



2010 RSA Annual Report

>reach.

“Instead of robbing banks, stagecoaches or trains, Amendment 3 is robbing the Trust Fund and giving money to the politicians. We are being sold a bill of goods on this and Alabama deserves better. This is nothing more than a slush fund. We need to stop this abuse,” explained Dr. Bronner.

Investing In Our State

The RSA is a Defined Benefit (DB) Plan, where the investment risk is on the state. The RSA strives to earn as high a return as possible within reasonable risk parameters. In contrast, the investment risk is on the employee in a Defined Contribution (DC) Plan or 401(k). A DB Plan allows the RSA to invest a portion of its assets in Alabama to improve the state economy and create jobs, which can result in lower returns in the short term. The RSA would not be able to invest in Alabama with a DC Plan. The RSA's total investment returns for the last 10 years have been about one percent below the national average (3% compared to 3.9%). In 2010, the RSA earned close to \$1 billion with a return of 8.5%.

Approximately 60% of the RSA's \$25 billion in assets are invested in the U.S. and 24 other countries' stock markets. Those investments over the last 10 years have done as well as the average of other state plans. Another 25% of our assets are in fixed income securities such as publically-issued bonds and mortgages, which have performed better than the average of state plans over the last 10 years.

About 15 years ago, I made the decision that Alabama was never going to change without Alabama investing in itself. During the past 15 years, approximately 15% of our assets have been invested in Alabama, resulting in what *The New York Times* described as the “cultural change of Alabama.” Our state did not have the \$100 million needed to attract Mercedes-Benz to Alabama in the 1990s, but the RSA did.

From that investment, the entire Alabama auto industry was born with almost 100,000 great paying jobs coming into existence. The RSA has invested approximately \$8 billion over the years in Alabama office buildings, golf courses, hotels, and Alabama corporations, many of which have already repaid the RSA with interest.

Cities such as Mobile and Montgomery, whose downtown areas were at best dead and falling apart, have sprung back to life. Alabama had no top-quality hotels. Now it has eight of the finest

in the country! Clearly, the same money invested in buildings, hotels, and golf courses in California, New York, Paris, or wherever, would provide a greater initial return because room rates and office space rent in many markets are two to four times the rates paid in Alabama. But, our objective over the long-term is to bring our properties to the same level of investment returns as the top earners.

Investing in Alabama is critical to our future! Who will care about us if we do not? Fifteen years ago, tourism was a \$1.8 billion business; today, it is a \$9.8 billion business. Each year, billions of dollars come into our economy from tourism. That would not be possible without the nearly \$50 million the state receives from Raycom Media and CNHI that supports state tourism with free advertising as well as a reasonable 8% return.

Ten years ago, the RSA jointly funded with GKN Aerospace Alabama a new project for the development of the Wing Trailing Edge Panels for the Airbus A380, the world's largest passenger plane. This resulted in the RSA – GKN – Airbus (EADS) signing a tripartite agreement for the project and was the start of the RSA's relationship with EADS.

Subsequently, the RSA became the prime catalyst in bringing another EADS project to Alabama. The RSA working closely with the Mobile Port Authority and GKN Aerospace has “wooed” EADS to have the potential future home of the New A330 Flight Refueling Tanker in Mobile if Airbus is successful in securing the project.

I put 15% of our assets at risk to forever change Alabama. There are no other states, except maybe Nevada until the housing bubble bust, that have had more progress during this period. While our investment returns may suffer slightly in the short-term, our objective is long-term, sustainable growth. We will get past our current problems and continue to make Alabama a better place with every step forward.



DAVID G. BRONNER, CHIEF EXECUTIVE OFFICER



STATE OF ALABAMA
OFFICE OF STATE TREASURER

December 13, 2010

KAY IVEY
TREASURER

DARIA STORY
ASSISTANT TREASURER

ANTHONY LEIGH
DEPUTY TREASURER

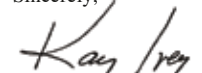
Dr. David Bronner
Executive Director
Retirement Systems of Alabama
201 South Union Street
Montgomery, AL 36130-2150

Dear Dr. Bronner:

On behalf of the Alabama Trust Fund Board allow me to extend our sincere appreciation for your effective efforts to defeat Amendment 3. You brilliantly employed your insight and influence in a way designed to quell any questions on the impact of spending ATF funds for road and bridge work. Your “Little Red Wagon” speech at the Battle House Tower in downtown Mobile will no doubt be remembered for years to come. It provided the perfect visual. Your “outlaw” posters will be legendary reminders of what can happen when knowledgeable and caring people remain silent. Thankfully, you added your resounding voice to ensure effective spending of state funds.

Thank you for your active and continuous efforts to build a better Alabama.

Sincerely,



Kay Ivey, State Treasurer and
Secretary, Alabama Trust Fund

DS/mfc
cc: Alabama Trust Fund Board Members

(Editor's note: Kay Ivey was elected Lt. Governor.)

The November 2010 election saw a defeat to Amendment 3; ten days before the election the proponents stated they saw no organized opposition.



Dr. David G. Bronner's portrait © Fouts Commercial Photography

>reach.

A lady from Atlanta told the story of being in South Africa and watching the Navistar LPGA Classic golf tournament, played at Capitol Hill, on television.

“She told the friends she was with, ‘I’m going to play that course.’ That’s a woman from Atlanta, visiting South Africa, saying she was going to Prattville, Alabama, to play the Trail. That’s the kind of exposure the Trail has provided and the kind of reach it has had.” - DR. DAVID G. BRONNER



2010 Annual Report

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Widely regarded as one of the best photographers in the world of golf, Kevin Murray travels from his home in Sussex, England, to play the Robert Trent Jones Golf Trail with friends from the U.K. His fine art approach to golf photography captures the real beauty of the world's golf courses. *St. Andrews: The Home of Golf*, a coffee table book featuring his photography, was recently released.

RTI Capitol Hill, The Judge, Prattville
© Kevin Murray www.kevinmurraygolfphotography.com



2010

TEACHERS' RETIREMENT SYSTEM BOARD OF CONTROL

Pictured left to right:
CHAIRMAN: Dr. Paul R. Hubbert, EXECUTIVE SECRETARY AEA, EX OFFICIO / Mr. Robert Smith, SUPPORT PERSONNEL POSITION / Mrs. Sallie Cook, RETIRED POSITION /
Ms. Judy Rigdon, TEACHER POSITION / Mr. Luke Hallmark, SUPERINTENDENT POSITION / Mrs. Teresa Swindall, TEACHER POSITION / Mr. Russell Twilley, SUPPORT PERSONNEL POSITION /
VICE CHAIRMAN: Mrs. Sarah S. Swindle, RETIRED POSITION / Dr. Susan Williams Brown, POSTSECONDARY POSITION / Mr. John R. Whaley, TEACHER POSITION /
Dr. Joseph Morton, STATE SUPERINTENDENT OF EDUCATION, EX OFFICIO / Mr. Bill Newton, STATE FINANCE DIRECTOR, EX OFFICIO / Mr. Victor Wilson, PRINCIPAL POSITION

SERVE ON
BOTH THE
TRS AND ERS
BOARDS OF
CONTROL

RSA Boards of Control © Fouts Commercial Photography

SERVE ON
BOTH THE
TRS AND ERS
BOARDS OF
CONTROL

2010

EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL

Pictured left to right:
CHAIRMAN: Hon. Bob Riley, GOVERNOR, EX OFFICIO / Mr. Robert H. Pruitt, GOVERNOR APPOINTEE / Hon. Kay Ivey, STATE TREASURER, EX OFFICIO /
Mr. Stephen C. Walkley, ACTIVE STATE EMPLOYEE / Ms. Alice Thornton, ACTIVE STATE EMPLOYEE / Mrs. Jackie B. Graham, STATE PERSONNEL DIRECTOR, EX OFFICIO /
Mr. James H. Rowell, RETIRED STATE EMPLOYEE / VICE CHAIRMAN: Mr. John H. Wilkerson, Jr., GOVERNOR APPOINTEE / Mr. Robert S. Miller, GOVERNOR APPOINTEE /
Mr. James Fibbe, RETIRED LOCAL EMPLOYEE / Mr. Steven W. Williams, ACTIVE LOCAL EMPLOYEE / Mr. Ben Powell, ACTIVE LOCAL EMPLOYEE

TEACHERS' RETIREMENT SYSTEM
EMPLOYEES' RETIREMENT SYSTEM
JUDICIAL RETIREMENT FUND

MEMBERSHIP ACTIVITY FOR 2010

	TRS	ERS	JRF
NEW MEMBERS	9,243	7,544	10
WITHDRAWN MEMBERS	4,927	4,489	5
SERVICE RETIREMENTS	4,016	2,233	13
DISABILITY RETIREMENTS	307	244	0
NEW BENEFICIARIES	298	253	0

TOTAL MEMBERSHIP FOR 2010
(AS OF SEPTEMBER 30, 2010)

	TRS	ERS	JRF	TOTAL
ACTIVE	130,711	83,476	336	214,523
DROP	5,695	2,586	-	8,281
RETIRED	70,508	37,059	325	107,892
TOTAL	206,914	123,121	661	330,696

FUNDS UNDER MANAGEMENT
(AS OF SEPTEMBER 30, 2010; \$ in Thousands)

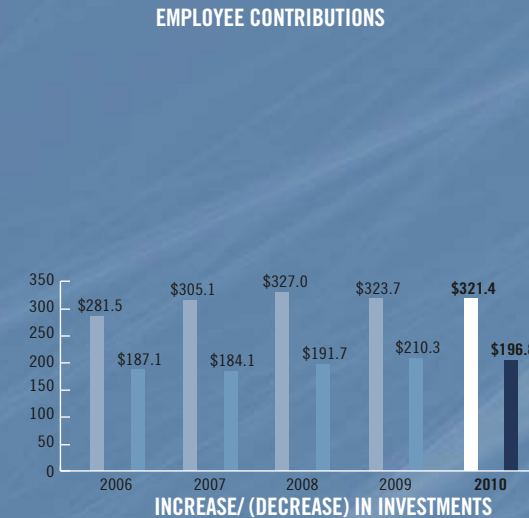
	TOTAL FUNDS MANAGED (1)
TEACHERS' RETIREMENT SYSTEM	\$ 16,724,233
EMPLOYEES' RETIREMENT SYSTEM	8,028,375
JUDICIAL RETIREMENT FUND	219,776
ALABAMA CULTURAL RESOURCES PRESERVATION TRUST FUNDS	8,795
ALABAMA EDUCATION FOUNDATION FOR K THROUGH 12	808
DIVISION OF WILDLIFE AND FRESHWATER FISHERIES	17,783
ALABAMA NONGAME WILDLIFE ENDOWMENT TRUST	16
ALABAMA UNDERGROUND & ABOVEGROUND STORAGE TANK TRUST FUNDS	8,532
CLERKS' & REGISTERS' SUPERNUMERARY FUND	10,398
ALABAMA SENIOR SERVICES TRUST FUND	22,125
ALABAMA STATE EMPLOYEES' HEALTH INSURANCE FUND	106,619
LOCAL GOVERNMENT HEALTH INSURANCE FUND	73,477
PEIRAF - DEFERRED COMPENSATION PLAN (RSA - 1)	1,322,165
PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND	85,612
ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST	768,069
PUBLIC EMPLOYEES' INDIVIDUAL RETIREMENT ACCOUNT FUND	86,620
ALABAMA MARINE RESOURCES ENDOWMENT TRUST FUND	895
ALABAMA TRUST FUND	694,842
ALABAMA TREASURY FUND	259,542
CHARLOTTE THORN TRUST FUND	6,620
ALABAMA STATE EMPLOYEES' RETIRED HEALTH CARE TRUST FUND	96,790
STATE DOCKS PENSION PLANS	12,664
TOTAL ASSETS UNDER MANAGEMENT	\$ 28,554,756

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

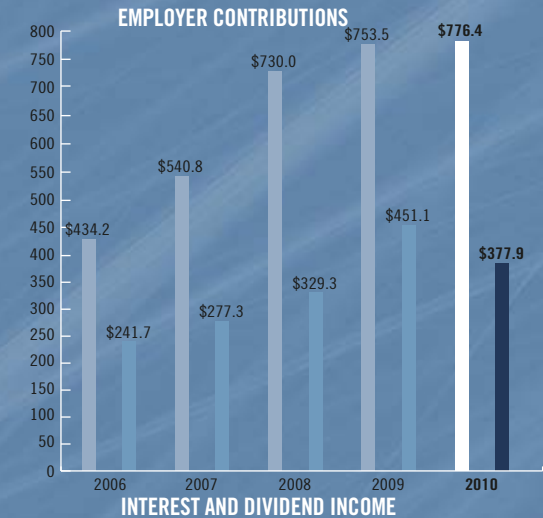
REVENUE SOURCES for TRS, ERS & JRF (\$ IN MILLIONS)

	2009	2010
EMPLOYEE CONTRIBUTIONS	536.7	520.8
EMPLOYER CONTRIBUTIONS	1,215.0	1,165.1
INVESTMENT INCOME	(2,372.2)	2,166.9
TOTAL	\$ (620.5)	\$ 3,852.8

5-YEAR HIGHLIGHTS (\$ IN MILLIONS)
EMPLOYEE CONTRIBUTIONS



EMPLOYER CONTRIBUTIONS



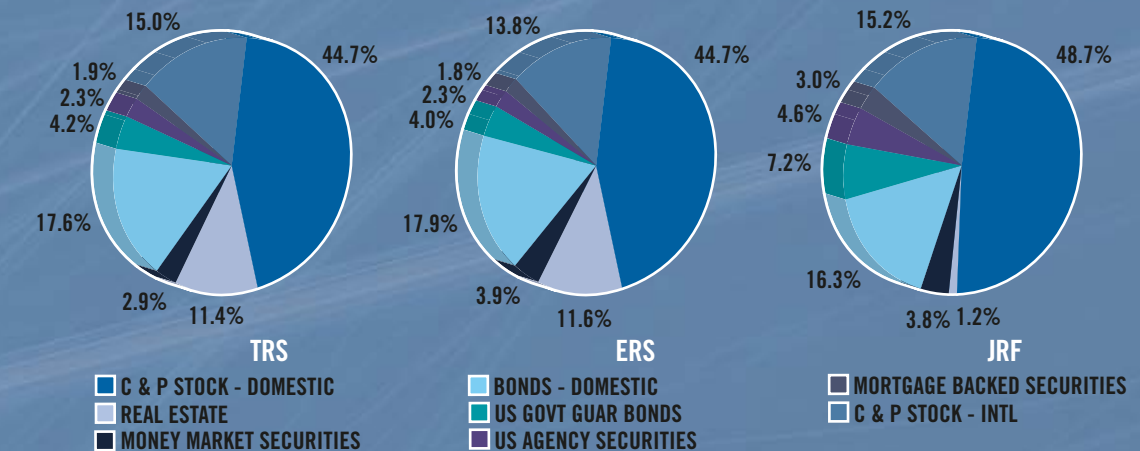
INCREASE/ (DECREASE) IN INVESTMENTS



INTEREST AND DIVIDEND INCOME



ASSET ALLOCATION (AS OF SEPTEMBER 30, 2010) 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.



Staff, Advisors and Medical Board



CHIEF EXECUTIVE OFFICER
DAVID G. BRONNER, PH.D., J.D.
DEPUTY DIRECTOR
MARCUS H. REYNOLDS, JR., J.D.

ADMINISTRATIVE STAFF

CHIEF INVESTMENT OFFICER R. MARC GREEN, M.B.A., CFA	DIRECTOR OF INFORMATION TECHNOLOGY SERVICES MICHAEL T. BAKER, B.S.
CHIEF ACCOUNTANT AND FISCAL OFFICER DIANE E. SCOTT, B.S., CPA	DIRECTOR OF MEMBER SERVICES PENNY K. WILSON, B.S.
GENERAL COUNSEL WILLIAM T. STEPHENS, J.D.	DIRECTOR OF COMMUNICATIONS MICHAEL E. PEGUES, M.A.
LEGISLATIVE COUNSEL LINDY J. BEALE, J.D.	DIRECTOR OF FIELD SERVICES JUDY P. UTLEY, B.S.

ADVISORS

CERTIFIED PUBLIC ACCOUNTANTS
CARR, RIGGS AND INGRAM, LLC

REGIONS BANK, N.A.
MR. BRIAN SULLIVAN

CAVANAUGH MACDONALD CONSULTING, LLC
MR. EDWARD A. MACDONALD

ATTORNEY GENERAL
HON. TROY KING

CHIEF EXAMINER
MR. RONALD L. JONES

MEDICAL BOARD

CHAIRMAN
NEIL STRONACH, M.D.

MALCOLM BROWN, M.D.

GLENN YATES, M.D.

TEACHERS' RETIREMENT EXECUTIVE
DONALD L. YANCEY, M.P.A., J.D.

EMPLOYEES' & JUDICIAL RETIREMENT EXECUTIVE
WILLIAM F. KELLEY, JR., J.D.

DIRECTOR OF PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN
LEE M. HAYES, M.B.A.

Legal, Legislation, Communications and Field Services

LEGAL The RSA Legal Department continued to address 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 (particularly the new federal health insurance reform law), contract law, construction law, commercial real estate law, corporate governance, limited partnerships, personnel law, insurance law, 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.

Special emphasis was placed on resolving long pending lawsuits and in July the last pending benefits lawsuit was successfully resolved. From July through the end of the year, for the first time in more than thirty years, the retirement systems had no pending benefits litigation. Non-benefit litigation continues, however, relating to PEEHIP administration, office building and hotel operations, and RSA operational issues.

The RSA continued to bring in significant recoveries in securities fraud litigation and the RSA continued to work with other public pension systems to encourage Congress to provide comprehensive protection against fraudulent securities marketing and sales.

A significant amount of time was spent in reviewing and attempting to implement the new federal health insurance reform law and the administrative regulations issued pursuant to that law, and in the rebidding and contracting for the administration of PEEHIP.

Ongoing construction projects, and even completed construction projects, continued to present legal issues requiring resolution, as have new investment projects using new investment structures.

Each year brings new and different challenges for the department and we expect to face new challenges in the coming year. ■

LEGISLATION The 2010 Regular Session of the Alabama Legislature began on January 12, 2010, and ended on April 26, 2010. The General Fund Budget (Act 2010-553) and the Education Trust Fund

Budget (Act 2010-610) 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 several bills that passed pertaining to the Employees' Retirement System (ERS) or the TRS. Acts 2010-383 and 2010-111 are identical bills and would allow Etowah elected officials to participate in the ERS. However, the constitutional amendment did not pass in the 2010 General Election. Act 2010-199 would allow Cullman County elected officials to participate in the ERS; however, it also did not pass in the 2010 General Election. Act 2010-440 would allow the Montgomery County Revenue Commissioner to participate in the ERS and it did pass in the General Election and is now law. Act 2010-221 changed the maximum funding period for both TRS and ERS to 30 years. Act 2010-750 authorizes the officers and employees of the Alabama Higher Education Partnership, Inc., to participate in the TRS, and Act 2010-256 allows the executive officers and employees of the School Superintendents of Alabama to continue to participate in the TRS independent of any affiliation with the Council for Leaders in Alabama Schools. ■

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. ■

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

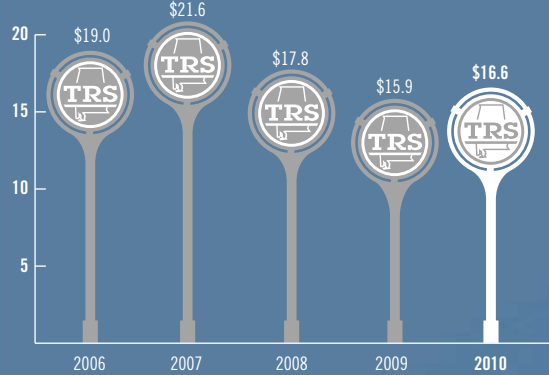
2010 YEAR IN REVIEW



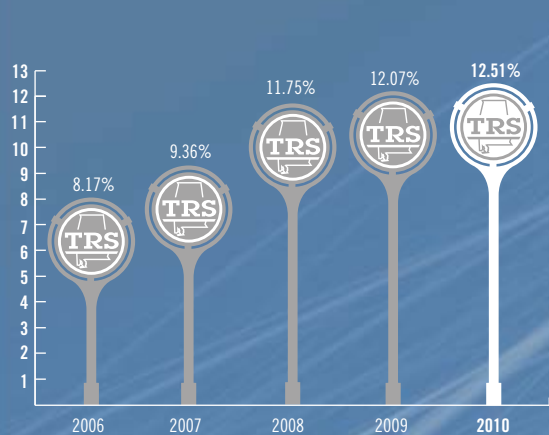
The Employees' Retirement System of Alabama (ERS) provides retirement allowances and other specified benefits for qualified state employees, state police, and on an elective basis, employees of cities, counties, towns and quasi-public organizations.

BENEFITS ADMINISTRATION

TRS PORTFOLIO AT FAIR VALUE (\$ IN BILLIONS)

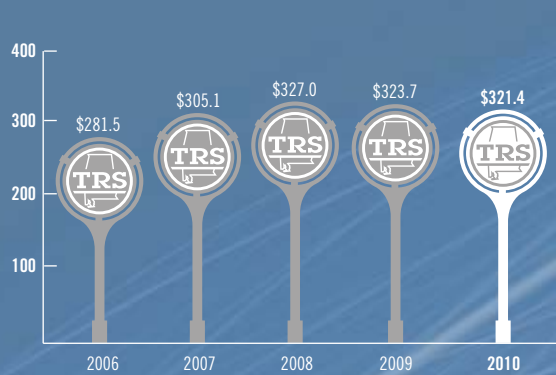


TRS EMPLOYER RATE (% OF COVERED PAYROLL)

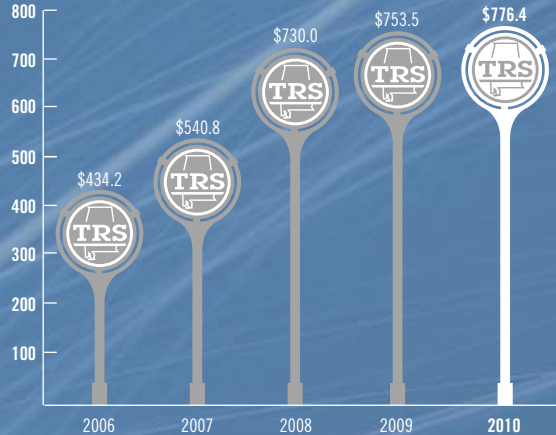


REVENUE SOURCES

TRS EMPLOYEE CONTRIBUTIONS (\$ IN MILLIONS)



TRS EMPLOYER CONTRIBUTIONS (\$ IN MILLIONS)



RETIREMENT BENEFITS

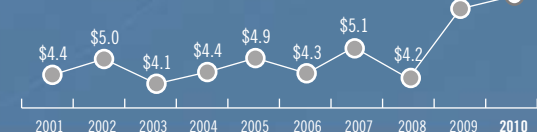
TRS TOTAL ANNUAL PAYMENTS (\$ IN MILLIONS)



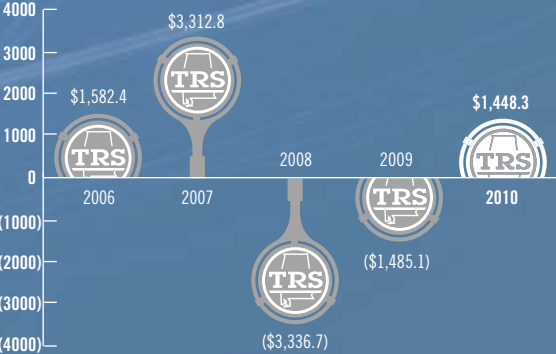
TRS AVERAGE MONTHLY BENEFITS (\$ IN ACTUAL DOLLARS)



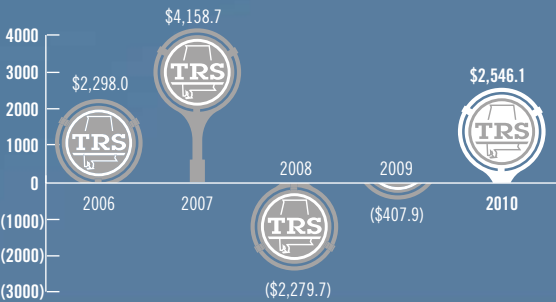
TRS PRERETIREMENT DEATH BENEFITS (\$ IN MILLIONS)



TRS INVESTMENT INCOME (\$ IN MILLIONS)

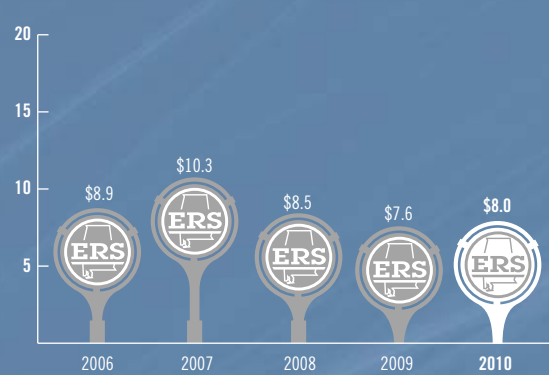


TRS TOTAL REVENUES (\$ IN MILLIONS)

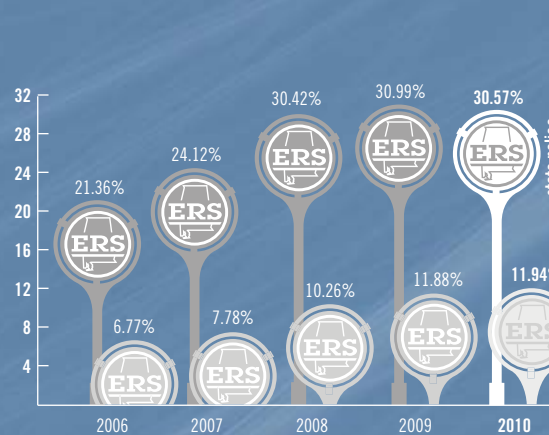


BENEFITS ADMINISTRATION

ERS PORTFOLIO AT FAIR VALUE (\$ IN BILLIONS)

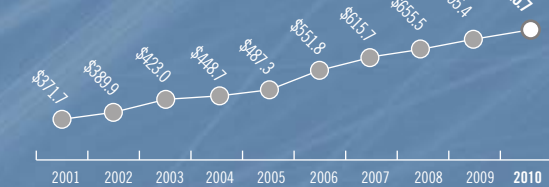


ERS EMPLOYER RATE (% OF COVERED PAYROLL)



RETIREMENT BENEFITS

ERS TOTAL ANNUAL PAYMENTS (\$ IN MILLIONS)



ERS AVERAGE MONTHLY BENEFITS (\$ IN ACTUAL DOLLARS)



ERS PRERETIREMENT DEATH BENEFITS (\$ IN MILLIONS)

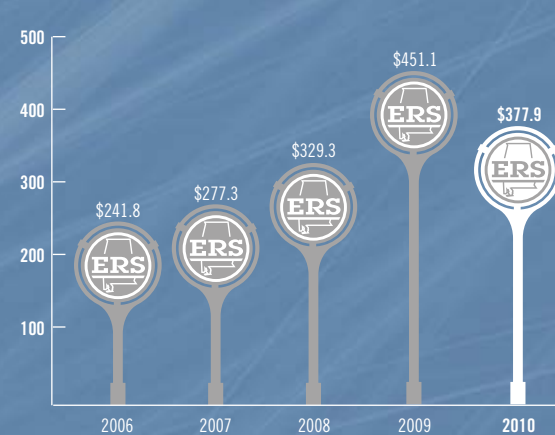


REVENUE SOURCES

ERS EMPLOYEE CONTRIBUTIONS (\$ IN MILLIONS)



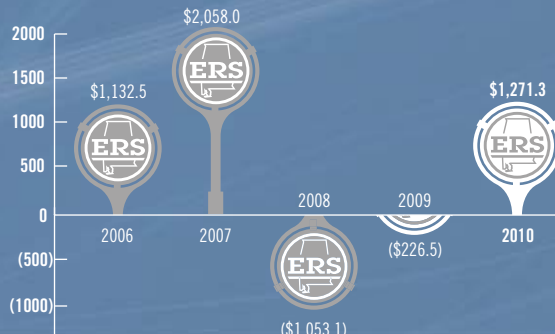
ERS EMPLOYER CONTRIBUTIONS (\$ IN MILLIONS)



ERS INVESTMENT INCOME (\$ IN MILLIONS)



ERS TOTAL REVENUES (\$ IN MILLIONS)



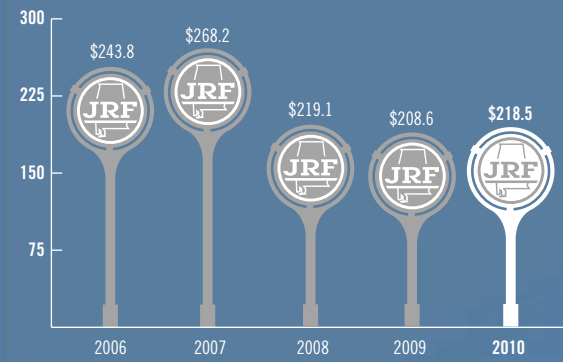
Judicial Retirement Fund

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.

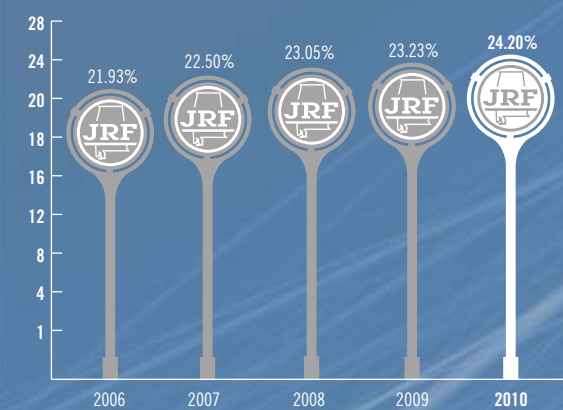
Public Employees' Individual Retirement Account Fund

BENEFITS ADMINISTRATION

JRF PORTFOLIO AT FAIR VALUE (\$ IN MILLIONS)

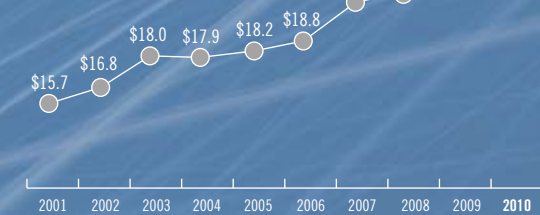


JRF EMPLOYER RATE (% OF COVERED PAYROLL)



RETIREMENT BENEFITS

JRF TOTAL ANNUAL PAYMENTS (\$ IN MILLIONS)

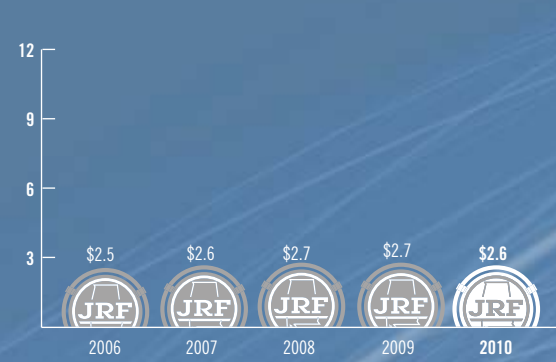


JRF AVERAGE MONTHLY BENEFITS (\$ IN ACTUAL DOLLARS)

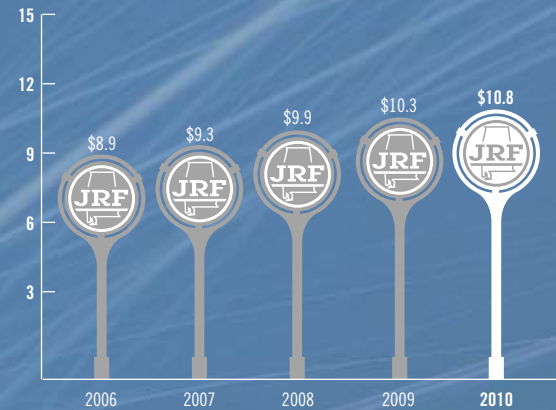


REVENUE SOURCES

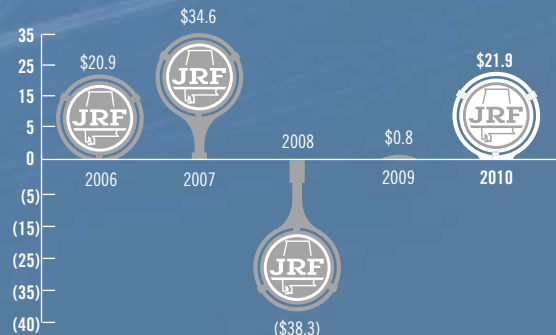
JRF EMPLOYEE CONTRIBUTIONS (\$ IN MILLIONS)



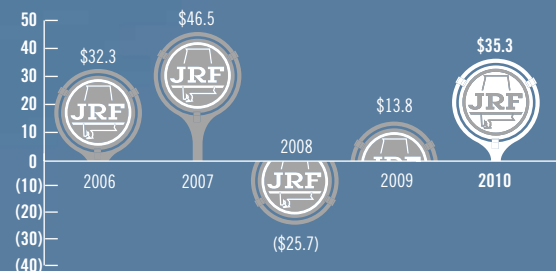
JRF EMPLOYER CONTRIBUTIONS (\$ IN MILLIONS)



JRF INVESTMENT INCOME (\$ IN MILLIONS)



JRF TOTAL REVENUES (\$ IN MILLIONS)



RSA-1 DEFERRED COMPENSATION PLAN

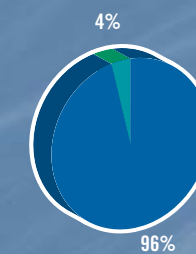
Established in 1986 to allow members of the RSA and certain other eligible public employees to defer receipt of a percentage of their salary, thereby deferring payment of taxes on that income.

RSA-1 HIGHLIGHTS

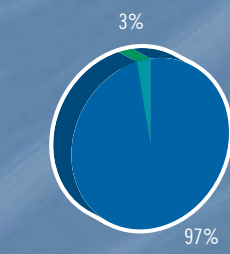
12-MONTH PERIOD ENDING	INCOME YIELD (IN %)	MARKET VALUE CHANGE (IN %)	TOTAL RETURN (IN %)	TOTAL NET ASSETS (\$ IN MILLIONS)	PARTICIPATING MEMBERS
SEPTEMBER 30, 2006 (FIXED INVESTMENT OPTION)	6.16	-1.66	4.50	777.9	29,520
SEPTEMBER 30, 2006 (STOCK INVESTMENT OPTION)	2.02	8.57	10.59	161.4	12,350
SEPTEMBER 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
SEPTEMBER 30, 2010 (FIXED INVESTMENT OPTION)	4.32	3.69	8.01	1,125.9	33,162
SEPTEMBER 30, 2010 (STOCK INVESTMENT OPTION)	2.21	7.71	9.92	206.6	15,520

RSA-1/INVESTMENT ALLOCATION STOCK FUND

(AS OF SEPTEMBER 30, 2010)

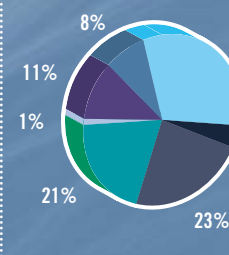


(AS OF SEPTEMBER 30, 2009)

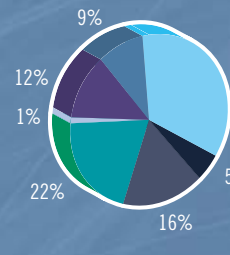


RSA-1/INVESTMENT ALLOCATION FIXED FUND

(AS OF SEPTEMBER 30, 2010)



(AS OF SEPTEMBER 30, 2009)



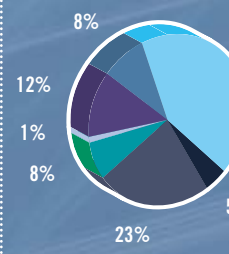
PEIRAF DEDUCTIBLE EMPLOYEE CONTRIBUTION PLAN

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.

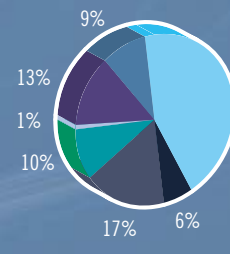
The Tax Reform Act of 1986 prohibited contributions to deductible voluntary employee contribution plans, such as PEIRAF, for years after 1986. Accordingly, the PEIRAF Board of Control discontinued receiving contributions to this plan after December 31, 1986. However, the PEIRAF continues to reinvest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

PEIRAF/INVESTMENT ALLOCATION

(AS OF SEPTEMBER 30, 2010)



(AS OF SEPTEMBER 30, 2009)

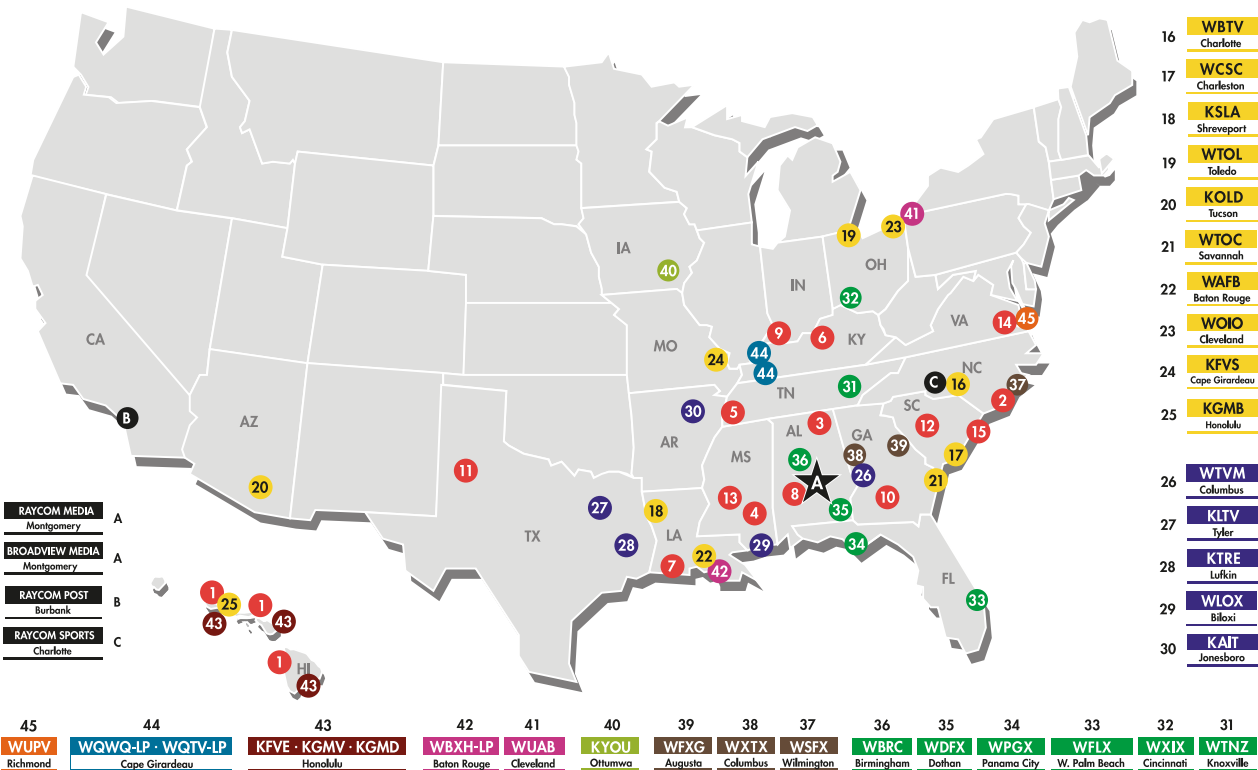


INVESTING IN THE MEDIA

An economic impact study showed the RSA provided more than \$670 million in advertisement benefits, contributing to the state's tourism industry. In the last fifteen years, Alabama's tourism industry has grown from \$1.8 billion to \$9.8 billion. The RSA's investments in the media have provided advertising promotion for Alabama, profiting not only tourism, but increasing business and industry growth and improving the image of the state. Media coverage of golf tournaments held at RTJ Trail courses has shown the nation and the world an Alabama that is a beautiful, progressive, and desirable place to live and work. ■



1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
KHNL · KOGG · KHBC	WECT	WAFF	WDAM	WMC	WAVE	KPLC	WSFA	WFIE	WALB	KCBD	WIS	WLBT	WWBT	WMBF
Honolulu	Wilmington	Huntsville	Hattiesburg	Memphis	Louisville	Lake Charles	Montgomery	Evansville	Albany	Lubbock	Columbia	Jackson	Richmond	Myrtle Beach



Raycom Media, Inc. was created in 1996 with the purchase of 15 television stations, two radio stations, and a sports marketing, production, events management, and distribution company. Shortly after this first acquisition, Raycom Media quickly acquired two other companies and began an unheard of growth in the media business. Today, it is one of the nation's largest

broadcasters and owns and/or operates 45 television stations in 36 markets and 18 states. Raycom stations cover 12.6% of U.S. television households and employ nearly 3,600 individuals in full and part-time positions. With a strong belief in community, Raycom Media television stations take editorial positions on key community issues. It is the vision of the company

that it be involved in the communities its broadcast properties serve. By editorializing on local issues and seeking out divergent points of view, Raycom Media television stations create an atmosphere of community dialogue. Raycom Media is headquartered in the Retirement Systems of Alabama Tower in Montgomery, Alabama.

RSA BankTrust Building, Mobile © Tad Denson, www.myshtz.com



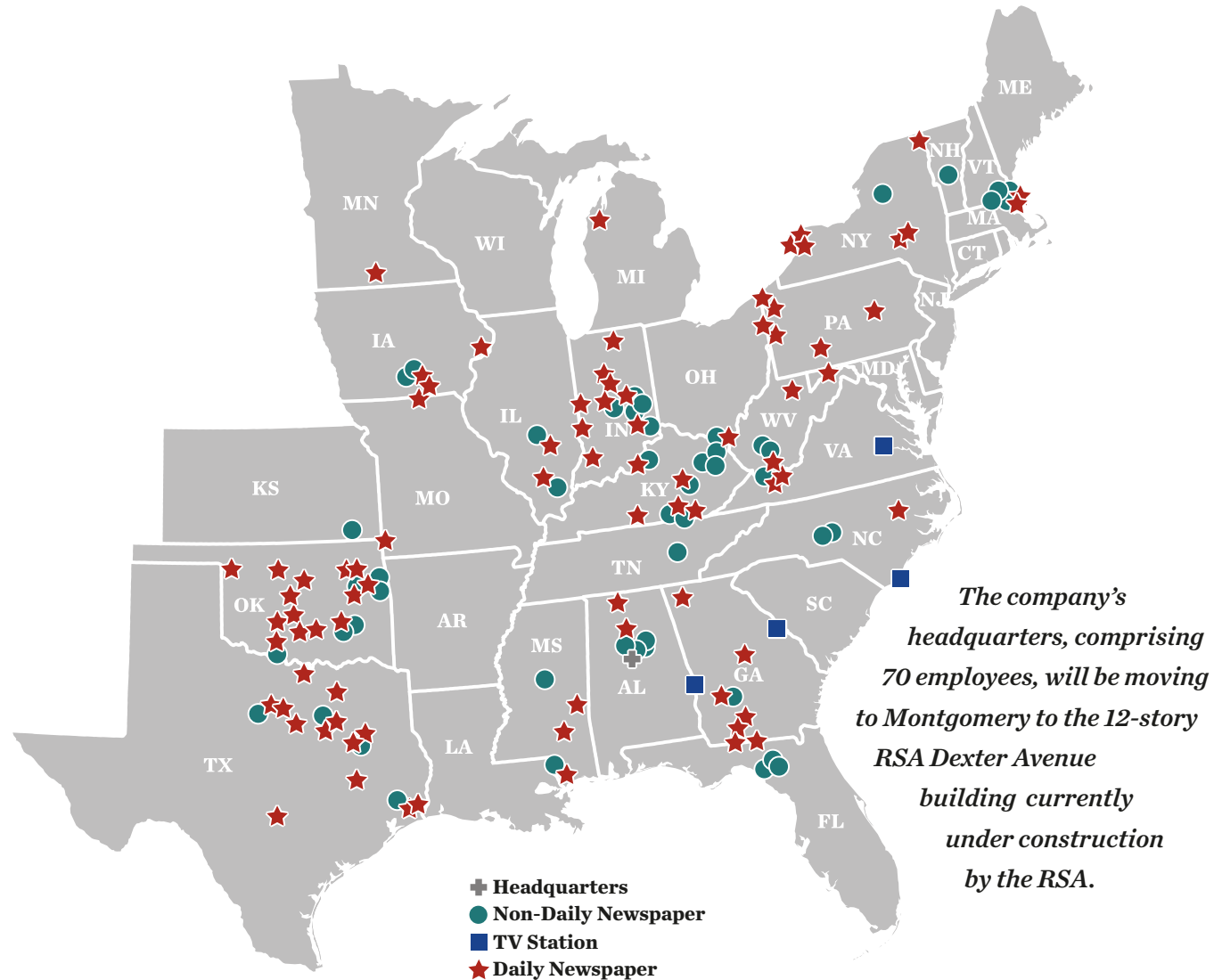
On New Year's Eve 2010, the city of Mobile and the RSA hosted the largest New Year's Eve countdown in the Central time zone. A 12-foot electric Moon Pie was dropped from the 34-story RSA BankTrust Building at midnight as people enjoyed music, fireworks, and a laser light show. All 19 Raycom stations in the Central time zone carried the event live, and it was broadcast on all 45 Raycom stations the following day.

CNHI Community Newspaper Holdings, Inc.

CNHI is one of the leading publishers of local news and information in the United States. Its newspapers, television stations, Web sites and niche publications serve more than 150 communities in 24 states.

"The RSA has been a great supporter from CNHI's very beginning. This latest headquarters move is another example of the positive relationship between us."

**~ DONNA BARRETT
PRESIDENT AND CEO OF CNHI**



The company's headquarters, comprising 70 employees, will be moving to Montgomery to the 12-story RSA Dexter Avenue building currently under construction by the RSA.

RSA Dexter Avenue Building, Montgomery © Fouts Commercial Photography



ROBERT TRENT JONES GOLF TRAIL

More than 541,000 rounds were played on Trail courses in 2010, and more than half of those came from out-of-staters such as St. Pierre (see below, right). The Trail has become one of the best marketing tools for a state not usually found on the “A” list of tourist destinations.



“...the American golfer’s equivalent of Disney World.”

~ GOLF MAGAZINE

“The city of Prattville was a first-class host. This event showcased the best and brightest in women’s professional golf, and they really put on a show for us.”

~ MIKE SNELL

SENIOR VP OF SALES AND PRODUCT DEVELOPMENT OF MONACO RV
NAVISTAR LPGA CLASSIC PRESENTED BY MONACO RV
AT CAPITOL HILL, PRATTVILLE

“A trip to the Trail is worth every mile and minute on the road...the finest public courses in the country.”

~ THE ATLANTA CONSTITUTION

Seventy-two year old Thomas St. Pierre of Manahawkin, New Jersey, recently finished playing every course on the Trail—twice. He bought a Trail Passport, the visitor’s discount card, and traveled through Alabama on a north-to-south route, a distance of some 400 miles, then turned around and headed back to the north. “When I first told my friends I was going to Alabama to play golf, they looked at me like I was drunk,” St. Pierre said. “Now they want to go with me.”



Top 10 in Sales of Packets for 2010 (not including Alabama)

- | | | |
|--------------|---------------|--------------|
| 1. GEORGIA | 4. ILLINOIS | 7. KENTUCKY |
| 2. TENNESSEE | 5. FLORIDA | 8. INDIANA |
| 3. TEXAS | 6. CALIFORNIA | 9. OHIO |
| | | 10. MISSOURI |

RTJ Grand National, Lakes Course, Opelika © Kevin Murray



Players and family, caddies, media, staff, Bell Micro visitors, and spectators total 1,288 visitors per tournament night in hotels. Based on average visitor expenditures for an 8-night stay, the approximate economic impact to Alabama during the 2010 Bell Micro LPGA Classic was \$9.076 million dollars.

(based on Destination Marketing Association International studies and deemed accurate by the Mobile Bay Convention & Visitors Bureau)

Top golfers from more than 25 countries come to the Trail each year for the two LPGA tournaments.



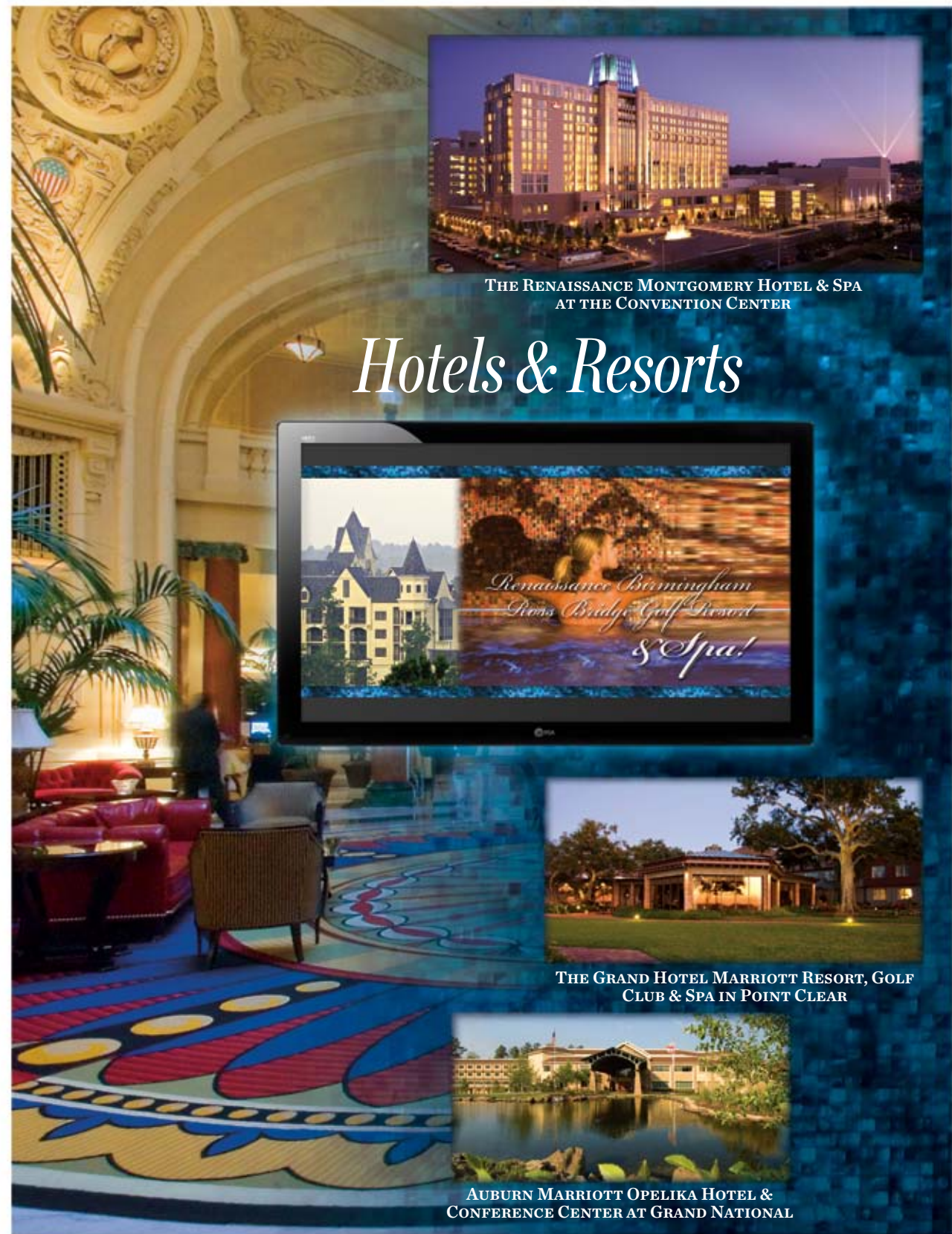
^ Ross Bridge measures 8,191 yards and is the fourth longest golf course in the world, making it an ideal location for a future PGA event.

“Whether it’s hotels or golf courses, the idea is to get industrial leaders interested in Alabama. When we get industrial leaders interested, we get things like Hyundai. We get things like Navistar.”

- DR. DAVID G. BRONNER

*RTI Magnolia Grove, Crossings Course, Mobile © Michael Clemmer ~ Golf Landscapes
INSET: RTI Ross Bridge, Hoover © Michael Clemmer ~ Golf Landscapes, www.michaelclemmer.com*





THE RENAISSANCE MONTGOMERY HOTEL & SPA AT THE CONVENTION CENTER

Hotels & Resorts

Renaissance Birmingham Ross Bridge Golf Resort & Spa!

THE GRAND HOTEL MARRIOTT RESORT, GOLF CLUB & SPA IN POINT CLEAR

AUBURN MARRIOTT OPELIKA HOTEL & CONFERENCE CENTER AT GRAND NATIONAL

“Auburn, Alabama is the nation’s best city for golf.”
 - SPORTS ILLUSTRATED

The Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear was named “One of the Top 500 Hotels in the World.”
 - TRAVEL + LEISURE

The Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear was named number 31 on its list of 50 best resorts in America and Canada.
 - TRAVEL + LEISURE

The Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear ranked #1 in the South for golf staff and service, and #7 overall among Southern golf resorts.
 - CONDE NAST TRAVELER

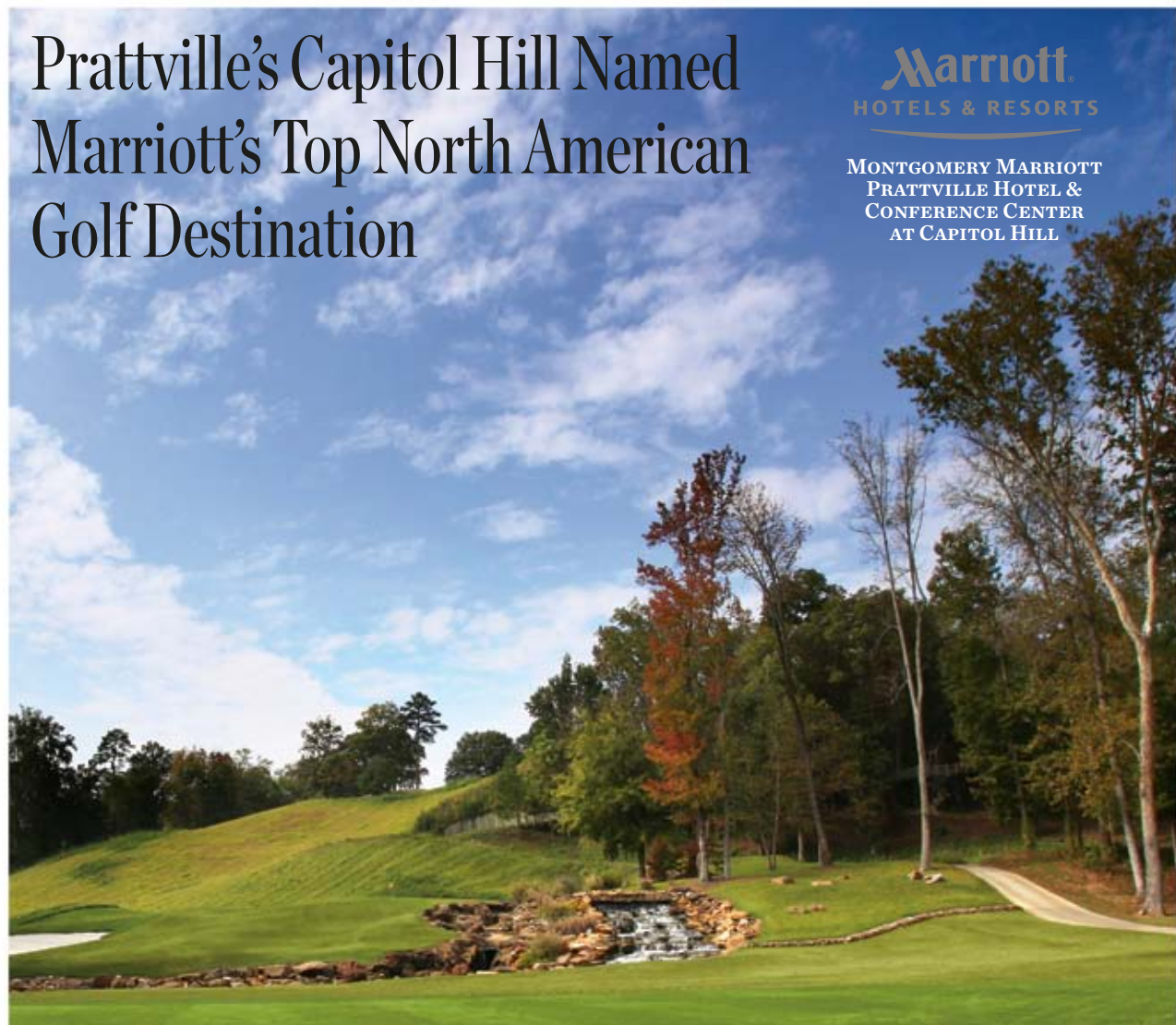
The Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear was given the Pinnacle Award noting, “Southern hospitality, exceptional service and the world class amenities create the perfect recipe for great meetings at this historic resort.”
 - SUCCESSFUL MEETINGS

The Renaissance Birmingham Ross Bridge Golf Resort & Spa and The Grand Hotel Marriott Resort, Golf Club & Spa in Point Clear were given “Best of the South” awards.
 - MEETINGS SOUTH

The Renaissance Montgomery Hotel & Spa at the Convention Center earned a Four Diamond ranking, joining four other Resort Collection hotels as AAA Four Diamond properties in Alabama.

Prattville's Capitol Hill Named Marriott's Top North American Golf Destination

Marriott
HOTELS & RESORTS
MONTGOMERY MARRIOTT
PRATTVILLE HOTEL &
CONFERENCE CENTER
AT CAPITOL HILL



For recreation at Marriott hotels in North America, those looking for the best guest satisfaction should head to Alabama.

In addition to having the top Marriott spa globally in 2010 (Spa at the Grand Hotel), Alabama has the top golf location at the Montgomery Marriott Prattville Hotel & Conference Center at Capitol Hill.

Part of the Robert Trent Jones Golf Trail's Resort Collection, three other Alabama locations also join Capitol Hill in Marriott's Top 10 for customer satisfaction: Muscle Shoals, Auburn/Opelika and

Point Clear. Marriott has 25 golf locations in the United States and Canada.

The RTJ Golf Trail has consistently been ranked one of Alabama's top tourist attractions since opening in 1992.

Marriott International uses a third-party company specializing in guest satisfaction to rate all areas of the hotels, including golf and spas. Both the RTJ Golf Trail and its Resort Collection are owned by the Retirement Systems of Alabama.

RTJ Capitol Hill, The Judge, Prattville © Kevin Murray

The Robert Trent Jones Golf Trail is the number one tourist attraction in Alabama for 2010.

MARRIOTT GOLF RANKINGS FOR NORTH AMERICA

FOUR ALABAMA GOLF TRAIL FACILITIES IN THE TOP 10

1. MONTGOMERY MARRIOTT PRATTVILLE HOTEL & CONFERENCE CENTER AT CAPITOL HILL*
2. ORLANDO WORLD CENTER MARRIOTT RESORT & CONVENTION CENTER – ORLANDO, FLORIDA
3. HORSESHOE BAY RESORT MARRIOTT – HORSESHOE BAY, TEXAS
4. MARCO ISLAND MARRIOTT BEACH RESORT, GOLF CLUB & SPA – MARCO ISLAND, FLORIDA
5. (T) MARRIOTT SHOALS HOTEL & SPA*
5. (T) MEADOWVIEW CONFERENCE RESORT & CONVENTION CENTER – KINGSFORT, TENNESSEE
7. (T) AUBURN MARRIOTT OPELIKA HOTEL & CONFERENCE CENTER AT GRAND NATIONAL*
7. (T) HILTON HEAD MARRIOTT RESORT & SPA – HILTON HEAD, SOUTH CAROLINA
9. ANN ARBOR MARRIOTT YPSILANTI AT EAGLE CREST – YPSILANTI, MICHIGAN
10. GRAND HOTEL MARRIOTT RESORT, GOLF CLUB & SPA*

* PART OF THE RTJ GOLF TRAIL'S RESORT COLLECTION IN ALABAMA.

The Vietnam Veterans Plaza, 55 Water Street, was the first public space to reopen after the attacks on New York City on September 11, 2001.
www.nyvietnamveteransmemorial.org

The
 C O N G R E S S I O N A L
 M E D A L O F H O N O R R E C I P I E N T

SSGT Salvatore A. Giunta is honored
 at the New York City Vietnam Veterans Memorial
 located at 55 Water Street, an RSA holding.

Specialist Salvatore A. Giunta distinguished himself conspicuously by gallantry and intrepidity at the risk of his life above and beyond the call of duty in action with an armed enemy in the Korengal Valley, Afghanistan, on October 25, 2007. Specialist Giunta's unwavering courage, selflessness, and decisive leadership while under extreme enemy fire were integral to his platoon's ability to defeat an enemy ambush and recover a fellow American soldier from the enemy.



Specialist Salvatore A. Giunta's extraordinary heroism and selflessness above and beyond the call of duty are in keeping with the highest traditions of military service and reflect great credit upon himself, Company B, 2d Battalion (Airborne), 503d Infantry Regiment, and the United States Army.

HARRY BRIDGWOOD EXECUTIVE VP OF THE NEW WATER STREET CORPORATION

Dr. David G. Bronner's Portrait + Lifetime Achievement Award © Fouts Commercial Photography

"I made a judgement about 15 years ago that unless we invest in ourselves, we couldn't really change."
 ~ Dr. David G. Bronner

The
 A L A B A M A T O U R I S M
 L I F E T I M E A C H I E V E M E N T A W A R D

"Dr. Bronner's creation of the Robert Trent Jones Golf Trail and PCH Hotels and marketing through the Retirement Systems of Alabama's investment in RAYCOM Media television stations have transformed the image of the state."



PRESENTED BY ALABAMA TOURISM DIRECTOR LEE SENTELL ON AUGUST 16, 2010



Pictured left to right:

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

2010 RSA Investment Staff © Fouts Commercial Photography

EQUITY ACTIVITY

Fiscal Year 2010

With another twelve months having passed, many of the macroeconomic challenges we faced are still lingering or have morphed into another problem. It is quite easy to be negative on the economy in the U.S., but overlaying that negativity onto the equity markets has been the wrong view. There have been numerous times over the fiscal year that the double-dippers grabbed the steering wheel, but continued strong earnings out of corporate America overwhelmed the doubters. With near record margins, earnings growth in the S&P 500 was better than 30% year-over-year. The market had to digest health care reform, financial reform, numerous sovereign crises, a strong dollar, a weak dollar, and serious doubts about the long-term ramifications of the Federal Reserve's ample use of liquidity in the U.S. When the smoke cleared, the broad market as measured by the S&P 500 was up over 10% for the year. Midcap and smallcap fared even better, up 17% and 14% respectively. As for international equities, the gap in performance between developed and emerging markets was large. The MSCI EAFE index was up over 3%, nearly identical to last year, while emerging markets were up north of 21%.

The RSA continued to stick with the large cap bias for fiscal year 2010. Correlations across and within asset classes continued to stay at elevated levels. The biggest opportunity to outperform in the year was through changing your exposure, not through stock picking.

In review, the year began and ended with the total global equity allocation at 58%. Domestic equities edged up to 43.6% of the total portfolio and international equities are 14.5%. We continued to slowly add to our emerging market allocation before the markets ran up in the fiscal fourth quarter. Our hedges from 2009 were both unwound and matured, and we will continue to evaluate hedging opportunities going forward.

For the year, the RSA domestic equity portfolios increased 11.43%, 11.41%, and 11.41% for TRS, ERS, and JRF funds, respectively. International equity

returns lagged domestic returns for the year, with TRS up 4.58%, ERS up 4.65%, and JRF up 5.75%. The combined total return for the overall equity portfolios were 9.67%, 9.77%, and 11.72% for TRS, ERS, and JRF, respectively. Three-, five-, and ten-year annualized global equity returns were (6.76%), 1.61%, and 2.14% for TRS, (6.71%), 1.61%, and 2.14% for ERS, and (6.11%), 1.50%, and 0.48% for JRF, respectively. ■

FIXED INCOME ACTIVITY

At the beginning of fiscal year 2010, the outperformance of risk assets had hit full stride as investors continued their flight away from safety. Earlier in the calendar year, the Federal Reserve increased its open market purchases of agency debt and mortgages, coupled with the announcement of its intention to purchase up to \$300 billion in treasury securities. The culmination of these actions led to monumental returns for corporate bonds, emerging markets, and commodities throughout the end of the previous fiscal year. Uncertainty regarding the federal budget, the financing of the deficit, and the potential inflation from the printing of money weighed heavily on government securities during this time.

The month of September was largely a continuation of the uptrend in risk assets on the heels of strong manufacturing data. At the Federal Open Market Committee meeting late in the month, policymakers announced a gradual slowing of agency and mortgage purchases and anticipated the program's completion by the end of the first quarter of 2010. Once again, high-yield bonds were the best performing asset within fixed income despite heavy issuance. The treasury yield curve was historically steep as the front end was anchored by easy monetary policy, while the long end inched higher in response to a general improvement in economic conditions. Corporate credit continued to rally during this time amid heavy inflows into bond mutual funds.

continued

FIXED INCOME ACTIVITY

Fiscal Year 2010 (continued)

In what typically is an inactive month due to holiday and year-end preparation, December provided fixed income participants with its first substantial sell-off in over a year. Treasury securities lost over 2.5% with the benchmark 10 year gapping out 30 basis points in the last two weeks. Fortunately, the new calendar year provided a welcome relief and investors were able to recoup a good portion of their December losses. While China attempted to curb excess lending due to concerns about property speculation and inflation, the struggles of a former Mediterranean empire came to the forefront. Concerns began to surface over the ability of the Greek government to honor its debt obligations after years of fiscal mishaps. Questions about the government's ability to roll \$30 billion in debt coming due in the spring caused Greek yields to soar versus its German counterparts.

The finances of other struggling European countries were being questioned as the state of affairs were very similar low-growth prospects, high unemployment, and ballooning public debt. The European crisis led to a global sell-off in equities and capital flight to safety. After months of speculation, the European Central Bank and the International Monetary Fund provided a bailout for Greece as it agreed to further budget cuts and deficit reduction measures. European policymakers also announced a \$1 trillion loan package for other countries in need to help solve the region's sovereign debt crisis.

Coupled with weak macroeconomic signals and European sovereign credit risks, treasury yields experienced strong declines by the end of spring. Corporate outperformance also slowed as the SEC investigation into Goldman Sachs and the BP oil spill weighed on the market. Investor sentiment came back pretty quickly however, as fears of a European financial crisis dissipated and the BP oil leak was halted by late July. Agency and mortgage spreads also compressed during this time as the lack of supply and reach for yield took hold. Treasury returns were able to hold in considerably well as

economic data exhibited further weakness. The intermediate and long end of the curve flattened during this period in the wake of low inflation and weak equity returns.

Issuance of high-yield debt was robust in late summer with investor appetite for incremental yield being the driving force. By the end of August, junk-rated issuance had already surpassed the previous record of \$164 billion sold in 2009. In late August, Chairman Ben Bernanke gave a speech in Jackson Hole stating that the Fed would reinvest the principal received from its agency securities into longer-term treasuries and the "Committee is prepared to provide additional monetary accommodation through unconventional measures if it proves necessary." This statement created a huge surge in risk assets as it opened up the possibility and probability of another round of quantitative easing. It also sparked an increase in inflation expectations as well as a sell-off in the dollar.

Since this time, the yield curve has started to steepen dramatically with the long end leading the way. The hope for the Fed is that easier financial conditions will promote economic growth as lower rates encourage investment and elevate stock prices. This in turn will hopefully bolster consumer wealth, increase confidence and spending, and ultimately lead to higher incomes, profits, and job growth. At this point, it is up for debate on the size or assets that would be involved in such a program. It is also highly uncertain if another program would be successful as some of the problems within the economy are structural in nature rather than cyclical. It seems that uncertainty will reign in fiscal 2011.

For the fiscal year, the total annual returns for the public domestic fixed income portfolios were 10.44% for the TRS, 10.41% for the ERS, and 11.39% for the JRF. The five-year annualized returns were 7.13% for the TRS, 7.17% for the ERS, and 7.32% for the JRF. The ten-year annualized returns were 7.23% for the TRS, 7.18% for the ERS, and 5.32% for the JRF. ■

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		
	2010	2009	2008	2010	2009	2008
0 TO <5	30.2	24.1	26.4	30.9	23.4	25.6
5 TO <10	26.1	24.3	61.2	25.2	23.6	62.5
10 TO <30	42.7	50.9	11.7	42.9	52.3	11.2
= OR >30	1.0	0.7	0.7	1.0	0.7	0.7

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		
	2010	2009	2008	2010	2009	2008
AAA	32	25	25	31	25	24
AA	4	3	4	3	3	4
A	13	13	9	12	13	9
BAA	13	14	11	13	14	11
BA	3	-	-	3	-	-
NOT RATED	35	42	50	38	43	51

INVESTMENT RETURNS / 2010

For the period ended September 30, 2010 (Percent)

	1-YEAR	3-YEARS	5-YEARS	10-YEARS
TOTAL EQUITY				
TRS	9.67	-6.76	1.61	2.14
ERS	9.77	-6.71	1.61	2.14
JRF	11.72	-6.11	1.50	0.48
TOTAL FIXED INCOME AND ALTERNATIVES				
TRS	6.50	-3.25	1.58	3.82
ERS	6.66	-4.78	0.79	3.27
JRF	9.18	6.25	6.60	5.34
TOTAL RSA RETURNS				
TRS	8.42	-5.47	1.55	3.00
ERS	8.47	-6.12	1.12	2.56
JRF	10.73	-1.67	3.46	2.77
BENCHMARKS				
S&P 500	10.16	-7.16	0.64	-0.43
DJIA	14.12	-5.37	3.13	2.52
MIDCAP 400	17.78	-1.67	3.77	5.40
SMALLCAP 600	14.22	-4.18	1.62	6.18
MSCI EAFE	3.27	-9.51	1.97	2.56
CITIGROUP BIG	7.77	7.71	6.40	6.54
BARCLAYS	8.16	7.42	6.20	6.41

"My dad convinced me in eighth grade that 'ideas without money remain ideas.' So if you don't have money, you better figure out a way to do it. What we did was try to find an investment that we knew had excess time and advertise something called your state."

- DR. DAVID G. BRONNER

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



COMMISSIONS PAID REPORT

Fiscal Year 2010

	VOLUME OF BUSINESS PRIVATE PLACEMENTS AGENCIES (\$ IN MILLIONS)	COMMISSIONS STOCK TRANSACTIONS (\$ IN ACTUAL DOLLARS)	COMMISSIONS BOND TRANSACTIONS (\$ IN ACTUAL DOLLARS)
ANDERSON STRUDWICK	\$	\$ 14,430	\$
BANC OF AMERICA	270		122,424
BARCLAYS		624,441	
BENCHMARK		13,090	
BERNSTEIN		672,377	
CANTOR FITZGERALD	241		107,417
CITIGROUP	117	641,479	109,980
COWEN		99,018	
CREDIT SUISSE FIRST BOSTON	453	359,700	155,505
DEUTSCHE BANK	276	170,966	105,617
EMPIRICAL RESEARCH		93,750	
FIRST DISCOUNT		13,851	
GARDNER RICH		13,085	
GOLDMAN SACHS	102	111,641	191,000
HARBOR FINANCIAL		3,750	
HOWARD WEIL		100,874	
ISSUER DESIGNATED			12,500
ISI		783,860	
JEFFRIES		316,546	
JP MORGAN CHASE	426	363,130	177,362
KEYBANC CAPITAL MARKETS	172	134,285	41,563
KEEFE BRUYETTE		51,655	
MERRILL LYNCH, PIERCE, FENNER & SMITH, INC		476,300	
MORGAN KEEGAN		49,100	
MORGAN STANLEY	113	778,337	23,049
NBC SECURITIES, INC		50,300	
OPPENHEIMER		213,747	
RAYMOND JAMES	427	52,125	268,114
SANDLER O'NEIL		118,222	
SECURITIES CAPITAL		17,565	
SOUTHCOAST		114,243	
SOUTHWEST SECURITIES		15,250	
STERNE, AGEE & LEACH		270,378	
STIFEL NICHOLAS		143,267	
STRATEGAS		341,666	
UBS WARBURG		21,000	
WELLS FARGO		374,624	12,500
TOTAL	\$ 2,597	\$ 7,618,052	\$ 1,327,031

TEACHERS' RETIREMENT FUND

Statements of Plan Net Assets
As of September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ASSETS		
Cash	\$ 4,843	\$ 6,400
Receivables		
Employee contributions	25,796	25,381
Employer contributions	64,509	61,263
Investment sales	923,111	16,498
Real Estate investment	1,135	-
Dividends and interest	54,922	59,047
Total receivables	1,069,473	162,189
Investments, at fair value		
Domestic equities	7,426,861	7,002,023
Domestic fixed income	4,318,947	4,604,039
International equities	2,488,588	2,383,873
Real estate	1,893,380	1,404,652
Short-term	485,804	471,177
Total investments	16,613,580	15,865,764
Invested securities lending collateral	1,942,174	2,394,634
Property and equipment less accumulated depreciation	105,810	109,637
Total assets	19,735,880	18,538,624
LIABILITIES		
Accounts payable and other liabilities	4,517	5,151
Investment purchases	750,027	16,613
Other postemployment benefit obligations	1,489	1,238
Securities lending collateral	1,942,174	2,394,634
Total liabilities	2,698,207	2,417,636
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 17,037,673	\$ 16,120,988

Separately issued, audited financial statements are available upon request.

Statements of Changes in Plan Net Assets

For the fiscal years ended September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ADDITIONS		
Contributions		
Employee	\$ 319,770	\$ 321,100
Employer	776,421	753,518
Transfers from Employees' Retirement System	1,633	2,606
Total contributions	1,097,824	1,077,224
Investment Income		
<i>From investing activities</i>		
Net increase/(decrease) in fair value of investments	886,997	(2,083,048)
Interest and dividends	559,941	580,656
Total investment income from investing activities	1,446,938	(1,502,392)
Less investment expenses:	5,415	5,419
Net investment income from investing activities	1,441,523	(1,507,811)
<i>From securities lending activities</i>		
Securities lending income	12,519	33,782
Less securities lending expenses:		
Borrower rebates	2,820	6,685
Management fees	2,910	4,412
Total securities lending expenses	5,730	11,097
Net income from securities lending activities	6,789	22,685
Total net investment income	1,448,312	(1,485,126)
Total additions	2,546,136	(407,902)
DEDUCTIONS		
Retirement allowance payments	1,567,790	1,512,260
Return of contributions and death benefits	43,628	42,337
Transfers to Employees' Retirement System	1,790	1,767
Administrative expenses	11,979	11,005
Depreciation	4,264	4,128
Total deductions	1,629,451	1,571,497
NET INCREASE/(DECREASE)	916,685	(1,979,399)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of the year	16,120,988	18,100,387
End of the year	\$ 17,037,673	\$ 16,120,988

16,120,988

EMPLOYEES' RETIREMENT FUND

Statements of Plan Net Assets
As of September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ASSETS		
Cash	\$ 3,262	\$ 7,162
Receivables		
Employee contributions	15,197	14,640
Employer contributions	30,329	29,616
Investment sales	425,256	8,690
Real Estate investment	567	-
Dividends and interest	25,280	27,166
Total receivables	496,629	80,112
Investments, at fair value		
Domestic equities	3,573,333	3,378,526
Domestic fixed income	2,065,758	2,173,828
International equities	1,101,393	1,050,599
Real estate	923,235	683,221
Short-term	308,581	263,860
Total investments	7,972,300	7,550,834
Invested securities lending collateral	854,386	1,027,835
Property and equipment less accumulated depreciation	52,813	54,768
Total assets	9,379,390	8,719,911
LIABILITIES		
Accounts payable and other liabilities	2,790	2,993
Investment purchases	343,876	8,768
Other postemployment benefit obligations	1,606	1,310
Securities lending collateral	854,386	1,027,835
Total liabilities	1,202,658	1,040,906
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 8,176,732	\$ 7,679,005

Separately issued, audited financial statements are available upon request.

Statements of Changes in Plan Net Assets

For the fiscal years ended September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ADDITIONS		
Contributions		
Employee	\$ 194,968	\$ 208,446
Employer	377,898	451,139
Transfers from Teachers' Retirement System	1,790	1,767
Transfers from Judicial Retirement Fund	-	68
Total contributions	574,656	661,420
Investment Income		
<i>From investing activities</i>		
Net increase/(decrease) in fair value of investments	427,365	(1,180,523)
Interest and dividends	268,667	285,022
Total investment income from investing activities	696,032	(895,501)
Less investment expenses:	2,398	2,651
Net investment income from investing activities	693,634	(898,152)
<i>From securities lending activities</i>		
Securities lending income	5,619	15,335
Less securities lending expenses:		
Borrower rebates	1,271	3,070
Management fees	1,305	1,994
Total securities lending expenses	2,576	5,064
Net income from securities lending activities	3,043	10,271
Total net investment income	696,677	(887,881)
Total additions	1,271,333	(226,461)
DEDUCTIONS		
Retirement allowance payments	725,660	695,430
Return of contributions and death benefits	33,868	32,640
Unit withdrawals	-	14
Transfers to Teachers' Retirement System	1,633	2,606
Transfers to Judicial Retirement Fund	-	98
Administrative expenses	10,334	9,413
Depreciation	2,111	2,038
Total deductions	773,606	742,239
NET INCREASE/(DECREASE)	497,727	(968,700)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of the year	7,679,005	8,647,705
End of the year	\$ 8,176,732	\$ 7,679,005

7,679,005

JUDICIAL RETIREMENT FUND

Statements of Plan Net Assets
As of September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ASSETS		
Cash	\$ 1,261	\$
1,155		
Receivables		
Employee contributions	114	117
Employer contributions	369	351
Investment sales	17	-
Dividends and interest	1,093	1,048
Total receivables	1,593	1,516
Investments, at fair value		
Domestic equities	106,307	109,305
Domestic fixed income	68,050	64,026
International equities	33,219	15,112
Real estate	2,686	2,530
Short-term	8,253	17,592
Total investments	218,515	208,565
Invested securities lending collateral	29,362	23,213
Total assets	250,731	234,449
LIABILITIES		
Accounts payable and other liabilities	85	202
Investment purchases payable	22	-
Other postemployment benefit obligations	20	19
Securities lending collateral	29,362	23,213
Total liabilities	29,489	23,434
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 221,242	\$ 211,015

Separately issued, audited financial statements are available upon request.

PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE FUND

Balance Sheets
As of September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ASSETS		
Cash	\$ 4,889	\$ 4,099
Receivables		
Premiums	1,876	1,477
Prescription drug rebates	6,071	6,327
Interest	13	17
Total receivables	7,960	7,821
Deposit with claims-paying agent	3,411	6,597
Investments, at fair value	80,723	105,607
Total assets	\$ 96,983	\$ 124,124
LIABILITIES		
Accounts payable	\$ 312	\$ 25
Employee benefits payable	489	470
Other postemployment benefits	318	243
Reported claims payable	34,784	25,916
Claims incurred but not reported	42,009	52,631
Total liabilities	77,912	79,285
FUND EQUITY-UNRESTRICTED		
Total fund equity	19,071	44,839
Total liabilities and fund equity	\$ 96,983	\$ 124,124

Separately issued, audited financial statements are available upon request.

Statements of Changes in Plan Net Assets
For the fiscal years ended September 30, 2010 and 2009

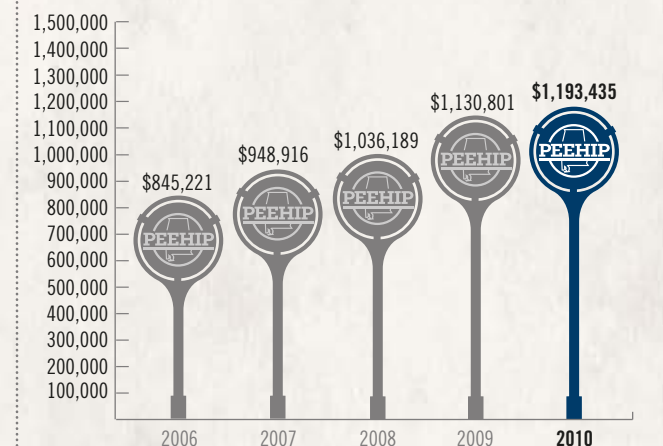
	(\$ IN THOUSANDS)	
	2010	2009
ADDITIONS		
Contributions		
Employee	\$ 2,566	\$ 2,603
Employer	10,814	10,326
Transfers from Employees' Retirement System	-	98
Total contributions	13,380	13,027
Investment Income		
<i>From investing activities</i>		
Net increase/(decrease) in fair value of investments	15,287	(6,612)
Interest and dividends	6,551	7,026
Total investment income from investing activities	21,838	414
Less investment expenses:	-	11
Net investment income from investing activities	21,838	403
<i>From securities lending activities</i>		
Securities lending income	169	543
Less securities lending expenses:		
Borrower rebates	45	119
Management fees	37	69
Total securities lending expenses	82	188
Net income from securities lending activities	87	355
Total net investment income	21,925	758
Total additions	35,305	13,785
DEDUCTIONS		
Retirement allowance payments	24,526	23,821
Return of contributions and death benefits	235	145
Transfers to Employees' Retirement System	-	68
Administrative expenses	317	552
Total deductions	25,078	24,586
NET INCREASE/(DECREASE)	10,227	(10,801)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Beginning of the year	211,015	221,816
End of the year	\$ 221,242	\$ 211,015

Statements of Revenues, Expenses, & Changes in Fund Equity
For the fiscal years ended September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
OPENING REVENUES		
Premiums	\$ 764,313	\$ 804,658
OPERATING EXPENSES		
Claims	787,216	775,166
Administrative	3,160	2,566
Total operating expenses	790,376	777,732
Operating income/(loss)	(26,063)	26,926
INVESTMENT REVENUES		
Interest income	295	2,056
Net decrease in fair value of investments	-	(23)
Total investment revenues	295	2,033
Total income/(loss)	(25,768)	28,959
FUND EQUITY		
Beginning of the year	44,839	15,880
End of the year	\$ 19,071	\$ 44,839

Total claims expense active and retired

(\$ IN THOUSANDS)



ALABAMA RETIRED EDUCATION EMPLOYEES' HEALTH CARE TRUST

Statements of Plan Assets
As of September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ASSETS		
Receivables		
Prescription drug rebates	\$ 6,867	\$ 7,009
Medicare part D subsidy	4,529	4,162
Interest and dividends	3,093	2,893
Investment Sales Receivable	57	-
Total receivables	14,546	14,064
Deposit with claims-paying agent	3,231	6,540
Investments, at fair value		
Commercial paper	114,326	98,994
Money market funds	46,923	50,497
U.S. government guaranteed bonds	59,930	49,644
U.S. agency securities	35,191	35,534
Mortgage-backed securities	23,492	24,855
Corporate bonds	78,802	75,673
Private placements	1,729	1,433
International securities	101,970	81,670
Common stocks	305,705	264,382
Total investments	768,068	682,682
Invested securities lending collateral	54,194	68,971
Total assets	\$ 840,039	\$ 772,257
LIABILITIES		
Reported claims payable	\$ 12,055	\$ 8,494
Investments Purchases Payable	78	-
Claims incurred but not reported	23,328	24,788
Securities lending collateral	54,194	68,971
Total liabilities	89,655	102,253
Net assets held in trust for other postemployment benefits	\$ 750,384	\$ 670,004

Separately issued, audited financial statements are available upon request.

Statements of Changes in Plan Net Assets
For the fiscal years ended September 30, 2010 and 2009

	(\$ IN THOUSANDS)	
	2010	2009
ADDITIONS		
Contributions		
Employee	\$ 69,136	\$ 67,186
Employer	331,531	301,604
Medicare part D retiree drug subsidy	27,959	24,720
Total contributions	428,626	393,510
Investment income		
<i>From investing activities</i>		
Net increase in fair value of investments	39,820	30,712
Interest and dividends	17,937	20,767
Total investment income	57,757	51,479
<i>From securities lending activities</i>		
Securities lending income	434	1,263
Less securities lending expenses:		
Borrower rebates	125	262
Management fees	93	164
Total security lending expenses	218	426
Income from securities lending activities	216	837
Total investment income	57,973	52,316
Total additions	486,599	445,826
DEDUCTIONS		
Benefits	406,219	355,635
NET INCREASE	80,380	90,191
Net assets held in trust for other postemployment benefits		
Beginning of the year	670,004	579,813
End of the year	\$ 750,384	\$ 670,004

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 plans and the Flexible Spending Account Plan; Southland National administers the optional plans; and Express Scripts, Inc. administers the prescription drug plan.

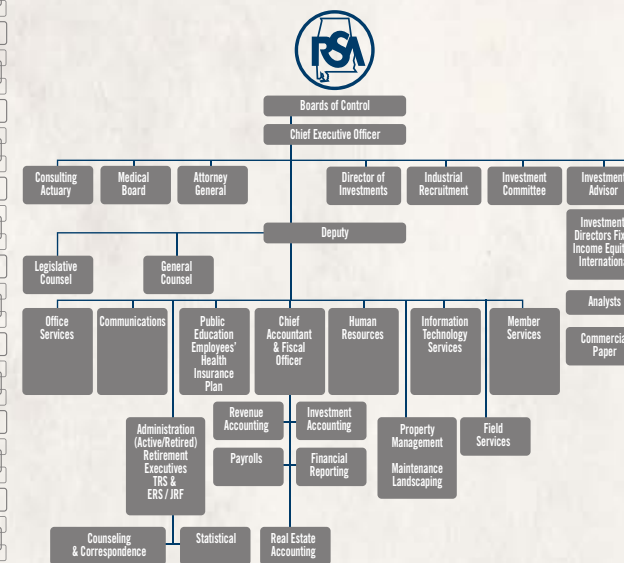
THE RETIREMENT SYSTEMS OF ALABAMA
MISSION STATEMENT

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

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, change coverages, enroll in new coverages, and/or enroll or re-enroll in flexible spending accounts during Open Enrollment.

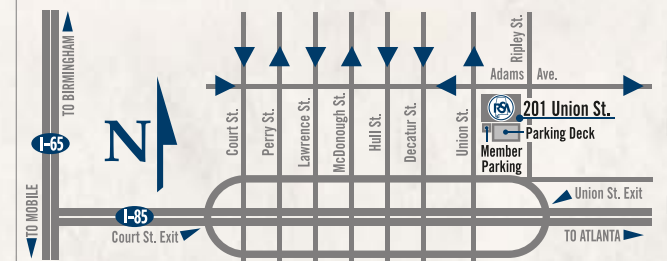
THE RETIREMENT SYSTEMS OF ALABAMA
ORGANIZATIONAL CHART



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.

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.

“Through RSA’s innovative and comprehensive advertising campaigns, many of those who previously knew little about our state saw television and newspaper ads about the (Robert Trent Jones) Trail, RSA-owned hotels, state attractions and other positive aspects of Alabama. This effort has paid off exponentially for our state.”

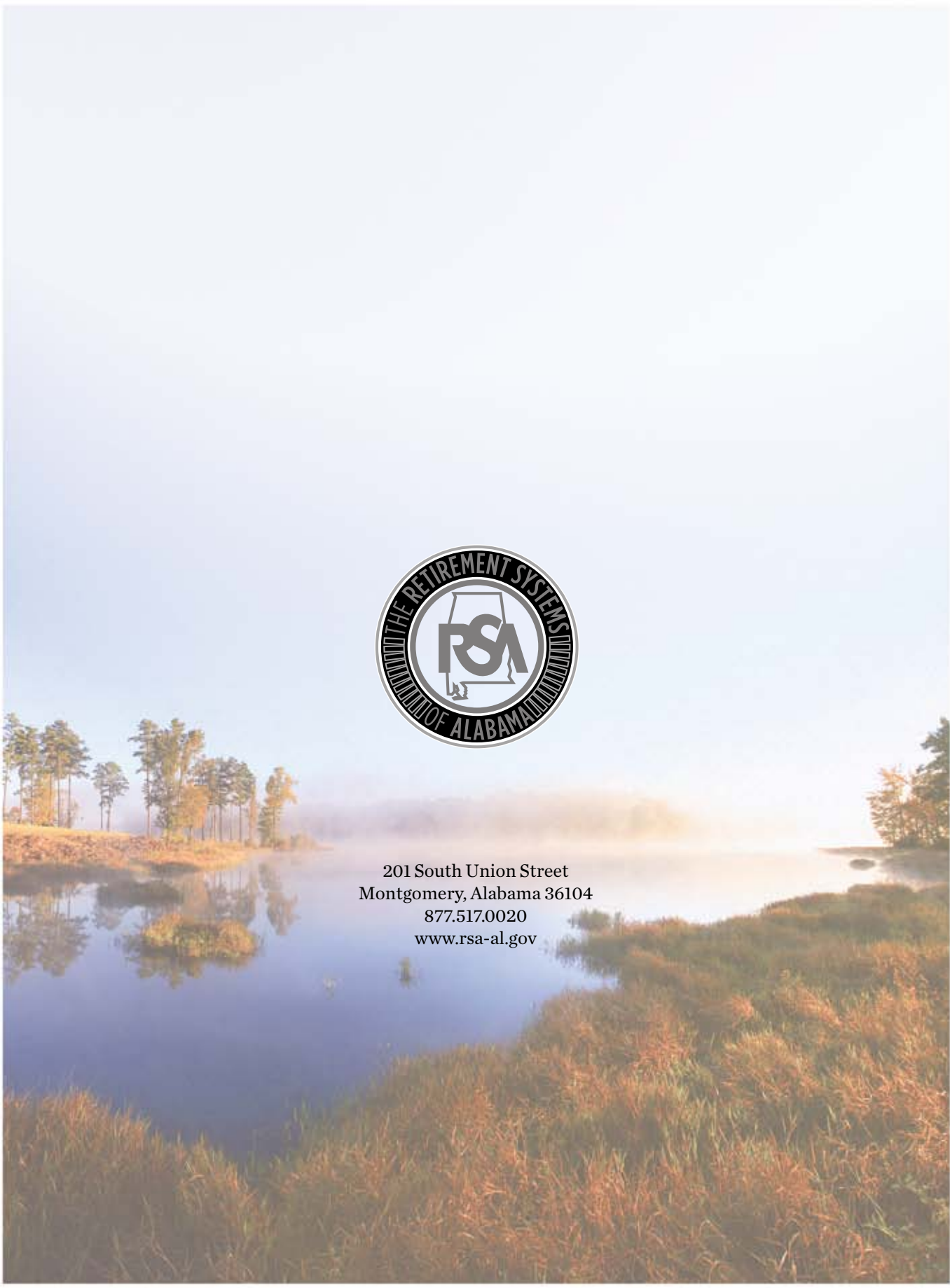
~ JIM FOLSOM, FORMER LIEUTENANT GOVERNOR

The Retirement Systems of Alabama
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201 South Union Street
Montgomery, Alabama 36104
877.517.0020
www.rsa-al.gov