NYS Teachers' Retirement System

VISION, VALUE & GROWTH

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

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.

This CAFR was prepared by NYSTRS staff.

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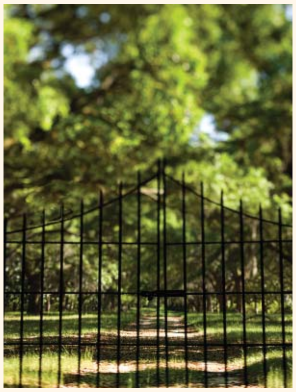


Statistical

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, 2006

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

PPCC

Public Pension Coordinating Council

Public Pension Standards

2006 Award

Presented to

New York State Teachers' Retirement System

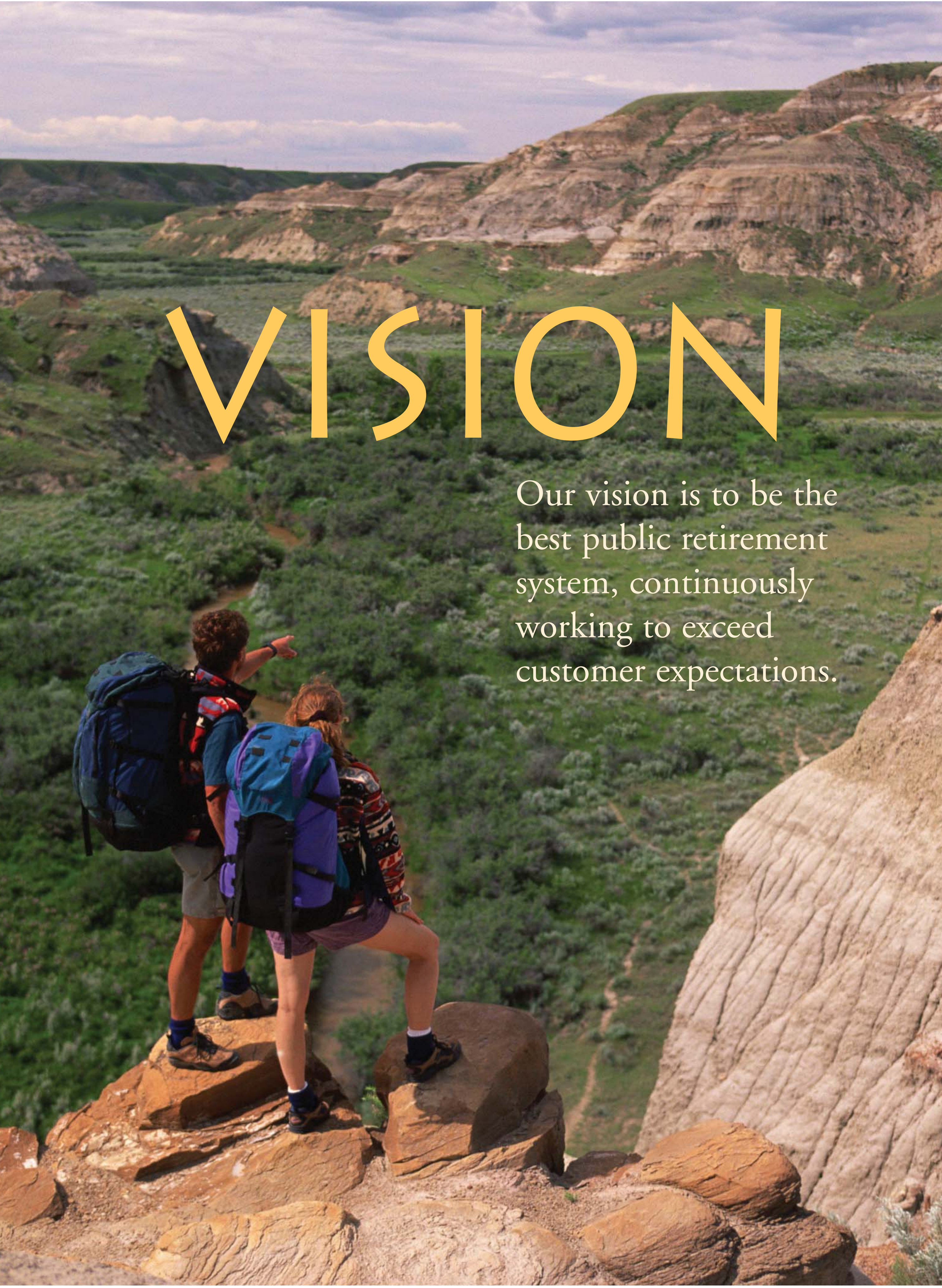
In recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

VISION



Our vision is to be the best public retirement system, continuously working to exceed customer expectations.

Introduction

Executive Staff

George M. Philip
Executive Director (left)

Thomas K. Lee
Deputy Executive Director (right)

Seated (left to right): Lawrence A. Johansen, Sheila O. Gardella
Standing (left to right): Wayne Schneider, Richard A. Young, John W. Virtanen, William S. O'Brien

Trustees

George M. Philip
Executive Director and Chief Investment Officer

Wayne Schneider
General Counsel

Thomas K. Lee
Deputy Executive Director

Sheila O. Gardella
Director of Member Relations

Lawrence A. Johansen
Securities Investment Officer

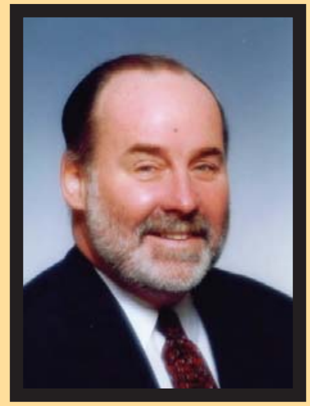
William S. O'Brien
Director of Administration

John W. Virtanen
Real Estate Investment Officer

Richard A. Young
Actuary

See pages 64-66 of this report for a list of investment professionals who provide services to NYSTRS.

Board of Trustees



Joseph P. McLaughlin

Michael R. Corn

Michael A. Glover

Daniel J. Hogarty, Jr.

Rosemary F. Jones

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

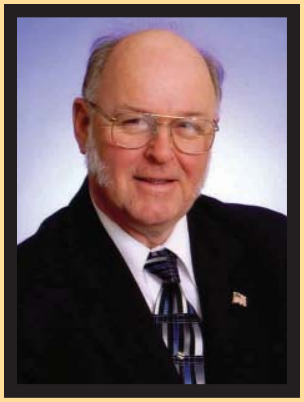
Michael R. Corn
Teacher Member
Elected by Delegates
First Elected 1991
Barneveld

Michael A. Glover
Administrator
Appointed by
Commissioner of Education
First Appointed 2006
Genesee Valley BOCES

Daniel J. Hogarty Jr.
Bank Executive
Elected by
Board of Regents
First Elected 2005
Troy

Rosemary F. Jones
Administrator
Appointed by
Commissioner of Education
First Appointed 2006
Sayville

Iris Wolfson



David P. Keefe

R. Michael Kraus

David Loglisci

Sheila J. Salenger

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

David P. Keefe
Retired Teacher Member
Elected by
NYSTRS Retirees
First Elected 2004
Hempstead

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

David Loglisci
State Comptroller's
Representative
Appointed 2006
New York City

Sheila J. Salenger
Teacher Member
Elected by Delegates
First Elected 1989
Malta

Letter of Transmittal

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

George M. Philip, Executive Director

October 2, 2007

Trustees of the Retirement System Board:

It is my pleasure to present you with the Comprehensive Annual Financial Report of the New York State Teachers' Retirement System (NYSTRS) for the fiscal year ending June 30, 2007. This report complies with all legal requirements governing the preparation and contents of annual reports.

History and Overview

NYSTRS 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 NYSTRS benefits is provided on pages 16-20 of this report.

The System is one of the 10-largest public retirement funds in the nation, based on portfolio size and total membership; it is also consistently among the top performers. A sound asset allocation strategy applied to a diversified portfolio is the blueprint used by NYSTRS to build a strong fund.

The Retirement System is governed by a 10-member Board of Trustees, which sets policy and oversees operations consistent with applicable laws. Approximately 380 full-time employees are responsible for the day-to-day administration and operation of NYSTRS, which serves more than 825 employers – including public school districts, BOCES, institutions of higher education and charter schools that choose to participate in this System.

Membership Figures as of 6/30/2007

Total Membership:	403,401
Active Members:	270,045
Retired Members/ Beneficiaries:	133,356
Members Added:	16,606
Members Retired:	6,900

Awards

The quality of NYSTRS standards and procedures is exemplified by the professional recognition the System receives within the pension and financial industry. Among the accolades received within the fiscal year ended June 30, 2007:

- ✓ ***A Certificate of Achievement for Excellence in Financial Reporting***, awarded by the Government Finance Officers Association of the United States and Canada (GFOA). Given in recognition of the System's 2006 Comprehensive Annual Financial Report, the award certifies that the report was prepared in conformance with the highest standards for preparation of state and local government financial reports.

- ✓ ***The Distinguished Budget Presentation Award*** for the fiscal year July 1, 2006 through June 30, 2007, also awarded by GFOA. To be eligible for this recognition, the budget document must meet established criteria as a policy document, operations guide, financial plan and communications device.

- ✓ ***The Public Pension Principles Achievement Award***, presented by the Public Pension Coordinating Council.The criterion to qualify for this award includes compliance with specific principles in the areas of benefits, actuarial valuation, financial reporting, investment and disclosure.

Legislation

No legislation that significantly impacted the System or its members was adopted during the fiscal year.

Major Initiatives and Accomplishments

Trustees Returned to Board

Michael R. Corn of Barneveld was unanimously re-elected a teacher member of the Retirement Board by delegates representing the System's more than 825 participating employers at NYSTRS' 2006 Annual Meeting. Also re-elected or re-appointed to the Board during the fiscal year were Vice President Iris Wolfson, a public accountant re-elected by the state's Board of Regents; Dr. Michael A. Glover, a school administrator re-appointed by the Commissioner of Education; Daniel J. Hogarty Jr., a bank executive re-elected by the Board of Regents; Dr. Rosemary F. Jones, a school administrator re-appointed by the Commissioner of Education; David P. Keefe, a retired teacher re-elected by NYSTRS retirees; and, R. Michael Kraus, an insurance executive elected by the Board of Regents.

Addition to Executive Staff

Thomas K. Lee joined NYSTRS' executive staff as deputy executive director in September, coming to us from the Maryland State Retirement and Pension System where he served as executive director.

During his three-year tenure at the helm of that system, Lee was instrumental in growing the fund by $8 billion. The highly respected Lee previously served as the deputy budget secretary for the Maryland State Department of Budget and Management, assistant state superintendent of education for that state's Department of Education, and legislative committee staff and budget analyst for the Maryland General Assembly's Department of Fiscal Services.

LETTER OF TRANSMITTAL (CONTINUED)

COLAs Paid
Approximately 90,000 retirees and beneficiaries received a 1.7% cost-of-living adjustment (COLA) on the first $18,000 of their annual benefit beginning in September 2006. It was the sixth consecutive year of COLA payments mandated by legislation enacted in 2000. When combined with the previous COLA increases, eligible recipients receive up to $126 more monthly than they did prior to the law's enactment.

Employer Reporting Improvements Implemented
Taking advantage of an initiative to simplify employer reporting to NYSTRS, the System made substantial strides in its efforts to provide more accurate benefit projections and significantly shorten the time it takes to process retirement applications. With employers now reporting member data electronically each month, NYSTRS is able to provide members with benefit projections based on current information, as well as provide new retirees with initial monthly payments significantly closer to the final benefit amount. Record checking at the time of retirement has been reduced as well, leading to a 10% increase in the number of retirement applications processed within comparable time periods.

Self-service Tools Added
Development of several Web-based self-service tools for members took place within the fiscal year and several were implemented. The Secure Area, which offers registered members Internet access to their personal benefit information, was upgraded to increase security and functionality. Among the services added were the ability to schedule consultations and seminars online, and to view an educational video about the steps to take in your last year of employment to prepare for a successful retirement. Two Web-based surveys were also implemented to gauge member satisfaction with our services. Soon members will be able to submit forms, track the processing of their retirement application, and more easily search for and retrieve information about their NYSTRS benefits with a few keystrokes and clicks of their mouse.

FINANCIAL INFORMATION

NYSTRS is charged with safeguarding the fund used to pay guaranteed retirement and ancillary benefits to members and their beneficiaries. From managing portfolios to processing benefit payments, all tasks associated with this weighty responsibility are accomplished professionally, ethically and expeditiously at all times. Likewise, independent consultants and auditors hired by the System are held to the same high standards.

The design, implementation and administration of appropriate internal controls that ensure assets are secure are the responsibility of System management. To ensure the validity of these controls, a system of both external and internal checks and balances exists. 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 23 of this report. These oversight protections are as stringent — if not more so — than those found in the private sector.

Major System expenses result from retirement benefit payments, death benefits and refunds of contributions to certain eligible members and beneficiaries. The increase in retirement benefit payments from 2006 to 2007 is attributable to a net increase of about 3,800 retirees and beneficiaries. See the *Benefits and Return of Contributions by Type* chart on page 90-91 for more information.

For an overview of NYSTRS' financial activities for the fiscal year ended June 30, 2007, see *Management's Discussion and Analysis* on page 24. This section provides explanations and further details of the information provided in the financial statements, its notes and required supplementary information.

Funding

The NYSTRS fund has three sources of income: employer contributions, member contributions and investment income. See *Statements of Changes in Plan Net Assets* on page 29 for more information.

With investment income as the driving force, our year-end net assets totaled $104.9 billion, a substantial increase of $13.4 billion from year-end 2006. During the same period, benefits paid to retirees and beneficiaries rose by almost a quarter billion dollars to $4.7 billion, making the almost 15% increase in net assets notable.

Long-term portfolio performance impacts the employer contribution rate (ECR) — expressed as a uniform percentage of member payroll — set annually at the level necessary to properly fund the retirement and ancillary benefits of members and their beneficiaries. The rate is established annually in accordance with an actuarial valuation of System assets and liabilities. The most recently adopted ECR of 8.73% will apply to 2007-08 member salaries and will be paid by employers in the 2008-09 fiscal year. The rates are set well in advance so school districts can budget for this expense.

Rates of return over the last four years have been strong, exceeding our 8.0% actuarially assumed rate of return each year. The 19.3% return posted this fiscal year increased our three-year rate of return to 13.8% and our five-year rate to 12.3%. Our 10-year average is 8.8%.

The plan's funded ratio as of June 30, 2006, the date of the most-recent annual actuarial valuation and calculated in accordance with new Governmental Accounting Standards Board Statement No. 50, was 102.6%. Details of our funding progress may be obtained by turning to page 72.

Investments

As our organizational mission statement proclaims, our primary responsibility is to make timely and accurate benefit payments to all eligible members and their beneficiaries, and to assure the proper funding of these benefits. As noted in the previous section, our investments posted significant gains during the fiscal year — a testament to a highly diversified portfolio that is prudently invested to achieve optimum long-term returns with an appropriate level of risk. These consistently strong returns, when combined with employee and employer contributions, assure we have the funds on hand to pay both current and future benefits.

This fiscal year marked the fourth consecutive year of double-digit returns for the System. For the fiscal year ending June 30, 2007, the Retirement System's total portfolio returned 19.3%, up from ll.8% the previous year.

The healthy returns of these past few years reaffirm the importance of a sound asset allocation policy. The allocation of assets, as well as the fund's overall structure, are continuously reviewed and adjusted to achieve these goals.

Letter of Transmittal (continued)

The Retirement Board, at its July 2007 meeting, reviewed our asset allocation with the assistance of an independent consultant and voted to shift 5% of NYSTRS' portfolio from domestic to international equities. All other asset allocations remained unchanged. The System will continue to cash in a small percentage of its domestic equity portfolio each month and convert it to fixed income, providing some of the funding needed to pay retirement benefits.

Refer to pages 47-66 for further information on NYSTRS investments. A listing of our Equity and Fixed Income holdings can be viewed on our Web site at www.nystrs.org.

Acknowledgements

This report is prepared annually by NYSTRS' staff and reviewed by external auditors prior to publication. The intent of the publication is to provide complete and reliable information for making management decisions, determining compliance with legal provisions and determining responsible stewardship of System assets.

This comprehensive annual financial report is distributed to libraries, government officials and members of the investment community, and to anyone upon request. The full report is also available on the System's Web site at www.nystrs.org. A summary of the report is printed each year in the newsletters NYSTRS sends to both its active and retired members.

The System's success is attributable to the exceptional people who work diligently to ensure financial security in retirement for New York's educators. Many of them — including each of our 10 Board members and more than a dozen industry professionals who sit on our investment, real estate and medical advisory committees and boards — serve without pay or are modestly compensated. Their contributions to the success of our System cannot be overstated.

And where would we be without NYSTRS' outstanding management and staff? Their daily contributions form the foundation for the System's success. Our talented and dedicated employees are committed to serving our members, and providing consistently reliable and professional service. I take great pride in this and am grateful that our members have such caring, dedicated and skilled individuals working to secure their financial futures.

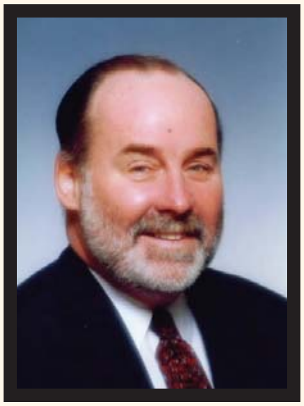
Nationally, we have long been a top quartile public retirement system and, knowing the quality of the people I have the privilege of working with at NYSTRS, I am certain continued success is in our future.

Respectfully submitted,

George M. Philip

George M. Philip
NYSTRS Executive Director
and Chief Investment Officer

PRESIDENT'S MESSAGE



This is my second message as president of the NYSTRS Board and I am already running out of adjectives to describe the extraordinary job my fellow Board members, the System's management team and their capable staffs do on behalf of New York's educators. How do you describe a group that has — for the first time — grown System net assets to more than $100 billion? Or one which, in a somewhat volatile marketplace, posted double-digit investment returns for the fourth consecutive year?

These are just two of the feats this incredible group of people accomplished in this fiscal year. Benefiting from these achievements are the over 400,000 active and retired NYSTRS members who can rest assured the resources exist to pay their pensions (and, when applicable, those of their beneficiaries) for as long as they live.

During the fiscal year ended June 30, 2007, the System's assets grew by more than $13 billion and our investment portfolio returned an extraordinary 19.3%. By way of comparison, the world's 300 largest pension funds grew an average of 11.5%, according to a recent Watson Wyatt Worldwide survey.

Just as importantly, we are fully funded at a time when many funds would be pleased to have a funding level of 90%. This also is a testament to the exemplary work of all those associated with the System. Thanks to long-term planning and investing, a highly diversified portfolio and a commitment to the philosophy of advanced funding, NYSTRS remains one of the most secure retirement funds in the nation.

However, it is not all about the numbers here. Staff also takes great pride in providing exceptional customer service. I interact with our members often and I have lost count of the number of compliments I have heard about NYSTRS staff. Knowledgeable, helpful, pleasant, and efficient are among the most common adjectives I have heard — and I could not agree more. On behalf of the Retirement Board, I applaud System staff for their consistent first-class efforts.

I cannot predict the future and I cannot guarantee continued double-digit performance figures, but I can assure our members the financial and ethical foundations built here are solid. With such a strong base, I fully expect NYSTRS will continue to grow and prosper. I am proud to be associated with these individuals and I thank them for all they do for this state's public educators.

Joseph P. McLaughlin

Joseph P. McLaughlin
President

Summary of Benefits

Types of Benefits

NYSTRS provides service, vested and disability retirement benefits, as well as death benefits.

Membership Tiers

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 legislation *(see below)* greatly increases the number of members eligible under this provision.

Tier 3 members are also 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, an eligible 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 at least 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. With few exceptions, the maximum pension under the Career Plan is 79% of final average salary. This includes the two years of service added under the Benefit Enhancement legislation.

A Tier 2 member may retire at age 55 without a reduction in benefits if credited with at least 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 at least 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 1½% 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 cease making 3% required contributions when they have been a member for 10 years or have 10 years of total service credit, whichever occurs first.

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 chart to the right.

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 leave 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.

VESTED RETIREMENT

NYSTRS 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 a NYSTRS benefit. Tier 3 and Tier 4 members with at least 10 years of service cannot withdraw.

PENSION FORMULAS FOR SERVICE RETIREMENT

TIER 1

- 2% x years of NYS service since July 1, 1959, including any applicable benefit enhancement credit.
- 1.8% x years of NYS service before July 1, 1959.
- 1% x years of out-of-state service prior to NYSTRS membership (10-year maximum).*
- 5% reduction in pension for each full year of NYS service under 20 years (prorated for partial years with a maximum reduction of 50%).

TIER 2

- Computed under the Tier 1 formula, including applicable benefit enhancement credit and/or the 5% reduction for each year of NYS service under 20 years. (Note: Tier 2 members cannot claim out-of-state service unless it was credited under a previous Tier 1 membership.)
- A prorated reduction of up to 27% when retirement occurs before age 62 with credit for less than 30 years of NYS service.
- No reductions if the member is age 62 with at least 20 years of service, or if credit totals 30 years or more.

TIER 3**

- 1²/₃% 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.
- 60% maximum for 30 years or more.
- A prorated reduction of up to 30% when retirement occurs before age 62 with credit for less than 30 years of NYS service.
- No reductions if the member is age 62, or if credit totals 30 years or more.
- At age 62 (or at retirement, if older), benefit reduced by 50% of primary Social Security benefit accrued while in NYS public employment.

TIER 4

- 1²/₃% 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.
- 60% plus 1½% for each year of NYS service beyond 30 years.
- A prorated reduction of up to 27% when retirement occurs before age 62 with credit for less than 30 years of NYS service.
- No reductions if the member is age 62, or if credit totals 30 years or more.

**Any portion of this credit that brings the total service credit beyond 35 years is excluded from the pension calculation. Benefit Enhancement credit is not used to establish the 35-year threshold.*

***Tier 3 members are entitled to receive either the benefits under Tier 3 or 4, whichever are greater.*

SUMMARY OF BENEFITS (CONTINUED)

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 one-third of final average salary. For Tier 3 and 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

MEMBER CONTRIBUTIONS

Tier 3 and Tier 4 members are mandated to contribute 3% of their salary to the Retirement System until they have been a member for 10 years or have 10 years of service credit, whichever occurs first. 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 to the annuity savings fund (ASF) can withdraw them with interest upon retirement, or 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 NYS public employment prior to joining NYSTRS.

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. One-twelfth (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.

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, NYSTRS 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 — One-twelfth (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.

Summary of Benefits (continued)

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 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.

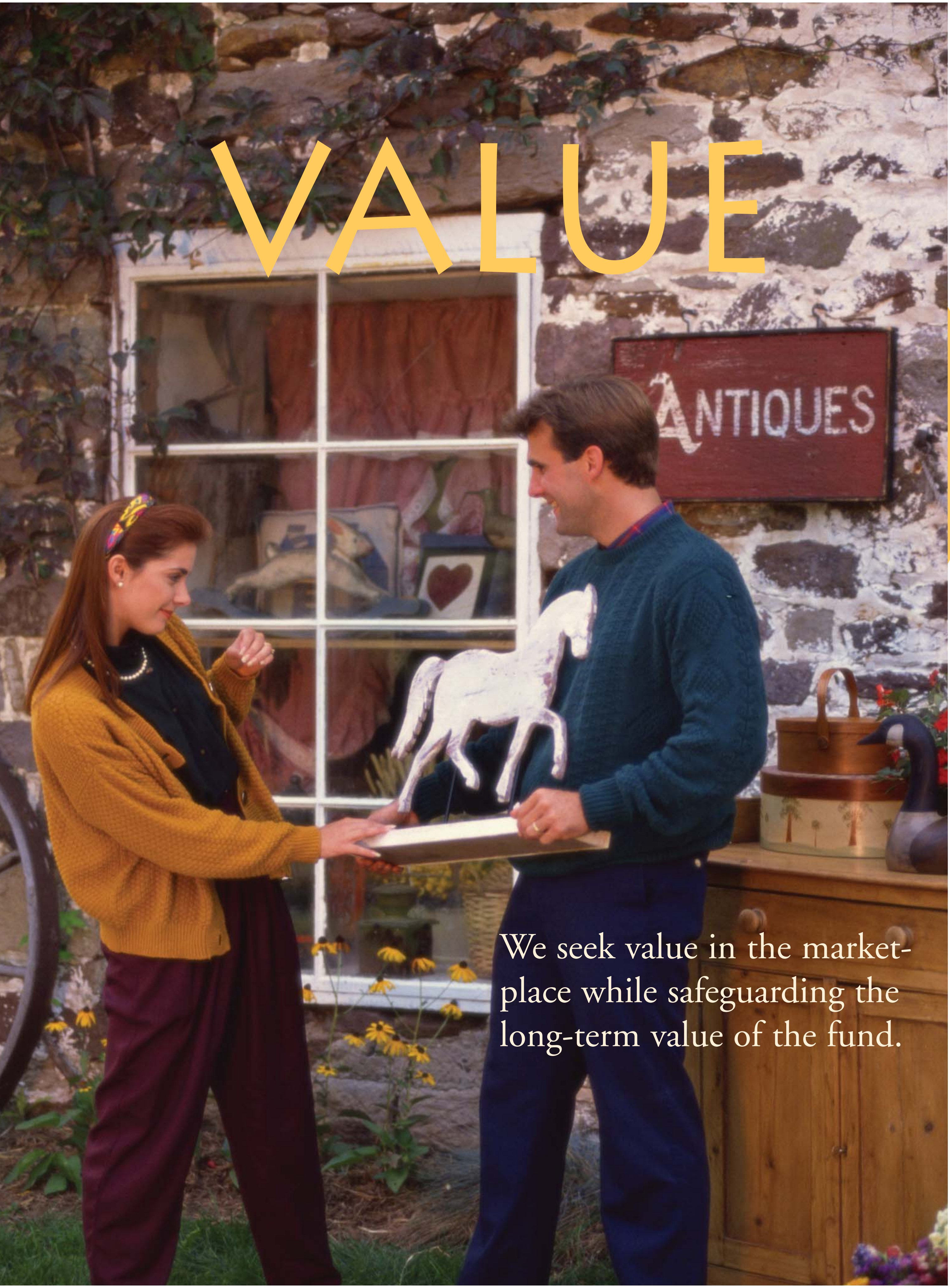
Retirement Options

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 increase from one March to the next. It will be a minimum of 1% and a maximum of 3% of the first $18,000 of the retiree's Maximum benefit and is effective each September. Most service retirees must be age 62 and retired five years to be eligible.

VALUE



We seek value in the market-place while safeguarding the long-term value of the fund.

Financial

Independent Auditors' Report

KPMG LLP
515 Broadway
Albany, NY 12207

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, 2007 and 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the System as of June 30, 2007 and 2006 and changes in plan net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and required supplementary information as listed in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The required supplementary information for the years ended June 30, 2003 through 2005 was reported on by other auditors whose report states that they did not audit this information and did not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the System. The accompanying Supplemental Schedules of Administrative Expenses, Investment Activity and Investment Expenses (Supplemental Schedules) as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplemental Schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introduction, Investments, Actuarial and Statistical sections of this report as listed in the accompanying table of contents have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

October 2, 2007

KPMG LLP

Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the New York State Teachers' Retirement System (NYSTRS or the System) provides an overview of its activities for the fiscal year ended June 30, 2007. Its purpose is to provide explanations and insights into the information presented in the financial statements, notes to the financial statements and required supplementary information.

Financial Highlights

- Investments continued to show significant appreciation; $14.7 billion in 2007 up from $7.9 billion in fiscal 2006.
- The System's net assets, which represent funds available to pay current and future benefits, were $104.9 billion as of the end of the current fiscal year.
- Net assets increased from the prior year by $13.4 billion, or 14.7%.
- Contributions from employers increased from $997.0 million in fiscal year 2006 to $1,104.0 million in fiscal year 2007 consistent with the increase in the employer contribution rate.
- Benefits paid to retirees and members grew, rising from $4.4 billion in fiscal year 2006 to $4.7 billion in fiscal year 2007.
- The System's funded ratio, a comparison of the actuarial value of assets to the accrued pension benefit liability, changed from 98.8% as of the June 30, 2005 actuarial valuation to 102.6% as of the June 30, 2006 valuation.

Overview of the Financial Statements

The following discussion and analysis is intended to assist the reader in better understanding the purpose and meaning of each of the key components of NYSTRS financial statements, which are comprised of the following:

1. The *Statements of Plan Net Assets* present NYSTRS' assets and liabilities by major categories and may serve over time as a useful indicator of the System's financial position. The difference between assets and liabilities represents the *net assets held in trust for pension benefits*. The statement also compares assets and liabilities by class to the previous fiscal year, which offers the reader the opportunity to note changes in each class of asset and liability from year to year. The asset "securities lending collateral" is offset entirely by securities lending collateral due to borrowers. The remaining liabilities consist of investment purchases payable, mortgage escrows and deposits net of investments and other liabilities.

2. The *Statements of Changes in Plan Net Assets* provide information on the change in the System's assets during the current fiscal year. The majority of income, or loss, is derived from investment income; primarily in the form of changes in the market value of assets from last year. Deductions include retirement benefit payments, beneficiary payments, return of contributions and administrative expenses. For the purpose of comparison, information pertaining to the previous year's *Statement of Changes in Plan Net Assets* is also provided.

3. The *Notes to the Financial Statements* are an essential part of the financial statements. They provide important background and detail information about NYSTRS, the plan and the statements themselves.

4. The *Required Supplementary Information* provides data on the funded status of the plan and the schedule of employer contributions. Other supplemental information is also presented and includes the schedules of administrative expenses, investment activity and investment expenses.

Financial Analysis

Tables 1 and 2 summarize and compare the System's financial results for the current and prior fiscal years. It is important to note that the change from year to year in a particular investment category is attributable not only to the change in market value but also to purchases and sales or maturities of that investment. For a better picture of exactly what factors caused the change in a particular investment category, please see the *Schedule of Investment Activity* on page 44.

Table 1 – Summary of Net Assets (dollars in thousands)

	June 30 2007	June 30 2006	Change	Percent Change
Investments at fair value:				
Short-term	$ 2,368,777	$ 2,320,857	47,920	2.06%
Domestic fixed income securities	12,932,826	11,465,623	1,467,203	12.80
Domestic equities	57,652,571	52,516,790	5,135,781	9.78
International equities	14,057,326	10,867,369	3,189,957	29.35
Mortgages	3,988,511	3,771,978	216,533	5.74
Real estate	6,981,564	5,064,520	1,917,044	37.85
Alternative investments	5,388,876	4,041,434	1,347,442	33.34
Total investments	103,370,451	90,048,571	13,321,880	14.79
Receivables:				
Employer and member	1,261,374	1,172,897	88,477	7.54
Investment income and sales	233,674	191,161	42,513	22.24
Total receivables	1,495,048	1,364,058	130,990	9.60
Other assets*	260,496	214,782	45,714	21.28
Total assets	105,125,995	91,627,411	13,498,584	14.73
Total liabilities*	213,046	135,166	77,880	57.62
Net assets	$104,912,949	$91,492,245	$13,420,704	14.67%

* Securities lending collateral is eliminated since the asset and liability offset each other.

The Domestic Fixed Income portfolio balance increased due to rebalancing toward the target allocation of the portfolio by investing in excess of $3.6 billion during the fiscal year. The net amount invested after maturities, calls and prepayments was approximately $1.2 billion.

The growth in the domestic equity market was due entirely to a return of 20.7% for the fiscal year. During the year, there were net sales of approximately $4.2 billion in equities due to rebalancing toward the target allocation of the portfolio.

The international equities portfolio also performed very well this year returning 25.48% for the fiscal year. This positive performance was the primary reason for the increase in the portfolio.

The amount invested in real estate increased substantially with a large part of the increase being due to appreciation in asset values.

The increase in the private equity market value during the past fiscal year was due to a combination of factors; positive investment performance, addition of 19 new private equity funds and the increases in market values as the portfolio continues to grow toward the target allocation of 5%.

The change in the employer and member contributions was a function of an increase in the employer contribution rate from 7.97% in 2006 to 8.60% in 2007.

The System's 2007 net assets increased $13.4 billion from 2006 due primarily to appreciation in the market value of investments.

Management's Discussion and Analysis (continued)

Table 2 – Summary of Changes in Net Assets (dollars in thousands)

	June 30 2007	2006	Change	Percent Change
Additions:				
Investment income:				
Net appreciation in fair value of investments:	$ 14,721,967	$ 7,914,023	$ 6,807,944	86.02%
Interest income	876,584	725,755	150,829	20.78
Dividend income	1,110,058	1,053,405	56,653	5.38
Real estate—net operating income	269,316	312,781	(43,465)	(13.90)
Securities lending (net)	19,863	11,569	8,294	71.69
Other (net)	8,623	41,494	(32,871)	(79.22)
Less: Investment expenses	(143,062)	(165,194)	22,132	(13.40)
Net investment income	16,863,349	9,893,833	6,969,516	70.44
Contributions:				
Employer	1,104,010	997,032	106,978	10.73
Member	168,462	161,738	6,724	4.16
Transfers in/out (net)	7,260	15,807	(8,547)	(54.07)
Total additions	18,143,081	11,068,410	7,074,671	63.92
Deductions:				
Retirement benefits	4,678,484	4,442,016	236,468	5.32
Administrative expenses	43,893	42,668	1,225	2.87
Total deductions	4,722,377	4,484,684	237,693	5.30
Increase in net assets	13,420,704	6,583,726	6,836,978	103.85
Prior Year Net Assets	91,492,245	84,908,519	6,583,726	7.75
Current Year Net Assets	$104,912,949	$91,492,245	$13,420,704	14.67%

For the fiscal year ended June 30, 2007, NYSTRS reported net investment income of $16.86 billion compared to $9.89 billion in 2006. The most significant change was in appreciation on investments as follows:

Table 3 – Net Appreciation on Investments (dollars in thousands)

	2007	2006	Change	Percent Change
Domestic fixed income	$ 224,614	$ (310,781)	$ 535,395	172.27%
Domestic equities	9,290,223	4,091,439	5,198,784	127.06
International equities	2,821,584	2,307,388	514,196	22.28
Mortgages	66	(234,422)	234,488	100.03
Real estate investments	1,209,417	900,907	308,510	34.24
Alternative investments	1,176,063	1,159,492	16,571	1.43
Totals	$14,721,967	$7,914,023	$6,807,944	86.02%

Other noteworthy changes include:

- Interest income increased for the fiscal year due to the overall increase in interest rates.
- Securities lending income increased significantly as a result of the transition to third party lending.
- Investment expenses are comprised primarily of investment management fees which are based on the market value of assets managed and in some cases the returns achieved. The decrease from 2006 is the result of several private equity managers having exceeded target earnings in 2006 triggering their participation in a share of the income.
- Employer contributions increased as a result of the corresponding increase in the employer contribution rate from 7.97% in 2006 to 8.60% in 2007.

Economic Factors

The economic factors that are of primary significance for NYSTRS are the returns earned in the capital markets. Legislative and demographic changes can also have a significant impact on the funded status of the plan. All of these factors determine the amount participating employers must contribute to fund current and future member benefits. There were no significant legislative changes in fiscal 2007. In terms of demographics the System has and will continue to experience a shift toward a greater proportion of retirees relative to active members. This year's return on investments was again quite strong, due in large measure to the performance of both domestic and international equities as well as private equity investments. For the last three fiscal years the total return on investments has exceeded the actuarially assumed target return rate of 8% per annum. Domestic and international equity, real estate, and alternative investment returns are smoothed (averaged) by NYSTRS over a five-year period for purposes of computing the actuarial value of assets. In spite of recent gains, substantial losses in prior years have resulted in a progressive rise in the employer contribution rate from a low of 0.36% on 2002-2003 member salaries to 8.73% on 2007-2008 salaries. The funded ratio (comparison of actuarial assets to actuarial liabilities) increased to 102.6% as of the most recent actuarial valuation of June 30, 2006, up from 98.8% in 2005.

Requests for Information

This financial report is designed to provide active members, retirees, employers and anyone else who is interested, with a general overview of the financial activities of NYSTRS. Questions about this report or requests for additional financial information should be addressed to the Public Information Office, New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, N.Y. 12211 or by e-mail at communit@nystrs.state.ny.us.

Statements of Plan Net Assets — June 30, 2007 and 2006
(dollars in thousands)

Assets:	*2007*	*2006*
Investments at fair value (Note 5):		
Short-term	**$ 2,368,777**	$ 2,320,857
Domestic fixed income securities	**12,932,826**	11,465,623
Domestic equities	**57,652,571**	52,516,790
International equities	**14,057,326**	10,867,369
Mortgages	**3,988,511**	3,771,978
Real estate	**6,981,564**	5,064,520
Alternative investments	**5,388,876**	4,041,434
Total investments	**103,370,451**	90,048,571
Receivables:		
Employer	**1,075,722**	970,818
Employer—long-term	**23,723**	48,103
Member	**161,929**	153,976
Investment income	**181,777**	174,539
Investment sales	**51,897**	16,622
Total receivables	**1,495,048**	1,364,058
Other Assets:		
Securities lending—cash collateral invested (Note 5)	**13,387,800**	9,229,044
Member loans	**146,930**	142,521
Building and equipment—net of depreciation	**33,105**	35,010
Miscellaneous assets	**80,461**	37,251
Total other assets	**13,648,296**	9,443,826
Total assets	**118,513,795**	100,856,455
Liabilities and Net Assets:		
Securities lending collateral—Due to borrowers (Note 5)	**13,387,800**	9,229,044
Investment purchases payable	**101,026**	14,582
Mortgage escrows and deposits—Net of investments	**11,315**	25,638
Other liabilities (Note 5 and 8)	**100,705**	94,946
Total liabilities	**13,600,846**	9,364,210
Net assets held in trust for pension benefits (Note 4)	**$104,912,949**	$91,492,245

See accompanying notes to financial statements.

Statements of Changes In Plan Net Assets

Years Ended June 30, 2007 and 2006
(dollars in thousands)

Additions:	2007	2006
Investment income:		
Net appreciation in fair value of investments	**$ 14,721,967**	$ 7,914,023
Interest income	**876,584**	725,755
Dividend income	**1,110,058**	1,053,405
Real estate, net operating income	**269,316**	312,781
Securities lending, gross earnings	**417,934**	294,139
Other net	**8,623**	41,494
	17,404,482	10,341,597
Less: Investment expenses	**143,062**	165,194
Securities lending, rebates and fees	**398,071**	282,570
Net investment income	**16,863,349**	9,893,833
Contributions:		
Employer	**1,104,010**	997,032
Member	**168,462**	161,738
Transfers in/out net	**7,260**	15,807
Total contributions	**1,279,732**	1,174,577
Net additions	**18,143,081**	11,068,410
Deductions:		
Retirement benefit payments, periodic	**4,617,668**	4,371,863
Beneficiary payments	**43,997**	54,553
Return of contributions	**16,819**	15,600
Administrative expenses	**43,893**	42,668
Total deductions	**4,722,377**	4,484,684
Net increase	**13,420,704**	6,583,726
Net assets held in trust for pension benefits:		
Beginning of year	**91,492,245**	84,908,519
End of year	**104,912,949**	91,492,245

See accompanying notes to financial statements.

Notes to Financial Statements — June 30, 2007 and 2006
(dollars in thousands)

(1) Plan Description
The New York State Teachers' Retirement System (NYSTRS or 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:

	2007	2006
Public school districts	696	697
B.O.C.E.S.	37	38
S.U.N.Y.	31	31
Community colleges	31	31
Charter schools	22	21
Other	9	9
Total	826	827

As of June 30, the System membership consisted of:

	2007	2006
Retired members and beneficiaries currently receiving benefits	133,356	129,587
Members:		
Active members	265,357	260,041
Terminated members entitled to but not yet receiving benefits	4,688	4,369
Subtotal	270,045	264,410
Total	403,401	393,997

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands)

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.

Employer Contributions
Employers are required to contribute at an actuarially determined rate.

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. 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 of each year 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 5 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 beginning September 2007 is 1.4% compared to 1.7% paid beginning September 2006.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. 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%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *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.

(b) *Method Used to Value Investments*

Plan investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The market values for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International equities 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 investment securities 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 using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

(c) *Employer/Member Contributions Receivable*

Current – Employer contributions receivable are determined by applying the actuarially calculated contribution rate of 8.60% and 7.97% to the estimated covered payroll for the fiscal years ended June 30, 2007 and 2006, 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.

Long Term – 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%. Retirement incentives have been offered for most years from 1991 to 2003. The most recent incentive, Chapter 69, resulted in costs being recorded in 2003. There was no retirement incentive legislation that would have resulted in costs being recorded in 2006 or 2007.

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%.

(d) *Building and Equipment*

Fixed assets are recorded at historical cost. Expenditures of twenty-five thousand or more for equipment, software or building improvements are capitalized. 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 and software	5
Automobiles	4

(e) *Federal Tax Status*

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

Notes to Financial Statements (continued)
(dollars in thousands)

(f) Reclassifications
Where necessary, amounts in the prior year's financial statements have been reclassified to conform to the presentation in the current year's financial statements.

(g) Use of Estimates
Management of the System has made a number of estimates and assumptions relating to the reporting of assets and liabilities and in the disclosure of contingencies to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(h) Adoption of New Accounting Standards
The System early adopted Governmental Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures", for the year ended June 30, 2007. The adoption of GASB No. 50 required new note disclosure (see note 4) and changes to the required supplemental information related to the schedule of funding progress.

(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, 2007 and 2006 were $7,943 and $8,595, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

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 $158,875 and $151,518 in fiscal years ended June 30, 2007 and 2006, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

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.

Notes to Financial Statements (continued)
(dollars in thousands)

Summary of Fund Balances
Net assets held in trust for pension benefits at June 30 consist of the following:

	2007	2006
Administrative Fund	$ 17,435	$ 17,100
Annuity Savings Fund	29,354	35,210
Annuity Reserve Fund	204,500	209,913
Pension Accumulation Fund	59,629,234	49,384,294
Pension Reserve Fund	45,032,426	41,845,728
Total	$104,912,949	$91,492,245

(4) Funded Status and Funding Progress
The funded status of the System as of June 30, 2006, the most recent actuarial valuation date, is as follows: (dollar amounts in millions):

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a) / c)
$78,335.8	$76,353.0	$---	102.6%	$12,518.0	---%

The schedule of funding progress, presented as required supplementary information (RSI) following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The System is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funded status of the plan.

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial Cost Method	Aggregate
Amortization Method	Level percent of payroll
Asset Valuation Method	Five-year market smoothing for equities, real estate, and alternative investments
Actuarial Assumptions:	
Investment Rate of Return*	8.0% compounded annually
Projected Salary Increases*	Rates of increase differ based on age and gender. They have been calculated based upon recent System member experience as follows:

Age	Female	Male
25	11.07%	11.30%
35	7.04%	7.51%
45	6.23%	5.65%
55	4.35%	4.32%

Projected COLAs	1.75% compounded annually

* includes inflation at 3.0%

(dollars in thousands)

(5) Deposit and Investment Risk Disclosure

The System has been authorized by the New York State Legislature pursuant to Section 177 of the Retirement and Social Security Law (RSSL), 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. The "Leeway Clause" of Section 177 provides that, subject to guidelines adopted by the Retirement Board, up to 25% of assets may be invested in types of assets not otherwise specifically authorized, provided the Retirement Board is satisfied such investments were made with the care, skill, prudence, and diligence of a prudent person acting in a like capacity and familiar with such matters. 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.

Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2007 and 2006 are as follows:

	2007		2006	
Quality rating	**Fair value**	**Percentage of portfolio**	**Fair value**	**Percentage of portfolio**
AAA	$ 4,367,392	33.76%	$ 3,047,158	26.58%
AA	948,345	7.33	1,023,130	8.92
A	1,873,752	14.49	1,755,911	15.31
BAA	880,311	6.81	780,095	6.80
Other	314,926	2.44	353,909	3.09
Total credit risk debt securities	8,384,726	64.83	6,960,203	60.70
U.S. government fixed income securities *	4,548,100	35.17	4,505,420	39.30
Total fixed income securities	$12,932,826	100.00%	$11,465,623	100.00%

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Custodial credit risk is the risk that, in the event of a failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the System and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

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, and, in this capacity, has arranged to have bank accounts collateralized. Collateral is held in the name of the Treasurer as custodian for the System, by a bank that does not act as an agent for the System. Although the System's bank accounts were fully collateralized during the year, at June 30, 2007 and 2006, the System's bank balance was ($11,227) and ($14,706), respectively, representing a managed overdraft.

Consistent with the System's investment policy, the investments are held by the System's custodian and registered in the System's name. All of the System's deposits are insured and or collateralized by securities held by a financial institution separate from the System's depository financial institution.

All of the System's securities are held by the System's custodial bank in the System's name.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands)

Concentration of Credit Risk
The System is guided by statute and policy in the selection of security investments. No investments in any one organization represent 5% or more of plan net assets.

Significant guidelines by type of investment are as follows:

Short Term Fixed Income Securities – The following investment vehicles are statutorily permissible and may be considered for the System's funds:

- Obligations of the U.S., or those for which the faith of the United States is pledged to provide for the payment of the interest and principal.
- Obligations of any federal home loan bank or banks, or of the Tennessee Valley Authority, and obligations of, or instruments issued by or fully guaranteed as to principal and interest by, the Federal National Mortgage Association (Fannie Mae), or Federal Home Loan Mortgage Corporation (Freddie Mac), and notes, bonds, debentures, mortgages, and other evidences of indebtedness of the United States Postal Service.
- New York State obligations, issued pursuant to the authority of any law of the state, or those for which the faith of this state is pledged to provide for the payment of the interest and principal.
- Obligations of or those for which the faith of any city, county, town, village, school district, water district, sewer district, or fire district in this state is pledged to provide for the payment of principal and interest, provided that they were issued pursuant to law and the faith and credit of the issuing municipal corporation or district is pledged for their payment.
- Bonds and debentures or other obligations of any public authority or commission or similar body created or approved by the State of New York having assets of not less than $50 million.
- Certificates of deposit issued by a bank, trust company or national bank whose principal office is located in this state or a banking corporation organized under the laws of the U.S. or of any state thereof whose deposits are insured by an agency of the U.S., or an agency or branch located within the U.S. of a foreign banking corporation with total worldwide bank assets in excess of one billion dollars, subject to such regulations as the banking board may impose. Additionally, certificates must be payable in U.S. dollars at an office of a banking institution located in the U.S.
- Bankers' acceptances which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank, a trust company, a private banker or an investment company, or by a banking corporation which is organized under the laws of the U.S. or of any state thereof and which is a member of the federal reserve system. The aggregate investment for acceptances shall not exceed 5% of the System's assets.
- Commercial paper, including short term obligations of industrial companies, finance companies, insurance companies, utilities and banks which meet the legal investment standards for these individual instruments.
- Agreements for the repurchase of securities and commitments to invest System funds provided the underlying securities are eligible investments and the custodian requirements of the statutes are satisfied.
- Obligations payable in U.S. funds which at the time of investment are rated investment grade by two nationally recognized rating services or by one nationally recognized rating service in the event that only one such service rates such obligations, provided that the aggregate amount invested in the obligations of any single issuer may not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer unless the obligations are issued by the U.S. or are those for which the faith of the U.S. is pledged to provide payment of the interest and principal.

Domestic Fixed Income Securities – The following investment vehicles are statutorily permissible and may be considered for the System's funds.

- Obligations of the Dominion of Canada, of any province of the Dominion of Canada, and of any city of the Dominion of Canada, payable in U.S. funds, provided that the aggregate unpaid principal amount of all such obligations at any time held by the System shall not exceed 5% of the System's assets.
- Obligations of the United States and New York State are without limitation. Zero coupon bonds, which are the direct and sole obligations of the United States of America and enforceable by the holder thereof against the United States.
- Bonds of the Savings and Loan Bank of the State of New York, Federal Land Bank, Federal Intermediate Credit Banks, and Banks for Cooperatives.
- Bonds of the Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks, Tennessee Valley Authority, Federal National Mortgage Association (Fannie Mae), and the United States Postal Service.
- Obligations issued or guaranteed by the International Bank for Reconstruction and Development, provided the aggregate unpaid principal amount of such obligations at any time held by the System shall not exceed 5% of the System's assets.

Notes to Financial Statements (continued)
(dollars in thousands)

- Obligations issued or guaranteed by the Inter American Development Bank, the Asian Development Bank, the African Development Bank, and obligations guaranteed by the Youth Facilities Project Guarantee Fund and participations therein.
- Bonds and notes of any bank, trust company, savings bank or savings and loan association organized under the laws of New York State having a net worth of at least $10 million, which are validly secured at all times to the extent of 110% of the unpaid principal amount of such bonds and notes by mortgages upon real estate insured by the federal housing administrator or any of his successors in office and guaranteed by the United States under the provisions of the National Housing Act, as amended or supplemented, and to the extent of 133 ⅓% of the unpaid principal amount of such bonds and notes by conventional mortgages, the valuation of which must be based upon the unpaid principal amount thereof upon the date of the pledge, assignment or transfer thereof to the System or its trustee or trustees as security for such bonds and notes, such bonds and notes to be amortized in substantially equal annual or semiannual payments of principal and interest over a period not in excess of 25 years, provided the aggregate unpaid principal amount of bonds and notes secured by conventional mortgages shall not exceed 5% of the assets of the System.
- Mortgage pass-through certificates, provided the certificates evidence ownership of undivided interests in pools or mortgage loans secured by first mortgages on real property located in New York State improved by one-to-four family residential dwellings, and, provided further, that (i) such mortgage loans are originated on or after January 1,1980, by any bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association, credit union, or federal credit union authorized to do business in New York State or by any lender approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, (ii) such mortgage loans are assigned to a bank, trust company, federal mutual savings bank or federal savings and loan association as trustee for the benefit of the holders of such certificates, and (iii) such certificates are rated within the three highest grades by an independent rating service designated by the banking board. The aggregate unpaid principal on conventional mortgages securing mortgage pass through certificates cannot exceed 10% of the assets of the System nor can the total unpaid principal on any single pool of conventional mortgages securing mortgage pass through certificates exceed 1% of the assets of the System.
- Collateralized Mortgage Obligations, which meet the requirements of applicable statutes.
- Private placements, where the purchase of unrated obligations is authorized by the Banking Law or the Retirement and Social Security Law, governing fixed income obligations; if not so provided, private placements as well as other domestic fixed income securities not otherwise provided for may be purchased under the Leeway Clause.
- The System may invest in obligations payable in U.S. funds which at the time of investment are rated investment grade by two nationally recognized rating services or by one nationally recognized rating service in the event that only one such service rates such obligations, provided that the aggregate amount invested in the obligations of any single issuer may not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer unless the obligations are issued by the U.S. or are those for which the faith of the U.S. is pledged to provide payment of the interest and principal.
- Notwithstanding the 2% limitation stated above, the System may invest not more than 2.5% of its assets in the obligations of any one railroad or industrial corporation, or any one corporation engaged directly and primarily in the production, transportation, distribution or sale of electricity or gas or the operations of telephone and telegraph systems or waterworks or in some combination thereof.
- In no event may more than 30% of the System's assets be invested in bonds of electric and gas corporations. Equipment trust certificates, subject to the provisions of the law, are not to exceed 5% of the assets of the System.

Domestic Equities – The following investment vehicles are statutorily permissible and may be considered for the System's funds:

- The System may invest in domestic equity securities and interest-bearing obligations payable in U.S. funds which are convertible into equity securities of any corporation created or existing under the laws of the U.S., any state of the U.S., District of Columbia, and Commonwealth of Puerto Rico or any investment company, as defined by, and which is registered under, an act of Congress of the United States, entitled the Investment Company Act of 1940, as amended, subject to the following limitations.
  - The maximum invested by the System in such equity securities shall not exceed: (a) in any one year 15% of the assets of the System; (b) 70% in the aggregate (domestic equities must share the 15% and 70% limitations with foreign equities); or (c) provided, further, however, that more than 15% of such domestic equities, but not more than 20% thereof, may be so invested in any one year but only to the extent that the per centum of such investments over all prior years from July 1991, when added to the per centum of such investments during that year, does not exceed an average of 15% of the assets of the System over all prior years and the year in which the investment is being made.
  - Not more than 2% of the assets of the System shall be invested in the equity securities of any one corporation and subsidiary or subsidiaries thereof. Not more than 5% of the total issued and outstanding equity securities of any one corporation shall be owned by the System.

Notes to Financial Statements (continued)
(dollars in thousands)

- – The Statutory Custodian (New York State Treasurer) has authorized domestic equities to be maintained in the custody of the System's custodian bank.
- – Notwithstanding the foregoing percentage limitations, the Leeway Clause may be utilized to legally exceed the foregoing percentages, so long as such assets are prudent investments, and fall within the percentage limitation currently applicable to the Leeway Clause.
- – In addition, the System is authorized to write covered call options traded on a national exchange. The New York State Banking Department has issued a determination that a prudently maintained covered call option program is permissible so long as the options are traded on a national exchange.

International Equities – Investment in international equity securities is permitted by statute subject to certain limitations.

- No more than 10% of the System's assets may be invested in international equity securities, including emerging market equity securities.
- Investments in international equities must be included with the System's domestic equities for the purpose of the 70% overall limitation and the 15% per year limitation.

Real Estate and Mortgages – The System's real estate investments will be diversified across geographic regions to allow for competitive portfolio performance in the event of a temporary weakness in any one region and to allow for differing urban and suburban market trends within any region.

The System may invest in conventional mortgages constituting a first lien upon real property located in the U.S. pursuant to statute subject to certain provisions.

- The loan amount must be no more than 75% of the appraised value of property improved by a building or buildings, the major portion of which is used or, in the case of a building under construction, to be used for residential, business, manufacturing or agricultural purposes.
- The aggregate unpaid principal amount for all conventional mortgages shall not exceed 30% of the System's assets.
- Not more than 5% of the System's assets can be invested in any one conventional mortgage.
- The minimum dollar amount for conventional mortgages is two hundred fifty thousand dollars.
- The System may invest in conventional mortgages guaranteed by a state bank or trust company having a net worth in excess of $500 million, provided, however, that no more than 10% of the System's assets shall be invested in any mortgage so guaranteed.
- The System may participate or co-invest in any conventional mortgage or insured mortgage or in any whole or part interest in any such mortgage which mortgage is held for the benefit of the holder or holders of a whole interest or part interests therein, subject to the limitations set forth above.
- The System may make or acquire a mortgage loan on a leasehold estate, provided that such leasehold estate has an unexpired term of not less than 21 years. Additionally, no mortgage loan upon a leasehold estate may be made or acquired unless the terms thereof shall provide for payments to be made by the borrower on the principal thereof at least once in each year in an amount which would be sufficient to completely amortize a loan whose period extended for four-fifths of the unexpired term of the lease. For these purposes, the unexpired term shall include any period covered under an option to renew the ground lease which can be exercised at the unilateral discretion of the System.
- The System may invest in any mortgage insured by the federal housing commissioner, or for which a commitment to insure has been made by the federal housing commissioner.
- Obligations payable in U.S. funds which at the time of investment are rated investment grade by two nationally recognized rating services or by one nationally recognized rating service in the event that only one such service rates such obligations, provided that the aggregate amount invested in the obligations of any single issuer may not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer unless the obligations are issued by the U.S. or are those for which the faith of the U.S. is pledged to provide payment of the interest and principal.
- The mortgage investment may be acquired under the Leeway Clause if prudent.

Alternative Investments – Alternative investments are made pursuant to the Leeway Clause of the Retirement and Social Security Law. The System's investment in a limited partnership is valued based on the underlying value of the companies in which the partnership has invested.

Notes to Financial Statements (continued)
(dollars in thousands)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The System is exposed to interest rate risk at June 30, 2007 and 2006 as follows:

Investment Type	2007 Fair value	2007 Duration	2006 Fair value	2006 Duration
Short-term	$ 2,368,777	0.1200	$ 2,320,857	0.0658
Domestic fixed income	12,932,826	3.5065	11,465,623	3.2200
Total fair value	$15,301,603		$13,786,480	
Portfolio modified duration		2.9822		2.6900

Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is the measure of a bond price's sensitivity to a 100-basis point change in interest rates. A duration of 8 would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8%.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System has exposure through international commingled investment trust funds, international equity mutual funds, international REITs (real estate investment trusts) and alternatives. The "Alternatives" represent private equity investments denominated in foreign currency. The System also holds investments in ADRs (American Depository Receipts) which are not included in the below schedule since they are denominated in U.S. dollars and accounted for at fair market value. All of these investments are externally managed and the System permits the individual managers to decide whether or not to use currency forward contracts to manage their exposure to foreign currencies. The System has an exposure to foreign currency fluctuation at June 30, 2007 and 2006 as follows (holdings valued in U.S. dollars):

Currency:	2007 International equities	2007 Alternatives	2006 International equities	2006 Alternatives
Euro	$ 4,564,402	$697,909	$ 3,361,417	$231,698
British Pound Sterling	2,685,122	38,598	2,055,832	-----
Japanese Yen	2,672,530	-----	2,503,549	16,069
Swiss Franc	1,110,118	-----	865,190	-----
Australian Dollar	537,232	-----	323,341	-----
Swedish Krona	257,191	-----	155,240	-----
Korean Won	249,859	-----	196,130	-----
Hong Kong Dollar	292,872	-----	249,751	-----
Canadian Dollar	248,704	-----	168,472	-----
Singapore Dollar	175,017	-----	106,175	-----
Other	539,871	-----	294,340	-----
Totals	$13,332,918	$736,507	$10,279,437	$247,767

Securities Lending Transactions

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. 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 is reported on the Statements of Plan Net Assets and consists of cash or U.S. government and agency bonds. 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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(dollars in thousands)

As of June 30, 2007, Wachovia Global Securities Lending and JPMorgan acted as agents for the domestic equity and fixed income securities lending programs, respectively. For a portion of the fiscal year the System's custodial bank, State Street Bank and Trust Co., was the System's lending agent. Under the terms of the contract with the lending agents, the System is fully indemnified against failure of the borrowers to return the loaned 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. Cash collateral is invested by the System's lending agents, in short-term investment funds managed by the agent lenders. 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, 2007 the average effective duration of the funds managed by Wachovia and JPMorgan were, respectively, 10 days compared to 47 days in 2006. Securities loans and related collateral investments are monitored on a daily basis to ensure compliance with collateral requirements, limitations and collateral investment guidelines.

2007

Securities lent	Underlying securities	Collateral value	Cash collateral investment value
U.S. government and agency bonds	$3,855,161	-----	$ 3,909,318
Corporate bonds	142,442	-----	144,281
Domestic equities	8,998,755	-----	9,334,201
Total	$12,996,358	-----	$13,387,800

2006

Securities lent	Underlying securities	Collateral value	Cash collateral investment value
U.S. government and agency bonds	$2,210,758	-----	$2,249,796
Corporate bonds	145,599	-----	147,111
Domestic equities	6,702,953	411	6,832,137
Total	$9,059,310	411	$9,229,044

(6) 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, no option contracts were open as of June 30, 2007 or 2006.

(7) 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 at June 30, 2007 and 2006 were respectively: real estate and real estate alternative investments of $2,794,283 and $2,484,596; mortgages of $5,299 and $258,849; and private equity investments of $4,420,679 and $3,873,219.

Notes to Financial Statements (continued)
(dollars in thousands)

(8) 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 $100,705 and $94,946 at June 30, 2007 and 2006, respectively, $11,227 and $14,706, respectively, were outstanding drafts.

(9) 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, 110 State Street, Albany, NY 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 10.33% was applicable to the annual covered payroll for the fiscal year ended March 31, 2007. Average rates applicable to the fiscal years ended March 31, 2006, 2005 and 2004 were, respectively, 11.25%, 12.90% and 4.90%. The required contributions paid to NYSLRS during the System's fiscal years ended June 30, 2007, 2006 and 2005, were $2,017, $2,318 and $2,440, respectively, and were 100% of the contributions required.

(10) Other Postemployment Benefits
Pursuant to contractual agreement and policy, the System provides postemployment 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. The System's contribution to the health care coverage depends upon the date the employee retired. For the years ended June 30, 2007 and 2006, 175 and 174 retirees and covered dependents, respectively, were enrolled in the health plan. For the years ended June 30, 2007 and 2006 the amounts recognized for postemployment health care costs were $1,510 and $1,407, respectively.

In April 2004, the Governmental Accounting Standards Board issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45). GASB No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. The System has not completed the process of evaluating the impact that will result from adopting GASB No. 45. The System is required to implement GASB No. 45 during fiscal year ending June 30, 2008.

(11) 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. Further, management of the System believes there will be no adverse effect on the financial statements as a result of the outcome of these matters.

Required Supplementary Information (unaudited)

Schedule of Funding Progress (unaudited)
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) /c)
June 30, 2006	$78,335.8	$76,353.0	$---	102.6%	$12,518.0	---%

The System is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for purposes of calculating and disclosing the funded ratio. The information presented here is intended to serve as a surrogate for the funding progress of the plan.

This is the initial year of application of GASB Statement No. 50. In accordance with paragraph 13 of the standard, the schedule of funding progress contains the required elements of information as of the most recent actuarial valuation date. In subsequent years, more information will be added based upon future actuarial valuation dates, until the full required schedule of funding progress is complete.

See accompanying independent auditors' report.

Employer Contributions (unaudited)
(dollars in thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2002	$ 51,861	100%
2003	220,081	100%
2004	306,782	100%
2005	695,735	100%
2006	997,032	100%
2007	$1,104,010	100%

See accompanying independent auditors' report.

Supplemental Schedules
Schedule of Administrative Expenses
Years ended June 30, 2007 and 2006

	2007	2006
Salaries and benefits:		
Salaries	$22,199,527	$21,268,817
Civil service	65,176	34,955
Employees' retirement	2,093,035	2,413,950
Health and dental insurance	4,569,108	4,329,527
Overtime salaries	262,979	336,815
Social Security	1,601,742	1,713,429
Total salaries and benefits	30,791,567	30,097,493
Building occupancy expenses:		
Building, grounds and equipment	1,029,392	969,346
Depreciation—building and improvement	769,371	772,285
Depreciation—equipment	272,234	281,314
Office supplies and services	210,207	208,680
Utilities and municipal assessments	795,331	958,844
Total building occupancy expense	3,076,535	3,190,469
Computer expenses:		
Amortization/depreciation—computer mainframe	604,332	454,457
Amortization/depreciation—computer micro	2,629,667	2,334,204
Computer hardware and software	2,663,372	2,665,127
Computer maintenance and supplies	317,387	314,014
Total computer expenses	6,214,758	5,767,802
Investment expenses:		
Advisory committee expenses	58,220	65,730
Investment information services	744,287	749,483
Service costs—real estate	57,607	57,952
Total investment expenses	860,114	873,165
Personnel and meeting expenses:		
Board—meetings, travel and education	123,089	72,033
Delegates meeting	36,261	51,756
Pre-retirement seminars	133,833	146,196
Professional development	749,669	589,793
Travel and automobile expense	164,634	143,355
Other personnel expenses	49,405	38,050
Total personnel and meeting expenses	1,256,891	1,041,183
Professional and governmental:		
Auditors—financial	104,865	98,570
Auditors—insurance department	32,000	30,000
Disability medical examinations	59,934	88,261
Postage and cartage	812,868	787,045
Professional fees and services	166,127	159,957
Publications	424,964	448,702
Statutory custodian charges	92,846	85,725
Total professional and governmental services	1,693,604	1,698,260
Total	$43,893,469	$42,668,372

Supplemental Schedules (continued)

Schedule of Investment Activity
Year ended June 30, 2007
(dollars in thousands)

	Fair Value 2006	Acquisitions	Appreciation (depreciation)	Sales, redemptions, maturities & paydowns	Fair value 2007	Percent of fair value
Short-term	$ 2,320,857	$43,107,202	$ -----	$43,059,282	$ 2,368,777	2.29%
Domestic fixed income	11,465,623	3,590,973	224,614	2,348,384	12,932,826	12.51
Domestic equities	52,516,790	6,566,057	9,290,223	10,720,499	57,652,571	55.77
International equities	10,867,369	1,984,369	2,821,584	1,615,996	14,057,326	13.60
Mortgages	3,771,978	385,362	66	168,895	3,988,511	3.87
Real estate	5,064,520	1,297,617	1,209,417	589,990	6,981,564	6.75
Alternative investments	4,041,434	1,720,945	1,176,063	1,549,566	5,388,876	5.21
Totals	$90,048,571	$58,652,525	$14,721,967	$60,052,612	$103,370,451	100.00%

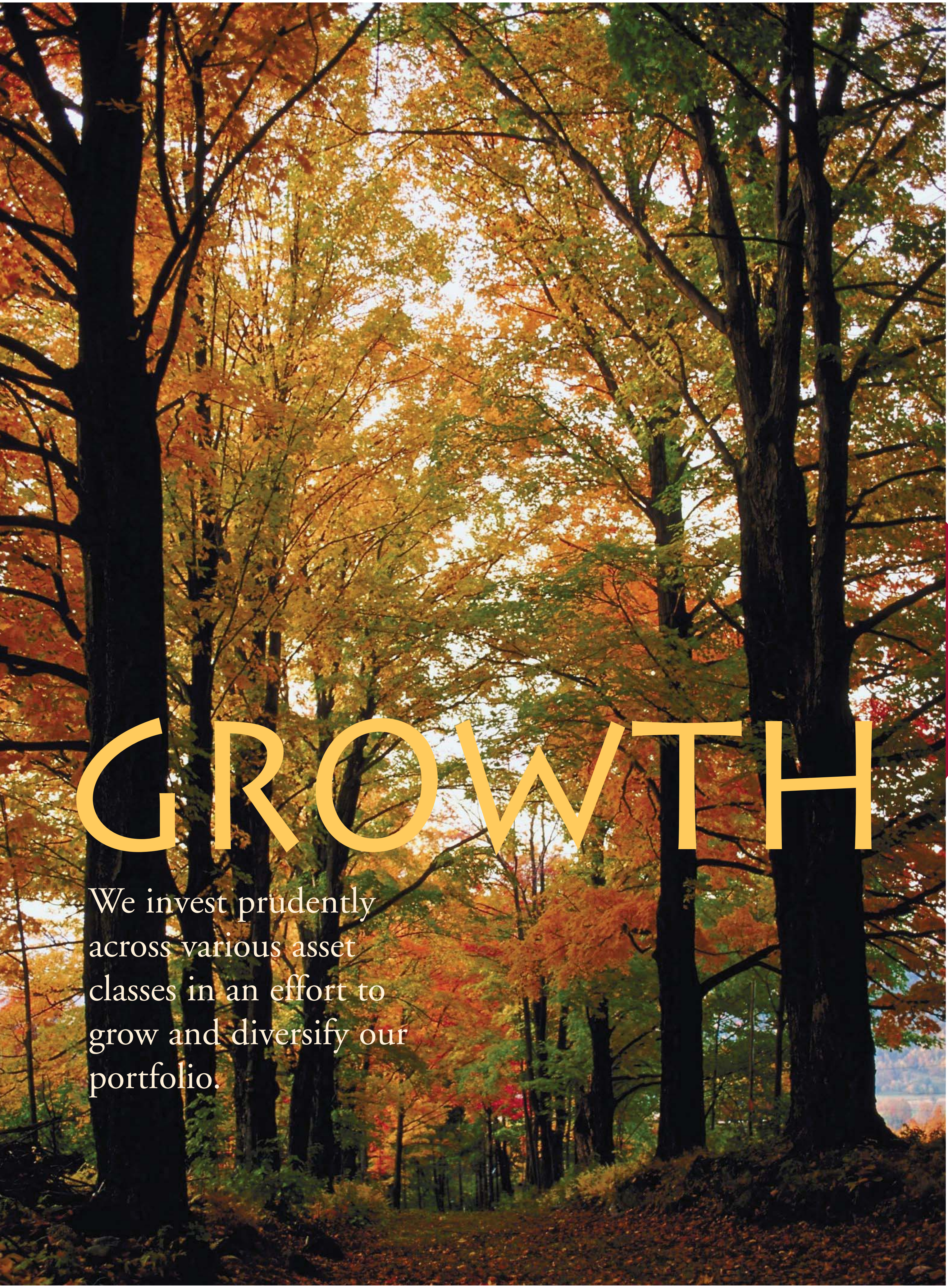
See accompanying independent auditors' report.

Schedule of Investment Expenses
Year ended June 30, 2007
(dollars in thousands)

Investment Category	Assets Serviced or Under Management	Expenses*
Domestic equities	$ 2,170,079	$ 12,448
International equities	13,332,918	48,198
Commercial mortgage backed securities	493,487	1,121
Mortgages	1,898,063	443
Real estate	6,981,564	49,617
REITS	1,299,360	4,644
Alternative investments	5,388,876	24,039
General investments	-----	2,552
Totals	$31,564,347	$143,062

*Expenses represent primarily professional fees.

See accompanying independent auditors' report.



GROWTH

We invest prudently across various asset classes in an effort to grow and diversify our portfolio.

Investments

Chief Investment Officer's Overview

Overall Objective and Performance

As a public retirement system responsible for providing current and future retirement benefits for over 400,000 active and retired members, our intent is to meet or exceed an actuarially assumed 8.0% per annum rate of return on our investment portfolio. This income, when combined with employer and member contributions, ensures the proper funding of these benefits. Portfolio performance that consistently meets or exceeds the assumed 8.0% return rate pays dividends for the more than 825 participating NYSTRS employers — as well as the taxpayers who fund them — by keeping employer contribution costs a small fraction of the overall district budget.

The bull markets of the 1990s ensured the System met its performance goal. The first few years of the new millennium, however, proved much more challenging due to numerous political and economic factors that negatively impacted markets. Although we continue to be faced with high energy prices, conflict in the Middle East and a weakening dollar, NYSTRS has succeeded in protecting — and even growing — its investment portfolio during trying times, posting double-digit gains in each of the last four years.

For the fiscal year ending June 30, 2007, the Retirement System's total portfolio returned 19.3%. This follows returns of 11.8%, 10.6% and 16.1% the previous three years, respectively. Our three-year annualized rate of return now stands at 13.8% and our five-year return totals 12.3%.

Credit for this success belongs to our outstanding investment team, and our talented external managers and investment advisors. All adhere to the System's policy of diversifying assets across numerous asset classes and investing prudently in order to achieve optimum long-term returns within acceptable risk levels. The allocation of assets, as well as the fund's overall structure, are continuously reviewed and adjusted to achieve these goals.

Continued strong returns will help offset increased liabilities associated with the growing number of baby-boomer retirements. Annual benefit payments have more than tripled in the past 12 years, growing to $4.7 billion in 2007, as a result of this trend. The System is also responsible for funding legislatively mandated cost-of-living adjustments (COLAs) for more than 90,000 eligible retirees annually. With NYSTRS' investment income covering some 75% of all System liabilities, the double-digit earnings growth achieved in the past several years has enabled us to keep employer costs in check.

Domestic Equities

The domestic equity markets posted large gains during the System's fiscal year, despite the dollar's decline against the Euro and increased market volatility. Due in large part to a highly diversified and well-managed portfolio (more than 95% of which is managed within seven varied funds by NYSTRS staff), NYSTRS outperformed the Standard & Poor's 1500 benchmark. The System's domestic equity portfolio returned 20.7% during the 12-month period ending June 30, while the S&P 1500 returned 20.2% during that time. The System's three-year rate of return in domestic equity now stands at 13.2%. Returns are net of all fees and costs.

In addition to passively managed index and value index funds, NYSTRS staff also manage value tilt, growth tilt, composite, small cap and equal weight funds. The latter, which gives equal weight to each of the stocks within the index regardless of company size, is a recent addition to the portfolio. Eschewing the more traditional weighting of holdings by capitalization, the fund outperformed its benchmark by 0.2%, returning 21.4%.

By fiscal year end, NYSTRS' domestic equity holdings represented 54.5% of the investment portfolio. While this is within the established range of 41-61%, the System plans to continue liquidating a portion of these assets in an effort to further diversify its overall portfolio.

Chief Investment Officer's Overview (continued)

International Equities

International equities continued to be an attractive and strong-performing asset class for investors. Marked by a large and, in many cases, highly educated workforce, emerging markets are taking advantage of the connectivity offered by technology to grow their economies. NYSTRS, seizing the opportunity to continue portfolio diversification while realizing gains, was active in the international marketplace.

The System's international equity portfolio returned a robust 25.5%, although it slightly underperformed its corresponding benchmark, the Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Total Return Index. The latter posted a gain of 27.0%.

NYSTRS' international equities portfolio is directed primarily by external managers hired by the System. Eleven external managers invest the bulk of the System's international commitments, with only one fund internally managed. All externally managed funds are measured against the MSCI EAFE, while the internally managed fund is measured against the S&P American Depository Receipts (ADR) Index.

The System's external managers use one of four styles: passive, enhanced passive, core active and benchmark agnostic. Passive management of country, currency and security has a goal of achieving minimal volatility against the benchmark. Enhanced passive managers attempt to add 50-to-100 basis points to the benchmark utilizing a risk-controlled portfolio structure. Core active management utilizes active management of country, currency and stock selection. Benchmark agnostic is like core active management, except it provides the potential for greater returns because the variation from the benchmark may be much wider.

Domestic Fixed Income

NYSTRS' internally managed domestic fixed income portfolio generates a portion of the cash flow necessary to meet monthly retirement benefit obligations of almost $390 million. Through the purchase of high-quality, fixed income securities such as U.S. Government-guaranteed bonds, AAA rated agency mortgage-backed securities and investment-grade corporate bonds, the System actively manages this portfolio to take advantage of economic opportunities while also ensuring portfolio stability.

Real Gross Domestic Product, which represents the total market value of U.S.-produced goods and services, preliminarily increased by 3.4% on an annualized basis during NYSTRS' fiscal fourth quarter. This was significantly greater than each of the prior three quarters, which combined posted an average quarterly gain of just under 1.30% — a much slower pace of expansion than the prior fiscal year. In fact, GDP for the quarter ended March 31, 2007 was the weakest since 2002. The slowdown was primarily the result of a U.S. housing slump that negatively impacted consumers and served as a drag on the overall economy. Bright spots such as exports, commercial construction and capital spending offset this slowdown, but there is some question as to whether the growth in these areas will continue to be strong going forward.

Inflation pressures abated somewhat during the fiscal year, with the year-over-year Consumer Price Index up 2.8%, compared to 4.3% for the 12 months ended June 2006. The decrease was attributed to a moderation of price pressures in energy, housing, apparel and commodity prices. The inflation slowdown allowed the Federal Reserve to maintain the Fed Funds rate at 5.25% after having raised the rate 17 consecutive times. The last increase occurred in June 2006, meaning the 5.25% rate was applicable throughout NYSTRS' 2006-07 fiscal year.

Overall, the interest rate yield curve was either slightly inverted or flat for most of the fiscal year. Despite this, there were periodic opportunities to invest in longer-term fixed income securities at interest rates more attractive than during the previous fiscal year. In this environment, the Retirement System's fixed income portfolio had a total return of 5.96% for the 2007 fiscal year, underperforming the Lehman Brothers Aggregate Bond Index benchmark by 0.15%.

Chief Investment Officer's Overview (continued)

Short-term (Cash Equivalents)

The System's short-term fixed income portfolio is comprised of high-quality securities which can be rapidly converted to cash when necessary to satisfy the monthly payment of pension benefits. In addition, these funds are available for investment in other asset classes when opportunities arise, and to support the operating obligations of the Retirement System.

The securities held in this portfolio generally mature in 12 months or less. Securities with maturities greater than 13 months at the time of purchase have a coupon rate that will reset at a maximum of every 90 days.

As of June 29, 2007, the duration of the portfolio was 44 days. For the 12 months ended June 30, 2007, the short-term portfolio returned 5.5% versus iMoneyNet Fund Report Averages/All Taxable Index benchmark, which returned 4.8%.

Real Estate

The System's equity real estate portfolio performed well, achieving a return of 25.3% compared to benchmark returns of 16.4%. This result was supported primarily by solid operating results from our properties. Performance of the office building component led the way as rental rates increased in most markets to which we had exposure and investors showed a strong interest in acquiring these high-quality assets.

Our public market investments in real estate investment trust shares, or REITs, fluctuated during the fiscal year. Values rose steadily until February before falling back considerably by June. Despite the volatility, we ended the fiscal year with a return of slightly more than 13% in this sector.

In December, taking advantage of gains achieved in the domestic REITs market, we re-allocated $400 million from that portfolio and invested it in public market real estate securities of non-U.S. companies. We believe this additional diversification will pay long-term dividends, enabling us to invest in countries where significant economic growth is forecast within the next few years.

NYSTRS was a particularly active investor in value-added and opportunistic real estate funds, putting to work more than $1.02 billion within these market segments. Conversely, we were somewhat less active in the highly competitive commercial mortgage lending arena, with fundings totaling approximately $390 million.

As of June 30, 2007, NYSTRS had approximately $5 billion in commercial real estate fixed income investments, representing about 5% of all System assets.

Private Equity

The System's private equity program generally consists of limited partnerships in which NYSTRS commits a fixed amount the General Partner will invest over several years. The partnership structure may cover periods of 10 years or more with the goal to achieve higher long-term returns than available through marketable securities. Our performance expectation is for the program to outperform public equities by 500 basis points (S&P 500 plus 5%).

The Retirement System's private equity investments are in buyout, venture capital, international, special situation and real estate funds. For asset allocation purposes, the $1.0 billion of private equity associated with real estate and timberland are categorized in this report as real estate equity. As of June 30, 2007, the value of the non-real estate private equity investments was $4.3 billion.

Private equity investments, excluding real estate, returned 36.1% for the past year, compared to 25.6% by its performance benchmark. The three-year average annual return is almost double the comparable benchmark of 16.7%. The System's five- and 10-year performance figures in this asset class are 22.0% and 15.3%, respectively.

Chief Investment Officer's Overview (continued)

As of June 30, 2007, the System committed approximately $9.6 billion to 97 partnerships in 50 private equity firms. Since inception, the private equity portfolio generated an Internal Rate of Return of 16.6%.

Other Programs

Securities Lending

The Retirement System's securities lending program earns incremental income (a.k.a., the spread) by lending domestic equities, American Depository Receipts (ADRs) and fixed income securities to raise cash. The System accepts primarily cash as collateral for loans, which is then invested in short-term securities at rates above an agreed upon borrower rebate. Lending programs are managed by agent lenders pursuant to policies established by NYSTRS and are closely monitored by Retirement System staff.

In the second quarter of the System's fiscal year, NYSTRS transitioned its lending program for domestic equities and ADRs to Wachovia Bank, and its domestic fixed income securities lending to JP Morgan Chase Bank. Prior to the transition, State Street Bank was the sole agent lender for all U.S. securities.

As a result of wider spreads, defined as the difference between interest earned on collateral reinvestment and the rebate paid to the borrower on their cash collateral for securities borrowed, the program achieved higher on-loan balances and higher incremental return for NYSTRS. The Retirement System earned $19.86 million in securities lending income for the fiscal year ended June 30, 2007, up approximately 71% from the $11.6 million earned the prior fiscal year.

As of June 30, 2007, the securities lending portfolio was collateralized at 103%, with approximately 18.2% of the Retirement System's portfolios eligible to be loaned out on credit.

For information describing the securities lending process, please see the *Notes to Financial Statements* under the heading "Securities Lending Transactions."

Commission Recapture

The Retirement System negotiates with brokers to obtain the lowest commission possible for securities traded in internally managed index funds. Conversely, external managers have discretion when selecting brokers who trade the portions of the NYSTRS portfolios managed by these external partners. The commission recapture program allows the System to recoup, in the form of cash payments, some of the commissions paid to brokers used by our external managers. During the 2007 fiscal year, the Retirement System recaptured $241,282 directly from these brokers.

Call Options

The covered call program generates additional revenue for the Retirement System in the form of option premiums. Covered call options are written against securities earmarked to be sold as part of the periodic rebalancing of the internally managed index funds. During the 2007 fiscal year, the System generated approximately $478,193 in premiums.

Diversification of Investments — June 30, 2007 and June 30, 2006
(dollars in thousands)

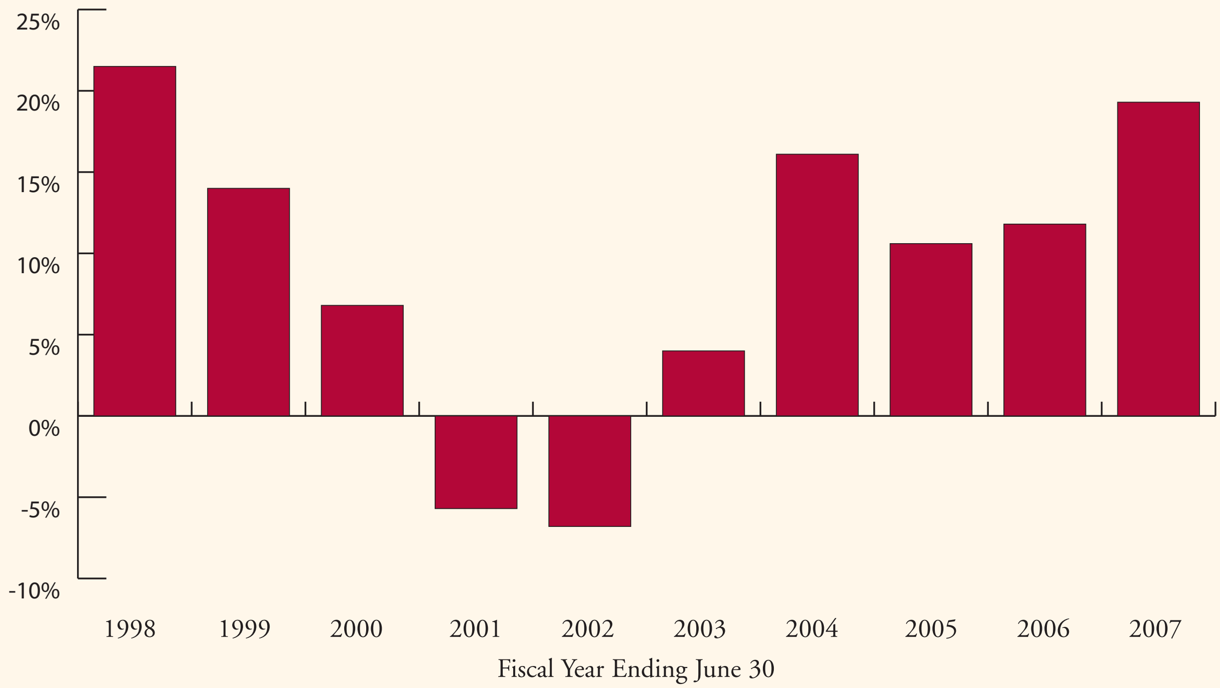
Investment Type	2007	Percent	2006	Percent	Increase (Decrease)
Short-term:					
U.S. Treasury and agency	$ 267,159		$ 264,322		$ 2,837
Corporate	2,101,618		2,056,535		45,083
	2,368,777	2.29	2,320,857	2.58	47,920
Domestic fixed income securities:					
United States Treasury	4,548,100		4,505,420		42,680
Federal agency, notes and debentures	760,163		837,848		(77,685)
Federal agency mortgage backed	3,070,473		1,819,760		1,250,713
Commercial mortgage backed	479,972		488,781		(8,809)
Corporate	3,970,612		3,656,452		314,160
Canadian	103,506		157,362		(53,856)
	12,932,826	12.51	11,465,623	12.73	1,467,203
Domestic equities:					
Basic materials	6,387,154		5,885,315		501,839
Capital goods	7,432,651		6,324,833		1,107,818
Consumer cyclicals	5,566,537		5,258,632		307,905
Consumer staples	4,115,550		3,759,445		356,105
Energy	5,438,418		4,733,127		705,291
Financial	13,800,114		13,524,648		275,466
Technology	8,154,151		6,976,625		1,177,526
Transportation	1,382,394		1,417,999		(35,605)
Utilities	5,365,760		4,634,133		731,627
Diversified and Miscellaneous	9,842		2,033		7,809
	57,652,571	55.78	52,516,790	58.32	5,135,781
International equities:					
Commingled investments	12,915,946		10,279,438		2,636,508
ADRs	724,408		587,931		136,477
REITs	416,972		-----		416,972
	14,057,326	13.60	10,867,369	12.07	3,189,957
Mortgages:					
Conventional	3,952,234		3,709,784		242,450
Federal Housing Administration	36,277		62,194		(25,917)
	3,988,511	3.86	3,771,978	4.19	216,533
Real estate:					
Direct equity real estate investments	4,322,551		3,260,162		1,062,389
Commingled real estate investments	2,659,013		1,804,358		854,655
	6,981,564	6.75	5,064,520	5.62	1,917,044
Alternative investments:					
Private equity	4,328,378		3,185,015		1,143,363
Real estate equity funds	426,211		367,097		59,114
Real estate debt funds	428,528		308,126		120,402
Timberland	205,759		181,196		24,563
	5,388,876	5.21	4,041,434	4.49	1,347,442
Total Investments	**$103,370,451**	**100.00**	**$90,048,571**	**100.00**	**$13,321,880**

Asset Allocation — June 30, 2007

The most significant contributor to a fund's long-term investment performance is the allocation decision among the various asset classes, including equities, fixed income and real estate. The allocation process helps control risk and sets the guidelines to diversify the System's portfolio. The asset allocation policy adopted by the Board allows ranges around an optimal target allocation. The Retirement Board, with the assistance of an external consultant, reviews the asset allocation policy on an annual basis to analyze recent and historical investment experience. Since this is a long-term plan, adjustments to the allocation are usually made on an annual basis when necessary. The current targets, ranges and actual allocations are detailed below:

	Target	Range	Actual
Domestic Equity	51%	41-61%	54.5%
International Equity	10%	6-14%	13.2%
Real Estate	8%	5-11%	9.0%
Private Equity	5%	2- 8%	4.2%
Total Equities	74%		80.9%
Domestic Fixed Income	18%	11-25%	12.0%
Mortgages	8%	5-11%	4.8%
Cash Equivalents	0%	0- 5%	2.3%
Total Fixed Income	26%		19.1%

Annual Performance History



Investment Performance Results — June 30, 2007

The System is a long-term investor and therefore can withstand some short-term volatility. The liabilities are generally long-term in nature and may not become payable for 30 or more years in the future. The time-weighted performance (net of fees) and associated benchmark returns are shown in the following table.

	Annualized Rate of Return			
	1-Yr	3-Yr	5-Yr	10-Yr
Domestic Equities				
NYSTRS Composite Fund	19.2%	13.8%	----%	----%
NYSTRS Growth Tilt Fund	20.1	13.1	----	----
NYSTRS Index Fund	20.8	12.2	11.2	7.7
NYSTRS Value Tilt Fund	20.1	13.9	12.2	----
Benchmark: S&P 1500*	20.2	12.1	11.1	7.4
NYSTRS Value Index Fund	21.4	15.8	13.4	10.2
Benchmark: Russell 1000 Value	21.9	15.9	13.3	9.9
NYSTRS S&P 500 Equal Weight Fund	21.4	----	----	----
Benchmark: S&P 500 Equal Weight	21.2	----	----	----
NYSTRS Small Cap Fund	16.2	14.6	----	----
Benchmark: S&P 600	16.0	14.5	----	----
Total Active Large Cap Management	30.6	18.7	15.9	6.2
Benchmark: S&P 500	20.6	11.7	10.7	7.1
Total Active Small Cap Management	17.7	12.0	13.4	7.6
Benchmark: Russell 2000*	16.4	13.4	13.9	9.1
Total	20.7	13.2	11.8	7.9
International Equities				
NYSTRS S&P ADR Index Fund	29.6	----	----	----
Benchmark: S&P ADR Index	29.4	----	----	----
Total Passive/Enhanced Management	27.7	22.9	18.4	8.1
Total Active Management	24.3	21.2	16.7	7.3
Total	25.5	21.7	17.3	7.7
Benchmark: MSCI EAFE	27.0	22.2	17.7	7.7
Real Estate	25.3	25.5	20.0	15.6
Benchmark: Blended NCREIF/DJ Wilshire REIT*	16.4	19.0	15.5	13.3
Private Equity	36.1	31.8	22.0	15.3
Benchmark: S&P 500 plus 5%	25.6	16.7	15.7	12.1
Domestic Fixed Income	6.0	3.8	4.7	6.2
Benchmark: Lehman Bros. Aggregate*	6.1	4.0	4.5	6.0
Mortgages	7.1	6.9	6.9	7.8
Short Term	5.5	4.0	2.9	4.0
Benchmark: iMoneyNet™ Fund Avgs/All Taxable	4.8	3.4	2.3	3.4
Total Fund	19.3%	13.8%	12.3%	8.8%

* 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, 2007

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.

	Assets Managed ($ millions)	Rates of Return [1] from Inception Fund	Rates of Return [1] from Inception Benchmark	Inception Date
Domestic Equities				
Large Cap Value Management				
Iridian	$1,177.0	12.0%	3.5%	Apr-99
Small Cap Management				
Progress	1,029.3	12.0	9.9	Oct-96
International Equities				
Passive/Enhanced Management				
Barclays Global Investors	3,756.4	17.9	16.3	Apr-02
State Street Global Advisors	1,298.6	20.4	20.1	Mar-04
Active Management				
Capital Guardian	1,930.5	9.7	7.5	May-99
JPMorgan	1,170.4	19.1	21.0	Mar-05
Pyramis (Fidelity)	1,189.5	20.3	20.7	Mar-05
Benchmark Agnostic				
Arnhold & S. Bleichroeder	638.8	26.7	24.4	Oct-02
Artisan Partners	514.1	22.0	24.4	Oct-02
Causeway Capital	639.0	27.1	24.4	Oct-02
Harris Associates	634.8	27.5	24.4	Oct-02
Mercator	570.8	23.9	24.4	Oct-02
Wellington	572.6	20.0	20.7	Mar-05
Real Estate				
Private Securities				
Angelo, Gordon & Co.: Realty Fund V	5.2	32.4	13.7	Dec-01
Angelo, Gordon & Co.: Realty Fund VI	26.8	1.1	----	Sep-05
Blackacre Institutional Partners, L.P.	22.6	22.8	----	May-04
BlackRock: Granite Property Fund	106.0	11.8	12.9	Dec-97
Blackstone RE Partners: Fund V TE.2	54.9	81.2	----	Jul-06
Blackstone RE Partners: Fund VI TE.2	46.2	7.6	----	Mar-07
Brookfield Properties: Office Partners	209.8	-3.4	8.4	Oct-06
Cabot: Industrial Fund II	17.8	20.8	16.9	Nov-05
CB Richard Ellis: Strategic Partners III	56.6	21.7	17.2	Dec-03
CB Richard Ellis: Strategic Partners IV	36.5	9.3	16.9	Dec-05
CIGNA: Apartment Alliance	30.4	17.3	15.3	Dec-02
Citigroup: CPI Capital Partners North America	23.1	0.3	----	Dec-06
Cornerstone: Apartment Fund I	38.3	28.2	12.7	Nov-00
Cornerstone: Apartment Venture I	34.4	57.8	16.8	Jul-03
DLJ: RE Capital Partners III	58.0	21.7	----	Jun-05
Essex Prop. Trust: Apartment Value Fund II	47.0	14.5	18.2	Nov-04
Hines Interests: Emerging Markets	26.4	7.2	----	Oct-99
Hines Interests: 1999 U.S. Office Devel. Fund	76.2	43.8	14.9	Jul-02
Hines Interests: U.S. Office Value Added	50.2	25.2	18.6	Jan-05
ING Clarion: Development Ventures II	20.0	8.7	18.0	Jun-05
ING RE: China RE Opportunity Fund	23.6	-2.0	----	Dec-06
J.P. Morgan: Excelsior II	101.4	-1.9	16.9	Dec-05
Landmark Partners: Real Estate Fund IV	7.6	30.0	----	Mar-02
Lone Star: Fund II	1.4	3.5	----	Mar-99
Lone Star: Fund III	50.9	38.4	----	Oct-00
Lone Star: Fund IV	220.0	35.0	----	Dec-01
Lone Star: Fund V	66.2	48.8	----	Jan-05
Macquarie: Asia Fund II	30.9	-3.3	----	Apr-05

[1] Returns for periods over 1 year are annualized.

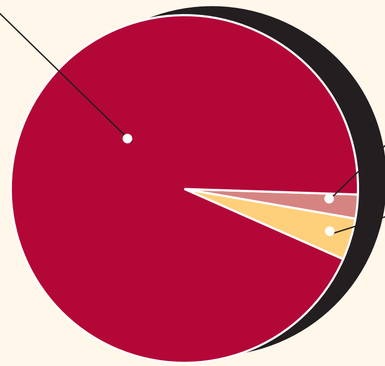
Manager Investment Performance Results — June 30, 2007 (continued)

	Assets Managed ($ millions)	Rates of Return [1] from Inception: Fund	Rates of Return [1] from Inception: Benchmark	Inception Date
Real Estate (continued)				
Private Securities (continued)				
Macquarie: Europe Parallel Fund II	13.5	1.9	----	Apr-05
Macquarie: Lend Lease Global Properties	8.3	12.4	----	May-99
O'Connor: North American Property Partners	43.1	6.4	----	Sep-04
O'Connor: Peabody Global Real Estate	5.5	21.4	----	Jul-99
Penwood RE: Calif. Select Industrial Partners	29.5	0.6	17.3	Dec-05
Prudential: PRISA	395.5	8.7	8.6	Sep-85
Prudential: PRISA II	229.4	11.4	8.7	Sep-89
Prudential: PRISA III	108.7	41.6	16.2	Jun-03
Prudential: Strategic Value Investors	1.3	16.8	13.3	Oct-97
Rockpoint: Finance Fund I	0.2	-12.6	4.6	Mar-07
Rockpoint: Heritage Fields	30.0	-2.4	17.9	Jul-05
Rockpoint: Real Estate Fund I	31.1	23.3	----	Sep-04
Rockpoint: Real Estate Fund II	80.4	-11.3	----	Sep-05
Rockwood: Fund IV	8.9	40.0	12.8	Sep-00
Rockwood: Fund V	31.5	32.1	16.8	Jul-03
Rockwood: Fund VI	55.1	13.5	18.0	Jun-05
Rockwood: Fund VII	39.1	4.4	8.4	Oct-06
Starwood: Opportunity Fund IV	14.8	15.1	13.3	Jan-97
Starwood: Opportunity Fund VII-A	38.3	25.2	----	Jan-06
USAA Real Estate: U.S. Industrial REIT II	23.3	5.9	4.6	Jan-07
UBS Realty: RESA (SA-87)	470.0	9.4	8.6	Sep-85
Westbrook: Real Estate Fund IV	11.1	17.7	----	May-01
Westbrook: Real Estate Fund V	27.2	52.3	----	Feb-05
Westbrook: Real Estate Fund VI	70.5	54.3	----	May-06
Direct Investments				
ING Clarion Partners	882.9	12.3	8.7	Jun-90
Invesco Realty Advisors (Multi-family)	160.5	18.3	12.5	Dec-98
Invesco Realty Advisors (Industrial)	222.6	10.9	12.3	Nov-94
JPMorgan	2,387.1	13.5	9.0	Oct-90
Kennedy Associates	157.2	12.6	12.5	Apr-95
Morgan Stanley	207.8	15.3	12.6	Aug-95
Sentinel Real Estate	363.5	13.4	12.8	Mar-96
Public Securities				
Adelante Capital Management	342.3	17.3	15.2	Aug-98
Cohen & Steers: Equity Income Separate Acct.	175.7	12.9	12.6	Jul-98
Cohen & Steers: Total Return Separate Acct.	466.9	16.4	15.4	Jun-95
RREEF	342.7	17.3	15.2	Aug-98
International Real Estate Securities				
Citigroup	105.6	5.3	10.2	Dec-06
European Investors	110.5	10.1	8.9	Dec-06
LaSalle	104.7	4.4	10.2	Dec-06
RREEF	110.5	10.1	10.2	Dec-06
Timber: Direct Investments				
Forest Investments: Adirondack Timber I	218.4	2.7	----	Dec-98
Mortgages				
BlackRock: CMBS	246.5	6.0	6.0	Apr-01
ING Clarion: Clarion Value Fund	48.8	4.8	2.6	Sep-05
ING Clarion: CMBS	206.9	6.3	6.0	Apr-01
Prima: CMBS	45.1	3.6	3.4	Nov-03

[1] Returns for periods over 1 year are annualized.

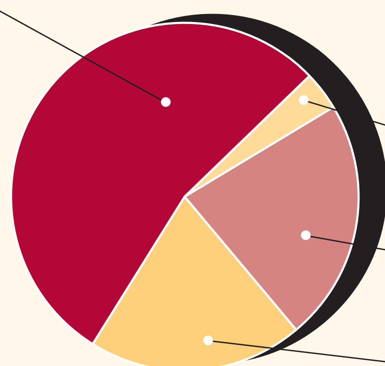
Domestic Equity Distribution — June 30, 2007

$57,652,570,640



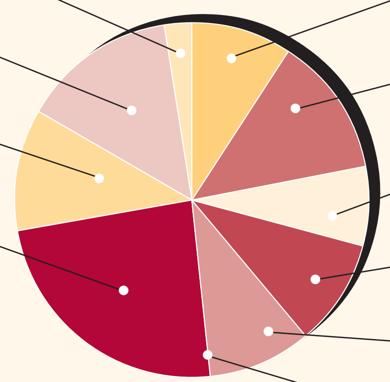
Domestic Equity Externally Managed Style Distribution — June 30, 2007

$2,170,078,781



Domestic Equity Holdings by Industry Distribution — June 30, 2007

$57,652,570,640



Ten Largest Domestic Equity Holdings — June 30, 2007

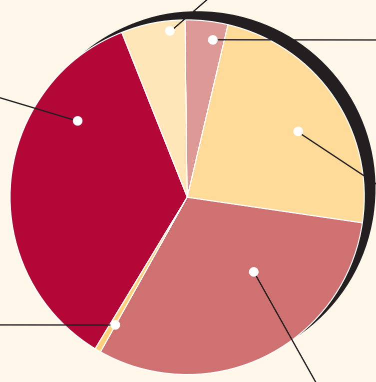
Rank	Company	Cost	Market Value	Percent of Equities
1	Exxon Mobil	$ 217,798,521	$1,679,127,287	2.9%
2	General Electric	272,648,619	1,237,106,244	2.1
3	AT&T	306,824,425	1,009,919,723	1.8
4	Citigroup	196,078,362	907,505,821	1.6
5	Bank of America	234,128,363	848,942,876	1.5
6	Chevron	178,107,644	746,082,595	1.3
7	Microsoft	385,478,025	706,590,402	1.2
8	Pfizer	336,467,385	690,187,639	1.2
9	Procter & Gamble	234,726,343	642,234,514	1.1
10	JPMorgan Chase	207,285,924	630,922,925	1.1
	Total	**$2,569,543,611**	**$9,098,620,026**	**15.8%**

A complete list of the System's holdings is available on our Web site (see "Investments" under the heading "About NYSTRS") or through the Public Information Office.

Domestic Fixed Income Sector Distribution — June 30, 2007

$12,932,825,631

Yield to Maturity 5.5%

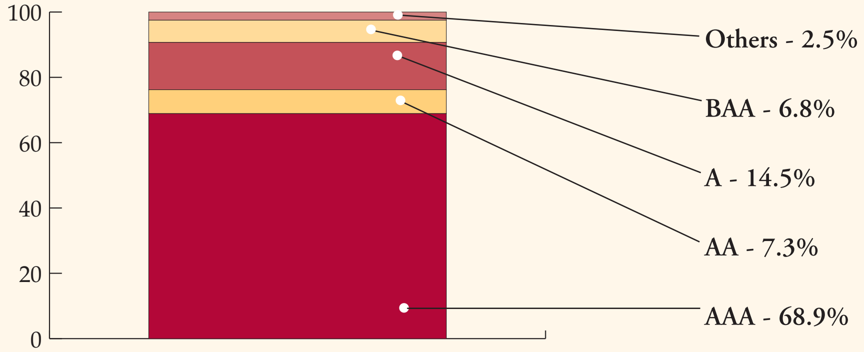


Ten Largest Domestic Fixed Income Holdings — June 30, 2007

Rank	Issue	Market Value	Percent of Fixed Income
1	U.S. Treasury Strips (Principal) Due 8/15/2008	$1,040,611,000	8.0%
2	U.S. Treasury Strips (Principal) Due 11/15/2009	625,080,400	4.8
3	U.S. Treasury Strips (Coupon) Due 11/15/2010	425,727,000	3.3
4	U.S. Treasury Strips (Principal) Due 11/15/2007	312,226,830	2.4
5	U.S. Treasury Strips (Coupon) Due 5/15/2011	292,968,200	2.3
6	U.S. Treasury Strips (Coupon) Due 2/15/2008	239,130,512	1.8
7	U.S. Treasury Strips (Coupon) Due 11/15/2011	206,616,000	1.6
8	U.S. Treasury Strips (Coupon) Due 5/15/2008	195,965,604	1.5
9	U.S. Treasury Strips (Coupon) Due 2/15/2010	176,496,600	1.4
10	U.S. Treasury Strips (Coupon) Due 8/15/2008	142,289,700	1.1
Total		**$3,657,111,846**	**28.3%**

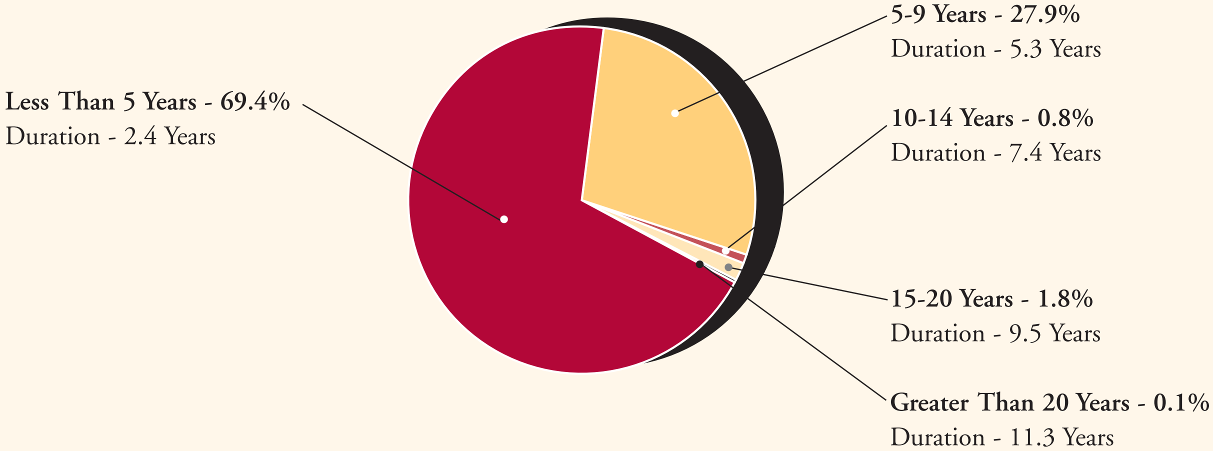
A complete list of the System's holdings is available on our Web site or through the Public Information Office.

Domestic Fixed Income Quality Distribution — June 30, 2007



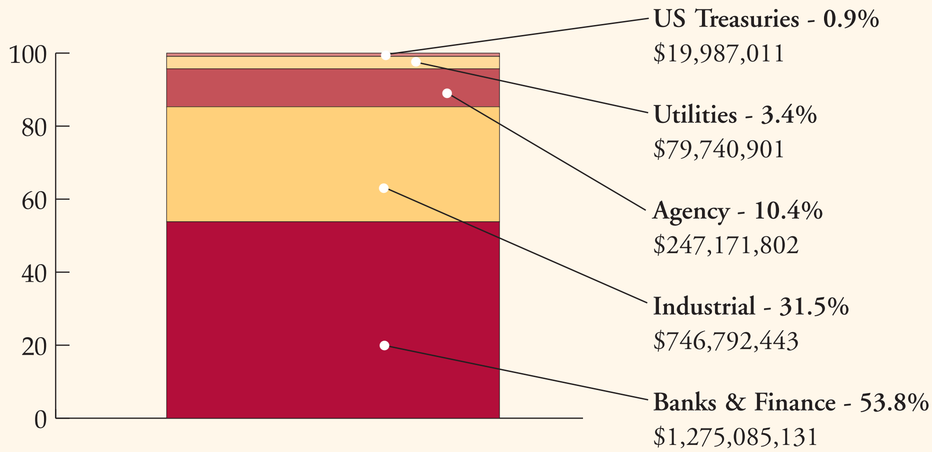
Domestic Fixed Income Average Maturity — June 30, 2007

Effective Duration 3.4 Years



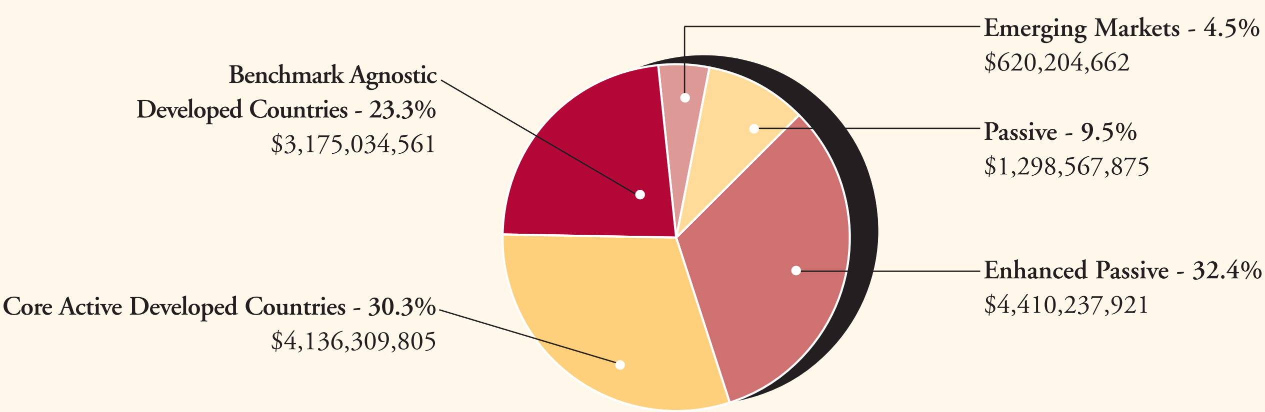
Short-Term Sector Distribution — June 30, 2007

$2,368,777,288



International Equity Style Distribution — June 30, 2007

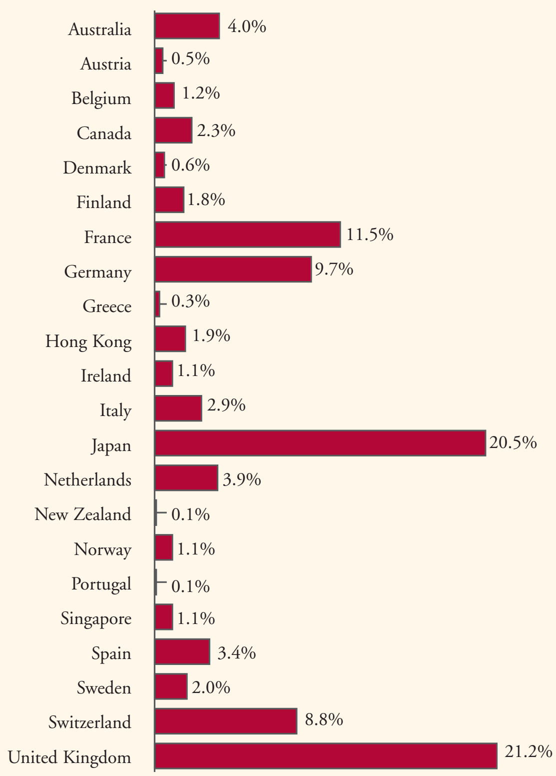
$13,640,354,824



International Equity Exposure Distribution — June 30, 2007

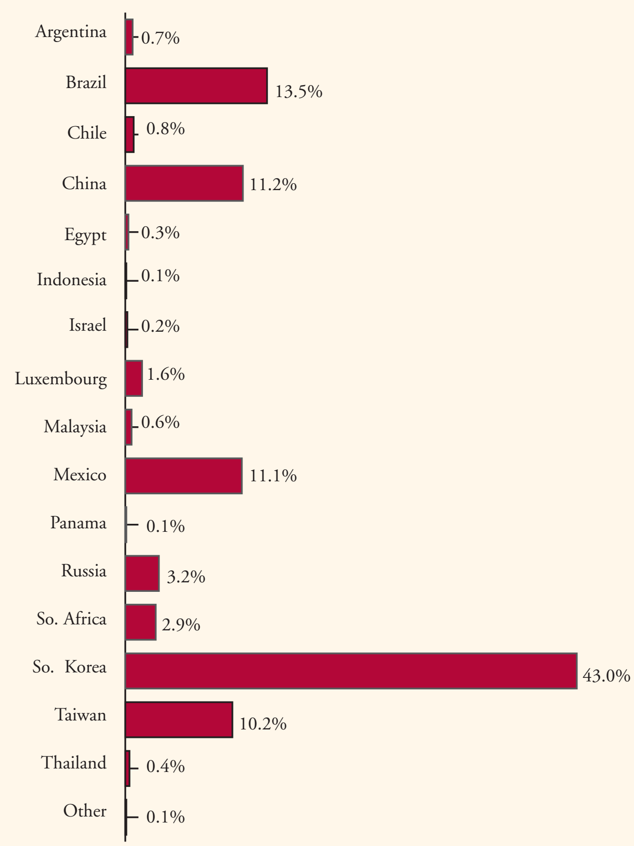
Developed Countries **Percentage of Portfolio**

$13,020,150,162

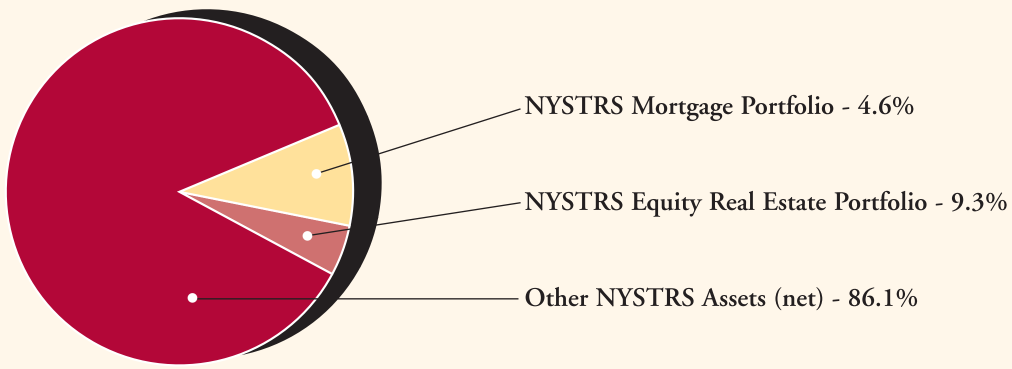


Emerging Markets **Percentage of Portfolio**

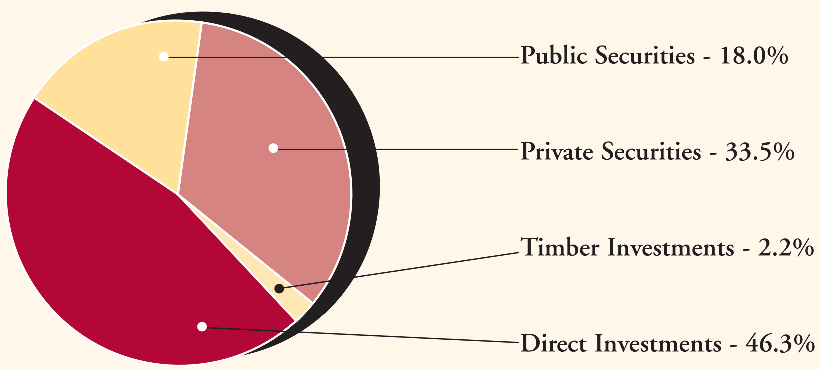
$620,204,662



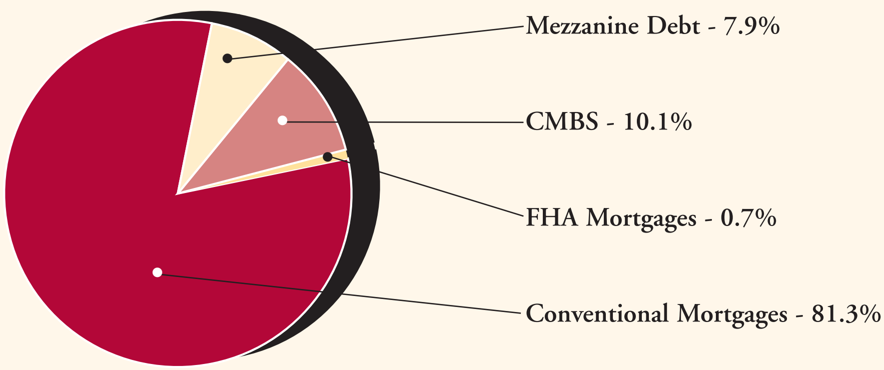
Real Estate as a Percentage of NYSTRS Total Net Assets — June 30, 2007



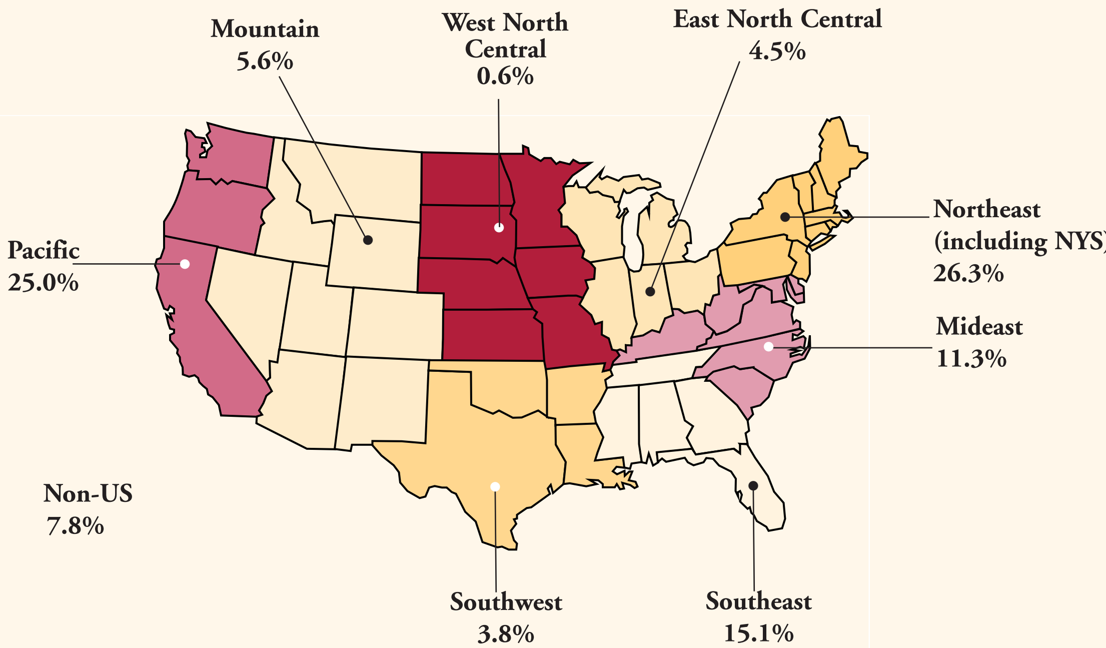
Breakdown of Real Estate Equity Portfolio — June 30, 2007



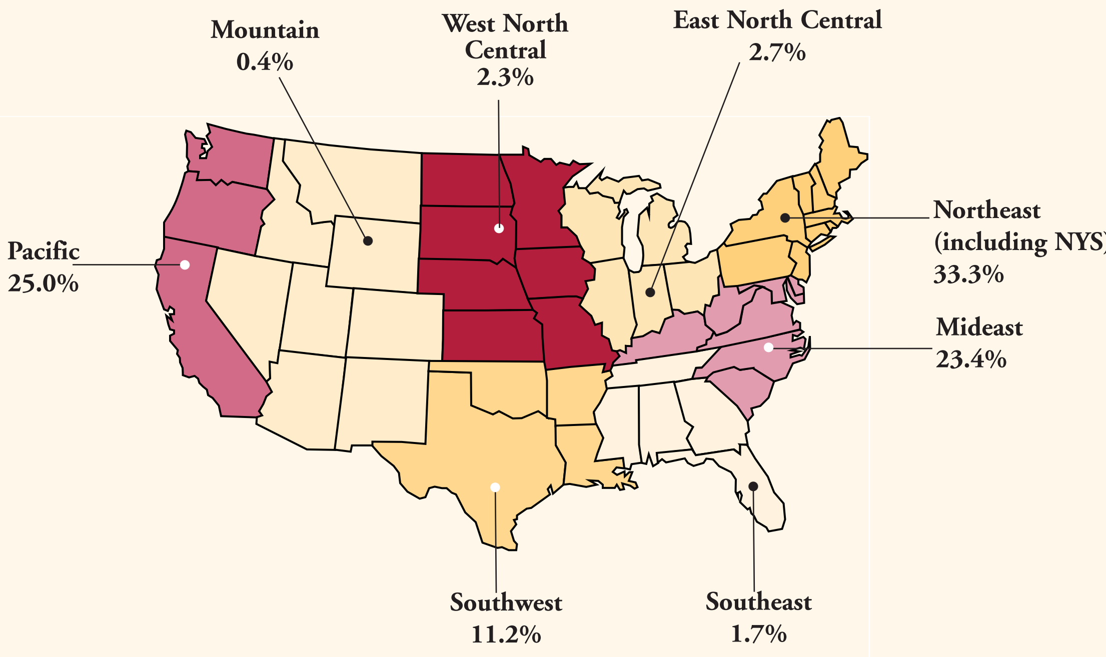
Breakdown of Mortgage Portfolio — June 30, 2007



Geographic Distribution of the Real Estate Equity Portfolio — June 30, 2007



Geographic Distribution of the Mortgage Portfolio — June 30, 2007



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 2006-2007. A total of 7,837 proposals were voted, representing 2,027 different companies in the System's equity portfolio. Many of the proxies focused on auditors/CPA, board-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 (7,112)

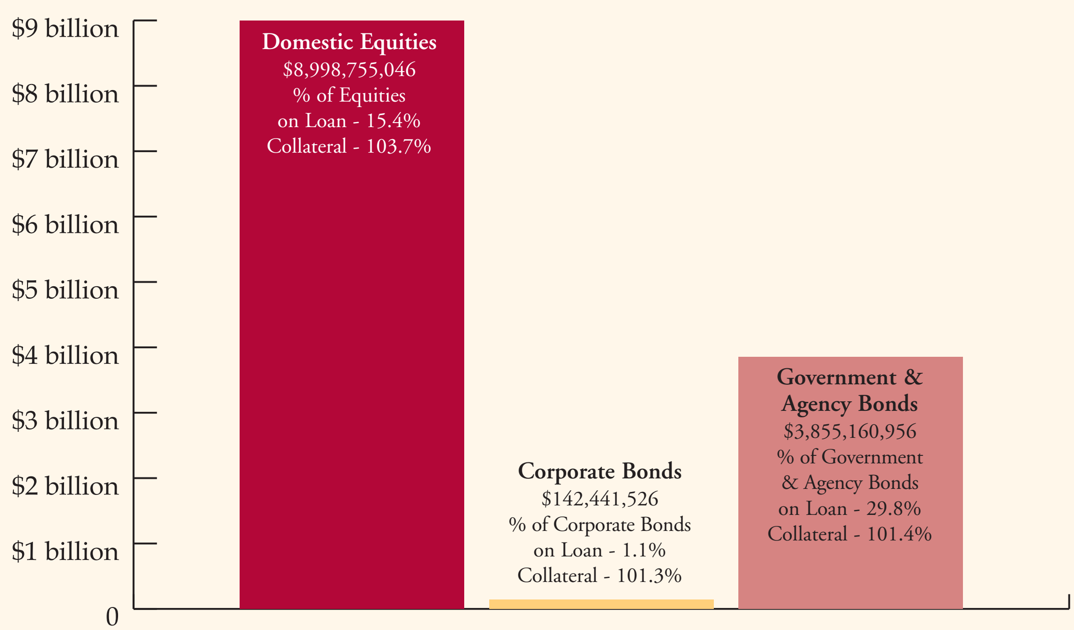
Yes	94.8%
No	5.2%

Shareholder Proposals (725)

Yes	59.0%
No	41.0%

Securities Lending Program — June 30, 2007

Value on Loan - $12,996,357,528



Investment Advisory Committee

DAVID L. BRIGHAM, CHAIRMAN
Trustee
Church Pension Fund
New York, New York

DANIEL J. BUKOWSKI
Executive Vice President
Calamos Investments
Naperville, Illinois

LEONADE D. JONES
Director, six equity mutual funds within The American Funds Group
American Funds Group
Washington, DC

ROBERT G. WADE JR.
Director (Retired)
Chancellor LGT Asset Management
New York, New York

CAROL A. ZIPKIN
Executive Vice President (Retired)
Alliance Capital Management L.P.
New York, New York

External Investment Managers

DOMESTIC EQUITIES:

Active Large Cap
Iridian Asset Management LLC (Value)

Active Small Cap
Progress Investment Management Co. (Fund of Funds)

INTERNATIONAL EQUITIES:

Active
Arnhold & S. Bleichroeder Advisers, Inc.
Artisan Partners Limited Partnership
Capital Guardian Trust Co.
Causeway Capital Management, LLC
Gryphon International Investment Corporation *(terminated 4/07)*
Harris Associates L.P.
JPMorgan Asset Management
Mercator Asset Management, L.P.
Pyramis Global Advisors Trust Company (formerly Fidelity)
Walter Scott & Partners Limited *(terminated 4/07)*
Wellington Management Company

Passive/Enhanced
Barclays Global Investors
State Street Global Advisors

CUSTODIAN:

State Street Bank & Trust Co.

SECURITIES LENDING:

JPMorgan Chase Bank N.A.
State Street Bank & Trust Co. *(terminated 12/06)*
Wachovia Bank N.A.

PRIVATE EQUITY – LIMITED PARTNERSHIPS:

Abbott Select Buyouts Fund
ABRY Mezzanine Partners
ABRY Partners Fund V
ABRY Senior Equity Fund II
Aisling Capital II, L.P.
Alchemy Plan (Empire)
Apex V
Apex VI
Apollo Real Estate Fund IV
Ares Corporate Opportunities Fund II, L.P.
Blackstone Capital Partners Fund IV
Blackstone Capital Partners Fund V
Carlyle European Partners III, L.P.
Carlyle Partners IV, L.P.
Carlyle Partners V, L.P.
Carlyle/Riverstone Global Energy & Power Fund III
Charterhouse Capital Partners VII
Charterhouse Capital Partners VIII
Chisholm Partners II
Chisholm Partners III
Chisholm Partners IV
Cinven III
Cinven IV
Clayton Dubilier & Rice VI
Close Brothers Private Equity Fund VII
Co-Investment Partners (NY), L.P.
Co-Investment Partners (NY) II, L.P.
Co-Investment Partners Europe, L.P.
Compass Partners European Equity Fund

CONTINUED ON NEXT PAGE

External Investment Managers (continued)

PRIVATE EQUITY – LIMITED PARTNERSHIPS: (continued)

CSFB Seasoned Primaries Fund, L.P.
CSFB Seasoned Primaries Fund II, L.P.
CSFB Strategic Partners II
CSFB Strategic Partners III
CSFB Strategic Partners III - Venture
DLJ Merchant Banking Partners III
Doughty Hanson & Co. V
Fairview Ventures Fund II
Fairview Ventures Fund III
Green Equity Investors V
GTCR Fund VIII
GTCR Fund IX
HarbourVest VII-Mezzanine Fund
HarbourVest VI - Partnership Fund
HarbourVest VII-Venture Fund
HarbourVest VIII-Venture Fund
HarbourVest International PEP IV
HarbourVest International PEP V
Hellman & Friedman Capital Ptn.. III, L.P.
Hellman & Friedman Capital Ptn. IV, L.P.
Hellman & Friedman Capital Ptn. V, L.P.
Hellman & Friedman Capital Ptn. VI, L.P.
Horsley Bridge Fund VII
Hutton Collins Capital Partners II LP
J.C. Flowers II, L.P.
JLL Partners Fund V, L.P.
JPMorgan Venture Capital II
JPMorgan Venture Capital III
Kelso Investment Associates VII
KRG Capital Fund III
Lexington Capital Partners V
Lexington Capital Partners VI
Lexington Middle Market Investors
Madison Dearborn Capital Partners IV
Madison Dearborn Capital Partners V
Metalmark Capital Partners, L.P.
Nautic V
Nautic VI
Olympus Growth Fund IV
Olympus Growth Fund V
Parish Capital Buyout Fund I
Parish Capital Europe I, L.P.
Parish Capital Partners II, L.P.
Permira IV
P123
Silver Lake Partners II
Silver Lake Partners III
Sun Capital Partners V, L.P.
Technology Crossover Ventures TCV IV
Technology Crossover Ventures TCV V
Technology Crossover Ventures TCV VI
Texas Pacific Group TPG III
Texas Pacific Group TPG IV
Texas Pacific Group TPG V
The Resolute Fund II, L.P.
T. H. Lee Equity Partners V
T. H. Lee Equity Partners VI
TSG Consumer Partners - TSG4
TSG Consumer Partners - TSG5
Valhalla Partners II, L.P.
VantagePoint NY Venture Partners
VantagePoint Venture Partners IV
Vantage Point Venture Partners 2006
VCFA Private Equity Partners IV
Warburg Pincus Private Equity VIII
WCAS Capital Partners IV
Welsh, Carson, Anderson & Stowe IX
Welsh, Carson, Anderson & Stowe X

Real Estate Advisory Committee

HERMAN BULLS
President & Chief Executive Officer
Bulls Capital Partners
Fairfax Station, Virginia

GLEN COVERDALE, CHAIRMAN
Senior Executive Vice President (Retired)
Metropolitan Life Insurance Company
New York, New York

PAUL J. DOLINOY
Executive Vice President & Managing Director
Capmark Investments
Irvine, California

BLAKE EAGLE
Chief Investment Officer (Retired)
National Council of Real Estate Investment Fiduciaries
Chicago, Illinois

MAUREEN A. EHRENBERG
President, Global Client Services
Grubb & Ellis Company
Chicago, Illinois

THOMAS P. MAHONEY
Managing Director (Retired)
CIGNA Investments
Hartford, Connecticut

Real Estate Advisors

EQUITY:

ING Clarion
Forest Investment Associates
Invesco Realty Advisors
JPMorgan Asset Management
Kennedy Associates Real Estate Counsel, Inc.
Morgan Stanley
Sentinel Real Estate Corporation

DEBT:

Blackrock Financial Management, Inc.
Capital Trust, Inc.
Capri Capital Advisors, LLC
Carbon Capital, Inc.
Centerline Capital Group
Guggenheim Structured Real Estate Advisors, LLC
ING Clarion Capital, LLC
Legg Mason Real Estate Capital, Inc.
Lehman Brothers Private Equity Advisors, LLC
MMA Realty Capital, Inc.
Prima Capital Advisors, LLC

COMMINGLED:

Angelo, Gordon & Co.
Blackacre Institutional Capital Management, LLC
BlackRock, Inc.
Blackstone Real Estate Advisors
Brookfield Properties Corporation
Cabot Properties, Inc.
CB Richard Ellis Investors, LLC
CIGNA Realty Investors
Citigroup Property Investors
Cornerstone Real Estate Advisers LLC
DLJ Real Estate Capital Partners, Inc.
Essex Property Trust, Inc.
Exeter Property Group
Hines Interests
ING Clarion
ING Real Estate
JPMorgan Asset Management
Landmark Partners, Inc.
Lone Star Funds
Macquarie Global Property Advisors
O'Connor Capital Partners
Penwood Real Estate Investment Management, LLC
Prudential Real Estate Investors
Rockpoint Group, LLC
Rockwood Capital Corporation
Starwood Capital Group LLC
UBS Realty Investors LLC
USAA Real Estate Company
Westbrook Partners

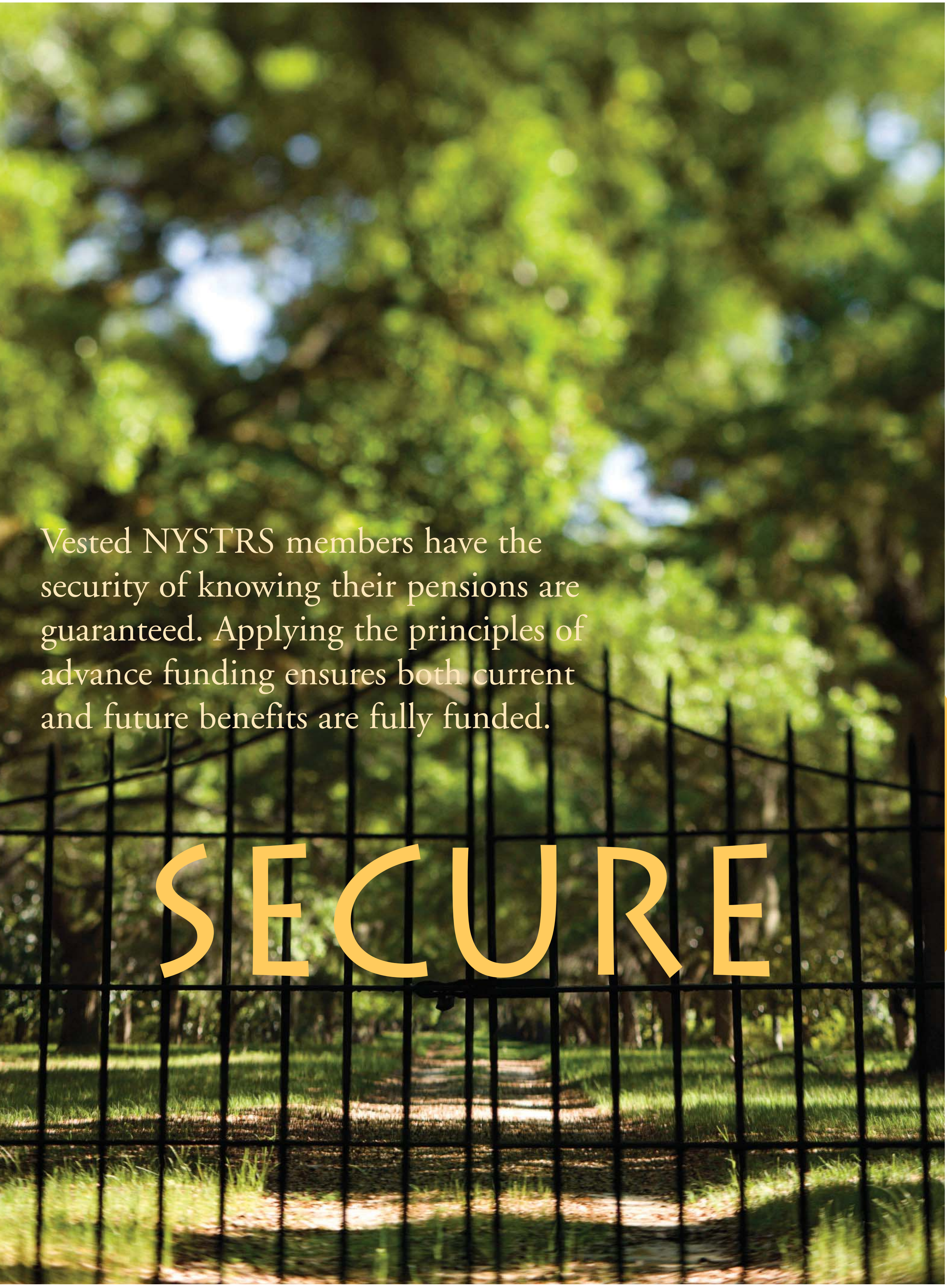
REITS:

Adelante Capital Management LLC
Citigroup Property Investors
Cohen & Steers Capital Management, Inc.
E.I.I. Realty Securities, Inc.
LaSalle Investment Management
RREEF America, LLC

Investment Consultants

Abel/Noser Corporation
New York, New York

Callan Associates
San Francisco, California



Vested NYSTRS members have the security of knowing their pensions are guaranteed. Applying the principles of advance funding ensures both current and future benefits are fully funded.

SECURE

Actuarial

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
10 Corporate Woods Drive
Albany, NY 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) 447-2692

September 14, 2007

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

Dear Members of the 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 being accumulated in order 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 is determined by an actuarial valuation made as of each June 30th.

The most recent actuarial valuation was made as of June 30, 2006. 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, the valuation relies on financial data provided by the Retirement System's Finance Department. The Retirement System's independent auditors provide reasonable assurances of the data provided by the Finance Department 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.

There were no benefit improvements enacted during the 2006 Legislative Session that had a significant impact on plan funding. Revised actuarial assumptions were adopted by the Retirement Board in October 2006 and first effective with the June 30, 2006 actuarial valuation. The assumptions were revised in order to reflect recent member experience, as well as anticipated future experience. The cost impact of the new actuarial assumptions was largely offset by favorable experience during the fiscal year, primarily the gain on investments. Our market value rate of return was 11.8% for the fiscal year ending June 30, 2006, comparing favorably to our assumed actuarial rate of return of 8.0%. Our five-year market value rate of return was 6.8% as of June 30, 2006. The June 30, 2006 actuarial valuation produced a required employer contribution rate of 8.73% of payroll, representing a slight increase over the prior year's rate of 8.60%.

The plan's funded ratio as of June 30, 2006, calculated in accordance with the new Governmental Accounting Standards Board (GASB) Statement No. 50, was 102.6%. Various exhibits in this section provide further information on the actuarial assets, liabilities, and the funding level.

All actuarial calculations have been prepared in accordance with GASB 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,

Richard A. Young, A.S.A., E.A., M.A.A.A.
Actuary

cc: T. Lee
G. Philip

Summary of Actuarial Methods and Assumptions - June 30, 2006

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 the Introduction.

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

Assumptions

(Selected sample rates)
(Adoption dates in parentheses)

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: (10/06)

Age	Female	Male
25	11.07%	11.30%
35	7.04	7.51
45	6.23	5.65
55	4.35	4.32

Demographic:

Mortality: (Deaths per 10,000 lives)

Active Members (10/06)

Age	Female	Male
30	1	2
40	3	3
50	5	8
60	10	17

Retired Members and Beneficiaries (10/06)

Age	Female	Male
20	2	3
40	7	11
60	38	51
80	309	462

Disabled Members (10/06)

Age	Female	Male
30	353	253
40	451	721
60	363	353
80	520	621

Withdrawal: (Ten-year ultimate rates) (10/06)
(Withdrawals per 10,000 lives)

Age	Female	Male
35	370	99
40	197	92
45	111	76
50	118	89

Service Retirement: (10/06)

	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	30.70%	37.63%	7.67%	9.41%
60	23.38	30.02	5.85	7.51
65	32.51	32.29	-	-
70	25.67	18.70	-	-

Disability Retirement: (10/06)

Age	Female	Male
35	0.01%	0.01%
40	0.04	0.02
45	0.07	0.05
50	0.14	0.16

The Actuary's Valuation Balance Sheet - June 30, 2006

(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, 2006.

Assets

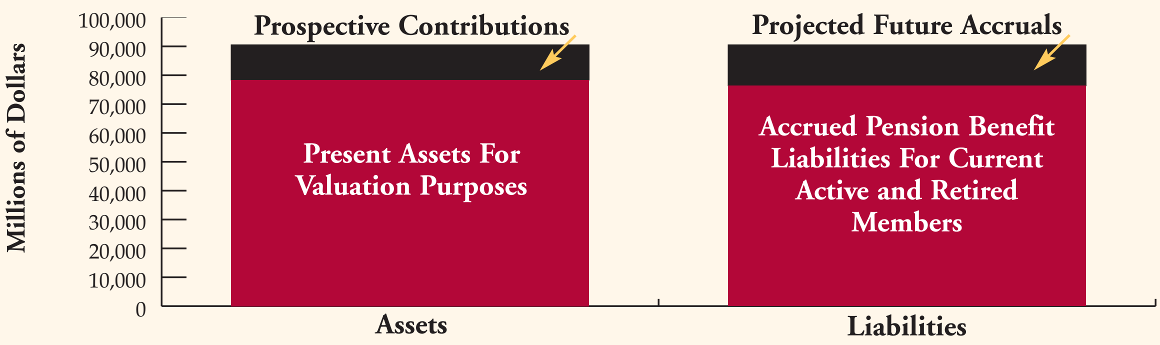
Present Assets of System for Valuation Purposes*	$78,335,839
Present Value of Prospective Contributions to Pension Accumulation Fund:	
From Employer Contributions	11,561,828
From Member Contributions	626,650
Total Assets	$90,524,317

Liabilities

Present Value of Future Benefits to:	
Retired Members and Beneficiaries	$42,982,622
Active Members	47,497,325
Member Contributions Accumulated to Date	
in the Annuity Savings Fund	35,211
Benefits Due and Unpaid	9,159
Total Liabilities	$90,524,317

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

Comparison of Assets and Liabilities - June 30, 2006



A C T U A R I A L

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 over a period of time.

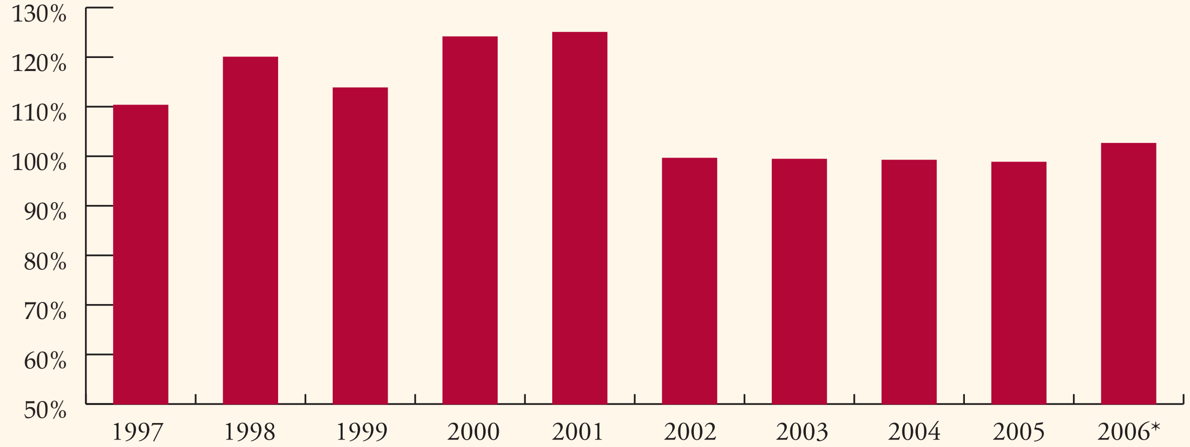
NYSTRS' funding method has allowed the accumulation of assets sufficient for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress

(in millions)

Fiscal Year	Actuarial Value of Assets	Accrued Pension Benefit Liability	Percentage Funded
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
2001	87,295.3	69,817.0	125.0
2002	71,374.4	71,693.4	99.6
2003	71,780.4	72,209.4	99.4
2004	72,044.4	72,604.9	99.2
2005	74,074.3	74,961.1	98.8
2006	78,335.8	76,353.0*	102.6*

Percent Funded



* Effective June 30, 2006, the Accrued Pension Benefit Liability is calculated under the Entry Age Normal Cost Method as required by Governmental Accounting Standards Board (GASB) Statement No. 50 - Pension Disclosures. NYSTRS is funded in accordance with the Aggregate Cost Method. GASB now requires that the Entry Age Normal Cost Method be used to calculate the accrued liability for purposes of presenting the funded percentage.

Solvency Test
(in millions)

As of June 30	Aggregate Accrued Liabilities* For: Active Member Accumulated Contributions	Current Retired Members and Beneficiaries	Service Rendered by Active Members (Employer-Financed Portion)	Actuarial Value of Assets	Percentage of Aggregate Accrued Liabilities Covered by Actuarial Value of Assets		
	(A)	(B)	(C)	(D)	(A)	(B)	(C)
2006	3,360.7	42,983.4	30,008.9	78,335.8	100.0%	100.0%	106.6%

In subsequent years, more information will be added, based upon future actuarial valuation dates, until the full six-year Solvency Test Chart is complete.

*NYSTRS is funded in accordance with the Aggregate Actuarial Cost Method. The accrued liabilities in this chart are calculated in accordance with the Entry Age Normal Cost Method for purposes of disclosing the funded ratio.

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)
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	10,581.2	4.8	56,197	0.43
2002	242,834	11,171.5	5.6	57,308	0.36
2003	247,247	11,427.1	2.3	58,497	0.36
2004	254,515	11,766.7	3.0	59,918	2.52
2005	260,356	12,163.7	3.4	61,543	5.63
2006	264,410	12,518.0	2.9	62,549	7.97
2007	270,045	12,894.1*	3.0*	not available	8.60

*Estimated

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

Fiscal Year	*Number of Retired Members and Beneficiaries* Added During the Year	Removed During the Year	*Annual Benefit of Retired Members and Beneficiaries* 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
1998	5,639	3,060	$246,966,887	$40,759,141	93,237	$2,135,294,830	10.69%	$22,902
1999	6,431	2,880	224,988,289	46,151,729	96,788	2,314,131,390	8.38	23,909
2000	7,006	2,955	435,197,582	49,937,199	100,839	2,699,391,773	16.65	26,769
2001	8,301	3,017	361,578,286	56,799,443	106,123	3,004,170,616	11.29	28,308
2002	7,711	2,976	315,749,555	60,959,965	110,858	3,258,960,206	8.48	29,398
2003	10,547	3,097	479,080,366	66,520,014	118,308	3,671,520,558	12.66	31,034
2004	7,668	4,730	360,221,128	70,176,373	121,246	3,961,565,313	7.90	32,674
2005	7,536	3,457	347,943,836	72,645,187	125,325	4,236,863,962	6.95	33,807
2006	7,682	3,420	347,529,000	74,043,173	129,587	4,510,349,789	6.45	34,806
2007	7,291	3,522	346,344,571	77,056,365	133,356	4,779,637,995	5.97	35,841

*Computed on the Maximum annual benefit including supplementation and COLA.

Independent Actuarial Review

KPMG LLP
345 Park Avenue
New York, NY 10154

October 2, 2007

Retirement Board
New York State Teachers' Retirement System:

The New York State Teachers' Retirement System (the System), as part of the independent financial statement audit, has requested that KPMG LLP examine the actuarial assumptions, methods and procedures used by the 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 System's Actuarial Valuation Report as of June 30, 2005 and the resultant employer contribution rate of 8.60% applied to the payroll for the fiscal year ended June 30, 2007.

- A review of the methodology used to estimate the payroll as of June 30, 2007, and the employer and employee contributions receivable as of June 30, 2007.

- A review of the System's Experience Studies as of June 30, 2005 and 2006, 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 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, 2007, 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 System have been developed with appropriate oversight and judgement by the 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 my understanding of 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.

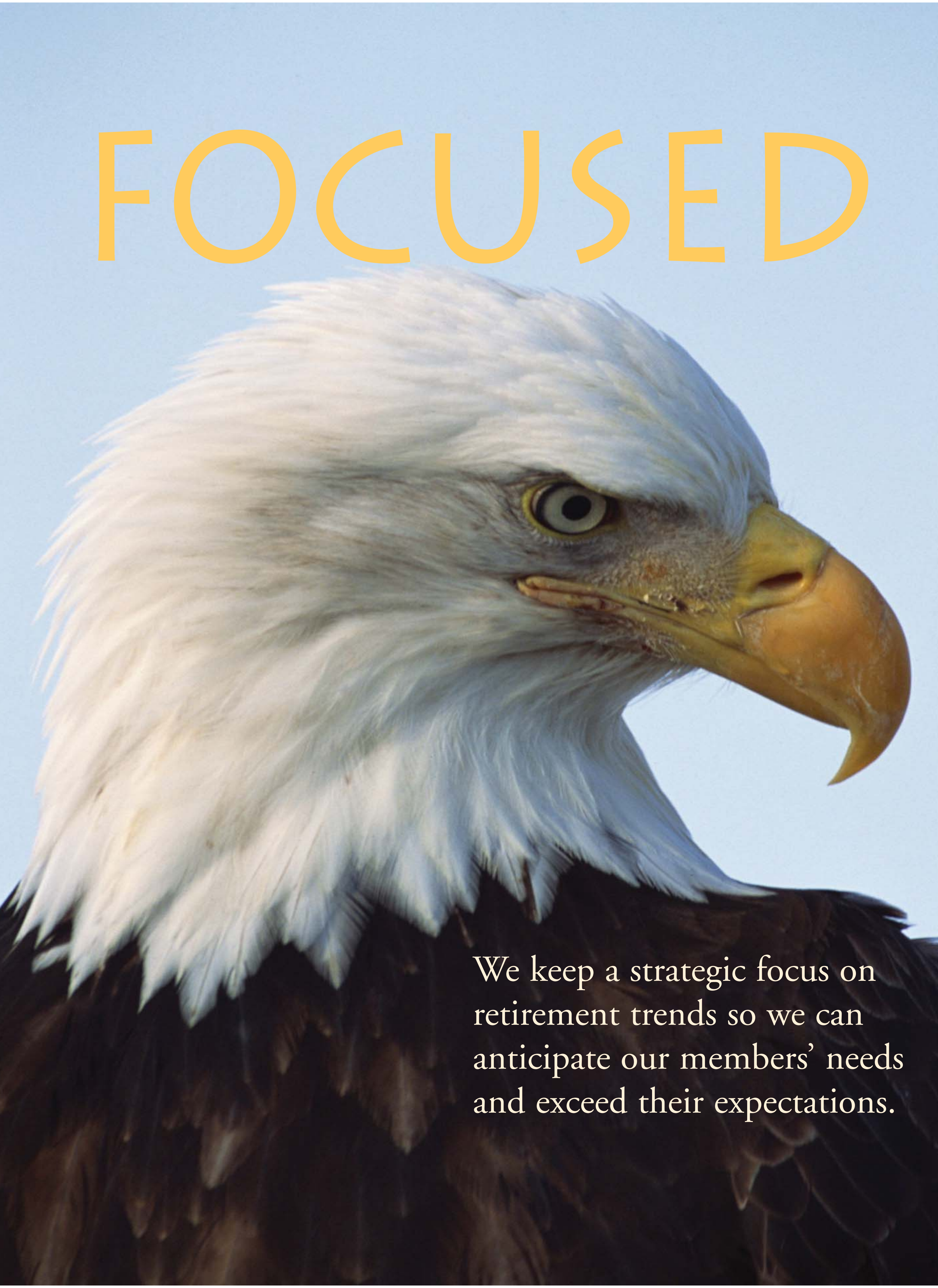
Very truly yours,

KPMG LLP

Robert L. Mishler

Robert L. Mishler ASA, MAAA, EA
Senior Manager

FOCUSED



We keep a strategic focus on retirement trends so we can anticipate our members' needs and exceed their expectations.

Statistical

Active Members:

	Men	Women	Total
June 30, 2006	64,747	199,663	**264,410**
Changes During Year:			
Added	3,817	12,789	**16,606**
Withdrawn	995	2,906	**3,901**
Retired	2,017	4,883	**6,900**
Died	58	112	**170**
Total Membership June 30, 2007	65,494	204,551	270,045

Members Retired for:

	Service*			Disability			Total		
	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2006	47,205	75,742	122,947	551	1,456	2,007	**47,756**	**77,198**	**124,954**
Changes During Year:									
Retired	1,995	4,770	6,765	22	113	135**	**2,017**	**4,883**	**6,900**
Died	1,035	1,766	2,801	29	65	94	**1,064**	**1,831**	**2,895**
Lump Sum	93	271	364	0	0	0	**93**	**271**	**364**
Restored to Active Membership	0	0	0	0	4	4	**0**	**4**	**4**
June 30, 2007	48,072	78,475	126,547	544	1,500	2,044***	**48,616**	**79,975**	**128,591**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2006	832	3,307	4,139	78	179	257	33	204	237	**943**	**3,690**	**4,633**
Changes During Year:												
Added	105	277	382	5	4	9	0	0	0	**110**	**281**	**391**
Died	66	170	236	4	9	13	0	10	10	**70**	**189**	**259**
June 30, 2007	871	3,414	4,285	79	174	253	33	194	227	**983**	**3,782**	**4,765**

Summary:

	Men	Women	Total
Active Members	65,494	204,551	**270,045**
Retired Members	48,616	79,975	**128,591**
Beneficiaries	983	3,782	**4,765**
Total	115,093	288,308	**403,401**

*Also includes vested retirees.
**Includes 1 man retired for disability who receives a service benefit.
***Includes 47 men and 65 women retired for disability who receive a service benefit.

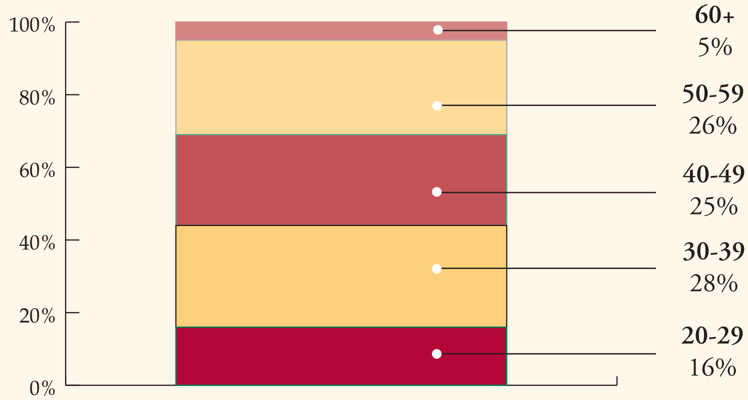
Distribution of Active Members by Age and

Years of Service

AGE		0-5	6-10	11-15	16-20	21-25
20-24	Number of Members	6,848	1	0	0	0
	Average Salary	*$35,261*	*$0*	*$0*	*$0*	*$0*
25-29	Number of Members	30,903	3,285	0	0	0
	Average Salary	*$45,316*	*$53,835*	*$0*	*$0*	*$0*
30-34	Number of Members	19,326	17,001	1,096	0	0
	Average Salary	*$49,228*	*$57,784*	*$62,939*	*$0*	*$0*
35-39	Number of Members	13,253	13,536	9,536	974	0
	Average Salary	*$47,573*	*$59,096*	*$66,234*	*$69,434*	*$0*
40-44	Number of Members	10,641	7,338	6,195	7,402	1,006
	Average Salary	*$42,664*	*$55,027*	*$67,161*	*$73,133*	*$75,243*
45-49	Number of Members	10,104	6,504	4,569	5,496	5,602
	Average Salary	*$39,651*	*$50,478*	*$62,368*	*$73,495*	*$78,710*
50-54	Number of Members	7,214	5,781	5,359	5,351	5,020
	Average Salary	*$40,918*	*$51,785*	*$60,657*	*$70,428*	*$79,762*
55-59	Number of Members	4,168	3,067	3,682	4,984	4,293
	Average Salary	*$42,807*	*$51,392*	*$59,977*	*$69,454*	*$79,366*
60-64	Number of Members	1,763	829	1,002	1,549	1,661
	Average Salary	*$46,365*	*$50,391*	*$59,427*	*$69,063*	*$76,778*
65-69	Number of Members	500	209	177	260	263
	Average Salary	*$44,637*	*$51,274*	*$58,259*	*$65,573*	*$75,191*
70+	Number of Members	249	63	56	67	55
	Average Salary	*$36,196*	*$30,957*	*$41,619*	*$48,253*	*$67,101*
Total	Number of Members	104,969	57,614	31,672	26,083	17,900
	Average Salary	*$44,684*	*$55,684*	*$63,931*	*$71,465*	*$78,693*

*Average salary data is for the 190,808 members who earned a full year of service.

Distribution of Active Members by Age - June 30, 2006



Averages - June 30, 2006

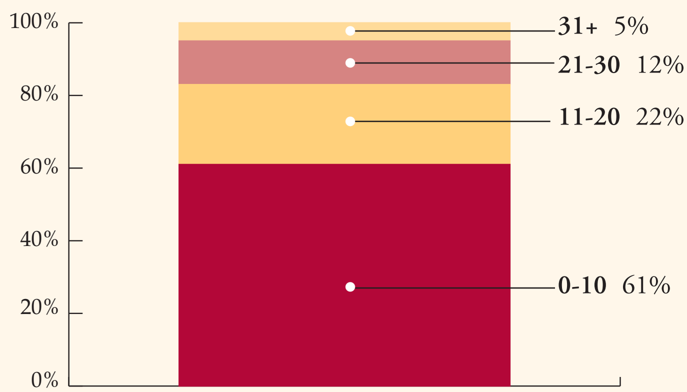
	Age	Years of Service
Female	42	10
Male	42	11

Years of Service* as of June 30, 2006

Years of Service

26-30	31-35	36-40	41-45	46-50	51-55	Total
0	0	0	0	0	0	6,849
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$35,261*
0	0	0	0	0	0	34,188
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$46,511*
0	0	0	0	0	0	37,423
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$54,796*
0	0	0	0	0	0	37,299
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$59,403*
1	0	0	0	0	0	32,583
$59,555	*$0*	*$0*	*$0*	*$0*	*$0*	*$61,551*
883	1	0	0	0	0	33,159
$81,616	*$102,437*	*$0*	*$0*	*$0*	*$0*	*$62,455*
6,824	1,996	4	0	0	0	37,549
$84,673	*$89,113*	*$117,343*	*$0*	*$0*	*$0*	*$69,416*
4,381	6,937	1,015	1	0	0	32,528
$86,394	*$92,928*	*$101,565*	*$105,820*	*$0*	*$0*	*$77,202*
1,253	947	1,070	90	0	0	10,164
$85,105	*$94,443*	*$101,492*	*$106,291*	*$0*	*$0*	*$77,359*
215	150	104	96	8	0	1,982
$80,579	*$92,822*	*$99,670*	*$104,230*	*$106,113*	*$0*	*$74,640*
53	33	31	28	35	16	686
$62,007	*$79,333*	*$86,515*	*$98,352*	*$99,883*	*$104,620*	*$64,843*
13,610	10,064	2,224	215	43	16	264,410
$84,913	*$92,268*	*$101,271*	*$104,335*	*$101,070*	*$104,620*	*$62,549*

Distribution of Active Members by Service - June 30, 2006



Members and Annuitants 1922-2007

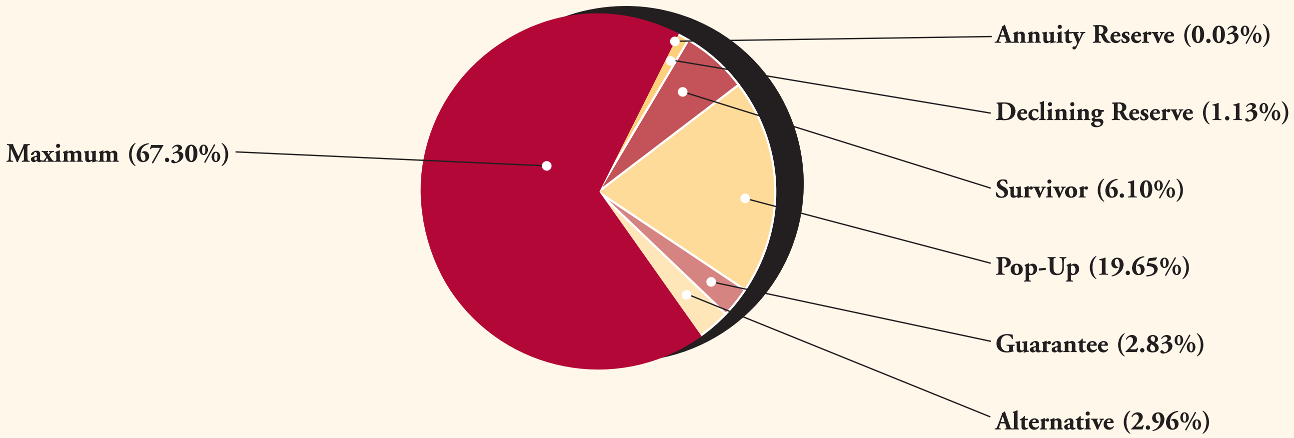
As of June 30	Members	Retirees	As of June 30	Members	Retirees
1922	----	1,296	1965	129,543	16,043
1925	29,057	1,815	1970	186,914	22,700
1930	39,663	2,732	1975	227,038	35,252
1935	45,031	3,919	1980	203,330	46,812
1940	48,193	4,771	1985	178,516	57,366
1945	52,359	5,637	1990	195,194	69,127
1950	56,504	6,374	1995	199,398	82,459
1955	71,273	7,897	2000	224,986	100,839
1960	99,555	10,796	2005	260,356	125,325
			2007	270,045	133,356

Number of Active Members by Tier

As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Total
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
2002	35,601	15,121	19,674	172,438	242,834
2003	28,327	14,463	19,083	185,374	247,247
2004	22,986	13,947	18,835	198,747	254,515
2005	17,901	13,210	18,535	210,710	260,356
2006	13,621	12,084	18,173	220,532	264,410
2007	10,838	10,178	17,743	231,286	270,045

Retirement Benefit Options and Percent of Election

2003-2007 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
1998	5,303	57-10	28-3	$61,726	$36,381
1999	6,111	57-9	27-4	61,442	35,710
2000	6,658	57-10	27-1	63,977	36,986
2001	7,946	57-9	29-7	67,027	42,266
2002	7,344	57-6	28-6	68,014	41,731
2003	10,173	57-4	30-1	70,427	44,898
2004	7,287	57-7	28-8	72,799	45,063
2005	7,182	57-10	28-6	72,126	45,394
2006	7,281	58-4	28-2	71,840	43,914
2007	6,900	58-7	28-1	74,185	44,204

*Averages are for service and vested retirees.

Members Retired in 2006-2007 for:

	Service*	Disability
Number Retired	**6,766**	**134**
Age at Retirement:		
Average	58 yrs., 7 mos.	52 yrs., 6 mos.
Median	57 yrs., 6 mos.	53 yrs., 3 mos.
Years of Service:		
Average	28 yrs., 1 mo.	20 yrs., 0 mos.
Median	31 yrs., 7 mos.	18 yrs., 1 mo.
**Benefit:		
Average	$44,204.39	$25,521.46
Median	$47,281.32	$22,275.60
Final Average Salary:		
Average	$74,185.31	$64,384.60
Median	$75,655.11	$62,983.15
***Benefit as % of FAS:		
Average	53.44%	37.43%
Median	62.89%	33.33%

Members Retired in 2006-2007 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	**1,359**	**3,412**	**1,995**
Age at Retirement:			
Average	59 yrs., 5 mos.	58 yrs., 3 mos.	58 yrs., 5 mos.
Median	58 yrs., 1 mo.	57 yrs., 0 mos.	57 yrs., 9 mos.
Years of Service:			
Average	12 yrs., 0 mos.	29 yrs., 2 mos.	37 yrs., 2 mos.
Median	12 yrs., 0 mos.	30 yrs., 4 mos.	36 yrs., 6 mos.
**Benefit:			
Average	$6,865.14	$44,922.54	$68,411.79
Median	$4,581.36	$45,353.76	$64,100.16
Final Average Salary:			
Average	$36,958.04	$78,090.66	$92,865.40
Median	$30,896.44	$77,001.83	$86,791.74
***Benefit as % of FAS:			
Average	16.46%	56.47%	73.46%
Median	15.25%	60.44%	72.44%

*Also includes vested retirees.
**The Maximum, even though the member may have chosen an option.
***The average and median of individual benefits as percentages of final average salary.

All Retirees as of June 30, 2007 Retired for:

	Service*	Disability
Number Retired	**126,659**	**1,932**
Age at Retirement:		
Average	58 yrs., 1 mo.	49 yrs., 1 mo.
Median	56 yrs., 10 mos.	49 yrs., 11 mos.
Years of Service:		
Average	28 yrs., 3 mos.	19 yrs., 1 mo.
Median	30 yrs., 4 mos.	18 yrs., 4 mos.
**Benefit:		
Average	$34,412.21	$16,656.21
Median	$33,321.24	$14,726.40
Final Average Salary:		
Average	$57,470.45	$44,338.39
Median	$57,866.27	$44,004.01
***Benefit as % of FAS:		
Average	55.07%	36.39%
Median	60.43%	33.51%

All Retirees as of June 30, 2007 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	**21,325**	**76,087**	**29,247**
Age at Retirement:			
Average	58 yrs., 4 mos.	57 yrs., 11 mos.	58 yrs., 7 mos.
Median	56 yrs., 6 mos.	56 yrs., 4 mos.	57 yrs., 10 mos.
Years of Service:			
Average	14 yrs., 5 mos.	28 yrs., 7 mos.	37 yrs., 1 mo.
Median	14 yrs., 7 mos.	29 yrs., 8 mos.	36 yrs., 5 mos.
**Benefit:			
Average	$7,004.09	$33,881.82	$55,776.26
Median	$5,368.68	$32,677.32	$54,391.08
Final Average Salary:			
Average	$30,206.86	$58,113.41	$75,676.61
Median	$24,597.15	$57,830.79	$74,290.60
***Benefit as % of FAS:			
Average	22.64%	57.02%	73.66%
Median	21.50%	59.11%	72.86%

*Also includes vested retirees.
**The Maximum, even though the member may have chosen an option.
***The average and median of individual benefits as percentages of final average salary.

Retired Members by Type of Benefit

As of June 30, 2007

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement 1	2	3	4	5	6
$1 - $500	13,363	9,856	2,733	257	310	29	178
$501 - $1,000	13,821	10,245	2,103	533	826	89	25
$1,001 - $1,500	12,696	10,060	1,226	466	868	66	10
$1,501 - $2,000	11,624	9,669	1,012	318	591	29	5
$2,001 - $2,500	11,222	9,835	706	241	416	21	3
$2,501 - $3,000	10,986	10,072	449	114	341	6	4
$3,001 - $3,500	11,743	11,161	263	60	253	5	1
$3,501 - $4,000	12,325	11,934	123	29	236	2	1
$4,001 - $4,500	11,025	10,777	52	17	175	4	0
$4,501 - $5,000	8,284	8,157	30	1	95	1	0
over $5,000	16,267	16,067	17	8	174	1	0
Total	133,356	117,833	8,714	2,044	4,285	253	227

Type of retirement:

1 - Normal retirement for age and service
2 - Early retirement*
3 - Disability retirement
4 - Beneficiary payment, normal or early retirement
5 - Beneficiary payment, disability retirement
6 - Beneficiary payment, death in service

* Tiers 2-4; retirement at age < 62 and service < 30 years

Retired Members by Type of Benefit (continued)
As of June 30, 2007

Option Selected					
1	2	3	4	5	6
9,538	725	886	673	1,389	152
8,526	1,248	1,657	731	1,563	96
8,044	1,213	1,732	658	943	106
8,027	1,010	1,445	517	513	112
8,009	893	1,432	404	367	117
7,747	935	1,530	365	273	136
8,328	991	1,762	320	156	186
8,600	979	2,077	333	159	177
7,544	908	1,989	255	131	198
5,539	750	1,548	185	83	179
10,339	1,664	3,249	351	129	535
90,241	11,316	19,307	4,792	5,706	1,994

Option selected:

1 - Unmodified; Single life annuity (Maximum)
2 - Joint and survivor
3 - Joint and survivor with pop-up
4 - Guarantee period
5 - Declining reserve/Annuity reserve
6 - Alternative

STATISTICAL

Average Benefit Payments — July 1, 1997 - June 30, 2007

Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35+
	Years Credited Service							
Period 7/1/1997 to 6/30/1998								
Average monthly benefit	$46	$276	$433	$938	$1,817	$2,998	$3,842	$4,599
Average final average salary	$9,578	$21,013	$28,669	$39,795	$52,718	$65,930	$71,162	$74,108
Number of retired members	24	74	463	376	622	980	1,906	858
Period 7/1/1998 to 6/30/1999								
Average monthly benefit	$85	$253	$403	$949	$1,941	$3,004	$3,966	$4,633
Average final average salary	$13,399	$26,106	$26,850	$40,178	$55,608	$66,258	$73,374	$75,027
Number of retired members	52	225	595	464	606	1,075	2,187	907
Period 7/1/1999 to 6/30/2000								
Average monthly benefit	$63	$220	$445	$1,049	$2,096	$3,185	$4,146	$4,883
Average final average salary	$13,587	$23,776	$29,057	$41,984	$57,788	$69,629	$76,548	$79,416
Number of retired members	37	270	656	459	789	1,216	2,419	812
Period 7/1/2000 to 6/30/2001								
Average monthly benefit	$96	$223	$478	$1,140	$2,059	$3,026	$4,209	$4,934
Average final average salary	$17,754	$24,759	$30,352	$44,904	$56,437	$66,528	$76,231	$78,955
Number of retired members	43	239	659	477	616	935	2,501	2,476
Period 7/1/2001 to 6/30/2002								
Average monthly benefit	$72	$216	$436	$1,134	$2,105	$3,182	$4,375	$5,212
Average final average salary	$12,590	$24,126	$29,195	$45,001	$58,520	$69,879	$78,648	$84,343
Number of retired members	33	248	714	462	706	860	2,700	1,621
Period 7/1/2002 to 6/30/2003								
Average monthly benefit	$127	$196	$457	$1,163	$2,181	$3,211	$4,422	$5,138
Average final average salary	$26,834	$23,297	$30,975	$47,047	$60,152	$69,988	$79,549	$82,324
Number of retired members	39	391	747	540	777	1,004	3,288	3,387
Period 7/1/2003 to 6/30/2004								
Average monthly benefit	$108	$202	$490	$1,230	$2,315	$3,362	$4,571	$5,593
Average final average salary	$20,675	$24,200	$31,828	$49,231	$64,041	$73,613	$82,002	$90,463
Number of retired members	28	318	569	475	675	788	2,744	1,690
Period 7/1/2004 to 6/30/2005								
Average monthly benefit	$235	$296	$482	$1,153	$2,432	$3,477	$4,646	$5,793
Average final average salary	$37,120	$25,825	$30,400	$47,128	$65,314	$74,902	$81,145	$91,010
Number of retired members	33	270	626	513	746	790	2,574	1,630
Period 7/1/2005 to 6/30/2006								
Average monthly benefit	$131	$227	$503	$1,245	$2,414	$3,359	$4,569	$5,657
Average final average salary	$21,859	$27,506	$34,427	$50,742	$64,892	$74,120	$81,845	$90,272
Number of retired members	60	451	547	486	756	865	2,377	1,739
Period 7/1/2006 to 6/30/2007								
Average monthly benefit	$118	$257	$558	$1,264	$2,222	$3,336	$4,629	$5,831
Average final average salary	$24,409	$28,422	$37,416	$52,612	$65,663	$76,566	$84,377	$94,039
Number of retired members	65	415	537	491	722	831	2,152	1,687

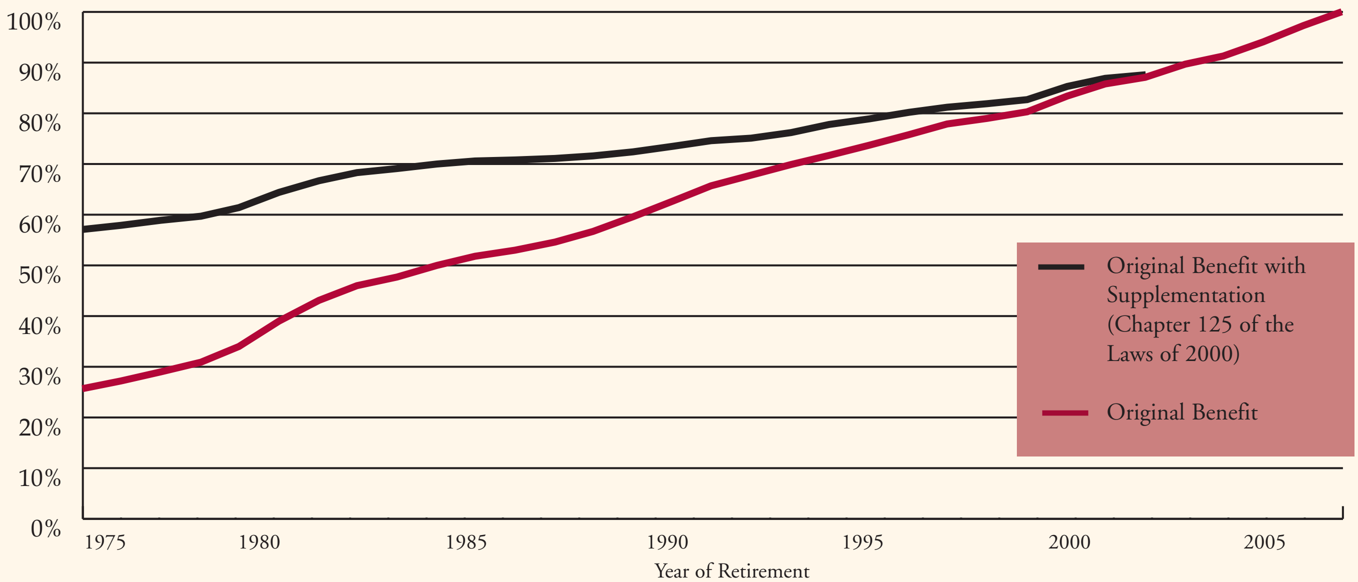
Distribution of Retired Members and Beneficiaries by Tier
As of June 30, 2007

	Tier 1	Tier 2	Tier 3	Tier 4	Total
Members Retired for:					
Service*	108,186	8,427	4,667 (269)**	5,267	126,547
Disability	1,118	217	268 (37)**	441	2,044
Beneficiaries of Deceased:					
Service Annuitants	4,067	105	66 (3)**	47	4,285
Disability Annuitants	190	25	26 (7)**	12	253
Active Members	224	2	1 (0)**	0	227
Total	113,785	8,776	5,028 (316)**	5,767	133,356

*Also includes vested retirees.
**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.

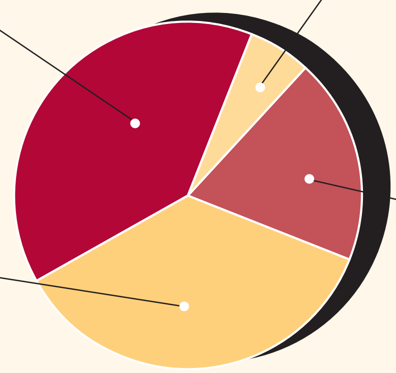
Retired Members — Remaining Purchasing Power Through 2007

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 2007, in accordance with Chapter 125 of the Laws of 2000.



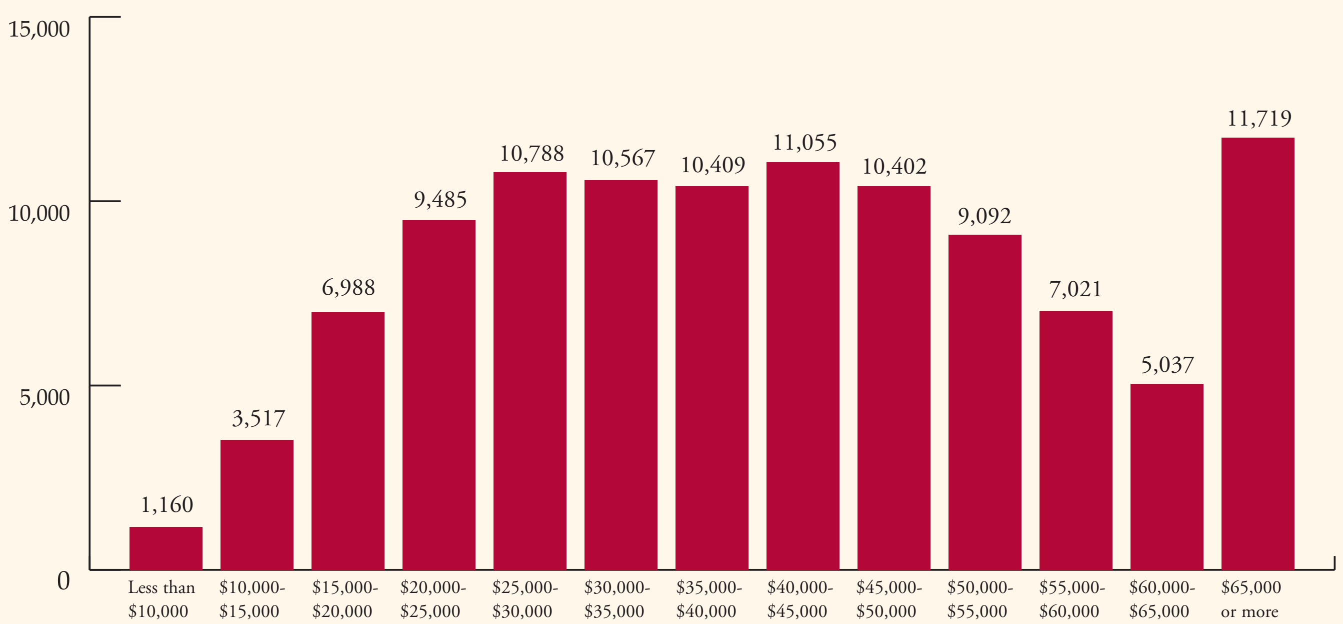
STATISTICAL

Number of Retired Members and Monthly Benefits by Decade of Retirement
As of June 30, 2007



*Average monthly benefit (based on the Maximum benefit).
** Average total monthly benefit including supplementation and COLA (based on the Maximum benefit).

Distribution of the Annual Benefit* of All Retired Members with 20 or More Years of Total Service
As of June 30, 2007



*Maximum annual retirement benefit including supplementation and COLA.

Distribution of Monthly COLA Increase Commencing September 2007

Monthly COLA Increase	Number of Retired Members and Beneficiaries
$21.00	68,506
$18.00 - $20.99	3,772
$15.00 - $17.99	3,504
$12.00 - $14.99	2,806
$9.00 - $11.99	6,004
$6.00 - $8.99	3,167
$3.00 - $5.99	4,188
$0.01 - $2.99	1,915
$0 (currently ineligible)	39,494
Total	**133,356**

Commencing September	Fiscal Year Ending March 31 CPI	Applicable COLA Percentage	Maximum Annual Base Benefit Amount	Maximum Monthly COLA Increase	Cumulative Maximum Monthly COLA	Average Monthly COLA Increase	Cumulative Average Monthly COLA
2001	2.92%	1.5%	$18,000	$22.50	$22.50	$18.80	$18.80
2002	1.48%	1.0%	$18,000	$15.00	$37.50	$12.64	$31.44
2003	3.02%	1.6%	$18,000	$24.00	$61.50	$20.32	$51.76
2004	1.74%	1.0%	$18,000	$15.00	$76.50	$12.85	$64.61
2005	3.15%	1.6%	$18,000	$24.00	$100.50	$20.68	$85.29
2006	3.36%	1.7%	$18,000	$25.50	$126.00	$22.09	$107.38
2007	2.78%	1.4%	$18,000	$21.00	$147.00	$18.29	$125.67

Distribution of Cumulative Monthly COLA Commencing September 2007

Cumulative Monthly COLA	Number of Retired Members and Beneficiaries
$147.00	41,266
$126.00 - $146.99	4,523
$105.00 - $125.99	11,213
$84.00 - $104.99	8,052
$63.00 - $83.99	11,116
$42.00 - $62.99	9,242
$21.00 - $41.99	4,947
$0.01 - $20.99	3,503
$0 (currently ineligible)	39,494
Total	**133,356**

Changes in Net Assets

Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	1998	1999	2000	2001
Additions:				
Net investment income	$13,534,138	$10,437,150	$5,840,710	$(4,946,207)
Employer contributions	209,192	230,926	211,499	152,718
Member contributions	162,265	171,886	186,751	128,019
Transfers in/out (net)	25,446	8,382	43,247	29,023
Total additions to plan net assets	13,931,041	10,848,344	6,282,207	(4,636,447)
Deductions (See *Benefits and Return of Contributions by Type* below):				
Benefit payments	2,046,952	2,258,135	2,479,932	2,887,696
Return of contributions	31,853	30,206	40,529	28,407
Administrative expenses	24,135	26,094	28,878	30,581
Total deductions from plan net assets	2,102,940	2,314,435	2,549,339	2,946,684
Change in net assets	$11,828,101	$ 8,533,909	$3,732,868	$(7,583,131)

Benefits and Return of Contributions by Type

Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	1998	1999	2000	2001
Type of Benefit				
Age and service benefits:				
Retirees	$1,973,569	$2,190,786	$2,388,009	$2,808,744
Survivors	31,532	28,037	44,381	31,171
Death in service benefits	22,277	17,859	24,923	22,389
Disability benefits:				
Ordinary	19,443	21,271	22,429	25,194
Accidental	131	182	190	198
Total benefits	2,046,952	2,258,135	2,479,932	2,887,696
Type of refund				
Death	1,395	1,337	1,171	1,257
Separation from service	30,458	28,869	39,358	27,150
Total refunds	$ 31,853	$ 30,206	$ 40,529	$ 28,407

Changes in Net Assets (continued)
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year

2002	2003	2004	2005	2006	2007
$(5,570,925)	$2,640,564	$11,360,077	$7,951,926	$9,893,833	$16,863,349
51,861	220,081	306,782	695,735	997,032	1,104,010
137,921	147,047	155,916	158,354	161,738	168,462
14,271	12,716	38,277	17,155	15,807	7,260
(5,366,872)	3,020,408	11,861,052	8,823,170	11,068,410	18,143,081
3,201,645	3,611,592	3,920,645	4,138,122	4,426,416	4,661,665
21,986	23,541	16,744	12,466	15,600	16,819
32,461	34,943	38,937	40,309	42,668	43,893
3,256,092	3,670,076	3,976,326	4,190,897	4,484,684	4,722,377
$(8,622,964)	$ (649,668)	$ 7,884,726	$4,632,273	$6,583,726	$13,420,704

Benefits and Return of Contributions by Type (continued)
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year

2002	2003	2004	2005	2006	2007
$3,117,002	$3,511,562	$3,836,904	$4,054,051	$4,335,475	$4,579,829
25,961	51,242	33,046	31,787	37,232	26,964
31,703	20,894	21,491	21,039	17,321	17,033
26,775	27,665	28,956	31,015	36,079	37,544
204	229	248	230	309	295
3,201,645	3,611,592	3,920,645	4,138,122	4,426,416	4,661,665
1,455	1,123	1,447	1,742	1,394	1,609
20,531	22,418	15,297	10,724	14,206	15,210
$ 21,986	$ 23,541	$ 16,744	$ 12,466	$ 15,600	$ 16,819

Principal Participating Employers

2007 Participating Employer	Covered Employees	Rank	Percentage of Total System
Rochester City School District	4,664	1	1.73%
Buffalo Public Schools	4,446	2	1.65%
Syracuse City School District	3,530	3	1.31%
Yonkers Public Schools	2,427	4	0.90%
Brentwood Union Free Schools	1,903	5	0.70%
Suffolk 1 BOCES	1,705	6	0.63%
Sachem Central Schools	1,647	7	0.61%
Greece Central Schools	1,640	8	0.61%
East Ramapo Central Schools	1,513	9	0.56%
Newburgh City School District	1,507	10	0.56%
All Other*	245,063		90.74%
Total	270,045		100.00%

1998 Participating Employer	Covered Employees	Rank	Percentage of Total System
Buffalo Public Schools	4,500	1	2.15%
Rochester City School District	4,067	2	1.95%
Syracuse City School District	3,301	3	1.58%
Yonkers Public Schools	2,037	4	0.97%
Sachem Central Schools	1,566	5	0.75%
Brentwood Union Free Schools	1,475	6	0.71%
Suffolk 1 BOCES	1,421	7	0.68%
Greece Central Schools	1,347	8	0.64%
East Ramapo Central Schools	1,181	9	0.56%
Clarkstown Central Schools	1,151	10	0.55%
All Other	187,034		89.46%
Total	209,080		100.00%

*In 2007, "all other" consisted of:

Type	Number	Employees
Public School Districts	687	218,686
BOCES	36	16,671
SUNY	31	2,953
Community Colleges	31	5,384
Charter Schools	22	890
Other	9	479
Total	816	245,063

Participating employers

Abbott UFS
Addison CS
Adirondack CS
Adirondack Com Col
Afton CS
Akron CS
Albany City SD
Albany-Schoharie-Schenectady-Saratoga BOCES
Albion CS
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
Applied Technologies Charter School
Ardsley UFS
Argyle CS
Ark Com Charter School
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
Buffalo Academy of Science Charter School
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-Greenwood CS
Canton CS
Carle Place UFS
Carmel CS
Carthage CS
Cassadaga Valley CS
Cato Meridian CS
Catskill CS
Cattaraugus-Allegany-Erie-Wyoming BOCES
Cattaraugus-Little Valley CS
Cayuga Com Col
Cayuga-Onondaga BOCES
Cazenovia CS
Center Moriches UFS
Central Islip UFS
Central Square CS
Chappaqua CS
Charlotte Valley CS
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
Child Devel Ctr Hamptons Charter School
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-Washington 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
Community Charter School
Connetquot CS
Cooperstown CS
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
Dalton-Nunda CS
Dansville CS
De Ruyter CS

PARTICIPATING EMPLOYERS (CONTINUED)

Deer Park UFS
Delaware-Chenango-Madison-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-South Manor CSD
Eden CS
Edgemont UFSD-Greenburgh
Edinburg Common Schools
Edmeston CS
Education Department
Edwards-Knox CS
Elba CS
Eldred CS
Elizabethtown-Lewis CS
Ellenville CS
Ellicottville CS
Elmira City SD
Elmira Heights CS
Elmont UFS
Elmsford UFS
Elmwood Village Charter School
Elwood UFS
Enterprise Charter School
Erie Com Col
Erie 1 BOCES
Erie 2-Chautauqua-Cattaraugus
Eugenio Maria De Hostas Charter School
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 Charter School
Genesee Com Col
Genesee Valley CS
Genesee-Livingston-Steuben-Wyoming BOCES
Geneseo CS
Geneva City SD
George Jr Republic UFSD
Georgetown South Otselic CS
Germantown CS
Gilbertsville-Mt Upton CS
Gilboa Conesville CS
Glen Cove City SD
Glens Falls City SD
Glens Falls Common School
Global Concepts Charter 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 Lake UFS
Groton CS
Guilderland CS
Hadley Luzerne CS
Haldane CS
Half Hollow Hills CS
Hamburg CS
Hamilton CS
Hamilton-Fulton-Montgomery 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 Point CS
Hawthorne Cedar Knolls UFSD
Hempstead PS
Hendrick Hudson CS
Herkimer CS
Herkimer County Com Col
Herkimer-Fulton-Hamilton-Otsego BOCES
Hermon Dekalb CS
Herricks UFS
Heuvelton CS
Hewlett Woodmere UFS
Hicksville PS
Highland CS

Participating employers (continued)

Highland Falls-Fort Montgomery 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
Jefferson-Lewis-Hamilton-Herkimer-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 Charter School
Kings Park CS
Kingston City SD
KIPP Sankofa Charter School
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
Maplewood-Colonie Common School
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 1 BOCES
Monroe 2-Orleans BOCES
Monroe Com Col
Monroe Woodbury CS
Montauk UFS
Monticello CS
Moravia CS
Moriah CS
Morris CS
Morristown CS
Morrisville Eaton CS
Mount Markham CS
Mount Morris CS
Mount Pleasant CS
Mount Sinai UFS
Mount Vernon PS
Mt. Pleasant Blythedale UFSD
Mt. Pleasant Cottage UFS
Nanuet UFS
Naples CS
Nassau BOCES
Nassau Com Col
Nassau Co Vocational Bd.
New Covenant Charter School
New Hartford CS
New Hyde Park-Garden City Park 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

Participating employers (continued)

Newfield CS
Niagara Charter School
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' Retirement 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
Onondaga-Cortland-Madison BOCES
Ontario-Seneca-Yates-Cayuga-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-Delaware Schoharie-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 at South Dayton
Pinnacle Charter School
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 CS
Randolph Academy UFS
Raquette Lake UFS
Ravena-Coeymans-Selkirk CS
Red Creek CS
Red Hook CS
Remsen CS
Remsenburg-Speonk UFSD
Rensselaer City SD
Rensselaer-Columbia-Greene BOCES
Rhinebeck CS
Richfield Springs CS
Ripley CS
Riverhead CS
Riverhead Charter School
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
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

Participating employers (continued)

Schuylerville CS
Scio CS
Scotia Glenville CS
Seaford PS
Seneca Falls CS
Sewanhaka CS
Sharon Springs CS
Shelter Island UFS
Shenendehowa CSD at Clifton Park
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 Charter School
South Colonie CS
South Country CS
South Glens Falls CS
South Huntington UFSD
South Jefferson CS
South Kortright CS
South Lewis CS
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 & Ind School
Stepping Stone Academy Charter School
Stillwater CS
Stockbridge CS
Suffolk Co Vocational Brd.
Suffolk County Com Col
Suffolk 1 BOCES
Suffolk 2 BOCES
Sullivan BOCES
Sullivan County Com Col
Sullivan West Central School District at Cali-Jeff
SUNY Alfred Ag and Tech
SUNY at Albany
SUNY at Binghamton
SUNY at Buffalo
SUNY at Stony Brook
SUNY at Stony Brook-Hospital
SUNY Canton Ag and Tech
SUNY Central Admin.
SUNY Cobleskill Ag and Tech
SUNY College at Brockport
SUNY College at Buffalo
SUNY College of Ceramics at Alfred
SUNY College at Cortland
SUNY College of Environmental Science and Forestry
SUNY College at Fredonia
SUNY College at Geneseo
SUNY College at New Paltz
SUNY College at Old Westbury
SUNY College at Oneonta
SUNY College of Optometry
SUNY College at Oswego
SUNY College at Plattsburgh
SUNY College at Potsdam
SUNY College at Purchase
SUNY College of Technology
SUNY Delhi Ag & Tech
SUNY Empire State College
SUNY Farmingdale Ag & Tech
SUNY Health Science Center at Brooklyn
SUNY Health Science Center at Brooklyn-Hospital
SUNY Health Science Center at Syracuse
SUNY Health Science Center at Syracuse-Hospital
SUNY Maritime College
SUNY Morrisville Ag & Tech
Susquehanna Valley CS
Sweet Home CS
Syosset CS
Syracuse Academy of Science Charter School
Syracuse City SD
Taconic Hills CS
Tapestry Charter School
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 24
Valley Stream UFSD 30
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
Washington-Saratoga-Warren-Hamilton-Essex BOCES
Washingtonville CS
Waterford Halfmoon UFSD
Waterloo CS
Watertown City SD
Waterville CS
Watervliet City SD
Watkins Glen CS

Participating employers (continued)

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
Western New York Maritime Charter School
Westfield CS
Westhampton Beach UFSD
Westhill CS
Westminster Community Charter School
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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