costs. Compared to the prior year the costs of technical services decreased but were offset by increased staff salaries and related personnel expenses.

Investments

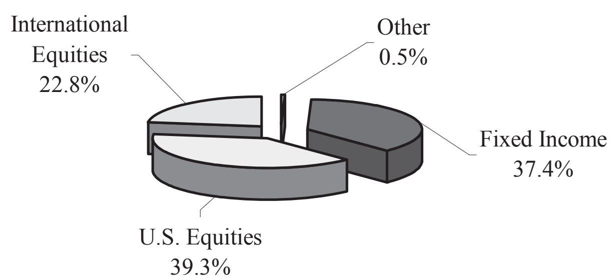
The investment portfolio is reported in the chart below by the asset class of the investment managers' portfolios which includes the cash and cash equivalents in those portfolios. A summary of the Plan's cash, cash equivalents, and investments for fiscal years ended June 30, 2009, 2008, and 2007 is as follows:

Cash, Cash Equivalents, and Investment Portfolio	($ millions) June 30,		
	2009	2008	2007
Fixed income	$ 2,046.2	$ 2,520.8	$ 2,654.7
U.S. equities	2,032.0	2,411.3	2,905.6
International equities	1,178.9	1,448.4	1,312.0
Other	27.3	25.9	23.7
Total managed investments	5,284.4	6,406.4	6,896.0
Cash equivalents on deposit with State	0.8	1.4	1.5
Securities lending collateral	785.1	863.1	864.0
Total cash, cash equivalents, and investments	$ 6,070.3	$ 7,270.9	$ 7,761.5

The reduction in the Plan's managed investments is reflective of the decline in the equity markets. The Plan's overall return for the year ended June 2009 was a negative 15.4%. A 4.6% return for the fixed income component fell short of the market trend for the asset class. U.S. equities showed a return of negative 27.5%, and international equities showed a negative return of 29.6%. Fixed income holdings were reduced approximately $406.0 million as $261.0 million was reallocated to domestic equities and $145.0 million to international equities. Another $105.5 million was used during the year to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end. In FY2009 the asset value was reduced by the $10.8 million securities lending collateral deficiency.

At June, 30, 2009 the distribution of the Plan's investments including accrued income and pending trades and excluding the securities lending collateral deficiency was as follows:

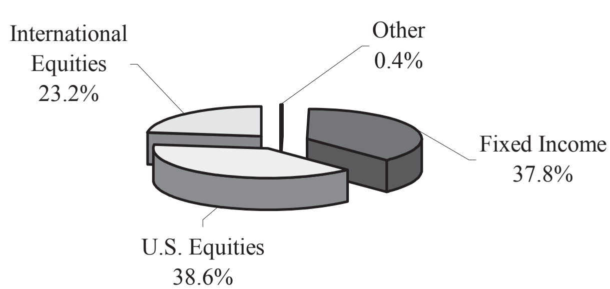
2009



The reduction in the Plan's managed investments is reflective of the decline in the equity markets. The Plan's overall return for the year ended June 2008 was a negative 4.2%. An 8.5% return for the fixed income component met the market trend for the asset class. U.S. equities showed a return of negative 13.0% with small cap portfolios performing better, when compared to the market, than large cap, and international equities showed a negative return of 7.6%. The investment policy was revised in the fourth quarter to raise the Plan's allocation to international equities from 19% to 24%, and $242.0 million was reallocated - $132.0 million from U.S. equities and $110.0 million from fixed income - to the international equity component. Fixed income holdings were reduced approximately $101.0 million during the year to supplement the cash requirements of monthly retiree benefit payments. The change in securities lending collateral is dependent on the securities loaned by the Plan's master custodian at year end.

At June 30, 2008 the distribution of the Plan's investments including accrued income and pending trades was as follows:

2008



Economic Factors

Funding

A measure of the adequacy of a pension's funding status is when it has enough money in reserve to meet all expected future obligations to participants. The funded ratios of the Plan at June 30 for the current and two preceding fiscal years were as follows:

2009	2008	2007
66.8%	73.0%	72.6%

Plan Amendments

A Plan provision change was enacted by the State Legislature during the session ended in May 2009. The change strengthens the law that concerns a public official's forfeiture of retirement benefits upon conviction of a felony.

Other

Other than changes in the fair value of Plan assets as may be impacted by the equity and bond markets, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Reporting Division, OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Administered by the Oklahoma Public Employees Retirement System

Statements of Plan Net Assets

June 30, 2009 and 2008

Assets		**2009**		**2008**
Cash and cash equivalents	$	64,643,419	$	61,474,224
Receivables:				
Member contributions		2,084,424		2,186,769
State and local agency contributions		7,231,766		7,238,813
Due from brokers for securities sold		444,382,850		335,272,646
Accrued interest and dividends		17,585,709		20,211,600
Total receivables		471,284,749		364,909,828
Investments, at fair value:				
Short-term investments		10,275,408		29,581,275
Government obligations		1,201,496,440		1,468,122,901
Corporate bonds		819,694,178		1,013,333,784
Domestic equities		2,009,372,562		2,378,785,452
International equities		1,179,714,748		1,456,552,863
Securities lending collateral		785,096,120		863,067,416
Total investments		6,005,649,456		7,209,443,691
Property and equipment, at cost, net of accumulated depreciation of $971,369 in 2009 and $829,447 in 2008		443,588		569,508
Other assets		113,640		130,544
Total assets		6,542,134,852		7,636,527,795
Liabilities				
Due to brokers and investment managers		572,651,309		518,252,814
Securities lending collateral		795,945,765		863,067,416
Total liabilities		1,368,597,074		1,381,320,230
Net assets held in trust for pension benefits	$	5,173,537,778	$	6,255,207,565

(Schedule of Funding Progress is presented in Schedule 1)

See accompanying notes to financial statements.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Administered by the Oklahoma Public Employees Retirement System

Statements of Changes in Plan Net Assets

Years Ended June 30, 2009 and 2008

	2009	2008
Additions:		
Contributions:		
Members	$ 68,712,683	$ 66,699,385
State and local agencies	243,021,660	220,075,992
Total contributions	311,734,343	286,775,377
Investment income (loss):		
From investing activities:		
Net depreciation in fair value of investments	(1,096,980,108)	(434,708,712)
Interest	106,523,529	123,079,649
Dividends	33,121,634	35,326,965
Other	1,428,336	75,945
Total investment loss	(955,906,609)	(276,226,153)
Less – Investment expenses	(5,630,115)	(5,850,149)
Loss from investing activities	(961,536,724)	(282,076,302)
From securities lending activities:		
Securities lending income	11,556,752	36,849,212
Securities lending collateral unrealized loss	(10,849,645)	—
Borrower rebates	(5,371,155)	(30,063,462)
Management fees	(1,047,712)	(1,356,980)
Income (loss) from securities lending activities	(5,711,760)	5,428,770
Net investment loss	(967,248,484)	(276,647,532)
Total increase (decrease)	(655,514,141)	10,127,845
Deductions:		
Retirement, death and survivor benefits	410,036,580	377,974,103
Refunds and withdrawals	11,516,190	12,848,142
Administrative expenses	4,602,876	4,575,446
Total deductions	426,155,646	395,397,691
Net decrease	(1,081,669,787)	(385,269,846)
Net assets held in trust for pension benefits:		
Beginning of year	6,255,207,565	6,640,477,411
End of year	$ 5,173,537,778	$ 6,255,207,565

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Oklahoma Public Employees Retirement Plan (the Plan).

(a) Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by statute as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Plan, together with other similar fiduciary – pension trust funds of the state of Oklahoma (the State), is a component unit of the State. The Plan is administered by the Oklahoma Public Employees Retirement System (OPERS). As set forth in Title 74, of the Oklahoma Statutes, at Section 921, administrative expenses are paid with funds provided by operations of the Plan.

(b) Investments

The Plan is authorized to invest in eligible investments as approved by the Board of Trustees (the Board) as set forth in its investment policy.

Plan investments are reported at fair value. Short-term investments include bills and notes, commercial paper and international foreign currency contracts valued at fair value. Debt and equity securities are reported at fair value, as determined by the Plan's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The fair value of the pro rata share of units owned by the Plan in equity index and commingled trust funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs. Foreign currency translation gains and losses are reflected in the net appreciation (depreciation) in the fair value of investments.

The Plan's international investment managers enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. The gains and losses on these contracts are included in income in the period in which the exchange rates change.

The Plan invests in various traditional financial instruments that fall under the broad definition of derivatives. The Plan's derivatives include U.S. Treasury strips, collateralized mortgage obligations, convertible stocks and bonds, and variable rate instruments. These investments do not increase investment risk beyond allowable limits specified in the Plan's investment policy.

The Plan's investment policy provides for investments in combinations of stocks, bonds, fixed income securities and other investment securities along with investments in commingled, mutual and index funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statement of plan net assets.

(c) Property and Equipment

Property and equipment with an initial cost of $100 and an estimated useful life of at least three years are considered capital assets. Property and equipment are carried at cost, less accumulated depreciation. Costs of additions are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and equipment	10-15 years
Computer equipment	3-5 years

(d) Use of Estimates

The preparation of the Plan's financial statements in conformity with U.S. generally accepted accounting principles requires the Plan administrator to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in Note (5) Funded

Status and Actuarial Information and the required supplementary information (RSI) as of the benefit information date, the changes in Plan net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(e) Risks and Uncertainties

Contributions to the Plan and the actuarial information included in the RSI are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

(f) Reclassifications

Certain amounts in prior-year financial statements have been reclassified to conform with the current-year presentation.

(2) Plan Description and Contribution Information

The following brief description of the Plan is provided for general information purposes only. Participants should refer to Title 74 of the Oklahoma Statutes, Sections 901 through 932 and 935, as amended, for more complete information.

(a) General

The Plan is a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, and state law enforcement.

The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations.

At June 30 the Plan's membership consisted of

	2009	2008
Retirees and beneficiaries currently receiving benefits	26,949	26,033
Terminated vested participants	5,638	5,580
Active participants	45,683	45,120
Total	78,270	76,733

For purposes of the discussion on benefits and contributions, the members are described in the following categories: hazardous duty members, which includes certain employees of the Department of Corrections who are classified as correction officers, probation and parole officers and fugitive apprehension agents along with Oklahoma Military Department firefighters; elected officials, which includes elected officials who serve the State and participating counties; and State, county and local agency employees, which includes all other employees previously described. If the member category is not specifically identified, the attributes of the Plan discussed apply to all members.

(b) Benefits

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

The following are various benefit attributes for each member category:

State, County and Local Agency Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Normal retirement age under the Plan is 62 or Rule of 80/90.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004 legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Elected Officials

Benefits are determined as the greater of the calculation described in the preceding section or, based on the official's contribution election, a range from 1.9% to 4.0% of the highest annual covered compensation received as an elected official, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Normal retirement age under the Plan is 60 or Rule of 80. Members become eligible to vest fully upon termination of employment after attaining six years of participating service as an elected official, or the members' contributions may be withdrawn upon termination of employment.

Hazardous Duty Members

Benefits are determined at (a) 2.5% of the final average compensation up to the applicable annual salary cap multiplied by the number of years of service as a hazardous duty member not to exceed 20 years and (b) 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years and any other years of service creditable. Normal retirement age under the Plan is 62 or at completion of 20 years of creditable service as a hazardous duty member or Rule of 80/90. Military Department firefighters are not restricted to a maximum of 20 years of hazardous duty for the 2.5% computation.

However, members who contributed prior to July 1, 1990 but do not qualify for normal retirement as a hazardous duty member shall receive benefits computed at 2.5% of the final compensation for those full time years as a hazardous duty member after July 1, 1990, 2.25% before July 1, 1990, and 2.0% for all other years of credited service. Members become eligible to vest fully after 20 years of full time service as a hazardous duty member.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least six years of participating elected service and was married at least three years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, the Plan will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2009 and 2008 totaled approximately $4,718,000 and $4,204,000, respectively.

Legislation was enacted in 1999, which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to the Plan. In April 2001 limited benefit payments began for qualified retired members. The estimated liability for future payments of the limited benefit of approximately $0.9 and $1.0 million has been included in the calculation of the actuarial liability of the Plan at June 30, 2009 and 2008, respectively.

(c) Contributions

The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

The following contribution rates were in effect:

State, County, and Local Agency Employees

For 2009 and 2008, *state agency employers* contributed 14.5% and 13.5%, respectively on all salary. In 2009 and 2008 *state employees* contributed 3.5% on all salary.

For 2009 contributions of *participating county and local agencies* totaled 18.0% of salary composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 9.5% up to a maximum of 14.5%. For 2008 contributions totaled 17.0% of salary, composed of a minimum employee contribution rate of 3.5% up to a maximum of 8.5% and a minimum employer contribution rate of 8.5% up to a maximum of 13.5%.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91% which is actuarially determined. The election is available for all state, county and local government employees, except for elected officials and hazardous duty members.

Elected Officials

Elected officials' employee contributions are based on the maximum compensation levels set for all members, and the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0% or 10.0%.

Effective July 1, 1999, elected officials must affirmatively elect or decline participation in the Plan within 90 days after taking office. This decision is irrevocable and failure of an elected official to decline to participate in the Plan will be deemed as an irrevocable election to participate and contribute at the highest rate (currently 10%). All current elected officials who had not elected to participate in the Plan must have either elected, including selecting a contribution rate, or declined to participate in the Plan on or before December 1, 1999.

Hazardous Duty Members

For 2009 and 2008 hazardous duty members contributed 8% and their employer agencies contributed 14.5% and 13.5% respectively on all salary.

Effective July 1, 2008 the contribution rates increase as follows:

The state agency employer contribution rate will increase by 1% each year until it is 16.5% for the year ended June 30, 2011 and each year thereafter.

The combined employee and employer contribution rate for county and local agencies will increase by 1% each year until it is 20% for the year ended June 30, 2011 and each year thereafter. In addition the maximum employer contribution rate will increase 1% each year until it reaches 16.5%.

(d) Participating Employers

At June 30 the number of participating employers was as follows:

	2009	**2008**
State agencies	124	125
County governments	75	75
Local government towns and cities	28	28
Other local governmental units	48	47
Total	275	275

(3) Cash and Cash Equivalents

Cash and cash equivalents represent short-term investment funds held by the Office of the State Treasurer (State Treasurer) and the Plan's custodial agent, and foreign currency.

At June 30 cash and cash equivalents were

	2009	2008
Cash equivalents		
State Treasurer	$ 744,461	$ 1,391,616
Custodial agent	62,984,948	59,030,502
Foreign currency	914,010	1,052,106
Total cash and cash equivalents	$ 64,643,419	$ 61,474,224

Cash is deposited to *OK INVEST*, an internal investment pool of the State Treasurer with holdings limited to obligations of the U.S. Government, its agencies and instrumentalities, agency senior debt and mortgage-backed pass-through agency securities, tri-party repurchase agreements, money market mutual funds, collateralized certificates of deposit, commercial paper, obligations of state and local governments and State of Israel Bonds. Participants are limited to qualifying agencies and funds within the State's reporting entity, and each participant maintains an interest in the underlying investments of *OK INVEST* and shares the risk of loss on the funds in proportion to the respective investment in the funds. The custodial agent cash equivalents consist of temporary investments in commingled trust funds of the Plan's custodial agent. The funds are composed of high-grade money market instruments with short maturities. Each participant in the funds shares the risk of loss on the funds in proportion to the respective investment in the funds.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agency but not in the depositor-government's name. At June 30, 2009 and 2008 the cash equivalents in *OK INVEST* and the Plan's custodial agent cash equivalents were not exposed to custodial credit risk because their existence cannot be evidenced by securities that exist in physical or book entry form.

At June 30, 2009, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $744,461 and the bank balances totaled $8,831,278. At June 30, 2008, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $1,391,616 and the bank balances totaled $9,417,655. At June 30, 2009 and 2008 the carrying amounts of the Plan's custodial agent cash equivalents were the same as the bank balances, $62,984,948 and $59,030,502, respectively.

The Plan holds foreign currency in banks outside the United States as a result of transactions of international investment managers. The foreign currency is in accounts in the name of the Plan's custodial agent and is uncollateralized, and the Plan is exposed to custodial credit risk. At June 30, 2009 and 2008 the foreign currency holdings were $914,010 and $1,052,106, respectively. The Plan's exposure to foreign currency risk is detailed in the section entitled Investments, Foreign Currency Risk.

(4) Investments

(a) General

The OPERS Statement of Investment Policy states that the Board believes that Plan assets should be managed in a fashion that reflects the Plan's unique liabilities and funding resources, incorporating accepted investment theory and reliable empirical evidence. Specifically, the Board has adopted the following principles:

- Asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- Diversification, both by and within asset classes, is the primary risk control element.
- Passive fund portfolios are suitable investment strategies, especially in highly efficient markets. These index funds which are externally managed by professional investment management firms selected through due diligence of the Board are deemed to be actively managed accounts within the meaning of Section 909.1(D) of Title 74 of the Oklahoma Statutes.

At June 30, 2009 and 2008 the asset allocation guidelines established by policy were U.S. equities – 40%, international equities – 24%, and domestic fixed income – 36%. The guidelines also establish minimum and maximum percentages for each asset class allocation, and when allocations move outside these limits, portfolios are rebalanced.

The fair value of investments held by the Plan at June 30 was as follows:

	2009	2008
U.S. Treasury notes/bonds	$ 397,172,091	$ 389,236,507
U.S. Treasury strips	201,295,238	245,596,979
Government agencies	143,925,779	42,962,298
Government mortgage-backed securities	414,429,481	806,584,386
Municipal bonds	41,044,009	9,720,043
Corporate bonds	431,107,455	403,104,300
Asset-backed securities	126,251,724	174,487,250
Commercial mortgage-backed securities	190,658,430	308,865,733
Non government backed collateralized mortgage obligations	85,586,039	130,815,609
Domestic stocks	767,486,094	964,419,205
U.S. equity index funds	1,241,886,468	1,414,366,247
International stocks	417,003,128	493,293,513
International equity index funds	762,707,400	962,924,205
Securities lending collateral	785,096,120	863,067,416
Total investments	$ 6,005,649,456	$ 7,209,443,691

The Plan participates in international and domestic equity index funds managed by Barclays Global Investors, N.A. (BGI), a wholly owned subsidiary of Barclays Bank PLC. BGI operates as a limited purpose trust company, and its primary regulator is the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department that regulates United States national banks. Each fund is a collective fund which is a group trust and an entity separate from BGI, other funds, and the investing participants. BGI is trustee of each of the collective fund trusts, and holds legal title to each trust's assets for the exclusive benefit of the Plan. The fair value of the Plan's position in the pool is the same as the value of the pool shares.

In 2009 the Plan invested in one domestic equity index fund and three international equity index funds. In 2008 the Plan invested in two domestic equity index funds and three international equity index funds. The Plan shares the risk of loss in these funds with other participants in proportion to its respective investment. Because the Plan does not own any specific identifiable investment securities of these funds, the risk associated with any derivative investments held in these funds is not apparent. The degree of risk depends on the underlying portfolios of the funds, which were selected by the Plan in accordance with its investment policy guidelines including risk assessment.

The international funds invest primarily in equity securities of entities outside the United States and may enter into forward contracts to purchase or sell securities at specified dates in the future at a guaranteed price in a foreign currency to protect against fluctuations in exchange rates of foreign currency.

(b) Securities Lending

The Plan's investment policy provides for its participation in a securities lending program. The program is administered by the Plan's master custodian and there are no restrictions on the amount of loans that can be made. During 2009 and 2008 the types of securities loaned were primarily U.S. Government and corporate bonds, domestic equity securities, and international equity securities. Certain securities of the Plan are loaned to participating brokers, who must provide collateral in the form of cash, U.S. Treasury or Government Agency securities, or letters of credit issued by approved banks.

Under the terms of the securities lending agreement, collateral is required to be provided in the amount of 102% of the fair value of U.S. securities loaned, and 105% of the fair value of non-U.S. securities loaned. At June 30, 2009 and 2008 the Plan had no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. The securities on loan at June 30, 2009 and 2008 were $771,760,858 and $930,189,020, respectively, and the collateral received for those securities on loan was $795,958,951 and $964,398,284, respectively. The master custodian provides for full indemnification to the Plan for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or failure to pay the Plan for income of the securities while on loan. The Plan cannot pledge or sell collateral securities unless the borrower defaults. The loan premium paid by the borrower of the securities is apportioned between the Plan and its custodial agent in accordance with the securities lending agreement. All securities loans can be terminated on demand by either the lender or the borrower.

The securities lending agreement provides that cash collateral be invested in the custodial agent's short-term investment pool and sets forth credit quality standards, acceptable investments, diversification standards, and maturity and liquidity constraints for the investment fund. The Plan's investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturities of the investments with the loans. At June 30, 2009 and 2008 the cash collateral investments had an average weighted maturity of 15 and 36 days, respectively, and the relationship between the maturities of the custodial agent's investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan's non-cash collateral is represented by its allocated share of a pool administered by the agent for the Plan and other pool participants.

In September 2008 when the market experienced a significant decline and there was a general lack of liquidity in the credit market, certain assets held in the custodial agent's short-term investment cash collateral pool were deemed to be impaired. The custodial agent re-valued many securities held by the securities lending cash collateral pool resulting in a mark down of the assets and causing the value of the pool to fall below the commitments owed to the borrowers. The amount of the collateral deficiency was calculated based on the difference between the book value and vended prices (rather than liquidation) at the time, and a liability was assigned to the Plan based on the Plan's ratable ownership of the pool. If the Plan should elect to withdraw from the securities lending program, the liability would be realized. The impaired assets have been segregated from the collateral pool into a liquidation account which is valued daily. The Plan owns interest in the liquidation account rather than having a direct ownership in the impaired securities. At June 30, 2009 the Plan's liability was $10,849,645 which approximates the liability initially recorded. The deficiency is reported as a securities lending collateral unrealized loss on the Statements of Changes in Plan Net Assets and a reduction to the asset value of securities lending collateral reported on the Statements of Plan Net Assets.

(c) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Plan's investment guidelines provide for the domestic fixed income managers to follow one of three investment styles and specify quality guidelines for each.

The *Core* manager will invest in a broadly diversified portfolio with characteristics similar to a broad fixed income market index such as the Barclays Capital Aggregate Bond Index. The total portfolio minimum quality should be A as rated by Standard and Poor's Corporation (S&P). The portfolio should be made up of investment grade securities only with a minimum quality rating for any issue of BBB- (S&P or its equivalent rating by at least one nationally recognized credit rating agency). In the event that a credit is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

The *Core plus* manager will invest in a broadly diversified portfolio with characteristics similar to the Core manager and will add a "plus" of limited exposure to high yield. The total portfolio minimum quality should be A as rated by S&P. No more than 20% of the portfolio shall be in noninvestment grade issues. The minimum quality rating for any issue is B (S&P or its equivalent rating by at least one nationally recognized credit rating agency) and no more than 5% of a portfolio shall be invested in issues rated below BB (S&P or its equivalent rating by at least one nationally recognized credit rating agency). In the event that a credit is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

The *Interest Rate Anticipator* manager follows a style that seeks to correctly forecast the long term trend in interest rates and adjust the portfolio duration accordingly. The total portfolio minimum quality should be A as rated by S&P, and the portfolio should be made up of investment grade securities only.

At June 30, 2009 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio and a rate anticipator portfolio. All components met the stated policy restrictions except the core fixed income portfolio which held $11,170,208 in issues rated below BBB- and the core plus fixed income portfolio which held $2,415,320 in issues rated below B. The Plan's investment manager has advised retention of this security after having assessed its risk/reward profile.

At June 30, 2008 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio and a rate anticipator portfolio. All components met the stated policy restrictions except the core plus fixed income portfolio which held $701,258 in an issue rated below B. The Plan's investment manager has advised retention of this security after having assessed its risk/reward profile.

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2009 and 2008, the Plan held 32.8% and 28.0%, respectively, of fixed income portfolios in investments that were not considered to have credit risk.

The Plan's exposure to credit risk at June 30, 2009 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Rating Not Available or Not Rated	Total
Government agencies	$ 106,062	$ —	$ 22,251	$ —	$ —	$ —	$ —	$ 13,683	$ 141,996
Government mortgage-backed securities	139	—	—	—	—	—	—	348,140	348,279
Municipal bonds	52	20,165	13,939	5,529	—	—	—	1,359	41,044
Corporate bonds	72,841	59,573	176,919	87,089	11,880	5,116	2,415	15,274	431,107
Asset-backed securities	120,480	26	1,525	2,035	—	353	—	1,833	126,252
Commercial mortgage-backed securities	190,658	—	—	—	—	—	—	—	190,658
Non government backed collateralized mortgage obligations	65,159	1,156	5,077	1,543	2,633	4,970	5,048	—	85,586
Total fixed income securities exposed to credit risk	$ 555,391	$ 80,920	$ 219,711	$ 96,196	$ 14,513	$ 10,439	$ 7,463	$ 380,289	$ 1,364,922
Percent of total fixed income portfolio	27.4%	4.0%	10.8%	4.7%	0.7%	0.5%	0.4%	18.7%	67.2%

The Plan's exposure to credit risk at June 30, 2008 is presented below, in thousands, by investment category as rated by S&P or Moody's Investor Service.

	AAA/Aaa	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	Rating Not Available or Not Rated	Total
Government agencies	$ 6,921	$ 3,043	$ —	$ —	$ —	$ —	$ —	$ 30,032	$ 39,996
Government mortgage-backed securities	141	—	—	—	—	—	—	739,957	740,098
Municipal bonds	138	812	—	7,128	—	—	—	1,642	9,720
Corporate bonds	43,408	94,619	142,090	101,484	9,490	7,412	—	4,601	403,104
Asset-backed securities	162,135	—	2,704	934	3,284	—	701	4,729	174,487
Commercial mortgage-backed securities	308,431	—	—	—	—	—	—	435	308,866
Non government backed collateralized mortgage obligations	127,055	—	—	—	—	—	—	3,761	130,816
Total fixed income securities exposed to credit risk	$ 648,229	$ 98,474	$ 144,794	$ 109,546	$ 12,774	$ 7,412	$ 701	$ 785,157	$ 1,807,087
Percent of total fixed income portfolio	25.8%	3.9%	5.8%	4.4%	0.5%	0.3%	0.0%	31.3%	72.0%

The exposure to credit risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

	2009		2008	
Credit Rating	*OK INVEST*	Custodial Agent	*OK INVEST*	Custodial Agent
AAA	85.6 %	23.2 %	28.1 %	— %
AA	0.3	0.1	—	—
A1	7.7	75.9	29.2	98.2
A2	—	—	—	1.2
A3	—	—	—	0.1
BBB	—	0.2	—	—
BB	—	0.1	—	—
NR	6.4	0.5	42.7	0.5
	100.0 %	100.0 %	100.0 %	100.0 %

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Effective duration estimates the sensitivity of a bond's price to interest rate changes.

At June 30 the Plan's exposure to interest rate risk as measured by effective duration is listed below by investment category.

	2009		2008	
	Fair value	Effective duration in years	Fair value	Effective duration in years
U.S. Treasury notes/bonds	$ 397,172,091	11.0	$ 389,236,507	10.9
U.S. Treasury strips	201,295,238	22.1	245,596,979	20.1
Government agencies	143,925,779	4.5	42,962,298	2.8
Government mortgage-backed securities	414,429,481	3.2	806,584,386	4.5
Municipal bonds	41,044,009	8.0	9,720,043	5.5
Corporate bonds	431,107,455	4.6	403,104,300	5.8
Asset-backed securities	126,251,724	0.7	174,487,250	0.8
Commercial mortgage-backed securities	190,658,430	4.0	308,865,733	4.6
Non government backed collateralized mortgage obligations	85,586,039	2.0	130,815,609	1.9
Total fixed income	$ 2,031,470,246		$ 2,511,373,105	
Portfolio duration		7.0		6.8

The Plan does not have a formal investment policy on interest rate risk. Interest rate risk is controlled through diversification of portfolio management styles.

Some investments' sensitivity to changing interest rates may derive from prepayment options embedded in an investment. Asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations are pass-through securities that represent pooled debt obligations repackaged as securities that pass income and principal from debtors through the intermediary to investors.

Asset-backed securities are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit and often enhanced by a bank letter of credit or by insurance coverage proved by an institution other than the issuer. At June 30, 2009 and 2008 the Plan held $126,251,724 and $174,487,250, respectively, in asset-backed securities.

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2009 and 2008 the Plan held $414,429,481 and $806,584,386, respectively, in government mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), and Federal National Mortgage Association (FNMA) as well as $190,658,430 and $308,865,733, respectively, in commercial mortgage-backed securities.

Collateralized mortgage obligations (CMOs) are mortgage-backed bonds that allocate mortgage cash flows (interest and principal) into different maturity classes, called tranches. This is accomplished by dedicating mortgage cash flows to specific tranches and paying each tranch off, in turn by prespecified rules. In return for a lower yield, CMOs provide investors with increased security about the life of their investment compared to purchasing a pass-through mortgage-backed security. If mortgage rates drop (rise) sharply, prepayment rates will increase (decrease), and CMO tranches may be repaid before (after) the expected maturity. At June 30, 2009 and 2008 the Plan held $85,586,039 and $130,815,609, respectively, in non government backed CMOs.

The exposure to interest rate risk of the underlying investments of the Plan's cash equivalents at June 30 is as follows:

	2009		**2008**	
Maturities (in days)	***OK INVEST***	**Custodial Agent**	***OK INVEST***	**Custodial Agent**
0 - 14	16.8 %	52.1 %	15.2 %	58.8 %
15 - 30	1.8	14.2	1.2	14.0
31 - 60	1.9	12.2	2.5	8.4
61 - 90	1.9	5.1	2.1	4.6
91 - 180	5.7	8.0	6.2	4.2
181 - 364	12.0	8.1	12.9	10.0
365 - 730	19.9	0.3	25.7	—
Over 730	40.0	—	34.2	—
	100.0 %	100.0 %	100.0 %	100.0 %

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The OPERS Statement of Investment Policy addresses foreign currency risk by stating that the primary sources of value-added for international equity investment managers will be issue and country selection, with currency management focused on limiting losses due to fluctuations in currency values.

The Plan's exposure to foreign currency risk by asset class at June 30, 2009 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 40,607,136	$ —	$ —	$ 40,607,136	3.4 %
Brazilian real	4,442,440	310,754	2	4,753,196	0.4
British pound sterling	52,175,185	—	—	52,175,185	4.4
Czech koruna	1,627,681	—	39,551	1,667,232	0.1
Egyptian pound	406,629	—	—	406,629	—
Euro	128,860,319	—	326,357	129,186,676	10.8
Hong Kong dollar	23,311,786	104,448	109,234	23,525,468	2.0
Japanese yen	82,102,275	—	438,866	82,541,141	6.9
Malaysian ringgit	343,189	—	—	343,189	—
Mexican peso	1,218,117	—	—	1,218,117	0.1
New Israeli shekel	809,166	—	—	809,166	0.1
New Zealand dollar	2,710,115	—	—	2,710,115	0.2
Polish zloty	668,464	—	—	668,464	0.1
Singapore dollar	19,231,325	—	—	19,231,325	1.6
South African rand	3,173,051	—	—	3,173,051	0.3
South Korean won	3,459,748	—	—	3,459,748	0.3
Swiss franc	11,498,629	—	—	11,498,629	1.0
Thai baht	1,791,974	—	—	1,791,974	0.2
Turkish lira	3,667,848	36,436	—	3,704,284	0.3
International portfolio exposed to foreign currency risk	382,105,077	451,638	914,010	383,470,725	32.2
International portfolio in U.S. dollars	797,609,671	(455,858)	10,408,730	807,562,543	67.8
Total international portfolio	$ 1,179,714,748	$ (4,220)	$ 11,322,740	$ 1,191,033,268	100.0 %

The Plan's exposure to foreign currency risk by asset class at June 30, 2008 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 43,812,240	$ —	$ —	$ 43,812,240	3.0 %
Brazilian real	6,711,210	—	216,862	6,928,072	0.5
British pound sterling	74,477,120	(11,676,909)	—	62,800,211	4.3
Czech koruna	384,360	—	—	384,360	—
Egyptian pound	417,245	—	—	417,245	—
Euro	169,410,537	(23,408,687)	813,494	146,815,344	10.0
Hong Kong dollar	17,329,939	377,103	18,367	17,725,409	1.2
Japanese yen	86,788,114	—	—	86,788,114	5.9
Malaysian ringgit	2,211,276	—	—	2,211,276	0.1
Mexican peso	1,479,047	—	—	1,479,047	0.1
New Israeli shekel	1,619,820	—	—	1,619,820	0.1
New Zealand dollar	3,516,161	—	—	3,516,161	0.2
Polish zloty	838,191	—	—	838,191	0.1
Singapore dollar	6,968,848	—	—	6,968,848	0.5
South African rand	4,026,541	—	—	4,026,541	0.3
South Korean won	4,559,281	—	—	4,559,281	0.3
Swiss franc	15,678,542	—	—	15,678,542	1.1
Thai baht	2,284,951	—	3,383	2,288,334	0.1
Turkish lira	2,330,240	—	—	2,330,240	0.2
International portfolio exposed to foreign currency risk	444,843,663	(34,708,493)	1,052,106	411,187,276	28.0
International portfolio in U.S. dollars	1,011,709,200	34,373,348	9,631,172	1,055,713,720	72.0
Total international portfolio	$ 1,456,552,863	$ (335,145)	$ 10,683,278	$ 1,466,900,996	100.0 %

The Plan's investment guidelines permit currency hedging on an unleveraged basis as a strategy to protect against losses due to currency translations. Investment managers may contract to purchase securities for a fixed price at a future date beyond customary settlement provided that cash or cash equivalents are maintained sufficient to make payment in full. The guidelines do not consider forward currency contracts to be derivatives for this purpose.

At June 30 the Plan's short-term investments included the following forward currency balances:

	2009	2008
Pending foreign exchange purchases	$ 451,638	$ 36,097,602
Pending foreign exchange sales	$ (455,858)	$ (36,432,747)

The Plan's actively-managed international equity securities are recorded at fair value, which includes foreign currency gains and losses attributable to fluctuations in the exchange rate between the foreign denominated currency of the investment and the U.S. dollar. This translation gain or loss is calculated based on month-end exchange rates. Cumulative unrealized translation gains at June 30, 2009 and 2008 were approximately $41.3 million and $73.8 million, respectively.

(5) Funded Status and Actuarial Information

(a) Funded Status and Funding Progress

The funded status of the Plan as of June 30 is as follows:

	2009	2008
Actuarial value of the assets (a)	$ 6,208,245,334	$ 6,491,928,362
Actuarial accrued liability (AAL) (b)	$ 9,291,457,837	$ 8,894,287,254
Total unfunded actuarial accrued liability (UAAL) (b-a)	$ 3,083,212,503	$ 2,402,358,892
Funded ratio	66.8 %	73.0 %
Covered payroll	$ 1,732,975,532	$ 1,682,663,413
UAAL as a percentage of covered payroll	177.9 %	142.8 %

The schedules of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

(b) Actuarial Methods and Assumptions

The information presented in the RSI was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation, June 30, 2009 is as follows:

Funding Method

Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for this plan, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant.

The normal cost is then determined in the aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the Plan.

Experience gains and losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the UAAL.

Asset Valuation Method

For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flows (excluding realized and unrealized gains or losses) for the year ended on the valuation date assuming 7.5% interest return. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date.

Amortization

The funding policy amortizes the UAAL on a level percent of payroll over a 20-year closed period. At June 30, 2009 there are 18 years remaining to the amortization period. Prior to July 1, 2007 the funding policy amortized the UAAL on the level dollar method, and the amortization period was 40 years from July 1, 1987.

Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2009 and 2008 are as follows:

- Investment return – 7.5% compounded annually
- Salary increases – 5.1% to 9.0% per year
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- Post retirement benefit increases – 2% per year
- Assumed inflation rate – 3.0%
- Payroll growth – 4.25% per year
- Select period for the termination of employment assumptions – 10 years

(6) Federal Income Tax Status

Pursuant to a determination by the IRS, the Plan is qualified under the Internal Revenue Code of 1986, as amended and, therefore, is exempt from federal income taxes. The latest determination letter is dated February 7, 2006 and was a favorable determination for the Oklahoma Public Employees Retirement Plan. The Plan has been amended since receiving the determination letter; however the plan administrator believes that the Plan is designed and is currently being operated in substantial compliance with the applicable requirements of the Internal Revenue Code and will retain its status as a qualified plan.

(7) Plan Amendments

The State Legislature enacted one significant plan provision during the session ended in May 2009.

Forfeiture of Retirement Benefits upon Conviction of a Felony

Public officials are subject to the loss of their pensions if they are convicted of crimes of bribery, forgery, perjury, and campaign-related offenses. In addition, other felony crimes related to the official's office or employment will trigger a forfeiture. When the retirement system receives notice of a conviction or plea of guilt to one of these crimes, the pension of the individual is suspended with the right of an appeal to the system. Under prior law state officers and employees could lose their state pensions if the crime amounted to a "violation of the oath of office" of that official.

(8) New Pronouncement

On June 30, 2008 GASB issued Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) which provides guidance to governments to improve the reporting of derivative instruments in their financial statements. GASB 53 applies to all state and local governments and is effective for financial statements for periods beginning after June 15, 2009.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Administered by the Oklahoma Public Employees Retirement System

Required Supplementary Information
(Unaudited)

June 30, 2009

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/04	$ 5,412,166,797	$ 7,114,778,205	$ 1,702,611,408	76.1 %	$ 1,383,917,760	123.0 %
6/30/05	5,450,664,963	7,575,419,808	2,124,754,845	72.0	1,454,210,509	146.1
6/30/06	5,654,276,043	7,914,657,886	2,260,381,843	71.4	1,568,350,023	144.1
6/30/07	6,110,230,058	8,413,248,130	2,303,018,072	72.6	1,626,737,832	141.6
6/30/08	6,491,928,362	8,894,287,254	2,402,358,892	73.0	1,682,663,413	142.8
6/30/09	6,208,245,334	9,291,457,837	3,083,212,503	66.8	1,732,975,532	177.9

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2004	$ 257,038,902	51.9 %
2005	266,044,444	52.5
2006	309,980,339	55.3
2007	338,550,016	58.4
2008	363,914,352	60.5
2009	323,104,773	75.2

Schedule 2

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN

Administered by the Oklahoma Public Employees Retirement System

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2009 and 2008

	2009	2008
Investment management fees:		
Fixed Income Managers:		
Blackrock Financial Management, Inc.	$ 1,193,939	$ 1,468,372
Hoisington Investment Management	520,852	532,075
Metropolitan West Asset Management, LLC	199,249	324,753
U.S. Equity Managers:		
Aronson, Johnson, and Ortiz, LP	422,308	—
Barclays Global Investors	136,366	201,680
Barrow, Hanley, Mewhinney & Strauss, Inc.	371,066	359,187
Mellon Capital Management	111,065	125,000
State Street Global Advisors	101,748	144,418
Turner Investment Partners, Inc.	218,742	180,106
UBS Global Asset Management	184,372	141,476
International Equity Managers:		
Barclays Global Investors	509,544	508,223
Mondrian Investment Partners, Ltd	1,401,434	1,570,303
Total investment management fees	5,370,685	5,555,593
Investment consultant fees:		
Strategic Investment Solutions, Inc.	215,995	207,711
Investment custodial fees:		
Northern Trust Company	43,435	86,845
Total investment expenses	$ 5,630,115	$ 5,850,149

See accompanying independent auditors' report.

Schedule 3

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Administered by the Oklahoma Public Employees Retirement System

Supplementary Information

Schedule of Administrative Expenses

Years Ended June 30, 2009 and 2008

	2009	2008
Staff salaries	$ 2,519,468	$ 2,619,682
Social Security	187,847	194,549
Retirement	369,388	367,829
Insurance	482,416	444,906
Temporary employees	198,283	107,755
Total personnel services	3,757,402	3,734,721
Actuarial	175,267	124,833
Audit	124,284	123,284
Legal	70,138	16,027
Administrative	91,300	40,000
Total professional services	460,989	304,144
Printing	99,032	165,898
Telephone	21,764	21,885
Postage and mailing expenses	155,173	177,579
Travel	32,028	44,740
Total communication	307,997	410,102
Office space	199,787	199,858
Equipment leasing	48,878	51,807
Total rentals	248,665	251,665
Supplies	45,030	43,782
Maintenance	89,650	98,115
Depreciation	155,624	155,862
Other	157,468	177,391
Total miscellaneous	447,772	475,150
Total administrative expenses	5,222,825	5,175,782
Administrative expenses allocated		
Uniform Retirement System for Justices and Judges (URSJJ)	(117,081)	(112,484)
Oklahoma State Employees Deferred Compensation Plan (DCP)	(394,618)	(389,932)
Oklahoma State Employees Deferred Savings Incentive Plan (SIP)	(108,250)	(97,920)
Total administrative expenses allocated	(619,949)	(600,336)
Net administrative expenses	$ 4,602,876	$ 4,575,446

Note to Schedule of Administrative Expenses

Administrative overhead expenses, including personnel and other supporting services costs, which are paid for by the Plan, are allocated to three other retirement funds also administered by OPERS. The allocation is based on OPERS' estimate of the cost of service provided by the Plan to the other funds.

See accompanying independent auditors' report.

Schedule 4

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN
Administered by the Oklahoma Public Employees Retirement System

Supplementary Information

Schedule of Professional/Consultant Fees

Years Ended June 30, 2009 and 2008

Professional/Consultant	Service		2009		2008
Milliman, Inc.	Actuarial	$	175,267	$	124,833
Cole & Reed PC	External Auditor		81,000		69,000
Finely & Cook, PLLC	Internal Auditor		43,284		54,284
Ice Miller LLP	Legal		34,800		5,208
Phillips Murrah, P.C.	Legal		10,073		2,325
Lee Slater, Attorney at Law	Hearings Examiner		25,265		8,494
CEM Benchmarking, Inc.	Performance Measurement Consulting		35,000		35,000
EFL Associates, Inc.	Executive Search		14,550		—
Ennis Knupp & Associates, Inc.	Board Governance Consulting		8,000		—
Fox Lawson & Associates	Compensation Consulting		28,750		—
Glass Lewis & Co.	Proxy Services		5,000		5,000
		$	460,989	$	304,144

See accompanying independent auditors' report.

LISTENING to our customers

Informing and **educating** all members to help them identify and meet their retirement goals

Retirement planning can be intimidating for many people. Listening to our customers and providing timely and accurate information is another example of how OPERS is improving the lines of communication with members. Educational tools are being developed to help members make more informed decisions regarding retirement. It is our goal to make the transition from work to retirement as smooth and transparent as possible.

The following initiatives are important elements to that end:

- Producing online educational programs to increase access and availability to members and employers, alike.
- Developing retirement education seminars for our early and mid-career stage members to help them more fully understand the financial decisions they will be faced with throughout their careers and leading up to retirement.
- Providing more online resources and training to employers to help them communicate the benefits of the retirement plan to their employees.

We are also working to establish a comprehensive and periodic customer satisfaction survey program to gauge our customers' attitudes and gain objective information on how well we provide service in person, over the phone, and online.

STRATEGIC INVESTMENT SOLUTIONS, INC.

333 BUSH STREET, STE. 2000
SAN FRANCISCO, CALIFORNIA 94104

BARRY W. DENNIS
MANAGING DIRECTOR

TEL 415/362-3484
FAX 415/362-2752

Investment Consultant's Report

Investment Objectives

The primary financial objective is to earn a long-term return sufficient to avoid deterioration in funded status. The System's actuary estimates this return requirement to be 7.5% while its investment consultant estimates the real return requirement to be 5.0%.

Secondary goals are to outperform the asset allocation-weighted benchmark and to rank in the top forty percent of a universe of public pension funds.

Asset Allocation

The System's Investment Philosophy stresses the following key points:

1. Asset allocation is the key determinant of return. Therefore, commitments to asset allocation targets are maintained through a disciplined rebalancing program.

2. Diversification, both by and within asset classes, is the primary tool for risk control.

3. Passive instruments (index funds) are suitable strategies in highly efficient markets.

ASSET CLASS	6/30/09 ALLOCATION	MINIMUM	TARGET	MAXIMUM	% PASSIVE OR SEMI-PASSIVE
US EQUITY	39.3%	34.7%	40.0%	45.3%	83.0%
FIXED INCOME	37.5%	31.9%	36.0%	40.1%	59.4%
INT'L EQUITY	22.9%	21.0%	24.0%	27.0 %	64.6%
CASH	0.3%	0.0%	0.0%	0.0%	100.0%

Capital Market Review

The U.S. economy showed mixed signs of improvement in the second quarter of 2009 and U.S. equity markets rebounded sharply. U.S. Federal Chairman, Ben Bernanke stated that recent data supports a slowing in the economic contraction. The U.S. labor market has lost 6.5 million jobs since December 2007. The unemployment rate continued to rise, ending June 20, 2009 at 9.5%. This marked the ninth consecutive month of increases in unemployment and the highest U.S. rate since 1983. Oil prices edged upward during the second quarter of 2009, rising above $70/barrel in June and ending the month at $73.4. Analysts note that while oil inventories remain relatively high, recent inflows into commodities have steadily driven prices higher. While for the most part the real estate news is dismal, there have been signs of stabilization. For example, at the end of June, the S&P Case-Shiller Index, which reviews prices in 20 metropolitan areas, appears to be bottoming out (stabilizing at low historical levels).

Interest Rates

The U.S. Federal Reserve continued to hold the key short-term interest rate at the historical low range of 0.0 to 0.25% during the quarter ending June 30, 2009. Long-term treasury yields increased in calendar year 2009. The Fed announced it was willing to purchase long-term treasury securities if necessary, however many bond investors are concerned that there will be an increase in supply as new bonds are issued to pay for the stimulus plan. Amid large U.S. government purchases of mortgage-backed securities and Treasuries, the gap between yields of the 2-year US Treasury and 10-year US Treasury note widened to its highest point ever during May, 2009.

Review of Fiscal 2009 Investment Environment

Fiscal year 2009 (June 30, 2009) saw a steep decline of equity returns over the first nine months of the fiscal year (July 2008 – March 2009) with losses in US and foreign stock markets in excess of -35% as the Dow Jones Industrial Average fell below 7,000 for the first time in over 11 years in the beginning of March. The equity markets rebounded sharply in the final quarter (April – June 2009) of the fiscal year registering the best quarterly performance since 1998. Overall, US and foreign stock markets still ended the fiscal year sharply lower with negative returns of about -25% in US markets and -30% in foreign markets. The US Fixed Income markets continued its positive return in fiscal year 2009 as US Treasuries rallied due to a flight to quality by investors and short-term interest rates were cut numerous times to inject liquidity into the financial system. Spread fixed income instruments such as corporate bonds were sharply lower during the first nine months of the fiscal year before rallying in the final quarter.

Fiscal year 2009 was once again negative (second straight fiscal year) for both the U.S. equity markets and foreign equity markets. For the fiscal year, the Russell 3000 US Stock Index lost -26.6% and the MSCI ACW (All Country World) ex-US Index of foreign stocks lost -30.5%. The US fixed income market produced a positive return (+6.1% Barclays Aggregate Index) for the fiscal year ending June 30, 2009.

Within the US equity market, stocks of small companies outperformed large (-25.0% versus -26.2%) for the fiscal year. Growth stocks outperformed value on a relative basis in large caps (-24.5% versus -29.0%) and also within small caps (-24.8% versus -25.2%).

Investment Returns Through June 2009

US Equity Indices	Style	1 Year	3 Years	5 Years
Russell 3000	Broad US Equity	(26.56%)	(8.35%)	(1.84%)
S&P 500	Large Cap Equity	(26.21%)	(8.22%)	(2.24%)
Russell 1000 Growth	Large Cap Growth	(24.50%)	(5.45%)	(1.83%)
Russell 1000 Value	Large Cap Value	(29.03%)	(11.11%)	(2.13%)
Russell 2000	Small Cap Equity	(25.01%)	(9.89%)	(1.71%)
Russell 2000 Growth	Small Cap Growth	(24.85%)	(7.83%)	(1.32%)
Russell 2000 Value	Small Cap Value	(25.24%)	(12.07%)	(2.27%)
Non-US Indices				
MSCI ACWI Ex-US	Broad Non-US Equity	(30.54%)	(5.35%)	4.95%
MSCI EAFE	Developed Non-US Equity	(30.96%)	(7.51%)	2.79%
MSCI Emerging Mkts.	Emerging Non-US Equity	(27.82%)	3.27%	15.08%
US Fixed Income Indices				
ML 3-month T-Bill	Cash	0.60%	2.96%	3.12%
Barclays US Aggregate	Core Bonds	6.05%	6.43%	5.01%
ML US Corporate Master	Corporate Bonds	2.62%	4.11%	3.65%
Barclays Mortgage Backed Securities	Mortgages	9.38%	7.86%	5.98%
Merrill Lynch High Yield Master II	High Yield Bonds	(3.53%)	1.81%	4.10%

Performance Review

At quarterly intervals, the System reviews performance at the total fund, asset class and individual manager levels. At each level, returns are evaluated versus appropriate indexes and peers. Index comparisons have as return objectives various after-fee return premiums with risk (standard deviation) not exceeding 125%-150% of the underlying index. Comparisons with peers seek top forty percentile results.

Investment returns achieved through June 30, 2009 have been calculated using a time-weighted rate of return methodology based upon market values. As shown in the following table, for the one-year time period ending June 30, 2009 the US Equity and the Fixed Income asset classes both performed below their respective benchmarks, and the Non-US Equity asset class performed above its benchmark. The Non-US Equity and Fixed Income asset classes were each ranked right at median and the US Equity asset class was ranked below median.

Strategic Investment Solutions prepares a Quarterly Report of Investment Performance for the Fund based on Performance calculations made by the Fund's custodian The Northern Trust Company. The one-year, three-year, and five-year time-weighted rates of return for the years ended June 30, 2009 are

PERIODS ENDED 6/30/09	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	-27.5%	-9.0%	-2.2%
Russell 3000	-26.6%	-8.3%	-1.8%
Rank	66*	69	77
Non-US Equity	-29.6%	-5.7%	+4.2%
MSCI ACWI ex-US Free	-30.5%	-5.4%	+4.9%
Rank	47	39	45
Fixed Income	+4.6%	+6.4%	+5.5%
80% Barclays Agg/ 20% Citi 20-Year Index	+6.6%	+7.0%	+5.6%
Rank	50	37	27
Total Fund	-15.4%	-1.9%	+2.4%
*Policy Benchmark****	-16.0%	-1.9%	+2.4%
Public Fund > $100 Million Median	-17.9%	-2.8%	+2.1%
Rank**	22	21	38

* Ranking 1 is best, 100 is worst.
** Rankings source - ICC Public Funds Universe
***Policy Benchmark is 43% Russell 3000/ 38% (80% Barclays Agg and 20% Citi 20-Yr.) Custom Fixed Income Benchmark / 19% MS ACWI ex-US Free.

Yours truly,

Barry W. Dennis
Managing Director

Largest Holdings

The Plan's ten largest fixed income and stock holdings at June 30, 2009 are described in the following schedules. The Plan invests in various index and commingled funds which are separately presented.

Ten Largest Fixed Income Holdings (By Fair Value):

Security	Par	Fair Value
U.S. Treasury Bonds Principal Strips due 11-15- 2027	$ 299,708,000	$ 131,160,013
U.S. Treasury Bonds 5.25% due 2-15-2029	50,465,000	56,757,380
U.S. Treasury Bonds Principal Strips due 2-15- 2036	157,650,000	49,434,311
FNMA Pool #889983 6% 10-01-2038	47,050,363	49,242,063
U.S. Treasury Bonds 5.25% due 11-15-2028	39,209,000	44,085,619
FNMA 30 Year Single Family Mortgage 5%	42,350,000	43,117,594
FHLMC 30 Year Gold Participation Certificate 5.5%	40,300,000	41,446,051
U.S. Treasury Bonds 7.625% due 11-15-2022	29,665,000	40,223,901
U.S. Treasury Bonds 4.5% due 2-15-2036	34,540,000	35,581,588
U.S. Treasury Bonds 4.75% due 2-15-2037	31,860,000	34,139,965

Ten Largest Stock Holdings (By Fair Value):

Security	Shares	Fair Value
Exxon Mobil Corp Common Stock	347,988	$ 24,327,841
IBM Corp Common Stock	125,262	13,079,858
AT&T, Inc. Common Stock	505,604	12,559,203
Glaxosmithkline Ord GBP0.25	712,112	12,530,745
RWE AG (NEU) NPV	158,408	12,462,693
Takeda Pharmaceutical Co NPV	316,100	12,318,350
BP ORD USD0.25	1,548,341	12,183,353
Telefonica SA EUR1	533,824	12,070,144
Carrefour EUR2.50	276,148	11,782,853
Telstra Corp Ltd NPV	4,263,045	11,683,495

Investments in Funds (By Fair Value):

Fund	Units	Fair Value
BGI Russell 3000 Index Fund	143,075,813	$ 1,241,886,468
BGI EAFE Equity Index Growth Fund	29,264,891	298,283,335
BGI EAFE Equity Index Fund	2,308,212	302,864,253
BGI Emerging Markets Index Fund	5,490,392	161,559,812

A complete list of portfolio holdings is available upon request from the OPERS Investment Accounting and Financial Reporting Department.

Investment Portfolio by Type and Manager

At June 30, 2009, the investment portfolio of OPERS was allocated by type and style as follows:

Investment Type and Manager	Style	Fair Value* (000's)	Percent of Total Fair Value
Fixed Income:			
Hoisington Investment Management	Interest Rate Anticipation	$ 402,334	7.6%
Blackrock Financial Management, Inc.	Enhanced Index	1,225,761	23.2%
Metropolitan West Asset Management	Full Range Core +	418,077	7.9%
Total Fixed Income		2,046,172	38.7%
U.S. Equities:			
Barclays Global Investors	Index Fund – Russell 3000	1,241,886	23.5%
Mellon Capital Management	Large cap - Enhanced Index	223,260	4.2%
Aronson + Johnson + Ortiz	Large cap – Value	103,826	2.0%
State Street Global Advisors	Large cap – Enhanced Index	220,659	4.2%
Turner Investment Partners, Inc.	Large cap – Growth	111,382	2.1%
UBS Global Asset Management	Small cap – Growth	63,500	1.2%
Barrow, Hanley, Mewhinney & Strauss, Inc.	Small cap – Value	67,506	1.3%
Total U.S. Equities		2,032,019	38.5%
International Equities:			
Barclays Global Investors	EAFE Index Fund	302,864	5.7%
Barclays Global Investors	EAFE Growth Index Fund	298,283	5.6%
Barclays Global Investors	Emerging Markets Index Fund	161,560	3.1%
Mondrian Investment Partners, Ltd.	Core	416,220	7.9%
Total International Equities		1,178,927	22.3%
Short-term Investment Funds	Operating Cash	27,334	0.5%
Total Managed Investments		5,284,452	100.0%
Securities Lending Collateral		785,096	
Cash Equivalents on Deposit with State		744	
Total Investments and Cash and Cash Equivalents		$6,070,292	
Statement of Plan Net Assets			
Cash and Cash Equivalents		$ 64,643	
Investments		6,005,649	
Total Investments and Cash and Cash Equivalents		$6,070,292	

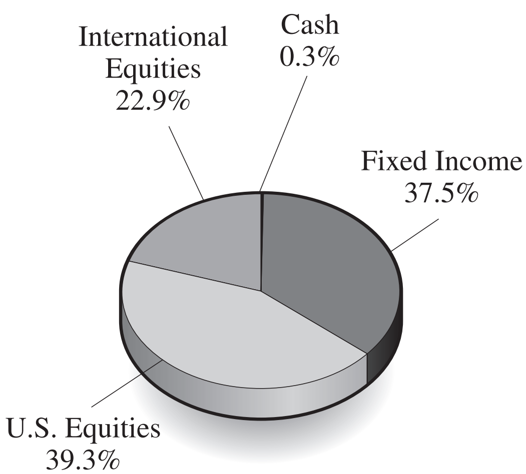
* *Manager fair values include their respective cash and cash equivalents*

Asset Comparison

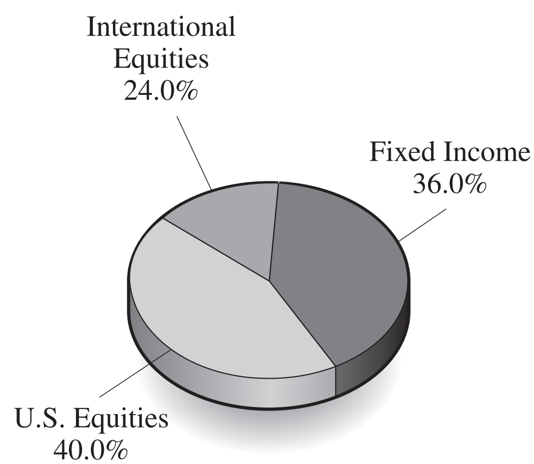
A comparison of the actual investment distribution at June 30, 2009 and 2008, based on the net investment manager holdings, including the securities lending collateral deficiency, accrued income, payables and receivables, compared to the target allocation and previous year's allocation is as follows:

2009

Asset Mix

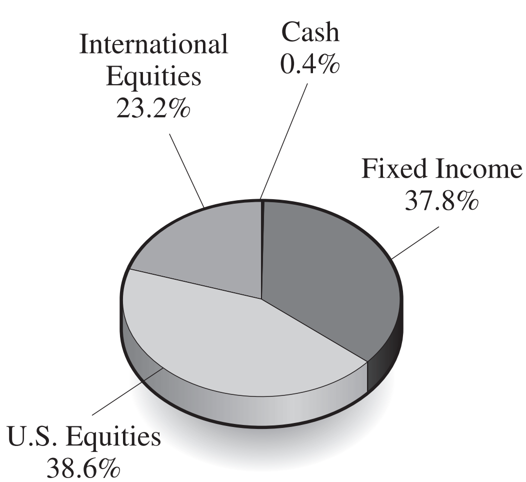


Target Policy Mix

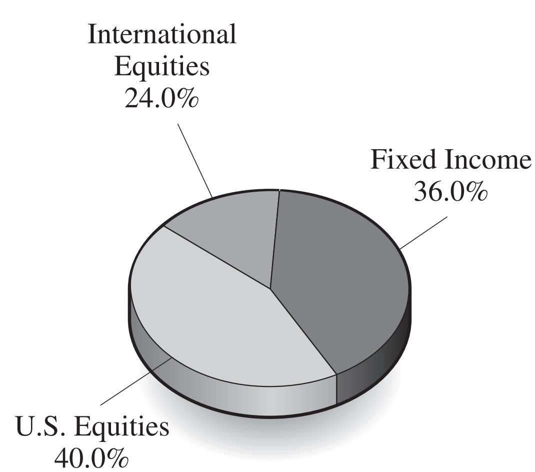


2008

Asset Mix



Target Policy Mix



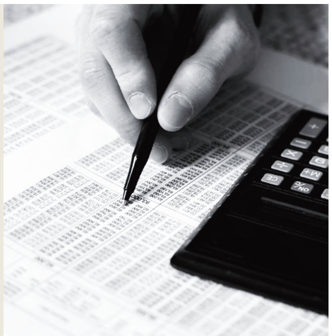
Schedule of Stock Brokerage Commissions Paid

Year ended June 30, 2009

Brokerage Firm	Shares Traded	Dollar Volume of Trades	Commission Dollar Amount	Commission Per Share
Broadcort Capital Corp	6,125,449	$ 134,441,979	$ 132,215	0.022
Investment Technology Group, Inc.	6,198,900	172,247,934	97,355	0.016
Credit Suisse First Boston Corporation	3,084,107	75,913,969	75,173	0.024
J.P. Morgan Securities, Inc.	1,951,348	60,144,049	71,204	0.036
UBS Warburg LLC	2,965,678	64,528,693	50,420	0.017
Liquidnet, Inc.	2,331,156	66,553,075	46,531	0.020
Morgan Stanley & Co, Inc. New York	2,351,907	58,542,732	44,474	0.019
Deutsche Bank Securities, Inc.	1,573,320	47,324,349	34,108	0.022
Goldman Executing & Clearing	2,053,955	44,397,139	33,476	0.016
Barclays Capital LE	1,583,174	32,792,390	31,490	0.020
Merrill Lynch Pierce Fenner & Smith, Inc.	1,337,287	42,190,270	27,695	0.021
Instinet	1,682,212	38,161,318	27,436	0.016
Jefferies & Company	728,568	20,059,355	27,274	0.037
Merrill Professional Clearing Corp	1,129,057	30,640,525	24,127	0.021
Cantor Fitzgerald & Co.	1,027,550	22,714,273	23,705	0.023
Access Securities 501	745,022	22,286,271	16,741	0.022
Wave Securities LLC	1,711,110	43,837,647	16,722	0.010
Goldman Sachs & Company	827,516	21,454,564	16,150	0.020
Bernstein, Sanford C. & Company	717,737	18,913,769	15,190	0.021
Autranet Inc Equity Trades	951,900	22,388,592	14,279	0.015
Other	43,128,456	459,301,264	453,556	0.011
Total	84,205,409	$ 1,498,834,157	$ 1,279,321	0.015

Excludes zero commission trades.

LEARNING from our peers



Achieving and maintaining well-funded status, and securing changes in plan design that make the plan easier to understand

The OPERS Board and staff believe in learning from our peers and sharing ideas on issues of plan design and benchmarking our performance. We understand that we must continue taking positive steps to ensure the long-term financial health of the Plan in light of the downturn in the economy and financial markets.

The biggest impact on public pension systems like OPERS is legislation. Legislation can improve the funded status of the Plan. It can also improve plan provisions and provide a valuable benefit to the State in attracting and retaining quality employees. Consequently, OPERS is focusing on:

- Advocating for improved funding for the Plan.
- Opposing benefit enhancements with substantial fiscal impact until the Plan is collecting 100% of required annual contributions.
- Requesting legislation that makes the retirement system more equitable, limits abuses, and simplifies plan provisions.
- Participating in a national and international benchmarking process that measures our performance against our peers in nearly every conceivable area of fund administration.

OPERS has been in operation since 1964 and has weathered unfavorable times in the market before. The Board and staff will continue to pursue a prudent, long-term investment strategy. The strength of the "pension promise" remains as strong as ever.

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USA

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milliman.com

Milliman

October 23, 2009

Board of Trustees
Oklahoma Public Employees Retirement System
5801 N. Broadway Extension, Suite 400
P.O. Box 53007
Oklahoma City, OK 73152-3007

Re: Certification of July 1, 2009 Actuarial Valuation of the Oklahoma Public Employees Retirement System (OPERS)

Dear Members of Board:

At your request, we have completed an actuarial valuation of the Oklahoma Public Employees Retirement System (OPERS) as of July 1, 2009 for the purpose of determining the actuarial contribution rate for the fiscal year ending June 30, 2010 and calculating and analyzing key financial measurements. Actuarial valuations are performed annually. The valuation reflects the benefit provisions and contribution rates in effect as of as of July 1, 2009.

All of the information and supporting schedules in the Actuarial Section have been provided by Milliman, Inc. We also provided the *Schedule of Funding Progress* and *Schedule of Employer Contributions*, which appear in the Financial Section of the System's Annual Report.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We have found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the actuarial contribution rates for funding the System. Actuarial computations under GASB Statement No. 25, as amended by GASB 50, are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ. The calculations in this report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In addition to these results, 74 Okla. Stat, Section 909.1(H) requires disclosure of valuation results under prescribed assumptions. This information is provided elsewhere in the System's Annual Report.

We would like to express our appreciation to the OPERS staff, who gave substantial assistance in supplying the data on which this report is based.

I, Patrice A. Beckham F.S.A., am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I, Brent A. Banister F.S.A., am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN, Inc.

Sincerely,

Patrice Beckham

Patrice A. Beckham, F.S.A.
Consulting Actuary

Brent A. Banister

Brent A. Banister, F.S.A.
Consulting Actuary

Summary of Principal Valuation Results

The key results for the July 1, 2009 valuation are presented below, along with a comparison to the prior valuation results.

	7/1/2009 Valuation	7/1/2008 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	45,683	45,120	1.2
Retired and Disabled Members and Beneficiaries	26,949	26,033	3.5
Inactive Members	5,638	5,580	1.0
Total Members	78,270	76,733	2.0
Projected Annual Salaries of Active Members	$ 1,732,975,532	$ 1,682,663,413	3.0
Annual Retirement Payments for Retired Members and Beneficiaries	$ 394,247,271	$ 376,147,494	4.8
2. ASSETS AND LIABILITIES			
Total Actuarial Accrued Liability	$ 9,291,457,837	$ 8,894,287,254	4.5
Market Value of Assets	5,173,537,778	6,255,207,565	(17.3)
Actuarial Value of Assets	6,208,245,334	6,491,928,362	(4.4)
Unfunded Actuarial Accrued Liability	3,083,212,503	2,402,358,892	28.3
Funded Ratio	66.8%	73.0%	(8.5)
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost Rate	12.52%	12.46%	0.5
Amortization of Unfunded Actuarial Accrued Liability	13.14%	10.13%	29.7
Budgeted Expenses	0.38%	0.39%	(2.6)
Actuarial Required Contribution Rate	26.04%	22.98%	13.3
Less Estimated Member Contribution Rate	3.84%	4.04%	(5.0)
Employer Actuarial Required Contribution Rate	22.20%	18.94%	17.2
Less Statutory State Employer Contribution Rate	15.50%	14.50%	6.9
Contribution Shortfall	6.70%	4.44%	50.9

Summary of Actuarial Assumptions and Methods

1. The investment return rate used in the valuation was 7.5 percent per year, net of investment expenses, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the rate of return in excess of the inflation rate. Considering other financial assumptions, the 7.5 percent investment return rate translates to an assumed real rate of return of 4.5 percent.

2. The RP-2000 Mortality Table projected to 2010 using Scale AA for males and females is used for preretirement and postretirement mortality for all non-disabled members and beneficiaries.

3. The probabilities of withdrawal from service, together with individual pay increase assumptions, are shown in Schedule 1.

4. The probabilities of retirement with an age and service allowance are shown in Schedules 2A, 2B and 2C.

5. Benefits are assumed to increase two percent each year due to future ad hoc cost-of-living increases.

6. The individual entry-age normal actuarial cost method of valuation was used in determining actuarial accrued liability and normal cost. Actuarial gains and losses reduce or increase the unfunded actuarial accrued liability and are amortized over the remaining amortization period (18 years as of July 1, 2009). The amortization method was changed this year from level dollar to level percent of pay method.

7. The actuarial value of assets is based on a five-year moving average of expected actuarial values and market values. A preliminary expected value is determined equal to the prior year's actuarial value of assets plus net cash flow for the year ending on the valuation date, assuming the valuation investment return. The expected actuarial asset value is equal to the preliminary expected actuarial value plus the unrecognized investment gains and losses as of the beginning of the previous fiscal year. Twenty percent (20%) of the gain/loss as measured by the difference between the expected actuarial value and the market value at the valuation date is added to the preliminary expected actuarial value plus twenty percent (20%) of the unrecognized gains or losses for the four preceding fiscal years. The final result is constrained to a value no less than 80% and no more than 120% of the market value at the valuation date.

8. The actuarial assumptions and methods used in the valuation were adopted by the Board based upon the recommendations of the actuary. The assumptions and methods used for the July 1, 2009 valuation were adopted by the Board based on System experience through June 30, 2007.

Summary of Actuarial Assumptions and Methods (continued)

Schedule 1

Withdrawal From Active Employment Before Age & Service Retirement and Individual Pay Increase Assumptions

Sample Ages	Withdrawal After Ten-Year Select Period	Percent Increase in Individual's Pay During Next Year
25	8.00%	8.4%
30	8.00	7.1
35	6.80	6.2
40	4.80	5.9
45	3.20	5.6
50	3.20	5.2
55	3.20	5.1

Schedule 2A

Percent of Eligible Non-Elected Active Members Retiring Within Next Year Those Eligible for Unreduced Retirement

Retirement Ages	Percent	Retirement Ages	Percent
50	20%	61	20%
51	20%	62	30%
52	20%	63	15%
53	20%	64	15%
54	20%	65	30%
55	10%	66	20%
56	10%	67	20%
57	11%	68	20%
58	12%	69	25%
59	13%	70	100%
60	14%		

Summary of Actuarial Assumptions and Methods (continued)

Schedule 2B

**Percent of Eligible Non-Elected Active Members Retiring Within Next Year
Those Not Eligible for Unreduced Retirement and
Department of Corrections Members With Less Than 20 Years of Service**

Retirement Ages	Percent	Retirement Ages	Percent
55	4%	63	22%
56	5%	64	25%
57	5%	65	40%
58	6%	66	25%
59	7%	67	23%
60	7%	68	22%
61	20%	69	21%
62	40%	70	100%

Schedule 2C

**Percent of Eligible Active Members Retiring Within Next Year
Department of Corrections Members With More Than 20 Years of Service**

Service	Percent
20	20%
21 - 24	15%
25 - 29	20%
30 - 34	25%
35	100%

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll[1]	Annual Average Pay	% Increase in Average Pay
July 1, 2009	45,683	$1,732,975,532	$37,935	1.72
July 1, 2008	45,120	1,682,663,413	37,293	2.50
July 1, 2007	44,712	1,626,737,832	36,383	5.49
July 1, 2006	45,472	1,568,350,023	34,490	4.16
July 1, 2005	43,918	1,454,210,509	33,112	2.88
July 1, 2004	43,000	1,383,965,233	32,185	(1.17)
July 1, 2003	43,350	1,411,719,256	32,566	(0.55)
July 1, 2002	44,292	1,450,317,127	32,745	8.64
July 1, 2001	43,696	1,317,043,030	30,141	2.94
July 1, 2000	43,775	1,281,505,876	29,279	5.96

[1]The annual payroll shown above differs from the covered payroll shown in the Financial Section. The annual payroll reflects total compensation paid during the fiscal year. (The covered payroll reflects compensation up to the maximum compensation levels applicable for that year on which employee and employer contributions are based).

Schedule of Retirants, Disabled Retirants, and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		Rolls – End of Year			
Year Ended	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
June 30, 2009	1,595	$27,216,987	679	$9,117,210	26,949	$394,247,271	4.81	$14,629
June 30, 2008	1,526	23,815,666	790	8,508,891	26,033	376,147,494	8.42	14,449
June 30, 2007	1,620	25,583,722	759	8,045,442	25,233	346,932,229	5.21	13,749
June 30, 2006	1,413	19,788,298	720	7,124,367	24,372	329,736,666	7.96	13,529
June 30, 2005	1,483	22,520,925	794	7,927,922	23,679	305,435,002	4.88	12,899
June 30, 2004	1,554	21,706,661	711	6,847,103	22,990	291,233,630	9.27	12,668
June 30, 2003	1,406	19,968,509	711	6,364,104	22,147	266,566,903	5.20	12,036
June 30, 2002	1,305	17,512,521	716	6,241,483	21,452	253,395,228	10.11	11,812
June 30, 2001	1,309	16,663,109	752	6,718,226	20,863	230,121,114	4.66	11,030
June 30, 2000	1,344	15,679,120	671	5,324,291	20,306	219,877,693	9.63	10,828

Analysis of Financial Experience

Gains & Losses in Actuarial Accrued Liability During the Year Ended June 30, 2009 Resulting from Differences Between Assumed Experience & Actual Experience

	Type of Activity	(Gain) or Loss for Year 2009
1.	**Age & Service Retirements.** Generally, if members retire at older ages or with greater benefits than assumed, there is a gain. If they retire at younger ages or have higher average pays, a loss occurs.	$ 8,200,000
2.	**Disability Retirements.** If disability claims are less than assumed, there is a gain. If more claims, a loss.	4,400,000
3.	**Deaths.** If more deaths occur than assumed, there is a gain. If fewer, there is a loss.	(53,900,000)
4.	**Withdrawal from Employment.** If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	2,800,000
5.	**Pay Increases.** If there are smaller pay increase than assumed, there is a gain. If greater increases, a loss.	(65,200,000)
6.	**New Entrants.** All new entrants to the System create a loss.	23,100,000
7.	**Other.** Miscellaneous gains and losses resulting from data adjustments, employee transfers, valuation methods, etc.	22,400,000
8.	**(Gain) or Loss During Year From Financial Experience.**	(651,900,000)
9.	**Composite (Gain) or Loss During Year.**	$(593,700,000)

Summary of System Provisions

Effective Date:	The System became effective January 1, 1964. The fiscal year is July 1 to June 30.
Employees Included:	All permanent employees of the State of Oklahoma, legislated agencies, and any other employer such as county, county hospital, city, or trust in which a municipality is the primary beneficiary, are eligible to join if: • the employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System, • the employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for State employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees). Membership is mandatory for new eligible employees on the first of the month following employment.
Employee and Employer Contributions:	3.5% of pay for most State employees and 13.5% for employers with scheduled increases of 1.0% each year until fiscal year 2011. Local employees, elected officials, members covered by the Department of Corrections Hazardous Duty provisions, and members who elect the step up provision contribute at varying rates.
Final Average Compensation:	Generally the highest annual average of any thirty-six months within the last ten years of participating service.
Retirement Date:	
Normal:	Age 62 (age 60 for elected officials), 80 age/service points if hired before July 1, 1992, 90 age/service points if hired on or after July 1, 1992. 20 years of service for certain members covered by the Department of Corrections Hazardous Duty provisions and certain Oklahoma Military Department Firefighters.
Early:	Age 55 with 10 years of service.
Normal Retirement Benefit:	General formula is 2% of final average compensation multiplied by years of credited service.

Summary of System Provisions (continued)

Disability Benefit: After eight years of service, provided the member qualifies for disability benefits as certified either by the Social Security Administration or the Railroad Retirement Board. Benefit is determined by the normal retirement formula based on service and salary history at date of disability. The benefit is payable immediately without actuarial reduction.

In-service Death Benefit: If the deceased member was vested, the benefit that would have been paid the member had he retired and elected the joint and 100% survivor option (Option B).

For elected officials, it is 50% of the benefit that would have been paid the member had he retired.

Postretirement Death Benefit: $5,000 lump-sum.

Forms of Payment: Life annuity, joint and 50% survivor, joint and 100% survivor annuity, life annuity with a minimum of 120 monthly payments, and Medicare Gap Benefit option.

Supplemental Medical Insurance Premium: The System will contribute the lesser of $105 per month or the Medicare Supplement Premium to the Oklahoma State and Education Employee's Group Health Insurance Program (or other eligible employer health plans) for members receiving retirement benefits.

Solvency Test

The OPERS funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by OPERS members.

If the retirement system follows level contribution rate financing principles, the system will pay all promised benefits when due – the ultimate test of financial soundness.

A short-term solvency test is one means of monitoring OPERS funding progress. In a short-term solvency test, the retirement System's present valuation assets are compared with: 1) active member contributions on deposit, 2) the liabilities for future benefits to persons who have retired and the liabilities for terminated employees with vested benefits, and 3) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1), the liabilities for future benefits to present retirees and the liabilities for future benefits for terminated employees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time; however, a decrease generally occurs in those years when substantial benefit improvements are granted by the Legislature. It is unusual for liability 3 to be fully funded. The funded ratio of the System based on total actuarial accrued liabilities (1 + 2 + 3) provides an indication of how well the System is funded.

The schedule below illustrates the progress of funding the actuarial accrued liabilities of OPERS.

	Actuarial Accrued Liability and Valuation Assets (in thousands)					Portion of Actuarial Accrued Liability Covered by Reported Assets			
Date	Active Member Contributions (Liability 1)	Retirees, Beneficiaries and Terminated Vested Members (Liability 2)	Employer Financed Portion of Active Members (Liability 3)	Total Liability (1 + 2 + 3)	Reported Assets[1]	(1)	(2)	(3)	Funded Ratio of Total Accrued Actuarial Liability
July 1, 2000	277,697	2,723,695	2,693,333	5,694,725	4,785,555	100	100	66.2	84.0
July 1, 2001	285,434	3,068,730	2,836,064	6,190,228	5,110,227	100	100	61.9	82.6
July 1, 2002	314,610	3,114,272	3,210,838	6,639,720	5,299,781	100	100	58.3	79.8
July 1, 2003	337,656	3,458,516	3,178,411	6,974,583	5,354,796	100	100	49.0	76.8
July 1, 2004	357,219	3,636,307	3,121,252	7,114,778	5,412,167	100	100	45.5	76.1
July 1, 2005	377,543	3,908,960	3,288,917	7,575,420	5,450,665	100	100	35.4	72.0
July 1, 2006	383,990	4,069,604	3,461,064	7,914,658	5,654,276	100	100	34.7	71.4
July 1, 2007	409,159	4,363,690	3,640,399	8,413,248	6,110,230	100	100	36.7	72.6
July 1, 2008	439,754	4,623,210	3,831,323	8,894,287	6,491,928	100	100	37.3	73.0
July 1, 2009	466,880	4,913,032	3,911,546	9,291,458	6,208,245	100	100	21.2	66.8

[1]Actuarial value of assets based on the smoothing technique adopted by Board.

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investing in PEOPLE

Maintaining a **competent** and **well-trained** workforce

OPERS believes in investing in people and is fortunate to have an experienced and highly skilled staff to deliver on our promises to members and employers. With this experience, however, comes the business risk of losing veteran staff to retirement. We have been successful in recruiting talented, new employees to learn from our experienced staff to help bridge that gap.

However, the Plan has focused on the following items to ensure the quality of our services will not falter as knowledge and expertise are transferred between staff:

- Creating and implementing an agency workforce plan to identify areas where staffing levels may change as a result of changes in agency operations.
- Identifying where training and skills will need to be developed and reassigning employees to others areas where appropriate.
- Identifying critical positions that require specific expertise unavailable through short-term training and developing succession plans for each position.
- Developing a comprehensive procedure manual for all operations of the agency to ensure continuity of operations and identify where improvements can be made.

Collaboration is an important piece of the OPERS strategic planning process. OPERS staff members are also active in several national industry groups to stay current on issues facing public pension plans in the areas of fund administration, institutional investment, and retirement education.

The Statistical Section provides additional historical perspective, context, and detail to assist the reader in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess the economic condition of the Oklahoma Public Employees Retirement System (OPERS).

Financial trend information is intended to assist users in understanding and assessing the changes in the financial position over time. Schedules presenting financial trend information are *Schedule of Changes in Net Assets, Schedule of Revenue by Source, Schedule of Expenses by Type, Schedule of Benefit Payments and Refunds by Type,* and *Funded Ratio Chart*.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability of OPERS to generate own-source revenue, specifically investment income. The schedule presenting revenue capacity information is the *Rate of Return by Type of Investment.*

Operating information is intended to provide contextual information about the operations and resources of OPERS to assist readers in using financial statement information to understand and assess the economic condition. Schedules and charts presenting operating information are *Schedule of Retired Members by Type of Benefit, Schedule of Average Benefit Payments, Principal Participating Employer, Demographic Chart, Participating Employers, Member Statistics*, Summary of Retirees, Beneficiaries and Disabled Members*, Summary of Terminated Vested Members*, Summary of Active Members*.*

Schedules and information are derived from OPERS internal sources unless otherwise noted.
*Schedules and data are provided by actuarial consultant Milliman, Inc.

Schedule of Changes in Net Assets

Year Ending June 30	Additions			Deductions			Total Changes in Net Assets
	Contributions		Investment Income (Loss)	Benefit Payments	Administrative Expenses	Refunds and Other *	
	Member	Employer					
2009	$ 68,712,683	$ 243,021,660	$ (967,248,484)	$ 410,036,580	$ 4,602,876	$ 11,516,190	$(1,081,669,787)
2008	66,699,385	220,075,992	(276,647,532)	377,974,103	4,575,446	12,848,142	(385,269,846)
2007	64,179,909	197,756,938	938,789,465	361,045,265	4,553,397	11,815,777	823,311,873
2006	55,988,703	171,273,052	434,953,655	334,378,348	4,040,083	11,120,588	312,676,391
2005	52,017,896	139,757,160	522,333,799	321,568,856	3,606,909	10,861,971	378,071,119
2004	48,469,861	133,522,780	636,489,239	297,799,619	3,493,404	9,833,972	507,354,885
2003	50,101,133	137,549,234	240,361,668	282,519,128	3,166,764	8,809,116	133,517,027
2002	50,857,928	139,614,903	(250,831,849)	257,938,411	3,196,980	8,256,213	(329,750,622)
2001	47,443,043	131,200,423	(311,550,807)	247,076,546	2,825,116	47,669,994	(430,478,997)
2000	45,057,894	125,803,575	476,529,982	222,746,667	2,478,971	7,588,290	414,577,523

* Refunds and Other includes the transfer of contributions and earnings to eligible members for 2002 and 2001.

2002 $ 3,170

2001 $ 37,681,952

Schedule of Revenue by Source

Year Ending June 30	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Investment Income (Loss)	Total
2009	$ 68,712,683	$ 243,021,660	14.44%	$ (967,248,484)	$ (655,514,141)
2008	66,699,385	220,075,992	13.53	(276,647,532)	10,127,845
2007	64,179,909	197,756,938	12.61	938,789,465	1,200,726,312
2006	55,988,703	171,273,052	11.78	434,953,655	662,215,410
2005	52,017,896	139,757,160	10.10	522,333,799	714,108,855
2004	48,469,861	133,522,780	9.46	636,489,239	818,481,880
2003	50,101,133	137,549,234	9.48	240,361,668	428,012,035
2002	50,857,928	139,614,903	10.60	(250,831,849)	(60,359,018)
2001	47,443,043	131,200,423	10.24	(311,550,807)	(132,907,341)
2000	45,057,894	125,803,575	10.32	476,529,982	647,391,451

Schedule of Expenses by Type

Year Ending June 30	Benefit Payments	Administrative Expenses	Refunds and Withdrawals	Other*	Total
2009	$ 410,036,580	$ 4,602,876	$ 11,516,190	$ -	$ 426,155,646
2008	377,974,103	4,575,446	12,848,142	-	395,397,691
2007	361,045,265	4,553,397	11,815,777	-	377,414,439
2006	334,378,348	4,040,083	11,120,588	-	349,539,019
2005	321,568,856	3,606,909	10,861,971	-	336,037,736
2004	297,799,619	3,493,404	9,833,972	-	311,126,995
2003	282,519,128	3,166,764	8,809,116	-	294,495,008
2002	257,938,411	3,196,980	8,253,043	3,170	269,391,604
2001	247,076,546	2,825,116	9,988,042	37,681,952	297,571,656
2000	222,746,667	2,478,971	7,588,290	-	232,813,928

* Other for 2002 and 2001 represents the transfer of contributions and earnings to eligible members.

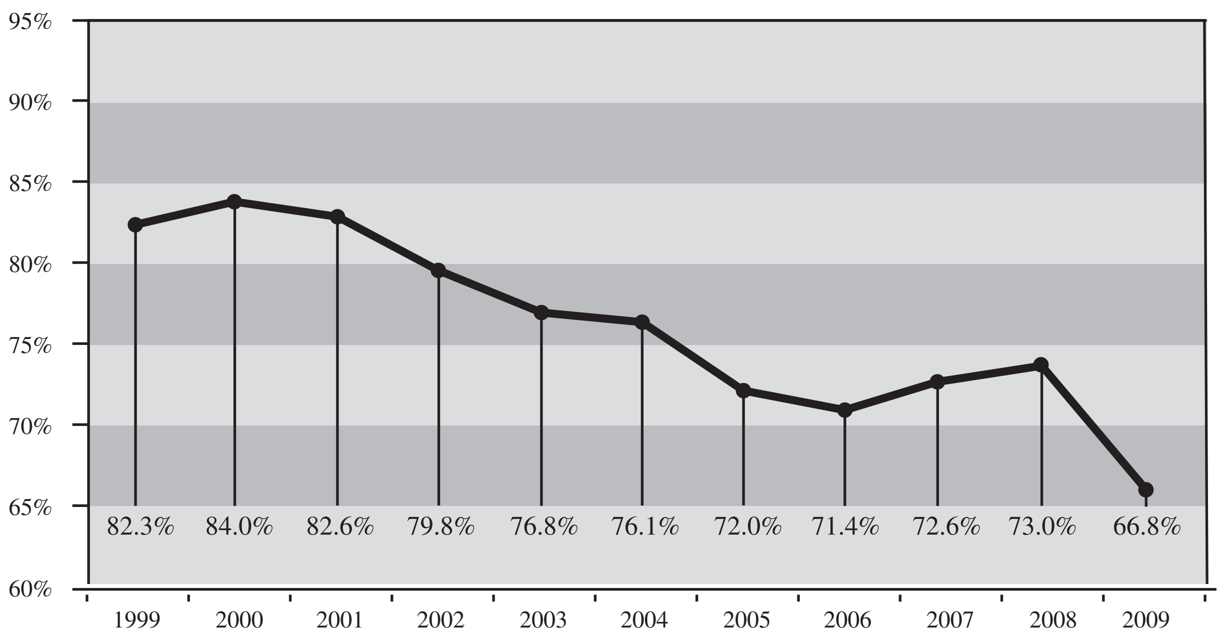
Schedule of Benefit Payments and Refunds by Type

The following schedule provides information as to the type of benefit expenses incurred by the Plan as reflected in the "Benefit Payment" and "Refunds" columns of the **Schedule of Expenses by Type** included elsewhere in this Statistical Section.

Year	Benefits			Refunds	Transfers	Total Benefit
Ending June 30	Age and Service	Disability	Beneficiary Death	and Withdrawals	To Other Systems	Payments and Refunds
2009	$ 384,429,503	$20,888,809	$ 4,718,268	$ 8,468,621	$ 3,047,569	$ 421,552,770
2008	358,520,250	15,250,019	4,203,834	8,729,416	4,118,726	390,822,245
2007	342,527,423	14,479,586	4,038,256	8,164,444	3,651,333	372,861,042
2006	316,766,569	13,627,957	3,983,822	7,922,163	3,198,425	345,498,936
2005	304,856,481	12,608,063	4,104,312	7,320,415	3,541,556	332,430,827
2004	282,203,188	11,428,431	4,168,000	7,103,875	2,730,097	307,633,591
2003	267,951,282	10,699,779	3,868,067	6,372,048	2,437,068	291,328,244
2002	244,754,428	9,410,850	3,773,133	5,697,306	2,555,737	266,191,454
2001	234,818,385	8,813,661	3,444,500	7,238,436	2,749,606	257,064,588
2000	211,315,549	7,771,714	3,659,404	6,182,939	1,405,351	230,334,957

Funded Ratio Chart

As of July 1



Rate of Return by Type of Investment

Year Ending June 30	Fixed Income		U.S. Equity		International Equity		Total	
2009	4.6	%	(27.5)	%	(29.6)	%	(15.4)	%
2008	8.5		(13.0)		(7.6)		(4.2)	
2007	6.2		19.4		29.0		16.4	
2006	(2.0)		9.9		26.2		8.0	
2005	10.6		8.3		15.8		10.5	
2004	0.8		21.7		31.2		14.0	
2003	13.2		0.3		(3.2)		5.7	
2002	7.3		(16.0)		(6.6)		(5.1)	
2001	10.6		(12.0)		(26.5)		(5.9)	
2000	5.4		10.8		19.2		10.0	

Schedule of Retired Members by Type of Benefit

June 30, 2009

Amount of Monthly Benefit	Number of Retirees	Type of Retirement**					Option Selected #			
		1	2	3	4	5	Opt. 1	Opt. 2	Opt. 3	Opt. 4
$ 1 - 1,000	13,611	7,628	2,841	1,831	1,115	196	8,216	2,865	2,327	203
1,001 - 2,000	8,832	7,640	294	551	347	-	5,225	1,605	1,851	151
2,001 - 3,000	3,244	3,069	18	142	15	-	1,673	653	835	83
3,001 - 4,000	929	876	5	48	-	-	464	153	289	23
4,001 - 5,000	230	225	-	5	-	-	126	31	69	4
Over - 5,000	103	99	-	4	-	-	60	11	31	1
Totals	26,949	19,537	3,158	2,581	1,477	196	15,764	5,318	5,402	465

****Type of Retirement**

Type 1 - *Normal retirement for age and service*: Eligible at (1) age 62 or (2) when the sum of the member's age plus years of service equals 80 points for those who became members before July 1, 1992 and 90 points for those becoming members after that date.

Type 2 - *Early retirement*: Eligible beginning at age 55 with ten (10) years of participating service.

Type 3 - *Survivor payment:* Normal or early retirement

Type 4 - *Disability:* Eligible if member is qualified for payment of disability benefits as certified by the Social Security Administration, has eight (8) years of credited service, and has terminated employment.

Type 5 - *Survivor payment*: Disability retirement.

#Option Selected

Option 1 - *Single-life annuity*: The maximum benefit is paid for the member's lifetime.

Option 2 - *Option A – ½ Joint and Survivor Annuity:* The member will receive a reduced retirement benefit for life and ½ of the reduced retirement benefit will be paid to the surviving joint annuitant for their lifetime.

Option 3 - *Option B – 100% Joint and Survivor Annuity:* A reduced benefit is paid to the member for life and the same benefit is paid to a surviving joint annuitant for their lifetime.

Option 4 - *Option C – Single-life Annuity with a 10-Year Certain Period:* The member will receive a reduced benefit for their lifetime. If the member dies within ten years of when the benefit payments began, the monthly payment will be made to the beneficiary for the balance of the ten year period.

Deferred Members

At June 30, 2009, there are 5,638 former members with deferred future benefits.

Schedule of Average Benefit Payments

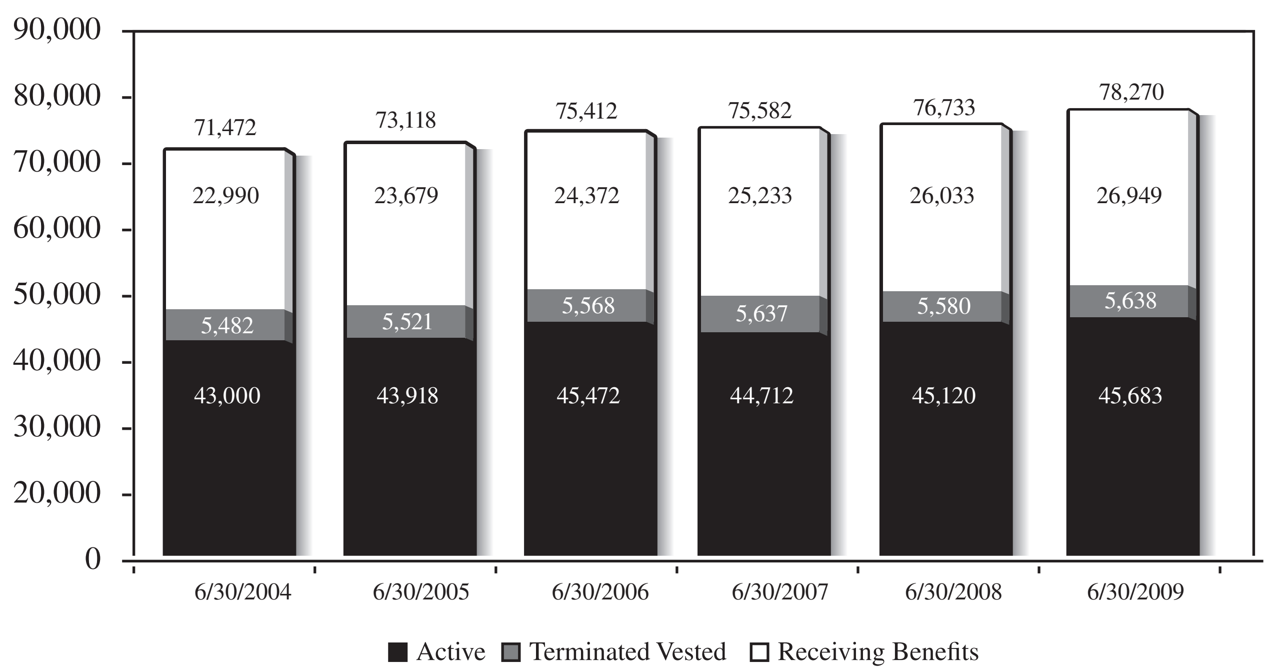
Retirement Effective Dates July 1, 1999 to June 30, 2009	Years of Credited Service 0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31+
Period 7/1/99 to 6/30/00							
Average Monthly Benefit	$ 51	$ 385	$ 556	$ 827	$ 1,257	$ 1,764	$ 2,497
Average Final Average Salary	$ 1,708	$ 2,043	$ 2,170	$ 2,201	$ 2,449	$ 2,770	$ 3,184
Number of Active Retirees	4	151	241	226	201	219	164
Period 7/1/00 to 6/30/01							
Average Monthly Benefit	$ 119	$ 425	$ 630	$ 931	$ 1,427	$ 1,891	$ 2,661
Average Final Average Salary	$ 1,201	$ 2,186	$ 2,289	$ 2,418	$ 2,709	$ 3,006	$ 3,748
Number of Active Retirees	3	151	229	225	230	206	149
Period 7/1/01 to 6/30/02							
Average Monthly Benefit	$ -	$ 356	$ 611	$ 923	$ 1,383	$ 1,835	$ 2,625
Average Final Average Salary	$ -	$ 2,023	$ 2,346	$ 2,602	$ 2,761	$ 3,016	$ 3,355
Number of Active Retirees	-	127	255	232	217	229	164
Period 7/1/02 to 6/30/03							
Average Monthly Benefit	$ 145	$ 424	$ 710	$ 1,062	$ 1,481	$ 1,941	$ 2,833
Average Final Average Salary	$ 1,295	$ 2,271	$ 2,568	$ 2,778	$ 2,898	$ 3,114	$ 3,428
Number of Active Retirees	4	148	285	243	288	199	165
Period 7/1/03 to 6/30/04							
Average Monthly Benefit	$ 154	$ 385	$ 588	$ 1025	$ 1,427	$ 1,874	$ 2,598
Average Final Average Salary	$ 1,482	$ 2,249	$ 2,356	$ 2,805	$ 2,947	$ 3,154	$ 3,548
Number of Active Retirees	3	186	289	304	317	235	183
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$ 115	$ 408	$ 650	$ 1,106	$ 1,530	$ 2,091	$ 2,767
Average Final Average Salary	$ 1,430	$ 2,305	$ 2,543	$ 2,895	$ 3,073	$ 3,345	$ 3,668
Number of Active Retirees	6	167	257	273	321	222	167
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ 130	$ 385	$ 555	$ 952	$ 1,427	$ 1,856	$ 2,593
Average Final Average Salary	$ 1,380	$ 2,313	$ 2,403	$ 2,858	$ 3,120	$ 3,349	$ 3,629
Number of Active Retirees	1	174	265	288	288	204	161
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ 114	$ 414	$ 637	$ 1,073	$ 1,538	$ 2,007	$ 2,759
Average Final Average Salary	$ 1,536	$ 2,378	$ 2,539	$ 2,868	$ 3,205	$ 3,617	$ 3,704
Number of Active Retirees	6	234	266	279	311	251	219
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ 78	$ 401	$ 604	$ 976	$ 1,458	$ 1,959	$ 2,585
Average Final Average Salary	$ 1,502	$ 2,384	$ 2,593	$ 2,909	$ 3,231	$ 3,450	$ 3,845
Number of Active Retirees	2	192	309	291	293	288	182
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$ 99	$ 438	$ 615	$ 1,092	$ 1,559	$ 2,161	$ 2,824
Average Final Average Salary	$ 1,590	$ 2,579	$ 2,675	$ 3,102	$ 3,368	$ 3,739	$ 4,026
Number of Active Retirees	3	216	342	282	321	278	194

Principal Participating Employer

The Oklahoma Public Employees Retirement System is a multiple-employer cost-sharing public employee retirement plan. The Plan covers all state employees that are not covered by six other plans and employees of participating county and local agencies in the State. The State of Oklahoma is the principal participating employer. A list of participating state, county and local agencies is included elsewhere in this Statistical Section.

Year Ending June 30	Covered Employees of the State	Percent of Total System
2009	35,209	77.1%
2008	34,659	76.8
2007	34,726	77.7
2006	34,673	76.1
2005	33,630	76.6
2004	33,080	76.9
2003	33,071	76.3
2002	34,344	77.5
2001	33,979	77.8
2000	34,109	77.9

Demographics Chart



Participating Employers

State Agencies

ABLE Commission
Abstractors, Board of
Accountancy, Board of Public
Aeronautics Commission
Agriculture, Department of
Architects, Board of Governors
Arts Council, State
Attorney General's Office
Auditor and Inspector
Banking Department
Boll Weevil Eradication Organization
Bond Advisor, Office of the State
Central Services, Department of
Children and Youth, Commission on
Chiropractic Examiners, Board of
Conservation Commission
Construction Industries Board
Consumer Credit, Department of
Commerce, Department of
CompSource Oklahoma
Corporation Commission
Corrections, Department of
Cosmetology, Board of
Council on Judicial Complaints
Court of Criminal Appeals
Davis Gun Museum
Dentistry, Board of
Disability Concerns, Office of
District Attorneys' Council
District Courts
Educational Television Authority
Election Board, State
Emergency Management
Employees Benefits Council
Employment Security Commission
Engineers and Surveyors, Board of
Environmental Quality, Department of
Ethics Commission
Finance, State Office of
Fire Marshall Commission, State
Firefighters Pension and Retirement Board
Funeral Board
Governor's Office
Grand River Dam Authority
Health, Department of
Heath Care Authority
Historical Society
Horse Racing Commission
House of Representatives
Housing Finance Agency
Human Rights Commission
Human Services, Department of
Indian Affairs Commission
Indigent Defense System
Industrial Finance Authority
Insurance Department, State
Interstate Oil Compact Commission
Investigation, State Bureau of
Juvenile Affairs, Office of
Labor, Department of
Land Office, Commissioners of the
Law Enforcement Education and Training, Council on
Law Enforcement Retirement System
Legislative Service Bureau
Libraries, Department of
Lieutenant Governor, Office of
Liquefied Petroleum Gas Administration
Licensed Alcohol and Drug Counselors, Board of
Lottery Commission
Marginally Producing Oil and Gas Wells, Commission on
J.D. McCarty Center
Medical Licensure Board
Medicolegal Investigations, Board of
Mental Health & Substance Abuse, Department of
Merit Protection Commission
Military Department
Mines, Department of
Motor Vehicle Commission
Municipal Power Authority
Narcotics and Dangerous Drugs Control, Bureau of
Nursing, Board of
Nursing Home Administrators, Board of Examiners for
Optometry Board
Ordinance Works Authority
Osteopathic Examiners, State Board of
Pardon and Parole Board
Peanut Commission
Personnel Management, Office of
Pharmacy, Board of
Physicians Manpower Training Commission
Police Pension and Retirement
Psychologists Examiners, Board of
Public Safety, Department of
Public Employees Retirement System
Quartz Mountain Arts and Conference Center Nature Park
Real Estate Commission
Registration Board of Licensed Social Workers
Rehabilitation, Department of
Scenic Rivers Commission
Science and Technology, Center for Advancement of
Secretary of State, Office of the
Securities Commission
Senate, State
Space Industry Development Authority
Speech Pathology and Audiology Board
State and Education Employees Group Insurance Board
Supreme Court
Tax Commission
Teacher Preparation, Commission on
Test for Alcohol and Drug Influence Board
Tobacco Settlement Trusts
Transportation, Department of
Treasurer's Office, State
Tourism and Recreation Department
Turnpike Authority
Used Motor Vehicles and Parts Commission
University Health Sciences Center
University Hospitals Authority
Veterans Affairs, Department of
Veterinary Medical Examiners, State Board of
Waters Resources Board
Wheat Commission
Will Rogers Memorial Commission
Workers' Compensation Court

Counties and County Governmental Units

Adair County
Alfalfa County
Alfalfa County Rural Water District
Atoka County
Atoka County Rural Water District #2
Atoka County Rural Water District #4
Beaver County
Beaver County Memorial Hospital
Beckham County
Blaine County
Bryan County
Caddo County
Canadian County
Carter County

Participating Employers (continued)

Cherokee County
Choctaw County
Choctaw County Ambulance
Cimarron County
Cleveland County
Coal County
Comanche County
Comanche County Facilities Authority
Cotton County
Craig County
Craig County General Hospital
Creek County
Creek County Rural Water District #3
Creek County Rural Water District #5
Custer County
Delaware County
Dewey County
Ellis County
Garfield County
Garvin County
Grady County
Grady County Criminal Justice Authority
Grady County EMS
Grant County
Greer County
Greer County Special Ambulance Service
Harmon County
Harper County
Haskell County
Hughes County
Jackson County
Jefferson County
Johnston County
Johnston County Rural Water District
Kay County
Kingfisher County
Kiowa County
Latimer County
LeFlore County
LeFlore County EMS
LeFlore County Rural Water and Sewer
LeFlore County Rural Water District #3
Lincoln County
Lincoln County E-911 Trust Authority
Logan County
Love County
Major County
Major County EMS
Marshall County
Mayes County
Mayes County Rural Water District #3
McClain County
McCurtain County
McCurtain County EMS
McIntosh County
Murray County
Muskogee County
Muskogee County EMS
Noble County
Nowata County
Nowata Consolidated Rural Water District #1
Okfuskee County
Okmulgee County
Okmulgee County Criminal Justice Authority
Osage County
Ottawa County
Pawnee County
Payne County
Pittsburg County
Pittsburg County Rural Water District #7
Pontotoc County
Pottawatomie County
Pottawatomie County Public Safety Center
Pushmataha County
Roger Mills County
Rogers County
Seminole County
Sequoyah County
Sequoyah County Criminal Justice Authority
Sequoyah County Rural Water District #7
Stephens County
Texas County
Tillman County
Tillman County EMS
Tillman County Rural Water District
Wagoner County
Washington County
Washita County
Woods County
Woodward County

Towns, Cities and Municipal Governmental Units

Arnett, Town of
Beaver, City of
Bixby, City of
Bixby Public Works
Cheyenne, City of
Commerce, City of
Cyril, Town of
Fairfax, Town of
Fort Supply, Town of
Grandfield, City of
Grove, City of
Heavener, City of
Heavener Utility Authority
Hinton, Town of
Holdenville, City of
Holdenville Housing Authority
Hugo, City of
Idabel Housing Authority
Ketchum, City of
Ketchum Public Works
Kingfisher, City of
Mangum, City of
Mountain View, City of
Okarche, City of
Poteau Valley Improvement Authority
Rush Springs, Town of
Ryan, City of
Sentinel, Town of
Shattuck, City of
Stigler, City of
Tahlequah, City of
Vici, Town of
Watonga Housing Authority
Wewoka, City of
Wilson, City of

Other Governmental Units

Association of South Central Oklahoma Government
Circuit Engineering District #4
Circuit Engineering District #6
Eastern Oklahoma District Library
Grand Gateway Economic Development Association
Kiamichi Economical Development District of Oklahoma
Midwestern Oklahoma Development Authority
Oklahoma Environmental Management Authority
Southeast Circuit Engineering District #3
Southwestern Oklahoma Developmental Authority
Southwestern Oklahoma Ambulance Authority
Tri-County Rural Water District

Member Statistics

Inactive members as of July 1, 2009	No.	Amount of Annual Benefit
Members receiving benefits		
Retired	22,698	$ 353,572,735
Surviving spouses	2,775	26,960,372
Disabled	1,476	13,714,164
Total	**26,949**	**$ 394,247,271**
Members with deferred benefits		
Vested terminated	3,781	$ 32,125,048
Assumed deferred vested members (estimated benefits)	1,857	22,066,957
Total	**5,638**	**$ 54,192,005**

Statistics for	No.	Average Age	Average Service	Average Earnings
Active members as of July 1, 2008				
Continuing	39,603	47.5	12.0	$ 38,873
New	5,517	37.1	0.7	26,046
Total	**45,120**	**46.2**	**10.5**	**$ 37,293**
Active members as of July 1, 2009				
Continuing	39,715	47.5	12.0	$ 39,814
New	5,968	38.0	0.9	25,394
Total	**45,683**	**46.3**	**10.5**	**$ 37,935**

Summary of Retirees, Beneficiaries and Disabled Members

(Annual Benefits)[1]

Age	Retired Members No.	Retired Members Benefit	Surviving Spouses No.	Surviving Spouses Benefit	Disabled Members No.	Disabled Members Benefit	Total No.	Total Benefit
Under 51	84	$ 1,853,861	93	$ 895,246	122	$ 1,105,227	299	$ 3,854,333
51	29	747,287	13	211,066	29	356,582	71	1,314,934
52	69	1,778,277	23	319,272	29	285,926	121	2,383,475
53	88	2,380,892	16	161,721	35	356,318	139	2,898,931
54	148	3,882,630	21	242,298	45	518,398	214	4,643,326
55	174	4,208,922	28	277,960	49	474,655	251	4,961,537
56	281	5,695,112	37	339,875	69	688,970	387	6,723,957
57	369	7,188,900	37	370,541	56	596,466	462	8,155,907
58	411	8,259,622	34	353,913	76	711,368	521	9,324,904
59	473	9,210,665	32	275,914	86	808,472	591	10,295,051
60	529	10,407,829	42	549,376	79	816,240	650	11,773,446
61	642	12,877,295	71	726,872	83	839,744	796	14,443,911
62	757	14,009,145	65	752,861	86	859,060	908	15,621,066
63	956	15,814,742	57	647,426	79	725,261	1,092	17,187,429
64	842	14,016,971	79	796,518	58	506,579	979	15,320,068
65	997	16,025,907	65	593,631	61	414,592	1,123	17,034,130
66	1,121	18,122,007	109	1,151,396	70	611,366	1,300	19,884,769
67	986	15,849,121	87	755,450	58	547,022	1,131	17,151,593
68	1,012	15,849,092	99	1,034,060	39	299,950	1,150	17,183,102
69	975	15,776,906	65	629,044	49	423,631	1,089	16,829,581
70	916	14,281,911	83	945,166	30	240,800	1,029	15,467,878
71	869	12,628,051	90	881,684	35	279,237	994	13,788,972
72	814	12,404,305	104	898,122	26	229,573	944	13,531,999
73	792	11,188,044	79	839,265	20	141,659	891	12,168,968
74	819	11,455,782	123	1,228,402	19	142,720	961	12,826,904
75	819	11,450,455	101	925,986	18	143,248	938	12,519,689
76	655	9,281,723	111	1,090,631	23	193,384	789	10,565,738
77	695	9,377,308	83	707,399	13	114,709	791	10,199,417
78	643	8,672,970	86	892,615	12	94,467	741	9,660,052
79	559	7,540,060	93	882,968	12	85,361	664	8,508,390
80	558	7,436,895	98	878,939	7	76,688	663	8,392,523
81	478	5,712,441	88	719,732	3	26,490	569	6,458,663
82	441	5,926,126	108	1,014,950	0	0	549	6,941,076
83	426	5,676,688	70	641,478	0	0	496	6,318,165
84	368	4,337,604	74	735,647	0	0	442	5,073,250
85	323	3,991,524	58	509,242	0	0	381	4,500,766
86	319	3,940,283	42	406,913	0	0	361	4,347,196
87	241	3,116,314	29	254,811	0	0	270	3,371,125
88	243	2,997,067	44	329,634	0	0	287	3,326,702
89	192	2,236,378	35	325,253	0	0	227	2,561,631
90	258	2,694,170	52	364,196	0	0	310	3,058,365
Over 90	327	3,271,451	51	402,901	0	0	378	3,674,352
Total	**22,698**	**$ 353,572,735**	**2,775**	**$ 26,960,372**	**1,476**	**$ 13,714,164**	**26,949**	**$ 394,247,271**

[1] Benefit amounts do not include the supplemental medical insurance premium.

Summary of Terminated Vested Members

(Deferred Annual Benefits)[1]

Age	Members with Deferred Benefits No.	Benefit
Under 40	421	$ 3,016,860
40	112	969,400
41	121	942,018
42	129	1,220,806
43	107	871,705
44	147	1,437,209
45	196	1,990,284
46	232	2,419,393
47	213	2,068,279
48	240	2,432,757
49	266	2,784,221
50	288	2,884,681
51	306	3,125,518
52	331	3,623,615
53	344	3,354,762
54	327	3,361,212
55	342	3,613,171
56	266	2,756,423
57	232	2,343,411
58	208	1,908,641
59	222	1,908,659
60	186	1,589,067
61	189	1,377,851
62	115	1,050,374
63	13	138,413
64	34	556,987
Over 64	51	446,287
Total	**5,638**	**$ 54,192,005**

[1] Benefit amounts do not include the supplemental medical insurance premium.

Summary of Active Members

Age and years of credited service
Earnings tabulated are average rates of pay as of July 1, 2009

Count of Active Members

	Years of Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 20	45	0	0	0	0	1	0	0	0	46
20 to 24	1,324	9	0	0	0	0	0	0	0	1,333
25 to 29	3,111	449	6	0	0	0	0	0	0	3,566
30 to 34	2,498	1,156	272	1	0	0	0	0	0	3,927
35 to 39	3,016	1,208	960	170	10	1	0	0	0	5,365
40 to 44	1,811	1,081	962	687	302	14	0	0	0	4,857
45 to 49	1,908	1,226	1,005	837	1,011	601	43	0	0	6,631
50 to 54	1,789	1,196	993	832	960	938	426	48	0	7,182
55 to 59	1,427	1,034	927	810	856	598	524	278	14	6,468
60 to 64	846	749	707	545	583	365	210	255	105	4,365
65 to 69	254	265	256	209	167	111	49	42	28	1,381
70 to 74	73	75	73	72	45	29	11	11	10	399
75 & Up	35	31	23	27	19	13	7	3	5	163
Total	18,137	8,479	6,184	4,190	3,953	2,671	1,270	637	162	45,683

Average Compensation

	Years of Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 20	18,122	0	0	0	0	0	0	0	0	17,772
20 to 24	24,307	29,009	0	0	0	0	0	0	0	24,339
25 to 29	29,919	32,790	26,144	0	0	0	0	0	0	30,274
30 to 34	31,687	37,827	38,609	46,697	0	0	0	0	0	33,978
35 to 39	29,837	37,859	42,418	40,544	49,269	78,910	0	0	0	34,278
40 to 44	32,559	38,315	41,708	45,280	46,080	43,116	0	0	0	38,322
45 to 49	32,222	37,205	40,129	44,580	48,857	46,763	45,341	0	0	39,840
50 to 54	33,227	36,860	40,362	44,527	47,510	48,509	47,791	43,912	0	40,968
55 to 59	34,204	37,728	40,055	42,985	46,284	48,853	49,994	48,360	46,518	41,573
60 to 64	33,476	37,706	39,467	42,898	45,879	48,135	50,050	54,091	51,698	41,669
65 to 69	34,273	37,106	40,533	43,316	44,256	54,160	47,256	47,289	57,268	41,469
70 to 74	30,467	39,412	42,375	38,495	38,664	43,687	43,353	39,084	50,454	38,755
75 & Up	30,344	38,207	38,847	39,392	35,189	62,924	33,908	71,884	31,707	38,610
Total	31,107	37,361	40,639	43,793	46,946	48,359	48,855	50,199	51,519	37,935

MISSION and VISION

The mission of OPERS is to provide and promote accountable and financially sound retirement programs for those who have dedicated themselves to serving the people of our great state.

Our vision is to exceed the expectations of our customers and be recognized for excellence in providing retirement services to our members and helping them be financially prepared for retirement.

We do that by adhering to a set of values and behaviors centered on honesty and integrity, accountability, quality, customer service, teamwork and workforce development.

Milliman

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October 23, 2009

Board of Trustees
Oklahoma Public Employees Retirement System
5801 N. Broadway Extension, Suite 400
P.O. Box 53007
Oklahoma City, OK 73152-3007

Re: Certification of 2009 Actuarial Results Under Prescribed Assumptions

Dear Members of the Board:

We have prepared an actuarial valuation of the Oklahoma Public Employees Retirement System as of July 1, 2009 for the fiscal year ending June 30, 2010 using the prescribed assumptions and methods specified in 74 Okla. Stat, Section 909.1(H). The results of the valuation reflect the benefit provisions in effect on July 1, 2009. Determinations for purposes other than meeting this requirement may be significantly different than the results shown here.

The results in this Section have been prepared for the sole purpose of meeting the statutory requirement, based on the following prescribed assumptions:

Interest rate: 7.50%

COLA assumption: 2.00%

Mortality: RP-2000 Mortality Table for Employees, Healthy Retirees and Disabled Retirees with Mortality Projected Forward from 2000 using Scale AA.

Amortization period: 30 years, open period

Sources of all contributions and revenues, including dedicated tax free revenue and federal monies.

All other assumptions, methodologies, and System provisions used are consistent with those used in the July 1, 2009 valuation. These assumptions, methodologies and provisions are described elsewhere in this document.

In preparing this valuation, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete, or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The results shown here are not consistent with those in the July 1, 2009, valuation of the System. The July 1, 2009 valuation results were determined in accordance with generally accepted actuarial principles and practices that are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Guides to Professional Conduct, amplifying opinion and supporting recommendations of the American Academy of Actuaries. The results shown in this section are not based on the assumptions and methodologies adopted by the Board of Trustees.

The undersigned credentialed actuaries are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Patrice Beckham

Patrice A. Beckham, F.S.A., E.A.	October 23, 2009 Date
Brent A. Banister, F.S.A., E.A.	October 23, 2009 Date

Summary of Valuation Results Under Prescribed Assumptions

Actuarial Valuation as of July 1, 2009

Summary of Contribution Requirements		**Amount**
1. Expected annual payroll	$	1,732,975,532
2. Total normal cost	$	225,164,548
3. Unfunded actuarial accrued liability	$	3,204,424,600
4. Amortization of unfunded actuarial accrued liability over 30 years*	$	166,889,312
5. Budgeted expenses (provided by the System)	$	6,565,830
6. Total required contribution (2) + (4) + (5)	$	398,619,691
7. Estimated member contribution	$	62,054,455
8. Required employer contributions (not less than $0) (6) – (7)	$	336,565,236
9. Previous year's actual contribution		
a. Member	$	68,712,683
b. Employer		243,021,660
c. Total	$	311,734,343

Summary of Costs	**Actuarial Valuation as of July 1, 2009**
Required employer contribution for current year	$336,565,236
Actual employer contributions received in prior year	243,021,660
Funded Status	
Actuarial accrued liability	$9,412,669,934
Actuarial value of assets	6,208,245,334
Unfunded actuarial accrued liability	3,204,424,600
Funded Ratio	66.0%
Market Value of Assets and Additional Liabilities	
Market value of assets	$5,173,537,778

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Notes

Notes

Oklahoma Public Employees Retirement System
P.O. Box 53007 • Oklahoma City, Oklahoma 73152-3007
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opers.ok.gov