NYSTRS

90 Years

1921-2011

New York State Teachers' Retirement System
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

Serving New York Educators Since 1921

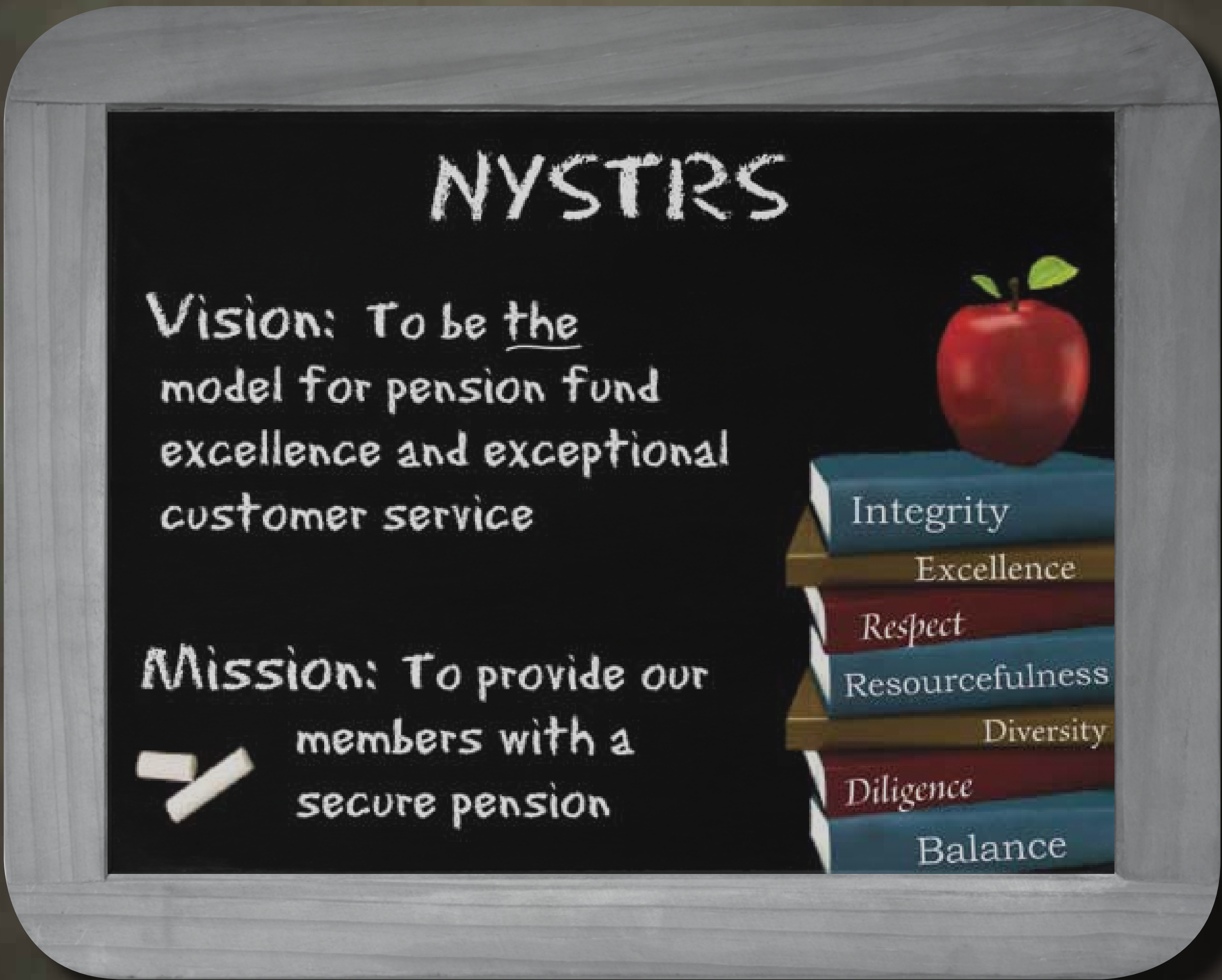
Cover photo courtesy of New York State Education Department (www.iarchives.nysed.gov).

90 Years

NYSTRS

1921-2011

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2011

This report is dedicated to the memory of former Board Member Michael Corn, who always put the members first.

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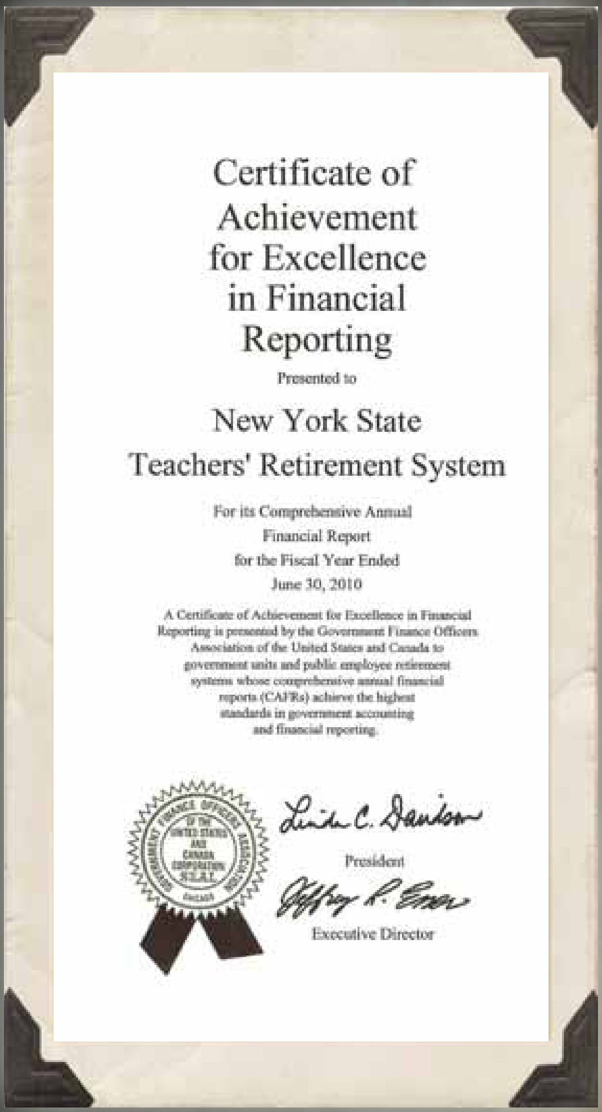
GFOA Award



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, 2010

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
2010

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 the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

A Look Back Through the Years
Morrea Foote — 60 Years of Service

Our success as an organization is the direct result of our extraordinary employees, many of whom have 30 years or more of service to our members. The longevity of one employee, however, will likely be unmatched.

Morrea Foote joined NYSTRS in 1951, opening mail and sorting correspondence by topic. Now in her 60th year with NYSTRS, she has been the voice of the System for more than 40 years, serving as switchboard operator and receptionist.

"Never in my wildest dreams did I think I'd work 60 years," Morrea said. "It honestly doesn't feel like it has been that long."

Her commitment to customer service has set the tone for the entire organization. The hugs she receives from many regular visitors is a testament to their appreciation for her caring and compassion.

In addition to ensuring visitors are promptly and well cared for, Morrea is a wealth of information for wayward souls in need of directions.

"It really is all about helping people," she said. "If they stop to ask where the doctor's office is [within the Corporate Woods complex], I tell them. I take pride in knowing the answer and helping them however I can."

When asked why she has worked so long, Morrea's response is immediate: "The people. I enjoy seeing the same people every day, every year, and building relationships with them."

Through the years, Morrea has pitched in wherever needed. She has filed, inputted data (by hand, using a key punch machine, typing or computer keyboarding, depending on the decade), and served as a courier, among her many tasks. She worked in the Estimates Unit in 1967 when they asked her to "fill in" at the switchboard for someone who retired.

Her advice to those searching for the key to success in the workplace is simple and succinct: "Keep smiling!"

Morrea by the Numbers

Here is some context to the changes Morrea has seen in her 60 years at NYSTRS.

	Total	*1951*	*2011*
Executive Directors	4		
Board Presidents	10		
Total Membership		69,000	427,000
Total Assets		$213 million	$89 billion

Introduction

Introduction

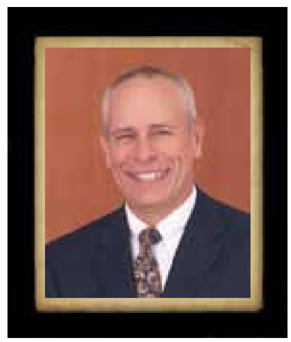
2011 Board of Trustees

2011 Executive Staff

Thomas K. Lee
Executive Director &
Chief Investment Officer

Sheila O. Gardella
Director of
Member Relations

Frederick W. Herrmann
Managing Director
of Public Equities
(appointed effective 4/20/11)



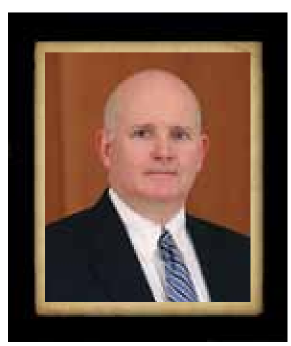
Arthur C. Hewig
Managing Director
of Operations

Wayne Schneider
General Counsel

Dhvani D. Shah
Managing Director
of Private Equity

Lillyn L. Teh
Managing Director
of Public Equities

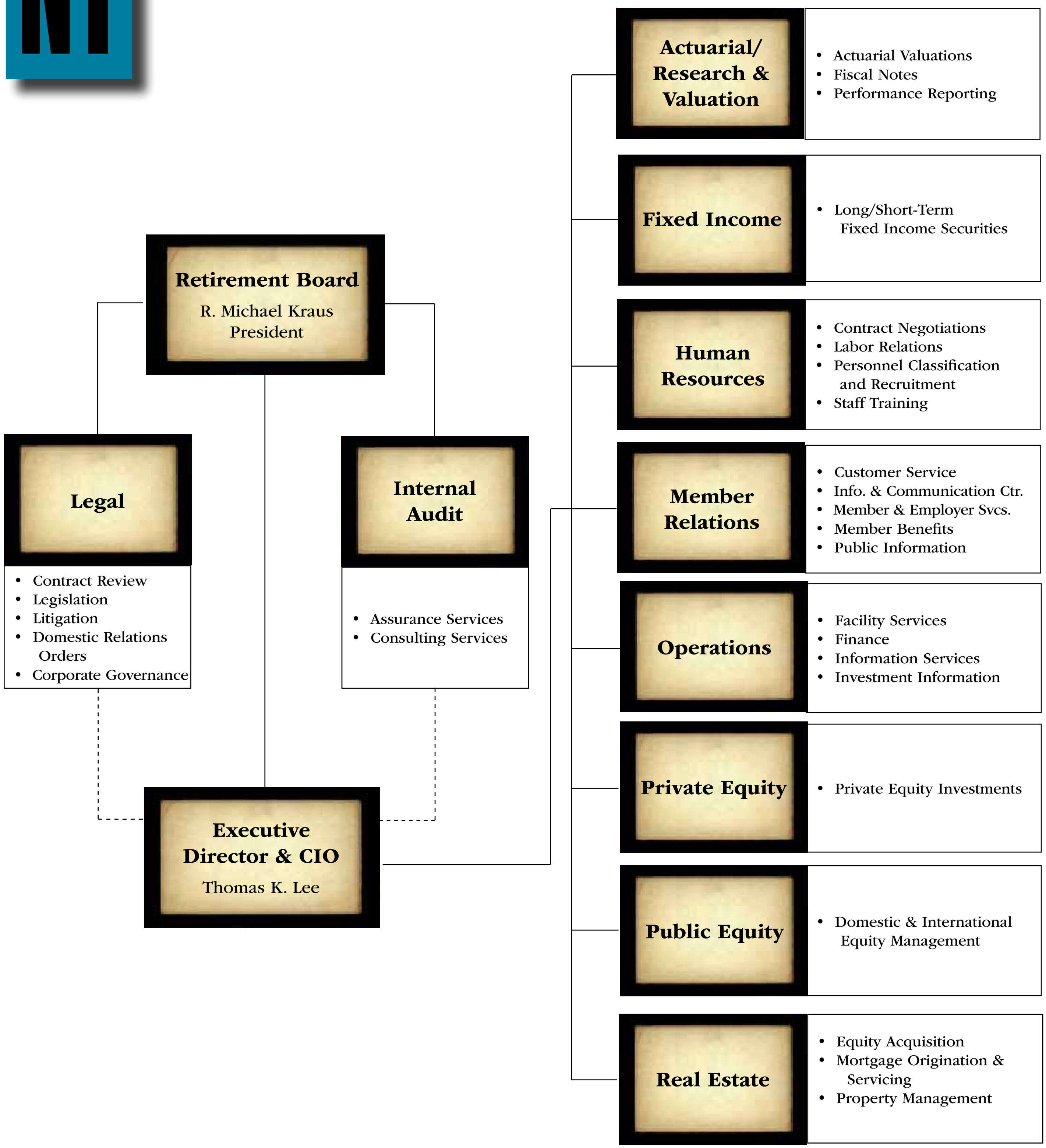
John W. Virtanen
Managing Director
of Real Estate



Michael A. Wolfe Jr.
Managing Director
of Fixed Income

Richard A. Young
Actuary

Organizational Structure



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 & CIO

October 20, 2011

Trustees of the Retirement System Board:

On behalf of System staff, I present you with the Comprehensive Annual Financial Report (CAFR) of the New York State Teachers' Retirement System (NYSTRS or the System) for the fiscal year ended June 30, 2011. This report complies with all 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 benefits provided to System members and retirees may not under the New York Constitution be diminished or impaired. 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 elect to participate. NYSTRS has more than 427,000 active and retired members (see accompanying chart).

Membership Figures as of 6/30/2011

Total Membership:	427,278
Active Members:	280,435
Retired Members/ Beneficiaries:	146,843
Members Added:	8,929
Members Retired:	8,423

See page 87 for additional membership information.

The retirement fund is one of the 10 largest in the U.S., 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 (GFOA) of the United States and Canada. Given in recognition of the System's 2010 Comprehensive Annual Financial Report, the award certifies that the report was prepared in conformity with the highest standards in government accounting and financial reporting.

The Distinguished Budget Presentation Award for the fiscal year July 1, 2010 through June 30, 2011, 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 NYSTRS program bills were enacted into law:

Chapter 553 of the Laws of 2011 allows vested Tier 3, 4 and 5 NYSTRS members who have permanently ceased teaching to withdraw from membership in NYSTRS to enable them to obtain credit for their New York teaching service in a public employee retirement system in another state.

Chapter 554 of the Laws of 2011 increases from 5% to 10% the portion of retirement system assets that may be invested in commercial real estate.

Noteworthy Actions

New Board Members

Teachers Timothy M. Southerton of Sayville and Karen E. Magee of West Harrison, and administrators Dr. Phyllis S. Harrington of Oyster Bay and Dr. L. Oliver Robinson of Clifton Park, were appointed to the System's Board by New York's commissioner of education. Mr. Southerton, an educator with more than three decades of service, filled the seat left vacant by the passing of Michael R. Corn. Ms. Magee, a teacher since 1984, replaced Sheila Salenger, who retired from teaching. Dr. Harrington, superintendent of schools at Oyster Bay-East Norwich, replaced Dr. Rosemary F. Jones, who retired from public education. Dr. Robinson, superintendent of schools at Shenendehowa, filled the position previously held by Dr. James N. Baldwin, who accepted a state Education Department position.

Executive Staff Change

Frederick W. Herrmann joined NYSTRS in April as managing director of public equities, succeeding Lillyn Teh. He oversees a Retirement System portfolio valued at more than $50 billion. Mr. Herrmann was most recently managing director/portfolio manager at BlackRock Financial Management Inc. in New York City, where he was responsible for several quantitatively based domestic and international equity products, including select mutual fund accounts. He previously held a similar portfolio management position at Weiss, Peck and Greer LLC, also in New York City.

Significant Litigation

There were several significant court cases affecting NYSTRS, namely:

New Century Financial Federal Securities Class Action

NYSTRS was appointed lead plaintiff in the New Century Financial federal securities class action lawsuit in 2007. That case settled during the fiscal year for $124.1 million.

Project Lead the Way Cases

NYSTRS determined that service with Project Lead the Way (PLTW), a private educational foundation, rendered by seven active and retired members of NYSTRS was not public service creditable in NYSTRS. The Appellate Division of the Supreme Court, Third Department sustained NYSTRS' determination, holding NYSTRS had a rational basis for its determination that each of the individuals did not render service for a NYSTRS participating employer.

Sullivan v. Paterson

The plaintiffs challenged Chapter 45 of the Laws of 2010 as unconstitutional insofar as the retirement incentive provided by Chapter 45 is limited to members in positions represented by bargaining units affiliated with NYSUT. The lawsuit named as defendants Governor Paterson, State Comptroller DiNapoli as sole trustee of the New York State and Local Employees' Retirement System, and NYSTRS. The State Supreme Court issued a decision upholding the constitutionality of Chapter 45 of the Laws of 2010, finding that the Legislature acted rationally in limiting the incentive to classroom teachers who are almost exclusively represented by NYSUT locals. An appeal of that decision is pending in the Appellate Division of the Supreme Court, Third Department.

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 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. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the valuation of costs and benefits require estimates and judgments by management. To ensure the validity of these controls, a system of both external and internal checks and balances exists. Financial information and internal controls are subject to audit by the New York State Department of Insurance (which merged with the State's Department of Banks effective Oct. 3, 2011 to form the Department of Financial Services) 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 completed in 2010 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 2010 to 2011 is attributable to a net increase of 5,127 retirees and beneficiaries (details are found on page 31 in the *Notes to Financial Statements-Plan Description*). Also see the *Benefits and Return of Contributions by Type* chart on pages 102-103 for more information.

For an overview of NYSTRS' financial activities for the fiscal year ended June 30, 2011, 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 11.11% will apply to 2011-12 member salaries and will be paid by employers in fall 2012. The rates are set well in advance so school districts can budget for this expense.

The System's year-end net assets totaled $89.9 billion. During the same period, benefits paid to retirees and beneficiaries rose to approximately $5.7 billion.

The plan's funded ratio as of June 30, 2010, the date of the most-recent annual actuarial valuation and calculated in accordance with GASB Statement No. 50, was 100.3%. Details of our funding progress may be obtained by turning to page 81.

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.

Strong earnings were realized for the second consecutive year. For the fiscal year ended June 30, 2011, the total portfolio returned 23.2%, up from 12.1% the previous year.

Asset allocation and portfolio construction are reviewed annually and adjusted accordingly in order to take advantage of existing market conditions.

Refer to pages 51-74 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 distributes to both its active and retired members. Printed copies are available upon request.

While we were pleased with our investment performance this past fiscal year and are proud to remain among the top public pension systems in the nation, we were deeply saddened by the passing of long-time Trustee Michael R. Corn and the retirement of Trustee Sheila J. Salenger. Both were tireless advocates for our members and highly respected within the public pension community. Their passion and perspective will be missed.

Both Mr. Corn and Ms. Salenger were shining examples of what makes NYSTRS an industry leader: its people. I am proud of the System's Board and staff, and their dedication to serving New York's public educators with excellence. Their knowledge and attention to detail provide the foundation for our stability and success.

NYSTRS will remain vigilant in its devotion to providing our members with a secure future. As we accomplish this mission, we will model pension fund excellence and exceptional customer service.

Respectfully submitted,

Thomas K. Lee
Executive Director & Chief Investment Officer

R. Michael Kraus

Dear NYSTRS Members, Administrators and Teachers:

I have been a member of the NYSTRS Retirement Board for 20 years and Board president since 2009, and each time we clear a hurdle a new challenge inevitably arises. Yet individually and collectively, the people of this organization continue to press on and achieve results that sometimes border on astounding.

Take our 23.2% return on investments for the fiscal year ended June 30, 2011 for example. Who could have foreseen that just two years after global financial conditions left all portfolios — including ours — to absorb substantial losses that we would post our single largest one-year return in 25 years? It is a testament to the knowledge, dedication and resiliency of the NYSTRS' team.

Due in large part to the prudent investment of our assets, the System remains fully funded. Almost 90% of the System's assets are generated from these investment returns.

We cannot, however, take all the credit for our continued stability. Public pension funding is a shared responsibility and we would not be where we are without consistent, uninterrupted employer and member contributions. In New York, we are fortunate to have a funding framework that values making contributions on time and in the full amount. States that have taken "pension holidays" or made reduced contributions are now dealing with the devastating effects of these decisions in the form of underfunded plans.

Plans like NYSTRS have proven time and again that professionally managed, well-funded plans are the most efficient and cost-effective way of providing steady, secure benefits for retirees. The National Institute on Retirement Security goes so far as to say defined benefit plans like those administered by NYSTRS actually <u>save</u> taxpayers money, as compared to funding a comparable 401(k) plan.

I thank my fellow Board members, Tom Lee and his entire staff for their dedicated service to our members. Providing outstanding customer service is our organizational hallmark. It is part of our culture, something for which we all take great pride.

It is because of our strong financial and values-based foundation that I am certain the System will continue to meet every challenge, and that our members will remain among the best served worldwide.

R. Michael Kraus

R. Michael Kraus
President

Types of Benefits

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

Membership Tiers

System members are organized using a tier structure based on date of membership. There are five tiers, each with different benefit structures and eligibility rules.

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.

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 10 or more years of service can only withdraw under the specific provisions of Chapter 553 of the Laws of 2011. (See *Legislation*, page 11.)

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 <u>not</u> used to establish the 35-year threshold.*
***Tier 3 members are entitled to receive either the benefits under Tier 3 or 4, whichever are greater.*

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 request reinstatement of a former membership in another NYS public retirement system. Credit for NYS public employment prior to joining NYSTRS and active duty military service is also creditable in certain situations.

Ordinary Death Benefits

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

Tier 1 Death Benefit

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

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

OR

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

OR

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

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. Tier 4 members joining on or after January 1, 2001, and all Tier 5 members 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 half the amount of the ordinary death benefit which would have been paid if the member's death had occurred on the last day of creditable service.

Retirement Options

At the time of retirement, a member may elect the Maximum retirement benefit with no protection for a beneficiary, or one of many actuarially equivalent options (i.e., 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

Financial

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515 Broadway
Albany, NY 12207-2974

Telephone +1 518 427 4600
Internet www.us.kpmg.com

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, 2011 and 2010, 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, 2011 and 2010 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.

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

October 20, 2011

KPMG LLP

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, 2011, 2010 and 2009. 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

- The System's investments experienced appreciation of $15.4 billion in 2011 and $6.8 billion in 2010, recovering from a loss of ($21.5) billion in 2009.
- The System's net assets, which represent funds available to pay current and future benefits, were $89.9 billion and $76.8 billion at June 30, 2011 and 2010, respectively.
- Net assets increased from 2010 by $13.0 billion, or 17.0% and 2010 net assets increased from 2009 by $4.4 billion, or 6.0%.
- Contributions from employers were $1.4 billion in fiscal year 2011, $926 million in fiscal year 2010 and $1.1 billion in fiscal year 2009, consistent with the change in the employer contribution rate. Employer contributions in 2011 also include $112 million in retirement incentives under Chapter 105 of the Laws of 2010.
- The size of our membership grew and retirement benefits increased, rising from $5.2 billion in fiscal year 2009 to $5.3 billion in fiscal year 2010 and $5.7 billion in fiscal year 2011.
- The System's funded ratio, a comparison of the actuarial value of assets to the accrued pension benefit liability, was 100.3% as of the June 30, 2010 valuation. Valuations in 2009 and 2008 were 103.2% and 106.6%, respectively.

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 comparison purpose, 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 2011, 2010 and 2009. 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			Amount increase (decrease) 2010 to 2011	Percentage change of total 2010 to 2011
	2011	2010	2009		
Investments at fair value:					
Short-term	$ 3,091,684	$ 1,090,113	$ 635,571	$ 2,001,571	2.60%
Domestic fixed income securities	13,228,828	14,319,299	14,699,069	(1,090,471)	(1.42)
Domestic equities	41,443,343	34,611,666	32,193,981	6,831,677	8.89
International equities	12,009,539	9,175,382	8,609,318	2,834,157	3.69
Mortgages	4,129,106	4,308,620	4,065,628	(179,514)	(0.23)
Real estate	5,867,230	4,930,657	4,847,165	936,573	1.22
Alternative investments	8,379,520	7,022,117	5,958,848	1,357,403	1.77
Total investments	88,149,250	75,457,854	71,009,580	12,691,396	16.52
Net other assets/liabilities	1,740,474	1,387,083	1,462,177	353,391	0.46
Net assets	**$89,889,724**	**$76,844,937**	**$72,471,757**	**$13,044,787**	**16.98%**

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

	Years Ended June 30			Amount increase (decrease) 2010 to 2011	Percentage change of total 2010 to 2011
	2011	2010	2009		
Net appreciation (depreciation) in fair value of investments	$15,395,105	$6,776,648	$ (21,516,277)	$8,618,457	197.08%
Other investment income	1,855,310	1,925,567	2,153,137	(70,257)	(1.61)
Contributions	1,545,886	1,070,912	1,283,505	474,974	10.86
Retirement benefits	(5,681,007)	(5,333,788)	(5,151,463)	(347,219)	(7.94)
Other deductions	(70,507)	(66,159)	(66,481)	(4,348)	(0.10)
Net increase (decrease)	**$13,044,787**	**$4,373,180**	**$(23,297,579)**	**$8,671,607**	**198.29%**

Fiscal Year 2011

In 2011, the internally managed domestic fixed income portfolio balance decreased, however, as of June 30, 2011 was still within its allowable range at approximately 15% of invested System assets. During the fiscal year, bond maturities, sales, tenders, calls and agency mortgage principal prepayments exceeded purchases of approximately $1.7 billion, by $1.0 billion.

Persistently low market interest rates, a steep interest rate curve and further spread compression in corporate bonds during the fiscal year helped preserve the capital appreciation within the bond portfolio that somewhat offset the smaller bond positions. The net reduction in the face value of bonds held, along with the replacement of higher coupon bonds with lower coupon securities, resulted in a decrease in the weighted average coupon of the domestic fixed income portfolio, and lowered interest income during the 2011 fiscal year.

The value of domestic equities increased as a result of a market value increase of 32.4%. The increase was offset by net sales during the 2011 fiscal year of approximately $4.4 billion as a result of rebalancing the portfolio towards the target allocation of 42%.

The international equities portfolio returned 30.89% for the 2011 fiscal year, slightly ahead of the Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) Index. The increase is due primarily to the increase in international equity markets.

Real estate value, as measured by National Council of Real Estate Investments Fiduciaries (NCREIF), continued to recover at a moderate pace of 2% to 3% per quarter for a total increase of 9.8% for the fiscal year.

The 2011 increase in private equity market values during the past fiscal year was the result of unrealized gains in the portfolio of $1.4 billion, after $1.1 billion in capital contributions to new and existing private equity funds and $1.3 billion in distributions from existing private equity investments. The private equity program has a target allocation of 7%, which falls within the allowable range of 4% to 12%. Eight 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 2011. 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 2010 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 year 2011 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 2011 from 2010 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 an increase in the employer contribution rate from 6.19% in 2010 to 8.62% in 2011.

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%, which falls within the allowable range of 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.

Net Appreciation (Depreciation)

For the year ended June 30, 2011, NYSTRS reported net investment income (loss) of $17.3 billion compared to $8.7 billion in 2010 and $(19.4) billion in 2009. The most significant change was in appreciation (depreciation) on investments as follows:

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

	Years Ended June 30			Amount increase (decrease)
	2011	**2010**	**2009**	**2010 to 2011**
Short-term	$ 46	$ 51	$ 767	$ (5)
Domestic fixed income	3,116	683,909	245,754	(680,793)
Domestic equities	10,104,814	4,704,379	(12,860,621)	5,400,435
International equities	2,826,183	597,977	(3,746,039)	2,228,206
Mortgages	14,039	312,392	(357,423)	(298,353)
Real estate investments	895,107	(269,894)	(2,919,845)	1,165,001
Alternative investments	1,551,800	747,834	(1,878,870)	803,966
Totals	**$15,395,105**	**$6,776,648**	**$(21,516,277)**	**$8,618,457**

Economic Factors

The economic factor that is of primary significance to NYSTRS is the investment rate of return 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 are incorporated into the annual actuarial valuation, which determines the rate at which participating employers must contribute, in full and on time, to fund current and future member benefits. In terms of demographics, the System has and will continue to experience a shift toward a greater proportion of retirees relative to active members. This year the System had significant appreciation in investments, due to the performance of its domestic equity, international equity, real estate and private equity portfolios. Returns in the capital markets were very strong during the fiscal year. Equity returns are smoothed (averaged) by NYSTRS over a five-year period for purposes of computing the actuarial value of assets. The substantial loss on investments during the 2008-2009 fiscal year resulted in an increase in the employer contribution rate from 6.19% on 2009-2010 member salaries to 8.62% on 2010-2011 salaries. The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) decreased to 100.3% as of the most recent actuarial valuation as of June 30, 2010, down from 103.2% in 2009.

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.

(dollars in thousands)

Assets:	2011	2010
Investments — at fair value (Note 5):		
Short-term	**$ 3,091,684**	$ 1,090,113
Domestic fixed income securities	**13,228,828**	14,319,299
Domestic equities	**41,443,343**	34,611,666
International equities	**12,009,539**	9,175,382
Mortgages	**4,129,106**	4,308,620
Real estate	**5,867,230**	4,930,657
Alternative investments	**8,379,520**	7,022,117
Total investments	**88,149,250**	75,457,854
Receivables:		
Employer	**1,229,600**	868,593
Employer incentives	**111,324**	-----
Member	**134,750**	147,116
Investment income	**169,935**	185,105
Investment sales	**119,252**	22,070
Total receivables	**1,764,861**	1,222,884
Other Assets:		
Securities lending cash collateral — invested (Note 5)	**2,640,559**	3,879,644
Member loans	**181,801**	173,665
Capital assets, net of depreciation	**23,272**	26,101
Miscellaneous assets	**8,308**	123,068
Total other assets	**2,853,940**	4,202,478
Total assets	**92,768,051**	80,883,216
Liabilities and Net Assets:		
Securities lending collateral — due to borrowers (Note 5)	**2,667,281**	3,907,285
Investment purchases payable	**111,262**	36,101
Mortgage escrows and deposits — net of investments	**1,743**	6,023
Other liabilities (Notes 5 and 8)	**98,041**	88,870
Total liabilities	**2,878,327**	4,038,279
Net assets held in trust for pension benefits (Note 3)	**$89,889,724**	$76,844,937

See accompanying notes to financial statements.

Statements of Changes in Plan Net Assets — Years Ended June 30, 2011 and 2010

(dollars in thousands)

Additions:	2011	2010
Investment income:		
Net appreciation in fair value of investments	**$15,395,105**	$ 6,776,648
Interest income	**822,340**	907,324
Dividend income	**837,642**	779,110
Real estate — net operating income	**272,202**	278,368
Securities lending — gross earnings	**12,669**	15,996
Other — net	**7,669**	22,229
	17,347,627	8,779,675
Less:		
Investment expenses	**97,605**	102,400
Securities lending:		
Broker rebates	**(1,266)**	(4,317)
Management fees	**1,792**	2,538
(Appreciation) of collateral	**(919)**	(23,161)
Net investment income	**17,250,415**	8,702,215
Contributions:		
Employer	**1,277,040**	925,506
Employer incentives	**112,375**	-----
Member	**154,327**	139,369
Transfers in/out — net	**2,144**	6,037
Total contributions	**1,545,886**	1,070,912
Net addition	**18,796,301**	9,773,127
Deductions:		
Retirement benefit payments — periodic	**5,629,918**	5,275,028
Beneficiary payments	**51,089**	58,760
Return of contributions	**20,348**	17,071
Administrative expenses	**50,159**	49,088
Total deductions	**5,751,514**	5,399,947
Net increase	**13,044,787**	4,373,180
Net assets held in trust for pension benefits:		
Beginning of year	**76,844,937**	72,471,757
End of year	**$89,889,724**	$76,844,937

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:

	2011	2010
Public school districts	682	682
B.O.C.E.S.	37	37
S.U.N.Y.	31	31
Community colleges	30	30
Charter schools	23	23
Special act districts	13	13
Other	10	10
Total	826	826

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

	2011	2010
Retired members and beneficiaries currently receiving benefits	146,843	141,716
Members:		
Active members	274,158	280,009
Terminated members entitled to but not yet receiving benefits	6,277	5,765
Subtotal	280,435	285,774
Total	427,278	427,490

(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 Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. 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 Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

(j) Article 19 Benefit Enhancement

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

(k) Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for five years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2011 is 1.4% compared to 1.2% paid beginning September 2010.

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.

(dollars in thousands)

(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*

The System implemented Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) effective for year ended June 30, 2010. GASB 53 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 GASB 53.

(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.

(dollars in thousands)

(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, 2011 and 2010 were $7,496 and $6,493, 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 $153,549 and $162,728 for the years ended June 30, 2011 and 2010, 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:

	2011	2010
Administrative Fund	$ 47,980	$ 36,698
Annuity Savings Fund	11,849	17,581
Annuity Reserve Fund	163,785	173,750
Pension Accumulation Fund	38,300,760	27,424,429
Pension Reserve Fund	51,365,350	49,192,479
Total	$89,889,724	$76,844,937

(4) Funded Status and Funding Progress

The funded status of the System as of June 30, 2010, 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)
$88,544.4	$88,318.8	$(225.6)	100.3%	$14,792.1	(1.5)%

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.

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

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2010
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%

(dollars in thousands)

(5) Deposit and Investment Risk Disclosure

The System has been authorized by the New York State Legislature pursuant to the Banking Law, Section 235, the Education Law, Article 11, Section 508, the Retirement and Social Security Law (RSSL), Article 4-A, Sections 176-177, to invest in stocks, bonds, mortgages, real estate and other investments. A specific investment within these broad asset classes may be subject to particular restrictions or limitations contained in the applicable statutory provision. The "Leeway Clause" of Section 177 provides that, subject to guidelines adopted by the Retirement Board, up to 25% of assets may be invested in types of assets not otherwise specifically authorized, provided the Retirement Board is satisfied such investments were made with the care, skill, prudence, and diligence of a prudent person acting in a like capacity and familiar with such matters. Pursuant to regulations promulgated by the New York State Department of Insurance, investments must be made in a manner consistent with those of a reasonably prudent person exercising care, skill and caution. In addition to applicable legal constraints, the Retirement Board has adopted policies governing the investments made by the System.

(a) Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2011 and 2010 are as follows:

	2011		2010	
Quality rating	**Fair value**	**Percentage of portfolio**	**Fair value**	**Percentage of portfolio**
Aaa	$ 4,141,339	31.31%	$ 5,158,169	36.03%
Aa	1,035,564	7.83	855,565	5.98
A	2,604,382	19.69	2,658,262	18.56
Baa	946,508	7.15	1,201,998	8.39
Other	65,754	0.50	104,982	0.73
Total credit risk debt securities	8,793,547	66.48	9,978,976	69.69
U.S. government fixed income securities *	4,435,281	33.52	4,340,323	30.31
Total fixed income securities	$13,228,828	100.00%	$14,319,299	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, 2011 and 2010, the System's bank balance was $(11,024) and $(10,273), 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, 2011, the System did not hold fixed income 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 the RSSL Article 4A, Sections 176-179.

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 Fannie Mae or Freddie Mac.

Commercial paper that has the highest rating by two nationally recognized rating services. 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.
- 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.
- Obligations issued or guaranteed by the Inter-American Development Bank, Asian Development Bank, the African Development Bank or the Youth Facilities Project Guarantee Fund and participations therein.
- 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 Freddie Mac, Federal Home Loan Banks, Tennessee Valley Authority, 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.

(dollars in thousands)

- 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.

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, 2011 and 2010 as follows:

	2011		2010	
Investment type	**Fair value**	**Duration**	**Fair value**	**Duration**
Short-term	$ 3,091,684	0.093	$ 1,090,113	0.041
Domestic fixed income	13,228,828	3.771	14,319,299	3.478
Total fair value	$16,320,512		$15,409,412	
Portfolio modified duration		3.074		3.235

(dollars in thousands)

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%.

(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 holdings in commingled investment trust funds and separate accounts, international REITs (real estate investment trusts) and alternatives. The "Alternatives" represent private equity investments denominated in foreign currency. At June 30, 2010, the System held 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. 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, 2011 and 2010 as follows (holdings valued in U.S. dollars):

	2011		2010	
	International equities	Alternatives	International equities	Alternatives
Currency:				
Euro	$3,586,573	$1,137,968	$2,529,872	$672,618
Japanese Yen	2,288,183	—	1,924,501	—
British Pound Sterling	2,462,060	67,624	1,773,342	50,951
Swiss Franc	978,480	—	711,766	—
Australian Dollar	972,901	—	644,143	—
Swedish Krona	366,328	—	224,651	—
Hong Kong Dollar	311,449	—	224,277	—
Singapore Dollar	210,706	—	126,520	—
Danish Krone	120,560	—	83,926	—
Norwegian Krone	101,532	—	55,879	—
Other	277,201	—	206,230	—
Totals	$11,675,973	$1,205,592	$8,505,107	$723,569

(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 for domestic securities and 105% for international securities. 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, 2011 and 2010, the amount the System owed borrowers exceeded the fair value of the cash collateral invested by approximately $26.7 million and $27.6 million, respectively. 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).

(dollars in thousands)

As of June 30, 2011, JP Morgan Securities Lending (JP Morgan) acted as agent for the domestic equity and fixed income securities lending programs and State Street Bank and Trust Co. acted as agent for the global REIT securities lending program. During the fiscal year ClearLend's (formerly Wachovia Global Services Lending) parent, Wells Fargo, made a strategic decision to exit the securities finance business. After conducting due diligence and in consideration of the risks involved in changing the System's domestic equity lender, the System determined that the best course of action was to move the domestic equity lending book to JP Morgan. Consequently in the month of June, the domestic equity component of the lending program was transitioned from ClearLend to JP Morgan. 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 Standard & Poor's and Moody's Investors Service, not lower than A-1/P-1 or long-term ratings not lower than A/A2, respectively, or the equivalent thereof. At June 30, 2011 the average effective duration of the funds managed by JP Morgan was 28 days compared to 24 days in 2010. Securities loans and related collateral investments are monitored on a daily basis to ensure compliance with collateral requirements, limitations, and collateral investment guidelines.

Securities lending program	2011	2010
Market value of securities on loan	$2,610,949	$3,797,725
Fair value of collateral invested	$2,640,559	$3,879,644
Fair value of liabilities to borrowers	2,667,281	3,907,285
Net unrealized (loss)	$ (26,722)	$ (27,641)

(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.

There were no open option transactions at June 30, 2011 or June 30, 2010.

(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, 2011 and 2010 respectively, were: real estate and real estate alternative investments of $1.3 billion and $1.4 billion; mortgages of $155.7 million and $150.0 million; and private equity investments of $3.9 billion and $4.3 billion.

(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 $98,041 and $88,870 at June 30, 2011 and 2010, respectively, $11,024 and $10,273, 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 11.55% and 7.21% was applicable to the annual covered payroll for the fiscal years ended March 31, 2011 and March 31, 2010, respectively. The required contributions paid to NYSLRS during the System's years ended June 30, 2011 and 2010 were $2,903 and $1,802, respectively, and were 100% of the contributions required.

(10) System Employees' Other Postemployment Benefits

(a) Plan Description

The System adopted GASB 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 recognition of an actuarially determined annual required contribution as an expense in the Statement of Changes in Plan Net Assets.

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

In order to be eligible, employees must have worked for at least ten years for the System, retire directly from System employment, and commence receipt of their pension from the NYSLRS. Dependents may also be covered.

System retirees are required to contribute toward the cost of their coverage. Under the current agreement, employees who retire on or after July 1, 1985 contribute an amount equal to 10% of the premium paid by the System up to the premium of the Empire Plan option. If more expensive coverage is elected, the retiree pays 10% of the Empire Plan option and 100% of the difference between the two. Employees who retire on or after April 1, 1991 are eligible to have accumulated unused sick leave converted into a credit to offset their contribution requirement.

As of June 30, 2011, 546 participants including 344 current employees, and 202 retired and/or spouses of retired employees participated in the healthcare plan. 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. 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.

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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The System's contribution to the Trust for the years ended June 30, 2011 and 2010, were $4,154 and $3,499, 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.

(dollars in thousands)

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, 2010	$5,495	$60,044	$54,549	9.20%	$24,021	227%

(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 AAL 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, 2010
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 two years that exceeded coverage. Management of the System believes there would be no material adverse effect on the financial statements as a result of the outcome of these matters if they existed.

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)
June 30, 2010	88,544.4	88,318.8	(225.6)	100.3	14,792.1	(1.5)

The System is funded in accordance with the Aggregate Cost Method. In accordance with GASB 50, the AAL above has been calculated in accordance with the Entry Age Normal Cost Method, for 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 fifth year of application of GASB 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.

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, 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
July 1, 2010	5,495	60,044	54,549	9.2	24,021	227

This is the fourth year of application of GASB 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 Trust is required to have an actuarial valuation performed at least biennially. The most recent actuarial valuation was completed as of July 1, 2010.

Employer Contributions (Unaudited)
(dollars in thousands)

Year Ended June 30:	Annual Required Contribution	Percentage Contributed
2006	$ 997,032	100%
2007	1,104,010	100
2008	1,188,140	100
2009	1,096,117	100
2010	925,506	100
2011	$1,389,415	100

See accompanying independent auditors' report.

Schedule of Administrative Expenses
Years Ended June 30, 2011 and 2010
(dollars in thousands)

	2011	2010
Salaries and benefits:		
Salaries	**$25,528**	$25,577
Civil service	**72**	75
Employees retirement	**2,915**	2,091
Health and dental insurance	**8,032**	7,251
Overtime salaries	**73**	47
Social security	**1,828**	1,829
Total salaries and benefits	**38,468**	36,870
Building occupancy expenses:		
Building, grounds and equipment	**1,022**	970
Depreciation — building and improvements	**973**	954
Depreciation — equipment	**225**	330
Office supplies and expenses	**171**	187
Utilities and municipal assessments	**817**	834
Total building occupancy expenses	**3,208**	3,275
Computer expenses:		
Amortization/depreciation — computer mainframe	**138**	96
Amortization/depreciation — computer micro	**3,109**	3,411
Computer hardware and software	**2,417**	2,323
Computer maintenance and supplies	**99**	221
Total computer expenses	**5,763**	6,050
Investment expenses:		
Advisory committee expenses	**117**	109
Service costs — real estate	**34**	36
Total investment expenses	**151**	145
Personnel and meeting expenses:		
Board — meetings, travel and education	**94**	90
Delegates meeting	**55**	46
Pre-retirement seminars	**135**	139
Professional development	**477**	564
Travel and automobile expense	**150**	111
Other personnel expenses	**25**	41
Total personnel and meeting expenses	**936**	991
Professional and governmental services:		
Auditors — financial	**120**	137
Auditors — insurance department	**67**	67
Disability medical examinations	**86**	95
Postage and cartage	**765**	913
Professional fees and services	**126**	75
Publications	**353**	354
Statutory custodian charges	**116**	116
Total professional and governmental services	**1,633**	1,757
Total	**$50,159**	$49,088

See accompanying independent auditors' report.

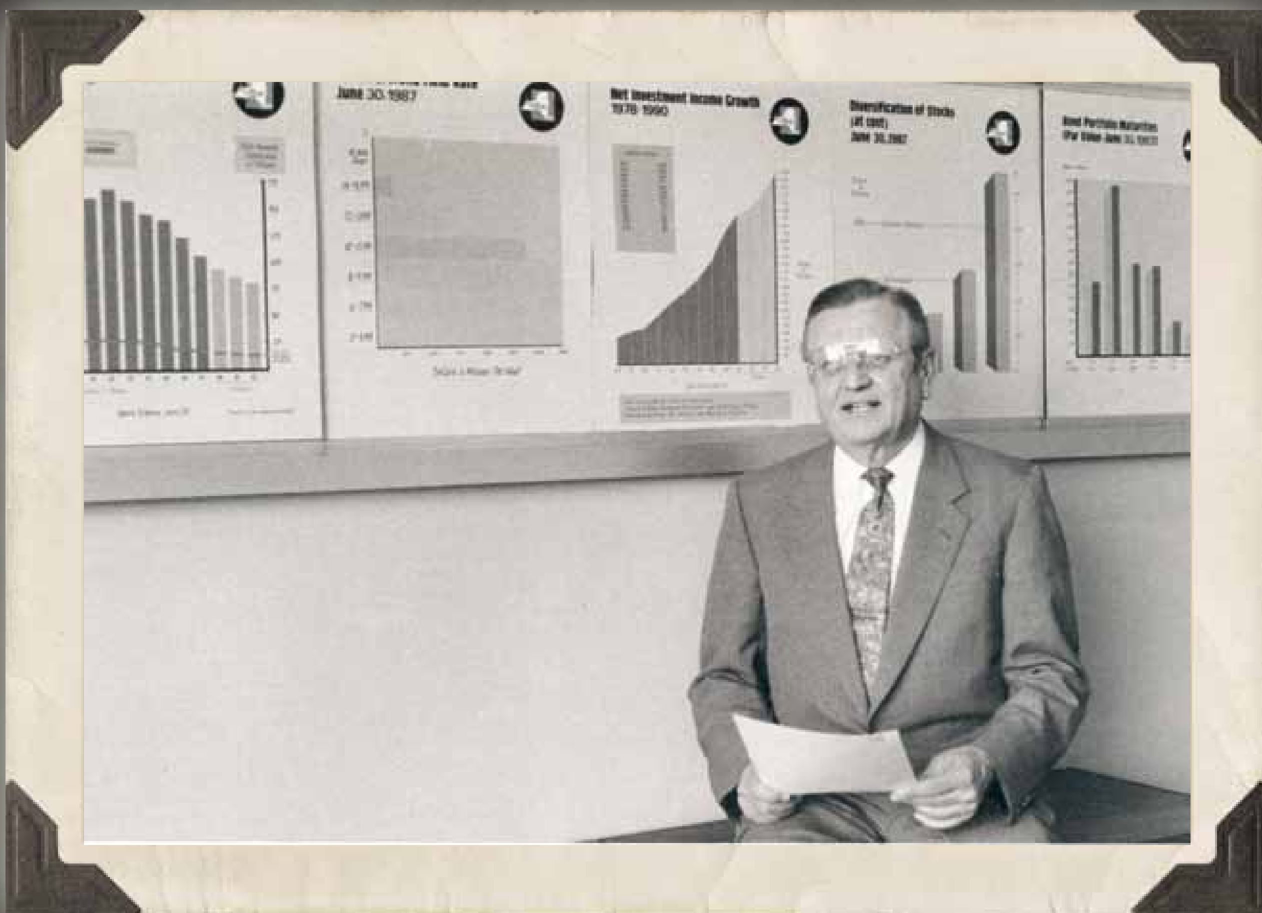
Schedule of Investment Expenses — Year Ended June 30, 2011
(dollars in thousands)

Investment category	Assets serviced or under management	Expenses*
Domestic fixed income	$ 935,492	$ 1,943
Domestic equity	3,423,793	13,536
International equity	12,009,539	10,375
Mortgages	2,267,646	277
Real estate	5,861,647	52,988
Alternative investments	8,379,520	13,184
General	—	5,302
Totals	$32,877,637	$97,605

***Expenses represent primarily professional fees.*

See accompanying independent auditors' report.

Investments



Investments

Overall Objectives and Performance

NYSTRS remains committed to a disciplined investment approach aimed at preserving the System's status as one of the best-funded public pension plans in the nation. Market conditions, though far from stable, were favorable for extended periods during the fiscal year, allowing the System to achieve double-digit returns for the second consecutive year. A robust total fund return of 23.2% net of fees was nearly double the previous year's return of 12.1%. Most of the loss sustained during the devastating 2008-09 economic crisis was recovered in these two years.

Total net assets were valued at $89.9 billion as of June 30, 2011, an increase of more than $13 billion from a year earlier. NYSTRS has achieved returns well above the 8.0% assumed rate of return in four of the past six years. The previous five years' returns were 12.1%, -20.5%, -6.3%, 19.4% and 11.8%, respectively. Our five-year annualized rate of return now stands at 4.2% and our 25-year return at 9.0%. The latter figure is 100 basis points above our 8.0% actuarially assumed rate of return.

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

Public Equities

As of June 30, 2011, NYSTRS' public equities program was valued at $53.4 billion, with $41.4 billion allocated to domestic equities and $12.0 billion to international equities.

Domestic and international markets were up strongly during the fiscal year. In the U.S., the S&P 1500 index rose 31.6%. In August 2010, U.S. equities benefited from a second round of quantitative easing as the Federal Reserve (the Fed) looked to further stimulate the economy by driving down bond yields, serving to increase investor risk appetite for equities. U.S. exporters simultaneously benefited from a weak dollar and improving operating margins. Strong corporate profitability coupled with the tailwind from monetary stimulus propelled the equity market higher for most of the year, led by small- and mid-capitalization stocks. From a style perspective, growth oriented companies outperformed value stocks as investors favored companies with strong earnings potential. At the sector level, energy and basic materials continued to benefit from rising oil and commodity prices.

In contrast to recent years, international equity markets were led higher by developed markets narrowly out-performing emerging markets. Strength in Germany, France and the United Kingdom offset the threat of sovereign debt defaults facing Greece, Spain, Portugal and Ireland. In Asia, the Japanese market was weak, the result of March's devastating earthquake and tsunami. Concerns that China's rapid economic expansion may be slowing provided a headwind for emerging markets. Overall, the MSCI EAFE index was up 30.4%, while the broader MSCI ACWI Ex-U.S. index that includes emerging markets rose 29.7%.

A bullish period for global equity markets came to an abrupt end in the fourth quarter as Greece's sovereign debt woes reached a crisis point, increasing fears of a contagion that could undermine the entire Eurozone. Similarly, the United States faced the prospect of defaulting for the first time in its history with the $15 trillion deficit rapidly approaching the nation's debt ceiling, prompting the major credit agencies to warn of a possible downgrade to the U.S.'s AAA rating. Further signs of a faltering recovery for the world's largest economy, including disappointing unemployment and GDP numbers, prompted a sharp sell-off in May.

Domestic Equities

The domestic equities portfolio is predominantly internally managed, with 95.0% of assets invested in several low-risk strategies targeting broad U.S. market exposure. The remaining 5.0% is allocated to external managers seeking above benchmark returns.

The domestic equities portfolio performed in line with expectations during the period, generating a return of 31.7% versus the S&P 1500 index return of 31.6%. The portfolio benefited from excess returns to growth and value strategies internally managed by System staff. The System's external managers also contributed excess returns, partly from exposure to small and mid-capitalization stocks.

During the fiscal year, staff opportunistically raised over $4.0 billion from domestic equities, reallocating the cash either to international equities to fund new external managers or to short-term fixed income investments. Additionally, NYSTRS was actively engaged in further developing the System's minority and women-owned and emerging manager line-up, hiring a new fund-of-funds manager in November 2010.

International Equities

The international equities portfolio, which is directed by external managers, performed in line with expectations, generating a return of 30.8% during the period, compared to 30.4% for the MSCI EAFE index, and 29.7% for the MSCI ACWI Ex-U.S. index. The international equities portfolio benefited from excess returns to both passive and actively managed strategies.

In April 2009, the Retirement Board approved the restructuring of the international portfolios, with 25.0% to be actively managed versus MSCI ACWI Ex-U.S. Since then staff has worked to develop the active manager line-up to meet this strategic goal, hiring two new ACWI Ex-U.S. managers during the period and reviewing several other manager candidates. In addition, as part of the restructuring of the international portfolio, the System liquidated the internally managed ADR portfolio.

Domestic Fixed Income

Continued economic uncertainty illustrated the magnitude of the damage to confidence inflicted on the U.S. by the deep recession that ended in June 2009. Facing historically low interest rates, global sovereign debt crises and fluctuating rates of inflation, the domestic fixed income portfolio nevertheless fulfilled its primary roles of generating cash to help meet the System's $5.7 billion annual retirement benefit obligation and contributing to the stability of the System's overall investment program.

The System has a portfolio of high-quality fixed income securities diversified by issuer, yield curve placement, security type and sector. Investments are in U.S. Treasuries and agencies, AAA rated agency mortgage-backed securities and investment-grade corporate bonds. Diversification and active portfolio management help to mitigate risk, add to System liquidity, preserve capital and generate cash flow. The strategy also helps the System to be responsive to opportunities when they occur in the fixed income market.

The past fiscal year demonstrated the fragile nature of the economic recovery. The frailty was seen in price stability attributed to an inflation rate that was uncomfortably low for policy makers during the first few months of the fiscal year, when it hovered around 1.0%. This resulted in financial markets and consumer confidence indicators projecting low inflation into the future. Consequently, in November 2010 the Federal Open Market Committee (FOMC) of the Fed, in an effort to "foster maximum employment and price stability," embarked on the sequel to its quantitative easing initiative, dubbed by market observers as "QE2." Through QE2, the FOMC announced its intent to purchase an additional $600 billion in Treasury securities in order to keep interest rates down and stimulate the economy.

By the System's fiscal year end, the unemployment rate had declined since the beginning of the fiscal year but remained stubbornly high at approximately 9.0%. In addition to the disappointing unemployment rate, 16.0% of people in the workforce were classified as either unemployed or under-employed, meaning they were only able to find part-time work. Conversely, inflation expectations responded as the Fed intended, increasing from the low levels experienced during the beginning of the fiscal year. U.S. growth, however, remains anemic as evidenced by the stagnant employment figures and a GDP print for the quarter ended March 31, 2011 that was only 0.4% on an annualized basis. Interest rates remained historically low at fiscal year-end, making it challenging to generate cash flow without undue risk to capital. The expectation, however, is that the portfolio will continue to be high quality, with diversification and the ability to respond to opportunities as they arise remaining its strengths.

Fiscal year performance was influenced by a variety of factors. Portfolio maturity positioning both added and subtracted from performance during the fiscal year. The portfolio had an overweight to securities with maturities out to three years which caused some underperformance as demonstrated by the benchmark return of only 1.75% in the one-to-three year maturity range. A positive offset to this was the portfolio's limited exposure to treasury securities with maturities greater than 10 years, which in the benchmark returned -1.1% for the fiscal year. Exposures to fixed income securities with credit risk also impacted returns. The portfolio's underweight to both lower-rated investment grade corporate bonds (a benchmark return of 8.4% for the fiscal year) and lack of commercial mortgage backed securities (which returned 11.4%), which are associated with external manager mandates, hindered portfolio returns. Conversely, the portfolio's overweight exposure to investment grade corporate bonds benefited portfolio performance due to larger coupons and tighter credit spreads.

As of June 30, 2011, the System's one- and three-year long-term bond portfolio returns were 3.8% and 6.4%, respectively. These returns were somewhat less than the 3.9% and 6.5% annual returns of the benchmark, the Barclays Capital Aggregate Float Adjusted Bond Index. This benchmark excludes Federal Reserve holdings of U.S. Treasuries, Agencies and Agency Mortgage Backed Securities — securities that were purchased as part of the Fed's quantitative easing initiatives.

Short-Term (Cash Equivalents)

The System's short-term fixed income portfolio is comprised of high-quality securities which can easily be converted into cash to satisfy the monthly payment of pension benefits, make possible investments in other asset classes and support System operations. 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, 2011, the portfolio's weighted average duration was 34 days. For the 12 months ended June 30, 2011, the short-term portfolio returned 0.21% versus the iMoneyNet Money Fund Average/All Taxable Index benchmark, which returned 0.03%.

During NYSTRS' 2011 fiscal year, short-term fixed income experienced the ebb and flow of stresses within global money markets. For example, to provide liquidity to the financial system, various monetary policy initiatives between central banks were reinstated and extended. The Federal Reserve announced the extension of the existing U.S. dollar liquidity swap arrangements with several central banks, and the European Central Bank extended the Longer Term Refinancing Operation (LTRO) which provided banks with short-term funding through various refinancing operations.

Financial institutions in Europe fell under the microscope as their exposure to financially weaker peripheral European sovereign debt gave rise to stress tests. As solvency concerns diminished with the results of the stress tests, interbank funding conditions eased, as evidenced by the downward shift in the London Interbank Offered Rate (LIBOR) readings. When subsequent financial concerns arose, LIBOR was less reactive as a result of large cash balances held by financial institutions and their ability to access funding via the money markets and central banks.

Aside from fundamentals, various technical factors placed downward pressure on money market rates. Effective April 1, 2011, a new FDIC Assessment Fee went into effect whereby FDIC-guaranteed financial institutions are assessed a fee based on their total liabilities rather than their total deposits. As a result, repurchase agreement rates experienced downward pressure. In addition, to make room under the imposing debt ceiling, the United States Treasury cut the supply of Supplementary Financing Program (SFP) bills to $5.0 billion from $200.0 billion. This created a deeper supply-demand imbalance in a market already clamoring for paper.

The Federal Reserve has maintained the historically low federal funds target rate at a range of 0.0%—0.25% and reiterated its intent to keep rates low for an extended period of time due to the anemic growth of the U.S. economy and the risk of future decline.

Real Estate

Commercial real estate investments staged an uneven recovery during the fiscal year. Investors, still feeling the impact of the recession on economic activity, crowded into the top-tier markets of New York, Washington, D.C., Boston, San Francisco and Los Angeles — with a focus on office space and apartments in areas with favorable demographic trends. Interest rates on commercial mortgage loans have been very attractive for qualified borrowers due to the Federal Reserve System's aggressive monetary policy. The drive to keep interest rates low has helped support increased property values and enabled many property owners to improve their capital structure.

The Retirement System's commercial real estate investments include commercial mortgage loans, real estate debt funds, commercial mortgage backed securities (CMBS), direct-investment property ownership, equity real estate funds, real estate investment trusts (REITs) and timberland. The first three categories involve the financing of commercial properties. With Treasury rates setting the market, System earnings on commercial mortgage loans has been low due to the low interest rates. As a result, the System has focused primarily on very low risk opportunities.

The remaining four investment categories outlined above comprise NYSTRS' equity real estate portfolio. In these areas the System has taken advantage of low interest rates to refinance some assets, serving to improve cash flow. Selective selling of assets not considered long-term holds also occurred.

From a performance standpoint, our diversified investment program did well. Our public market investment in REITs led the way with a return of 33.6% for the domestic portfolio and 31.2% for the Ex-U.S. portfolio. Our directly owned assets, and the combination of opportunistic funds and value-added real estate funds, also contributed with returns of 23.7% and 31.9%, respectively. Our commercial mortgage portfolio continued to provide the System with a steady and predictable source of cash flow.

Private Equity

NYSTRS made its first private equity investment in 1984 and formally committed to the asset class in 1999, establishing a target of 1.0% of investments. Today, the target allocation is 7.0% with an allocation range of 4.0% to 12.0%. 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 $1.2 billion of private equity associated with real estate and timberland are categorized in this report as real estate equity.

As of June 30, 2011, the value of the non-real estate private equity investments was $7.2 billion. The System committed approximately $13.3 billion to 140 partnerships in 64 private equity firms. From inception through June 30, 2011, the private equity portfolio generated an internal rate of return of 11.8%.

Realizations for investments in private equity-backed companies were healthy in the past year, with both the M&A and IPO markets providing exit opportunities. This environment favorably impacted the NYSTRS private equity portfolio during the fiscal year, with $1.3 billion in distributions in the past year, compared to $454 million in the prior period. As for the future, the *Wall Street Journal* noted that U.S. companies alone have almost $2 trillion in cash and other liquid assets on their balance sheets. These strong balance sheets may be used to acquire private equity-backed companies in the years to come.

The System's private equity portfolio performance continued to outperform the benchmark on a five- and 10-year basis with performance of 9.6% and 10.5%, above the comparable benchmark performance of 7.9% and 7.7%, respectively. The one- and three-year returns lagged the benchmark with performance of 23.8% and 2.6%, below the benchmark performance of 35.7% and 8.3%, respectively. This is primarily attributable to greater volatility in public markets outpacing the revaluation in the private equity portfolio.

Other Programs

Securities Lending

The System's Securities Lending Program generates incremental income by lending in-demand securities. The securities loaned include domestic and international equities as well as domestic fixed income securities.

Multiple agents are used to manage the lending programs. Each lending program is proactively monitored by System staff to ensure the programs are managed in compliance with NYSTRS' contractual and risk guidelines.

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

Deleveraging by financial market participants in response to the financial crisis continued, albeit at a much slower pace, to put downward pressure on borrower demand. Lower demand to borrow securities combined with limited collateral reinvestment opportunities in a historically low money market interest rate environment along with the Federal Reserve's second quantitative easing policy action were the primary reasons for the decrease in program earnings year over year. The System earned $12.0 million from securities lending for the fiscal year ended June 30, 2011 as compared to $18.0 million during the fiscal year ended June 30, 2010.

As of June 30, 2011, the securities lending portfolio was collateralized at approximately 102.0%, with 4.8% of the System's securities available to lend actually on loan. This was down from the 7.6% on loan at the end of June 2010.

The unrealized loss on investments in our collateral portfolio declined from $27.6 million as of June 30, 2010 to $26.7 million as of June 30, 2011, a reduction of $0.9 million.

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 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 2011 fiscal year, the Retirement System recaptured $88,657 directly from these brokers.

Call Options

The covered call program generates additional revenue for the Retirement System in the form of option premiums. Covered call options may be written against securities earmarked to be sold as part of the periodic rebalancing of the internally managed funds or to enhance yield. During the 2011 fiscal year, the System generated $31,281 in net premiums.

Prepared by NYSTRS Investment Staff:

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Managing Director of Public Equities
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Managing Director of Real Estate
Michael A. Wolfe Jr.
Managing Director of Fixed Income

Diversification of Investments – June 30, 2011 and June 30, 2010

(dollars in thousands)

Investment Type	2011	Percent	2010	Percent	Increase (Decrease)
Short-term:					
Government related*	$ 264,957		$ 74,994		$ 189,963
Corporate	2,826,727		1,015,119		1,811,608
	3,091,684	3.51%	1,090,113	1.44%	2,001,571
Domestic fixed income securities:					
United States Treasury	4,435,281		4,340,323		94,958
Federal agency, notes & debentures	1,448,148		1,503,930		(55,782)
Federal agency mortgage backed	2,122,769		2,978,194		(855,425)
Commercial mortgage backed	902,753		908,868		(6,115)
Corporate	4,319,877		4,587,984		(268,107)
	13,228,828	15.01	14,319,299	18.98	(1,090,471)
Domestic equities:					
Basic materials	4,761,321		4,120,900		640,421
Capital goods	5,392,322		4,368,163		1,024,159
Consumer cyclicals	4,212,791		3,528,691		684,100
Consumer staples	3,789,414		3,311,269		478,145
Energy	3,975,946		2,810,821		1,165,125
Financial	8,229,789		7,104,632		1,125,157
Technology	6,515,342		5,587,577		927,765
Transportation	1,128,380		931,204		197,176
Utilities	3,434,879		2,845,130		589,749
Diversified and miscellaneous	3,159		3,279		(120)
	41,443,343	47.01	34,611,666	45.87	6,831,677
International equities:					
Commingled investments	11,133,009		8,505,108		2,627,901
Direct investments	542,964		-----		542,964
ADRs	-----		427,066		(427,066)
REITs	333,566		243,208		90,358
	12,009,539	13.62	9,175,382	12.16	2,834,157
Mortgages:					
Conventional	4,122,220		4,292,428		(170,208)
Federal Housing Administration	6,886		16,192		(9,306)
	4,129,106	4.68	4,308,620	5.71	(179,514)
Real estate:					
Direct equity real estate investments	3,457,102		3,109,663		347,439
Commingled real estate investments	2,404,545		1,815,411		589,134
Other real estate owned	5,583		5,583		-----
	5,867,230	6.66	4,930,657	6.53	936,573
Alternative investments:					
Private equity	7,203,477		5,997,941		1,205,536
Real estate equity funds	636,051		519,132		116,919
Real estate debt funds	265,872		227,942		37,930
Timberland	274,120		277,102		(2,982)
	8,379,520	9.51	7,022,117	9.31	1,357,403
Total investments	**$88,149,250**	**100.00%**	**$75,457,854**	**100.00%**	**$12,691,396**

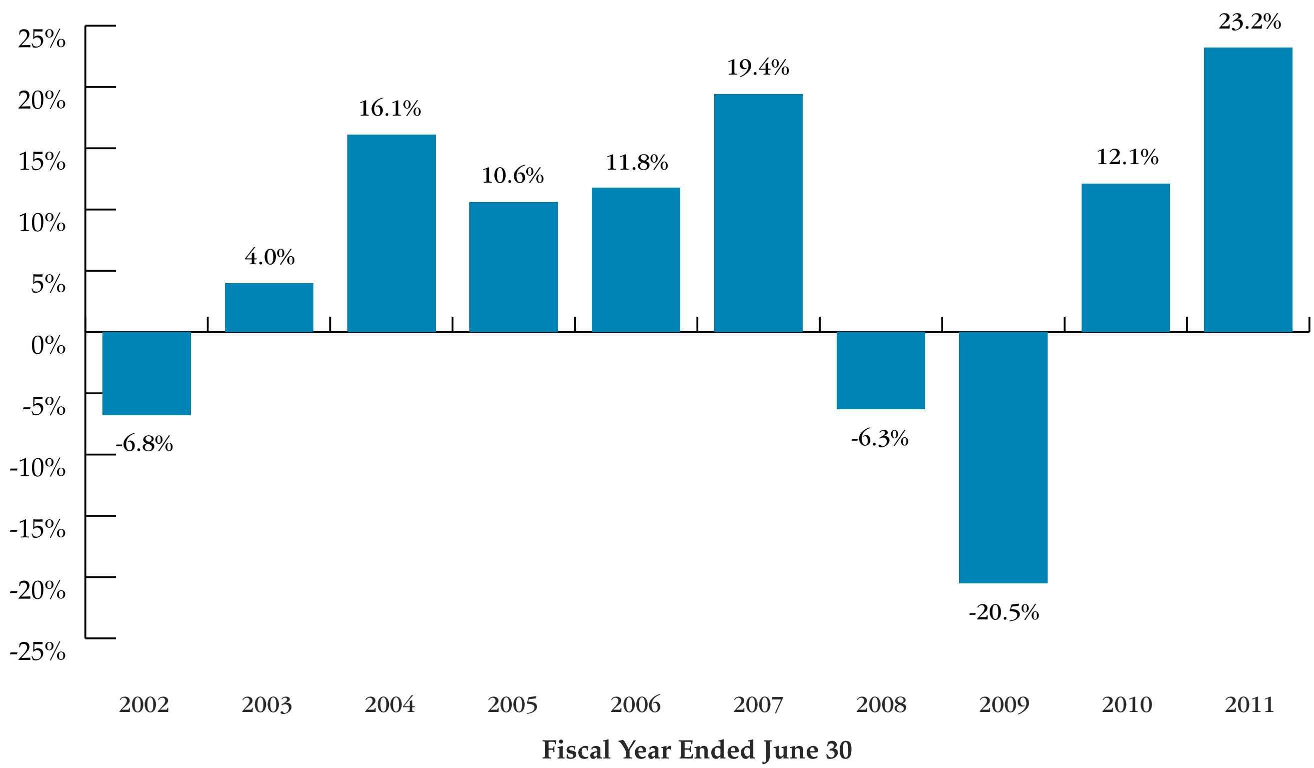
**U.S. Treasury, agency, supranational, and sovereign debt issues.*

Asset Allocation – June 30, 2011

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%	45.3%
International Equity	15%	11-19%	13.2%
Real Estate	10%	6-14%	9.8%
Private Equity	7%	4-12%	8.2%
Total Equities	74%		76.5%
Domestic Fixed Income	18%	13-23%	13.9%
Mortgages	8%	5-11%	6.1%
Cash Equivalents	0%	0-5%	3.5%
Total Fixed Income	26%		23.5%

Annual Performance History



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	32.3%	-%	-%	-%
NYSTRS Index2 Fund	31.7	-	-	-
NYSTRS Value Tilt2 Fund	32.1	-	-	-
Benchmark: S&P 1500*	31.6	-	-	-
NYSTRS S&P 100 Fund	28.3	-	-	-
Benchmark: S&P 100	28.3	-	-	-
NYSTRS S&P 500 Fund	30.7	-	-	-
Benchmark: S&P 500	30.7	-	-	-
NYSTRS S&P 600 Fund	37.0	-	-	-
Benchmark: S&P 600	37.0	-	-	-
Total Enhanced Large Cap Management	30.1	-	-	-
Benchmark: S&P 500	30.7	-	-	-
Total Active Mid Cap Management	45.8	7.4	9.6	9.9
Benchmark: Russell Midcap*	38.5	7.0	5.1	3.8
Total Domestic Equities	31.7	4.2	3.4	3.8
Benchmark: Blended S&P/Russell*	31.7	4.3	3.4	3.7
International Equities				
Total External Passive Management	30.7	-2.1	1.2	5.8
Total Active Management	34.1	0.3	2.3	6.0
Total International Equities	30.8	-1.3	1.5	5.7
Benchmark: MSCI EAFE	30.4	-1.8	1.5	5.7
Real Estate	23.6	-5.3	2.3	9.1
Benchmark: Blended NCREIF/REIT*	21.6	-5.6	0.1	6.0
Private Equity	23.8	2.6	9.6	10.5
Benchmark: S&P 500 plus 5%	35.7	8.3	7.9	7.7
Domestic Fixed Income	3.8	6.4	6.5	5.9
Benchmark: Barclays Capital Aggregate Float Adj*	3.9	6.5	6.5	5.8
Mortgages	7.3	5.1	5.3	6.5
Short-Term	0.2	0.6	2.3	2.3
Benchmark: iMoneyNet™ Money Fund Avg/Taxable	0.0	0.3	1.9	1.8
Total Fund	23.2%	3.2%	4.2%	5.5%

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

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		Inception Date
		Fund	Benchmark	
Domestic Equities				
Enhanced All Cap Management Progress	$ 554.4	13.2%	14.4%	Nov-10
Active All Cap Management Leading Edge	279.3	10.6	11.1	Dec-10
Enhanced Large Cap Management T. Rowe Price	399.6	23.0	22.6	Jan-09
Active Mid Cap Management Iridian	724.4	9.6	2.9	Apr-99
International Equities				
Passive Management				
BlackRock EAFE Index	5,567.6	9.6	9.2	Oct-09
State Street Global Advisors	5,564.9	6.7	6.2	Mar-04
Active Management				
Aberdeen	267.8	6.1	5.3	Dec-10
William Blair	275.2	9.0	9.4	Oct-10
Mortgages				
BlackRock: CMBS	448.9	5.9	6.3	Apr-01
Prima: CMBS	158.6	6.0	5.1	Nov-03
Torchlight: CMBS	389.3	5.5	6.3	Apr-01
Torchlight: Torchlight Value Fund	31.1	0.6	-6.6	Sept-05
Real Estate				
Direct Investments				
Clarion Partners	666.2	8.2	5.1	Jun-90
Invesco Realty Advisors (Industrial)	178.0	8.2	7.3	Nov-94
Invesco Realty Advisors (Multi-family)	153.4	11.6	6.0	Dec-98
JPMorgan Asset Management	2,032.9	10.1	5.3	Oct-90
Kennedy Associates	106.0	8.7	7.3	Apr-95
Sentinel Real Estate	303.6	9.1	7.4	Mar-96
Direct Investments - Timber				
Forest Investments: Adirondack Timber I	274.1	3.9	6.2	Dec-98
Domestic Public Securities				
Adelante Capital Management	308.5	10.6	10.0	Aug-98
Cohen & Steers: Equity Income	206.0	10.0	9.4	Jul-98
Cohen & Steers: REIT Preferred	149.4	11.2	9.9	Sep-07
Cohen & Steers: Total Return	521.2	12.8	11.1	Jun-95
RREEF America	360.7	12.0	10.0	Aug-98
International Public Securities				
European Investors	118.7	-3.3	-3.1	Dec-06
LaSalle Investment Management	105.2	-5.6	-2.9	Dec-06
RREEF America	$ 109.6	-4.8%	-2.9%	Dec-06

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

	Assets Managed ($ millions)	Inception Rate of Return[1]	Equity Multiple	Inception Date
Real Estate *(continued)*				
Commingled Funds				
Angelo, Gordon & Co.: AG Realty Fund V	$ 2.0	25.7%	1.6	Dec-01
Angelo, Gordon & Co.: AG Realty Fund VI	26.2	2.0	1.1	Sep-05
Angelo, Gordon & Co.: AG Realty Fund VII	32.3	9.1	1.1	Dec-07
Apollo: CPI Capital Partners North America	14.8	-12.5	0.6	Dec-06
BlackRock: Granite Property Fund	60.4	3.9	1.7	Dec-97
Blackstone RE Partners: Fund V TE.2	52.7	9.3	1.3	Jul-06
Blackstone RE Partners: Fund VI TE.2	106.1	8.9	1.2	Mar-07
Brookfield Properties: Office Partners	270.9	3.4	1.1	Oct-06
Cabot Properties: Industrial Value Fund II	32.0	-8.6	0.7	Nov-05
Cabot Properties: Industrial Value Fund III	15.6	-1.6	1.0	Dec-08
CBRE: China Opportunity Fund	24.4	9.3	1.3	Dec-06
CBRE: Strategic Partners Europe Fund III	37.0	-14.4	0.7	Apr-07
CBRE: Strategic Partners III	10.9	9.2	1.3	Dec-03
CBRE: Strategic Partners IV	16.9	-32.1	0.2	Dec-05
CBRE: Strategic Partners U.K. Fund III	13.4	-36.7	0.3	May-07
CBRE: Strategic Partners U.S. Opport. 5	35.2	-18.6	0.8	Dec-07
CBRE: Strategic Partners U.S. Value 5	55.2	25.8	1.3	Jun-08
Cerberus: Institutional Real Estate Partners	9.3	9.5	1.2	May-04
Cerberus: Institutional Real Estate Partners - Series Two	37.1	20.5	1.2	May-08
CIGNA: Apartment Alliance	0.5	30.0	2.1	Dec-02
Clarion Partners: Development Ventures II	10.0	-14.9	0.7	Jun-05
Clarion Partners: Development Ventures III	10.2	-30.9	0.7	Apr-09
Cornerstone: Apartment Fund I	0.4	19.9	2.1	Nov-00
Cornerstone: Apartment Venture I	1.1	65.2	2.5	Jul-03
Cornerstone: Apartment Venture III	32.5	1.2	1.0	Apr-07
Cornerstone: Patriot Fund	54.8	12.3	1.1	Oct-10
DLJ: Real Estate Capital Partners III	39.8	-6.5	0.9	Jun-05
DLJ: Real Estate Capital Partners IV	30.0	-11.3	0.8	Feb-08
Essex Property Trust: Apartment Value Fund II	71.4	9.1	1.5	Nov-04
Exeter Property Group: Industrial Value Fund	40.4	-2.7	0.9	Nov-07
Hines Interests: Emerging Markets	10.0	14.9	1.5	Oct-99
Hines Interests: U.S. Office Value Added	22.2	17.0	1.4	Jan-05
Hines Interests: U.S. Office Value Added II	11.9	-37.8	0.3	Aug-07
JPMorgan: Excelsior II	79.1	-15.8	0.5	Dec-05
Landmark Partners: Real Estate Trust IV	1.1	19.7	1.6	Mar-02
LaSalle: Asia Opportunity Fund III	18.0	-9.8	0.9	Mar-08
Lone Star: Fund III	18.8	32.2	2.1	Oct-00
Lone Star: Fund IV	140.8	31.7	2.4	Dec-01
Lone Star: Fund V	$ 91.3	-1.1%	1.0	Jan-05

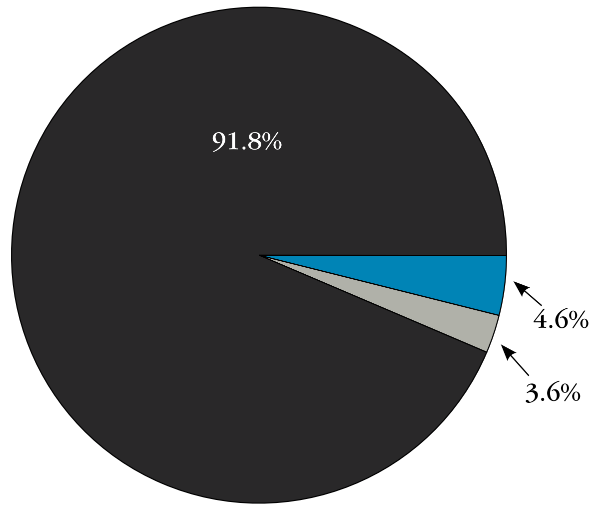
[1]*Returns for periods over 1 year are annualized.*

	Assets Managed ($ millions)	Inception Rate of Return[1]	Equity Multiple	Inception Date
Real Estate (continued)				
Commingled Funds (continued)				
Lone Star: Fund VI	$ 40.5	17.3%	1.5	Jul-08
MGPA: Asia Fund II	38.7	3.1	1.1	Apr-05
MGPA: Asia Fund III	46.9	1.8	1.0	May-07
MGPA: Europe Fund III	37.1	1.1	1.0	Jun-07
MGPA: Europe Parallel Fund II	17.9	-4.6	0.8	Apr-05
MGPA: Lend Lease Global Properties	0.4	13.4	1.9	May-99
O'Connor: North American Property Partners	30.4	-15.3	0.6	Sep-04
O'Connor: North American Property Partners II	16.7	-30.0	0.6	Oct-07
O'Connor: Peabody Global Real Estate	1.5	14.4	1.5	Jul-99
Penwood RE: Calif. Select Industrial Partners	13.9	-30.8	0.7	Dec-05
Penwood RE: Select Industrial Partners II	7.7	1.1	1.0	Aug-07
Perella Weinberg: Real Estate Fund I	39.9	20.9	1.2	Jan-08
Prudential Latin America: PLA Residential Fund III	49.0	6.9	1.2	Mar-08
Prudential: PRISA	210.9	5.5	3.5	Sep-85
Prudential: PRISA II	157.2	6.2	1.7	Sep-89
Prudential: PRISA III	61.0	2.2	1.1	Jun-03
Rockpoint: Finance Fund I	1.8	-24.8	0.4	Mar-07
Rockpoint: Heritage Fields	2.9	-57.0	0.1	Jul-05
Rockpoint: Real Estate Fund I	8.8	11.8	1.2	Sep-04
Rockpoint: Real Estate Fund II	26.0	-16.6	0.6	Sep-05
Rockpoint: Real Estate Fund III	81.7	9.8	1.1	Dec-07
Rockwood: Fund IV	0.3	24.3	1.8	Sep-00
Rockwood: Fund V	12.9	13.5	1.4	Jul-03
Rockwood: Fund VI	52.4	3.3	1.1	Jun-05
Rockwood: Fund VII	35.1	-21.9	0.5	Oct-06
Rockwood: Fund VIII	19.4	15.8	1.1	Mar-09
Starwood: Opportunity Fund IV	3.3	16.9	2.2	Jan-97
Starwood: Opportunity Fund VII-A	35.7	-7.6	0.7	Jan-06
UBS Realty: Trumbull Property Fund	259.8	6.6	4.2	Sep-85
USAA Real Estate: U.S. Industrial REIT II	38.1	-1.9	0.9	Jan-07
Walton Street: Real Estate Fund VI	47.8	5.8	1.1	Apr-09
Westbrook: Real Estate Fund IV	0.6	19.3	1.5	May-01
Westbrook: Real Estate Fund V	2.3	44.0	1.7	Feb-05
Westbrook: Real Estate Fund VI	21.1	-11.9	0.8	May-06
Westbrook: Real Estate Fund VII	57.2	-12.4	0.8	Dec-07
Westbrook: Real Estate Fund VIII	$ 20.3	17.8%	1.1	Jun-10

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

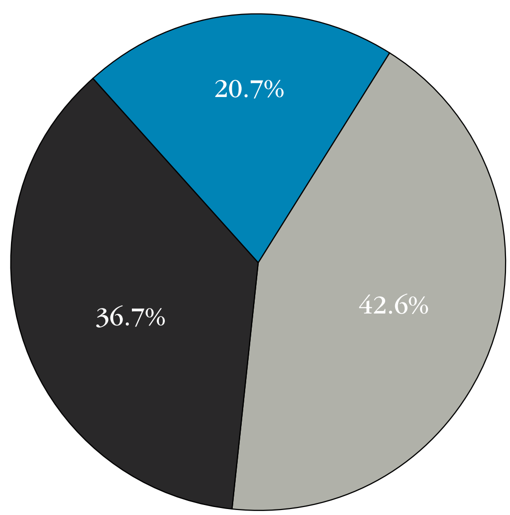
Domestic Equity Distribution – June 30, 2011
$41,443,343,323

Internally Managed - $38,019,549,855	**91.8%**
S&P 1500 Index2 - $32,719,002,165	79.0%
S&P 100 Index - $746,537,150	1.8%
S&P 1500 Value Tilt2 - $843,298,282	2.0%
S&P 1500 Growth Tilt2 - 848,690,612	2.1%
S&P 500 Index - $2,485,229,940	6.0%
S&P 600 Index - $376,791,706	0.9%
REITs - $1,502,597,106	**3.6%**
Externally Managed - $1,921,196,362	**4.6%**
Large Cap - $1,004,446,966	2.4%
Mid Cap - $774,549,690	1.9%
Small Cap - $142,199,706	0.3%



Domestic Equity Externally Managed Style Distribution – June 30, 2011
$1,921,196,362

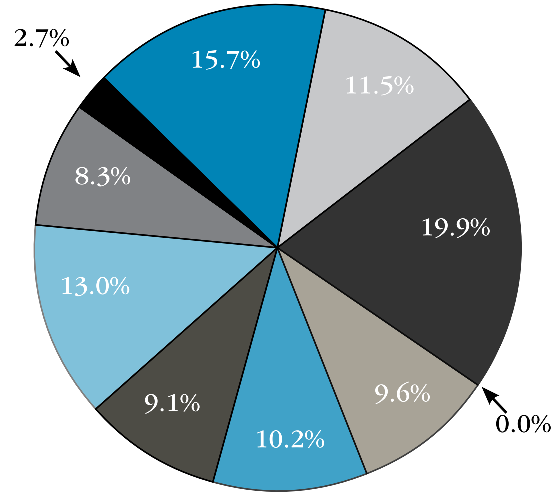
Mid Cap - $704,355,332	**36.7%**
Large Cap Enhanced - $398,406,270	**20.7%**
Fund of Funds - $818,434,760	**42.6%**
Growth - $240,830,115	12.5%
Value - $289,618,438	15.1%
Core - $287,986,207	15.0%



Domestic Equity Holdings by Industry Distribution – June 30, 2011

$41,443,343,323

Transportation - $1,128,379,843	**2.7%**
Technology - $6,515,341,786	**15.7%**
Basic Materials - $4,761,321,103	**11.5%**
Financial - $8,229,788,759	**19.9%**
Diversified and Miscellaneous - $3,159,882	**0.0%**
Energy - $3,975,945,759	**9.6%**
Consumer Cyclicals - $4,212,790,904	**10.2%**
Consumer Staples - $3,789,414,283	**9.1%**
Capital Goods - $5,392,322,276	**13.0%**
Utilities - $3,434,878,728	**8.3%**



Ten Largest Domestic Equity Holdings – June 30, 2011

Rank	Company	Cost	Market Value	Percent of Equities
1	Exxon Mobil	$ 223,691,737	$1,160,845,580	2.80%
2	Apple	106,572,153	891,393,504	2.15%
3	IBM	118,862,208	596,694,645	1.44%
4	Chevron	121,650,067	594,795,811	1.44%
5	General Electric	262,944,767	576,520,797	1.39%
6	Microsoft	359,442.676	560,044,212	1.35%
7	AT&T	213,415,478	536,942,234	1.30%
8	Johnson & Johnson	152,609,254	517,806,847	1.25%
9	Procter & Gamble	165,707,333	510,036,795	1.23%
10	Pfizer	227,080,282	477,150,363	1.15%
Total		**$1,951,975,955**	**$6,422,230,788**	15.50%

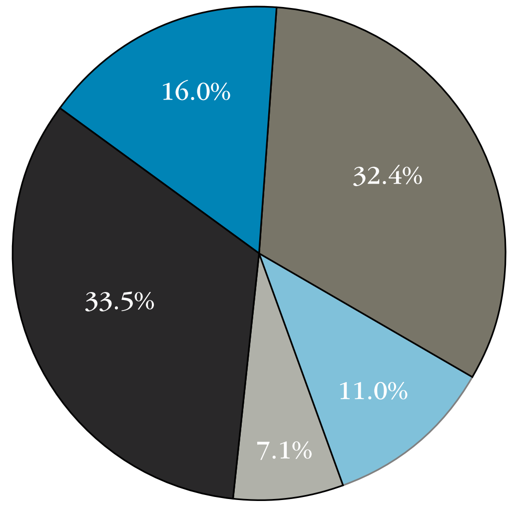
A complete list of the System's holdings is available on our Web site (see "Investments" under the heading "About NYSTRS") or through the Public Information Office.

Domestic Fixed Income Sector Distribution – June 30, 2011

$13,228,827,935

Yield to Maturity 2.2%

U.S. Treasuries - $4,435.280,813 Yield to Maturity - 1.3%	**33.5%**
Federal Agency, Mortgage Backed - $2,122,769,269 Yield to Maturity - 3.3%	**16.0%**
Corporate - $4,287,137,716 Yield to Maturity - 2.5%	**32.4%**
Federal Agency, Notes/Debentures - $1,448,147,779 Yield to Maturity - 1.1%	**11.0%**
REIT & Commercial Mortgage Backed - $935,492,357 Yield to Maturity - 4.1%	**7.1%**



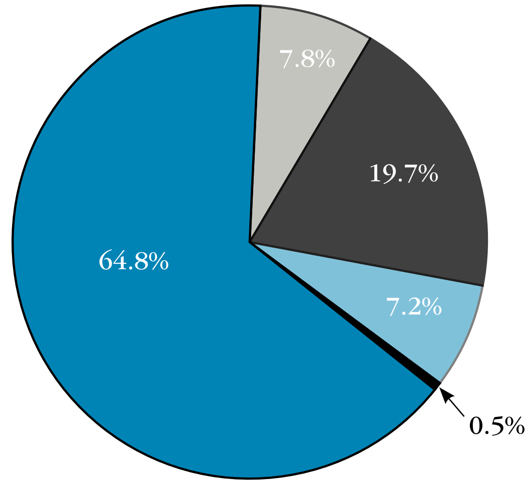
Ten Largest Domestic Fixed Income Holdings – June 30, 2011

Rank	Issue	Market Value	Percent of Domestic Fixed Income Market Value
1	AID-Israel 5.50% Due 4/26/2024	$ 115,913,800	0.9%
2	U.S. Treasury Note 3.625% Due 8/15/2019	106,546,900	0.8%
3	U.S. Treasury Note 3.625% Due 2/15/2020	105,789,100	0.8%
4	U.S. Treasury Strip (Coupon) Due 8/15/2011	99,989,500	0.7%
5	U.S. Treasury Note 7.50% Due 11/15/2016	97,052,568	0.7%
6	U.S. Treasury Note 2.625% Due 12/31/2014	79,054,650	0.6%
7	U.S. Treasury Note 2.50% Due 3/31/2015	78,679,500	0.6%
8	U.S. Treasury Note 3.375% Due 11/15/2019	78,187,500	0.6%
9	U.S. Treasury Strip (Coupon) Due 8/15/2012	74,800,875	0.6%
10	U.S. Treasury Note 2.875% Due 1/31/2013	62,360,156	0.5%
Total		**$898,374,549**	**6.8%**

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.

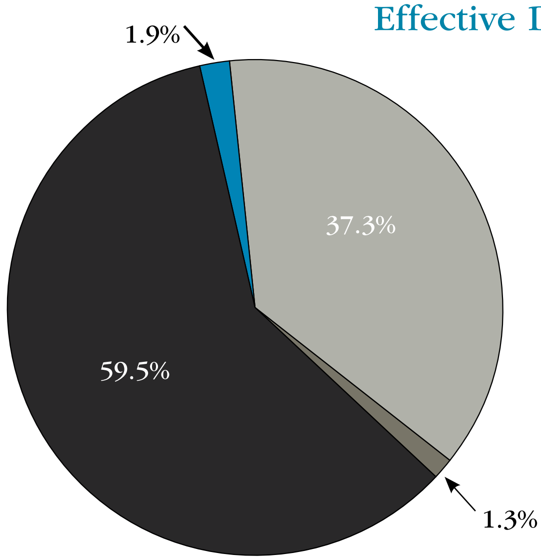
Domestic Fixed Income Quality Distribution — June 30, 2011

AAA	**64.8%**
AA	**7.8%**
A	**19.7%**
BAA	**7.2%**
Others	**0.5%**



Domestic Fixed Income Average Maturity — June 30, 2011

Internally Managed Portfolio
Effective Duration 3.7 Years

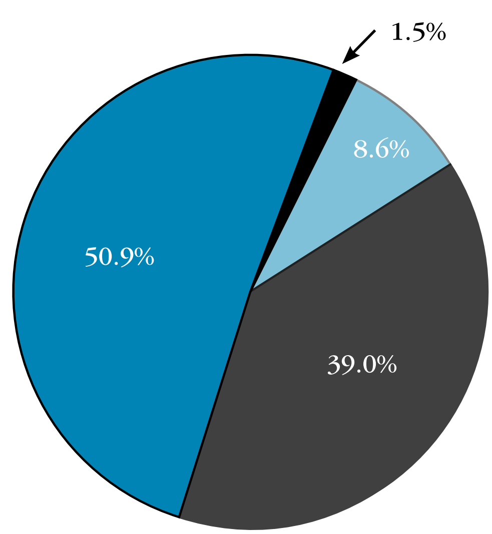


Less than 5 Years Duration - 2.1 Years	**59.5%**
5-9 Years Duration - 5.5 Years	**37.3%**
10-14 Years Duration - 10.4 Years	**1.9%**
15-20 Years Duration - 17.4 Years	**1.3%**

Short-Term Sector Distribution — June 30, 2011

$3,091,683,572

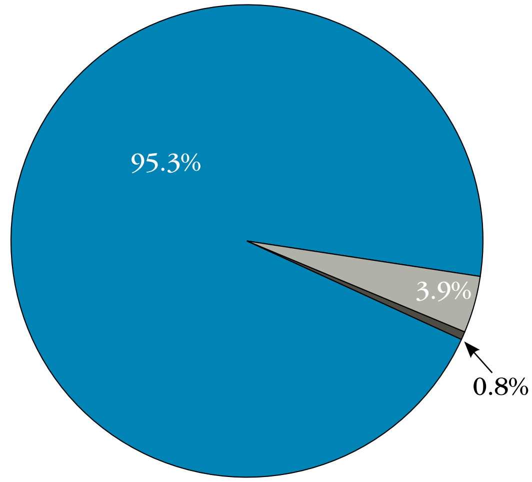
Industrial - $1,574,897,678	**50.9%**
Utilities - $46,995,224	**1.5%**
Governmental/Agency/Supranational - $264,956,653	**8.6%**
Banks & Finance - $1,204,834,017	**39.0%**



International Equity Style Distribution – June 30, 2011

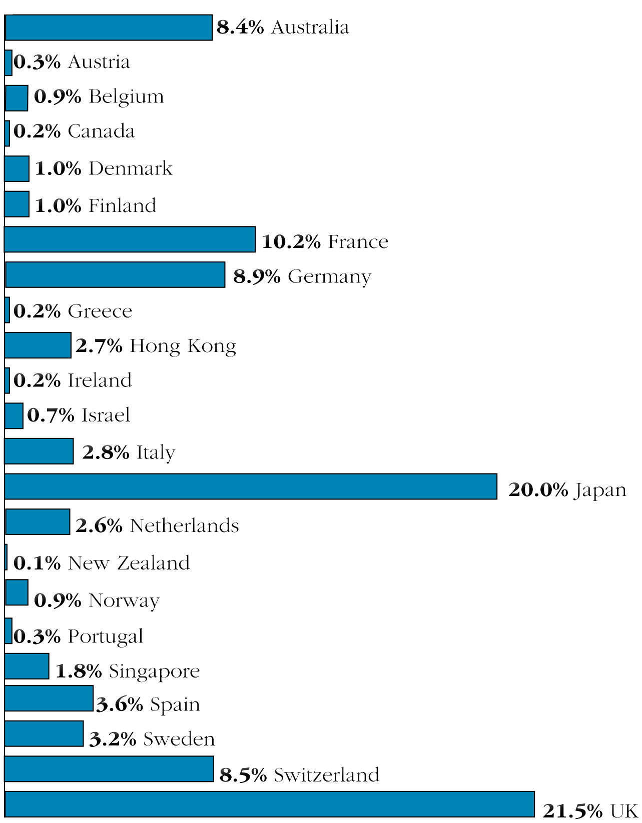
$11,679,938,847

Developed Markets - Passive $11,132,574,702	**95.3%**
Developed Markets - Active $449,555,325	**3.9%**
Emerging & Frontier Markets - Active $97,808,820	**0.8%**

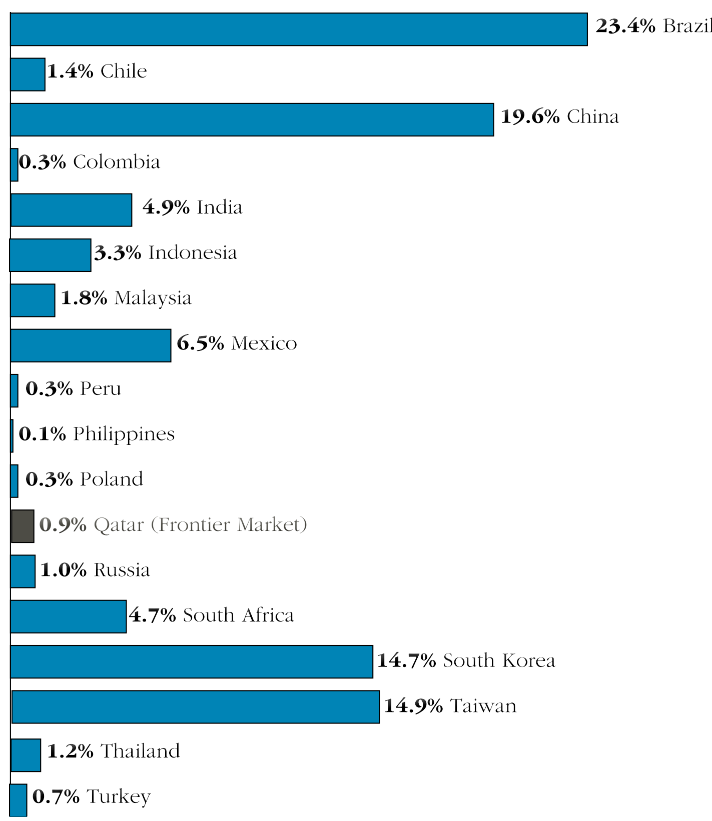


International Equity Exposure Distribution – June 30, 2011

Percentage of Portfolio for Developed Countries
$11,582,130,027

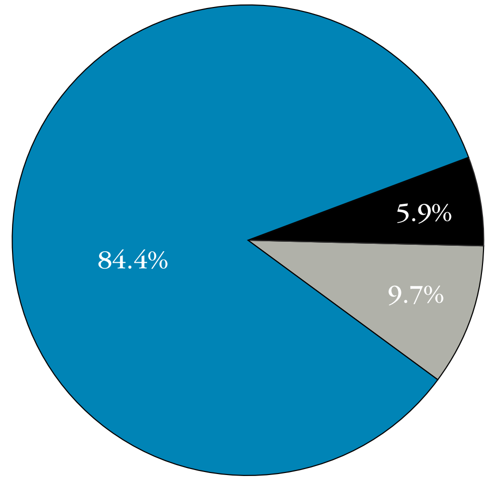


Percentage of Portfolio for Emerging & Frontier Markets
$97,808,820

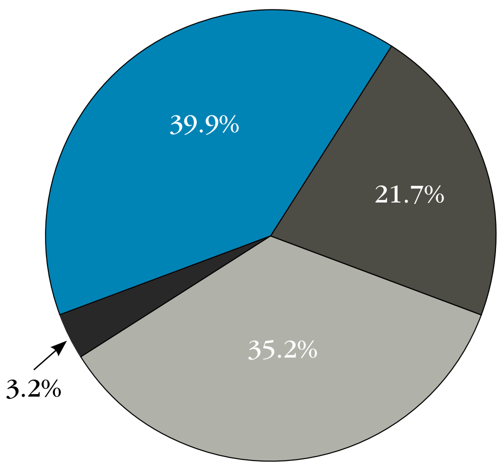


Real Estate as a Percentage of NYSTRS' Total Net Assets – June 30, 2011

Other NYSTRS Assets (net)	84.4%
NYSTRS Mortgage Portfolio	5.9%
NYSTRS Equity Real Estate Portfolio	9.7%



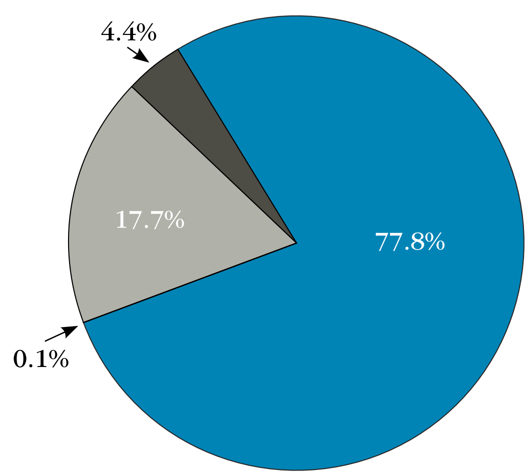
Breakdown of Real Estate Equity Portfolio – June 30, 2011



Direct Investments	39.9%
Private Securities	35.2%
Public Securities	21.7%
Timber Investments	3.2%

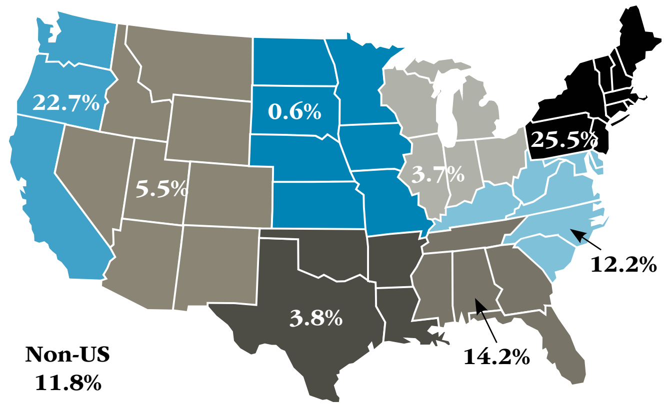
Breakdown of Mortgage Portfolio – June 30, 2011

Conventional Mortgages	77.8%
FHA Mortgages	0.1%
CMBS	17.7%
Mezzanine Debt	4.4%



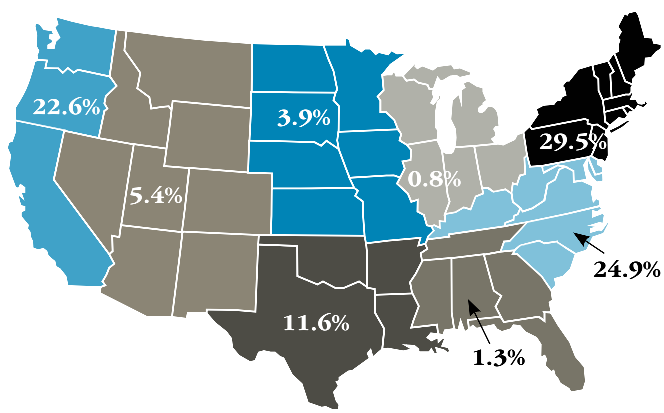
Geographic Distribution of the Real Estate Portfolio – June 30, 2011

Pacific	22.7%
Mountain	5.5%
West North Central	0.6%
East North Central	3.7%
Northeast (including NYS)	25.5%
Mideast	12.2%
Southeast	14.2%
Southwest	3.8%
Non-US	11.8%



Geographic Distribution of the Mortgage Portfolio – June 30, 2011

Pacific	22.6%
Mountain	5.4%
West North Central	3.9%
East North Central	0.8%
Northeast (including NYS)	29.5%
Mideast	24.9%
Southeast	1.3%
Southwest	11.6%



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 2010 calendar year, a total of 16,607 proposals were voted on, representing 1,963 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 (16,052)

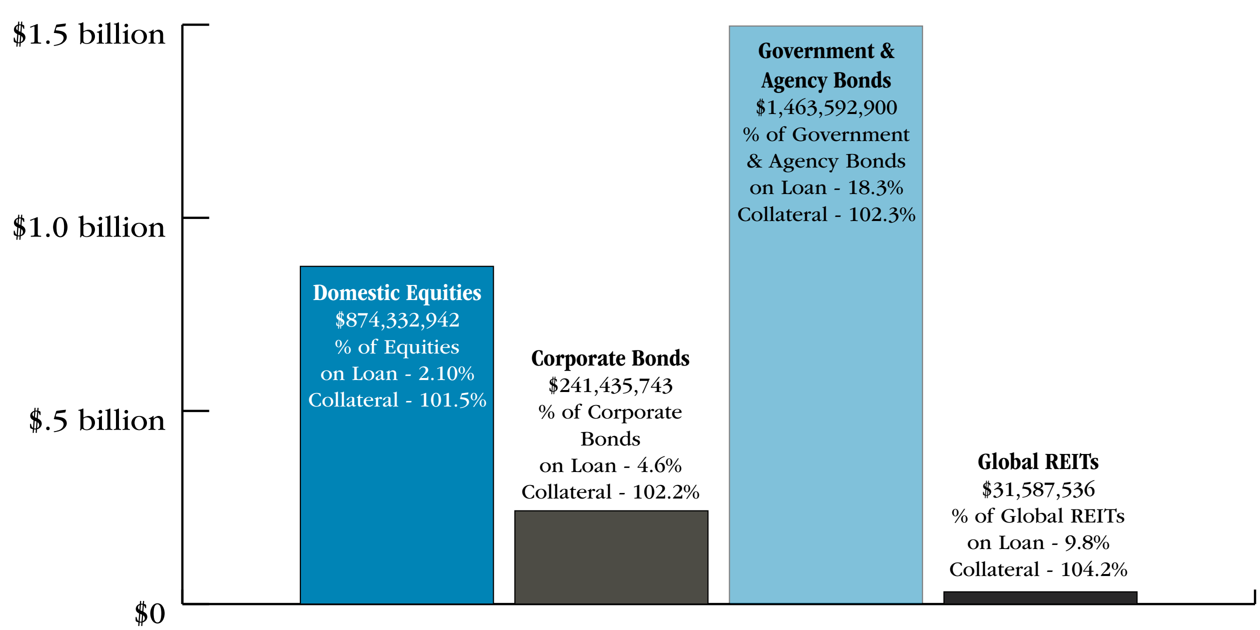
Position	Number of Proposals	Percentage of Position
For	14,112	87%
Against	1,866	12%
Abstain	74	1%

Shareholder Proposals (555)

Position	Number of Proposals	Percentage of Position
For	262	47%
Against	290	52%
Abstain	3	1%

Securities Lending Program — June 30, 2011

Market Value on Loan — $2,610,949,121



(dollars in thousands)

Fund Manager/Style	Investment Management Expenses 2010-2011
Domestic Fixed Income:	
BlackRock Financial Management	$ 845
Torchlight Investors	740
Prima Capital Advisors	358
Total Domestic Fixed Income:	$ 1,943
Domestic Equity:	
Adelante Capital Management, LLC	$ 957
Cohen & Steers Capital Management Inc.	2,116
Iridian Asset Management	3,503
Leading Edge Investment Advisors	1,033
Progress	3,638
T. Rowe Price	1,121
RREEF America, LLC	1,168
Total Domestic Equity:	$13,536
International Equity:	
Aberdeen Asset Management	$ 793
Blackrock EAFE Index	932
Capital Guardian	1,505
Citigroup Alternative Investments	41
European Investors	733
JP Morgan Asset Management	1,900
LaSalle Investment Management	564
Pyramis Global Advisors	1,241
SSGA - Passive Custom Fund	888
William Blair & Co.	920
RREEF America, LLC	858
Total International Equity:	$10,375
Mortgages:	
Deutsche Bank	$ 1
Heitman	17
GEMSA	142
NY Life	93
TIAA	22
FHA Mortgages	2
Total Mortgages:	$ 277

(continued)

Fund Manager/Style	Investment Management Expenses 2010-2011
Real Estate:	
Clarion	$ 7,647
Invesco	3,415
JP Morgan	1,674
Kennedy	622
Real Estate Separate Accounts/Commingled	37,664
Sentinel	1,966
Total Real Estate:	$ 52,988
Alternative Investments:	
Private Equity, Real Estate	$ 13,184
Total Alternative Investments:	$ 13,184
General Expenses:	
Callan Associates	$ 289
Chavez Ruiz Zamarripa ya Cia	7
Edwards Angell Palmer & Dodge	24
Hewitt EnnisKnupp	508
Investment Information Services	1,957
JP Morgan Chase	83
K&L Gates	61
Morgan Lewis & Bockius	100
Nixon Peabody	47
Real Estate Origination Costs	368
Shott Capital Management	163
State Street Corporation	804
StepStone Group	871
Stockbridge Risk Management	20
Total General Expenses:	$ 5,302
Total Investment Fees and Expenses:	**$97,605**

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 Levine, CFA
Chief Investment Officer (Retired)
Nomura Corporate Research and Asset Management, Inc.
New York, New York

Robert G. Wade Jr.
Director (Retired)
Chancellor LGT Asset Management
New York, New York

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

External Investment Managers

Domestic Equities:

Active All Cap
Leading Edge Investment Advisors
(Manager of Managers)

Enhanced All Cap
Progress Investment Management Co.
(Manager of Managers)

Active Mid Cap
Iridian Asset Management LLC (Value)

Enhanced Large Cap
T. Rowe Price Associates Inc.

International Equities:

Active
Aberdeen Asset Management, Inc.
LSV Asset Management
William Blair & 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

Private Equity — Limited Partnerships:

Abbott Select Buyouts Fund
Abbott Select Buyouts Fund II
ABRY Advanced Securities Fund II
ABRY Mezzanine Partners
ABRY Partners Fund V
ABRY Partners Fund VI
ABRY Partners Fund VII
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, L.P.
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), L.P.
Co-Investment Partners (NY) II, L.P.
Co-Investment Partners Europe, L.P.
Compass Partners European Equity Fund
Cortec Group Fund V, L.P.
CS Strategic Partners IV - VC, L.P.
CS Strategic Partners IV, L.P.
CS/NYSTRS Cleantech Fund
CSFB Seasoned Primaries Fund, L.P.
CSFB Seasoned Primaries Fund II, L.P.
CSFB Seasoned Primaries Fund III, L.P.
CSFB Strategic Partners II
CSFB Strategic Partners III
CSFB Strategic Partners III - Venture
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 VIII
GTCR Fund IX
GTCR Fund X
HarbourVest International PEP IV
HarbourVest International PEP V
HarbourVest International PEP VI - Asia Pacific Fund
HarbourVest/NYSTRS Co-Investment Fund
HarbourVest Partners VII-Mezzanine Fund
HarbourVest Partners VII-Venture Fund
HarbourVest Partners VIII-Venture Fund
HarbourVest VI - Partnership Fund
Hellman & Friedman IV
Hellman & Friedman V
Hellman & Friedman VI
Hellman & Friedman VII
HIPEP Select Asia Fund, L.P.
Horsley Bridge VII
Hutton Collins Capital Partners II LP
Hutton Collins Capital Partners III LP
Inflexion 2010 Buyout Fund
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
Oaktree European Principal Fund III, L.P.
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

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
Vista Equity Partners Fund IV
Warburg Pincus Private Equity VIII
Waud Capital Partners III, L.P.
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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San Francisco, California

Elkins McSherry LLC
New York, New York

Hewitt EnnisKnupp
Chicago, Illinois

StepStone Group LLC
La Jolla, California

Actuarial

Actuarial

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 & CIO

Office of the Actuary
(518) 447-2692

September 23, 2011

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

Dear Members of the Board:

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

The most recently completed actuarial valuation was made as of June 30, 2010. 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. New actuarial assumptions, revised to reflect more recent experience, are currently being developed with the intent of first utilizing them in the June 30, 2011 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.

In the fiscal year ended June 30, 2010 the System achieved a 12.1% market value rate of return on assets for the year. The System's five-year annualized rate of return increased to 2.2%, while the 25-year annualized return stood at 9.2%. The June 30, 2010 actuarial valuation produced a required employer contribution rate of 11.11% of payroll, representing an increase of 29% over the prior year's rate of 8.62%. It's also the System's first double-digit employer contribution rate in 23 years. The large '08-'09 fiscal year investment loss due to the great recession continues to be incorporated into the valuation's asset smoothing method and is the primary reason for the increase in the rate.

Looking ahead, the capital markets produced very strong returns during the fiscal year ended June 30, 2011, and the System achieved an annual rate of return of approximately 23%. This is the System's highest annual return since the fiscal year ending in 1986. The System's ending market value of assets at June 30, 2011 still sits well below its levels at fiscal year ends in 2008 and 2007, however. It is expected that the large '08-'09 investment loss 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 increases in the rate in succeeding years, although hopefully at a lower rate of increase. As mentioned above the System is looking at revising its actuarial assumptions coincident with the June 30, 2011 actuarial valuation, which will have an impact on plan costs as well.

Retirement Board | Page 2 | September 23, 2011

Two early retirement incentives were enacted during the past year — Chapters 45 and 105 of the Laws of 2010. These incentives have led to a significant increase in the number of retirements during the year. There were 8,423 retirements during the '10-'11 fiscal year, as opposed to 5,501 in the prior year. Of the approximately 2,700 retirements under the two incentives, 1,800 were under Chapter 105 and 900 were under Chapter 45. Under the provisions of the Chapter 105 incentive, participating employers are required to pay an amount equal to the increase in the actuarial present value of the benefit for their members who retired under the incentive. The cost for the Chapter 45 incentive is socialized across all employers, and will be reflected in the employer contribution rate. The incentives did not result in a material increase in plan costs. Their impact will first be reflected in the June 30, 2011 actuarial valuation.

The System's count of active members as of June 30, 2011 of 280,435 represented a slight decrease from the prior year's total of 285,774. This decline is the first decrease in our active membership in the last 19 years. This result is not surprising given the current economy and the budgeting difficulties of the state, localities, and the school districts.

The plan's funded ratio as of June 30, 2010, calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 50, was 100.3%. 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

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

Assumptions are computed by the Actuary and adopted by the Retirement Board. They are based upon recent NYSTRS member experience. Selected sample rates are shown below. Adoption dates shown in parentheses. Detailed assumption information may be found in the Retirement System's annual Actuarial Valuation Report.

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.

Rates of Salary Increase (10/06)

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

Demographic

Rates of Mortality (10/06)

Male Age	Active Members	Male Age	Retired Members & Beneficiaries	Male Age	Disabled Members
30	0.02%	20	0.03%	30	2.53%
40	0.03	40	0.11	40	7.21
50	0.08	60	0.51	60	3.53
60	0.17	80	4.62	80	6.21
Female Age		**Female Age**		**Female Age**	
30	0.01%	20	0.02%	30	3.53%
40	0.03	40	0.07	40	4.51
50	0.05	60	0.38	60	3.63
60	0.10	80	3.09	80	5.20

Rates of Withdrawal (10/06) Ten-Year Ultimate Rates

Male Age	
35	0.99%
40	0.92
45	0.76
50	0.89
Female Age	
35	3.70%
40	1.97
45	1.11
50	1.18

Rates of Service Retirement (10/06 Tiers 1-4) (10/10 Tier 5)

Male Age	Tier 1 & Tiers 2-4 age 62 or with 30 years of service & Tier 5 age 62	Tiers 2-4 less than age 62 & less than 30 years of service	Tier 5 less than age 62 & less than 30 years of service	Tier 5 less than age 62 & with 30 years of service
55	37.63%	9.41%	4.70%	4.70%
60	30.02	7.51	3.75	25.81
65	32.29	-	-	-
70	18.70	-	-	-
Female Age				
55	30.70%	7.67%	3.84%	3.84%
60	23.38	5.85	2.92	19.04
65	32.51	-	-	-
70	25.67	-	-	-

Rates of Disability Retirement (10/06)

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

Actuarial Present Value of Future Benefits

As of June 30, 2010 and June 30, 2009

(in thousands)

Each year an actuarial valuation determines the actuarial present value of future benefits, which is the current value of retirement and ancillary benefit payments that the Retirement System can expect to pay in the future to current retirees and members. The results of the two most recent actuarial valuations are displayed in the following table.

	2010	2009
Present Value of Benefits Presently Being Paid:		
Service Retirement Benefits	$45,142,681	$43,797,634
Disability Retirement Benefits	277,525	271,727
Death Benefits	3,186	3,016
Survivor Benefits	578,984	551,233
Cost-of-Living Allowance	4,432,009	4,373,933
Total Present Value of Benefits Presently Being Paid	50,434,385	48,997,543
Present Value of Benefits Payable in the Future		
to Present Active Members:		
Service Retirement Benefits	50,464,025	48,596,037
Disability Retirement Benefits	257,735	245,944
Termination Benefits	2,332,825	2,246,889
Death and Survivor Benefits	396,152	393,083
Cost-of-Living Allowance	1,220,775	1,199,920
Total Active Member Liabilities	54,671,511	52,681,873
Present Value of Benefits Payable in the Future		
to Present Inactive (Vested) Members:		
Retirement Benefits	184,375	167,093
Death Benefits	328	699
Cost-of-Living Allowance	4,461	4,127
Total Vested Liabilities	189,164	171,919
Unclaimed Funds	7,022	6,744
Total Actuarial Present Value of Future Benefits	**$105,302,082**	**$101,858,078**
Note: Totals may not sum due to rounding.		

Funding Progress

The portion of the actuarial present value of future benefits that is attributed to service rendered as of the valuation date is known as the actuarial accrued liability. In order to effectively assess the funding progress of a retirement system, it is necessary to compare the actuarial value of assets and the actuarial accrued liabilities over a period of time.

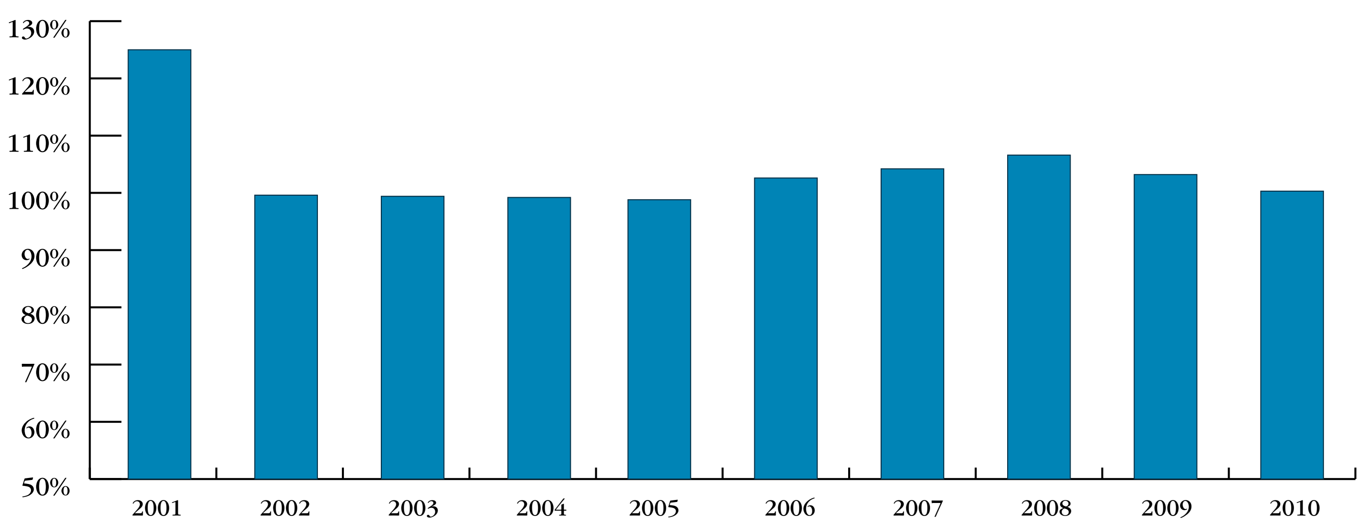
NYSTRS' funding method has allowed the accumulation of assets appropriate for the funding of its liabilities in a systematic and reasonable manner.

Analysis of Funding Progress

(in millions)

Fiscal Year Ended	Actuarial Value of Assets[1]	Actuarial Accrued Liability[2]	Percent Funded
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
2010	88,544.4	88,318.8	100.3

Percent Funded



[1]*Effective June 30, 2007, the Retirement System's asset valuation method was changed.*

[2]*Effective June 30, 2006, the Actuarial Accrued 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%
2010	4,016.4	50,546.3	33,756.1	88,544.4	100.0%	100.0%	100.7%

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, 2010
Salary/Service:	-0.23%
Net Investment Loss:	+2.47
New Entrants:	+0.12
Withdrawal:	+0.21
Mortality:	+0.03
Retirement:	-0.20
Pension Payments:	+0.17
Cost-of-Living Adjustment:	-0.07
Excess Benefit Plan Rate:	-0.01
Total Change in Employer Contribution Rate	**+2.49%**

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)
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	14,792.1	3.0	71,225	6.19
2011	280,435	14,732.9	-0.4	N/A	8.62

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
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
2011	8,873	3,746	469,318,353	97,889,187	146,843	5,826,583,044	6.81	39,679

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

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October 20, 2011

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, 2009 and the resultant employer contribution rate of 8.62% applied to the payroll for the fiscal year ended June 30, 2011.

- A review of the methodology used to estimate the payroll as of June 30, 2011, and the employer and employee contributions receivable as of June 30, 2011.

- A review of the System's Experience Studies as of June 30, 2009 and 2010, 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, 2011, 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

Robert L. Mishler ASA, MAAA, EA
Senior Manager

Statistical

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.

2011 Demographic & Economic Information

The schedules on pages 87-99 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:

2011 Financial Trends Information

The schedules on pages 100-104 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:

2011 Operating Information

The schedules on pages 105-116 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:

Active Members:

	Male	Female	Total
June 30, 2010	68,269	217,505	**285,774**
Changes During Year:			
Added	2,115	6,814	**8,929**
Withdrawn	1,412	4,237	**5,649**
Retired	2,104	6,319	**8,423**
Died	71	125	**196**
June 30, 2011	66,797	213,638	**280,435**

Members Retired for:

	Service*			Disability			Total		
	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
June 30, 2010	49,293	85,267	134,560	534	1,532	2,066	**49,827**	**86,799**	**136,626**
Changes During Year:									
Retired	2,083	6,232	8,315	21	87	108	**2,104**	**6,319**	**8,423**
Died	1,245	1,868	3,113	34	78	112	**1,279**	**1,946**	**3,225**
Lump Sum	39	150	189	0	0	0	**39**	**150**	**189**
Restored to Active Membership	0	0	0	1	1	2	**1**	**1**	**2**
June 30, 2011	50,092	89,481	139,573	520	1,540	2,060**	**50,612**	**91,021**	**141,633**

Beneficiaries of Deceased:

	Service Annuitants			Disability Annuitants			Active Members			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	**Male**	**Female**	**Total**
June 30, 2010	984	3,658	4,642	83	169	252	31	165	196	**1,098**	**3,992**	**5,090**
Changes During Year:												
Added	125	315	440	6	4	10	0	0	0	**131**	**319**	**450**
Died	82	227	309	5	7	12	1	8	9	**88**	**242**	**330**
June 30, 2011	1,027	3,746	4,773	84	166	250	30	157	187	**1,141**	**4,069**	**5,210**

Summary:

	Male	Female	Total
Active Members	66,797	213,638	**280,435**
Retired Members	50,612	91,021	**141,633**
Beneficiaries	1,141	4,069	**5,210**
Total	118,550	308,728	**427,278**

**Also includes vested retirees.*
***Includes 41 males and 47 females retired for disability who receive a service benefit.*

Distribution of Active Members by Age and Years of Service*

As of June 30, 2010

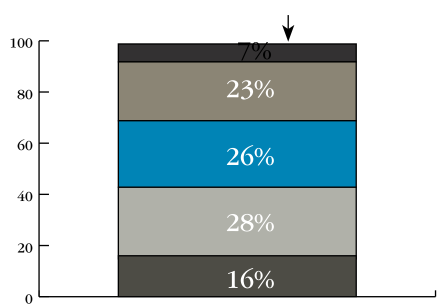
Age		Years of Service 0-5	6-10	11-15	16-20	21-25
20-24	**Number of Members**	**10,060**	**0**	**0**	**0**	**0**
	Average Salary	*$38,002*	*$0*	*$0*	*$0*	*$0*
25-29	**Number of Members**	**30,891**	**2,925**	**0**	**0**	**0**
	Average Salary	*$48,666*	*$60,762*	*$0*	*$0*	*$0*
30-34	**Number of Members**	**19,437**	**19,216**	**2,331**	**1**	**0**
	Average Salary	*$53,061*	*$65,438*	*$73,353*	*$89,032*	*$0*
35-39	**Number of Members**	**11,486**	**13,049**	**13,724**	**1,045**	**0**
	Average Salary	*$51,158*	*$67,868*	*$77,083*	*$81,207*	*$0*
40-44	**Number of Members**	**10,202**	**8,766**	**10,472**	**8,251**	**1,061**
	Average Salary	*$46,296*	*$63,947*	*$77,514*	*$84,326*	*$87,588*
45-49	**Number of Members**	**9,101**	**7,110**	**6,138**	**5,462**	**7,119**
	Average Salary	*$41,954*	*$57,258*	*$71,957*	*$84,273*	*$89,387*
50-54	**Number of Members**	**7,051**	**6,100**	**5,707**	**4,249**	**5,351**
	Average Salary	*$42,385*	*$53,496*	*$66,090*	*$78,359*	*$89,296*
55-59	**Number of Members**	**4,426**	**3,731**	**4,585**	**4,425**	**5,010**
	Average Salary	*$43,845*	*$55,403*	*$66,870*	*$76,700*	*$85,898*
60-64	**Number of Members**	**2,315**	**1,495**	**1,815**	**2,311**	**3,091**
	Average Salary	*$48,047*	*$56,333*	*$65,272*	*$75,613*	*$84,309*
65-69	**Number of Members**	**708**	**318**	**340**	**410**	**499**
	Average Salary	*$48,800*	*$54,453*	*$57,443*	*$79,201*	*$81,854*
70+	**Number of Members**	**331**	**97**	**79**	**92**	**81**
	Average Salary	*$33,951*	*$38,632*	*$46,223*	*$69,144*	*$65,428*
Total	**Number of Members**	**106,008**	**62,807**	**45,191**	**26,246**	**22,212**
	Average Salary	*$48,094*	*$62,802*	*$73,453*	*$81,105*	*$87,539*

***Average salary data is for the 198,878 members who earned a full year of service.**

Distribution of Active Members by Age

As of June 30, 2010

60+ Years of Age	**7%**
50-59 Years of Age	**23%**
40-49 Years of Age	**26%**
30-39 Years of Age	**28%**
20-29 Years of Age	**16%**



Averages

As of June 30, 2010

	Age	Years of Service
Female	43	10
Male	42	11

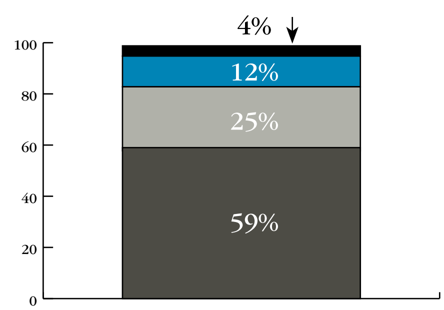
As of June 30, 2010

Years of Service						
26-30	31-35	36-40	41-45	46-50	51+	Total
0	0	0	0	0	0	10,060
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$38,002*
0	0	0	0	0	0	33,816
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$50,488*
0	0	0	0	0	0	40,985
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$62,514*
0	0	0	0	0	0	39,304
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$70,270*
0	0	0	0	0	0	38,752
$0	*$0*	*$0*	*$0*	*$0*	*$0*	*$72,987*
890	2	0	0	0	0	35,822
$92,282	*$123,477*	*$0*	*$0*	*$0*	*$0*	*$73,379*
5,300	971	3	0	0	0	34,732
$94,581	*$98,181*	*$151,593*	*$0*	*$0*	*$0*	*$75,257*
4,419	4,277	835	2	0	0	31,710
$95,864	*$101,471*	*$110,227*	*$127,488*	*$0*	*$0*	*$81,898*
2,301	1,287	1,501	189	1	0	16,306
$96,374	*$103,883*	*$111,291*	*$125,411*	*$124,920*	*$0*	*$85,234*
408	226	175	186	25	0	3,295
$91,992	*$101,764*	*$108,178*	*$115,500*	*$120,955*	*$0*	*$83,917*
91	56	57	39	45	24	992
$79,792	*$77,723*	*$96,794*	*$116,698*	*$109,863*	*$119,043*	*$75,681*
13,409	6,819	2,571	416	71	24	285,774
$94,980	*$101,279*	*$110,460*	*$120,181*	*$113,981*	*$119,043*	*$71,225*

Distribution of Active Members by Service

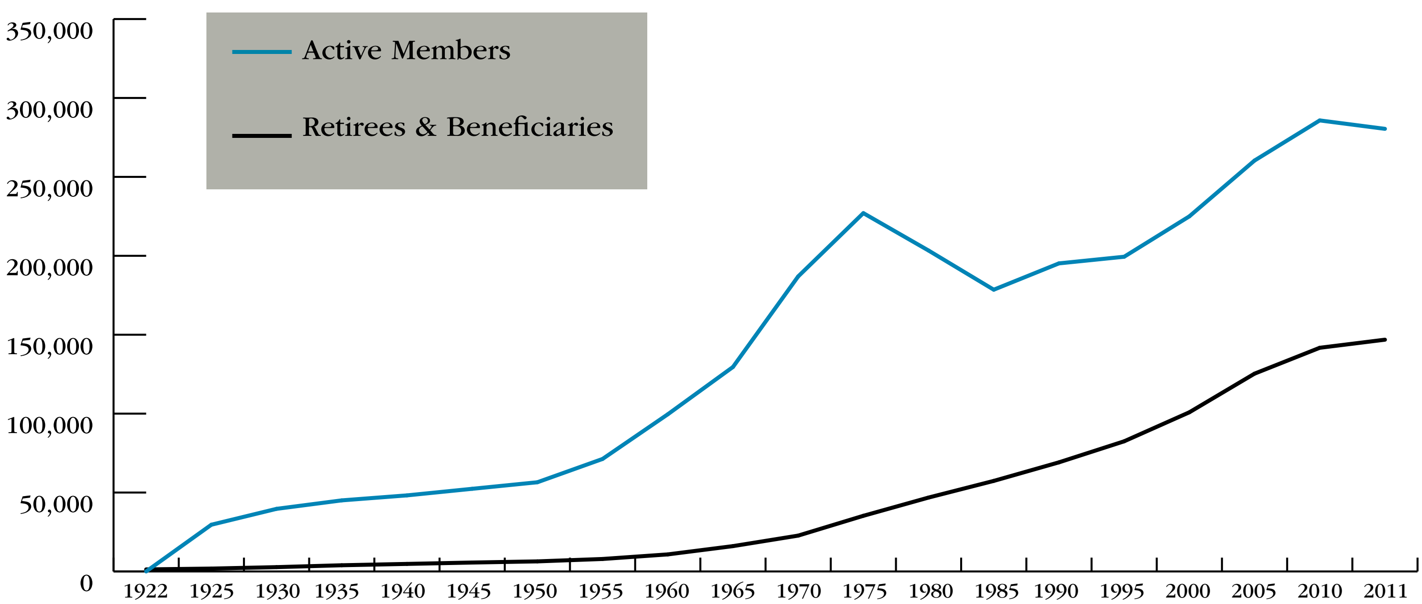
As of June 30, 2010

31+ Years of Service	4%
21-30 Years of Service	12%
11-20 Years of Service	25%
0-10 Years of Service	59%



As of June 30	Active Members	Retirees & Beneficiaries	As of June 30	Active Members	Retirees & Beneficiaries
1922	-	1,296	1970	186,914	22,700
1925	29,057	1,815	1975	227,038	35,252
1930	39,663	2,732	1980	203,330	46,812
1935	45,031	3,919	1985	178,516	57,366
1940	48,193	4,771	1990	195,194	69,127
1945	52,359	5,637	1995	199,398	82,459
1950	56,504	6,374	2000	224,986	100,839
1955	71,273	7,897	2005	260,356	125,325
1960	99,555	10,796	2010	285,774	141,716
1965	129,543	16,043	2011	280,435	146,843

See related graph below



As of June 30	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
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
2011	3,814	4,137	12,690	247,530	12,264	280,435

Members Retired in 2010-2011 for:

	Service*	Disability
Number Retired	**8,315**	**108**
Age at Retirement:		
Average	60 yrs., 3 mos.	52 yrs., 3 mos.
Median	59 yrs., 10 mos.	53 yrs., 2 mos.
Years of Service:		
Average	28 yrs., 7 mos.	18 yrs., 6 mos.
Median	30 yrs., 1 mo.	18 yrs., 0 mos.
**Benefit:		
Average	$51,200	$27,054
Median	$51,154	$24,429
Final Average Salary (FAS):		
Average	$85,010	$74,151
Median	$84,345	$71,815
***Benefit as % of FAS:		
Average	55.25%	34.87%
Median	60.00%	33.33%

Members Retired in 2010-2011 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	**1,264**	**4,912**	**2,139**
Age at Retirement:			
Average	60 yrs., 7 mos.	59 yrs., 10 mos.	61 yrs., 0 mos.
Median	60 yrs., 4 mos.	59 yrs., 5 mos.	60 yrs., 3 mos.
Years of Service:			
Average	12 yrs., 0 mos.	28 yrs., 3 mos.	39 yrs., 5 mos.
Median	12 yrs., 0 mos.	29 yrs., 0 mos.	39 yrs., 1 mo.
**Benefit:			
Average	$8,286	$48,726	$82,241
Median	$5,755	$48,185	$78,931
Final Average Salary (FAS):			
Average	$43,514	$86,628	$105,817
Median	$37,332	$83,930	$100,310
***Benefit as % of FAS:			
Average	17.39%	55.31%	77.50%
Median	16.88%	57.78%	78.00%

**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, 2011 Retired for:

	Service*	Disability
Number Retired	**139,661**	**1,972**
Age at Retirement:		
Average	58 yrs., 3 mos.	49 yrs., 6 mos.
Median	57 yrs., 1 mo.	50 yrs., 2 mos.
Years of Service:		
Average	28 yrs., 5 mos.	19 yrs., 0 mos.
Median	30 yrs., 6 mos.	18 yrs., 4 mos.
**Benefit:		
Average	$38,238	$18,060
Median	$37,889	$16,390
Final Average Salary (FAS):		
Average	$63,642	$48,720
Median	$63,579	$47,901
***Benefit as % of FAS:		
Average	55.41%	36.13%
Median	60.93%	33.33%

All Retirees as of June 30, 2011 Retired for Service* With:

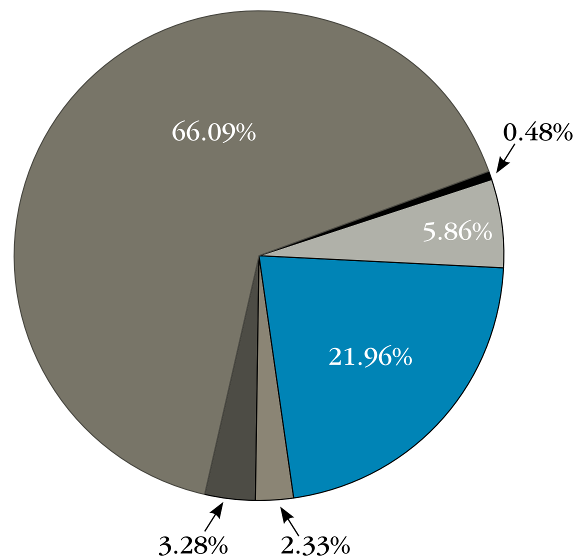
	Less Than 20 Years N.Y.	Between 20 Yrs. N.Y. and 35 Yrs. Total	35 Yrs. Total or More
Number Retired	**22,727**	**82,574**	**34,360**
Age at Retirement:			
Average	58 yrs., 6 mos.	58 yrs., 0 mos.	58 yrs., 8 mos.
Median	56 yrs., 8 mos.	56 yrs., 7 mos.	58 yrs., 1 mo.
Years of Service:			
Average	14 yrs., 1 mo.	28 yrs., 7 mos.	37 yrs., 3 mos.
Median	14 yrs., 2 mos.	30 yrs., 0 mos.	36 yrs., 7 mos.
**Benefit:			
Average	$7,460	$37,152	$61,206
Median	$5,664	$36,212	$58,290
Final Average Salary (FAS):			
Average	$33,767	$64,063	$82,391
Median	$27,405	$63,114	$79,078
***Benefit as % of FAS:			
Average	21.71%	56.91%	74.09%
Median	20.30%	59.56%	73.33%

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

Retirement Benefit Options and Percent of Election

2007-2011 Retirees

Maximum	**66.09%**
Annuity/Declining Reserve	**0.48%**
Survivor	**5.86%**
Pop-Up	**21.96%**
Guarantee	**2.33%**
Alternative	**3.28%**



Retired Members' Characteristics*

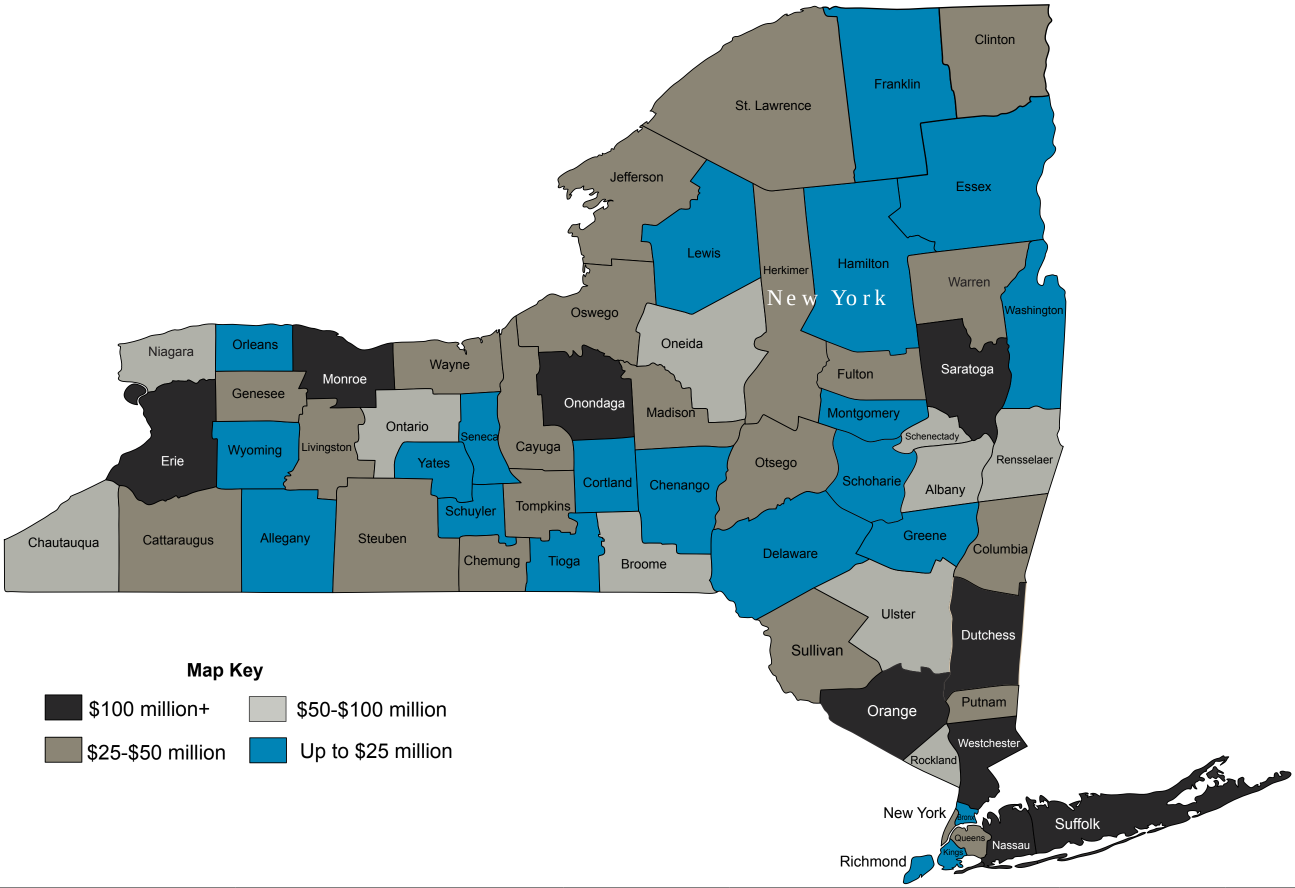
By Year of Retirement

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
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
2011	8,423	60-3	28-7	85,010	51,200

**Averages are for service and vested retirees.*

Distribution of Benefits Paid by County*

As of June 30, 2011



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	2,715	$98,184,005	Jefferson	1,177	$38,913,625	St. Lawrence	1,489	$48,608,428
Allegany	592	$18,383,607	Kings	189	$7,595,820	Saratoga	2,848	$107,989,365
Bronx	216	$9,908,045	Lewis	291	$9,352,352	Schenectady	1,598	$57,326,704
Broome	2,072	$70,562,240	Livingston	812	$28,771,227	Schoharie	373	$12,825,197
Cattaraugus	865	$30,059,066	Madison	866	$29,887,110	Schuyler	236	$6,646,404
Cayuga	871	$29,940,533	Monroe	7,475	$283,243,414	Seneca	380	$12,339,643
Chautauqua	1,803	$63,999,478	Montgomery	524	$17,667,765	Steuben	1,260	$41,734,251
Chemung	981	$32,470,873	Nassau	8,472	$414,024,248	Suffolk	15,307	$812,673,871
Chenango	604	$18,194,117	New York	1,156	$47,493,954	Sullivan	683	$27,371,220
Clinton	1,068	$36,561,495	Niagara	2,121	$84,886,305	Tioga	505	$17,195,948
Columbia	705	$25,053,482	Oneida	2,805	$96,041,629	Tompkins	858	$26,135,659
Cortland	630	$20,342,141	Onondaga	5,421	$187,888,159	Ulster	2,175	$88,133,976
Delaware	532	$16,845,715	Ontario	1,549	$56,476,501	Warren	1,188	$42,829,782
Dutchess	2,688	$111,784,524	Orange	2,687	$114,343,983	Washington	680	$23,027,788
Erie	9,671	$391,856,236	Orleans	414	$15,782,271	Wayne	1,124	$39,364,652
Essex	561	$17,726,384	Oswego	1,431	$48,609,741	Westchester	5,784	$279,282,544
Franklin	595	$19,854,759	Otsego	1,004	$30,984,420	Wyoming	456	$16,003,206
Fulton	741	$26,086,555	Putnam	789	$38,534,092	Yates	429	$13,939,111
Genesee	696	$25,367,732	Queens	825	$38,003,007			
Greene	421	$14,565,399	Rensselaer	1,369	$50,444,565	Out of State	35,851	$1,103,640,098
Hamilton	139	$4,557,874	Richmond	41	$1,735,465			
Herkimer	919	$28,772,461	Rockland	2,116	$98,496,006	Grand Total	146,843	$5,627,320,227

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

Distribution of Retired Members and Beneficiaries by Tier

As of June 30, 2011

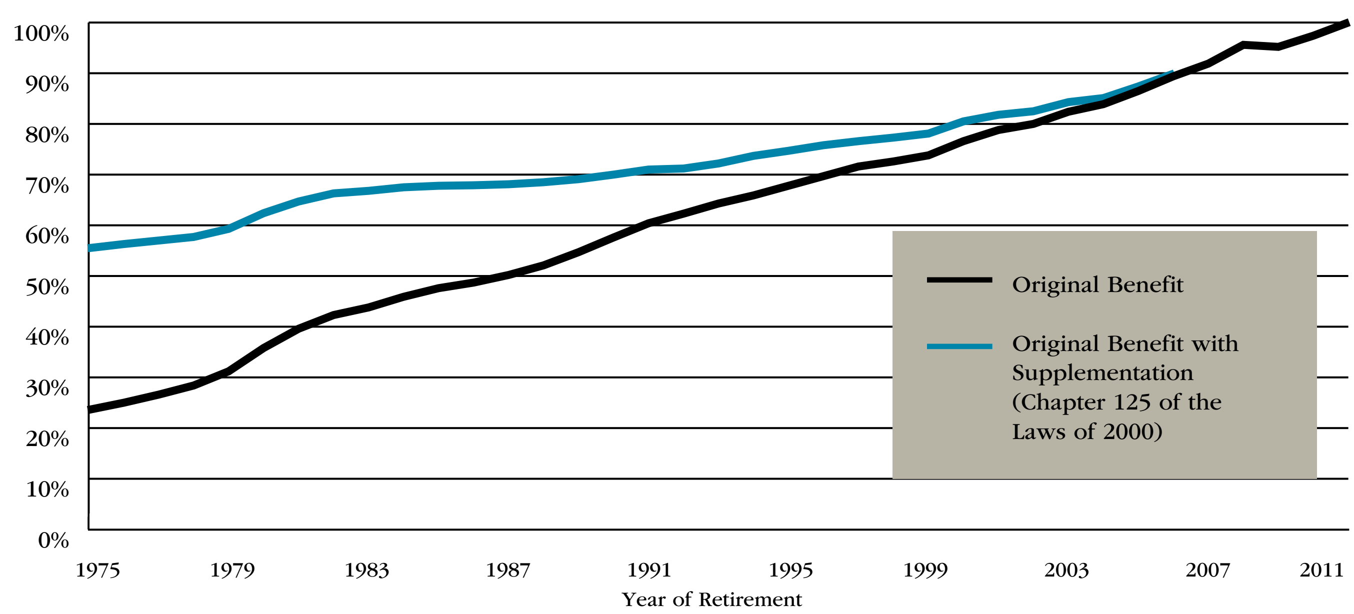
	Tier 1	Tier 2	Tier 3		Tier 4	Total
Members Retired for:						
Service*	104,706	14,181	9,670	(258)**	11,016	139,573
Disability	935	211	279	(35)**	635	2,060
Beneficiaries of Deceased:						
Service Annuitants	4,403	167	116	(3)**	87	4,773
Disability Annuitants	182	23	23	(5)**	22	250
Active Members	184	2	1	(0)**	0	187
Total	110,410	14,584	10,089	(301)**	11,760	146,843

**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 2011

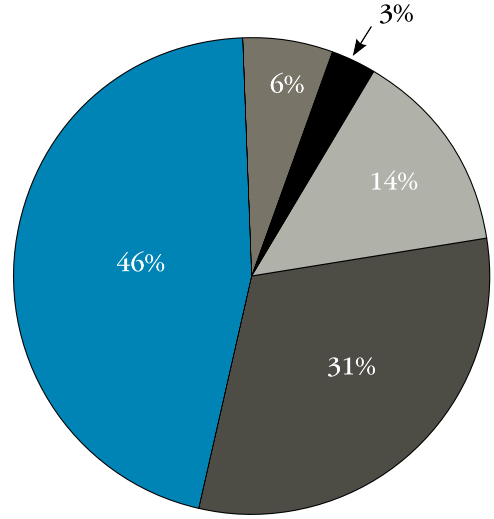
Inflation annually erodes the purchasing power of our retired members' benefits. The chart below illustrates the percentage of purchasing power remaining of the original benefit, and the original benefit plus supplementation including the cost-of-living adjustment, payable beginning September 2011 in accordance with Chapter 125 of the Laws of 2000.



Retired Members and Beneficiaries with Monthly Benefits By Decade of Retirement

As of June 30, 2011

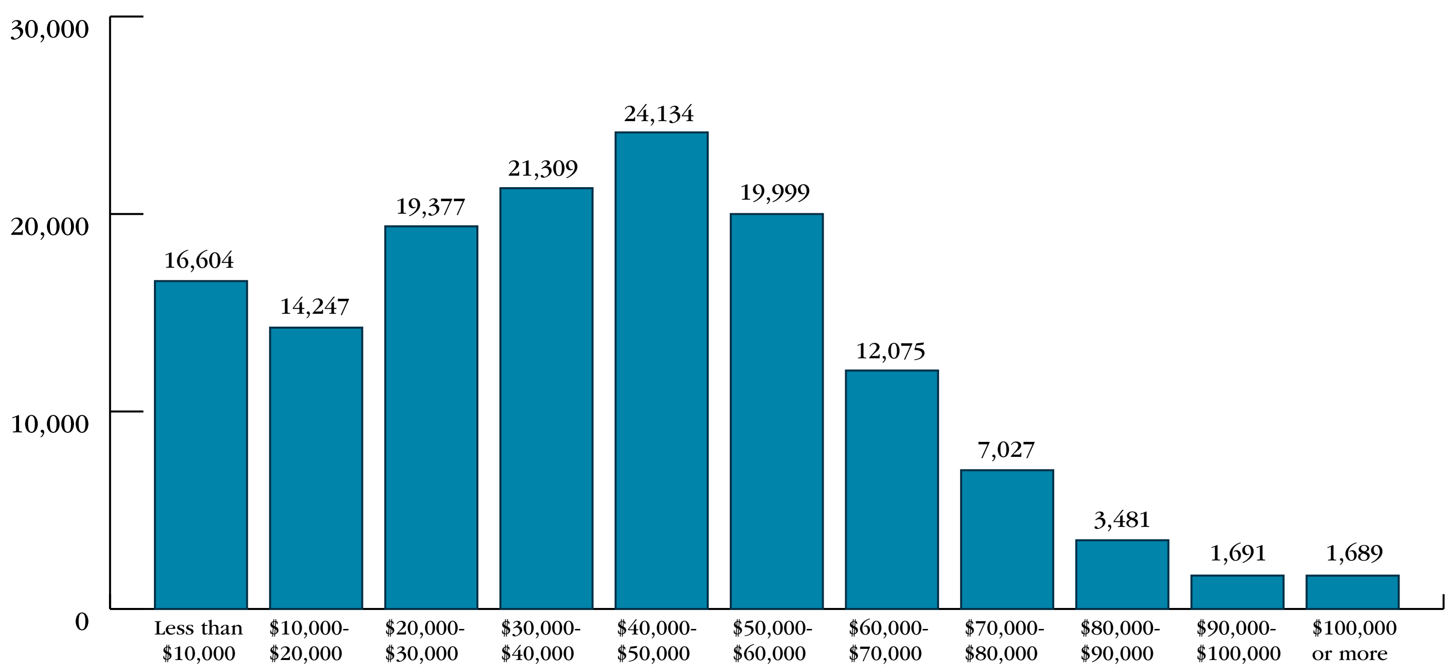
1979 and earlier: 4,759 $804* $1,553**	**3%**
1980-1989: 20,273 $1,487* $1,949**	**14%**
1990-1999: 45,679 $2,845* $3,062**	**31%**
2000-2009: 66,847 $3,856* $3,898**	**46%**
2010-2011: 9,098 $4,199* $4,199**	**6%**



**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

As of June 30, 2011



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

Distribution of Monthly COLA Increase Commencing September 2011

Monthly COLA Increase	Number of Retired Members and Beneficiaries
$21.00	88,140
$18.00 - $20.99	3,117
$15.00 - $17.99	2,856
$12.00 - $14.99	2,715
$9.00 - $11.99	6,711
$6.00 - $8.99	3,536
$3.00 - $5.99	5,009
$0.01 - $2.99	2,111
$0 (currently ineligible)	32,648
Total	146,843

Commencing September	Year Ended March 31 CPI Percentage Change	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
2011	2.68%	1.4%	$18,000	$21.00	$231.00	$18.55	$199.49

Distribution of Cumulative Monthly COLA Commencing September 2011

Cumulative Monthly COLA	Number of Retired Members and Beneficiaries
$231.00	35,578
$198.00 - $230.99	7,452
$165.00 - $197.99	12,074
$132.00 - $164.99	7,279
$99.00 - $131.99	17,333
$66.00 - $98.99	10,493
$33.00 - $65.99	17,592
$0.01 - $32.99	6,394
$0 (currently ineligible)	32,648
Total	**146,843**

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Changes in Plan Net Assets

Last Ten Fiscal Years

(dollars in thousands)

Additions:	2002	2003	2004	2005
Net investment income (loss)	$(5,570,925)	$2,640,564	$11,360,077	$7,951,926
Employer contributions	51,861	220,081	306,782	695,735
Member contributions	137,921	147,047	155,916	158,354
Transfers in/out (net)	14,271	12,716	38,277	17,155
Total additions (reductions) to plan net assets	(5,366,872)	3,020,408	11,861,052	8,823,170
Deductions: *(See Benefits and Return of Contributions by Type on page 102-103)*				
Benefit payments	3,201,645	3,611,592	3,920,645	4,138,122
Return of contributions	21,986	23,541	16,744	12,466
Administrative expenses	32,461	34,943	38,937	40,309
Total deductions from plan net assets	3,256,092	3,670,076	3,976,326	4,190,897
Change in net assets	$(8,622,964)	$(649,668)	$7,884,726	$4,632,273

Changes in Plan Net Assets (continued)

Last Ten Fiscal Years

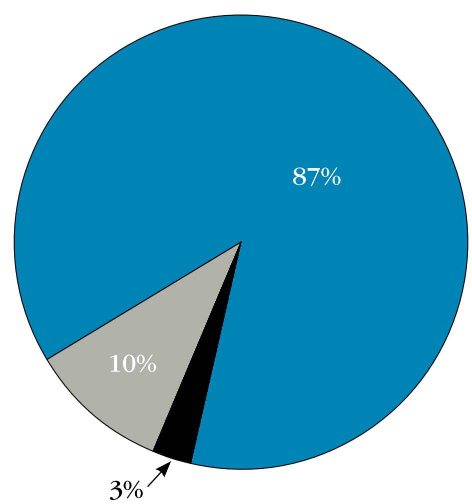
(dollars in thousands)

2006	2007	2008	2009	2010	2011
$ 9,893,833	$16,863,349	$(5,531,807)	$(19,363,140)	$8,702,215	$17,250,415
997,032	1,104,010	1,188,140	1,096,117	925,506	1,389,415
161,738	168,462	177,959	181,723	139,369	154,327
15,807	7,260	2,349	5,665	6,037	2,144
11,068,410	18,143,081	(4,163,359)	(18,079,635)	9,773,127	18,796,301
4,426,416	4,661,665	4,908,446	5,151,463	5,333,788	5,681,007
15,600	16,819	22,792	17,080	17,071	20,348
42,668	43,893	49,016	49,401	49,088	50,159
4,484,684	4,722,377	4,980,254	5,217,944	5,399,947	5,751,514
$ 6,583,726	$13,420,704	$(9,143,613)	$(23,297,579)	$4,373,180	$13,044,787

Breakdown of Income Sources

Fiscal Years Ended 1992-2011

Investment Income	87%
Employer Contributions	10%
Member Contributions	3%



Benefits and Return of Contributions by Type

Last Ten Fiscal Years

(dollars in thousands)

Type of Benefit	2002	2003	2004	2005
Age and service benefits:				
Retirees	$3,117,002	$3,511,562	$3,836,904	$4,054,051
Survivors	25,961	51,242	33,046	31,787
Death in service benefits	31,703	20,894	21,491	21,039
Disability benefits:				
Ordinary	26,775	27,665	28,956	31,015
Accidental	204	229	248	230
Total benefit payments	$3,201,645	$3,611,592	$3,920,645	$4,138,122
Type of Return of Contributions				
Death	$ 1,455	$ 1,123	$ 1,447	$ 1,742
Separation from service	20,531	22,418	15,297	10,724
Total return of contributions	$ 21,986	$ 23,541	$ 16,744	$ 12,466

Last Ten Fiscal Years

(dollars in thousands)

2006	2007	2008	2009	2010	2011
$4,335,475	$4,579,829	$4,817,594	$5,045,738	$5,237,032	$5,593,968
37,232	26,964	30,500	27,674	38,516	28,237
17,321	17,033	21,382	38,119	20,244	22,852
36,079	37,544	38,671	39,565	37,628	35,667
309	295	299	367	368	283
$4,426,416	$4,661,665	$4,908,446	$5,151,463	$5,333,788	$5,681,007
$ 1,394	$ 1,609	$ 1,735	$ 1,905	$ 2,287	$ 2,240
14,206	15,210	21,057	15,175	14,784	18,108
$ 15,600	$ 16,819	$ 22,792	$ 17,080	$ 17,071	$ 20,348

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Average Benefit Payments – July 1, 2001-June 30, 2011

	Years of Credited Service							
Retirement Effective Dates	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35+
Period 7/1/2001 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
Period 7/1/2010 to 6/30/2011								
Average monthly benefit	$166	$301	$710	$1,386	$2,571	$3,924	$5,017	$6,877
Average final average salary	$38,073	$33,593	$44,505	$58,067	$72,641	$86,710	$94,654	$106,004
Number of retired members	38	403	507	431	1,128	1,705	2,103	2,108

Retired Members by Type of Benefit

As of June 30, 2011

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement 1	2	3	4	5	6
$1 - $500	13,160	8,745	3,751	206	288	25	145
$501 - $1,000	12,666	8,410	3,012	480	657	86	21
$1,001 - $1,500	11,850	8,735	1,745	459	837	65	9
$1,501 - $2,000	11,308	8,787	1,508	360	620	29	4
$2,001 - $2,500	11,320	9,408	1,152	268	465	24	3
$2,501 - $3,000	11,500	10,025	906	141	417	7	4
$3,001 - $3,500	12,783	11,692	635	76	373	6	1
$3,501 - $4,000	13,953	13,154	435	35	327	2	0
$4,001 - $4,500	13,207	12,657	263	21	262	4	0
$4,501 - $5,000	10,327	9,979	161	7	179	1	0
over $5,000	24,769	24,184	229	7	348	1	0
Total	146,843	125,776	13,797	2,060	4,773	250	187

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.*

Option Selected					
1	2	3	4	5	6
9,712	706	927	661	947	207
8,379	983	1,552	654	956	142
7,796	1,023	1,655	577	678	121
7,864	956	1,497	464	404	123
8,058	885	1,547	395	303	132
8,094	957	1,710	354	237	148
8,949	1,056	2,092	340	145	201
9,620	1,069	2,550	350	150	214
8,905	1,024	2,613	295	123	247
6,764	882	2,165	215	78	223
15,229	2,325	5,743	503	150	819
99,370	11,866	24,051	4,808	4,171	2,577

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

Current Year and Nine Years Ago

	2011		
Participating Employer	Covered Employees	Rank	Percentage of Total System**
Buffalo Public Schools	4,600	1	1.64%
Rochester City School District	4,235	2	1.51%
Syracuse City School District	3,087	3	1.10%
Yonkers Public Schools	2,155	4	0.77%
Brentwood Union Free Schools	1,783	5	0.64%
Greece Central Schools	1,574	6	0.56%
Sachem Central Schools	1,571	7	0.56%
Newburgh City School District	1,436	8	0.51%
Wappingers Central Schools	1,246	9	0.44%
Utica City School District	1,232	10	0.44%
All Other*	257,516		91.83%
Total	280,435		100.00%

*In 2011, "All Other" consisted of:

Type	Number	Covered Employees
Public School Districts	672	234,900
BOCES	37	14,756
SUNY	31	2,132
Community Colleges	30	3,484
Charter Schools	23	1,016
Special Act Districts	13	792
Other	10	436
Total "All Other"	816	257,516
Top 10 Participating Employers	10	22,919
Total	**826**	**280,435**

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

Current Year and Nine Years Ago

	2002		
Participating Employer	Covered Employees	Rank	Percentage of Total System**
Buffalo Public Schools	6,390	1	2.63%
Rochester City School District	4,519	2	1.86%
Syracuse City School District	3,586	3	1.48%
Nassau BOCES	2,682	4	1.10%
Yonkers Public Schools	2,518	5	1.04%
Suffolk 1 BOCES	1,955	6	0.81%
Brentwood Union Free Schools	1,802	7	0.74%
Broome-Delaware-Tioga BOCES	1,784	8	0.73%
Sachem Central Schools	1,691	9	0.70%
Greece Central Schools	1,637	10	0.67%
All Other	214,270		88.24%
Total	242,834		100.00%

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

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

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

Fulton City SD
Fulton-Montgomery Com College
Galway CS
Gananda CS
Garden City UFS
Garrison UFS
Gates Chili CS
General Brown CS
Genesee Com Charter School
Genesee Com Col
Genesee Valley CS
Genesee-Livingston-Steuben-Wyoming BOCES
Geneseo CS
Geneva City SD
George Jr Republic UFSD
Georgetown-South Otselic CS
Germantown CS
Gilbertsville-Mt Upton CS
Gilboa-Conesville CS
Glen Cove City SD
Glens Falls City SD
Glens Falls Common School
Global Concepts Charter School
Gloversville City SD
Gorham-Middlesex CS
Goshen CS
Gouverneur CS
Gowanda CS
Grand Island CS
Granville CS
Great Neck PS
Greece CS
Green Island UFS
Greenburgh CS
Greenburgh Eleven UFSD
Greenburgh-Graham UFSD
Greenburgh-North Castle UFSD
Greene CS
Greenport UFS
Greenville CS
Greenwich CS
Greenwood Lake UFS
Groton CS
Guilderland CS
Hadley-Luzerne CS
Haldane CS
Half Hollow Hills CS
Hamburg CS
Hamilton CS
Hamilton-Fulton-Montgomery BOCES
Hammond CS
Hammondsport CS
Hampton Bays UFS
Hancock CS
Hannibal CS
Harborfields CS
Harpursville CS
Harrison CS
Harrisville CS
Hartford CS
Hastings-on-Hudson UFS
Hauppauge UFS
Haverstraw-Stony Point CS
Hawthorne-Cedar Knolls UFSD
Hempstead PS
Hendrick Hudson CS
Herkimer CS
Herkimer County Com Col
Herkimer-Fulton-Hamilton-Otsego BOCES
Hermon-Dekalb CS
Herricks UFS
Heuvelton CS
Hewlett-Woodmere UFS
Hicksville PS
Highland CS
Highland Falls-Fort Montgomery CSD
Hilton CS
Hinsdale CS
Holland CS
Holland Patent CS
Holley CS
Homer CS
Honeoye CS
Honeoye Falls-Lima CS
Hoosic Valley CS
Hoosick Falls CS
Hopevale UFS
Hornell City SD
Horseheads CS
Hudson City SD
Hudson Falls CS
Hudson Valley Com Col
Hunter-Tannersville CS
Huntington UFS
Hyde Park CS
Ichabod Crane CS
Ilion CS
Indian Lake CS
Indian River CS
Inlet Common Schools
Iroquois CS
Irvington UFS
Island Park UFS
Island Trees UFS
Islip UFS
Ithaca City SD
Jamestown City SD
Jamestown Com Col
Jamesville-Dewitt CS
Jasper-Troupsburg CS
Jefferson CS
Jefferson Com Col
Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Jericho UFS
Johnsburg CS
Johnson City CS
Johnstown PS
Jordan-Elbridge CS
Katonah-Lewisboro UFSD
Keene CS
Kendall CS
Kenmore Town of Tonawanda UFSD
King Center Charter School

Kings Park CS
Kingston City SD
Kiryas Joel Village UFSD
La Fargeville CS
La Fayette CS
Lackawanna City SD
Lake George CS
Lake Placid CS
Lake Pleasant CS
Lake Shore CS
Lakeland CS
Lancaster CS
Lansing CS
Lansingburgh CS
Laurens CS
Lawrence UFS
Le Roy CS
Letchworth CS
Levittown UFS
Lewiston-Porter CS
Liberty CS
Lindenhurst PS
Lisbon CS
Little Falls City SD
Little Flower UFSD at Wading River
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 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
Oppenheim-Ephratah CS
Orange County Com Col
Orange-Ulster BOCES
Orchard Park CS
Oriskany CS
Orleans-Niagara BOCES
Ossining UFS
Oswego BOCES
Oswego City SD
Otego-Unadilla CS
Otsego-Delaware-Schoharie-Greene BOCES
Owego-Apalachin CS
Owen D Young CS
Oxford Academy
Oyster Bay-East Norwich CS
Oysterponds UFS
Palmyra-Macedon CS
Panama CS
Parishville-Hopkinton CS
Patchogue-Medford UFS
Pavilion CS
Pawling CS
Pearl River UFS
Peekskill City SD
Pelham UFS
Pembroke CS
Penfield CS
Penn Yan CS
Perry CS
Peru CS
Phelps-Clifton Springs CS
Phoenix CS
Pine Bush CS
Pine Plains CS
Pine Valley CS at South Dayton
Pinnacle Charter School
Pioneer CS
Piseco Common Schools
Pittsford CS
Plainedge UFS
Plainview-Old Bethpage CS
Plattsburgh City SD
Pleasantville UFS
Pocantico Hills CS
Poland CS
Port Byron CS
Port Chester-Rye
Port Jefferson UFS
Port Jervis City SD
Port Washington UFS
Portville CS
Potsdam CS
Poughkeepsie City SD
Prattsburgh CS
Pulaski Academy and CS
Putnam CS
Putnam Valley CS
Putnam-Westchester BOCES
Queensbury UFS
Quogue UFS
Ramapo CS
Randolph CS
Randolph Academy UFS
Raquette Lake UFS
Ravena-Coeymans-Selkirk CS
Red Creek CS
Red Hook CS
Remsen CS
Remsenburg-Speonk UFSD
Rensselaer City SD
Rensselaer-Columbia-Greene BOCES
Rhinebeck CS
Richfield Springs CS
Ripley CS
Riverhead CS
Riverhead Charter School
Rochester Academy Charter School
Rochester City SD
Rockland BOCES
Rockland Com Col
Rockville Centre UFSD
Rocky Point UFS
Rome City SD
Romulus CS
Rondout Valley CS
Roosevelt UFS
Roscoe CS
Roslyn PS
Rotterdam-Mohonasen CS
Roxbury CS
Royalton-Hartland CS
Rush-Henrietta CS
Rye City SD
Rye Neck UFS
Sachem CS
Sackets Harbor CS

Sag Harbor UFS
Sagaponack Common Schools
Salamanca City SD
Salem CS
Salmon River CS
Sandy Creek CS
Saranac CS
Saranac Lake CS
Saratoga Springs City Schools
Saugerties CS
Sauquoit Valley CS
Sayville PS
Scarsdale UFS
Schalmont CS
Schenectady City SD
Schenectady County Com Col
Schenevus CS
Schodack CS
Schoharie CS
Schroon Lake CS
Schuyler-Steuben-Chemung-Tioga-Allegany BOCES
Schuylerville CS
Scio CS
Scotia-Glenville CS
Seaford PS
Seneca Falls CS
Sewanhaka CS
Sharon Springs CS
Shelter Island UFS
Shenendehowa CSD at Clifton Park
Sherburne-Earlville CS
Sherman CS
Shoreham-Wading River CS
Sidney CS
Silver Creek CS
Skaneateles CS
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
Waterville CS
Watervliet City SD
Watkins Glen CS
Waverly CS
Wayland-Cohocton CS
Wayne CS
Webster CS
Webutuck CS
Weedsport CS
Wells CS
Wellsville CS
West Babylon UFS
West Canada Valley CS
West Genesee CS
West Hempstead UFS
West Irondequoit CS
West Islip UFS
West Park UFS
West Seneca CS
West Valley CS
Westbury UFS
Westchester 2 BOCES
Westchester Com Col
Western New York Maritime Charter School
Westfield CS
Westhampton Beach UFSD
Westhill CS
Westminster Community Charter School
Westmoreland CS
Westport CS
Wheatland Chili CS
Wheelerville UFS
White Plains City SD
Whitehall CS
Whitesboro CS
Whitesville CS
Whitney Point CS
William Floyd UFS
Williamson CS
Williamsville CS
Willsboro CS
Wilson CS
Windham-Ashland-Jewett CS
Windsor CS
Worcester CS
Wyandanch UFS
Wynantskill UFS
Wyoming CS
Yonkers PS
York CS
Yorktown CS

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