Serving New York's Educators

Today and Tomorrow

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

NY STRS
New York State
Teachers' Retirement System

SERVING NEW YORK'S EDUCATORS

TODAY AND TOMORROW

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2008

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

STRS

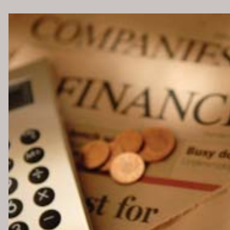
New York State
Teachers' Retirement System

Prepared by NYSTRS Staff

Table of Contents

Introduction

Financial

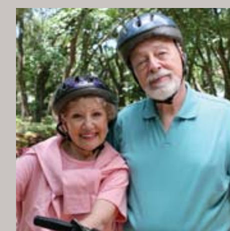


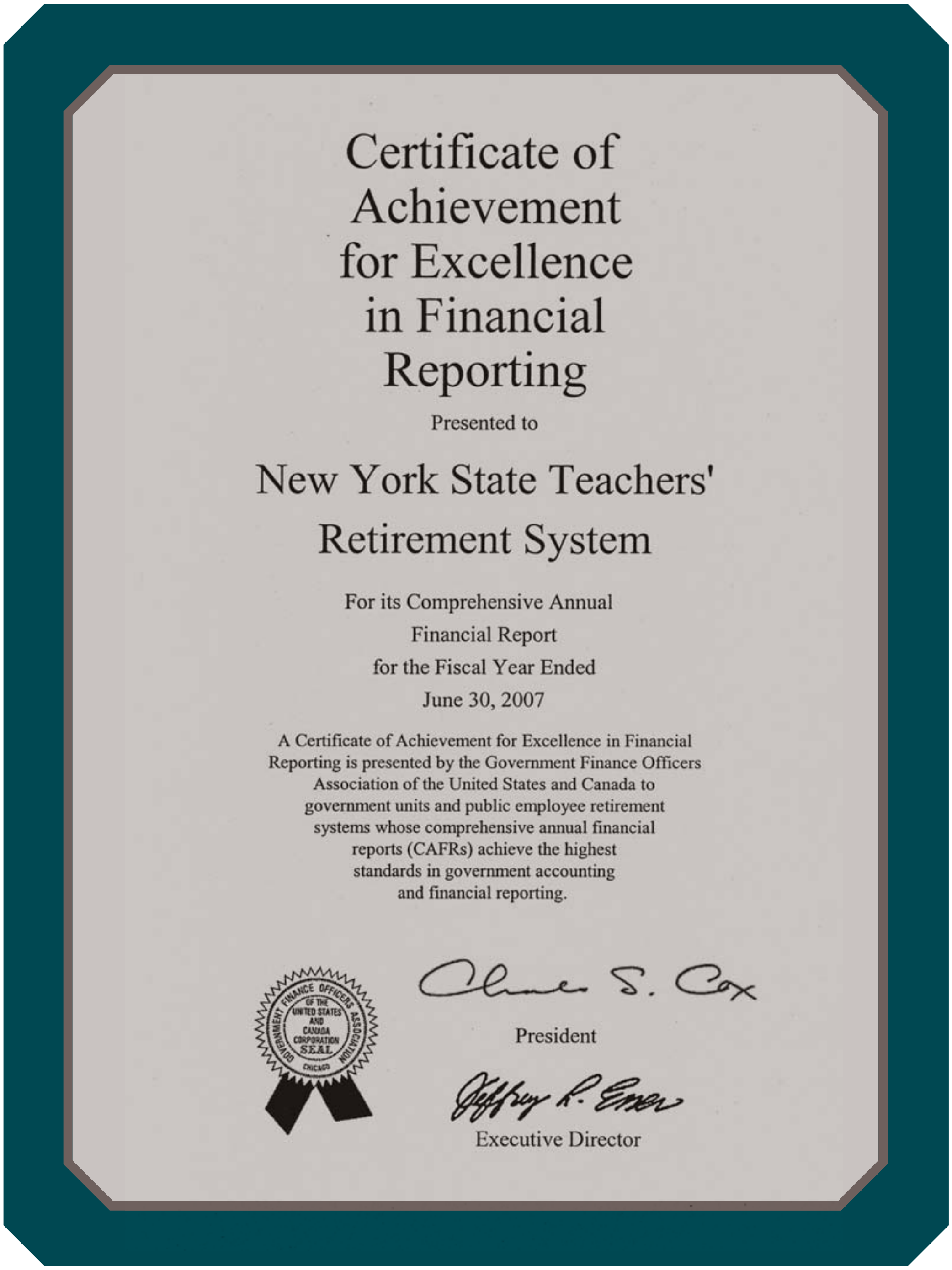
Investments

Table of Contents

Actuarial

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, 2007

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.

Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

Public Pension Coordinating Council

Public Pension Standards

2007 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

Alan H. Winkle
Program Administrator

AWARD OF RECOGNITION

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Honoring creative excellence for
communications professionals

2008
Award of Distinction

Presented to NYSTRS
For Its FYE 6/30/07
Annual Report

Presented by

INTRODUCTION

Introduction

Executive Staff

Seated (left to right): Wayne Schneider, Lillyn L. Teh, Sheila O. Gardella, Lawrence A. Johansen
Standing (left to right): Michael A. Wolfe Jr., John W. Virtanen, Thomas K. Lee, Richard A. Young, William S. O'Brien

Retirement Board of Trustees

Thomas K. Lee
Executive Director

Wayne Schneider
General Counsel

Sheila O. Gardella
Director of Member Relations

Lawrence A. Johansen
Managing Director of External Asset Management

William S. O'Brien
Director of Administration

Lillyn L. Teh
Managing Director of Quantitative Strategies

John W. Virtanen
Managing Director of Real Estate

Michael A. Wolfe Jr.
Managing Director of Fixed Income

Richard A. Young
Actuary

Board of Trustees

Board of Trustees

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

Sheila J. Salenger

Teacher Member
Elected by Delegates
First Elected 1989
Niskayuna

Nicholas Smirensky

State Comptroller's
Representative
First Appointed 2007
Delmar

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

Thomas K. Lee, Executive Director

October 9, 2008

Trustees of the Retirement System Board:

On behalf of the staff of our System, I present you with the Comprehensive Annual Financial Report of the New York State Teachers' Retirement System (NYSTRS) for the fiscal year ended June 30, 2008. 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.) The fund is backed by the full faith and credit of New York State. A summary of NYSTRS benefits is provided on pages 18-22 of this report.

The retirement fund is one of the 10 largest in the nation and 25 largest in the world, based on portfolio size and total membership. NYSTRS is also consistently among the top performing public pension funds, particularly within the teacher retirement system universe. The fund's strength is attributable to Board members and dedicated employees who have a singular focus: benefit our members. Evidence of this is found in the administration of a sound asset allocation strategy and a highly diversified portfolio that is able to withstand market turbulence.

A 10-member Board of Trustees governs the Retirement System. The Board sets policy and oversees operations consistent with applicable laws. A highly dedicated and trained staff is responsible for the day-to-day administration and operation of NYSTRS, which serves 825 employers – including public school districts, BOCES, institutions of higher education and charter schools that choose to participate in this System. NYSTRS has more than 400,000 active and retired members *(see chart below)*.

Membership Figures as of 6/30/2008

Total Membership:	411,607
Active Members:	274,901
Retired Members/ Beneficiaries:	136,706
Members Added:	17,422
Members Retired:	6,330

See page 93 for additional membership information.

Letter of Transmittal (continued)

Awards

NYSTRS' commitment to quality and outstanding customer service is epitomized by the recognition received from several professional organizations within the past year. These include:

- ✓ ***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 2007 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, 2007 through June 30, 2008, 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.

- ✓ ***The Communicator Awards' Print Media Award of Distinction*** from the International Academy of the Visual Arts. This international competition honors creative excellence in advertising, public relations, corporate communications, graphic design and identity. The System was honored for last year's edition of this annual report.

Legislation

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

Major Initiatives and Accomplishments

Trustee Returned to Board

Sheila J. Salenger was unanimously re-elected a teacher member of the Retirement Board by delegates representing the System's 825 participating employers at NYSTRS' 2007 Annual Delegates Meeting. First elected to the Board in 1989, Ms. Salenger chairs the Board's Legislation Committee. She also serves on its Executive, Disability Review, Finance, Proxy, and Rules and Regulations committees.

Additions to Executive Staff

Seeking to ensure the System is well positioned to meet the challenges and complexities of the financial markets, two additions were made to the Executive Staff. Michael A. Wolfe Jr. was promoted to managing director of fixed income following 11 years in the System's Real Estate and Investment departments.

Lillyn L. Teh joined NYSTRS as managing director of quantitative strategies and risk management. Her primary focus will be on managing the System's internal domestic equity portfolio and providing risk oversight of the System's total investment portfolio.

Letter of Transmittal (continued)

COLAs Paid

Approximately 95,000 retirees and beneficiaries received a 1.4% cost-of-living adjustment (COLA) beginning in September 2007. It was the seventh consecutive year of COLA payments made in accordance with legislation enacted in 2000. When combined with the previous COLA increases, eligible recipients received up to $147 more per month than they did prior to the law's enactment.

Customer Service Enhancements

As part of the System's effort to continually improve service to its members, service tools were added to the NYSTRS Web site. An online appointment scheduler allows members to reserve a seat at preretirement planning seminars or book appointments with an information representative. A Web-based tracking system allows new retirees to review the processing status of their retirement applications. Also added to www.nystrs.org was an online video titled *Retirement Countdown* that walks those in their final year of employment through the steps necessary for a successful retirement. These improvements were the precursor to several other significant changes planned for the System's Web site, including a new look and additional functionality.

Business Continuity

Continued efforts to ensure critical System functions proceed uninterrupted included the development of an offsite facility. The existence of this facility ensures the processing of benefit payments and investment transactions when circumstances warrant.

Financial Information

The independent 10-member NYSTRS Board has a fiduciary responsibility to safeguard the fund used to pay guaranteed retirement and ancillary benefits to the System's more than 400,000 members and beneficiaries. The System's pension obligations for this entire population are well funded. Strict governmental requirements for transparency and public accountability as established by the Governmental Accounting Standards Board (GASB), as well as state and federal laws, are followed — the result being consistently strong audits of System finances from a variety of independent sources.

The design, implementation and administration of appropriate internal controls protecting the security of assets 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, KPMG LLP, an independent certified public accountant, whose unqualified opinion appears on page 25 of this report, audits the financial statements. These oversight mechanisms provide rigorous and transparent regulation.

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 2007 to 2008 is attributable to a net increase of 3,350 retirees and beneficiaries. See the *Benefits and Return of Contributions by Type* chart on page 108-109 for more information.

For an overview of NYSTRS' financial activities for the fiscal year ended June 30, 2008, see *Management's Discussion and Analysis* on page 26. This section provides explanations and further details of the information provided in the financial statements, its notes and required supplementary information.

Letter of Transmittal (continued)

Funding

Funds used to pay promised benefits come from employer contributions, member contributions and investment income. These assets are professionally managed and invested on a long-term basis using sound investment policies. See *Statements of Changes in Plan Net Assets* on page 33 for more information.

The employer contribution rate (ECR) — expressed as a uniform percentage of member payroll — is set annually at the level necessary to properly fund benefits. The rate is established in accordance with an actuarial valuation of System assets and liabilities. The most recently adopted ECR of 7.63% will apply to 2008-09 member salaries and will be paid by employers in fall 2009. The rates are set well in advance so school districts can budget for this expense.

The System's year-end net assets totaled $95.8 billion. During the same period, benefits paid to retirees and beneficiaries rose to approximately $4.9 billion.

The plan's funded ratio as of June 30, 2007, the date of the most-recent annual actuarial valuation and calculated in accordance with new Governmental Accounting Standards Board Statement No. 50, was 104.2%. Details of our funding progress may be obtained by turning to page 86.

Investments

The System's investment portfolio is risk controlled through prudent diversification of assets across a broad spectrum of capital market segments. This strategy is employed in an effort to achieve optimum long-term returns with an appropriate level of risk. In a year in which market conditions were far from favorable for earning profits, the relatively conservative strategy helped protect the long-term health of the fund.

Market volatility led to a total fund rate of return of –6.4% during the fiscal year ending June 30, 2008. Given market conditions this was not an unexpected result, and the percentage decline was less than that of most major market indices, such as the S&P 500, which returned –13.1% for the fiscal year.

Asset allocation and portfolio construction are reviewed annually and adjusted accordingly in order to take advantage of existing market conditions. The Retirement Board, at its July 2008 meeting, reviewed our asset allocation with the assistance of an independent consultant and reduced our target exposure to domestic equities to 42% while increasing the real estate (10%) and private equity (7%) allocation targets. The System continues to cash in a small percentage of its equity portfolio each month and convert it to fixed income, providing some of the funding needed to pay retirement benefits.

Refer to pages 57-80 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.

Letter of Transmittal (continued)

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.

NYSTRS' success as one of the top ranked pension funds worldwide is attributable in large part to stability. In contrast to the often-volatile financial environment in which it operates, NYSTRS has displayed tremendous consistency and stability. Former Executive Director George M. Philip symbolized both System attributes.

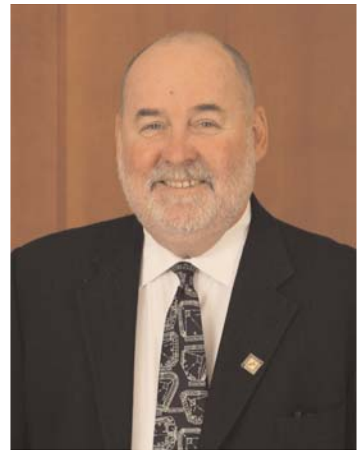
After 37 years of dedicated service, the last 12 as executive director and chief investment officer, Mr. Philip retired during the fiscal year. During his tenure he created a culture of excellence, accountability and teamwork. His legacy includes a fully funded pension fund with a successful track record. He is a friend and mentor to countless individuals, and we thank him for his dedication and contribution to the NYSTRS mission.

I thank the Board for the opportunity to serve and to the best of my ability my efforts will benefit our members. The fact that I am only the fifth executive director in NYSTRS' 87-year history is both humbling and an honor. I can assure you that the System's resources will continue to be focused to ensure our members receive superior customer service and their benefits in a timely manner.

Respectfully submitted,

Thomas K. Lee
NYSTRS Executive Director

President's Message



As the saying goes, the more things change, the more they stay the same. Since I penned my message for the 2007 version of this report, many changes have occurred both in the marketplace and at NYSTRS. Through it all, however, I am proud to say NYSTRS has maintained its stability.

The security of your NYSTRS pension, for example, remains unchanged despite the recent upheavals in the financial markets initially triggered by subprime loans. The Retirement System remains among the best funded in the nation and there are sufficient assets to pay promised benefits to all current members, both retired and active, for the long term.

The strength of System assets is attributable to the bright, hard-working and dedicated people who serve the System. From my fellow Board members to the people on the front line dealing one-on-one with our members, the quality of those serving New York's public educators is unsurpassed. I am continually impressed with how knowledgeable and caring System staff are and I know first-hand how much these skills are valued by the membership.

This customer-focused culture was fostered by former Executive Director George Philip and continues under Thomas Lee, who succeeded George prior to the midway point of the fiscal year. George served NYSTRS for almost 40 years, literally working his way up the management chain and retiring as one of the most respected public pension administrators in the nation. Like George, Tom embraces the philosophy of continuous improvement and re-examination of the status quo to benefit our members. The Board is pleased that the transition of leadership has been seamless and this has contributed to the stability of our system.

Additionally, the Board itself is not immune to change. Mike Glover resigned his Board seat at the end of the fiscal year to focus solely on his responsibilities as a BOCES superintendent. We thank him for his contributions and wish him the best.

After 18 years as a Board member, I have decided to retire from teaching and thus I will be leaving the Board when my term expires after the January 2009 Board meeting. Serving on the Board has been a tremendous experience and I am grateful to the teacher delegates who elected me for six terms. I worked with truly outstanding people through the years, many of whom will be life-long friends, and I will miss both the work and the people.

As you can see from this past year, change is inevitable. With it, however, comes an opportunity to grow and become stronger. Our Board and staff welcome this opportunity to continually combine their efforts to help ensure a sound financial future for our members.

Joseph P. McLaughlin

Joseph P. McLaughlin
President

INTRODUCTION

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.

Summary of Benefits (continued)

Pension Formulas

A retirement benefit is determined by the formula: pension factor x final average salary = pension. The pension factor under each tier for a service retirement is calculated using the percentages as shown in the 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 <u>not</u> 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 Emeritus of Surgery at 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 and Admissions Committee Member at Albany Medical College
Medical Director (Ret.), Patient Safety Center,
New York State Department of Health

MELVIN J. STEINHART, M.D.
Chief of Psychiatric Consultation-Liaison Service
Professor Emeritus of Clinical Psychiatry
Professor Emeritus of Clinical Medicine at 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.

Summary of Benefits (continued)

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.


COMPANIES & MAR
FINANCIAL
Busy doing
st for
MARKETS
Thursday February 21 2008
1400

FINANCIAL

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, 2008 and 2007, 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, 2008 and 2007 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 and Investment Expenses (Other 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 Other 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 9, 2008

KPMG LLP

Financial

Management's Discussion and Analysis

as of June 30, 2008 and 2007

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 years ended June 30, 2008 and 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 had significant depreciation; $(7.8) billion in 2008 down from $14.7 billion in appreciation in fiscal 2007 and $7.9 billion in fiscal 2006.
- The System's net assets, which represent funds available to pay current and future benefits, were $95.8 billion and $104.9 as of the end of fiscal years 2008 and 2007, respectively.
- Net assets decreased from 2007 by $9.1 billion, or 8.7%, and 2007 net assets increased from 2006 by $13.4 billion, or 14.7%.
- Contributions from employers increased from $1 billion in fiscal year 2006 to $1.1 billion in fiscal year 2007 and $1.2 billion in fiscal year 2008, consistent with the increase in the employer contribution rate.
- The size of our membership grew and benefits paid to retirees increased, rising from $4.4 billion in fiscal year 2006 to $4.7 billion in fiscal year 2007 and $4.9 billion in fiscal year 2008.
- 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 and 104.2% as of the June 30, 2007 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 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.

Management's Discussion and Analysis (continued)
as of June 30, 2008 and 2007

4. The *Required Supplementary Information* consists of information pertaining to NYSTRS' actuarial methods and assumptions and 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 and investment expenses.

Financial Analysis
Tables 1 and 2 summarize and compare the System's financial results for the fiscal years 2008, 2007 and 2006. 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.

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

	June 30				
	2008	2007	2006	Amount Increase (Decrease) 2007 to 2008	Percentage Change 2007 to 2008
Investments at fair value:					
Short-term	$ 529,367	$ 2,368,777	$ 2,320,857	$ (1,839,410)	(77.65)%
Domestic fixed income securities	16,212,220	12,932,826	11,465,623	3,279,394	25.36
Domestic equities	46,097,043	57,652,571	52,516,790	$(11,555,528)	(20.04)
International equities	12,471,647	14,057,326	10,867,369	(1,585,679)	(11.28)
Mortgages	4,381,116	3,988,511	3,771,978	392,605	9.84
Real estate	7,580,112	6,981,564	5,064,520	598,548	8.57
Alternative investments	6,876,575	5,388,876	4,041,434	1,487,699	27.61
Total investments	94,148,080	103,370,451	90,048,571	(9,222,371)	(8.92)
Receivables:					
Employer and member	1,310,912	1,261,374	1,172,897	49,538	3.93
Investment income and sales	288,896	233,674	191,161	55,222	23.63
Total receivables	1,599,808	1,495,048	1,364,058	104,760	7.01
Other assets	11,440,574	13,648,296	9,443,826	(2,207,722)	(16.18)
Total assets	107,188,462	118,513,795	100,856,455	(11,325,333)	(9.56)
Total liabilities	11,419,126	13,600,846	9,364,210	(2,181,720)	(16.04)
Net assets	$ 95,769,336	$104,912,949	$91,492,245	$ (9,143,613)	(8.72)%

Management's Discussion and Analysis (continued)
as of June 30, 2008 and 2007

Fiscal Year 2008
In 2008, the Domestic Fixed Income portfolio balance increased as a result of continued rebalancing toward the target allocation of 18% of invested assets. For the internally managed portfolio, a net of $2.5 billion was invested during the fiscal year, after maturities, sales, calls and principal prepayments.

The value of domestic equities decreased due to the market value decrease of 13.41% and net sales during the 2008 fiscal year of approximately $3.2 billion resulting from the rebalancing toward the target allocation of 42% of the portfolio.

The international equities portfolio returned a negative 10.64% for the 2008 fiscal year, slightly behind the MSCI EAFE Index. The decrease is due primarily to the decline in international equity markets.

The 2008 amount invested in real estate increased with a large part of the increase due to appreciation in asset values.

The 2008 increase in the private equity market value during the past fiscal year was due to a combination of factors: positive investment performance, the addition of 22 new private equity funds and the increases in market values as the portfolio continues to grow toward the target allocation of 5% of invested assets. At the July 30, 2008 System board meeting, the private equity allocation was increased from 5% to 7%.

The System's 2008 net assets decreased $9.1 billion from 2007 due primarily to depreciation in the market value of investments.

Fiscal Year 2007
In 2007, 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 20.67% for the 2007 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 2007 fiscal year. This positive performance was the primary reason for the increase in the portfolio.

The 2007 amount invested in real estate increased substantially with a large part of the increase being due to appreciation in asset values.

The 2007 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 value 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.

Management's Discussion and Analysis (continued)
as of June 30, 2008 and 2007

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

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

	Years Ended June 30				
	2008	2007	2006	Amount increase (decrease) 2007 to 2008	Percentage change 2007 to 2008
Additions:					
Investment income:					
Net (depreciation) appreciation in fair value of investments:	$ (7,781,949)	$ 14,721,967	$ 7,914,023	$(22,503,916)	(152.86)%
Interest income	963,581	876,584	725,755	86,997	9.92
Dividend income	1,078,773	1,110,058	1,053,405	(31,285)	(2.82)
Real estate—net operating income	276,298	269,316	312,781	6,982	2.59
Securities lending (net)	14,276	19,863	11,569	(5,587)	(28.13)
Other (net)	85,960	8,623	41,494	77,337	896.87
Less: Investment expenses	(168,746)	(143,062)	(165,194)	(25,684)	17.95
Net investment (loss) income	(5,531,807)	16,863,349	9,893,833	(22,395,156)	(132.80)
Contributions:					
Employer	1,188,140	1,104,010	997,032	84,130	7.62
Member	177,959	168,462	161,738	9,497	5.64
Transfers in/out (net)	2,349	7,260	15,807	(4,911)	(67.64)
Total (reduction) additions	(4,163,359)	18,143,081	11,068,410	(22,306,440)	(122.95)
Deductions:					
Retirement benefits	4,931,238	4,678,484	4,442,016	252,754	5.40
Administrative expenses	49,016	43,893	42,668	5,123	11.67
Total deductions	4,980,254	4,722,377	4,484,684	257,877	5.46
(Decrease) increase in net assets	(9,143,613)	13,420,704	6,583,726	(22,564,317)	(168.13)
Net assets, beginning year	104,912,949	91,492,245	84,908,519	13,420,704	14.67
Net assets, end of year	$ 95,769,336	$104,912,949	$91,492,245	$(9,143,613)	(8.72)%

Management's Discussion and Analysis (continued)
as of June 30, 2008 and 2007

For the fiscal year ended June 30, 2008, NYSTRS reported net investments (loss) income of $(5.5) billion compared to $16.9 billion in 2007 and $9.9 billion in 2006. The most significant change was in depreciation on investments as follows:

Table 3 - Net Appreciation (Depreciation) on Investments (dollars in thousands)

	June 30			Amount increase (decrease)
	2008	**2007**	**2006**	**2007 to 2008**
Short term	$ (966)	$ -----	$ -----	$ (966)
Domestic fixed income	348,023	224,614	(310,781)	123,409
Domestic equities	(8,461,630)	9,290,223	4,091,439	(17,751,853)
International equities	(1,479,879)	2,821,584	2,307,388	(4,301,463)
Mortgages	143,557	66	(234,422)	143,491
Real estate investments	814,070	1,209,417	900,907	(395,347)
Alternative investments	854,876	1,176,063	1,159,492	(321,187)
Totals	$(7,781,949)	$14,721,967	$7,914,023	$(22,503,916)

Fiscal Year 2008
Despite a general decline in interest rates, interest income during the 2008 fiscal year was higher due to larger fixed income balances.

Fiscal year 2008 securities lending income increased as a result of unprecedented credit market turmoil which created volatility across the financial markets. The lending program benefited from this volatility through high borrower demand and wider spreads for fixed income and equity securities. The credit market turmoil impacted a small portion of highly rated investments held in our cash collateral funds and have been marked to market reflecting an unrealized loss at fiscal year end.

Fiscal 2008 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 investment expense increase in 2008 from 2007 is primarily the result of an increase in the value of real estate and alternative investment assets under management.

The change in the employer and member contributions was a function of an increase in the employer contribution rate from 8.60% in 2007 to 8.73% in 2008.

Fiscal Year 2007
Interest income increased for the 2007 fiscal year from fiscal year 2006 due to the overall increase in interest rates from year to year.

Securities lending income in fiscal year 2007 increased significantly as a result of the transition to third party lending.

Management's Discussion and Analysis (continued)
as of June 30, 2008 and 2007

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.

The 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 year 2008. 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 the System had significant depreciation in investments, due mostly to the performance of both domestic and international equities. Equity returns are smoothed (averaged) by NYSTRS over a five-year period for purposes of computing the actuarial value of assets. Substantial gains in prior years in combination with recent losses have resulted in a slight increase in the employer contribution rate from 8.60% on 2006-2007 member salaries to 8.73% on 2007-2008 salaries. The funded ratio (comparison of actuarial assets to actuarial liabilities) increased to 104.2% as of the most recent actuarial valuation as of June 30, 2007, up from 102.6% in 2006.

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, 2008 and 2007

(dollars in thousands)

Assets:	**2008**	2007
Investments—at fair value (Note 6):		
Short-term	**$ 529,367**	$ 2,368,777
Domestic fixed income securities	**16,212,220**	12,932,826
Domestic equities	**46,097,043**	57,652,571
International equities	**12,471,647**	14,057,326
Mortgages	**4,381,116**	3,988,511
Real estate	**7,580,112**	6,981,564
Alternative investments	**6,876,575**	5,388,876
Total investments	**94,148,080**	103,370,451
Receivables:		
Employer	**1,139,697**	1,075,722
Employer—long-term	**52**	23,723
Member	**171,163**	161,929
Investment income	**212,985**	181,777
Investment sales	**75,911**	51,897
Total receivables	**1,599,808**	1,495,048
Other Assets:		
Securities lending cash collateral—invested (Note 6)	**11,216,122**	13,387,800
Member loans	**148,076**	146,930
Building and equipment—net of depreciation	**29,661**	33,105
Miscellaneous assets	**46,715**	80,461
Total other assets	**11,440,574**	13,648,296
Total assets	**107,188,462**	118,513,795
Liabilities and Net Assets:		
Securities lending collateral—due to borrowers (Note 6)	**11,266,834**	13,387,800
Investment purchases payable	**64,844**	101,026
Mortgage escrows and deposits—net of investments	**12,383**	11,315
Other liabilities (Notes 6 and 9)	**75,065**	100,705
Total liabilities	**11,419,126**	13,600,846
Net assets held in trust for pension benefits (Note 5)	**$95,769,336**	$104,912,949

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets Years Ended June 30, 2008 and 2007

(dollars in thousands)

ADDITIONS:	2008	2007
Investment income:		
Net (depreciation) appreciation in fair value of investments	$ (7,781,949)	$ 14,721,967
Interest income	963,581	876,584
Dividend income	1,078,773	1,110,058
Real estate—net operating income	276,298	269,316
Securities lending—gross earnings	539,920	417,934
Other—net	85,960	8,623
	(4,837,417)	17,404,482
Less: Investment expenses	168,746	143,062
Securities lending:		
Broker rebates	465,646	394,894
Management fees	9,286	3,177
Unrealized loss	50,712	-----
Net investment (loss) income	(5,531,807)	16,863,349
Contributions:		
Employer	1,188,140	1,104,010
Member	177,959	168,462
Transfers in/out—net	2,349	7,260
Total contributions	1,368,448	1,279,732
Net (reduction) addition	(4,163,359)	18,143,081
DEDUCTIONS:		
Retirement benefit payments—periodic	4,870,438	4,617,668
Beneficiary payments	38,008	43,997
Return of contributions	22,792	16,819
Administrative expenses	49,016	43,893
Total deductions	4,980,254	4,722,377
Net (decrease) increase	(9,143,613)	13,420,704
Net assets held in trust for pension benefits:		
Beginning of year	104,912,949	91,492,245
End of year	$95,769,336	$104,912,949

See accompanying notes to financial statements.

Notes to Financial Statements — June 30, 2008 and 2007
(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:

	2008	2007
Public school districts	696	696
B.O.C.E.S.	37	37
S.U.N.Y.	31	31
Community colleges	31	31
Charter schools	21	22
Other	9	9
Total	825	826

As of June 30, the System membership consisted of:

	2008	2007
Retired members and beneficiaries currently receiving benefits	136,706	133,356
Members:		
Active members	269,938	265,357
Terminated members entitled to but not yet receiving benefits	4,963	4,688
Subtotal	274,901	270,045
Total	411,607	403,401

(a) 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.

(b) 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.

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

(c) 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.

(d) 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.

(e) 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.

(f) Prior Service

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

(g) 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.

(h) Employer Contributions

Employers are required to contribute at an actuarially determined rate.

(i) 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.

(j) 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.

Notes to Financial Statements (continued)

(dollars in thousands)

(k) 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 2008 is 2.0% compared to 1.4% paid beginning September 2007.

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%.

(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 based on a good faith determination of the General Partner.

Given the inherent nature of investments it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

(c) Employer/Member Contributions Receivable

Current – Employer contributions receivable are determined by applying the actuarially calculated contribution rate of 8.73% and 8.60% to the estimated covered payroll for the fiscal years ended June 30, 2008 and 2007, 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 2007 or 2008.

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

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.

(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.

Effective June 30, 2007, the System implemented a new asset valuation method to determine the actuarial value of assets for actuarial valuation purposes. Additional disclosures related to the change are included in "Note 3: Changes in Accounting Estimates", "Note 5: Funded Status and Funding Progress", and the required supplemental information related to the schedule of funding progress.

(h) Adoption of New Accounting Standard

The System adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year beginning July 1, 2007. The adoption necessitated a new footnote disclosure (note 11) and the recording of an actuarial determined annual required contribution as an expense in the Statement of Changes in Plan Net Assets.

(3) Changes in Accounting Estimate

Effective June 30, 2007, the System changed its methodology for calculating the actuarial value of assets used in the annual actuarial valuation.

Historically, the annual actuarial valuation has included an asset smoothing, or averaging, method in order to determine the actuarial value of assets to use in the valuation. This method was used primarily to reduce the effect of short-term market volatility on the employer contribution rate. This method has been used in the actuarial valuation process since the June 30, 1986 valuation.

Notes to Financial Statements (continued)

(dollars in thousands)

As a result of a recent review of the System's standard actuarial valuation techniques, it was concluded that with respect to our System, the asset smoothing method may be overly dependent on the book value of certain asset classes. As the System's portfolio has matured, and the market value and book value have diverged, the book value appears less meaningful. Using the former smoothing method, the actuarial value of equities, specifically domestic equities, international equities, real estate and private equities, was determined by multiplying the asset book value as of the valuation date by the weighted average ratio of the market value to the book value as of the valuation date and the preceding four years.

In the newly adopted asset valuation method, each year's actual gain or loss, above (or below) an assumed inflationary gain of 3.0%, is recognized at a rate of 20% per year until fully recognized after five years. It is anticipated that the new method will more closely align with market value performance. The effect of the asset valuation method change on the June 30, 2007 actuarial valuation was an increase in the employer contribution rate by 2.93% of payroll, or an estimated $410 million.

Both methods are generally accepted actuarial techniques and are permitted in accordance with actuarial standards of practice as stated in ASOP No. 44, *Selection and Use of Asset Valuation Methods for Pension Valuations.*

(4) 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.

(a) 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.

(b) 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.

(c) 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.

(d) Pension Reserve Fund

The fund that pays pensions with the reserves transferred from the Pension Accumulation Fund.

(e) 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, 2008 and 2007 were $9,970 and $7,943, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

(f) 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 $165,602 and $158,875 in fiscal years ended June 30, 2008 and 2007, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

Notes to Financial Statements (continued)

(dollars in thousands)

(g) Administrative Fund

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

(h) Summary of Fund Balances

Net assets held in trust for pension benefits at June 30 consists of the following:

	2008	2007
Administrative Fund	$ 14,836	$ 17,435
Annuity Savings Fund	21,218	29,354
Annuity Reserve Fund	195,833	204,500
Pension Accumulation Fund	48,478,848	59,629,234
Pension Reserve Fund	47,058,601	45,032,426
Total	$95,769,336	$104,912,949

(5) Funded Status and Funding Progress

The funded status of the System as of June 30, 2007, 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)
$82,858.9	$79,537.2	$(3,321.7)	104.2%	$13,083.0	(25.4)%

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.

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2007
Actuarial cost method	Aggregate
Amortization method	Level percent of payroll
Asset valuation method	Five-year phased in deferred recognition of each year's actual gain or loss, above (or below) an assumed inflationary gain of 3.0%.
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 NYSTRS member experience.

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 an inflation assumption of 3.0%

(6) 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.

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

(a) Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2008 and 2007 are as follows:

	2008		2007	
Quality rating	**Fair value**	**Percentage of portfolio**	**Fair value**	**Percentage of portfolio**
AAA	$6,435,045	39.69%	$4,367,392	33.76%
AA	1,234,101	7.61	948,345	7.33
A	2,440,843	15.06	1,873,752	14.49
BAA	1,162,120	7.17	880,311	6.81
Other	205,832	1.27	314,926	2.44
Total credit risk debt securities*	11,477,941	70.80	8,384,726	64.83
U.S. government fixed income securities*	4,734,279	29.20	4,548,100	35.17
Total fixed income securities	$16,212,220	100.00%	$12,932,826	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.

(b) 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 (Treasurer) 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, 2008 and 2007, the System's bank balance was ($82) and ($11,227), 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)

(c) 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

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

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.

- 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 1/3% 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

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

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.

  – The Statutory Custodian (New York State Treasurer) has authorized domestic equities to be maintained in the custody of the System's custodian bank.

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

– 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.

Notes to Financial Statements (continued)

(dollars in thousands)

- 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.

(d) 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, 2008 and 2007 as follows:

	2008		2007	
Investment Type	**Fair value**	**Duration**	**Fair value**	**Fair value**
Short-term	$ 529,367	0.063	$ 2,368,777	0.120
Domestic fixed income	16,212,220	3.457	12,932,826	3.507
Total fair value	$16,741,587		$15,301,603	
Portfolio modified duration		3.350		2.982

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%.

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

(e) 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, 2008 and 2007 as follows (holdings valued in U.S. dollars):

	2008		2007	
Currency:	**International Equities**	**Alternatives**	**International Equities**	**Alternatives**
Euro	$ 3,967,189	$1,040,507	$ 4,564,402	$697,909
Japanese Yen	2,292,793	-----	2,672,530	-----
British Pound Sterling	2,266,609	124,379	2,685,122	38,598
Swiss Franc	1,012,919	-----	1,110,118	-----
Australian Dollar	529,768	-----	537,232	-----
Canadian Dollar	267,669	-----	248,704	-----
Norwegian Krone	206,932	-----	-----	-----
Hong Kong Dollar	197,472	-----	292,872	-----
Swedish Krona	164,389	-----	257,191	-----
Danish Krone	130,776	-----	-----	-----
Korean Won	-----	-----	249,859	-----
Singapore Dollar	-----	-----	175,017	-----
Other	482,523	-----	539,871	-----
Totals	$11,519,039	$1,164,886	$13,332,918	$736,507

(f) Securities Lending Transactions

The Retirement and Social Security Law authorizes the System to enter into securities lending transactions. Agreements to lend a security must be with a broker-dealer or with New York State or nationally chartered banks and must not exceed a period of one year. The market value of securities loaned may not exceed 20% of the market value of the System's invested assets. Domestic bonds, domestic equities, and global REIT securities are loaned. Initial collateral of at least 102% of the market value of loaned securities is received from the borrower. Securities on loan are marked to market daily and collateral for the loan is required not to fall below 100%. Collateral due to borrowers is reported as a liability on the Statement of Plan Net Assets. At June 30, 2008, the amount owed to borrowers by the System was approximately $50.7 million more than the fair value of the cash collateral invested. 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).

As of June 30, 2008, Wachovia Global Securities Lending, JP Morgan Securities Lending, and State Street Bank and Trust Co. acted as agents for the domestic equity, fixed income, and global REIT securities lending programs, respectively. 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 not significant violations of legal or contractual provisions, no borrower or lending agent defaults, and no recoveries of prior-period losses during the year. As of June 30, 2008 fiscal year end there were three investment holdings within the Wachovia Global Securities Lending cash

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

collateral portfolio in the total face amount of $146,000,000, in the process of restructuring. The restructuring of one of these investments was completed subsequent to the June 30, 2008 year end. 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 issued by Moody's Investors Service and Standard and Poor's, not lower than A1/P1 or long-term ratings not lower than A2/A, respectively, or the equivalent thereof. At June 30, 2008 the average effective duration of the funds managed by Wachovia and JPMorgan were, respectively, 13 days compared to 10 days in 2007. Securities loans and related collateral investments are monitored on a daily basis to ensure compliance with collateral requirements, limitations and collateral investment guidelines.

		2008	
Securities Lent	**Market Value of Securities on Loan**	**Fair Value of Collateral Invested**	**Fair value of Liabilities to Borrowers**
Domestic equities	$ 6,742,111	$ 7,030,658	$ 7,065,310
Fixed income	4,066,942	4,136,108	4,152,203
Global REITs	46,366	49,356	49,321
Total	$10,855,419	$11,216,122	$11,266,834

		2007	
Securities Lent	**Market Value of Securities on Loan**	**Fair Value of Collateral Invested**	**Fair value of Liabilities to Borrowers**
Domestic equities	$ 8,998,755	$ 9,334,201	$ 9,334,201
Fixed income	3,997,603	4,053,599	4,053,599
Total	$12,996,358	$13,387,800	$13,387,800

Subsequent to June 30, 2008, there have been significant negative economic developments surrounding overall market liquidity, credit availability and collateral values. The results of these developments have led to broad declines in investment values. The System invests in various diversified types of securities, and these securities may have been impacted, perhaps significantly, from these events. The System is a long-term investor in highly diversified investments and in a position to withstand market volatility.

(7) 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, 2008 or 2007.

(8) 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.

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

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, 2008 and 2007 were, respectively: real estate and real estate alternative investments of $2,508,653 and $2,794,283; mortgages of $195,000 and $5,299; and private equity investments of $5,008,769 and $4,420,679.

(9) Other Liabilities
Other liabilities include amounts due to the System's bank for disbursements issued on previous business days which are funded when presented for payment. Of the total other liabilities of $75,065 and $100,705 at June 30, 2008 and 2007, respectively, $82 and $11,227, respectively, were outstanding drafts.

(10) System Employees' Pension Plan
(a) 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.

(b) 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. Various enactments of pension legislation has established distinct classes of membership referred to as Tiers 1, 2, 3, and 4. An average employer contribution rate for these Tiers of 9.33% was applicable to the annual covered payroll for the fiscal year ended March 31, 2008. Average rates applicable to the fiscal years ended March 31, 2007, 2006 and 2005 were, respectively, 10.33%, 11.25%, and 12.90%. The required contributions paid to NYSLRS during the System's fiscal years ended June 30, 2008, 2007 and 2006, were $2,125, $2,017 and $2,318, respectively, and were 100% of the contributions required.

(11) Other Postemployment Benefits
(a) Plan Description

Pursuant to contractual agreement and policy, the System provides postemployment health care benefits to eligible System employees who retire from the System. The System is a voluntary participating employer in the New York State Health Insurance Program (NYSHIP), administered by the State of New York as an agent multiple-employer defined benefit plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plan and to establish maximum obligations of the plan members to contribute to the plan. The System's Board is authorized to establish the contribution rates of System employees and retirees below those set by Civil Service Law, and they are set as part of the collective bargaining process.

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

In order to be eligible, employees must have worked for at least ten years for the System, retire directly from System employment, and commence receipt of their pension from the NYSLRS. Dependents may also be covered.
System retirees are required to contribute toward the cost of their coverage. Under the current agreement, employees who retire on or after July 1, 1985 contribute an amount equal to 10% of the premium paid by the System up to the premium of the Empire Plan option. If more expensive coverage is elected, the retiree pays 10% of the Empire Plan option and 100% of the difference between the two. Employees who retire on or after April 1, 1991 are eligible to have accumulated unused sick leave converted into a credit to offset their contribution requirement.

As of June 30, 2008, 542 participants including 358 current employees, and 184 retired and/or spouses of retired employees participated in the healthcare plan. NYSHIP does not issue a stand alone financial report and NYSHIP's agent activities are included within the financial statements of the State of New York.

(b) *Funding*
The System's Board established the New York State Teachers' Retirement System Retired Employee Health Benefits Trust (the Trust) in 2008. The Trust was created for the sole purpose of making irrevocable contributions to the Trust in order to provide postretirement health insurance benefits to current and future eligible retirees of the System in accordance with the terms of the healthcare plan. The Trust issues stand alone financial statements which can be obtained by contacting the System.

The employer contribution, or funding, of the System's other postemployment benefit obligation (OPEB) is at the discretion of management and the Board. The System's current policy is to contribute the annual required contribution (ARC) to the Trust, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The System's annual contribution to the Trust for the fiscal year ended June 30, 2008 was $3,479, equal to 100% of the System's annual OPEB cost, or ARC. The annual OPEB cost, percentage contributed, and the net OPEB obligation for the fiscal year ended June 30, 2008 are shown below.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$3,479	100%	$0

The funded status of the plan as of July 1, 2007 is as follows:

Actuarial accrued liability (AAL)	$48,025
Actuarial value of plan assets	$0
Unfunded actuarial accrued liability (UAAL)	$48,025
Funded ratio	0%
Covered payroll	$20,424
UAAL as a percentage of covered payroll	235%

Notes to Financial Statements (continued)

(dollars in thousands)

(c) Actuarial Methods and Assumptions

Effective July 1, 2007, the System prospectively implemented accrual accounting for its OPEB obligations, based on the approach provided in GASB Statement No. 45. Prior to adoption, OPEB provisions were recorded on a pay-as-you-go basis. The first actuarial valuation date is July 1, 2007, and the OPEB liability at transition was zero.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The entry age normal actuarial cost method was used. There were no assets as of the first valuation date. The actuarial assumptions included an 8.0% investment rate of return and an annual healthcare cost trend rate of 8%, declining by 1% each year to an ultimate trend rate of 5%. The investment rate of return includes a 3% inflation assumption. Projected salary increases are determined using an age-based salary increase table developed from recent experience of employees in NYSLRS, to which System employees belong. The System's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis, using a thirty year amortization period.

(12) 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

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

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	$(1,982.8)	102.6%	$12,518.0	(15.8)%
June 30, 2007	$82,858.9	$79,537.2	$(3,321.7)	104.2%	$13,083.0	(25.4)%

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 second 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 two most recent actuarial valuation dates. 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.

Other Post Employment Benefits 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)
July 1, 2007	$0	$48,025	$48,025	0%	$20,424	235%

This is the initial year of application of GASB Statement No. 45. In accordance with paragraph 26 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.

Required Supplementary Information

Employer Contributions (unaudited) — June 30, 2008
(dollars in thousands)

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2003	$220,881	100%
2004	306,782	100
2005	695,735	100
2006	997,032	100
2007	1,104,010	100
2008	$1,188,140	100%

Other Supplemental Schedules

Schedule of Investment Expenses
Year Ended June 30, 2008
(dollars in thousands)

Investment Category	Assets Serviced or Under Management	Expenses*
Domestic equities	$ 1,958,506	$ 13,038
International equities	11,519,038	46,900
Commercial mortgage backed securities	915,729	1,522
Mortgages	2,182,355	432
Real estate	7,580,112	62,250
REITs	1,493,610	5,912
Alternative investments	6,876,575	35,299
General investments	-----	3,393
Totals	$32,525,925	$168,746

*Expenses represent primarily professional fees.

See accompanying independent auditors' report.

Other Supplemental Schedules (continued)

Schedule of Administrative Expenses
Years ended June 30, 2008 and 2007

	2008	2007
SALARIES AND BENEFITS:		
Salaries	$23,989,892	$22,199,527
Civil service	73,949	65,176
Employees' retirement	2,258,718	2,093,035
Health and dental insurance	6,487,155	4,569,108
Overtime salaries	170,311	262,979
Social Security	1,710,316	1,601,742
Total salaries and benefits	34,690,341	30,791,567
BUILDING OCCUPANCY EXPENSES:		
Building, grounds and equipment	985,900	1,029,392
Depreciation—building and improvement	774,061	769,371
Depreciation—equipment	262,910	272,234
Office supplies and services	235,843	210,207
Utilities and municipal assessments	890,065	795,331
Total building occupancy expense	3,148,779	3,076,535
COMPUTER EXPENSES:		
Amortization/depreciation—computer mainframe	551,094	604,332
Amortization/depreciation—computer micro	3,082,776	2,629,667
Computer hardware and software	2,913,446	2,663,372
Computer maintenance and supplies	300,111	317,387
Total computer expenses	6,847,427	6,214,758
INVESTMENT EXPENSES:		
Advisory committee expenses	98,883	58,220
Investment information services	942,022	744,287
Service costs—real estate	67,074	57,607
Total investment expenses	1,107,979	860,114
PERSONNEL AND MEETING EXPENSES:		
Board—meetings, travel and education	140,498	123,089
Delegates meeting	46,994	36,261
Pre-retirement seminars	135,166	133,833
Professional development	804,106	749,669
Travel and automobile expense	178,536	164,634
Other personnel expenses	47,094	49,405
Total personnel and meeting expenses	1,352,394	1,256,891
PROFESSIONAL AND GOVERNMENTAL:		
Auditors—financial	128,740	104,865
Auditors—insurance department	160,020	32,000
Disability medical examinations	88,147	59,934
Postage and cartage	871,883	812,868
Professional fees and services	153,806	166,127
Publications	364,652	424,964
Statutory custodian charges	102,340	92,846
Total professional and governmental services	1,869,588	1,693,604
Total	$49,016,508	$43,893,469

See accompanying independent auditors' report.

INVESTMENTS

INVESTMENTS

INVESTMENTS

Report on Investment Activity

Overall Objectives and Performance

The benefits of an advanced funding strategy and a highly diversified investment portfolio are most evident in a down economy. Such is the case with NYSTRS, as in a year characterized by the demise of venerable financial institutions, a mortgage crisis and various other factors negatively impacting the markets, the System remains well funded and among the best funded teachers' retirement systems nationwide.

As a result of market volatility and a slowing economy, the System's investment portfolio's performance was a disappointing –6.4% for the fiscal year ended June 30, 2008. Despite the fund's negative performance in the past fiscal year, positive returns were achieved in several asset classes including real estate, private equity, domestic fixed income and mortgages. The NYSTRS' portfolio outperformed the industry benchmark in most every asset class in which the System invests.

NYSTRS' goal is to meet or exceed an actuarially assumed 8.0% per annum rate of return on our investment portfolio. This investment income, when combined with employer and member contributions, ensures the proper funding of these benefits.

NYSTRS is a long-term investor able to weather short-term market downturns by adhering to its policy of diversifying assets across numerous 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.

Following is an overview of how each asset class performed during the past fiscal year. Investment performance is reported using time weighted rates of return net of fees.

Domestic Equities

The domestic equity markets experienced a significant downturn during the System's fiscal year. Early signs of trouble emerged in the housing and related mortgage and thrift markets, and subsequently spread into the financial, consumer and industrial sectors. The impact of extended high energy prices manifested itself economically through reduced corporate profit margins — especially for energy-intensive industries like airlines, cruise lines and trucking — and diminished discretionary income for consumers. The confluence of these factors impacted the System's total domestic equity portfolio by pulling it down by 13.4%, compared to the S&P 1500 benchmark performance of –12.7%. Other benchmarks applicable to portions of our domestic equity portfolio were down even further, such as the Russell 1000 Value at –18.8%, the S&P 500 at –13.1% and the Russell 2000 at –16.2%.

As these challenges continue to roll through the financial system and the economy, the System's domestic equity portfolios are positioned conservatively and are well-diversified so no single factor has a disproportionate adverse impact on the performance of the total investment portfolio.

At fiscal year-end, the value of NYSTRS' domestic equity holdings was $46.1 billion, which represented 47.7% of the investment portfolio. This compares to a 54.5% allocation at the end of the previous fiscal year, partly due to the strategic reallocation out of domestic equities. Our revised targeted exposure level is 42%.

International Equities

International equities, like domestic equities, experienced a significant decline during the year ending June 30, 2008. The international markets were hurt by high commodity prices, concerns about stagflation and a lack of available credit. The problems with the U.S. financial sector spread around the world. Central banks are attempting to balance growth and inflation, while consumers are less confident and are facing falling housing prices.

Report on Investment Activity (continued)

The System's international equity portfolio returned –10.6%, matching its corresponding benchmark, the Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE) Total Return Index.

NYSTRS' international equity portfolio is directed primarily by 10 external managers hired by the System, with 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 some of the cash flow needed to meet monthly retirement benefit obligations of approximately $420 million. The System invests in high-quality fixed income securities such as U.S. Treasuries, AAA rated agency mortgage-backed securities and investment-grade corporate bonds. The portfolio is actively managed to take advantage of opportunities while attempting to ensure portfolio stability.

During the 2008 fiscal year, financial markets and the U.S. consumer were challenged by tight corporate and consumer credit, rising unemployment, a weak U.S. dollar and the highest year-over-year inflation in almost 20 years. Real Gross Domestic Product, which represents the total market value of U.S.-produced goods and services, slowed down dramatically during the year but in September 2008 was reported to have increased 2.8% on an annualized basis during NYSTRS' fiscal fourth quarter — an increase slightly below projections. This level of growth included a boost received from tax rebate checks sent to jumpstart the U.S. economy. Surprisingly, the level of growth was far better than the 0.9% rise during the third quarter and the 0.2% contraction in the second quarter. However, expectations going forward are for slower growth as Americans pare back spending and companies delay investments.

Exports have been one of the few bright spots in the economy, driven by a weaker U.S. currency and partially offsetting a housing market that was slowing down a year ago but subsequently plummeted. The economic slowdown has contributed to a rising unemployment rate that increased from 4.6% in June 2007 to 6.1% in August 2008. This was the highest unemployment rate in nearly five years, resulting in a greater drag on the U.S. economy.

In the past when inflation spiked and became a concern the Fed raised interest rates. However, over the last year, inflationary pressures attributed in part to a weak U.S. dollar as well as global demand for commodities and energy caused the Consumer Price Index (CPI) to rise by 5.0%. Complicating things for the Fed were tight credit markets, problems at financial institutions and the slowing U.S. economy. These issues resulted in the Fed aggressively lowering interest rates by 3.25% during the past year despite inflationary pressures.

Some economists believe inflation peaked with the 5.6% year-over-year increase in July and are comforted by the lack of a wage price spiral reminiscent of the 1970s. Others are less certain, noting inflation expectations have increased in consumer sentiment surveys. Nonetheless, the general consensus is the Fed will not be increasing rates in the near future to defend against inflation. Instead, the focus is on reducing risks to the financial system.

The treasury yield curve began the year flat. However, when the credit crisis started in the summer of 2007, the curve began to steepen, with the front end dropping in yield in anticipation of the Fed lowering interest rates. The credit crisis accompanied by the deleveraging of market participants resulted in wider credit spreads, somewhat offsetting the lower treasury yields. Consequently there have been periodic opportunities to cautiously invest in high-quality "spread" product at attractive yields.

Report on Investment Activity (continued)

In this tumultuous environment, the Retirement System's fixed income portfolio had a total return of 7.4% during the 12 months ended June 30, 2008, outperforming the Lehman Brothers Aggregate Bond Index benchmark by 0.3%.

Short-Term (Cash Equivalents)

The System's short-term fixed income portfolio consists of high-quality securities which can be rapidly converted to cash when required to satisfy the monthly payment of pension benefits. These funds are also available to invest 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 in this portfolio 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 30, 2008, the duration of the portfolio was 23 days. For the 12 months ended June 30, 2008, the short-term portfolio returned 4.1% versus iMoneyNet Fund Report Averages/All Taxable Index benchmark, which returned 3.6%.

Real Estate

The System's equity real estate investment program has three main components. The largest segment is comprised of direct investments — the owning and operating of large, high-quality commercial real estate assets. These include office buildings, shopping centers, warehouses and apartment projects. Although our properties remained well leased and generated an 11.1% return during the fiscal year, our assets are starting to feel the effects of the general economic downturn.

The next largest component of our program involves opportunistic and value-added real estate funds. Here we invest with a diversified group of fund managers who use varying strategies. Many funds in this sector experienced slowed activity due to challenges posed by the housing market and the turbulence in the financial system. However, most funds have multi-year investment periods, enabling managers to modify their investment programs as necessary to best take advantage of the changing market.

The third segment of our equity real estate investment program involves public market real estate investments, where we invest in shares of publicly traded Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs). Following several years of very strong performance, these investments experienced the full force of the negative sentiment challenging the real estate markets, resulting in a disappointing –17.1% return.

Rounding out the System's real estate investment program are our investments in commercial mortgage loans and commercial real estate debt instruments. The weakened financial condition of many banks and the virtual disappearance of securitized lenders resulted in a significant reduction in the availability of mortgage financing. As a result the System is finding more attractive financing opportunities and improved terms from the perspective of lender. During the fiscal year we funded over $660 million in commercial mortgage loans.

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%).

Report on Investment Activity (continued)

The Retirement System's private equity investments are in buyout, venture capital, international, special situation and real estate funds. For asset allocation purposes, the $1.3 billion of private equity associated with real estate and timberland are categorized in this report as real estate equity. As of June 30, 2008, the value of the non-real estate private equity investments was $5.6 billion.

Over the course of the fiscal year, the private equity markets experienced the effects of a changing investment landscape. The year began with investors benefiting from strong returns, a direct result of plentiful and inexpensive financing packages which enabled funds to benefit both as an acquirer and seller of portfolio companies. In November 2007 conditions changed as the turbulent financial markets, fueled by a slowing global economy and growing concern over U.S. subprime defaults, caused high-yield debt investors to walk away from leveraged buyout deals. As a result, numerous financial institutions were left holding tens of billions of dollars of non-syndicated leveraged buyout debt on their balance sheets.

Although conditions improved during the latter portion of the fiscal year, the effects of the credit crisis can be seen in NYSTRS' private equity portfolio. Slowing fund distributions coupled with more volatile portfolio company market values as a result of FAS 157 implementation have resulted in lower year-over-year performance. However, despite these challenges, the System's private equity portfolio performance continued to outperform the benchmark of the S&P 500 plus 500 basis points.

Private equity investments, excluding real estate, returned 4.5% for the past year, compared to –8.1% by its performance benchmark. The three-year average annual return is more than double the comparable benchmark of 9.4%. The System's five- and 10-year performance figures in this asset class are 23.4% and 12.5%, respectively.

As of June 30, 2008, the System committed approximately $11.7 billion to 117 partnerships in 54 private equity firms. Since inception, the private equity portfolio generated an Internal Rate of Return of 16.1%.

Other Programs

Securities Lending

The Retirement System's securities lending program generates incremental income by lending marketable securities, such as equities, American Depository Receipts (ADRs) and bonds. The System garners a spread by primarily accepting cash as collateral for each loan, with the cash invested in short-term fixed income securities at interest rates greater than an agreed upon borrower rebate rate. The System uses multiple agents to conduct its lending program. In December 2007, the System began lending its global REIT securities using State Street Bank as its agent lender.

Each lending program is managed by an agent lender pursuant to contractual terms and policies established by NYSTRS with compliance closely monitored by Retirement System staff.

The financial market turmoil of the past 12 months resulted in greater borrower demand for high-quality securities as well as wider lending and investment spreads. The market volatility helped generate record earnings throughout the fiscal year. The Retirement System earned just under $65 million in securities lending income, gross of unrealized market depreciation of $50.7 million (net $14.3 million), for the fiscal year ended June 30, 2008, versus $19.86 million earned the prior fiscal year. As of June 30, 2008, the securities lending portfolio was collateralized at 103.6%, with approximately 17.2% of the Retirement System's portfolios on loan. For information describing the securities lending process, please see the *Notes to Financial Statements* under the heading "Securities Lending Transactions."

Report on Investment Activity (continued)

Commission Recapture

The Retirement System negotiates with brokers to obtain the lowest commission possible for securities traded in the internally managed portfolios. Conversely, external managers have discretion when selecting brokers who trade the portions of the NYSTRS portfolios managed by the 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 2008 fiscal year, the Retirement System recaptured $222,313 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 funds. During the 2008 fiscal year, the System generated approximately $1.4 million in premiums.

Prepared by NYSTRS Staff

Diversification of Investments - June 30, 2008 and June 30, 2007

(dollars in thousands)

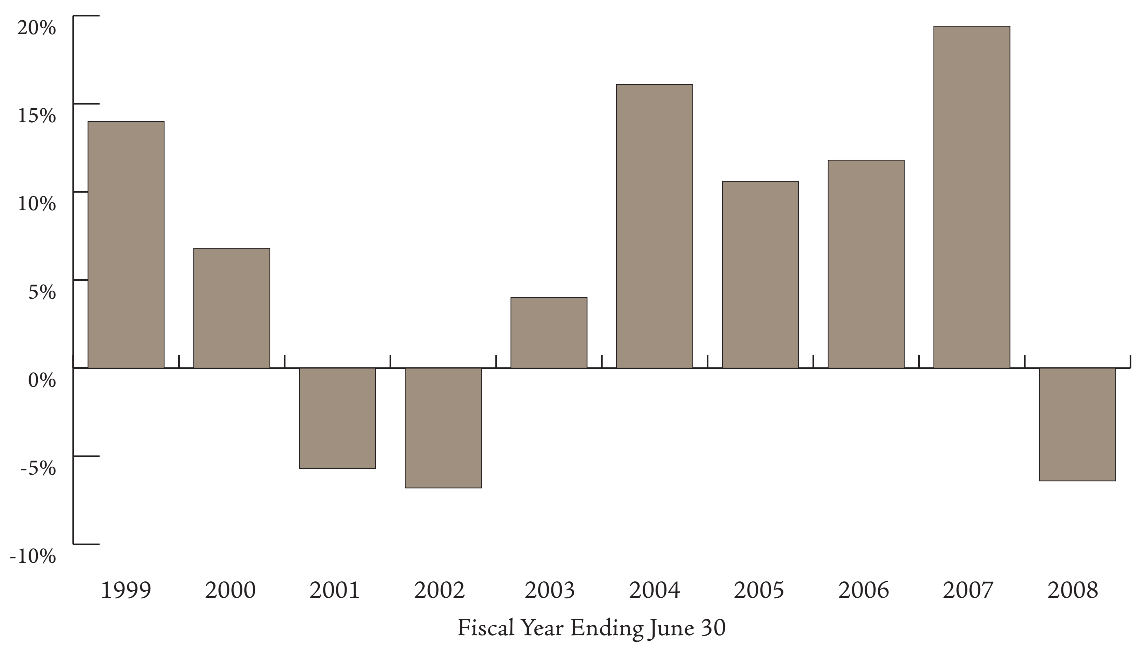
Investment Type	2008	Percent	2007	Percent	Increase (Decrease)
Short-term:					
U.S. Treasury and agency	$ 169,990		$ 267,159		$ (97,169)
Corporate	359,377		2,101,618		(1,742,241)
	529,367	0.57	2,368,777	2.29	(1,839,410)
Domestic fixed income securities:					
United States Treasury	4,734,279		4,548,100		186,179
Federal agency, notes and debentures	1,682,033		1,070,602		611,431
Federal agency mortgage backed	3,976,139		3,070,473		905,666
Commercial mortgage backed	876,391		479,972		396,419
Corporate	4,943,378		3,763,679		1,179,699
	16,212,220	17.22	12,932,826	12.51	3,279,394
Domestic equities:					
Basic materials	5,474,452		6,387,154		(912,702)
Capital goods	6,140,319		7,432,651		(1,292,332)
Consumer cyclicals	4,208,746		5,566,537		(1,357,791)
Consumer staples	3,569,301		4,115,550		(546,249)
Energy	5,941,613		5,438,418		503,195
Financial	8,195,577		13,800,114		(5,604,537)
Technology	7,161,076		8,154,151		(993,075)
Transportation	1,230,716		1,382,394		(151,678)
Utilities	4,163,791		5,365,760		(1,201,969)
Diversified and Miscellaneous	11,452		9,842		1,610
	46,097,043	48.96	57,652,571	55.78	(11,555,528)
International equities:					
Commingled investments	11,519,039		12,915,946		(1,396,907)
ADRs	654,401		724,408		(70,007)
REITs	298,207		416,972		(118,765)
	12,471,647	13.25	14,057,326	13.60	(1,585,679)
Mortgages:					
Conventional	4,349,011		3,952,234		396,777
Federal Housing Administration	32,105		36,277		(4,172)
	4,381,116	4.65	3,988,511	3.86	392,605
Real estate:					
Direct equity real estate investments	4,690,159		4,322,551		367,608
Commingled real estate investments	2,889,953		2,659,013		230,940
	7,580,112	8.05	6,981,564	6.75	598,548
Alternative investments:					
Private equity	5,612,296		4,328,378		1,283,918
Real estate equity funds	510,245		426,211		84,034
Real estate debt funds	497,001		428,528		68,473
Timberland	257,033		205,759		51,274
	6,876,575	7.30	5,388,876	5.21	1,487,699
Total Investments	**$94,148,080**	**100.00**	**$103,370,451**	**100.00**	**$(9,222,371)**

Asset Allocation — June 30, 2008

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	46%	36-56%	47.7%
International Equity	15%	11-19%	12.9%
Real Estate	8%	4-12%	10.5%
Private Equity	5%	2-10%	6.0%
Total Equities	74%		77.1%
Domestic Fixed Income	18%	11-25%	16.3%
Mortgages	8%	5-11%	6.0%
Cash Equivalents	0%	0- 5%	0.6%
Total Fixed Income	26%		22.9%

Annual Performance History



Investment Performance Results — June 30, 2008

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	–16.9%	3.2%	----%	----%
NYSTRS Growth Tilt Fund	–14.7	3.3	8.5	----
NYSTRS Index Fund	–12.9	4.6	8.2	3.5
NYSTRS Value Tilt Fund	–15.8	3.8	8.7	----
Benchmark: S&P 1500*	–12.7	4.6	8.1	3.3
NYSTRS Value Index Fund	–18.5	3.7	8.9	5.3
Benchmark: Russell 1000 Value	–18.8	3.5	8.9	4.9
NYSTRS S&P 500 Equal Weight Fund	–16.7	4.2	----	----
Benchmark: S&P 500 Equal Weight	–16.9	4.1	----	----
NYSTRS Small Cap Fund	–14.2	4.4	----	----
Benchmark: S&P 600	–14.7	4.1	----	----
Total Active Large Cap Management	–2.4	11.6	15.8	3.9
Benchmark: S&P 500	–13.1	4.4	7.6	2.9
Total Active Small Cap Management	–12.5	5.8	10.2	4.8
Benchmark: Russell 2000*	–16.2	3.8	10.3	5.5
Total	–13.4	4.7	8.7	3.8
International Equities				
NYSTRS S&P ADR Index Fund	–3.1	16.3	----	----
Benchmark: S&P ADR Index	–4.7	15.9	----	----
Total Passive/Enhanced Management	–11.6	12.8	16.9	6.2
Total Active Management	–10.8	11.9	15.6	5.3
Total	–10.6	12.4	16.1	5.7
Benchmark: MSCI EAFE	–10.6	12.8	16.7	5.8
Real Estate	5.2	18.4	19.3	14.5
Benchmark: Blended NCREIF/DJ Wilshire REIT*	4.6	13.2	15.0	12.1
Private Equity	4.5	24.4	23.4	12.5
Benchmark: S&P 500 plus 5%	–8.1	9.4	12.6	7.9
Domestic Fixed Income	7.4	4.7	3.8	5.8
Benchmark: Lehman Bros. Aggregate*	7.1	4.1	3.9	5.6
Mortgages	4.0	4.4	5.2	6.8
Short Term	4.1	4.6	3.4	3.8
Benchmark: iMoneyNet™ Fund Avgs/All Taxable	3.6	4.0	2.8	3.2
Total Fund	–6.4%	7.7%	9.9%	6.0%

* 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, 2008

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	$1,138.7	10.3%	1.6%	Apr-99
Small Cap Management				
Progress	898.3	9.7	7.4	Oct-96
International Equities				
Passive/Enhanced Management				
Barclays Global Investors	3,322.8	12.5	11.5	Apr-02
State Street Global Advisors (Enhanced)	537.5	–17.4	–15.8	Nov-07
State Street Global Advisors (Passive)	1,166.9	12.6	12.2	Mar-04
Active Management				
Capital Guardian	1,749.8	7.4	5.4	May-99
JPMorgan	1,069.9	9.8	10.3	Mar-05
Pyramis (Fidelity)	1,129.7	12.0	10.3	Mar-05
Benchmark Agnostic				
Artisan Partners	487.9	16.8	17.4	Oct-02
Causeway Capital	561.0	19.1	17.4	Oct-02
Harris Associates	470.2	16.0	17.4	Oct-02
Mercator	498.4	16.5	17.4	Oct-02
Wellington	523.8	10.4	10.3	Mar-05
Real Estate				
Private Securities				
Angelo, Gordon & Co.: AG Realty Fund V	3.6	27.9	13.0	Dec-01
Angelo, Gordon & Co.: AG Realty Fund VI	42.6	5.6	----	Sep-05
Angelo, Gordon & Co.: AG Realty Fund VII	8.1	–4.0	----	Dec-07
BlackRock: Granite Property Fund	110.4	11.3	12.5	Dec-97
Blackstone RE Partners: Fund V TE.2	55.0	39.9	----	Jul-06
Blackstone RE Partners: Fund VI TE.2	46.5	–13.1	----	Mar-07
Brookfield Properties: Office Partners	326.2	29.3	11.9	Oct-06
Cabot Properties: Industrial Value Fund II	33.7	19.7	13.8	Nov-05
CB Richard Ellis: Strategic Partners Europe Fund III	5.1	n/a	----	Jun-07
CB Richard Ellis: Strategic Partners III	36.2	22.5	15.4	Dec-03
CB Richard Ellis: Strategic Partners IV	78.2	13.3	13.8	Dec-05
CB Richard Ellis: Strategic Partners U.S. Opport. 5	5.9	–3.3	2.2	Dec-07
CB Richard Ellis: Strategic Partners UK Fund III	9.9	n/a	----	May-07
Cerberus: Institutional Real Estate Partners	19.5	16.0	----	May-04
CIGNA: Apartment Alliance	0.4	41.4	14.2	Dec-02
Citigroup: CPI Capital Partners North America	24.9	–10.5	----	Dec-06
Cornerstone: Apartment Fund I	27.1	27.5	12.3	Nov-00
Cornerstone: Apartment Venture I	45.9	57.7	15.2	Jul-03
Cornerstone: Apartment Venture III	7.5	–9.3	9.3	Apr-07
DLJ: Real Estate Capital Partners III	66.2	15.7	----	Jun-05
DLJ: Real Estate Capital Partners IV	8.4	–6.6	----	Feb-08
Essex Property Trust: Apartment Value Fund II	52.8	13.5	15.6	Nov-04
Exeter Property Group: Industrial Value Fund	17.8	4.2	2.2	Nov-07

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

continued on next page

Manager Investment Performance Results — June 30, 2008 (continued)

	Assets Managed ($ millions)	Rates of Return [1] From Inception Fund	Benchmark	Inception Date
Real Estate (continued)				
Private Securities (continued)				
Hines Interests: Emerging Markets	16.7	8.0	----	Oct-99
Hines Interests: U.S. Office Value Added	42.9	51.0	15.7	Jan-05
Hines Interests: U.S. Office Value Added II	18.0	−18.6	5.5	Aug-07
ING Clarion: Development Ventures II	21.6	14.4	15.0	Jun-05
ING RE: China Opportunity Fund	48.6	1.1	----	Dec-06
JPMorgan: Excelsior II	150.1	4.1	13.8	Dec-05
Landmark Partners: Real Estate Trust IV	4.5	21.0	----	Mar-02
LaSalle: Asia Opportunity Fund III	1.9	−26.5	----	Mar-08
Lone Star: Fund II	1.3	4.3	----	Mar-99
Lone Star: Fund III	25.2	27.7	----	Oct-00
Lone Star: Fund IV	169.5	27.8	----	Dec-01
Lone Star: Fund V	114.9	34.6	----	Jan-05
MGPA: Asia Fund II	50.3	13.5	----	Apr-05
MGPA: Asia Fund III	8.8	−7.1	----	May-07
MGPA: Europe Fund III	7.1	−52.0	----	Jun-07
MGPA: Europe Parallel Fund II	20.3	7.6	----	Apr-05
MGPA: Lend Lease Global Properties	4.1	10.9	----	May-99
O'Connor: North American Property Partners	72.0	4.9	----	Sep-04
O'Connor: North American Property Partners II	16.0	−4.1	----	Oct-07
O'Connor: Peabody Global Real Estate	5.3	18.2	----	Jul-99
Penwood RE: Calif. Select Industrial Partners	25.0	6.2	13.2	Dec-05
Penwood RE: Select Industrial Partners II	0.2	−50.9	5.5	Aug-07
Perella Weinberg: Real Estate Fund I	−1.2	n/a	----	Jan-08
Prudential Latin America: PLA Residental Fund III	5.3	0.8	----	Mar-08
Prudential: PRISA	328.4	8.7	8.6	Sep-85
Prudential: PRISA II	249.9	11.1	8.7	Sep-89
Prudential: PRISA III	126.5	34.3	14.8	Jun-03
Prudential: Strategic Value Investors	0.1	21.9	12.9	Oct-07
Rockpoint: Finance Fund I	1.1	−6.7	11.2	Mar-07
Rockpoint: Heritage Fields	38.8	−2.1	14.7	Jul-05
Rockpoint: Real Estate Fund I	20.9	10.2	----	Sep-04
Rockpoint: Real Estate Fund II	82.5	−4.4	----	Sep-05
Rockpoint: Real Estate Fund III	2.0	n/a	----	Dec-07
Rockwood: Fund IV	9.3	35.4	12.3	Sep-00
Rockwood: Fund V	35.3	28.9	15.2	Jul-03
Rockwood: Fund VI	66.0	12.2	15.0	Jun-05
Rockwood: Fund VII	50.5	3.5	11.9	Oct-06
Starwood: Opportunity Fund IV	8.8	8.6	13.0	Jan-97
Starwood: Opportunity Fund VII-A	51.0	8.0	----	Jan-06
UBS Realty: UBS Trumbull Prop. Fund	330.9	9.2	8.6	Sep-85
USAA Real Estate: U.S. Industrial REIT II	48.2	7.5	11.2	Jan-07
Westbrook: Real Estate Fund IV	5.1	13.6	----	May-01
Westbrook: Real Estate Fund V	7.5	41.3	----	Feb-05
Westbrook: Real Estate Fund VI	47.9	27.7	----	May-06
Westbrook: Real Estate Fund VII	12.8	−12.0	----	Dec-07

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

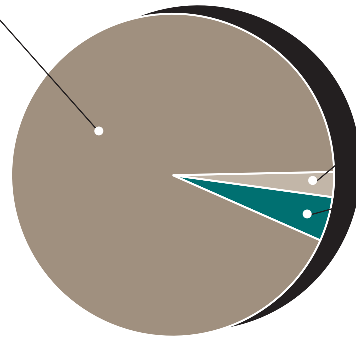
Manager Investment Performance Results — June 30, 2008 (continued)

	Assets Managed ($ millions)	Rates of Return [1] From Inception Fund	Benchmark	Inception Date
Real Estate (continued)				
Direct Investments				
ING Clarion Partners	906.1	11.8	8.8	Jun-90
Invesco Realty Advisors (Multi-family)	185.7	16.5	12.2	Dec-98
Invesco Realty Advisors (Industrial)	221.7	10.6	12.1	Nov-94
JPMorgan	2,716.3	13.6	9.1	Oct-90
Kennedy Associates	151.2	12.2	12.2	Apr-95
Morgan Stanley	223.5	15.0	12.3	Aug-95
Sentinel Real Estate	343.5	13.0	12.5	Mar-96
Public Securities				
Adelante Capital Management	287.9	13.4	11.7	Aug-98
Cohen & Steers: Equity Income Separate Acct.	151.8	9.9	9.9	Jul-98
Cohen & Steers: REIT/Preferred Income Sep. Acct.	95.3	−3.9	−2.0	Sep-07
Cohen & Steers: Total Return Separate Acct.	396.9	13.6	12.6	Jun-95
RREEF	296.0	13.7	11.7	Aug-98
International Real Estate Securities				
Citigroup	79.9	−13.8	−9.5	Dec-06
European Investors	75.5	−17.1	−10.3	Dec-06
LaSalle	80.0	−13.7	−9.5	Dec-06
RREEF	83.3	−11.5	−9.5	Dec-06
Timber: Direct Investments				
Forest Investments: Adirondack Timber I	280.0	5.2	----	Dec-98
Mortgages				
BlackRock: CMBS	429.5	5.3	5.3	Apr-01
ING Clarion: Clarion Value Fund	33.9	−7.2	−9.0	Sep-05
ING Clarion: CMBS	372.9	4.5	5.3	Apr-01
Prima: CMBS	117.3	3.5	2.9	Nov-03

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

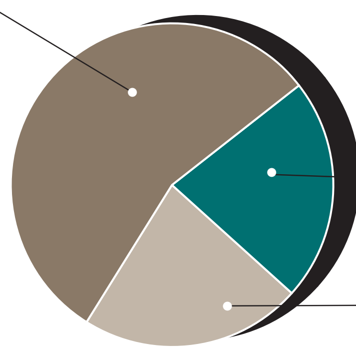
Domestic Equity Distribution — June 30, 2008

$46,097,043,104



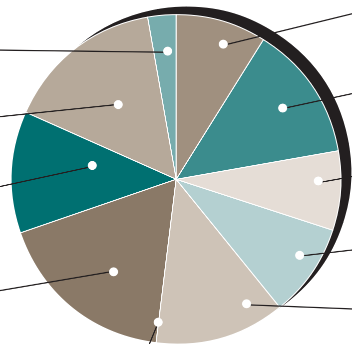
Domestic Equity Externally Managed Style Distribution — June 30, 2008

$1,958,505,716



Domestic Equity Holdings by Industry Distribution — June 30, 2008

$46,097,043,104



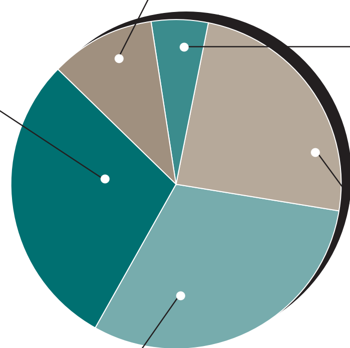
Ten Largest Domestic Equity Holdings — June 30, 2008

Rank	Company	Cost	Market Value	Percent of Equities
1	Exxon Mobil	$ 181,414,701	$1,505,781,072	3.3%
2	General Electric	272,198,723	847,823,864	1.8
3	Chevron	143,848,614	715,196,284	1.6
4	AT&T	262,321,851	707,891,416	1.5
5	Microsoft	371,145,101	630,564,963	1.4
6	ConocoPhillips	162,383,198	579,037,248	1.3
7	Procter & Gamble	190,559,805	578,250,986	1.3
8	Johnson & Johnson	164,345,769	558,318,650	1.2
9	IBM	119,887,248	478,805,728	1.0
10	Apple	81,680,967	440,283,480	1.0
Total		**$1,949,785,977**	**$7,041,953,691**	**15.4%**

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, 2008

$16,212,219,728
Yield to Maturity 4.6%

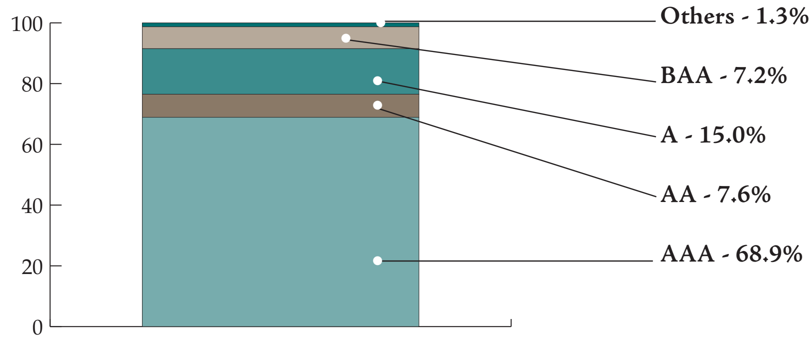


Ten Largest Domestic Fixed Income Holdings - June 30, 2008

Rank	Issue	Market Value	Percent of Fixed Income
1	U.S. Treasury Strips (Principal) Due 8/15/2008	$1,097,223,600	6.8%
2	U.S. Treasury Strips (Principal) Due 11/15/2009	675,987,200	4.2
3	U.S. Treasury Strips (Coupon) Due 11/15/2010	469,949,500	2.9
4	U.S. Treasury Strips (Coupon) Due 5/15/2011	323,684,200	2.0
5	U.S. Treasury Strips (Coupon) Due 11/15/2011	228,534,000	1.4
6	U.S. Treasury Strips (Coupon) Due 2/15/2010	192,161,000	1.2
7	AID - Israel 5.50% Due 4/26/2024	107,365,400	0.7
8	U.S. Treasury Strips (Coupon) Due 8/15/2008	99,778,000	0.6
9	U.S. Treasury Strips (Coupon) Due 8/15/2010	94,685,200	0.6
10	U.S. Treasury 7.50% Due 11/15/2016	93,972,877	0.6
Total		**$3,383,340,977**	**20.9%**

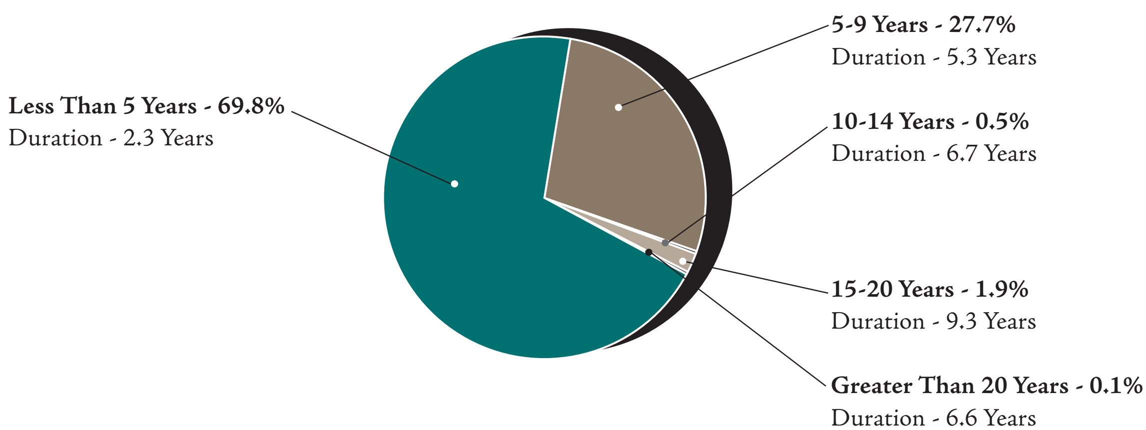
A complete list of the System's holdings is available on our Web site or through the Public Information Office.

Domestic Fixed Income Quality Distribution — June 30, 2008



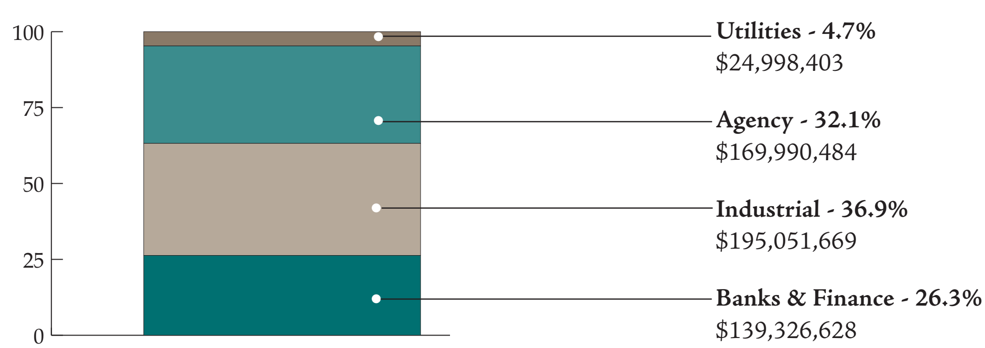
Domestic Fixed Income Average Maturity — June 30, 2008

Effective Duration 3.3 Years



Short-Term Sector Distribution — June 30, 2008

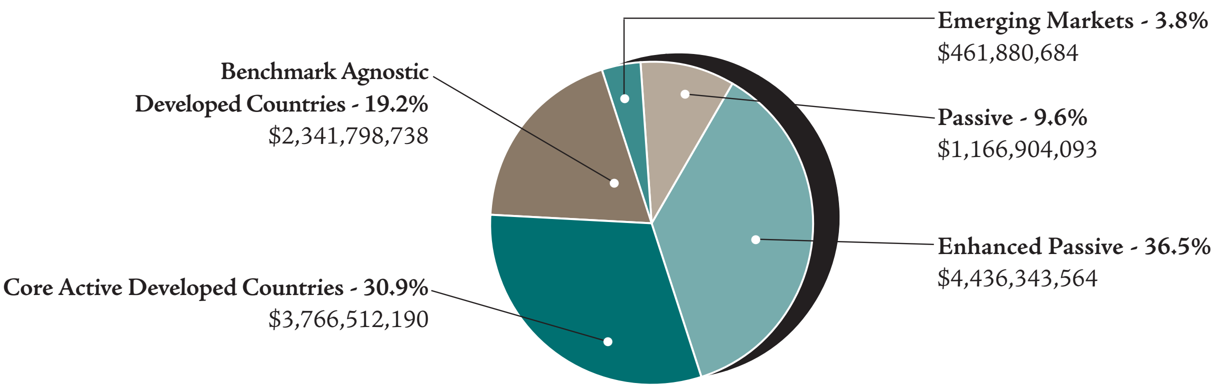
$529,367,184



INVESTMENTS

International Equity Style Distribution — June 30, 2008

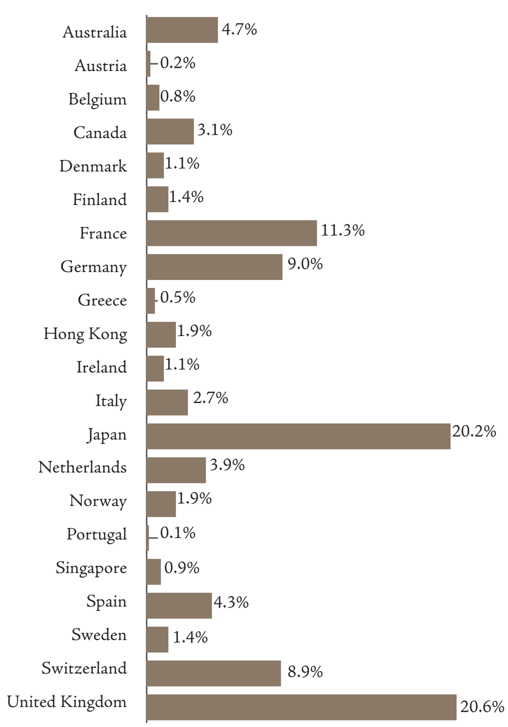
$12,173,439,269



International Equity Exposure Distribution — June 30, 2008

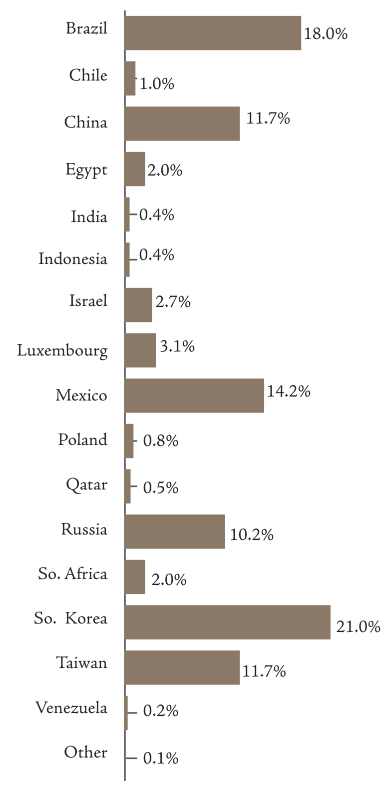
Developed Countries **Percentage of Portfolio**

$11,711,558,585

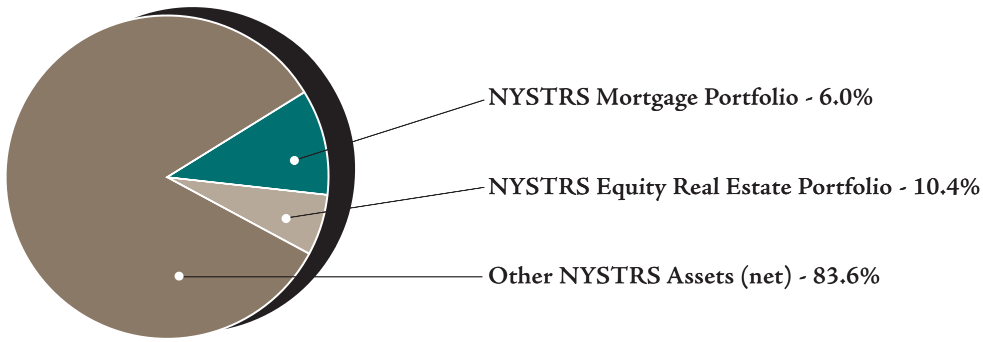


Emerging Markets **Percentage of Portfolio**

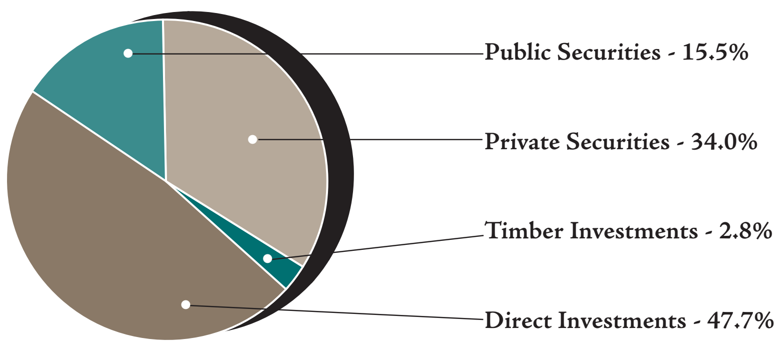
$461,880,684



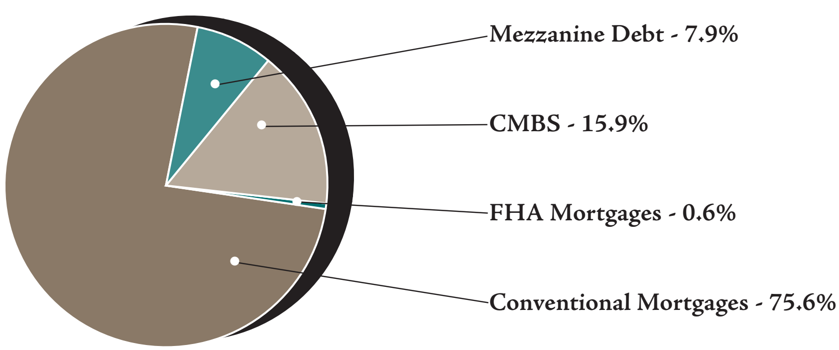
Real Estate as a Percentage of NYSTRS Total Net Assets — June 30, 2008



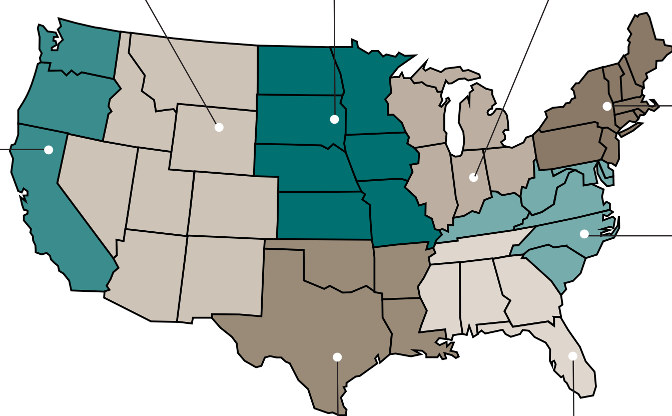
Breakdown of Real Estate Equity Portfolio — June 30, 2008



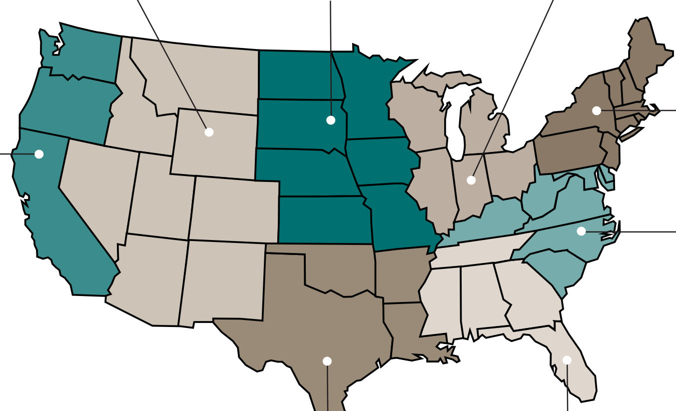
Breakdown of Mortgage Portfolio — June 30, 2008



Geographic Distribution of the Real Estate Equity Portfolio — June 30, 2008



Geographic Distribution of the Mortgage Portfolio — June 30, 2008



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 2007-2008. A total of 8,941 proposals were voted, representing 2,051 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 (8,192)

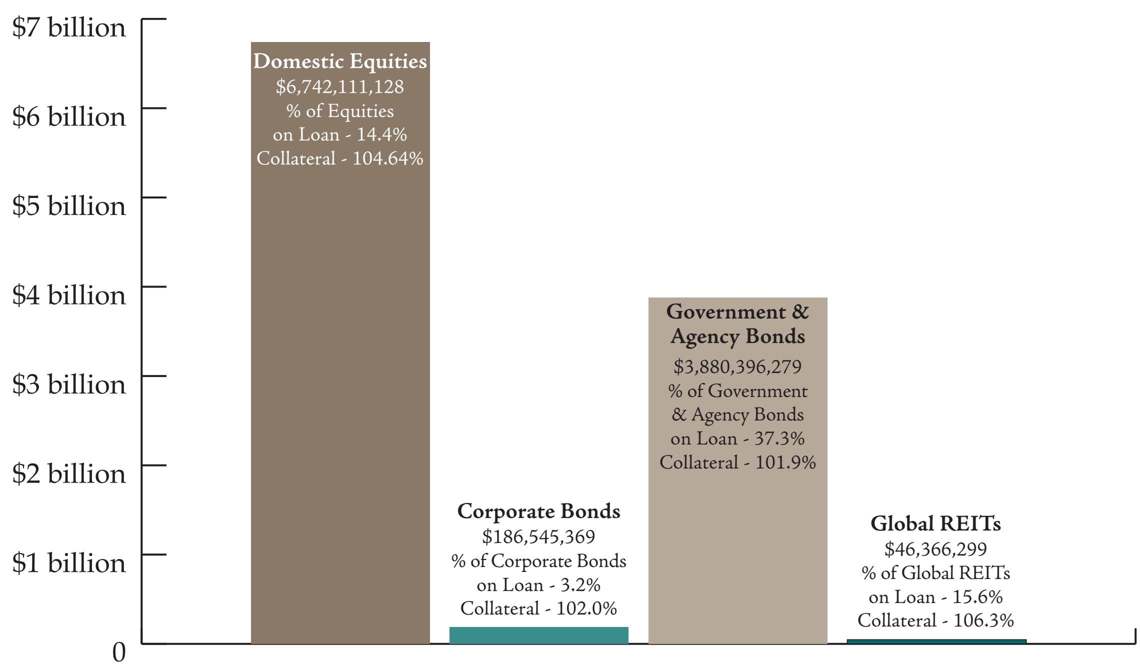
Yes	96.0%
No	4.0%

Shareholder Proposals (749)

Yes	58.0%
No	42.0%

Securities Lending Program — June 30, 2008

Value on Loan - $10,855,419,074



Schedule of Investment Fees and Expenses — June 30, 2008

Fund Manager/Style	Investment Expense
Domestic Fixed Income	
BlackRock Financial Management	$ 697,871
ING Clarion Capital	631,061
Prima Capital Advisors	192,687
Total Domestic Fixed Income	$ 1,521,619
Domestic Equity:	
Adelante Capital Management	1,001,279
Cohen & Steers Capital Management	1,790,453
Iridian	6,022,796
Progress	2,116,487
Bennett Lawrence Management	564,351
Cardinal Capital Management	713,252
Globeflex Capital	444,946
GW Capital	386,714
Hoover Investment Management Company	418,092
Insight Capital Research & Management	788,750
Inview Investment Management Company	405,688
Paradigm Asset Management	501,680
Redwood Investments	182,691
Shapiro Capital Management Company	492,666
RREEF America	1,181,471
Total Domestic Equities:	$17,011,316
International Equity:	
Arnhold and S. Bleichroeder	1,200,250
Artisan Partners	4,854,939
Barclays Global Investors	11,509,725
Capital Guardian	6,618,179
Causeway Capital	2,516,405
Citigroup Alternative Investments	473,599
European Investors	505,959
Harris Associates	5,127,627
JPMorgan Fleming Asset Management	4,309,608
LaSalle Investment Management	426,027
Mercator Asset Management	3,430,040
Pyramis Global Advisors	3,251,868
RREEF America	533,410
SSGA - Passive	1,119,356
Wellington Management	2,962,735
Total International Equity:	$48,839,727

Fund Manager/Style (continued)	Investment Expense
Mortgages:	
Heitman	$ 17,000
GEMSA	169,097
NY Life	97,811
Prudential	110,373
TIAA	31,653
Reilly	5,957
Total Mortgages:	$ 431,891
Real Estate:	
Real Estate Separate Accounts/Comingled	44,879,928
Clarion	2,189,781
Invesco	1,689,661
JPMorgan	9,587,897
Kennedy	616,164
Morgan Stanley/Lend Lease	1,134,000
Sentinel	2,152,161
Total Real Estate:	$ 62,249,592
Alternative Investments:	
Private Equity, Real Estate	35,298,873
Total Alternative Investments:	$ 35,298,873
General Investment Expenses:	
Real Estate Origination Costs	681,924
Investment Information Services	1,425,188
Bond Schoeneck & King LLP	6,887
Foster Pepper & Shefelman, PLLC	1,555
Huntington & Williams	21,686
Kirkpatrick Lockhart Preston Gates	52,146
Morgan Lewis & Bockius	176,241
Nixon Peabody	28,331
Shott Capital	78,252
State Street Corporation	734,302
StepStone Group	186,667
Stockbridge Risk Management	27,567
Total General Investment Expenses:	3,393,153
Total Investment Fees and Expenses	**$168,746,171**

Investment Advisory Committee

David L. Brigham, Chairman
Trustee
Church Pension Fund
New York, New York

Daniel J. Bukowski
Director of Research
QSG LLC
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. *(terminated 7/07)*
Artisan Partners Limited Partnership
Capital Guardian Trust Co.
Causeway Capital Management, LLC
Harris Associates L.P.
JPMorgan Asset Management
Mercator Asset Management, L.P.
Pyramis Global Advisors Trust Company (formerly Fidelity)
Wellington Management Company

Enhanced
Barclays Global Investors
State Street Global Advisors

Passive
State Street Global Advisors

Custodian:

State Street Bank & Trust Co.

Securities Lending:

JPMorgan Chase Bank N.A.
State Street Bank & Trust Co.
Wachovia Bank N.A.

External Investment Managers (continued)

Private Equity- Limited Partnerships:

Abbott Select Buyouts Fund
Abbott Select Buyout Fund II
ABRY Mezzanine Partners
ABRY Partners Fund V
ABRY Partners Fund VI
ABRY Senior Equity Fund II
Aisling Capital II, L.P.
Alchemy Plan (Empire)
Apex V
Apex V Secondary
Apex VI
Apollo Real Estate Fund IV
Ares Corporate Opportunities Fund II, L.P.
Ares Corporate Opportunities Fund III
Avenue Special Situations Fund V, L.P.
Blackstone Capital Partners Fund IV
Blackstone Capital Partners Fund V
Caltius Partners IV
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
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
CS Strategic Partners IV - VC, L.P.
CS Strategic Partners IV, L.P.
CS/NYSTRS Cleantech Fund
CVC European Equity Partners V, L.P.
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
Hutton Collins Capital Partners III LP
Industri Kapital 2007 Fund
J.C. Flowers II, L.P.
JLL Partners Fund V, L.P.
JLL Partners Fund VI, L.P.
JPMorgan Venture Capital II
JPMorgan Venture Capital III
Kelso Investment Associates VII
Kelso Investment Associates VIII
KRG Capital Fund III
KRG Capital Fund IV
Lexington Capital Partners V
Lexington Capital Partners VI
Lexington Middle Market Investors
Lexington Middle Markets II
Madison Dearborn Capital Partners IV
Madison Dearborn Capital Partners V
Madison Dearborn Capital Partners VI
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.

External Investment Managers (continued)

Private Equity- Limited Partnerships: (continued)

Permira IV
P123
Riverstone/Carlyle Global Energy & Power Fund IV
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
Technology Crossover Ventures VII
Texas Pacific Group TPG III
Texas Pacific Group TPG IV
Texas Pacific Group TPG V
Texas Pacific Group TPG VI
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
Welsh, Carson, Anderson & Stowe XI

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MMA Realty Capital, Inc.
Prima Capital Advisors, LLC

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Citigroup Property Investors
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E.I.I. Realty Securities, Inc.
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Cornerstone Real Estate Advisers LLC
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Essex Property Trust, Inc.
Exeter Property Group
Hines Interests
ING Clarion
ING Real Estate
JPMorgan Asset Management
Landmark Partners, Inc.
LaSalle Investment Management
Lone Star Funds
MGPA
O'Connor Capital Partners
Penwood Real Estate Investment Management, LLC
Perella Weinberg Partners
Prudential Real Estate Investors
Rockpoint Group, LLC
Rockwood Capital Corporation
Starwood Capital Group LLC
UBS Realty Investors LLC
USAA Real Estate Company
Walton Street Capital
Westbrook Partners

Investment Consultants

Abel/Noser Corporation
New York, New York

Callan Associates
San Francisco, California

StepStone
La Jolla, California

ACTUARIAL

ACTUARIAL

Actuarial Certification Letter

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
Thomas K. Lee, Executive Director

Office of the Actuary
(518) 447-2692

September 19, 2008

Retirement Board
New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, New York 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, 2007. 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 2007 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 method used to calculate the actuarial value of assets was revised effective with the June 30, 2007 valuation. In the new method each year's investment gain or loss, above (or below) an assumed inflationary gain of 3.0%, is recognized at a rate of 20% per year until fully recognized after five years. Our market value rate of return was 19.3% for the fiscal year ending June 30, 2007, comparing very favorably to our assumed actuarial rate of return of 8.0%. Our five-year market value rate of return was 12.3% as of June 30, 2007. The June 30, 2007 actuarial valuation produced a required employer contribution rate of 7.63% of payroll, representing a decrease over the prior year's rate of 8.73%.

The plan's funded ratio as of June 30, 2007, calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 50, was 104.2%. 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

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

cc: T. Lee

Summary of Actuarial Methods and Assumptions — June 30, 2007

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 phased in deferred recognition of each year's actual gain or loss, above (or below) an assumed inflationary gain of 3.0%.

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
as of June 30, 2007 (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, 2007.

Assets

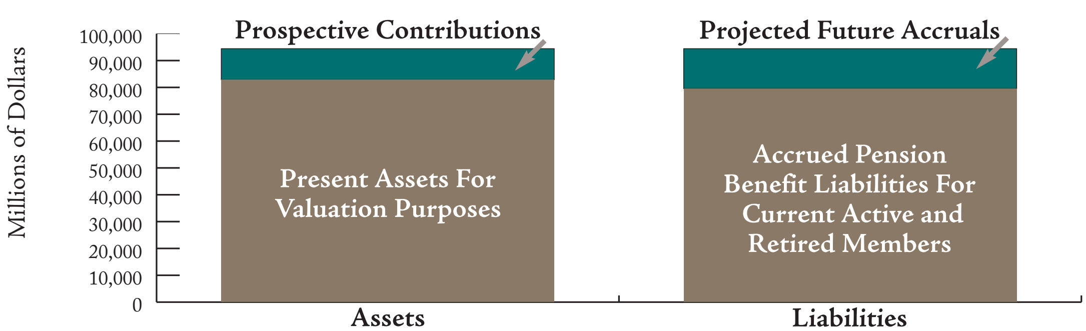
Present Assets of System for Valuation Purposes*	$82,858,898
Present Value of Prospective Contributions to Pension Accumulation Fund:	
From Employer Contributions	10,935,612
From Member Contributions	629,747
Total Assets	$94,424,257

Liabilities

Present Value of Future Benefits to:	
Retired Members and Beneficiaries	$45,317,563
Active Members	49,064,634
Member Contributions Accumulated to Date	
in the Annuity Savings Fund	29,354
Benefits Due and Unpaid	12,706
Total Liabilities	$94,424,257

*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, 2007



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.

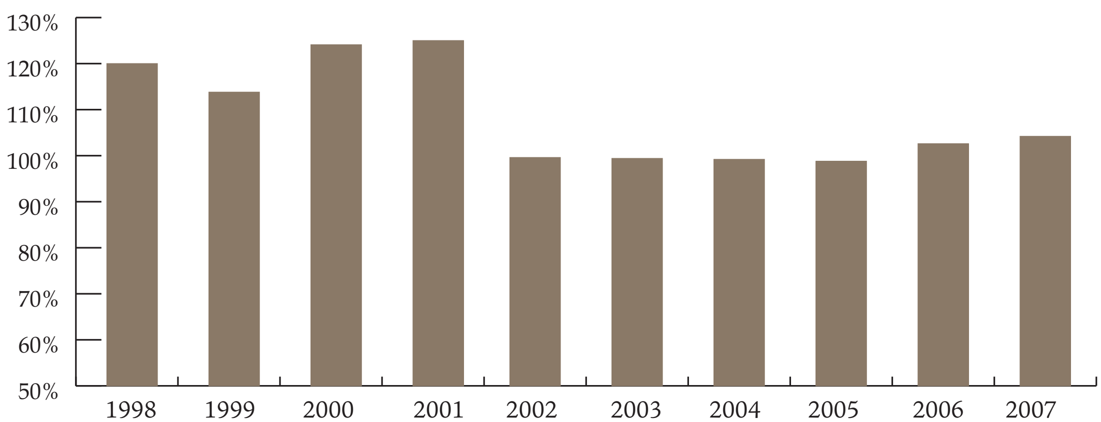
NYSTRS' funding method has allowed the accumulation of assets sufficient for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress

(in millions)

Fiscal Year	Actuarial Value of Assets*	Accrued Pension Benefit Liability**	Percentage Funded
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
2007	82,858.9	79,537.2	104.2

Percent Funded



*Effective June 30, 2007, the Retirement System's asset valuation method has changed.

**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 (A)	Current Retired Members and Beneficiaries (B)	Service Rendered by Active Members (Employer-Financed Portion) (C)	Actuarial Value of Assets (D)	Percentage of Aggregate Accrued Liabilities Covered by Actuarial Value of Assets (A)	(B)	(C)
2006	3,360.7	42,983.4	30,008.9	78,335.8	100.0%	100.0%	106.6%
2007	3,623.1	45,320.0	30,594.1	82,858.9	100.0%	100.0%	110.9%

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 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.

Analysis of Financial Experience

The table below shows, for each potentially significant experience source, the effect on the employer contribution rate due to the difference between actual experience and that predicted by the actuarial assumptions.

Experience Source	Change in the Employer Contribution Rate During Fiscal Year Ending June 30, 2007
Asset Valuation Method:	+2.93
Salary/Service:	+0.06
Net Investment Gain:	–4.72
New Entrants:	+0.20
Withdrawal:	+0.17
Mortality:	+0.33
Retirement:	–0.08
Excess Benefit Plan Rate:	+0.01
Total Change in Employer Contribution Rate	**–1.10%**

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)
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	13,083.0	4.5	64,651	8.60
2008	274,901	13,522.0*	3.4*	not available	8.73

*Estimated

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

	Number of Retired Members and Beneficiaries		*Annual Benefit of Retired Members and Beneficiaries*					
Fiscal Year	Added During the Year	Removed During the Year	Added During the Year	Removed During the Year	Total Number of Retired Members and Beneficiaries	Total Annual Benefit	Percentage Increase in Total Annual Benefit	Average Annual Benefit
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
2008	6,711	3,361	330,202,139	76,893,575	136,706	5,032,946,559	5.30	36,816

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

Independent Actuarial Review

KPMG LLP
345 Park Avenue
New York, NY 10154

October 3, 2008

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, 2006 and the resultant employer contribution rate of 8.73% applied to the payroll for the fiscal year ended June 30, 2008.
- A review of the methodology used to estimate the payroll as of June 30, 2008, and the employer and employee contributions receivable as of June 30, 2008.
- A review of the System's Experience Studies as of June 30, 2006 and 2007, 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, 2008, 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

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STATISTICAL

STATISTICAL

Active Members:

	Men	Women	Total
June 30, 2007	65,494	204,551	**270,045**
Changes During Year:			
Added	3,981	13,441	**17,422**
Withdrawn	1,564	4,501	**6,065**
Retired	1,755	4,575	**6,330**
Died	49	122	**171**
Total Membership June 30, 2008	66,107	208,794	**274,901**

Members Retired for:

	Service*			Disability			Total		
	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2007	48,072	78,475	126,547	544	1,500	2,044	**48,616**	**79,975**	**128,591**
Changes During Year:									
Retired	1,731	4,492	6,223	24	83	107	**1,755**	**4,575**	**6,330**
Died	1,045	1,671	2,716	26	65	91	**1,071**	**1,736**	**2,807**
Lump Sum	77	222	299	0	0	0	**77**	**222**	**299**
Restored to Active Membership	0	0	0	0	1	1	**0**	**1**	**1**
June 30, 2008	48,681	81,074	129,755	542	1,517	2,059 **	**49,223**	**82,591**	**131,814**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2007	871	3,414	4,285	79	174	253	33	194	227	**983**	**3,782**	**4,765**
Changes During Year:												
Added	110	263	373	5	3	8	0	0	0	**115**	**266**	**381**
Died	58	178	236	2	6	8	1	9	10	**61**	**193**	**254**
June 30, 2008	923	3,499	4,422	82	171	253	32	185	217	**1,037**	**3,855**	**4,892**

Summary:

	Men	Women	Total
Active Members	66,107	208,794	**274,901**
Retired Members	49,223	82,591	**131,814**
Beneficiaries	1,037	3,855	**4,892**
Total	116,367	295,240	**411,607**

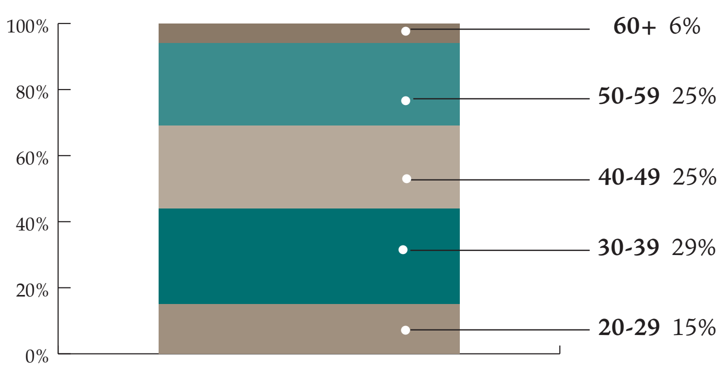
*Also includes vested retirees.
**Includes 46 men and 63 women retired for disability who receive a service benefit.

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**	**7,118**	**2**	**0**	**0**	**0**
	Average Salary	*$36,371*	*$20,606*	*$0*	*$0*	*$0*
25-29	**Number of Members**	**31,009**	**3,388**	**0**	**0**	**0**
	Average Salary	*$46,430*	*$55,542*	*$0*	*$0*	*$0*
30-34	**Number of Members**	**19,535**	**17,951**	**1,269**	**1**	**0**
	Average Salary	*$50,637*	*$60,075*	*$67,548*	*$33,755*	*$0*
35-39	**Number of Members**	**13,046**	**14,331**	**10,596**	**840**	**1**
	Average Salary	*$48,411*	*$61,251*	*$69,459*	*$70,683*	*$78,001*
40-44	**Number of Members**	**10,455**	**7,803**	**7,017**	**7,190**	**1,091**
	Average Salary	*$44,502*	*$57,001*	*$70,227*	*$76,100*	*$77,475*
45-49	**Number of Members**	**10,005**	**6,867**	**4,762**	**5,319**	**6,091**
	Average Salary	*$40,767*	*$52,150*	*$64,332*	*$75,797*	*$81,730*
50-54	**Number of Members**	**7,299**	**5,974**	**5,357**	**4,900**	**5,021**
	Average Salary	*$42,048*	*$52,422*	*$62,575*	*$72,500*	*$82,592*
55-59	**Number of Members**	**4,333**	**3,404**	**3,904**	**4,856**	**4,526**
	Average Salary	*$43,169*	*$52,878*	*$61,923*	*$71,906*	*$80,514*
60-64	**Number of Members**	**1,904**	**1,037**	**1,145**	**1,801**	**1,953**
	Average Salary	*$47,539*	*$51,217*	*$60,656*	*$70,634*	*$78,868*
65-69	**Number of Members**	**623**	**235**	**197**	**313**	**309**
	Average Salary	*$46,160*	*$49,261*	*$61,925*	*$68,849*	*$74,922*
70+	**Number of Members**	**266**	**72**	**58**	**67**	**66**
	Average Salary	*$28,537*	*$33,085*	*$37,881*	*$61,612*	*$70,430*
Total	**Number of Members**	**105,593**	**61,064**	**34,305**	**25,287**	**19,058**
	Average Salary	*$45,889*	*$57,587*	*$66,724*	*$73,868*	*$80,979*

*Average salary data is for the 193,279 members who earned a full year of service.

Distribution of Active Members By Age — June 30, 2007



Averages — June 30, 2007

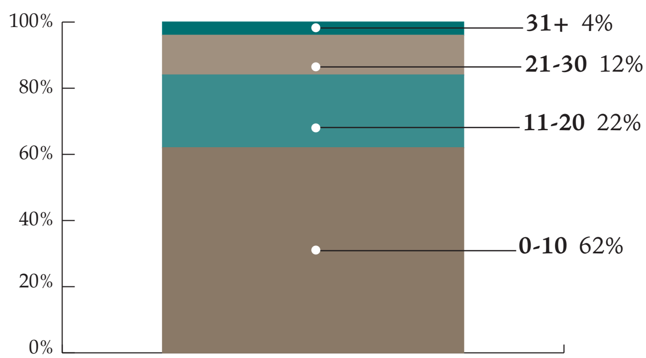
	Age	Years of Service
Female	42	10
Male	42	11

Years of Service* as of June 30, 2007

Years of Service

26-30	31-35	36-40	41-45	46-50	51-55	Total
0	**0**	**0**	**0**	**0**	**0**	**7,120**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$36,365*
0	**0**	**0**	**0**	**0**	**0**	**34,397**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$47,784*
0	**0**	**0**	**0**	**0**	**0**	**38,756**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$57,179*
0	**0**	**0**	**0**	**0**	**0**	**38,814**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$62,089*
0	**0**	**0**	**0**	**0**	**0**	**33,556**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$64,518*
763	**0**	**0**	**0**	**0**	**0**	**33,807**
$83,536	*$0*	*$0*	*$0*	*$0*	*$0*	*$64,931*
6,160	**1,338**	**5**	**0**	**0**	**0**	**36,054**
$87,276	*$90,367*	*$114,204*	*$0*	*$0*	*$0*	*$70,739*
4,559	**6,137**	**934**	**2**	**0**	**0**	**32,655**
$89,305	*$95,035*	*$102,598*	*$118,174*	*$0*	*$0*	*$78,505*
1,536	**1,020**	**1,261**	**90**	**0**	**0**	**11,747**
$88,085	*$97,566*	*$103,921*	*$104,503*	*$0*	*$0*	*$79,554*
268	**184**	**118**	**135**	**13**	**0**	**2,395**
$83,033	*$93,374*	*$99,554*	*$110,082*	*$96,374*	*$0*	*$76,765*
53	**46**	**35**	**30**	**32**	**19**	**744**
$66,282	*$79,465*	*$91,333*	*$101,595*	*$112,769*	*$104,264*	*$68,844*
13,339	**8,725**	**2,353**	**257**	**45**	**19**	**270,045**
$87,679	*$94,504*	*$103,019*	*$107,189*	*$107,812*	*$104,264*	*$64,651*

Distribution of Active Members by Service — June 30, 2007



Members and Annuitants 1922-2008

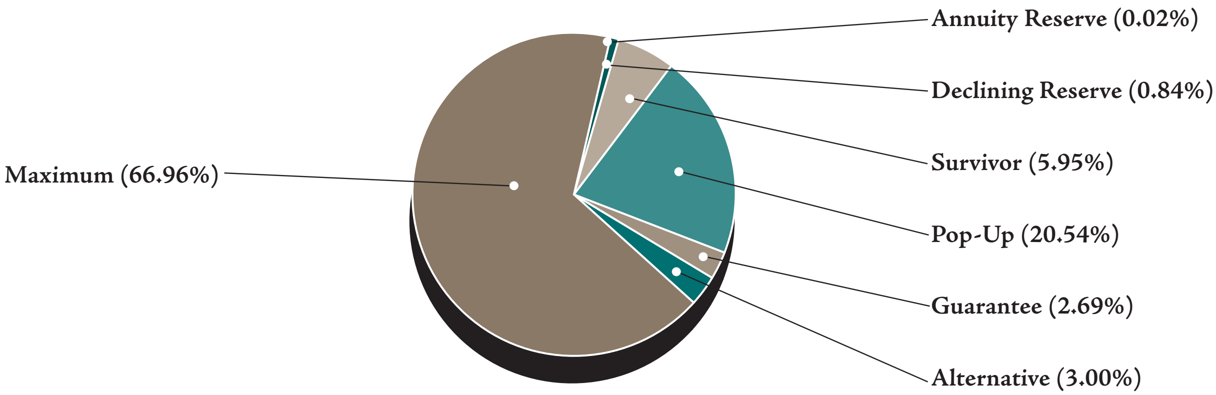
As of June 30	Members	Retirees	As of June 30	Members	Retirees
1922	----	1,296	1965	129,543	16,043
1925	29,057	1,815	1970	186,914	22,700
1930	39,663	2,732	1975	227,038	35,252
1935	45,031	3,919	1980	203,330	46,812
1940	48,193	4,771	1985	178,516	57,366
1945	52,359	5,637	1990	195,194	69,127
1950	56,504	6,374	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
			2008	274,901	136,706

Number of Active Members by Tier

As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Total
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
2008	8,630	8,171	17,007	241,093	274,901

Retirement Benefit Options and Percent of Election

2004-2008 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
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
2008	6,330	58-11	27-8	77,066	45,779

*Averages are for service and vested retirees.

Members Retired in 2007-2008 For:

	Service*	Disability
Number Retired	**6,223**	**107**
Age at Retirement:		
Average	58 yrs., 11 mos.	53 yrs., 0 mos.
Median	58 yrs., 0 mos.	53 yrs., 8 mos.
Years of Service:		
Average	27 yrs., 8 mos.	18 yrs., 7 mos.
Median	31 yrs., 0 mos.	18 yrs., 2 mos.
**Benefit:		
Average	$45,779.28	$22,734.12
Median	$48,503.04	$19,707.84
Final Average Salary:		
Average	$77,065.51	$59,863.87
Median	$77,738.33	$62,221.83
***Benefit as % of FAS:		
Average	53.14%	35.71%
Median	61.50%	33.33%

Members Retired in 2007-2008 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	**1,279**	**3,022**	**1,922**
Age at Retirement:			
Average	59 yrs., 7 mos.	58 yrs., 9 mos.	58 yrs., 8 mos.
Median	58 yrs., 7 mos.	57 yrs., 8 mos.	58 yrs., 0 mos.
Years of Service:			
Average	11 yrs., 6 mos.	28 yrs., 7 mos.	37 yrs., 4 mos.
Median	11 yrs., 6 mos.	30 yrs., 0 mos.	36 yrs., 6 mos.
**Benefit:			
Average	$6,918.51	$45,735.88	$71,707.54
Median	$4,770.96	$45,913.56	$68,024.88
Final Average Salary:			
Average	$38,748.48	$80,858.63	$96,599.68
Median	$31,990.45	$78,752.00	$92,237.00
***Benefit as % of FAS:			
Average	16.08%	55.52%	74.04%
Median	14.79%	60.00%	73.33%

*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, 2008 Retired for:

	Service*	Disability
Number Retired	**129,864**	**1,950**
Age at Retirement:		
Average	58 yrs., 1 mo.	49 yrs., 3 mos.
Median	56 yrs., 10 mos.	50 yrs., 0 mos.
Years of Service:		
Average	28 yrs., 3 mos.	19 yrs., 1 mo.
Median	30 yrs., 5 mos.	18 yrs., 4 mos.
**Benefit:		
Average	$35,397.06	$16,912.29
Median	$34,557.84	$15,084.48
Final Average Salary:		
Average	$59,017.89	$45,045.79
Median	$59,405.62	$44,659.12
***Benefit as % of FAS:		
Average	55.19%	36.38%
Median	60.67%	33.46%

All Retirees as of June 30, 2008 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	**21,688**	**77,449**	**30,727**
Age at Retirement:			
Average	58 yrs., 4 mos.	57 yrs., 11 mos.	58 yrs., 6 mos.
Median	56 yrs., 6 mos.	56 yrs., 5 mos.	57 yrs., 10 mos.
Years of Service:			
Average	14 yrs., 4 mos.	28 yrs., 7 mos.	37 yrs., 1 mo.
Median	14 yrs., 5 mos.	30 yrs., 0 mos.	36 yrs., 5 mos.
**Benefit:			
Average	$7,118.43	$34,662.04	$57,209.58
Median	$5,453.64	$33,531.72	$55,402.32
Final Average Salary:			
Average	$31,125.40	$59,483.32	$77,532.09
Median	$25,309.32	$59,165.53	$75,608.27
***Benefit as % of FAS:			
Average	22.39%	57.03%	73.72%
Median	21.17%	59.29%	72.89%

*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, 2008

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement 1	2	3	4	5	6
$1 - $500	13,313	9,533	3,020	251	308	31	170
$501 - $1,000	13,477	9,701	2,348	527	793	84	24
$1,001 - $1,500	12,516	9,732	1,370	468	868	68	10
$1,501 - $2,000	11,584	9,460	1,156	330	604	29	5
$2,001 - $2,500	11,258	9,744	816	242	431	22	3
$2,501 - $3,000	11,098	10,086	523	119	360	6	4
$3,001 - $3,500	11,995	11,334	318	61	276	5	1
$3,501 - $4,000	12,727	12,283	153	32	257	2	0
$4,001 - $4,500	11,671	11,389	65	17	196	4	0
$4,501 - $5,000	8,841	8,689	37	4	110	1	0
over $5,000	18,226	17,968	30	8	219	1	0
Total	136,706	119,919	9,836	2,059	4,422	253	217

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, 2008

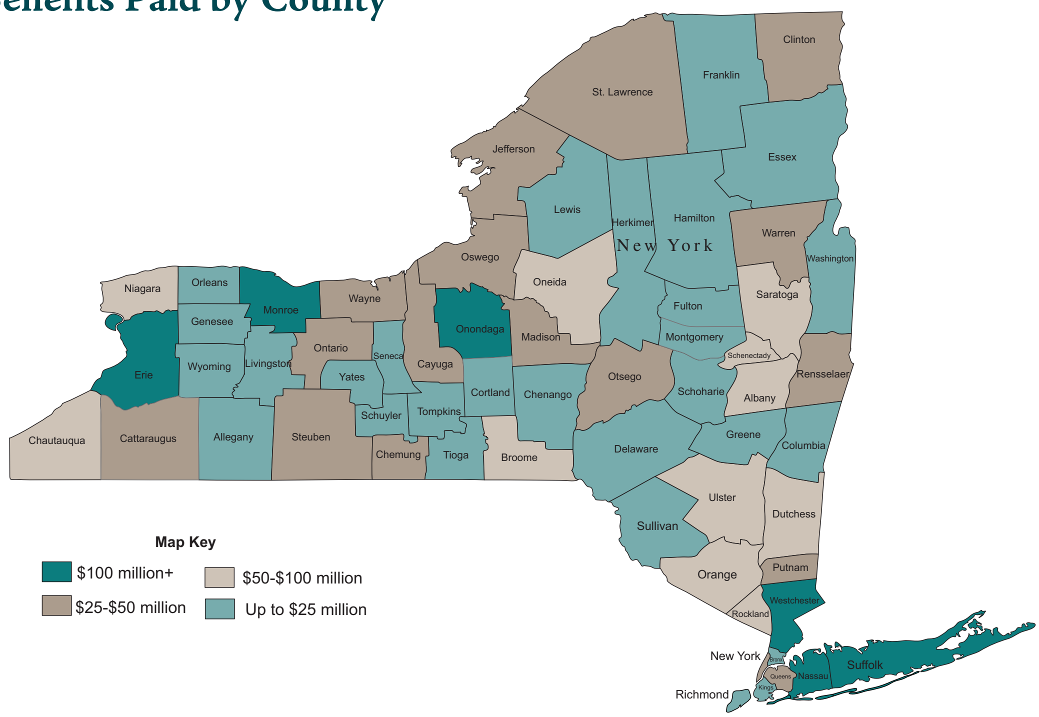
Option Selected					
1	2	3	4	5	6
9,600	726	903	677	1,246	161
8,472	1,172	1,639	707	1,384	103
7,999	1,176	1,718	636	878	109
8,017	991	1,458	504	496	118
8,031	894	1,458	404	357	114
7,835	948	1,556	360	262	137
8,484	1,002	1,840	323	154	192
8,854	1,001	2,191	342	154	185
7,930	949	2,172	276	131	213
5,857	794	1,727	192	81	190
11,469	1,824	3,801	391	137	604
92,548	11,477	20,463	4,812	5,280	2,126

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

Distribution of Benefits Paid by County*

as of June 30, 2008



County	No. of Retired Members and Beneficiaries	Annual Benefit Paid	County	No. of Retired Members and Beneficiaries	Annual Benefit Paid	County	No. of Retired Members and Beneficiaries	Annual Benefit Paid
Albany	2,495	$ 83,904,523	Jefferson	1,083	$ 33,290,465	Saint Lawrence	1,379	$ 42,211,381
Allegany	549	15,415,418	Kings	164	6,319,363	Saratoga	2,507	88,764,346
Bronx	200	8,503,597	Lewis	281	8,555,331	Schenectady	1,500	50,451,885
Broome	1,977	62,886,096	Livingston	751	24,164,074	Schoharie	342	10,950,353
Cattaraugus	791	25,294,589	Madison	802	25,769,786	Schuyler	208	5,568,580
Cayuga	774	25,077,263	Monroe	6,791	242,638,981	Seneca	351	10,695,320
Chautauqua	1,671	54,728,641	Montgomery	518	16,188,437	Steuben	1,197	36,412,579
Chemung	936	29,339,912	Nassau	8,143	362,199,541	Suffolk	14,117	701,128,510
Chenango	566	15,792,156	New York	1,115	42,417,002	Sullivan	593	21,331,391
Clinton	975	31,729,262	Niagara	2,019	76,272,813	Tioga	473	15,420,174
Columbia	628	20,838,687	Oneida	2,584	82,079,602	Tompkins	767	21,314,021
Cortland	593	17,244,942	Onondaga	4,754	153,486,314	Ulster	1,867	69,349,628
Delaware	480	13,961,051	Ontario	1,420	47,467,893	Warren	1,130	38,850,701
Dutchess	2,437	94,578,940	Orange	2,399	93,290,995	Washington	621	20,120,706
Erie	9,142	352,093,249	Orleans	392	13,681,957	Wayne	1,049	34,639,119
Essex	522	14,911,507	Oswego	1,327	42,845,521	Westchester	5,234	227,286,377
Franklin	552	17,148,036	Otsego	934	26,700,379	Wyoming	420	13,638,426
Fulton	685	22,215,698	Putnam	707	31,987,293	Yates	380	11,394,410
Genesee	619	20,883,206	Queens	790	33,567,429			
Greene	391	13,023,287	Rensselaer	1,200	40,970,445	Out of State	34,463	984,972,365
Hamilton	141	4,592,880	Richmond	37	1,478,999			
Herkimer	819	23,914,297	Rockland	1,954	87,006,022	**Total**	**136,706**	**$4,864,956,151**

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

Average Benefit Payments

July 1, 1998-June 30, 2008

Retirement Effective Dates	Years Credited Service 0-5	5-10	10-15	15-20	20-25	25-30	30-35	35+
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
Period 7/1/2007 to 6/30/2008								
Average monthly benefit	$136	$264	$559	$1,326	$2,358	$3,587	$4,767	$6,064
Average final average salary	$25,781	$30,873	$38,528	$55,668	$69,848	$81,072	$87,087	$97,266
Number of retired members	67	397	529	422	721	761	1,753	1,680

Distribution of Retired Members and Beneficiaries by Tier

As of June 30, 2008

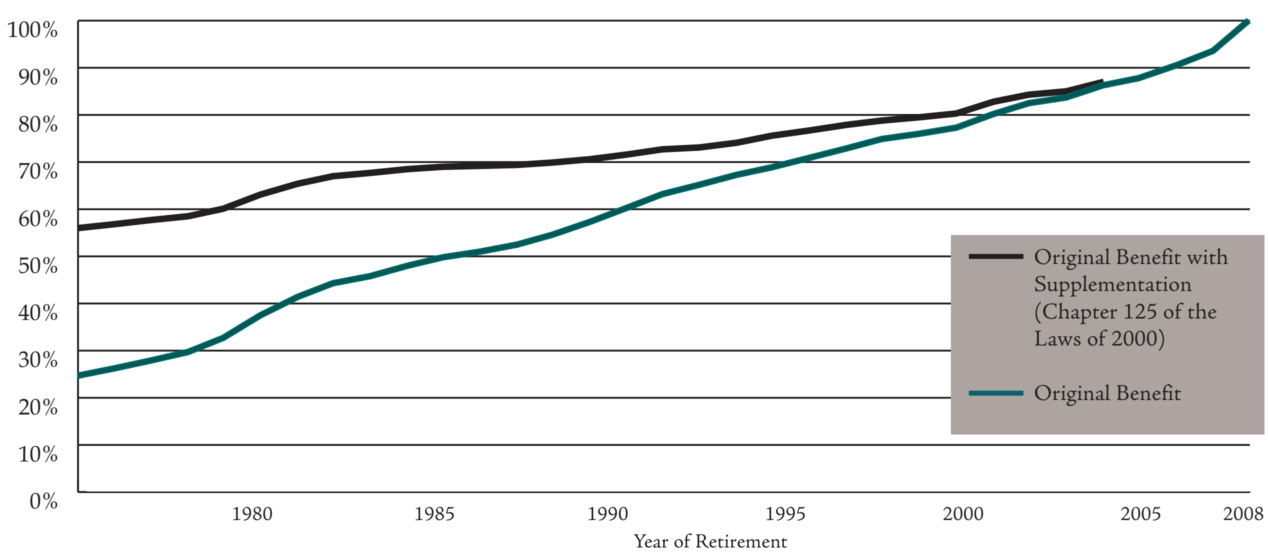
	Tier 1	Tier 2	Tier 3		Tier 4	Total
Members Retired for:						
Service*	107,788	10,308	5,351	(268)**	6,308	129,755
Disability	1,084	222	271	(38)**	482	2,059
Beneficiaries of Deceased:						
Service Annuitants	4,169	124	78	(3)**	51	4,422
Disability Annuitants	187	23	27	(7)**	16	253
Active Members	214	2	1	(0)**	0	217
Total	113,442	10,679	5,728	(316)**	6,857	136,706

*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.

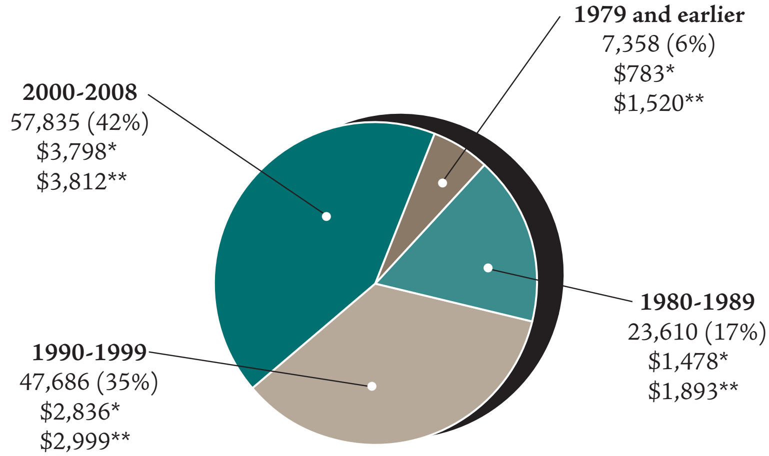
Retired Members — Remaining Purchasing Power Through 2008

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 2008, in accordance with Chapter 125 of the Laws of 2000.



Number of Retired Members and Monthly Benefits By Decade of Retirement

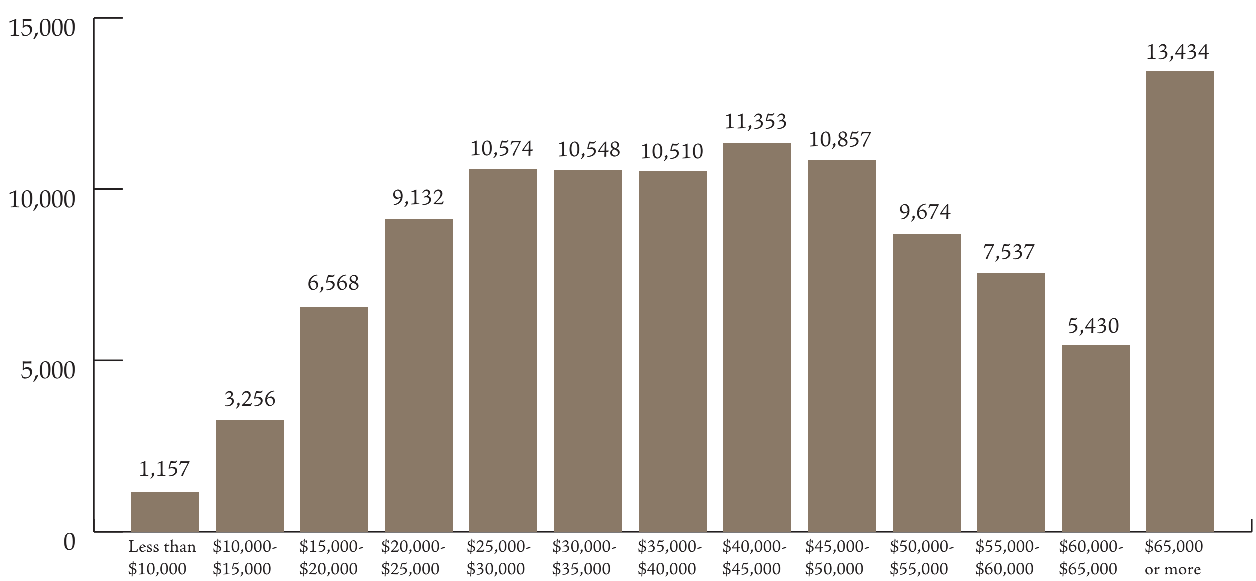
As of June 30, 2008



*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, 2008



*Maximum annual retirement benefit including supplementation and COLA.

Distribution of Monthly COLA Increase Commencing September 2008

Monthly COLA Increase	Number of Retired Members and Beneficiaries
$30.00	73,126
$25.00 - $29.99	4,206
$20.00 - $24.99	3,641
$15.00 - $19.99	6,435
$10.00 - $14.99	3,582
$5.00 - $9.99	4,678
$0.01 - $4.99	2,857
$0 (currently ineligible)	38,181
Total	**136,706**

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
2008	3.98%	2.0%	$18,000	$30.00	$177.00	$26.24	$151.91

Distribution of Cumulative Monthly COLA Commencing September 2008

Cumulative Monthly COLA	Number of Retired Members and Beneficiaries
$177.00	39,903
$150.00 - $176.99	8,296
$125.00 - $149.99	7,210
$100.00 - $124.99	13,265
$75.00 - $99.99	11,539
$50.00 - $74.99	9,351
$25.00 - $49.99	5,176
$0.01 - $24.99	3,785
$0 (currently ineligible)	38,181
Total	**136,706**

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Changes in Net Assets

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	1999	2000	2001	2002
Additions:				
Net investment income	$10,437,150	$5,840,710	$(4,946,207)	$(5,570,925)
Employer contributions	230,926	211,499	152,718	51,861
Member contributions	171,886	186,751	128,019	137,921
Transfers in/out (net)	8,382	43,247	29,023	14,271
Total additions to plan net assets	10,848,344	6,282,207	(4,636,447)	(5,366,872)
Deductions (See *Benefits and Return of Contributions by Type* below)**:**				
Benefit payments	2,258,135	2,479,932	2,887,696	3,201,645
Return of contributions	30,206	40,529	28,407	21,986
Administrative expenses	26,094	28,878	30,581	32,461
Total deductions from plan net assets	2,314,435	2,549,339	2,946,684	3,256,092
Change in net assets	$ 8,533,909	$3,732,868	$(7,583,131)	$(8,622,964)

Benefits and Return of Contributions by Type

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
Type of Benefit	1999	2000	2001	2002
Age and service benefits:				
Retirees	$2,190,786	$2,388,009	$2,808,744	$3,117,002
Survivors	28,037	44,381	31,171	25,961
Death in service benefits	17,859	24,923	22,389	31,703
Disability benefits:				
Ordinary	21,271	22,429	25,194	26,775
Accidental	182	190	198	204
Total benefits	2,258,135	2,479,932	2,887,696	3,201,645
Type of refund				
Death	1,337	1,171	1,257	1,455
Separation from service	28,869	39,358	27,150	20,531
Total refunds	$ 30,206	$ 40,529	$ 28,407	$ 21,986

Changes in Net Assets (continued)

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year

2003	2004	2005	2006	2007	2008
$2,640,564	$11,360,077	$7,951,926	$9,893,833	$16,863,349	$(5,531,807)
220,081	306,782	695,735	997,032	1,104,010	1,188,140
147,047	155,916	158,354	161,738	168,462	177,959
12,716	38,277	17,155	15,807	7,260	2,349
3,020,408	11,861,052	8,823,170	11,068,410	18,143,081	(4,163,359)
3,611,592	3,920,645	4,138,122	4,426,416	4,661,665	4,908,446
23,541	16,744	12,466	15,600	16,819	22,792
34,943	38,937	40,309	42,668	43,893	49,016
3,670,076	3,976,326	4,190,897	4,484,684	4,722,377	4,980,254
$ (649,668)	$ 7,884,726	$4,632,273	$6,583,726	$13,420,704	$(9,143,613)

Benefits and Return of Contributions by Type (continued)

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year

2003	2004	2005	2006	2007	2008
$3,511,562	$3,836,904	$4,054,051	$4,335,475	$4,579,829	$4,817,594
51,242	33,046	31,787	37,232	26,964	30,500
20,894	21,491	21,039	17,321	17,033	21,382
27,665	28,956	31,015	36,079	37,544	38,671
229	248	230	309	295	299
3,611,592	3,920,645	4,138,122	4,426,416	4,661,665	4,908,446
1,123	1,447	1,742	1,394	1,609	1,735
22,418	15,297	10,724	14,206	15,210	21,057
$ 23,541	$ 16,744	$ 12,466	$ 15,600	$ 16,819	$ 22,792

Principal Participating Employers

2008

Participating Employer	Covered Employees	Rank	Percentage of Total System
Rochester City School District	4,803	1	1.75%
Buffalo Public Schools	4,588	2	1.67%
Syracuse City School District	3,447	3	1.25%
Yonkers Public Schools	2,449	4	0.89%
Brentwood Union Free Schools	1,979	5	0.72%
Greece Central Schools	1,678	6	0.61%
Sachem Central Schools	1,659	7	0.60%
Newburgh City School District	1,618	8	0.59%
Eastern Suffolk 1 BOCES	1,618	9	0.59%
East Ramapo Central Schools	1,489	10	0.54%
All Other*	249,573		90.79%
Total	274,901		100.00%

1999

Participating Employer	Covered Employees	Rank	Percentage of Total System
Buffalo Public Schools	4,724	1	2.18%
Rochester City School District	4,077	2	1.89%
Syracuse City School District	3,272	3	1.51%
Yonkers Public Schools	2,211	4	1.02%
Brentwood Union Free Schools	1,567	5	0.72%
Sachem Central Schools	1,522	6	0.70%
Suffolk 1 BOCES	1,470	7	0.68%
Greece Central Schools	1,383	8	0.64%
Wappingers Central Schools	1,177	9	0.54%
Newburgh City School District	1,176	10	0.54%
All Other	193,688		89.56%
Total	216,267		100.00%

*In 2008, "all other" consisted of:

Type	Number	Employees
Public School Districts	687	222,746
BOCES	36	16,838
SUNY	31	2,991
Community Colleges	31	5,605
Charter Schools	21	931
Other	9	462
Total	815	249,573

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

Participating Employers (continued)

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
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
Eastern Suffolk 1 BOCES
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

Participating Employers (continued)

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
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

Participating Employers (continued)

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
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
Pine Valley 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

Participating Employers (continued)

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-Stuben-Chemung Tioga-Allegany BOCES
Schuylerville CS
Scio CS
Scotia Glenville CS
Seaford PS
Seneca Falls CS
Sewanhaka CS
Sharon Springs CS
Shelter Island UFS
Shenendehowa CSD at Clifton 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
Stillwater CS
Stockbridge CS
Suffolk Co Vocational Brd.
Suffolk County Com Col
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

Participating Employers (continued)

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
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

New York State
Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
518-447-2666 • 1-800-348-7298 • www.nystrs.org