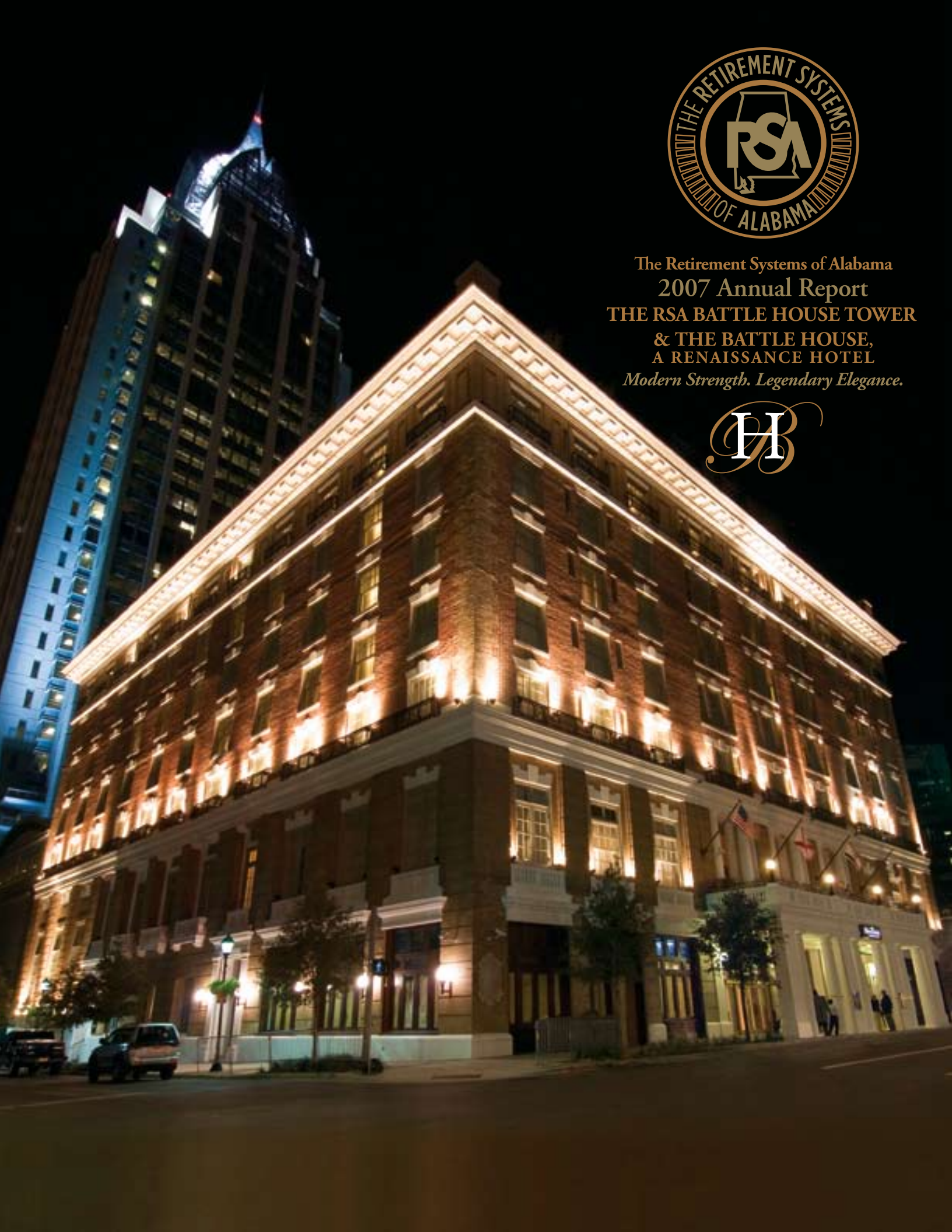




The Retirement Systems of Alabama
2007 Annual Report
THE RSA BATTLE HOUSE TOWER
& THE BATTLE HOUSE,
A RENAISSANCE HOTEL
Modern Strength. Legendary Elegance.





**STRENGTH
STABILITY
SECURITY**



Top Photo: Aerial view of downtown Mobile. RSA's total investment in downtown Mobile exceeds \$500 million.
© TAD DENSON, MYSHOTZ.COM



The Boards of Control and the RSA staff are pleased to present the 32nd Annual Report of the Retirement Systems of Alabama (RSA) for the fiscal year ended September 30, 2007.

The RSA currently manages 21 funds with aggregate assets of approximately \$35.4 billion. During fiscal year 2007, the annualized return for the fixed income portfolio and equity portfolio combined was 17.46% for the Teachers' Retirement System (TRS), 17.92% for the Employees' Retirement System (ERS), and 14.27% for the Judicial Retirement Fund (JRF), which had the highest equity weighting. TRS assets totaled \$21.7 billion, while ERS assets totaled \$10.3 billion, and JRF assets totaled \$269 million.

The Battle House, A Renaissance Hotel in Mobile opened its doors in May. With the completed upgrade to the Renaissance Riverview Plaza Hotel, it and the Battle House will make up part of the Renaissance Center in Mobile. The Battle House, which originally opened in 1852, closed in 1974 and was vacant until the RSA reopened it earlier this year. The historic hotel is also connected to the new 35-story RSA Battle House Tower, the tallest building in the state of Alabama.

In other RSA real estate news, construction continues on our eighth project, The Renaissance Montgomery Hotel & Spa, which includes a convention center upgrade and expansion, a new 1800-seat performing arts theater, and a 600-car parking deck. The project was completed in early 2008. Additionally, work continues on the new eight-story office building being added to the State Capitol Complex. The 280,000 square foot structure will be the new headquarters for the RSA and is expected to be completed in mid-2008.

During the fiscal year, the RSA provided the bridge financing – our largest industrial loan to date – of up to \$350 million to National Alabama Corporation. This company is an affiliate of National Steel Car of Canada; the new railcar manufacturing plant being constructed in the Shoals will produce 8,000 – 10,000 rail cars per year and employ

approximately 1,800 workers. The RSA also provided financing to Raycom Media for its recent acquisition of three television stations and Lincoln Financial Sports from Lincoln National Corporation. Following the closing, Raycom stations will cover over 10.5% of U.S. households with operations in 18 states. Raycom currently owns and operates 37 stations in 17 states. Community Newspaper Holdings, Inc. owns and operates 92 daily newspapers as well as 71 non-daily newspapers and numerous specialty publications across 23 states.

The staff will continue to purchase and develop investments that will facilitate the mission of the RSA. Our aim is to serve the interests of our members by preserving the excellent benefits and soundness of the Systems while providing these at the least expense to the state of Alabama and all Alabama taxpayers. With the continued cooperative efforts of the Boards of Control, the RSA staff, and the Legislature, this goal will be achieved.

David G. Bronner
David G. Bronner
CHIEF EXECUTIVE OFFICER



Cover and Inside Cover: Originally built in 1852 and closed in the mid-70s, the Battle House Hotel has been restored to all its grandeur. The hotel is connected to the new 35-story RSA Battle House Tower office building. The Battle House Hotel lobby has been featured in an International Renaissance Hotel ad campaign.
© TAD DENSON, MYSHOTZ.COM

Bottom Photo: David G. Bronner and The Battle House Hotel crest.
© TIM L. PHILLIPS, CCP

“Good timber does not grow with ease;
the stronger the wind, the stronger the trees.”

J. Willard Marriott
 Founder Marriott International, Inc.
 1900-1985
EXCERPT FROM "GOOD TIMBER" BY D. MALLOCH

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Point Clear: Stately live oaks populate the 550 acre Grand Hotel grounds personifying historical Mobile Bay.
© TAD DENSON, MYSHOTZ.COM



The RSA Battle House Tower

MODERN STRENGTH IN MOBILE

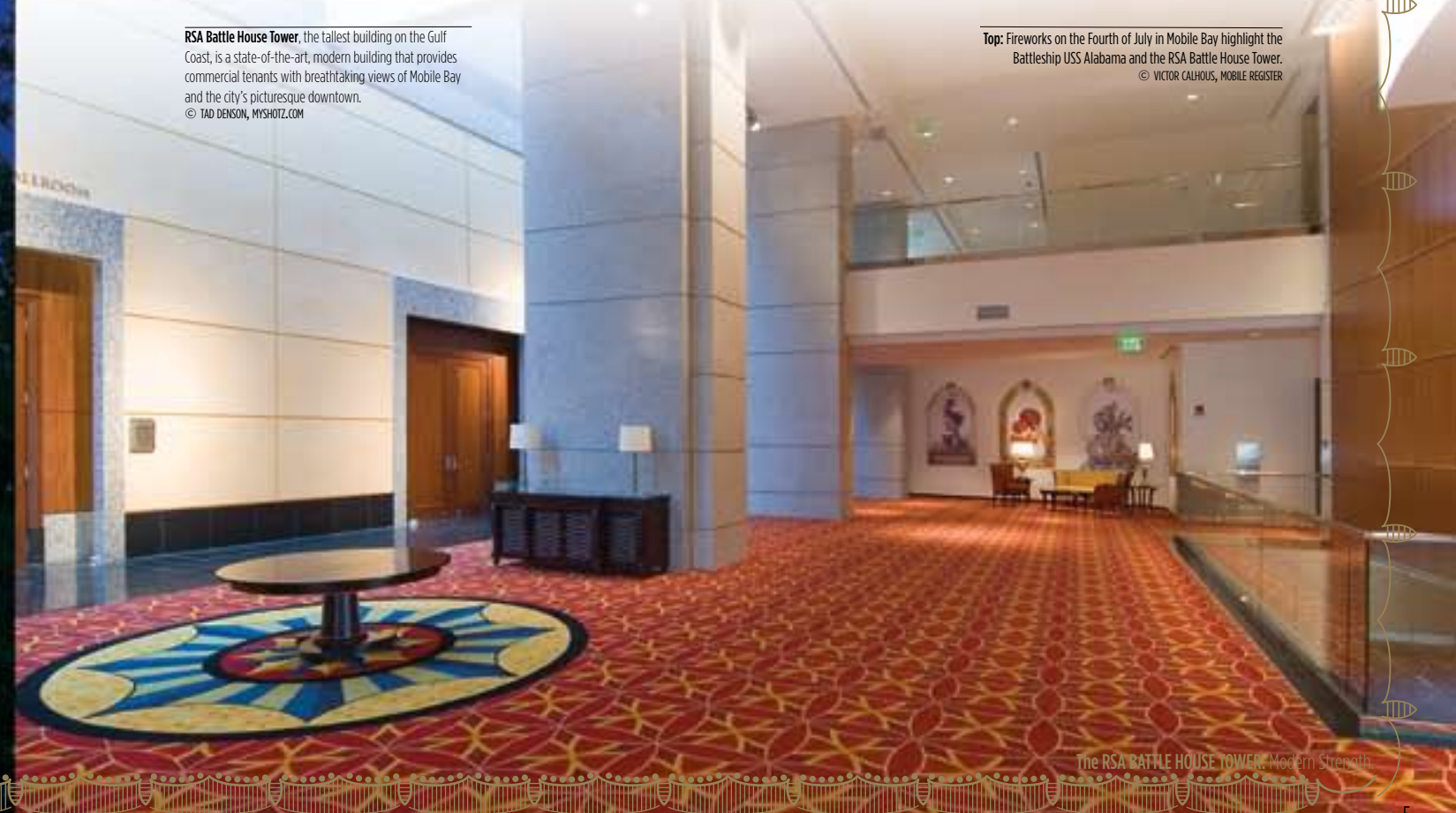
The RSA Battle House Tower in Mobile sets new standards for refinement, luxury and functionality in Class A commercial real estate.

During construction, five hurricanes hit near Mobile causing delays and adding a year to completion. The grand opening was celebrated on Friday, May 11, 2007, with the first lighting of its crown. Its lighted crown visible for 30 miles all the way up Mobile Bay, this 35-story office tower is the tallest building in Alabama. It stretches some 745 feet skyward, while seamlessly blending into the newly refurbished Battle House, A Renaissance Hotel, a pillar of the community since 1852. A modern skyscraper offering state-of-the-art technology and a bold exterior of elegant

glass and steel cap, its interior combines the finest of woods, stone, marble and bronzes. Visitors will be awed by the dramatic three-story high curved granite wall and grand staircase and elevators covered in polished white Italian marble and rich brown Makore wood panels. A building as strong as it is visible, each floor offers 21,000-square foot column free floorplates, accommodating eight corner offices to a floor. Tenants are treated to exquisite views of the waterfront and Mobile skyline, while enjoying unparalleled amenities, such as covered parking, 24/7 security, 20 high-speed elevators, state-of-the-art climate control, an above standard electrical system and emergency diesel generators. ■

RSA Battle House Tower, the tallest building on the Gulf Coast, is a state-of-the-art, modern building that provides commercial tenants with breathtaking views of Mobile Bay and the city's picturesque downtown.
© TAD DENSON, MYSHOTZ.COM

Top: Fireworks on the Fourth of July in Mobile Bay highlight the Battleship USS Alabama and the RSA Battle House Tower.
© VICTOR CALHOUS, MOBILE REGISTER





The RSA Battle House Tower

ENTERING THE TOWER

TOWER INFRASTRUCTURE:

- Alabama's Tallest Office Building at 35 Stories
- 21,000-Square Foot Column-free Floorplates
- Nine-foot Finished Ceiling Heights
- 20 Elevators Covered in White Italian Marble and Rich Makore Wood Panels
- Emergency Diesel Generators
- Spectacular Views of Mobile's Revitalized Waterfront
- Unequaled Class A Space
- Executive Dining
- Health Club
- Covered Parking
- 24/7 Security
- Above Standard Electrical Systems
- State-of-the-Art Climate Control
- Economic Incentives
- Strong Institutional Ownership by \$35 billion Retirement Systems of Alabama



The RSA Battle House Tower

BEACON ON MOBILE BAY

Located in the heart of Mobile's reemerging downtown, the RSA Battle House Tower offers a beacon of hope to the economic development of this great city. The Tower's pinnacle lights up Mobile Bay with different colors for each season as well as special occasions such as Mardi Gras and Christmas.

© TAD DENSON, MYSHOTZ.COM





The RSA Battle House Tower

INTERIOR SPACE / OFFICE ACCOMMODATIONS

- The Tower consists of 25 office floors, three lobby floors, and one service floor.
- Tallest building along the Gulf Coast and the tallest in Alabama.
- The foundation slab is over seven feet thick, with just over five feet of it resting below the natural water table of downtown Mobile.
- Topped out on Saturday, September 16, 2006, with a Sikorsky S-61 helicopter placing the 91-foot tall, fiberglass spire.
- The RSA Battle House Tower takes its name from the adjacent Battle House Hotel, which was renovated and completely restored as part of this project.

© TAD DENSON, MYSHOTZ.COM



The Battle House, A Renaissance Hotel

LEGENDARY ELEGANCE IN MOBILE

The Battle House, A Renaissance Hotel captures classic Southern charm and has been completely restored and renovated by the Retirement Systems of Alabama. Step back to a simpler time when elegance reigned supreme and service was sublime. Originally built in 1852, this downtown Mobile hotel served as a gathering place for high society and a stopover for celebrated American luminaries and statesmen. Located in the city's revitalized downtown, this Mobile hotel is situated near the riverfront and Arthur R. Outlaw Convention Center. Guest rooms evoke the opulence of gracious Southern living and provide the reassurance of modern conveniences and technology. The Trellis Room delights with amazing Italian dishes, awe-inspiring cathedral ceilings, and an upscale show kitchen. A new level of lavishness will grace the property in June 2008 with the unveiling of a sensational spa offering rejuvenation for the mind, body, and spirit. Guests experience the resort atmosphere of Mobile's most historic address. ■



The Ashland Boardroom offers a timeless and classic hospitality experience – yet subtly enhanced by 21st century sensibilities. © TAD DENSON, MYSHOTZ.COM

Overlooking the lobby: The Whispering Arch lends an air of romance and glamour to the hotel. If you stand at the base of one end of the arch and someone on the other ends whispers, you can hear every word from 35-feet away. © TAD DENSON, MYSHOTZ.COM

The Entrance: Guests enter the Battle House Hotel lobby, known as "Mobile's Living Room." The elaborate eight-story exterior features a series of balconies for viewing the oldest Mardi Gras celebration in the United States. © TAD DENSON, MYSHOTZ.COM



The BATTLE HOUSE HOTEL. Legendary Elegance.



The Battle House, A Renaissance Hotel

THE HISTORY

The Battle House Hotel stands on the site of an old military headquarters set up by Andrew Jackson during the War of 1812. Fresh from his victory at Horseshoe Bend, Jackson had arrived in Mobile to ward off invasion, and when British forces made it clear they were headed toward New Orleans, Old Hickory marched to meet them from this hallowed spot. ■

The Trellis Room offers fine dining beneath an arched stained glass ceiling or next to the chef's show kitchen.
© TAD DENSON, MYSHOTZ.COM



Escape into a bygone era in the opulent Crystal Ballroom. © TAD DENSON, MYSHOTZ.COM

- **1852 – December 11:** The original Battle House opened and dominated the social scene in Mobile for over a century. The hotel took its name from James and Samuel Battle.
- **Mid 1800's:** John A.M. Battle, a founder of the Battle House, owned a home that became known as the Gunnison House in Point Clear, Alabama. This house and the Grand Hotel acted as hospitals for Confederate soldiers during the Civil War.
- **1860 – November:** Stephen A. Douglas stayed at the Battle House the night he lost the presidency to Abraham Lincoln.



The BATTLE HOUSE HOTEL. Legendary Elegance.



The Battle House, A Renaissance Hotel

THE HISTORY *continued*

- **1880 – November 18:** A National Weather Service station was established at the Battle House Hotel. President Ulysses S. Grant signed a joint resolution of Congress authorizing the Secretary of War to establish a National Weather Service on February 9th, 1870.
- **1900:** Battle House Hotel, designed by Frank M. Andrews, was rebuilt. The seven-story brick structure had accented corners. The first two stories were tan brick massed as stone.
- **1905 – February 12:** A fire originating in the north wing destroyed the hotel and caused \$450,000 in damages. All 147 hotel guests were brought to safety by the Mobile firefighters and hotel staff. All that remained of the hotel was a mass of bricks and mortar and twisted iron rods, with the front wall still standing, outlined against the sky like a sentinel, as though keeping ward and watch over the ruins of a stately old pile which clustered recollections of half a century.
- **1908:** The current Battle House, designed by Frank Andrews of New York, was erected on the site of the old building.
- **1913 – October 13:** President Woodrow Wilson was honored at a breakfast given by the Chamber of Commerce at the Battle House. He dined on squab under glass, fruit compote and other such delicacies.
- **1913 – October 27:** Woodrow Wilson etched his name in history by declaring just before WWI that the United States would never again wage a war of aggression.
- **1914 – May 14:** L.J. ("Lou") Davis and Dr. Seale Harris held the first meeting of the Mobile Rotary Club in the main dining room of the Battle House. The initial attendance was 34 members but grew to 45 members by year end.
- **1974 – October:** By the time the hotel closed its doors, it became a symbol of the vanished glory of Mobile's downtown and historic district.
- **1978 – November 17:** Furnishings from the Historic Battle House Hotel were sold from the premises.
- **1980:** The abandoned Battle House Hotel was the only building still standing on the city block.
- **2001 – June 1:** Dr. David G. Bronner, head of the Retirement Systems of Alabama, announces plans to invest \$132 million in downtown Mobile by building the state's tallest office tower and renovating the Battle House Hotel.
- **2002 – September 23:** The Retirement Systems of Alabama officially acquires all the land needed for the RSA Battle House Tower project to be built on a city block in downtown Mobile.
- **2003 – November 7:** 8,000 cubic yards of concrete were poured within 24 hours for the new foundation of the hotel expansion and tower. This is equivalent to 30 miles of 4-foot-wide sidewalk. The foundation mat is 7 feet 6 inches thick and took 60 cement trucks per hour for 24 hours to complete.
- **2006 – September 16:** A Sikorsky S-61 helicopter lowers the upper section of the spire onto the RSA Battle House Tower. The spire is installed in two sections.
- **2007 – January 31:** Traffic begins flowing in both directions on Royal Street, something the city agreed to in order to provide improved access to the RSA Battle House Tower complex.
- **2007 – May 11:** Date of the official grand re-opening of the Battle House Hotel. A sold out gala with 600 guests was held to benefit five local arts organizations: Centre for the Living Arts, Mobile Ballet, Mobile Museum of Art, Mobile Opera and the Mobile Symphony Orchestra. The event raised more than \$100,000. Guests began staying in the hotel that evening.
- **2007 – May 12:** Battle House Day held in the City of Mobile with public tours of the hotel from 3:00 to 7:00 p.m. Antique cars lined Bienville Square while bands, dancers and tour guides in historical dress participated in this celebration.

Over its history, the Battle House was visited by such notables as Jefferson Davis, Admiral Raphael Semmes, and Generals Bragg, Beauregard and Taylor. With the Battle House reopening, Mobile's living room welcomes visiting dignitaries, local socialites and others desiring luxury accommodations in Mobile's historic hotel. For more information, visit www.rsabattlehouse.com. ■

© TAD DENSON, MYSHOTZ.COM

The BATTLE HOUSE HOTEL. *Legendary Elegance.*

The Battle House, A Renaissance Hotel

THE MOONLIGHT
BALLROOM

Return to the BATTLE HOUSE

from Monday, June 18, 2007

By ROY HOFFMAN

STAFF REPORTER, © MOBILE PRESS-REGISTER



Light, elegant, and clutching a cane, Catherine Wyman, 96, made her way across the lobby of the Battle House on Friday, looking out at the weekend guests checking in to the newly restored hotel. She gazed up at the dome that shone just as it had the better part of a century ago. "It's an emotional experience," she said, "going back 70 years."

Wyman, whose late husband, Tom, was a "hotel man," as she terms it, was making her first visit to the Battle House since she and Tom had enjoyed a special relationship to the hotel — as owners.

From 1937, when they bought the hotel, unseen, while running another hotel in Oneonta, N.Y., until 1944, when they sold it, the Battle House was their life. From the parties that swirled through the hotel's Crystal Ballroom, to the hotel's elegant restaurant, to the lobby hat shop she remembers, the Battle House — an image

of champagne festivities to many — was, to the Wymans, bread-and-butter.

"We were poor as church mice," Wyman said "and had a string of notes we had to pay off each month. My husband worked like a slave to pay off those notes."

Thanks to an influx of cash during Mobile's Carnival season, Wyman explained — Mardi Gras balls and parties — those notes got met.

Her one responsibility at the hotel, she said, was in helping make decisions about decor. "Not many women," she explained, "worked at that time."

And she had a child to raise.

The Wymans' elder daughter, Linda, 71, spent her childhood until age 7 at the Battle House. Along with her mother for the weekend visit, she had hotel memories, too — coming home from Old Shell Road School to a domed lobby that was her front yard, and going upstairs to the second

floor, to a hotel room that was home.

Despite the mystique of a childhood spent in a hotel — the children's book, "Eloise," depicted the life of a girl in Manhattan's Plaza Hotel — to Linda, hotel life was a little serious.

"I didn't run, I didn't make noise," she said. Her hard-working father, she recalled, would not allow it.

For fun, Linda's mother took her to the neighborhood park — Bienville Square.

There was no kitchen in the room, so their meals were prepared downstairs.

"I didn't learn to cook until I was 30," said Catherine Wyman of her early married years, all in hotel rooms.

Still, Wyman would not trade them for anything, it seems. "I have such happy memories," she said.

There was the balcony of the hotel, where she and Tom had looked out on the passing

cavalcade of Royal Street in the 1930s and '40s. There were the Mardi Gras parades that had rolled right by their front door. There were friends they made, like the broadcast executive Kenneth Giddens and his wife, Zelma, who were with them, she recalled, the night they heard the news about the bombing of Pearl Harbor.

There were full-time residents in the hotel, including two young men — one who played the concertina, another the violin — who were the hotel's strolling musicians; and a "men only" bar and pool room on the first floor, where cigar smoke filled the air.

Close to the railroad lines — the GM&O Station was a short ride away — the Battle House held its own, she recalled, among the competition from the Cawthon and Admiral Semmes hotels and others.

"The Battle House was handsome," she said, "but it was all gray." She did not remember, in walking through the lobby now, the hotel looking as colorful way back when.

How did visitors, in pre-air conditioning days, stay cool?

She laughed. "Ceiling fans."

It was that heat that had first welcomed the Wymans on their first visit South, shortly after purchasing the hotel.

Only in their 20s then, they were already seasoned in the business.

Tom had been born in Wickliffe, Ky., on one side of the Ohio River. Catherine was from Cairo, Ill., on the other.

There was no bridge near their towns.

"It took longer to get there," she recalled

of the opposite bank, "than it did to get to New York."

As a young man, Tom took a job as a hotel clerk in the Halliday Hotel in Cairo.

"I came home from college during the deep Depression," she said. "I met this handsome young man who was a clerk at the hotel. The owners had taken him under their wing. He was definitely hotel material. That was his love."

Tom soon had another love.

In 1930, Tom had moved to New York state to work in another hotel, but returned during Christmas week to Cairo.

"On New Year's Day he asked me to marry him," Catherine said. "He was going back to New York that night. I'd never been any further than Chicago or Memphis."

They located a minister. "We got married at 10 o'clock," she said. "We made the 11:30 train."

Three days later their train arrived in New York. Six years later, Tom heard about the Battle House Hotel being for sale in Mobile, and made his decision. When they had arrived on the Gulf Coast, Catherine recalled how they took off their shoes and ran down to the water.

"We were like excited children."

Tom passed away in 1985.

"He was," she said, "the most handsome man."

As Wyman toured the Battle House, and recounting her story as well from her hotel room — the sumptuous Presidential Suite on the eighth floor — she explained why this weekend trip to Mobile held special meaning.

So many years had passed since this phase

of her life drew to a close. When the Wymans sold the Battle House in 1944, they moved to West Point, Miss., where they owned the Henry Clay Hotel. Tom eventually bought other hotels, too.

Fourteen years after Linda was born, the Wymans had a second daughter, Eloise — now Eloise Portera — who was also along for this weekend. In fact, Wyman assembled 14 members of her family for the trek to Mobile, including grandchildren who had heard her Battle House memories while growing up.

Ironically, Wyman had not even known the Battle House was being restored until reading a news article about it in the Memphis newspaper several weeks ago that compared it to the Peabody Hotel in Memphis. She had immediately started calling her family, inviting them all for a reunion.

She was, as she described it, "on fire," to make the trip from her present home, in Grenada, Miss., to Mobile, and to do so with her whole family.

They had planned other outings over the weekend — down Old Shell Road, out to Dauphin Island. Memories of downtown places, long gone, surfaced too — Hammel's store, Gayfers, the old Metzger Brothers on a nearby corner, and Goldstein's Jewelry, when it was downtown.

But it was the Battle House that, to Wyman, was the heart of her Mobile past.

One granddaughter, Lee Portera, 19, said she had watched her grandmother when they arrived. "I was excited to see her face," said Portera.

"It's like a dream," Wyman said. ■

The Moonlight Ballroom has been hosting weddings and social galas since 1852.
© TAD DENSON, MYSHOTZ.COM



The Battle House, A Renaissance Hotel

THE ACCOMMODATIONS

- Luxurious Mobile accommodations on 8 floors, with 238 hotel rooms including 31 spacious suites.
- Hotel rooms evoke the opulence of gracious Southern living while providing modern conveniences.
- Spacious suites and rooms offer a lavish ambiance and promise a new standard of luxury.
- Artfully balanced with just the right amenities to accommodate both business and leisure guests.
- Mobile, Alabama accommodations feature the deluxe Renaissance Revive® bedding package.

© TAD DENSON, MYSHOTZ.COM





The Renaissance Riverview Plaza Hotel

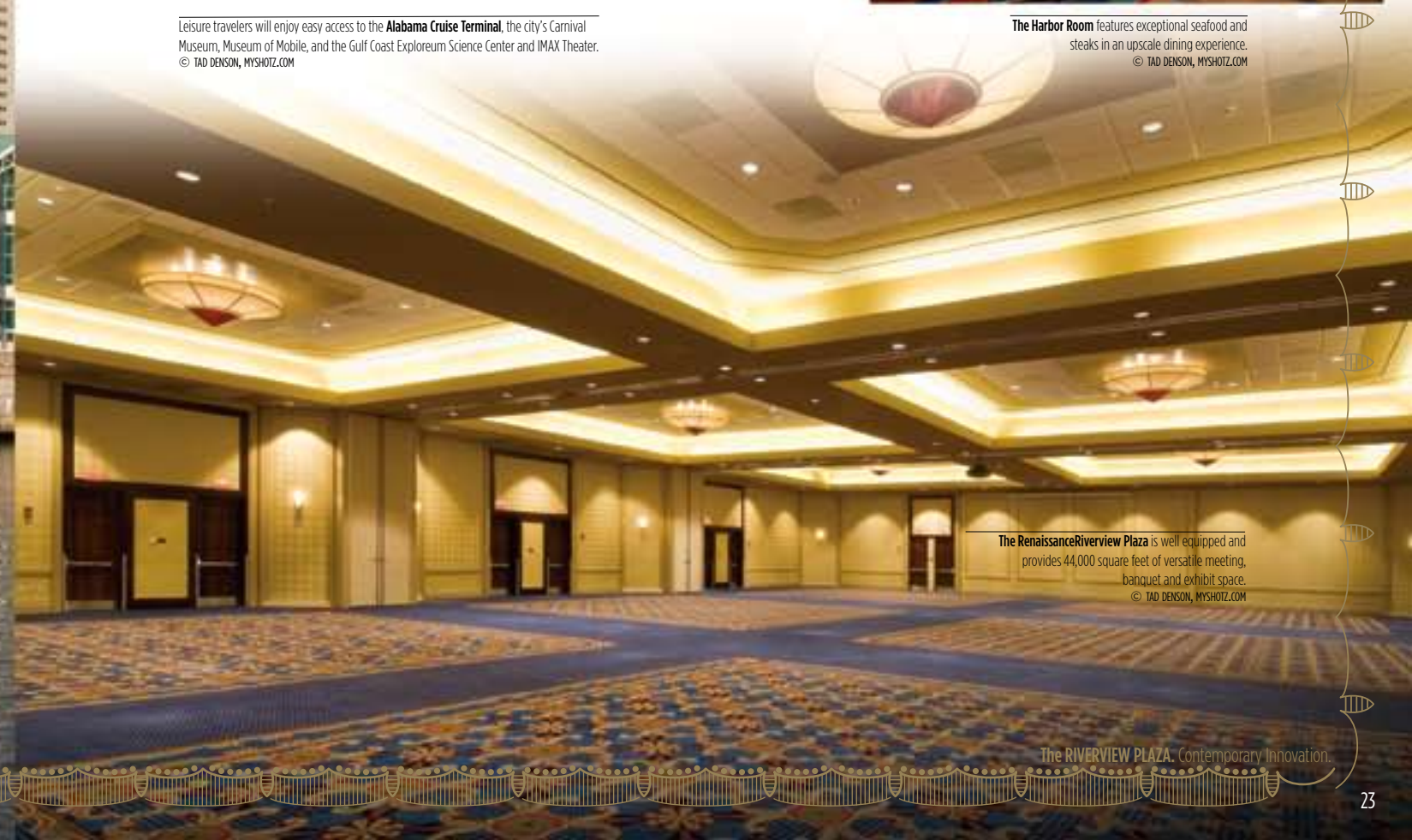
INNOVATIVE TECHNOLOGY,
CONTEMPORARY DESIGN IN MOBILE

Guests embark on an amazing journey at the premier Mobile hotel connected by skywalk to the Arthur R. Outlaw Convention Center and located in the revitalized downtown business and entertainment districts. This greatly anticipated \$64 million renovation offers a new level of sophistication among downtown Mobile hotels. Rising majestically over the sparkling waters of Mobile Bay, Southern charm effortlessly blends with modern ingenuity. Bold colors and nautical touches combine seamlessly with exciting technology in luxurious Mobile hotel rooms and suites. Over 44,000 square feet of flexible meeting and event space provides the perfect location for successful business engagements and flawless social events. ■



Leisure travelers will enjoy easy access to the **Alabama Cruise Terminal**, the city's Carnival Museum, Museum of Mobile, and the Gulf Coast Exploreum Science Center and IMAX Theater.
© TAD DENSON, MYSHOTZ.COM

The Harbor Room features exceptional seafood and steaks in an upscale dining experience.
© TAD DENSON, MYSHOTZ.COM



The Renaissance Riverview Plaza is well equipped and provides 44,000 square feet of versatile meeting, banquet and exhibit space.
© TAD DENSON, MYSHOTZ.COM

The RIVERVIEW PLAZA: Contemporary Innovation.



The Grand Hotel

MARRIOTT RESORT, GOLF CLUB & SPA IN POINT CLEAR

Since 1847, the Grand Hotel Marriott Resort, Golf Club & Spa has maintained a gracious tradition of Southern hospitality on historic Mobile Bay. The Grand

Hotel consistently receives the AAA Four Diamond Award and is a family-friendly historical hotel that is 160 years young and was named a top family resort by *Travel & Leisure* and *Zagat*. ■

The GRAND HOTEL underwent a \$50 million renovation that was completed in 2006.
© TAD DENSON, MYSHOTZ.COM



Bucky Miller began his career at the Grand Hotel in 1941 and went on to become a legend in the hospitality industry. He was so popular that the resort named its most popular golf package the Bucky Golf Package and the hotel's lounge Bucky's Birdcage Lounge. Bucky's Birdcage Terrace has a life size statue of Bucky Miller sculpted by local artist Barbara Casey. Bucky passed away on August 30, 2002, at the age of 85.



© MICHAEL CLEMMER

The Grand Hotel

AN IDEAL DESTINATION

The Grand has 405 luxurious guest rooms, 37,000 square feet of meeting space, 550 acres, world class golf courses, 20,000 square foot spa, a croquet lawn, horseshoes, bikes, kayaks, sailboats and eight tennis courts. The hotel was remodeled after Hurricane Katrina in 2006. ■



The RETIREMENT SYSTEMS of ALABAMA 2007 *Year in Review*



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© TAD DENSON, MYSHOTZ.COM

The RSA BOARDS OF CONTROL



2007 TEACHERS' RETIREMENT SYSTEM BOARD OF CONTROL

- Dr. J. Terry Jenkins**
SUPERINTENDENT POSITION
- Dr. Carl Ponder**
PRINCIPAL POSITION
- Dr. Joseph Morton**
STATE SUPERINTENDENT OF EDUCATION, EX OFFICIO
- Ms. Judy Rigdon**
TEACHER POSITION
- Mr. Russell J. Twilley**
SUPPORT PERSONNEL POSITION
- Mrs. Peggy K. Lamb**
TEACHER POSITION
- Dr. Susan Williams Brown**
POSTSECONDARY POSITION
- Mr. Jim Main**
STATE FINANCE DIRECTOR EX OFFICIO
- Mrs. Judy Bell**
TEACHER POSITION
- CHAIRMAN
Dr. Paul R. Hubbert**
EXECUTIVE SECRETARY AEA, EX OFFICIO
- Mrs. Sharon P. Saxon**
SUPPORT PERSONNEL POSITION
- VICE CHAIRMAN
Mrs. Sarah S. Swindle**
RETIRED POSITION
- Mrs. Sallie Cook**
RETIRED POSITION

2007 EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL

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GOVERNOR APPOINTEE
- CHAIRMAN
Hon. Bob Riley**
GOVERNOR EX OFFICIO
- Mr. Stephen C. Walkley**
ACTIVE STATE EMPLOYEE
- VICE CHAIRMAN
Mr. John H. Wilkerson, Jr.**
GOVERNOR APPOINTEE
- Mr. Robert S. Miller**
GOVERNOR APPOINTEE
- Mrs. Jackie B. Graham**
STATE PERSONNEL DIRECTOR EX OFFICIO
- Mr. Ronald Matthews**
ACTIVE LOCAL EMPLOYEE
- SERVE ON BOTH
THE TRS AND ERS
BOARDS OF CONTROL**
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- Mr. Clyde A. Sellers**
RETIRED LOCAL EMPLOYEE
- Ms. Alice Thornton**
ACTIVE STATE EMPLOYEE
- Ms. Mary Lou Foster**
RETIRED STATE EMPLOYEE
- Mrs. Ann Gant**
ACTIVE LOCAL EMPLOYEE

The RETIREMENT SYSTEMS of ALABAMA

TEACHERS' RETIREMENT SYSTEM EMPLOYEES' RETIREMENT SYSTEM JUDICIAL RETIREMENT FUND 2007 FINANCIAL HIGHLIGHTS

MEMBERSHIP ACTIVITY for 2007

	TRS	ERS	JRF
NEW MEMBERS	14,099	12,110	37
WITHDRAWN MEMBERS	5,072	5,379	7
SERVICE RETIREMENTS	3,604	2,047	35
DISABILITY RETIREMENTS	288	223	1
SURVIVING SPOUSES	2	8	1
NEW BENEFICIARIES	229	193	7

TOTAL MEMBERSHIP for 2007 (AS OF SEPTEMBER 30, 2007)

	TRS	ERS	JRF	Total
ACTIVE	134,520	82,532	334	217,386
DROP	4,906	1,891	-	6,797
RETIRED	64,056	33,701	306	98,063
TOTAL	203,482	118,124	640	322,246

FUNDS UNDER MANAGEMENT (AS OF SEPTEMBER 30, 2007; \$ in Thousands)

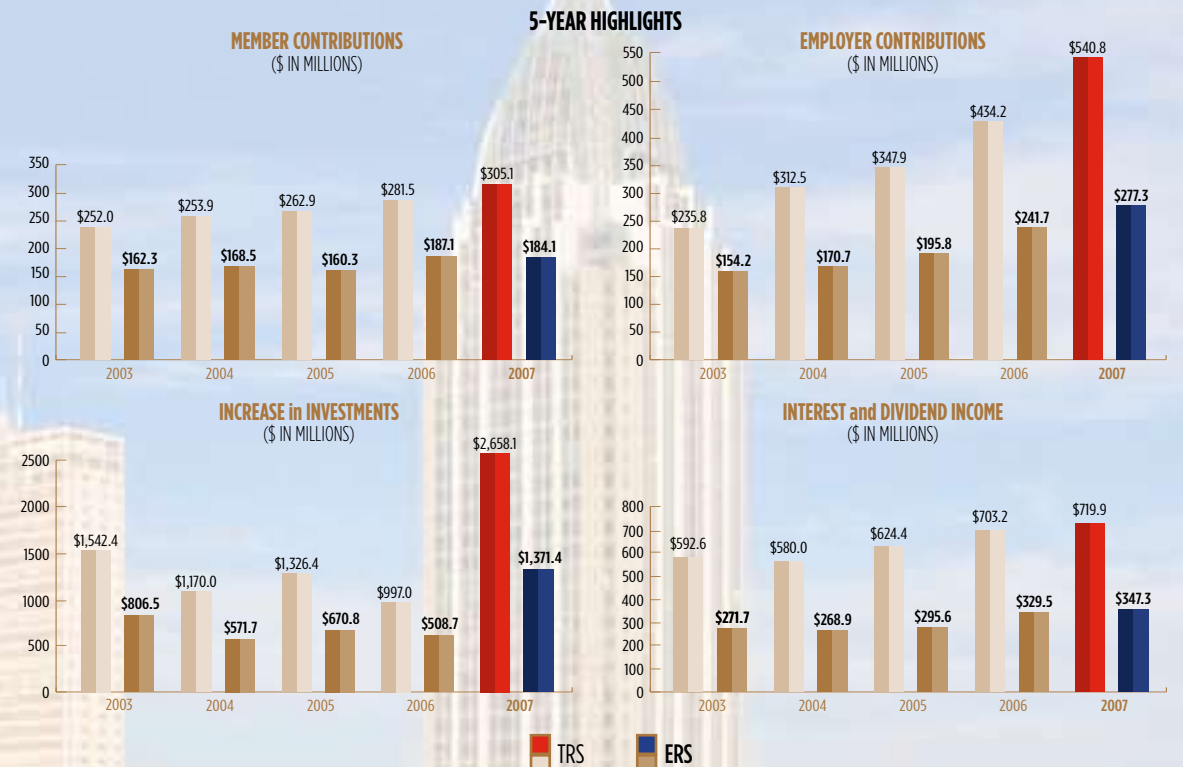
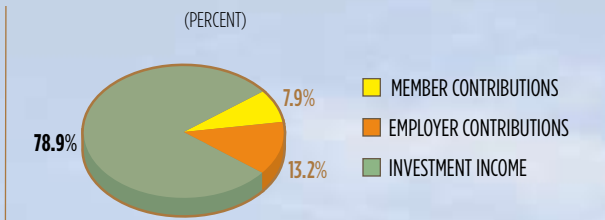
	TOTAL ASSETS (1)
TEACHERS' RETIREMENT SYSTEM	\$ 21,697,384
EMPLOYEES' RETIREMENT SYSTEM	10,290,513
JUDICIAL RETIREMENT FUND	269,328
ALABAMA CULTURAL RESOURCES PRESERVATION TRUST FUNDS	8,250
ALABAMA EDUCATION FOUNDATION FOR K THROUGH 12	636
DIVISION OF WILDLIFE AND FRESHWATER FISHERIES	14,042
ALABAMA NONGAME WILDLIFE ENDOWMENT TRUST	14
ALABAMA UNDERGROUND & ABOVEGROUND STORAGE TANK TRUST FUNDS	5,524
CLERKS' & REGISTERS' SUPERNUMERARY FUND	8,174
ALABAMA SENIOR SERVICES TRUST FUND	13,787
ALABAMA STATE EMPLOYEES' HEALTH INSURANCE FUND	159,712
LOCAL GOVERNMENT HEALTH INSURANCE FUND	48,293
PEIRAF - DEFERRED COMPENSATION PLAN (RSA - 1)	1,069,405
PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND	94,663
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST	425,528
PUBLIC EMPLOYEES' INDIVIDUAL RETIREMENT ACCOUNT FUND	80,703
ALABAMA MARINE RESOURCES ENDOWMENT TRUST FUND	511
ALABAMA TRUST FUND	932,653
ALABAMA TREASURY FUND	253,267
CHARLOTTE THORN TRUST FUND	6,762
STATE DOCKS PENSION PLANS	9,094

TOTAL ASSETS UNDER MANAGEMENT \$ 35,388,043

(1): INCLUDES INVESTMENTS AT FAIR VALUE, CASH, BUILDINGS NET OF DEPRECIATION, AND LAND.

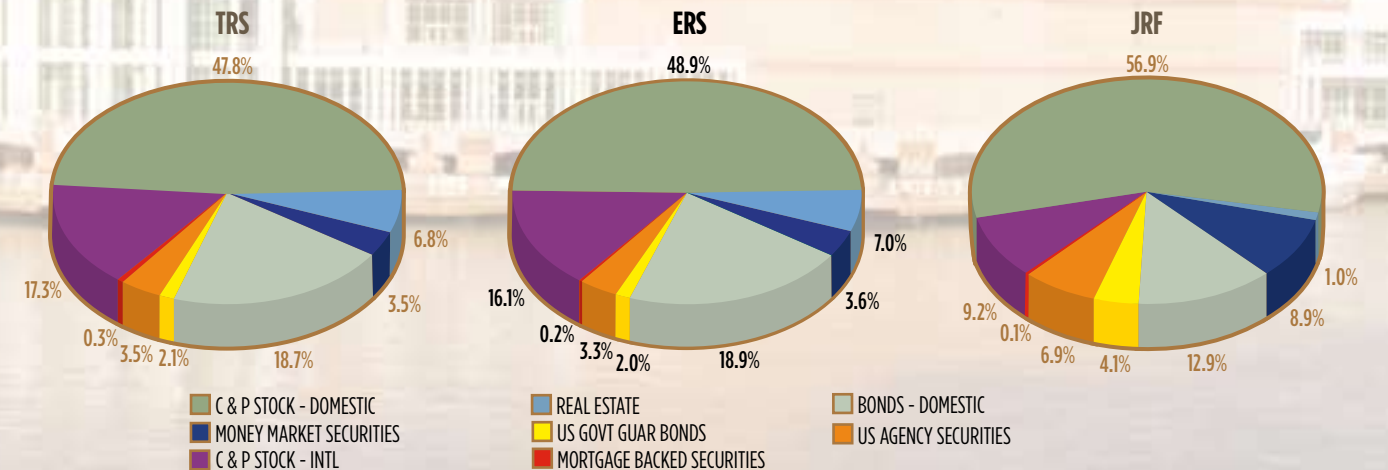
REVENUE SOURCES for TRS, ERS & JRF

	2006	2007
MEMBER CONTRIBUTIONS	\$ 471.1	491.9
EMPLOYER CONTRIBUTIONS	684.9	827.4
INVESTMENT INCOME	2,306.8	4,944.0
TOTAL	\$ 3,462.8	6,263.3



ASSET ALLOCATION (AS OF SEPTEMBER 30, 2007)

Asset allocation is a strategic long-term decision in the pension investment management process. The RSA is dedicated to preserving the sound financial position it has established over the years through a diversified investment program. The objective of the RSA is to allocate investments in the most effective way that reflects policy standards while maximizing returns.





RSA HOLDINGS



RENAISSANCE ROSS BRIDGE GOLF RESORT & SPA / ROBERT TRENT JONES GOLF TRAIL, ROSS BRIDGE, Hoover © MICHAEL CLEMMER



MONTGOMERY MARRIOTT PRATTVILLE HOTEL & CONFERENCE CENTER AT CAPITOL HILL / ROBERT TRENT JONES GOLF TRAIL, CAPITOL HILL, Prattville © MICHAEL CLEMMER



AUBURN MARRIOTT OPELIKA HOTEL & CONFERENCE CENTER AT GRAND NATIONAL / ROBERT TRENT JONES GOLF TRAIL, GRAND NATIONAL, Auburn/Opelika © MICHAEL CLEMMER



MARRIOTT SHOALS HOTEL & SPA, Florence / ROBERT TRENT JONES GOLF TRAIL, THE SHOALS, Muscle Shoals © MICHAEL CLEMMER



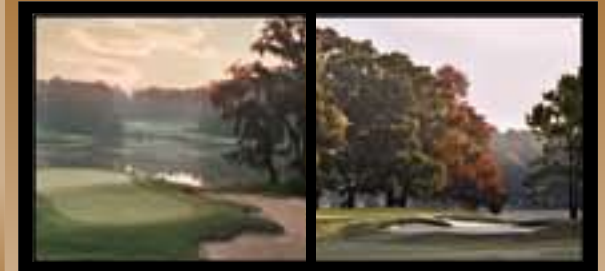
ROBERT TRENT JONES GOLF TRAIL, OXMOOR VALLEY, Birmingham / ROBERT TRENT JONES GOLF TRAIL, HAMPTON COVE, Huntsville © MICHAEL CLEMMER



GRAND HOTEL MARRIOTT RESORT, GOLF CLUB & SPA / ROBERT TRENT JONES GOLF TRAIL, LAKEWOOD GOLF CLUB, Point Clear © MICHAEL CLEMMER



ROBERT TRENT JONES GOLF TRAIL, SILVER LAKES, Anniston/Gadsden / ROBERT TRENT JONES GOLF TRAIL, MAGNOLIA GROVE, Mobile © MICHAEL CLEMMER



ROBERT TRENT JONES GOLF TRAIL, CAMBRIAN RIDGE, Greenville / ROBERT TRENT JONES GOLF TRAIL, HIGHLAND OAKS, Dothan © MICHAEL CLEMMER



55 WATER STREET / THE BEACON OF LIGHT, New York City © SAM MORGAN PHOTOGRAPHY



The RSA BATTLE HOUSE TOWER / The BATTLE HOUSE, A RENAISSANCE HOTEL, Mobile © TAD DENSON, MYSHOTZ.COM



RENAISSANCE RIVERVIEW PLAZA HOTEL / ALABAMA CRUISE TERMINAL, Mobile © TAD DENSON, MYSHOTZ.COM



RSA PAVILLION PARK, Montgomery © TIM PHILLIPS



RSA HELEN HUNT LEARNING CENTER / RSA UNION, Montgomery



RSA CRIMINAL JUSTICE CENTER / RSA EXECUTIVE BUILDING, Montgomery



RSA TOWER / RSA PLAZA, Montgomery



ALABAMA CENTER FOR COMMERCE / RSA ACTIVITY CENTER, Montgomery





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M.B.A., C.F.A.

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GENERAL COUNSEL
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LEGISLATIVE COUNSEL
Lindy J. Beale
J.D.

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M.P.A., J.D.

EMPLOYEES' & JUDICIAL RETIREMENT EXECUTIVE
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M.S.

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DIRECTOR OF FIELD SERVICES
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CERTIFIED PUBLIC ACCOUNTANTS
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MEDICAL BOARD

CHAIRMAN
Neil Stronach, M.D.

Malcolm Brown, M.D.

Glenn Yates, M.D.



LEGAL, LEGISLATION, COMMUNICATIONS AND FIELD SERVICES

LEGAL

As RSA's investments continue to grow and diversify so does RSA's legal work. While the RSA again won significant court decisions in benefits litigation in state courts, perhaps the most important function of the legal staff is advising the various RSA divisions on compliance with state and federal laws and regulations. This helps avoid unnecessary litigation and ensures that our members get the benefits to which they are entitled while protecting against fraud and abuse. During the past year, the RSA legal staff has provided advice and guidance on numerous issues in the areas of benefits, administration, taxation, real estate, contracts, privacy rights, personnel, etc.

To protect RSA's assets and the integrity of the market place, the RSA has continued to actively pursue the perpetrators, aiders and abettors of securities fraud. RSA, as the lead plaintiff for bondholders in the HealthSouth securities fraud class action, has been successful in reaching a substantial settlement with the company and continues to aggressively prosecute claims against HealthSouth's former investment bankers, auditors, and CEO.

Several of RSA's other investments, particularly its developments in Mobile, Opelika, and Montgomery, continue to involve a myriad of legal issues and challenges, including some litigation. Additionally, the legal staff continued to successfully address legal issues which arise on RSA's mature investment development projects and issues relating to potential development projects. ■

LEGISLATION

The Alabama Legislature held three sessions in 2007. The Organizational Session began on January 9, 2007, and ended on January 16, 2007. Operating rules were adopted for both the House and Senate.

There was a five-day Special Session in February 2007. Both the House and Senate unanimously passed legislation that set up irrevocable trusts to help Alabama pay billions of dollars in future health care cost for retired teachers and retired state workers (Act 2007-16). The Legislature also passed

a Constitutional Amendment that was approved by Alabama voters on June 5, 2007. Amendment 798 makes it clear that these trusts are irrevocable and that the money in the trusts can only be used for retiree health care.

The 2007 Regular Session convened on March 6, 2007, and ended on June 7, 2007. Very little was accomplished during this session as the minority faction in the Senate, consisting of 12 Republicans and 5 Democrats, were not happy with the operating rules that were adopted by the majority, all of whom are Democrats. This prevented passage of a majority of legislation. Both the Education Trust Fund Budget (Act 2007-361) and the General Fund Budget (Act 2007-282) however did pass.

The Teachers' Retirement System (TRS), Employees' Retirement System (ERS) and the Public Education Employees' Health Insurance Plan (PEEHIP) were all properly funded. A funded one-time lump sum payment was granted to both the TRS (Act 2007-296) and ERS (Act 2007-257) retirees to be paid in December 2007. The TRS payment was \$2 per month of service (\$24 per year of service) and the ERS payment was \$1 per month of service (\$12 per year of service). ■

COMMUNICATIONS / FIELD SERVICES

The Communications Division is responsible for the design, layout, and printing of RSA publications. All division member handbooks, brochures, agency manuals and forms are prepared by the Communications staff. In addition, Communications designs and updates the RSA Web site and oversees the election process for the Board of Control elections.

The RSA Field Services Division is responsible for all educational opportunities offered throughout the state. These responsibilities include scheduling and presenting the Retirement Preparation Seminars for ERS and TRS as well as scheduling the ERS and TRS one-on-one appointments throughout the state. The Field Services employees are on constant standby for making presentations, as well as attending and addressing conferences and seminars. ■

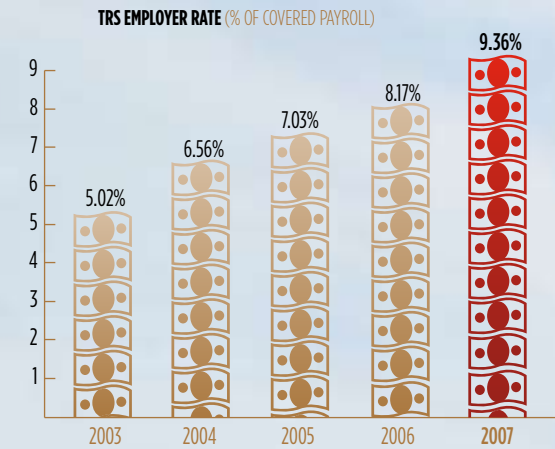
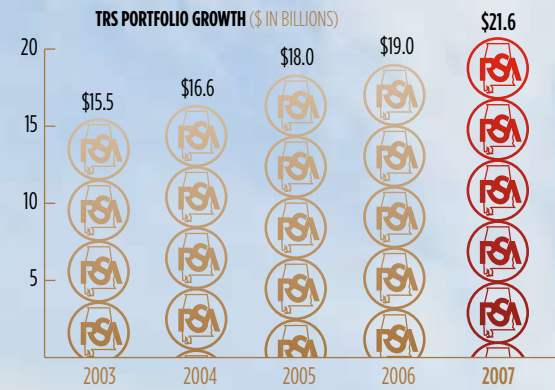




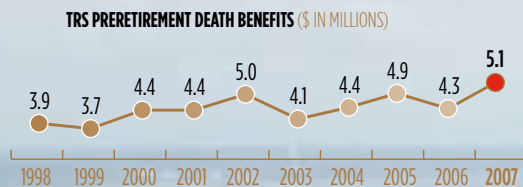
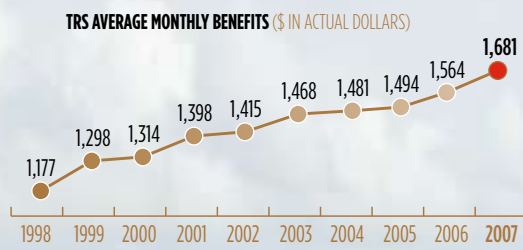
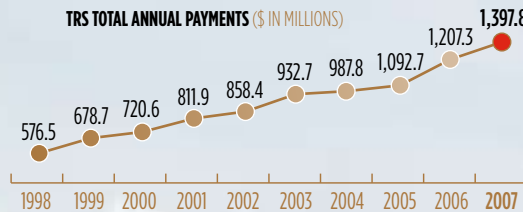
TEACHERS' RETIREMENT SYSTEM

The Teachers' Retirement System of Alabama (TRS) provides retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions.

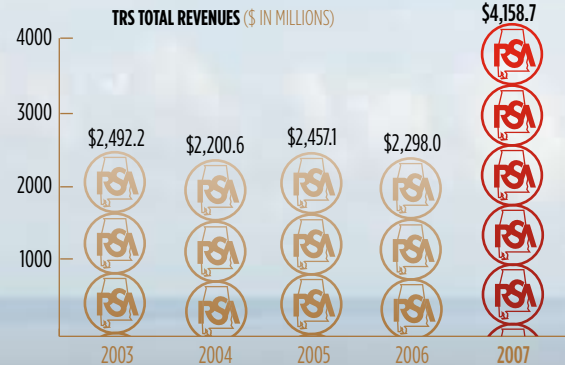
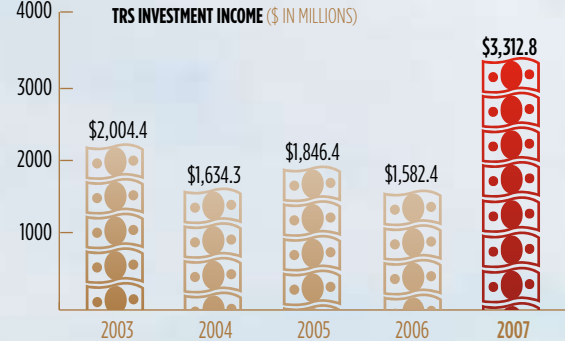
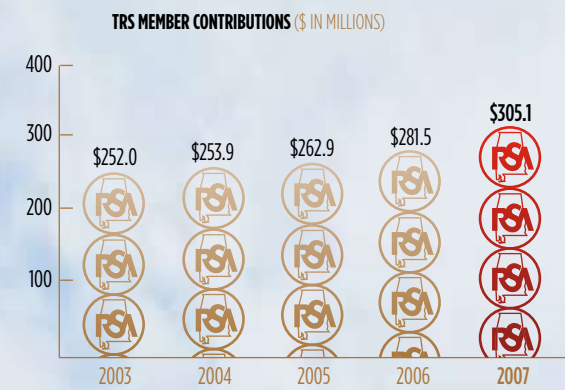
BENEFITS ADMINISTRATION



RETIREMENT BENEFITS



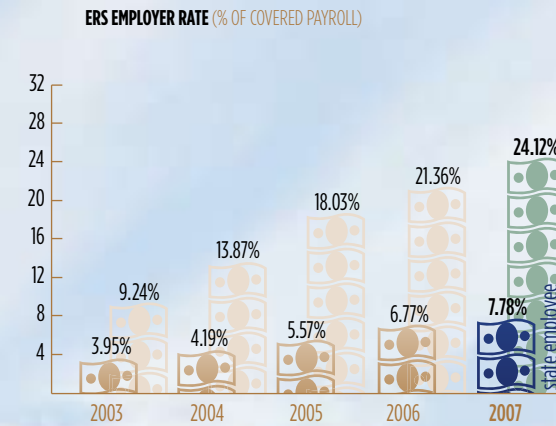
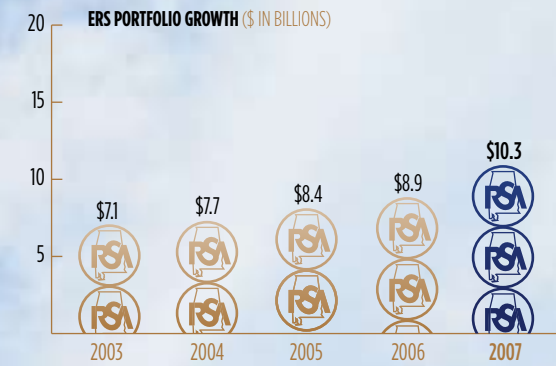
REVENUE SOURCES



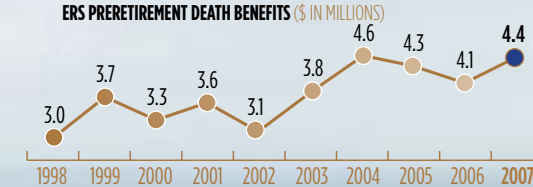
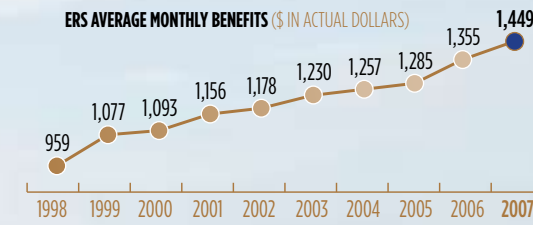
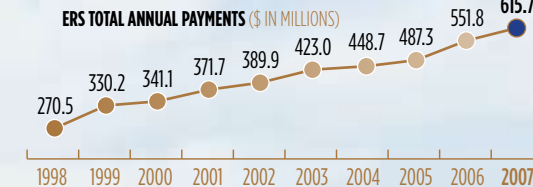
EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System of Alabama (ERS) provides retirement allowances and other specified benefits for qualified state employees, State Police and on an elective basis, employees of cities, counties, towns and quasi-public organizations.

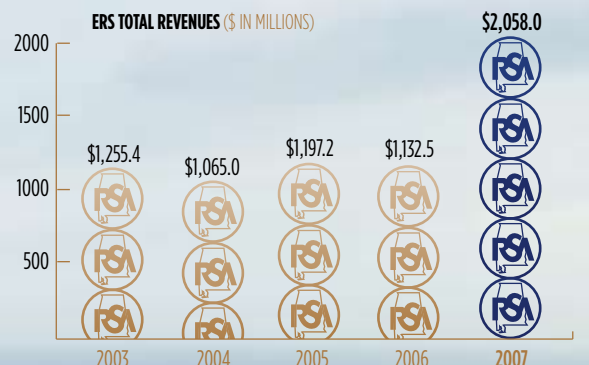
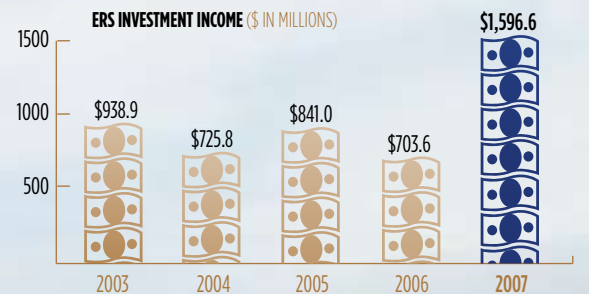
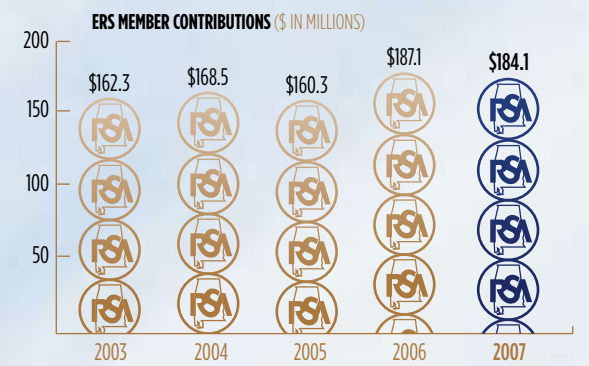
BENEFITS ADMINISTRATION



RETIREMENT BENEFITS



REVENUE SOURCES

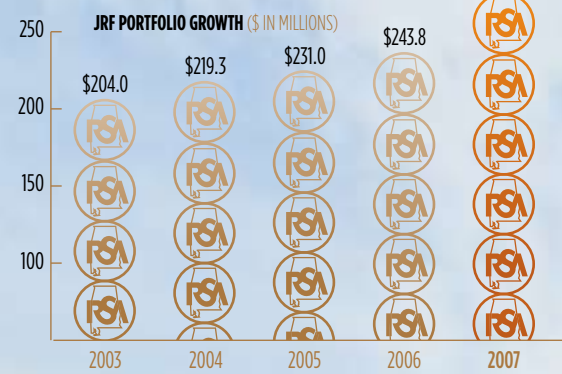




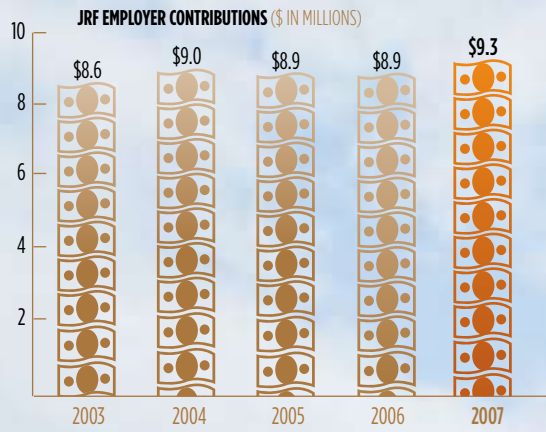
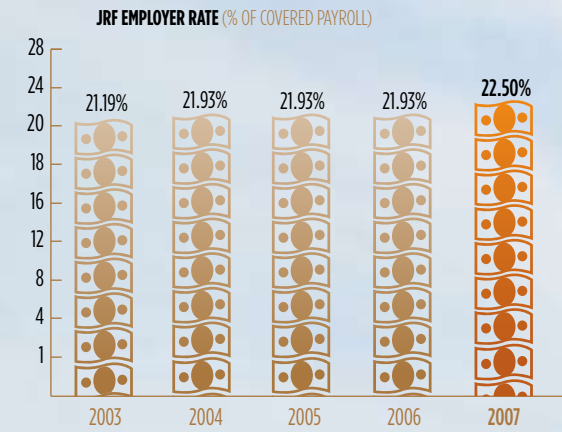
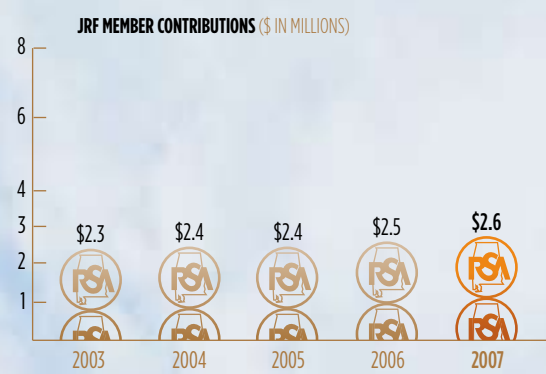
JUDICIAL RETIREMENT FUND

The Judicial Retirement Fund of Alabama (JRF) provides retirement allowances and other specified benefits for Supreme Court Justices, Court of Appeals Judges, Circuit Court Judges, District Court Judges, and Probate Judges.

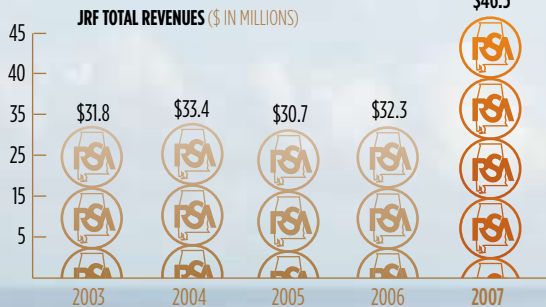
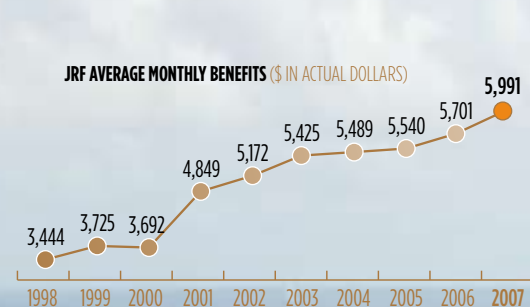
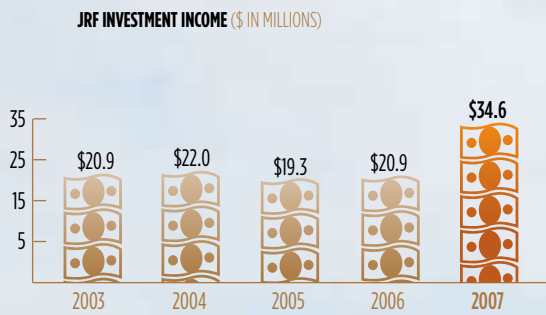
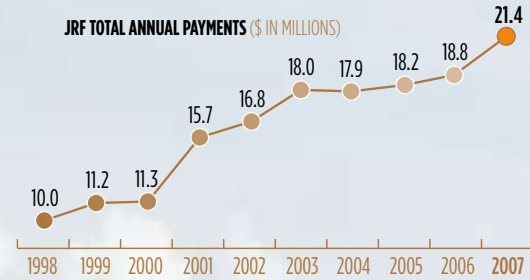
BENEFITS ADMINISTRATION



REVENUE SOURCES



RETIREMENT BENEFITS



PUBLIC EMPLOYEES' INDIVIDUAL RETIREMENT ACCOUNT FUND

RSA-1 / DEFERRED COMPENSATION PLAN

Established in 1986 to allow members of the RSA and certain other eligible public employees to defer receipt of a percentage of their salary, thereby deferring payment of taxes on that income.

RSA-1 HIGHLIGHTS

12-MONTH PERIOD ENDING	INCOME YIELD* (IN %)	MARKET VALUE CHANGE* (IN %)	TOTAL RETURN* (IN %)	TOTAL ASSETS* (IN \$)	PARTICIPATING MEMBERS
SEPTEMBER 30, 1999	8.84	1.55	10.39	536,609,859	23,490
SEPTEMBER 30, 2000	8.43	-3.24	5.19	586,876,397	24,336
SEPTEMBER 30, 2001 (FIXED INVESTMENT OPTION)	8.34	3.41	11.75	614,039,965	24,938
SEPTEMBER 30, 2001 (STOCK INVESTMENT OPTION)	1.10	-21.09	-19.99	51,080,583	5,291
SEPTEMBER 30, 2002 (FIXED INVESTMENT OPTION)	7.39	-5.71	1.68	625,407,137	25,571
SEPTEMBER 30, 2002 (STOCK INVESTMENT OPTION)	1.42	-18.69	-17.27	47,197,854	5,599
SEPTEMBER 30, 2003 (FIXED INVESTMENT OPTION)	6.18	-1.36	4.82	676,945,292	25,793
SEPTEMBER 30, 2003 (STOCK INVESTMENT OPTION)	1.87	20.01	21.88	62,452,172	5,767
SEPTEMBER 30, 2004 (FIXED INVESTMENT OPTION)	5.63	0.36	5.99	709,604,675	26,057
SEPTEMBER 30, 2004 (STOCK INVESTMENT OPTION)	1.75	11.30	13.05	98,038,346	8,568
SEPTEMBER 30, 2005 (FIXED INVESTMENT OPTION)	6.92	-2.40	4.52	758,012,066	28,379
SEPTEMBER 30, 2005 (STOCK INVESTMENT OPTION)	2.57	9.84	12.41	122,690,568	10,201
SEPTEMBER 30, 2006 (FIXED INVESTMENT OPTION)	6.16	-1.66	4.50	777,937,103	29,520
SEPTEMBER 30, 2006 (STOCK INVESTMENT OPTION)	2.02	8.57	10.59	161,389,754	12,350
SEPTEMBER 30, 2007 (FIXED INVESTMENT OPTION)	6.07	1.89	7.96	866,437,600	31,476
SEPTEMBER 30, 2007 (STOCK INVESTMENT OPTION)	2.05	13.98	16.03	214,910,858	14,884

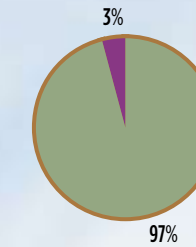
*ASSETS ARE VALUED AT COST THROUGH SEPTEMBER 30, 1998, AND AT MARKET THEREAFTER.

PEIRAF / DEDUCTIBLE EMPLOYEE CONTRIBUTION PLAN

The Public Employees' Individual Retirement Account Fund (PEIRAF) was established to allow public employees to conveniently and economically receive the fullest benefits offered by the Economic Recovery Tax Act (ERTA) of 1981 as it relates to individual retirement accounts. PEIRAF has operated as a fixed income portfolio since its creation in 1982. Funds are invested in fixed income investments such as corporate bonds, U.S. agency obligations, government national mortgage association securities, and commercial paper.

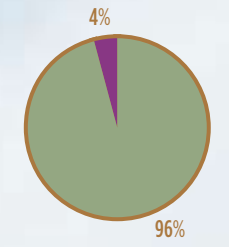
The Tax Reform Act of 1986 prohibited contributions to deductible voluntary employee contribution plans, such as PEIRAF, for years after 1986. Accordingly, the PEIRAF Board of Control discontinued receiving contributions to this plan after December 31, 1986. However, the PEIRAF continues to reinvest the interest earnings of existing PEIRAF member accounts.

RSA-1 / INVESTMENT ALLOCATION STOCK FUND (AS OF SEPTEMBER 30, 2007)

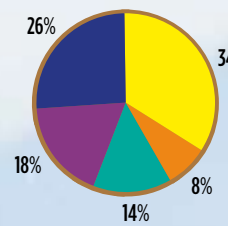


■ MONEY MARKET ■ DOMESTIC COMMON STOCK

(AS OF SEPTEMBER 30, 2006)

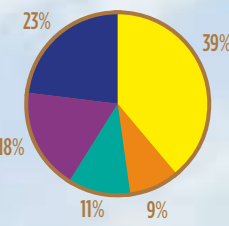


RSA-1 / INVESTMENT ALLOCATION FIXED FUND (AS OF SEPTEMBER 30, 2007)

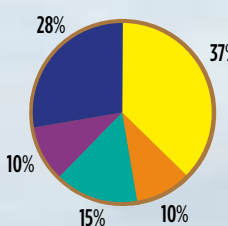


■ MONEY MARKET ■ US GOVERNMENT GUARANTEED ■ PRIVATE PLACEMENTS ■ CORPORATE BONDS ■ US AGENCY SECURITIES

(AS OF SEPTEMBER 30, 2006)

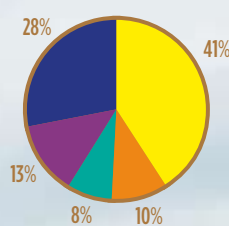


PEIRAF / INVESTMENT ALLOCATION (AS OF SEPTEMBER 30, 2007)



■ MONEY MARKET ■ US GOVERNMENT GUARANTEED ■ PRIVATE PLACEMENTS ■ CORPORATE BONDS ■ US AGENCY SECURITIES

(AS OF SEPTEMBER 30, 2006)





PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND

The Public Education Employees' Health Insurance Plan (PEEHIP) provides health care for active and retired public education employees. Blue Cross and Blue Shield administers the hospital/medical plan; Southland National administers the supplemental plans; and Express Scripts, Inc. administers the prescription drug plan.

BALANCE SHEET

AS OF SEPTEMBER 30, 2007
AND SEPTEMBER 30, 2006

	(\$ IN THOUSANDS)	
	2007	2006
ASSETS		
CASH	\$ 2,208	\$ 1,080
RECEIVABLES		
PREMIUMS	1,815	2,026
INTEREST	563	1,430
TOTAL RECEIVABLES	2,378	3,456
DEPOSIT WITH CLAIMS-PAYING AGENT	707	20,393
INVESTMENTS, AT FAIR VALUE	92,455	292,257
TOTAL ASSETS	\$ 97,748	\$ 317,186
LIABILITIES		
ACCOUNTS PAYABLE	\$ 16	\$ 12
EMPLOYEE BENEFITS PAYABLE	460	440
REPORTS CLAIMS PAYABLE	15,392	17,844
CLAIMS INCURRED BUT NOT REPORTED	35,576	52,355
TOTAL LIABILITIES	51,444	70,651
FUND EQUITY		
EXPENSE	1,723	621
INSURANCE	44,581	245,914
TOTAL FUND EQUITY	46,304	246,535
TOTAL LIABILITIES AND FUND EQUITY	\$ 97,748	\$ 317,186

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
AND SEPTEMBER 30, 2006

	(\$ IN THOUSANDS)	
	2007	2006
OPENING REVENUES		
PREMIUMS	\$ 834,345	\$ 1,011,950
MEDICARE PART D REIMBURSEMENT	-	10,128
INTEREST INCOME	16,404	11,143
NET (DECREASE)/INCREASE IN FAIR VALUE OF INVESTMENTS	452	(58)
NET INCOME FROM SECURITIES LENDING ACTIVITIES	37	-
TOTAL OPERATING REVENUES	851,238	1,033,163
OPERATING EXPENSES		
CLAIMS	632,270	845,221
ADMINISTRATIVE	2,199	2,609
TOTAL OPERATING EXPENSES	634,469	847,830
OPERATING INCOME	216,769	185,333
TRANSFER TO RETIREE TRUST FUND	(417,000)	-
FUND EQUITY		
BEGINNING OF THE YEAR	246,535	61,202
END OF THE YEAR	\$ 46,304	\$ 246,535

TOTAL CLAIMS EXPENSE (\$ IN THOUSANDS)



RSA 2007 INVESTMENT STAFF



- | | | | | | | | |
|---|--|---|--|--|---|--|--|
| FIXED INCOME ANALYST
C. Lance Lachney
M.B.A., C.F.A. | EQUITY ANALYST
J. Keith Buchanan
M.B.A. | EQUITY ANALYST
G. Allan Carr, Jr.
M.B.A., C.F.A. | EQUITY ANALYST
Kevin W. Gamble
M.B.A., C.F.A. | ASSISTANT DIRECTOR OF EQUITIES
Steve Lambdin
M.B.A., CPA., C.F.A. | EQUITY ANALYST
Zachary P. Turnage
M.B.A., C.F.A. | CASH MANAGEMENT & OPERATIONS
Nancy H. Sprayberry
M.A., C.F.A. | EQUITY ANALYST
Adam Rogers
M.A., C.F.A. |
| FIXED INCOME ANALYST
Nicholas A. Prillaman
M.A. | CHIEF INVESTMENT OFFICER
R. Marc Green
M.B.A., C.F.A. | CHIEF EXECUTIVE OFFICER
Dr. David G. Bronner | DIRECTOR OF FIXED INCOME
Julie S. Barranco
M.B.A., C.F.A. | DIRECTOR OF PRIVATE PLACEMENTS
M. Hunter Harrell
M.B.A., C.F.A., J.D. | | | |



RSA FUTURE PROJECTS



THE RETIREMENT SYSTEMS OF ALABAMA HEADQUARTERS BUILDING- MONTGOMERY
under construction / Completion Date: Summer 2008 © HOWARD ASSOCIATES, INC.



THE RETIREMENT SYSTEMS OF ALABAMA HEADQUARTERS BUILDING- MONTGOMERY
under construction / Completion Date: Summer 2008 © TIM L. PHILLIPS, CCP



RENAISSANCE MONTGOMERY HOTEL & SPA AT THE CONVENTION CENTER- MONTGOMERY
Completion Date: February 2008 © DAVID ROBERTSON



THE MONTGOMERY PERFORMING ARTS CENTER- MONTGOMERY
Completion Date: February 2008



OLD JUDICIAL BUILDING RENOVATION & OFFICE COMPLEX- MONTGOMERY
under construction / Completion Date: 2010 © TIM L. PHILLIPS, CCP



RSA JUDICIAL BUILDING RENOVATION & OFFICE COMPLEX- MONTGOMERY
Rendering © ZWR HolmesWilkins Architects



Investments

RAYCOM Media

STATIONS

AFFILIATE	LOCATION	MARKET RANK
KCBD	LUBBOCK, TX	148
KHBC	HONOLULU, HI	73
KHNL	HONOLULU, HI	73
KOGG	HONOLULU, HI	73
KPLC	LAKE CHARLES, LA	176
WAFF	HUNTSVILLE, AL	83
WALB	ALBANY, GA	146
WAVE	LOUISVILLE, KY	48
WDAM	HATTIESBURG, MS	168
WECT	WILMINGTON, NC	135
WFIE	EVANSVILLE, IN	101
WIS	COLUMBIA, SC	81
WLBT	JACKSON, MS	90
WMC	MEMPHIS, TN	47
WSFA	MONTGOMERY, AL	118



KFVS	CAPE GIRARDEAU, MO	79
KOLD	TUCSON, AZ	68
KSLA	SHREVEPORT, LA	82
WAFB	BATON ROUGE, LA	94
WOIO	CLEVELAND, OH	17
WTOL	SAVANNAH, GA	97
WTOL	TOLEDO, OH	72
WTVR	RICHMOND, VA	59



KAIT	JONESBORO, AR	182
KLTV	TYLER, TX	111
KTRE	LUFKIN, TX	111
WLOX	BILOXI, MS	160
WTVM	COLUMBUS, GA	128



WDFX	DOTHAN, AL	172
WFLX	WEST PALM BEACH, FL	38
WPGX	PANAMA CITY, FL	154
WTNZ	KNOXVILLE, TN	58
WXIX	CINCINNATI, OH	33



KFVE	HONOLULU, HI	73
WBXH	BATON ROUGE, LA	94
WUAB	CLEVELAND, OH	17



WQWQ	CAPE GIRARDEAU, MO	79
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COMPANIES

HEADQUARTERS / MONTGOMERY, AL
BROADVIEW MEDIA / MONTGOMERY, AL
CABLEVANTAGE / COLUMBIA, SC
RAYCOM POST PRODUCTION / BURBANK, CA
RAYCOM SPORTS / CHARLOTTE, NC / MOBILE, AL / SACRAMENTO, CA

Community Newspaper Holdings, Inc.

ALABAMA

- The News-Courier, Athens, AL
- The Cullman Times, Cullman, AL

Non-daily & other publications:

- Classified Ad Network (CNHI-CAN), Birmingham, AL
- CNHI News Service, Birmingham, AL
- North Jefferson News, Gardendale, AL
- The Leeds News, Leeds, AL
- St. Clair News Aegis, Pell City, AL

FLORIDA

Non-daily & other publications:

- The Branford News, Branford, FL
- The Jasper News, Jasper, FL
- Suwannee Democrat, Live Oak, FL
- The Mayo Free Press, Mayo, FL

GEORGIA

- Americus Times Recorder, Americus, GA
- Cordele Dispatch, Cordele, GA
- The Daily Citizen, Dalton, GA
- The Union-Recorder, Milledgeville, GA
- The Moultrie Observer, Moultrie, GA
- Thomasville Times-Enterprise, Thomasville, GA
- The Tifton Gazette, Tifton, GA
- Valdosta Daily Times, Valdosta, GA

Non-daily & other publications:

- Lake Oconee Breeze, Milledgeville, GA
- Dalton Magazine, Dalton, GA
- El Informador, Dalton, GA
- Tifton Scene, Tifton, GA

IOWA

- Ad Express & Daily Iowegian, Centerville, IA
- Clinton Herald, Clinton, IA
- The Oskaloosa Herald, Oskaloosa, IA
- Ottumwa Daily Courier, Ottumwa, IA

Non-daily publications:

- Knoxville Journal Express, Knoxville, IA
- Pella Chronicle, Pella, IA

ILLINOIS

- Commercial News, Danville, IL
- Effingham Daily News, Effingham, IL
- Mt. Vernon Register News, Mt. Vernon, IL
- Shelbyville Daily Union, Shelbyville, IL

Non-daily publications:

- Times-Leader, McLeansboro, IL

INDIANA

- The Herald Bulletin, Anderson, IN
- Goshen News, Goshen, IN
- Greensburg Daily News, Greensburg, IN
- The Evening News, Jeffersonville, IN
- Kokomo Tribune, Kokomo, IN
- The Lebanon Reporter, Lebanon, IN
- The Pharos-Tribune, Logansport, IN
- The Tribune, New Albany, IN
- Rushville Republican, Rushville, IN
- The Tribune Star, Terre Haute, IN
- Washington Times Herald, Washington, IN

Non-daily publications and other businesses:

- Hendricks County Flyer, Avon, IN
- XL Marketing, Carmel, IN
- Batesville Herald-Tribune, Batesville, IN
- Highflyer, Carmel, IN
- The Zionsville Times Sentinel, Zionsville, IN

KANSAS

- Farm Talk, Parsons, KS

KENTUCKY

- The Independent, Ashland, KY
- Times Tribune, Corbin, KY
- Glasgow Daily Times, Glasgow, KY
- Richmond Register, Richmond, KY
- Commonwealth Journal, Somerset, KY

Non-daily publications:

- Greenup News-Times, Greenup, KY
- Grayson Journal Enquirer, Grayson, KY
- The Sentinel Echo, London, KY

- Wayne County Outlook, Monticello, KY
- Morehead News, Morehead, KY
- Olive Hill Times, Olive Hill, KY
- McCreary County Record, Whitley City, KY

MASSACHUSETTS

- Gloucester Daily Times, Gloucester, MA
- The Daily News of Newburyport, Newburyport, MA
- The Eagle-Tribune, North Andover, MA
- The Salem News, Salem, MA

Non-daily publications:

- Andover Townsman, Andover, MA
- Town Crossings, Andover, MA
- The Haverhill Gazette, Haverhill, MA

MARYLAND

- Cumberland Times News, Cumberland, MD

Non-daily publications:

- Garrett County Weekender, Oakland, MD

MICHIGAN

- The Record-Eagle, Traverse City, MI
- Grand Traverse Herald, Traverse City, MI

MINNESOTA

- Mankato Free Press, Mankato, MN

Non-daily publications:

- The Land, Mankato, MN
- Home Magazine, Mankato, MN

MISSOURI

- The Joplin Globe, Joplin, MO

MISSISSIPPI

- Laurel Leader-Call, Laurel, MS
- The Meridian Star, Meridian, MS
- Picayune Item, Picayune, MS

Non-daily publications:

- The Star Herald, Kosciusko, MS
- The Newton Record, Newton, MS
- The Poplarville Democrat, Poplarville, MS

NORTH CAROLINA

- The Daily Southerner, Tarboro, NC

Non-daily publications:

- Stanly News & Press, Albemarle, NC
- The Randolph Guide, Asheboro, NC

NEW HAMPSHIRE

- Carriage Towne News, Kingston, NH
- Derry News / Weekender, Derry, NH

NEW YORK

- Lockport Union-Sun & Journal, Lockport, NY
- The Journal-Register, Medina, NY
- Niagara Gazette, Niagara Falls, NY
- The Amherst Record, Amherst, NY
- Tonawanda News, North Tonawanda, NY
- The Daily Star, Oneonta, NY
- The Press-Republican, Plattsburgh, NY

Non-daily publications:

- Albion Advertiser, Albion, NY
- Grand Island Record, Grand Island, NY
- Ken-Ton Record, Kenmore, NY

OHIO

- The Star Beacon, Ashtabula, OH

OKLAHOMA

- The Ada Evening News, Ada, OK
- Chickasha Express Star, Chickasha, OK
- Claremore Daily Progress, Claremore, OK
- The Duncan Banner, Duncan, OK
- Edmond Sun, Edmond, OK
- Enid News & Eagle, Enid, OK
- McAlester News-Capital, McAlester, OK
- The Muskogee Phoenix, Muskogee, OK
- The Norman Transcript, Norman, OK
- Pauls Valley Daily Democrat, Pauls Valley, OK
- Pryor Daily Times, Pryor, OK
- The Stillwater Newspress, Stillwater, OK
- Tahlequah Daily Press, Tahlequah, OK
- Woodward News, Woodward, OK

Non-daily publications:

- Show & Tell, Cushing, OK

- Shoppers Edge, Enid, OK
- Ft. Gibson Times, Ft. Gibson, OK
- Hartshorne Sun, Hartshorne, OK
- The Midwest City Sun, Midwest City, OK
- The American, Moore, OK
- Tuttle Times, Tuttle, OK
- Shop N' Swap, Stillwater, OK
- Stillwell Democrat Journal, Stillwell, OK
- Waurika News Democrat, Waurika, OK
- Westville Reporter, Westville, OK

PENNSYLVANIA

- The Tribune-Democrat, Johnstown, PA
- The Meadville Tribune, Meadville, PA
- New Castle News, New Castle, PA
- The Herald, Sharon, PA
- The Daily Item, Sunbury, PA
- The Danville News, Danville, PA

Non-daily publications:

- Allied News, Grove City, PA
- Johnstown Magazine, Johnstown, PA
- View and Voices, Sharon, PA

TENNESSEE

- Crossville Chronicle, Crossville, TN

TEXAS

- Athens Daily Review, Athens, TX
- Cleburne Times Review, Cleburne, TX
- Corsicana Daily Sun, Corsicana, TX
- Gainesville Daily Register, Gainesville, TX
- Greenville Herald Banner, Greenville, TX
- The Huntsville Item, Huntsville, TX
- Jacksonville Daily Progress, Jacksonville, TX
- The Mexia Daily News, Mexia, TX
- The Orange Leader, Orange, TX
- Palestine Herald-Press, Palestine, TX
- The Port Arthur News, Port Arthur, TX
- San Marcos Daily Record, San Marcos, TX
- Weatherford Democrat, Weatherford, TX

Non-daily publications:

- Rockwall County Herald Banner, Greenville, TX
- Royse City Herald Banner, Greenville, TX
- Commerce Journal, Commerce, TX
- Cedar Creek Pilot, Gun Barrel City, TX
- The Hubbard City News, Mexia, TX
- The Parker County Shopper, Weatherford, TX

WEST VIRGINIA

- The Register Herald, Beckley, WV
- Bluefield Daily Telegraph, Bluefield, WV
- Times West Virginian, Fairmont, WV

Non-daily publications:

- Morgantown Times, Morgantown, WV
- Corridor Magazine, Morgantown, WV
- Montgomery Herald, Montgomery, WV
- The Fayette Tribune, Oak Hill, WV
- Princeton Times, Princeton, WV

STATIONS

AFFILIATE	LOCATION	MARKET RANK
FOX		
WFXG	AUGUSTA, GA	115
WSFX	WILMINGTON, NC	135
WXTX	COLUMBUS, GA	128
THE CW		
WUPV	RICHMOND, VA	59

COMPANY

HEADQUARTERS / BIRMINGHAM, AL

COMMISSIONS PAID REPORT / FISCAL YEAR 2007

	VOLUME OF BUSINESS PRIVATE PLACEMENTS AGENCIES (\$ IN MILLIONS)	COMMISSIONS STOCK TRANSACTIONS (\$ IN ACTUAL DOLLARS)	COMMISSIONS BOND TRANSACTIONS (\$ IN ACTUAL DOLLARS)
A G EDWARDS	\$.	\$ 255,287	\$.
BANC OF AMERICA	50		188,651
BEAR STEARNS	166	526,970	84,631
BELL MICROPRODUCTS	55		
BERNSTEIN		817,843	
CENTENNIAL CAPITAL		15,000	
CITIGROUP	208	812,703	427,114
CNHI	285		
CREDIT SUISSE FIRST BOSTON	70	516,125	159,840
DEUTSCHE BANK	50	91,905	82,066
EMPIRICAL RESEARCH		130,525	
FIRST DISCOUNT		11,250	
GARDNER RICH		15,000	
GOLDMAN SACHS	188	140,031	175,503
HOWARD WEIL		125,501	
ISSUER DESIGNATED			175,148
ISI		309,761	
JP MORGAN CHASE	55	675,840	238,566
KEYBANC CAPITAL MARKETS	216		108,969
KEEFE BRUYETTE		134,708	
LAZARD CAPITAL		36,250	
LEHMAN BROTHERS, INC	97	708,692	333,824
MATRIX		48,000	
MAXIM		3,750	
MCDONALD & COMPANY		17,500	
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC	244	559,546	273,766
MORGAN KEEGAN	2	60,000	2,000
MORGAN STANLEY DEAN WITTER	103	630,049	275,460
NBC SECURITIES, INC		55,000	
NED DAVIS		28,589	
OPPENHEIMER		233,907	
RAYMOND JAMES	623	54,935	209,375
REGISTER CORTS		11,250	
SANDLER O'NEIL		231,962	
SECURITIES CAPITAL		15,135	
SOUTHCOAST		107,842	
SOUTHWEST SECURITIES		13,000	
STERNE, AGEE & LEACH	4	105,230	4,000
UBS WARBURG	20	38,750	162,460
WACHOVIA SECURITIES	2	75,000	2,000
WISE ALLOYS	30		
TOTAL	\$ 2,468	\$ 7,612,836	\$ 2,903,373

FIXED INCOME ACTIVITY

At the beginning of fiscal year 2007, the Federal Reserve had just ended a tightening cycle that had been active for two years. Prior to this pause, policymakers had lifted the federal funds rate 17 consecutive times with each action constituting 25 basis points. During this time, the Fed's preferred price gauge (core PCE) clocked in at 2.4%, slightly higher than their comfort level of 1-2%. Fed officials subscribe to the notion that as the economy gradually slows, inflation will also drift lower. In the last couple of months of calendar 2006, unemployment was sitting at a five-year low with the ten-year treasury yielding 4.60%. At the October meeting, Chairman Ben Bernanke and the Fed left short-term rates unchanged citing that additional tightening may be necessary and that the risk of inflation was greater than the risk of a slowing economy.

As the end of 2006 drew near, treasury yields rose significantly as any prospect of a near-term rate cut had ceased. In examining the fixed income market, spread product performed very well during this period due to stable credit fundamentals, favorable technicals, and a decline in equity volatility. The Federal Reserve left short-term financing rates steady at both the December and January meetings, marking the fifth consecutive time they had passed on policy change. In late February, investors started to witness what would become commonplace headlines involving sub prime lending. This led to a brief panic within credit markets as volatility showed signs of life and global equity markets fell significantly. This pushed treasury yields lower as risk-averse investors sought safety within government securities. The investment grade and high yield sectors also weakened during this period as growing concerns about mortgage lending began to mount.

At the March meeting, the Federal Open Market Committee (FOMC) made significant changes in the wording of its policy statement. After previously stating that there had been signs of stabilization within the housing market, they concluded that the "adjustment in the housing sector was ongoing." The committee also abandoned the reference to additional firming. This was in response to signs of slower economic and employment growth. While the U.S. economy had clearly slowed and the tightening bias had been removed, we felt that the Federal Reserve would be reluctant to ease in the near-term on concerns that "inflation would fail to moderate as expected." We were correct in our assessment as Chairman Ben Bernanke and the Fed left monetary policy unchanged at both the June and August meetings. However, there were significant developments during this time that would ultimately lead to action.

In mid-June, Bear Stearns announced the collapse of two hedge funds under management due to mortgage defaults of homeowners with poor credit. This in turn, triggered the "flight to quality" trade into the marketplace leading to a dramatic steepening of the yield curve. In its August 7 FOMC statement, policymakers did acknowledge tighter credit conditions for "some households and businesses", but left the current short-term lending rate intact. A few days later, France's largest bank was forced to halt withdrawals from three of its managed funds. This development caused overnight lending rates to soar. In response, the European Central Bank pumped cash into the financial system in order to stabilize the situation. Policy-making bodies around the globe followed suit, including the Federal Reserve. The following week, the nation's largest home lender, Countrywide Financial, had its solvency called into question. The institution was forced to draw down its entire bank credit facility as it and others were unable to raise capital in the unsecured and asset-backed commercial paper market. The lack of liquidity and accessibility within short-term markets produced the best quarterly performance for Treasuries in five years.

After failing in its two attempts to calm the market by pumping in liquidity, the Federal Reserve lowered the discount rate 50 basis points to 5.75%. This essentially was a precursor that policymakers would lower the federal funds rate no later than the September meeting. At that meeting the Federal Reserve lowered short-term interest rates by 50 basis points, somewhat of a surprise to the capital markets which for the most part were forecasting only a 25 basis point ease. In the statement, the committee stated its concern that current conditions could ultimately produce an economic downturn. Since the Fed's September action, the economic climate has gotten worse. Equity markets have stumbled, interest rates have fallen, commodity prices have soared, and most importantly, the confidence of the consumer, which is such an integral part of the economy, has dropped. Going forward, we feel that the Federal Reserve will be poised to lower rates further in order to regain confidence within the financial system. Until this occurs, we expect that equities will continue to weaken, spread product will underperform government debt, and that the yield curve will likely steepen further.

For fiscal year 2007, the RSA purchased approximately \$1.5 billion in additional securities for the fixed income portfolio. As of September 30, 2007, the RSA's fixed income portfolio had a market value of \$11.2 billion, of which 10.3% was in money market securities. For the fiscal year, the total annual returns for the fixed income portfolios were 15.15% for the TRS and 16.48% for the ERS and 7.16% for the JRF. The five-year annualized returns were 7.71% for the TRS and 7.89% for the ERS and 5.34% for the JRF. The ten-year annualized returns were 6.63% for the TRS and 6.65% for the ERS and 5.51% for the JRF.

LONG-TERM FIXED SECURITIES PURCHASED (\$ IN MILLIONS)

MONTHS	TRS	ERS	JRF	TOTAL
OCTOBER THROUGH MARCH	\$ 569.3	315.0	5.7	890.0
APRIL THROUGH SEPTEMBER	429.1	185.0	12.2	626.3
TOTAL	\$ 998.4	500.0	17.9	1,516.3

MATURITY STRUCTURE

The management of maturities for the bond portfolio is an integral part of the RSA's objective of providing a stable cashflow to meet retirement benefit needs. The RSA has historically structured its purchases in longer-term securities with intermediate call protection or average lives in order to meet its retirement obligations.

MATURITY DISTRIBUTION (IN %)

YEARS TO MATURITY	TRS			ERS		
	2007	2006	2005	2007	2006	2005
0 TO <5	22	23	28	20	21	27
5 TO <15	72	62	57	75	64	58
15 TO <20	2	1	1	1	1	1
20 TO <25	2	5	5	2	5	5
25 TO <30	2	9	9	2	9	9

QUALITY EVALUATION

The RSA continued its long-standing policy of investing in high quality fixed income products. Bond ratings, however, provide only a starting point in the evaluation of the relative investment qualities of a bond. Times have changed dramatically over the past decade and few companies today have a rating of AAA to A. Many companies are now rated BAA or lower.

QUALITY DISTRIBUTION (IN %)

RATING	TRS			ERS		
	2007	2006	2005	2007	2006	2005
AAA	25	25	26	24	23	25
AA	4	3	2	3	3	2
A	7	8	8	7	8	8
BAA	12	17	16	12	17	17
NOT RATED	50	47	48	52	49	48

EQUITY STRATEGY

After the dust settled, 2007 proved to be quite a good year for the global stock markets. In the same fashion as the three prior years, the first quarter of the new fiscal year proved to be the most linear in terms of returns. The fireworks started going off in late February, mostly in reaction to news that the Chinese authorities were tightening down on the liquidity in their markets through various measures. After that settled down, the markets were again off to the races. The LBO and private equity craze that had been ongoing for 3 or 4 years continued unabated. Almost on cue, private equity firms began to file ipo's to go public. This more or less marked the top in the merger mania that had been driven by the private equity shops.

At the same time, the housing market continued to unravel, as more and more evidence of loose lending policies evidenced itself. By the middle of August, the sub-prime lending issues that had been "contained" per the Fed's view earlier in the year had turned into a full blown crisis. The Fed had to reverse course and immediately cut the discount rate, followed closely by a cut in the Fed Funds rate. After nearly a 10% correction in a matter of weeks, the markets reversed course and closed out the year near the highs set in early July. The one takeaway that really stood out for 2007 was how quickly investor sentiment could change from exuberant to pessimistic. Volatility looks like it is back in play for some time to come.

There was very little change within the equity portfolio in the 12 months ended September 30. We did add a roughly 1% exposure to emerging markets when those markets became dislocated in February and August. We have continued to favor the larger capitalization stocks, and that strategy again worked as large caps outperformed small caps for the second straight year.

In review, the RSA equity allocation began the year at roughly 62%, and closed out fiscal 2007 at 63% on average across the three funds. Domestic equities account for 46% of the fund, and international equities are now 17% of the total. For the second year in a row, the large capitalization indices beat the smaller caps. The S & P 500 index was up 16.44%, the S & P 400 Midcap index was up 18.76%, and the S & P Smallcap 600 index was up 14.93%. The MSCI EAFE index was up 24.86%, again outperforming the broad domestic equity indices.

For the year, the RSA domestic equity portfolios increased 16.60%, 16.68%, and 16.89% for the TRS, ERS, and JRF funds, respectively. International equity returns fared better, posting 25.43% for TRS and 25.50% for ERS. The combined total return for the overall equity portfolios were 18.44%, 18.84%, and 17.89% for the TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were 15.98%, 17.92%, and 7.99% for TRS, 15.95%, 17.89%, and 7.95% for ERS, and 13.84%, 16.06%, and 7.25% for JRF, respectively. ■

INVESTMENT RETURNS

FOR THE PERIOD ENDED SEPTEMBER 30, 2007 (PERCENT)

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
EQUITY RETURNS				
TRS	18.84	15.98	17.92	7.99
ERS	18.84	15.95	17.89	7.95
JRF	17.89	13.84	16.06	7.25
FIXED INCOME RETURNS				
TRS	15.15	7.66	7.71	6.63
ERS	16.48	8.07	7.89	6.65
JRF	7.16	6.49	5.34	5.51
TOTAL RSA RETURNS				
TRS	17.46	12.46	12.94	7.42
ERS	17.92	12.35	12.86	7.27
JRF	14.27	11.08	11.26	6.73
BENCHMARKS				
S&P 500	16.44	13.14	15.45	6.57
DJIA	21.67	13.85	15.42	7.87
MIDCAP 400	18.76	15.63	18.17	11.60
SMALLCAP 600	14.93	14.29	18.73	9.41
MSCI EAFE	24.86	23.24	23.55	7.97
CITIGROUP BIG	5.25	3.95	4.23	6.01
LEHMAN BROTHERS AGGREGATE	5.14	3.86	4.13	5.97

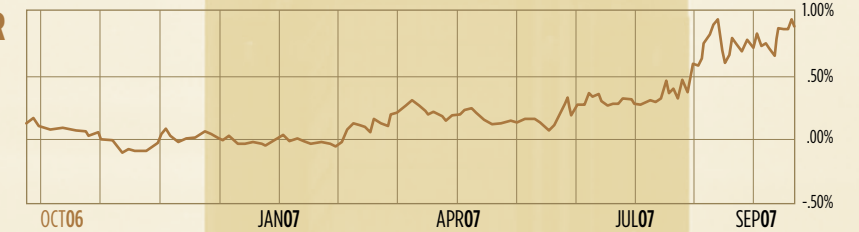
US TREASURY 2-YEAR NOTE (YIELD)



US TREASURY 30-YEAR BOND (YIELD)



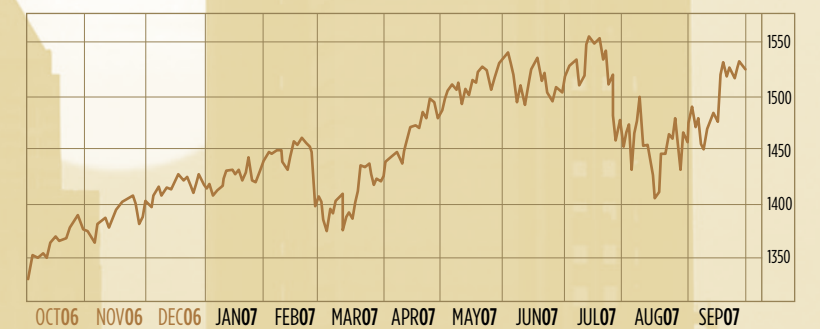
SPREAD DIFFERENCE BETWEEN 2-YEAR & 30-YEAR TREASURIES



DOW JONES INDUSTRIAL AVERAGE



S&P 500 INDEX



Financial Statements

TEACHERS' RETIREMENT FUND

STATEMENT OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ASSETS		
CASH	\$ 8,102	\$ 9,653
RECEIVABLES		
EMPLOYEE CONTRIBUTIONS	25,508	23,814
EMPLOYER CONTRIBUTIONS	47,751	38,912
DIVIDENDS AND INTEREST	151,198	154,800
TOTAL RECEIVABLES	224,457	217,526
INVESTMENTS, AT FAIR VALUE		
DOMESTIC EQUITY	10,350,683	9,157,003
DOMESTIC FIXED INCOME	5,282,777	4,990,746
INTERNATIONAL	3,735,724	2,967,620
REAL ESTATE	1,480,737	1,206,840
SHORT-TERM	776,563	646,143
TOTAL INVESTMENTS	21,626,484	18,968,352
INVESTED SECURITIES LENDING COLLATERAL	2,717,017	1,922,021
PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION	62,798	15,875
TOTAL ASSETS	24,638,858	21,133,427
LIABILITIES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3,091	3,603
SECURITIES LENDING COLLATERAL	2,717,017	1,922,021
TOTAL LIABILITIES	2,720,108	1,925,624
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 21,918,750	\$ 19,207,803

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ADDITIONS		
CONTRIBUTIONS		
EMPLOYEE	\$ 302,272	\$ 278,220
EMPLOYER	540,847	434,195
TRANSFERS FROM EMPLOYEES' RETIREMENT SYSTEM	2,814	3,235
TOTAL CONTRIBUTIONS	845,933	715,650
INVESTMENT INCOME		
FROM INVESTMENT ACTIVITIES		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	2,589,858	878,743
INTEREST AND DIVIDENDS	719,910	703,189
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	3,309,768	1,581,932
LESS: INVESTMENT EXPENSE	5,105	4,947
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	3,304,663	1,576,985
FROM SECURITIES LENDING ACTIVITIES		
SECURITIES LENDING INCOME	136,869	84,052
SECURITIES LENDING EXPENSES		
BORROWER REBATES	126,966	77,407
MANAGEMENT FEES	1,770	1,271
TOTAL SECURITIES LENDING EXPENSES	128,736	78,678
NET INCOME FROM SECURITIES LENDING ACTIVITIES	8,133	5,374
TOTAL INVESTMENT INCOME	3,312,796	1,582,359
TOTAL ADDITIONS	4,158,729	2,298,009
DEDUCTIONS		
RETIREMENT ALLOWANCE PAYMENTS	1,397,808	1,207,251
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	37,474	36,683
TRANSFERS TO EMPLOYEES' RETIREMENT SYSTEM	2,406	2,982
TRANSFERS TO JUDICIAL RETIREMENT FUND	-	26
ADMINISTRATIVE EXPENSE	9,614	11,325
DEPRECIATION	480	462
TOTAL DEDUCTIONS	1,447,782	1,258,729
NET INCREASE	2,710,947	1,039,280
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF THE YEAR	19,207,803	18,168,523
END OF THE YEAR	\$ 21,918,750	\$ 19,207,803

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

Financial Statements

EMPLOYEES' RETIREMENT FUND

STATEMENT OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ASSETS		
CASH	\$ 7,190	\$ 5,074
RECEIVABLES		
EMPLOYEE CONTRIBUTIONS	14,600	14,553
EMPLOYER CONTRIBUTIONS	26,083	22,281
DIVIDENDS AND INTEREST	72,215	73,728
TOTAL RECEIVABLES	112,898	110,562
INVESTMENTS, AT FAIR VALUE		
DOMESTIC EQUITY	5,002,102	4,345,437
DOMESTIC FIXED INCOME	2,497,334	2,314,148
INTERNATIONAL	1,650,424	1,307,815
REAL ESTATE	720,752	583,690
SHORT-TERM	380,667	328,769
TOTAL INVESTMENTS	10,251,279	8,879,859
INVESTED SECURITIES LENDING COLLATERAL	1,317,633	864,409
PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION	32,044	8,625
TOTAL ASSETS	11,721,044	9,868,529
LIABILITIES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	2,193	2,253
SECURITIES LENDING COLLATERAL	1,317,633	864,409
TOTAL LIABILITIES	1,319,826	866,662
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 10,401,218	\$ 9,001,867

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ADDITIONS		
CONTRIBUTIONS		
EMPLOYEE	\$ 181,734	\$ 184,144
EMPLOYER	277,254	241,750
TRANSFERS FROM TEACHERS' RETIREMENT SYSTEM	2,406	2,982
TOTAL CONTRIBUTIONS	461,394	428,876
INVESTMENT INCOME		
FROM INVESTMENT ACTIVITIES		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	1,249,495	375,025
INTEREST AND DIVIDENDS	347,272	329,459
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	1,596,767	704,484
LESS: INVESTMENT EXPENSE	3,725	3,216
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	1,593,042	701,268
FROM SECURITIES LENDING ACTIVITIES		
SECURITIES LENDING INCOME	58,925	35,407
SECURITIES LENDING EXPENSES		
BORROWER REBATES	54,648	32,567
MANAGEMENT FEES	727	504
TOTAL SECURITIES LENDING EXPENSES	55,375	33,071
NET INCOME FROM SECURITIES LENDING ACTIVITIES	3,550	2,336
TOTAL INVESTMENT INCOME	1,596,592	703,604
TOTAL ADDITIONS	2,057,986	1,132,480
DEDUCTIONS		
RETIREMENT ALLOWANCE PAYMENTS	615,661	551,793
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	31,829	31,780
TRANSFERS TO TEACHERS' RETIREMENT SYSTEM	2,814	3,235
TRANSFERS TO JUDICIAL RETIREMENT FUND	220	133
ADMINISTRATIVE EXPENSE	7,813	7,850
DEPRECIATION	298	337
TOTAL DEDUCTIONS	658,635	595,128
NET INCREASE	1,399,351	537,352
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF THE YEAR	9,001,867	8,464,515
END OF THE YEAR	\$ 10,401,218	\$ 9,001,867

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

RSA Financial Statements

JUDICIAL RETIREMENT FUND

STATEMENT OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ASSETS		
CASH	\$ 1,136	\$ 1,077
RECEIVABLES		
EMPLOYEE CONTRIBUTIONS	112	112
EMPLOYER CONTRIBUTIONS	316	303
DIVIDENDS AND INTEREST	1,364	1,320
TOTAL RECEIVABLES	1,792	1,735
INVESTMENTS, AT FAIR VALUE		
DOMESTIC EQUITY	152,778	153,064
DOMESTIC FIXED INCOME	64,232	68,108
INTERNATIONAL	24,752	-
REAL ESTATE	2,550	2,494
SHORT-TERM	23,880	20,104
TOTAL INVESTMENTS	268,192	243,770
INVESTED SECURITIES LENDING COLLATERAL	45,430	25,393
TOTAL ASSETS	316,550	271,975
LIABILITIES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	187	160
SECURITIES LENDING COLLATERAL	45,430	25,393
TOTAL LIABILITIES	45,617	25,553
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 270,933	\$ 246,422

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

STATEMENT OF CHANGES IN PLAN NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007 AND 2006

	(\$ IN THOUSANDS)	
	2007	2006
ADDITIONS		
CONTRIBUTIONS		
EMPLOYEE	\$ 2,416	\$ 2,338
EMPLOYER	9,307	8,916
TRANSFERS FROM TEACHERS' RETIREMENT SYSTEM	-	26
TRANSFERS FROM EMPLOYEES' RETIREMENT SYSTEM	220	133
TOTAL CONTRIBUTIONS	11,943	11,413
INVESTMENT INCOME		
FROM INVESTMENT ACTIVITIES		
NET INCREASE IN FAIR VALUE OF INVESTMENTS	25,988	11,215
INTEREST AND DIVIDENDS	8,500	9,598
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	34,488	20,813
LESS: INVESTMENT EXPENSE	2	2
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	34,486	20,811
FROM SECURITIES LENDING ACTIVITIES		
SECURITIES LENDING INCOME	1,945	908
SECURITIES LENDING EXPENSES		
BORROWER REBATES	1,832	861
MANAGEMENT FEES	18	7
TOTAL SECURITIES LENDING EXPENSES	1,850	868
NET INCOME FROM SECURITIES LENDING ACTIVITIES	95	40
TOTAL INVESTMENT INCOME	34,581	20,851
TOTAL ADDITIONS	46,524	32,264
DEDUCTIONS		
RETIREMENT ALLOWANCE PAYMENTS	21,356	18,777
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	183	45
ADMINISTRATIVE EXPENSE	474	432
TOTAL DEDUCTIONS	22,013	19,254
NET INCREASE	24,511	13,010
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF THE YEAR	246,422	233,412
END OF THE YEAR	\$ 270,933	\$ 246,422

THE RSA BATTLE HOUSE TOWER

A View from the Pinnacle...



RSA 2007 ANNUAL REPORT: FINANCIAL & REALIZATION ETC.

A view from the roof of the RSA Battle House Tower, overlooking Mobile Bay and the Gulf of Mexico.
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BACK COVER: Inside the pinnacle of the RSA Battle House Tower.
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