

Report to Colorado
PERA Board of
Trustees

From Investment
Staff

Regarding the
Colorado PERA
Iran-Related
Investment Policy

March 20, 2009



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SECTION 1

Executive Summary

Since the last Board Meeting on January 16, 2009, Colorado PERA staff has continued to work diligently to implement the requirements of the *Colorado PERA Iran-Related Investment Policy* (PERA's policy). Specifically, our efforts have focused on the following areas:

- Reviewing reports received from PERA's research provider to continue to update the list of companies meeting PERA's policy criteria (Phase I).
- Monitoring compliance with the moratorium on direct public investments enacted by the Board (Phase III).

In total, there are 16 companies that meet the criteria specified in PERA's policy. Of the 16 companies, PERA owns direct public securities issued by eight of the companies. As of June 20, 2008, PERA enacted a moratorium in direct public investments in the eight companies of the 16 that PERA does not currently own. There have been no new companies identified as potentially meeting PERA's policy criteria since the last report to the Board of Trustees.

Recommended Policy Improvements

PERA staff has included two recommended improvements to PERA's policy. The first improvement relates to the requirement that staff report to the Board at every regularly scheduled Board meeting. Staff's recommendation is to require reporting as needed, but not less than annually. The second improvement relates to removing a company from the list of companies meeting the criteria specified in the policy. Staff's recommendation is to give the Board the ability to remove a company from the list.

Investment Staff Evaluation – Moratorium Companies

Since the last report on PERA's policy, PERA staff has identified and gathered company information for each of the eight companies in which PERA has enacted a moratorium (the companies for which PERA does not have separate account holdings). The information presented includes company specific information, PERA's separate account exposure, market index weights, oil and gas information, and historical total returns. In summary, the information presented details:

- Only four of the eight companies are constituents in the MSCI ACWI ex US index (the investable universe for the international equity asset class). The respective country and sector weights for each of the four companies are relatively insignificant.
- Only four of the eight companies disclose oil and gas related data. Based on the data collected, two of the companies do not appear to have material oil and gas operations in Iran as compared to the company operations as a whole. The other two companies do not provide sufficient information to allow a conclusion regarding the materiality of their Iranian oil and gas operations to be made.

Reporting

Staff is providing this *Colorado PERA Iran-Related Investment Policy* Report as of March 20, 2009. This report will be placed on the PERA Web site and forwarded promptly to the Governor and the General Assembly.

SECTION 2

Colorado PERA Iran-Related Investment Policy

Adopted January 18, 2008

PERA will initiate a phased strategy to address PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy will address and will include a number of actions, up to and including possible divestment. PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. PERA is acting out of a fiduciary concern for the welfare of its members' assets which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

The United States prohibits loans from U.S. financial institutions and direct investment in the Iranian energy and defense sectors. The U.S. government can also impose economic sanctions on foreign companies investing in Iran's petroleum and natural gas sector. It is widely reported that Iran supports terrorism, supplies explosively formed penetrators for use against our troops in Iraq, continues to develop the infrastructure to support advanced nuclear technology, and that its president publicly calls for the destruction of the State of Israel.

PERA must be managed for the benefit of the members, retirees and beneficiaries, and this policy is developed to address the potential for risk presented by pension fund investments in companies doing business in Iran.

Accordingly, the PERA Board of Trustees adopts a policy consisting of the following phases:

- Phase I: Commencing immediately, staff shall undertake research to identify a list of public companies doing business in Iran which meet the following criteria: (This list will be developed through staff research of publicly available information that may include the retention of external third party researchers and/or other information provided by other public funds, pension systems, and investor organizations.)
 1. That have made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20,000,000 or more, in Iran's energy sector; or
 2. Are engaged in business with any Iranian organization labeled by the U.S. government as a terrorist organization; or
 3. Are engaged in any business that facilitates Iranian acquisition of nuclear, chemical, or biological weapons technology or military equipment.
- Phase II: Upon a company being included on the list that meets the criteria set forth under Phase I in which PERA holds a direct public investment, staff shall within 30 days after identifying such a company, engage such company and ask them to:
 1. Provide a detailed description of the nature, extent, duration, and full history of the companies' business activities in Iran;
 2. Provide an explanation as to how these activities are consistent with a sound and prudent long-term investment strategy;
 3. Report how they are engaging the government of Iran regarding its conduct and how they are mitigating investment risks posed by doing business in Iran;
 4. Report whether substantial action has been taken to affect the policies and practices of the government of the Islamic Republic of Iran; and

5. Additionally, staff shall, where practical, confer and work with other pension systems and investor organizations regarding information stemming from their engagement with such companies and potentially cooperate in taking joint action in engaging such companies.
- Phase III: Upon a company being included on the list that meets the criteria set forth under Phase I, the Board enacts a moratorium on direct public investments in companies in which PERA currently holds no interest. The moratorium shall apply upon the date that staff determines such a company meets the criteria. The Board shall give 90-days' advance notice before the effective date of any amendment or repeal of this moratorium to the public, the General Assembly, and the Governor.
 - Phase IV: Within 90 days after engaging such a company, staff shall evaluate the companies' responses and determine if they have taken sufficient steps to minimize risk to PERA and/or whether additional time is required to effectively engage such company. If not, staff shall analyze:
 1. The available strategies for addressing the risk presented;
 2. The viability of working with other interested parties and investors to affect the policies and practices of companies with business operations in Iran;
 3. The materiality of the company's Iranian operations in regards to their overall operations; and
 4. The availability of alternative direct public investments providing similar diversity and return expectations.
 - Phase V: Staff shall report to the Board its findings, actions, and recommendations concerning individual companies on the list at every regularly scheduled Board meeting. This report shall be made available to the public and forwarded to the General Assembly and the Governor; provided, however, the first public report shall be made no later than March 21, 2008. Should adequate mitigation of risk not be possible, the PERA Board of Trustees, consistent with its fiduciary obligations and responsibilities, will thereafter direct staff to:
 1. Withhold additional or new direct public investments in non-complying companies; and/or
 2. Divest current direct public investments in the companies.

Section 3

Review of Staff Activities

January 18–March 21, 2008

- Made initial contact with two independent research providers (January 25)
- Discussed product offering with first research provider (January 29)
 - What could they provide
 - Current clients they are serving with similar needs
 - What would it cost
 - What research is currently available
 - How much customization would be required to meet PERA's criteria
 - How long would it take to obtain a list customized to PERA's criteria
- Agreed to send PERA a proposal and agreement
- Discussed product offering with second research provider (January 29)
 - What could they provide
 - Current clients they are serving with similar needs
 - What would it cost
 - How much customization would be required to meet PERA's criteria
 - How long would it take to obtain a list customized to PERA's criteria
 - Research provider indicated that it would be about three months, or perhaps sooner, to provide a list that met PERA's criteria
- Received proposal from first research provider interviewed that included a sample report and a draft of an agreement for research services (January 30)
- Forwarded job description for Investment Analyst to Human Resources (January 29)
- Posted job announcement in *Denver Post* and on CFA Web site (beginning February 3)
- Conducted first interviews (February 14, 15, 19, 26, 29, and March 6). Conducted second interviews week of March 10
- Held follow-up conversation with research provider regarding criteria wording (February 7). Also discussed inclusion of subsidiaries and nuclear power plants on the list – agreed to create a watch list for companies that do not have involvement in Iran
- Signed contract with research provider (February 13)
- Received initial set of reports from research provider (February 15). Prepared detailed list of questions related to criteria wording, questions on specific companies on the list and also companies excluded from the list (February 25). Held conversation regarding questions and definition of “investing in Iran” (February 26)
- Compared JCRC list (initially received in 2007) to research provider list (February 19)

- Evaluated exposure (domestic equity and fixed income) to companies on both the JCRC list and the research provider list as of December 31, 2007 (February 25). Considered needs for creating security identifiers for relevant companies and report description needs
- Conducted conference calls with two large public pension plans to discuss what each fund has done to date (February 13)
- Received updated JCRC list (February 25)
- Received new research provider report (March 3)
- Updated comparison of JCRC list and research provider list (March 7)
- Contacted JCRC to request information regarding JCRC list criteria (March 7)
- JCRC responded to PERA. JCRC will request AIPAC to follow up on PERA request (March 9)
- Completed initial review of research provider's report and list (March 14)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (March 14–March 20)

March 21 – June 20, 2008

- Sent letters to all 31 companies identified in the March 21, 2008, report as part of Phase II of the *Colorado PERA Iran-Related Investment Policy* (March 21)
- Enacted a moratorium on three companies identified in the March 21, 2008, report as part of Phase III of the *Colorado PERA Iran-Related Investment Policy* (March 21)
- Updated the portfolio accounting system to identify securities issued by the three companies meeting the policy criteria with a purchase moratorium in effect (March 21)
- Sent letters to all portfolio managers (internal and external) of actively managed separate account portfolios notifying the managers of the moratorium (March 21)
- Hired Investment Analyst (March 24)
- Conducted conference call with AIPAC regarding their methodology in selecting companies for divestment (March 31)
- Reviewed security holdings and transactions to verify compliance with moratorium (April 1)
- Received new research provider report (April 1). Prepared and sent a detailed list of questions to research provider regarding the findings in their April 1 report (April 8). Received response from research provider (April 10)
- Conducted conference call with research provider to further discuss their research (April 11). Received follow-up answers from research provider in response to additional questions posed during April 11 conference call (April 14). Sent research provider further questions on their findings (April 15). Received response from research provider (April 16). Received another response from research provider regarding unresolved questions remaining from our April 11 conference call (April 17)

- Compared JCRC research (received February 2008) and provider research (April 1) for each company on a project by project basis in an effort to corroborate findings and determine if cited companies meet PERA's policy (April 14–16)
- Used Bloomberg research to determine if each cited company had publicly traded debt or equity (April 17)
- Searched the following Web sites for company activities in Iran in an effort to independently corroborate provided research: U.S. Department of Energy, U.S. Department of State, Congressional Research Service, Library of Congress, Reuters, Bloomberg, and brokerage research sites in addition to the individual Web sites of each cited company (April 18–22)
- Retrieved the annual reports and Forms 20-F (Form filed with the SEC by non-U.S. companies with securities that trade on a U.S. exchange) for each subject company for the years that company was believed to have conducted operations in Iran (April 22)
- Examined annual reports and other SEC filings in order to identify and calculate the value of subject companies' Iran investments (April 24–30)
- Reviewed security holdings and transactions to verify compliance with moratorium (May 1)
- Received new research provider report (May 1). Prepared and sent a detailed list of questions to research provider regarding the findings in their May 1 report (May 2). Received response from research provider (May 5)
- Prepared and sent a detailed list of questions to AIPAC regarding their research findings; also requested an updated research report (if one was available) (May 5)
- Sent e-mails directly to the investor relations departments of those remaining companies that had not yet replied to PERA's engagement letter sent on March 21 (May 6–8)
- Met with PERA's equity and fixed income teams to outline steps necessary to develop a framework for implementing Phase IV of the Iran-Related Investment Policy (May 16 and 21)
- Reviewed security holdings and transactions to verify compliance with moratorium (June 2)
- Received new research provider report (June 2)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (May 29–June 11)

June 20 – September 19, 2008

- Enacted a moratorium on five additional companies identified in the June 20, 2008, report as part of Phase III of the *Colorado PERA Iran-Related Investment Policy* (June 20)
- Sent letters to all portfolio managers (internal and external) of actively managed separate account portfolios notifying the managers of the moratorium (June 20)
- Used Bloomberg research to identify actively traded securities issued by the five additional companies meeting PERA's policy criteria with a purchase moratorium in effect (June 23)
- Updated the portfolio accounting system to identify securities issued by the five additional companies meeting PERA's policy criteria with a purchase moratorium in effect (June 24–26)

- Reviewed security holdings and transactions to verify compliance with moratorium (July 1)
- Received new research provider report (July 1)
- Acquired equity and fixed income index constituent data. Identified the constituent securities within these indices issued by the eight companies that met the criteria but do not have a purchase moratorium in effect, which will be referred to hereafter as the “eight companies with PERA holdings.” Calculated the sector and geographical weightings of these companies within each respective index (July 2–23)
- Requested that PERA’s custodian bank determine the potential active risk associated with removing the eight companies with PERA holdings from the respective equity benchmarks (July 8)
- Read the annual reports, SEC filings, and other public documents issued by each of the eight companies with PERA holdings in order to collect relevant information for each company (July 9–16)
- Used Bloomberg research to identify actively traded securities issued by the eight companies with PERA holdings (July 15–18)
- Updated the portfolio accounting system to identify securities issued by the eight companies with PERA holdings (July 21–24)
- Sent research provider questions on their research (July 22). Received response from provider (July 23)
- Inquired of certain external equity managers regarding preliminary thoughts on potential replacement investments (July 22–August 5)
- Retrieved monthly return data for the fixed income securities of the eight companies with PERA holdings (July 24)
- Gathered, interpreted, converted, and verified oil and gas reserve data for the eight companies with PERA holdings (July 28–August 1)
- Received monthly equity return data from PERA’s investment consultant for the eight companies with PERA holdings (July 29)
- Received active risk analysis from custodian bank (July 31)
- Reviewed security holdings and transactions to verify compliance with moratorium (August 1)
- Received new research provider report (August 1)
- Gathered research from major brokerage firms on the eight companies with PERA holdings. Read and synthesized research. Began preparing detailed analyses on these companies in order to better understand their history, structure, risks, opportunities, revenue and profit drivers, and future prospects (August 5–September 10)
- Sent research provider additional questions on their research (August 11). Received response from provider (August 14)
- Reviewed security holdings and transactions to verify compliance with moratorium (September 2)
- Received new research provider report (September 2)

- Evaluated PERA's exposure (equity and fixed income) to the securities of the eight companies with PERA holdings as of the close of business on September 5, 2008 (September 8)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (August 27–September 9)

September 19 – November 21, 2008

- Collected and analyzed information on the current status of the Iran divestment policies of 22 other public pension funds (September 19–October 22)
- Reviewed security holdings and transactions to verify compliance with moratorium (October 1)
- Received research provider updated report (October 1)
- Sent e-mails directly to the investor relations departments of the three remaining companies with PERA holdings that had not yet replied to PERA's engagement letter sent on March 21, 2008 (October 8)
- Read the annual reports, SEC filings, and other public documents issued by each of the eight companies with a purchase moratorium in effect in order to collect relevant information for each company (October 9–November 21)
- Acquired equity index constituent data for the MSCI indices utilized by PERA as benchmarks as of October 16, 2008. Identified the constituent securities within these indices issued by the eight companies with PERA holdings. Calculated the energy sector weightings of these companies within each respective index (October 16)
- Reviewed security holdings and transactions to verify compliance with moratorium (November 3)
- Received research provider updated report (November 3)
- Evaluated PERA's exposure (equity and fixed income) to the securities of the eight companies with PERA holdings as of the close of business on November 7, 2008 (November 10)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (October 27–November 10)

November 21, 2008 – January 16, 2009

- Reviewed security holdings and transactions to verify compliance with moratorium (December 1)
- Received research provider updated report (December 1)
- Read the annual reports, SEC filings, and other public documents issued by each of the eight companies with a purchase moratorium in effect in order to collect relevant information for each company (October 9–January 7)

- Evaluated PERA's exposure (equity and fixed income) to the securities of the eight companies with PERA holdings as of the close of business on December 29, 2008 (December 30)
- Reviewed security holdings and transactions to verify compliance with moratorium (January 5)
- Received research provider updated report (January 5)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (December 15–January 7)

January 16 – March 20, 2009

- Used Bloomberg research to identify actively traded securities issued by the 16 companies meeting PERA's policy criteria (January 20–26)
- Updated the portfolio accounting and trading systems to identify securities issued by the 16 companies meeting PERA's policy criteria (January 26–February 11)
- Gathered, interpreted, converted, and verified oil and gas reserve data for the eight companies without PERA holdings (January 27–February 20)
- Received research provider updated report (February 2)
- Reviewed security holdings and transactions to verify compliance with moratorium (February 2)
- Retrieved monthly return data for the equity securities of the eight companies without PERA holdings (February 3)
- Acquired equity and fixed income index constituent data for the MSCI and Lehman indices utilized by PERA as benchmarks. Identified the constituent securities within these indices issued by the eight companies without PERA holdings. Calculated the relevant sector and country weightings of these companies within each respective index (February 6-10)
- Received research provider updated report (March 2)
- Reviewed security holdings and transactions to verify compliance with moratorium (March 2)
- Evaluated PERA's exposure (equity and fixed income) to the securities of the eight companies with PERA holdings as of the close of business on March 5, 2009 (March 6)
- Prepared *Iran-Related Investment Policy Report* for Board of Trustees (February 20–March 11)

Section 4

Company Response Letters

In compliance with Phase II of the *Colorado PERA Iran-Related Investment Policy*, on March 21, 2008, PERA sent letters to 31 companies. The letters requested information relating to the criteria specified in Phase I, asked the companies to provide and report on the items specified in Phase II, and also requested information on their business activities within Iran. The letters were sent via Federal Express courier, and PERA received delivery verification notices for each letter. Between May 6 and May 8, and again between October 8 and October 13, 2008, PERA staff sent e-mails directly to the investor relations departments of the companies who had not yet responded. As of March 20, 2009, PERA has received responses from the following 13 companies:

Bow Valley Energy Ltd. ¹

China National Offshore Oil Corp. (CNOOC)

ENAP

ENI S.p.A. ¹

INPEX ¹

Linde AG

OMV AG

Petroleo Brasileiro S.A. (Petrobras) ¹

Repsol YPF, S.A.

Royal Dutch Shell Plc ¹

StatoilHydro ASA ¹

The Siam Cement PCL

Total S.A. ¹

¹ Indicates a company that is listed in Section 5 of this report and is identified as meeting the criteria in PERA's policy.

Section 5

Iran-Related Companies Meeting Criteria as of March 20, 2009

1. Bow Valley Energy Ltd.

Bow Valley Energy Ltd. is a Canadian natural resources company. According to the company's 2007 Annual Information Filing "since its inception in 1996, Bow Valley has been focused principally on sourcing, evaluating, and acquiring international oil and natural gas properties with exploration and exploitation potential....Bow Valley owns oil and natural gas assets in the United Kingdom and Alaska. Bow Valley is engaged in a full-cycle exploration and production program that entails land acquisition, seismic purchase and interpretation, drilling, facilities and pipeline construction, and the production of oil and natural gas."

Bow Valley Energy Ltd meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran's energy sector.

2. China Petroleum & Chemical Corporation (Sinopec)

China Petroleum & Chemical Corporation (aka Sinopec) is a Chinese energy and chemical company. "China Petroleum & Chemical Corporation is an energy and chemical company, which through its subsidiaries, engages in integrated oil and gas, and chemical operations in the People's Republic of China. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil, natural gas and products by pipelines; refining crude oil into finished petroleum products, and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a range of chemicals for industrial uses."¹

China Petroleum & Chemical Corporation meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran's energy sector.

3. ENI S.p.A.

"ENI S.p.A. is an Italy-based company producing, supplying and distributing petroleum and natural gas, as well as producing electricity and offering engineering, construction and petrochemical services. The Company operates in three segments: Exploration and Production, which is involved in the exploration and production of hydrocarbons; Gas and Power, which is involved in all phases of the gas business and electricity generation activities, and Refining and Marketing, which is involved in the refining and marketing of petroleum products."¹

ENI S.p.A. meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran's energy sector.

4. GAIL (India) Limited

GAIL (India) Limited is a natural gas company in India. "The Company operates through its business segments, which include gas transmission, petrochemicals, liquid hydrocarbons, LNG, LPG transmission and marketing, exploration and production (E&P), and coal bed methane (CBM)."¹

GAIL meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran's energy sector.

¹ Company description information sourced from Reuters.

² Company description information sourced from Company Web site.

5. Gazprom OAO

Gazprom OAO is a Russian oil and gas company. “Gazprom OAO and its subsidiaries operate a gas pipeline system. The Company provides production of oil and oil products. It is also an exporter of gas to European countries. Its principal activities include exploration and production of gas; transportation of gas; domestic and export sale of gas; production of crude oil and gas condensate, and processing of oil, gas condensate and other hydrocarbons and sales of refined products. Other activities primarily comprise banking, construction and media. The Company operates through six segments: production of gas, transport, distribution, production of crude oil and gas condensate, refining and other.”¹

Gazprom OAO meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

6. GS Engineering & Construction Corp.

“GS Engineering & Construction Corp., formerly LG Engineering & Construction Co., Ltd., is a Korean company involved in civil, architectural, and environmental engineering. The Company specializes in the construction of oil, gas, and petrochemical plants, and power and electrical plants; the construction of environmental facilities; the construction of commercial and residential buildings, and the provision of remodeling services. It is also engaged in feasibility studies; the gathering, analysis and evaluation of data on proposed projects; consulting services; the operation and maintenance of completed plants; design engineering services, including concept design, reserve design, basic design, detailed design, and production design; procurement services, and facilities-commissioning and start-up services.”¹

GS Engineering & Construction meets criteria (1) - a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

7. INPEX

“INPEX Corporation, headquartered in Tokyo, Japan, is a supplier of oil and natural gas. The Company primarily is engaged in the exploration for, and the development, supply and shipping of natural resources such as petroleum and natural gas. The Company has major exploration projects in Indonesia, Australia, the Timor Sea Joint Petroleum Development Area (JPDA), the Caspian Sea area, the Middle East and South America.”¹

INPEX meets criteria (1) - a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

8. Liquefied Natural Gas Ltd. (LNGL)

“Liquefied Natural Gas Limited is engaged in the development of liquefied natural gas (LNG) production plants to facilitate the production and sale of LNG in Australia.”¹

LNGL meets criteria (1) - a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

¹ Company description information sourced from Reuters.

² Company description information sourced from Company Web site.

9. Lukoil OAO

“Lukoil is a vertically integrated Russian oil and gas company. The main activities of the Company are exploration and production of oil and gas, production of petroleum products and petrochemicals, and marketing of these outputs. Most of the Company’s exploration and production activity is located in Russia, and its main resource base is in Western Siberia. Lukoil owns modern refineries, gas processing and petrochemical plants located in Russia, Eastern Europe and near-abroad countries. Most of the Company’s production is sold on the international market. Lukoil petroleum products are sold in Russia, Eastern and Western Europe, near-abroad countries and the USA. Lukoil is carrying out international exploration and production projects in Kazakhstan, Egypt, Azerbaijan, Uzbekistan, Saudi Arabia, Iran, Colombia, Venezuela, Cote d’Ivoire, and Iraq.”²

Lukoil meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

10. Petroleo Brasileiro S.A. (Petrobras)

“Petroleo Brasileiro S.A. (Petrobras) is a wholly owned enterprise of the Brazilian Government, which is responsible for all hydrocarbon activities in Brazil. The Company is engaged in a range of oil and gas activities. Petrobras operates in six segments: exploration and production, supply, distribution, gas and power, international and corporate. Its exploration and production segment encompasses exploration, development and production activities in Brazil. The supply segment encompasses refining, logistics, transportation, exportation and the purchase of crude oil, as well as the purchase and sale of oil products and fuel alcohol. In addition, this segment includes the petrochemical and fertilizers division, which includes investments in domestic petrochemical companies and its two domestic fertilizer plants. Its distribution segment represents the oil product and fuel alcohol distribution activities conducted by its wholly owned subsidiary, Petrobras Distribuidora S.A. - BR in Brazil. The gas and power segment encompasses the purchase, sale, transportation and distribution of natural gas produced in or imported into Brazil. In addition, this segment includes the Company’s participation in domestic electricity production, including investments in domestic natural gas transportation companies, state-owned natural gas distributors and gas-fired power companies. Its international segment encompasses exploration and production, supply, distribution and gas and power activities conducted in Argentina, Angola, Bolivia, Colombia, Ecuador, Equatorial Guinea, Iran, Libya, Mexico, Mozambique, Nigeria, Paraguay, Peru, the United States, Tanzania, Turkey, Uruguay, and Venezuela. Its corporate segment includes the financial results and those activities not attributable to other segments.”¹

Petroleo Brasileiro meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

11. Petroliaam Nasional (Petronas)

Petroliaam Nasional is the Malaysian national oil company. “Petronas’ business has grown to encompass the full spectrum of oil and gas operations, both locally and globally, in the areas of upstream oil and gas exploration and production (E&P) to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of liquefied natural gas (LNG); petrochemical manufacturing and marketing; shipping; and property investment. According to Bloomberg the company is also involved in upstream and downstream ventures in Vietnam,

¹ Company description information sourced from Reuters.

² Company description information sourced from Company Web site.

China, Pakistan, the Philippines, and the Middle East, and has interests in Australia and Argentina.”²

Petroliam Nasional meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

12. Royal Dutch Shell Plc

Royal Dutch Shell Plc is an oil and gas company headquartered in the Netherlands. “Royal Dutch Shell Plc (Shell) is engaged in all principal aspects of the oil and natural gas industry, and also has interests in chemicals and additional interests in power generation and renewable energy (mainly in wind and advanced solar energy). The Company operates in five segments: Exploration & Production, which searches for and recovers oil and natural gas around the world and is active in 38 countries; Gas & Power, which liquefies and transports natural gas, and develops natural gas markets and related infrastructure; Oil Products, which include all of the activities necessary to transform crude oil into petroleum products and deliver these to customers worldwide; Chemicals, which produces and sells petrochemicals to industrial customers globally, and Other Industry Segments and Corporate, which include Renewables and Hydrogen.”¹

Royal Dutch Shell Plc meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

13. Sasol Ltd.

“Sasol Limited is an integrated oil and gas company with substantial chemical interests. Sasol mines coal in South Africa. The Company also has chemical manufacturing and marketing operations in Europe, Asia, and the Americas. Its larger chemical portfolios include monomers, polymers, solvents, olefins, surfactants, surfactant intermediates, comonomers, waxes, phenolics, and nitrogenous products.”¹

Sasol Ltd. meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

14. StatoilHydro ASA

Statoil and NorskHydro ASA merged to become StatoilHydro ASA, a Norwegian oil and gas company, in October 2007. “StatoilHydro ASA is an integrated oil and gas company. The Company’s focus is on exploration, development and production of oil and natural gas from the Norwegian Continental Shelf.”¹

StatoilHydro ASA meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

15. Total S.A.

Total S.A. is an oil company headquartered in France. “Total S.A. together with its subsidiaries and affiliates, is an integrated oil and gas company. With operations in more than 130 countries, Total engages in all aspects of the petroleum industry, including upstream operations (oil and gas exploration, development and production, liquefied natural gas) and downstream operations (refining, marketing, and the trading and shipping of crude oil and petroleum products). Total

¹ Company description information sourced from Reuters.

² Company description information sourced from Company Web site.

also produces base chemicals (petrochemicals and fertilizers), chlorochemicals, intermediates, performance polymers, and specialty chemicals for the industrial and consumer markets.”¹

Total S.A. meets criteria (1) – a company that has made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20 million or more, in Iran’s energy sector.

16. Ulan-Ude Aviation Plant JSC

“Ulan-Ude Aviation Plant JSC is a Russian company specializing in the production of military and civilian helicopters and airplanes.”²

Ulan-Ude meets criteria (3) – a company that is engaged in any business that facilitates Iranian acquisition of nuclear, chemical, or biological weapons technology or military equipment.

¹ Company description information sourced from Reuters.

² Company description information sourced from Company Web site.

SECTION 6

PERA Holdings of Iran-Related Companies Meeting Criteria As of March 20, 2009

To develop the following information, PERA used an identification date of March 5, 2009. The following table indicates which companies are (a) on the list meeting the policy criteria, and (b) are or are not held by PERA in separate account portfolios. There have been no new companies identified as meeting PERA's policy criteria since the last report to the Board of Trustees.

Company Name	Date Added to PERA List	Market Value
Bow Valley Energy Ltd.	March 21, 2008	–
China Petroleum & Chemical Corporation (Sinopec)	March 21, 2008	–
ENI S.p.A.	March 21, 2008	\$ 761,166
GAIL (India) Ltd.	June 20, 2008	–
Gazprom OAO	March 21, 2008	\$ 14,331,890
GS Engineering & Construction Corp.	March 21, 2008	–
INPEX	June 20, 2008	–
Liquefied Natural Gas Ltd. (LNG)	June 20, 2008	–
Lukoil OAO	March 21, 2008	\$ 19,139,653
Petroleo Brasileiro S.A. (Petrobras)	March 21, 2008	\$ 38,105,291
Petroliam Nasional (Petronas)	March 21, 2008	–
Royal Dutch Shell Plc	March 21, 2008	\$ 41,209,411
Sasol Ltd.	June 20, 2008	\$ 1,373,879
StatoilHydro ASA	March 21, 2008	\$ 14,009,182
Total S.A.	March 21, 2008	\$ 27,377,267
Ulan-Ude Aviation Plant JSC	June 20, 2008	–

Section 7

Iran-Related Companies Meeting Criteria as of March 20, 2009, With Purchase Moratorium in Effect

Company Name	Date Moratorium Enacted
Bow Valley Energy Ltd.	March 21, 2008
China Petroleum and Chemical Corporation (Sinopec)	June 20, 2008
GAIL (India) Ltd.	June 20, 2008
GS Engineering & Construction Corp.	March 21, 2008
INPEX	June 20, 2008
Liquefied Natural Gas Ltd. (LNGL)	June 20, 2008
Petroliam Nasional (Petronas)	March 21, 2008
Ulan-Ude Aviation Plant JSC	June 20, 2008

Section 8

Recommended Policy Improvements

The following reflects suggested improvements to PERA's policy:

PERA will initiate a phased strategy to address PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The strategy will address and will include a number of actions, up to and including possible divestment. PERA recognizes the federal government has sole responsibility for the conduct of American foreign policy. PERA is acting out of a fiduciary concern for the welfare of its members' assets which requires a broad horizon and sensitivity to the potential risks posed by investment in Iran.

The United States prohibits loans from U.S. financial institutions and direct investment in the Iranian energy and defense sectors. The U.S. government can also impose economic sanctions on foreign companies investing in Iran's petroleum and natural gas sector. It is widely reported that Iran supports terrorism, supplies explosively formed penetrators for use against our troops in Iraq, continues to develop the infrastructure to support advanced nuclear technology, and that its president publicly calls for the destruction of the State of Israel.

PERA must be managed for the benefit of the members, retirees and beneficiaries, and this policy is developed to address the potential for risk presented by pension fund investments in companies doing business in Iran.

Accordingly, the PERA Board of Trustees adopts a policy consisting of the following phases:

- Phase I: Commencing immediately, staff shall undertake research to identify a list of public companies doing business in Iran which meet the following criteria: (This list will be developed through staff research of publicly available information that may include the retention of external third party researchers and/or other information provided by other public funds, pension systems, and investor organizations.)
 1. That have made an investment on or after August 5, 1996, or in any combination in any 12-month period, of \$20,000,000 or more, in Iran's energy sector; or
 2. Are engaged in business with any Iranian organization labeled by the U.S. government as a terrorist organization; or
 3. Are engaged in any business that facilitates Iranian acquisition of nuclear, chemical, or biological weapons technology or military equipment.

The Board may determine that a company has taken sufficient steps to mitigate risks presented by Iranian investments or that there is sufficient evidence of an elimination of ongoing Iranian investment or business activities to warrant removal of a company from the list (removal of moratorium companies requires 90-day advance notice as specified in Phase III).

- Phase II: Upon a company being included on the list that meets the criteria set forth under Phase I in which PERA holds a direct public investment, staff shall within 30 days after identifying such a company, engage such company and ask them to:
 1. Provide a detailed description of the nature, extent, duration, and full history of the companies' business activities in Iran;
 2. Provide an explanation as to how these activities are consistent with a sound and prudent long-term investment strategy;
 3. Report how they are engaging the government of Iran regarding its conduct and how they are mitigating investment risks posed by doing business in Iran;

4. Report whether substantial action has been taken to affect the policies and practices of the government of the Islamic Republic of Iran; and
 5. Additionally, staff shall, where practical, confer and work with other pension systems and investor organizations regarding information stemming from their engagement with such companies and potentially cooperate in taking joint action in engaging such companies.
- Phase III: Upon a company being included on the list that meets the criteria set forth under Phase I, the Board enacts a moratorium on direct public investments in companies in which PERA currently holds no interest. The moratorium shall apply upon the date that staff determines such a company meets the criteria. The Board shall give 90-days' advance notice before the effective date of any amendment or repeal of this moratorium to the public, the General Assembly, and the Governor.
 - Phase IV: Within 90 days after engaging such a company, staff shall evaluate the companies' responses and determine if they have taken sufficient steps to minimize risk to PERA and/or whether additional time is required to effectively engage such company. If not, staff shall analyze:
 1. The available strategies for addressing the risk presented;
 2. The viability of working with other interested parties and investors to affect the policies and practices of companies with business operations in Iran;
 3. The materiality of the company's Iranian operations in regards to their overall operations; and
 4. The availability of alternative direct public investments providing similar diversity and return expectations.
 - Phase V: Staff shall report to the Board its findings, actions, and recommendations concerning individual companies on the list **as changes to the list warrant, but not less than annually** ~~at every regularly scheduled Board meeting~~. This report shall be made available to the public and forwarded to the General Assembly and the Governor; provided, however, the first public report shall be made no later than March 21, 2008. Should adequate mitigation of risk not be possible, the PERA Board of Trustees, consistent with its fiduciary obligations and responsibilities, will thereafter direct staff to:
 1. Withhold additional or new direct public investments in non-complying companies; and/or
 2. Divest current direct public investments in the companies.

Section 9

Information on Companies Meeting Criteria Without PERA Holdings

For each of the eight companies meeting PERA's policy criteria in which PERA does not have separate account holdings (the moratorium companies), PERA staff has gathered the following information:

- Company specific information – relevant data regarding the company including information that addresses the company's unique characteristics
- Separate account exposure – PERA's equity and fixed income exposure as of March 5, 2009
- Index weights – the performance for each of PERA's portfolios is benchmarked against broad index measures. The international equity portfolios are benchmarked against the following indices:
 - MSCI All Country World Index excluding US (includes developed and emerging market countries)
 - MSCI Emerging Market Index

These indices are a representation of PERA's investable universe. The sector and country representation are important characteristics that define a company's risk and return expectations.

PERA staff has gathered information showing the respective weights for each company's securities within the relevant equity index, within the sector of the relevant equity index, and within the country portion of the relevant equity index.

PERA's fixed income portfolios are benchmarked against the following indices:

- Lehman Universal (includes emerging market and high yield fixed income securities as well as the Lehman Aggregate)
- Lehman Aggregate (includes Treasury, government-related, asset-backed, mortgage-backed, and corporate fixed income securities)

One moratorium company is a constituent of PERA's fixed income benchmarks. PERA staff has gathered information showing the respective aggregate weights within the relevant fixed income indices for all of this company's securities.

- Oil and Gas Information – Companies in the oil and gas industry typically disclose proved and unproved reserves as well as the discounted future cash flows relating to proved reserves. Proved reserves are those quantities of petroleum deemed to be recoverable in future years using known techniques. Crude oil is measured in millions of barrels, which is abbreviated mmbbl. Natural gas is measured in billions of cubic feet, which is abbreviated bcf. The conversion of a company's reserves, whether they be in liquid or gaseous form, into crude oil is reported in barrel oil-equivalent or boe units. This report measures barrel oil-equivalent units in millions, which is abbreviated mmmboe.
- Historical Equity Total Returns – the one-, three-, and five-year total returns for each company's equity securities.

Bow Valley Energy Ltd.

Company Specific Items

- Canadian upstream oil and gas company founded in 1996 with operations in Alaska and the United Kingdom¹
- Awarded a contract in 1997 to develop an oil field in the Persian Gulf. Transferred control of the project to two other companies in 1999²
- Has no equity interest in oil and gas reserves or production in Iran nor does Bow Valley derive any oil or gas revenue from Iran²
- Board of Directors passed a resolution renouncing their involvement in Iran²

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

Bow Valley Energy Ltd. is not a member of any of the MSCI equity indices that PERA employs as a benchmark.

Fixed Income (data as of February 10, 2009)

Bow Valley Energy Ltd. is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

Oil and Gas Information

All of Bow Valley Energy Ltd.'s proved reserves are in the United Kingdom. Bow Valley Energy Ltd. does not report a standardized measure of discounted future net cash flows relating to proved oil and gas reserves.

Proved Reserves³ (data as of December 31, 2007)

Crude Oil and Liquefied Natural Gas (mmbbl)	586
Natural Gas (bcf)	513
Oil Equivalent (mmboe)	672

¹ Company Web site

² Letter received by Colorado PERA from Bow Valley Energy Ltd., June 15, 2008

³ Bow Valley Energy Ltd. 2007 Annual Report, p. 1.

Historical Equity Total Returns¹

Ticker: BVX.CN

1-year	-95.3%
3-year	-63.5%
5-year	-24.4%

¹ Returns are denominated in U.S. dollars and are as of January 30, 2009.

China Petroleum and Chemical Corporation (Sinopec)

Company Specific Items

- *Fortune* ranked Sinopec sixteenth in the world by revenue¹
- Vertically integrated oil and gas company as it explores, produces, refines, and sells oil and oil products through the world's third largest gas station network, which consists of 29,130 stations located throughout China²
- World's third largest oil refiner by capacity²
- Second largest producer of petroleum and natural gas in China²
- China's largest producer and distributor of chemical products²
- In December 2007, Sinopec signed a contract worth approximately \$2 billion with the National Iranian Oil Company to develop one of Iran's largest oil fields. In September 2008, Sinopec began construction on the first phase of this field³

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

The following represents Sinopec's portion of the following indices:

MSCI ACWI ex US index	0.1%
Energy sector of MSCI ACWI ex US index	0.9%
China portion of MSCI ACWI ex US index	5.1%

As a Chinese company, Sinopec is also part of the MSCI Emerging Markets index. The following represents Sinopec's portion of the following indices:

MSCI EM index	0.6%
Energy sector of MSCI EM index	3.8%
China portion of MSCI EM index	5.1%

Fixed Income (data as of February 10, 2009)

Sinopec is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

¹ 2008 Fortune Global 500 list. Only companies that publish financial data and report part or all of their data to a government agency are included on the list.

² China Petroleum & Chemical Corp. Investor Fact Sheet

³ Independent research provider

Oil and Gas Information

Sinopec's public documents only disclose proved reserves located in China.

Proved Reserves

Proved Crude Oil Reserves¹ (data as of December 31, 2007)

		mmbbl	%
China	Shengli	2,231	73.8%
	Zhongyuan	235	7.8%
	Xibei	280	9.3%
	Henan	96	3.2%
	Jiangsu	87	2.9%
	Others	95	3.1%
		3,024	100.0%

Proved Natural Gas Reserves² (data as of December 31, 2007)

		bcf	%
China	Shengli	328	5.2%
	Zhongyuan	361	5.7%
	Xibei	198	3.1%
	Jiangsu	10	0.2%
	Xinan	757	12.0%
	Huabei	781	12.3%
	Puguang	3,509	55.4%
	Others	387	6.1%
		6,331	100.0%

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves³

	\$ million
China	57,714

Historical Equity Total Returns⁴

Ticker: 386.HK

¹ Sinopec 2007 20-F, p. 16

² Sinopec 2007 20-F, p. 16

³ Sinopec 2007 20-F, p. F-67

For comparison purposes, amounts reported in currencies other than U.S. dollars were converted to U.S. dollars using conversion rates from the Federal Reserve Bank of New York as of December 31, 2007.

⁴ Returns are denominated in U.S. dollars and are as of January 30, 2009.

1-year	-46.6%
3-year	-1.2%
5-year	9.5%

GAIL (India) Ltd.

Company Specific Items

- Previously known as Gas Authority of India Ltd., GAIL was established by the government of India in 1984 to create natural gas infrastructure for the country¹
- GAIL is India's largest natural gas transmission and marketing company. The company also operates petrochemical and telecommunications businesses¹
- Vertically integrated as it explores, produces, processes, distributes, and markets natural gas¹
- The vast majority of GAIL's exploration activities are in India with additional exploration blocks in Myanmar and Oman²
- Controls 79% of the natural gas transmission business in India along with 70% of the gas marketing business³
- Owns and operates a 7,000 km natural gas transmission network and transports approximately 80% of India's natural gas⁴
- In 2005, GAIL signed a production development agreement with the National Petrochemicals Company, Iran to build a petrochemical complex, which entailed an investment of \$1.5 billion¹

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

The following represents GAIL's portion of the following indices:

MSCI ACWI ex US index	0.1%
Utilities sector of MSCI ACWI ex US index	0.3%
India portion of MSCI ACWI ex US index	1.5%

As an Indian company, GAIL is also part of the MSCI Emerging Markets index. The following represents GAIL (India) Ltd.'s portion of the following indices:

MSCI EM index	0.1%
Utilities sector of MSCI EM index	2.4%
India portion of MSCI EM index	1.5%

¹ Company Web site

² GAIL (India) Ltd. 2007-2008 Annual Report, p. 19

³ GAIL (India) Ltd. 2007-2008 Annual Report, p. 18

⁴ JPMorgan, Gas Authority of India Limited, September 17, 2008, p. 8

Fixed Income (data as of February 10, 2009)

GAIL is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

Oil and Gas Information

GAIL reports no proved oil and gas reserves and no standardized discounted cash flows relating to proved oil and gas reserves.

Historical Equity Total Returns¹

Ticker: GAIL.IN

1-year	-40.0%
3-year	-0.3%
5-year	7.7%

¹ Returns are denominated in U.S. dollars and are as of January 30, 2009.

GS Engineering & Construction Corp.

Company Specific Items

- One of South Korea's largest construction companies¹
- Approximately one-third of its revenues are derived from its oil and gas plants division²
- Constructs refineries and petrochemical plants throughout the world³
- Awarded a \$1.8 billion contract to build a natural gas processing facility offshore of Iran in 2003⁴
- The company's chairman, Chang-Soo Huh, and other members of his family own 30.4% of the total shares outstanding⁵
- In 2003, GS Engineering & Construction Corp. was awarded a \$1.6 billion contract by the National Iranian Oil Company for work on a gas treatment project⁶

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

The following represents GS Engineering & Construction Corp.'s portion of the following indices:

MSCI ACWI ex US index	0.1%
Industrials sector of MSCI ACWI ex US index	0.1%
South Korea portion of MSCI ACWI ex US index	0.6%

As a South Korean company, GS Engineering & Construction Corp. is also part of the MSCI Emerging Markets index. The following represents GS Engineering & Construction Corp.'s portion of the following indices:

MSCI EM index	0.1%
Industrials sector of MSCI EM index	1.1%
India portion of MSCI EM index	0.6%

Fixed Income (data as of February 10, 2009)

GS Engineering & Construction Corp. is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

¹ Citigroup, South Korea, GS Engineering & Construction, July 12, 2005, p. 1

² GS Engineering & Construction 2007 Annual Report, p. 1

³ Company Web site

⁴ Company Web site

⁵ GS Engineering & Construction 2007 Annual Report, p. 59

⁶ GS Engineering & Construction 2007 Annual Report, p. 53

Oil and Gas Information

As a construction and petrochemical processing company, GS Engineering & Construction Corp. has no proved oil and gas reserves and no standardized discounted cash flows relating to proved oil and gas reserves.

Historical Equity Total Returns¹

Ticker: 006360.KS

1-year	-63.7%
3-year	-4.1%
5-year	26.7%

¹ Returns are denominated in U.S. dollars and are as of January 30, 2009.

INPEX

Company Specific Items

- INPEX reports the largest proved reserves of any Japanese oil and gas company¹
- INPEX's reserve replacement ratio, the rate at which production is replaced by new reserves, averaged 293% in 2004-2006, which is well above the global average of 170%²
- Actively involved in exploration and production activities in 26 countries across six continents¹
- Through a wholly-owned subsidiary, INPEX is currently developing the Azadegan oil field in Iran under a service contract signed with the National Iranian Oil Company in 2004³

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

The following represents INPEX's portion of the following indices:

MSCI ACWI ex US index	0.1%
Energy sector of MSCI ACWI ex US index	0.6%
Japan portion of MSCI ACWI ex US index	0.4%

As a Japanese company, INPEX is also part of the MSCI Europe, Australasia, and Far East (EAFE) index. The following represents INPEX's portion of the following indices:

MSCI EAFE index	0.1%
Energy sector of MSCI EAFE index	1.0%
Japan portion of MSCI EAFE index	0.4%

Fixed Income (data as of February 10, 2009)

INPEX is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

¹ INPEX Corporation 2008 Annual Report, p. 7

² CreditSuisse, INPEX Holdings, February 19, 2008, p. 1

³ Letter received by Colorado PERA from INPEX, April 16, 2008

Oil and Gas Information

In terms of proved crude oil reserves, INPEX reports 44.9% in the Middle East & Africa category. This category includes Iran and 4 other countries. Discounted future net cash flows associated with this category are a much smaller portion (5.6%) of the company's overall total.

Proved Reserves

Proved Crude Oil Reserves¹ (data as of March 31, 2008)

	mmbbl	%
Japan	20	1.8%
Asia & Oceania	112	10.3%
Europe & NIS ²	207	19.0%
Middle East & Africa ³	489	44.9%
Americas	1	0.1%
Interest in Reserves Held by Equity-Method Affiliates	259	23.8%
	1,088	100.0%

Proved Natural Gas Reserves¹ (data as of March 31, 2008)

	bcf	%
Japan	786	23.5%
Asia & Oceania	2,014	60.2%
Europe & NIS		
Middle East & Africa		
Americas	106	3.2%
Interest in Reserves Held by Equity-Method Affiliates	440	13.2%
	3,346	100.0%

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves⁴

	\$ million	%
Japan	2,709	16.7%
Asia & Oceania	8,701	53.5%
Europe & NIS	3,927	24.1%
Middle East & Africa	912	5.6%
Americas	20	0.1%
	16,269	100.0%

¹ INPEX 2008 Annual Report, p. 79

² Newly Independent States: Azerbaijan, Kazakhstan

³ Middle East & Africa: Iran, U.A.E., Egypt, Algeria, Democratic Republic of Congo

⁴ INPEX 2008 Annual Report, p. 80

For comparison purposes, amounts reported in currencies other than U.S. dollars were converted to U.S. dollars using conversion rates from the Federal Reserve Bank of New York as of March 31, 2008.

Historical Equity Total Returns¹

Ticker: 1605.JP

1-year	-21.7%
3-year	-
5-year	-

¹ Returns are denominated in U.S. dollars and are as of January 30, 2009. Returns data is for INPEX Holdings, which was formed as the result of a merger between INPEX Corporation and Teikoku Oil finalized on April 3, 2006. As a result of the merger, equity for INPEX Corporation was delisted, and equity for the new organization, INPEX Holdings, was issued in April 2006.

Liquefied Natural Gas Ltd. (LNGL)

Company Specific Items

- Australian developer of small and mid-scale liquefied natural gas production plants. Once processed, LNGL then ships or trucks the liquefied natural gas to identified markets¹
- Listed on the Australian Stock Exchange in 2004¹
- Currently pursuing the development of liquefied natural gas production facilities in Australia, Papua New Guinea, Indonesia, and Iran. All of these projects are in their pre-development or early development phases¹
- LNGL's Iran project involves the construction of a natural gas liquefaction facility with the National Iranian Oil Company on Qeshm Island in the Persian Gulf¹

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

LNGL is not a member of any of the MSCI equity indices that PERA employs as a benchmark.

Fixed Income (data as of February 10, 2009)

LNGL is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

Oil and Gas Information

LNGL reports no proved oil and gas reserves and no standardized discounted cash flows relating to proved oil and gas reserves.

Historical Equity Total Returns²

Ticker: LNG.AU

1-year	-29.9%
3-year	9.3%
5-year	-

¹ Company Web site

² Returns are denominated in U.S. dollars and are as of January 30, 2009.

Petroliam Nasional (Petronas)

Company Specific Items

- *Fortune* ranked Petronas first in terms of profitability in Asia and eighth globally¹
- Founded in 1974 by the government of Malaysia and is vested with the entire ownership and control of all oil and gas resources in the country²
- Wholly-owned by the Malaysian government²
- Fully integrated energy company with exploration and production activities in 23 countries³, 4 refineries⁴, and, through its marketing arm Petronas Dagangan Bhd, holds 44.1% market share of the Malaysian retail gasoline market⁵. Also operates petrochemical and liquefied natural gas divisions⁶
- Present in Iran since 1994⁷
- Currently has ownership interests in two phases of a liquefied natural gas development project in Iran⁶

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

Petronas is not a member of any of the MSCI equity indices that PERA employs as a benchmark.

Fixed Income (data as of February 10, 2009)

Petronas has issued several fixed income securities that are denominated in U.S. dollars. The following represents Petronas' portion of the following indices:

Lehman Universal index	less than 0.1%
Foreign Agency portion of Lehman Universal index	0.4%
Malaysia portion of Lehman Universal index	9.9%

¹ 2008 Fortune Global 500 list. Only companies that publish financial data and report part or all of their data to a government agency are included on the list.

² Petronas 2008 Annual Report, p. 4

³ Petronas 2008 Annual Report, p. 27

⁴ Petronas 2008 Annual Report, p. 33

⁵ Petronas 2008 Annual Report, p. 35

⁶ Company Web site

⁷ Independent research provider

Oil and Gas Information

Proved Reserves (data as of January 1, 2008)

Petronas has total proven reserves of 26,370 mmboe. International reserves, which would include Iran, accounted for 23.7% of total reserves¹

Historical Equity Total Returns

Petronas has no publicly traded equity.

¹ Petronas 2008 Annual Report, p. 20

Ulan-Ude Aviation Plant JSC

Company Specific Items

- Russia's 9th largest defense company by revenue¹
- Delivered 38 transport helicopters to Iran during the period of 1998-2005²
- Signed a contract with the Iranian government in 2003 to deliver three ground attack fighters as well as three ground attack training aircraft²

Separate Account Exposure (data as of March 5, 2009)

PERA's exposure is comprised of the following:

Equity exposure	\$0
<u>Fixed income exposure</u>	<u>\$0</u>
Total	\$0

Index Weights

Equity (data as of February 6, 2009)

Ulan-Ude Aviation Plant JSC is not a member of any of the MSCI equity indices that PERA employs as a benchmark.

Fixed Income (data as of February 10, 2009)

Ulan-Ude Aviation Plant JSC is not a member of any of the relevant fixed income indices that PERA employs as a benchmark.

Oil and Gas Information

Ulan-Ude does not report any proved oil and gas reserves.

Historical Equity Total Returns³

Ticker: UUAZ.RU

1-year	-35.1%
3-year	-7.8%
5-year	-10.2%

¹ Vinogradov, Dmitry. "The Russian aerospace industry." Brunswick UBS (December 14, 2004): 23.

² Independent research provider

³ Returns are denominated in U.S. dollars. UUAZ.RU is thinly traded and the reported returns are for the date that was as close to January 30, 2009 as possible.