New York STRS

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2001

FEATURES:

Introduction
Financial
Investments
Actuarial
Statistical

PLUS:

A Year of Monumental Benefit Improvements

Dedicated

to the victims, their families and all those touched by the tragic events of Sept. 11, 2001.

NEW YORK STATE
TEACHERS' RETIREMENT SYSTEM
10 Corporate Woods Drive
Albany, NY 12211-2395

www.nystrs.org

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

Our mission:

to provide the membership with timely service and accurate benefit payments; to assure the funding of these benefits by utilizing proper actuarial techniques and maximizing investment returns.

Prepared by NYSTRS Staff
George M. Philip
Executive Director

NYSTRS

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ACHIEVEMENTS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York State Teachers' Retirement System

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

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

President

Executive Director

Certificate of Achievement

Achievement Award

Public Pension Coordinating Council

Public Pension Principles

2000 Achievement Award

Presented to

New York State Teachers' Retirement System

In recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Principles.

Presented by the Public Pension Coordinating Council, a confederation of
Government Finance Officers Association (GFOA)
National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Michael L. Mory
Chairman

The year 2001

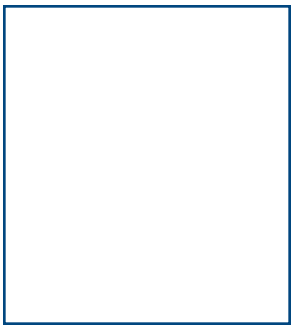
marked the 80th anniversary of STRS providing a guaranteed retirement benefit to New York State educators.

NYSTRS

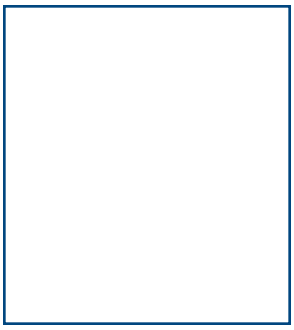
INTRODUCTION

NYSTRS INTRODUCTION

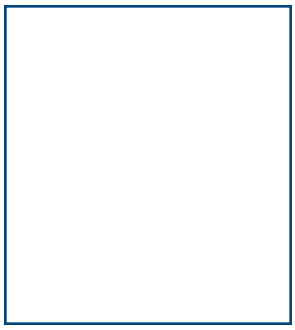
Board of Trustees



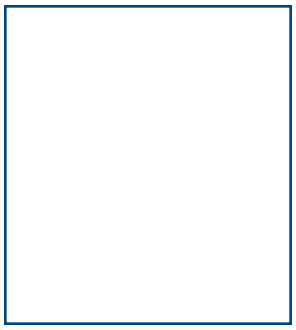
Martin



Lindstrom



Corn



Davenport

Lucy P. Martin
President
Administrator
Appointed by
Commissioner of Education
First Appointed 1984
Manlius

Richard F. Lindstrom
Vice President
Bank Executive
Elected by Board of Regents
First Elected 1985
Bonita Springs, FL

Michael R. Corn
Teacher Member
Elected by Delegates
First Elected 1992
Barneveld

Josephine Davenport
Retired Teacher Member
Elected by
STRS Retired Members
First Elected 1996
Hamburg

Wanda G. Henton
State Comptroller's
Representative
Appointed 1999
New York City

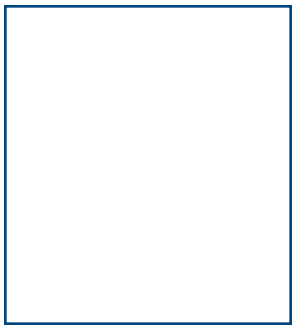
R. Michael Kraus
Insurance Executive
Elected by Board of Regents
First Elected 1992
East Aurora

Joseph P. McLaughlin
Teacher Member
Elected by Delegates
First Elected 1990
Harrison

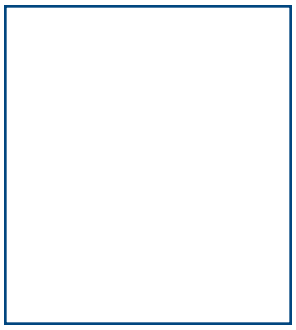
Sheila J. Salenger
Teacher Member
Elected by Delegates
First Elected 1989
Ballston Lake

Frederick D. Volp
Administrator
Appointed by
Commissioner of Education
First Appointed 1994
Cold Spring Harbor

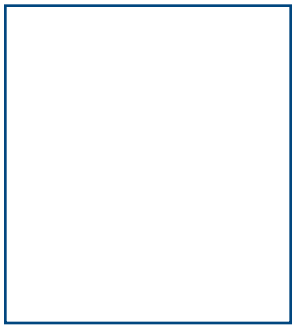
Iris Wolfson
Public Accountant
Elected by Board of Regents
First Elected 1992
Westbury



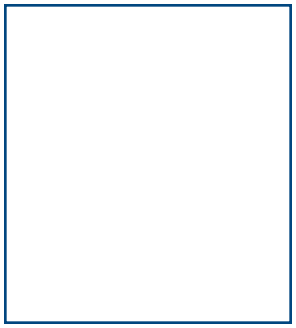
Henton



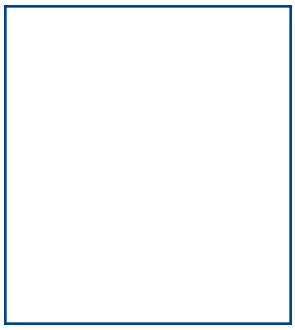
Kraus



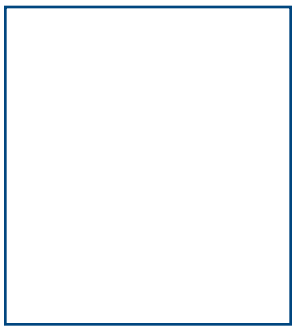
McLaughlin



Salenger



Volp



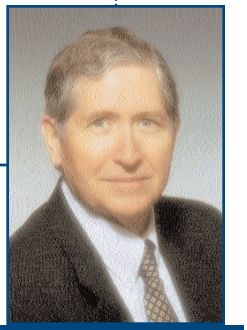
Wolfson

INTRODUCTION

Executive Staff and Organizational Structure

Trustees

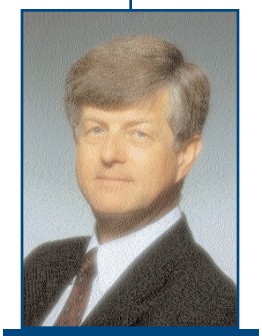
George M. Philip
Executive Director
and
Chief Investment Officer



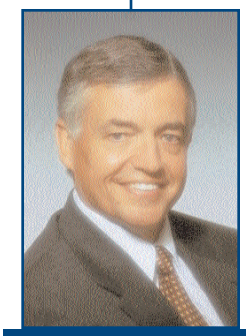
Wayne Schneider
General Counsel

James D. Campbell
Real Estate Investment Officer

Robert L. DeLuca
Director of Member Relations



Lawrence A. Johansen
Actuary



William S. O'Brien
Director of Administration

Joseph N. Vet
Securities Investment Officer

See pages 52-53 of this report for a list of investment professionals who provide services to NYSTRS.

Letter of Transmittal

New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, New York 12211-2395
(800) 356-3128 or 447-2666 (Albany-area calls)
Web Site: www.nystrs.org

George M. Philip, Executive Director

August 10, 2001

Trustees of the State Teachers' Retirement Board:

It is my pleasure to present you with the Comprehensive Annual Financial Report of the New York State Teachers' Retirement System (STRS) for the fiscal year ended June 30, 2001. This report complies with all legal requirements governing the preparation and contents of annual reports.

The report is divided into five sections:

- **Introduction**. Familiarizes readers with the Board of Trustees and Executive Staff. It also includes the President's Message, a summary of benefits and this Letter of Transmittal.
- **Financial**. Contains the report of independent auditors KPMG LLP, as well as general-purpose financial statements and accompanying footnotes.
- **Investment**. Presents the chief investment officer's overview, and information about investment policies, holdings and performance. Investment and real estate managers, consultants and advisory committee members are also listed.
- **Actuarial**. In addition to an actuarial certification letter, this section includes a summary of actuarial methods and assumptions; the actuary's valuation balance sheet; information on funding progress, and the employer contribution rate.
- **Statistical**. Consists of membership, service, salary and benefit data. It also contains a list of all participating STRS employers.

Letter of Transmittal
(continued)

History and Overview

STRS was created in 1921 by an act of the State Legislature. The System administers the fund from which most New York State public school teachers and administrators receive retirement and ancillary benefits. (Educators employed by New York City schools are, by law, covered by the New York City Teachers' Retirement System.) A summary of STRS benefits is provided on pages 15-19 of this report.

The System is governed by a 10-member Board of Trustees, which sets policy and oversees operations consistent with applicable laws. More than 300 full-time employees are responsible for day-to-day administration and operation of STRS.

Total membership at fiscal year-end was 340,473, consisting of 234,350 active members and 106,123 retired members and/or beneficiaries who receive monthly benefit payments. We serve more than 800 employers, including public school districts, charter schools and institutions of higher learning.

Awards

STRS is the proud recipient of several awards. Among the honors received during this fiscal year alone were:

A Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association of the United States and Canada (GFOA). This prestigious national award recognizes the System's 2000 Comprehensive Annual Financial Report for its conformance with the highest standards for preparation of state and local government financial reports.

Public Pension Principles Achievement Award, presented biennially by the Public Pension Coordinating Council. The award is based on compliance with 18 specific principles that underlie retirement system achievements in the areas of benefits, actuarial valuations, financial reporting, investments and disclosure to members. Systems that adhere to these standards lead the way in their service to system members, public officials and citizens.

The Distinguished Budget Presentation Award for the fiscal year July 1, 2000 through June 30, 2001, also awarded by GFOA. In order to receive this award, a governmental unit must publish a budget document that meets established criteria as a policy document, operations guide, financial plan and communications device.

Major Initiatives and Accomplishments

The history making benefit improvement legislation that was enacted in the second half of 2000 meant a great deal of work for STRS staff. As usual, they rose to the occasion, ensuring that thousands of active and retired System members received what was promised them under the law. The expediency staff displayed in implementing these improvements was commendable.

Letter of Transmittal
(continued)

In September 2000, during Phase I implementation of ***Cost-of-Living Adjustment (COLA)*** legislation, 70,350 STRS retirees received increased benefit payments. Under the law's "catch-up" clause, those who retired prior to 1997 and met defined eligibility requirements received a new (and greater) monthly benefit. In all, beginning with the September payment, STRS was paying its retirees an additional $15.1 million per month.

The number of retirees eligible for a catch-up payment continued to grow throughout the fiscal year as retirees who did not immediately meet the eligibility requirements "grew into" the catch-up payment. Ultimately, more than 83,500 STRS members will receive an increased benefit due to this provision.

Meanwhile, staff prepared for Phase II of COLA implementation, due to occur in September 2001. At that time, eligible retired members are scheduled to receive a 1.5% increase in their benefit payments. Members receiving an annual retirement benefit from the System of $18,000 or more will receive the maximum increase of $22.50 per month.

Laws affecting active members kept us busy, too, particularly ***Benefit Enhancement*** legislation (Article 19 of the Retirement and Social Security Law), which crosses all membership tiers. Under the law, Tier 3 and 4 members can now stop making 3% required contributions to the Retirement System once they have been a member for 10 years or have 10 years of service credit, whichever occurs first. Thousands of members who already achieved this milestone stopped contributing before the end of 2000 and more become eligible to do so every year.

Also under the law, eligible Tier 1 and 2 members receive one month of additional credit for each year of service (up to a maximum of two years) upon retirement. This provision, combined with a separate state ***Retirement Incentive*** also adopted by many school districts, added up to STRS processing a record number of retirement applications—almost 8,000—in fiscal year 2000-01.

Other benefit improvement laws expanded allowable prior service credit, improved the in-service death benefit for members of Tiers 2 through 4, decreased the Tier 4 early retirement age reductions and made purchasing military service credit more affordable. Regarding the latter, STRS processed approximately 2,600 claims for military service as a result of Chapter 548 of the Laws of 2000, which amended the military law passed in 1998. Active members and those who retired on or after the date of the original law (December 21, 1998) are eligible to purchase this credit.

Even with all the new laws, staff found the time and used their talents to implement a number of "non-legislated" member service improvements. These included additions to the comprehensive *Benefit Profile*, mailed annually to STRS members, providing even more personal information than the well-received *Profile* of the previous year. The biggest change was to the projections page, where those closest to retirement (age 51 or older) received projections of all retirement options available to them. This document remains the most important tool for self-auditing and retirement planning.

Letter of Transmittal
(continued)

Soon, members will have on-line access to all the same information available to them in their *Profile*, providing them the opportunity to review the data and benefit projections at any time. During the recently completed fiscal year, the System took a large leap toward providing members with this interactive feature. Active and retired STRS members will soon be able to request a Personal Identification Number (PIN) from the System so they will be able to securely access this information via the World Wide Web.

The conversion of all member records to digital format continued this year and the image system now contains over 2 million member related documents, consisting of more than 17 million images. Many of the Member Relations work processes have been workflow enabled, with the remainder expected to be implemented within the next year. This image environment provides STRS staff instant access to the daily mail and provides for shorter processing times of requests received from the members and employers we serve.

More than 20,000 new memberships—a record high—were established during the fiscal year, an 11% increase over the previous year. As expected, there is a direct correlation between retirements and new memberships. As the number of retirements continues to rise, so too does the number of new members.

On another note, we gave the System logo a new look, replacing the outline of the state and the lamp of learning (often referred to by outsiders as a teapot or genie lamp) with a more modern, block-letter look. The bold "NY" and the letters "STRS" that overlap them make our materials something instantly recognizable as relating specifically to this System.

Financial Information

System management is responsible for the accuracy of information provided in the financial statements, as well as for the maintenance of appropriate internal controls that ensure assets are safeguarded and the organization is operated efficiently. Financial information and internal controls are subject to audit by the New York State Insurance Department, the Office of the State Comptroller and the Retirement System's Internal Audit Department. In addition, financial statements are audited by KPMG LLP, an independent certified public accountant, whose unqualified opinion appears on page 22 of this report.

Each year the Retirement Board adopts an administrative budget. Last year, the System's first five-year capital asset plan was launched. The goal of the plan is to minimize unplanned budget impacts, while enhancing planning and budgeting activities by projecting future needs for capital asset acquisitions.

Major revenue sources are investment income, and employer and member contributions. Typically, the largest influence on investment income is the appreciation or depreciation in the market value of investments, especially our holdings in the U.S. stock market. We experienced a decrease of $7.6 billion in net assets during the recently completed fiscal year. Detailed information listing "Revenues by Source" can be found on page 74.

Letter of Transmittal
(continued)

Major expenses result from payment of retirement benefits, death benefits and refunds of contributions to certain active and former members. The increase in retirement benefit payments from 2000 to 2001 is attributable to a net increase of almost 5,300 retirees and beneficiaries. See the schedule of "Expenses by Type" on page 74 for more information.

Funding

Contribution rates, expressed as a uniform percentage of member payroll, are set at the level necessary to fund the retirement and ancillary benefits of members, ensuring that sufficient assets are on hand to pay benefits as they become due. The contribution rate to be paid by employers during the 2002-03 school year is set at 0.36% of member payroll, the lowest rate in STRS history. That rate will be applied to the 2001-02 STRS member payroll.

As of June 30, 2000, the date of the most recent annual valuation prepared by our actuary, the plan's funded ratio was 124.1%. Details of our funding progress may be obtained by turning to page 59.

Investments

The prime objective of the Retirement System is to consistently deliver promised benefits to all members and their beneficiaries, with the highest possible levels of security and at the lowest possible cost to participating employers. Accordingly, our portfolio is diversified prudently across the most attractive asset classes in order to achieve the best possible long-term total returns consistent with appropriate levels of risk.

As a result of this commitment to fiscal prudence, the plan's funded ratio remains well over 100% despite a disappointing decline in the total value of our equity portfolio over the last year. For the year ended June 30, 2001, the Retirement System's total portfolio returned -5.7%. However, thanks in large part to the tremendous returns experienced in the 1990s, the corresponding annualized total rate of return over the last 10 years was +12.2%. Consequently, we are well positioned to meet the needs of our membership for years to come.

Above all, this demonstrates the value of our commitment to diversification, both across varied asset classes and within each asset class. The fact that our funding ratio remains strong is an affirmation that our risk control through diversification is effective.

As part of the continual monitoring of our asset allocation program, at the July 26, 2001 Retirement System Board Meeting, small changes were made to the asset allocation targets and ranges. The 1% allocation to emerging markets equity was eliminated and the international equity allocation was increased from 9% to 10%, with a range of 5%-15%.

Letter of Transmittal
(continued)

In order to achieve our target of 3% in alternative investments during the year ended June 30, 2001, the Board selected 10 new private equity partnerships, committing $1.5 billion.

Refer to pages 36-53 for further information on STRS investments.

Acknowledgements

This report was prepared by New York State Teachers' Retirement System staff. It is intended to provide complete and reliable information for making management decisions, determining compliance with legal provisions and determining responsible stewardship of System assets.

Allow me to express my sincere gratitude to STRS staff and the Board of Trustees for their ardent and ongoing efforts to serve our continually growing membership. I also must praise the members of the Medical Board, and the Investment Advisory and Real Estate Advisory committees for their vital contributions to STRS members and this organization.

Respectfully submitted,

George M. Philip
Executive Director

NYSTRS INTRODUCTION

President's Message

While the economic climate was mixed this fiscal year, the skies were sunny for both our active and retired members, who profited from history-making benefit improvements.

Retirement System staff, ably guided by Executive Director George Philip, did a remarkable job of implementing the many changes brought about by new benefit-related legislation. Adopted by the State Legislature and signed into law by Governor George Pataki during the 2000 legislative session, these bills improved current and future benefits for both active and retired STRS members.

While the automatic Cost-of-Living Adjustment (COLA) for all state retirees received the most widespread attention, active members also benefited from many new laws, including those allowing eligible members to:

- Return to their earliest date of membership;
- Receive up to two additional years of service credit (Tiers 1 and 2) or suspend mandatory 3% salary contributions after 10 years (Tiers 3 and 4);
- Be covered by the most advantageous in-service death benefit, regardless of which they selected when they entered state service; and,
- Claim prior and military service credit that previously was not allowable.

Implementing the many operational changes necessitated by the new laws appeared daunting, considering their sheer scope and volume. Yet STRS management and staff attacked the tasks swiftly and competently, ensuring that members would receive the improvements promised them in a timely fashion.

It deserves noting that even though the stock market experienced a significant decline during the fiscal year, all of these benefit improvements were implemented without the need to increase the employer contribution rate. This can be attributed to both our diverse portfolio and our long-term investment strategy. Because the System's portfolio is so varied, a negative performance by one asset class is cushioned by the performances of the other asset classes.

The System's long-term total fund performance has been 11.2% over five years and 12.2% over 10 years.

These numbers indicate our asset allocation policy is paying dividends. Last year's benefit improvements, for example, were made possible in large part because of our strong long-term performance. School districts have also benefited through low contribution rates; at its July 2001 meeting, the Board of Trustees approved a record-low employer contribution rate of 0.36% for the 2002-03 school year.

The fund's success is the result of a highly knowledgeable, committed and effective STRS management team. Likewise, my fellow Retirement Board trustees display the vision and leadership necessary to keep STRS one of the most highly rated in the country.

Ensuring a secure financial future for our membership is our obligation. I'm proud of the job this organization has done to fulfill this role and I'm certain that we will continue to succeed in the months and years ahead.

Lucy P. Martin

Lucy P. Martin
President

INTRODUCTION

Summary of Benefits

Types of Benefits

NYSTRS provides service, vested and disability retirement benefits, in addition to in-service death benefits.

Membership Tier

There are four tiers of System members, determined by date of membership, as shown below. Benefits differ for each membership tier.

Tier 1:	Membership prior to 7/1/73
Tier 2:	Membership 7/1/73 - 7/26/76
Tier 3:	Membership 7/27/76 - 8/31/83
Tier 4:	Membership on or after 9/1/83

Eligibility for Service Retirement

Under all tiers, members may retire and receive a service retirement benefit at age 55 if credited with five years of New York State service. Retirement for Tier 1 members is also possible with fewer years of service under certain circumstances.

Tier 1 members may retire at any age with 35 years of service. The creditable service under Benefit Enhancement *(see below)* greatly increases the number of members eligible under this provision.

Tier 3 members are entitled to the benefits under Tier 4. Because of the improvements in Tier 4, most Tier 3 members retire under the provisions of Tier 4. When the benefits under one tier are obviously better, a member will automatically receive the better benefits.

Service Retirement Benefit

A Tier 1 member is eligible to retire at age 55 under the Career Plan without a reduction in benefits if credited with 20 years of State service. The pension for 20 years of New York State service credited after July 1, 1959 is 40% of final average salary. The maximum pension under the Career Plan is 79% of final average salary. This includes the two years of service added under Benefit Enhancement.

A Tier 2 member may retire at age 55 without a reduction in benefits if credited with 30 years of service. The pension for 30 years of service is 60% of final average salary. The maximum pension payable under Tier 2 is also 79% of final average salary.

A Tier 4 member, and a Tier 3 member electing to retire under Tier 4, may retire at age 55 without a reduction in benefits if credited with 30 years of service. The pension for 30 years of service is 60% of final average salary. Each year beyond 30 years increases the pension $1^1/_2$% of final average salary.

Benefit Enhancement (Article 19)

New York State law enacted in 2000 provides up to two additional years of service credit at retirement for Tier 1 and 2 members who meet the eligibility requirements. It also allows Tier 3 and 4 members to stop making 3% required contributions when they have been a member for 10 years or have 10 years of total service credit, whichever occurs first.

Summary of Benefits
(continued)

Pension Formulas

A retirement benefit is determined by the formula **pension factor x final average salary = pension**. The **pension factor** under each tier for a service retirement is calculated using the percentages as shown in the following chart:

Pension Formulas for Service Retirement

Tier 1
2% x years of NYS service since July 1, 1959, plus 1.8% x years of NYS service before July 1, 1959, plus 1% x years of out-of-state service to 10 years*, but there's a 5% reduction of pension for each year of NYS service under 20 years

Tier 2
Computed under the Tier 1 formula including the 5% reduction of pension for each year of NYS service under 20 years. Further reduction of 6% to 27% when retirement occurs before age 62 with credit for less than 30 years of NYS service.

Tier 3 - Article 14**
$1^{2}/_{3}$% x years of NYS service if credited with less than 20 years, or 2% x years of NYS service if credited with 20 or more years to a maximum of 60% with 30 or more years. Reduction of 6.7% to 30% when retirement occurs before age 62 with credit for less than 30 years of NYS service. At age 62, benefit reduced by 50% of primary Social Security benefit accrued while in NYS public employment.

Tier 4 - Article 15
$1^{2}/_{3}$% x years of NYS service if credited with less than 20 years, or 2% x years of NYS service if credited with 20 to 30 years, plus $1^{1}/_{2}$% x years of NYS service beyond 30 years. Reduction of 6% to 27% when retirement occurs before age 62 with credit for less than 30 years of NYS service.

*Out-of-state service cannot be used to exceed 35 years of service. However, service under Article 19 may allow this limit to equal 37 years.
**Tier 3 members are entitled to receive either the benefits of Article 14 or the benefits of Article 15.

Final Average Salary

Final average salary is defined as the average of the member's three highest consecutive years of regular salary, excluding termination pay, retirement bonuses, pay for unused sick days or accumulated vacation and increases in salary which exceed certain limitations.

Members who joined the System prior to June 17, 1971 are entitled to a five-year final average salary without the limitations of the three-year final average salary if the five-year final average salary is greater.

Summary of Benefits
(continued)

Vested Retirement

STRS members who cease employment with five or more years of credited service are eligible for a vested retirement. The vested benefit is payable at age 55 and is calculated using the same factors as a service retirement benefit. However, if vested members choose to withdraw their member contributions or transfer membership to another NYS public retirement system, they will not be eligible for an STRS benefit. Tier 3 and Tier 4 members with at least 10 years of service cannot withdraw.

Disability Retirement

Generally, members credited with at least 10 years of New York State service (five years for Tier 3 members) who become disabled as defined by applicable statute are entitled to a disability retirement benefit from the System. In most cases, the minimum disability benefit is 1/3 of final average salary. For Tier 3 and Tier 4 members who become disabled as the result of an accident sustained in the performance of their teaching duties, the five-year or 10-year eligibility requirement is waived.

Disability benefits are subject to the review and approval of the System's Medical Board and Retirement Board. The members of the Medical Board are:

HARVEY R. BERNARD, M.D.
Diplomate of the American Board of Surgeons
Professor of Surgery
Albany Medical College

RICHARD P. PROPP, M.D.
Diplomate of the American Board of Internal Medicine
Diplomate of the American Board of Hematology
Associate Clinical Professor of Medicine at the Albany Medical College
Medical Consultant, Office of Medicaid Management,
New York State Department of Health

MELVIN J. STEINHART, M.D.
Diplomate of the American Board of Psychiatry and Neurology
Chief of Psychiatric Consultation-Liaison Service
Professor of Clinical Psychiatry
Professor of Clinical Medicine
Albany Medical College

Summary of Benefits
(continued)

Member Contributions

Tier 3 and Tier 4 members are mandated to contribute 3% of salary to the Retirement System until they have been a member for 10 years or have 10 years of service credit, whichever occurs first. Tier 3 and 4 pensions are funded by member and employer contributions. These contributions are not included in the member's gross income for federal income tax purposes until they are distributed or made available to the member, generally at retirement as part of a retirement benefit or upon withdrawal from the System. The member's salary prior to the reduction is used in all benefit calculations.

Tier 1 and 2 members are not required to contribute to the System. Tier 1 and Tier 2 members who have made contributions receive an annuity throughout retirement, in addition to the employer-funded pension described earlier. The annuity is based on total member contributions, life expectancy, date of membership and choice of benefit.

Transfer and Prior Service

Under certain circumstances, members are eligible to transfer membership to or from another New York State public retirement system or claim credit for public employment prior to joining STRS.

Ordinary Death Benefits

An employer-funded death benefit is paid if a member dies in service and certain eligibility requirements are met. In addition, if a member dies before retirement, any contributions made by the member to the System, plus interest, are paid to the designated beneficiary.

Tier 1 Death Benefit

The amount of the employer-provided death benefit under Tier 1 is the greater of:

a. three times the last 12 months of earnings to a maximum of $20,000,

OR

b. 1/12 of the member's last 12 months of earnings (exclusive of any form of termination pay) for each year of credited New York State service to a maximum of three times such earnings with 36 or more years of New York State service,

OR

c. the Death Gamble provision. Under the Death Gamble, if a member dies in active service while eligible for retirement without a benefit reduction, the beneficiary is entitled to the pension reserve which would have been used to pay the retirement benefit computed under Section 510 of the Education Law.

Summary of Benefits
(continued)

Tier 2, 3 and 4 Death Benefit

If a Tier 2, 3 or 4 member, who joined prior to January 1, 2001, dies before retirement and a death benefit is payable, STRS will pay to the beneficiary a death benefit calculated under Paragraph 2, unless the member selected Paragraph 1 and that calculation is higher. Members joining on or after January 1, 2001, are covered only by Paragraph 2.

Paragraph 1 - 1/12 of the member's last 12 months of regular earnings for each year of credited New York State service to a maximum of three times such earnings with 36 or more years of New York State service, or the Death Gamble benefit.

Paragraph 2 - One year's salary after a year of member service, increasing each year to a maximum of three years' salary after three or more years of member service. This benefit declines after age 60 at the rate of 4% per year, but never falls below 60% of the original death benefit otherwise payable.

Tier 2, 3 and 4 members who teach until retirement will also have a survivor's death benefit if death occurs after retirement. This is separate from any choice of a maximum retirement benefit or option.

1st Year	50% of benefit at retirement
2nd Year	25% of benefit at retirement
3rd & Ensuing Years	10% of benefit at age 60, if any, or at retirement if earlier

Accidental Death Benefit

An accidental death benefit is payable in the form of a pension to the beneficiaries of Tier 3 and Tier 4 members who die as the result of an accident sustained in the performance of their teaching duties.

Vested Member Death Benefit

A vested member death benefit is payable to the designated beneficiary or the estate of any member who has 10 or more years of credited service and does not meet the in-service eligibility requirement for an ordinary death benefit.

The amount of the benefit is one-half of the amount of the ordinary death benefit which would have been paid if the member's death had occurred on the last day of creditable service.

Retirement Options

At the time of retirement, a member may elect the maximum retirement benefit with no protection for a beneficiary, or one of many actuarially equivalent options—lump sum, survivor, guarantee or alternative—providing protection for a beneficiary or beneficiaries.

Cost-of-Living Adjustment (COLA)

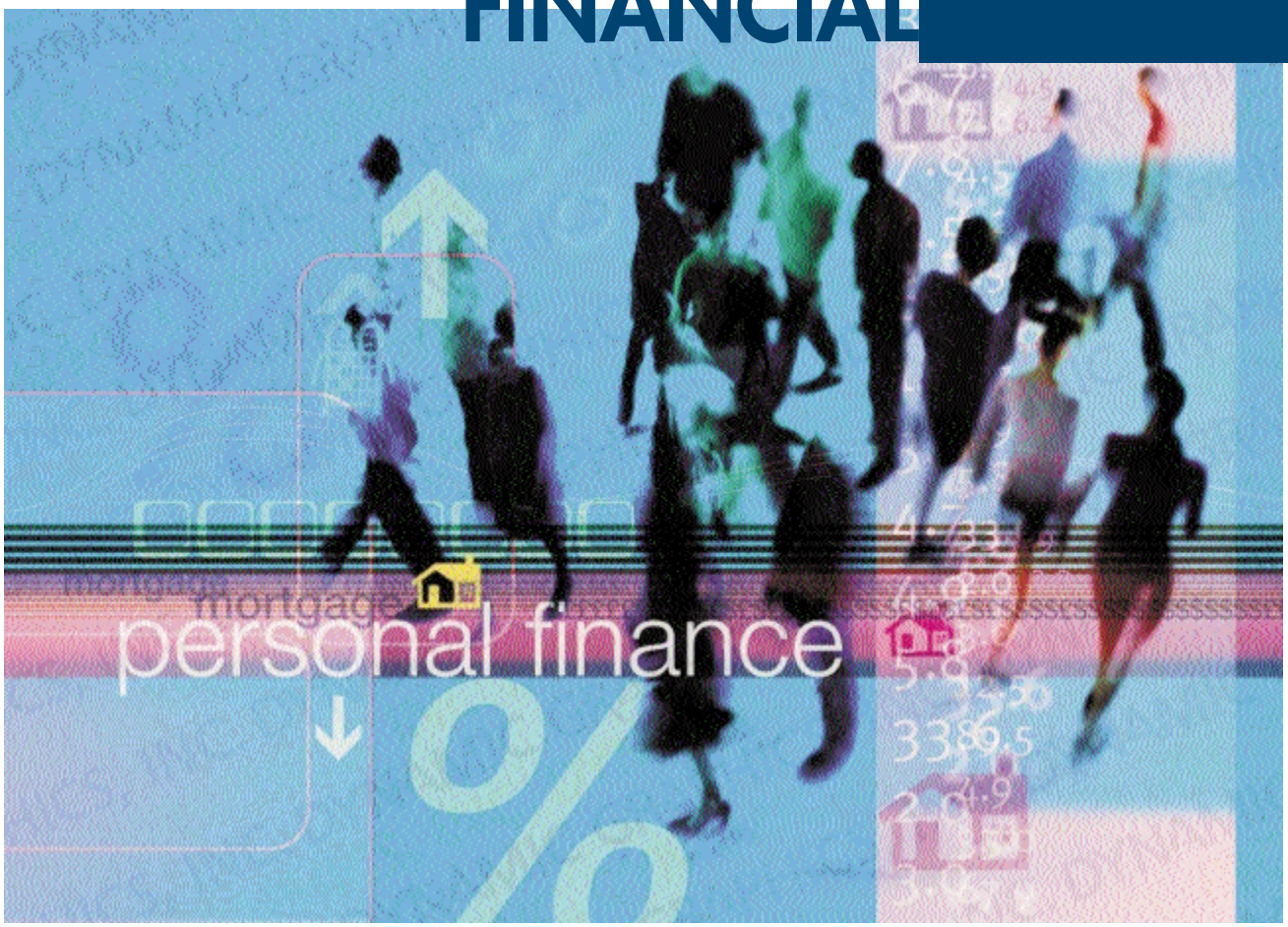
All eligible current and future retired members will receive an automatic COLA based on 50% of the Consumer Price Index each year. It will be a minimum of 1% and a maximum of 3% and effective each September.

"While the economic climate *was mixed this fiscal year, the skies were sunny for both our active and retired members, who profited from history-making benefit improvements."*

Lucy P. Martin
President
Retirement Board

NYSTRS

FINANCIAL



Independent Auditors' Report

515 Broadway
Albany, NY 12207

The Retirement Board
New York State Teachers' Retirement System

We have audited the accompanying statements of plan net assets of the New York State Teachers' Retirement System (the System) as of June 30, 2001 and 2000, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 New York State Teachers' Retirement System as of June 30, 2001 and 2000, and the changes in plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The schedule of employer contributions and actuarial methods and assumptions is not a required part of the financial statements, but is supplementary information required under Government Accounting Standards Board Statement No. 25. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other financial information included in Schedules 1 through 3 is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

We did not audit the data as presented in the introduction, investments, actuarial and statistical sections of this report, and accordingly, express no opinion thereon.

KPMG LLP

August 10, 2001

Statement of Plan Net Assets—June 30, 2001 and 2000
(dollars in thousands)

Assets	*2001*	*2000*
Investments at fair value (Note 4):		
Short-term	$ 3,098,906	$ 954,716
Bonds	16,085,191	14,744,572
Stocks	46,680,553	54,798,012
International equities	6,730,334	9,060,404
Global bonds	-	2,016,872
Mortgages	3,796,545	3,074,910
Real estate	3,553,453	3,005,364
Alternative investments	1,068,098	653,613
Total investments	81,013,080	88,308,463
Receivables:		
Employer	24,227	123,076
Employer, long-term	253,165	244,486
Member	107,459	174,966
Investment income	221,792	233,456
Investment sales	34,663	115,947
Total receivables	641,306	891,931
Securities lending collateral, invested (Note 4)	3,620,278	7,781,616
Member loans	140,951	122,434
Building and equipment, net of depreciation	13,272	14,146
Other assets	63,153	73,146
Total assets	85,492,040	97,191,736
Liabilities		
Securities lending collateral, due to borrowers (Note 4)	3,620,278	7,781,616
Investment purchases payable	68,851	39,520
Mortgage escrows and deposits, net of investments	59,750	56,429
Other liabilities (Note 7)	79,009	66,888
Total liabilities	3,827,888	7,944,453
Net assets held in trust for pension benefits (Notes 1 and 3)	$81,664,152	$89,247,283

See accompanying notes to the financial statements.

Statement of Changes In Plan Net Assets—June 30, 2001 and 2000
(dollars in thousands)

Additions:	2001	2000
Investment income:		
Net (depreciation) appreciation in fair value of investments	$ (6,952,556)	$ 3,989,553
Interest income	1,162,566	962,560
Dividend income	677,801	767,517
Real estate, net operating income	210,982	160,924
Securities lending, gross earnings	394,137	376,042
Other (net)	16,598	21,661
	(4,490,472)	6,278,257
Less: Investment expenses	87,122	82,546
Securities lending, rebates and fees	368,613	355,001
Net investment (loss) income	(4,946,207)	5,840,710
Contributions:		
Employer	50,172	151,987
Employer, long-term	102,546	59,512
Member	128,019	186,751
Transfers in/out (net)	29,023	43,247
Total contributions	309,760	441,497
Total additions	(4,636,447)	6,282,207
Deductions:		
Retirement benefit payments, periodic	2,834,136	2,410,628
Beneficiary payments	53,560	69,304
Return of contributions	28,407	40,529
Administrative expenses	30,581	28,878
Total deductions	2,946,684	2,549,339
Net (decrease) increase	(7,583,131)	3,732,868
Net assets held in trust for pension benefits, beginning of year	89,247,283	85,514,415
Net assets held in trust for pension benefits, end of year	$81,664,152	$89,247,283

See accompanying notes to financial statements.

Notes to Financial Statements—June 30, 2001 and 2000

(dollars in thousands)

1. Plan Description

The New York State Teachers' Retirement System (the System) was created and exists, pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension benefits for teachers employed by participating employers in the State of New York, excluding New York City.

As of June 30, the number of participating employers was:

	2001	2000
Public School Districts	701	702
B.O.C.E.S.	38	38
S.U.N.Y.	31	31
Community Colleges	31	31
Charter Schools	5	-
Other	7	7
	813	809

As of June 30, the System membership consisted of:

	2001	2000
Retired members and beneficiaries currently receiving benefits	106,123	100,839
Terminated members entitled to but not yet receiving benefits	4,804	4,935
Active members	229,546	220,051
Total	340,473	325,825

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following four classes:

Tier 1—Members who last joined prior to July 1,1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2—Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law.

Tier 3—Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the Retirement and Social Security Law.

Tier 4—Members who joined on or after September 1, 1983 are covered by the provisions of Article 15 of the Retirement and Social Security Law.

Service Retirements

Tier 1 members are eligible for a service retirement allowance, of approximately 2% per year of credited service times the final average salary, at age 55. Tiers 2, 3 and 4 are eligible for the same but with the following limitations: 1) Tier 2 members receive a reduced benefit for retirement before age 62 with less than 30 years of service; and 2) Tier 3 and Tier 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service.

Vested Benefits

Retirement benefits vest after 5 years of credited service and are payable at age 55 or greater with the limitations noted for service retirements above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service, except for Tier 3, where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the Retirement and Social Security Law. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and tier of membership.

Member Contributions

Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System.

Notes to Financial Statements
(dollars in thousands)

However, if a member leaves covered employment with less than 5 years of credited service or dies, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Article 19 Benefit Enhancement

Article 19 of the Retirement and Social Security Law allows eligible Tier 1 and 2 members to receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years. Effective October 2000, Tier 3 and 4 members are no longer required to make 3% contributions after obtaining the earlier of 10 or more years of service credit or 10 or more years of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September 2001 to retired members who have attained age 62 and have been retired for five years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for five years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the Consumer Price Index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable September 2001 is 1.5%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of twelve thousand two hundred fifty dollars for 35 years of credited full-time New York State service. During the 2001 Session, the Legislature passed a bill to increase this minimum to seventeen thousand five hundred dollars. It is awaiting action by the Governor. Certain members who retire pursuant to the provisions of Article 14 of the Retirement and Social Security Law are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

2. Summary of Significant Accounting Policies

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade date basis.

Method Used to Value Investments

Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. Many factors are considered in arriving at that value. International equities and global bonds are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on appraisals plus fiscal year-to-date capital expenditures. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued based on a good faith determination of the General Partner.

Employer/Member Contributions Receivable

Current:

Employer contributions receivable are determined by applying the actuarially calculated contribution rate of 0.43% and 1.43% to the estimated covered payroll for fiscal years ended June 30, 2001 and 2000, respectively.

Member contributions receivable are computed by multiplying the statutorily required member contribution rate of 3% against the estimated salaries of those Tier 3 and 4 members with less than 10 years of service or membership. Estimated voluntary Tier 1 contributions are also included in the member contributions receivable.

Notes to Financial Statements
(dollars in thousands)

Long Term:

As a result of the enactment of Chapter 175 of the Laws of 1990, employer contributions due for the 1989 fiscal year which were payable in the 1990 fiscal year are to be paid in fifteen annual payments, including interest at 8%, and commenced in October 1990. Certain employers have prepaid some or all of the deferred amount.

Various retirement incentive programs have been enacted under which members are granted additional service credit as an inducement to retire. Numerous employers have elected to participate in one or more of these incentives. Employers have the option of payment in one year or over five years including interest at 8%.

Chapter 437 of the Laws of 1993 provides for improved benefits for certain qualifying members through transfer, prior service and retroactive membership. Employers have the option of payment over one, five or ten years including interest at 8%.

Building and Equipment

Fixed assets are recorded at historical cost. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

	Years
Building	50
Building Improvements	Various
Roads and Shrubbery	15
Office Furniture and Equipment	7
Office Machinery/Computer Equipment & Software	5
Automobiles	4

Federal Tax Status

The System is exempt from Federal income taxes under the Internal Revenue Code.

Reclassifications

Amounts in the prior year's financial statements are reclassified whenever necessary to conform to the presentation in the current year's financial statements.

Use of Estimates

Management of the System has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

3. Funds

The following funds were established pursuant to the laws of the State of New York. All of the funds, with the exception of the Administrative Fund, are available for the payment of benefits to members or beneficiaries.

Annuity Savings Fund

The fund in which contributions of Tier 1 and 2 members covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law are accumulated.

Annuity Reserve Fund

The fund from which the accumulated contributions of members covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law are paid as a life annuity.

Pension Accumulation Fund

The fund in which all reserves for the payment of all benefits are accumulated with the exception of the annuity provided by the accumulated contributions of Tier 1 and 2 members, supplemental retirement allowances and group term life insurance.

Pension Reserve Fund

The fund from which pensions are paid from reserves transferred from the Pension Accumulation Fund.

Group Life Insurance Fund

Pursuant to Article 4-B of the Retirement and Social Security Law, the Retirement Board established a Group Life Insurance Fund. The Group Life Insurance Fund provides a group term death benefit not to exceed fifty thousand dollars, payable upon the death of eligible members. Group term death benefits paid for the fiscal years ended June 30, 2001 and 2000 were $7,719 and $7,006, respectively. For reporting purposes below and in the other financial information, this fund is combined with the Pension Accumulation Fund.

Notes to Financial Statements
(dollars in thousands)

CO-ESC Member Contributions Fund

Members covered by the provisions of Article 14 and Article 15 of the Retirement and Social Security Law contributed 3% of salary to the System's CO-ESC Member Contribution Fund. Effective October 2000, contributions were eliminated for members with 10 or more years of service or membership. Contributions to this fund were $112,827 and $178,108 in fiscal years ended June 30, 2001 and 2000, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

Supplemental Retirement Allowance Fund

Pursuant to Section 518-a of Article 11 of the Education Law, the supplemental retirement allowances provided by Section 532 of such law are paid to eligible retired members and beneficiaries of the System from the Supplemental Retirement Allowance Fund. Supplemental retirement allowances paid for the fiscal years ended June 30, 2001 and 2000 were $16,652 and $104,460, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund. Chapter 125 of the Laws of 2000 replaces the Supplemental Fund and provides for a permanent, annually adjusted cost-of-living benefit.

Administrative Fund

All operating expenses of the System are paid through this fund. The fund receives an allocation from employer contributions which are designated by law to cover all noninvestment related operating expenses. Investment expenses are offset directly by investment income.

Summary of Fund Balances

Net assets held in trust for pension benefits consisted of:

	June 30	
	2001	2000
Administrative Fund	$ 7,872	$ 8,187
Annuity Savings Fund	84,814	103,267
Annuity Reserve Fund	262,369	272,884
Pension Accumulation Fund	53,484,402	68,228,412
Pension Reserve Fund	27,824,695	20,634,533
Total	$81,664,152	$89,247,283

4. Deposits and Investments

The System has been authorized by the New York State Legislature pursuant to Section 177 of the Retirement and Social Security Law, as well as certain other provisions of the Banking Law, Education Law and Retirement and Social Security Law, to invest in stocks, bonds, mortgages, real estate and other investments. A specific investment within these broad asset classes may be subject to particular restrictions or limitations contained in the applicable statutory provision. Pursuant to regulations promulgated by the New York State Department of Insurance, investments must be made in a manner consistent with those of a reasonably prudent person exercising care, skill and caution. In addition to applicable legal constraints, the Retirement Board has adopted policies governing the investments made by the System. The System maintains certain deposits, cash equivalents and other investments with financial institutions.

Deposits

The head of the Division of the Treasury in the Department of Taxation and Finance is the statutory custodian of the funds of the System. In this capacity, the statutory custodian has arranged to have bank accounts collateralized with the collateral being held in the name of the Treasurer as custodian for the System, by a bank, other than the System's depository bank. At June 30, 2001 and 2000, the System's bank accounts were fully collateralized.

Investments

The System's investments are categorized to give an indication of the level of custodial risk assumed. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by the counterparty's trust department or agent, but not in the System's name.

Notes to Financial Statements
(dollars in thousands)

Investments - categorized (in thousands):

	Category 1	Category 2	Category 3	Total Fair Value 6/30/2001
Commercial paper	$ 2,312,979	$	$	$2,312,979
US Govt. & agency bonds:				
Not on securities loan	8,258,214			8,258,214
Corporate bonds				
Not on securities loan	6,183,297			6,183,297
Stocks				
Not on securities loan	45,599,486			45,599,486
On securities loan for non-cash collateral	684			684
Subtotal	$62,354,660	$ -	$ -	$62,354,660

Investments - not categorized (in thousands):

Investments held by broker-dealers under securities loans for cash collateral:	
US Govt. & agency bonds	2,357,271
Corporate bonds	72,336
Stocks	1,080,383
International equities, commingled funds	6,730,334
Mortgages	3,796,545
Real estate	3,553,453
Alternative investments	1,068,098
Subtotal	81,013,080
Securities lending collateral, short-term investment fund	3,620,278
Total	$84,633,358

Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year. No significant fluctuations occurred during the periods presented, other than movement of investments in and out of the short-term category to the categories of a longer term nature.

Securities Lending Transactions

Section 177-d of the Retirement and Social Security law authorizes the System to enter into securities lending transactions, which consist of loans of securities to broker-dealers or other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The market value of securities loaned may not exceed 20% of the market value of the System's invested assets. U.S. government and agency bonds, domestic bonds, and domestic equities are loaned. The System's custodial bank acts as its agent in lending securities for initial collateral of at least 102% of the market value of loaned securities. Collateral is marked to market daily and is required not to fall below 100%. Collateral may be cash or U.S. government and agency bonds. Securities loaned for cash at year end are presented as unclassified in the preceding schedule of custodial credit risk. Collateral securities cannot be pledged or sold by the System. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers (the collateral) exceeds the amounts the borrowers owe the System (the loaned securities). Under the terms of the contract with the lending agent, the System is fully indemnified against failure of the borrowers to return the loan securities (to the extent the collateral is inadequate to replace the loaned securities) or failure to pay the System for income distributions by the securities' issuers while the securities are on loan. There were no significant violations of legal or contractual provisions, no borrower or lending agent defaults, and no recoveries of prior-period losses during the year.

The majority of securities on loan can be recalled by the System on demand or returned by the borrower at any time. There is no direct match of the maturities of the collateral investments with the maturities of the securities loans. During the year the System transitioned its custodial bank/lending agent from Deutsche Bank to State Street Bank & Trust Co. As part of the change, cash collateral, which was invested by Deutsche Bank in a separately managed A1/P1 investment account, is now invested in a commingled short-term investment fund managed by State Street Bank & Trust Co. Investments are restricted to issuers with a short-term credit rating not lower than A1/P1, or long-term ratings not lower than A-/A3, or the equivalent thereof. At June 30, the average effective duration of the fund was 73 days.

5. Stock Option Program

The Retirement System Board has authorized a Covered Call Option program. Once the decision to sell a security has been made, the System can write covered call options on those stocks identified for sale. Although option contracts were written in both years, as of June 30, 2001 and 2000, no option contracts were open.

Notes to Financial Statements
(dollars in thousands)

6. Off-Balance-Sheet Financing

The System in the normal course of business enters into commitments with off-balance-sheet risk. The System adheres to the same credit policies, financial and administrative controls and risk limiting and monitoring procedures for commitments as for on-balance-sheet investments.

The commitments for loans on real estate or purchases of real estate are subject to satisfactory appraisals prior to closing. Once investments are made, the System's exposure to potential loss is determined by the value of the underlying collateral.

The future financial commitments outstanding on June 30, 2001 are: real estate commingled funds $497,570, mortgage investments $185,535, and private equity investments $2,141,797.

7. Other Liabilities

Other liabilities include amounts due to bank for disbursements issued on previous business days which are funded when presented for payment at the issuing bank. Of the total other liabilities of $79,009 and $66,888 at June 30, 2001 and 2000, respectively, $15,607 and $14,023, respectively, were outstanding drafts.

8. System Employees' Pension Plan

Plan Description

As an employer, the System participates in the New York State and Local Retirement System (NYSLRS), a cost sharing, multi-employer defined benefit pension plan administered by the Comptroller of the State of New York. NYSLRS provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Retirement and Social Security Law of the State of New York. Benefits are guaranteed by the State Constitution and cannot be diminished or impaired. Benefits can be reduced for future members only by an act of the State Legislature. The NYSLRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Smith State Office Bldg., Albany, New York 12244.

Funding Policy

Funding of NYSLRS is accomplished through member and employer contributions and investment earnings, according to the New York State Retirement and Social Security Law.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 who have less than 10 years of service or membership are required to contribute 3% of their annual salary. Employers are required to contribute at an actuarially determined rate. Pension legislation enacted in 1973, 1976 and 1983 established distinct classes of membership referred to as Tiers 1, 2, 3 and 4. An average employer contribution rate for these tiers of 0.2% was applicable to the annual covered payroll for the fiscal year ended March 31, 2001. Average rates applicable to the fiscal years ended March 31, 2000 and 1999 were, respectively, 0.1% and 0.6%. The required contributions paid to NYSLRS during the System's fiscal years ended June 30, 2001, 2000 and 1999 were, respectively, $36, $28 and $100 and were 100% of the contributions required.

9. Other Post Employment Benefits

Pursuant to contractual agreement and policy, the System provides post retirement health care benefits to System employees who retire from the System. Substantially all of the System's employees may become eligible for these benefits if they reach normal retirement age while working for the System. Approximately 168 retirees were enrolled in the health plan in the current year. The System's contribution to the health premium depends upon the date the employee retired. The System recognizes the cost of providing health insurance by recording its share of premiums as an expense in the year paid. For the years ended June 30, 2001 and 2000, the amounts recognized for post retirement health care were $845 and $359, respectively.

10. Risk Management

The System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters for which the System carries commercial insurance. There were no settlements in the past three years that exceeded coverage.

Required Supplementary Information

Actuarial Methods and Assumptions

Pursuant to Article 11 of the Education Law, the System uses the Aggregate Cost Method to calculate the annual required contribution, expressed as the employer contribution rate. Under this method, the difference between the actuarial present value of projected benefits for the group included in the valuation and the actuarial value of assets is allocated on a level percentage basis over the salary of the group between the valuation date and assumed exit from the System. Actuarial gains and losses are not separately amortized but are spread over the average future working lifetime of active members and included in the annual normal rate calculation. A schedule of funding progress is not required to be presented because this method does not identify or separately amortize an unfunded actuarial accrued liability.

Administrative expenses, the first $50,000 of a member's death benefit and benefits in excess of the Internal Revenue Code Section 415 limits are valued on a one-year term cost or pay-as-you-go basis.

Updated actuarial assumptions were adopted by the Retirement Board on October 25, 2000 and were first used in the June 30, 2000 actuarial valuation.

The significant methods and assumptions used in the June 30, 2000 actuarial valuation are as follows:

Economic		**Demographic**	
Valuation rate of interest*	8.0%	Mortality rates	*(Based upon*
Salary scale*	Varies by age and gender	Withdrawal rates	*recent member*
		Retirement rates	*experience)*

Asset valuation method — Techniques are consistent with the class and the holding period of the assets, including the use of a five-year market smoothing for equities, real estate, global bonds and alternative investments.

*Includes an assumed annual inflation rate of 3.0% (4.5% in 1999)

Schedule of Employer Contributions

(dollars in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
1996	$659,000	100%
1997	438,829	100
1998	209,192	100
1999	230,926	100
2000	211,499	100
2001	152,718	100

Administrative Expenses—Schedule 1
Years Ended June 30, 2001 and 2000

	2001	2000
Salaries and benefits:		
Salaries	$17,500,231	$16,474,491
Civil Service fees	53,694	39,016
Employees' retirement	35,535	27,680
Health and dental insurance	2,799,033	2,371,073
Overtime salaries	112,340	178,064
Social Security	1,239,291	1,176,594
	21,740,124	20,266,918
Building occupancy expenses:		
Building, grounds and equipment	716,791	630,518
Depreciation - building and improvement	358,523	343,025
Depreciation - telephone and equipment	119,799	116,163
Office supplies and services	197,579	177,713
Utilities and municipal assessments	1,042,424	882,210
	2,435,116	2,149,629
Computer expenses:		
Amortization/depreciation - mainframe computer	51,862	48,947
Amortization/depreciation - micro computer	837,578	763,197
Computer hardware and software	1,106,884	1,227,225
Computer maintenance and supplies	285,371	335,594
	2,281,695	2,374,963
Investment expenses:		
Advisory committee expenses	42,405	45,574
Investment information services	497,280	772,854
Service costs - real estate	55,228	81,830
	594,913	900,258
Personnel and meeting expenses:		
Board - meetings, travel and education	87,709	90,630
Delegates' meeting	35,104	39,433
Preretirement seminars	128,352	118,519
Professional development	640,031	531,034
Travel and automobile	95,603	97,301
Other personnel expenses	56,054	54,260
	1,042,853	931,177
Professional and governmental:		
Auditors - financial	71,890	63,010
Auditors - insurance department	40,000	36,000
Disability medical examinations	69,742	63,112
Postage and cartage	754,076	601,039
Printing	28,121	80,560
Professional fees and services	861,457	791,730
Publications	460,546	432,467
Statutory custodian	200,351	187,253
	2,486,183	2,255,171
Total expenses	$30,580,884	$28,878,116

Investment Summary—Schedule 2
Year Ended June 30, 2001
(dollars in thousands)

	Fair Value 2000	Acquisitions	Appreciation (Depreciation)	Sales, Redemptions, Maturities & Paydowns	Fair Value 2001	Percent of Fair Value
Short-term	$ 954,716	$36,071,419	$ —	$33,927,229	$ 3,098,906	3.82%
Bonds	14,744,572	3,236,044	922,106	2,817,531	16,085,191	19.85
Stocks	54,798,012	6,177,911	(5,943,074)	8,352,296	46,680,553	57.62
International equities	9,060,404	—	(2,193,098)	136,972	6,730,334	8.31
Global bonds	2,016,872	—	(20,475)	1,996,397	—	—
Mortgages	3,074,910	915,274	46,575	240,214	3,796,545	4.69
Real estate separate accounts, commingled	739,145	176,517	50,357	28,458	937,561	1.16
Real estate	2,167,219	775,018	132,811	566,156	2,508,892	3.10
Other real estate owned	99,000	4,325	8,700	5,025	107,000	0.13
Alternative investments	653,613	509,993	43,542	139,050	1,068,098	1.32
Totals	$88,308,463	$47,866,501	$ (6,952,556)	$48,209,328	$81,013,080	100.00%

Investment Expenses—Schedule 3
Year Ended June 30, 2001
(dollars in thousands)

Investment Category	Assets Serviced or Under Management	Expenses
Domestic equities	$ 3,129,347	$18,462
International equities	6,730,334	21,362
Global bonds	-	514
Commercial mortgage backed securities	199,136	120
Mortgages	1,725,306	786
Real estate	3,446,453	30,115
REITS	674,665	2,430
Alternative investments	1,068,098	11,838
General investments	-	1,495
Totals	$16,973,339	$87,122

"The System's well-diversified

portfolio was crucial in protecting our long-term assets during a fiscal year characterized by market volatility. ...STRS continues to generate long-term returns well in excess of our actuarial assumptions."

George M. Philip
Executive Director and
Chief Investment Officer

NYSTRS

INVESTMENTS

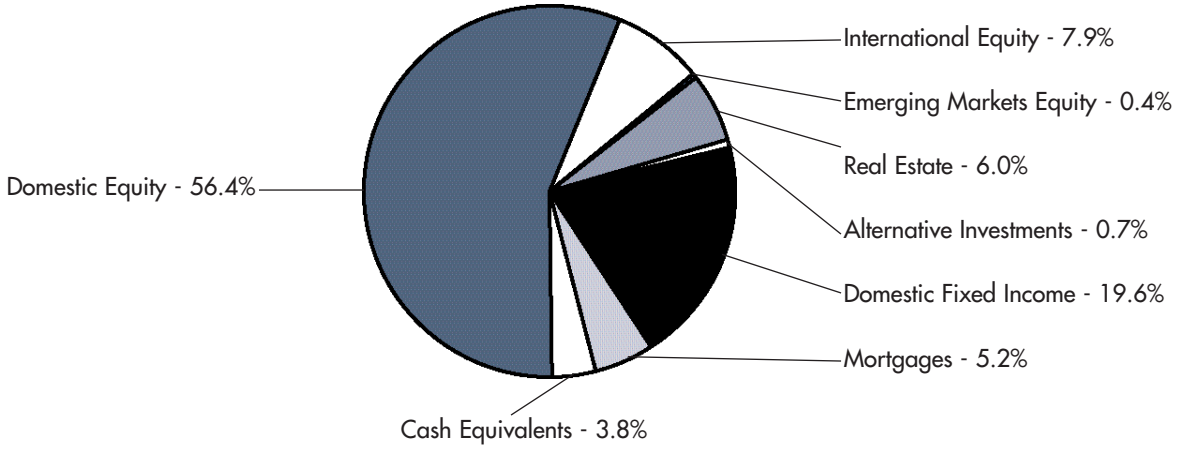
NYSTRS INVESTMENTS

Chief Investment Officer's Overview

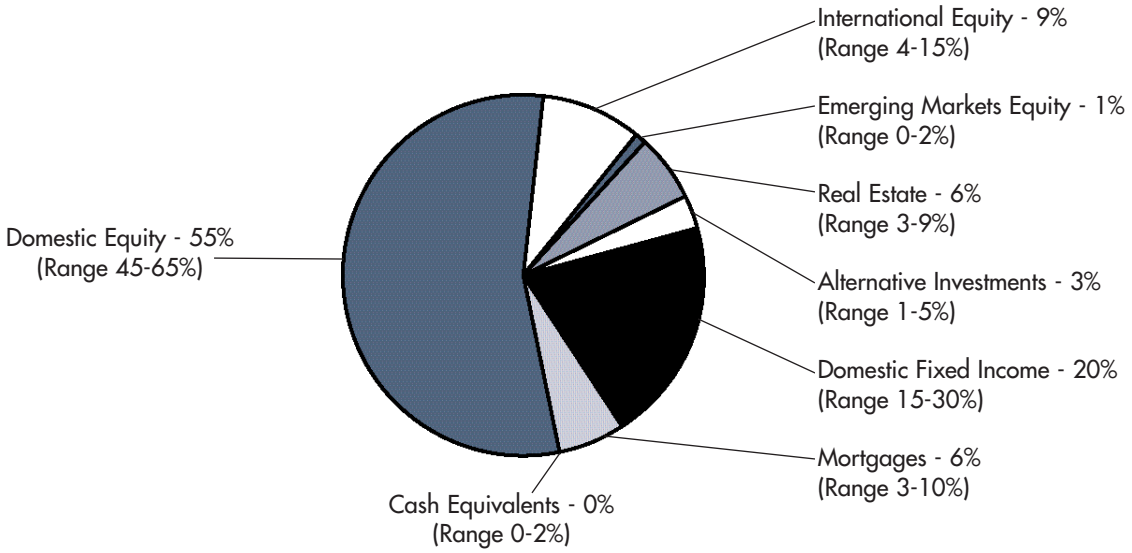
Without doubt, the System's well-diversified portfolio was crucial in protecting our funded status during a fiscal year characterized by market volatility. At a time when equity markets were experiencing some of their worst performances in their history, we were able to weather the turbulence. Although we did give back some of the gains we accumulated over the past decade, STRS generated long-term returns well in excess of our actuarial assumptions.

Key to that diversified portfolio is the asset allocation process. The System invests in various asset classes with the objective of maximizing returns within an appropriate level of risk. The Retirement Board, acting on the recommendations of staff and consultants, adjusts the targets and ranges for each asset class annually, if necessary. At its July 2000 meeting, the Retirement Board eliminated the Global Fixed Income asset class. This temporarily increased our cash equivalent balance above policy range. The Board also increased the target for Alternative Investments to 3%. The charts below show the asset allocation as of June 30, 2001.

Actual



Targets and Ranges



Chief Investment Officer's Overview
(continued)

Overall Objective and Performance

The Board's objective is to establish a long-term asset allocation that maximizes expected returns with an appropriate level of risk. The program is structured to generate a long-term total return that equals or exceeds the actuarial assumption of 8% per annum.

As long-term investors, we anticipate and prepare for volatility such as that experienced in our most recent fiscal year. As a result, the System's performance of 11.2% and 12.2% over the past five and 10 years, respectively, significantly exceeded the 8% benchmark. However, the current fiscal year yielded disappointing results of -5.7%.

The reaction of the portfolio to the 2001 fiscal year environment supported the strategy of reduced overall risk through portfolio diversification. In actuality, the year provided a realistic "stress test" for the overall portfolio.

Domestic Equities

The tremendous decline in speculative values of technology and Internet related companies' stocks resulted in decreased values for most equity markets. Consequently, the System's fiscal 2001 was a difficult period for equity returns. For example, the S&P 500 Index decreased by 14.8% during fiscal 2001 while the Russell 3000 Index decreased by 13.9%. Although the return of the System's Domestic Equities was -10.5% for fiscal 2001, the annualized 5 and 10 year returns remained relatively high at 13.5% and 14.7%, respectively. The reduction in the Federal Reserve interest rate from 6.5% to 3.75% during the past six months should stabilize the equity markets and result in more favorable equity prices during the System's 2002 fiscal year.

Approximately 91% of the portfolio is passively managed internally by System staff and emulates the Russell 1000 Value and Russell 3000 indices. External money managers actively manage the remaining 9%.

International Equities

All of the Retirement System's international equity assets are externally managed in commingled funds. During the year ended June 30, 2001, ten managers used four different styles: active, active/passive, passive, and emerging markets. The active and emerging market managers make decisions on country, currency and stock. The active/passive managers decide which country and currency to invest in, but use an index to select stocks. The passive managers are passive with respect to all three components and invest in the EAFE index.

The System's active portfolios underperformed the benchmark, the active/passive portfolio outperformed, and the passive portfolios continued to be slightly ahead of the benchmark. The return of the international equity portfolio, excluding emerging markets, was -24.0% for the year compared to -23.6% for the benchmark.

The emerging market portfolios underperformed the benchmark, -28.9% versus -26.0%. The Retirement System's Board voted on July 26, 2001 to eliminate Emerging Market Equity securities as a separate asset class.

Domestic Fixed Income

The System's domestic fixed income portfolio helps to generate the cash flow required to pay retirement benefits. Over $240 million per month is currently required to meet this liability and projections show that this number will continue to increase. The portfolio is managed internally and emphasizes the purchase of high quality investment grade securities such as U.S. Government guaranteed issues, corporate and mortgage related securities.

Chief Investment Officer's Overview
(continued)

The Federal Reserve Board and Chairman Greenspan were very instrumental in setting the tone for interest rates during the past year. Recognizing the slowing rate of growth in the economy, the Fed was very aggressive in lowering interest rates. Traditionally, such actions lower mortgage rates, promote robust housing markets and encourage consumer spending. The Federal Reserve Board believes that inflation remains under control.

The bond market welcomed the six interest cuts instituted by the Fed. The slowing economy with no visible threat of increasing inflation led to good performance within the System's portfolio. The portfolio produced a total annual return of 11.1%.

Short-term (Cash Equivalents)

The short-term portfolio is comprised of high quality debt instruments that are readily convertible into cash and generally mature in twelve months or less from the time of purchase. As of June 30, the weighted average maturity of the portfolio was 34 days. This portfolio provides for the temporary investment of System cash, in anticipation of the monthly payment of pensioner benefits as well as the purchase of long-term investments. For the twelve-month period ended June 30, 2001, the short-term portfolio returned 6.1% versus iMoneyNet Money Fund Report Averages/All Taxable benchmark return of 5.4%.

Real Estate

STRS' real estate portfolio is made up of a debt portfolio of approximately $4.2 billion and an equity portfolio of approximately $4.9 billion in assets. Both portfolios were very active during fiscal 2001. The System funded mortgages and new equity investments totaling more than $915 million and $894 million, respectively. The net increase in the total real estate and mortgage portfolio was approximately $1.8 billion, or 24.8%, over fiscal 2000. In addition, at year end the System had over $185 million in mortgage commitments and more than $717 million in new equity investment commitments.

The System's mortgage and equity real estate portfolios achieved total after-fee returns of 10.5% and 13.5%, respectively. The mortgage portfolio represents 5.2% and the equity real estate portfolio 6.0% of the System's net plan assets. New York State investments make up approximately 19.1% of the mortgage portfolio. There were no mortgage foreclosures during fiscal 2001.

In order to take advantage of market opportunities, the System sold two office parks, one office building, one industrial property and one apartment complex during the year. All of the sales were at or above appraised value. Sales of additional assets are pending.

Alternative Investments

These investments may cover periods of 10 years or more and are intended to achieve higher long-term returns than available through marketable securities. The investments are generally structured as limited partnerships. Approximately 92% of the System's alternative investments consist of private equity and the remaining 8% are timberland. As of June 30, 2001, the total market value of these investments was $1.1 billion. For asset allocation purposes, $517 million of private equity investments are based on real estate and timberland investments and are categorized as real estate equity. The market value of non-real estate alternative investments was $552 million. The non-real estate private equity investments returned -7.2%, 21.6% and 22.2% for the 1, 3 and 5 year periods ended June 30, 2001, all of which have exceeded the System's expectations of the S&P 500 total return plus 5%.

Chief Investment Officer's Overview
(continued)

We continue to increase our investments in this asset class and currently have additional commitments of $2.3 billion that will be funded over the next several years. Approximately $2.2 billion of these additional commitments are to private equity type investments and $141 million are to real estate funds.

Other Programs

Securities Lending

Domestic equity and fixed income securities from the System's portfolio are "loaned" by the System's agent lender, State Street Bank, to select borrowers in return for cash or non-cash collateral under an agreement to return the collateral for the loaned security in the future. The System's agent lender invests the cash collateral in high quality short-term debt instruments in adherence to established investment guidelines. The System retains a portion of the cash collateral earnings and receives fees when accepting non-cash collateral. During the term of the loan, the System maintains the right to receive all distributions, including dividends and interest, while waiving the privilege to vote securities.

The securities lending program generated approximately $25.5 million in income during the fiscal year ended June 30, 2001, a 21.4% increase over the $21 million earned the prior year. Approximately 4.3% of the total investment portfolio was on loan at year-end, compared to 9.0% as of June 30, 2000.

Commission Recapture

For securities traded in the internally managed index funds, the System aggressively negotiates with brokers for the lowest commission possible. Outside managers have discretion to select brokers as they trade for their portfolios. The commission recapture program allows the System to recoup some of those commissions in the form of cash payments. During the fiscal year, the System recaptured approximately $722,000 directly from brokers used by external managers.

Call Options

This program allows the System to generate additional revenue in the form of option premiums, by writing covered call options against securities that are earmarked to be sold as part of the periodic rebalancing of the internally managed index funds. During the year ended June 30, 2001, the System generated approximately $10 million in premiums.

Diversification of Investments—June 30, 2001 and 2000

(dollars in thousands)

Investment Type	2001	Percent	2000	Percent	Increase (Decrease)
Short-term:					
U.S. Treasury and agency	$ 785,927		$ 106,657		$ 679,270
Corporate	2,312,979		848,059		1,464,920
	3,098,906	3.82	954,716	1.08	2,144,190
Bonds:					
United States Treasury	5,910,487		5,845,193		65,294
Federal agencies, notes and debentures	950,547		1,450,647		(500,100)
Federal agencies, mortgage backed	2,968,524		1,861,383		1,107,141
Corporate	6,034,290		5,398,783		635,507
Canadian	221,343		188,566		32,777
	16,085,191	19.85	14,744,572	16.70	1,340,619
Stocks:					
Basic materials	6,126,122		9,236,196		(3,110,074)
Capital goods	6,428,023		3,034,644		3,393,379
Consumer cyclicals	4,582,540		4,727,295		(144,755)
Consumer staples	3,325,847		2,563,369		762,478
Energy	2,419,335		9,322,467		(6,903,132)
Financial	10,653,539		6,775,984		3,877,555
Technology	7,055,836		10,942,124		(3,886,288)
Transportation	983,945		892,173		91,772
Utilities	5,105,366		7,303,072		(2,197,706)
Diversified and miscellaneous	-		688		(688)
	46,680,553	57.62	54,798,012	62.05	(8,117,459)
International equities, commingled	6,730,334	8.31	9,060,404	10.26	(2,330,070)
Global bonds	-	0.00	2,016,872	2.29	(2,016,872)
Mortgages:					
Conventional	3,271,788		2,519,824		751,964
Federal Housing Administration	524,757		555,086		(30,329)
	3,796,545	4.69	3,074,910	3.48	721,635
Real estate:					
Real estate separate accounts, commingled	937,561		739,145		198,416
Real estate investments	2,508,892		2,167,219		341,673
Other real estate owned	107,000		99,000		8,000
	3,553,453	4.39	3,005,364	3.40	548,089
Alternative investments:					
Private equity	551,559		271,804		279,755
Private equity, real estate	431,908		332,430		99,478
Private equity, timberland	84,631		49,379		35,252
	1,068,098	1.32	653,613	0.74	414,485
Total Investments	$81,013,080	100.00	$88,308,463	100.00	$(7,295,383)

NOTE: For asset allocation purposes, certain investments have been reclassified to reflect the asset underlying the investment structure.

INVESTMENTS

Investment Performance Results—June 30, 2001

The System is a long-term investor and, as such, can withstand some short-term volatility. Generally, the liabilities will not be paid for as many as 70 years. The performance and associated benchmark are shown in the following table.

	Annualized Rates of Return			
	1-YR	3-YR	5-YR	10-YR
Domestic Equities				
NYSTRS Index Fund	-13.1%	4.6%	14.0%	14.9%
NYSTRS Value Tilt	-9.6	-	-	-
Benchmark: Russell 3000*	-13.9	4.2	13.8	14.6
NYSTRS Value Index Fund	11.9	6.0	15.3	-
Benchmark: Russell 1000 Value	10.3	5.4	14.9	-
Total Active Large Cap Management	-20.4	-3.6	7.0	12.3
Benchmark: S&P 500	-14.8	3.9	14.5	15.1
Total Active Small Cap Management	-9.5	3.0	8.2	13.9
Benchmark: Russell 2000*	0.6	5.3	9.6	13.2
Total	-10.5	4.2	13.5	14.7
International Equities				
Total Active Management	-25.8	-2.0	3.7	7.4
Total Passive Management	-23.3	-1.0	3.1	6.7
Total Active/Passive Management	-20.0	-0.6	4.6	-
Total	-24.0	-1.5	3.4	7.2
Benchmark: MSCI EAFE	-23.6	-1.2	2.9	6.4
Emerging Market Equities	-28.9	-1.6	-	-
Benchmark: MSCI Emerging Markets Free	-26.0	1.4	-	-
Real Estate	13.5	11.0	12.9	7.6
Benchmark: Blended NCREIF/Wilshire REIT*	13.5	10.6	11.8	6.3
Alternative Investments	-10.0	13.6	19.4	-
Benchmark: S&P 500 plus 5%	-9.8	8.9	19.6	-
Domestic Fixed Income	11.1	6.3	7.8	8.4
Benchmark: Lehman Bros. Aggregate*	11.2	6.1	7.5	8.1
Mortgages	10.5	6.1	8.5	9.6
Short Term	6.1	5.8	5.6	5.1
Benchmark: iMoneyNet™ Fund Avgs/All Taxable	5.4	5.1	5.1	4.7
Total Fund	-5.7%	4.7%	11.2%	12.2%

*In a dynamic market, strategies and objectives evolve over time. Consequently, these benchmarks are blended due to historical investment strategy decisions.

Manager Investment Performance Results—June 30, 2001

The assets under management (at market), time-weighted performance results (at market) and appropriate benchmark for each manager/advisor are summarized in the following table. Returns for periods over one year are annualized.

	Assets Managed ($ millions)	Rates of Return [1] from Inception Fund	Benchmark	Inception Date
Domestic Equities				
Large Cap Value Management				
Iridian	578.1	8.4%	-1.0%	Apr-99
Large Cap Growth Management				
Alliance Capital Management	727.0	15.9	15.1	Apr-92
Lincoln Capital	354.2	-14.2	-1.0	Apr-99
Montag & Caldwell	451.6	-4.1	-1.0	Apr-99
Small Cap Management				
Progress Investment Management	563.6	13.5	10.1	Oct-96
Small Cap Growth Management				
Peregrine Capital Management	454.8	18.0	13.0	Jan-89
International Equities				
Passive Management				
Alliance Capital Management	919.7	4.4	4.0	Mar-94
Deutsche Asset Management	1,043.0	6.5	6.2	Jan-91
Active/Passive Management				
MSDWIM	905.7	7.4	4.1	Jul-94
Active Management				
American Express	388.9	-22.4	-14.9	Nov-00
Baille Gifford	429.7	-14.1	-14.9	Nov-00
Bank of Ireland	627.8	-2.8	-5.6	May-99
Capital Guardian	940.9	2.8	-5.6	May-99
Lazard	313.3	-3.7	-5.6	May-99
Putnam Aggressive Growth	349.8	-30.2	-14.9	Nov-00
Putnam Core	439.8	-12.3	-14.9	Nov-00
Emerging Markets				
Capital International	357.9	1.6	1.4	Jul-98
Mortgages				
BlackRock	99.2	0.3	0.5	Apr-01
Clarion	99.9	0.5	0.5	Apr-01

[1] Returns for periods over 1 year are annualized

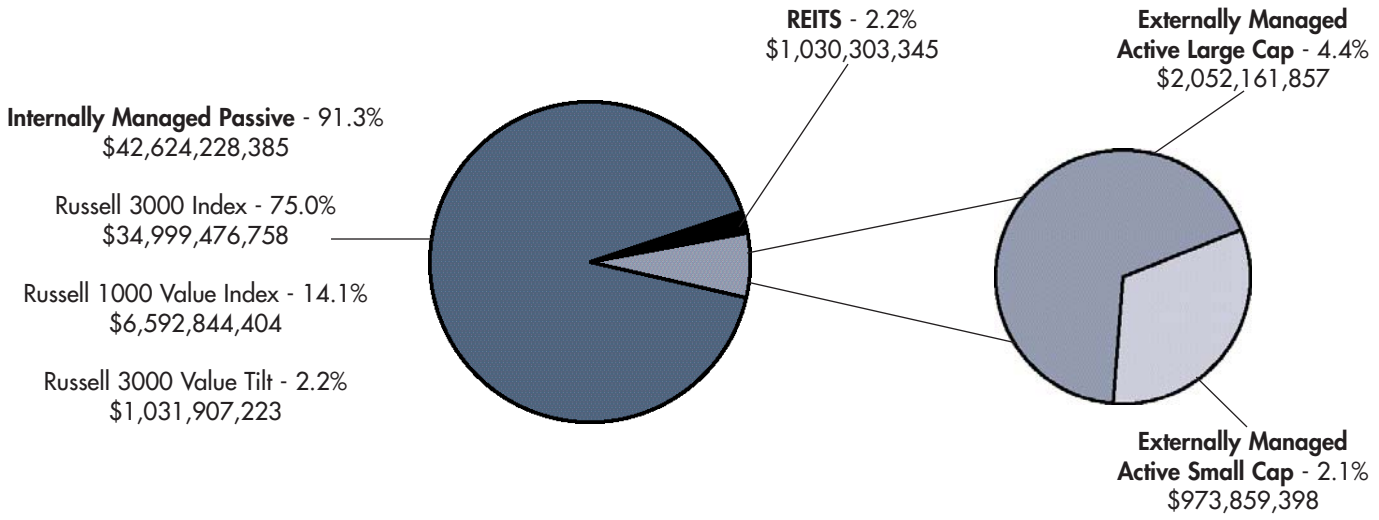
Manager Investment Performance Results—June 30, 2001
(continued)

	Assets Managed ($ millions)	Rates of Return [1] from Inception Fund	Benchmark	Inception Date
Real Estate				
Private Securities				
Cornerstone Apartment Fund	4.2	0.9%	4.5%	Nov-00
Hines Interests	74.6	4.1	2.3	Jan-01
J. P. Morgan Fleming				
Donahue Schriber	119.2	7.6	7.0	Jan-97
Edens & Avant	57.2	8.1	7.8	Sep-00
Lend Lease Real Estate Investment, Inc.				
Prime Property Fund	62.1	6.9	6.9	Jul-85
Select Properties	14.0	4.8	6.5	Dec-89
Lend Lease/Schroder	19.1	6.9	10.8	Jul-93
Prudential Real Estate Investors				
PRISA	269.5	6.8	6.9	Sep-85
PRISA II	114.3	8.8	6.5	Sep-89
Strategic Value Investors	61.9	11.8	13.7	Sep-97
Rockwood Capital Partners	16.4	27.1	7.8	Sep-00
SSR Realty Advisors: Tower Fund	74.7	13.2	12.5	Dec-97
Starwood Capital Group	223.0	22.0	13.7	Jan-97
UBS Realty Investors	299.1	8.0	6.9	Sep-85
Direct Investments				
Cabot Advisors, Inc.	208.3	9.5	11.7	Nov-94
Clarion Partners	665.0	8.5	6.4	Jun-90
Invesco Realty Advisors	39.4	13.3	11.2	Dec-98
J. P. Morgan Fleming	886.5	10.9	6.8	Oct-90
Kennedy Assoc. Real Estate Counsel, Inc.	84.1	10.3	11.9	Apr-95
Lend Lease Real Estate Investments	53.1	16.7	12.1	Aug-95
Sentinel Real Estate Corporation	323.4	10.2	12.6	Mar-96
Public Securities				
Cohen & Steers Capital Management, Inc.				
Separate Account	210.7	13.5	12.1	Jun-95
Income REIT Separate Account	75.0	9.5 [2]	8.0	Jul-98
Lend Lease Rosen RE Securities, LLC	137.9	11.8	8.2	Aug-98
RREEF America, LLC	128.9	9.3	8.2	Aug-98
Timber: Private Securities				
Xylem Investments, Inc.	9.7	-21.8	-	Mar-98
Timber: Direct Investments				
Forest Investment Associates	74.2	-6.6	-	Dec-98
Global: Private Securities				
Hines Interests	1.1	-48.5	-	Oct-99
Lend Lease Real Estate Investments	11.6	13.4	-	May-99
Lone Star Management Company				
Lone Star II	32.6	20.9	-	Apr-99
Lone Star III	86.3	12.6	-	Oct-00
The Peabody Group	30.6	1.1	-	Jul-99

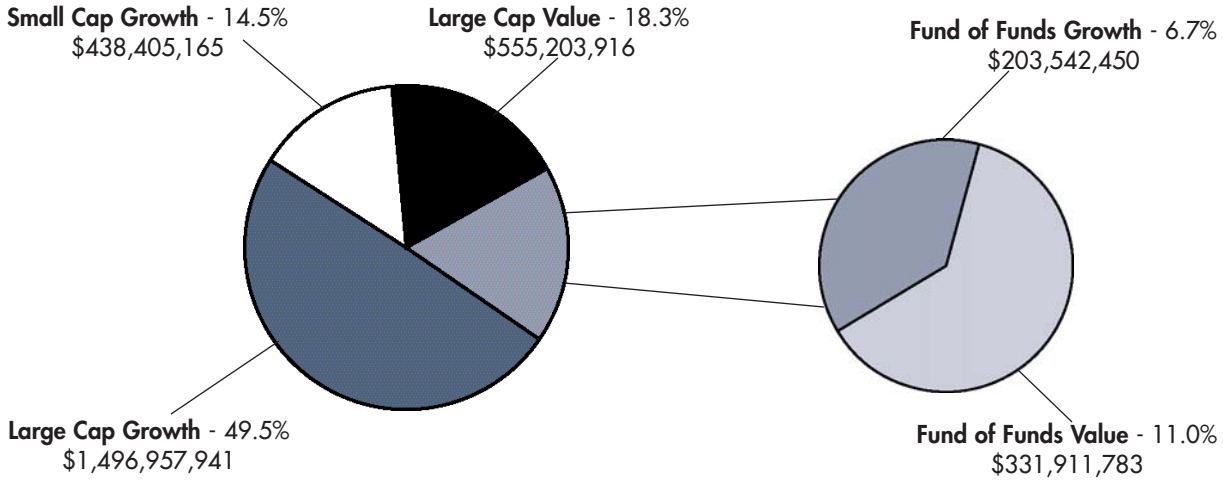
[1] Returns for periods over 1 year are annualized
[2] Reflects income return only. Total return is 8.9%

NYSTRS INVESTMENTS

Domestic Equity Distribution—June 30, 2001
$46,680,552,985

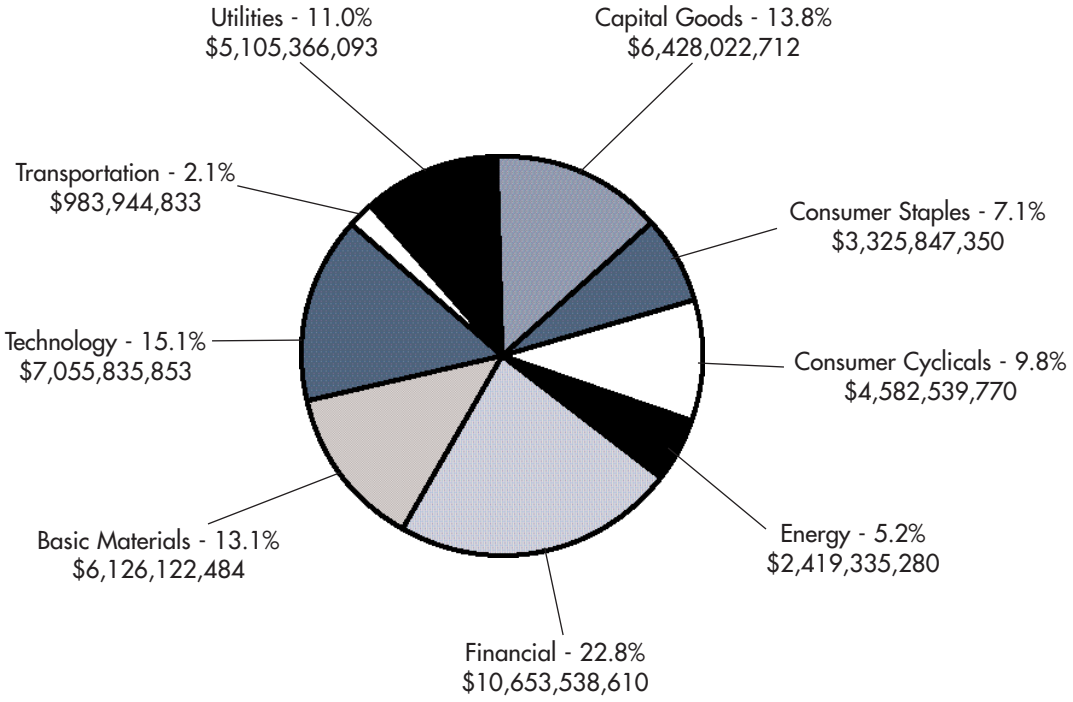


Domestic Equity Externally Managed Style Distribution—June 30, 2001
$3,026,021,255



Domestic Equity Holdings by Industry Distribution—June 30, 2001

$46,680,552,985



Ten Largest Domestic Equity Holdings—June 30, 2001

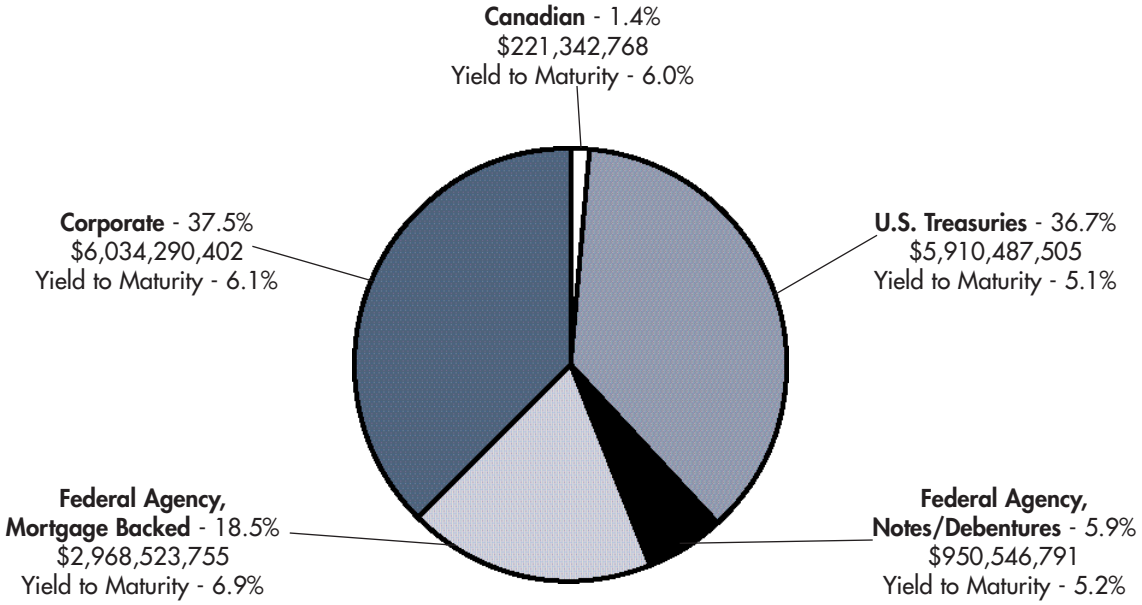
Rank	Company	Cost	Market Value	Percent of Equities
1	General Electric	$ 171,621,540	$1,559,146,875	3.3%
2	Exxon Mobil	234,741,133	1,191,978,449	2.6
3	Citigroup	192,335,724	1,146,754,657	2.5
4	Microsoft	278,894,118	904,254,650	1.9
5	Pfizer	173,415,855	855,225,898	1.8
6	AOL Time Warner	175,728,337	727,912,494	1.6
7	American Int'l Group	143,121,453	714,091,736	1.5
8	IBM	142,309,112	657,855,716	1.4
9	Johnson & Johnson	232,700,350	612,728,250	1.3
10	Intel	69,266,116	599,927,562	1.3
	Total	$1,814,133,738	$8,969,876,287	19.2%

A complete list of the System's holdings is available on our Web site or through the Public Information Office.

Domestic Fixed Income Sector Distribution—June 30, 2001

$16,085,191,221

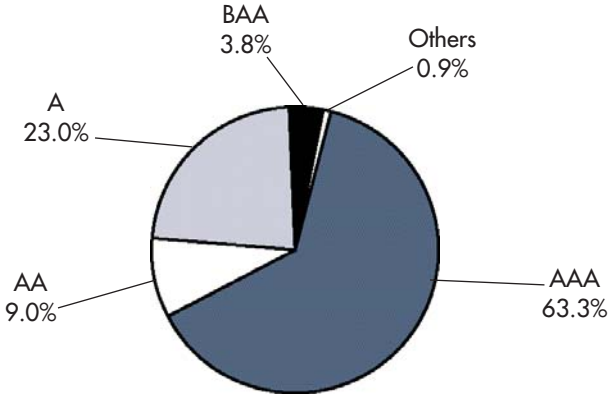
Yield to Maturity—5.8%



Ten Largest Domestic Fixed Income Holdings—June 30, 2001

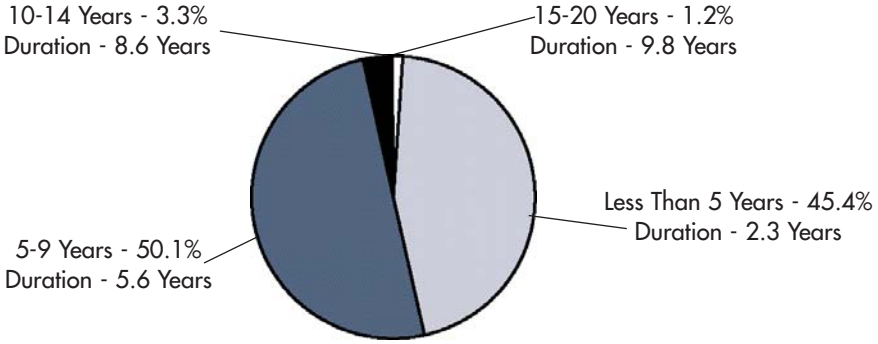
Rank Income	Issue	Market Value	Percent of Fixed Income
1	U.S. Treasury Receipts Zero Coupon Due 8/15/08	$ 736,659,000	4.6%
2	U.S. Treasury Strips (Principal) Due 11/15/09	435,911,000	2.7
3	U.S. Treasury Bond Corpus Coupons Due 5/15/06	343,737,000	2.1
4	U.S. Treasury Bond Corpus Coupons Due 11/15/06	301,870,800	1.9
5	U.S. Treasury Coupon Strips Due 11/15/10	299,370,000	1.9
6	U.S. Treasury Bond Corpus Coupons Due 2/15/02	273,644,000	1.7
7	U.S. Treasury Bond Corpus Coupons Due 11/15/07	225,240,325	1.4
8	U.S. Treasury Strips Due 11/15/03	221,473,800	1.4
9	U.S. Treasury Strips Due 11/15/05	202,682,500	1.3
10	U.S. Treasury Strips Due 5/15/11	200,791,500	1.2
	Total	$3,241,379,925	20.2%

Domestic Fixed Income Quality Distribution—June 30, 2001



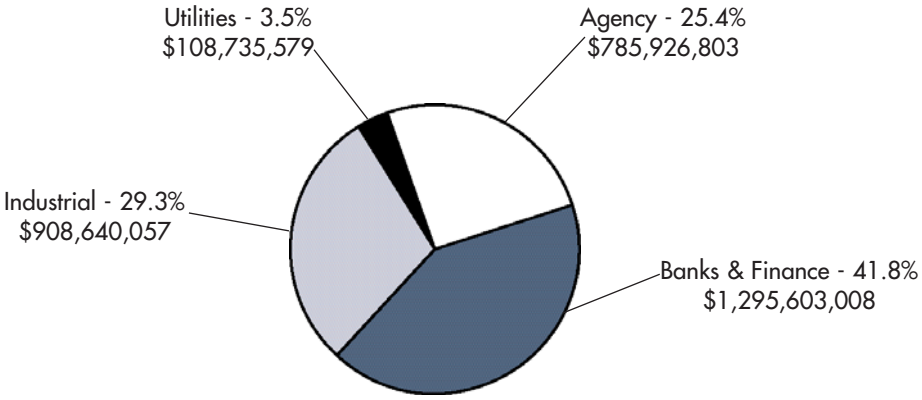
Domestic Fixed Income Portfolio Maturities—June 30, 2001

Duration 4.3 Years



Short-term Sector Distribution—June 30, 2001

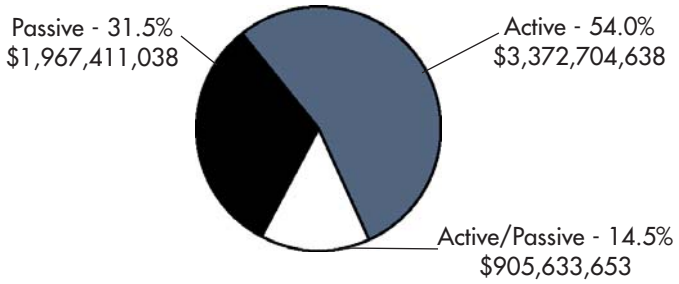
$3,098,905,447



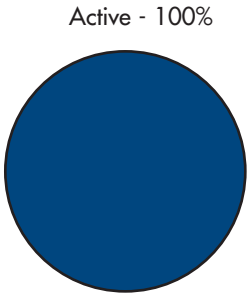
International Equity Style Distribution—June 30, 2001

$6,730,333,328

Developed Countries
$6,245,749,329

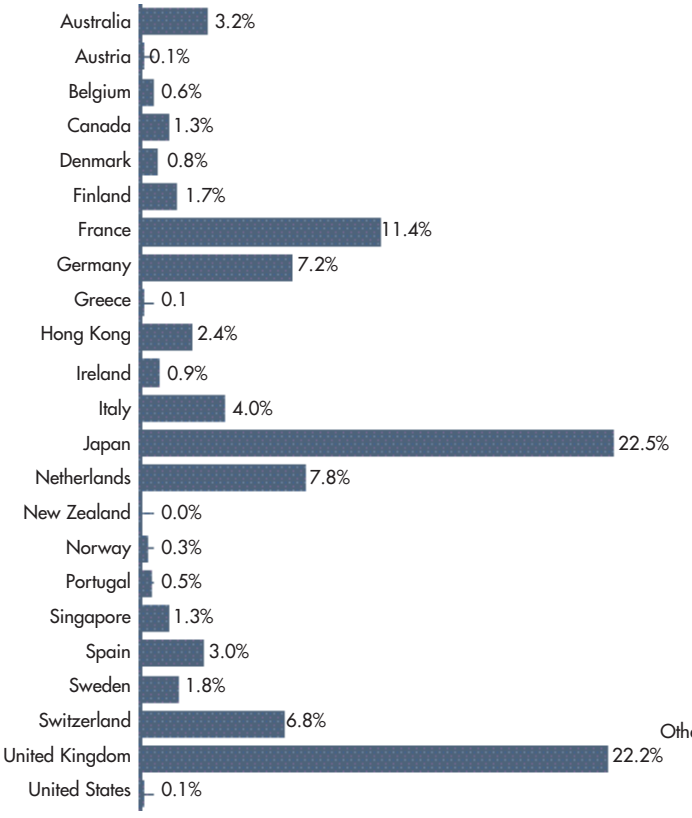


Emerging Markets
$484,583,999

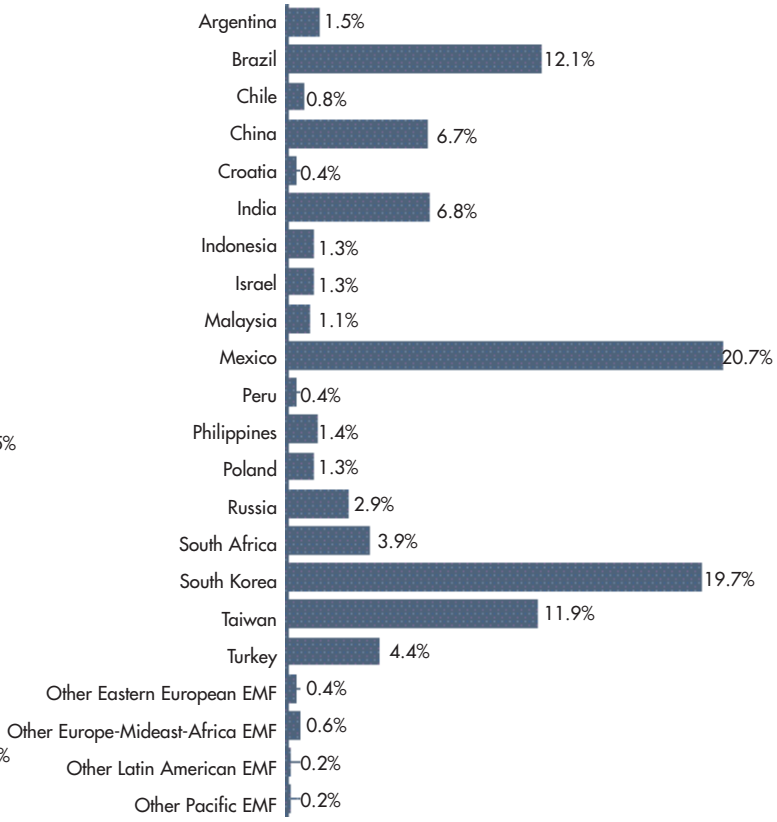


International Equity Exposure—June 30, 2001

Developed Countries $6,245,749,329 — Percentage of Portfolio



Emerging Markets $484,583,999 — Percentage of Portfolio



Ten Largest Real Estate Equity Holdings—June 30, 2001

Five Largest Equity Investments

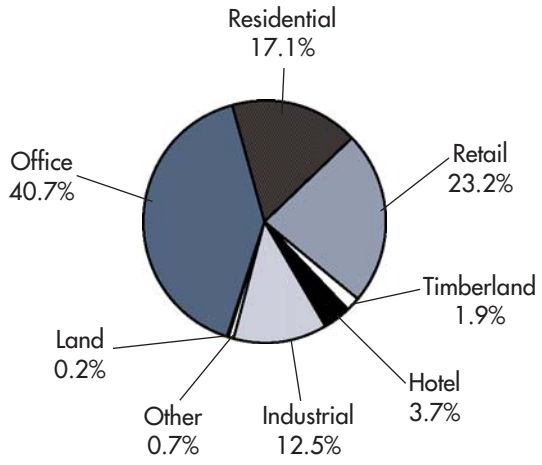
Rank	Property Name	Ownership	Market Value NYSTRS' Portion Only	Percent of Equity R.E.
1	525 Market Street, San Francisco, CA	100.0%	$ 337,749,000	13.4%
2	Corporate Woods, Overland Park, KS	100.0%	228,725,822	9.1
3	Merritt 7 Corporate Park, Norwalk, CT	92.5%	219,815,212	8.8
4	Lynnhaven Mall, Virginia Beach, VA	100.0%	198,911,129	7.9
5	NED (Simon) Portfolio, various locations	25.8%	175,081,313	7.0
	Total		$1,160,282,476	46.2%

Five Largest Commingled Fund Investments

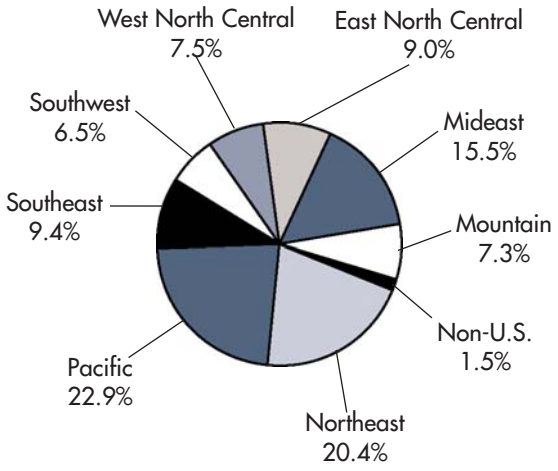
Rank	Fund Name	Market Value	Percent of Commingled R.E.
1	UBS Asset Management - RESA	$299,101,231	20.5%
2	Prudential PRISA	269,529,593	18.4
3	Starwood Opportunity Fund IV	223,033,425	15.3
4	Prudential PRISA II	114,297,982	7.8
5	SSR Realty Advisors Tower Fund	74,708,683	5.1
	Total	$980,670,914	67.1%

Distribution Charts for Real Estate Equity
(including Commingled Fund Investments)

Property Type



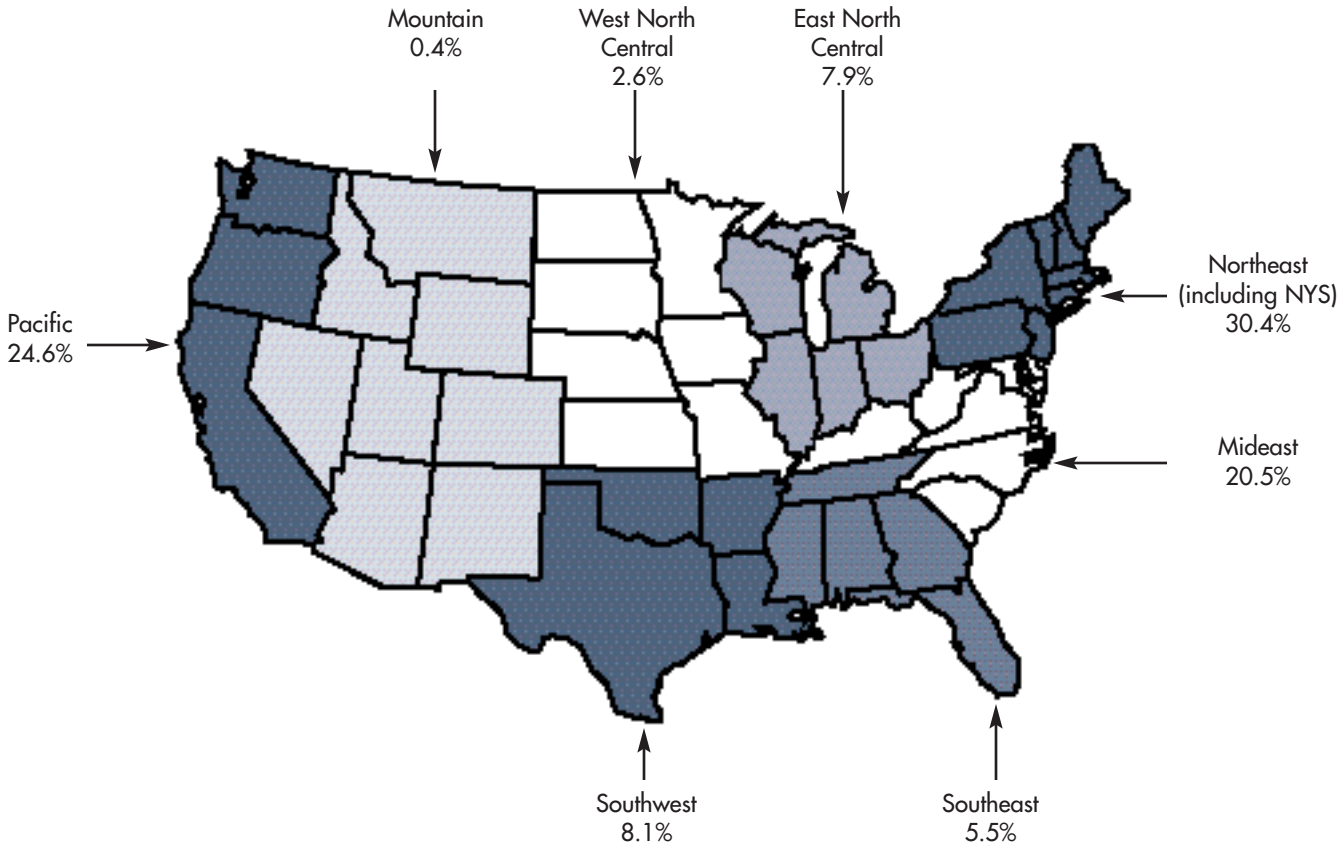
Geographic Region



Ten Largest Mortgage Balances—June 30, 2001

Rank	Property Name	Mortgage Balance	Percent of Mortgages
1	South Coast Plaza, Costa Mesa, CA	$ 179,322,061	4.8%
2	Garden State Parkway, Paramus, NJ	130,010,000	3.5
3	1001 Pennsylvania Avenue, Washington, DC	130,000,000	3.5
4	Fifty Fremont Center, San Francisco, CA	130,000,000	3.5
5	Chase Tower, Houston, TX	125,000,000	3.3
6	Park Avenue Plaza, New York, NY	117,360,838	3.1
7	Tysons Corner Center, McLean, VA	107,790,063	2.9
8	First Federal Square and Wilshire Landmark II, Los Angeles, CA	98,460,000	2.6
9	101 California Street, San Francisco, CA	92,000,000	2.5
10	Pillsbury Center, Minneapolis, MN	90,955,939	2.3
	Total	$1,200,898,901	32.0%

Geographic Distribution of the Mortgage Portfolio



Corporate Governance

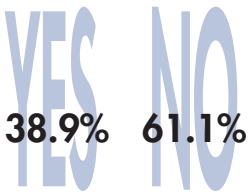
Shareholder responsibility is fundamental to good corporate governance, which recognizes an appropriate balance between the rights of shareholders (the owners of the corporation) and the need for management and the board to direct the corporation's affairs with a long-term perspective. The System's shareholder voting rights must be managed with the same care as any of its other assets. Therefore, the Retirement Board has established a formal proxy voting policy reflecting three objectives: to protect the System's rights; to promote responsible corporate policies and activities; and to enhance long-term value.

The System's proxy activity remained high during 2000-2001. Over 5,100 proposals were voted, representing more than 1,800 different companies in the System's equity portfolio. Many of the proxies focused on mergers, common stock or option related issues, and executive compensation. System policies generally support management if the position is reasonable, is not detrimental to the long-term economic prospects of the company and does not tend to diminish the rights of shareholders.

Management Proposals (4,738)

90.1% 9.9%

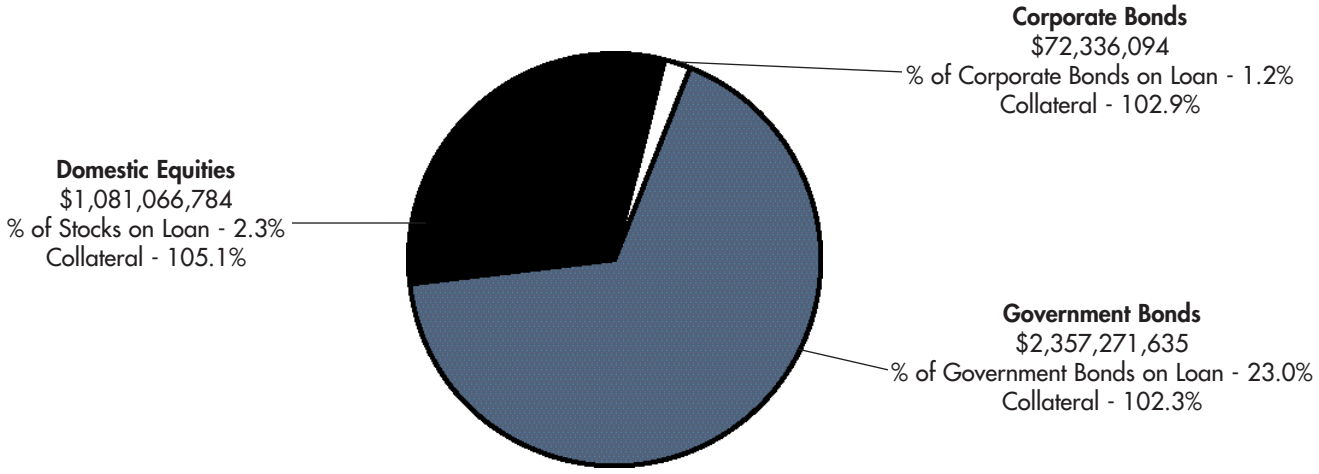
Shareholder Proposals (375)



38.9% 61.1%

Securities Lending Program—June 30, 2001

Value on Loan - $3,510,674,513



NYSTRS INVESTMENTS

Investment Advisory Committee

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Alliance Capital Management L.P.
New York, New York

External Investment Managers

DOMESTIC EQUITIES:

Active Large Cap
Alliance Capital Management, L.P. (Growth)
Iridian Asset Management LLC (Value)
Lincoln Capital Management LLC (Growth)
Montag & Caldwell, Inc. (Growth)

Active Small Cap
Dresdner RCM Global Investors, LLC (Growth) (terminated 4/01)
Peregrine Capital Management Co. (Growth)
Progress Investment Management Co. (Funds of Funds)

INTERNATIONAL EQUITIES:

Active
American Express Trust Co.
Baillie Gifford Funds
Bank of Ireland Asset Management
Baring Asset Management, Inc. (terminated 9/00)
Brinson Partners, Inc. (terminated 9/00)
Capital Guardian Trust Co.
Lazard Asset Management
Putnam Fiduciary Trust Co.

Passive
Alliance Capital Management L.P.
Deutsche Asset Management

Active/Passive
Baring Asset Management, Inc. (terminated 9/00)
Brinson Partners, Inc. (terminated 9/00)
Morgan Stanley Investment Management

SECURITIES LENDING:
Bankers Trust Company (terminated 4/01)
State Street Bank & Trust Co.

GLOBAL FIXED INCOME:
Fiduciary Trust Co. International (terminated 8/00)
Lombard Odier International Portfolio Mgt. Limited (terminated 9/00)
Wellington Management Co. (terminated 10/00)

INTERNATIONAL EMERGING MARKETS:
Capital International, Inc.
Schroder Investment Management North America Inc. (terminated 4/01)

PRIVATE EQUITY—LIMITED PARTNERSHIPS:
Apollo Real Estate Investment Fund IV
Chisholm Partners II
Chisholm Partners III
Chisholm Partners IV
Clayton Dubilier & Rice VI
Compass Partners International
Corporate Venture Partnership
DLJ Merchant Banking Partners III
Excelsior II
HarbourVest International Private Equity Partners IV
HarbourVest Partners VI
Hellman & Friedman Capital Partners III, L.P.
Hellman & Friedman Capital Partners IV, L.P.
Horsley Bridge Fund VII
JP Morgan Venture Capital II
Madison Dearborn Capital Partners IV
Mesirow Capital VI
Mesirow Capital VII
Navis Partners V
New York State Business Venture (liquidated 3/01)
Technology Crossover Ventures TCV IV
Texas Pacific Group TPG III
T. H. Lee Equity Partners V
VantagePoint NY Venture Partners
VantagePoint Venture Partners IV
Welsh, Carson, Anderson & Stone IX

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New York, New York

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President (Retired)
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Atlanta, Georgia

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Chief Executive Officer
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National President of Management Services
Grubb & Ellis Management Services, Inc.
Northbrook, Illinois

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Hartford, Connecticut

BRIAN K. REED
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Dallas, Texas

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Chief Executive Officer
Simon Property Group
Indianapolis, Indiana

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Clarion Partners
Forest Investment Associates
Invesco Realty Advisors
Jones Lang LaSalle
J. P. Morgan Fleming Asset Management
Kennedy Associates Real Estate Councel, Inc.
L & B Realty Advisors, Inc.
Lend Lease Real Estate Investment, Inc.
Sentinel Real Estate Corporation

COMMINGLED:
Cornerstone Real Estate Advisers
Hines Interests
Lend Lease Real Estate Investments, Inc.
Lone Star Management Company
The Peabody Group
Prudential Real Estate Investors
Rockwood Capital Corporation
SSR Realty Advisors
Starwood Capital Group LLC
UBS Asset Management
Westbrook Partners LLC
Xylem Investments, Inc.

REITS:
Cohen & Steers Capital Management, Inc.
Lend Lease Rosen Real Estate Securities, LLC
RREEF America, LLC

Investment Consultants

Callan Associates
San Francisco, California

EAI-Evaluation Associates
Norwalk, Connecticut

Elkins/McSherry Co., Inc
New York, New York

Russell Real Estate Advisors, Inc.
San Diego, California

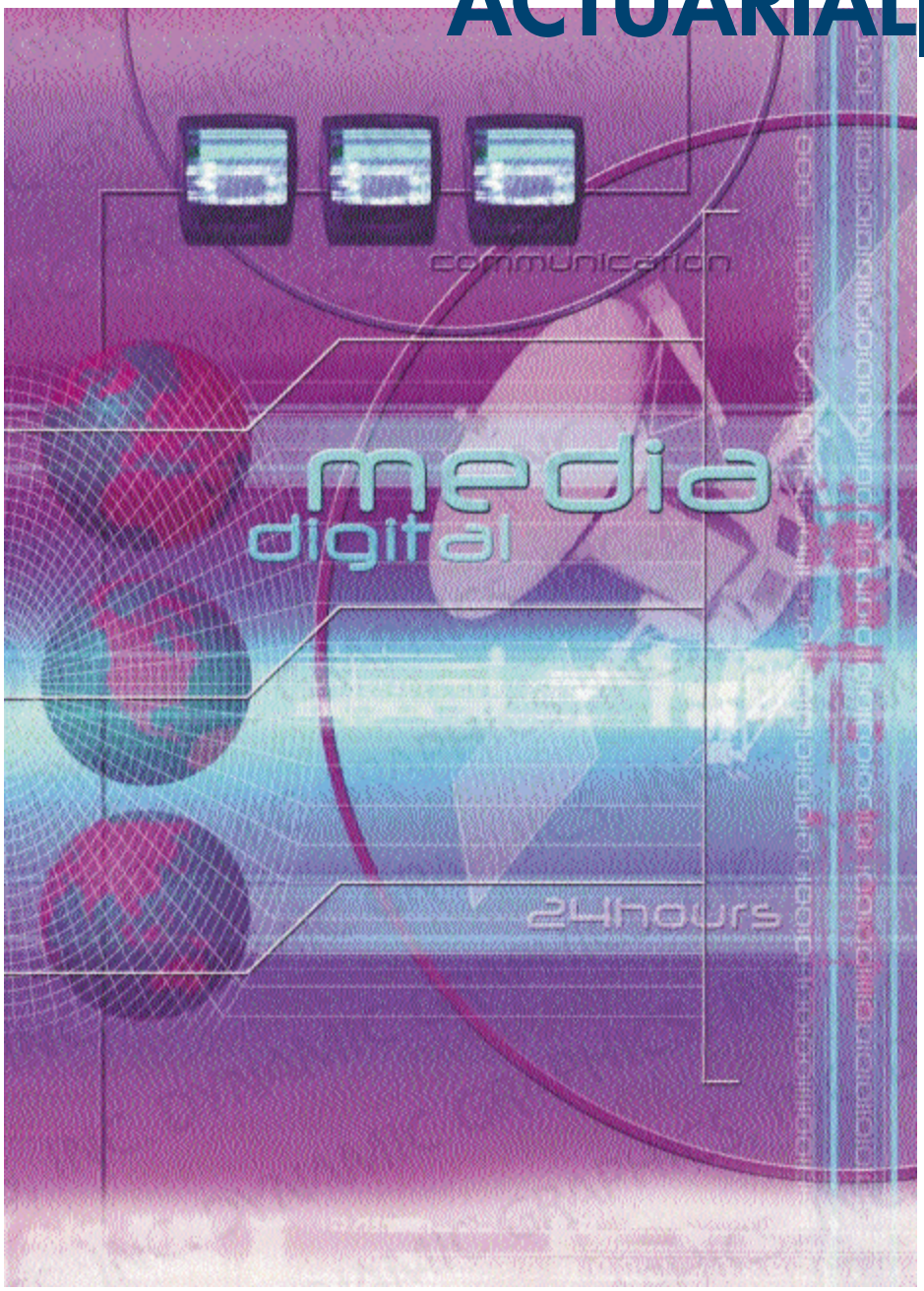
Sovereign Financial Services, Inc.
Denver, Colorado

"Due to the asset gains achieved

in the last several years, [benefit improvements enacted during the 2000 Legislative Session] required no increase in the employer contribution rate."

Lawrence A. Johansen
Actuary

NYSTRS ACTUARIAL



Actuarial Certification Letter

New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, New York 12211-2395
(800) 356-3128 or 447-2666 (Albany-area calls)
Web Site: www.nystrs.org
George M. Philip, Executive Director

Office of the Actuary
(518) 447-2611

Board of Trustees
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, New York 12211-2395

August 24, 2001

Dear Trustees of the Teachers' Retirement Board:

The financial objective of the New York State Teachers' Retirement System is to properly fund the retirement and ancillary benefits of members in order to ensure sufficient assets are on hand to pay benefits as they become due. Employer contributions are made by participating employers in accordance with the actuarially determined employer contribution rate. This rate, determined by an actuarial valuation made each June 30, is intended to remain approximately level over time.

The most recent actuarial valuation was made as of June 30, 2000. This valuation relies on member data provided by the participating employers to the Retirement System's administrative staff. The administrative and actuarial staff review this data for reasonability as well as reconcile it against prior data. In addition, this data is reviewed by the Retirement System's independent auditors as part of the annual audit.

Actuarial assumptions, as adopted by the Retirement Board, are reviewed each year against experience on both an annual and quinquennial basis and changes are recommended when warranted. The actuarial funding method is the Aggregate Cost Method and is specified in statute. Actuarial gains and losses are not separately amortized but are spread over the average future working lifetime of active members and included in the annual normal rate calculation. A summary of the actuarial methods and assumptions used in the actuarial valuation is included later in this section.

The significant benefit improvements enacted during the 2000 Legislative Session, i.e. the permanent COLA, the Article 19 benefit enhancement, the decrease in the Article 15 early retirement reductions, modification of the death benefit, and bills to provide service credit for prior governmental service and military service were incorporated in the June 30, 1999 actuarial valuation and were not deferred to the June 30, 2000 actuarial valuation, as would normally be the case. Due to the asset gains achieved in the last several years, these benefit improvements required no increase in the employer contribution rate. No additional benefit improvements have been enacted.

The June 30, 2000 actuarial valuation was the first one to utilize the revised actuarial assumptions adopted by the Retirement Board on October 25, 2000. The plan's funded ratio as of June 30, 2000 was 124.1%. Various exhibits in this section provide further information on the actuarial assumptions and the funding level.

All actuarial calculations have been prepared in accordance with Government Accounting Standards Board Statement No. 25 and generally accepted actuarial principles, procedures, and standards of practice as prescribed by the Actuarial Standards Board. All schedules in the Actuarial and Statistical sections and the Required Supplementary Information in the Financial section were prepared under my direction. I meet the qualification standards of the American Academy of Actuaries.

Respectfully submitted,

Lawrence A. Johansen

Lawrence A. Johansen, M.A.A.A., E.A., A.S.A., F.C.A., M.S.P.A.
Actuary

cc: G. Philip

Summary of Actuarial Methods and Assumptions—June 30, 2000

Methods

Actuarial funding method: Aggregate Cost Method (gains and losses are smoothed over the average future working lifetime of active members)

All benefits are included in the actuarial valuation. See "Summary of Benefits" in Introduction

Actuarial asset valuation method: Five-year smoothing for equities, real estate, global bonds, and alternative investments

Assumptions

(Selected sample rates)
(Adoption dates in parenthesis)

Assumptions are computed by the Actuary and adopted by the Retirement Board. They are based upon recent NYSTRS member experience.

Economic:

Valuation Rate of Interest: (5/90)
8.0% compounded annually. The valuation rate of interest and the salary scale each contain a 3.0% assumed annual rate of inflation.

Salary Scale: (10/00)

Age	Female	Male
25	11.08%	11.53%
35	6.70	7.00
45	5.94	5.16
55	4.99	4.38

Demographic:

Mortality: (Deaths per 10,000 lives)

Active Members (10/00)

Age	Female	Male
30	3	4
40	3	5
50	8	13
60	13	18

Retired Members and Beneficiaries (10/00)

Age	Female	Male
20	3	5
40	10	11
60	55	66
80	359	539

Disabled Members (10/00)

Age	Female	Male
30	356	563
40	461	1,302
60	291	323
80	624	539

Withdrawal: (Ten-year ultimate rates) (10/00)
(Withdrawals per 10,000 lives)

Age	Female	Male
35	260	76
40	159	84
45	105	83
50	129	69

Service Retirement: (10/00)

	Tier 1 & Tiers 2-4 age 62 or with 30 years of service		Tiers 2-4 less than age 62 & less than 30 years of service	
Age	Female	Male	Female	Male
55	26.31%	27.74%	6.58%	4.16%
60	22.06	27.14	5.52	4.07
65	33.31	42.86	-	-
70	28.70	28.83	-	-

Disability Retirement: (10/00)

Age	Female	Male
35	0.01%	0.01%
40	0.03	0.03
45	0.06	0.07
50	0.13	0.18

The Actuary's Valuation Balance Sheet—June 30, 2000
(in thousands)

Since the liabilities of a retirement system consist largely of obligations on account of benefits which have not yet matured, an annual statement of its receipts and disbursements or of its income and expenditures is not sufficient to indicate its true financial position. These statements give a clear picture of the current transactions of a retirement system and show what the present assets are, but since these present assets are held for the payment of future benefits coming due over a longer period of time, we have no basis for judging the financial solvency of the System unless we determine by actuarial valuation what these future benefits are likely to amount to and whether the present assets, together with the prospective assets, will be sufficient to cover their costs.

The following balance sheet furnishes this comparison. It presents the results of the annual actuarial valuation of the present and prospective assets and liabilities of the Retirement System, which was prepared by the Actuary as of June 30, 2000.

Assets

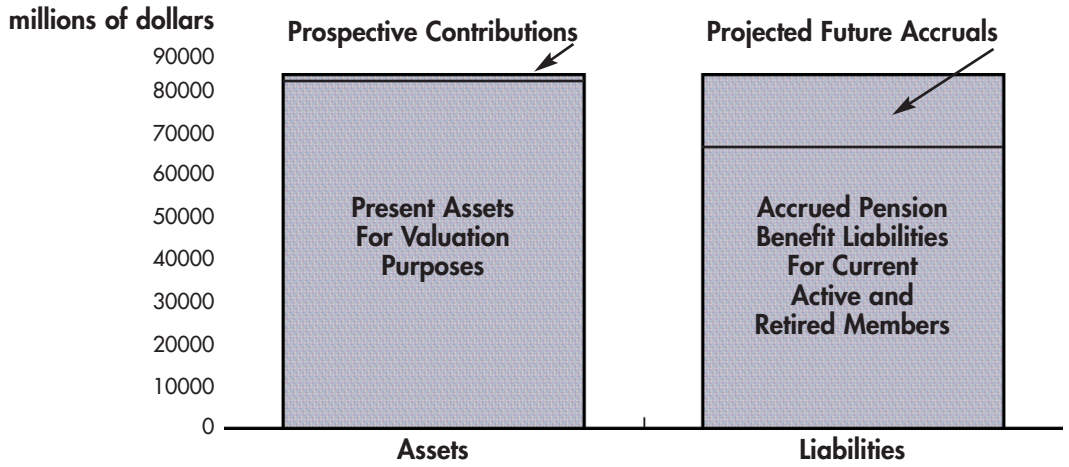
Present Assets of System for Valuation Purposes*	$83,421,843
Present Value of Prospective Contributions to Pension Accumulation Fund:	
from Employer Contributions	593,935
from Member Contributions	588,590
Total Assets	$84,604,368

Liabilities

Present Value of Future Benefits to:	
Retired Members and Beneficiaries	$25,452,001
Active Members	42,273,346
Member Contributions Accumulated to Date in the Annuity Savings Fund	102,790
Benefits Due and Unpaid	8,323
Contingency Reserve	16,767,908
Total Liabilities	$84,604,368

*Differs from the assets presented in the Retirement System's financial statements primarily because the actuarial value of assets is not at market value.

Comparison of Assets and Liabilities—June 30, 2000



Funding Progress

The Actuary's Valuation Balance Sheet provides a point-in-time comparison, as determined by actuarial valuation, between the present value of projected future benefits and the present assets as well as prospective contributions. In order to effectively assess the funding progress of a retirement system, it is necessary to compare the actuarial value of assets and the accrued pension benefit liabilities calculated in a manner consistent with the retirement system's funding method over a period of time.

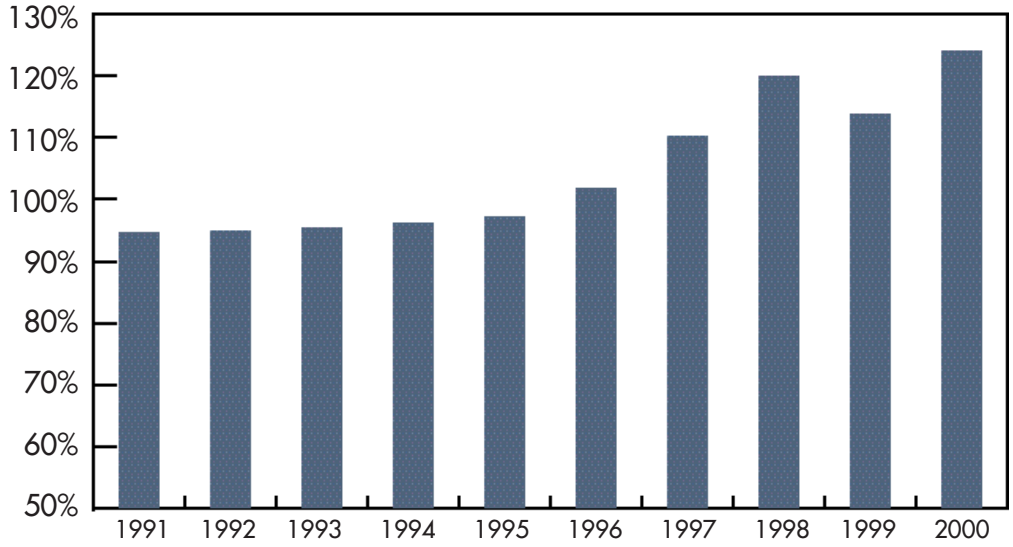
NYSTRS' funding method has allowed the accumulation of assets sufficient for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress in Conformity with the Retirement System's Funding Method

(in millions)

Fiscal Year	Actuarial Value of Assets	Accrued Pension Benefit Liability	Percentage Funded
1991	31,577.3	33,336.9	94.7
1992	32,432.3	34,158.3	94.9
1993	35,527.1	37,230.3	95.4
1994	38,464.9	40,004.1	96.2
1995	42,984.8	44,258.2	97.1
1996	48,865.4	47,995.8	101.8
1997	56,085.3	50,868.0	110.3
1998	64,778.9	53,961.5	120.0
1999	74,721.1	65,636.7	113.8
2000	83,421.8	67,201.9	124.1

Percent Funded Measured in Conformity with the Retirement System's Funding Method



History of Member Payroll and the Employer Contribution Rate

Fiscal Year Ending June 30	Active Members	Annual Member Payroll (in millions)	Percent Increase In Annual Member Payroll	Average Full-Time Member Salary	Employer Contribution Rate (percent of payroll)
1992	192,373	$ 7,193.7	3.1%	$46,285	6.64%
1993	192,891	7,517.9	4.5%	48,114	8.00%
1994	195,691	7,909.5	5.2%	49,748	8.41%
1995	199,398	8,326.1	5.3%	51,228	7.24%
1996	200,918	8,516.0	2.3%	52,033	6.37%
1997	203,716	8,757.9	2.8%	52,806	3.57%
1998	209,080	9,163.8	4.6%	53,872	1.25%
1999	216,267	9,594.2	4.7%	54,537	1.42%
2000	224,986	10,093.3	5.2%	55,368	1.43%
2001	234,350	10,401.0	3.0%	N/A	0.43%

Schedule of Retired Members and Beneficiaries Added to and Removed from the Benefit Payroll*

	Number of Retired Members and Beneficiaries		Annual Benefit of Retired Members and Beneficiaries					
Fiscal Year	Added During the Year	Removed During the Year	Added During the Year	Removed During the Year	Total Number of Retired Members and Beneficiaries	Total Annual Benefit	Percentage Increase in Total Annual Benefit	Average Annual Benefit
1992	6,695	2,119	$189,075,427	$19,357,583	76,144	$1,123,644,892	17.79%	$14,757
1993	5,319	2,195	161,078,000	21,586,331	79,268	1,263,136,561	12.41%	15,935
1994	3,479	2,376	100,365,598	24,776,260	80,371	1,338,725,899	5.98%	16,657
1995	4,553	2,465	141,184,322	25,892,977	82,459	1,454,017,244	8.61%	17,633
1996	6,583	2,560	222,494,364	28,505,982	86,482	1,648,005,626	13.34%	19,056
1997	6,792	2,616	237,240,633	30,836,628	90,658	1,854,409,631	12.52%	20,455
1998	5,639	3,060	197,797,798	34,161,201	93,237	2,018,046,228	8.82%	21,644
1999	6,431	2,880	222,771,500	36,765,358	96,788	2,204,052,370	9.22%	22,772
2000	7,006	2,955	251,950,709	40,469,929	100,839	2,415,533,150	9.60%	23,954
2001	8,301	3,017	340,592,973	40,275,962	106,123	2,715,850,161	12.43%	25,592

*Computed on the maximum annual benefit.

Independent Actuarial Review

515 Broadway
Albany, NY 12207

August 10, 2001

The Retirement Board
New York State Teachers' Retirement System

The New York State Teachers' Retirement System (Retirement System), as part of the independent financial statement audit, has requested that KPMG LLP examine the actuarial assumptions, methods and procedures used by the Retirement System's Actuary to calculate the employer contributions for the plan. My examination consisted of the following procedures:

- A review of the actuarial assumptions, methods and procedures stated in the Retirement System's Actuarial Valuation Report as of June 30, 1999, and the resultant employer contribution rate of 0.43% applied to the payroll for the fiscal year ended June 30, 2001.
- A review of the methodology used to estimate the payroll as of June 30, 2001, and the employer and employee contributions receivable as of June 30, 2001.
- A review of the Retirement System's Experience Studies as of June 30, 1999 and 2000, and the opinions of the Actuary presented thereon, to ascertain whether the actuarial assumptions are reasonable and appropriate.

In performing my review I compared the methods and procedures utilized by the Retirement System's Actuary with Actuarial Standard of Practice No. 4 (Measuring Pension Obligations) as adopted by the American Academy of Actuaries. In addition, I compared the determination of employer contributions for the year ended June 30, 2001, with the requirements of Statement No. 25 of the Governmental Accounting Standards Board.

In my opinion, the methods, procedures and actuarial assumptions used by the Retirement System have been developed with appropriate oversight and judgment by the Retirement System's Actuary and comply with generally accepted actuarial principles and practices as set forth in Actuarial Standard of Practice No. 4. In addition, it is my opinion that the employer contributions were determined in accordance with Statement No. 25 of the Governmental Accounting Standards Board.

This report is intended solely for the use of the New York State Teachers' Retirement System and should not be used for any other purpose.

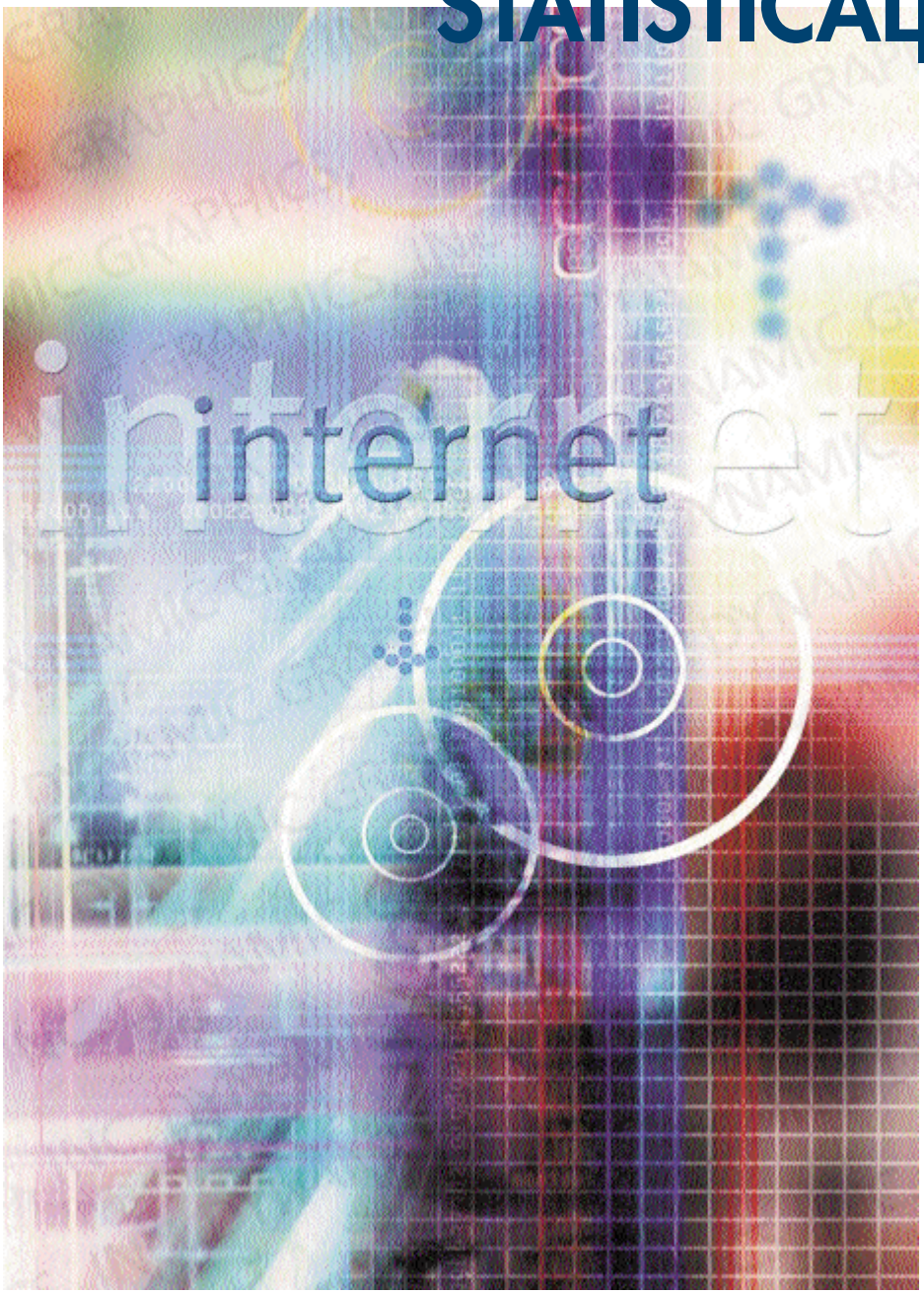
Sincerely,
KPMG LLP

Thomas Toher
Fellow, Society of Actuaries
Enrolled Actuary

It was a record year

for STRS as the number of new members and retirees brought total membership to 340,473.

NYSTRS STATISTICAL



NYSTRS STATISTICAL

Active Members

	Men	Women	**Total**
July l, 2000	60,531	164,455	**224,986**
Changes During Year:			
Added	4,951	15,147	**20,098**
Withdrawn	663	1,973	**2,636**
Retired	3,093	4,853	**7,946**
Died	74	78	**152**
Total Membership July 1, 2001	61,652	172,698	**234,350**

Members Retired for:

	Service			Vesting			Disability			**Total**		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
July l, 2000	34,918	54,577	89,495	2,303	3,157	5,460	595	1,222	1,817	**37,816**	**58,956**	**96,772**
Changes During Year:												
Retired	2,824	4,458	7,282	224	272	496	45	123	168*	**3,093**	**4,853**	**7,946**
Died	832	1,677	2,509	36	33	69	47	75	122	**915**	**1,785**	**2,700**
Lump Sum	24	38	62	3	1	4	0	0	0	**27**	**39**	**66**
Restored to Active Membership	0	0	0	0	0	0	1	2	3	**1**	**2**	**3**
July 1, 2001	36,886	57,320	94,206	2,488	3,395	5,883	592	1,268	1,860**	**39,966**	**61,983**	**101,949**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			**Total**		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
July l, 2000	634	2,748	3,382	62	162	224	76	385	461	**772**	**3,295**	**4,067**
Changes During Year:												
Added	88	254	342	5	8	13	0	0	0	**93**	**262**	**355**
Died	54	167	221	0	7	7	4	16	20	**58**	**190**	**248**
July 1, 2001	668	2,835	3,503	67	163	230	72	369	441	**807**	**3,367**	**4,174**

Summary

	Men	Women	**Total**
Active Members	61,652	172,698	**234,350**
Retired Members	39,966	61,983	**101,949**
Beneficiaries	807	3,367	**4,174**
Total	102,425	238,048	**340,473**

*Includes 10 males and 5 females retired for disability who receive a service benefit.
**Includes 58 males and 69 females retired for disability who receive a service benefit.

STATISTICAL

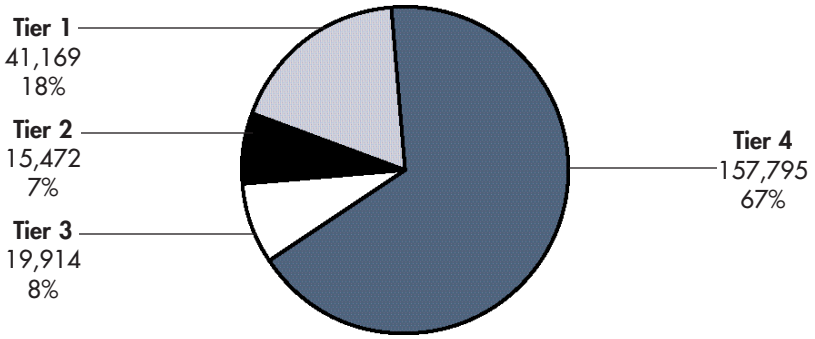
Members and Annuitants 1922-2001

As of June 30	Members	Retirees	As of June 30	Members	Retirees
1922	–	1,296	1965	129,543	16,043
1925	29,057	1,815	1970	186,914	22,700
1930	39,663	2,732	1975	227,038	35,252
1935	45,031	3,919	1980	203,330	46,812
1940	48,193	4,771	1985	178,516	57,366
1945	52,359	5,637	1990	195,194	69,127
1950	56,504	6,374	1995	199,398	82,459
1955	71,273	7,897	2000	224,986	100,839
1960	99,555	10,796	2001	234,350	106,123

Number of Active Members by Tier

As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Total
1982	123,610	29,909	37,306	–	190,825
1983	117,611	26,494	40,481	–	184,586
1984	111,989	23,983	38,836	5,453	180,261
1985	106,602	22,082	36,705	13,127	178,516
1986	101,060	20,736	34,691	22,761	179,248
1987	96,334	19,878	32,906	33,137	182,255
1988	92,858	19,809	32,095	43,171	187,933
1989	88,984	19,092	30,720	52,957	191,753
1990	85,103	18,590	29,422	62,079	195,194
1991	81,010	18,224	28,348	67,723	195,305
1992	74,872	17,801	27,495	72,205	192,373
1993	70,180	17,448	26,788	78,475	192,891
1994	67,423	17,212	26,121	84,935	195,691
1995	64,093	17,012	25,206	93,087	199,398
1996	58,850	16,596	24,546	100,926	200,918
1997	53,502	16,186	23,861	110,167	203,716
1998	49,266	15,860	23,302	120,652	209,080
1999	50,859	15,776	20,726	128,906	216,267
2000	47,234	15,700	20,159	141,893	224,986
2001	41,169	15,472	19,914	157,795	234,350

Number of Active Members by Tier of Membership—June 30, 2001



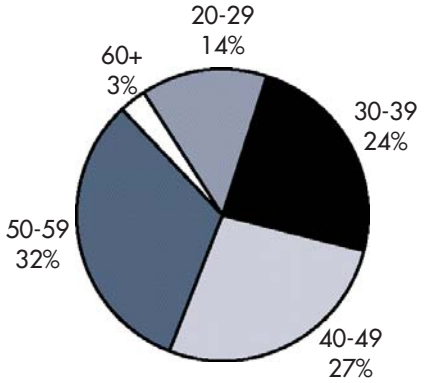
NYSTRS STATISTICAL

Distribution of Active Members by Age and Years of Service*—June 30, 2000

AGE		0-5	6-10	11-15	16-20	21-25
			YEARS			OF
20-24	Number of Members	5,242	0	0	0	0
	Average Salary	*$31,513*	*$0*	*$0*	*$0*	*$0*
25-29	Number of Members	24,537	1,437	0	0	0
	Average Salary	*$37,630*	*$43,900*	*$0*	*$0*	*$0*
30-34	Number of Members	16,973	10,275	1,193	0	0
	Average Salary	*$40,436*	*$46,887*	*$50,912*	*$0*	*$0*
35-39	Number of Members	9,646	6,276	7,845	856	0
	Average Salary	*$38,265*	*$48,189*	*$54,045*	*$57,435*	*$0*
40-44	Number of Members	8,923	4,434	5,754	5,402	926
	Average Salary	*$35,972*	*$45,940*	*$55,668*	*$60,804*	*$64,526*
45-49	Number of Members	8,472	5,149	6,297	5,080	7,929
	Average Salary	*$37,192*	*$45,548*	*$54,065*	*$62,364*	*$66,818*
50-54	Number of Members	5,258	4,187	6,980	5,360	6,201
	Average Salary	*$39,693*	*$44,903*	*$54,024*	*$61,711*	*$68,019*
55-59	Number of Members	2,204	1,283	2,430	2,706	2,885
	Average Salary	*$40,369*	*$44,277*	*$52,372*	*$60,113*	*$67,640*
60-64	Number of Members	811	372	589	791	985
	Average Salary	*$38,491*	*$43,410*	*$51,607*	*$59,249*	*$65,552*
65-69	Number of Members	274	113	118	185	159
	Average Salary	*$30,884*	*$39,755*	*$50,548*	*$60,233*	*$64,193*
70+	Number of Members	158	43	48	46	37
	Average Salary	*$28,542*	*$29,544*	*$43,852*	*$57,533*	*$62,275*
Total	Number of Members	82,498	33,569	31,254	20,426	19,122
	Average Salary	*$37,865*	*$46,274*	*$54,036*	*$61,102*	*$67,107*

*Average salary data is for the 173,708 members who earned a full year of service.

Distribution of Active Members by Age—June 30, 2000

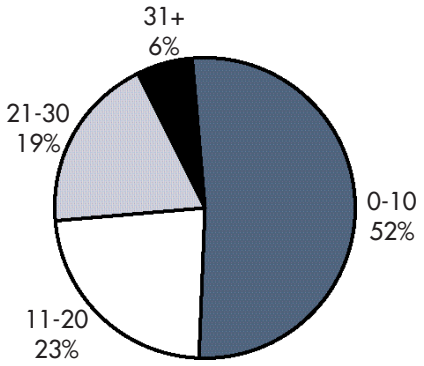


Averages—June 30, 2000

	Age	Years of Service
Female	43	12
Male	44	15

SERVICE						
26-30	31-35	36-40	41-45	46-50	51-55	Total
0	0	0	0	0	0	5,242
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$31,513*
0	0	0	0	0	0	25,974
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$38,090*
0	0	0	0	0	0	28,441
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$43,846*
0	0	0	0	0	0	24,623
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$48,139*
0	0	0	0	0	0	25,439
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$50,941*
2,852	0	0	0	0	0	35,779
$71,725	*$0*	*$0*	*$0*	*$0*	*$0*	*$56,818*
16,155	5,017	0	0	0	0	49,158
$74,036	*$79,233*	*$0*	*$0*	*$0*	*$0*	*$66,316*
3,677	6,724	629	0	0	0	22,538
$74,693	*$79,118*	*$82,816*	*$0*	*$0*	*$0*	*$69,008*
958	735	672	51	0	0	5,964
$74,233	*$79,834*	*$83,747*	*$87,404*	*$0*	*$0*	*$67,800*
173	131	107	76	4	0	1,340
$73,964	*$76,729*	*$87,471*	*$84,495*	*$88,619*	*$0*	*$66,879*
37	38	26	23	22	10	488
$75,268	*$76,158*	*$87,005*	*$81,000*	*$86,872*	*$86,574*	*$66,876*
23,852	12,645	1,434	150	26	10	224,986
$73,867	*$79,172*	*$83,669*	*$85,001*	*$87,141*	*$86,574*	*$55,368*

Distribution of Active Members by Service—June 30, 2000



NYSTRS STATISTICAL

2000-2001 Members Retired for:

	Service	Disability	Vesting
Number Retired	7,297	153	496
Age at Retirement:			
Average	57 yrs., 11 mos.	51 yrs., 2 mos.	55 yrs., 4 mos.
Median	56 yrs., 8 mos.	51 yrs., 11 mos.	55 yrs., 0 mos.
Years of Service:			
Average	30 yrs., 8 mos.	20 yrs., 2 mos.	14 yrs., 1 mo.
Median	34 yrs., 0 mos.	18 yrs., 6 mos.	12 yrs., 7 mos.
*Benefit:			
Average	$44,681.40	$22,098.37	$ 6,723.75
Median	$46,945.20	$18,962.16	$ 3,541.80
Final Average Salary:			
Average	$69,780.89	$55,935.53	$26,519.25
Median	$70,362.04	$55,015.03	$21,897.33
**Benefit as % of FAS:			
Average	60.47%	37.95%	21.27%
Median	67.33%	33.33%	16.61%

2000-2001 Members Retired for Service with:

	Less Than 20 Yrs. N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired	876	3,495	2,926
Age at Retirement:			
Average	60 yrs., 1 mo.	57 yrs., 8 mos.	57 yrs., 6 mos.
Median	59 yrs., 1 mo.	56 yrs., 2 mos.	56 yrs., 8 mos.
Years of Service:			
Average	12 yrs., 8 mos.	30 yrs., 0 mos.	37 yrs., 2 mos.
Median	13 yrs., 3 mos.	31 yrs., 1 mo.	36 yrs., 8 mos.
*Benefit:			
Average	$ 8,188.34	$42,224.44	$58,541.61
Median	$ 5,968.32	$42,111.72	$56,329.56
Final Average Salary:			
Average	$37,190.79	$70,304.26	$78,912.73
Median	$34,073.45	$69,734.33	$76,260.69
**Benefit as % of FAS:			
Average	19.91%	59.18%	74.15%
Median	19.18%	62.00%	73.33%

*The maximum, even though the member may have chosen an option.
**The average and median of individual benefits as percentages of final average salary.

STATISTICAL

All Retirees—June 30, 2001 Retired for:

	Service	Disability	Vesting
Number Retired	94,333	1,733	5,883
Age at Retirement:			
Average	58 yrs., 9 mos.	48 yrs., 5 mos.	55 yrs., 10 mos.
Median	57 yrs., 10 mos.	49 yrs., 3 mos.	55 yrs., 0 mos.
Years of Service:			
Average	28 yrs., 1 mo.	19 yrs., 2 mos.	14 yrs., 8 mos.
Median	29 yrs., 6 mos.	19 yrs., 0 mos.	14 yrs., 0 mos.
*Benefit:			
Average	$27,470.45	$14,038.34	$ 5,475.24
Median	$24,905.40	$12,129.96	$ 3,598.68
Final Average Salary:			
Average	$46,872.44	$37,138.17	$20,357.39
Median	$45,765.73	$34,674.52	$18,346.33
**Benefit as % of FAS:			
Average	54.74%	36.52%	24.32%
Median	58.23%	34.16%	21.00%

All Retirees—June 30, 2001 Retired for Service with:

	Less Than 20 Yrs. N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired	14,339	62,636	17,358
Age at Retirement:			
Average	59 yrs., 9 mos.	58 yrs., 3 mos.	60 yrs., 0 mos.
Median	59 yrs., 0 mos.	56 yrs., 11 mos.	59 yrs., 9 mos.
Years of Service:			
Average	15 yrs., 2 mos.	28 yrs., 4 mos.	37 yrs., 4 mos.
Median	15 yrs., 6 mos.	29 yrs., 2 mos.	36 yrs., 8 mos.
*Benefit:			
Average	$ 6,799.70	$27,980.74	$42,704.66
Median	$ 5,583.24	$26,184.60	$44,258.16
Final Average Salary:			
Average	$26,700.00	$48,473.12	$57,760.36
Median	$22,419.69	$47,806.23	$59,942.68
**Benefit as % of FAS:			
Average	24.79%	56.38%	73.58%
Median	24.46%	57.79%	73.40%

*The maximum, even though the member may have chosen an option.
**The average and median of individual benefits as percentages of final average salary.

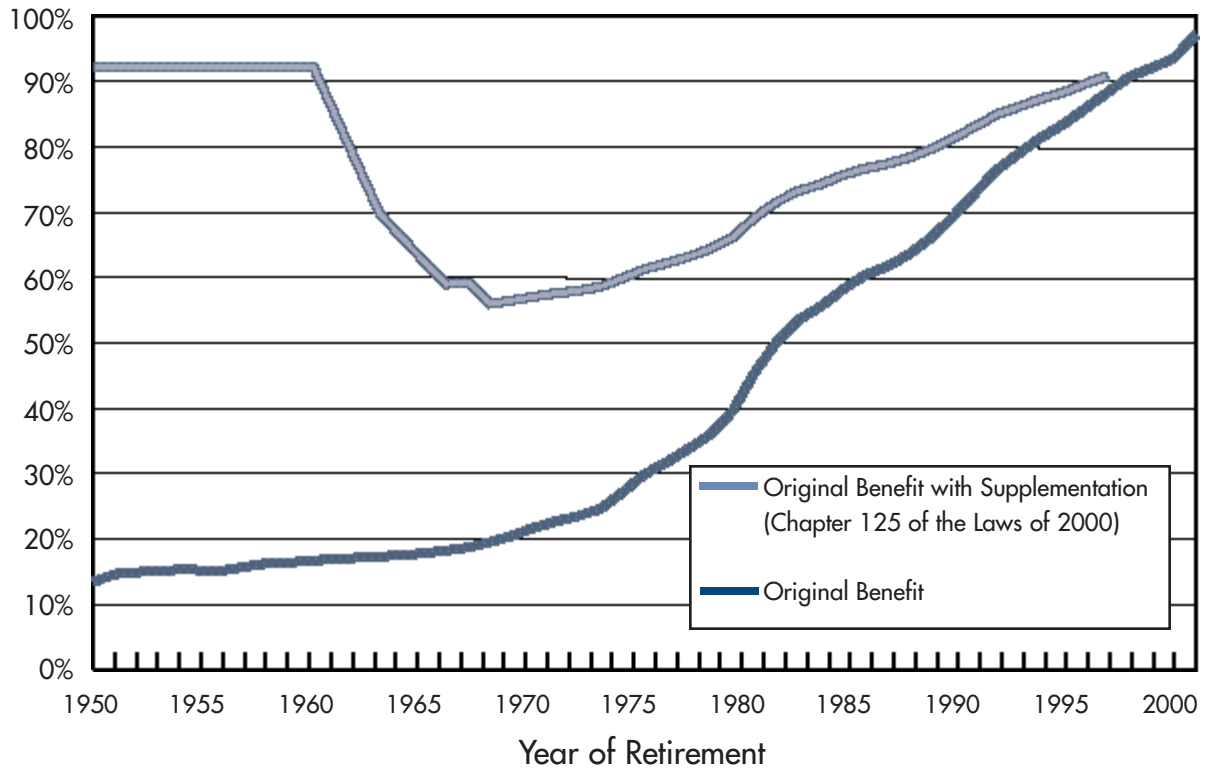
Tier Reinstatement Chapter 640 of the Laws of 1998 Applications Completed—June 30, 2001

FROM	TO	Tier 1	Tier 2	Tier 3	Tier 4	Total
Tier 1:		288				288
Tier 2:		582	12			594
Tier 3:		2,487	62	18		2,567
Tier 4:		5,664	1,129	320	185	7,298
Total*		9,021	1,203	338	185	10,747

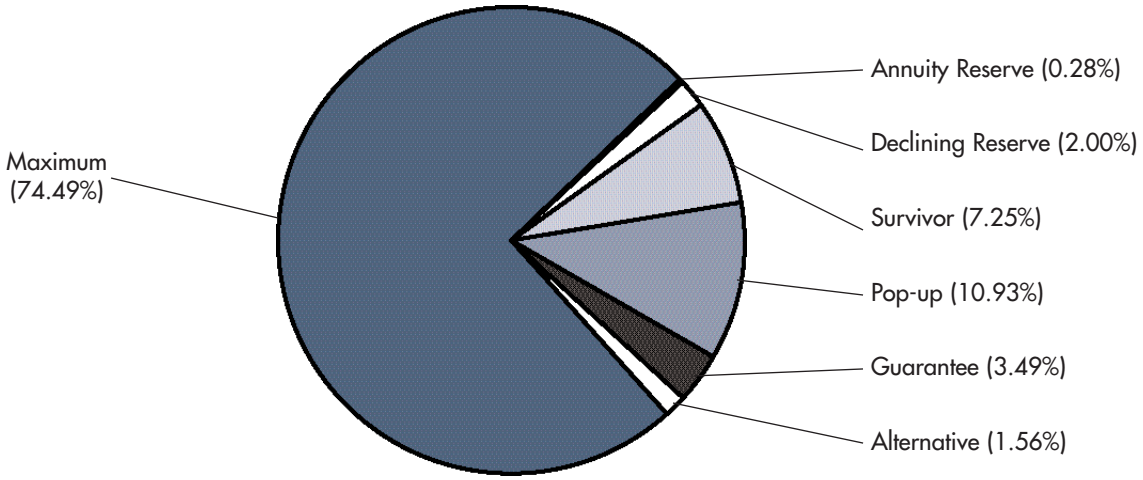
*An additional 2,487 applications were received by June 30, 2001 and these members are in the process of having their date of membership revised. The appropriate employers have been notified to stop member contributions where applicable.

Retired Members—Remaining Purchasing Power Through 2001

Inflation annually erodes the purchasing power of our retired members' benefits. The chart below illustrates the percentage of purchasing power remaining of the original benefit, and the original benefit plus supplementation including the cost-of-living adjustment, payable beginning September 2001 in accordance with Chapter 125 of the Laws of 2000.



Retirement Benefit Options and Percent of Election 1997-2001 Retirees



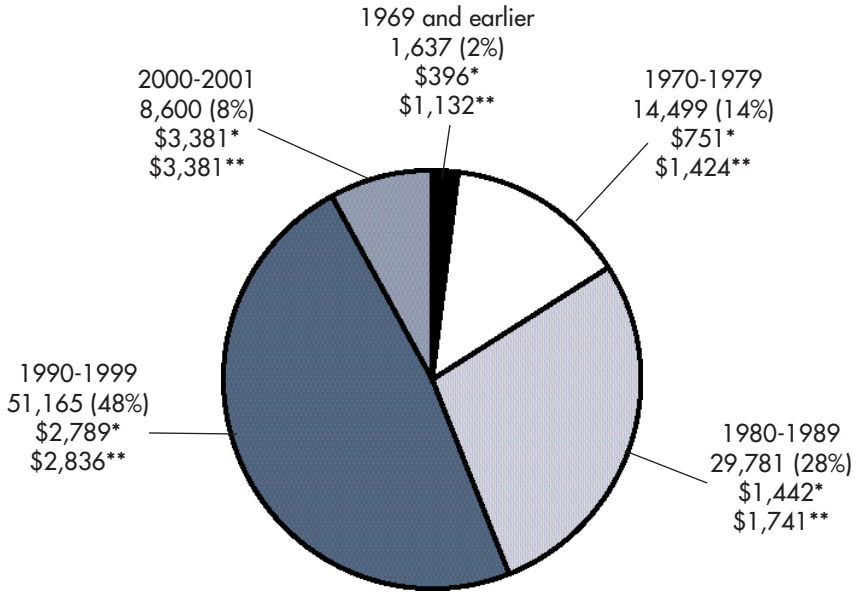
Retired Members' Characteristics* by Year of Retirement

Retired in Fiscal Year Ending	Number of Retired Members	Average Age at Retirement (yrs.–mos.)	Average Service at Retirement (yrs.–mos.)	Average Final Average Salary	Average Maximum Annual Benefit
1992	6,401	59–5	29–5	$50,183	$30,383
1993	5,049	59–4	29–2	54,399	32,619
1994	3,171	58–10	27–7	56,047	32,151
1995	4,226	59–2	28–3	58,660	34,351
1996	6,267	59–1	29–5	61,226	37,151
1997	6,452	58–5	29–8	63,854	38,688
1998	5,303	58–1	29–6	65,351	39,254
1999	6,111	58–0	28–8	65,499	38,882
2000	6,658	58–1	28–3	67,458	39,739
2001	7,946	57-11	30–8	69,781	44,681

*Averages are for service retirees only.

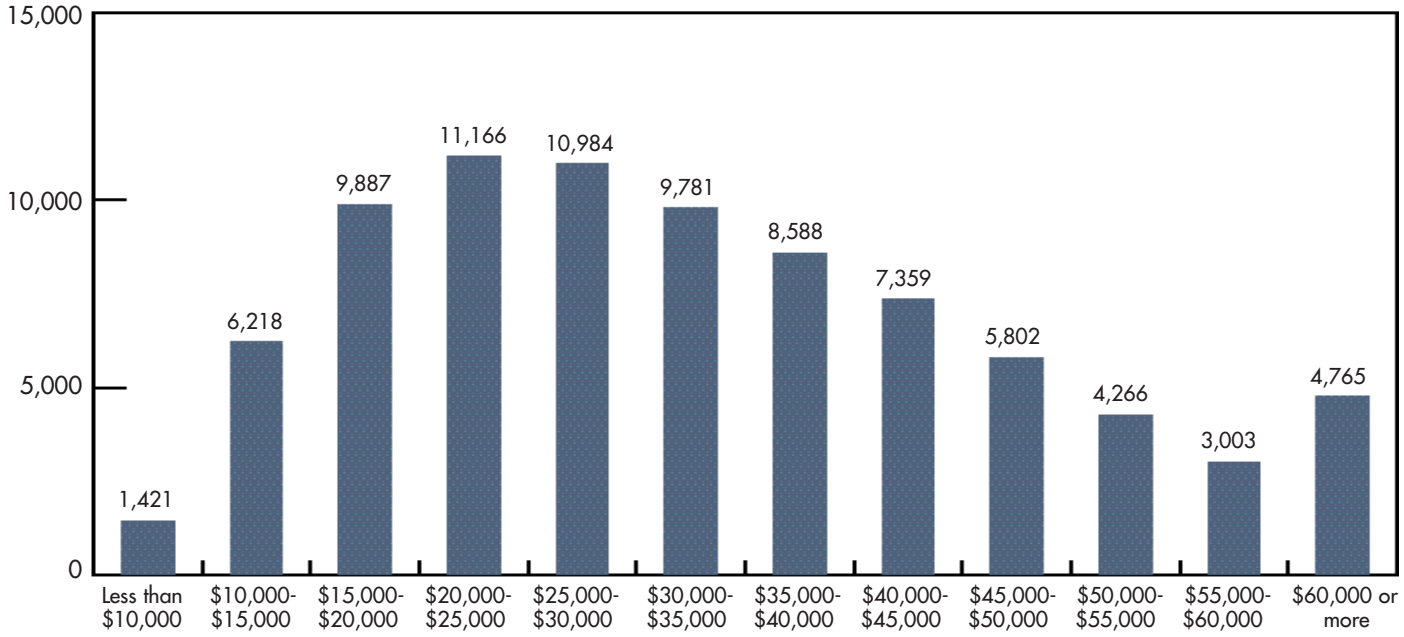
NYSTRS STATISTICAL

Number of Retired Members and Monthly Benefits by Decade of Retirement—June 30, 2001



*Average Monthly Benefit (based on the maximum benefit)
**Average Total Monthly Benefit Including Supplementation (based on the maximum benefit)

Distribution of the Annual Benefit* of All Retired Members with 20 or More Years of Total Service—June 30, 2001



*Maximum Annual Retirement Benefit Including Supplementation

Distribution of Monthly COLA Payments Commencing September 2001

Monthly COLA Payment	Number of Retired Members and Beneficiaries
$22.50	46,021
$20.50 - $22.49	3,171
$18.50 - $20.49	3,115
$16.50 - $18.49	3,024
$14.50 - $16.49	2,676
$12.50 - $14.49	2,156
$10.50 - $12.49	4,240
$8.50 - $10.49	1,892
$6.50 - $8.49	1,812
$4.50 - $6.49	1,933
$2.50 - $4.49	2,290
Less than $2.50	1,532
$0 (currently ineligible)	32,261
Total	106,123

Commencing September	Fiscal Year Ending March 31 CPI	Applicable COLA Percentage	Maximum Annual Base Benefit Amount	Maximum Monthly COLA Increase	Average Monthly COLA Increase
2001	2.9%	1.5%	$18,000	$22.50	$18.80

Distribution of Retired Members and Beneficiaries by Tier—June 30, 2001

	Tier 1	Tier 2	Tier 3	Tier 4	Total
Members Retired for:					
Service	86,685	3,265	2,565 (285)*	1,691	94,206
Vesting	5,644	146	79 (9)*	14	5,883
Disability	1,362	156	193 (34)*	149	1,860
Beneficiaries of Deceased:					
Service Annuitants	3,390	75	28 (4)*	10	3,503
Disability Annuitants	180	21	22 (4)*	7	230
Active Members	439	2	0 (0)*	0	441
Total	97,700	3,665	2,887 (336)*	1,871	106,123

*Those receiving an Article 14 (Tier 3) benefit. The remainder are receiving an Article 15 (Tier 4) benefit. Tier 3 members receive the better of the two benefits.

NYSTRS STATISTICAL

Revenues By Source
(dollars in thousands)

Fiscal Year	Net Investment Income*	Employer Contributions	Employer Contributions To Finance Administrative Expenses	Member Contributions	Net Transfers	Total Revenues
1996	$ 8,506,803	$642,333	$16,667	$133,916	$24,052	$ 9,323,771
1997	11,955,970	421,781	17,048	146,518	4,105	12,545,422
1998	13,534,138	191,659	17,533	162,265	25,446	13,931,041
1999	10,437,150	212,590	18,336	171,886	8,382	10,848,344
2000	5,840,710	192,296	19,203	186,751	43,247	6,282,207
2001	(4,946,207)	132,516	20,202	128,019	29,023	(4,636,447)

*Includes the net appreciation (depreciation) in fair value of investments.

Expenses By Type
(dollars in thousands)

Fiscal Year	Retirement Benefit Payments	Beneficiary Payments	Return of Contributions	Administrative Expenses	Total Expenses
1996	$1,640,105	$44,153	$44,973	$26,148	$1,755,379
1997	1,844,089	51,168	40,541	24,720	1,960,518
1998	1,993,143	53,809	31,853	24,135	2,102,940
1999	2,212,239	45,896	30,206	26,094	2,314,435
2000	2,410,628	69,304	40,529	28,878	2,549,339
2001	2,834,136	53,560	28,407	30,581	2,946,684

Participating Employers

Abbott UFS
Addison CS
Adirondack CS
Adirondack Com Col
Afton CS
Akron CS
Albany City SD
Albion CS
Alb-Schoharie-Schnctdy-Saratoga
Alden CS
Alexander CS
Alexandria CS
Alfred Almond CS
Allegany-Limestone CS
Altmar Parish-Williamstown CS
Amagansett UFS
Amherst CS
Amityville UFS
Amsterdam City SD
Andes CS
Andover CS
Ardsley UFS
Argyle CS
Arkport CS
Arlington CS
Attica CS
Auburn City SD
Ausable Valley CS
Averill Park CS
Avoca CS
Avon CS
Babylon UFS
Bainbridge Guilford CS
Baldwin UFS
Baldwinsville CS
Ballston Spa CS
Barker CS
Batavia City SD
Bath CS
Bay Shore UFS
Bayport Blue Point UFSD
Beacon City SD
Beaver River CS
Bedford CS
Beekmantown CS
Belfast CS
Belleville-Henderson CS
Bellmore UFS
Bellmore-Merrick CS
Bemus Point CS
Berkshire UFS
Berlin CS
Berne-Knox-Westerlo CS
Bethlehem CS
Bethpage UFS
Binghamton City SD
Blind Brook-Rye UFS
Bloomfield CS
Bolivar-Richburg CS
Bolton CS
Bradford CS
Brasher Falls CS
Brentwood UFS
Brewster CS
Briarcliff Manor UFS
Bridgehampton UFS
Brighton CS
Brittonkill CS
Broadalbin-Perth CS
Brockport CS
Brocton CS
Bronxville UFS
Brookfield CS
Brookhaven Comsewogue UFSD
Broome Com Col
Broome-Delaware-Tioga BOCES
Brushton Moira CS
Buffalo PS
Burnt Hills-Ballston Lake CS
Byram Hills CSD at Armonk
Byron Bergen CS
Cairo-Durham CS
Caledonia Mumford CS
Cambridge CS
Camden CS
Campbell-Savona CS
Canajoharie CS
Canandaigua City SD
Canaseraga CS
Canastota CS
Candor CS
Canisteo CS
Canton CS
Carle Place UFS
Carmel CS
Carthage CS
Cassadaga Valley CS
Cato Meridian CS
Catskill CS
Cattaraugus-Algny-Erie-Wyo BOCES
Cattaraugus-Little Valley CS
Cayuga Com Col
Cayuga-Onondaga BOCES
Cazenovia CS
Center Moriches UFS
Central Islip UFS
Central NY School-Math/Science
Central Square CS
Chappaqua CS
Charlotte Valley CS
Charter School-Science & Technology
Chateaugay CS
Chatham CS
Chautauqua Lake CS
Chazy UFS
Cheektowaga CS
Cheektowaga-Maryvale UFSD
Cheektowaga-Sloan UFSD
Chenango Forks CS
Chenango Valley CS
Cherry Valley-Springfield CS
Chester UFS
Chittenango CS
Churchville Chili CS
Cincinnatus CS
Clarence CS
Clarkstown CS
Cleveland Hill UFSD at Cheektowaga
Clifton Fine CS
Clinton CS
Clinton Com Col
Clinton-Essex-Warren-Wash BOCES
Clyde Savannah CS
Clymer CS
Cobleskill-Richmondville CS
Cohoes City SD
Cold Spring Harbor CS
Colton Pierrepont CS
Columbia-Greene Com Col
Commack UFS
Connetquot CS
Cooperstown CS
Copake Taconic Hills CSD
Copenhagen CS
Copiague UFSD
Corinth CS
Corning Com Col
Corning-Painted Post PS
Cornwall CS
Cortland City SD
Coxsackie Athens CS
Croton Harmon UFS
Crown Point CS
Cuba-Rushford CS
D.Valley-J.Youngsville-Nrwsburg CS
Dalton-Nunda
Dansville CS
De Ruyter CS
Deer Park UFS
Del-Chen-Mad-Otsego BOCES
Delhi CS
Depew UFS
Deposit CS
Dobbs Ferry UFS
Dolgeville CS
Dover UFS
Downsville CS
Dryden CS
Duanesburg CS
Dundee CS
Dunkirk PS
Dutchess BOCES
Dutchess Com Col
East Aurora UFS
East Greenbush CS
East Hampton UFS
East Irondequoit CS
East Islip UFS
East Meadow UFS
East Moriches UFS
East Quogue UFS
East Ramapo CS
East Rochester UFS
East Rockaway UFS
East Syracuse-Minoa CS
East Williston UFS
Eastchester UFS
Eastport UFS
Eden CS
Edgemont UFSD-Greenburgh
Edinburg Common Schools
Edmeston CS
Education Department
Edwards-Knox CS
Edwin Gould Acdmy-Ramapo UFSD
Elba CS
Eldred CS
Elizabethtown-Lewis CS
Ellenville CS
Ellicottville CS
Elmira City SD
Elmira Heights CS
Elmont UFS
Elmsford UFS

Participating Employers
(continued)

Elwood UFS
Erie Com Col
Erie 1 BOCES
Erie 2-Chautauqua-Cattaraugus
Eugenio Maria De Hostas
Fabius-Pompey CS
Fairport CS
Falconer CS
Fallsburg CS
Farmingdale UFS
Fashion Institute of Technology
Fayetteville Manlius CSD
Fillmore CS
Finger Lakes Com Col
Fire Island UFS
Fishers Island UFS
Floral Park-Bellerose UFSD
Florida UFS
Fonda Fultonville CS
Forestville CS
Fort Ann CS
Fort Edward PS
Fort Plain CS
Frankfort Schuyler CS
Franklin CS
Franklin Square UFS
Franklin-Essex-Hamilton BOCES
Franklinville CS
Fredonia CS
Freeport PS
Frewsburg CS
Friendship CS
Frontier CS
Fulton City SD
Fulton-Montgomery Com Col
Galway CS
Gananda CS
Garden City UFS
Garrison UFS
Gates Chili CS
General Brown CS
Genesee Com Col
Genesee Valley CS
Gen-Liv-Steu-Wyo BOCES
Geneseo CS
Geneva City SD
George Jr Republic UFSD
Georgetown So Otselic CS
Germantown CS
Gilbertsville-Mt Upton CS
Gilboa Conesville CS
Glen Cove City SD
Glens Falls City SD
Glens Falls Common School
Gloversville City SD
Gorham-Middlesex CS
Goshen CS
Gouverneur CS
Gowanda CS
Grand Island CS
Granville CS
Great Neck PS
Greece CS
Green Island UFS
Greenburgh CS
Greenburgh Eleven UFSD
Greenburgh-Graham UFSD
Greenburgh-North Castle UFSD
Greene CS
Greenport UFS
Greenville CS
Greenwich CS
Greenwood CS
Greenwood Lake UFS
Groton CS
Guilderland CS
Hadley Luzerne CS
Haldane CS
Half Hollow Hills CS
Hamburg CS
Hamilton CS
Ham-Fult-Mont BOCES
Hammond CS
Hammondsport CS
Hampton Bays UFS
Hancock CS
Hannibal CS
Harborfields CS
Harpursville CS
Harrison CS
Harrisville CS
Hartford CS
Hastings-on-Hudson
Hauppauge UFS
Haverstraw-Stony Pt CS
Hawthorne Cedar Knolls UFSD
Hempstead PS
Hendrick Hudson CS
Herkimer CS
Herkimer County Com Col
Herk-Fultn-Hmltn-Otsego BOCES
Hermon Dekalb CS
Herricks UFS
Heuvelton CS
Hewlett Woodmere UFS
Hicksville PS
Highland CS
Highland Falls-Fort Mont CSD
Hilton CS
Hinsdale CS
Holland CS
Holland Patent CS
Holley CS
Homer CS
Honeoye CS
Honeoye Falls Lima CS
Hoosic Valley CS
Hoosick Falls CS
Hopevale UFS
Hornell City SD
Horseheads CS
Hudson City SD
Hudson Falls CS
Hudson Valley Com Col
Hunter Tannersville CS
Huntington UFS
Hyde Park CS
Ichabod Crane CS
Ilion CS
Indian Lake CS
Indian River CS
Inlet Common Schools
Iroquois CS
Irvington UFS
Island Park UFS
Island Trees UFS
Islip UFS
Ithaca City SD
Jamestown City SD
Jamestown Com Col
Jamesville Dewitt CS
Jasper-Troupsburg CS
Jeff-Lew-Ham-Herk-Oneida BOCES
Jefferson CS
Jefferson Com Col
Jericho UFS
Johnsburg CS
Johnson City CS
Johnstown PS
Jordan-Elbridge CS
Katonah-Lewisboro UFSD
Keene CS
Kendall CS
Kenmore Town of Tonawanda UFSD
King Center
Kings Park CS
Kingston City SD
Kiryas Joel Village UFSD
La Fargeville CS
La Fayette CS
Lackawanna City SD
Lake George CS
Lake Placid CS
Lake Pleasant CS
Lake Shore CS
Lakeland CS
Lancaster CS
Lansing CS
Lansingburgh CS
Laurens CS
Lawrence UFS
Le Roy CS
Letchworth CS
Levittown UFS
Lewiston Porter CS
Liberty CS
Lindenhurst PS
Lisbon CS
Little Falls City SD
Little Flower UFSD at Wading River
Liverpool CS
Livingston Manor CS
Livonia CS
Lockport City SD
Locust Valley CS
Long Beach City SD
Long Lake CS
Longwood CSD at Middle Island
Lowville CS
Lyme CS
Lynbrook UFS
Lyncourt UFS
Lyndonville CS
Lyons CS
Madison CS
Madison-Oneida BOCES
Madrid Waddington CS
Mahopac CS
Maine Endwell CS
Malone CS
Malverne UFS
Mamaroneck UFS
Manchester-Shortsville CS
Manhasset UFS

Participating Employers
(continued)

Maplewood-Colonie Common Sch
Marathon CS
Marcellus CS
Margaretville CS
Marion CS
Marlboro CS
Massapequa PS
Massena CS
Mattituck-Cutchogue UFSD
Mayfield CS
McGraw CS
Mechanicville City SD
Medina CS
Menands UFS
Merrick UFS
Mexico CS
Middle Country CS
Middleburgh CS
Middletown City SD
Milford CS
Millbrook CS
Miller Place UFS
Mineola UFS
Minerva CS
Minisink Valley CS
Mohawk CS
Mohawk Valley Com Col
Monroe Woodbury CS
Monroe 1 BOCES
Monroe 2-Orleans BOCES
Monroe Com Col
Montauk UFS
Monticello CS
Moravia CS
Moriah CS
Morris CS
Morristown CS
Morrisville Eaton CS
Mount Markham CS
Mount Morris CS
Mt. Pleasant Blythedale UFSD
Mount Pleasant CS
Mount Pleasant Cottage School
Mount Sinai UFS
Mount Vernon PS
Nanuet UFS
Naples CS
Nassau BOCES
Nassau Com Col
Nassau Co Vocational Board
New Hartford CS
New Hyde Pk-Garden City Pk UFSD
New Lebanon CS
New Paltz CS
New Rochelle City SD
New Suffolk Common Schools
New York Mills UFS
Newark CS
Newark Valley CS
Newburgh City SD
Newcomb CS
Newfane CS
Newfield CS
Niagara County Com Col
Niagara Falls City SD
Niagara Wheatfield CS
Niskayuna CS
North Babylon UFS
North Bellmore UFS
North Collins CS
North Colonie CS
North Country Com Col
North Greenbush Common Sch
North Merrick UFS
North Rose Wolcott CS
North Salem CS
North Shore CS
North Syracuse CS
North Tonawanda City SD
North Warren CS
Northeastern Clinton CS
Northern Adirondack CS
Northport-East Northport UFSD
Northville CS
Norwich City SD
Norwood Norfolk CS
Nyack UFS
NYS School for the Blind
NYS School for the Deaf
NYS Teachers' Ret System
Oakfield Alabama CS
Oceanside UFS
Odessa Montour CS
Ogdensburg City SD
Olean City SD
Oneida City SD
Oneida-Madison-Herkimer BOCES
Oneonta City SD
Onondaga CS
Onondaga Com Col
Onond-Cort-Mad BOCES
Ont-Sen-Yates-Cay-Wayne BOCES
Onteora CS
Oppenheim Ephratah CS
Orange County Com Col
Orange-Ulster BOCES
Orchard Park CS
Oriskany CS
Orleans-Niagara BOCES
Ossining UFS
Oswego BOCES
Oswego City SD
Otego-Unadilla CS
Otsego-Del-Schoh-Greene BOCES
Owego Apalachin CS
Owen D Young CS
Oxford Academy and CS
Oyster Bay-East Norwich CS
Oysterponds UFS
Palmyra-Macedon CS
Panama CS
Parishville Hopkinton CS
Patchogue-Medford UFS
Pavilion CS
Pawling CS
Pearl River UFS
Peekskill City SD
Pelham UFS
Pembroke CS
Penfield CS
Penn Yan CS
Perry CS
Peru CS
Phelps-Clifton Springs CS
Phoenix CS
Pine Bush CS
Pine Plains CS
Pinevalley CS South Dayton
Pioneer CS
Piseco Common Schools
Pittsford CS
Plainedge UFS
Plainview-Old Bethpage CS
Plattsburgh City SD
Pleasantville UFS
Pocantico Hills CS
Poland CS
Port Byron CS
Port Chester Rye
Port Jefferson UFS
Port Jervis City SD
Port Washington UFS
Portville CS
Potsdam CS
Poughkeepsie City SD
Prattsburg CS
Pulaski Academy and CS
Putnam CS
Putnam Valley CS
Putnam-Westchester BOCES
Queensbury UFS
Quogue UFS
Ramapo CS
Randolph Academy UFS
Randolph CS
Raquette Lake UFS
Ravena-Coeymans-Selkirk CS
Red Creek CS
Red Hook CS
Remsen CS
Remsenburg-Speonk UFSD
Rensselaer City SD
Renss-Columbia-Greene BOCES
Rhinebeck CS
Rhinecliff UFS
Richfield Springs CS
Ripley CS
Riverhead CS
Rochester City SD
Rockland BOCES
Rockland Com Col
Rockville Centre UFSD
Rocky Point UFS
Rome City SD
Romulus CS
Rondout Valley CS
Roosevelt UFS
Roscoe CS
Roslyn PS
Rotterdam-Mohonasen CS
Roxbury CS
Royalton-Hartland CS
Rush Henrietta CS
Rye City SD
Rye Neck UFS
Sachem CS
Sackets Harbor CS
Sag Harbor UFS
Sagaponack Common Schools
Salamanca City SD
Salem CS
Salmon River CS
Sandy Creek CS
Saranac CS

Participating Employers
(continued)

Saranac Lake CS
Saratoga Springs City Schools
Saugerties CS
Sauquoit Valley CS
Sayville PS
Scarsdale UFS
Schalmont CS
Schenectady City SD
Schenectady County Com Col
Schenevus CS
Schodack CS
Schoharie CS
Schroon Lake CS
Schuyler-Chemung-Tioga BOCES
Schuylerville CS
Scio CS
Scotia Glenville CS
Seaford PS
Seneca Falls CS
Sewanhaka CS
Sharon Springs CS
Shelter Island UFS
Shenendehowa CSD at Clifton Pk
Sherburne Earlville CS
Sherman CS
Shoreham Wading River CS
Sidney CS
Silver Creek CS
Skaneateles CS
Smithtown CS
Sodus CS
Solvay UFS
Somers CS
South Buffalo
South Colonie CS
South Country CS
South Glens Falls CS
South Huntington UFSD
South Jefferson CS
South Kortright CS
South Lewis CS
South Manor UFS
South Orangetown CS
South Seneca CS
Southampton UFS
Southern Cayuga CS
Southold UFS
Southwestern CS
Spackenkill UFS
Spencer Van Etten CS
Spencerport CS
Springs UFS
Springville-Griffith Institute
St Johnsville CS
St Lawrence-Lewis BOCES
St Regis Falls CS
Stamford CS
Starpoint CS
State Ag and Ind School
Steuben-Allegany BOCES
Stillwater CS
Stockbridge CS
Suffolk Co Vocational Board
Suffolk County Com Col
Suffolk 1 BOCES
Suffolk 3 BOCES
Sugarloaf UFS
Sullivan BOCES
Sullivan County Com Col
SUNY Alfred Ag and Tech
SUNY at Albany
SUNY at Binghamton
SUNY at Buffalo
SUNY at Stony Brook
SUNY Canton Ag and Tech
SUNY Central Administration
SUNY Cobleskill Ag and Tech
SUNY College at Brockport
SUNY College at Buffalo
SUNY College at Cortland
SUNY College at Fredonia
SUNY College at Geneseo
SUNY College at New Paltz
SUNY College at Old Westbury
SUNY College at Oneonta
SUNY College at Oswego
SUNY College at Plattsburgh
SUNY College at Potsdam
SUNY College at Purchase
SUNY Coll of Ceramics at Alfred
SUNY College of Environmental
SUNY College of Optometry
SUNY College of Technology
SUNY Delhi Ag and Tech
SUNY Empire State College
SUNY Farmingdale Ag and Tech
SUNY Health Sci Ctr at Brooklyn
SUNY Health Sci Ctr at Syracuse
SUNY Maritime College
SUNY Morrisville Ag and Tech
Susquehanna Valley CS
Sweet Home CS
Syosset CS
Syracuse City SD
Thousand Islands CS
Three Village CS
Ticonderoga CS
Tioga CS
Tompkins-Cortland Com Col
Tompkins-Seneca-Tioga BOCES
Tonawanda City SD
Town of Webb UFS
Tri Valley CS
Troy City Schools
Trumansburg CS
Tuckahoe Common Schools
Tuckahoe UFSD
Tully CS
Tupper Lake CS
Tuxedo UFS
UFSD of the Tarrytowns
Ulster BOCES
Ulster County Com Col
Unadilla Valley CS
Union Springs CS
Union-Endicott CS
Uniondale PS
Utica City SD
Valhalla UFS
Valley CS
Valley Stream Central HS
Valley Stream #13 UFSD
Valley Stream UFSD 30
Valley Stream UFSD 24
Vernon-Verona-Sherrill CS
Vestal CS
Victor CS
Voorheesville CS
Wainscott Common Schools
Wallkill CS
Walton CS
Wantagh UFS
Wappingers CS
Warrensburg CS
Warsaw CS
Warwick Valley CS
Wash-Sara-Warren-Hmltn-Essex
Washingtonville CS
Waterford Halfmoon UFSD
Waterloo CS
Watertown City SD
Waterville CS
Watervliet City SD
Watkins Glen CS
Waverly CS
Wayland-Cohocton CS
Wayne CS
Webster CS
Webutuck CS
Weedsport CS
Wells CS
Wellsville CS
West Babylon UFS
West Canada Valley CS
West Genesee CS
West Hempstead UFS
West Irondequoit CS
West Islip UFS
West Park UFS
West Seneca CS
West Valley CS
Westbury UFS
Westchester 2 BOCES
Westchester Com Col
Westfield CS
Westhampton Beach UFSD
Westhill CS
Westmoreland CS
Westport CS
Wheatland Chili CS
Wheelerville UFS
White Plains City SD
Whitehall CS
Whitesboro CS
Whitesville CS
Whitney Point CS
William Floyd UFS
Williamson CS
Williamsville CS
Willsboro CS
Wilson CS
Windham Ashland Jewett CS
Windsor CS
Worcester CS
Wyandanch UFS
Wynantskill UFS
Wyoming CS
Yonkers PS
York CS
Yorktown CS

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