TEACHERS RETIREMENT SYSTEM OF GEORGIA

A COMPONENT UNIT OF THE STATE OF GEORGIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

TEACHERS
RETIREMENT
SYSTEM OF
GEORGIA

A COMPONENT UNIT OF
THE STATE OF GEORGIA

Comprehensive Annual Financial Report

Fiscal Year
Ended June 30, **2010**

Jeffrey L. Ezell
Executive Director

Table of Contents

Introductory Section

Financial Section

Investment Section

Actuarial Section

Statistical Section

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, 2009

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2009

Presented to

Teachers Retirement System of Georgia

In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

Board of Trustees
as of November 1, 2010*

Mr. J. Alvin Wilbanks**
CHAIR
Administrator
Appointed by the Governor
Term Expires 6/30/13

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

Dr. Virginia J. Dixon**
Retired Teacher
Elected by the Board of Trustees
Term Expires 6/30/12

Dr. Lorelle C. “Buster” Evans**
TRS Member
Appointed by the Governor
Term Expires 6/30/12

Mr. Thomas D. Hills
State Treasurer
Ex-Officio

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

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 6/30/12

*There are two vacancies on the Board.

**Investment Committee Member

Teachers Retirement System of Georgia

Jeffrey L. Ezell
Executive Director

December 15, 2010
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, 2010. 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, 2009. This was the 22nd 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, and began operations in 1945. A summary of the System's benefits is provided on pages 10-12 of this report.

The System is the largest public pension fund in the State of Georgia, the 24th largest public pension fund in the United States and the 52nd largest pension fund in the world.

The System is governed by a ten-member Board of Trustees which appoints the Executive Director who is responsible for the administration and operations of the System, which serves more than 391,000 active and retired members, and 386 employers.

Legislation

The 2010 Georgia General Assembly amended Georgia law to mirror federal Internal Revenue Code regarding 401(a) pension plans. The legislation also amended the provisions for purchasing air time service only in conjunction with the member's application for retirement. If the retirement application is withdrawn or denied, the air time service purchase shall be void. Finally, technical corrections were made to ensure that age 60 is the age reported as the normal retirement age in all sections of TRS statutory language.

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 14 of this report for an overview of the financial status of the System, including a summary of the System's 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, expressed as a percentage of annual covered payroll, that 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 System continues to remain strong as evidenced by the ratio of the actuarial value of assets to the actuarial accrued liabilities. This ratio was 87.2% for the fiscal year ended June 30, 2009. 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 Georgia General Assembly, the System has been and will continue to be funded on an actuarially sound basis, thus providing the membership the comfort and security they expect from their retirement system.

Initiatives

The System continuously looks for innovative ways to make the services it provides to its members faster, friendlier, and easier by a continued focus on providing excellent customer service throughout the System.

During the year, the System implemented a web-based retirement application process providing a more efficient, paperless and user-friendly way to retire which decreases processing time and increases member satisfaction. The online retirement application process became operational in January, 2010. Since that time, approximately 40% of the retirement applications have been submitted online resulting in a faster and easier retirement process for the member and also for the System's staff.

A new web-based payment process was implemented for use by the employers to pay monthly contributions to the system. All employers are using this easier payment process.

Pre-retirement workshops have been introduced to the System's Atlanta office. These workshops provide members in the metro-Atlanta area with a convenient location and workshops are being held during school breaks and teacher workdays. Additionally, the Customer Excellence Program continues to grow by reaching its two-and-a-half-year goal of having at least one event in each of the 159 Georgia counties.

The disability retirement process was reengineered to provide a faster, easier, and more comprehensive disability retirement. This reengineering has resulted in a reduction in the time required to process and pay disability claims by more than 20% and a reduction in the number of temporary disability approvals by 65%.

The System continues to refresh and enhance the technology infrastructure supporting its line-of-business information systems. Doing so facilitated 99% uptime availability for these systems, permitted our employees to quickly respond to customer needs, and provided 24-hour availability to the customer via the Internet through the System's customer web portal. The System continues its efforts to keep up with developing technologies and provide the best that these new technologies have to offer.

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.

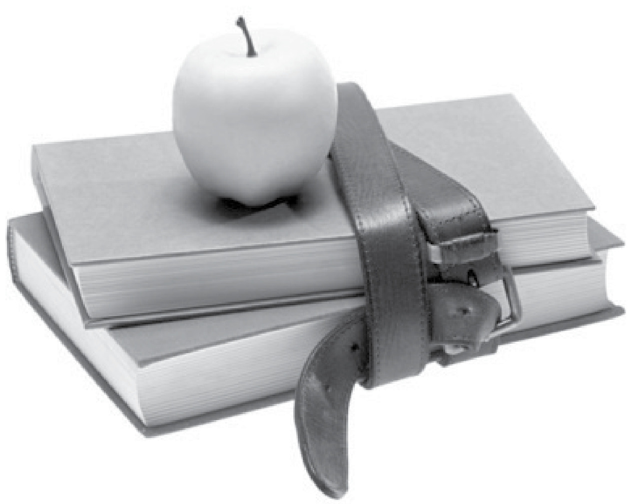
I would like to take this opportunity to express my gratitude to Governor Sonny Perdue, members of the Georgia General Assembly, the staff, the advisors, and the many people who have worked so diligently to ensure the successful operation of the System.

Sincerely,

Jeffrey L. Ezell
Executive Director

Financial Highlights	June 30, 2010	2009	% Change
Member Contributions	$ 592,264,000	$ 567,635,000	+ 4.3
Employer Contributions	$ 1,057,416,000	$ 1,026,287,000	+ 3.0
Interest and Dividend Income	$ 1,236,647,000	$ 1,401,719,000	− 11.8
Benefits Paid to Retired Members	$ 2,800,424,000	$ 2,534,487,000	+ 10.5
Member Withdrawals	$ 53,638,000	$ 49,414,000	+ 8.5
Interest Credited to Member Contributions	$ 253,031,000	$ 241,359,000	+ 4.8

Statistical Highlights	2010	2009	% Change
Active Membership	222,046	226,560	− 2.0
Members Leaving the System	6,944	6,939	−
Retired Members	87,017	82,382	+ 5.6
Average Monthly Benefit	$ 2,682	$ 2,620	+ 2.4

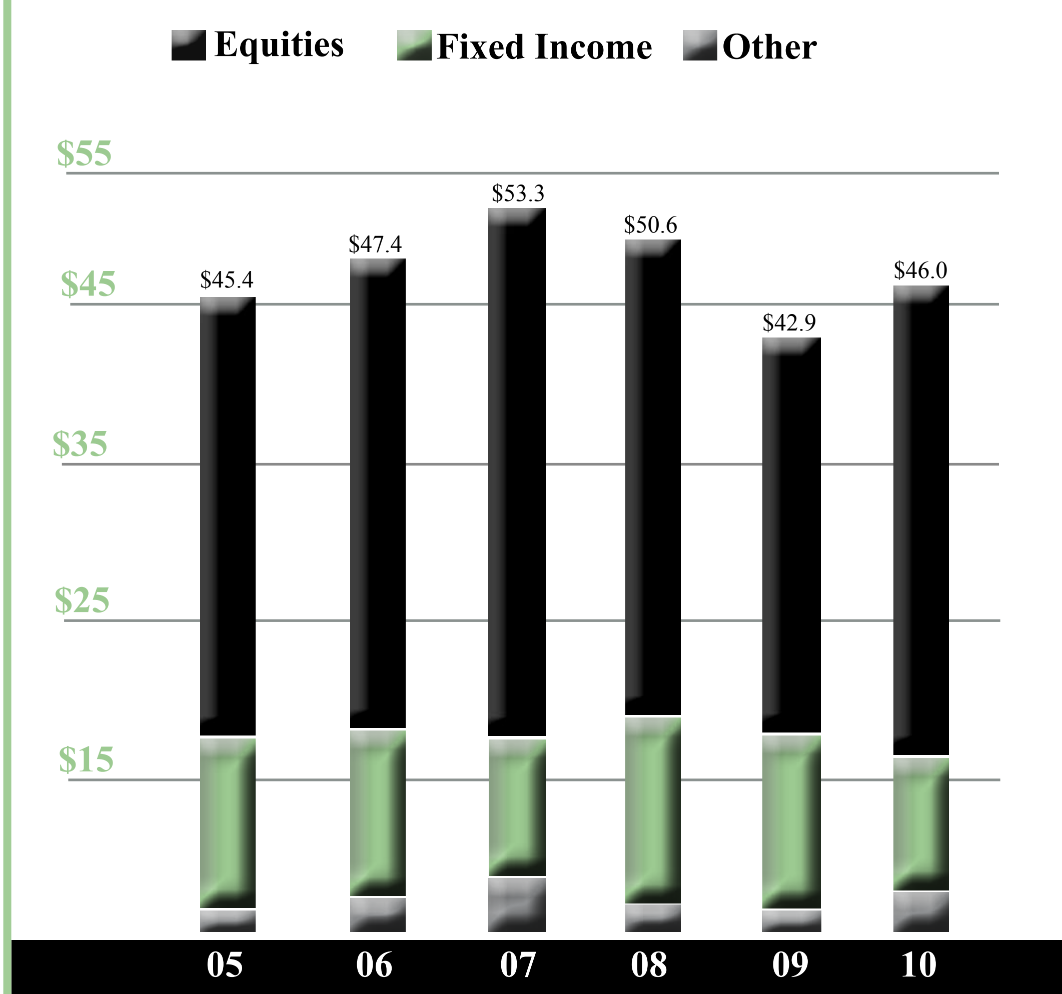


Total System Assets at June 30 (in thousands)

	2005	2006	2007	2008	2009	2010
Equities	$27,121,761	$28,654,452	$32,928,370	$29,530,826	$23,733,154	$28,237,867
Fixed Income	17,075,215	17,243,798	17,115,170	19,801,442	17,944,548	16,075,686
Other[(1)]	1,160,906	1,489,478	3,249,443	1,287,660	1,175,665	1,675,244
Total System Assets	$45,357,882	$47,387,728	$53,292,983	$50,619,928	$42,853,367	$45,988,797

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

Growth of Total System Assets (in billions)



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

Gregory J. Rooks
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
Barrow, Hanley, Mewhinney & Strauss
Cooke & Bieler
Cramer Rosenthal McGlynn
Fisher Investments
Mesirow Financial Investment Management
Mondrian Investment Partners Limited
Montag & Caldwell
Munder Capital Management
PENN Capital Management
Philadelphia International Advisors
RidgeWorth Capital Management
Sands Capital Management

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, and began operations in 1945. 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 State Treasurer,

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 3 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 9 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.

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 10 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 the retiree would have received under Plan A - Maximum Plan.

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 the amount the retiree would have received under Plan A - Maximum Plan.

Option 4

This option offers a reduced monthly lifetime benefit in exchange for the flexibility to designate a specific dollar amount or percentage of your monthly benefit to be paid to your beneficiary after your death. The beneficiary benefits you specify under this plan cannot cause your monthly benefit to be reduced below 50% of the maximum benefit available to you. If multiple beneficiaries predecease you, the dollar amounts for the percentages are not adjusted. Beneficiaries also receive a prorated share of any cost-of-living increases you received up to the date of death.

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, 5.25% of annual salary; employer contributions, 9.74% of annual salary; and investment income.

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 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 required 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 introductory section, schedules of administrative expenses and investment expenses, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of administrative expenses and investment expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects 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

December 15, 2010

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, 2010 and 2009. 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, 2010, the System's assets exceeded its liabilities by $45.9 billion (reported as net assets) as compared to the net assets of $42.5 billion at June 30, 2009, representing an increase of $3.4 billion. At June 30, 2009, the System's assets exceeded its liabilities by $42.5 billion (reported as net assets) as compared to the net assets of $50.1 billion at June 30, 2008, representing a decrease of $7.6 billion.
- Contributions from members increased by $24.6 million or 4.3% from $567.6 million in 2009 to $592.2 million in 2010. Contributions by employers increased by $31.1 million or 3.0% from $1.03 billion in 2009 to $1.06 billion in 2010. Contributions from members increased by $13.6 million or 2.5% from $554.0 million in 2008 to $567.6 million in 2009. Contributions by employers increased by $39.5 million or 4.0% from $986.8 million in 2008 to $1.03 billion in 2009. The increases in 2010 are due to a contribution rate increase which offset a decrease in the number of active members during the fiscal year. The increases in 2009 are due to increases in membership and higher average payrolls during the fiscal year.
- Pension benefits paid to retirees and beneficiaries for the years ended June 30, 2010 and 2009 were $2.8 billion and $2.5 billion, representing an increase of 10.5% and a decrease of 8.1%, respectively. This is due to increases in the number of retirees and beneficiaries receiving benefit payments and postretirement benefit adjustments in both years, and a reduction of the liability involving retroactive benefit payments in 2009.

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.

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 18.

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 19.

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 20 of this report.

Required Supplementary Schedules

A brief explanation of the two required schedules found beginning on page 30 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.

Financial Analysis of the System

A summary of the System's net assets at June 30, 2010, 2009, and 2008 is as follows (dollars in thousands):

	Net Assets June 30			2010		2009	
	2010	2009	2008	Amount Change	Percentage Change	Amount Change	Percentage Change
Assets:							
Cash and Receivables	$ 351,416	$ 486,723	$ 414,867	$ (135,307)	(27.8)%	$ 71,856	17.3 %
Investments	45,633,578	42,362,621	50,197,679	3,270,957	7.7 %	(7,835,058)	(15.6)%
Capital Assets, net	3,803	4,023	7,382	(220)	(5.5)%	(3,359)	(45.5)%
Total Assets	45,988,797	42,853,367	50,619,928	3,135,430	7.3 %	(7,766,561)	(15.3)%
Liabilities:							
Due to Brokers and Accounts Payable	63,248	374,784	556,328	(311,536)	(83.1)%	(181,544)	(32.6)%
Net Assets	$ 45,925,549	$ 42,478,583	$ 50,063,600	$ 3,446,966	8.1 %	$ (7,585,017)	(15.2)%

The $3.4 billion increase in net assets in 2010 is principally related to the increase in the bond and equities markets. The $7.6 billion decrease in net assets in 2009 was principally related to the declining equities market in 2009. The changes in investments are analyzed in the table below.

The following table presents the investment allocation at June 30, 2010, 2009, and 2008:

	2010	2009	2008
Asset Allocation at June 30 (in percentages)			
Equities	61.9 %	56.0 %	58.8%
Domestic Obligations:			
U.S. Treasuries	20.9 %	24.8 %	27.3%
U.S. Agencies	1.8 %	2.0 %	4.4%
Corporate and Other Bonds	10.3 %	15.6 %	7.8%
International Obligations:			
Governments	1.5 %	—	—
Corporates	0.7 %	—	—
Short-term	2.9 %	1.6 %	1.7%
Asset Allocation at June 30 (in thousands)			
Equities	$ 28,237,867	$ 23,733,154	$ 29,530,826
Domestic Obligations:			
U.S. Treasuries	9,553,851	10,498,068	13,678,959
U.S. Agencies	826,903	857,482	2,211,341
Corporate and Other Bonds	4,675,613	6,588,998	3,911,142
International Obligations:			
Governments	701,546	—	—
Corporates	317,773	—	—
Short-term	1,320,025	684,919	865,411
	$ 45,633,578	$ 42,362,621	$ 50,197,679

Financial Analysis of the System continued

The total investment portfolio at June 30, 2010 increased $3.3 billion from June 30, 2009, which is primarily due to the increase in the bond and equities markets in 2010.

The total investment portfolio at June 30, 2009 decreased $7.8 billion from June 30, 2008, which is primarily due to the declining equities markets in 2009.

The investment rate of return in fiscal year 2010 was 11.1%, with a 13.8% return for equities and an 8.7% return for fixed income compared to an investment rate of return in fiscal year 2009 of (13.1)%, with a (27.4)% return for equities and a 7.5% return for fixed income. The five year annualized rate of return on investments at June 30, 2010 was 2.6% with a (0.3)% return on equities and a 5.9% return on fixed income.

The investment rate of return in fiscal year 2009 was (13.1)%, with a (27.4)% return for equities and a 7.5% return for fixed income compared to an investment rate of return in fiscal year 2008 of (3.4)%, with a (10.8)% return for equities and a 9.7% return for fixed income. The five year annualized rate of return on investments at June 30, 2009 was 1.9% with a (1.3)% return on equities and a 5.6% return on fixed income.

A summary of the changes in the System's net assets for the years ended June 30, 2010, 2009, and 2008 is as follows (dollars in thousands):

	Changes in Net Assets			2010		2009	
	2010	2009	2008	Amount Change	Percentage Change	Amount Change	Percentage Change
Additions:							
Member Contributions	$ 592,264	$ 567,635	$ 554,027	$ 24,629	4.3 %	$ 13,608	2.5 %
Employer Contributions	1,057,416	1,026,287	986,759	31,129	3.0 %	39,528	4.0 %
Net Investment Income (Loss)	4,671,571	(6,572,435)	(1,775,578)	11,244,006	(171.1)%	(4,796,857)	270.2 %
Total Additions	6,321,251	(4,978,513)	(234,792)	11,299,764	(227.0)%	(4,743,721)	2,020.4 %
Deductions:							
Benefit Payments	2,800,424	2,534,487	2,756,483	265,937	10.5 %	(221,996)	(8.1)%
Refunds	53,638	49,414	54,482	4,224	8.5 %	(5,068)	(9.3)%
Administrative Expenses	20,223	22,603	23,744	(2,380)	(10.5)%	(1,141)	(4.8)%
Total Deductions	2,874,285	2,606,504	2,834,709	267,781	10.3 %	(228,205)	(8.1)%
Net Increase (Decrease) in Plan Net Assets	$ 3,446,966	$(7,585,017)	$(3,069,501)	$11,031,983	(145.4)%	$(4,515,516)	147.1 %

Additions

The System accumulates resources needed to fund benefits through contributions and returns on invested funds. Member contributions increased 4.3% in 2010 primarily because of an increase in the employee contribution rate to 5.25% from 5.00% in 2009. This rate increase offset a decrease in the number of active members during the fiscal year. Member contributions increased 2.5% in 2009 primarily because of increased membership and a higher average payroll. Employer contributions increased 3.0% in 2010 as a result of an increase in the employer contribution rate to 9.74% from 9.28% in 2009. This rate increase offset a decrease in the number of active members during the fiscal year. Employer contributions increased 4.0% in 2009 primarily because of increased membership and a higher average payroll. Contribution rates are recommended by the actuary and approved by the System's Board of Trustees. The net investment income (loss) is a result of the 2010 increase in the bond and equities markets and the 2009 decline in the equities markets.

Deductions

Deductions increased 10.3% in 2010 and decreased 8.1% in 2009, primarily because of the 10.5% increase and 8.1% decrease, respectively, in benefit payments. Regular pension benefit payments increased both years due to an increase in the number of retirees and beneficiaries receiving benefit payments to 87,017 in 2010 from 82,382 in 2009 and 78,633 in 2008 and postretirement benefit increases in both years. The overall decrease in 2009 was attributable to recording a reduction of $56.0 million in the liability for retroactive benefit payments compared to the recording of the liability of $377.3 million in 2008.

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, 2009 actuarial valuation, which is the latest valuation available, indicates that the actuarial value of assets was $54.8 billion and that the actuarial accrued liability was $62.9 billion. This results in a funding ratio of 87.2%. The June 30, 2008 actuarial valuation indicates that the actuarial value of assets was $54.4 billion and that the actuarial accrued liability was $59.1 billion. This results in a funding ratio of 91.9%.

The System is using a "smoothed valuation interest rate" methodology for the June 30, 2009 valuation to calculate the annual required contributions. The method determines the interest rate needed over a defined look-forward period, so that the ultimate investment rate of return is earned over a defined time horizon, based on the actual rates of return for a defined look back period. It incorporates a long-term time horizon of 30 years and a 7 year look-back period which equals the System's asset smoothing period.

The ultimate investment rate of return is the long term rate of return that the System expects to earn based on its long term capital market assumptions and asset allocations. The smoothed interest rate is used to determine the annual required contributions. The ultimate investment rate of return is used in determining the smoothed valuation interest rate.

When the actual returns during the look-back period are higher than the ultimate investment rate of return, the smoothed valuation interest rate is lower than the ultimate discount rate and contributions increase. The required contribution increase follows a period of better than expected returns and is a better time to fund these increases as opposed to following a period of worse than expected returns. If the actual returns during the look-back period are lower than the ultimate investment rate of return, the smoothed valuation interest rate will be higher than the ultimate investment rate of return, resulting in decreased contribution rates.

Management believes the System continues to be in a solid financial position, as evidenced by the funding ratio and the fact that the employer has always contributed 100% of the annual required contributions.

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 100, Atlanta, GA 30318.

Statements of Plan Net Assets

June 30, 2010 and 2009 (in thousands)

	2010	2009
Assets		
Cash	$ 8,372	$ 4,437
Receivables:		
Interest and Dividends	172,785	194,590
Due from Brokers for Securities Sold	44,937	159,159
Member and Employer Contributions	124,647	127,664
Other	675	873
Total Receivables	343,044	482,286
Investments – at fair value:		
Short-Term	1,320,025	684,919
Domestic Obligations:		
U.S. Treasuries	9,553,851	10,498,068
U.S. Agencies	826,903	857,482
Corporate and Other Bonds	4,675,613	6,588,998
International Obligations:		
Governments	701,546	—
Corporates	317,773	—
Common Stocks	28,237,867	23,733,154
Total Investments	45,633,578	42,362,621
Capital Assets, net	3,803	4,023
Total Assets	45,988,797	42,853,367
Liabilities		
Due to Brokers for Securities Purchased	57,886	97,566
Accounts Payable and Other	5,362	277,218
Total Liabilities	63,248	374,784
Net Assets Held in Trust for Pension Benefits	$ 45,925,549	$ 42,478,583

See accompanying notes to financial statements.

Years ended June 30, 2010 and 2009 (in thousands)

	2010	2009
Net Assets Held in Trust for Pension Benefits - Beginning of year	$ 42,478,583	$ 50,063,600
Additions:		
Contributions:		
Employer	1,057,416	1,026,287
Member	592,264	567,635
Investment Income (Loss):		
Net Increase (Decrease) in Fair Value of Investments	3,457,353	(7,955,283)
Interest, Dividends, and Other	1,236,647	1,401,719
Total	4,694,000	(6,553,564)
Less Investment Expense	22,429	18,871
Net Investment Income (Loss)	4,671,571	(6,572,435)
Total Additions	6,321,251	(4,978,513)
Deductions:		
Benefit Payments	2,800,424	2,534,487
Refunds of Member Contributions	53,638	49,414
Administrative Expenses, net	20,223	22,603
Total Deductions	2,874,285	2,606,504
Net Increase (Decrease)	3,446,966	(7,585,017)
Net Assets Held in Trust for Pension Benefits - End of Year	$ 45,925,549	$ 42,478,583

See accompanying notes to financial statements.

A. Plan Description

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, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.* 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 two appointees by the Board, two ex officio state employees, five appointees by the Governor, and one appointee of the Board of Regents 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 Financial Reporting Entity.* 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, *Determining Whether Certain Organizations are Component Units*, 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, 2010, participation in the System is as follows:

Retirees and beneficiaries currently receiving benefits	**87,017**
Terminated employees entitled to benefits but not yet receiving benefits	**82,163**
Active plan members	**222,046**
Total	**391,226**
Employers	**386**

As of June 30, 2009, participation in the System was as follows:

Retirees and beneficiaries currently receiving benefits	**82,382**
Terminated employees entitled to benefits but not yet receiving benefits	**77,968**
Active plan members	**226,560**
Total	**386,910**
Employers	**392**

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.

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, may 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 2010 were based on the June 30, 2007 actuarial valuation as follows:

Member:	**5.25 %**
Employer:	
Normal	**7.96 %**
Unfunded accrued liability	**1.78 %**
Total	**9.74 %**

Contributions required for fiscal year 2009 were based on the June 30, 2006 actuarial valuation as follows:

Member:	**5.00 %**
Employer:	
Normal	**8.15 %**
Unfunded accrued liability	**1.13 %**
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. As of June 30, 2010 and 2009, there were 24 and 27 members, respectively, eligible to participate in this portion of the System. Employer contributions of $375,000 and $414,000 and retirement payments of $367,000 and $417,000 under the SRBP are included in the statements of changes in plan net assets for the years ended June 30, 2010 and 2009, respectively.

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 2010, the system adopted the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* The objective of this Statement is to establish authoritative guidance for the consistent reporting of intangible assets by governmental entities. There were no intangible assets required to be reported by the System as a result of the implementation of this statement.

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. 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, net. 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 $250,000 of insurance coverage per participant in the System. Temporary cash on hand not committed for a specific purpose is invested overnight.

Investments

State statutes and the System's investment policy 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 held

C. Investment Program continued

repurchase agreements of $1,320,025,000 and $684,919,000 at June 30, 2010 and 2009, respectively.

- U.S. Treasury obligations.

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 $500 million in any one name.

b) Long-Term

Fixed income investments are authorized in the following instruments:

- U.S. and foreign government obligations. At June 30, 2010, the System held U.S. Treasury bonds of $9,553,850,620 and international government bonds of $701,546,360. At June 30, 2009, the System held U.S. Treasury bonds of $10,498,068,170.
- Obligations unconditionally guaranteed by agencies of the U.S. Government. At June 30, 2010, the System held agency bonds of $826,902,990. At June 30, 2009, the System held agency bonds of $857,482,100.
- Corporate bonds with at least an “A” rating by a national rating agency. At June 30, 2010, the System held U.S. corporate bonds of $4,675,612,500 and international corporate bonds of $317,773,250. At June 30, 2009, the System held U.S. corporate bonds of $6,588,997,880.
- 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.

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 65% of the total invested assets on a historical cost basis may be placed in equities. 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.

**Quality Ratings of Fixed Income Investments
Held at June 30, 2010 and 2009**

Investment type	Standard and Poor's/Moody quality rating	June 30, 2010 fair value	June 30, 2009 fair value
Domestic Obligations:			
U.S. Treasuries		$ 9,553,850,620	$ 10,498,068,170
U.S. Agencies	AAA/Aaa	826,902,990	857,482,100
Corporates	AAA/Aaa	228,873,120	740,841,400
	AAA/Aa	—	828,492,500
	AA/Aa	3,039,068,650	4,187,875,690
	AA/A	1,013,025,930	461,279,420
	A/A	394,644,800	370,508,870
Total Corporates		4,675,612,500	6,588,997,880
International Obligations:			
Governments	AAA/Aaa	340,661,880	—
	AA/Aa	360,884,480	—
Total Governments		701,546,360	—
Corporates	AA/Aaa	317,773,250	—
Total Fixed Income Investments		$ 16,075,685,720	$ 17,944,548,150

C. Investment Program continued

Credit Risk: Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations to the 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 quality ratings of investments in fixed income securities as described by Standard & Poor's and by Moody's Investor Services, which are nationally recognized statistical rating organizations, at June 30, 2010, and 2009, are shown in the chart above.

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 $1,320,025,000, as of June 30, 2010 and $684,919,000, as of June 30, 2009.

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. On June 30, 2010 and 2009, the System did not have debt or equity investments in any one organization, other than those issued or guaranteed 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. While the System has no formal interest rate risk policy, active management of the bond portfolio incorporates interest rate risk to generate improved returns. 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 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 below quantifies to the fullest extent possible the interest rate risk of the System's fixed income assets.

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

Fixed income and repurchase agreements security type	Market value, June 30, 2010	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 9,553,850,620	54.9 %	6.0
U.S. Agencies	826,902,990	4.8 %	2.1
Corporates	4,675,612,500	26.9 %	4.3
International Obligations:			
Governments	701,546,360	4.0 %	4.3
Corporates	317,773,250	1.8 %	3.0
Repurchase Agreements	1,320,025,000	7.6 %	—
Total	$ 17,395,710,720	100.0 %	4.8*

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

Fixed income and repurchase agreements security type	Market value, June 30, 2009	Percent of all fixed income assets and repurchase agreements	Effective duration (years)
Domestic Obligations:			
U.S. Treasuries	$ 10,498,068,170	56.3 %	5.2
U.S. Agencies	857,482,100	4.6 %	3.2
Corporates	6,588,997,880	35.4 %	4.4
Repurchase Agreements	684,919,000	3.7 %	—
Total	$ 18,629,467,150	100.0 %	4.8*

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

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 115% of the loaned securities' value, depending on the type of collateral security.

Securities loaned totaled $12,404,923,467 and $12,006,046,251 at June 30, 2010 and 2009, respectively. The collateral value was equal to 105.7% of the loaned securities' value at June 30, 2010 and 2009. 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, *Accounting and Financial Reporting for Securities Lending Transactions,* 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.

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, 2009	Additions	Disposals	Balance at June 30, 2010
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	437,522	—	—	437,522
Computer Equipment	1,378,932	123,343	(74,514)	1,427,761
Computer Software	14,979,713	—	—	14,979,713
	20,540,392	123,343	(74,514)	20,589,221
Accumulated Depreciation For:				
Building	(350,000)	(70,000)	—	(420,000)
Furniture and Fixtures	(326,917)	(32,555)	—	(359,472)
Computer Equipment	(861,154)	(230,731)	64,949	(1,026,936)
Computer Software	(14,979,713)	—	—	(14,979,713)
	(16,517,784)	(333,286)	64,949	(16,786,121)
Capital Assets, Net	$ 4,022,608	$ (209,943)	$ (9,565)	$ 3,803,100

E. Capital Assets continued

	Balance at June 30, 2008	Additions	Disposals	Balance at June 30, 2009
Capital Assets:				
Land	$ 944,225	$ —	$ —	$ 944,225
Building	2,800,000	—	—	2,800,000
Furniture and Fixtures	437,522	—	—	437,522
Computer Equipment	1,371,959	6,973	—	1,378,932
Computer Software	14,979,713	—	—	14,979,713
	20,533,419	6,973	—	20,540,392
Accumulated Depreciation For:				
Building	(280,000)	(70,000)	—	(350,000)
Furniture and Fixtures	(289,980)	(36,937)	—	(326,917)
Computer Equipment	(597,609)	(263,545)	—	(861,154)
Computer Software	(11,983,772)	(2,995,941)	—	(14,979,713)
	(13,151,361)	(3,366,423)	—	(16,517,784)
Capital Assets, Net	$ 7,382,058	$ (3,359,450)	$ —	$ 4,022,608

During fiscal years 2010 and 2009, 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.*

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:

	2010	2009
Salaries and Employee Benefits	$ 21,512,669	$ 20,438,788
Other Operating Expenses	3,862,981	7,134,849
Total Administrative Expenses	25,375,650	27,573,637
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	5,153,138	4,970,478
Net Administrative Expenses	$ 20,222,512	$ 22,603,159

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 Court ruled on February 29, 2008 for the plaintiffs using a 20-year statute of limitations. On February 19, 2009, the Court of Appeals of the State of Georgia awarded the 20-year member class retroactive payments back to April 4, 1998, applying a 6-year statute of limitations. On May 18, 2009, the Court entered an Order of Final Approval of the award. There are no further appeals and this ruling is the final judgment.

At June 30, 2010, there is no remaining liability related to this action. At June 30, 2009, management estimated a liability of approximately $272.3 million based on the final ruling and estimated final payments. This amount is recorded in accounts payable and other liabilities in the accompanying statements of plan net assets as of June 30, 2009.

H. Subsequent Event

On July 21, 2010, the System adopted a "smoothed valuation interest rate" methodology for the June 30, 2009 actuarial valuation to calculate the annual required contributions. The contributions affected are for the fiscal year ended June 30, 2012.

I. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, 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 as a Percentage of Covered Payroll [(b-a)/c]
$ 54,818,373	$ 62,870,138	$ 8,051,765	87.2%	$ 10,641,543	75.7%

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

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
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:	
Ultimate 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

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]
6/30/04	$ 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
6/30/08	54,354,284	59,133,777	4,779,493	91.9	10,197,584	46.9
6/30/09	54,818,373	62,870,138	8,051,765	87.2	10,641,543	75.7

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

Schedule of Employer Contributions (Dollars in thousands)

Year Ended June 30,	State Annual Required Contribution	Percentage Contributed
2004	$ 782,301	100%
2005	815,693	100
2006	855,626	100
2007	927,371	100
2008	986,759	100
2009	1,026,287	100

See accompanying notes to required supplementary schedules and accompanying independent auditors' report.

Notes to Required Supplementary Schedules

Schedule of Funding Progress

The actuarial value of plan 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 plan 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, 2009	June 30, 2008
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:		
Ultimate 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, 2010 and 2009

	2010	2009
Personal Services:		
Salaries and Wages	$ 15,945,900	$ 15,954,214
Retirement Contributions	1,496,586	1,540,040
Health Insurance	3,049,140	1,951,674
FICA	954,789	928,231
Miscellaneous	66,254	64,629
Total Personal Services	21,512,669	20,438,788
Communications:		
Postage	238,680	240,652
Publications and Printing	234,256	307,782
Telecommunications	136,531	187,628
Travel	91,594	104,463
Total Communications	701,061	840,525
Professional Services:		
Computer Services	1,326,150	1,540,053
Contracts	2,110	2,430
Actuarial Services	173,359	132,436
Audit Fees	124,375	84,930
Legal Services	48,385	48,732
Medical Services	112,740	145,790
Total Professional Services	1,787,119	1,954,371
Management Fees:		
Building Maintenance	724,875	724,875
Total Management Expenses	724,875	724,875
Other Services and Charges:		
Temporary Services	—	6,233
Repairs and Maintenance	13,378	9,442
Supplies and Materials	141,451	113,772
Courier Services	19,073	12,055
Depreciation Expense	333,286	3,366,423
Loss on Disposal of Equipment	9,565	—
Miscellaneous	133,173	107,153
Total Other Services and Charges	649,926	3,615,078
Total Administrative Expenses	25,375,650	27,573,637
Less Reimbursement by Other State Retirement Systems for Services Rendered on Their Behalf	5,153,138	4,970,478
Net Administrative Expenses	$ 20,222,512	$ 22,603,159

See accompanying independent auditors' report.

Schedule of Investment Expenses

For the Years ended June 30, 2010 and 2009

	2010	2009
Investment Advisory and Custodial Fees	$ 20,557,658	$ 16,604,755
Miscellaneous	1,872,049	2,266,729
Total Investment Expenses	$ 22,429,707	$ 18,871,484

See accompanying independent auditors' report.

Investment Overview

While the past year was less eventful than the prior year and returns were positive, the sovereign debt crisis emanating from Greece demonstrated that stock markets are still vulnerable to periods of bad news. There are undoubtedly large problems that need to be resolved, but many parts of the world economy are correcting the prior excesses. So as we cycle between episodes of good news and bad news, the financial markets will likely continue to fluctuate.

This pattern is not a new phenomenon and it is easy to get caught up in the latest headlines, but as a pension plan it is more important to stay focused on the long-term. The System continues to invest in a mix of liquid, high quality bonds and stocks. These types of investments allow the System to participate in rising markets while moderating the risks on the downside. 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, the bias to 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 continues to use a diversified portfolio to accomplish these objectives.

The economy rebounded during the past fiscal year, although the pace of growth was slowing towards the end of the period. The improvement in housing will likely continue to be slow and uneven as excess inventory and more foreclosures dampen housing starts and prices. Growth in employment, or rather the lack thereof, remains the largest single factor plaguing the economy. The unemployment rate does not appear to be increasing, but neither is it decreasing and remains mired at year ago levels of 9.5%. The real bright spot has been corporate profits, which rose 38%, as companies slashed costs and benefitted from a rebound in business and consumer spending.

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 usually outperform fixed income and cash by a very wide margin. For that reason, the System has generally maintained a maximum equity exposure with the remainder of the fund in fixed income securities designed to generate income and preserve capital.

Returns for one, three, five, ten and twenty year periods are presented in this section. The longer time periods, such as the twenty-year period, 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 Daily Valuation 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 rebounded nicely during the fiscal year. The return for the S&P 500 Index was 14.4%. The Dow Jones Industrial Average Index rose 18.9%. Among individual companies, returns varied depending upon the company's size, industry, and exposure to global markets. The MSCI EAFE Index returned 5.9% and the MSCI Emerging Market Index returned 23.2%.

In a change from last year, large and small capitalization domestic stocks underperformed. The S&P 400 Mid Capitalization Index outperformed both the S&P 500 and S&P 600 with a return of 24.9%. The S&P 600 Small Capitalization Index rose 23.6%, well above its ten-year average return of 5.6%, and also above the S&P 500's 14.4%.

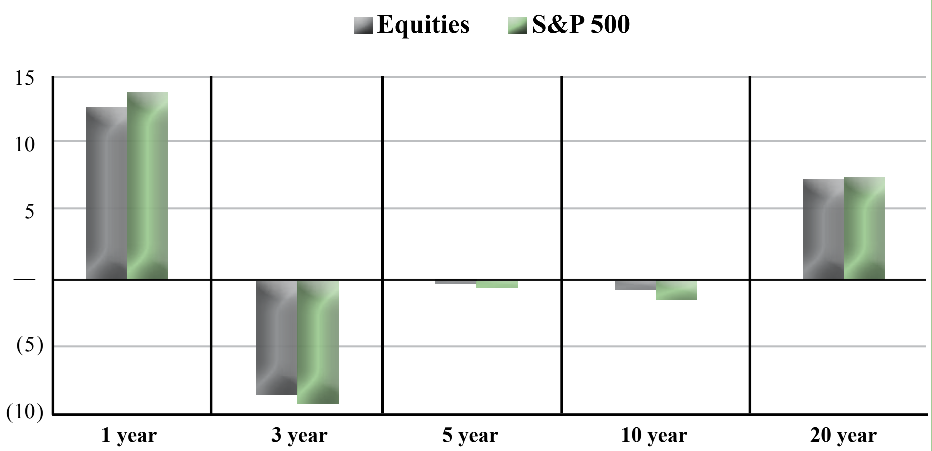
These overall returns can be explained primarily by massive central bank and fiscal stimulus, which led to economic growth and rapidly increasing corporate profits. The improved foreign returns can be attributed to many of the same reasons and also the strong emerging market economies providing some offset to the more debt laden, slower growing economies of Europe and Japan.

Returns for the fixed income markets were above average this year. Yields on long-term Treasury bonds began the period at 4.3% and ended at the low of the year of 3.9%, after rapidly falling from a high of 4.8% in early April. Overall the ten-year U.S. Treasury note returned 8.3% and the thirty-year U.S. Treasury bond returned 11.3%. Short-term Treasury bills only returned 0.1%.

Our primary benchmark, the Barclays Government / Credit Index rose 9.6%. It is a shorter maturity index containing higher yielding corporate bonds as well as Treasuries. Higher quality bonds underperformed lower quality bonds as evidenced by the 8.9% return for AAA & AA rated bonds versus 18.3% for BBB rated bonds.

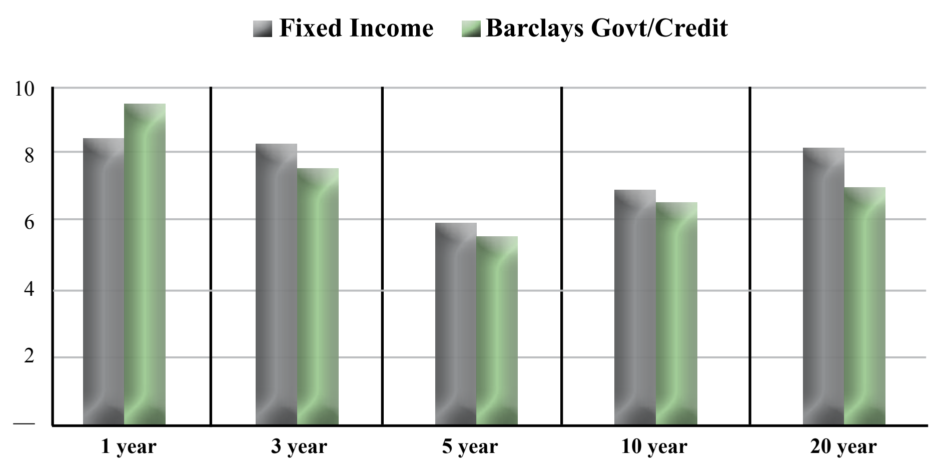
In summary, the investment status of the System is excellent. The high quality of the System's investments is in keeping with the continued policy of "Conservatism" and "Conservation of Capital."

Prepared by the Division of Investment Services



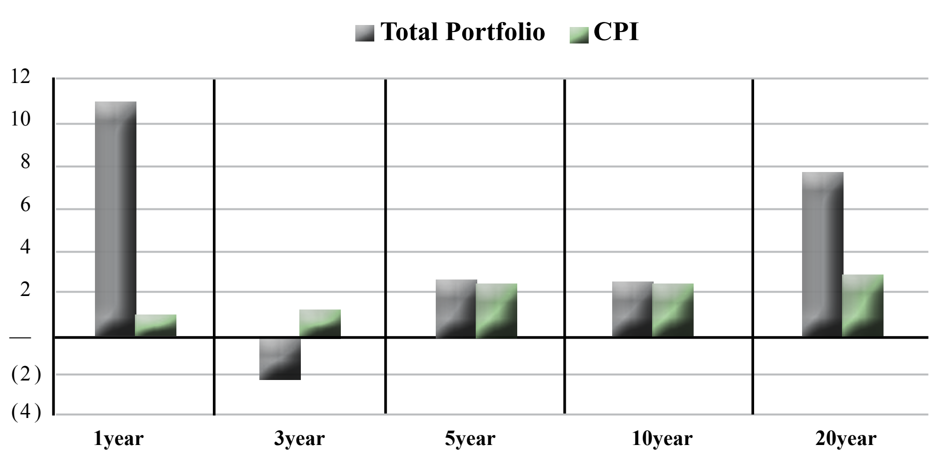
	Equities	S&P 500
1 Year	13.63	14.43
3 Year	(9.55)	(9.81)
5 Year	(0.29)	(0.79)
10 Year	(0.81)	(1.59)
20 Year	7.63	7.67

Equities (%)



	Fixed Income	Barclays Govt/ Credit
1 Year	8.54	9.65
3 Year	8.45	7.37
5 Year	5.88	5.26
10 Year	6.82	6.48
20 Year	8.06	7.16

Fixed Income (%)

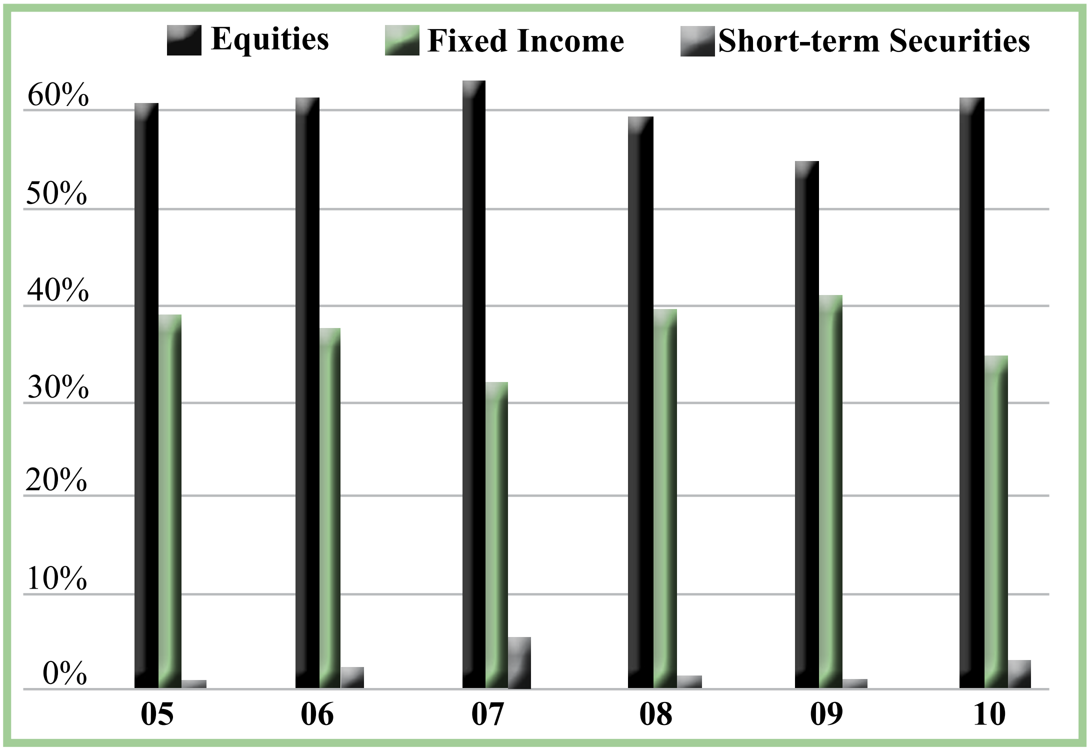


	Total Portfolio	CPI
1 Year	11.09	1.05
3 Year	(2.28)	1.51
5 Year	2.55	2.30
10 Year	2.51	2.37
20 Year	7.94	2.62

Total Portfolio (%)

Note: Rates of return are calculated using the Daily Valuation Method based on market rates of return.

Asset Allocation



Schedule of Fees and Commissions

For the Year Ended June 30, 2010

	2010
Investment Advisors' Fees:	
U.S. Equity	$ 13,155,047
International Equity	6,025,171
Fixed Income	—
Investment Commissions:	
U.S. Equity	9,160,956
International Equity	5,805,641
SEC Fees:	128,784
Miscellaneous:	3,249,489
Total Fees and Commissions	$ 37,525,088

Investment Summary

Asset Allocation at June 30	2005	2006	2007	2008	2009	2010
Equities	60.4%	61.2%	62.5%	58.8%	56.0%	61.9%
Fixed Income	38.0%	36.8%	32.5%	39.5%	42.4%	35.2%
Short-Term Securities	1.6%	2.0%	5.0%	1.7%	1.6%	2.9%
Asset Allocation at June 30 (in millions)						
Equities	$27,122	$28,654	$32,929	$29,531	$23,733	$28,238
Fixed Income	17,075	17,244	17,115	19,802	17,945	16,076
Short-Term Securities	739	906	2,626	865	685	1,320
Total Investments	$44,936	$46,804	$52,670	$50,198	$42,363	$45,634

Twenty Largest Equity Holdings*

Shares	Company	Fair Value
1,880,044	Apple Inc.	$ 472,887,467
8,151,909	Exxon Mobil Corp.	465,229,441
12,619,042	Microsoft Corp.	290,364,156
4,730,630	Johnson & Johnson	279,391,008
2,114,030	International Business Machines Corp.	261,040,424
4,325,080	Procter & Gamble Co.	259,418,298
6,948,309	JPMorgan Chase & Co.	254,377,593
17,348,770	Bank of America Corp.	249,301,825
5,744,960	Hewlett-Packard Co.	248,641,869
3,628,777	Chevron Corp.	246,248,807
16,584,362	General Electric Co.	239,146,500
8,950,628	Wells Fargo & Co.	229,136,077
514,818	Google Inc.	229,068,269
9,208,308	AT&T Inc.	222,748,971
4,545,112	Wal-Mart Stores Inc.	218,483,534
10,008,442	Cisco Systems Inc.	213,279,899
14,228,503	Pfizer Inc.	202,898,453
4,011,000	Coca Cola Co.	201,031,320
2,438,100	Berkshire Hathaway Inc.	194,292,189
3,110,765	PepsiCo Inc.	189,601,127
	Total of 20 Largest Equity Holdings	$ 5,166,587,227
	Total Equity Holdings	$28,237,867,050

Ten Largest Fixed-Income Holdings*

Description	Maturity Date	Interest Rate %	Par Value	Fair Value
U.S. Treasury Note	02/29/16	2.625	$ 1,330,000,000	$ 1,368,343,900
U.S. Treasury Note	06/30/16	3.250	1,032,000,000	1,094,487,600
U.S. Treasury Note	10/31/13	2.750	1,021,000,000	1,074,520,820
U.S. Treasury Note	11/15/19	3.375	863,000,000	893,809,100
U.S. Treasury Note	09/30/13	3.125	804,000,000	856,010,760
U.S. Treasury Note	04/15/13	1.750	833,000,000	851,934,090
U.S. Treasury Bond	11/15/28	5.250	696,000,000	837,698,640
FHLMC	07/27/12	1.125	821,000,000	826,902,990
General Electric Cap Corp.	06/01/11	4.110	626,000,000	638,689,020
U.S. Treasury Note	09/30/14	2.375	599,000,000	618,701,110
Total of 10 Largest Fixed-Income Holdings				$ 9,061,098,030
Total Fixed-Income Holdings				$ 16,075,685,720

* 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
The experience and dedication you deserve

July 21, 2010

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, 2009. The report indicates that annual employer contributions at the rate of 10.28% of compensation for the fiscal year ending June 30, 2012 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 2009 session of the General Assembly. 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 2-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 assuming future required contributions (ARC) are contributed when due.

The valuation continues to reflect the impact of the Plymel lawsuit based on the most recent information and data provided by the Retirement System.

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
Principal and
Managing Director

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, 2009, 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, 2009, 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) **Ultimate 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 $8.1 billion at June 30, 2009.

h) **Required Contributions** (% of compensation)– A "smoothed valuation interest rate" methodology was adopted on July 21, 2010 for the purpose of calculating the annual required contributions. Contributions required by the annual actuarial valuation as of June 30, 2009, to be made for the year ended June 30, 2012:

(1) Member	**5.53%**
(2) Employer:	
Normal	**5.30%**
Unfunded Accrued Liability	**4.98%**
Total	**10.28%**

Service Retirement

Adopted March 22, 2006

Age	Annual Rate* Men	Annual Rate* Women	Age	Annual Rate* Men	Annual Rate* 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

Age	Death	Disability	Annual Rate of Withdrawal 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	—	—	—	—

Active Members

Fiscal Year[1]	Active Members: Members	Active Members: Annual Payroll (000's)	Active Members: Average Pay	% Increase
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
2008	224,993	10,197,584	45,324	2.9
2009	226,537	10,641,543	46,975	3.6

Retirees and Beneficiaries

	Added to Roll		Removed from Roll		Roll-End of Year			
Fiscal Year[1]	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	Number	Annual Allowances (000's)	% Increase in Annual Allowances	Average Annual Allowances
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
2008	5,817	238,137	1,655	39,808	78,583	2,430,431	8.9	30,928
2009	5,543	245,006	1,768	45,116	82,358	2,630,321	8.2	31,938

[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. An actuarial valuation for the fiscal year ended June 30, 2010 is currently in process and was not available for this analysis.

Solvency Test (in thousands)

Fiscal Year*	Aggregate Actuarial Accrued Liabilities For: (1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer-Financed Portion)	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets (1)	(2)	(3)
2005	$ 4,923,415	$ 19,870,020	$ 19,436,596	$ 44,617,956	100.0%	100.0%	100.0%
2006	5,171,813	23,229,592	19,409,809	46,836,895	100.0	100.0	95.0
2007	5,417,408	25,653,251	19,989,022	49,263,027	100.0	100.0	91.0
2008	5,703,184	28,212,100	21,081,286	52,099,171	100.0	100.0	86.3
2009	6,009,710	30,915,200	22,208,867	54,354,284	100.0	100.0	78.5
2010	6,382,932	29,725,063	26,762,143	54,818,373	100.0	100.0	69.9

* 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. An actuarial valuation for the fiscal year ended June 30, 2010 is currently in process and was not available for this analysis.

Member and Employer Contribution Rates

Fiscal Year	Member	Employer
2006	5.00 %	9.24 %
2007	5.00	9.28
2008	5.00	9.28
2009	5.00	9.28
2010	5.25	9.74
2011	5.53	10.28

Analysis of Financial Experience (in millions)

Item	2009	2008	2007	2006	2005	2004
	Analysis of the Change in Unfunded Accrued Liability Increase (Decrease) During the Years Ended June 30,					
Interest Added to Previous Unfunded Accrued Liability	$ 358.5	$ 217.3	$ 134.7	$ 73.1	$ (29.1)	$ (35.0)
Accrued Liability Contribution	(125.0)	(118.5)	57.2	51.9	49.4	79.6
Experience:						
Valuation Asset Growth	2,433.5	548.9	(132.3)	675.3	516.4	507.5
Pensioners' Mortality	50.1	58.4	25.6	(40.7)	(14.0)	48.8
Turnover and Retirements (1)	307.1	291.4	213.3	65.8	59.9	26.8
New Entrants	185.1	258.8	212.6	143.5	104.0	118.5
Salary Increases	14.1	162.8	294.5	144.1	(227.5)	(667.1)
Method Changes (5)	—	—	—	(339.2)	313.7	—
Amendments (2)	—	386.3	252.3	48.5	—	—
Change in Member Contribution Rate (4)	—	(15.7)	(8.4)	—	—	—
Assumption Changes (3)	—	—	—	—	589.4	—
Miscellaneous	48.9	92.4	51.2	—	—	—
Total Increase (Decrease)	$ 3,272.3	$ 1,882.1	$ 1,100.7	$ 822.3	$ 1,362.2	$ 79.1

(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

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 first phase of the Plymel lawsuit.

2008- Reflects the impact of the final Plymel lawsuit.

(3) Assumption Changes

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.

2008 - Reflects an increase in the member contribution rate from 5.25% to 5.53% effective July 1, 2010.

(5) Method Changes

2006 - Reflects change from 5-year to 7-year market value smoothing (method for determining the actuarial value of assets).

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 45 and page 46 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 47 through 58 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.

Additions by Source (in thousands)

Fiscal Year	Member Contributions	Employer Contributions	Net Investment Income (Loss)	Total Additions to (Deductions from) Plan Net Assets
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)
2009	567,635	1,026,287	(6,572,435)	(4,978,513)
2010	592,264	1,057,416	4,671,571	6,321,251

Contributions were made in accordance with actuarially determined contribution requirements.

Deductions by Type (in thousands)

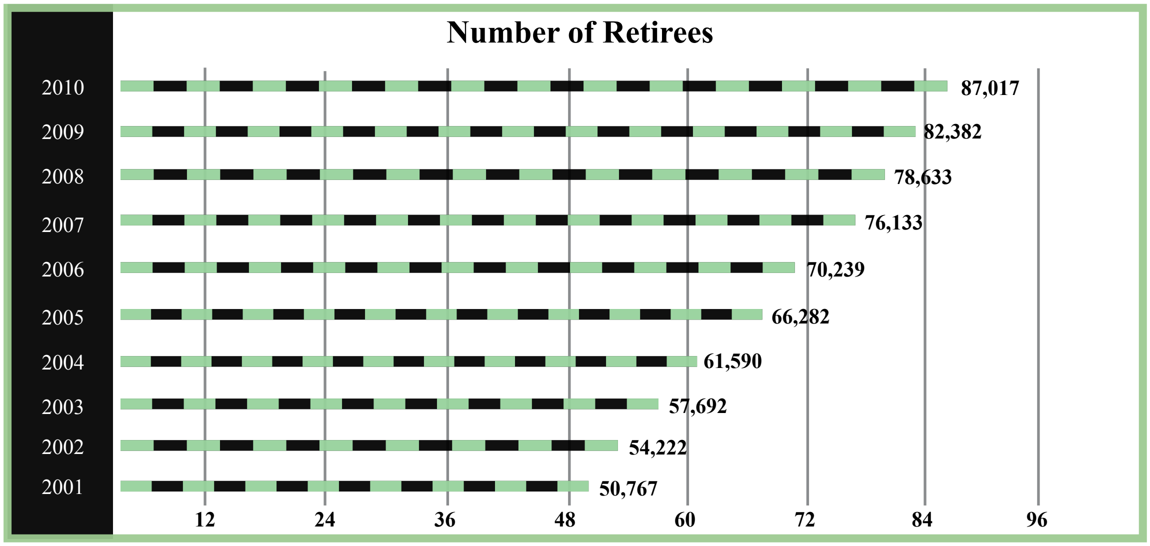
	Benefit Payments									
Fiscal Year	Service	Partial Lump-Sum Option [1]	Disability	Survivor Benefits	Supplemental Payments [2]	Lump-Sum Death Settlement	Total Benefit Payments	Net Administrative Expenses	Refunds	Total Deductions From Plan Net Assets
2001	$ 1,058,683	$ —	$ 37,118	$ 52,528	$ 3,881	$ 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
2009	2,385,561	37,191	72,028	36,922	1,414	1,371	2,534,487	22,603	49,414	2,606,504
2010	2,639,144	34,530	74,998	49,290	1,122	1,340	2,800,424	20,223	53,638	2,874,285

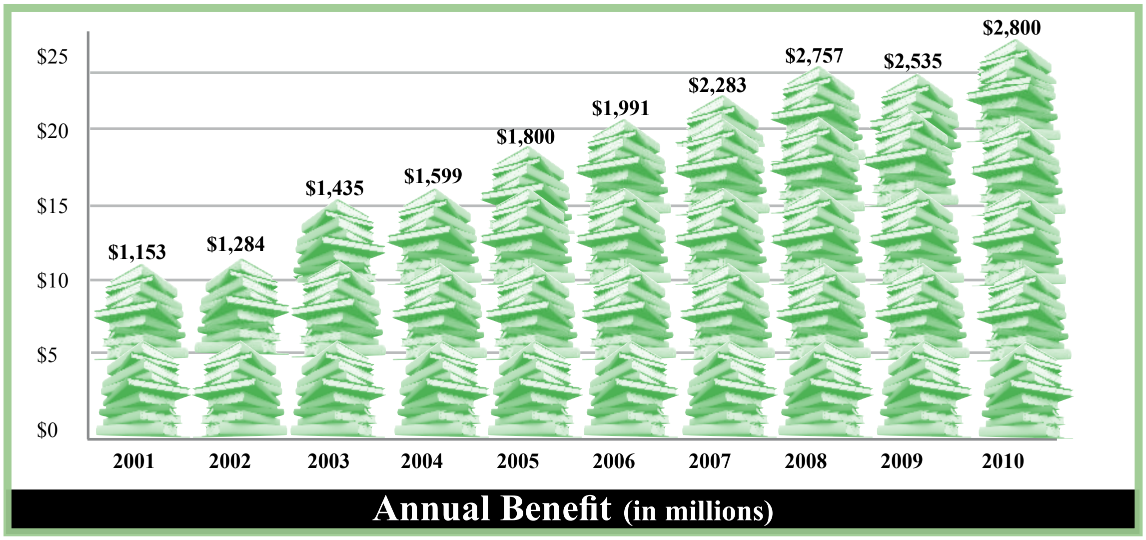
(1) Partial Lump-Sum Option Plan became effective July 1, 2004.
(2) Supplemental payments to retirees who belong to a local retirement system.

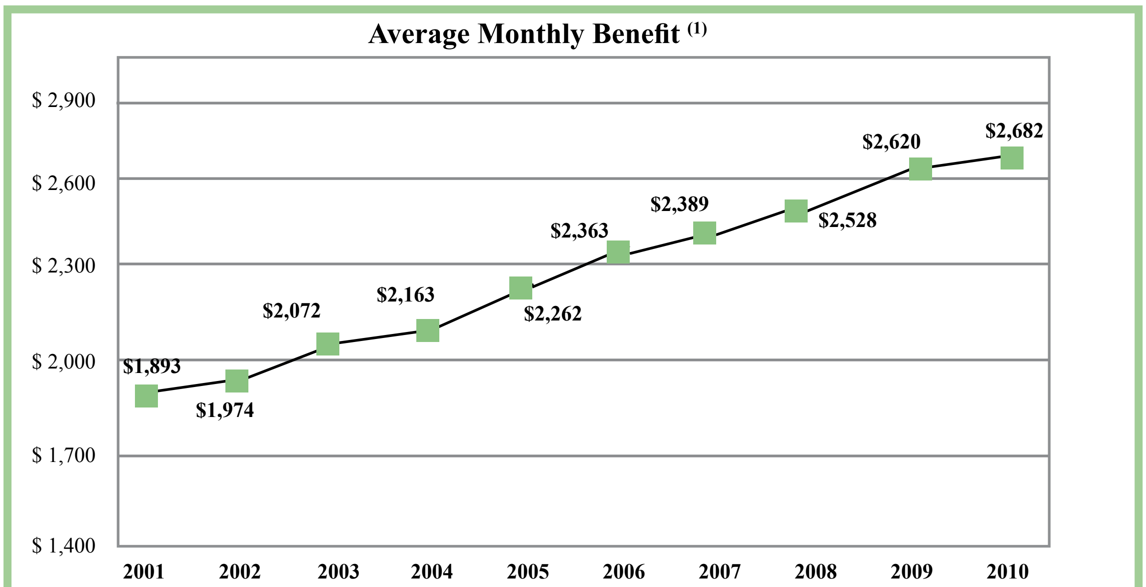
Changes in Net Assets (in thousands)

Fiscal Year	Total Additions to Plan Net Assets	Total Deductions from Plan Net Assets	Changes in Plan Net Assets
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)
2009	(4,978,513)	2,606,504	(7,585,017)
2010	6,321,251	2,874,285	3,446,966

Benefit Payment Statistics



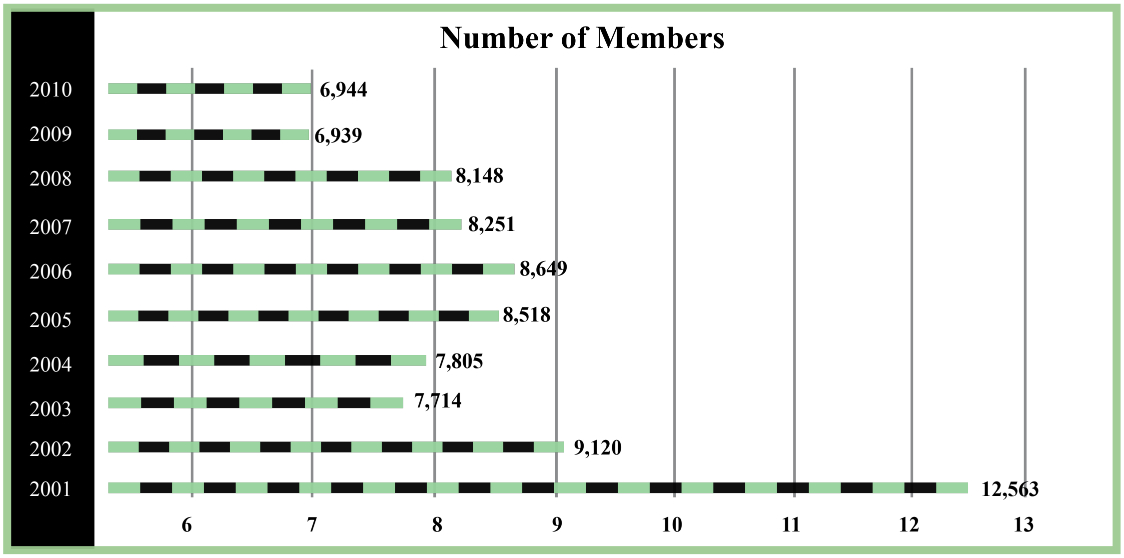


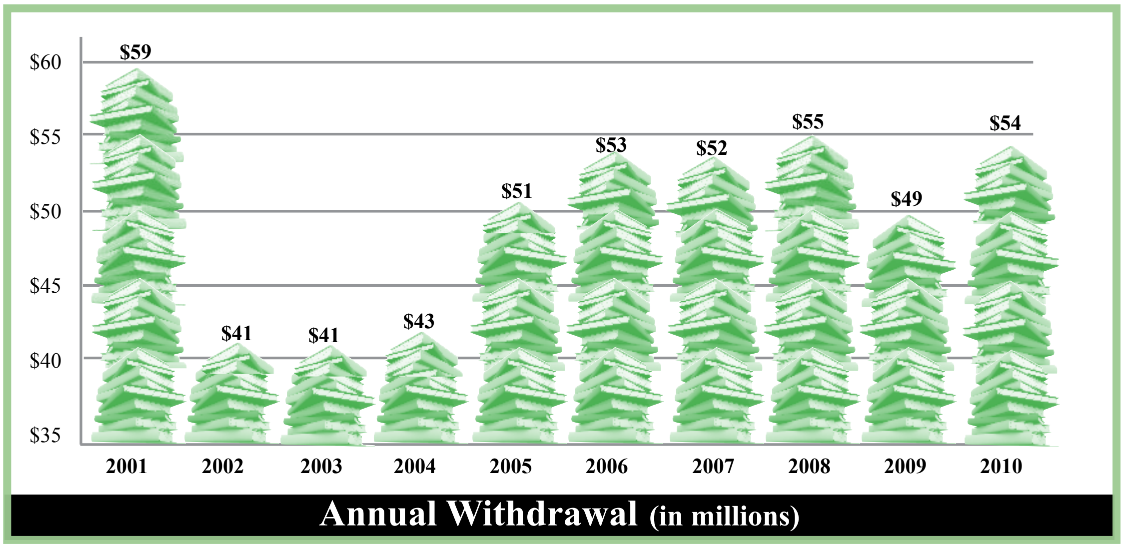


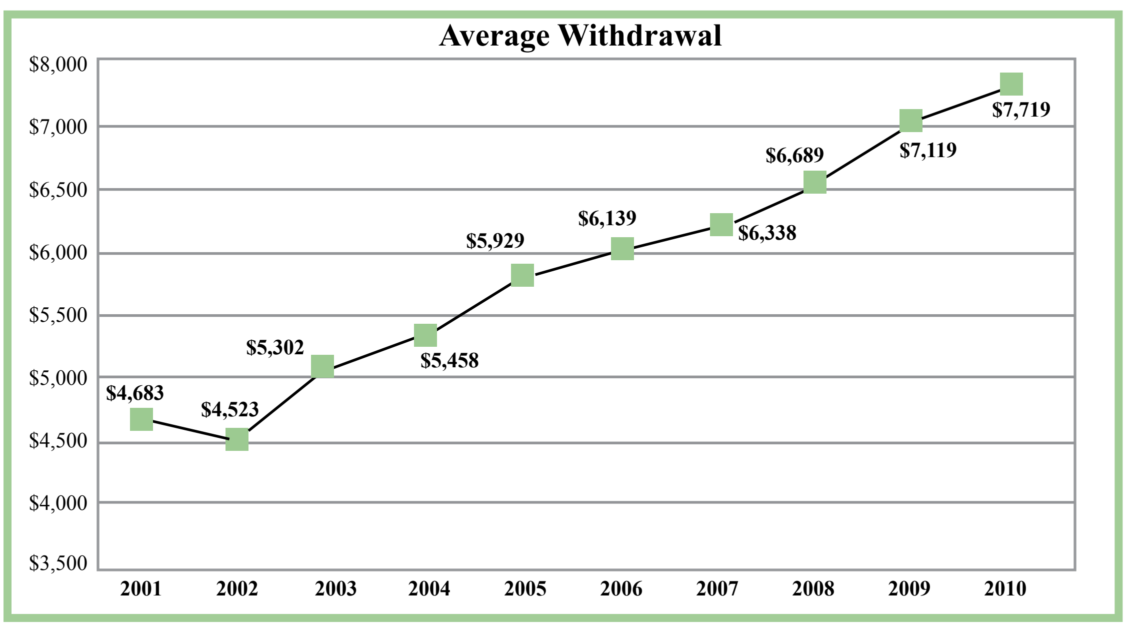
(1) Retirees who belonged to a local retirement system and who received supplemental payments are not included.

Operating Information

Member Withdrawal Statistics







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
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
2009						
Average monthly benefit	$ 812.18	$1,293.52	$1,892.41	$2,564.06	$3,603.15	$2,456.32
Average final average salary	$3,430.35	$3,676.14	$4,302.88	$4,938.17	$5,785.56	$4,794.47
Number of retirees	1,008	701	774	601	2,480	5,564
2010						
Average monthly benefit	$ 859.93	$1,433.00	$1,931.22	$2,624.98	$3,655.74	$2,479.89
Average final average salary	$3,651.87	$4,095.26	$4,366.28	$5,142.35	$5,820.83	$4,902.99
Number of retirees	1,195	786	1,018	690	2,736	6,425

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	725	368	74	128	155	377	9	221	44	36	26	12
251-500	4,138	3,320	449	363	6	2,759	101	744	170	101	179	84
501-750	5,208	4,268	522	395	23	3,587	151	867	210	51	232	110
751-1000	5,305	4,439	490	347	29	3,556	170	872	269	34	259	145
1001-1250	4,728	3,988	437	285	18	3,087	140	735	240	39	312	175
1,251 - 1,500	4,017	3,428	349	235	5	2,571	140	642	220	36	254	154
1,501 - 1,750	3,828	3,325	303	199	1	2,455	125	597	243	42	217	149
1,751 - 2,000	3,667	3,225	281	161	0	2,372	133	512	230	41	213	166
2,001 - 2,250	3,805	3,432	266	107	0	2,435	162	488	243	48	274	155
2,251 - 2,500	4,169	3,797	269	103	0	2,752	162	511	248	56	280	160
2,501 - 2,750	4,808	4,484	235	89	0	3,230	178	525	265	72	326	212
2,751 - 3,000	5,312	5,054	166	92	0	3,560	214	576	257	69	394	242
3,001 - 3,250	6,002	5,848	104	50	0	4,189	298	483	261	96	386	289
3,251 - 3,500	5,712	5,610	68	34	0	4,009	271	420	282	94	376	260
3,501 - 3,750	5,138	5,070	38	30	0	3,594	279	416	233	84	297	235
3,751 - 4,000	3,977	3,917	24	36	0	2,813	213	315	210	47	213	166
4,001 - 4,250	3,240	3,203	15	22	0	2,317	159	237	159	65	157	146
4,251 - 4,500	2,441	2,415	11	15	0	1,721	116	195	154	52	112	91
4,501 - 4,750	1,913	1,896	8	9	0	1,271	111	176	126	40	113	76
4,751 - 5,000	1,581	1,564	5	12	0	1,018	90	168	102	36	83	84
Over 5,000	7,303	7,222	15	66	0	4,266	401	942	750	273	313	358
TOTALS	**87,017**	**79,873**	**4,129**	**2,778**	**237**	**57,939**	**3,623**	**10,642**	**4,916**	**1,412**	**5,016**	**3,469**

[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, beginning on page 10 for descriptions of Options.

Retirement Payments By County Residence

County	Number of Retirees	FY10 Total Gross Pay	County	Number of Retirees	FY10 Total Gross Pay
Appling	219	$ 7,245,392.43	Coffee	414	$ 13,119,080.98
Atkinson	74	2,089,343.74	Colquitt	371	12,399,363.88
Bacon	116	3,815,703.89	Columbia	1,576	47,604,102.11
Baker	11	292,599.24	Cook	183	5,295,026.21
Baldwin	546	17,576,562.44	Coweta	895	28,240,307.63
Banks	148	3,873,934.50	Crawford	49	1,605,710.13
Barrow	432	11,354,516.11	Crisp	263	7,786,309.78
Bartow	673	19,800,691.41	Dade	109	3,013,282.61
Ben Hill	217	7,326,993.83	Dawson	192	6,077,519.07
Berrien	223	6,352,420.30	Decatur	89	4,797,282.28
Bibb	1,722	54,193,536.42	Dekalb	4,441	189,176,379.45
Bleckley	227	6,478,526.15	Dodge	227	6,932,648.08
Brantley	106	3,212,993.69	Dooly	101	3,287,873.52
Brooks	152	4,682,023.03	Dougherty	1,092	40,745,682.71
Bryan	193	5,767,990.89	Douglas	645	21,822,850.36
Bulloch	1,047	35,874,115.45	Early	25	2,696,130.12
Burke	190	5,826,372.13	Echols	6	243,742.32
Butts	189	5,707,299.61	Effingham	286	7,394,966.83
Calhoun	26	1,387,946.68	Elbert	208	5,160,894.22
Camden	238	8,295,611.74	Emanuel	314	10,312,579.61
Candler	127	3,391,282.23	Evans	115	3,375,792.12
Carroll	1,307	42,683,632.82	Fannin	271	7,601,409.22
Catoosa	328	10,063,429.34	Fayette	1,090	41,398,967.84
Charlton	68	2,321,959.48	Floyd	1,092	34,569,086.37
Chatham	2,207	73,160,984.18	Forsyth	553	16,396,007.39
Chattahoochee	22	696,149.82	Franklin	290	8,574,354.30
Chattooga	246	6,848,290.76	Fulton	5,486	226,574,562.07
Cherokee	1,193	34,141,724.29	Gilmer	228	7,169,334.18
Clarke	2,649	109,119,308.34	Glascock	29	987,323.77
Clay	10	921,905.59	Glynn	983	29,137,002.35
Clayton	833	37,344,263.97	Gordon	423	12,294,927.89
Clinch	82	2,667,948.68	Grady	70	3,043,777.55
Cobb	3,888	142,414,354.92	Greene	222	6,478,408.56

Retirement Payments By County Residence continued

County	Number of Retirees	FY10 Total Gross Pay	County	Number of Retirees	FY10 Total Gross Pay
Gwinnett	2,949	$ 114,223,555.65	Miller	24	$ 950,087.61
Habersham	466	12,898,464.66	Mitchell	221	6,548,455.24
Hall	1,366	44,555,613.32	Monroe	214	6,165,667.12
Hancock	116	3,228,684.08	Montgomery	99	2,893,806.29
Haralson	239	7,309,467.13	Morgan	261	7,493,730.02
Harris	277	8,324,788.34	Murray	261	8,457,645.02
Hart	231	7,109,486.89	Muscogee	2,045	68,296,121.95
Heard	64	1,609,477.48	Newton	520	14,703,142.59
Henry	1,154	37,186,503.16	Oconee	870	30,291,214.23
Houston	968	31,730,593.11	Oglethorpe	214	6,032,457.39
Irwin	91	2,974,632.52	Paulding	352	10,023,319.01
Jackson	654	15,827,624.00	Peach	502	16,955,174.66
Jasper	164	5,184,543.17	Pickens	496	13,761,594.78
Jeff Davis	122	3,502,804.99	Pierce	194	5,300,361.44
Jefferson	183	4,882,525.69	Pike	184	5,106,904.55
Jenkins	98	2,899,283.53	Polk	384	12,937,294.70
Johnson	100	2,703,335.23	Pulaski	100	3,266,063.25
Jones	176	5,486,927.79	Putnam	273	8,232,377.11
Lamar	206	5,580,885.35	Quitman	2	575,968.62
Lanier	52	1,638,615.17	Rabun	222	6,089,078.29
Laurens	581	18,011,775.62	Randolph	20	1,170,936.57
Lee	207	6,343,169.65	Richmond	2,457	77,018,252.55
Liberty	201	6,550,968.09	Rockdale	597	22,473,175.58
Lincoln	112	3,126,896.55	Schley	42	1,359,843.88
Long	43	1,281,159.27	Screven	183	5,018,785.66
Lowndes	1,293	40,074,601.14	Seminole	30	1,482,548.33
Lumpkin	346	10,800,565.24	Spalding	690	22,018,578.13
Macon	127	4,109,232.23	Stephens	317	9,645,182.06
Madison	576	14,274,118.26	Stewart	69	2,130,647.37
Marion	67	2,056,227.62	Sumter	384	13,613,011.73
McDuffie	246	7,864,614.15	Talbot	64	1,642,709.37
McIntosh	143	3,579,444.07	Taliaferro	18	446,135.10
Meriwether	209	6,493,218.78	Tattnall	160	4,626,942.97

Retirement Payments By County Residence continued

County	Number of Retirees		FY10 Total Gross Pay
Taylor	96	$	3,002,956.74
Telfair	184		5,474,307.15
Terrell	36		2,039,505.20
Thomas	561		16,817,264.41
Tift	727		23,604,262.11
Toombs	294		9,373,402.54
Towns	183		4,608,581.43
Treutlen	81		2,612,239.82
Troup	606		20,100,023.98
Turner	150		4,563,651.58
Twiggs	60		1,668,620.05
Union	251		6,568,067.86
Upson	310		9,668,308.80
Walker	487		14,238,566.12
Walton	765		21,569,474.24
Ware	483		16,418,914.14
Warren	57		1,645,808.44
Washington	230		7,669,800.01
Wayne	303		9,125,561.71
Webster	21		526,169.79
Wheeler	86		2,448,016.46
White	346		8,734,933.40
Whitfield	741		26,131,926.80
Wilcox	125		3,477,570.01
Wilkes	138		3,793,150.23
Wilkinson	109		3,414,764.92
Worth	176		4,972,162.89
Outside GA	11,068		232,871,313.57
TOTALS	**87,017**	**$**	**2,799,532,833.11***

* This number does not include the effect of the Plymel lawsuit as described on page 28.

Principal Participating Employers

Employers	2010 Covered Employees	2010 Rank	2010 Percentage of Total System	2001 Covered Employees	2001 Rank	2001 Percentage of Total System
Gwinnett County Schools	16,446	1	7.41 %	11,351	1	5.85 %
Cobb County Schools	12,068	2	5.43	10,555	2	5.44
Dekalb County Schools	11,186	3	5.04	10,550	3	5.43
Fulton County Schools	10,164	4	4.58	7,702	5	3.97
University of Georgia	7,806	5	3.52	8,763	4	4.51
Atlanta City Schools	5,624	6	2.53	5,937	6	3.06
Clayton County Schools	5,576	7	2.51	5,236	7	2.70
Chatham County Schools	4,396	8	1.98	4,062	8	2.09
Henry County Schools	4,064	9	1.83	—	—	—
Muscogee County School District	3,883	10	1.75	3,860	9	1.99
Medical College of Georgia	—	—	—	3,816	10	1.97
All Others	140,833		63.42	122,340		62.99
Total	222,046		100.00 %	194,172		100.00 %

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 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
State University of West Georgia
University of Georgia
Valdosta State University
Waycross College

Boards of Education

Appling County
Atkinson County
Atlanta City
Bacon County
Baker County
Baldwin County

Boards of Education continued

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
Coweta County
Crawford County
Crisp County
Dade County
Dalton City
Dawson County
Decatur City

Boards of Education continued

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
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

Participating Employers

Boards of Education continued

Lamar County
Lanier County
Laurens County
Lee County
Liberty 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
Randolph County
Richmond County
Rockdale County
Rome City
Schley County
Screven County
Seminole County
Social Circle City
Stephens County
Stewart County
Sumter County

Boards of Education continued

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

Athens Regional Library
Barnesville-Lamar County Library
Bartow County Library
Bartram Trail Regional Library
Brooks County Library
Camden County Library
Chatsworth-Murray County Library

Participating Employers

Public Libraries continued

Chattooga County Library
Cherokee Regional Library
Chestatee Regional Library
Clayton County Regional Library
Coastal Plains Regional Library
Cobb County Public Library
Conyers-Rockdale Library
Coweta County Public 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
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

Public Libraries continued

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
Worth County Library System

Technical Colleges

Albany Technical College
Altamaha Technical College
Athens Technical College
Atlanta Technical College
Augusta Technical College
Central Georgia Technical College
Chattahoochee Technical College
Columbus Technical College
Dekalb Technical College
Georgia Northwestern Technical College
Gwinnett Technical College
Heart of Georgia Technical College
Lanier Technical College
Middle Georgia Technical College
Moultrie Technical College
North Georgia Technical College
Ogeechee Technical College
Okefenokee Technical College
Sandersville Technical College
Savannah Technical College
South Georgia Technical College
Southeastern Technical College
Southern Crescent Technical College
Southwest Georgia Technical College
Valdosta Technical College
West Georgia Technical College
Wiregrass Georgia Technical College

Participating Employers

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

Charter Schools

Academy of Lithonia Charter
Academy of Mabelton
Academy of Smyrna Charter
Amana Academy
Atlanta Preparatory Academy
Baconton Community Charter School
Brighten Academy
Challenge Charter Academy
Chancellor Beacon Academy
Charles Drew Charter School
Charter Conservatory for Liberal Arts and Technology, Inc.
Dekalb Academy of Technology
Dekalb Path Academy
Destiny Academy of Excellence
Fulton Science Academy Charter School
Georgia Magnet Charter School
Imagine Wesley International Academy
International Community Charter School
Ivy Preparatory Academy
Kennesaw Charter Science
Kidspeace National Centers
Kipp Metro Atlanta Collaborate
Kipp South Fulton Academy
Lewis Academy of Excellence
Marietta Charter School

Charter Schools continued

Mountain Education Center
Neighborhood Charter School
New Life Academy of Excellence
Odyssey Charter School
Scholars Academy Inc.
Southeast Atlanta Charter Schools
T.E.A.C.H. Charter School
Tech High School
University Community Academy

State Agencies

Department of Behavioral Health
Department of Community Health
Department of Corrections
Department of Human Resources
Department of Juvenile Justice
Department of Natural Resources
Department of Public Safety
Georgia Department of Driver Services
Georgia Department of Economic Development
Georgia Department of Agriculture
Georgia Department of Audits
Georgia Department of Early Care and Learning
Georgia Department of Education
Georgia Department of Labor
Georgia Public Defender Council
Georgia Public Telecommunications
Georgia Student Finance Committee
Office of Planning and Budget
Secretary of State
State Accounting Office
Technical College System of Georgia

Other

Baldwin County Board of Health
Board of Regents
Dekalb County DFCS
Effingham County Tax Office
Fulton County DFCS
Georgia Association of Educators
Georgia Military College
Henry County Health Department
Mitchell Baker Services
Ware County Health Department

Teachers Retirement System of Georgia

Two Northside 75, Suite 100
Atlanta, GA 30318
(404) 352-6500 or (800) 352-0650
www.trsga.com