



2009 RSA Annual Report

THE STRONGER THE RSA CAN MAKE ALABAMA  
THE STRONGER THE RSA WILL BE



ASSISTING WOUNDED SERVICE MEMBERS AND THEIR FAMILIES  
HOPE FOR THE WARRIORS

Strength. Stability. Security.



Our wounded warriors know the meaning of these three words. Their strength has imparted stability and security to us as a nation and state. The new challenges they face will require courage, determination and resilience as they move forward.

Likewise, the Retirement Systems of Alabama will continue to stand for strength, stability and security in the face of a challenging economy. We, too, must practice courage, determination and resilience as our commitment to the people and state of Alabama remains the same.



*Hope For The Warriors™ is a national nonprofit organization that assists wounded service members and their families. Dr. David G. Bronner invited the wounded warriors and their families to Alabama on December 18-23, 2009, to enjoy some well-deserved “R&R.”*

*“These warriors have put their lives on the line to protect our freedom,” stated Dr. Bronner. “We are honored to welcome them and their families to Alabama and the Robert Trent Jones Golf Trail.”*

Cover: Pete Richert with Dr. David G. Bronner © David Robertson, Jr. Photography (digital painting: Out of the Blue CREATIVE SERVICES)  
Inside cover: Angel Rodriguez, MONTGOMERY, TED CRAIG, FT. BENNING, GA., Matt Gibson, ARKANSAS, Justin Lynn, SAN ANTONIO, Pete Richert, MISSISS, and Dr. David G. Bronner © David Robertson, Jr. Photography

© Dave Martin Photography, New York Times

The Boards of Control and the Retirement Systems of Alabama (RSA) staff are pleased to present the 34th RSA Annual Report for the fiscal year ended September 30, 2009.

The RSA manages 22 funds with aggregate assets of approximately \$27.2 billion as of September 30, 2009 (see page 8). The funds under management for the Teachers’ Retirement System (TRS) were \$16.0 billion. The Employees’ Retirement System (ERS) funds under management were \$7.6 billion, and the Judicial Retirement Fund (JRF) totaled \$210 million.

Fiscal year 2009 was another difficult year, although returns improved from fiscal year 2008 levels. The annualized return was -7.94% for the TRS, -10.03% for the ERS, and 0.69% for the JRF. The bear market experienced throughout 2008 continued through March 2009 before domestic equity markets finally hit their lows and began to turn around. Despite the positive market performance over the second half of the fiscal year, the market did not fully recoup its losses from the first half, but meaningful improvement was made. The RSA has stressed to its members throughout the years that benefits are not jeopardized by short-term losses. The RSA has a diverse investment portfolio that helps to cushion the systems from the effect of losses from investments.

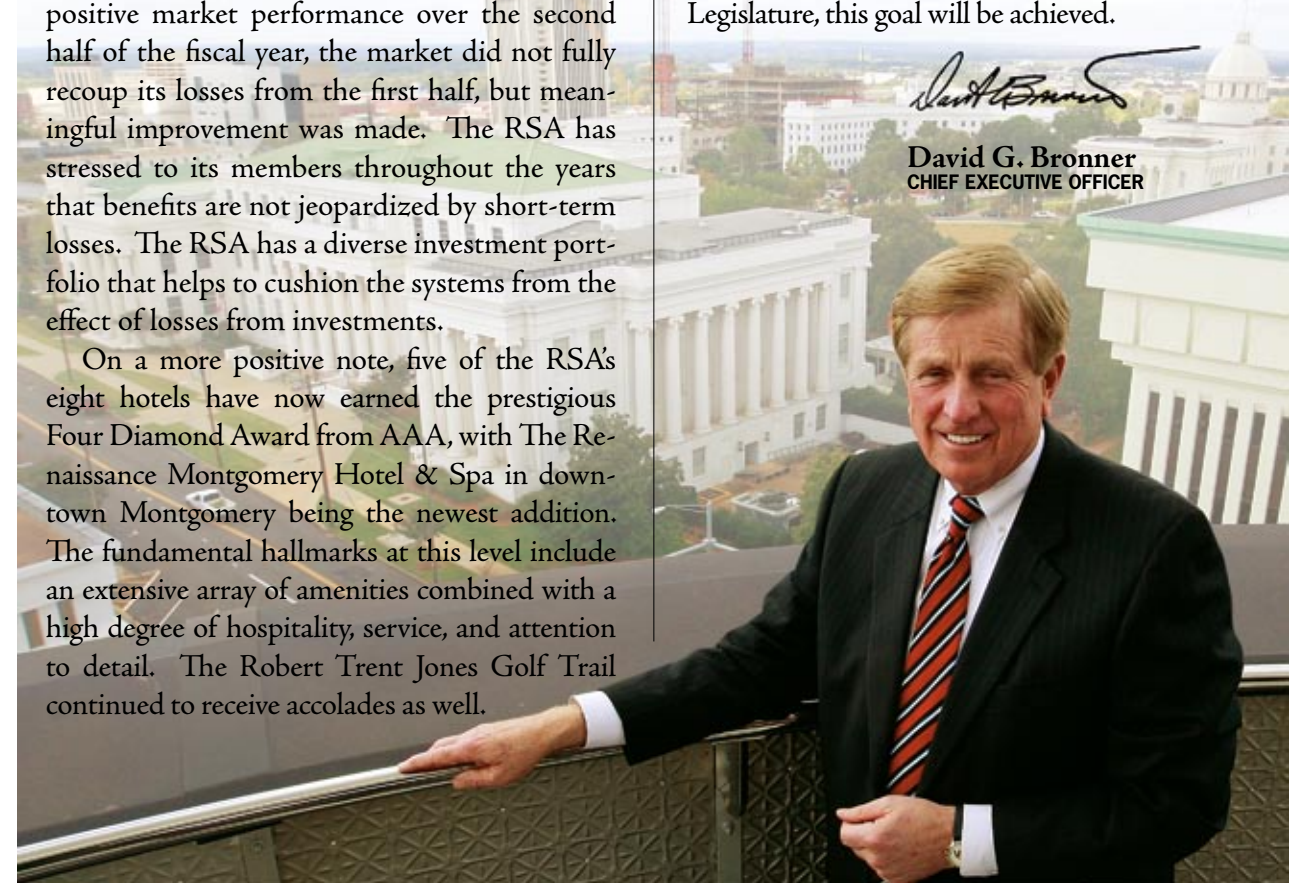
On a more positive note, five of the RSA’s eight hotels have now earned the prestigious Four Diamond Award from AAA, with The Renaissance Montgomery Hotel & Spa in downtown Montgomery being the newest addition. The fundamental hallmarks at this level include an extensive array of amenities combined with a high degree of hospitality, service, and attention to detail. The Robert Trent Jones Golf Trail continued to receive accolades as well.

After being named the top value for golf by *Golf Digest* in 2008, two RTJ courses – The Grand National in Opelika and Capitol Hill in Prattville – were ranked at the top of *Golf World* magazine’s 2009 Readers’ Choice awards.

In other RSA real estate news, the RSA purchased the 34-story AmSouth building in Mobile from bankruptcy court for \$6.75 million. This building has 280,000 square feet of leasable space, of which roughly 180,000 is currently leased. This building purchase also includes a 480-space parking deck.

The staff will continue to purchase and develop investments that 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  
CHIEF EXECUTIVE OFFICER







“...some of the best public golf on earth.” ~The New York Times

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“...may be the biggest bargain in the country.” ~The Wall Street Journal

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## ALABAMA: INVESTMENT STABILITY

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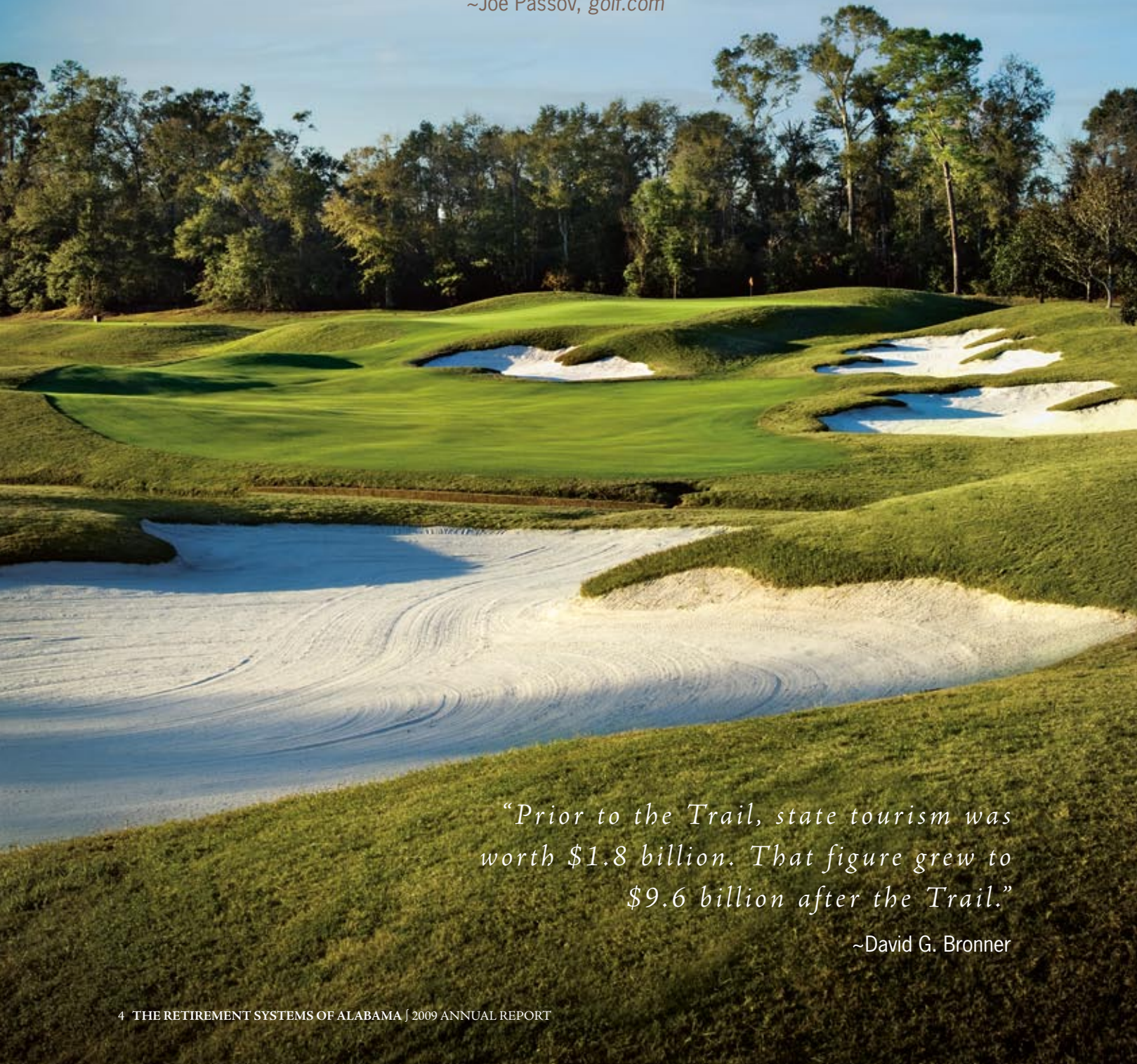
© Michael Clemmer, Golf Landscape Photography; The Shoals, Fighting Joe, No. 12



# The ROBERT TRENT JONES GOLF TRAIL

*“No other destination offers such a complete collection of country-club-for-a-day courses at such bargain-basement prices. The success of the RTJ Trail makes it clear that some destinations are just worth it...”*

~Joe Passov, [golf.com](http://golf.com)



*“Prior to the Trail, state tourism was worth \$1.8 billion. That figure grew to \$9.6 billion after the Trail.”*

~David G. Bronner

## “FINANCING CULTURAL CHANGE”

EXCERPT FROM THE *NEW YORK TIMES*

~by Dan Luzadder

Mr. Bronner’s vision of investing in Alabama reflects an unusual approach for a state pension fund. Most, he said, are content to turn their money over to an investment manager, and most operate from a single goal of enhancing the value of the retirement funds by wise investments.

But Mr. Bronner has a reputation for taking a longer view, and has invested in real estate as a way to create cultural changes in the state. The approach has on occasion made him controversial, with critics suggesting that spending on economic development by building, owning and operating major hotels and office buildings isn’t the purpose of a state pension fund.

Mr. Bronner credits the fund’s investment in hotels and resorts associated with the Robert Trent Jones Golf Trail in Alabama for creating a multibillion-dollar tourist economy in the state. The agency spent more than \$213 million building 11 luxury golf courses designed by Robert Trent Jones, and hundreds of millions more to build hotels and residential developments that the agency owns and operates at the courses. That move is credited with helping to attract business, like the immense new ThyssenKrupp Steel USA plant being constructed on the banks of the Mobile River, 30 miles north of the port city. ■

“The Navistar LPGA Classic at Capitol Hill in Prattville has been a great success for us,” said Dan Ustian, chairman, president and CEO of **Navistar International Corporation**. “It has given us an opportunity to strengthen our brand awareness, give back to a community where we do business and deepen relationships with our key customers, dealers, suppliers and business partners.”



© Air Force Photo, Master Sgt. Scott Moorman

Opposite: Magnolia Grove, Falls Course, No. 10; Top: Renaissance Ross Bridge Golf Resort & Spa; Bottom: Hampton Cove, River Course, No. 4 © Michael Clemmer, Golf Landscape Photography





THE RETIREMENT SYSTEMS OF ALABAMA  
BOARDS OF CONTROL

“...the (RTJ) Trail has improved the quality of life in our state and made it more appealing to investors. Within the space of 10 years, Alabama has become the nation’s third largest automotive manufacturer.”  
~Governor Bob Riley



2009 TEACHERS' RETIREMENT SYSTEM BOARD OF CONTROL

- |   |   |   |  |  |  |   |   |
|---|---|---|--|--|--|---|---|
| Dr. Joseph Morton<br>STATE SUPERINTENDENT<br>OF EDUCATION; EX OFFICIO | Mrs. Sharon P. Saxon<br>SUPPORT PERSONNEL POSITION<br>VICE CHAIRMAN | Mr. Luke Hallmark<br>SUPERINTENDENT<br>POSITION               | Mr. Robert Smith<br>SUPPORT PERSONNEL<br>POSITION  | Mrs. Teresa Harbison<br>TEACHER POSITION<br>CHAIRMAN | Mr. John R. Whaley<br>TEACHER POSITION | Mr. Danny Stallings<br>PRINCIPAL POSITION | Mr. Bill Newton<br>STATE FINANCE DIRECTOR<br>EX OFFICIO |
| Mrs. Sarah S. Swindle<br>RETIRED POSITION                             | Mrs. Sallie Cook<br>RETIRED POSITION                                | Dr. Paul R. Hubbert<br>EXECUTIVE SECRETARY<br>AEA; EX OFFICIO | Dr. Susan Williams Brown<br>POSTSECONDARY POSITION | Ms. Judy Rigdon<br>TEACHER POSITION                  |  |   |   |

■ SERVE ON BOTH THE TRS AND ERS BOARDS OF CONTROL



2009 EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL

- |  |   |  |   |   |   |  |
|--|---|--|---|---|---|--|
| Mr. Robert H. Pruitt<br>GOVERNOR APPOINTEE     | Mr. Steven W. Williams<br>ACTIVE LOCAL EMPLOYEE | Mr. John H. Wilkerson, Jr.<br>GOVERNOR APPOINTEE | Mr. Ben Powell<br>ACTIVE LOCAL EMPLOYEE       | Mr. Robert S. Miller<br>GOVERNOR APPOINTEE                      | Mr. James Fibbe<br>RETIRED LOCAL EMPLOYEE | Hon. Bob Riley<br>GOVERNOR<br>EX OFFICIO |
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■ SERVE ON BOTH THE TRS AND ERS BOARDS OF CONTROL

© Fouts Commercial Photography, RSA Boards of Control



# The Retirement Systems of Alabama

## TEACHERS' RETIREMENT SYSTEM EMPLOYEES' RETIREMENT SYSTEM JUDICIAL RETIREMENT FUND 2009 FINANCIAL HIGHLIGHTS

### MEMBERSHIP ACTIVITY for 2009

	TRS	ERS	JRF
NEW MEMBERS	9,591	8,605	22
WITHDRAWN MEMBERS	5,306	4,889	5
SERVICE RETIREMENTS	3,777	2,462	19
DISABILITY RETIREMENTS	284	244	0
NEW BENEFICIARIES	262	221	5

### TOTAL MEMBERSHIP for 2009 (AS OF SEPTEMBER 30, 2009)

	TRS	ERS	JRF	TOTAL
ACTIVE	132,546	84,264	332	217,142
DROP	5,307	2,357	-	7,664
RETIRED	68,165	35,987	321	104,473
TOTAL	206,018	122,608	653	329,279

### FUNDS UNDER MANAGEMENT (AS OF SEPTEMBER 30, 2009; \$ IN THOUSANDS)

	TOTAL FUNDS MANAGED (1)
TEACHERS' RETIREMENT SYSTEM	\$ 15,981,801
EMPLOYEES' RETIREMENT SYSTEM	7,611,964
JUDICIAL RETIREMENT FUND	209,720
ALABAMA CULTURAL RESOURCES PRESERVATION TRUST FUNDS	7,978
ALABAMA EDUCATION FOUNDATION FOR K THROUGH 12	732
DIVISION OF WILDLIFE AND FRESHWATER FISHERIES	16,320
ALABAMA NONGAME WILDLIFE ENDOWMENT TRUST	16
ALABAMA UNDERGROUND & ABOVEGROUND STORAGE TANK TRUST FUNDS	1,531
CLERKS' & REGISTERS' SUPERNUMERARY FUND	9,434
ALABAMA SENIOR SERVICES TRUST FUND	18,803
ALABAMA STATE EMPLOYEES' HEALTH INSURANCE FUND	123,712
LOCAL GOVERNMENT HEALTH INSURANCE FUND	57,521
PEIRAF - DEFERRED COMPENSATION PLAN (RSA - 1)	1,179,130
PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND	109,706
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST	682,682
PUBLIC EMPLOYEES' INDIVIDUAL RETIREMENT ACCOUNT FUND	81,924
ALABAMA MARINE RESOURCES ENDOWMENT TRUST FUND	765
ALABAMA TRUST FUND	713,301
ALABAMA TREASURY FUND	256,304
CHARLOTTE THORN TRUST FUND	6,026
ALABAMA STATE EMPLOYEES' RETIRED HEALTH CARE TRUST FUND	78,913
STATE DOCKS PENSION PLANS	10,971
<b>TOTAL ASSETS UNDER MANAGEMENT</b>	<b>\$ 27,159,254</b>

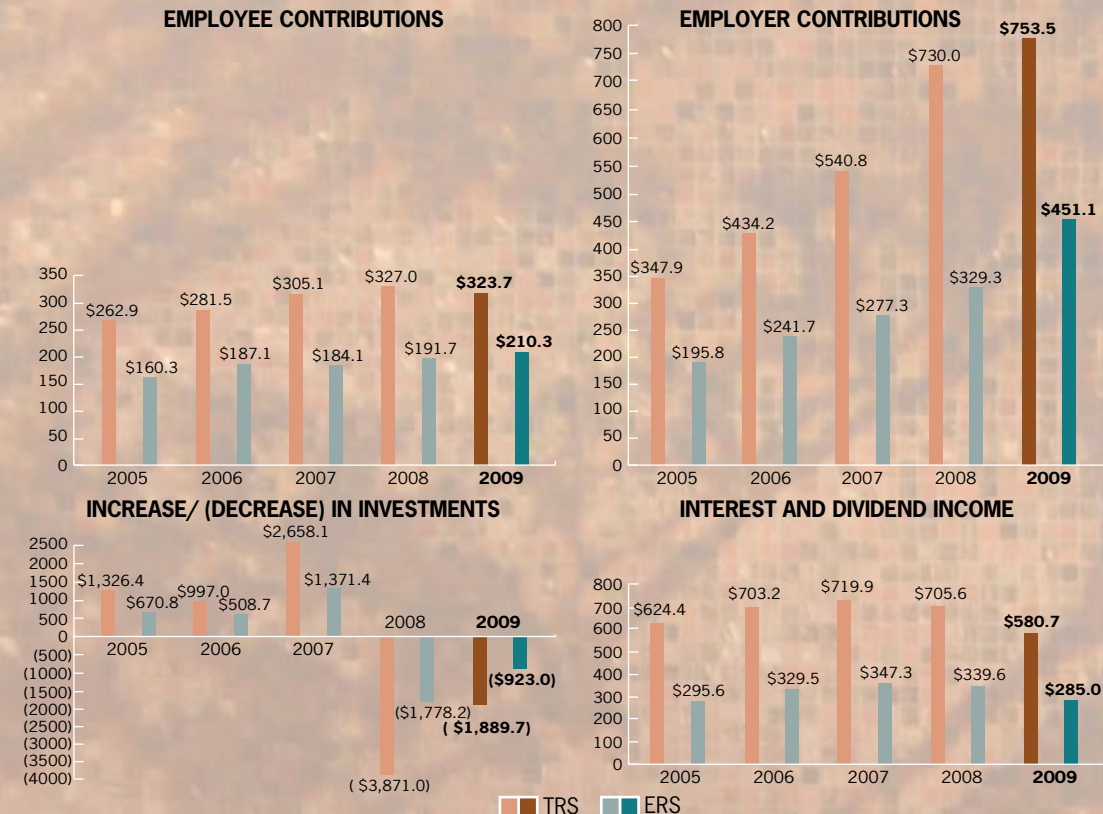
(1) INCLUDES INVESTMENTS AT FAIR VALUE, CASH, BUILDINGS NET OF DEPRECIATION, AND LAND

Battle House Spa named  
"one of the seven must-do spas in the world" ~ Shape magazine 2009

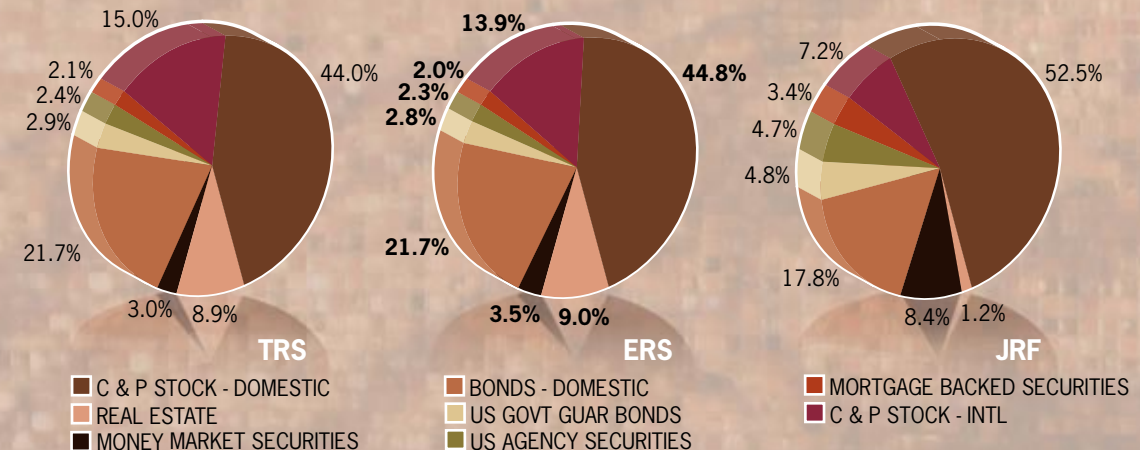
### REVENUE SOURCES for TRS, ERS & JRF (\$ IN MILLIONS)

	2008	2009
EMPLOYEE CONTRIBUTIONS	521.2	536.7
EMPLOYER CONTRIBUTIONS	1,069.3	1,215.0
INVESTMENT INCOME	(4,948.9)	(2,372.3)
<b>TOTAL</b>	<b>\$(3,358.4)</b>	<b>\$(620.6)</b>

### 5-YEAR HIGHLIGHTS (\$ IN MILLIONS)



ASSET ALLOCATION (AS OF SEPTEMBER 30, 2009) 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.





THE RETIREMENT SYSTEMS OF ALABAMA  
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THE RETIREMENT SYSTEMS OF ALABAMA  
LEGAL, LEGISLATION, COMMUNICATIONS & FIELD SERVICES

**LEGAL** In this age of legal specialization and outsourcing of work, the RSA Legal Department continues to address, in house, a myriad of legal issues – issues of statutory interpretation and implementation, administrative procedure, constitutional law, tax law, securities law, employee benefits law, health insurance law, contract law, construction law, commercial real estate law, commercial libel and slander law, federal litigation procedures, state litigation procedures, corporate governance, limited partnerships, personnel law, insurance law, federal regulations, state regulations, privacy and public disclosure laws, estate law and domestic relations law, fiduciary and trust law, bankruptcy law, and federal criminal law – to name a few. The funds entrusted to the RSA are protected and our members receive the benefits to which they are entitled by law as a result of their faithful service.

While there has been no bright star litigation or headline grabbing administrative actions in the past year, the legal department has continued to work closely with the administrative staff, the benefits staff, the investment staff, the accounting staff, and other RSA personnel to address and resolve the many issues raised by the day to day administration of the Retirement Systems. Working hand-in-hand with the investment accounting staff, the legal department has continued to bring in significant recoveries in securities fraud litigation; and working hand-in-hand with our competent benefits staffs, the department has continued to be successful in benefits litigation. Perhaps equally as important, we have helped avoid costly and disruptive litigation by addressing legal problems before they evolved into litigation.

This past year we finalized franchise agreements for our hotels, closed out some construction projects and started other investment projects using new investment structures. We addressed operational issues relating to the office buildings, the golf courses and the hotels. Members of the staff again spoke at and participated in national and regional conferences and authored articles which were published in national publications.

Each year brings different challenges for the department due to changing conditions. Last year we began to see the effects of the economic downturn and we expect to face new challenges based upon those conditions in the coming year. ■

**LEGISLATION** The 2009 Regular Session of the Alabama Legislature began February 3, 2009, and ended May 15, 2009. The General Fund Budget (Act 2009-550)

and the Education Trust Fund Budget (Act 2009-339) passed. Both the Teachers' Retirement System (TRS) and the Public Education Employees' Health Insurance Plan (PEEHIP) were funded at the agreed upon rates.

There were only two bills passed that dealt directly with the Employees' Retirement System (ERS). Act 2009-337 allows employees of newly created development authorities to participate in the ERS and Act 2009-363 allows employees of the Water Works and Sewer Board of the City of Prichard to join the ERS. For the TRS, Act 2009-643 was passed to allow the purchase of prior service credit for service at an institution of higher education that receives direct appropriations from the Education Trust Fund but does not participate in the TRS. The cost of the purchase must be the actuarial cost of the service. A Senate Joint Resolution (Act 2009-808) was also passed directing the RSA to conduct an actuarial study of the financial issues of the Alabama Prepaid Affordable College Tuition (PACT) Program.

There were also two bills that passed during the session that dealt with PEEHIP. Act 2009-607 defines the term "disability retiree" for purposes of receiving reduced contributions for health insurance premiums and Act 2009-490 creates a Health Care Data Advisory Council and allows one member to be appointed by the PEEHIP Board.

There was also a five-day Special Session in 2009 that began August 10, 2009, and adjourned August 14, 2009. It was called to specifically address financial issues in Jefferson County. There were no bills introduced or passed affecting the RSA. ■

**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 and Mid-Career Seminars for the 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. ■



# The SPA TRAIL

*“From stone massages to caviar facials, the five spas offer innovative treatments. With 57,000 square feet of space collectively, the (Spa) Trail locations feature 38 treatment rooms and more than 130 employees.”*

*~Steve Solberg, president and CEO, PCH Hotels and Resorts*



*“Tourists are probably the best source of money because they don’t demand any local services. The impact on surrounding communities is amazing.”*

*~David G. Bronner*

## “FINANCING CULTURAL CHANGE”

EXCERPT FROM THE *NEW YORK TIMES*

~by Dan Luzadder

Today, the Battle House hotel, which had been closed for more than three decades, has been restored to its antebellum elegance. Its rooms and suites are as well appointed as any luxury hotel in the region, and its spa has become a draw for tourists.

The hotel lobby connects to the 35-story RSA Battle House Tower, a sparkling 470,000-square-foot high-rise that is the first truly Class A office space in Mobile, offering tenants the highest-quality space and most advanced technology available in the city. At 745 feet, the tower is also the tallest building on the Gulf Coast east of Houston.

The Battle House Tower, which opened in 2007, is just one of a number of investments that Mr. Bronner has shepherded within Mobile.

His agency also built a new cruise port for \$16.1 million: the Alabama Cruise Terminal, a 302,000-square-foot docking area that has attracted cruise ships to the city, including some that used New Orleans as a port before Hurricane Katrina. It spent \$97.3 million to buy and restore the 534,000-square-foot Grand Hotel across the water on the eastern arm of the Bay of Mobile, after it was damaged by the wind from Katrina. And the fund most recently spent \$6.7 million to buy the 300,000-square-foot, 34-story former AmSouth Bank Building, built in 1965. It is under reconstruction for conversion into the city’s second Class A office tower. ■



Opposite: The Battle House Spa  
Top: Renaissance Montgomery Hotel & Spa at the Convention Center; Bottom left: The Spa at Ross Bridge

“We have guests who spa all over the world, and when we look at the thousands of comment cards they complete, we often hear ‘we had no idea this was here,’ or that spas in London or Dubai don’t hold a candle to our spas.”

*~Susie Marquez, Director of Spa Operations for PCH Hotels & Resorts*



# Hotels & Resorts



Five of the eight RSA hotels received a four diamond rating from AAA:

*Renaissance Montgomery Hotel & Spa at the Convention Center*

*Renaissance Ross Bridge Golf Resort & Spa*

*Marriott Shoals Hotel & Spa*

*Grand Hotel Marriott Resort Golf Club & Spa*

*The Battle House, a Renaissance Hotel & Spa*



Opposite top: Marriott Shoals Hotel & Spa; Opposite bottom: The Oak Tavern Bar at the Montgomery Marriott Prattville Hotel & Conference Center; Top right: The Battle House, a Renaissance Hotel & Spa; Bottom right: Grand Hotel Marriott Resort Golf Club & Spa © myshotz.com; Bottom left: Brock's wine cellar at the Renaissance Ross Bridge Golf Resort & Spa

## “FINANCING CULTURAL CHANGE”

EXCERPT FROM THE *NEW YORK TIMES*

~by Dan Luzadder

From a \$500 million start, he has guided the agency into a \$28 billion financial juggernaut. Mr. Bronner is fond of dragging reporters to the balcony of the fund's well-appointed new office complex in Montgomery to gaze out at his symbolic signature—the green-trimmed rooftops of all the buildings that the fund has helped to build.

The fund's most recent annual report carries an aerial photograph of the city with all of the buildings it has financed taken out of the picture. “It makes a point,” Mr. Bronner said with a grin. “This is what the city would look like without us.”

The retirement system has had an even greater impact in Montgomery than in Mobile—2.5 million square feet of commercial and state office space—where local commercial real estate developers like Jerry Kyser say investors are now eager to put money into new restaurants, offices and retailing in the city's downtown, including its new Alleyway project down the block from the retirement system's recently completed 395,000-square-foot Renaissance Hotel, which includes a 1,800-seat performing arts center and convention hall. ■

*The Battle House, a Renaissance Hotel & Spa named “Top 500 Hotels in the world”*

~ *Travel + Leisure* January 2009



Grand Hotel Marriott Resort Golf Club & Spa and the Battle House, a Renaissance Hotel & Spa were honored for their wine programs by *Wine Enthusiast*.



MARRIOTT SHOALS HOTEL & SPA

RENAISSANCE ROSS BRIDGE GOLF RESORT & SPA

RENAISSANCE MONTGOMERY HOTEL & SPA at the CONVENTION CENTER

The BATTLE HOUSE, a RENAISSANCE HOTEL & SPA

GRAND HOTEL MARRIOTT RESORT GOLF CLUB & SPA

RENAISSANCE RIVERVIEW PLAZA HOTEL

MONTGOMERY MARRIOTT PRATTVILLE HOTEL & CONFERENCE CENTER at CAPITOL HILL

AUBURN MARRIOTT OPELIKA HOTEL & CONFERENCE CENTER at GRAND NATIONAL



## The Colony at the Grand & National Village

The Fairhope/Point Clear area was named one of the  
 “Top 10 Places in the United States to retire.”  
 ~ the Wall Street Journal

# LUXURY RESIDENCES

“I think we’ve done something the community is proud of.  
 I not only feel I’m a partner with the business community,  
 but the people of Mobile.”

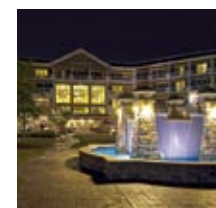
~David G. Bronner

The Auburn/Opelika area was named one of the  
 “Top 10 Places to Retire for Golf.” ~ US News & World Report



On the historic grounds of the Grand Hotel just outside of Fairhope, Alabama, lies a place set apart by the very hand of nature. It’s a place where earth and sky, wind and water conspire to relax the body and restore the spirit. Here, somewhere between low tide and high tea, you can do as much as your heart desires or as little as your conscience allows. It is a luxury condominium residence called The Colony at the Grand. And it’s unlike any other residential real estate you’ve ever seen on Mobile Bay. ■

[www.colonyatthegrand.com](http://www.colonyatthegrand.com)



Experience golf community living on one of the world’s most beautiful courses. Year-round Craftsman-style homes or weekend retreat cottage homes offer outdoor lifestyles rivaled only by the luxury that awaits inside your front door. Inspired by 150-year old historic neighborhoods, the National Village boasts soaring ceilings, open floor plans and natural stone fireplaces. Beautifully landscaped streets beckon you to stroll and fire pits along winding nature trails make congenial gathering spots. ■

[www.nationalvillage.com](http://www.nationalvillage.com)

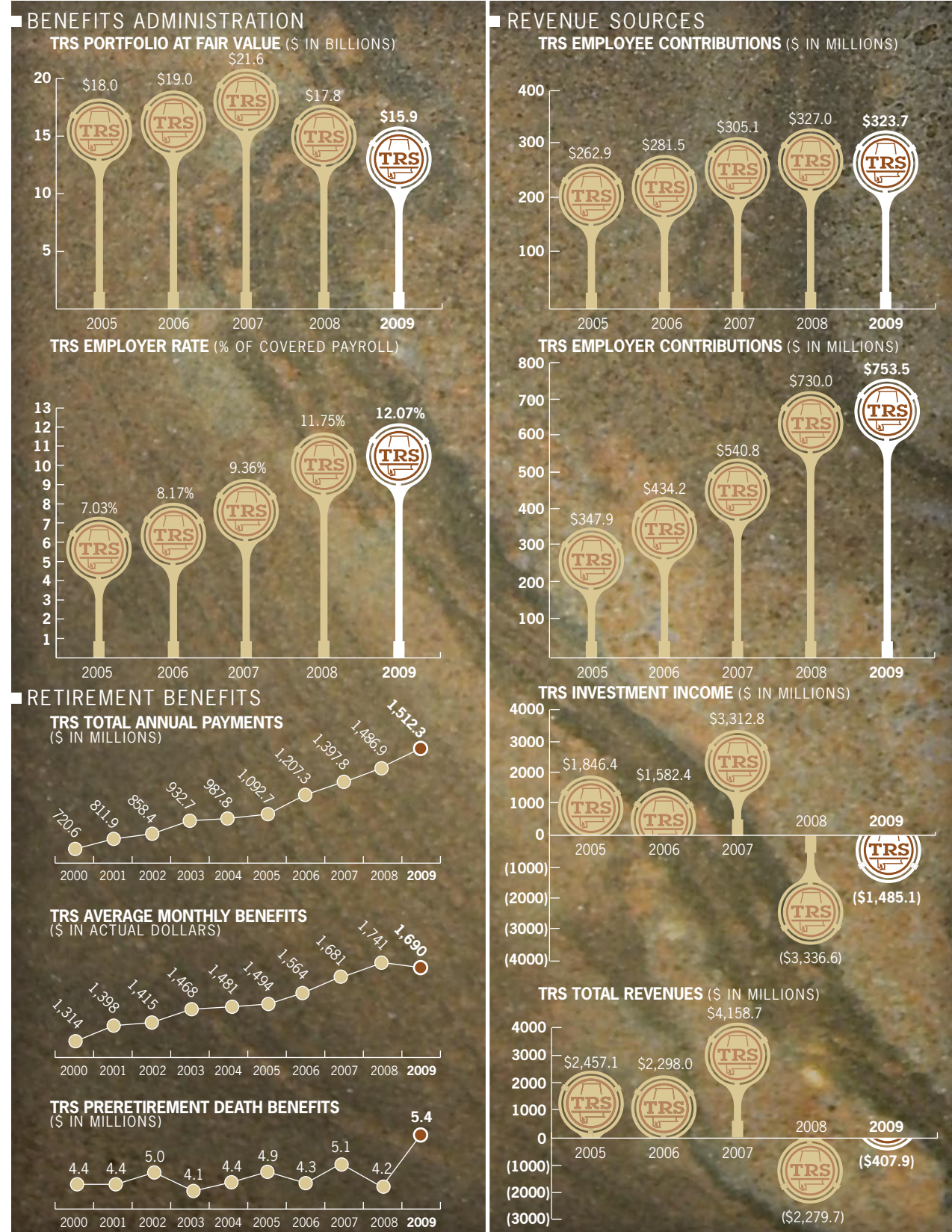


Opposite & Top left: The Colony at the Grand  
 Top right, bottom right and left: National Village



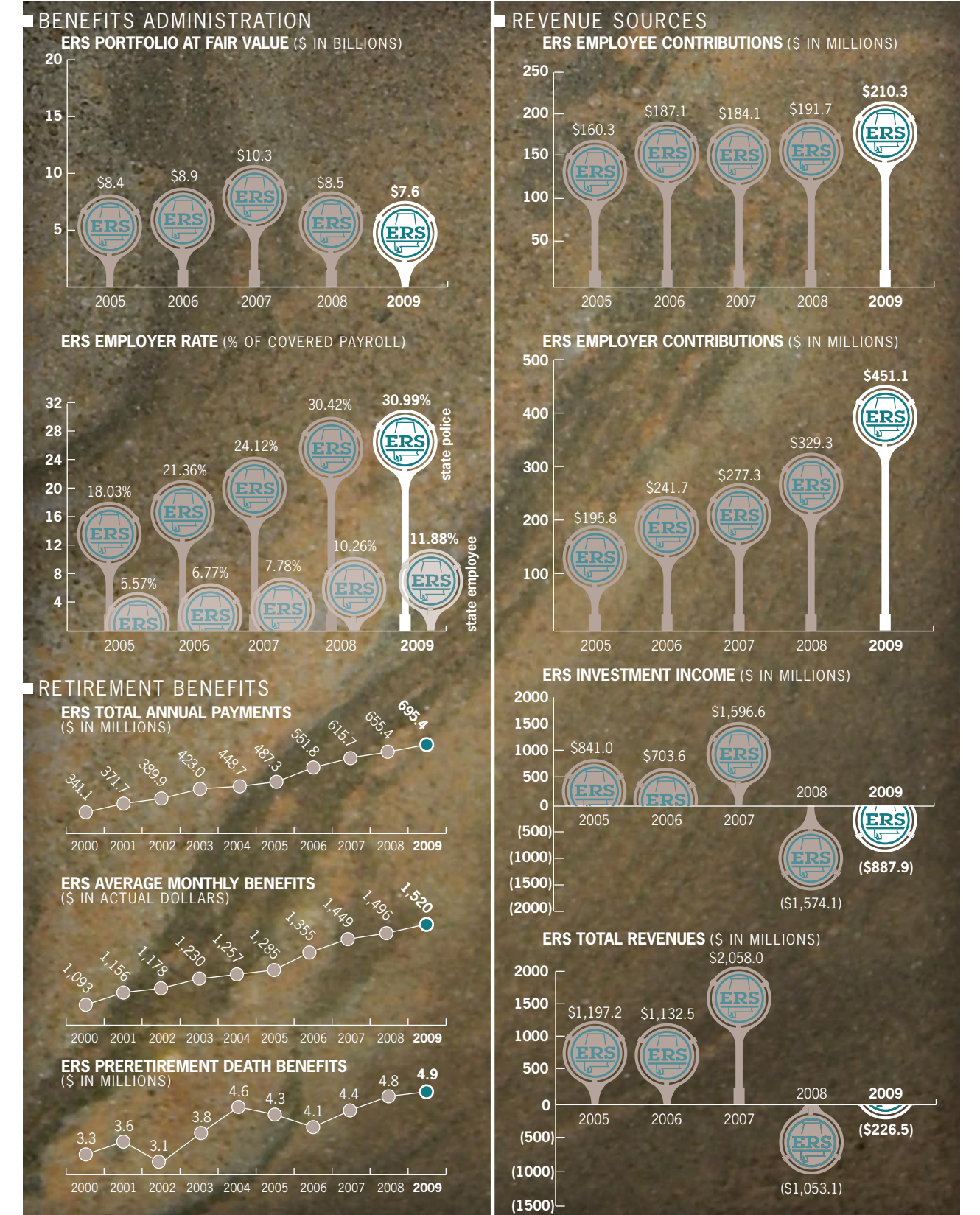
## TEACHERS' RETIREMENT SYSTEM

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



## 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.





# JUDICIAL RETIREMENT FUND

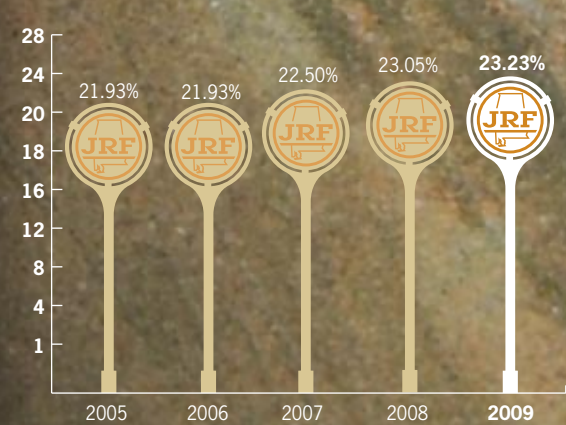
The Judicial Retirement Fund of Alabama (JRF) provides retirement allowances and other specified benefits for supreme court justices, court of appeals judges, circuit court judges, district court judges, and probate judges.

## BENEFITS ADMINISTRATION

JRF PORTFOLIO AT FAIR VALUE (\$ IN MILLIONS)

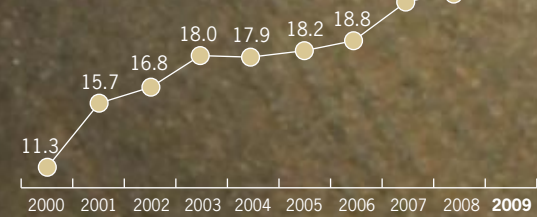


JRF EMPLOYER RATE (% OF COVERED PAYROLL)

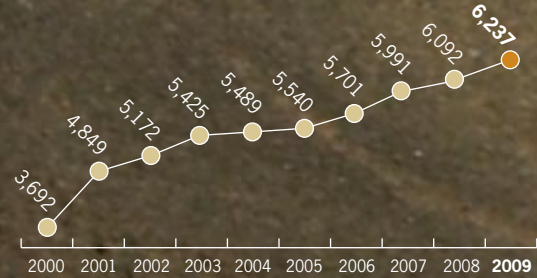


## RETIREMENT BENEFITS

JRF TOTAL ANNUAL PAYMENTS (\$ IN MILLIONS)



JRF AVERAGE MONTHLY BENEFITS (\$ IN ACTUAL DOLLARS)

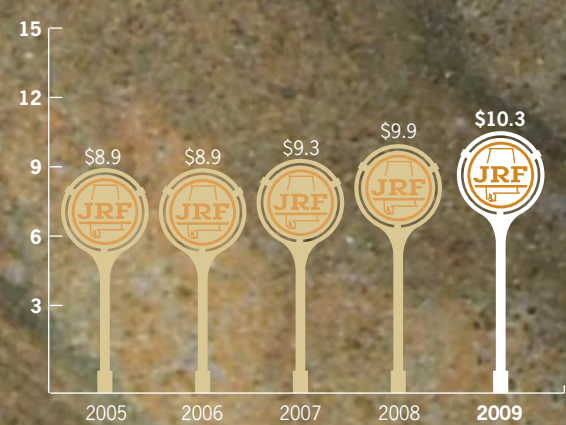


## REVENUE SOURCES

JRF EMPLOYEE CONTRIBUTIONS (\$ IN MILLIONS)



JRF EMPLOYER CONTRIBUTIONS (\$ IN MILLIONS)



JRF INVESTMENT INCOME (\$ IN MILLIONS)



JRF TOTAL REVENUES (\$ IN MILLIONS)



# PUBLIC EMPLOYEES' INDIVIDUAL RETIREMENT ACCOUNT FUND

## RSA-1 DEFERRED COMPENSATION PLAN

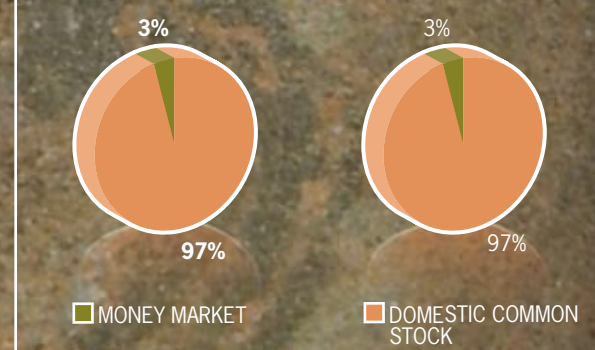
Established in 1986 to allow members of the RSA and certain other eligible public employees to defer receipt of a percentage of their salary, thereby deferring payment of taxes on that income.

### RSA-1 HIGHLIGHTS

12-MONTH PERIOD ENDING	INCOME YIELD (IN %)	MARKET VALUE CHANGE (IN %)	TOTAL RETURN (IN %)	TOTAL NET ASSETS (\$ IN MILLIONS)	PARTICIPATING MEMBERS
SEPTEMBER 30, 2005 (FIXED INVESTMENT OPTION)	6.92	-2.40	4.52	758.0	28,379
SEPTEMBER 30, 2005 (STOCK INVESTMENT OPTION)	2.57	9.84	12.41	122.7	10,201
SEPTEMBER 30, 2006 (FIXED INVESTMENT OPTION)	6.16	-1.66	4.50	777.9	29,520
SEPTEMBER 30, 2006 (STOCK INVESTMENT OPTION)	2.02	8.57	10.59	161.4	12,350
SEPTEMBER 30, 2007 (FIXED INVESTMENT OPTION)	6.07	1.89	7.96	866.4	31,476
SEPTEMBER 30, 2007 (STOCK INVESTMENT OPTION)	2.05	13.98	16.03	214.9	14,884
SEPTEMBER 30, 2008 (FIXED INVESTMENT OPTION)	5.65	-5.71	-0.06	896.2	32,738
SEPTEMBER 30, 2008 (STOCK INVESTMENT OPTION)	2.21	-23.64	-21.43	183.7	13,623
SEPTEMBER 30, 2009 (FIXED INVESTMENT OPTION)	5.54	5.21	10.75	1,016.2	32,243
SEPTEMBER 30, 2009 (STOCK INVESTMENT OPTION)	2.79	-8.77	-5.98	172.8	14,739

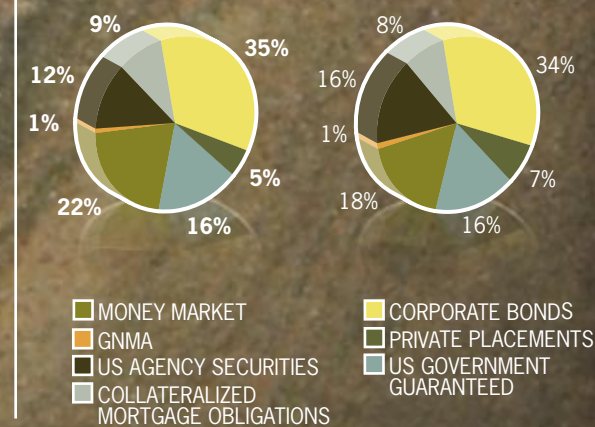
### RSA-1/INVESTMENT ALLOCATION STOCK FUND

(AS OF SEPTEMBER 30, 2009) (AS OF SEPTEMBER 30, 2008)



### RSA-1/INVESTMENT ALLOCATION FIXED FUND

(AS OF SEPTEMBER 30, 2009) (AS OF SEPTEMBER 30, 2008)



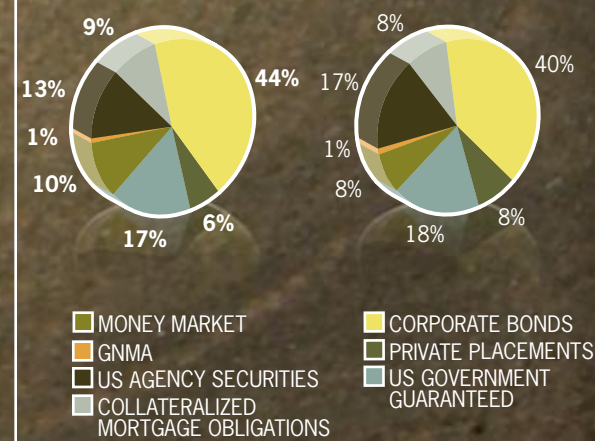
## PEIRAF DEDUCTIBLE EMPLOYEE CONTRIBUTION PLAN

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.

### PEIRAF/INVESTMENT ALLOCATION

(AS OF SEPTEMBER 30, 2009) (AS OF SEPTEMBER 30, 2008)





# PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

## PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND

### BALANCE SHEETS

AS OF SEPTEMBER 30, 2009  
AND SEPTEMBER 30, 2008

(\$ IN THOUSANDS)

	2009	2008
<b>ASSETS</b>		
CASH	\$ 4,099	\$ 3,184
RECEIVABLES		
PREMIUMS	1,477	2,162
PRESCRIPTION DRUG REBATES	6,327	5,730
INTEREST	17	103
<b>TOTAL RECEIVABLES</b>	<b>7,821</b>	<b>7,995</b>
DEPOSIT WITH CLAIMS-PAYING AGENT	6,597	1,425
INVESTMENTS, AT FAIR VALUE	105,607	73,716
<b>TOTAL ASSETS</b>	<b>\$ 124,124</b>	<b>\$ 86,320</b>
<b>LIABILITIES</b>		
ACCOUNTS PAYABLE	\$ 25	\$ 170
EMPLOYEE BENEFITS PAYABLE	470	483
OTHER POSTEMPLOYMENT BENEFITS	243	193
REPORTED CLAIMS PAYABLE	25,916	21,975
CLAIMS INCURRED BUT NOT REPORTED	52,631	47,619
<b>TOTAL LIABILITIES</b>	<b>79,285</b>	<b>70,440</b>
<b>FUND EQUITY-UNRESTRICTED</b>		
EXPENSE FUND	3,360	2,326
INSURANCE FUND	41,479	13,554
<b>TOTAL FUND EQUITY</b>	<b>44,839</b>	<b>15,880</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 124,124</b>	<b>\$ 86,320</b>

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

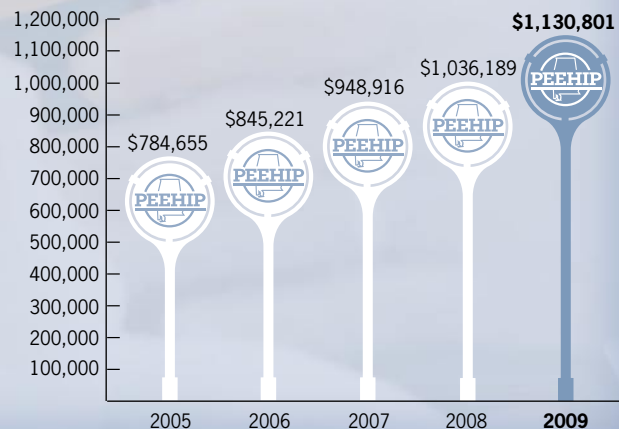
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009  
AND SEPTEMBER 30, 2008

(\$ IN THOUSANDS)

	2009	2008
<b>OPENING REVENUES</b>		
PREMIUMS	\$ 804,658	\$ 863,917
INTEREST INCOME	2,056	6,443
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(23)	(30)
<b>TOTAL OPERATING REVENUES</b>	<b>806,691</b>	<b>870,330</b>
<b>OPERATING EXPENSES</b>		
CLAIMS	775,166	699,529
ADMINISTRATIVE	2,566	2,731
<b>TOTAL OPERATING EXPENSES</b>	<b>777,732</b>	<b>702,260</b>
<b>OPERATING INCOME</b>	<b>28,959</b>	<b>168,070</b>
<b>TRANSFER TO RETIREE TRUST FUND</b>		
	-	(204,226)
<b>FUND EQUITY</b>		
BEGINNING OF THE YEAR	15,880	52,036
<b>END OF THE YEAR</b>	<b>\$ 44,839</b>	<b>\$ 15,880</b>

### TOTAL CLAIMS EXPENSE ACTIVE AND RETIRED

(\$ IN THOUSANDS)



SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

## ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST

### STATEMENTS OF PLAN NET ASSETS

AS OF SEPTEMBER 30, 2009  
AND SEPTEMBER 30, 2008

(\$ IN THOUSANDS)

	2009	2008
<b>ASSETS</b>		
RECEIVABLES		
PRESCRIPTION DRUG REBATES	\$ 7,009	\$ 6,343
MEDICARE PART D SUBSIDY	4,162	4,033
INTEREST AND DIVIDENDS	2,893	3,025
<b>TOTAL RECEIVABLES</b>	<b>14,064</b>	<b>13,401</b>
DEPOSIT WITH CLAIMS-PAYING AGENT	6,540	593
<b>INVESTMENTS, AT FAIR VALUE</b>		
COMMERCIAL PAPER	98,994	179,701
MONEY MARKET FUNDS	50,497	67,640
U.S. GOVERNMENT GUARANTEED BONDS	49,644	31,093
U.S. AGENCY SECURITIES	35,534	47,396
MORTGAGE-BACKED SECURITIES	24,855	15,677
CORPORATE BONDS	75,673	50,011
PRIVATE PLACEMENTS	1,433	1,054
INTERNATIONAL SECURITIES	81,670	50,354
COMMON STOCKS	264,382	155,980
<b>TOTAL INVESTMENTS</b>	<b>682,682</b>	<b>598,906</b>
INVESTED SECURITIES LENDING COLLATERAL	68,971	69,928
<b>TOTAL ASSETS</b>	<b>\$ 772,257</b>	<b>\$ 682,828</b>
<b>LIABILITIES</b>		
REPORTED CLAIMS PAYABLE	\$ 8,494	\$ 8,156
CLAIMS INCURRED BUT NOT REPORTED	24,788	24,931
SECURITIES LENDING COLLATERAL	68,971	69,928
<b>TOTAL LIABILITIES</b>	<b>102,253</b>	<b>103,015</b>
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 670,004	\$ 579,813

### STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009  
AND SEPTEMBER 30, 2008

(\$ IN THOUSANDS)

	2009	2008
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
EMPLOYEE	\$ 67,186	\$ 63,327
EMPLOYER	301,604	274,975
TRANSFER FROM PEEHIP	-	204,226
MEDICARE PART D RETIREE DRUG SUBSIDY	24,720	23,742
<b>TOTAL CONTRIBUTIONS</b>	<b>393,510</b>	<b>566,270</b>
<b>INVESTMENT INCOME (LOSS)</b>		
<i>FROM INVESTING ACTIVITIES</i>		
NET INCREASE/(DECREASE) IN FAIR VALUE OF INVESTMENTS	30,712	(75,608)
INTEREST AND DIVIDENDS	20,767	14,940
<b>TOTAL INVESTMENT INCOME/(LOSS) FROM INVESTMENT ACTIVITIES</b>	<b>51,479</b>	<b>(60,668)</b>
<i>FROM SECURITIES LENDING ACTIVITIES</i>		
SECURITIES LENDING INCOME	1,263	3,571
LESS SECURITIES LENDING EXPENSES:		
BORROWER REBATES	262	2,614
MANAGEMENT FEES	164	157
<b>TOTAL SECURITY LENDING EXPENSES</b>	<b>426</b>	<b>2,771</b>
INCOME FROM SECURITIES LENDING ACTIVITIES	837	800
<b>TOTAL INVESTMENT INCOME/(LOSS)</b>	<b>52,316</b>	<b>(59,868)</b>
<b>TOTAL ADDITIONS</b>	<b>445,826</b>	<b>506,402</b>
<b>DEDUCTIONS</b>		
BENEFITS	355,635	336,660
<b>NET INCREASE</b>	<b>90,191</b>	<b>169,742</b>
<b>NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS</b>		
BEGINNING OF THE YEAR	579,813	410,071
<b>END OF THE YEAR</b>	<b>\$ 670,004</b>	<b>\$ 579,813</b>

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.



# RSA Holdings



*On investing in Montgomery office buildings:  
“These green-roofed buildings are a perfect illustration  
of the benefits of plowing money back into the state.  
The money invested is turned over between five and seven times  
before leaving the Alabama economy.”  
- David G. Bronner*

## “FINANCING CULTURAL CHANGE”

EXCERPT FROM *THE NEW YORK TIMES*

~by Dan Luzadder

Donald Epley, a professor of real estate and the director of the Mitchell College of Business Center for Real Estate Studies at the University of South Alabama in Mobile, said the retirement system’s investments here—and its even larger investments upstate in Alabama’s state capital, Montgomery—reflected a bet not just on the individual projects but also on the state’s economy.

“If you are going to talk about office space, you have to talk about employment, because that is what drives office space,” Mr. Epley said. “So the story is one also of economic development success here.”

The pension fund’s initiatives have inspired small local banks and other lenders to back business development here, Mr. Epley said. ■

◀ The **RSA Dexter Avenue** building renovation & new construction ; The **Post-Secondary Education** building renovation, MONTGOMERY ▼ ; The **RSA Mardi Gras** (formerly AMSOUTH) building renovation, MOBILE ▶



© Fouts Commercial Photography; Opposite rendering: 2WR Holmes Wilkens Architects; Right rendering: Goodwyn, Mills and Cawood, Inc.



THE RETIREMENT SYSTEMS OF ALABAMA  
2009 INVESTMENT STAFF



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EQUITY ANALYST <b>Bobby Long</b> M.B.A., CFA	EQUITY ANALYST <b>G. Allan Carr, Jr.</b> M.B.A., CFA	FIXED INCOME ANALYST <b>C. Lance Lachney</b> M.B.A., CFA	ASSISTANT DIRECTOR OF EQUITIES <b>Steve Lambdin</b> M.B.A., CFA	EQUITY ANALYST <b>Adam Rogers</b> M.A., CFA	EQUITY ANALYST <b>J. Keith Buchanan</b> M.B.A., CFA	EQUITY ANALYST <b>Michael J. McNair</b> B.S.
FIXED INCOME ANALYST <b>Nicholas A. Prillaman</b> M.A.	CASH MANAGEMENT & OPERATIONS <b>Nancy H. Blair</b>	CHIEF INVESTMENT OFFICER <b>R. Marc Green</b> M.B.A., CFA	DIRECTOR OF FIXED INCOME <b>Julie S. Barranco</b> M.B.A., CFA	EQUITY ANALYST <b>Kevin W. Gamble</b> M.B.A., CFA	DIRECTOR OF PRIVATE PLACEMENTS <b>M. Hunter Harrell</b> M.B.A., CFA, J.D.	

RAYCOM MEDIA

STATIONS AFFILIATE	LOCATION	MARKET RANK
KCBD	LUBBOCK, TX	143
KHNL	HONOLULU, HI	71
KPLC	LAKE CHARLES, LA	175
WAFF	HUNTSVILLE, AL	81
WALB	ALBANY, GA	145
WAVE	LOUISVILLE, KY	49
WDAM	HATTIESBURG, MS	167
WECT	WILMINGTON, NC	132
WFIE	EVANSVILLE, IN	102
WIS	COLUMBIA, SC	79
WLBTV	JACKSON, MS	90
WMC	MEMPHIS, TN	50
WMBF	MYRTLE BEACH, SC	104
WSFA	MONTGOMERY, AL	118
WWBT	RICHMOND, VA	58
KFVS	CAPE GIRARDEAU, MO	78
KGMB	HONOLULU, HI	71
KOLD	TUCSON, AZ	66
KSLA	SHREVEPORT, LA	82
WAFB	BATON ROUGE, LA	95
WBTV	CHARLOTTE, NC	24
WCSC	CHARLESTON, SC	97
WOIO	CLEVELAND, OH	18
WTOC	SAVANNAH, GA	96
WTOL	TOLEDO, OH	73
KAIT	JONESBORO, AR	181
KLTV	TYLER, TX	110
KTRE	LUFKIN, TX	110
WLOX	BILOXI, MS	163
WTVM	COLUMBUS, GA	128
WBRC	BIRMINGHAM, AL	40
WDFX	DOTHAN, AL	172
WFLX	WEST PALM BEACH, FL	38
WPGX	PANAMA CITY, FL	151
WTNZ	KNOXVILLE, TN	59
WXIX	CINCINNATI, OH	33
KFEV	HONOLULU, HI	71
WBXH	BATON ROUGE, LA	95
WUAB	CLEVELAND, OH	18
WQWQ	CAPE GIRARDEAU, MO	78

COMPANIES

HEADQUARTERS / MONTGOMERY, AL

BROADVIEW MEDIA / MONTGOMERY, AL

CABLEVANTAGE / COLUMBIA, SC

RAYCOM POST PRODUCTION / BURBANK, CA

RAYCOM SPORTS / CHARLOTTE, NC

COMMUNITY NEWSPAPER HOLDINGS, INC.

STATIONS AFFILIATE	LOCATION	MARKET RANK
<b>ALABAMA</b>		
<ul style="list-style-type: none"> <li>The News-Courier, Athens, AL</li> <li>The Cullman Times, Cullman, AL</li> </ul>		
Non-daily & other publications:		
<ul style="list-style-type: none"> <li>Classified Ad Network (CNHI-CAN), Birmingham, AL</li> <li>CNHI News Service, Birmingham, AL</li> <li>North Jefferson News, Gardendale, AL</li> <li>The Leeds News, Leeds, AL</li> <li>St. Clair News Aegis, Pell City, AL</li> </ul>		
<b>FLORIDA</b>		
Non-daily & other publications:		
<ul style="list-style-type: none"> <li>The Jasper News, Jasper, FL</li> <li>Suwannee Democrat, Live Oak, FL</li> <li>The Mayo Free Press, Mayo, FL</li> </ul>		
<b>GEORGIA</b>		
<ul style="list-style-type: none"> <li>Americus Times Recorder, Americus, GA</li> <li>The Daily Citizen, Dalton, GA</li> <li>The Union-Recorder, Milledgeville, GA</li> <li>The Moultrie Observer, Moultrie, GA</li> <li>Thomasville Times-Enterprise, Thomasville, GA</li> <li>The Tifton Gazette, Tifton, GA</li> <li>Valdosta Daily Times, Valdosta, GA</li> </ul>		
Non-daily & other publications:		
<ul style="list-style-type: none"> <li>Cordele Dispatch, Cordele, GA</li> <li>Lake Oconee Breeze, Milledgeville, GA</li> <li>Dalton Magazine, Dalton, GA</li> <li>El Informador, Dalton, GA</li> <li>Tifton Scene, Tifton, GA</li> </ul>		
<b>IOWA</b>		
<ul style="list-style-type: none"> <li>Ad Express &amp; Daily Iowegian, Centerville, IA</li> <li>Clinton Herald, Clinton, IA</li> <li>The Oskaloosa Herald, Oskaloosa, IA</li> <li>Ottumwa Daily Courier, Ottumwa, IA</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Knoxville Journal Express, Knoxville, IA</li> <li>Pella Chronicle, Pella, IA</li> </ul>		
<b>ILLINOIS</b>		
<ul style="list-style-type: none"> <li>Commercial News, Danville, IL</li> <li>Effingham Daily News, Effingham, IL</li> <li>Mt. Vernon Register News, Mt. Vernon, IL</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Shelbyville Daily Union, Shelbyville, IL</li> <li>Times-Leader, McLeansboro, IL</li> </ul>		
<b>INDIANA</b>		
<ul style="list-style-type: none"> <li>The Herald Bulletin, Anderson, IN</li> <li>Goshen News, Goshen, IN</li> <li>Greensburg Daily News, Greensburg, IN</li> <li>The Evening News, Jeffersonville, IN</li> <li>Kokomo Tribune, Kokomo, IN</li> <li>The Lebanon Reporter, Lebanon, IN</li> <li>The Pharos-Tribune, Logansport, IN</li> <li>The Tribune, New Albany, IN</li> <li>The Tribune Star, Terre Haute, IN</li> <li>Washington Times Herald, Washington, IN</li> </ul>		
Non-daily publications and other businesses:		
<ul style="list-style-type: none"> <li>Hendricks County Flyer, Avon, IN</li> <li>XL Marketing, Anderson, IN</li> <li>Batesville Herald-Tribune, Batesville, IN</li> <li>Highlyer, Carmel, IN</li> <li>Rushville Republican, Rushville, IN</li> <li>The Zionsville Times Sentinel, Zionsville, IN</li> </ul>		
<b>KANSAS</b>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Farm Talk, Parsons, KS</li> </ul>		
<b>KENTUCKY</b>		
<ul style="list-style-type: none"> <li>The Independent, Ashland, KY</li> <li>Times Tribune, Corbin, KY</li> <li>Glasgow Daily Times, Glasgow, KY</li> <li>Richmond Register, Richmond, KY</li> <li>Commonwealth Journal, Somerset, KY</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Greenup News-Times, Greenup, KY</li> <li>Grayson Journal Enquirer, Grayson, KY</li> <li>The Sentinel Echo, London, KY</li> <li>Wayne County Outlook, Monticello, KY</li> </ul>		
<ul style="list-style-type: none"> <li>Morehead News, Morehead, KY</li> <li>Olive Hill Times, Olive Hill, KY</li> <li>McCreary County Record, Whitley City, KY</li> </ul>		
<b>MASSACHUSETTS</b>		
<ul style="list-style-type: none"> <li>Gloucester Daily Times, Gloucester, MA</li> <li>The Daily News of Newburyport, Newburyport, MA</li> <li>The Eagle-Tribune, North Andover, MA</li> <li>The Salem News, Salem, MA</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Andover Townsman, Andover, MA</li> <li>Town Crossings, Andover, MA</li> <li>The Haverhill Gazette, Haverhill, MA</li> </ul>		
<b>MARYLAND</b>		
<ul style="list-style-type: none"> <li>Cumberland Times News, Cumberland, MD</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Garrett County Weekender, Oakland, MD</li> </ul>		
<b>MICHIGAN</b>		
<ul style="list-style-type: none"> <li>The Record-Eagle, Traverse City, MI</li> <li>Grand Traverse Herald, Traverse City, MI</li> </ul>		
<b>MINNESOTA</b>		
<ul style="list-style-type: none"> <li>Mankato Free Press, Mankato, MN</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>The Land, Mankato, MN</li> <li>Home Magazine, Mankato, MN</li> </ul>		
<b>MISSOURI</b>		
<ul style="list-style-type: none"> <li>The Joplin Globe, Joplin, MO</li> </ul>		
<b>MISSISSIPPI</b>		
<ul style="list-style-type: none"> <li>Laurel Leader-Call, Laurel, MS</li> <li>The Meridian Star, Meridian, MS</li> <li>Picayune Item, Picayune, MS</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>The Star Herald, Kosciusko, MS</li> <li>The Poplarville Democrat, Poplarville, MS</li> </ul>		
<b>NORTH CAROLINA</b>		
<ul style="list-style-type: none"> <li>The Daily Southerner, Tarboro, NC</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Stanly News &amp; Press, Albemarle, NC</li> <li>The Randolph Guide, Asheboro, NC</li> </ul>		
<b>NEW HAMPSHIRE</b>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Carriage Towne News, Kingston, NH</li> <li>Niagara News / Weekender, Derry, NH</li> </ul>		
<b>NEW YORK</b>		
<ul style="list-style-type: none"> <li>Lockport Union-Sun &amp; Journal, Lockport, NY</li> <li>The Journal-Register, Medina, NY</li> <li>Niagara Gazette, Niagara Falls, NY</li> <li>Tonawanda News, North Tonawanda, NY</li> <li>The Daily Star, Oneonta, NY</li> <li>The Press-Republican, Plattsburgh, NY</li> </ul>		
Non-daily publications & other businesses:		
<ul style="list-style-type: none"> <li>TheAmherstRecord.com, Amherst, NY</li> <li>Albion Advertiser, Albion, NY</li> <li>Grand Island Record, Grand Island, NY</li> <li>Ken-Ton Record, Kenmore, NY</li> </ul>		
<b>OHIO</b>		
<ul style="list-style-type: none"> <li>The Star Beacon, Ashtabula, OH</li> </ul>		
<b>OKLAHOMA</b>		
<ul style="list-style-type: none"> <li>The Ada Evening News, Ada, OK</li> <li>Chickasha Express Star, Chickasha, OK</li> <li>Claremore Daily Progress, Claremore, OK</li> <li>The Duncan Banner, Duncan, OK</li> <li>Edmond Sun, Edmond, OK</li> <li>Enid News &amp; Eagle, Enid, OK</li> <li>McAlester News-Capital, McAlester, OK</li> <li>The Muskogee Phoenix, Muskogee, OK</li> <li>The Norman Transcript, Norman, OK</li> <li>Pauls Valley Daily Democrat, Pauls Valley, OK</li> <li>Pryor Daily Times, Pryor, OK</li> <li>The Stillwater Newspress, Stillwater, OK</li> <li>Tahlequah Daily Press, Tahlequah, OK</li> <li>Woodward News, Woodward, OK</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Show &amp; Tell Times, Cushing, OK</li> <li>Shoppers Edge, Enid, OK</li> <li>Ft. Gibson Times, Ft. Gibson, OK</li> </ul>		
<b>TENNESSEE</b>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Crossville Chronicle, Crossville, TN</li> </ul>		
<b>TEXAS</b>		
<ul style="list-style-type: none"> <li>Athens Daily Review, Athens, TX</li> <li>Cleburne Times Review, Cleburne, TX</li> <li>Corciana Daily Sun, Corciana, TX</li> <li>Gainesville Daily Register, Gainesville, TX</li> <li>Greenville Herald Banner, Greenville, TX</li> <li>The Huntsville Item, Huntsville, TX</li> <li>Jacksonville Daily Progress, Jacksonville, TX</li> <li>Mineral Wells Index, Mineral Wells, TX</li> <li>The Orange Leader, Orange, TX</li> <li>Palestine Herald-Press, Palestine, TX</li> <li>The Star Herald, Kosciusko, MS</li> <li>San Marcos Daily Record, San Marcos, TX</li> <li>Weatherford Democrat, Weatherford, TX</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Rockwall County Herald Banner, Greenville, TX</li> <li>Royce City Herald Banner, Greenville, TX</li> <li>Commerce Journal, Commerce, TX</li> <li>Cedar Creek Pilot, Gun Barrel City, TX</li> <li>The Parker County Shopper, Weatherford, TX</li> </ul>		
<b>WEST VIRGINIA</b>		
<ul style="list-style-type: none"> <li>The Register Herald, Beckley, WV</li> <li>Bluefield Daily Telegraph, Bluefield, WV</li> <li>Times West Virginian, Fairmont, WV</li> </ul>		
Non-daily publications:		
<ul style="list-style-type: none"> <li>Morgantown Times, Morgantown, WV</li> <li>Corridor Magazine, Morgantown, WV</li> <li>Montgomery Herald, Montgomery, WV</li> <li>The Fayette Tribune, Oak Hill, WV</li> <li>Princeton Times, Princeton, WV</li> </ul>		

STATIONS AFFILIATE	LOCATION	MARKET RANK
WFXG	AUGUSTA, GA	114
WSFX	WILMINGTON, NC	132
WXTX	COLUMBUS, GA	128
WUPV	RICHMOND, VA	58

COMPANY HEADQUARTERS / BIRMINGHAM, AL



COMMISSIONS PAID REPORT / FISCAL YEAR 2009

	VOLUME OF BUSINESS PRIVATE PLACEMENTS AGENCIES (\$ IN MILLIONS)	COMMISSIONS STOCK TRANSACTIONS (\$ IN ACTUAL DOLLARS)	COMMISSIONS BOND TRANSACTIONS (\$ IN ACTUAL DOLLARS)
ACON / SIGNAL	\$ 64	\$	\$
BANC OF AMERICA	146		220,008
BARCLAYS		271,872	
BENCHMARK		10,000	
BERNSTEIN		663,988	
CANTOR FITZGERALD	150		157,521
CENTENNIAL CAPITAL		16,500	
CITIGROUP	4	664,230	128,850
CNHI	57		
COWEN		139,955	
CREDIT SUISSE FIRST BOSTON	317	312,899	228,171
DEUTSCHE BANK	88		178,615
EMPIRICAL RESEARCH		118,278	
FIRST DISCOUNT		13,174	
GARDNER RICH		13,400	
GOLDMAN SACHS	167	242,196	139,381
HOWARD WEIL		117,668	
ISSUER DESIGNATED	20		408,527
ISI		589,688	
JEFFRIES		365,549	
JP MORGAN CHASE	205	976,654	219,474
KEYBANC CAPITAL MARKETS	133	25,240	37,891
KEEFE BRUYETTE		105,960	
LAZARD CAPITAL		9,850	
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC		586,296	
MORGAN KEEGAN		40,090	
MORGAN STANLEY	129	733,052	69,985
NATIONAL ALABAMA	283		
NBC SECURITIES, INC		45,000	
OPPENHEIMER		462,092	
RAYCOM MEDIA	83		
RAYMOND JAMES	492	45,320	235,371
REGISTER CORTS		11,250	
SANDLER O'NEIL		195,043	
SECURITIES CAPITAL		12,890	
SOUTHCOAST		183,980	
SOUTHWEST SECURITIES		10,000	
STERNE, AGEE & LEACH		187,791	
STRATEGAS		114,616	
UBS WARBURG		37,705	
VILLAGE ROADSHOW	14		
WELLS FARGO		270,164	
<b>TOTAL</b>	<b>\$ 2,352</b>	<b>\$ 7,592,390</b>	<b>\$ 2,023,794</b>

FIXED INCOME ACTIVITY / 2009

At the beginning of fiscal year 2009, the nation's financial system seemed to be on the brink of collapse. Treasury Secretary Hank Paulson was forced to step in on behalf of Fannie Mae and Freddie Mac, a move that wiped out preferred and common shareholders. Lehman Brothers filed for bankruptcy as no deal could be struck between the Federal Reserve, the Treasury Department, and the financial community. In fearing the unknown, John Thain orchestrated the sale of his company Merrill Lynch to Bank of America. Within days, the government essentially nationalized AIG, one of the world's largest insurers, as collateral calls on written default swaps threatened to end its existence. These issues caused corporate securities, financials in particular, to post their worst quarter on record.

In early October, policymakers around the globe lowered short-term interest rates by 50 basis points (bps) in a coordinated effort. Chairman Ben Bernanke and the Federal Reserve opted to lower the fed funds rate to 1.00% by the end of the month. At this time, investment grade corporate bonds were trading over 600bps versus comparable treasury securities. This marked a catastrophic discount to where they changed hands during the default era of 2002. In addition, high yields spreads eclipsed the 1600bp mark. Policymakers at home eventually cut short-term rates to a bare bones range of 0 to .25%. Outside of corporates, agency and mortgage-backed securities were not faring much better. Five-year agency spreads ballooned to 160bps, while mortgages traded as high as 200bps over the 10-year treasury. To the detriment of risk assets, the flight to safety trade produced over a 7% return for government securities over the last two months of the calendar year, driving 30-year treasury yields to approximately 2.50%.

At this point, the Federal Reserve decided to enact a quantitative easing approach in order to provide liquidity and calm investors' nerves with regard to risk. One action taken was the guarantee of financial short-term debt by the Federal Deposit Insurance Corporation. The Federal Reserve also announced that it would purchase \$100 billion in GSE agency debt and \$500 billion in mortgages in the open market. These measures provided easier funding conditions which led to an improvement

FIXED INCOME ACTIVITY / (CONTINUED)

in credit technicals. With corporate spreads at historic wides, the appetite for new issuance emerged, albeit at huge concessions. As calendar year 2009 rolled in, there was plenty of discomfort for sure, but a sense that the government had provided a floor under the financial system. It may have placed a floor under treasury yields also as a dramatic steepening of the curve began. Spread product finally started to perform ex-financials, which continued to be plagued with concerns regarding future write-downs and the ability to raise capital.

During the Federal Reserve's March meeting, policymakers increased its open market purchases of agency debt and mortgages to \$200 billion and \$1.25 trillion, respectively. In addition, they also announced that they would purchase up to \$300 billion in treasury securities, prompting a 50bp decline in 10-year yields. By the time the extension of these programs were announced, agency and mortgage spreads had collapsed 70bps and 125bps respectively. The culmination of the action taken by the government led to an appreciation in risk assets, whether it is corporate bonds, emerging markets, or commodities. With the help of upside surprises in second quarter earnings, investment grade securities were able to post an excess return of 14%.

The government bond market has been somewhat volatile over the last half of the fiscal year. Treasury securities have underperformed risk assets as the flight away from safety has hit full stride. The budget situation and the financing of the deficit have also weighed on the market. The government yield curve has reached historically steep levels. While the Fed is willing to say that "economic activity is leveling out," they have remained steadfast that rates will remain low for an "extended period." There is plenty of uncertainty concerning inflation in response to the amount of money being printed. Treasury Inflation Protected Securities are back to pre-Lehman levels after spreads were close to zero at the beginning of the year. And while foreigners have gobbled up approximately half of this year's supply of government securities, it remains to be seen how long they are willing to be a participant given that the country's budget deficit shows no signs of abating. Fiscal year 2010 should be interesting as one constituent (corporations) in the marketplace has met most of its capital needs through heavy issuance, while the other (government) is just getting started.

As of September 30, 2009, the RSA's fixed income portfolio had a market value of \$9.7 billion, of which 7.7% was in money market securities. For the fiscal year, the total annual returns for the public domestic fixed income portfolios were 14.12% for the TRS and 14.19% for the ERS and 14.08% for the JRF. The five-year annualized returns were 6.27% for the TRS and 6.32% for the ERS and 5.78% for the JRF. The ten-year annualized returns were 6.66% for the TRS and 6.61% for the ERS and 4.90% for the JRF. ■

*"Attendance and revenue are down for the golf trail, but not by much, a fact that courses in other areas envy."*  
- David G. Bronner

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 STRUCTURE (IN %)

YEARS TO MATURITY	TRS			ERS		
	2009	2008	2007	2009	2008	2007
0 TO <5	24	26	22	23	26	20
5 TO <15	29	65	72	28	66	75
15 TO <20	10	2	2	11	2	1
20 TO <25	27	1	2	28	1	2
25 TO <30	9	6	2	9	6	2
>=30	1			1		

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 EVALUATION (IN %)

RATING	TRS			ERS		
	2009	2008	2007	2009	2008	2007
AAA	25	25	25	25	24	24
AA	3	4	4	3	4	3
A	13	9	7	13	9	7
BAA	14	11	12	14	11	12
NOT RATED	42	50	50	43	51	52



EQUITY STRATEGY / 2009

Fiscal year 2009 in terms of the equity market could aptly be described as Jekyll and Hyde. The market seemed to have a split personality, with Mr. Hyde ruling the first six months of the fiscal year, and Dr. Jekyll luckily taking over to finish out. The credit crises that began in earnest the prior year finally peaked in the December quarter as the bailout package was crafted and Wall Street as we knew it was dismantled. The flight to quality was extreme during the first two quarters of the fiscal year, and the flight to risk assets in the second half of the year was exceptional as well. As has been demonstrated through time, equity market sentiment was most dour at the bottom. Market pundits who paraded through the CNBC studios preached the end was nigh upon us, right at the bottom. Luckily, most of them have stuck to their guns. The market likes to climb a wall of worry, and the worries in the market are limitless at the moment. The inflection point in March could well have been that things got “less worse.”

Not that “less worse” is a great investment theme, but you have to start somewhere. Surprisingly, quarterly earnings started coming in ahead of the ratcheted down expectations of the street. Corporate America, with all the transparency available in the internet age, cut costs to the core, which enabled what revenues that did come in to more easily drop to the bottom line. It is hard to say if earnings are a leading or coincidental indicator, but both the market and earnings revisions began to rise at a rapid clip. By the end of the fiscal year, the market as measured by the S&P 500 had rallied over 58% from the March low.

The RSA came into the fiscal year with a large quality, large cap tilt on the portfolio. On a relative basis, this strategy worked well. As the market rallied into late summer, we began to hedge part of the performance gains seen off the March lows. We will continue to look to hedge a portion of our index exposure, considering the macroeconomic situation is rather tenuous.

In review, the RSA equity allocation began the year at roughly 56%, and closed out fiscal year 2009 at 58% on average across the three funds. Domestic equities accounted for 43% of the fund, and international equities are now 15% of the total. In a reversal of last year’s performance order, international stocks as measured by the MSCI EAFE index led with a total return of 3.23%. Large cap again took over leadership vs. small cap, with the S&P 500 index losing (6.91%) and the S & P Smallcap 600 down (10.62%). The S&P 400 Midcap index outperformed both large and small cap with a return of (3.11%).

For the year, the RSA domestic equity portfolios decreased (6.96%), (6.86%), and (6.43%) for the TRS, ERS, and JRF funds, respectively. International equity returns were in the black for the year, posting returns of 4.14% for TRS, 4.18% for ERS, and 5.07% for JRF. The combined total return for the overall equity portfolios were (4.29%), (4.33%), and (5.09%) for the TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were (4.23%), 2.89%, and 2.47% for TRS, (4.21%), 2.89%, and 2.43% for ERS, and (4.41%), 1.80%, and 0.78% for JRF, respectively. ■

INVESTMENT RETURNS / 2009

FOR THE PERIOD ENDED SEPTEMBER 30, 2009 (PERCENT)

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
<b>TOTAL EQUITY</b>				
TRS	-4.29	-4.23	2.89	2.47
ERS	-4.33	-4.21	2.89	2.43
JRF	-5.09	-4.41	1.80	0.78

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
<b>TOTAL FIXED INCOME AND ALTERNATIVES</b>				
TRS	-12.12	-0.70	1.20	3.74
ERS	-15.91	-1.94	0.43	3.21
JRF	10.42	5.76	5.92	5.18

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
<b>TOTAL RSA RETURNS</b>				
TRS	-7.94	-2.91	2.07	3.09
ERS	-10.03	-3.47	1.59	2.67
JRF	0.69	-0.57	3.34	2.87

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
<b>BENCHMARKS</b>				
S&P 500	-6.91	-5.43	1.02	-0.15
DJIA	-7.37	-3.33	1.85	1.63
MIDCAP 400	-3.11	-1.39	4.53	7.48
SMALLCAP 600	-10.62	-3.98	2.83	7.07
MSCI EAFE	3.23	-3.60	6.07	2.55
CITIGROUP BIG	10.98	6.86	5.43	6.45
BARCLAYS	10.56	6.41	5.13	6.30

*“People that work for one of the companies that came to Alabama, that person has no idea that the Trail directly affected their lives and their jobs, and that’s fine. That’s what makes it worthwhile, knowing that a lot of neat, great Alabamians might be at a much lower income level had it not been for the Trail.”*

- David G. Bronner





### TEACHERS' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ASSETS</b>		
<b>CASH</b>	\$ 6,400	\$ 6,454
<b>RECEIVABLES</b>		
EMPLOYEE CONTRIBUTIONS	25,381	25,796
EMPLOYER CONTRIBUTIONS	61,263	60,621
INVESTMENT SALES	16,498	-
DIVIDENDS AND INTEREST	59,047	152,654
<b>TOTAL RECEIVABLES</b>	<b>162,189</b>	<b>239,071</b>
<b>INVESTMENTS, AT FAIR VALUE</b>		
DOMESTIC EQUITIES	7,002,023	8,096,041
DOMESTIC FIXED INCOME	4,604,039	5,173,748
INTERNATIONAL EQUITIES	2,383,873	2,496,175
REAL ESTATE	1,404,652	1,494,190
SHORT-TERM	471,177	495,316
<b>TOTAL INVESTMENTS</b>	<b>15,865,764</b>	<b>17,755,470</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>2,394,634</b>	<b>1,581,944</b>
<b>PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION</b>	<b>109,637</b>	<b>104,168</b>
<b>TOTAL ASSETS</b>	<b>18,538,624</b>	<b>19,687,107</b>
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	<b>5,151</b>	<b>3,735</b>
<b>INVESTMENT PURCHASES</b>	<b>16,613</b>	<b>-</b>
<b>OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS</b>	<b>1,238</b>	<b>1,041</b>
<b>SECURITIES LENDING COLLATERAL</b>	<b>2,394,634</b>	<b>1,581,944</b>
<b>TOTAL LIABILITIES</b>	<b>2,417,636</b>	<b>1,586,720</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 16,120,988</b>	<b>\$ 18,100,387</b>

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

### STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
EMPLOYEE	\$ 321,100	\$ 323,822
EMPLOYER	753,518	729,995
TRANSFERS FROM EMPLOYEES' RETIREMENT SYSTEM	2,606	3,182
<b>TOTAL CONTRIBUTIONS</b>	<b>1,077,224</b>	<b>1,056,999</b>
<b>INVESTMENT INCOME</b>		
<b>FROM INVESTING ACTIVITIES</b>		
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(2,083,048)	(4,057,823)
INTEREST AND DIVIDENDS	580,656	705,555
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	(1,502,392)	(3,352,268)
LESS INVESTMENT EXPENSES:	5,419	5,990
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	(1,507,811)	(3,358,258)
<b>FROM SECURITIES LENDING ACTIVITIES</b>		
SECURITIES LENDING INCOME	33,782	83,588
LESS SECURITIES LENDING EXPENSES:		
BORROWER REBATES	6,685	57,695
MANAGEMENT FEES	4,412	4,332
TOTAL SECURITIES LENDING EXPENSES	11,097	62,027
NET INCOME FROM SECURITIES LENDING ACTIVITIES	22,685	21,561
TOTAL NET INVESTMENT INCOME	(1,485,126)	(3,336,697)
<b>TOTAL ADDITIONS</b>	<b>(407,902)</b>	<b>(2,279,698)</b>
<b>DEDUCTIONS</b>		
RETIREMENT ALLOWANCE PAYMENTS	1,512,260	1,486,871
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	42,337	37,317
TRANSFERS TO EMPLOYEES' RETIREMENT SYSTEM	1,767	1,683
ADMINISTRATIVE EXPENSES	11,005	12,216
DEPRECIATION	4,128	578
<b>TOTAL DEDUCTIONS</b>	<b>1,571,497</b>	<b>1,538,665</b>
<b>NET DECREASE</b>	<b>(1,979,399)</b>	<b>(3,818,363)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
BEGINNING OF THE YEAR	18,100,387	21,918,750
<b>END OF THE YEAR</b>	<b>\$ 16,120,988</b>	<b>\$ 18,100,387</b>

### EMPLOYEES' RETIREMENT SYSTEM

STATEMENTS OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ASSETS</b>		
<b>CASH</b>	\$ 7,162	\$ 6,667
<b>RECEIVABLES</b>		
EMPLOYEE CONTRIBUTIONS	14,640	15,406
EMPLOYER CONTRIBUTIONS	29,616	30,299
INVESTMENT SALES	8,690	-
DIVIDENDS AND INTEREST	27,166	73,095
<b>TOTAL RECEIVABLES</b>	<b>80,112</b>	<b>118,800</b>
<b>INVESTMENTS, AT FAIR VALUE</b>		
DOMESTIC EQUITIES	3,378,526	4,042,346
DOMESTIC FIXED INCOME	2,173,828	2,450,954
INTERNATIONAL EQUITIES	1,050,599	1,104,797
REAL ESTATE	683,221	726,105
SHORT-TERM	263,860	148,872
<b>TOTAL INVESTMENTS</b>	<b>7,550,034</b>	<b>8,473,074</b>
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	<b>1,027,835</b>	<b>731,431</b>
<b>PROPERTY AND EQUIPMENT LESS ACCUMULATED DEPRECIATION</b>	<b>54,768</b>	<b>52,562</b>
<b>TOTAL ASSETS</b>	<b>8,719,911</b>	<b>9,382,534</b>
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	<b>2,993</b>	<b>2,367</b>
<b>INVESTMENT PURCHASES</b>	<b>8,768</b>	<b>-</b>
<b>OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS</b>	<b>1,310</b>	<b>1,031</b>
<b>SECURITIES LENDING COLLATERAL</b>	<b>1,027,835</b>	<b>731,431</b>
<b>TOTAL LIABILITIES</b>	<b>1,040,906</b>	<b>734,829</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 7,679,005</b>	<b>\$ 8,647,705</b>

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

### STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
EMPLOYEE	\$ 208,446	\$ 189,785
EMPLOYER	451,139	329,339
TRANSFERS FROM TEACHERS' RETIREMENT SYSTEM	1,767	1,683
TRANSFERS FROM JUDICIAL RETIREMENT FUND	68	186
<b>TOTAL CONTRIBUTIONS</b>	<b>661,420</b>	<b>520,993</b>
<b>INVESTMENT INCOME</b>		
<b>FROM INVESTING ACTIVITIES</b>		
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(1,180,523)	(1,919,746)
INTEREST AND DIVIDENDS	285,022	339,578
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	(895,501)	(1,580,168)
LESS INVESTMENT EXPENSES:	2,651	3,747
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	(898,152)	(1,583,915)
<b>FROM SECURITIES LENDING ACTIVITIES</b>		
SECURITIES LENDING INCOME	15,335	38,458
LESS SECURITIES LENDING EXPENSES:		
BORROWER REBATES	3,070	26,649
MANAGEMENT FEES	1,994	1,988
TOTAL SECURITIES LENDING EXPENSES	5,064	28,637
NET INCOME FROM SECURITIES LENDING ACTIVITIES	10,271	9,821
TOTAL NET INVESTMENT INCOME	(887,881)	(1,574,094)
<b>TOTAL ADDITIONS</b>	<b>(226,461)</b>	<b>(1,053,101)</b>
<b>DEDUCTIONS</b>		
RETIREMENT ALLOWANCE PAYMENTS	695,430	655,467
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	32,640	31,387
UNIT WITHDRAWALS	14	-
TRANSFERS TO TEACHERS' RETIREMENT SYSTEM	2,606	3,182
TRANSFERS TO JUDICIAL RETIREMENT FUND	98	173
ADMINISTRATIVE EXPENSES	9,413	9,892
DEPRECIATION	2,038	311
<b>TOTAL DEDUCTIONS</b>	<b>742,239</b>	<b>700,412</b>
<b>NET DECREASE</b>	<b>(968,700)</b>	<b>(1,753,513)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
BEGINNING OF THE YEAR	8,647,705	10,401,218
<b>END OF THE YEAR</b>	<b>\$ 7,679,005</b>	<b>\$ 8,647,705</b>



**JUDICIAL RETIREMENT FUND**

STATEMENTS OF PLAN NET ASSETS AS OF SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ASSETS</b>		
<b>CASH</b>	\$ 1,155	\$ 1,168
<b>RECEIVABLES</b>		
EMPLOYEE CONTRIBUTIONS	117	119
EMPLOYER CONTRIBUTIONS	351	334
DIVIDENDS AND INTEREST	1,048	1,349
<b>TOTAL RECEIVABLES</b>	1,516	1,802
<b>INVESTMENTS, AT FAIR VALUE</b>		
DOMESTIC EQUITIES	109,305	118,731
DOMESTIC FIXED INCOME	64,026	58,304
INTERNATIONAL EQUITIES	15,112	16,761
REAL ESTATE	2,530	2,647
SHORT-TERM	17,592	22,615
<b>TOTAL INVESTMENTS</b>	208,565	219,058
<b>INVESTED SECURITIES LENDING COLLATERAL</b>	23,213	37,472
<b>TOTAL ASSETS</b>	234,449	259,500
<b>LIABILITIES</b>		
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	202	197
<b>OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS</b>	19	15
<b>SECURITIES LENDING COLLATERAL</b>	23,213	37,472
<b>TOTAL LIABILITIES</b>	23,434	37,684
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 211,015</b>	<b>\$ 221,816</b>

*"...the finest public courses in the country."  
- Atlanta Journal Constitution*

STATEMENTS OF CHANGES IN PLAN NET ASSETS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	(\$ IN THOUSANDS)	
	2009	2008
<b>ADDITIONS</b>		
<b>CONTRIBUTIONS</b>		
EMPLOYEE	\$ 2,603	\$ 2,534
EMPLOYER	10,326	9,880
TRANSFERS FROM EMPLOYEES' RETIREMENT SYSTEM	98	173
<b>TOTAL CONTRIBUTIONS</b>	13,027	12,587
<b>INVESTMENT INCOME</b>		
<b>FROM INVESTING ACTIVITIES</b>		
NET DECREASE IN FAIR VALUE OF INVESTMENTS	(6,612)	(46,910)
INTEREST AND DIVIDENDS	7,026	8,206
TOTAL INVESTMENT INCOME FROM INVESTING ACTIVITIES	414	(38,704)
LESS INVESTMENT EXPENSES:	11	8
NET INVESTMENT INCOME FROM INVESTING ACTIVITIES	403	(38,712)
<b>FROM SECURITIES LENDING ACTIVITIES</b>		
SECURITIES LENDING INCOME	543	1,765
LESS SECURITIES LENDING EXPENSES:		
BORROWER REBATES	119	1,298
MANAGEMENT FEES	69	77
TOTAL SECURITIES LENDING EXPENSES	188	1,375
NET INCOME FROM SECURITIES LENDING ACTIVITIES	355	390
TOTAL NET INVESTMENT INCOME	758	(38,322)
<b>TOTAL ADDITIONS</b>	13,785	(25,735)
<b>DEDUCTIONS</b>		
RETIREMENT ALLOWANCE PAYMENTS	23,821	22,587
RETURN OF CONTRIBUTIONS AND DEATH BENEFITS	145	83
TRANSFERS TO EMPLOYEES' RETIREMENT SYSTEM	68	186
ADMINISTRATIVE EXPENSES	552	526
<b>TOTAL DEDUCTIONS</b>	24,586	23,382
<b>NET DECREASE</b>	(10,801)	(49,117)
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
BEGINNING OF THE YEAR	221,816	270,933
<b>END OF THE YEAR</b>	<b>\$ 211,015</b>	<b>\$ 221,816</b>

SEPARATELY ISSUED, AUDITED FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST.

The RETIREMENT SYSTEMS OF ALABAMA

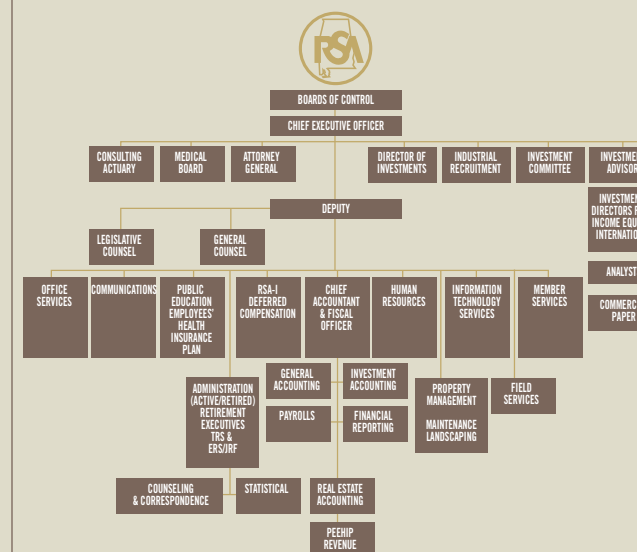
**MISSION STATEMENT**

The mission of the Retirement Systems of Alabama is to serve the interests of our members by preserving the excellent benefits and soundness of the Systems at the least expense to the state of Alabama and all Alabama taxpayers.

[www.rsa-al.gov](http://www.rsa-al.gov)

Please visit the Retirement Systems of Alabama Web site. This site contains the new and improved Member Online Services system. All RSA members can register and easily change their address online, and add or update their phone number and email address. In addition, PEEHIP members can view their current PEEHIP coverages, update their student dependent's status, change coverages, enroll in new coverages, and/or enroll or re-enroll in flexible spending accounts during Open Enrollment.

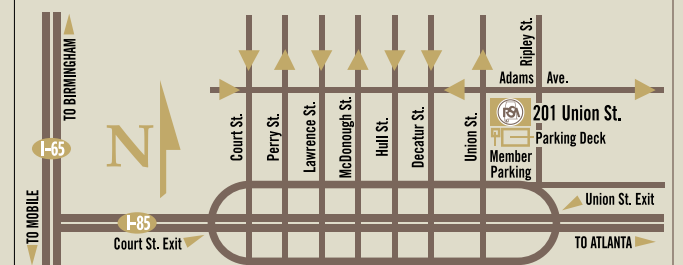
**ORGANIZATIONAL CHART**



**MEMBER SERVICES CONTACT CENTER**

Take advantage of Member Services' personalized assistance concerning your retirement and health care benefits by contacting the new Member Services Contact Center at 877.517.0020 or 334.517.7000. You may also send an email to [member.services@rsa-al.gov](mailto:member.services@rsa-al.gov).

**MAP AND DIRECTIONS**



**FROM THE WEST**

Follow Highway 80 to I-65. Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane; then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right side before Adams Avenue. Members may park in the open lot in front of the parking deck.

**FROM THE EAST**

Follow I-85 South to downtown Montgomery and take the Union Street exit on the right. Take the first right on the service road onto Union Street. Continue on Union Street through one traffic light. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.

**FROM THE SOUTH**

Follow I-65 North to Montgomery. Approaching Montgomery, stay in the right-hand lane and exit onto I-85 North to Atlanta. Continue in the right-hand lane; then take the first exit, which is Court Street. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.

**FROM THE NORTH**

Follow I-65 South into Montgomery. Take the I-85 North exit to the right to Atlanta. Stay in the right-hand lane and take the first exit on I-85, which is the Court Street exit. Stay on the service road until you reach Union Street. Turn left on Union Street. Continue on Union Street through two traffic lights. The RSA Headquarters is on the right before Adams Avenue. Members may park in the open lot in front of the parking deck.



*“The most important part of the Trail is that it has attracted industry to Alabama, and as such, has helped create tens of thousands of jobs.”*

**-David G. Bronner**

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