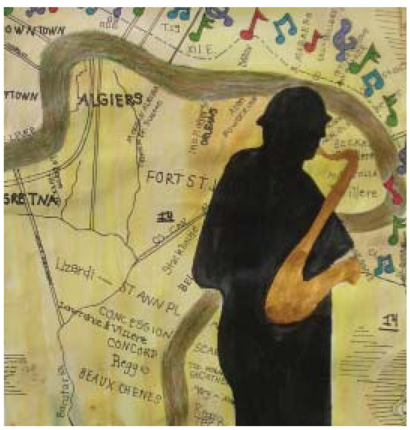
The art of retirement...



2009 Comprehensive Annual Financial Report

A component unit of the State of Louisiana
for the fiscal year ended June 30, 2009

TRSL
Teachers' Retirement System of Louisiana

Featuring artwork by Louisiana students

We are pleased to showcase artwork from Louisiana students in the *2009 TRSL Comprehensive Annual Financial Report*. Each piece is a wonderful expression of creativity from these young artists.

TRSL appreciates all the talented students and schools who submitted artwork for this publication. We salute the dedicated teachers who inspire and instruct them.

2009 Comprehensive Annual Financial Report

A component unit of the State of Louisiana for the fiscal year ended June 30, 2009

Prepared by the Accounting, Investment, and Public Information Departments of the Teachers' Retirement System of Louisiana

Maureen H. Westgard, Director

8401 United Plaza Boulevard, Third Floor
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www.trsl.org
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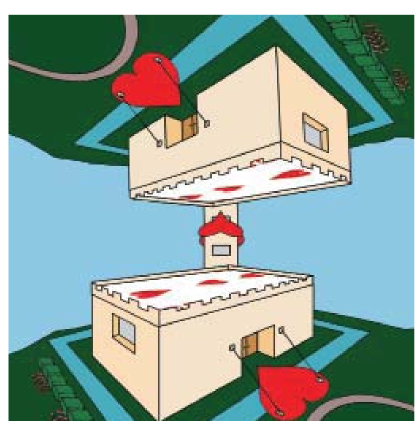
TRSL
Teachers' Retirement
System of Louisiana



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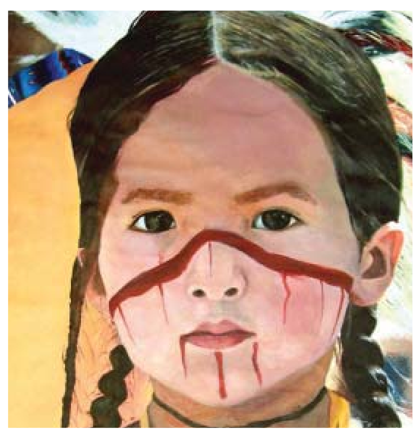
Introductory Section



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Letter of Transmittal

October 1, 2009

Board of Trustees
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, LA 70804-9123

Dear Board Members:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Teachers' Retirement System of Louisiana (TRSL), which outlines the financial standing of the retirement system for the fiscal year ended June 30, 2009. We are equally pleased to report that for the sixth consecutive year, TRSL has been recognized for its efficient, cost-effective administration by a third-party benchmarking firm that provides cost and performance analysis for businesses in the pension industry. CEM Benchmarking, Inc., of Toronto, also recognized TRSL for the high value and low cost of its investment program. As we emerge from one of the most difficult financial cycles in history, these results confirm that TRSL operates with the highest degree of integrity, accountability, and financial responsibility even in a tough economic climate.

Throughout last year's challenges, TRSL remained true to its core principles and investment strategies. As the year progressed, TRSL's investment portfolio rebounded along with the financial markets, ending the fiscal year with a negative 22.3 percent return (gross of fees). The System continued to meet the needs of its members and respond to the changing economic environment with the patience and prudence characteristic of a long-term investor. With its highly diversified portfolio, TRSL remains well positioned as the markets recover.

Additionally, in the area of member services, TRSL recognized the importance of keeping members informed about the financial climate and its impact to the System. Through regular communication with active and retired members, TRSL assured its membership of the soundness of the System and the security of their benefits.

About TRSL

TRSL is a defined-benefit pension plan, established by the Legislature in 1936 to provide retirement benefits for Louisiana teachers. All invested funds, cash, and property are held in the name of TRSL for the sole benefit of the membership.

A 16-member Board of Trustees governs TRSL, and includes 10 active members, two retired members, and four ex-officio members. All duties of the Board and management are performed in accordance with their fiduciary responsibilities. There can be no conflict of interest concerning the membership; the highest standards of ethical management must be met; assets must be managed prudently; and the best legal and investment expertise must be employed in deciding on the allocation of funds. TRSL also maintains a system of internal controls to reasonably assure that assets are properly safeguarded, resources are efficiently and economically employed, and financial information is reliable and accurate.

With respect to its membership, TRSL experienced the third straight year of growth in active members. The number of active members increased to 88,206 in 2009 from 85,979 in 2008. The number of retirees and beneficiaries also increased to 62,417 in 2009 from 61,070 in 2008.

Investments

The volatility of the markets early in the fiscal year limited the growth of TRSL's portfolio. However, by March the System's assets began to add value as financial markets consistently closed in positive territory. Since that time, the value of TRSL's portfolio has grown by $1.0 billion. As of June 30, 2009, net assets were $11.3 billion, compared to $15.0 billion at the close of the 2008 fiscal year.

TRSL's investment strategies are long-term and its portfolio is highly diversified across many types of investments. These strategies allow the System to capitalize on investment opportunities, but at the same time minimize investment risk. In fact, as of June 30, 2009, TRSL's 20-year investment return ranked in the top (best) 38 percent of public pensions with assets greater than $1 billion, according to BNY Mellon Financial Universe (PARis).

Pension Plan Benefits

In Fiscal Year 2008-09, TRSL paid out almost $1.5 billion in benefits, including a three percent cost-of-living adjustment (COLA) that commenced on July 1, 2008. Of the 62,417 retirees and beneficiaries receiving these benefits, some 88 percent live in Louisiana where they buy goods and services in their local communities. These benefits are funded from a combination of investment returns and contributions from members and employers. On average, benefit payments represent 96 percent of TRSL's expenses over the last 10-year period.

Beginning in July 2009, some of the state's oldest retirees — who were career teachers — began receiving much-needed financial assistance. With the passage of Act 144 in the 2009 Regular Session, certain TRSL retirees and beneficiaries whose current monthly benefit is less than $1,200 now receive a supplement of up to $300 per month to their retirement income. The System was pleased to support this legislation that provides economic relief for retired public servants who live at or below the poverty level.

Funding

Another piece of legislation enacted in the 2009 Regular Session will make a significant impact on System funding for years to come by restructuring the initial unfunded accrued liability (IUAL). The IUAL is the retirement system's debt incurred prior to June 30, 1988, as a result of underfunding. Act 497 will consolidate several current unfunded accrued liability amortization schedules, including the IUAL schedule, into two new schedules and apply credits, already on deposit, to this debt. The remaining balances will be reamortized. The first $200 million of any investment returns above the System's target actuarial rate of 8.25 percent will be applied to the two new, consolidated schedules. This will enhance the financial soundness of the retirement system.

When considering funding requirements for retirement benefits, the System must identify what is necessary to meet benefit obligations for current and future retirees and their beneficiaries. These funding requirements are determined each year by the System's actuary. State law requires employers to make contributions based on two components: (1) the normal cost of funding retirement benefits and (2) amortization of the retirement system's UAL. This required contribution is then converted to a percentage of total payroll. The employer contribution rate approved by the Public Retirement Systems' Actuarial Committee (PRSAC) for Fiscal Year 2009-10 will be 15.5 percent, and was 15.5 percent for Fiscal Year 2008-09.

The down markets heavily impacted the System's funding status. As of June 30, 2009, TRSL was 59.1 percent funded (includes the Texaco Settlement Fund) with regard to current and future member benefit obligations. This is down from 70.2 percent, the System's funded ratio as of June 30, 2008.

Accomplishments

TRSL is committed to the highest degree of integrity and accountability in the administration of its retirement plans. Part of this commitment means that we continually look for ways to enhance system administration that is both productive and cost-effective. TRSL routinely evaluates its goals and tracks their progress as a fundamental and strategic management practice. We are proud of last year's accomplishments, which include the following:

- Completed a critical phase of data collection from employers that will move the System closer to providing a paperless retirement experience for members;
- Provided benefit estimates to all vested members on their annual member statements;
- Completed more than 200 compliance audits that disclosed $3.2 million in underreported salary;
- Completed installation of a software programming environment that will provide greater flexibility, efficiency, and accuracy in handling and automating member and employer information;
- Began using derivative investments (futures contracts) to quickly and efficiently rebalance foreign equity and domestic fixed income exposure while avoiding leverage and additional transaction expenses; and
- Increased disclosure requirements for investment managers regarding use of private placement agents and other conflicts of interest.

These achievements are a result of a commitment to excellence in member services and in pension administration by TRSL's dedicated staff.

Financial Statements: Management Responsibility and Independent Audit

This report has been prepared to meet all the requirements in Louisiana Revised Statute 11:832(B). Management assumes responsibility for the completeness and reliability of all financial statements and disclosures in this report. To the best of our knowledge, all information is accurate and has been prepared according to the generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB). This letter of transmittal complements the Management's Discussion and Analysis (MD&A) on page 24, and provides an overview and analysis of the System's basic financial statements.

The independent certified public accounting firm of Hawthorn, Waymouth & Carroll, L.L.P., located in Baton Rouge, La., performed the annual financial and compliance audit of TRSL, under contract by the State of Louisiana Legislative Auditor. This audit of our financial statements is performed in accordance with generally accepted auditing standards and Government Auditing Standards as issued by the Comptroller General of the United States. It is the opinion of the independent auditors that all financial statements contained in this report fairly present, in all material respects, the financial position of TRSL as of June 30, 2009 and 2008.

This report consists of the following sections:

- **Introductory** — General information regarding TRSL operations
- **Financial** — Management's discussion and analysis and financial statements
- **Investment** — Summary of investments and performance information
- **Actuarial** — Results from actuarial valuation and other actuarial statistics
- **Statistical** — General statistical information about TRSL finances and members

Awards

TRSL continued its award-winning tradition for its Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR). For the 18th consecutive year, TRSL received the *Certificate of Achievement for Excellence in Financial Reporting* award for the 2008 CAFR, and was honored with the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for the seventh consecutive year for the 2008 PAFR. Both awards are presented by the Government Finance Officers Association of the United States and Canada (GFOA) to government entities that publish annual financial reports that are easily readable and efficiently organized, and that follow generally accepted accounting principles and applicable legal requirements.

The System also received the *2008 Public Pension Standards Award for Funding and Administration* from the Public Pension Coordinating Council. This industry award honors pension systems that meet professional standards for plan funding and administration.

Acknowledgments

TRSL staff prepared this report in cooperation with the Board of Trustees and executive management. We appreciate the efforts of those who helped in its preparation.

Maureen H. Westgard
Director

Charlene T. Wilson
Chief Financial Officer

TRSL Teachers' Retirement System of Louisiana

VISION

Retirement security in a changing world

MISSION

Manage the Teachers' Retirement System of Louisiana in a manner that creates the highest degree of confidence in our integrity, efficiency, fairness, and financial responsibility

VALUES AND GOALS

We are here to serve our customers.
Every customer will be provided timely, accurate, and courteous service.

We are committed to our role as fiduciaries of the trust.
We will manage the fund's assets with unwavering integrity and discipline to provide retirement benefits and achieve long-term, optimal results.

We believe in the value of public service and quality education for all Louisiana citizens.
We will foster an environment where innovation, initiative, and accountability are expected and supported.

We know that with an entrepreneurial spirit and team work, we can accomplish any task.
We will utilize quality principles, leading technology, and partnerships with our stakeholders to improve our products and services.

Ultimately, our performance comes from our people.
We value and support employees through open communication, professional development, recognition, and by creating a sense of community.

Board of Trustees and Ex-Officio Members

Executive Management

Maureen H. Westgard
Director

A. Stuart Cagle, Jr.
Deputy Director

Dana L. Vicknair
Assistant Director

Roy A. Mongrue, Jr.
General Counsel

Vacant, Chief Investment Officer

Department Managers

Roth Aymond
Information Technology Director

Trudy Berthelot
Human Resources Director

Doris Dumas
Retirement Education Consultant

Philip Griffith
Deputy Chief Investment Officer

Lisa Honore, Ph.D.
Public Information Director

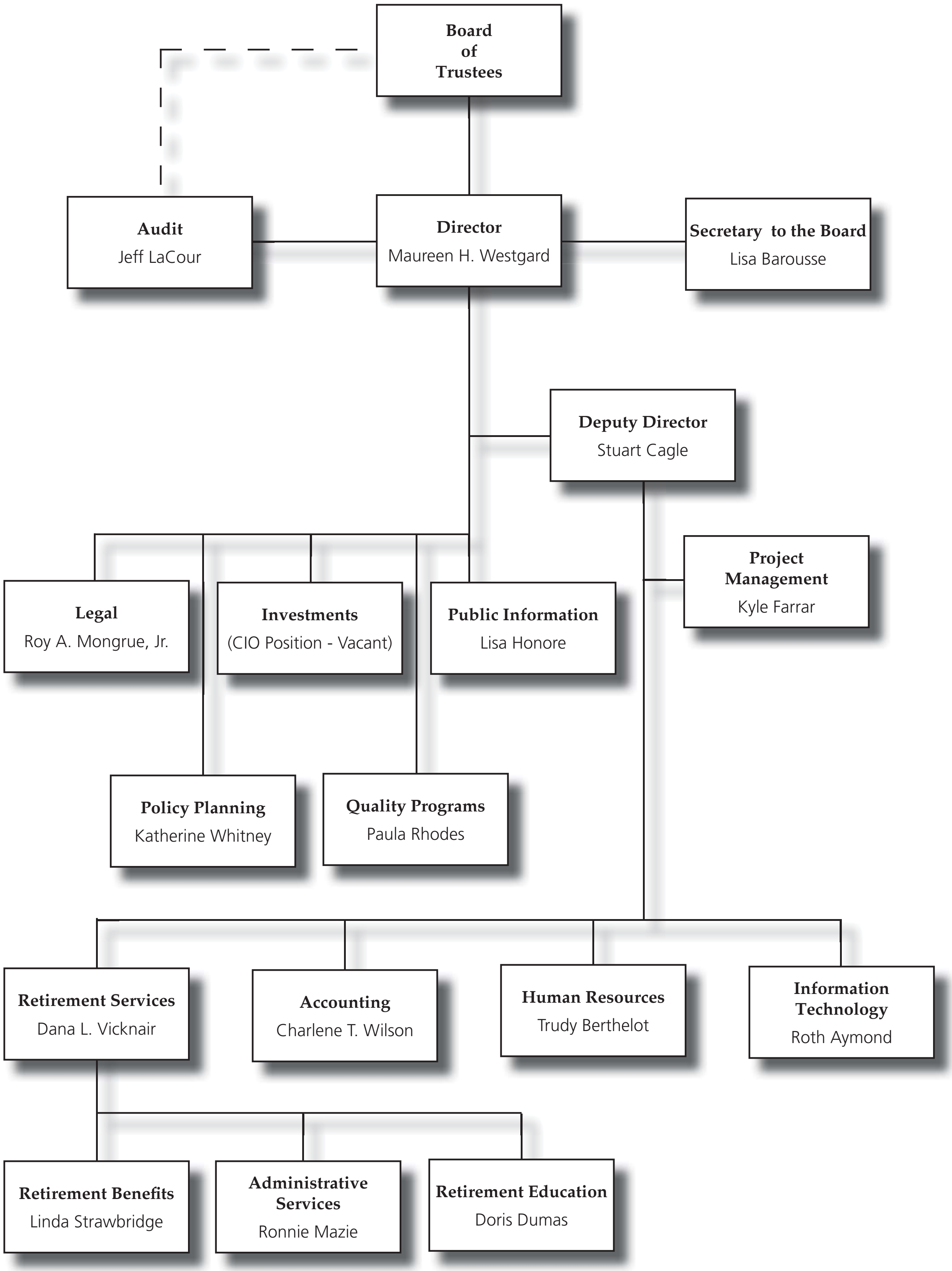
Jeff LaCour
Audit Director

Ronnie Mazie
Administrative Program Manager

Linda Strawbridge
Retirement Benefits Administrator

Charlene T. Wilson
Chief Financial Officer

Organizational Chart



Professional Consultants

Actuaries

Hall Actuarial Associates
1624 LaSalle Parc
Baton Rouge, LA 70806

SJ Actuarial Associates
18645 Antebellum Court
Prairieville, LA 70769

Auditor

Hawthorn, Waymouth & Carroll, L.L.P.
Certified Public Accountants
8555 United Plaza Boulevard, Suite 200
Baton Rouge, LA 70809

Management & Consulting

Modiphy, Inc.
7906 Wrenwood Boulevard, Suite A
Baton Rouge, LA 70809

Broadridge ICS
P.O. Box 23487
Newark, NJ 07189

VR Election Services
3222 Skylane, Building 100
Carrollton, TX 75006

CEM Benchmarking, Inc.
80 Richmond Street West, Suite 1300
Toronto, Ontario M5H 2A4

Mail Guard Transcontinental Printing G.P.
12233 Collections Center Drive
Chicago, IL 60693

Sungard Availability Services
P.O. Box 91233
Chicago, IL 60693

EFL Associates
7951 East Maplewood Avenue, Suite 280
Greenwood Villa, CO 80111

SSA Consultants, L.L.C.
9331 Bluebonnet Boulevard
Baton Rouge, LA 70810

IBM Corporation
P.O. Box 534151
Atlanta, GA 30353-4151

SECON
260 Le Rue France
Lafayette, LA 70508

Legal Consultants

Avant & Falcon
P.O. Box 2667
Baton Rouge, LA 70821

Jones, Day, Reavis and Pogue
P.O. Box 660623
Dallas, TX 75266

Law Offices of Randy P. Zinna
8732 Quarters Lake Road
Baton Rouge, LA 70809

Long Law Firm, L.L.P.
4041 Essen Lane, Suite 500
Baton Rouge, LA 70809

Investor Responsibility Support Services, Inc.
14 South Jackson Street, Suite 102
Media, PA 19063

Medical Examiners

Brian C. Gremillion, M.D.
3812 Deerfield
Baton Rouge, LA 70816

Anthony Ioppolo, M.D.
5408 Flanders Drive
Baton Rouge, LA 70808

W. J. Laughlin, M.D.
8080 Bluebonnet Boulevard, Suite 1000
Baton Rouge, LA 70810

H. Guy Riche', Jr., M.D.
929 Government Street, Suite 315
Baton Rouge, LA 70802

Tulane Medical Group
C/O Dr. Terry LeBourgeois, M.D.
1440 Canal Street, TB53
New Orleans, LA 70112

Lawrence D. Wade, M.D.
P.O. Box 80780
Baton Rouge, LA 70898-0780

Mortgage-Backed Fixed Income Advisor

TCW Asset Management Company
865 South Figueroa Street, Suite 1800
Los Angeles, CA 90017

Global Fixed Income Advisors

Augustus Asset Managers Limited
Bevis Marks House
Bevis Marks London, EC3A 7NE England

Brandywine Global Investment
Management, Inc.
2929 Arch Street, 8th Floor
Philadelphia, PA 19104

Fixed Income Domestic Investment Grade Advisors

Peregrine Capital Management, Inc.
800 LaSalle Avenue, Suite 1850
Minneapolis, MN 55402

JP Morgan Chase
1111 Polaris Parkway, Suite 2D
Mail Code OH1-0211
Columbus, OH 43240

ING Investment Management Americas
1450 Shady Hollow Circle
Prosper, TX 75078

High Yield Fixed Income Advisors

Fountain Capital Management, L.L.C.
10801 Mastin Boulevard, Suite 220
Overland Park, KS 66210

Nicholas-Applegate Capital Management
600 West Broadway, 29th Floor
San Diego, CA 92101

Seix Investment Advisors
10 Mountainview Road, Suite C-200
Upper Saddle River, NJ 07458

Shenkman Capital Management, Inc.
461 Fifth Avenue, 22nd Floor
New York, NY 10017

Large Cap Growth Equity Advisors

The Smith Asset Management Group, L.P.
100 Crescent Court, Suite 1150
Dallas, TX 75201

Atlanta Capital Management Company, L.L.C.
Two Midtown Plaza
1349 Peachtree Street, Suite 1600
Atlanta, GA 30309

Aletheia Research and Management, Inc.
100 Wilshire Blvd., Suite 1960
Santa Monica, CA 90401

Large Cap Value Equity Advisors

LSV Asset Management
One North Walker Dr., 40th Floor
Chicago, IL 60606

Professional Consultants (cont'd)

Deutsche Asset Management
MS NYC20-2629
345 Park Avenue
New York, NY 10154

Bear Stearns Asset Management, Inc.
237 Park Avenue, 8th Floor
New York, NY 10017

Large Cap Core Equity Managers

Advanced Investment Partners, L.L.C.
100 Main Street, Suite 301
Safety Harbor, FL 34695

Golden Capital Management
10715 David Taylor Drive, Suite 150
Charlotte, NC 28262

Madison Square Investors, L.L.C.
1180 Avenue of the Americas, 21st Floor
New York, NY 10036

UBS Global Asset Management Inc.
One North Wacker Drive, 32nd Floor
Chicago, IL 60606

SMID Core Equity Advisors

Chicago Equity Partners, L.L.C.
180 North LaSalle Street, Suite 3800
Chicago, IL 60601

First Quadrant, L.P.
800 East Colorado Boulevard, Suite 900
Pasadena, CA 91101

Rothschild Asset Management, Inc.
1251 Avenue of the Americas
New York, NY 10020

Smith Asset Management Group, L.P.
100 Crescent Court, Suite 1150
Dallas, TX 75201

Westwood Management Corp.
200 Crescent Court, Suite 1200
Dallas, TX 75201

Small Cap Value Equity Advisors

Fiduciary Management Associates, L.L.C.
55 W. Monroe Street, Suite 2550
Chicago, IL 60603

Systematic Financial Management, L.P.
300 F.W. Burr Boulevard, 7th Floor
Teaneck, NJ 07666

Mid Cap Growth Equity Advisor

Columbus Circle Investors
Metro Center
One Station Place
South Stamford, CT 06902

International Core Equity Advisors

Artisan Partners Limited Partnership
100 Pine Street, Suite 2950
San Francisco, CA 94111

Baillie Gifford Overseas Limited
Calton Square
1 Greenside Row
Edinburg, EH1 3AN, Scotland

New Star Institutional Managers Limited
1 Knightsbridge Green
London SW1X 7NE England

Large Cap Value International Equity Advisors

Alliance Bernstein L.P.
1345 Avenue of the Americas
New York, NY 10105

LSV Asset Management
One North Walker Dr., 40th Floor
Chicago, IL 60606

Small Cap International Equity Advisors

Acadian Asset Management
One Post Office Square, 20th Floor
Boston, MA 02109

Dimensional Fund Advisors
10 S. Wacker, Suite 2275
Chicago, IL 60606

Equity Index Advisors

RhumbLine Advisers
30 Rowes Wharf, Suite 350
Boston, MA 02110-3326

Mellon Capital Management
50 Fremont Street
San Francisco, CA 94105

Core Real Estate

Prudential Real Estate Investors
8 Campus Drive
Parsippany, NJ 07054

UBS Realty Investors LLC
UBS Tower
One North Wacker Drive, 32nd Floor
Chicago, IL 60606

JPMorgan Investment Management, Inc.
245 Park Avenue, 2nd Floor
New York, NY 10167-0001

Alternative Investments Manager

Hamilton Lane Advisors, L.L.C.
One Presidential Boulevard
4th Floor
Bala Cynwyd, PA 19004

Investment Performance Consultants

Hammond Associates Inst. Fund
Consultants
101 South Hanley Street, 3rd Floor
St. Louis, MO 63105-3406

R.V. Kuhns & Associates, Inc.
1000 South West Broadway, Suite 1680
Portland, OR 97205

Global Custodian

BNY Mellon
135 Santilli Highway
MZ #026-0313
Everett, MA 02149

Securities Lending Vendors

BNY Mellon Asset Servicing
500 Ross Street, Suite 850
Pittsburgh, PA 15262-0001

Boston Global Advisors, Inc.
Oliver Street Tower
125 High Street, Suite 1700
Boston, MA 02110-2704

Bear Stearns Asset Management, Inc.
100 Crescent Court, Suite 1300
Dallas, TX 75201

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Teachers' Retirement System of Louisiana

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008

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

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

President

Executive Director

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2008

Presented to

Teachers' Retirement System of Louisiana

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

Summary of 2008-2009 Legislation

Act 144 supplements by up to $300 per month the retirement income of certain TRSL retirees and beneficiaries whose current monthly benefit is less than $1,200. (Effective July 1, 2009)

Act 270 allows future TRSL retirees to self-fund their own COLAs by creating a new retirement option. The new option would provide an actuarially reduced retirement benefit as well as an annual 2.5 percent COLA. The retiree would also be entitled to any COLA the retirement system paid under current law. (Effective July 1, 2009)

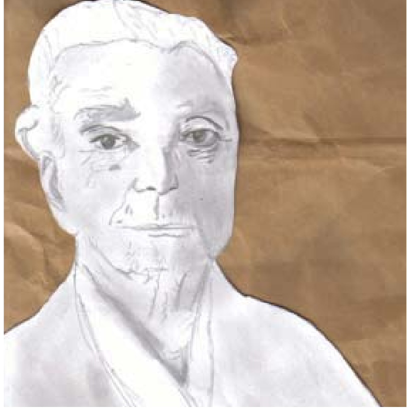
Act 301 allows TRSL members who are involuntarily furloughed without pay as a result of budget reductions to accrue service credit during the period of furlough. (Effective July 1, 2009)

Act 412 allows foreign teachers holding J-1 Visas to become members of TRSL. (Effective August 15, 2009)

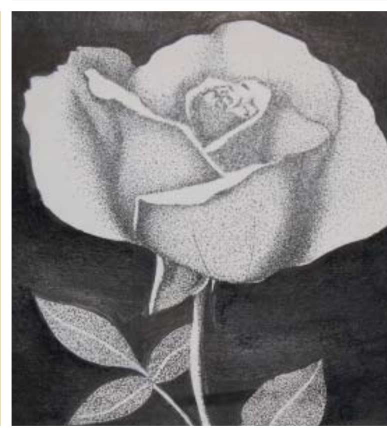
Act 497 restructures the payment schedule for the unfunded accrued liability; also adjusts how excess investment earnings are applied to system liabilities and the employee experience account; and amends requirements for cost-of-living increases. (Effective June 30, 2009)

HCSR 1 requests the House and Senate committees on retirement to study the issue of converting state retirement plans for new hires from a defined benefit plan to a defined contribution plan.

HR 82 requests the House committees on retirement and commerce to study issues regarding the possible requirement that every state public retirement or pension system, plan, or fund direct a certain percentage of its equity and fixed income trades to Louisiana broker-dealers.



Financial Section



HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

J.CHARLES PARKER, C.P.A.
LOUIS C. McKNIGHT, III, C.P.A.
CHARLES R. PEVEY, JR., C.P.A.
DAVID J. BROUSSARD, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD., SUITE 200
BATON ROUGE, LOUISIANA 70809
(225) 923-3000 • FAX (225) 923-3008

September 28, 2009

Independent Auditor's Report

Members of the Board of Trustees
Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

Members of the Board:

We have audited the accompanying statements of plan net assets of the

Teachers' Retirement System of Louisiana
Baton Rouge, Louisiana

a component unit of the State of Louisiana, as of June 30, 2009 and 2008, and the related statements of changes in plan net assets for the years then ended, which collectively comprise the System's basic financial statements. These financial statements are the responsibility of the Teachers' Retirement System of Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audits provide 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 Louisiana as of June 30, 2009 and 2008, and the changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 28, 2009, on our consideration of the Teachers' Retirement System of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teachers' Retirement System of Louisiana's basic financial statements. The accompanying financial information listed in the Table of Contents as Supporting Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Teachers' Retirement System of Louisiana. Such additional information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of TRSL's financial performance. This narrative overview and analysis assist in interpreting the key elements of the financial statements, notes to the financial statements, required supplementary information, and supporting schedules for 2008 and 2009. We encourage readers to consider the information and data presented here in conjunction with information provided in other areas of the Financial Section, as well as information presented in the letter of transmittal in the Introductory Section.

Financial Highlights

- The net assets held in trust were $11.3 billion in 2009 compared to $15.0 billion in 2008, and $16.1 billion in 2007.
- The market rate of return on the System's investments was -22.3 percent for 2009 compared to -4.8 percent for 2008, and 19.67 percent for 2007.
- The System's funded ratio (assets include IUAL funds and employer credit account) decreased to 59.1 percent at June 30, 2009 compared to 70.2 percent at June 30, 2008, and 71.3 percent at June 30, 2007.
- The unfunded actuarial accrued liability (UAAL) increased from $6.6 billion in 2008 to $9.3 billion in 2009. The unfunded actuarial accrued liability was $6.0 billion in 2007. This liability includes all actuarial assets required in accordance with GASB 25.
- Total benefit payments increased from $1.4 billion in 2008 to $1.5 billion in 2009. The benefit payments were $1.3 billion in 2007.

Overview of the Financial Statements

The System's basic financial statements include the following:

1. Statements of plan net assets,
2. Statements of changes in plan net assets, and
3. Notes to the financial statements.

This report also contains required supplementary information in addition to the basic financial statements. The statements of plan net assets report the pension fund's assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the System as of June 30, 2009, and June 30, 2008.

The statements of changes in plan net assets report the results of the pension fund's operations during the years 2009 and 2008, disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements.

- **Note A** provides a general description of TRSL, information regarding employer and membership participation, and descriptions of the various plans offered.
- **Note B** provides a summary of significant accounting policies and plan asset matters including the basis of accounting, estimates, methods used to value investments, property and equipment, budgetary accounting methods, accumulated leave requirements, and reclassifications.
- **Note C** provides information regarding member and employer contribution requirements.
- **Note D** provides information regarding TRSL employee pension benefit plans.
- **Note E** describes the System's investments and includes information regarding cash and cash equivalents, security collateralization, investment credit risk, interest rate risk, foreign credit risk, and alternative investments.
- **Note F** provides information regarding securities lending transactions.
- **Note G** describes the various types of derivative investments in which the System may invest.
- **Note H** provides information on contingent liabilities.
- **Note I** provides the required supplementary information.
- **Note J** provides information on the presentation of GASB Statement 44.
- **Note K** provides information on the presentation of GASB Statement 45.

- **Note L** provides information on the upcoming implementation of GASB 51.
- **Note M** provides information on the upcoming implementation of GASB 53.

Required supplementary information consists of two schedules and related notes concerning the funded status of the System. It also includes the schedule of funding progress for the Other Post-Employment Benefits (OPEB) plan.

Supporting schedules include information on administrative expenses (budget and actual), investment expenses, board compensation, and payments to non-investment related consultants.

TRSL Financial Analysis

TRSL provides retirement benefits to all eligible teachers, administrative support staff, and school food service personnel. Employee contributions, employer contributions, and earnings on investments fund these benefits. Total net assets held in trust to pay pension benefits at June 30, 2009, are $11.3 billion, compared to $15.0 billion held in trust at June 30, 2008, and $16.1 billion held in trust at June 30, 2007.

Changes in Plan Net Assets

For June 30, 2009, additions to TRSL's plan net assets were derived from member and employer contributions. For 2009, member contributions increased $20,869,419 (6.45 percent) while employer contributions increased $4,152,859 (0.63 percent) over 2008. For 2008, member contributions increased $41,352,351 (14.6 percent) while employer contributions increased $111,689,698 (20.5 percent) over 2007. For 2007, member contributions increased 9.3 percent and employer contributions increased 2.7 percent over 2006. The steady increase in member contributions is a direct result of the increase in the total teacher salary base. Salaries have continued to grow and 2009 reflects a 6.5-percent increase over the 2008 total payroll. The increase for 2008 was 14 percent, and 2007 reflects an 11.5-percent increase. The System's actuary and the Public Retirement Systems' Actuarial Committee (PRSAC) adjust employer contributions annually. The employer rate was 15.5 percent for 2009, 16.6 percent for 2008, and 15.8 percent for 2007.

Condensed Comparative Statements of Plan Net Assets

	2009	2008	2007
Cash and cash equivalents	$ 131,091,325	$ 36,087,141	$ 15,294,772
Receivables	321,442,995	475,647,057	363,771,661
Investments (fair value)	10,978,695,442	14,764,880,898	16,045,489,228
Securities lending collateral	747,644,119	1,063,675,677	2,507,280,388
Capital assets	4,435,754	4,643,492	4,324,000
Total assets	12,183,309,635	16,344,934,265	18,936,160,049
Accounts payable and other liabilities	185,384,219	285,008,869	280,149,444
Securities lending collateral	747,644,119	1,063,675,677	2,507,280,388
Total liabilities	933,028,338	1,348,684,546	2,787,429,832
Net assets held in trust	$ 11,250,281,297	$ 14,996,249,719	$ 16,148,730,217

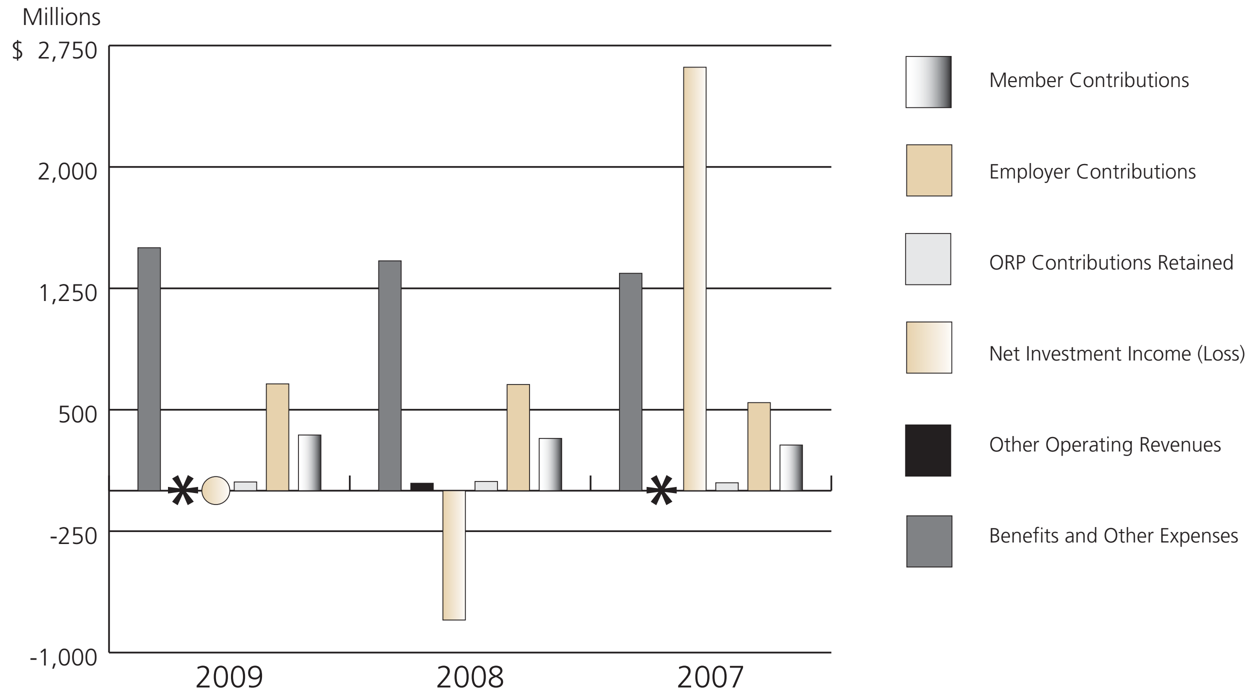
Condensed Comparative Statements of Changes in Plan Net Assets for the Years Ended June 30, 2009 and 2008

	2009	2008	2007
Additions			
Member contributions	$ 344,547,871	$ 323,678,452	$ 282,326,101
Employer contributions	660,244,436	656,091,577	544,401,879
ORP contributions retained	54,447,510	57,569,465	49,429,250
Other operating revenues	4,407,243	46,264,759	5,496,271
Total investment income (loss)	(3,292,248,484)	(799,919,813)	2,616,966,317
Total additions	(2,228,601,424)	283,684,440	3,498,619,818
Deductions			
Benefits and refunds	1,501,027,245	1,420,738,298	1,343,672,281
Administrative expenses	15,799,028	14,880,903	13,323,547
Other operating expenses	540,725	545,737	506,521
Total deductions	1,517,366,998	1,436,164,938	1,357,502,349
Net increase (decrease)	(3,745,968,422)	(1,152,480,498)	2,141,117,469
Net assets beginning of year	14,996,249,719	16,148,730,217	14,007,612,748
Net assets end of year	$ 11,250,281,297	$ 14,996,249,719	$ 16,148,730,217

Investments at Fair Value

	2009	2008	2007
Domestic bonds	$ 1,422,286,805	$ 2,068,620,083	$ 1,908,652,650
International bonds	626,067,234	791,074,725	772,811,203
Domestic stocks	3,151,788,583	4,488,267,744	5,956,585,766
International stocks	2,555,387,559	3,568,846,836	3,601,296,445
Short-term investments	671,061,232	624,681,156	981,706,327
Alternative investments	2,552,104,029	3,223,390,354	2,824,436,837
Total investments	$ 10,978,695,442	$ 14,764,880,898	$ 16,045,489,228

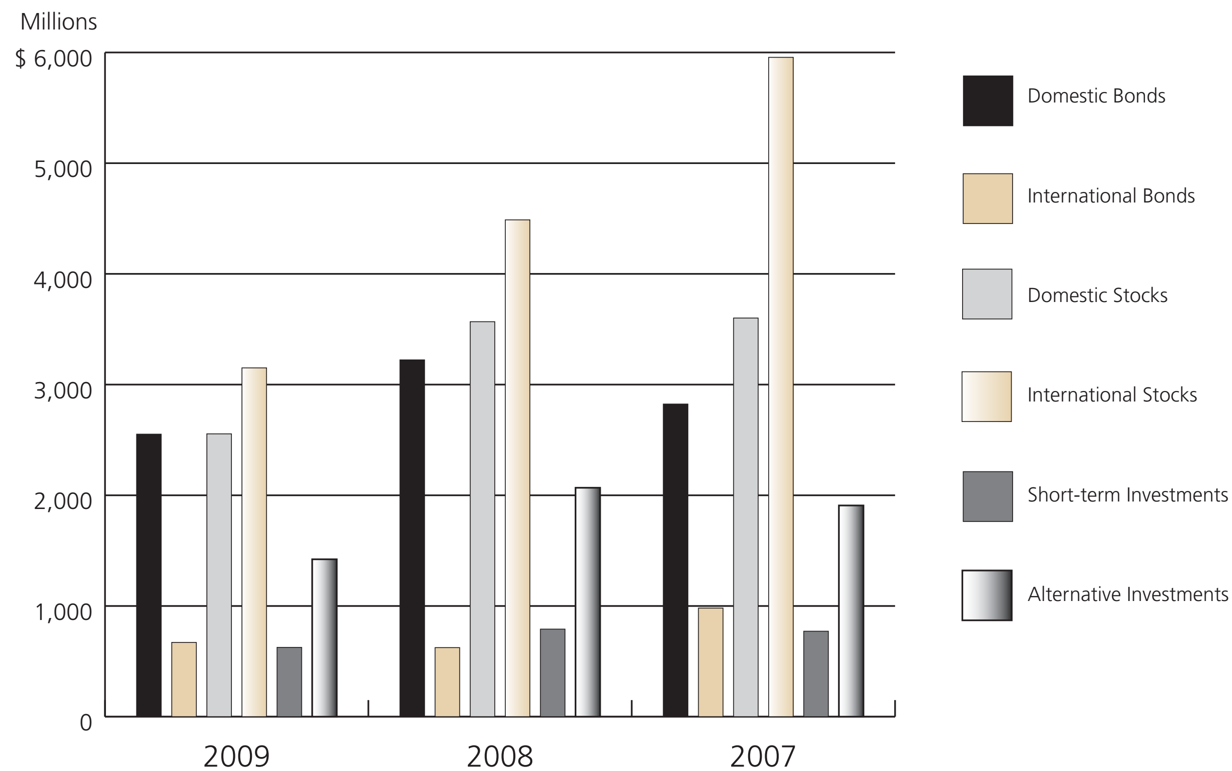
Changes in Plan Net Assets



* Other Operating Revenues for the years 2009 and 2007 were under $50 million and therefore are not visible on this graph.

Net Investment Income for 2009 is also not visible on this graph because of its negative value. Please see "Condensed Comparative Statements of Changes in Plan Net Assets" on the previous page for these values.

Investments at Fair Value



Financial Section

Deductions from plan net assets totaled $1,517,366,998 in fiscal year 2009, an increase of $81,202,060 or 5.7 percent over fiscal year 2008. In 2008, total deductions from plan net assets increased by $78,662,589 or 5.8 percent over fiscal year 2007. Benefit payments continue to be the major reason for this increase. TRSL paid a 3.0 percent cost-of-living adjustment (COLA) to eligible retirees in fiscal year 2009 and fiscal year 2008. For fiscal year 2009, benefit payments increased by 5.8 percent compared to 6.8 percent in 2008 and 8.1 percent in 2007. Administrative expenses increased by $918,125 or 6.2 percent over fiscal year 2008. The underlying factors in the administrative increase are salaries and related benefits. Salaries of $9,324,847 were paid in 2009, resulting in a 13.18 percent increase over 2008. Related benefits increased by $164,236 or 6.3 percent over 2008.

Investments

As the state's largest public retirement system, TRSL is responsible for the prudent management of funds held in trust for the exclusive benefit of our members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks.

Total investments at June 30, 2009, amounted to $11 billion, compared to $14.8 billion at June 30, 2008, which is a decrease of $3.8 billion. The $14.8 billion at June 30, 2008, represents a $1.2 billion or 8.0 percent decrease over 2007. The System experienced a net loss on investments of $3.3 billion for the fiscal year ended June 30, 2009, a net loss of $800 million at June 30, 2008, and a net gain of $2.6 billion at June 30, 2007. For 2009, the loss is directly related to the continued downward turn the markets have taken in both domestic and international investments.

For 2009, the System's market rate of return is -22.3 percent. This return ranks in the 88th percentile of the BNY Mellon Financial Public Funds. It places TRSL ahead of 12 percent of other public pension plans with assets greater than $1.0 billion. In 2009, the financial world market continued to have major challenges that played key roles in the outcome of the System's earnings potential.

Funded Status

An actuarial valuation of assets and liabilities is performed annually. The System's funded ratio decreased to 59.1 percent at June 30, 2009, compared to 70.2 percent at June 30, 2008, and 71.3 percent at June 30, 2007. The amount by which TRSL's actuarial liabilities exceed the actuarial assets is $9.3 billion at June 30, 2009, compared to $6.6 billion at June 30, 2008, and $6.0 billion at June 30, 2007, thereby increasing the System's unfunded accrued liability (UAL) by $3.4 billion since 2007. The increase in the plan's UAL is a result of an investment loss related to the assumed actuarial rate. For the year ending June 30, 2009, the net realized actuarial rate of return was -12.31 percent, which was less than the System's long-term investment assumption of 8.25 percent. This resulted in a net investment experience loss. For the years ending June 30, 2008 and 2007, the net realized actuarial rates of return were 5.15 percent and 15.20 percent respectively.

Requests for Information

Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to:

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Teachers' Retirement System of Louisiana
P. O. Box 94123
Baton Rouge, LA 70804-9123
charlene.wilson@trsl.org

Basic Financial Statements

Statements of Plan Net Assets as of June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 131,091,325	$ 36,087,141
Receivables		
Member contributions	61,727,888	57,451,866
Employer contributions	97,504,616	100,182,352
ORP contributions retained	3,867,065	4,230,253
Pending trades	119,795,990	257,071,878
Accrued interest and dividends	33,408,160	49,159,508
Other receivables	5,139,276	7,551,200
Total receivables	321,442,995	475,647,057
Investments, at fair value		
Domestic bonds	1,422,286,805	2,068,620,083
International bonds	626,067,234	791,074,725
Domestic common and preferred stocks	3,151,788,583	4,488,267,744
International common and preferred stocks	2,555,387,559	3,568,846,836
Domestic and international short-term investments	671,061,232	624,681,156
Alternative investments	2,552,104,029	3,223,390,354
Total investments	10,978,695,442	14,764,880,898
Invested securities lending collateral		
Collateral held under domestic securities lending program	437,332,021	776,026,712
Collateral held under international securities lending program	310,312,098	287,648,965
Total securities lending collateral	747,644,119	1,063,675,677
Property and equipment (at cost) - net	4,435,754	4,643,492
Total assets	12,183,309,635	16,344,934,265
Liabilities		
Accounts payable	7,296,980	11,370,139
Benefits payable	9,896,296	8,337,907
Refunds payable	6,705,543	6,615,715
Pending trades payable	150,091,261	255,395,415
Other liabilities	11,394,139	3,289,693
Total accounts payable and other liabilities	185,384,219	285,008,869
Securities lending collateral		
Obligations under domestic securities lending program	437,332,021	776,026,712
Obligations under international securities lending program	310,312,098	287,648,965
Total securities lending collateral	747,644,119	1,063,675,677
Total liabilities	933,028,338	1,348,684,546
Net assets held in trust for pension benefits	$ 11,250,281,297	$ 14,996,249,719

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets for the Years Ended June 30, 2009 and 2008

	2009	2008
Additions		
Contributions		
Member contributions	$ 344,547,871	$ 323,678,452
Employer contributions	660,244,436	656,091,577
Total contributions	1,004,792,307	979,770,029
ORP contributions retained	54,447,510	57,569,465
Investment income:		
From investment activities		
Net appreciation (depreciation) in fair value of domestic investments	(2,349,746,089)	(733,440,605)
Net appreciation (depreciation) in fair value of international investments	(1,241,530,644)	(439,358,948)
Domestic interest	127,898,837	151,520,486
International interest	32,949,523	39,474,147
Domestic dividends	72,833,729	88,058,251
International dividends	78,873,116	108,299,133
Alternative investment income	39,105,891	40,521,294
Miscellaneous investment income	7,772	104,281
Commission rebate income	482,025	617,547
Total investment income (loss)	(3,239,125,840)	(744,204,414)
Investment activity expenses:		
International investment expenses	(3,095,851)	(7,885,244)
Alternative investment expenses	(30,910,869)	(20,647,902)
Custodian fees	(446,588)	(744,317)
Performance consultant fees	(1,238,734)	(1,233,754)
Trade cost analysis fees	0	(40,000)
Advisor fees	(26,318,814)	(32,881,518)
Total investment expenses	(62,010,856)	(63,432,735)
Net income (loss) from investing activities	(3,301,136,696)	(807,637,149)
From securities lending activities		
Securities lending income	17,685,073	32,251,979
Securities lending expenses:		
Fixed	(3,031,970)	(13,202,812)
Equity	(2,565,874)	(2,018,542)
International	(3,199,017)	(9,313,289)
Total securities lending activities expenses	(8,796,861)	(24,534,643)
Net income from securities lending activities	8,888,212	7,717,336
Total net investment income (loss)	(3,292,248,484)	(799,919,813)
Other operating revenues	4,407,243	46,264,759
Total additions	(2,228,601,424)	283,684,440
Deductions		
Retirement benefits	1,464,106,312	1,383,381,577
Refunds of contributions & other	34,418,885	35,071,343
TRSL employee health & life expense	2,502,048	2,285,378
Administrative expenses	15,799,028	14,880,903
Depreciation expense	540,725	545,737
Total deductions	1,517,366,998	1,436,164,938
Net increase (decrease)	(3,745,968,422)	(1,152,480,498)
Net assets held in trust for pension benefits		
Beginning of year	14,996,249,719	16,148,730,217
End of year	$ 11,250,281,297	$ 14,996,249,719

See accompanying notes to financial statements.

Notes to the Financial Statements

A. Plan Description

1. General

The System is the administrator of a cost-sharing, multiple employer, defined benefit pension plan established and provided for within Title 11, Chapter 2, of the Louisiana Revised Statutes. The System provides pension benefits to employees who meet the legal definition of a "teacher." The System is considered part of the State of Louisiana's financial reporting entity and is included in the State's financial reports as a pension trust fund. The State of Louisiana issues general purpose financial statements, which include the activities in the accompanying financial statements. The accompanying statements present information only as to transactions of the program of the System, as authorized by Louisiana Revised Statutes.

In accordance with Louisiana Revised Statutes, the System is subject to certain elements of oversight:

- The Commission on Public Retirement reviews administration, benefits, investments, and funding of the public retirement systems.
- The operating budget of the System is subject to budgetary review and approval by the legislature.
- Annual sworn statements on all financial transactions and the actuarial valuation of the System must be furnished to the legislature at least 30 days before the beginning of each regular session.
- The legislative auditor is responsible for the procurement of audits for the public retirement systems and is authorized to contract with a licensed CPA for each audit.
- Actuarial calculations and results are reviewed by the Public Retirement Systems' Actuarial Committee (PRSAC) annually.

In May 2002, the Governmental Accounting Standards Board issued Statement No. 39, Determining Whether Certain Organizations Are Component Units that amended Statement No. 14, The Financial Reporting Entity. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the System considered whether its officials appoint a voting majority of an organization's governing body and whether they are able to impose their will on that organization or if there is a potential for the organization to provide specific financial burdens or to impose specific financial burdens on the System. The System also determined whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the System.

2. Membership

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

	2009	2008
School Boards	69	69
Colleges and Universities	27	28
State Agencies	64	55
Charter Schools	27	24
Other	15	15
Total	202	191

Membership of this plan consisted of the following at June 30, 2009 and 2008, the dates of the latest actuarial valuations:

	2009	2008
Retirees and beneficiaries receiving benefits	62,417	61,070
Deferred Retirement Option Plan participants	3,421	3,760
Terminated vested employees entitled to but not yet receiving benefits	5,872	6,043
Terminated nonvested employees who have not withdrawn contributions	10,905	10,571
Current active employees:		
Vested	55,175	54,556
Nonvested	29,544	28,284
Post Deferred Retirement Option Plan participants	3,487	3,139
Total	170,821	167,423

3. Funding Status and Funding Progress

Contributions to the System are determined through annual actuarial valuation. Administration of TRSL is financed through investment earnings. The schedule below reflects the funding status and progress of the System for the fiscal year ended June 30, 2009.

Actuarial Valuation Date	Actuarial Value of Assets[1] (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)[2] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/09	$ 13,500,766	$ 22,839,411	$ 9,338,645	59.1%	$ 3,912,326	238.7%

[1] The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets in the Valuation Assets.
[2] UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required Schedule of Funding Progress located in Required Supplementary Information following Notes to the Financial Statements presents multi-year trend information regarding whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Additional information on the actuarial methods and assumptions used as of the June 30, 2009, actuarial valuation follows:

Valuation date	June 30, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	The unfunded accrued liability on June 30, 1988, is amortized over a 40-year period commencing in 1989. The amortization payment reflects a 4% increase for the first five years, reducing by 0.5% at the end of each quinquennial period. Changes in the accrued liabilities occurring after June 30, 1988, are amortized as level dollar amounts. Act 257 of 1992 further amended the amortization schedule to reflect a 4.5% payment increase over the remaining amortization period. Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level dollar amount. Act 484 of 2007 and resulting Constitutional Amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments. Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010. The outstanding balance of the OAB will be credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB will be credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2011/2012 – 2013/2014	7.0%	7%
2014/2015 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

Amortization approach	Closed
Remaining amortization period	Dependent upon the amortization method as described above.
Asset valuation method	Assets are valued on a basis which reflects a four-year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80% to 120% of the Market Value of Assets.
Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases*	3.50% - 7.50%
Cost-of-living adjustments	None

* Includes inflation at 3.0%

4. Eligibility

The System consists of three membership plans that require mandatory enrollment for all employees who meet the following eligibility requirements:

- **TRSL Regular Plan** — employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statute 11:701(33)(a).
- **TRSL Plan A** — employees paid with school food service funds in which the parish has withdrawn from Social Security coverage.
- **TRSL Plan B** — employees paid with school food service funds in which the parish has not withdrawn from Social Security coverage.

These three membership plans are considered one pension plan for financial reporting purposes. All assets accumulated for the payment of benefits may legally be used to pay benefits to any of the plan members or beneficiaries. TRSL provides retirement, disability, and survivor benefits. Plan members become vested after five years of credited service. Members applying for disability retirement must be in active service at the time of filing the application. The formula for annual maximum retirement benefits is 2 or 2.5 percent (Regular Plan), 1 or 3 percent (Plan A), or 2 percent (Plan B) of final average salary for each year of credited service. Final average salary is based upon the member's highest successive 36 months of salary. Benefits are paid monthly for life. If a member leaves covered employment prior to vesting or dies prior to establishing eligibility for survivor benefits, accumulated member contributions are refunded.

In 1989, the legislature established an Optional Retirement Plan (ORP) for academic employees of public institutions of higher education who are eligible for membership in TRSL. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement.

The ORP is a defined contribution pension plan which provides for portability of assets, and full and immediate vesting of all contributions submitted on behalf of the affected employees to the approved providers. These providers are selected by the TRSL Board of Trustees. Monthly contributions, remitted by both the employers and the employees, are invested to provide the employees with future retirement benefits. The amount of these benefits is entirely dependent upon the total contributions and investment returns accumulated during the employees' working lifetime. Employees in eligible positions of higher education can make an irrevocable election to participate in the ORP rather than TRSL and purchase annuity contracts—fixed, variable, or both—for benefits payable at retirement. Louisiana Revised Statutes 11:921 through 11:931 required the Board of Trustees of TRSL to implement the ORP no later than March 1, 1990, and the public institutions of higher education to implement their ORP on July 1, 1990. The 1995 legislative session amended the ORP to allow ORP participants who assume positions, other than as employees of a public institution of higher education covered by TRSL, to continue to participate in the ORP. The number of participating employers is currently 117. Current membership in the ORP is 23,571, which includes 7,102 active participants.

In accordance with Louisiana Revised Statute 11:927(B), the System retains 8.5547 percent of the 15.5 percent ORP employer contributions. The amount transferred to the carriers is the employer portion of the normal cost contribution that has been approved by the Public Retirement Systems' Actuarial Committee to be 6.9453 percent for fiscal year 2009.

Member contributions (8 percent) are transferred to the carriers in their entirety less 0.1 percent, which has been established by the Board of Trustees to cover the cost of administration and maintenance of the ORP. The administrative fee may be adjusted by the Board should the cost of administering the plan change in the future.

At June 30, 2009 and 2008, employees joining ORP consisted of:

	2009	2008
Members of TRSL joining ORP	117	161
New employees joining ORP	729	1129
	846	**1290**
Total actively contributing members	7,102	9,049

At June 30, 2009 and 2008, the amounts transferred to ORP were:

	2009	2008
Amounts previously held in TRSL reserves	$ 319,057	$ 485,876
Contributions	93,450,651	87,461,726
	$ 93,769,708	**$ 87,947,602**

At June 30, 2009 and 2008, member and employer contribution rates were:

Member	**2009**	**2008**
Member contribution rate (applicable for ORP transfers)	7.900%	7.900%
Member contribution rate (TRSL administrative fee)	0.100%	0.100%
	8.000%	**8.000%**

Employer	**2009**	**2008**
Employer contribution rate (normal cost is applicable for ORP transfers)	6.9453%	6.9336%
Unfunded rate (retained by TRSL)	8.5547%	9.6664%
	15.5000%	**16.6000%**

The Deferred Retirement Option Plan (DROP) was implemented on July 1, 1992, with the passage of Louisiana Revised Statute 11:786 by the legislature. When a member enters the DROP, his status changes from active member to retiree, even though he continues to work at his regular job and draws his regular salary. In the original DROP, participation in the program could not exceed two years; however, the DROP was modified on January 1, 1994, to allow for a three-year period of participation. During the DROP participation period, the retiree's retirement benefits are paid into a special account. The election is irrevocable once participation begins. For members eligible to enter the DROP prior to January 1, 2004, interest will be earned at a rate equal to the actuarial realized rate of return on the System's portfolio for that plan year as certified by the System actuary in his actuarial report, less one-half of one percent after participation ends.

For members eligible to enter the DROP on or after January 1, 2004, interest will be earned at the liquid asset money market rate less a one quarter of one percent administrative fee. Interest is posted monthly to the accounts and will be based on the balance in the account for that month. As of June 30, 2009, DROP/ILSB accounts for members who joined on or after January 1, 2004, earned approximately 1.3274 percent. At the time of retirement, the member must choose among available alternatives for the distribution of benefits which have accumulated in the DROP account.

Effective January 1, 1996, the legislature authorized TRSL to establish an Initial Lump-Sum Benefit (ILSB) program. ILSB is available to members who have not participated in the DROP and who select the maximum benefit, option 2 benefit, option 3 benefit, or option 4 benefit. Thereafter, these members are ineligible to participate in the DROP. The ILSB program provides both a one-time, single sum payment of up to 36 months of the maximum regular monthly retirement benefit and a reduced monthly retirement benefit for life. Interest credited and payments from the ILSB account are made in accordance with Louisiana Revised Statute 11:789(A)(1).

Deferred Retirement Option Plan (DROP)

For members who became eligible to participate before January 1, 2004

	2009	2008	% Increase (Decrease)
DROP			
Members entering DROP	0	1	**(100%)**
Disbursements	$ 73,527,049	$ 83,619,805	**(12%)**
DROP Reserves at June 30	$ 771,589,193	$ 805,814,517	**(4%)**
ILSB			
Members choosing ILSB	21	16	**31%**
Disbursements	$ 2,482,875	$ 2,041,666	**22%**
ILSB Reserves at June 30	$ 7,048,297	$ 7,038,451	**0%**

Deferred Retirement Option Plan (DROP)/Initial Lump-Sum Benefit (ILSB)

For members who became eligible to participate on or after January 1, 2004

	2009	2008	% Increase (Decrease)
DROP			
Members entering DROP	1,341	1,803	**(26%)**
Disbursements	$ 52,252,055	$ 44,050,865	**19%**
DROP Reserves at June 30	$ 435,632,999	$ 355,001,868	**23%**
ILSB			
Members entering ILSB	60	68	**(12%)**
Disbursements	$ 2,740,614	$ 4,427,155	**(38%)**
ILSB Reserves at June 30	$ 986,406	$ 673,300	**47%**

DROP/ILSB Account Interest Rates

Fiscal Year Ending June 30	Interest Rate	
	*For members who became eligible to participate **before** January 1, 2004*	*For members who became eligible to participate **on or after** January 1, 2004*
2004	9.35%	0.67%
2005	9.37%	1.48%
2006	15.15%	3.72%
2007	14.70%	4.88%
2008	4.65%	3.98%
2009	0.00%*	1.32%

*An attorney general opinion in 2002 ruled that DROP/ILSB accounts could not be debited. If not for this ruling, DROP/ILSB accounts would have been reduced by -12.81%.

Louisiana Revised Statute 11:945 established the Excess Benefit Plan as a separate, unfunded, non-qualified plan under the provisions set forth in Louisiana Revised Statute 11:946, and also as a qualified governmental excess benefit arrangement as defined in Section 415(m)(3) of the United States Internal Revenue Code.

Effective July 1, 1999, an excess benefit participant who is receiving a benefit from this System is entitled to a monthly benefit under this plan in an amount equal to the lesser of either the participant's unrestricted benefit as defined in Louisiana Revised Statute 11:701, less the maximum benefit, or the amount by which the participant's monthly benefit from this System has been reduced by the limitations of Louisiana Revised Statute 11:784.1. A benefit payable under this plan is paid in the form and at the time it would have been paid as a monthly pension except for the limitations under Louisiana Revised Statute 11:784.1 and Section 415 of the United States Internal Revenue Code.

Contributions may not be accumulated under the Excess Benefit Plan to pay future retirement benefits. Instead, monthly contributions made by the employer are reduced by the amount necessary to pay that month's excess retirement benefits. Employer contributions made to fund the Excess Benefit Plan are not commingled with the monies of the pension plan or any other qualified plan. Also, the Excess Benefit Plan may never receive a transfer of assets from the pension plan.

Excess Benefit Plan

	2009	2008	% Increase (Decrease)
Number of Excess Benefit Recipients	42	45	**(7.0%)**
Total Benefits	$746,946	$625,362	**19.0%**

B. Summary of Significant Accounting Policies and Plan Asset Matters

1. Reporting Entity

TRSL (the "System") is a component unit of the State of Louisiana. A 16-member Board of Trustees (composed of 10 active members, two retired members, and four ex-officio members) governs TRSL. The Board of Trustees appoints the director, who is the System's managing officer.

2. Basis of Accounting

TRSL's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Purchases and sales of securities are reflected on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis. State General Fund appropriations for supplemental benefits are recognized when drawn from the State Treasury.

Administrative costs are funded through investment earnings and are subject to budgetary control by the Board of Trustees and the Joint Legislative Committee on the Budget. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reporting period. Actual results could differ from those estimates. The System utilizes various investment instruments, which by nature, are exposed to a variety of risk levels and risk types, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Plan Net Assets.

4. Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value is the market value on the last business day of the fiscal year. Securities traded on a national or international exchange are valued at the last reported sales price at the current exchange rate. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be sold. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of estimated future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value as determined by the custodian under the direction of trustees.

5. Property and Equipment

Land, building, equipment, and furniture are carried at historical cost. Depreciation for the building is computed using the straight-line method based upon a useful life of 40 years. Depreciation for office equipment and furniture with a purchase price of at least $1,000 is computed using the straight-line method based upon a useful life of three to 10 years. Items with a purchase price of less than $1,000 and more than $250 are computed using straight-line method with a useful life of three years. Items with a purchase price of less than $250 are expensed in the current year. TRSL and LASERS share a 50/50 joint ownership of the Louisiana Retirement Systems building, equipment, and related land.

Changes in Property and Equipment				
	June 30, 2008	**Additions**	**Deletions**	**June 30, 2009**
Asset Class (at Cost)				
Land	$ 858,390	$ ——	$ ——	$ 858,390
Building	5,476,157	50,670	——	5,526,827
Equipment, furniture, fixtures	4,186,978	282,441	(89,187)	4,380,232
Total Property and Equipment	10,521,525	333,111	(89,187)	10,765,449
Accumulated Depreciation				
Building	(2,554,905)	(138,267)	——	(2,693,172)
Equipment, furniture, fixtures	(3,323,128)	(402,458)	89,063	(3,636,523)
Total Accumulated Depreciation	(5,878,033)	(540,725)	89,063	(6,329,695)
Total Property and Equipment — Net	$ 4,643,492	$ (207,614)	$ (124)	$ 4,435,754

Changes in Property and Equipment				
	June 30, 2007	**Additions**	**Deletions**	**June 30, 2008**
Asset Class (at Cost)				
Land	$ 858,390	$ ——	$ ——	$ 858,390
Building	5,283,493	192,664	——	5,476,157
Equipment, furniture, fixtures	3,622,063	673,986	(109,071)	4,186,978
Total Property and Equipment	9,763,946	866,650	(109,071)	10,521,525
Accumulated Depreciation				
Building	(2,418,636)	(136,269)	——	(2,554,905)
Equipment, furniture, fixtures	(3,021,310)	(409,468)	107,650	(3,323,128)
Total Accumulated Depreciation	(5,439,946)	(545,737)	107,650	(5,878,033)
Total Property and Equipment — Net	$ 4,324,000	$ 320,913	$ (1,421)	$ 4,643,492

6. Budgetary Accounting

Self-generated revenues are budgeted for administrative expenses. State General Funds are appropriated for the purpose of paying supplementary benefits to retirees. The budgetary information for the years ended June 30, 2009 and 2008, includes the original Board of Trustees approved budget and appropriated State General Funds.

2009	State General Funds	Self-Generated Revenue	Total
Original approved budget and appropriations	$ 2,087,019	$ 59,070,035	$ 61,157,054

2008	State General Funds	Self-Generated Revenue	Total
Final approved budget and appropriations	$ 1,564,978	$ 56,310,975	$ 57,875,953

7. Accumulated Leave

The employees of the System accumulate annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employees' rate of pay. The liability for accrued annual leave of up to 300 hours is included in Other Liabilities. Upon retirement, unused annual leave in excess of 300 hours and sick leave may be converted to service credit subject to restrictions of the retirement system to which the employee belongs.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on net assets held in trust for pension benefits or the net increase in plan net assets.

C. Contributions

1. Member Contributions

Member contributions to the System, based on which plan the member is enrolled, are established by Louisiana Revised Statute 11:62, and rates are established by the Public Retirement Systems' Actuarial Committee.

The following groups of employees contributed the percentage of their salaries as shown below for the years ended June 30, 2009 and 2008.

Plan	% Earned Compensation	
	2009	2008
TRSL Regular Plan	8.0%	8.0%
TRSL Plan A	9.1%	9.1%
TRSL Plan B	5.0%	5.0%

2. Employer Contributions

Employer contribution rates are established under Louisiana Revised Statutes 11:885 by the Public Retirement Systems' Actuarial Committee. Rates for the years ended June 30, 2009 and 2008, are as follows:

Plan	% Earned Compensation	
	2009	2008
TRSL Regular Plan	15.5%	16.6%
TRSL Plan A	15.5%	16.6%
TRSL Plan B	15.5%	16.6%

Employer contributions are collected from the employing agencies throughout the state and from the proceeds of taxes collected in the parishes and remitted by the sheriffs' offices of the respective parishes.

D. Teachers' Retirement System of Louisiana (TRSL) Employee Pension Benefit

1. Cost Sharing Multiple-Employer Defined Benefit Plan

The administration and staff at TRSL are required to participate in the pension plan if they are not already participating in the Louisiana State Employees' Retirement System (LASERS) pension plan or Louisiana School Employees' Retirement System (LSERS) pension plan. TRSL is a cost sharing, multiple-employer, defined benefit plan administered by TRSL. TRSL provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

TRSL was established and provided for within Title 11, Chapter 2 of the Louisiana Revised Statutes (LRS).

Funding Policy. Plan members participating in TRSL are required to contribute 8.0 percent of their annual covered salary and TRSL is required to contribute at an actuarially determined rate. The TRSL rate for fiscal year 2009 is 15.5 percent. The contribution requirements of plan members and TRSL are established and may be amended by the TRSL Board of Trustees. The contributions paid by TRSL for its administration and staff to the pension plan for the years ending June 30, 2009 and 2008, were $661,005 and $597,221 respectively.

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LSERS is a cost sharing, multiple-employer, defined benefit plan administered by the Louisiana School Employees' Retirement System. LSERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. LSERS was established and provided for within Title 11, Chapter 3 of the Louisiana Revised Statutes (LRS). LSERS issues a financial analysis summary available to the public. The report can be obtained by writing to Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling 1-800-526-3718.

Funding Policy. Plan members participating in LSERS are required by state statute to contribute 7.50 percent of their gross salary and TRSL is required to contribute at an actuarially determined rate. The LSERS rate for the fiscal year 2009 is 17.8 percent. The contribution requirements of plan members and LSERS are established and may be amended by the LSERS Board of Trustees. The contributions paid by TRSL for its LSERS employees for the years ended June 30, 2009 and 2008, were $11,654 and $11,958 respectively.

2. Defined Benefit Pension Plan

All full-time TRSL employees who do not participate in TRSL participate in LASERS or LSERS. LASERS is a single employer, defined benefit pension plan administered by the Louisiana State Employees' Retirement System. LASERS provides retirement, disability, and death benefits to plan members and beneficiaries.

Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Louisiana Legislature. LASERS was established and provided for within Title 11, Chapter 1 of the Louisiana Revised Statutes (LRS). LASERS issues a financial report that includes financial statements and required supplementary information. The report is available to the public, and can be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70904-4213, or by calling 1-800-256-3000.

Funding Policy. Plan members participating in LASERS are required by state statute to contribute 7.5 percent of their gross salary to the pension plan if hired before July 1, 2006, and 8.0 percent if hired on or after July 1, 2006. TRSL is required to contribute at an actuarially determined rate. The LASERS rate for fiscal year 2009 is 18.5 percent. The contribution requirements of plan members and LASERS are established and may be amended by the LASERS' Board of Trustees. The contributions paid by TRSL for its LASERS employees for the years ending June 30, 2009 and 2008, were $806,628 and $807,759, respectively.

Schedules for LASERS can be found on page 43.

Most Recent Accrual Methods and Assumptions for Louisiana State Employees' Retirement System (LASERS)			
Valuation Date	06/30/2008	06/30/2007	06/30/2006
Actuarial Cost Method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization Method – Closed by Statute	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029	For unfunded accrued liability prior to 1993 - level percentage of payroll, increasing annuity to 2029
	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029	For unfunded accrued liability changes occurring between 1993-1998 - level dollar payment to 2029
	For unfunded accrued liability changes occurring 1999 or later - level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 1999 or later - level dollar payment over 30 years, from date of occurrence	For unfunded accrued liability changes occurring 1999 or later - level dollar payment over 30 years, from date of occurrence
Remaining Amortization Period	21-30 years dependent upon the amortization method as described above	22-30 years dependent upon the amortization method as described above	23-30 years dependent upon the amortization method as described above
Asset Valuation Method	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market	Utilizes a four-year weighted average of the unrealized gain or loss in value of all assets at market
Actuarial Assumptions:			
Investment Rate of Return	8.25% per annum	8.25% per annum	8.25% per annum
Inflation Rate	3.0% per annum	3.0% per annum	3.0% per annum
Mortality	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Mortality Table with females set at attained age plus one.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.	Termination, disability, and retirement assumptions were projected based on a five-year (1997-2001) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%	Salary increases were projected based on a 1997-2001 experience study of the System's members. The salary increase range for regular employees is 4.25% - 14.0%. The salary increase range for specific types of members is Judges 2.5% - 4.7%, Corrections 4.0% - 14.0% and Wildlife 6.5% - 18.0%
Cost-of-Living Adjustments	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.	Liability for raises already granted is included in the retiree reserve.

Most Recent Schedule of Employer Contributions for Louisiana State Employees' Retirement System (LASERS)

Date	Annual Required Contribution	Percentage Contributed
2006	$ 423,502,813	93.1%
2007	434,796,738	97.0%
2008	456,741,202	115.4%

Analysis of the percentage contributed over a period of years will give a relative indication of the funding progress for the liabilities of the Louisiana State Employees' Retirement System.

Most Recent Schedule of Funding Progress for Louisiana State Employees' Retirement System (LASERS)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2006	$ 7,430,784	$ 11,548,860	$ 4,117,896	64.3%	$ 1,979,705	208.0%
2007	8,345,495	12,421,907	4,076,411	67.2%	2,175,367	187.4%
2008	9,167,170	13,562,214	4,395,044	67.6%	2,436,956	180.3%

The total actuarial accrued liability determined using the Projected Unit Credit Cost method increased by $1,140,306,794 from June 30, 2007, to June 30, 2008. There was a net experience loss of $339,348,435. Acts 262 and 740 of 2008 enhanced benefits for Act 75 members and Alcohol Tobacco Control employees, increasing the liability $2,564,498.

3. Defined Contribution Plan

Staff of TRSL who are members of the Optional Retirement Plan (ORP) before becoming employees of TRSL must remain participants in the ORP. The ORP is a defined contribution plan administered by TRSL. The ORP was created by Louisiana Revised Statute 11:921 and implemented on July 1, 1990. This plan was designed to provide certain academic and unclassified employees of public institutions of higher education an optional method of funding for their retirement. The ORP provides for portability of assets and full and immediate vesting of all contributions submitted on behalf of the participating employees to approved providers.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary and TRSL is required to contribute 15.5 percent of the participating member's covered salary. A total of 7.9 percent of the employee's contribution and 6.9453 percent (normal cost) of the employer contributions are transferred to the member's chosen ORP provider. The contributions paid by TRSL for participating TRSL employees for the years ending June 30, 2009 and 2008, were $9,336 and $8,654, respectively.

E. Deposits and Investment Risk Disclosures

1. Cash and Cash Equivalents

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. Cash and cash equivalents include cash deposited in banks and short-term repurchase agreements. Cash is insured by the Federal Deposit Insurance Corporation up to $250,000 for interest bearing accounts, and the excess is collateralized by the pledge of government securities held by the agents in the entity's name.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a counterparty or by the counterparty's trust department or agent but not in the government's name. Assets held by financial institutions in their capacity as trustee or custodian are not considered to be assets of that institution as a corporate entity for insolvency purposes. These assets are segregated from the corporate assets of the financial institution and are accounted for separately on the institution's general ledger. As a result of this segregation, assets held in a custodial capacity should not be affected if the custodial institution were placed into receivership by its regulators. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. TRSL had no custodial credit risk as of June 30, 2009.

3. Investments

Louisiana Revised Statute 11:263 authorized the Board of Trustees to invest under the "Prudent-Man" Rule. The "Prudent-Man" Rule establishes a standard that a fiduciary shall exercise the judgment and care under the circumstances, then prevailing, which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income.

In accordance with Louisiana Revised Statute 11:267, the System may invest up to 65 percent of its total assets in equities provided that the System invests an amount equal to at least 10 percent of total stock in equity indexing. The index portfolio(s) shall be invested in indices that seek either to replicate or to enhance a particular index. The index portfolio(s) may be invested in a variety of equity capitalization ranges and could be invested in either domestic or international equity.

The System has no investments of any single organization (other than those issued or guaranteed by the U.S. Government) that represents five percent or more of the System's net plan assets, nor does the System hold more than five percent of any corporation's stock. In addition, the Board of Trustees has adopted certain investment policies, objectives, rules and guidelines that are intended to protect the System's assets in real terms such that assets are preserved to provide benefits to participants and their beneficiaries; achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System; and maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

The Board of Trustees' desired investment objective is a long-term compound rate of return on the System's assets and is the greater of:

a. 3.9% above the CPI-U seasonally adjusted, or
b. the actuarial rate (currently 8.25%)

During fiscal year 2009, the System's investments (including investments bought, sold, and held during the year) depreciated in value by $3,591,276,733 compared to depreciation of $1,172,799,533 in 2008.

	2009	2008
Increase (decrease) in fair value of investments held at year end:	$ (2,249,460,202)	$ (1,723,242,861)
Realized gains (losses) on investments including currency sold during the year:	(1,341,816,531)	550,443,308
Total	$ (3,591,276,733)	$ (1,172,799,553)

The following table presents the fair value of investments by type at June 30, 2009 and 2008, respectively:

Investments-Type	**2009 Fair Value**	**2008 Fair Value**
Bonds		
Domestic not on securities loan	$ 1,295,939,653	$ 1,869,150,425
International not on securities loan	518,944,031	526,227,628
Common and preferred stocks		
Domestic not on securities loan	2,851,872,203	3,938,468,378
International not on securities loan	2,371,584,021	3,553,349,487
Investments held by broker-dealers under securities lending		
Bonds		
Domestic	126,347,152	199,469,658
International	107,123,203	264,847,097
Common Stocks		
Domestic	299,916,380	549,799,366
International	183,803,538	15,497,349
Domestic and international money market funds	671,061, 232	624,681,156
Real estate investments	813,961,865	1,159,814,748
Mezzanine financing investments	300,699,853	321,268,963
Private equity investments	1,437,442,311	1,714,653,543
Hedge fund investments	0	27,653,100
Total	$ 10,978,695,442	$ 14,764,880,898

4. Credit Risks

The System expects the domestic and international securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

A. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for domestic managers:

1. All U.S. Treasury, federal agencies, and U.S. Government guaranteed obligations.
2. Corporate bonds, debentures, notes, asset-backed securities, and equipment trust certificates rated Baa3 or BBB- or higher (investment grade) by Moody's or Standard & Poor's (includes split-rated bonds).
3. Mortgage securities will be limited to pass-throughs, collateralized mortgage obligations, adjustable rate mortgages, commercial mortgage-backed securities, and other mortgage securities deemed prudent by the investment manager. The use of interest-only strips and principal-only strips may not exceed 10 percent of the portfolio.
4. Municipal bonds rated Baa3 or BBB- or higher may not exceed 20 percent of the market value of the bond portfolio.
5. Positions in any one issuer of corporate or municipal securities are not to exceed 5 percent of the market value of the bond portfolio, measured at the time of purchase.
6. Holdings of individual issues are to be of sufficient size to accommodate easy liquidation.
7. Private placements (including Rule 144As) may be held, provided that holdings do not exceed 25 percent of the market value of the bond portfolio. High-yield portfolios and Mezzanine Limited Partnerships are excluded from this restriction.
8. Debt obligations of foreign governments, corporations, and supranationals issued outside of the U.S. (Eurobonds and non-U.S. dollar bonds) may be held by investment managers.
9. High yield portfolios are to be invested in debt securities (including convertibles) rated from Ba1 to Caa (Moody's rating) or BB+ to CCC (Standard & Poor's rating) and in unrated securities determined to be of comparable quality by the manager. Unrated securities and securities rated Caa, CCC, or below shall not exceed 20 percent of the market value of the portfolio.
10. High yield portfolios are subject to the criteria in paragraphs (5) and (6) with bond rating modified according to paragraph (9).
11. Investment grade fixed income portfolios are to be invested in fixed income securities pursuant to paragraphs (1), (2), (3), (4), (5) and (6) above, except that all securities, at the time of purchase, shall be investment grade. If a security is downgraded below investment grade, the investment manager will work to seek the best resolution over time to such downgrade.
12. Investment grade fixed income portfolios shall not invest in mortgage–backed inverse floaters, interest-only, principal-only strips or highly volatile less liquid tranches.
13. Investment grade fixed income portfolios may invest in debt obligations of foreign governments, corporations, and supranationals issued in the United States and are dollar denominated (Yankee) securities. Aggregate weighting of these securities shall be limited to 10 percent of the market value of the portfolio.

B. Investments in fixed income securities shall be high quality marketable securities meeting one or more of the following criteria for global fixed income managers:

Items (1) through (6) of the fixed income guidelines for domestic managers will apply with the following additional guidelines:

1. The debt of countries, foreign and domestic agencies, foreign and domestic corporations, and supranational entities is acceptable for investment. The manager should consider the credit worthiness and the liquidity of a potential security before making an investment. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
2. Portfolio weightings in countries represented in the Citibank World Government Bond Index, including cash, may range from 0 to 100 percent of the portfolio.
3. Portfolio weightings in countries not represented in the Citibank World Government Bond Index, including cash, may not, in aggregate, exceed 40 percent of the portfolio market value without Board approval. However, practical consideration should be given to liquidity and marketability of issues, particularly within non-major and emerging markets.

4. Quality ratings for corporate debt shall be consistent with those stated in item (2) of the Fixed Income Guidelines for Domestic Managers.
5. Permitted hedge vehicles for currency exposure management are as follows:
   a. Forward Foreign Exchange Contracts
   b. Currency Futures Contracts
   c. Options on Currency Futures Contracts
   d. Options on Spot Currencies
6. Net short foreign currency positions may not be taken in this portfolio.

C. Investments in common stock securities, including ADRs, shall be high quality, readily marketable securities offering potential for above-average growth. Common stock investments are limited to those meeting all of the following criteria:

1. Stocks must be listed or traded on a national securities exchange, including the NASDAQ. ADR securities may be traded over the counter. U.S. stocks must be registered with the Securities and Exchange Commission. The use of derivatives (such as Exchange Traded Funds (ETFs), options, warrants, and futures to establish unleveraged long positions in equity markets) is permissible.
2. No more than 5 percent of the total outstanding shares of common stock for any one corporation may be held in the System's equity portfolio.
3. No more than 5 percent of the cost or market value of the System's equity portfolio (whichever is more) or 15 percent of the market value of each manager's portfolio may be invested in the common stock of any one corporation.
4. No more than 20 percent of stock valued at market of the System's equity portfolio may be held in any one industry category as defined by the custodian.
5. Convertible securities and covered-option writing, if any, shall be considered as part of the equity portfolio.
6. Equity managers (growth or value) hired for the small cap investment category are expected to maintain a weighted average market capitalization of the portfolio within minus 50 percent and plus 100 percent of the weighted average market capitalization of the Russell 2000 Index (growth or value, respectively).
7. Equity managers (growth or value) hired for the mid cap investment category are expected to maintain a weighted average market capitalization of the portfolio within plus or minus 50 percent of the weighted average market capitalization of the Russell Mid Cap Index (growth or value, respectively).
8. Equity managers hired in the small/mid (SMID) cap investment category are expected to maintain a weighted average market capitalization of the portfolios within plus or minus 50 percent of the weighted average market capitalization of the Russell 2500 Index.

D. Investments in common stock securities of Developed Markets (EAFE Countries and Canada) shall be high quality, readily marketable securities offering potential for above-average growth. Items (2), (4), and (5) of the Stock Guidelines for Domestic Managers will apply with the following additional guidelines:

1. Investment managers may invest up to 20 percent of the market value of the portfolio in the emerging market countries contained in the IFC Investable Index, including up to 5 percent (of the 20 percent limit) in emerging market countries not contained in the IFC Investable Index. Managers should consider liquidity and marketability of issues, particularly within non-major and emerging markets, and should also be sensitive to the weight of individual economic sectors of the market within the portfolio. The manager should also review whether the custodian has a subcustodian within a particular country before considering an investment.
2. Investment managers may invest up to 10 percent of the portfolio's market value in domestic equity securities. This flexibility should be viewed by the manager as an opportunistic or defensive mechanism rather than a normal position.
3. No single industry group shall constitute more than 25 percent of the portfolio's market value or its equivalent representation in the EAFE Index; whichever is more, without prior Board approval.
4. No individual security shall constitute more than 10 percent of the portfolio's market value.
5. Cash held by the manager may be in U.S. dollars or foreign currencies of the manager's choice.
6. Residual currency exposures of the underlying international equity portfolio may be actively managed by the investment manager. If actively managed, the objectives of the foreign exchange exposure management, within the international equity portfolio, are to:
   a. Add value by increasing total returns and reduce volatility of returns through hedging and cross-hedging activities;

   b. Avoid currency losses in periods of an appreciating U.S. dollar.
7. Permitted Equity Investments:
   a. Equity managers are to confine investments to common stocks and securities that are directly convertible or exercisable into common stocks, including ADRs and GDRs;
   b. Use of derivatives such as options, warrants, and futures to establish unleveraged long positions in equity markets is permissible;
   c. Currency options contracts may be exchange traded or over-the-counter (OTC) traded in the interbank market. Additional instruments, such as swaps, or other derivatives, may be used if the risk/return trade-off is perceived by the manager to be suitable and competitive with the above-stated hedge vehicles;
   d. International equity managers may invest up to 10 percent of the portfolio in Rule 144A securities.
8. Permitted hedge vehicles for currency exposure management are as follows:
   a. Forward Foreign Exchange Contracts;
   b. Currency Futures Contracts;
   c. Options on Currency Futures Contracts;
   d. Options on Spot Currencies
9. Net short foreign currency positions may not be taken in this portfolio.

Credit Risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The System's exposure to credit risk at June 30, 2009, was as follows:

Moody's Rating	Total	Domestic	International
A1	$ 33,187,597	$ 18,027,194	$ 15,160,403
A2	80,388,102	37,905,319	42,482,783
A3	43,583,858	19,744,536	23,839,322
AA1	47,952,566	2,614,483	45,338,083
AA2	93,014,365	20,564,326	72,450,039
AA3	13,115,971	11,797,412	1,318,559
AAA	320,110,745	31,996,242	288,114,503
AGY	530,876,833	530,876,833	0
B1	83,260,039	79,798,333	3,461,706
B2	44,714,365	44,714,365	0
B3	85,038,279	81,993,579	3,044,700
BA1	43,898,898	28,194,155	15,704,743
BA2	25,546,105	20,626,142	4,919,963
BA3	81,588,959	71,175,946	10,413,013
BAA1	62,564,913	30,020,301	32,544,612
BAA2	49,691,897	37,355,276	12,336,621
BAA3	36,215,891	35,404,549	811,342
C	600	600	0
CA	1,561,788	1,561,788	0
CAA1	57,957,650	57,957,650	0
CAA2	17,135,432	17,135,432	0
CAA3	11,584,394	10,560,894	1,023,500
N/A	60,997,576	33,635,185	27,362,391
NR	92,041,386	83,341,893	8,699,493
UST	110,040,221	110,040,221	0
VMIG3	1,764,000	1,764,000	0
WR	20,521,609	3,480,151	17,041,458
Total credit risk debt securities	**$ 2,048,354,039**	**$ 1,422,286,805**	**$ 626,067,234**

The System's exposure to credit risk at June 30, 2008, was as follows:

Moody's Rating	Total	Domestic	International
Not Rated	$ 42,173,524	$ 42,173,524	$ 0
A1	71,836,310	24,200,408	47,635,902
A2	95,523,198	28,791,428	66,731,770
A3	45,289,655	9,422,052	35,867,603
AA1	19,448,826	3,121,540	16,327,286
AA2	17,903,553	12,189,573	5,713,980
AA3	20,911,680	17,792,784	3,118,896
AAA	685,050,143	267,212,381	417,837,762
AGY	571,776,081	571,776,081	0
B1	195,187,383	173,836,233	21,351,150
B2	117,738,253	110,102,965	7,635,288
B3	204,352,340	198,872,427	5,479,913
BA1	59,727,298	39,593,232	20,134,066
BA2	76,100,374	67,830,299	8,270,075
BA3	132,037,754	118,293,972	13,743,782
BAA1	59,237,387	16,964,563	42,272,824
BAA2	43,855,319	35,416,866	8,438,453
BAA3	34,162,200	34,162,200	0
CAA1	40,011,078	38,317,953	1,693,125
CAA2	2,044,375	880,000	1,164,375
CAA3	1,045,163	1,045,163	0
N/A	7,796,240	2,348,123	5,448,117
NR	135,943,320	103,008,445	32,934,875
UST	139,919,393	139,919,393	0
VMIG1	0	0	0
VMIG3	1,764,000	1,764,000	0
WR	38,859,961	9,584,478	29,275,483
Total credit risk debt securities	**$ 2,859,694,808**	**$ 2,068,620,083**	**$ 791,074,725**

5. Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2009, the System had the following investments and maturities:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	$ 641,078,020	$ 0	$ 17,311,226	$ 135,960,337	$ 487,806,457
Collateralized Mortgage Obligations	311,987,111	1,822,118	558,816	8,573,423	301,032,754
Corporate Bonds	466,461,049	6,311,038	162,137,912	202,137,719	95,874,380
Foreign Corporate Bonds	122,993,383	1,564,703	75,479,610	20,418,657	25,530,413
Foreign Government Bonds	442,185,386	12,133,806	269,806,792	103,025,732	57,219,056
Foreign Treasuries	60,888,465	0	10,536,261	16,919,797	33,432,407
Other	2,760,625	0	0	0	2,760,625
Short-Term Investments	671,061,232	671,061,232	0	0	0
TOTAL	$ 2,719,415,271	$ 692,892,899	$ 535,830,617	$ 487,035,665	$ 1,003,656,092

As of June 30, 2008, the System had the following investments and maturities:

		Investment Maturities (in years)			
Investment Type	Fair Value	Less than 1	1 - 5	5 - 10	More than 10
U. S. Treasury & Government Agency	$ 671,888,933	$ 44,387	$ 57,230,662	$ 119,008,637	$ 495,605,247
Collateralized Mortgage Obligations	415,929,281	1,105,388	549,436	3,888,751	410,385,706
Corporate Bonds	961,220,062	14,197,509	225,834,357	585,951,375	135,236,821
Foreign Corporate Bonds	184,853,367	2,261,474	44,199,058	109,549,181	28,843,654
Foreign Government Bonds	122,890,738	14,895,442	40,549,333	33,114,895	34,331,068
Foreign Treasuries	488,254,052	23,078,076	312,199,579	110,914,980	42,061,417
Other	14,658,375	4,384,241	2,449,870	4,052,823	3,771,441
Short-Term Investments	624,681,156	624,681,156	0	0	0
TOTAL	$ 3,484,375,964	$ 684,647,673	$ 683,012,295	$ 966,480,642	$ 1,150,235,354

TRSL, as expressed in its Investment Policy Statement, expects its fixed income managers to approximate the portfolio's duration (a measure of a debt investment's exposure to fair value changes arising from changing interest rates) to its respective benchmarks, i.e. the Barclays Capital Aggregate for domestic fixed income investments and CITI World Government Bond Index for international fixed income investments.

6. Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The System's exposure to foreign currency risk is $2,280,402,625 at June 30, 2009, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
Australian Dollar	5.40%	$ 123,161,361	$ 37,958,616	$ 82,154,715	$ 3,048,030
Brazil Real	1.25%	28,424,800	14,735,768	13,628,963	60,069
British Pound Sterling	16.40%	373,900,493	68,494,190	302,392,173	3,014,130
Canadian Dollar	1.33%	30,245,814	10,536,261	18,317,024	1,392,529
Czech Koruna	0.05%	1,244,883	-------------	1,177,536	67,347
Danish Krone	1.32%	30,203,254	-------------	29,883,043	320,211
Euro Currency Unit	37.80%	862,021,673	243,116,047	607,310,389	11,595,237
Hong Kong Dollar	4.77%	108,819,180	-------------	108,642,390	176,790
Hungarian Forint	0.00%	111,032	-------------	110,760	272
Indonesian Rupian	0.41%	9,248,120	9,050,526	197,124	470
Israeli Shekel	0.00%	4,679	-------------	-------------	4,679
Japanese Yen	15.62%	356,254,178	33,805,396	319,550,451	2,898,331
Malaysian Ringgit	0.89%	20,343,970	19,271,045	988,577	84,348
Mexican New Peso	0.87%	19,776,173	15,483,264	4,233,447	59,462
New Turkish Lira	0.27%	6,191,583	-------------	6,179,216	12,367
New Zealand Dollar	0.70%	15,857,315	15,652,133	205,062	120
Norwegian Krone	0.41%	9,386,779	-------------	9,231,525	155,254
Pakistan Rupee	0.01%	170,950	-------------	147,287	23,663
Polish Zloty	1.29%	29,471,799	29,021,768	51,546	398,485
S African Comm Rand	0.77%	17,604,988	10,401,958	7,202,740	290
Singapore Dollar	0.85%	19,352,523	-------------	19,352,254	269
South Korean Won	0.56%	12,829,164	-------------	12,777,681	51,483
Swedish Krona	3.36%	76,653,634	17,149,242	58,820,953	683,439
Swiss Franc	5.56%	126,727,871	-------------	123,373,093	3,354,778
Thailand Baht	0.11%	2,396,409	-------------	2,302,160	94,249
Total	100.00%	$ 2,280,402,625	$ 524,676,214	$ 1,728,230,109	$ 27,496,302

The System's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2008, as follows:

Currency	Percent	Total	Bonds	Stocks	Short-Term Investments
Australian Dollar	4.69%	$ 152,863,793	$ 49,167,852	$ 103,061,958	$ 633,983
Brazil Real	0.89%	28,983,296	18,594,366	10,370,657	18,273
British Pound Sterling	13.73%	447,352,754	89,196,313	356,388,334	1,768,107
Canadian Dollar	1.43%	46,446,322	13,577,135	32,671,464	197,723
Czech Koruna	0.18%	5,788,701	5,569,547	-------------	219,154
Danish Krone	0.42%	13,594,662	-------------	13,309,347	285,315
Euro Currency Unit	40.02%	1,303,452,387	260,760,664	1,035,540,297	7,151,426
Hong Kong Dollar	4.61%	150,034,181	-------------	147,310,878	2,723,303
Hungarian Forint	0.15%	4,987,720	4,987,617	-------------	103
Iceland Krona	0.28%	9,070,135	9,070,135	-------------	-------------
Indonesian Rupian	0.30%	9,729,719	9,729,719	-------------	-------------
Israeli Shekel	0.00%	13,581	-------------	-------------	13,581
Japanese Yen	16.96%	552,400,973	35,318,711	513,140,485	3,941,777
Malaysian Ringgit	0.97%	31,445,418	30,232,507	1,207,787	5,124
Mexican New Peso	0.89%	29,084,986	21,588,584	7,667,501	(171,099)
New Turkish Lira	0.05%	1,788,331	-------------	1,643,849	144,482
New Zealand Dollar	0.57%	18,633,750	18,394,946	237,816	988
Norwegian Krone	2.24%	73,072,948	5,825,307	66,847,891	399,750
Pakistan Rupee	0.01%	280,730	-------------	268,634	12,096
Polish Zloty	1.47%	48,016,507	47,280,044	-------------	736,463
S African Coom Rand	0.79%	25,661,228	16,406,618	9,246,733	7,877
Singapore Dollar	1.71%	55,630,709	28,368,508	26,814,648	447,553
South Korean Won	0.61%	19,981,784	-------------	19,974,865	6,919
Swedish Krona	1.50%	48,766,603	16,847,667	29,727,936	2,191,000
Swiss Franc	5.46%	177,835,196	-------------	177,196,150	639,046
Thailand Baht	0.07%	2,224,600	-------------	2,182,301	42,299
Total	100.00%	$ 3,257,141,014	$ 680,916,240	$2,554,809,531	$ 21,415,243

7. Alternative Investments

The total initial active commitments as of June 30, 2009, were $7.5 billion versus $7.2 billion as of June 30, 2008. The total amounts called for funding as of June 30, 2009, were $5.6 billion versus $5.3 billion as of June 30, 2008. The remaining commitments that could be called as of June 30, 2009, were $1.9 billion and $1.9 billion as of June 30, 2008. Total distributions received by the System from the limited partnerships were $5.0 billion as of June 30, 2009, and $4.9 billion as of June 30, 2008.

F. Securities Lending Transactions

State statutes and Board of Trustees policies permit the System to use the assets of the plan 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. The System's domestic managers lend the plan's securities for cash collateral of 100 percent or other securities collateral of 102 percent. The System's global managers lend the plan's securities for cash collateral or other securities collateral of 105 percent. Securities on loan at year-end for cash collateral are presented as uncategorized in the preceding schedule of custodial credit risk. Securities lent for securities collateral are classified according to the category for the collateral. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

All securities loans can be terminated on demand by either the System or the borrower. The System cannot pledge or sell securities collateral unless the borrower defaults. The reinvestment of cash collateral is done on an overnight basis or to term. In instances where a loan is for term, the reinvestment of the cash is matched to the maturity of the loan. Such matching existed at year-end. When investing in repurchase agreements, the collateral received will be a minimum of 102 percent of the cash invested. The System had no repurchase agreements for the years ended June 30, 2009 and 2008.

Two names in the security holding, Lehman Brothers and Sigma Finance Corporation, defaulted in an aggregate amount of $5,773,039 at December 31, 2008. Legal collection efforts continue with ultimate recovery amounts undetermined.

G. Derivatives

During fiscal years 2009 and 2008, the System invested in asset/liability based derivatives such as interest-only strips, principal-only strips, collateralized mortgage obligations (forms of mortgage-backed securities), options on futures, forward foreign exchange contracts, and futures. The System reviews market values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held in part to maximize yields and in part to hedge against a rise in interest rates.

1. Interest-Only Strips and Principal-Only Strips

Interest-only (IO) and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. Interest-only strips are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments of mortgages, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced, and the value of these securities declines. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater, and the return on the initial investment would be higher than anticipated.

Principal-only strips receive principal cash flows from the underlying mortgages. In periods of rising interest rates, homeowners tend to make fewer mortgage prepayments. If actual prepayment rates are lower than anticipated, the time remaining until the return of principal is increased. The later principal is paid, the lower the present value of the security. Conversely, higher prepayment rates return principal faster causing the PO to appreciate in market value.

2. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates than others that can be significantly sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. Reduction in interest payments causes a decline in cash flows and, thus, a decline in market value of the CMO security. Rising interest rates may cause an increase in interest payments, thus an increase in the value of the security.

3. Option on Futures

This is an option contract, the exercise of which results in the holder and writer of the option exchanging futures position. The buyer of a call or put option has unlimited profit potential with the risk limited to the premium paid for the option. The option seller accepts potentially unlimited risk in return for the option premium received. The option seller or buyer can terminate such exposure in a closing transaction. A position is offset by completing the opposite transaction with the same option. The option contracts may also be repurchased or closed by the System, at which time the asset or liability is removed, a realized gain or loss is recognized, and cash is paid on the amount repurchased or received on closing a contract.

4. Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry counterparty risk. Forwards are usually transacted over the counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation. They are entered into with the foreign exchange department of a bank located in a major money market. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, the System records the unrealized translation gain or loss.

5. Futures

A futures contract is an agreement for delayed delivery of securities, currency, commodities, or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specific price or yield. Upon entering into a futures contract, the System is required to pledge to the broker an amount of cash equal to a certain percentage of the contract amount. The amount is known as the "initial margin." Subsequent payments, known as "variation margin," are made by the System each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded as a realized gain or loss for financial statement purposes.

H. Contingent Liabilities

The System is a litigant in several lawsuits. Management of the System, on the advice of legal counsel, believes that such proceedings and contingencies will not have a material effect on the System.

I. Required Supplementary Information

In accordance with GASB 25, required supplementary information is presented on pages 59 through 61.

J. Presentation of GASB Statement 44

In accordance with GASB 44, the statistical section is presented on pages 105 through 125.

K. Presentation of GASB Statement 45

Other Post-Employment Benefits

Plan Description

The Office of Group Benefits (OGB) is an agent multiple-employer, post-employment healthcare plan that covers retired employees of the state, as well as school boards and various other non-state employers. OGB provides health and life insurance benefits to eligible retirees, their spouses, and their dependents. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Additional information on the plan can be obtained by writing the Office of Group Benefits at 7389 Florida Boulevard, Suite 400, Baton Rouge, La. 70806 or by calling 1-800-272-8451.

Funding Policy. LRS 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

The state is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 412.20 percent of annual covered payroll.

Annual Other Post-Employment Benefits (OPEB) Cost

For fiscal year 2008, the annual OPEB cost (expense) of $2,587,900 was equal to the ARC. For the fiscal year 2009, the annual OPEB cost (expense) of $2,819,900 was equal to the ARC. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2009 and 2008 were respectively as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	$ 2,587,900	11.69%	$ 2,285,378
6/30/09	$ 2,819,900	11.27%	$ 4,787,426

Funded Status and Funding Progress. The funding status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (in thousands)	$ 30,158.8
Actuarial value of plan assets (in thousands)	0
Unfunded actuarial accrued liability (in thousands)	$ 30,158.8
Funded ratio (actuarial value of plan assets/AAL) (in thousands)	0.00%
Covered payroll (active plan members) (in thousands)	$ 7,316.6
UAAL as a percentage of covered payroll	412.20%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. In future years, it will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008, actuarial valuation, a projected unit cost method was used. The benefits are currently funded on a pay-as-you-go basis. No assets have been segregated and restricted to provide post-retirements benefits. The actuarial assumptions included a 4.0-percent discount rate (net of expenses) and an annual healthcare cost trend rate of 9.0 percent for pre-Medicare and 10.1 percent for Medicare-eligible participants, scaling down to ultimate rates of 5 percent per year. The unfunded actuarial accrued liability is amortized as a level percent of pay over an open amortization period of 30 years.

L. Implementation of GASB Statement 51

The GASB has issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The effects of GASB 51 will not have a material effect on the financial statements.

M. Implementation of GASB Statement 53

The GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

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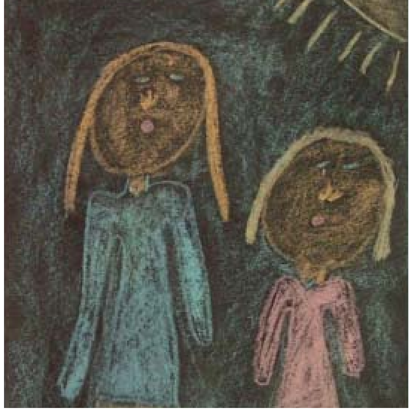

Required Supplementary Information

Schedules of Funding Progress for Defined Benefit Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets[1] (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL)[2] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/04	$ 11,409,404	$ 18,067,486	$ 6,658,082	63.1%	$ 3,017,087	220.7%
06/30/05	12,082,682	18,699,765	6,617,083	64.6%	3,132,169	211.3%
06/30/06	13,088,358	19,390,781	6,302,423	67.5%	2,892,959	217.9%
06/30/07	14,812,298	20,772,330	5,960,032	71.3%	3,224,566	184.8%
06/30/08	15,507,834	22,090,516	6,582,683	70.2%	3,675,014	179.1%
06/30/09	13,500,766	22,839,411	9,338,645	59.1%	3,912,326	238.7%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by $748,894,300 from June 30, 2008, to June 30, 2009. There was a net experience loss to the fund from all sources of $3,025,368,762.

[1]The Actuarial Value of Assets for GASB reporting includes the IUAL Fund Assets and the Employer Credit Account Assets in the Valuation Assets.

[2]UAAL differs from the UFAL for funding purposes. UFAL for funding purposes excludes IUAL Fund Assets and the Employer Credit Account Assets.

UFAL — Unfunded Frozen Accrued Liability

IUAL — Initial Unfunded Accrued Liability

Schedules of Employer Contributions for Defined Benefit Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	$ 527,899,270	94.4%
2005	555,169,630	105.6%
2006	555,342,400	103.1%
2007	578,895,501	106.5%
2008	637,097,695	116.2%
2009	697,190,561	112.9%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Schedule of Funding Progress for Other Post-Employment Benefits (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/08	$ 0.0	$ 22,585.2	$ 22,585.2	0.00%	$ 6,011.8	375.68%
06/30/09	0.0	30,158.8	30,158.8	0.00%	7,316.6	412.20%

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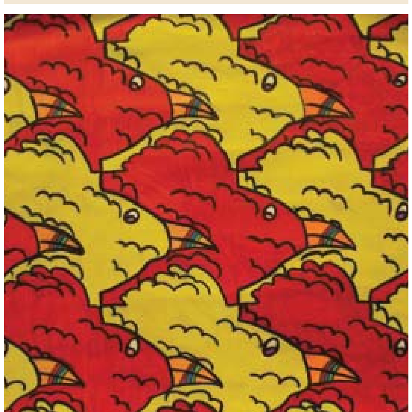
Supporting Schedules



Schedule of Administrative Expenses — Budget and Actual for the Years Ended June 30, 2009 and 2008

	2009			2008		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:						
Appropriated:						
State general fund	$ 2,087,019	$ 2,070,273	$ (16,746)	$ 1,564,978	$ 1,564,978	$ 0
Self-generated	59,070,035	44,136,275	(14,933,760)	56,310,975	50,695,024	(5,615,951)
Total revenues	61,157,054	46,206,548	(14,950,506)	57,875,953	52,260,002	(5,615,951)
Expenses:						
Salaries and related benefits	13,375,022	12,127,101	1,247,921	11,904,950	10,877,019	1,027,931
Travel	247,895	125,370	122,525	248,954	177,576	71,378
Operating services	3,374,044	2,788,531	585,513	3,150,072	2,858,793	291,279
Professional services	1,907,850	643,920	1,263,930	999,265	868,871	130,394
Office acquisitions	12,139	4,582	7,557	9,339	9,339	0
Other charges and interagency transfers	140,885	109,524	31,361	109,178	89,305	19,873
Total administrative expenses	19,057,835	15,799,028	3,258,807	16,421,758	14,880,903	1,540,855
Capital outlays	762,200	333,111	429,089	919,217	874,532	44,685
Total administrative expenses and capital outlays	19,820,035	16,132,139	3,687,896	17,340,975	15,755,435	1,585,540
Other charges — state general fund	2,087,019	2,070,273	16,746	1,564,978	1,564,978	0
Investment management fees	39,250,000	28,004,136	11,245,864	38,970,000	34,939,589	4,030,411
Grand total of expenses	61,157,054	46,206,548	14,950,506	57,875,953	52,260,002	5,615,951
Excess of revenues over grand total of expenses	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Schedules of Investment Expenses for the Years Ended June 30, 2009 and 2008

	2009	2008
Investment activities expenses:		
International investment expenses	$ 3,095,851	$ 7,885,244
Alternative investment expenses*	30,910,869	20,647,902
Global custodian fees	446,588	744,317
Performance consultant fees	1,238,734	1,233,754
Trade cost analysis fees	------------	40,000
Advisor fees	26,318,814	32,881,518
Total investment activities expenses	$ 62,010,856	$ 63,432,735
Securities lending activities expenses:		
Fixed	$ 3,031,970	$ 13,202,812
Equity	2,565,874	2,018,542
International	3,199,017	9,313,289
Total securities lending activities expenses	$ 8,796,861	$ 24,534,643

*Alternative investment expenses include management fees charged by the general partners.

Schedules of Board Compensation for the Years Ended June 30, 2009 and 2008

	2009		2008	
Board of Trustees	Number of Meetings	Amount	Number of Meetings	Amount
Sheryl R. Abshire, Ph.D.	22	$ 1,650	17	$ 1,200
Anne H. Baker	23	1,725	24	1,800
William C. Baker, Ed.D.	23	1,725	24	1,800
Jerry J. Baudin, Ph.D.	21	1,575	24	1,800
Eula M. Beckwith	23	1,725	22	1,650
Sarah F. Cox replaced by Dominic Salinas, Ed.D.	0	0	12	900
Dominic Salinas, Ed.D.	21	1,575	10	750
Clyde F. Hamner replaced by Carole J. White	0	0	2	150
Carole J. White	17	1,275	10	750
Joyce Haynes	21	1,575	21	1,575
Darlene L. LeBlanc	20	1,500	20	1,500
Bonnie H. Brooks	19	1,425	22	1,650
William Britt	18	1,350	22	1,650
Irvin R. West, Jr.	20	1,500	18	1,350
Total Compensation		**$ 18,600**		**$ 18,525**

Schedules of Payments to Non-Investment Related Consultants for the Years Ended June 30, 2009 and 2008

	2009	2008
Accounting and auditing consultants	$ 49,000	$ 39,760
Auditor - Hawthorn, Waymouth & Carroll L.L.P.		
Management and consulting	288,365	428,716
Consultants:		
Modiphy, Inc.		
Broadridge ICS		
VR Election Services		
CEM Benchmarking, Inc.		
Mail Guard Transcontinental Printing G.P.		
Sungard Availability Services		
EFL Associates		
SSA Consultants		
IBM		
Legal	75,835	183,766
Legal consultants:		
Jones, Day, Reavis and Pogue		
Law Offices of Randy P. Zinna		
Long Law Firm		
Avant & Falcon		
Investigative Services		
Pension Benefit Information		
IDS Monitoring System		
Medical	38,340	25,804
Medical examiners		
Professional training	14,825	14,825
Computer training		
Element K		
Actuarial	176,160	176,000
Actuaries:		
Hall Actuarial Associates		
SJ Actuarial Associates		
Other professional services		
Other non-consultant professionals	1,395	0
Total	$ 643,920	$ 868,871

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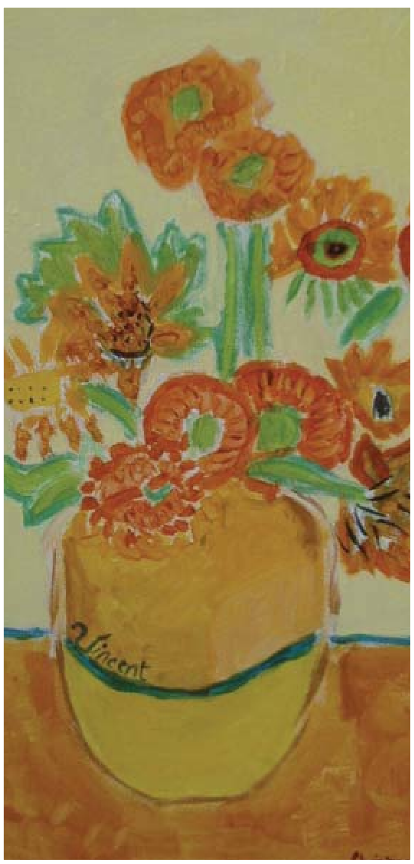
Investment Section



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TRSL
Teachers' Retirement System of Louisiana

www.trsl.org
225.925.6446
225.925.6366
web.master@trsl.org
Post Office Box 94123
Baton Rouge LA 70804-9123

September 30, 2009

The Board of Trustees
Teachers' Retirement System of Louisiana
8401 United Plaza Blvd.
Baton Rouge, LA 70809

The Teachers' Retirement System of Louisiana (System) was not immune to the international economic crisis of 2008-2009, completing the fiscal year ended June 30, 2009, with a -22.72 percent return on investments (net of fees). The total market value of the System's investments was $11.0 billion on June 30, 2009.

Investments worldwide suffered significant losses due to the crisis. The equity markets were especially vulnerable. The Russell 3000 Index (diverse US stock index) and MSCI EAFE Index (diverse foreign stock index) were down 47 percent and 53 percent, respectively from June 30, 2008, to March 9, 2009. It was during this period that Lehman Brothers was liquidated; Fannie Mae and Freddie Mac were placed into conservatorship of the US Government; and AIG received $180 million in government support.

Even with the challenging market conditions, the System's public and private markets assets outperformed passive benchmarks. TRSL's public market assets had -20.40 percent return (net of fees) compared to the public assets benchmark of -20.85 percent; and its private market assets had a -21.95 percent return (net of fees) compared to the private assets benchmark of -24.46 percent. Furthermore, the System was able to take advantage of investment opportunities, including making its first ever commitment in January 2009 in distressed/opportunistic debt-related investments, and in March 2009 rebalancing the investment portfolio through the use of a futures overlay program. As of June 30, 2009, the futures overlay program had generated a 20.6 percent return ($63.3 million) since inception.

Still, the scale of the downturn in global markets limited the benefits of diversification during Fiscal Year 2008–09. Most broad market indexes had negative returns, including the Russell 3000 Index down 26.6 percent, and the MSCI EAFE index down 31.4 percent. Similarly, the System's domestic and international equity portfolios were down 28.22 percent and 31.70 percent (net of fees), respectively. The System's total fixed income portfolio was down 2.57 percent.

The System has ranked in the top (best) 38 percent of public pension funds with assets greater than $1 billion for the past 20-year period, according to BNY Mellon Financial Universe (PARis). While the outlook for the future remains uncertain, the actions taken by the TRSL Board of Trustees during the fiscal year help to ensure a proper and appropriate diversification for the System's portfolio.

Sincerely,

Philip Griffith
Deputy Chief Investment Officer

Toll-Free: 1.877.ASK.TRSL | TDD: 225.925.3653

Summary of Investment Policy

STATEMENT OF INVESTMENT OBJECTIVES

Introduction

The purpose of the investment policy for Teachers' Retirement System of Louisiana (System) is to establish and communicate the long-term goals and objectives of the System to investment managers and other interested parties. The policy also formalizes the responsibilities and guidelines for investment managers and defines the performance measurement and evaluation process.

The Board of Trustees (Board) is responsible for investing System assets in a prudent manner to preserve the safety of the principal, yet provide reasonable returns, and in general, avoid speculative investments.

The Board adheres to the Prudent-Man Rule, which means that a fiduciary shall exercise the judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

The Board's policies provide for the use of all suitable and prudent avenues of investment authorized under the Louisiana statutes to maintain a high quality, diversified portfolio of investments. The Board shall retain investment managers who possess the requisite skills and specialized research expertise to assist with this. This policy serves, in part, as investment instructions to the managers.

LOUISIANA CODE OF GOVERNMENTAL ETHICS

The System requires all investment managers, brokers, limited partnerships, and service vendors to adhere to the Louisiana Code of Governmental Ethics (Code). This Code will be included in all Solicitation for Proposals (SFP) and will be referenced in all contracts executed by the System. Detailed information on the Code, including other provisions may be obtained by contacting the Louisiana Ethics Commission at 1-800-842-6630 or by going to their web site: *www.ethics.state.la.us/pub/gifts.htm*

STATEMENT OF SYSTEM OBJECTIVES

Financial objectives of the System have been established in conjunction with a comprehensive review of its current and projected financial requirements. The Board's investment objectives are to:

1. Protect System assets to provide benefits to participants and their beneficiaries.
2. Achieve investment returns sufficient to meet the actuarial assumption necessary to improve the future soundness of the System.
3. Maximize the total rate of return on investments within prudent parameters of risk for a retirement system of similar size and type.

While there can be no complete assurance that these objectives will be realized, the System investment policy is believed to provide a sound basis to successfully achieve them.

The desired investment objective is a long-term compound rate of return on the System's assets of 3.9% above the CPI-U seasonally adjusted or the actuarial rate (currently 8.25%), which ever is higher.

ASSET ALLOCATION GUIDELINES

The asset allocation ranges established by the investment policy represent a long term perspective. As such, rapid unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence from this allocation should be of a short term nature. It shall be the policy of the System to invest the assets in accordance with the minimum and maximum range for each asset category as stated on the following page.

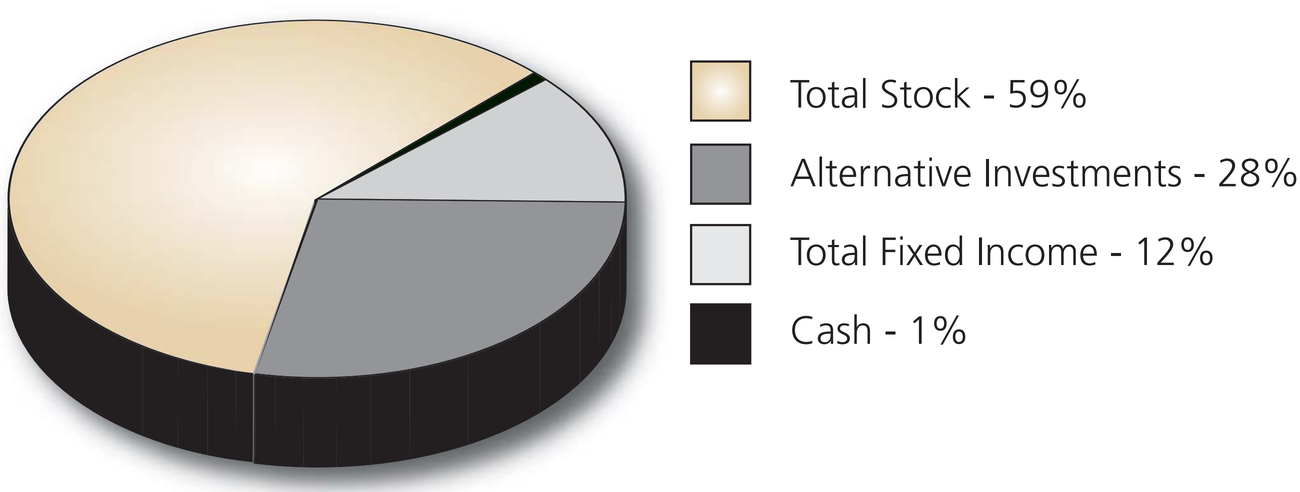
Asset Category	Minimum	Target	Maximum
Domestic Stock***			
Large Cap	5%	15%	25%
Small/MidCap	5%	15%	25%
International Stock	10%	29%	40%
Total Stock*	**20%**	**59%**	**65%**
U.S. Bonds	4%	6%	10%
Global Bonds	3%	6%	9%
Total Fixed Income	**7%**	**12%**	**19%**
Debt Related	0%	8%	12%
Core/Opportunistic Real Assets	0%	9%	13%
Private Equity	5%	10%	15%
Hedge Funds - Multi-Strategy	0%	1%	3%
Total Alternative (Illiquid)**	**9%**	**28%**	**43%**
Cash and Equivalents	0%	1%	5%
Total	**n/a**	**100%**	**n/a**

*A 10% allocation to indexed equities is mandated by the Legislature (L.R.S. 11:267). This legislation also sets the maximum allocation to equity at 65%.

**To determine the asset allocation for this asset category, only the actual amount invested is applicable. However, in no case shall total alternative investments exceed the maximum allowed at the time the investment is made without Board approval.

It is expected that all assets of the System will be managed in accordance with the Louisiana Revised Statutes. It is the policy of the Board, provided all investment factors are equal and within the limits of prudence, that investments in Louisiana securities are encouraged.

Asset Allocations



Rebalancing

TRSL's Chief Investment Officer will review the asset allocation monthly to determine if each asset class is within the range established by Board policy. Any out-of-range condition and rebalancing recommendation will be reported to the Board at the Board Investment Committee meeting. The Chief Investment Officer will consider market conditions and transaction costs, as well as any other relevant factors, when determining the most cost-effective process to rebalance the portfolio. The Chief Investment Officer will direct staff and investment managers to transfer funds to rebalance the asset allocation, as necessary.

INVESTMENT GUIDELINES FOR PRIVATE MARKETS

Eligible Investments

The System will invest primarily in limited partnership interests of pooled vehicles covering the broad spectrum of private investments, including:

- Private equity funds, including corporate finance/buyout and venture capital,
- Private debt funds, including mezzanine and distressed debt funds,
- Co-investments – direct investments made alongside a partnership,
- Secondary purchases – purchases of existing partnership interest or pool of partnership interests from an investor,
- Real estate equity funds, including value-add/opportunistic,
- Hedge Funds – Multi-Strategy, and
- Other investments that are deemed appropriate within the System's risk profile.

Commitment Size

The maximum investment in any single partnership shall be no greater than one percent (1%) of the System's total assets at the time of commitment.

Limitation on Percent of Partnership's Total Commitment

The System's commitment to any given partnership shall not exceed ten percent (10%) of that partnership's total commitments with the exception of the policy for investments in venture capital, emerging businesses, and money managers in Louisiana.

Diversification

The System should diversify the sources of risk in the portfolio, specifically partnerships and sub-asset classes. The System's staff and consultant will also adopt optimal sub-asset allocation targets, which will be periodically updated to reflect general changes in the economy.

Prohibited Transactions

The System shall not make direct investments in any company or property. These investments will be done through a commingled partnership in which the System is an existing limited partner.

Advisory Board

The System should seek to obtain a limited partner advisory board seat for each partnership investment.

Illiquidity

By its nature, alternative investments are not designed to meet any short-term liquidity needs of the System. The Board should assume that the investments in this asset class are illiquid until the partnerships, at their discretion, sell investments and distribute proceeds.

Distribution

The Consultant is not responsible for investing or disposing of distributions from partnerships.

Review of Investment Guidelines

The Consultant will notify the System via the Chief Investment Officer and Director if the guidelines would impede the System's investment performance. The Consultant also will review the guidelines annually with the Chief Investment Officer and Director and recommend any changes deemed beneficial to the System's program.

CONTROL PROCEDURES

Review of Liabilities

All major liability assumptions regarding number of plan participants, payroll, benefit levels, and actuarial assumptions will be subject to an annual review. This review will focus on an analysis of the major differences between the System's assumptions and actual experience.

Review of Investment Objectives

The achievement of investment objectives will be reviewed on an annual basis. This review will focus on the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy for achieving these objectives. It is not expected that the investment policy will change frequently. In particular, short term changes in the financial markets should not require an adjustment to the investment policy.

Performance Expectations

The most important performance expectation is the achievement of investment results that are consistent with the System's investment policy. A long term average annual return of 3.9% above inflation as measured by the CPI-U seasonally adjusted or the actuarial rate (currently 8.25%), which ever is higher, is reasonable in light of the policy. Implementation of the policy will be directed toward achieving this return and not toward maximizing return without regard to risk.

The Board recognizes that this real-return objective may not be meaningful during some periods. To ensure that investment opportunities available over a specific period are fairly evaluated, the Board will use comparative performance statistics to evaluate investment results. The Board expects the total fund to perform in the top third of a universe of total funds having similar size and investment policies. To stay abreast of what other state and local plans are achieving, the System's performance will also be compared to the results of other public plans. Each manager is expected to perform in the top half of his or her respective equity manager or fixed income manager universe and in the top quartile of his or her investment manager style universe.

Additionally, each manager will be compared/evaluated versus their specific style benchmarks. This performance should be achieved over rolling three-year periods or over the length of each manager's contract, whichever comes first. Short-term results will also be monitored. For purposes of this evaluation, the universes maintained by the System's consultant, will be used.

The System's investment managers may be placed on a watch list in response to the Board's concern about the manager's recent or long-term investment results; failure of the investment advisor to comply with any of the System's investment guidelines; significant changes in the investment manager's firm; or for any other reason that the Board deems appropriate. Any manager placed on the watch list will be sent a letter advising of the Board's concern with the manager. Failure to correct the problem to the satisfaction of the Board may lead to dismissal by the Board. However, investment managers can be dismissed for any reason, subject to contract provisions, even if they have not been previously placed on the watch list.

RESPONSIBILITIES

Chief Investment Officer

This position administers the investment program of the System, is responsible for all functions of the System's Investment Department, and oversees all System investments and investment managers. Other duties include:

- Meets with the Investment Committee/Board to review investments and policies;
- Monitors existing limited partnerships and reviews/recommends future investments;
- Monitors investment portfolios to ensure they are within the Board's Investment;
- Researches new investment vehicles and presents viable investments to the Board for possible inclusion to the investment policy;
- Ensures investment policy is implemented;
- Implements asset allocation shifts to maintain portfolio allocations within policy guidelines;
- Directs the activities of the System's consultants for the best interest of the System and to leverage the activities of staff;

- Makes recommendations concerning the hiring/terminating of investment manager/advisors;
- Represents TRSL at limited partnership meetings and Advisory Committee meetings;
- Assists the Director with legislative issues; and
- Takes action necessary to preserve and protect the assets and interests of TRSL (during exigent circumstances, after consultation with and the concurrence of the Director, Chair of the Investment Committee and/or Chair of the Board)

Responsibilities and Review of Investment Consultant

The Investment Consultant(s) shall assist the Board, the Director and the Chief Investment Officer in developing and modifying policy objectives and guidelines, including the development of an asset allocation strategy and recommendations on the appropriate mix of investment manager styles and strategies. The Consultant(s) shall act as fiduciaries to the Fund.

Additionally, the Consultant(s) shall provide assistance in manager searches and selection, investment performance evaluation, and any other relevant analysis. The Consultant(s) shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board, the Director, or the Chief Investment Officer.

All consultant(s) will be evaluated on an annual basis.

Responsibilities and Review of Investment Managers

The Board will require each investment manager to report monthly in a manner agreed upon by the Board, staff, consultant, and manager.

The Board will meet at least annually, and preferably more frequently, with its investment managers and consultants. Additionally, with or without the investment managers, the Board will review investment results at least quarterly. These reviews will focus on:

- manager adherence to the policy guidelines;
- comparison of manager results versus appropriate financial indices;
- comparison of manager results using similar policies (in terms of commitment to equity, style, diversification, volatility, etc.);
- opportunities available in both equity and debt markets; and
- material changes in the manager organizations, such as investment philosophy, personnel changes, acquisitions, or losses of major accounts, etc.

The managers will be responsible for advising the Board of any material change in personnel, investment strategy, or other pertinent information potentially affecting performance.

Responsibilities and Review of Custodian Bank

The custodian bank is responsible for performing the following functions, among others designated by contract:

- safekeeping of securities;
- process and settlement of all investment manager transactions;
- accept instructions from designated System staff concerning the movement or disbursement of cash and securities;
- collection of interest, dividends, proceeds from maturing securities, and other distributions due the System;
- sweep of idle cash balances daily into interest bearing accounts;
- advise investment staff daily of changes in cash equivalent balances;
- notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- notify appropriate entities of proxies;
- provide holdings and performance reports as required by the System; and
- handle third-party securities lending and related functions.

The Custodian Bank will be evaluated on an annual basis.

Investment Summary as of June 30, 2009 and 2008

	June 30, 2009		June 30, 2008	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds:				
U.S. Treasury & Government Agency securities	$ 953,065,131	8.686%	$ 1,087,818,213	7.368%
Corporate bonds	466,461,049	4.251%	972,046,281	6.583%
Miscellaneous bonds	2,760,625	0.025%	8,755,589	0.059%
Total domestic bonds	1,422,286,805	12.962%	2,068,620,083	14.010%
International bonds	626,067,234	5.706%	791,074,725	5.358%
Domestic stocks:				
Common	3,150,967,585	28.716%	4,485,856,798	30.382%
Preferred	820,998	0.007%	2,410,946	0.017%
Total domestic stocks	3,151,788,583	28.723%	4,488,267,744	30.399%
International stocks*				
Common	2,514,226,271	22.913%	3,550,727,948	24.048%
Preferred	41,161,288	0.375%	18,118,888	0.123%
Total international stocks	2,555,387,559	23.288%	3,568,846,836	24.171%
Domestic and international short-term investments	671,061,232	6.063%	624,681,156	4.231%
Alternative investments:				
Private equity investments	1,420,321,729	12.944%	1,714,653,543	11.613%
Real estate investments	833,655,310	7.597%	1,159,814,748	7.855%
Hedge fund	0	0.000%	27,653,100	0.187%
Mezzanine financing investments	298,126,990	2.717%	321,268,963	2.176%
Total alternative investments	2,552,104,029	23.258%	3,223,390,354	21.831%
Total investments	$10,978,695,442	100.000%	$14,764,880,898	100.000%

*The fair value of the equity index portfolios at June 30, 2009, was $972,501,272 which represents 16.83% of total equity, and has a market value of $5,779,612,123.

List of Largest Assets Held

LARGEST ALTERNATIVE INVESTMENT HOLDINGS (BY FAIR VALUE)	
Description	**Fair Value**
PRIVATE EQUITY INVESTMENTS	
DOUGHTY HANSON & CO III, LP	$ 130,303,532
DLJ MERCHANT BANKING PARTNERS III, LP	108,395,151
WARBURG PINCUS PRIVATE EQUITY IX, LP	92,218,738
HICKS, MUSE, TATE & FURST EQUITY FUND V, LP	68,960,044
FIRST RESERVE FUND XI	68,565,000
LINDSAY, GOLDBERG & BESSEMER II	59,699,222
WARBURG PINCUS INTERNATIONAL PARTNERS, LP	59,148,117
KKR 2006 FUND	58,257,350
APOLLO INVESTMENT FUND V LP	56,891,746
HORSLEY BRIDGE VII, LP	45,244,626
REAL ESTATE INVESTMENT TRUSTS	
BLACKSTONE REAL ESTATE PARTNERS V, LP	$ 39,188,061
STARWOOD GLOBAL OPPORTUNITY FUND VII	33,192,050
CARLYLE REALTY PARTNERS V, LP	33,113,768
ROCKPOINT REAL ESTATE FUND II	32,940,728
STARWOOD GLOBAL OPPORTUNITY FUND VI	23,527,607
ING REALTY PARTNERS II, LP	20,964,564
STERLING AMERICAN PROPERTIES V, LP	20,295,113
BLACKSTONE REAL ESTATE PARTNERS VI, LP	20,065,906
OLYMPUS REAL ESTATE FUND III, LP	14,385,497
DLJ REAL ESTATE CAPITAL PARTNERS II, LP	13,125,604
MEZZANINE FINANCIAL INVESTMENTS	
TCW/CRESCENT MEZZANINE PARTNERS IV	$ 62,991,984
FALCON MEZZANINE INVESTMENTS II, LP	38,377,219
1818 MEZZANINE FUND II, LP	37,099,241
PRUDENTIAL CAPITAL PARTNERS, LP	35,480,602
PENINSULA FUND III, LP	20,526,617
TCW/CRESCENT MEZZANINE PARTNERS V	19,688,193
TCW/CRESENT MEZZANINE PARTNERS III	16,978,693
AUDAX MEZZANINE FUND, LP	16,886,107
BLACKSTONE MEZZANINE PARTNERS	14,602,547
LEVINE LEICHTMAN DEEP VALUE FUND	14,536,626

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)

US TREASURY & GOVERNMENT AGENCY SECURITIES

Description	Coupon Rate	Maturity Date	Par Value	Fair Value
U S TREASURY BOND	4.50	05/15/2038	$ 38,030,000	$ 39,257,607
FNMA GTD REMIC P/T 07-74 A	5.00	04/25/2034	22,356,582	23,231,395
FNMA POOL #0745418	5.50	04/01/2036	16,620,642	17,210,037
FHLMC MULTICLASS CTFS 2668 AZ	4.00	09/15/2018	15,726,484	15,750,388
FNMA POOL #0888209	5.50	05/01/2036	14,717,116	15,239,009
U S TREAS BD STRIP PRIN PMT	0.00	02/15/2015	15,000,000	12,740,400
FNMA GTD REMIC P/T 04-75 GB	4.50	11/25/2030	12,322,485	12,341,462
US TREAS-CPI INFLAT	2.00	01/15/2016	11,427,223	11,612,915
US TREAS-CPI INFLAT	0.63	04/15/2013	11,449,653	11,322,676
FHLMC POOL #G1-2635	5.50	03/01/2022	9,055,161	9,462,661

LARGEST INTERNATIONAL BOND HOLDINGS (BY FAIR VALUE)

Country Name	Security Description	Coupon Rate	Maturity Date	Bonds	Fair Value
GERMANY	GERMANY (FED REP) BDS EUR0.01	4.50	01/04/2013	$ 33,852,000	$ 51,222,705
FRANCE	FRANCE (GOVT OF)	3.00	01/12/2011	24,470,000	35,260,202
NETHERLANDS	NETHERLANDS (KINGDOM OF)	4.00	01/15/2011	20,080,000	29,382,512
UNITED KINGDOM	UNITED KINGDOM (GOVERNMENT OF)	2.25	03/07/2014	17,750,000	28,223,098
AUSTRALIA	NEW SOUTH WALES TREASURY CORP	5.50	03/01/2017	29,270,000	22,781,399
UNITED KINGDOM	BARCLAYS BANK PLC 144A	0.00	10/30/2013	25,000,000	22,617,550
ITALY	ITALY(REPUBLIC OF)	4.25	04/15/2013	14,050,000	20,647,267
BELGIUM	BELGIUM (KINGDOM OF) BDS	4.25	09/28/2013	13,230,000	19,686,813
UNITED KINGDOM	TREASURY STK GBP1	4.25	03/07/2036	9,979,000	16,026,355
POLAND	POLAND (REPUBLIC OF)	5.25	10/25/2017	50,865,000	15,131,421

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)

LARGEST DOMESTIC COMMON STOCK HOLDINGS (BY FAIR VALUE)

Description	Shares	Fair Value
EXXON MOBIL CORP	768,142	$ 53,700,807
CHEVRON CORPORATION	531,069	35,183,321
PFIZER INC	2,170,175	32,552,625
JPMORGAN CHASE & CO	907,616	30,958,782
IBM CORP	292,753	30,569,268
MICROSOFT CORP	1,249,626	29,703,610
AT & T INC COM	1,182,611	29,376,057
COCA COLA CO	598,716	28,732,381
JOHNSON & JOHNSON	448,932	25,499,338
BANK OF AMERICA CORP	1,843,132	24,329,342

LARGEST INTERNATIONAL COMMON STOCK HOLDINGS (BY FAIR VALUE)

Country	Description	Shares	Fair Value
UNITED STATES	EB DAILY VALUED INTERNATIONAL	1,342,473	$ 312,257,094
LUXEMBOURG	DFA INTL SMALL CO PORTFOLIO	12,393,559	147,111,544
NETHERLANDS	ASML HLDG NV EUR0.09	1,207,933	26,109,274
SWITZERLAND	NESTLE SA CHF0.1 (REGD)	603,771	22,717,401
CANADA	SUNCOR ENERGY INC COM	732,430	22,221,926
JAPAN	JAPAN TOBACCO INC Y50000	6,345	19,859,978
GERMANY	BAYER AG ORD NPV	370,250	19,848,837
FRANCE	VINCI EUR2.50 (POST SUBDIVISIO	410,261	18,405,851
GERMANY	LINDE AG NPV	223,264	18,298,012
CANADA	CANADIAN PAC RY LTD COM	443,150	17,637,370

LARGEST DOMESTIC PREFERRED STOCK HOLDINGS (BY FAIR VALUE)

Description	Shares	Fair Value
ZURICH REG CAPS FDG TR V TR	854	$ 515,335
DEUTSCHE BK CONTINGENT CAP TR	17,000	305,660

A complete list of portfolio holdings is available upon request.

List of Largest Assets Held (cont'd)

LARGEST INTERNATIONAL PREFERRED STOCK HOLDINGS (BY FAIR VALUE)			
Country	Description	Shares	Fair Value
BRAZIL	PETROLEO BRASILEIRO SA ADR	934,357	$ 31,170,150
GERMANY	PORSCHE AUTOMOBIL HOLDING SE	99,900	6,697,962
BRAZIL	USINAS SID MINAIS GERAIS	62,550	1,328,046
SOUTH KOREA	SAMSUNG ELECTRONICS CO PFD	2,900	887,790
NETHERLANDS	AEGON N V PERP CAP SECS %	36,932	535,514
UNITED KINGDOM	ROLLS ROYCE GROUP SHS C	116,369,253	191,642
NETHERLANDS	AEGON N V PERP CAP SECS FLTG	11,824	152,766
GERMANY	VOLKSWAGEN AG NON VTG PREF NPV	825	57,582
GERMANY	PORSCHE AUTOMOBIL HOLDING SE	690	46,262
GERMANY	HENKEL AG & CO KGAA NON VTG	1,430	44,589

LARGEST DOMESTIC CORPORATE BONDS				
Description	Coupon Rate	Maturity Date	Par Value	Fair Value
COMCAST CORP NEW NT	6.950%	08/15/2037	$ 6,040,000	$ 6,257,485
TIME WARNER CABLE INC DEB	7.300%	07/01/2038	5,793,000	5,960,620
INERGY LP & INERGY FIN CORP SR	8.250%	03/01/2016	5,745,000	5,472,112
KRAFT FOODS INC BD	7.000%	08/11/2037	5,057,000	5,371,496
ARAMARK CORP SR NT	8.500%	02/01/2015	4,830,000	4,685,100
WAL MART STORES INC NT	6.500%	08/15/2037	3,885,000	4,309,431
CISCO SYS INC SR NT	5.900%	02/15/2039	4,345,000	4,306,156
UNITEDHEALTH GROUP INC NT	6.625%	11/15/2037	4,752,000	4,158,881
PETROHAWK ENERGY CORP	7.875%	06/01/2015	4,195,000	3,880,375
CINCINNATI BELL INC SR SUB NTS	8.375%	01/15/2014	3,895,000	3,602,875

A complete list of portfolio holdings is available upon request.

Net Earnings on Investments for the Years Ended June 30, 2009 and 2008

Earnings on investments:	**2009**		**2008**	
Net appreciation (depreciation) in domestic investments:				
Bonds	$ (38,572,774)		$ (36,034,672)	
Short-term investments	(2,573,645)		0	
Common and preferred stocks	(521,043,371)		(842,955,937)	
Alternative investments	(892,299,024)	$ (1,454,488,814)	(95,122,491)	$ (974,113,100)
Net appreciation (depreciation) in international investments:				
Bonds	(23,126,029)		(5,526,195)	
Common and preferred stocks	(769,088,380)		(758,705,188)	
Alternative investments	(2,756,979)	(794,971,388)	15,101,623	(749,129,760)
Domestic interest income:				
Bonds	120,625,387		125,384,186	
Short-term investments	7,273,450	127,898,837	26,136,301	151,520,487
International interest income:				
Bonds	32,782,658		39,094,105	
Short-term investments	166,865	32,949,523	380,042	39,474,147
Domestic common and preferred dividends		72,833,729		88,058,249
International common and preferred dividends		78,873,116		108,299,133
Securities lending income:				
Fixed	2,721,803		14,959,500	
Equity	7,740,244		4,950,111	
International	7,223,026	17,685,073	12,342,367	32,251,978
Gain (loss) on sale of domestic securities, net:				
Bonds	(148,833,911)		(4,196,454)	
Common and preferred stocks	(824,456,399)		14,353,797	
Alternative investments	78,023,141		215,413,531	
Short-term investments	1,962	(895,265,207)	0	225,570,874
Gain on sale of international securities, net:				
Bonds	9,684,748		(2,998,611)	
Short-term investments	729,818		(57,143)	
Common and preferred stocks	(451,193,546)		169,322,192	
Alternative investments	39,109,817	(401,669,163)	40,521,295	206,787,733
Gain (loss) on international exchange transactions, net		(5,776,270)		158,605,996
Miscellaneous domestic income		7,772		104,281
Commission rebate income		482,025		617,548
Gross earnings (loss)		(3,221,440,767)		(711,952,434)
Charges against earnings:				
Securities lending expenses:				
Fixed	1,430,513		12,038,965	
Agents	1,601,457		1,163,847	
Equity	2,565,874		2,018,542	
International	3,199,017	8,796,861	9,313,289	24,534,643
International investment expense		3,095,851		7,885,244
Alternative investments expense		30,910,869		20,647,903
Custodian fees		446,588		744,317
Performance consultant fees		1,238,734		1,233,754
Trade cost analysis fees		0		40,000
Advisors fees		26,318,814		32,881,518
Total charges		70,807,717		87,967,379
Net income (loss) on investments		$ (3,292,248,484)		$ (799,919,813)

Investment Performance Measurements[1] — Year Ended June 30, 2009

	Rate of Return[1]	Rank[2]
Comparative Rates of Return on Total Fund		
Teachers' Retirement System of Louisiana	(22.3%)	88
Comparison Indices:		
Median Return for Public Funds Greater than $1.0 billion	(18.0%)	50
Comparative Rates of Return on Domestic Equities		
Teachers' Retirement System of Louisiana	(28.0%)	75
Comparison Indices:		
Median Return for US Equities of Public Funds Greater than $1.0 billion	(27.0%)	50
Standard and Poor's 500 Index	(26.2%)	40
Comparative Rates of Return on Domestic Bonds		
Teachers' Retirement System of Louisiana	(5.1%)	90
Comparison Indices:		
Median Return for US Fixed Income of Public Funds Greater than $1.0 billion	3.4%	50
Barclays Capital Aggregate Bond Index	6.1%	12
Comparative Rates of Return on International Equities		
Teachers' Retirement System of Louisiana	(31.5%)	61
Comparison Indices:		
Median Return for Non-US Equity of Public Funds Greater than $1.0 billion	(30.7%)	50
MSCI EAFE Net Dividend Index	(31.4%)	59
Comparative Rates of Return on Global Bonds		
Teachers' Retirement System of Louisiana	1.7%	N/A
Comparison Indices:		
Median Return for Global Bonds of Public Funds Greater than $1.0 billion[3]	N/A	N/A
Citigroup World Government Bond Index	4.0%	N/A
Comparative Rates of Return on Private Assets		
Teachers' Retirement System of Louisiana	(21.1%)	N/A
Comparison Indices:		
Median Return for Private Assets[4]	N/A	N/A
S&P 500 Index plus 4%	(22.2%)	N/A
Total Fund performance is compared to Public Funds greater than $1.0 billion in assets as follows:		
Five-year period ended June 30, 2009	2.4%	59
Ten-year period ended June 30, 2009	3.3%	67
Fifteen-year period ended June 30, 2009	7.1%	57
Twenty-year period ended June 30, 2009	7.8%	38

[1] Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.
[2] The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than $1.0 billion.
[3] BNY Mellon Financial does not provide a universe for global bonds.
[4] BNY Mellon Financial does not provide a universe for private assets.

Rates of Return[1]

	ANNUAL YEARS ENDING JUNE 30					ANNUALIZED	
	2009	2008	2007	2006	2005	3 YRS.	5 YRS.
TOTAL FUND							
Teachers' Retirement System of Louisiana	(22.3%)	(4.8%)	19.7%	14.3%	10.9%	(4.0%)	2.4%
Median Large Fund Returns[2]	(18.0%)	(4.3%)	18.0%	11.2%	9.8%	(2.7%)	2.5%
Inflation (CPI Index)	(1.4%)	5.0%	2.7%	4.3%	2.5%	2.1%	2.6%
DOMESTIC EQUITIES							
Teachers' Retirement System of Louisiana	(28.0%)	(12.1%)	15.8%	9.5%	8.2%	(9.8%)	(2.8%)
Median Return for US Equity Segment[2]	(27.0%)	(12.7%)	20.0%	11.6%	8.3%	(8.2%)	(1.5%)
Standard & Poor's 500 Index	(26.2%)	(13.1%)	20.6%	8.6%	6.3%	(8.2%)	(2.2%)
DOMESTIC BONDS							
Teachers' Retirement System of Louisiana	(5.1%)	4.2%	7.8%	1.8%	7.9%	2.1%	2.5%
Median Bond Return for US Bonds Segment[2]	3.4%	5.5%	6.5%	0.5%	7.2%	4.7%	4.1%
Barclays Capital Aggregate Index	6.1%	7.1%	6.1%	(0.8%)	6.8%	6.4%	5.0%
INTERNATIONAL EQUITIES							
Teachers' Retirement System of Louisiana	(31.5%)	(11.0%)	30.2%	27.7%	12.0%	(7.4%)	2.6%
Median Return for Non-US Equity Segment[2]	(30.7%)	(8.1%)	30.6%	27.6%	15.2%	(5.9%)	4.3%
MSCI EAFE Net Dividend Index	(31.4%)	(10.6%)	27.0%	26.6%	13.7%	(8.0%)	2.3%
GLOBAL BONDS							
Teachers' Retirement System of Louisiana	1.7%	13.7%	4.8%	0.6%	9.6%	6.6%	5.9%
Median Return for Non-US Fixed Segment[3]	N/A	N/A	7.9%	0.6%	8.3%	N/A	N/A
Citigroup World Government Bond Index	4.0%	17.0%	2.9%	(0.4%)	7.6%	7.8%	6.1%
ALTERNATIVE INVESTMENTS							
Teachers' Retirement System of Louisiana	(21.1%)	5.5%	35.6%	32.3%	20.2%	4.1%	12.9%
Median Return for Alternative Segment[4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P 500 Index Plus 4%	(22.2%)	(9.1%)	24.4%	12.6%	10.3%	(4.2%)	1.8%

[1] Investment return calculations were prepared with time-weighted return methodology using market values and cash flows gross of fees.
[2] The BNY Mellon Financial Universe (PARis) consists of public funds with assets greater than $1.0 billion.
[3] BNY Mellon Financial does not provide a universe for global bonds.
[4] BNY Mellon Financial does not provide a universe for private assets.

Summary of Schedule of Commissions Paid to Brokers for the Year Ended June 30, 2009

	COMMISSIONS DOLLAR AMOUNT
Domestic	
Louisiana Incorporated Brokers	$ 932,150
Cullen Investment Group	
Doley Securities (Minority Brokers)	
Dorsey & Company, Inc.	
FBT Investments	
Francis Financial (Minority Brokers)	
Johnson Rice	
Sisk Investments	
Sisung Securities	
Louisiana Domiciled Brokers	318,725
A. G. Edwards & Sons	
Morgan Keegan	
Morgan Stanley	
Smith Barney	
The Stanford Group	
Wachovia Securities	
Williams Capital (Minority Brokers)	
Other Minority Brokers	48,748
GRW	
Jackson Partners	
Magna Securities	
Melvin Securities	
Pacific American	
Other Brokers	5,639,800
Total Domestic	6,939,423
International Brokers	4,566,498
Total Domestic and International	$ 11,505,921

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Actuarial Section

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ACTUARIAL ASSOCIATES

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September 25, 2009

Board of Directors
Teachers' Retirement System of Louisiana
Post Office Box 94123
Baton Rouge, Louisiana 70804-9123

Ladies and Gentlemen:

Pursuant to your request, I have completed the annual valuation of the Teachers' Retirement System of Louisiana as of June 30, 2009. The valuation was prepared on the basis of the data submitted by the Retirement System, the actuarial assumptions adopted by the Board of Trustees, and reflects the benefits in effect on the valuation date.

Notable changes in recent prior legislative sessions include the following Acts: Act 497 of 2009 made significant changes to prospective funding. Effective July 1, 2010, the outstanding balance of all amortization schedules established on or before July 1, 2008, will be consolidated into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The outstanding balance of the new schedules will be credited with funds from the Initial Unfunded Accrued Liability Amortization Fund, Employer Credit Account and Employee Experience Account, and will be re-amortized as described in the General Actuarial Method section of the Summary of Assumptions below. The OAB, which includes the initial unfunded accrued liability, will be paid off in plan year 2028/2029, as required by the Louisiana Constitution. Act 497 changes the amortization of contribution variance credits, also described in the General Actuarial Method section of the Summary of Assumptions below, and changes the provisions for crediting the Employee Experience Account and for granting future permanent benefit increases. The first $100,000,000 of investment gain above the actuarially assumed investment rate will be used to reduce and re-amortize the OAB. The next $100,000,000 of excess investment return will be used to reduce and re-amortize the EAAB. Fifty percent of any excess return above $200,000,000 will be credited to the Employee Experience Account to fund future permanent benefit increases.

Significant historical legislative Acts are as follows (some provisions of these Acts have been amended by Act 497 of 2009): Notable changes in prior legislative sessions include the following Acts: Act 1031 of 1992 established the Experience Account which provides for the pre-funding of retiree COLA's by accumulating 50% of the excess investment income. The Texaco Settlement Fund was established July 1, 1995 to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81. This fund, now called the Initial UAL Amortization Fund, also includes a legislative allocation of $26,400,000 per Act 642 of 2006 and a legislative allocation of $40,000,000 per Act 7 of the second Extraordinary Session of 2008. Act 981 of 1997 eliminates the current twenty year retirement for new members hired after July 1, 1999. Act 588 of 2004 made significant changes to prospective funding. The outstanding balances of changes in liabilities from 1993 through 2000 were re-amortized with level dollar

SJ Actuarial Associates

Board of Trustees
TRSL
September 25, 2009

payments to 2029. The amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a thirty year period from the date of occurrence, with a 4.5% increasing payment schedule. Changes in liabilities beginning in 2004 or later will be amortized for 30 years from data of occurrence with level payments. A minimum employer rate of 15.5% and Employer Credit Account were established for excess contributions. The negative Experience Account Balance was removed from the valuation assets. Act 572 of 1992 established the Experience Account which provides for the pre-funding of retiree cost-of-living adjustments by accumulating 50% of the excess investment income. The Initial UAL Fund was established July 1, 1995, to dedicate allocated assets to reduce the initial unfunded actuarial liability established by Act 81.

The funding objective of the Retirement System was established by Constitutional Amendment Number 3 during the 1987 Legislative Session and requires the following:

a) Fully fund all current normal costs determined in accordance with the prescribed statutory funding method; and
b) Liquidate the unfunded liability as of June 30, 1988 over a forty year period with subsequent changes in unfunded liabilities amortized over period(s) specified by statute.

The results of the current valuation indicate that the employer contribution rate payable for the fiscal year commencing July 1, 2009 is 19.0% of payroll. This compares to a projected rate for this period of 15.5%, resulting primarily from investment losses. The current contribution rate, together with the contributions payable by the members, is sufficient to achieve the funding objective set forth above.

The methodology for determining the actuarial value of assets approved by the Board of Trustees is consistent with the prior plan year. The current method values all assets on a basis which reflects a four-year moving weighted average of the relationship between market value and cost value. The objective of this asset valuation method is to smooth the volatility which might otherwise occur due to market conditions on the measurement date. The actuarial value of assets for the fiscal year ending June 30, 2009 was $13,500,337,556. The Actuarial Value of Assets, when adjusted for the Employer Credit Account in the amount of $107,377,279, the side-fund assets for the Louisiana State University Agriculture and Extension Service Supplement of -$428,586, and the side-fund assets from the Initial IUAL Amortization Fund, including the subaccount, of $671,493,594, yields assets for funding purposes of $12,721,895,269.

In performing the June 30, 2009 valuation, we have relied upon the employee data and financial information provided by the administrative staff of the Teachers' Retirement System of Louisiana. Regarding participant data, each record was edited for reasonableness and consistency, although the validity of the information was not compared to source documents or compared with data for the same participant utilized in prior valuations. Regarding plan assets, a general review for consistency and balance testing with information furnished for the prior year's valuation was performed.

The present values shown in the June 30, 2009, actuarial valuation and supporting statistical schedules of this certification, which comprises all the schedules of the Actuarial Section in the annual Financial Statement, have been prepared in accordance with the actuarial methods specified in Louisiana Revised Statutes Title II Section 22(13) and assumptions which are appropriate for the purposes of this valuation.

SJ Actuarial Associates

Board of Trustees
TRSL
September 25, 2009

The following supporting schedules were prepared by me for the Comprehensive Annual Financial Report:

Actuarial Section

- Summary of Actuarial Assumptions
- Actuarial Valuation Balance Sheet
- Summary of Unfunded Actuarial Liabilities
- Summary of Actuarial and Unfunded Actuarial Liabilities
- Reconciliation of Unfunded Actuarial Liabilities
- Amortization of Unfunded Actuarial Accrued Liability
- Membership Data
- Summary of Plan Provisions

Financial Section

- Schedule of Funding Progress
- Schedule of Employer Contributions

The funding method prescribed is the Projected Unit Credit Cost Method. The actuarial assumptions and methods used for funding purposes comply and are within the parameters set forth by the Government Accounting Standards Board (GASB) Statement No. 25. The same actuarial assumptions and methods were employed in the development of the Trend Data Schedule, the Schedule of Funding Progress and the Schedule of Employer Contributions which were prepared for the Financial Section of this report. The System is required to conduct an experience study every five years. This valuation is based upon assumptions adopted by the Board of Trustees following the most recent study, which covers the five year observation period of 2002-2007.

I certify to the best of my knowledge, the methods and assumptions comply with generally recognized and accepted actuarial principles and practices set forth by the American Academy of Actuaries, are reasonable in the aggregate and when applied in combination represents my best estimate of the funding requirement to achieve the Retirement System's Funding Objective.

Respectfully submitted,

Shelley R. Johnson

Shelley R. Johnson, FCA, MAAA, ASA
Consulting Actuary

Summary of Assumptions

The following assumptions were adopted by the Board of Trustees of The Teachers' Retirement System of Louisiana (TRSL) based on the 2002-2007 actuarial experience study in effect as of June 30, 2008.

I. General Actuarial Method

Actuarial Funding Method (Projected Unit Credit): The unfunded accrued liability on June 30, 1988 is amortized over a 40-year period commencing in 1989. The amortization payment reflects a 4-percent increase for the first five years, reducing by 0.5 pe-cent at the end of each quinquennial period. Changes in unfunded accrued liabilities occurring after June 30, 1988, are amortized as a level-dollar amount as follows:

	Act 81 Effective 6/30/88	As Amended Act 257 Effective 6/30/92
Experience Gains/Losses	15 years	Later of 2029 or 15 years
Actuarial Assumptions	30 years	Later of 2029 or 30 years
Actuarial Methods	30 years	Later of 2029 or 30 years
Benefit Changes	Determined by enabling statute	

Act 257 of 1992 further amended the amortization schedule to reflect a 4.5-percent payment increase over the remaining amortization period.

Act 588 of 2004 re-amortized changes in liabilities occurring from 1993 through 2000 as a level-dollar payment to 2029. Amortization periods for changes in liabilities beginning with 2001 through 2003 were extended to a 30-year period from the date of occurrence. Amortization periods for changes in liabilities beginning with 2004 are extended to a 30-year period from the date of occurrence, paid as a level-dollar amount.

Act 484 of 2007 and resulting Constitutional Amendment requires increases in UAL due to altered benefit provisions by legislative enactment to be amortized over a 10-year period with level payments.

Act 497 of 2009 consolidates the outstanding balance of all amortization schedules established on or before July 1, 2008, into two amortization schedules, the Original Amortization Base (OAB) and the Experience Account Amortization Base (EAAB). The consolidation is effective July 1, 2010. The outstanding balance of the OAB will be credited with funds from the Initial UAL fund, excluding the subaccount of this fund, and the Employer Credit Account. The OAB will be paid off in plan year 2028/2029. The EAAB will be credited with funds from the Initial UAL subaccount, which were transferred from the Employee Experience Account on June 30, 2009. The EAAB will be paid off in plan year 2039/2040. The payment schedule for each of these bases will increase each plan year as follows:

Plan Year	Original Amortization Base	Experience Account Amortization Base
2011/2012 – 2013/2014	7.0%	7.0%
2014/2015 – 2017/2018	6.5%	6.5%
2018/2019 +	2.0%	Level Payments

Employer contribution requirements for normal costs and amortization of the unfunded accrued liabilities are determined as a projected percentage of payroll. Discrepancy between dollars generated by percentage of payroll versus the required dollar amount are treated as a short-fall credit/debit and applied to the following year's contribution requirement. The five-year level amortization payment of the debit/credit is applied to the following year's contribution requirement.

Act 497 changes the amortization of contribution variance credits. Beginning with plan year 2009-2010 through plan year 2039-2040, any overpayment will be credited to the EAAB. The EAAB will then be re-amortized according to the new payment schedule.

Asset Valuation Method: Assets are valued on a basis which reflects a four-year moving weighted average value between market value and cost value. This value is subject to Corridor Limits of 80 percent to 120 percent of the Market Value of Assets. Prior to

July 1, 1997, fixed income securities were valued at amortized cost.

Valuation Data: The administrative staff of TRSL furnishes the actuary with demographic data relating to the active life membership and retired life members. Retired life members included inactive members who are entitled to a deferred reciprocal or vested benefit. The book value and market value of System assets are provided by the administrative staff of TRSL. All data is reviewed for reasonableness and consistency from year to year, but is not audited by the actuary.

II. Economic Assumptions

Investment Return: 8.25 percent per annum, compounded annually.

Employee Salary Increases: Incorporated within the salary scales (shown for periodic durations, but representing full range of assumptions) is an explicit 3.0-percent inflation assumption. The following salary scale is based upon years of service:

Duration (Years)	Teachers	School Lunch A	School Lunch B	University
1	5.50%	6.50%	6.50%	5.50%
5	6.20%	6.60%	6.60%	5.40%
10	6.00%	4.50%	5.50%	5.20%
15	5.10%	4.50%	5.00%	5.00%
20	5.10%	5.20%	5.00%	4.80%
25	4.80%	4.50%	4.30%	4.50%
30	4.80%	5.00%	4.30%	4.50%

The active member population is assumed to remain constant.

III. Decrement Assumptions

Mortality Assumption: Pre-retirement deaths and post-retirement life expectancies are projected in accordance with the experience of the RP-2000 mortality table.

Disability Assumption: Rates of total and permanent disability were projected by age in accordance with the 2002-2007 disability experience of the Retirement System. Rates were projected separately for School Lunch and University Employees. Mortality rates after disability are based on the RP-2000 table for disabled lives.

Age	Teachers	School Lunch A	School Lunch B	University
25	0.01%	0.00%	0.00%	0.01%
30	0.01%	0.00%	0.00%	0.01%
35	0.06%	0.01%	0.00%	0.01%
40	0.11%	0.01%	0.03%	0.10%
45	0.18%	1.00%	0.30%	0.10%
50	0.22%	1.50%	1.50%	0.10%
55	0.40%	3.00%	2.55%	0.10%

Termination Assumption: Voluntary withdrawal rates are derived from the 2002-2007 termination experience study.

Age	Teachers	School Lunch A	School Lunch B	University
25	13%	0%	20%	10%
30	13%	2%	7%	12%
35	9%	2%	7%	10%
40	6%	2%	6%	7%
45	4%	2%	4%	5%
50	3%	2%	3%	2%

Furthermore, for members terminating with ten (10) or more years of service, it is assumed that 80 percent will not withdraw their accumulated employee contributions.

Retirement/DROP Assumptions: Retirement rates were projected based upon the 2002-2007 experience study. Rates illustrated below are retirement rates and the probability of DROP participation, respectively.

Age (Years)	Teachers		School Lunch A		School Lunch B		University	
	Retirement	DROP	Retirement	DROP	Retirement	DROP	Retirement	DROP
50	2.8%	3%	1%	2%	0%	0%	4%	0%
51	3%	15%	1%	2%	0%	0%	3%	3%
52	3.5%	50%	1%	2%	0%	0%	5%	7%
53	5%	40%	3%	2%	0%	0%	5%	12%
54	7.5%	40%	3%	2%	0%	30%	9%	12%
55	20%	60%	15%	50%	35%	50%	18%	55%
56	23%	15%	15%	20%	33%	45%	18%	10%
57	25%	7%	15%	20%	30%	15%	18%	10%
58	36.5%	7%	25%	20%	30%	15%	28%	7%
59	28%	7%	25%	20%	30%	15%	21%	7%
60	28%	15%	35%	55%	30%	15%	28%	7%
61	28%	3%	35%	20%	30%	3%	21%	2%
62	28%	1%	35%	10%	30%	1%	21%	1%
63	33%	1%	50%	2%	45%	1%	21%	1%
64	33%	1%	50%	2%	45%	1%	21%	1%
65	33%	1%	40%	2%	30%	1%	28%	1%
66	40%	0%	40%	2%	25%	1%	28%	1%
67	34%	0%	35%	2%	25%	1%	28%	1%
68	34%	0%	25%	2%	25%	1%	28%	1%
69	34%	0%	20%	2%	25%	1%	20%	1%
70	34%	0%	20%	2%	50%	1%	20%	1%

Actuarial Valuation Balance Sheet

June 30, 2009 and 2008		
Assets	**2009**	**2008**
Present Assets Creditable To:		
Members' Savings Account	$ 2,227,549,922	$ 2,100,936,422
Annuity Reserve Account	11,273,216,220	13,406,897,187
Total Present Assets	**13,500,766,142**	**15,507,833,609**
Present Value Of Prospective Contributions Payable To:		
Members' Savings Account	2,494,406,293	2,335,473,673
Annuity Reserve Account		
Normal	1,931,815,016	1,826,857,002
Accrued Liability	10,474,152,267	7,587,356,456
Total Prospective Contributions	**14,900,373,576**	**11,749,687,131**
Total Assets	**$ 28,401,139,718**	**$ 27,257,520,740**

Liabilities	**2009**	**2008**
Present Value Of Prospective Benefits Payable On Account Of:		
Current Retiree Members	$ 15,430,612,942	$ 14,993,971,987
Current Active Members	12,578,000,872	11,879,422,655
Deferred Vested & Reciprocal Members	392,525,904	384,126,098
Total Liabilities	**$ 28,401,139,718**	**$ 27,257,520,740**

NOTE: Information on this page was provided by SJ Actuarial Associates.

Summary of Unfunded Actuarial Liabilities/Salary Test

(Dollar amounts in millions)

Valuation Date	(1) Active Member Contribution	(2) Retirees Term. Vested Inactive	(3) Active Members Employer Fin. Portion	Actuarial Valuation Assets	Portion of Actuarial Accrued Liabilities Covered By Assets		
					(1)	(2)	(3)
2000	$ 1,714.8	$ 8,659.1	$ 4,222.5	$ 11,368.7	100%	100%	41%
2001	$ 1,764.2	$ 9,063.2	$ 4,216.8	$ 12,062.1	100%	100%	29%
2002	$ 1,774.2	$ 9,958.0	$ 4,531.0	$ 12,019.5	100%	100%	2%
2003	$ 1,770.1	$ 10,776.8	$ 4,626.4	$ 11,826.9	100%	93%	0%
2004	$ 1,915.4	$ 11,670.9	$ 4,630.4	$ 11,409.4	100%	83%	0%
2005	$ 2,003.7	$ 12,337.3	$ 4,358.8	$ 12,082.7	100%	82%	0%
2006	$ 1,912.0	$ 13,430.0	$ 4,048.8	$ 13,088.4	100%	83%	0%
2007	$ 1,984.1	$ 14,397.9	$ 4,390.3	$ 14,812.7	100%	89%	0%
2008	$ 2,100.9	$ 15,378.1	$ 4,611.5	$ 15,507.8	100%	87%	0%
2009	$ 2,227.5	$ 15,823.1	$ 4,788.8	$ 13,500.8	100%	71%	0%

Summary of Actuarial and Unfunded Actuarial Liabilities

(Dollar amounts in millions)

Valuation Date	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Ratio of Assets To AAL	Unfunded AAL	Active Member Payroll	Unfunded AAL As A Percent of Active Payroll
2000	$ 14,596.4	$ 11,368.7	77.9%	$ 3,227.7	$ 2,563.6	125.9%
2001	$ 15,390.4	$ 12,062.1	78.4%	$ 3,328.3	$ 2,582.8	128.9%
2002	$ 16,263.2	$ 12,019.5	73.9%	$ 4,243.7	$ 2,777.7	152.8%
2003	$ 17,196.8	$ 11,826.9	68.8%	$ 5,369.9	$ 2,977.9	180.3%
2004	$ 18,067.5	$ 11,409.4	63.1%	$ 6,658.1	$ 3,017.7	220.6%
2005	$ 18,699.8	$ 12,082.7	64.6%	$ 6,617.1	$ 3,132.2	211.3%
2006	$ 19,390.8	$ 13,088.4	67.5%	$ 6,302.4	$ 2,893.0	217.8%
2007	$ 20,772.3	$ 14,812.7	71.3%	$ 5,959.6	$ 3,224.6	184.8%
2008	$ 22,090.5	$ 15,507.8	70.2%	$ 6,582.7	$ 3,675.0	179.1%
2009	$ 22,839.4	$ 13,500.8	59.1%	$ 9,338.6	$ 3,912.3	238.7%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Reconciliation of Unfunded Actuarial Liabilities

(Dollar amounts in thousands)

	Fiscal Year Ending			
	2009	2008	2007	2006
Unfunded Actuarial Liability at Beginning of Fiscal Year (7/1)	$ 6,967,625	$ 6,250,578	$ 6,554,990	$ 6,812,643
Interest on Unfunded Liability	574,829	515,672	540,786	562,043
Investment Experience (gains) decreases UAL	3,170,379	470,047	(1,076,635)	(862,859)
Plan Experience (gains) decreases UAL	(144,959)	326,425	292,738	(11,575)
Employer Amortization Payments (payments) decreases UAL	(360,294)	(303,273)	(322,685)	(331,786)
Employer Contribution Variance (excess contributions) decreases UAL	(90,065)	(103,413)	(37,534)	(44,898)
Experience Account Allocation (allocations) decreases UAL	——	——	298,918	431,422
Other - Miscellaneous gains and losses from transfers or Acts of the Legislature	——	(188,411)	——	——
Unfunded Actuarial Liability at End of Fiscal Year (6/30)	**$ 10,117,515**	**$ 6,967,625**	**$ 6,250,578**	**$ 6,554,990**

NOTE: Information on this page was provided by SJ Actuarial Associates.

Amortization of Unfunded Actuarial Accrued Liability

June 30, 2009							
Date	**Description**	**Amtz. Method**	**Amtz. Period**	**Initial Liability**	**Years Remain**	**Remaining Balance**	**Mid-Year Payment**
1993	Initial Liability	I	36	$ 4,848,270,248	20	$ 6,900,154,723	$ 491,547,423
1993	Change in Liability	L	25	(838,057,486)	20	(772,897,358)	(77,075,133)
1994	Change in Liability	L	25	(285,027,105)	20	(262,865,854)	(26,213,598)
1995	Change in Liability	L	25	(11,255,751)	20	(10,380,601)	(1,035,178)
1996	Change in Liability	L	25	(227,335,061)	20	(209,659,446)	(20,907,731)
1997	Change in Liability	L	25	72,828,575	20	67,166,053	6,697,956
1998	Change in Liability	L	25	(312,542,081)	20	(288,241,502)	(28,744,117)
1999	Change in Liability	L	25	(361,354,605)	20	(333,258,785)	(33,233,346)
2000	Change in Liability	L	25	(672,461,184)	20	(620,176,398)	(61,845,442)
2001	Change in Liability	I	27	59,149,207	22	64,777,706	4,326,919
2002	Change in Liability	I	28	859,751,039	23	948,732,561	61,552,533
2003	Change in Liability	I	29	2,115,958,339	24	2,351,288,325	148,434,602
2004	Change in Liability	L	30	27,253,793	25	25,899,063	2,381,906
2005	Change in Liability	L	30	(230,622,183)	26	(221,828,283)	(20,155,736)
2006	Change in Liability	L	30	(470,579,056)	27	(457,667,892)	(41,127,297)
2007	Change in Liability	L	30	(485,035,058)	28	(476,519,119)	(42,390,712)
2008	Change in Assumptions	L	30	(188,411,115)	29	(186,822,638)	(16,466,606)
2008	Change in Liability	L	30	796,416,277	29	789,701,764	69,604,562
2009	Change in Liability	L	30	3,025,368,762	30	3,025,368,762	264,408,795
				Total Outstanding Balance		**$10,332,771,081**	**$ 679,759,800**
Employers Credit Balance							
2005	Contribution Variance	L	5	(31,046,965)	1	(7,230,685)	(7,523,041)
2006	Contribution Variance	L	5	(17,430,843)	2	(7,809,726)	(4,223,696)
2007	Contribution Variance	L	5	(37,534,025)	3	(24,276,611)	(9,094,931)
2008	Contribution Variance	L	5	(103,413,475)	4	(85,873,627)	(25,058,287)
2009	Contribution Variance	L	5	(90,065,042)	5	(90,065,042)	(21,823,807)
				Total Credit Balance		**$ (215,255,691)**	**$ (67,723,762)**
				Total Unfunded Actuarial Accrued Liability		**$10,117,515,390**	

NOTE: Information on this page was provided by SJ Actuarial Associates.

Membership Data

Data regarding the membership of the System for valuation were furnished by the System.

	2009		2008	
Active Members	**Census**	**Avg. Sal.**	**Census**	**Avg. Sal.**
Regular Teachers	76,566	$ 43,128	75,126	$ 41,330
University Members	6,750	59,527	6,283	58,016
School Lunch A	144	24,835	189	23,257
School Lunch B	1,259	19,273	1,242	17,711
Active After DROP	3,487	51,771	3,139	57,074
Total	**88,206**	**$ 44,354**	**85,979**	**$ 42,743**
Males (%)	17.3%		17.2%	
Females (%)	82.7%		82.8%	
Valuation Salaries		$3,912,326,326		$3,675,013,831

Inactive Members	2009 Census	2008 Census
Due Refunds	10,905	10,571
Vested & Reciprocals	5,872	6,043

	2009		2008	
Annuitants and Survivors	**Census**	**Avg. Ben.**	**Census**	**Avg. Ben.**
Retirees	53,009	$ 23,086	51,916	$ 22,698
Disabilities	3,959	10,977	3,969	10,956
Survivors	5,449	16,369	5,185	16,103
DROP	3,421	31,112	3,760	30,467
Total	**65,838**	**$ 22,219**	**64,830**	**$ 21,902**

NOTE: Information on this page was provided by SJ Actuarial Associates.

Historical Membership Data

(Dollar Amounts in Thousands)

HISTORY OF ACTIVE MEMBERSHIP DATA FOR LAST 10 YEARS					
Year Ended 6/30	Number of Active Members	Percentage Change In Membership	Annual Active Member Payroll	Annual Active Member Average Payroll	Percentage Change In Payroll
2000	87,361	0.27%	$ 2,563,634	$ 29,345	(0.23%)
2001	86,829	(0.61%)	$ 2,582,830	$ 29,746	0.75%
2002	87,356	0.61%	$ 2,777,667	$ 31,797	7.54%
2003	87,646	0.33%	$ 2,977,885	$ 33,976	7.21%
2004	87,273	(0.43%)	$ 3,017,087	$ 34,571	1.32%
2005	87,643	0.42%	$ 3,132,169	$ 35,738	3.81%
2006	81,347	(7.18%)	$ 2,892,959	$ 35,563	(7.64%)
2007	82,672	1.63%	$ 3,224,563	$ 39,004	11.46%
2008	85,979	4.00%	$ 3,675,014	$ 42,744	13.97%
2009	88,206	2.59%	$ 3,912,326	$ 44,354	6.46%

HISTORY OF ANNUITANTS AND SURVIVOR ANNUITANT MEMBERSHIP FOR LAST 10 YEARS								
Year Ending 6/30	Total Members		Members Added		Members Removed		Average Annuity	% Change in Annuity
	No.	Amount	No.	Amount	No.	Amount		
2000	45,668	$ 744,801	3,344	$ 59,887	1,631	$ 12,462	$ 16,309	6.8%
2001	47,404	$ 802,202	3,424	$ 64,705	1,688	$ 7,304	$ 16,923	7.7%
2002	49,053	$ 873,678	3,480	$ 82,817	1,831	$ 11,341	$ 17,811	8.9%
2003	50,903	$ 924,735	3,455	$ 75,679	1,605	$ 24,622	$ 18,166	5.8%
2004	52,900	$ 981,646	3,226	$ 73,642	1,229	$ 16,731	$ 18,556	6.2%
2005	54,525	$1,031,786	3,208	$ 73,649	1,583	$ 24,606	$ 18,923	5.1%
2006	57,512	$1,119,651	4,148	$ 101,347	1,161	$ 13,482	$ 19,468	8.5%
2007	59,530	$1,218,176	3,069	$ 72,780	1,161	$ 9,737	$ 20,463	8.8%
2008	61,070	$1,305,367	2,704	$ 66,525	1,164	$ 17,354	$ 21,375	7.2%
2009	62,417	$1,356,439	2,556		1,209	$ 15,560	$ 21,732	3.9%

NOTE: Information on this page was provided by SJ Actuarial Associates.

Summary of Plan Provisions

The Teachers' Retirement System of Louisiana (TRSL) was enacted by Act No. 83 in 1936. Initially, the plan covered classroom teachers (Regular Plan), but membership has expanded to participating agencies, and the merger of school lunch employees. Employees of school food services that have not terminated their agreement with the Department of Health, Education, and Welfare participate in (Plan A). Food service programs of school without agreements enroll employees in (Plan B).

The purpose of the plan is to provide benefits to members and their dependents at retirement or in the event of death, disability or termination of employment. TRSL is a defined benefit plan and is funded on an actuarial reserve basis to fund benefits as prescribed by law.

ADMINISTRATION

The plan is governed by Title 11, Sections 700-999 of the Louisiana Revised Statutes. The Board of Trustees is composed of 16 members; one elected member from each of seven membership districts, one elected member from colleges and universities, one elected member from parish and city superintendents of schools, one elected school food services member, two elected retired members, and four ex-officio members. Elected members serve staggered four-year terms. The Treasurer, Chairman of the House Retirement Committee, Chairman of the Senate Retirement Committee and State Superintendent of Public Education serve as ex-officio members.

The Board of Trustees appoints a Director who is responsible for the operation of the System. The Board also retains consultants as deemed necessary. Administrative expenses are paid entirely from investment earnings.

MEMBER CONTRIBUTIONS

Members contribute a percentage of their gross compensation, depending on plan participation:

REGULAR PLAN	PLAN A	PLAN B
8.0%	9.1%	5.0%

Member contributions have been tax-deferred for federal income tax purposes since January 1, 1990. Therefore, contributions after the effective date are not considered as income for federal income tax purposes until withdrawn through refund or through payment of benefits.

EMPLOYER CONTRIBUTIONS

All participating employers, regardless of plan participation, contribute a percentage of their total gross payroll to the System. The employer percentage is actuarially determined and is sufficient to pay annual accruals plus an amortization charge which liquidates the System's unfunded liability as required by law. The rate is subject to a statutory minimum of 15.5 percent per Act 588 of 2004. The rate is determined annually and recommended by the Public Retirement Systems' Actuarial Committee to the State Legislature.

TERMINATION

A member who terminates covered employment, regardless of plan membership, may request a refund of the member's contributions without interest. Upon re-employment, a member may reinstate the credit forfeited through termination of previous membership by repaying the refunded contributions plus interest. A member who terminates covered employment with five years of service may, in lieu of a refund of contributions, elect to receive a monthly annuity upon attainment of age 60.

RETIREMENT BENEFITS

Service retirement benefits are payable to members who have terminated covered employment and met both age and service eligibility requirements.

Normal Retirement

Regular Plan — A member may retire with a 2.5-percent annual accrual rate at age 55 with 25 years of service, age 65 with 20 years of service or at any age with 30 years of service. Members may retire with a 2.0-percent annual accrual rate at age 60 with five years of service or at any age with 20 years of service.

NOTE: Members hired after June 30, 1999, may retire with a 2.5-percent annual accrual rate at age 60 with five years of service or at any age with 20 years of service actuarially reduced.

Plan A — A member may retire with a 3.0-percent annual accrual rate at age 55 with 25 years of service, age 60 with five years of service or 30 years of service, regardless of age.

Plan B — A member may retire with a 2.0-percent annual accrual rate at age 55 with 30 years of service, or age 60 with 10 years of service. Benefits are reduced by 3 percent for each year under age 62 at retirement unless the member has 25 years of creditable service.

Benefit Formula

For all plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. Final average compensation is obtained by dividing total compensation for the highest successive 36-month period.

Payment Options

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or a reduced benefit with a lump-sum payment which cannot exceed 36 monthly benefit payments.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially reduced benefit which increases 2.5 percent annually. The increases begin on the first retirement anniversary date, but not before the retiree attains age 55 or would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

In lieu of terminating employment and accepting a service retirement, an eligible member may begin participation on the first retirement eligibility date for a period not to exceed the third anniversary of retirement eligibility. Delayed participation reduces the three-year participation period. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account.

Upon termination of DROP, the member may continue employment and earn additional accruals to be added to the fixed pre-DROP benefit.

Upon termination of employment, the member is entitled to the fixed benefit, plus post-DROP accruals, plus the individual DROP account balance which can be paid in a lump sum, or an additional annuity based upon the account balance.

DISABILITY RETIREMENT BENEFITS

Active members with five or more years of service credit are eligible for disability retirement benefits if certified by the medical board to be disabled from performing their job.

Regular Plan — An eligible member shall be entitled to a pension equal to 2.5 percent of average compensation; however, in no event shall the disability benefit be less than the lesser of (a) 40 percent of the state minimum salary for a beginning teacher with a bachelor's degree, or (b) 75 percent of average compensation.

Plan A — An eligible member shall be entitled to a service retirement benefit, but not less than 60 percent, nor more than 100 percent of final average compensation.

Plan B — An eligible member shall be entitled to a service retirement benefit, but not less than 30 percent, nor more than 75 percent of final average compensation.

SURVIVOR BENEFITS

A surviving spouse with minor children of an active member with five years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50 percent of the member's benefit calculated at the 2.5-percent accrual rate for all creditable service. When a minor child(ren) is no longer eligible to receive survivor benefits, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor child(ren). Benefits for the minor child(ren) cease when he/she is no longer eligible.

Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50 percent of the spouses benefit, or (b) $300 (up to two eligible children). Benefits to minors cease at attainment of age 18, marriage, or age 23, if enrolled in an approved institution of higher education.

A surviving spouse without minor children of an active member with 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the Option 2 equivalent of the benefit calculated at the 2.5-percent accrual rate for all creditable service.

POST-RETIREMENT INCREASES

Post-retirement benefit increases are permitted provided there are sufficient funds in the Employee Experience Account to fund the increase in the retiree reserves if approved by concurrent resolution of both houses of the legislature as provided by law. Beginning July 1, 2009, the Employee Experience Account is credited with 50 percent of excess investment income above $200 million. Excess investment income is investment income over the actuarial valuation rate of 8.25 percent. The Employee Experience Account balance is limited to the funds necessary to fund two such increases. The Experience Account is debited for the increase in actuarial accrued liability resulting from the increase. Balances in the Employee Experience Account accrue interest at the average actuarial yield for the System portfolio.

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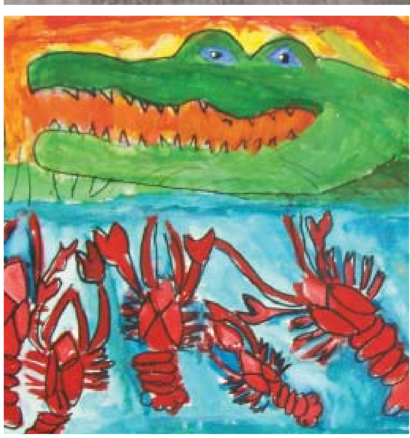
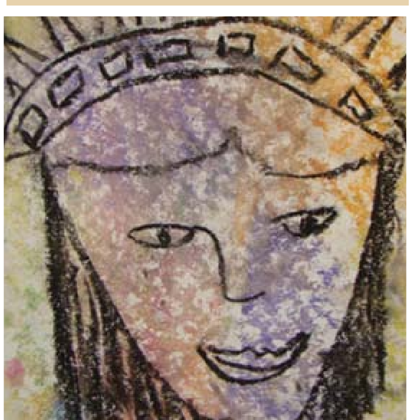
Statistical Section





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Introduction

The statistical section provides the historical perspective, context, and detail to better understand and assess TRSL's economic condition. This section complements information in the financial statements and the notes to the financial statements.

These schedules provide financial trend information that shows how TRSL's financial position has changed over time. The financial trend schedules presented are:

- 10-Year Statements of Plan Net Assets
- 10-Year Statements of Changes in Plan Net Assets

This section provides information about the environment in which TRSL operates and enables a comparison of financial statement information over time and among governments. The demographic information includes:

- Number of Active, Terminated Vested, and Nonvested Members
- Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits
- Number of Benefit Recipients
- Retired Members by Type of Benefit

These schedules are intended to provide contextual information about TRSL's operation, and complement the financial statement data. The operating information shown includes:

- Benefit Expenses
- 10-Year Average Benefit Payments
- Number of Refunds of Contributions
- Revenues by Source
- Expenses by Type
- Largest 25 Employers
- Total Active Members Statewide (map)
- Total Retirees Worldwide (map)

10-Year Statements of Plan Net Assets – 2009-2000

	2009	2008	2007	2006	2005
Assets					
Cash and cash equivalents	$ 131,091,325	$ 36,087,141	$ 15,294,772	$ 59,572,968	$ 24,677,100
Receivables					
Member contributions	61,727,888	57,451,866	57,266,938	48,790,153	48,912,587
Employer contributions	97,504,616	100,182,352	76,218,878	72,017,765	72,934,679
ORP contributions retained	3,867,065	4,230,253	3,641,433	3,498,870	3,375,808
Pending trades	119,795,990	257,071,878	170,641,032	281,323,928	52,151,909
Accrued interest and dividends	33,408,160	49,159,508	51,423,625	44,597,792	42,821,985
Other receivables	5,139,276	7,551,200	4,579,755	29,173,670	2,473,479
Total receivables	321,442,995	475,647,057	363,771,661	479,402,178	222,670,447
Investments, at fair value					
Domestic bonds	1,422,286,805	2,068,620,083	1,908,652,650	2,121,505,657	1,913,039,451
International bonds	626,067,234	791,074,725	772,811,203	449,917,634	497,213,792
Domestic common and preferred stocks	3,151,788,583	4,488,267,744	5,956,585,766	5,630,073,349	5,796,790,444
International common and preferred stocks	2,555,387,559	3,568,846,836	3,601,296,445	3,188,085,062	1,969,333,621
Domestic short-term investments	671,061,232	624,681,156	981,706,327	178,839,314	256,739,631
International short-term investments	0	0	0	24,802,808	40,210,400
Alternative investments	2,552,104,029	3,223,390,354	2,824,436,837	2,162,400,411	2,017,705,199
Total investments	10,978,695,442	14,764,880,898	16,045,489,228	13,755,624,235	12,491,032,538
Invested securities lending collateral					
Collateral held under domestic securities lending program	437,332,021	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585
Collateral held under international securities lending program	310,312,098	287,648,965	391,908,563	308,982,174	233,943,130
Total securities lending collateral	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263	1,742,710,715
Building at cost, net of accumulated depreciation	2,833,655	2,921,252	2,864,857	2,933,836	2,995,632
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	743,709	863,850	600,753	723,281	823,147
Land	858,390	858,390	858,390	858,390	858,390
Total assets	12,183,309,635	16,344,934,265	18,936,160,049	16,468,146,151	14,485,767,969
Liabilities					
Accounts payable	7,296,980	11,370,139	13,006,673	10,936,762	9,240,444
Benefits payable	9,896,296	8,337,907	7,217,168	5,118,886	2,077,116
Refunds payable	6,705,543	6,615,715	5,858,882	5,369,804	5,385,301
Pending trades payable	150,091,261	255,395,415	252,855,646	269,051,248	39,836,267
Other liabilities	11,394,139	3,289,693	1,211,075	1,025,440	605,537
Total accounts payable and other liabilities	185,384,219	285,008,869	280,149,444	291,502,140	57,144,665
Securities lending collateral					
Obligations under domestic securities lending program	437,332,021	776,026,712	2,115,371,825	1,860,049,089	1,508,767,585
Obligations under international securities lending program	310,312,098	287,648,965	391,908,563	308,982,174	233,943,130
Total securities lending collateral	747,644,119	1,063,675,677	2,507,280,388	2,169,031,263	1,742,710,715
Total liabilities	933,028,338	1,348,684,546	2,787,429,832	2,460,533,403	1,799,855,380
Net assets held in trust for pension benefits	$11,250,281,297	$14,996,249,719	$16,148,730,217	$14,007,612,748	$12,685,912,589

10-Year Statements of Plan Net Assets – 2009-2000

	2004	2003	2002	2001	2000
Assets					
Cash and cash equivalents	$ 30,677,716	$ 7,808,257	$ 38,505,718	$ 34,067,604	$ 76,563,877
Receivables					
Member contributions	48,885,390	47,231,216	52,108,891	47,661,308	44,975,206
Employer contributions	64,691,821	57,746,203	54,589,415	51,136,424	58,860,987
ORP contributions retained	2,319,164	2,040,857	1,773,663	1,918,443	2,017,245
Pending trades	33,712,000	157,176,524	147,253,370	230,779,724	116,274,494
Accrued interest and dividends	40,170,526	41,423,260	47,177,102	49,568,799	65,091,918
Other receivables	1,518,187	1,444,449	1,168,914	1,513,198	1,957,455
Total receivables	191,297,088	307,062,509	304,071,355	382,577,896	289,177,305
Investments, at fair value					
Domestic bonds	1,659,559,992	1,704,534,901	1,902,126,260	1,675,616,284	1,443,147,839
International bonds	560,651,839	416,432,668	472,011,350	620,253,212	1,062,108,327
Domestic common and preferred stocks	4,926,745,546	4,468,939,880	4,586,782,472	5,304,131,380	5,530,165,003
International common and preferred stocks	1,454,136,303	1,033,655,198	1,075,238,305	1,349,446,396	2,015,682,285
Domestic short-term investments	910,719,505	434,080,034	470,234,146	470,686,508	525,024,201
International short-term investments	0	0	0	0	49,466,390
Alternative investments	2,263,185,124	2,318,479,242	2,003,507,564	2,286,753,704	1,850,828,055
Total investments	11,774,998,309	10,376,121,923	10,509,900,097	11,706,887,484	12,476,422,100
Invested securities lending collateral					
Collateral held under domestic securities lending program	1,593,822,121	3,064,894,429	2,938,825,140	2,819,398,141	490,061,426
Collateral held under international securities lending program	344,348,505	471,789,763	188,926,541	431,905,885	803,922,551
Total securities lending collateral	1,938,170,626	3,536,684,192	3,127,751,681	3,251,304,026	1,293,983,977
Building at cost, net of accumulated depreciation	3,127,099	3,240,290	3,291,565	3,255,087	3,365,190
Equipment, furniture and fixtures, at cost, net of accumulated depreciation	937,545	900,324	937,121	1,149,829	904,520
Land	858,390	858,390	889,816	889,816	889,816
Total assets	13,940,066,773	14,232,675,885	13,985,347,353	15,380,131,742	14,141,306,785
Liabilities					
Accounts payable	7,096,770	6,214,751	7,089,866	9,288,515	12,551,351
Benefits payable	2,616,254	3,067,010	2,067,335	2,040,453	1,610,336
Refunds payable	4,875,048	4,730,334	4,191,545	3,953,477	3,615,639
Pending trades payable	92,991,945	160,488,115	214,835,778	257,744,890	140,694,287
Other liabilities	919,238	813,873	917,097	829,785	836,756
Total accounts payable and other liabilities	108,499,255	175,314,083	229,101,621	273,857,120	159,308,369
Securities lending collateral					
Obligations under domestic securities lending program	1,593,822,121	3,064,894,429	2,938,825,140	2,819,398,141	490,061,426
Obligations under international securities lending program	344,348,505	471,789,763	188,926,541	431,905,885	803,922,551
Total securities lending collateral	1,938,170,626	3,536,684,192	3,127,751,681	3,251,304,026	1,293,983,977
Total liabilities	2,046,669,881	3,711,998,275	3,356,853,302	3,525,161,146	1,453,292,346
Net assets held in trust for pension benefits	$11,893,396,892	$10,520,677,610	$10,628,494,051	$11,854,970,596	$12,688,014,439

10-Year Statements of Changes in Plan Net Assets – 2009-2000

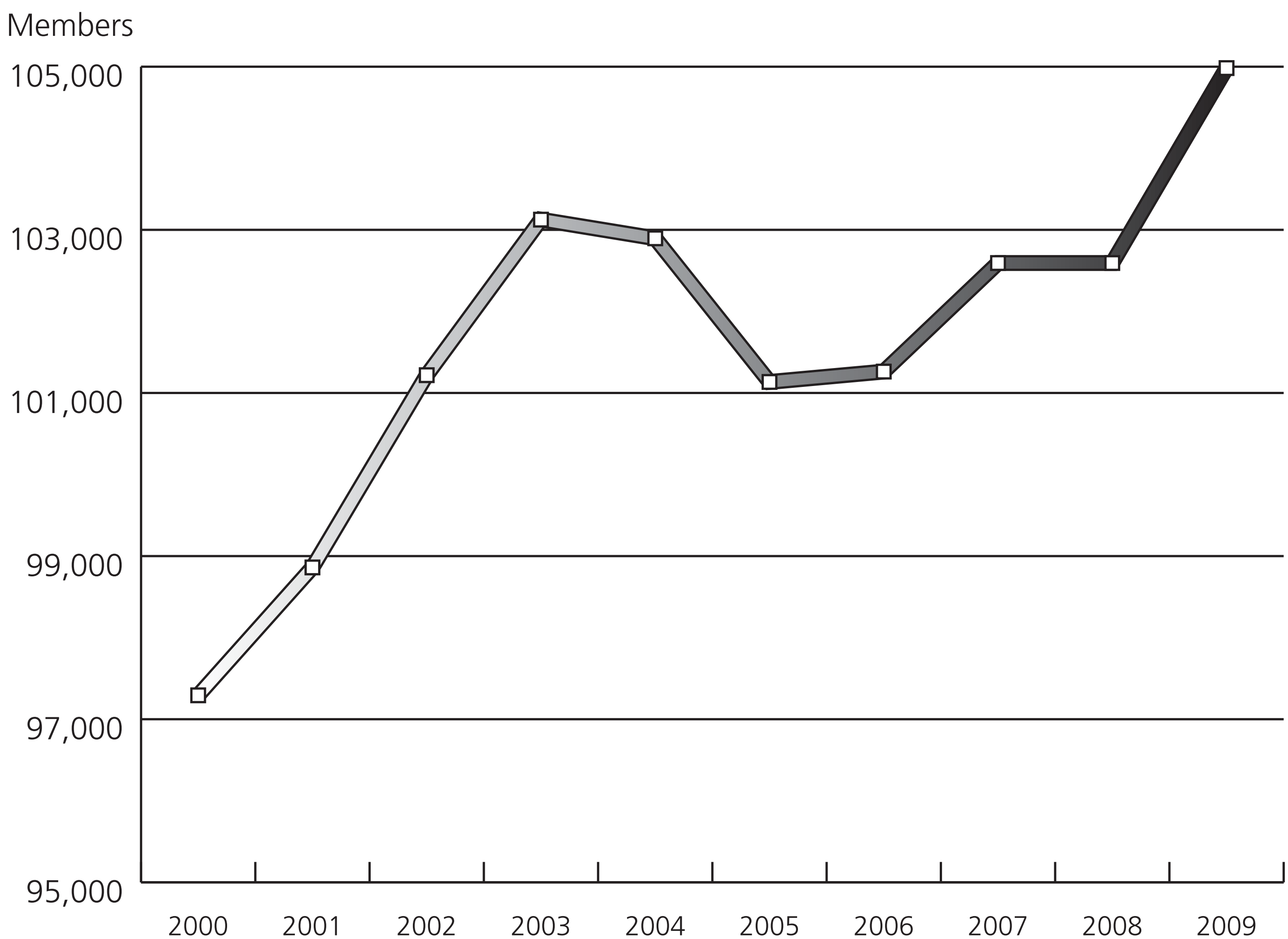
	2009	2008	2007	2006	2005
Additions					
Contributions					
Member contributions	$ 344,547,871	$ 323,678,452	$ 282,326,101	$ 258,412,024	$ 270,619,181
Employer contributions	660,244,436	656,091,577	544,401,879	529,983,453	517,815,361
Total contributions	1,004,792,307	979,770,029	826,727,980	788,395,477	788,434,542
ORP contributions retained	54,447,510	57,569,465	49,429,250	49,293,547	48,754,970
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value domestic investments	(2,349,746,089)	(733,440,605)	1,423,223,165	809,290,218	663,699,379
Net appreciation (depreciation) in fair value of international investments	(1,241,530,644)	(439,358,948)	824,462,472	584,857,302	197,833,593
Domestic interest	127,898,837	151,520,486	144,497,859	135,047,865	111,850,200
International interest	32,949,523	39,474,147	30,984,724	27,792,233	29,898,190
Domestic dividends	72,833,729	88,058,251	97,594,609	77,813,221	84,579,303
International dividends	78,873,116	108,299,133	94,658,995	68,564,525	31,583,991
Alternative investment income	39,105,891	40,521,294	58,246,838	97,733,026	108,622,676
Miscellaneous foreign income	7,772	104,281	0	0	0
Commission rebate income	482,025	617,547	566,068	675,608	571,219
Total investment income	(3,239,125,840)	(744,204,414)	2,674,234,730	1,801,773,998	1,228,638,551
Investment activity expenses:					
International investment expenses	(3,095,851)	(7,885,244)	(10,188,879)	(9,493,180)	(5,710,058)
Alternative investment expenses	(30,910,869)	(20,647,902)	(18,645,263)	(28,474,213)	(64,918,175)
Custodian fees	(446,588)	(744,317)	(763,878)	(761,689)	(760,908)
Performance consultant fees	(1,238,734)	(1,233,754)	(1,202,817)	(1,077,254)	(618,996)
Trade cost analysis fees	0	(40,000)	(40,000)	(40,000)	(10,000)
Advisor fees	(26,318,814)	(32,881,518)	(32,298,534)	(29,802,772)	(26,020,649)
Total investment expenses	(62,010,856)	(63,432,735)	(63,139,361)	(69,649,108)	(98,038,786)
Net income from investing activities	(3,301,136,696)	(807,637,149)	2,611,095,359	1,732,124,890	1,130,599,765
From securities lending activities					
Securities lending income	17,685,073	32,251,979	40,981,124	22,168,519	24,508,470
Securities lending expenses:					
Fixed	(3,031,970)	(13,202,812)	(24,866,799)	(11,354,478)	(12,174,022)
Equity	(2,565,874)	(2,018,542)	(249,396)	(249,909)	(249,954)
International	(3,199,017)	(9,313,289)	(9,993,981)	(5,024,341)	(7,860,336)
Total securities lending activities expenses	(8,796,861)	(24,534,643)	(35,110,176)	(16,628,728)	(20,284,312)
Net income from securities lending activities	8,888,212	7,717,336	5,870,948	5,539,791	4,224,158
Total net investment income (loss)	(3,292,248,484)	(799,919,813)	2,616,966,317	1,737,664,681	1,134,823,923
Other operating revenues	4,407,243	46,264,759	5,496,271	3,208,183	3,425,773
Total additions	(2,228,601,424)	283,684,440	3,498,619,818	2,578,561,888	1,975,439,208
Deductions					
Retirement benefits	1,464,106,312	1,383,381,577	1,295,552,338	1,204,472,977	1,139,814,334
Refunds of contributions	34,418,885	35,071,343	48,119,943	38,538,125	30,454,374
TRSL employee health & life expense	2,502,048	2,285,378	0	0	0
Administrative expenses	15,799,028	14,880,903	13,323,547	13,362,286	12,178,533
Depreciation expense	540,725	545,737	506,521	488,341	476,270
Total deductions	1,517,366,998	1,436,164,938	1,357,502,349	1,256,861,729	1,182,923,511
Net increase (decrease)	(3,745,698,422)	(1,152,480,498)	2,141,117,469	1,321,700,159	792,515,697
Net assets held in trust for pension benefits					
Beginning of year	$ 14,996,249,719	$ 16,148,730,217	$ 14,007,612,748	$ 12,685,912,589	$11,893,396,892
End of year	$ 11,250,281,297	$ 14,996,249,719	$ 16,148,730,217	$ 14,007,612,748	$12,685,912,589

10-Year Statements of Changes in Plan Net Assets – 2009-2000

	2004	2003	2002	2001	2000
Additions					
Contributions					
Member contributions	$ 264,999,131	$ 251,297,401	$ 246,119,537	$ 226,754,298	$ 224,684,434
Employer contributions	444,104,350	421,838,213	400,478,248	401,243,346	423,690,949
Total contributions	709,103,481	673,135,614	646,597,785	627,997,644	648,375,383
ORP contributions retained	35,244,313	29,499,096	27,196,232	27,869,220	29,274,452
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value of domestic investments	1,164,647,179	(9,358,002)	(1,141,008,157)	(284,368,048)	778,721,458
Net appreciation (depreciation) in fair value of international investments	323,405,540	(3,830,620)	(146,482,391)	(637,986,221)	422,921,458
Domestic interest	110,597,008	120,174,045	141,728,180	152,499,662	141,621,871
International interest	23,800,877	30,745,264	32,004,011	49,391,412	78,593,438
Domestic dividends	64,865,361	59,353,555	64,226,682	65,715,460	60,573,874
International dividends	41,800,161	28,041,533	23,023,499	28,808,467	25,019,498
Alternative investment income	81,696,047	44,050,485	137,200,613	73,591,989	45,886,076
Miscellaneous foreign income	0	0	0	109	0
Commission rebate income	1,078,487	1,026,354	1,649,282	1,954,976	1,555,065
Total investment income	1,811,890,660	270,202,614	(887,658,281)	(550,392,194)	1,554,892,738
Investment activity expenses:					
International investment expenses	(4,995,570)	(2,530,171)	(2,618,482)	(3,092,036)	(2,417,575)
Alternative investment expenses	(49,401,029)	(31,682,592)	(41,418,046)	(21,519,745)	(8,035,266)
Custodian fees	(786,062)	(800,000)	(800,000)	(800,000)	(800,000)
Performance consultant fees	(507,749)	(279,786)	(252,000)	(250,000)	(182,001)
Trade cost analysis fees	(40,000)	(40,000)	(40,000)	0	0
Advisor fees	(23,311,668)	(19,283,122)	(22,812,775)	(26,103,079)	(24,803,085)
Total investment expenses	(79,042,078)	(54,615,671)	(67,941,303)	(51,764,860)	(36,237,927)
Net income from investing activities	1,732,848,582	215,586,943	(955,599,584)	(602,157,054)	1,518,654,811
From securities lending activities					
Securities lending income	13,854,504	16,602,783	20,960,004	50,709,086	59,961,994
Securities lending expenses:					
Fixed	(6,053,776)	(9,749,608)	(11,104,163)	(15,769,655)	(14,838,553)
Equity	(249,934)	(249,933)	(249,706)	(249,246)	(249,436)
International	(1,847,440)	(824,609)	(2,677,010)	(27,847,838)	(39,123,376)
Total securities lending activities expenses	(8,151,150)	(10,824,150)	(14,030,879)	(43,866,739)	(54,211,365)
Net income from securities lending activities	5,703,354	5,778,633	6,929,125	6,842,347	5,750,629
Total net investment income (loss)	1,738,551,936	221,365,576	(948,670,459)	(595,314,707)	1,524,405,440
Other operating revenues	3,217,889	4,976,629	1,787,499	988,233	1,365,976
Total additions	2,486,117,619	928,976,915	(273,088,943)	61,540,390	2,203,421,251
Deductions					
Retirement benefits	1,075,298,667	1,003,327,453	920,593,341	858,979,906	791,183,546
Refunds of contributions	26,804,821	22,287,120	23,432,296	26,948,712	22,458,244
TRSL employee health & life expense	0	0	0	0	0
Administrative expenses	10,786,450	10,688,003	8,886,231	8,220,487	7,369,407
Depreciation expense	508,399	490,780	475,734	435,128	364,259
Total deductions	1,113,398,337	1,036,793,356	953,387,602	894,584,233	821,375,456
Net increase (decrease)	1,372,719,282	(107,816,441)	(1,226,476,545)	(833,043,843)	1,382,045,795
Net assets held in trust for pension benefits					
Beginning of year	$ 10,520,677,610	$ 10,628,494,051	$ 11,854,970,596	$ 12,688,014,439	$ 11,305,968,644
End of year	$ 11,893,396,892	$ 10,520,677,610	$ 10,628,494,051	$ 11,854,970,596	$ 12,688,014,439

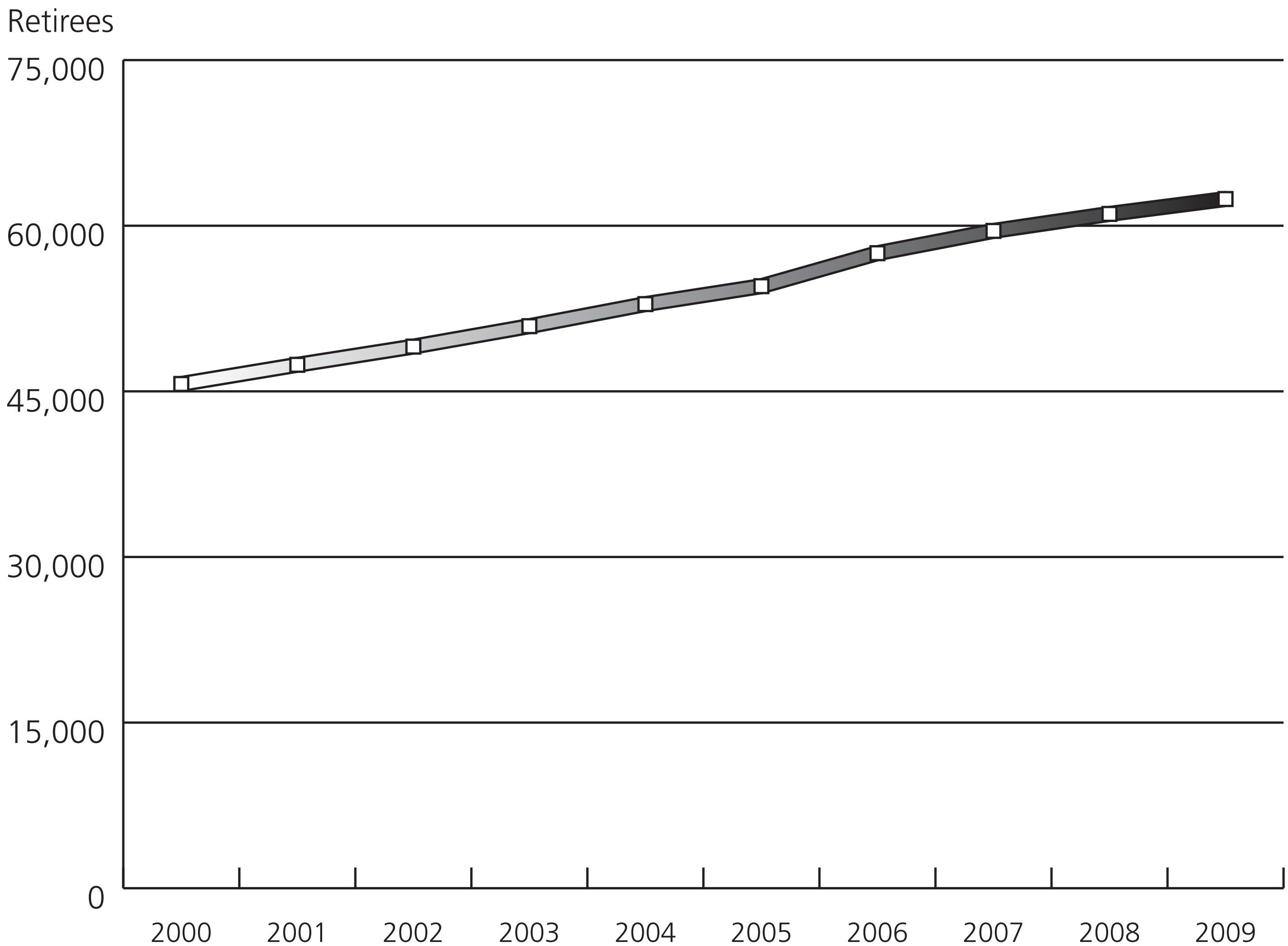
Number of Active, Terminated Vested, and Nonvested Members

Fiscal Year	Members	% Increase Each Year
1999-2000	94,504	0.3%
2000-2001	97,293	3.0%
2001-2002	98,861	1.6%
2002-2003	101,218	2.4%
2003-2004	103,125	1.9%
2004-2005	102,896	-0.2%
2005-2006	101,135	-1.7%
2006-2007	101,262	0.1%
2007-2008	102,593	1.3%
2008-2009	104,983	2.3%



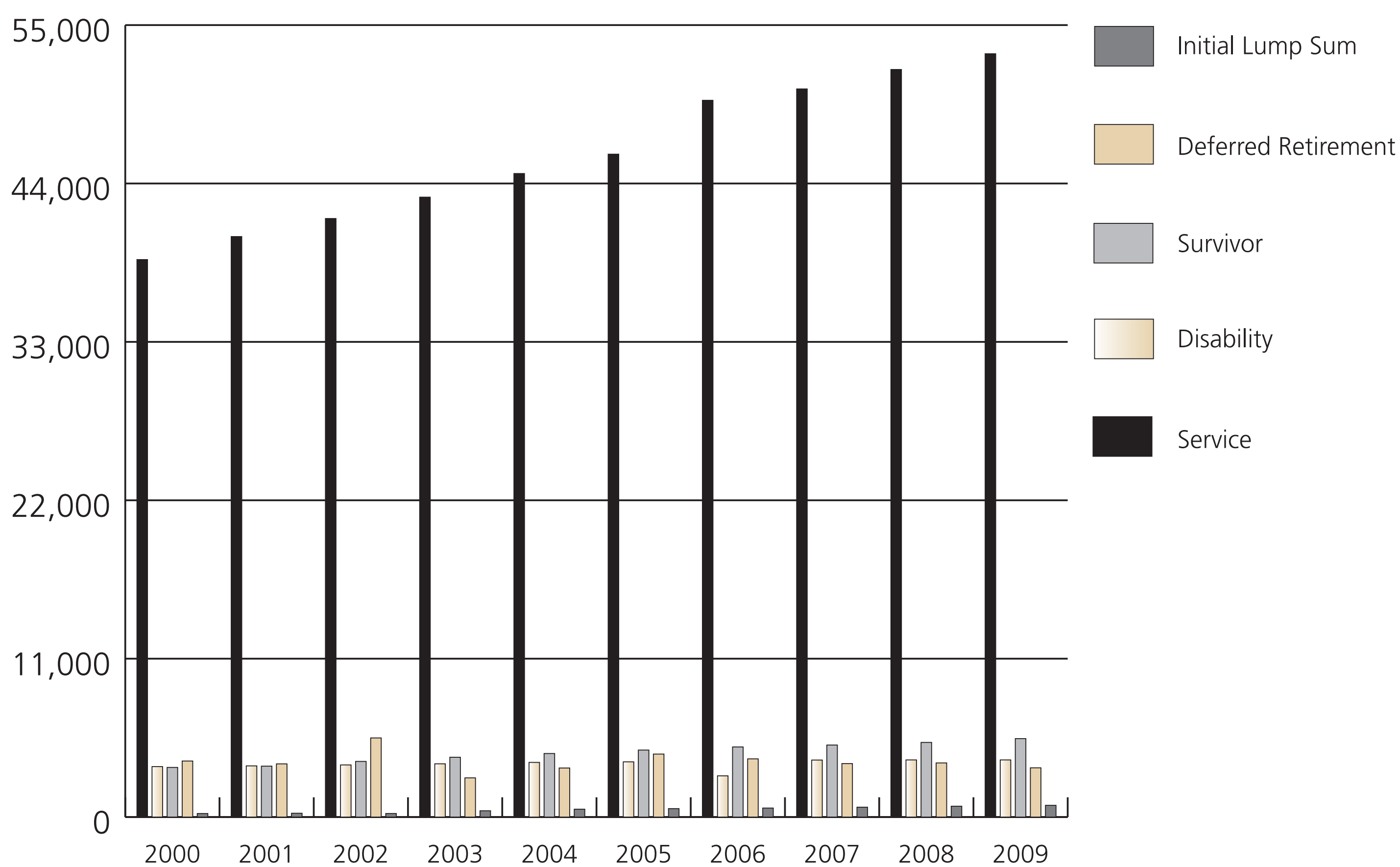
Number of Service Retirees, Disability Retirees, and Beneficiaries Receiving Benefits

Fiscal Year	Retirees	% Increase Each Year
1999-2000	45,668	3.9%
2000-2001	47,404	3.8%
2001-2002	49,053	3.5%
2002-2003	50,903	3.8%
2003-2004	52,900	3.9%
2004-2005	54,525	3.1%
2005-2006	57,512	5.5%
2006-2007	59,530	3.5%
2007-2008	61,070	2.5%
2008-2009	62,417	2.2%



Number of Benefit Recipients

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
1999-2000	38,715	3,505	3,448	3,893	247	49,808
2000-2001	40,313	3,555	3,536	3,695	266	51,365
2001-2002	41,566	3,622	3,865	5,496	248	54,797
2002-2003	43,050	3,698	4,155	2,722	437	54,062
2003-2004	44,690	3,797	4,413	3,409	547	56,856
2004-2005	46,035	3,836	4,654	4,375	587	59,487
2005-2006	49,776	2,865	4,871	4,042	627	62,181
2006-2007	50,566	3,961	5,003	3,715	687	63,932
2007-2008	51,916	3,969	5,185	3,760	755	65,585
2008-2009	53,009	3,959	5,449	3,421	815	66,653



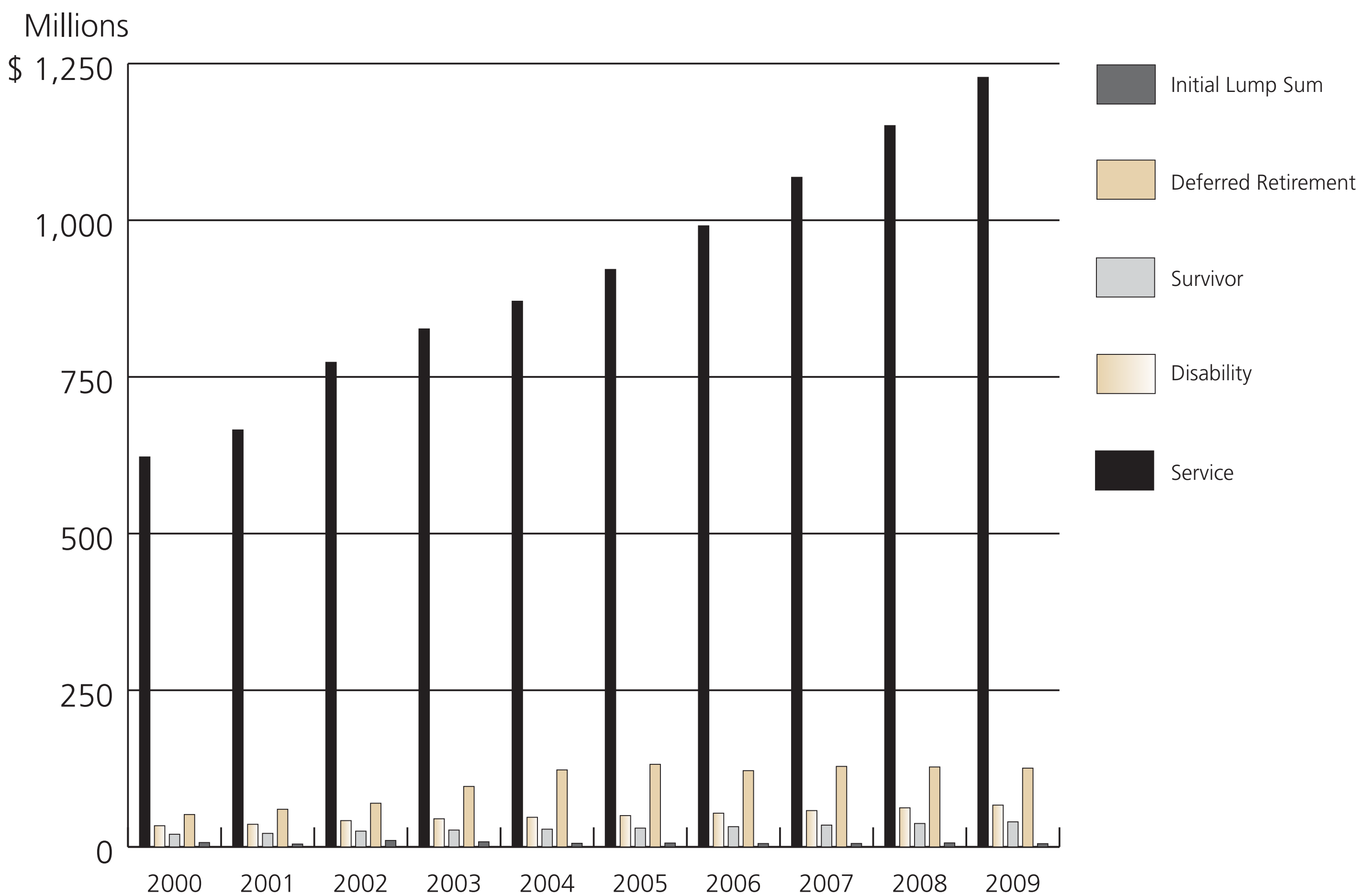
Schedule of Retired Members By Type of Benefit as of June 30, 2009

(Data include all plans)

Amount of Monthly Benefit			Service Retirees	Disability Retirees	Beneficiaries/ Survivors	Total
$	0 -	299.99	1,582	160	432	2,174
	300 -	599.99	4,726	803	988	6,517
	600 -	899.99	5,196	1,384	887	7,467
	900 -	1,199.99	6,072	722	639	7,433
	1,200 -	1,499.99	4,892	426	611	5,929
	1,500 -	1,799.99	3,893	245	430	4,568
	1,800 -	2,099.99	3,954	115	343	4,412
	2,100 -	2,399.99	5,012	44	299	5,355
	2,400 -	2,699.99	5,162	30	262	5,454
	2,700 -	2,999.99	4,107	16	157	4,280
	3,000 -	3,299.99	2,776	13	129	2,918
	3,300 -	3,599.99	1,724	0	80	1,804
	3,600 -	3,599.99	1,216	1	64	1,281
	3,900 -	4,199.99	825	0	41	866
	4,200 -	4,499.99	572	0	31	603
	4,500 -	and above	1,300	0	56	1,356
		Total for all plans	**53,009**	**3,959**	**5,449**	**62,417**

Benefit Expenses

Fiscal Year	Service	Disability	Survivor	Deferred Retirement	Initial Lump Sum	Total
1999-2000	$ 665,449,247	$ 36,165,720	$ 21,699,432	$ 60,169,167	$ 7,699,980	$ 791,183,546
2000-2001	717,799,621	39,010,849	23,406,509	69,087,607	9,675,320	858,979,906
2001-2002	773,311,519	42,027,800	25,216,680	69,718,252	10,319,090	920,593,341
2002-2003	826,661,700	44,927,266	26,956,360	96,539,409	8,242,718	1,003,327,453
2003-2004	870,865,365	47,329,639	28,397,784	122,905,311	5,800,568	1,075,298,667
2004-2005	921,584,123	50,086,094	30,051,656	131,811,600	6,280,861	1,139,814,334
2005-2006	991,166,824	53,867,762	32,320,657	121,703,237	5,414,497	1,204,472,977
2006-2007	1,068,519,663	58,071,721	34,843,032	128,592,267	5,525,655	1,295,552,338
2007-2008	1,151,588,099	62,462,104	37,477,263	127,670,669	6,468,820	1,385,666,955
2008-2009	1,228,740,816	66,790,595	40,074,356	125,779,104	5,223,489	1,466,608,360



10-Year Average Benefit Payments For Beneficiaries/Survivors

Fiscal Year	Status Type	Years of Service Credit									All Members
		0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	
2000	AVERAGE BENEFIT	$ 256	$ 370	$ 530	$ 630	$ 959	$ 1,335	$ 1,642	$ 1,414	$ 1,490	$ 1,079
2000	AVERAGE COMP	$ 0	$ 256	$ 226	$ 559	$ 715	$ 904	$ 713	$ 531	$ 1,576	$ 648
2000	RETIREE COUNT	2	39	41	56	74	86	86	32	11	427
2001	AVERAGE BENEFIT	359	333	521	756	976	1,416	1,510	1,520	1,584	1,116
2001	AVERAGE COMP	1,201	855	652	823	1,000	1,473	1,035	522	216	1,009
2001	RETIREE COUNT	3	30	34	49	64	100	66	31	9	386
2002	AVERAGE BENEFIT	343	400	509	679	949	1,526	1,514	1,456	3,426	1,151
2002	AVERAGE COMP	0	834	861	502	1,147	1,296	796	530	4,302	987
2002	RETIREE COUNT	1	22	41	52	92	103	76	30	5	422
2003	AVERAGE BENEFIT	0	456	552	645	983	1,448	1,542	1,830	918	1,166
2003	AVERAGE COMP	0	859	1,420	849	1,030	1,318	1,191	1,370	1,640	1,181
2003	RETIREE COUNT	0	26	39	56	69	126	80	31	9	436
2004	AVERAGE BENEFIT	0	433	420	736	1,020	1,293	1,774	1,858	1,368	1,171
2004	AVERAGE COMP	0	1,186	1,369	1,577	1,577	1,798	1,202	1,032	984	1,446
2004	RETIREE COUNT	0	35	45	35	77	104	78	36	10	420
2005	AVERAGE BENEFIT	0	456	546	760	920	1,460	1,817	1,968	1,779	1,248
2005	AVERAGE COMP	0	1,799	1,535	1,751	1,372	1,971	1,777	1,890	2,736	1,759
2005	RETIREE COUNT	1	26	49	56	90	117	90	40	16	485
2006	AVERAGE BENEFIT	0	382	581	877	1,018	1,435	1,614	1,678	2,087	1,180
2006	AVERAGE COMP	0	1,467	1,343	1,788	1,464	1,736	1,553	1,435	1,785	1,583
2006	RETIREE COUNT	1	35	44	67	96	127	88	29	7	494
2007	AVERAGE BENEFIT	682	516	624	772	1,044	1,302	1,500	1,720	2,621	1,146
2007	AVERAGE COMP	0	1,705	1,564	1,411	1,721	2,176	1,278	718	1,944	1,630
2007	RETIREE COUNT	2	38	54	65	108	140	105	36	6	554
2008	AVERAGE BENEFIT	851	460	468	916	1,062	1,563	1,868	1,855	1,820	1,310
2008	AVERAGE COMP	2,133	2,182	1,873	1,181	1,778	2,310	1,987	1,445	975	1,912
2008	RETIREE COUNT	6	30	65	51	88	143	120	31	10	544
2009	AVERAGE BENEFIT	0	343	544	779	1,077	1,740	2,035	1,876	2,190	1,332
2009	AVERAGE COMP	0	1,195	1,697	1,841	1,767	2,268	1,836	1,741	1,335	1,849
2009	RETIREE COUNT	0	32	57	76	110	116	103	37	8	539

10-Year Average Benefit Payments For Disability Retirees

Fiscal Year	Status Type	Years of Service Credit 0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	All Members
2000	AVERAGE BENEFIT	$ 638	$ 607	$ 693	$ 941	$ 949	$ 805	$ 0	$ 0	$ 0	$ 801
2000	AVERAGE COMP	$1,933	$1,524	$1,690	$2,109	$2,084	$1,606	$ 0	$ 0	$ 0	$1,865
2000	RETIREE COUNT	8	54	56	90	34	6	0	0	0	248
2001	AVERAGE BENEFIT	625	625	686	1,000	971	1,416	0	0	0	808
2001	AVERAGE COMP	1,647	1,686	1,795	2,223	2,009	2,650	0	0	0	1,923
2001	RETIREE COUNT	3	68	59	53	32	8	0	0	0	223
2002	AVERAGE BENEFIT	606	570	662	947	970	938	0	0	0	785
2002	AVERAGE COMP	1,121	1,454	1,647	2,049	1,763	1,721	0	0	0	1,755
2002	RETIREE COUNT	1	50	58	74	30	4	0	0	0	217
2003	AVERAGE BENEFIT	647	631	723	991	1,185	1,279	0	0	0	831
2003	AVERAGE COMP	2,041	1,658	1,875	2,135	2,450	2,182	0	0	0	1,947
2003	RETIREE COUNT	3	66	53	55	21	7	0	0	0	205
2004	AVERAGE BENEFIT	1,027	679	762	1,072	891	1,252	0	0	0	891
2004	AVERAGE COMP	1,274	1,944	2,042	2,404	1,719	2,504	0	0	0	2,125
2004	RETIREE COUNT	2	50	42	65	20	11	0	0	0	190
2005	AVERAGE BENEFIT	652	650	785	984	1,006	1,648	0	0	0	866
2005	AVERAGE COMP	905	1,865	2,178	2,336	2,029	3,156	0	0	0	2,150
2005	RETIREE COUNT	2	52	55	57	23	8	0	0	0	197
2006	AVERAGE BENEFIT	749	695	831	1,083	1,345	1,709	0	0	0	934
2006	AVERAGE COMP	2,099	1,966	2,150	2,415	2,733	3,130	0	0	0	2,253
2006	RETIREE COUNT	5	63	66	62	29	2	0	0	0	227
2007	AVERAGE BENEFIT	645	677	835	1,048	1,364	1,805	0	0	0	926
2007	AVERAGE COMP	1,726	2,050	2,084	2,243	2,739	4,619	0	0	0	2,244
2007	RETIREE COUNT	6	51	64	37	28	4	0	0	0	190
2008	AVERAGE BENEFIT	808	791	911	1,174	1,430	936	0	0	0	983
2008	AVERAGE COMP	2,407	2,237	2,242	2,688	2,880	1,730	0	0	0	2,394
2008	RETIREE COUNT	4	65	51	38	22	6	0	0	0	186
2009	AVERAGE BENEFIT	869	838	978	1,325	1,188	1,256	0	0	0	1,052
2009	AVERAGE COMP	2,189	2,189	2,808	2,927	2,412	2,543	0	0	0	2,545
2009	RETIREE COUNT	2	37	18	27	9	5	0	0	0	98

10-Year Average Benefit Payments For Service Retirees

Fiscal Year	Status Type	Years of Service Credit 0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40	Over 40	All Members
2000	AVERAGE BENEFIT	$ 842	$ 444	$ 524	$ 883	$ 1,237	$ 2,115	$2,485	$3,319	$3,652	$1,739
2000	AVERAGE COMP	$2,330	$2,496	$2,103	$2,331	$10,169	$ 3,152	$3,449	$4,022	$4,085	$5,000
2000	RETIREE COUNT	4	33	158	285	708	812	481	89	17	2,587
2001	AVERAGE BENEFIT	12	459	519	927	1,379	2,139	2,616	3,506	3,214	1,826
2001	AVERAGE COMP	183	2,098	2,146	2,461	11,844	3,211	14,345	4,461	3,777	7,274
2001	RETIREE COUNT	1	44	178	282	598	861	501	74	18	2,557
2002	AVERAGE BENEFIT	482	309	545	977	1,417	2,203	2,674	3,086	3,528	1,854
2002	AVERAGE COMP	2,966	2,111	2,269	24,784	2,852	3,291	3,684	4,026	4,112	5,231
2002	RETIREE COUNT	10	92	170	243	566	882	499	74	18	2,554
2003	AVERAGE BENEFIT	514	366	578	902	1,451	2,335	2,796	3,361	3559	1,961
2003	AVERAGE COMP	2,212	2,256	2,405	2,497	2,910	3,488	3,883	4,310	4395	3,268
2003	RETIREE COUNT	6	86	157	231	579	939	510	68	20	2,596
2004	AVERAGE BENEFIT	191	418	557	960	1,538	2,317	2,821	3,736	4268	2,020
2004	AVERAGE COMP	1,747	2,492	2,349	2,656	3,090	3,418	3,925	4,999	5382	3,352
2004	RETIREE COUNT	9	94	188	243	558	1,015	538	93	34	2,772
2005	AVERAGE BENEFIT	316	377	616	1,034	1,580	2,399	2,917	3,657	3758	2,116
2005	AVERAGE COMP	3,426	2,341	2,560	2,807	3,092	3,556	4,023	4,938	4926	3,464
2005	RETIREE COUNT	7	85	190	274	607	1,162	658	110	26	3,119
2006	AVERAGE BENEFIT	447	457	617	1,041	1,624	2,486	2,965	3,603	3812	2,172
2006	AVERAGE COMP	2,517	2,829	2,638	2,933	3,288	3,715	4,133	4,932	4954	3,615
2006	RETIREE COUNT	11	120	225	351	867	1,571	824	161	42	4,172
2007	AVERAGE BENEFIT	419	427	613	1,104	1,704	2,576	3,083	4,013	4843	2,161
2007	AVERAGE COMP	2,115	2,729	2,656	3,146	3,389	3,852	4,281	5,551	5859	3,688
2007	RETIREE COUNT	19	116	250	313	598	1,065	621	88	18	3,088
2008	AVERAGE BENEFIT	413	494	650	1,120	1,797	2,614	3,120	4,146	4981	2,225
2008	AVERAGE COMP	3,736	2,906	2,715	3,140	3,464	3,884	4,433	5,793	6395	3,785
2008	RETIREE COUNT	12	121	200	251	466	944	495	81	21	2,591
2009	AVERAGE BENEFIT	322	524	679	1,196	1,948	2,759	3,312	4,065	5436	2,364
2009	AVERAGE COMP	2,537	3,140	2,822	3,281	3,730	4,169	4,818	6,002	8136	4,074
2009	RETIREE COUNT	10	94	164	247	443	823	405	95	23	2,304

Number of Refunds of Contributions

Fiscal Year	Number of Refunds	% Increase Each Year
1999-2000	3,648	
2000-2001	3,848	5.5%
2001-2002	5,191*	34.9%
2002-2003	5,422*	4.5%
2003-2004	5,657*	4.3%
2004-2005	6,572*	16.2%
2005-2006	8,718*	32.7%
2006-2007	7,907*	-9.3%
2007-2008	5,762*	-27.1%
2008-2009	5,421*	-5.9%

*Includes refunds of retirees who returned to work.

Revenues by Source

Fiscal Year	Member	Employer	Retained	ACTS 642 & 7	Net Investment Income	Other Operating Revenues	Total
1999-2000	$224,684,434	$ 423,690,949	$ 29,274,452		$1,524,405,440	$ 1,365,976	$2,203,421,251
2000-2001	226,754,298	401,243,346	27,869,220		(595,314,707)	988,233	61,540,390
2001-2002	246,119,537	400,478,248	27,196,232		(948,670,459)	1,787,499	(273,088,943)
2002-2003	251,297,401	421,838,213	29,499,096		221,365,576	4,976,629	928,976,915
2003-2004	264,999,131	444,104,350	35,244,313		1,738,551,936	3,217,889	2,486,117,619
2004-2005	270,619,181	517,815,361	48,754,970		1,134,823,923	3,425,773	1,975,439,208
2005-2006	258,412,024	503,583,453	49,293,547	$ 26,400,000*	1,737,664,681	3,208,183	2,578,561,888
2006-2007	282,326,101	544,401,879	49,429,250		2,616,966,317	5,496,271	3,498,619,818
2007-2008	323,678,452	656,091,577	57,569,465	40,000,000**	(799,919,813)	6,264,759	283,684,440
2008-2009	344,547,871	660,244,436	54,447,510		(3,292,248,484)	4,407,243	(2,228,601,424)

* Act 642 of 2006   **Act 7 of 2008

Expenses by Type

Fiscal Year	Benefits	Refunds/ Other	Administrative Expenses	Depreciation Expense	Total
1999-2000	$ 791,183,546	$ 22,458,244	$ 7,369,407	$ 364,259	$ 821,375,456
2000-2001	858,979,906	26,948,712	8,220,487	435,128	894,584,233
2001-2002	920,593,341	23,432,296	8,886,231	475,734	953,387,602
2002-2003	1,003,327,453	22,287,120	10,688,003	490,780	1,036,793,356
2003-2004	1,075,298,667	26,804,821	10,786,450	508,399	1,113,398,337
2004-2005	1,139,814,334	30,454,374	12,178,533	476,270	1,182,923,511
2005-2006	1,204,472,977	38,538,125	13,362,286	488,341	1,256,861,729
2006-2007	1,295,552,338	48,119,943	13,323,547	506,521	1,357,502,349
2007-2008	1,385,666,955*	35,071,343	14,880,903	545,737	1,436,164,938
2008-2009	1,466,608,360*	34,418,885	15,799,028	540,725	1,517,366,998

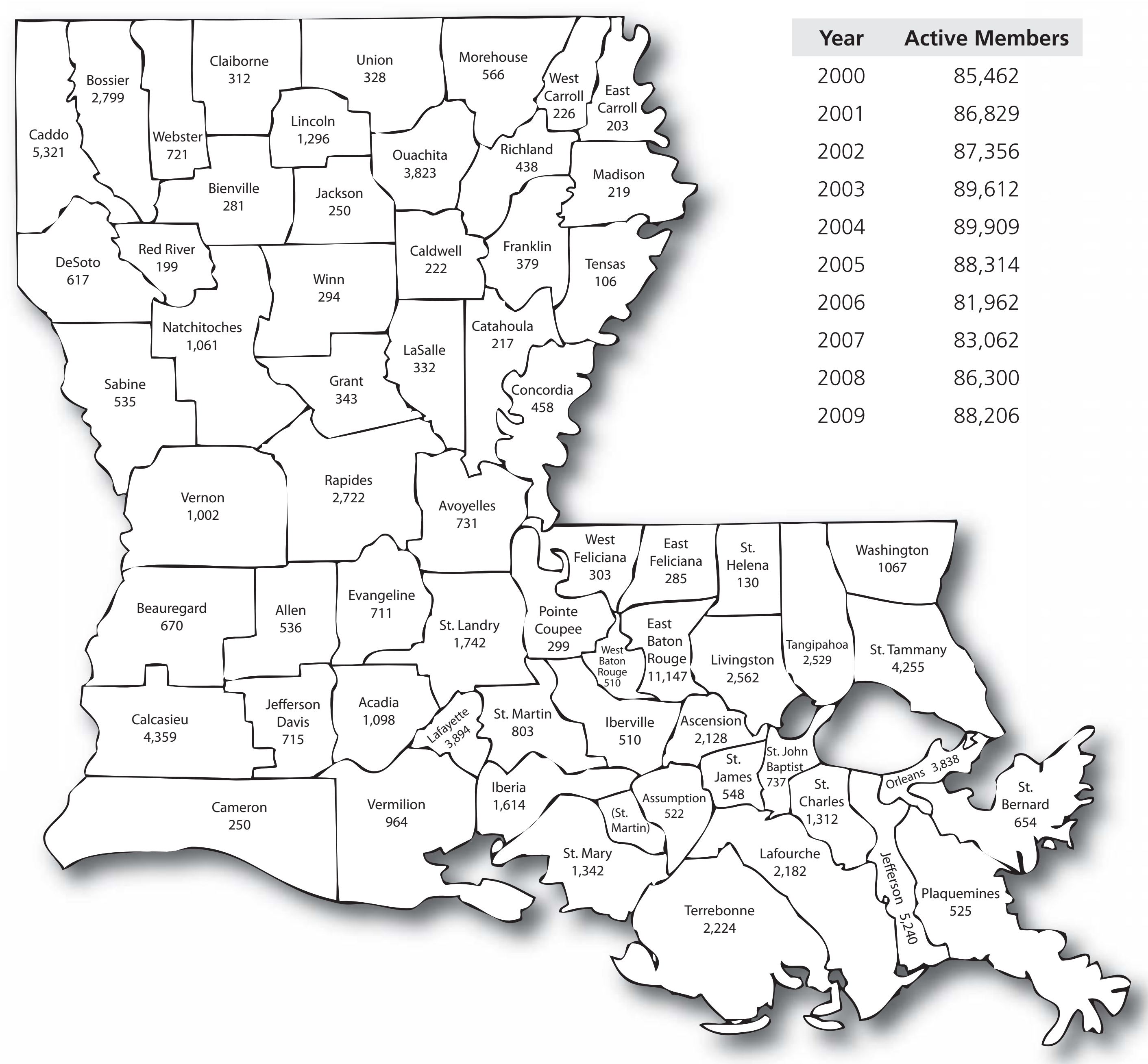
*Includes Other Post-Employment Benefits (OPEB) expense.

Largest 25 Employers

Employer Name	# of Employees
Jefferson Parish School Board	5,193
Caddo Parish School Board	5,189
East Baton Rouge Parish School Board	5,107
St. Tammany Parish School Board	4,249
Calcasieu Parish School Board	4,026
Lafayette Parish School Board	3,394
Rapides Parish School Board	2,685
Livingston Parish School Board	2,562
Ouachita Parish School Board	2,168
Terrebonne Parish School Board	2,140
Ascension Parish School Board	2,105
Bossier Parish School Board	2,075
Tangipahoa Parish School Board	2,039
Lafourche Parish School Board	1,899
Louisiana State University	1,863
St. Landry Parish School Board	1,742
Iberia Parish School Board	1,554
Department of Education - Recovery School District	1,361
St. Charles Parish School Board	1,312
St. Mary Parish School Board	1,208
Monroe City School Board	1,125
Acadia Parish School Board	1,098
Vernon Parish School Board	1,002
Vermilion Parish School Board	964
St. Martin Parish School Board	803

Total Active Members Statewide

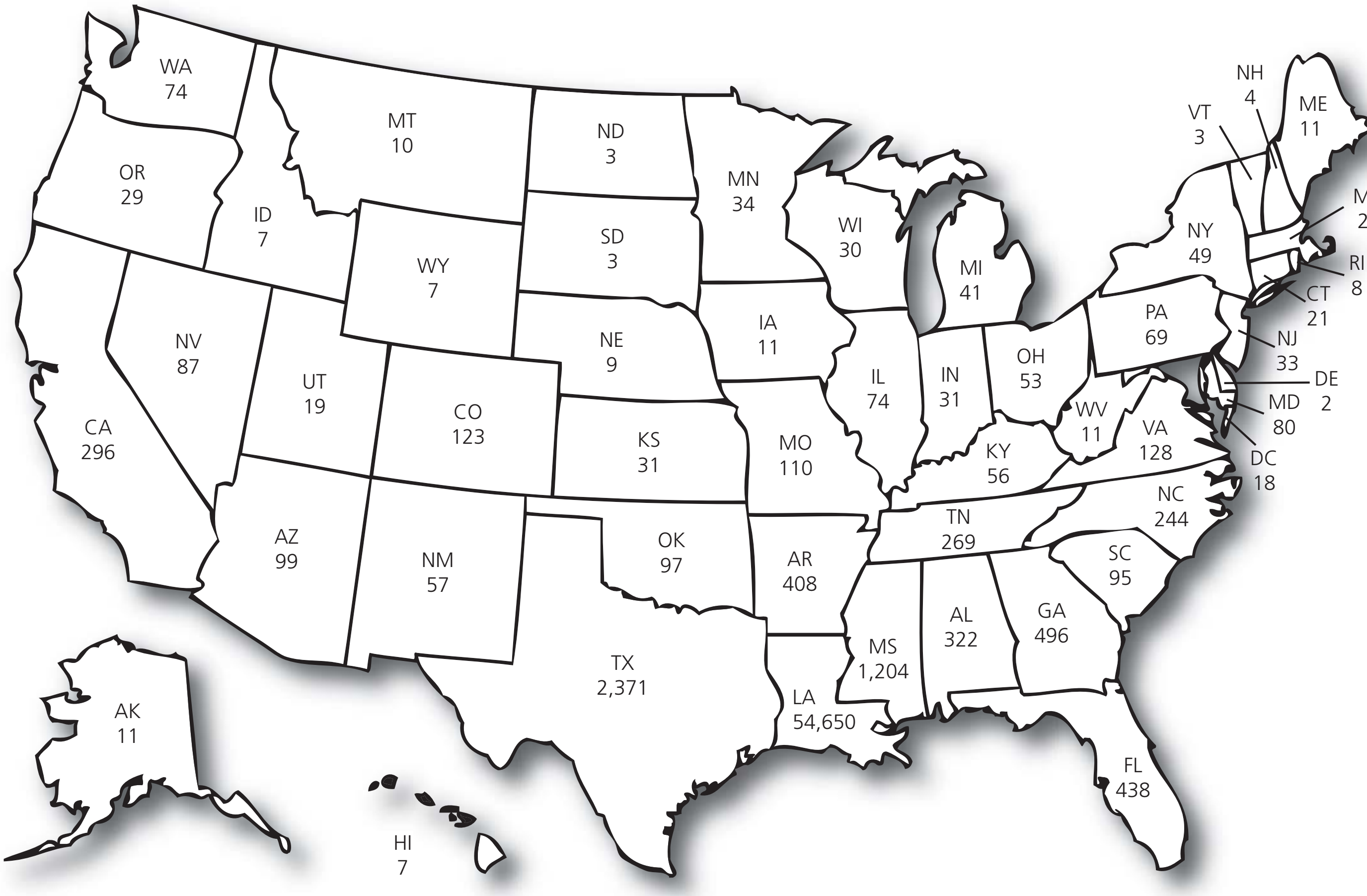
Total # of members — 88,206
*includes all employing agencies located within each parish



Year	Active Members
2000	85,462
2001	86,829
2002	87,356
2003	89,612
2004	89,909
2005	88,314
2006	81,962
2007	83,062
2008	86,300
2009	88,206

Total Retirees Worldwide

Total # of retirees — 62,417



Foreign Countries:					**38**
Argentina	1	Finland	1	Pakistan	2
Australia	2	Germany	8	Portugal	1
Belgium	1	Greece	1	Singapore	1
Canada	4	Hungary	1	Switzerland	2
China	1	India	1	Thailand	1
Costa Rica	3	Mexico	2	United Kingdom	2
Czech Republic	2	New Zealand	1		
U.S. Possessions:					**2**
Guam	1	Virgin Islands	1		
U.S. Overseas Military Bases					**6**
U.S. and District of Columbia (DC)					**62,371**
				TOTAL	**62,417**

Year	Retirees
2000	45,668
2001	47,426
2002	49,053
2003	50,903
2004	52,900
2005	54,525
2006	57,512
2007	59,530
2008	61,070
2009	62,417

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Tristen Seal, Byrd Avenue School
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Megan Dale, Western Heights Elementary School
Marytza Lopez, Slidell High School

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Amy Tran, Eleanor McMain Secondary School
Julia Lavigne, Slidell High School
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