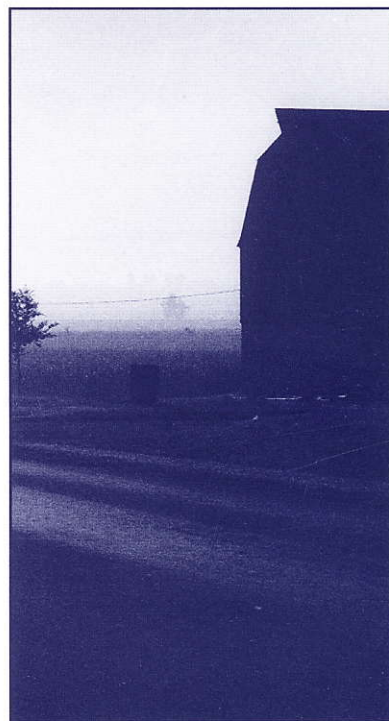
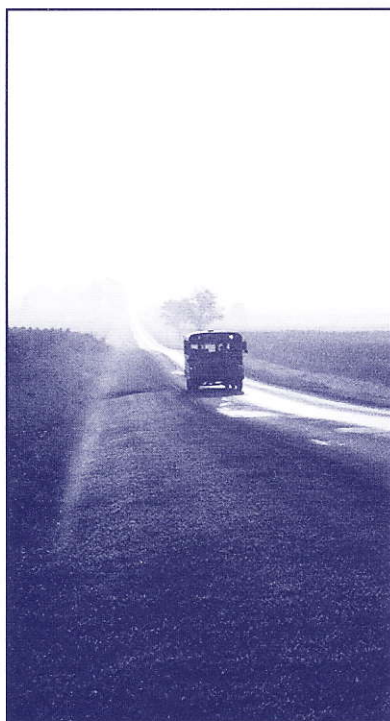


Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2001



Teachers' Retirement System of the State of Illinois
a component unit of the State of Illinois



Retirement Security for Illinois Educators

Statement of Purpose

Retirement Security for Illinois Educators.

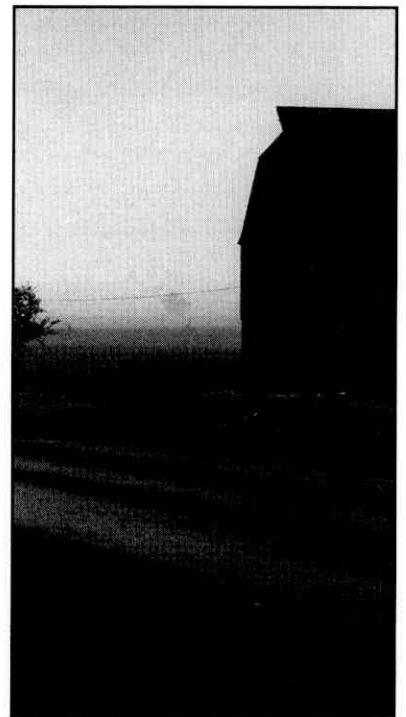
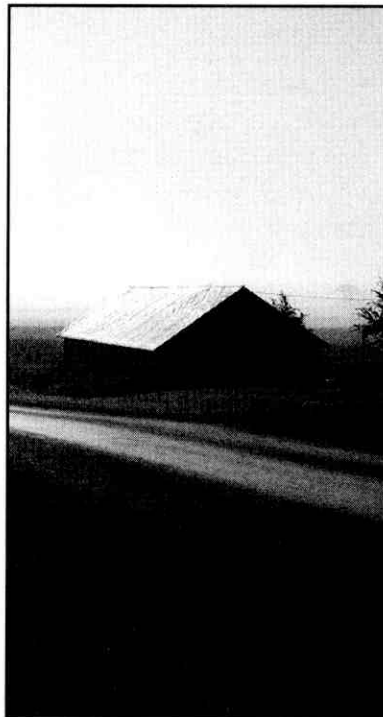
Fiscal Year Highlights

	2001	2000
Active contributing members	150,783	144,975
Inactive noncontributing members	69,512	66,025
Benefit recipients	<u>64,877</u>	<u>62,122</u>
Total membership	285,172	273,122
Actuarial accrued liability (AAL)	\$39,166,697,000	\$35,886,404,000
Less net assets held in trust for pension benefits	<u>\$23,315,646,000</u>	<u>\$24,481,413,000</u>
Unfunded actuarial accrued liability (UAAL)	\$15,851,051,000	\$11,404,991,000
Funded ratio (actuarial value of assets/AAL)	59.5%	68.2%
Total fund investment return (net of fees)	(4.2%)	10.6%
Benefits and refunds paid		
Benefits paid	\$1,566,793,231	\$1,402,246,044
Refunds paid	<u>\$35,849,079</u>	<u>\$28,797,054</u>
Total	\$1,602,642,310	\$1,431,043,098
Income		
Member contributions*	\$643,563,304	\$619,622,840
Employer contributions (includes State of Illinois contributions)	\$821,625,405	\$730,597,239
Net investment income (loss)	<u>\$(1,015,255,237)</u>	<u>\$2,336,217,123</u>
Total	\$449,933,472	\$3,686,437,202

* Includes member payments and accounts receivable under the Payroll Deduction Program.

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2001



Prepared through the cooperative efforts of TRS staff

Teachers' Retirement System of the State of Illinois
a component unit of the State of Illinois
P.O. Box 19253, 2815 West Washington
Springfield, Illinois 62794-9253
www.trs.state.il.us

Printed by the authority of the State of Illinois on recycled paper.

\$2.37 per copy

2.3M - Pub1 - 12/01

Table of Contents

Introductory Section

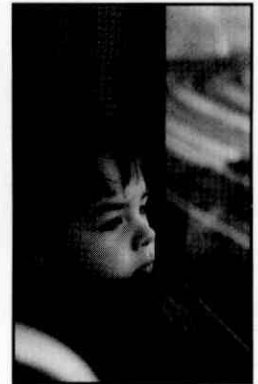
Certificate of Achievement	6
Letter of Transmittal	7
Executive Director's Message	10
Board of Trustees	12
Organizational Structure	13
Consulting and Professional Services	14

Financial Section

Independent Auditors' Report	16
Basic Financial Statements	18
★ Statement of Plan Net Assets	18
★ Statement of Changes in Plan Net Assets	19
★ Notes to Financial Statements	20
Required Supplementary Information	28
★ Schedule of Funding Progress	28
★ Schedule of Contributions from Employers and Other Contributing Entities	28
★ Notes to Required Supplementary Information	29
Other Supplementary Information	30
★ Schedule of Administrative Expenses	30
★ Schedule of Investment Activity Expenses	30
★ Schedule of Payments to Consultants	30

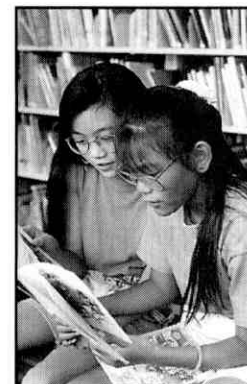
Investment Section

Introduction	32
Summary	32
★ Summary Data	32
Fund Performance vs. Benchmarks and Market Values	32
★ Performance Summary	33
Asset Allocation vs. Targets	33
★ Allocation Targets vs. Total Assets	33
Portfolio Summary	34
★ Investment Portfolio Summary	34
Asset Allocation (Historical)	35
★ Asset Allocation	35
★ Growth of \$10,000	35
U.S. Equity	35
International Equity	37
U.S. Fixed Income	39
International Fixed Income	41
Private Equity	42
Real Estate	43
Brokerage Activity	44
★ Top 50 Brokers Used by TRS Managers	44
External Manager Fee Payments	44
★ Schedule of Investment Manager Fees	45
Securities Lending	46
★ Securities Lending Summary	46



Actuarial Section

Actuary's Certification	48
Actuarial Assumptions and Methods	50
Annual Actuarial Valuation	51
★ Actuarial Valuation with Market Value Assets	51
Reconciliation of Unfunded Liability	51
★ Reconciliation of Unfunded Liability	52
State Funding	53
★ TRS Projected Funded Ratio	53
★ State Funding Amounts	53
Tests of Financial Condition	53
★ Funded Ratio Test	53
★ Unfunded Liability as a Percentage of Payroll Test	54
★ Solvency Test	54
Other Information	55
★ Retirees and Beneficiaries Added to and Removed from Rolls	55
★ Average Annual Salary for Active Members by Years of Service	56
★ Active Members by Age and Years of Service	58
Plan Summary	60



Statistical Section

Retired Members by Years of Service and Years in Retirement	64
Average Monthly Benefits	66
★ Retirement Benefits	66
★ Disability Benefits	66
★ Survivor Benefits	67
Revenue by Source	68
Expenses by Type	68
Schedule of Benefit Expenses by Type	68
Schedule of Participating Employers	69



Introductory



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of the State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



James D. Greve
President

Jeffrey L. Esser
Executive Director



Teachers' Retirement System of the State of Illinois

- ♦ 2815 West Washington, P.O. Box 19253, Springfield, Illinois 62794-9253 ♦
- ♦ 4200 Commerce Court, Suite 100, Lisle, Illinois 60532-3611 ♦

Letter of Transmittal

December 1, 2001

Board of Trustees
Teachers' Retirement System
2815 West Washington, P.O. Box 19253
Springfield, IL 62794-9253

I am pleased to present the *Comprehensive Annual Financial Report* for the Teachers' Retirement System of the State of Illinois (TRS) for the fiscal year ended June 30, 2001. TRS management and staff are responsible for the accuracy and completeness of this report and for ensuring that all material disclosures have been made. To the best of our knowledge, the information presented is a fair and accurate portrayal of the financial position and operations of TRS as of June 30, 2001.

This report consists of five sections:

- ★ The Introductory Section contains the Certificate of Achievement for Excellence in Financial Reporting, this letter of transmittal, a message from our executive director that outlines the major activities of the past year and plans for the future, identification of the TRS Board of Trustees and organizational structure, and consulting and professional service providers.
- ★ The Financial Section contains the independent auditors' report, the financial statements and related notes, and required supplementary schedules.
- ★ The Investment Section contains information detailing TRS performance, investment managers, and the TRS investment portfolio.
- ★ The Actuarial Section contains the actuary's letter of certification, results of the latest actuarial valuation, certain statistical information on members and benefit recipients, and a plan summary including any changes in the plan.
- ★ The Statistical Section contains information and additional statistical data pertaining to benefit recipients and historical data on revenue and expenses.

Financial Information

A system of internal controls helps TRS to monitor and safeguard assets and promote efficient operations. An annual external audit is conducted by the Illinois Auditor General in addition to regular reviews by our internal auditor. The annual budget for TRS administrative expenses is approved by the Board of Trustees, and financial statements are prepared in accordance with generally accepted accounting principles (GAAP) within the guidelines established by the Governmental Accounting Standards Board (GASB).

♦
Telephone numbers

General information
(800) 877-7896

Fax
(217) 787-2269

Forms Order Line
(800) 207-6948

TDD
(217) 753-0329

♦
Web site
www.trs.state.il.us

♦♦♦
Executive Director
Jon Bauman

♦
Board of Trustees

Glenn W. McGee
President
Springfield

James Bruner
Vice President
Jacksonville

Jan Cleveland
Carmi

William R. Enlow
Springfield

John E. Glennon
Lake Forest

Sharon Leggett
Evanston

Stuart Levine
Highland Park

Cynthia O'Neill
Carlyle

Molly Phalen
Rockford

Phillip Schmidt
Springfield

♦
TRS is an
AA, EEO, ADA
employer.



Revenues and Funding

The three sources of TRS funding include member contributions, investment income, and employer contributions through state appropriations and payments by school districts.

The first funding source is contributions from 150,783 active members who contributed 9 percent of their earnings through June 30, 2001. Members also may make contributions to purchase optional service credit, to upgrade their pre-July 1998 service credit to the 2.2 percent benefit formula, and for the Early Retirement Option (ERO). In FY01, member contribution revenue totaled \$643 million, a \$23 million increase from the previous year. Net investment income, the second funding source, decreased \$3,351 million to (\$1,015) million, a (4.2) percent total fund return for the year.

Appropriations from the State of Illinois and employer contributions make up a third funding source. State appropriations for FY01 increased \$85 million to \$724 million while contributions from employers increased to \$98 million.

At June 30, 2001, net assets available to pay benefits decreased \$1.2 billion to \$23.3 billion. The decrease in net assets available to pay benefits is primarily attributable to a decrease in market value of equity investments.

Revenues (\$ millions)

Source	2001	2000	Increase/(Decrease)	
			Amount	% Change
Member contributions	\$643	\$620	\$23	3.7%
State of Illinois	724	639	85	13.3
Employer contributions	98	91	7	7.7
Net investment income	(1,015)	2,336	(3,351)	(143.5)
Total	\$450	\$3,686	(\$3,236)	(87.8%)

Expenses

Expenses include payments of benefits, refunds, and administrative expenses. Benefit payments increased from \$1,402 million to \$1,567 million in FY01. This 11.8 percent increase is the result of an increase in the number and final average salaries of members who retired during FY01, retirements using the 2.2 percent benefit formula, and annual increases in annuities as prescribed by law. Administrative expenses continued to constitute less than 1 percent of TRS expenses in FY01.

Expenses (\$ millions)

Source	2001	2000	Increase/(Decrease)	
			Amount	% Change
Benefits payments	\$1,567	\$1,402	\$165	11.8%
Refunds	36	29	7	24.1
Administrative/Other	13	12	1	8.3
Total	\$1,616	\$1,443	\$173	12.0%

Independent Audit

Each year TRS' financial statements, records, and internal controls are examined by special assistant auditors employed by the Illinois Auditor General. In addition, an annual compliance audit for the previous year is performed to review compliance with applicable statutes and codes. The independent auditors' report on TRS' financial statements is included in the Financial Section of this report.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to TRS for its *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

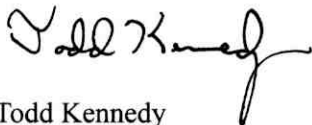
To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for only one year. TRS has received a Certificate of Achievement for the last 12 years. We believe our current report continues to meet the Certificate of Achievement program requirements and are submitting it to the GFOA for consideration again this year.

Acknowledgments

Information for this report was gathered by and reflects the combined efforts of TRS staff under the leadership of the Board of Trustees and the executive director. It is intended to provide complete and reliable information as a basis for making management decisions, to determine our compliance with legal provisions, and as a means for determining responsible stewardship of the assets contributed by members and their employers.

This report is provided to members of the General Assembly, all participating employers, and to others by request. The participating employers of TRS form the link between TRS and its members. Their cooperation, for which we are grateful, contributes significantly to our success. We hope this report is both informative and helpful.

Respectfully submitted,



Todd Kennedy
Director of Finance

A Message from the Executive Director

Retirement Security for Illinois Educators.

Powerful thoughts are best expressed in simple, direct statements. My first annual message begins with just five words — the statement of purpose that we adopted just a few days following my appointment as executive director in August. We think these few words say a great deal about our purpose and what we should hold as our utmost priority in all we do on behalf of our members and employers. It will guide our thinking and it will focus our efforts as we actively seek to improve every aspect of TRS operations. We will phase in this statement on our publications, letterhead, Web site, and other communications in the future.

Before reviewing several accomplishments, issues, and matters of concern, I must tell you it is an extraordinary honor to direct the administration of the Teachers' Retirement System. I am indebted to the Board of Trustees for the confidence expressed and their resolve to foster excellence at TRS.

Improving Technology to Improve Service

Within the next several months, we will complete a massive re-engineering of our computer technology for the principal purpose of improving services and enhancing our efficiency. The project culminates years of self-study and systems development that called on staff to challenge existing processes and to implement the best practices available in the pension industry.

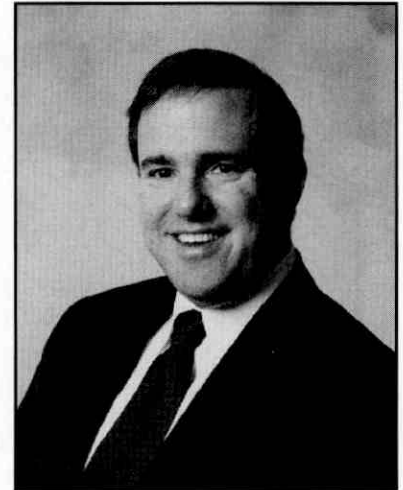
Investment Program

An extraordinary downturn in the capital markets resulted in the first instance of negative investment returns since 1984. The overall return on investments was (4.2) percent. Even though TRS outperformed our sister state-funded systems, the loss is a significant setback that has eroded much of the progress made in our funded status during the past several years. Our funded ratio dropped from 68.2 percent to 59.5 percent in just one year. We will redouble our efforts to outperform the capital markets and to select investment strategies that maximize returns consistent with an acceptable risk profile.

Legislation

For annuitants and many active teachers, resolution of the retired teacher health insurance crisis remained the most significant issue facing TRS during 2001. Subsequent to

fiscal year end, the General Assembly, meeting during the fall session, enacted measures that will enable the program to continue for the next few years. TRS will work with the legislature, the Governor, and each element of educational community to reach a permanent solution.



The General Assembly approved several items of interest to TRS annuitants, members, and employers.

- ★ The statutory re-employment limitation was increased to 120 days/600 hours for the next five school years. The change responds to increasing concerns about the shortage of qualified teachers and administrators by facilitating job-sharing or flextime employment of retired teachers.
- ★ Approximately 200 individuals who had more than 34 years of creditable service and who retired under the 2.2 formula between May 27, 1998 and June 5, 1999 received partial refunds of 2.2 upgrade charges so that their cost will be the same as persons who retired after June 5, 1999.
- ★ TRS members who are employed within security facilities of the Department of Human Services were permitted to transfer their retirement coverage to the State Employees' Retirement System.
- ★ Like their counterparts at all other major retirement systems in Illinois, newly hired TRS employees will now be members of TRS, the system they help administer.

Serving Illinois Educators and Schools

Each time an active member, an annuitant, or an employer contacts TRS, it is indeed our privilege to be of service. Among my primary goals, none is more important than providing consistently superior service to all of our constituencies. I am committed to a determined and visible program of continuous improvement in our services. As an organization, we will critique ourselves, seeking to meet or

exceed the expectations of our constituencies in all areas of our operation. We will also focus on the personal contact that has been the hallmark of our services to participants and employers.

For the second straight year, a study by Cost Effectiveness Measurement, Inc. (CEM) credited TRS with providing excellent services at a relatively low cost. Apart from the favorable evaluation, the report provides a wealth of information and resources for use in further improving our services. It is a task that we welcome.

Special Recognition

Kim Pollitt served as acting executive director from March 2001 through August, while concurrently performing the duties of acting chief investment officer. Both of these positions required many extra hours, loss of family time, and a tremendous commitment of intellectual energy. On behalf of the staff and our constituencies, our deepest appreciation to Kim.

Scott Eshelman retired following a 29-year career with the Elgin U-46 Schools and concluded his service as a member of the TRS Board of Trustees this summer. Scott's tenure was characterized by his dedication and determination to improve retirement security for Illinois educators. We thank him for his service and extend our best wishes for a long and enjoyable retirement.

"It is indeed our privilege to be of service"

Sincerely,



Jon Bauman
Executive Director

Board of Trustees

Glenn W. McGee

President

★ Springfield



Sharon Leggett

★ Evanston



James Bruner

Vice President

★ Jacksonville



Stuart Levine

★ Highland Park



Jan Cleveland

★ Carmi



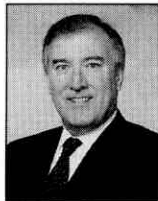
Cynthia O'Neill

★ Carlyle



William R. Enlow

★ Springfield



Molly Phalen

★ Rockford



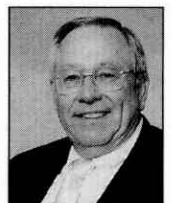
John E. Glennon

★ Lake Forest



Phillip Schmidt

★ Springfield



Thank You

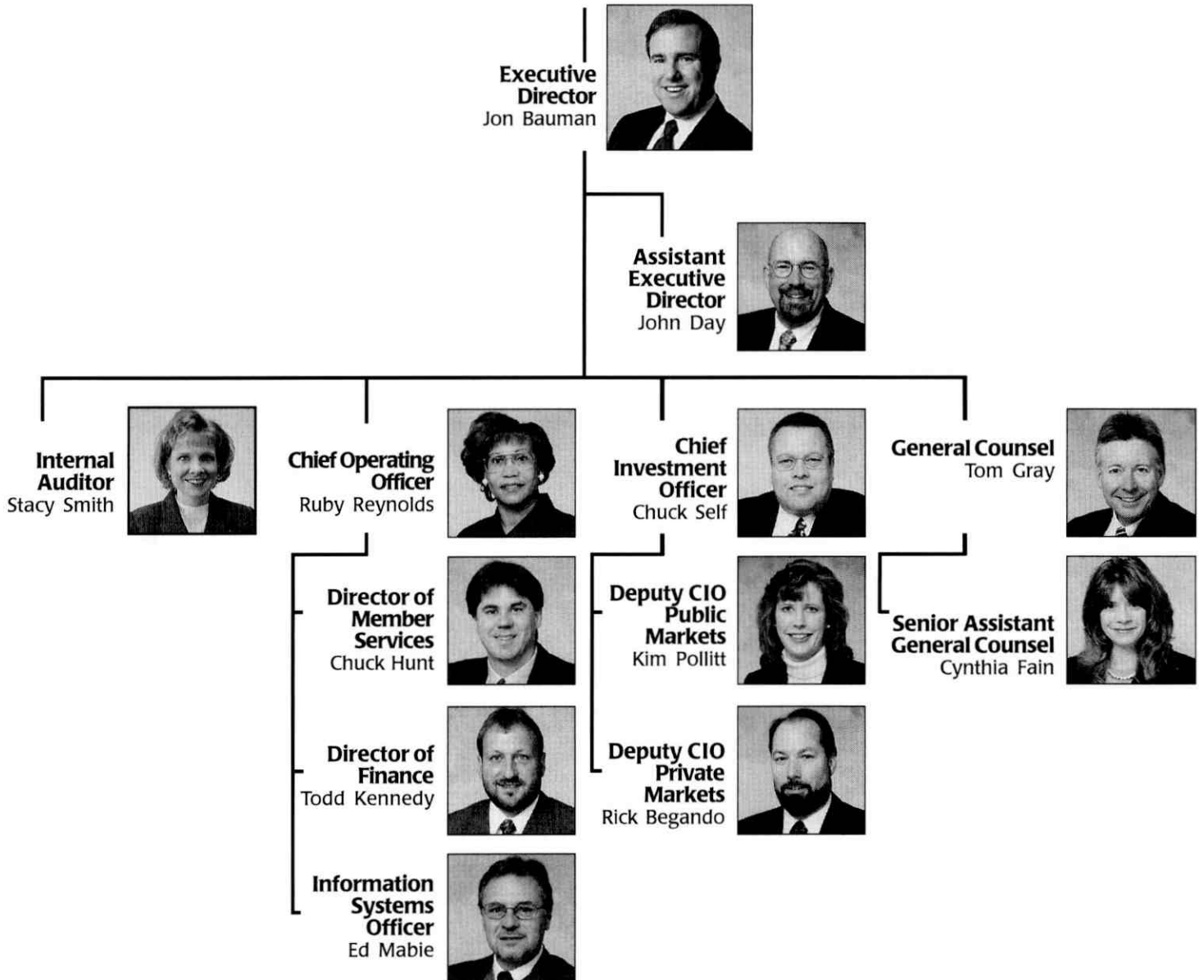
Scott Eshelman served with dedication, determination, and devotion.

Served as a trustee from 1995 to 2001

Organizational Structure

As of December 10, 2001

Board of Trustees



Introductory Section

Consulting and Professional Services

Actuary

Buck Consultants, Inc.
Chicago, Illinois

Benchmarking

Cost Effectiveness Measurement
Toronto, Ontario

Executive Director Search

Kennedy & Company
Chicago, Illinois

External Auditors

*as special assistants to the Office of the Auditor
General*

McGladrey & Pullen, LLP
Chicago, Illinois

Information Systems

Kestner Consulting Inc.
Springfield, Illinois

Levi, Ray and Shoup Inc.
Springfield, Illinois

Metamor Industry Solutions, Inc.
Springfield, Illinois

Sentinel Technologies
Springfield, Illinois

Investment Consultants

*(Investment management firms are listed throughout the
Investment Section.)*

J.W. Flynn Company (real estate insurance)
Indianapolis, Indiana

Joseph J. Blake and Associates, Inc. (real estate appraisals)
Chicago, Illinois

Strategic Investment Solutions, Inc. (general consultant)
San Francisco, California

External Legal Counsel

Heyl Royster Voelker & Allen
Springfield, Illinois

Hinshaw and Culbertson
Springfield, Illinois

Jones, Day, Reavis & Pogue
Cleveland, Ohio

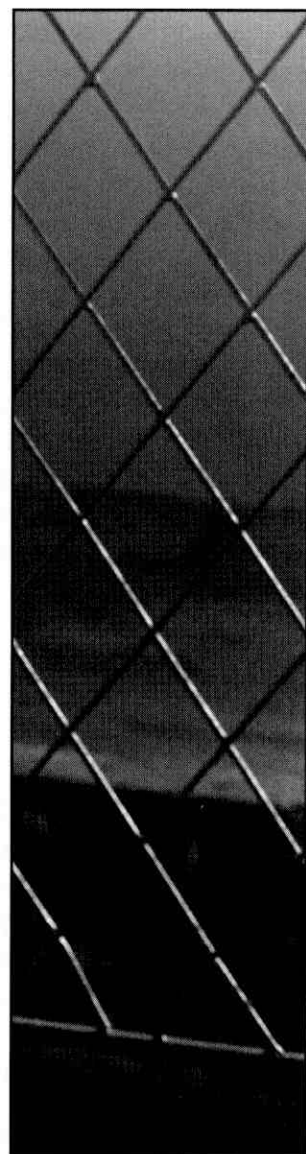
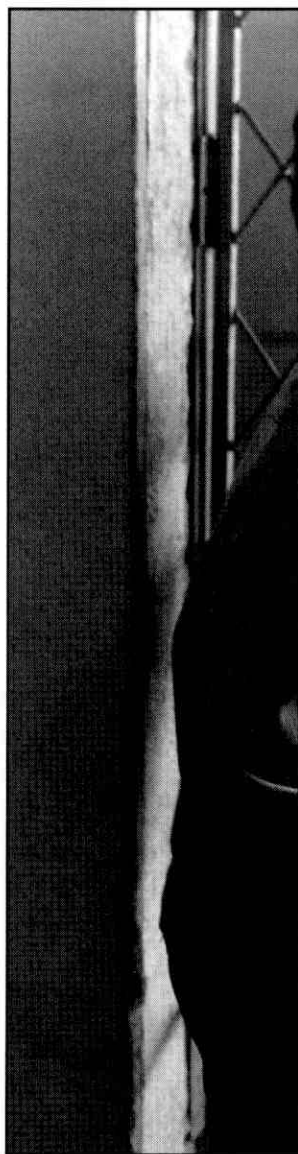
Lowenstein, Hagen & Smith, P.C.
Springfield, Illinois

Piper Marbury Rudnick & Wolfe
Chicago, Illinois

Master Trustee

The Northern Trust Company
Chicago, Illinois

Financial



**McGLADREY & PULLEN, LLP**

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

Board of Trustees
Teachers' Retirement System of
the State of Illinois

As Special Assistant Auditors of the Auditor General, we have audited the accompanying statement of plan net assets of the Teachers' Retirement System of the State of Illinois (the System), a component unit of the State of Illinois, as of June 30, 2001, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Teachers' Retirement System of the State of Illinois for the year ended June 30, 2000 were audited by Friedman Eisenstein Raemer and Schwartz, LLP, independent accountants, certain of whose partners became members of McGladrey & Pullen, LLP on November 1, 2000. Friedman Eisenstein Raemer and Schwartz, LLP's report dated October 26, 2000 expressed an unqualified opinion on those statements.

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 Teachers' Retirement System of the State of Illinois as of June 30, 2001, 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 will also issue, under separate cover, our report dated November 1, 2001 on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the System, taken as a whole. The required supplementary information, on pages 28 and 29 and other supplementary information on page 30, are presented for the purpose of additional analysis and are not a required part of the financial statements of the System. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. The information for the years 1996 through 2000 has been derived from financial statements audited by other auditors whose reports thereon expressed an unqualified opinion.

The introductory, investment, actuarial and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

McGladrey & Pullen, LLP

Chicago, Illinois
November 1, 2001

Basic Financial Statements

Teachers' Retirement System of the State of Illinois Statement of Plan Net Assets as of June 30, 2001, and 2000

	2001	2000
ASSETS		
Cash	<u>\$7,889,353</u>	<u>\$3,213,679</u>
Receivables and prepaid expenses		
Member payroll deduction	160,440,980	213,579,965
Member contributions	31,052,076	31,263,832
Employer Early Retirement Incentive	0	679,813
Employer contributions	7,379,527	9,203,574
State of Illinois	0	412,206
Investment income	202,756,810	232,706,956
Prepaid expenses	<u>968,066</u>	<u>368,526</u>
Total receivables and prepaid expenses	<u>402,597,459</u>	<u>488,214,872</u>
Investments, at fair value		
Fixed income	8,817,862,697	8,845,767,666
Equities	11,015,551,513	11,543,579,021
Real estate	2,424,554,513	2,428,110,937
Short-term investments	1,036,104,680	1,089,576,833
Private equity investments	689,740,876	877,028,687
Foreign currency	<u>26,752,464</u>	<u>39,495,154</u>
Total investments	<u>24,010,566,743</u>	<u>24,823,558,298</u>
Collateral from securities lending	<u>2,288,995,477</u>	<u>1,952,295,799</u>
Property and equipment, at cost, net of accumulated depreciation of \$5,780,569 and \$5,763,526 in 2001 and 2000, respectively	<u>3,658,427</u>	<u>3,420,592</u>
Total assets	<u>26,713,707,459</u>	<u>27,270,703,240</u>
LIABILITIES		
Benefits and refunds payable	5,694,934	6,179,594
Administrative and investment expenses payable	71,323,165	69,959,589
Payable to brokers for unsettled trades, net	1,032,047,800	760,855,651
Securities lending transactions	<u>2,288,995,477</u>	<u>1,952,295,799</u>
Total liabilities	<u>3,398,061,376</u>	<u>2,789,290,633</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A schedule of funding progress is presented on page 28.)	<u>\$23,315,646,083</u>	<u>\$24,481,412,607</u>

The accompanying notes are an integral part of these statements.

Teachers' Retirement System of the State of Illinois
Statement of Changes in Plan Net Assets
Years Ended June 30, 2001, and 2000

	2001	2000
ADDITIONS		
Contributions		
Members	\$643,563,304	\$619,622,840
State of Illinois	724,007,792	639,298,949
Employers		
Early retirement	38,632,385	36,751,052
Federal funds	23,175,955	21,425,188
2.2 benefit formula	35,809,273	33,122,050
	<u>1,465,188,709</u>	<u>1,350,220,079</u>
Investment income		
Net appreciation (depreciation) in fair value	(1,860,498,992)	1,451,074,361
Interest	565,646,688	559,584,336
Real estate operating income, net	190,286,928	243,815,891
Dividends	137,819,508	109,959,618
Private equity income	18,741,785	29,631,911
Securities lending income	145,941,616	106,909,999
Other investment income	3,193,440	2,183,038
	<u>(798,869,027)</u>	<u>2,503,159,154</u>
Less investment expense		
Securities lending expense	133,283,965	97,475,237
Investment activity expenses	83,102,245	69,466,794
	<u>(1,015,255,237)</u>	<u>2,336,217,123</u>
Net investment income (loss)		
	<u>(1,015,255,237)</u>	<u>2,336,217,123</u>
Total additions	<u>449,933,472</u>	<u>3,686,437,202</u>
DEDUCTIONS		
Retirement benefits	1,475,489,564	1,317,841,317
Survivor benefits	74,630,874	68,797,583
Disability benefits	16,672,793	15,607,144
Refunds	35,849,079	28,797,054
Administrative expenses	12,640,595	11,680,647
Prior service credits and transfers	417,091	9,849
	<u>1,615,699,996</u>	<u>1,442,733,594</u>
Total deductions	<u>1,615,699,996</u>	<u>1,442,733,594</u>
NET INCREASE (DECREASE)	(1,165,766,524)	2,243,703,608
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of year	<u>24,481,412,607</u>	<u>22,237,708,999</u>
End of year	<u>\$23,315,646,083</u>	<u>\$24,481,412,607</u>

Notes to Financial Statements

A. Plan Description

1. Reporting Entity

The Teachers' Retirement System of the State of Illinois (TRS) is the administrator of a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). Membership is mandatory for all full-time, part-time, and substitute public school personnel employed outside of Chicago in positions requiring certification. Persons employed at certain state agencies are also members. Established by the State of Illinois, TRS is governed by the Illinois Pension Code (40 ILCS 5/16). TRS is a component unit of the State of Illinois and is included in the state's financial statements as a pension trust fund.

TRS uses criteria established by the Governmental Accounting Standards Board (GASB) to determine whether other entities should be included within its financial reporting entity. Based on the criteria, TRS has no other entities included in these financial statements.

2. Employers

Members of TRS are employed by school districts, special districts, and certain state agencies. Each employer remits member contributions to TRS. Employers are responsible for employer contributions for teachers paid from federal funds and for the employer's portion of the Early Retirement Option and the Early Retirement Incentive contributions. Effective July 1, 1998, Public Act 90-582 required employers to pay an employer contribution equal to 0.3 percent of covered payroll in FY99 and 0.58 percent of covered payroll in FY00 and subsequent years. In addition, the State of Illinois provides employer contributions. For information about employer contributions made by the State of Illinois, see "Funding" on the following page.

3. Members

TRS Membership (as of June 30)

	2001	2000
Retirees and beneficiaries receiving benefits	64,877	62,122
Inactive members entitled to but not yet receiving benefits	69,512	66,025
Active members	150,783	144,975
Total	285,172	273,122

4. Benefit Provisions

Governed by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly and approval by the governor, TRS provides retirement, death, and disability benefits. A member qualifies for an age retirement annuity after meeting one of the following requirements: age 62 with five years of service credit; age 60 with 10 years; or age 55 with 20 years. If a member retires between the ages of 55 and 60 with fewer than 35 years of service, the annuity will be reduced at the rate of ½ percent for each month the member is under age 60. A member who is age 55 and has fewer than 35 years of service credit may use the Early Retirement Option (ERO) to avoid a discount for early retirement if retirement occurs before July 1, 2005, and within six months of the last day of service requiring contributions, and if the member and employer both make a one-time contribution to TRS. However, both member and employer contributions are waived with 34 years of service. A member with fewer than five years of creditable service and service on or after July 1, 1947, is entitled to a single-sum benefit payable once he or she reaches age 65.

A retirement benefit is determined by the average salary of the four highest consecutive salary rates within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. This percentage is determined by the following formula for service earned before July 1, 1998: 1.67 percent for each of the first 10 years, plus 1.9 percent for each of the next 10 years, plus 2.1 percent for each of the next 10 years, plus 2.3 percent for

Number of Employers (as of June 30)

	2001	2000
Local school districts	892	893
Special districts	134	137
State agencies	28	29
Total	1,054	1,059

each year over 30 years. The maximum retirement benefit, 75 percent of average salary, is achieved with 38 years of service under the graduated formula.

Public Act 90-582 improved retirement benefits for TRS members by changing the rate at which members accrue benefits beginning July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. Members may attain the maximum 75 percent benefit with 34 years of service under the 2.2 benefit formula. Members retiring on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the flat 2.2 percent formula by making a payment to TRS. Additionally, for members who continue to teach, every three full years worked after July 1, 1998, count toward a full one-year reduction of the years to be upgraded.

A money purchase (actuarial) benefit is payable if it results in a higher annuity than either the graduated or 2.2 formula. The 75 percent cap does not apply to the money purchase benefit.

Each annuitant who retired after 1969 or made a qualifying contribution receives an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or January 1 following the first anniversary in retirement, whichever is later.

If a member leaves covered employment, TRS will refund a member's retirement contributions upon request. The refund consists of actual contributions, excluding the 1 percent death benefit contribution.

5. Funding

Member, employer, and state contributions are statutorily defined by the Illinois Pension Code (40 ILCS 5/16), which is subject to amendment by the Illinois General Assembly and approval by the Governor.

Effective July 1, 1998, member contributions increased from 8 percent to 9 percent of salary. These contributions are allocated as follows: 7½ percent for retirement, ½ percent for post-retirement increases, and 1 percent for death benefits.

Employer contributions are made by or on behalf of the employers from several sources. The State of

Illinois provides a large source of contributions through state appropriations from the Common School Fund. Additional sources of state contributions are the State Pensions Fund and the General Revenue Fund. Effective July 1, 1998, the state began making contributions for the 2.2 benefit formula that are included in statutorily specified minimum state contribution rates. Employers also make contributions for the 2.2 benefit formula and for teachers who are paid from federal funds. Additionally, employers contribute their portion of the cost of the Early Retirement Option as well as the Early Retirement Incentive. Employer Early Retirement Incentive contributions could be made in either a lump sum, over five years in equal quarterly installments, or under a different schedule approved by the TRS Board of Trustees. Employee contributions were paid in full during FY98 and employer contributions were paid in full during FY01.

The actuarial funding requirements for FY01 and FY00 were determined under Public Act 90-582. State funding law provides for a 50-year funding plan that includes a 15-year phase-in period. Minimum state contribution rates are specified in the statute for FY99 through FY10. Employer contributions, as a percentage of active member payroll, will be gradually increased until FY10 and remain at a level percentage for the following 35 years. TRS' funded ratio will be 90 percent at the end of the 50-year period. Beginning July 1, 1995, state contributions have been made through a continuing appropriation instead of through the appropriations process.

Administrative expenses are budgeted and approved by the TRS Board of Trustees. Funding for these expenses is included in the employer contribution, as determined by the annual actuarial valuation.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

TRS' financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which member services are performed. Benefits and refunds are recognized as expenditures when they are due and payable in accordance with the terms of the plan.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting period. Actual results could differ from those estimates.

3. Method Used to Value Investments

TRS reports investments at fair value. Fair value for equities is determined by using the closing price listed on national and over-the-counter securities exchanges as of June 30. Fair value for fixed income securities is determined principally by using quoted market prices provided by independent pricing services. Fair value for real estate investments is determined by appraisals.

4. Property and Equipment

Equipment is stated on the basis of historical cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Office furniture and equipment are assigned a useful life of 3 to 10 years while vehicles are assigned a 5-year life. TRS' office building is depreciated over 40 years.

5. Accrued Compensated Absences

When they terminate employment, TRS employees are entitled to receive compensation for all accrued but unused vacation time and one-half of all unused sick leave earned through December 31, 1997. (Lump-sum payments for sick leave earned prior to January 1, 1984, are subject to a maximum of 60 days or 420 hours.) Accrued compensated absences as of June 30, 2001, and 2000 totaled \$1,357,443 and \$1,342,863, respectively, and are included as administrative and investment expenses payable.

6. Receivables

Receivables consist primarily of 1) member and employer contributions owed and yet to be remitted by the employing districts as of June 30 and 2) interest, dividends and real estate income owed to TRS as of June 30.

TRS is allowed by law to assess penalties for late payment of contributions and to collect any unpaid

amounts from the employing districts by filing a claim with the regional superintendent of education or the Office of the Comptroller against future state aid payments to the employer. TRS considers these amounts to be fully collectible.

Effective July 1, 1998, members may enter into Payroll Deduction Program agreements with their employers to pay for their optional service balances, to repay refunds previously taken from TRS, or to pay for their 2.2 benefit formula upgrade balances. Terms and conditions of the agreements are:

- ★ A member must be employed full time.
- ★ The agreement is irrevocable and can be terminated only upon full payment of the member's balance or upon the member's death, disability, retirement, or termination of employment.
- ★ The amount deducted must be a minimum of \$50 per month and cannot be changed during the term of the agreement.
- ★ Agreements may begin at the beginning of each calendar year quarter.
- ★ The member may not make direct payments to TRS to reduce the balance under which an agreement has been entered.

If the agreement is to pay for a 2.2 formula upgrade balance, the maximum length of the agreement is 60 months. TRS had outstanding balances in payroll deduction agreements totalling \$160,440,980 and \$213,579,965 as of June 30, 2001, and 2000, respectively.

7. Prior Period Reclassification

Certain prior year amounts have been reclassified on a basis consistent with the current year presentation.

C. Cash

The bank balance and carrying amount of TRS' deposits were \$2,009,923 and \$7,889,353 at June 30, 2001, and \$2,599,992 and \$3,213,679 at June 30, 2000. Of the bank balance, \$107,531 and \$191,743 were on deposit with the state treasurer at June 30, 2001, and 2000, respectively. Bank balances are either insured or collateralized with securities held by the state treasurer or agents in the name of the state treasurer or are collateralized with securities held by TRS or its agents in the name of TRS. Cash equivalents are classified as short-term investments in the Statement of Plan Net Assets.

Investment Summary

	<u>Fair Value</u>	
	2001	2000
Category 1		
Government obligations	\$3,889,687,839	\$3,646,643,656
Corporate obligations	2,960,222,604	3,196,644,170
Preferred stock	112,594,835	98,489,595
Short-term investments		
Commercial paper (including short-term collateral and other)	39,179,749	232,214,720
U.S. Treasury bills	98,932	0
Common stock	<u>6,659,594,148</u>	<u>6,943,339,184</u>
	13,661,378,107	14,117,331,325
Not Categorized		
Investments held by broker-dealers under securities loans		
Government obligations	1,193,721,879	1,122,543,214
Corporate obligations	168,941,773	139,462,003
Common stock	1,373,267,578	1,287,322,671
Real estate equity	2,302,779,529	2,224,267,524
Mutual funds	3,601,165,085	4,164,365,921
Private equity investments		
Limited partnerships	689,740,876	877,028,687
Foreign currency	26,752,464	39,495,154
Collective investment funds (U.S. dollars)	996,924,930	857,362,112
Security lending short-term collateral investment pool	<u>2,284,889,999</u>	<u>1,946,675,486</u>
Investments and collateral from securities lending	26,299,562,220	26,775,854,097
Less collateral from securities lending	<u>(2,288,995,477)</u>	<u>(1,952,295,799)</u>
Total investments*	<u>\$24,010,566,743</u>	<u>\$24,823,558,298</u>

* This total does not include accrued income.

D. Investments

1. Investment Policies

Through the Board of Trustees, as authorized in the Illinois Pension Code, TRS serves as fiduciary for the members' trust funds and is responsible for investment of those funds by authority of the "prudent person rule." This rule establishes a standard for all fiduciaries by specifying fiduciary responsibility with regard to the members' trust funds.

2. Investment Summary

The Investment Summary table presents a summary of TRS' investments and related category of custodial credit risk at June 30, 2001, and 2000. TRS' invest-

ments are categorized to give an indication of the level of risk at year end.

Category 1 includes investments that are insured or registered, or for which the securities are held by TRS or its agent in the name of TRS. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department in TRS' name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty but not in TRS' name. As of June 30, 2001, and 2000, TRS holds no securities classified in either Category 2 or Category 3.

TRS has nonrecourse mortgages totalling \$294,646,716 and \$296,463,504 on real estate equities at June 30, 2001, and 2000, respectively. The amount reported for real estate equity is net of these mortgages, which mature on various dates through the year 2018.

The real estate equity category includes \$50,374,838 and \$52,763,477 of mortgages receivable which are fully secured by the properties at June 30, 2001, and 2000, respectively.

At June 30, 2001, and 2000, TRS did not have any investments with one organization that exceeded 5 percent of net assets available for benefits.

3. Securities Lending Program

The Board of Trustees' policies permit TRS to use investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. TRS' master trustee is the agent in lending the Plan's domestic securities for cash collateral of 102 percent of the market value of the securities and international securities for cash collateral of 105 percent of the market value of the securities. Securities on loan at year-end are presented as not categorized in the preceding schedule of custodial credit risk.

At year-end, TRS has no credit risk exposure to borrowers because the amount TRS owes the borrowers exceeds the amount the borrowers owe TRS. The contract with TRS' lending agent requires the agent to indemnify TRS if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay TRS for income distributions by the securities issuers while the securities are on loan. All securities loans can be terminated on demand either by TRS or the borrower, although the average term of the loans is 35 days. In lending domestic securities, cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 43 days. There were no significant violations of legal or contractual provisions, and there were no borrower or lending agent default losses known to the securities lending agent.

As of June 30, 2001, and 2000, TRS had outstanding loaned investment securities having a market value of

\$2,735,931,230 and \$2,549,327,888, respectively, against which it had received collateral of \$2,880,112,714 and \$2,622,441,800, respectively. Collateral from securities lending reflected on the Statement of Plan Net Assets consists primarily of collateral received in the form of cash.

4. Derivatives

TRS invests in derivative securities. A derivative security is an investment whose return depends upon the value of other assets such as commodity prices, bond and stock prices, or a market index. 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 the established terms. To eliminate credit risk, derivative securities are generally acquired through a clearinghouse that guarantees delivery and accepts the risk of default by either party.

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 limits on 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 regular basis to monitor compliance with the limits.

During the year, TRS' derivative investments included foreign currency forward contracts, futures, and options. Derivative contracts are used by experienced investment personnel to implement tactical strategies upon the portfolios in a cost-effective manner. Foreign currency forward contracts are used to hedge against the currency risk in TRS' foreign stock and fixed income security portfolios. The remaining derivative securities are used to improve yield, adjust the duration of the fixed income portfolio, or hedge changes in interest rates.

Foreign currency forward contracts are an agreement to buy or sell a specific amount of a foreign currency at a specified delivery date or maturity date for an agreed upon price. Fluctuations in the fair value of foreign currency forward contracts are recognized in TRS' financial statements as incurred rather than at the maturity or settlement date of the contract.

Derivatives Contracts

Type	FY01 No. of Contracts	FY01 Contractual Principal*	FY00 No. of Contracts	FY00 Contractual Principal*
Domestic Interest Rate Products				
Index fixed income futures (net)	765	\$78,699,926	450	\$41,893,591
Fixed income written call options	1,690	33,188,100	1,477	129,505,000
Fixed income written put options	3,300	10,312,500	3,762	782,005,000
International Interest Rate Products				
International fixed income futures (net)	0	0	337	74,602,432
Domestic Equity Products				
S&P 500 Index futures (net)	2,298	707,611,650	1,903	698,448,575
Foreign Currency Products				
Currency futures (net)	2,121	502,302,575	329	76,406,138
Currency written put options	1,665	73,994,750	0	0

* The contractual principal amounts listed above represent the market value of the underlying assets that the derivative contracts control. Contractual principal values do not represent actual values in the Statement of Plan Net Assets.

Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

Financial futures are an agreement to buy or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. As the market value of the futures contract varies from the original contract price, a gain or a loss is recognized and paid to the clearinghouse. Financial futures represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts.

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, TRS 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. Accordingly, it is against TRS' policy to invest in any uncovered options. Premiums received are recorded as a liability when the financial option is written.

Fluctuations in the fair value of financial options are recognized in TRS' financial statements as incurred

rather than at the time the options are exercised or when they expire. As of June 30, 2001, and 2000, the fair value of option contracts written was (\$793,894) and (\$2,441,338), respectively. The fair value represents the amount needed to close all positions as of that date.

The Derivatives Contracts table presents the aggregate contractual principal amount of TRS' outstanding contracts at June 30, 2001, and 2000. Contractual principal amounts are often used to express the volume of these transactions but do not reflect the extent to which positions may offset one another. These amounts do not represent the much smaller amounts potentially subject to risk.

E. Reserves

TRS maintains statutory reserve accounts in accordance with the provisions of 40 ILCS 5/16-101 *et seq.* In 1997, the Illinois General Assembly passed legislation that allowed the crediting of income at fair value, as opposed to book value, to the Employer's Contribution Reserve.

1. Members' Contribution

	2001	2000
Balances at June 30	\$8,271,682,135	\$7,425,218,715

This reserve accumulates, with 6 percent interest, the contributions by members prior to retirement. Contributions have been 7½ percent of salary since July 1, 1998. Contributions are fully refundable upon withdrawal from TRS, excluding interest credited thereon. The interest accrued is refundable only in the event of death. Interest is credited as of the date of retirement or death of those retiring or dying during the year and as of the end of the fiscal year for all other members. Interest is computed annually based upon the individual member's balance in the reserve at the beginning of the fiscal year. This reserve is fully funded.

2. Minimum Retirement Annuity

	2001	2000
Balances at June 30	\$3,269,192	\$3,045,425

The minimum annuity is set by law at \$25 per month for each year of creditable service to a maximum of \$750 per month after 30 or more years of creditable service. To qualify, annuitants are required to make a one-time contribution that is credited to the reserve. Interest at 6 percent is credited to the reserve annually based upon the average reserve balance. The State of Illinois also appropriated funds necessary to pay the minimum benefits provided in the legislation. All benefits paid under this program are charged to the reserve. This reserve is fully funded.

3. Supplementary Annuity

	2001	2000
Balances at June 30	\$893,336	\$857,477

In 1961, legislation was enacted to provide for increased annuities to retired members who met certain specified requirements. Annuitants were required to make a one-time contribution, which was credited to this reserve. The State of Illinois also appropriated funds that were credited to the reserve through FY00. Interest at 6 percent is credited to the reserve annually

based upon the average reserve balance. The annuity expenses resulting from this legislation are charged to the reserve. This reserve is fully funded.

During fiscal year 2002, this reserve will be dissolved and the remaining funds will be transferred to the Employer's Contribution Reserve.

4. Employer's Contribution

	2001	2000
Balances at June 30	\$15,039,801,420	\$17,052,290,990

This reserve serves as a clearing account for TRS income and expenses. The reserve is credited with contributions from the State of Illinois that are not specifically allocated to other reserves, member and employer contributions, income from TRS invested assets, the interest portion of the accumulated contributions of members who are granted refunds, and contributions from annuitants who qualify for automatic annual increases in annuity. The reserve is charged with amounts necessary to be transferred to the Members' Contribution Reserve, all amounts necessary to be refunded to withdrawing members, all retirement annuity payments except as provided by other reserve accounts, all benefits that are paid to temporarily or accidentally disabled members, all death benefits that are paid, and all survivor benefit contributions that are refunded to annuitants.

This reserve does not equal the present value of expected benefit payments. The additional amount needed (the unfunded actuarial accrued liability) as calculated by the actuary was \$15,851,051,000 in 2001 and \$11,404,991,000 in 2000.

F. TRS Employee Pension Benefits

1. Plan Description

All full-time TRS employees who are not eligible to participate in TRS participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. SERS is a single-employer defined benefit public employee retirement system (PERS) in which state employees participate, except those who are covered by the State Universities Retirement System, Teachers' Retirement System, General Assembly Retirement System, and Judges' Retirement System. SERS' financial position and results of operations for fiscal

years 2001 and 2000 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2001, and 2000, respectively. SERS also issues a separate CAFR that may be obtained by writing to SERS, 2101 South Veterans Parkway, Springfield, Illinois 62794-9255 or by calling (217) 785-7444. The State of Illinois CAFR may be obtained by writing to Office of the Comptroller, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 62704-1858 or by calling (217) 782-2053.

Effective in FY97, SERS implemented Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. Also effective in FY97, the State of Illinois implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. These GASB standards supersede all previous authoritative guidance on accounting and financial reporting for defined benefit pension plans of state and local governmental entities.

A summary of SERS' 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 SERS CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

2. Funding Policy

TRS pays employer retirement contributions to SERS based on an actuarially determined percentage of the TRS employee payroll representing TRS employees who are members of SERS. For FY01 and FY00, the SERS employer contribution rates were 9.944 percent and 9.714 percent, respectively. Effective for pay periods beginning after July 1, 1993, the TRS Board of Trustees opted to pay the employee contribution for all employees. The contribution pickup (4 percent for SERS members, 9 percent for TRS members in FY01 and 8 percent for TRS members in FY00) was included in the FY01 and FY00 administrative budgets approved by the board.

TRS pays an employer contribution for its employees who are also members of TRS. Additional employer contributions for these employees are paid by the State of Illinois and are included in the annual state contribution to TRS.

3. Post-Employment Benefits – TRS Employees

In addition to providing pension benefits, the State Employees Group Insurance Act of 1971 requires certain health, dental, and life insurance benefits be provided by the state. Substantially all TRS employees may become eligible for post-employment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for TRS retirees under the state's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant who is age 60 or older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits that were provided to active employees and their dependents for the years ended June 30, 2001, and 2000. However, post-employment costs for the state as a whole for all state agencies or departments for dependent health, dental, and life insurance for annuitants and their dependents are disclosed in the state's Comprehensive Annual Financial Report. Cost information for retirees by individual state agency is not available. Payments are made on a "pay-as-you-go" basis.

G. Subsequent Events

On August 9, 2001, Jon Bauman was appointed as the TRS Executive Director.

TRS had a decline in its investment portfolio subsequent to year end due in part to the events of September 11, 2001. As of September 30, 2001, TRS had incurred an approximate \$1,418,792,000 (5.8%) decrease in its investment portfolio since June 30, 2001, due to declines in the domestic and international equity markets.

Required Supplementary Information

Schedule of Funding Progress¹

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL-Projected Unit Credit) (b)	Funded Ratio (a)/(b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/(c)
06/30/96	\$15,103,927,000	\$26,141,794,000	57.8%	\$11,037,867,000	\$4,734,250,000	233.1%
06/30/97	17,393,108,000	26,951,585,000	64.5	9,558,477,000	5,013,583,000	190.7
06/30/98	19,965,887,000	29,908,241,000	66.8	9,942,354,000	5,323,403,000	186.8
06/30/99	22,237,709,000	33,205,513,000	67.0	10,967,804,000	5,698,117,000	192.5
06/30/00	24,481,413,000	35,886,404,000	68.2	11,404,991,000	6,062,884,000	188.1
06/30/01	23,315,646,000	39,166,697,000	59.5	15,851,051,000	6,430,612,000	246.5

Schedule of Contributions from Employers and Other Contributing Entities¹

Year Ended June 30	State Contributions ²	Federal and Employer Contributions ²	Total	Annual Required Contribution per GASB Statement #25	Percentage Contributed	Annual Required Contribution per State Statute	Percentage Contributed
1996	\$324,276,000	\$16,997,000	\$341,273,000	\$1,350,997,000	25.3%	\$341,276,000	100%
1997	377,969,000	17,379,000	395,348,000	927,842,000	42.6	395,269,000	100
1998	460,439,000	17,246,000	477,685,000	983,312,000	48.6	478,439,000	100
1999	567,068,000	36,535,000	603,603,000	932,909,000	64.7	592,547,000	102
2000	634,039,000	54,547,000	688,586,000	1,003,612,000	68.6	686,384,000	100
2001	719,357,000	58,985,000	778,342,000	1,102,441,000	70.6	775,732,000	100

¹ For consistency with figures reported by TRS' actuaries, the amounts have been rounded to the nearest thousand. Actual contributions varied slightly from contributions that are required by statute mainly because of differences between estimated and actual federal contributions.

² Excludes ERO, ERI, minimum retirement, and supplemental contributions. For FY01, the supplemental appropriation was not requested. These amounts are not counted for actuarial purposes.

See accompanying independent auditors' report.

Notes to Required Supplementary Information

Valuation Dates	June 30, 2001	June 30, 2000
Actuarial cost method:	Projected unit credit	Projected unit credit
Amortization method:		
a) For GASB Statement #25 reporting purposes	Level percent of payroll	Level percent of payroll
b) Per state statute	15-year phase-in to a level percent of payroll until a 90% funding level is achieved	15-year phase-in to a level percent of payroll until a 90% funding level is achieved
	Minimum state contribution rates in statute include cost of 2.2 benefit formula change as a level percent of payroll	Minimum state contribution rates in statute include cost of 2.2 benefit formula change as a level percent of payroll
Remaining amortization period:		
a) For GASB Statement #25 reporting purposes	40 years, open	40 years, open
b) Per state statute	44 years, closed	45 years, closed
Asset valuation method:	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	6.0-9.3%, composite 7.0%	6.0-9.3%, composite 7.0%
Group size growth rate	0%	0%
Assumed inflation rate	4%	4%
Post-retirement increase	3% compounded	3% compounded
Mortality table	1995 Buck Mortality Tables (rated forward one year for beneficiaries only).	1995 Buck Mortality Tables (rated forward one year for beneficiaries only).

See accompanying independent auditors' report.

Other Supplementary Information

Schedule of Administrative Expenses (for years ended June 30)

	2001	2000
Personal services	\$9,195,997	\$8,521,781
Professional services	844,265	714,495
Postage	414,273	295,742
Machine repair and rental	409,675	422,198
Other contractual services	769,075	811,625
Commodities	270,924	257,348
Occupancy expense	168,563	175,305
Depreciation	561,158	465,024
Loss on disposal of equipment	6,665	17,129
Total administrative expenses	\$12,640,595	\$11,680,647

Schedule of Investment Activity Expenses (for years ended June 30)

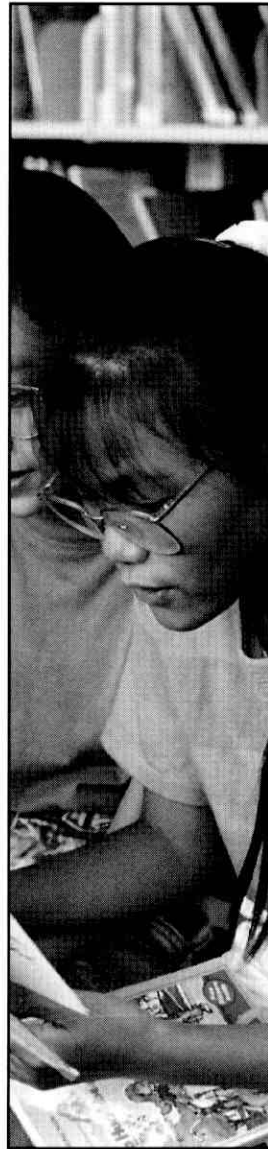
	2001	2000
Investment manager fees	\$71,154,807	\$62,357,317
Private equity investment expense	10,192,514	5,427,871
Miscellaneous	1,754,924	1,681,606
Total investment activity expenses	\$83,102,245	\$69,466,794

Schedule of Payments to Consultants (for years ended June 30)

	2001	2000
Actuarial services	\$94,273	\$173,829
External auditors	104,882	106,764
Legal services	141,820	21,248
Management consultants		
Information systems	428,881	330,597
Actuarial review	0	35,000
Benchmarking	25,000	25,000
Strategic planning	0	10,860
Executive search	42,999	0
Publication design	0	1,095
Other	6,410	10,102
Total payments to consultants	\$844,265	\$714,495

See accompanying independent auditors' report.

Investments



Introduction

World financial markets proved quite challenging over the course of fiscal 2001. Equity markets declined precipitously, both in the United States and abroad. The TRS investment portfolio declined by 4.2 percent, net of fees, the first decline experienced since 1984. Fortunately, the impact of the equity market declines on the TRS portfolio was muted by several factors, the most significant of which is diversification.

The portfolio is fully diversified across different asset classes. The domestic fixed income and real estate asset classes helped to offset the unfavorable performance in the equity markets. Within each asset class there are a number of investment managers to assure the appropriate diversity across the various investment styles, allowing the portfolio to achieve broad exposure to the market while minimizing risk. This broad diversification serves as the best defense against the uncertainty of volatile world markets.

While the recent declines in world markets are disappointing, the long-term time horizon of the pension fund calls for a long-term investment focus. The five-year and ten-year returns of the portfolio remain strong and compare favorably to both the actuarial return assumption and the real rate of return expectation.

The TRS trust fund is invested by authority of the Illinois General Assembly under the "prudent person rule," requiring investments to be managed solely in the interest of fund participants and beneficiaries. As of June 30, 2001, TRS' total investments, including accrued investment income, at market value totaled \$24,213,323,553.

TRS investments are guided by the TRS Investment Policy. Investment principles include preserving the long-term principal of the trust fund, maximizing total return within prudent risk parameters, and acting in the exclusive interest of TRS members.

As master trustee, The Northern Trust Company has provided to TRS, unless otherwise noted, detailed financial reports of all investments, receipts, disbursements, purchases and sales of securities, and other transactions pertinent to the Fund for the period July 1, 2000, through June 30, 2001. A statement of detailed assets along with their fair market value was also provided as of June 30, 2001. Additionally, The Northern Trust Company calculated, in accordance with the Association of Investment Management and Research© (AIMR) Performance Presentation Standards, performance rates of return by portfolio and composite for all respective indices used

throughout this section. TRS staff, in collaboration with staff from The Northern Trust Company, prepared the Investment Section. A complete listing of investment holdings is available on request.

Summary

Summary Data (June 30, 2001)

Total Fund Market Value	\$24.213 billion
One-Year Return (net of fees)	(4.2%)
Five-Year Return (net of fees)	10.1%
Ten-Year Return (net of fees)	10.6%
Percent Externally Managed	100.0%
Number of External Managers	51

Currently TRS is ranked 46th out of the largest 200 plan sponsor funds in the U.S., including corporate, government and endowment funds. Source: Pensions & Investments, January 22, 2001. (Based on market value of total assets.)

Fund Performance vs. Benchmarks and Market Values

As of June 30, 2001, TRS' total investments, including accrued investment income, at market value totaled \$24.213 billion, a decrease of \$843 million from last year.

A summary of holdings and various assets is discussed throughout the Investment Section. The totals represent the actual assets (gross of any liabilities), amounts due to brokers, and expenses. The liability portions of the fund are included in the financial statements located on pages 18 and 19.

TRS had a total fund annualized return of (3.9) percent (gross of fees) and (4.2) percent (net of fees) for the one-year period ending June 30, 2001. The Performance Summary table on the next page shows the performance of the total investment portfolio, including accrued income and miscellaneous assets, versus comparative benchmarks.

As illustrated in the Performance Summary table, TRS' total return for FY01 surpassed the policy index return for the year ended June 30, 2001. The total return for FY01, however, did not meet the 8.5 percent actuarial return assumption or the real rate of return expectations, which are to exceed the rate of inflation, as measured by the Consumer Price Index, by 4.5 percent. Nevertheless, TRS outperformed these return assumptions for the longer term (5 and 10 year periods).

Performance Summary (net of fees)

Asset Class/Index	Years ended June 30					Annualized		
	1997	1998	1999	2000	2001	3 Years	5 Years	10 Years
TRS Total Fund	18.3%	16.6%	10.8%	10.6%	(4.2)%	5.5%	10.1%	10.6%
TRS Weighted Policy Index	18.9	14.4	11.5	9.7	(6.8)	4.5	9.2	10.7
CPI (Inflation)	2.3	1.7	2.0	3.7	3.2	3.0	2.6	2.7
TRS Equity - U.S.	27.9	26.6	17.1	6.5	(12.0)	3.1	12.2	13.4
Russell 3000 Index	30.6	28.8	20.1	9.6	(13.9)	4.2	13.8	15.0
TRS Fixed Income - U.S.	10.8	12.2	3.9	4.4	11.3	6.5	8.5	8.4
SSB BIG Index	8.2	10.6	3.1	4.5	11.3	6.2	7.5	7.9
TRS Fixed Income - International	4.9	2.4	4.3	(0.7)	(7.7)	(1.5)	0.5	6.2
SSBNUSWGB Index	2.2	0.9	4.9	2.4	(7.5)	(0.2)	0.5	6.6
TRS Equity - International	19.9	2.8	8.4	19.9	(19.5)	1.5	5.2	6.5
MSCI ACWI Ex.-U.S. Free Index	14.0	0.6	10.3	18.1	(23.8)	(0.5)	2.7	6.5
TRS Real Estate Property	12.7	14.7	13.5	8.8	9.8	10.7	11.8	8.5
NCREIF Property Index	10.8	17.5	12.8	11.6	11.2	11.9	12.7	7.2
TRS Private Equity	22.6	35.3	22.7	137.7	(5.4)	40.2	36.3	30.2
Russell 3000 Index + 3.0%	33.6	31.8	23.1	12.6	(11.3)	7.4	17.2	18.4

Rates of return are provided by The Northern Trust Company in accordance with AIMR Performance Presentation Standards.

Asset Allocation vs. Targets

A pension fund's most important investment policy decision is the selection of an asset allocation. Similar to other large institutional funds, TRS maintains a well-diversified portfolio to manage risk effectively. The Allocation Targets vs. Total Assets table shows the asset allocation targets, as adopted by the Board of Trustees in July 1999, compared to the total assets assigned to each particular asset class.

The asset mix is periodically compared to the policy targets to determine when a rebalancing of the Fund is necessary. As of June 30, 2001, the allocations to U.S. equities, U.S. fixed income, international equities, and international fixed income were at or very near the targets. The private equity portfolio was underweight relative to its target and the real estate portfolio was overweight. TRS is continuing its efforts to implement the Board of Trustees' private markets asset allocation.

Allocation Targets vs. Total Assets

	6/30/01 Total Fund \$ Million	Percent of Portfolio	Policy Allocation Target	Band Width	Rebalance Percentage	
					Lower Trigger Point	Upper Trigger Point
U.S. Equities	\$7,317	31.6%	30.0%	+/-2.0%	28.0%	32.0%
U.S. Fixed Income	6,224	26.9	27.0	+/-4.0	23.0	31.0
Real Estate	2,427	10.5	8.0	+/-2.0	6.0	10.0
International Equities	4,602	19.9	20.0	+/-2.0	18.0	22.0
International Fixed Income	1,558	6.7	7.0	+/-2.0	5.0	9.0
Private Equity	691	3.0	7.0	+/-2.0	5.0	9.0
Short-Term Investments	312	1.4	1.0	+/-1.0	0.0	2.0
Pending Settlements/Expenses*	1,082	NA	NA			
Total Fund	\$24,213	100.0%	100.0%			

* The liability portions are placed within the Statement of Plan Net Assets.

Investment Section**Portfolio Summary**

The Investment Portfolio Summary table contains a detailed list of security types. The amounts in this table differ slightly from the allocation percentages referenced on the previous page. The Allocation Targets vs. Total Assets table represents assets assigned to managers within each asset class whereas the following summary represents types of financial instruments. The differences

are explained by the types of investments each manager is allowed to hold within its portfolio. For example, U.S. equity managers hold not only common stock within their portfolio, but may hold small amounts of short-term investments as well. The same holds true for the other individual portfolios.

Investment Portfolio Summary (for years ended June 30)

	<u>2001</u>		<u>2000</u>	
	Market Value	% of Total	Market Value	% of Total
Bonds, Corporate Notes, and U.S. Government Obligations				
U.S. Government	\$895,660,735	3.7%	\$831,265,740	3.3%
Federal Agency	2,989,301,898	12.3	2,806,423,969	11.2
Municipals (Taxable)	<u>10,521,505</u>	<u>0.1</u>	<u>15,749,239</u>	<u>0.1</u>
Total Government Obligations	3,895,484,138	16.1	3,653,438,948	14.6
Corporate Obligations				
Basic Industries	179,360,178	0.7	141,510,937	0.6
Capital Goods	33,172,878	0.1	30,520,188	0.1
Consumer Durables	48,239,405	0.2	18,036,042	0.1
Consumer Nondurables	210,629,216	0.9	218,367,982	0.9
Energy	108,782,936	0.4	71,323,886	0.3
Financial	1,549,287,077	6.4	1,659,273,157	6.6
Miscellaneous	629,832,801	2.6	846,915,484	3.3
Technology	149,331,981	0.6	146,276,806	0.6
Transportation	110,858,297	0.5	114,439,255	0.5
Utilities	<u>105,564,129</u>	<u>0.5</u>	<u>83,822,124</u>	<u>0.3</u>
Total Corporate Obligations	3,125,058,898	12.9	3,330,485,861	13.3
Foreign Obligations				
Foreign Government Obligations	1,494,960,315	6.2	1,574,228,305	6.3
Foreign Corporate Obligations	<u>302,359,346</u>	<u>1.2</u>	<u>287,614,553</u>	<u>1.1</u>
Total Bonds, Corporate Notes, and Government Obligations	8,817,862,697	36.4	8,845,767,666	35.3
Equities				
Common Stock - U.S.	6,301,664,623	26.1	6,490,541,514	25.9
Preferred Stock-U.S.	57,086,211	0.2	57,996,400	0.2
Common Stock - International	4,601,292,055	19.0	4,954,547,913	19.8
Preferred Stock-International	<u>55,508,624</u>	<u>0.2</u>	<u>40,493,194</u>	<u>0.2</u>
Total Equities	11,015,551,513	45.5	11,543,579,021	46.1
Short-Term Investments*	1,238,861,490	5.2	1,322,283,789	5.3
Foreign Currency	26,752,464	0.1	39,495,154	0.2
Private Equity	689,740,876	2.8	877,028,687	3.4
Real Estate Equity	<u>2,424,554,513</u>	<u>10.0</u>	<u>2,428,110,937</u>	<u>9.7</u>
TRS Total Portfolio	\$24,213,323,553	100.0%	\$25,056,265,254	100.0%

* Includes accrued income and dividends totaling \$202,756,810 and \$232,706,956 for FY01 and FY00, respectively. Also includes U.S. dollar cash held within individual portfolios.

Asset Allocation (Historical)

Historically, TRS has adopted various asset allocation strategies. The Asset Allocation table shows the actual asset allocation based on asset types for the last five-year period.

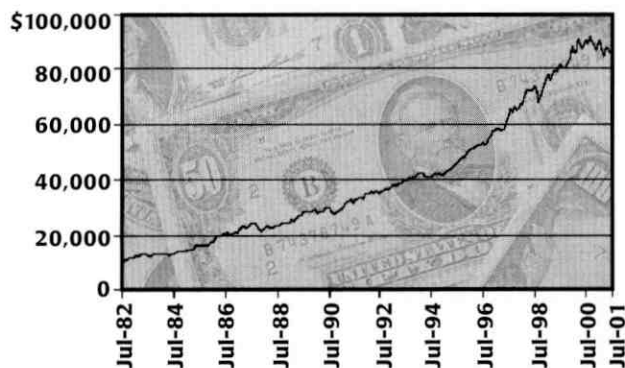
Asset Allocation (for years ending June 30)

Asset Type	2001	2000	1999	1998	1997
Bonds - U.S.	29.0%	28.0%	32.5%	32.3%	24.8%
Bonds - Intl.	7.4	7.4	6.5	6.7	7.3
Equities - Intl.	19.2	19.9	11.6	10.2	9.6
Equities - U.S.	26.3	26.1	32.5	30.5	30.8
Private Equity	2.8	3.5	2.6	2.2	2.0
Real Estate Equity	10.0	9.7	10.7	11.8	13.0
Short-Term Invstmnts.	5.3	5.4	3.6	6.3	12.5
Totals	100.0%	100.0%	100.0%	100.0%	100.0%

Source: TRS

Over the years, the TRS asset allocation has provided consistent overall returns, as represented by the following chart showing the growth of \$10,000 over the last 19 years.

Growth of \$10,000



Source: TRS

The next six sections provide a brief, but informative, overview of the various asset classes used by TRS for the period ending June 30, 2001.

U.S. Equity

U.S. equity, otherwise known as U.S. common stock, represents shares or units of ownership in a public corporation. Owners of these shares typically are entitled to vote via proxy on the selection of directors and other important matters pertaining to the company. Additionally, owners can receive dividends in the form of cash or additional shares, sharing in the profits of a declaring company. U.S. common stocks are traded on numerous primary and secondary markets or exchanges and typically have potential for appreciation.

For the fiscal year, the U.S. equity portfolio returned (12.0) percent (net of fees) compared to the Russell 3000 Index return of (13.9) percent. One-, three-, five- and ten-year comparisons to this benchmark are noted below:

	FY01	3-Year	5-Year	10-Year
TRS	(12.0%)	3.1%	12.2%	13.4%
Russell 3000 Index	(13.9)	4.2	13.8	15.0

At June 30, 2001, 31.6 percent of the TRS investment portfolio was assigned to U.S. equity managers. TRS employed U.S. Equity managers to employ active, index or enhanced index management strategies during FY01.

The top 10 U.S. equity holdings, excluding commingled funds, at June 30, 2001, are listed below and represent 11.3 percent of total U.S. equity holdings.

Top 10 U.S. Equity Holdings

Firm	Market Value
General Electric Co.	\$179,275,395
Microsoft Corp.	119,469,610
Pfizer, Inc.	88,332,878
AOL Time Warner, Inc.	60,037,340
Johnson & Johnson	52,316,400
Citigroup, Inc.	47,391,298
Home Depot, Inc.	44,066,464
Cisco Systems, Inc.	43,801,940
International Business Machines Corp.	42,274,204
Exxon Mobil Corp.	40,477,379
Total	\$717,442,908

Source: The Northern Trust Company

Investment Section

As of June 30, 2001, TRS employed 12 U.S. domestic equity managers, who are identified in the U.S. Equity Managers and Assets Under Management table.

U.S. Equity Managers and Assets Under Management (includes inception date of account)

Index Account

State Street Bank & Trust Company (11/98) \$2,029,793,805

All Cap Growth Accounts

Geewax, Terker & Company (3/00) 439,034,901

Oak Associates, Ltd. (3/00) 204,150,953

Large Cap Value Accounts

GE Asset Management (4/00) 695,995,195

Dodge & Cox (4/00) 720,974,615

Bernstein Investment Research & Mgmt. (4/98) 716,089,463

Emerging Managers

Progress Investment Management (10/00) 121,938,204

Enhanced Core Account

Pacific Investment Management Co. (8/91) 718,214,826

Large Cap Growth Account

Lincoln Capital Management Co. (10/89) 870,258,320

Small/Mid Cap Growth Account

Morgan Stanley Investment Management (3/00) 219,669,718

Small Cap Growth Account

Neuberger Berman, L.L.C. (3/00) 123,179,756

Small Cap Value Account

Brinson Partners, Inc. (12/89) 228,184,822

Statistical Data

The following three tables convey various statistics, including attribution and sector analysis, of the U.S. equity portfolio.

U.S. Equity – Diversification by Industry Sector (for year ending June 30, 2001)

Sector	Weighting TRS Domestic Equity	Weighting Russell 3000 Index
Autos/Transportation	3.3%	2.2%
Consumer Staples	5.0	5.9
Consumer Discretionary	13.3	13.4
Energy	7.1	6.1
Financial Services	17.9	20.4
Health Care	13.2	13.8
Materials/Processing	4.9	3.1
Miscellaneous/Other	6.4	5.2
Producer Durables	3.7	3.5
Technology	18.3	17.6
Utilities	6.9	8.8
Total	100.0%	100.0%

Source: The Northern Trust Company

U.S. Equity Profile (as of June 30, 2001)

Category	TRS	Russell 3000 Index
Market Cap (billions)	\$93.2	\$95.0
P/E	27.2x	26.5x
Dividend Yield	1.3%	1.3%
Beta	1.0	1.0
Diversification (R-Squared)	1.0	1.0
Five-Year EPS Growth	18.5%	15.8%
Price/Book Ratio	3.1x	3.6x

Source: Northern Trust Company, Frank Russell Company, and TRS.

TRS U.S. Equity vs. the Russell 3000 Index Economic Sectors (annual return as of June 30, 2001)

	Russell 3000 Index	TRS U.S. Equity
Total	(13.9%)	(12.0%)
Sector		
Autos/Transportation	20.1	28.0
Consumer Discretionary	(6.5)	(0.6)
Consumer Durables	12.2	10.5
Energy	10.6	7.2
Financial Services	24.0	31.1
Health Care	(5.4)	(1.3)
Materials/Processing	19.5	24.6
Miscellaneous/Other	2.0	3.8
Producer Durables	(13.6)	(18.3)
Technology	(51.9)	(53.2)
Utilities	(15.8)	(4.1)

Source: The Northern Trust Company

Discussion of U.S. Equity

The target for U.S. equities has remained at 30.0 percent; however, the breakdown of the styles has changed to reflect the incorporation of the emerging manager subclass. The U.S. Equity Styles table provides a further breakdown of the styles within the U.S. Equity portfolio.

U.S. Equity Styles

	Target
U.S. Equity Total	30.0%
Subclasses	
Index	28.0
Enhanced Core	9.8
All Cap Growth	8.9
Large Cap Value	29.4
Large Cap Growth	11.8
Small to Mid Cap Growth	3.0
Small Cap Growth	1.5
Small Cap Value	5.9
Emerging Managers	1.7
Total	100.0%

As of June 30, 2001, the TRS U.S. equity style percentages were near their respective targets and the characteristics of the U.S. equity portfolio closely resembled those of the Russell 3000 Index.

The year ended June 30, 2001, saw a strong value style bias in the U.S. equity market for the first three quarters. The last quarter of the year ended June 30, 2001, experienced a respite for investors owning expensive and popular issues of growth stocks. Despite the rebound in the fourth quarter, the past year has been very difficult for the overall market.

International Equity

International equity, otherwise known as international common stock, represents shares or units of ownership in a public corporation overseas. Owners of these shares typically are entitled to vote via proxy on the selection of directors and other important matters pertaining to the company. Additionally, owners can receive dividends, in the form of cash or additional shares, sharing in the profits of a declaring company.

International common stocks are traded on numerous primary and secondary markets or exchanges all over the world. Owning international common stocks also contains additional protocol by having to take into account foreign currency fluctuations, foreign tax reclamations from dividend distribution, and the rules and regulations of the varying exchanges and regulatory authorities in numerous countries.

For the year ended June 30, 2001, the international equity asset class returned (19.5) percent (net of fees) compared to the MSCI All Country World Excluding U.S. Free Index return of (23.8) percent. One-, three-, five- and ten-year comparisons to this benchmark are in the following table:

	FY01	3-Year	5-Year	10-Year
TRS	(19.5%)	1.5%	5.2%	6.5%
MSCI All Country World Ex. U.S. Free Index	(23.8)	(0.5)	2.7	6.5

Investment Section

At June 30, 2001, 19.9 percent of the TRS investment portfolio was assigned to international equity managers. TRS employed international equity managers to use fully active or index management strategies during FY01. Listed below are the top 10 international equity holdings, excluding commingled funds, as of June 30, 2001. These securities represent 11.2 percent of the total international equity portfolio.

Top 10 International Equity Holdings

Firm	Market Value
GlaxoSmithKline	\$77,908,390
Total Fina Elf	76,788,267
Vodafone Group	51,648,301
Hitachi	49,139,472
Shell Transportation & Trading	47,602,654
ENI	45,770,587
Canon, Inc.	43,639,682
National Australian Bank	43,632,253
Diageo	43,292,380
ING Groep	42,728,766
Total	\$522,150,752

Source: TRS and The Northern Trust Company

As of June 30, 2001, TRS employed seven international equity managers, who are identified in the International Equity Managers and Assets Under Management table.

International Equity Managers and Assets Under Management (includes inception date of account)

Index Account	
State Street Global Advisors (5/99)	\$636,234,546
Active/Core Accounts	
Brandes Investment Partners, L.P. (2/98)	666,795,304
Capital Guardian Trust Company (2/98)	647,171,773
Delaware International Advisers Ltd. (4/93)	691,470,654
Dresdner RCM Global Investors, L.L.C. (12/94)	637,188,032
INVESCO Global Asset Management, Inc. (6/00)	660,932,051
Martin Currie, Inc. (6/00)	654,138,949

Portfolio Characteristics

The next two charts convey the fundamental characteristics and the regional exposure of the international equity portfolio.

International Equity Fundamental Characteristics (as of June 30, 2001)

Characteristic	TRS	MSCIACWIEx. U.S. Free Index
Market Cap (billions)	\$35.7	\$38.6
P/E	20.3x	20.0x
Dividend Yield	2.1%	2.1%
EPS Growth	12.5%	14.7%
Return on Equity	14.0%	13.9%
Price/Book Ratio	2.8x	2.2x

Source: TRS and The Northern Trust Company

International Equity – Countries of Exposure (as of June 30, 2001)

Country	TRS	MSCIACWIEx. U.S. Free Index
United Kingdom	21.2%	18.6%
Japan	18.8	20.7
France	8.7	9.4
Germany	6.2	7.4
Netherlands	5.4	4.8
Switzerland	4.8	5.7
Italy	3.7	3.8
Australia	3.6	2.8
Spain	3.6	2.6
Hong Kong	2.3	1.8
Other (39) Countries	21.7	22.4
Total	100.0%	100.0%

Source: TRS

Discussion of International Equity

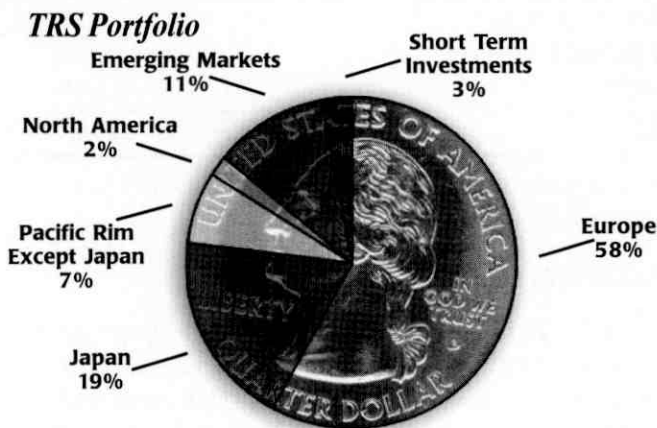
The target for international equities remained at 20.0 percent of total assets. The chart below provides a further breakdown of the styles adopted by the TRS Board of Trustees.

International Equity Styles

International Equity Total	Target 20.0%
Subclasses	
Index	14.3
Active Core	85.7
Total	100.0%

TRS international equity managers outperformed the MSCI ACWI Ex. U.S. Free Index by 4.3 percentage points for the year.

**Regional Allocation Comparison
 (June 30, 2001)**



The portfolio, as illustrated in the charts above, contains small underweight allocations to Europe, Japan, and North America (Canada), and overweight allocations to the Pacific Rim Ex.-Japan, emerging markets, and short-term investments.

U.S. Fixed Income

U.S. fixed income is typically a long-term security that represents a contractual obligation of debt or a loan to a corporation, U.S. government, U.S. federal agency, or municipality. The security pays a fixed, or in some cases a variable, rate of return or interest until the bond matures, at which time the entire par amount is repaid to the bondholder. U.S. fixed income instruments are traded on numerous primary and secondary markets. There can be

numerous provisions, and various types of bonds can be issued.

For the year ended June 30, 2001, TRS U.S. fixed income managers returned 11.3 percent (net of fees), matching the 11.3 percent return for its benchmark, the Salomon Smith Barney Broad Investment Grade (Salomon BIG) Index. One-, three-, five- and ten-year comparisons to this benchmark are noted below:

	FY01	3-Year	5-Year	10-Year
TRS	11.3%	6.5%	8.5%	8.4%
SSB BIG Index	11.3	6.2	7.5	7.9

The following table lists the top ten U.S. fixed income holdings, excluding index funds, as of June 30, 2001. These securities represent 15.7 percent of the total U.S. fixed income portfolio.

Top 10 U.S. Fixed Income Holdings

Security/Position	Rate	Maturity	Market Value
Government National Mortgage Association	6.50%	7/15/2028	\$232,429,100
U.S. Treasury Bonds	8.50	2/15/2020	153,775,464
Government National Mortgage Association TBA	7.00	NA	107,936,250
Federal National Mortgage Association	6.00	7/1/2029	105,192,984
U.S. Treasury Inflation Indexed Notes	4.00	7/15/2002	99,165,654
Federal National Mortgage Association TBA	7.00	NA	94,763,253
Federal National Mortgage Association TBA	6.00	NA	89,300,100
U.S. Treasury Inflation Indexed Notes	3.97	1/15/2008	87,782,137
Government National Mortgage Association TBA	8.00	NA	78,731,440
Federal Home Loan Mortgage Corporation	6.88	1/15/2005	51,597,361
Total			\$1,100,673,743

Source: The Northern Trust Company

Investment Section

As of June 30, 2001, TRS employed eight U.S. fixed income managers, who are identified in the U.S. Fixed Income Managers and Assets Under Management table.

U.S. Fixed Income Managers and Assets Under Management (includes inception date of account)

Index	
State Street Bank & Trust Company (11/99)	\$609,295,149
Emerging Managers	
Progress Investment Management (10/00)	115,071,502
Active Core	
BlackRock Financial Management, Inc. (6/97)	1,522,472,896
Chicago Capital Management, Inc. (12/95)	609,864,639
Morgan Stanley Investment Management (3/98)	610,926,311
Payden & Rygel Investment Counsel (6/97)	605,924,952
Pacific Investment Management Co. (7/82)	1,521,929,308
Weiss, Peck & Greer, L.L.C. (12/91)	610,393,896

Statistical Data

The next three tables convey various statistics of the U.S. fixed income portfolio.

U.S. Fixed Income Profile

Characteristic	06/30/01		06/30/00	
	TRS	SSB BIG	TRS	SSB BIG
Term to Maturity (years)	7.8	7.9	9.0	8.8
Effective Duration (years)	4.9	4.7	5.1	5.0
Average Coupon (%)	6.5	6.8	6.9	6.9
Average Quality Rating	Aa	Aaa	Aaa	Aaa
Yield to Maturity (%)	6.0	6.1	7.6	7.3

Source: TRS, Salomon Smith Barney, and Wilshire Compass

U.S. Fixed Income Managers (weighting June 30, 2001)

Fixed Income Type	TRS	Salomon BIG Index
Treasury	16.8%	25.8%
Federal Agency	5.4	12.1
Corporates (Credit)	26.4	25.2
Mortgage Backed Securities	42.4	36.1
Asset Backed Securities	3.9	0.8
Other	5.1	0.0
Total	100.0%	100.0%

Source: Wilshire Compass

Diversification by Quality Rating for Fixed Income Manager Portfolios

Moody's Quality Rating	06/30/01	06/30/00
Aaa	68.4%	66.7%
Aa1 through Aa3	4.0	3.5
A1 through A3	14.2	10.9
Baa1 through Baa3	9.2	7.0
Ba1 through Ba3	2.2	3.3
Other*	2.0%	8.6
Total	100.0%	100.0%

*Other includes under Ba and NR ratings and short-term.

Source: Wilshire Compass

Discussion of U.S. Fixed Income

At June 30, 2001, 26.9 percent of TRS' investment portfolio was assigned to U.S. fixed income managers, relative to the target allocation of 27.0 percent. TRS employed U.S. fixed income managers to use fully active or index management strategies during FY01. The U.S. Fixed Income Styles table provides a further breakdown of the styles adopted by the TRS Board.

U.S. Fixed Income Styles

U.S. Fixed Income Total	Target
U.S. Fixed Income Total	27.0%
Subclasses	
Index	9.8
Emerging Managers	1.9
Active Core	88.3
Total	100.0%

As of June 30, 2001, the TRS U.S. fixed income style percentages were near their respective targets.

Following a strong performance by corporate bonds during the last quarter of the fiscal year, most TRS U.S. fixed income managers have begun to shift back to overweight positions in mortgages. In addition, the duration of the overall portfolio has decreased relative to the Index, showing signs that the managers believe monetary policies have stabilized with intermediate treasuries and intermediate corporate notes beginning to become part of the portfolio mix.

International Fixed Income

International fixed income is typically a long-term security that represents a contractual obligation of debt or a loan to a foreign corporation, foreign government, foreign agency, or foreign municipality. The security pays a fixed, or in some cases, a variable rate of return or interest until the bond matures, at which time the entire par amount is repaid to the bondholder. International fixed income instruments are traded on numerous primary and secondary markets or exchanges throughout the world. There can be numerous provisions, and various types of bonds can be issued. Owning international fixed income also requires consideration of such issues as foreign currency fluctuations and the rules and regulations of the varying exchanges and regulatory authorities in numerous countries.

TRS' international fixed income managers returned (7.7) percent (net of fees) in FY01, underperforming the benchmark, the Salomon Smith Barney Non-U.S. World Government Bond Index (SSBNUSWGBI), which returned (7.5) percent. One-, three-, five-, and ten-year comparisons to this benchmark are as follows:

	FY01	3-Year	5-Year	10-Year
TRS	(7.7%)	(1.5%)	0.5%	6.2%
SSBNUSWGBI	(7.5)	(0.2)	0.5	6.6

At June 30, 2001, TRS employed three international fixed income managers, who are identified in the International Fixed Income Managers and Assets Under Management table.

International Fixed Income Managers and Assets Under Management (includes inception date of account)

Brinson Partners, Inc. (8/90)	\$521,770,629
Julius Baer Investment Management, Inc. (7/92)	520,647,344
Rogge Global Partners (6/00)	515,580,246

Statistical Data

The International Fixed Income Profile and International Fixed Income – Countries of Exposure tables convey various statistics of the international fixed income portfolio.

International Fixed Income Profile

	6/30/01		6/30/00	
	TRS	SSBNUSWGBI	TRS	SSBNUSWGBI
Average Coupon	4.8%	4.6%	5.8%	5.0%
Effective Duration	6.1 years	5.4 years	5.4 years	5.5 years
Average Maturity	8.1 years	7.2 years	7.0 years	7.1 years

Source: TRS and Salomon Smith Barney

International Fixed Income - Countries of Exposure (as of June 30, 2001)

Country	% Weight	% Weight
	TRS	SSBNUSWGBI
Australia	5.2%	0.6%
Austria	1.8	1.6
Belgium	2.3	3.5
Canada	6.6	3.8
Denmark	3.8	1.5
Finland	0.1	0.7
France	7.5	10.5
Germany	9.8	11.1
Greece	0.3	1.3
Ireland	0.2	0.3
Italy	10.8	10.7
Japan	22.7	37.9
Netherlands	4.2	2.9
Portugal	0.0	0.7
Spain	4.8	4.5
Sweden	4.1	1.0
Switzerland	0.0	0.7
United Kingdom	5.9	6.7
Other*	9.9	0.0
Total	100.0%	100.0%

* Other includes U.S. cash, foreign cash, net foreign exchange positions, pending trade settlements and bonds held outside the Index.

Source: TRS and Salomon Smith Barney

Discussion of International Fixed Income

The target allocation for international fixed income remained unchanged at 7.0 percent for FY01, with all of the asset class being actively managed. At June 30, 2001, the TRS International Fixed Income portfolio was near its respective target, comprising 6.7 percent of the total fund.

Private Equity

The private equity market is an important source of funds for start-up companies, private middle-market firms, financially distressed companies, and companies seeking buyout financing. Private equity investments are privately placed; they are exempt from registration with the Securities and Exchange Commission. Investors in the private equity asset class include pension funds, university and college endowments, insurance companies, banks, and high net-worth individuals.

Investments made in the private equity asset class can be in the form of debt or equity. Equity investments represent ownership interest in privately incorporated businesses. Debt investments represent investments in unsecured or secured debt securities of privately incorporated businesses.

FY01 was a struggle for private equity. For the year ended June 30, 2001, private equity outperformed its benchmark, the Russell 3000 + 3.0 percent, by 5.9 percentage points. The asset class maintains strong long-term returns, outperforming the benchmark by 32.8 percent and 19.1 percent for the three- and five-year periods, respectively. One-, three-, five- and ten-year comparisons to this benchmark are noted below:

TRS	FY01 (5.4%)	3-Year 40.2%	5-Year 36.3%	10-Year 30.2%
Russell 3000 Index + 3.0%	(11.3)	7.4	17.2	18.4

The internal rate of return (IRR), widely used throughout the industry, is a more appropriate return measure for this asset class. The IRR for the private equity asset class since inception of the portfolio for the period ending June 30, 2001, was 22.0 percent.

At June 30, 2001, 3.0 percent of the investment portfolio was assigned to the private equity asset class. As of June 30, 2001, TRS invested in numerous private equity partnerships/funds. The following chart lists the partnerships and the current assets under management.

Private Equity Managers and Assets Under Management (includes inception date of account)

Buyout Accounts

Apollo Advisors, L.P. (5/01)	\$8,029,393
DLJ Merchant Banking Partners I, L.P. (9/92)	6,773,468
DLJ Merchant Banking Partners II, L.P. (3/97)	57,113,653
DLJ Merchant Banking Partners III, L.P. (9/00)	44,223,074
GTCR Golder Rauner, L.L.C. (3/00)	36,805,110
Kohlberg Kravis Roberts & Co. (5/97)	73,856,629
Mesirow Financial Services, L.P. (6/97)	19,980,778
Trivest Equities, Inc. (6/96)	30,667,091
Veronis Suhler Media Merchant Bank (9/95)	26,308,640
Weiss, Peck & Greer Corp. Dev. (11/97)	19,467,999

International Accounts

Periscope I Fund Managers, L.L.C. (6/97)	2,423,156
TCW/Latin America Private Equity Ptnrs. (5/97)	34,861,512
Warburg Pincus Intl. Partners, L.P. (9/00)	12,389,925

Debt-Related Accounts

Wm. Blair Mezzanine Cptl. Ptnrs. II, L.L.C. (5/97)	36,369,895
Wm. Blair Mezzanine Cptl. Ptnrs. III, L.L.C. (1/00)	23,561,005

Venture Capital Accounts

Apex Venture Partners (6/96)	19,120,643
Frontenac Company V (4/87)	170,422
Frontenac Company VI (6/93)	2,111,315
Penman Asset Management, L.P. (10/94)	7,901,953
21st Century Communications T-E Ptnrs., L.P. (2/95)	4,648,093
SCP Private Equity Partners, L.P. (5/97)	21,290,161
SCP Private Equity Partners II, L.P. (6/00)	35,419,763
VantagePoint Venture Partners (6/00)	4,862,195
Weiss, Peck & Greer Venture Ptnrs., L.P. (11/89)	11,327,256
Weiss, Peck & Greer Venture Ptnrs. II, L.P. (8/94)	25,409,848
Weiss, Peck & Greer Venture Ptnrs. III, L.P. (3/97)	124,648,392

As of June 30, 2001, the breakdown of the private equity subclasses was as follows:

Private Equity Breakdown (as of June 30, 2001)



Source: TRS

Discussion of Private Equity

The target allocation for private equity remained unchanged at 7.0 percent for FY01. The Private Equity Styles table provides a breakdown of the styles also adopted by the Board.

Private Equity Styles

	Target
Private Equity Total	7.0%
Subclass	
Buyout	45.0
Debt-Related	10.0
International	10.0
Venture Capital	35.0
Total	100.0%

As of June 30, 2001, the TRS private equity portfolio was underweight relative to its target. TRS will continue its efforts to implement the Board of Trustees' private markets asset allocation decision.

Real Estate

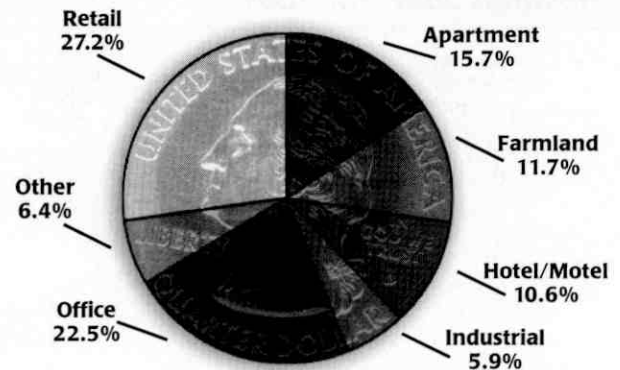
Real estate investments are direct investments or ownership in land and all physical property related to it, including, but not limited to, residential, farmland, hotels/motels, industrial, office space and retail. Additionally, there are limited partnerships that directly purchase properties and structures that pass on rental and other income directly to the partners. Real estate offers an effective tool in terms of portfolio diversification and a hedge against possible inflation.

TRS real estate investments earned a 9.8 percent (net of fees) rate of return during FY01 as compared to the NCREIF Property Index return of 11.2 percent. One-, three-, five-, and ten-year comparisons to this benchmark are as follows:

	FY01	3-Year	5-Year	10-Year
TRS (net of fees)	9.8%	10.7%	11.8%	8.5%
NCREIF Property Index	11.2	11.9	12.7	7.2

The following pie chart shows the real estate holdings by type.

Real Estate Holdings by Type June 30, 2001



As of June 30, 2001, TRS employed numerous real estate managers, who are identified in the Real Estate Managers and Assets Under Management table.

Real Estate Managers and Assets Under Management (includes inception date of account)

Separate Accounts

Capri/Capital Realty Advisors (12/91)	\$848,055,664
Commonwealth Realty Advisors, Inc. I (9/91)	265,551,419
Commonwealth Realty Advisors, Inc. II (11/92)	348,326,791
Cozad/Westchester Asset Mgmt., Inc. (5/91)	300,667,344
Koll Bren Schreiber Realty Advisors I (6/93)	90,424,438
Koll Bren Schreiber Realty Advisors II (5/96)	40,053,110
LPC Realty Advisors I, Ltd. (7/92)	157,754,695
Stone-Levy, LLC (4/95)	254,247,289

Closed End Accounts

Capital/Bear Stearns Realty Partners - * (3/90)	53,194,162
DLJ Real Estate Capital Partners, Inc. (3/96)	29,671,767
Heitman Capital Management - * (7/85)	4,983,118
RREEF Capital II, L.L.C. (11/96)	33,926,081

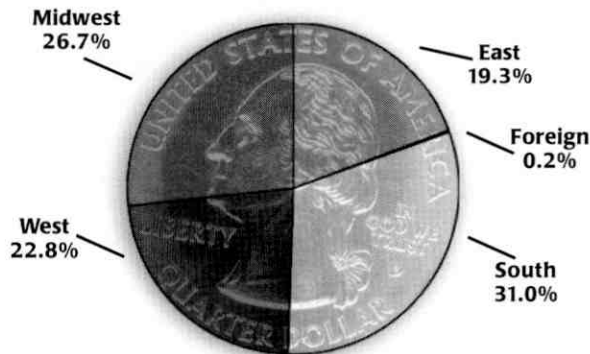
* Fund in liquidation mode

Discussion of Real Estate

The Board of Trustees established a target allocation for real estate of 8.0 percent. As of June 30, 2001, the TRS real estate portfolio was overweight relative to its target. TRS is continuing its efforts to reduce the real estate portfolio to its targeted 8.0 percent allocation.

Investment Section

The TRS real estate portfolio has the following geographical representation:

Geographic Diversification of Real Estate Holdings June 30, 2001**Brokerage Activity**

The following table shows the top 50 listed brokers used by TRS external managers for the years ended June 30, 2001, and 2000. TRS utilizes a commission recapture and soft dollar program. For the year ended June 30, 2001, TRS recaptured over \$1.9 million in commissions that were reinvested back into the fund. In addition, TRS received \$528,516 in soft dollar credits that were used to pay for fund research and consulting expenses. These amounts reduced the overall listed commissions to \$11.2 million. During FY01, TRS spent \$569,417 of soft dollar commission credits and recaptured commissions. At June 30, 2001, TRS had a remaining soft dollar credit balance of \$531,876.

Top 50 Brokers Used by TRS Managers (for the years ended June 30)

Broker	FY01 Commission	FY00 Commission
Goldman Sachs & Company (Worldwide)	\$1,069,980	\$733,017
Merrill Lynch & Co., Inc. (Worldwide)	983,476	805,902
Morgan Stanley/Dean Witter (Worldwide)	849,380	540,933
Salomon Smith Barney, Inc. (Worldwide)	817,123	453,005
CSFB (Worldwide)	674,633	517,190
BNYESI	577,209	334,500
Lehman Bros., Inc. (Worldwide)	515,416	302,139
J.P. Morgan Securities, Inc. (Worldwide)	477,128	253,605
Guzman & Company	403,717	27,206
UBS Warburg (Worldwide)	390,371	51,996
Instinet (Worldwide)	382,338	181,477
ABN AMRO (Worldwide)	334,502	269,014

Bear Stearns & Co. (Worldwide)	299,321	421,057
Deutsche Bank / DB Clearing (Worldwide)	285,688	1,761,114
Merrill Lynch Pierce Fenner & Smith	265,198	413,465
Citation Group, The (Merrill Lynch)	260,317	125,271
HSBC (Worldwide)	224,035	62,716
Lynch, Jones & Ryan	212,755	208,289
SBC Warburg & Co. (Worldwide)	185,951	118,116
Jefferies & Company	178,402	77,876
Cheuvreux de Virieu (Worldwide)	176,480	102,812
Bernstein, Sanford C. & Co.	162,047	74,750
Bank Julius Baer (Worldwide)	158,829	77,930
Kleinwort Benson (Worldwide)	153,443	60,609
Frank Russell, Inc. (Worldwide)	147,406	126,697
Investment Technology Group, Inc.	112,512	224,010
Interbiliare	111,761	40,104
Nomura Securities, Inc.	110,063	95,738
Legg Mason Wood Walker, Inc.	108,386	33,767
Credit Lyonnais (Worldwide)	102,391	33,969
ING Barings (Worldwide)	101,462	39,991
Bridge Trading Company	99,121	19,976
Pictet and Co., Ltd.	93,859	67,755
Montgomery Securities	87,821	79,765
Prudential Securities, Inc. (Worldwide)	85,470	66,935
Fox Pitt & Kelton (Worldwide)	83,622	46,329
Cazenove & Co. (Worldwide)	78,486	3,991
Daiwa Securities (Worldwide)	75,679	65,346
DMG C.J. Lawrence, Inc. (Worldwide)	71,539	48,705
D. L. J. Securities Corp. (Worldwide)	69,016	216,298
Deutsche Morgan Grenfell (Worldwide)	64,211	38,905
Weeden & Co.	62,108	60,069
Neuberger Berman	60,893	29,995
SG Cowen & Co.	59,297	0
Carnegie, Inc. (Worldwide)	54,172	39,571
Robert Fleming & Co., Ltd. (Worldwide)	52,344	61,326
Frankel, Stuart & Co., Inc.	52,125	15,355
First Union Capital Markets Clearance	51,038	5,906
Abel / Noser Corporation	50,236	75,315
Ord Minnet	49,069	38,134
All Others (FY01, 176 Brokers)	1,558,611	3,170,449
Totals	\$13,690,437	\$12,718,390

Source: The Northern Trust Company and TRS

External Manager Fee Payments

For the year ended June 30, 2001, fee payments to external managers totaled \$69.667 million, an increase of 12.2 percent from the year ended June 30, 2000. A summary is provided in the Schedule of Investment Manager Fees table.

Schedule of Investment Manager Fees

Investment Manager/Account	FY01	FY00
Angelo, Gordon & Co.	\$0	\$265,580
Apex Venture Partners	418,790	675,000
Apollo Advisors, L.P.	562,500	0
Atlantic Asset Management Partners, L.L.C.	0	77,026
Bear Stearns/Capital Associates Realty Advisors	629,802	870,940
Bernstein Investment Research & Mgt.	1,257,806	1,013,908
BlackRock Financial Management, Inc.	830,732	866,867
Brandes Investment Partners, L.P.	2,686,768	1,775,415
Brinson Partners, Inc.	1,570,470	2,296,178
Capri/Capital Advisors	3,527,219	3,339,068
Capital Guardian Trust Co.	2,600,985	2,201,132
Chicago Capital Management, Inc.	654,318	683,806
Chicago Equity Partners	0	277,979
Clay Finlay, Inc.	0	506,309
Commonwealth Realty Advisors, Inc.	2,417,138	2,366,437
Conseco Capital Management	0	122,300
Cozad/Westchester	1,225,331	1,157,391
Daystar Partners	112,076	484,499
Delaware International Advisors, Ltd.	1,256,740	1,164,028
DLJ Merchant Banking Partners, L.P.	0	0
DLJ Merchant Banking Partners II, L.P.	833,203	1,089,908
DLJ Merchant Banking Partners III, L.P.	1,228,702	0
DLJ Real Estate Capital Partners, L.P.	575,995	750,000
Dodge & Cox	1,584,858	217,710
Dresdner RCM Global Investors, L.L.C.	1,963,152	1,842,826
Fiduciary Management Associates	0	41,188
Forstmann-Leff International, Inc.	0	75,081
Frontenac Company VI	180,000	300,000
GE Asset Management, Inc.	1,532,984	226,997
Geewax, Terker & Company	1,464,707	415,641
GTCR Golder Rauner, L.L.C.	0	0
Heitman Capital Management	67,006	88,362
Hotchkis & Wiley	0	212,137
Hughes Capital Management, Inc.	0	39,562
Insight Capital Research & Management, Inc.	0	116,523
Institutional Capital Corp.	0	321,639
INVESCO Global Asset Mgt. (N.A.), Inc.	1,866,679	69,857
Julius Baer Investment Management, Inc.	858,336	688,562
KBS Realty Advisors	2,657,289	2,941,921
Kohlberg Kravis Roberts & Co.	641,058	602,645
Lazard Asset Management	597,855	766,186
Lincoln Capital Management Co.	1,988,783	2,694,932
LPC Realty Advisors I, Ltd.	4,526,991	5,396,549
Martin Currie, Inc.	1,876,248	112,919
Mentor Investment Advisors, Inc.	0	24,534
Mesirow Private Equity Investments, Inc.	747,500	750,000
Morgan Stanley Investment Mgt., Inc.	1,561,133	799,214
Neuberger Berman, L.L.C.	691,186	147,909

Oak Associates, Ltd.	222,361	180,690
Pacific Investment Management Co.	2,996,701	3,349,571
Paradigm Asset Management Co., L.L.C.	0	122,619
Payden & Rygel Investment Counsel	776,243	752,128
Penman Asset Management, L.P.	90,227	244,730
Periscope I Fund Managers, L.L.C.	135,000	128,250
Progress Investment Management Company	871,079	0
Pyrford International, PLC	0	296,065
Rogge Global Partners	854,211	24,277
RREEF Real Estate Venture Capital Fund, L.P.	429,177	366,548
21st Century Communications	79,108	141,713
SCP Private Equity Partners, L.P.	2,354,805	676,827
Scudder Kemper Investments, Inc.	0	372,127
State Street Global Advisors	737,907	1,565,274
Stone-Levy, L.L.C.	1,146,971	1,055,650
Strong Capital Management, Inc.	0	121,717
TCW/Latin America Partners, L.L.C.	823,080	574,429
Taplin, Canida & Habacht	0	57,611
The Edgar Lomax Company	0	37,559
The Northern Trust Company	0	118,259
The Northern Trust Company (Custody)	675,000	675,000
Trivest, Inc.	443,275	320,444
Valenzuela Capital Partners, L.L.C.	0	81,561
VantagePoint Venture Partners	1,795,956	0
Veronis Suhler & Associates	111,850	134,407
W.R. Huff Asset Management Co., L.L.C.	0	241,134
Warburg Pincus	0	0
Wayne Hummer Management Co.	0	10,605
Weiss, Peck & Greer Corp. Devlpmt. Assoc.	596,928	600,000
Weiss, Peck & Greer Investments	461,765	396,915
Weiss, Peck & Greer Venture Prtnrs., L.P.	182,245	214,383
Weiss, Peck & Greer Venture Prtnrs. II, L.P.	1,556,307	2,344,888
Weiss, Peck & Greer Venture Prtnrs. III, L.P.	4,176,435	5,144,323
Western Asset Management Co.	0	229,826
Wm. Blair Mezzanine Captl. Prtnrs. II, L.L.C.	272,565	332,152
Wm. Blair Mezzanine Captl. Prtnrs. III, L.L.C.	683,052	290,624
Total fees paid by TRS	\$69,666,589	\$62,078,971

Note: This schedule was prepared using the cash basis of accounting and differs from the total shown within the Financial Section of this report.

Source: TRS

Securities Lending

TRS participates in securities lending activity with our custodian, The Northern Trust Company, acting as the securities lending agent. Additionally, TRS participates in securities lending with State Street Bank & Trust Company where income earned from securities lending activities is reinvested back into each respective commingled fund. The Securities Lending Summary table outlines the net income from securities lending activity, the securities on loan, and the amount of collateral for these securities.

Securities Lending Summary (as of June 30, 2001)

Income Source	Amount
Income Earned FY01 Northern Trust	\$12,657,651
Income Earned FY01 State Street	<u>\$1,627,183</u>
Total Net Securities Lending Income	\$14,284,834
Total Collateral Market Value Northern Trust	\$2,880,112,714
Total Market Value of Securities on Loan Northern Trust	\$2,735,931,230
Total Collateralized Percentage	105%

Source: The Northern Trust Company and State Street Bank and Trust Company

Actuarial



**BUCK
CONSULTANTS**
One North Franklin, Suite 3500
Chicago, Illinois 60606

October 25, 2001

Board of Trustees
Teachers' Retirement System
of the State of Illinois
2815 West Washington Street
Springfield, Illinois 62794

Subject: Pension Benefit Obligation as of June 30, 2001

Ladies & Gentlemen:

Based upon our annual actuarial valuation of the Teachers' Retirement System of the State of Illinois, we have determined the pension benefit obligation of the System to be \$39,166,697,000 as of June 30, 2001. The valuation was performed in accordance with generally accepted actuarial principles and procedures, using the projected unit-credit actuarial cost method.

The actuarial valuation was based on a census of retired members as of June 30, 2001, and a census of active and inactive members as of June 30, 2000, which were submitted to us by the System. While we did not verify the data at their source, we did perform tests for internal consistency and reasonability in relation to the data submitted for the previous valuation.

Presented in the Financial Section of the System's Annual Financial Report, there is a schedule of Required Supplementary Information. This schedule has been reviewed by the actuary and is consistent with the valuation report. The Actuarial Section of the Annual Financial Report also contains various schedules: Actuarial Valuation with Market Value Assets, Reconciliation of Unfunded Liability, TRS Projected Funded Ratio, State Funding Amounts, Funded Ratio Test, Unfunded Liability as a Percentage of Payroll Test and Solvency Test. While these schedules were not prepared by the actuary, they are in agreement with the valuation report and have been verified for their accuracy.

The amortization method established by PA 88-0593 and PA 90-0582 which is used for funding purposes does not meet the parameters of GASB Statement No. 25. The amortization method used is a 15-year phase-in to a level percent of payroll until a 90% funding level is achieved by June 30, 2045, with the remaining amortization period being 44 years. The actuarial assumptions, actuarial cost method, and asset valuation method used for funding purposes do meet the parameters of GASB Statement No. 25.

The valuation is based on the benefit provisions of TRS in effect on June 30, 2001. The actuarial assumptions used in the valuation are those specified by the Board of Trustees of the System based on recommendations made by the actuary.

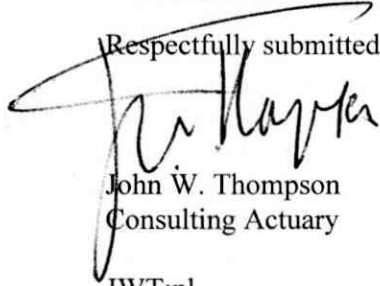
Buck Consultants, Inc.

312 | 332-2285 Fax 312 | 332-5245

Board of Trustees
Teachers' Retirement System
of the State of Illinois
October 25, 2001
Page 2

In our opinion, the amount of \$39,166,697,000 is a fair representation of the pension benefit obligation of the System as of June 30, 2001.

Respectfully submitted,



John W. Thompson
Consulting Actuary

JWT:pl
7228/B8845RET01-PBO2001.doc

BUCK
CONSULTANTS

Actuarial Section

Actuaries estimate the cost of benefits that members and survivors will receive over their lifetimes and calculate the amount that should be set aside each year to fund the benefits.

TRS complies with the reporting requirements issued by the Governmental Accounting Standards Board (GASB) under Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Actuarial Assumptions and Methods

Each year the actuary reconciles the differences between major actuarial assumptions and experience in the process of explaining the change in TRS' unfunded liability. The unfunded liability is the difference between the accrued liability (the present value of benefits including the cost of annual increases) and the net assets that are available to cover the liability.

Inflation: 4 percent per annum. Implicit in investment and earnings progression assumptions, which were changed in the FY97 valuation.

Investment return: 8.5 percent per annum, compounded annually. Adopted in the FY97 valuation.

Earnings progression: Merit and longevity increases, adjusted for inflation. Approximates 7.0 percent per year to the earliest date of retirement eligibility. Adopted in the FY97 valuation.

Sample annual percentage salary increases:

Age	Male and Female
25	8.8%
30	8.2
40	7.1
50	6.5
60	6.3
69	6.0

Retirement age: Graduated rates based on age and gender of active members. Inactive members are assumed

to retire at age 62. Adopted in the FY87 valuation.

Sample annual rates of retirement per 1,000 participants for active members:

Age	Male	Female
55	97.0	97.0
60	270.0	180.0
65	365.0	330.0
70	1,000.0	1,000.0

Mortality: For death in active service and regular service retirements: 1995 Buck Mortality Tables. For beneficiaries and survivors: 1995 Buck Mortality Tables rated forward one year. For disabled retirements: Pension Benefit Guaranty Corporation rates for male disabled lives not necessarily receiving Social Security with male rates set forward five years and female rates set back two years (but not set back to less than age 65). Adopted in the FY97 valuation.

Disability: Adopted in the FY93 valuation.

Sample annual rates per 1,000 participants:

Age	Male	Female
25	0.4	0.8
30	0.4	0.8
40	0.6	1.2
50	1.2	2.4
60	4.0	8.0

Termination from active service: Adopted in the FY97 valuation.

Sample annual terminations per 1,000 participants:

Age	Nonvested Members		Vested Members	
	Male	Female	Male	Female
25	135.0	170.0	61.1	88.0
30	91.0	135.0	41.2	69.9
40	35.0	55.0	15.8	28.5
50	23.0	36.5	10.4	18.9
60	41.0	44.0	18.6	22.8

Severance pay: Increases with years of service at retirement. Adopted in the FY94 valuation.

Years of Service at Retirement	Percent of Retirees who Receive Severance Pay	Severance Pay as a Percent of Final Salary
fewer than 20	0.0%	0.0%
20–24	54.0	13.2
25–29	60.0	13.2
30–34	66.0	13.9
35 or more	72.0	14.6

Optional service at retirement: The accrued liability for retirement benefits for active members who have not previously purchased optional service is increased by 1.95 percent to cover the employer cost of optional service purchased in the last two years of service. The overall assumption used in the FY99 valuation – an average of 0.813 of a year per full-time/part-time service retiree – is maintained. Adopted in the FY94 valuation; refined in the FY99 valuation.

Unused and uncompensated sick leave: Equals 2.90 percent of regular service at retirement. Adopted in the FY94 valuation.

Actuarial cost method: Projected unit credit. Gains and losses are reflected in the unfunded liability. Adopted in the FY89 valuation.

Asset valuation method: Market value. Adopted in the FY97 valuation.

Under the projected unit credit cost method used by TRS, the resulting liability for benefits earned is called the “pension benefit obligation,” or PBO. A broader term for this liability is “actuarial accrued liability,” or AAL. In other words, the PBO is a type of AAL.

Also, measures of TRS’ financial condition for both June 30, 2001, and June 30, 2000, are shown using market value of assets. These tests are consistent with TRS’ financial statements, which are prepared in accordance with GASB Statement No. 25. The change to market value was first effective June 30, 1997, for determining state funding requirements for FY99.

The actuarial value of assets for FY01 and FY00 is equal to the “net assets held in trust for pension benefits” as shown in the financial statements.

Annual Actuarial Valuation

The annual actuarial valuation measures the total liability for all benefits earned to date. The accrued liability is a present value estimate of all the benefits that have been earned to date. The unfunded liability is the present value of future benefits payable that are not covered by assets as of the valuation date.

The **funded ratio** shows the percentage of the accrued liability covered by net assets at market value.

Actuarial Valuation with Market Value Assets (\$ thousands)

	Years Ended June 30	
	2001	2000
Total actuarial accrued liability	\$39,166,697	\$35,886,404
Less actuarial value of assets (net assets at market value)	\$23,315,646	\$24,481,413
Unfunded liability	\$15,851,051	\$11,404,991
Funded ratio	59.5%	68.2%

Reconciliation of Unfunded Liability

The net increase in the June 30, 2001, unfunded liability of \$4.4 billion was caused by a combination of factors.

The *employer cost in excess of contributions* is the shortfall between actual employer contributions and the amount needed to cover the cost of benefits earned during the year and to keep the unfunded liability from growing. In 2001, this shortfall was \$734 million.

TRS experienced an actuarial gain under the *salary increase* assumption in FY01 with salary increases \$10 million lower than expected. Actuarial losses occurred under the *investment return* assumption. Assets were assumed to earn \$2.075 billion, but asset losses of \$1.015 billion were incurred. Therefore, the total actuarial loss due to investments was \$3.090 billion.

Actuarial losses also occurred under the *mortality* and *turnover* assumptions. Additionally, many members repaid refunds in FY01, and the repurchased service increased the unfunded liability. There were also losses associated with the ERO contribution rates and the ERO contribution waivers for members who have

Actuarial Section

34 years of service. *Other*, which is a balancing item, includes the effect of retirements effective in June 2000 or

earlier that were not reported to TRS and the actuary until after June 30, 2000.

Reconciliation of Unfunded Liability (\$ thousands)

	Years Ended June 30	
	2001	2000
Unfunded liability at beginning of year	\$11,404,991	\$10,967,804
Additions (Deductions)		
Employer cost in excess of contributions	733,877	723,606
Actuarial losses (gains) compared to assumptions		
Salary increases for continuing active members	(10,310)	(33,403)
Investment return ¹	3,089,764	(450,361)
New entrant loss	22,775	19,342
Mortality loss	1,569	11,458
Fewer terminations than expected	99,652	87,956
Repayments of refunded member contributions ²	24,445	25,872
ERO costs waived for those with 34 years of service	134,951	77,928
Delayed reporting of retirements (effect on assets) ³	69,559	46,858
Other ⁴	279,778	(72,069)
Net actuarial losses (gains)	3,712,183	(286,419)
Net additions	4,446,060	437,187
Unfunded liability at end of year	\$15,851,051	\$11,404,991

1 Assets are expected to earn 8.5 percent of market value. This item is the expected earnings minus the actual investment return. For example, in fiscal year 2001, actuarial assumed earnings of \$2.075 billion plus the actual asset loss of \$1.015 billion equal the reported actuarial loss of \$3.090 billion.

2 Includes the employer-paid portion of the benefit that was restored when members repaid previously refunded contributions.

*3 1,393 retirements which occurred prior to 7/1/99 were not reported to the actuary until 6/30/00.
1,876 retirements which occurred prior to 7/1/00 were not reported to the actuary until 6/30/01.*

4 Other includes items such as:

- (a) Retroactive benefits to individuals who delayed applying for retirement.*
- (b) Differences between actual cost of benefits earned during the year and projected cost.*
- (c) Retirements with reciprocal service credits.*
- (d) Fewer disablements than expected.*
- (e) Delayed reporting of retirements (effect on PBO).*

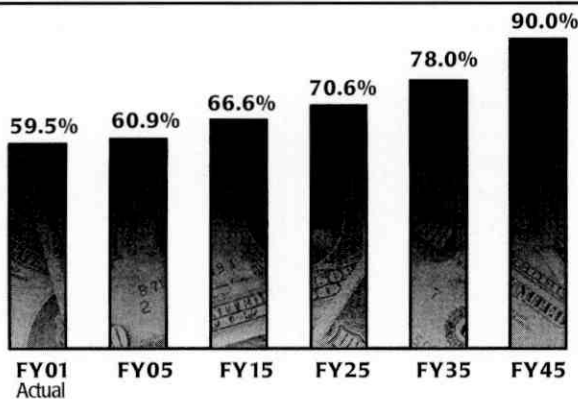
State Funding

State contributions to TRS under Public Act 88-593 began in FY96. The law established the state's commitment to strengthen TRS' financial position through a 35-year funding plan following a 15-year phase-in that ends in FY10. Under the phase-in, contributions are being gradually increased to a level percentage of active member payroll, and that rate (as adjusted annually by the actuarial) will be contributed for the following 35 years. At the end of the funding period in FY45, TRS will reach a 90 percent funded ratio.

Public Act 90-582, the 2.2 legislation, added minimum state contribution rates for FY99 through FY10 with the state's share of the cost of the 2.2 benefit formula change paid as a level percentage of active member payroll. The overall phase-in feature and the 90 percent target funded ratio of Public Act 88-593 are maintained.

Since FY96, state contributions to TRS and the other four state systems have been made through a continuing appropriation, so the required contributions to TRS are made automatically. It is essential that the continuing appropriation feature and the 50-year funding schedule be upheld. The integrity of the funding plan remains a top priority for TRS.

TRS Projected Funded Ratio



The FY01 actuarial valuation was used to determine FY03 state funding requirements and the FY03 employer's normal cost. The FY00 actuarial valuation was used to determine the required state contributions for FY02 and the FY02 employer's normal cost.

State Funding Amounts

	FY03	FY02
Employers' Contribution Reserve (excludes federal contributions; excludes school district contributions for 2.2)	\$926,050,000	\$810,619,000
Minimum benefit reserve	4,000,000	4,800,000
Total state funding amount*	\$930,050,000	\$815,419,000
Employer's normal cost as a percentage of active member payroll	8.83%	8.84%
State contribution to the Employers' Contribution Reserve as a percent of payroll	13.01%	12.16%

* Beginning in FY01, contributions to the Supplemental Benefit Reserve have not been requested by TRS because the reserve's balance is sufficient to pay all future expected benefit payments.

Tests of Financial Condition

The **funded ratio** shows the percentage of the accrued liability covered by net assets at book (cost) and market values.

Funded Ratio Test (\$ thousands)

As of June 30	Net Assets at Cost	Net Assets at Market	Actuarial Accrued Liability	Funded Ratio	
				At Cost	At Market
1992	\$9,811,962	\$10,439,836	\$16,659,353	58.9	62.7
1993	10,879,590	11,544,604	18,485,890	58.9	62.5
1994	11,992,224	12,038,688	21,746,875	55.1	55.4
1995	12,641,865	13,374,278	23,980,566	52.7	55.8
1996	13,829,711	15,103,927	26,141,794	52.9	57.8
1997	*	17,393,108	26,951,585	*	64.5
1998	*	19,965,887	29,908,241	*	66.8
1999	*	22,237,709	33,205,513	*	67.0
2000	*	24,481,413	35,886,404	*	68.2
2001	*	23,315,646	39,166,697	*	59.5

* Due to the June 30, 1997, change to valuing assets at market value, net assets and funded ratio are no longer reported at cost.

Actuarial Section

The **unfunded liability as a percentage of payroll** is a standard measure of the relative size of the unfunded liability. Decreases in this percentage indicate improvements in a system's financial position.

Unfunded Liability as a Percentage of Payroll Test (\$ thousands)

Year Ended June 30	Approximate Member Payroll	Unfunded Liability	Percentage of Payroll
1992	\$3,976,000	\$6,847,391	172.2%
1993	4,189,000	7,606,300	181.6
1994	4,413,000	9,754,651	221.0
1995	4,417,000	11,338,701	256.7
1996	4,734,000	11,037,867	233.1
1997	5,013,000	9,558,477	190.7
1998	5,323,000	9,942,354	186.8
1999	5,698,000	10,967,804	192.5
2000	6,063,000	11,404,991	188.1
2001	6,431,000	15,851,051	246.5

Beginning in FY96, unfunded liabilities are calculated using assets at market value.

The **solvency test** measures TRS' ability to cover different types of obligations if the plan was terminated and is hypothetical. The columns are in the order that assets would be used to cover certain types of obligations. Employee contributions would be refunded first, amounts due for current beneficiaries would be covered next, and the employer's obligation for active members would be covered last. Columns 1 and 2 should be fully covered by assets. The portion of Column 3 that is covered by assets should increase over time. TRS has passed the minimum standards of the solvency test since 1997, but by a smaller margin in 2001.

Solvency Test (\$ thousands)

Year Ended June 30	Aggregate Accrued Liabilities for			Actuarial Value of Assets*	Percentage of Benefits Covered by Net Assets		
	Members' Accumulated Contributions (1)	Participants Currently Receiving Benefits (2)	Active Members Employer Portion (3)		(1)	(2)	(3)
1992	\$2,503,393	\$6,338,458	\$7,817,502	\$9,811,962	100%	100%	12%
1993	2,709,573	7,510,618	8,265,699	10,879,590	100	100	8
1994	2,850,319	10,088,901	8,807,655	11,992,224	100	91	0
1995	2,846,405	12,702,258	8,431,903	12,641,865	100	77	0
1996	3,002,052	13,351,367	9,788,375	15,103,927	100	91	0
1997	3,329,075	13,091,057	10,531,453	17,393,108	100	100	9
1998	3,651,119	13,830,583	12,426,539	19,965,887	100	100	20
1999	3,956,022	14,935,811	14,313,680	22,237,709	100	100	23
2000	4,179,403	16,481,570	15,225,431	24,481,413	100	100	25
2001	4,386,648	18,718,472	16,061,577	23,315,646	100	100	1

* Beginning in FY96, assets are at market value.

Other Information

The following three schedules are presented in this section, rather than the statistical section, to comply with GFOA guidelines.

- ★ Retirees and Beneficiaries Added to and Removed from Rolls
- ★ Average Annual Salary for Active Members by Years of Service (June 30, 1992, through June 30, 2001)
- ★ Active Members by Age and Years of Service (as of June 30, 2001)

These schedules were prepared by TRS staff, not our actuarial consulting firm.

In preparing the annual actuarial valuation each June 30, the TRS actuaries use active and inactive member data as of the previous June 30, with active member salaries projected forward in accordance with the 4 percent inflation assumption. The TRS employer reporting time line does not allow the current year's active data to be submitted to the actuaries in time to be used in the current year's valuation. The current year's valuation is the basis of the state funding certification for the next fiscal year and must be submitted annually by November 15.

Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended June 30	Number at Beginning of Year	Added to Rolls	Removed from Rolls	Number at End of Year	End-of-Year Annual Allowances		Average Annual Allowance	
					Amount	% Increase	Amount	% Increase
1995	54,888	6,822	2,076	59,634	\$1,074,305,808	22.2%	\$18,015	12.6%
1996	59,634	2,063	2,033	59,664	\$1,132,033,161	5.4%	\$18,973	5.3%
1997	59,664	1,847	2,159	59,352	\$1,173,889,332	3.7%	\$19,778	4.2%
1998	59,352	1,954	2,156	59,150	\$1,218,829,800	3.8%	\$20,606	4.2%
1999	59,150	3,445	2,287	60,308	\$1,322,451,864	8.5%	\$21,928	6.4%
2000	60,308	4,168	2,354	62,122	\$1,457,736,912	10.2%	\$23,466	7.0%
2001	62,122	5,197	2,442	64,877	\$1,643,900,223	12.8%	\$25,339	8.0%

Please refer to the Statistical Section for the following information:

- ★ Retired Members by Years of Service and Years in Retirement, June 30, 2001
- ★ Schedules of Average Monthly Benefits, June 30, 2001
 - ★ Retirement Benefits
 - ★ Disability Benefits
 - ★ Survivor Benefits

The schedules appearing in the Statistical Section were also prepared by TRS staff. The Statistical Section also contains schedules for Revenue by Source, Expenses by Type, Benefit Expenses by Type, and Participating Employers.

Actuarial Section**Average Annual Salary for Active Members by Years of Service (years ended June 30)**

Years of Service		1992	1993	1994	1995
0-5	Number	26,962	26,217	28,573	34,193
	Average Salary	\$25,881	\$27,051	\$28,120	\$28,851
6-10	Number	15,820	16,948	18,158	18,757
	Average Salary	\$32,141	\$33,675	\$35,349	\$36,465
11-15	Number	15,914	14,663	13,380	12,686
	Average Salary	\$37,016	\$38,714	\$40,413	\$41,715
16-20	Number	17,454	16,703	15,916	14,775
	Average Salary	\$41,984	\$43,692	\$45,523	\$46,662
21-25	Number	16,422	17,083	17,233	16,030
	Average Salary	\$46,051	\$47,942	\$49,998	\$51,295
26-30	Number	8,307	9,431	10,134	9,608
	Average Salary	\$48,438	\$51,050	\$54,071	\$55,543
31-35	Number	3,742	4,124	3,523	1,930
	Average Salary	\$52,047	\$55,598	\$58,913	\$58,460
35+	Number	539	707	771	541
	Average Salary	\$55,044	\$57,768	\$60,109	\$59,672
	Total Number	105,160	105,876	107,688	108,520
	Average Salary	\$37,193	\$39,177	\$40,618	\$40,455
	% Change Average Salary	5.3%	5.3%	3.7%	(0.4%)
Total Payroll					
Full & Part-time		\$3,911,215,880	\$4,147,904,052	\$4,374,071,184	\$4,390,176,600

FY01 statistical information is subject to review by the Employer Services Department, which may result in slight modifications. Annual salaries are computed using full- and part-time salary rates only; substitute and hourly employee salaries are omitted. Total payroll shown will be lower than payroll figures used elsewhere in this report.

1996	1997	1998	1999	2000	2001
33,700 \$29,867	33,134 \$30,717	33,325 \$31,495	34,831 \$32,430	35,192 \$33,070	38,585 \$34,614
19,716 \$37,315	20,340 \$38,170	20,329 \$39,047	21,540 \$40,320	24,053 \$41,616	24,351 \$43,457
13,013 \$42,905	13,830 \$44,258	14,571 \$45,659	15,461 \$47,430	15,661 \$49,109	16,367 \$50,875
14,579 \$47,929	14,295 \$49,309	13,004 \$50,650	11,969 \$52,477	11,304 \$54,335	11,692 \$56,521
15,754 \$52,679	15,235 \$54,096	14,494 \$55,498	14,006 \$57,256	13,363 \$58,918	13,091 \$61,188
11,474 \$56,865	12,977 \$58,168	13,904 \$59,694	14,541 \$61,866	14,278 \$64,254	13,885 \$65,913
2,456 \$59,383	3,525 \$61,434	4,845 \$63,985	6,018 \$67,373	6,895 \$70,455	7,555 \$73,433
549 \$61,618	611 \$62,841	644 \$65,222	692 \$67,453	713 \$71,036	809 \$75,469
111,241 \$41,903	113,947 \$43,398	115,116 \$44,769	119,058 \$46,306	121,459 \$47,665	126,335 \$49,230
3.6%	3.6%	3.2%	3.4%	2.9%	3.3%
\$4,661,331,623	\$4,945,071,906	\$5,153,628,204	\$5,513,099,748	\$5,789,343,235	\$6,219,472,050

Actuarial Section

Active Members by Age and Years of Service (as of June 30, 2001)

Age		Subs	Years of Service				
			0-5	6-10	11-15	16-20	21-25
20-24	Number	2,061	2,206				
	Average Salary	\$3,815	\$29,393				
25-29	Number	3,719	15,187	760			
	Average Salary	\$4,196	\$33,023	\$39,206			
30-34	Number	2,360	7,414	8,203	427		
	Average Salary	\$3,846	\$35,985	\$41,266	\$46,065		
35-39	Number	2,330	3,291	3,936	4,225	368	
	Average Salary	\$3,902	\$36,031	\$43,599	\$48,927	\$54,088	
40-44	Number	3,435	3,265	2,773	2,847	3,394	519
	Average Salary	\$4,212	\$34,718	\$43,479	\$50,058	\$54,691	\$57,311
45-49	Number	3,645	3,357	3,295	2,781	2,719	5,746
	Average Salary	\$4,559	\$35,878	\$44,238	\$50,383	\$56,394	\$60,100
50-54	Number	3,170	2,568	3,579	3,714	2,890	3,999
	Average Salary	\$4,761	\$37,881	\$45,927	\$51,874	\$57,353	\$61,564
55-59	Number	1,947	948	1,419	1,853	1,761	2,042
	Average Salary	\$5,080	\$40,973	\$48,192	\$55,021	\$58,861	\$63,401
60-64	Number	984	273	315	453	480	666
	Average Salary	\$4,425	\$40,831	\$50,449	\$56,383	\$58,106	\$64,067
65-69	Number	497	61	60	61	70	101
	Average Salary	\$4,166	\$36,260	\$47,830	\$53,656	\$59,605	\$63,761
70-74	Number	217	11	11	6	6	17
	Average Salary	\$3,910	\$39,105	\$42,767	\$37,648	\$55,620	\$65,351
74+	Number	83	4			4	1
	Average Salary	\$3,893	\$34,992			\$45,308	\$58,388
Total Number		24,448	38,585	24,351	16,367	11,692	13,091
Average Salary		\$4,307	\$34,614	\$43,457	\$50,875	\$56,521	\$61,188

<u>Years of Service</u>						<u>Full and Part-time</u>
<u>26-30</u>	<u>31-35</u>	<u>36-40</u>	<u>41-45</u>	<u>46-50</u>	<u>51-55</u>	<u>Member</u>
						<u>Totals</u>
						2,206
						\$29,393
						15,947
						\$33,318
						16,044
						\$38,953
						11,820
						\$43,723
						12,798
						\$46,242
981						18,879
\$63,555						\$51,239
9,049	1,632					27,431
\$65,172	\$70,249					\$57,258
3,029	5,094	220				16,366
\$68,480	\$74,611	\$75,650				\$63,940
675	699	417	25			4,003
\$66,812	\$73,436	\$75,882	\$86,380			\$63,295
134	98	60	45	3		693
\$70,102	\$65,866	\$70,396	\$76,275	\$63,956		\$61,563
16	28	11	10	11	1	128
\$70,413	\$70,099	\$72,350	\$69,826	\$68,929	\$39,152	\$62,125
1	4		3	1	2	20
\$66,973	\$81,485		\$65,511	\$108,430	\$82,192	\$62,092
13,885	7,555	708	83	15	3	126,335
\$65,913	\$73,433	\$75,290	\$78,153	\$70,568	\$67,845	49,230

Total Full and Part-time Members	126,335
Total Substitutes	24,448
Total Active Members	150,783

Plan Summary

Administration

TRS was created and is governed by the Illinois Pension Code, Article 16. A Board of Trustees is authorized to carry out duties granted to it under the article. The board is comprised of the state superintendent of education, four persons appointed by the governor, four elected members of TRS, and two elected annuitants. One trustee position for an elected member is currently vacant. The Board of Trustees appoints an executive director who is responsible for the detailed administration of TRS.

Membership

Membership is mandatory for all full-time, part-time, and substitute public school personnel employed outside the city of Chicago in positions requiring certification. Persons employed at certain state agencies are also members.

Contributions

During FY01, members contributed 9 percent of gross creditable earnings designated as 7½ percent for retirement annuity, ½ percent for post-retirement increases, and 1 percent for death benefits. Active members do not contribute to Social Security for TRS-covered employment; however, members hired after March 31, 1986, are required to contribute to Medicare. In addition, virtually all members pay a ½ of 1 percent contribution to the Teachers' Health Insurance Security Fund, a separate fund in the State Treasury that is not a part of this retirement plan.

Service Credit

A member is granted a maximum of one year of service credit for 170 paid days per school year, defined by statute as July 1 through June 30. Optional service credit is available for periods of public school teaching in other states or under the auspices of the United States government, substitute or part-time teaching prior to July 1, 1990, leaves of absence, involuntary layoffs, military service, and gaps in teaching due to pregnancy or adoption prior to July 1, 1983. Up to one year of unused, uncompensated sick leave that has been certified by former employers may also be added at retirement.

A payroll deduction program became effective July 1, 1998. Active and certain inactive members can make tax-sheltered contributions to TRS to purchase various types of optional service or to upgrade their service under the graduated retirement formula to the 2.2 formula.

Refunds

After a four-month waiting period from the date that he or she last taught, a member ceasing covered employment may withdraw all contributions, except the 1 percent death benefit. When accepting a refund, the member forfeits all service credit and benefit rights. Credit can be re-established if the member returns to a covered position for one year or to a reciprocal system for two years and repays the refund with interest. A member receiving disability benefits is not eligible for a refund.

Retirement Benefits

Years of Service	Age
5	62
10	60
20	55 (discounted)
35	55 (nondiscounted)

To be eligible to receive a monthly retirement annuity, a member must terminate active service and meet specific age and service requirements:

A member with fewer than five years of creditable service who taught after July 1, 1947, is eligible to receive a single-sum retirement benefit at age 65.

Most members retire under a retirement benefit formula. This retirement annuity is determined by two factors: average salary and years of creditable service. Average salary is the average of the creditable earnings in the highest four consecutive years within the last 10 years of creditable service. Years of service determine the percentage of the final average salary to which members are entitled. Some members retire under a money purchase style "actuarial" benefit. By law, the higher of the formula benefit or the actuarial benefit is paid.

Years of service earned before July 1, 1998, were earned under a four-step graduated formula:

- ★ 1.67 percent for each of years 1 through 10,
- ★ 1.9 percent for each of years 11 through 20,
- ★ 2.1 percent for each of years 21 through 30, and
- ★ 2.3 percent for each year over 30.

Years of service earned after June 30, 1998, are earned at 2.2 percent of final average salary.

Public Act 90-582 improved retirement benefits for TRS members by changing the rate at which TRS members accrue benefits beginning July 1, 1998, from a graduated rate to a flat rate equal to 2.2 percent of final average salary. The maximum 75 percent benefit is attained with 34 years of service under the 2.2 formula. Members who retire on or after the effective date have the option of upgrading their service earned prior to July 1, 1998, to the flat-rate 2.2 percent formula by making a payment to TRS. Additionally, for members who continue to teach, every three full years worked after July 1, 1998, count toward a full one-year reduction of the years to be upgraded.

On June 4, 1999, Governor George Ryan signed into law Public Act 91-17 which reduced the 2.2 formula upgrade cost on a sliding scale for members who have 34 or more years of service credit. The legislation also made a technical correction in the benefit accrual rate for members who do not upgrade their pre-July 1998 service.

The maximum annuity, 75 percent of final average salary, is achieved with 34 years under the 2.2 formula and with 38 years of service under the graduated formula. The minimum retirement benefit is \$25 per month for each year of creditable service up to 30 years of service.

A money purchase (actuarial) benefit is payable if it results in a higher annuity than either the graduated or 2.2 formula. The 75 percent cap does not apply to the money purchase benefit.

Disability Benefits

TRS offers occupational and nonoccupational disability benefits to active members. Nonoccupational disability benefits are payable as disability benefits or as a disability retirement annuity to members who have three years of creditable service. There is no minimum service requirement for occupational disability benefits for duty-related accidents or illnesses. Members continue to accrue service credit while they are receiving disability benefits but not while they are receiving disability retirement annuities. On January 1 following the fourth anniversary of the granting of the disability benefit, the monthly benefit is increased 7 percent. Thereafter, the benefit increases by 3 percent each January 1.

Death Benefits

There are two types of death benefits: a return of the member's accumulated contributions and survivor benefits.

The return of member contributions includes the retirement contributions (6½ percent of salary through June 30, 1998, and 7½ percent after that date) with interest and the ½ percent paid toward annual increases in annuity. Beneficiaries of annuitants receive the accumulated contributions minus the amount that the member had already received as a retirement annuity.

Survivor benefits can be paid in either a lump-sum or a monthly payment. A lump-sum benefit is the only method payable to nondependent beneficiaries. A dependent beneficiary may choose either a lump-sum benefit or a monthly payment. Survivor benefit recipients who are beneficiaries of a retired member are eligible for an annual 3 percent increase effective January 1 following the granting of the survivor benefit. Survivor benefit recipients who are beneficiaries of an active or eligible inactive member are eligible for an annual 3 percent increase on January 1 following the first anniversary of their receiving the survivor benefit.

Early Retirement Option

Members who are age 55 or older and have more than 20 but fewer than 35 years of service may choose the Early Retirement Option (ERO) to avoid a discounted annuity. Under the ERO, both the member and the employer must make a one-time contribution. However, both the member and employer contributions are waived if the member has 34 years of service. Public Act 91-17 extended the expiration of the ERO through June 30, 2005. Members who have 35 or more years of service can retire and receive a nondiscounted annuity.

Post-Retirement Increase

Annuitants who meet certain service credit criteria receive an annual 3 percent increase in their gross annuity on the January 1 after they turn age 61 or the January 1 following their first anniversary in retirement, whichever is later.

Employment-Related Felony Conviction

Any member convicted of a felony related to or in connection with teaching is not eligible for TRS benefits; however, the member may receive a refund of contributions.

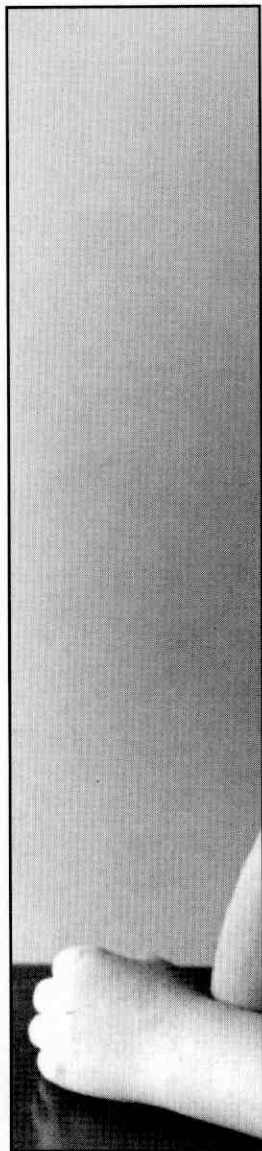
Continuity of Credit within Illinois

TRS is one of 13 public retirement systems that are included in the provisions of the Illinois Retirement Systems' Reciprocal Act. This act ensures continuous pension credit for public employment in Illinois.

Conflicts

Conditions involving a claim for benefits may require further clarification. If conflicts arise between material in this summary and that of the law, the law takes precedence.

Statistical



Statistical Section***Retired Members by Years of Service and Years in Retirement (as of June 30, 2001)***

Years Retired		Years of Service				
		1-5	6-10	11-15	16-20	21-25
1-5	Number	896	612	534	717	1,190
	Average Benefit	\$243	\$569	\$921	\$1,523	\$2,068
	Average Original Benefit	\$234	\$541	\$883	\$1,482	\$2,024
6-10	Number	597	568	545	733	1,505
	Average Benefit	\$220	\$584	\$840	\$1,182	\$1,721
	Average Original Benefit	\$179	\$473	\$676	\$959	\$1,404
11-15	Number	404	497	582	980	1,658
	Average Benefit	\$193	\$472	\$726	\$1,197	\$1,635
	Average Original Benefit	\$132	\$321	\$503	\$844	\$1,166
16-20	Number	271	388	595	1,006	1,368
	Average Benefit	\$159	\$362	\$646	\$1,050	\$1,358
	Average Original Benefit	\$87	\$190	\$376	\$641	\$837
21-25	Number	153	207	446	801	990
	Average Benefit	\$149	\$315	\$527	\$801	\$1,038
	Average Original Benefit	\$68	\$144	\$260	\$421	\$556
26-30	Number	83	130	256	497	651
	Average Benefit	\$64	\$279	\$465	\$670	\$859
	Average Original Benefit	\$18	\$110	\$185	\$284	\$380
31-35	Number	10	22	50	146	209
	Average Benefit	\$62	\$236	\$423	\$587	\$731
	Average Original Benefit	\$1	\$53	\$107	\$162	\$236
36-40	Number	1	3	13	35	82
	Average Benefit	\$129	\$288	\$443	\$595	\$691
	Average Original Benefit	\$1	\$28	\$70	\$114	\$152
41-45	Number			1	11	24
	Average Benefit			\$464	\$590	\$695
	Average Original Benefit			\$27	\$80	\$95
46-50	Number				1	2
	Average Benefit				\$627	\$718
	Average Original Benefit				\$30	\$55
50 +	Number					
	Average Benefit					
	Average Original Benefit					
	Total Number	2,415	2,427	3,022	4,927	7,679
	Average Benefit	\$207	\$479	\$708	\$1,071	\$1,489
	Average Original Benefit	\$168	\$362	\$505	\$760	\$1,102

Years of Service							Average Age
26-30	31-35	36-40	41-45	46-50	50 +	Total	
1,544	4,594	1,558	163	23	4	11,835	
\$2,932	\$4,045	\$4,183	\$4,176	\$4,339	\$4,590	\$2,960	61
\$2,871	\$4,018	\$4,061	\$4,000	\$4,181	\$4,505	\$2,913	
2,420	4,422	6,192	123	12	3	17,120	
\$2,340	\$3,107	\$3,885	\$4,128	\$3,870	\$3,343	\$2,827	65
\$1,908	\$2,541	\$3,176	\$3,403	\$3,171	\$2,757	\$2,310	
1,739	2,293	1,334	98	25	3	9,613	
\$2,174	\$3,012	\$3,657	\$3,619	\$3,012	\$1,986	\$2,145	72
\$1,551	\$2,158	\$2,610	\$2,600	\$2,148	\$1,391	\$1,530	
1,415	1,704	876	91	24	2	7,740	
\$1,853	\$2,575	\$3,173	\$2,767	\$3,010	\$1,735	\$1,757	77
\$1,151	\$1,600	\$1,987	\$1,702	\$1,843	\$1,030	\$1,086	
930	909	495	115	15		5,061	
\$1,431	\$1,877	\$2,133	\$2,211	\$2,085		\$1,259	82
\$780	\$1,030	\$1,157	\$1,198	\$1,137		\$679	
625	608	587	195	31	2	3,665	
\$1,133	\$1,505	\$1,807	\$1,784	\$1,699	\$1,987	\$1,130	88
\$517	\$704	\$847	\$825	\$779	\$946	\$515	
197	165	162	99	16		1,076	
\$868	\$1,067	\$1,305	\$1,399	\$1,437		\$916	92
\$290	\$412	\$532	\$578	\$597		\$332	
69	69	58	21	3		354	
\$840	\$916	\$1,001	\$1,098	\$1,056		\$818	95
\$198	\$262	\$329	\$386	\$365		\$219	
12	18	8	1			75	
\$827	\$896	\$904	\$1,060			\$773	98
\$134	\$173	\$225	\$350			\$134	
4	1					8	
\$838	\$896					\$789	101
\$103	\$158					\$89	
2						2	
\$776						\$776	101
\$33						\$33	
8,957	14,783	11,270	906	149	14	56,549	
\$2,107	\$3,145	\$3,605	\$2,825	\$2,711	\$2,985	\$2,290	71
\$1,618	\$2,627	\$2,874	\$2,036	\$1,906	\$2,458	\$1,820	

Average Monthly Benefits

Retirement Benefits (as of June 30, 2001)

Average age; all retirees	71
Average service; all retirees	28 years
Average age; 4,043 FY01 retirees	59
Average service; 4,043 FY01 retirees	28 years
Average monthly benefits; 4,043 FY01 retirees including 806 retirees under provisions of the Early Retirement Option	\$3,250
Oldest annuitant	104

Age	Count	Average Benefit
51-55	831	\$3,578
56-60	8,945	3,169
61-65	10,903	2,823
66-70	10,045	2,518
71-75	8,813	2,107
76-80	6,672	1,680
81-85	4,867	1,312
86-90	3,284	1,157
90+	2,189	989
Total	56,549	Weighted Average \$2,290

Disability Benefits* (as of June 30, 2001)

Average age; All recipients	57
Average service; All recipients	17 years
Average age; 359 new FY01 disability recipients	45
Average service; 359 new FY01 disability recipients	15 years
Average monthly benefits; 359 new FY01 disability recipients	\$1,579

Age	Count	Average Benefit
26-30	13	\$1,203
31-35	28	1,128
36-40	25	1,239
41-45	56	1,270
46-50	142	1,391
51-55	275	1,686
56-60	188	1,693
61-65	106	1,336
66-70	76	1,397
71-75	56	906
76-80	51	916
81-85	23	652
86-90	2	530
90+	4	574
Total	1,045	Weighted Average \$1,428

* Includes 394 individuals receiving temporary and seven individuals receiving occupational disability benefits who are counted as active members. The remaining 644 individuals receive permanent disability benefits.

Survivor Benefits* (as of June 30, 2001)

Average age; All recipients		75
Average age; 632 new FY01 survivor benefits recipients		71
Average monthly benefits; 632 new FY01 survivor benefits recipients		\$949
Age	Count	Average Benefit
6-10	5	\$481
11-15	38	420
16-20	71	476
21-25	19	439
26-30	2	776
31-35	4	694
36-40	8	659
41-45	24	860
46-50	67	1,020
51-55	223	1,062
56-60	390	1,149
61-65	598	1,195
66-70	835	1,074
71-75	1,096	972
76-80	1,156	759
81-85	1,247	627
86-90	945	576
90+	555	463
Total	7,283	Weighted Average \$821

* An additional \$ 14.3 million was paid in death benefits to survivors of active, inactive, and retired members as refunds of various types of contributions.

Total Benefit Recipients as of 6/30/01

Retirees	56,549
Disabled recipients	1,045
Survivors	<u>7,283</u>
	64,877

Statistical Section**Revenue by Source (in millions)**

Year Ended June 30	Member Contributions	Employer Contributions	Employer Contributions as a Percentage of Annual Covered Payroll	Net Investment Income ¹	Other Employer Contributions ²	Total
1994	\$413	\$278	6.3%	\$989	\$205	\$1,885
1995	431	279	6.3	771	319	1,800
1996	399	341	7.2	2,096	48	2,884
1997	417	395	7.9	2,644	26	3,482
1998	441	478	9.0	2,873	25	3,817
1999	866	604	10.6	2,090	33	3,593
2000	620	688	11.4	2,336	42	3,686
2001	643	778	12.1	(1,015)	44	450

¹ Figures for 1996 through 2001 include realized gains and losses and unrealized appreciation or depreciation of investments. Preceding years include only realized gains and losses.

² Includes ERO, ERI, minimum retirement, and supplemental contributions. These amounts are not counted for actuarial purposes. For FY01, the supplemental appropriation was not requested.

Expenses by Type (in millions)

Year Ended June 30	Benefits	Health Insurance	Refunds	Administrative and Other Expenses	Total
1994	\$824	\$50	\$22	\$11	\$907
1995	1,074	38	29	10	1,151
1996	1,122	0	22	11	1,155
1997	1,161	0	22	10	1,193
1998	1,210	0	24	10	1,244
1999	1,284	0	26	11	1,321
2000	1,402	0	29	12	1,443
2001	1,567	0	36	13	1,616

Schedule of Benefit Expenses by Type (in millions)

Year Ended June 30	Retirement Benefits	Survivor Benefits	Disability Benefits	Total
1994	\$773	\$41	\$10	\$824
1995	1,019	45	10	1,074
1996	1,061	50	11	1,122
1997	1,097	52	12	1,161
1998	1,139	58	13	1,210
1999	1,206	63	15	1,284
2000	1,318	68	16	1,402
2001	1,475	75	17	1,567

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

Schedule of Participating Employers

A C CENTRAL C.U.S.D. #262	BAC REGIONAL VOCATIONAL SYSTEM	BRADLEY BOURBONNAIS C.H.S.D. #307
ABINGDON C.U.S.D. #217	BALL CHATHAM C.U.S.D. #5	BRADLEY S.D. #61
ADAMS/PIKE COUNTIES ROE	BANNOCKBURN S.D. #106	BREESE S.D. #12
ADDISON S.D.#4	BARRINGTON C.U.S.D. #220	BREMEN C.H.S.D. #228
ADLAI E. STEVENSON H.S.D. #125	BARRY C.U.S.D. #1	BRIMFIELD C.U.S.D. #309
AEROSPEC. ED. COOP	BARTELSON S.D.#57	BROOKFIELD S.D. #95
AKIN C.C.S.D. #91	BARTONVILLE S.D. #66	BROOKLYN U.D. #188
ALBERS S.D.#63	BATAVIA U.S.D. #101	BROOKWOOD S.D. #167
ALDEN HEBRON S.D. #19	BEACH PARK C.C.S.D #3	BROWN COUNTY C.U.S.D. #1
ALEDO C.U.S.D. #201	BEARDSTOWN C.U.S.D. #15	BROWN/CASS/MORGAN/SCOTT COUNTIES ROE
ALEXANDER/JOHNSON/MASSAC/ PULASKI/UNION CO. ROE	BECK AREA CAREER CENTER	BROWNSTOWN C.U.S.D. #201
ALEXIS C.U.S.D. #400	BEECHER C.U.S.D. #200U	BRUSSELS C.U.S.D. #42
ALLEN TOWNSHIP C.U.S.D.#65	BEECHER CITY C.U.S.D. #20	BUNCOMBE C.S.D. #43
ALLENDALE C.C.S.D. #17	BELLE VALLEY S.D. #119	BUNKER HILL C.U.S.D. #8
ALSIP/HALZGRN/OAKLWN S.D. #126	BELLEVILLE AREA SPEC SERV COOP	BURBANK S.D. #111
ALTAMONT C.U.S.D. #10	BELLEVILLE S.D. #118	BUREAU VALLEY C.U.S.D #340
ALTON C.U.S.D. #11	BELLEVILLE TWP H.S.D #201	BURNHAM S.D.#154.5
ALWOOD C.U.S.D. #225	BELLWOOD S.D.#88	BUSHNELL PRAIRIE CITY C.U.S.D. #170
AMBOY C.U.S.D. #272	BELVIDERE C.U.S.D. #100	BUTLER S.D.#53
ANNA C.C.S.D. #37	BEMENT C.U.S.D. #5	BYRON C.U.S.D. #226
ANNA JONESBORO C.H.S.D. #81	BENJAMIN S.D.#25	CAHOKIA C.U.S.D. #187
ANNAWAN C.U.S.D. #226	BENSENVILLE S.D. #2	CAIRO C.U.S.D. #1
ANTIOCH C.C.S.D. #34	BENTON C.C.S.D. #47	CALHOUN C.U.S.D. #40
ANTIOCH C.H.S.D. #117	BENTON C.H.S.D. #103	CALHOUN/GREENE/JERSEY/MACOUPIN CO. ROE
APTAKISIC-TRIPP C.C.S.D. #102	BERKELEY S.D.#87	CALUMET CITY S.D. #155
ARBOR PARK S.D. #145	BERWYN NORTH S.D. #98	CALUMET PUBLIC S.D. #132
ARCOLA C.U.S.D. #306	BERWYN SOUTH S.D. #100	CAMBRIDGE C.U.S.D. #227
AREA 3 LEARNING TECHNOLOGY HUB	BETHALTO C.U.S.D. #8	CAMP POINT C.U.S.D.#3
ARGENTA-OREANA C.U.S.D. #1	BETHANY C.U.S.D. #301	CANTON UNION S.D.#66
ARGO C.H.S.D. #217	BETHEL S.D. #82	CAPITAL AREA CAREER CENTER
ARGO/SUMMIT S.D. #104	BI CO SPEC ED COOP	CARBON CLIFF-BARSTOW S.D. #36
ARLINGTON HEIGHTS S.D. #25	BIG HOLLOW S.D. #38	CARBONDALE C.H.S.D. #165
ARMSTRONG TWP H.S.D. #225	BISMARCK C.U.S.D. #1	CARBONDALE E.S.D. #95
ARMSTRONG-ELLIS C.S.D. #61	BLACKHAWK AREA SPEC. ED.	CAREER DEVELOPMENT SYSTEM
ARTHUR C.U.S.D. #305	BLOOM TWP H.S.D. #206	CAREER PREPARATION NETWORK
ASHLEY C.C.S.D. #15	BLOOM TWP TRUSTEES OF SCHOOLS	CAREER TEC
ASHTON C.U.S.D. #275	BLOOMINGDALE S.D. #13	CARLINVILLE C.U.S.D. #1
ASTORIA C.U.S.D.#1.5	BLOOMINGTON S.D. #87	CARLYLE C.U.S.D. #1
ATHENS C.U.S.D. #213	BLUE RIDGE C.U.S.D. #18	CARMI-WHITE COUNTY C.U.S.D. #5
ATWOOD HAMMOND C.U.S.D. #39	BLUFORD C.C.S.D. #114	CARRIER MILLS-STONEFORT C.U.S.D. #2
ATWOOD HEIGHTS S.D. #125	BMP TRI-COUNTY SPEC. ED. COOP	CARROLL/JO DAVIESS/STEPHENSON CO. ROE
AUBURN C.U.S.D. #10	BOND COUNTY C.U.S.D. #2	CARROLL/JO DAVIESS/STEPHENSON CO. REG. PROG.
AURORA EAST U.S.D #131	BOND/EFFINGHAM/FAYETTE COUNTIES ROE	CARROLLTON C.U.S.D. #1
AURORA WEST U.S.D. #129	BOND/FAYETTE/EFFINGHAM REGIONAL SYS.	CARTERVILLE C.U.S.D. #5
AVISTON S.D.#21	BOONE/WINNEBAGO COUNTIES ROE	CARTHAGE C.U.S.D. #338
AVOCA S.D.#37	BOURBONNAIS S.D. #53	CARY C.C.S.D. #26
AVON C.U.S.D. #176	BRACEVILLE S.D.#75	CASEY-WESTFIELD C.U.S.D. #4C
	BRADFORD C.U.S.D. #1	

Schedule of Participating Employers

CASS S.D.#63	COMMUNITY C.S.D. #204	DODDS C.C.S.D. #7
CATLIN C.U.S.D. #5	COMMUNITY CONS. S.D. #59	DOLTON S.D.#148
CENTER CASS S.D.#66	COMMUNITY H.S.D. #155	DOLTON S.D. #149
CENTRAL A&M C.U.S.D. #21	COMMUNITY H.S.D. #218	DONGOLA S.U.D. #66
CENTRAL C.H.S.#71	COMMUNITY U.S.D. #4	DONOVAN C.U.S.D. #3
CENTRAL C.U.S.D. #4	COMMUNITY U.S.D. #16	DOWNERS GROVE C.H.S.#99
CENTRAL C.U.S.D. #301	COMMUNITY U.S.D.#200	DOWNERS GROVE G.S.D.#58
CENTRAL CITY S.D. #133	CONSOLIDATED H.S.D. #230	DUNLAP C.U.S.D. #323
CENTRAL S.D. #51	COOK COUNTY S.D. 130	DUPAGE COUNTY ROE
CENTRAL S.D. #104	CORNELL C.C.S.D. #426	DUPAGE H.S.D.#88
CENTRAL STICKNEY S.D. #110	COULTERVILLE U.S.D. #1	DUPO C.U.S.D. #196
CENTRALIA H.S.D. #200	COUNTRY CLUB HILLS S.D. #160	DUQUOIN C.U.S.D. #300
CENTRALIA S.D. #135	COWDEN-HERRICK C.U.D. #3A	DURAND C.U.S.D. #322
CENTURY C.U.S.D. #100	CRAB ORCHARD C.U.S.D. #3	DWIGHT COMMON S.D. #232
CERRO GORDO C.U.S.D. #100	CRESCENT CITY C.C.S.D. #275	DWIGHT TWP H.S.D. #230
CHADWICK-MILLEDGEVILLE C.U.D. #399	CRESCENT IROQUOIS C.U.S.D #252	EARLVILLE C.U.S.D. #9
CHAMPAIGN C.U.S.D. #4	CRESTON C.C.S.D. #161	EAST ALTON S.D. #13
CHAMPAIGN/FORD COUNTIES ROE	CRETE MONEE C.U.S.D. #201U	EAST ALTON-WOOD RIVER C.H.S. #14
CHANEY-MONGE S.D. #88	CREVE COEUR S.D. #76	EAST COLOMA S.D. #12
CHANNAHON S.D. #17	CRYSTAL LAKE C.C.S.D. #47	EAST DUBUQUE U.S.D. #119
CHARLESTON C.U.S.D. #1	CUMBERLAND C.U.S.D. #77	EAST MAINE S.D. #63
CHENOA C.U.S.D. #9	CYPRESS S.D. #64	EAST MOLINE S.D. #37
CHERRY S.D. #92	DAKOTA C.U.S.D. #201	EAST PEORIA C.H.S.D. #309
CHESTER C.U.S.D. #139	DALLAS CITY C.U.S.D. #336	EAST PEORIA S.D. #86
CHESTER-EAST LINCOLN C.C.S.D. #61	DALZELL S.D. #98	EAST PRAIRIE S.D. #73
CHICAGO HEIGHTS S.D. #170	DAMIANSVILLE S.D. #62	EAST RICHLAND C.U.S.D. #1
CHICAGO RIDGE S.D. #1275	DANVILLE C.C.S.D. #118	EAST ST LOUIS S.D. #189
CHRISTIAN/MONTGOMERY COUNTIES ROE	DARIEN S.D.#61	EASTERN IL AREA SPEC. ED. COOP
CHRISTOPHER C.U.S.D. #99	DECATUR S.D. #61	EASTERN IL EDUC. FOR EMPLOYMENT SYSTEM
CICERO S.D.#99	DEER CREEK-MACKINAW C.U.S.D. #701	EASTLAND C.U.S.D. #308
CISSNA PARK C.U.S.D. #6	DEER PARK C.C.S.D. #82	EDGAR COUNTY C.U.S.D. #6
CLARK/COLES/CUMBERLAND/DOUGLAS/ EDGAR/MOULTRIE/SHELBY CO. ROE	DEERFIELD S.D. #109	EDINBURG C.U.S.D. #4
CLAY CITY C.U.S.D. #10	DEKALB C.U.S.D. #428	EDUCATION FOR EMPL. OF TAZEWELL CO.
CLAY/CRAWFORD/JASPER/LAWRENCE/ RICHLAND CO. ROE	DEKALB COUNTY ROE	EDUCATION FOR EMPLOYMENT SYSTEM
CLINTON C.U.S.D. #15	DEKALB COUNTY SPECIAL EDUCATION	EDUCATIONAL DEVELOPMENT CENTER
CLINTON/MARION/WASHINGTON COUNTIES ROE	DELABAR VOCATION EDUCATION REGION	EDUCATIONAL THERAPY CENTER
COAL CITY C.U.S.D. #1	DELAND-WELDON C.U.S.D. #57	EDWARDS COUNTY C.U.S.D. #1
COBDEN S.U.D. #17	DELAVAN C.U.S.D. #703	EDWARDSVILLE C.U.S.D. #7
COLCHESTER C.U.S.D. #180	DEPUE U.S.D. #103	EDWARDS/GALLATIN/HARDIN/POPE SALINE/WABASH CO. ROE
COLLINSVILLE C.U.S.D. #10	DES PLAINES C.C.S.D. #62	EFFINGHAM C.U.S.D. #40
COLONA S.D.#190	DESOTO C.C.S.D. #86	EGYPTIAN C.U.S.D. #5
COLUMBIA C.U.S.D. #4	DEWITT/LIVINGSTON/MCLEAN COUNTIES ROE	EISENHOWER COOPERATIVE
COMM UNIT SCHOOL DIST #300	DIAMOND LAKE S.D. #76	EL PASO C.U.S.D. #375
COMMUNITY C.S.D. #93	DIETERICH C.U.S.D.#30	ELDORADO C.U.S.D. #4
COMMUNITY C.S.D.#180	DIMMICK C.C.S.D. #175	ELEMENTARY S.D. #159
	DISTRICT 50 SCHOOLS	ELMHURST S.D.#205
	DIVERNON C.U.S.D. #13	ELMWOOD C.U.S.D. #322
	DIXON U.S.D. #170	

Schedule of Participating Employers

ELMWOOD PARK C.U.S.D. #401	FULTON/SCHUYLER COUNTIES ROE	HAMILTON C.C.S.D. #328
ELVERADO C.U.S.D. #196	GALATIA C.U.S.D. #1	HAMILTON COUNTY C.U.S.D. #10
ELWOOD C.C.S.D. #203	GALENA U.S.D. #120	HAMILTON/JEFFERSON COUNTIES ROE
EMMONS S.D. #33	GALESBURG C.U.S.D. #205	HAMPTON S.D. #29
ERIE C.U.S.D. #1	GALLATIN C.U.S.D. #7	HANCOCK/MCDONOUGH COUNTIES ROE
ESWOOD C.C.S.D. #269	GALVA C.U.S.D. #224	HARDIN COUNTY C.U.S.D. #1
EUREKA C.U.S.D.#140	GARDNER C.C.S.D. #72C	HARLEM U.S.D. #122
EVANSTON C.C.S.D. #65	GARDNER S WILMINGTON H.S.D. #73	HARMONY EMGE S.D. #175
EVANSTON TWP H.S.D. #202	GAVIN S.D. #37	HARRISBURG C.U.S.D. #3
EVERGREEN PARK C.H.S.D. #231	GEFF C.C.S.D. #14	HARRISON S.D. #36
EVERGREEN PARK E.S.D.#124	GEN GEO PATTON S.D. #133	HARTSBURG EMDEN C.U.S.D. #21
EWING NORTHERN C.C.D. #115	GENESE0 C.U.S.D. #228	HARVARD C.U.S.D. #50
FAIRFIELD C.H.S.D. #225	GENEVA C.U.S.D. #304	HARVEY S.D.#152
FAIRFIELD P.S.D. #112	GENOA-KINGSTON C.U.S.D.	HAVANA C.U.S.D. #126
FAIRMONT S.D. #89	GEORGETOWN-RIDGE FARM C.U.D. #4	HAWTHORN C.C.S.D. #73
FARMINGTON CENTRAL C.U.S.D. #265	GERMANTOWN HILLS S.D.#69	HAZEL CREST S.D. #1525
FARRINGTON C.C.S.D. #99	GERMANTOWN S.D.#60	HENRY-SENACHWINE C.U.S.D. #5
FENTON C.H.S.D. #100	GIANT CITY C.C.S.D. #130	HERITAGE C.U.S.D. #8
FIELD C.C.S.D. #3	GIBSON CTY-MELVIN-SIBLEY #5	HERRIN C.U.S.D. #4
FIELDCREST C.U.S.D. #6	GIFFORD C.C.S.D. #188	HERSCHER C.U.S.D. #2
FINDLAY C.U.S.D. #2	GILLESPIE C.U.S.D. #7	HEYWORTH C.U.S.D. #4
FISHER C.U.S.D. #1	GIRARD C.U.S.D. #3	HIAWATHA C.U.S.D. #426
FIVE COUNTY VOCATIONAL SYSTEM	GLEN ELLYN C.C.S.D. #89	HIGH MOUNT S.D. #116
FLANAGAN C.U.S.D. #4	GLEN ELLYN S.D.#41	HIGHLAND C.U.S.D. #5
FLORA C.U.S.D. #35	GLENBARD TWP H.S.D. #87	HIGHLAND PARK TWP H.S.D. #113
FLOSSMOOR S.D.#161	GLENCOE S.D.#35	HILLSBORO C.U.S.D. #3
FORD HEIGHTS S.D. #169	GLENVIEW C.C.S.D. #34	HILLSIDE S.D.#93
FORD IROQUOIS COUNTY SPEC. ED.	GOLF E.S.D. #67	HINCKLEY BIG ROCK CUSD #429
FOREST PARK S.D. #91	GOREVILLE C.U.S.D. #1	HINSDALE C.C.S.D. #181
FOREST RIDGE S.D. #142	GOWER S.D.#62	HINSDALE TWP H.S.D.#86
FORRESTVILLE VALLEY C.U.S.D. #221	GRAND PRAIRIE C.C.S.D. #6	HOLLIS C.S.D. #328
FORT BOWMAN ACADEMY CHARTER SCHOOL	GRAND RIDGE C.C.S.D. #95	HOMER C.C.S.D. #33
FOUR RIVERS SPEC. ED.	GRANITE CITY C.U.S.D. #9	HOMEWOOD S.D.#153
FOX LAKE GRADE S.D. #114	GRANT C.C.S.D. #110	HOMEWOOD-FLOSSMOOR C.H.S.D. #233
FOX RIVER GROVE C.S.D. #3	GRANT C.H.S.D. #124	HONONEGAH C.H.S.D.#207
FRANKFORT C.C.S.D. #157C	GRANT PARK C.U.S.D. #6	HOOPESTON AREA C.U.S.D. #11
FRANKFORT C.U.S.D. #168	GRASS LAKE S.D. #36	HOOVER SCHRUM MEM S.D. #157
FRANKLIN C.U.S.D. #1	GRAYSLAKE C.C.S.D. #46	HOYLETON C.S.D. #29
FRANKLIN PARK S.D. #84	GRAYSLAKE C.H.S.D. #127	HUNTLEY C.S.D. #158
FRANKLIN/JEFFERSON COUNTY SPECIAL	GRAYVILLE C.U.S.D. #1	HUTSONVILLE C.U.S.D. #1
EDUCATION	GREENFIELD C.U.S.D.#10	IL DEPT. OF CORRECTIONS S.D. #428
FRANKLIN/WILLIAMSON	GREENVIEW C.U.S.D. #200	IL DEPT. OF HUMAN SERVICES
COUNTIES ROE	GRIDLEY C.U.S.D. #10	IL EDUCATION ASSOCIATION
FREEBURG C.C.S.D. #70	GRIGGSVILLE-PERRY C.U.S.D. #4	IL FEDERATION OF TEACHERS
FREEBURG C.H.S.D. #77	GRUNDY AREA VOCATIONAL CENTER	IL STATE BOARD OF EDUCATION
FREEPORT S.D. #145	GRUNDY/KENDALL COUNTIES ROE	IL VALLEY CENTRAL U.S.D. #321
FREMONT S.D. #79	GURNEE S.D. #56	ILLINI BLUFFS C.U.S.D. #327
FULTON COUNTY C.U.S.D. #3	HALL TWP H.S.D #502	ILLINI CENTRAL C.U.S.D. #189

Schedule of Participating Employers

ILLINOIS ASSOC. OF SCHOOL BOARDS	KOMAREK S.D.#94	LINCOLNWOOD S.D. #74
ILLIOPOLIS C.U.S.D. #12	LA GRANGE AREA DEPT. SPEC. ED.	LINDOP S.D.#92
INA C.C.S.D.#8	LA GRANGE S.D. #102	LISBON C.C.S.D. #90
INDIAN CREEK C.U.S.D. #425	LA GRANGE SOUTH S.D. #105	LISLE C.U.S.D. #202
INDIAN PRAIRIE C.U.S.D.	LA GRANGE/HIGHLANDS S.D. #106	LITCHFIELD C.U.S.D. #12
INDIAN SPRINGS S.D. #109	LA HARPE C.U.S.D. #335	LIVINGSTON C.C.S.D. #4
INDIAN VALLEY AREA VOC CENTER	LADD C.C.S.D. #94	LIVINGSTON COUNTY ALTERNATIVE SCHOOL
INDUSTRY C.U.S.D. #165	LAKE BLUFF ELEMENTARY S.D. #65	LOCKPORT AREA SPEC. ED. COOP
IROQUOIS AREA REG DELIVERY SYSTEM	LAKE COUNTY AREA VOC SYSTEM	LOCKPORT S.D. #91
IROQUOIS COUNTY C.U.S.D. #9	LAKE COUNTY ROE	LOCKPORT TWP H.S.D. #205
IROQUOIS WEST C.U.S.D. #10	LAKE COUNTY SPEC. ED.	LOGAN C.C.S.D. #110
IROQUOIS/KANKAKEE COUNTIES ROE	LAKE FOREST C.H.S.D. #115	LOGAN/MASON/MENARD COUNTIES ROE
IRVINGTON C.C.S.D. #11	LAKE FOREST S.D. #67	LOMBARD S.D.#44
ITASCA S.D.#10	LAKE PARK C.H.S.D. #108	LOSTANT C.U.S.D. #425
IUKA C.C.S.D.#7	LAKE VILLA C.C.S.D. #41	LOVINGTON C.U.S.D. #303
J.S. MORTON H.S.D.#201	LAKE ZURICH C.U.S.D. #95	LOWPOINT-WASHBURN C.U.S.D. #21
JACKSON/PERRY COUNTIES ROE	LAMOILLE C.U.S.D. #303	LUDLOW C.C.S.D. #142
JACKSONVILLE S.D. #117	LANSING S.D.#158	LYONS S.D.#103
JAMAICA C.U.S.D #12	LARAWAY C.C.S.D. #70	LYONS TWP H.S.D. #204
JAMP SPECIAL EDUCATION SERV.	LASALLE COUNTY ROE	MACOMB C.U.S.D. #185
JASPER C.C.S.D. #17	LASALLE E.S.D. #122	MACON/PIATT COUNTIES ROE
JASPER COUNTY C.U.S.D. #1	LASALLE-PERU TWP H.S.D. #120	MADISON C.U.S.D. #12
JERSEY C.U.S.D. #100	LASALLE-PUTNAM EDUC. ALLIANCE SPEC. ED.	MADISON COUNTY REGION II SPEC. ED.
JODAVIESS/CARROLL AREA VOC CENTER	LAWRENCE COUNTY C.U.S.D. #20	MAERCKER S.D.#60
JOHNSBURG C.U.S.D. #12	LEBANON C.U.S.D. #9	MAHOMET-SEYMOUR C.U.S.D #3
JOHNSTON CITY C.U.S.D. #1	LEE CENTER C.U.S.D. #271	MAINE TWP H.S.D. #207
JOLIET S.D. #86	LEE/OGLE COUNTIES ROE	MALDEN C.C.S.D. #84
JOLIET TWP H.S.D. #204	LEEPERTOWN C.C.S.D. #175	MANHATTAN S.D. #114
JONESBORO C.C.S.D. #43	LELAND C.U.S.D. #1	MANNHEIM S.D.#83
JOPPA-MAPLE GROVE U.S.D. #38	LEMONT TWP H.S.D. #210	MANTENO C.U.S.D. #5
KANE COUNTY ROE	LEMONT/BROMBEREK C.S.D. #113	MARENGO C.H.S.D. #154
KANELAND C.U.S.D. #302	LENA WINSLOW C.U.S.D. #202	MARENGO-UNION E.C.S.D. #165
KANKAKEE AREA CAREER CENTER	LEROY C.U.S.D. #2	MARION C.U.S.D. #2
KANKAKEE AREA SPEC. ED. COOP #850	LEWISTOWN C.U.S.D. #97	MARISSA C.U.S.D. #40
KANKAKEE S.D. #111	LEXINGTON C.U.S.D. #7	MAROA FORSYTH C.U.S.D. #2
KANSAS C.U.S.D. #3	LEYDEN C.H.S.D. #212	MARQUARDT S.D.#15
KASKASKIA SPECIAL EDUC. #801	LIBERTY C.U.S.D #2	MARSEILLES E.S.D.#150
KEENEYVILLE S.D. #20	LIBERTYVILLE C.H.S.D. #128	MARSHALL C.U.S.D. #2C
KELL C.S.D. #2	LIBERTYVILLE S.D. #70	MARTINSVILLE C.U.S.D. #3C
KENDALL COUNTY SPEC. ED. COOP	LICK CREEK C.C.S.D. #16	MASCOUTAH C.U.S.D. #19
KENILWORTH S.D.#38	LIMESTONE C.H.S.D. #310	MASSAC U.S.D. #1
KEWANEE C.U.S.D. #229	LIMESTONE WALTERS C.C.S.D. #316	MATTESON E.S.D.#162
KILDEER COUNTRYSIDE C.C.S.D. #96	LINCOLN C.H.S.D. #404	MATTOON C.U.S.D. #2
KINGS C.S.D. #144	LINCOLN E.S.D. #27	MAYWOOD S.D.#89
KINNIKINNICK C.C.S.D. #131	LINCOLN E.S.D.#156	MAZON-VERONA-KINSMAN E.S.D. #2C
KIRBY S.D.#140	LINCOLN WAY C.H.S.D. #210	MCCLELLAN C.C.S.D.#12
KNOX COUNTY ROE	LINCOLNSHIRE-PRAIRIE VIEW S.D. #103	MCHENRY C.C.S.D. #15
KNOXVILLE C.U.S.D. #202	LINCOLN-WAY AREA SPEC. ED.	MCHENRY C.H.S.D. #156

Schedule of Participating Employers

MCHENRY COUNTY ROE	MURPHYSBORO C.U.S.D. #186	OAK PARK E.S.D. #97
MCLEAN COUNTY U.S.D #5	NAPERVILLE C.U.S.D.#203	OAK PARK/RIVER FOREST S.D. #200
MEDINAH E.S.D.#11	NASHVILLE C.C.S.D. #49	OAKDALE C.C.S.D. #1
MENDOTA C.C.S.D. #289	NASHVILLE C.H.S.D. #99	OAKLAND C.U.S.D. #5
MENDOTA TWP H.S.D. #280	NATIONAL EDUCATION ASSOCIATION	OAKWOOD COMMUNITY U.S.D. #76
MEREDOSIA-CHAMBERSBURG C.U.S.D. #11	NAUVOO-COLUSA C.U.S.D. #325	OBLONG C.U.S.D #4
MERIDIAN C.U.S.D #15	NELSON PUBLIC S.D. #8	ODELL C.C.S.D. #435
MERIDIAN C.U.S.D. #101	NEOGA C.U.S.D. #3	ODIN C.H.S.D. #700
MERIDIAN C.U.S.D. #223	NEPONSET C.C.S.D. #307	ODIN S.D. #122
MERRIAM C.C.S.D. #19	NETTLE CREEK C.C.S.D.#24C	O'FALLON C.C.S.D. #90
METAMORA C.C.S.D. #1	NEW ATHENS C.U.S.D. #60	O'FALLON T.H.S.D. #203
METAMORA TWP H.S.D. #122	NEW HOLLAND-MIDDLETOWN E.S.D. #88	OGDEN C.C.S.D. #212
MIDLAND C.U.S.D. #7	NEW HOPE C.C.S.D. #6	OGLE COUNTY SPEC. ED.
MIDLOTHIAN S.D. #143	NEW LENOX S.D. #122	OGLESBY E.S.D. #125
MID-STATE SPECIAL EDUCATION	NEW SIMPSON HILL C.S.D. #32	OHIO AND WABASH VALLEY VOC SYSTEM
MID-VALLEY SPEC. ED. JOINT AGRMT	NEW TRIER TWP H.S.D. #203	OHIO C.C.S.D. #17
MIDWEST CENTRAL C.U.S.D. #191	NEWARK C.C.S.D. #66	OHIO C.H.S.D. #505
MILFORD C.S.D. #280	NEWARK C.H.S.D #18	OLYMPIA C.U.S.D. #16
MILFORD TWP H.S.D. #233	NIANTIC-HARRISTOWN C.U.S.D. #6	OPDYKE-BELLE-RIVER C.C.S.D. #5
MILLBURN C.C.S.D. #24	NILES E.S.D. #71	ORANGEVILLE C.U.S.D. #203
MILLER TWP C.C.S.D. #210	NILES TWP C.H.S.D.#219	OREGON C.U.S.D. #220
MILLSTADT C.C.S.D. #160	NIPPERSINK S.D. #2	ORION C.U.S.D.#223
MINOOKA C.C.S.D. #201	NOKOMIS C.U.S.D. #22	ORLAND PARK S.D. #135
MINOOKA C.H.S. #111	NORRIDGE S.D. #80	OSWEGO C.U.S.D. #308
MOKENA S.D. #159	NORRIS CITY-OMAHA-ENFIELD C.U.S.D. #325	OTTAWA E.S.D. #141
MOLINE U.S.D. #40	NORTH BOONE C.U.S.D. #200	OTTAWA TWP H.S.D. #140
MOMENCE C.U.S.D. #1	NORTH CHICAGO S.D. #187	OTTER CREEK-HYATT S.D. #56
MONMOUTH U.S.D. #38	NORTH CLAY C.U.S.D. #25	PALATINE C.C.S.D. #15
MONROE S.D. #70	NORTH DUPAGE SPEC. ED. COOP	PALATINE TWP H.S.D. #211
MONROE/RANDOLPH COUNTY ROE	NORTH GREENE U.S.D. #3	PALESTINE C.U.S.D. #3
MONTICELLO C.U.S.D. #25	NORTH PALOS S.D. #117	PALOS C.C.S.D. #118
MONTMORENCY C.C.S.D. #145	NORTH PEKIN-MARQUETTE HTS S.D. #102	PALOS HEIGHTS S.D. #128
MORRIS C.H.S.D. #101	NORTH SHORE S.D. #112	PANA C.U.S.D. #8
MORRIS S.D. #54	NORTH WAMAC S.D. #186	PANHANDLE C.U.S.D. #2
MORRISON C.U.S.D. #6	NORTH WAYNE C.U.S.D. #200	PARIS C.U.S.D. #4
MORRISONVILLE C.U.S.D. #1	NORTHBROOK ELEM S.D. #27	PARIS-UNION S.D. #95
MORTON C.U.S.D. #709	NORTHBROOK S.D.#28	PARK FOREST S.D. #163
MORTON GROVE S.D. #70	NORTHBROOK-GLENVIEW S.D. #30	PARK RIDGE C.C.S.D. #64
MOUNT OLIVE C.U.S.D. #5	NORTHFIELD TWP H.S.D. #225	PASS/ADULT EDUCATION PROGRAM
MOUNT PROSPECT S.D. #57	NORTHWEST C.U.S.D. #175	PATOKA C.U.S.D. #100
MT CARROLL C.U.S.D. #304	NORTHWEST SPECIAL ED. DISTRICT	PAWNEE C.U.S.D #11
MT PULASKI C.U.D. #23	NORTHWEST SUBURBAN SPEC. ED. ORG.	PAXTON-BUCKLEY-LODA S.D. #10
MT VERNON S.D. #80	NORTHWESTERN C.U.S.D. #2	PAYSON C.U.S.D.#1
MT VERNON TWP H.S.D. #201	NORWOOD E.S.D. #63	PEARL CITY C.U.S.D. #200
MT ZION C.U.S.D. #3	OAK GROVE EAST S.D. #68	PECATONICA C.U.S.D. #321
MULBERRY GROVE C.U.S.D. #1	OAK GROVE S.D. #68	PEKIN C.H.S.D. #303
MUNDELEIN C.H.S.D. #120	OAK LAWN C.H.S.D. #229	PEKIN P.S.D. #108
MUNDELEIN ELEMENTARY S.D. #75	OAK LAWN/HOMETOWN S.D.#123	PEMBROKE C.C.S.D #259

Schedule of Participating Employers

PENNOYER S.D.#79
PEORIA COUNTY ROE
PEORIA HGHTS C.U.S.D. #325
PEORIA S.D. #150
PEOTONE C.U.S.D. #207
PERANDOE SPEC. ED. DIST.
PERU ELEMENTARY S.D. #124
PHILIP J ROCK SERVICE CENTER
PIKELAND C.U.S.D. #10
PINCKNEYVILLE C.H.S.D. #101
PINCKNEYVILLE S.D. #50
PLAINFIELD S.D. #202
PLANO C.U.S.D. #88
PLEASANT HILL C.U.S.D. #3
PLEASANT HILL S.D. #69
PLEASANT PLAINS C.U.S.D. #8
PLEASANT VALLEY S.D. #62
PLEASANTDALE S.D. #107
POLO C.U.S.D. #222
PONTIAC C.C.S.D. #429
PONTIAC TWP H.S.D. #90
PONTIAC-W HOLLIDAY S.D. #105
POPE COUNTY C.U.S.D. #1
PORTA C.U.S.D. #202
POSEN-ROBBINS E.S.D. #1435
POTOMAC C.U.S.D. #10
PRAIRIE CENTRAL C.U.S.D. #8
PRAIRIE CROSSING CHARTER SCHOOL
PRAIRIE DU ROCHER C.C.S.D.
PRAIRIE GROVE C.S.D. #46
PRAIRIE HILL C.C.S.D. #133
PRAIRIE HILLS E.S.D. #144
PRAIRIEVIEW C.C.S.D. #192
PRINCETON E.S.D. #115
PRINCETON TWP H.S.D. #500
PRINCEVILLE C.U.S.D. #326
PROFESSIONAL DEV ALLIANCE
PROPHETSTOWN-LYNDON-TAMPICO S.D. #3
PROSPECT HEIGHTS S.D. #23
PROVISO TWP H.S.D. #209
PUFFER-HEFTY S.D.#69
PUTNAM COUNTY C.U.S.D.#535
QUEEN BEE S.D.#16
QUINCY S.D. #172
R O W V A C.U.S.D. #208
RACCOON C.S.D. #1
RAMSEY C.U.S.D.#204
RANKIN C.S.D. #98
RANTOUL CITY S.D.#137
RANTOUL TWP H.S.D. #193
REAVIS TWP H.S.D. #220
RED BUD C.U.S.D. #132
RED HILL C.U.S.D. #10
REED CUSTER C.U.S.D. #255
REGIONAL DELIVERY SYSTEM VOC-
ATIONAL ED & GIFTED PROGRAM
REGIONAL VOCATIONAL SYSTEM
RHODES S.D.#84.5
RICH TOWNSHIP H.S.D. #227
RICHLAND S.D. #88A
RICHMOND BURTON H.S.C.D. #157
RIDGELAND S.D. #122
RIDGEVIEW C.U.S.D. #19
RIDGEWOOD C.H.S.D. #234
RILEY C.C.S.D. #18
RIVER BEND C.U.S.D. #2
RIVER FOREST S.D. #90
RIVER GROVE S.D. #855
RIVER RIDGE C.U.S.D. #210
RIVER TRAILS S.D. #26
RIVERDALE C.U.S.D. #100
RIVERDALE S.D. #14
RIVERSIDE S.D. #96
RIVERSIDE/BROOKFIELD C.U.S.D. #208
RIVERTON C.U.S.D. #14
RIVERVIEW C.C.S.D. #2
ROANOKE BENSON C.U.S.D. #60
ROBEIN S.D. #85
ROBINSON C.U.S.D. #2
ROCHELLE C.C.S.D. #231
ROCHELLE TWP H.S.D. #212
ROCHESTER C.U.S.D. #3A
ROCK FALLS E.S.D. #13
ROCK FALLS TWP H.S.D. #301
ROCK ISLAND COUNTY ROE
ROCK ISLAND S.D. #41
ROCKDALE S.D. #84
ROCKFORD S.D. #205
ROCKRIDGE C.U.S.D. #300
ROCKTON S.D. #140
ROE PROFESSIONAL SERVICES #19
ROME C.C.S.D. #2
RONDOUT S.D. #72
ROOKS CREEK C.C.S.D. #425
ROSELLE S.D.#12
ROSEMONT ELEM. S.D. #78
ROSEVILLE C.U.S.D. #200
ROSSVILLE-ALVIN C.U.S.D. #7
ROUND LAKE AREA S.D. #116
ROXANA C.U.S.D. #1
RUTLAND C.C.S.D. #230
SAFE SCH/OPTIONAL ED ROE #12
SALEM C.H.S.D. #600
SALEM S.D. #111
SALT CREEK S.D.#48
SANDOVAL C.U.S.D. #501
SANDRIDGE S.D. #172
SANDWICH C.U.S.D. #430
SANGAMON AREA SPEC. ED.
SANGAMON COUNTY ROE
SARATOGA C.C.S.D. #60C
SAUK VILLAGE C.C.S.D. #168
SAUNEMIN C.C.S.D. #438
SAVANNA C.U.S.D. #300
SCALES MOUND C.U.S.D. #211
SCHAUMBURG C.C.S.D. #54
SCHILLER PARK S.D. #81
SCHOOL ASSOC. FOR SPEC. ED. IN DUPAGE CO.
SCHOOL DISTRICT #U46
SCHUYLER COUNTY C.U.S.D. #1
SCOTT-MORGAN C.U.S.D. #2
SELMAVILLE C.C.S.D. #10
SENECA C.C.S.D. #170
SENECA TWP H.S.D. #160
SERENA C.U.S.D. #2
SESSER-VALIER C.U.S.D. #196
SHAWNEE C.U.S.D. #84
SHELBYVILLE C.U.S.D. #4
SHELDON C.U.S.D. #5
SHERRARD C.U.S.D. #200
SHILOH C.U.S.D. #1
SHILOH VILLAGE S.D. #85
SHIRLAND C.C.S.D. #134
SIGNAL HILL S.D. #181
SILVIS S.D. #34
SKOKIE S.D. #68
SKOKIE S.D.#69
SKOKIE S.D.#735
SKOKIE-FAIRVIEW S.D. #72
SMITHTON C.C.S.D. #130
SOMONAUK C.U.S.D. #432
SOUTH BELOIT C.U.S.D. #320
SOUTH CENTRAL C.U.S.D. #401
SOUTH EASTERN SPEC. ED.

Schedule of Participating Employers

SOUTH FORK S.D. #14	SUMMIT HILL S.D. #161	VALLEY VIEW C.U.S.D. #365
SOUTH HOLLAND S.D. #150	SUNNYBROOK S.D. #171	VALMEYER C.U.S.D. #3
SOUTH HOLLAND S.D. #151	SUNSET RIDGE S.D. #29	VANDALIA C.U.S.D. #203
SOUTH PEKIN S.D. #137	SYCAMORE C.U.S.D. #427	VENICE C.U.S.D. #3
SOUTH WILL COUNTY COOP FOR SPEC. ED.	TAFT S.D. #90	VERMILION COUNTY SPEC. ED. ASSOC.
SOUTH WILMINGTON C.S.D. #74	TAMAROA S.D. #5	VIENNA S.D. #55
SOUTHEASTERN C.U.S.D. #337	TAYLORVILLE C.U.S.D. #3	VIENNA TWP H.S.D. #133
SOUTHERN C.U.S.D. #120	TAZEWELL COUNTY ROE	VILLA GROVE C.U.S.D. #302
SOUTHWEST COOK SPEC. ED. COOP	TAZEWELL-MASON CO. SPEC. ED. ASSOC.	VILLA PARK S.D.#45
SOUTHWESTERN C.U.S.D. #9	TEACHERS' RETIREMENT SYSTEM	VIRDEN C.U.S.D. #4
SPARTA C.U.S.D. #140	TECHNOLOGY CENTER OF DUPAGE COUNTY	VIRGINIA C.U.S.D #64
SPEC. ED. JOINT AGMT. #802 COOK CO.	TEUTOPOLIS C.U.S.D. #50	WABASH & OHIO VALLEY SPEC. ED. DISTRICT
SPEC. ED. JOINT AGMT. #803 PROVISO AREA	THOMAS JEFFERSON CHARTER SCHOOL	WABASH C.U.S.D. #348
SPEC. ED. JOINT AGMT. #804 NO. SUBURBAN	THOMASBORO C.C.S.D. #130	WALLACE C.C.S.D. #195
SPEC. ED. COOP	THOMPSONVILLE C.H.S.D.#112	WALTHAM C.C.S.D. #185
SPEC. ED. DIST. - REGION 3	THOMPSONVILLE S.D. #62	WALTONVILLE C.U.S.D. #1
SPEC. ED. DISTRICT OF MCHENRY CO.	THOMSON C.U.S.D. #301	WARREN C.U.S.D. #205
SPEC. ED. DISTRICT OF PEORIA CO.	THORNTON FRACTIONAL H.S.D. #215	WARREN C.U.S.D. #222
SPEC. ED. TEACHER OF MACOUPIN CO.	THORNTON S.D.#154	WARREN TWP H.S.D. #121
SPOON RIVER VALLEY C.U.S.D. #4	THORNTON TWP H.S.D. #205	WARRENSBURG-LATHAM C.U.S.D.#11
SPRING LAKE C.C.S.D. #606	THREE RIVERS ED. FOR EMPLYMT. SYS.	WARSAW C.U.S.D. #316
SPRING VALLEY C.C.S.D. #99	TINLEY PARK S.D. #146	WASHINGTON C.H.S.D. #308
SPRINGFIELD BALL CHARTER SCHOOL	TOLONO C.U.S.D. #7	WASHINGTON S.D. #52
SPRINGFIELD S.D. #186	TONICA C.C.S.D. #79	WATERLOO C.U.S.D. #5
ST. ANNE C.C.S.D. #256	TOWER HILL C.U.D. #6	WAUCONDA C.U.S.D. #118
ST. ANNE C.H.S.D. #302	TOWNSHIP H.S.D. #214	WAUKEGAN C.U.S.D. #60
ST. CHARLES C.U.S.D. #303	TREMONT C.U.S.D. #702	WAVERLY C.U.S.D. #6
ST. CLAIR COUNTY ROE	TRI CITY C.U.S.D. #1	WAYNE CITY C.U.S.D. #100
ST. ELMO C.U.S.D. #202	TRI COUNTY SPEC. ED. ASSOCIATION	WEBBER TWP H.S.D. #204
ST. GEORGE C.C.S.D. #258	TRI POINT C.U.S.D. #6-J	WESCLIN C.U.S.D. #3
ST. JOSEPH C.C.S.D. #169	TRI VALLEY C.U.S.D. #3	WEST CENTRAL IL SPEC. ED. COOP
ST. JOSEPH OGDEN C.H.S. #305	TRIAD C.U.S.D. #2	WEST CHICAGO C.H.S.D. #94
ST. LIBORY C.S.D. #30	TRICO C.U.S.D. #176	WEST CHICAGO E.S.D.#33
ST. ROSE S.D.#14	TRI-COUNTY SPEC. ED. COOP	WEST HARVEY-DIXMOOR S.D. #147
STARK COUNTY C.U.S.D. #100	TRIOPIA C.U.S.D. #27	WEST LINCOLN-BROADWELL S.D. #92
STAUNTON C.U.S.D. #6	TROY C.C.S.D. #30C	WEST NORTHFIELD S.D. #31
STEELEVILLE C.U.S.D. #138	TRUANTS ALT. OPTIONAL ED. PLAN	WEST PIKE C.U.S.D. #2
STEGER S.D.#194	TUSCOLA C.U.S.D. #301	WEST RICHLAND C.U.S.D. #2
STERLING C.U.D. #5	TWIN RIVERS REG. VOC. DELIVERY SYS.	WEST WASHINGTON C.U.S.D. #10
STEWART ELEMENTARY S.D. #220	TWO RIVERS PRO. DEV. UNION C.U.S.D.#115	WESTCHESTER S.D. #92.5
STEWARTSON-STRASBURG C.U.S.D. #5	UNION C.U.S.D. #115	WESTERN SPRINGS S.D. #101
STOCKTON C.U.S.D. #206	UNION RIDGE S.D. #86	WESTMER C.U.S.D. #203
STREATOR ELEMENTARY S.D. #44	UNION S.D. #81	WESTMONT C.U.S.D. #201
STREATOR TWP H.S.D. #40	UNITED TWP H.S.D. #30	WESTVILLE C.U.S.D. #2
STREATOR WOODLAND C.U.S.D. #5	UNITY POINT C.C.S.D. #140	WETHERSFIELD C.U.S.D. #230
SUBURBAN COOK COUNTY ROE	URBANA S.D. #116	WHEELING C.C.S.D. #21
SULLIVAN C.U.S.D. #300	UTICA E.S.D. #135	WHITESIDE COUNTY ROE
SUMMERSVILLE S.D. #79	V I T C.U.S.D. #2	WHITESIDE REGIONAL VOC. SYSTEM

Schedule of Participating Employers

WHITESIDE S.D. #115
WILL COUNTY AREA CAREER CENTER
WILL COUNTY S.D. #92
WILLIAMSFIELD C.U.S.D. #210
WILLIAMSON COUNTY SPEC. ED. DISTRICT
WILLIAMSVILLE C.U.S.D. #15
WILLOW GROVE S.D. #46
WILLOW SPRINGS S.D. #108
WILMETTE S.D.#39
WILMINGTON C.U.S.D. #209
WINCHESTER C.U.S.D. #1
WINDSOR C.U.S.D. #1
WINFIELD S.D.#34
WINNEBAGO C.U.S.D. #323
WINNETKA S.D.#36
WINTHROP HARBOR S.D. #1
WOLF BRANCH S.D. #113
WOOD DALE S.D.#7
WOOD RIVER-HARTFORD E.S.D.#15
WOODFORD COUNTY SPEC. ED.
WOODLAND C.C.S.D. #50
WOODLAWN C.C.S.D. #4
WOODLAWN C.H.S.D. #205
WOODRIDGE S.D.#68
WOODSTOCK C.U.S.D. #200
WORTH S.D. #127
YORKVILLE C.U.S.D. #115
YORKWOOD C.U.S.D. #225
ZEIGLER ROYALTON C.U.S.D. #188
ZION ELEMENTARY S.D. #6
ZION-BENTON TWP H.S.D. #126