



DISCUSSION DOCUMENT FOR INVESTMENT COMMITTEE

COMPLIANCE REPORT

As of December 31, 2012

The following is a list of securities currently not in compliance with State Fund's Investment Policy. State Fund's Investment Policy is reviewed annually by the Investment Committee and approved by the Board of Directors.

Footnotes	Description	Current Face	Maturity Date	Coupon Rate	Book Yield	Rating	Port. Mngr.
<u>Long-term Investments</u>							
<u>Tax. Muni Rated Below A-</u>							
1	Oglethorpe GA Power Corp.	15,000,000	01/01/35	5.53%	5.53%	Baa1/A/NA	Deutsche
Total: Tax Muni Rated Below A-		15,000,000	1 item(s)				
<u>Corporates Rated Below A-</u>							
1	Eaton Corp. PLC	15,000,000	03/15/17	5.30%	5.34%	Baa1/A-/BBB+	Deutsche
1	Hewlett-Packard	62,500,000	Various	Various	Various	Baa1/BBB+/A-	Deutsche /NEAM
1	Thermo Fisher Scientific	4,500,000	08/15/16	2.25%	1.61%	Baa1/A-/BBB+	NEAM
Total: Corporates Rated Below A-		82,000,000	3 item(s)				
<u>Canadian Issuer Rated Below AA-</u>							
2	Province of New Brunswick	85,000,000	02/21/17	5.20%	4.59%	Aa2/A+/NA	Deutsche /NEAM
Total: Canadian Rated Below AA-		85,000,000	1 item(s)				
<u>Bonds Not Rated</u>							
1, 3	Oregon State	25,000,000	06/01/16	5.31%	4.60%	NA/NR/WD	Deutsche
Total: Bonds Not Rated		25,000,000	1 item(s)				
Grand Total:		207,000,000	6 item(s)				

(1) This bond rated below A was in compliance with our investment guidelines at the time of purchase.

(2) This bond rated below AA- was in compliance with our investment guidelines at the time of purchase.

(3) Oregon State bond was initially rated AAA based on the financial strength of insurance enhancement, but subsequently the ratings were withdrawn. We own other Oregon State bonds in the portfolio and the underlying ratings for all the State of Oregon bonds are Aa1/AA+. State Fund filed and received an NAIC 1 designation from SVO for this bond on 11/15/2011.

MOTION: To approve and ratify the transactions described on this list.