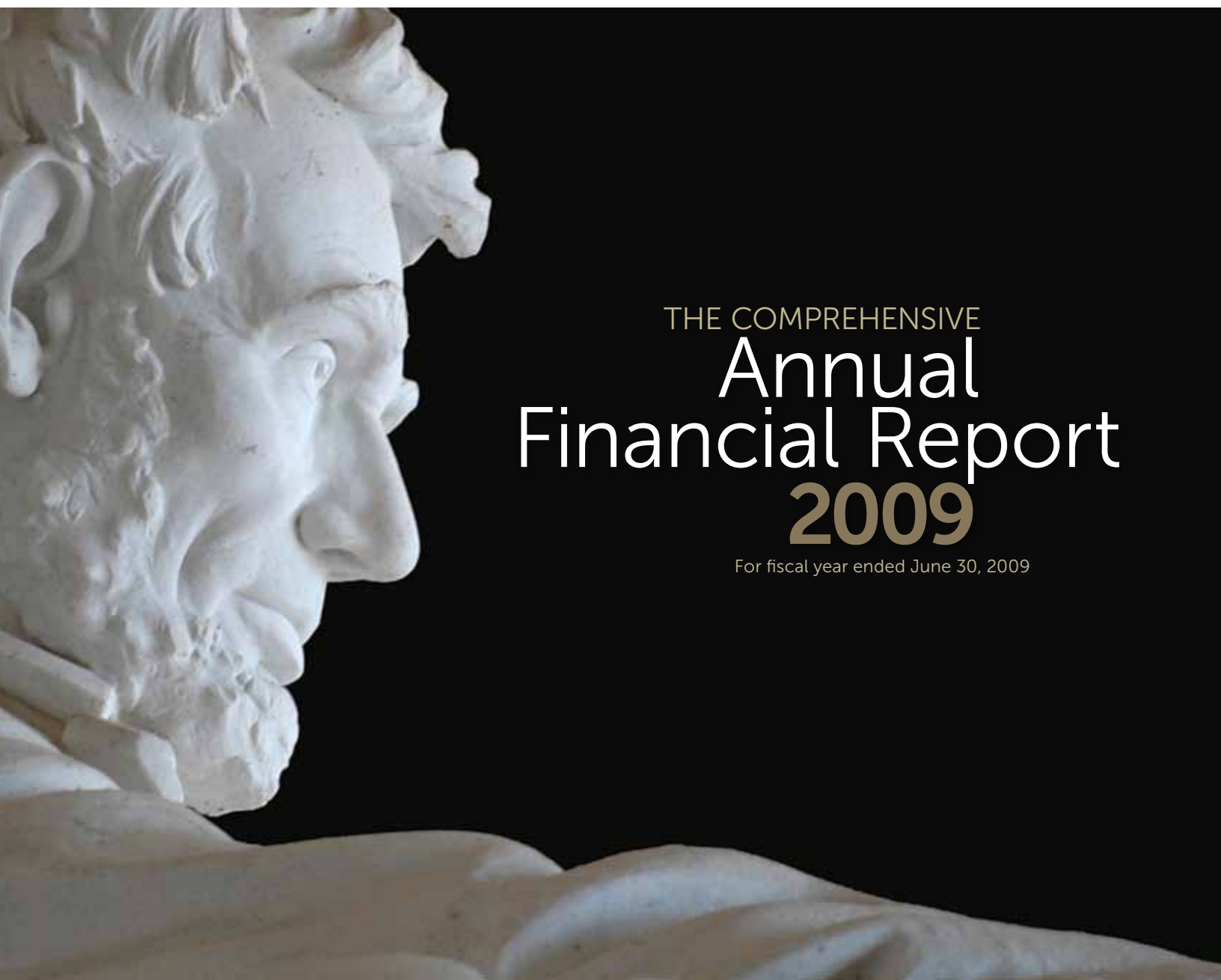




A COMPONENT UNIT OF THE STATE OF ILLINOIS



THE COMPREHENSIVE
Annual
Financial Report
2009

For fiscal year ended June 30, 2009

CELEBRATING THE LINCOLN BICENTENNIAL

The Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2009

All Financial Information Prepared by SURS Finance Division

INTRODUCTORY SECTION

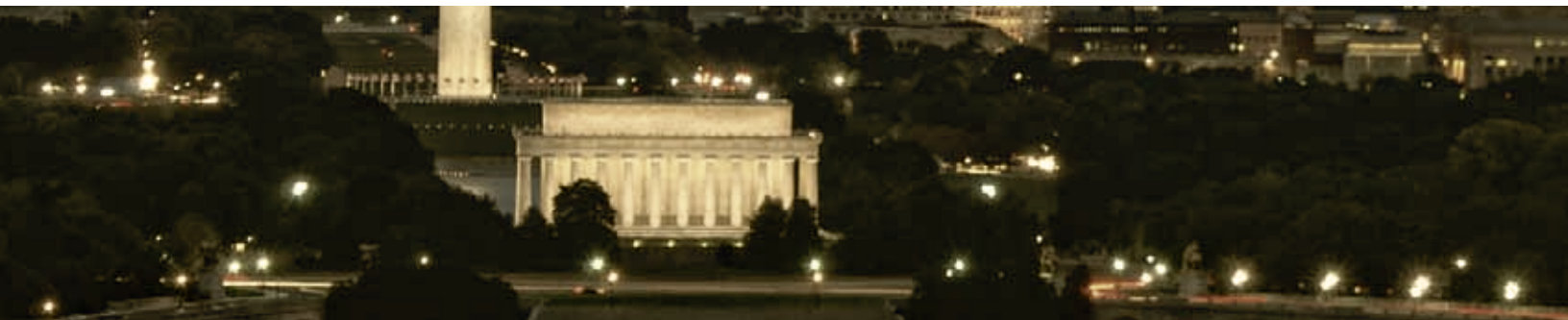
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Celebrating the Lincoln Bicentennial

During the bicentennial year of his birth, it seems particularly appropriate to pay tribute to a man whose life is inextricably linked to our state. In doing so, we honor not only the values, integrity and perseverance of Abraham Lincoln, but also his lifelong love of learning, which informed his staunch advocacy of education.

It was Lincoln who signed the First Morrill Act into law in 1862, creating a national system

of land-grant colleges. This action of making education accessible to everyone, regardless of financial position, represented a radical departure from the common notion of the time, which reserved education for the privileged wealthy class.

The legislation paved the way for the Second Morrill Act of 1890, which extended access to education to African Americans, and helped establish colleges in the Southern states. As

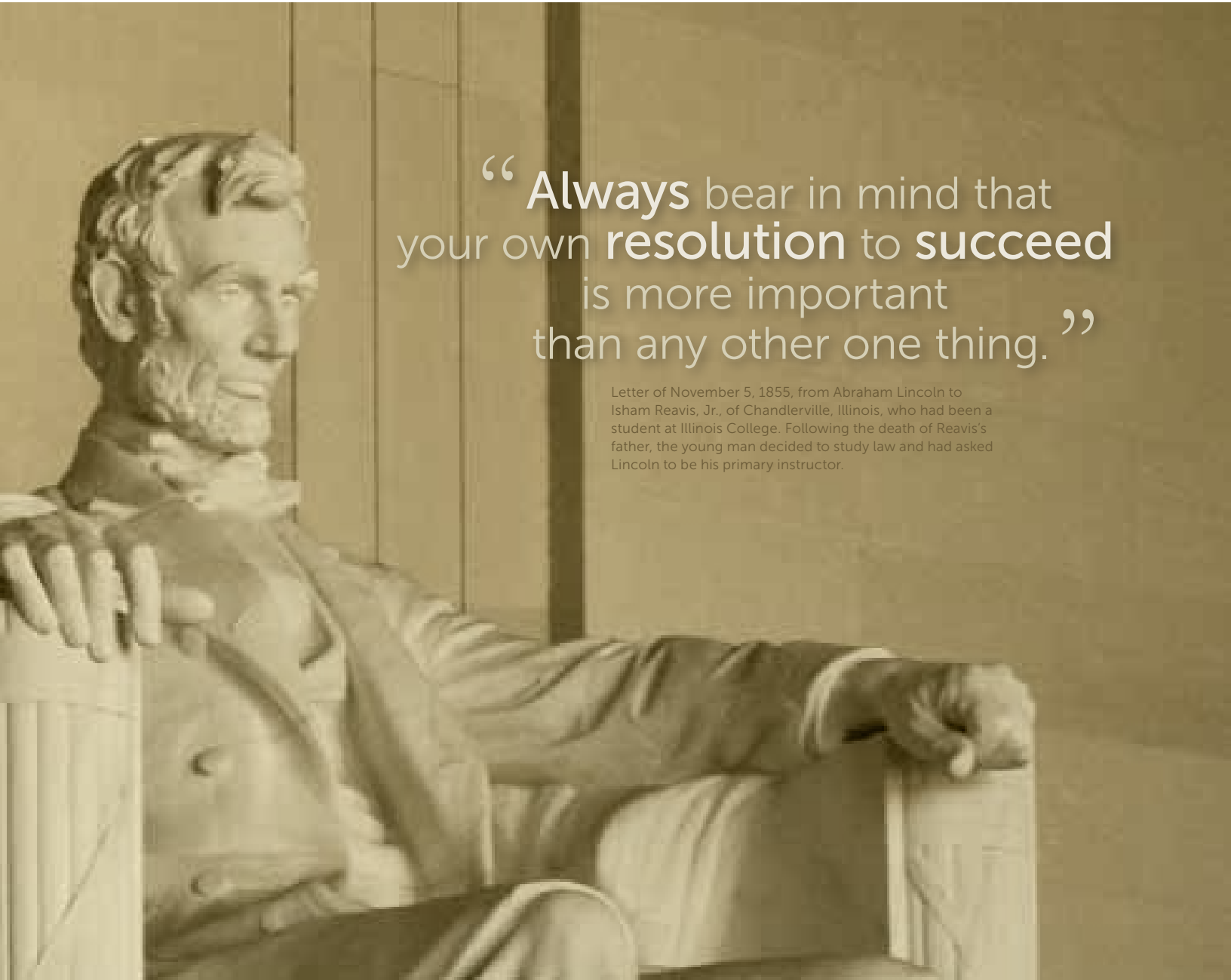
recently as 15 years ago, the 1890 legislation also provided for new Native American tribal colleges.

At SURS, we are proud to serve as the retirement system for those who have chosen to continue Lincoln's legacy of advancing education throughout Illinois.

A COMPONENT UNIT OF THE STATE OF ILLINOIS



INTRODUCTORY SECTION



“**Always** bear in mind that
your own **resolution** to **succeed**
is more important
than any other one thing.”

Letter of November 5, 1855, from Abraham Lincoln to
Isham Reavis, Jr., of Chandlerville, Illinois, who had been a
student at Illinois College. Following the death of Reavis's
father, the young man decided to study law and had asked
Lincoln to be his primary instructor.

Letter of Transmittal



State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

January 21, 2010

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, IL 61820

I am pleased to present the 68th Comprehensive Annual Financial Report for the State Universities Retirement System of Illinois (SURS or the System, a component unit of the State of Illinois). This retirement system was created in 1941 by the State of Illinois for the benefit of the staff members and employees of the state universities, community colleges, and certain affiliated organizations, certain other state educational and scientific agencies, and the survivors, dependents, and other beneficiaries of those employees.

The management of SURS is responsible for the compilation and accuracy of the financial, investment, actuarial and statistical information contained in this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of SURS.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the report of the independent auditors.

Summary of Financial Information

The following table summarizes the change to System's plan net assets available for benefits between fiscal years 2009 and 2008.

(\$ millions)	2009	2008	Increase/(Decrease)	
			Amount	%
Additions	(\$ 2,155.1)	(\$ 20.9)	(\$ 2,134.2)	(10,211.5)
Deductions	1,441.0	1,346.2	94.8	7.0
Change	(\$ 3,596.1)	(\$ 1,367.1)	(\$ 2,229.0)	(163.0)

The overall decrease in net assets available for benefits is due to a net investment loss of \$3.0 billion offset by contributions of \$812 million, refund and benefit payments of \$1.4 billion, and administrative expenses of \$12 million. More detailed analysis can be found in the Financial Section of this report.

Funding

The State of Illinois, the largest employer covered by SURS, provides funding from three sources: the General Revenue Fund, the Educational Assistance Fund and the State Pensions Fund which is funded with proceeds from unclaimed property. The determination of the total employer contributions for fiscal year 2009 to be funded through these three sources was based upon Public Act 88-0593, a funding plan which calls for increasing contributions between 1995 and 2010, and then sustaining contributions at a level which would result in a 90% funding ratio by 2045. In fiscal year 2009 state contributions were set at \$450.2 million, an increase of \$110 million from the prior year.

Letter of Transmittal

The actuarial accrued liability for the defined benefit plan at June 30, 2009, was \$26.3 billion as calculated by the projected unit credit method. The actuarial value of assets available for benefits at June 30, 2009, equaled \$14.3 billion. The amount by which the liability exceeds the assets is called the unfunded accrued actuarial liability, and it equaled \$12.0 billion at the end of fiscal year 2009. It should be noted that the fiscal year 2009 valuation was the first time in which an actuarial value of assets, as opposed to net assets, was used to determine the funding progress of the System and to establish the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed expected income investment rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year. The use of this actuarial method is required by Public Act 96-0043 which was signed into law on July 15, 2009. It is expected that the growth in state contributions versus benefit payments will continue to result in a deficit of contributions over expenses, requiring the Board of Trustees to redirect investment income to cover benefit payments as needed.

Investments

Investments are made under the authority of the prudent expert rule, which states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. This standard has enabled the System to invest in different types of asset classes, seeking to increase return while lowering risk through diversification.

Investment policy provides for a goal of 68.0% of the fund to be invested in equities, 27.0% of which may be invested in non-U.S. common stock and global equities, and 6.0% in private equities; 21% in fixed income; 6% in real estate investment trusts and direct real estate; and 5% in treasury inflation protected securities. The System retains professional investment firms who serve as fiduciaries and are afforded full discretion to manage the assets entrusted to them in accordance with written policies and guidelines established by the Board of Trustees.

The majority of SURS investments are insured or collateralized with securities held by its agent except for mutual funds, which are not evidenced by securities that exist in physical or book entry form.

Yield information is detailed in the Investment Section of this report. Taken as a whole, the SURS portfolio of investments produced a return of (19.7%), net of fees, for the year ended June 30, 2009.

Subsequent to year end, the System has shown a positive return of 12.1% through October 31, 2009, bringing total investments to approximately \$12 billion.

Major Initiatives

The mission statement of SURS provides the foundation for the System's initiatives and ongoing programs. The mission of SURS is "To provide for SURS annuitants, participants, and their employers, in accordance with state law, the best and most cost effective benefit administration services in the United States, to manage and invest the fund's assets prudently, and to endeavor to achieve and maintain a financially sound retirement system."

Internet-Based Applications

Work continues on the multiple-year effort to develop SURS' internet site to allow for interactive menu options and enhanced information exchange for members and employers. This project is organized into three major phases of development and implementation; an employer website to facilitate employment status event communication, an employer website to enhance payroll contribution data transfer, and a member website to be utilized by both active and retired members.

While the development of the project phases related to employer data submission is complete, work continues on the final project phase related to member inquiry, applications and data submission via the website.

Operational Refinements

SURS staff continue to seek ways to improve operational efficiency and reduce costs, and enhance customer service. Activities in this area in the past fiscal year include the following:

Letter of Transmittal

Image and Data Entry Improvements

Work continues on the conversion of image documents to the next generation system which includes business flow and electronic forms capability.

Enhancements to Lump Sum Distribution Options

System programs are being updated to include the new, additional options allowed for members receiving lump sum distributions, including partial rollovers, Roth IRA rollovers, and rollovers by non-spouse beneficiaries.

Direct Debit for Insurance Premium Collection

Systems are being designed to allow for the direct debit of annuitant member accounts to whom SURS must currently send direct billings for insurance premiums.

Accounting System and Internal Control

SURS uses the accrual basis of accounting to record assets, liabilities, revenues, and expenses. Revenues for SURS are taken into account when earned, without regard to date of collection. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Market value has been used to present the assets of the System in accordance with Governmental Accounting Standards Board Statements #25 and #27, implemented effective July 1, 1996.

In developing and evaluating the accounting system, consideration has been given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding safekeeping of assets and reliability of financial records. SURS maintains an internal audit program that employs the services of two internal auditors to determine that all controls implemented are as designed.

Independent Audit

The Illinois Pension Code requires an annual audit of the financial statements of the System by independent public accountants, selected by the State Auditor General. This requirement has been complied with, and the independent auditors' unqualified report on the System's 2009 financial statements has been included in this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SURS for its component unit financial report for the fiscal year ended June 30, 2008. This is the twenty-fifth consecutive year the System has earned this award.

To be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The 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 report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Appointment of Trustees

As of June 30, 2009, the composition of the SURS nine-member Board of Trustees who serve upon appointment by the Governor is as follows: Ms. Marva Williams and Mr. Antonio Vasquez concluded the second year of their appointed six-year terms. Ms. Christine Boardman concluded the second year of her reappointed six-year term. Mr. Michael Mackey, Mr. Michael Pizzuto, and Mr. Mitchell Vogel concluded the final year of their six-year appointed terms. Ms. Alice Palmer and Mr. Mark Donovan concluded the fourth year of their six-year appointed terms. The seat formerly held by Mr. Robert Hilgenbrink was vacant as of June 30, 2009. Mr. Hilgenbrink served as an appointed, active member representative until his status changed to annuitant as of February 1, 2009. Mr. Vogel, Ms. Palmer, and Mr. Donovan served as President, Vice-President, and Treasurer, respectively.

Letter of Transmittal

On April 3, 2009, Public Act 96-0006 was signed into law by Governor Quinn. This law called for the removal of the System Board of Trustees effective July 2, 2009. A new board was to be constituted and made up of an appointed chairperson, four appointed board members, four active member-elected board members, and two annuitant-elected board members.

Acknowledgements

The preparation of the annual report by the Finance Division reflects the combined efforts of the SURS staff under the leadership of the Board of Trustees. It is intended for use by the Trustees and staff in making management decisions, in judging compliance with legal provisions, and in determining responsible stewardship for the assets contributed by System members and the State of Illinois. The report is made available to all employers covered by the State Universities Retirement System and is also available to members and other interested persons upon request.

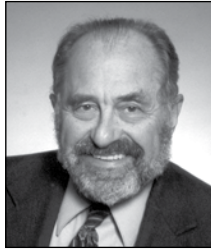
On behalf of the Board of Trustees, I would like to express my gratitude to the staff, the consultants, and the many other people who work so effectively to assure the successful operation of this System.

Respectfully submitted,



Shelley M. Porter, CPA
Chief Financial Officer

Board of Trustees



Mitchell Vogel
President
Evanston



Christine Boardman
Chicago



Marva Williams
Chicago



Mark Donovan
Treasurer
Chicago



Antonio Vasquez
Chicago



Michael Pizzuto
Lyons



Michael Mackey
Chicago

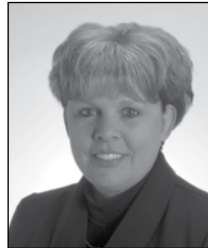


Alice Palmer
Vice President
Chicago

Administrative Staff



Daniel L. Allen
Chief Investment Officer



Angela Lieb
*Deputy Director
Member Services*



Kelly Jenkins
General Counsel



Steven L. Hayward, CPA
Internal Auditor



Douglas Wesley
*Deputy Chief
Investment Officer*



M. Christopher Hansen
Director of Operations



Shelley Porter
Chief Financial Officer

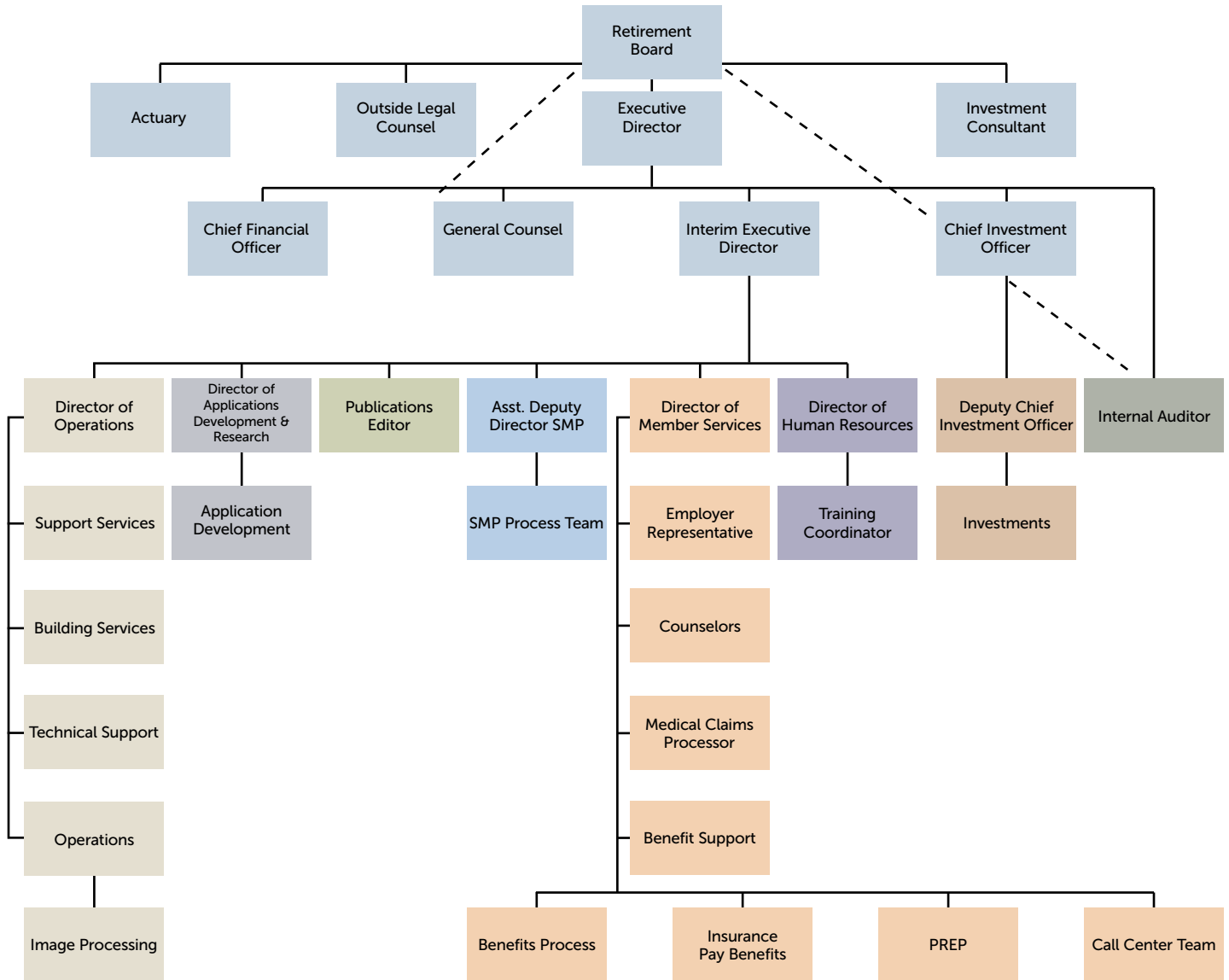


Douglas J. Steele
*Manager
Director of Applications
Development & Research*



Judith A. Parker
Interim Executive Director

Organizational Chart



Consulting and Professional Services

Actuary

Gabriel, Roeder, Smith & Co. - Southfield, Michigan

Auditor

McGladrey & Pullen, LLP - Schaumburg, Illinois
(Acting as Special Assistant Auditor for the Illinois Office of the Auditor General)

Legal Counsel

Burke, Burns & Pinelli, Ltd. - Chicago, Illinois
Mayer Brown, LLP - Chicago, Illinois
Thomas, Mamer & Haughey - Champaign, Illinois

Information Systems

Champaign Systems, Inc. - Champaign, Illinois
MRC Information Technology, Inc. - Omaha, Nebraska
MIS Systems Integrators - Omaha, Nebraska

Master Custodian & Performance Measurement

The Northern Trust Company - Chicago, Illinois

Investment Consultant

EnnisKnupp + Associates, Inc. - Chicago, Illinois

Investment Advisors

Aberdeen Asset Management - Edinburgh, Scotland
Adams Street Partners - Chicago, Illinois
Barclays Global Investors - San Francisco, California
BlackRock Financial Management - New York, New York
Calamos Advisors - Naperville, Illinois
Capital Guardian Trust Company - San Francisco, California
GlobeFlex Capital, L.P. - San Diego, California
ING Clarion Real Estate Securities - Radnor, Pennsylvania
Jacobs Levy Equity Management - Florham Park, New Jersey
Martin Currie, Inc. - Edinburgh, Scotland
Metropolitan West Asset Management - Los Angeles, California
Mondrian Investment Partners - London, England
Muller and Monroe - Chicago, Illinois
Northern Trust Investments - Chicago, Illinois

Pacific Investment Management Company - Newport Beach, California
Pantheon Ventures - San Francisco, California
Paradigm Asset Management - White Plains, New York
Payden & Rygel - Los Angeles, California
Piedmont Investment Advisors - Durham, North Carolina
Progress Investment Management Company - San Francisco, California
Pyramis Global Advisors Trust Company - Smithfield, Rhode Island
RhumbLine Advisers - Boston, Massachusetts
RREEF - Chicago, Illinois
T. Rowe Price - Baltimore, Maryland
Taplin, Canida & Habacht - Miami, Florida
UBS Realty Investors - Hartford, Connecticut
Wellington Management Company - Boston, Massachusetts
Western Asset Management - Pasadena, California

Manager Development Program Investment Advisors

Ativo Capital Management - Chicago, Illinois
Atlanta Life Investment Advisors - Atlanta, Georgia
Buford, Dickson, Harper & Sparrow - St. Louis, Missouri
Channing Capital Management - Chicago, Illinois
Davis Hamilton Jackson & Associates - Houston, Texas
Holland Capital Management - Chicago, Illinois
Lombardia Capital Partners - Pasadena, California

NCM Capital Management - Durham, North Carolina
Profit Investment Management - Silver Spring, Maryland
Pugh Capital Management - Seattle, Washington
Smith Graham & Company - Houston, Texas
Strategic Global Advisors - Newport Beach, California

Progress Investment Management Company

Emerging Manager Investment Advisors

AH Lisanti Capital Growth - New York, New York
Ambassador Capital Management - Detroit, Michigan
Atlanta Life Investment Advisors - Atlanta, Georgia
Brown Capital Management - Baltimore, Maryland
Cypress Asset Management - Charlottesville, Virginia
Denali Advisors - San Diego, California
Fortaleza Asset Management - Chicago, Illinois
GW Capital - Bellevue, Washington
John Hsu Capital Group - New York, New York

LM Capital Group - San Diego, California
Lynmar Capital Group - Marlton, New Jersey
Mar Vista Investment Partners - Santa Monica, California
New Century Advisors - Bethesda, Maryland
Palisades Investment Partners - Santa Monica, California
Piedmont Investment Advisors - Durham, North Carolina
Redwood Investments - Newton, Massachusetts
Strategic Global Advisors - Newport Beach, California

Self-Managed Plan Service Providers

Fidelity Investments - Boston, Massachusetts
Teachers Insurance Annuity Association -
College Retirement Equities Fund - New York, New York

A COMPONENT UNIT OF THE STATE OF ILLINOIS



FINANCIAL SECTION

“ Our cause, then,
must be **intrusted** to, and conducted by,
its own undoubted friends—
those whose hands are **free**,
whose hearts are in the work—
who **do care** for the result. ”

Speech of June 16, 1858, commonly known as the
“House Divided” address, delivered at the Republican
State Convention in Springfield following Lincoln’s
selection by his statehouse colleagues as the party’s
candidate for the U.S. Senate.

Independent Auditors' Report

McGladrey & Pullen

Certified Public Accountants

Honorable William G. Holland, Auditor General – State of Illinois

Board of Trustees, State Universities Retirement System of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying Statement of Plan Net Assets of the State Universities Retirement System of Illinois (System), a component unit of the State of Illinois, as of June 30, 2009, and the related Statement of Changes in Plan Net Assets for the year then ended, as listed in the table of contents. 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 audit. The prior year comparative information has been derived from the System's financial statements as of June 30, 2008 and for the year then ended, on which we expressed an unqualified opinion in our report dated January 21, 2009.

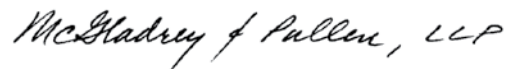
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State Universities Retirement System of Illinois as of June 30, 2009, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated January 21, 2010 on our consideration of the System's internal control over financial reporting and 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 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 audit.

The accompanying management's discussion and analysis and the schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 audit was conducted for the purpose of forming an opinion on the System's basic financial statements. The accompanying supporting schedules in the financial section and the accompanying introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 2009 supporting schedules in the financial section 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 as of and for the year ended June 30, 2009, taken as a whole. We have also previously audited, 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, the System's basic financial statements for the year ended June 30, 2008, which are not presented with the accompanying financial statements. In our report dated January 21, 2009, we expressed an unqualified opinion on those statements. In our opinion, the 2008 supporting schedules in the financial section are fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2008, taken as a whole. The introductory, investment, actuarial, and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Schaumburg, Illinois
January 21, 2010

Management's Discussion and Analysis

This section presents management's discussion and analysis of the State Universities Retirement System's (SURS or the System) financial statements and the major factors affecting the operations and investment performance of the System during the year ended June 30, 2009, with comparative reporting entity totals for the year ended June 30, 2008.

Overview of Financial Statements and Accompanying Information

- The financial statements presented in this report are the Statement of Plan Net Assets as of June 30, 2009 and the Statement of Changes in Plan Net Assets for the year ended June 30, 2009. These statements present separate totals for the defined benefit plan and the self-managed plan, with reporting entity totals for the years ended June 30, 2009 and 2008. The Statement of Plan Net Assets presents the assets on hand as of June 30, 2009 and 2008 and available to be used in the payment of benefits. The Statement of Changes in Plan Net Assets presents the additions to and deductions from the plan net assets during the years ended June 30, 2009 and 2008.
- The notes to the financial statements are an integral part of the financial statements and provide facts and detailed information to assist the reader in understanding the statements. Disclosures include the description of the plan, summary of significant accounting policies, and detailed presentations of major assets and liabilities.
- Required supplementary information presents schedules related to employer contributions and the funding of the plan.
- Other supplementary schedules consist of detailed information supporting administrative and investment expenses, fees paid to consultants, and a summary of cash receipts and disbursements.

General Market Risk

SURS is exposed to general market risk. This general market risk is reflected in asset valuations fluctuating with market volatility. Any impact from market volatility on SURS investment portfolios depends in large measure on how deep the market downturn is, how long it lasts, and how it fits within fiscal year reporting periods. The resulting market risk and associated realized and unrealized gains and losses could significantly impact SURS financial condition.

Financial Analysis of the System

The State Universities Retirement System serves 191,789 members in its defined benefit plan and 16,456 members in its self-managed plan. The funds needed to finance the benefits provided by SURS are accumulated through the collection of member and employer contributions and through income on investments. The total net assets of the System decreased from \$15.2 billion as of June 30, 2008 to \$11.6 billion as of June 30, 2009, chiefly due to significant investment losses.

Plan Net Assets

The summary of plan net assets for the System is presented below:

Condensed Statement of Plan Net Assets

Reporting Entity Total (in millions)	2009	2008	Change	
			Amount	%
Cash and short-term investments	\$ 543.6	\$ 797.6	\$ (254.0)	(31.8)
Receivables and prepaid expenses	57.0	56.4	0.6	1.1
Pending investment sales	606.5	2,087.4	(1,480.9)	(70.9)
Investments and securities lending collateral	12,615.1	16,506.2	(3,891.1)	(23.6)
Capital assets, net	6.6	6.9	(0.3)	(4.3)
Total assets	13,828.8	19,454.5	(5,625.7)	(28.9)

Management's Discussion and Analysis

Payable to brokers—unsettled trades	878.1	2,184.5	(1,306.4)	(59.8)
Securities lending collateral	1,323.0	2,046.5	(723.5)	(35.3)
Other liabilities	21.1	20.8	0.3	1.4
Total liabilities	<u>2,222.2</u>	<u>4,251.8</u>	<u>(2,029.6)</u>	<u>(47.7)</u>
Total plan net assets	<u>\$11,606.6</u>	<u>\$15,202.7</u>	<u>(\$3,596.1)</u>	<u>(23.6)</u>

Overall, plan net assets decreased by \$3.6 billion, or 23.6%, chiefly due to the decrease in investments. Of this decrease, \$.75 billion represents the use of investments to pay benefits, and the remainder is due to the negative return on investments of 19.7%. The investment allocation strategy for the plans making up the reporting entity as of June 30, 2009 and 2008 is as follows:

	2009	2008
Defined Benefit Plan		
Equities	66.0%	68.0%
Opportunity Fund	2.0	0.0
Fixed income	18.0	21.0
TIPS*	4.0	5.0
Real Estate Investment Trusts	4.0	4.0
Real Estate	6.0	2.0
Total	<u>100.0%</u>	<u>100.0%</u>
Self-Managed Plan		
Equities	64.0%	75.0%
Fixed income	<u>36.0</u>	<u>25.0</u>
Total	<u>100.0%</u>	<u>100.0%</u>

*TIPS denotes Treasury Inflation Protected Securities

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with policy target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among investment managers who are hired to manage assets with a specified strategy. SURS' rebalancing policy calls for rebalancing, as soon as practical, if a strategy exceeds or falls below its target allocation by 3%. Ongoing rebalancing of the investment portfolio occurred as needed during the year with the assistance of System cash flows. The allocation of assets within the self-managed plan is totally determined by the individual participants, and also reflects losses over the past year.

Liabilities decreased by \$2.0 billion or 47.7%. This was primarily due to a decrease in the payable to brokers for unsettled trades at year end, and a decrease in the obligation for securities lending collateral.

Changes in Plan Net Assets

The summary of changes in plan net assets for the System is presented below:

Condensed Statement of Changes in Plan Net Assets Reporting Entity (in millions)

	2009	2008	Change	
			Amount	%
Employer contributions	\$ 489.9	\$ 383.9	\$ 106.0	27.6
Participant contributions	322.1	310.1	12.0	3.9
Investment (loss)/income	<u>(2,967.1)</u>	<u>(714.8)</u>	<u>(2,252.3)</u>	<u>(315.1)</u>
Total additions	<u>(2,155.1)</u>	<u>(20.8)</u>	<u>(2,134.3)</u>	<u>(10,261.1)</u>
Benefits	1,376.7	1,279.2	97.5	7.6
Refunds	51.4	54.9	(3.5)	(6.4)
Administrative expense	12.9	12.1	0.8	6.6
Total deductions	<u>\$ 1,441.0</u>	<u>\$ 1,346.2</u>	<u>94.8</u>	<u>7.0</u>
Net (decrease)/increase in plan net assets	<u>\$ (3,596.1)</u>	<u>\$ (1,367.0)</u>	<u>\$ (2,229.1)</u>	<u>(163.1)</u>

Management's Discussion and Analysis

Additions

Additions to plan net assets are in the form of employer and participant contributions and investment income or losses. For fiscal year 2009, employer contributions increased by \$106.0 million due to higher employer contributions from the State of Illinois as required by Public Act 88-0593. Participant contributions increased by \$12.0 million, or 3.9% due to salary increases among active members.

The investment loss for fiscal year 2009 was \$2.97 billion for the System, representing a \$2.3 billion decrease from the prior year. For the defined benefit plan, the overall loss was 19.7% (net of all investment management fees).

Given the long-term orientation of the SURS defined benefit investment program, it is important to track investment returns over several time periods to correctly assess performance, especially given recent market volatility. The defined benefit plan returns are as follows:

Time Period	Annualized Return
1-year	(19.7%)
3-year	(3.2%)
5-year	2.3%
10-year	2.8%
22-year	7.5%

The 22-year return corresponds to the average active service term of the System member. At 7.5%, it can be compared to the actuarial rate of return assumption, currently 8.5%. This assumed rate is determined every five years as part of the experience study performed by the System actuaries, and reviewed at least annually. Should market conditions or plan demographics of the System significantly deviate, the performance of an experience study in advance of the five-year period would be considered.

Deductions

The expenses of the Retirement System relate to the provision of retirement annuities and other benefits, refunds to terminated employees, and the cost of administering the System. These expenses for fiscal year 2009 were \$1.44 billion, an increase of \$94.8 million or 7.0% over expenses for 2008. This increase is primarily due to the \$97 million increase in defined benefit plan retirement and survivor annuity payments, offset by a \$5 million decrease in portable lump sum distributions and refunds. Administration expenses increased by \$.8 million or 6.6% from fiscal year 2008 to 2009.

Future Outlook

Participant contributions are expected to grow in the future, at least at the pace of wage inflation experienced by the employers. The employer contribution, mainly provided by the State of Illinois, will increase by approximately \$144 million or 19% as the determination of projected state contributions for fiscal years 2011 and beyond are at levels required by the funding plan set out by Public Act 88-0593. Under this plan contributions will be at levels sufficient to fund the employer normal cost while amortizing the unfunded accrued actuarial liability for the period of 2011 to 2045, allowing the System to reach a funding ratio of 90%.

Benefit payments are expected to continue to grow at a rate of approximately 8 –10 % annually as a result of increasing numbers of retirees and the impact of annual salary increases at the participating agencies. Even with the increase in the employer contributions as discussed above, the projected deficit of contributions over expenditures will continue in future years, forcing the System to continue to liquidate investments in order to pay current benefits. SURS will continue to structure its portfolio with the objective of maximizing returns over the long term, taking advantage of investment income to help offset the shortages in employer contributions.

Financial Statements

Statement of Plan Net Assets as of June 30, 2009 With Comparative Reporting Entity Totals as of June 30, 2008

	2009			2008
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Assets				
Cash and short-term investments	\$ 543,659,417	\$ -	\$ 543,659,417	\$ 797,620,497
Receivables				
Participants	12,072,460	1,735,687	13,808,147	12,891,573
Federal, trust funds, and other	2,009,986	1,149,915	3,159,901	3,192,408
Notes receivable, long-term	598,687	-	598,687	542,701
Pending investment sales	606,501,124	-	606,501,124	2,087,413,798
Interest and dividends	39,454,498	-	39,454,498	39,705,356
Total receivables	<u>660,636,755</u>	<u>2,885,602</u>	<u>663,522,357</u>	<u>2,143,745,836</u>
Prepaid expenses	-	-	-	8,000
Investments, at fair value				
Equity investments	6,940,178,087	27,666,067	6,967,844,154	8,731,804,485
Fixed income investments	3,552,427,529	12,913,491	3,565,341,020	4,813,443,832
Real estate investments	228,712,211	38,004	228,750,215	352,275,186
Mutual fund and variable annuities	-	530,092,101	530,092,101	562,118,120
Total investments	<u>10,721,317,827</u>	<u>570,709,663</u>	<u>11,292,027,490</u>	<u>14,459,641,623</u>
Securities lending collateral	1,323,035,827	-	1,323,035,827	2,046,536,507
Capital assets, at cost, net of accumulated depreciation \$16,768,688 and \$16,053,476 respectively	6,583,663	-	6,583,663	6,931,226
Total assets	<u>13,255,233,489</u>	<u>573,595,265</u>	<u>13,828,828,754</u>	<u>19,454,483,689</u>
Liabilities				
Benefits payable	5,441,147	-	5,441,147	5,436,697
Refunds payable	2,437,930	-	2,437,930	2,899,940
Securities lending collateral	1,323,035,827	-	1,323,035,827	2,046,536,507
Payable to brokers for unsettled trades	878,088,978	-	878,088,978	2,184,482,162
Administrative and investment expenses payable	13,256,204	-	13,256,204	12,417,935
Total liabilities	<u>2,222,260,086</u>	<u>-</u>	<u>2,222,260,086</u>	<u>4,251,773,241</u>
Net assets held in trust for pension benefits	<u>\$11,032,973,403</u>	<u>\$573,595,265</u>	<u>\$11,606,568,668</u>	<u>\$15,202,710,448</u>

Financial Statements

 Statement of Changes in Plan Net Assets For the Year Ended June 30, 2009
 With Comparative Reporting Entity Totals For the Year Ended June 30, 2008

	2009			2008
	Defined Benefit Plan	Self-Managed Plan	Total	Total
Additions				
Contributions				
Employer	\$ 451,617,066	\$ 38,264,326	\$ 489,881,392	\$ 383,899,304
Participant	273,292,053	48,825,439	322,117,492	310,101,265
Total Contributions	724,909,119	87,089,765	811,998,884	694,000,569
Investment (loss) income				
Net depreciation in fair value of investments	(3,173,708,607)	(116,422,818)	(3,290,131,425)	(1,090,533,067)
Interest	183,668,534	–	183,668,534	212,932,939
Dividends	153,789,636	–	153,789,636	187,602,637
Securities lending	18,313,879	–	18,313,879	14,161,232
	(2,817,936,558)	(116,422,818)	(2,934,359,376)	(675,836,259)
Less investment expense				
Asset management expense	31,095,737	–	31,095,737	37,659,805
Securities lending expense	1,664,780	–	1,664,780	1,353,062
Net investment loss	(2,850,697,075)	(116,422,818)	(2,967,119,893)	(714,849,126)
Total	(2,125,787,956)	(29,333,053)	(2,155,121,009)	(20,848,557)
Deductions				
Benefits	1,371,990,391	4,735,998	1,376,726,389	1,279,172,742
Refunds of contributions	42,651,635	8,720,677	51,372,312	54,939,592
Administrative expense	12,922,070	–	12,922,070	12,079,244
Total deductions	1,427,564,096	13,456,675	1,441,020,771	1,346,191,578
Net decrease	(3,553,352,052)	(42,789,728)	(3,596,141,780)	(1,367,040,135)
Net assets held in trust for pension benefits				
Beginning of year	14,586,325,455	616,384,993	15,202,710,448	16,569,750,583
End of Year	\$11,032,973,403	\$573,595,265	\$11,606,568,668	\$15,202,710,448

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. Reporting Entity

The System is a component unit of the State of Illinois. As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable, or for which the nature and significance to the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or otherwise incomplete. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
2. Fiscal dependency on the primary government.

Based upon the required criteria, the System has no component units.

B. Measurement Focus and Basis of Accounting

For both the defined benefit plan and the self-managed plan (SMP), the financial transactions are recorded using the economic resources measurement focus and accrual basis of accounting. Member and employer contributions are recognized as revenue when due pursuant to statutory or contractual requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the plans.

C. Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates and those differences could be material. The System uses an actuary to determine the actuarial accrued liability for the defined benefit plan and to determine the actuarially required contribution.

D. Risks and Uncertainties

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and those such changes could materially affect the amounts reported in the Statement of Plan Net Assets.

E. Description of Plans

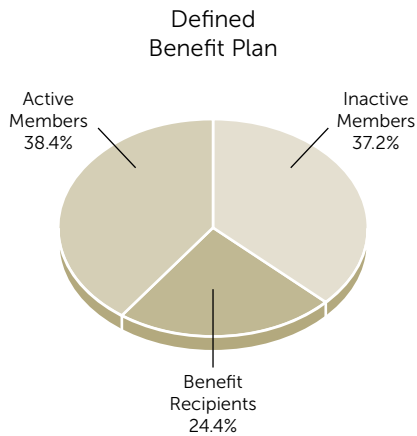
Legislation effective January 1, 1998, required State Universities Retirement System (SURS or the System) to introduce a portable benefit package to the existing defined benefit plan and to offer a defined contribution plan. The portable benefit package and the defined contribution plan are available to all participants whose employers elect to make the options available. As of June 30, 2009, the defined benefit plan has two options available. These options are known as the traditional benefit package and the portable benefit package. The defined contribution plan is known as the self-managed plan. The membership, contributions, and benefit provisions related to these plans are presented in the following summary of the provisions of SURS in effect as of June 30, 2009, as defined in the Illinois Compiled Statutes. Interested parties should refer to the SURS Member Guide or the Statutes for more complete information.

1. Defined Benefit Plan

SURS is the administrator of a cost-sharing, multiple-employer public employee retirement system established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for

Notes to the Financial Statements

survivors, dependents, and other beneficiaries of such employees. SURS is included in the State of Illinois' financial reports as a component unit. SURS is governed by Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*. These statutes assign the authority to establish and amend the benefit provisions of the plan to the State Legislature. Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System. It is also these statutes that define the scope of SURS' reporting entity. There are no statutory provisions for termination of the System. The Illinois Constitution provides that the pension obligation of the state shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.



a. Membership

Participation is required as a condition of employment. Employees are ineligible to participate if (a) employed less than full-time and attending classes with an employer; (b) receiving a retirement annuity from SURS; or (c) excluded by subdivision (a)(7) (f) or (a)(19) of Section 210 of the Federal Social Security Act from the definition of employment given in that Section.

b. Benefit Provisions

Public Act 90-448 was enacted effective January 1, 1998, which established an alternative defined benefit program known as the portable benefit package. This option is offered in addition to the existing traditional benefit option. New employees are allowed 6 months from their date of hire to make an irrevocable election. The benefit provisions for these two defined benefit plan packages are as follows:

SURS provides retirement, disability, death and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*.

Retirement benefits are payable to participants meeting minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. Under both defined benefit options, the annuity is the larger of (a) a percentage of the average of the highest 4 consecutive years earnings, with the percentage based upon total service credit, or (b) an actuarially determined benefit based upon the total employee and employer contributions and the individual's age at time of retirement. Retirement benefits are payable for life and are subject to a 3 percent compounded increase each January 1.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to a physical or mental impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments received under the Workers' Compensation or the Occupational Diseases Act. If a participant remains disabled after receiving the maximum benefits due, they may be eligible for a disability retirement annuity equal to 35% of the monthly rate of compensation on the date the disability began.

Upon termination of service, a lump sum refund is available to all members. Under the traditional benefit package, this refund consists of all member contributions and interest at 4-1/2%. Under the portable benefit package, this refund consists of all member contributions and total interest credited, plus for those members with

At June 30, 2009 and 2008, the number of participating employers was:

	2009	2008
Universities (A)	9	9
Community Colleges	39	39
Allied Agencies	15	15
State of Illinois	2	2
	65	65

(A) In prior years, the total universities was presented as 12 which separately counted the multiple campuses of the University of Illinois and Southern Illinois University.

At June 30, 2009 and 2008, defined benefit plan membership consisted of:

	2009	2008
Benefit Recipients	46,810	45,346
Active Members	73,699	73,086
Inactive Members	71,280	70,657
	191,789	189,089

Notes to the Financial Statements

greater than or equal to 5 years of service credit, an equal amount of employer contributions. Under both defined benefit plan options, a member with 5 or more years of service credit who does not apply for a refund may apply for a normal retirement benefit payable at age 62.

Death benefits are payable to named beneficiaries upon the death of any participant of this System. Under the traditional benefit package, monthly survivor benefits may be paid to eligible survivors if the participant established a minimum of 1.5 years of service credit prior to the date of death. If no qualified survivor exists at the date of retirement, the member is paid a refund of all survivor contributions plus interest. Under the portable benefit package, survivor benefits are available through a reduction of the retirement annuity calculated as described above. No refund of survivor contributions is available if there is no qualified survivor at the time of retirement. These provisions are designed to allow the impact of the portable benefit package's enhanced refund opportunity to be cost neutral.

Upon the death of an annuitant, SURS will pay either a death benefit to a non-survivor beneficiary or a monthly survivor benefit to an eligible survivor. The amount of the monthly survivor benefit will differ depending upon whether the annuitant had selected the traditional benefit package or the portable benefit package.

c. 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 (in millions):

Actuarial Value of Assets	Accrued Actuarial Liabilities	Unfunded Accrued Actuarial Liabilities	Funding Ratio*	Covered Payroll	UAAL as % of Covered Payroll
\$14,282.0	\$ 26,316.2	\$12,034.2	54.3%	\$3,463.9	347.4%

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

*If calculated using the market value of assets of \$ 11,033.0, the funding ratio would be 41.9%.

d. Actuarial Value of Assets

The actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year. The use of this actuarial method began with the valuation for the period ending June 30, 2009, as required by Public Act 96-0043, which was signed into law on July 15, 2009.

Calculation of Actuarial Value of Assets (in thousands)

Actuarial Value of Assets at July 1, 2008		\$ 14,586,325.5
Total investment income/(loss)	(2,850,697.1)	
Projected investment income @ 8.5%	<u>1,210,583.8</u>	
Investment income/(loss) in excess of projected	(4,061,280.9)	
Deferral to smooth asset values over 5 years	<u>3,249,024.7</u>	
Projected investment income		1,210,583.8
Recognized investment loss		(812,256.2)
Excess of contributions over disbursements		<u>(702,655.0)</u>
Actuarial Value of Assets at June 30, 2009		\$ 14,281,998.1

e. Additional actuarial valuation information

Valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent, open
Remaining amortization period	30 years, open
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases*	5.0% - 10.0%
Postretirement benefits	3.0%

*Includes inflation and cost-of-living adjustments of 1.25%.

Notes to the Financial Statements

2. Self-Managed Plan

SURS is the plan sponsor and administrator of a defined contribution plan established as of January 1, 1998, by the Illinois General Assembly as an amendment to the Illinois Pension Code through Illinois Public Act 90-448. This plan is referred to as the self-managed plan (SMP) and is offered to employees of all SURS employers who elect to participate. This plan is a qualified money purchase pension plan under Section 401(a) of the Internal Revenue Code. The assets of the SMP are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code.

At June 30, 2009 and 2008, the number of SMP participating employers was:

	2009	2008
Universities (A)	9	9
Community Colleges	39	39
Allied Agencies	13	13
State of Illinois	1	1
	<u>62</u>	<u>62</u>

At June 30, 2009 and 2008, the SMP membership consisted of:

	2009	2008
Annuity Benefit Recipients	110	62
Active Members	9,846	9,988
Inactive Members	6,500	6,064
	<u>16,456</u>	<u>16,114</u>

(A) In prior years, the total universities was presented as 12 which separately counted the multiple campuses of the University of Illinois and Southern Illinois University.

a. Membership

A member may elect participation in the SMP if (a) all participation criteria for the defined benefit plan are met; (b) the employer has elected through Board action to offer the self-managed plan; (c) the employee is on active status at the plan offering date; and (d) the employee is not eligible to retire as of the employer plan offering date. The member election is irrevocable. New employees are allowed 6 months from the date of hire in which to make their election. If no election is received, members are considered to be part of the defined benefit plan, under the traditional benefit option.

b. Benefit Provisions

The SMP provides retirement, disability, death, and survivor benefits as authorized in Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, and amended by Public Act 90-448.

Retirement benefits are payable to participants meeting minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. The distribution options available upon reaching retirement eligibility are the following: a lump sum distribution consisting of all employee and employer contributions and related investment earnings; a single life annuity; a 50% or 100% joint and survivor annuity; a single life annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant; and a 50% or 100% joint and survivor annuity with a guaranteed period of 10, 15, or 20 years as elected by the participant.

Disability benefits are payable to all participants with at least 2 years of service credit if they are unable to reasonably perform the duties of their assigned position due to physical impairment as certified by a physician. The benefit becomes payable when sick leave payments are exhausted or after 60 days of the disability, whichever is later. The benefit is payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments under the Workers' Compensation or the Occupational Diseases Act.

Upon termination of service with less than 5 years of service credit, a lump sum distribution is available which consists of employee contributions and related investment earnings. The employer contributions and related investment earnings are forfeited. Upon termination of service with greater than 5 years of service credit but where the participant is not yet eligible for retirement, a lump sum distribution is available which consists of employee and employer contributions and related investment earnings.

Death benefits are payable to named beneficiaries upon the death of any participant of this plan. If the participant has less than 1.5 years of service credit, the death benefit payable is the employee contributions and related investment earnings. If the participant has 1.5 or more years of service credit, the death benefit payable is the employee and employer contributions and related investment earnings.

Notes to the Financial Statements

F. Cash and Short-Term Investments

Included in the \$543,659,417 of cash and short-term investments presented in the Statement of Plan Net Assets is \$122,753,705 of short-term investments with less than 90 days maturity. For purposes of the various data tables presented in Note III, this group of short-term investments is included as part of fixed income investments. Short-term investments are generally reported at cost, which approximates fair value.

G. Investments

Investments are governed by Chapter 40, Act 5, Articles 1 and 15, of the *Illinois Compiled Statutes*. The most important aspect of the statutes is the prudent expert rule, which establishes a standard of care for all fiduciaries. (A fiduciary is any person who has authority or control with respect to the management or administration of plan assets.) The prudent expert rule states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

For the defined benefit plan, investments are reported at fair value. Marketable securities (stocks, bonds, warrants, and options) are traded on public exchanges. The Northern Trust Company, SURS' custodial bank, establishes these prices using third-party pricing services. Generally, these prices are reported at the last reported sales price. Certain investments that do not have an established market value are reported at estimated fair value obtained from a custodial bank or investment management firm. These investments include commingled investment pools, where the underlying assets are individually marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. The investment manager, using methods approved by the CFA Institute (formerly known as the Association for Investment Management Research) or other industry standards, values non-marketable securities (real estate and venture capital). These methods generally include detailed property level appraisals and discounted cash flow analysis.

For the SMP, investments are reported at fair value by the Service Providers. These investments include both mutual and variable annuity funds where the underlying assets are marked to market (i.e., estimated fair value) on a daily basis and individually traded on publicly recognized exchanges. Generally, the prices on the underlying investments are reported at the last reported sales price. Purchases and sales of securities are recorded on a trade-date basis. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date.

H. Capital Assets

Capital assets are depreciated over the estimated useful life of each asset. Annual depreciation is computed using the straight-line method.

I. Administrative Expenses

System administrative expenses (which include amounts for both the defined benefit and self-managed plans) are budgeted and approved by the System's Board of Trustees. Funding for these expenses is included in the employer contribution as determined by the annual actuarial valuation and appropriated by the State of Illinois. This funding is included in the allocation of the state employer contribution recognized in the defined benefit plan. Therefore, expenses to administer the self-managed plan are recognized as administrative expenses in the defined benefit plan in these financial statements.

J. Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements as of and for the year ended June 30, 2008, from which the summarized comparative information was derived.

K. Reclassification

Certain items in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

Notes to the Financial Statements

L. New Accounting Pronouncements

The Governmental Accounting Standards Board Statement 51 has been issued and is effective for all reporting periods beginning after June 15, 2009. This pronouncement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. SURS plans to follow these reporting requirements for fiscal year 2010 according to this Statement.

The Governmental Accounting Standards Board Statement 53 has been issued and is effective for all reporting periods beginning after June 15, 2009. This pronouncement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The guidance in this Statement improves financial reporting by requiring governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value. The disclosures provide a summary of the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments. SURS plans to follow these reporting requirements for fiscal year 2010 according to this Statement.

M. Subsequent Events

SURS has evaluated subsequent events for potential recognition and/or disclosure through January 21, 2010, the date the financial statements were available to be issued.

II. Contributions and Net Assets Designations

A. Defined Benefit Plan

1. Membership Contributions

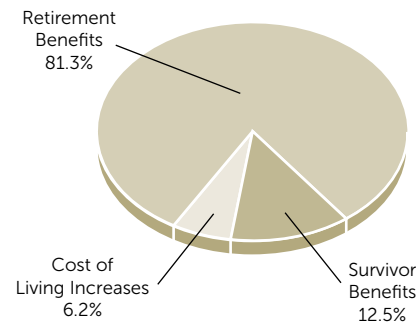
In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, members of the traditional benefit package contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for survivor benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. Members of the portable benefit package contribute 8% of their gross earnings; 6-1/2% of those are designated for retirement annuities, 1/2% for post-retirement increases, and 1% for enhanced refund benefits. Police officers and fire fighters contribute 9-1/2% of earnings; the additional 1-1/2% is a normal retirement contribution. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature. The member contributions are picked up by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

All contributions on pre-1981 earnings and service credit payments, plus future other public employment, prior service, refund repayments, leave payments, military service payments, and the employee portion of Early Retirement Option payments are considered as previously taxed, unless qualifying funds are rolled over to SURS to make these purchases, or unless the payments are made in installments through employer deductions from payroll. Previously taxed contributions will be recovered tax-free when distributed to the employee in the form of benefits or payments or to his or her beneficiary as a death and/or survivor benefit.

2. Interest Credited on Member Contributions

For the traditional and portable benefit packages, the interest rate credited is fixed by the Board of Trustees and is currently 8.5%. As of July 1, 2009, the rate will be 8.0%. For purposes of lump sum refunds to former members, the traditional benefit package offers an interest rate of 4-1/2%, compounded annually, and the portable benefit package offers an interest rate equal to the credited rate, compounded annually. A change brought forth by the enactment of Public Act 94-0004 and effective July 1, 2005, calls for the Comptroller of the State of Illinois to set the interest rate credited to member contribution balances for purposes of the calculation of retirement annuities under the money purchase formula. The Comptroller set that rate at 8.5% for fiscal year 2006, 8.0% for fiscal years 2007 and 2008, and at 8.5% for fiscal year 2009. As of July 1, 2009, the rate will be 7.5%. Members certified after July 1, 2005 will not be eligible for the money purchase formula calculation. Rather their retirement annuity will be calculated using the general formula.

Member Contributions



Notes to the Financial Statements

3. Employer Contributions

On an annual basis, an actuarial valuation is performed in order to determine the amount of statutorily required contributions from the State of Illinois. An actuarial experience study is performed every 5 years to determine the assumptions to be used in the annual valuation. The actuarial assumptions are also reviewed at least annually by the System. The last actuarial experience study was performed during fiscal year 2007. To determine the funding method, Public Act 88-0593 was passed by the Illinois General Assembly in 1994. This act, which took effect on July 1, 1995, provides a 15-year phase-in to a 35-year plan that requires the state to make continuing appropriations to meet the normal actuarially-determined cost of the System, plus amortize the unfunded accrued liability. Under this plan, the System is expected to be 90% funded by fiscal year 2045.

On June 1, 2005, Governor Blagojevich signed Public Act 94-0004 which impacted state funding and retirement benefit calculations in fiscal year 2006 and 2007. This public act authorized the following changes. First, it eliminated the money purchase calculation formula for Illinois higher education institution employees hired after June 30, 2005. Second, it transferred responsibility for determining the annual effective rate of interest to be used for the money purchase formula calculation from the SURS Board of Trustees to the State Comptroller. Finally, it required lower state contributions than the prior funding plan for the fiscal years 2006 and 2007. The decrease in state contributions was \$158 million for fiscal year 2006, and \$140 million for fiscal year 2007.

4. Net Asset Accounts

The System maintains two designated accounts that reflect the assignment of net assets to employee and benefit accounts:

- a. The Employee Contribution Account records the pension assets contributed by each employee and the interest income earned by those contributions.
- b. The Benefits from Employee and Employer Contributions Account records the net assets available for annuities in force and available for future retirement, death and disability benefits, the undistributed investment income, the unexpended administrative expense allocation, and the variations in actuarial assumptions.

Balances in these designated accounts as of June 30, 2009 are as follows:

Employee contributions	\$ 5,688,943,973
Benefits from employee and employer contributions	5,344,029,430
Total Net Assets	<u>\$ 11,032,973,403</u>

5. Ownership of Greater than 5 Percent of Net Assets Available for Benefits

In addition to U.S. Government and agency bond issues and treasury notes, there are investments as of June 30, 2009 in Federal National Mortgage Association (FNMA) obligations that represent 7.16% of the System's total investments.

B. Self-Managed Plan

1. Membership Contributions

In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, members contribute 8% of their gross earnings. These statutes assign the authority to establish and amend the contribution provisions of the plan to the State Legislature.

The member contributions are picked up by the employer and treated as employer contributions for income tax purposes. Retirement contributions are based on the gross earnings before the employer pick-up and are included in earnings.

Service credit purchase payments are considered as previously taxed, unless qualifying funds are rolled over to SURS to make these purchases. Previously taxed contributions will be recovered tax-free when distributed to the employee in the form of benefits or refunds or to his or her beneficiary as a death and/or survivor benefit.

Notes to the Financial Statements

2. Employer Contributions

In accordance with Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*, employer contributions credited to the SMP participant are at a rate of 7.6% of the participant's gross earnings, less the amount retained by SURS (currently .5%) to provide disability benefits to the participant. The amounts credited are paid into the participant's account. The State of Illinois shall make the employer contribution to SURS on behalf of the SMP participants.

3. Net Asset Accounts

The SMP maintains three designated accounts that reflect the assignment of net assets to employee contributions, disability benefits, and employer forfeiture accounts:

- a. The Employee Contribution Account records the pension assets contributed by each employee and the corresponding employer contribution, and the investment income earned by those contributions.
- b. The Disability Benefits Account reflects the pension assets contributed by the employer and held to fund member disability benefits.
- c. The Employer Forfeiture Account reflects the pension assets contributed by the employer but forfeited from member accounts due to termination prior to reaching 5 years of service. Future employer contributions are reduced by the total forfeitures held by the defined contribution plan.

The assets related to disability benefits and employer forfeitures are commingled with the investment assets of the defined benefit plan. Investment income or loss is credited to these balances based upon the annual investment return or loss of the commingled assets. For fiscal year 2009, the investment loss credited to these balances was \$10,258,625.

Balances in these designated accounts as of June 30, 2009 are as follows:

Employee contributions	\$ 532,971,984
Disability benefits	36,688,771
Employer forfeitures	3,934,510
Total Net Assets	<u>\$ 573,595,265</u>

4. Ownership of Greater than 5 Percent of Net Assets Available for Benefits

There are no significant investments in any one organization that represent 5% or more of net assets available for benefits.

III. Deposits and Investments

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, State Universities Retirement System deposits may not be returned. Cash held in the investment related bank account in excess of \$250,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of The Northern Trust Company which has a AA Long Term Deposit/Debt rating by Standard & Poor's, an Aa3 rating by Moody's and an AA/AA- rating by Fitch. At June 30, 2009, the carrying amount of cash was \$420,905,712 and the bank balance was \$424,621,965, of which \$14,305,811 was foreign currency deposits and was exposed to custodial credit risk. The remaining \$122,753,705 was made up of short-term invested funds which are considered to be investments for the purpose of assessing custodial credit risk.

Notes to the Financial Statements

Investment Policies

Investments are governed by Chapter 40, Act 5, Articles 1 and 15, of the *Illinois Compiled Statutes*. The most important aspect of the statutes is the prudent expert rule, which establishes a standard of care for all fiduciaries. (A fiduciary is any person who has authority or control with respect to the management or administration of plan assets.) The prudent expert rule states that fiduciaries must discharge their duties with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time. The SURS Board of Trustees has adopted a Statement of Investment Guidelines that contains general guidelines for investments. The Investment Section of this report contains a summary of these guidelines. Within the prudent expert framework, the SURS Board of Trustees establishes specific investment guidelines in the investment management agreement of each individual investment management firm.

Investment Commitments

Private Equity Investment portfolios consist of passive interests in limited partnerships. The System had outstanding commitments to these limited partnerships of approximately \$534.2 million and \$494.6 million as of June 30, 2009 and 2008, respectively.

Investments

The carrying values of investments by type at June 30, 2009 are summarized below:

Equity investments	
U.S. equities	\$ 4,398,286,191
Non-U.S. equities	1,747,510,141
U.S. private equity	924,143,271
Non-U.S. private equity	59,474,565
Equity futures	(161,570,015)
Fixed income investments	
U.S. government obligations	545,894,910
U.S. agency obligations	1,019,494,560
U.S. corporate fixed income	1,593,740,013
U.S. fixed income, other	124,216,305
Non-U.S. fixed income securities	291,918,374
U.S. fixed income derivatives	24,935,641
Non-U.S. fixed income derivatives	9,226,546
U.S. fixed income futures	(25,198,438)
Non-U.S. fixed income futures	(9,226,546)
U.S. short-term investments	203,351,875
Non-U.S. short-term investments	18,104,418
U.S. swaps and options	39,046,083
Non-U.S. swaps and options	5,186,422
Real estate investments	
Real Estate	228,750,215
Mutual fund and variable annuities	
Self-managed plan mutual funds and variable annuity funds	530,092,101
Total Investments	<u><u>\$ 11,567,376,632</u></u>

- (a) Fixed income investments presented in this table include \$122,753,705 of short-term investments with maturities of less than 90 days, and \$152,595,438 of investments in the form of cash and cash-equivalents. Both are included in the cash and short-term investments total on the financial statements.
- (b) U.S. short-term investments principally consist of money market funds and options.
- (c) Fixed income investments presented in this table include \$9,619,820 of short-term bills and notes with maturities greater than 90 days.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. SURS has not adopted a formal policy specific to custodial credit risk. At June 30, 2009, no investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the System's name.

Notes to the Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the System's investment in a single issue. SURS has not adopted a formal policy specific to concentration of credit risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. The System's investment portfolios are managed by professional investment management firms. These firms must maintain diversified portfolios and must comply with risk management guidelines specific to each of their investment management agreements. Excluding U.S. government and agency issues, the portfolios are limited to a 5% allocation in any single investment grade U.S. issuer. Allocation limits also apply to international issuers. At June 30, 2009, SURS had investments in Federal National Mortgage Association (FNMA) obligations totaling \$792,640,477 that represented 7.16% of the System's total investments.

Credit Risk of Debt Securities

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill obligations. SURS has not adopted a formal policy specific to credit risk of debt securities. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. The quality ratings of investments in fixed income securities of the System as described by Standard & Poor's rating agency at June 30, 2009 are as follows:

Quality Rating: Standard & Poor's	Domestic**	International	Total
AAA	\$ 1,504,819,523	\$ 96,715,422	\$ 1,601,534,945
AA+	229,711,699	21,961,076	251,672,775
AA	270,330,184	24,266,486	294,596,670
AA-	52,437,049	2,526,725	54,963,774
A+	70,467,256	45,887,844	116,355,100
A	223,128,934	6,230,542	229,359,476
A-	80,101,973	27,294,431	107,396,404
BBB+	93,439,454	16,543,674	109,983,128
BBB	109,887,003	21,842,204	131,729,207
BBB-	81,630,744	5,724,652	87,355,396
BB+	4,163,299	1,882,745	6,046,044
BB	30,438,030	1,464,361	31,902,391
BB-	49,951,684	1,424,243	51,375,927
B+	20,906,644	204,000	21,110,644
B	11,776,469	140,000	11,916,469
B-	13,861,645	268,213	14,129,858
CCC+	6,902,156	3,416,159	10,318,315
CCC	42,140,669	51,166	42,191,835
CCC-	5,003,449	-	5,003,449
CC	7,476,744	-	7,476,744
C	1,370,423	33,800	1,404,223
D	649,066	144,000	793,066
Not Rated	20,400,502	13,896,631	34,297,133
Total credit risk: debt securities	\$ 2,930,994,599	\$ 291,918,374	\$ 3,222,912,973
U.S. Government Agencies *	557,957,935	-	557,957,935
Total Debt Securities Investments	\$ 3,488,952,534	\$ 291,918,374	\$ 3,780,870,908

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. These obligations include fixed income securities from FHA, GNMA and FDIC. Includes \$12,063,025 from self-managed plan mutual fund.

** Includes \$61,170,196 from self-managed plan variable annuities and mutual funds.

Notes to the Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The State Universities Retirement System manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The System has not adopted a formal policy specific to interest rate risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties.

At June 30, 2009, the segmented time distribution of the various investment types of debt securities of the System are as follows:

Type	Maturities in Years					
	2009 Fair Value	Less than 1 year	1 to 5 years	6 to 10 years	10 to 20 years	More than 20 years
U.S. Gov't & Agency Fixed Income	\$ 1,709,326,023	\$116,836,042	\$ 187,173,057	\$ 222,205,120	\$259,403,887	\$ 923,707,917
U.S. Corporate Fixed Income	1,655,410,206	100,171,655	395,302,438	643,698,286	59,629,348	456,608,479
U.S. Fixed Income, Other	124,216,305	2,199,208	–	122,017,097	–	–
Non-U.S. Fixed Income	291,918,374	47,118,335	148,314,301	68,480,200	3,311,377	24,694,161
Total	<u>\$ 3,780,870,908</u>	<u>\$266,325,240</u>	<u>\$730,789,796</u>	<u>\$1,056,400,703</u>	<u>\$322,344,612</u>	<u>\$1,405,010,557</u>

Notes to the Financial Statements

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. SURS has not adopted a formal policy specific to foreign currency risk. However, this area is addressed with each of the relevant investment managers in the Investment Management Agreement between the parties. International investment management firms maintain portfolios with diversified foreign currency risk for SURS. The System's exposure to foreign currency risk derives from its positions in foreign currency and foreign currency-denominated equity and fixed income investments. At June 30, 2009 the System's exposure to foreign currency risk is as follows:

Currency	Equity	Fixed Income*	Total
Australian dollar	\$ 51,024,749	\$ 5,495,927	\$ 56,520,676
Brazilian real	2,457,926	2,685,480	5,143,406
British pound sterling	231,069,773	8,386,255	239,456,028
Canadian dollar	53,916,126	6,531,915	60,448,041
Chinese yuan renminbi	–	15,161,773	15,161,773
Czech koruna	5,442,778	–	5,442,778
Danish krone	10,183,634	333,480	10,517,114
Egyptian pound	1,017,201	–	1,017,201
Euro	357,694,513	10,117,645	367,812,158
Hong Kong dollar	77,640,152	1,425,098	79,065,250
Indonesian rupiah	174,038	421	174,459
Japanese yen	220,939,559	15,240,950	236,180,509
Malaysian ringgit	1,874,935	(432,944)	1,441,991
Mexican peso	6,048,150	(74,127)	5,974,023
New Israeli shekel	721,874	–	721,874
New Taiwan dollar	12,686,871	581,437	13,268,308
New Zealand dollar	1,479,954	335,755	1,815,709
Norwegian krone	11,961,369	332,307	12,293,676
Philippine peso	78,441	–	78,441
Polish zloty	432,714	–	432,714
Singapore dollar	27,213,162	601,572	27,814,734
South African rand	2,168,725	–	2,168,725
South Korean won	10,023,926	69,510	10,093,436
Swedish krona	15,348,157	1,111,534	16,459,691
Swiss franc	93,340,671	57,986	93,398,657
Thai baht	4,591,013	54,438	4,645,451
Turkish lira	389,064	–	389,064
Total securities subject to foreign currency risk	\$ 1,199,919,475	\$ 68,016,412	\$ 1,267,935,887
Foreign investments denominated in U.S. Dollars	570,308,932	247,192,802	817,501,734
Total foreign investment securities	\$ 1,770,228,407	\$ 315,209,214	\$ 2,085,437,621

* Includes Swaps, Options and Short-Term Investments

Notes to the Financial Statements

Derivative Securities

The System invests in derivative securities. A derivative security is an investment whose payoff depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. The System's investments in derivatives are not leveraged. In the case of an obligation to purchase (long a financial future or a call option), the full value of the obligation is held in cash or cash equivalents. For obligations to sell (short a financial future or a put option), the reference security is held in the portfolio. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing strict limits as to the types, amounts, and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and senior management, and the risk positions of the investment managers are reviewed on a periodic basis to monitor compliance with the limits. During the year, SURS' derivative investments included foreign currency forward contracts, collateralized mortgage obligations (CMOs), treasury inflation protected securities (TIPS), options, futures, swaps, and swaptions.

Foreign currency forward contracts are used to hedge against the currency risk in SURS' foreign stock and fixed income security portfolios. A foreign currency forward contract is an agreement to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed-upon price. Fluctuations in the market value of foreign currency forward contracts are marked to market on a daily basis.

SURS fixed income managers invest in CMOs to improve the yield or adjust the duration of the fixed income portfolio. As of June 30, 2009, the carrying value of the System's CMO holdings totaled \$166,171,898.

Treasury inflation protected securities (TIPS) are used by SURS fixed income managers to provide a real return against inflation (as measured by the Consumer Price Index). In addition, SURS employs TIPS at the total fund level in order to utilize their diversification benefits. As of June 30, 2009, the fair value of the System's TIPS holdings totaled \$320,992,642.

SURS investment managers use financial futures to replicate an underlying security they wish to hold (sell) in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security (arbitrage). Additionally, SURS investment managers use futures contracts to improve the yield or adjust the duration of the fixed income portfolio. A financial futures contract is an agreement to buy or sell a specific amount at a specified delivery or maturity date for an agreed-upon price. Financial future positions are recorded with a corresponding offset, which results in a carrying value equal to zero. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to or received from the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

SURS investment managers use options in an attempt to add value to the portfolio (collect premiums) or protect (hedge) a position in the portfolio. Financial options are an agreement that gives one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As a writer of financial options, the System receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. All written financial options are recognized as a liability on the System's financial statements. As a purchaser of financial options, the System pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

SURS fixed income managers invest in swaps and swaptions to manage exposure to credit, currency, inflation and interest rate risks. Swaptions are options on swaps that give the purchaser the right, but not the obligation, to enter into a swap at a specific date in the future. At June 30, 2009, the fair value of swaptions was \$3.0 million. Swap agreements are privately negotiated agreements with a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. SURS investment managers have entered into credit default, inflation-linked, interest rate and total return swap agreements.

Notes to the Financial Statements

Credit default swap agreements involve one party making a stream of payments (the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. The seller of protection generally receives from the buyer of protection a fixed rate of income throughout the term of the swap provided there is no credit event. The seller effectively adds leverage to its portfolio as it is subject to investment exposure on the notional amount of the swap. At June 30, 2009, the total notional value of written credit default swaps (selling protection) was (\$488.6) million and the notional value of purchased credit default swaps (buying protection) was \$490.3 million. The fair value of credit default swaps at June 30, 2009, was \$12.3 million.

Inflation-linked swap agreements involve a stream of fixed payments in exchange for variable payments linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are utilized to transfer inflation risk from one counterparty to another. At June 30, 2009, the fair value of the inflation-linked swaps was \$0.3 million.

Interest rate swap agreements involve the exchange of a set of variable and fixed-rate interest payments linked to a referenced interest rate without an exchange of the underlying principal amount. These agreements are used to limit or manage exposure to fluctuations in interest rates or to obtain a marginally lower interest rate than would be available without the swap. The fair value of interest rate swaps at June 30, 2009, was \$2.8 million.

Total return swap agreements involve a stream of payments based on a set rate, either fixed or variable, by one party while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset (reference asset), usually an equity index, loans, or bonds, is owned by the party receiving the set rate payments. These swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without owning it. The fair value of total return swaps was \$0.1 million at June 30, 2009.

In connection with swap agreements, securities or cash may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default, bankruptcy or insolvency. Swaps are marked to market daily based upon values from third party vendors or quotations from market makers to the extent available and any change in value is recorded as an unrealized gain or loss.

All derivative financial instruments are recognized as either assets or liabilities at their fair value in the balance sheet with the changes in the fair value reported in current-period earnings. These instruments are classified on the balance sheet as equity and fixed income investments, and the change in the fair value is recorded on the income statement in net depreciation in fair value of investments. For the years ended June 30, 2009 and 2008, the System recognized losses of \$346,323,418 and \$152,226,244, respectively, on these instruments.

Notes to the Financial Statements

The following table presents the derivative positions held by SURS as of June 30, 2009:

Derivative Contracts Outstanding

	Number of Contracts	Contractual Principal(a)	Carrying Value(b)
Domestic Index Products			
Equity futures purchased	1,469	\$ 124,813,715	\$ 124,813,715
Derivative offset	–	–	(124,813,715)
Domestic Interest Rate Products			
Fixed income futures purchased	3,092	2,561,900,000	687,670,181
Derivative offset	–	–	(687,670,181)
Fixed income futures sold	89	17,800,000	(43,459,969)
Derivative offset	–	–	43,459,969
Fixed income written put options	8,800,268	131,900,000	(210,085)
Fixed income written call options	15,400,384	81,700,000	(285,607)
Fixed income purchased call options	50,300,053	55,600,000	419,973
International Index Products			
Equity futures purchased	467	36,756,300	36,756,300
Derivative offset	–	–	(36,756,300)
International Interest Rate Products			
International fixed income futures purchased	253	227,528,697	63,032,178
Derivative offset	–	–	(63,032,178)
International fixed income written put options	935	769,902,431	–
Foreign Currency Products			
Foreign forward currency purchases	–	–	204,181,196
Foreign forward currency sales	–	–	(205,951,912)

a) The contractual principal amounts listed above represent the market value of the underlying assets the derivative contracts control. Contractual principal amounts are often used to express the volume of the transactions but do not reflect the extent to which positions may offset one another. Contractual principal values do not represent actual recorded values.

b) Carrying value for futures in the table above, while shown as zero, is recorded in the financial statements as an asset in an amount equal to the contractual principal and is offset by a corresponding liability.

Securities Lending

The SURS Board of Trustees policies permit the System to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Credit Suisse, New York Branch, the System's third party agent lender, lends securities in exchange for cash collateral at 102% for U.S. securities and 105% for international securities. Cash collateral is shown on the System's financial statements. Securities lent are included in the Statement of Plan Net Assets. At year-end, the System had no credit risk exposure to borrowers because the amount the System owes to the borrowers exceeds the amounts the borrowers owe to the System. The contract with the System's third party agent lender requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are out on loan.

All securities loans can be terminated on demand by either the System or the borrower, although the average term of the loans is 1.38 days. Cash collateral is invested in the System's short-term investment pool, which at year end has a weighted average final maturity of 120 days and a weighted average reset of 26.83 days.

Loans outstanding as of June 30, 2009 (\$ millions)

Fair value of securities loaned	\$ 1,285.1
Fair value of collateral received from borrowers	\$ 1,323.0

Notes to the Financial Statements

Self-Managed Plan

The SMP participants have the ability to invest their account balances in 51 mutual and variable annuity funds. These funds are offered by two providers: Fidelity Investments and Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). As of June 30, 2009, the SMP had investments of \$570,709,663. A detailed schedule (unaudited) of the funds and balances at June 30, 2009 is located in the Investment Section of The Comprehensive Annual Financial Report.

IV. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 531,834	\$ -	\$ -	\$ 531,834
Office building	6,362,571	-	-	6,362,571
Information system equipment & software	14,032,419	445,394	141,235	14,336,578
Furniture and fixtures	2,057,878	84,594	21,104	2,121,368
	<u>22,984,702</u>	<u>529,988</u>	<u>162,339</u>	<u>23,352,351</u>
Less accumulated depreciation:				
Office building	1,890,288	126,002	-	2,016,290
Information system equipment and software	12,321,974	653,849	141,235	12,834,588
Furniture and fixtures	1,841,214	97,700	21,104	1,917,810
	<u>16,053,476</u>	<u>877,551</u>	<u>162,339</u>	<u>16,768,688</u>
	<u>\$ 6,931,226</u>	<u>\$ (347,563)</u>	<u>\$ -</u>	<u>\$ 6,583,663</u>

The average estimated useful lives for depreciable capital assets are as follows:

Office building	40 years	Information systems equipment	3 years
Information systems software	10 years	Furniture and fixtures	3 years

V. Compensated Absences

The System is obligated to pay employees at termination for unused vacation and sick time. The maximum time for which any individual may be paid is 448 hours of vacation and one-half of unused sick time earned between January 1, 1984 and December 31, 1997. No sick time earned after December 31, 1997 will be compensable at termination. At June 30, 2009, the System had a liability of \$1,084,979 for compensated absences, based upon the vesting method used for calculation of sick leave payable. The liability is included in the administrative and investment expenses payable on the Statement of Net Assets, and the annual increase or decrease in liability is reflected in the financial statements as an increase or decrease in salary expense.

Compensated absences payable for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Estimate Amount Due Within One Year
Compensated Absences Payable	<u>\$ 1,034,463</u>	<u>\$ 122,926</u>	<u>\$ 72,410</u>	<u>\$ 1,084,979</u>	<u>\$ 30,000</u>

Notes to the Financial Statements

VI. Insurance Coverage

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System has minimized the risk of loss through private insurance carriers for commercial, business owners, and automobile policies. The deductible for this insurance coverage ranges from \$250 to \$500 per occurrence. There has been no significant reduction of insurance coverage from the prior year. The System has not had any insurance claims filed or paid in the past four fiscal years.

VII. Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute toward health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Universities Retirement System do not contribute toward health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State; therefore, those annuitants with twenty or more years of credited service do not have to contribute toward health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the State Universities Retirement System's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

Required Supplementary Information

Defined Benefit Plan Schedule of Funding Progress (\$ millions)

Fiscal Year**	Actuarial	Accrued	Unfunded	Funding Ratio	Payroll	UAAL as % of Payroll
	Value of Assets (A)	Actuarial Liabilities	Accrued Actuarial Liabilities			
2000	\$12,063.9	\$ 13,679.0	\$ 1,615.1	88.2%	\$ 2,424.2	66.6%
2001	10,753.3	14,915.3	4,162.0	72.1%	2,474.6	168.2%
2002	9,814.7	16,654.0	6,839.3	58.9%	2,607.2	262.3%
2003	9,714.5	18,025.0	8,310.5	53.9%	2,763.4	300.7%
2004	12,586.3	19,078.6	6,492.3	66.0%	2,814.1	230.7%
2005	13,350.3	20,349.9	6,999.6	65.6%	2,939.1	238.1%
2006	14,175.1	21,688.9	7,513.8	65.4%	3,054.1	246.0%
2007	15,985.7	23,362.1	7,376.4	68.4%	3,181.0	231.9%
2008	14,586.3	24,917.7	10,331.4	58.5%	3,303.2	312.8%
2009	14,282.0	26,316.2	12,034.2	54.3%	3,463.9	347.4%

(A) Per public Act 96-0043, beginning fiscal year 2009, measures of financial soundness will be calculated using an actuarial value of assets based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

Schedule of Employer Contributions (\$ millions)

Fiscal** Year	Total	Member ARC*	Net ER/State ARC	Actual ER/State Contribution	State Contributions as % of Net ARC	Total Contributions as % of Total ARC
2000	\$ 547.8	\$ 222.5	\$ 325.3	\$ 241.1	74.1%	84.6%
2001	548.1	221.6	326.5	247.1	75.7%	85.5%
2002	686.9	250.0	436.9	256.1	58.6%	73.7%
2003	843.8	246.3	597.5	285.3	47.7%	63.0%
2004	934.8	243.8	691.0	1,757.5	254.4%	214.1%
2005	859.7	251.9	607.8	285.4	47.0%	62.5%
2006	914.9	252.9	662.0	180.0	27.2%	47.3%
2007	968.3	262.4	705.9	261.1	37.0%	54.1%
2008	971.6	264.1	707.5	344.9	48.8%	62.7%
2009	1,147.3	273.3	874.0	451.6	51.7%	63.2%

* Annual Required Contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

** The source of these schedules is the annual actuarial valuation which is performed as of June 30 for each fiscal year listed.

Supporting Schedules

Defined Benefit Plan Summary Schedule of Administrative Expenses For the Years Ended June 30, 2009 and 2008

	2009	2008
Personnel services		
Salary and wages	\$6,267,121	\$6,179,016
Retirement contributions	607,784	642,268
Insurance and payroll taxes	1,570,313	1,626,001
	<u>8,445,218</u>	<u>8,447,285</u>
Professional services		
Computer services	547,346	648,252
Medical consultation	23,484	38,513
Technical and actuarial	517,885	350,243
Legal services	483,615	159,930
	<u>1,572,330</u>	<u>1,196,938</u>
Communications		
Postage	416,877	287,219
Printing and copying	122,000	109,732
Telephone	88,921	87,166
	<u>627,798</u>	<u>484,117</u>
Other services		
Equipment repairs, rental and maintenance	71,760	64,238
Building operations and maintenance	284,790	274,750
Surety bonds and insurance	396,654	158,775
Memberships and subscriptions	47,006	36,412
Transportation, travel	127,768	158,889
Education	18,138	20,916
Supplies	89,834	86,198
	<u>1,035,950</u>	<u>800,178</u>
Self-Managed plan administration		
Salary and wages	240,178	169,682
Retirement contributions	23,538	17,682
Insurance and payroll taxes	56,120	34,405
Technical and actuarial	8,000	12,580
Postage	20,869	32,860
Transportation, Travel	1,634	-
Printing	12,885	12,665
	<u>363,224</u>	<u>279,874</u>
Depreciation and amortization	<u>877,550</u>	<u>870,852</u>
Total administrative expenses	<u><u>\$12,922,070</u></u>	<u><u>\$12,079,244</u></u>

Supporting Schedules

Defined Benefit Plan Summary Schedule of Consultant Payments For the Years Ended June 30, 2009 and 2008

	2009	2008
Defined benefit plan		
Technical and actuarial services:		
Berwyn Group	\$ 3,951	\$ 3,342
Careerbuilders	1,400	-
Centurion	33,000	-
Economic Research	4,578	4,306
EFL Associates	78,392	-
Alice Faron	790	-
Gabriel, Roeder, Smith & Co.	166,189	102,825
Gil of Illinois	15,000	18,000
Governmental Consulting Solutions	36,000	36,000
ICS/Merrill	9,394	337
INFRE	1,937	-
JP Morgan Chase	106	15,995
Lexis Nexis	-	6,460
McLagan	2,500	2,500
Meador Investigations	1,915	-
Miscellaneous	3,642	887
Morrill and Associates	48,000	48,000
Open position advertising	3,613	2,786
Reed Group	1,470	-
Smith Investigations	-	1,475
SUAA	2,043	-
The Northern Trust	85,959	83,215
University of Illinois Media Services	1,100	-
Woolard Marketing Consultants	<u>16,906</u>	<u>24,115</u>
	<u>517,885</u>	<u>350,243</u>
Legal services		
Areawide Reporting Services	1,521	3,043
Burke, Burns & Pinelli	72,746	45,629
Investors Responsibility Support Services	25,000	25,000
Mayer, Brown, LLP	331,852	39,008
Thomas, Mamer & Haughey	36,936	29,454
Winters, Featherstun, et al	<u>15,560</u>	<u>17,796</u>
	<u>483,615</u>	<u>159,930</u>
Self-managed plan		
Technical and actuarial services:		
EnnisKnupp + Associates, Inc.	8,000	7,500
Gabriel, Roeder, Smith & Co.	-	5,080
	<u>8,000</u>	<u>12,580</u>
Total consultant payments	<u>\$ 1,009,500</u>	<u>\$ 522,753</u>

Supporting Schedules

Defined Benefit Plan

Summary Schedule of Investment Fees, Commissions, and Administrative Expenses

For the Years Ended June 30, 2009 and 2008

	2009	2008
Master trustee & custodian		
The Northern Trust Company	\$ 996,475	\$ 1,003,906
Investment manager firm		
Aberdeen Asset Management	742,318	-
Adams Street Partners	3,773,464	3,191,403
Ariel Capital Management	24,802	206,360
Barclays Global Investors	2,442,227	2,186,658
BlackRock Financial Management	732,796	951,107
Calamos Advisors	431,923	-
Capital Guardian Trust Company	1,025,284	1,580,664
GlobeFlex Capital, L.P.	226,671	755,476
ING Clarion Real Estate Securities	755,899	1,107,496
Jacobs Levy Equity Management	579,368	480,491
Manager Development Program	874,703	954,629
Martin Currie, Inc.	1,343,404	1,771,692
Metropolitan West Asset Management	205,254	414,522
Mondrian Investment Partners	507,530	647,664
Muller & Monroe	625,000	375,000
Northern Trust Global Advisors	-	888,664
Northern Trust Investments	133,215	220,626
Pacific Investment Management Company	2,298,995	5,368,626
Pantheon Ventures	2,798,834	2,689,749
Paradigm Asset Management	62,088	115,932
Payden & Rygel	451,353	157,600
Piedmont Investment Advisors	169,737	107,194
Progress Investment Management Company	753,556	1,555,738
Pyramis Global Advisors Trust Company	628,798	1,373,609
RASARA Strategies	-	309,503
RhumbLine Advisers	156,885	188,931
RREEF	1,936,953	3,830,564
T. Rowe Price	825,286	172,791
Taplin, Canida & Habacht	58,888	-
UBS Realty Investors	1,181,688	1,288,944
Wellington Management Company	820,528	1,902,660
Western Asset Management	408,225	503,155
	<u>26,975,672</u>	<u>35,297,448</u>
Investment consultant, measurement & counsel		
EnnisKnupp + Associates, Inc.	343,668	360,000
Mayer, Brown, LLP	135,549	113,854
	<u>479,217</u>	<u>473,854</u>
Investment administrative expenses		
Personnel	774,149	699,100
Resources, board and travel	107,894	92,850
Performance measurement and database	97,550	92,647
	<u>979,593</u>	<u>884,597</u>
Total investment expenses	<u>\$ 29,430,957</u>	<u>\$ 37,659,805</u>

Supporting Schedules

Defined Benefit Plan Summary Schedule of Cash Receipts and Disbursements For the Year Ended June 30, 2009 (\$ millions)

Beginning Cash and Short-Term Investments Balance	\$ 797.6
Receipts	
Member contributions	\$ 273.5
Employer contributions	451.6
Investment income (loss)	(2,819.3)
Investments redeemed	58,884.6
Total Receipts	<u>\$ 56,790.4</u>
Disbursements	
Benefit payments	\$ 1,372.4
Administrative expenses	11.4
Investment expenses	31.0
Fixed asset purchases	.5
Refunds	42.6
SMP balance transfers	1.2
Investments purchased	55,585.2
Total Disbursements	<u>\$ 57,044.3</u>
Ending Cash and Short-Term Investments Balance	<u>\$ 543.7</u>

A COMPONENT UNIT OF THE STATE OF ILLINOIS



INVESTMENT SECTION

“To this place,
and the **kindness** of these people,
I owe everything.
Here I have **lived** a quarter of a century,
and have passed from a young to an old man.
Here my children have been **born**,
and one is buried.”

Address of February 11, 1861, as Lincoln paid tribute to his fellow Illinoisans before leaving Springfield to begin his inaugural journey to Washington, D.C.

Letter of Certification

The Northern Trust Company
 50 South La Salle Street
 Chicago, Illinois 60675
 (312) 630-6000



Northern Trust


To the Board of Trustees and the Executive Director:

The Northern Trust Company as Master Trustee has provided annual Statements of Account for the State Universities Retirement System of Illinois Master Trust ("Trust") which, to the best of its knowledge, provide a complete and accurate reflection of The Northern Trust Company's record of the investments, receipts, disbursements, purchases and sales of securities and other transactions pertinent to the Trust for the period July 1, 2008 through June 30, 2009.

In addition to the custody of assets, pursuant to and in accordance with the terms of the agreement establishing the Trust, The Northern Trust Company provided and continues (unless otherwise noted below) to provide the following services as Master Trustee:

1. Receive and hold all amounts paid to the Trust Fund by the Board of Trustees.
2. Accept and deliver securities in connection with investment transaction in accordance with the instructions of appointed Investment Managers or third party lending agents.
3. Collect dividends and registered interest payments.
4. Collect matured or called securities and coupons to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.
5. Begin, maintain or defend any litigation necessary in connection with the investment, reinvestment of the Trust Fund and the administration of the Trust.
6. Invest cash balances held from time to time in the individual investment management accounts in short term-cash equivalent securities.
7. Exercise rights of ownership with respect to securities held in the trust fund, including but not limited to, proxy voting in accordance with the instructions of appointed Investment Managers (international securities) or Marco Consulting (US domiciled securities); respond to stock subscriptions, conversion rights, and other capital changes pursuant to procedures set forth in the operating guidelines of the Northern Trust Company in effect from time to time.
8. Hold securities in the name of the Trust or nominee form or other means as provided in the agreement establishing the Trust.
9. Use the Federal Book Entry Account System for deposit of Treasury securities, and clearing corporations as defined in Article 8 of the Illinois Uniform Commercial Code for the deposit of other securities.
10. Employ agents with the consent of the Board of Trustees to the extent provided in the agreement establishing the Trust.
11. Provide disbursement services.
12. Provide security fail float income to the extent provided in the operating guidelines of The Northern Trust Company in effect from time to time.

THE NORTHERN TRUST COMPANY

By: 
 Patricia Somerville, Vice President

Letter of Transmittal



State Universities Retirement System of Illinois

Serving Illinois Community Colleges and Universities

1901 Fox Drive • Champaign, IL 61820
1-800-ASK SURS • (217) 378-8800 (C-U)
(217) 378-9800 (FAX)

Investment Department

November 1, 2009

Board of Trustees and Executive Director
State Universities Retirement System
1901 Fox Drive
Champaign, Illinois 61820

Presented herein is this year's Investment Section of the State Universities Retirement System (SURS) Comprehensive Annual Financial Report. SURS is a large and mature defined benefit investment program with a portfolio value of over \$11.0 billion for the fiscal year ending June 30, 2009. As we all are aware, the world economic downturn during the recent fiscal year has impacted virtually all investors. SURS was not immune to being negatively impacted by the challenging financial events.

During this unprecedented period, the SURS Investment Portfolio returned (19.7%), net of investment management fees, for the fiscal year ended June 30, 2009. The portfolio exceeded its benchmark goal for the fiscal year by 0.4%.

Primarily as a result of investment performance being less than the assumed actuarial rate of return of 8.5%, the System's funding ratio decreased on a market value basis from 58.5% to 41.9% as of fiscal year end 2009. It is important to note that the actuarial valuation is now utilizing a five-year smoothing period which resulted in a funding ratio of 54.3% as of June 30, 2009.

In the period prior to the market downturn which began during fiscal year 2008, SURS had experienced four consecutive years of double-digit investment returns. Investment performance for fiscal years 2007 and 2008 produced returns of 18.3% and (4.5%), respectively. As of June 30, 2009, five- and ten- year investment performance is 2.3% and 2.8%, respectively, with twenty-year performance for the investment program producing annualized returns of 7.3%.

A crucial duty of the SURS Board of Trustees is to approve the asset allocation strategy. These decisions provide a roadmap to assist in achieving a stable long-term investment return while maintaining risk at a desired level. During fiscal year 2008, SURS, with the assistance of its pension consultant, conducted a comprehensive asset/liability study. Prior to this, a study had last been initiated during fiscal year 2004.

The asset allocation strategy adopted during fiscal year 2008 is designed to manage portfolio risk by transitioning a segment of the portfolio from public market securities into private market or alternative investments strategies. At the conclusion of the implementation process, anticipated to be completed over the next several years, the investment program will have an increased exposure to real estate, private equity, infrastructure and, potentially, commodities. In addition, an increased exposure to global equity strategies is being achieved while reducing exposure to domestic equity strategies.

As always, a number of significant events occurred during the year, many of which are referenced below. The Investment section of this Report provides a more detailed review of these items.

- After a difficult investment period, total combined fund assets in the defined benefit and defined contribution plans are in excess of \$11.6 billion with the SURS investment program continuing to rank as one of the largest 100 pension plans in the U.S.
- During the year, an opportunistic real estate search was conducted to begin the process of expanding the real estate allocation of the investment program. The strategy is expected to provide favorable investment returns while providing additional diversification to the portfolio.

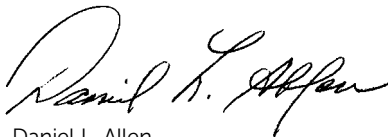
Letter of Transmittal (continued)

- The largest absolute investment returns were obtained in the private equity and TIPS asset classes, returning 16.4% and 16.3%, respectively.
- A search was initiated to identify premier investment managers for the infrastructure asset class. At the end of the fiscal year, screening of candidates was in process with the intent to finalize the search and bring qualified candidates to the Board of Trustees in early fiscal year 2010.
- The SURS Manager Development Program (MDP) continues to expand and has now been in existence for five years. SURS maintains a strong reputation in the industry of identifying quality minority- and women-owned investment management firms.
- During the year, the SURS Board of Trustees vetted and ultimately became a signatory to the Principles for Responsible Investment (PRI). The Principles are a global initiative with over 600 signatories to date throughout the world that encourage environmental, social and governance issues be considered in the investment decision-making practices.
- The Self-Managed Plan (SMP) completed its eleventh year of existence and exceeds \$500 million in assets.

During the upcoming fiscal year, SURS, with the assistance of its pension consultant, will continue the process of implementing outcomes from the comprehensive asset/liability study. Currently, activities are being conducted to initiate a real estate fund of funds program with the mandate to identify qualified emerging, minority- and women-owned real estate partnerships.

Despite the challenging market environment facing all of us, the Board of Trustees will strive to address the daunting task of seeking favorable long-term investment opportunities while maintaining a risk-controlled portfolio, always keeping the SURS membership in mind.

Sincerely,



Daniel L. Allen
Chief Investment Officer

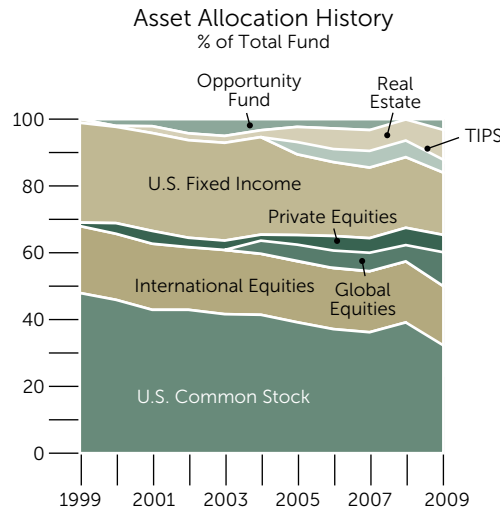
Investment Summary

The SURS Board of Trustees is charged with the responsibility of investing the assets entrusted to them solely for the benefit of the System’s participants and beneficiaries. The Trustees, in carrying out their responsibilities, adhere to applicable Illinois statutes, and the prudent expert rule, which states that the Trustees must “act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.” In carrying out their fiduciary duties, the Trustees have set forth a clearly defined investment policy, objectives, and strategies.

Investment Policy

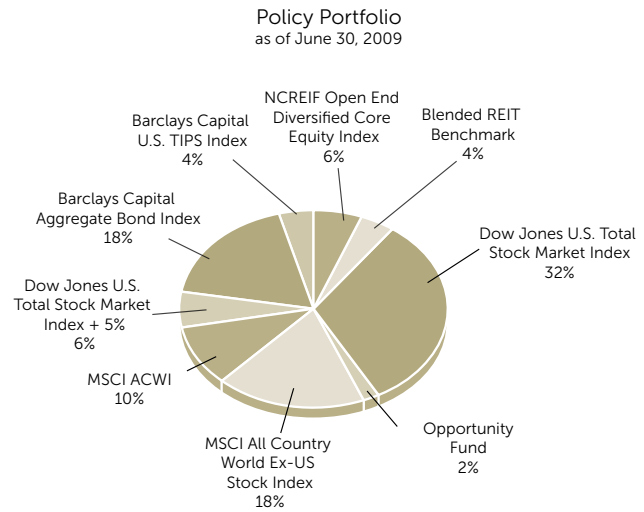
During fiscal year 2009, minor modifications to the SURS equity asset allocation targets were implemented. Allocations were decreased in the U.S. equities asset class from 39.5% to 35.0% and in the non-U.S. equities asset class from 18.5% to 18.0%. Offsetting allocation increases were made to the global equities asset class from 5.0% to 9.0% and to the private equities asset class from 5.0% to 6.0%.

As of June 30, 2009, SURS current investment policy targets are: 32.0% of the total fund invested in U.S. equities, 18.0% in non-U.S. equities, 10.0% in global equities, 6.0% in private equities, 18.0% in fixed income, 4.0% in treasury inflation protected securities (TIPS), 10.0% in real estate investment trust securities (REITS) and direct real estate (through fund of funds), and 2% in the Opportunity Fund. The graph titled Asset Allocation History details the various investment policy changes during the past 10 years.



Investment Objectives

The investment objective of the total portfolio is to produce annualized investment returns, net of all management fees, which exceed the return of a composite market benchmark or policy portfolio. The policy portfolio is comprised of market indices, which are consistent with the overall investment policy. The policy portfolio reflects a passive implementation of the investment policy. The current policy portfolio is comprised of 32.0% of the Dow Jones U.S. Total Stock Market Index, 18.0% of the Morgan Stanley All Country World Ex-US Index, 10.0% of the Morgan Stanley All Country World Index, 6.0% of the Dow Jones U.S. Total Stock Market Index + 5.0%, 18.0% of the Barclays Capital Aggregate Bond Index, 4.0% of the Barclays Capital U.S. TIPS Index, 4.0% of a blend of the Dow Jones U.S. Select Real Estate Securities Index, the FTSE European Public Real Estate Association/ National Association of Real Estate Investment Trusts (EPRA/NAREIT) Developed Ex-US Index and the FTSE EPRA/NAREIT Developed Index, 6.0% of the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index, and 2.0% of the combined benchmarks of the investments in the Opportunity Fund.



Investment Summary

Comparisons of total fund performance are also made with a universe of public pension funds implementing generally comparable investment policies. The public pension fund index used for comparative purposes is the Russell/Mellon Public Funds Index.

Investment Strategies

Asset Allocation

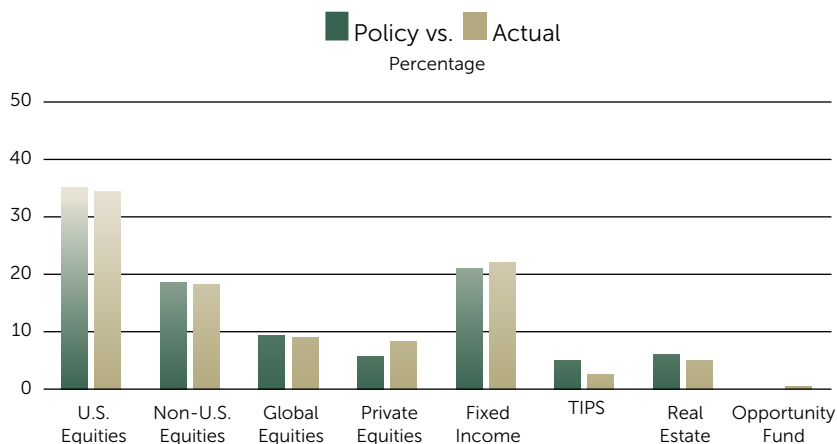
The investment policy of SURS provides an efficient allocation of assets to achieve overall risk and return objectives. Periodically, asset allocation studies are conducted and the results of these studies guide the setting of investment policy. A more comprehensive asset/liability study was last conducted in fiscal year 2008. The outcome of the study resulted in minor modifications to the investment portfolio with implementation scheduled to occur over the next several years. These modifications will increase the overall diversification of the portfolio and assist in managing investment risk.

Diversification

SURS invests in different types of assets and uses multiple investment managers and strategies as a method to ensure overall fund diversification. As of June 30, 2009, the System had retained the services of 41 investment management firms, several of which manage multiple mandates, and an additional 17 managers through the Progress Emerging Managers program. Each investment management firm is afforded full discretion to diversify its portfolio(s) in a manner it deems appropriate. The Trustees have created guidelines to direct the investment managers in their execution of the overall investment policy. The guidelines are specific to the type of portfolio managed.

Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with policy target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among investment managers who are hired to manage assets with a specified strategy. Although a strategy may be within a specified asset class, the manager may be authorized to utilize other instruments in another asset class. SURS' rebalancing policy calls for rebalancing, as soon as practical, if a strategy exceeds or falls below its target allocation by 3%. Due to the unprecedented turmoil in the financial markets during fiscal year 2009, the actual allocations to the U.S. equities, non-U.S. equities, private equities and fixed income asset classes were outside of the +/- 3% bands during October. SURS Board of Trustees approved a compliance exception to the Investment Policy at the December 2008 meeting and a rebalancing strategy at the March 2009 meeting. The strategy was implemented during March and April, returning the portfolio within its asset allocation bands in May. At year end, the fund was invested 72% in equities, 26% in fixed income, 2% in direct real estate, and 0% in opportunity fund as compared with the target allocations of 70%, 22%, 6%, and 2%, respectively. Staff is gradually implementing the policy target allocations that were approved as of July 1, 2008, through the strategic transition of assets between investment managers.

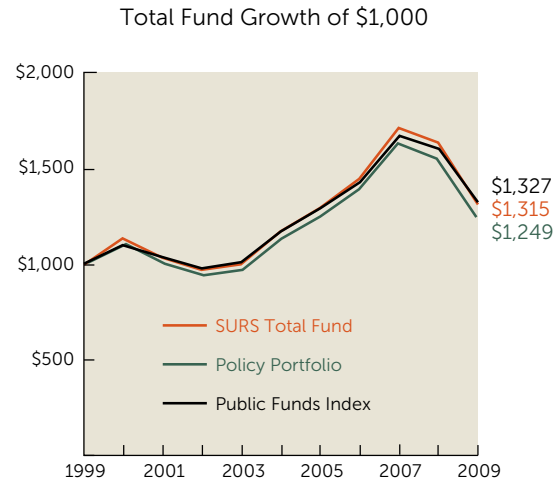


Investment Results

Long-Term Investment Results

The 10-year period ended June 30, 2009, provided returns that, while exceeding benchmark, have fallen below long-term targets. SURS total portfolio earned an annualized total return, net of all investment management expenses, of 2.8%. As shown in the investment results table, over the long term, SURS total fund returns are consistent with its market goal (policy portfolio) and the median public pension funds benchmark.

This consistent performance is best illustrated by the growth of \$1,000 invested in SURS total fund, the policy portfolio and median public funds index during the past 10 years. The ending points indicate that \$1,000 invested in SURS' total fund would have grown to \$1,315, while the same \$1,000 invested in the policy portfolio and median public funds index would have grown to \$1,249 and \$1,327, respectively.



Fiscal Year 2009 Results

For the fiscal year ended June 30, 2009, SURS total fund returned (19.7%), exceeding the market goal, or policy portfolio by 0.4%. SURS' one-year return trailed that of the median public pension fund return, as measured by the Russell/Mellon Public Pension Funds Index, by 1.9%. Four of the nine asset class portfolios, including private equity, TIPS, REITS, and the Opportunity Fund, met or exceeded the returns of their respective benchmarks.

Investment Results

	2005	Fiscal Year Ended June 30				Annualized		
	2006	2007	2008	2009	3 yr	5 yr	10 yr	
Total Fund								
SURS	10.4%	11.7%	18.3%	(4.5)%	(19.7)%	(3.2)%	2.3%	2.8%
Policy Portfolio	10.5	11.7	17.6	(5.0)	(20.1)	(3.7)	2.0	2.3
Public Funds Index	10.6	10.7	17.2	(4.1)	(17.8)	(2.6)	2.5	2.8
CPI	2.5	4.3	2.7	5.0	(1.4)	2.1	2.6	2.6
US Stock Returns								
SURS	7.8	9.4	19.8	(13.4)	(27.3)	(9.0)	(2.3)	(1.4)
Dow Jones U.S. Total Stock Market	8.2	9.9	20.5	(12.5)	(26.4)	(8.1)	(1.6)	(1.3)
Non-U.S. Stock Returns								
SURS	15.7	28.2	29.2	(7.9)	(32.2)	(6.9)	3.7	1.7
MSCI All Country World Index Ex-U.S.	16.5	27.9	29.6	(6.6)	(30.9)	(5.8)	4.5	2.5
Global Stock Returns								
SURS	8.7	17.0	20.5	(8.7)	(29.0)	(7.9)	(0.1)	2.2
Performance Benchmark	10.1	16.9	23.6	(10.7)	(27.9)	(7.3)	0.5	2.2
Private Equity Returns (1)								
SURS	14.9	22.2	25.7	16.4	(21.3)	5.7	8.9	18.0
Dow Jones U.S. Total Stock Market + 5%	12.2	19.7	16.3	(0.8)	(33.0)	(8.3)	0.6	2.9
Fixed Income Returns								
SURS	7.6	0.3	6.0	7.4	5.5	6.3	5.3	6.5
Performance Benchmark	7.4	(0.2)	6.1	7.1	6.0	6.4	5.3	6.2
TIPS Returns								
SURS	7.5	(1.2)	3.9	16.3	0.0	6.5	5.1	7.3
Performance Benchmark	7.6	(1.6)	4.0	15.1	(1.1)	5.8	4.6	6.6
Direct Real Estate Returns (2)								
SURS		3.6	18.5	10.6	(28.4)	(3.7)		
Performance Benchmark		13.0	15.6	12.0	(23.8)	(0.5)		
Real Estate Returns (REITS)								
SURS	33.3	22.0	13.3	(15.7)	(40.1)	(17.0)	(1.4)	8.7
Performance Benchmark	34.3	21.9	12.6	(17.2)	(41.3)	(18.1)	(2.1)	7.6
Opportunity Fund Returns								
SURS	9.9	11.9	16.4	10.7	(27.1)	(2.1)	2.8	6.6
Performance Benchmark	10.5	14.7	15.2	(6.8)	(34.4)	(11.0)	(2.3)	3.7

Return calculations (except for private equities and direct real estate) were prepared using a time-weighted rate of return methodology.

(1) Private equity returns were prepared using an Internal Rate of Return (IRR) methodology which is consistent with industry standards. Additionally, the returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.

(2) Direct real estate returns for both the portfolio and the benchmark are reported one quarter in arrears due to the length of the performance reporting cycle.

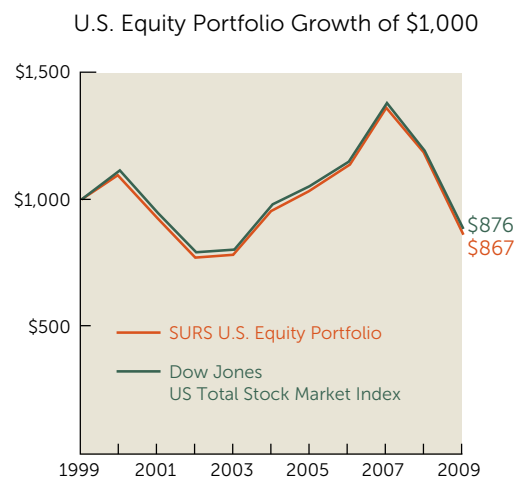
Investment Results

U.S. Equities

For the fiscal year 2009, SURS U.S. equity portfolio returned (27.3%). SURS portfolio underperformed its market benchmark, the Dow Jones U.S. Total Stock Market (DJ U.S. TSM) Index, by 0.9%. As the table indicates, the Dow Jones U.S. Total Stock Market Index returned (26.4%). For the fourth time in eight years, all segments of the U.S. equity market posted negative returns. Results were mixed between growth and value stocks, while small stocks outpaced large stocks. The SURS U.S. equity portfolio is by design both size and style neutral relative to the Dow Jones U.S. Total Stock Market Index. Consequently, the returns from this portfolio are expected to track consistently with the broad market.

	FY 2009	3 YR	5 YR	10 YR
SURS	(27.3%)	(9.0%)	(2.3%)	(1.4%)
DJ U.S. TSM	(26.4)	(8.1)	(1.6)	(1.3)
DJ U.S. Large Cap TSM	(26.7)	(7.9)	(1.7)	(1.9)
DJ U.S. Large Growth TSM	(25.5)	(5.7)	(1.3)	(4.0)
DJ U.S. Large Value TSM	(27.5)	(10.2)	(2.3)	0.0
DJ U.S. Small Cap TSM	(24.0)	(8.7)	(0.4)	3.2
DJ U.S. Small Growth TSM	(25.3)	(7.3)	0.5	0.5
DJ U.S. Small Value TSM	(22.5)	(10.1)	(1.4)	5.2
S&P 500	(26.2)	(8.2)	(2.2)	(2.2)
Russell 3000	(26.6)	(8.3)	(1.8)	(1.5)
Russell 2000	(25.0)	(9.9)	(1.7)	2.4

The accompanying chart indicates the growth of \$1,000 invested in the U.S. equity market during the past 10 years. The ending points indicate that \$1,000 invested in SURS U.S. equity portfolio would have grown to \$867 (net of investment management expenses), while the same \$1,000 invested in the Dow Jones U.S. Total Stock Market Index would have grown to \$876.



TEN LARGEST U.S. EQUITY HOLDINGS (excludes commingled funds)

	Shares	Carrying Value
Exxon Mobil Corp	1,436,672	\$ 100,437,740
Microsoft Corp	2,330,737	55,401,618
Johnson & Johnson	904,243	51,361,002
Procter & Gamble Co	959,240	49,017,164
Apple Inc	320,980	45,717,181
International Business Machines Corp	401,482	41,922,750
JP Morgan Chase & Co	1,217,964	41,544,752
Chevron Corp	608,022	40,281,458
AT&T Inc	1,572,596	39,063,285
Wal-Mart Stores Inc	762,948	36,957,201

Note: A complete list of the portfolio holdings is available upon request.

Investment Results

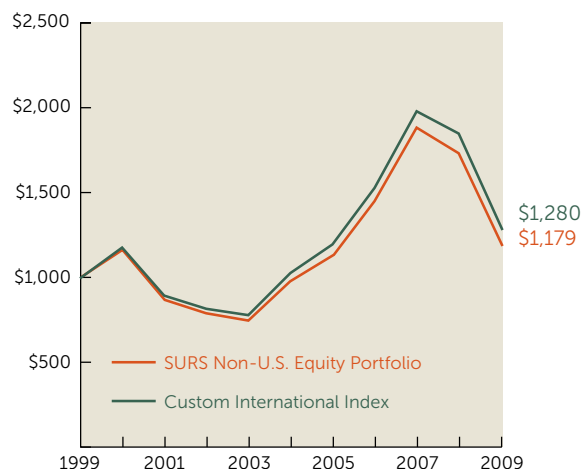
Non-U.S. Equities

For fiscal year 2009, SURS non-U.S. equity portfolio returned (32.2%), lagging its benchmark return by 1.3%. The non-U.S. equity portfolio performance benchmark, the Morgan Stanley All Country World Ex-US Index, fell 30.9% in value during the fiscal year. The benchmark represents a mixture of both developed and emerging markets, which varies over time depending on market performance. This mix accurately portrays the manner in which SURS non-U.S. equity investments are allocated.

During fiscal year 2004, the non-U.S. equity asset class was restructured to include a layer of structured active (enhanced) strategies. These changes, which are consistent with those previously implemented in the U.S. equity portfolio, were made in an attempt to assist in reducing the performance volatility and earn more consistent returns.

The accompanying chart indicates the growth of \$1,000 invested in the non-U.S. equity markets during the past 10 years. The ending points indicate that \$1,000 invested in SURS non-U.S. equity portfolio would have grown to \$1,179 (net of investment management expenses), while the same \$1,000 invested in the performance benchmark would have grown to \$1,280.

Non-U.S. Equity Portfolio Growth of \$1,000



	FY 2009	3 YR	5 YR	10 YR
SURS	(32.2)%	(6.9)%	3.7%	1.7%
MSCI ACWI Ex-US	(30.9)	(5.8)	4.5	2.5
MSCI EAFE	(31.4)	(8.0)	2.3	1.2
MSCI Emerging Markets	(28.1)	3.0	14.7	8.7
CGE BMI Ex-US	(30.9)	(7.1)	3.7	2.8

TEN LARGEST NON-U.S. EQUITY HOLDINGS (excludes commingled funds)

	Shares	Carrying Value
BP (United Kingdom)	3,879,130	\$ 30,523,516
Roche Holdings AG (Switzerland)	176,338	23,948,437
Nestle SA (Switzerland)	609,092	22,917,608
E.On AG (Germany)	575,310	20,351,496
Canon Inc (Japan)	551,150	18,050,827
HSBC Holdings (United Kingdom)	2,134,621	17,664,889
Rio Tinto (United Kingdom)	429,672	14,895,093
Banco Santander SA (Spain)	1,222,603	14,679,408
Zurich Financial Services AG (Switzerland)	80,983	14,252,353
Sun Hung Kai Properties Ltd (Hong Kong)	1,094,282	13,667,847

Note: A complete list of the portfolio holdings is available upon request.

Investment Results

Global Equities

SURS initially invested in global equities through its Opportunity Fund in 2002 and transferred the program to a separate asset class during fiscal year 2004. The two managers and strategies that were employed in the Opportunity Fund were transferred to this new asset class. During fiscal year 2009, the asset class was expanded from the original two managers to a total of six managers. As the table indicates, SURS global equity portfolio underperformed its benchmark by 1.1% for the fiscal year, returning (29.0%). The benchmark for this portfolio was modified in November of 2008 from the MSCI World Index to the MSCI All Country World Index (ACWI), to include emerging markets as well as developed markets in the benchmark.

	FY 2009	3 YR	5YR
SURS	(29.0)%	(7.9)%	(0.1)%
Performance Benchmark	(27.9)	(7.3)	0.5
MSCI ACWI	(29.3)	(7.1)	1.1
MSCI World	(29.5)	8.0	0.0
Dow Jones	(26.4)	(8.1)	(1.6)
U.S. Total Stock Market			
MSCI EAFE	(31.4)	(8.0)	2.3
MSCI ACWI Ex US	(30.9)	(5.8)	4.5

Private Equities

SURS private equity portfolio posted a return of (21.3%) during fiscal year 2009. The portfolio's benchmark, the, Dow Jones U.S. Total Stock Market Index +5% posted a return of (33.0%). As of June 30, 2009, the valuation of SURS' private equity portfolio was \$943 million, amounting to 8.5% of total plan assets.

	FY 2009	3 YR	5 YR	10 YR
SURS	(21.3)%	5.7%	8.9%	18.0%
Performance Benchmark (33.0)	(8.3)	0.6	2.9	
(Dow Jones U.S. Total Stock Market + 500 Basis Points)				

SURS private equity portfolio is highly diversified. Since its inception in 1990, the SURS private equity portfolio has made commitments to numerous partnership funds. The private equity portfolio has been diversified by a number of different measures such as time, general partner groups and sub-asset class types. This diversification effort has benefited the portfolio as different sub-classes perform better under different economic and market conditions. Since its inception, a total of \$2,237 million has been committed to these funds, and of this amount \$1,644 million has been invested. During this same period, SURS has received \$1,391 million in distributions, which, when combined with the current value of the portfolio, indicates that the portfolio has generated a significant return over the approximately 18-year period. The table above indicates that for the longer term time period of 10 years, SURS private equity portfolio has significantly outperformed its benchmark return.

Fixed Income

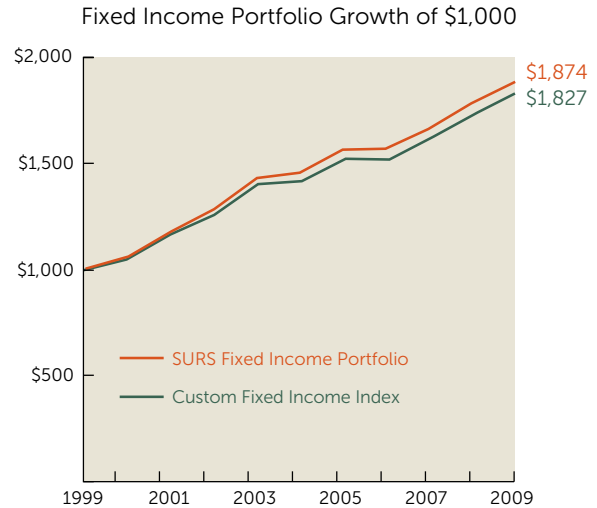
The SURS fixed income portfolio returned 5.5% for the year, trailing the 6.0% return of the portfolio's custom benchmark. The fixed income portfolio's benchmark is the Barclays Capital Aggregate Bond Index, which reflects the manner in which the assets are invested. SURS investment managers typically employ a Core Plus approach that utilizes securities which include government, corporate, mortgage, high yield and non-U.S. bonds. This portfolio has been the most consistent of all the portfolios, generating above benchmark returns in 19 of the past 21 fiscal years.

	FY 2009	3 YR	5 YR	10 YR
SURS	5.5%	6.3%	5.3%	6.5%
Performance Benchmark	6.0	6.4	5.3	6.2
Barclays Capital Aggregate	6.0	6.4	5.0	6.0
Barclays Capital Universal	4.9	5.9	4.9	6.0
Long Term Govt.	6.9	8.4	6.9	7.5
Intermediate Govt.	6.4	7.0	5.0	5.6
Long Term Corp.	4.0	4.2	4.1	6.0
Intermediate Corp.	3.8	4.7	3.8	5.6
Mortgage-Backed	9.4	7.9	6.0	6.3

SURS fixed income portfolio is structured to capture the return of the broad market over the long term. Consequently, the returns from this portfolio will tend to track that of the broad fixed income market (Barclays Capital Aggregate Bond Index) over longer periods of time. As the table above indicates, SURS portfolio has reliably added value over each of the longer-term periods presented.

Investment Results

The accompanying chart indicates the growth of \$1,000 invested in the U.S. fixed income market during the past 10 years. The ending points show that \$1,000 invested in SURS' U.S. fixed income portfolio would have grown to \$1,874 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,827.



TEN LARGEST FIXED INCOME HOLDINGS (excludes commingled funds)

Asset Description	S & P Rating	Interest Rate	Maturity Date	Par Value	Carrying Value
Federal National Mortgage Association	AAA	6.000	July 15, 2039	\$187,485,000	\$195,921,825
Federal National Mortgage Association	AAA	5.500	July 15, 2037	61,985,993	64,222,695
US Treasury Inflation Index Notes	AAA	2.375	Jan 15, 2025	36,680,000	42,645,272
Federal National Mortgage Association	AAA	5.500	Sept 1, 2034	40,541,048	42,041,918
US Treasury Inflation Index Notes	AAA	1.875	July 15, 2013	26,999,000	32,147,138
Societe de Financement de l Economie	AAA	3.375	May 5, 2014	29,275,000	29,348,012
US Treasury Inflation Index Bonds	AAA	2.000	July 15, 2014	25,100,000	29,057,827
Federal National Mortgage Association	AAA	5.000	July 15, 2039	26,760,000	27,245,025
US Treasury Notes	AAA	2.625	July 15, 2017	24,700,000	27,078,717
US Treasury Inflation Index Bonds	AAA	3.875	April 15, 2029	15,930,000	26,214,517

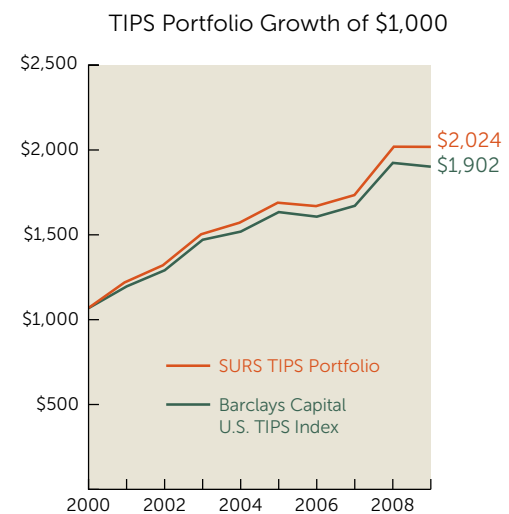
Note: A complete list of the portfolio holdings is available upon request.

Treasury Inflation Protected Securities (TIPS)

As of July 1, 2004, the TIPS portfolios were transferred from the Opportunity Fund to a separate asset class. At June 30, 2009, TIPS accounted for 2.5% of the total fund. The SURS passively managed U.S. TIPS portfolio was liquidated during April of 2009 as a component of the rebalancing strategy approved by the Board of Trustees. The TIPS portfolio returned 0% for fiscal year 2009, exceeding its Barclays Capital U.S. TIPS benchmark by 1.1%. The portfolio's three- and five-year returns outpaced the annualized benchmark returns by 0.7% and 0.5%, respectively.

	FY 2009	3YR	5 YR
SURS	0.0%	6.5%	5.1%
Performance Benchmark	(1.1)	5.8	4.6

The accompanying chart indicates the growth of \$1,000 invested in the U.S. TIPS market during the past 10 years. The ending points indicate that \$1,000 invested in SURS U.S. TIPS portfolio would have grown to \$2,024 (net of investment management expenses), while the same \$1,000 invested in the portfolio's benchmark would have grown to \$1,902.



Investment Results

Real Estate

The SURS Board of Trustees adopted an asset allocation during fiscal year 2001 that created a 2% allocation to publicly traded real estate securities (REITs). During fiscal year 2005, the target allocation to the real estate asset class was increased to 6%, comprised of 4% REITs and 2% direct real estate through fund of funds. Funding of the direct real estate allocation began at the end of fiscal year 2006. During fiscal year 2007, an allocation to global REITs was approved as a component of the 4% REITs target allocation with initial funding commencing April 2007.

The direct real estate portfolio returned (28.4%) for the fiscal year, underperforming its benchmark by 4.6%. The National Council of Real Estate Investment Fiduciaries (NCREIF) Open End Diversified Core Equity (ODCE) Index benchmark returned (23.8%) for the same period. The returns from this asset class lag one quarter due to the time frame associated with data collection for both accounting and performance reporting purposes.

SURS combined REITs portfolio decreased 40.1% during the fiscal year, outperforming its benchmark, a blend of the Dow Jones U.S. Select Real Estate Securities Index, the FTSE EPRA/NAREIT Developed Ex-US Index and the FTSE EPRA/NAREIT Developed Index, by 1.2%. The portfolio's three and five-year returns exceeded the benchmark return by a margin of 1.1% and 0.7% (annualized), respectively.

	FY 2009	3YR	5 YR
SURS	(40.1)%	(17.0)%	(1.4)%
Performance Benchmark	(41.3)	(18.1)	(2.1)
Dow Jones U.S. Select Real Estate Securities	(45.6)	(19.9)	(3.4)
FTSE EPRA/NAREIT Global Real Estate	(36.5)	(28.1)	(28.1)
FTSE EPRA/NAREIT Global Ex-US Real Estate	(30.5)	(26.6)	(26.6)

Opportunity Fund

The SURS Board of Trustees created the Opportunity Fund during fiscal year 2000 to provide an arena for investments in new opportunities, which might otherwise not be included in the total investment portfolio. Each of the investment portfolios is evaluated on an annual basis to determine whether or not they continue to merit inclusion in the fund. This unique portfolio has been designed in such a manner that no more than approximately 5% of the total fund assets can be invested in the fund. As of June 30, 2009,, the only type of investment in the portfolio is a specialty private equity fund.

The Opportunity Fund returned (27.1%) during the year, outpacing its custom benchmark return by 7.3%. In order to accurately monitor these investments, a custom benchmark has been established. The benchmark reflects a passive implementation of the various portfolios included in the Fund.

	FY 2009	3YR	5 YR
SURS	(27.1)%	(2.1)%	2.8%
Performance Benchmark	(34.4)	(11.0)	(2.3)

Self-Managed Plan

Fiscal year 2009 marks the eleventh complete year of the Self-Managed Plan (SMP). As of June 30, 2009, the SMP had accumulated plan assets of approximately \$570 million. This represents a decrease of approximately \$47 million since the end of fiscal year 2008. Contributing to the decline in plan assets was a market-related decrease, net of asset withdrawals, of approximately \$130 million. During the past several years, SMP participants have continued to maintain a balanced exposure to equities. In aggregate, the total funds invested by SMP participants have a 64% equity and 36% fixed income allocation, a 7% decrease in equities from last year's position and a more conservative asset allocation than the defined benefit plan portfolio.

A detailed schedule of the funds available in this plan, along with the investment totals for each fund, can be found in the accompanying table.

Asset Allocation

Self-Managed Plan Asset Allocation June 30, 2009

	U.S. Stocks	Non-U.S. Stocks	Fixed Income	Balanced	Real Estate	Total
Fidelity Funds						
Fidelity Managed Income Portfolio	\$ -	\$ -	\$ 13,115,779	\$ -	\$ -	\$ 13,115,779
Fidelity U.S. Bond Index	-	-	11,750,166	-	-	11,750,166
PIMCO Total Return	-	-	12,992,680	-	-	12,992,680
Fidelity Four In One Index	-	-	-	3,791,346	-	3,791,346
Fidelity Puritan	-	-	-	76,905,062	-	76,905,062
Ariel Fund	6,869,436	-	-	-	-	6,869,436
American Beacon Large Cap Value	833,709	-	-	-	-	833,709
Buffalo Small Cap	2,477,286	-	-	-	-	2,477,286
Hartford Capital Appreciation Y Fund	12,825,056	-	-	-	-	12,825,056
Fidelity Growth Company	19,774,562	-	-	-	-	19,774,562
Spartan Extended Market Index	6,407,584	-	-	-	-	6,407,584
Fidelity Contrafund	26,700,289	-	-	-	-	26,700,289
Fidelity Low Priced Stock Fund	12,732,898	-	-	-	-	12,732,898
Spartan Total Market Index	4,260,813	-	-	-	-	4,260,813
Spartan U.S. Equity Index	25,568,816	-	-	-	-	25,568,816
Fidelity Diversified International	-	17,002,919	-	-	-	17,002,919
Spartan International Index	-	4,094,285	-	-	-	4,094,285
Fidelity Worldwide	-	8,527,440	-	-	-	8,527,440
Fidelity Real Estate Investment	-	-	-	-	977,684	977,684
Fidelity Freedom 2000 (1)	-	-	-	117,617	-	117,617
Fidelity Freedom 2005 (1)	-	-	-	94,764	-	94,764
Fidelity Freedom 2010 (1)	-	-	-	819,827	-	819,827
Fidelity Freedom 2015 (1)	-	-	-	1,136,432	-	1,136,432
Fidelity Freedom 2020 (1)	-	-	-	2,757,873	-	2,757,873
Fidelity Freedom 2025 (1)	-	-	-	2,792,744	-	2,792,744
Fidelity Freedom 2030 (1)	-	-	-	3,858,838	-	3,858,838
Fidelity Freedom 2035 (1)	-	-	-	2,971,368	-	2,971,368
Fidelity Freedom 2040 (1)	-	-	-	2,904,158	-	2,904,158
Fidelity Freedom 2045 (1)	-	-	-	969,574	-	969,574
Fidelity Freedom 2050 (1)	-	-	-	784,315	-	784,315
Fidelity Freedom Income	-	-	-	418,276	-	418,276
Fidelity Total	118,450,449	29,624,644	37,858,625	100,322,194	977,684	287,233,596
						54.2%
TIAA-CREF Funds						
CREF Money Market Account	-	-	15,738,797	-	-	15,738,797
TIAA Traditional Annuity	-	-	49,891,798	-	-	49,891,798
CREF Bond Market Account	-	-	23,311,571	-	-	23,311,571
CREF Inflation Linked Bond Account	-	-	12,063,025	-	-	12,063,025
CREF Social Choice Account	-	-	-	19,470,549	-	19,470,549
CREF Equity Index Account	21,986,018	-	-	-	-	21,986,018
CREF Growth Account (2)	172,651	-	-	-	-	172,651
CREF Stock Account	51,150,426	-	-	-	-	51,150,426
CREF Global Equities Account	-	18,498,172	-	-	-	18,498,172
TIAA Real Estate Account	-	-	-	-	319,957	319,957
TIAA-CREF Large-Cap Growth Index	24,894,246	-	-	-	-	24,894,246
TIAA-CREF Lifecycle Fund 2010	-	-	-	200,478	-	200,478
TIAA-CREF Lifecycle Fund 2015	-	-	-	435,886	-	435,886
TIAA-CREF Lifecycle Fund 2020	-	-	-	472,153	-	472,153
TIAA-CREF Lifecycle Fund 2025	-	-	-	776,400	-	776,400
TIAA-CREF Lifecycle Fund 2030	-	-	-	888,131	-	888,131
TIAA-CREF Lifecycle Fund 2035	-	-	-	943,729	-	943,729
TIAA-CREF Lifecycle Fund 2040	-	-	-	1,474,499	-	1,474,499
TIAA-CREF Lifecycle Fund 2045	-	-	-	100,812	-	100,812
TIAA-CREF Lifecycle Fund 2050	-	-	-	53,141	-	53,141
TIAA-CREF Lifecycle Retirement Income	-	-	-	16,066	-	16,066
TIAA-CREF Total	98,203,341	18,498,172	101,005,191	24,831,844	319,957	242,858,505
						45.8%
GRAND TOTALS	\$216,653,790	\$48,122,816	\$138,863,816	\$125,154,038	\$1,297,641	\$530,092,101
	40.9%	9.1%	26.2%	23.6%	0.2%	100.0%
SMP Forfeiture Reserve (3)						3,934,509
SMP Disability Reserve (3)						36,683,053
Total SMP Investments						\$570,709,663

1. As of June 30, 2009, the Fidelity Freedom Fund (Lifecycle) series is the default fund for members who have selected the Self-Managed Plan, but have not yet selected individual mutual/variable annuity funds.

2. CREF Growth Account is no longer an approved option for the Self-Managed Plan. Assets remaining in the Account were invested prior to termination of this option.

3. These assets are commingled with the SURS defined benefit plan investments and accrue interest equal to the overall annual rate of return of the fund, net of fees.

Asset Allocation

Defined Benefit Plan Asset Allocation June 30, 2009 (\$ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
U.S. Stock Managers - Passive					
Northern Trust Investments	\$ 1,579,681	\$ -	\$ -	\$ 1,579,681	15%
RhumbLine Advisers	714,961	-	-	714,961	7%
Subtotal	2,294,642	-	-	2,294,642	21%
Non-U.S. Stock Managers - Passive					
Barclays Global Investors					
Custom International Fund	702,921	-	-	702,921	6%
Subtotal	702,921	-	-	702,921	6%
U.S. Stock Managers - Active					
BlackRock Equity Plus	281,585	-	-	281,585	3%
Buford Dickson Harper & Sparrow	13,429	-	-	13,429	-
Channing Capital Management	28,733	-	-	28,733	-
Holland Capital Management	23,962	-	-	23,962	-
Jacobs Levy Equity Management	200,056	-	-	200,056	2%
Lombardia Capital Partners	37,464	-	-	37,464	-
NCM Capital Management	29,445	-	-	29,445	-
Pacific Investment - StocksPlus	593,897	-	-	593,897	5%
Paradigm Asset Management	25,126	-	-	25,126	-
Piedmont Investment Advisors	48,042	-	-	48,042	-
Profit Investment Management	20,332	-	-	20,332	-
Progress Emerging Managers	81,252	-	-	81,252	1%
T. Rowe Price	154,113	-	-	154,113	1%
Subtotal	1,537,436	-	-	1,537,436	14%
Non-U.S. Stock Managers - Active					
Ativo Capital Management	5,170	-	-	5,170	-
Atlanta Life Investment Advisors	23,712	-	-	23,712	-
BGI Alpha Tilt	426,416	-	-	426,416	4%
GlobeFlex Capital	72,802	-	-	72,802	1%
Martin Currie	358,175	-	-	358,175	3%
Mondrian Investment Partners	168,933	-	-	168,933	2%
Progress Emerging Managers	30,235	-	-	30,235	-
Pyramis Global Advisors	119,698	-	-	119,698	1%
Strategic Global Advisors	15,077	-	-	15,077	-
Subtotal	1,220,218	-	-	1,220,218	11%
Global Stock Managers - Active					
Aberdeen Asset Management	191,218	-	-	191,218	2%
Calamos Investments	84,602	-	-	84,602	1%
Capital Guardian	231,310	-	-	231,310	2%
Payden & Rygel	99,279	-	-	99,279	1%
T. Rowe Price	106,499	-	-	106,499	1%
Wellington Management	271,356	-	-	271,356	2%
Subtotal	984,264	-	-	984,264	9%
Private Equity Managers					
Adams Street Acquisition Fund II	26	-	-	26	-
Adams Street Partnerships	357,439	-	-	357,439	3%
Adams Street 2009 Offering	2,908	-	-	2,908	-
Adams Street 2008 Offering	22,051	-	-	22,051	-
Adams Street 2007 Global Oppor Ptf	28,217	-	-	28,217	-
Adams Street Global Secondary Fund	16,989	-	-	16,989	-
Adams Street Non-U.S. Partnerships	46,243	-	-	46,243	-
Muller and Monroe ILPEFF	8,174	-	-	8,174	-
Muller and Monroe MPEFF	5,274	-	-	5,274	-
Pantheon Europe Fund III	51,070	-	-	51,070	-
Pantheon Europe Fund VI	5,492	-	-	5,492	-
Pantheon Global	2,810	-	-	2,810	-
Pantheon Global Secondary Fund II	11,991	-	-	11,991	4%
Pantheon USA 8	8,130	-	-	8,130	-
Pantheon Ventures, Inc.	399,103	-	-	399,103	-
Progress Investment	5,516	-	-	5,516	-
Subtotal	971,433	-	-	971,433	9%

Asset Allocation

Defined Benefit Plan Asset Allocation June 30, 2009 (\$ thousands)

	Equity	Fixed Income	Real Estate	Market Value	% of Fund
Bond Managers - Passive					
RhumbLine Advisers	–	122,017	–	122,017	1%
Subtotal	–	122,017	–	122,017	1%
Bond Managers - Active					
Barclays Global Investors					
Core Active Bond	–	240,452	–	240,452	2%
BlackRock Core Plus	–	192,642	–	192,642	2%
BlackRock Enhanced	–	250,191	–	250,191	2%
Cash	–	145,321	–	145,321	1%
Davis Hamilton Jackson & Associates	–	25,833	–	25,833	–
Metropolitan West Asset Mgmt.	–	294,052	–	294,052	3%
Pacific Investment	–	771,959	–	771,959	7%
Progress Emerging Managers	–	36,926	–	36,926	–
Pugh Capital Management	–	44,489	–	44,489	–
Smith Graham & Company	–	43,204	–	43,204	–
Taplin Canida & Habacht	–	29,441	–	29,441	–
Western Asset Mgmt	–	343,131	–	343,131	3%
Subtotal	–	2,417,641	–	2,417,641	22%
Treasury Inflation Protected Securities - Active					
Pacific Investment - U.S. TIPS	–	279,563	–	279,563	3%
Subtotal	–	279,563	–	279,563	3%
Direct Real Estate					
Dune Real Estate Parallel Fund II	–	–	2,106	2,106	–
RREEF America II Fund	–	–	107,013	107,013	1%
RREEF America III Fund	–	–	10,670	10,670	–
RREEF West Funds	–	–	162	162	–
UBS Trumbull Property Fund	–	–	112,399	112,399	1%
Subtotal	–	–	232,350	232,350	2%
Real Estate Investment Securities: U.S. - Passive					
Barclays Global Investors REIT	59,622	–	–	59,622	1%
Subtotal	59,622	–	–	59,622	1%
Real Estate Investment Securities: U.S. - Active					
ING Clarion Real Estate Securities	67,071	–	–	67,071	1%
RREEF America	62,885	–	–	62,885	1%
Subtotal	129,956	–	–	129,956	1%
Real Estate Investment Securities: Non-U.S. and Global					
Barclays Global Investors REIT	16,640	–	–	16,640	–
ING Clarion Real Estate Securities	47,606	–	–	47,606	–
RREEF	45,096	–	–	45,096	–
Subtotal	109,342	–	–	109,342	1%
Opportunity Fund					
Private Opportunities Fund	12,057	–	–	12,057	–
Subtotal	12,057	–	–	12,057	–
SMP Forfeiture/Disability Reserves (B)					
	(27,666)	(12,913)	(38)	(40,617)	
TOTAL FUND	\$7,994,225	\$2,806,308	\$232,312	\$11,032,845(A)	98%
% OF TOTAL FUND (C)	72%	25%	2%	100%	

(A) Amount includes accrued investment income receivable of \$39,455 at June 30, 2009 and includes net pending transactions of (\$271,588).

(B) These assets are commingled with the SURS defined benefit plan investments.

(C) The % of Total Fund may not add to 100% due to rounding.

Supporting Schedules

 Summary Schedule of Domestic Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
508 Securities, Inc.	\$ 159	3,180	\$ 0.05	\$ -	-	\$ -
Abel Noser Corporation	200	4,000	0.05	-	-	-
Adams Harkness & Hill	5,657	127,219	0.04	2,334	47,274	0.05
ADP Clearing & Outsourcing, Inc.	28,184	1,877,069	0.02	-	-	-
Alaris Trading Partners	14	1,100	0.01	-	-	-
Allen & Company	191	5,500	0.03	-	-	-
American Technology Research Inc.	72	2,400	0.03	-	-	-
Andes Capital	-	-	-	417	10,418	0.04
Arnhold & S. Bleichroeder Inc.	78	2,600	0.03	-	-	-
Autranet Inc.	201	6,700	0.03	762	21,768	0.04
Avian Securities, Inc.	116	2,900	0.04	-	-	-
Avondale Partners	801	33,270	0.02	39	1,300	0.03
Banc of America Securities	7,439	204,350	0.04	6,555	166,059	0.04
Banc of America Securities (ECN)	14	1,400	0.01	23	1,400	0.02
Bank of New York	3,398	102,430	0.03	6,372	150,960	0.04
Bank of New York ConvergEx Execution	36	1,800	0.02	-	-	-
Barclays Capital LE	39,341	1,637,106	0.02	-	-	-
Barclays Capital Algorithmic	81	8,100	0.01	-	-	-
Bass Trading	327	22,900	0.01	45	1,500	0.03
Baycrest	-	-	-	12	400	0.03
Baypoint Trading	3,242	107,925	0.03	60	1,500	0.04
Bear Stearns Securities Corp.	1,138	38,390	0.03	11,377	287,436	0.04
Benchmark Company	84	2,600	0.03	-	-	-
Benchmark Securities	174	3,472	0.05	-	-	-
Berean Capital Inc.	40	1,000	0.04	-	-	-
Bernstein, Sanford C. & Co.	7,144	388,599	0.02	1,457	36,404	0.04
Bernstein, Sanford C. & Co. (ECN)	754	75,448	0.01	745	74,500	0.01
Blair, William & Co.	4,319	97,839	0.04	3,797	85,451	0.04
Blaylock & Partners	1,715	61,152	0.03	-	-	-
Bloomberg Tradebook	4,269	179,776	0.02	353	35,200	0.01
BMO Capital Markets	2,989	98,500	0.03	972	20,572	0.05
Boenning & Scattergood	599	51,290	0.01	-	-	-
BNY Clearing Services, Inc.	17,337	410,309	0.04	16,985	399,974	0.04
BNY ESI Securities Co.	45,418	1,418,457	0.03	36,219	1,207,288	0.03
BOE Securities	3,053	83,035	0.04	369	9,229	0.04
Broadpoint AmTech	72	2,000	0.04	-	-	-
Buckingham Research Group	2,671	67,202	0.04	7,642	185,570	0.04
Burnham Securities In.	36	1,200	0.03	-	-	-
C.L. King & Associates	2,428	69,335	0.04	642	20,314	0.03
Cabrera Capital Markets	89,260	3,177,137	0.03	50,160	1,621,909	0.03
Canaccord Adams	187	5,900	0.03	188	3,750	0.05
Cantor Fitzgerald & Co.	16,716	656,565	0.03	8,056	237,627	0.03
Capital Institutional Services	33,418	831,403	0.04	19,866	458,953	0.04
Caris and Company Inc.	181	3,610	0.05	-	-	-
Carlin Equities	370	18,524	0.02	-	-	-
CastleOak Securities	1,849	51,450	0.04	1,466	38,935	0.04
Cheevers & Co	111,708	2,811,055	0.04	202,071	4,130,628	0.05
CIBC World Markets Corp.	-	-	-	498	10,335	0.05
Citation Group	425	8,505	0.05	-	-	-
Citigroup Global Markets Inc.	59,937	3,078,647	0.02	29,428	1,671,324	0.02
Citigroup Global Markets Inc. (ECN)	474	47,900	0.01	862	86,230	0.01
CJS Securities	195	6,500	0.03	-	-	-
Coker & Palmer	27	900	0.03	-	-	-
Cowen & Co.	3,690	106,873	0.03	1,591	44,405	0.04
Craig Hallum	149	3,275	0.05	-	-	-
Credit Suisse First Boston Corp.	25,259	1,138,295	0.02	8,103	242,512	0.03
Credit Suisse First Boston Corp. (ECN)	2,600	269,500	0.01	844	84,400	0.01
Cruttenden & Co.	-	-	-	133	2,660	0.05
CSI U.S. Institutional Desk	695	23,150	0.03	-	-	-
DA Davidson & Co.	417	12,500	0.03	-	-	-
Dain Rauscher	-	-	-	82	8,200	0.01
Davis Mendel & Regenstein Inc.	72	2,400	0.03	-	-	-
Dermott Clancy	78	3,900	0.02	-	-	-
Deutch Morgan Grunfeld	-	-	-	26	2,100	0.01
Deutsche Bank Securities, Inc.	19,206	673,189	0.03	5,025	150,299	0.03
Direct Access Partners	548	13,695	0.04	-	-	-
Direct Trading Institutional Inc.	24	3,200	0.01	54	5,350	0.01

Supporting Schedules (continued)

Summary Schedule of Domestic Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Direct Trading Institutional Inc. (ECN)	\$ 107	12,020	\$ 0.01	\$ 63	6,250	\$ 0.01
Divine Capital Markets	422	28,120	0.02	156	10,400	0.02
Dougherty & Company	45	1,500	0.03	-	-	-
Dowling Partners	363	15,000	0.02	-	-	-
East & West	1,133	33,689	0.03	-	-	-
Edge	-	-	-	2,998	201,110	0.01
Edwards, A.G.	-	-	-	1,427	31,700	0.05
Execution Ltd.	-	-	-	300	5,990	0.05
FBR Capital Markets	15	500	0.03	-	-	-
Fidelity Capital Markets	398	32,200	0.01	276	27,600	0.01
First Analysis Securities Corp.	42	1,400	0.03	40	1,000	0.04
First Honolulu Securities	465	15,200	0.03	-	-	-
Fox Pitt & Kelton	240	6,000	0.04	162	5,000	0.03
Friedman Billings & Ramsey	4,707	130,014	0.04	8,264	195,516	0.04
FRS Securities	-	-	-	1,425	40,539	0.04
FTN Financial Capital Markets	498	19,900	0.03	-	-	-
FTN Midwest Securities	2,346	78,200	0.03	2,292	76,400	0.03
Futuretrade Securities LLC	205	10,274	0.02	95	4,743	0.02
Garban Corporates	138	6,900	0.02	-	-	-
Gardner Rich & Co.	2,876	96,601	0.03	3,590	95,370	0.04
Gerson Lehrman Group Brokerage	334	10,900	0.03	282	8,760	0.03
Global Crown Capital	69	2,300	0.03	-	-	-
Goldman Sachs & Company	23,707	1,481,888	0.02	8,275	207,824	0.04
Goldman Sachs Executing & Clearing	4,112	351,769	0.01	701	70,094	0.01
Gordon Haskett Capital Corp.	32	800	0.04	135	3,605	0.04
Green Street Advisors Inc.	4,923	116,726	0.04	2,891	62,100	0.05
Greentree Brokerage	3,917	120,142	0.03	-	-	-
GRW Capital Corp.	1,148	57,400	0.02	-	-	-
Guzman & Company	3,690	240,056	0.02	2,597	252,500	0.01
Harris Nesbitt	2,476	63,850	0.04	-	-	-
Hibernia Southcoast Capital	555	11,095	0.05	146	2,955	0.05
Howard, Weil, Legg Mason	2,436	49,327	0.05	799	16,511	0.05
ICAP Securities LLC	18	900	0.02	-	-	-
Instinet	43,371	1,744,728	0.02	47,384	1,691,728	0.03
Interstate Group	41,970	839,883	0.05	26,999	542,596	0.05
Investment Technology Group Inc. (ECN)	90,608	20,851,003	0.00	65,805	8,539,419	0.01
ISI Group Inc.	15,078	432,635	0.03	1,480	33,418	0.04
J.P. Morgan Securities Inc.	33,396	1,040,765	0.03	9,092	355,688	0.03
J.P. Morgan Securities Inc. (ECN)	2,548	254,800	0.01	-	-	-
Jackson Partners & Assoc.	2,560	64,000	0.04	1,009	22,600	0.04
Jackson Securities Inc.	64	1,600	0.04	22,632	478,781	0.05
Janney Montgomery Scott	948	31,600	0.03	379	11,559	0.03
Jefferies & Company	21,104	696,662	0.03	14,764	484,077	0.03
JMP Securities	420	15,500	0.03	84	2,100	0.04
Johnson Rice & Co.	3,278	84,990	0.04	201	4,360	0.05
Jones & Associates	-	-	-	107	3,500	0.03
JonesTrading Institutional Services	4,751	147,168	0.03	2,527	87,760	0.03
JP Morgan	264	34,700	0.01	-	-	-
Keefe Bruyette Woods Inc.	5,935	144,415	0.04	1,787	41,522	0.04
Keybank	3,682	89,900	0.04	2,051	44,231	0.05
Keybank (ECN)	3,624	181,200	0.02	-	-	-
King, CL & Associates Inc.	2,661	61,188	0.04	-	-	-
Knight Securities	7,174	248,066	0.03	2,861	84,399	0.03
La Branche Financial	109	3,395	0.03	-	-	-
Ladenburg, Thalmann & Co.	53	2,100	0.03	-	-	-
Lam Securities Investment	120	4,000	0.03	-	-	-
Lambright Financial Solutions	-	-	-	133	2,650	0.05
LAVA Trading	2,692	269,172	0.01	-	-	-
Leerink Swan Securities	3,974	99,043	0.04	280	5,600	0.05
Lehman Brothers Inc.	79,852	7,463,330	0.01	19,671	581,478	0.03
Lehman Brothers Inc. (ECN)	188	18,780	0.01	-	-	-
Lek Securities Corp.	-	-	-	279	14,042	0.02
Liquidnet Inc.	228	11,400	0.02	-	-	-
Liquidnet Inc. (ECN)	56,090	2,605,666	0.02	7,918	421,095	0.02
Loop Capital Markets/Broadcort Capital	157,499	6,932,117	0.02	80,278	2,781,248	0.03
Lynch Jones & Ryan	1,117	30,415	0.04	2,236	63,418	0.04
M. Ramsey King Securities	10,210	393,766	0.03	658	16,450	0.04

Supporting Schedules (continued)

 Summary Schedule of Domestic Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Macquarie	\$ 504	12,600	\$ 0.04	\$ -	-	\$ -
Magna Securities Corporation	26,529	891,610	0.03	31,518	1,100,020	0.03
McDonald and Company	3,180	79,900	0.04	-	-	-
Melvin Securities	\$5,618	153,512	\$0.04	\$8,402	482,592	\$0.02
Merrill Lynch Direct Access	3,295	65,900	0.05	-	-	-
Merrill Lynch (ECN)	1,527	159,589	0.01	685	68,525	0.01
Merrill Lynch Pierce Fenner & Smith	51,290	2,351,156	0.02	28,807	718,124	0.04
Merrill Professional Clearing Corp.	167	4,800	0.03	-	-	-
Merriman Curhan Ford & Co.	496	10,470	0.05	119	2,385	0.05
Midwest Research Securities	1,855	56,260	0.03	434	13,421	0.03
Miletus Trading	-	-	-	744	37,200	0.02
Miller Tabock	70	7,001	0.01	63	6,300	0.01
Mischler Financial Group	1,324	39,659	0.03	1,903	56,149	0.03
MKM Partners	4,025	134,153	0.03	4,418	147,250	0.03
Mogavero, Lee & Co. Inc.	-	-	-	26	643	0.04
Montecito Advisors	275	6,881	0.04	-	-	-
Montrose Securities	41,408	920,300	0.04	34,505	710,820	0.05
Morgan Keegan & Co.	19,776	409,573	0.05	17,713	397,220	0.04
Morgan Stanley & Co. Inc.	26,341	899,903	0.03	26,299	708,624	0.04
Morgan Stanley & Co. Inc. (ECN)	1,513	151,332	0.01	453	45,300	0.01
M R Beal & Co.	56,368	2,146,709	0.03	30,720	991,121	0.03
MultiTrade	8,018	206,921	0.04	10,146	333,956	0.03
Muriel Siebert Co.	6,711	331,700	0.02	164	5,000	0.03
National Financial Services	322	9,555	0.03	365	10,323	0.04
Needham and Co., Inc.	2,816	63,798	0.04	334	7,128	0.05
Nutmeg Securities	284	6,484	0.04	219	8,104	0.03
O'Neil Williams	2,146	44,720	0.05	1,046	21,855	0.05
Oppenheimer & Co., Inc.	4,828	132,135	0.04	119	3,700	0.03
Pacific American Securities	17,305	469,892	0.04	13,571	394,126	0.03
Pacific Crest Securities	1,435	37,400	0.04	1,287	34,705	0.04
Pacific Growth Equities	421	9,295	0.05	68	1,365	0.05
Pellinor Securities Corp.	52	1,300	0.04	212	5,290	0.04
Percival Financial Partners	45	1,500	0.03	55	1,837	0.03
Pershing LLC	1,964	56,465	0.03	283	7,080	0.04
Pickering Energy Partners Inc.	-	-	-	865	17,300	0.05
Pipeline Trading	2,785	196,766	0.01	1,122	67,300	0.02
Piper Jaffray	5,927	165,035	0.04	1,591	38,595	0.04
Podesta and Co.	88	1,750	0.05	81	2,300	0.04
Portales Partners	28	700	0.04	-	-	-
Pritchard Capital Partners	125	2,494	0.05	204	4,085	0.05
Pulse Trading	-	-	-	16	852	0.02
Ramirez & Co.	1,291	46,900	0.03	871	28,300	0.03
Raymond James	14,074	339,331	0.04	4,181	92,535	0.05
RBC Capital Markets Inc.	831	23,600	0.04	5,451	114,904	0.05
RBC Dain Rauscher	11,611	290,682	0.04	1,422	37,245	0.04
Robbins & Henderson	158	5,800	0.03	150	5,000	0.03
Robert Van Securities Inc.	500	12,500	0.04	204	5,100	0.04
Robert W. Baird & Co.	12,155	311,985	0.04	6,585	144,762	0.05
Roberts & Ryan	2,704	77,948	0.03	3,725	114,405	0.03
Rochdale Securities Corp.	276	9,200	0.03	-	-	-
Rosenblatt Securities	1	100	0.01	-	-	-
Roth Capital Partners	279	5,585	0.05	27	530	0.05
Sanders Morris	-	-	-	74	2,045	0.04
Sand Grain Securities Inc.	79	1,589	0.05	9,437	188,747	0.05
Sandler O'Neill & Partner	150	6,000	0.03	171	5,700	0.03
Sanford Bernstein	1,037	25,724	0.04	352	8,795	0.04
Saxony Securities, Inc.	22,615	452,300	0.05	18,280	365,590	0.05
SBC Warburg Dillon Reed & Co.	-	-	-	762	16,080	0.05
SBK Brooks	39	1,306	0.03	690	22,046	0.03
Score Asset Management	40	1,000	0.04	-	-	-
Score Securities	100	2,500	0.04	-	-	-
Scott & Stringfellow Investment	44	2,205	0.02	-	-	-
Seaport Securities Corp.	968	32,250	0.03	1,472	49,050	0.03
Security Capital Broker	1,205	30,507	0.04	-	-	-
SG Cowen & Co.	412	36,160	0.01	-	-	-
Sidoti & Co.	20,774	418,562	0.05	3,516	71,407	0.05
Signal Hill Capital Group	102	3,400	0.03	-	-	-

Supporting Schedules (continued)

Summary Schedule of Domestic Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
SL Hare Capital Inc.	\$ 106	3,500	\$ 0.03	\$ -	-	\$ -
Smith Barney Inc.	-	-	-	1,853	187,025	0.01
Soleil Securities Corp.	803	24,077	0.03	589	13,088	0.05
Southcoast Capital	-	-	-	37	740	0.05
Southwest Securities	-	-	-	953	63,515	0.02
Stanford Group Company	407	12,800	0.03	228	5,700	0.04
State Street Bank & Trust	-	-	-	1,101	36,700	0.03
State Street Brokerage Services	2,095	78,700	0.03	-	-	-
Stephens Inc.	94	2,903	0.03	114	3,800	0.03
Sterne Agge & Leeds	1,626	34,393	0.05	455	9,090	0.05
Stifel Nicolaus & Co.	29,063	778,217	0.04	13,524	299,568	0.05
Sun Trust	5,370	123,218	0.04	3,953	91,623	0.04
Susquehanna Brokerage Services	3,599	142,900	0.03	2,762	63,705	0.04
Susquehanna Brokerage Services (ECN)	1,722	86,100	0.02	-	-	-
The Benchmark Co. Inc.	15	500	0.03	-	-	-
ThinkEquity Partners	1,750	42,205	0.04	-	-	-
Thomas Weisel Partners	4,413	120,277	0.04	2,514	76,515	0.03
UBS Financial Services Inc.	23,917	492,120	0.05	18,247	365,225	0.05
UBS Securities LLC	232	6,400	0.04	1,143	25,400	0.05
UBS Securities LLC (ECN)	1,821	183,760	0.01	1,854	185,380	0.01
UBS Warburg Dillon Read	47,923	2,057,952	0.02	13,015	323,550	0.04
Utendahl Capital Partners	78	2,600	0.03	579	18,800	0.03
Wachovia Capital Markets	19,414	507,807	0.04	3,781	86,122	0.04
Wachovia Capital Markets (ECN)	-	-	-	431	26,300	0.02
Wachovia Securities	387	12,900	0.03	-	-	-
Wall Street Access	144	3,600	0.04	-	-	-
Wedbush Morgan Securities	1,008	20,765	0.05	281	5,625	0.05
Weeden & Co.	7,192	332,788	0.02	5,493	221,214	0.02
Weeden & Co. (ECN)	-	-	-	197	13,100	0.02
Williams Capital Group	33,892	1,583,195	0.02	61,612	2,148,852	0.03
WJ Bonfanti	-	-	-	3,738	186,900	0.02
Total	\$ 1,787,638	86,972,313	\$ 0.02	\$ 1,187,540	41,384,193	\$ 0.03

Supporting Schedules

 Summary Schedule of International Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
ABG Securities	\$ 644	46,900	\$ 0.01	\$ 539	29,600	\$ 0.02
ABN Amro	15,783	1,434,880	0.01	30,228	1,097,023	0.03
Akros Securities	1,600	169,626	0.01	2,978	65,543	0.05
Alpha Brokerage Athens	–	–	–	1,406	12,975	0.11
Altium Capital Limited	36	3,000	0.01	–	–	–
Arden Partners Limited	2,320	219,225	0.01	1,691	128,789	0.01
Aros Securities	12	200	0.06	–	–	–
Banco Bilbao Vizcaya	1,462	69,200	0.02	2,077	43,600	0.05
Banco Espirito	336	13,600	0.02	195	20,300	0.01
Banco Portug de Invest	1,007	46,800	0.02	–	–	–
Banco Santander	5,053	64,500	0.08	18,563	429,628	0.04
Bank Am Bellevue	468	11,257	0.04	503	6,047	0.08
Bank J. Vontobel Und Co.	–	–	–	181	2,168	0.08
Bank Sal Oppenheim	402	7,606	0.05	285	3,430	0.08
Bank Vontobel Ag	106	2,295	0.05	–	–	–
Banque Paribas	23,083	1,803,460	0.01	2,076	162,165	0.01
Barclays	3,215	462,985	0.01	–	–	–
BBVA Bolsa S.V.S.A. Bilbao	376	38,200	0.01	–	–	–
Bear Stearns	33,579	2,550,506	0.01	53,735	3,716,483	0.01
Berenberg Joh Gossler & Co.	1,992	31,850	0.06	1,435	13,350	0.11
BHF Bank Frankfurt	228	1,600	0.14	–	–	–
BNP Paribas Peregrine Securities	3,189	1,029,360	0.00	1,658	225,800	0.01
BNP Prime Peregrine Securities	–	–	–	5,071	309,200	0.02
BNY ConvergeX	588	100,903	0.01	–	–	–
BPI Porto Lisbon	462	53,600	0.01	1,140	33,700	0.03
Brockhouse & Cooper	96	6,200	0.02	83	4,100	0.02
Bunting Warburg	2,194	265,009	0.01	–	–	–
C.I. Nordic Securities	3,621	318,148	0.01	22,325	386,512	0.06
Cabrera Capital Markets	41,976	3,308,405	0.01	4,289	227,806	0.02
Calyon Capital	475	20,300	0.02	1,049	40,340	0.03
Cantor Fitzgerald & Co.	2,498	163,465	0.02	10,562	420,526	0.03
Carnegie	148	17,600	0.01	12,125	138,136	0.09
CastleOak Securities	745	38,526	0.02	–	–	–
Cazenove & Co	17,098	1,422,888	0.01	16,302	903,204	0.02
Cedel	129	5,200	0.02	–	–	–
Charles Stanley & Co	–	–	–	23	3,000	0.01
Chase Manhattan Bank	317	14,250	0.02	–	–	–
Cheuvreux De Virieu	19,611	294,575	0.07	7,589	196,699	0.04
China International Capital Corp.	343	47,000	0.01	175	15,000	0.01
CIMB–GK GOH Securities Ltd.	96	16,000	0.01	9	500	0.02
Citibank	749	92,951	0.01	724	55,270	0.01
Citigroup Global	32,883	5,138,225	0.01	105,019	4,673,860	0.02
Citigroup Global (ECN)	251	39,300	0.01	–	–	–
CLSA	6,477	80,961	0.08	–	–	–
Collins Stewart	2,568	413,891	0.01	1,730	39,257	0.04
Commerzbank	233	5,700	0.04	–	–	–
Credit Agricole	3,613	137,810	0.03	2,838	52,000	0.05
Credit Lyonnais	7,550	559,041	0.01	27,496	2,658,819	0.01
Credit Suisse First Boston	43,871	8,907,508	0.00	68,192	3,064,754	0.02
Credit Suisse First Boston (ECN)	16,125	5,444,747	0.00	6,151	996,956	0.01
Creditanstalt AG	8	300	0.03	–	–	–
D Carnegie AB	1,071	74,625	0.01	1,062	46,700	0.02
Daiwa	18,209	563,365	0.03	7,685	849,013	0.01
Davy Stockbrokers	474	91,800	0.01	1,117	55,206	0.02
DBS Vickers Limited	1,582	199,000	0.01	543	112,000	0.00
Den Danske Bank	–	–	–	447	9,050	0.05
Deutsche Bank Securities Inc.	43,958	2,701,827	0.02	86,114	5,435,517	0.02
Deutsche Securities	1,760	166,818	0.01	16,044	1,074,762	0.01

Supporting Schedules (continued)

Summary Schedule of International Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Dexia Securities	\$ -	-	\$ -	\$ 2,747	51,035	\$ 0.05
DLJ	401	10,019	0.04	-	-	-
Donaldson Lufkin and Jenrette Securities	217	5,415	0.04	1,299	31,615	0.04
Dresdner Kleinwort Wasserstein Securities	1,203	80,100	0.02	10,200	537,815	0.02
East & West	32	859	0.04	-	-	-
Eden Group	896	20,000	0.04	391	27,500	0.01
Enskilda Securities	-	-	-	2,392	21,900	0.11
Euromobiliare	1,609	169,626	0.01	6,127	215,592	0.03
Evolution Securities Ltd.	106	18,800	0.01	-	-	-
Exane	17,223	559,617	0.03	62,508	778,504	0.08
Execution Ltd.	120	1,900	0.06	677	42,975	0.02
Fidentis	9,454	999,847	0.01	39	300	0.13
Finacorp Securities	141	4,426	0.03	-	-	-
Fortis Bank	-	-	-	3,208	57,359	0.06
Fox Pitt & Kelton	7,082	786,911	0.01	7,665	709,602	0.01
Fuji Securities	-	-	-	527	15,200	0.03
Gardner Rich	1,014	419,772	0.00	-	-	-
Goldman Sachs & Co	7,343	791,150	0.01	40,861	1,104,460	0.04
Goldman Sachs & Co (ECN)	294	93,758	0.00	983	125,492	0.01
Goldman Sachs International	35,946	4,630,555	0.01	34,363	1,390,851	0.02
Goldman Sachs International (ECN)	885	156,991	0.01	1,821	222,953	0.01
Goodbody	1,185	350,186	0.00	12,556	325,180	0.04
HELVEA	2,896	11,433	0.25	5,947	55,913	0.11
Hong Kong & Shanghai Bank	42	3,500	0.01	-	-	-
HSBC Investment Bank	437	923	0.47	9,186	201,891	0.05
HSBC Securities	10	-	-	-	-	-
ICAP Securities Limited	497	4,400	0.11	-	-	-
Independent Minds	1,103	27,397	0.04	-	-	-
ING Bank	8,614	244,403	0.04	21,007	637,433	0.03
Instinet	1,966	43,492	0.05	2,094	66,140	0.03
Intermonte Securities	1,620	169,626	0.01	5,657	198,541	0.03
Investec Securities	1,877	175,169	0.01	229	16,500	0.01
Investment Tech Group Inc	8,115	620,561	0.01	12,700	787,294	0.02
ITG	2,683	206,700	0.01	-	-	-
IXIS Securities	592	8,300	0.07	975	14,330	0.07
Jeffries & Co Inc	30,892	2,379,765	0.01	28,452	3,386,196	0.01
JP Morgan Securities	74,775	5,689,597	0.01	90,535	5,270,186	0.02
JP Morgan Securities	76	13,000	0.01	-	-	-
Julius Baer	-	-	-	387	12,800	0.03
KAS Associates	227	10,100	0.02	19	200	0.10
KBC Bank	-	-	-	18	100	0.18
KBC Financial Products	11,912	539,065	0.02	6,961	227,458	0.03
KB-Securities	187	33,000	0.01	-	-	-
Keefe Bruyette Woods Inc.	14,014	855,048	0.02	22,882	646,752	0.04
Kelper Capital Markets	280	6,700	0.04	-	-	-
Kempen & Co.	571	13,800	0.04	4,163	76,475	0.05
Kepler Equities	3,460	28,716	0.12	24,782	445,444	0.06
Knight Securities	1,845	48,612	0.04	7,756	926,283	0.01
Landesbank	274	1,150	0.24	-	-	-
Landsbanki	817	23,500	0.03	7,477	271,798	0.03
Lazard Asset Management	230	25,300	0.01	148	11,500	0.01
Lehman Brothers	2,635	364,663	0.01	13,917	689,038	0.02
Lehman Brothers International	4,482	497,947	0.01	77,441	3,232,649	0.02
Lehman Brothers International (ECN)	2,526	153,910	0.02	11,932	709,553	0.02
Liberum Capital	2,330	114,919	0.02	-	-	-
Liquidnet (ECN)	2,759	541,697	0.01	11,131	1,429,305	0.01
Loop Capital	9,305	1,009,561	0.01	-	-	-
M. Ramsey King Securities	68,832	8,435,154	0.01	47,948	4,177,022	0.01

Supporting Schedules (continued)

 Summary Schedule of International Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Macquarie Equities	\$ 14,347	488,043	\$ 0.03	\$ 206	99,301	\$ 0.00
Macquarie Securities	18,660	1,552,361	0.01	8,561	991,127	0.01
Macquarie Securities (ECN)	1,983	397,477	0.00	-	-	-
Mainfirst Bank	6,527	41,960	0.16	40,054	176,458	0.23
Magna Securities	5,887	759,064	0.01	-	-	-
Man Financial Ltd.	629	11,525	0.05	1,011	16,615	0.06
Mediobanca	274	14,700	0.02	-	-	-
Melvin Securities	18,769	1,279,356	0.01	41,145	1,865,438	0.02
Merrill Lynch & Co.	2,576	210,073	0.01	9,164	858,130	0.01
Merrill Lynch (ECN)	28,334	2,940,009	0.01	2,041	136,998	0.01
Merrill Lynch Capital Markets	12	600	0.02	-	-	-
Merrill Lynch Fenner & Smith	5,374	336,389	0.02	32,007	1,676,773	0.02
Merrill Lynch International	35,716	3,050,376	0.01	31,746	935,638	0.03
Merrion Stockbrokers Ltd.	323	147,639	0.00	659	26,100	0.03
MF Global	165	10,000	0.02	-	-	-
Mitsubishi Securities	625	28,432	0.02	1,077	63,483	0.02
Mizuho Securities	655	29,596	0.02	4,690	258,159	0.02
MM Warburg & Company	552	4,850	0.11	151	650	0.23
Montrose Securities	190,500	6,519,447	0.03	135,791	6,730,923	0.02
Monument Securities	132	1,200	0.11	374	29,000	0.01
Morgan Guaranty Euroclear Op Center	20	260	0.08	58	4,209	0.01
Morgan Stanley and Co.	28,975	20,690,355	0.00	30,094	1,983,067	0.02
Morgan Stanley and Co. (ECN)	25	2,396	0.01	-	-	-
Morgan Stanley International	25,214	1,895,604	0.01	36,043	665,984	0.05
M R Beal & Co.	26,324	2,288,068	0.01	5,668	386,200	0.01
Natixis Securities	203	7,000	0.03	-	-	-
NBG International Ltd.	-	-	-	55	500	0.11
NCB Stockbrokers	326	28,500	0.01	-	-	-
Nikko Securities	845	61,489	0.01	-	-	-
Nesbitt Burns	-	-	-	15,577	192,400	0.08
Nomura International	29,779	977,730	0.03	13,577	1,228,710	0.01
Nomura Securities	11,919	1,121,658	0.01	31,765	1,881,986	0.02
Numis Corp	5,710	671,357	0.01	518	76,800	0.01
NZB Neue Zurcher Bank	691	21,233	0.03	548	2,837	0.19
Oddo	17,883	168,085	0.11	21,806	452,711	0.05
OKOBANK	14	522	0.03	-	-	-
Oppenheim Sal Jr Und Cie Col	124	4,650	0.03	121	1,000	0.12
Oppenheimer & Co.	560	11,200	0.05	315	6,300	0.05
Oriel Securities Ltd.	1,002	101,203	0.01	6,284	327,888	0.02
P K Securities	-	-	-	330	3,720	0.09
Panmure Gordon & Co., Ltd.	7,977	1,013,238	0.01	3,914	247,625	0.02
Pareto Fonds	747	110,021	0.01	-	-	-
Patersons Securities Ltd.	101	3,619	0.03	-	-	-
Pershing & Co.	1,838	161,030	0.01	35,584	1,523,469	0.02
Peter Cam	25	300	0.08	-	-	-
Rabo Securities	-	-	-	68	1,400	0.05
Raymond James	8,425	64,773	0.13	-	-	-
RBS Equities	842	48,391	0.02	-	-	-
Redburn Partners	4,847	450,961	0.01	52,029	1,767,228	0.03
Ridge Clearing & Outsourcing Solutions Inc.	26	2,800	0.01	-	-	-
Royal Bank of Canada	151	6,120	0.02	3	80	0.04
Sanford Bernstein	4,487	314,630	0.01	17,247	223,116	0.08
Santander Central Hispano Bolsa	2,451	218,959	0.01	1,745	21,797	0.08
SG Securities	202	123,000	0.00	-	-	-
Siebert (Muriel)	-	-	-	735	14,700	0.05
Skandinaviska Enskilda Banken	5,206	360,706	0.01	-	-	-
SNS Bank Nederland	-	-	-	23	200	0.12
Societe Generale Securities Corp	25,344	901,449	0.03	22,028	357,038	0.06

Supporting Schedules (continued)

Summary Schedule of International Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Standard Chartered Bank	\$ -	-	\$ -	\$ 547	67,000	\$ 0.01
State Street Bank & Trust	-	-	-	2,779	161,692	0.02
Svenska Handelsbanken Equities	13,337	1,101,275	0.01	10,000	213,804	0.05
Swedbank	22	1,760	0.01	-	-	-
Takasbank	137	2,998	0.05	-	-	-
Teather & Greenwood	-	-	-	4,293	153,125	0.03
Tokyo-Mitsubishi International	1,719	37,500	0.05	771	15,600	0.05
UBS AG	5,465	1,098,138	0.00	7,839	583,410	0.01
UBS Securities	493	114,000	0.00	2,772	408,467	0.01
UBS Securities (ECN)	15,458	3,539,549	0.00	4,800	616,717	0.01
UBS Warburg	5,404	89,500	0.06	-	-	-
Unibanco	-	-	-	1,126	14,937	0.08
Union Bank of Switzerland	-	-	-	77	1,300	0.06
Viewpoint Securities	7,038	1,866,908	0.00	-	-	-
West Deutsche Landesbank	59	250	0.24	-	-	-
Westminster Securities	8,093	157,900	0.05	47,701	2,633,336	0.02
Total	\$ 1,316,250	127,782,210	\$ 0.01	\$ 1,813,079	87,013,068	\$ 0.02

Supporting Schedules

 Summary Schedule of Global Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
ABG Securities	\$ 2,273	195,210	\$ 0.01	\$ 3,343	178,590	\$ 0.02
ABG Sundal Collier Norge Asa	133	15,746	0.01	146	7,500	0.02
ABN Amro	11,413	1,191,811	0.01	27,377	986,791	0.03
ACF International	205	7,017	0.03	-	-	-
ADP Clearing & Outsourcing Inc.	326	10,857	0.03	-	-	-
A G Edwards	308	8,800	0.04	572	14,300	0.04
Albert Fried & Co.	56	2,800	0.02	-	-	-
Alex Brown & Sons	5,469	190,300	0.03	-	-	-
Allen & Company	177	5,900	0.03	-	-	-
Austock Brokers Pty Ltd.	-	-	-	188	21,161	0.01
B Trade Services	1,813	145,107	0.01	213	42,600	0.01
Banco Inbursa	2,747	509,200	0.01	-	-	-
Banco Itau	759	48,550	0.02	362	17,250	0.02
Banco Pactual	-	-	-	14	4,600	0.00
Banco Santander	2,317	396,059	0.01	-	-	-
Bank Am Bellevue	-	-	-	284	541	0.52
Bank of America	38,302	1,176,871	0.03	12,377	320,334	0.04
Bank of America Securities	5,729	1,539,666	0.00	5,036	503,600	0.01
Bank of Montreal	-	-	-	2,732	57,200	0.05
Bank of New York	-	-	-	144	3,600	0.04
Bank of New York (ECN)	306	47,000	0.01	-	-	-
Banque Paribas	815	64,042	0.01	-	-	-
Barclays Capital	27,021	1,478,783	0.02	-	-	-
Barclays Capital (ECN)	273	27,300	0.01	-	-	-
Barnard Jacobs Mellett	79	15,451	0.01	-	-	-
Bass Trading	5,621	141,500	0.04	592	14,800	0.04
Baypoint Trading	85	2,836	0.03	-	-	-
Baypoint Trading (ECN)	322	34,194	0.01	-	-	-
Bear Stearns Securities Corp	1,180	117,578	0.01	7,955	384,511	0.02
Bear Stearns Algorithmic Strategy Trading (ECN)	113	125,000	0.00	602	85,300	0.01
Bear Stearns International	8,156	287,194	0.03	372	24,100	0.02
Berenberg Joh Gossler & Co.	144	2,900	0.05	-	-	-
Blair, William & Co.	1,006	26,200	0.04	3,024	75,600	0.04
Blaylock & Partners	72	1,800	0.04	-	-	-
Bley Investments	12,595	333,170	0.04	4,258	52,150	0.08
Bloomberg Tradebook	25	5,760	0.00	-	-	-
BMO Capital Markets	5,732	150,650	0.04	7,765	184,800	0.04
BNP Paribas Peregrine Securities	5,907	1,507,762	0.00	545	210,671	0.00
BNP Prime Peregrine Securities	-	-	-	219	32,000	0.01
BNY Brokerage	-	-	-	152	3,800	0.04
BOE Securities	162	5,400	0.03	-	-	-
Boenning & Scattergood	-	-	-	-	50	-
Boenning & Scattergood (ECN)	8,354	371,310	0.02	6,186	274,900	0.02
BTIG LLC	3,978	101,800	0.04	-	-	-
Bunting Warburg	1,277	30,007	0.04	-	-	-
Burdett Buckering & Young	13	7,142	0.00	413	65,138	0.01
C.I. Nordic Securities	400	36,900	0.01	948	34,200	0.03
C.L. King & Associates	5,712	146,700	0.04	-	-	-
CA IB International Markets Limited	819	101,659	0.01	656	8,450	0.08
Cabrera Capital Markets	5,099	429,540	0.01	3,672	576,815	0.01
Calyon Capital	3,288	1,962,088	0.00	1,045	37,800	0.03
Canaccord Capital Corp.	101	2,500	0.04	254	5,600	0.05
Canadian Imperial Bank of Commerce	306	7,729	0.04	1,947	48,450	0.04
Cantor Fitzgerald & Co.	2,668	459,531	0.01	272	4,365	0.06
Carlos A. Veytia & Associates	-	-	-	1,300	29,100	0.04
Carnegie	1,101	50,487	0.02	1,610	75,400	0.02
Cazenove & Co	15,154	2,514,438	0.01	7,283	439,996	0.02
CF Global	1,012	87,000	0.01	-	-	-
Chase Manhattan Bank	1,250	19,300	0.06	476	30,150	0.02
Cheevers	22,716	703,099	0.03	77,697	1,657,911	0.05
Chevroux De Virieu	3,309	201,778	0.02	4,477	46,469	0.10
China International Capital Corp.	364	86,000	0.00	124	74,000	0.00
CIBC	5,090	124,300	0.04	5,958	152,250	0.04
CIE, division of Tullett Liberty	368	9,200	0.04	-	-	-
Citibank	583	20,950	0.03	-	-	-
Citigroup Global Markets Inc.	60,502	21,062,519	0.00	56,268	9,745,240	0.01
Citigroup Global Markets Inc. (ECN)	1,878	360,097	0.01	303	30,300	0.01
CLSA	1,528	7,740	0.20	2,140	208,000	0.01
Collins Stewart	1,116	40,606	0.03	-	-	-
Commerzbank	-	-	-	390	75,000	0.01
Cowen & Co.	384	9,600	0.04	4,885	103,800	0.05
Credit Agricole	11,531	1,247,933	0.01	9,449	311,027	0.03
Credit Lyonnais	3,055	1,343,254	0.00	2,846	570,996	0.00
Credit Research & Trading	3,319	229,500	0.01	1,283	41,400	0.03
Credit Suisse First Boston	78,043	24,074,216	0.00	28,880	4,315,855	0.01
Credit Suisse First Boston (ECN)	11,574	1,450,823	0.01	5,535	381,100	0.01
Credit Suisse First Boston Global	6,382	467,558	0.01	690	16,600	0.04
Credit Suisse Securities	25,193	1,293,848	0.02	83,926	2,691,349	0.03

Supporting Schedules (continued)

Summary Schedule of Global Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Credit Suisse Securities (ECN)	\$ 8,009	802,090	\$ 0.01	\$ 6,055	907,800	\$ 0.01
Credit USA	118	11,800	0.01			-
Creditanstalt Ag	29	2,783	0.01			-
Crowell Weedon & Co.	613	15,314	0.04			-
Cuttone & Co.	86	3,800	0.02	864	38,400	0.02
Dain Rauscher	534	11,000	0.05	10	200	0.05
Daiwa	8,050	578,635	0.01	2,576	30,156	0.09
Davy Stockbrokers	151	5,500	0.03			-
DBS Vickers Limited	795	257,300	0.00	51	6,500	0.01
Deutsche Bank Alex Brown	2,034	58,100	0.04	649	16,400	0.04
Deutsche Bank Securities Inc.	67,894	8,659,032	0.01	49,869	2,267,694	0.02
Deutsche Bank Securities Inc. (ECN)	545	106,700	0.01			-
Deutsche Securities	3,791	1,731,000	0.00	944	166,000	0.01
Dominion Securities	-	-	-	30	600	0.05
Donaldson Lufkin And Jenrette Securities	31,586	1,060,692	0.03	1,547	48,750	0.03
Dowling Partners	1,983	49,650	0.04	812	20,300	0.04
Dresdner Kleinwort Wasserstein Securities	1,075	74,995	0.01	10,502	354,208	0.03
E Trade	162	18,956	0.01	922	65,995	0.01
East & West	4,654	718,844	0.01	2,415	153,310	0.02
EFG Hermes	1,523	86,200	0.02			-
Enskilda Securities	-	-	-	905	73,919	0.01
Euromobiliare	13	3,600	0.00			-
Euroz Securities Ltd.	2	1,457	0.00	32	10,651	0.00
Evolution Beeson Gregory	51	5,652	0.01			-
Ewing Capital	4,525	183,781	0.02	3,648	63,772	0.06
Exane	9,477	388,454	0.02	5,570	85,691	0.07
Execution Ltd.	4,924	351,510	0.01	2,517	166,500	0.02
Fidelity Capital Markets	715	31,000	0.02	724	25,100	0.03
Fidentis	40	6,800	0.01			-
Financial Brokerage Group	2,073	197,666	0.01			-
First Union Capital Markets	3,011	67,620	0.04	70	1,400	0.05
Fischer Peters Fondkommission	251	9,300	0.03			-
Fleet Securities Inc.	313	9,050	0.03			-
Fortis Bank	196	2,442	0.08	644	4,877	0.13
Fox Pitt & Kelton	1,929	89,670	0.02	1,400	35,000	0.04
Friedman Billings & Ramsey	820	20,500	0.04	306	7,500	0.04
FTN Financial Capital Markets	280	7,000	0.04			-
FTN Midwest Securities	27	900	0.03	525	17,500	0.03
Garban Securities	2,207	101,686	0.02			-
Gardner Rich	6,245	402,145	0.02	3,598	141,005	0.03
Genuity Capital Markets	572	16,000	0.04	4,018	98,900	0.04
GFI Group	717	34,300	0.02			-
Goldman Sachs & Co	89,945	10,813,389	0.01	29,248	1,599,050	0.02
Goldman Sachs & Co (ECN)	3,248	1,123,839	0.00	57	59,500	0.00
Goldman Sachs Executing & Clearing	3,067	377,100	0.01	7,342	1,154,200	0.01
Goldman Sachs International	13,969	1,099,911	0.01	10,216	373,885	0.03
Goodbody	1,380	48,500	0.03	256	5,200	0.05
Gordon Hasket & Co.	172	4,300	0.04			-
Green Street Advisors Inc.	310	7,900	0.04	414	9,200	0.05
GRW Capital Corp.	3,719	407,075	0.01	1,625	202,930	0.01
G Trade	1,248	149,914	0.01			-
Guzman & Co.	3,560	1,738,905	0.00	1,839	157,950	0.01
Handelsbanken	815	12,270	0.07			-
Heflin & Co.	2,505	66,800	0.04	4,692	131,600	0.04
HELVEA Inc.	40	331	0.12			-
HSBC Investment Bank	673	17,211	0.04	1,917	57,143	0.03
HSBC Securities	7,456	441,750	0.02	4,893	415,533	0.01
Hudson Securities Inc.	1,126	225,260	0.00	92	2,300	0.04
ICAP Securities Ltd.	1,908	78,531	0.02			-
ING Bank	6,481	390,998	0.02	360	3,057	0.12
ING Baring Securities	1,923	94,900	0.02	3,497	67,882	0.05
INNOVA Securities	7,691	223,060	0.03	3,577	105,301	0.03
Instinet	17,950	1,089,689	0.02	4,943	206,151	0.02
Intermonte Securities	144	35,800	0.00			-
Inversora Bursatil	1,036	192,000	0.01			-
Investment Tech Group Inc (ECN)	8,263	820,166	0.01	12,655	1,059,338	0.01
I.S.I. Group Inc.	337	10,300	0.03			-
Itau Securities	-	-	-	103	2,400	0.04
Ivy Securities	4,915	330,099	0.01	4,289	148,444	0.03
IXIS Securities	878	46,588	0.02			-
J.B. Were & Son	1,719	551,150	0.00	3,653	435,065	0.01
Jones & Associates	1,038	37,500	0.03			-
JP Morgan Chase & Co.	42,074	8,276,419	0.01	14,688	925,058	0.02
JP Morgan Chase & Co. (ECN)	4,672	467,125	0.01			-
JP Morgan Securities	35,868	7,135,756	0.01	32,867	4,505,257	0.01
Jackson Securities Inc.	-	-	-	1,181	46,514	0.03
Jeffries & Co Inc	19,203	629,108	0.03	3,424	96,417	0.04
JMP Securities	412	10,300	0.04	552	13,812	0.04

Supporting Schedules (continued)

 Summary Schedule of Global Investment Commissions
 For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
JonesTrading Institutional Services	\$ 49	1,400	\$ 0.04	\$ 116	3,300	\$ 0.04
KAS Associates	1,103	52,828	0.02	2,875	36,955	0.08
KBC Financial Products	458	90,916	0.01	474	54,019	0.01
KBC Peel Hunt Ltd.	532	109,786	0.00	—	—	—
Keefe Bruyette Woods Inc.	349	8,500	0.04	99	2,200	0.05
Kellogg Partners Inst Services	738	32,800	0.02	—	—	—
Kempen & Co.	7,275	255,783	0.03	10,325	283,058	0.04
Kepler Equities	901	58,874	0.02	345	3,049	0.11
Keybank Capital Markets	2,957	85,600	0.03	553	13,300	0.04
Knight Securities	9,035	339,606	0.03	1,840	39,810	0.05
LaBranche Financial Services	488	11,675	0.04	620	15,500	0.04
Lambright Financial Solutions	—	—	—	12,938	256,397	0.05
Landesbank	147	3,900	0.04	—	—	—
Landsbanki Kepler	—	—	—	434	3,050	0.14
LAVA	434	43,400	0.01	—	—	—
Lazard Asset Management	359	64,600	0.01	—	—	—
Leerink Swann & Co.	1,053	29,550	0.04	2,239	63,200	0.04
Lehman Brothers Inc.	2,869	127,284	0.02	26,770	2,786,104	0.01
Lehman Brothers (ECN)	—	—	—	1,364	136,400	0.01
Lehman Brothers International	1,147	66,625	0.02	9,988	346,721	0.03
Liquidnet (ECN)	21,960	2,487,663	0.01	16,821	858,458	0.02
Loop Capital	4,431	606,609	0.01	14,235	495,448	0.03
M. Ramsey King Securities	42,677	2,714,490	0.02	22,360	839,088	0.03
Macquarie Equities	11,027	1,892,764	0.01	16,915	3,613,990	0.00
Macquarie Securities	27,521	14,298,085	0.00	20,517	3,051,091	0.01
Macquarie Securities (ECN)	161	278,900	0.00	—	—	—
Mainfirst	96	36,000	0.00	—	—	—
Magna Securities	37,760	6,271,868	0.01	4,654	212,462	0.02
Man Financial Ltd.	2,565	176,181	0.01	2,453	37,215	0.07
McDonald Co.	688	17,200	0.04	59	1,250	0.05
Mediobanca	22	4,600	0.00	—	—	—
Melvin Securities	6,339	277,822	0.02	25,593	1,158,810	0.02
Merrill Lynch & Co.	16,723	1,633,653	0.01	49,616	2,911,930	0.02
Merrill Lynch (ECN)	4,588	563,253	0.01	3,064	246,103	0.01
Merrill Lynch Algorithmic Strategy Trading (ECN)	2,667	398,922	0.01	1,586	42,807	0.04
Merrill Lynch Capital Markets	10,942	526,916	0.02	4,048	182,608	0.02
Merrill Lynch Fenner & Smith	4,508	592,788	0.01	7,144	394,324	0.02
Merrill Lynch International	39,301	7,646,600	0.01	46,073	3,231,474	0.01
Merrill Lynch Pierce Fenner & Smith	2,715	311,700	0.01	11,331	874,309	0.01
Miletus Trading	—	—	—	213	10,650	0.02
Miller Tabak	388	9,700	0.04	—	—	—
Mischler Securities	12	300	0.04	—	—	—
Mitsubishi Securities	2,363	37,124	0.06	4,688	182,746	0.03
Mizuho Securities	658	35,715	0.02	227	7,100	0.03
MKM Partners	269	8,350	0.03	714	19,300	0.04
MS Passport	767	154,992	0.00	—	—	—
Mogavero, Lee & Co.	95,691	3,189,700	0.03	—	—	—
Montrose Securities	62,106	1,991,799	0.03	19,182	502,083	0.04
Morgan Keegan & Co.	132	4,400	0.03	—	—	—
Morgan Stanley and Co.	82,323	11,051,668	0.01	88,675	7,149,370	0.01
Morgan Stanley and Co. (ECN)	9,283	1,451,185	0.01	12,931	1,758,072	0.01
Morgan Stanley International	16,474	3,164,336	0.01	12,254	1,151,196	0.01
M R Beal & Co.	17,949	760,062	0.02	6,170	183,740	0.03
MSDW Australian Securities Ltd.	373	118,530	0.00	293	87,544	0.00
Multitrade	31,124	2,034,878	0.02	33,361	1,203,411	0.03
Murphy & Durieu (ECN)	4,675	207,740	0.02	343	15,200	0.02
National Bank Financial	939	24,100	0.04	121	3,000	0.04
National Financial Services	—	—	—	3,039	67,019	0.05
Natixis Securities	91	1,300	0.07	—	—	—
NBC Clearing Services	723	16,600	0.04	—	—	—
NCB Stockbrokers	4,275	158,600	0.03	2,665	62,300	0.04
Needham & Co. Inc.	56	1,400	0.04	36	900	0.04
Nesbitt Burns	4,870	121,400	0.04	2,059	45,417	0.05
Nikko Securities	—	—	—	218	501	0.44
Nomura International	3,004	343,862	0.01	—	—	—
Nomura Securities	23,160	981,404	0.02	10,824	843,650	0.01
Nova Capital Markets	652	16,300	0.04	—	—	—
Numis Corp	1,469	522,600	0.00	307	33,200	0.01
NYFIX Transaction Services Inc.	—	—	—	27	5,400	0.01
Oddo	2,427	32,146	0.08	3,892	45,447	0.09
Oppenheimer & Co.	3,049	115,200	0.03	1,033	29,500	0.04
Oriel Securities Ltd.	12	3,111	0.00	—	—	—
OTA Limited Partnership	56	1,400	0.04	—	—	—
Pali Capital, Inc.	304	7,600	0.04	—	—	—
Panmure Gordon & Co.	24	5,000	0.00	—	—	—
Pareto Fonds	—	—	—	468	25,700	0.02
Paterson Ord Minnett Limited	166	6,190	0.03	528	18,008	0.03
PCS Securities	—	—	—	4,122	108,668	0.04

Supporting Schedules (continued)

Summary Schedule of Global Investment Commissions For the Years Ended June 30, 2009 and 2008

Investment Brokerage Firm	2009			2008		
	Commission	Shares Traded	Commission per Share	Commission	Shares Traded	Commission per Share
Peel Hunt & Co.	\$ -	-	\$ -	\$ 361	40,196	\$ 0.01
Pershing & Co.	21,232	581,679	0.04	-	-	-
Peters & Co.	499	11,400	0.04	188	4,700	0.04
Pipeline Trading	1,135	97,400	0.01	2,615	177,400	0.01
Piper Jaffrey	1,473	41,600	0.04	1,408	35,200	0.04
Piper Jaffrey (ECN)	90	9,000	0.01	-	-	-
Pulse Trading	1,157	54,300	0.02	3,293	146,300	0.02
Quantex	2,188	427,054	0.01	1,429	53,612	0.03
Rabo Securities	2,349	62,334	0.04	-	-	-
Ramirez & Co.	36	900	0.04	-	-	-
Raymond James	10,837	288,060	0.04	967	22,000	0.04
RBC Capital Markets	10,510	274,852	0.04	9,757	238,455	0.04
RBC Dain Rauscher	716	27,000	0.03	-	-	-
RBC Dominion Securities	10,062	246,650	0.04	4,198	88,700	0.05
RC Securities Limited	-	-	-	135	1,700	0.08
Redburn Partners	2,922	319,195	0.01	1,996	15,150	0.13
Renaissance Capital Corp.	8,956	254,261	0.04	4,129	111,672	0.04
Ridge Clearing & Outsourcing Solutions Inc.	468	15,600	0.03	-	-	-
Robert Van Securities, Inc.	7,527	216,150	0.03	3,802	127,270	0.03
Robert W. Baird & Co.	7,549	198,225	0.04	947	23,300	0.04
Royal Bank of Canada	105	2,100	0.05	1,310	26,600	0.05
Royal Bank of Scotland	2,258	271,500	0.01	-	-	-
Samsung Securities Co.	141	278	0.51	-	-	-
Sanders Morris Harris	-	-	-	301	8,600	0.04
Sandler O'Neill	1,360	34,000	0.04	48	1,200	0.04
Sanford Bernstein	8,858	708,075	0.01	2,693	150,900	0.02
Sanford Bernstein (ECN)	26,803	3,073,102	0.01	11,634	1,164,703	0.01
Santander Investment Securities Inc.	2,620	294,800	0.01	-	-	-
Score Asset Management	6,828	198,100	0.03	4,004	117,900	0.03
Scotia Capital Markets	761	21,100	0.04	-	-	-
Scotia McLeod	1,275	34,100	0.04	2,163	70,500	0.03
Seaport Securities Corp.	-	-	-	242	8,050	0.03
SG Americas Securities	2,685	71,265	0.04	1,605	51,601	0.03
SG Securities	-	-	-	809	3,803	0.21
Shearson Lehman Hutton	-	-	-	95	2,100	0.05
Siebert (Muriel)	7,403	197,655	0.04	30,959	642,152	0.05
Simmons & Co.	352	8,800	0.04	92	2,300	0.04
Skandinaviska Enskilda Banken	233	115,481	0.00	-	-	-
Smith Barney Shearson Inc.	11,685	982,007	0.01	-	-	-
Societe Generale Equities International	1,984	34,729	0.06	1,019	20,100	0.05
Societe Generale Securities Corp.	2,661	78,577	0.03	1,394	34,016	0.04
Soleil Securities Corp.	872	21,800	0.04	-	-	-
Southern Cross Equities	-	-	-	160	55,290	0.00
Spear Leeds	3,840	227,139	0.02	-	-	-
Stanford Group	-	-	-	332	8,300	0.04
State Street Bank & Trust	527	105,600	0.00	329	2,983	0.11
State Street Global Markets	239	19,684	0.01	5,001	353,659	0.01
Stephens Inc.	2,148	53,700	0.04	-	-	-
Stifel Nicolaus & Co.	4,105	126,400	0.03	1,762	37,121	0.05
Sturdivant & Co.	316	7,900	0.04	-	-	-
Susquehanna Investment Group	978	30,200	0.03	898	26,100	0.03
Svenska Handelsbanken Equities	564	15,600	0.04	70	6,000	0.01
TD Investments	458	12,900	0.04	8,647	236,800	0.04
ThinkEquity Partners	146	7,300	0.02	-	-	-
Thomas Weisel Partners	14,401	373,200	0.04	6,393	161,500	0.04
Thomas Weisel Partners (ECN)	628	62,800	0.01	-	-	-
Toronto Dominion Securities Inc.	16,331	421,287	0.04	4,228	101,000	0.04
Troika Dialog	372	24,000	0.02	-	-	-
UBS AG	12,564	2,706,443	0.00	5,817	1,002,713	0.01
UBS Bunting	-	-	-	928	364,408	0.00
UBS Securities	38,707	8,512,496	0.00	16,701	4,900,545	0.00
UBS Securities (ECN)	15,781	1,781,139	0.01	25,338	4,573,128	0.01
UBS Warburg	6,261	2,080,776	0.00	17,819	2,222,244	0.01
Unicredit CAIB AG	1,061	55,400	0.02	-	-	-
Union Bank of Switzerland	14,713	1,581,151	0.01	958	45,206	0.02
VDM Institutional Brokerage	203	9,000	0.02	-	-	-
Wachovia Securities Inc.	6,037	145,600	0.04	1,067	24,500	0.04
Wasserstein	-	-	-	190	4,500	0.04
Weeden & Co.	4,614	154,000	0.03	6,833	183,800	0.04
West LB Securities	-	-	-	1,288	5,775	0.22
White Cap Trading	-	-	-	693	30,800	0.02
White Cap Trading (ECN)	113	5,000	0.02	1,366	60,700	0.02
Williams Capital	6,633	259,521	0.03	2,728	149,625	0.02
Total	\$1,847,652	218,765,632	\$0.01	\$1,367,746	95,569,254	\$0.01

Supporting Schedules

 Summary Schedule of Fixed Income Investment Brokerage
 For the Years Ended June 30, 2009 and 2008

	2009	2008
	Market Value Traded	Market Value Traded
ABN AMRO Securities	\$ 225,000	\$ 1,384,025
ADP Clearing & Outsourcing	2,045,424	-
AK Capital	3,647,770	-
Alex Brown & Sons	685,911	-
Amherst Securities Group	7,493,002	5,619,746
Apex Pryor Securities	-	-
Bank of America	1,113,789,665	1,257,204,919
Banc of America Securities	918,459,718	1,343,009,857
Bank of New York Capital Markets	-	132,768
Bank of Nova Scotia	-	156,064
Banque Paribas	38,093,346	69,325,923
Barclays Bank	76,235,278	89,179,829
Barclays Capital Inc.	2,845,837,796	1,936,325,817
BB&T Capital Markets	239,676	317,896
BBVA Securities Inc.	-	-
Bear Stearns & Co.	1,497,709	1,682,490,974
Bear Stearns International Ltd.	-	160,234
Blaylock & Partners	1,155,504	-
BMO Capital Markets Corp.	145,810	-
BNP Paribas Securities Corp.	136,056,840	14,133,161
BNY Brokerage Inc.	690,150	-
BNY Capital Markets	468,750	-
Bonds Direct	12,422,292	248,589
BOSC Inc.	2,962,715	-
Braver, Stern Securities Co.	9,491,848	-
Broadpoint Securities Inc.	6,879,520	64,040
Cabrera Capital Markets	19,111,723	18,951,911
Cambridge International	10,857,131	49,874,243
Cantor Fitzgerald & Co.	55,936,552	28,138,113
Carolina Capital Markets	986,206	122,113
CastleOak Securities	1,386,973,382	332,367,864
Chapdelaine & Co.	987,572	-
Chase Manhattan Bank	23,673,942	-
Chicago Income Collection	609,950	-
CIBC World Markets	-	-
Citibank NA	3,052,668	38,308,461
Citigroup Funding Inc.	-	-
Citigroup Global Markets Inc.	954,052,510	1,085,913,467
Clearview Correspondent Services	287,202	-
Commonwealth Bank of Australia	85,131	-
Corporate Actions	21,257,237	3,537,467
Countrywide Capital Markets	-	5,526,394
Countrywide Securities Corp.	-	8,633,798
Cowen & Co.	-	-
Credit Research	111,088	-
Credit Suisse Capital	89,119,472	1,026,505
Credit Suisse First Boston Corp.	1,716,567,655	3,707,262,163
Credit Suisse International	1,010,152	2,355,207
Credit Suisse Securities (USA)	1,861,644,058	1,650,556,482
Crews & Associates	54,670	-
DaimlerChrysler North America	-	-
Dain Rauscher	-	-
De La Rosa, E.J. & Co., Inc.	1,926,648	-
DEPFA First Albany Securities	2,133,531	-
Deutsche Bank AG	27,104,333	22,879,601
Deutsche Bank Securities, Inc.	1,463,024,808	4,208,266,678
Direct Placement	-	-
DLJ	1,084,654	-
Donaldson Lufkin and Jenrette Securities	720,023	-
Dresdner Kleinwort Wasserstein Securities	-	-
Fahnestock	197,755	-
FCC	-	671,191
Finacorp Securities	29,240,802	69,907,488
First Albany Corp.	-	-
First Clearing	583,996	1,317,024
First Southwest Co.	979,854	-
First Tennessee Bank	503,575	2,580,292
First Tennessee Brokerage	339,885	2,935,962
First Tennessee Capital Markets	19,198,158	7,022,855
Fleet Securities	153,384	-
Fortis Bank	72,129	-
Freidman Billings Ramsey & Co. Inc.	-	-
FTN Financial	18,487,077	1,720,382
Fundamental Capital	2,954,627	-
Gatten Sadowski	49,806	-
GE Capital	-	-

Supporting Schedules (continued)

Summary Schedule of Fixed Income Investment Brokerage For the Years Ended June 30, 2009 and 2008

	2009	2008
	Market Value Traded	Market Value Traded
GECC Capital Markets Group Inc.	\$ -	\$ -
GFI Securities	849,331	-
Goldman Sachs & Company	1,251,583,516	2,619,245,175
Goldman Sachs Capital Markets	919,442	2,905,380
Goldman Sachs Futures	-	-
Goldman Sachs Group Inc.	171,751,220	709,644,455
Goldman Sachs International	7,494,663	6,582,645
Government Perspectives	333,193	268,324
Greenwich Capital Markets Inc.	1,481,176,191	1,158,320,923
Guggenheim Capital Markets	13,603,841	-
Guzman & Company	160,204,061	288,588,167
GX Clarke & Co.	5,549,132	731,381
HSBC Bank Plc	2,061,818	53,755,887
HSBC Bank USA NA	\$4,380,216	\$2,854,984
HSBC Securities Inc.	55,746,148	304,000,612
Hunter Securities Corp.	676,267	-
ICP Securities LLC	1,030,762	-
ING Bank	-	654,350
ING Barings U.S. Securities Inc.	239,275	112,800
ING Financial Markets	-	-
Jefferies & Company	44,779,663	12,623,463
Jones & Associates	-	2,976,180
J.P. Morgan Chase & Co.	462,247,158	107,210,742
J.P. Morgan Chase Bank	744,226,793	653,823,077
J.P. Morgan Securities Inc.	1,169,061,191	622,097,111
Kaupthing Bank	-	3,187,434
KBC Financial	-	1,435,732
KeyBanc Capital Markets	10,558,567	-
Keybank	1,170,974	-
Key Group	117,622	-
Knight Libertas	5,185,837	-
Legent Clearing	313,114	-
Lehman Bank	-	-
Lehman Brothers Futures	-	-
Lehman Brothers Inc.	3,178,849,419	6,147,936,820
Lehman Brothers International	28,577,621	-
Lehman Brothers Special Financing Inc.	8,513,291	16,947,140
Libertas Partners LLC	702,402	-
LLC Transactions	8,017,416	14,767,894
Loop Capital Markets	3,033,920,156	5,764,370,092
Macquarie Securities	59,828	-
Magna Securities Corporation	400,069	-
MAN Financials Inc.	44	-
MarketAxess Corp.	886,056	-
McDonald & Company	673,496	575,444
McDonald Investments Inc.	-	-
Merrill Lynch Capital Services	6,401,543	23,975,961
Merrill Lynch Government Securities Inc.	94,475,782	-
Merrill Lynch Inc.	413,093,318	1,505,856,538
Merrill Lynch International	553,348	1,046,904
Merrill Lynch Pierce Fenner & Smith	16,553,349	4,296,719
Mesirow Financial Inc.	1,085,664	-
MF Global Inc.	1,136,541	-
Miller Securities	-	70,076
Miller Tabak & Co.	28,867	67,313
Mitsubishi Securities Inc.	184,115	4,016,011
Mitsubishi UFJ Securities International	191,821	3,364,488
Mizuho International PLC	1,904,368	-
Mizuho Securities USA Inc.	11,033,928	130,858,840
Montgomery Securities	343,886	-
Montrose Securities International	103,018,512	372,146,309
Morgan Keegan & Co.	10,683,244	980,829
Morgan Stanley & Co. Inc.	777,521,710	1,039,398,469
Morgan Stanley Capital Services Inc.	13,520,587	32,618,109
Morgan Stanley Dean Witter	335,822,727	274,772,064
M R Beal & Co.	-	214,737
MSR	-	-
MST	26,101,185	-
MTH	-	-
Multi-Bank Securities	1,467,099	-
Muriel Siebert & Co. Inc.	29,876	-
Myerberg & Co.	-	-
National Financial Services Corp.	121,476	-
Navigate Advisors LLC	331,099	-
Newedge	53	-
Nomura Securities	6,074,003	50,949,764
Northern Trust Foreign Exchange Services	-	-

Supporting Schedules (continued)

 Summary Schedule of Fixed Income Investment Brokerage
 For the Years Ended June 30, 2009 and 2008

	2009	2008
	Market Value Traded	Market Value Traded
Oppenheimer Securities	\$ -	\$ 476,718
Pali Capital Inc.	310,623	130,000
Paribas Corp.	54,252	-
Pershing Securities	467,031	105,969
PFPC Distributors	109,000	28,000
Putnam Lovell NBF Securities Inc.	-	-
Raymond James & Assoc Inc.	5,605,610	705,933
RBC Capital Markets Inc.	5,181,622	-
RBC Dain Rausher Inc.	21,968,247	21,428,082
RBC Dominion	2,821,741	620,553
RBS/Greenwich Capital Markets	386,009	256,250
RBS Securities Inc.	55,737,545	-
Residential Funding Securities Corp.	-	-
Ridge Clearing & Outsourcing Solutions Inc.	448,390	-
Robert Van Securities	-	1,964,961
Robert W. Baird & Co.	13,958,874	921,584
Royal Bank of Canada	3,513,415	245,296
Royal Bank of Scotland PLC	161,646,534	72,607,245
R.W. Pressprich & Co. Inc.	-	-
Salomon Brothers Inc.	2,294,667	-
Salomon Smith Barney Inc.	-	-
Sandgrain Securities	-	104,947
Sandler O'Neill & Partner	7,211,897	170,194
Santander Centro Hispano Investment	-	-
Santander Investment	-	5,214,086
SBK Brooks Investment Corp.	1,091,546	501,392
Scotia Capital	-	-
Scott Stringfellow Inc.	399,400	-
Seattle Northwest Securities Corp.	-	-
Self Directed Clients Only LLC	-	-
Siebert Branford Shank & Co. LLC	415,000	-
SLM Corporation	-	316,960
Southwest Securities	9,178,731	-
Standard Bank New York	-	-
Standard Chartered Bank	427,781	-
State Street Bank & Trust	-	-
Stephens	2,192,477	4,504,889
Sterling Financial Investment Group	-	-
Sterne Agee	92,671	-
Stifel Nicolaus & Co.	4,584,265	12,217,363
Stone and Youngberg	733,132	-
Sunbelt Securities	3,070,797	-
SunTrust	1,392,692	517,156
TD Securities	600,209	-
Tejas Securities Group Inc.	-	198,892
Terwin Capital	-	3,062,500
Toronto Dominion	-	-
Toussaint Capital Partners LLC	137,514,319	5,756,008
Trans-National	-	-
Troika Dialog Inc.	69,919	-
U.S. Bancorp Piper Jaffray Inc.	522,450	-
UBS AG	14,857,809	7,461,726
UBS Financial Services	241,299	269,223
UBS Limited	370,103	-
UBS PaineWebber	10,859,087	3,790,884
UBS Securities LLC	716,664,626	297,738,671
UBS Warburg LLC	4,771,768	107,365,578
United Capital Markets	58,416	-
Utendahl	42,413,343	175,311,821
Vining Sparks	4,142,131	-
Wachovia Bank NA	-	69,408
Wachovia Capital Markets	103,276	312,413
Wachovia Securities Inc.	23,829,964	78,809,335
Wall Street Access	2,074,124	-
Washington Mutual Capital Corp.	-	5,997,411
Weller, Anderson, Cheneviere	3,297,438	-
Wells Fargo Investments	5,399,916	-
Westpac Banking Corp.	-	6,904,190
Williams Capital	397,832,376	7,663,323
Young, Stoval & Company	748,500	-
Total	\$28,242,859,986	\$40,413,627,806

A COMPONENT UNIT OF THE STATE OF ILLINOIS



ACTUARIAL SECTION

“The **mystic** chords of memory,
stretching from every battlefield,
and patriot grave,
to every living **heart** and hearthstone,
all over this broad land,
when again touched, as surely they will be...
by the better **angels** of our nature.”

From Lincoln's First Inaugural Address on March 4, 1861,
written in January of that year as he took refuge from
hordes of office-seekers in a back room at his brother-in-
law's store in Springfield.

Letter of Certification



Gabriel Roeder Smith & Company
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November 24, 2009

Board of Trustees
State Universities Retirement System of Illinois
1901 Fox Drive
Champaign, IL 61820

Re: Certification of Actuarial Results

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the State Universities Retirement System of Illinois ("SURS") as of June 30, 2009. An actuarial valuation of the defined benefit plans of SURS is performed annually.

The actuarial valuation is based upon:

- a. *Data relative to the Members of SURS* – Data for all Members, including those participating in the Self Managed Plan, was provided by SURS staff. Such data is tested for reasonableness, but is used unaudited.
- b. *Assets of the Fund* – The values of SURS assets are provided by SURS staff. First effective with the valuation as of June 30, 2009, the actuarial value of assets, which smoothes investment gains and losses compared to the actuarial assumption of 8.5% over a five-year period, is calculated by the actuary and used to develop actuarial results.
- c. *Actuarial Method* – The actuarial method utilized by SURS is the Projected Unit Credit Cost Method. The objective of this method is to finance the benefits of SURS as such benefits accrue to each Member. Any Unfunded Actuarial Accrued Liability (UAAL) under this method is separately financed. All actuarial gains and losses under this method are reflected in the UAAL.
- d. *Actuarial Assumptions* – The actuarial assumptions used in this valuation are summarized in the next few pages. This set of assumptions was adopted by the Board first effective for the valuation as of June 30, 2007.

The actuarial assumptions and methods used are in accordance with paragraph 36 of GASB Statement Number 25.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by SURS staff with our guidance.

The funding objective is to provide employer and employee contributions sufficient to provide the benefits of SURS when due and to achieve an asset value equal to 90% of the Actuarial Accrued Liability by the end of fiscal year 2045. The financing objective of SURS and the funding process to reach that objective are set out in Section 15-155 of the SURS Article of the Illinois Pension Code.

The results of this valuation are based on the data and actuarial techniques described above and on the provisions of SURS at the valuation date. Based on these items, we certify these results to be true and correct.

The undersigned are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Leslie L. Thompson, FSA, EA, MAAA
Senior Consultant

Cathy Nagy, FSA, MAAA
Senior Consultant

Amy Williams, ASA, MAAA
Consultant

Actuarial Report

Pension Financing

The State Universities Retirement System of Illinois (SURS) is financed by employee contributions, employer contributions (state appropriations and contributions from trust and federal funds), and investment earnings. Employee contributions are established by the Illinois Compiled Statutes at 8% of pay. Investment earnings and state funding are primary determinants of the System's financial status.

Employer (state) contributions are determined through annual actuarial valuations. Actuaries use demographic data (such as employee age, salary, and service credits), economic assumptions (such as estimated salary increases and interest rates), and decrement assumptions (such as employee turnover, mortality, and disability rates) in performing these valuations. The actuarial valuation process flows generally as follows:

- 1) Based on the demographic data and actuarial assumptions described above, the amount and timing of benefits payable in the future is estimated by the actuary for all participants at the valuation date. Important assumptions in this computation are the turnover, retirement age, and earnings progression for active members, and mortality for all participants.
- 2) The actuary then calculates the Actuarial Present Value of these benefits. This is the amount necessary to be invested at the valuation interest rate, at the valuation date, to provide benefit payments as they come due. Each year's estimated benefit payments are discounted by an assumed interest rate to determine the present dollar value of benefits.
- 3) The final step is to apply a cost method assigning portions of the total value of benefits to past, present, and future periods of employee service. This allocation is accomplished by development of normal cost and accrued benefit cost.

There are several accepted actuarial cost methods. The one used by SURS is the projected unit credit cost method. Under this method, the Actuarial Present Value of the projected pension at retirement age is determined at the individual member's current or attained age. The normal cost for the member for the current year is equal to the portion of the value so determined assigned to this year. The normal cost for the plan for the year is the sum of the normal costs of all active members.

Accrued benefit cost is the portion of the present value of benefits assigned by the cost method to years of service up to the valuation dates at the time the estimate is prepared. Although accrued during each member's employment, benefits are not paid until the member retires; thus the value changes as the member's salary and years of service change. Furthermore, membership continually changes as some members leave and are replaced by new members. The normal cost during FY 2009 was 17.94% of payroll, 8.0% of which is paid by the members' contributions. The remaining 9.94% is the employer's portion of the normal cost.

Actuarial funding of System benefits would require annual State appropriations which at least cover the employer's normal cost (9.94% of payroll) plus an amortization of the System's unfunded accrued benefit cost. The employer's normal cost plus amortization is called employer cost (see Schedule of Payroll Percentages). The State has not funded the System on this basis. Historically, the State funded the System by reimbursement (in full or in part) of benefit payments. In August 1989, then Governor James Thompson signed legislation that phased in, over seven years, a financing objective that would ultimately provide adequate funding of SURS.

On August 22, 1994, Governor Jim Edgar signed legislation which requires a 15-year phase-in to a 35-year funding plan which provides adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. This law, Public Act 88-0593, went into effect on July 1, 1995. A significant difference between the 1989 and 1994 funding legislation is that the latter takes the form of a continuing appropriation. This removes the pension funding from the General Assembly's annual budget negotiations and requires that the actuarially determined annual funding become an automatic contribution (see Financing Objective). Ultimately, this funding plan will increase the State's pension funding from its current level of 54.3% to approximately 90%.

Actuarial Report

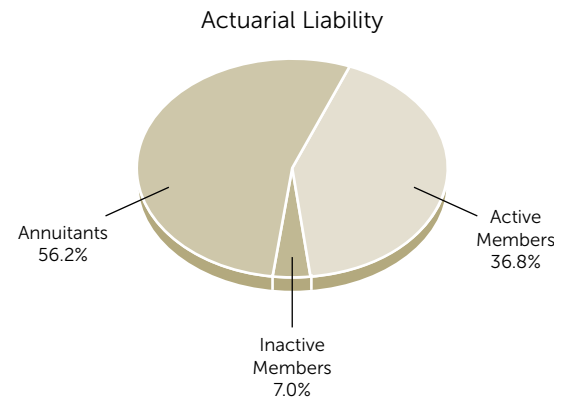
On April 7, 2003, Governor Blagojevich signed House Bill 2660 into law as Public Act 93-0002. This authorized the State of Illinois to issue \$10,000,000,000 of General Obligation Bonds for the purpose of making contributions to designated retirement systems. On June 12, 2003, the State of Illinois issued \$10,000,000,000 of General Obligation Bonds, Pension Funding Series of June 2003, and deposited the net bond proceeds of \$7,317,292,916 into the Pension Contribution Fund, to be allocated among the five state-funded retirement systems to reduce their actuarial reserve deficiencies as provided in PA 93-0002. The allocation of the proceeds was based on the percentage distribution of the State's total actuarial reserve deficiency as of June 30, 2002. SURS received an allocation of bond proceeds equal to \$1,431,994,224 on July 1, 2003.

On June 1, 2005, Governor Blagojevich signed Public Act 94-0004 which had the effect of reducing the state contribution to SURS by approximately \$158 million in fiscal year 2006 and \$140 million in fiscal year 2007 from the amounts that would have been paid under the prior funding plan; these reductions represent SURS' proportionate share of debt service on the General Obligation Bonds issued in 2003.

From fiscal year 2008 and forward, the required state contributions are again determined according to Public Act 88-0593

Valuation Results (\$ millions)

Actuarial liability (reserves)	
For members receiving annuities	\$ 14,802.6
For inactive members	1,829.4
For active members	<u>9,684.2</u>
Total	26,316.2
Actuarial value of assets available for benefits	<u>14,282.0</u>
Unfunded accrued actuarial liability	<u>\$ 12,034.2</u>



Changes in the Unfunded Accrued Actuarial Liability (\$ millions)

Unfunded accrued actuarial liability at June 30, 2008	\$ 10,331.4
Expected decrease in unfunded accrued actuarial liability	738.8
Impact of change in actuarial methods	(3,249.0)
Actuarial differences	
Investments other than 8.5%	4,061.1
Salary increases other than 5.5%	(1.3)
Age and service retirement differences	(47.1)
Termination differences	57.8
Mortality and disability incidence differences	(12.1)
Benefit recipient differences	88.9
New entrants	85.1
Other actuarial differences	<u>(19.4)</u>
Net actuarial loss	4,213.0
Unfunded accrued actuarial liability at June 30, 2009	<u>\$ 12,034.2</u>

Actuarial Report

Actuarial Asset Valuation

The actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed expected income investment rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

The use of this actuarial method began with the valuation for the period ending June 30, 2009, as required by Public Act 96-0043, which was signed into law on July 15, 2009.

Actuarial Cost Method

The projected unit credit cost method is used for retirement benefits. Under this method, the projected pension at retirement age is first calculated and the value thereof at the individual member's current attained age is determined. The normal cost for the member for the current year is equal to the value so determined divided by the member's projected service at retirement. The normal cost for the plan for the year is the sum of the individual normal costs.

The actuarial liability at any point in time is the value of the projected pensions at that time less the value of future normal costs. For ancillary benefits for active members, in particular disability benefits, death and survivor benefits, termination benefits, and the postretirement increases, the same procedure as outlined above is followed. Estimated annual administrative expenses are added to the normal cost.

Employee Data

Employee data are provided by the administrative staff of the State Universities Retirement System. Various tests are applied to check internal consistency as well as consistency from year to year. No calculations are made for employees not yet hired as of the valuation date.

Financing Objective

Beginning in fiscal year 1996 the required contribution rates were based upon Public Act 88-0593, which calls for a 15-year-phase-in to a 35-year funding plan which provides for adequate annual funding of the employer's normal cost while amortizing the unfunded accrued actuarial liability. Annual funding under this plan will occur as a continuing appropriation.

In fiscal year 2007 the required contribution rates were based upon Public Act 94-0004 which required a reduction in the state appropriation called for under the prior funding plan by the proportionate amount of debt service on the General Obligation Bonds issued in fiscal year 2004.

From fiscal year 2008 and forward, the required state contributions are again determined according to Public Act 88-0593

Defined Benefit Plan

Employer Contributions Received in Fiscal Year 2009

State appropriations (a)	\$ 193,367,229
State pension fund (a)	223,890,000
Federal/trust/employer funds/other	<u>34,359,837</u>
Total	<u>\$ 451,617,066</u>

Reconciliation to Total State Appropriations

Defined Benefit Plan—State	
Appropriations received (a)	\$ 417,257,229
Defined Contribution Plan—State	
Appropriations received	<u>32,958,771</u>
Total State Appropriations Received	<u>\$ 450,216,000</u>

Actuarial Report

The projected required contribution rates and amounts are as follows:

Fiscal Year	Percentage of Payroll	Assumed Payroll (\$ billions)	Required Contribution
2011	21.3%	\$ 4.18	\$ 888,142,000
2012	22.8%	\$ 4.31	\$ 984,580,000
2013	24.3%	\$ 4.45	\$ 1,079,795,000
2014	25.5%	\$ 4.60	\$ 1,174,230,000
2015	26.6%	\$ 4.76	\$ 1,266,740,000
2016	26.7%	\$ 4.94	\$ 1,318,436,000

The net State appropriation requirements can be determined by adjusting for such items as State Pension Fund appropriations and contributions from federal and trust funds. The results are based on the projected unit credit actuarial cost method, and on the data provided, and assumptions used, for the June 30, 2009 actuarial valuation. In order to determine projected contribution rates and amounts, the following additional assumptions and estimates were used:

- 1) Covered payroll of \$4.00 billion for fiscal year 2010.
- 2) 5.0% per annum rate of increase in covered payroll.
- 3) Total employer contributions of \$744,514,000 for fiscal year 2010.

As of June 30, 2009, the Unfunded Accrued Actuarial Liability (UAAL) to be amortized was \$12,034,232,901.

Summary of Major Actuarial Assumptions

■ Mortality

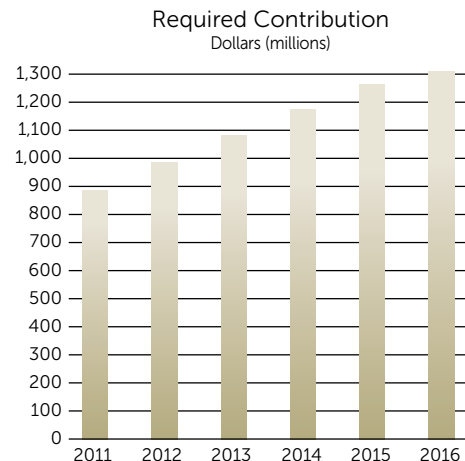
Mortality rates are based upon the 1994 Group Annuitant Mortality Table, with male ages set back two years and female ages unadjusted. The assumed mortality rates for active members are 75% of those for retirees.

■ Interest

8.5% per annum, compounded annually.

■ Termination

Rates of withdrawal are based upon ages and years of service as developed from plan experience. Shown at right is a table of termination rates based upon experience in the 2001-2006 period. The assumption consists of a table of ultimate turnover rates by years of service credit.



Termination Rates

Years of Service	All Members
0	.295
1	.255
2	.190
3	.160
4	.140
5	.120
6	.100
7	.090
8	.075
9	.065
10	.055
15	.030
20-24	.021
25-29	.016
30 & over	0.0

Actuarial Report

■ Salary Increases

Each member's compensation is assumed to increase by 5.0% each year, except that rate is increased for members with less than 9 years of service as shown at right.

The payroll of the entire system is assumed to increase at 5.0% per year for purposes of calculating employer required contribution.

■ Retirement Age

Upon eligibility, active members are assumed to retire as shown at right.

■ Assets

Assets available for benefits are used at market value.

■ Expenses

As estimated and advised by the SURS staff, based on current expenses with an allowance for expected increases.

■ Spouse's Age

The female spouse is assumed to be three years younger than the male spouse.

In addition to the above, other assumptions used include disability incidence, recovery from disability, mortality of disabled lives, marriage, remarriage rates with ages, and number of children.

These assumptions were adopted effective with the June 30, 2007 actuarial valuation. They were developed based upon an experience study completed in December 2006.

Annual Compensation Increases

Service Year	Additional Increase	Service Year	Additional Increase
0	.0500	5	.0100
1	.0400	6	.0080
2	.0250	7	.0050
3	.0150	8	.0030
4	.0125	9 & over	.0000

Retirement Rates

Age	Members Eligible for Normal Retirement	Members Eligible for Early Retirement
Under 55	.350	.000
55	.300	.070
56	.300	.050
57	.270	.050
58	.270	.055
59	.260	.060
60	.120	
61	.120	
62	.150	
63	.150	
64	.150	
65	.200	
66	.170	
67	.170	
68	.170	
69	.170	
70 & over	1.000	

Analysis of Financial Experience

Gains & Losses in Accrued Actuarial Liability For Fiscal Year Ended June 30, 2009 (\$ millions)

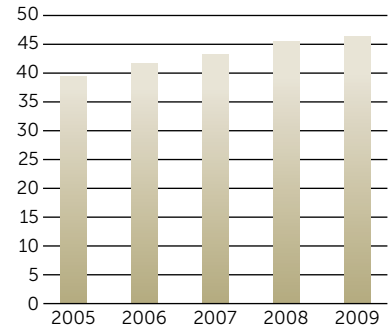
Actuarial (gains) and losses	
Investments other than 8.5%	\$ 4,061.1
Salary increases other than 5.0%	(1.3)
Age and service retirement differences	(47.1)
Termination differences	57.8
Mortality and disability incidence differences	(12.1)
Benefit recipient differences	88.9
New entrants	85.1
Other actuarial differences	(19.4)
	<hr/>
Total actuarial loss	\$ 4,213.0
Expected increase in UAAL	738.8
Impact of change in actuarial method	(3,249.0)
	<hr/>
Total financial loss	\$ 1,702.8

Analysis of Funding

Schedule of Increases and Decreases of Benefit Recipients 10-Year Summary

Fiscal Year	Beginning Balance	Additions	Subtractions	Ending Balance
2000	29,342	2,725	1,277	30,790
2001	30,790	2,430	595	32,625
2002	32,625	2,941	1,307	34,259
2003	34,259	3,278	1,147	36,390
2004	36,390	3,498	1,401	38,487
2005	38,487	2,559	1,246	39,800
2006	39,800	3,140	1,302	41,638
2007	41,638	3,325	1,568	43,395
2008	43,395	3,498	1,547	45,346
2009	45,346	3,017	1,553	46,810

Benefit Recipients
Persons (thousands)



Active Participant Statistics 10 -Year Summary

Fiscal Year	Males	Females	Total Actives	Percent Change	Average Salary	Percent Change	Average Age	Average Service Credit
2000	32,573	39,792	72,365	(3.1%)	\$ 33,400	3.4%	46.7	10.1
2001	31,897	38,985	70,882	(2.0%)	34,909	4.5%	47.3	10.8
2002	32,033	40,745	72,778	2.7%	35,795	2.5%	46.6	10.1
2003	31,356	40,100	71,456	(1.8%)	37,012	3.4%	46.9	10.1
2004	31,803	41,189	72,992	2.1%	36,880	(0.4%)	46.3	9.3
2005	31,207	40,455	71,662	(1.8%)	39,221	6.3%	46.8	9.7
2006	31,024	40,735	71,759	0.1%	40,696	3.8%	47.0	9.8
2007	31,019	41,073	72,092	0.5%	42,373	4.1%	47.0	9.8
2008	31,158	41,928	73,086	1.4%	43,460	2.6%	47.0	9.8
2009	31,185	42,514	73,699	0.8%	45,204	4.0%	47.3	9.9

Analysis of Change in Membership 10 -Year Summary

Fiscal Year	Beginning Members	Additions	Retired	Died	Other Terminations	Ending Members
2000	74,668	10,776	1,752	82	11,245	72,365
2001	72,365	7,785	1,966	152	7,150	70,882
2002	70,882	9,704	1,675	79	6,054	72,778
2003	72,778	8,830	1,946	174	8,032	71,456
2004	71,456	13,073	2,001	172	9,364	72,992
2005	72,992	10,310	1,566	180	9,894	71,662
2006	71,662	10,199	1,864	160	8,078	71,759
2007	71,759	10,021	1,749	173	7,766	72,092
2008	72,092	10,548	1,903	88	7,563	73,086
2009	73,086	9,610	1,484	120	7,393	73,699

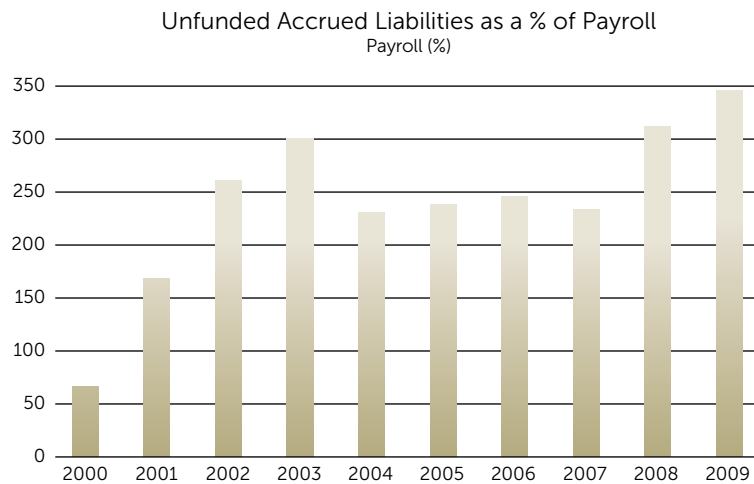
Analysis of Funding

In an inflationary economy, the value of dollars is decreasing. This environment results in employee pay increasing in dollar amounts, retirement benefits increasing in dollar amounts, and then, unfunded accrued liabilities increasing in dollar amounts, all at a time when the actual substance of these items may be decreasing. Looking at just the dollar amounts of unfunded accrued liabilities can be misleading. Unfunded accrued liabilities dollars divided by active employee payroll dollars provides a helpful index which shows that the smaller the ratio of unfunded liabilities to active member payroll, the stronger the system. Observation of this relative index over a period of years will give an indication of whether the System is becoming financially stronger or weaker.

Summary of Accrued and Unfunded Accrued Liabilities (\$ millions)

Fiscal Year	Accrued Liabilities	Net Assets at Market/Actuarial Value of Assets (A)	Assets as a % of Accrued Liabilities	Unfunded Accrued Liabilities (UAL)	Active Member Payroll	UAL as a % of Active Member Payroll
2000	\$ 13,679.0	\$ 12,063.9	88.2%	\$ 1,615.1	\$ 2,424.2	66.6%
2001	14,915.3	10,753.3	72.1%	4,162.0	2,474.6	168.2%
2002	16,654.0	9,814.7	58.9%	6,839.3	2,607.2	262.3%
2003	18,025.0	9,714.5	53.9%	8,310.5	2,763.4	300.7%
2004	19,078.6	12,586.3	66.0%	6,492.3	2,814.1	230.7%
2005	20,349.9	13,350.3	65.6%	6,999.6	2,939.1	238.1%
2006	21,688.0	14,175.1	65.4%	7,513.8	3,054.1	246.0%
2007	23,362.1	15,985.7	68.4%	7,376.4	3,181.0	231.9%
2008	24,917.7	14,586.3	58.5%	10,331.4	3,303.2	312.8%
2009	26,316.2	14,282.0	54.3%	12,034.2	3,463.9	347.4%

(A) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.



A decreasing trend indicates a system is becoming financially stronger.

Tests of Financial Soundness

The following four exhibits illustrate different measures of the financial soundness of the System. The Schedule of Funding compares State appropriations to the actuarial funding requirements, statutory funding requirement, and System expense. The Funding Ratios exhibit shows the percentage of the System's accrued benefit cost covered by net assets. This funding ratio is used to assess the System's ability to make future benefit payments. The exhibit illustrates the ratio of net assets to the System's accrued benefit cost over 10 years, with net assets valued both at cost and at market. The Percentage of Benefits Covered by Net Assets exhibit compares the plan's net assets with the members' accumulated contributions, the amount necessary to cover the present value of benefits currently being paid, and the employer's portion of future benefits for active members. The final test, Payroll Percentages, compares member payroll to unfunded accrued benefit cost, normal cost, and total required contributions. These percentages should decrease over the years if SURS is growing stronger.

Schedule of Funding: Fiscal Year 2000-2009 (\$ millions)

Fiscal Year	Funding Requirements				Covered Percentages		
	Gross ARC {1}(A)	Net ARC {2}(B)	System Expense {3}(C)	Employer Contribution {4}(D)	Gross ARC {5}(E)	Net ARC {6}(F)	System Expense {7}(G)
2000	\$ 547.8	\$ 325.3	\$ 601.1	\$ 241.1	44.0%	74.1%	40.1%
2001	548.1	326.5	676.0	247.1	45.1%	75.7%	36.6%
2002	686.9	436.9	755.1	256.1	37.3%	58.6%	33.9%
2003	843.8	597.5	848.6	285.3	41.5%	65.3%	33.6%
2004	934.8	691.0	926.7	1,757.5	188.0%	254.4%	189.6%
2005	859.7	607.8	1,016.5	285.4	33.2%	47.0%	28.1%
2006	914.9	662.0	1,097.4	180.0	19.7%	27.2%	16.4%
2007	968.3	705.9	1,189.1	261.1	27.0%	37.0%	22.0%
2008	971.6	707.5	1,287.8	344.9	35.5%	48.8%	26.8%
2009	1,147.3	874.0	1,384.9	451.6	39.4%	51.7%	32.6%

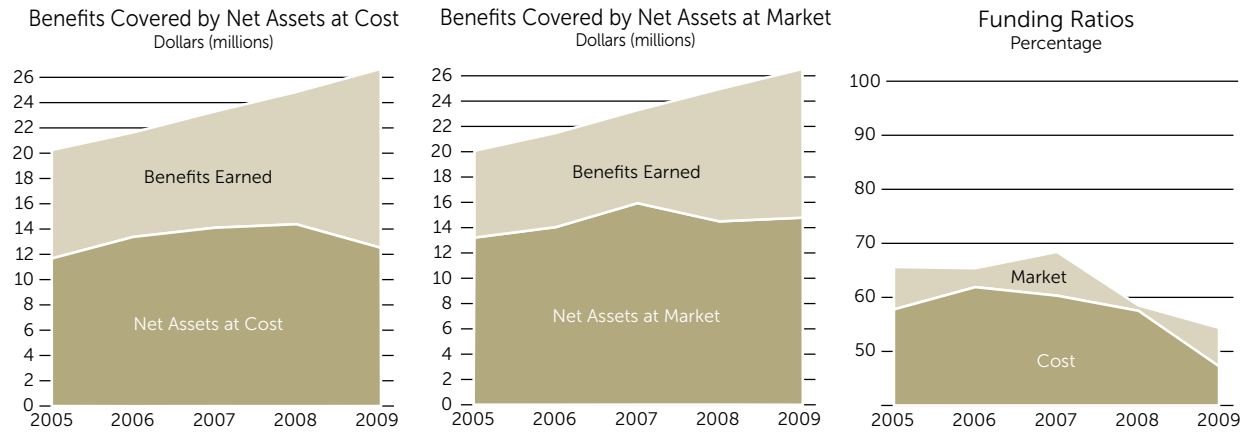
- (A) The annual required contribution as defined in GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."
- (B) The annual required contribution per Note A, less member contributions.
- (C) Benefit and administrative expense.
- (D) Contributions from The State of Illinois employer units and Pension Fund, and employer contributions from trust and federal funds.
- (E) Employer contributions divided by the total required contribution (Column 4 divided by Column 1).
- (F) Employer contributions divided by the employer required contribution (Column 4 divided by Column 2).
- (G) Employer contributions divided by System expense (Column 4 divided by Column 3).

Tests of Financial Soundness

Funding Ratios 10-Year Summary (\$ millions)

Fiscal Year	Net Assets at Cost	Net Assets at Market/ Actuarial Value of Assets (A)	Actuarial Funding Requirement	Funding Ratio	
				Cost	Market
2000	\$ 9,807.7	\$ 12,063.9	\$ 13,679.0	71.7%	88.2%
2001	10,195.2	10,753.3	14,915.3	68.4%	72.1%
2002	10,169.7	9,814.7	16,654.0	61.1%	58.9%
2003	9,715.2	9,714.5	18,025.0	53.9%	53.9%
2004	11,371.7	12,586.3	19,078.6	59.6%	66.0%
2005	11,736.0	13,350.3	20,349.9	57.7%	65.6%
2006	13,414.9	14,175.1	21,688.9	61.9%	65.4%
2007	14,089.0	15,985.7	23,362.1	60.3%	68.4%
2008	14,282.3	14,586.3	24,917.7	57.3%	58.5%
2009	12,485.0	14,282.0	26,316.2	47.4%	54.3%

(A) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.



Percentage of Benefits Covered by Net Assets 10-Year Summary (\$ millions)

Fiscal Year	Member Accumulated Contributions {1}(A)	Members Currently Receiving Benefits {2}(A)	Active/Inactive Members/ Employers' Portion {3}(A)	Net Assets/ Actuarial Value of Assets (B)	% of Benefits Covered by Net Assets/Actuarial Value of Assets for		
					{1}	{2}	{3}
2000	\$ 3,680.7	\$ 6,226.2	\$ 3,772.1	\$ 12,063.9	100.0	100.0	57.2
2001	3,863.0	7,084.4	3,967.0	10,753.3	100.0	97.3	-
2002	4,145.0	8,115.4	4,393.6	9,814.7	100.0	69.9	-
2003	4,299.5	9,215.5	4,510.0	9,714.5	100.0	58.8	-
2004	4,529.6	10,145.8	4,402.9	12,586.3	100.0	79.4	-
2005	4,726.1	10,842.1	4,781.7	13,350.3	100.0	79.5	-
2006	4,957.3	11,701.3	5,030.4	14,175.1	100.0	78.8	-
2007	5,239.9	12,838.1	5,284.1	15,985.7	100.0	83.7	-
2008	5,426.8	13,978.1	5,512.8	14,586.3	100.0	65.5	-
2009	5,688.9	14,802.6	5,824.7	14,282.0	100.0	58.1(C)	-

(A) A test of financial soundness of a system is its ability to pay all promised benefits when due. Column 1 represents the value of members' accumulated contributions. Column 2 represents the amount necessary to pay participants currently receiving benefits. Column 3 represents the employer's portion of future benefits for active members. Section 5/15-156 of the Illinois Compiled Statutes provides an order of priority: that is, members' contributions would be covered first, then current benefit recipients and the employer portion of active and inactive employees. For a system receiving actuarially determined contribution amounts, the total of actuarial values in Columns 1 and 2 should generally be fully covered by assets, and the portion of the actuarial value of Column 3 covered by assets should increase over time.

(B) Per Public Act 96-0043, the actuarial value of assets is used in determining the funding progress of the System and in establishing the employer contribution rates necessary to adhere to the statutory funding plan. The actuarial value of assets is based on a smoothed investment income rate. Investment income in excess or shortfall of the expected 8.5% rate on fair value is smoothed over a five-year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.

(C) If net assets are used, the percent of benefits covered for category 2 is 36.1.

Payroll Percentages: Fiscal Year 2000-2009 (\$ millions)

Fiscal Year	Member Payroll	Unfunded Accrued Benefit Cost		Employer Cost				Employer Contributions		
		Amount	% of Payroll	Normal Cost (A)	% of Payroll	Amortization of Unfunded Liability	Total (B)	% of Payroll	Emp Cont.	% of Payroll
2000	\$ 2,424.2	\$ 1,615.1	66.6%	\$ 236.3	10.2%	\$ 311.5	\$ 547.8	22.6%	\$ 241.1	9.9%
2001	2,474.6	4,162.0	168.2%	247.9	10.0%	300.2	548.1	21.1%	247.1	10.0%
2002	2,607.2	6,839.3	262.3%	231.4	8.9%	455.5	686.9	26.3%	256.1	9.8%
2003	2,763.4	8,310.5	300.7%	254.5	9.6%	589.3	843.8	30.5%	285.3	10.3%
2004	2,814.1	6,492.3	230.7%	267.3	9.5%	667.5	934.8	33.2%	1,757.5	62.5%
2005	2,939.1	6,999.6	238.1%	271.0	9.2%	588.7	859.7	29.2%	285.4	9.7%
2006	3,054.1	7,513.8	246.0%	292.3	9.6%	622.6	914.9	30.0%	180.0	5.9%
2007	3,181.0	7,376.4	231.9%	301.4	9.5%	666.9	968.3	30.4%	261.1	8.2%
2008	3,303.2	10,331.4	312.8%	310.4	9.1%	671.9	971.6	29.4%	344.9	10.4%
2009	3,463.9	12,034.2	347.4%	317.9	9.2%	829.4	1,1473.3	33.1%	451.6	13.0%

(A) Actuarially determined normal cost less member contributions.

(B) Total annual required contribution as defined by GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans."

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls - Defined Benefit Plan 10-Year Summary

Fiscal Year	Beginning of Year Balance	Number Added to Rolls	Allowances	Number Removed from Rolls	Allowances	End of Year Balance	Annual Pension Benefit Amount	Average Annual Benefit	% Increase in Average Benefit
2000	29,342	2,725	-	1,277	-	30,790	\$ 578,440,213	\$ 18,787	6.8%
2001	30,790	2,430	-	595	-	32,625	654,039,442	20,047	6.7%
2002	32,625	2,941	-	1,307	-	34,259	727,495,026	21,235	5.9%
2003	34,259	3,278	-	1,147	-	36,390	820,418,360	22,545	6.2%
2004	36,390	3,498	-	1,401	-	38,487	899,587,841	23,374	3.7%
2005	38,487	2,559	-	1,246	-	39,800	983,321,902	24,707	5.7%
2006	39,800	3,140	-	1,302	-	41,638	1,067,075,275	25,627	3.7%
2007	41,638	3,325	-	1,568	-	43,395	1,155,124,989	26,619	3.9%
2008	43,395	3,498	-	1,547	-	45,346	1,254,030,795	27,655	3.9%
2009(A)	45,346	3,017	127,710,300	1,553	(30,203,460)	46,810	1,351,537,635	28,873	4.4%

(A) FY 2009 is the first year in which the allowances related to retirees added to or removed from the rolls have been calculated as part of the actuarial valuation.

A COMPONENT UNIT OF THE STATE OF ILLINOIS



STATISTICAL SECTION

“ With malice toward none;
with **charity** for all;
with firmness in the right...
let us strive on to finish the **work** we are in;
to bind up the nation’s wounds...
to do all which may **achieve**
and cherish a just and lasting peace... ”

From Lincoln’s Second Inaugural Address of March 4, 1865
in Washington, D.C., this theologically intense speech
bolstered a weary nation with renewed conviction that
peace and better times were ahead.

Financial Schedules

Changes in Plan Net Assets - Defined Benefit Plan 10-Year Summary (\$ millions)

The historical trend information presented below is designed to provide information on the System's progress in accumulating assets to pay benefits when due.

Additions

Fiscal Year	Contributions by Members	Investment Income (Loss)	Contributions by Employers		Total
			Amount	% of Payroll	
2000	\$ 222.5	1,494.3	\$ 241.1	9.9	\$1,957.9
2001	221.6	(1,053.6)	247.1	10.0	(584.9)
2002	250.0	(651.3)	256.1	9.8	(145.2)
2003	246.3	250.4	285.3	10.3	782.0
2004	243.8	1,832.4	1,757.5	96.9	3,833.7
2005	251.9	1,279.6	285.4	9.7	1,817.0
2006	252.9	1,532.1	180.0	5.9	1,965.0
2007	262.4	2,517.5	261.1	8.2	3,041.0
2008	264.1	(675.7)	345.0	10.4	(66.6)
2009	273.3	(2,859.5)	451.6	13.0	(2,134.6)

Deductions

Fiscal Year	Benefits	Contribution Refunds	Administrative Expenses and Bond Interest	Total	Changes in Plan Net Assets
2000	\$ 590.2	\$ 46.8	\$12.3	\$ 649.3	\$ 1,308.6
2001	664.8	45.7	12.7	723.2	(1,308.1)
2002	743.3	37.0	13.2	793.5	938.7
2003	836.7	32.2	13.2	882.1	(100.1)
2004	915.2	34.5	12.3	962.0	2,871.7
2005	1,004.4	35.8	12.8	1,053.0	764.0
2006	1,085.4	42.6	12.2	1,140.2	824.8
2007	1,177.3	41.4	11.7	1,230.4	1,810.6
2008	1,275.7	45.0	12.1	1,332.8	(1,399.4)
2009	1,372.0	42.6	12.9	1,427.5	(3,562.1)

Statistical Analysis

Schedule of Benefit Expenses - Defined Benefit Plan 10-Year Summary (\$ millions)

Fiscal Year	Survivor Annuities	Disability Benefits	Disability Retirement Allowance	Retirement Annuities	Lump Sum Death Benefits	Total
2000	\$ 42.4	\$ 13.9	\$ 2.2	\$ 520.0	\$ 11.7	\$ 590.2
2001	46.5	14.0	2.2	593.7	8.4	664.8
2002	50.8	15.1	2.4	662.9	12.0	743.3
2003	56.6	15.7	2.4	749.9	12.1	836.7
2004	60.5	16.7	2.4	824.0	11.6	915.2
2005	65.2	17.5	2.8	904.9	14.0	1,004.4
2006	70.6	17.5	2.9	981.1	13.4	1,085.4
2007	76.7	17.6	3.0	1,067.3	12.6	1,177.2
2008	81.8	16.8	3.2	1,160.5	13.5	1,275.7
2009	87.7	16.8	3.4	1,248.9	15.2	1,372.0

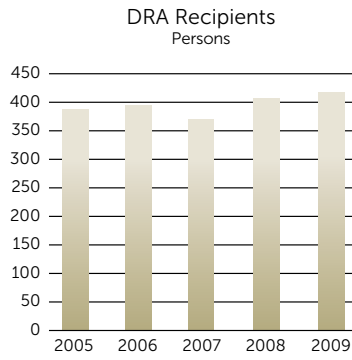
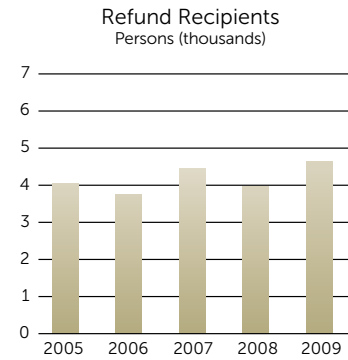
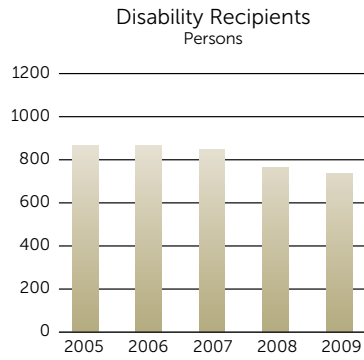
Number of SURS Employees (full-time equivalents) 10-Year Summary

Fiscal Year	HR & Admin	Inv & Acctg	Member Svcs & Outreach	IS & Support Svcs	SMP	Total
2000	13.00	11.50	49.50	26.00	2.50	102.50
2001	13.00	11.50	48.50	33.00	2.50	108.50
2002	13.00	10.00	53.50	36.00	3.50	116.00
2003	13.00	10.25	61.25	35.00	3.50	123.00
2004	11.75	10.35	62.75	33.00	4.40	122.25
2005	12.75	10.40	62.75	32.75	4.65	123.30
2006	11.75	10.55	62.75	32.75	3.50	121.30
2007	11.80	9.80	64.00	31.75	2.75	120.10
2008	10.55	10.05	61.50	33.75	3.25	119.10
2009	9.55	11.30	59.50	29.75	4.00	114.10

Statistical Analysis

Schedule of Benefit Recipients - Defined Benefit Plan 10-Year Summary

Fiscal Year	Survivors	Disability	Contribution Refunds	Retirement	Disability Retirement Allowance
2000	5,500	833	5,851	23,829	370
2001	5,700	808	5,069	25,749	368
2002	5,905	781	4,589	27,202	371
2003	6,138	864	4,095	29,020	368
2004	6,427	902	3,988	30,795	363
2005	6,550	864	4,003	32,002	384
2006	6,807	864	3,750	33,574	393
2007	6,958	849	4,441	35,200	368
2008	7,122	762	3,975	37,055	407
2009	7,269	726	4,635	38,400	415



Benefit Summary

Schedule of New Benefit Payments - Defined Benefit Plan July 1, 2008 through June 30, 2009

Age	Retirement		Disability		Survivors	
	Number	Average Monthly Benefit (A)	Number	Average Monthly Benefit (A)	Number	Average Monthly Benefit (A)
Under 10	-	\$ -	-	\$ -	4	\$ 669
10-14	-	-	-	-	8	394
15-19	-	-	-	-	17	506
20-24	-	-	-	-	7	536
25-29	-	-	1	1,456	1	203
30-34	-	-	3	1,910	2	386
35-39	-	-	7	1,502	2	1,213
40-44	-	-	19	1,448	2	615
45-49	12	3,100	17	1,781	11	723
50-54	110	3,381	49	1,775	22	909
55-59	816	2,637	30	1,876	34	1,228
60-64	803	2,118	25	1,835	50	1,111
65-69	368	2,551	10	2,013	60	1,247
70-74	127	1,968	3	1,150	70	1,301
Over 74	68	1,704	4	2,634	255	1,269
Totals	2,304	\$ 2,416	168	\$ 1,778	545	\$ 1,170

Average Age - Retirement 61.9 Years

(A) Total average monthly benefit is calculated based on a weighted average.

Benefit Summary

Schedule of Average Benefit Payments - Defined Benefit Plan For Retirees as of June 30

	Years of Credited Service						Total
	0-10	11-15	16-20	21-25	26-30	30+	
Fiscal Year 2000							
Number of Retirees	4,520	3,509	3,506	3,795	3,704	5,053	24,087
Avg Monthly Annuity	\$ 582	754	1,162	1,888	2,789	3,703	1,891
Final Average Salary	\$ 19,641	25,590	29,283	37,097	44,378	48,175	34,451
Avg Credited Service							20.2
Fiscal Year 2001							
Number of Retirees	5,372	3,587	3,745	3,900	4,032	5,113	25,749
Avg Monthly Annuity	\$ 693	828	1,279	2,073	3,027	3,928	2,014
Final Average Salary	\$ 22,753	27,025	31,036	38,977	45,934	50,125	36,395
Avg Credited Service							20.02
Fiscal Year 2002							
Number of Retirees	5,889	3,757	3,831	4,074	4,321	5,330	27,202
Avg Monthly Annuity	\$ 818	879	1,361	2,187	3,200	4,117	2,133
Final Average Salary	\$ 25,188	27,812	32,024	39,902	47,075	51,293	37,309
Avg Credited Service							19.83
Fiscal Year 2003							
Number of Retirees	6,787	3,944	4,113	4,357	4,104	5,716	29,021
Avg Monthly Annuity	\$ 709	1,001	1,573	2,495	3,447	4,349	2,243
Final Average Salary	\$ 28,064	31,634	36,199	45,474	54,080	59,001	42,088
Avg Credited Service							19.95
Fiscal Year 2004							
Number of Retirees	6,795	4,109	4,075	4,708	4,840	6,268	30,795
Avg Monthly Annuity	\$ 791	973	973	2,414	3,475	4,509	2,336
Final Average Salary	\$ 19,773	25,747	30,614	38,294	43,962	48,774	34,541
Avg Credited Service							19.69
Fiscal Year 2005							
Number of Retirees	7,713	4,422	4,478	4,839	5,376	5,174	32,002
Avg Monthly Annuity	\$ 738	1,104	1,762	2,766	3,847	4,831	2,422
Final Average Salary	\$ 18,117	26,792	32,591	40,051	45,307	49,793	34,346
Avg Credited Service							19.71
Fiscal Year 2006							
Number of Retirees	8,074	4,701	4,734	5,127	5,717	5,221	33,574
Avg Monthly Annuity	\$ 744	1,154	1,853	2,904	3,985	5,041	2,508
Final Average Salary	\$ 18,872	26,606	33,177	40,378	45,599	50,519	34,728
Avg Credited Service							19.65
Fiscal Year 2007							
Number of Retirees	8,796	4,910	4,881	5,390	6,004	5,219	35,200
Avg Monthly Annuity	\$ 797	1,198	1,959	3,040	4,147	5,252	2,589
Final Average Salary	\$ 28,039	33,561	38,831	46,681	53,661	57,948	43,068
Avg Credited Service							20.04

Benefit Summary

Schedule of Average Benefit Payments - Defined Benefit Plan For Retirees as of June 30

	Years of Credited Service						Total
	0-10	11-15	16-20	21-25	26-30	30+	
Fiscal Year 2008							
Number of Retirees	9,253	5,212	5,153	5,754	6,399	5,284	37,055
Avg Monthly Annuity	\$ 790	1,245	2,067	3,178	4,296	5,473	2,676
Final Average Salary	\$ 32,978	37,044	45,569	54,420	63,061	72,333	49,941
Avg Credited Service							19.92
Fiscal Year 2009							
Number of Retirees	9,477	5,462	5,351	6,084	5,230	6,796	38,400
Avg Monthly Annuity	\$ 755	1,306	2,172	3,301	4,329	5,496	2,760
Final Average Salary	\$ 33,742	37,858	46,698	55,438	62,919	72,174	50,670
Avg Credited Service							19.78

Number of Covered Employees by Employer As of June 30, 2009

Employer	Number of Employees in DB plan	Number of Employees in SMP	Total Number of Covered Employees
University of Illinois - Chicago	11,650	1,746	13,396
University of Illinois - Urbana	11,035	1,962	12,997
City Colleges of Chicago	5,341	362	5,703
Southern Illinois University - Carbondale	4,659	664	5,323
Northern Illinois University	3,193	497	3,690
Illinois State University	2,884	456	3,340
College of DuPage	2,475	323	2,798
Southern Illinois University - Edwardsville	2,133	317	2,450
Western Illinois University	1,829	260	2,089
Eastern Illinois University	1,705	203	1,908
All other employers	26,795	3,056	29,851
Total	73,699	9,846	83,545

Benefit Summary

Schedule of Benefit Recipients by Type of Benefit - Defined Benefit Plan For the Year Ended June 30, 2009

Monthly Amount of Benefit	Total Recipients	General Formula	Money Purchase	Police or Fire	Other (A)	Long-Term Disability	Temporary Disability	Survivors
\$0-200	2,644	962	892	-	123	2	5	660
201-400	4,412	1,226	1,905	-	225	13	6	1,037
401-600	3,760	872	1,329	-	92	72	13	1,382
601-800	3,165	736	1,262	-	31	156	26	954
801-1000	2,415	619	1,155	-	5	77	29	530
1001-1200	2,155	594	1,071	-	1	33	56	400
1201-1400	1,963	538	912	-	-	11	120	382
1401-1600	2,006	521	1,003	-	-	16	149	317
1601-1800	1,699	482	869	1	-	12	62	273
1801-2000	1,591	403	871	1	-	8	53	255
2001-2200	1,456	411	814	4	-	9	33	185
2201-2400	1,426	391	829	2	-	1	26	177
2401-2600	1,295	369	746	5	-	1	17	157
2601-2800	1,224	391	691	6	-	-	26	110
2801-3000	1,076	340	633	5	1	1	14	82
3001-3200	1,056	379	566	16	2	2	10	81
3201-3400	916	347	485	12	-	-	11	61
3401-3600	872	333	458	13	1	-	14	53
3601-3800	822	342	418	15	-	-	12	35
3801-4000	783	330	410	8	-	-	9	26
4001-4200	732	281	405	14	-	-	8	24
4201-4400	701	304	353	12	-	-	7	25
4401-4600	654	301	330	7	-	-	4	12
4601-4800	601	271	315	6	-	-	2	7
4801-5000	542	243	283	8	-	-	1	7
5001-5200	607	245	342	11	-	-	5	4
5201-5400	540	237	290	5	-	-	3	5
5401-5600	530	244	274	7	-	-	1	4
5601-5800	466	202	259	1	-	-	-	4
5801-6000	452	204	241	4	-	-	1	2
Over 6000	4,249	2,287	1,930	10	-	1	3	18
Totals	46,810	15,405	22,341	173	481	415	726	7,269

(A) Minimum annuity and retirements of participants who terminated prior to 1969.

Participating Employers

Black Hawk College
 Carl Sandburg College
 Chicago State University
 City Colleges of Chicago
 College of DuPage
 College of Lake County
 Danville Area Community College
 Eastern Illinois University
 Elgin Community College
 Governors State University
 Hazardous Waste Research and Information Center
 Heartland Community College
 Highland Community College
 ILCS Section 15-107(l) Members
 ILCS Section 15-107(c) Members
 Illinois Board of Examiners
 Illinois Board of Higher Education
 Illinois Central College
 Illinois Century Network
 Illinois Community College Board
 Illinois Community College Trustees Association
 Illinois Eastern Community Colleges
 Illinois Mathematics and Science Academy
 Illinois State University
 Illinois Valley Community College
 John A. Logan College
 John Wood Community College
 Joliet Junior College
 Kankakee Community College
 Kaskaskia College
 Kishwaukee College
 Lake Land College
 Lewis & Clark Community College
 Lincoln Land Community College
 McHenry College
 Moraine Valley Community College
 Morton College
 Northeastern Illinois University
 Northern Illinois University
 Oakton Community College
 Parkland College
 Prairie State College
 Rend Lake College
 Richland Community College
 Rock Valley College
 Sauk Valley College
 Shawnee College
 Southern Illinois University at Carbondale
 Southern Illinois University at Edwardsville
 Southern Illinois University Foundation
 South Suburban College
 Southeastern Illinois College
 Southwestern Illinois College
 Spoon River College
 State Geological Survey
 State Natural History Survey
 State Universities Civil Service System
 State Universities Retirement System
 State Water Survey
 Triton College
 University of Illinois — Alumni Association
 University of Illinois — Chicago
 University of Illinois — Foundation
 University of Illinois — Springfield
 University of Illinois — Urbana
 Waubonsee Community College
 Western Illinois University
 William Rainey Harper College



State Universities Retirement System of Illinois
A Component Unit of the State of Illinois

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