CONNECTIONS

Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Oklahoma Public Employees Retirement System

CONNECTIONS

The Oklahoma Public Employees Retirement System (OPERS) enjoys a long relationship with our members beginning when a person chooses a career in public service and culminating in a secure retirement honoring that service. This edition of the Comprehensive Annual Financial Report highlights the connections between OPERS and our members throughout their working lives.

GOVERNANCE OPERS is governed by a 13-member Board of Trustees charged with overseeing the activities of the retirement system. Good governance relates to having consistent management, effective policies and appropriate oversight. Having effective governance permits the OPERS staff to provide quality information and services to our members and their employers. Our activities consist of member services and financial administration, legislation and plan design, and investment of plan assets.

PARTICIPATION OPERS partners with our participating employers to ensure new members receive the information necessary to fully understand the benefits of being a member of the plan. New state & local government employees, hazardous duty members, and elected officials receive high-quality written and electronic information from OPERS with a personal touch from the retirement coordinator within each participating employer.

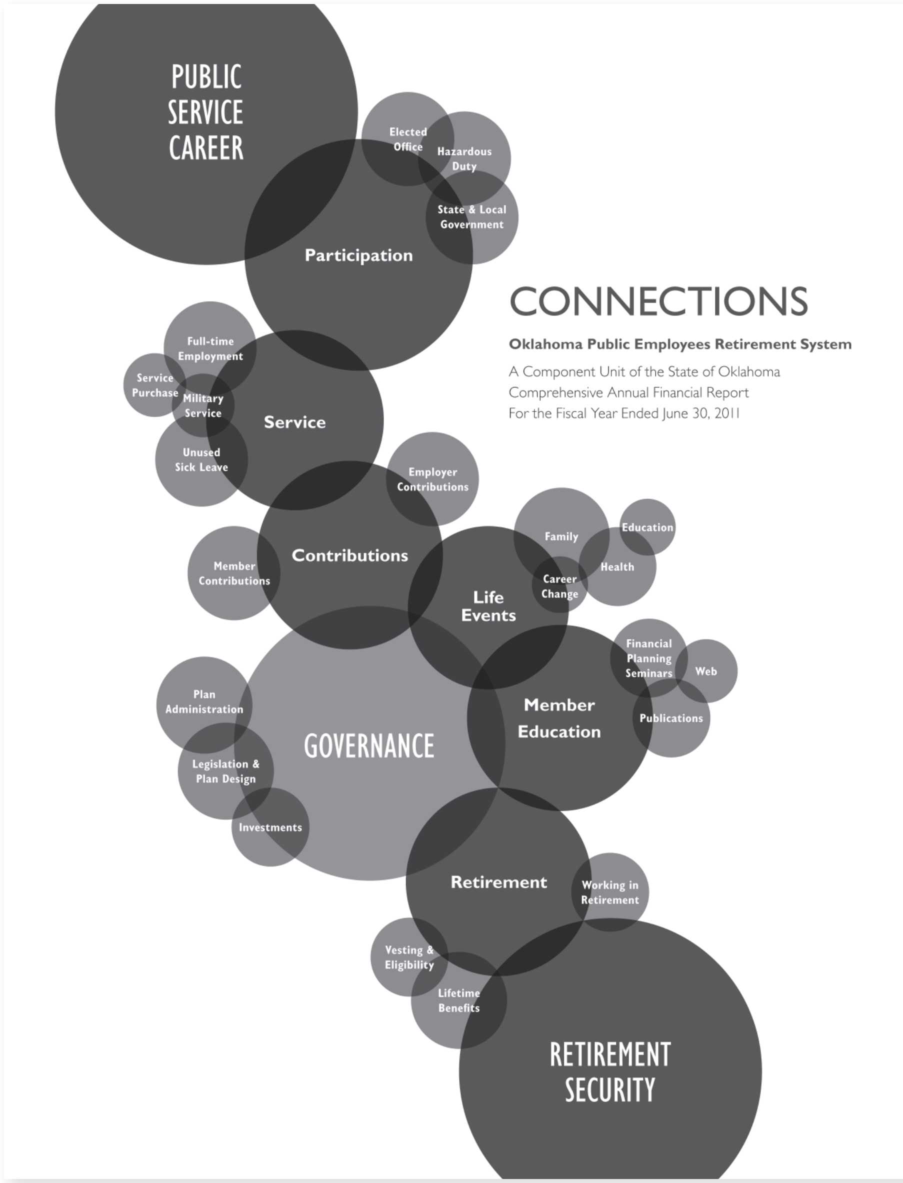
SERVICE The central form of participation in any retirement plan is service. In addition to full-time employment, members of OPERS may also purchase certain types of service credit or be rewarded for active military service and unused sick leave to be used toward retirement credit.

CONTRIBUTIONS A retirement benefit from OPERS is more than merely the sum of member and employer contributions paid into the plan over a member's career. The investment of those contributions is vital to providing a degree of retirement security for our members. This publication provides detailed information on the investment of plan assets.

LIFE EVENTS The relationship OPERS values with its members can last many decades. Whether it is the birth of a child, the change of career, or the death of a loved one, OPERS is there to assist our members with their retirement plans through both the rewarding and challenging events of their lives.

MEMBER EDUCATION OPERS takes its responsibility of member education very seriously. Our goal is to help our members better understand how their decisions and circumstances today can impact their overall retirement preparedness. We provide a series of financial planning seminars, written publications and website designed to keep members informed.

RETIREMENT Retirement benefits from OPERS are a valuable part of our members' overall retirement plan. A defined benefit plan like ours provides increased retirement security by offering a lifetime retirement income without the risk of ill-timed market fluctuations. We are proud of the connections we make with our members and honoring their years of public service to the people of Oklahoma.



This report was prepared by the staff of the Oklahoma Public Employees Retirement System.

This publication, printed by University Printing Services, is issued by the Oklahoma Public Employees Retirement System as authorized by its Executive Director. Five hundred copies have been prepared and distributed at a cost of $3,162.50. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

2011 Comprehensive Annual Financial Report

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Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
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For the Fiscal Year Ended June 30, 2011

INTRODUCTION

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Letter of Transmittal

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

November 30, 2011

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, 2011. 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, 2011 and 2010, 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.

Letter of Transmittal (continued)

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

Letter of Transmittal (continued)

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.

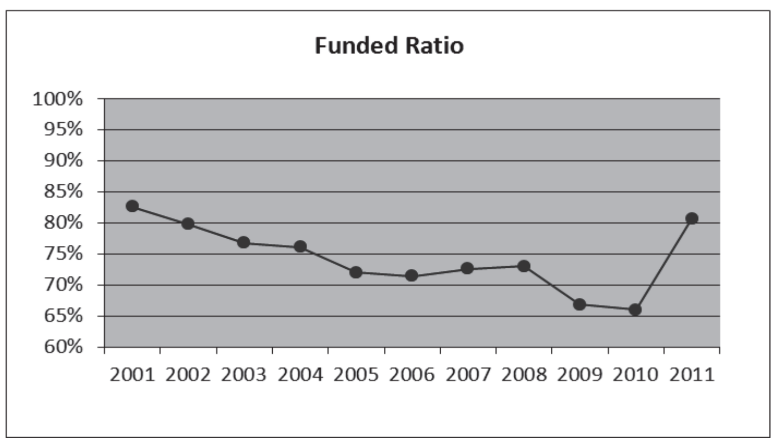
The Board engages outside investment managers to manage the various asset classes where OPERS has exposure. At fiscal year end, the investment portfolio of OPERS was actively managed by three fixed income managers, six domestic equity managers and one international equity manager. OPERS' investment portfolio also consisted of passively managed index funds, including one fixed income index fund, two domestic equity index funds and two 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 2011 investments provided a 21.2 percent rate of return. The annualized rate of return for OPERS was 5.3 percent over the last three years and 5.4 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, 2011 amounted to $8.2 billion and $6.6 billion, respectively.

The OPERS funded status increased significantly to 80.7 percent at July 1, 2011 due to the removal of the cost-of-living-adjustment (COLA) assumption. This assumption was removed because new legislation requires COLAs to be funded by the Legislature before they can be passed into law. For the past six years the funded status has moved from 71.4 percent at July 1, 2006 to 66.0 percent at July 1, 2010 and finally to 80.7 percent at July 1, 2011. It was 91.0 percent at July 1, 1997. 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 with the continuation of the 1.0 percent increase each year until it was 16.5 percent in 2012. In 2006 the Legislature also increased the state employee contribution rate to be a level of 3.5 percent of salary effective July 1, 2006. Previously in effect was a tiered rate structure of 3.0 percent on the first $25,000 of salary and 3.5 percent on any salary above $25,000. Non state agency employers also had a rate increase effective July 1, 2006. The combined employee and employer contribution rate was increased 1.0 percent annually until July 1, 2011 when it reached 20.0 percent. 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.



Letter of Transmittal (continued)

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, 2010. This was the fourteenth 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.

In addition, the Oklahoma Public Employees Retirement System was awarded the Public Pension Standards Award by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

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

Susan Reed
Chief Financial Officer and Director of Finance

Chairman's Letter

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

November 30, 2011

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, 2011.

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).

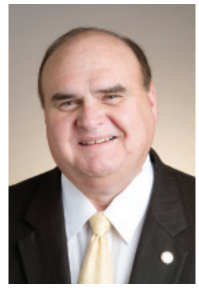
I also want to thank the OPERS staff for their diligent work in preparing this report and their commitment to continually improve the administrative operations of OPERS.

Sincerely,

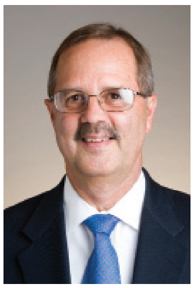
Don Kilpatrick
Chairman

Board of Trustees

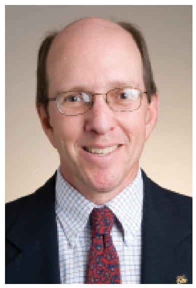
Don Kilpatrick
Chairman
Appointee of the President
Pro Tempore of the Senate



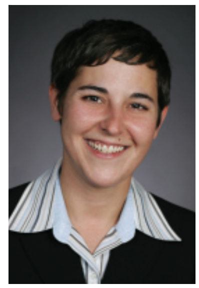
Steve Paris
Vice Chairman
Appointee of the Governor



Michael D. Evans
Appointee of the
Supreme Court

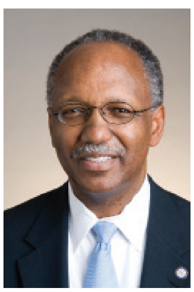


Jonathan Barry Forman
Appointee of the Governor



Jill Geiger
Designee of the State
Finance Director

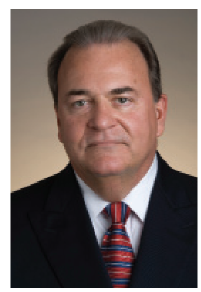
James R. "Rusty" Hale
Appointee of the Speaker
of the House of
Representatives



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

Thomas E. Kemp, Jr.
Member of Oklahoma
Tax Commission
Selected by Commission

Brian Maddy
Appointee of the President
Pro Tempore of the Senate



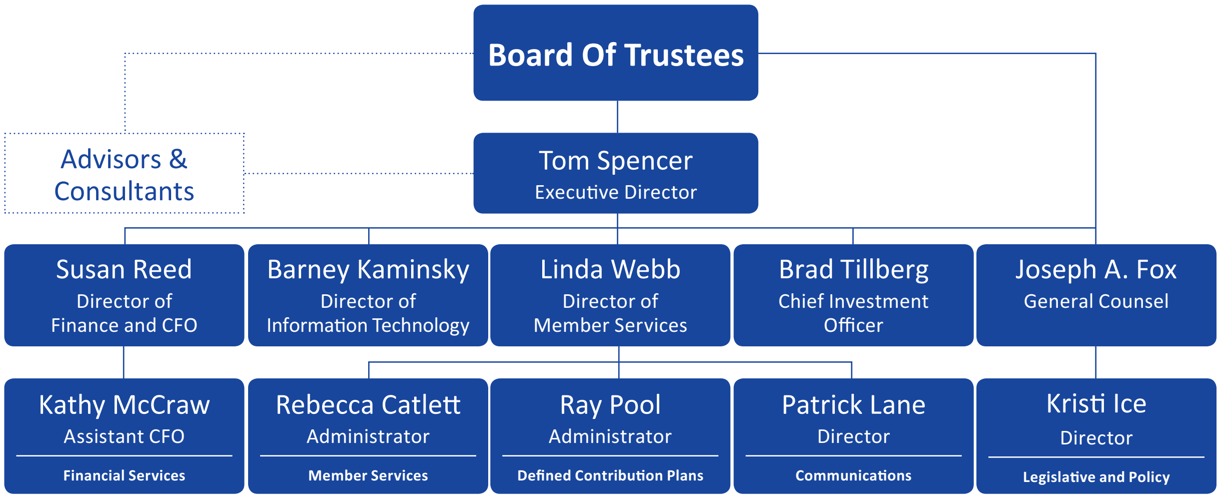
DeWayne McAnally
Appointee of the Governor

Dana Murphy
Member of Corporation
Commission
Selected by Commission

Frank Stone
Designee of the State
Insurance Commissioner

Vacant - Appointee of the Speaker of the House of Representatives

Organizational Structure



Left to right: Barney Kaminsky, Rebecca Catlett, Kristi Ice, Brad Tillberg, Linda Webb, Susan Reed, Tom Spencer, Joe Fox, Kathy McCraw, and Patrick Lane (Not pictured: Ray Pool)

Advisors and Consultants*

Master Custodian
The Northern Trust Company
Chicago, Illinois

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

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

Actuarial Consultant
Cavanaugh Macdonald Consulting, LLC
Kennesaw, Georgia

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.

2011 Legislation

Senate Bill 794

Changes to Retirement Age Requirements and Changes to Participation by Elected Officials

The retirement age for all OPERS members hired on or after November 1, 2011, was increased to age 65. Members hired on or after November 1, 2011, must also be at least age 60 to retire with 90 points. These members may retire with full, unreduced benefits from OPERS when the sum of their age and years of service in OPERS equals 90 or more and they are at least 60 years of age.

The vesting period for elected officials first elected on or after November 1, 2011, was increased to eight years of elected or appointed service. The retirement age for newly elected officials was increased to age 65 with eight years of elected or appointed service, or age 62 with 10 years of elected or appointed service. Newly elected officials will also contribute at the same rate and have their benefits calculated using the same computation factor as other state and local government employees.

House Bill 2132

Changes to Funding of Cost of Living Adjustments

Cost of living adjustments (COLAs) for retired OPERS members must be passed by the Legislature. COLAs are no longer considered “non-fiscal retirement bills” in the Oklahoma Pension Legislation Actuarial Analysis Act. This means COLAs must now be funded by the Legislature before they can be passed into law. This bill becomes effective August 25, 2011.

House Bill 2177

State Voluntary Buyout Offer Extension

In May 2010, the State Legislature created the Voluntary Buyout Reimbursement Revolving Fund to provide budget relief to state agencies and provide reimbursement to state agencies that offered voluntary buy-out benefits to retirement-eligible employees. The deadline for state agencies to apply for these funds was originally June 30, 2011. HB 2177 extended the deadline for application to June 30, 2012.

Senate Bill 840

Clarification on Administrative Hearings and Appeals

Existing law requires suits against OPERS be brought in Oklahoma County. SB 840 provides clarification on appeals to administrative decisions by the OPERS Board. This bill brings the OPERS hearing procedures in line with the Administrative Procedures Act including the appointment of hearing examiners.

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, 2010

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

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2011

Presented to

Oklahoma Public Employees Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

CONNECTIONS

Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

FINANCIAL

Section Contents

Independent Auditors' Report

COLE+REED P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011 and 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2011 and 2010, 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 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 and the Statistical Section 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 20, 2011

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, 2011 and 2010.

Financial Highlights

- The net assets held in trust for pension benefits totaled approximately $6.8 billion at June 30, 2011 compared to $5.8 billion at June 30, 2010 and $5.2 billion at June 30, 2009. The net assets are available for payment of monthly retirement benefits and other qualified distributions to the Plan's participants. The increase of $1.0 billion and increase of $0.6 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, 2011 and 2010 the total number of members participating in the Plan decreased 2.6% and decreased 1.0%, respectively. Membership was 75,491 at June 30, 2011 and 77,503 at June 30, 2010. The number of retirees decreased by 2.6% as of June 30, 2011 and increased by 3.9% as of June 30, 2010. The total number of retirees was 29,418 at June 30, 2011 and 28,009 at June 30, 2010.
- The funded ratio of the Plan was 80.7% at June 30, 2011 compared to 66.0% at June 30, 2010. The key items responsible for the change in the funded status were the removal of the COLA assumption and reserve of $1,702.7 million and a liability gain of $153.1 million resulting from an actuarial accrued liability that was lower than expected. The funded ratio of the Plan was 66.8% at June 30, 2009.

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.

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.*

Management's Discussion and Analysis (continued)

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, 2011, 2010, and 2009.

Condensed Schedule of Plan Net Assets
($ millions)

	June 30, 2011	June 30, 2010	June 30, 2009
Cash and cash equivalents	$ 174.9	$ 157.4	$ 64.6
Receivables	360.1	307.8	471.3
Investments	6,875.9	5,766.9	5,220.6
Securities lending collateral	725.6	615.5	785.1
Property and equipment	0.8	0.7	0.4
Other assets	0.2	0.2	0.1
Total assets	8,137.5	6,848.5	6,542.1
Other liabilities	570.9	458.6	572.7
Securities lending collateral	725.6	615.5	795.9
Total liabilities	1,296.5	1,074.1	1,368.6
Ending net assets held in trust for benefits	$ 6,841.0	$ 5,774.4	$ 5,173.5

Condensed Schedules of Changes in Plan Net Assets
($ millions)

	June 30, 2011	June 30, 2010	June 30, 2009
Member contributions	$ 66.4	$ 69.0	$ 68.7
State and local agency contributions	252.9	259.8	243.0
Net investment income (loss)	1,226.7	716.9	(967.3)
Total additions	1,546.0	1,045.7	(655.6)
Retirement, death and survivor benefits	462.1	429.3	410.0
Refunds and withdrawals	12.6	11.0	11.5
Administrative expenses	4.7	4.5	4.6
Total deductions	479.4	444.8	426.1
Total changes in plan net assets	$ 1,066.6	$ 600.9	$ (1,081.7)

For the year ended June 30, 2011 plan net assets increased $1,066.6 million or 18.5%. Total assets increased $1.3 billion or 18.8% due to a 18.8% increase in pending sales of securities, a 17.0% increase in receivables, a 19.2% increase in investments and a 17.9% increase in securities lending collateral. Total liabilities increased $222.5 million or 20.7% due to a 17.9% increase in the securities lending collateral liability and a 24.5% increase in other liabilities.

Fiscal year 2010 showed a $500.3 million increase in total additions and a $34.5 million increase in total deductions. Compared to the prior year, the increase in additions was due to increases of $509.8 million in the net appreciation of assets partially offset by a $9.5 million decrease in contributions. Deductions increased 7.8% due to the $32.8 million increase in retirement, death and survivor benefits.

For the year ended June 30, 2010 plan net assets increased $600.9 million or 11.6%. Total assets increased $306.3 million or 4.7% due to a 10.5% increase in investments offset by a 22.7% decrease in securities lending collateral, a 37.4% decrease in pending sales of securities, and a 34.7% decrease in receivables. Total liabilities decreased $294.5 million or 21.5% due to a 22.7% decrease in the securities lending collateral liability and a 19.9% decrease in other liabilities.

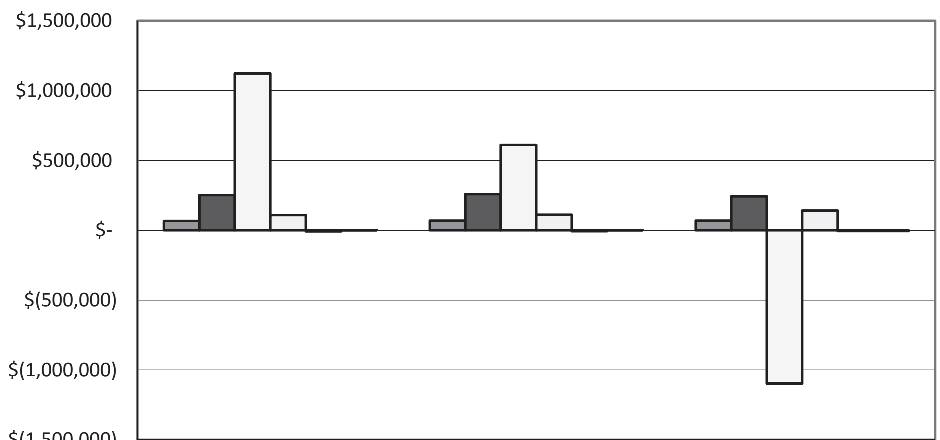
Management's Discussion and Analysis (continued)

Fiscal year 2010 showed a $1.7 billion increase in total additions and a $18.7 million increase in total deductions. Compared to the prior year, the increase in additions was due to increases of $1.7 billion in the net appreciation of assets and $17.1 million in contributions. Deductions increased 4.4% due to the $19.2 million increase in retirement, death and survivor benefits.

Additions to Plan Net Assets

For the year ended June 30, 2011 total additions to plan net assets increased $500.3 million from the prior year. The net change in the fair value of investments of $509.8 million was the result the rebounding market in all asset classes. Interest income decreased $7.1 million or 9.3%, and dividend income increased $5.3 million or 14.9%. Securities lending net income increased $0.3 million or 18.8%. Contributions were $9.5 million or 2.9% lower than the prior year in spite of increased employer contribution rates for local government. The decrease is primarily due to a reduction in the number of active plan participants as a result of the Voluntary Buyout Offer Bill of 2010.

Additions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2011, 2010, and 2009
($ thousands)



	2011	2010	2009
Member contributions	$66,431	$69,041	$68,713
State and local agency contributions	252,905	259,779	243,022
Net appreciation (depreciation)	1,122,811	610,536	(1,096,980)
Interest, dividends, and other investment income	109,515	111,365	141,073
Investment expenses	(7,466)	(6,544)	(5,630)
Securities lending income (loss)	1,826	1,537	(5,712)

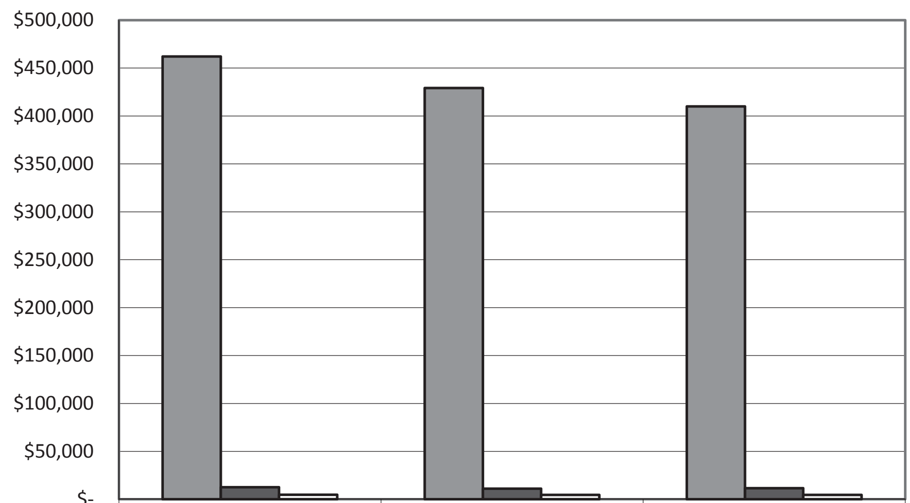
For the year ended June 30, 2010 total additions to plan net assets increased $1.7 billion from the prior year. The net change in the fair value of investments of $1.7 billion was the result the rebounding market in all asset classes. Interest income decreased $30.4 million or 28.5%, and dividend income increased $2.1 million or 6.3%. Securities lending net income increased $7.2 million or 126.9% only due to the elimination of the securities lending collateral deficiency incurred in the prior year. Contributions were $17.1 million or 5.5% higher than the prior year due to increased employer contribution rates.

Management's Discussion and Analysis (continued)

Deductions to Plan Net Assets

For the year ended June 30, 2011 total deductions increased $34.5 million or 7.8% from the prior year. Retirement, death and survivor benefits increased $32.8 million or 7.6% due to a 5.0% increase in the number of retirees at year end and a 2.3% increase in the average benefit. Refunds and withdrawals increased $1.6 million or 14.5% as more participants withdrew contributions during fiscal 2011. The 2.7% increase in administrative costs was primarily due to the increase in the allocation rate and personnel costs.

Deductions to Plan Net Assets
Comparative Data for Fiscal Years Ended June 30, 2011, 2010, and 2009
($ thousands)



	2011	2010	2009
Retirement, death and survivor benefits	$462,062	$429,260	$410,037
Refunds and withdrawals	12,657	11,058	11,516
Administrative expenses	4,681	4,556	4,603

For the year ended June 30, 2010 total deductions increased $18.7 million or 4.4% from the prior year. Retirement, death and survivor benefits increased $19.2 million or 4.7% due to a 3.9% increase in the number of retirees at year end and a 1.7% increase in the average benefit. Refunds and withdrawals decreased $0.5 million or 4.0% as fewer participants withdrew contributions during fiscal 2010. The 1.0% decrease in administrative costs was primarily due to the reclassification and capitalization of payroll costs for internally generated computer software.

Management's Discussion and Analysis (continued)

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, 2011, 2010, and 2009 is as follows:

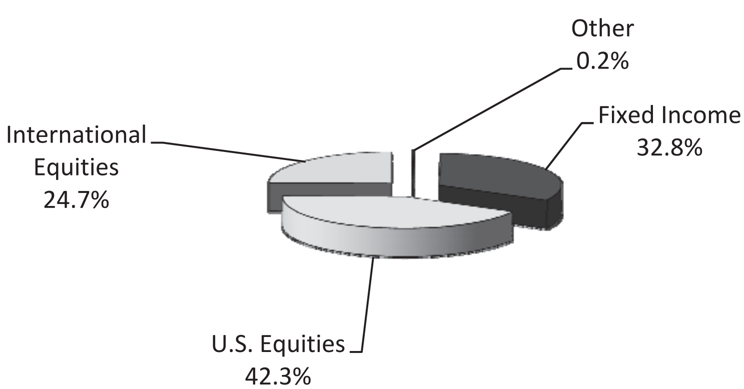
Cash, Cash Equivalents, and Investment Portfolio
($ millions)

	June 30, 2011	June 30, 2010	June 30, 2009
Fixed income	$ 2,471.2	$ 2,376.8	$ 2,046.2
U.S. equities	2,881.1	2,218.9	2,032.0
International equities	1,681.6	1,297.9	1,178.9
Other	15.7	28.6	27.3
Total managed investments	7,049.6	5,922.2	5,284.4
Cash equivalents on deposit with State	1.2	2.0	0.8
Securities lending collateral	725.6	615.5	785.1
Total cash, cash equivalents, and investments	$ 7,776.4	$ 6,539.7	$ 6,070.3

The increase in the Plan's managed investments is reflective of the increase in all markets for the year. The Plan's overall return for the year ended June 30, 2011 was 21.2%. A 4.6% return for the fixed income component exceeded the market trend for the asset class. U.S. equities showed a return of 32.2%, and international equities showed a return of 30.0%. Domestic small cap equities were increased $135.3 million during the year due to a reallocation of $96.8 million from large cap equities and $22.0 million from fixed income. Amounts of $95.0 million of U.S. equities and $46.7 million of fixed income were used 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, 2011 the distribution of the Plan's investments including accrued income and pending trades was as follows:

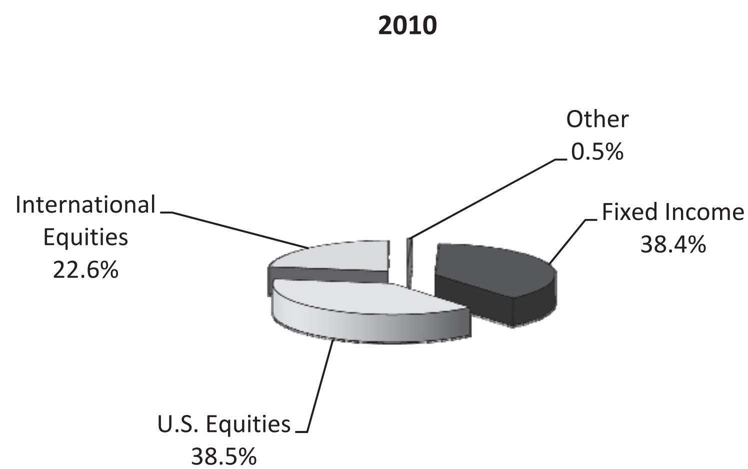
2011



Management's Discussion and Analysis (continued)

For the year ended June 30, 2010 the increase in the Plan's managed investments is reflective of the increase in all markets for the year. The Plan's overall return was 13.8%. A 12.9% return for the fixed income component exceeded the market trend for the asset class. U.S. equities showed a return of 16.4%, and international equities showed a return of 10.0%. Fixed income holdings were increased $135.0 million during the year due to a reallocation from domestic equities. Another $16.5 million of U.S. equities and $128.5 million of fixed income were used 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, 2010 the distribution of the Plan's investments including accrued income and pending trades was as follows:



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:

2011	2010	2009
80.7%	66.0%	66.8%

Plan Amendments

Plan provision changes were enacted by the State Legislature during the session ended in May 2010. The changes include adjustments to the retirement age requirements, changes in participation requirements for elected officials, changes to the funding of cost of living adjustments, an extension of the voluntary buyout fund created to provide budget relief to state agencies, and a clarification on procedures for administrative hearings and appeals.

Management's Discussion and Analysis (continued)

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.

Statements of Plan Net Assets

June 30, 2011 and 2010

Assets	**2011**	**2010**
Cash equivalents	$ 174,890,095	$ 157,359,942
Receivables:		
Member contributions	3,077,652	3,201,144
State and local agency contributions	10,884,088	11,241,230
Due from brokers for securities sold	330,608,855	278,378,484
Accrued interest and dividends	15,493,674	14,990,441
Total receivables	360,064,269	307,811,299
Investments, at fair value:		
Short-term investments	39,569,804	24,823,239
Government obligations	1,435,424,873	1,321,207,854
Corporate bonds	854,458,642	924,072,479
Domestic equities	2,859,836,292	2,197,488,032
International equities	1,686,604,195	1,299,271,431
Securities lending collateral	725,638,216	615,487,747
Total investments	7,601,532,022	6,382,350,782
Property and equipment, at cost, net of accumulated depreciation of $1,233,228 in 2011 and $1,090,492 in 2010	818,679	668,540
Other assets	226,641	257,587
Total assets	8,137,531,706	6,848,448,150
Liabilities		
Due to brokers and investment managers	570,891,721	458,581,140
Securities lending collateral	725,638,216	615,487,747
Total liabilities	1,296,529,937	1,074,068,887
Net assets held in trust for pension benefits	$ 6,841,001,769	$ 5,774,379,263

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Additions:		
Contributions:		
Members	$ 66,431,434	$ 69,041,436
State and local agencies	252,904,579	259,779,236
Total contributions	319,336,013	328,820,672
Investment income:		
From investing activities:		
Net appreciation in fair value of investments	1,122,811,032	610,536,132
Interest	69,039,631	76,143,014
Dividends	40,475,599	35,222,195
Total investment income	1,232,326,262	721,901,341
Less – Investment expenses	(7,466,011)	(6,543,751)
Income from investing activities	1,224,860,251	715,357,590
From securities lending activities:		
Securities lending income	2,381,383	2,426,231
Securities lending expenses:		
Borrower rebates	(232,771)	(532,630)
Management fees	(322,370)	(356,110)
Income from securities lending activities	1,826,242	1,537,491
Net investment income	1,226,686,493	716,895,081
Total additions	1,546,022,506	1,045,715,753
Deductions:		
Retirement, death and survivor benefits	462,062,563	429,260,056
Refunds and withdrawals	12,656,758	11,058,379
Administrative expenses	4,680,679	4,555,833
Total deductions	479,400,000	444,874,268
Net increase	1,066,622,506	600,841,485
Net assets held in trust for pension benefits:		
Beginning of year	5,774,379,263	5,173,537,778
End of year	$ 6,841,001,769	$ 5,774,379,263

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2011 and 2010

(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 may 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. Any gains and losses on these contracts are included in income in the period in which the exchange rates change.

Notes to Financial Statements (continued)

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 as are the costs of internally generated computer software. 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) 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.

Notes to Financial Statements (continued)

At June 30 the Plan's membership consisted of:

	2011	2010
Retirees and beneficiaries currently receiving benefits	29,418	28,009
Terminated vested participants	5,522	5,560
Active participants	40,551	43,934
Total	75,491	77,503

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 is 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, either 1.9% or 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

Notes to Financial Statements (continued)

employee contributions or survivor benefits due to the beneficiary. Death benefits paid for the years ended June 30, 2011 and 2010 totaled approximately $4,436,000 and $4,466,000, 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 $0.8 million has been included in the calculation of the actuarial liability of the Plan at June 30, 2011 and 2010.

(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 2011 and 2010, *state agency employers* contributed 15.5% on all salary, and *state employees* contributed 3.5% on all salary.

For 2011 contributions of *participating county and local agencies* totaled 20.0% 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 11.5% up to a maximum of 16.5%. For 2010 contributions of *participating county and local agencies* totaled 19.0% 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 10.5% up to a maximum of 15.5%.

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.

Notes to Financial Statements (continued)

Effective November 1, 2010 elected officials who are first elected or appointed to an elected office may select one of two benefit computation factors - 1.9% or 4.0% - with the respective employee contribution rates of 4.5% or 10.0%.

Hazardous Duty Members

For 2011 and 2010 hazardous duty members contributed 8% and their employer agencies contributed 15.5% on all salary.

Effective July 1, 2010 the contribution rates increase as follows:

The state agency employer contribution rate will increase to 16.5% for the year ended June 30, 2012 and each year thereafter.

(d) Participating Employers

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

	2011	2010
State agencies	126	124
County governments	75	75
Local government towns and cities	28	28
Other local governmental units	57	52
Total	286	279

(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

	2011	2010
Cash equivalents		
State Treasurer	$ 1,276,210	$ 1,979,498
Custodial agent	171,571,209	154,637,315
Foreign currency	2,042,676	743,129
Total cash and cash equivalents	$ 174,890,095	$ 157,359,942

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 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, 2011 and 2010 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, 2011, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $1,276,210 and the bank balances totaled $9,269,403. At June 30, 2010, as a result of outstanding checks, the Plan's carrying amount in *OK INVEST* totaled $1,979,498 and the bank balances totaled $9,862,294. At June 30, 2011 and 2010 the carrying amounts of the Plan's custodial agent cash equivalents were the same as the bank balances, $171,571,209 and $154,637,315, 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, 2011 and 2010 the foreign currency holdings were $2,042,676 and $743,129, 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, 2011 and 2010 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.

Notes to Financial Statements (continued)

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

	2011	2010
U.S. Treasury notes/bonds	$ 310,627,697	$ 405,066,213
U.S. Treasury strips	103,521,994	141,300,079
U.S. TIPS index fund	217,029,797	201,263,717
Government agencies	148,068,004	152,001,753
Government mortgage-backed securities	647,145,562	388,548,756
Municipal bonds	13,381,666	43,466,130
Corporate bonds	545,957,803	545,680,796
Asset-backed securities	157,360,480	174,111,214
Commercial mortgage-backed securities	130,337,416	139,697,741
Non government backed collateralized mortgage obligations	56,106,508	78,969,685
Domestic equities	1,183,856,294	874,783,387
U.S. equity index fund	1,675,979,998	1,322,704,645
International equities	576,635,456	447,399,131
International equity index funds	1,109,885,131	851,869,788
Securities lending collateral	725,638,216	615,487,747
Total investments	$ 7,601,532,022	$ 6,382,350,782

The Plan participates in a fixed income and international and domestic equity index funds managed by BlackRock Institutional Trust Company, N.A. (BTC). Prior to December 2009 international and domestic equity index funds were managed by Barclays Global Investors, N.A. (BGI). BTC, a subsidiary of BlackRock Inc., is a national banking association and operates as a limited purpose trust company. Its primary regulator is the Office of the Comptroller of the Currency (OCC), the agency of the U.S. Treasury Department that regulates United States national banks. BGI, a wholly owned subsidiary of Barclays Bank PLC. (Barclays), operated as a limited purpose trust company, and its primary regulator was the OCC. In December 2009 BlackRock, Inc. acquired from Barclays all of the outstanding equity interests of subsidiaries of Barclays conducting the business of BGI. Each fund is a collective fund which is a group trust and an entity separate from the manager, (BTC and prior to December 2009 BGI), other funds, and the investing participants. BTC, and prior to December 2009 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. As of June 30, 2011, the Plan was invested in four domestic equity index funds, two international equity index funds and a fixed income index fund. In 2010 the Plan invested in a domestic equity index fund, three international equity index funds and a fixed income index fund. 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 2011 and 2010 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, 2011 and 2010 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, 2011 and 2010 were $706,274,811 and $595,667,637, respectively, and the collateral received for those securities on loan was $725,638,216 and $615,487,747, 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, 2011 and 2010 the cash collateral investments had an average weighted maturity of 21 and 24 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.

(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 Statistical Rating Organization (NASRO). In the event that a credit rating 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 NASRO 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 NASRO. In the event that a credit rating is downgraded below this minimum, the investment manager shall immediately notify OPERS staff and provide an evaluation and recommended course of action.

Notes to Financial Statements (continued)

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, 2011 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio and a rate anticipator portfolio including a U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio which held $18,121,029 in issues rated below BBB- and the core plus fixed income portfolio which held $7,065,008 in issues rated below B. The Plan's investment managers have advised retention of the securities after having assessed their risk/reward profiles. At June 30, 2010 the domestic fixed income portfolio consisted of a core fixed income portfolio, a core plus fixed income portfolio and a rate anticipator portfolio including a U.S. TIPS Index fund. All components met the stated policy restrictions except the core fixed income portfolio which held $29,294,343 in issues rated below BBB- and the core plus fixed income portfolio which held $4,490,860 in issues rated below B. The Plan's investment managers have advised retention of the securities after having assessed their risk/reward profiles.

Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have credit risk. At June 30, 2011 the Plan held 22.1% of fixed income investments that were not considered to have credit risk and 9.3% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities. At June 30, 2010 the Plan held 26.7% of fixed income investments that were not considered to have credit risk and 8.9% in a U.S. TIPS index fund made up of explicitly guaranteed U.S. Treasury Inflation-Protected Securities.

The Plan's exposure to credit risk at June 30, 2011 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	Not Rated or Rating Not Available	Total
Government agencies	$ 116,498	$ —	$ 8,734	$ 5,908	$ —	$ —	$ —	$ 16,103	$ 147,243
Government mortgage-backed securities	28,587	—	—	—	—	—	—	519,501	548,088
Municipal bonds	—	3,074	10,308	—	—	—	—	—	13,382
Corporate bonds	71,405	54,802	172,857	168,134	40,554	9,124	1,335	27,747	545,958
Asset-backed securities	101,237	26,815	16,189	3,427	3,344	10	3,628	2,710	157,360
Commercial mortgage-backed securities	76,907	9,452	40,541	2,917	520	—	—	—	130,337
Non government backed collateralized mortgage obligations	40,985	—	—	1,689	825	7,862	2,296	2,450	56,107
Total fixed income securities exposed to credit risk	$ 435,619	$ 94,143	$ 248,629	$ 182,075	$ 45,243	$ 16,996	$ 7,259	$ 568,511	$ 1,598,475
Percent of total fixed income portfolio	18.7%	4.0%	10.7%	7.8%	1.9%	0.7%	0.4%	24.4%	68.6%

Notes to Financial Statements (continued)

The Plan's exposure to credit risk at June 30, 2010 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	Not Rated or Rating Not Available	Total
Government agencies	$ 94,983	$ 16,650	$ 23,240	$ —	$ —	$ —	$ —	$ 15,771	$ 150,644
Government mortgage-backed securities	—	—	—	—	—	—	—	328,973	328,973
Municipal bonds	1,984	11,728	23,353	4,726	—	—	—	1,675	43,466
Corporate bonds	95,300	93,316	157,041	152,941	25,843	7,512	—	13,728	545,681
Asset-backed securities	138,655	12,788	11,152	2,279	3,440	—	4,104	1,693	174,111
Commercial mortgage-backed securities	107,032	6,356	26,310	—	—	—	—	—	139,698
Non government backed collateralized mortgage obligations	45,671	—	335	2,421	1,668	12,916	12,508	3,451	78,970
Total fixed income securities exposed to credit risk	$ 483,625	$ 140,838	$ 241,431	$ 162,367	$ 30,951	$ 20,428	$ 16,612	$ 365,291	$ 1,461,543
Percent of total fixed income portfolio	21.3%	6.2%	10.6%	7.2%	1.4%	0.9%	0.7%	16.1%	64.4%

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

	2011		2010	
Credit Rating	*OK INVEST*	Custodial Agent	*OK INVEST*	Custodial Agent
AAA	79.8 %	22.1 %	87.1 %	31.2 %
AA	1.3	—	0.7	—
A1	6.9	77.9	6.3	68.8
BBB	—	—	—	—
BB	—	—	—	—
NR	12.0	—	5.9	—
	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 and makes assumptions regarding the most likely timing and amounts of variable cash flows arising from investments such as callable bonds, collateralized mortgage obligations, and other mortgage-backed securities.

Notes to Financial Statements (continued)

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

	2011			2010		
		Fair Value	Effective duration in years		Fair Value	Effective duration in years
U.S. Treasury notes/bonds	$	310,627,697	8.9	$	405,066,213	10.5
U.S. Treasury strips		103,521,994	21.0		141,300,079	22.1
U.S. TIPS index fund		217,029,797	7.6		201,263,717	3.5
Government agencies		148,068,004	3.3		152,001,753	3.4
Government mortgage-backed securities		647,145,562	3.6		388,548,756	3.9
Municipal bonds		13,381,666	9.2		43,466,130	11.1
Corporate bonds		545,957,803	4.2		545,680,796	4.6
Asset-backed securities		157,360,480	1.5		174,111,214	0.8
Commercial mortgage-backed securities		130,337,416	3.6		139,697,741	4.0
Non government backed collateralized mortgage obligations		56,106,508	1.6		78,969,685	2.1
Total fixed income	$	2,329,536,927		$	2,270,106,084	
Portfolio duration			5.4			6.2

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, 2011 and 2010 the Plan held $157,360,480 and $174,111,214, respectively, in asset-backed securities.

Mortgage-backed securities are securities backed by mortgages issued by public and private institutions. At June 30, 2011 and 2010 the Plan held $647,145,562 and $388,548,756, 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 $130,337,416 and $139,697,741, 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. 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, 2011 and 2010 the Plan held $56,106,508 and $78,969,685, respectively, in non government backed CMOs.

Notes to Financial Statements (continued)

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

	2011		2010	
Maturities (in days)	***OK INVEST***	**Custodial Agent**	***OK INVEST***	**Custodial Agent**
0 - 14	20.2 %	18.7 %	16.8 %	47.0 %
15 - 30	0.8	14.7	0.8	18.0
31 - 60	1.4	16.4	1.5	12.0
61 - 90	1.3	24.8	1.5	15.7
91 - 180	4.3	11.8	5.6	4.8
181 - 364	3.9	13.6	8.7	2.5
365 - 730	9.3	—	13.5	—
Over 730	58.8	—	51.6	—
	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.

Notes to Financial Statements (continued)

The Plan's exposure to foreign currency risk by asset class at June 30, 2011 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 31,606,695	$ (17,221,573)	$ —	$ 14,385,122	0.8 %
Brazilian real	13,068,865	—	18	13,068,883	0.8
British pound sterling	89,139,145	(493,030)	(3)	88,646,112	5.2
Canadian dollar	6,438,531	—	—	6,438,531	0.4
Egyptian pound	224,927	—	5,488	230,415	0.0
Euro	183,954,065	—	399,290	184,353,355	10.9
Hong Kong dollar	26,993,235	199,157	141,589	27,333,981	1.6
Indonesian rupiah	4,839,767	—	27,250	4,867,017	0.3
Japanese yen	87,474,243	—	1,425,709	88,899,952	5.3
Malaysian ringgit	1,344,274	—	—	1,344,274	0.1
Mexican peso	3,918,985	—	—	3,918,985	0.2
New Zealand dollar	1,319,889	(162,578)	—	1,157,311	0.1
Polish zloty	895,696	—	—	895,696	0.1
Singapore dollar	15,110,583	—	25	15,110,608	0.9
South African rand	6,672,028	22,871	43,309	6,738,208	0.4
South Korean won	9,056,125	102,242	—	9,158,367	0.5
Swiss franc	22,566,138	(12,412,862)	—	10,153,276	0.6
Thai baht	4,183,108	—	—	4,183,108	0.2
Turkish lira	4,240,234	—	1	4,240,235	0.3
International portfolio exposed to foreign currency risk	513,046,533	(29,965,773)	2,042,676	485,123,436	28.7
International portfolio in U.S. dollars	1,173,557,662	29,882,165	4,702,214	1,208,142,041	71.3
Total international portfolio	$ 1,686,604,195	$ (83,608)	$ 6,744,890	$ 1,693,265,477	100.0 %

Notes to Financial Statements (continued)

The Plan's exposure to foreign currency risk by asset class at June 30, 2010 is as follows:

Currency	Equities	Short-term Investments	Cash	Total	Percent
Australian dollar	$ 39,498,581	$ —	$ 58	$ 39,498,639	3.0 %
Brazilian real	7,200,568	—	7	7,200,575	0.5
British pound sterling	65,400,483	—	(6)	65,400,477	5.0
Canadian dollar	5,834,071	—	—	5,834,071	0.4
Czech koruna	2,248,998	—	—	2,248,998	0.2
Egyptian pound	306,856	—	—	306,856	—
Euro	123,315,035	—	28,905	123,343,940	9.5
Hong Kong dollar	20,613,365	(323,740)	85,759	20,375,384	1.6
Indonesian rupiah	1,516,658	—	—	1,516,658	0.1
Japanese yen	82,783,490	(255,228)	615,312	83,143,574	6.3
Malaysian ringgit	1,484,518	—	—	1,484,518	0.1
Mexican peso	1,487,228	—	10,960	1,498,188	0.1
New Zealand dollar	1,991,651	—	—	1,991,651	0.2
Polish zloty	667,032	—	—	667,032	0.1
Singapore dollar	15,202,136	—	2,134	15,204,270	1.2
South African rand	4,272,913	—	—	4,272,913	0.3
South Korean won	4,350,378	(63,653)	—	4,286,725	0.3
Swiss franc	20,126,063	—	—	20,126,063	1.5
Thai baht	2,093,000	—	—	2,093,000	0.2
Turkish lira	3,906,058	282,530	—	4,188,588	0.3
International portfolio exposed to foreign currency risk	404,299,082	(360,091)	743,129	404,682,120	30.9
International portfolio in U.S. dollars	894,972,349	357,579	11,710,301	907,040,229	69.1
Total international portfolio	$ 1,299,271,431	$ (2,512)	$ 12,453,430	$ 1,311,722,349	100.0 %

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, 2011 and 2010 were approximately $66.3 million and $16.6 million, respectively.

Notes to Financial Statements (continued)

(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:

	2011	2010
Actuarial value of the assets (a)	$ 6,598,627,939	$ 6,348,416,407
Actuarial accrued liability (AAL) (b)	$ 8,179,767,661	$ 9,622,627,833
Total unfunded actuarial accrued liability (UAAL) (b-a)	$ 1,581,139,722	$ 3,274,211,426
Funded ratio (a/b)	80.7 %	66.0 %
Covered payroll	$ 1,570,500,148	$ 1,683,697,139
UAAL as a percentage of covered payroll	100.7 %	194.5 %

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, 2011 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.

Notes to Financial Statements (continued)

Amortization

The funding policy amortizes the UAAL on a level percent of payroll over a 20-year closed period. At June 30, 2011 there are 14 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, 2011 and 2010 are as follows:

- Investment return – 7.5% compounded annually
- Salary increases – 4.9% to 8.8% 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)
- No annual post-retirement benefit increases
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% 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 the following significant plan provisions during the session ended in May 2011:

(a) Changes to Retirement Age Requirements and Changes to Participation by Elected Officials

Under SB 794, the retirement age for all OPERS members hired on or after November 1, 2011, was increased to age 65. Members hired on or after November 1, 2011, must also be at least age 60 to retire with 90 points. These members may retire with full, unreduced benefits from OPERS when the sum of their age and years of service in OPERS equals 90 or more and they are at least 60 years of age.

Also, under SB 794, the vesting period for elected officials first elected on or after November 1, 2011, was increased to eight years of elected or appointed service. The retirement age for newly elected officials was increased to age 65 with eight years of elected or appointed service, or age 62 with 10 years of elected or appointed service. Newly elected officials will also contribute at the same rate and have their benefits calculated using the same computation factor as other state and local government employees.

Notes to Financial Statements (continued)

(b) Changes to Funding of Cost of Living Adjustments

Cost of living adjustments (COLAs) for retired OPERS members must be passed by the Legislature. Under HB 2132, COLAs are no longer considered "non-fiscal retirement bills" in the Oklahoma Pension Legislation Actuarial Analysis Act. This means COLAs must now be funded by the Legislature before they can be passed into law. This bill becomes effective August 25, 2011.

(c) Voluntary Buyout Fund Extended

In May 2010, the State Legislature created the Voluntary Buyout Reimbursement Revolving Fund to provide budget relief to state agencies and provide reimbursement to state agencies that offered voluntary buy-out benefits to retirement-eligible employees. The deadline for state agencies to apply for these funds was originally June 30, 2011. HB 2177 extended the deadline for application to June 30, 2012.

(d) Clarification on Administrative Hearings and Appeals

Existing law requires suits against OPERS be brought in Oklahoma County. SB 840 provides clarification on appeals to administrative decisions by the OPERS Board. This bill brings the OPERS hearing procedures in line with the Administrative Procedures Act including the appointment of hearing examiners.

(8) New Pronouncements

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. GASB 62 is effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63) which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB 63 is effective for financial statements for periods beginning after December 15, 2011.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53* (GASB 64) which clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. GASB 64 sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. GASB 64 is effective for financial statements for periods beginning after June 15, 2011.

OPERS is currently evaluating the effects the above GASB Pronouncements will have on its financial statements.

Required Supplementary Information

(Unaudited)
June 30, 2011
Schedule 1

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)
6/30/2006	$5,654,276,043	$7,914,657,886	$2,260,381,843	71.4 %	$1,568,350,023	144.1
6/30/2007	6,110,230,058	8,413,248,130	2,303,018,072	72.6	1,626,737,832	141.6
6/30/2008	6,491,928,362	8,894,287,254	2,402,358,892	73.0	1,682,663,413	142.8
6/30/2009	6,208,245,334	9,291,457,837	3,083,212,503	66.8	1,732,975,532	177.9
6/30/2010	6,348,416,407	9,622,627,833	3,274,211,426	66.0	1,683,697,139	194.5
6/30/2011	6,598,627,939	8,179,767,661	1,581,139,722	80.7	1,570,500,148	100.7

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2006	$ 309,980,339	55.3 %
2007	338,550,016	58.4
2008	363,914,352	60.5
2009	323,104,773	75.2
2010	389,155,339	66.8
2011	402,011,633	62.9

Supplementary Information

Schedule of Investment Expenses

Years Ended June 30, 2011 and 2010

Schedule 2

	2011	2010
Investment management fees:		
Fixed Income Managers:		
BlackRock Institutional Trust Company, N.A.	$ 1,111,269	$ 1,119,247
Hoisington Investment Management	332,247	448,730
Metropolitan West Asset Management, LLC	1,551,912	1,175,558
U.S. Equity Managers:		
Aronson, Johnson, and Ortiz, LP	132,311	—
Barrow, Hanley, Mewhinney & Strauss, Inc.	640,381	486,451
BlackRock Institutional Trust Company, N.A.	124,233	147,336
DePrince Race & Zollo, Inc.	163,435	—
Mellon Capital Management	125,000	121,701
State Street Global Advisors	87,617	77,017
Turner Investment Partners, Inc.	158,951	256,611
UBS Global Asset Management	282,954	187,771
International Equity Managers:		
BlackRock Institutional Trust Company, N.A.	525,753	512,387
Mondrian Investment Partners, Ltd	1,958,874	1,756,811
Total investment management fees	7,194,937	6,289,620
Investment consultant fees:		
Strategic Investment Solutions, Inc.	242,134	225,189
Investment custodial fees:		
Northern Trust Company	28,940	28,942
Total investment expenses	$ 7,466,011	$ 6,543,751

See accompanying independent auditors' report.

Supplementary Information

Schedule of Adminstrative Expenses

Years Ended June 30, 2011 and 2010

Schedule 3

	2011	2010
Staff salaries	$ 2,590,863	$ 2,474,150
Social Security	190,661	183,561
Retirement	421,664	403,269
Insurance	589,537	525,218
Temporary employees	149,594	148,188
Total personnel services	3,942,319	3,734,386
Actuarial	101,967	135,867
Audit	129,715	175,803
Legal	29,247	61,022
Administrative	52,600	73,134
Total professional services	313,529	445,826
Printing	111,570	108,236
Telephone	19,780	21,647
Postage and mailing expenses	114,572	144,409
Travel	37,137	27,624
Total communication	283,059	301,916
Office space	183,239	200,102
Equipment leasing	42,519	42,854
Total rentals	225,758	242,956
Supplies	37,641	40,295
Maintenance	83,027	76,824
Depreciation	204,632	147,415
Other	154,243	169,189
Total miscellaneous	479,543	433,723
Total administrative expenses	5,244,208	5,158,807
Administrative expenses allocated		
Uniform Retirement System for Justices and Judges (URSJJ)	(118,765)	(114,663)
Oklahoma State Employees Deferred Compensation Plan (DCP)	(356,095)	(393,038)
Oklahoma State Employees Deferred Savings Incentive Plan (SIP)	(88,669)	(95,273)
Total administrative expenses allocated	(563,529)	(602,974)
Net administrative expenses	$ 4,680,679	$ 4,555,833

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.

Supplementary Information

Schedule of Professional/Consultant Fees

Years Ended June 30, 2011 and 2010

Schedule 4

Professional/Consultant	Service	2011	2010
Cavanaugh Macdonald Consulting, Inc.	Actuarial	$ 79,167	$ —
Milliman, Inc.	Actuarial	22,800	135,867
Cole & Reed PC	External Auditor	79,300	77,000
Finley & Cook, PLLC	Internal Auditor	50,415	98,803
Ice Miller LLP	Legal	11,619	30,686
Phillips Murrah, P.C.	Legal	7,778	25,346
Lee Slater, Attorney at Law	Hearings Examiner	—	3,040
Michael Mitchelson	Hearings Examiner	50	—
Slater & Denny	Hearings Examiner	9,800	1,950
CEM Benchmarking, Inc.	Performance Measurement Consulting	35,000	35,000
EFL Associates, Inc.	Executive Search	—	33,134
Principal Technologies, Inc.	Executive Search	12,600	—
Glass Lewis & Co.	Proxy Services	5,000	5,000
		$ 313,529	$ 445,826

See accompanying independent auditors' report.

CONNECTIONS

Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

INVESTMENT

Section Contents

Investment Consultant's Report

STRATEGIC INVESTMENT SOLUTIONS, INC.

Strategic Investment Solutions, Inc.
333 Bush St., Ste. 2000
San Francisco, CA 94104

Tel 415/362-3484
Fax 415/362-2752

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 5.1%.

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	6/30/11 ALLOCATION	LOW	TARGET	HIGH	% PASSIVE OR SEMI-PASSIVE
US EQUITY	42.2%	34.7%	40.0%	45.3%	81.4%
FIXED INCOME	32.8%	31.9%	36.0%	40.1%	61.9%
INT'L EQUITY	24.7%	21.0%	24.0%	27.0%	65.8%
CASH	0.3%	0.0%	0.0%	0.0%	100.0%

Investment Consultant's Report (continued)

Review of Fiscal 2011 Investment Environment

Fiscal year ended June 30, 2011 saw a continuation of the strong rally in equities off of their lows from March 9, 2009. The total US equity market was up (+32.4% Russell 3000 Index) for the 12-month period ending June 30, 2011. Non-US equity markets were also quite strong (+30.3% MSCI ACWI ex-US) for the 12-month period to June 30, 2011. The US fixed income market produced a positive return (+3.9% Barclays Capital Aggregate Index) for the fiscal year ending June 30, 2011 as short-term interest rates remained at historic low levels and spreads on corporate and mortgage sector bonds continued to narrow.

Within the US equity market, stocks of small companies outperformed large (+37.4% versus +31.9%). Growth stocks outperformed value stocks within large caps (+35.0% versus +28.9%) and also within small caps (+43.5% versus +31.4%).

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, 2011 have been calculated using a time-weighted rate of return methodology based upon market values. As shown in the following table, for the 1, 3 and 5-year annualized time periods ending June 30, 2011 the US Equity asset classes performed slightly below its respective benchmark. The Non-US Equity asset class performed slightly below its respective benchmark for the 1 and 5-year annualized time periods and above for the annualized 3-year time period ending June 30, 2011. The Fixed Income asset class performed above its respective benchmark for the 1, 3 and 5-year annualized time periods ending June 30, 2011.

The Domestic Equity asset class was ranked below median for the annualized time periods of 1,3 and 5-years while the Non-US Equity was ranked right about at median and the Fixed Income asset class was also ranked right about at median for these same annualized time periods.

Investment Consultant's Report (continued)

The total OPERS Plan has performed above its Policy Benchmark for the annualized time period of 3 and 5-years to June 30, 2011. The ranking for the total OPERS Plan for the annualized time period of five years is at the 20th percentile for the peer universe of Public Funds greater than $100 Million.

PERIODS ENDED 6/30/11	ONE YEAR	THREE YEARS	FIVE YEARS
Domestic Equity	+32.2%	+3.7%	+3.0%
87.5% Russell 1000 / 12.5% Russell 2000	+32.8%	+4.1%	+3.4%
Rank	58*	67	77
Non-US Equity	+30.0%	+0.2%	+3.7%
MSCI ACWI ex-US	+30.3%	+0.1%	+4.1%
Rank	56	51	48
Fixed Income	+4.6%	+7.3%	+7.3%
80% BC Agg./ 10% Citi 20-Year Index/ 10%BC US TIPS	+3.6%	+6.4%	+6.4%
Rank	62	54	45
Total Fund	+21.2%	+5.3%	+5.4%
*Policy Benchmark****	+21.3%	+4.7%	+5.2%
Public Fund > $100 Million	+21.6%	+4.4%	+4.8%
Median Rank**	56	28	20

* Ranking 1 is best, 100 is worst.

** Rankings source - ICC Public Funds Universe

*** Policy Benchmark is: 40% (87.5% Russell 1000/ 12.5% Russell 2000) Custom Domestic Equity Benchmark /36% (80% BC Agg / 10% Citi 20-Year / 10% BC US TIPS) Custom Fixed Income Benchmark / 24% MS ACWI ex-US.

Yours truly,

Paul S. Harte

Paul S. Harte
Senior Vice President

Chief Investment Officer's Report

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, Oklahoma 73152-30077

800.733.7008 toll-free
405.848.5946 fax

Dear Members:

The fiscal year 2011 will surely be one to remember. The OPERS Fund achieved its best performance in at least the last 20 years, returning more than 21%. The staff is pleased with this result, but we remain aware that market performance can exhibit high volatility and investment results can change rather quickly. We have not changed the way we manage the Fund in response to the performance of the markets and have maintained the same disciplined process and application of the investment philosophy. This year's letter, which covers the period from July 1, 2010, to June 30, 2011, will follow the same format as last year. First, I will discuss the general economic environment and the performance of various markets throughout the fiscal year. Next, I will focus on the Fund by reviewing the investment performance and the asset allocation. After that, I will offer an investment outlook and discuss recent events at the Fund. Lastly, I will review the Fund's investment philosophy and guiding principles, because both are critically important to the investment decision-making process.

Economic Environment

The global macroeconomic environment did not inspire great confidence throughout the year. Economic activity in the U.S. was lackluster in general. Real GDP grew at an annual rate of 1.3% for the three months ending June 30, 2011. This result, while well below the long-term potential of the economy, was an improvement over the first quarter's growth rate of 0.4%. Economic statistics also showed that the housing market had yet to gain significant traction. Unemployment continued to be high at 9.2% for June 2011. Reports from the Federal Reserve conveyed disappointment in the speed and magnitude of the economic recovery with chairman of the Federal Reserve, Ben Bernanke, calling the recovery "frustratingly slow" in June 2011. The president of the Federal Reserve Bank of New York said "the recovery remains distinctly subpar in spite of aggressive monetary and fiscal stimulus." In addition to maintaining extraordinarily low short term rates, the Federal Reserve announced another action in late 2010 designed to stimulate economic activity by purchasing $600 billion in Treasury bonds. "QE2," as the program was known, was completed by the end of June 2011.

The ratings agencies were active during the year. Sovereign risk became a key driver of market apprehension toward the end of the fiscal year. The European Union continued to struggle with the sovereign debt problems of several peripheral European countries. The government debt ratings of Portugal, Greece, and Ireland were downgraded by the rating agencies in early 2011. Those countries were forced to seek financial assistance from the European Union and the IMF. The response to the European debt crisis by the policy makers of the stronger economies of Germany and France has, thus far, not been able to assuage market concerns.

Chief Investment Officer's Report (continued)

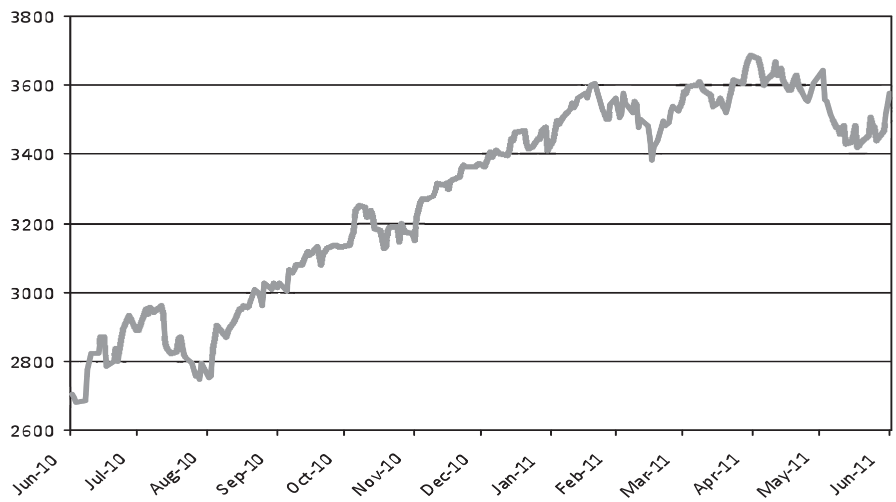
Capital Markets

U.S. Stock Market

Stocks performed exceptionally well for the fiscal year, particularly when one factors in the glum performance of the global economy. The chart on the right shows the performance of the Russell 3000 Index for the fiscal year. The Russell 3000 Index is one of the broadest equity indices available and a good proxy for the U.S. equity market as a whole.

Change in the Russell 3000 Index during the fiscal year ended June 30, 2011

Value at 6/30/10	2703.08
Value at 6/30/11	3577.97



Source: Frank Russell Company

The Russell 3000 Index ended the fiscal year up 32.4% for the period. The market was buoyed by exceptionally strong corporate profits and continued monetary stimulus. Companies in the U.S. continued to positively surprise the market with strong earnings gains, driven not only by expense containment (as seen in 2010) but also by gains in revenue.

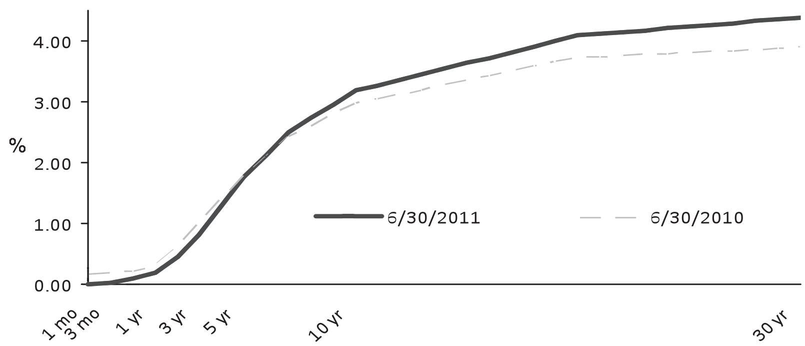
However, in the Spring of 2011, market sentiment soured. Sovereign credit concerns in Europe came into sharper focus, Japan suffered a catastrophic earthquake and tsunami, and geo-political concerns related to multiple revolutions in the Middle East combined with sluggish economic growth in the U.S. to sap investor confidence. For the 12 months ending June 30, 2011, the riskiest parts of the market garnered the largest returns, as small capitalization stocks handily outperformed large capitalization stocks. The Russell 2000 Growth Index (a small capitalization index tilted toward companies with higher growth rates) was up more than 43% during the same 12-month period.

Interest Rates

The chart on the next page depicts the U.S. Treasury term structure of interest rates. The yield curve is a graphical representation of yield levels across the spectrum of bond maturities. As shown, rates barely fell in the short end of the curve and modestly rose in the long end of the curve. The Federal Reserve continued its accommodative posture by keeping the short term Federal Funds Rate exceptionally low (0-0.25%) to stimulate economic activity.

Chief Investment Officer's Report (continued)

U.S. Treasury Yield Curve



Source: U.S. Treasury

Yields on U.S. Treasury bonds generally ended the 2011 fiscal year higher compared to year-end 2010. Yields on government debt reacted to alternating investor sentiment, from the apprehension (and flight to quality) in the first and fourth quarters of the fiscal year which depressed yield levels, to the optimism of the second and third quarter which caused yields to rise. During the year, the 10-year Treasury yield rose as high as 3.75%, but ended the fiscal year at 3.18% as the U.S. economy stalled and investors sought refuge from sovereign risks in Europe.

Investment Returns Through June 30, 2011

U.S. Equity	Style	1 Year	3 Years	5 Years
Russell 3000	Broad US Equity	32.37%	4.00%	3.35%
S&P 500	Large Cap Equity	30.69%	3.34%	2.94%
Russell 1000	Large Cap Equity	31.93%	3.68%	3.30%
Russell 1000 Growth	Large Cap Growth	35.01%	5.01%	5.33%
Russell 1000 Value	Large Cap Value	28.94%	2.28%	1.15%
Russell 2000	Small Cap Equity	37.41%	7.77%	4.08%
Russell 2000 Growth	Small Cap Growth	43.50%	8.35%	5.79%
Russell 2000 Value	Small Cap Value	31.35%	7.09%	2.24%
Oklahoma Public Employees Retirement System	**Broad US Equity**	**32.19%**	**3.69%**	**2.99%**
U.S. Fixed Income	**Style**	**1 Year**	**3 Years**	**5 Years**
ML 3-Month T-Bill	Cash	0.13%	0.30%	1.81%
Barclay U.S. Aggregate	Core Bonds	3.90%	6.46%	6.52%
Citigroup 20-year Treasury Average	Long Term Bonds	-3.16%	4.97%	6.79%
ML High Yield Master II	High Yield Bonds	15.40%	12.39%	9.20%
Oklahoma Public Employees Retirement System	**Domestic Fixed Income**	**4.55%**	**7.27%**	**7.31%**
International Equity	**Style**	**1 Year**	**3 Years**	**5 Years**
MSCI ACWI Ex-US	Broad Non-US Equity	30.27%	0.11%	4.14%
MSCI EAFE	Developed Non-US Equity	30.93%	-1.30%	1.96%
MSCI Emerging Market	Emerging Non-US Equity	28.17%	4.53%	11.75%
Oklahoma Public Employees Retirement System	**Non-US Equity**	**29.98%**	**0.21%**	**3.71%**
Oklahoma Public Employees Retirement System	**Total Fund**	**21.23%**	**5.27%**	**5.40%**

Chief Investment Officer's Report (continued)

Investment Performance

Risk Continued To Be Rewarded

The total OPERS Fund produced exceptionally strong results for fiscal year 2011, returning 21.23% for the period. The Fund modestly underperformed the policy benchmark portfolio by nine basis points (.09%) for the period, as the positive contribution from an overweight to equities was more than offset by the underperformance of several funds relative to benchmarks. The investment result compares favorably to the strong performance gain for fiscal year 2010 of 13.81% and to the investment loss of 15.45% experienced in fiscal year 2009.

The Fund benefited from very strong absolute returns from all asset classes in which it invested, but especially within the equity segment. The biggest positive driver of returns for the year was the Fund's domestic equity allocation. Overall, the U.S. equity portfolio returned an incredible 32.19%. Next, the non-U.S. equity portfolio contributed strongly, with a return of nearly 30% for the period. Lastly, the U.S. fixed income portfolio delivered good relative performance considering the low levels of current yields.

U.S. Equity

The Fund used a mix of passive and active investment management within the domestic equity portfolio structure, but the vast majority of U.S. equity assets are managed in a passive style. Active U.S. equity management was a strong positive contributor to performance for the fiscal year. The Fund benefited from active management in every U.S. equity segment where active management is used. The enhanced index managers added value for the Fund, as did the manager who specializes in large capitalization value-oriented stocks. As a group, this result is an improvement from the previous year. The active managers who specialize in small capitalization stocks also performed especially well compared to their respective benchmarks. As a whole, U.S. equity delivered strong performance to the Fund for the fiscal year.

Non-U.S. Equity

The non-U.S. equity portfolio also performed well on a nominal basis, returning just less than 30% for the year. Much like the U.S. Equity portfolio, the majority of these Fund assets are managed in a passive style. One manager uses active strategies in the international value area, which modestly underperformed the benchmark. The remaining two mandates in the non-U.S. equity portion of the portfolio are passively managed. One of the passively managed portfolios, the MSCI All Country World Index Growth portfolio, underperformed the benchmark for the year. This portfolio consists of several different component index funds (developed non-U.S. growth, emerging markets, and Canada). Those components had trouble keeping up with the benchmark, whose performance was driven by high growth-oriented stocks.

Fixed Income

Bonds also contributed positively to overall returns for the period. The absolute return of the asset class was good, albeit less than the previous fiscal year. Returns from the asset class were enhanced as active managers were generally able to generate excess returns versus their respective benchmarks. The managers in the fixed income portfolio emphasize different strategies within their respective mandates. The Fund's inflation protection portfolio generated strong returns for the period. The Fund's most aggressive fixed income mandate performed well, as the modest holdings in lesser quality corporate bonds continued to generate returns well above the benchmark. The Fund's core fixed income manager also performed admirably, by emphasizing non-government sectors of the bond market. The Fund's fixed income manager that emphasizes interest rate strategies suffered investment losses as rates rose in the long end of the yield curve.

Chief Investment Officer's Report (continued)

Asset Allocation

Diversification Reduces Volatility

Diversification continues to be the most effective defense against the risks associated with any one individual security or asset class. Risks are controlled by allocating the Fund's assets across various asset classes and sectors within asset classes.

Asset Class	Min	6/30/2011	Target	Max
Cash	0.0%	0.2%	0.0%	0.0%
Domestic Fixed Income	31.9%	32.8%	36.0%	40.1%
U.S. Equity	37.3%	42.3%	40.0%	42.7%
Non-U.S. Equity	21.0%	24.7%	24.0%	27.0%
Total Fund		**100%**	**100%**	

Outlook and Recent Events

Outlook

Again this year, I will issue my standard caution regarding the accuracy of forecasted market returns. Correctly and consistently forecasting the market's behavior is impossible, and taking the forecasts as fact is sheer folly. We build the Fund according to the tenets set forth in the Investment Policy, making diversification, with respect to different asset classes and within each asset class, a priority.

Due to the timing lag between the end of the fiscal year and the writing of this report, I have a small advantage in the outlook. I certainly cannot tell you how fiscal 2012 will end, but I can tell you how it started. Unfortunately, extreme volatility returned to the global capital markets. Equity markets declined dramatically in August 2011 as the fear of a significant slowdown in global economic activity dominated the market psyche. The 10-year Treasury bond reached the lowest-ever yield in the flight from risk assets trading activity that characterized the last several months.

Despite the exceptional performance recorded in 2011, our largest concern continues to be the prospects for generating and maintaining investment results that match or exceed the actuarial assumed rate of return of 7.5%. We continue to believe this will be a challenging task going forward.

Fixed Income

Yields are exceptionally low in the fixed income markets, where OPERS maintains a sizable investment. ***Over a long period of time***, the total return of the bond market ***tends*** to resemble the yield of years' past. Over short periods, interest rate movements may have a profound impact on the capital gains (or losses) experienced by bond investors. Our expectation for the total return of the U.S. fixed income markets going forward would more closely reflect the current yield, which is around 2% to 3%. Returns more than the current yield would probably signal trouble for the broad economy (and the equity markets).

Equity

The equity markets are particularly difficult to predict with any type of precision. Over short periods of time, market sentiment and technical factors (buying and selling) have a profound impact on returns experienced by investors. ***Over a long period of time***, the real return from the equity markets can be attributable to two main sources: dividends on stocks and the growth rate of corporate earnings. Generally, the growth rate of earnings depends on the economic environment. The U.S. economy has shown signs of weakening for the past few months, and the market has already priced in the distinct possibility of another recession. Looking forward, consumer spending, which comprises more than two-thirds of the U.S. economy, continues to face the headwinds of high unemployment, declines in household wealth from the housing market struggling to find the bottom and an increase in the rate of savings by consumers. Corporate profitability continues to be strong though, and companies are in a much better position to weather economic storms than they had been in 2008. The sustainability of corporate profits given a slowdown in economic growth and the resolution of the European debt crisis, will be two key factors for markets in the coming months. If there is good news, it is that valuation levels look relatively more attractive.

Recent Events

OPERS did not make any modifications to the overall asset allocation mix during the year. Under the direction of the Board of Trustees, the staff implemented several changes to the Fund at the asset class level. The changes directly affected the U.S. equity portion of the portfolio.

The first change resulted in an enhancement to the structure of the small capitalization U.S. equity portion of the Fund. Early in the fiscal year, the Board of Trustees directed the staff to disaggregate the existing Russell 3000 index fund into its Russell 1000 (large capitalization stocks) and Russell 2000 (small capitalization stocks) components. The small capitalization portion was then used to fund a new manager who emphasizes value-oriented small capitalization stocks. The product managed by DePrince, Race & Zollo was deemed to be an excellent complement to the two other advisors already managing portions of the small capitalization portfolio. The action resulted in a new three-manager structure of active small capitalization managers who are expected to capture opportunities to add value in a broad array of market environments. The change was consistent with the OPERS investment philosophy, as the market for small capitalization stocks is thought to be much less efficient than the market for large capitalization stocks, and therefore, the opportunity to add value relative to the benchmark is more attractive.

The second change was the termination of an active manager. Turner Investment Partners, the Fund's large capitalization growth manager, was terminated in March 2011 for performance reasons. The Board of Trustees replaced Turner with a Russell 1000 Growth index fund, which ensured the Fund maintained a balance of exposures to different investment styles (i.e. growth and value) across the U.S. equity portion of the Fund.

Investment Philosophy and Guiding Principals

The investment philosophy and the principals that guide the stewardship of the Fund have remained consistent and are listed below. A pension fund has the longest of investment horizons and, therefore, rightly focuses on factors impacting long-term results.

- Asset allocation is the key factor determining long-term results.
- Disciplined rebalancing toward the desired asset allocation maintains diversification and controls risk.
- Diversification within and across asset classes is the most effective tool for controlling risk.
- Passive investment management is commonly the most effective approach in efficient markets; active investment management can be successful in inefficient markets.

For a complete discussion of the investment portfolio and policies thereof, please see the Statement of Investment Policy. A copy of the policy is posted on the OPERS website, www.OPERS.OK.gov. If you have any questions about this report or the management of the Fund's investments, please contact me. Thank you.

Regards,

Brad Tillberg, CFA
Chief Investment Officer

Largest Holdings

The Plan's ten largest fixed income and stock holdings at June 30, 2011 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 4.25% due 5-15- 2039	$85,800,000	$84,164,480
U.S. Treasury Notes .5% due 5-31-2013	82,285,000	82,371,811
U.S. Treasury Bonds Principal Strips due 11-15-2027	89,500,000	44,228,126
U.S. Treasury Bonds Principal Strips due 2-15-2036	135,000,000	43,592,850
FNMA 30 Year Single Family Mortgage 6%	29,000,000	31,804,851
GNMA 30 Year Single Family Mortgage 4.5%	29,200,000	30,728,445
U.S. Treasury Bonds 4.375% due 5-15-2040	29,198,000	29,179,897
FNMA 30 Year Single Family Mortgage 4%	26,285,000	26,285,000
Federal Home Loan Mortgage Corporation 3.525% due 9-30-2019	26,195,000	26,296,506
FNMA 30 Year Single Family Mortgage 2,375% 4-11-2016	25,405,000	25,933,805
FNMA Pool 4.5% due 10-01-2040	24,809,183	25,712,138

Ten Largest Stock Holdings (By Fair Value):

Security	Shares	Fair Value
Chevron Corp. Common Stock	206,196	$21,205,197
Exxon Mobil Corp. Common Stock	252,132	20,518,502
Apple, Inc. Common Stock	50,747	17,034,245
JPMorgan Chase & Co. Common Stock	407,756	16,693,531
Microsoft Corporation Common Stock	630,619	16,396,094
General Electric Common Stock	854,441	16,114,757
International Business Machines Corporation Common Stock	92,528	15,873,178
AT&T, Inc. Common Stock	496,821	15,605,148
Unilever PLC Ord GBP0.31111	463,819	14,937,443
Sanofi Common Stock	184,442	14,825,390

Investments in Funds (By Fair Value):

Fund	Units	Fair Value
BlackRock Russell 1000 Index Fund	17,355,544	$1,511,074,434
BlackRock ACWI ex - U.S. Index Fund	45,193,429	566,148,889
BlackRock ACWI ex - U.S. Growth Index Fund	26,027,048	543,736,242
BlackRock U.S. TIPS Index Fund	11,466,159	217,029,797
BlackRock Russell 1000 Growth Index Fund	13,249,519	164,905,565

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, 2011, 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:			
Blackrock Financial Management, Inc.	Enhanced Index	$ 1,344,275	19.1%
Hoisington Investment Management	Interest Rate Anticipation	209,923	3.0%
BlackRock Institutional Trust Company	Index Fund – U.S. TIPS	217,030	3.1%
Metropolitan West Asset Management	Full Range Core +	699,968	9.9%
Total Fixed Income		2,471,196	35.1%
U.S. Equities:			
BlackRock Institutional Trust Company	Index Fund – Russell 1000	1,511,074	21.4%
BlackRock Institutional Trust Company	Index Fund – Russell 1000 Growth	164,906	2.3%
Mellon Capital Management	Large cap – Enhanced Index	335,468	4.8%
State Street Global Advisors	Large cap – Enhanced Index	335,284	4.8%
Aronson + Johnson + Ortiz	Large cap – Value	155,609	2.2%
UBS Global Asset Management	Small cap – Growth	140,142	2.0%
Barrow, Hanley, Mewhinney & Strauss, Inc.	Small cap – Value	130,766	1.9%
DePrince, Race & Zollo, Inc.	Small cap – Value	107,890	1.5%
Total U.S. Equities		2,881,139	40.9%
International Equities:			
Mondrian Investment Partners, Ltd.	Core	571,645	8.1%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S. Growth	566,149	8.0%
BlackRock Institutional Trust Company	Index Fund – ACWI ex-U.S.	543,736	7.7%
Total International Equities		1,681,530	23.8%
Short-term Investment Funds	Operating Cash	15,726	0.2%
Total Managed Investments		7,049,591	100.0%
Securities Lending Collateral		725,638	
Cash Equivalents on Deposit with State		1,193	
Total Investments and Cash Equivalents		$ 7,776,422	
Statement of Plan Net Assets			
Cash Equivalents		174,890	
Investments		7,601,532	
Total Investments and Cash Equivalents		$ 7,776,422	

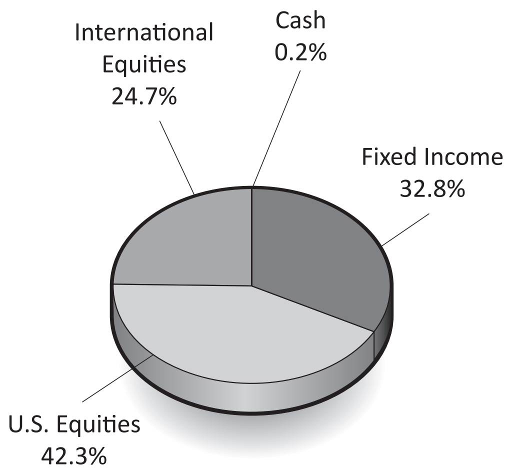
** Manager fair values include their respective cash and cash equivalents.*

Asset Comparison

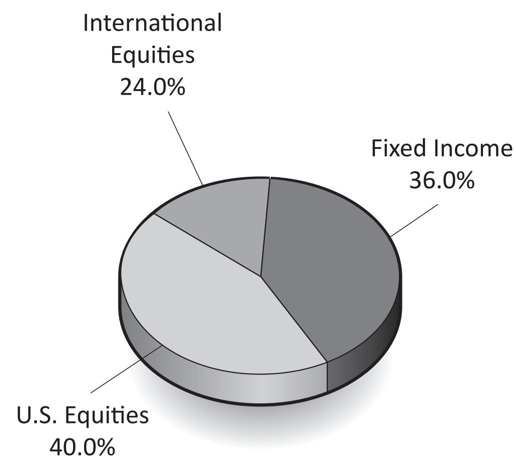
A comparison of the actual investment distribution at June 30, 2011 and 2010, based on the net investment manager holdings, including accrued income, payables and receivables, compared to the target allocation for each year is as follows:

2011

Asset Mix

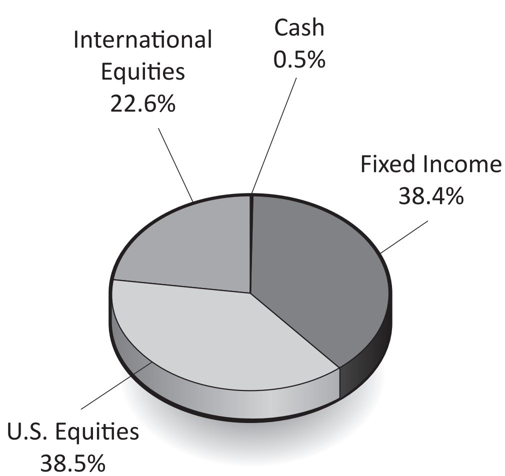


Target Policy Mix

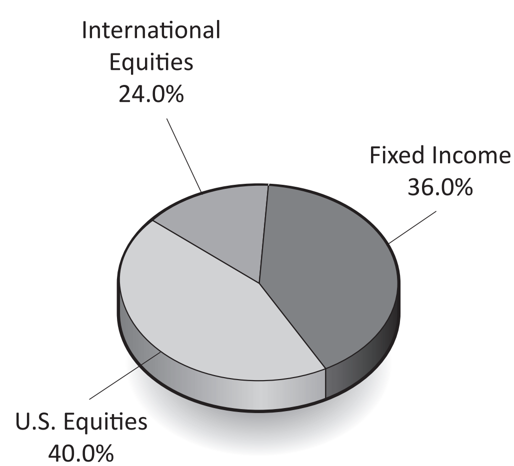


2010

Asset Mix



Target Policy Mix



Schedule of Stock Brokerage Commissions Paid

Year Ended June 30, 2011

			Commission	
Brokerage Firm	Shares Traded	Dollar Volume of Trades	Dollar Amount	Per Share
Credit Suisse First Boston Corporation	7,668,762	$ 322,607,114	$ 106,605	0.014
ADP Clearing & Outsourcing, Inc.	12,767,615	217,810,478	118,047	0.009
Morgan Stanley & Co, Inc. New York	4,771,892	168,600,491	77,646	0.016
Investment Technology Group, Inc.	5,082,500	145,171,411	69,833	0.014
Deutsche Bank Securities, Inc.	3,737,452	107,780,051	53,435	0.014
Bernstein, Sanford C. & Co.	2,424,582	101,874,246	36,482	0.015
Weeden and Co.	2,063,918	79,182,462	32,445	0.016
Merrill Lynch Pierce Fenner & Smith	2,764,590	71,870,026	49,978	0.018
UBS Warburg LLC	1,754,118	66,264,137	35,871	0.020
National Financial Services	2,895,869	63,514,385	43,438	0.015
Liquidnet, Inc.	1,928,517	61,113,015	36,090	0.019
Jefferies & Company	1,710,153	58,431,941	35,563	0.021
SG Cowen and Company	1,704,700	58,091,811	17,047	0.010
Instinet	2,105,134	44,933,064	34,246	0.016
Barclays Capital LE	1,190,201	44,746,759	21,047	0.018
BNY ESI Securities Co.	1,181,907	41,134,525	46,738	0.040
Broadcort Capital Corp	1,075,125	29,576,586	32,881	0.031
Northern Trust Company	1,488,217	28,511,016	44,647	0.030
Merrill Lynch International, London	2,656,786	26,649,541	52,820	0.020
Sanford C. Bernstein, Ltd.	3,187,926	25,366,515	15,618	0.005
Other	43,352,943	471,489,604	515,192	0.012
Total	107,512,907	$ 2,234,719,179	$ 1,475,671	0.014

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CONNECTIONS

Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

ACTUARIAL

Section Contents

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

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Kennesaw, GA 30144

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www.CavMacConsulting.com

October 24, 2011

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

Members of the Board:

We have completed an actuarial valuation of the Oklahoma Public Employees Retirement System as of July 1, 2011 for the purpose of determining the actuarial contribution rate and calculating and analyzing key financial measurements. Actuarial valuations are performed annually. This valuation reflects the benefit provisions and contribution rates in effect as of July 1, 2011.

In preparing the valuation, we, as the actuary, relied on the data provided by the System. As part of our work, we performed a limited review of the data for consistency and reasonableness and did not find material defects in the data.

All of the information and supporting schedules in the Actuarial Section have been provided by Cavanaugh Macdonald Consulting, LLC. We also prepared the *Schedule of Funding Progress* and *Schedule of Employer Contributions* shown in the financial section of the Comprehensive Annual Financial Report. All historical information that references a valuation date prior to July 1, 2010 was prepared by the prior actuarial firm.

The assumptions recommended by the actuary and adopted by the Board are, in the aggregate, reasonably related to the experience under the System and to reasonable expectations of anticipated experience under the System and meet the parameters for the disclosures under GASB 25 and 27.

Future actuarial results may differ significantly from the current results 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. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuaries, Alisa Bennett and Patrice Beckham, 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 herein. They have experience in performing valuations for public retirement systems. The valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board. The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Respectfully submitted,

Alisa Bennett, FSA, EA, FCA, MAAA	Patrice Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary	Consulting Actuary

Summary of Results

		7/1/2011 Valuation		7/1/2010 Valuation	% Change
1. PARTICIPANT DATA					
Number of:					
Active Members		40,551		43,934	(7.7)
Retired and Disabled Members and Beneficiaries		29,418		28,009	5.0
Inactive Members		5,522		5,560	(0.7)
Total Members		75,491		77,503	(2.6)
Projected Annual Salaries of Active Members	$	1,570,500,148	$	1,683,697,139	(6.7)
Annual Retirement Payments for Retired Members and Beneficiaries	$	447,919,757	$	416,699,157	7.5
2. ASSETS AND LIABILITIES					
Total Actuarial Accrued Liability	$	8,179,767,661	$	9,622,627,833	(15.0)
Market Value of Assets	$	6,841,001,769	$	5,774,379,263	18.5
Actuarial Value of Assets	$	6,598,627,939	$	6,348,416,407	3.9
Unfunded Actuarial Accrued Liability	$	1,581,139,722	$	3,274,211,426	(51.7)
Funded Ratio		80.7%		66.0%	22.3
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL					
Normal Cost Rate		10.66%		12.56%	
Amortization of Unfunded Actuarial Accrued Liability		8.27%		14.99%	
Budgeted Expenses		0.45%		0.39%	
Total Actuarial Required Contribution Rate		19.38%		27.94%	
Less Estimated Member Contribution Rate		4.09%		4.07%	
Employer Actuarial Required Contribution Rate		15.29%		23.87%	
Less Statutory State Employer Contribution Rate		16.50%		15.50%	
Contribution Shortfall/(Surplus)		(1.21%)		8.37%	

Analysis of Financial Experience

Gains & Losses in Actuarial Accrued Liability During the Year Ended June 30, 2011
Resulting from Differences Between Assumed Experience & Actual Experience

Type of Activity	(Gain) or Loss for Year End 2011
1. Age & Service Retirements. Generally, if members retire at older ages or with smaller benefits than assumed, there is a gain. If they retire at younger ages or have higher average pays, a loss occurs.	$ 23,500,000
2. Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss.	4,100,000
3. Deaths. If more deaths occur than assumed, there is a gain. If fewer, there is a loss.	(19,100,000)
4. Withdrawal from Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.	(14,500,000)
5. Pay Increases. If there are smaller pay increase than assumed, there is a gain. If greater increases, a loss.	(132,900,000)
6. New Entrants. All new entrants to the System create a loss.	17,100,000
7. Other. Miscellaneous gains and losses resulting from data adjustments, employee transfers, valuation methods, etc.	(31,300,000)
8. (Gain) or Loss During Year From Financial Experience.	60,000,000
9. Composite (Gain) or Loss During Year.	$ (93,100,000)

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, 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
July 1, 2010	487,980	5,252,862	3,881,786	9,622,628	6,348,416	100	100	15.8	66.0
July 1, 2011	488,418	4,677,760	3,013,590	8,179,768	6,598,628	100	100	47.5	80.7

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

Schedule of Active Member Valuation Data

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
July 1, 2011	40,551	$1,570,500,148	$38,729	1.06
July 1, 2010	43,934	1,683,697,139	38,323	1.01
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

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	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
June 30, 2011	2,232	$40,890,700	823	$9,670,100	29,418	$447,919,757	7.49	$15,226
June 30, 2010	1,867	32,394,848	807	9,942,962	28,009	416,699,157	5.69	14,877
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

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, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and 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 15.5% for employers with a scheduled increase of 1.0% for fiscal year 2012. 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.

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. Because of the passage of House Bill 2132, benefits are not assumed to increase 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 (16 years as of July 1, 2011).

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. Except for the investment return assumption, the actuarial assumptions and methods used in the valuation were adopted by the Board on July 21, 2011 based upon the recommendations of the actuary. The investment return assumption was not changed from 7.5% which was adopted by the Board on May 15, 2008. The remaining assumptions and methods used for the July 1, 2011 valuation were adopted by the Board based on System experience from July 1, 2007 through June 30, 2010.

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	7.00%	8.2%
30	7.00	6.9
35	5.80	5.9
40	4.40	5.7
45	3.20	5.3
50	3.00	5.0
55	3.00	4.8

Schedule 2A

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

Retirement Ages	Percent
50	20%
51	20%
52	20%
53	20%
54	20%
55	10%
56	10%
57	11%
58	12%
59	13%
60	14%

Retirement Ages	Percent
61	20%
62	30%
63	15%
64	15%
65	30%
66	20%
67	20%
68	20%
69	25%
70	100%

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%

Percents shown for retirement ages 62 and over are for Department of Corrections members only.

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%

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CONNECTIONS

Oklahoma Public Employees Retirement System

A Component Unit of the State of Oklahoma
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

STATISTICAL

Section Contents

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*, Distribution of Retirees and Beneficiaries*, Summary of Active Members*.*

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

Schedule of Changes in Net Assets

Year Ending June 30,	Additions			Deductions			Total Changes in Net Assets
	Member Contributions	Employer Contributions	Investment Income (Loss)	Benefit Payments	Administrative Expenses	Refunds and Other*	
2011	$ 66,431,434	$ 252,904,579	$ 1,226,686,493	$ 462,062,563	$ 4,680,679	$ 12,656,758	$ 1,066,622,506
2010	69,041,436	259,779,236	716,895,081	429,260,056	4,555,833	11,058,379	$ 600,841,485
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)

* Refunds and Other includes the transfer of contributions and earnings to eligible members for 2002.
2002 $ 3,170

Schedule of Revenue by Source

Year Ending June 30,	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Investment Income (Loss)	Total
2011	$ 66,431,434	$ 252,904,579	15.02 %	$ 1,226,686,493	$ 1,546,022,506
2010	69,041,436	259,779,236	14.99	716,895,081	1,045,715,753
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)

Schedule of Expenses by Type

Year Ending June 30,	Benefit Payments	Administrative Expenses	Withdrawals	Other*	Total
2011	$ 462,062,563	$ 4,680,679	$ 12,656,758	$ -	$ 479,400,000
2010	429,260,056	4,555,833	11,058,379	-	444,874,268
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

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

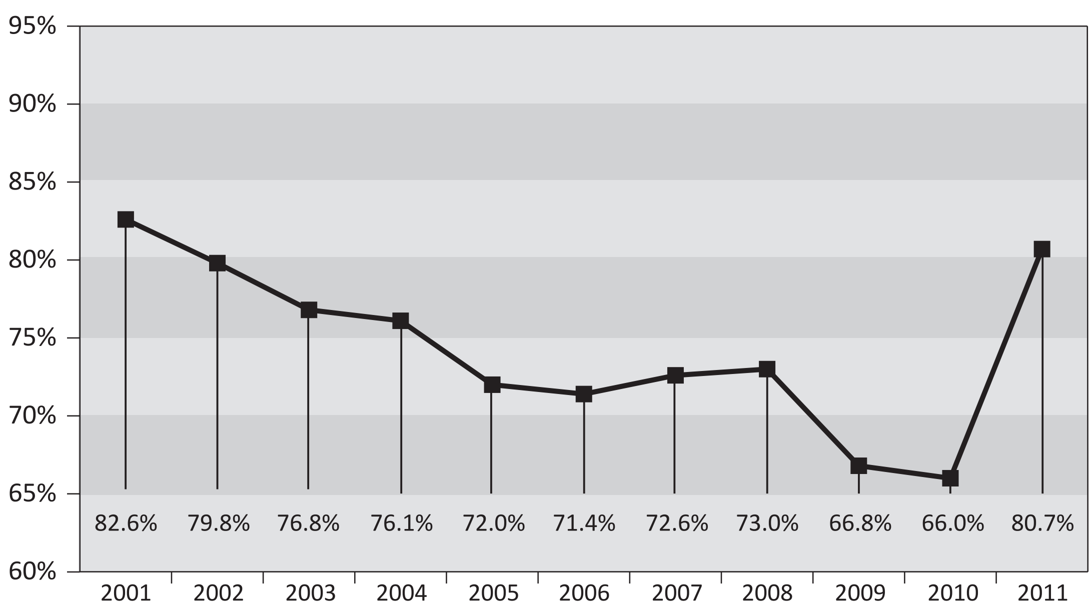
Schedule of Benefit Payments and Refunds by Type

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 Ending June 30,	Benefits: Age and Service	Benefits: Disability	Benefits: Beneficiary Death	Refunds and Withdrawals	Transfers to Other Systems	Total Benefit Payments and Refunds
2011	$ 441,043,149	$ 16,590,662	$ 4,428,752	$ 9,940,040	$ 2,716,718	$ 474,719,321
2010	408,662,665	16,131,274	4,466,117	8,338,371	2,720,008	440,318,435
2009	389,166,873	16,151,439	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

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
2011	4.6 %	32.2 %	30.0 %	21.2 %
2010	12.9	16.4	10.0	13.8
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)

Schedule of Retired Members by Type of Benefit

June 30, 2011

Amount of Monthly Benefit	Number of Retirees	Type of Retirement* 1	2	3	4	5	Option Selected # 1	2	3	4
$1 – 1,000	14,185	7,899	2,955	1,980	1,124	227	8,352	2,990	2,620	223
1,001 – 2,000	9,853	8,518	304	664	367	-	5,706	1,791	2,193	163
2,001 – 3,000	3,827	3,627	20	165	15	-	1,970	733	1,024	100
3,001 – 4,000	1,104	1,037	5	61	1	-	543	193	343	25
4,001 – 5,000	299	293	-	6	-	-	148	48	96	7
Over 5,000	150	146	-	4	-	-	85	22	42	1
Totals	**29,418**	**21,520**	**3,284**	**2,880**	**1,507**	**227**	**16,804**	**5,777**	**6,318**	**519**

***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, 2011, there are 5,522 former members with deferred future benefits.

Schedule of Average Benefit Payments

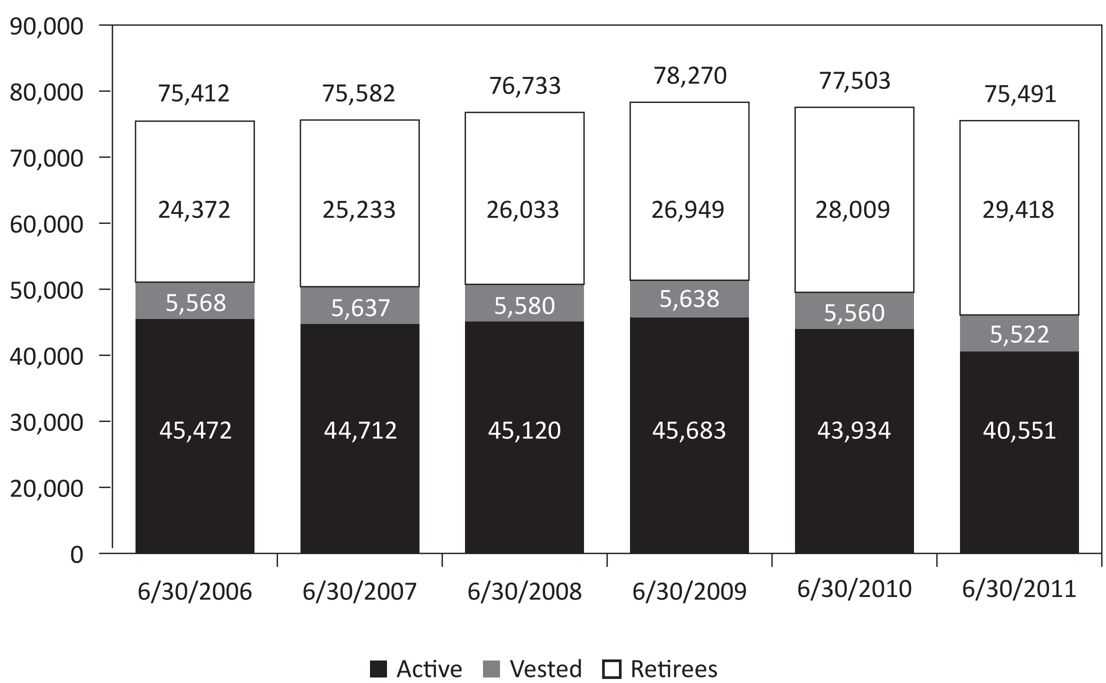
Retirement Effective Dates	Years of Credited Service						
July 1, 2001 to June 30, 2011	0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31+
Period 7/1/01 to 6/30/02							
Average Monthly Benefit	$ -	$ 360	$ 611	$ 922	$ 1,376	$ 1,817	$ 2,630
Average Final Average Salary	$ -	$ 2,042	$ 2,342	$ 2,624	$ 2,756	$ 3,006	$ 3,366
Number of Active Retirees	-	122	247	211	207	220	162
Period 7/1/02 to 6/30/03							
Average Monthly Benefit	$ 108	$ 405	$ 699	$ 1,058	$ 1,487	$ 1,930	$ 2,788
Average Final Average Salary	$ 1,115	$ 2,164	$ 2,556	$ 2,765	$ 2,920	$ 3,115	$ 3,385
Number of Active Retirees	2	147	262	239	278	195	165
Period 7/1/03 to 6/30/04							
Average Monthly Benefit	$ 154	$ 384	$ 595	$ 1,002	$ 1,451	$ 1,853	$ 2,587
Average Final Average Salary	$ 1,482	$ 2,273	$ 2,393	$ 2,784	$ 2,990	$ 3,142	$ 3,545
Number of Active Retirees	3	171	286	287	300	237	178
Period 7/1/04 to 6/30/05							
Average Monthly Benefit	$ 146	$ 413	$ 645	$ 1,122	$ 1,533	$ 2,076	$ 2,782
Average Final Average Salary	$ 1,430	$ 2,326	$ 2,525	$ 2,900	$ 3,073	$ 3,320	$ 3,687
Number of Active Retirees	6	160	260	279	312	220	166
Period 7/1/05 to 6/30/06							
Average Monthly Benefit	$ 130	$ 390	$ 570	$ 947	$ 1,414	$ 1,874	$ 2,596
Average Final Average Salary	$ 1,380	$ 2,357	$ 2,430	$ 2,846	$ 3,107	$ 3,382	$ 3,637
Number of Active Retirees	1	169	275	277	282	195	161
Period 7/1/06 to 6/30/07							
Average Monthly Benefit	$ 132	$ 404	$ 610	$ 1,048	$ 1,526	$ 1,998	$ 2,748
Average Final Average Salary	$ 1,536	$ 2,379	$ 2,532	$ 2,853	$ 3,218	$ 3,617	$ 3,703
Number of Active Retirees	6	221	267	279	312	251	218
Period 7/1/07 to 6/30/08							
Average Monthly Benefit	$ 102	$ 391	$ 596	$ 962	$ 1,443	$ 1,947	$ 2,542
Average Final Average Salary	$ 1,502	$ 2,367	$ 2,570	$ 2,899	$ 3,223	$ 3,447	$ 3,814
Number of Active Retirees	2	195	311	291	300	287	180
Period 7/1/08 to 6/30/09							
Average Monthly Benefit	$ 99	$ 436	$ 614	$ 1,079	$ 1,551	$ 2,154	$ 2,815
Average Final Average Salary	$ 1,589	$ 2,587	$ 2,685	$ 3,073	$ 3,370	$ 3,740	$ 4,033
Number of Active Retirees	3	227	347	284	317	2,798	192
Period 7/1/09 to 6/30/10							
Average Monthly Benefit	$ 153	$ 428	$ 650	$ 1,078	$ 1,578	$ 2,048	$ 2,766
Average Final Average Salary	$ 1,699	$ 2,657	$ 2,813	$ 3,179	$ 3,468	$ 3,764	$ 4,041
Number of Active Retirees	3	236	324	298	348	354	294
Period 7/1/10 to 6/30/11							
Average Monthly Benefit	$ 59	$ 484	$ 678	$ 1,121	$ 1,665	$ 2,084	$ 2,940
Average Final Average Salary	$ 1,759	$ 2,810	$ 2,836	$ 3,213	$ 3,583	$ 3,773	$ 4,183
Number of Active Retirees	1	286	362	349	452	421	363

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
2011	32,840	81.0%
2010	34,086	77.6
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

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
Commerce, Department of
CompSource Oklahoma
Conservation Commission
Construction Industries Board
Consumer Credit, Department of
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
Education, Department of
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
Licensed Alcohol and Drug Counselors, Board of
Lieutenant Governor, Office of
Liquefied Petroleum Gas Administration
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 Employees Retirement System
Public Safety, Department of
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
Tourism and Recreation Department
Transportation, Department of
Treasurer's Office, State
Turnpike Authority
Uniform Building Code Commission
University Health Sciences Center
University Hospitals Authority
Used Motor Vehicles and Parts Commission
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
Cherokee County

Participating Employers (continued)

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
Delaware County E-911 Trust Authority
Delaware County Solid Waste Trust Authority
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
Mayes Emergency Services Trust Authority
McClain County
McClain-Grady County EMS
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
Ottawa County E-911 Authority
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 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

Anadarko Housing Authority
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
Grove Municipal Airport Managing Authority
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
Muskogee City-County 911 Trust Authority
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
Watts Public Works 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 Circuit Engineering District #2
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 Ambulance Authority
Southwestern Oklahoma Developmental Authority
Tri-County Rural Water District

Member Statistics

Inactive members as of July 1, 2011	Number		Amount of Annual Benefit
Members receiving benefits			
Retired	24,804	$	402,371,482
Surviving spouses	3,107		31,259,175
Disabled	1,507		14,289,100
Total	**29,418**	**$**	**447,919,757**
Members with deferred benefits			
Vested terminated	3,501	$	32,372,954
Assumed deferred vested members (estimated benefits)	2,021		22,441,967
Total	**5,522**	**$**	**54,814,921**

	Average				
Statistics for	Number	Age	Service		Earnings
Active members as of July 1, 2010					
Continuing	39,836	47.4	11.7	$	37,460
New	4,098	37.8	1.0		26,010
Total	**43,934**	**46.5**	**10.7**	**$**	**36,392**
Active members as of July 1, 2011					
Continuing	37,715	47.6	11.8	$	37,728
New	2,836	38.8	1.0		24,830
Total	**40,551**	**47.0**	**11.1**	**$**	**36,826**

Distribution of Retirees and Beneficiaries

	Number			Annual Benefits		
Age	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Under 50	178	145	323	$ 2,138,813	$ 1,309,683	$ 3,448,496
50-55	355	559	914	5,678,706	8,357,089	14,035,795
55-60	1,143	1,663	2,806	19,288,758	26,472,191	45,760,949
60-65	2,497	3,184	5,681	41,143,836	48,335,758	89,479,594
65-70	2,716	3,441	6,157	47,259,201	50,531,131	97,790,332
70-75	2,260	2,739	4,999	38,324,699	39,708,873	78,033,572
75-80	1,645	2,331	3,976	26,551,312	29,441,813	55,993,125
80-85	985	1,620	2,605	15,338,238	20,203,251	35,541,489
85-90	474	904	1,378	7,966,218	11,576,932	19,543,150
90-95	138	339	477	2,326,105	4,624,748	6,950,853
95-100	17	72	89	289,271	833,101	1,122,372
Over 100	1	12	13	22,255	197,775	220,030
Total	**12,409**	**17,009**	**29,418**	**$ 206,327,412**	**$ 241,592,345**	**$ 447,919,757**

Summary of Active Members

Age and years of credited service
Earnings tabulated are average rates of pay as of July 1, 2011

	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 25	817	26								**843**
Average Pay	$22,758	$30,610								**$23,000**
25 to 29	2,341	612	13							**2,966**
Average Pay	$27,949	$30,607	$33,392							**$28,521**
30 to 34	1,805	1,489	352	3						**3,649**
Average Pay	$29,332	$35,094	$35,626	$35,167						**$32,295**
35 to 39	1,506	1,351	1,009	198	5					**4,069**
Average Pay	$29,717	$35,502	$40,108	$41,009	$40,732					**$34,778**
40 to 44	1,294	1,263	1,116	669	326	9				**4,677**
Average Pay	$29,853	$35,521	$39,503	$42,363	$44,531	$49,722				**$36,537**
45 to 49	1,145	1,192	1,060	724	896	473	66			**5,556**
Average Pay	$29,976	$34,825	$37,265	$40,437	$46,137	$47,273	$46,819			**$38,049**
50 to 54	1,134	1,270	1,067	760	1,020	865	453	1		**6,570**
Average Pay	$30,755	$35,351	$37,960	$40,283	$44,357	$49,492	$46,919	$54,065		**$39,612**
55 to 59	1,013	1,179	1,040	778	978	580	644	9	1	**6,222**
Average Pay	$31,945	$35,845	$38,026	$40,274	$44,527	$48,264	$49,654	$47,707	$59,316	**$40,101**
60 to 64	594	831	733	596	527	359	407	44	2	**4,093**
Average Pay	$32,192	$36,481	$37,464	$40,018	$43,936	$46,879	$50,270	$54,483	$69,836	**$40,002**
65 to 69	194	320	282	174	180	89	95	23	2	**1,359**
Average Pay	$32,889	$35,654	$38,316	$41,625	$42,463	$45,225	$49,504	$69,605	$65,409	**$39,691**
70 & up	91	122	96	73	89	35	30	6	5	**547**
Average Pay	$29,219	$30,362	$36,566	$42,046	$39,199	$61,374	$40,056	$52,914	$36,227	**$37,075**
Total	**11,934**	**9,655**	**6,768**	**3,975**	**4,021**	**2,410**	**1,695**	**83**	**10**	40,551
Average Pay	**$29,334**	**$35,081**	**$38,247**	**$40,743**	**$44,550**	**$48,388**	**$48,782**	**$57,820**	**$51,094**	$36,826

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Oklahoma Public Employees Retirement System

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