

OFI Institutional | Fundamental Large Cap Value

Investment Professionals:

Mitchell Williams, CFA
Portfolio Manager

Strategy AUM:

Composite: \$210 million
(The OFI Institutional investment team managing the Fundamental Large Cap Value strategy for OFI Institutional Asset Management, Inc. also manages additional assets in the strategy for OppenheimerFunds, Inc. and other affiliated entities.)

OppenheimerFunds, Inc. Retail Mutual Fund (all share classes): \$2.3 billion

Composite Inception:
9/30/03

(OppenheimerFunds, Inc. Retail Mutual Fund Inception: 9/16/85)

Benchmark:

Russell 1000® Value Index

Number of Holdings

Range: 40–60

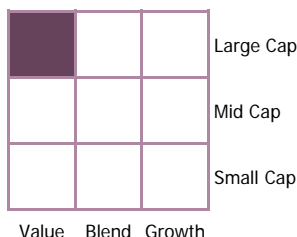
Estimated Turnover:

50–100% (per annum)

Estimated Tracking Error:

400–600 bps (full market cycle)

Investment Style:



Investment Philosophy

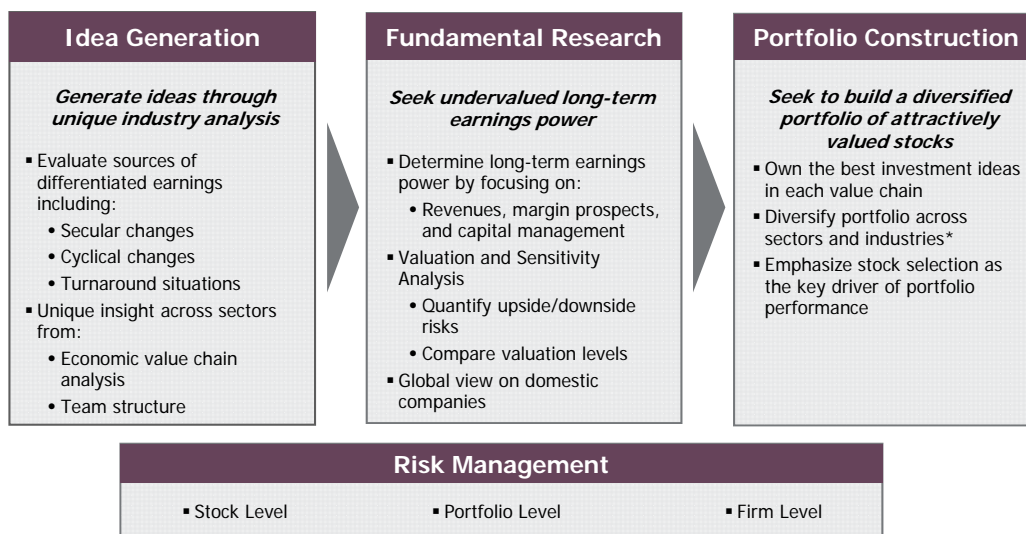
We believe superior long-term investment returns can be achieved by utilizing fundamental research to uncover companies that are undervalued relative to their long-term earnings power.

Investment Process

The team employs a disciplined approach to value investing based on deep fundamental analysis in order to identify securities with long-term earnings power that is materially greater than other stocks in their respective sectors. We seek to invest in companies with attractive valuations relative to long-term earnings potential. The team considers its focus on stock selection - as opposed to creating macroeconomic biases within the portfolio - to be the most consistent driver of out-performance potential.

The team develops proprietary earnings estimates at least three years into the future since we strongly believe that this longer-term perspective is key to finding overlooked stocks with attractive appreciation potential. We also believe that long-term earnings power most consistently identifies value stocks. We evaluate three factors when calculating long-term earnings power (defined as 3-year forward earnings/price): revenue growth, margin expansion, and capital management opportunities. We believe that it is essential to understand the key drivers of a company's revenue and earnings growth rates, as well as their sustainability. Characteristics of companies with favorable earnings and growth prospects include innovative products and services, management capable of handling rapid growth, and leadership in high-growth market sectors.

We seek undervalued stocks with improving business prospects within the next two to three years. Our primary task is to determine what will cause the stocks within the strategy's investment universe to perform differently from one another in the future. Stocks with the best combination of valuation and long-term earnings power are selected for purchase and typically results in approximately 40-60 holdings



* Diversification does not guarantee profit or protect against loss.

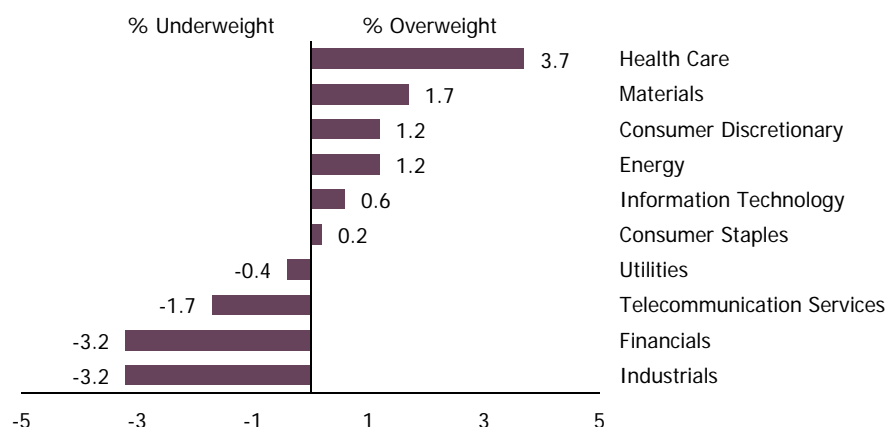
Distinct Advantages

- Focus on long-term earnings growth distinguishes our approach amongst peers
- Target stock selection to continuously be the primary source of value-added returns
- Effectively manage risk factors by investing with conviction in 40-60 holdings, while avoiding making significant investments in any one sector
- Strong and cohesive investment team with a consistent investment strategy and strict adherence to our intended investment style and market cap size

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As of December 31, 2011

Sector Allocation vs. Index



Representative Portfolio (%)	Index (%)
16.6	12.9
4.3	2.6
10.1	8.9
13.5	12.3
9.5	8.9
8.4	8.2
7.4	7.8
3.1	4.8
21.2	24.4
6.0	9.2

Portfolio Characteristics

	Representative Portfolio	Index
Number of Holdings	48	656
P/E Ratio (Trailing 12 Months)*	11.2x	12.2x
Price/Book Ratio	1.5x	1.4x
Return on Equity (ROE)	12%	11%
Debt to Capital	42%	39%
EPS Growth Rate (3 Year)	16%	13%
Sales Growth Rate (3 Year)	5%	6%
Turnover (Trailing 1 Year)**	100.4%	-
Weighted Average Market Cap	\$79.3B	\$73.8B
Median Market Cap	\$24.3B	\$4.6B
Cash	5.7%	-

*Earnings excludes negative earnings. **In accordance with the SEC definition, portfolio turnover is calculated by dividing the lesser of purchases or sales of portfolio securities by the monthly average total value of the portfolio during the reporting period.

Ten Largest Holdings

Name	Sector	Representative Portfolio (%)	Index (%)
Chevron Corp	Energy	6.2	3.1
Medtronic Inc	Health Care	4.2	0.1
U.S. Bancorp	Financials	3.6	0.8
Coca-Cola Co	Consumer Staples	3.5	0.0
Wells Fargo & Co	Financials	3.4	1.9
MetLife Inc	Financials	2.9	0.4
Gilead Sciences Inc	Health Care	2.7	0.0
Goldman Sachs Group Inc	Financials	2.7	0.7
Exxon Mobil Corp	Energy	2.7	1.7
Pfizer Inc	Health Care	2.7	2.6
Total Weight %		34.6	11.3

SUPPLEMENTAL INFORMATION. For disclosures, please see the last page of this report.

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Performance Comparison (%)

Historical Performance	4Q 2011	YTD 2011	1 Year	Annualized		
				3 Years	5 Years	Since Inception (9/30/03)
Fundamental Large Cap Value Composite (gross-of-fees)	10.39	-3.93	-3.93	14.43	-1.13	6.08
Russell 1000® Value Index	13.11	0.39	0.39	11.55	-2.64	5.22
<i>Relative Return</i>	<i>-2.72</i>	<i>-4.32</i>	<i>-4.32</i>	<i>2.88</i>	<i>1.51</i>	<i>0.86</i>
Fundamental Large Cap Value Composite (net-of-fees)	10.23	-4.51	-4.51	13.75	-1.72	5.45
Russell 1000® Value Index	13.11	0.39	0.39	11.55	-2.64	5.22
<i>Relative Return</i>	<i>-2.88</i>	<i>-4.90</i>	<i>-4.90</i>	<i>2.20</i>	<i>0.92</i>	<i>0.23</i>

Performance Statistics*

	Composite
Alpha	1.43
Information Ratio	0.26
Sharpe Ratio	-0.12
Beta	0.98
R ²	0.92
Standard Deviation	20.50
Tracking Error	5.72

*Based on 5-year, monthly, gross-of-fees returns

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Performance Analysis by Sector

Contribution to Total Return

Sectors	Total Variance (%pts)	Average Weight (%)		Total Return (%)	
		Representative Portfolio	Index	Representative Portfolio	Index
Health Care	+0.42	15.6	12.6	14.6	11.6
Telecommunication Services	+0.24	3.0	4.8	11.1	7.2
Financials	+0.14	20.8	24.6	11.3	11.0
Materials	+0.13	4.5	2.7	17.4	17.7
Energy	+0.13	12.9	12.4	19.2	18.4
Consumer Discretionary	-0.02	11.4	9.0	16.6	17.5
Consumer Staples	-0.30	8.1	8.0	7.1	10.7
Utilities	-0.34	7.0	7.7	3.5	8.6
Industrials	-0.39	6.0	9.0	14.5	18.0
Information Technology	-1.65	10.7	9.1	-0.1	13.3
Total	-2.5	100.0	100.0	+10.6	+13.1

Performance Analysis by Security

Contribution to Total Return

10 Strongest	Weighted Excess Return (% pts)	Average Weight (%)		Total Return (%)	
		Representative Portfolio	Index	Representative Portfolio	Index
Mohawk Industries Inc	+0.42	1.8	< 0.1	39.5	40.3
Celanese Corp	+0.31	1.3	0.0	36.3	0.0
Pfizer Inc	+0.25	2.4	2.5	23.6	23.3
Penn West Petroleum Ltd	+0.21	1.0	0.0	34.7	0.0
Nabors Industries Ltd	+0.17	0.8	0.1	41.4	40.8
Chevron Corp	+0.17	6.0	3.1	15.9	16.4
Medtronic Inc	+0.16	3.5	0.1	15.9	15.6
DISH Network Corp	+0.14	1.5	< 0.1	13.2	21.4
VeriSign Inc	+0.12	1.1	0.0	24.8	0.0
Exxon Mobil Corp	+0.11	2.5	1.6	17.4	17.5
10 Weakest					
Research In Motion Ltd	-1.04	1.1	0.0	-39.1	0.0
Oracle Corp	-0.56	2.3	0.0	-10.6	0.0
Goldman Sachs Group Inc	-0.54	3.0	0.8	-4.0	-6.0
Public Service Enterprise	-0.35	2.5	0.3	0.0	0.9
Coca-Cola Co	-0.32	3.4	0.0	4.3	0.0
Church & Dwight Inc	-0.24	2.5	< 0.1	3.9	4.4
GenOn Energy Inc	-0.23	1.1	< 0.1	-6.2	-2.9
Microsoft Corp	-0.20	2.4	0.0	5.1	0.0
Target Corp	-0.20	2.4	0.5	5.1	5.9
Gilead Sciences Inc	-0.16	2.2	0.0	5.5	0.0

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Disclosure Statements

As of December 31, 2011

	2011	2010	2009	2008	2007	2006	2005	2004	Oct-Dec 2003
Fundamental Large Cap Value Composite Return (Gross %)	-3.9	15.7	34.8	-41.1	7.1	17.1	8.0	17.5	15.9
Russell 1000® Value Index Return (%)	0.4	15.5	19.7	-36.9	-0.2	22.2	7.0	16.5	14.2
Fundamental Large Cap Value Composite Return (Net %)	-4.5	15.0	34.0	-41.5	6.4	16.4	7.4	16.8	15.7
# Portfolios	3	4	4	5	5	4	1	1	1
Standard Deviation of Composite Full Period Returns (Gross %)	na	na	na	na	na	na	na	na	na
3-Year Annualized Ex-post Standard Deviation of Monthly Returns	Composite (Gross %)	19.6	23.8	21.5	17.8	7.6	na	na	na
	Benchmark (%)	21.0	23.5	21.4	15.6	8.2	na	na	na
Composite Assets (\$ mil)	210	270	278	247	526	554	66	58	54
OFII Assets (\$ mil)	4,039	5,199	7,870	6,956	12,752	10,192	5,353	3,739	3,403

OFI Institutional Asset Management, Inc. ("OFII") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. OFII has been independently verified for the periods January 1, 2003 through December 31, 2010. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

OFII is an SEC-registered investment adviser and a subsidiary of OppenheimerFunds, Inc. ("OFI"). OFII provides advisory services and offers various institutional investment products to institutional clients, including defined benefit and defined contribution retirement plans, foundations, endowments, corporations, and other investment advisers. OFII personnel who provide advisory, trading, and other services may be employed by OFII, OFI or an OFI affiliate. Effective January 1, 2004, OFII's GIPS Firm definition changed to reflect the consolidation of the assets of OFII's subsidiaries and investment management teams since the inception of OFII in 1999 when OFI purchased Trinity Investment Management Corporation.

The OFII Fundamental Large Cap Value Composite includes every fully representative portfolio managed in the Fundamental Large Cap Value strategy. The strategy employs a bottom-up, fundamental process to identify the key drivers that will have the greatest impact on long-term earnings. Securities holdings are generally selected from the U.S. equity market (although foreign equity securities can be held), regardless of a security's membership in the benchmark index, with an emphasis on large, well-established companies. Certain securities may constitute a significant portion of the portfolio resulting in security and sector weightings that may differ from those of the benchmark index. The Composite was created in January 2006.

The Composite gross-of-fee returns shown include the reinvestment of income and the impact of transaction costs, but do not include the deduction of investment advisory fees or any other account expenses, such as custodial fees. Composite net-of-fee returns are calculated by deducting a model investment advisory fee (using the maximum investment advisory fee as determined by the product's fee schedule) from the Composite gross-of-fee returns. OFII's advisory fee rates are set forth in Part 2A of its Form ADV, which is available upon request. Annual fees for the Fundamental Large Cap Value product are 0.60% on the first \$25 million under management, 0.50% on the next \$25 million, and 0.45% on any additional amount. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. While actual portfolios incur transaction expenses, pay investment advisory fees, and may incur other account expenses, the benchmark index is shown without the impact of such charges.

A list of OFII's composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. All data are in U.S. dollars. Realized performance results vary substantially based on the period measured. The performance data quoted represents past performance, which does not guarantee future results. Returns for periods less than a full year are not annualized.

The Russell 1000® Value Index is a trademark/service mark of the Frank Russell Company. The Russell 1000® Value Index represents Russell 1000® Index companies (an index of the 1,000 largest U.S. companies) with lower price-to-book ratios and lower forecasted growth rates. The index is unmanaged; includes only U.S. companies; is market-value weighted; includes reinvestment of dividends; is shown for illustration only; and cannot be purchased directly by investors. Benchmark index returns are not covered by the report of independent verifiers.

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Additional Disclosures:

Sector weights, portfolio characteristics, ten largest holdings, and performance attribution information constitutes supplemental information for purposes of GIPS. The information shown is derived from a representative account deemed to appropriately represent this management style. Each investor's portfolio is individually managed and may vary from the information shown.

Representative portfolio information constitutes supplemental information for purposes of GIPS and is supplemental to the GIPS-compliant table included above. The representative portfolio information shown is derived from a representative account deemed to appropriately represent this management style. Each investor's portfolio is individually managed and may vary from the information shown.

A description of the methodology used to calculate the performance attribution and a full list showing the contribution of all securities to the overall performance of the representative account during the indicated time period are available upon request.

Sectors are based on Global Industry Classification Standard (GICS®) methodology, which was developed by Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

The specific securities identified are not representative of all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified was or will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed.

