New York State
Teachers' Retirement System

Comprehensive Annual Financial Report 2009

Cultivating Economic Stability for New York and Its Educators

Fiscal Year
Ended
June 30, 2009

2009 Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2009

Prepared by NYSTRS Staff

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.

This report is dedicated to the memory of long time Board Member Iris Wolfson, who was instrumental in ensuring the roots of this pension fund are strong.

New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
www.nystrs.org

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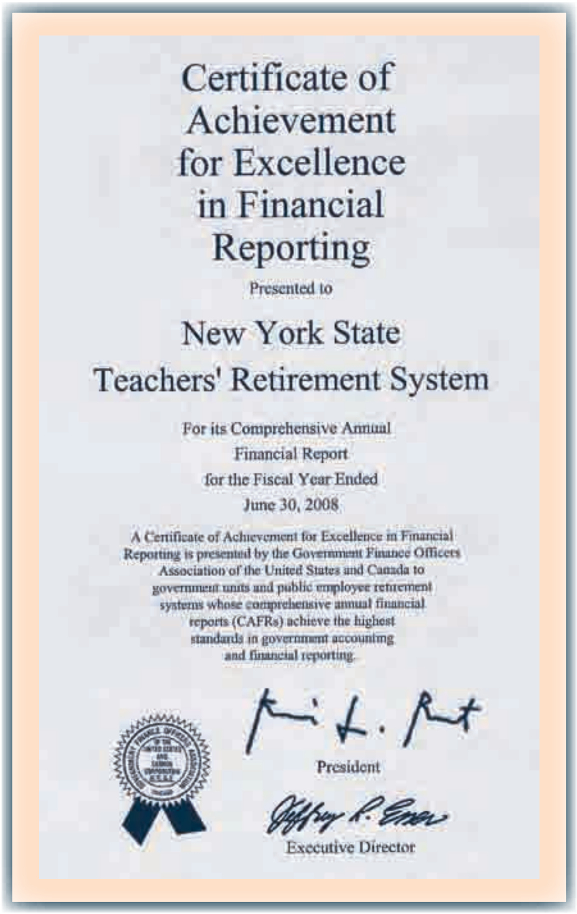
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Presented to

New York State Teachers' Retirement System

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

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

President

Executive Director

PPCC

Public Pension Coordinating Council

Public Pension Standards

2008 Award

Presented to

New York State Teachers' Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator


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communications professionals
2009
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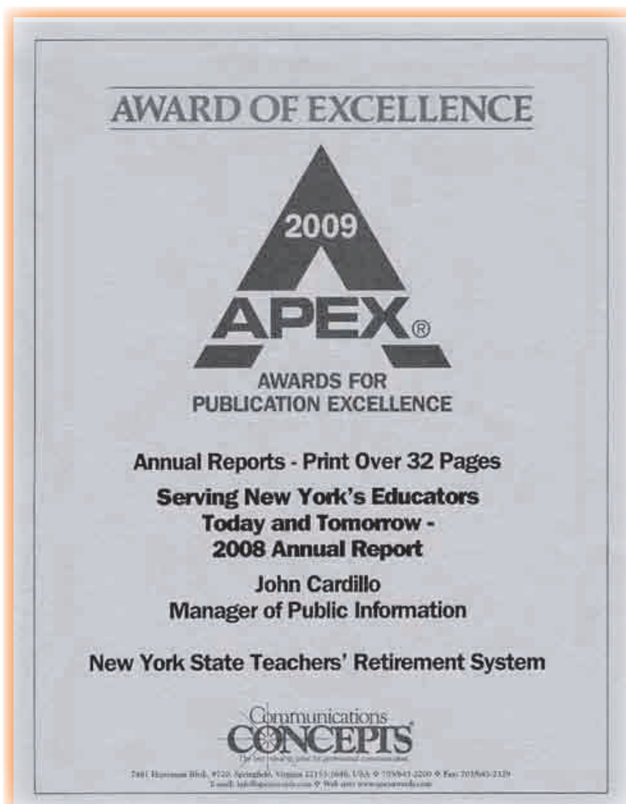
Presented to NYSTRS
for its 2008 Annual Report
in the Category of
Government Publications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John Cardillo
Manager of Public Information
New York State Teachers' Retirement System
Communications
CONCEPTS

Introduction **2009**

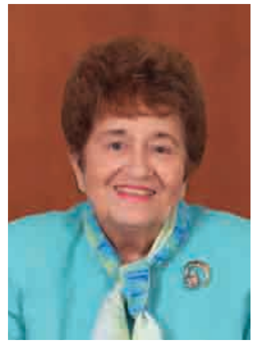
"Don't judge each day by the harvest you reap, but by the seeds you plant."

Robert Louis Stevenson

Introduction 2009

Board of Trustees

R. Michael Kraus
President



Iris Wolfson
Vice President

James N. Baldwin

Michael R. Corn

Paul J. Farfaglia

Daniel J. Hogarty Jr.

Rosemary F. Jones

David P. Keefe

Sheila J. Salenger

Nicholas Smirensky

Introduction

Board of Trustees

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

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

James N. Baldwin
Administrator
Appointed by Commissioner of Education
First Appointed 2009
North Greenbush

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

Paul J. Farfaglia
Teacher Member
Elected by Delegates
First Elected 2009
Liverpool

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

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

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

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

Nicholas Smirensky
State Comptroller's Representative
First Appointed 2007
Delmar

Executive Staff

Thomas K. Lee
Executive Director

Sheila O. Gardella
Director of Member Relations

Lawrence A. Johansen
Managing Director of External Asset Management

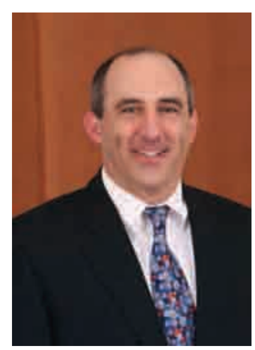
William S. O'Brien
Director of Administration

Wayne Schneider
General Counsel

Lillyn L. Teh
Managing Director of Quantitative Strategies

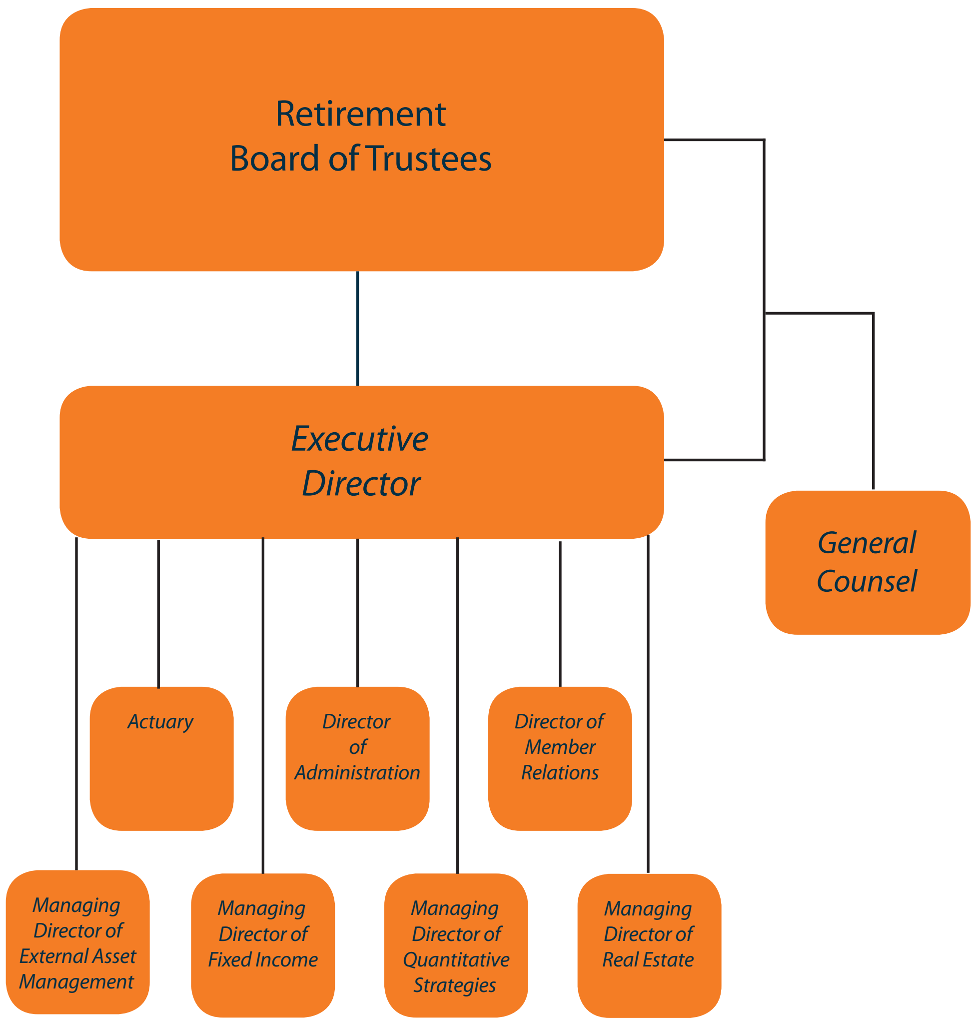
John W. Virtanen
Managing Director of Real Estate

Michael A. Wolfe Jr.
Managing Director of Fixed Income



Richard A. Young
Actuary

Organizational Structure



Letter of Transmittal

New York State Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
(800) 356-3128 or (518) 447-2666 (Albany-area calls)
Web Site: www.nystrs.org

Thomas K. Lee, Executive Director

Introduction

October 16, 2009

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 ending June 30, 2009. This report complies with all legal requirements governing the preparation and contents of annual reports.

History and Overview

NYSTRS, created in 1921 by an act of the state Legislature, administers the fund from which most New York State public school teachers and administrators receive retirement and ancillary benefits. The fund is backed by the full faith and credit of New York State. A summary of NYSTRS benefits is provided on pages 15-18 of this report.

The System is governed by a 10-member Board of Trustees, which sets policy and oversees operations consistent with applicable law. A staff of approximately 400 is responsible for the day-to-day administration. NYSTRS 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 419,000 active and retired members (see accompanying chart).

Membership Figures as of 6/30/2009

Total Membership:	419,635
Active Members:	280,338
Retired Members/ Beneficiaries:	139,297
Members Added:	16,907
Members Retired:	5,644

See page 89 for additional membership information.

The retirement fund is one of the 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. This success is due primarily to the knowledge and commitment exhibited by members of the Board and System staff. Collectively, we are focused on protecting the long-term security of the fund while providing exceptional customer service in all aspects of our operation.

Awards

The System's commitment to providing superior service to all is evidenced by the recognition consistently received from various professional organizations. Within the past year alone, honors received included:

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 2008 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.

An Award of Distinction from the International Society of Visual Arts and an ***Award of Excellence*** from Apex for creative excellence in the presentation of the System's 2008 Comprehensive Annual Financial Report.

The Distinguished Budget Presentation Award for the fiscal year July 1, 2008 through June 30, 2009, 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' Web Award of Distinction for structure and navigation of the System's redesigned Web site at www.nystrs.org. This international competition honors creative excellence in corporate communications, graphic design and identity.

Legislation

Legislation enacted this year impacts a small percentage of NYSTRS members. In summary:

- **Chapter 4** changed the effective date of Chapter 644 of the Laws of 2008 to Sept. 1, 2009. Power of attorney forms now must be executed in conjunction with a second form to allow the agent(s) of members or retirees to have the power to change or designate beneficiaries.

- **Chapter 30** extends for another year the health insurance benefits of retired school district employees.

- **Chapter 41**, applicable only to active members, re-establishes the transfer of reserves from the New York City Teachers' Retirement System for certain Tier 1 and 2 members who had at least 20 years of service credit and an Increased-Take-Home-Pay (ITHP) account when they transferred their membership to NYSTRS.

- **Chapter 220** primarily impacts former members and authorizes NYSTRS to distribute unclaimed funds totaling $1,000 or less without requiring the member or his or her estate to initiate the disbursement.

Major Initiatives and Accomplishments

New Trustees Elected to Board

Paul Farfaglia was elected to his first three-year term as a teacher member on the Retirement Board, replacing Joseph P. McLaughlin, who retired from teaching. Mr. Farfaglia is one of three trustees elected from the NYSTRS membership to serve on the 10-member Board. He is chair of the Communications Committee, and is a member of the Disability Review and Proxy committees.

Dr. James N. Baldwin also began his first term on the Board. Dr. Baldwin is a school administrator appointed by the New York State Commissioner of Education. A longtime public servant, he previously served as New York's executive deputy secretary of state, counsel to the New York State Assembly and deputy corporation counsel for the City of Troy.

Member-focused Improvements

NYSTRS' continued commitment to ensure members are well served at all levels was evidenced with the addition of several customer service improvements. The members-only MyNYSTRS area of the System's Web site was redesigned and streamlined, and self-service tools were added. Registered users can now update their address and apply for a loan through MyNYSTRS. A pension estimator will be added soon.

For employers, a webinar was offered to discuss how market declines will affect future contribution rates. Related materials remain accessible through the Employers page of our Web site. Work began on an online employer secure area that will allow System business to be transacted electronically, eliminating the need for many paper forms.

Business Continuity Ensured

An offsite facility was completed that will allow critical System functions to proceed uninterrupted in the event of an emergency. The existence of this facility ensures the processing of benefit payments and investment transactions should circumstances warrant.

COLAs Paid

In accordance with legislation enacted in 2000, about 105,000 retirees and beneficiaries received a cost-of-living adjustment (COLA) of up to $30 a month beginning in September 2008. When combined with the previous COLA increases, eligible recipients now receive up to $177 more per month than they did prior to the law's enactment.

Financial Information

The NYSTRS Board, whose 10 members serve without pay, 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

Letter of Transmittal *(continued)*

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 rigorously followed. Consistently favorable audits of System finances from a variety of independent sources affirm this.

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 and the Retirement System's Internal Audit Department. In addition, KPMG LLP, an independent certified public accountant, whose unqualified opinion appears on page 21 of this report, audits the financial statements. These oversight mechanisms provide scrupulous and transparent adherence to applicable regulations.

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 2008 to 2009 is attributable to a net increase of 2,591 retirees and beneficiaries. See the *Benefits and Return of Contributions by Type* chart on pages 104-105 for more information.

For an overview of NYSTRS' financial activities for the fiscal year ended June 30, 2009, see *Management's Discussion and Analysis* beginning on page 22. This section provides explanations and further details of the information provided in the financial statements, its notes and required supplementary information.

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 29 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 6.19% will apply to 2009-10 member salaries and will be paid by employers in fall 2010. The rates are set well in advance so school districts can budget for this expense.

The System's year-end net assets totaled $72.5 billion. During the same period, benefits paid to retirees and beneficiaries rose to approximately $5.2 billion.

The plan's funded ratio as of June 30, 2008, the date of the most-recent annual actuarial valuation and calculated in accordance with GASB Statement No. 50, was 106.6%. Details of our funding progress may be obtained by turning to page 82.

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. This conservative strategy helped protect the long-term health of the fund in a year when financial markets experienced declines of historic proportions.

Market volatility led to a total fund rate of return of -20.5% during the fiscal year ending June 30, 2009. Though disappointing, the percentage decline was less than that of most major market indices, such as the S&P 500, which returned -26.2% 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 2009 meeting, reviewed our asset allocation with the assistance of an independent consultant and made no changes to existing targets and ranges.

Refer to pages 53-76 for further information on NYSTRS' investments. A listing of our Equity and Fixed Income holdings can be viewed on our Web site at www.nystrs.org.

Acknowledgements
This Comprehensive Annual Financial Report is prepared by NYSTRS' staff and reviewed by external auditors prior to publication. The intent of the publication is to provide complete and reliable information

Letter of Transmittal *(continued)*

for making management decisions, determining compliance with legal provisions and determining responsible stewardship of System assets.

This 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 remains one of the top ranked pension funds worldwide because of its people. A dedicated and fully involved Board sets the tone for the entire organization. The caring and commitment displayed by each and every trustee serves as a model for management and staff, who in turn exercise a consistently strong devotion to their work and the members they serve. The result is unparalleled dedication to providing superior service to all.

This allegiance to New York's educators was epitomized by former Board Vice President Iris Wolfson, who passed away unexpectedly near the end of the fiscal year. A public accountant and 17-year member of the Board, Ms. Wolfson chaired the Board's Audit & Accounting Committee, and served on the Finance, Executive and several other key committees. Nationally, she served as a delegate to the National Council on Teacher Retirement, chairing one of its committees. She also held posts with the National School Boards Association and was a member of the Council of Institutional Investors.

Ms. Wolfson was an enthusiastic supporter of this organization and the people it served. She endeavored throughout her career in public service to provide the highest quality public education to New York's children while ensuring taxpayers were not unduly burdened. Her trustee seat will be filled by Michael J. Masse, a bank executive.

Clearly, NYSTRS endured a difficult year in many aspects. Through it all, however, we never lost focus of our primary mission: to serve as strong, reliable and ethical stewards of the fund used to pay retirement benefits to a membership nearing one-half million.

Respectfully submitted,

Thomas K. Lee
NYSTRS Executive Director

President's Message

Investors faced extreme adversity in the past year, navigating through a financial crisis surpassed only by the historic stock market crash of 1929. Individual and institutional investor portfolios reflect the downturn in the global economy. NYSTRS' portfolio lost about 24% of its value in this volatile environment.

While a double-digit decline is disheartening, the Retirement System remains on solid financial footing. Consider the following:

- NYSTRS remains essentially fully funded. According to the National Association of State Retirement Administrators (NASRA), we are one of the best funded retirement systems in the nation — and most likely the best funded teachers' system. By contrast, the median funded ratio of S&P 500 companies with defined benefit plans was 73.3% as of Dec. 31, 2008, according to a Wilshire Associates Report.

- The present value of all future benefits payable to retired members of this System was approximately $48 billion at the close of our fiscal year. This total is substantially less than the total assets of the Retirement System.

- The funds needed to meet our retirement payroll are readily available from liquid assets, employer and employee contributions, interest, and dividends earned on our holdings.

The System's ability to satisfactorily weather the financial tsunami is a testament to the incredibly strong foundation built by our predecessors and the ability of current caretakers to respond appropriately to present conditions. By adhering to the long-established principals of advance funding and portfolio diversification, NYSTRS was able to mitigate losses while preserving an environment conducive to future growth.

I cannot say enough about the people associated with this Retirement System. From my fellow Board members to staff at all levels, the quality of work and level of knowledge is truly unsurpassed. It is an honor to be associated with such outstanding individuals who care so much about their constituents.

Professional fund management, survivor and disability protection, attentive staff members focused on customer service: These are what members can expect from NYSTRS, now and in the future.

On a personal note, we mourn the loss of long time Board member and tireless member advocate Iris Wolfson. An outstanding public accountant and individual, she was first elected to the Retirement Board in 1992 and had served as its vice president since 2006. She passed away unexpectedly this spring, and she will be sorely missed by all. She was a mentor and a friend to everyone — not to mention an exceptional Board member.

I in particular will miss Iris. I learned much from her and will need to put those lessons to immediate use as Board president. Elected to the post in January by fellow Board members, I am humbled by the confidence they have in me and thank them for their trust.

It has been a difficult time to assume a leadership role and a difficult year for NYSTRS. I am supremely confident, however, that the quality of our Retirement System and the resiliency of America will combine to ensure brighter days are ahead.

R. Michael Kraus

R. Michael Kraus
President

Summary of Benefits

Types of Benefits

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

Membership Tiers

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

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

Eligibility for Service Retirement

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

Tier 1 members may retire at any age with 35 years of service. The creditable service under Benefit Enhancement legislation (see next column) 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.

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.

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**

- 1⅔% 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

- 1⅔% x years of NYS service if credited with less than 20 years, or 2% x years of NYS service if credited with 20 to 30 years.
- 60% plus 1½% for each year of NYS service beyond 30 years.
- A prorated reduction of up to 27% when retirement occurs before age 62 with credit for less than 30 years of NYS service.
- No reductions if the member is age 62, or if credit totals 30 years or more.

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

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

Summary of Benefits *(continued)*

Disability 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.

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

Summary of Benefits *(continued)*

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.

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.

Financial **2009**

"All work is as seed sown; it grows and spreads, and sows itself anew."

Thomas Carlyle

Financial **2009**

Independent Auditors' Report

KPMG
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, 2009 and 2008, 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, 2009 and 2008 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, 2004 and 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 16, 2009

KPMG LLP

Management's Discussion and Analysis

As of June 30, 2009 and 2008

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, 2009, 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; $(21.5) billion in 2009 versus $(7.8) billion in depreciation in fiscal 2008 and $14.7 billion appreciation in fiscal 2007.
- The System's net assets, which represent funds available to pay current and future benefits, were $72.5 billion and $95.8 billion as of the end of fiscal years 2009 and 2008, respectively.
- Net assets decreased from 2008 by $23.3 billion, or 24.3% and 2008 net assets decreased from 2007 by $9.1 billion, or 8.7%.
- Contributions from employers were $1.1 billion in fiscal year 2009, $1.2 billion in fiscal year 2008 and $1.1 billion in fiscal year 2007, consistent with the change in the employer contribution rate.
- The size of our membership grew and retirement benefits increased, rising from $4.7 billion in fiscal year 2007 to $4.9 billion in fiscal year 2008 and $5.2 billion in fiscal year 2009.
- The System's funded ratio, a comparison of the actuarial value of assets to the accrued pension benefit liability, changed from 102.6% as of the June 30, 2006 actuarial valuation to 104.2% as of the June 30, 2007 valuation and 106.6% as of the June 30, 2008 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

Financial

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

Investments at fair value:
Short-term
Domestic fixed income securities
Domestic equities
International equities
Mortgages
Real estate
Alternative investments
Total investments
Receivables:
Employer and member
Investment income and sales
Total receivables
Other assets
Total assets
Total liabilities
Net assets

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.

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 2009, 2008, and 2007. 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.

** see below for Table 1*
*** see pages 24-25 for Table 2*

	June 30		Amount increase (decrease)	Percentage Change
2009	2008	2007	2008 to 2009	2008 to 2009
$ 635,571	$ 529,367	$ 2,368,777	$ 106,204	20.06%
14,699,069	16,212,220	12,932,826	(1,513,151)	(9.33)
32,193,981	46,097,043	57,652,571	(13,903,062)	(30.16)
8,609,318	12,471,647	14,057,326	(3,862,329)	(30.97)
4,065,628	4,381,116	3,988,511	(315,488)	(7.20)
4,847,165	7,580,112	6,981,564	(2,732,947)	(36.05)
5,958,848	6,876,575	5,388,876	(917,727)	(13.35)
71,009,580	94,148,080	103,370,451	(23,138,500)	(24.58)
1,221,858	1,310,912	1,261,374	(89,054)	(6.79)
258,169	288,896	233,674	(30,727)	(10.64)
1,480,027	1,599,808	1,495,048	(119,781)	(7.49)
5,023,538	11,440,574	13,648,296	(6,417,036)	(56.09)
77,513,145	107,188,462	118,513,795	(29,675,317)	(27.69)
5,041,388	11,419,126	13,600,846	(6,377,738)	(55.85)
$72,471,757	$ 95,769,336	$104,912,949	$(23,297,579)	(24.33)%

Management's Discussion and Analysis *(continued)*

As of June 30, 2009 and 2008

Fiscal Year 2009

In 2009, the Domestic Fixed Income portfolio balance decreased as a result of continued rebalancing toward the target allocation of 18% of invested assets. During the fiscal year, bond maturities, sales, calls and agency mortgage principal prepayments exceeded purchases of $2.5 billion by approximately $1.8 billion.

The value of domestic equities decreased due to the market value decrease of 27.9% and net sales during the 2009 fiscal year of approximately $1,042.4 million resulting from the rebalancing toward the target allocation of 42.0% of the portfolio.

The international equities portfolio returned a negative 31.1% for the 2009 fiscal year, slightly outperforming the MSCI EAFE Index. The decrease is due primarily to the decline in international equity markets.

The System's equity real estate investment portfolio decreased by approximately 36% over the fiscal year as demand for lease space decreased, driving down rental rates and cash flow expectations.

The 2009 decrease in private equity market values during the past fiscal year was due to a combination of factors: the overall recessionary effects on underlying portfolio company sales and growth prospects due to the global economic downturn, the sharp decline in the availability of credit to complete deals, and the implementation of FAS 157 or "mark to market" accounting rules. Notwithstanding the negative economic environment and related regulatory changes, the private equity program continues to grow towards its target allocation of 7.0% of invested assets. Seven new private equity commitments were made during the fiscal year. At the July 29, 2009 System Board meeting, the private equity allocation remained at 7%.

The System's 2009 net assets decreased $23.3 billion from 2008 due primarily to depreciation in the mar-

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

Additions:
Investment income:
Net (depreciation) appreciation in fair value of investments:
Interest income
Dividend income
Real estate—net operating income
Securities lending (net)
Other (net)
Less: Investment expenses
Net investment (loss) income
Contributions:
Employer
Member
Transfers in/out (net)
Total (reduction) additions
Deductions:
Retirement benefits
Administrative expenses
Total deductions
(Decrease) increase in net assets
Net assets, beginning year
Net assets, end of year

ket value of investments.

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 new assets decreased $9.1 billion from 2007 due primarily to depreciation in the market value of investments.

	June 30		Amount increase (decrease)	Percentage Change
2009	2008	2007	2008 to 2009	2008 to 2009
$(21,516,277)	$ (7,781,949)	$ 14,721,967	$(13,734,328)	176.49%
993,482	963,581	876,584	29,901	3.10
906,081	1,078,773	1,110,058	(172,692)	(16.01)
251,171	276,298	269,316	(25,127)	(9.09)
59,247	14,276	19,863	44,971	315.01
64,794	85,960	8,623	(21,166)	(24.62)
(121,638)	(168,746)	(143,062)	47,108	(27.92)
(19,363,140)	(5,531,807)	16,863,349	(13,831,333)	250.03
1,096,117	1,188,140	1,104,010	(92,023)	(7.75)
181,723	177,959	168,462	3,764	2.12
5,665	2,349	7,260	3,316	141.17
(18,079,635)	(4,163,359)	18,143,081	(13,916,276)	334.26
5,168,543	4,931,238	4,678,484	237,305	4.81
49,401	49,016	43,893	385	0.79
5,217,944	4,980,254	4,722,377	237,690	4.77
(23,297,579)	(9,143,613)	13,420,704	(14,153,966)	154.80
95,769,336	104,912,949	91,492,245	(9,143,613)	(8.72)
$ 72,471,757	$ 95,769,336	$104,912,949	$(23,297,579)	(24.33)%

Management's Discussion and Analysis *(continued)*

As of June 30, 2009 and 2008

For the fiscal year ended June 30, 2009, NYSTRS reported net investments income of $(19.4) billion compared to $(5.5) billion in 2008 and $16.9 billion in 2007. The most significant change was in depreciation on investments as follows:

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

	Years Ended June 30			
	2009	**2008**	**2007**	**Amount increase (decrease) 2008 to 2009**
Short term	$ 767	$ (966)	$ -----	$ 1,733
Domestic fixed income	245,754	348,023	224,614	(102,269)
Domestic equities	(12,860,621)	(8,461,630)	9,290,223	(4,398,991)
International equities	(3,746,039)	(1,479,879)	2,821,584	(2,266,160)
Mortgages	(357,423)	143,557	66	(500,980)
Real estate investments	(2,919,845)	814,070	1,209,417	(3,733,915)
Alternative investments	(1,878,870)	854,876	1,176,063	(2,733,746)
Totals	$(21,516,277)	$(7,781,949)	$14,721,967	$(13,734,328)

Financial

Fiscal Year 2009

Interest income during the 2009 fiscal year was higher due to a reallocation from zero coupon bond holdings to coupon paying securities causing an increase to the weighted average coupon of the domestic fixed income portfolio.

Volatility across the financial markets during the fiscal year far surpassed fiscal year 2008. This continued to create a securities lending environment with increased spreads for both fixed income and equity loans. Notwithstanding the drop in securities lending gross earnings during fiscal year 2009, securities lending income increased on a net basis after taking into account reduced broker rebate expense and a small change in depreciation on the collateral investments. The unrealized loss on a small number of securities continues to reflect their mark to market valuations.

Fiscal 2009 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 decrease in 2009 from 2008 is primarily the result of a decrease in the value of assets under management.

The change in employer contributions was a function of a decrease in the employer contribution rate from 8.73% in 2008 to 7.63% in 2009.

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

Management's Discussion and Analysis *(continued)*

As of June 30, 2009 and 2008

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 2009. 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 decrease in the employer contribution rate from 8.73% on 2007-2008 member salaries to 7.63% on 2008-2009 salaries. The funded ratio (comparison of actuarial assets to actuarial liabilities) increased to 106.6% as of the most recent actuarial valuation as of June 30, 2008, up from 104.2% in 2007.

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, 2009 and 2008

(dollars in thousands)

Financial

Assets:	2009	2008
Investments—at fair value (Note 6):		
Short-term	**$ 635,571**	$ 529,367
Domestic fixed income securities	**14,699,069**	16,212,220
Domestic equities	**32,193,981**	46,097,043
International equities	**8,609,318**	12,471,647
Mortgages	**4,065,628**	4,381,116
Real estate	**4,847,165**	7,580,112
Alternative investments	**5,958,848**	6,876,575
Total investments	**71,009,580**	94,148,080
Receivables:		
Employer	**1,038,290**	1,139,749
Member	**183,568**	171,163
Investment income	**194,698**	212,985
Investment sales	**63,471**	75,911
Total receivables	**1,480,027**	1,599,808
Other Assets:		
Securities lending cash collateral—invested (Note 6)	**4,821,442**	11,216,122
Member loans	**155,001**	148,076
Building and equipment—net of depreciation	**29,597**	29,661
Miscellaneous assets	**17,498**	46,715
Total other assets	**5,023,538**	11,440,574
Total assets	**77,513,145**	107,188,462
Liabilities and Net Assets:		
Securities lending collateral—due to borrowers (Note 6)	**4,872,244**	11,266,834
Investment purchases payable	**59,314**	64,844
Mortgage escrows and deposits—net of investments	**11,361**	12,383
Other liabilities (Notes 6 and 9)	**98,469**	75,065
Total liabilities	**5,041,388**	11,419,126
Net assets held in trust for pension benefits (Note 5)	**$72,471,757**	$ 95,769,336

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets
— June 30, 2009 and 2008
(dollars in thousands)

Additions:	2009	2008
Investment income:		
Net depreciation in fair value of investments	**$ (21,516,277)**	$ (7,781,949)
Interest income	**993,482**	963,581
Dividend income	**906,081**	1,078,773
Real estate—net operating income	**251,171**	276,298
Securities lending—gross earnings	**122,379**	539,920
Other—net	**64,794**	85,960
	(19,178,370)	(4,837,417)
Less: Investment expenses	**121,638**	168,746
Securities lending:		
Broker rebates	**54,556**	465,646
Management fees	**8,486**	9,286
Depreciation of collateral	**90**	50,712
Net investment loss	**(19,363,140)**	(5,531,807)
Contributions:		
Employer	**1,096,117**	1,188,140
Member	**181,723**	177,959
Transfers in/out—net	**5,665**	2,349
Total contributions	**1,283,505**	1,368,448
Net reduction	**(18,079,635)**	(4,163,359)
Deductions:		
Retirement benefit payments—periodic	**5,085,670**	4,870,438
Beneficiary payments	**65,793**	38,008
Return of contributions	**17,080**	22,792
Administrative expenses	**49,401**	49,016
Total deductions	**5,217,944**	4,980,254
Net decrease	**(23,297,579)**	(9,143,613)
Net assets held in trust for pension benefits:		
Beginning of year	**95,769,336**	104,912,949
End of year	**$ 72,471,757**	$ 95,769,336

See accompanying notes to financial statements.

Notes to Financial Statements — June 30, 2009 and 2008

(dollars in thousands)

Financial

(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:

	2009	2008
Public school districts	695	696
B.O.C.E.S.	37	37
S.U.N.Y	31	31
Community colleges	30	31
Charter schools	22	21
Other	10	9
Total	825	825

As of June 30, the System membership consisted of:

	2009	2008
Retired members and beneficiaries currently receiving benefits	139,297	136,706
Members:		
Active members	274,974	269,938
Terminated members entitled to but not yet receiving benefits	5,364	4,963
Subtotal	280,338	274,901
Total	419,635	411,607

(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.

(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 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.

(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 2009 is 1.0% compared to 2.0% paid beginning September 2008.

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. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Such valuations generally reflect discounts for liquidity and consider variables such as financial performance of investments, discounted cash flow analysis, recent sale prices of comparable investments, and other pertinent information.

(c) Employer/Member Contributions Receivable

Current – Employer contributions receivable are determined by applying the actuarially calculated contribution rate of 7.63% and 8.73% to the estimated covered payroll for the fiscal years ended June 30, 2009 and 2008, 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 2008 or 2009.

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%.

(dollars in thousands)

(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. The System's most significant estimates relate to assumptions made about future events as part of the annual actuarial valuation process, and the valuation of alternative investments. Due to the inherent nature of these estimates, 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.

(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.

As a result of a review of the System's standard actuarial valuation techniques, it was concluded that with respect to the 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 of 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.*

Notes to Financial Statements *(continued)*

(dollars in thousands)

(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, 2009 and 2008 were $8,607 and $9,970, 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 $171,479 and $165,602 in fiscal years ended June 30, 2009 and 2008, respectively. For reporting purposes below, this fund is combined with the Pension Accumulation Fund.

(g) Administrative Fund

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

(h) Summary of Fund Balances

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

	2009	2008
Administrative Fund	$ 26,858	$ 14,836
Annuity Savings Fund	21,218	21,218
Annuity Reserve Fund	180,099	195,833
Pension Accumulation Fund	24,288,888	48,478,848
Pension Reserve Fund	47,954,694	47,058,601
Total	$72,471,757	$95,769,336

Notes to Financial Statements *(continued)*

(dollars in thousands)

(5) Funded Status and Funding Progress

The funded status of the System as of June 30, 2008, 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)
$88,254.7	$82,777.5	$(5,477.2)	106.6%	$13,690.1	(40.0)%

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

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

Additional information as of the last actuarial valuation follows:

Valuation date	June 30, 2008
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%

Notes to Financial Statements *(continued)*

(dollars in thousands)

(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.

(a) Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2009 and 2008 are as follows:

Quality rating	2009 Fair Value	2009 Percentage of Portfolio	2008 Fair Value	2008 Percentage of Portfolio
AAA	$ 5,994,924	40.79%	$ 6,435,045	39.69%
AA	793,309	5.40	1,234,101	7.61
A	2,808,094	19.10	2,440,843	15.06
BAA	1,291,662	8.79	1,162,120	7.17
Other	159,272	1.08	205,832	1.27
Total credit risk debt securities	11,047,261	75.16	11,477,941	70.80
U.S. government fixed income securities*	3,651,808	24.84	4,734,279	29.20
Total fixed income securities	$14,699,069	100.00%	$16,212,220	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, 2009 and 2008, the System's bank balance was $(10,289) and ($82), respectively, representing a managed overdraft.

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.

Consistent with the System's investment policy, all of the investments are held by the System's custodial bank in the System's name.

(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 any city, county, town, village, school district, water district, sewer district, or fire district (or obligation of faith of any of these entities) in this state pledged to provide for the payment of principal and interest, provided that they were issued pursuant to law and the faith and credit of the issuing municipal corporation or district is pledged for their payment.

- Bonds and debentures or other obligations of any public authority or commission or similar body created or approved by the State of New York having assets of not less than $50 million.

- Certificates of deposit issued by a bank, trust company or national bank whose principal office is located in this state or a banking corporation organized under the laws of the U.S. or of any state thereof whose deposits are insured by an agency of the U.S., or an agency or branch located within the U.S. of a foreign banking corporation with total worldwide bank assets in excess of one billion dollars, subject to such regulations as the banking board may impose. Additionally, certificates must be payable in U.S. dollars at an office of a banking institution located in the U.S.

- Bankers' acceptances which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank, a trust company, a private banker or an investment company, or by a banking corporation which is organized under the laws of the U.S. or of any state thereof and which is a member of the federal reserve system. The aggregate investment for acceptances shall not exceed 5% of the System's assets.

- Commercial paper, including short term obligations of industrial companies, finance companies, insurance companies, utilities and banks which meet the legal investment standards for these individual instruments.

- Agreements for the repurchase of securities and commitments to invest System funds provided the underlying securities are eligible investments and the custodian requirements of the statutes are satisfied.

- Obligations payable in U.S. funds which at the time of investment are rated investment grade by two nationally recognized rating services or by one nationally recognized rating service in the event that only one such service rates such obligations, provided that the aggregate amount invested in the obligations of any single issuer may not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer unless the obligations are issued by the U.S. or are those for which the faith of the U.S. is pledged to provide payment of the interest and principal.

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

- Obligations of the Dominion of Canada, of any province of the Dominion of Canada, and of any city of the Dominion of Canada, payable in U.S. funds, provided that the aggregate unpaid principal amount of all such obligations at any time held by the System shall not exceed 5% of the System's assets.

- Obligations of the United States and New York State are without limitation. Zero coupon bonds, which are the direct and sole obligations of the United States of America and enforceable by the holder thereof against the United States.

- Bonds of the Savings and Loan Bank of the State of New York, Federal Land Bank, Federal Intermediate Credit Banks, and Banks for Cooperatives.

- Bonds of the Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks, Tennessee Valley Authority, Federal National Mortgage Association (Fannie Mae), and the United States Postal Service.

- Obligations issued or guaranteed by the International Bank for Reconstruction and Development, provided the aggregate unpaid principal amount of such obligations at any time held by the System shall not exceed 5% of the System's assets.

- 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 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.

Notes to Financial Statements *(continued)*

(dollars in thousands)

- 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.

- Notwithstanding the foregoing percentage limitations, the Leeway Clause may be utilized to legally exceed the foregoing percentages, so long as such assets are prudent investments, and fall within the percentage limitation currently applicable to the Leeway Clause.

- In addition, the System is authorized to write covered call options traded on a national exchange. The New York State Banking Department has issued a determination that a prudently maintained covered call option program is permissible so long as the options are traded on a national exchange.

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

- No more than 10% of the System's assets may be invested in international equity securities, including emerging market equity securities.

- Investments in international equities must be included with the System's domestic equities for the purpose of the 70% overall limitation and the 15% per year limitation.

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

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

- The loan amount must be no more than 75% of the appraised value of property improved by a building or buildings, the major portion of which is used or, in the case of a building under construction, to be used for residential, business, manufacturing or agricultural purposes.

- The aggregate unpaid principal amount for all conventional mortgages shall not exceed 30% of the System's assets.

- Not more than 5% of the System's assets can be invested in any one conventional mortgage.

- The minimum dollar amount for conventional mortgages is two hundred fifty thousand dollars.

- The System may invest in conventional mortgages guaranteed by a state bank or trust company having a net worth in excess of $500 million, provided, however, that no more than 10% of the System's assets shall be invested in any mortgage so guaranteed.

- The System may participate or co-invest in any conventional mortgage or insured mortgage or in any whole or part interest in any such mortgage which mortgage is held for the benefit of the holder or holders of a whole interest or part interests therein, subject to the limitations set forth above.

- The System may make or acquire a mortgage loan on a leasehold estate, provided that such leasehold estate has an unexpired term of not less than 21 years. Additionally, no mortgage loan upon a leasehold estate may be made or acquired unless the terms thereof shall provide for payments to be made by the borrower on the principal thereof at least once in each year in an amount which would be sufficient to completely amortize a loan whose period extended for four fifths of the unexpired term of the lease. For these purposes, the unexpired term shall include any period covered under an option to renew the ground lease which can be exercised at the unilateral discretion of the System.

- The System may invest in any mortgage insured by the federal housing commissioner, or for which a commitment to insure has been made by the federal housing commissioner.

- Obligations payable in U.S. funds which at the time of investment are rated investment grade by two nationally recognized rating services or by one nationally recognized rating service in the event that only one such service rates such obligations, provided that the aggregate amount invested in the obligations of any single issuer may not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer unless the obligations are issued by the U.S. or are those for which the faith of the U.S. is pledged to provide payment of the interest and principal.

- The mortgage investment may be acquired under the Leeway Clause if prudent.

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

Notes to Financial Statements *(continued)*

(dollars in thousands)

(d) Interest Rate Risk

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

The System is exposed to interest rate risk at June 30, 2009 and 2008 as follows:

Investment type	2009 Fair Value	2009 Duration	2008 Fair Value	2008 Duration
Short-term	$ 635,571	0.038	$ 529,367	0.063
Domestic fixed income	14,699,069	3.286	16,212,220	3.457
Total fair value	$15,334,640		$16,741,587	
Portfolio modified duration		3.152		3.350

(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, 2009 and 2008 as follows (holdings valued in U.S. dollars):

	2009 International Equities	2009 Alternatives	2008 International Equities	2008 Alternatives
Currency:				
Euro	$2,618,673	$511,495	$3,967,189	$1,040,507
Japanese Yen	1,668,369	----	2,292,793	----
British Pound Sterling	1,521,629	52,572	2,266,609	124,379
Swiss Franc	767,927	----	1,012,919	----
Australian Dollar	377,456	----	529,768	----
Hong Kong Dollar	182,976	----	197,472	----
Canadian Dollar	139,961	----	267,669	----
Swedish Krona	135,537	----	164,389	----
Singapore Dollar	96,915	----	105,372	----
China Renminbi	79,702	----	44,014	----
Norwegian Krone	75,174	----	206,932	----
Other	288,540	----	463,913	----
Totals	$7,952,859	$564,067	$11,519,039	$1,164,886

Notes to Financial Statements *(continued)*

(dollars in thousands)

(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, 2009, the amount owed to borrowers by the System was approximately $50.8 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, 2009, 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 no significant violations of legal or contractual provisions, no borrower or lending agent defaults, and no recoveries of prior period losses during the year. Subsequent to the June 30, 2009 fiscal year end, one investment holding within the Wachovia Global Securities Lending cash collateral portfolio in the total face amount of $16,158 began the process of restructuring. The restructuring is expected to be completed in the first or second quarter of the 2010 fiscal year. The majority of securities on loan can be recalled by the System on demand or returned by the borrower at any time. Cash collateral is invested by the System's lending agents, in short term investment funds managed by the agent lenders. 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, 2009 the average effective duration of the funds managed by Wachovia and JP Morgan were, respectively, 28 days compared to 13 days in 2008. Securities

	2009		
Securities lent	**Market value of securities on loan**	**Fair value of collateral invested**	**Fair value of liabilities to borrowers**
Domestic equities	$2,567,492	$2,665,375	$2,711,550
Fixed income	2,096,393	2,135,418	2,140,066
Global REITs	19,181	20,649	20,628
Total	$4,683,066	$4,821,442	$4,872,244

Notes to Financial Statements *(continued)*

(dollars in thousands)

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

(7) Stock Option Program

The Retirement System Board has authorized a Covered Call Option program to exit existing positions and to enhance yield. As of June 30, 2009 there were 34 open contracts with a market value of approximately $47,600. There were no open contracts on June 30, 2008.

(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.

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, 2009 and 2008 were, respectively: real estate and real estate alternative investments of $1,800,429 and $2,508,653; mortgages of $160,421 and $195,000; and private equity investments of $4,735,633 and $5,008,769.

(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 $98,469 and $75,065 at June 30, 2009 and 2008, respectively, $10,289 and $82, 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 8.29% was applicable to the annual covered payroll for the fiscal year ended March 31, 2009. Average rates applicable to the fiscal years ended March 31, 2008, 2007 and 2006 were, respectively, 9.33%, 10.33%, and 11.25%. The required contributions paid to NYSLRS during the System's fiscal years ended June 30, 2009, 2008 and 2007, were $1,928, $2,125, and $2,017, respectively, and were 100% of the contributions required.

(11) Other Postemployment Benefits

(a) Plan Description

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 the recording of an actuarially determined annual required contribution as an expense in the Statement of Changes in Plan Net Assets.

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.

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, 2009, 536 participants including 352 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.

Notes to Financial Statements *(continued)*

(dollars in thousands)

The System's annual contribution to the Trust for the fiscal year ended June 30, 2009 was $3,585 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 years ended June 30, 2009 and 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%	-----
June 30, 2009	$3,585	100%	-----

The funded status of the System's plan as of the most recent actuarial valuation (July 1, 2007) is as follows:

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

(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 was July 1, 2007, and the OPEB liability at transition was zero. The System's Trust is required to have an actuarial valuation performed biennially.

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.

Notes to Financial Statements *(continued)*

(dollars in thousands)

(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)
June 30, 2008	88,254.7	82,777.5	(5,477.2)	106.6	13,690.1	(40.0)

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

See accompanying independent auditors' report.

Required Supplementary Information *(continued)*

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	$-----	$48,025	$48,025	-----%	$20,424	235%

In accordance with GASB Statement No. 45, paragraph 26, the schedule of funding progress contains the required elements of information as of the most recent actuarial valuation date. The System's Trust is required to have an actuarial valuation performed biennially. The most recent actuarial valuation was completed as of July 1, 2007. In subsequent years, more information will be added based upon future actuarial valuation dates, until the full required schedule of funding progress is complete.

See accompanying independent auditors' report.

Employer Contributions (unaudited) — June 30, 2009

(dollars in thousands)

Year Ended June 30	Annual Required Contributions	Percentage Contributed
2004	$ 306,782	100%
2005	695,735	100
2006	997,032	100
2007	1,104,010	100
2008	1,188,140	100
2009	$1,096,117	100%

See accompanying independent auditors' report.

Other Supplemental Schedules

Schedule of Investment Expenses
Year Ended June 30, 2009

(dollars in thousands)

Investment Category	Assets Serviced or Under Management	Expenses*
Domestic fixed income	$ 777,859	$ 1,579
Domestic equity	2,399,332	12,445
International equity	8,176,453	31,289
Mortgages	2,112,093	417
Real estate	4,841,575	56,933
Alternative investments	5,958,848	14,266
General investments	-----	4,709
Totals	$24,266,160	$121,638

*Expenses represent primarily professional fees.

See accompanying independent auditors' report.

Other Supplemental Schedules *(continued)*
Schedule of Administrative Expenses
Years Ended June 30, 2009 and 2008

	2009	2008
Salaries and benefits:		
Salaries	**$24,889,762**	$23,989,892
Civil service	**76,886**	73,949
Employees' retirement	**1,968,415**	2,258,718
Health and dental insurance	**7,363,506**	6,487,155
Overtime salaries	**58,547**	170,311
Social Security	**1,788,473**	1,710,316
Total salaries and benefits	**36,145,589**	34,690,341
Building occupancy expenses:		
Building, grounds and equipment	**986,107**	985,900
Depreciation—building and improvement	**857,948**	774,061
Depreciation—equipment	**293,334**	262,910
Office supplies and expenses	**220,656**	235,843
Utilities and municipal assessments	**828,450**	890,065
Total building occupancy expenses	**3,186,495**	3,148,779
Computer expenses:		
Amortization/depreciation—computer mainframe	**435,675**	551,094
Amortization/depreciation—computer micro	**3,408,280**	3,082,776
Computer hardware and software	**2,315,540**	2,913,446
Computer maintenance and supplies	**421,725**	300,111
Total computer expenses	**6,581,220**	6,847,427
Investment expenses:		
Advisory committee expenses	**112,378**	98,883
Investment information services	**345,174**	942,022
Service costs—real estate	**48,069**	67,074
Total investment expenses	**505,621**	1,107,979
Personnel and meeting expenses:		
Board—meetings, travel and education	**141,330**	140,498
Delegates meeting	**53,033**	46,994
Pre-retirement seminars	**141,275**	135,166
Professional development	**585,480**	804,106
Travel and automobile expenses	**153,809**	178,536
Other personnel expenses	**54,878**	47,094
Total personnel and meeting expenses	**1,129,805**	1,352,394
Professional and governmental:		
Auditors—financial	**132,862**	128,740
Auditors—insurance department	**71,205**	160,020
Disability medical examinations	**73,942**	88,147
Postage and cartage	**868,637**	871,883
Professional fees and services	**211,866**	153,806
Publications	**375,272**	364,652
Statutory custodian charges	**118,883**	102,340
Total professional and governmental services	**1,852,667**	1,869,588
Total	**$49,401,397**	$49,016,508

See accompanying independent auditors' report.

Investments 2009

"Though the land be good, you cannot have an abundant crop without cultivation."

Plato

Investments 2009

Report on Investment Activity

Overall Objectives and Performance

NYSTRS is a long-term investor able to weather short-term market downturns by adhering to a strict policy of asset diversification and prudent investing. Our resolve was severely tested during a fiscal year marked by failures in a number of industries and government bailouts. Stock prices plunged while credit and real estate markets froze.

Despite the economic pressures, the System remains well funded and continues to be one of the most stable public pension funds in the nation. As a long-term investor with many of its liabilities payable 20 or more years in the future, the System can withstand short-term market fluctuations. Assets are invested in the most prudent manner possible in order to achieve optimum long-term returns with an appropriate level of risk. The allocation of assets, as well as the fund's overall structure, are continuously reviewed and adjusted to achieve these goals.

Remaining committed to our core investment values served us well throughout the turbulent fiscal year, particularly during the last two quarters, with the System gaining back some of the losses it absorbed earlier in the year. By June 30, 2009, total net assets were valued at $72.5 billion, an increase from our quarterly low of $68.3 billon on March 31, 2009.

For the fiscal year ending June 30, 2009, the Retirement System's total portfolio posted a -20.5% return. Although a disappointing return, the System outperformed most major benchmarks, including the S&P 500 (-26.2%) and Morgan Stanley Capital International Europe, Australasia, Far East (MSCI EAFE; -31.4%).

This decline follows returns of -6.4%, 19.3%, 11.8%, 10.6% and 16.1% the previous five years, respectively. Our five-year annualized rate of return now stands at 1.9% and our 25-year return totals 9.8%. NYSTRS' goal is to meet or exceed an actuarially assumed 8.0% per annum rate of return.

Following is an overview of how each asset class performed during the past fiscal year.

Domestic Equities

Fiscal 2009 was a tumultuous year for equities. The collapse of Lehman Brothers in September was the catalyst for the worst financial crisis since the Great Depression. Volatility indices reached record levels as investors feared a total collapse of the financial system. The crisis was a further blow to an economy already weakened by a deepening recession. The impact of deleveraging, falling commodity prices and rising unemployment was widespread. All sectors experienced sharply negative returns in the first half of the year, before recovering in the second half as fiscal stimulus and monetary policy helped stabilize the markets.

Risk management was a major focus for the System prior to the unprecedented market conditions of last September. In August, the System initiated a major realignment of the domestic equity portfolios to de-risk the consolidated investment portfolio. There were four main components of the equity realignment program. First, the System continued its disciplined rebalance of its total equity portfolio by selling down equities toward the 42% strategic policy allocation, having built up an equity over-allocation in the preceding bull market years. Second, all existing equity portfolios were reviewed and adjusted as necessary to reflect the revised risk budget and to ensure appropriate diversification to the various investment strategies. Some redundant or overlapping portfolios were consolidated and streamlined, and the combined exposure to higher risk, small-cap equities was reduced with a net withdrawal from the internally managed small-cap portfolio. Third, new portfolios with a bias toward companies with strong, high quality balance sheets and corporate survivability were incepted, including one external and two internally managed portfolios benchmarked to the S&P 100 and S&P 500 indices. Fourth, the System implemented tighter constraints on sector, industry and asset-level exposures across the portfolios so as to ensure better diversification and reduced concentrations. Staff also proactively identified and constrained positions in securities experiencing significant binary risk during the period when bailout discussions and negotiations determined if some companies were going to survive the credit crisis. These collective actions taken by the System significantly lowered the total risk of the combined portfolio, and improved overall diversification by reducing concentration in specific market segments.

There were few bright spots or opportunities to make excess returns in the last fiscal year. One area where the System was able to take advantage of high volatility was in the covered call program. During the transition period of equity portfolio realignment, which included an expanded investment objective of enhancing portfolio yield, the covered call program was able to opportunistically capitalize on the rich premiums in the option markets by selling covered calls when the VIX volatility index reached historically high levels in late 2008.

The System's domestic equity portfolios are very well diversified and positioned conservatively. At fiscal year end the domestic equity portfolio represented 44.3% of the System's total assets and had a value of $32.2 billion, compared to the previous fiscal year when the figures were 47.7% and $46.1 billion, respectively.

For the fiscal year the System's domestic equity portfolio posted a -25.8% return, compared to its benchmark return of -25.6%.

International Equities

International equities, like domestic equities, experienced a significant decline during the year ending June 30, 2009. The System's international equity portfolio returned -31.1%, slightly outperforming its corresponding MSCI EAFE benchmark, which returned -31.4%.

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.

Through June 30, 2009, the System's external managers used 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 similar to core active management, except it provides the potential for greater returns because the variation from the benchmark may be much wider.

In April 2009, the NYSTRS Retirement Board approved the restructuring of the international portfolios so that 75% is passively managed to the MSCI EAFE and 25% is actively managed to the Morgan Stanley Capital International All World Index Ex-U.S. (ACWI Ex-U.S.). The restructuring, which will occur throughout the 2009-10 fiscal year, is expected to reduce portfolio risk while ensuring active fund managers are able to select from a broad universe of stocks.

Domestic Fixed Income

Traditionally, the primary role of the domestic fixed income portfolio has been to generate cash flow to help the System meet its $450 million monthly retirement benefit obligation. However, during the chaotic and sometimes confusing past fiscal year, the portfolio served as a stabilizer for the System.

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 for capital preservation and income, while at the same time positioned to take advantage of income-generating opportunities that present themselves in the marketplace. Although the System experienced some credit adversity in a handful of corporate holdings during the fiscal year, the diversification of the portfolio significantly mitigated the negative impact these holdings had on the overall portfolio. The fall and winter of the fiscal year also proved fertile ground for favorable marketplace opportunities.

Fall 2008 events and financial market difficulties caused a fear so pervasive that consumption and production virtually stopped. Real Gross Domestic Product (Real GDP) contracted at a 5.5% annual rate in the three months ended March 31, 2009 and declined 6.3% annualized for the three months ended December 31, 2008. This contraction contributed to the accelerated pace of unemployment that began during the 2008 fiscal year.

Consequently, the Federal Reserve – with a dual mandate of helping to ensure full employment and maintaining price stability – used a mix of new and traditional tools (such as quantitative easing via the purchase of agency mortgages and U.S. Treasuries) to aggressively confront both the freezing of financial markets and the economic malaise evidenced by the rising unemployment rate. Meanwhile, the treasury yield curve steepened throughout the year, driven by the dramatic reduction in the Federal Funds rate initiated by the Federal Reserve in response to the credit crisis. By fiscal year-end the efficient and effective implementation of these tools had a positive impact in steadying the U.S. financial markets and economy.

The overall slowdown in the U.S. economy was reflected in the Real GDP, which dropped every quarter during the 2009 fiscal year. Historically, this was the longest contraction in the U.S. since 1947. Recently, though, the pace of deterioration in the U.S. job markets and the economy has slowed dramatically and in some instances the economic data have turned positive. In fact economists expect the economy to experience growth in each of the four quarters of the 2010 fiscal year. The healing and optimism in the U.S. economy can be seen in the improved liquidity of the fixed income markets, best demonstrated by investors' increased receptiveness to investing in non-government guaranteed assets, causing credit spreads to shrink significantly.

In the tumultuous environment outlined above, the Retirement System's fixed income portfolio had a total return of 7.4% during the 12 months ended June 30, 2009. Our fixed income benchmark, the Barclays Capital Aggregate Bond Index, returned 6.1%.

Short-Term (Cash Equivalents)

The System's fixed income portfolio is comprised of high-quality securities that are easily converted into cash for satisfying the monthly payment of pension benefits, investing in other asset classes, and supporting the operating obligations of the Retirement System. The securities held in the portfolio generally mature in 12 months or less. Securities with maturities that are greater than 13 months at the time of purchase will have a coupon rate that will reset at a maximum of every 90 days.

As of June 30, 2009, the portfolio's average duration was 14 days. For the 12 months ended June 30, 2009, the short-term portfolio returned 1.4% versus the iMoneyNet Fund Report Averages/All Taxable Index benchmark, which returned 0.9%.

As the credit crisis continued during NYSTRS' fiscal year, culminating with the collapse and bankruptcies of several major financial institutions, money market investors fled to the most liquid investments, notably U.S. Treasuries. This flight to quality caused the yield on three-month U.S. Treasury Bills to briefly dip into negative territory for the first time in history. Essentially, investors were willing to pay to keep their money safe.

Having already lowered the Fed funds target rate 100 basis points during the fiscal year, the Federal Reserve – on the heels of deteriorating labor market conditions; declines in consumer spending, business investment and industrial production; and, tight credit conditions – slashed the federal funds rate to an unprecedented low of 0.0%.

However, unlike prior periods of U.S. financial turmoil, the Fed had to launch a number of new and creative programs to aid liquidity and restore confidence in money markets. For instance, the Commercial Paper Funding Facility (CPFF) increased issuer and investor confidence by allowing issuers to reissue or "roll" maturing commercial paper. Also, the Money Market Investor Funding Facility (MMIFF) was established to provide liquidity to ensure that money market mutual funds could meet investor redemption requests.

These liquidity facilities gave investors confidence to step back into the money market arena. Over time the programs worked, causing investor fear to abate and cash to leave the safety of U.S. Treasury Bills and move back into corporate and asset backed commercial paper. Subsequent to the thawing of the money market area, interest rates available to investors dropped to extraordinary lows as the demand for money market investments vastly outpaced the supply.

Real Estate

The commercial real estate market clearly felt the impact of the recession. Demand for lease space fell sharply, pushing vacancy rates in many markets to the highest levels in decades. Uncertainty about the timing and strength of the economic recovery caused investors to seek a substantial risk premium, driving yields up and values down. As a result, the property sales market has ground to a virtual stand still, making it difficult to price assets. It is likely that the market will stay bottled up until the economy stabilizes and the employment picture improves.

Due to these factors, the System's equity real estate portfolio returned -35.1% for the fiscal year while our direct investments in income-producing properties, which make up 46% of the real estate portfolio, remained well leased. Falling income levels are negatively impacting performance and value.

Real Estate Investment Trusts (REITs), which account for approximately 14.8% of the real estate portfolio, have been the most volatile component of this asset class. After posting returns of -4%, -33% and -26% for the first thee quarters of the fiscal year, the fourth-quarter return was 33%. The earlier share price deterioration was in large part driven by the anticipated decline of property level performance and a concern that many companies would be unable to access capital to improve their balance sheets. Fortunately, the crisis subsided as a number of companies were able to access the capital markets and raise both equity and debt capital.

Other major components of the equity real estate portfolio, accounting for 34.9% of assets, are opportunistic and value-added real estate funds. The performance of these assets has been challenged by falling values and more restrictive lending practices. As a result, many fund managers are working with their lenders to restructure loans, building in time for the economy to recover and the manager to carry out the business plan.

On a positive note, the Retirement System's commercial mortgage lending program is well positioned to take advantage of the large number of loan maturities scheduled to occur over the next few years. Banks, which have been the largest source of mortgage capital for commercial real estate, are addressing other problem loans and it is anticipated their CMBS programs will remain mothballed. Lenders such as NYSTRS should benefit as a result.

Private Equity

NYSTRS made its first private equity investment in 1984 and fully committed to the asset class in 1999, establishing a target of 1% of investments. Today 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 expectation is for the program to outperform public equities by 500 basis points (S&P 500 plus 5%).

The Retirement System's private equity investments are in buyout, venture capital, international, special situation and real estate funds. For asset allocation purposes, the $1.0 billion of private equity associated with real estate and timberland are categorized in this report as real estate equity. As of June 30, 2009, the value of the non-real estate private equity investments was $4.9 billion.

Not surprisingly, the past year's market turmoil significantly impacted the private equity industry, creating a difficult financing environment. This slowed the pace of new investments as well as realizations of existing investments. Additionally, recessionary pressures created a challenging operating environment for portfolio companies of private equity limited partnerships.

While private equity exits have been constrained over the past 18 months, the market is beginning to show signs of improvement. In August 2009, 11 companies filed S-1s for IPO, making it the most active month for new filings since December 2007.

The effects of the difficult market environment are evident 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 on a three, five and 10-year basis. The one-year return lagged the benchmark by 240 basis points (2.4%) due to a public market rally in the first half of 2009 that outpaced the revaluation in the private equity portfolio.

Private equity investments, excluding real estate, returned -23.6% for the past year, compared to -21.2% by its performance benchmark. The three-year average annual return of 3.7% is more than double the comparable benchmark of -3.2%. The System's five and 10-year performance figures in this asset class are 13.4% and 6.8%, respectively.

Report on Investment Activity *(continued)*

As of June 30, 2009, the System committed approximately $12.2 billion to 123 partnerships in 55 private equity firms. Since inception, the private equity portfolio generated an internal rate of return of 9.3%.

Other Programs

Securities Lending

The System's securities lending program generates incremental income by lending domestic equities, American Depository Receipts (ADRs) and fixed income securities. The lending programs are managed by several agent lenders in accordance with policies created by NYSTRS and are closely monitored by System staff for compliance.

The System mainly earns a spread from accepting cash as collateral for each security loan, with the cash invested in short-term fixed income securities at interest rates greater than an agreed upon borrower rebate rate.

The securities lending industry faced enormous challenges and adjustments over the past 12 months, including the dissolution of major borrowing counterparties, borrower consolidation and deleveraging. Also influencing the industry were a zero federal funds interest rate environment; extreme volatility in stocks; short selling bans and related restrictions; hedge fund closures; greater regulatory oversight; and, radical changes and turmoil in the global financial system. On the cash collateral reinvestment side, lending programs across the industry shortened portfolio maturities and dramatically increased liquidity to decrease credit risk and be better prepared to return cash collateral in exchange for securities that were returned by borrowers.

Despite the unprecedented turmoil in the credit markets the System earned over $59 million from securities lending for the fiscal year ended June 30, 2009. Because there was little change in unrealized market depreciation year over year ($50.8 million unrealized in 2008 and 2009), this amount compares favorably to the $64.9 million earned gross of unrealized market depreciation and $14.3 million net of unrealized depreciation the prior fiscal year.

As of June 30, 2009, the securities lending portfolio was collateralized at 104.1%, with approximately 9.9% of the System's portfolios on loan, down from the 17.2% on loan at the end of June 2008.

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

Commission Recapture

The Retirement System negotiates with brokers to obtain the lowest commission possible for securities traded in 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 2009 fiscal year, the Retirement System recaptured $174,484 directly from these brokers.

Call Options

As discussed in the Domestic Equities section, 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 or to enhance yield. During the 2009 fiscal year, the System generated approximately $93.9 million in premiums.

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Diversification of Investments — June 30, 2009 and June 30, 2008

(dollars in thousands)

Investment Type	2009	Percent	2008	Percent	Increase (Decrease)
Short-term:					
U.S. Treasury and agency	$ ----		$ 169,990		$ (169,990)
Corporate	635,571		359,377		276,194
	635,571	0.89	529,367	0.57	106,204
Domestic fixed income securities:					
United States Treasury	3,651,808		4,734,279		(1,082,471)
Federal agency, notes & debentures	1,510,527		1,682,033		(171,506)
Federal agency, mortgage backed	3,855,310		3,976,139		(120,829)
Commercial mortgage backed	740,269		876,391		(136,122)
Corporate	4,941,155		4,943,378		(2,223)
	14,699,069	20.70	16,212,220	17.22	(1,513,151)
Domestic equities:					
Basic materials	4,218,059		5,474,452		(1,256,393)
Capital goods	3,942,261		6,140,319		(2,198,058)
Consumer cyclicals	3,328,959		4,208,746		(879,787)
Consumer staples	3,126,770		3,569,301		(442,531)
Energy	3,178,949		5,941,613		(2,762,664)
Financial	5,354,003		8,195,577		(2,841,574)
Technology	5,231,388		7,161,076		(1,929,688)
Transportation	929,808		1,230,716		(300,908)
Utilities	2,878,660		4,163,791		(1,285,131)
Diversified and Miscellaneous	5,124		11,452		(6,328)
	32,193,981	45.34	46,097,043	48.96	(13,903,062)
International equities:					
Commingled investments	7,952,860		11,519,039		(3,566,179)
ADRs	432,864		654,401		(221,537)
REITs	223,594		298,207		(74,613)
	8,609,318	12.12	12,471,647	13.25	(3,862,329)
Mortgages:					
Conventional	4,048,474		4,349,011		(300,537)
Federal Housing Administration	17,154		32,105		(14,951)
	4,065,628	5.73	4,381,116	4.65	(315,488)
Real estate:					
Direct equity real estate investments	3,043,058		4,690,159		(1,647,101)
Commingled real estate investments	1,798,516		2,889,953		(1,091,437)
Other real estate owned	5,591		-----		5,591
	4,847,165	6.83	7,580,112	8.05	(2,732,947)
Alternative investments:					
Private equity	4,925,773		5,612,296		(686,523)
Real estate equity funds	500,236		510,245		(10,009)
Real estate debt funds	251,430		497,001		(245,571)
Timberland	281,409		257,033		24,376
	5,958,848	8.39	6,876,575	7.30	(917,727)
Total Investments	**$71,009,580**	**100.00%**	**$94,148,080**	**100.00%**	**$ (23,138,500)**

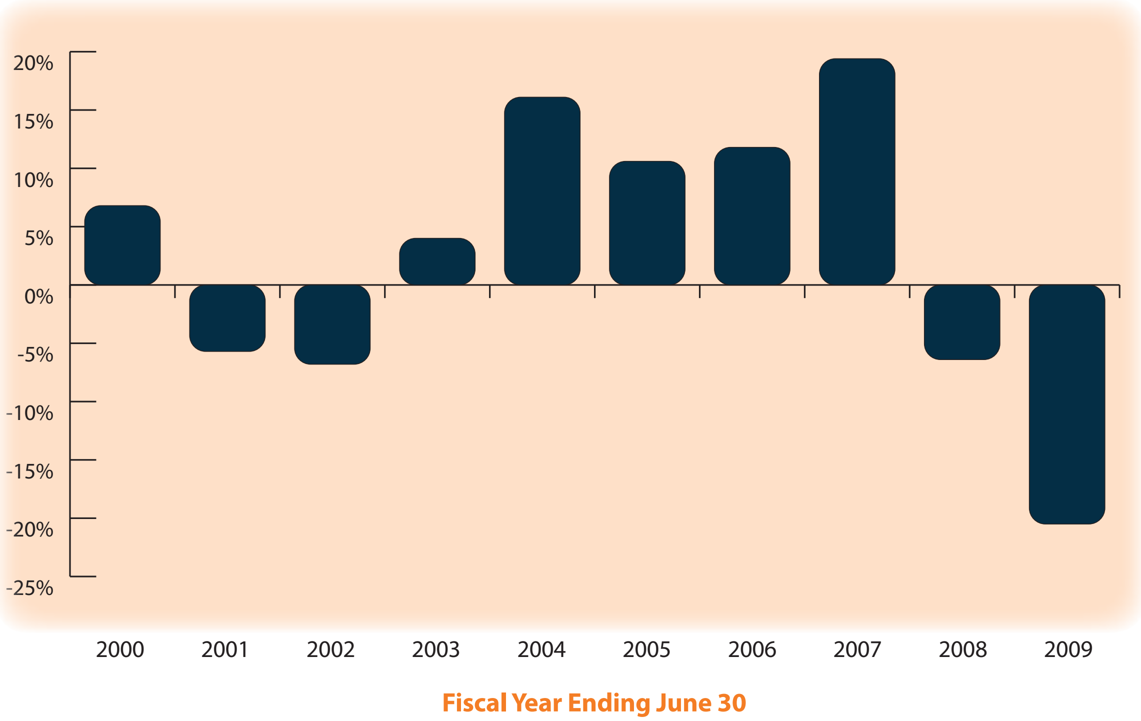
Investments

Asset Allocation — June 30, 2009

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	42%	35-49%	44.3%
International Equity	15%	11-19%	11.8%
Real Estate	10%	6-14%	9.3%
Private Equity	7%	4-12%	6.9%
Total Equities	74%		72.3%
Domestic Fixed Income	18%	13-23%	19.6%
Mortgages	8%	5-11%	7.2%
Cash Equivalents	0%	0- 5%	0.9%
Total Fixed Income	26%		27.7%

Annual Performance History



Investments

Investment Performance Results — June 30, 2009

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 Growth Tilt2 Fund	-24.8*%	----%	----%	----%
NYSTRS Index2 Fund	-25.6*	----	----	----
NYSTRS Value Tilt2 Fund	-25.3*	----	----	----
Benchmark: S&P 1500**	-25.7*	----	----	----
NYSTRS S&P 100 Fund	0.3*	----	----	----
Benchmark: S&P 100	0.0*	----	----	----
NYSTRS S&P 500 Fund	6.1*	----	----	----
Benchmark: S&P 500	4.1*	----	----	----
NYSTRS S&P 500 Equal Weight Fund	-23.6	-8.2	----	----
Benchmark: S&P 500 Equal Weight	-23.6	-8.3	----	----
NYSTRS S&P 600 Fund	20.9*	----	----	----
Benchmark: S&P 600	23.2*	----	----	----
Total Active Large Cap Management	-26.8	-2.3	3.6	-0.8
Benchmark: S&P 500	-26.2	-8.2	-2.2	-2.2
Total Enhanced Large Cap Management	13.0*	----	----	----
Benchmark: S&P 500	10.5*	----	----	----
Total Active Small Cap Management	-31.8	-11.1	-3.5	1.7
Benchmark: Russell 2000**	-25.0	-9.9	-1.7	2.4
Total	-25.8	-8.1	-1.4	-1.0
Benchmark: Blended Russell/S&P**	-25.6	-8.2	-1.5	-1.0
International Equities				
NYSTRS S&P ADR Index Fund	-30.2	-4.3	----	----
Benchmark: S&P ADR Index	-31.6	-5.5	----	----
Total Passive/Enhanced Management	-32.3	-8.6	2.1	1.3
Total Active Management	-30.3	-8.2	2.1	1.1
Total	-31.1	-8.2	2.1	1.1
Benchmark: MSCI EAFE	-31.4	-8.0	2.3	1.2
Real Estate	-35.1	-5.0	6.2	8.7
Benchmark: Blended NCREIF/Wilshire US REIT**	-23.0	-2.2	6.3	8.3
Private Equity	-23.6	3.7	13.4	6.8
Benchmark: S&P 500 plus 5%	-21.2	-3.2	2.8	2.8
Domestic Fixed Income	7.4	6.9	5.2	6.2
Benchmark: Barclays Capital Aggregate**	6.1	6.4	5.0	6.0
Mortgages	-7.0	1.2	3.4	5.9
Short Term	1.4	3.7	3.5	3.5
Benchmark: iMoneyNet™ Fund Avg/Taxable	0.9	3.1	2.9	2.9
Total Fund	-20.5	-3.8	1.9	2.2

*Funds were established within the last 12 months; the returns shown are those from the fund's inception, not annualized.
**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, 2009

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	$827.7	6.0%	-1.5%	Apr-99
Enhanced Large Cap Management				
T. Rowe Price	280.1	13.0	10.5	Jan-09
Small Cap Management				
Progress	609.7	5.7	4.4	Oct-96
International Equities				
Passive/Enhanced Management				
Barclays Global Investors	2,237.9	4.8	4.3	Apr-02
State Street Global Advisors (Enhanced)	367.5	-29.1	-28.0	Nov-07
State Street Global Advisors (Passive)	806.5	2.7	2.3	Mar-04
Active Management				
Capital Guardian	1,221.9	2.9	1.0	May-99
JPMorgan	758.5	-0.9	-1.2	Mar-05
Pyramis (Fidelity)	768.3	-0.3	-1.1	Mar-05
Benchmark Agnostic				
Artisan Partners	329.0	7.7	8.5	Oct-02
Causeway Capital	388.3	9.8	8.5	Oct-02
Harris Associates	406.2	11.1	8.5	Oct-02
Mercator	377.3	9.2	8.5	Oct-02
Wellington	290.5	-5.9	-1.1	Mar-05
Real Estate				
Private Securities				
Angelo, Gordon & Co.: AG Realty Fund V	2.1	12.7	8.0	Dec-01
Angelo, Gordon & Co.: AG Realty Fund VI	31.8	-1.6	----	Sep-05
Angelo, Gordon & Co.: AG Realty Fund VII	12.9	0.4	----	Dec-07
BlackRock: Granite Property Fund	64.4	5.6	9.2	Dec-97
Blackstone RE Partners: Fund V TE.2	26.1	-7.1	----	Jul-06
Blackstone RE Partners: Fund VI TE.2	20.1	-39.5	----	Mar-07
Brookfield Properties: Office Partners	225.0	-0.4	-1.9	Oct-06
Cabot Properties: Industrial Value Fund II	43.2	9.8	3.0	Nov-05
Cabot Properties: Industrial Value Fund III	1.0	-83.4	-12.1	Dec-08
CB Richard Ellis: Strategic Partners Europe Fund III	41.3	N/A	----	Apr-07
CB Richard Ellis: Strategic Partners III	21.0	4.8	8.0	Dec-03
CB Richard Ellis: Strategic Partners IV	50.3	-6.5	3.0	Dec-05
CB Richard Ellis: Strategic Partners U.S. Opport. 5	9.1	-16.8	-12.3	Dec-07
CB Richard Ellis: Strategic Partners U.S. Value 5	2.2	-24.8	-19.6	Jun-08
CB Richard Ellis: Strategic Partners UK Fund III	14.2	N/A	----	May-07
Cerberus: Institutional Real Estate Partners	15.8	6.5	----	May-04
Cerberus: Institutional Real Estate Partners - Series Two	9.8	20.0	----	May-08
CIGNA: Apartment Alliance	0.3	34.0	8.1	Dec-02
Citigroup: CPI Capital Partners North America	16.8	-28.2	----	Dec-06
Cornerstone: Apartment Fund I	15.0	16.2	7.9	Nov-00
Cornerstone: Apartment Venture I	30.4	34.2	8.1	Jul-03
Cornerstone: Apartment Venture III	12.1	-14.4	-6.3	Apr-07
DLJ: Real Estate Capital Partners III	47.3	3.7	----	Jun-05
DLJ: Real Estate Capital Partners IV	12.8	-66.5	----	Feb-08

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

Manager Investment Performance Results
— June 30, 2009 *(continued)*

	Assets Managed ($ millions)	Rates of Return[1] From Inception Fund	Benchmark	Inception Date
Real Estate (continued)				
Private Securities (continued)				
Essex Property Trust: Apartment Value Fund II	$43.1	3.4%	6.6%	Nov-04
Exeter Property Group: Industrial Value Fund	18.7	-11.4	-12.3	Nov-07
Hines Interests: Emerging Markets	12.1	9.5	----	Oct-99
Hines Interests: U.S. Office Value Added	27.9	23.9	6.1	Jan-05
Hines Interests: U.S. Office Value Added II	14.0	-36.6	-9.0	Aug-07
ING Clarion: Development Ventures II	13.5	-1.9	5.1	Jun-05
ING RE: China Opportunity Fund	41.9	2.5	----	Dec-06
JPMorgan: Excelsior II	67.7	-19.9	3.0	Dec-05
Landmark Partners: Real Estate Trust IV	2.4	8.0	----	Mar-02
LaSalle: Asia Opportunity Fund III	1.5	-69.1	----	Mar-08
Lone Star: Fund II	0.2	3.7	----	Mar-99
Lone Star: Fund III	19.9	22.2	----	Oct-00
Lone Star: Fund IV	114.1	17.4	----	Dec-01
Lone Star: Fund V	102.2	17.8	----	Jan-05
Lone Star: Fund VI	42.8	11.8	----	Jul-08
MGPA: Asia Fund II	35.1	-2.7	----	Apr-05
MGPA: Asia Fund III	7.9	N/A	----	May-07
MGPA: Europe Fund III	7.6	-46.3	----	Jun-07
MGPA: Europe Parallel Fund II	11.8	-12.0	----	Apr-05
MGPA: Lend Lease Global Properties	0.9	-5.4	----	May-99
O'Connor: North American Property Partners	36.7	-9.9	----	Sep-04
O'Connor: North American Property Partners II	8.2	-59.9	----	Oct-07
O'Connor: Peabody Global Real Estate	5.1	15.6	----	Jul-99
Penwood RE: Calif. Select Industrial Partners	12.8	-16.8	1.0	Dec-05
Penwood RE: Select Industrial Partners II	0.5	-46.5	-9.0	Aug-07
Perella Weinberg: Real Estate Fund I	3.7	N/A	----	Jan-08
Prudential Latin America: PLA Residential Fund III	30.1	-1.3	----	Mar-08
Prudential: PRISA	193.9	6.2	7.2	Sep-85
Prudential: PRISA II	136.9	7.2	7.0	Sep-89
Prudential: PRISA III	57.6	13.6	8.1	Jun-03
Prudential: Strategic Value Investors	1.0	48.0	9.7	Oct-97
Rockpoint: Finance Fund I	1.7	-30.7	-3.7	Mar-07
Rockpoint: Heritage Fields	0.3	N/A	----	Jul-05
Rockpoint: Real Estate Fund I	9.7	-8.7	----	Sep-04
Rockpoint: Real Estate Fund II	40.3	-19.5	----	Sep-05
Rockpoint: Real Estate Fund III	6.9	N/A	----	Dec-07
Rockwood: Fund IV	1.8	9.4	8.0	Sep-00
Rockwood: Fund V	12.3	4.4	8.1	Jul-03
Rockwood: Fund VI	43.1	-4.4	5.1	Jun-05
Rockwood: Fund VII	18.2	-46.8	-1.9	Oct-06
Rockwood: Fund VIII	0.0	-5.9	-5.2	Mar-09
Starwood: Opportunity Fund IV	7.0	6.0	9.8	Jan-97
Starwood: Opportunity Fund VII-A	32.2	-8.5	----	Jan-06
UBS Realty: UBS Trumbull Prop. Fund	244.2	7.6	7.2	Sep-85
USAA Real Estate: U.S. Industrial REIT II	31.4	-11.7	-3.7	Jan-07
Westbrook: Real Estate Fund IV	1.1	-8.0	----	May-01
Westbrook: Real Estate Fund V	3.7	16.7	----	Feb-05
Westbrook: Real Estate Fund VI	24.9	-6.2	----	May-06
Westbrook: Real Estate Fund VII	22.5	-72.7	----	Dec-07
Direct Investments				
ING Clarion Partners	670.8	8.3	7.0	Jun-90

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

Investments

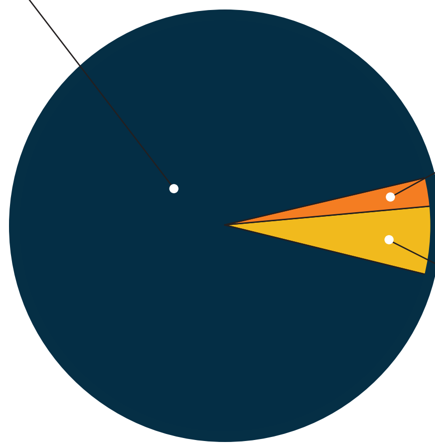
Manager Investment Performance Results
— June 30, 2009 *(continued)*

	Assets Managed ($ millions)	Rates of Return[1] From Inception Fund	Rates of Return[1] From Inception Benchmark	Inception Date
Real Estate (continued)				
Direct Investments (continued)				
Invesco Realty Advisors (Multi-family)	$144.1	12.5%	8.6%	Dec-98
Invesco Realty Advisors (Industrial)	177.2	8.6	9.5	Nov-94
JPMorgan	1,667.8	10.2	7.2	Oct-90
Kennedy Associates	117.5	9.8	9.6	Apr-95
Sentinel Real Estate	265.6	9.7	9.7	Mar-96
Public Securities				
Adelante Capital Management	149.4	5.5	4.6	Aug-98
Cohen & Steers: Equity Income Separate Acct.	103.7	5.3	4.8	Jul-98
Cohen & Steers: REIT/Preferred Income Sep. Acct.	88.9	-6.1	-4.1	Sep-07
Cohen & Steers: Total Return Separate Acct.	239.2	8.6	7.0	Jun-95
RREEF	169.9	6.8	4.6	Aug-98
International Real Estate Securities				
European Investors	80.3	-18.7	-18.7	Dec-06
LaSalle	72.7	-21.5	-18.2	Dec-06
RREEF	78.1	-19.2	-18.2	Dec-06
Timber: Direct Investments				
Forest Investments: Adirondack Timber I	281.4	4.8	----	Dec-98
Mortgages				
BlackRock: CMBS	366.1	3.4	3.1	Apr-01
ING Clarion: Clarion Value Fund	17.0	-17.9	-24.0	Sep-05
ING Clarion: CMBS	287.8	1.6	3.1	Apr-01
Prima: CMBS	124.5	1.6	0.1	Nov-03

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

Domestic Equity Distribution — June 30, 2009

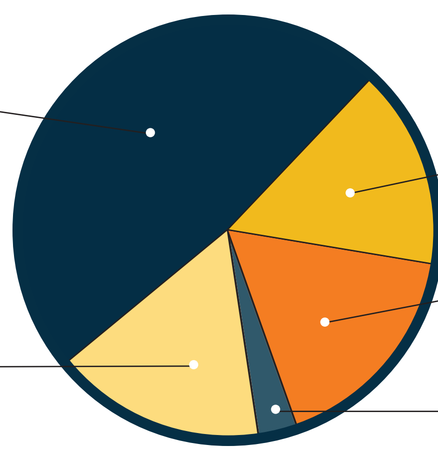
$32,193,980,844



Investments

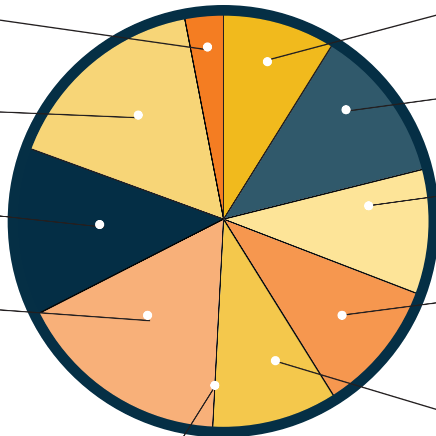
Domestic Equity Externally Managed Style Distribution — June 30, 2009

$1,672,960,985



Domestic Equity Holdings by Industry Distribution — June 30, 2009

$32,193,980,844



Ten Largest Domestic Equity Holdings — June 30, 2009

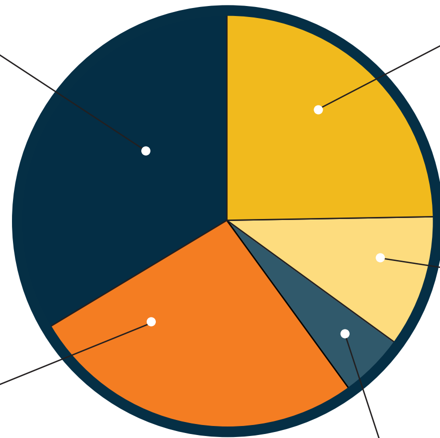
Rank	Company	Cost	Market Value	Percent of Equities
1	Exxon Mobil	$ 188,007,634	$ 1,167,731,828	3.6%
2	Microsoft	424,593,011	609,036,723	1.9
3	Johnson & Johnson	185,606,270	513,739,755	1.6
4	Procter & Gamble	208,369,083	501,197,232	1.6
5	AT&T	248,675,985	493,727,665	1.5
6	IBM	152,119,554	455,311,611	1.4
7	Chevron	137,918,269	448,236,304	1.4
8	JP Morgan Chase	230,612,653	430,617,943	1.3
9	Apple Inc.	112,525,444	418,995,447	1.3
10	General Electric	304,073,738	399,972,870	1.2
Total		**$2,192,501,641**	**$5,438,567,378**	**16.8%**

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

Domestic Fixed Income Sector Distribution — June 30, 2009

$14,699,068,754

Yield to Maturity 3.8%



Investments

Ten Largest Domestic Fixed Income Holdings

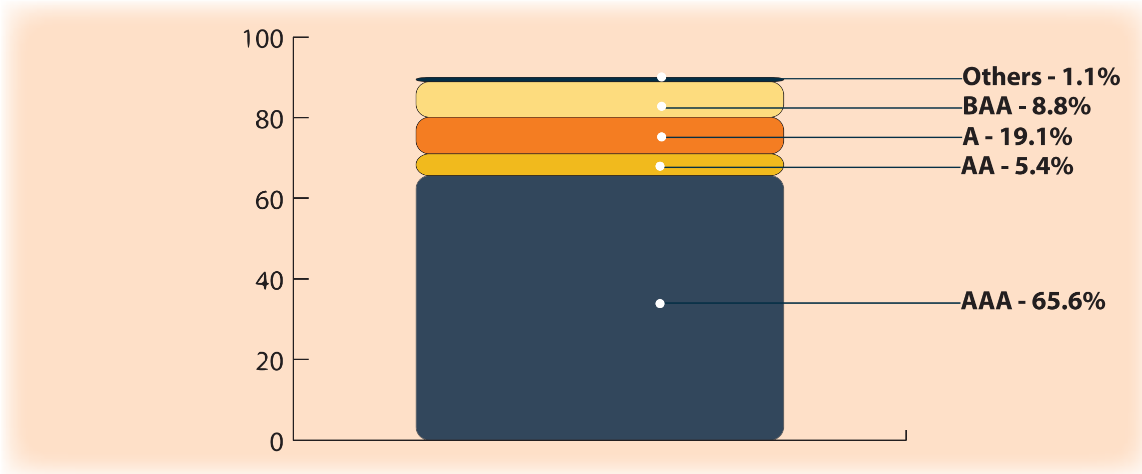
— June 30, 2009

Rank	Issue	Market Value	Percent of Fixed Income
1	U.S. Treasury Strips (Principal) Due 11/15/2009	$399,250,400	2.7%
2	U.S. Treasury Strips (Coupon) Due 11/15/2011	219,024,000	1.5
3	U.S. Treasury Strips (Coupon) Due 11/15/2010	197,877,600	1.3
4	U.S. Treasury Strips (Coupon) Due 5/15/2011	196,786,600	1.3
5	U.S. Treasury Strips (Coupon) Due 2/15/2010	149,749,350	1.0
6	AID - Israel 5.50% Due 4/26/2024	107,119,500	0.7
7	U.S. Treasury Strips (Coupon) Due 8/15/2010	99,420,000	0.7
8	U.S. Treasury Strips (Coupon) Due 8/15/2011	97,610,200	0.7
9	U.S. Treasury 7.50% Due 11/15/2016	95,959,401	0.7
10	U.S. Treasury Strips (Coupon) Due 8/15/2012	94,637,800	0.6
Total		**$1,657,434,851**	**11.2%**

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.

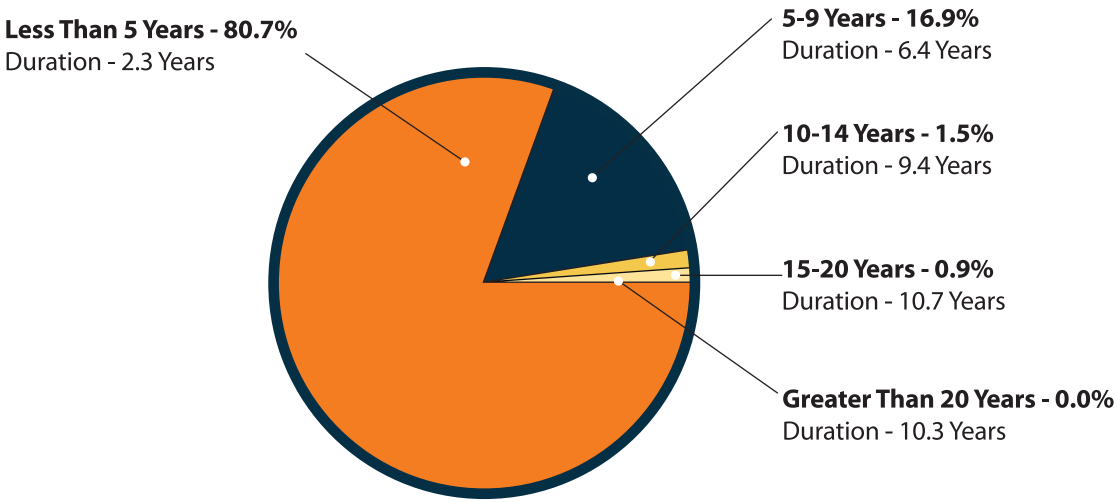
Domestic Fixed Income Quality Distribution

— June 30, 2009



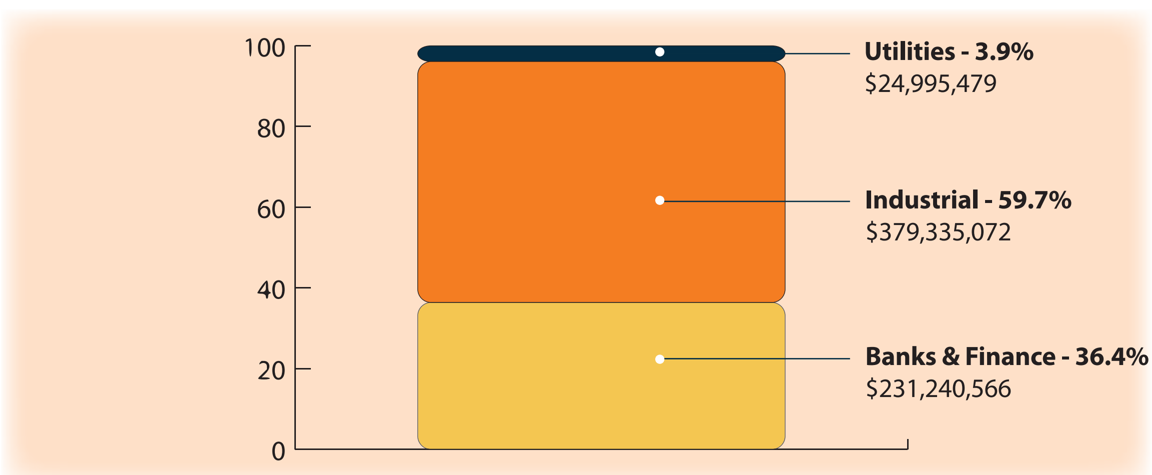
Domestic Fixed Income Average Maturity — June 30, 2009

Effective Duration 3.2 Years



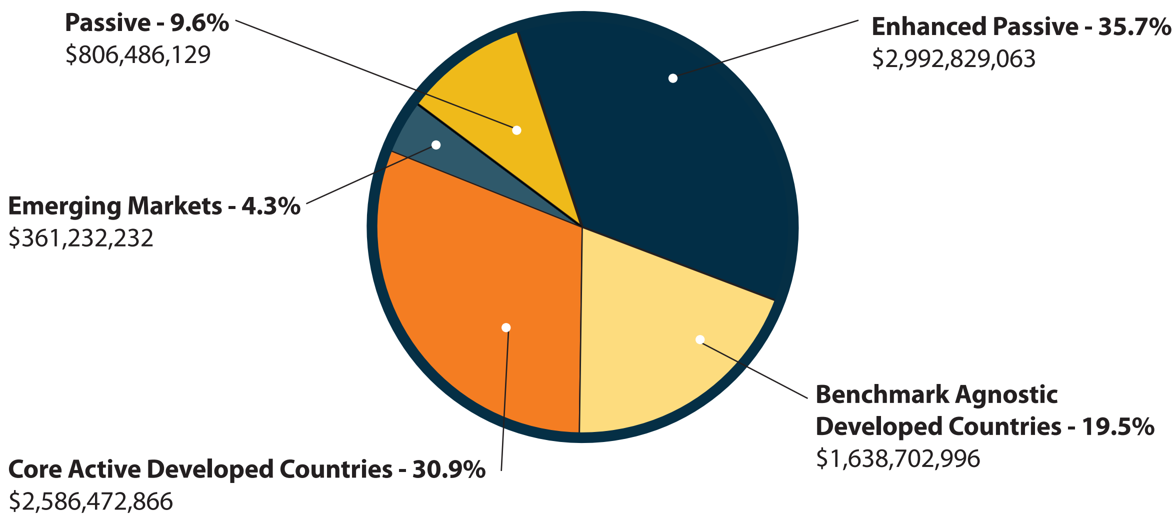
Short-Term Sector Distribution — June 30, 2009

$635,571,117

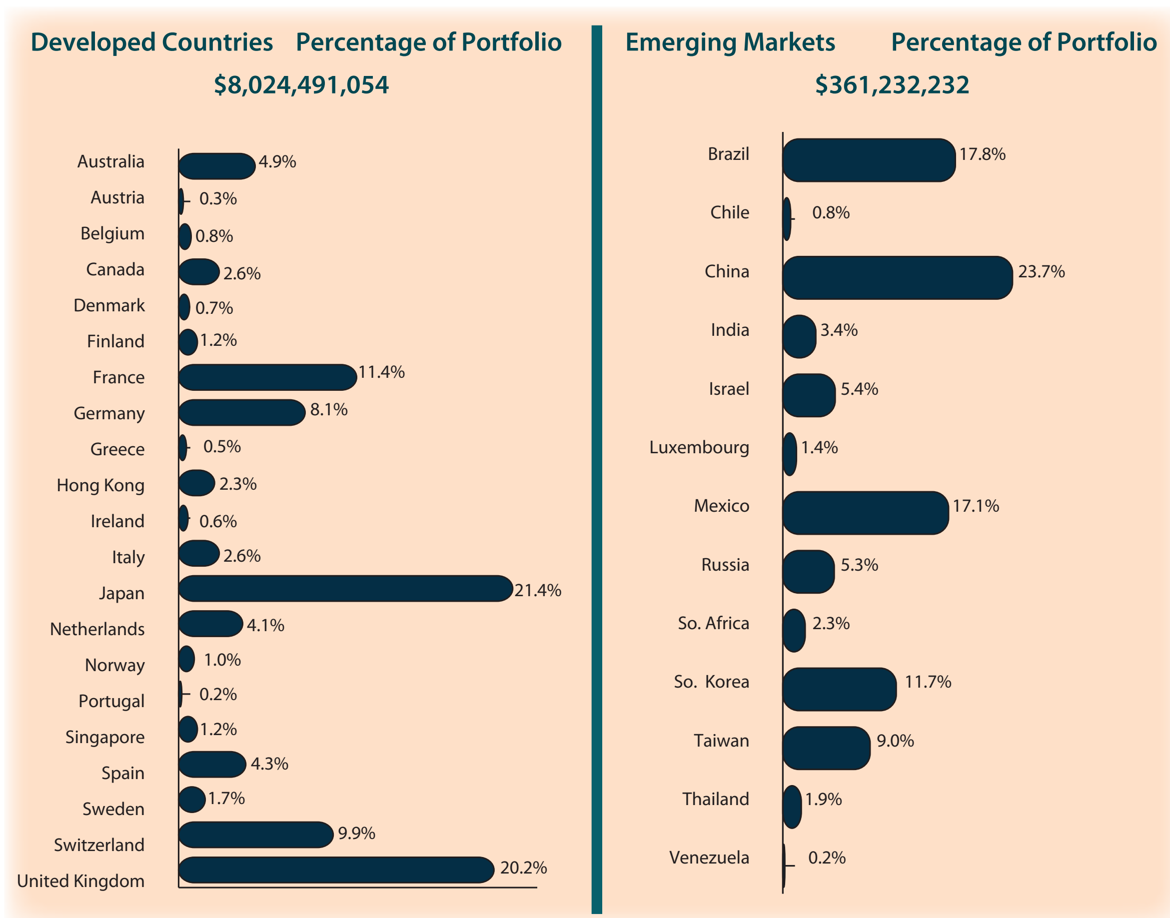


International Equity Style Distribution — June 30, 2009

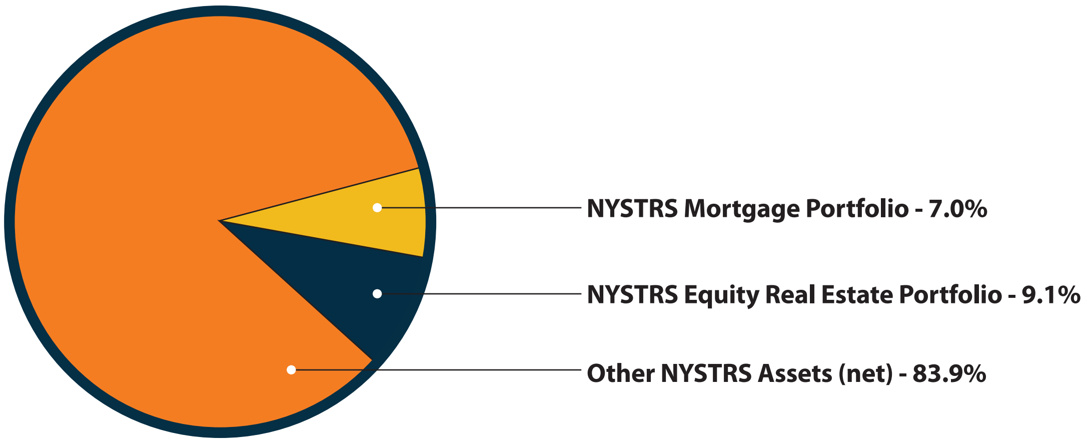
$8,385,723,286



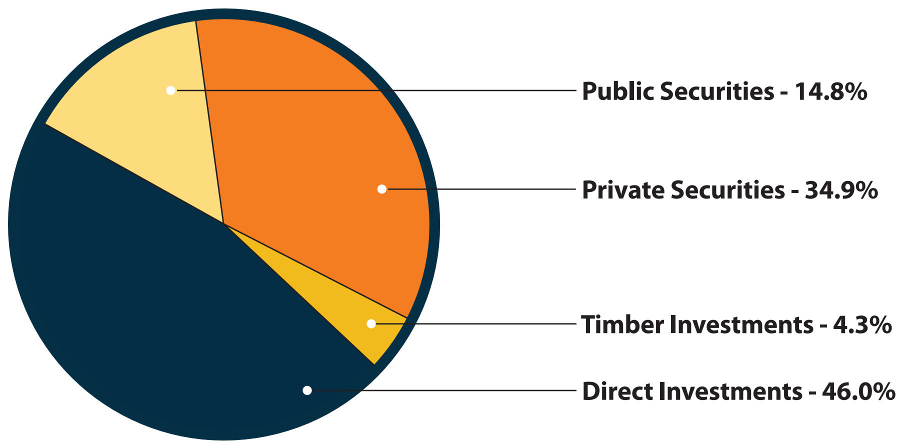
International Equity Exposure Distribution — June 30, 2009



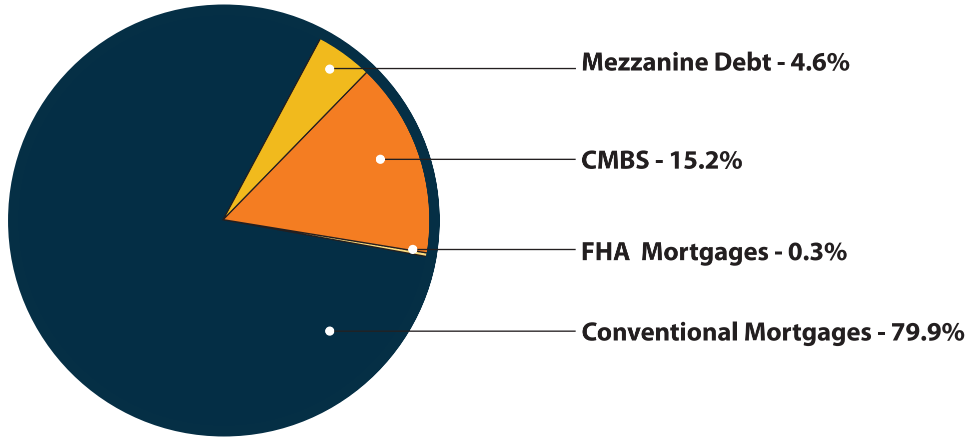
Real Estate as a Percentage of NYSTRS Total Net Assets — June 30, 2009



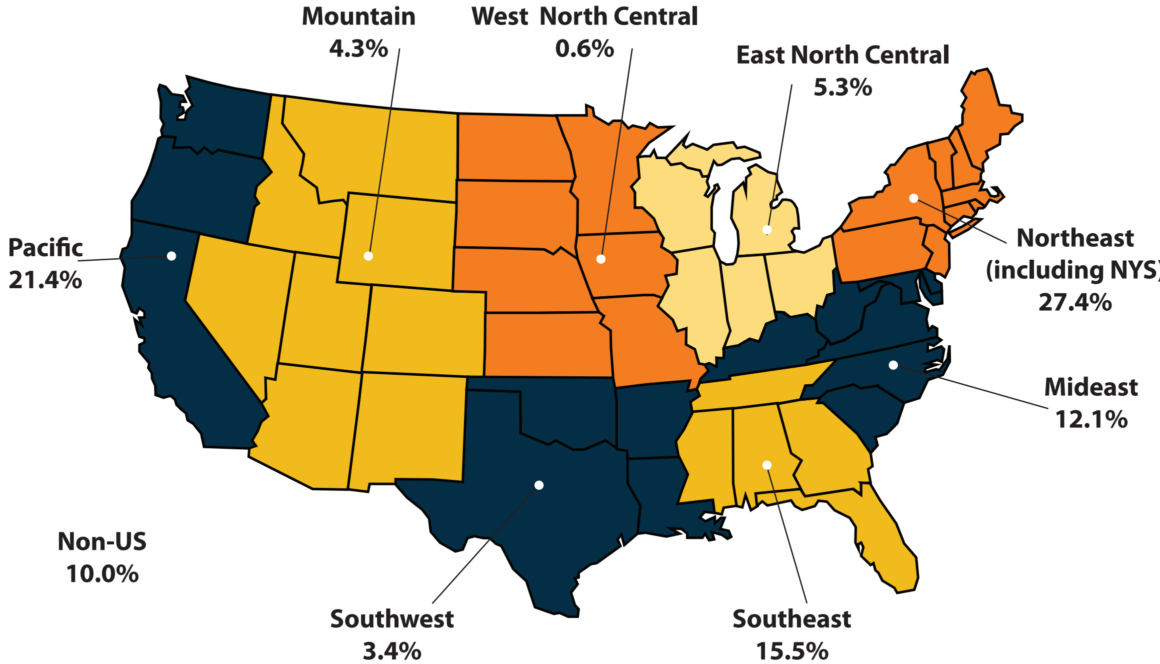
Breakdown of Real Estate Equity Portfolio — June 30, 2009



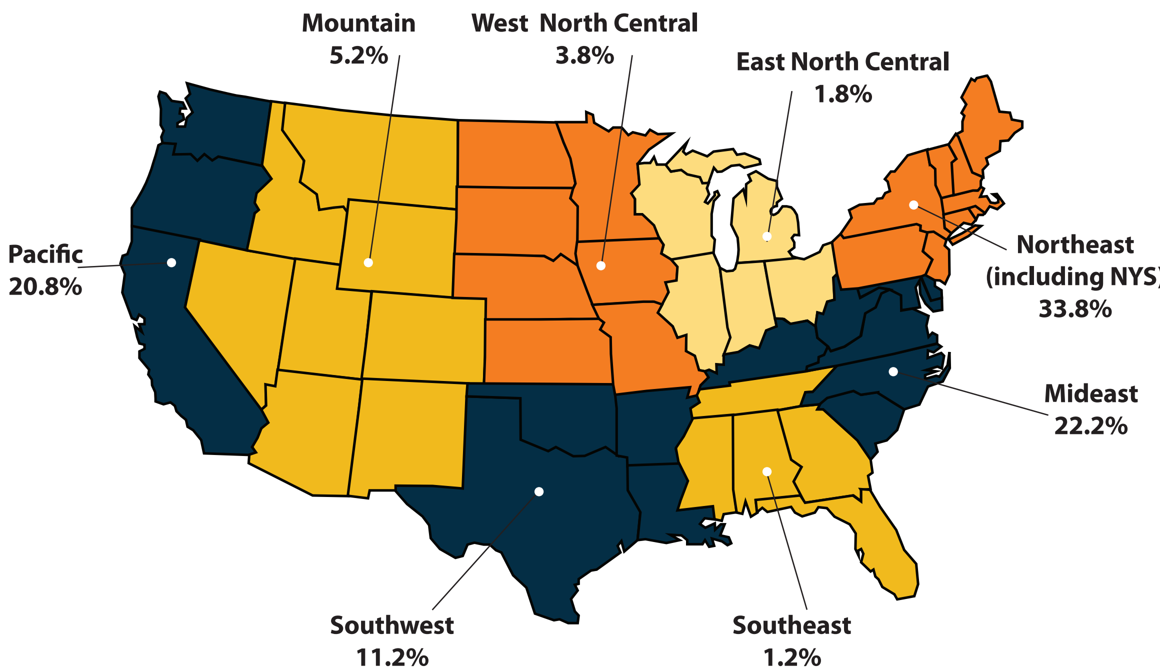
Breakdown of Mortgage Portfolio — June 30, 2009



Geographic Distribution of the Real Estate Equity Portfolio — June 30, 2009



Geographic Distribution of the Mortgage Portfolio — June 30, 2009



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.

For the 2008 calendar year, a total of 17,207 proposals were voted, representing 1,983 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 (16,750)

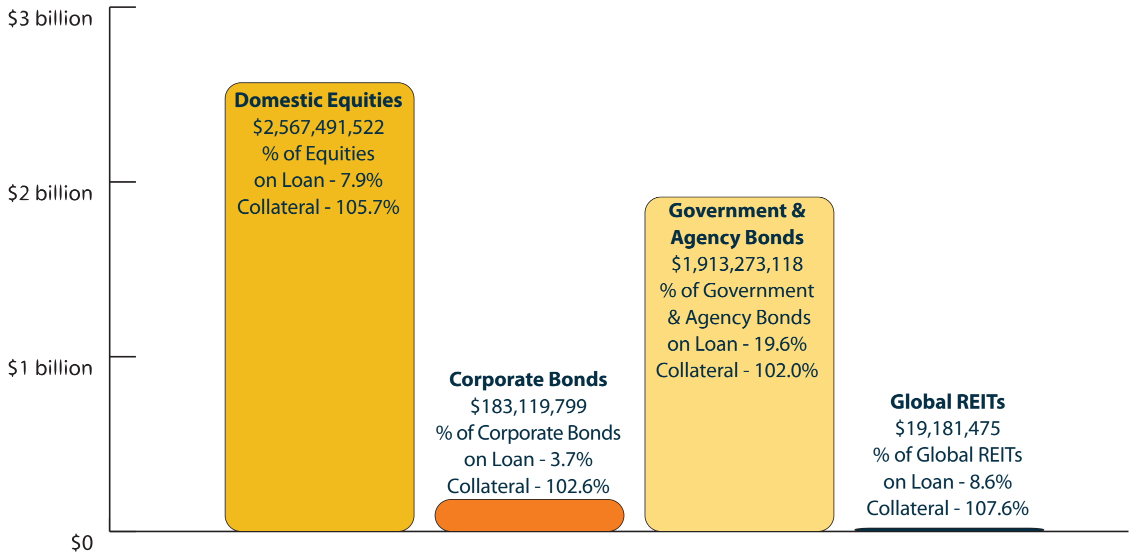
Yes	15,326	91%
No	622	4%
Withheld	802	5%

Shareholder Proposals (457)

Yes	302	66%
No	155	34%

Securities Lending Program — June 30, 2009

Value on Loan - $4,683,065,914



Schedule of Investment Fees and Expenses — June 30, 2009

Fund Manager/Style	Investment Expense
Domestic Fixed Income:	
BlackRock Financial Mgmt.	$ 717,739
ING Clarion Capital	592,327
Prima Capital Advisors	268,576
Total Domestic Fixed Income:	$1,578,642
Domestic Equity:	
Adelante Capital Mgmt.	$ 716,765
Cohen & Steers Capital Mgmt.	1,404,175
Iridian Asset Management	4,371,249
T. Rowe Price	386,688
Progress	1,521,015
Bennett Lawrence Mgmt.	292,122
Cardinal Capital Mgmt.	502,861
Globeflex Capital	311,795
GW Capital	246,866
Hoover Investment Mgmt. Company	282,308
Insight Capital Research & Mgmt.	451,357
Inview Investment Mgmt. Company	354,441
Paradigm Asset Mgmt.	325,641
Redwood Investments	102,531
Shapiro Capital Mgmt. Company	334,500
RREEF America	840,201
Total Domestic Equities:	$12,444,515
International Equity:	
Artisan Partners	$ 2,976,341
Barclays Global Investors	7,334,867
Capital Guardian	4,003,673
Causeway Capital	1,707,147
Citigroup Alternative Investments	439,121
European Investors	564,704
Harris Associates	3,304,316
JPMorgan Asset Mgmt.	2,805,613
LaSalle Investment Mgmt.	486,209
Mercator Asset Mgmt.	2,319,995
Pyramis Global Advisors	2,157,559
RREEF America	634,600
SSGA - Passive	424,558
SSGA - Enhanced	870,288
Wellington Mgmt.	1,259,985
Total International Equity:	$31,288,976
Mortgages:	
Deutsche Bank	$1,123
Heitman	17,000
GEMSA	205,837
NY Life	91,647
Prudential	65,598
TIAA	30,989
FHA Mortgages - Reilly	4,609
Total Mortgages:	$ 416,803

Fund Manager/Style (continued)	Investment Expense
Real Estate:	
ING Clarion	$ 3,001,957
Invesco	1,708,786
JPMorgan	8,957,182
Kennedy	634,282
Morgan Stanley/Lend Lease	885,593
Real Estate Funds/Commingled	39,737,831
Sentinel	2,007,837
Total Real Estate:	$ 56,933,468
Alternative Investments:	
Private Equity, Real Estate	$ 14,266,373
Total Alternative Investments:	$ 14,266,373
General Investment Expenses:	
Bond Schoeneck & King LLP	$ 8,980
Callan Associates	562,291
Chavez Ruiz Zamarripa ya Cia	6,612
Foster Pepper & Shefelman, PLLC	26,685
Huntington & Williams	14,238
Investment Information Services	1,639,696
JP Morgan Chase	62,455
K&L Gates	790
King Spaulding & LLP	3,425
Kurtpatrick LockHart Preston Gates	15,777
Morgan Lewis & Bockius	105,705
Nixon Peabody	102,752
Real Estate Origination Costs	424,223
Reinhart & Bonner	5,885
Shott Capital	110,608
State Street Corporation	644,974
StepStone Group	952,666
Stockbridge Risk Mgmt.	21,092
Total General Investment Expenses:	$ 4,708,854
Total Investment Fees and Expenses	**$121,637,631**

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

Jack Malvey, CFA
Global Capital Markets Consultant
Former Chief Global Fixed Income Strategist
Lehman Brothers

External Investment Managers

Domestic Equities:

Active Large Cap
Iridian Asset Management LLC (Value)

Enhanced Large Cap
T. Rowe Price Associates Inc.

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

International Equities:

Active
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 Buyouts Fund II
ABRY Mezzanine Partners
ABRY Partners Fund V
ABRY Partners Fund VI
ABRY Senior Equity Fund II
Aisling Capital II, L.P.
Aisling Capital III, 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
Charterhouse Capital Partners IX
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 Seasoned Primaries Fund III, 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
HarbourVest International PEP VI-Asia Pacific Fund
Hellman & Friedman Capital Ptn. IV, L.P.
Hellman & Friedman Capital Ptn. V, L.P.
Hellman & Friedman Capital Ptn. VI, L.P.
Hellman & Friedman Capital Ptn. VII, 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 Capital Partners VII
Lexington Middle Market Investors
Lexington Middle Markets Investors 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

External Investment Managers *(continued)*

Private Equity - Limited Partnerships: *(continued)*

Parish Capital Buyout Fund I
Parish Capital Europe I, L.P.
Parish Capital Fund II, L.P.
Permira IV
Pine Brook Capital Partners, L.P.
P123 Ltd.
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
VantagePoint 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

Real Estate Advisory Committee

Herman Bulls
President & Chief Executive Officer
Bulls Capital Partners
Vienna, Virginia

Glen Coverdale, Chairman
Senior Executive Vice President (Retired)
Metropolitan Life Insurance Company
New York, New York

Paul J. Dolinoy
Executive Vice President & Managing Director
Capmark Investments
Irvine, California

Blake Eagle
Chief Executive Officer (Retired)
National Council of Real Estate Investment Fiduciaries
Chicago, Illinois

Maureen A. Ehrenberg
Senior Managing Director of Global Client Strategies
CB Richard Ellis
Chicago, Illinois

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Managing Director (Retired)
CIGNA Investments
Hartford, Connecticut

James O'Keefe
Managing Director (Retired)
USB Realty Investors, LLC
Hartford, Connecticut

Real Estate Advisors

Equity:
ING Clarion
Forest Investment Associates
Invesco Realty Advisors
JPMorgan Asset Management
Kennedy Associates Real Estate Counsel, LP
Sentinel Real Estate Corporation

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

REITs:
Adelante Capital Management LLC
Cohen & Steers Capital Management, Inc.
E.I.I. Realty Securities, Inc.
LaSalle Investment Management
RREEF America, LLC

Commingled:
Angelo, Gordon & Co.
BlackRock, Inc.
Blackstone Real Estate Advisors
Brookfield Properties Corporation
Cabot Properties, Inc.
CB Richard Ellis Investors, LLC
Cerberus Capital Management, L.P.
CIGNA Realty Investors
Citigroup Property Investors
Cornerstone Real Estate Advisers LLC
DLJ Real Estate Capital Partners, Inc.
Essex Property Trust, Inc.
Exeter Property Group
Hines Interests Limited Partnership
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 Group LLC
La Jolla, California

Actuarial **2009**

"Man's merit, like the crops, has its season."

Francois de La RocheFoucauld

Actuarial **2009**

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 23, 2009

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 recently completed actuarial valuation was made as of June 30, 2008. This valuation relies on member data provided by the participating employers to the Retirement System. 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 current actuarial assumptions were adopted by the Retirement Board in October 2006 and first effective with the June 30, 2006 actuarial valuation. The actuarial funding method is the Aggregate Cost Method and is specified in statute. In this method 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 changes enacted during the 2008 Legislative Session that had a significant impact on plan funding. The one-year market value rate of return on assets was -6.4% for the fiscal year ending June 30, 2008, and the five-year return was 9.9%. The June 30, 2008 actuarial valuation produced a required employer contribution rate of 6.19% of payroll, representing a decrease over the prior year's rate of 7.63%. The gain on actuarial value of assets, due to positive double-digit returns in each of the four years prior to this one, was the primary reason for the decrease in the rate.

Looking ahead, however, the fiscal year ending June 30, 2009 was a disastrous year in the capital markets, and the assets of the Retirement System dropped significantly. The asset smoothing method employed as part of the actuarial valuation will help dampen the impact of this negative return, however the substantial decline in assets will likely lead to a significant increase in the next employer contribution rate, as well as a strong potential for further significant increases in succeeding years.

The plan's funded ratio as of June 30, 2008, calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 50, was 106.6%. Various exhibits in this section provide further information on the actuarial assets, liabilities, and the funding level.

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

Respectfully submitted,

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

cc: T. Lee

Summary of Actuarial Methods and Assumptions

— June 30, 2008

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 and Tiers 2-4 age 62 or with 30 years of service		Tiers 2-4 less than age 62 and 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, 2008 (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, 2008.

Assets

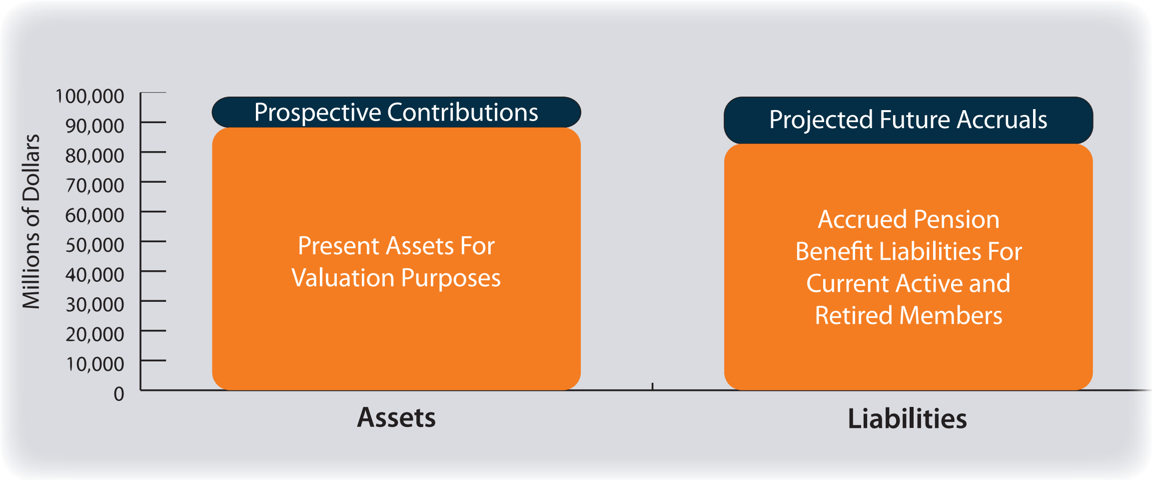
Present Assets of System for Valuation Purposes*	$88,254,694
Present Value of Prospective Contributions to Pension Accumulation Fund:	
From Employer Contributions	9,566,414
From Member Contributions	636,798
Total Assets	$98,457,906

Liabilities

Present Value of Future Benefits to:	
Retired Members and Beneficiaries	$47,513,096
Active Members	50,901,011
Member Contributions Accumulated to Date in the Annuity Savings Fund	21,218
Benefits Due and Unpaid	22,581
Total Liabilities	$98,457,906

*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, 2008



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.

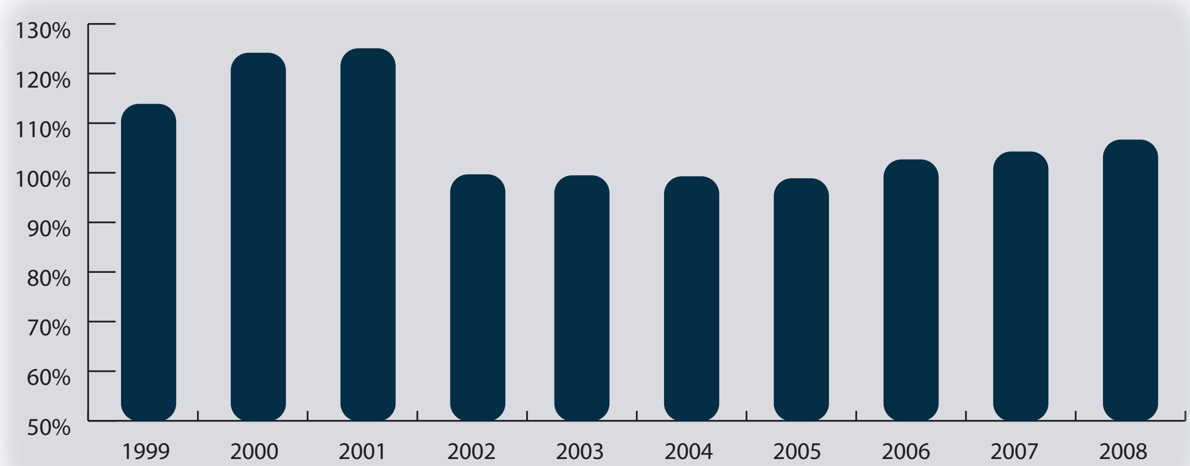
NYSTRS' funding method has allowed the accumulation of assets sufficient for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress

(in millions)

Fiscal Year Ending	Actuarial Value of Assets*	Accrued Pension Benefit Liability**	Percent Funded
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
2008	88,254.7	82,777.5	106.6

Percent Funded



*Effective June 30, 2007, the Retirement System's asset valuation method was 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	Current Retired Members and Beneficiaries	Service Rendered by Active Members (Employer-Financed Portion)	Actuarial Value of Assets	Percentage of Aggregate Accrued Liabilities Covered by Actuarial Value of Assets		
	(A)	(B)	(C)	(D)	(A)	(B)	(C)
2006	$3,360.7	$42,983.4	$30,008.9	$78,335.8	100.0%	100.0%	106.6%
2007	3,623.1	45,320.0	30,594.1	82,858.9	100.0%	100.0%	110.9%
2008	3,850.3	47,515.4	31,411.8	88,254.7	100.0%	100.0%	117.4%

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, 2008
Salary/Service:	-0.02
Net Investment Gain:	-2.11
New Entrants:	+0.25
Withdrawal:	+0.16
Mortality:	+0.04
Retirement:	+0.27
Cost-of-Living Adjustment:	-0.03
Total Change in Employer Contribution Rate	**-1.44%**

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)
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	13,690.1	4.6	66,488	8.73
2009	280,338	14,201.0*	3.7*	N/A	7.63

*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
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
2009	6,047	3,456	308,528,053	85,339,178	139,297	5,256,135,434	4.43	37,733

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

Independent Actuarial Review

KPMG LLP
345 Park Avenue
New York, NY 10154

October 16, 2009

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, 2007 and the resultant employer contribution rate of 7.63% applied to the payroll for the fiscal year ended June 30, 2009.
- A review of the methodology used to estimate the payroll as of June 30, 2009, and the employer and employee contributions receivable as of June 30, 2009.
- A review of the System's Experience Studies as of June 30, 2007 and 2008, 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, 2009, 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 Standards 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 ASA, MAAA, EA
Senior Manager

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Statistical **2009**

"But a crop is a crop,
And who's to say where
The harvest shall stop?"

Robert Frost

Statistical 2009

Active Members:

	Men	Women	Total
June 30, 2008	66,107	208,794	**274,901**
Changes During Year:			
Added	3,918	12,989	**16,907**
Withdrawn	1,483	4,148	**5,631**
Retired	1,498	4,146	**5,644**
Died	67	128	**195**
Total Membership June 30, 2009	66,977	213,361	**280,338**

Members Retired for:

	Service*			Disability			Total		
	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2008	48,681	81,074	129,755	542	1,517	2,059	**49,223**	**82,591**	**131,814**
Changes During Year:									
Retired	1,473	4,061	5,534	25	85	110	**1,498**	**4,146**	**5,644**
Died	1,129	1,699	2,828	30	80	110	**1,159**	**1,779**	**2,938**
Lump Sum	61	171	232	0	0	0	**61**	**171**	**232**
Restored to Active Membership	0	0	0	0	1	1	**0**	**1**	**1**
June 30, 2009	48,964	83,265	132,229	537	1,521	2,058 **	**49,501**	**84,786**	**134,287**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			Total		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	**Men**	**Women**	**Total**
June 30, 2008	923	3,499	4,422	82	171	253	32	185	217	**1,037**	**3,855**	**4,892**
Changes During Year:												
Added	105	289	394	4	5	9	0	0	0	**109**	**294**	**403**
Died	66	197	263	5	7	12	0	10	10	**71**	**214**	**285**
June 30, 2009	962	3,591	4,553	81	169	250	32	175	207	**1,075**	**3,935**	**5,010**

Summary:

	Men	Women	Total
Active Members	66,977	213,361	**280,338**
Retired Members	49,501	84,786	**134,287**
Beneficiaries	1,075	3,935	**5,010**
Total	117,553	302,082	**419,635**

*Also includes vested retirees.

**Includes 45 men and 55 women retired for disability who receive a service benefit.

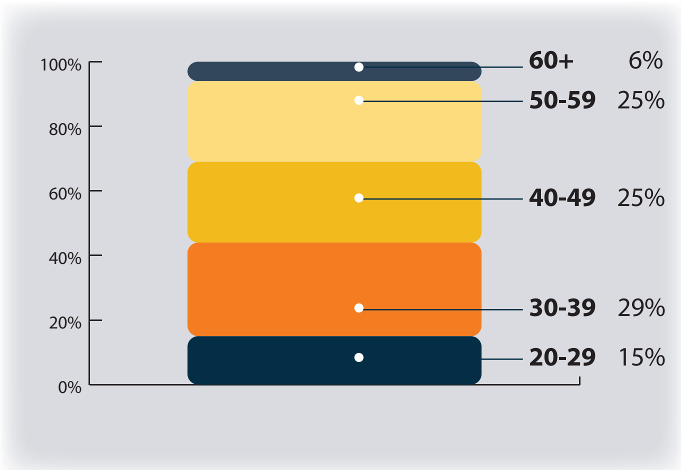
Distribution of Active Members by Age and Years of Service*

As of June 30, 2008

AGE		Years of Service 0-5	6-10	11-15	16-20	21-25
20-24	**Number of Members**	**7,575**	**0**	**0**	**0**	**0**
	Average Salary	*$37,233*	*$0*	*$0*	*$0*	*$0*
25-29	**Number of Members**	**30,320**	**3,497**	**2**	**0**	**0**
	Average Salary	*$47,279*	*$57,671*	*$40,144*	*$0*	*$0*
30-34	**Number of Members**	**19,505**	**18,965**	**1,562**	**0**	**0**
	Average Salary	*$51,381*	*$62,096*	*$70,266*	*$0*	*$0*
35-39	**Number of Members**	**12,593**	**14,483**	**11,714**	**969**	**0**
	Average Salary	*$49,395*	*$63,430*	*$72,141*	*$74,211*	*$0*
40-44	**Number of Members**	**10,457**	**8,195**	**7,804**	**7,278**	**1,057**
	Average Salary	*$44,504*	*$59,537*	*$72,862*	*$78,568*	*$81,307*
45-49	**Number of Members**	**9,847**	**7,154**	**5,177**	**5,185**	**6,564**
	Average Salary	*$41,518*	*$53,681*	*$67,767*	*$78,278*	*$84,045*
50-54	**Number of Members**	**7,334**	**6,008**	**5,346**	**4,614**	**5,139**
	Average Salary	*$42,001*	*$52,752*	*$64,111*	*$74,666*	*$84,755*
55-59	**Number of Members**	**4,449**	**3,627**	**4,074**	**4,646**	**5,004**
	Average Salary	*$43,014*	*$54,192*	*$63,950*	*$73,283*	*$83,109*
60-64	**Number of Members**	**2,078**	**1,193**	**1,322**	**1,889**	**2,311**
	Average Salary	*$47,896*	*$52,223*	*$62,101*	*$72,915*	*$79,789*
65-69	**Number of Members**	**641**	**272**	**256**	**349**	**356**
	Average Salary	*$42,906*	*$49,441*	*$64,784*	*$71,997*	*$78,240*
70+	**Number of Members**	**318**	**73**	**65**	**67**	**74**
	Average Salary	*$26,458*	*$39,052*	*$40,124*	*$56,863*	*$68,929*
Total	**Number of Members**	**105,117**	**63,467**	**37,322**	**24,997**	**20,505**
	Average Salary	*$46,518*	*$59,436*	*$69,293*	*$76,100*	*$83,217*

*Average salary data is for the 197,128 members who earned a full year of service.

Distribution of Active Members by Age — June 30, 2008



Averages — June 30, 2008

	Age	Years of Service
Female	43	10
Male	42	11

Statistical

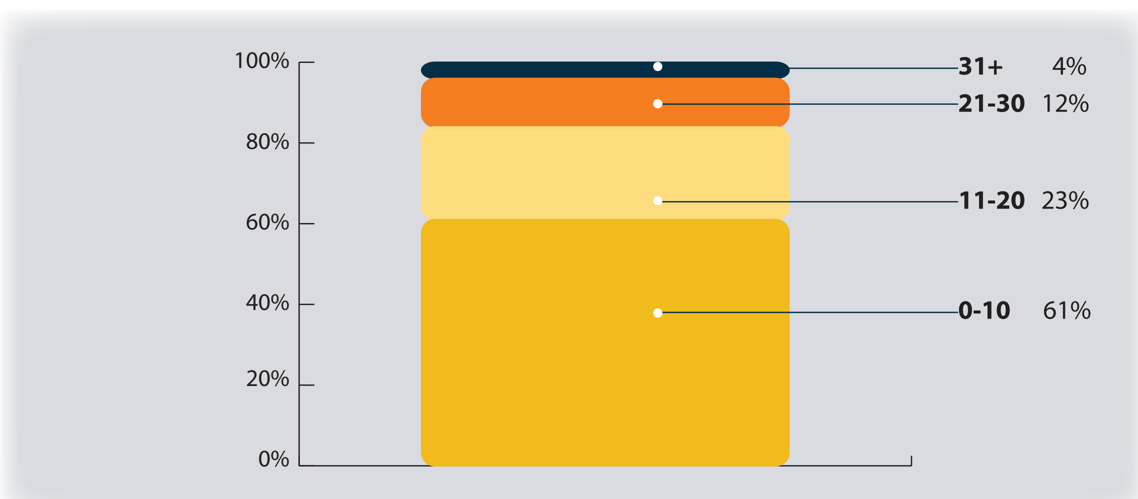
Distribution of Active Members by Age and Years of Service* *(continued)*

As of June 30, 2008

Years of Service

26-30	31-35	36-40	41-45	46-50	51+	Total
0	**0**	**0**	**0**	**0**	**0**	**7,575**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$37,233*
0	**0**	**0**	**0**	**0**	**0**	**33,819**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$48,896*
0	**0**	**0**	**0**	**0**	**0**	**40,032**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$59,021*
0	**0**	**0**	**0**	**0**	**0**	**39,759**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$64,729*
0	**0**	**0**	**0**	**0**	**0**	**34,791**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$66,829*
727	**1**	**0**	**0**	**0**	**0**	**34,655**
$85,129	*$102,582*	*$0*	*$0*	*$0*	*$0*	*$67,334*
5,587	**1,130**	**4**	**0**	**0**	**0**	**35,162**
$89,480	*$93,046*	*$88,290*	*$0*	*$0*	*$0*	*$71,888*
4,467	**5,302**	**894**	**1**	**0**	**0**	**32,464**
$92,059	*$97,006*	*$105,667*	*$119,247*	*$0*	*$0*	*$79,582*
1,749	**1,091**	**1,392**	**108**	**0**	**0**	**13,133**
$91,250	*$100,046*	*$105,472*	*$113,031*	*$0*	*$0*	*$81,345*
303	**207**	**131**	**150**	**16**	**0**	**2,681**
$85,452	*$93,171*	*$105,185*	*$111,209*	*$103,638*	*$0*	*$78,870*
50	**51**	**44**	**38**	**30**	**20**	**830**
$75,161	*$74,693*	*$95,221*	*$104,688*	*$106,710*	*$109,657*	*$70,586*
12,883	**7,782**	**2,465**	**297**	**46**	**20**	**274,901**
$90,220	*$96,609*	*$105,317*	*$111,086*	*$105,618*	*$109,657*	*$66,488*

Distribution of Active Members by Service — June 30, 2008



Statistical

Members and Annuitants 1922-2009

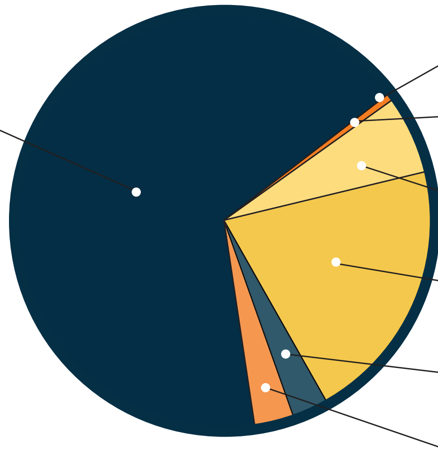
As of June 30	Members	Retirees	As of June 30	Members	Retirees
1922	----	1,296	1965	129,543	16,043
1925	29,057	1,815	1970	186,914	22,700
1930	39,663	2,732	1975	227,038	35,252
1935	45,031	3,919	1980	203,330	46,812
1940	48,193	4,771	1985	178,516	57,366
1945	52,359	5,637	1990	195,194	69,127
1950	56,504	6,374	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
			2009	280,338	139,297

Number of Active Members by Tier

As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Total
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
2009	6,943	6,752	16,111	250,532	280,338

Retirement Benefit Options and Percent of Election

2005-2009 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
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
2009	5,644	59-6	27-7	78,050	46,061

*Averages are for service and vested retirees.

Members Retired in 2008-2009 For:

	Service*	Disability
Number Retired	**5,534**	**110**
Age at Retirement:		
Average	59 yrs., 6 mos.	53 yrs., 0 mos.
Median	58 yrs., 11 mos.	53 yrs., 10 mos.
Years of Service:		
Average	27 yrs., 7 mos.	19 yrs., 5 mos.
Median	30 yrs., 4 mos.	19 yrs., 0 mos.
**Benefit:		
Average	$46,061	$27,155
Median	$48,312	$22,029
Final Average Salary:		
Average	$78,050	$70,532
Median	$78,632	$64,332
***Benefit as % of FAS:		
Average	52.95%	36.38%
Median	60.67%	33.33%

Statistical

Members Retired in 2008-2009 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	**1,105**	**2,816**	**1,613**
Age at Retirement:			
Average	60 yrs., 1 mo.	59 yrs., 5 mos.	59 yrs., 5 mos.
Median	59 yrs., 3 mos.	58 yrs., 11 mos.	58 yrs., 11 mos.
Years of Service:			
Average	11 yrs., 6 mos.	28 yrs., 4 mos.	37 yrs., 7 mos.
Median	11 yrs., 3 mos.	30 yrs., 0 mos.	37 yrs., 2 mos.
**Benefit:			
Average	$7,249	$45,849	$73,018
Median	$5,018	$45,607	$68,440
Final Average Salary:			
Average	$39,561	$82,003	$97,516
Median	$33,412	$79,708	$90,819
***Benefit as % of FAS:			
Average	16.30%	54.88%	74.70%
Median	15.28%	60.00%	74.00%

*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, 2009 Retired For:

	Service*	Disability
Number Retired	**132,329**	**1,958**
Age at Retirement:		
Average	58 yrs., 2 mos.	49 yrs., 4 mos.
Median	56 yrs., 10 mos.	50 yrs., 1 mo.
Years of Service:		
Average	28 yrs., 4 mos.	19 yrs., 1 mo.
Median	30 yrs., 6 mos.	18 yrs., 5 mos.
**Benefit:		
Average	$36,222	$17,320
Median	$35,532	$15,472
Final Average Salary:		
Average	$60,363	$46,214
Median	$60,674	$45,571
***Benefit as % of FAS:		
Average	55.25%	36.37%
Median	60.81%	33.42%

All Retirees as of June 30, 2009 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	**21,999**	**78,461**	**31,869**
Age at Retirement:			
Average	58 yrs., 5 mos.	57 yrs., 11 mos.	58 yrs., 6 mos.
Median	56 yrs., 7 mos.	56 yrs., 5 mos.	57 yrs., 10 mos.
Years of Service:			
Average	14 yrs., 3 mos.	28 yrs., 7 mos.	37 yrs., 1 mo.
Median	14 yrs., 4 mos.	30 yrs., 0 mos.	36 yrs., 5 mos.
**Benefit:			
Average	$7,215	$35,375	$58,332
Median	$5,509	$34,352	$56,172
Final Average Salary:			
Average	$31,896	$60,789	$78,966
Median	$25,997	$60,339	$76,676
***Benefit as % of FAS:			
Average	22.17%	57.00%	73.77%
Median	20.86%	59.36%	72.98%

*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.

Statistical

Retired Members by Type of Benefit

As of June 30, 2009

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement 1	2	3	4	5	6
$1 - $500	13,281	9,290	3,263	236	303	27	162
$501 - $1,000	13,160	9,221	2,560	509	764	84	22
$1,001 - $1,500	12,263	9,377	1,488	467	854	67	10
$1,501 - $2,000	11,477	9,231	1,257	341	614	29	5
$2,001 - $2,500	11,240	9,611	907	247	449	23	3
$2,501 - $3,000	11,199	10,079	610	125	375	6	4
$3,001 - $3,500	12,231	11,488	370	66	301	5	1
$3,501 - $4,000	13,053	12,540	192	34	285	2	0
$4,001 - $4,500	12,106	11,783	86	19	214	4	0
$4,501 - $5,000	9,323	9,132	50	6	134	1	0
over $5,000	19,964	19,654	40	8	260	2	0
Total	139,297	121,406	10,823	2,058	4,553	250	207

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, 2009

Option Selected

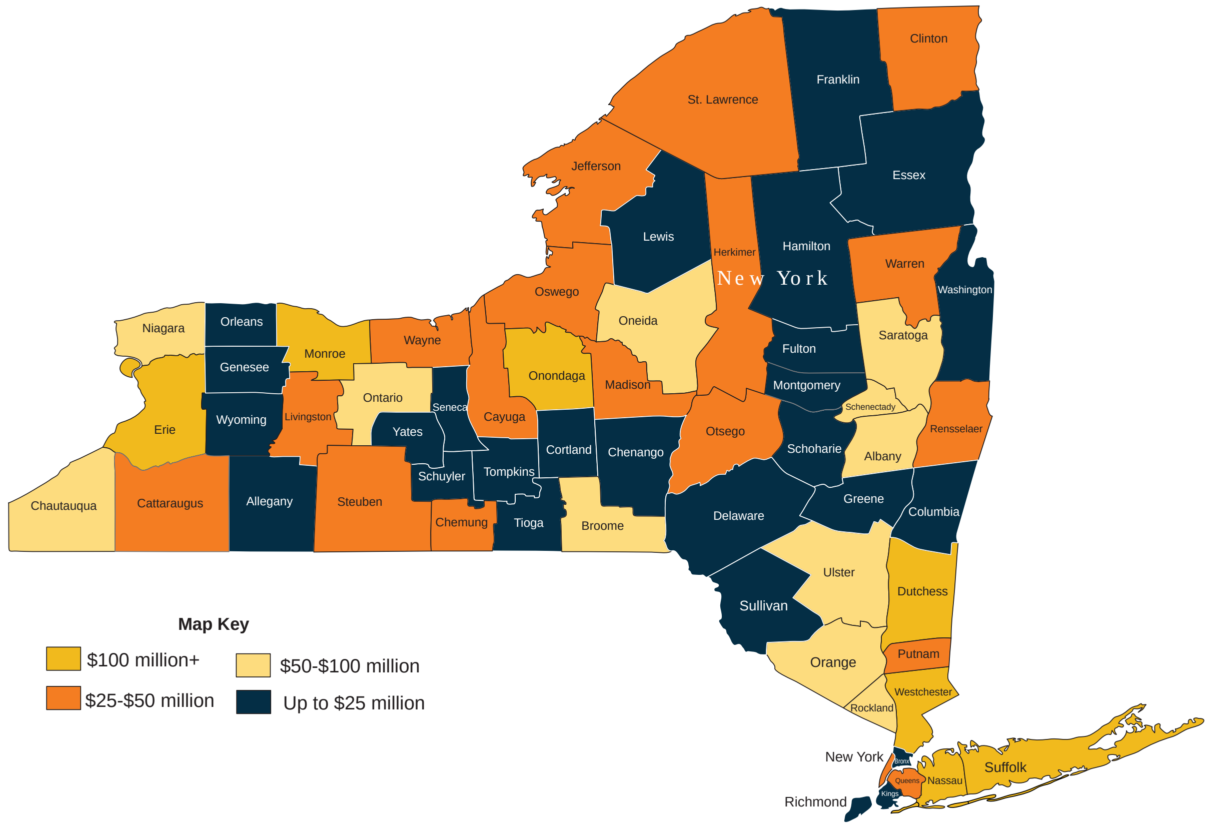
1	2	3	4	5	6
9,662	718	907	661	1,153	180
8,432	1,117	1,584	688	1,226	113
7,910	1,128	1,679	614	822	110
7,944	985	1,475	487	466	120
8,020	882	1,477	400	342	119
7,893	951	1,596	363	258	138
8,622	1,021	1,922	322	150	194
9,073	1,022	2,276	340	152	190
8,224	968	2,291	277	131	215
6,146	821	1,874	199	79	204
12,458	1,964	4,310	432	141	659
94,384	11,577	21,391	4,783	4,920	2,242

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, 2009



County	Retired Members and Beneficiaries	Annual Benefit Paid	County	Retired Members and Beneficiaries	Annual Benefit Paid	County	Retired Members and Beneficiaries	Annual Benefit Paid
Albany	2,537	$ 86,898,683	Madison	838	$ 27,612,958	Sullivan	598	$ 22,200,711
Allegany	548	15,750,660	Monroe	6,936	253,322,625	Tioga	481	16,060,602
Bronx	207	8,931,951	Montgomery	524	16,752,753	Tompkins	796	22,574,788
Broome	2,016	65,677,283	Nassau	8,175	374,009,443	Ulster	1,919	73,375,647
Cattaraugus	821	27,025,160	New York	1,115	43,287,507	Warren	1,143	40,230,953
Cayuga	792	26,562,576	Niagara	2,031	77,957,239	Washington	643	21,445,029
Chautauqua	1,742	59,184,525	Oneida	2,619	85,853,266	Wayne	1,064	36,058,808
Chemung	946	30,076,880	Onondaga	4,959	163,294,068	Westchester	5,351	239,294,188
Chenango	568	16,413,121	Ontario	1,454	50,063,106	Wyoming	437	14,540,598
Clinton	1,019	33,594,040	Orange	2,451	98,271,517	Yates	377	11,787,406
Columbia	643	22,065,291	Orleans	397	14,472,497			
Cortland	599	17,963,937	Oswego	1,352	44,720,777	Out of State	34,898	1,023,275,743
Delaware	493	14,729,852	Otsego	944	27,578,447			
Dutchess	2,533	100,915,586	Putnam	726	33,301,955	**Total**	**139,297**	**$5,079,601,687**
Erie	9,254	362,960,610	Queens	797	34,405,773			
Essex	522	15,546,811	Rensselaer	1,248	43,591,096			
Franklin	556	17,739,891	Richmond	39	1,525,048			
Fulton	702	23,347,194	Rockland	1,998	90,633,540			
Genesee	633	21,964,584	St. Lawrence	1,415	44,495,321			
Greene	407	13,571,794	Saratoga	2,561	92,510,292			
Hamilton	143	4,625,673	Schenectady	1,526	52,281,804			
Herkimer	852	25,475,301	Schoharie	356	11,798,730			
Jefferson	1,108	34,886,116	Schuyler	212	5,717,448			
Kings	172	6,626,934	Seneca	368	11,565,229			
Lewis	286	8,926,519	Steuben	1,215	37,827,312			
Livingston	773	25,777,802	Suffolk	14,462	734,668,689			

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

Average Benefit Payments

July 1, 1999-June 30, 2009

Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35+
				Years of Credited Service				
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
Period 7/1/2008 to 6/30/2009								
Average monthly benefit	$153	$255	$654	$1,343	$2,427	$3,632	$4,780	$6,169
Average final average salary	$25,513	$29,713	$42,093	$56,606	$71,239	$81,388	$88,817	$98,228
Number of retired members	38	369	455	359	739	717	1,505	1,462

Distribution of Retired Members and Beneficiaries by Tier

As of June 30, 2009

	Tier 1	Tier 2	Tier 3		Tier 4	Total
Members Retired for:						
Service*	106,942	11,661	6,242	(267)**	7,384	132,229
Disability	1,032	226	272	(37)**	528	2,058
Beneficiaries of Deceased:						
Service Annuitants	4,275	134	82	(3)**	62	4,553
Disability Annuitants	187	22	24	(6)**	17	250
Active Members	204	2	1	(0)**	0	207
Total	112,640	12,045	6,621	(313)**	7,991	139,297

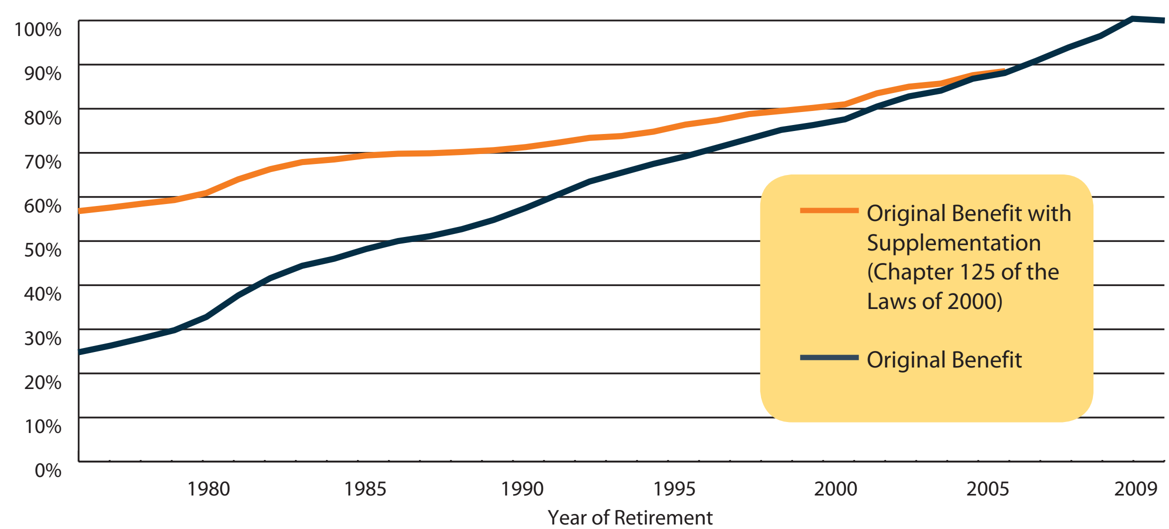
*Also includes vested retirees.

**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.

Statistical

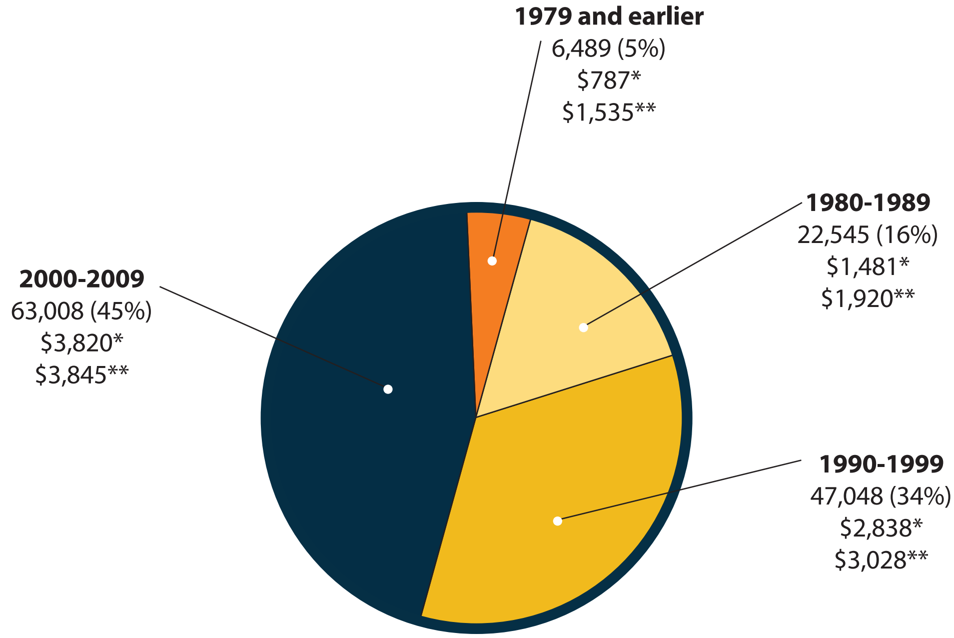
Retired Members — Remaining Purchasing Power Through 2009

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 2009, in accordance with Chapter 125 of the Laws of 2000.



Number of Retired Members and Monthly Benefits By Decade of Retirement

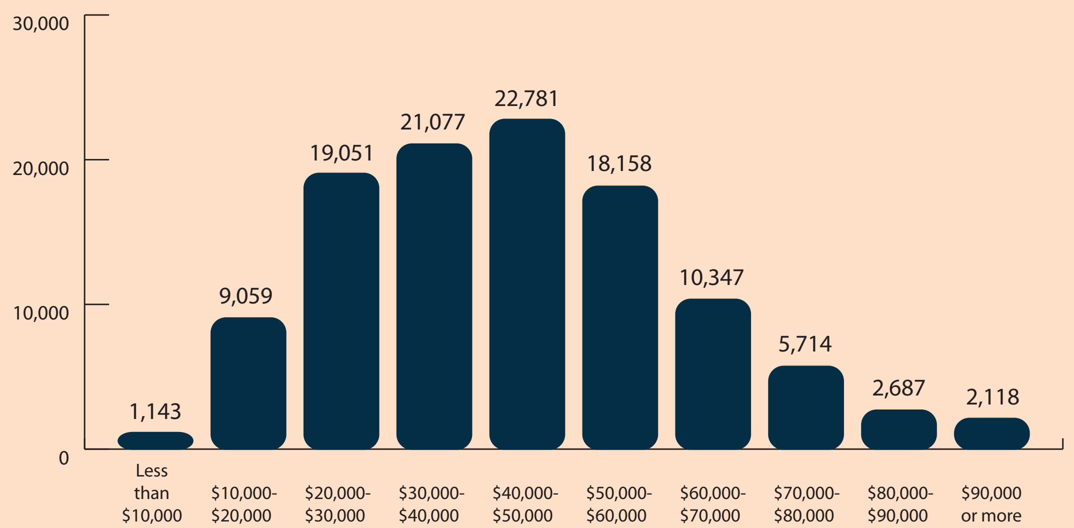
As of June 30, 2009



* 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, 2009



* Maximum annual retirement benefit including supplementation and COLA.

Distribution of Monthly COLA Increase Commencing September 2009

Monthly COLA Increase	Number of Retired Members and Beneficiaries
$15.00	78,840
$12.00 - $14.99	4,751
$9.00 - $11.99	3,942
$6.00 - $8.99	7,504
$3.00 - $5.99	5,254
$0.01 - $2.99	4,136
$0 (currently ineligible)	34,870
Total	**139,297**

Statistical

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
2009	-0.38%	1.0%	$18,000	$15.00	$192.00	$13.17	$165.08

Distribution of Cumulative Monthly COLA Commencing September 2009

Cumulative Monthly COLA	Number of Retired Members and Beneficiaries
$192.00	38,651
$160.00 - $191.99	8,404
$128.00 - $159.99	13,019
$96.00 - $127.99	10,845
$64.00 - $95.99	15,628
$32.00 - $63.99	11,760
$0.01 - $31.99	6,120
$0 (currently ineligible)	34,870
Total	**139,297**

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Changes in Net Assets

Last Ten Fiscal Years

(dollars in thousands)

Statistical

	Fiscal Year			
	2000	2001	2002	2003
Additions:				
Net investment income	$5,840,710	$(4,946,207)	$(5,570,925)	$2,640,564
Employer contributions	211,499	152,718	51,861	220,081
Member contributions	186,751	128,019	137,921	147,047
Transfers in/out (net)	43,247	29,023	29,023	12,716
Total additions to plan net assets	6,282,207	(4,636,447)	(5,366,872)	3,020,408
Deductions (See Benefits and Return of Contributions by Type below):				
Benefit payments	2,479,932	2,887,696	3,201,645	3,611,592
Return of contributions	40,529	28,407	21,986	23,541
Administrative expenses	28,878	30,581	32,461	34,943
Total deductions from plan net assets	2,549,339	2,946,684	3,256,092	3,670,076
Change in net assets	$3,732,868	$(7,583,131)	$(8,622,964)	$(649,668)

Benefits and Return of Contributions by Type

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	2000	2001	2002	2003
Type of Benefit				
Age and service benefits:				
Retirees	$2,388,009	$2,808,744	$3,117,002	$3,511,562
Survivors	44,381	31,171	25,961	51,242
Death in service benefits	24,923	22,389	31,703	20,894
Disability benefits:				
Ordinary	22,429	25,194	26,775	27,665
Accidental	190	198	204	229
Total benefits	2,479,932	2,887,696	3,201,645	3,611,592
Type of refund				
Death	1,171	1,257	1,455	1,123
Separation from service	39,358	27,150	20,531	22,418
Total refunds	$ 40,529	$ 28,407	$ 21,986	$ 23,541

Changes in Net Assets *(continued)*

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year

2004	2005	2006	2007	2008	2009
$11,360,077	$7,951,926	$9,893,833	$16,863,349	$(5,531,807)	$(19,363,140)
306,782	695,735	997,032	1,104,010	1,188,140	1,096,117
155,916	158,354	161,738	168,462	177,959	181,723
38,277	17,155	15,807	7,260	2,349	5,665
11,861,052	8,823,170	11,068,410	18,143,081	(4,163,359)	(18,079,635)
3,920,645	4,138,122	4,426,416	4,661,665	4,908,446	5,151,463
16,744	12,466	15,600	16,819	22,792	17,080
38,937	40,309	42,668	43,893	49,016	49,401
3,976,326	4,190,897	4,484,684	4,722,377	4,980,254	5,217,944
$ 7,884,726	$ 4,632,273	$ 6,583,726	$ 13,420,704	$(9,143,613)	$(23,297,579)

Benefits and Return of Contributions by Type *(continued)*

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year

2004	2005	2006	2007	2008	2009
$3,836,904	$4,054,051	$4,335,475	$4,579,829	$4,817,594	$5,045,738
33,046	31,787	37,232	26,964	30,500	27,674
21,491	21,039	17,321	17,033	21,382	38,119
28,956	31,015	36,079	37,544	38,671	39,565
248	230	309	295	299	367
3,920,645	4,138,122	4,426,416	4,661,665	4,908,446	5,151,463
1,447	1,742	1,394	1,609	1,735	1,905
15,297	10,724	14,206	15,210	21,057	15,175
$ 16,744	$ 12,466	$ 15,600	$ 16,819	$ 22,792	$ 17,080

Principal Participating Employers

Participating Employer	Covered Employees	Rank (2009)	Percentage of Total System**
Buffalo Public Schools	5,145	1	1.84%
Rochester City School District	4,972	2	1.77%
Syracuse City School District	3,510	3	1.25%
Yonkers Public Schools	2,462	4	0.88%
Brentwood Union Free Schools	2,003	5	0.71%
Greece Central Schools	1,726	6	0.62%
Newburgh City School District	1,661	7	0.59%
Sachem Central Schools	1,638	8	0.58%
Eastern Suffolk 1 BOCES	1,569	9	0.56%
East Ramapo Central Schools	1,526	10	0.54%
All Other*	254,126		90.65%
Total	280,338		100.00%

*In 2009, "All Other" consisted of:

Type	Number	Covered Employees
Public School Districts	686	227,484
BOCES	36	17,217
SUNY	31	2,956
Community Colleges	30	4,981
Charter Schools	22	948
Other	10	540
Total	815	254,126

**Percentages may not sum to 100% due to rounding.

Statistical

Principal Participating Employers *(continued)*

	2000		
Participating Employer	Covered Employees	Rank	Percentage of Total System**
Buffalo Public Schools	5,129	1	2.28%
Rochester City School District	4,270	2	1.90%
Syracuse City School District	3,389	3	1.51%
Yonkers Public Schools	2,459	4	1.09%
Suffolk 1 BOCES	2,150	5	0.96%
Nassau BOCES	2,133	6	0.95%
Brentwood Union Free Schools	1,614	7	0.72%
Sachem Central Schools	1,605	8	0.71%
Madison-Oneida BOCES	1,568	9	0.70%
Greece Central Schools	1,418	10	0.63%
All Other	199,251		88.56%
Total	224,986		100.00%

**Percentages may not sum to 100% due to rounding.

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
Aloma D. Johnson Fruit Belt Community Charter School
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

Participating Employers *(continued)*

Cleveland Hill UFSD at Cheektowaga
Clifton Fine CS
Clinton CS
Clinton Com Col
Clinton-Essex-Warren-Washington BOCES
Clyde Savannah CS
Clymer CS
Cobleskill-Richmondville CS
Cohoes City SD
Cold Spring Harbor CS
Colton Pierrepont CS
Columbia-Greene Com Col
Commack UFS
Community Charter School
Connetquot CS
Cooperstown CS
Copenhagen CS
Copiague UFSD
Corinth CS
Corning Com Col
Corning-Painted Post PS
Cornwall CS
Cortland City SD
Coxsackie Athens CS
Croton Harmon UFS
Crown Point CS
Cuba-Rushford CS
Dalton-Nunda CS
Dansville CS
De Ruyter CS
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

Participating Employers *(continued)*

Glen Cove City SD
Glens Falls City SD
Glens Falls Common School
Global Concepts Charter School
Gloversville City SD
Gorham-Middlesex CS
Goshen CS
Gouverneur CS
Gowanda CS
Grand Island CS
Granville CS
Great Neck PS
Greece CS
Green Island UFS
Greenburgh CS
Greenburgh Eleven UFSD
Greenburgh-Graham UFSD
Greenburgh-North Castle UFSD
Greene CS
Greenport UFS
Greenville CS
Greenwich CS
Greenwood Lake UFS
Groton CS
Guilderland CS
Hadley Luzerne CS
Haldane CS
Half Hollow Hills CS
Hamburg CS
Hamilton CS
Hamilton-Fulton-Montgomery BOCES
Hammond CS
Hammondsport CS
Hampton Bays UFS
Hancock CS
Hannibal CS
Harborfields CS
Harpursville CS
Harrison CS
Harrisville CS
Hartford CS
Hastings-on-Hudson UFS
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
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

Participating Employers *(continued)*

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
Marathon CS
Marcellus CS
Margaretville CS
Marion CS
Marlboro CS
Massapequa PS
Massena CS
Mattituck-Cutchogue UFSD
Mayfield CS
McGraw CS
Mechanicville City SD
Medina CS
Menands UFS
Merrick UFS
Mexico CS
Middle Country CS
Middleburgh CS
Middletown City SD
Milford CS
Millbrook CS
Miller Place UFS

Mineola UFS
Minerva CS
Minisink Valley CS
Mohawk CS
Mohawk Valley Com Col
Monroe 1 BOCES
Monroe 2-Orleans BOCES
Monroe Com Col
Monroe Woodbury CS
Montauk UFS
Monticello CS
Moravia CS
Moriah CS
Morris CS
Morristown CS
Morrisville Eaton CS
Mount Markham CS
Mount Morris CS
Mount Pleasant CS
Mount Sinai UFS
Mount Vernon PS
Mt. Pleasant Blythedale UFSD
Mt. Pleasant Cottage UFS
Nanuet UFS
Naples CS
Nassau BOCES
Nassau Com Col
Nassau Co Vocational Bd.
New Covenant Charter School
New Hartford CS
New Hyde Park-Garden City Park UFSD
New Lebanon CS
New Paltz CS
New Rochelle City SD
New Suffolk Common Schools
New York Mills UFS
Newark CS
Newark Valley CS
Newburgh City SD
Newcomb CS
Newfane CS
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

Participating Employers *(continued)*

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
Riverhead Charter School
Rochester Academy 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-Steuben-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

Participating Employers *(continued)*

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
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
Tech Valley Regional Institute
Thousand Islands CS
Three Village CS
Ticonderoga CS
Tioga CS
Tompkins-Cortland Com Col
Tompkins-Seneca-Tioga BOCES
Tonawanda City SD
Town of Webb UFS
Tri Valley CS
Troy City Schools
Trumansburg CS
Tuckahoe Common Schools
Tuckahoe UFSD
Tully CS
Tupper Lake CS
Tuxedo UFS
UFSD of the Tarrytowns
Ulster BOCES
Ulster County Com Col
Unadilla Valley CS
Union Springs CS
Union-Endicott CS
Uniondale PS
Utica City SD
Valhalla UFS
Valley CS
Valley Stream Central HS
Valley Stream #13 UFSD
Valley Stream UFSD 24
Valley Stream UFSD 30
Vernon-Verona-Sherrill CS
Vestal CS
Victor CS
Voorheesville CS
Wainscott Common Schools
Wallkill CS
Walton CS
Wantagh UFS
Wappingers CS
Warrensburg CS
Warsaw CS
Warwick Valley CS
Washington-Saratoga-Warren-Hamilton-Essex BOCES
Washingtonville CS
Waterford Halfmoon UFSD
Waterloo CS
Watertown City SD
Waterville CS

Participating Employers *(continued)*

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

ACKNOWLEDGEMENTS

The following departments contributed to this Comprehensive Annual Financial Report:

Actuary
Finance
Internal Audit
Investments
Investment Information
Member Relations
Real Estate
Research & Valuation

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Teachers' Retirement System

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