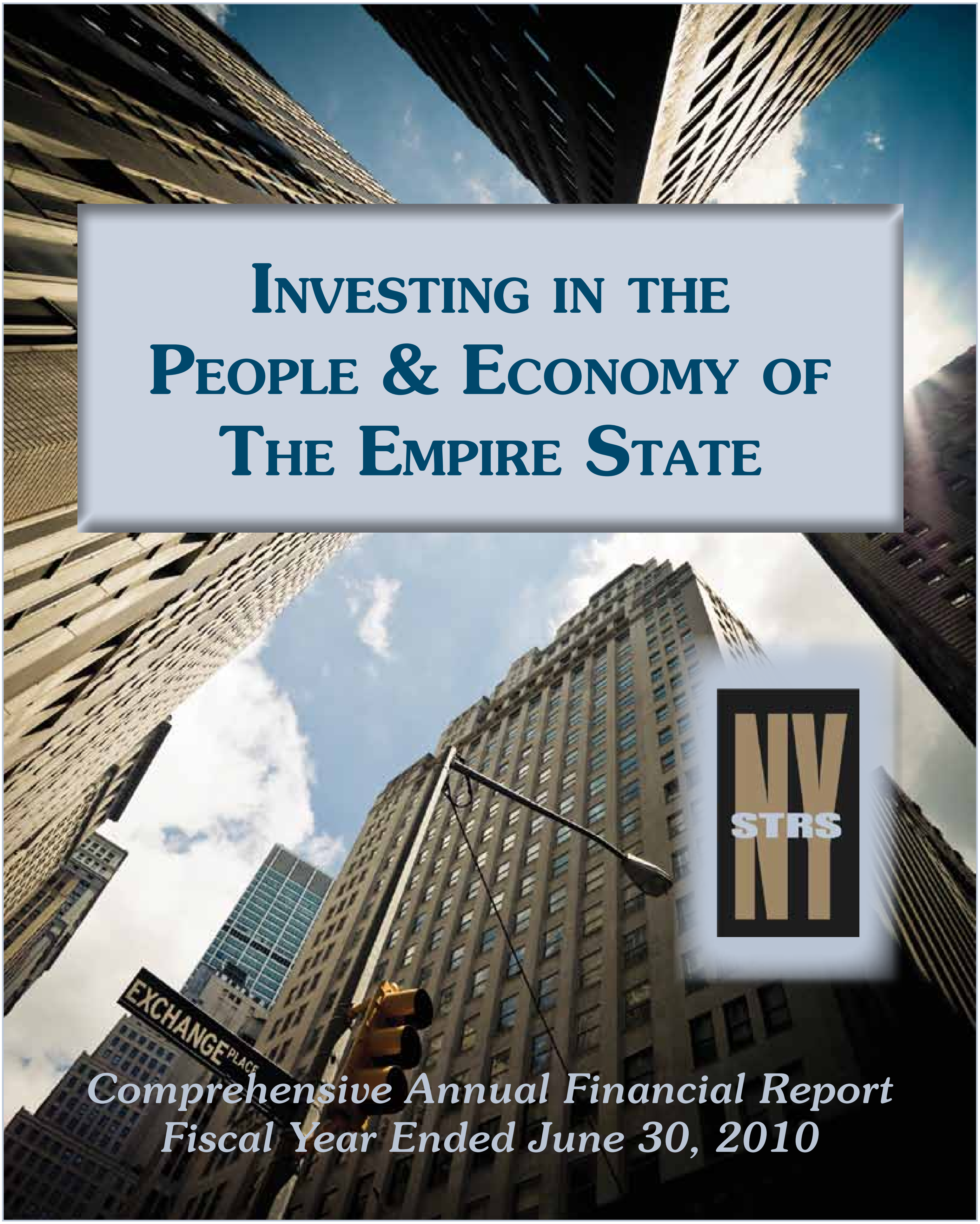
Investing in the People & Economy of The Empire State



NYSTRS

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010

NYS Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395
518.447.2666
www.nystrs.org

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

Investing in the People & Economy of The Empire State

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.

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010

2010 Table of Contents

Achievements & Recognition

GFOA Award

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York State Teachers' Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

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 Award

PPCC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2009

Presented to

New York State Teachers' Retirement System

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

Presented by he 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

Achievements & Recognition

Communicator Award

MarCom Award

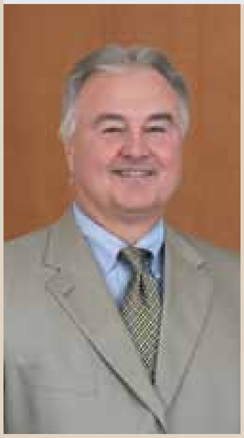
INTRODUCTION

A NYSTRS benefit provides retired members a guaranteed income for life. According to the National Institute on Retirement Security, defined benefit pensions like those provided by NYSTRS mean 1.72 million fewer poor households nationwide and 1.35 million fewer households receiving public assistance.

INTRODUCTION

NYSTRS Organizational Information

2010 NYSTRS Board of Trustees



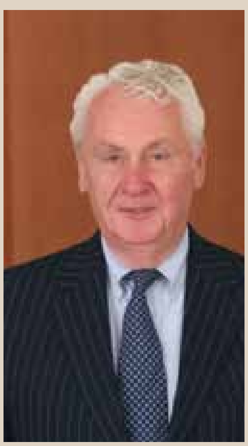
R. Michael Kraus
President
Insurance Executive
Elected by Board of Regents
First Elected 1992
East Aurora

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

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

Michael J. Masse
Bank Executive
Elected by Board of Regents
First Elected 2009
Fayetteville

Nicholas Smirensky
State Comptroller's
Representative
First Appointed 2007
Delmar

NYSTRS Organizational Information

2010 Executive Staff

Thomas K. Lee
Executive Director

Arthur C. Hewig
Managing Director of Operations

Sheila O. Gardella
Director of Member Relations

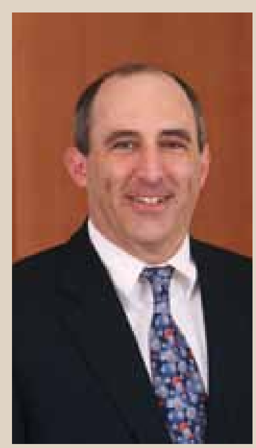
Dhvani D. Shah
Managing Director of Private Equity

Wayne Schneider
General Counsel

Lillyn L. Teh
Managing Director of Public Equities

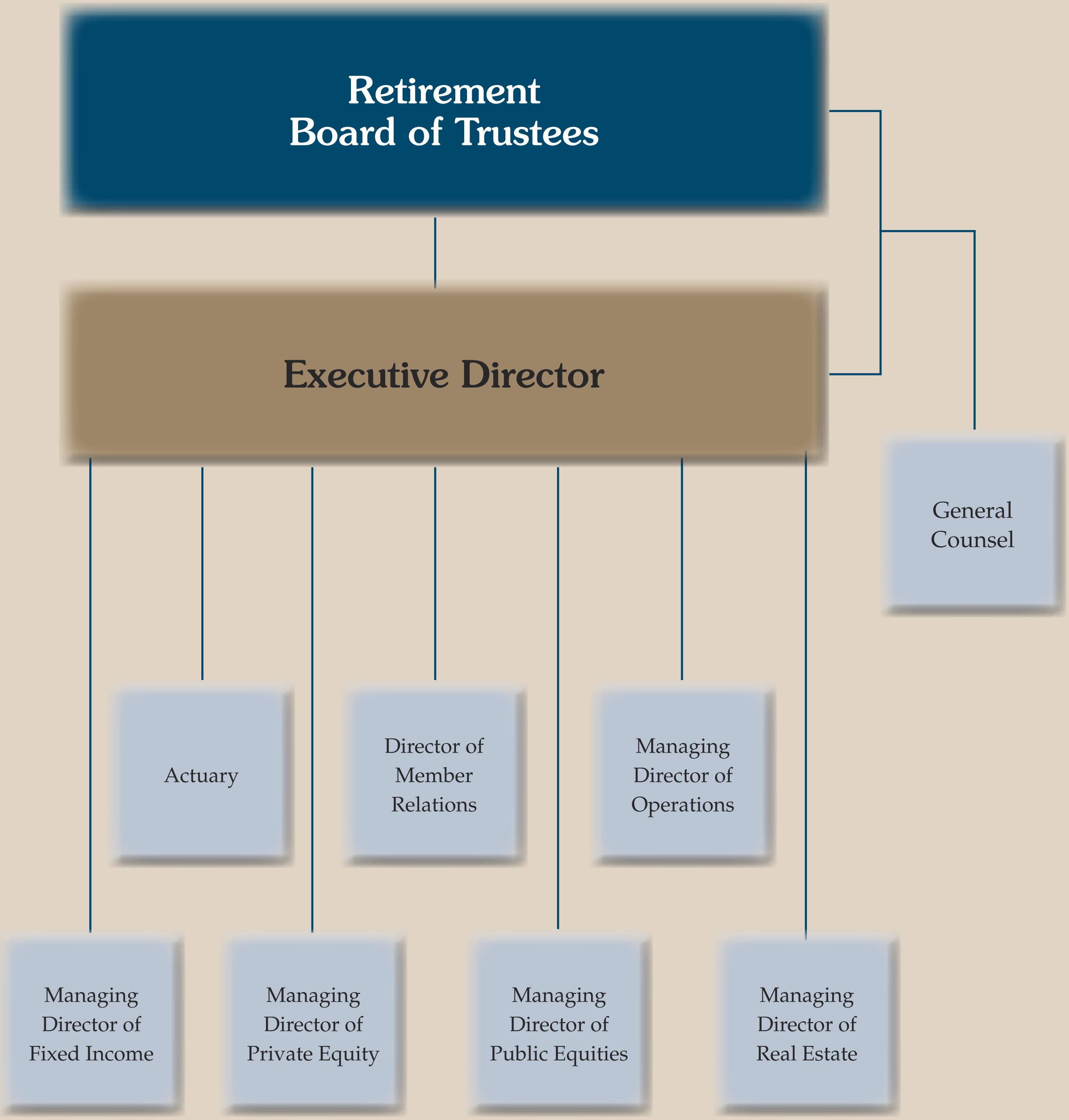
John W. Virtanen
Managing Director of Real Estate

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 calls)
Web Site: www.nystrs.org

Thomas K. Lee, Executive Director

September 28, 2010

Trustees of the Retirement System Board:

On behalf of the staff of our System, I present you with the Comprehensive Annual Financial Report (CAFR) of the New York State Teachers' Retirement System (NYSTRS) for the fiscal year ended June 30, 2010. 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 16-19 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 826 employers — including public school districts, BOCES, institutions of higher education and charter schools that choose to participate in this System. NYSTRS has more than 427,000 active and retired members (see accompanying chart).

Membership Figures as of 6/30/2010

Total Membership:	427,490
Active Members:	285,774
Retired Members/ Beneficiaries:	141,716
Members Added:	16,255
Members Retired:	5,501

See page 91 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. Consistent, uninterrupted employee and employer contributions throughout the System's history are major contributing factors to this stability. The fund's long-term success is also attributable to the knowledge and commitment exhibited by members of the Board and System staff. Our energy is devoted to 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 2009 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 Excellence from the International Society of Visual Arts and a ***Gold Winner*** honor from the Marketing and Communication Professionals for creative excellence in the presentation of the System's 2009 Comprehensive Annual Financial Report.

The Distinguished Budget Presentation Award for the fiscal year July 1, 2009 through June 30, 2010, also awarded by GFOA. To be eligible for this recognition, the budget document must meet established criteria as a policy document, operations guide, financial plan and communications device.

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

Legislation

Since the publication of the last annual report, the following chapters of law have been enacted:

Chapter 504 of the Laws of 2009 establishes a Tier 5 for members first joining NYSTRS on or after January 1, 2010. Among other things, Tier 5 members must contribute 3.5% of their salary to NYSTRS over their entire careers and may not retire with an unreduced benefit prior to attainment of age 57 and 30 years of credited service.

Chapter 45 of the Laws of 2010 provides an unreduced retirement benefit to eligible Tier 2, 3 and 4 members who are at least age 55 with a minimum of 25 years of service credit and retire during the prescribed open period. Members must hold positions represented by a recognized collective bargaining unit affiliated with NYSUT to qualify for the incentive. The cost of this incentive is socialized.

Chapter 105 of the Laws of 2010 provides two temporary retirement incentives which may be elected by participating employers for eligible members retiring during the prescribed open period. Part A provides additional service credit to employees targeted by the employer. Part B eliminates the early retirement reductions for Tier 2, 3 and 4 employees with at least 25 years of service but less than 30 years of service for retirement. The cost of these incentives is borne by the respective employers electing the incentives.

Chapter 171 of the Laws of 2010 authorizes NYSTRS to establish a strategy to increase utilization of minority and women asset managers, financial institutions, and financial and professional services firms consistent with NYSTRS' fiduciary obligations.

Major Initiatives and Accomplishments

Masse Joins Board

Michael J. Masse, a banking executive from the Syracuse area, was named to the Retirement Board by the New York State Board of Regents. He is a member of the Fayetteville-Manlius Board of Education and the Board of Directors of the New York State School Boards Association. He also is an associate member of the New York State Council of School Superintendents.

Executive Staff Position Added

The Board approved the creation of the position of Managing Director of Private Equity in the Investment Department. The executive staff position was filled internally by Private Equity Manager Dhvani Shah. The new title was one of a few changes made to the department's organizational structure to ensure the System is well equipped to manage the changing financial landscape.

Service Improvements Implemented, Planned

Member service improvements included offering the ability to receive newsletters electronically. The move serves to get relevant information to members sooner, as well as reduce System printing and mailing costs. New educational videos were also added to the Web site. An enhanced benefit calculator utilizing real-time data is expected to be added during the 2010-11 fiscal year.

For employers, an online employer secure area was introduced, allowing for even more System business to be transacted electronically. Training modules for participating employer staff will be featured in this area as well.

Financial Information

Members of the NYSTRS Board, who serve without pay, have a fiduciary responsibility to safeguard the fund used to pay guaranteed retirement and ancillary benefits to the System's more than 427,000 members and beneficiaries. The System's pension obligations for this entire population are well funded. Strict governmental requirements for transparency and public accountability as established by the Governmental Accounting Standards Board (GASB), as well as state and federal laws, are 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. The internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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 23 of this report, audits the financial statements. An audit of our actuarial methods, assumptions and valuations was also completed this year by Buck Consultants, who concluded the actuarial valuation of the System fairly represented the actuarial position and funding requirements of the System. 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 2009 to 2010 is attributable to a net increase of 2,419 retirees and beneficiaries. See the *Benefits and Return of Contributions by Type* chart on pages 106-107 for more information.

For an overview of NYSTRS' financial activities for the fiscal year ended June 30, 2010, see *Management's Discussion and Analysis* beginning on page 24. This section provides explanations and further details of the information provided in the financial statements, its notes and required supplementary information.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

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 30 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 8.62% will apply to 2010-11 member salaries and will be paid by employers in fall 2011. The rates are set well in advance so school districts can budget for this expense.

The System's year-end net assets totaled $76.8 billion. During the same period, benefits paid to retirees and beneficiaries rose to more than $5.3 billion.

The plan's funded ratio as of June 30, 2009, the date of the most-recent annual actuarial valuation and calculated in accordance with GASB Statement No. 50, was 103.2%. Details of our funding progress may be obtained by turning to page 85.

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 strategy has served the System well over the long term as it remains one of the best-funded public pension systems in the nation.

Earnings rebounded following a record-low return the previous year. For the fiscal year ended June 30, 2010, the total portfolio returned 12.1%, a greater than 30% turnaround from the previous year when the rate of return was -20.5%. If not for a sudden sharp downturn in the markets during the fourth quarter of the System's fiscal year, total year-end returns would have been even greater.

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 2010 meeting, reviewed our asset allocation with the assistance of an independent consultant and made no changes to existing targets and ranges.

Refer to pages 53-78 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 for making management decisions, determining compliance with legal provisions and determining responsible stewardship of System assets.

The full report is 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. Printed copies are available upon request.

We sadly bid adieu to two of our Board members at or near the end of this fiscal year. Dr. Rosemary F. Jones, a school administrator from Sayville, retired from public education at the end of the school year. Shortly thereafter, Dr. James N. Baldwin resigned his administrative position at Questar III to accept an offer to serve as chief of staff at the State Education Department. Both were passionate about their Board positions, providing an administrator's perspective to the debate and adding value to the process. Each will be missed.

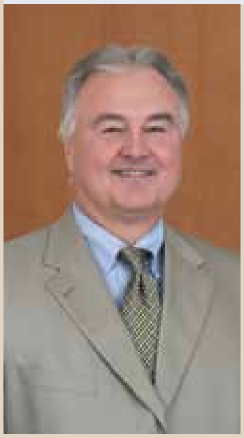
The continued acknowledgment of NYSTRS as a top-tier public retirement system is fully attributable to the talent and dedication of the System's Board and staff. In addition to possessing the knowledge and skills necessary for success, those associated with NYSTRS are among the most caring and compassionate people I have had the pleasure to interact with during my many years of public service. This commitment to the member fosters a culture of continuous improvement that manifests itself in the form of new concepts and tools that ultimately benefit all parties.

I am proud of the System's accomplishments, many of which occurred during a period universally known as among the most difficult fiscal periods in modern history. Individually and collectively, the System's Board and staff have displayed a single-minded commitment to ensure NYSTRS' core mission of providing a secure retirement income to public school teachers in the state is never compromised. This exemplary commitment to the membership is what will continue to set us apart for years to come.

Respectfully submitted,

Thomas K. Lee
NYSTRS Executive Director

2010 Board President



R. Michael Kraus

Dear NYSTRS Members, Administrators and Teachers:

Recent volatility in the financial markets and the economic uncertainty created as a result continues to threaten the stability of many public pension plans. That is not the case with NYSTRS, however. This System remains fully funded and is among the strongest in the nation in this regard.

There are many reasons for our success with a single common denominator: stability. Consistent, uninterrupted contributions, for example, and a disciplined investment approach with a long-term investment strategy are the cornerstones of our foundation. Our staff and our dedication to providing excellent customer service generates additional strength by creating a dependable yet flexible environment that welcomes growth. The result: our retirees and beneficiaries continue to receive the benefits they were promised and those payments are reintroduced into the local, state and national economies.

For NYSTRS, stability has bred success. Consider that System net assets increased more than 12.0% during the year, a figure more than 4.0% higher than the assumed rate of return of 8.0%. For the 20-year period that includes the fiscal year ended June 30, 2010, the overall portfolio returned 8.1%. Over that same period, 86.0% of System income was derived from investments.

That is why it surprises me when defined benefit pension plans like those administered by NYSTRS come under attack. Professionally managed, well-funded plans actually save taxpayers money, according to the National Institute on Retirement Security, while providing steady retirement income to millions of retirees. Unlike those who can literally outlive their retirement savings, a NYSTRS retiree is guaranteed an income for life.

I extend my sincere appreciation to my fellow Board members, Executive Director Tom Lee and his entire staff for their tireless commitment to our more than 427,000 members. I am certain our System will enjoy continued success because our foundation is strong, our values are unwavering and our people are among the best in the business.

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 five 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 9/1/83 — 12/31/09
Tier 5: Membership on or after 1/1/10

Eligibility for Service Retirement

Under Tiers 1-4, 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 5 members vest with 10 years of state service credit.

Tier 1 members may retire at any age with 35 years of service. The creditable service under Benefit Enhancement legislation, described below, greatly increases the number of members eligible under this provision.

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

Service Retirement Benefit

A Tier 1 member is eligible to retire at age 55 under the Career Plan without a reduction in benefits if credited with at least 20 years of state service. The pension for 20 years of New York State service rendered 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, including two years of service added under the Benefit Enhancement legislation.

A Tier 4 member, and a Tier 3 member retiring 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.

A Tier 5 member may retire at age 57 without a reduction in benefits if credited with at least 30 years of service.

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. Tier 5 members are not entitled to any Benefit Enhancement.

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 school 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. Ten years are required for Tier 5. 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, 4 and 5 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, 4 and 5 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.

Tier 5

- 1⅔% x years of NYS service if credited with less than 25 years, or 2% x years of NYS service if credited with 25 to 30 years.
- 60% plus 1½% for each year of NYS service beyond 30 years.
- A prorated reduction of up to 38% when retirement occurs before age 62 with credit for less than 30 years of service.
- No reduction if the member is age 62, or if credit totals 30 years or more of service <u>and</u> the member is at least age 57.

**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.	RICHARD P. PROPP, M.D.	MELVIN J. STEINHART, M.D.
Diplomate of the American Board of Surgeons Professor Emeritus of Surgery at Albany Medical College	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	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 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. Tier 5 members are required to contribute 3.5% of their salary throughout their active membership. 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 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

Summary of Benefits (continued)

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

OR

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

Tiers 2-5 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 2-5 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, 4 and 5 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 ½ 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.

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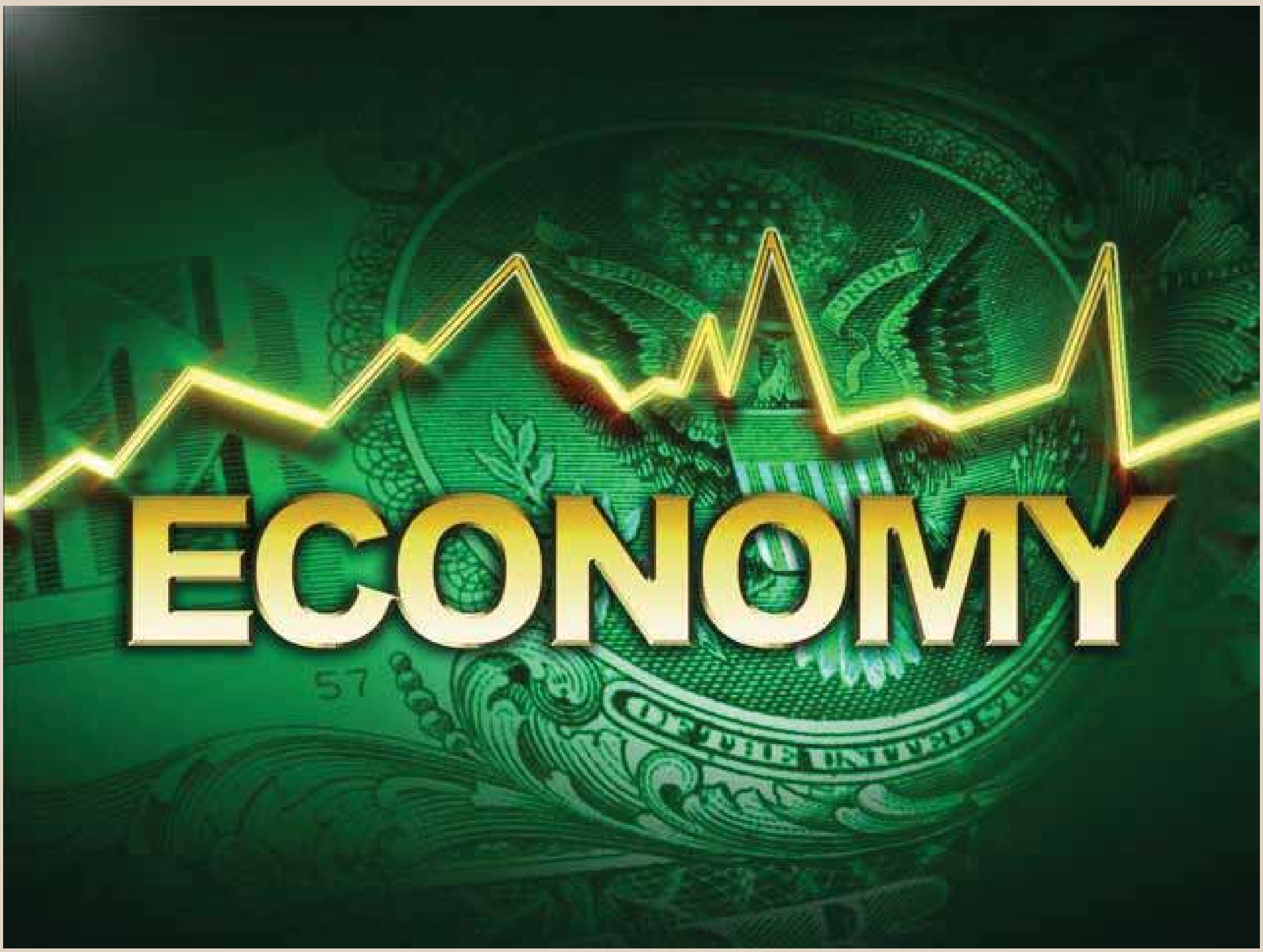
FINANCIAL

The retirement security provided by a NYSTRS defined benefit has a positive impact on the state's economy. More than $4 billion in NYSTRS benefits are paid annually to people living in New York. Those payments create a ripple effect throughout the economy, as one person's spending becomes another's income.



FINANCIAL

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, 2010 and 2009, 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, 2010 and 2009 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 year ended June 30, 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.

September 28, 2010 KPMG LLP

Management's Discussion and Analysis
June 30, 2010 and 2009 (Unaudited)

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 years ended June 30, 2010, 2009 and 2008. 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

- After experiencing losses in recent years ($21.5 billion in 2009 and $7.8 billion in 2008) investments showed appreciation of $6.8 billion in 2010.
- The System's net assets, which represent funds available to pay current and future benefits, were $76.8 billion and $72.5 billion at June 30, 2010 and 2009, respectively.
- Net assets increased from 2009 by $4.4 billion, or 6.0% and 2009 net assets decreased from 2008 by $23.3 billion, or 24.3%.
- Contributions from employers were $926 million in fiscal year 2010, $1.1 billion in fiscal year 2009 and $1.2 billion in fiscal year 2008, consistent with the change in the employer contribution rate.
- The size of our membership grew and retirement benefits increased, rising from $4.9 billion in fiscal year 2008 to $5.2 billion in fiscal year 2009 and $5.4 billion in fiscal year 2010.
- The System's funded ratio, a comparison of the actuarial value of assets to the accrued pension benefit liability, changed from 104.2% as of the June 30, 2007 valuation to 106.6% as of the June 30, 2008 valuation and 103.2% as of the June 30, 2009 valuation.

Overview of the Financial Statements

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

1. The *Statements of Plan Net Assets* present NYSTRS' assets and liabilities by major categories and may serve over time as a useful indicator of the System's financial position. The difference between assets and liabilities represents the *net assets held in trust for pension benefits.* The statement also compares assets and liabilities by class to the previous fiscal year, which offers the reader the opportunity to note changes in each class of asset and liability from year to year. The remaining liabilities consist of investment purchases payable, mortgage escrows and deposits net of investments and other liabilities.
2. The *Statements of Changes in Plan Net Assets* provide information on the change in the System's assets during the current fiscal year. The majority of income, or loss, is derived from investment income; primarily in the form of changes in the market value of assets from last year. Deductions include retirement benefit payments, beneficiary payments, return of contributions and administrative expenses. For the purpose of comparison, information pertaining to the previous year's *Statement of Changes in Plan Net Assets* is also provided.
3. The *Notes to the Financial Statements* are an essential part of the financial statements. They provide important background and detail information about NYSTRS, the plan and the statements themselves.
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 2010, 2009 and 2008. It is important to note that the change from year to year in a particular investment category is attributable not only to the change in market value but also to purchases and sales or maturities of that investment.

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

	June 30 2010	2009	2008	Amount increase (decrease) 2009 to 2010	Percentage change 2009 to 2010
Investments at fair value:					
Short-term	$ 1,090,113	$ 635,571	$ 529,367	$ 454,542	71.52%
Domestic fixed income securities	14,319,299	14,699,069	16,212,220	(379,770)	(2.58)
Domestic equities	34,611,666	32,193,981	46,097,043	2,417,685	7.51
International equities	9,175,382	8,609,318	12,471,647	566,064	6.58
Mortgages	4,308,620	4,065,628	4,381,116	242,992	5.98
Real estate	4,930,657	4,847,165	7,580,112	83,492	1.72
Alternative investments	7,022,117	5,958,848	6,876,575	1,063,269	17.84
Total investments	75,457,854	71,009,580	94,148,080	4,448,274	6.26
Net other assets/liabilities	1,387,083	1,462,177	1,621,256	(75,094)	(5.14)
Net assets	**$76,844,937**	**$72,471,757**	**$95,769,336**	**$4,373,180**	**6.03%**

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

	June 30 2010	2009	2008	Amount increase (decrease) 2009 to 2010	Percentage change 2009 to 2010
Net appreciation (depreciation) in fair value of investments	$6,776,648	$(21,516,277)	$(7,781,949)	$28,292,925	131.50%
Other investment income	1,925,567	2,153,137	2,250,142	(227,570)	(10.57)
Contributions	1,070,912	1,283,505	1,368,448	(212,593)	(16.56)
Retirement benefits	(5,333,788)	(5,151,463)	(4,908,446)	(182,325)	(3.54)
Other deductions	(66,159)	(66,481)	(71,808)	322	0.48
Net increase (decrease)	**$4,373,180**	**$(23,297,579)**	**$(9,143,613)**	**$27,670,759**	**118.77%**

Fiscal Year 2010

In 2010, the domestic fixed income portfolio balance decreased and as of June 30, 2010 was close to the target allocation of 18% of invested assets. During the fiscal year, bond maturities, sales, calls and agency mortgage principal prepayments exceeded purchases of approximately $2.2 billion by $1.0 billion.

Lower market interest rates combined with spread compression during the fiscal year resulted in capital appreciation of the bond portfolio that partially offset the reduction in bond positions arising from bond maturities, principal prepayments and sales.

The net reduction in the face value of bonds held, along with the addition of new bond holdings with lower coupons resulted in a lower weighted average coupon of the domestic fixed income portfolio reducing interest income during the 2010 fiscal year.

The value of domestic equities increased as a result of a market value increase of 14.61% offset by net sales during the 2010 fiscal year of approximately $2.29 billion resulting from the rebalancing toward the target allocation of 42% of the portfolio.

The international equities portfolio returned 6.58% for the 2010 fiscal year, slightly ahead of the MSCI EAFE Index. The increase is due primarily to the increase in international equity markets.

Real estate value declines, as measured by NCREIF, lessened each consecutive quarter of the fiscal year increasing from a negative 4.88% in the first quarter to a positive 1.61% in the fourth quarter of the fiscal year.

The 2010 increase in private equity market values during the past fiscal year was the result of unrealized gains in the portfolio of $681.7 million, after $804.6 million in capital contributions to new and existing private equity funds and $455.1 million in distributions from existing private equity investments. The private equity program has a target allocation of 7% and the allocation range is 4% to 12%. Nine new private equity commitments were made during the fiscal year.

Fiscal and monetary initiatives implemented by policymakers, such as lower interest rates, helped the financial markets stabilize during fiscal year 2010. With this stability came a securities lending environment with inferior collateral investment opportunities from the previous year and one that provided less demand spread. These factors were the basis for a decrease in overall loan balances and resulted in a drop in securities lending gross and net earnings from the 2009 fiscal year. The unrealized loss on a small number of securities decreased year over year and continues to reflect their mark to market valuations.

Fiscal 2010 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 2010 from 2009 is the result of a combination of lower assets under management throughout the year and a decrease in the fees charged.

The change in employer contributions was a function of a decrease in the employer contribution rate from 7.63% in 2009 to 6.19% in 2010.

Fiscal Year 2009

The System's 2009 net assets decreased $23.3 billion from 2008 due primarily to depreciation in the market value of investments.

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.

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

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 behind 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.

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.

Net Appreciation (Depreciation)

For the year ended June 30, 2010, NYSTRS reported net investment income (loss) of $8.7 billion compared to $(19.4) billion in 2009 and $(5.5) billion in 2008. The most significant change was in appreciation (depreciation) on investments as follows:

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

	June 30			Amount increase (decrease)
	2010	2009	2008	2009 to 2010
Short-term	$ 51	$ 767	$ (966)	$ (716)
Domestic fixed income	683,909	245,754	348,023	438,155
Domestic equities	4,704,379	(12,860,621)	(8,461,630)	17,565,000
International equities	597,977	(3,746,039)	(1,479,879)	4,344,016
Mortgages	312,392	(357,423)	143,557	669,815
Real estate investments	(269,894)	(2,919,845)	814,070	2,649,951
Alternative investments	747,834	(1,878,870)	854,876	2,626,704
Totals	**$6,776,648**	**$(21,516,277)**	**$(7,781,949)**	**$28,292,925**

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. Significant legislation for the 2010 fiscal year included the creation of Tier 5, with the passing of Chapter 504 of the Laws of 2009 on December 10, 2009. There is no significant impact to the System's financial statements with the implementation of this tier. 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 appreciation in investments, due mostly to the performance of domestic 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 7.63% on 2008-2009 member salaries to 6.19% on 2009-2010 salaries. The funded ratio (comparison of actuarial assets to actuarial liabilities) decreased to 103.2% as of the most recent actuarial valuation as of June 30, 2009, down from 106.6% in 2008.

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
Years Ended June 30, 2010 and 2009
(dollars in thousands)

Assets:	2010	2009
Investments — at fair value (Note 5):		
Short-term	**$ 1,090,113**	$ 635,571
Domestic fixed income securities	**14,319,299**	14,699,069
Domestic equities	**34,611,666**	32,193,981
International equities	**9,175,382**	8,609,318
Mortgages	**4,308,620**	4,065,628
Real estate	**4,930,657**	4,847,165
Alternative investments	**7,022,117**	5,958,848
Total investments	**75,457,854**	71,009,580
Receivables:		
Employer	**868,593**	1,038,290
Member	**147,116**	183,568
Investment income	**185,105**	194,698
Investment sales	**22,070**	63,471
Total receivables	**1,222,884**	1,480,027
Other Assets:		
Securities lending cash collateral — invested (Note 5)	**3,879,644**	4,821,442
Member loans	**173,665**	155,001
Capital assets, net of depreciation	**26,101**	29,597
Miscellaneous assets	**123,068**	17,498
Total other assets	**4,202,478**	5,023,538
Total assets	**80,883,216**	77,513,145
Liabilities and Net Assets:		
Securities lending collateral — due to borrowers (Note 5)	**3,907,285**	4,872,244
Investment purchases payable	**36,101**	59,314
Mortgage escrows and deposits — net of investments	**6,023**	11,361
Other liabilities (Notes 5 and 8)	**88,870**	98,469
Total liabilities	**4,038,279**	5,041,388
Net assets held in trust for pension benefits (Note 3)	**$76,844,937**	$72,471,757

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets
Years Ended June 30, 2010 and 2009
(dollars in thousands)

Additions:	2010	2009
Investment income:		
Net appreciation (depreciation) in fair value of investments	**$ 6,776,648**	$(21,516,277)
Interest income	**907,324**	993,482
Dividend income	**779,110**	906,081
Real estate — net operating income	**278,368**	251,171
Securities lending — gross earnings	**15,996**	122,379
Other — net	**22,229**	64,794
	8,779,675	(19,178,370)
Less:		
Investment expenses	**102,400**	121,638
Securities lending:		
Broker rebates	**(4,317)**	54,556
Management fees	**2,538**	8,486
(Appreciation) depreciation of collateral	**(23,161)**	90
Net investment income (loss)	**8,702,215**	(19,363,140)
Contributions:		
Employer	**925,506**	1,096,117
Member	**139,369**	181,723
Transfers in/out — net	**6,037**	5,665
Total contributions	**1,070,912**	1,283,505
Net addition (reduction)	**9,773,127**	(18,079,635)
Deductions:		
Retirement benefit payments — periodic	**5,275,028**	5,085,670
Beneficiary payments	**58,760**	65,793
Return of contributions	**17,071**	17,080
Administrative expenses	**49,088**	49,401
Total deductions	**5,399,947**	5,217,944
Net increase (decrease)	**4,373,180**	(23,297,579)
Net assets held in trust for pension benefits:		
Beginning of year	**72,471,757**	95,769,336
End of year	**$76,844,937**	$ 72,471,757

See accompanying notes to financial statements.

(dollars in thousands)

(1) Plan Description

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

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

	2010	2009
Public school districts	695	695
B.O.C.E.S.	37	37
S.U.N.Y.	31	31
Community colleges	30	30
Charter schools	23	22
Other	10	10
Total	826	825

As of June 30, the System's membership consisted of:

	2010	2009
Retired members and beneficiaries currently receiving benefits	141,716	139,297
Members:		
Active members	280,009	274,974
Terminated members entitled to but not yet receiving benefits	5,765	5,364
Subtotal	285,774	280,338
Total	427,490	419,635

(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 five 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 last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the Retirement and Social Security Law.

Tier 5 - Members who joined on or after January 1, 2010 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 through 5 are eligible for the same but with the following limitations: 1) Tiers 2 through 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. 2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55-56 regardless of service credit, or 57 through 61 with less than 30 years of service.

(c) Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 where 10 years of credited service are required. Benefits 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 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. 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 dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4 or 10 years of credited service for Tier 5, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and 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.

(dollars in thousands)

(k) Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 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 2010 is 1.2% compared to 1.0% paid beginning September 2009.

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 sales prices of comparable investments, and other pertinent information.

(c) Capital Assets

Capital assets of twenty-five thousand dollars or more are recorded at historical cost and capitalized over their useful life. 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
Computer equipment and software	3
Automobiles	4

(d) Federal Tax Status

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

(e) 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.

(f) 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.

(g) Recently Adopted Accounting Pronouncements

Effective June 30, 2009, the System implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement provides clarification as to when an intangible asset should be recorded and establishes an approach to recognizing intangible assets that are internally generated.

The System implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* effective for fiscal year ended June 30, 2010. This statement enhances the usefulness and comparability of derivative information reported in the financial statements.

There was no significant impact on the System's financial statements with the implementation of either GASB statement.

(3) Funds

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

(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 years ended June 30, 2010 and 2009 were $6,493 and $8,607, 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 Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required to contribute 3.5% of salary throughout their active membership. Contributions to this fund were $162,844 and $171,479 for the years ended June 30, 2010 and 2009, 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:

	2010	2009
Administrative Fund	$ 36,698	$ 26,858
Annuity Savings Fund	17,581	21,218
Annuity Reserve Fund	173,750	180,099
Pension Accumulation Fund	27,424,429	24,288,888
Pension Reserve Fund	49,192,479	47,954,694
Total	$76,844,937	$72,471,757

(4) Funded Status and Funding Progress

The funded status of the System as of June 30, 2009, 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)
$88,805.5	$86,062.0	$(2,743.5)	103.2%	$14,366.4	(19.1)%

The schedule of funding progress, presented as required supplementary information 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.

(dollars in thousands)

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2009
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%

(5) Deposit and Investment Risk Disclosure

The System has been authorized by the New York State Legislature pursuant to Section 177 of the Retirement and Social Security Law (RSSL), as well as certain other provisions of the Banking Law, Education Law and Retirement and Social Security Law, to invest in stocks, bonds, mortgages, real estate and other investments. A specific investment within these broad asset classes may be subject to particular restrictions or limitations contained in the applicable statutory provision. The "Leeway Clause" of Section 177 provides that, subject to guidelines adopted by the Retirement Board, up to 25% of assets may be invested in types of assets not otherwise specifically authorized, provided the Retirement Board is satisfied such investments were made with the care, skill, prudence, and diligence of a prudent person acting in a like capacity and familiar with such matters. Pursuant to regulations promulgated by the New York State Department of Insurance, investments must be made in a manner consistent with those of a reasonably prudent person exercising care, skill and caution. In addition to applicable legal constraints, the Retirement Board has adopted policies governing the investments made by the System.

(dollars in thousands)

(a) Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2010 and 2009 are as follows:

	2010		2009	
Quality rating	Fair value	Percentage of portfolio	Fair value	Percentage of portfolio
AAA	$ 5,158,169	36.03%	$ 5,994,924	40.79%
AA	855,565	5.98	793,309	5.40
A	2,658,262	18.56	2,808,094	19.10
BAA	1,201,998	8.39	1,291,662	8.79
Other	104,982	0.73	159,272	1.08
Total credit risk debt securities	9,978,976	69.69	11,047,261	75.16
U.S. government fixed income securities *	4,340,323	30.31	3,651,808	24.84
Total fixed income securities	$14,319,299	100.00%	$14,699,069	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, 2010 and 2009, the System's bank balance was $(10,273) and $(10,289), 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 System's securities are held by the System's custodial bank in the System's name.

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer.

As of June 30, 2010, the System did not hold any investments in any one issuer that would represent 5% or more of total plan investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are permissible investments and are excluded from this regulation.

Issuer limits for investments held by the System are established for each investment area by RSSL Article 2, Section 13 and Article 4A, Sections 176, 177, and 313 and policy guidelines adopted by the Division of Pension and Investment and Cash Management.

Short-term fixed income investments are generally limited to the following investment types maturing in one year or less:

- Obligations issued by any Federal Home Loan Bank or obligations fully guaranteed as to principal and interest by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.
- Commercial paper that has the highest rating by two nationally recognized rating services. A maximum of $500 million of the short-term portfolio may be invested in any one commercial paper issuer.

Fixed income securities are generally limited to the following investment types with maturities longer than one year:

- Obligations payable in U.S. dollars issued by any department, agency, or political subdivision of the U.S. government or issued by any corporation, company, or other issuer of any kind or description created or existing under the laws of the U.S., any state of the U.S., District of Columbia or Commonwealth of Puerto Rico, and obligations of Canada or any province or city of Canada provided each obligation shall be rated investment grade by two nationally recognized rating services. The aggregate investment by the System in the obligations of any one issuer shall not exceed 2% of the assets of the System or 5% of the direct liabilities of the issuer.
- Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, Asian Development Bank, or the African Development Bank.
- 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.
- 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 meet all applicable statutes, 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, which meet all applicable statutes. 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.

(dollars in thousands)

- 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.

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 the 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 to the Investment Company Act of 1940, as amended, subject to certain limitations.

The System's international equity investments may not exceed 10% of the System's assets including emerging market equity securities.

The maximum amount invested within the System's equities, including domestic and international, may not exceed 15% per year or 70% in aggregate. The System may not own more than 5% of the total issued and outstanding equity securities of any one corporation.

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

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

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The System is exposed to interest rate risk at June 30, 2010 and 2009 as follows:

	2010		2009	
Investment type	Fair value	Duration	Fair value	Duration
Short-term	$ 1,090,113	0.041	$ 635,571	0.038
Domestic fixed income	14,319,299	3.478	14,699,069	3.286
Total fair value	$15,409,412		$15,334,640	
Portfolio modified duration		3.235		3.152

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. 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%.

(dollars in thousands)

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System has exposure through international commingled investment trust funds, international equity mutual funds, international REITs (real estate investment trusts) and alternatives. The "Alternatives" represent private equity investments denominated in foreign currency. The System also holds investments in ADRs (American Depository Receipts) which are not included in the below schedule since they are denominated in U.S. dollars and accounted for at fair market value. All of these investments are externally managed and the System permits the individual managers to decide whether or not to use currency forward contracts to manage their exposure to foreign currencies. The System has an exposure to foreign currency fluctuation at June 30, 2010 and 2009 as follows (holdings valued in U.S. dollars):

	2010		2009	
	International equities	Alternatives	International equities	Alternatives
Currency:				
Euro	$2,529,872	$653,235	$2,618,673	$511,495
Japanese Yen	1,924,501	—	1,668,369	—
British Pound Sterling	1,773,342	50,951	1,521,629	57,572
Swiss Franc	711,766	—	767,927	—
Australian Dollar	644,143	—	377,456	—
Swedish Krona	224,651	—	135,537	—
Hong Kong Dollar	224,277	—	182,976	—
Singapore Dollar	126,520	—	96,915	—
Danish Krone	83,926	—	53,339	—
Norwegian Krone	55,879	—	75,174	—
Canadian Dollar	34,685	—	139,961	—
China Renminbi	22,581	—	79,702	—
Other	148,964	—	235,201	—
Totals	$8,505,107	$704,186	$7,952,859	$569,067

(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, 2010 and 2009, the amount owed to borrowers by the System was approximately $27.6 million and $50.8 million, respectively, 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, 2010, Wachovia Global Securities Lending (Wachovia), JP Morgan Securities Lending (JP Morgan), 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. 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. Investments are restricted to issuers with a short-term credit rating issued by Moody's Investors Service and Standard & Poor's, not lower than A1/P1 or long-term ratings not lower than A2/A, respectively, or the equivalent thereof. At June 30, 2010 the average effective duration of the funds managed by Wachovia and JP Morgan was 24 days compared to 28 days in 2009. Securities loans and related collateral investments are monitored on a daily basis to ensure compliance with collateral requirements, limitations, and collateral investment guidelines.

(dollars in thousands)

	2010		
Securities lent	Market value of securities on loan	Fair value of collateral invested	Fair value of liabilities to borrowers
Domestic equities	$1,554,870	$1,591,334	$1,618,120
Fixed income	2,200,556	2,243,267	2,244,132
Global REITs	42,299	45,043	45,033
Total	$3,797,725	$3,879,644	$3,907,285

	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

(6) Stock Option Program

The New York State Banking Department has issued a determination that a prudently maintained covered call option program is permissible under Banking Law (BL) §235 as long as the options are traded on a national exchange. Accordingly, the System's Retirement Board has authorized the execution of a Covered Call Option program to exit existing positions and to enhance yield. Options may be written when the annualized rate of return (excluding dividends) is greater than one percent (1%) above the current 90-day Treasury Bill rate. An open option may be closed out (repurchased) when the premium for such call has dropped to a level making the repurchase appropriate. The underlying market value of stocks covered by outstanding options may not exceed $1 billion at any one time. Options on an individual issue shall not exceed the maximum position limit prescribed by the Options Clearing Corporation. All transactions shall be approved by the Finance Committee of the Retirement Board in the same manner as stock transactions.

Underlying securities of covered calls are required to be segregated with the custodian to guarantee delivery or payment if the options are exercised. When an option is written, an amount equal to the premium received by the System is recorded as a liability. When options are exercised, the premiums are added to the proceeds from the sale of the underlying security in determining whether there is a realized gain or loss. Premiums received from expired options are treated as income from investments on the expiration date or the date the options are closed out.

(dollars in thousands)

As of June 30, 2010 there were no open option transactions. There were 34 open contracts on June 30, 2009 with an ending call option premium balance of $2.2 million reported in other liabilities in the Statement of Plan Net Assets. Covered call option activity during the years ended June 30 was as follows:

2010			
Covered Calls	Transactions	Commissions and Fees	Net Premiums
Calls Written	61	$ 20	$ 2,858
Positions Closed	21	6	(504)
Total	82	$ 26	$ 2,354

2009			
Covered Calls	Transactions	Commissions and Fees	Net Premiums
Calls Written	1,478	$ 989	$118,782
Positions Closed	201	110	(24,905)
Total	1,679	$1,099	$ 93,877

(7) Commitments and Contingencies

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, 2010 and 2009 respectively, were: real estate and real estate alternative investments of $1,356 and $1,800; mortgages of $150 and $160; and private equity investments of $4,288 and $4,736.

(8) 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 $88,870 and $98,469 at June 30, 2010 and 2009, respectively, $10,273 and $10,289, respectively, were managed overdrafts.

(9) 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 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute 3% of salary. Those joining on or after January 1, 2010 are required to contribute 3% throughout active service. 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, 4, and 5. An average employer contribution rate for these Tiers of 7.21% and 8.29% was applicable to the annual covered payroll for the fiscal years ended March 31, 2010 and March 31, 2009, respectively. The required contributions paid to NYSLRS during the System's fiscal years ended June 30, 2010 and 2009 were $1,802 and $1,928, respectively, and were 100% of the contributions required.

(10) System Employees' 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 10 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, 2010, 547 participants including 350 current employees, and 197 retired and/or spouses of retired employees participated in the healthcare plan. 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 standalone 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 accepting irrevocable contributions from the System 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.

(dollars in thousands)

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 30 years.

The System's annual contribution to the Trust for the years ended June 30, 2010 and 2009, were $3,499 and $3,585, respectively and were equal to 100% of the System's annual OPEB cost, or ARC. The System has no net OPEB obligation as the System pays 100% of the ARC each year.

The funded status of the System's plan as of the most recent actuarial valuation date is as follows:

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, 2009	$3,446	$53,470	$50,024	6.4%	$23,676	211%

(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 at least 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 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. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	8.0% compounded annually
Healthcare cost trend rate	10% initial, 5% ultimate

* Includes an inflation assumption of 3.0%

(11) Risk Management

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters for which the System carries commercial insurance. There were no settlements in the past three years that exceeded coverage. Further, management of the System believes there will be no adverse effect on the financial statements as a result of the outcome of these matters.

Required Supplementary Information — June 30, 2010

Schedule of the 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)
June 30, 2009	88,805.5	86,062.0	(2,743.5)	103.2	14,366.4	(19.1)

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 fourth 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 — June 30, 2010 (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%
July 1, 2008*	1,763	50,929	49,166	3.5	21,240	231
July 1, 2009	3,446	53,470	50,024	6.4	23,676	211

** The results of the July 1, 2007 valuation were projected forward using standard actuarial techniques to obtain the July 1, 2008 valuation results.*

This is the third year of application of GASB Statement No. 45. In accordance with paragraph 26 of the standard, the schedule of funding progress contains the required elements of information as of the most recent actuarial valuation date. The System's Trust is required to have an actuarial valuation performed at least biennially. The most recent actuarial valuation was completed as of July 1, 2009. In subsequent years, more information will be added based upon future actuarial valuation dates, until the full required schedule of funding progress is complete.

Employer Contributions (Unaudited)

(dollars in thousands)

Year Ended June 30:	Annual Required Contribution	Percentage Contributed
2005	$ 695,735	100%
2006	997,032	100
2007	1,104,010	100
2008	1,188,140	100
2009	1,096,117	100
2010	925,506	100

See accompanying independent auditors' report.

Other Supplemental Schedules

Schedule of Administrative Expenses
Years Ended June 30, 2010 and 2009

	2010	2009
Salaries and benefits:		
Salaries	**$25,577,290**	$24,889,762
Civil service	**75,090**	76,886
Employees retirement	**2,090,292**	1,968,415
Health and dental insurance	**7,251,021**	7,363,506
Overtime salaries	**47,203**	58,547
Social security	**1,828,960**	1,788,473
Total salaries and benefits	**36,869,856**	36,145,589
Building occupancy expenses:		
Building, grounds and equipment	**970,534**	986,107
Depreciation — building and improvements	**953,712**	857,948
Depreciation — equipment	**330,176**	293,334
Office supplies and expenses	**187,010**	220,656
Utilities and municipal assessments	**833,542**	828,450
Total building occupancy expenses	**3,274,974**	3,186,495
Computer expenses:		
Amortization/depreciation — computer mainframe	**96,488**	435,675
Amortization/depreciation — computer micro	**3,410,489**	3,408,280
Computer hardware and software	**2,321,928**	2,315,540
Computer maintenance and supplies	**221,205**	421,725
Total computer expenses	**6,050,110**	6,581,220
Investment expenses:		
Advisory committee expenses	**109,323**	112,378
Investment information services	**—**	345,174
Service costs — real estate	**35,940**	48,069
Total investment expenses	**145,263**	505,621
Personnel and meeting expenses:		
Board — meetings, travel and education	**90,340**	141,330
Delegates meeting	**45,925**	53,033
Pre-retirement seminars	**139,183**	141,275
Professional development	**563,582**	585,480
Travel and automobile expense	**110,991**	153,809
Other personnel expenses	**41,291**	54,878
Total personnel and meeting expenses	**991,312**	1,129,805
Professional and governmental services:		
Auditors — financial	**136,942**	132,862
Auditors — insurance department	**67,000**	71,205
Disability medical examinations	**94,464**	73,942
Postage and cartage	**913,110**	868,637
Professional fees and services	**75,432**	211,866
Publications	**354,154**	375,272
Statutory custodian charges	**115,575**	118,883
Total professional and governmental services	**1,756,677**	1,852,667
Total	**$49,088,192**	$49,401,397

See accompanying independent auditors' report.

Other Supplemental Schedules (continued)
Schedule of Investment Expenses
Year Ended June 30, 2010
(dollars in thousands)

Investment Category	Assets Under Management	Expenses*
Domestic fixed income	$ 949,445	$ 1,831
Domestic equity	2,771,958	14,804
International equity	8,748,317	16,092
Mortgages	2,271,817	296
Real estate	4,629,989	50,136
Alternative investments	6,999,220	14,129
General	—	5,112
Totals	$26,370,746	$102,400

**Expenses represent primarily professional fees.*

See accompanying independent auditors' report.

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INVESTMENTS

National Institute on Retirement Security research shows each dollar "invested" in public pensions by New York taxpayers supports almost $10 in economic activity. This translates into billions of dollars spent on goods and services provided by New York businesses.

INVESTMENTS

Report on Investment Activity

Overall Objectives and Performance

NYSTRS is committed to a disciplined investment approach. The focus during the fiscal year was on improving investment returns within this framework and the approach proved profitable as the System's total portfolio posted a 12.1% return for the fiscal year ended June 30, 2010.

The solid returns combined with a history of uninterrupted employer and employee contributions ensured the fund remained one of the most stable and well-funded public pension funds in the nation.

Total net assets were valued at $76.8 billion as of June 30, 2010, compared to $72.5 billion at the same point a year earlier. The 12.1% return represented a more than 30% 12-month swing.

The double-digit increase reversed a two-year decline in total net assets. Returns for the previous five years were -20.5%, -6.4%, 19.3%, 11.8% and 10.6%, respectively. Our five-year annualized rate of return now stands at 2.2% and our 25-year return totals 9.2%. 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. Plan investments are reported at fair value, meaning quoted market prices, when available, were used to value these investments. The market values for securities with no quoted market price represent estimated fair value. For additional information, see *Summary of Significant Accounting Policies* found on page 33 of this report. Investment performance is calculated using a time-weighted rate of return.

Public Equities

As of June 30, 2010, NYSTRS public equities program was valued at $43.8 billion, with $34.6 billion allocated to domestic equities and $9.2 billion to international equities. The public equities program represented 58.0% of System investments.

The fragile state of the world's developed economies was a major focus for investors and policy makers during the System's fiscal year. In the U.S., the S&P 500 Index initially posted a 30% gain with hope of a recovery fueled in part by corporate cost-cutting efforts and better than expected earnings reports. International equity values grew due to continued strong growth in emerging markets like Brazil, India and South Korea. The commodity driven markets of Australia and Canada were the strongest performers in the developed regions, offsetting weakness in Europe and Japan.

Volatility returned, however, at the end of the NYSTRS fiscal year as fears of another global economic slowdown sent markets sharply lower in May and June. Investors grew concerned with a growing debt crisis in Europe and a U.S. unemployment rate that remained persistently high. The uncertainty was reflected in record-low U.S. bond yields as the Federal Reserve grew more cautious on expectations for a sustained recovery.

The oil spill disaster in the Gulf of Mexico at the end of April also provided a headwind for equities, as investors once more preferred the relative safety of cash and treasuries. Despite the sell-off experienced during the System's fiscal fourth quarter, the S&P 500 Index finished the year up 14.4%, while the MSCI All Country World Index ex-US returned 10.9%.

Domestic Equities

Despite the volatility, the System's domestic equity portfolio benefited from a realignment of internally managed assets marked by improved diversification and conservative positioning. The portfolio remains predominantly internally managed with 95% of assets invested in several low-risk strategies targeting broad U.S. market exposure. The remaining 5% is allocated to three external managers seeking above benchmark returns.

With regard to the internally managed portfolios, staff focused on managing risk, minimizing trading costs and enhancing cash yields. S&P Index changes, merger announcement premiums and opportunistic dividend capture were all sources of incremental returns for the internal portfolios. Staff preserved these gains through proactive risk management, including minimizing the impact of volatility around earnings announcements.

Exposure to small and mid-capitalization stocks that led the broader market during the period ensured the externally managed portfolios contributed to overall performance despite these portfolios under-performing their respective benchmarks.

For the fiscal year, the System's domestic equity portfolio posted a 15.8% return, outperforming the S&P 1500 benchmark return of 15.6%.

International Equities

International equities also experienced an increase in market value for the year ended June 30, 2010. The System's international equity portfolio returned 6.7%, outperforming its corresponding MSCI EAFE benchmark, which returned 5.9%.

NYSTRS' international equity portfolio is directed primarily by five 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.

During the year, the System's external managers used one of four investment styles: passive, enhanced passive, core active or 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. As a result, 75% is now 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 began in the fall of 2009 with the reallocation of the enhanced and benchmark agnostic portfolios to passive management. The allocation to passive management was completed by fiscal year-end. Review of strategies actively managed to the ACWI Ex-U.S. has also begun. The restructuring is expected to reduce portfolio risk while ensuring active fund managers are able to select from a broad universe of stocks.

Domestic Fixed Income

During the uncertain economic times of the past year, the domestic fixed income portfolio worked to fulfill its dual role of generating cash to help meet the System's more than $5 billion annual retirement benefit obligation and contributing to the stability of the System's overall investment program. Following the tumultuous 2009 fiscal year, 2010 was significantly more stable and resulted in the beginning of a tentative healing process in the global economy and financial markets. The central bank's aggressiveness in terms of policy and actions taken worldwide drove this process.

To help realize our objectives, the System has a diversified portfolio of high-quality fixed income securities with investments in U.S. Treasuries, AAA rated agency mortgage-backed securities and investment-grade corporate bonds. The portfolio is actively managed for System liquidity, capital preservation and generation of cash flow. At the same time, through its construction, it seeks to be responsive to income-generating opportunities when they occur in the marketplace.

While Real GDP in each quarter of the System's 2009 fiscal year was negative, it turned positive in the first quarter of the 2010 fiscal year and continued the positive trend for the next three quarters. Corroboration of economic healing was seen in a September 2010 National Bureau of Economic Research report stating the U.S. recession that began in December 2007 ended in June 2009, lasting an unusually long 18 months. However, the strength and breadth of the recovery remains to be seen. The unemployment rate at the end of the fiscal year, for instance, remained high at just over 9.5%. Also, while lending to large multi-national corporations was robust as seen in the corporate bond market, lending to smaller businesses continued to be weak. Policymakers continue to grapple with what actions to take to help the economy achieve sustainable, non-stimulus induced growth.

During the tail end of the System's 2009 fiscal year the Federal Reserve (the Fed), in response to the slack in the U.S. economy marked by inflation below desired levels, increased security purchases to $1.25 trillion in agency mortgages, $200 billion of agency debt and up to $300 billion in longer term treasury securities. The program, completed in March 2010, had an appreciably positive impact on the financial markets, notably fixed income. Credit spreads of investment grade and high yield bonds tightened considerably, helping to rejuvenate debt markets and act as a tailwind to the U.S. economy.

However, in a nod to continued economic uncertainty, the Fed announced in August 2010 it would keep constant its securities holdings by reinvesting mortgage principal payments in longer term Treasury securities. Additionally, in September 2010, the Fed acknowledged the pace of economy recovery had slowed and indicated it would take further action if necessary to bolster the economy and fulfill its mandate of helping to ensure full employment while maintaining price stability.

For the 12 months ended June 30, 2010, the System's long-term bond portfolio experienced another solid year, returning 8.2%. The portfolio underperformed the 9.6% benchmark of Barclays Capital Float Aggregate Bond Index, which excludes Federal Reserve holdings of U.S. Treasuries, Agencies and Agency mortgage backed securities.

The underperformance was primarily the result of the portfolio's lower sensitivity to changes in interest rates, as measured by duration, versus the benchmark. In a year marked by declining interest rates, the benchmark having longer duration experienced greater price appreciation and outperformed NYSTRS shorter duration portfolio. For instance, securities in the benchmark with a maturity of greater than 10 years had overall returns of 15.7% while securities maturing in three to five years returned 8.0% during the same period. Additionally, the internal portfolio does not invest in commercial mortgage backed securities (CMBS) but the System does have exposure as this sub-asset class is externally managed for the System. Although CMBS comprised only 3.3% of the benchmark, the returns were so outsized (30.5% for the fiscal year) not having CMBS exposure in the internal portfolio created drag on performance.

Despite the fiscal year underperformance, the three-year portfolio performance of 7.7% compares favorably with the 7.6% benchmark return.

Short-Term (Cash Equivalents)

The System's short-term fixed income portfolio consists of high-quality securities that are easily liquidated to satisfy the monthly payment of pension benefits, invest in other asset classes and support the System's operating commitments. Securities held in this portfolio generally mature in 12 months or less. Securities that have maturities greater than 13 months at the time of purchase have a floating-rate coupon that resets every 90 days or less.

As of June 30, 2010, the portfolio's weighted average duration was 15 days. For the 12 months ended June 30, 2010, the short-term portfolio returned 0.2% versus the iMoneyNet Fund Report Averages/All Taxable Index benchmark, which returned 0.1%.

The money markets began to normalize during NYSTRS' 2010 fiscal year as evidenced by the closing of liquidity facilities created by the Fed to support financial markets during the credit crisis. For instance, both the Commercial Paper Funding Facility (CPFF), created to increase issuer and investor confidence in reissuing or rolling maturing commercial paper, and the Money Market Investor Funding Facility (MMIFF), established to provide liquidity to ensure money market mutual funds could meet investor redemption requests, ended operations during the fiscal year.

However, even after the closing of these facilities, the Fed continued to be vigilant in maintaining financial market stability. For example, after spring 2010 European sovereign credit events began to bleed into U.S. markets through an increase in the money market benchmark rate London Interbank Offered Rate (LIBOR), the Fed established U.S. dollar liquidity swaps with other Central banks in order to improve conditions in global money markets. This action successfully pushed down LIBOR.

Regulatory change is ongoing. In response to the credit crisis, the Securities and Exchange Commission (SEC) implemented new measures for money market funds. They included more stringent liquidity requirements intended to ensure these funds are better able to endure future market crises. One immediate impact of the changes was increased demand for short-term money market instruments.

With continued risk and uncertainty as it relates to economic growth, the Fed kept the federal funds target rate at its historic low of 0.25% and reiterated its intent to keep rates low for an extended period of time.

Real Estate

The fiscal year ended June 30, 2010 was challenging for commercial real estate investments. Market vacancy rates rose to record-high levels for office and warehouse buildings. Hotels showed some improvement in vacancy rates but room rates remained depressed. Apartment occupancies fared better as renters showed enough confidence in the future to renew leases. However, sustainable improvement in rental levels and vacancy rates is unlikely to occur without an improving economy that includes job creation.

Uncertainty surrounding the economy led real estate investors and the lenders who provide them financing to focus on safe investments, such as high-quality, well-leased assets in prime locations. The distressed commercial real estate "fire sale" many investors had anticipated had not yet materialized, with owners and lenders deciding to put off hard decisions in hopes the outlook will improve.

The component parts of the System's equity real estate portfolio had mixed performance during the fiscal year, but the overall portfolio returned 4.0% income and 1.8% appreciation. The strongest performance came from our domestic real estate investment trusts (REITs), which returned 42.6%.

Direct real estate investments (i.e., office buildings, retail space, apartments and warehouses) had stable occupancy levels during the year. Performance stabilized during the final quarter with an estimated appreciation of 6.0% and a total return of 7.7%. For the fiscal year, the appreciation and total return figures were -2.1% and 4.6%, respectively.

Our value-added and opportunistic real estate funds, which collectively comprise about 20.0% of the real estate portfolio, had an estimated return of -11.2% for the year. Many of these funds started between 2005 and 2008, prior to the market downturn, and are working with business plans that have become harder to execute and will take more time to complete than originally anticipated.

The System's real estate debt-related investments totaled $5.4 billion as of the end of the fiscal year, returning an estimated 16.1%. The largest component of this portfolio is comprised of commercial mortgage loans. Loans totaling $185 million were originated during the year in a dynamic market which saw mortgage rates for high-quality loans fall from 7.5% at the end of the calendar year to about 5.5% for a 10-year loan. The next largest component is a $975 million dollar position in highly rated commercial mortgage backed securities, which returned 31.8% in a market where credit spreads compressed significantly.

Private Equity

NYSTRS made its first private equity investment in 1984 and formally committed to the asset class in 1999, establishing a target of 1% of investments. Today, the target allocation is 7% with an allocation range of 4% to 12%. The partnership structures generally 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, 2010, the System committed approximately $12.4 billion to 132 partnerships in 61 private equity firms. Since inception, the private equity portfolio has generated an internal rate of return of 10.1% value and was valued at $6 billion.

A challenging economic environment that began in mid-2007 and became more pronounced in 2008 impacted the operations of many private equity-backed companies. Private Equity firms responded to the changing economy by working with these companies to implement pro-active cost-cutting and cash-management strategies. A key area of focus was refinancing debt to extend maturities beyond this difficult market period. In addition, given depressed valuations, many private equity-backed companies made accretive add-on acquisitions by acquiring competitors, serving to increase the scope and scale of the businesses.

During the fiscal year end June 30, 2010, the private equity market improved as the economy and markets rebounded from the recession. Credit markets slowly thawed and lending became selectively available. According to Buyouts Magazine (April and July 2010), six control transactions with an enterprise value greater than $1 billion were completed during the first half of 2010 compared to just one during the same time period last year.

Slowing fund distributions, coupled with more volatile portfolio company market values as a result of FASB 157 implementation, have resulted in lower year-over-year performance in NYSTRS' private equity portfolio. (FASB Statement 157 creates a single definition of fair value for financial reporting, establishes a framework for measuring fair value and expands fair value measurement disclosures.) However, despite these challenges, the portfolio continued to outperform the S&P 500 plus 500 basis points benchmark on a three, five and 10-year basis. The one-year return lagged the benchmark by 510 basis points (5.1%) due to a public market rally in the first quarter of 2010 that outpaced the revaluation in the private equity portfolio.

Private equity investments, excluding real estate, returned 14.3% for the year, compared to its performance benchmark (S&P 500 plus 5%) return of 19.4%. The three-year average annual return of -2.9% is greater than its comparable benchmark of -4.8%. The System's five and 10-year performance figures in this asset class are 11.1% and 6.9%, respectively. Each figure is more than double the benchmark figures of 4.2% and 3.4%, respectively.

Other Programs

Securities Lending

The System's Securities Lending Program generates incremental income by lending in-demand securities. The securities loaned include domestic equities, American Depository Receipts (ADRs) and fixed income securities. Multiple agents are used to manage the lending programs. Each lending program is vigilantly monitored by System staff to ensure the programs are conducted in compliance with NYSTRS contractual guidelines.

The System earns a spread primarily by taking cash collateral received for securities loaned and investing it in high-quality, short-term fixed income securities at interest rates greater than a rebate rate negotiated with the borrower.

Post credit crisis, securities lending participants have continued to evaluate risk management and demand more transparency in their lending programs. Former securities lending participants have begun to restart their lending programs, with many existing and returning lenders either tightening or maintaining their more restrictive cash collateral reinvestment guidelines. For the time being, the focus on large loan balances with a significant portion of income earned from the reinvestment side of a loan has shifted to generating earnings primarily from intrinsic value or borrower demand for securities. The primary catalyst behind this change is the lack of yield at the front end of the curve as a result of the continued low interest rate environment and risk aversion by lenders.

The overall decline in financial market volatility that occurred during the fiscal year helped to decrease the cash collateral unrealized loss from $50.8 million as of June 30, 2009 to $27.6 million as of June 30, 2010, a reduction of $23.2 million. The reduced volatility, combined with limited collateral reinvestment opportunities due to lower money market interest rates and tighter credit spreads, resulted in a decrease of program earnings year over year. The System earned approximately $18 million from securities lending for the fiscal year ended June 30, 2010 as compared to approximately $59 million during the 12 months ended June 30, 2009.

As of June 30, 2010, the securities lending portfolio was collateralized at 102.9%, with approximately 7.6% of the System's securities available to lend actually on loan. This was down from the 9.9% on loan at the end of June 2009.

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 2010 fiscal year, the Retirement System recaptured $201,101 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 2010 fiscal year, the System generated approximately $2.4 million in net premiums.

Prepared by NYSTRS Investment Staff

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Diversification of Investments — June 30, 2010 and June 30, 2009

(dollars in thousands)

Investment Type	2010	Percent	2009	Percent	Increase (Decrease)
Short-term:					
U.S. Treasury and agency	$ 74,994		$ -		$ 74,994
Corporate	1,015,119		635,571		379,548
	1,090,113	1.44	635,571	0.89	454,542
Domestic fixed income securities:					
United States Treasury	4,340,323		3,651,808		688,515
Federal agency, notes & debentures	1,503,930		1,510,527		(6,597)
Federal agency mortgage backed	2,978,194		3,855,310		(877,116)
Commercial mortgage backed	908,868		740,269		168,599
Corporate	4,587,984		4,941,155		(353,171)
	14,319,299	18.98	14,699,069	20.70	(379,770)
Domestic equities:					
Basic materials	4,120,900		4,218,059		(97,159)
Capital goods	4,368,163		3,942,261		425,902
Consumer cyclicals	3,528,691		3,328,959		199,732
Consumer staples	3,311,269		3,126,770		184,499
Energy	2,810,821		3,178,949		(368,128)
Financial	7,104,632		5,354,003		1,750,629
Technology	5,587,577		5,231,388		356,189
Transportation	931,204		929,808		1,396
Utilities	2,845,130		2,878,660		(33,530)
Diversified and Miscellaneous	3,279		5,124		(1,845)
	34,611,666	45.87	32,193,981	45.34	2,417,685
International equities:					
Commingled investments	8,505,108		7,952,860		552,248
ADRs	427,066		432,864		(5,798)
REITs	243,208		223,594		19,614
	9,175,382	12.16	8,609,318	12.12	566,064
Mortgages:					
Conventional	4,292,428		4,048,474		243,954
Federal Housing Administration	16,192		17,154		(962)
	4,308,620	5.71	4,065,628	5.73	242,992
Real estate:					
Direct equity real estate investments	3,109,663		3,043,058		66,605
Commingled real estate investments	1,815,411		1,798,516		16,895
Other real estate owned	5,583		5,591		(8)
	4,930,657	6.53	4,847,165	6.83	83,492
Alternative investments:					
Private equity	5,997,941		4,925,773		66,605
Real estate equity funds	519,132		500,236		18,896
Real estate debt funds	227,942		251,430		(23,488)
Timberland	277,102		281,409		(4,307)
	7,022,117	9.31	5,958,848	8.39	1,063,269
Total investments	**$75,457,854**	**100.00**	**$71,009,580**	**100.00**	**$4,448,274**

Asset Allocation — June 30, 2010

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%	44.4%
International Equity	15%	11-19%	11.8%
Real Estate	10%	6-14%	9.4%
Private Equity	7%	4-12%	8.0%
Total Equities	74%		73.6%
Domestic Fixed Income	18%	13-23%	17.7%
Mortgages	8%	5-11%	7.3%
Cash Equivalents	0%	0-5%	1.4%
Total Fixed Income	26%		26.4%

Annual Performance History

Investment Performance Results — June 30, 2010

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 Rates of Return			
	1-YR	**3-YR**	**5-YR**	**10-YR**
Domestic Equities				
NYSTRS Growth Tilt2 Fund	15.4%	-%	-%	-%
NYSTRS Index2 Fund	15.7	-	-	-
NYSTRS Value Tilt2 Fund	15.5	-	-	-
Benchmark: S&P 1500*	15.6	-	-	-
NYSTRS S&P 100 Fund	11.4	-	-	-
Benchmark: S&P 100	11.3	-	-	-
NYSTRS S&P 500 Fund	14.0	-	-	-
Benchmark: S&P 500	14.4	-	-	-
NYSTRS S&P 600 Fund	23.5	-	-	-
Benchmark: S&P 600	23.6	-	-	-
Total Enhanced Large Cap Management	13.2	-	-	-
Benchmark: S&P 500	14.4	-	-	-
Total Active Mid Cap Management	16.1	-6.1	3.4	7.5
Benchmark: Russell Midcap*	20.1	-8.4	0.2	-1.1
Total Active Small Cap Management	20.9	-10.3	-0.5	0.8
Benchmark: Russell 2000*	21.5	-8.6	0.4	3.0
Total	15.8	-9.4	-0.3	-0.2
Benchmark: Blended S&P/Russell*	15.8	-9.3	-0.3	-0.2
International Equities				
NYSTRS S&P ADR Index Fund	5.0	-10.8	2.9	-
Benchmark: S&P ADR Index	6.2	-11.5	2.5	-
Total External Passive Management	6.0	-14.1	0.6	0.3
Total Active Management	8.0	-12.4	1.1	-0.1
Total	6.7	-13.1	0.9	0.1
Benchmark: MSCI EAFE	5.9	-13.4	0.9	0.2
Real Estate	5.8	-10.3	2.6	8.2
Benchmark: Blended NCREIF/REIT*	0.9	-10.8	-0.4	5.3
Private Equity	14.3	-2.9	11.1	6.9
Benchmark: S&P 500 plus 5%	19.4	-4.8	4.2	3.4
Domestic Fixed Income	8.2	7.7	5.9	6.6
Benchmark: Barclays Capital Aggregate Float Adj*	9.6	7.6	5.6	6.5
Mortgages	16.1	4.1	4.3	6.9
Short-Term	0.2	1.9	3.1	2.9
Benchmark: iMoneyNet™ Fund Avgs/Taxable	0.0	1.5	2.6	2.3
Total Fund	12.1	-5.8	2.2	2.7

** 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, 2010

The assets under management (at market), time-weighted performance results (at market) and appropriate benchmark or equity multiple for each manager/advisor are summarized in the following table:

	Assets Managed ($ millions)	Rates of Return[1] from Inception Fund	Benchmark	Inception Date
Domestic Equities				
Enhanced Large Cap Management T. Rowe Price	$ 312.1	18.3%	17.4%	Jan-09
Mid Cap Management Iridian	654.6	6.9	0.2	Apr-99
Small Cap Management Progress	727.3	6.7	5.6	Oct-96
International Equities				
Passive Management				
BlackRock EAFE Index	3,386.4	-10.4	-10.7	Oct-09
State Street Global Advisors	3,372.0	3.3	2.9	Mar-04
Active Management				
Capital Guardian	565.9	3.5	1.4	May-99
JPMorgan	636.7	0.8	0.1	Mar-05
Pyramis (Fidelity)	543.1	0.9	0.2	Mar-05
Mortgages				
BlackRock: CMBS	437.9	5.7	5.7	Apr-01
ING Clarion: Clarion Value Fund	27.9	-2.9	-13.3	Sep-05
ING Clarion: CMBS	370.3	4.9	5.7	Apr-01
Prima: CMBS	151.9	5.4	4.1	Nov-03
Real Estate				
Direct Investments				
ING Clarion Partners	701.0	7.8	4.5	Jun-90
Invesco Realty Advisors (Multi-family)	138.7	11.1	4.9	Dec-98
Invesco Realty Advisors (Industrial)	167.2	7.4	6.6	Nov-94
JPMorgan Asset Management	1,723.4	9.3	4.7	Oct-90
Kennedy Associates	112.5	8.8	6.5	Apr-95
Sentinel Real Estate	266.9	8.1	6.6	Mar-96
Direct Investments - Timber				
Forest Investments: Adirondack Timber I	277.1	5.2	6.9	Dec-98
Domestic Public Securities				
Adelante Capital Management	229.4	8.9	8.1	Aug-98
Cohen & Steers: Equity Income	158.0	8.5	7.9	Jul-98
Cohen & Steers: REIT Preferred	125.7	8.6	7.9	Sep-07
Cohen & Steers: Total Return	379.7	11.3	9.7	Jun-95
RREEF America	260.5	10.0	8.1	Aug-98
International Public Securities				
European Investors	87.9	-11.8	-11.3	Dec-06
LaSalle Investment Management	79.9	-13.9	-11.0	Dec-06
RREEF America	84.8	-12.4	-11.0	Dec-06

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

Manager Investment Performance Results — June 30, 2010 (continued)

	Assets Managed ($ millions)	Inception Rate of Return[1]	Equity Multiple	Inception Date
Real Estate				
Commingled Funds				
Angelo, Gordon & Co.: AG Realty Fund V	$ 2.1	25.8%	1.6	Dec-01
Angelo, Gordon & Co.: AG Realty Fund VI	32.3	-0.1	1.0	Sep-05
Angelo, Gordon & Co.: AG Realty Fund VII	26.3	5.0	1.0	Dec-07
BlackRock: Granite Property Fund	50.7	3.9	1.5	Dec-97
Blackstone RE Partners: Fund V TE.2	31.1	-2.0	1.0	Jul-06
Blackstone RE Partners: Fund VI TE.2	40.5	-9.5	0.8	Mar-07
Brookfield Properties: Office Partners	270.1	2.4	1.1	Oct-06
Cabot Properties: Industrial Value Fund II	32.1	-11.6	0.7	Nov-05
Cabot Properties: Industrial Value Fund III	4.2	-42.2	0.7	Dec-08
CBRE: Strategic Partners Europe Fund III	38.0	-22.2	0.7	Apr-07
CBRE: Strategic Partners III	20.1	10.9	1.3	Dec-03
CBRE: Strategic Partners IV	16.9	-41.2	0.2	Dec-05
CBRE: Strategic Partners U.S. Opportunity 5	1.1	-77.5	0.1	Dec-07
CBRE: Strategic Partners U.S. Value 5	22.1	-11.5	0.9	Jun-08
CBRE: Strategic Partners UK Fund III	13.4	-52.0	0.3	May-07
Cerberus: Institutional Real Estate Partners	14.3	9.8	1.2	May-04
Cerberus: Institutional Real Estate Partners - Series Two	16.7	19.5	1.2	May-08
CIGNA: Apartment Alliance	0.2	29.9	2.1	Dec-02
Citigroup: CPI Capital Partners North America	16.3	-20.0	0.6	Dec-06
Cornerstone: Apartment Fund I	13.0	19.7	2.0	Nov-00
Cornerstone: Apartment Venture I	27.9	64.9	2.3	Jul-03
Cornerstone: Apartment Venture III	15.4	-16.9	0.7	Apr-07
DLJ: Real Estate Capital Partners III	40.7	-7.8	0.9	Jun-05
DLJ: Real Estate Capital Partners IV	18.2	-34.1	0.6	Feb-08
Essex Property Trust: Apartment Value Fund II	54.9	3.6	1.1	Nov-04
Exeter Property Group: Industrial Value Fund	23.7	-17.4	0.7	Nov-07
Hines Interests: Emerging Markets	10.9	15.5	1.5	Oct-99
Hines Interests: U.S. Office Value Added	15.7	15.4	1.3	Jan-05
Hines Interests: U.S. Office Value Added II	8.5	-62.4	0.2	Aug-07
ING Clarion: Development Ventures II	10.6	-15.2	0.7	Jun-05
ING Clarion: Development Ventures III	1.7	-96.5	0.3	Apr-09
ING RE: China Opportunity Fund	27.3	3.0	1.1	Dec-06
JP Morgan: Excelsior II	56.8	-29.0	0.4	Dec-05
Landmark Partners: Real Estate Trust IV	1.3	19.7	1.6	Mar-02
LaSalle: Asia Opportunity Fund III	5.1	-62.8	0.4	Mar-08
Lone Star: Fund III	17.5	32.3	2.1	Oct-00
Lone Star: Fund IV	123.0	32.4	2.3	Dec-01
Lone Star: Fund V	99.1	0.9	1.0	Jan-05
Lone Star: Fund VI	41.8	15.2	1.3	Jul-08

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

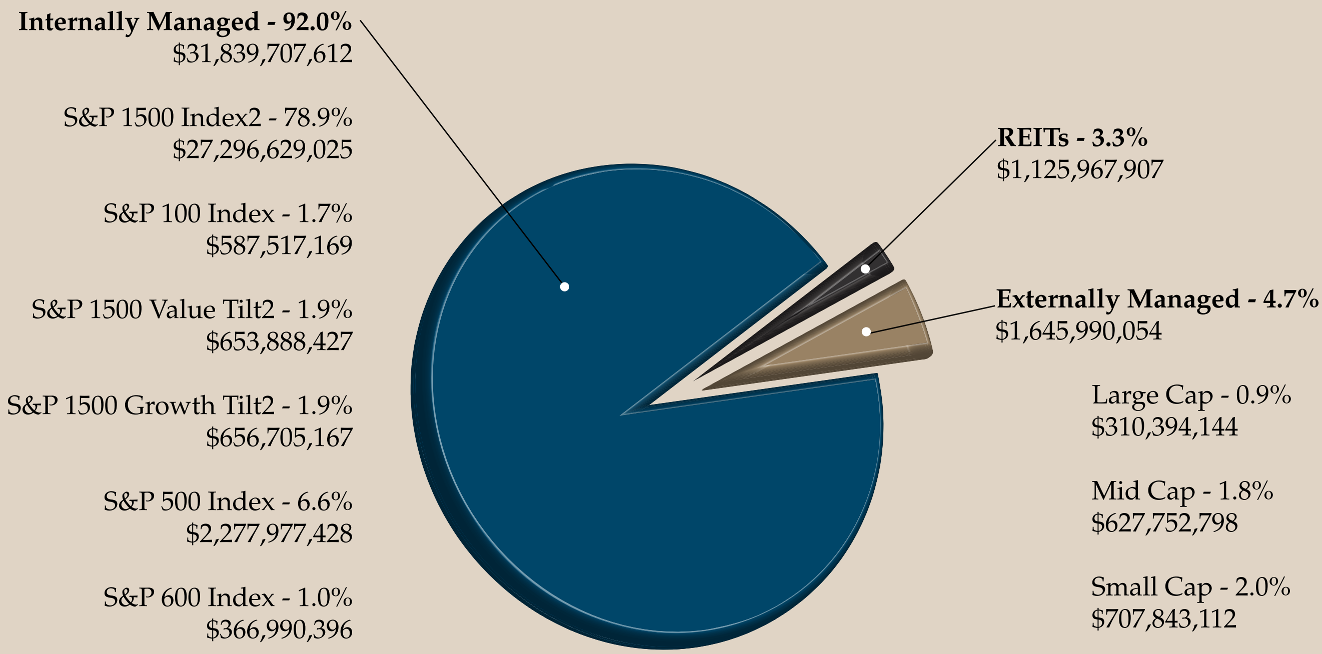
Manager Investment Performance Results — June 30, 2010 (continued)

	Assets Managed ($ millions)	Inception Rate of Return[1]	Equity Multiple	Inception Date
Real Estate (continued)				
Commingled Funds (continued)				
MGPA: Asia Fund II	$ 36.2	-3.3%	0.9	Apr-05
MGPA: Asia Fund III	18.2	-49.1	0.5	May-07
MGPA: Europe Fund III	15.1	-26.4	0.7	Jun-07
MGPA: Europe Parallel Fund II	13.6	-13.8	0.7	Apr-05
MGPA: Lend Lease Global Properties	0.3	13.4	1.9	May-99
O'Connor: North American Property Partners	26.8	-22.0	0.5	Sep-04
O'Connor: North American Property Partners II	9.1	-45.8	0.5	Oct-07
O'Connor: Peabody Global Real Estate	8.9	14.5	1.5	Jul-99
Penwood RE: Calif. Select Industrial Partners	12.3	-45.3	0.7	Dec-05
Penwood RE: Select Industrial Partners II	1.7	-21.2	0.8	Aug-07
Perella Weinberg: Real Estate Fund I	8.1	-11.5	0.9	Jan-08
Prudential Latin America: PLA Residential Fund III	39.0	4.4	1.1	Mar-08
Prudential: PRISA	183.1	6.5	3.2	Sep-85
Prudential: PRISA II	129.8	5.2	1.4	Sep-89
Prudential: PRISA III	49.9	-2.2	0.9	Jun-03
Rockpoint: Finance Fund I	1.8	-36.1	0.4	Mar-07
Rockpoint: Heritage Fields	-0.1	-100.0	0.0	Jul-05
Rockpoint: Real Estate Fund I	8.3	12.2	1.2	Sep-04
Rockpoint: Real Estate Fund II	28.5	-20.3	0.6	Sep-05
Rockpoint: Real Estate Fund III	27.9	-48.0	0.7	Dec-07
Rockwood: Fund IV	1.6	24.2	1.8	Sep-00
Rockwood: Fund V	12.2	11.9	1.3	Jul-03
Rockwood: Fund VI	44.8	-6.7	0.8	Jun-05
Rockwood: Fund VII	9.3	-57.8	0.1	Oct-06
Rockwood: Fund VIII	6.8	-48.5	0.8	Mar-09
Starwood: Opportunity Fund IV	3.9	16.9	2.1	Jan-97
Starwood: Opportunity Fund VII-A	31.0	-13.8	0.6	Jan-06
UBS Realty: Trumbull Property Fund	231.5	7.3	3.9	Sep-85
USAA Real Estate: U.S. Industrial REIT II	24.7	-17.9	0.6	Jan-07
Walton Street Real Estate Fund VI	14.8	-53.5	0.6	Apr-09
Westbrook: Real Estate Fund IV	0.3	19.3	1.5	May-01
Westbrook: Real Estate Fund V	2.4	44.3	1.7	Feb-05
Westbrook: Real Estate Fund VI	21.4	-14.0	0.8	May-06
Westbrook: Real Estate Fund VII	43.6	-37.6	0.6	Dec-07

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

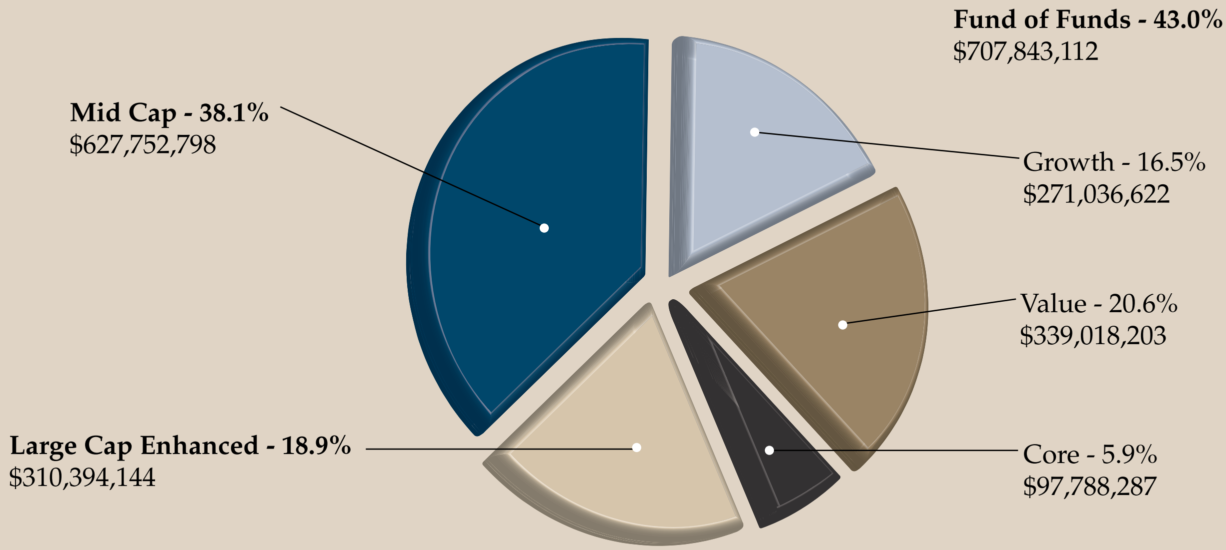
Domestic Equity Distribution — June 30, 2010

$34,611,665,573



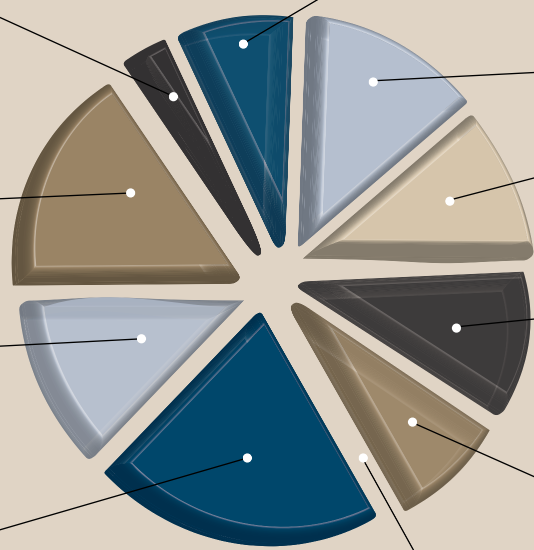
Domestic Equity Externally Managed Style Distribution — June 30, 2010

$1,645,990,054



Domestic Equity Holdings by Industry Distribution — June 30, 2010

$34,611,665,573



Ten Largest Domestic Equity Holdings — June 30, 2010

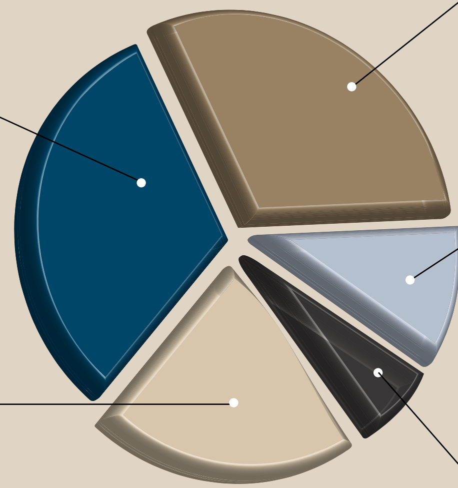
Rank	Company	Cost	Market Value	Percent of Equities
1	Exxon Mobil	$ 235,683,683	$ 906,147,473	2.6%
2	Apple Inc.	101,583,770	701,738,265	2.0
3	Microsoft	395,400,615	551,085,105	1.6
4	Procter & Gamble	184,905,985	542,564,925	1.6
5	Johnson & Johnson	164,960,654	501,110,634	1.5
6	IBM	133,763,512	497,485,608	1.4
7	General Electric	273,421,891	467,757,258	1.4
8	JP Morgan Chase	225,671,543	452,369,378	1.3
9	AT&T	231,130,766	450,886,530	1.3
10	Bank of America	443,360,773	446,959,019	1.3
Total		**$2,389,883,192**	**$5,518,104,195**	**16.0%**

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, 2010

$14,319,299,035

Yield to Maturity 2.4%

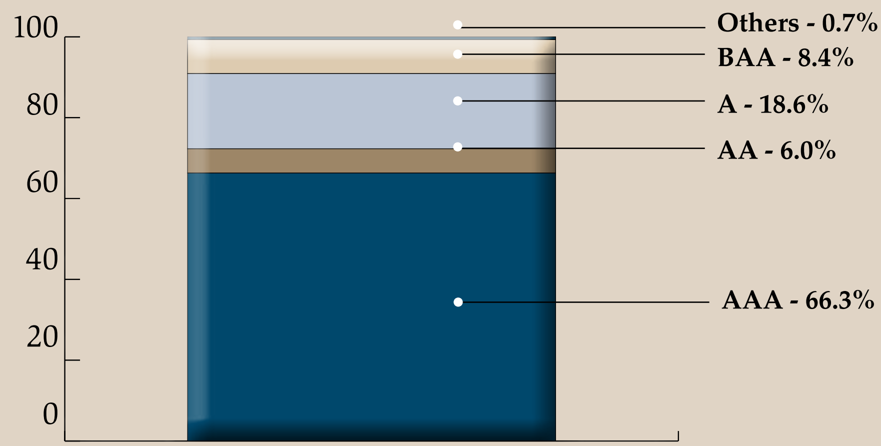


Ten Largest Domestic Fixed Income Holdings — June 30, 2010

Rank	Issue	Market Value	Percent of Fixed Income
1	U.S. Treasury Strips (Coupon) Due 11/15/2010	$ 199,855,600	1.4%
2	U.S. Treasury Strips (Coupon) Due 11/15/2011	124,732,750	0.9
3	AID - Israel 5.50% Due 4/26/2024	117,500,300	0.8
4	U.S. Treasury Note 3.625% Due 8/15/2019	105,742,200	0.7
5	U.S. Treasury Note 3.625% Due 2/15/2020	105,656,200	0.7
6	U.S. Treasury Strips (Coupon) Due 8/15/2011	99,726,700	0.7
7	U.S. Treasury Strips (Coupon) Due 8/15/2012	98,674,000	0.7
8	U.S. Treasury Note 7.50% Due 11/15/2016	98,574,772	0.7
9	U.S. TIP 2.375% Due 1/15/2017	89,504,675	0.6
10	U.S. Treasury Note 2.625% Due 12/31/2014	78,117,150	0.6
Total		**$1,118,084,347**	**7.8%**

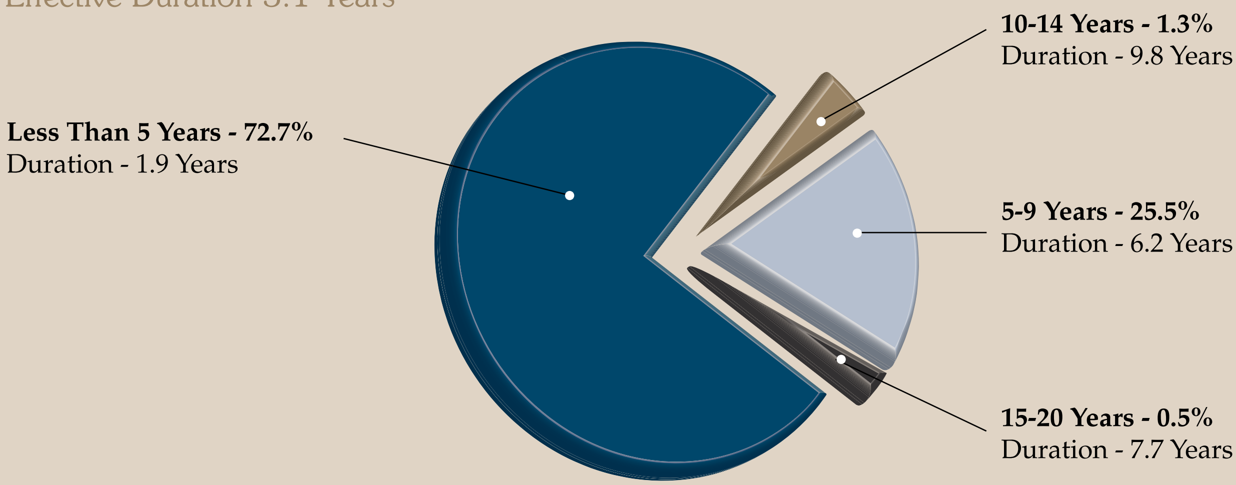
A complete list of the System's holdings is available on our Web site (see "Investments" under the heading "About NYSTRS") or through the Public Information Office.

Domestic Fixed Income Quality Distribution — June 30, 2010



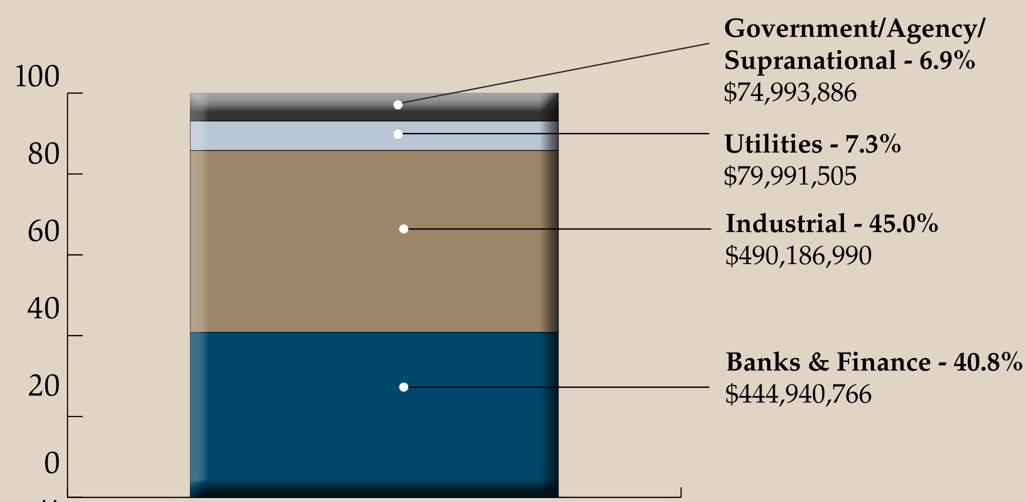
Domestic Fixed Income Average Maturity — June 30, 2010

Internally Managed Portfolio
Effective Duration 3.1 Years



Short-Term Sector Distribution — June 30, 2010

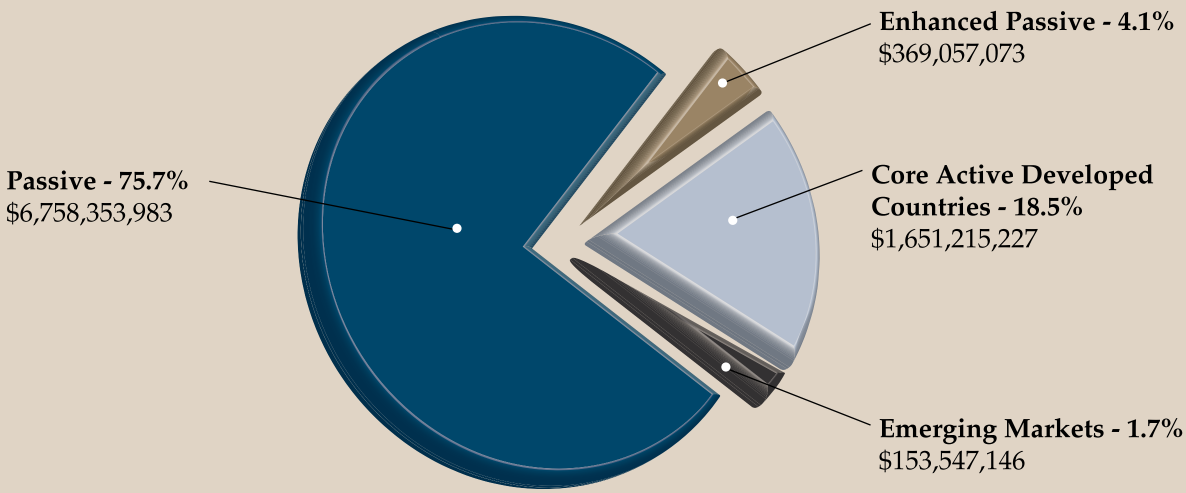
$1,090,113,147



International Equity Style Distribution — June 30, 2010

(commingled investments and ADRs)

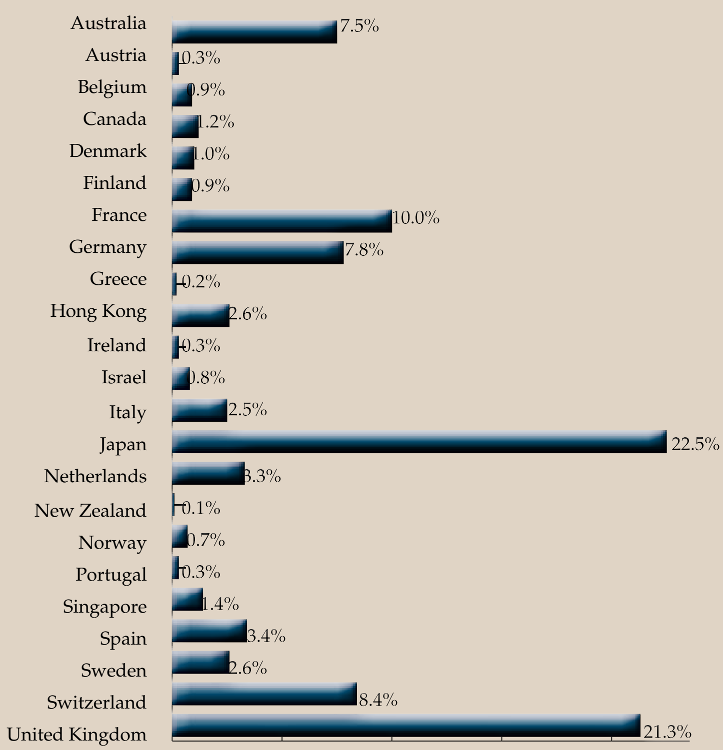
$8,932,173,429



International Equity Exposure Distribution — June 30, 2010

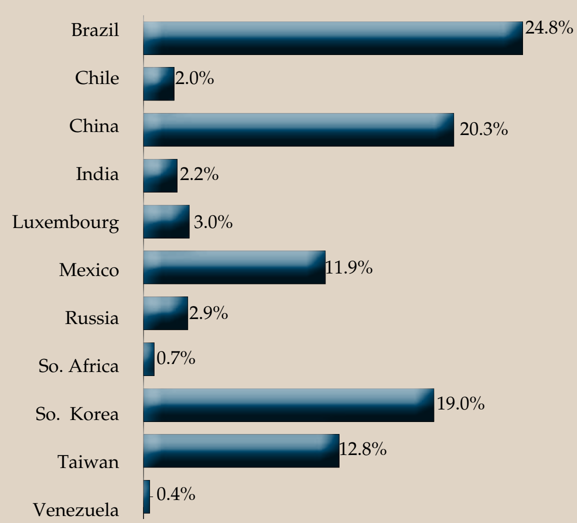
Developed Countries — Percentage of Portfolio

$8,778,626,283

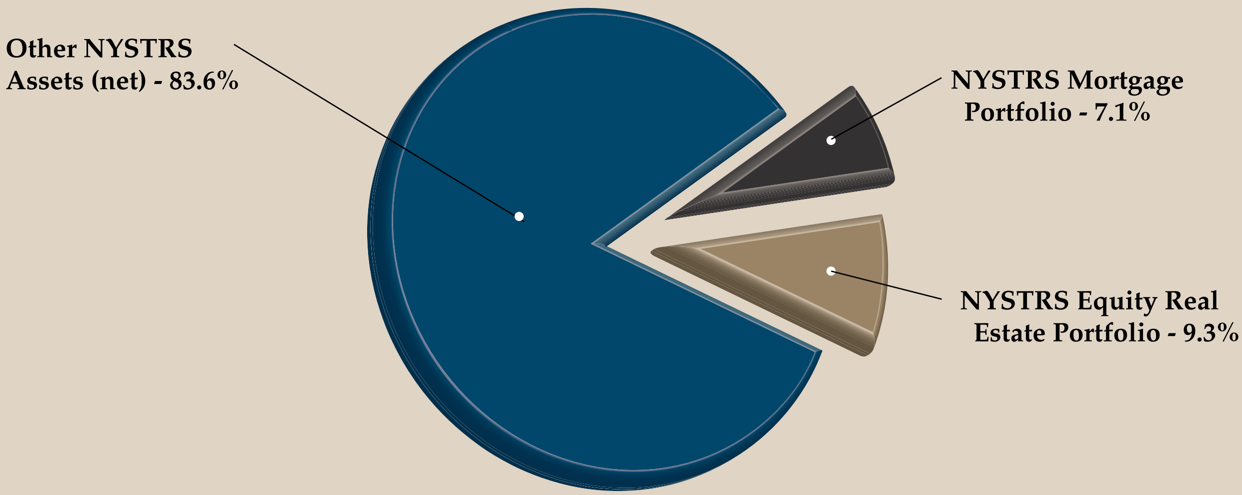


Emerging Markets — Percentage of Portfolio

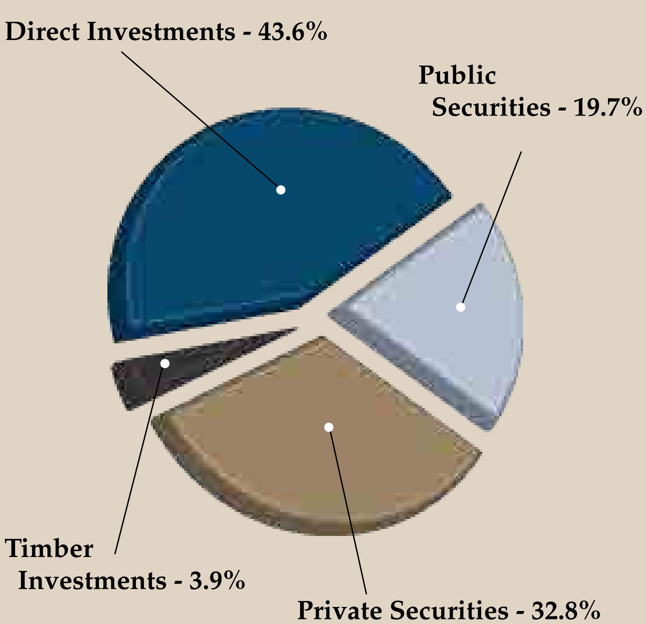
$153,547,146



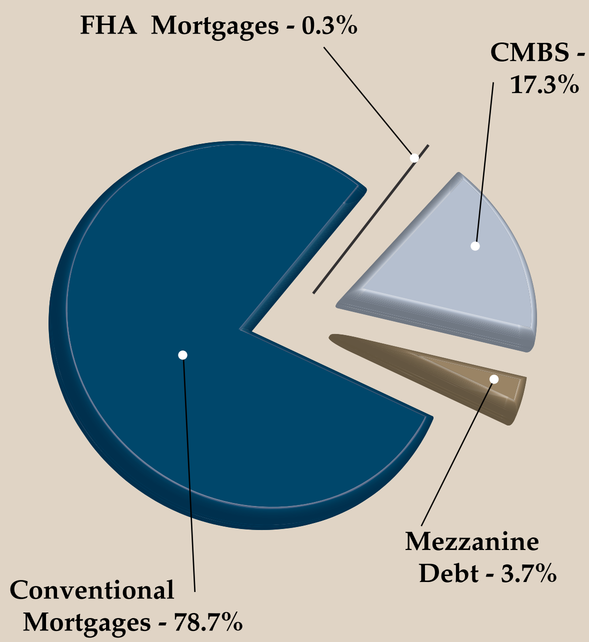
Real Estate as a Percentage of NYSTRS Total Net Assets — June 30, 2010



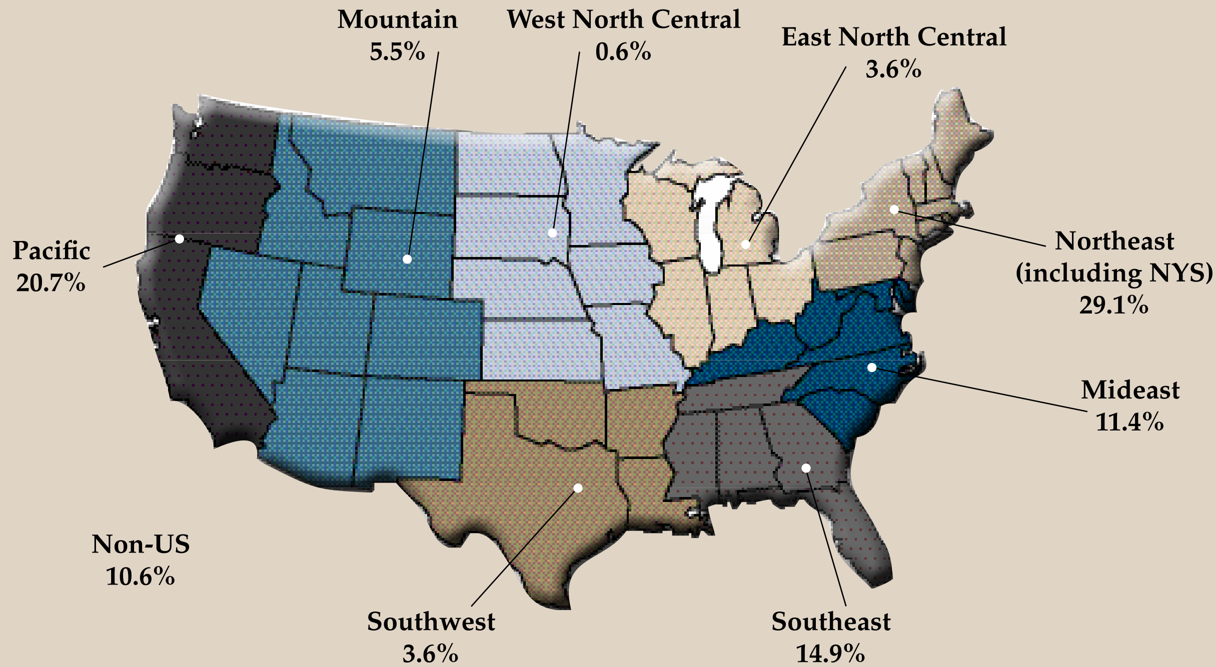
Breakdown of Real Estate Equity Portfolio — June 30, 2010



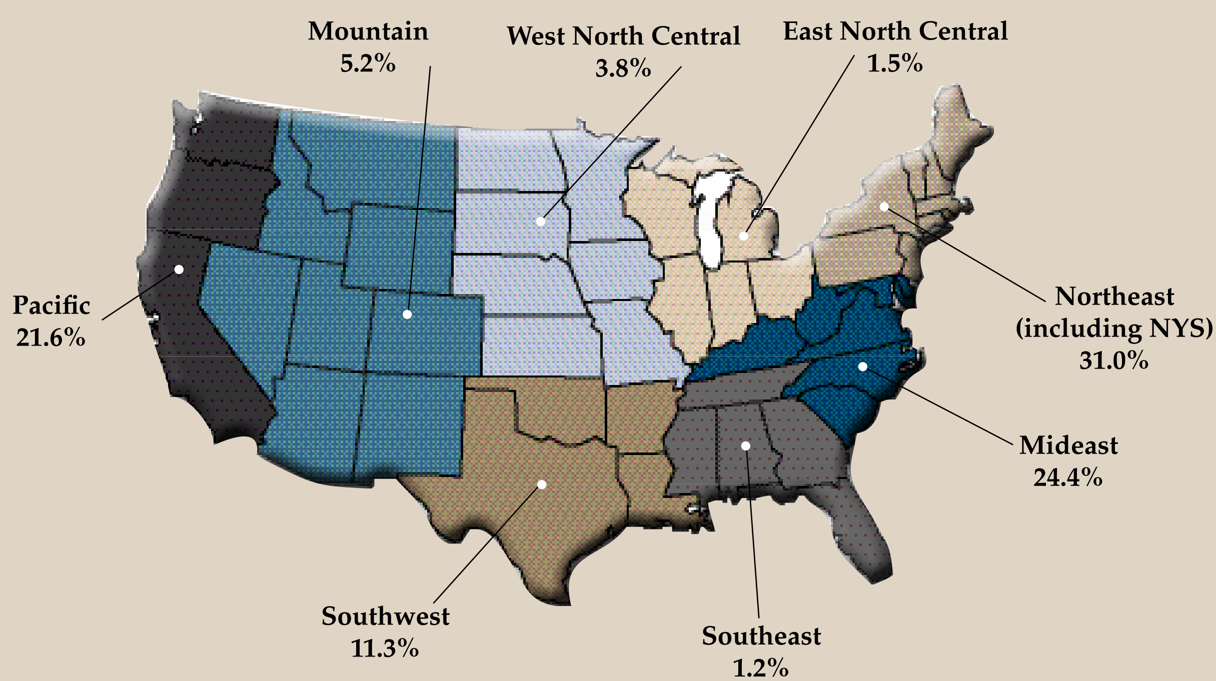
Breakdown of Mortgage Portfolio — June 30, 2010



Geographic Distribution of the Real Estate Equity Portfolio
— June 30, 2010



Geographic Distribution of the Mortgage Portfolio — June 30, 2010



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.

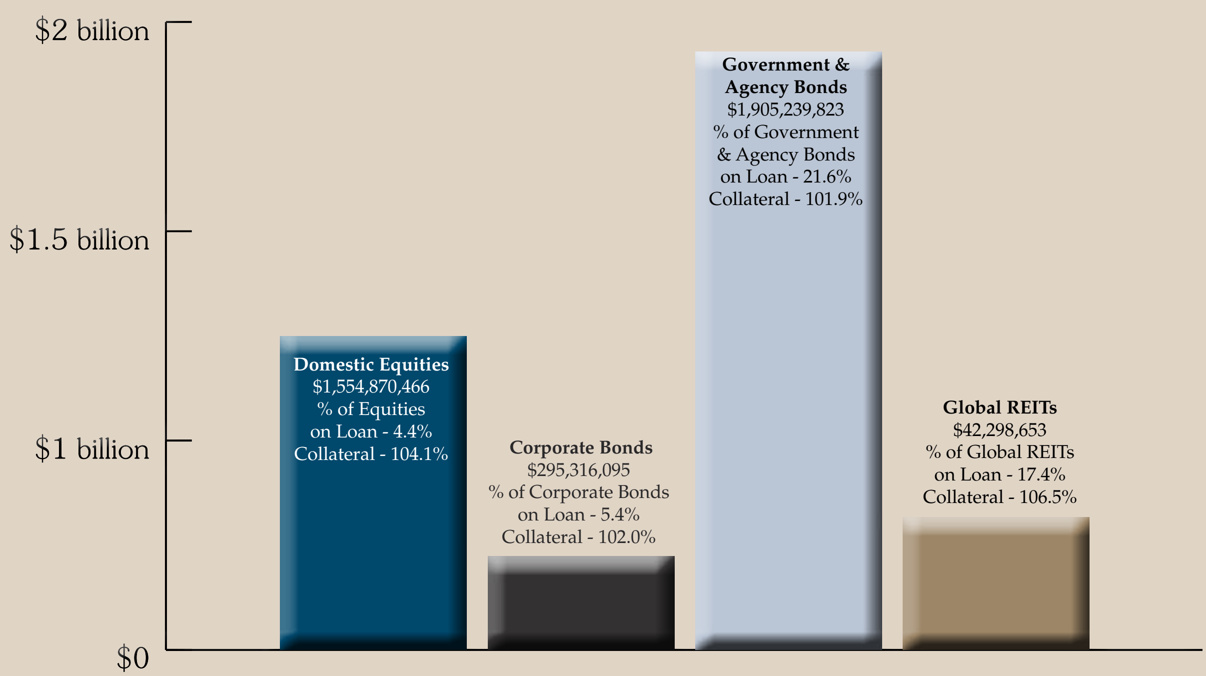
For the 2009 calendar year, a total of 17,107 proposals were voted, representing 2,028 meetings for the companies it owns in the System's equity portfolio. Many of the proxies focused on auditors/CPA, board-related issues, and executive compensation. System policies generally support management if the 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 (16,409)		
Position	Number of Proposals	Percentage of Position
For	14,237	87%
Against	2,074	12%
Abstain	98	1%

Shareholder Proposals (698)		
Position	Number of Proposals	Percentage of Position
For	313	45%
Against	385	55%
Abstain	---	0%

Securities Lending Program — June 30, 2010

Market Value on Loan - $3,797,725,037



Schedule of Investment Fees and Expenses — June 30, 2010

(dollars in thousands)

Fund Manager/Style	Investment Expenses
Domestic Fixed Income:	
BlackRock Financial Management	$ 803
ING Clarion Capital	692
Prima Capital Advisors	336
Total Domestic Fixed Income:	$ 1,831
Domestic Equity:	
Adelante Capital Management	$ 820
Bennett Lawrence Management	340
Cardinal Capital Management	594
Cohen & Steers Capital Management	1,737
Globeflex Capital	109
GW Capital	317
Hoover Investment Management Company	370
InView Investment Management	457
Iridian Asset Management	4,605
Insight Capital Research & Management	454
Paradigm Asset Management	376
Progress	1,812
Redwood Investments	34
Riverbridge Partners	288
RREEF America	957
Shapiro Capital Management Company	451
T. Rowe Price	942
The London Company of Virginia	141
Total Domestic Equity:	$14,804
International Equity:	
Artisan Partners	$ 819
Barclays Global Investors	1,431
Barclays Global Investors Fund II	733
Blackrock EAFE Index	357
Capital Guardian	3,211
Causeway Capital	487
Citigroup Alternative Investments	26
European Investors	629
Harris Associates	1,088
JP Morgan Asset Management	3,100
LaSalle Investment Management	488
Pyramis Global Advisors	2,111
SSGA - Passive Custom Fund	716
SSGA - Enhanced	52

(continued)

Fund Manager/Style	Investment Expenses
International Equity: *(continued)*	
Wellington Management Company	$ 371
RREEF America	473
Total International Equity:	$ 16,092
Mortgages:	
Deutsche Bank	$ 1
GEMSA	143
Heitman	17
NY Life	94
Prudential	8
TIAA	30
FHA Mortgages	3
Total Mortgages:	$ 296
Real Estate:	
Clarion	$ 3,650
Invesco	1,640
JP Morgan Asset Management	8,008
Kennedy	622
Real Estate Separate Accounts/Commingled	34,363
Sentinel	1,853
Total Real Estate:	$ 50,136
Alternative Investments	
Private Equity, Real Estate	$ 14,129
Total Alternative Investments:	$ 14,129
General Expenses:	
Callan Associates	$ 477
Chavez Ruiz Zamarripa ya Cia	6
EnnisKnupp	281
Investment Information Services	1,968
JP Morgan Chase	91
K&L Gates	14
Morgan Lewis & Bockius	156
Nixon Peabody	42
Real Estate Origination Costs	312
Shott Capital Management	90
State Street Corporation	628
StepStone Group	1,029
Stockbridge Risk Management	18
Total General Expenses:	$ 5,112
Total Investment Fees and Expenses	**$102,400**

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 Mid Cap
Iridian Asset Management LLC (Value)

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

Enhanced Large Cap
T. Rowe Price Associates Inc.

International Equities:

Active
Capital Guardian Trust Co.
JPMorgan Asset Management
Pyramis Global Advisors Trust Company

Passive
State Street Global Advisors
BlackRock Institutional Trust Co. N.A.

Custodian:

State Street Bank & Trust Co.

Securities Lending:

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

External Investment Managers (continued)

Private Equity - Limited Partnerships:

Abbott Select Buyout Fund II
Abbott Select Buyouts Fund
ABRY Mezzanine Partners
ABRY Partners Fund V
ABRY Partners Fund VI
ABRY Senior Equity Fund II
ABRY Senior Equity Fund III
AG Capital Recovery Partners VII, L.P.
Aisling Capital II, LP
Aisling Capital III, LP
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 IX
Charterhouse Capital Partners VII
Charterhouse Capital Partners VIII
Chisholm Partners III
Chisholm Partners IV
Cinven III
Cinven IV
Clayton Dubilier & Rice VI
Close Brothers Private Equity Fund VII
Co-Investment Partners (NY) II, L.P.
Co-Investment Partners (NY), L.P.
Co-Investment Partners Europe, L.P.
Compass Partners European Equity Fund
CS Strategic Partners IV - VC, L.P.
CS Strategic Partners IV, L.P.
CS/NYSTRS Cleantech Fund
CSFB Seasoned Primaries Fund II, L.P.
CSFB Seasoned Primaries Fund III, L.P.
CSFB Seasoned Primaries Fund, L.P.
CSFB Strategic Partners II
CSFB Strategic Partners III
CSFB Strategic Partners III - Venture
CVC European Equity Partners V, L.P.
DLJ Merchant Banking Partners III
Doughty Hanson & Co. V
Energy Capital Partners II, LP
Fairview Ventures Fund II
Fairview Ventures Fund III
Green Equity Investors V
GTCR Fund IX
GTCR Fund VIII
HarbourVest International PEP IV
HarbourVest International PEP V
HarbourVest International PEP VI - Asia Pacific Fund
HarbourVest Partners VIII-Venture Fund
HarbourVest Partners VII-Mezzanine Fund
HarbourVest Partners VII-Venture Fund
HarbourVest VI - Partnership Fund
Hellman & Friedman IV
Hellman & Friedman V
Hellman & Friedman VI
Hellman & Friedman VII
Horsley Bridge 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.
JP Morgan Venture Capital II
JP Morgan 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 Market 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
P123 Ltd
Parish Capital Buyout Fund I
Parish Capital Europe I, L.P.
Parish Capital Europe II, L.P.
Parish Capital Fund II, L.P.
Parish Capital III, L.P.
Peninsula Fund V, L.P.
Permira IV
Phoenix Equity Partners 2010 Fund

External Investment Managers (continued)

Private Equity - Limited Partnerships: (continued)

Pine Brook Capital Partners, L.P.
Riverstone/Carlyle Global Energy and Power Fund IV
Silver Lake Partners II
Silver Lake Partners III
Sterling Group Partners III, L.P.
Sun Capital Partners V, L.P.
Technology Crossover Ventures IV
Technology Crossover Ventures V
Technology Crossover Ventures VI
Technology Crossover Ventures VII
The Resolute Fund II, L.P.
Thomas H. Lee V
Thomas H. Lee VI
TPG Partners III
TPG Partners IV
TPG Partners V
TPG Partners VI
TSG4 (TSG Consumer Partners)
TSG5
Valhalla Partners II, L.P.
VantagePoint NY Venture Partners
VantagePoint Venture Partners 2006
VantagePoint Venture Partners IV
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
Wynnchurch Capital Partners III, L.P.

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Hines Interests Limited Partnership
ING Clarion
ING Real Estate
JPMorgan Asset Management
Landmark Partners, Inc.
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MGPA
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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

Ennis, Knupp & Associates, Inc.
Chicago, Illinois

Callan Associates
San Francisco, California

StepStone Group LLC
La Jolla, California

ACTUARIAL

Retiree expenditures from public pension benefits to New Yorkers support thousands of in-state jobs, accounting for billions of dollars in wages and salaries. These pension payments also provide substantial revenue to federal, state and local governments.

ACTUARIAL

Actuarial Certification Letter

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

Office of the Actuary
(518) 447-2692

September 28, 2010

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, 2009. This valuation relies on member data provided by the participating employers to the Retirement System. The administrative and actuarial staffs 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.

The fiscal year ended June 30, 2009 encompassed the severe financial meltdown in the capital markets, and the System's market value rate of return was -20.5% for the year. The System's five-year annualized rate of return dropped to 1.9%. The June 30, 2009 actuarial valuation produced a required employer contribution rate of 8.62% of payroll, representing an increase of 39% over the prior year's rate of 6.19%.

Looking ahead, the markets rebounded during the fiscal year ended June 30, 2010 and the System returned to a positive rate of return, with an annual return of approximately 12%. This by no means makes up for the large investment loss incurred during the '08-'09 fiscal year, however. The smoothing method dampened the immediate impact of the loss, but it will continue to exert upward pressure on the employer contribution rate for the next several years, making it likely that the System will continue to see significant increases in the rate in succeeding years.

continued on next page

Actuarial Certification Letter (continued)

Retirement Board Page 2 September 28, 2010

Chapter 504 of the Laws of 2009 created a new tier of membership — Tier 5 — for members joining on or after January 1, 2010. The new Tier 5 benefit structure, described elsewhere in this report, represents a benefit reduction for new members, as well as a significant shifting of costs from employer to employee with the increase in both the employee contribution rate (to 3.5%) and the length of time it must be made (throughout the working career). This change will first affect the next valuation, although it will be several years or more before Tier 5 members make up a large enough percentage of the membership for it to have a noticeable impact on the System's overall employer contribution rate. In time it will have an impact, however, and Tier 5's less costly benefit structure will serve to lower the rate.

There was no other legislation enacted during the 2009 Legislative Session that had a significant impact on plan funding. Two early retirement incentives were enacted during 2010 — Chapters 45 and 105 — which have led to an increase in the number of retirements during the summer of 2010.

The plan's funded ratio as of June 30, 2009, calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 50, was 103.2%. Various exhibits in this section provide further information on the actuarial assets, liabilities, and the funding level.

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

Respectfully submitted,

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

cc: T. Lee

Summary of Actuarial Methods and Assumptions — June 30, 2009

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, 2009 (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.

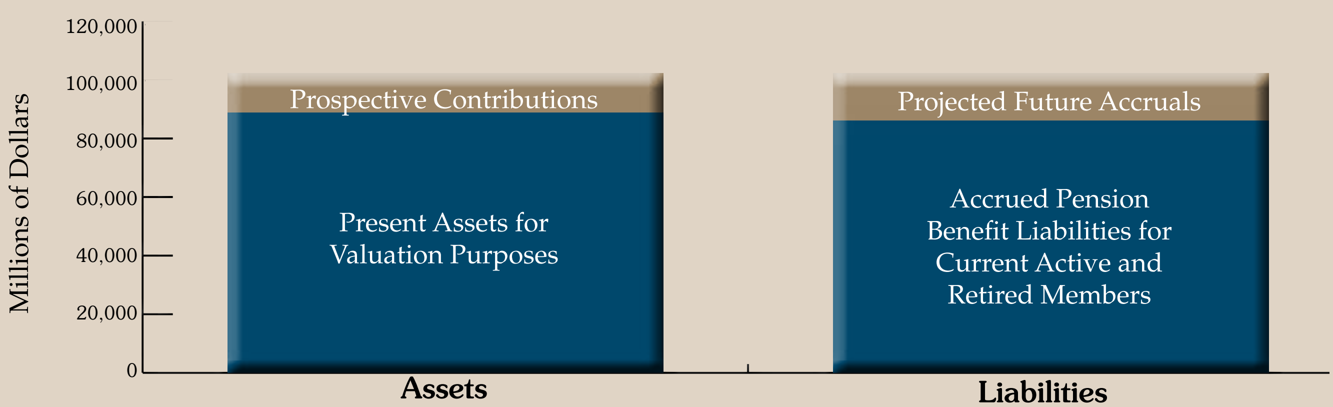
The following balance sheet furnishes this comparison. It presents the results of the annual actuarial valuation of the present and prospective assets and liabilities of the Retirement System, which was prepared by the Actuary as of June 30, 2009.

Assets	
Present Assets of System for Valuation Purposes*	$88,805,482
Present Value of Prospective Contributions to Pension Accumulation Fund:	
from Employer Contributions	12,931,446
from Member Contributions	623,110
Total Assets	$102,360,038

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

Liabilities	
Present Value of Future Benefits for:	
Retired Members and Beneficiaries	$49,087,025
Active Members	53,227,809
Member Contributions Accumulated to Date in the Annuity Savings Fund	21,218
Benefits Due and Unpaid	23,986
Total Liabilities	$102,360,038

Comparison of Assets and Liabilities — June 30, 2009



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.

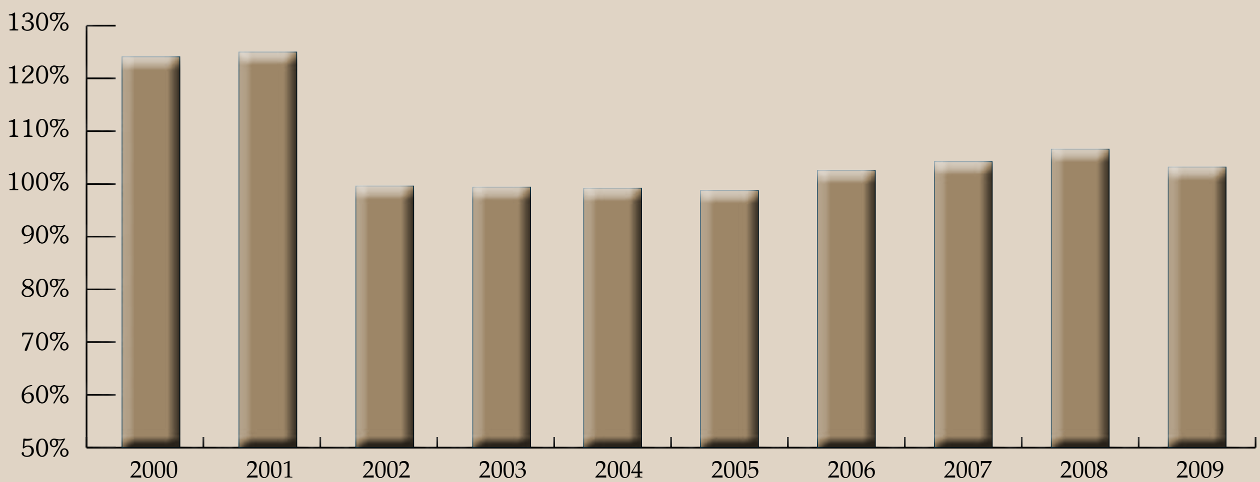
NYSTRS' funding method has allowed the accumulation of assets sufficient for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress

(in millions)

Fiscal Year Ended	Actuarial Value of Assets*	Accrued Pension Benefit Liability**	Percent Funded
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
2009	88,805.5	86,062.0	103.2

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)

Fiscal Year Ended	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%
2009	3,665.9	49,091.3	33,304.8	88,805.5	100.0%	100.0%	108.2%

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 Ended June 30, 2009
Salary/Service	+0.06
Net Investment Loss	+1.94
New Entrants	+0.22
Withdrawal	+0.21
Mortality	+0.02
Retirement	-0.21
Pension Payments	+0.22
Cost-of-Living Adjustment	+0.02
Expense Rate	-0.05
Total Change in Employer Contribution Rate	**+2.43%**

History of Member Payroll and the Employer Contribution Rate

Fiscal Year Ended	Active Members	Annual Member Payroll (in millions)	Percent Increase In Annual Member Payroll	Average Full-Time Member Salary	Employer Contribution Rate (Percent of Payroll)
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	14,366.4	4.9	68,737	7.63
2010	285,774	14,922.0*	3.9*	N/A	6.19

*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 Ended	**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**
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
2010	5,879	3,460	287,886,459	88,868,015	141,716	5,455,153,878	3.79	38,494

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

Independent Actuarial Review

KPMG
345 Park Avenue
New York, NY 10154

Telephone 212 758 9700
Fax 212 758 9819
Internet www.us.kpmg.com

September 28, 2010

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, 2008 and the resultant employer contribution rate of 6.19% applied to the payroll for the fiscal year ended June 30, 2010.

- A review of the methodology used to estimate the payroll as of June 30, 2010, and the employer and employee contributions receivable as of June 30, 2010.

- A review of the System's Experience Studies as of June 30, 2008 and 2009, 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, 2010, 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

STATISTICAL

Defined benefit plan assets are professionally managed at significantly lower fees than 401(k)-style defined contribution plans. Statistics show the cost to manage a 401(k)-style plan is \$1.25 - \$2.00 per \$100 of assets. By comparison, the median cost to manage that same \$100 in a defined benefit plan is 10 cents.

STATISTICAL

The objective of the statistical section is to provide financial statement users with historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the economic condition of NYSTRS.

2010 Demographic & Economic Information

The schedules on pages 91–103 are intended to assist users in understanding the environment within which NYSTRS operates and to provide information that facilitates comparisons of financial statement information over time and among similar entities. The demographic and economic information schedules presented are:

Page

2010 Financial Trends Information

The schedules on pages 104–108 are intended to assist users in understanding and assessing how the financial position of NYSTRS has changed over time. The financial trend schedules presented are:

2010 Operating Information

The schedules on pages 109–120 are intended to provide contextual information about the operations and resources of NYSTRS to assist readers in using financial statement information. The operating information schedules presented are:

2010 Demographic & Economic Information

Active Members:

	Male	Female	Total
June 30, 2009	66,977	213,361	**280,338**
Changes During Year:			
Added	4,205	12,050	**16,255**
Withdrawn	1,321	3,817	**5,138**
Retired	1,518	3,983	**5,501**
Died	74	106	**180**
June 30, 2010	68,269	217,505	**285,774**

Members Retired for:

	Service*			Disability			Total		
	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
June 30, 2009	48,964	83,265	132,229	537	1,521	2,058	**49,501**	**84,786**	**134,287**
Changes During Year:									
Retired	1,496	3,890	5,386	22	93	115	**1,518**	**3,983**	**5,501**
Died	1,122	1,751	2,873	25	81	106	**1,147**	**1,832**	**2,979**
Lump Sum	45	137	182	0	0	0	**45**	**137**	**182**
Restored to Active Membership	0	0	0	0	1	1	**0**	**1**	**1**
June 30, 2010	49,293	85,267	134,560	534	1,532	2,066**	**49,827**	**86,799**	**136,626**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
June 30, 2009	962	3,591	4,553	81	169	250	32	175	207	**1,075**	**3,935**	**5,010**
Changes During Year:												
Added	98	270	368	5	5	10	0	0	0	**103**	**275**	**378**
Died	76	203	279	3	5	8	1	10	11	**80**	**218**	**298**
June 30, 2010	984	3,658	4,642	83	169	252	31	165	196	**1,098**	**3,992**	**5,090**

Summary:

	Male	Female	Total
Active Members	68,269	217,505	**285,774**
Retired Members	49,827	86,799	**136,626**
Beneficiaries	1,098	3,992	**5,090**
Total	119,194	308,296	**427,490**

**Also includes vested retirees.*
***Includes 43 males and 50 females retired for disability who receive a service benefit.*

Distribution of Active Members by Age and Years of Service*

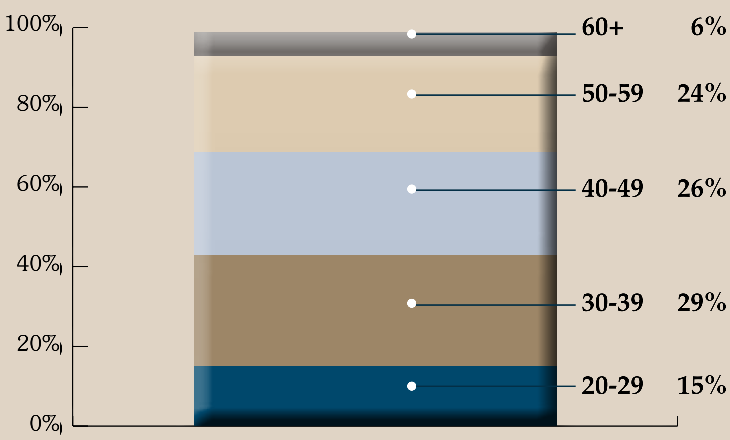
As of June 30, 2009

Age		Years of Service 0-5	6-10	11-15	16-20	21-25
20-24	**Number of Members**	**8,626**	**2**	**0**	**0**	**0**
	Average Salary	*$37,986*	*$42,102*	*$0*	*$0*	*$0*
25-29	**Number of Members**	**30,439**	**3,202**	**0**	**0**	**0**
	Average Salary	*$48,288*	*$59,625*	*$0*	*$0*	*$0*
30-34	**Number of Members**	**19,509**	**19,128**	**1,900**	**0**	**0**
	Average Salary	*$52,531*	*$64,111*	*$71,959*	*$0*	*$0*
35-39	**Number of Members**	**12,192**	**13,849**	**12,798**	**1,041**	**2**
	Average Salary	*$50,112*	*$65,990*	*$74,790*	*$78,844*	*$58,767*
40-44	**Number of Members**	**10,281**	**8,578**	**9,075**	**7,516**	**1,054**
	Average Salary	*$45,077*	*$62,466*	*$75,478*	*$81,840*	*$84,078*
45-49	**Number of Members**	**9,656**	**7,213**	**5,639**	**5,225**	**7,004**
	Average Salary	*$41,624*	*$55,877*	*$69,653*	*$80,963*	*$86,868*
50-54	**Number of Members**	**7,254**	**5,947**	**5,485**	**4,404**	**5,313**
	Average Salary	*$41,550*	*$53,271*	*$65,338*	*$76,814*	*$87,644*
55-59	**Number of Members**	**4,549**	**3,765**	**4,409**	**4,503**	**5,117**
	Average Salary	*$42,220*	*$55,074*	*$65,392*	*$75,613*	*$84,358*
60-64	**Number of Members**	**2,234**	**1,339**	**1,535**	**2,096**	**2,748**
	Average Salary	*$46,301*	*$54,518*	*$63,569*	*$74,335*	*$83,176*
65-69	**Number of Members**	**673**	**305**	**305**	**375**	**438**
	Average Salary	*$40,653*	*$54,757*	*$62,596*	*$74,222*	*$77,637*
70+	**Number of Members**	**324**	**80**	**79**	**70**	**80**
	Average Salary	*$25,443*	*$42,627*	*$49,471*	*$63,325*	*$68,832*
Total	**Number of Members**	**105,737**	**63,408**	**41,225**	**25,230**	**21,756**
	Average Salary	*$47,277*	*$61,510*	*$71,507*	*$78,813*	*$85,616*

**Average salary data is for the 200,489 members who earned a full year of service.*

Distribution of Active Members by Age

As of June 30, 2009



Averages

As of June 30, 2009

	Age	Years of Service
Female	43	10
Male	42	11

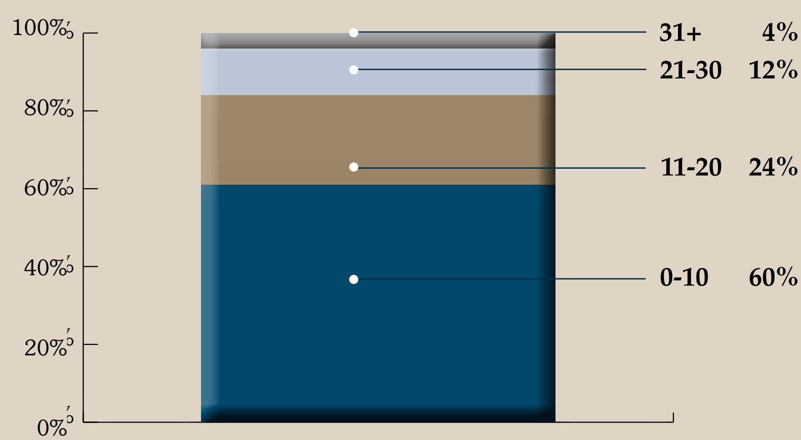
Distribution of Active Members by Age and Years of Service* (continued)

As of June 30, 2009

Years of Service						
26-30	31-35	36-40	41-45	46-50	51+	Total
0	**0**	**0**	**0**	**0**	**0**	**8,628**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$37,989*
0	**0**	**0**	**0**	**0**	**0**	**33,641**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$49,972*
0	**0**	**0**	**0**	**0**	**0**	**40,537**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$60,968*
0	**0**	**0**	**0**	**0**	**0**	**39,882**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$67,564*
0	**0**	**0**	**0**	**0**	**0**	**36,504**
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$69,931*
750	**2**	**0**	**0**	**0**	**0**	**35,489**
$87,886	*$157,459*	*$0*	*$0*	*$0*	*$0*	*$70,028*
5,272	**1,028**	**4**	**0**	**0**	**0**	**34,707**
$92,635	*$96,126*	*$117,732*	*$0*	*$0*	*$0*	*$73,636*
4,467	**4,659**	**882**	**2**	**0**	**0**	**32,353**
$94,426	*$99,347*	*$106,475*	*$127,140*	*$0*	*$0*	*$80,467*
1,936	**1,200**	**1,484**	**153**	**0**	**0**	**14,725**
$94,560	*$101,964*	*$109,100*	*$123,885*	*$0*	*$0*	*$83,564*
340	**194**	**169**	**165**	**17**	**0**	**2,981**
$89,100	*$97,111*	*$103,562*	*$113,243*	*$110,068*	*$0*	*$80,588*
68	**49**	**47**	**32**	**39**	**23**	**891**
$77,895	*$77,879*	*$97,939*	*$112,836*	*$106,207*	*$114,547*	*$72,882*
12,833	**7,132**	**2,586**	**352**	**56**	**23**	**280,338**
$93,097	*$99,133*	*$107,651*	*$117,925*	*$107,400*	*$114,547*	*$68,737*

Distribution of Active Members by Service

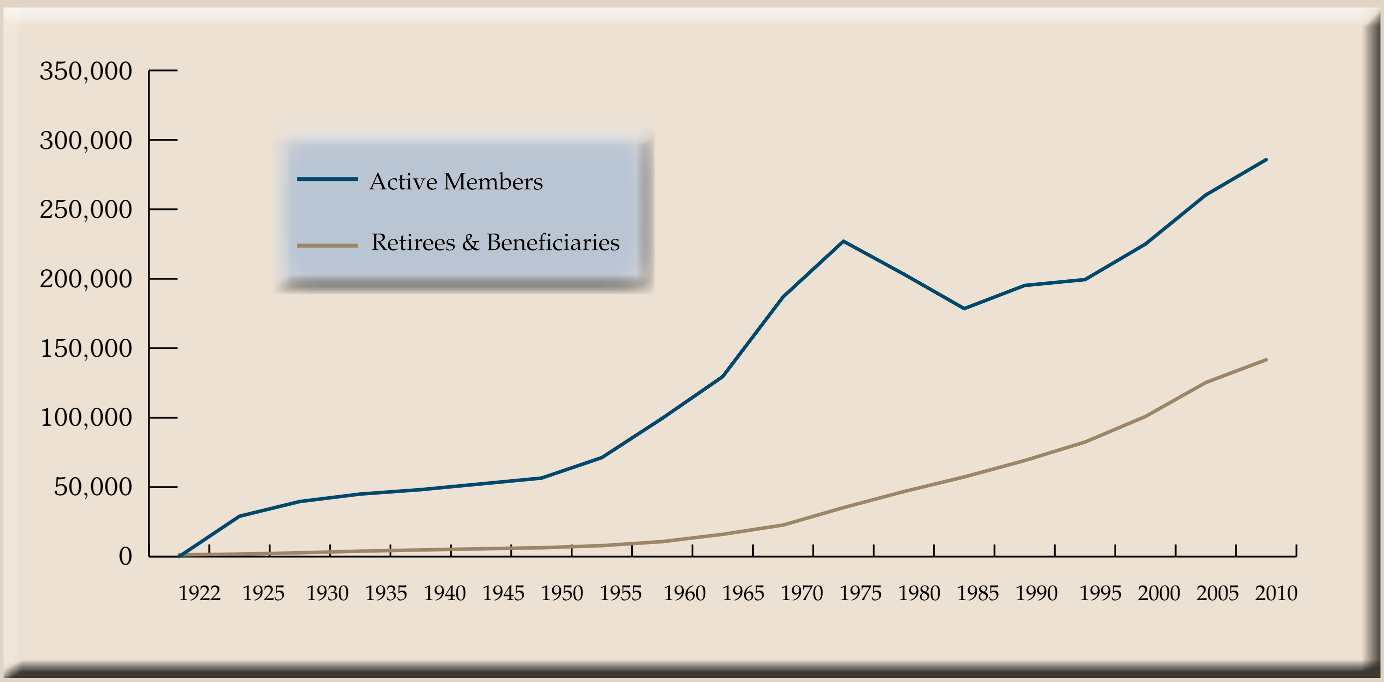
As of June 30, 2009



Active Members and Annuitants 1922-2010

As of June 30	Active Members	Retirees & Beneficiaries	As of June 30	Active Members	Retirees & Beneficiaries
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
			2010	285,774	141,716

See related graph below



Number of Active Members by Tier

As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
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
2010	5,582	5,706	14,942	255,966	3,578	285,774

Members Retired in 2009-2010 for:

	Service*	Disability
Number Retired	**5,386**	**115**
Age at Retirement:		
Average	60 yrs., 0 mos.	52 yrs., 6 mos.
Median	59 yrs., 7 mos.	53 yrs., 3 mos.
Years of Service:		
Average	27 yrs., 5 mos.	18 yrs., 3 mos.
Median	30 yrs., 1 mo.	18 yrs., 0 mos.
**Benefit:		
Average	$46,489	$24,111
Median	$48,232	$22,742
Final Average Salary:		
Average	$79,615	$67,467
Median	$80,087	$65,361
***Benefit as % of FAS:		
Average	52.50%	34.47%
Median	60.17%	33.33%

Members Retired in 2009-2010 for Service* With:

	Less Than 20 Years N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired	**1,085**	**2,873**	**1,428**
Age at Retirement:			
Average	60 yrs., 5 mos.	59 yrs., 8 mos.	60 yrs., 3 mos.
Median	59 yrs., 11 mos.	59 yrs., 3 mos.	59 yrs., 10 mos.
Years of Service:			
Average	11 yrs., 6 mos.	28 yrs., 2 mos.	38 yrs., 4 mos.
Median	11 yrs., 3 mos.	30 yrs., 0 mos.	38 yrs., 0 mos.
**Benefit:			
Average	$7,845	$46,291	$76,247
Median	$5,386	$46,340	$71,940
Final Average Salary:			
Average	$42,869	$83,134	$100,455
Median	$36,268	$80,931	$93,621
***Benefit as % of FAS:			
Average	16.62%	54.49%	75.76%
Median	15.74%	60.00%	76.00%

**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, 2010 Retired for:

	Service*	Disability
Number Retired	**134,653**	**1,973**
Age at Retirement:		
Average	58 yrs., 2 mos.	49 yrs., 5 mos.
Median	56 yrs., 11 mos.	50 yrs., 2 mos.
Years of Service:		
Average	28 yrs., 4 mos.	19 yrs., 0 mos.
Median	30 yrs., 6 mos.	18 yrs., 5 mos.
**Benefit:		
Average	$37,005	$17,620
Median	$36,471	$15,857
Final Average Salary:		
Average	$61,683	$47,331
Median	$61,889	$46,626
***Benefit as % of FAS:		
Average	55.27%	36.22%
Median	60.89%	33.33%

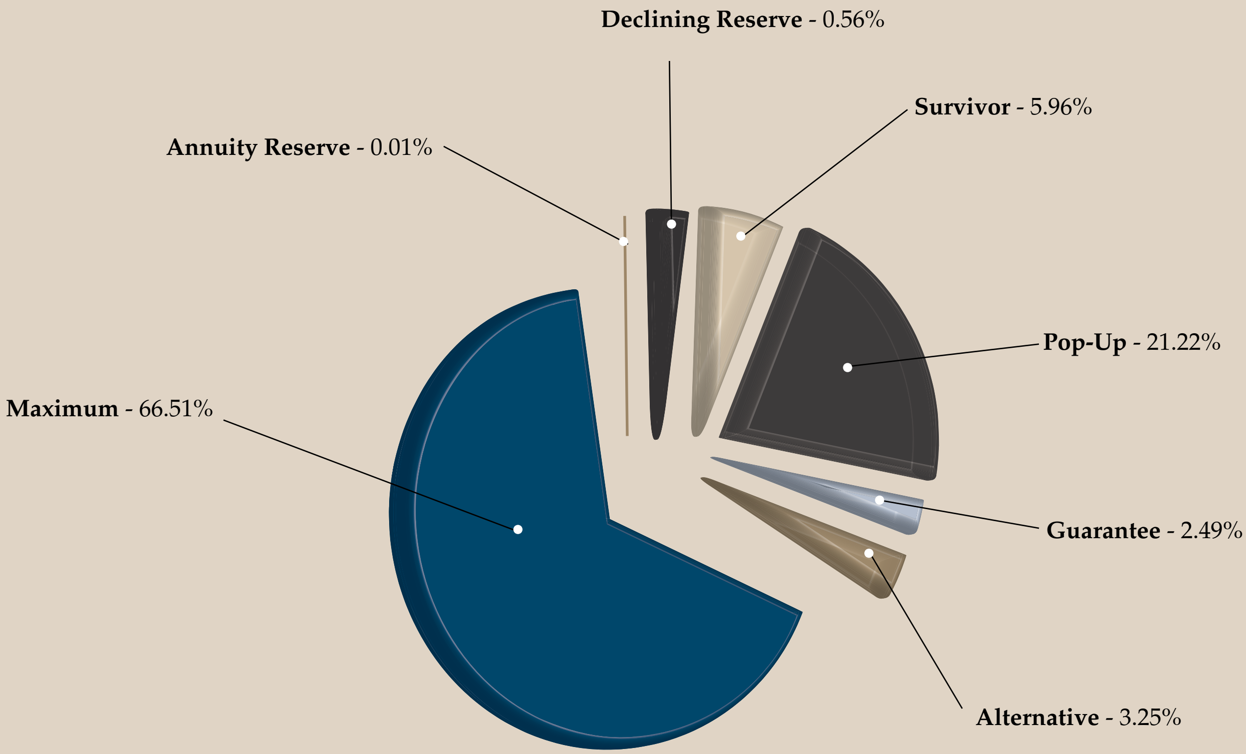
All Retirees as of June 30, 2010 Retired for Service* With:

	Less Than 20 Years N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired	**22,269**	**79,618**	**32,766**
Age at Retirement:			
Average	58 yrs., 5 mos.	57 yrs., 11 mos.	58 yrs., 7 mos.
Median	56 yrs., 7 mos.	56 yrs., 6 mos.	57 yrs., 11 mos.
Years of Service:			
Average	14 yrs., 2 mos.	28 yrs., 7 mos.	37 yrs., 2 mos.
Median	14 yrs., 3 mos.	30 yrs., 0 mos.	36 yrs., 6 mos.
**Benefit:			
Average	$7,324	$36,064	$59,463
Median	$5,576	$35,055	$57,009
Final Average Salary:			
Average	$32,809	$62,067	$80,374
Median	$26,611	$61,419	$77,627
***Benefit as % of FAS:			
Average	21.92%	56.95%	73.86%
Median	20.56%	59.56%	73.11%

**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.*

Retirement Benefit Options and Percent of Election

2006-2010 Retirees



Retired Members' Characteristics*

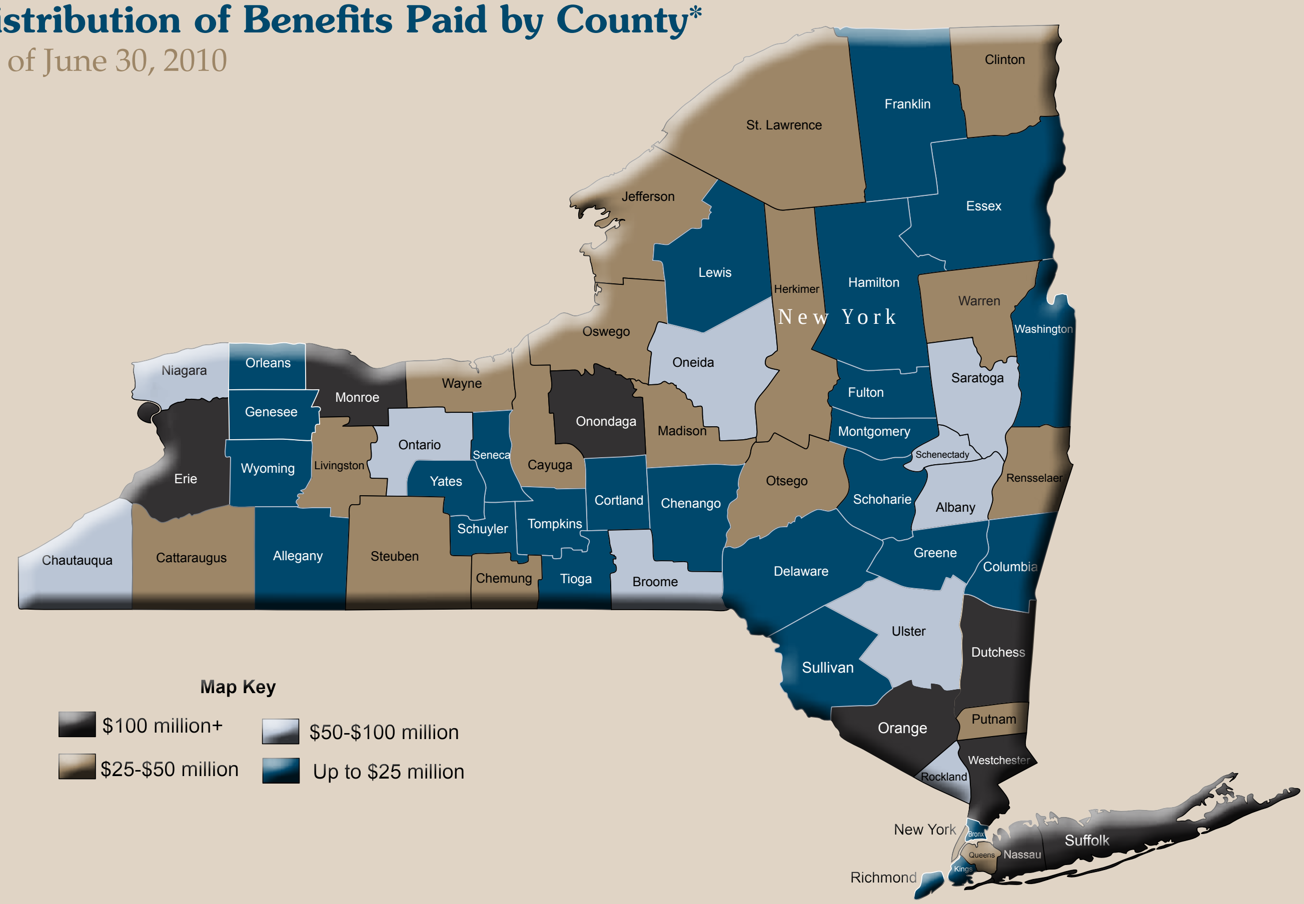
By Year of Retirement

Retired in Fiscal Year Ended	Number of Retired Members	Average Age at Retirement (yrs.- mos.)	Average Service at Retirement (yrs.- mos.)	Average Final Average Salary	Average Maximum Annual Benefit
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
2010	5,501	60-0	27-5	79,615	46,489

** Averages are for service and vested retirees.*

Distribution of Benefits Paid by County*

As of June 30, 2010



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	2,577	$89,625,990	Jefferson	1,138	$36,651,945	St. Lawrence	1,432	$45,875,973
Allegany	561	$16,634,947	Kings	175	$6,876,066	Saratoga	2,669	$98,699,102
Bronx	208	$9,312,973	Lewis	286	$8,988,229	Schenectady	1,538	$53,563,684
Broome	2,025	$67,651,333	Livingston	794	$27,122,085	Schoharie	359	$12,206,948
Cattaraugus	847	$28,494,843	Madison	839	$28,207,113	Schuyler	223	$6,087,129
Cayuga	824	$27,980,547	Monroe	7,084	$262,184,232	Seneca	369	$11,717,446
Chautauqua	1,726	$59,417,361	Montgomery	528	$17,174,545	Steuben	1,236	$39,456,668
Chemung	956	$31,150,679	Nassau	8,213	$384,755,569	Suffolk	14,744	$762,231,324
Chenango	585	$17,123,559	New York	1,130	$44,533,583	Sullivan	628	$24,031,596
Clinton	1,036	$34,683,275	Niagara	2,046	$79,820,835	Tioga	486	$16,321,957
Columbia	672	$23,470,952	Oneida	2,685	$90,106,919	Tompkins	808	$23,605,769
Cortland	617	$19,155,885	Onondaga	5,090	$170,934,158	Ulster	2,006	$78,886,774
Delaware	508	$15,655,854	Ontario	1,480	$52,285,225	Warren	1,165	$41,358,299
Dutchess	2,577	$104,599,811	Orange	2,535	$104,291,317	Washington	648	$21,869,982
Erie	9,341	$370,466,558	Orleans	398	$14,829,642	Wayne	1,104	$37,845,245
Essex	540	$16,562,867	Oswego	1,393	$46,783,383	Westchester	5,454	$249,933,923
Franklin	572	$18,407,973	Otsego	958	$28,686,140	Wyoming	446	$15,288,397
Fulton	730	$24,918,683	Putnam	758	$35,552,370	Yates	416	$13,219,570
Genesee	664	$23,647,833	Queens	796	$35,131,725			
Greene	421	$14,257,115	Rensselaer	1,279	$45,915,559	Out of State	35,290	$1,057,164,070
Hamilton	138	$4,506,816	Richmond	38	$1,539,068			
Herkimer	885	$27,062,545	Rockland	2,042	$93,273,393	**Grand Total**	**141,716**	**$5,269,795,356**

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

Distribution of Retired Members and Beneficiaries by Tier

As of June 30, 2010

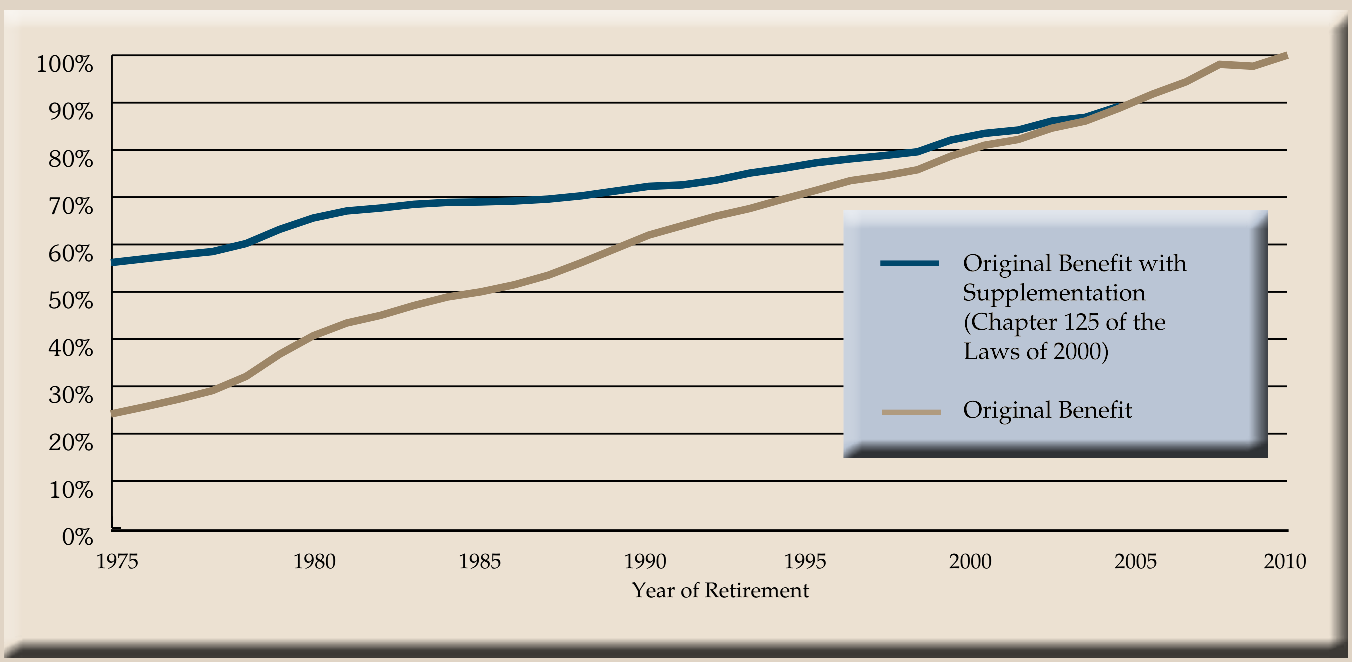
	Tier 1	Tier 2	Tier 3		Tier 4	Total
Members Retired for:						
Service*	105,760	12,676	7,434	(264)**	8,690	134,560
Disability	986	215	280	(36)**	585	2,066
Beneficiaries of Deceased:						
Service Annuitants	4,326	150	95	(3)**	71	4,642
Disability Annuitants	189	22	24	(5)**	17	252
Active Members	193	2	1	(0)**	0	196
Total	**111,454**	**13,065**	**7,834**	**(308)****	**9,363**	**141,716**

** Also includes vested retirees.*

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

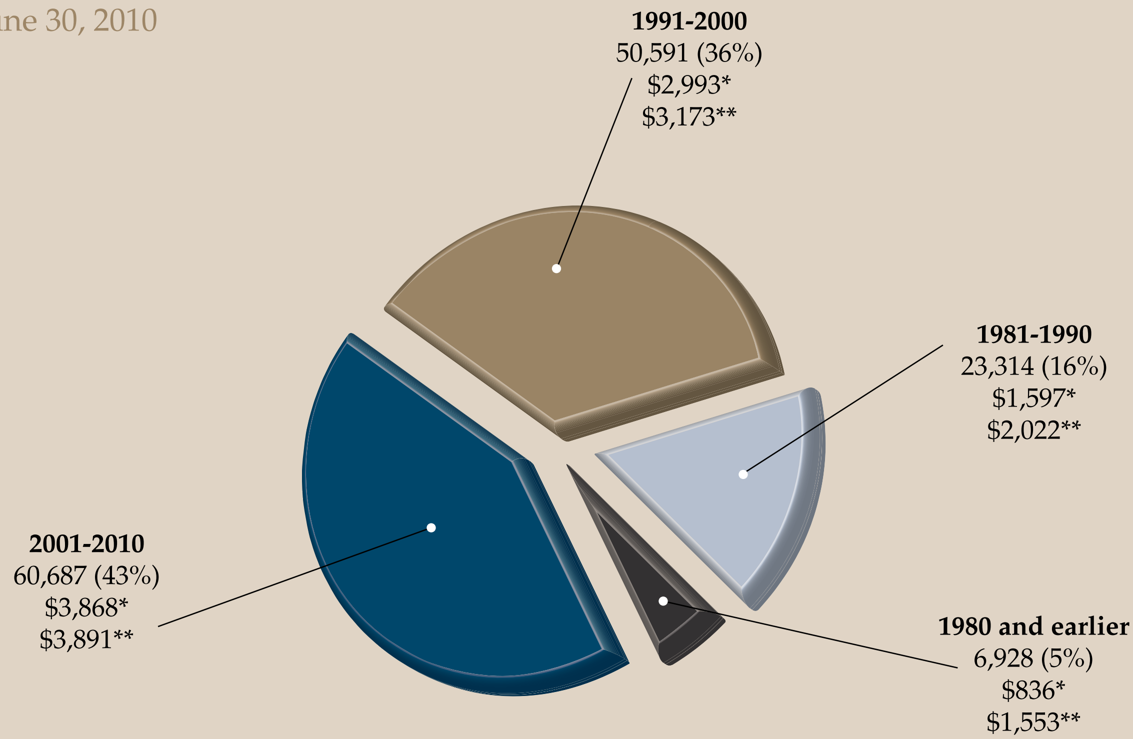
Retired Members — Remaining Purchasing Power Through 2010

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 2010 in accordance with Chapter 125 of the Laws of 2000.



Retired Members and Beneficiaries with Monthly Benefits By Decade of Retirement

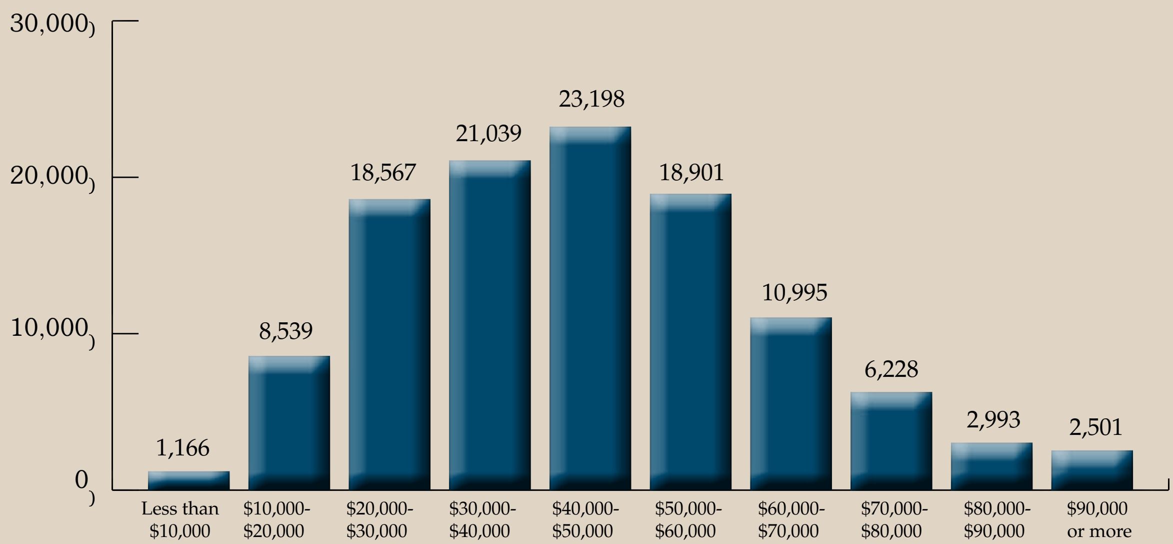
As of June 30, 2010



**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, 2010



**Maximum annual retirement benefit including supplementation and COLA.*

Distribution of Monthly COLA Increase Commencing September 2010

Monthly COLA Increase	Number of Retired Members and Beneficiaries
$18.00	83,764
$15.00 - $17.99	3,832
$12.00 - $14.99	3,371
$9.00 - $11.99	6,699
$6.00 - $8.99	3,743
$3.00 - $5.99	5,161
$0.01 - $2.99	3,044
$0 (currently ineligible)	32,102
Total	**141,716**

Commencing September	Fiscal Year Ended 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
2010	2.31%	1.2%	$18,000	$18.00	$210.00	$15.86	$180.94

Distribution of Cumulative Monthly COLA Commencing September 2010

Cumulative Monthly COLA	Number of Retired Members and Beneficiaries
$210.00	37,199
$175.00 - $209.99	8,160
$140.00 - $174.99	12,714
$105.00 - $139.99	16,578
$70.00 - $104.99	9,660
$35.00 - $69.99	12,206
$0.01 - $34.99	13,097
$0 (currently ineligible)	32,102
Total	**141,716**

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

Additions:	2001	2002	2003	2004
Net investment income (loss)	$(4,946,207)	$(5,570,925)	$2,640,564	$11,360,077
Employer contributions	152,718	51,861	220,081	306,782
Member contributions	128,019	137,921	147,047	155,916
Transfers in/out (net)	29,023	14,271	12,716	38,277
Total additions (reductions) to plan net assets	(4,636,447)	(5,366,872)	3,020,408	11,861,052
Deductions: *(See Benefits and Return of Contributions by Type on page 106-107)*				
Benefit payments	2,887,696	3,201,645	3,611,592	3,920,645
Return of contributions	28,407	21,986	23,541	16,744
Administrative expenses	30,581	32,461	34,943	38,937
Total deductions from plan net assets	2,946,684	3,256,092	3,670,076	3,976,326
Change in net assets	$(7,583,131)	$(8,622,964)	$(649,668)	$7,884,726

Changes in Net Assets (continued)

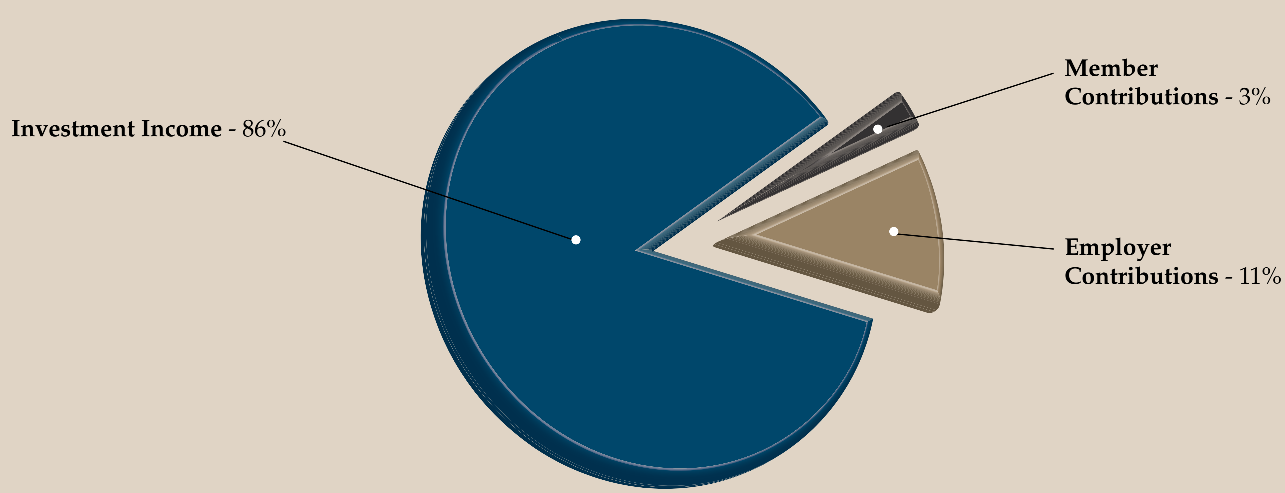
Last Ten Fiscal Years

(dollars in thousands)

2005	2006	2007	2008	2009	2010
$7,951,926	$ 9,893,833	$16,863,349	$(5,531,807)	$(19,363,140)	$8,702,215
695,735	997,032	1,104,010	1,188,140	1,096,117	925,506
158,354	161,738	168,462	177,959	181,723	139,369
17,155	15,807	7,260	2,349	5,665	6,037
8,823,170	11,068,410	18,143,081	(4,163,359)	(18,079,635)	9,773,127
4,138,122	4,426,416	4,661,665	4,908,446	5,151,463	5,333,788
12,466	15,600	16,819	22,792	17,080	17,071
40,309	42,668	43,893	49,016	49,401	49,088
4,190,897	4,484,684	4,722,377	4,980,254	5,217,944	5,399,947
$4,632,273	$ 6,583,726	$13,420,704	$(9,143,613)	$(23,297,579)	$4,373,180

Breakdown of Income Sources

Fiscal Years Ended 1991-2010



Benefits and Return of Contributions by Type

Last Ten Fiscal Years

(dollars in thousands)

Type of Benefit	2001	2002	2003	2004
Age and service benefits:				
Retirees	$2,808,744	$3,117,002	$3,511,562	$3,836,904
Survivors	31,171	25,961	51,242	33,046
Death in service benefits	22,389	31,703	20,894	21,491
Disability benefits:				
Ordinary	25,194	26,775	27,665	28,956
Accidental	198	204	229	248
Total benefit payments	$2,887,696	$3,201,645	$3,611,592	$3,920,645
Type of Return of Contributions				
Death	$ 1,257	$ 1,455	$ 1,123	$ 1,447
Separation from service	27,150	20,531	22,418	15,297
Total return of contributions	$ 28,407	$ 21,986	$ 23,541	$ 16,744

Benefits and Return of Contributions by Type (continued)

Last Ten Fiscal Years

(dollars in thousands)

2005	2006	2007	2008	2009	2010
$4,054,051	$4,335,475	$4,579,829	$4,817,594	$5,045,738	$5,237,032
31,787	37,232	26,964	30,500	27,674	38,516
21,039	17,321	17,033	21,382	38,119	20,244
31,015	36,079	37,544	38,671	39,565	37,628
230	309	295	299	367	368
$4,138,122	$4,426,416	$4,661,665	$4,908,446	$5,151,463	$5,333,788
$ 1,742	$ 1,394	$ 1,609	$ 1,735	$ 1,905	$ 2,287
10,724	14,206	15,210	21,057	15,175	14,784
$ 12,466	$ 15,600	$ 16,819	$ 22,792	$ 17,080	$ 17,071

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Average Benefit Payments — July 1, 2000 - June 30, 2010

	Years of Credited Service							
Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35+
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
Period 7/1/2009 to 6/30/2010								
Average monthly benefit	$146	$298	$736	$1,419	$2,405	$3,839	$4,779	$6,361
Average final average salary	$29,089	$32,606	$46,779	$58,769	$69,544	$85,340	$90,489	$100,436
Number of retired members	46	377	438	360	770	752	1,351	1,407

Retired Members by Type of Benefit

As of June 30, 2010

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement 1	2	3	4	5	6
$1 - $500	13,176	8,997	3,488	223	289	25	154
$501 - $1,000	12,899	8,802	2,776	494	718	88	21
$1,001 - $1,500	12,029	9,051	1,593	470	840	66	9
$1,501 - $2,000	11,395	9,016	1,376	355	615	29	4
$2,001 - $2,500	11,248	9,504	1,005	252	460	24	3
$2,501 - $3,000	11,269	10,023	704	132	400	6	4
$3,001 - $3,500	12,409	11,581	416	73	333	5	1
$3,501 - $4,000	13,361	12,798	225	34	301	3	0
$4,001 - $4,500	12,543	12,181	106	21	231	4	0
$4,501 - $5,000	9,694	9,472	62	6	153	1	0
over $5,000	21,693	21,334	50	6	302	1	0
Total	141,716	122,759	11,801	2,066	4,642	252	196

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 2-5; retirement at age less than 62 and service less than 30 years

Retired Members by Type of Benefit (continued)

As of June 30, 2010

Option Selected					
1	2	3	4	5	6
9,662	708	912	661	1,040	193
8,382	1,063	1,569	668	1,088	129
7,831	1,079	1,666	585	752	116
7,902	966	1,488	479	443	117
8,012	888	1,503	399	322	124
7,940	952	1,636	354	245	142
8,722	1,035	1,981	327	146	198
9,240	1,040	2,387	342	151	201
8,479	1,000	2,421	287	126	230
6,371	850	1,979	204	80	210
13,420	2,105	4,842	462	141	723
95,961	11,686	22,384	4,768	4,534	2,383

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

Principal Participating Employers

Participating Employer	2010 Covered Employees	Rank	Percentage of Total System**
Buffalo Public Schools	5,212	1	1.82%
Rochester City School District	4,795	2	1.68%
Syracuse City School District	3,504	3	1.23%
Yonkers Public Schools	2,475	4	0.87%
Brentwood Union Free Schools	1,992	5	0.70%
Greece Central Schools	1,762	6	0.62%
Eastern Suffolk 1 BOCES	1,671	7	0.58%
Sachem Central Schools	1,658	8	0.58%
Newburgh City School District	1,632	9	0.57%
East Ramapo Central Schools	1,560	10	0.55%
All Other*	259,513		90.81%
Total	**285,774**		**100.00%**

*In 2010, "All Other" consisted of:

Type	Number	Covered Employees
Public School Districts	686	232,061
BOCES	36	17,167
SUNY	31	3,087
Community Colleges	30	5,646
Charter Schools	23	1,033
Other	10	519
Total "All Other"	816	259,513
Total Participating Employers **(Top 10 + All Other)**	**826**	**285,774**

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

Principal Participating Employers (continued)

Participating Employer	2001 Covered Employees	Rank	Percentage of Total System**
Buffalo Public Schools	5,200	1	2.22%
Rochester City School District	4,469	2	1.91%
Syracuse City School District	3,587	3	1.53%
Yonkers Public Schools	2,986	4	1.27%
Nassau BOCES	2,788	5	1.19%
Suffolk 1 BOCES	2,047	6	0.87%
Brentwood Union Free Schools	1,729	7	0.74%
Madison-Oneida BOCES	1,720	8	0.73%
Greece Central Schools	1,676	9	0.72%
Sachem Central Schools	1,657	10	0.71%
All Other	206,491		88.11%
Total	**234,350**		**100.00%**

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

Participating Employers

School District Name	School District Name	School District Name
Abbott UFS	Bay Shore UFS	Caledonia-Mumford CS
Addison CS	Bayport-Blue Point UFSD	Cambridge CS
Adirondack CS	Beacon City SD	Camden CS
Adirondack Com Col	Beaver River CS	Campbell-Savona CS
Afton CS	Bedford CS	Canajoharie CS
Akron CS	Beekmantown CS	Canandaigua City SD
Albany City SD	Belfast CS	Canaseraga CS
Albany-Schoharie-Schenectady-Saratoga BOCES	Belleville-Henderson CS	Canastota CS
	Bellmore UFS	Candor CS
Albion CS	Bellmore-Merrick CS	Canisteo-Greenwood CS
Alden CS	Bemus Point CS	Canton CS
Alexander CS	Berkshire UFS	Carle Place UFS
Alexandria CS	Berlin CS	Carmel CS
Alfred-Almond CS	Berne-Knox-Westerlo CS	Carthage CS
Allegany-Limestone CS	Bethlehem CS	Cassadaga Valley CS
Aloma D. Johnson Fruit Belt Community Charter School	Bethpage UFS	Cato-Meridian CS
	Binghamton City SD	Catskill CS
Altmar Parish-Williamstown CS	Blind Brook-Rye UFS	Cattaraugus-Allegany-Erie-Wyoming BOCES
Amagansett UFS	Bloomfield CS	
Amherst CS	Bolivar-Richburg CS	Cattaraugus-Little Valley CS
Amityville UFS	Bolton CS	Cayuga Community College
Amsterdam City SD	Bradford CS	Cayuga-Onondaga BOCES
Andes CS	Brasher Falls CS	Cazenovia CS
Andover CS	Brentwood UFS	Center Moriches UFS
Applied Technologies Charter School	Brewster CS	Central Islip UFS
	Briarcliff Manor UFS	Central Square CS
Ardsley UFS	Bridgehampton UFS	Chappaqua CS
Argyle CS	Brighton CS	Charlotte Valley CS
Ark Com Charter School	Brittonkill CS	Chateaugay CS
Arkport CS	Broadalbin-Perth CS	Chatham CS
Arlington CS	Brockport CS	Chautauqua Lake CS
Attica CS	Brocton CS	Chazy UFS
Auburn City SD	Bronxville UFS	Cheektowaga CS
AuSable Valley CS	Brookfield CS	Cheektowaga-Maryvale UFSD
Averill Park CS	Brookhaven-Comsewogue UFSD	Cheektowaga-Sloan UFSD
Avoca CS	Broome Community College	Chenango Forks CS
Avon CS	Broome-Delaware-Tioga BOCES	Chenango Valley CS
Babylon UFS	Brushton-Moira CS	Cherry Valley-Springfield CS
Bainbridge-Guilford CS	Buffalo PS	Chester UFS
Baldwin UFS	Buffalo Academy of Science Charter School	Child Devel Ctr Hamptons Charter School
Baldwinsville CS		
Ballston Spa CS	Burnt Hills-Ballston Lake CS	Chittenango CS
Barker CS	Byram Hills CSD at Armonk	Churchville-Chili CS
Batavia City SD	Byron-Bergen CS	Cincinnatus CS
Bath CS	Cairo-Durham CS	Clarence CS

Participating Employers (continued)

School District Name	School District Name	School District Name
Clarkstown CS	Dundee CS	Fairport CS
Cleveland Hill UFSD at Cheektowaga	Dunkirk PS	Falconer CS
Clifton-Fine CS	Dutchess BOCES	Fallsburg CS
Clinton CS	Dutchess Com Col	Farmingdale UFS
Clinton Community College	East Aurora UFS	Fashion Institute of Technology
Clinton-Essex-Warren-Washington BOCES	East Greenbush CS	Fayetteville-Manlius CSD
Clyde-Savannah CS	East Hampton UFS	Fillmore CS
Clymer CS	East Irondequoit CS	Finger Lakes Com Col
Cobleskill-Richmondville CS	East Islip UFS	Fire Island UFS
Cohoes City SD	East Meadow UFS	Fishers Island UFS
Cold Spring Harbor CS	East Moriches UFS	Floral Park-Bellerose UFSD
Colton-Pierrepont CS	East Quogue UFS	Florida UFS
Columbia-Greene Com College	East Ramapo CS	Fonda-Fultonville CS
Commack UFS	East Rochester UFS	Forestville CS
Community Charter School	East Rockaway UFS	Fort Ann CS
Connetquot CS	East Syracuse-Minoa CS	Fort Edward PS
Cooperstown CS	East Williston UFS	Fort Plain CS
Copenhagen CS	Eastchester UFS	Frankfort-Schuyler CS
Copiague UFSD	Eastern Suffolk 1 BOCES	Franklin CS
Corinth CS	Eastport-South Manor CSD	Franklin Square UFS
Corning Com Col	Eden CS	Franklin-Essex-Hamilton BOCES
Corning-Painted Post CS	Edgemont UFSD - Greenburgh	Franklinville CS
Cornwall CS	Edinburg Common Schools	Fredonia CS
Cortland City SD	Edmeston CS	Freeport PS
Coxsackie-Athens CS	Education Department	Frewsburg CS
Croton-Harmon UFS	Edwards-Knox CS	Friendship CS
Crown Point CS	Elba CS	Frontier CS
Cuba-Rushford CS	Eldred CS	Fulton City SD
Dalton-Nunda CS	Elizabethtown-Lewis CS	Fulton-Montgomery Com College
Dansville CS	Ellenville CS	Galway CS
De Ruyter CS	Ellicottville CS	Gananda CS
Deer Park UFS	Elmira City SD	Garden City UFS
Delaware-Chenango-Madison-Otsego BOCES	Elmira Heights CS	Garrison UFS
Delhi CS	Elmont UFS	Gates Chili CS
Depew UFS	Elmsford UFS	General Brown CS
Deposit CS	Elmwood Village Charter School	Genesee Com Charter School
Dobbs Ferry UFS	Elwood UFS	Genesee Com Col
Dolgeville CS	Enterprise Charter School	Genesee Valley CS
Dover UFS	Erie Com Col	Genesee-Livingston-Steuben-Wyoming BOCES
Downsville CS	Erie 1 BOCES	Geneseo CS
Dryden CS	Erie 2-Chautauqua-Cattaraugus BOCES	Geneva City SD
Duanesburg CS	Eugenio Maria De Hostas Charter School	George Jr Republic UFSD
	Fabius-Pompey CS	Georgetown-South Otselic CS
		Germantown CS

Participating Employers (continued)

School District Name	School District Name	School District Name
Gilbertsville-Mt Upton CS	Hauppauge UFS	Islip UFS
Gilboa-Conesville CS	Haverstraw-Stony Point CS	Ithaca City SD
Glen Cove City SD	Hawthorne-Cedar Knolls UFSD	Jamestown City SD
Glens Falls City SD	Hempstead PS	Jamestown Com Col
Glens Falls Common School	Hendrick Hudson CS	Jamesville-Dewitt CS
Global Concepts Charter School	Herkimer CS	Jasper-Troupsburg CS
Gloversville City SD	Herkimer County Com Col	Jefferson CS
Gorham-Middlesex CS	Herkimer-Fulton-Hamilton-Otsego BOCES	Jefferson Com Col
Goshen CS	Hermon-Dekalb CS	Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Gouverneur CS	Herricks UFS	Jericho UFS
Gowanda CS	Heuvelton CS	Johnsburg CS
Grand Island CS	Hewlett-Woodmere UFS	Johnson City CS
Granville CS	Hicksville PS	Johnstown PS
Great Neck PS	Highland CS	Jordan-Elbridge CS
Greece CS	Highland Falls-Fort Montgomery CSD	Katonah-Lewisboro UFSD
Green Island UFS	Hilton CS	Keene CS
Greenburgh CS	Hinsdale CS	Kendall CS
Greenburgh Eleven UFSD	Holland CS	Kenmore Town of Tonawanda UFSD
Greenburgh-Graham UFSD	Holland Patent CS	King Center Charter School
Greenburgh-North Castle UFSD	Holley CS	Kings Park CS
Greene CS	Homer CS	Kingston City SD
Greenport UFS	Honeoye CS	Kiryas Joel Village UFSD
Greenville CS	Honeoye Falls-Lima CS	La Fargeville CS
Greenwich CS	Hoosic Valley CS	La Fayette CS
Greenwood Lake UFS	Hoosick Falls CS	Lackawanna City SD
Groton CS	Hopevale UFS	Lake George CS
Guilderland CS	Hornell City SD	Lake Placid CS
Hadley-Luzerne CS	Horseheads CS	Lake Pleasant CS
Haldane CS	Hudson City SD	Lake Shore CS
Half Hollow Hills CS	Hudson Falls CS	Lakeland CS
Hamburg CS	Hudson Valley Com Col	Lancaster CS
Hamilton CS	Hunter-Tannersville CS	Lansing CS
Hamilton-Fulton-Montgomery BOCES	Huntington UFS	Lansingburgh CS
Hammond CS	Hyde Park CS	Laurens CS
Hammondsport CS	Ichabod Crane CS	Lawrence UFS
Hampton Bays UFS	Ilion CS	Le Roy CS
Hancock CS	Indian Lake CS	Letchworth CS
Hannibal CS	Indian River CS	Levittown UFS
Harborfields CS	Inlet Common Schools	Lewiston-Porter CS
Harpursville CS	Iroquois CS	Liberty CS
Harrison CS	Irvington UFS	Lindenhurst PS
Harrisville CS	Island Park UFS	Lisbon CS
Hartford CS	Island Trees UFS	Little Falls City SD
Hastings-on-Hudson UFS		

Participating Employers (continued)

School District Name
Little Flower UFSD at Wading River
Liverpool CS
Livingston Manor CS
Livonia CS
Lockport City SD
Locust Valley CS
Long Beach City SD
Long Lake CS
Longwood CSD at Middle Island
Lowville CS
Lyme CS
Lynbrook UFS
Lyncourt UFS
Lyndonville CS
Lyons CS
Madison CS
Madison-Oneida BOCES
Madrid-Waddington CS
Mahopac CS
Maine-Endwell CS
Malone CS
Malverne UFS
Mamaroneck UFS
Manchester-Shortsville CS
Manhasset UFS
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
Mount Pleasant Blythedale UFSD
Mount Pleasant Cottage School UFS
Nanuet UFS
Naples CS
Nassau BOCES
Nassau Com Col
Nassau County Vocational Board
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 Roots Charter School
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

Participating Employers (continued)

School District Name	School District Name	School District Name
Oppenheim-Ephratah CS	Poland CS	Rotterdam-Mohonasen CS
Orange County Com Col	Port Byron CS	Roxbury CS
Orange-Ulster BOCES	Port Chester-Rye	Royalton-Hartland CS
Orchard Park CS	Port Jefferson UFS	Rush-Henrietta CS
Oriskany CS	Port Jervis City SD	Rye City SD
Orleans-Niagara BOCES	Port Washington UFS	Rye Neck UFS
Ossining UFS	Portville CS	Sachem CS
Oswego BOCES	Potsdam CS	Sackets Harbor CS
Oswego City SD	Poughkeepsie City SD	Sag Harbor UFS
Otego-Unadilla CS	Prattsburgh CS	Sagaponack Common Schools
Otsego-Delaware-Schoharie-Greene BOCES	Pulaski Academy and CS	Salamanca City SD
Owego-Apalachin CS	Putnam CS	Salem CS
Owen D Young CS	Putnam Valley CS	Salmon River CS
Oxford Academy	Putnam-Westchester BOCES	Sandy Creek CS
Oyster Bay-East Norwich CS	Queensbury UFS	Saranac CS
Oysterponds UFS	Quogue UFS	Saranac Lake CS
Palmyra-Macedon CS	Ramapo CS	Saratoga Springs City Schools
Panama CS	Randolph CS	Saugerties CS
Parishville-Hopkinton CS	Randolph Academy UFS	Sauquoit Valley CS
Patchogue-Medford UFS	Raquette Lake UFS	Sayville PS
Pavilion CS	Ravena-Coeymans-Selkirk CS	Scarsdale UFS
Pawling CS	Red Creek CS	Schalmont CS
Pearl River UFS	Red Hook CS	Schenectady City SD
Peekskill City SD	Remsen CS	Schenectady County Com Col
Pelham UFS	Remsenburg-Speonk UFSD	Schenevus CS
Pembroke CS	Rensselaer City SD	Schodack CS
Penfield CS	Rensselaer-Columbia-Greene BOCES	Schoharie CS
Penn Yan CS	Rhinebeck CS	Schroon Lake CS
Perry CS	Richfield Springs CS	Schuyler-Steuben-Chemung-Tioga-Allegany BOCES
Peru CS	Ripley CS	Schuylerville CS
Phelps-Clifton Springs CS	Riverhead CS	Scio CS
Phoenix CS	Riverhead Charter School	Scotia-Glenville CS
Pine Bush CS	Rochester Academy Charter School	Seaford PS
Pine Plains CS	Rochester City SD	Seneca Falls CS
Pine Valley CS at South Dayton	Rockland BOCES	Sewanhaka CS
Pinnacle Charter School	Rockland Com Col	Sharon Springs CS
Pioneer CS	Rockville Centre UFSD	Shelter Island UFS
Piseco Common Schools	Rocky Point UFS	Shenendehowa CSD at Clifton Park
Pittsford CS	Rome City SD	Sherburne-Earlville CS
Plainedge UFS	Romulus CS	Sherman CS
Plainview-Old Bethpage CS	Rondout Valley CS	Shoreham-Wading River CS
Plattsburgh City SD	Roosevelt UFS	Sidney CS
Pleasantville UFS	Roscoe CS	Silver Creek CS
Pocantico Hills CS	Roslyn PS	

Participating Employers (continued)

School District Name
Skaneateles CS
Smithtown CS
Sodus CS
Solvay UFS
Somers CS
South Buffalo Charter School
South Colonie CS
South Country CS
South Glens Falls CS
South Huntington UFSD
South Jefferson CS
South Kortright CS
South Lewis CS
South Orangetown CS
South Seneca CS
Southampton UFS
Southern Cayuga CS
Southold UFS
Southwestern CS
Spackenkill UFS
Spencer-Van Etten CS
Spencerport CS
Springs UFS
Springville-Griffith Institute
St. Johnsville CS
St. Lawrence-Lewis BOCES
St. Regis Falls CS
Stamford CS
Starpoint CS
Stillwater CS
Stockbridge CS
Suffolk County Vocational Board
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 Administration
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 UFSD #13
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

Participating Employers (continued)

School District Name	School District Name
Waterville CS	Windsor CS
Watervliet City SD	Worcester CS
Watkins Glen CS	Wyandanch UFS
Waverly CS	Wynantskill UFS
Wayland-Cohocton CS	Wyoming CS
Wayne CS	Yonkers PS
Webster CS	York CS
Webutuck CS	Yorktown 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	
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