

New York State and Local Retirement System
Comprehensive Annual Financial Report
For Fiscal Year Ended March 31, 2007



New York State and Local Retirement System

Employees' Retirement System
Police and Fire Retirement System

Office of the New York State Comptroller
Thomas P. DiNapoli

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM
2007
EMPLOYEES' RETIREMENT SYSTEM
POLICE AND FIRE RETIREMENT SYSTEM

Comprehensive Annual Financial Report
Fiscal Year Ended March 31, 2007



Prepared by the staff of the
New York State and Local Retirement System
110 State Street • Albany, NY 12244

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Certificate of Achievement for Excellence in Financial Reporting

Presented to
New York State
and Local Retirement
System

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2006

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



President

Executive Director



Public Pension Coordinating Council
Public Pension Standards
2006 Award

Presented to

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In recognition of meeting professional standards for
plan design and administration as
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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)

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style with a large, prominent 'A' and 'W'.

Alan H. Winkle
Program Administrator



Introduction

Information
makes the
difference



Since nobody knows what their financial future holds, our goal is to provide our members with a clear picture of their benefits so they can make good decisions about their plan for retirement.



Thomas P. DiNapoli — New York State Comptroller

September 2007

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the New York State and Local Retirement System (the System), for the fiscal year ended March 31, 2007. During this past fiscal year, investment returns exceeded 12.5% — surpassing our benchmark of 8% by more than 50%. Responsibility for both the accuracy of the data and the completeness and fairness of the report, including all disclosures, rests with the System.

We believe the enclosed financial statements and data are fairly presented in all material respects and are reported in a manner designed to accurately portray the financial position and results of operations of the System.

The CAFR was prepared to conform with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), as well as the reporting requirements outlined by the Government Finance Officers Association of the United States and Canada (GFOA). GAAP are uniform minimum standards of, and guidelines for, financial accounting and reporting. They are the framework within which financial transactions are recorded and reported resulting in financial statements that provide comparability between government entities, consistency between accounting periods and

reliability for both internal and external users of financial statements. It should be noted that the System elected early adoption of GASB 50, which amended GASB 25 and 27 and is intended to improve the transparency of pension information reported by state and local government plans.

The System's transactions are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules.

The System was awarded a Certificate of Achievement for Excellence in Financial Reporting from GFOA for its CAFR for the fiscal year ended March 31, 2006. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. GFOA awards these certificates to those government units whose comprehensive annual financial reports meet or exceed the association's strict criteria. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards and which satisfies both generally accepted accounting principles and applicable legal requirements.

The System has received this prestigious award for each of the past three years. We believe that our current report continues to meet the Certificate of Achievement program requirements and are submitting it to the GFOA for consideration again this year.

The System is comprised of the New York State Employees' Retirement System (ERS), which was established in 1921, and the Police and Fire Retirement System (PFRS), which the New York State Legislature created in 1966. The assets of ERS and PFRS are held in the Common Retirement Fund (the Fund) and managed by the Division of Pension Investment and Cash Management.

With over one million participants, the System is the second largest retirement system in the nation, and the third largest in terms of asset value. Significantly, while the average public retirement system administers eight plans, the System administers 91.

The System offers retirement benefits for members who reach specific ages or have completed a specified number of years of service, depending on the system and plan in which they are enrolled. At the end of fiscal year 2006-07, there were a total of 1,012,699 members, retirees and beneficiaries, and 3,010 participating employers.

This letter highlights some of the System's operations for the 2006-07 fiscal year. It is intended to provide a reasonable understanding of the System's financial affairs, as well as its internal controls for this period.

Funding

The System's funding objective is to meet long-term benefit promises through employer contributions that remain level as a percent of member payroll. Annual employer contributions are determined on an actuarial basis and actual employer contributions are the greater of a minimum contribution of 4.5% of member payroll or actuarial contributions. The System is fully funded with a funded ratio in excess of 100%. A detailed discussion of its funding is provided in the Actuarial Section of this report.

Investments

To meet our obligations to pensioners, members and beneficiaries, the Fund's assets are diversified over a number of investments, and a host of different investment strategies are employed to control risk. In the past year, the Fund returned 12.58%.

Accounting Practices

My staff is responsible for identifying control objectives relating to the protection of assets and ensuring that all transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. We are responsible for the design, implementation and maintenance of adequate internal controls to provide reasonable assurance that control objectives are achieved. The internal control system includes the organization plan, the appropriate segregation of duties and responsibilities, sound practices in the performance of duties, and personnel with capabilities commensurate with their responsibilities. We believe the internal controls in effect during the fiscal year ended March 31, 2007, adequately safeguard the System's assets and provide reasonable assurance regarding the proper recording of financial transactions.

GASB requires that the System provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found in the Financial Section immediately following the report of the independent auditor.

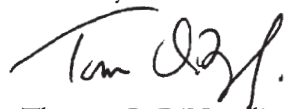
Major Initiatives

In the past year, we launched new programs and continued working on several major initiatives to improve service to our members and employers. Highlights of these initiatives are included in the Overview of Retirement Operations section.

Acknowledgements

A comprehensive annual financial report of this nature could not have been prepared without the dedicated, diligent efforts of experienced professionals. I wish to express my sincere appreciation to the staff in the Divisions of Retirement Services and Pension Investment and Cash Management who prepared this report. I would also like to thank the staff and advisors who work tirelessly to ensure the successful operation of the System.

Sincerely,



Thomas P. DiNapoli
State Comptroller

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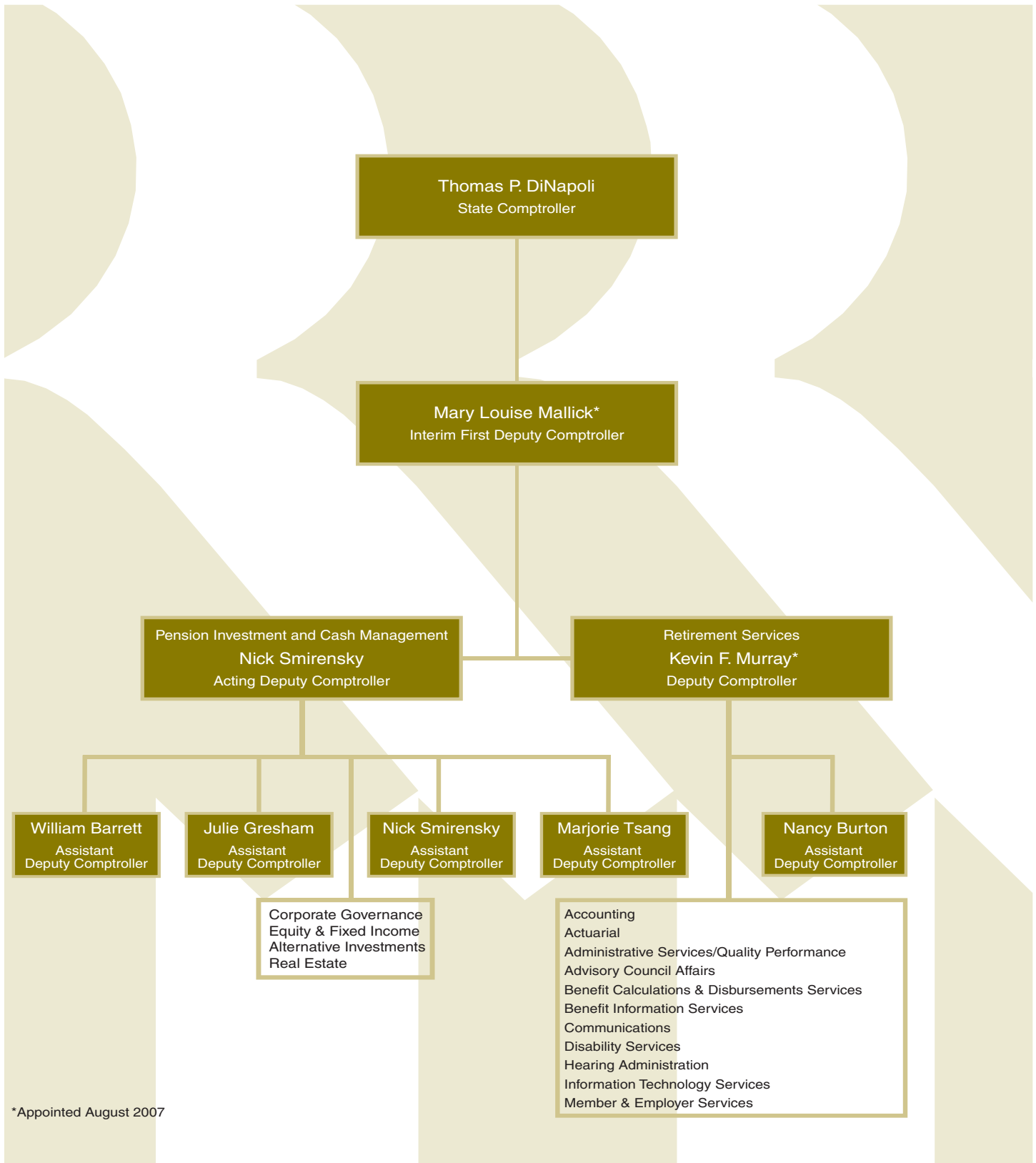
Senior Vice President & Chief Actuary
New York Life Insurance Company

Stanley Talbi

Executive Vice President
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NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

ORGANIZATIONAL CHART



*Appointed August 2007

OVERVIEW OF RETIREMENT OPERATIONS 2007

Since information is the key to maximizing the benefits of Retirement System membership, we want to make sure that our members are always aware of the services and guidance we offer on a variety of issues that might affect their benefits, whether they are in public service or enjoying retirement. We also want to ensure they have the tools and resources to help them plan and prepare for the future.

Over the course of the past year, we launched several new programs, moved forward with major initiatives and made changes to improve existing services. All of these efforts contributed to our goal of providing members with the best service possible.

What follows are some of the major projects and initiatives that were either started or continued during fiscal year 2006-07.

Employer Partnership Suggestions Result in New Services

Since we rely on employers for the service and salary information we use to determine our members' benefits, it is vitally important that this relationship be a strong one. Last year, many of our participating employers shared their ideas for strengthening our partnership and simplifying their retirement-related work by participating in focus groups with us. We have implemented a number of their ideas, including a new feature on our automated information line where they can check an employee's contribution cessation date — the date on which Tier 3 and 4 members are no longer required to contribute 3% of their earnings to the Retirement System.

In addition, based on the requests we received from employers, we now provide online information regarding what salary is reportable and what is not reportable to us and links from our website to informational sites of interest, such as other public retirement systems within New York State.

We will continue to develop and test other recommendations given to us by our employers, whose enthusiasm and helpfulness are always greatly appreciated.

Consultation Site Enhancements

For members who are near retirement or have specific questions about their individual circumstances, our consultation sites are invaluable. Over the past fiscal year, the number of Retirement System consultation sites operating by scheduled appointments, rather than on a "first come, first served" basis, increased from 12 to 16. Scheduling appointments has helped us provide better service to our members by reducing or eliminating the wait time to see a representative. Information Representatives assisted 36,589 members at our 16 consultation sites during this period.

We also reopened our Rochester consultation site in the New York State Department of Transportation building in Henrietta, after being displaced due to a fire in the fall of 2003. The new office was refurbished from the ground up, and our return there dramatically improved our ability to offer a private, secure and sensitive consultation environment to our members.

Similarly, a portion of our consultation site in Buffalo was renovated and equipped with video conferencing equipment, providing a dedicated space for our Hearing Administration Unit to conduct legal hearings in the Buffalo area.

Lastly, in order to offer even greater access to retirement information, our automated information line was enhanced so that members cannot only find the consultation site nearest to them, but can also receive updates on any temporary road closures that may result in detours to the consultation sites.

Responding to the Needs of Members, Pensioners and Beneficiaries

Earlier Enrollment for Direct Deposit

New retirees no longer have to wait until their benefit is finalized to enroll in direct deposit. They can now enroll as soon as they file for retirement. By taking advantage of earlier enrollment, our pensioners' benefit payments will be deposited directly into their bank accounts as soon as their benefit is finalized. The result is our pensioners can receive their benefit payments by direct deposit approximately two months earlier than before.

Protecting Personal and Confidential Information

With incidences of identity theft so prevalent in society, two key bureaus in the Retirement System – Information Technology Services (ITS) and Benefit Calculations and Disbursement Services – joined forces to eliminate the printing of Social Security numbers on letters and checks. The letter inventory system, which ITS created, permitted us to remove Social Security numbers, or mask the first five digits of numbers, from all our checks and the vast majority of our correspondence.

Similarly, we no longer send out information on magnetic tape cartridges and we no longer accept information sent to us on cartridges.

Business Processes Improvements

Technology has a large effect on our everyday work. By improving our work processes, not only do we reduce costs, but we improve customer service, too. Over the last year, a number of modifications have been made to our computer system that has made our paper flow a lot simpler and, in turn, improved our ability to meet our members' needs.

Our existing policy database was made more user friendly, making it easier for staff to have the most current policies available at their fingertips. The remodeled Retirement Policies Database helps staff members locate information, such as determining what constitutes a mandatory membership or establishing a retirement date for members over age 70, as well as everything in between. Nearly 794 policy categories were consolidated into just 38 categories. It is now infinitely easier for us to help our members thanks to this streamlined database.

Similarly, significant progress was made towards bringing our Hearing Officer Decision Database online. After nearly three years of scanning and indexing the final determinations, the general public is expected to be able to access this information on our website this winter.

Website Redesign Improves Accessibility

As part of our continuing effort to provide exceptional customer service, we redesigned our website. Not only did we improve the look and performance of our website, we also made it easier to navigate. But the most significant change is that our website is now much more accessible to those with disabilities. In fact, the new website meets the highest level of Americans with Disabilities Act (ADA) compliance, as defined by the World Wide Web Consortium, exceeding what is required by New York State law. In addition, we have simplified many of the URL address names for our website pages, making it easier for our members, pensioners and employers to find the information they need.

Major Initiatives

Redesigning Our Technology and the Way We Work

During the past year, the Business Process Redesign Team engaged the services of a consulting firm specializing in business process redesign for public retirement systems. The consultants, together with Retirement System staff from all business units, began working with the team to create detailed documentation of how our current business processes are carried out. This will help us identify changes we can make to the way we process our work, which will improve customer satisfaction, service delivery and processing efficiency. As we move forward in this multi-year initiative, we will also develop detailed business requirements for implementing those improvements when our current computer technology is replaced. Additionally,

the consultants and team will work together to develop a comprehensive Request For Proposals that will ultimately result in bringing an experienced vendor on board to design and implement a new computer system that will meet our business needs well into the future.

Self-Service Application

After two and a half years of research, design and planning, our web-based Self-Service Application (SSA) program was unveiled as part of a pre-pilot initiative tested by State Comptroller Office employees. During the next fiscal year, we plan to expand the pilot to 2,500 members and pensioners. Once it is fully operational, the online service will allow our members and pensioners to get up-to-date information about their retirement accounts whenever they want, such as current contribution balances, beneficiary designations and the details of their last pension payments.

By giving our members and pensioners secure access to their personal information and allowing them in the future to conduct business with us via the Internet, we anticipate that the SSA will become a very popular program. The increased level of automation that SSA offers will undoubtedly improve the efficiency of a number of our core business functions. Just as important, SSA will allow us to devote more time to those customer service tasks that will always require the human touch.

Scanning & Imaging

Maintaining more than two million paper file folders is a cumbersome and time-consuming job. To preserve the member and pensioner records contained in those folders and streamline our business processes, we are scanning the paper documents and creating electronic folders. The pilot program of our Scanning & Imaging project started last December. By the end of the past fiscal year, 10,000 paper folders had been scanned and converted into electronic ones. The Scanning & Imaging project will also enable us to respond to member and pensioner inquiries more quickly. Instead of waiting one or two days to receive the paper folder, staff members can see the folder's scanned images immediately. As more and more folders are scanned, the ability to quickly access member and pensioner information will grow, helping us to provide the superior customer service that our members have come to expect from us.

New Laws Affecting Members and Retirees

World Trade Center Presumption — Reclassification Filing Requirement Changed; Accidental Death Benefit Created

Chapters 444 and 445 (Laws of 2006) amend Chapters 104 and 93 of the Laws of 2005, which provide those brave public employees who participated in the World Trade Center (WTC) rescue, recovery or clean up efforts a presumption that, if they become permanently disabled due to certain qualifying conditions and are unable to perform their jobs, the condition was incurred in connection with the WTC aftermath.

Chapter 444 eliminated the filing deadline to request a reclassification of a service or disability retirement benefit to an accidental disability retirement benefit. However, if a request for reclassification was not filed with us by June 14, 2007, a World Trade Center Notice (RS6047-N) must have been filed by that date to preserve eligibility.

Chapter 445 added a provision to the WTC Presumption law for an accidental death benefit. Upon a member's death, eligible beneficiary(ies) can request the member's retirement benefit be converted into an accidental death benefit. They must file a World Trade Center Accidental Death Benefit (RS6418-W) application within the same time period required by the member's regular accidental death benefit.

We conducted a sustained information campaign to inform our members of these amendments and eligibility requirements. Our informational campaign included the publishing of a brochure, *The World Trade Center Site: Rescue, Recovery Or Clean Up Operations*, along with the notice, application and a Frequently Asked Questions page, all of which can be found on our website. For those who gave so much, as well as for their loved ones, these laws may provide some small measure of assistance.

Partial Lump Sum Payment Option Available

Chapter 735 (Laws of 2006) allows Police and Fire Retirement System members, who are covered by a plan that allows for retirement after 20 or 25 years of creditable service regardless of age, and who have been eligible to retire for at least one year, to receive a Partial Lump Sum (PLS) payment at retirement. Members who choose PLS receive a reduced continuing lifetime benefit. The reduction

in their lifetime benefit depends on the amount of the lump sum payment they receive. A Partial Lump Sum payment is available to members who meet eligibility requirements and retire on or after April 1, 2008, but before April 1, 2013.

To estimate the amount an individual would receive if that individual opted to take the lump sum, and the affect it would have on the continuous lifetime benefit, we set up a PLS Retirement Calculator on our website to help our members make as well-informed a decision as possible. Besides the website, the PLS was highlighted in our newsletters and in our electronic newsletter, *E-News*, in order to provide up-to-date and timely information to all eligible PFRS members whose projected date of retirement was on or after April 1, 2008.

Retirees' Earnings Limit Increases

Chapter 74 (Laws of 2006) increases the amount of salary service retirees can earn in public employment without affecting their pensions. Beginning January 1, 2007, the amount rose from \$27,500 to \$30,000 in a calendar year.

Public Pension Fund Investment Change

Chapter 22 (Laws of 2006) increases the portion of public pension fund assets that may be invested according to the prudent investor standard.

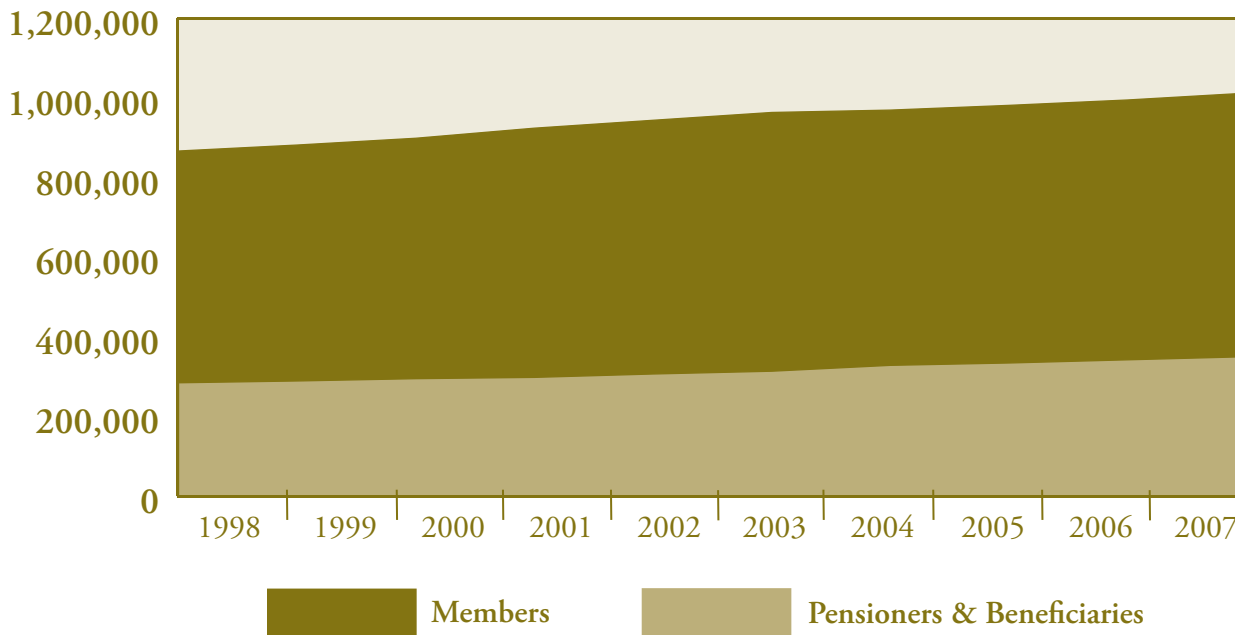
As one of the largest retirement systems in the country, we have two missions: provide members with the information they need to make the best choices possible about the benefits available to them, and administer those benefits accurately and efficiently with the highest ethical standards. We take these responsibilities very seriously, and are always working to improve on our record. Our driving principle is to always do what is best for our members, and we believe our efforts during this past fiscal year have accomplished just that. Next year we look forward to reporting on our continued success.

Members and Retirees

Overall membership in the System is 1,012,699. This includes 662,633 members and 350,066 retirees and beneficiaries. These numbers continue to climb, with the number of retirees increasing more quickly than members. For example, in 1990, retirees represented 26% of the System's members. By FY 2007, that number had increased to approximately 35%.

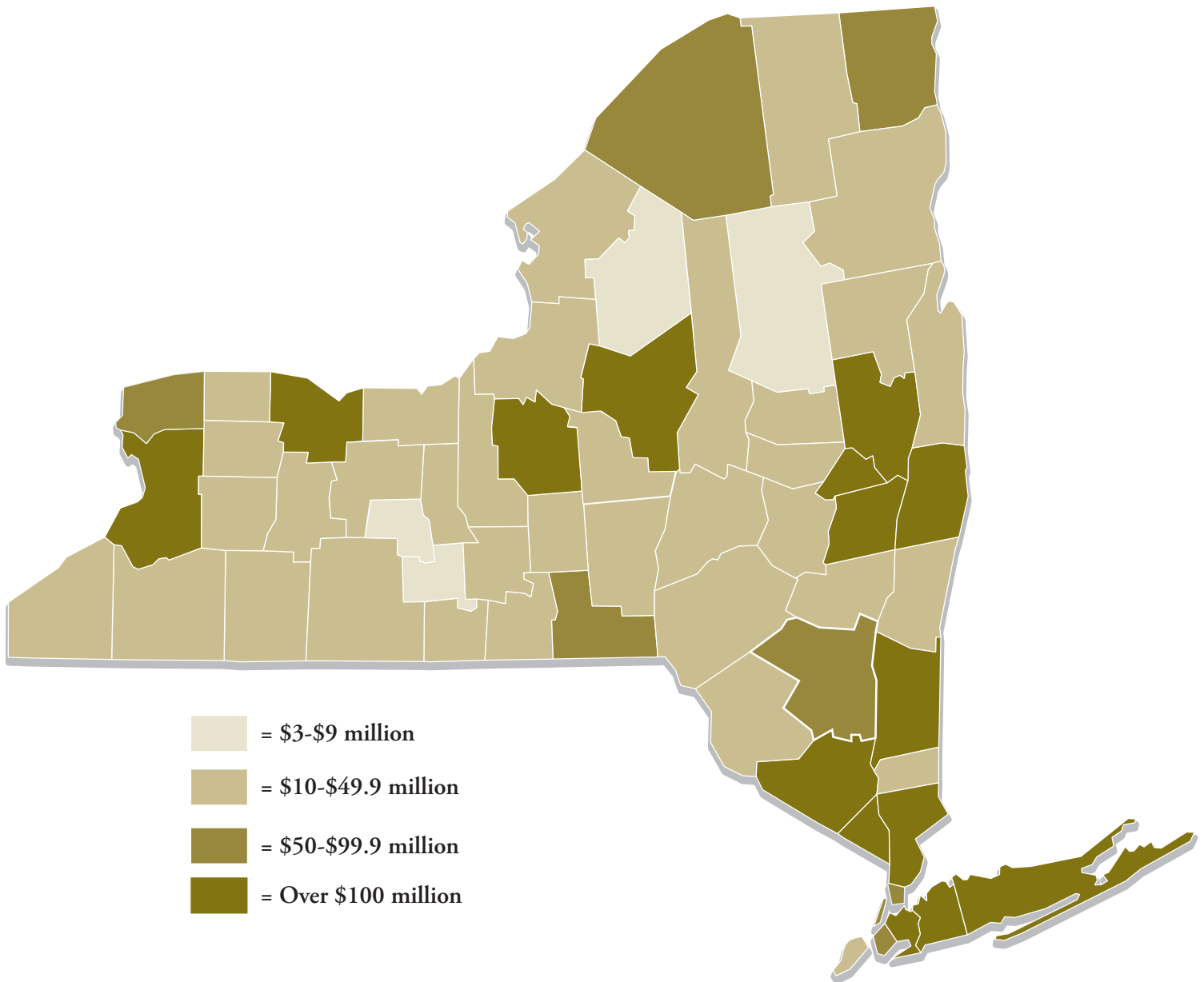
The value of the pension fund's net assets at the end of the 2006-07 fiscal year was \$156.6 billion.

Benefit payments continue to rise, reflecting improvements in final average salaries over the past decades, cost-of-living adjustment (COLA) payments and benefit improvements enacted over the years. For example, in 1997, benefit payments were \$3.1 billion, while this year's payments totaled more than \$6.4 billion.



RETIREES IN NEW YORK STATE

Of the 350,066 retirees and beneficiaries in the System, 269,594 (77%) remain New York State residents. As such, benefit payments surpassing \$4.9 billion this year alone will reach the State's communities and businesses.



ANNUAL BENEFIT PAYMENTS WITHIN NEW YORK STATE

As of March 31, 2007.

County	Recipients	Annual Payments	County	Recipients	Annual Payments
Albany	14,260	\$305,578,682	NY Military	4	\$ 84,919
Allegany	1,296	16,423,267	Oneida	7,739	124,813,233
Bronx	2,892	55,030,369	Onondaga	9,960	154,485,996
Broome	5,956	83,510,932	Ontario	2,431	36,608,761
Cattaraugus	2,679	37,469,013	Orange	6,323	113,413,958
Cayuga	2,182	34,935,444	Orleans	1,104	14,499,309
Chautauqua	3,562	49,377,991	Oswego	3,001	41,590,512
Chemung	2,686	43,662,624	Otsego	1,732	22,974,936
Chenango	1,566	21,498,811	Putnam	1,560	34,089,154
Clinton	2,909	53,012,746	Queens	5,131	109,091,556
Columbia	2,253	39,109,907	Rensselaer	6,290	124,014,519
Cortland	1,298	17,109,014	Richmond	1,967	43,398,714
Delaware	1,475	21,821,251	Rockland	5,204	105,212,865
Dutchess	7,125	134,869,665	Saratoga	6,831	137,726,363
Erie	23,204	408,473,135	Schenectady	6,126	117,366,590
Essex	1,494	22,330,723	Schoharie	1,166	18,714,608
Franklin	1,919	28,838,148	Schuyler	636	8,703,182
Fulton	1,572	22,494,292	Seneca	1,287	19,035,910
Genesee	1,604	23,632,806	St. Lawrence	3,702	56,286,652
Greene	1,788	31,381,002	Steuben	2,450	35,113,843
Hamilton	343	5,147,588	Suffolk	26,146	579,443,078
Herkimer	1,830	23,325,388	Sullivan	2,079	35,903,012
Jefferson	2,427	36,827,206	Tioga	1,126	13,380,239
Kings	4,477	90,939,793	Tompkins	2,283	37,541,541
Lewis	810	9,498,748	Ulster	3,994	64,065,144
Livingston	2,234	34,637,419	Warren	2,027	32,798,969
Madison	1,862	26,287,355	Washington	1,860	30,255,350
Monroe	12,162	193,185,881	Wayne	2,476	34,071,643
Montgomery	1,779	27,008,995	Westchester	12,701	268,023,723
Nassau	18,232	408,816,436	Wyoming	1,416	23,375,810
New York	3,843	88,621,768	Yates	591	7,806,848
Niagara	4,532	72,067,196	Total	269,594	\$4,910,814,536

ANNUAL BENEFIT PAYMENTS WITHIN THE UNITED STATES

As of March 31, 2007.

State	Recipients	Annual Payments	State	Recipients	Annual Payments
Alabama	682	\$ 9,483,679	Nebraska	51	\$ 521,204
Alaska	55	568,469	Nevada	1,316	23,882,403
Arizona	2,525	39,616,809	New Hampshire	518	8,264,231
Arkansas	126	1,360,901	New Jersey	6,176	156,905,550
California	2,304	28,736,329	New Mexico	418	5,912,282
Colorado	656	8,813,243	New York	269,594	4,910,814,536
Connecticut	1,727	27,928,298	North Carolina	6,152	100,118,474
Delaware	435	7,512,506	North Dakota	17	139,394
Florida	32,733	532,151,555	Ohio	671	7,495,729
Georgia	2,553	38,136,832	Oklahoma	168	1,948,215
Guam	2	13,421	Oregon	258	3,201,310
Hawaii	119	2,030,690	Pennsylvania	3,425	55,780,049
Idaho	68	885,986	Puerto Rico	465	5,281,279
Illinois	284	3,590,565	Rhode Island	199	2,767,115
Indiana	246	2,775,609	South Carolina	3,391	57,983,165
Iowa	59	576,452	South Dakota	50	705,957
Kansas	89	872,917	Tennessee	1,013	16,121,444
Kentucky	273	3,336,559	Texas	1,505	19,186,927
Louisiana	164	2,018,021	Utah	116	1,406,624
Maine	535	7,681,525	Vermont	543	8,331,209
Maryland	1,227	17,657,732	Virginia	3,254	50,131,697
Massachusetts	1,348	19,493,627	Washington	407	5,492,094
Michigan	356	3,911,055	Washington, D.C.	93	1,380,311
Minnesota	126	1,575,332	West Virginia	171	2,644,515
Mississippi	173	2,342,671	Wisconsin	139	1,639,026
Missouri	225	2,701,673	Wyoming	57	881,673
Montana	87	1,258,885			

ANNUAL BENEFIT PAYMENTS OUTSIDE THE UNITED STATES

As of March 31, 2007.

Total Recipients	Total Annual Payments
722	\$8,959,817

2007

Financial

A milestones
approach
to planning



You can never start planning too early. By providing information at those important milestone moments, we encourage our members to plan with a lifetime in mind.

INDEPENDENT AUDITORS' REPORT

To the Trustee of
New York State and Local Retirement System:

We have audited the accompanying statement of plan net assets of the New York State and Local Retirement System (the "System") as of March 31, 2007, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these financial statements based on our audit.

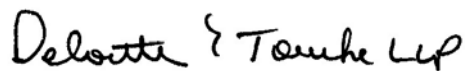
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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 audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the plan net assets of the System as of March 31, 2007, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the 2007 Required Supplementary Information as listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 2007 supplementary information. However, we did not audit such information and do not express an opinion on it. The Required Supplementary Information for the year ended March 31, 2002, was reported on by other auditors whose report stated that they did not audit this information and did not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Additional Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of the System's management. The Additional Supplementary Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. The introduction, investment, actuarial, and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 2007, on our consideration of the System's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



July 3, 2007

The following overview of the financial activity of the New York State and Local Retirement System (the "System") for the fiscal year ended March 31, 2007 is intended to provide the reader with an analysis of the System's overall financial position. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the basic financial statements of the System which follow.

Financial Highlights

- The net assets of the System held in trust to pay pension benefits were \$156.625 billion as of March 31, 2007. This amount reflects an increase of \$14.005 billion from the prior fiscal year. This change is primarily the result of the net appreciation of the fair value of the investment portfolio.
- The System's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings.

Overview of the Financial Statements

The financial statements consist of the statement of plan net assets, statement of changes in plan net assets, and the notes to the financial statements. The required supplementary information that appears after the notes to the financial statements is not a required part of the financial statements but presents supplementary information required by the Government Accounting Standards Board.

The statement of plan net assets includes information about the System's assets, liabilities, and net assets as of the close of the System's fiscal year. This statement provides information about the fair value and composition of net assets.

The statement of changes in plan net assets presents the changes to the System's net assets for the fiscal year including investment income and appreciation from the investment portfolio and contributions from members and employers. Benefits and administrative expenses paid by the System are included under the deductions section of the statement.

The notes to the financial statements and the required supplementary information are an integral part of the basic financial statements and provide additional information about the plans of the System, significant accounting policies and contributions and reserves to the System.

The required supplementary schedules include information about funding progress using the entry age normal funding method to approximate the funding status of the System. The aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities, is utilized by the System for funding purposes. In addition, employer contributions for the current year and the previous five years are reported.

Analysis of Overall Financial Position of the System

The purpose of the System's investments is to provide for the long-term growth, while also ensuring a reliable cash flow that meets the funding requirements of the near-term pension obligation. To achieve these goals, the investments are efficiently allocated to a variety of asset types and strategies so that they meet the current funding needs and future growth requirements of the pension liability. Equity investments are included for their long-term return and growth characteristics, while fixed income assets are added to the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirements of the pension payments.

Statement of Plan Net Assets as of March 31, 2007, as compared to March 31, 2006 follows:

(in thousands)				
	2007	2006	Dollar Change	Percentage Change
Assets:				
Investments	\$154,575,646	\$140,453,287	\$14,122,359	10.1%
Securities lending collateral — invested	24,846,521	21,646,548	3,199,973	14.8
Receivables and other assets	4,091,483	3,597,838	493,645	13.7
Total assets	183,513,650	165,697,673	17,815,977	10.8
Liabilities:				
Securities lending collateral, due	24,846,521	21,646,548	3,199,973	14.8
Other liabilities	2,041,886	1,431,033	610,853	42.7
Total liabilities	26,888,407	23,077,581	3,810,826	16.5
Net assets held in trust for pension benefits	\$156,625,243	\$142,620,092	\$14,005,151	9.8%

The plan net assets of the System totaled \$156.625 billion as of March 31, 2007, an increase of \$14.005 billion from the prior fiscal year.

The table below shows the detail of the invested assets portion of all plan assets. These invested assets totaled \$154.576 billion as of March 31, 2007.

(in thousands)				
Investment Category	2007	2006	Dollar Change	Percentage Change
Short-term investments	\$ 8,551,143	\$ 6,619,284	\$ 1,931,859	29.2%
Government bonds	23,712,007	19,775,579	3,936,428	19.9
Corporate bonds	9,824,205	9,113,416	710,789	7.8
Domestic stocks	65,297,430	68,530,310	(3,232,880)	(4.7)
International stocks	24,822,250	20,020,551	4,801,699	24.0
Alternative investments	14,726,130	9,800,792	4,925,338	50.3
Real Estate	6,752,735	5,430,685	1,322,050	24.3
Mortgage loans	889,746	1,162,670	(272,924)	(23.5)
Total investments	\$154,575,646	\$140,453,287	\$14,122,359	10.1%

The largest contributor to the dollar increase in invested assets of \$14.122 billion was the alternative investment assets, which represented approximately 9.5% of the total investments and increased \$4.925 billion from the previous

fiscal year. International stocks also contributed to the increase, representing approximately 16.1% of the total investments. The increase in these assets is primarily attributable to the positive performance in world equity markets.

Statement of Changes in Plan Net Assets for the year ending March 31, 2007, as compared to year ending March 31, 2006 follows:

(in thousands)				
	2007	2006	Dollar Change	Percentage Change
Additions:				
Net investment income	\$ 17,416,082	\$ 17,615,876	\$ (199,794)	(1.1)%
Total contributions	3,100,572	3,117,876	(17,304)	(0.6)
Total additions	20,516,654	20,733,752	(217,098)	(1.0)
Deductions:				
Total benefits paid	(6,431,731)	(6,072,868)	(358,863)	5.9
Administrative expenses	(79,772)	(78,506)	(1,266)	1.6
Net deductions	(6,511,503)	(6,151,374)	(360,129)	5.9
Net increase	14,005,151	14,582,378	(577,227)	(4.0)%
Net assets held in trust for pension benefits — beginning of year	142,620,092	128,037,714	14,582,378	11.4 %
Net assets held in trust for pension benefits — end of year	\$156,625,243	\$142,620,092	\$14,005,151	9.8 %

Economic Factors and Rates

The Common Retirement Fund returned 12.58% for fiscal year 2006-07. In the U.S., volatile oil prices and a year-long housing slump were offset by strong consumer spending and moderate inflation, while global equity markets benefited from robust private equity activity and corporate share buy-backs. Domestic and international equity returned 10.60% and 19.81%, respectively. The Fund's fixed income portfolio returned 6.02%, while private equity, at 22.71%, and real estate, at 31.74%, generated particularly strong returns.

Requests for Information

This financial report is designed to provide a general overview of the New York State and Local Retirement System finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001.

STATEMENT OF PLAN NET ASSETS — MARCH 31, 2007

	(in thousands)		
ASSETS	Employees' Retirement System	Police and Fire Retirement System	Total
INVESTMENTS:			
Short-term investments	\$ 7,268,049	\$ 1,283,094	\$ 8,551,143
Government bonds	20,154,036	3,557,971	23,712,007
Corporate bonds	8,350,089	1,474,116	9,824,205
Domestic stocks	55,499,592	9,797,838	65,297,430
International stocks	21,097,687	3,724,563	24,822,250
Alternative investments	12,516,484	2,209,646	14,726,130
Real estate	5,739,492	1,013,243	6,752,735
Mortgage loans	756,240	133,506	889,746
Total investments	131,381,669	23,193,977	154,575,646
SECURITIES LENDING COLLATERAL — Invested	21,118,316	3,728,205	24,846,521
FORWARD FOREIGN EXCHANGE CONTRACTS	1,146,097	202,331	1,348,428
RECEIVABLES:			
Employers' contributions	683,604	219,676	903,280
Employees' contributions	26,290	78	26,368
Employees' loans	894,644	1,625	896,269
Accrued interest and dividends	447,546	79,009	526,555
Investment sales	243,668	43,017	286,685
Other	29,148	44,331	73,479
Total receivables	2,324,900	387,736	2,712,636
OTHER ASSETS:			
Total assets	25,855	4,564	30,419
	155,996,837	27,516,813	183,513,650
LIABILITIES:			
Securities lending collateral — due to borrowers	21,118,316	3,728,205	24,846,521
Forward foreign exchange contracts	1,143,985	201,958	1,345,943
Investment purchases	298,254	52,654	350,908
Benefits payable	130,584	18,738	149,322
Other liabilities	170,864	24,849	195,713
Total liabilities	22,862,003	4,026,404	26,888,407
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$133,134,834	\$23,490,409	\$156,625,243

A schedule of funding progress is presented on page 45.

See notes to financial statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS

Year Ended March 31, 2007.

(in thousands)			
	Employees' Retirement System	Police and Fire Retirement System	Total
ADDITIONS:			
Investment income:			
Net appreciation in fair value of investments	\$ 11,507,400	\$ 2,030,922	\$ 13,538,322
Interest income	1,543,954	272,462	1,816,416
Dividend income	1,329,084	234,543	1,563,627
Security lending income	1,061,535	187,329	1,248,864
Other income	537,584	94,867	632,451
Less security lending expenses	(1,027,834)	(181,382)	(1,209,216)
Less investment expenses	(148,225)	(26,157)	(174,382)
Net investment income	14,803,498	2,612,584	17,416,082
Contributions:			
Employers	2,216,087	502,464	2,718,551
Employees	247,237	2,921	250,158
Interest on accounts receivable	48,842	8,180	57,022
Other	62,087	12,754	74,841
Total contributions	2,574,253	526,319	3,100,572
Total additions	17,377,751	3,138,903	20,516,654
DEDUCTIONS:			
Benefits paid:			
Retirement allowances	(5,182,851)	(1,035,932)	(6,218,783)
Death benefits	(153,660)	(10,972)	(164,632)
Other	(45,397)	(2,919)	(48,316)
Total benefits paid	(5,381,908)	(1,049,823)	(6,431,731)
Administrative expenses	(69,893)	(9,879)	(79,772)
Total deductions	(5,451,801)	(1,059,702)	(6,511,503)
NET INCREASE	11,925,950	2,079,201	14,005,151
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS — Beginning of year	121,208,884	21,411,208	142,620,092
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS — End of year	\$133,134,834	\$23,490,409	\$156,625,243

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2007

1. Description of Plans

The Comptroller of the State of New York serves as sole trustee of the Common Retirement Fund (the “Fund”) and administrative head of the New York State and Local Employees’ Retirement System (“ERS”), the New York State and Local Police and Fire Retirement System (“PFRS”), and the Public Employees’ Group Life Insurance Plan (“GLIP”). GLIP provides death benefits in the form of life insurance. These entities are collectively referred to as the New York State and Local Retirement System (the “System”). All net assets of the System are held in the Fund which was established to hold all net assets and changes in net plan assets allocated to the System. In these statements, GLIP amounts are apportioned and included in either ERS or PFRS.

System benefits are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed by the State Constitution. Once a public employer elects to participate in the System, the

election is irrevocable. The System cannot be terminated and plan benefits cannot be diminished or impaired. Benefits can be reduced for future members only by an act of the State Legislature.

Generally, members of the System are employees of New York State (the “State”) and employees of its municipalities, other than New York City. Employees of non-State participating employers constituted approximately 64% for ERS and 83% for PFRS of the April 1, 2006 System’s membership.

The ERS and the PFRS are cost-sharing multiple-employer defined benefit pension plans. At March 31, 2007, there were 3,010 participating government employers in the System, including the State.

The number of members and benefit recipients as of April 1, 2006, the date of the most recent actuarial valuation, was:

	ERS	PFRS	Total
Retirees and beneficiaries currently receiving benefits	313,837	28,408	342,245
Inactive members vested	50,319	1,492	51,811
Active members	567,670	33,810	601,480
Total members and benefit recipients	931,826	63,710	995,536

Membership, benefits, and employer and employee obligations to contribute are described in the New York State Retirement and Social Security Law and are outlined as follows:

Membership Tiers — Pension legislation enacted in 1973, 1976, and 1983 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

Tier 1 — Those persons who last became members of the ERS before July 1, 1973, or PFRS before July 31, 1973.

Tier 2 — The ERS — those persons who last became members on or after July 1, 1973, but before July 27, 1976; or PFRS — those persons who became members on or after July 31, 1973.

Tier 3 — The ERS — generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 — The ERS — generally, except for correction officers, those persons who last became members on or after September 1, 1983.

Vesting — Members with five years or more of service are 100% vested.

Benefits —

(1) Tier 1 and Tier 2

Most Tier 1 and Tier 2 members are on a plan with minimum retirement age of 55, which provides for 1.67% of final average salary for each year of service less than 20 years. Generally, the benefit with more than 20 years is 2% of final average salary for each year of service. Tier 2 members retiring between ages 55 to age 62, with less than 30 years of service receive reduced benefits. As a result of Article 19 of the Retirement and Social Security Law, eligible Tier 1 and Tier 2 members, whose date of membership is prior to July 27, 1976, will receive an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 months.

(2) Tier 3 and Tier 4

Except for Tier 3 correction officers, generally the benefit is 1.67% of final average salary for each year of service if the service is less than 20 years. For 20 to 30 years of service, the benefit is 2% of final average salary for each year of service. An additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. A member must be age 62 with 5 years of service or at least age 55 with 30 years service to retire with full benefits. Reduced retirement benefits are available if retirement occurs from age 55 to 62.

(3) Special Plans

The 25-Year Plans allow a retirement after 25 years of service of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

(4) Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided after 10 years of service; in some cases, after 5 years of service.

(5) Accidental Disability Benefits

For all eligible Tier 1 members and Tier 2 ERS members, the benefit is a pension of 75% of final average salary with offset for any workers' compensation benefits received. For Tier 1 and Tier 2 PFRS members, the benefit is a pension of 75% of final average salary with offset for any workers' compensation benefits received. The Tier 3 and Tier 4 ERS benefit is the ordinary benefit with the years-of-service eligibility requirement dropped.

(6) Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term-life insurance. The benefit is generally three times salary. For most members, there is also a reduced post-retirement ordinary death benefit.

(7) Post-retirement Benefit Increases

A cost-of-living adjustment is provided to: (i) all pensioners who have attained age 62 and have been retired for 5 years; (ii) all pensioners who have

attained age 55 and have been retired for 10 years; (iii) all disability pensioners regardless of age who have been retired for 5 years; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for 5 years. This cost-of-living adjustment is a percentage of the annual retirement allowance of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement allowance. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot exceed 3%.

2. Summary of Significant Accounting Policies

Basis of Accounting — The accompanying financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employer contributions are recognized when billed. The amounts shown on the financial statements are allocated between ERS and PFRS based on each system's equity in the Common Retirement Fund.

Adoption of New Accounting Standards — In May 2007, the Government Accounting Standards Board (GASB) issued Statement No. 50, Pension Disclosures (an amendment of GASB No. 25 and No. 27) ("GASB 50"). For the fiscal year ended March 31, 2007, the System elected early adoption of GASB 50. The adoption of this Statement requires the System to include a Schedule of Funding Progress using the entry age normal funding method to approximate the funding status of the System. The Schedule of Funding Progress is considered Required Supplementary Information and follows the financial statements. The adoption of GASB 50 did not have an impact on the System's financial statements.

Investments — Investments are reported at fair value. Stocks traded on a national or international exchange are reported at market value at current exchange rates. Bonds are primarily reported at market values obtained from independent pricing services. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals made every three years or according to the fund agreement. Investments that do not have an

established market are reported at estimated fair value. The Fund trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates.

Securities Lending — Section 177-D of the New York State Retirement and Social Security Law authorizes the Fund to enter into security loan agreements with broker-dealers and New York State or national banks. The Fund has designated its master custodian bank to manage a securities lending program. This program is subject to a written contract between the Fund and the Custodian who acts as Security Lending Agent for the Fund. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the Fund. Types of collateral received from borrowers for securities loaned are cash, government securities, and federal instrumentalities. The Custodian is authorized to invest the cash collateral in short-term investments that are legal for the Fund. These include domestic corporate and bank notes, U.S. Treasuries, obligations of Federal agencies, and repurchase agreements. All rights of ownership to government securities pledged as collateral remain with the borrower, except in the event of default. The Fund has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2007, or in the history of the program.

The Fund lends fixed income, domestic equity, and international equity securities to approved broker-dealers. Collateral for securities loaned equals 102% of fair market value for domestic securities and 105% for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by the maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the Fund's reinvestment guidelines. The Custodian acknowledges responsibility to reimburse the Fund for losses, which might arise from managing the program in a manner inconsistent with the contract. The Fund manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the Fund in excess of the value of the securities loaned.

As of March 31, 2007, the fair value of securities on loan was \$25.307 billion. The fair value of the associated collateral was \$25.907 billion, of which \$24.847 billion was cash.

All security loans can be terminated on demand by either the Fund or borrower. The average term of the open security loans is one day while the overall average term to maturity of invested collateral for the Fund's open loans is 16 days. To provide sufficient liquidity, the policy of the Fund is to maintain a minimum of 10% of collateral in overnight investments.

Member Loan Programs — Members are entitled to participate in a loan program that allows them to borrow up to 75% of their member contributions. Repayment of outstanding amounts is generally made through payroll deductions within five years. The interest rate charged for member loans is fixed at 1% below the actuarial interest rate at the time the loan is granted. The loan rate as of March 31, 2007 was 7%.

Benefits Payable — Benefits payable represents payments due on account of death and retirement on or before March 31, 2007, for which final calculations had not been completed and paid as of that date.

Other Liabilities — Other liabilities include a cash managed balance maintained on a daily basis, which represents disbursements issued on previous business days, which are funded when presented for payment at the issuing bank.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of income/additions and expenses/deductions during the reporting period. Actual results could differ from those estimates.

3. Deposit and Investment Risk Disclosure

Custodial Credit Risk For Investments — Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the New York State and Local Retirement System's Common Retirement Fund, or are held either by the counterparty or the counterparty's trust department or agent, but not in the name of the Fund.

Equity and fixed income investments owned directly by the Fund, which trade in the United States ("US") markets are held at the Fund's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Common Retirement Fund. These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company ("DTC") and its subsidiaries acting as an agent of the Fund's custodian bank. Securities held directly by the Fund which trade in markets outside the US are held by a subsidiary of the Fund's custodian bank in the local market, a bank performing custodial services in the local market acting as an agent for the Fund's custodian bank, and in some foreign markets, the securities are held in electronic format by a DTC subsidiary or an organization similar to DTC. Directly-held investments include short-term and long-term fixed income and domestic and international equity separately managed accounts. The aforementioned investments have the lowest custodial risk.

Equity investments held indirectly by the Fund via limited partnerships, commingled investment funds, joint ventures, and other similar vehicles are held in custody by an organization contracted with by the general partner and/or the investment management firm responsible for the management of each investment organization.

Title to real estate invested in by the Fund is held either by a real estate holding company, or a real estate investment fund. Ownership of mortgage assets is documented by the Fund's holding of original mortgage and note documents by the Office of the State Comptroller ("OSC"), Division of Pension Investment and Cash Management.

Custodial Credit Risk for Deposits — Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of the Fund.

In accordance with existing policies and procedures, the Division of Pension Investment and Cash Management monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the Fund's custodial bank.

Interest Rate Risk — The risk that changes in interest rates will adversely affect the fair value of the Fund's fixed income securities.

The price volatility of the Fund's fixed income holdings are measured by duration. In accordance with existing policies and procedures, the Fund attempts to match the duration of the assets with the duration of the retired lives liabilities.

As of March 31, 2007, the duration of the fixed income portfolio is as follows:

Bond Category	Market Value (in thousands)	Percentage of Bond Portfolio	Duration (in years)
Treasury	\$ 6,634,212	19.8%	9.90
TIPS	10,547,054	31.4	12.82
Agency	3,052,299	9.1	6.67
Mortgage	5,023,240	15.0	4.62
Corporate	8,279,407	24.7	5.46
Total	\$33,536,212	100.0%	8.64

Credit Risk — New York State statutes and the System's investment policies require that corporate fixed income obligations must be investment grade at the time of their

acquisition. Long-term bond ratings as of March 31, 2007, are as follows (in thousands):

Quality Rating	Fair Value	Percent of Market Value
AAA	\$ 5,058,539	15.1%
AA1	587,322	1.7
AA2	1,464,933	4.4
AA3	816,071	2.4
A1	957,468	2.9
A2	1,727,576	5.2
A3	416,502	1.2
BAA1	666,082	2.0
BAA2	783,062	2.3
BAA3	242,925	0.7
BA2	18,050	0.1
Not rated	124,092	0.4
Total credit risk debt securities	12,862,622	38.4
U.S. government fixed income securities (not rated)	20,673,590	61.6
Total Fixed income securities	\$ 33,536,212	100.0%

Concentration of Credit Risk — The risk of loss attributed to the magnitude of a Fund’s investment in a single issuer.

Issuer limits for investments held by the Fund are established for each investment area by New York State Retirement and Social Security Law, Article 2, Section 13, and Article 4A, Sections 176, 177, and 313, and policy guidelines adopted by the Comptroller of the State of New York.

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

- Obligations for which the full faith and credit of the United States is pledged to provide payment of interest and principal.
- Obligations issued by any federal home loan bank or obligations fully guaranteed as to principal and interest by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.
- Commercial paper which has the highest rating by two nationally recognized rating services. A maximum of \$500 million of the short-term portfolio may be invested in any one commercial paper issuer.
- Simultaneous purchase and sale of US Treasury obligations may be executed with Primary Government Dealers. A maximum of \$200 million may be invested with any one Primary Government Dealer.

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

- Obligations for which the full faith and credit of the United States is pledged to provide payment of principal and interest.
- Obligations payable in US dollars issued by any department, agency, or political subdivision of the US Government or issued by any corporation, company, or other issuer of any kind or description created or existing under the laws of the United States, any state of the United States, 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 Fund in the obligations of any one issuer shall not exceed 2% of the assets of the Fund or 5% of the direct liabilities of the issuer.

- Interest-bearing obligations payable in United States funds, which at the time of investment are rated in one of the three highest rating grades by each rating service which has rated such obligations. The aggregate amount invested in the obligations of any single issuer may not exceed 1% of the assets of the Fund.
- Bonds issued or guaranteed by the State of Israel payable in US dollars, not to exceed 5% of the assets of the Fund.
- Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, Asian Development Bank, or the African Development Bank.

Foreign Currency Risk — Foreign currency risk is the risk of loss resulting from adverse fluctuations in the value of foreign currency.

Foreign investments included in the Statement of Plan Net Assets as of March 31, 2007 (in thousands of US dollars):

	Equities	Cash	Real Estate	Alternative Investments	Total
Euro	\$ 5,850,726	\$16,434	\$ 33,229	\$1,156,154	\$ 7,056,543
Japanese Yen	3,293,860	15,244			3,309,104
British Pound Sterling	2,999,575	2,767		35,284	3,037,626
Swiss Franc	1,264,260	1,524			1,265,784
Australian Dollar	574,268	6,274			580,542
Hong Kong Dollar	388,476	577			389,053
Swedish Krona	311,549	28			311,577
Canadian Dollar	310,967	169			311,136
Singapore Dollar	167,234	191			167,425
Danish Krone	151,871	1,358			153,229
South Korean Won	131,427	179			131,606
Norwegian Krone	121,263	710			121,973
New Taiwan Dollar	82,518	1,800			84,318
Turkish Lira New	78,714	41			78,755
Brazilian Real	48,826	83			48,909
Mexican Peso	37,763	3			37,766
Indian Rupee	22,212	25			22,237
Polish New Zloty	21,093	15			21,108
New Zealand Dollar	13,776	41			13,817
Thailand Baht	13,514	60			13,574
Israeli Shekel	11,972	3			11,975
Indonesia Rupiah	11,657	100			11,757
Hungarian Forint	11,585	123			11,708
Other	26,328	336			26,664
Total foreign currencies	15,945,434	48,085	33,229	1,191,438	17,218,186
Commingled international equity denominated in U.S. Dollars	8,642,151				8,642,151
Foreign investments denominated in U.S. Dollars	438,248		705,609	4,360,102	5,503,959
Total foreign currency risk	\$25,025,833	\$48,085	\$738,838	\$5,551,540	\$31,364,296

The System may enter into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. The System also enters into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after trade date. Risk associated with such contracts includes movement in the value of a foreign currency

relative to the US Dollar. The contracts are valued at forward exchange rates and include net appreciation/depreciation in the Statement of Plan Assets. Realized gain or loss on forward currency contracts is the difference between the original contract and the closing value of such contracts and is included in the Statement of Changes in Plan Net Assets.

The table below summarizes the fair value of foreign currency contracts as of March 31, 2007 (in thousands of U.S. dollars):

Currency	Forward Currency Contracts	Spot Currency Contracts	Totals
U.S. Dollar	\$ 89,775	\$(8,751)	\$ 81,024
Euro	89,445	707	90,152
British Sterling Pound	33,624	2,354	35,978
Australian Dollar	60,819	(3)	60,816
Swedish Krona	11,518	(1,265)	10,253
Singapore Dollar	1,240		1,240
Swiss Franc	(342)	10,688	10,346
Japanese Yen	(195,634)	(2,389)	(198,023)
Hong Kong Dollar	(87,129)	(1,411)	(88,540)
Canadian Dollar	(830)		(830)
Totals	\$ 2,486	\$ (70)	\$ 2,416

4. Contributions

Contributions Required — Participating employers are required under the New York State Retirement and Social Security Law to contribute annually to the System. Annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For fiscal year ended March 31, 2007, the applicable interest rate was 8%.

System Expenses — The System receives an allocation from employer contributions, which are designated by law to cover all non-investment related operating expenses. Investment expenses are offset directly by investment income.

Funding Policy — Funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the New York State Retirement and Social Security Law. The System uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities. As required under GASB 50,

following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System as of the most recent actuarial valuation date. This 2007 actuarial valuation performed on April 1, 2006 determined employer contributions for the year ending March 31, 2008.

ERS						
Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/1/2006	\$112,209	\$107,785	\$(4,424)	104.1%	\$20,919	(21.1)%
PFRS						
Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/1/2006	\$19,827	\$18,853	\$(974)	105.2%	\$2,712	(35.9)%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Significant actuarial assumptions used in the April 1, 2005 and April 1, 2006 valuations to determine employer contributions for the years ended March 31, 2007 and March 31, 2008 were:

Interest Rate		8.0%
Salary Scale	ERS	5.4%
	PFRS	6.7%
Decrement Tables	4/1/00-3/31/05 Systems' experience	
Inflation Rate		3.0%

The actuarial asset value for domestic bonds and mortgages is amortized value. Short-term investments are at market value. Normally, all other investments use a five-year moving average of market values method assuming a 7% rate of expected appreciation. This method immediately recognizes regular investment income (interest and dividends) while phasing in unexpected appreciation/depreciation over a five-year period. It treats realized or unrealized gains (or losses) in the same manner. For fiscal year 2007, the April 1, 2005 valuation reflects a market restart in 2004 and the first year of the phase-in to a full five-year smoothing method. The April 1, 2006 valuation reflects the second year of the phase-in.

Generally, participating employers that have adopted the same benefit plans contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, GLIP, and supplemental benefits. GLIP is a one-year term insurance plan. Consequently, the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 10-year amortization of part of their FYE 2005 and 2006 bill, and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years). The following average employer contribution rates exclude certain contributions such as the 10-year amortization. The average employer contribution rate for PFRS for fiscal year ended March 31, 2007, was approximately 17.0% of payroll. The average contribution rate for ERS for fiscal year ended March 31, 2007, including incentive contributions, was approximately 10.7% of payroll.

Required Contribution Rates — Tier 3 and 4 members must contribute 3% of their salary. As a result of Article 19 of the New York State Retirement and Social Security Law, eligible Tier 3 and Tier 4 employees, with a membership date on or after July 27, 1976, who have 10 or more years of membership or credited service with a System, are not required to contribute. Less than 1% of other members are contributory. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Contributions Receivable — Employers' contributions receivable are presented net of withdrawals, refunds, advance employer payments, and credits due employers. Incentive program costs receivable from the State as of

March 31, 2007, totaled \$8.59 million. In addition, receivable amounts from participating employers include \$16.99 million for the incentive program costs and \$69.44 million for new plan adoptions and retroactive membership.

Chapter 260 of the Laws of 2004 authorized employers to amortize over 10 years, at 5% interest, the portion of their annual bill for fiscal year ended 2005 that exceeded 7% of payroll. The amortized amount receivable from New York State as of March 31, 2007 is \$430.27 million and from participating employers is \$107.43 million.

Chapter 260 of the Laws of 2004 authorized employers to amortize over 10 years, at 5% interest, the portion of their annual bill for fiscal year ended 2006 that exceeded 9.5% of payroll. The amortized amount receivable from New York State as of March 31, 2007 is \$148.10 million and from participating employers is \$29.15 million.

Chapter 260 of the Laws of 2004 authorized local employers to amortize over 10 years, at 5% interest, the portion of their annual bill for fiscal year ended 2007 that exceeded 10.5% of payroll. The amortized amount receivable from participating employers as of March 31, 2007 is \$23.90 million.

5. System Reserves

The legally required reserves maintained by the System are fully funded and are described below:

- *Pension Reserve Funds* — Funds from which pensions are paid, totaled \$44.245 billion for ERS and \$9.272 billion for PFRS, as of March 31, 2007.
- *Annuity Reserve Funds* — Funds from which member contribution annuities are paid totaled \$150.11 million for ERS and \$13.86 million for PFRS as of March 31, 2007.

There are certain other additional funds maintained by the System.

6. Contingencies

The System is a defendant in litigation involving individual benefit payments, participant eligibility, and other issues arising from its normal activities. Management of the System believes there will be no material adverse effect on the basic financial statements as a result of the outcome of these matters.

**Schedule of Funding Progress —
Year Ended March 31, 2007 (Unaudited)**

The System uses the aggregate funding method that does not identify or separately amortize unfunded actuarial liabilities. However, below we have provided a schedule of funding progress using the entry age normal funding method to approximate the funding status of the System. The 2006 actuarial valuation performed on April 1, 2005 determined employer contributions for the year ending March 31, 2007. The 2007 actuarial valuation performed on April 1, 2006 determined employer contributions for fiscal year ending March 31, 2008.

1. The average employer contribution rates for ERS for fiscal years ended 2007 and 2008, including incentive

contributions, were approximately 10.7% of projected payroll and 9.6% of projected payroll, respectively.

2. The average employer contribution rates for PFRS for fiscal years ended 2007 and 2008 were, approximately 17.0% of projected payroll and 16.6% of projected payroll, respectively.
3. These average employer contribution rates exclude certain contributions such as the 17-year amortization and the 10-year amortization available for fiscal years ended 2005, 2006 and 2007 bills.

Schedule of Funding Progress — (Unaudited) (in Millions)

ERS						
Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/1/2005	\$105,088	\$102,224	\$(2,864)	102.8%	\$20,218	(14.2)%
4/1/2006	112,209	107,785	(4,424)	104.1	20,919	(21.1)
PFRS						
Actuarial Valuation Date	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
4/1/2005	\$18,657	\$17,802	\$(855)	104.8%	\$2,531	(33.8)%
4/1/2006	19,827	18,853	(974)	105.2	2,712	(35.9)

Schedule of Employer Contributions

Employees' Retirement System — Employer Contributions

Annual Required Contributions				
Year ended March 31	New York State	Local Employers	Total	Percentage Contribution
2002	\$ 57,462	\$ 196,951	\$ 254,413	100%
2003	265,662	317,555	583,217	100%
2004	435,404	690,116	1,125,520	100%
2005	1,019,389	1,490,114	2,509,503	100%
2006	994,328	1,354,393	2,348,721	100%
2007	878,920	1,337,167	2,216,087	100%

For fiscal year ended March 31, 2002, the Annual Required Contributions (“ARC”) exceeded the

Employers’ Contributions as shown on the Statement of Changes in Plan Net Assets due to a prior year adjustment.

Police and Fire Retirement System — Employer Contributions

Annual Required Contributions				
Year ended March 31	New York State	Local Employers	Total	Percentage Contribution
2002	\$ 304	\$ 35,464	\$ 35,768	100%
2003	8,712	60,002	68,714	100%
2004	19,391	141,544	160,935	100%
2005	68,265	387,074	455,339	100%
2006	73,596	359,830	433,426	100%
2007	109,333	393,131	502,464	100%

The ARC includes the employers’ normal cost, the GLIP amounts, and other supplemental amounts amortized over the collection period. In addition, due to statutory

contribution provisions, State contributions may vary from the ARC to allow for under/overpayment of amounts for a one-year period.

Schedule of Administrative Expenses
Year Ended March 31, 2007 and 2006

(UNAUDITED) (in thousands)

	2007	2006
PERSONAL SERVICES:		
Salaries	\$38,815	\$38,927
Overtime salaries	1,961	1,654
Fringe benefits	19,095	18,087
Total personal services	59,871	58,668
BUILDING OCCUPANCY EXPENSES:		
Building, lease, and condominium fees	4,074	3,577
Utilities and municipal assessments	463	158
Office supplies and services	302	415
Telephone	1,144	539
Total building occupancy expenses	5,983	4,689
COMPUTER EXPENSES:		
IT hardware lease/purchases	476	2,698
IT supplies and maintenance	1,472	685
IT agency mainframe	6,800	6,800
Total computer expenses	8,748	10,183
PERSONNEL AND OPERATING EXPENSES:		
Training	178	246
Travel and auto expense — includes pre-retirement seminars	877	856
Postage — includes member, retiree communication	1,393	1,334
Printing — includes member, retiree communication	357	437
Subscriptions/memberships	74	113
Total personnel and operating expenses	2,879	2,986
PROFESSIONAL EXPENSES:		
Medical/clinical services	1,519	1,406
Miscellaneous consulting services	772	574
Total professional expenses	2,291	1,980
TOTAL	\$79,772	\$78,506

Schedule of Investment Expenses and
Consulting Fees Year Ended March 31, 2007

(UNAUDITED) (in thousands)

Investment Expenses

Investment Management Fees:	
International stocks	\$ 71,022
Domestic stocks	47,848
Alternative investments	27,172
Real estate	14,516
Mortgage	1,197
Total investment manager fees	\$161,755
Investment Related Expenses:	
Domestic consulting and monitoring	\$ 4,255
Legal fees	2,540
Administrative expenses	1,528
IT expenses	1,482
In-house investment management fees	1,393
Real estate consulting and monitoring	740
Fixed income consulting and monitoring	425
Custodial fees	135
Auditor fees	130
Total investment related expenses	\$ 12,628
Total investment expenses	\$174,383

Consulting Fees

(Fees paid to outside professionals other than investment advisors.)

Mayer, Brown, Rowe & Maw LLP	Deloitte & Touche LLP
Foster Pepper & Shefelman PLLC	Filenet Corp
Cox, Castle & Nicholson	Proforma Corp
Lowenstein Sandler PC	University at Albany
Honigman, Miller, Schwartz & Cohn	Information Management Group
Andrews Kurth LLP	Morgan, Lewis & Bockius LLP
Kennedy, Covington, Lobdell & Hickman LLP	Entwistle & Capucci LLP
Underberg & Kessler LLP	Felesky Flynn LLP
Nixon Peabody LLP	K&L Gates
Hunton & Williams	Orrick, Herrington & Sutcliff LLP

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Trustee of
New York State and Local Retirement System:

We have audited the financial statements of the New York State and Local Retirement System (the "System") as of and for the year ended March 31, 2007, and have issued our report thereon dated July 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Trustee and management and is not intended to be and should not be used by anyone other than these specified parties.

July 3, 2007

2007
Investment

Planning
early and
often



The plan of a lifetime doesn't just happen. By encouraging them to develop a sound plan today, we help our members improve their chances for a secure tomorrow.

OVERVIEW OF INVESTMENTS

2007

Overall Objectives and Performance

The Division of Pension Investment and Cash Management is responsible for the management of the assets of the Common Retirement Fund (the Fund). The Fund's primary objective is to pay benefits to the System's participants while minimizing employer contributions through an investment program designed to protect and enhance the long-term value of the assets. The Fund's asset allocation policy was constructed to meet these objectives by achieving a maximum level of return consistent with policies on liquidity, diversification and investment risk. Investments in domestic, international and private equity, although historically volatile, provide superior performance and growth characteristics, while less volatile fixed income investments provide predictable cash flow to meet the System's funding requirements and pension obligations.

Investment returns for the 2006-07 fiscal year exceeded 12.5 percent, despite the worldwide equity sell-off in late February which produced the steepest drop in the Dow since the September 11 terrorist attack, the biggest loss in the S&P since March 2003, and the worst drop in the MSCI World Index since September 2000. Oil prices remained volatile, peaking in mid-July, falling to an 18-month low in January before finishing the year about where they started. The year-long housing slump, combined with the inverted yield curve, heightened perceptions that recession was likely. However, the impact on the economy was less harsh than expected due to continued strong consumer spending. The Federal Reserve cut rates twice

early in the fiscal year, bringing their two-year rate hike campaign to an end in June. Inflation remained a concern, ending the fiscal year above the Fed's desired range of 1-2 percent. The economy generated sturdy employment growth throughout the year as real wages and salaries, adjusted for inflation, increased at well above the thirty-year average — the most in six years.

The Fund returned 12.58 percent for fiscal year 2006-07, continuing the strong performance of the last three years and exceeding both the 8 percent actuarial assumed rate of return and the 11.95 percent long-term average annual return. While positive returns were generated by all asset classes, international equity, real estate and alternative investments produced particularly strong results. The sound investment framework provided by the Fund's asset allocation and diversification policies continues to generate optimal growth to secure future benefits while providing cash flow to fund current pension payments.

The investment performance information provided in this section of the Comprehensive Annual Financial Report was calculated using a daily time-weighted rate of return.

Domestic Equities

Representing approximately 42 percent of the total assets, the Fund's domestic equity portfolio returned 10.60 percent for the year, versus 11.28 percent for the domestic equity market as represented by the Russell 3000 Index — a

broad market index. Large capitalization strategies, which account for 83 percent of the domestic equity portfolio, returned 11.49 percent, while medium capitalization strategies, which account for 9 percent of the domestic equity portfolio, returned 8.25 percent and small capitalization strategies, which account for 8 percent of the total domestic equity portfolio, returned 5.95 percent.

During the past year, the Fund's staff continued to implement the current domestic equity structure strategy. Within domestic equity, 75 percent is managed in passive strategies, 16 percent is managed in active strategies and 9 percent is managed in enhanced index strategies.

The internally managed S&P 500, S&P 400 and S&P 600 Index Funds continue to provide low cost and efficient exposure to the domestic equity markets for the Fund. With the expanded use of trade-crossing networks and alternative trading systems, the Fund continued to lower trading costs.

The Fund also continued to use minority and women-owned brokerage service providers when trading for the internally managed assets. For the fiscal year, these brokers accounted for approximately 31 percent of the total commissions. In addition, the Fund's external equity managers used minority and women-owned brokers for approximately 10 percent of their commission total.

International Equities

The Fund's international equity portfolio was one of the largest contributors to the 2007 fiscal year's strong positive performance. The Fund's international and global equity holdings represented approximately 17 percent of the total assets at the end of the fiscal year. The Fund's international stock investments returned 19.81 percent, identical to a broad benchmark of stock market performance, the Morgan Stanley All Country World ex United States (ACWI ex US) Index.

During the past year, the Fund's staff continued the implementation of the international equity structure strategy. Within international equities, 82 percent is managed in core international markets, 5 percent is managed in global equity markets and 13 percent is managed in emerging markets.

The Fund has continued to pursue an international equity strategy for risk reduction and diversification. The Fund's investments in international and global markets

have proven to be an integral part of the portfolio because they provide exposure to an important and growing part of the global economy. As of March 31, 2007, investments in developed non-U.S. markets totaled 13.8 percent of the Fund's investments, emerging markets exposure totaled 2.3 percent and global strategies totaled 0.8 percent of total assets.

Fixed Income

The fixed income portfolio is designed to provide a secure funding stream for the Retirement System's pension liabilities and sufficient liquidity to meet monthly pension payments. The Fund accomplishes these goals by investing in both long-term and short-term assets.

The long-term fixed income portfolio provides a reliable stream of income to help address the cash flow needs of the System's pension liabilities and moderates the greater return volatility of the Fund's equity portfolio, while the short-term fixed income portfolio provides liquidity to meet monthly pension fund payments.

U.S. Treasury Securities and Treasury Inflation Protected Securities (TIPS) make up more than half of the long-term fixed income portfolio. The remainder of the long-term portfolio is comprised of government-sponsored agency debentures, corporate bonds, commercial mortgage backed securities, mortgages, Yankee bonds (dollar denominated bonds issued by foreign companies or governments) and asset-backed securities. The Fund's short-term fixed income portfolio may be invested in high quality commercial paper, U.S. Treasury Bills and Agency Discount Notes.

Approximately 27.8 percent of the total assets of the Fund were invested in the fixed income portfolio at the end of the fiscal year. The Fund's core long-term fixed income portfolio returned 6.83 percent for the fiscal year ending March 31, 2007, which compares favorably to 6.59 percent for the Lehman Brothers Aggregate Bond Index. Fannie Mae and Freddie Mac New York State mortgages and conventional Mortgage Backed Securities were the best performing sectors returning 7.23 percent and 7.10 percent respectively. The Fund's TIPS portfolio, which provides an important avenue for hedging inflation risk, returned 4.48 percent. Short-term cash investments returned 5.51 percent. The Fund manages both the long-term and short-term fixed income portfolios internally with the assistance of a fixed income advisor.

The Fund uses 21 broker-dealer firms to execute trades in the long-term and short-term fixed-income portfolios. One-third of these trading partners are minority and women-owned firms. Minority and women-owned firms continued to play a central role in the Fund's long-term and short-term fixed income strategy, executing over 20 percent of all long-term trades and 8 percent of all short-term broker initiated trades.

For the past twenty-one years, the Fund has generated additional income by lending a portion of its assets to qualified counter-parties. Fixed income, domestic equity and international equity securities are available for loan. The Fund's Securities Lending Program earned \$40 million in revenue for fiscal year 2006-07 as compared to \$39 million for the previous fiscal year. Revenue earned on U.S. assets decreased from the previous year. However, revenue earned on non-U.S. equity increased substantially resulting in the overall revenue increase.

Real Estate

As of March 31, 2007, the Equity Real Estate portfolio represented 4.3 percent of the total Fund and produced a total return of 31.7 percent. The returns were attributed, in part, to healthy property market fundamentals, increased market valuations for income-producing real estate, and heavy capital flows. Demand remained very strong, as the real estate sector provided investors with an opportunity to obtain greater diversification, as well as higher risk-adjusted returns, relative to other investment alternatives.

The portfolio is diversified by property type, geography and risk. This diversification allows the portfolio to achieve broad exposure to the market while minimizing risk. The real estate portfolio's primary investment objective is to maximize the long-term return on investments with a high degree of prudence and sufficient diversification to reduce risks.

The domestic real estate markets demonstrated continued strong demand for institutional quality product in most American markets. Outside of the U.S., markets were even stronger, led by continued expansion from emerging market economies. The Fund continued to invest with experienced fund managers that have proven acquisition, leasing, financing and sales track records both domestically and in international markets. Investments were made through a number of commingled fund investments, joint venture relationships and separate account portfolios.

Pursuant to the 2006 asset allocation analysis, the maximum allocation to real estate was raised from 5 percent to 6 percent.

Alternative Investments

Private Equity

The Fund's private equity portfolio is designed to provide returns that exceed those of public equities. The added return is accompanied by increased risk and illiquidity. As a result, private equity makes up a relatively small portion of the Fund's total investments. As of March 31, 2007, private equity accounted for 6.5 percent of the Fund's investments and generated a 28.7 percent one-year return.

Private equity generally involves investments in companies that are not publicly traded. Strategies include investments in new companies, which are categorized as venture capital; established companies seeking capital for expansion, which are categorized as corporate finance; and special situations funds that invest in specific industries, such as energy and power, or follow other strategies. Finally, the Fund's international portfolio includes both venture capital and corporate finance strategies in companies located outside of the United States.

The Fund also invests in funds-of-funds, which are pooled investments in a portfolio of private equity funds. The fund-of-funds strategy has two primary objectives, each of which helps the Fund overcome limited staff resources: to expand the broad diversification objective and to supplement the core private equity portfolio with small funds.

The Fund employs a broadly diversified strategy for its private equity portfolio to reduce risk. Investments are made in a variety of strategies, with a number of different private equity managers and in funds that were initiated at different points in time. This approach reduces the risk to the Fund.

Absolute Return Strategy

The Fund also invests in an absolute return strategy. The strategy is designed to achieve consistent positive risk-adjusted returns with low correlation to equity and fixed income markets. The portfolio employs a multi-manager and multi-strategy approach to diversification, thereby reducing the overall risk and correlation to the general markets.

As of March 31, 2007, the absolute return strategy accounted for 3 percent of the Fund's investments and generated a 9.7 percent return.

New York State Mortgage Pass-Through Program

Over the past 26 years, the Fund has purchased New York only mortgage pools through the New York State Mortgage Pass-Through Program. These investments have allowed the Fund to help provide home ownership opportunities for more than 70,900 New York State residents. Since this program was established in 1981, the Fund has invested more than \$7.8 billion in New York only mortgages.

Under the current structure, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation create and insure pools of single-family mortgage loans originated by traditional lenders, some of which are located in New York State. In the 2006-2007 fiscal year, the Fund purchased \$544 million in mortgages, which assisted approximately 3,200 New Yorkers in purchasing homes.

Affordable Housing Permanent Loan Program

Since 1991, the Fund has played a major role in improving the lives of thousands of residents while strengthening their neighborhoods. Through programs with the Community Preservation Corporation (CPC) and the JP Morgan Chase Community Development Corporation, the Fund has been able to provide moderate income and low-income families across the State with the opportunity to rent affordable housing. By purchasing permanent mortgages, the Fund helps build affordable new multi-family housing and the revitalization of deteriorated or obsolete housing units. Special housing for the State's senior citizens is also part of the program.

Since the inception of this program, 8,171 units have been completed and 3,338 are in the pipeline. The Fund has committed \$500 million to the CPC program and invested \$404 million in mortgages. In fiscal year 2006-07, the Fund invested in affordable housing throughout the State, including Albany, Columbia, Dutchess, Erie, Monroe, Nassau, Onondaga, Rensselaer, Saratoga, Suffolk, Ulster and Westchester Counties.

Helping NY/Equity Real Estate Investments

The Fund invests in New York State commercial real estate properties through a mix of investment structures such as joint ventures, commingled funds and club fund investments. The Fund owns shopping centers, office buildings, residential properties and hotels. Through these investment vehicles, the Fund has been able to acquire, develop, re-lease and reposition buildings and properties that are in need of upgrading. As a result of such intensive management efforts, property values have been increased. The Fund established an investment fund to make value-added investments in New York State through the Excelsior Real Estate Fund. This fund focuses on multifamily, office, senior housing, retail and other primary property types. It is designed to invest in ground-up development, redevelopment and repositioning of commercial property throughout the State.

New York Business Development Corporation (NYBDC) Program

The Fund provides the New York Business Development Corporation with funds to make loans to small businesses for working capital, equipment or real property. NYBDC has a goal of making at least 25 percent of its loans to minority or women-owned businesses. With its focus on small business lending, NYBDC can frequently offer more favorable terms than other lenders.

In 2006, the Fund renewed its relationship with NYBDC to provide an additional \$100 million in capital. Since the program began in 1987, NYBDC has made 721 loans totaling \$207.7 million to businesses that employ over 16,000 New Yorkers. During fiscal year 2006-07, NYBDC made 71 loans totaling \$22.5 million.

Financing for Emerging Businesses in New York State

The Fund's private equity portfolio includes investments in 169 New York businesses with a value of \$874 million. This figure reflects only the Fund's share of these investments; the total value of New York companies held by the Fund's partnerships was more than \$8.7 billion as of June 30, 2006 (the most recent data available). A sample of the New York State companies in the private equity portfolio include: Aequus in Pearl River, Applied Nanoworks in Rensselaer, Auction Direct in Victor, Cara Therapeutics in Tarrytown, CounterStorm in New York City, GlobalSpec in Troy, Graphic Controls in Buffalo, iKobo in New York City, Innovative Stone in Hauppauge, Partsearch in Kingston,

Pcore Electric in LeRoy, Richardson Foods in Canajoharie, and The NewsMarket in New York City.

In 2000, the Fund initiated the New York State Private Equity Investment Program. The Program is designed to provide investment returns consistent with the risk of private equity while also expanding the availability of capital for New York businesses. By the end of fiscal year 2006-07, the Fund had commitments to fifteen different private equity managers with commitments totaling \$621 million. Shortly after the fiscal year, the Fund added a sixteenth fund which brought total commitments for the program to \$636 million. The \$636 million in commitments is devoted exclusively to New York investment opportunities. The sixteen managers in the program are:

- Ascend Ventures, a technology venture fund located in New York City;
- Ascent Biomedical Ventures NY, a New York City based venture capital fund focusing on life sciences;
- CSFB New York Co-investment Fund, which makes investments alongside other private equity funds investing in New York State;
- DeltaPoint Capital, a growth equity fund located in Rochester;
- Easton Hunt Capital Partners, a New York City based fund that pursues a broad strategy of investing in companies in a wide range of industries and stages of development;
- FA Technology Ventures, a venture capital fund focusing on information and energy technology located in Albany;
- Founders Equity, a New York City based fund that makes growth equity investments;
- Greenhill SAVP New York, a New York City based early-stage applied technology venture firm focused on investing in business information and technology-enabled services companies;
- High Peaks Ventures, a Troy and Saratoga based early stage venture capital fund;
- Hudson River Co-investment Fund, a special fund managed by Hamilton Lane Advisors that provides capital statewide for other private equity managers making investments in New York;
- Milestone Venture Partners, a New York City based fund that focuses on companies providing technology-enhanced businesses services (Commitment made in 2007-08);
- Paladin Homeland Security Fund (NY), a Washington, D.C. fund that opened a New York office to invest in companies that address a broad range of government and commercial security needs;
- SoftBank Capital, a New York City and Buffalo based fund that invests in broadband technology and technologies that leverage broadband;
- Summer Street Capital Partners, a growth equity investment fund located in Buffalo;
- Trillium Lakefront Partners NY, a Rochester based fund that focuses on investing in technology companies in upstate New York; and
- Wheatley Partners, a technology venture fund with a focus on information and medical technology located in New York City and Long Island.

2007 INVESTMENT RESULTS

Based on Market Values as of March 31, 2007.

	Annualized Rate of Return			
	1 Year	3 Years	5 Years	10 Years
Total Fund	12.58%	11.86%	10.12%	9.77%
Domestic Equity	10.60	10.59	7.19	9.27
International Equity	19.81	20.14	16.25	9.25
Emerging Market Equity	22.93	28.43	25.34	10.39
Alternative Investments	22.71	25.48	16.77	17.86
Equity Real Estate	31.74	33.01	27.29	21.32
Fixed Income	6.02	3.55	7.15	7.67
Benchmarks				
Russell 3000	11.28	10.84	7.23	8.68
MSCI Europe, Australia, Far East (EAFE)	20.20	19.83	15.78	8.31
MSCI Emerging Markets	20.65	27.54	24.45	8.57
National Council of Real Estate Investment Fiduciaries (NCREIF)	16.59	17.02	13.27	12.71
Lehman Brothers Aggregate Bond Index	6.59	3.31	5.35	6.46
Salomon Smith Barney LPF Index	7.09	3.84	6.66	7.33
These figures are for investment management purposes and may not agree with audited statements.				
Investment return calculations were prepared using a time-weighted rate of return.				

2007 INVESTMENT SUMMARY

The following table summarizes the market values for March 31, 2007 and 2006 (in thousands):

	Market Value March 31, 2007	Percent of Total Market Value	Market Value March 31, 2006	Percent of Total Market Value
Asset Type				
Domestic Stock	\$ 65,297,430	42.2%	\$ 68,530,310	48.7%
Private Equity	10,044,806	6.5	8,231,484	5.9
Absolute Return Strategy	4,681,324	3.0	1,569,308	1.1
Real Estate	6,752,735	4.4	5,430,685	3.9
International Stock	24,822,250	16.1	20,020,551	14.3
Fixed Income	33,536,212	21.7	28,888,995	20.6
Mortgage Loans	889,746	0.6	1,162,670	0.8
Short-term Investments	8,551,143	5.5	6,619,284	4.7
Total Investments	\$154,575,646	100.0%	\$140,453,287	100.0%

ASSET ALLOCATION — MARCH 31, 2007*

The Fund diversifies its assets among various classes including domestic and international equity, fixed income, inflation indexed securities, real estate, private equity and absolute return strategies. Asset liability studies, conducted periodically with help from an investment consultant, identify the optimal mix of assets to meet the growth requirements of pension obligations while controlling risk as measured by return volatility. During the 2006-07 fiscal

year, the Fund continued to implement the asset allocation policy adopted in June 2003 and updated in June 2005 and again in September 2006. The Fund has formal rebalancing guidelines which ensure a disciplined process for meeting asset allocation goals, as well as allocation ranges for individual asset classes which minimize unnecessary turnover.

Asset Type	Policy Allocation	Maximum Allocation	Actual Allocation
Equity	70%	75%	72.2%
Domestic	54	59	56.1
Publicly Traded	35		42.2
Private Equity	8		6.5
Absolute Return	5		3.0
Real Estate	6		4.4
International/Global	16	18	16.1
Bonds, Cash & Mortgages	22.5%	24.5%	20.9%
Inflation Indexed Bonds	7.5%	9.5%	6.9%

* A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2007, is on our website at www.osc.state.ny.us.

2007 DOMESTIC STOCK PERFORMANCE

For the Fiscal Year Ending March 31, 2007.

	Total Assets (\$ in millions)	Annual Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Domestic								
Total Portfolio	\$64,902.8	10.60%	10.59%	7.19%	9.27%			
Total Actively Managed	16,054.7	9.41%	10.89%	7.89%	9.15%			
Russell 3000 Index		11.28%	10.84%	7.23%	8.68%			
S&P 500 Index								
Total Large Cap Composite	\$53,669.6	11.49	10.14	6.37	8.34	12.86%	2/01/83	12.81%
CRF S&P 500 Index Fund	41,890.8	11.82	10.05	6.32	8.30	13.07	8/01/78	13.04
Alliance Capital	1,519.1	6.59	10.37	5.93	8.47	13.74	4/01/80	13.45
Oppenheimer Capital	1,315.1	15.80	12.49	7.38	9.37	14.80	4/01/80	13.45
Capital Guardian	1,406.6	6.31	8.32	6.55	11.29	14.03	4/01/85	12.53
Jacobs Levy	1,084.4	10.27	9.31	5.68	8.90	11.49	5/01/93	10.89
Chicago Equity	591.6	11.51	11.92	7.57	—	4.70	6/01/01	3.92
BGI R1000 Alpha Tilts	2,693.1	10.88	11.51	7.90	—	9.07	11/01/01	8.20
FIS Group	161.7	9.24	9.47	—	—	10.91	11/01/03	11.87
Aronson+Johnson+Ortiz	330.0	14.66	—	—	—	14.81	12/01/04	14.41
Bear Stearns	479.9	12.93	—	—	—	10.24	12/01/04	14.41
Brandywine Asset	325.4	14.57	—	—	—	14.61	12/01/04	14.41
Franklin Portfolio Associates	623.1	12.22	—	—	—	12.26	5/01/04	11.75
Goldman Sachs	332.6	10.42	—	—	—	12.27	5/01/04	11.75
Quantitative Management	626.8	13.29	—	—	—	12.69	5/01/04	11.75
T. Rowe Price	289.4	7.48	—	—	—	8.28	2/01/05	8.85
S&P 400 Index								
Total Mid Cap Composite	\$ 6,255.2	8.45%	13.36%	10.69%	14.27%			
CRF S&P 400 Midcap Fund	3,692.8	8.40	13.47	10.63	14.19	14.07	7/01/91	14.82
Progress Investment	1,679.6	10.87	13.71	12.24	13.52	14.11	11/01/91	14.20
New Amsterdam Partners	251.3	1.74	12.30	10.57	14.41	14.71	9/01/94	13.64
Oppenheimer Mid Cap	631.5	3.86	12.59	12.39	—	15.11	9/01/94	13.64
						13.76	6/01/97	13.26
Russell 2000 Index								
Total Small Cap Composite	\$ 4,978.0	5.91%	12.00%	10.95%	10.23%			
CRF S&P 600 Index Fund	965.1	5.95	10.72	9.04	10.32	12.03	7/01/91	11.98
BGI R2000 Index Fund	2,299.4	5.41	—	—	—	12.84	10/01/05	12.47
Wells Capital	605.3	5.74	12.05	11.04	—	13.75	11/01/01	13.65
Brown Capital	303.7	11.33	13.78	12.77	9.58	11.72	8/01/91	7.90
EARNEST Partners	258.2	10.03	9.77	3.42	13.36	15.33	9/01/94	10.90
Systematic Financial	404.8	-0.37	12.20	14.26	—	14.33	6/01/01	14.32
Value Line Inc	141.5	9.93	12.59	—	—	17.11	9/01/02	19.72
		-0.60	—	—	—	13.23	5/01/04	14.40

The assets under management (at market), time-weighted performance results (at market), and appropriate benchmark for each manager are presented in the table.

INTERNATIONAL 2007 STOCK PERFORMANCE

For the Fiscal Year Ending March 31, 2007.

	Total Assets (\$ in millions)	Annual Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Total International Portfolio	\$25,924.2	19.81%	20.14%	16.25%	9.25%	8.47%	10/01/89	7.02%
MSCI All Country World Free ex U.S.		19.81%	20.94%	16.92%	9.03%			
MSCI All Country World Index Free		16.42%	15.97%	11.68%	8.38%			
Global Equity Composite	\$ 1,161.0	22.10	16.97	13.03	12.51	12.80%	9/01/94	8.94%
Brandes Investment	1,161.0	22.09	16.39	14.30	—	13.53	11/01/99	4.82
MSCI All Country World Free ex U.S.		19.81%	20.94%	16.92%	9.03%			
ACWI ex US								
Equity Composite	\$ 6,937.9	20.38	—	—	—	25.86	11/01/04	24.82
Acadian Asset Management Brandywine	1370.6	22.67	—	—	—	30.27	11/01/04	24.82
Asset Management	738.3	18.13	—	—	—	24.69	11/01/04	24.82
BGI Global World ex US	3,613.1	20.11	—	—	—	25.06	11/01/04	24.82
Goldman Sachs	790.2	23.47	—	—	—	27.88	4/01/05	23.64
The Boston Co	425.7	15.97	—	—	—	19.11	4/01/05	23.64
MSCI EAFE Index		20.20%	19.83%	15.78%	8.31%			
EAFE Composite	\$15,355.8	18.89	19.33	15.18	9.29	8.24	10/01/89	6.28
Alliance Capital	1,389.7	11.14	17.19	12.82	9.12	8.29	9/01/89	6.52
Capital Guardian	3,479.7	16.13	17.84	13.92	10.85	10.20	9/01/89	6.52
Morgan Stanley International A/P	2,611.7	19.26	19.75	15.81	9.95	9.51	8/01/94	7.60
Bank of Ireland	1,233.6	17.45	18.04	12.65	—	8.19	1/01/98	8.62
Templeton Investment	1,438.4	28.50	23.05	17.87	—	11.93	1/01/98	8.62
Mondrian Investment	1,284.0	25.80	22.56	18.74	—	12.31	1/01/98	8.62
Baillie Gifford	1,359.1	18.27	19.16	14.28	—	7.30	2/01/99	7.43
BGI Intl Tilt Fund	1,033.4	21.02	20.82	17.59	—	9.70	2/01/99	7.43
Baring International A/P	1,526.2	18.71	19.78	16.83	—	16.83	4/01/02	15.78
MSCI Emerging Markets Index		20.65%	27.54%	24.45%	8.57%			
Emerging Markets Composite	\$ 2,469.5	22.93	28.43	25.34	10.39	12.41	1/01/92	10.47
Cap Guardian Emerging Growth	921.1	26.27	29.70	24.05	11.10	13.49	12/20/91	11.17
Templeton Emerging Market	753.6	17.93	25.71	24.49	8.43	8.54	10/01/93	8.76
Morgan Stanley Emerging Market	794.8	24.10	29.58	26.49	12.43	10.65	10/01/93	8.76

The assets under management (at market), time-weighted performance results (at market), and appropriate benchmark for each manager are presented in the table.

DOMESTIC EQUITY PORTFOLIO – TEN LARGEST HOLDINGS*

For the Fiscal Year Ending March 31, 2007.

Company	Shares	Market Value	Percent of Domestic Stock
Exxon Mobil Corp	20,776,898	\$1,567,616,954	2.1%
General Electric	37,349,340	1,320,672,662	1.7
Citigroup	19,336,209	992,720,970	1.3
AT&T	24,546,342	967,862,265	1.3
Microsoft Corp	33,010,611	920,005,729	1.2
Bank of America	17,184,280	876,741,966	1.2
JP Morgan Chase	15,371,938	743,694,360	1.0
Procter & Gamble	11,550,932	729,556,865	1.0
Pfizer	27,332,185	690,410,993	0.9
American International Group	10,245,462	688,699,956	0.9

*A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2007, is on our website at www.osc.state.ny.us.

FIXED INCOME PORTFOLIO AND COMPARISON

As of March 31, 2007.

Sector	Market Value Percent	Macaulay Duration	Yield	1 Year Total Return
Treasury	19.8%	9.90	4.82%	6.79%
TIPS	31.4	12.82	4.87	4.48
Agency	9.1	6.67	4.82	6.08
Mortgages	14.9	4.62	5.73	7.02
Corporates	24.8	5.46	5.46	6.58
Total	100.0%	8.64	5.13%	6.02%

FIXED INCOME PERFORMANCE

As of March 31, 2007.

	Annual Rate of Return		
	1 Year	3 Years	5 Years
Common Retirement Fund - Core	6.83%	3.81%	7.31%
Lehman Brothers Aggregate	6.59	3.31	5.35
Salomon Smith Barney LPF Index	7.09	3.84	6.66
Common Retirement Fund - TIPS	4.48	3.11	8.88
Salomon Smith Barney - TIPS Index	5.27	2.94	N/A

FIXED INCOME PORTFOLIO — TEN LARGEST HOLDINGS*

As of March 31, 2007.

Issue	Market Value (millions)	Percent of Fixed Income
Treasury Inflation Indexed Securities Due 4/15/29	\$ 3,834.7	11.43%
Treasury Inflation Indexed Securities Due 4/15/32	1,459.1	4.35
Treasury Inflation Indexed Securities Due 1/15/25	1,388.2	4.14
Treasury Inflation Indexed Securities Due 4/15/28	1,120.3	3.34
Treasury Inflation Indexed Securities Due 1/15/10	699.5	2.09
Treasury Inflation Indexed Securities Due 7/15/13	606.9	1.81
Treasury Bond Due 11/15/12	471.6	1.41
Treasury Bond Due 2/15/21	383.4	1.14
Treasury Bond Due 8/15/29	336.1	1.00
Treasury Bond Due 5/15/17	327.6	0.98
Total	\$10,627.4	31.69%

*A detailed listing of the New York State and Local Retirement System's assets as of March 31, 2007, is on our website at www.osc.state.ny.us.

2007 REAL ESTATE PORTFOLIO

As of March 31, 2007.

Property Diversification	Equity Amount (millions)	Percent	Mortgage Amount (millions)	Percent
Industrial/R&D	\$ 667,609,118	10.3%	\$ -	0.0%
Land For Development	-	0.0	-	0.0
Lodging	557,421,205	8.6	-	0.0
Office	1,510,222,568	23.3	468,801,528	57.1
Other	505,568,070	7.8	9,535,279	1.2
Residential	771,315,389	11.9	130,800,471	15.9
Retail	2,469,505,573	38.1	211,893,909	25.8
Total	\$6,481,641,923	100.0%	\$821,031,187	100.0%
Regional Diversification				
Northeast	\$1,782,451,529	27.5%	\$655,162,078	79.8%
Mideast	544,457,922	8.4	481,428	0.1
Southeast	531,494,638	8.2	2,126,823	0.3
Southwest	810,205,240	12.5	65,295,544	8.0
Midwest	350,008,664	5.4	856,637	0.1
Mountain	220,375,825	3.4	51,837,001	6.3
Pacific	1,458,369,433	22.5	45,271,676	5.5
Other	784,278,673	12.1	-	0.0
Total	\$6,481,641,923	100.0%	\$821,031,187	100.0%

	Number of Partnerships	Capital Committed (millions)	Capital Contributed (millions)	Remaining Market Value (millions)	Cumulative Distributions (millions)	Total Value (millions)
Opportunistic Real Estate	48	\$5,794.2	\$3,499.5	\$1,913.1	\$2,915.4	\$4,828.5

ALTERNATIVE INVESTMENTS SUMMARY

Private Equity Investments

As of March 31, 2007.

	Number of Partnerships	Capital Committed	Capital Contributed	Net Asset Value	Cumulative Distributions	Total Value
Venture Capital	39	\$ 3,485,798,060	\$ 2,167,488,806	\$ 1,385,158,365	\$ 871,105,492	\$ 2,256,263,857
Corporate Finance	66	9,929,024,015	7,038,942,239	4,377,102,463	7,028,826,699	11,405,929,162
Special Situations	50	6,157,101,179	4,142,357,634	2,338,386,179	4,323,068,452	6,661,454,631
International	34	3,827,709,000	2,378,771,624	1,883,953,663	2,137,567,979	4,021,521,642
Other	N/A	N/A	60,204,983	60,204,983	N/A	N/A
Total*	189	\$23,399,632,254	\$15,787,765,286	\$10,044,805,653	\$14,360,568,622	\$24,345,169,292

*The total figures include all private equity investments, including "other" investments in the New York Business Development Corporation.

Absolute Return Strategy (ARS) Investments

As of March 31, 2007.

	Inception Date	1 Year Returns	Annualized Returns Since Inception	Net Asset Value
Fund-of-Funds	1/2/2005	9.31%	9.43%	\$3,838,487,442
Multi-Strategy Funds	1/2/2005	11.04%	9.17%	842,836,721
Total ARS Portfolio	1/2/2005	9.67%	9.43%	\$4,681,324,163

Total Alternative Investments

As of March 31, 2007.

	Net Asset Value
Private Equity Investments	\$10,044,805,653
Absolute Return Strategy (ARS) Investments	\$ 4,681,324,163
Total Alternative Investments	\$14,726,129,816

Comptroller DiNapoli's role as a fiduciary keeps him engaged in discussions and negotiations with management and boards of directors of companies in the Fund's portfolio regarding corporate governance and accountability. As a long-term investor, the Comptroller promotes policies that will allow companies and communities to thrive together in mutually beneficial relationships.

The Comptroller and his staff work with other public pension funds, business organizations and government agencies on good governance policies. In addition, the Bureau of Corporate Governance is an active member of the Council of Institutional Investors.

Highlights of the Bureau of Corporate Governance's achievements in shareholder activism in fiscal year 2006-07 include:

- Voted by proxy the Fund's shares for over 5,000 proposals at over 2,100 companies' annual and special meetings for the period of April 1, 2006 through March 31, 2007.
- Co-filed a proposed shareholder resolution at Hewlett-Packard Company with the Connecticut Retirement Plans and Trust Funds, the North Carolina Retirement Systems and the AFSCME Employees Pension Plan, requesting that the company permit shareholders satisfying certain eligibility requirements to nominate and vote on up to two candidates for election to the company's board. The resolution received 43% of the shareholder vote.
- Co-filed a proposed shareholder resolution with the New York City Funds at Dow Chemical Corporation requesting that the Board of Directors prepare a report describing new initiatives instituted by management to address the specific health, environmental and social concerns of the survivors of the 1984 chemical contamination in Bhopal. The shareholder resolution received a 9% vote in favor of implementation.
- Co-filed a proposed shareholder resolution with Trillium Asset Management at ConocoPhillips requesting that the company report on how the company will respond to rising pressures to develop

renewable energy sources. The proposed shareholder resolution was withdrawn after successful engagement with the company.

- Continued engagement with Chevron regarding litigation issues in Ecuador. Presented a proposed shareholder resolution with Trillium Asset Management on the topic at Chevron's 2006 annual shareholder meeting. The resolution received 8% of the shareholder vote.
- As one of the founders of The Aspen Institute Corporate Values Strategy Group, which includes the Business Roundtable and the Council of Institutional Investors, helped develop the Aspen Principles. The principles offer guidelines to encourage and implement a long-term orientation in business decision-making and investing, particularly in the area of compensation with regard to performance measures.
- Lobbied the U.S. Securities and Exchange Commission for better executive compensation disclosure. Subsequently, the Commission published rules that would enhance disclosure in compensation matters.
- Co-sponsored executive compensation consultant practices forum with the Office of the Connecticut State Treasurer to educate institutional investors on best practices.
- Signed on and participated in the development of the United Nations' Principles for Responsible Investment (UNPRI). The Principles were designed to help focus consideration of global environmental, social and governance (ESG) standards by institutional investors on investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries.
- Participated in a United Nations (UN) forum sponsored by the Principles for Responsible Investment members, of which the Fund is a member, to engage non-governmental organizations, UN staff, elected officials, corporations, advocacy groups and other institutional investors on policies regarding shareholder strategies in conflict-prone countries.

- Continued to engage portfolio companies regarding operations in Sudan. Subsequently, ABB Ltd. suspended its operations in that country; and Cummins, Inc. implemented stricter policies in order to keep its products from being imported there.
- Engaged portfolio companies on their enforcement of MacBride principles, policies and Fair Employment Tribunal complaints in Northern Ireland. Published and distributed an annual Northern Ireland Report pursuant to §423-a, New York State Retirement and Social Security Law, requiring that U.S. corporations with a presence in Northern Ireland implement fair employment practices as prescribed by the MacBride principles.
- Engaged H&R Block along with the Connecticut and North Carolina State Treasurers regarding predatory lending practices and financial education obligations to consumers.
- Co-sponsored with CERES, other institutional investors and corporations a Washington, D.C. event to announce a call to action to partner with the U.S. government and others to establish a mandatory national policy to address climate change and the development of mandatory national policy to contain and reduce national greenhouse gas emissions.
- Co-sponsored the Carbon Disclosure Project fifth annual corporate survey for greenhouse gas emission policies and progress. The Carbon Disclosure Project (CDP) provides a secretariat for the world's largest institutional investor collaboration on the business implications of climate change. CDP represents an efficient process whereby many institutional investors collectively sign a single global request for disclosure of information on Greenhouse Gas Emissions. This year the request was sent to 2,400 companies.
- Co-sponsored a campaign with other institutional investors including the California State Teachers Retirement System (CalSTRS), F&C Management Ltd., Illinois State Board of Investment, New York City Employees Retirement System, the California, Connecticut, Maine, Maryland, North Carolina and Vermont State Treasurers, and labor funds SEIU and AFSCME to withhold supporting votes from the reappointment of an ExxonMobil director to the board due to the company's inaction on the serious business risks from climate change.

Domestic Equity Management Fees

Alliance Capital Management Corp.	\$ 1,708,919
Apex Capital Management, Inc.	57,944
Aronson + Johnson + Ortiz LP	875,600
Bear Stearns Asset Management, Inc.	1,036,141
Bennett Lawrence Management LLC	778,466
Brandes Investment Partners, LP	1,913,124
Brandywine Asset Management LLC	1,077,032
Brown Capital Management Inc.	2,065,190
Capital Guardian Trust Company	5,575,131
Cardinal Capital Management LLC	609,665
Channing Capital Management LLC	273,470
Chicago Equity Partners LLC	1,497,228
Clearbridge Advisors LLC	768,959
Denali Advisors	82,434
Earnest Partners LLC	1,012,807
Fan Asset Management	454,491
FIS Group Inc.	460,105
Franklin Portfolio Assoc. LLC	994,024
Fuller and Thaler Asset Management	594,891
Globeflex Capital LP	600,446
Goldman Sachs Asset Management LP	575,099
High Pointe Capital Management LLC	29,497
Holland Capital Management LP	328,958
Hoover Investment Management LLC	1,096,169
Jacobs Levy Equity Management	4,728,822
Mastrapasqua Asset Management, Inc.	33,389
New Amsterdam Partners LLC	724,391
OakBrook Investments LLC	105,555
Oppenheimer Capital LLC	3,171,137
Piedmont Investment Advisors LLC	29,272
Profit Investment Management	43,163
Progress Investment Management	3,150,221
Quantitative Management Associates LLC	1,015,031
Rasara Strategies, Inc.	457,121
Rutland Dickson Asset Management, Inc.	42,781
SASCO Capital, Inc.	398,537
Schneider Asset Management Corp.	849,142
Shenandoah Asset Management LLC	355,432
Steinberg Asset Management LLC	175,184
Systematic Financial Management LP	2,344,329
T. Rowe Price Associates	958,703
Value Line, Inc.	604,444
Vantage Consulting Group, Inc.	42,127
Wells Capital Management, Inc.	4,153,112
Total	\$47,847,683

Domestic Equity Commissions

Broker	Shares	Commission \$ US	Broker	Shares	Commission \$ US
Abel Noser Corp.	1,207,019	\$ 34,564	First Analysis Securities	468,039	18,619
Access Securities, Inc.	1,121,900	28,764	First Clearing Corp.	2,288,800	95,073
ADP Clearing & Outsourcing	284,288	12,641	Fox-Pitt Kelton, Inc.	1,538,283	44,891
Allen & Company, Inc.	3,300	132	Friedman Billings & Ramsey	2,281,019	78,631
Alpha Research, Inc.	1,600	64	Gabelli & Co.	400	24
Arnhold and S. Bleichroeder, Inc.	41,200	1,991	Gardner Rich & Co.	200,584	6,476
Avian Securities, Inc.	262,800	5,256	Gerson Lehrman Group Brokerage Service	24,300	847
Avondale Partners LLC	460,800	20,722	GFI Securities LLC	115,800	4,632
B Riley & Co., Inc.	90,400	2,008	Goldman Sachs & Co.	32,382,687	850,546
Baird Robert W & Co., Inc.	5,032,608	203,581	Gordon, Haskett & Company	23,400	1,170
Balentine & Company	7,800	390	Green Street Advisors	4,700	235
Banc/America Securities LLC	17,672,515	686,268	Greentree Brokerage Service, Inc.	76,300	2,911
Barrington Research Assoc.	29,500	1,475	Griffiths Mcburney & Partners	2,700	81
Baypoint Trading LLC	540,721	9,589	Griswold Company	12,610,377	375,209
Bear Stearns & Co.	41,249,610	1,204,489	Gunnallen Financial	91,800	3,672
Benchmark Company LLC	64,400	2,839	Guzman & Co.	10,675,594	309,136
Blair, William & Co.	2,887,193	114,662	Heflin & Co. LLC	96,800	3,388
Blaylock & Partners	6,676,648	264,483	Hibernia Southcoast Capital, Inc.	178,746	7,689
Bley Investment Group	50,300	2,515	Hoefler and Arnett, Inc.	61,500	2,768
BMO Capital Markets	2,858,460	109,381	Howard Weil, Inc.	478,700	23,885
BNP Paribas Securities	45,900	918	HSBC Securities, Inc.	330,200	11,695
BNY Brokerage	16,376,556	532,385	Huntleigh Securities Corp.	196,300	7,852
BNY ESI & Co., Inc.	29,200	1,022	Imperial Capital LLC	1,133,676	39,679
Boe Securities, Inc.	3,720,190	148,880	Instinet	42,332,420	733,125
Brean Murray Foster Securities	66,850	2,420	Institutional Direct, Inc.	178,100	7,124
Bridge Trading Company	246,450	9,919	Institutional Services	576,900	23,076
Broadcourt Capital	1,923,690	76,142	Invemed Assoc., Inc.	20,250	1,013
Brown Brothers Harriman & Co.	12,230	406	Investment Technology Group	158,682,247	1,531,816
B-Trade Services LLC	30,359,166	595,381	ISI Group, Inc.	3,659,762	149,761
Buckingham Research Group	921,000	39,708	Ivy Securities	19,600	784
Bunting Warburg, Inc.	2,650	133	J Giordano Securities Group	7,300	219
C E Unterberg Towbin	1,083,400	38,984	Jackson Partners	154,800	6,528
C L King & Associates, Inc.	9,054,841	354,259	Jackson Securities	194,366	7,775
Cabrera Capital Markets	204,795	8,306	Janco Partners, Inc.	310,662	12,426
Canaccord Adams, Inc.	255,077	9,191	Janney Montgomery Scott	335,100	16,354
Cantor Fitzgerald & Co.	15,332,187	466,320	Jefferies & Co.	14,576,319	587,150
Capital Institutional Services	1,641,971	63,867	JMP Securities	1,685,138	58,776
Caris And Company, Inc.	11,600	232	JNK Securities, Inc.	118,000	2,360
Chapelaine Institutional	952,975	38,944	Johnson Rice & Co.	88,000	4,052
Cheevers & Co.	154,580	6,361	Jones & Associates, Inc.	3,828,839	98,921
CIBC World Markets Corp.	5,165,991	208,172	Jonestrading Institutional	369,300	11,851
Citation Group	4,611,187	822,604	JP Morgan Securities, Inc.	16,746,196	628,650
Citigroup Global Markets	48,073,652	1,395,474	KCCI Ltd.	158,200	1,582
CJS Securities	319,650	15,390	Keefe Bruyette & Wood, Inc.	2,688,688	101,585
Cowen & Co. LLC	3,569,363	136,999	Kellogg Partners	21,400	1,070
Craig-Hallum	980,200	38,637	Knight Equity Markets Lp	4,637,812	47,854
Credit Lyonnais Securities, Inc.	173,650	6,879	KV Execution Services LLC	2,114,897	42,395
Credit Research & Trading	99,200	2,984	La Branche Financial #2	5,967,830	144,335
Credit Suisse Securities	53,602,980	1,533,342	Lazard Capital Markets LLC	100,100	3,424
Dahlman Rose & Company	5,900	295	Leerink Swann & Co.	2,026,844	83,583
Davenport & Co. of Virginia	171,700	7,922	Lehman Brothers, Inc.	36,313,347	1,098,089
Davidson, D A & Co., Inc.	546,879	24,043	Liquidnet, Inc.	39,992,774	887,311
Davis Mendel & Regenstein	134,900	6,698	Longbow Securities LLC	122,900	5,869
Dematted Monness LLC	130,506	5,220	Loop Capital Markets LLC	5,413,609	156,235
Deutsche Bank Securities	37,022,010	927,481	Lynch Jones & Ryan, Inc.	209,000	2,823
Direct Trading Institutional, Inc.	5,521,107	47,088	M Ramsey King Securities, Inc.	1,802,400	78,050
Divine Capital Markets LLC	172,401	5,372	Magna Securities Corp.	3,504,068	115,547
Donaldson Lufkin & Jenrette	60,600	2,296	McDonald & Co Securities	1,296,151	51,601
Dowling & Partners	1,800	72	MDB Capital Group LLC	26,800	651
Dundee Securities Corp.	3,714	190	Melvin Securities LLC	173,564	6,973
E*Trade Securities, Inc.	295,300	8,138	Merrill Lynch Pierce Fenner	43,875,562	1,399,563
Edgetrade Inc.	210,434	3,157	Merriman Curhan Ford & Co.	968,217	39,861
Edwards A G & Sons, Inc.	1,013,690	41,275	Midwest Research Securities	1,254,800	51,466
Ewing Capital, Inc.	175,700	6,150	Miller Tabak & Company	355,291	7,764
Ferris, Baker Watts, Inc.	12,300	405	Mogavero Lee & Co., Inc.	686,162	20,359
Fidelity Capital Markets	2,546,295	46,607	Montrose Securities	183,160	7,046
First Albany Corp.	6,640,960	229,122	Moors & Cabot, Inc.	11,900	238

Broker	Shares	Commission \$ US	Broker	Shares	Commission \$ US
Morgan Keegan & Co., Inc.	1,037,914	41,170	Sterne Agee & Leach, Inc.	120,900	5,586
Morgan Stanley & Co., Inc.	23,496,872	748,595	Stifel Nicolaus & Co., Inc.	3,124,436	118,662
MR Beal & Company	10,966,449	427,133	Stonehaven LLC	55,100	1,102
Multitrade Securities LLC	1,040	36	Summer Street Research Partners	106,800	2,670
Muriel Seibert & Co., Inc.	6,555,275	196,822	Suntrust Capital Markets	2,474,926	95,785
Natexis Bleichroeder Inc.	2,200	88	TD Securities, Inc.	2,800	168
National Financial Services Corp.	6,855,435	149,052	Tejas Securities Group, Inc.	14,600	292
Needham & Company	1,596,859	65,759	Thinkequity Partners LLC	1,394,885	44,107
Neuberger & Berman	10,000	100	Thomas Weisel Partners	11,142,965	345,820
Next Generation Equity Research LLC	6,500	195	Toussaint Capital Partners	161,700	1,617
Nollenberger Capital Partners, Inc.	72,500	3,625	UBS Financial Services, Inc.	447,900	10,419
Nomura Securities International, Inc.	5,533,594	210,793	UBS Securities LLC	26,366,716	690,070
Northeast Securities, Inc.	11,100	222	United Capital Group, Inc.	164,800	5,768
Nutmeg Securities	627,850	26,583	UNX Inc.	183,621	6,325
Nyfix Transaction Service	307,800	5,093	Utendahl Capital Partners	13,678,836	547,153
O'Neil, William & Co., Inc.	570,700	24,360	Vandham Securities Corp.	959,131	16,871
Oppenheimer & Co., Inc.	773,900	31,076	Veritas Securities	1,118,900	33,567
Pacific American Securities LLC	6,894,319	237,233	Wachovia Capital Markets	7,481,860	274,246
Pacific Crest Securities	161,000	5,826	Wave Securities LLC	661,400	6,666
Pacific Growth Equities	388,500	14,311	Wedbush Morgan Sec., Inc.	1,169,281	35,832
Pali Capital, Inc.	35,700	1,293	Weeden & Co.	22,581,171	724,791
Pasfin Foreign Investment	62,900	2,516	Westminster Research Assoc.	1,722,702	69,183
PCS Dunbar Securities	753,050	37,653	White Cap Trading	44,000	880
PCS Securities, Inc.	502,824	21,428	William Blair & Co.	690,870	26,429
Pershing Div. of Donaldson	107,400	4,296	William Smith Securities	30,100	602
Pershing Division DLJ	5,600	168	Williams Capital Group	19,082,326	707,541
Pershing LLC	377,900	14,089	WR Hambrecht & Co.	112,100	4,151
Petrie Parkman & Co., Inc.	26,850	1,343	Zack's & Company	133,450	4,843
Pickering Energy Partners	60,000	3,000	Total	1,032,318,830	\$28,611,682
Pipeline Trading Systems	1,618,800	31,694			
Piper Jaffray	4,244,758	152,735			
Polcari/Weicker	304,300	12,172			
Prime Executions, Inc.	19,900	995			
Princeton Securities	403,100	8,062			
Pritchard Capital Partner	40,300	1,612			
Prudential Equity Group	8,801,571	298,350			
Pulse Trading LLC	707,900	10,169			
Punk Ziegel & Knoell	124,900	6,219			
Raymond James & Associate	2,901,000	115,880			
RBC Capital Markets	2,100,660	76,910			
RBC Dain Rauscher, Inc.	7,500	75			
Redwood Securities Group	46,100	958			
Reynders, Gray & Co.	49,000	2,450			
Robbins & Henderson LLC	4,600	138			
Robert Van Securities	100,989	3,995			
Rochdale Sec. Corp.	2,801,709	87,982			
Rosenblatt Securities, Inc.	872,600	17,812			
Roth Capital Partners, Inc.	269,400	10,776			
Ryan Beck & Co.	629,400	26,594			
Samuel A Ramirez & Co.	10,992,445	424,590			
Sanders Morris Harris	366,750	16,118			
Sandler O'Neill & Partner	394,400	15,665			
Sanford Bernstein & Co.	7,442,102	256,245			
SBK-Brooks Investment Corp.	150,110	5,952			
Schonfield Securities	1,208,376	19,089			
Scotia Capital, Inc.	8,100	243			
Scotia Capital Markets	19,100	651			
Scott & Stringfellow, Inc.	1,330,684	57,738			
SG Cowen Securities Corp.	294,688	1,179			
Sidoti & Company LLC	1,052,872	43,900			
Simmons & Co. Intl.	259,600	12,996			
Soleil Securities Corp.	88,790	3,686			
Southwest Securities, Inc.	61,785	927			
Sprott Securities Limited	6,400	320			
Standford Group Co.	364,300	12,861			
State Street Global Market	1,210,265	37,375			
Stephens, Inc.	739,350	33,833			

International Equity Management Fees (Expensed)

Acadian Asset Management	\$ 3,824,355
Alliance Capital Management Corp.	3,359,178
Baillie Gifford Overseas Ltd.	3,587,957
Bank of Ireland Asset Management	2,814,571
Barclays Global Investors, NA	15,775,293
Baring International Investment Ltd.	3,741,057
Brandes Investment Partners, LP	4,009,044
Brandywine Asset Management LLC	2,390,104
Capital Guardian Trust Company	7,694,889
Goldman Sachs Asset Management LP	2,597,277
Mondrian Investment Partners, Inc.	3,572,492
Morgan Stanley Investment Management, Inc.	12,013,183
Templeton Investment Counsel LLC	3,894,505
The Boston Company LLC	1,748,022
Total	\$71,021,927

International Equity Management Fees (Capitalized)

Capital Guardian Trust Company	\$ 5,059,011
Templeton Investment Counsel LLC	8,213,556
Total	\$13,272,567

International Equity Commissions

Broker	Shares	Commission \$ US	Broker	Shares	Commission \$ US
ABG Securities	360,651	\$ 11,064	KCCI Ltd.	44,900	838
ABN Amro, Inc.	21,935,477	342,716	Keefe Bruyette & Wood, Inc.	1,450,647	51,385
Access Securities, Inc.	40,000	129	Kepler Equities	334,125	13,243
Auerbach Grayson & Co., Inc.	1,372	106	Keybank Capital Markets	84,166	3,367
Banc/America Securities	39,700	2,258	Kim Eng Securities	1,234,300	9,438
Banco Santander	684,394	22,224	Kleinwort Benson Govt. Sec.	163,100	4,882
Bank Am Bellevue	192,624	24,953	Knight Equity Markets LP	574,100	13,805
Bank Julius Baer	137,180	4,146	Kotak Securities	29,900	4,855
Bank of American Intl. Ln.	244,900	9,796	Lazard Capital Markets	114,047	9,526
Bank Salomon Oppenheim Jr.	4,612	2,507	Lehman Brothers, Inc.	61,777,147	805,406
Barnard Jacobs Mellet & Co.	124,300	2,937	Liquidnet, Inc.	2,085,380	36,561
Beal, M.R. & Co.	7,000	10,912	Lombard Odier & Cie	1,680	763
Bear Stearns Securities	6,018,189	205,314	M M Warburg & Co.	15,500	896
BNP Securities	4,941,300	12,104	M Ramsey King Sec., Inc.	165,000	3,300
BNY Brokerage, Inc.	472,600	11,752	Macquarie Equities Ltd.	5,840,759	76,921
BPI Draler	84,720	1,706	Magna Securities Corp.	25,220	874
Brockhouse & Cooper, Inc.	9,907,507	78,927	Merrill Lynch Pierce Fenner	114,651,999	1,126,816
Brown Brothers Harriman	1,000	16	Merrion Capital Group	172,324	5,903
C I Nordic Securities AB	285,300	12,139	Mint-London	80,002	2,441
Calyon Financial Securities	1,565,017	23,796	Mitsubishi Finance Intl.	620,532	24,309
Cantor Fitzgerald & Co.	3,243,490	31,578	Mizuho Securities	1,523,988	40,181
Capital Institutional Services, Inc.	3,757,419	109,496	Mizuro International	186,000	2,418
Carnegie Fondkmission	469,798	22,683	MLPFS London	2,523	111
Cazenove & Co.	6,596,895	92,149	Mogavero Lee & Co., Inc.	574,200	11,484
CDC Bourse	23,305	3,325	Morgan Stanley & Co., Inc.	86,315,699	1,178,039
Charter Equity Research	164,400	4,932	Multitrade Securities	99,631	4,154
Chevreaux	863,202	76,590	Natexis Bleichroeder	217,070	6,748
CIBC World Markets Corp.	420,650	13,782	National Bank Financial	184,500	7,404
Citibank	1,379,440	27,398	NCB Stockbroker	3,381,127	86,246
Citigroup Global Markets	75,034,572	858,983	Neonet Securities AB	1,129,531	7,997
CL Global Prt Sec Cp	264,000	1,931	Nesbitt Thomson Securities	589,949	32,183
Collins Stewart, Inc.	1,616,860	57,075	Nikko Citigroup Ltd.	3,489,866	2,092,216
Cowen & Co. LLC	65,480	2,531	Nomura Securities International	17,263,511	289,384
Credit Agricole Indosuez	1,326,992	48,418	Nordic Partners	7,800	746
Credit Lyonnais Securities	7,224,809	123,240	Numis Securities Ltd.	713,043	5,035
Credit Suisse Securities	70,327,125	811,777	Nutmeg Securities	27,750	1,505
Daiwa Securities America	12,115,766	209,215	Oddo Securities	203,672	20,175
Davy Stockbrokers	228,874	9,984	Panmure Gordon	23,749	2,056
Den Danske Bank	73,500	4,064	Paribas Corp.	58,900	7,382
Deutsche Bank Securities	45,403,531	632,344	Pereire-Tod (Rep)	772,702	8,514
Deutsche Securities Asia	1,758,704	43,568	Pershing Div. of Donaldson	56,100	2,491
Dresdner Bank	1,099,100	4,497	Pipeline Trading Systems	10,000	200
Dresdner Kleinworth Wasse	14,096,262	362,166	Portware	4,259,684	37,120
E*Trade Securities, Inc.	900	50	Princeton Securities	13,871	277
Eden Group	52,634	3,134	Prudential Equity Group	592,400	17,772
Enskilda	370,792	2,124	Rabo Securities	93,400	5,928
Exane, Paris	342,771	24,117	RBC Capital Markets	369,343	22,880
Execution Ltd.	5,292,955	99,593	Redburn Partners LLP	1,638,051	49,634
Factset Data Systems	270,035	8,101	Samsung Securities	23,130	5,173
Findentiis Equities S.V.	17,900	1,377	Sanford Bernstein & Co. LLC	5,214,284	190,466
Fortis International	852,100	51,810	Santander Investment Securities	266,999	6,313
Fox-Pitt Kelton, Inc.	1,225,164	88,220	Scotia Capital Markets	562,200	18,037
Friedman Billings & Ramsey	381,600	13,356	SG Cowen Securities Corp.	353,860	37,438
G-Trade Services Hamilton	27,245,029	116,984	Smith Barney, Harris Upham & Co.	382,520	13,468
Goldman Sachs & Co.	155,618,062	916,367	Societe Generale Sec. Corp.	39,013,532	247,172
Goodbody Stockbrokers	381,480	13,888	Spear Leeds & Kellogg Capital Markets	508,651	6,358
Handelsbanken	94,540	1,259	State Street Global Market	8,599,931	4,699
Helvea SA	69,890	15,563	Svenska Intl Equities	513,736	3,223
HSBC Securities, Inc.	4,234,143	121,928	TD Securities, Inc.	432,319	19,269
HVB Capital Markets	46,700	580	Toronto Dominion	321,583	10,688
ING Barings LLC	446,224	14,099	Tullett Liberty Securitie	145,641	2,587
Instinet	7,301,383	66,826	UBS Securities LLC	58,958,788	907,374
Investment Technology Group	2,561,939	23,219	UFJ International	7,200	431
ISI Group, Inc.	137,900	3,385	Wachovia Securities, LLC	160,300	6,412
Ixis Corporate & Investment Bank	2,003	305	Warburg Securities	9,392,858	297,192
J & E Davy	210,726	7,439	Weeden & Co.	182,600	6,391
J B Were & Son, Inc.	3,872	450	West LB Securities	944,680	35,592
JP Morgan Securities, Inc.	43,862,303	626,084	Williams Capital Group	120,700	8,568
K A S Associate	15,341	875	WR Hambrecht & Co	157,400	4,722
KBC Financial Products	1,929,129	40,307	Total	987,095,332	\$14,560,050

Domestic Bond Transactions

Fiscal Year to Date as of March 31, 2007.

Summarized by Broker or Direct Issuer.

Long-Term Broker	Par \$ US
Banc/America Securities	\$ 319,228,000
Bear Stearns & Co.	444,722,001
Blaylock & Partners	178,900,000
Citigroup Global Markets	828,533,333
Credit Suisse Securities	801,476,382
Deutsche Bank Securities	333,730,333
Federal National Mortgage Association	442,238,348
Goldman Sachs & Co.	632,927,500
Guzman & Co.	83,000,000
JP Morgan Securities, Inc.	354,500,000
Lehman Brothers, Inc.	336,500,000
Morgan Stanley & Co, Inc.	435,909,817
SBK-Brooks Investment Corp.	707,524,000
UBS Financial Services, Inc.	334,500,000
Utendahl Capital Partners	281,233,999
Wachovia Capital Markets	361,076,001
Williams Capital Group	80,625,000
Total	\$ 6,956,624,714
Short-Term Broker	Par \$ US
American Express Credit	\$ 35,200,000
Banc/America Securities	1,505,150,000
BNP Paribas	1,209,553,000
Citigroup Global Market	19,513,840,000
Credit Suisse Securities	1,210,962,000
Deutsche Bank Securities, Inc.	9,302,541,000
General Electric Capital	1,217,713,000
General Motors Acceptance	25,000,000
Goldman Sachs & Co.	7,594,250,000
HSBC Securities, Inc.	2,271,240,000
JP Morgan Securities, Inc.	1,575,172,000
Lehman Brothers, Inc.	3,454,840,000
Merrill Lynch, Inc.	2,150,463,000
Morgan Stanley & Co., Inc.	2,456,508,000
Prudential Funding	265,654,000
Toronto Dominion	327,346,000
Toyota Motor Credit	423,806,000
UBS Securities	1,578,718,000
Utendahl Capital Partners	2,899,854,000
Williams Capital Group	1,275,572,000
Total	\$60,293,382,000

Real Estate Management Fees (Expensed)

Apollo Management LP	\$ 154,855
Blackstone Group	1,242,651
Colony HR Co-Investment Partners LP	1,419,600
Heitman Capital Management LLC	158,943
ING Clarion	4,428,400
JP Morgan Investment Management, Inc.	653,366
Morgan Stanley Group	2,155,085
Olympus Real Estate III	910,030
Rockpoint Real Estate Fund II GP, LLC	1,249,999
UHY Advisors NY, Inc.	2,000
Westbrook RE	2,140,958
Total	\$14,515,887

Real Estate Management Fees (Capitalized)

ACA Advisors (Aetos)	\$ 570,632
Aetna	17,612
Apollo Management, LP	2,947,296
Blackstone Group	376,127
Canyon-Johnson	145,091
Capmark	127,438
Carlyle Group	3,041,499
Cherokee Advisers LLC	22,572
CIGNA	338,226
City Investment Fund Associates	2,812,500
Colony Capital LP	517,152
Community Preservation Corporation	286,186
Cypress Grove International Management	1,157,064
Heitman Capital Management LLC	10,624,051
ING Clarion Partners	14,833,852
JP Morgan Investment Management, Inc.	2,768,081
Landmark Partners	68,091
Lazard Freres Real Estate Investors LLC	632,136
LSP (Lone Star)	1,616,528
NYSTRS	44,804
Praedium	1,512,009
RREEF	1,752,434
Sentinel Advisors	150,000
Stockbridge Real Estate Partners	2,265,297
Warburg Pincus LLC	310,400
Westbrook Real Estate Partners Management	453,169
Total	\$49,390,247

Private Equity Management Fees (Expensed)

Blackstone Group	\$ 3,104,651
Credit Suisse (CSFB)	31,250
Cypress Group	738,419
Fairview Capital Partners	1,455,529
GE Asset Mgmt, Inc.	13,013
GKM Newport	2,127,772
Hamilton Lane Investment Holdings LLC	4,971,212
HarbourVest Partners LLC (+ Mohawk)	3,963,000
JLL Partners, Inc.	183,845
JP Morgan	3,926,299
KKR 1996 Fund LP	442,302
Pacific Corporate Group LLC	840,780
Renaissance Private Equity Partners LP	931,935
Strategic Co-Investment Partners Mgmt. LLC	3,394,570
Thomas H. Lee Company	1,047,816
Total	\$27,172,393

Private Equity Management Fees (Capitalized)

ABV, LLC (Ascent)	\$ 375,000
Access Capital Advisers (Guernsey) Limited	1,857,661
ACOF Operating Manager (Ares)	1,847,314
Aisling Capital LLC (+ Perseus-Soros)	841,558
Apax Partners (Europe, US + SKM)	1,871,701
Apollo Management LP	4,086,666
Ascend Ventures Management LLC	918,846
Avenue Capital Management	669,968
Bear Stearns	1,619,860
Behrman Capital	758,765
Blackstone Group	342,207
Blum Strategic Advisors	749,536
Brait Capital Partners Ltd. (S. Africa)	763,792
Brazos	929,111
Bridgepoint Capital Ltd.	2,460,319
Carlyle Group	7,564,827
Charterhouse Capital Partners	2,775,396
Clessidra	1,081,705
Credit Suisse (CSFB)	93,750
CVC Capital Partners	1,792,782
DeltaPoint Capital	242,745
EHNY (Easton Hunt)	762,500
EQT Partners	1,548,000
Ethos	142,003
Fairview Capital Partners (+ NY CRF)	195,084
First Albany Companies (FA Technology)	998,868
Founders NY	163,996
Freeman, Spogli & Co. (FS Equity)	675,749
GE Investment Management, Inc. (NYS Co-Investment)	4,340
Goldberg Lindsay & Co. LLC	1,280,554
Goldman Sachs & Co. (GS Capital)	99,628
Green	575,740
Greenhill Venture Partners (GSAV)	500,000
Hamilton Lane Advisors LLC (+ Hudson River)	641,926
HarbourVest Partners LLC (+ Mohawk)	7,620,000
Heritage Partners	744,697
High Peaks Venture Partners	610,228
Horsley Bridge Partners	427,904
InterMedia Advisors	1,341,267
JP Morgan	2,833,353
JP Morgan Partners LLC (+ Chase)	1,174,092
Kohlberg, Kravis, Roberts & Co.	7,646,016

Private Equity Management Fees (Capitalized) continued

Lexington Capital Partners	965,040
Lion Capital Partners	1,256,072
Madison Dearborn Partners, Inc.	1,437,892
Markstone Investment Management	3,750,000
MeriTech Capital Partners	359,908
Olympus Advisory Partners, Inc.	63,994
Paladin Capital Management	400,000
Performance Equity Management	1,120,195
Providence Equity Partners	1,290,354
Quadrangle	410,959
Renaissance Private Equity Partners	14,926
Stonington Partners	270,048
TA Associates	1,944,436
TLP Management	507,813
TPG Partners (T3)	1,871,475
Venture Capital Fund of America	929,658
Vestar Associates	536,669
Warburg Pincus LLC	7,232,700
Wheatley NY Partners LLC	500,000
Yucaipa	1,933,336
Total	\$90,424,929

Consultant & Advisor Fees

Ark Asset Management Company, Inc.	\$ 425,000
Consulting Services Group LLC	282,864
Hamilton Lane Advisors	500,000
JP Morgan Investment Management, Inc.	2,072,335
Pacific Corporate Group LLC	1,025,000
Stockbridge Risk Management, Inc.	28,257
Strategic Investment Solutions, Inc.	250,000
Townsend Group	712,223
Wilshire Associates, Inc.	124,417
Total	\$5,420,096

Absolute Return Strategy Management Fees (Capitalized)

Coast Asset Management	\$ 2,974,151
Consulting Services Group	2,567,602
Guggenheim Advisors	3,224,267
Hunt Financial Ventures	1,655,216
Mariner Investment Group	2,782,980
Mezzacappa Investors	2,555,890
Och-Ziff Capital Management	2,975,158
Olympia Capital Management	5,790,467
Pequot Capital Management	1,890,214
Permal Asset Management	4,069,129
Ramius Advisors	1,912,419
Total	\$32,397,493

2007

Actuarial

Maximizing
benefits is
the key



After giving their all to public service, we want to make sure our members receive a pension that gives its all.

STATEMENT OF THE ACTUARY 2007

June 2007

As the actuary for the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS), it is my duty to ensure that the New York State and Local Retirement System (the System) properly funds the retirement benefits of members, retirees and beneficiaries in order to ensure that adequate assets are being accumulated to pay benefits as they become due. The System has a funding objective of employer contributions that, over time, are a level percent of payroll.

We annually perform actuarial valuations which determine the annual contributions required of employers. A valuation relies on data for current active and retired members and beneficiaries as of a given date called the valuation date. Some of the required data to perform a valuation for active members includes date of birth, salary and credited service. For retired members and beneficiaries, dates of birth, monthly benefits and benefit option are some of the required data elements. In preparation for the valuation, we extensively validate the System's data by running reasonableness tests and account for every individual on a year-to-year basis. Also, we review the information contained in the financial statements.

For active members, the valuation projects expected benefits at retirement, death and withdrawal based on estimated pay and service, as well as the member's plan benefit formula. For retirees, the valuation determines the present value of payments expected to be made for the retiree's and beneficiary's lifetimes.

Since benefit security is the System's primary objective, all obligations, rates of interest and other factors must be determined on the basis of reasonable actuarial assumptions and methods. The types of assumptions that must be made include both demographic (rates of employee mortality, disability, turnover and retirement) and economic (interest rates, inflation and salary growth). Therefore, in their calculations, actuaries must make assumptions about these uncertainties.

The actuary performs annual experience studies, ascertaining how closely the System's experience is conforming to the assumptions used. If significant differences occur that the actuary believes may indicate permanent shifts, the actuary may recommend assumption changes to reduce the expected differences.

The System retains an external auditor to independently review its financial records every year. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation. The System also engages the services of an outside actuarial consultant to perform a review every five years; similarly, every five years, the System is audited by the New York State Department of Insurance. Lastly, the State Comptroller, in his role as sole trustee of the System, established an Office of Internal Audit to help fulfill his fiduciary objectives.

There were no significant benefit improvements enacted during fiscal year 2006 or fiscal year 2007, which ended March 31, 2007. The April 1, 2005 valuation for determining 2007 employer bills was performed under my direction and supervision, using the assumptions recommended by me and adopted by the Comptroller as of April 1, 2005.

The April 1, 2006 valuation is the latest actuarial valuation completed and used the same actuarial assumptions. Our assumptions and methods meet the GASB 25 standards and a summary is included later in this section. I am responsible for all of the valuation results and other actuarial calculations contained in this report. I prepared the Schedule of Funding Progress but, while I prepared the employer contribution rates that determined the 2007 employer billing, I did not prepare the Schedule of Employer Contributions.

On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial practices which are consistent with the principles prescribed by the Actuarial Standards Board as well as the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries, of which I am a member.



Teri E. Landin, M.A.A.A., A.S.A., E.A., M.S.P.P.A.
Actuary

New York State and Local Employees'
Retirement System

New York State and Local Police and Fire
Retirement System

Actuarial Funding

An actuarial funding method is a procedure for allocating the costs of a retirement system to particular time periods. It does not determine how much a system will ultimately cost; rather, it determines that portion of the estimated total cost that is to be allocated to a particular year.

For 70 years, the actuarial funding method used by the System was the aggregate method (AGG). Then, Chapter 210 of the Laws of 1990 changed the funding method to a modified projected unit credit (PUC) method beginning in Fiscal Year End (FYE) March 31, 1991 (referred to as fiscal year 1991 here). This law was challenged and the challenge was upheld by the Supreme Court. On appeal, both the Appellate Division and the Court of Appeals unanimously agreed with the Supreme Court. These decisions allowed the Comptroller to return to the aggregate funding method, beginning with the 1995 fiscal year. To ease the transition in ERS, i.e., to prevent budget crises among participating employers, the Comptroller devised a plan to phase-in non-GLIP (New York State Public Employees' Group Life Insurance Plan) rates beginning in the 1995 fiscal year, when the rates were zero. The rates increased by 1.5% per year until 1999, when the transition would cease. However, mainly due to excellent investment gains, almost all ERS employer bills were below the transition rates in 1997, and in 1998, all were below the transition rates, so the transition ceased in 1998.

Actuarial Valuation

At the beginning of the fiscal year, the actuary, by law, determines the actuarial assets and liabilities. The actuarial valuation is important since it determines each year's employer contributions. Chapter 49 of the Laws of 2003 mandates that the actuarial valuation undertaken on the first day of a fiscal year be used to determine contribution rates for the next succeeding fiscal year.

Each valuation gives a long-term picture of the System currently and over the coming years. In this, it differs markedly from the March 31, point-in-time snapshot of

the System provided by the Financial Statements. The two measurements serve different purposes and use different techniques.

Two examples help make this clear:

- The actuarial assets for valuation purposes include the current value of all the future contributions employers and employees will make on behalf of current members. The Financial Statement balance sheet asset figure includes only contributions paid or incurred through this fiscal year.
- The actuarial assets smooth out the ups and downs of common stock performance by using a multi-year smoothing procedure. Techniques like this are widely practiced and professionally recommended to protect employers from volatile contribution rates. The Financial Statements, on the other hand, present market values of assets on the last day of the fiscal year.

Aggregate Actuarial Funding Method

Actuarial liabilities are the current values (called the actuarial present values) of the benefits the Retirement System expects to pay to current members, pensioners and beneficiaries. The actuarial present value of benefits is calculated by projecting the amount of future retirement, death and disability benefits (based on past and future service) to be paid and then discounting for interest earnings, employee turnover and other contingencies.

The actuarial present value of the contributions that employers must make to the System to fund the projected benefit payment is equal to the actuarial liabilities, minus the actuarial value of present assets.

Under the aggregate funding method, the difference between the actuarial liabilities (as described above) and the actuarial value of present assets is funded as a level percentage of salary over the future working lifetimes of current members.

ELEMENTS OF THE ACTUARIAL VALUATION

Actuarial Assumptions

The current actuarial assumptions were adopted effective April 1, 2005. These assumptions and their predecessors are shown below. All assumptions presume that both the Employees' Retirement System and the Police and Fire Retirement System are ongoing:

Fiscal Year Ending 3/31	Salary Scale*			Interest Rate	Multiple-Decrement Tables based on Systems'
1987-88	Inflation Productivity & Merit	5.0% <u>2.3%</u> 7.3%		8.00%	4/1/81-3/31/86 experience
1989-92	Inflation Productivity & Merit	5.0% <u>2.0%</u> 7.0%		8.75%	4/1/81-3/31/86 experience
1993-96	Inflation Productivity & Merit	5.0% <u>2.0%</u> 7.0%		8.75%	4/1/86-3/31/91 experience
1997-98	Inflation Productivity & Merit	ERS 4.75% <u>1.25%</u> 6.00%	PFRS 4.75% <u>1.75%</u> 6.50%	8.50%	4/1/90-3/31/95 experience
1999-2000	Inflation Productivity & Merit	3.50% <u>2.50%</u> 6.00%	3.50% <u>3.00%</u> 6.50%	8.50%	4/1/90-3/31/95 experience
2001	Inflation Productivity & Merit	3.00% <u>2.50%</u> 5.50%	3.00% <u>3.00%</u> 6.00%	8.00%	4/1/90-3/31/95 experience
2002-04	Inflation Productivity & Merit	3.00% <u>2.90%</u> 5.90%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience
2005	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience
2006	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.90%</u> 6.90%	8.00%	4/1/95-3/31/00 experience with subsequent adjustments
2007	Inflation Productivity & Merit	3.00% <u>2.40%</u> 5.40%	3.00% <u>3.70%</u> 6.70%	8.00%	4/1/00-3/31/05 experience

*This is an approximate value. Salary scales vary by age and plan and are based on each System's experience.

Selected Actuarial Assumptions used in the April 1, 2005 Valuation

These illustrations are used to determine the number of people we anticipate will be dying, retiring, becoming disabled, withdrawing, etc. Demographic assumptions below show central rates of decrement per 10,000 members, not necessarily probabilities. Assumptions are computed by the Actuary and adopted by the Comptroller. They are based on recent member experience.

Service Retirement — ERS

ERS		Service (in years)		
	Age	< 20	20-20.99	30+
Tier 1	55	1,515	2,442	4,836
	60	1,298	1,917	2,732
	65	3,154	3,683	3,223
Tier 2-4	55	552	924	3,285
	60	662	1,250	2,690
	65	2,210	3,683	3,223

Service Retirees — Mortality

Age	Male Clerk	Female Clerk	PFRS
55	46	33	43
60	64	49	65
70	159	117	174
80	413	316	502

Service Retirement — PFRS

Service	20-year	20-year with add'l 60ths	
	(both tiers)	Tier 1	Tier 2
20	1,912	643	643
25	767	479	479
30	691	1,482	2,842

Disability Retirees — Mortality

Age	Male	Female	PFRS
30	35	12	4
40	111	96	24
60	259	224	110
80	812	472	739

Disability Retirement — Ordinary and Accidental

Age	ERS Ord	ERS Acc	PFRS Ord*	PFRS Acc
35	7	2	15	22
40	14	2	21	35
45	23	2	28	40
50	39	2	35	40

Ordinary Death

Age	ERS	PFRS
35	6	5
40	9	5
45	13	8
50	19	12

*includes performance of duty

Withdrawal — ERS (Ten-year ultimate rates)

Age	ERS
35	273
40	222
45	182
50	137

Withdrawal — PFRS

Service	PFRS
5	130
10	73
15	33

Salary Scale — Annual Percent Increase

Age	ERS	PFRS
25	9.24	16.25
35	6.62	6.89
45	5.40	5.76
55	4.75	6.09

Actuarial Value of Assets

Most of the assets of the ERS, PFRS, and GLIP are pooled in the Fund for investment purposes. The actuarial asset values for bonds and mortgages are amortized values. Short-term investments are at market value. Normally, all other investments (stocks, commingled funds, real estate, business investments, etc.) use a five-year moving average of market values method assuming a 7% rate of expected appreciation. For fiscal year 2007, the April 1, 2005 valuation reflects a market restart in 2004 and we are in the first year of the phase-in to a full five-year smoothing method.

The GLIP values investments at market value. For fiscal year 2007, the April 1, 2005 valuation of the System and Insurance Plan, the difference between market and actuarial value of smoothed investments, was:

	Investment (millions)
Market Value	\$126,084
Actuarial Value	<u>121,664</u>
Difference	(\$4,420)

Administrative Expenses

The cost of administering the System is borne by the State and local employers on a current disbursement basis.

Group Life Insurance Plan (GLIP)

GLIP provides for up to \$50,000 of member and certain post-retirement death benefits to be paid as life insurance. All benefits provided are on a one-year term insurance basis. Participating employers are billed each year based on the aggregate of anticipated claims for the plan year. Premiums are set so that the reserve will, at its lowest amount during any year, be approximately equal to payables. Payables is an estimate of the amount of claims currently being processed, plus claims incurred but not yet reported.

Deficiency Costs

An employer may also have a deficiency contribution. When a new employer joins a System, any past service liability is paid for by separate annual payments over a period of up to 25 years. These payments are not affected by the funding method.

Rate and Contribution Comparability

For comparability, unless stated otherwise, rates and contributions assume a payment date of February 1 before the fiscal year end. Presenting the State rates and contributions as of this payment date provides for comparability of State and local government rates and costs.

ACTUARIAL VALUATION BALANCE SHEETS

Used to determine employer contributions for the fiscal year ending March 31; in millions of dollars, as calculated April 1, 2004 and April 1, 2005.

	2006	2007
	(in millions)	
ERS		
Actuarial Assets		
Actuarial Value of Present Assets:		
Held for Current Pensioners & Beneficiaries	\$ 37,900	\$ 45,679
Held for Members	55,570	52,935
Members' Contributions	6,160	6,474
Total	\$ 99,631	\$105,088
Actuarial Present Value of Prospective Contributions:		
From Employers	\$ 17,752	\$ 17,397
From Members	814	878
Total	\$ 18,566	\$ 18,275
Total Actuarial Assets	\$118,197	\$123,363
Actuarial Liabilities		
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:		
Service Retirement Benefits	\$ 41,279	\$ 42,878
Disability Retirement Benefits	2,501	2,698
Death Benefits	100	104
Total	\$ 43,880	\$ 45,680
Actuarial Present Value of Benefits for Members:		
Service Retirement Benefits	\$ 70,938	\$ 74,386
Disability Retirement Benefits	1,758	1,623
Death Benefits	1,099	1,200
Other	522	474
Total	\$ 74,317	\$ 77,683
Total Actuarial Liabilities	\$118,197	\$123,363
PFRS		
Actuarial Assets		
Actuarial Value of Present Assets:		
Held for Current Pensioners & Beneficiaries	\$ 7,697	\$ 9,473
Held for Members	10,041	9,166
Members' Contributions	17	18
Total	\$ 17,755	\$ 18,657
Actuarial Present Value of Prospective Contributions:		
From Employers	\$ 4,197	\$ 4,442
From Members	0	0
Total	\$ 4,197	\$ 4,442
Total Actuarial Assets	\$ 21,953	\$ 23,099
Actuarial Liabilities		
Actuarial Present Value of Benefits for Current Pensioners & Beneficiaries:		
Service Retirement Benefits	\$ 7,159	\$ 7,738
Disability Retirement Benefits	1,715	1,702
Death Benefits	94	93
Total	\$ 8,968	\$ 9,533
Actuarial Present Value of Benefits for Members:		
Service Retirement Benefits	\$ 11,762	\$ 11,992
Disability Retirement Benefits	877	1,227
Death Benefits	274	271
Other	72	76
Total	\$ 12,985	\$ 13,566
Total Actuarial Liabilities	\$ 21,953	\$ 23,099

New York Public Employees' Group Life Insurance Plan

Actuarial Assets	2006 (in millions)	2007
Assets		
Investments	\$81	\$120
Liabilities		
Managed Overdraft (cash)	4	4
Claims Being Processed	19	24
Claims Unreported	6	8
Reserve for Mortality Fluctuations	52	84
Total Liabilities	\$81	\$120

2007 LOCAL GOVERNMENT EMPLOYERS

FINAL CONTRIBUTION RATES FOR SELECT PLANS

For the fiscal year ending March 31, 2007, assuming a February 1, 2007 payment.

All rates exclude any contribution rates due to amortization payments, prior years' adjustments, deficiency costs, retirement incentive programs and certain benefits electable by local governments, such as credit for unused sick leave or one-year final average salary. All rates include Group Life Insurance.

	Plan ID	Percentage of Payroll		
		Tier 1	Tier 2	Tiers 3 & 4
ERS				
Age-based plans				
Basic, Age 55, Age 60 Contributory	71-a	6.7	6.3	n/a
Tier 3	A14	n/a	n/a	9.7
Tier 4	A15	n/a	n/a	9.7
Non-contributory	75-c	12.0	10.9	n/a
Non-contributory w/ Guaranteed Benefits	75-e	12.0	10.9	n/a
Career	75-g	12.7	11.6	n/a
New Career	75-h/75-i	13.2	12.1	n/a
25-year plans				
Sheriffs and Deputies	89-a	15.3	14.7	n/a
Article 14B Sheriffs - 25-yr.	551	14.6	14.3	12.9
Article 14B Sheriffs - 25-yr. + 1/60th	551-e	15.2	15.0	13.7
full service for 1/60th	551-ee	15.8	15.6	14.2
County Law Enforcement	89-e, etc.	15.8	19.0	12.4
election on or after 4/1/98	89-p, etc.	15.8	15.5	11.8
20-year plans				
Sheriffs and Deputies	89-b	16.9	14.4	n/a
add'l 1/60th	89-b(m)	17.2	15.0	n/a
Article 14B Sheriffs - 20-yr.	552	17.0	16.8	15.4
Article 14B Sheriffs - 20-yr. + 1/60th	553	17.4	17.2	16.0
full service for 1/60th	553b	18.1	17.9	16.6
Detective Investigators	89-d	16.6	23.6	n/a
add'l 1/60th	89-d(m)	16.9	24.4	n/a
PFRS				
Age-based plans				
Basic, Age 55, Age 60 Contributory	371-a	7.8	6.8	
Non-contributory	375-c	12.2	10.1	
Non-contributory w/ Guaranteed Benefits	375-e	12.2	10.1	
Career	375-g	13.4	11.1	
New Career	375-i	13.8	11.3	
Improved Career	375-j	13.8	11.3	
25-year plans				
Non-contributory	384	13.5	13.4	
add'l 1/60th	384(f)	14.0	13.6	
20-year plans				
Contributory				
employer assumes 1/2 of additional member cost	384-d	9.0	8.9	
employer assumes all of additional member cost	384-d	12.9	12.7	
Non-contributory	384-d	15.7	15.0	
add'l 1/60th	384-e			
1990 elections		21.5	17.1	
1991 elections		24.4	17.1	
1992 elections		25.5	17.1	
1993 elections		28.1	17.1	
1994 elections		25.1	17.9	
1995 elections		28.9	18.5	
1996 elections		30.3	17.5	
1997 elections		28.3	17.4	
1998 elections		29.8	17.5	
all other years		16.1	16.0	

CONTRIBUTION RATE TREND FOR LOCAL GOVERNMENTS

Rates, prior to 2006, are based on a payment date of December 15. Beginning in 2006, the rates are based on a February 1 payment date. Each rate is applied to the salary of members covered by that particular plan. Rates were calculated under the aggregate method. All rates include Group Life Insurance and administrative rates.

Actual costs borne by employers are shown in the Statistical Section.

Plan Name (Section)	Percentage of Payroll									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
ERS										
Non-contributory (75-c)										
Tier 1	1.0	0.6	0.1	0.2	0.7	1.2	4.9	15.8	13.7	12.0
Tier 2	0.9	0.6	0.1	0.2	0.7	1.1	4.9	13.2	11.7	10.9
Guaranteed Benefit (75-e)										
Tier 1	1.0	0.6	0.1	0.2	0.7	1.2	4.9	15.8	13.7	12.0
Tier 2	0.9	0.6	0.1	0.2	0.7	1.1	4.9	13.2	11.7	10.9
Career (75-g)										
Tier 1	1.0	0.6	0.1	0.2	0.7	1.3	4.9	16.6	14.4	12.7
Tier 2	1.0	0.6	0.1	0.2	0.7	1.2	4.9	14.1	12.5	11.6
New Career (75-i)										
Tier 1	1.0	0.6	0.1	0.2	0.7	1.3	4.9	17.2	15.0	13.2
Tier 2	1.0	0.6	0.1	0.2	0.7	1.2	4.9	14.7	13.0	12.1
Article 14/15 Tier 3	0.9	0.6	0.1	0.2	0.7	1.2	4.9	11.4	10.2	9.7
Article 15 Tier 4	0.9	0.6	0.1	0.2	0.7	1.2	4.9	11.4	10.2	9.7
PFRS										
Non-contributory (375-c)										
Tier 1	3.6	0.4	0.1	0	0.1	0.1	4.6	12.7	11.6	12.2
Tier 2	3.0	0.4	0.1	0	0.1	0.1	4.6	10.5	9.3	10.1
Guaranteed Benefit (375-e)										
Tier 1	3.6	0.4	0.1	0	0.1	0.1	4.6	12.7	11.6	12.2
Tier 2	3.0	0.4	0.1	0	0.1	0.1	4.6	10.5	9.3	10.1
Career (375-g)										
Tier 1	3.8	0.4	0.1	0	0.1	0.1	4.6	13.8	12.6	13.4
Tier 2	3.2	0.4	0.1	0	0.1	0.1	4.6	11.4	10.2	11.1
New Career (375-i)										
Tier 1	3.9	0.4	0.1	0	0.1	0.1	4.6	14.3	13.0	13.8
Tier 2	3.2	0.4	0.1	0	0.1	0.1	4.6	11.7	10.4	11.3
25-Year (384)										
Tier 1	3.9	0.4	0.1	0	0.1	0.1	4.6	14.1	12.8	13.5
Tier 2	3.5	0.4	0.1	0	0.1	0.1	4.6	13.3	12.1	13.4
25-Year + 1/60ths (384(f))										
Tier 1	4.0	0.4	0.1	0	0.1	0.1	4.6	14.4	13.1	14.0
Tier 2	3.6	0.4	0.1	0	0.1	0.1	4.6	14.1	12.8	13.6
20-Year (384-d)										
Tier 1	4.4	0.4	0.1	0	0.1	0.1	4.6	16.0	14.8	15.7
Tier 2	4.0	0.4	0.1	0	0.1	0.1	4.6	15.2	14.2	15.0
20-Year + 1/60ths (384-e)										
Tier 1										
1990 elections	9.9	5.8	5.5	5.4	5.5	5.5	10.0	22.1	20.8	21.5
1991 elections	12.7	8.6	8.3	8.2	8.3	8.3	12.8	24.9	23.7	24.4
1992 elections	13.8	9.7	9.4	9.3	9.4	9.4	13.9	26.0	24.8	25.5
1993 elections	16.4	12.3	12.0	11.9	12.0	12.0	16.5	28.6	27.4	28.1
1994 elections	13.4	9.3	9.0	8.9	9.0	9.0	13.5	25.6	24.4	25.1
1995 elections	17.2	13.1	12.8	12.7	12.8	12.8	17.3	29.4	28.2	28.9
1996 elections	18.6	14.5	14.2	14.1	14.2	14.2	18.7	30.8	29.6	30.3
1997 elections	16.6	12.5	12.2	12.1	12.2	12.2	16.7	28.8	27.6	28.3
1998 elections	n/a	14.0	13.7	13.6	13.7	13.7	18.2	30.3	29.1	29.8
all other years	n/a	0.4	0.1	0	0.1	0.1	4.6	16.7	15.4	16.1
Tier 2										
1990-1993 elections	5.9	2.1	1.7	1.5	1.5	1.4	5.9	17.5	16.3	17.1
1994 elections	7.6	3.8	3.5	3.2	3.1	2.9	7.4	18.7	17.3	17.9
1995 elections	7.6	3.8	3.3	3.1	3.1	2.9	7.4	19.0	17.7	18.5
1996 elections	6.6	2.8	2.3	2.1	2.2	2.0	6.5	18.2	16.8	17.5
1997 elections	6.8	2.9	2.6	2.4	2.3	2.0	6.5	18.0	16.6	17.4
1998 elections	n/a	2.9	2.5	2.4	2.5	2.3	6.8	18.1	16.8	17.5
all other years	n/a	0.4	0.1	0	0.1	0.1	4.6	16.3	15.1	16.0

EMPLOYER CONTRIBUTIONS

Contributions here may differ from those appearing elsewhere in the Actuarial Section because this section deals only with the contributions attributable to the single year shown. Actual contributions may include adjustments due to previous years, such as amortization payments/credits and reconciliation of other year's bills.

In addition, in 2005 and 2006, employers could amortize a portion of their contributions. The following amounts show their total obligation. The contributions and average rates below include normal, administrative, Group Life Insurance, incentive and deficiency contributions.

Comparison of Employer Contributions*

For fiscal years ending 2006 and 2007 (in millions of dollars)

	2007 Contribution			2006 Contribution		
	Salary	Contribution	Avg. Rate	Salary	Contribution	Avg. Rate
ERS						
Tier 1	\$ 1,183	\$ 158	13.4%	\$ 1,366	\$ 207	15.1%
Tier 2	1,042	129	12.4	1,103	146	13.2
Tier 3 & 4	19,793	2,017	10.2	18,450	1,949	10.6
Deficiency		2			2	
Incentive		51			66	
Total	\$22,018	\$2,357	10.7%	\$20,919	\$2,370	11.3%
PFRS						
Tier 1	\$ 94	\$ 24	25.4%	\$ 116	\$ 29	25.1%
Tier 2	2,731	457	16.7	2,596	412	15.9
Total	\$ 2,825	\$ 481	17.0%	\$ 2,712	\$ 441	16.3%

*Numbers may not add up due to rounding

Final Employer Contributions by Employer Type

Attributable to fiscal year 2007 costs only (in millions of dollars)

Employer	Normal*	Deficiency	Administrative	GLIP	Total
ERS					
State	\$ 952		\$28	\$ 42	\$1,021
Counties	412		12	18	442
Cities	60		2	3	65
Towns	129	\$1	4	7	140
Villages	39	**	1	2	42
Misc.	325	1	10	17	354
Schools	269	**	9	14	293
Total	\$2,186	\$2	\$66	\$103	\$2,357
PFRS					
State	\$ 90		\$ 2	\$ 0	\$ 92
Counties	119		3	0	122
Cities	133		3	0	136
Towns	48		1	0	49
Villages	38		1	0	39
Misc.	42		1	0	43
Total	\$ 470		\$11	\$ 0	\$ 481

*Includes incentive

**Less than \$500,000

Employer Contributions by Tier*

(in millions of dollars)

	2007 (as of 2/1/07)		2006 (as of 2/1/06)	
	Employer Contributions Attributable to Year	%	Employer Contributions Attributable to Year	%
ERS				
Tier 1	\$ 158	6.7	\$ 207	8.7
Tier 2	129	5.5	146	6.2
Tier 3 & 4	2,017	85.6	1,949	82.2
Deficiency	2	0.1	2	0.1
Incentive	51	2.2	66	2.8
Total	\$2,357	100	\$2,370	100
PFRS				
Tier 1	\$ 24	5	\$ 29	6.6
Tier 2	457	95	412	93.4
Total	\$ 481	100	\$ 441	100

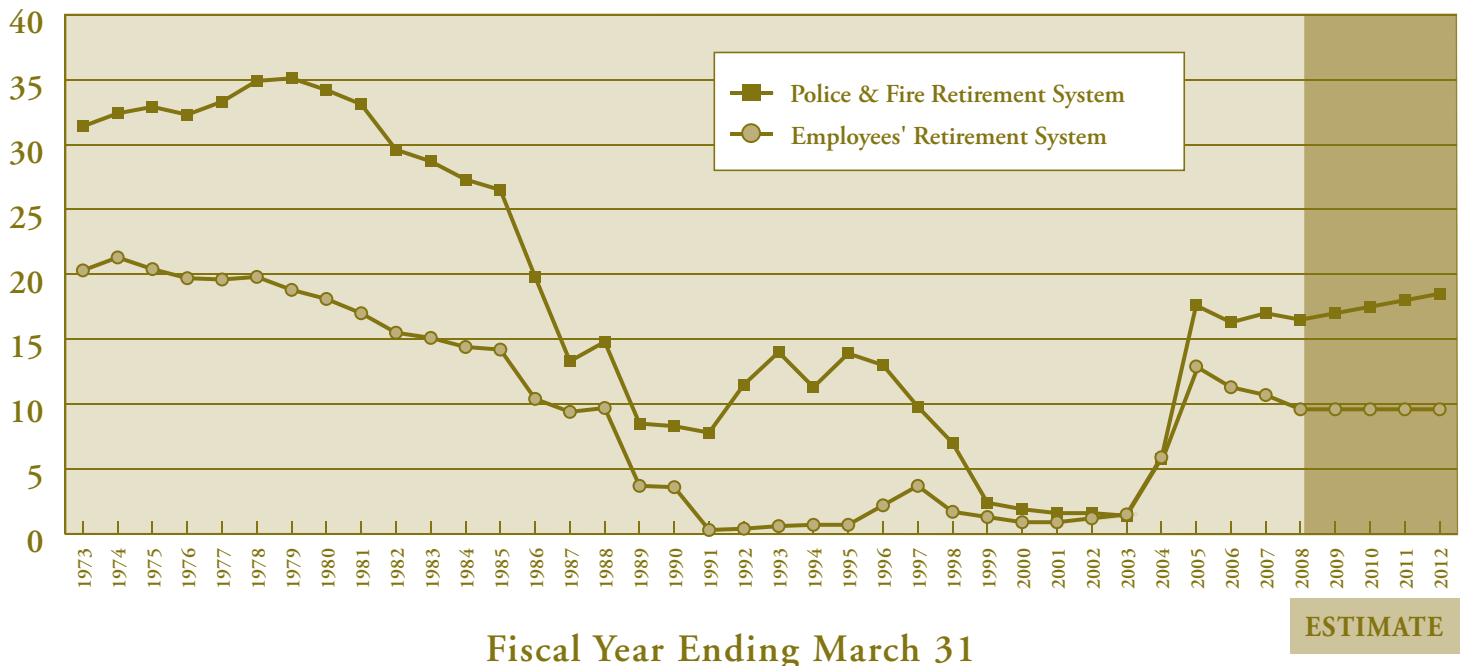
*Numbers may not add up due to rounding

2007 HISTORICAL TRENDS

The State is obligated to pay its bill on March 1, one month before the end of the fiscal year. However, since 1995, the State has paid its bill prior to this March 1 deadline. Through 2004, local employers paid their bills

by December 15, three and one-half months before the end of the fiscal year. Beginning in 2005, the payment date for local employers was changed to February 1.

Trends in Employer Contributions



CHANGES IN CONTRIBUTIONS

Yearly, the System's experience in many areas (employee salary growth or decrease, investment return, legislative enactments of benefits) is assessed and quantified. Each element exerts an increasing, decreasing or neutral pressure on contributions to be charged for that year.

Analysis of Changes (by source)

Experience during one fiscal year produces the increase or decrease in contributions for the following year.

(in millions)

	Contributions Billed for Preceding Year	Salary Growth	Return on Investments ^(a)	Funding Method	Change in Benefits	Other Adj.	Projected Contributions for Year Shown ^(b)
ERS							
1998	559	-111	-258	n/a	0	81	271
1999	270	-103	-98	n/a	0	148	217
2000	217	-46	-55	n/a	0	34	150
2001	149	n/a	n/a	n/a	n/a	17	166
2002	166	n/a	-57	n/a	n/a	118	227
2003	228	-69	-30	n/a	n/a	172	301
2004	292	n/a	n/a	680	n/a	188	1,160
2005	1,157	-300	1,881	n/a	n/a	-85	2,653
2006	2,652	124	-746	23	n/a	399	2,452
2007	2,395	112	51	n/a	n/a	-191	2,367
PFRS							
1998	169	-12	-44	n/a	0	16	129
1999	129	0	-94	n/a	0	13	48
2000	48	22	-37	n/a	0	9	42
2001	39	n/a	n/a	n/a	n/a	-5	34
2002	34	n/a	n/a	n/a	n/a	1	35
2003	36	n/a	n/a	n/a	n/a	-1	35
2004	32	n/a	n/a	102	n/a	8	142
2005	144	-28	339	n/a	n/a	-1	454
2006	446	21	-119	4	n/a	80	432
2007	430	21	6	n/a	n/a	16	473

(a) For 2005, this amount is the investment loss relative to the minimum contribution of 2004.

(b) This is an estimated figure. Minor adjustments, mostly salary-related, result in the final contribution figure for the year as shown in the Contributions Billed column.

2007

SCHEDULE OF ACTIVE MEMBER DATA

FYE March 31	Active Members	Annual Member Payroll (in millions)	% Increase in Annual Member Payroll	Average Salary
ERS				
1997	474,697	\$15,109	0.0	\$31,829
1998	478,508	15,556	3.0	32,509
1999	486,781	16,365	5.2	33,618
2000	494,545	16,935	3.5	34,243
2001	507,037	17,981	6.2	35,463
2002	512,209	18,760	4.3	36,626
2003	502,872	18,969	1.1	37,721
2004	507,241	19,575	3.2	38,591
2005	508,856	20,218	3.3	39,733
2006	513,016	20,919	3.5	40,776
PFRS				
1997	31,735	\$1,723	3.0	\$54,293
1998	31,912	1,842	6.9	57,721
1999	32,067	2,018	9.6	62,931
2000	31,955	2,049	1.5	64,131
2001	32,220	2,081	1.6	64,591
2002	32,321	2,338	12.3	72,346
2003	32,419	2,322	-0.7	71,631
2004	32,359	2,459	5.9	75,987
2005	32,388	2,531	2.9	78,149
2006	32,469	2,712	7.1	83,518

2007

SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES

ADDED TO AND REMOVED FROM BENEFIT PAYROLL

	Service Retired Members		All Other Pensioners and Beneficiaries		Total Retired Members and Beneficiaries
	Added During Year	Removed During Year	Added During Year	Removed During Year	
ERS (FYE)					
1997	14,279	8,316	2,719	1,711	258,413
1998	10,133	8,738	2,682	1,739	260,751
1999	11,927	9,028	3,146	1,897	264,899
2000	13,717	9,456	3,121	1,948	270,333
2001	10,847	9,059	2,960	1,934	273,147
2002	16,437	9,564	3,086	2,109	280,997
2003	15,024	9,870	3,173	1,983	287,341
2004	22,700	9,620	3,229	2,122	301,528
2005	13,277	9,708	3,625	2,191	306,531
2006	15,758	9,606	4,363	3,209	313,837
PFRS (FYE)					
1997	867	380	195	120	23,450
1998	681	429	194	132	23,764
1999	748	460	239	144	24,147
2000	753	497	239	140	24,502
2001	792	490	252	125	24,931
2002	1,061	536	311	160	25,607
2003	1,054	521	243	127	26,256
2004	955	518	293	157	26,829
2005	1,255	529	333	168	27,720
2006	1,069	543	335	173	28,408

2007

Statistical

Plan to
embrace
the future



By keeping them focused on a plan throughout their careers, our members can approach retirement with a sense of strength, security and faith in the future.

2007 SCHEDULE OF ADDITIONS TO PLAN NET ASSETS

(in thousands)

Year Ending	Member Contributions	Employer Contributions	Contributions % of Payroll	Other Income*	Investment Income	Total
2007	\$250,158	\$2,718,551		\$131,863	\$ 17,416,082	\$ 20,516,654
ERS	247,237	2,216,087	10.7	110,929	14,803,498	17,377,751
PFRS	2,921	502,464	17.0	20,934	2,612,584	3,138,903
2006	\$241,173	\$2,782,147		\$ 94,556	\$ 17,615,876	\$ 20,733,752
ERS	237,686	2,348,721	11.3	79,731	14,959,666	17,625,804
PFRS	3,487	433,426	16.3	14,825	2,656,210	3,107,948
2005	\$227,308	\$2,964,842		\$122,769	\$ 9,679,978	\$ 12,994,897
ERS	224,459	2,509,503	12.9	82,462	8,211,547	11,027,971
PFRS	2,849	455,339	17.6	40,307	1,468,431	1,966,926
2004	\$221,871	\$1,286,455		\$ 77,148	\$ 27,334,752	\$ 28,920,226
ERS	217,335	1,125,520	5.9	71,830	23,154,279	24,568,964
PFRS	4,536	160,935	5.8	5,318	4,180,473	4,351,262
2003	\$219,192	\$651,931		\$109,730	\$-11,235,815	\$-10,254,962
ERS	214,131	583,217	1.5	103,999	-9,504,775	-8,603,428
PFRS	5,061	68,714	1.4	5,731	-1,731,040	-1,651,534
2002	\$210,202	\$263,846		\$119,366	\$ 2,730,952	\$ 3,324,366
ERS	206,018	214,592	1.2	105,013	2,307,773	2,833,396
PFRS	4,184	49,254	1.6	14,353	423,179	490,970
2001	\$319,063	\$214,766		\$116,361	\$-11,170,822	\$-10,520,632
ERS	317,351	165,791	0.9	106,643	-9,424,415	-8,834,630
PFRS	1,712	48,975	1.6	9,718	-1,746,407	-1,686,002
2000	\$422,743	\$164,547		\$139,758	\$ 19,276,908	\$ 20,003,956
ERS	422,023	100,379	0.9	131,183	16,263,868	16,917,453
PFRS	720	64,168	1.9	8,575	3,013,040	3,086,503
1999	\$399,820	\$291,682		\$110,803	\$ 9,224,752	\$ 10,027,057
ERS	398,705	239,670	1.3	84,344	7,776,526	8,499,245
PFRS	1,115	52,012	2.4	26,459	1,448,226	1,527,812
1998	\$369,412	\$462,575		\$ 88,628	\$ 24,895,452	\$ 25,816,067
ERS	368,801	337,510	1.7	77,201	20,979,916	21,763,428
PFRS	611	125,065	7.0	11,427	3,915,536	4,052,639

*Includes interest earned on member loans, interest on accounts receivable and transfers from other systems.

2007

SCHEDULE OF INVESTMENT INCOME

(in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Net Change in Fair Value of Investments	\$13,538,322	\$14,449,770	\$6,603,713	\$24,279,817	\$-13,693,054	\$ -12,473	\$-13,896,942	\$15,452,703	\$5,787,075	\$21,563,107
Interest	1,816,416	1,474,863	1,388,250	1,474,952	1,670,749	1,807,163	1,885,603	2,527,905	2,458,374	2,322,285
Dividends	1,563,627	1,308,358	1,236,598	1,018,810	800,953	700,280	702,557	773,985	758,533	848,827
Real Estate	176,456	279,002	392,734	544,184	317,197	319,072	355,331	315,561	217,005	141,728
Alternative	170,689	137,393	188,346	154,397	64,910	63,929	70,530	140,769	87,411	78,004
Security Lending Income	1,248,864	811,972	318,612	122,074	170,903	382,589	757,080	542,067	465,420	345,810
International	276,755	270,128	119,595	32	17	0	0	0	0	0
Other Included Prior Year Adjustment	8,551	-158,570	-89,315	-11,327	-290,477	-15,268	-168,939	171,791	-1,006	12,958
Security Lending Expenses	-1,209,216	-772,192	-293,477	-103,326	-148,957	-355,202	-721,571	-510,382	-435,993	-329,946
Investment Expenses	-174,382	-184,848	-185,078	-144,861	-128,056	-159,138	-154,471	-137,491	-112,067	-87,321
Net Investment Income	\$17,416,082	\$17,615,876	\$9,679,978	\$27,334,752	\$-11,235,815	\$2,730,952	\$-11,170,822	\$19,276,908	\$9,224,752	\$24,895,452

SCHEDULE OF DEDUCTIONS FROM PLAN NET ASSETS

(in thousands)

Year Ending	Retirement Allowances	Post-Retirement Supplements	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total
2007	\$5,722,875	\$495,908	\$164,632	\$29,331	\$79,772	\$ 18,985	\$6,511,503
ERS	4,777,587	405,264	153,660	27,034	69,893	18,363	5,451,801
PFRS	945,288	90,644	10,972	2,297	9,879	622	1,059,702
2006	\$5,388,590	\$479,128	\$161,249	\$27,320	\$78,506	\$ 16,581	\$6,151,374
ERS	4,498,131	390,703	149,847	25,691	68,836	17,164	5,150,372
PFRS	890,459	88,425	11,402	1,629	9,670	-583	1,001,002
2005	\$5,041,053	\$471,796	\$161,857	\$30,705	\$65,324	\$-14,546	\$5,756,189
ERS	4,216,367	384,666	151,265	29,187	56,748	-16,833	4,821,400
PFRS	824,686	87,130	10,592	1,518	8,576	2,287	934,789
2004	\$4,722,003	\$468,144	\$157,314	\$29,849	\$69,612	\$ 46,967	\$5,493,889
ERS	3,931,334	382,305	149,473	27,572	61,129	45,595	4,597,408
PFRS	790,669	85,839	7,841	2,277	8,483	1,372	896,481
2003	\$4,373,342	\$462,864	\$148,372	\$22,863	\$67,496	\$ 22,325	\$5,097,262
ERS	3,649,565	378,762	132,503	21,586	59,149	19,808	4,261,373
PFRS	723,777	84,102	15,869	1,277	8,347	2,517	835,889
2002	\$3,871,910	\$464,545	\$151,796	\$30,677	\$66,612	\$ 57,444	\$4,642,984
ERS	3,219,973	377,464	139,058	29,262	56,527	54,191	3,876,475
PFRS	651,937	87,081	12,738	1,415	10,085	3,253	766,509
2001	\$3,691,890	\$336,128	\$152,941	\$41,707	\$57,806	\$ 44,742	\$4,325,214
ERS	3,069,748	272,509	140,381	40,435	49,080	43,370	3,615,523
PFRS	622,142	63,619	12,560	1,272	8,726	1,372	709,691
2000	\$3,415,155	\$162,235	\$142,780	\$27,211	\$50,653	\$ 39,707	\$3,837,741
ERS	2,834,404	132,479	125,881	26,093	44,220	37,924	3,201,001
PFRS	580,751	29,756	16,899	1,118	6,433	1,783	636,740
1999	\$3,217,170	\$141,850	\$122,961	\$30,487	\$52,606	\$ 58,017	\$3,623,091
ERS	2,670,237	116,490	114,161	28,991	46,059	56,434	3,032,372
PFRS	546,933	25,360	8,800	1,496	6,547	1,583	590,719
1998	\$3,071,617	\$107,703	\$125,700	\$39,596	\$49,129	\$ 50,628	\$3,444,373
ERS	2,551,215	88,958	115,016	38,721	42,983	48,896	2,885,789
PFRS	520,402	18,745	10,684	875	6,146	1,732	558,584

SCHEDULE OF TOTAL CHANGES IN PLAN NET ASSETS

(in thousands)

Year Ending	Member Contributions	Employer Contributions	Other Income	Investment Income	Total	Retirement Allowances
2007	\$250,158	\$2,718,551	\$131,863	\$ 17,416,082	\$ 20,516,654	\$5,722,875
ERS	247,237	2,216,087	110,929	14,803,498	17,377,751	4,777,587
PFRS	2,921	502,464	20,934	2,612,584	3,138,903	945,288
2006	\$241,173	\$2,782,147	\$ 94,556	\$ 17,615,876	\$ 20,733,752	\$5,388,590
ERS	237,686	2,348,721	79,731	14,959,666	17,625,804	4,498,131
PFRS	3,487	433,426	14,825	2,656,210	3,107,948	890,459
2005	\$227,308	\$2,964,842	\$122,769	\$ 9,679,978	\$ 12,994,897	\$5,041,053
ERS	224,459	2,509,503	82,462	8,211,547	11,027,971	4,216,367
PFRS	2,849	455,339	40,307	1,468,431	1,966,926	824,686
2004	\$221,871	\$1,286,455	\$ 77,148	\$ 27,334,752	\$ 28,920,226	\$4,722,003
ERS	217,335	1,125,520	71,830	23,154,279	24,568,964	3,931,334
PFRS	4,536	160,935	5,318	4,180,473	4,351,262	790,669
2003	\$219,192	\$ 651,931	\$109,730	\$-11,235,815	\$-10,254,962	\$4,373,342
ERS	214,131	583,217	103,999	-9,504,775	-8,603,428	3,649,565
PFRS	5,061	68,714	5,731	-1,731,040	-1,651,534	723,777
2002	\$210,202	\$ 263,846	\$119,366	\$ 2,730,952	\$ 3,324,366	\$3,871,910
ERS	206,018	214,592	105,013	2,307,773	2,833,396	3,219,973
PFRS	4,184	49,254	14,353	423,179	490,970	651,937
2001	\$319,063	\$ 214,766	\$116,361	\$-11,170,822	\$-10,520,632	\$3,691,890
ERS	317,351	165,791	106,643	-9,424,415	-8,834,630	3,069,748
PFRS	1,712	48,975	9,718	-1,746,407	-1,686,002	622,142
2000	\$422,743	\$ 164,547	\$139,758	\$ 19,276,908	\$ 20,003,956	\$3,415,155
ERS	422,023	100,379	131,183	16,263,868	16,917,453	2,834,404
PFRS	720	64,168	8,575	3,013,040	3,086,503	580,751
1999	\$399,820	\$ 291,682	\$110,803	\$ 9,224,752	\$ 10,027,057	\$3,217,170
ERS	398,705	239,670	84,344	7,776,526	8,499,245	2,670,237
PFRS	1,115	52,012	26,459	1,448,226	1,527,812	546,933
1998	\$369,412	\$ 462,575	\$ 88,628	\$ 24,895,452	\$ 25,816,067	\$3,071,617
ERS	368,801	337,510	77,201	20,979,916	21,763,428	2,551,215
PFRS	611	125,065	11,427	3,915,536	4,052,639	520,402

SCHEDULE OF TOTAL CHANGES IN PLAN NET ASSETS

(continued)

Post-Retirement Supplement	Death Benefits	Separation from Service	Administrative Expenses	Other Expenses	Total	Net Increase/Decrease
\$495,908	\$164,632	\$29,331	\$79,772	\$ 18,985	\$6,511,503	\$ 14,005,151
405,264	153,660	27,034	69,893	18,363	5,451,801	11,925,950
90,644	10,972	2,297	9,879	622	1,059,702	2,079,201
\$479,128	\$161,249	\$27,320	\$78,506	\$ 16,581	\$6,151,374	\$ 14,582,378
390,703	149,847	25,691	68,836	17,164	5,150,372	12,475,432
88,425	11,402	1,629	9,670	-583	1,001,002	2,106,946
\$471,796	\$161,857	\$30,705	\$65,324	\$ -14,546	\$5,756,189	\$ 7,238,708
384,666	151,265	29,187	56,748	-16,833	4,821,400	6,206,571
87,130	10,592	1,518	8,576	2,287	934,789	1,032,137
\$468,144	\$157,314	\$29,849	\$69,612	\$ 46,967	\$5,493,889	\$ 23,426,337
382,305	149,473	27,572	61,129	45,595	4,597,408	19,971,556
85,839	7,841	2,277	8,483	1,372	896,481	3,454,781
\$462,864	\$148,372	\$22,863	\$67,496	\$ 22,325	\$5,097,262	\$ -15,352,224
378,762	132,503	21,586	59,149	19,808	4,261,373	-12,864,801
84,102	15,869	1,277	8,347	2,517	835,889	-2,487,423
\$464,545	\$151,796	\$30,677	\$66,612	\$ 57,444	\$4,642,984	\$ -1,318,618
377,464	139,058	29,262	56,527	54,191	3,876,475	-1,043,079
87,081	12,738	1,415	10,085	3,253	766,509	-275,539
\$336,128	\$152,941	\$41,707	\$57,806	\$ 44,742	\$4,325,214	\$ -14,845,846
272,509	140,381	40,435	49,080	43,370	3,615,523	-12,450,153
63,619	12,560	1,272	8,726	1,372	709,691	-2,395,693
\$162,235	\$142,780	\$27,211	\$50,653	\$ 39,707	\$3,837,741	\$ 16,166,215
132,479	125,881	26,093	44,220	37,924	3,201,001	13,716,452
29,756	16,899	1,118	6,433	1,783	636,740	2,449,763
\$141,850	\$122,961	\$30,487	\$52,606	\$ 58,017	\$3,623,091	\$ 6,403,966
116,490	114,161	28,991	46,059	56,434	3,032,372	5,466,873
25,360	8,800	1,496	6,547	1,583	590,719	937,093
\$107,703	\$125,700	\$39,596	\$49,129	\$ 50,628	\$3,444,373	\$ 22,371,694
88,958	115,016	38,721	42,983	48,896	2,885,789	18,877,639
18,745	10,684	875	6,146	1,732	558,584	3,494,055

SERVICE RETIREES — ERS

As of March 31, 2007 — By age and years of service, number, average final average salary (Avg FAS), and average option 0 plus COLA (Avg Pen)

Nearest Age	Under 55			55-64			65-74			75-84			85 & Over			
	Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
State																
Under 10	0	0	0	698	31,052	3,168	857	31,048	3,724	708	20,691	3,096	1,206	12,343	2,430	
10-14	1	27,161	5,554	4,795	26,223	4,524	5,231	29,702	5,933	4,990	25,032	5,992	2,455	15,775	5,021	
15-19	0	0	0	2,874	34,968	8,556	4,511	34,762	9,931	4,041	27,672	9,523	2,157	17,460	7,538	
20-24	3	36,024	8,943	3,384	44,432	17,399	6,738	40,512	18,139	6,055	31,778	16,424	2,342	19,166	12,687	
25-29	609	65,620	32,752	4,549	51,464	26,254	6,945	43,976	25,027	4,507	34,158	21,942	1,484	20,894	17,410	
30-34	79	66,359	39,837	6,787	55,700	35,375	6,519	48,040	32,257	3,247	37,381	28,042	1,148	23,778	23,496	
35 & Over	9	65,190	43,676	11,462	57,955	43,381	6,782	53,441	41,886	3,455	45,909	39,155	1,250	30,166	31,923	
Total	701	65,516	33,550	34,549	48,473	27,906	37,583	42,381	23,133	27,003	32,505	18,341	12,042	19,280	12,784	
Counties																
Under 10	0	0	0	684	31,128	3,141	807	29,135	3,522	445	17,614	2,754	875	10,791	2,152	
10-14	0	0	0	2,659	26,612	4,518	3,460	27,358	5,476	3,327	21,561	5,121	1,497	13,994	4,434	
15-19	0	0	0	1,690	34,121	8,181	2,757	31,996	9,110	2,928	24,538	8,438	1,287	15,946	6,849	
20-24	156	58,161	30,253	1,963	42,546	17,138	3,517	36,277	16,303	3,096	28,781	14,427	1,053	19,641	11,748	
25-29	203	66,056	34,728	1,834	48,017	24,311	2,946	41,183	23,177	1,983	31,470	19,783	589	20,729	16,124	
30-34	24	66,357	38,635	2,485	52,489	33,113	2,058	44,866	29,904	1,008	35,006	25,535	309	22,924	20,953	
35 & Over	0	0	0	3,234	57,754	42,844	1,795	52,867	41,520	833	40,497	34,313	253	27,233	27,852	
Total	383	62,859	33,150	14,549	43,887	22,480	17,340	37,054	17,797	13,620	27,309	13,303	5,863	16,677	8,993	
Cities																
Under 10	0	0	0	116	26,350	2,576	142	23,515	2,765	100	15,115	2,349	166	9,817	1,900	
10-14	0	0	0	492	23,225	4,005	577	24,338	4,987	588	19,321	4,531	299	12,826	3,940	
15-19	0	0	0	313	31,125	7,520	438	28,100	8,029	509	21,471	7,546	257	13,278	5,848	
20-24	1	33,110	8,844	299	37,301	14,095	517	33,647	14,992	561	23,842	12,047	227	15,341	9,611	
25-29	0	0	0	273	42,700	21,120	556	35,272	20,229	500	25,171	16,501	183	16,419	13,728	
30-34	3	43,767	21,484	424	46,135	29,341	496	39,421	26,613	358	28,042	21,266	107	16,361	16,644	
35 & Over	0	0	0	714	50,533	37,420	457	41,087	32,506	309	31,949	27,942	99	21,178	23,094	
Total	4	41,103	18,324	2,631	39,026	20,434	3,183	32,996	16,915	2,925	23,820	12,990	1,338	14,358	8,787	
Towns																
Under 10	0	0	0	251	24,908	2,590	380	24,752	3,042	189	16,076	2,220	199	10,460	2,018	
10-14	0	0	0	599	25,159	4,289	1,107	25,634	5,131	1,049	21,394	4,963	434	14,459	4,315	
15-19	0	0	0	469	31,857	7,705	882	31,104	8,821	882	23,828	7,946	323	16,964	6,814	
20-24	0	0	0	418	39,953	15,272	1,095	35,037	15,550	975	28,329	14,108	339	18,015	10,668	
25-29	2	57,593	30,322	359	43,207	21,574	902	38,987	21,811	618	30,385	18,776	216	17,674	13,082	
30-34	0	0	0	556	50,560	32,004	737	42,574	28,309	388	32,124	23,116	109	18,953	15,581	
35 & Over	0	0	0	916	58,926	44,000	602	49,074	38,073	280	37,539	31,192	71	25,944	25,049	
Total	2	57,593	30,322	3,568	42,198	22,158	5,705	34,999	16,670	4,381	26,449	12,713	1,691	16,362	8,512	
Villages																
Under 10	0	0	0	59	23,120	2,354	114	25,308	3,219	64	15,584	2,151	75	9,440	1,746	
10-14	0	0	0	208	24,807	4,124	347	25,194	5,061	321	19,643	4,637	173	11,845	3,657	
15-19	0	0	0	145	33,920	8,269	284	29,946	8,596	307	20,796	7,130	125	13,498	5,895	
20-24	0	0	0	129	38,766	14,663	314	35,752	16,124	332	25,131	12,289	111	16,733	9,725	
25-29	0	0	0	123	45,965	22,740	301	37,145	20,954	235	28,397	17,510	58	19,083	14,195	
30-34	0	0	0	194	46,766	29,418	228	40,674	27,157	139	30,821	22,418	28	16,319	14,046	
35 & Over	0	0	0	270	56,196	41,823	224	48,503	37,924	117	34,028	28,881	32	24,915	24,667	
Total	0	0	0	1,128	41,084	21,173	1,812	34,590	16,899	1,515	24,402	12,215	602	14,390	7,618	
Miscellaneous																
Under 10	0	0	0	501	40,121	4,048	513	34,104	4,079	196	23,399	3,310	285	12,759	2,417	
10-14	1	29,650	3,861	1,446	32,886	5,492	1,777	33,652	6,749	1,386	25,797	5,991	483	15,166	4,806	
15-19	1	91,593	16,194	1,010	42,904	10,147	1,459	37,471	10,581	1,000	27,553	9,247	437	18,117	7,539	
20-24	0	0	0	1,050	51,673	19,355	1,590	43,218	18,837	1,213	32,231	16,001	367	20,987	12,789	
25-29	1	98,758	29,483	800	56,850	27,652	1,283	48,408	27,048	914	38,263	23,766	301	22,980	18,184	
30-34	4	74,055	36,056	1,091	64,430	40,293	1,115	56,349	37,424	712	43,077	31,490	194	24,588	23,562	
35 & Over	0	0	0	1,770	69,290	51,485	1,197	64,156	49,968	722	50,372	41,892	178	32,583	33,432	
Total	7	73,746	27,680	7,668	52,642	25,789	8,934	45,043	21,907	6,143	34,023	18,232	2,245	19,629	12,024	
Schools																
Under 10	0	0	0	884	19,009	1,939	1,275	17,793	2,202	1,022	10,192	1,560	1,146	6,729	1,428	
10-14	0	0	0	1,994	22,081	3,657	4,469	21,018	4,186	4,510	15,404	3,662	2,113	8,581	2,899	
15-19	0	0	0	1,763	26,286	6,210	3,486	25,606	7,289	3,676	16,883	5,899	2,001	9,889	4,541	
20-24	0	0	0	1,778	32,754	12,521	4,209	28,834	12,819	4,058	19,167	9,512	1,488	12,027	7,039	
25-29	0	0	0	1,259	35,965	18,202	3,223	30,300	16,965	2,606	21,891	13,490	738	14,014	10,149	
30-34	0	0	0	995	41,337	26,378	1,704	34,436	22,623	1,141	25,326	18,120	296	16,617	13,771	
35 & Over	0	0	0	824	48,429	35,892	878	40,629	31,314	608	30,141	24,971	161	19,018	19,269	
Total	0	0	0	9,497	30,718	12,736	19,244	26,982	11,515	17,621	18,387	8,479	7,943	10,304	5,287	

SERVICE RETIREES — PFRS

As of March 31, 2007 — By age and years of service, number, average final average salary (Avg FAS), and average option 0 plus COLA (Avg Pen)

Nearest Age	40-49			50-59			60-69			70 & Over		
Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
State												
Under 10	0	0	0	2	26,624	2,978	5	28,613	3,712	8	19,368	4,087
10-14	0	0	0	9	31,147	6,116	27	17,239	3,563	16	5,427	1,496
15-19	0	0	0	7	39,923	10,781	14	30,475	9,774	20	17,502	7,482
20-24	136	90,741	47,755	293	67,924	36,359	687	38,679	24,900	528	22,038	19,344
25-29	10	102,559	60,311	181	84,261	51,194	303	52,652	34,408	249	31,873	25,701
30-34	0	0	0	123	90,264	59,845	334	68,669	48,102	166	43,184	34,547
35 & Over	0	0	0	22	94,939	69,219	189	80,556	60,815	81	51,466	42,502
Total	146	91,551	48,615	637	76,856	45,431	1,559	52,420	35,500	1,068	29,496	24,341
Counties												
Under 10	0	0	0	1	26,225	3,003	1	96,529	63,291	0	0	0
10-14	0	0	0	11	32,054	6,761	21	28,435	5,794	4	15,031	4,264
15-19	0	0	0	9	46,714	13,072	8	36,183	10,038	6	28,372	10,950
20-24	57	119,309	61,216	371	86,587	46,398	891	61,404	35,841	732	28,584	24,119
25-29	1	140,768	81,246	182	116,032	72,005	293	88,456	55,738	249	51,918	35,950
30-34	0	0	0	309	135,628	93,855	465	116,528	82,361	269	63,975	47,676
35 & Over	0	0	0	73	152,167	113,533	404	131,881	99,096	176	81,459	65,367
Total	58	119,679	61,561	956	111,985	70,923	2,083	90,771	60,904	1,436	45,702	35,528
Cities												
Under 10	0	0	0	0	0	0	4	34,062	8,972	4	16,762	6,574
10-14	0	0	0	35	22,712	4,463	62	18,694	3,741	16	11,026	3,089
15-19	0	0	0	14	32,641	8,860	34	25,425	7,931	18	12,461	5,211
20-24	325	73,525	37,369	1,239	56,747	29,561	1,313	40,534	24,314	1,026	22,315	18,101
25-29	9	80,153	46,081	480	75,747	43,533	579	57,476	34,834	711	29,292	21,629
30-34	0	0	0	340	83,938	55,496	657	68,770	47,154	818	38,992	30,448
35 & Over	0	0	0	67	87,157	63,723	412	83,347	62,054	665	45,297	37,827
Total	334	73,703	37,603	2,175	65,425	37,214	3,061	54,943	35,667	3,258	32,599	25,838
Towns												
Under 10	0	0	0	6	20,561	2,656	21	19,344	2,316	25	9,875	1,546
10-14	0	0	0	15	26,669	4,847	44	22,699	4,879	20	15,733	4,248
15-19	0	0	0	5	33,651	8,879	20	29,428	9,223	13	13,388	5,096
20-24	143	87,101	43,844	341	69,218	35,701	326	48,623	28,435	175	25,529	20,360
25-29	8	89,255	46,733	141	83,612	47,146	85	63,620	36,869	83	36,180	25,336
30-34	0	0	0	87	95,467	64,013	123	83,219	56,573	95	49,069	36,369
35 & Over	0	0	0	16	97,568	69,757	94	96,851	72,286	58	56,987	46,678
Total	151	87,215	43,997	611	75,206	41,964	713	59,737	37,314	469	34,484	25,625
Villages												
Under 10	0	0	0	7	17,116	1,562	28	12,491	1,409	36	8,061	1,173
10-14	0	0	0	16	26,972	5,593	60	20,442	4,335	27	12,168	3,573
15-19	0	0	0	7	32,786	10,755	25	24,583	7,806	15	14,784	6,730
20-24	123	73,008	36,665	330	63,989	32,847	331	46,943	27,118	258	24,515	20,237
25-29	3	67,019	35,415	83	73,604	39,096	118	57,380	32,567	134	29,818	21,601
30-34	0	0	0	45	95,931	60,639	100	79,122	51,963	121	45,077	33,433
35 & Over	0	0	0	18	105,237	76,427	77	98,714	72,870	75	60,238	48,607
Total	126	72,865	36,636	506	67,624	36,293	739	54,145	32,640	666	31,731	24,094
Miscellaneous												
Under 10	0	0	0	2	58,211	6,329	0	0	0	2	34,540	9,600
10-14	0	0	0	5	36,059	6,992	8	17,920	3,537	8	17,546	4,847
15-19	0	0	0	2	30,696	8,454	4	41,571	14,859	1	59,403	30,912
20-24	31	118,102	60,602	257	103,885	54,834	172	80,891	44,837	345	23,553	22,724
25-29	2	140,302	82,730	118	142,586	87,291	77	106,565	64,870	97	35,940	27,012
30-34	0	0	0	78	163,917	111,787	77	124,065	86,067	63	77,860	54,422
35 & Over	0	0	0	9	140,593	105,385	47	126,019	94,318	67	83,175	63,976
Total	33	119,448	61,944	471	122,999	72,452	385	98,453	61,961	583	38,351	31,328

2007 DISABILITY RETIREES — ERS

As of March 31, 2007 — By age and years of service, number, average final average salary (Avg FAS), and average option 0 plus COLA (Avg Pen)

Nearest Age	Under 55			55-64			65-74			75-84			85 & Over		
Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
State															
Under 10	398	26,205	11,261	345	21,660	10,474	215	18,705	9,143	144	16,476	7,510	24	9,163	11,606
10-14	889	33,423	13,116	1,087	29,326	11,842	705	24,337	9,849	409	16,789	9,074	80	12,017	7,699
15-19	744	38,828	15,826	1,095	34,205	15,140	735	27,520	13,207	303	18,682	12,132	73	10,716	8,189
20-24	466	42,820	17,867	946	38,856	18,857	498	29,251	17,261	161	19,898	15,703	25	11,442	10,571
25-29	152	45,531	22,506	484	40,232	21,834	245	31,619	20,983	81	18,056	16,037	18	14,613	16,574
30-34	67	45,079	25,498	223	40,704	24,085	82	32,552	23,459	22	21,795	18,249	5	14,484	19,882
35 & Over	11	49,034	29,292	60	43,413	27,532	9	38,032	30,086	3	36,116	32,702	5	18,983	25,357
Total	2,727	36,474	15,289	4,240	34,131	16,154	2,489	26,811	13,880	1,123	17,946	11,394	230	11,652	9,918
Counties															
Under 10	82	30,871	13,597	74	20,806	9,845	52	18,910	8,204	37	14,579	6,644	6	13,056	5,632
10-14	311	39,811	16,252	391	29,697	10,894	285	23,684	8,265	147	15,574	7,650	20	11,154	6,710
15-19	264	44,367	18,752	361	34,121	13,950	245	28,028	12,655	90	18,937	11,380	19	11,092	9,117
20-24	166	49,435	22,591	285	38,748	18,561	119	32,788	21,118	46	22,189	17,559	5	8,954	6,977
25-29	57	48,280	23,696	142	42,441	23,518	63	31,166	21,363	14	19,077	15,958	2	7,861	7,763
30-34	21	48,177	27,736	66	44,864	26,986	17	32,343	22,260	1	70,258	58,975	1	15,837	18,803
35 & Over	3	57,938	33,908	14	44,607	28,139	0	0	0	1	58,756	51,035	0	0	0
Total	904	42,886	18,700	1,333	34,602	15,625	781	26,908	12,958	336	17,708	10,523	53	11,103	7,744
Cities															
Under 10	14	22,378	7,803	27	22,407	9,290	17	18,030	9,803	14	17,921	9,901	3	13,855	11,405
10-14	60	29,347	9,771	84	26,844	9,816	60	20,505	8,611	29	15,031	8,500	10	9,895	5,539
15-19	48	35,814	11,887	82	32,261	11,770	63	24,934	10,632	32	17,165	10,611	6	7,874	6,914
20-24	29	36,543	14,859	58	33,626	14,412	45	23,727	15,485	15	19,012	14,308	1	12,236	7,782
25-29	16	37,860	19,671	60	33,792	17,969	30	28,581	17,978	9	13,025	13,683	2	6,736	6,774
30-34	5	42,646	24,593	20	38,142	21,264	4	26,610	14,900	9	20,534	18,607	0	0	0
35 & Over	1	42,676	25,364	2	44,377	26,708	1	45,174	36,702	1	22,668	24,549	0	0	0
Total	173	33,032	12,486	333	31,035	13,313	220	23,566	12,207	109	16,935	11,509	22	9,703	6,928
Towns															
Under 10	23	28,156	10,008	20	23,378	12,549	13	18,486	9,400	15	15,910	9,848	1	12,203	3,260
10-14	86	33,951	11,742	87	30,429	12,368	75	24,156	9,064	47	18,026	9,411	3	12,914	11,171
15-19	77	41,242	13,724	113	35,709	13,657	65	30,928	12,320	26	18,309	10,926	4	9,640	6,264
20-24	47	45,580	17,317	94	39,907	19,997	50	29,279	19,683	16	24,132	20,490	2	5,952	19,973
25-29	24	47,654	23,241	64	43,013	23,848	27	34,444	21,671	4	18,229	21,674	2	21,252	23,004
30-34	10	50,536	31,042	29	44,878	26,948	8	30,250	25,091	2	21,275	17,969	0	0	0
35 & Over	1	59,084	34,712	4	44,911	29,899	1	30,632	19,574	1	18,435	14,366	0	0	0
Total	268	39,528	14,976	411	36,825	17,463	239	28,154	14,194	111	18,756	12,063	12	11,993	12,315
Villages															
Under 10	6	25,334	8,660	8	20,904	12,480	7	14,374	6,798	5	11,727	8,285	1	12,994	18,657
10-14	27	34,250	11,875	31	24,436	10,286	20	22,874	9,330	16	18,768	7,729	2	5,474	3,262
15-19	18	43,490	14,197	34	34,900	14,381	29	25,665	11,042	12	18,209	12,200	2	14,571	6,698
20-24	14	47,769	18,738	28	33,928	16,055	22	25,754	17,694	13	19,420	14,321	0	0	0
25-29	6	51,140	22,354	14	41,194	21,016	15	27,953	16,649	3	30,106	28,361	1	41,924	34,878
30-34	8	58,606	32,496	9	52,070	30,532	9	29,201	22,259	3	28,041	26,991	0	0	0
Total	79	41,823	16,260	124	33,118	15,534	102	25,011	13,664	52	19,314	12,764	6	15,834	12,242
Miscellaneous															
Under 10	43	31,361	10,846	34	23,233	10,040	31	20,246	8,597	19	21,323	8,397	3	15,996	8,404
10-14	138	38,178	12,808	179	35,456	11,427	123	27,925	9,500	44	16,491	8,763	10	11,009	6,464
15-19	115	42,521	14,020	191	39,441	14,183	71	30,482	11,817	27	21,125	13,494	6	11,513	9,930
20-24	63	48,190	17,374	108	45,415	17,668	42	28,735	15,578	18	25,839	19,496	2	10,646	8,180
25-29	28	48,434	21,962	57	45,147	22,956	25	32,993	22,578	9	20,744	18,987	2	13,454	21,988
30-34	13	55,175	29,031	18	57,649	34,891	11	43,506	31,039	4	34,159	26,913	0	0	0
35 & Over	1	33,354	20,869	5	43,283	30,330	1	28,043	19,464	1	37,830	32,847	0	0	0
Total	401	41,520	14,848	592	39,530	15,358	304	28,832	12,676	122	20,716	12,883	23	11,972	9,120
Schools															
Under 10	31	23,063	8,443	51	19,004	7,409	60	16,041	6,271	49	12,694	5,485	8	8,105	7,864
10-14	180	29,128	9,666	320	24,679	7,847	284	21,960	6,812	143	12,147	5,429	34	6,298	4,108
15-19	100	32,414	10,538	284	29,614	9,973	180	24,720	9,599	85	12,573	6,618	30	9,477	7,299
20-24	51	37,810	13,781	126	31,413	13,053	110	24,972	12,183	36	16,150	11,702	9	12,005	8,810
25-29	25	41,479	18,180	63	34,699	16,796	45	26,651	16,657	16	24,151	19,088	2	13,104	18,825
30-34	6	51,534	26,273	30	42,669	23,424	6	39,725	23,528	4	20,076	19,220	2	8,823	10,777
35 & Over	1	40,350	23,464	5	48,678	29,248	1	22,658	16,878	0	0	0	0	0	0
Total	394	31,762	11,152	879	28,378	10,550	686	23,113	9,164	333	13,441	7,241	85	8,414	6,589

2007 DISABILITY RETIREES — PFRS

As of March 31, 2007 — By age and years of service, number, average final average salary (Avg FAS), and average option 0 plus COLA (Avg Pen)

Nearest Age	Under 40			40-49			50-59			60-69			70 & Over		
Yrs of Service	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen	Number	Avg FAS	Avg Pen
State															
Under 10	15	59,407	34,354	38	40,103	22,469	36	24,922	16,781	21	15,209	16,799	4	6,996	21,591
10-14	1	82,506	41,253	31	56,647	31,272	33	37,055	22,484	55	19,876	18,534	16	11,238	21,249
15-19	1	74,148	55,611	37	72,025	41,798	39	47,280	27,309	94	27,468	21,925	49	17,209	20,434
20-24	0	0	0	7	80,655	58,404	26	59,615	34,835	83	40,601	30,901	35	24,245	24,594
25-29	0	0	0	1	94,476	70,857	17	78,873	52,492	37	51,538	35,954	14	31,864	28,668
30-34	0	0	0	0	0	0	4	86,435	63,599	14	58,177	43,619	8	39,359	34,395
35 & Over	0	0	0	0	0	0	0	0	0	10	86,520	65,293	6	59,687	49,079
Total	17	61,633	36,011	114	57,929	33,767	155	46,455	28,797	314	34,876	27,362	132	22,869	24,692
Counties															
Under 10	14	88,567	59,347	20	52,553	31,001	20	37,528	30,255	26	23,278	30,680	6	6,077	22,428
10-14	17	104,358	75,156	55	84,435	55,054	83	43,232	33,673	95	33,162	30,821	11	16,284	23,029
15-19	4	108,652	81,489	52	96,838	66,301	111	58,694	45,325	193	46,894	38,986	30	22,548	28,762
20-24	0	0	0	21	106,584	77,454	96	78,883	59,115	249	60,931	48,632	39	40,149	37,536
25-29	0	0	0	4	114,027	77,700	31	105,190	76,892	62	73,802	55,622	31	51,747	44,291
30-34	0	0	0	0	0	0	12	125,077	91,521	15	109,180	79,283	21	70,138	56,552
35 & Over	0	0	0	0	0	0	0	0	0	11	117,429	88,536	8	71,861	58,796
Total	35	98,532	69,556	152	88,322	59,428	353	65,690	49,824	651	54,506	44,503	146	41,848	39,354
Cities															
Under 10	20	55,179	37,069	49	42,778	25,865	40	31,134	21,411	18	15,825	20,594	6	4,622	17,994
10-14	17	61,907	41,325	92	54,108	32,601	121	34,485	22,366	69	22,166	20,643	23	12,237	18,054
15-19	4	70,646	38,838	80	62,466	39,930	157	43,489	29,216	107	30,974	24,940	51	17,924	17,452
20-24	0	0	0	31	63,638	40,738	168	53,366	35,042	196	40,366	31,084	79	24,779	25,256
25-29	0	0	0	2	71,072	45,234	67	64,782	43,047	113	49,731	35,569	99	29,483	26,078
30-34	0	0	0	0	0	0	21	69,548	48,387	51	58,223	38,903	87	37,261	30,719
35 & Over	0	0	0	0	0	0	2	51,803	31,904	15	66,222	45,614	21	45,410	38,021
Total	41	59,478	39,006	254	55,851	34,703	576	47,076	31,252	569	39,759	30,305	366	28,128	25,851
Towns															
Under 10	6	42,162	26,966	20	43,793	25,897	16	35,540	21,797	7	17,864	19,347	1	4,729	22,130
10-14	4	72,018	50,431	34	59,780	36,624	43	39,131	24,905	38	26,586	22,035	4	10,637	21,429
15-19	0	0	0	26	72,117	45,894	36	49,134	33,808	47	35,754	29,403	13	15,539	20,320
20-24	0	0	0	11	81,807	56,394	64	64,766	43,034	50	49,230	37,864	12	30,891	29,240
25-29	0	0	0	0	0	0	21	76,624	52,651	16	66,886	49,349	4	48,464	41,547
30-34	0	0	0	0	0	0	3	83,557	56,376	6	86,930	61,932	7	52,014	44,890
35 & Over	0	0	0	0	0	0	0	0	0	1	142,858	107,144	1	81,111	61,895
Total	10	54,104	36,352	91	62,454	39,305	183	54,781	36,425	165	42,496	33,432	42	29,977	30,124
Villages															
Under 10	8	53,122	33,919	19	44,398	25,382	30	29,531	21,314	12	15,990	21,248	2	7,524	16,618
10-14	8	79,288	53,983	36	69,310	44,476	33	39,143	27,051	32	25,944	20,517	6	19,153	23,425
15-19	5	86,326	58,903	36	72,663	45,890	48	54,502	35,863	49	38,394	30,628	13	19,231	21,282
20-24	0	0	0	16	73,731	48,506	38	68,674	46,726	42	49,460	37,044	17	27,757	26,243
25-29	0	0	0	1	90,616	45,308	15	71,967	48,701	12	70,087	50,211	10	31,533	24,263
30-34	0	0	0	0	0	0	1	85,819	64,364	4	81,729	62,491	10	47,528	38,532
35 & Over	0	0	0	0	0	0	0	0	0	2	85,971	54,074	4	54,545	45,591
Total	21	70,995	47,511	108	66,897	42,193	165	51,931	35,297	153	41,311	32,214	62	30,010	27,531
Miscellaneous															
Under 10	5	71,202	46,670	14	58,796	35,374	19	41,316	28,587	1	18,242	26,753	0	0	0
10-14	6	104,289	78,217	19	88,832	56,722	29	59,943	37,111	12	41,738	26,853	1	32,219	14,802
15-19	1	116,546	87,409	4	79,260	56,408	47	70,324	48,483	24	48,515	36,279	9	22,013	20,628
20-24	0	0	0	6	112,174	75,800	47	88,623	61,640	20	72,722	52,357	4	28,093	28,479
25-29	0	0	0	0	0	0	16	109,404	78,348	8	101,181	74,891	4	59,317	39,556
30-34	0	0	0	0	0	0	4	136,759	102,569	3	99,222	70,136	2	121,573	94,423
35 & Over	0	0	0	0	0	0	0	0	0	1	184,455	140,953	2	39,587	35,623
Total	12	91,524	65,838	43	81,419	52,404	162	75,873	52,216	69	64,195	46,628	22	41,013	33,304

NEW OPTION SELECTIONS

Options	2003		2004		2005		2006		2007	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
ERS Females										
Single Life Allowance*	5,677	96,067,432	8,243	149,496,797	5,247	81,636,306	6,127	100,520,151	5,864	102,317,059
Cash Refund	331	6,721,903	420	8,894,146	241	4,693,912	285	4,857,133	239	3,991,555
Joint Allowance - Full	468	5,021,081	641	8,048,890	491	4,764,930	597	6,435,361	586	6,693,402
Joint Allowance - Half	140	2,634,771	143	3,004,288	101	1,812,815	110	2,274,697	119	2,581,317
Five Year Certain	172	3,226,648	222	4,557,326	122	2,024,282	159	3,083,804	141	2,310,622
Ten Year Certain	380	5,798,993	462	7,596,080	301	4,246,617	313	4,491,506	320	4,737,306
Pop-Up - Full	640	9,728,746	1,006	15,502,992	774	10,668,170	923	13,574,002	891	13,379,759
Pop-Up - Half	602	12,501,668	911	20,663,873	549	11,210,370	645	13,869,323	629	14,338,482
Other (Option 4)	152	2,656,713	319	7,655,101	221	4,698,885	278	6,025,680	322	7,848,459
Total	8,562	144,357,955	12,367	225,419,493	8,047	125,756,287	9,437	155,131,657	9,111	158,197,965
ERS Males										
Single Life Allowance*	2,548	65,644,897	4,000	111,058,334	2,368	53,450,027	2,625	63,450,940	2,590	61,660,389
Cash Refund	266	8,278,893	306	10,077,292	152	4,060,743	164	4,246,547	120	3,337,509
Joint Allowance - Full	1,593	38,399,014	2,225	59,373,089	1,438	29,008,270	1,675	36,636,109	1,714	39,625,966
Joint Allowance - Half	423	15,755,710	570	22,133,780	276	9,283,088	300	9,492,506	260	8,705,376
Five Year Certain	70	1,569,497	98	2,872,636	46	1,085,860	64	1,291,652	69	1,621,189
Ten Year Certain	183	4,415,259	345	9,282,052	204	3,742,888	216	5,351,743	239	5,313,750
Pop-Up - Full	1,212	30,010,166	1,897	49,956,113	1,165	25,286,952	1,312	31,381,092	1,399	34,099,516
Pop-Up - Half	798	27,398,620	1,236	44,375,187	527	17,164,397	605	20,716,621	570	19,984,133
Other (Option 4)	311	11,516,279	606	23,024,243	342	11,256,158	454	16,581,404	487	15,261,361
Total	7,404	202,988,335	11,283	332,152,726	6,518	154,338,380	7,415	189,148,614	7,448	189,609,195
PFRS Females										
Single Life Allowance*	20	914,770	25	1,291,734	33	1,413,658	49	2,370,164	38	1,946,275
Cash Refund	0	0	0	0	1	42,100	0	0	0	0
Joint Allowance - Full	2	58,744	3	93,926	4	139,093	2	71,119	5	264,852
Joint Allowance - Half	0	0	0	0	1	40,776	1	38,129	0	0
Five Year Certain	2	52,058	1	45,711	0	0	0	0	0	0
Ten Year Certain	3	105,411	4	196,304	1	36,215	3	112,107	11	702,482
Pop-Up - Full	4	187,041	5	203,594	9	393,649	13	611,518	15	806,456
Pop-Up - Half	2	114,368	3	122,261	3	119,647	11	546,366	9	349,816
Other (Option 4)	0	0	3	199,565	0	0	1	44,363	2	166,534
Total	33	1,432,392	44	2,153,095	52	2,185,138	80	3,793,766	80	4,236,416
PFRS Males										
Single Life Allowance*	342	18,258,385	340	17,659,393	467	24,401,509	375	20,229,044	319	18,147,428
Cash Refund	58	3,723,502	36	2,140,713	31	1,727,413	14	794,591	11	636,736
Joint Allowance - Full	194	8,146,033	157	7,122,604	220	10,391,581	195	9,435,344	159	7,663,839
Joint Allowance - Half	181	11,939,440	68	4,258,224	62	3,945,060	54	3,566,583	35	2,321,650
Five Year Certain	9	684,330	2	41,229	4	254,391	11	794,403	4	183,555
Ten Year Certain	41	2,240,362	35	1,649,243	44	2,490,755	43	2,485,652	22	1,271,061
Pop-Up - Full	172	7,219,838	179	8,624,795	227	10,233,926	229	10,657,635	217	9,834,709
Pop-Up - Half	62	4,067,760	168	10,972,757	209	12,818,275	136	9,004,309	122	7,399,364
Other (Option 4)	84	6,180,180	78	5,759,184	115	8,258,561	105	7,882,923	89	5,856,766
Total	1,143	62,459,830	1,063	58,228,142	1,379	74,521,471	1,162	64,850,484	978	53,315,110

*Includes Option 0 and 1/2

OPTION SELECTION 2007 TOTAL PAYMENTS

Options	2003		2004		2005		2006		2007	
	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount	Number	\$ Amount
ERS Females										
Single Life Allowance*	104,621	1,020,639,541	109,422	1,150,128,802	111,208	1,209,514,511	113,896	1,287,314,770	116,359	1,366,477,072
Cash Refund	13,812	99,288,876	13,462	104,808,828	12,862	105,543,520	12,328	106,061,585	11,799	105,849,175
Joint Allowance - Full	4,741	32,760,780	5,168	39,392,798	5,433	42,506,428	5,824	47,487,945	6,194	52,462,664
Joint Allowance - Half	2,497	25,816,131	2,525	27,958,816	2,519	28,970,918	2,529	30,332,912	2,544	32,140,256
Five Years Certain	4,018	38,761,831	4,121	42,440,866	4,095	43,268,104	4,139	45,572,419	4,130	46,820,065
Ten Years Certain	5,446	43,957,429	5,741	50,259,750	5,855	53,324,494	5,983	56,532,545	6,094	59,844,239
Pop-Up - Full	5,003	49,123,842	5,906	63,994,049	6,571	73,926,385	7,369	86,845,612	8,135	99,271,557
Pop-Up - Half	6,869	90,454,887	7,660	110,073,323	8,072	120,040,088	8,560	132,637,310	9,022	145,279,269
Other (Option 4)	804	9,045,287	1,108	16,594,148	1,299	21,046,670	1,551	26,800,459	1,843	34,353,728
Total	147,811	1,409,848,604	155,113	1,605,651,380	157,914	1,698,141,118	162,179	1,819,585,557	166,120	1,942,498,030
ERS Males										
Single Life Allowance*	48,706	817,069,001	50,692	907,947,398	51,081	941,586,810	51,726	984,558,164	52,433	1,025,470,309
Cash Refund	9,272	124,429,451	8,868	128,481,686	8,345	126,777,793	7,861	124,944,940	7,446	123,366,960
Joint Allowance - Full	20,548	323,378,306	21,751	371,768,536	22,225	389,414,355	22,944	414,365,423	23,709	441,987,740
Joint Allowance - Half	10,537	224,319,450	10,614	239,819,822	10,358	241,988,502	10,147	244,245,794	9,915	245,585,927
Five Years Certain	2,255	36,238,185	2,254	37,952,604	2,177	37,662,497	2,142	37,959,476	2,116	38,419,966
Ten Years Certain	4,366	60,773,072	4,504	68,063,497	4,483	69,454,942	4,470	72,482,210	4,495	75,653,931
Pop-Up - Full	8,755	145,048,917	10,423	192,863,128	11,328	215,299,672	12,363	243,669,655	13,507	274,914,771
Pop-Up - Half	8,533	200,122,671	9,517	240,742,988	9,818	254,477,336	10,184	271,055,808	10,486	287,086,053
Other (Option 4)	1,862	44,047,156	2,405	66,175,228	2,696	76,667,052	3,079	92,171,848	3,489	106,450,494
Total	114,834	1,975,426,209	121,028	2,253,814,887	122,511	2,353,328,959	124,916	2,485,453,318	127,596	2,618,936,155
PFRS Females										
Single Life Allowance*	232	6,850,636	254	8,089,776	284	9,463,139	329	11,731,461	365	13,669,830
Cash Refund	5	140,064	5	140,064	6	182,164	6	182,164	5	171,250
Joint Allowance - Full	9	251,350	12	345,634	16	484,727	17	518,377	22	787,733
Joint Allowance - Half	4	117,693	4	117,693	5	158,469	6	196,598	6	197,296
Five Years Certain	6	125,280	7	171,412	7	171,412	7	171,412	7	171,412
Ten Years Certain	21	588,180	25	785,192	26	821,407	29	934,395	40	1,639,307
Pop-Up - Full	20	691,326	25	896,179	34	1,290,977	47	1,904,665	62	2,732,578
Pop-Up - Half	13	471,293	16	595,149	19	718,092	30	1,258,388	39	1,610,867
Other (Option 4)	0	0	3	199,565	3	200,193	4	244,556	6	411,090
Total	310	9,235,822	351	11,340,664	400	13,490,580	475	17,142,016	552	21,391,365
PFRS Males										
Single Life Allowance*	15,193	388,818,332	15,195	401,359,170	15,304	420,485,132	15,282	434,522,645	15,239	446,579,958
Cash Refund	2,092	56,821,255	2,059	57,736,722	2,024	58,238,028	1,988	58,055,303	1,950	57,708,676
Joint Allowance - Full	1,572	47,386,659	1,695	53,764,144	1,873	63,187,682	2,021	71,067,388	2,141	77,876,210
Joint Allowance - Half	1,287	43,573,216	1,315	47,079,067	1,336	50,253,762	1,357	53,126,026	1,345	54,358,973
Five Years Certain	413	12,134,002	405	11,969,026	401	11,960,544	403	12,497,527	396	12,343,089
Ten Years Certain	1,359	37,845,908	1,374	39,107,855	1,390	40,838,034	1,413	42,853,814	1,412	43,579,306
Pop-Up - Full	1,008	31,078,981	1,175	39,254,067	1,390	49,236,437	1,598	59,211,288	1,801	69,058,966
Pop-Up - Half	1,397	58,223,028	1,541	68,595,031	1,729	80,856,780	1,845	89,560,050	1,946	96,338,817
Other (Option 4)	260	16,455,410	332	21,944,909	440	29,949,741	542	37,784,097	625	43,439,577
Total	24,581	692,336,791	25,091	740,809,991	25,887	805,006,140	26,449	858,678,138	26,855	901,283,575

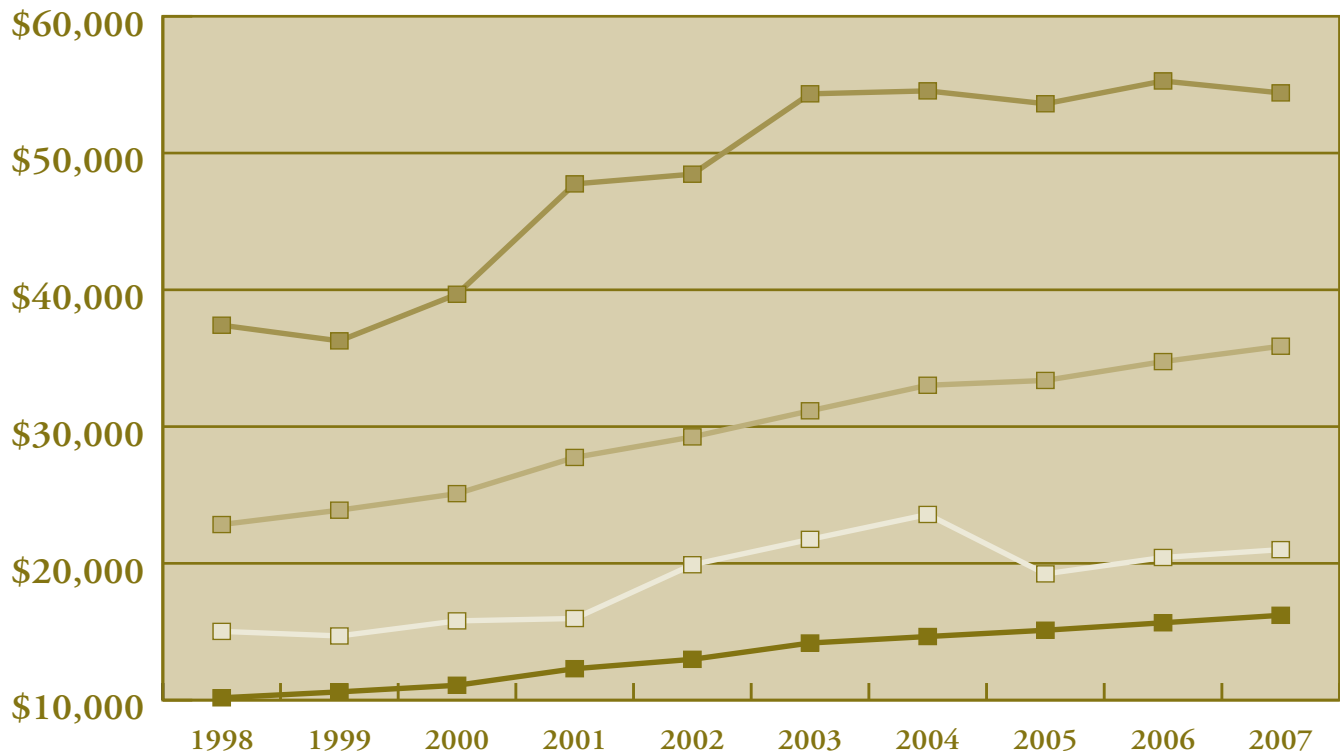
*Includes Option 0 and 1/2

2007

AVERAGE PENSION BENEFITS PAID DURING YEAR SHOWN

Average benefit payments to all pensioners receiving benefits during the year compared with average benefit payments to new retirees during the year.

Year	ERS		PFRS	
	All Retirees & Beneficiaries	New Retirees	All Retirees & Beneficiaries	New Retirees
1998	\$10,171	\$15,026	\$22,838	\$37,413
1999	10,603	14,693	23,889	36,266
2000	11,086	15,795	25,098	39,677
2001	12,299	15,968	27,745	47,744
2002	12,984	19,899	29,246	48,456
2003	14,176	21,755	31,154	54,330
2004	14,651	23,576	33,022	54,545
2005	15,110	19,231	33,375	53,604
2006	15,657	20,430	34,753	55,269
2007	16,202	21,004	35,877	54,397



■ New PFRS Retirees □ New ERS Retirees
■ All PFRS Retirees & Beneficiaries ■ All ERS Retirees & Beneficiaries

AVERAGE BENEFIT PAY TYPES

New Benefits — ERS

These tables show the average unmodified retirement allowance awarded to Employees' Retirement System members retiring during the fiscal year ending March 31, 2007. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary (FAS) of the grouping.

New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	28	\$ 1,301	7
5-9	1,192	3,318	11
10-14	2,619	5,664	18
15-19	2,063	9,806	26
20-24	2,614	18,606	41
25-29	2,278	26,751	51
30-34	1,787	37,165	64
35-39	2,339	45,067	74
40 & Over	600	53,319	80
Total	15,520	\$22,709	43

New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	8	\$ 7,951	33
5-9	17	12,069	32
10-14	211	11,104	30
15-19	302	13,383	31
20-24	223	16,973	36
25-29	129	20,480	44
30-34	37	28,735	54
35-39	22	31,440	61
40 & Over	2	75,180	84
Total	951	\$15,758	35

New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5-9	0	0	0
10-14	1	30,599	74
15-19	2	50,858	75
20-24	6	38,649	69
25-29	5	33,020	68
30-34	4	38,744	75
35-39	0	0	0
40 & Over	0	0	0
Total	18	\$38,016	71

New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$26,044	75
5-9	8	39,031	75
10-14	11	40,883	72
15-19	21	42,465	71
20-24	21	48,021	72
25-29	5	59,614	74
30-34	2	50,154	75
35-39	1	45,614	75
40 & Over	0	0	0
Total	70	\$44,746	72

New Benefits — PFRS

These tables show the average unmodified retirement allowance awarded to Police and Fire Retirement System members retiring during the fiscal year ending March 31, 2007. The average allowances are shown for groupings based on years of service. The allowance is also expressed as a percentage of the average final average salary (FAS) of the grouping.

New Service Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5-9	5	2,136	11
10-14	19	6,367	20
15-19	10	10,669	27
20-24	378	46,859	51
25-29	166	57,670	58
30-34	169	73,057	67
35-39	111	87,642	74
40 & Over	12	96,172	80
Total	870	\$58,337	58

New Ordinary Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5-9	2	37,839	50
10-14	0	0	0
15-19	4	21,341	33
20-24	0	0	0
25-29	2	45,944	59
30-34	0	0	0
35-39	0	0	0
40 & Over	0	0	0
Total	8	\$31,616	44

New Accidental Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	1	\$24,843	75
5-9	11	49,412	71
10-14	28	72,421	75
15-19	26	64,438	73
20-24	31	65,048	75
25-29	21	71,629	74
30-34	3	54,609	75
35-39	0	0	0
40 & Over	0	0	0
Total	121	\$65,753	74

New Performance of Duty Disability Retirements

Years of Service	Number Granted	Average Allowance	% of FAS
Under 5	0	\$ 0	0
5-9	4	29,086	50
10-14	12	37,851	50
15-19	12	37,221	50
20-24	19	36,864	50
25-29	6	42,810	50
30-34	4	32,716	50
35-39	2	30,892	50
40 & Over	0	0	0
Total	59	\$36,731	50

NEW BENEFITS — SERVICE RETIREMENTS BY AGE AND SERVICE

During the fiscal year ending March 31, 2007, the number of members retiring, their average Single Life Allowance, and the average allowance as a percentage of the average final average salary.

Age at Retirement	50-59			60-64			65-69			70 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
ERS												
Yrs of Service												
Under 5	10	\$ 738	6	8	\$ 2,472	7	5	\$ 824	5	5	\$ 1,065	10
5-9	394	2,964	10	429	2,964	11	253	3,380	12	116	3,417	12
10-14	1,362	4,409	17	732	4,409	19	362	7,802	20	163	6,661	20
15-19	838	8,125	23	664	8,125	27	383	11,425	28	178	12,131	28
20-24	821	16,116	37	1,021	16,116	42	554	20,126	43	218	19,548	43
25-29	902	27,854	48	905	27,854	52	331	27,699	53	140	24,174	53
30-34	1,074	37,506	64	477	37,506	63	159	38,054	64	77	35,482	64
35-39	1,692	44,362	74	442	44,362	74	117	46,395	73	88	48,582	74
40 & Over	227	45,759	79	231	45,759	79	73	56,907	81	69	66,877	87
Total	7,320	\$24,327	45	4,909	\$21,888	42	2,237	\$19,674	39	1,054	\$21,740	42

Age at Retirement	40-49*			50-54			55-59			60 & Over		
	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%	Number	Allowance	%
PFRS												
Yrs of Service												
Under 5	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0	0	\$ 0	0
5-9	0	0	0	0	0	0	5	2,136	11	0	0	0
10-14	0	0	0	0	0	0	13	7,091	20	6	4,799	18
15-19	0	0	0	0	0	0	8	9,808	27	2	14,114	29
20-24	256	46,876	51	89	49,699	52	28	40,737	49	5	29,719	48
25-29	17	57,334	58	83	58,220	59	57	59,163	58	9	43,785	56
30-34	0	0	0	37	71,414	65	105	76,701	67	27	61,137	66
35-39	0	0	0	0	0	0	67	92,935	74	44	79,583	74
40 & Over	0	0	0	0	0	0	0	0	0	12	96,172	80
Total	273	\$47,527	51	209	\$56,927	57	283	\$67,048	61	105	\$65,772	66

*Does not include any retirees less than age 40

NEW BENEFITS — 2007 ORDINARY AND ACCIDENTAL DEATH

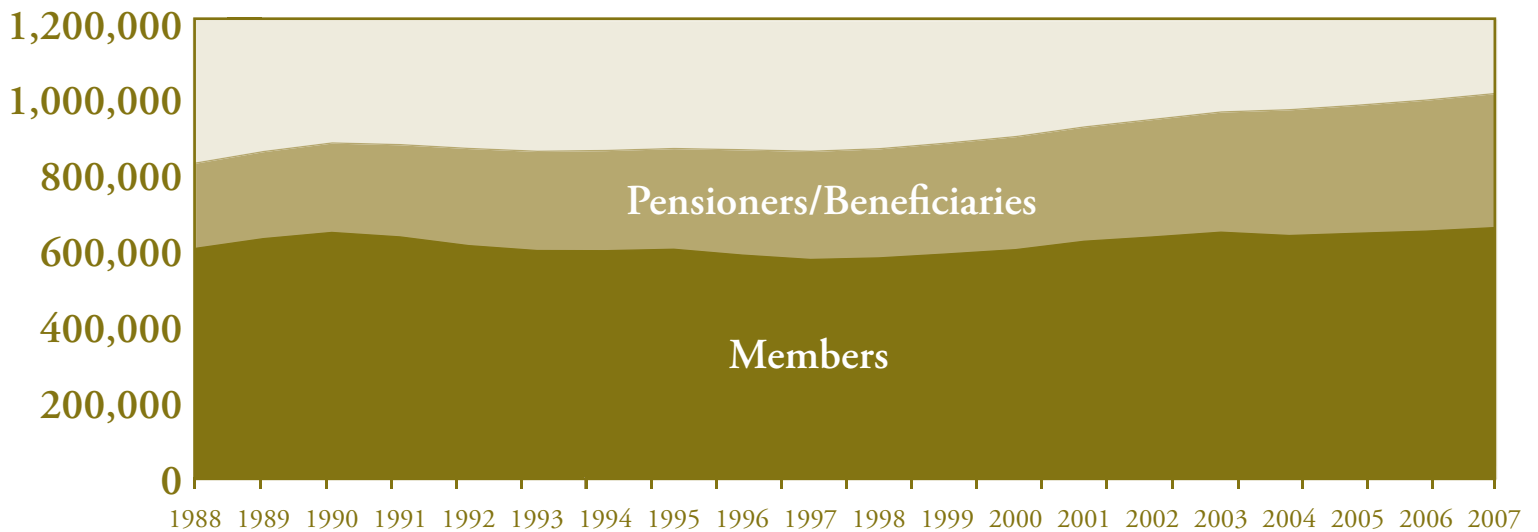
During fiscal year ending March 31, 2007, the Employees' Retirement System approved one accidental death benefit in the amount of \$16,492 per year. In the Police and Fire Retirement System, six accidental death benefits were approved, averaging \$31,628 per year.

Ordinary Death Benefits

Years of Service	ERS			PFRS		
	Number Paid	Average Benefit	Percentage of Salary	Number Paid	Average Benefit	Percentage of Salary
Under 5	113	\$ 63,878	196.6	2	\$ 221,500	300.7
5-9	153	106,717	280.0	1	296,000	300.0
10-14	157	97,358	239.6	4	219,500	263.4
15-19	136	118,779	261.8	3	215,000	250.6
20-24	116	143,588	275.8	4	489,579	660.0
25-29	74	156,073	290.7	4	856,923	751.0
30-34	39	211,766	352.3	2	1,067,807	800.4
35-39	20	415,295	633.4	0	0	0.0
40 & Over	4	335,302	597.2	0	0	0.0
Total	812	\$124,503	271.6	20	\$ 489,181	497.6

COMBINED SYSTEM PARTICIPANTS

2007



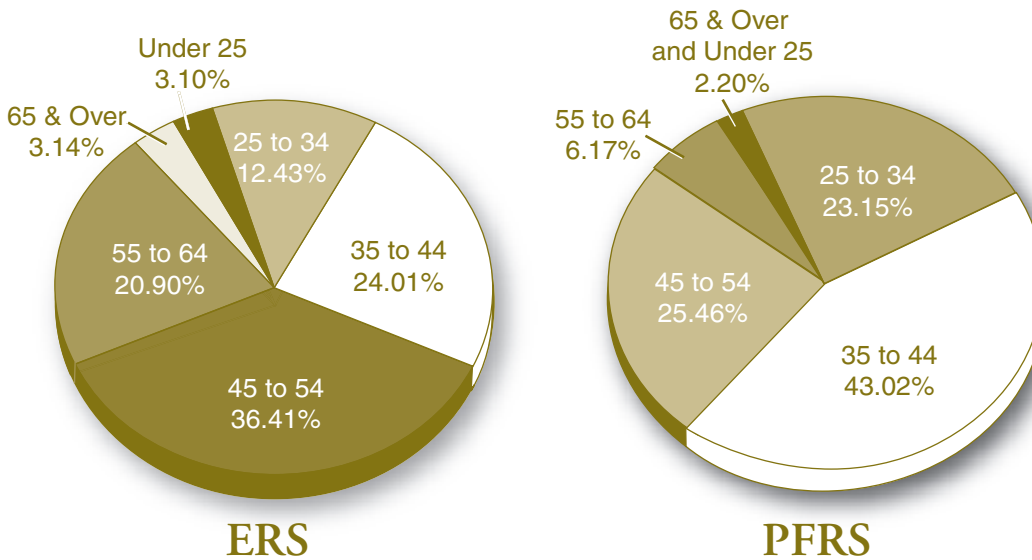
Fiscal Year	Members	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
1988	607,649	5	221,594	3	829,243	4
1989	633,468	4	226,261	2	859,729	4
1990	649,847	3	232,563	3	882,410	3
1991	638,049	(2)	239,835	3	877,884	(1)
1992	615,114	(4)	252,812	5	867,926	(1)
1993	602,133	(2)	258,294	2	860,427	(1)
1994	601,710	0	260,788	1	862,498	0
1995	605,544	1	262,187	1	867,731	1
1996	590,130	(3)	274,330	5	864,460	0
1997	578,566	(2)	281,863	3	860,429	0
1998	582,689	1	284,515	1	867,204	1
1999	593,188	2	289,046	2	882,234	2
2000	604,479	2	294,835	2	899,314	2
2001	626,565	4	298,078	1	924,643	3
2002	637,896	2	306,604	3	944,500	2
2003	650,543	2	313,597	2	964,140	2
2004	641,721	(1)	328,357	5	970,078	1
2005	647,758	1	334,251	2	982,009	1
2006	653,291	1	342,245	2	995,536	1
2007	662,633	1	350,066	2	1,012,699	2

MEMBERSHIP BY AGE AND YEARS OF SERVICE

As of March 31, 2007.

Age	Years of Service											
	Total		0-4		5-9		10-19		20-29		30 & Over	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
ERS												
Total	626,923	100.00	198,729	31.70	120,256	19.18	167,507	26.72	108,839	17.36	31,592	5.04
Under 25	19,460	3.10	19,267	3.07	193	0.03	0	0.00	0	0.00	0	0.00
25-34	77,937	12.43	55,013	8.78	19,819	3.16	3,105	0.50	0	0.00	0	0.00
35-44	150,527	24.01	53,800	8.58	37,849	6.04	48,830	7.79	10,048	1.60	0	0.00
45-54	228,249	36.41	47,696	7.61	40,761	6.50	70,279	11.21	58,575	9.34	10,938	1.74
55-64	131,039	20.90	19,668	3.14	18,574	2.96	39,220	6.26	35,382	5.64	18,195	2.90
65 & Over	19,711	3.14	3,284	0.52	3,060	0.49	6,073	0.97	4,834	0.77	2,459	0.39
PFRS												
Total	35,710	100.00	8,181	22.91	6,161	17.25	11,880	33.27	7,668	21.47	1,820	5.10
Under 25	721	2.02	716	2.01	5	0.01	0	0.00	0	0.00	0	0.00
25-34	8,267	23.15	4,886	13.68	2,844	7.96	537	1.50	0	0.00	0	0.00
35-44	15,364	43.02	2,099	5.88	2,739	7.67	8,886	24.88	1,640	4.59	0	0.00
45-54	9,092	25.46	372	1.04	500	1.40	2,295	6.43	5,416	15.17	509	1.43
55-64	2,202	6.17	90	0.25	66	0.18	160	0.45	610	1.71	1,276	3.57
65 & Over	64	0.18	18	0.05	7	0.02	2	0.01	2	0.01	35	0.10

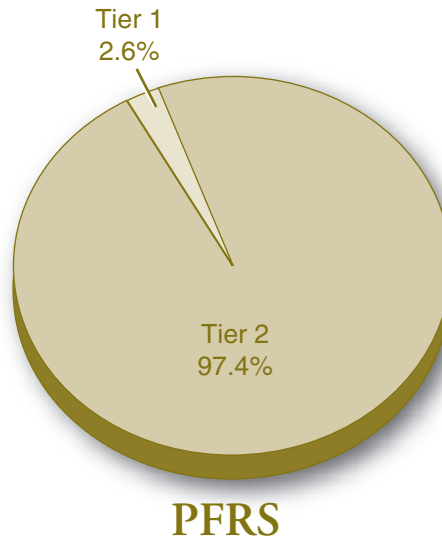
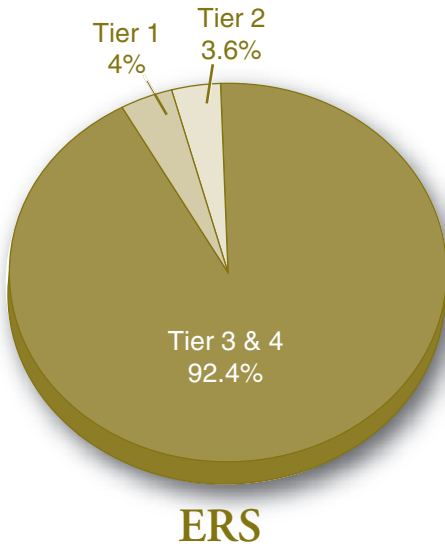
Chart of Distribution by Age



MEMBERSHIP BY TIER

As of March 31, 2007.

	ERS		PFRS		Total	
	Number	Percent	Number	Percent	Number	Percent
Tier 1	25,053	4.0	924	2.6	25,977	3.9
Tier 2	22,458	3.6	34,786	97.4	57,244	8.6
Tier 3 & 4	579,412	92.4	0	0.0	579,412	87.5
Total	626,923	100.0	35,710	100.0	662,633	100.0



MEMBERSHIP BY STATUS

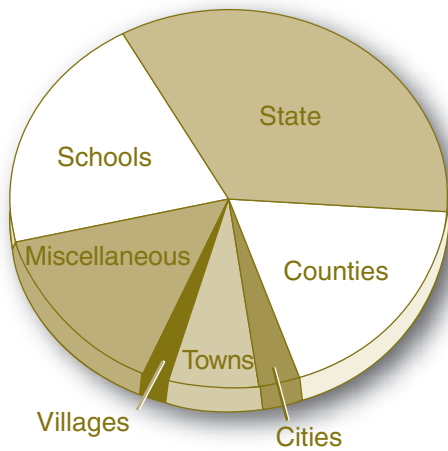
	ERS			PFRS		
	Active	Inactive	Total	Active	Inactive	Total
1998	478,508	69,297	547,805	31,912	2,972	34,884
1999	486,781	71,455	558,236	32,067	2,885	34,952
2000	494,545	74,824	569,369	31,955	3,155	35,110
2001	507,037	83,922	590,959	32,220	3,386	35,606
2002	512,209	90,219	602,428	32,321	3,147	35,468
2003	502,872	111,683	614,555	32,419	3,569	35,988
2004	507,241	98,914	606,155	32,359	3,207	35,566
2005	508,856	103,554	612,410	32,388	2,960	35,348
2006	513,016	104,973	617,989	32,469	2,833	35,302
2007	519,203	107,720	626,923	32,811	2,899	35,710

MEMBERSHIP BY EMPLOYER TYPE*

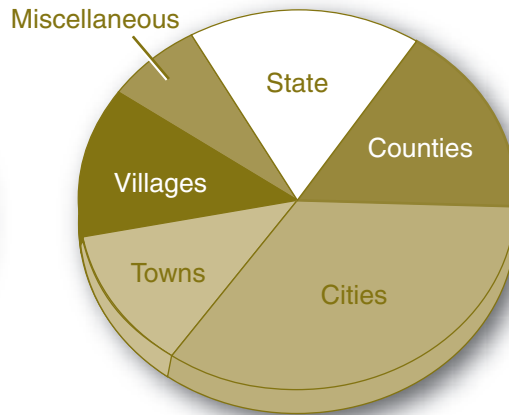
As of March 31, 2007.

	ERS		PFRS		Total	
	Total**	Active	Total**	Active	Total**	Active
State	215,296	183,821	6,219	5,728	221,515	189,549
Counties	115,944	93,390	5,873	5,643	121,817	99,033
Cities	18,843	15,183	12,206	11,373	31,049	26,556
Towns	41,989	34,885	4,295	3,864	46,284	38,749
Villages	13,597	10,913	4,591	3,809	18,188	14,722
Miscellaneous	92,736	74,105	2,526	2,394	95,262	76,499
Schools	128,518	106,906	0	0	128,518	106,906
Total	626,923	519,203	35,710	32,811	662,633	552,014

**Total includes inactive members identified with their last employer as active members



ERS



PFRS

*A detailed listing of participating employers as of March 31, 2007, is on our website at www.osc.state.ny.us/retire/employers/index.htm

NUMBER OF EMPLOYERS

As of March 31, 2007.

Category	ERS	PFRS
State	1	1
Counties	57	4
Cities	61	61
Towns	908	206
Villages	490	378
Misc.	767	33
Schools	699	0
Total	2,983	683

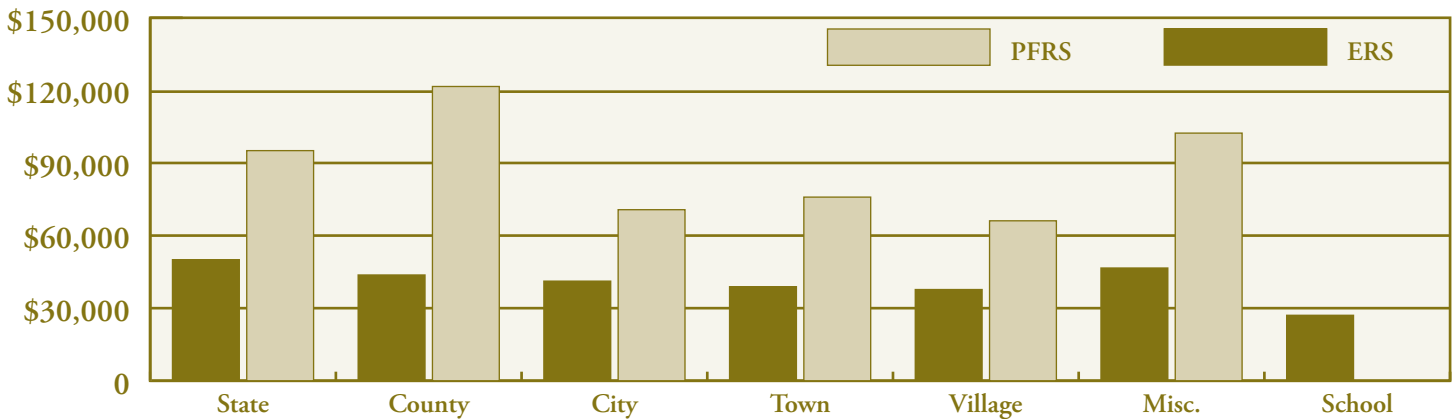
AVERAGE SALARY BY EMPLOYER TYPE

Fiscal year ending March 31, 2007.

	Average Salary	Members*	Total Salaries
ERS			
State	\$50,036	183,821	\$ 9,197,708,986
Counties	43,716	93,390	4,082,673,936
Cities	41,170	15,183	625,077,477
Towns	38,871	34,885	1,356,019,116
Villages	37,700	10,913	411,425,147
Misc.	46,594	74,105	3,452,844,188
Schools	27,056	106,906	2,892,495,432
Total	\$42,408	519,203	\$22,018,244,283
PFRS			
State	\$95,103	5,728	\$ 544,748,913
Counties	121,608	5,643	686,235,014
Cities	70,689	11,373	803,949,506
Towns	75,896	3,864	293,260,663
Villages	66,104	3,809	251,789,449
Misc.	102,344	2,394	245,010,928
Total	\$86,099	32,811	\$2,824,994,473

*Active members receiving salary

Average Salary by Employer Type



MEMBERS AND SALARIES BY PLAN — ERS

As of March 31, 2007.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries
Age 55/60 Contributory	12	\$ 397,373	15	\$ 543,534
Age 55 75-c	80	2,696,858	102	3,613,855
Age 55 75-e	25	980,269	28	905,029
Age 55 75-g	226	9,818,984	202	9,289,531
Age 55 75-h	9,210	576,488,840	7,777	480,101,583
Age 55 75-i	10,516	551,391,609	9,068	485,147,886
Reg CO/SHTA 3/4 Disability	11	812,296	6	394,248
Correction Officers 89	235	19,674,079	309	25,030,467
Sheriffs 89-a	10	706,504	1	50,855
Sheriffs 89-b	9	739,752	6	337,471
Sheriffs 89-b(m)	2	126,385	3	163,630
Investigators 89-d	0	0	0	0
Investigators 89-d(m)	6	949,067	2	210,951
Sheriffs - 551	1	66,767	13	902,351
Sheriffs - 551e	0	0	5	312,628
Sheriffs - 552	4	263,724	12	767,336
Sheriffs - 553	21	1,863,201	33	2,727,429
Legislators 80-a	38	2,893,283	5	266,156
Unified Court Peace Officers	0	0	223	19,790,687
25-Yr Correction Officers/ Sheriffs/OMH	107	8,315,799	123	9,687,325
25-Yr 1/60 PO, AMT, PAR	45	4,483,752	22	2,068,107
	Tier 3 & 4	Tier 3 & 4 Salaries		
Article 14 & 15	440,638	\$17,244,668,275		
Reg CO/SHTA 3/4 Disability	442	23,729,623		
Art 14 Correction Officers	22,613	1,424,475,295		
Sheriffs - 551	331	19,649,076		
Sheriffs - 551e	81	3,876,840		
Sheriffs - 552	543	30,748,612		
Sheriffs - 553	1,562	104,413,122		
Unified Court Peace Officers	5,477	381,670,103		
25-Yr Correction Officers/ Sheriffs/OMH	8,797	541,633,306		
25-Yr 1/60 Peace Officers, Amb Med Tech, Paramedics	160	12,856,958		
20-Yr 1/60 Investigators	20	2,754,629		
Westchester County Criminal Investigators	26	2,788,843		

MEMBERS AND SALARIES BY PLAN — PFRS

As of March 31, 2007.

	Tier 1	Tier 1 Salaries	Tier 2	Tier 2 Salaries
Age 55/60 Contributory	2	\$ 15,919	79	\$ 677,010
Age 55 375-c	8	252,845	333	4,866,349
Age 55 375-e	0	0	53	847,983
Age 55 375-g	2	284,471	79	1,543,198
Age 55 375-h	14	1,731,589	3	271,031
Age 55 375-i	54	5,271,345	318	11,911,957
Age 55 375-j	2	330,120	7	536,800
State Police 381-b	12	1,452,365	4,901	472,731,677
Reg Park Pol 383-a	8	967,999	334	26,747,588
EnCon Police 383-b	7	929,390	320	32,716,268
Forest Ranger 383-c	0	0	129	7,201,007
25-Yr Contributory	0	0	0	0
25-Yr Non-contrib	6	460,848	81	2,939,661
25-Yr 384(f) Contributory	0	0	0	0
25-Yr 384(f) Non-contrib	7	623,736	121	9,905,042
20-Yr Contributory	0	0	5	89,878
20-Yr Non-contrib	185	18,053,060	10,001	704,199,287
384-e Contributory	0	0	0	0
384-e Non-contrib	490	63,873,255	15,250	1,453,562,796

2007 PENSIONERS AND BENEFICIARIES BY AGE

As of March 31, 2007.

Age	Pensioners & Beneficiaries	Pensioners	Beneficiaries
ERS			
0-25	191	0	191
26-30	128	0	128
31-35	193	14	179
36-40	444	134	310
41-45	1,223	785	438
46-50	2,798	2,113	685
51-55	5,414	4,446	968
56-60	41,838	40,222	1,616
61-65	53,132	50,948	2,184
66-70	53,448	50,796	2,652
71-75	49,034	45,538	3,496
76-80	44,708	40,356	4,352
81-85	36,168	31,523	4,645
86-90	21,759	18,343	3,416
91-95	8,554	6,939	1,615
96-100	1,856	1,404	452
101+	225	155	70
Total	321,113	293,716	27,397
PFRS			
0-25	15	0	15
26-30	8	2	6
31-35	31	20	11
36-40	169	157	12
41-45	639	619	20
46-50	1,324	1,267	57
51-55	2,650	2,568	82
56-60	5,648	5,510	138
61-65	5,641	5,470	171
66-70	4,446	4,290	156
71-75	3,174	2,970	204
76-80	2,679	2,449	230
81-85	1,616	1,411	205
86-90	688	535	153
91-95	187	125	62
96-100	33	12	21
101+	5	2	3
Total	28,953	27,407	1,546

PENSIONERS AND BENEFICIARIES: ERS

As of March 31, 2007 — by fiscal year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total.

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$ 424	\$ 2,092	\$ 2,516	1975	1,469	\$ 4,488	\$4,452	\$ 8,940
1943	0	0	0	0	1976	2,102	4,898	4,416	9,314
1944	0	0	0	0	1977	2,743	4,670	4,056	8,726
1945	0	0	0	0	1978	2,934	4,945	3,912	8,857
1946	1	443	3,885	4,328	1979	3,559	5,106	3,740	8,846
1947	0	0	0	0	1980	4,070	5,166	3,199	8,364
1948	0	0	0	0	1981	4,600	5,433	2,717	8,149
1949	1	281	1,772	2,053	1982	5,400	5,906	2,568	8,473
1950	0	0	0	0	1983	5,050	6,307	2,425	8,732
1951	0	0	0	0	1984	7,776	8,410	2,926	11,336
1952	3	623	2,449	3,072	1985	6,309	8,398	2,647	11,045
1953	1	1,629	4,572	6,201	1986	7,217	8,902	2,568	11,470
1954	1	1,607	8,900	10,507	1987	7,269	9,863	2,616	12,479
1955	1	2,107	5,758	7,865	1988	7,062	10,640	2,549	13,189
1956	2	1,145	4,196	5,341	1989	7,807	11,488	2,442	13,931
1957	5	2,278	7,612	9,890	1990	8,442	12,600	2,240	14,841
1958	3	3,169	11,447	14,616	1991	12,574	16,513	2,277	18,790
1959	8	2,455	8,174	10,629	1992	11,853	13,905	1,855	15,759
1960	8	2,966	10,501	13,467	1993	9,314	14,402	1,650	16,052
1961	10	1,953	4,537	6,490	1994	8,053	14,522	1,455	15,978
1962	12	2,907	7,165	10,073	1995	9,829	15,280	1,367	16,647
1963	20	1,837	5,045	6,882	1996	16,446	19,779	1,365	21,143
1964	27	2,732	5,980	8,713	1997	14,643	18,541	1,059	19,600
1965	32	2,485	6,028	8,512	1998	10,946	16,501	728	17,228
1966	58	2,645	4,940	7,584	1999	11,918	16,170	589	16,758
1967	86	2,591	5,138	7,729	2000	13,887	17,448	457	17,905
1968	113	2,397	3,766	6,163	2001	14,631	20,904	331	21,235
1969	165	2,816	4,263	7,079	2002	12,027	19,041	196	19,237
1970	304	3,718	5,181	8,898	2003	25,444	27,549	0	27,549
1971	432	4,122	5,501	9,623	2004	12,912	19,237	0	19,237
1972	866	4,929	6,197	11,126	2005	15,499	21,213	0	21,213
1973	998	4,075	4,952	9,027	2006	16,823	22,117	0	22,117
1974	1,302	4,352	4,948	9,300	2007	10,927	23,274	0	23,274

5,118 of the 27,397 beneficiaries are not eligible for COLA and are not included in the above counts.

PENSIONERS AND BENEFICIARIES — PFRS

As of March 31, 2007 – by fiscal year of retirement; annual Option 0 retirement allowance without annual cost-of-living adjustment (COLA), average COLA and total.

Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total	Year of Retirement	Number	Option 0 Benefit w/o COLA	Average COLA	Total
1942	1	\$2,029	\$19,773	\$21,802	1975	208	\$ 8,448	\$10,384	\$18,832
1943	0	0	0	0	1976	236	9,633	10,214	19,847
1944	0	0	0	0	1977	405	10,538	10,257	20,795
1945	0	0	0	0	1978	409	10,671	9,699	20,370
1946	0	0	0	0	1979	461	11,586	9,211	20,797
1947	0	0	0	0	1980	523	12,295	8,149	20,444
1948	0	0	0	0	1981	453	13,469	7,014	20,483
1949	0	0	0	0	1982	545	14,872	6,414	21,286
1950	1	2,158	6,806	8,964	1983	608	15,896	6,051	21,948
1951	0	0	0	0	1984	568	17,565	5,958	23,522
1952	1	2,908	16,639	19,547	1985	693	19,337	5,501	24,838
1953	1	3,090	8,611	11,701	1986	938	20,789	5,321	26,109
1954	1	2,357	13,053	15,410	1987	997	22,930	5,203	28,133
1955	3	2,550	6,968	9,518	1988	1,034	24,705	4,886	29,590
1956	3	2,702	14,753	17,455	1989	1,066	25,075	4,399	29,473
1957	5	3,287	14,844	18,131	1990	1,046	27,461	3,857	31,318
1958	2	2,866	12,413	15,279	1991	1,147	30,990	3,342	34,332
1959	2	2,980	14,876	17,856	1992	1,272	35,001	2,844	37,844
1960	2	2,686	13,393	16,079	1993	1,157	34,161	2,474	36,635
1961	4	2,637	9,935	12,572	1994	1,017	33,139	2,077	35,216
1962	5	4,590	16,929	21,519	1995	879	37,586	1,677	39,264
1963	9	3,466	12,303	15,769	1996	854	36,288	1,374	37,662
1964	3	2,568	7,889	10,457	1997	846	40,167	1,075	41,242
1965	4	5,050	14,857	19,908	1998	813	39,738	638	40,376
1966	12	5,351	11,197	16,547	1999	822	40,494	549	41,044
1967	22	4,519	10,101	14,620	2000	946	46,799	406	47,205
1968	31	4,677	10,269	14,946	2001	1,144	52,393	304	52,697
1969	45	5,009	8,939	13,949	2002	988	52,830	154	52,984
1970	57	5,798	10,518	16,316	2003	1,322	60,207	0	60,207
1971	79	6,287	10,277	16,563	2004	1,231	57,510	0	57,510
1972	283	7,258	11,449	18,707	2005	1,120	57,911	0	57,911
1973	221	7,568	11,178	18,745	2006	1,116	58,705	0	58,705
1974	282	7,967	11,143	19,110	2007	685	58,553	0	58,553

325 of the 1,546 beneficiaries are not eligible for COLA and are not included in the above counts.

LOCAL GOVERNMENT SALARIES AND BILLINGS — ERS

Contributions include the normal cost of benefits including supplemental pensions and, in some cases, the Retirement Incentive Program, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due February 1st preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
Counties						
1998	\$3,290,512,685	\$ 63,815,472	\$ 44,818,131	\$ 0	\$12,310,699	\$ 6,686,642
1999	3,317,593,629	71,817,750	52,153,534	0	9,683,998	9,949,052
2000	3,513,663,377	47,550,204	44,089,156	0	3,461,048	0
2001	3,598,319,558	44,904,136	37,440,928	0	7,463,208	0
2002	3,817,914,090	101,316,465	82,773,336	0	7,229,857	11,313,272
2003	3,813,343,496	66,441,940	44,516,791	0	10,418,476	11,506,673
2004	3,795,141,457	322,153,335	293,543,167	0	13,356,806	15,253,362
2005	3,975,524,112	525,026,378	498,617,747	0	14,529,793	11,878,838
2006	3,973,182,698	464,679,243	438,815,394	0	13,890,586	11,973,263
2007	4,082,673,936	447,024,967	417,028,835	0	17,682,805	12,313,327
Cities						
1998	483,184,125	9,763,360	6,930,581	0	1,870,253	962,526
1999	510,868,002	8,341,076	5,336,046	0	1,503,222	1,501,808
2000	541,255,927	5,242,065	4,680,415	0	561,650	0
2001	548,044,933	5,945,398	4,797,725	0	1,147,673	0
2002	570,316,356	7,884,399	5,078,809	0	1,089,756	1,715,834
2003	601,802,088	9,912,113	6,344,547	0	1,778,236	1,789,330
2004	583,920,060	38,393,995	33,655,003	0	2,331,779	2,407,213
2005	587,616,268	78,322,434	74,067,881	0	2,431,174	1,823,379
2006	612,669,624	68,193,077	63,955,140	0	2,421,685	1,816,252
2007	625,077,477	65,850,318	60,796,905	0	3,158,385	1,895,028
Towns						
1998	924,719,662	16,253,628	9,965,051	835,123	3,605,662	1,847,792
1999	966,516,862	14,095,626	7,685,795	657,842	2,875,778	2,876,211
2000	1,013,354,164	10,047,557	8,538,716	505,798	1,030,043	0
2001	1,055,866,622	11,612,993	9,070,412	400,687	2,141,894	0
2002	1,085,721,959	15,493,134	9,563,447	451,393	2,173,047	3,305,247
2003	1,203,818,756	19,417,971	12,155,338	513,119	3,353,593	3,395,921
2004	1,207,515,635	72,030,307	61,780,774	577,779	4,866,863	4,804,891
2005	1,265,154,689	157,705,823	148,275,368	655,228	5,013,542	3,761,685
2006	1,318,853,035	143,799,692	134,049,741	678,480	5,182,369	3,889,102
2007	1,356,019,116	140,466,376	128,916,495	696,150	6,782,132	4,071,599
Villages						
1998	279,130,832	4,857,232	2,898,474	328,961	1,074,921	554,876
1999	291,877,202	4,408,822	2,370,180	295,755	871,955	870,932
2000	307,420,950	2,926,461	2,412,659	206,686	307,116	0
2001	319,734,235	3,473,281	2,652,633	171,241	649,407	0
2002	334,321,723	4,842,867	3,029,367	151,907	656,935	1,004,658
2003	368,910,087	5,800,458	3,502,984	192,398	1,051,923	1,053,153
2004	370,581,719	21,180,783	18,035,178	193,720	1,476,242	1,475,643
2005	381,930,243	48,209,003	45,295,775	205,354	1,547,360	1,160,514
2006	396,489,726	43,514,076	40,517,640	232,514	1,579,370	1,184,552
2007	411,425,147	42,088,503	38,567,121	240,460	2,050,581	1,230,341
Miscellaneous						
1998	1,771,011,679	39,905,878	28,789,372	820,131	6,771,187	3,525,188
1999	2,007,093,850	31,140,442	18,366,321	991,354	5,901,449	5,881,318
2000	2,119,841,417	14,170,508	11,097,152	817,590	2,255,766	0
2001	2,204,318,973	27,280,907	21,886,029	811,881	4,582,997	0
2002	2,303,685,930	40,850,448	28,831,958	630,188	4,439,975	6,948,327
2003	2,649,751,097	35,373,978	19,246,626	672,563	7,719,584	7,735,205
2004	2,965,176,890	190,554,899	165,913,695	704,728	11,993,022	11,943,454
2005	3,072,429,398	388,716,948	365,761,361	1,236,040	12,411,163	9,308,384
2006	3,318,406,341	362,539,880	338,428,405	1,038,366	13,184,634	9,888,475
2007	3,452,844,188	351,765,032	323,252,763	1,090,110	17,138,851	10,283,308
Schools						
1998	1,787,810,125	31,726,387	21,081,785	124,127	6,969,775	3,550,700
1999	1,900,655,161	24,204,803	12,876,441	93,697	5,605,170	5,629,495
2000	2,044,487,654	14,062,795	11,951,657	62,234	2,048,904	0
2001	2,151,035,909	14,337,947	9,886,159	56,668	4,395,120	0
2002	2,297,785,319	26,100,959	14,739,853	77,255	4,461,655	6,822,196
2003	2,552,514,086	35,552,496	20,821,356	77,980	7,351,551	7,301,609
2004	2,552,215,506	137,535,816	117,151,107	83,999	10,099,716	10,200,994
2005	2,638,325,172	324,251,317	305,400,864	82,793	10,724,381	8,043,279
2006	2,804,610,717	295,369,803	276,074,953	76,738	10,981,781	8,236,331
2007	2,892,495,432	295,496,975	272,049,180	87,908	14,599,932	8,759,955

LOCAL GOVERNMENT SALARIES AND BILLINGS — PFRS

Contributions include the normal cost of benefits including supplemental pensions, Deficiency Contributions that defray any liabilities an employer brings when it joins the System, the Group Life Insurance Plan (GLIP) and the administrative cost for the fiscal year. Amounts shown are due February 1st preceding the fiscal year end.

FYE	Salaries	Contributions	Normal	Deficiency	GLIP	Admin
Counties						
1998	\$496,031,494	\$ 44,599,945	\$ 43,158,593	\$ 0	\$ 0	\$1,441,352
1999	543,082,677	20,314,600	18,243,419	0	514,882	1,556,299
2000	545,700,011	21,010,509	20,415,078	0	595,431	0
2001	535,409,526	17,496,569	17,494,960	0	1,609	0
2002	581,374,784	15,619,968	15,090,687	0	529,281	0
2003	593,362,415	15,430,950	14,797,670	0	633,280	0
2004	610,067,673	39,836,533	36,912,877	0	550,206	2,373,450
2005	637,722,466	117,568,271	115,040,396	0	0	2,527,875
2006	669,734,523	111,831,299	109,868,889	0	0	1,962,410
2007	686,235,014	121,577,173	118,828,521	0	0	2,748,652
Cities						
1998	591,399,214	40,148,314	38,356,940	0	0	1,791,374
1999	619,314,622	13,502,022	11,013,745	0	599,107	1,889,170
2000	654,093,495	11,940,326	11,290,231	0	650,095	0
2001	671,218,008	12,948,799	12,937,263	0	11,536	0
2002	693,245,778	13,533,899	12,846,509	0	687,390	0
2003	748,146,539	13,408,241	12,691,514	0	716,727	0
2004	751,505,609	48,737,822	45,020,390	0	724,846	2,992,586
2005	758,899,191	147,817,338	144,668,066	0	0	3,149,272
2006	788,096,235	131,076,054	128,739,253	0	0	2,336,801
2007	803,949,506	142,751,818	139,481,125	0	0	3,270,693
Towns						
1998	191,780,937	11,966,416	11,382,916	0	0	583,500
1999	201,612,792	3,969,445	2,870,493	0	195,311	903,641
2000	214,222,469	3,663,610	3,451,239	0	212,371	0
2001	220,479,447	2,959,710	2,955,384	0	4,326	0
2002	233,950,431	4,863,621	4,636,856	0	226,765	0
2003	253,409,418	4,449,842	4,201,437	0	248,405	0
2004	256,399,657	15,954,403	14,694,751	0	246,013	1,013,639
2005	268,098,727	47,286,150	46,217,472	0	0	1,068,678
2006	281,549,923	45,712,713	44,877,786	0	0	834,927
2007	293,260,663	50,495,562	49,326,214	0	0	1,169,348
Villages						
1998	173,879,013	8,900,622	8,371,109	0	0	529,513
1999	180,722,032	1,805,998	1,072,239	0	177,239	556,520
2000	195,202,698	2,171,938	1,983,342	0	188,596	0
2001	202,039,062	1,378,614	1,371,915	0	6,699	0
2002	211,413,597	2,090,046	1,881,908	0	208,138	0
2003	229,923,695	2,103,772	1,882,370	0	221,402	0
2004	228,232,646	12,613,728	11,474,812	0	223,124	915,792
2005	236,766,570	39,044,844	38,088,252	0	0	956,592
2006	245,318,712	37,677,735	36,941,498	0	0	736,237
2007	251,789,449	40,309,964	39,301,296	0	0	1,008,668
Miscellaneous						
1998	126,705,254	11,906,461	11,488,373	0	0	418,088
1999	176,049,026	5,226,713	4,687,996	0	133,835	404,882
2000	153,688,055	7,310,677	7,079,070	0	231,607	0
2001	160,242,257	5,343,741	5,342,721	0	1,020	0
2002	208,867,932	5,508,343	5,379,731	0	128,612	0
2003	237,403,863	7,179,150	6,915,554	0	263,596	0
2004	196,674,046	17,859,051	16,667,270	0	242,166	949,615
2005	221,530,945	39,079,882	38,249,624	0	0	830,258
2006	230,403,597	40,016,217	39,322,040	0	0	694,177
2007	245,010,928	42,931,506	41,968,985	0	0	962,521

CONTRIBUTIONS RECORDED 1998 – 2007

In millions.

Contributions recorded are the amounts presented in the System's financial statements and include employer costs plus/minus any adjustments in amounts receivable and changes resulting from legislation.

Year ended 3/31	Employer Contributions*	Member Contributions
1998 Total	\$ 462.6	\$ 369.4
State	104.5	
Local	358.1	
1999 Total	\$ 291.7	\$ 399.8
State	91.2	
Local	200.5	
2000 Total	\$ 164.5	\$ 422.7
State	10.9	
Local	153.6	
2001 Total	\$ 214.8	\$ 319.1
State	51.2	
Local	163.6	
2002 Total	\$ 263.8	\$ 210.2
State	64.6	
Local	199.2	
2003 Total	\$ 651.9	\$ 219.2
State	274.4	
Local	377.5	
2004 Total	\$ 1,286.5	\$ 221.9
State	454.8	
Local	831.7	
2005 Total	\$ 2,964.8	\$ 227.3
State	1,087.7	
Local	1,877.1	
2006 Total	\$ 2,782.1	\$ 241.2
State	1,067.9	
Local	1,714.2	
2007 Total	\$ 2,718.5	\$ 250.2
State	988.2	
Local	1,730.3	

*Includes employer premiums to Group Term Life Insurance Plan.

NOTES TO 2007-YEAR SUMMARY

- * Combined Systems unless noted; \$ in millions; data as of March 31 fiscal year end.
- (a) Includes active members and inactive members identified with their last employer.
- (b) Tier 3 and 4 membership statistics are combined.
- (c) Total does not include Employee Contributions Refunded or Other Benefits found in the Financial Statements.
- (d) Beginning in the 2006 fiscal year, all rates assume a February 1 payment date prior to the close of the fiscal year. Previous years assume rates based on a December 15 payment date. Contributions include normal, administrative, Group Life Insurance, retirement incentive and deficiency costs.
- (e) Investments for 1995 and later years are shown at (and rate of return is calculated on) market value as required by GASB 25, which the System adopted that year. Pre-1995 fixed income investments are shown at book value, all others at market. Pre-1995 rates of return also reflect this valuation.

20-Year Summary*	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total Participants	1,012,699	995,536	982,009	970,078	964,140	944,500	924,643	899,314	882,234
Number of Members	662,633	653,291	647,758	641,721	650,543	637,896	626,565	604,479	593,188
ERS (a)	626,923	617,989	612,410	606,155	614,555	602,428	590,959	569,369	558,236
State	215,296	211,041	208,899	207,641	216,005	216,507	222,343	216,347	216,380
Counties	115,944	115,472	118,006	117,514	119,319	118,318	119,638	115,576	113,856
Cities	18,843	18,891	18,979	18,933	19,637	19,671	19,551	19,148	18,966
Towns	41,989	41,393	40,561	39,841	39,395	38,063	37,121	35,882	35,056
Villages	13,597	13,388	13,106	12,878	12,823	12,360	11,969	11,509	11,279
Misc.	92,736	90,879	86,791	85,732	85,708	81,752	69,968	67,212	64,218
Schools	128,518	126,925	126,068	123,616	121,668	115,757	110,369	103,695	98,481
PFRS (a)	35,710	35,302	35,348	35,566	35,988	35,468	35,606	35,110	34,952
State	6,219	5,955	6,038	5,898	5,802	5,679	5,534	5,279	5,232
Counties	5,873	5,850	5,833	5,814	5,901	6,029	6,176	6,267	6,338
Cities	12,206	12,147	12,113	12,374	12,541	12,612	12,781	12,660	12,552
Towns	4,295	4,261	4,217	4,231	4,233	4,191	4,180	4,163	4,149
Villages	4,591	4,641	4,653	4,732	4,867	4,795	4,805	4,727	4,699
Misc.	2,526	2,448	2,494	2,517	2,644	2,162	2,130	2,014	1,982
Members By Tier (b)									
ERS Tier 1	25,053	29,492	34,980	39,622	50,032	56,541	60,736	57,657	64,173
ERS Tier 2	22,458	24,263	25,938	27,398	30,122	31,981	32,914	32,641	34,296
ERS 3 & 4	579,412	564,234	551,492	539,135	534,401	513,906	497,309	479,071	459,767
PFRS Tier 1	924	1,143	1,503	2,076	2,597	3,260	3,927	4,469	4,997
PFRS Tier 2	34,786	34,159	33,845	33,490	33,391	32,208	31,679	30,641	29,955
Pensioners & Beneficiaries	350,066	342,245	334,251	328,357	313,597	306,604	298,078	294,835	289,046
ERS	321,113	313,837	306,531	301,528	287,341	280,997	273,147	270,333	264,899
PFRS	28,953	28,408	27,720	26,829	26,256	25,607	24,931	24,502	24,147
Employers	3,010	3,001	2,993	2,985	2,968	2,922	2,897	2,860	2,843
ERS	2,983	2,974	2,967	2,959	2,943	2,917	2,890	2,853	2,836
PFRS	683	685	684	684	681	679	678	678	679
Benefit Payments (c)	\$6,383.4	\$6,028.9	\$5,674.7	\$5,347.5	\$4,984.6	\$4,488.3	\$4,181.0	\$3,720.2	\$3,482.0
Retirement Allowances	5,722.9	5,388.6	5,041.0	4,722.1	4,373.3	3,872.0	3,619.9	3,415.1	3,217.1
Death Benefits (Lump Sum)	164.6	161.2	161.9	157.3	148.4	151.8	152.9	142.8	123.0
COLA Payments	495.9	479.1	471.8	468.1	462.9	464.5	336.1	162.3	141.9
# of Service Retirements	16,390	16,827	14,533	23,655	16,078	17,499	11,640	14,470	12,675
# of Death Benefits Paid	832	932	1,041	1,025	1,019	1,068	1,005	1,026	956
# of Disability Retirements	1,227	1,267	1,463	1,103	1,064	1,038	1,079	1,189	1,356
Employer Contributions	\$2,718.6	\$2,782.2	\$2,964.8	\$1,286.5	\$651.9	\$263.8	\$214.8	\$164.5	\$291.7
ERS	2,116.0	2,271.4	2,434.5	1,052.3	525.5	179.1	131.0	83.0	193.2
PFRS	502.5	433.4	455.3	158.4	66.3	47.3	49.0	62.0	50.1
Group Life Insurance Plan	100.1	77.3	75.0	75.8	60.1	37.4	34.8	19.5	48.4
Rate (as a % of Salary) (d)									
ERS	10.7%	11.3%	12.9%	5.9%	1.5%	1.2%	0.9%	0.9%	1.3%
PFRS	17.0%	16.3%	17.6%	5.8%	1.4%	1.6%	1.6%	1.9%	2.4%
Employee Contributions	\$250.2	\$241.2	\$227.3	\$221.9	\$219.2	\$210.2	\$319.1	\$422.7	\$399.8
ERS	247.2	237.7	224.5	217.4	214.1	206.0	317.4	422.0	398.7
PFRS	2.9	3.5	2.8	4.5	5.1	4.2	1.7	0.7	1.1
Investments (e)	\$154,575.5	\$140,453.3	\$126,083.5	\$119,245.0	\$95,598.3	\$111,168.5	\$112,432.9	\$127,138.9	\$111,008.7
Equities	90,119.7	88,550.9	80,917.2	74,876.5	51,357.0	66,375.5	63,661.7	82,733.6	66,397.8
Fixed Income	33,536.2	28,889.0	29,310.8	29,691.2	32,019.7	31,839.2	35,305.7	31,764.3	34,307.9
Commercial Mortgages	889.7	1,162.7	1,281.9	1,530.0	1,723.6	1,628.7	1,835.8	1,318.6	1,509.5
Short-term Investments	8,551.1	6,619.3	2,602.5	1,879.1	771.2	1,429.0	992.0	2,238.3	2,541.8
Alternative Investments	14,726.1	9,800.8	7,337.1	6,738.8	5,564.8	5,579.5	5,941.6	5,385.9	3,159.8
Equity Real Estate	6,752.7	5,430.7	4,634.0	4,529.4	4,162.0	4,316.6	4,696.0	3,698.1	3,091.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rate of Return	12.6%	14.6%	8.5%	28.8%	-10.2%	2.8%	-8.7%	17.8%	8.8%
Fixed Income Investments	6.0%	1.7%	3.0%	8.9%	16.8%	4.3%	14.1%	1.3%	6.6%
Equity Investments	15.0%	19.1%	10.6%	42.8%	-24.3%	2.9%	-20.3%	25.3%	10.1%
Administrative Cost	\$79.8	\$78.5	\$65.3	\$69.6	\$67.5	\$66.6	\$57.8	\$50.7	\$52.6
Financial Statement Assets	\$156,625.2	\$142,620.1	\$128,037.7	\$120,799.0	\$97,372.7	\$112,724.9	\$114,043.5	\$128,889.4	\$112,723.1

1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
867,204	860,429	864,460	867,731	862,498	860,427	867,927	877,884	882,410	859,729	829,243
582,689	578,566	590,130	605,544	601,710	602,133	615,114	638,049	649,847	633,468	607,649
547,805	543,663	553,649	569,298	566,320	567,223	580,158	602,433	614,392	598,381	573,152
214,628	216,084	225,771	238,760	239,412	241,538	247,209	260,156	268,947	262,648	253,836
112,792	115,904	118,055	120,517	120,186	120,819	125,168	129,158	130,614	126,729	119,679
18,907	18,909	19,410	20,283	20,699	20,792	21,890	22,982	23,530	23,109	22,648
34,764	33,949	33,997	34,349	34,316	34,474	35,413	36,251	36,615	35,472	33,714
11,087	10,942	10,939	11,057	11,067	11,137	11,388	11,671	11,867	11,636	11,174
62,176	58,128	58,582	59,080	58,057	56,906	56,456	57,292	57,420	54,657	50,824
93,451	89,747	86,895	85,252	82,583	81,557	82,634	84,923	85,399	84,130	81,277
34,884	34,903	36,481	36,246	35,390	34,910	34,956	35,616	35,455	35,087	34,497
5,195	5,230	5,793	5,866	5,692	5,787	5,603	5,689	5,586	5,424	5,229
6,332	6,277	6,542	6,278	5,904	5,565	5,715	6,089	6,211	6,486	6,459
12,579	12,538	12,923	12,919	12,761	12,682	12,808	12,992	12,999	12,855	12,721
4,139	4,095	4,170	4,077	4,050	3,987	3,989	3,965	3,862	3,725	3,604
4,683	4,743	4,967	4,967	4,862	4,922	4,874	4,853	4,747	4,540	4,444
1,956	2,020	2,086	2,139	2,121	1,967	1,967	2,028	2,050	2,057	2,040
69,942	75,166	84,015	96,299	101,254	107,383	115,086	129,525	139,420	149,243	158,387
36,061	37,739	41,631	45,716	47,778	49,846	52,871	56,040	58,958	60,798	62,421
441,802	430,758	428,003	427,283	417,288	409,994	412,201	416,868	416,014	388,340	352,344
5,537	6,087	6,872	7,439	8,005	9,009	10,204	11,601	12,734	13,908	15,201
29,347	28,816	29,609	28,807	27,385	25,901	24,752	24,015	22,721	21,179	19,296
284,515	281,863	274,330	262,187	260,788	258,294	252,813	239,835	232,563	226,261	221,594
260,751	258,413	251,442	239,727	238,729	237,059	232,484	220,579	214,206	208,791	205,051
23,764	23,450	22,888	22,460	22,059	21,235	20,329	19,256	18,357	17,470	16,543
2,809	2,786	2,779	2,765	2,752	2,731	2,724	2,743	2,715	2,670	2,630
2,813	2,782	2,773	2,760	2,748	2,727	2,720	2,708	2,687	2,638	2,617
678	676	675	674	672	672	669	666	658	656	653
\$3,305.0	\$3,122.0	\$2,877.9	\$2,527.9	\$2,393.7	\$2,267.9	\$2,067.7	\$1,834.2	\$1,670.4	\$1,579.1	\$1,381.9
3,071.6	2,885.3	2,639.8	2,357.8	2,216.6	2,082.5	1,884.8	1,647.5	1,485.2	1,359.3	1,234.2
125.7	118.5	140.0	107.3	112.0	115.1	105.2	103.9	99.0	101.2	96.5
107.7	118.2	98.1	62.8	65.1	70.3	77.7	82.8	86.2	118.6	51.2
11,932	15,324	19,578	9,613	9,651	11,409	19,573	12,703	12,201	11,255	11,063
974	965	1,092	1,068	1,062	1,033	1,162	1,306	1,155	1,266	1,357
938	1,016	1,235	1,183	1,413	1,367	1,445	1,647	1,328	1,190	1,075
\$462.6	\$903.5	\$776.9	\$315.1	\$530.1	\$369.8	\$356.8	-\$72.4	\$412.2	\$759.4	\$1,321.3
280.1	668.8	521.8	47.2	337.2	140.9	181.2	-188.2	284.5	573.7	1,102.6
125.1	177.9	219.3	237.8	158.2	198.9	175.6	91.8	82.6	139.2	180.3
57.4	56.8	35.9	30.1	34.7	30.0	0.0	24.0	45.1	46.5	38.4
1.7%	3.7%	2.2%	0.7%	0.7%	0.6%	0.4%	0.3%	3.6%	3.7%	9.7%
7.0%	9.8%	13.0%	13.9%	11.3%	14.0%	11.5%	7.8%	8.3%	8.5%	14.8%
\$369.4	\$348.2	\$341.9	\$334.0	\$307.5	\$284.1	\$287.0	\$255.3	\$229.9	\$194.7	\$188.5
368.8	347.7	338.5	331.6	306.0	282.8	284.2	254.3	228.6	193.2	187.0
0.6	0.5	3.5	2.4	1.5	1.3	2.8	1.0	1.3	1.5	1.5
\$104,921.8	\$82,333.8	\$74,827.9	\$63,406.6	\$58,416.8	\$56,428.9	\$51,925.8	\$48,945.5	\$45,189.3	\$40,280.6	\$35,812.5
63,348.7	45,827.4	42,818.4	34,775.2	31,357.7	29,953.5	25,480.2	23,751.5	21,120.3	18,478.6	16,333.9
32,451.7	27,373.5	25,709.5	22,771.6	21,279.0	20,788.5	20,452.4	19,192.6	18,383.1	16,445.4	14,600.4
1,635.0	1,506.3	1,736.3	1,836.6	1,932.3	2,120.7	2,314.8	2,612.9	2,460.4	2,595.2	2,647.9
1,927.0	3,011.2	1,092.8	983.8	1,036.5	937.5	1,128.0	1,049.6	1,472.3	1,506.8	1,577.5
2,671.7	2,122.9	2,067.3	1,937.0	1,664.0	1,554.7	1,343.6	1,263.7	786.6	631.7	0.0
2,887.7	2,492.5	1,403.6	1,102.4	1,147.3	1,074.0	1,206.7	1,075.2	966.6	623.0	216.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	436.4
30.4%	10.9%	21.8%	8.8%	6.9%	12.5%	10.7%	11.7%	13.9%	13.4%	1.6%
15.6%	4.3%	12.9%	4.8%	9.0%	9.2%	9.0%	9.3%	9.2%	10.2%	9.6%
47.2%	15.0%	29.7%	12.4%	5.1%	15.3%	11.5%	14.0%	17.7%	18.0%	-8.6%
\$49.1	\$47.6	\$46.6	\$43.8	\$39.7	\$36.9	\$36.6	\$36.7	\$34.0	\$30.7	\$31.8
\$106,319.2	\$83,947.5	\$77,452.8	\$65,413.3	\$60,121.7	\$58,049.7	\$53,711.2	\$50,538.7	\$47,147.0	\$42,867.5	\$38,508.2



**New York State and Local
Retirement System**

Employees' Retirement System
Police and Fire Retirement System

Thomas P. DiNapoli
State Comptroller