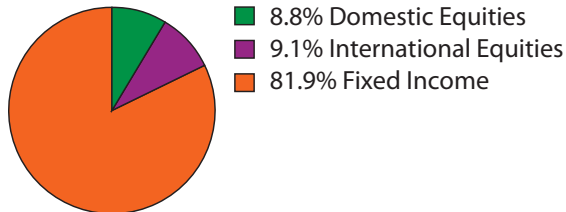


## TMRS Investments

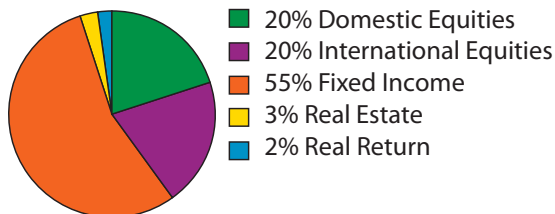
### TMRS Continues to Diversify Our Investment Portfolio

- Began diversification in 2008
- Diversification was “on hold” pending passage of HB 360 in 2009 and resumed in June 2009
- TMRS is changing from an income strategy to a total return strategy
- Diversification will produce a higher return over time

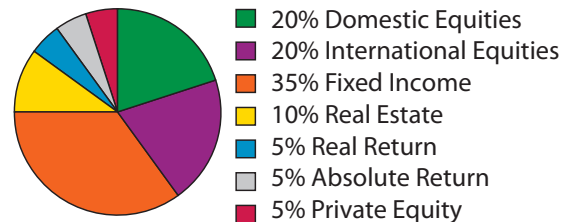
#### Asset Mix Today



#### Asset Mix Target – End of 2010



#### Asset Mix Target – End of 2013



### Investment Performance

As of September 30, 2009:

- Total Fund Return 9.11%
- Domestic Equities 21.28%
- International Equities 29.24%
- Fixed Income Return 6.53%

In a total return environment, it is important not to put too much emphasis on short-term performance. TMRS is a true long-term investor and, over time, the diversified portfolio is projected to earn a 7% annual return.

### Investment Expenses

The TMRS investment manager selection process incorporates fees as part of the evaluation. Manager objectives are to be achieved on a net of fee basis.

Investment manager fees are charged as a percentage of assets managed, paid as “basis points.” A basis point is 1/100th of a percent (.01%). Estimated projections of the manager fees TMRS will pay in 2010 equal approximately five basis points, or .05%.

Generally, the more actively a portfolio is managed and the more complex the asset classes are, the higher the fees will be. Therefore, as TMRS continues to diversify into more complicated asset classes, manager fees are likely to increase along with returns.