TEACHERS RETIREMENT SYSTEM OF GEORGIA

A COMPONENT UNIT OF
THE STATE OF GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year
Ended June 30, 2008

Our mission is to provide

Exceptional Service

in the administration of pension benefits and related services to TRS members, retirees, and employers.

A Component Unit of
the State of Georgia

Teachers
Retirement System
of Georgia

Jeffrey L. Ezell
Executive Director

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

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Certificate of **Achievement**

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Teachers Retirement System
of Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.

President

Executive Director

Board of Trustees

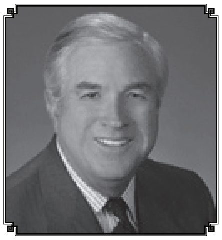
*Dr. Virginia J. Dixon
CHAIR
Retired Teacher
Elected by the Board of Trustees
Term Expires 6/30/09

*Mr. Russell W. Hinton
VICE-CHAIR
State Auditor
Ex-Officio

Mrs. Susan T. Brantley
Classroom Teacher
Appointed by the Governor
Term Expires 6/30/11

*Mr. W. Daniel Ebersole
Director, Office of Treasury
and Fiscal Services
Ex-Officio

Dr. Lorelle C. “Buster” Evans
TRS Member
Appointed by the Governor
Term Expires 6/30/09



*Mr. Charles D. Moseley, Jr.
Citizen of the State
Appointed by the Governor
Term Expires 6/30/11

Mrs. Lisa S. Muldrew
Classroom Teacher
Appointed by the Governor
Term Expires 3/31/09

*Mr. Thomas W. Norwood
Investment Professional
Elected by the Board of Trustees
Term Expires 6/30/11

Dr. Ralph E. Steuer
TRS Member
Appointed by the Board of Regents
Term Expires 6/30/09

*Mr. J. Alvin Wilbanks
Administrator
Appointed by the Governor
Term Expires 6/30/10

* Investment Committee Member

Letter of Transmittal

December 15, 2008
Board of Trustees
Teachers Retirement System of Georgia
Atlanta, Georgia

I am pleased to present the Comprehensive Annual Financial Report of the Teachers Retirement System of Georgia (the "System") for the fiscal year ended June 30, 2008. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System. I trust that you will find this report helpful in understanding your retirement system.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers Retirement System of Georgia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the twentieth consecutive year that the System has achieved 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. This report must satisfy 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

History and Overview

The System was created in 1943 by an act of the Georgia General Assembly to provide retirement security to those individuals who choose to dedicate their lives to educating the children of the State of Georgia. A summary of the System's benefits is provided on pages 11-13 of this report.

The System is the largest public retirement system in the State of Georgia and the 28th largest retirement system in the United States.

The System is administered by a ten-member Board of Trustees. The Executive Director and over 190 employees are responsible for the administration and operations of the System, which serves more than 377,000 active and retired members, and 389 employers.

Legislation

The 2008 Georgia General Assembly passed several pieces of legislation that impacted the System. Effective July 1, 2008, retirees who retired under a normal service retirement may return to work full-time as a superintendent, principal, pre-K through grade 12 classroom teacher (whose sole responsibility is academic instruction in the classroom), media specialist, counselor, or improvement specialist (allowed only with a regional educational service agency) and continue receiving full retirement benefits, provided they have been retired for a minimum of 12 months. The school system employing the retiree must pay all employee and employer contributions to the System and the retiree is not eligible to accrue any additional employment benefits or receive any further creditable service as a result of re-employment.

The "Protecting Georgia's Investments Act" passed requiring the System to identify all holdings, direct or indirect, in scrutinized companies by October 1, 2008, and notify the companies of such status, encourage them to cease such activities, and divest securities from said companies. A scrutinized company is defined as one that has an investment of $20 million or more in Iran's petroleum sector. This law is automatically appealed on July 1, 2015.

Letter of Transmittal

Legislation passed allowing a retiree, who has elected one of the survivorship options and has named his or her spouse and one or more other persons as beneficiaries, to revoke the selection of the spouse as a beneficiary upon a final judgment of complete divorce. The retiree may then either allocate the spouse's percentage to the other beneficiaries or keep their percentages the same. The retiree's benefit will be recalculated to compensate for the remaining beneficiaries. This bill only applies to final judgments received by the System on or after July 1, 2008 and no retirement benefits will be retroactively adjusted. This bill does not allow the retiree to change the plan of retirement or designate a new beneficiary.

Financial Information

The management of the System is charged with the responsibility of maintaining a sound system of internal accounting controls. The objectives of such a system are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations, and that they are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Even though there are inherent limitations in any system of internal control, the management of the System makes every effort to ensure that through systematic reporting and internal reviews, errors or fraud would be quickly detected and corrected.

Please refer to Management's Discussion and Analysis starting on page 15 of this report for an overview of the financial status of the System including a summary of the System Net Assets, Changes in Net Assets, and Asset Allocations.

INVESTMENTS — The System has continued to invest in a mix of high quality bonds and stocks as it historically has done. These types of investments have allowed the System to participate in rising markets, while moderating the risks on the downside. New funds continue to be invested in high quality securities. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, maintaining quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The System continued to use a diversified portfolio to accomplish these objectives.

FUNDING — The System's funding policy provides for employee and employer contributions at rates that, expressed as a percentage of annual covered payroll, are sufficient to provide resources to pay benefits when due.

A useful indicator of the funded status of a retirement system is the relationship between the actuarial value of assets and the actuarial accrued liabilities. The greater the level of funding, the larger the ratio of the actuarial value of assets to the actuarial accrued liabilities.

The System continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. This ratio was 94.7% in the fiscal year ended June 30, 2007. The ultimate test of the financial soundness of a retirement system is its ability to pay all promised benefits when due. I am proud to say that through the continued wisdom and the support of Governor Sonny Perdue and the General Assembly of the State of Georgia, the System has been and continues to be funded on an actuarially sound basis, thus providing the membership the comfort and security they expect from their retirement system.

Initiatives

In our continuous effort to make the services we provide to our members faster, friendlier, and easier, we continued to focus our efforts on providing excellent customer service throughout the System.

This year, our Call Center was recognized as the number one Call Center in the State by Governor Sonny Perdue. We proudly accepted the Call Center Excellence Award at the first annual Governor's Customer Service Awards for Excellence ceremony for its

Letter of **Transmittal**

outstanding performance in customer service. I was also honored to receive a Governor's Commendation for Customer Service for leadership, along with commendations for the Member Services Division, for its accomplishments in improving processes that allow its team members to consistently deliver a high level of customer service, and for the Customer Excellence Program's Outreach Team, for their demonstrated outstanding service to our customers.

The Customer Excellence Program (CEP) continues to make its mark throughout the State by taking our educational services on the road. Our retirement planners conducted 230 pre- and post-retirement, mid-career, and new member workshops reaching approximately 28,000 members in 51% of the counties in Georgia. In addition to the 2,181 members who visited our office to receive individual pre-retirement counseling, the CEP retirement planners counseled an additional 1,750 members. We continued to partner with the leadership and members of various educational associations throughout the State by providing educational presentations and counseling services at their annual conferences and regional meetings.

We continued to market the advantages of doing business with us online. The number of active member and retiree account registrations totaled 78,244 and 13,903 respectively. The number of beneficiary changes made online more than doubled from the previous year to 37,028, and 17,741 benefit estimates have been generated by members within five years of retirement. Giving our members the ability to conduct business online has enabled the staff to concentrate on enhancing the other services we provide, such as working diligently with all employers to ensure all monthly contributions reports are submitted in the new file format. This enhanced collection of data has eliminated all paper membership applications and automates the member enrollment process. In anticipation of the new legislation, we were able to dedicate the resources necessary to ensure the system reflected the changes brought about by the new laws.

Other Information

INDEPENDENT AUDIT — The Board of Trustees requires an annual audit of the financial statements of the System by independent, certified public accountants. The accounting firm of KPMG LLP was selected by the Board. The independent auditors' report on the statements of plan net assets and the related statements of changes in plan net assets is included in the Financial Section of this report.

ACKNOWLEDGMENTS — The compilation of this report reflects the combined effort of the staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by the System's members, their employers, and the State of Georgia.

Copies of this report can be obtained by contacting the System, or may be downloaded from the System's website.

I would like to take this opportunity to express my gratitude to Governor Sonny Perdue, members of the Georgia General Assembly, the staff, the advisors, and to the many people who have worked so diligently to ensure the successful operation of the System.

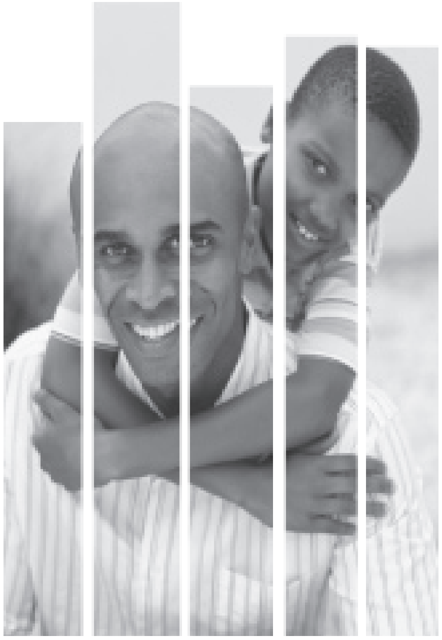
Sincerely,

Jeffrey L. Ezell
Executive Director

Your Retirement System

Financial Highlights	June 30, 2008	June 30, 2007	% Change
Member Contributions	$ 554,027,000	$ 524,940,000	+ 5.5
Employer Contributions	$ 986,759,000	$ 927,371,000	+ 6.4
Interest and Dividend Income	$ 1,633,111,000	$ 1,480,105,000	+ 10.3
Benefits Paid to Retired Members	$ 2,756,483,000	$ 2,282,950,000	+ 20.7
Member Withdrawals	$ 54,482,000	$ 52,875,000	+ 3.0
Interest Credited to Member Contributions	$ 227,201,000	$ 215,766,000	+ 5.3

Statistical Highlights	2008	2007	% Change
Active Membership	225,024	218,141	+ 3.2
Members Leaving the System	8,148	8,251	− 1.2
Retired Members	78,633	76,133	+ 3.3
Average Monthly Benefit	$ 2,921	$ 2,499	+ 16.9



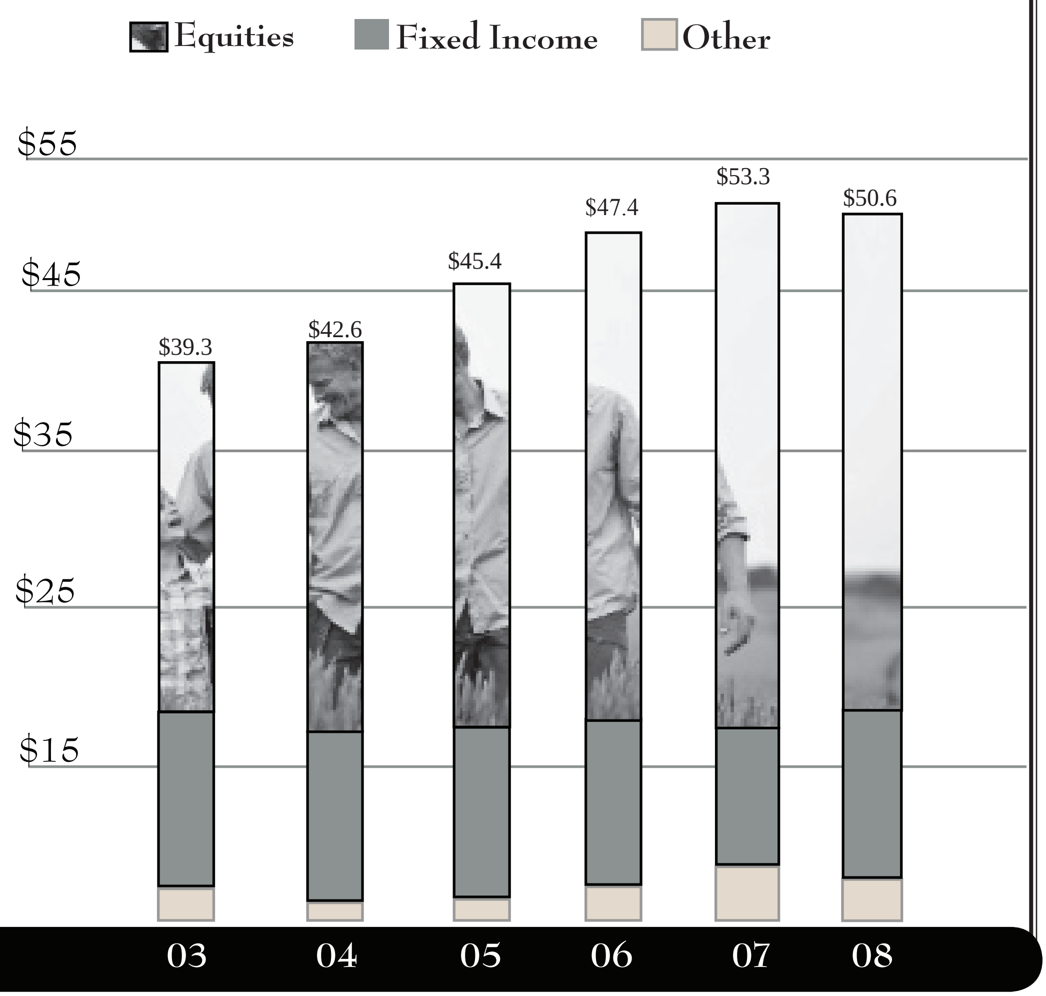
System Assets

Total System Assets at June 30 (in thousands)

	2003	2004	2005	2006	2007	2008
Equities	$20,058,758	$25,120,626	$27,121,761	$28,654,452	$32,928,370	$29,530,826
Fixed Income	17,961,576	16,469,405	17,075,215	17,243,798	17,115,170	19,801,442
Other[1]	1,270,063	1,053,021	1,160,906	1,489,478	3,249,443	1,287,660
Total System Assets	$39,290,397	$42,643,052	$45,357,882	$47,387,728	$53,292,983	$50,619,928

[1] Includes receivables, cash, short-term securities, mortgage loans, and capital assets, net.

Growth of Total System Assets (in billions)



Administrative Staff and Organization

Jeffrey L. Ezell
Executive Director

Stephen J. Boyers
Chief Financial Officer

Charles W. Cary, Jr.
Chief Investment Officer
Investment Services

Diann F. Green
Director
Retirement Services

Lisa M. Hajj
Director
Communications

Dina N. Jones
Director
Member Services

Laura L. Lanier
Controller
Financial Services

J. Gregory McQueen
Director
Information Technology

Tonia T. Morris
Director
Human Resources

Charles P. Warren
Director
Employer Services and
Contact Management

Consulting Services

Actuary
Cavanaugh Macdonald
Consulting, LLC

Auditor
KPMG LLP

Medical Advisors
Gordon J. Azar, M.D.
Atlanta, Georgia
Arthur S. Booth, Jr., M.D.
Atlanta, Georgia
Joseph W. Stubbs, M.D.
Albany, Georgia

Investment Advisors

Albritton Capital Management
Oak Associates, ltd.
Sands Capital Management
Montag & Caldwell
NCM Capital Management
Group
Fisher Investments
Philadelphia International
Advisors
Mesirow Financial Investment
Management
Munder Capital Management
RidgeWorth Capital Management
Barrow, Hanley, Mewhinney
& Strauss
Cooke & Bieler
Hotchkis and Wiley
Capital Management

Summary of Plan Provisions

Purpose

The Teachers Retirement System of Georgia (the "System") was established in 1943 by an act of the Georgia General Assembly for the purpose of providing retirement allowances and other benefits for teachers of this state. The System has the power and privileges of a corporation, and the right to bring and defend actions.

The major objectives of the System are (1) to pay monthly benefits due to retirees accurately and in a timely manner, (2) to soundly invest retirement funds to insure adequate financing for future benefits due and for other obligations of the System, (3) to accurately account for the status and contributions of all active and inactive members, (4) to provide statewide educational and counseling services for System members, and (5) to process refunds due terminated members.

Administration

State statutes provide that the administration of the System be vested in a ten-member Board of Trustees comprised as follows:

Ex-officio members:

- the State Auditor,
- the Director of the Office of Treasury and Fiscal Services,

Governor's appointees:

- two active members of the System who are classroom teachers and not employees of the Board of Regents,
- one active member of the System who is a public school administrator,
- one active member of the System who is not an employee of the Board of Regents,
- one member to be selected by the Governor,

Board of Regents appointee:

- one active member of the System who is an employee of the Board of Regents,

Trustee appointees:

- one member who has retired under the System,
- one individual who is a citizen of the state, not a member of the System and experienced in the investment of money.

A complete listing of the current Board of Trustees is included on page 4 of this report.

Management of the System is the responsibility of the Executive Director who is appointed by the Board and serves at its pleasure. On behalf of the Board, the Executive Director is responsible for the proper operation of the System, engaging such actuarial and other services as shall be necessary to transact business, and paying expenses necessary for operations. A listing of the administrative staff is included on page 10 of this report.

Membership

All personnel in covered positions of the state's public school systems, technical colleges, RESA units and all colleges and universities comprising the University System of Georgia who are employed one-half time or more, except eligible faculty members electing to participate in the Board of Regents of the University System of Georgia Optional Retirement Plan, are required to be members of the System as a condition of employment.

Eligibility

Service Retirement

Active members may retire and elect to receive monthly retirement benefits after one of the following conditions: 1) completion of 10 years of creditable service and attainment of age 60, or 2) completion of 25 years of creditable service.

Summary of **Plan Provisions**

Disability Retirement

Members are eligible to apply for monthly retirement benefits under the disability provision of the law if they are an active member, have at least 9.5 years of creditable service, and are permanently disabled.

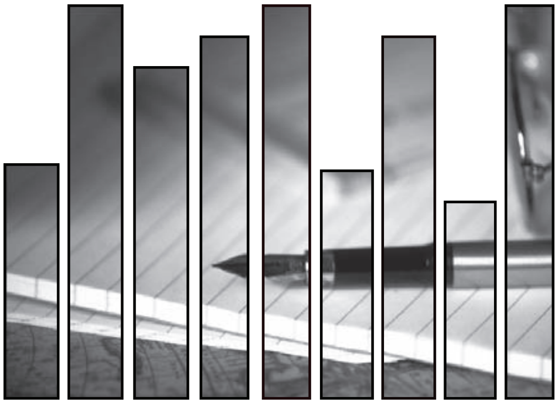
The Formula

Normal Retirement

Any member who has at least 30 years of creditable service or who has at least 10 years of creditable service and has attained age 60 will receive a benefit calculated by using the percentage of salary formula. Simply stated, two percent (2%) is multiplied by the member's years of creditable service established with the System, including partial years (not to exceed 40 years). The product is then multiplied by the average monthly salary for the two highest consecutive membership years of service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.

Early Retirement

Any member who has not reached the age of 60 and has between 25 and 30 years of creditable service will receive a reduced benefit. The benefit will be calculated using the percentage of salary formula explained above. It will then be reduced by the lessor of 1/12 of 7% for each month the member is below age 60, or 7% for each year or fraction thereof the member has less than 30 years of creditable service. The resulting product is the monthly retirement benefit under the maximum plan of retirement.



Disability Retirement

Disability retirement benefits are also calculated using the percentage of salary formula explained above. The resulting product is the monthly disability retirement benefit under the maximum plan. There is no age requirement for disability retirement.

Plan A - Maximum Plan of Retirement

This plan produces the largest possible monthly benefit payable to the member only during his or her lifetime. There are no survivorship benefits under this plan.

Plan B - Optional Plans of Retirement

Upon retirement, a member of the System may elect one of six optional plans that provide survivorship benefits. The election of an optional form of payment is made upon application for retirement and it becomes irrevocable upon distribution of the first benefit check. The six options are as follows:

Option 1

The retiring member accepts a relatively small reduction from the maximum monthly benefit in order to guarantee to the estate, beneficiary or beneficiaries named on the retirement application, a lump-sum refund of any remaining portion of member contributions and interest.

Option 2

This plan offers the retiring member a reduced monthly benefit, based on the ages of the member and the beneficiary, payable for life. It further provides a guarantee to the surviving named beneficiary that, at the death of the retired member, the beneficiary will receive the same basic monthly retirement allowance the member received at the date of retirement plus any cost-of-living increases the member received up to the time of death.

Option 2 Pop-Up

Any member may elect a reduced retirement allowance to be designated "Option 2 Pop-Up" with the provision that if the beneficiary dies prior to the retiree that the basic benefit payable to the retiree shall increase to an amount as though the retiree had not selected an optional plan of retirement.

Summary of Plan Provisions

Option 3

This plan of retirement offers a reduced monthly benefit that is based on the ages of the member and the beneficiary. The resulting benefit is paid to the retired member for life, with the guarantee to the surviving named beneficiary that at the time of the retired member's death, the beneficiary will receive a payment for life of one-half of the initial monthly benefit received by the member at the time of retirement plus one-half of any cost-of-living increases the member received up to the time of death.

Option 3 Pop-Up

Any member may elect a reduced retirement allowance to be designated "Option 3 Pop-Up" with the provision that if the beneficiary dies prior to the retiree, the basic benefit payable to the retiree shall increase to an amount as though the retiree had not selected an optional plan of retirement.

Option 4

This plan allows the retiring member to select a specific monthly amount other than provided for in the other options, which will be paid for life following a retiree's death to the living beneficiary. The beneficiary would also receive a pro-rata share of any cost-of-living increases the member received up until the time of death, or the benefit will be divided among the beneficiaries in accordance with the percentage or specific dollar designations made by the member at the time of retirement. One major difference in this plan is that the retiring member may actually elect that following his or her death, a certain amount of money can be paid monthly to a beneficiary rather than a percentage.

Partial Lump-Sum Option Plan

TRS offers a Partial Lump-Sum Option Plan (PLOP) at retirement. In exchange for a permanently reduced lifetime benefit, a member may elect to receive a lump-sum distribution in addition to a monthly retirement benefit. The age of the member and plan of retirement are used to determine the reduction in the benefit.

A member is eligible to participate in the Partial Lump-Sum Option Plan if he or she meets the following criteria. A member must:

- ♦ have 30 years of creditable service or 10 years of creditable service and attain age 60 (not early retirement).
- ♦ not retire with disability benefits.

At retirement, a member may elect a lump-sum distribution in an amount between 1 and 36 months of his or her normal monthly retirement benefit. This amount will be calculated under Plan A - Maximum Plan of Retirement and will be rounded up and down to be a multiple of $1,000. If a PLOP distribution is elected, the monthly benefit is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution and the reduced benefit are the same actuarial value as the unreduced normal benefit alone.

Financing the System

The funds to finance the System come from member contributions, 5% of annual salary; employer contributions, 9.28% of annual salary; and investment income.

Independent Auditors' Report

KPMG
KPMG LLP
Suite 2000
303 Peachtree Street, NE
Atlanta, GA 30308
www.kpmg.com

The Board of Trustees
Teachers Retirement System of Georgia:

We have audited the accompanying statements of plan net assets of Teachers Retirement System of Georgia (the System), a component unit of the State of Georgia, as of June 30, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System'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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial status of the System as of June 30, 2008 and 2007, and the changes in financial status for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2008 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis and the supplementary schedules listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of administrative expenses and investment expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information is the responsibility of the System's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

September 30, 2008

Management's Discussion and Analysis

This section provides a discussion and analysis of the financial performance of the Teachers Retirement System of Georgia (the System) for the years ended June 30, 2008 and 2007. The discussion and analysis of the System's financial performance is within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The following highlights are discussed in more detail later in this analysis.

- At June 30, 2008, the System's assets exceeded its liabilities by $50.1 billion (reported as net assets) as compared to the net assets of $53.1 billion at June 30, 2007, representing a decrease of $3.0 billion. At June 30, 2007, the System's assets exceeded its liabilities by $53.1 billion (reported as net assets) as compared to the net assets of $47.2 billion at June 30, 2006, representing an increase of $5.9 billion.
- Contributions from members increased by $29.1 million or 5.5% from $524.9 million in 2007 to $554.0 million in 2008. Contributions by employers increased by $59.4 million or 6.4% from $927.4 million in 2007 to $986.8 million in 2008. Contributions from members increased by $39.2 million or 8.1% from $485.7 million in 2006 to $524.9 million in 2007. Contributions by employers increased by $71.8 million or 8.4% from $855.6 million in 2006 to $927.4 million in 2007. These increases are due to increases in membership and higher average payrolls during each of the fiscal years ended June 30, 2008 and 2007.
- Pension benefits paid to retirees and beneficiaries for the years ended June 30, 2008 and 2007 were $2.8 billion and $2.3 billion, representing increases of 20.7% and 14.6%, respectively. This is due to increases in the number of retirees and beneficiaries receiving benefit payments and postretirement benefit adjustments as well as a contingent liability involving retroactive benefit payments (see note G).

Overview of the Financial Statements

The basic financial statements include (1) the statements of plan net assets, (2) the statements of changes in plan net assets, and (3) notes to the financial statements. The System also includes in this report additional information to supplement the financial statements.

The System prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. These statements provide information about the System's overall financial status.

In addition, the System presents two required supplementary schedules, which provide historical trend information about the plan's funding. The two schedules include (1) a schedule of funding progress and (2) a schedule of employer contributions.

The Statements of Plan Net Assets

The *Statement of Plan Net Assets* is the statement of financial position, presenting information that includes all of the System's assets and liabilities, with the balance reported as and representing the *Net Assets Held in Trust for Pension Benefits*. The investments of the System in this statement are presented at fair value. These statements are presented on page 19.

The Statements of Changes in Plan Net Assets

The *Statement of Changes in Plan Net Assets* reports how the System's net assets changed during the fiscal year. The additions and the deductions to net assets are summarized in this statement. The additions include contributions and investment income (loss), which includes the net increase (decrease) in the fair value of investments. The deductions include benefit payments, refunds of member contributions, and administrative expenses. These statements are presented on page 20.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the System's financial statements. The notes to the financial statements begin on page 21 of this report.

Required Supplementary Schedules

A brief explanation of the two required schedules found beginning on page 31 of this report follows:

Schedule of Funding Progress

This schedule includes historical trend information for the last six consecutive fiscal years about the actuarially funded status of the plan from a long-term, ongoing plan perspective, and the progress made in accumulating sufficient assets to pay benefits when due.

Schedule of Employer Contributions

This schedule presents historical trend information for the last six consecutive fiscal years about the annual required contributions of employers and the contributions made by employers in relation to the requirement.

Management's Discussion and Analysis

Financial Analysis of the System

A summary of the System's net assets at June 30, 2008, 2007, and 2006 is as follows:

Net Assets (in thousands)

	June 30,			2008		2007	
	2008	2007	2006	Amount Change	Percentage Change	Amount Change	Percentage Change
Assets:							
Cash and Receivables	$ 414,867	$ 612,774	$ 570,353	$ (197,907)	(32.3)%	$ 42,421	7.4 %
Investments	50,197,679	52,669,796	46,803,873	(2,472,117)	(4.7)%	5,865,923	12.5 %
Capital Assets, net	7,382	10,413	13,502	(3,031)	(29.1)%	(3,089)	(22.9)%
Total Assets	50,619,928	53,292,983	47,387,728	(2,673,055)	(5.0)%	5,905,255	12.5 %
Liabilities:							
Due to Brokers and Accounts Payable	556,328	159,882	141,381	396,446	248.0 %	18,501	13.1 %
Net Assets	$ 50,063,600	$ 53,133,101	$ 47,246,347	$ (3,069,501)	(5.8)%	$ 5,886,754	12.5 %

As indicated above, the $3.1 billion decrease and $5.9 billion increase in net assets in 2008 and 2007, respectively, are principally related to the (decrease) increase in the fair value of investments. The (decrease) increase in investments is analyzed below.

The following table presents the investment allocation at June 30, 2008, 2007, and 2006:

Asset Allocation at June 30 (in percentages)	2008	2007	2006
Equities	58.8 %	62.5 %	61.2 %
U.S. Treasuries	27.3 %	18.9 %	25.3 %
U.S. Agencies	4.4 %	10.1 %	6.0 %
Corporate and Other Bonds	7.8 %	3.5 %	5.5 %
Short-Term	1.7 %	5.0 %	2.0 %

Asset Allocation at June 30 (in thousands)	2008	2007	2006
Equities	$ 29,530,826	$ 32,928,370	$ 28,654,452
U.S. Treasuries	13,678,959	9,928,110	11,851,904
U.S. Agencies	2,211,341	5,317,895	2,819,958
Corporate and Other Bonds	3,911,142	1,869,165	2,571,936
Short-Term	865,411	2,626,256	905,623
	$ 50,197,679	$ 52,669,796	$ 46,803,873

Management's Discussion and Analysis

Asset Allocation at June 30 continued

The total investment portfolio at June 30, 2008 decreased $2.5 billion from June 30, 2007, which is primarily due to the decrease in the fair value of investments.

The total investment portfolio at June 30, 2007 increased $5.9 billion from June 30, 2006, which is primarily due to the increase in the fair value of investments.

The investment rate of return in fiscal year 2008 was (3.4)%, with a (10.8)% return for equities and a 9.7% return for fixed income compared to the investment rate of return in fiscal year 2007 of 14.6%, with a 20.5% return for equities and a 5.5% return for fixed income. The five-year annualized rate of return on investments at June 30, 2008 was 6.8% with a 9.2% return on equities and a 3.8% return on fixed income.

The investment rate of return in fiscal year 2007 was 14.6%, with a 20.5% return for equities and a 5.5% return for fixed income compared to an investment rate of return in fiscal year 2006 of 6.0%, with a 10.8% return for equities and a (1.4)% return for fixed income. The five-year annualized rate of return on investments at June 30, 2007 was 8.5% with an 11.2% return on equities and a 4.4% return on fixed income.

A summary of changes in the System's net assets for the years ended June 30, 2008, 2007, and 2006 is as follows:

	Changes in Net Assets (in thousands)			2008		2007	
	2008	2007	2006	Amount Change	Percentage Change	Amount Change	Percentage Change
Additions:							
Member Contributions	$ 554,027	$ 524,940	$ 485,721	$ 29,087	5.5 %	$ 39,219	8.1 %
Employer Contributions	986,759	927,371	855,626	59,388	6.4 %	71,745	8.4 %
Net Investment Income (Loss)	(1,775,578)	6,792,341	2,691,062	(8,567,919)	(126.1)%	4,101,279	152.4 %
Total Additions	(234, 792)	8,244,652	4,032,409	(8,479,444)	(102.8)%	4,212,243	104.5 %
Deductions:							
Benefit Payments	2,756,483	2,282,950	1,991,431	473,533	20.7 %	291,519	14.6 %
Refunds	54,482	52,875	53,138	1,607	3.0 %	(263)	(0.5)%
Administrative Expenses	23,744	22,073	20,173	1,671	7.6 %	1,900	9.4 %
Total Deductions	2,834,709	2,357,898	2,064,742	476,811	20.2 %	293,156	14.2 %
Net Increase (Decrease) in Plan Net Assets	$ (3,069,501)	$ 5,886,754	$ 1,967,667	$(8,956,255)	(152.1) %	$ 3,919,087	199.2 %

Management's Discussion and Analysis

Additions

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions increased 5.5% and 8.1% in 2008 and 2007, respectively, primarily because of increased membership and a higher average payroll in both years. Employer contributions likewise increased 6.4% and 8.4% in 2008 and 2007, respectively, also as a result of increased membership and a higher average payroll. The employer contribution rate remained constant at 9.28% in 2008 and 2007. The employer contribution rate was recommended by the actuary and approved by the System's Board of Trustees. The net investment loss is a result of declining equities markets during fiscal year 2008.

Deductions

Deductions increased 20.2% in 2008 and 14.2% in 2007, primarily because of the 20.7% and 14.6% increase in benefit payments resulting from an increase in the number of retirees and beneficiaries receiving benefit payments to 78,633 in 2008 from 76,133 in 2007 and 70,239 in 2006 and postretirement benefit increases in both years, as well as a contingent liability involving retroactive benefit payments.

Funding Status

The schedule of funding progress and schedule of employer contributions provide information regarding how the plan is performing and funded from an actuarial perspective. The information is based upon actuarial valuations conducted by certified actuaries. The funding ratio, which is presented on the schedule of funding progress, indicates the ratio between the actuarial value of assets and the actuarial accrued liabilities. The higher this ratio, the better funded the System is from an actuarial perspective.

The June 30, 2007 actuarial valuation, which is the latest valuation available, indicates that the actuarial value of assets was $52.1 billion and that the actuarial accrued liability was $55.0 billion. This results in a funding ratio of 94.7%. The June 30, 2006 actuarial valuation indicates that the actuarial value of assets was $49.3 billion and that the actuarial accrued liability was $51.1 billion. This results in a funding ratio of 96.5%.

Management believes the System continues to be in a solid financial position, as evidenced by the funding ratio.

Requests for Information

This financial report is designed to provide a general overview of the System's finances for all those with interest in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Teachers Retirement System of Georgia, Two Northside 75, Suite 200, Atlanta, GA 30318.

Statements of Plan Net Assets

June 30, 2008 and 2007 (in thousands)

	2008	2007
Assets		
Cash	$ 3,038	$ 8,596
Receivables:		
Interest and Dividends	222,537	253,020
Due from Brokers for Securities Sold	63,179	199,616
Member and Employer Contributions	125,104	113,527
Due from Fulton County School Employees Pension Fund	—	38,015
Other	1,009	—
Total Receivables	411,829	604,178
Investments - at fair value:		
Short-Term	865,411	2,626,256
U.S. Treasuries	13,678,959	9,928,110
U.S. Agencies	2,211,341	5,317,895
Corporate and Other Bonds	3,911,142	1,869,165
Common Stocks	29,530,826	32,928,370
Total Investments	50,197,679	52,669,796
Capital Assets, net	7,382	10,413
Total Assets	50,619,928	53,292,983
Liabilities		
Due to Brokers for Securities Purchased	171,178	52,613
Accounts Payable and Other	385,150	107,269
Total Liabilities	556,328	159,882
Net Assets Held in Trust for Pension Benefits	$ 50,063,600	$ 53,133,101

(A Schedule of Funding Progress is presented on page 31.)

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets

Years ended June 30, 2008 and 2007 (in thousands)

	2008	2007
Net Assets Held in Trust for Pension Benefits - Beginning of year	$ 53,133,101	$ 47,246,347
Additions:		
Contributions:		
Employer	986,759	927,371
Member	554,027	524,940
Investment Income (Loss):		
Net (Decrease) Increase in Fair Value of Investments	(3,358,095)	5,361,759
Interest, Dividends, and Other	1,633,111	1,480,105
Total	(1,724,984)	6,841,864
Less Investment Expense	50,594	49,523
Net Investment Income (Loss)	(1,775,578)	6,792,341
Total Additions	(234,792)	8,244,652
Deductions:		
Benefit Payments	2,756,483	2,282,950
Refunds of Member Contributions	54,482	52,875
Administrative Expenses, net	23,744	22,073
Total Deductions	2,834,709	2,357,898
Net (Decrease) Increase	(3,069,501)	5,886,754
Net Assets Held in Trust for Pension Benefits - End of year	$ 50,063,600	$ 53,133,101

See accompanying notes to financial statements.

Notes to Financial Statements

June 30, 2008 and 2007

A. Plan Description

The Teachers Retirement System of Georgia (the System) was created in 1943 by an act of the Georgia Legislature (the Act) to provide retirement benefits for teachers who qualify under the Act. The System is administered as a cost-sharing, multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 25. On October 25, 1996, the Board of Trustees created the Supplemental Retirement Benefit Plan of the Georgia Teachers (SRBP). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC §415) as a portion of the System. The purpose of SRBP is to provide retirement benefits to employees covered by the System whose benefits are otherwise limited by IRC §415. Although the System is a component unit of the state of Georgia's financial reporting entity, it is accountable for its own fiscal matters and presentation of its separate financial statements. A Board of Trustees comprised of active and retired members and ex-officio state employees is ultimately responsible for the administration of the System.

In evaluating how to define the System for financial reporting purposes, the management of the System has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 14. The concept underlying the definition of the reporting entity is that elected officials are accountable. The decision to include a potential component unit in the reporting entity is also made by applying specific criteria as outlined in GASB Statement No. 39, including consideration of the nature and significance of the relationship of potential component units. Based on those criteria, the System has not included any other entities in its reporting entity.

Eligibility and Membership

All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership.

As of June 30, 2008, participation in the System is as follows:

Retirees and beneficiaries currently receiving benefits	**78,633**
Terminated employees entitled to benefits but not yet receiving benefits	**73,687**
Active plan members	**225,024**
Total	**377,344**
Employers	**389**

As of June 30, 2007, participation in the System was as follows:

Retirees and beneficiaries currently receiving benefits	**76,133**
Terminated employees entitled to benefits but not yet receiving benefits	**69,317**
Active plan members	**218,141**
Total	**363,591**
Employers	**385**

Retirement Benefits

The System provides service retirement, disability retirement, and survivor's benefits. Title 47 of the Official Code of Georgia assigns the authority to establish and amend the provisions of the System to the State Legislature. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Notes to Financial Statements

June 30, 2008 and 2007

A. Plan Description continued

Retirement Benefits

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60, or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary on the member's death.

Death and Disability Benefits

Retirement benefits also include death and disability benefits, whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the time of disability.

The death benefit is the amount that would be payable to the member's beneficiary had the member retired on the date of death on either a service retirement allowance or a disability retirement allowance, whichever is larger. The benefit is based on the member's creditable service (minimum of ten years of service) and compensation up to the date of death.

Contributions

The System is funded by member and employer contributions as adopted and amended by the Board of Trustees.

Contributions required for fiscal year 2008 were based on the June 30, 2005 actuarial valuation as follows:

Member:	**5.00 %**
Employer:	
Normal	**8.17 %**
Unfunded accrued liability	**1.11 %**
Total	**9.28 %**

Contributions required for fiscal year 2007 were based on the June 30, 2004 actuarial valuation as follows:

Member:	**5.00 %**
Employer:	
Normal	**9.85 %**
Unfunded accrued liability	**(0.57) %**
Total	**9.28 %**

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions with accumulated interest are reported as net assets held in trust for pension benefits.

SRBP

Beginning July 1, 1997, all members and retired former members in the System are eligible to participate in this plan whenever their benefits under the System exceed the limitation on benefits imposed by IRC §415. At June 30, 2008 and 2007, there were 25 and 23 members, respectively, eligible to participate in this portion of the System. Employer contributions of $332,000 and $276,000 and retirement payments of $334,000 and $280,000 under the SRBP are included in the statement of changes in plan net assets for the years ended June 30, 2008 and 2007, respectively.

Notes to Financial Statements

June 30, 2008 and 2007

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The System's financial statements are prepared on the accrual basis of accounting. Contributions from the employers and the members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable.

During fiscal year 2008, the System adopted the provisions of GASB Statement No. 50, Pension Disclosures. The objective of this Statement is to amend note disclosure and required supplementary information (RSI) standards of Statement No. 25 and Statement No. 27 to conform with applicable changes adopted in Statement No. 43 and Statement No. 45 for other post employment benefits.

Investments

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization, except the U.S. Government or its agencies, represents 5% or more of the net assets available for pension benefits. There are no investments in, loans to, or leases with parties related to the System.

The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets costing $5,000 or more are capitalized. Depreciation on capital assets is computed using the straight-line method over estimated useful lives of three to forty years. Depreciation expense is included in administrative expenses. Maintenance and repairs are charged to administrative expenses when incurred. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statements of changes in plan net assets in the period of disposal.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of plan net assets and changes therein. Actual results could differ from those estimates.

C. Investment Program

The System maintains sufficient cash to meet its immediate liquidity needs. Cash not immediately needed is invested in either short-term or long-term investment securities as directed by the Board of Trustees. All investments are held by agent custodial banks in the name of the System.

Cash

Cash balances are fully insured through the Federal Deposit Insurance Corporation, an agency of the U.S. Government. Fiduciary accounts, such as those of the System, are granted $100,000 of insurance coverage per participant in the System. Temporary cash on hand not committed for a specific purpose is invested overnight.

Investments

State statutes authorize the System to invest in a variety of short-term and long-term securities as follows:

a) Short-Term

Short-term investments are authorized in the following instruments:

- Repurchase and reverse repurchase agreements, whereby the System and a broker exchange cash for direct obligations of the U.S. Government or obligations unconditionally guaranteed by agencies of the U.S. Government or U.S. corporations. The System or broker promises to repay the cash received plus interest at a specific date in the future in exchange for the same securities. The System

Notes to Financial Statements
June 30, 2008 and 2007

C. Investment Program continued

held repurchase agreements of $865,411,000 and $2,626,256,000 at June 30, 2008 and 2007, respectively.

- U.S. Treasury obligations with varying terms up to 360 days.

Other short-term securities authorized, but not currently used, are:

- Commercial paper, with a maturity of 180 days or less. Commercial paper is an unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The System considers for investment only commercial paper of the highest quality, rated P-1 and/or A-1 by national credit rating agencies.
- Master notes, an overnight security administered by a custodian bank, and an obligation of a corporation whose commercial paper is rated P-1 and/or A-1 by national credit rating agencies.

Investments in commercial paper or master notes are limited to no more than $100 million in any one name.

b) Long-Term

Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations with terms up to 30 years. The System held U.S. Treasuries of $13,678,958,750 and $9,928,109,780 at June 30, 2008 and 2007, respectively.
- Obligations unconditionally guaranteed by agencies of the U.S. Government with terms up to 30 years. The System held agency bonds of $2,211,341,328 and $5,317,895,120 at June 30, 2008 and 2007, respectively.
- Corporate bonds with at least an “A” rating by a national rating agency and limited to no more than 5% of total System assets in any one name. Maturities of these securities vary up to a period of 40 years. The System held corporate bonds of $3,911,141,820 and $1,869,164,970 at June 30, 2008 and 2007, respectively.
- Private placements are authorized under the same general restrictions applicable to corporate bonds.

Mortgage investments are authorized to the extent that they are secured by first mortgages on improved real property located in the state of Georgia having a loan to value ratio no higher than 75%. Mortgages as a group cannot exceed 10% of total assets or 1% for any one loan.

Equity securities are also authorized (in statutes) for investment as a complement to the System’s fixed-income portfolio and as a long-term inflation hedge. By statute, no more than 60% of the total invested assets on a historical cost basis may be placed in equities and no more than 5% in any one corporation. Equity holdings in any one corporation may not exceed 5% of the outstanding equity of the issuing corporation. The equity portfolio is managed by the Division of Investment Services (the “Division”) in conjunction with independent advisors. Buy/sell decisions are based on securities meeting rating criteria established by the Board of Trustees; in-house research considering such matters as yield, growth, and sales statistics; and analysis of independent market research. Equity trades are approved and executed by the Division’s staff. Common stocks eligible for investment are approved by the Investment Committee of the Board of Trustees before being placed on an approved list.

Credit Risk: Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations to the Teachers Retirement System. State law limits investments to investment grade securities.

It is the System’s investment policy to require that the bond portfolio be of high quality and chosen with respect to maturity ranges, coupon levels, refunding characteristics, and marketability. The System’s policy is to require that new purchases of bonds be restricted to high grade bonds rated no lower than “A” by any nationally recognized statistical rating organization. The System’s investment in U.S. Agencies as of June 30, 2008 was 11.2% of total fixed-income securities and was rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service. The System’s investment in corporate bonds as of June 30, 2008 was 19.8% of total fixed-income securities, which consisted of 13.6% rated AAA/Aaa and 6.2% rated AA/Aa.

Notes to Financial Statements

June 30, 2008 and 2007

The investment policy requires that repurchase agreements be limited to the purchase of U.S. Treasury or Agency obligations or corporate bonds rated no lower than "A" by any nationally recognized statistical rating organization, with a market value in excess of funds advanced. The System held repurchase agreements of $865,411,000 as of June 30, 2008 and $2,626,256,000 as of June 30, 2007.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. State statutes and the System's investment policy limit investments to no more than 5% of total System net assets in any one corporation. On June 30, 2008, the System did not have debt or equity investments in any one organization, other than those issued by the U. S. Government or its agencies, which represented greater than 5% of plan net assets.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the

Effective Duration of Fixed Income Assets and Repurchase Agreements by Security Type

Fixed income and repurchase agreements security type	Market value, June 30, 2008	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
U.S. Treasuries	$ 13,678,958,750	66.2 %	5.2
U.S. Agencies	2,211,341,328	10.7 %	3.6
Corporate Bonds	3,911,141,820	18.9 %	5.1
Repurchase Agreements	865,411,000	4.2 %	—
Total	$ 20,666,852,898	100.0 %	5.0*

**Total effective duration (years) does not include repurchase agreements.*

Fixed income and repurchase agreements security type	Market value, June 30, 2007	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
U.S. Treasuries	$ 9,928,109,780	50.3 %	6.3
U.S. Agencies	5,317,895,120	26.9 %	4.2
Corporate Bonds	1,869,164,970	9.5 %	6.2
Repurchase Agreements	2,626,256,000	13.3 %	—
Total	$ 19,741,425,870	100.0 %	4.9*

**Total effective duration (years) does not include repurchase agreements.*

Notes to Financial Statements

June 30, 2008 and 2007

C. Investment Program continued

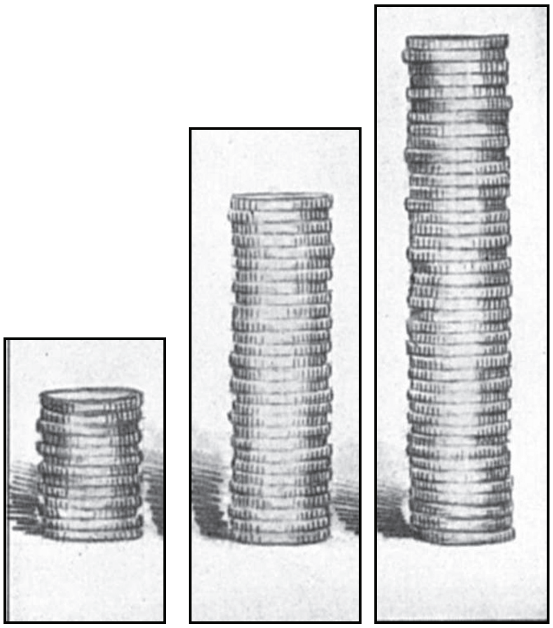
most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table on page 25 quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

D. Investments Lending Program

State statutes and Board of Trustees' policies permit the System to lend its securities to broker/dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System is presently involved in a securities lending program with major brokerage firms. The System lends equity and fixed-income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the System continues to receive dividends and interest as the owner of the loaned securities. The brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, and corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $17,316,635,279 and $17,067,376,984 at market value at June 30, 2008 and 2007, respectively. The collateral value was equal to 104.9% and 105.1% of the loaned securities' value at June 30, 2008 and 2007, respectively. The System's lending collateral was held in the System's name by the tri-party custodian.

Loaned securities are included in the accompanying statements of plan net assets since the System maintains ownership. The related collateral securities are not recorded as assets on the System's statements of plan net assets, and a corresponding liability is not recorded, since the System is deemed not to have the ability to pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, the System is deemed not to have the ability to pledge or sell collateral securities, since the System's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default, the System has not previously demonstrated that ability, and there are no indications of the System's ability to pledge or sell the collateral securities.



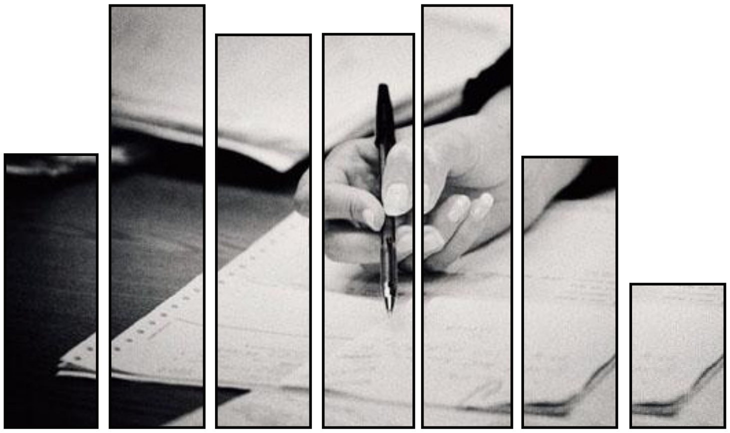
Notes to Financial Statements

June 30, 2008 and 2007

E. Capital Assets

The following is a summary of capital assets and depreciation information as of June 30 and for the years then ended:

	Balance at June 30, 2007	Additions	Disposals	Balance at June 30, 2008
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	413,647	29,875	(6,000)	437,522
Computer Equipment	1,128,381	290,748	(47,170)	1,371,959
Computer Software	14,979,713	—	—	14,979,713
	20,265,966	320,623	(53,170)	20,533,419
Accumulated Depreciation For:				
Building	(210,000)	(70,000)	—	(280,000)
Furniture and Fixtures	(260,069)	(35,483)	5,572	(289,980)
Computer Equipment	(394,745)	(249,071)	46,207	(597,609)
Computer Software	(8,987,829)	(2,995,943)	—	(11,983,772)
	(9,852,643)	(3,350,497)	51,779	(13,151,361)
Capital Assets, Net	$ 10,413,323	$ (3,029,874)	$ (1,391)	$ 7,382,058



Notes to Financial Statements

June 30, 2008 and 2007

E. Capital Assets continued

The following is a summary of capital assets and depreciation information as of June 30 and for the years then ended:

	Balance at June 30, 2006	Additions	Disposals	Balance at June 30, 2007
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	347,958	65,689	—	413,647
Computer Equipment	1,151,269	181,576	(204,464)	1,128,381
Computer Software	14,979,713	—	—	14,979,713
	20,223,165	247,265	(204,464)	20,265,966
Accumulated Depreciation For:				
Building	(140,000)	(70,000)	—	(210,000)
Furniture and Fixtures	(227,326)	(32,743)	—	(260,069)
Computer Equipment	(362,304)	(212,638)	180,197	(394,745)
Computer Software	(5,991,886)	(2,995,943)	—	(8,987,829)
	(6,721,516)	(3,311,324)	180,197	(9,852,643)
Capital Assets, Net	$ 13,501,649	$ (3,064,059)	$ (24,267)	$ 10,413,323

During fiscal years 2008 and 2007, the System did not experience any capital asset impairment loss with respect to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.*

Notes to Financial Statements

June 30, 2008 and 2007

F. Administrative Expenses

Administrative expenses are reported in the financial statements; however, the actual accounting for the expenses is performed in a separate expense fund. Administrative expenses paid out of System earnings are as follows:

	2008	2007
Salaries and Employee Benefits	$ 20,958,016	$ 18,152,511
Other Operating Expenses	7,449,664	7,991,279
Total Administrative Expenses	28,407,680	26,143,790
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	4,663,803	4,070,462
Net Administrative Expenses	$ 23,743,877	$ 22,073,328

G. Commitments and Contingencies

In April, 2004, two retirees filed a civil action in Fulton County Superior Court (the Court) seeking additional benefits retroactive to the time of their retirement dates for a class of those retirees who elected survivorship options and who retired during the preceding 20-year period. Plaintiffs alleged that the System did not use updated mortality tables in the calculation of their benefits. The Superior Court granted summary judgment for the System; however, the judgment was reversed on appeal by the Georgia Supreme Court in October, 2006. The case was remanded back to the trial court to determine liability to plaintiffs and whether any of their claims are barred by applicable statute of limitations. The Court ruled on February 29, 2008 for the plaintiffs using a 20-year statute of limitations. This judgment is being appealed by both the System and plaintiffs. The System is appealing the 20-year statute of limitations and the attorney fees. The plaintiffs are appealing the interest rate granted. On February 29, 2008, the Court also issued an uncontested claims order using a six-year statute of limitations.

The ultimate liability to the System is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. The System anticipates a decision from the Court within the year.

At June 30, 2007, management recorded an estimate of the potential liability of $100 million using a six-year statute of limitation ruling and the interest rates used during that time period. During fiscal year 2008, the System paid approximately $93 million in retroactive benefits and attorney fees on the uncontested claims order using a six-year statute of limitation. At June 30, 2008, management estimates an additional potential liability of approximately $377.3 million using a 20-year statute of limitation ruling and the interest rates used during that time period. This amount is recorded in accounts payable and other liabilities in the accompanying statement of plan net assets as of June 30, 2008. Although the ultimate liability may vary from the amount recorded, management believes that it will not have a material impact on the financial statements of the System.

H. Subsequent Event

On September 7, 2008, the Federal Housing Finance Agency (FHFA) placed Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) into conservatorship with FHFA as the conservator. The conservatorship is a statutory process designed to stabilize a troubled institution with the objective of returning the entities to normal business operations. As a result there will be a financing and investing relationship with the United States Government via the FHFA. Changes in fair values of the Plan's investments in FNMA and FHLMC subsequent to June 30, 2008 have not had a material impact on the fair value of Plan assets.

Notes to Financial Statements
June 30, 2008 and 2007

I. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2007, the most recent actuarial valuation date, is as follows (dollars in thousands):

Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funding Ratio (a/b)	Annual Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
$ 52,099,171	$ 54,996,570	$ 2,897,399	94.7%	$ 9,482,003	30.5%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the ALL for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Seven-Year Smoothed Market
Actuarial Assumption:	
Investment Rate of Return	7.50%
Projected Salary Increases	3.20 to 8.60%
Inflation Rate	3.75%
Postretirement Cost-of-Living Adjustments	3% annually

Required Supplementary Schedules

See Independent Auditors' Report

Schedule of Funding Progress (Dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (Funding Excess) (b-a)	Funding Ratio (a/b)	Annual Covered Payroll (c)	UAAL (Funding Excess) as a Percentage of Covered Payroll [(b-a)/c]
6/30/02	$40,502,333	$39,706,523	$ (795,810)	102.0 %	$7,617,869	(10.4) %
6/30/03	42,372,661	41,905,676	(466,985)	101.1	8,261,961	(5.7)
6/30/04	44,617,956	44,230,031	(387,925)	100.9	8,083,118	(4.8)
6/30/05	46,836,895	47,811,214	974,319	98.0	8,252,598	11.8
6/30/06	49,263,027	51,059,681	1,796,654	96.5	8,785,985	20.4
6/30/07	52,099,171	54,996,570	2,897,399	94.7	9,482,003	30.5

This data, except for annual covered payroll, was provided by the System's actuary.

Schedule of Employer Contributions (Dollars in thousands)

Years Ended June 30,	State Annual Required Contribution	Percentage Contributed
2002	$ 716,917	100 %
2003	768,673	100
2004	782,301	100
2005	815,693	100
2006	855,626	100
2007	927,371	100

See accompanying notes to required supplementary schedules.

Required Supplementary Schedules

See Independent Auditors' Report

Notes to Required Supplementary Schedules

Schedule of Funding Progress

The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed valuation rate of return. The amount recognized each year is one-seventh of the difference between market value and expected actuarial value. The actuarial value of assets is limited to a range between 80% and 120% of market value.

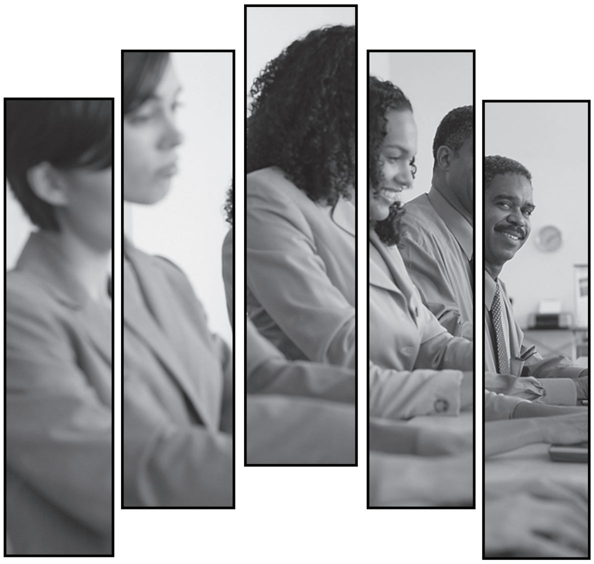
Schedule of Employer Contributions

The required employer contributions and percentage of those contributions actually made are presented in the schedule.

Actuarial Assumptions

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information from the actuarial valuations for the most recent two-year period is as follows:

Valuation Date	June 30, 2007	June 30, 2006
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open
Remaining Amortization Period	30 Years	30 Years
Asset Valuation Method	Seven-Year Smoothed Market	Seven-Year Smoothed Market
Actuarial Assumption:		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases	3.20 to 8.60%	3.20 to 8.60%
Inflation Rate	3.75%	3.75%
Postretirement Cost-of-Living Adjustments	3% annually	3% annually



Schedule of Administrative Expenses

For the Years ended June 30, 2008 and 2007

	2008	2007
Personal Services:		
Salaries and Wages	$ 15,109,722	$ 13,596,829
Retirement Contributions	1,488,850	1,408,353
Health Insurance	3,343,884	2,256,863
FICA	927,557	844,744
Miscellaneous	88,003	45,722
Total Personal Services	20,958,016	18,152,511
Communications:		
Postage	197,938	189,497
Publications and Printing	339,723	327,250
Telecommunications	189,132	216,065
Travel	120,963	121,721
Total Communications	847,756	854,533
Professional Services:		
Computer Services	1,757,589	2,312,528
Contracts	1,275	2,520
Actuarial Services	122,084	106,156
Audit Fees	107,770	73,800
Legal Services	59,341	46,021
Medical Services	140,900	144,416
Total Professional Services	2,188,959	2,685,441
Management Fees:		
Building Maintenance	724,875	724,875
Total Management Fees	724,875	724,875
Other Services and Charges:		
Temporary Services	29,257	45,619
Repairs and Maintenance	10,511	27,834
Supplies and Materials	207,578	211,077
Courier Services	12,153	11,636
Depreciation Expense	3,350,497	3,311,324
Loss on Disposal of Equipment	1,391	24,267
Miscellaneous	76,687	94,673
Total Other Services and Charges	3,688,074	3,726,430
Total Administrative Expenses	28,407,680	26,143,790
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	4,663,803	4,070,462
Net Administrative Expenses	$ 23,743,877	$ 22,073,328

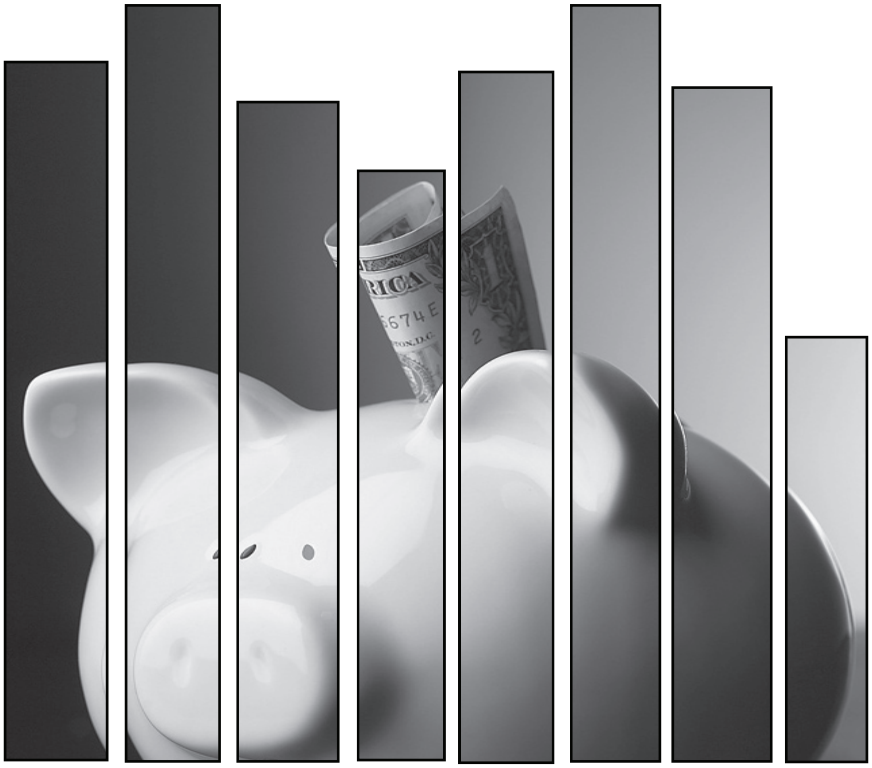
See accompanying independent auditors' report.

Schedule of Investment Expenses

For the Years ended June 30, 2008 and 2007

	2008	2007
Investment Advisory and Custodial Fees	$ 26,988,684	$ 26,996,821
Commissions and Fees	21,054,773	19,209,149
Miscellaneous	2,550,048	3,317,091
Total Investment Expenses	$ 50,593,505	$ 49,523,061

See accompanying independent auditors' report.



Investment Overview

The market turbulence over the past year is troubling, but we have endured similar periods in the past. It is important to recognize and remember that the time horizon of the fund's investment portfolio is measured in decades, not days, weeks, or months. Much attention is paid to what is happening at the current time, but the goal is to use periods of market fear and exuberance to the fund's long-term advantage. The System has continued to invest in a mix of high quality bonds and stocks as it has historically done.

These types of investments have allowed the System to participate in rising markets while moderating the risks on the downside. New funds continue to be invested in high quality securities. A high quality balanced fund has proven to be a successful strategy in a variety of markets over a long period of time.

As in previous years, maintaining quality was a primary goal and was successfully met. "Conservation of Capital" and "Conservatism" continue to be the principal guides in investment decisions. The Board of Trustees continued to use a diversified portfolio to accomplish these objectives.

U.S. economic growth slowed during the second and third quarters of the fiscal year, but ended the last quarter up at an annualized rate of 1.8%. Consumer and business spending remained steady throughout the period, but new housing starts and home sales fell dramatically. Housing starts and new home sales fell by 27% and 33% respectively. Employment levels also showed weakness. Oil prices were very volatile, beginning the year at $75 a barrel, rising to $91 in January, and then climbing to an average high of $124 at the end of the year. Despite these issues, corporate profits were solid, but began to decelerate to single-digit growth.

Studies undertaken to evaluate the investment returns of pension funds over very long time horizons indicate that the asset allocation decision has the most impact on the fund's returns. Although the returns for the various asset categories vary from year to year, over the long term equities have outperformed fixed income and cash by a very wide margin. For that reason, the System has maintained a maximum equity exposure with the remainder of the fund in fixed income securities designed to generate income and preserve capital.

Returns for rolling three and five year periods are presented in this section. These longer time periods, in our opinion, allow for more valid evaluation of returns, both in absolute terms and relative to an asset class index, by reducing emphasis on the short-term volatility of markets. The original "Dietz" time-weighted method was used to calculate rates of return which is in accordance with the CFA Institute's objectives as stated in its publication "Global Investment Performance Standards Handbook," second edition.

Equity markets declined significantly during this period. The return for the S&P 500 Index was negative 13%. The Dow Jones Industrial Average Index also declined 13%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. Foreign stocks started the year outpacing the rest of the markets, but began a decline by year end. The MSCI EAFE Index returned negative 11% and MSCI Emerging Market Index returned 4.63%.

In a change from last year, large and small capitalization domestic stocks underperformed. The S&P 400 Mid Capitalization Index outperformed both S&P 500 and S&P 600 with a return of negative 7%. The S&P 600 Small Capitalization Index declined 15%, well below its ten-year average return of 8%, and below the S&P 500's negative 13% return.

These overall returns can be explained by relatively low interest rates, credit volatility and availability, contracting corporate cash flows, and a reduction in the level of merger and acquisition activity. The decline in foreign returns can be attributed to higher inflation, volatile oil prices, and higher financing costs.

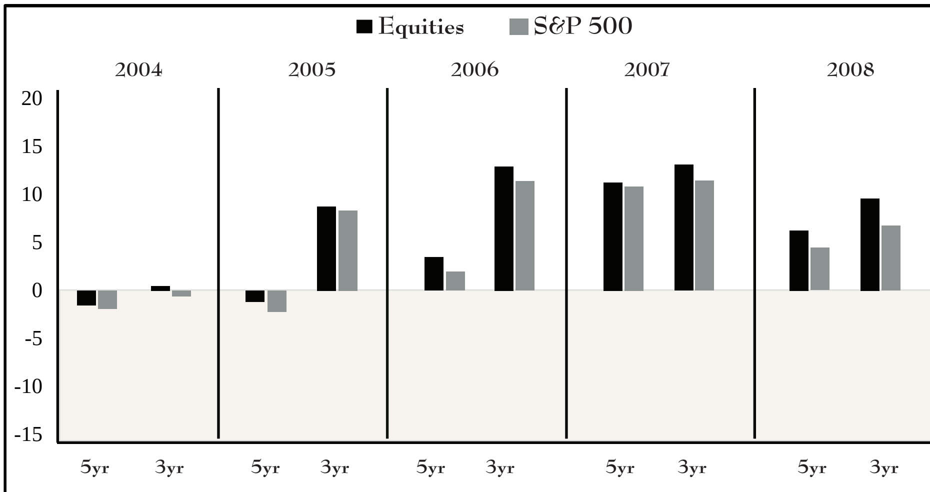
Returns for the fixed-income markets were above average this year. Yields on long-term Treasury bonds began the period at 5.1% and ended the year at 4.5%, but they spent most of the time well below 5%, falling to a low of 4.3% in December. Overall the ten-year U.S. Treasury Bond returned 12.6% and the thirty-year U.S. Treasury Bond returned 14.6%. Short-term treasury bills only returned 3.0%.

Our primary benchmark, the Lehman Government / Credit Index rose 7.2%. It is a shorter maturity index containing higher yielding corporate bonds as well as Treasuries. Higher quality bonds outperformed lower quality bonds as evidenced by the 9.3% return for AAA & AA versus 3.3% for BBB bonds.

In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

Prepared by the Division of Investment Services

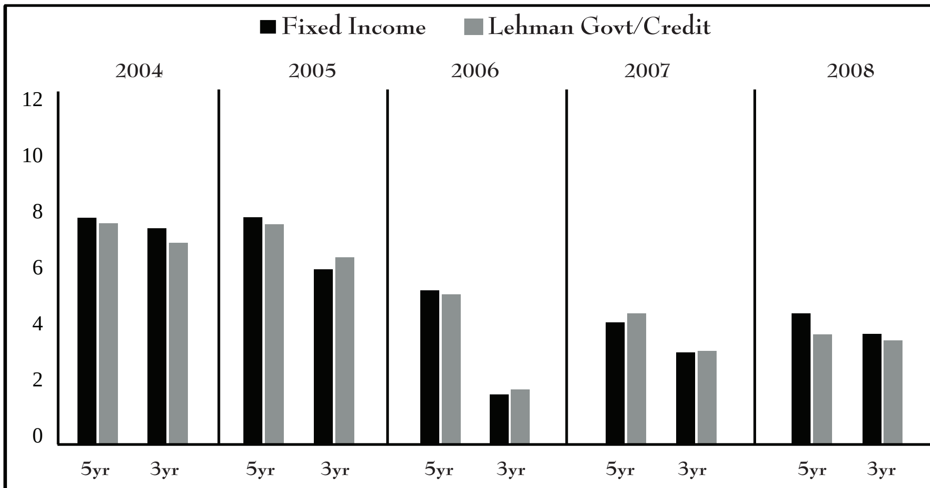
Time-Weighted Rates of Return



	2006	2007	2008
3-Year:			
Equities	13.0%	13.1%	6.0%
S&P 500	11.2%	11.7%	4.4%
5-Year:			
Equities	3.8%	11.2%	9.2%
S&P 500	2.5%	10.7%	7.6%

	2004	2005
3-Year:		
Equities	.1%	8.4%
S&P 500	-.6%	8.3%
5-Year:		
Equities	-1.6%	-1.4%
S&P 500	-2.1%	-2.4%

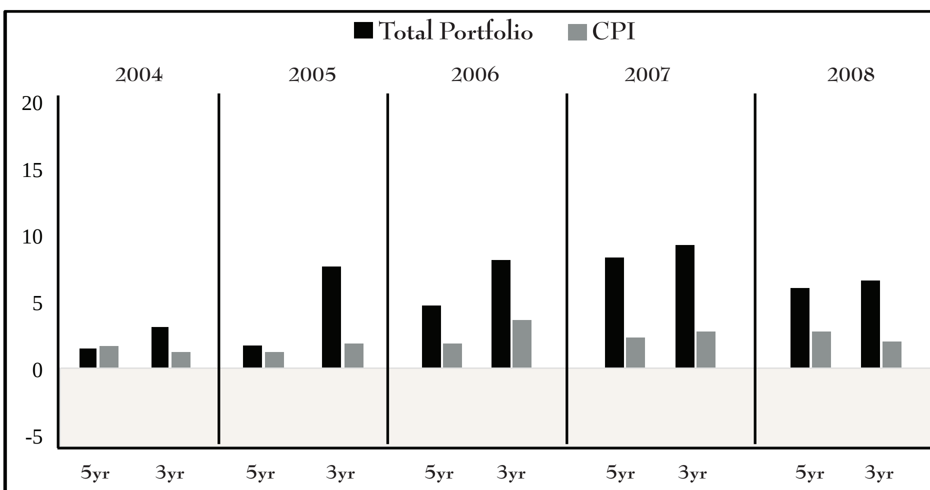
Equities (%)



	2006	2007	2008
3-Year:			
Fixed Income	1.4%	3.7%	4.5%
Lehman Govt/Credit	1.6%	3.8%	3.8%
5-Year:			
Fixed Income	5.4%	4.4%	3.8%
Lehman Govt/Credit	5.1%	4.7%	3.6%

	2004	2005
3-Year:		
Fixed Income	7.2%	6.0%
Lehman Govt/Credit	6.7%	6.4%
5-Year:		
Fixed Income	7.7%	7.8%
Lehman Govt/Credit	7.1%	7.7%

Fixed Income (%)

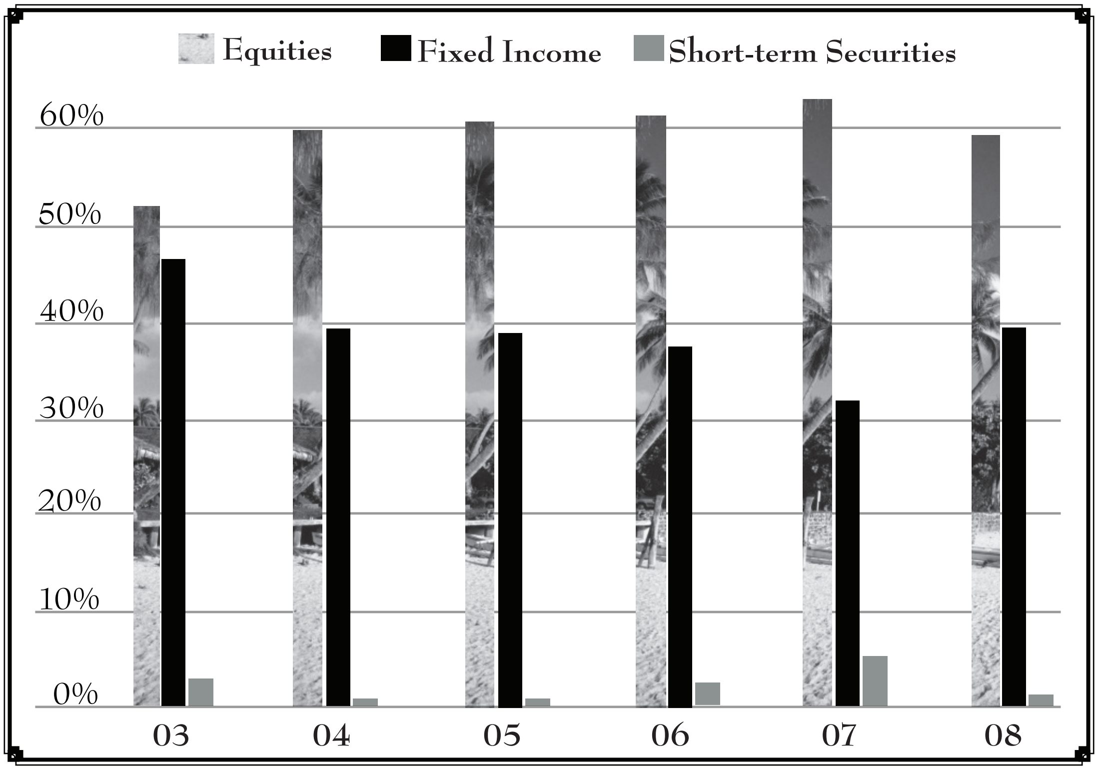


	2006	2007	2008
3-Year:			
Total Portfolio	7.9%	9.5%	5.5%
CPI	3.4%	3.2%	4.0%
5-Year:			
Total Portfolio	4.8%	8.5%	6.8%
CPI	2.7%	3.0%	3.6%

	2004	2005
3-Year:		
Total Portfolio	3.3%	7.4%
CPI	2.1%	2.7%
5-Year:		
Total Portfolio	2.4%	2.5%
CPI	2.7%	2.2%

Total Portfolio (%)

Asset Allocation at Fair Value



Schedule of Fees and Commissions

For the Year ended June 30, 2008

	2008
Investment Advisors' Fees:	
U.S. Equity	$ 20,406,027
International Equity	5,271,545
Fixed Income	0
Investment Commissions:	
U.S. Equity	15,478,212
International Equity	5,454,936
SEC Fees:	121,625
Miscellaneous:	3,861,160
Total Fees and Commissions	$ 50,593,505

Investment Summary

Asset Allocation at June 30	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Equities	51.5%	59.4%	60.4%	61.2%	62.5%	58.8%
Fixed Income	46.2%	39.0%	38.0%	36.8%	32.5%	39.5%
Short-Term Securities	2.3%	1.6%	1.6%	2.0%	5.0%	1.7%
Asset Allocation at June 30 (in millions)						
Equities	$20,059	$25,121	$27,122	$28,654	$32,929	$29,531
Fixed Income	17,961	16,469	17,075	17,244	17,115	19,802
Short-Term Securities	899	677	739	906	2,626	865
Total Investments	$38,919	$42,267	$44,936	$46,804	$52,670	$50,198

Portfolio Detail Statistics

Twenty Largest Equity Holdings*

Shares	Company		Fair Value
6,999,878	Exxon Mobil Corp.	$	616,899,248
12,142,000	Microsoft Corp.		334,026,420
580,220	Google Inc.		305,439,412
2,767,900	Schlumberger Ltd.		297,355,497
1,720,000	Apple Inc.		287,996,800
2,765,098	ConocoPhillips		260,997,600
4,630,300	Wal-Mart Stores Inc.		260,222,860
2,182,500	International Business Machines Corp.		258,691,725
2,608,258	Chevron Corp.		258,556,616
9,676,900	General Electric Co.		258,276,461
4,245,722	Proctor & Gamble Co.		258,182,355
3,881,280	Johnson & Johnson		249,721,555
2,529,128	Occidental Petroleum Corp.		227,267,442
9,764,600	Cisco Systems Inc.		227,124,596
6,430,710	AT&T Inc.		216,650,620
3,385,720	Pepisco Inc.		215,297,935
10,784,142	Pfizer Inc.		188,398,961
8,711,100	Intel Corp.		187,114,428
4,006,100	QUALCOMM Inc.		177,750,657
3,062,600	McDonald's Corp.		172,179,372
Total of 20 Largest Equity Holdings		$	5,258,150,560
Total Equity Holdings			$29,530,826,444

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value	Fair Value
U.S. Treasury Note	05/15/17	4.500	$ 1,210,000,000	$ 1,260,287,600
U.S. Treasury Note	03/31/13	2.500	1,306,000,000	1,259,989,620
U.S. Treasury Note	02/15/15	4.000	1,198,000,000	1,231,412,220
U.S. Treasury Note	02/15/18	3.500	925,000,000	890,386,500
U.S. Treasury Note	08/31/12	4.125	781,000,000	808,397,480
U.S. Treasury Note	11/30/08	4.625	796,000,000	804,708,240
U.S. Treasury Note	05/15/18	3.875	799,000,000	792,320,360
U.S. Treasury Note	11/30/12	3.375	781,000,000	784,420,780
FHLMC-Callable	05/05/11	3.500	768,000,000	760,525,056
U.S. Treasury Bond	11/15/28	5.250	683,000,000	740,358,340
Total of 10 Largest Fixed-Income Holdings				$ 9,332,806,196
Total Fixed-Income Holdings				$ 19,801,441,898

* A complete listing is available upon written request, subject to restrictions of O.C.G.A. Section 47-1-14.

Actuary's Certification Letter

Cavanaugh Macdonald
CONSULTING, LLC

July 23, 2008

Board of Trustees,
Teachers Retirement System of Georgia
Suite 100, Two Northside 75
Atlanta, GA 30318

Members of the Board:

Section 47-3-23 of the law governing the operation of the Teachers Retirement System of Georgia provides that the actuary shall make annual valuations of the contingent assets and liabilities of the Retirement System on the basis of regular interest and the tables last adopted by the Board of Trustees. We have submitted the report giving the results of the actuarial valuation of the System prepared as of June 30, 2007. The report indicates that annual employer contributions at the rate of 9.74% of compensation for the fiscal year ending June 30, 2010 are sufficient to support the benefits of the System. Our firm, as actuary, is responsible for all of the actuarial trend data in the financial section of the annual report and the supporting schedules in the actuarial section of the annual report.

In our opinion, the valuation is complete and accurate, and the methodology and assumptions are reasonable as a basis for the valuation. The valuation takes into account the effect of all amendments to the System enacted through the 2007 session of the General Assembly. The valuation reflects the member contribution rate increase from 5.00% to 5.25% effective July 1, 2009. In preparing the valuation, the actuary relied on data provided by the System. While not verifying data at the source, the actuary performed tests for consistency and reasonableness.

The System is funded on an actuarial reserve basis. The actuarial 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. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Governmental Accounting Standards Board (GASB) Statement Nos. 25 and 27. The funding objective of the plan is that contribution rates over time will remain level as a percent of payroll. The valuation method used is the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percent of payroll. Gains and losses are reflected in the unfunded accrued liability, which is amortized as a level percent of payroll within a 30-year period.

The System is being funded in conformity with the minimum funding standard set forth in Code Section 47-20-10 of the Public Retirement Systems Standards Law. In our opinion the System is operating on an actuarially sound basis. Assuming that contributions to the System are made by the employer from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement fund to provide the benefits called for under the System may be safely anticipated.

The valuation reflects the impact of the Plymel lawsuit based on a six-year statute of limitations. The 20-year statute of limitations is being appealed so, therefore, the potential impact has not been reflected in the valuation.

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 actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that 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.

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Managing Director

Summary of Actuarial Assumptions & Methods

The laws governing the Teachers Retirement System of Georgia (the "System") provide that an actuary perform an annual valuation of the contingent assets and liabilities of the System and perform at least once every five years an actuarial investigation of the mortality, service, and compensation experience of the members and beneficiaries of the System. The latest actuarial valuation of the System prepared as of June 30, 2007, was made on the basis of the interest rate assumption approved by the Board on November 19, 2003, and the mortality, rates of separation and salary increase tables approved by the Board on March 22, 2006.

The more pertinent facts and significant assumptions underlying the computations included in the June 30, 2007, report are as follows:

a) **Actuarial Method Used**–The actuarial cost method used to determine funding is the entry age actuarial cost method. Gains and losses are reflected in the unfunded accrued liability. Adopted December 30, 1976.

b) **Investment Return**–7.50% per annum, compounded annually. Adopted November 19, 2003.

c) **Earnings Progression**–Salaries are expected to increase 3.20% to 8.60% annually depending upon the employee's age. Includes inflation at 3.75%. Adopted March 22, 2006.

d) **Death, Disability and Withdrawal Rates**–Death, disability and withdrawal rates for active employees and service retirement tables are based upon the System's historical experience. The death-after-retirement rates are based on the 1994 Group Annuity Mortality Table (set forward one year for males). Adopted March 22, 2006.

e) **Asset Valuation Method**–7-year smoothed market actuarial value. The actuarial value of assets recognizes a portion of the difference between the market value of the assets and the expected value of assets, based on the assumed valuation rate of return. The amount recognized each year is one-seventh of the difference between market value and actuarial expected value. The actuarial value of assets is limited to a range between 80% and 120% of market value. Adopted March 22, 2006.

f) **Service Retirement Benefit**–The service benefit (pension) paid to members is an annuity that is owed to them at retirement that will provide a total annual pension equal to 2% of the average of the member's two consecutive highest paid years of service multiplied by the number of years of creditable service up to 40 years. It is also assumed that certain cost-of-living adjustments will be made in future years.

g) **Actuarially Determined Unfunded Accrued Liability** –The present value of the unfunded accrued liability, based on unaudited data provided the actuary by the System, was approximately $2.9 billion at June 30, 2007.

h) **Required Contributions** (% of compensation)–Adopted July 23, 2008. Contributions required by the annual actuarial valuation as of June 30, 2007, to be made for the year ended June 30, 2010:

(1) Member	**5.25%**
(2) Employer:	
Normal	**7.96%**
Unfunded Accrued Liability	**1.78%**
Total	**9.74%**

Summary of Actuarial Assumptions & Methods

Service Retirement

Adopted March 22, 2006

	Annual Rate*			Annual Rate*	
Age	**Men**	**Women**	**Age**	**Men**	**Women**
50	28%	23%	65	32%	30%
55	29	28	66	25	30
60	23	30	67	30	26
61	23	25	68	28	26
62	29	31	69	28	26
63	23	27	70	100	100
64	25	26			

*It is also assumed that 10% of eligible active members will retire each year with a reduced early retirement benefit and that an additional 5% of active members will retire in their first year of eligibility for unreduced retirement with 30 years of service.

Separation Before Service Retirement

Adopted March 22, 2006

			Annual Rate of Withdrawal		
Age	**Death**	**Disability**	**0-4 Yrs**	**5-9 Yrs**	**10+ Yrs**
		MEN			
20	0.05%	0.05%	39.00%	— %	— %
25	0.06	0.05	18.00	11.00	—
30	0.08	0.07	16.00	6.00	7.00
35	0.09	0.07	15.00	6.00	3.00
40	0.10	0.09	15.00	6.00	2.00
45	0.15	0.11	13.00	6.00	2.00
50	0.23	0.25	11.00	4.50	2.00
55	0.40	0.53	12.00	4.50	2.00
60	0.71	—	—	—	—
64	1.15	—	—	—	—
		WOMEN			
20	0.03%	0.03%	30.00%	— %	— %
25	0.03	0.03	15.00	13.00	—
30	0.03	0.04	16.00	8.00	5.00
35	0.05	0.05	15.00	8.00	4.00
40	0.07	0.07	12.00	6.00	3.00
45	0.09	0.11	11.00	5.00	2.00
50	0.13	0.20	11.00	4.50	2.00
55	0.21	0.63	12.00	4.50	3.00
60	0.39	—	—	—	—
64	0.67	—	—	—	—

Actuarial Valuation Data

Active Members

Fiscal Year[1]	Active Members: Members	Active Members: Annual Payroll (000's)	Active Members: Average Pay	Active Members: % Increase
2002	199,029	$ 7,617,869	$ 38,275	0.9%
2003	205,453	8,261,961	40,213	5.1
2004	198,572	8,083,118	40,706	1.2
2005	199,088	8,252,598	41,452	1.8
2006	206,592	8,785,985	42,528	2.6
2007	215,566	9,492,003	44,033	3.5

Retirees and Beneficiaries

Fiscal Year[1]	Added to Roll: Number	Added to Roll: Annual Allowances (000's)	Removed from Roll: Number	Removed from Roll: Annual Allowances (000's)	Roll- End of Year: Number	Roll- End of Year: Annual Allowances (000's)	% Increase in Annual Allowances	Average Annual Allowances
2002	4,858	$ 169,833	1,403	$ 26,286	54,222	$ 1,321,842	12.2 %	$ 24,378
2003	5,097	188,458	1,627	30,581	57,692	1,479,719	11.9	25,649
2004	5,381	206,251	1,483	29,525	61,590	1,656,445	11.9	26,895
2005	6,176	230,973	1,594	33,139	66,172	1,854,279	11.9	28,022
2006	5,691	223,279	1,644	37,087	70,219	2,040,471	10.0	29,059
2007	5,858	230,924	1,656	39,293	74,421	2,232,102	9.4	29,993

[1] Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. (Prior to fiscal year 2003 the actuarial valuation performed as of June 30 of that year determined the funding necessary for the subsequent fiscal year.) An actuarial valuation for the fiscal year ended June 30, 2008 is currently in process and was not available for this analysis.

Actuarial Valuation Data

Solvency Test (in thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Assets		
Fiscal Year*	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer-Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2002	$ 4,487,248	$ 15,915,320	$ 19,303,955	$ 40,502,333	100.0%	100.0%	100.0%
2003	4,739,109	17,581,264	19,585,303	42,372,661	100.0	100.0	100.0
2004	4,923,415	19,870,020	19,436,596	44,617,956	100.0	100.0	100.0
2005	5,171,813	23,229,592	19,409,809	46,836,895	100.0	100.0	95.0
2006	5,417,408	25,653,251	19,989,022	49,263,027	100.0	100.0	91.0
2007	5,703,184	28,212,100	21,081,286	52,099,171	100.0	100.0	86.3

* Fiscal year refers to the actuarial valuation performed as of June 30 of that year and determines the funding necessary for the fiscal year beginning two years after the valuation date. (Prior to fiscal year 2003 the actuarial valuation performed as of June 30 of that year determined the funding necessary for the subsequent fiscal year.) An actuarial valuation for the fiscal year ended June 30, 2008 is currently in process and was not available for this analysis.

Member and Employer Contribution Rates

Fiscal Year	Member	Employer
2004	5.00%	9.24%
2005	5.00	9.24
2006	5.00	9.24
2007	5.00	9.28
2008	5.00	9.28
2009	5.00	9.28

Actuarial Valuation Data

Analysis of Financial Experience (in millions)

Analysis of the Change in Unfunded Accrued Liability
Increase (Decrease) During the Years Ended June 30,

Item	2007	2006	2005	2004	2003	2002
Interest Added to Previous Unfunded Accrued Liability	$ 134.7	$ 73.1	$ (29.1)	$ (35.0)	$ (57.7)	$ (103.8)
Accrued Liability Contribution	57.2	51.9	49.4	79.6	77.4	41.1
Experience:						
Valuation Asset Growth	(132.3)	675.3	516.4	507.5	788.5	667.7
Pensioners' Mortality	25.6	(40.7)	(14.0)	48.8	(30.0)	(35.1)
Turnover and Retirements [1]	213.3	65.8	59.9	26.8	277.0	(236.5)
New Entrants	212.6	143.5	104.0	118.5	149.1	99.9
Salary Increases	294.5	144.1	(227.5)	(667.1)	372.4	202.3
Method Changes	—	(339.2)	313.7	—	—	—
Amendments [2]	252.3	48.5	—	—	78.7	—
Change in Member Contribution Rate [4]	(8.4)	—	—	—	—	—
Assumption Changes [3]	—	—	589.4	—	(1,326.6)	—
Miscellaneous	51.2	—	—	—	—	—
Total Increase (Decrease)	$ 1,100.7	$ 822.3	$ 1,362.2	$ 79.1	$ 328.8	$ 635.6

[1] Turnover and Retirements

2004 - Reflects impact of change in reported data due to a change in computer system. Previous years' data reported active members as any participant who contributed during the fiscal year. The 2004 data reported active members as only those who were contributing any of the last three months of the fiscal year.

[2] Amendments

2003 - Reflects an ad hoc cost-of-living adjustment of 0.5% to all retirees as of July 1, 2002.

2006 - Reflects the impact of House Bill 400 which increased allowances effective July 1, 2006 to retirees and beneficiaries retired before July 1, 1987.

2007- Reflects the impact of the Plymel lawsuit based on a six-year statue of limitations.

[3] Assumption Changes

2003 - Reflects an increase in interest rate assumption from 7.25% to 7.50% and an increase in the salary increase assumption by 0.25% at each age.

2005 - The assumed rates of withdrawal, disability, retirement, and mortality and the assumed rates of salary increase have been revised to more closely reflect the actual and anticipated experience of the System. In addition, the administration expense load was increased to 0.25% from 0.15% of active payroll.

[4] Member Contribution Rate

2007 - Reflects an increase in the member contribution rate from 5.00% to 5.25% effective July 1, 2009.

Statistical Section Overview

The statistical section presents additional information to provide financial statement users with added historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the System's financial condition.

Financial Trends

The schedules presented on page 46 and page 47 contain trend information to help the reader understand how the System's financial position has changed over time.

Operating Information

The schedules presented on pages 48 through 60 contain benefits, service and employer data to help the reader understand how the System's financial report relates to the services of the System and the activities it performs.

Financial Trends

Additions by Source (in thousands)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income (Loss)	Total Additions to (Deductions from) Plan Net Assets
1999	$ 330,517	$ 776,178	$ 3,889,927	$ 4,996,622
2000	355,948	779,571	2,788,202	3,923,721
2001	369,006	808,480	(2,099,972)	(922,486)
2002	403,952	716,917	(1,610,477)	(489,608)
2003	438,998	768,673	1,669,768	2,877,439
2004	448,929	782,301	3,794,733	5,025,963
2005	464,931	815,693	3,279,505	4,560,129
2006	485,721	855,626	2,691,062	4,032,409
2007	524,940	927,371	6,792,341	8,244,652
2008	554,027	986,759	(1,775,578)	(234,792)

Contributions were made in accordance with actuarially determined contribution requirements.

Deductions by Type (in thousands)

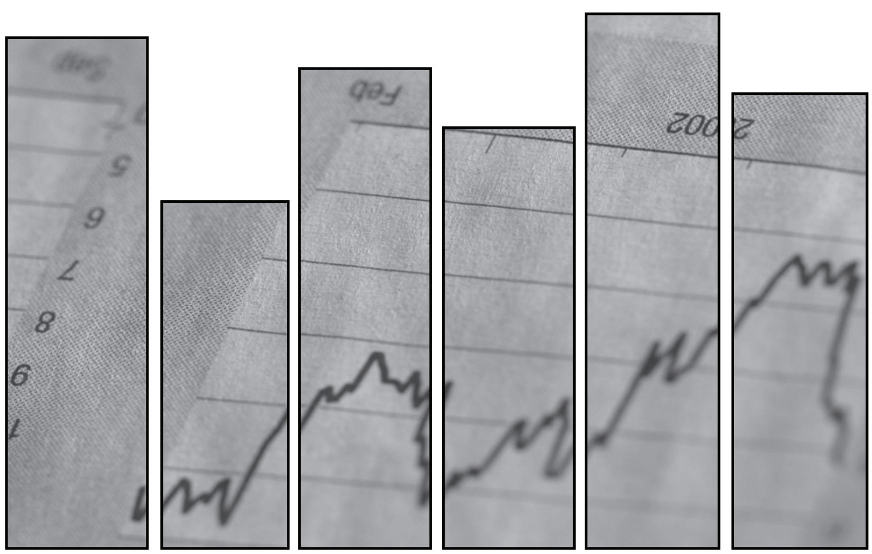
	Benefit Payments									
Fiscal Year	Service	Partial Lump-Sum Option (1)	Disability	Survivor Benefits	Supplemental Payments (2)	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions From Plan Net Assets
1999	$ 786,963	$ —	$ 30,302	$ 41,852	$ 4,628	$ 1,446	$ 865,191	$ 7,810	$ 42,911	$ 915,912
2000	923,049	—	34,160	48,063	4,334	1,962	1,011,568	9,058	44,718	1,065,344
2001	1,058,683	—	37,118	52,528	3,881	1,166	1,153,376	10,502	58,831	1,222,709
2002	1,181,838	—	40,418	57,178	3,582	1,355	1,284,371	15,966	41,250	1,341,587
2003	1,323,871	—	43,545	62,223	3,120	1,881	1,434,640	14,804	40,883	1,490,327
2004	1,481,710	—	47,002	65,821	2,757	1,177	1,598,467	15,378	42,580	1,656,425
2005	1,656,652	15,653	50,959	72,025	2,398	1,791	1,799,478	19,558	50,491	1,869,527
2006	1,863,194	26,601	62,773	35,394	2,093	1,376	1,991,431	20,173	53,138	2,064,742
2007	2,128,927	33,378	70,431	46,670	1,842	1,702	2,282,950	22,073	52,875	2,357,898
2008	2,527,156	40,820	89,348	95,452	1,648	2,059	2,756,483	23,744	54,482	2,834,709

(1) Partial Lump-Sum Option Plan became effective July 1, 2004.
(2) Supplemental payments to retirees who belong to a local retirement system.

Financial Trends

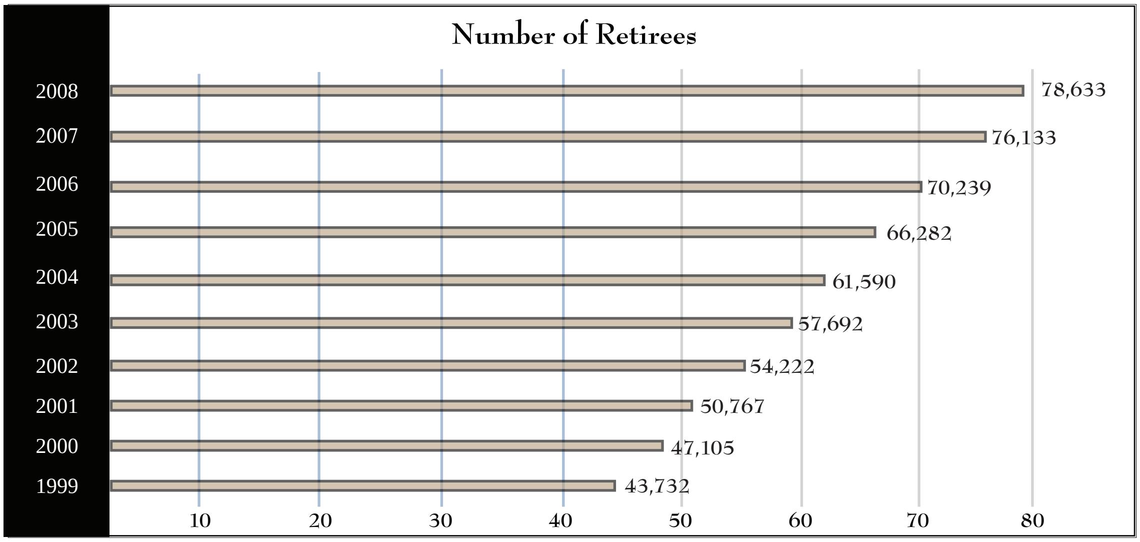
Changes in Net Assets (in thousands)

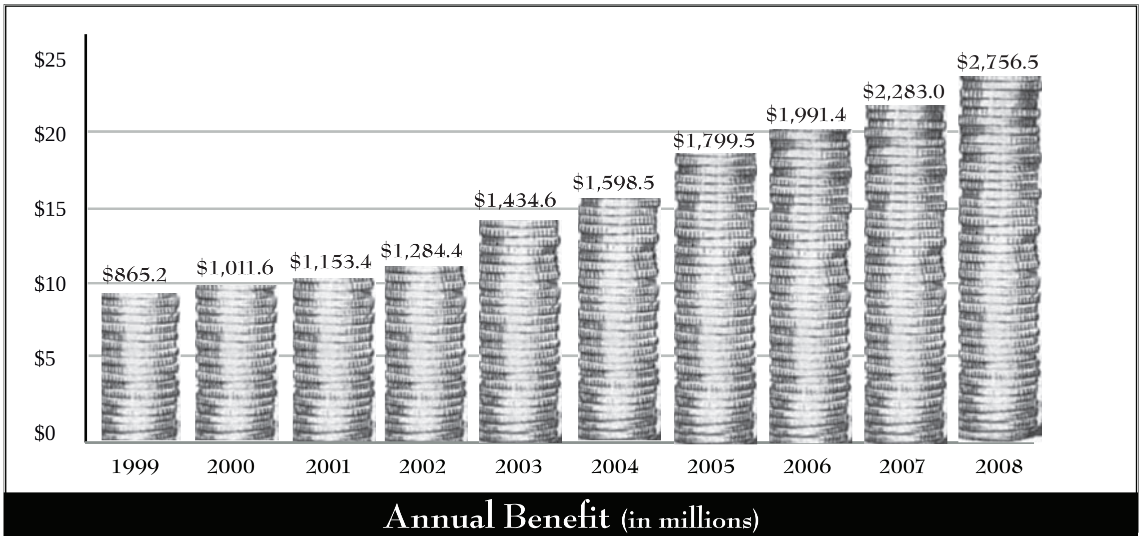
Fiscal Year	Total Additions to Plan Net Assets	Total Deductions from Plan Net Assets	Changes in Plan Net Assets
1999	$ 4,996,622	$ 915,912	$ 4,080,710
2000	3,923,721	1,065,344	2,858,377
2001	(922,486)	1,222,709	(2,145,195)
2002	(489,608)	1,341,587	(1,831,195)
2003	2,877,439	1,490,327	1,387,112
2004	5,025,963	1,656,425	3,369,538
2005	4,560,129	1,869,527	2,690,602
2006	4,032,409	2,064,742	1,967,667
2007	8,244,652	2,357,898	5,886,754
2008	(234,792)	2,834,709	(3,069,501)

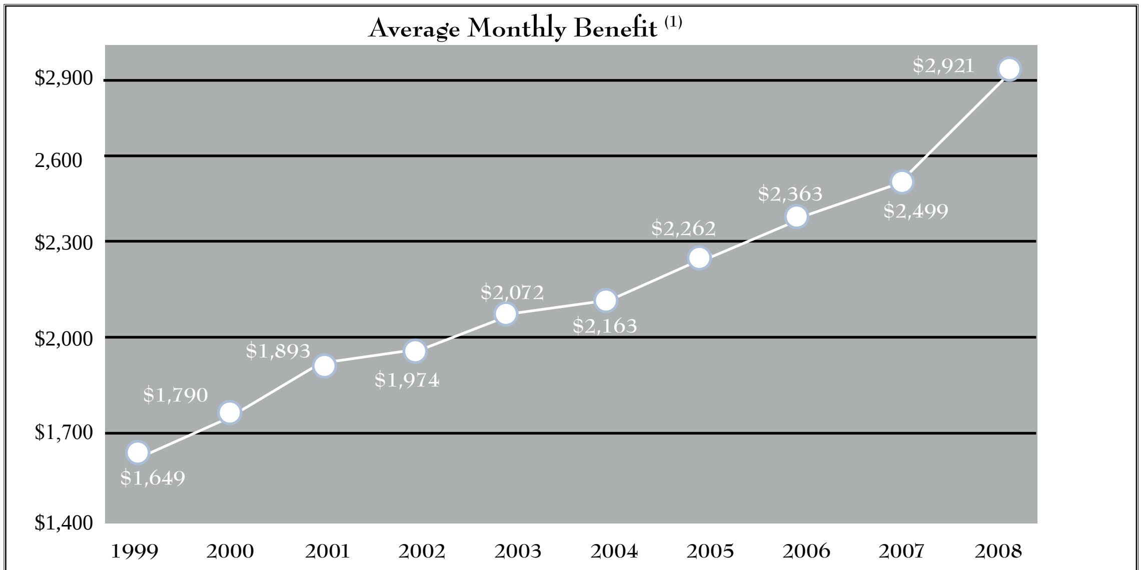


Operating Information

Benefit Payment Statistics



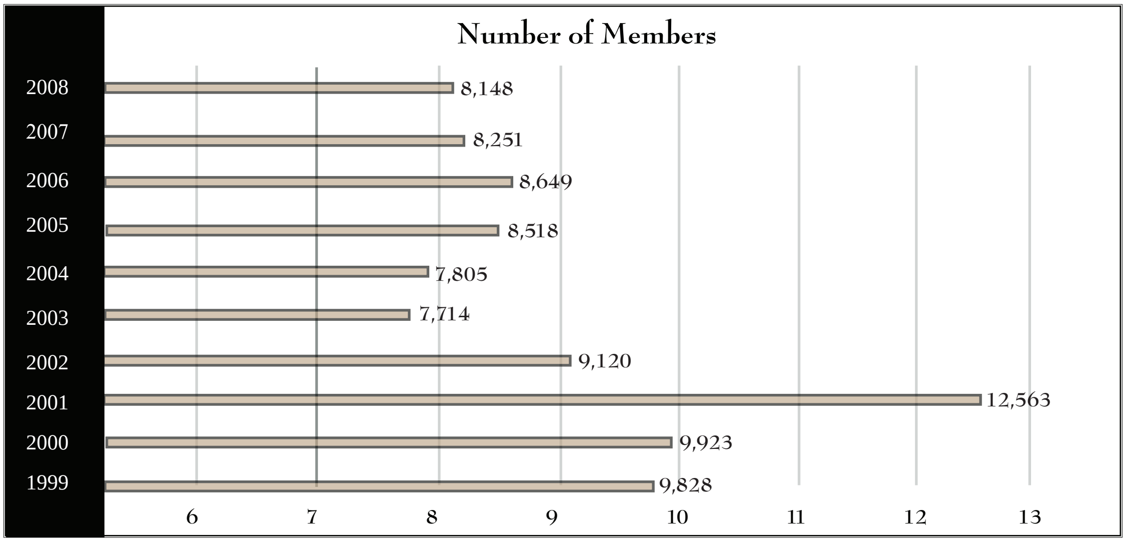


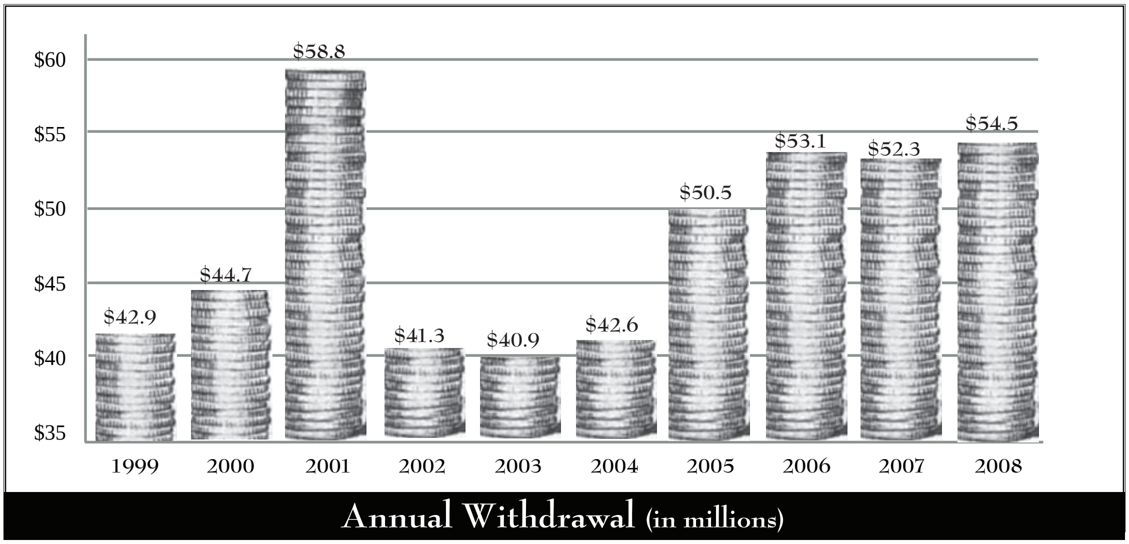


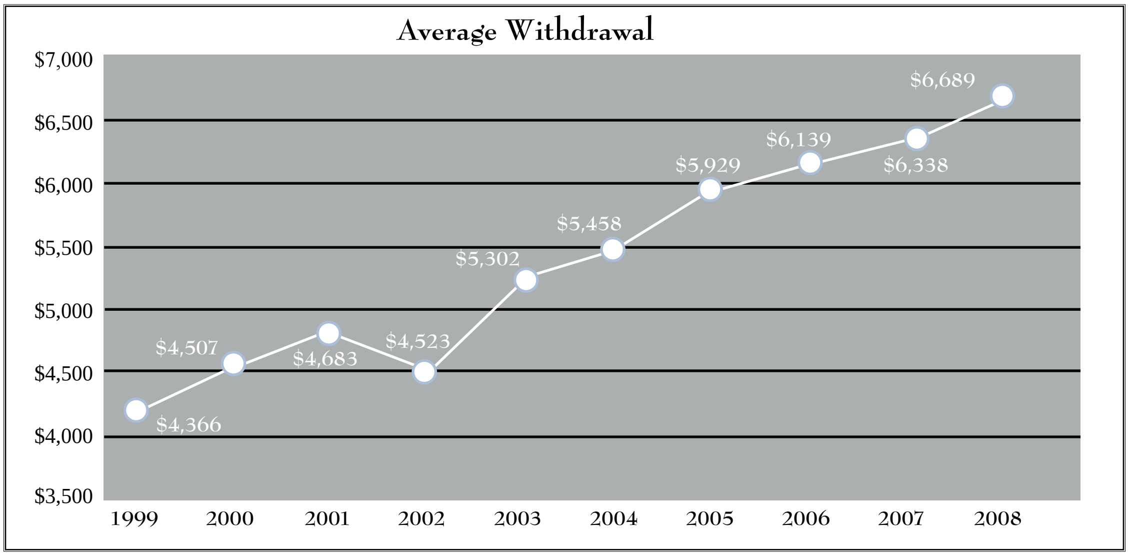
[(1)] Retirees who belonged to a local retirement system and who receive supplemental payments are not included.

Operating Information

Member Withdrawal Statistics







Operating Information

Average Monthly Benefit Payments for New Retirees

Effective Retirement Dates for Fiscal Years Ended June 30,	Years Credited Service 10 - 15	16 - 20	21 - 25	26 - 30	Over 30	Total
1999						
Average monthly benefit	$ 633.00	$ 995.24	$1,417.05	$2,265.15	$2,901.89	$1,889.58
Average final average salary	$2,261.00	$2,854.55	$3,177.89	$3,675.51	$4,564.05	$3,763.86
Number of retirees	591	426	522	1,147	928	3,614
2000						
Average monthly benefit	$ 631.36	$1,074.51	$1,432.55	$2,373.56	$3,121.26	$2,076.92
Average final average salary	$2,253.00	$3,096.25	$3,178.02	$3,947.94	$4,786.21	$4,017.50
Number of retirees	687	414	657	1,819	1,237	4,814
2001						
Average monthly benefit	$ 639.66	$1,184.73	$1,549.76	$2,474.70	$3,198.55	$2,183.38
Average final average salary	$2,295.08	$3,103.29	$3,403.14	$4,251.56	$5,069.71	$4,183.26
Number of retirees	751	447	633	2,017	1,398	5,246
2002						
Average monthly benefit	$ 669.01	$1,129.23	$1,646.88	$2,624.62	$3,322.04	$2,258.01
Average final average salary	$2,499.32	$3,627.31	$3,545.14	$4,433.46	$5,070.61	$4,298.67
Number of retirees	721	445	614	1,795	1,283	4,858
2003						
Average monthly benefit	$ 783.71	$1,526.45	$1,859.12	$2,604.05	$3,462.68	$2,418.00
Average final average salary	$2,673.99	$3,339.27	$3,745.58	$4,401.55	$5,216.65	$4,405.15
Number of retirees	807	483	545	1,714	1,661	5,210
2004						
Average monthly benefit	$1,405.03	$1,351.04	$1,895.12	$2,763.31	$3,557.04	$2,527.79
Average final average salary	$5,017.00	$3,283.34	$3,823.40	$4,471.74	$5,389.07	$4,628.32
Number of retirees	906	579	630	1,864	1,611	5,590
2005						
Average monthly benefit	$ 729.34	$1,216.78	$1,751.04	$2,575.64	$3,474.65	$2,431.70
Average final average salary	$2,960.22	$3,315.00	$4,014.56	$4,511.41	$5,345.03	$4,455.10
Number of retirees	907	689	693	1,379	2,545	6,213
2006						
Average monthly benefit	$ 759.49	$1,236.93	$1,874.90	$2,356.35	$3,361.85	$2,436.59
Average final average salary	$3,002.19	$3,273.99	$4,036.61	$4,571.12	$5,338.88	$4,495.40
Number of retirees	815	651	653	718	2,780	5,617
2007						
Average monthly benefit	$ 757.50	$1,246.18	$1,782.60	$2,350.01	$3,330.98	$2,335.28
Average final average salary	$3,193.24	$3,580.49	$4,061.53	$4,669.55	$5,406.13	$4,182.19
Number of retirees	975	704	758	729	2,725	5,891
2008						
Average monthly benefit	$ 809.08	$1,324.02	$1,866.99	$2,466.86	$3,488.62	$2,424.71
Average final average salary	$3,404.28	$3,734.90	$4,283.55	$4,797.61	$5,676.32	$4,755.66
Number of retirees	1,010	726	777	686	2,665	5,864

Operating Information

Retired Members by Type of Benefit

Amount of Monthly Benefit	Number of Retirees	Type of Retirement [1] A	B	C	D	Option Selected [2] Maximum	Opt-1	Opt-2	Opt-3	Opt-4	Opt-2 Pop-Up	Opt-3 Pop-Up
$ 1 - 250	892	435	79	167	211	275	14	260	46	44	27	13
251-500	4,137	3,268	481	377	11	2,819	80	743	166	86	161	71
501-750	5,009	4,091	522	374	22	3,492	142	813	212	48	187	93
751-1000	4,917	4,012	511	343	51	3,332	145	764	259	34	207	125
1001-1250	4,186	3,480	408	267	31	2,773	126	654	239	36	198	129
1,251 - 1,500	3,759	3,137	391	222	9	2,410	123	637	223	40	194	123
1,501 - 1,750	3,657	3,145	330	174	8	2,419	118	528	251	40	175	118
1,751 - 2,000	3,663	3,234	298	130	1	2,427	130	498	235	45	197	130
2,001 - 2,250	3,797	3,382	305	110	0	2,523	140	479	251	51	216	137
2,251 - 2,500	4,500	4,164	241	95	0	3,085	154	506	266	75	255	159
2,501 - 2,750	5,130	4,825	218	87	0	3,542	200	566	248	72	306	196
2,751 - 3,000	5,531	5,349	135	47	0	3,880	265	441	275	103	336	231
3,001 - 3,250	5,725	5,617	73	35	0	4,193	261	413	263	91	288	216
3,251 - 3,500	4,846	4,762	39	45	0	3,489	259	362	235	83	225	193
3,501 - 3,750	3,876	3,826	27	23	0	2,823	202	283	195	52	180	141
3,751 - 4,000	3,105	3,069	16	20	0	2,282	145	219	165	68	110	116
4,001 - 4,250	2,311	2,290	12	9	0	1,656	105	179	152	53	90	76
4,251 - 4,500	1,764	1,741	13	10	0	1,224	107	153	109	37	75	59
4,501 - 4,750	1,432	1,417	3	12	0	949	85	135	105	36	55	67
4,751 - 5,000	1,194	1,179	3	12	0	775	65	115	110	35	49	45
Over 5,000	5,202	5,147	12	43	0	3,109	290	618	557	215	178	233
TOTALS	**78,633**	**71,570**	**4,117**	**2,602**	**344**	**53,477**	**3,156**	**9,366**	**4,562**	**1,344**	**3,709**	**2,671**

[1] Type of Retirement
A - Service
B - Disability
C - Survivor benefit
D - Supplemental payments to retirees who belonged to a local retirement system.

[2] Refer to Introductory Section, pages 12 and 13 for descriptions of Options.

Retirement Payments By County Residence

County	Number of Retirees	FY08 Total Gross Pay	County	Number of Retirees	FY08 Total Gross Pay
Appling	204	$ 6,078,761.41	Coffee	379	$ 10,370,647.17
Atkinson	67	1,751,259.74	Colquitt	349	9,449,108.75
Bacon	100	2,736,494.87	Columbia	1,364	38,777,667.27
Baker	14	308,804.64	Cook	175	4,563,296.11
Baldwin	508	14,428,842.26	Coweta	796	23,933,870.52
Banks	135	3,477,933.55	Crawford	44	1,272,551.08
Barrow	373	9,923,202.34	Crisp	245	6,263,294.23
Bartow	586	16,825,958.90	Dade	98	2,406,182.58
Ben Hill	191	5,386,182.52	Dawson	159	5,585,902.22
Berrien	192	4,782,846.05	Decatur	106	2,902,713.27
Bibb	1,636	47,984,749.09	DeKalb	4,091	148,411,359.11
Bleckley	207	5,066,091.58	Dodge	214	5,614,677.08
Brantley	100	2,604,396.88	Dooly	95	2,650,111.81
Brooks	137	3,848,066.11	Dougherty	1,041	30,758,983.76
Bryan	165	4,164,224.31	Douglas	562	17,049,067.47
Bulloch	991	29,705,279.63	Early	38	1,125,973.58
Burke	174	4,632,642.09	Echols	4	110,520.90
Butts	164	4,709,961.82	Effingham	247	5,881,686.14
Calhoun	31	812,222.59	Elbert	193	4,787,378.86
Camden	199	5,828,889.51	Emanuel	291	7,784,638.41
Candler	113	2,878,852.99	Evans	104	2,881,144.96
Carroll	1,173	34,327,592.29	Fannin	256	7,119,005.93
Catoosa	294	8,338,463.34	Fayette	948	28,975,108.61
Charlton	60	1,576,796.89	Floyd	990	28,249,940.06
Chatham	2,106	64,251,270.79	Forsyth	464	14,230,749.23
Chattahoochee	21	544,144.00	Franklin	268	7,520,990.97
Chattooga	212	5,542,651.94	Fulton	5,131	192,068,695.76
Cherokee	971	28,921,320.19	Gilmer	198	6,109,246.99
Clarke	2,499	91,895,684.77	Glascock	27	648,692.74
Clay	15	399,029.16	Glynn	846	25,565,967.57
Clayton	742	23,015,592.43	Gordon	372	10,386,389.99
Clinch	70	1,946,493.34	Grady	83	2,089,247.06
Cobb	3,428	107,734,520.15	Greene	212	6,788,113.24

Retirement Payments By County Residence continued

County	Number of Retirees	FY08 Total Gross Pay
Gwinnett	2,494	$ 79,125,319.09
Habersham	433	12,171,895.87
Hall	1,234	37,005,945.41
Hancock	105	2,591,254.04
Haralson	205	5,776,147.37
Harris	242	7,000,704.66
Hart	220	6,701,661.73
Heard	59	1,450,281.90
Henry	1,006	30,510,691.88
Houston	819	24,810,941.88
Irwin	83	2,192,929.47
Jackson	540	14,850,906.18
Jasper	151	3,946,087.50
Jeff Davis	102	2,756,861.02
Jefferson	159	3,912,777.25
Jenkins	86	2,309,045.09
Johnson	84	2,140,921.63
Jones	159	4,838,394.45
Lamar	193	5,341,291.14
Lanier	55	1,535,363.86
Laurens	530	14,954,313.10
Lee	173	5,042,510.06
Liberty	179	4,999,516.93
Lincoln	107	2,938,744.53
Long	43	1,048,598.58
Lowndes	1,173	31,059,698.57
Lumpkin	319	9,432,786.89
Macon	116	3,409,284.97
Madison	513	11,490,450.61
Marion	64	1,455,217.56
McDuffie	223	6,365,346.38
McIntosh	129	3,718,408.58
Meriwether	186	5,441,965.67
Miller	27	$ 814,627.20
Mitchell	202	5,312,451.78
Monroe	185	5,076,449.42
Montgomery	96	2,724,726.28
Morgan	228	6,978,355.53
Murray	229	6,937,131.15
Muscogee	1,886	57,117,364.66
Newton	426	12,486,477.91
Oconee	752	25,024,374.42
Oglethorpe	202	4,942,115.76
Paulding	318	8,539,325.08
Peach	482	14,444,950.72
Pickens	438	14,278,408.34
Pierce	176	4,645,943.55
Pike	160	4,147,550.89
Polk	360	10,377,682.48
Pulaski	88	2,561,938.28
Putnam	257	8,125,842.38
Quitman	7	171,535.38
Rabun	200	6,385,876.71
Randolph	34	783,994.05
Richmond	2,318	63,790,015.62
Rockdale	515	15,402,663.67
Schley	34	754,411.06
Screven	162	3,888,522.62
Seminole	33	908,119.20
Spalding	602	16,725,252.26
Stephens	308	8,349,111.56
Stewart	62	1,825,964.00
Sumter	379	11,063,568.45
Talbot	60	1,481,642.17
Taliaferro	17	355,699.16
Tattnall	144	4,015,397.21

Retirement Payments By County Residence continued

County	Number of Retirees	FY08 Total Gross Pay
Taylor	91	$ 2,489,979.20
Telfair	157	4,654,468.38
Terrell	50	1,544,643.39
Thomas	505	13,551,260.11
Tift	675	18,721,964.80
Toombs	259	6,844,945.16
Towns	168	4,934,093.90
Treutlen	79	2,165,888.82
Troup	553	16,065,785.59
Turner	121	3,138,941.63
Twiggs	51	1,429,857.24
Union	225	6,510,362.33
Upson	291	8,320,397.80
Walker	441	11,688,230.72
Walton	664	19,357,530.55
Ware	440	12,289,316.83
Warren	52	1,472,351.91
Washington	220	6,201,948.01
Wayne	285	7,106,505.02
Webster	21	455,963.94
Wheeler	71	1,902,372.11
White	308	9,052,728.67
Whitfield	680	20,591,329.48
Wilcox	103	2,831,677.17
Wilkes	122	3,373,034.36
Wilkinson	109	2,841,867.16
Worth	161	4,279,409.42
Outside GA	9,892	300,266,276.41
TOTALS	**78,633**	***$2,385,609,028.51**

* This number does not include the effect of the Plymel lawsuit as described on page 29.

Operating Information

Principal Participating Employers

Employers	2008 Covered Employees	2008 Rank	2008 Percentage of Total System	2000 [1] Covered Employees	2000 [1] Rank	2000 [1] Percentage of Total System
Gwinnett County Schools	16,448	1	7.31%	10,438	1	5.44%
Cobb County Schools	12,314	2	5.47	9,766	3	5.09
Dekalb County Schools	11,774	3	5.23	10,349	2	5.39
Fulton County Schools	9,912	4	4.40	7,354	5	3.83
University of Georgia	8,130	5	3.61	8,575	4	4.47
Clayton County Schools	5,804	6	2.58	5,075	8	2.64
Atlanta City Schools	5,563	7	2.47	6,131	7	3.19
Chatham County Schools	4,272	8	1.90	4,070	9	2.12
Muscogee County School District	3,974	9	1.77	4,025	10	2.10
Henry County Schools	3,915	10	1.74	—	—	—
Medical College of Georgia	—	—	—	6,338	6	3.30
All Others	142,918		63.52	119,787		62.43
Total	225,024		100.00%	191,908		100.00%

[1] Data by employer is unavailable prior to fiscal year 2000.

Operating Information

Participating Employers

Universities and Colleges

Abraham Baldwin Agricultural College
Albany State University
Armstrong Atlantic State University
Atlanta Metropolitan College
Augusta State University
Bainbridge College
Clayton College and State University
Coastal Georgia Community College
Columbus State University
Dalton State College
Darton College
East Georgia College
Fort Valley State University
Gainesville College
Georgia College and State University
Georgia Gwinnett College
Georgia Highlands College
Georgia Institute of Technology
Georgia Perimeter College
Georgia Southern University
Georgia Southwestern College
Georgia State University
Gordon College
Kennesaw State University
Macon State College
Medical College of Georgia
Middle Georgia College
North Georgia College and State University
Savannah State University
Skidaway Institute of Oceanography
South Georgia College
Southern Polytechnic State University
University of Georgia
Valdosta State University
Waycross College
State University of West Georgia

Boards of Education

Appling County
Atkinson County
Atlanta City
Bacon County
Baker County
Baldwin County
Banks County
Barrow County
Bartow County
Ben Hill County
Berrien County
Bibb County
Bleckley County
Brantley County
Bremen City
Brooks County
Bryan County
Buford City
Bulloch County
Burke County
Butts County
Calhoun City
Calhoun County
Camden County
Candler County
Carroll County
Carrollton City
Cartersville City
Catoosa County
Charlton County
Chatham County
Chattahoochee County
Chattooga County
Cherokee County
Chickamauga City
Clarke County
Clay County
Clayton County
Clinch County
Cobb County
Coffee County
Colquitt County
Columbia County
Commerce City
Cook County

Operating Information

Participating Employers

Boards of Education continued

Coweta County
Crawford County
Crisp County
Dade County
Dalton City
Dawson County
Decatur City
Decatur County
DeKalb County
Dodge County
Dooly County
Dougherty County
Douglas County
Dublin City
Early County
Echols County
Effingham County
Elbert County
Emanuel County
Evans County
Fannin County
Fayette County
Floyd County
Forsyth County
Franklin County
Fulton County
Gainesville City
Georgia Military College
Gilmer County
Glascock County
Glynn County
Gordon County
Grady County
Greene County
Griffin-Spalding County
Gwinnett County
Habersham County
Hall County
Hancock County
Haralson County
Harris County
Hart County
Heard County
Henry County
Houston County
Irwin County
Jackson County
Jasper County
Jeff Davis County
Jefferson City
Jefferson County
Jenkins County
Johnson County
Jones County
Lamar County
Lanier County
Laurens County
Lee County
Liberty County
Lincoln County
Long County
Lowndes County
Lumpkin County
Macon County
Madison County
Marietta City
Marion County
McDuffie County
McIntosh County
Meriwether County
Miller County
Mitchell County
Monroe County
Montgomery County
Morgan County
Murray County
Muscogee County
Newton County
Oconee County
Oglethorpe County
Paulding County
Peach County
Pelham City
Pickens County
Pierce County
Pike County
Polk School District
Pulaski County
Putnam County
Quitman County
Rabun County

Operating Information

Participating Employers

Boards of Education continued

Randolph County
Richmond County
Rockdale County
Rome City
Schley County
Screven County
Seminole County
Social Circle City
Stephens County
Stewart County
Sumter County
Talbot County
Taliaferro County
Tattnall County
Taylor County
Telfair County
Terrell County
Thomas County
Thomasville City
Thomaston-Upson County
Tift County
Toombs County
Towns County
Treutlen County
Trion City
Troup County
Turner County
Twiggs County
Union County
Valdosta City
Vidalia City
Walker County
Walton County
Ware County
Warren County
Washington County
Wayne County
Webster County
Wheeler County
White County
Whitfield County
Wilcox County
Wilkes County
Wilkinson County
Worth County

Public Libraries

A Mitchell Powell Jr. Public Library
Athens Regional Library
Barnesville-Lamar County
Bartow County Library
Bartram Trail Regional Library
Brooks County Library
Camden County Library
Chatsworth-Murray County Library
Chattooga County Library
Cherokee Regional Library
Chestatee Regional Library
Clayton County Regional Library
Coastal Plains Regional Library
Cobb County Public Library
Conyers-Rockdale Library
DeKalb County Public Library
Desota Trail Regional Library
Dougherty County Public Library
East Central Georgia Regional Library
Elbert County Public Library
Fitzgerald-Ben Hill County Library
Flint River Regional Library
Forsyth County Public Library
Gwinnett County Public Library
Hall County Library
Hart County Library
Hawkes Library
Henry County Library
Houston County Public Library
Jefferson County Library
Kinchafoonee Regional Library
Lake Blackshear Regional Library
Lee County Public Library
Lincoln County Library
Live Oak Public Library
M.E. Roden Memorial Library
Mary Vinson Memorial Library
Middle Georgia Regional Library
Moultrie-Colquitt County Library
Mountain Regional Library
Newton County Library
Northeast Georgia Regional Library

Participating Employers

Public Libraries continued

Northwest Georgia Regional Library
Ocmulgee Regional Library
Oconee Regional Library
Ohoopee Regional Library
Okefenokee Regional Library
Peach Public Library
Piedmont Regional Library
Pine Mountain Regional Library
Roddenberry Memorial Library
Sara Hightower Regional Library
Satilla Regional Library
Screven-Jenkins Regional Library
Sequoyah Regional Library
South Georgia Regional Library
Southwest Georgia Regional Library
Statesboro Regional Library
Thomas County Public Library
Three Rivers Regional Library
Troup-Harris-Coweta Regional Library
Uncle Remus Regional Library
Warren County Public Library
West Georgia Regional Library

Technical Colleges

Albany Technical College
Altamaha Technical College
Applachian Technical College
Athens Technical College
Atlanta Technical College
Augusta Technical College
Central Georgia Technical College
Chattahoochee Technical College
Columbus Technical College
Coosa Valley Technical College
DeKalb Technical College
East Central Technical College
Flint River Technical College
Griffin Technical College
Gwinnett Technical College
Heart of Georgia Technical College

Technical Colleges continued

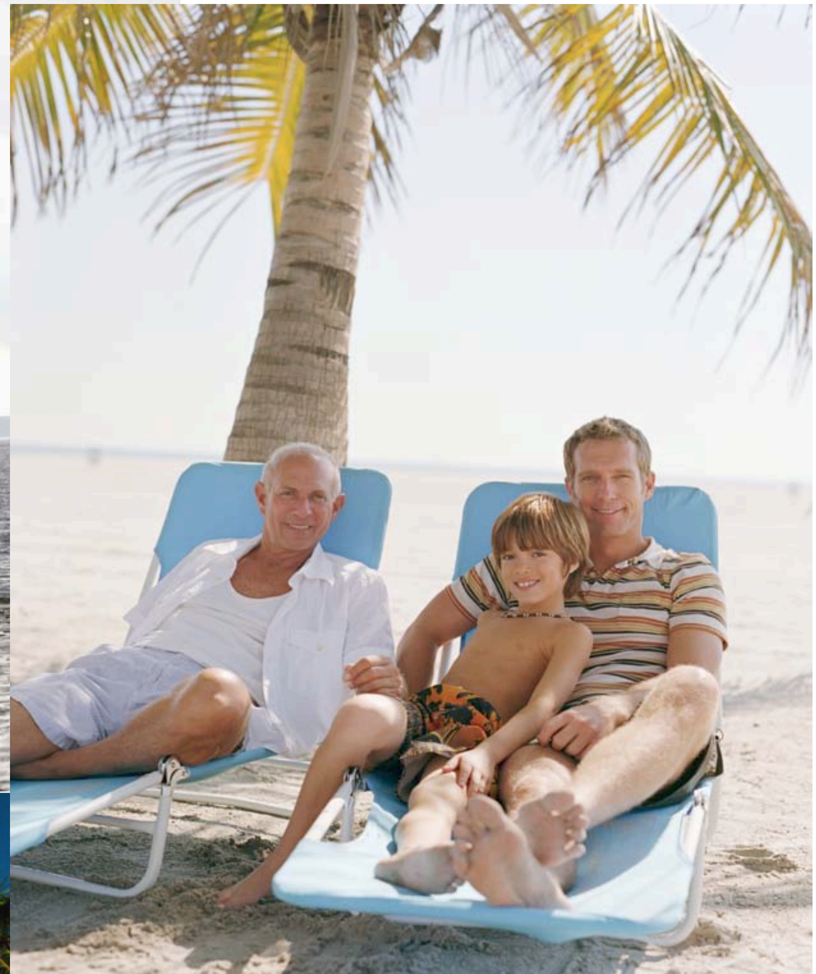
Lanier Technical College
Middle Georgia Technical College
Moultrie Technical College
North Georgia Technical College
North Metro Technical College
Northwestern Technical College
Ogeechee Technical College
Okefenokee Technical College
Sandersville Technical College
Savannah Technical College
South Georgia Technical College
Southeastern Technical College
Southwest GA Technical College
Swainsboro Technical College
Valdosta Technical College
West Central Technical College
West Georgia Technical College

Regional Educational Service Agencies

Central Savannah River Area RESA
Chattahoochee Flint RESA
Coastal Plains RESA
First District RESA
Griffin RESA
Heart of Georgia RESA
Metro RESA
Middle Georgia RESA
North Georgia RESA
Northeast Georgia RESA
Northwest Georgia RESA
Oconee RESA
Okefenokee RESA
Pioneer RESA
Southwest Georgia RESA
West Georgia RESA

Participating Employers
Other

Academy of Lithonia Charter
Amana Academy
Baconton Community Charter School
Baldwin County Board of Health
Board of Regents
Brighten Academy
Chancellor Beacon Academy
Charles Drew Charter School
Charter Conservatory for Liberal Arts and Technology, Inc.
Cooperative Extension Service
DeKalb Academy of Technology
DeKalb Path Academy
Destiny Academy of Excellence
Fulton County DFACS
Fulton Science Academy Charter School
Georgia Association of Educators
Georgia Department of Administrative Services
Georgia Department of Agriculture
Georgia Department of Audits
Georgia Department of Community Health
Georgia Department of Corrections
Georgia Department of Driver Services
Georgia Department of Early Care and Learning
Georgia Department of Economic Development
Georgia Department of Education
Georgia Department of Human Resources
Georgia Department of Juvenile Justice
Georgia Department of Labor
Georgia Department of Natural Resources
Georgia Department of Public Safety
Georgia Department of Technical and Adult Education
Georgia Student Finance Commission
Georgia High School Association
Georgia Magnet Charter School
Georgia Public Defender Council
Georgia Public Telecommunications
Imagine International Academy of Mableton
Imagine International Academy of Smyrna
Imagine Wesley International Academy
International Community Charter School
Kidspeace Charter School
Kipp South Fulton Academy
Kipp Ways Academy
Lewis Academy of Excellence
Lake Oconee Academy
Marietta Charter School
Mountain Education Center
Neighborhood Charter School
New Life Academy of Excellence
Odyssey Charter School
Office of Planning and Budget
Secretary of State
Southeast Atlanta Charter Schools
State Accounting Office
T.E.A.C.H. Charter School
Teachers Retirement System of Georgia
Tech High School
University Community Academy
Ware County Health Department

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(800) 352-0650 or (404) 352-6500
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Customer Service