



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED
MEETING

NOVEMBER 17, 2010

9:00 AM

MEETING MATERIALS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, November 17, 2010 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE OCTOBER 27, 2010 BOARD MEETING**
- 3. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. Loomis Sayles & Company
 - B. MacKay Shields
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT**

The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON ADDENDUM TO INVESTMENT MANAGEMENT AGREEMENT FOR CAUSEWAY CAPITAL MANAGEMENT**
- 8. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT**
 - A. Investment Policy Exception Requests
 - B. Master Limited Partnership Request for Proposals
 - C. Investment Compliance Process
- 9. DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDIT REPORT**
- 10. DISCUSSION AND POSSIBLE ACTION ON REVIEW OF STRATEGIC PLANNING POLICY**
- 11. DISCUSSION AND POSSIBLE ACTION ON LEGAL REPORT**
- 12. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
 - A. Service Dashboard
 - B. Client Status Update
 - C. Legislative Update
 - D. Other Items for Discussion
- 13. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 14. NEW BUSINESS**
- 15. ADJOURNMENT**

**MEETING MINUTES
OCTOBER 27, 2010
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Michael Simpson, Chairman, at 9:00 A.M., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda was posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Michael Simpson, <i>Chairman</i>	Richard Gorman
Gary Trennepohl, <i>Vice-Chairman</i>	Dick Neptune
Bruce DeMuth, <i>Secretary</i>	Galeard Roper
Sherrie Barnes*	James Smith
Cathy Conway	Billie Stephenson
Odilia Dank	

TRUSTEES ABSENT:

Michael Clingman	Steven Crawford
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TRS STAFF PRESENT:

James R. Wilbanks, <i>Executive Director</i>	Joe Ezzell, <i>Assistant Executive Director</i>
Josh Richardson, <i>Internal Auditor</i>	Nick Pointer, <i>Investment Analyst</i>
Edward Romero, <i>Secretary/Treasurer</i>	Dixie Moody, <i>Client Services Director</i>
Kim Bold, <i>Human Resources Director</i>	Becky Wilson, <i>Executive Assistant</i>

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT:

Greg Weaver, <i>Gregory W. Group</i>	Douglas J. Anderson, <i>Gregory W. Group</i>
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OTHERS PRESENT:

Shawn Ashley, <i>E-Capitol News</i>	Michael McNutt, <i>The Oklahoman</i>
Chuck Callahan, <i>JP Morgan</i>	Jim McGoodwin, <i>Office of State Finance</i>
Norman Cooper, <i>Oklahoma Retired Educators Association</i>	

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Simpson called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson. Ms. Barnes joined the meeting immediately following the roll call.

ITEM 2 - MEETING MINUTES: A motion was made by Ms. Conway with a second made by Mr. DeMuth to approve the September 22, 2010 meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 3 - PRESENTATIONS BY INVESTMENT MANAGERS: Lord Abbett & Company and Pacific Investment Management Company, Investment Managers, were present to give respective presentations to the Board.

A break was taken from 10:10 a.m. to 10:25 a.m.

ITEM 4 – INVESTMENT CONSULTANT MONTHLY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

ITEM 5 – MANAGER STATUS SUMMARY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. No action was necessary.

ITEM 6 – RELEASE OF MASTER CUSTODIAN/SECURITIES LENDING AGENT RFP: After discussion, a motion was made by Mr. DeMuth with a second made by Mr. Roper to approve the RFP as presented. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 7 – INVESTMENT POLICY: After discussion, a motion was made by Mr. Roper with a second made by Dr. Trennepohl to approve the Investment Policy subject to changes being made by TRS Staff. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 8 – ACTUARIAL REPORT: A presentation was made to the Board by Chris Conradi and Mark Randall of Gabriel Roeder Smith & Company, Consultants and Actuaries. After discussion, a motion was made by Ms. Conway with a second made by Mr. Neptune to approve the Actuarial Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

A break for lunch was taken from 12:15 p.m. to 12:45 p.m.

ITEM 9 – LEGAL REPORT: Regina Switzer, Assistant Attorney General and legal counsel to the Board, gave the legal report to the Board. There was no action necessary on the report.

ITEM 10 – NATIONAL INSTITUTE OF RETIREMENT SECURITY MEMBERSHIP: Dr. Wilbanks gave a brief presentation to the Board on the benefits of a NIRS Membership for 2011. After discussion, a motion was made by Mr. Neptune with a second made by Ms. Conway to approve the NIRS Membership for calendar year 2011. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 11 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board. A motion was made by Mr. Neptune with a second made by Mr. DeMuth to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 12 – MEETING SCHEDULE FOR 2011: After discussion, a motion was made by Mr. DeMuth with a second made by Ms. Conway to approve the 2011 Meeting Dates as follows: January 26, February 23, March 23, April 27, May 25, June 22, July 20, August 24, September 21, October 26, November 16, and December 14. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 13 – QUESTIONS AND COMMENTS FROM TRUSTEES: There were no questions or comments from the Trustees.

ITEM 14 - NEW BUSINESS: There was no further business from the Board.

ITEM 15 - ADJOURNMENT: There being no further business, a motion was made by Mr. Roper with a second made by Dr. Trennepohl to adjourn. The meeting was adjourned at 1:13 p.m. Trustees present at adjournment were Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Michael Simpson, Chairman

ATTEST:

BY: _____
Bruce DeMuth, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on November 17, 2010.

BY: _____
Becky Wilson, Executive Assistant to the Executive Director

Monthly Investment Analysis

Loomis Sayles & Company

MacKay Shields

Core Portfolio Returns

	3 Months	1 Year	3 Year	5 Year	10 Year
Loomis Core Returns	5.40%	14.05%	12.01%	9.56%	7.41%
L.B. AGGREGATE BOND INDEX	2.48%	8.16%	7.42%	6.20%	6.41%
Loomis Core Alpha	--	8.67%	1.69%	2.01%	0.76%

	3 Months	1 Year	3 Year	5 Year	10 Year
MacKay Core Returns	4.60%	11.29%	9.20%	7.37%	
L.B. AGGREGATE BOND INDEX	2.48%	8.16%	7.42%	6.20%	
MacKay Core Alpha	--	5.99%	2.86%	1.64%	

High Yield Portfolio Returns

	3 Months	1 Year
Loomis High Yield Returns	8.58%	19.89%
M.L. US High Yield	6.70%	18.51%
Loomis High Yield Alpha	--	0.06%

	3 Months	1 Year
Mackay High Yield Returns	5.42%	15.41%
M.L. US High Yield	6.70%	18.51%
Mackay High Yield Alpha	--	4.00%

Portfolio Statistics

	3 Year Risk Statistics	
	MacKay Core	Loomis Core
Correllation W/Index	87.03%	80.57%
Correllation W/Other Manager	87.07%	--
Beta	0.83	1.46
Sharpe Ratio	7.10	5.02
Treynor Ratio	0.83	1.46

**ADDENDUM
TO
INVESTMENT MANAGEMENT AGREEMENT**

WHEREAS, Teachers' Retirement System of Oklahoma ("TRS") and Causeway Capital Management LLC ("Causeway") entered into an Investment Management Agreement dated April 1, 2003 (the "Agreement");

WHEREAS, pursuant to Section 3.3(a) of the Agreement, Causeway is authorized to invest TRS's Account (as defined in the Agreement) in international assets subject to TRS's Investment Policy Statement; and

WHEREAS, the parties desire that TRS's assets be invested by Causeway in its international opportunities strategy using the Morgan Stanley Capital International All Country World Index ex-U.S. ("ACWI ex-U.S.") as the benchmark index;

NOW THEREFORE, the parties hereby agree as follows:

1. Benchmark. The parties agree that effective as of December 1, 2010 (subject to availability of emerging markets subcustody accounts), Causeway's benchmark will be the ACWI ex-U.S. and Causeway will manage the Account in its international opportunities strategy.
2. Miscellaneous. Except as expressly provided herein, the Agreement shall remain in full force and effect and is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties have executed this Addendum effective November __, 2010.

Causeway Capital Management LLC

Teachers' Retirement System of Oklahoma

Gracie V. Fermelia
Chief Operating Officer

By _____
Title _____

**TEACHERS' RETIREMENT
SYSTEM OF OKLAHOMA**

June 30, 2010

Preliminary Draft

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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Independent Auditors' Report

Board of Trustees
Teachers' Retirement System
of Oklahoma

We have audited the accompanying statements of plan net assets of the Teachers' Retirement System of Oklahoma (the "System"), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2010 and 2009, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note L, the System's actuary has determined that the System's unfunded actuarial accrued liability (the "UAAL") is approximately \$10,414,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the statutory contribution rates are projected to be insufficient to amortize the UAAL. Negative amortization is occurring and is expected to continue indefinitely, resulting in an infinite funding period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the System at June 30, 2010 and 2009, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2010, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's Discussion and Analysis and the schedules of funding progress and employers' contributions on page 32 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the schedules on pages 33 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information included in the schedules on pages 33 through 35 have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cole & Reed P.C.

Oklahoma City, Oklahoma
December 14, 2010

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis

Management is pleased to present this discussion and analysis of the financial activities of the Oklahoma Teachers Retirement System ("OTRS" or the "System") for the years ended June 30, 2010, 2009, and 2008. The System is responsible for administering retirement benefits for a 401(a) defined benefit plan for all educational employees of the state of Oklahoma as well as a voluntary defined contribution plan, 403(b). The System was established on July 1, 1943 for the purpose of providing these retirement benefits and other specific benefits for qualified persons employed by public educational institutions. The main purpose of the System is to provide a primary source of lifetime retirement benefits relative to years of service at the time of retirement. It is the objective of the System to provide these benefits in a prudent, responsible, and cost-effective manner. Plan net assets are used to pay current and future benefits to retired clients.

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. OTRS's basic financial statements are comprised of three components: 1) *statement of plan net assets*, 2) *statement of changes in plan net assets*, and 3) *notes to the financial statements*. This report also contains *required supplementary information* in addition to the basic financial statements themselves.

The *statement of plan net assets* presents information on all of the System's assets and liabilities, with the difference between the two reported as *net assets held in trust for pension benefits and annuity benefits of electing members*. Over time, increases or decreases in net plan assets may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments, is not shown on the *statement of plan net assets*, but is located in both the *notes to the financial statements* and the *required supplementary information*.

The *statement of changes in plan net assets* presents information showing how the System's net assets changed during the most recent fiscal year. Changes in net assets are recognized using the accrual basis of accounting, in which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned and become measurable.

The *notes to the financial statements* are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the System, as well as contribution and benefit information.

The *required supplementary information* presents a Schedule of Funding Progress that provides historical trend information about the actuarially determined funded status of the System. The Schedule of Employer Contributions provides historical trend information about the annual required contributions ("ARC") of the System and the contributions made to the System in relation to the ARC. Other supplementary information includes the Schedules of Administrative Expenses, the Schedules of Investment Expenses, and the Schedules of Professionals/Consultants Fees. These schedules provide additional analysis of the information provided in the financial statements.

Teachers' Retirement System of Oklahoma
Management's Discussion and Analysis (Continued)

CONDENSED FINANCIAL INFORMATION

Plan Net Assets as of June 30:

	2010	2009	2008	2010 % Change	2009 % Change
ASSETS					
Cash	\$ 9,646,573	\$ 6,340,103	\$ 2,124,625	52.15%	198.41%
Receivables	172,564,773	368,698,302	449,933,960	-53.20%	-18.06%
Long and short-term investments, at fair value	8,519,177,169	7,479,921,376	9,115,699,511	13.89%	-17.94%
Capital assets, net	187,847	224,182	247,186	-16.21%	-9.31%
INVESTMENTS AND OTHER ASSETS	8,701,576,362	7,855,183,963	9,568,005,282	10.77%	-17.90%
Securities lending institutional daily assets fund	2,247,747,871	1,094,475,078	1,603,992,581	105.37%	-31.77%
TOTAL ASSETS	10,949,324,233	8,949,659,041	11,171,997,863	22.34%	-19.89%
LIABILITIES					
Investment settlements and other liabilities	134,652,920	402,991,252	622,146,000	-66.59%	-35.23%
Payable under securities lending agreement	2,247,747,871	1,094,475,078	1,603,992,581	105.37%	-31.77%
TOTAL LIABILITIES	2,382,400,791	1,497,466,330	2,226,138,581	59.10%	-32.73%
NET ASSETS					
Net assets held in trust for pension benefits	\$ 8,566,923,442	\$ 7,452,192,711	\$ 8,945,859,282	14.96%	-16.70%

Changes in Plan Net Assets for the year ended June 30:

	2010	2009	2008	2010 % Change	2009 % Change
ADDITIONS:					
Member contributions	\$ 290,247,028	\$ 288,238,426	\$ 286,738,943	0.70%	0.52%
Employer contributions	366,282,238	338,974,512	308,804,479	8.06%	9.77%
Matching contributions	26,448,892	22,652,221	21,274,957	16.76%	6.47%
Dedicated tax revenue	227,926,247	257,019,830	266,761,597	-11.32%	-3.65%
Member tax shelter contributions	5,402,646	8,678,472	8,922,095	-37.75%	-2.73%
Net investment income gain (loss)	1,186,235,015	(1,461,365,729)	(732,959,172)	-181.17%	99.38%
Security lending net income	5,032,411	9,318,329	10,531,955	-45.99%	-11.52%
TOTAL ADDITIONS	2,107,574,477	(536,483,939)	170,074,854	-492.85%	-415.44%
DEDUCTIONS:					
Benefit payments	912,912,714	876,273,193	806,540,725	4.18%	8.65%
Refund of member contributions and tax sheltered annuity	74,951,443	75,692,946	63,925,592	-0.98%	18.41%
Administrative expenses	4,979,589	5,216,493	4,791,118	-4.54%	8.88%
TOTAL DEDUCTIONS	992,843,746	957,182,632	875,257,435	3.73%	9.36%
NET INCREASE (DECREASE)	1,114,730,731	(1,493,666,571)	(705,182,581)	-174.63%	111.81%
NET ASSETS, BEGINNING OF YEAR	7,452,192,711	8,945,859,282	9,651,041,863	-16.70%	-7.31%
NET ASSETS, END OF YEAR	\$ 8,566,923,442	\$ 7,452,192,711	\$ 8,945,859,282	14.96%	-16.70%

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHTS AND ANALYSIS

The increase in net assets primarily is due to investment gains as a result of significant market gains in FY 2010. The total investment return for FY 2010 was 16.6%. Domestic and international equity, which compose 60.8% of the investment portfolio asset allocation, had the greatest increases at 18.4% and 10.0%, respectively. The decreases of 16.7% and 7.3% in 2009 and 2008, respectively, were the result of significant market losses due to weaknesses in the United States and global markets.

	2010	2009	2008	2006	2001
Plan net assets	\$ 8,566,923,442	\$ 7,452,192,711	\$ 8,945,859,282	\$ 8,175,345,445	\$ 6,049,954,298
Yearly % change	15.0%	-16.7%	-7.3%	8.4%	-3.2%

As a result of the market declines in 2009 and 2008, the total investment returns for the three, five, and ten-year periods are below the actuarial assumed rate of investment return for each of the periods. As mentioned above, the losses were due to weaknesses in the United States and global markets. The assumed actuarial rate of return is 8.0% for the one, three, five and ten-year periods as of June 30, 2010.

Total returns	1 year	3 year	5 year	10 year
2010	16.6%	-3.1%	3.4%	4.4%
2009	-16.0%	-2.6%	2.3%	3.9%
2008	-7.1%	6.5%	10.0%	6.9%
2006	9.8%	13.5%	7.9%	10.1%
2001	2.2%	6.8%	12.3%	

Benefit payments increased 4.2% in 2010 compared to 8.6% in 2009 and 10.9% in 2008. The increase in 2010 is a result of a 4.2% increase in the number of benefit recipients and a 1.9% increase in the average monthly benefit. The increase in 2009 and 2008 are a result of 3.2% and 1.3% increases in the average monthly benefit, respectively, and 3.4% and 4.0% increases in the number of benefit recipients, respectively. Benefit payments to retired members exceed contributions from contributing members and employers by \$71.6 million or a ratio of 1.08 to 1. A ratio of less than one is desirable because it signifies that the System is receiving more contributions than it pays out in benefits. The ratios for FY 2010, 2009, and 2008 are cash neutral and are an improvement from FY 2001. The following table reflects ongoing employer and member contributions. Employer contributions continue to have the greatest increases since July 2007 due to SB 357 increasing the contribution rate from 7.05% to 9.5% on January 1, 2010 for most reporting employers.

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

FINANCIAL HIGHLIGHTS AND ANALYSIS (Continued)

	2010	2009	2008	2006	2001
Member contributions	\$ 295,649,674	\$ 296,916,898	\$ 295,661,038	\$ 248,961,068	\$ 216,752,852
Employer contributions	366,282,238	338,974,512	308,804,479	241,174,959	172,749,389
Matching contributions	26,448,892	22,652,221	21,274,957	16,094,158	14,406,265
Dedicated tax revenue	227,926,247	257,019,830	266,761,597	202,200,424	140,925,355
Total contributions	916,307,051	915,563,461	892,502,071	708,430,609	544,833,861
Benefit payments	912,912,714	876,273,193	806,540,725	727,379,279	537,308,002
Refund of contributions	74,951,443	75,692,946	63,925,592	52,902,064	65,763,326
Total payments	987,864,157	951,966,139	870,466,317	780,281,343	603,071,328
Ratio benefit payments/ contributions	1.08	1.04	0.98	1.10	1.11

The number of benefit recipients increased 7.8% over the past three years from 45,238 to 48,756. Since 2001, the number of benefit recipients increased by 13,568 or 38.6%. The main reason the number of benefit recipients has increased from FY 2008 to FY 2010 is due to the economy in the state of Oklahoma. Schools have offered early retirement incentives to educational employees as a means of balancing their school budgets.

	2010	2009	2008	2006	2001
Benefit recipients	48,756	46,796	45,238	41,782	35,188
Yearly % change	4.2%	3.4%	4.0%	2.2%	4.6%
Net increase	1,960	1,558	1,732	903	1,563

The following table reflects the average monthly benefit for service retirements. Over the ten-year period from 2001, the average benefit increased by \$280, or 22.7%. The retirement benefit increased 69.9% or \$375.6 million over this ten-year period. The increase in the average monthly benefit in FY 2009 is due to a cost-of-living allowance ("COLA") being granted by the state legislature in August 2008 to retirees. In FY 2010 and 2008 a COLA was not granted, however the increases are simply due to an increase in the number of retirees receiving monthly benefits.

	2010	2009	2008	2006	2001
Average benefit	\$ 1,511	\$ 1,483	\$ 1,437	\$ 1,376	\$ 1,231
Yearly % change	1.9%	3.2%	1.3%	0.2%	2.7%

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis (Continued)

The ratio of active members to retired members of the System is 1.84 to 1 in 2010 compared to 2.40 to 1 in 2001. Over the past ten years, the number of members contributing into the System increased 6.5%. During the same period, the number of retired members increased by 38.7%.

	2010	2009	2008	2006	2001
Members contributing	89,896	89,388	88,678	87,194	84,387
Yearly % change	0.6%	0.8%	0.6%	3.5%	1.6%
Benefit recipients	48,756	46,796	45,238	41,782	35,188
Yearly % change	4.2%	3.4%	4.0%	2.2%	3.1%
Ratio contributing/retired	1.84	1.91	1.96	2.09	2.40

The measure of the progress in accumulating sufficient assets to meet the long-term benefit obligations is the funded status or the funded ratio of the System. The funded ratio is the actuarial value of assets expressed as a percentage of the actuarial accrued liability. The funding policy is the method to provide benefits, specified in the System, through the amounts and timing of contributions from the employers and the contributing clients. The excess of the actuarial accrued liability over the actuarial value of assets is the unfunded actuarial accrued liability ("UAAL"). The actuarial value of assets differs from the year-end fair value of the System's plan net assets by smoothing the effects of market fluctuations. In the calculation of the actuarial value of assets, 20% of the difference between the actual and assumed investment returns is included in the actuarial value of assets. During extended periods of market declines, the market value of the System's plan net assets usually will be less than the actuarial value of assets.

The 2010 actuarial valuation reflects an increase in the UAAL from \$9,512 million to \$10,414 million, which resulted in the funded ratio decreasing from 49.8% in FY 2009 to 47.9% in FY 2010. Based upon the current contribution schedule, the statutory contribution amounts are insufficient to amortize the UAAL. As of June 30, 2010 the funding period remains infinite, as reported for June 30, 2009. The increase in the UAAL and resulting continuation of an infinite funding period is principally due to the recognition of recent prior market losses and the change in assumptions effective in this actuarial valuation. The FY 2010, 2009 and 2008 changes reflect market losses or recognition of market losses and the changes to actuarial assumption.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152 or (405) 521-2387.

STATEMENTS OF PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

As of June 30, 2010 (with Comparative Totals as of June 30, 2009)

	Defined Benefit Plan	Defined Contribution Plan	Comparative Totals June 30 2010	June 30 2009
ASSETS				
Cash	\$ 9,646,573	\$ -	\$ 9,646,573	\$ 6,340,103
Short-term investments	250,812,377	-	250,812,377	347,441,369
Accrued interest and dividends receivable	45,625,225	-	45,625,225	42,908,046
Member contributions receivable	22,482,144	-	22,482,144	26,974,811
Employer contributions receivable	34,553,310	-	34,553,310	32,180,892
Receivable from the State of Oklahoma	23,542,532	-	23,542,532	23,186,327
Due from brokers for securities sold	46,361,562	-	46,361,562	243,448,226
Security lending institutional daily assets fund	2,247,747,871	-	2,247,747,871	1,094,475,078
Long-term investments:				
Mutual funds	-	214,957,100	214,957,100	-
U.S. government securities	1,156,414,166	-	1,156,414,166	1,384,107,246
U.S. corporate bonds	1,851,427,843	-	1,851,427,843	1,387,037,855
International corporate bonds and government securities	60,291,600	-	60,291,600	259,592,431
Equity securities	4,985,274,083	-	4,985,274,083	4,101,742,475
Total long-term investments	8,053,407,692	214,957,100	8,268,364,792	7,132,480,007
Capital assets, net	187,847	-	187,847	224,182
	-	-	-	-
TOTAL ASSETS	\$ 10,734,367,133	\$ 214,957,100	\$ 10,949,324,233	\$ 8,949,659,041
LIABILITIES				
Benefits in process of payment	\$ 15,999,565	\$ -	\$ 15,999,565	\$ 71,953,759
Due to brokers for securities purchased	110,597,489	-	110,597,489	322,585,741
Payable under securities lending agreement	2,247,747,871	-	2,247,747,871	1,094,475,078
Other liabilities	8,055,866	-	8,055,866	8,451,752
	-	-	-	-
TOTAL LIABILITIES	\$ 2,382,400,791	\$ -	\$ 2,382,400,791	\$ 1,497,466,330
NET ASSETS				
Net assets held in trust for pension benefits and annuity benefits of electing members	\$ 8,351,966,342	\$ 214,957,100	\$ 8,566,923,442	\$ 7,452,192,711

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET ASSETS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year ended June 30, 2010
(with Comparative Totals as of June 30, 2009)

	Defined	Defined	Comparative Totals	
	Benefit Plan	Contribution Plan	2010	2009
Additions:				
Members	\$ 290,247,028	\$ -	\$ 290,247,028	\$ 288,238,426
Members tax shelter	-	5,402,646	5,402,646	8,678,472
Employer statutory requirement from local school districts	366,282,238	-	366,282,238	338,974,512
Matching funds	26,448,892	-	26,448,892	22,652,221
Dedicated tax	227,926,247	-	227,926,247	257,019,830
Total contributions	910,904,405	5,402,646	916,307,051	915,563,461
Investment income (loss):				
Interest	162,317,655	-	162,317,655	144,761,285
Dividends	101,257,219	123,761	101,380,980	87,798,878
Net depreciation in fair value of investments	924,683,117	28,664,347	953,347,464	(1,666,823,400)
Investment expenses	(30,811,084)	-	(30,811,084)	(27,102,492)
Gain (loss) from investing activities	1,157,446,907	28,788,108	1,186,235,015	(1,461,365,729)
Income from securities lending activities:				
Securities lending income	6,119,998	-	6,119,998	23,745,099
Securities lending expenses:				
Borrower rebates	-	-	-	(12,799,647)
Management fees	(1,087,587)	-	(1,087,587)	(1,627,123)
Income from securities lending activities	5,032,411	-	5,032,411	9,318,329
Net investment gain (loss)	1,162,479,318	28,788,108	1,191,267,426	(1,452,047,400)
Total additions	2,073,383,723	34,190,754	2,107,574,477	(536,483,939)
Deductions:				
Retirement, death, survivor, and health benefits	912,912,714	-	912,912,714	876,273,193
Refund of member contributions and annuity payments	30,409,340	44,542,103	74,951,443	75,692,946
Administrative expenses	4,979,589	-	4,979,589	5,216,493
Total deductions	948,301,643	44,542,103	992,843,746	957,182,632
NET INCREASE (DECREASE)	1,125,082,080	(10,351,349)	1,114,730,731	(1,493,666,571)
NET ASSETS, BEGINNING OF YEAR	7,226,884,262	225,308,449	7,452,192,711	8,945,859,282
NET ASSETS, END OF YEAR	\$ 8,351,966,342	\$ 214,957,100	\$ 8,566,923,442	\$ 7,452,192,711

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE A--DESCRIPTION OF THE SYSTEM

The following brief description of the Teachers' Retirement System of Oklahoma (the "System") is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, sections 17-101 through 121, as amended.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the state of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the state of Oklahoma (the "State"). The supervisory authority for the management and operation of the System is a 13-member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System administers a cost-sharing multiple-employer pension plan which is a defined benefit pension plan ("DB Plan") as well as a tax-deferred defined contribution plan ("DC Plan").

DB Plan

Oklahoma teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time, must join the System's DB Plan. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week. The DB Plan's membership consisted of the following as of June 30:

	2010	2009
Retirees and beneficiaries currently receiving benefits	48,756	46,796
Terminated vested clients	7,439	7,379
Active clients	89,896	89,388
	<u>146,091</u>	<u>143,563</u>

There are 627 contributing employers in the System. In addition, there were 7,206 and 7,542 of non-vested inactive members at June 30, 2010 and 2009, respectively, which are entitled to a refund of their accumulated contributions.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE A--DESCRIPTION OF THE SYSTEM--Continued

DC Plan

Members are also offered a tax-deferred defined contribution plan qualified under the Internal Revenue Code ("IRC") Section 403(b). The DC Plan is also referred to by the System as the Tax-Sheltered Annuity Plan. Membership in the DC Plan is voluntary and investments primarily consist of mutual funds and are participant directed. ING is responsible for administrative services, including custody and record keeping services.

The DC Plan had approximately 4,669 and 5,076 participants as of June 30, 2010 and 2009, respectively. Contributions are voluntary and require a minimum of \$200 per year. The maximum deferral amount is the lesser of 100% of the participant's compensation or the maximum amount allowed by the IRC, currently \$16,500.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Budgetary Control: The System prepares and submits an annual budget of operating expenses on the cash basis for monitoring and reporting to the Oklahoma Office of State Finance. The System's budget process follows the budget cycle for State operations as outlined by the Oklahoma Office of State Finance.

The Executive Director may approve changes within the budget, but a change to the total budget must be handled according to the provision of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Investments: The System is authorized to invest in eligible investments as approved by the board of trustees as set forth in the System's investment policy.

System investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the System's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in JP Morgan's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

International investment managers use forward foreign exchange contracts to enhance returns or to control volatility. Currency risks arise due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counter-parties. The System could incur a loss if its counter-parties failed to perform pursuant to the terms of their contractual obligations. At June 30, 2010, the System had forward currency contracts with fair values of \$113.8 million in receivables and had forward currency contracts with fair values of \$112.0 million in payables. The gains and losses on these contracts are included in the income in the period in which the exchange rates change. See Note C for additional information regarding investment derivatives as of June 30, 2010.

The System's investment policy provided for investment diversification of stocks, bonds, fixed income securities and other investment securities along with investment in commingled or mutual funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statements of plan net assets.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Capital Assets: Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

Risks and Uncertainties: Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation, and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Income Taxes: The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service (the "IRS") under Internal Revenue Code (the "IRC") Section 401(a). The System's 403(b) Plan is also tax exempt and has received a private letter ruling from the IRS.

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately \$275,000 and \$288,000 at June 30, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Plan Termination: In the event the System terminates, the board of trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

Accumulated contributions will be allocated to each respective member, former member, retired member, joint annuitant, or beneficiary then receiving payments.

The balance of such assets, if any, will be allocated to each member then having an interest in the System based upon the excess of their retirement income under the System less the retirement income, which is equal to the actuarial equivalent of the amount allocated to them in accordance with the preceding paragraph in the following order:

- Those retired members, joint annuitants, or beneficiaries receiving payments,
- Those members eligible to retire,
- Those members eligible for early retirement,
- Former members electing to receive a vested benefit, and
- All other members.

Use of Estimates: The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make significant estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net assets during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Changes in Accounting Principles: The System adopted Governmental Accounting Standards Board ("GASB") Statement No. 51 *Accounting and Financial Reporting For Intangible Assets* ("GASB 51") during 2010. GASB 51 establishes accounting and financial reporting requirements for intangible assets. The adoption of GASB 51 did not have a significant impact on the System's financial statements.

The System adopted GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53") which provides guidance to governments to improve the reporting of derivative instruments in their financial statements. The adoption of GASB 53 had an impact on the presentation of the notes to the financial statements but no impact on net assets.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, the State Treasurer holds all of the System's bank deposits. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations.

At June 30, 2010 and 2009, the carrying amount of the System's bank deposits was approximately \$9,647,000 and \$6,340,000, respectively. The bank balance of the System's bank deposits at June 30, 2010 and 2009 was approximately \$64,101,000 and (\$269,000), respectively.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2010 and 2009, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$250,812,000 and \$347,441,000, respectively, with its custodial agent. The System's custodial agent for the years ended June 30, 2010 and 2009 was JP Morgan.

Credit Risk: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The System's investment policy requires that at the time of purchase all corporate bonds or debentures be at the highest rating of the four rating services recognized by the Comptroller of the Currency of the United States of America.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	S&P Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Maturity Fair Value
<i>(Amounts in Thousands)</i>			
U.S. Corporate Bonds	AAA	\$ 231,985	7.56%
	AA+	16,518	0.54%
	AA	2,394	0.08%
	AA-	9,222	0.30%
	A+	47,123	1.54%
	A	65,883	2.15%
	A-	56,917	1.86%
	BBB+	70,326	2.29%
	BBB	142,087	4.63%
	BBB-	221,631	7.22%
	B+	135,778	4.43%
	B	124,353	4.05%
	B-	105,588	3.44%
	BB+	96,563	3.15%
	BB	171,893	5.60%
	BB-	155,120	5.06%
	CCC+	65,875	2.15%
CCC	35,985	1.17%	
CCC-	6,626	0.22%	
CC	721	0.02%	
C	423	0.01%	
	NR	88,417	2.88%
Total U.S. Corporate Bonds		\$ 1,851,428	60.35%
International Corporate Bonds	AAA	\$ 151	0.00%

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

International Government Securities	AAA	\$	23,084	0.75%
	A		27,940	0.91%
	BBB-		6,232	0.20%
	BB+		58	0.00%
	NR		2,827	0.09%
			60,141	1.95%
Total International Government Securities		\$	60,141	1.95%
Municipal Bonds	AAA	\$	4,552	0.15%
	AA+		3,683	0.12%
	AA-		3,326	0.11%
	A+		3,990	0.13%
	A		1,663	0.05%
	A-		2,408	0.08%
	BBB+		955	0.03%
	BBB		524	0.01%
			21,101	0.68%
Total Municipal Bonds		\$	21,101	0.68%
U.S. Government Securities	AGY (1)	\$	310,385	10.12%
	TSY (2)		805,856	26.27%
	A		1,472	0.05%
	A-		649	0.02%
	BBB+		645	0.02%
	BBB		4,526	0.15%
	BBB-		2,435	0.08%
	BB		1,700	0.06%
	BB-		1,114	0.04%
	B		1,272	0.04%
	B-		1,546	0.05%
	NR		3,713	0.12%
			1,135,313	37.02%
Total U.S. Government Government Securities		\$	1,135,313	37.02%
		\$	3,068,134	100%

(1) U.S. Agency securities - implicitly guaranteed by the U.S. Government

(2) Treasury Securities which are explicitly guaranteed by the U.S. Government.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed-income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2010, the System had the following investments with maturities:

<u>Investment Type</u>	<u>Investment Maturities at Fair Value (in Years)</u>				<u>Total Fair Value</u>
	<u>Less than One</u>	<u>One to Five</u>	<u>Five to Ten</u>	<u>More than Ten</u>	
	<i>(Amounts in Thousands)</i>				
U.S. government securities	\$ 50,365	\$ 323,386	\$ 166,797	\$ 615,866	\$ 1,156,414
International government securities	27,998	11,834	11,095	9,214	60,141
U.S. corporate securities					
Asset-backed securities	35,447	30,110	12,782	7,379	85,718
CMO/REMIC/CMBS	87,021	-	703	89,602	177,326
Corporate bonds	52,263	439,286	800,244	296,591	1,588,384
	174,731	469,396	813,729	393,572	1,851,428
International corporate bonds	151	-	-	-	151
	<u>\$ 253,245</u>	<u>\$ 804,616</u>	<u>\$ 991,621</u>	<u>\$ 1,018,652</u>	<u>\$ 3,068,134</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the potential risk for loss due to changes in exchange rates. The System's investment policy provides that international investment managers invest no more than 30% of their portfolio's total assets in one or more issuers in a single country, provided that in the U.K. such limit shall be 35%. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2010 is shown in the following table by monetary unit to indicate possible foreign currency risk.

Currency	<i>(Amounts in Thousands)</i>						Grand Total
	Equities	Corporate Bonds	Government Bonds	Foreign Exchange Contracts	Cash and Cash Equivalents		
Argentine Peso	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
Austalian Dollar	13,468	-	-	5	59		13,532
Brazilian Real	13,259	-	6,232	(2)	(34)		19,455
British Pound Sterling	164,461	-	-	-	134		164,595
Canadian Dollar	22,427	151	8,307	-	527		31,412
Danish Krone	13,219	-	-	-	-		13,219
Euro	377,169	-	58	2,590	13,859		393,676
Hong Kong Dollar	53,643	-	-	(287)	-		53,356
Indonesian Rupiah	1,983	-	3,846	-	-		5,829
Israeli New Shekel	2,136	-	-	-	-		2,136
Japanese Yen	231,684	-	-	-	305		231,989
Malaysian Ringgit	2,755	-	-	(419)	-		2,336
Mexican Peso	8,044	-	27,940	-	-		35,984
New Zealand Dollar	1,775	-	11,095	(82)	-		12,788
Norwegian Krone	5,092	-	-	-	-		5,092
Polish Zloty	1,578	-	-	-	-		1,578
Singapore Dollar	4,207	-	-	-	-		4,207
South African Rand	4,030	-	-	9	-		4,039
South Korean Won	24,211	-	2,663	(2)	-		26,872
Swedish Krona	18,696	-	-	-	-		18,696
Swiss Franc	86,132	-	-	-	-		86,132
Taiwan Dollar	5,378	-	-	-	-		5,378
Thai Baht	1,011	-	-	-	-		1,011
Turkish New Lira	2,967	-	-	(1)	-		2,966
Grand Total	<u>\$ 1,059,325</u>	<u>\$ 151</u>	<u>\$ 60,141</u>	<u>\$ 1,811</u>	<u>\$ 14,851</u>		<u>\$ 1,136,279</u>

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE C--CASH AND INVESTMENTS--Continued

Derivative Instruments: The System's investment derivatives included forward contracts on mortgage-backed securities classified as to-be-announced ("TBA") securities, and forward currency contracts. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows:

(Amounts in Thousands)

Investment Derivatives	Change in fair value Classification	Amount	Fair Value at June 30, 2010 Classification	Amount	Notional
Foreign Currency Forward	Investment income	\$ 4,666	Investments	\$ 1,811	\$ (82,465)
TBA securities	Investment income	590	Investments	45,266	42,800

A TBA is a forward contract on a mortgage-backed securities trade. The derivative is a promise to either buy or sell a mortgage-backed securities trade but does not include a specified number of pools or precise amount to be delivered until settlement. A foreign currency forward contract is an agreement that obligates the parties to exchange given quantities of currencies at a pre-specified exchange rate on a certain future date. The fair values of the forward contracts are estimated based on the present value of their estimated future cash flows.

The foreign currency forward contracts subject the System to foreign currency risk because the investments are denominated in international currencies. The risks are described in foreign currency risk schedule where the fair value of the foreign currency contracts in U.S. dollars is presented.

The TBA investments at year end were all included in the domestic governmental bonds in the credit ratings schedule with a rating by Standard & Poor's of AAA.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE D--SECURITIES LENDING ACTIVITY

The System's investment policy and State statutes provide for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U. S. Treasury or government agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% when the security to be loaned and the collateral are in the same currency and 105% when the loan and collateral currencies are dissimilar.

The fair value of securities on loan at June 30, 2010 was approximately \$2,229,721,000. The underlying collateral for these securities had a fair value of approximately \$2,364,256,000 at June 30, 2010. Collateral of securities and letters of credit represented approximately \$116,508,000 of total collateral at June 30, 2010. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net assets. The following table describes the types of securities lent and collateral as of June 30, 2010.

Type of securities on loan	<i>(Amounts in Thousands)</i>	
	Market Value of Securities on Loan	Collateral Value
Corporate equity loans compared to cash collateral	\$ 1,595,507	\$ 1,645,081
Equity loans compared to cash collateral	107,633	113,218
Government loans compared to cash collateral	481,893	489,449
Government loans compared to non-cash collateral	114,688	116,508
	<u>\$ 2,299,721</u>	<u>\$ 2,364,256</u>

At June 30, 2010, the System had no credit risk exposure since the amounts the System owed to borrowers exceeded the amounts borrowers owed the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. In the event of a collateral shortfall due to a loss in value of investments made with cash collateral, such loss would be the responsibility of the System. The System previously held a \$35 million position in JP Morgan's securities lending program with Lehman Brothers bonds as collateral. The market value at June 30, 2009 had decreased to approximately \$5.1 million. The System recorded the collateral deficiency of \$29.9 million as an unrealized loss in the 2009 statement of changes in plan net assets. At June 30, 2010 the market value had increased to \$6.8 million, resulting in an unrealized gain of \$1.7 million in the statement of changes in plan net assets. The outcome of the Lehman Brothers bankruptcy has yet to be determined at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE D--SECURITIES LENDING ACTIVITY--Continued

All securities loans can be terminated on demand by either the System or the borrower. Cash collateral is invested in a separate account for the System in accordance with investment guidelines approved by the System. At June 30, 2010 and 2009, the weighted average maturity of the cash collateral investments was 23 days and 7 days, respectively. The cash collateral investments are structured and maintained by the lending agent's investment desk utilizing an asset and liability methodology designed to manage to an appropriate extent any mismatch between the investment maturities and the System's loans.

NOTE E--CAPITAL ASSETS

Capital assets consist of the following at June 30:

	<i>(Amounts in Thousands)</i>	
	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 1,289	\$ 1,423
Accumulated depreciation	<u>(1,101)</u>	<u>(1,199)</u>
Capital assets, net	<u>\$ 188</u>	<u>\$ 224</u>

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2010 was approximately \$207,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately \$228,000 and \$228,000 for the years ended June 30, 2010 and 2009, respectively.

NOTE F--RESERVE AND DESIGNATED FUNDS

The amount included in the Teachers' Deposit Fund, the Expense Fund, and the Capital Assets Fund is not available to pay regular retirement benefits. A brief description of the major funds is as follows:

The Teachers' Deposit Fund represents funds in the DC Plan. During FY 2010, the System hired ING as the service provider for the DC Plan. This process was undertaken to steadfastly provide a supplemental retirement program that will enhance the System's clients' retirement future. ING provides a comprehensive educational strategy, an array of investment options, clients have 24 hours a day access to their accounts on line, and dedicated customer service representatives available each weekday from 7:00 am to 7:00 pm.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE F--RESERVE AND DESIGNATED FUNDS--Continued

- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System budgeted for the next fiscal year plus any accrued administrative costs as of the current fiscal year-end.
- The Capital Assets Fund represents the net book value of furniture and fixtures for the System.

The Funds had the following approximate balances at June 30:

	<i>(Amounts in Thousands)</i>	
	2010	2009
Teacher's deposit fund (DC Plan)	\$ 214,957	\$ 225,308
Expense fund	64,297	51,139
Capital assets fund	188	224
	<u>\$ 279,442</u>	<u>\$ 276,671</u>

NOTE G--CONTRIBUTIONS

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995. The annual employer contributions reported for the years ended June 30, 2010 and 2009 were \$366,282,238 and \$338,974,512, respectively. Employers satisfied 100% of their contribution requirements for 2010 and 2009.

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level, which for the years ended June 30, 2010 and 2009, was the full amount of regular annual compensation.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active clients. The employer contribution rate was 7.85% from July 1, 2007 to December 31, 2007; 8.35% from January 1, 2008 to June 30, 2008; 8.5% on July 1, 2008; 9% from January 1, 2009 to December 31, 2009; and 9.5% on January 1, 2010 for all remitting entities other than comprehensive and four year regional universities. The employer contribution rate was 7.05% from July 1, 2007 to December 31, 2007; 7.55% starting on January 1, 2008; 8.05% starting on January 1, 2009; and 8.55% starting on January 1, 2010 for comprehensive and four year universities. The rates for fiscal years 2010 and 2009 are applied up to defined caps depending upon the member's elections as previously described.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE H--BENEFITS

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992, or prior, are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to \$40,000 or \$25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 is calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay \$5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE H--BENEFITS--Continued

- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

At the election of each eligible member initiating receipt of retirement benefits, the System remits between \$100 and \$105 per month per eligible retiree to the Oklahoma State and Education Employees Group Insurance Board ("OSEEGIB"), depending on the members' years of service during 2010 and 2009. Such amounts were approximately \$29,916,000 and \$30,523,000 in 2010 and 2009, respectively, and are included in retirement and other benefits expense. Amounts due to OSEEGIB at June 30, 2010 and 2009, respectively are approximately \$2,394,000 and \$2,534,000 and are included in benefits in process of payment. The System performs no administrative functions related to the benefits provided by OSEEGIB and the payments have a minimal and declining impact on the operation of the System.

NOTE I--DEDICATED TAX

The System receives 5.0% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately \$228,000,000 and \$257,000,000 from the State in 2010 and 2009, respectively. Amounts due from the State were approximately \$23,543,000 and \$23,186,000 at June 30, 2010 and 2009, respectively.

NOTE J--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

The System also makes employer contributions for its employees who are also members of the System. The System's contributions are under the same terms as other participating employers, as discussed in Note G. In addition to the employer contributions, the System also pays the employees' contributions as a fringe benefit. Benefits paid to members that worked for the System are the same as those described in Note H. The total employee contributions paid by the System for its employees were approximately \$204,000, \$211,000, and \$209,000 for the years ended June 30, 2010, 2009, and 2008, respectively. Total employer contributions paid by the System were approximately \$251,000 and \$264,000, and \$242,000 for the years ended June 30, 2010, 2009, and 2008 respectively. The employer contributions for FY 2010, 2009, and 2008 were 83.6%, 86.6%, and 101.1%, respectively, of the actuarial determined annual required contribution amounts and 100% of the contribution rate amounts determined by the legislature.

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE K--PLAN AMENDMENTS

This year's legislative session resulted in a few significant changes to the benefit options under Senate Bill ("SB") 859 and SB 1662. These laws went into effect July 1, 2010.

Contained within the provisions of SB 859 is the ability for a beneficiary of an active or retired client to assign a portion of the death benefits. These funds can be assigned to a funeral home licensed to provide funeral services for the deceased client, allowing the beneficiary to avoid paying income taxes on the death benefit. Another provision of SB 859 allows a retired client who selected the Maximum retirement benefit plan and marries after retirement to make a one-time election to choose either Option 2 or Option 3 and name the client's spouse as the joint annuitant. The client must provide proof of good health before the Board of Trustees will allow a change. A medical examination by a licensed physician is required for purposes of determining reasonable "good health" according to your age and past medical history.

The election to select a different retirement benefit plan must be made by July 1, 2011, or within one (1) year of the date of marriage, whichever is later. If approved, your monthly benefit payment will be adjusted to the actuarially equivalent amount based upon your joint annuitant's age.

Under the provisions of SB 1662, a retired client may select a different retirement option after retirement. Clients who retired under Option 1, 2, 3, or 4 may make a one-time irrevocable election to select a different option, but must do so within 60 days of their effective retirement date. The joint annuitant designated at the time of retirement may not be changed if a client elects a different retirement option under this provision.

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System decreased from the funding level at June 30, 2009. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is infinite. The period to fully amortize the UAAL as of June 30, 2009 was also infinite. The actuarial accrued liability increased \$1,029.7 million and the actuarial value of assets increased \$127.7 million. As a result, the System's unfunded actuarial accrued liabilities increased \$902 million to \$10,414 million at June 30, 2010. The funded ratio – actuarial value of assets divided by actuarial accrued liability – decreased from 49.8% to 47.9%. The increase in

NOTES TO FINANCIAL STATEMENTS--Continued

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 30, 2010

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION--Continued

the UAAL and the funding period is principally due to significant market asset losses as well as changes in assumptions effective in the June 30, 2010 valuation. Based on the current contribution schedule, assuming no actuarial gains or losses in the future, the UAAL is expected to continue increasing from the current level. The current contribution schedule results in contributions insufficient to cover the interest on the current UAAL plus the normal cost resulting in negative amortization.

The funded status of the System as of June 30, 2010, the most recent actuarial date is as follows:

Actuarial value of assets (a)	\$	9,566.7	
Actuarial accrued liability (AAL) (b)	\$	19,980.6	
Total unfunded actuarial accrued liability (UAAL) (b-a)	\$	10,414.0	
Funded ratio (a/b)			47.9%
Covered payroll	\$	3,854.8	
UAAL as a percentage of covered payroll			270.2%

The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earnings greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value (\$9.567 billion) is \$1.215 billion larger than the market value of net assets (\$8.352 billion).

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
(Dollars in Millions)

NOTE L--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION--Continued

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2010 are as follows:

Funding Method: Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for the System, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

Experience gains and losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumption) adjust the unfunded actuarial accrued liability.

Asset Valuation Method: The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

Amortization: The unfunded actuarial accrued liability is amortized on a percent of pay method over a 30-year open period.

Investment Return: 8% per annum, compounded annually, (includes inflation of 3%).

Salary Increases: 4% to 12% per year (includes inflation of 3% and a productivity increase of 1%).

Based on an experience study for the 5 years ended June 30, 2010 certain actuarial assumptions were changed such as modifications to disability, termination and retirement rates. Additionally, the salary increase rate changed from a range of 4% to 6% per year, to 4% to 12% per year and certain mortality rate tables were changed.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a / b)	Annual Covered Payroll	UAAL as % of Covered Payroll ((b-a) / c)
June 30, 2005	\$ 6,952.7	\$ 14,052.4	\$ 7,099.7	49.5%	\$ 3,175.2	223.6%
June 30, 2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%
June 30, 2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
June 30, 2010	9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2005	\$ 722,095,783	56.2%
2006	535,228,038	85.8%
2007	575,745,142	93.1%
2008	590,495,652	101.1%
2009	714,367,558	86.6%
2010	742,286,289	83.6%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

Unaudited - see accompanying independent auditors' report.

SCHEDULES OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended June 30	
	2010	2009
Investment managers	\$ 30,038,521	\$ 26,342,574
Investment consultants	768,424	742,681
Investment information services	4,139	17,237
Total investment expenses	<u>\$ 30,811,084</u>	<u>\$ 27,102,492</u>

See accompanying independent auditors' report.

SCHEDULES OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended	
	June 30	
	2010	2009
Salaries and benefits	\$ 3,527,880	\$ 3,682,153
General and miscellaneous	829,973	825,737
Professional/consultant fees	450,095	517,645
Travel and related expenses	106,981	104,733
Depreciation expense	64,660	86,225
Total administrative expenses	<u>\$ 4,979,589</u>	<u>\$ 5,216,493</u>

See accompanying independent auditors' report.

SCHEDULES OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

	Year Ended	
	June 30	
	2010	2009
Actuarial	\$ 99,368	\$ 83,846
Medical	9,600	11,174
Legal	69,735	165,520
Audit	44,800	44,800
Data processing	120,505	132,790
Miscellaneous	106,087	79,515
Total professional/ consultant fees	<u>\$ 450,095</u>	<u>\$ 517,645</u>

See accompanying independent auditors' report.

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

Board of Trustees
Teachers' Retirement System of Oklahoma

We have audited the financial statements of Teachers' Retirement System of Oklahoma (the "System"), which is a component unit of the state of Oklahoma, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 14, 2010, which includes explanatory paragraphs related to the System's unfunded actuarial accrued liability, required supplementary information and other supplementary information. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the System as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the System's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

However, we identified a deficiency in internal control that did not constitute a significant deficiency or material weakness. The deficiency has been communicated to management in a separate letter dated **November ??**, 2010.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, the Oklahoma State Auditor and Inspector, and management and is not intended to be and should not be used by anyone other than these specified parties.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November ??, 2010

Dr. James Wilbanks
Mr. Joe Ezzell
Teachers Retirement System of Oklahoma
Oklahoma City, Oklahoma

In connection with our audit of the financial statements of Teachers' Retirement System of Oklahoma (TRS) as of and for the year ended December 31, 2010, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is an identified control deficiency that we determined did not constitute a significant deficiency or material weakness:

Criteria: Teachers' Retirement System of Oklahoma (the "System") has developed internal control procedures to ensure the accuracy of entries recorded into its financial accounting system. One control is that investment income will be recorded accurately directly from monthly custodial trust statements and reviewed by a second individual.

Condition: During our audit procedures, we noted that the July 2009 investment income entry did not agree to the custodial trust statement. Due to the System's process of reversing the prior month entry and recording the year-to-date income amount each month this error was corrected in the subsequent month.

Cause: Based on our understanding, a secondary detailed review is not always performed on interim monthly entries. In some instances, an analytical review is performed rather than actually agreeing the entry to the supporting trust statement.

Effect: Due to the correction mentioned above, there is no effect to the financial statements as of and for the year ended June 30, 2010. However, the monthly statement of changes in plan net assets was overstated by \$1,000,000 and the August statement of changes in plan net assets was understated by the same amount.

Recommendation: We recommend the System require a detailed secondary review on journal entries to ensure accuracy.

Views of Responsible Official: Teachers' Retirement System of Oklahoma has amended their procedures on the preparation of monthly financial statements to require a secondary review on all journal entries created. The person performing the secondary review will sign and date journal entries as well as supporting schedules.

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

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 14, 2010

REPORT OF LEGAL COUNSEL

Teachers' Retirement System of Oklahoma November 17, 2010

LITIGATION

1. OTRS vs. Delphi Corp., Federal Class Action Litigation

Issues: OTRS is represented by securities counsel, Nix, Patterson & Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General.

Status: OTRS and the State of Mississippi retirement fund were named co-lead plaintiffs. Pleadings were final in federal court, Detroit, Michigan. In September 2005, Delphi filed for Chapter 11 bankruptcy protection. Along with all other class action members in the federal civil action, OTRS was an unsecured creditor in the bankruptcy action. Delphi requested mediation for itself and certain officers and directors on July 23, 2007. A proposed settlement agreement was approved by OTRS trustees on August 22, 2007. The proposed settlement against Delphi was approved in the class action case on January 11, 2008, and the Bankruptcy Court approved the settlement and plan of confirmation on January 17, 2008. Hearings continue for Delphi to exit their bankruptcy court case. The Auditor's Settlement became effective June 26, 2008. A final settlement is pending.

Status: Proof of Claim filed for OTRS; Awaiting funding of Delphi's bankruptcy settlement.

2. Lionel M. Raff, et al vs. The Teachers' Retirement System of Oklahoma and Oklahoma State University, Class Action Petition

Issues: Plaintiffs, Lionel M. Raff and Mark G. Rockley, on behalf of themselves and all others similarly situated, claim that for numerous years they have been employed as professors at OSU. The professors contributed to both TRS and to TIAACREF as a part of their retirement program. They allege OSU significantly reduced their contributions to TIAA. Further, they allege that TRS has through the years made misrepresentations, or 'tricked' the professors, regarding the low base retirement option and subsequent TRS calculations that determine retirement. The professors allege that salary caps imposed by TRS rules and statutes are arbitrary and capricious and in violation of due process and equal protection; and, further, such salary caps are a breach of contract between OSU, TRS and the plaintiff professors.

Status: The case was filed in Oklahoma County District Court, October 4, 2001, Case No. CJ-2001-7651. The Attorney General's office is providing legal representation to OSU and OTRS in this matter through senior litigation counsel, Assistant Attorney General, Scott Boughton. Scott has represented OTRS in complex litigation cases many times in the past. Motion for Summary Judgment by Defendants, OTRS and OSU, and a Motion To Certify Class by Plaintiffs, is pending before Judge Nancy L. Coats. Settlement discussions continue. The Court has taken under advisement the issue of dismissing OTRS and may rule on that issue separately from the legal issues regarding OSU.

3. TRS vs. Connetics Securities Litigation, federal class action litigation

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. In this case, the firm recommended that TRS join with other states and certain other state funds to pursue the Connetics case.

TRS has been named lead plaintiff. A consolidated class action complaint was filed in United States District Court, Southern District of New York, on February 14, 2007. Connetics defendants filed a motion to transfer this case from New York to California. BLB&G filed a response to this motion. On May 23, 2007, Judge Kram granted Connetics Defendants' Motion to transfer venue to the United States District Court, Northern District of California.

On June 28, 2007, BLB&G filed an amended consolidated class action complaint for violations of the Federal Securities Laws. Defendants filed a Motion to Dismiss and our response was filed on September 17, 2007. On January 29, 2008, the Court dismissed the TRS complaint but granted leave to file an amended complaint. An amended complaint was filed on March 14, 2008. Defendants filed a motion to dismiss the amended complaint. TRS filed a response on June 20, 2008. On August 14, 2008, the Court dismissed some claims, but largely sustained the core claims in the amended complaint. Discovery and depositions are ongoing. A settlement conference was held on March 2, 2009. On May 8, 2009, the court granted TRS' motion for class certification.

BLB&G prepared and filed a Motion for Preliminary Approval of Settlement (approved by TRS on June 24, 2009) and for Permission to Notify the Class. Hearing on the motion is set for July 17, 2009. Court granted final approval of the settlement on October 9, 2009.

Status: Claims Administrator Assigned.

4. American Home Mortgage Investment Corporation

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue the American Home Mortgage case.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on September 26, 2007, and has joined with the Oklahoma Police Pension & Retirement System, to be named co-lead plaintiff. A hearing was held the week of January 21, 2008. On March 19, 2008, TRS and Police Pension were named lead plaintiffs. A mediation conference is was held in New York on January 16, 2009, and a proposed settlement was approved by the Trustees on February 4, 2009, April 29, 2009, and May 27, 2009. Motion for Approval of Class Action Settlement filed January 6, 2010. Court has approved settlements. Claims deadline was March 1, 2010.

Status: Claims processing pending.

5. MBIA, INC.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue MBIA, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on January 23, 2008. TRS filed its motion for lead plaintiff status on March 11, 2008. The Court appointed TRS Lead Plaintiff on June 30, 2008. A complaint was filed on October 17, 2008. Defendants filed a Motion to Dismiss on March 17, 2009. TRS filed an Opposition to the Motion to Dismiss. Hearing on Motion to Dismiss was held on March 5, 2010. On March 31, 2010, the Court issued an opinion that substantially denied Defendant's Motion to Dismiss. **MBIA filed a Motion to Dismiss and Second Amended Complaint, and on October 8, 2010, BLB&G filed its opposition.**

Status: Court response pending.

6. MoneyGram International, Inc.

Issues: OTRS is represented by securities counsel, Nix, Patterson & Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General. TRS voted to seek lead plaintiff status at its April 2008 meeting. TRS filed its motion on May 27, 2008, and was named lead plaintiff. A complaint was filed on October 3, 2008. MoneyGram filed their motion to dismiss on January 13, 2009. TRS filed a response on February 9, 2009. Oral arguments were held on March 11, 2009. The Court denied the motion to dismiss on May 20, 2009.

Nix, Patterson filed Lead Plaintiff Initial Disclosures on July 10, 2009. AG's office assisted Nix, Patterson in compiling discovery responses. Nix, Patterson completed first discovery response - due July 31, 2009. Brief in support of motion for Class Certification filed on August 21, 2009. Reply memorandum filed in support of motion for Class Action on January 22, 2010. Mediation process began late January, 2010. Settlement approved by TRS on February 24, 2010. The Court approved the settlement in all respects on June 17, 2010.

Status: Claims filing period pending.

7. Medtronic, Inc.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue Medtronic, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on February 4, 2009, and to seek co-lead plaintiff status with Oklahoma Firefighters Pension Fund, Danske Investment Management Als, and Union Asset Management Holding AG on March 25, 2009. The court approved the co-lead plaintiffs on April 21, 2009. BLB&G filed an amended complaint August 21, 2009. BLB&G filed response to Defendant's Motion to Dismiss on or about November 19, 2009. On February 3, 2010, Defendant's Motion to Dismiss was substantially denied. Early mediation was conducted on June 24-25.

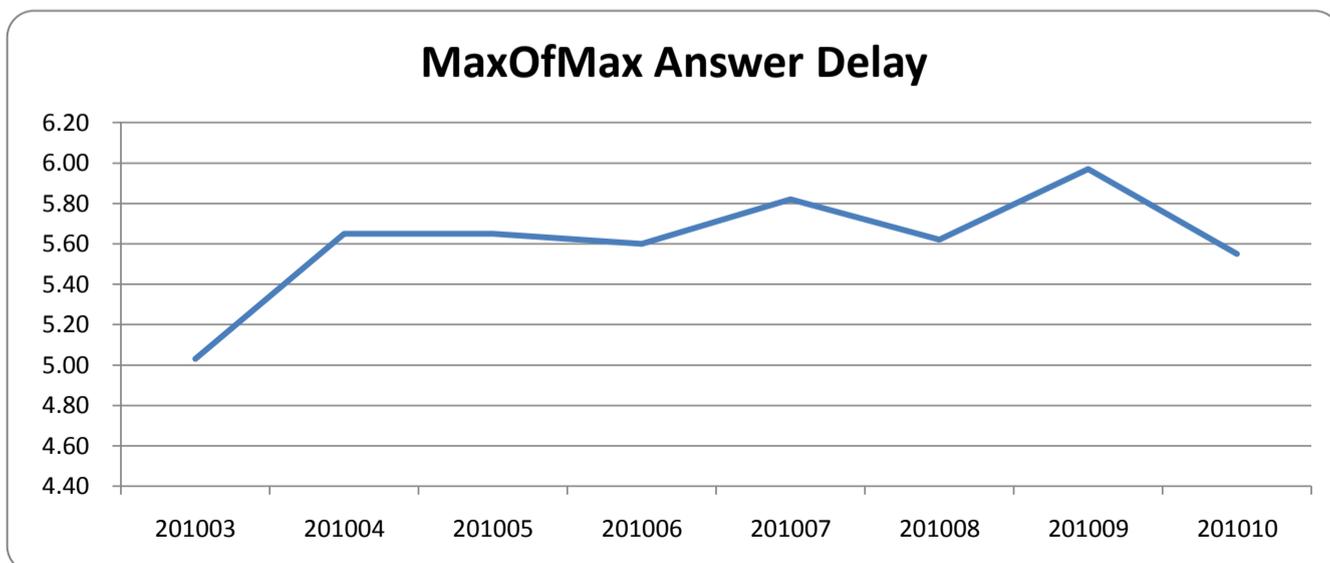
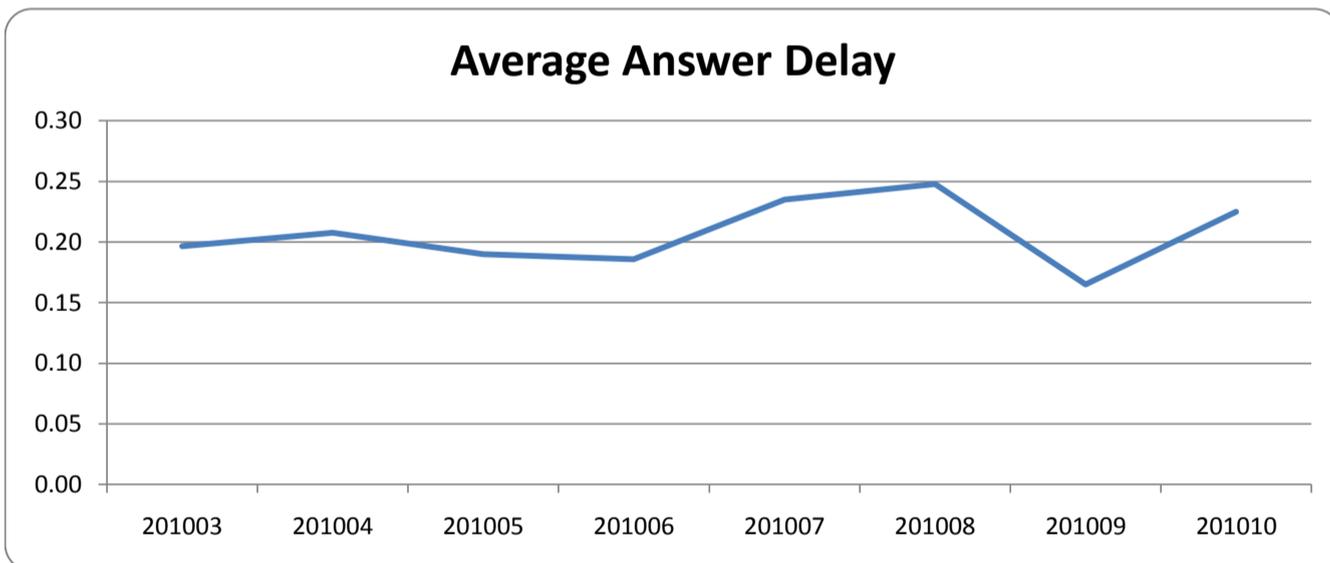
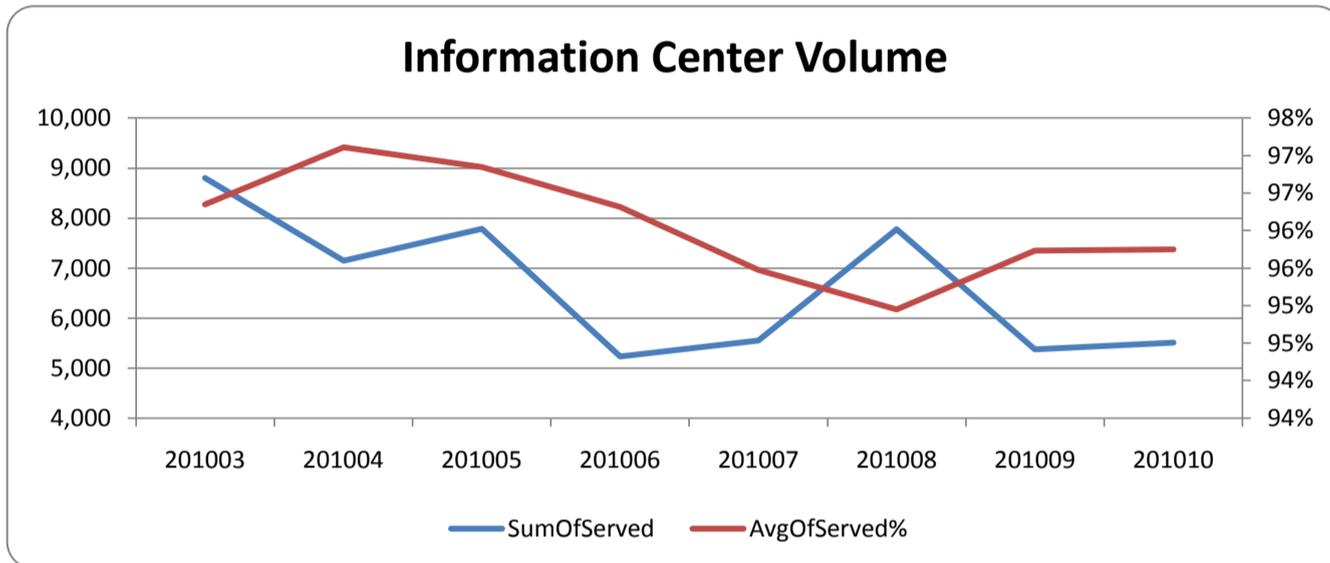
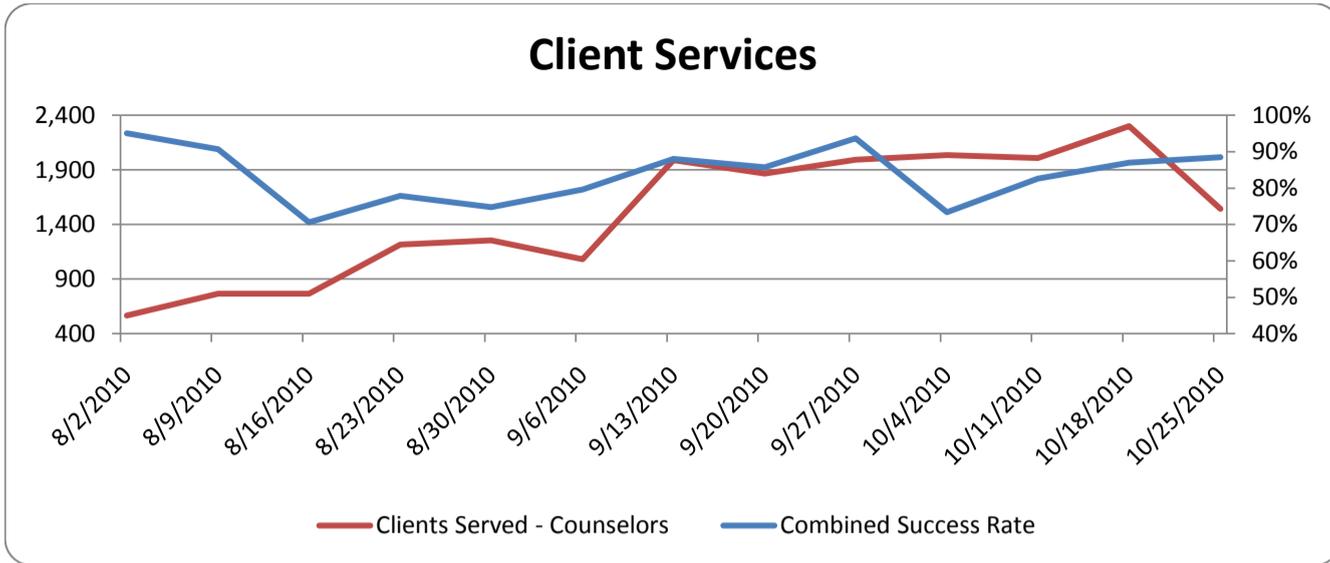
Status: Discovery ongoing.

ADMINISTRATIVE

There are no Administrative matters at this time.



Client Services Dashboard





OKLAHOMA TEACHERS RETIREMENT SYSTEM

Client Status Update Report

November 2, 2010

Regular Retirement

Clients Recommended:	75
Monthly Pay:	\$83,618.61

Disability Retirement

Clients Recommended for Regular Disability	6
Clients Recommended for Social Security Disability	2
Clients Not Recommended for Disability Retirement	0

Retirement Payroll Termination

Payroll Changes	(\$129,979.08)
Deceased	110
Retirement Cancelled	2
Return To Teaching	5

*Client Status Update Report - Finance Division
October 31, 2010*

Board Meeting November 17, 2010

<i>Cash Basis</i>	October 2009	October 2010		
<i>Monthly Contributions:</i>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$24,938,831.19	\$20,974,241.97	(\$3,964,589.22)	-15.90%
Employer Contributions	33,617,942.34	30,676,509.49	(2,941,432.85)	-8.75%
State Revenue	<u>23,527,643.99</u>	<u>25,001,443.88</u>	<u>1,473,799.89</u>	<u>6.26%</u>
Total Retirement Receipts	82,084,417.52	76,652,195.34	(5,432,222.18)	-6.62%
 <i>Monthly Distributions:</i>				
Retirement Benefits	74,308,403.56	78,749,834.06	4,441,430.50	5.98%
Withdrawals and Death Benefits	<u>3,898,586.58</u>	<u>3,716,661.58</u>	<u>(181,925.00)</u>	<u>-4.67%</u>
Total Benefit Payments	<u>78,206,990.14</u>	<u>82,466,495.64</u>	<u>4,259,505.50</u>	<u>5.45%</u>
Net (Receipts - Payments)	<u>\$3,877,427.38</u>	<u>(\$5,814,300.30)</u>	<u>(\$9,691,727.68)</u>	<u>-249.95%</u>
	Year to Date	Year to Date		
<i>Year to Date Contributions:</i>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$91,867,722.25	\$77,770,474.81	(\$14,097,247.44)	-15.35%
Employer Contributions	118,024,923.91	116,639,546.94	(1,385,376.97)	-1.17%
State Revenue	<u>80,312,480.74</u>	<u>83,878,109.91</u>	<u>3,565,629.17</u>	<u>4.44%</u>
Total Retirement Receipts	290,205,126.90	278,288,131.66	(11,916,995.24)	-4.11%
 <i>Year to Date Distributions:</i>				
Retirement Benefits	305,966,465.47	331,942,512.54	25,976,047.07	8.49%
Withdrawals and Death Benefits	<u>16,444,055.53</u>	<u>18,757,968.43</u>	<u>2,313,912.90</u>	<u>14.07%</u>
Total Benefit Payments	322,410,521.00	350,700,480.97	28,289,959.97	8.77%
Net (Receipts - Payments)	<u>(\$32,205,394.10)</u>	<u>(\$72,412,349.31)</u>	<u>(\$40,206,955.21)</u>	<u>124.85%</u>

**DISABILITY RETIREMENT AS PROVIDED BY
70 O.S. 17-105 SOCIAL SECURITY DISABILITY
NOVEMBER 2, 2010**

MEMBER NAME	RETIREMENT NUMBER	SSA EFFECTIVE DATE	RETIREMENT DATE
1. Cheryl J Brown <i>DISABILITY RETIREMENT RECOMMENDED</i>			F-51
2. Jane M Langston <i>DISABILITY RETIREMENT RECOMMENDED</i>			F-55

RETIREMENT BENEFIT ANALYST

November 05, 2010

DATE PREPARED

HB 2392 EFFECTIVE 9/1/94 MEDICAL BOARD MEETING NOVEMBER 2, 2010

DISABILITY RETIREMENT NOT RECOMMENDED
NOVEMBER 2, 2010

MEMBER NAME/COMMENTS

SEX/AGE

DATE OF BIRTH

ALL FILES APPROVED

November 2, 2010

RETIREMENT BENEFIT ANALYST

DATE PREPARED

MEDICAL BOARD MEETING NOVEMBER 2, 2010

DISABILITY RETIREMENT RE-EVALUATED
NOVEMBER 7, 2010

RETIREMENT NUMBER	MEMBER NAME	SEX/AGE	DATE OF BIRTH COMMENTS
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NO FILES RE-EVALUATED

RETIREMENT BENEFIT ANALYST

November 2, 2010

DATE PREPARED

MEDICAL BOARD MEETING NOVEMBER 2, 2010

MEDICAL BOARD REPORT
NOVEMBER 2, 2010

The Medical Board of the Teachers' Retirement System of Oklahoma met in the Board Room of the Teachers' Retirement System, located in the Oliver Hodge Building, 2500 North Lincoln Boulevard, 5th floor, Oklahoma City, Oklahoma 73105.

BOARD MEMBERS PRESENT:

George R. Jay, M.D.

Joseph Harroz, M.D.

OTHERS PRESENT:

Frances Jackson, Retirement Benefit Analyst

The following member's applications for Disability Retirement were presented and the Medical Board's action is noted beneath each name:

	MEMBER NAME/COMMENTS	SEX/AGE
1.	Jacqueline L. Anderson <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-38
2.	Dana R Eversole <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-49
3.	Rhonda Staggs <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-43
4.	Kenneth R Underwood <i>DISABILITY RETIREMENT RECOMMENDED</i>	M-58

Retirement Benefit Analyst

November 02, 2010

DATE PREPARED

MEDICAL BOARD MEETING November 2, 2010

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
NOVEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75595	NANCY S ABBAS	61	Opt.1	80.12		222.21
75596	GARNETT ARNOLD	56	Opt.1	279.17		657.86
75597	LINDA D ASKEW	56	Opt.2	443.15		2022.36
75598	KATHRYN S BARKER	58	Max.	345.23		1470.15
75599	GLENDA J BASDEN	60	Opt.1	108.07		295.13
75600	LINDA L BOWES	62	Opt.2	46.59		133.66
75601	LANELL BOYER	62	Opt.1	165.70		583.63
75602	LYNETTE M BRADBURY	56	Max.	187.10		587.06
75603	SANDRA K BRAMMER	52	Opt.3	415.36		1979.57
75604	LINDA J BRIDGES	62	Opt.1	195.19		722.59
75605	BETTY L BRISTER	62	Opt.2	444.81		1694.41
75606	TERESA A CATSAVIS	55	Max.	273.99		1587.58
75607	VERETTA J CHRISTIANSEN	62	Max.	349.96		1695.04
75608	FLORA M CLAWSON	72	Opt.2	207.54		620.13
75609	BETTY J COLE	55	Max.	78.88		196.73
75610	CYNTHIA L COLLINS-CLARK	55	Max.	830.07		2317.42
75611	ELIZABETH S CONNELL	62	Max.	177.80		535.05
75612	WILMER E COOPER	57	Opt.2	707.36		1665.68
75613	GREGORY COWAN	55	Opt.2	415.73		2211.44
75614	BOBBIE J DAILEY	59	Opt.1	685.61		3999.44
75615	DALE A DAVIES	53	Opt.2	514.70		2029.98
75616	LINDA B DOUBRAVA	62	Opt.2	112.44		322.86
75617	MARY L EDWARDS	58	Opt.1	338.19		1630.20
75618	JUDY C ELLIS	60	Max.	208.85		1063.33
75619	DEBRA K ENGLE	58	Opt.2	186.47		504.43
75620	KAY EPPERSON	60	Max.	277.05		757.44
75621	ELISABETH GIESBRECHT	65	Opt.2	107.56		350.84
75622	JOHANN W GIESBRECHT	67	Opt.2	99.67		304.40
75623	JANICE F GOLDEN	56	Opt.2	111.61		566.88
75624	ANTHONY L GRAY	57	Opt.1	150.91		412.96
75625	CINDY G HAWKINS	55	Opt.2	167.10		513.09
75626	MARGARET A HAWTHORNE	59	Opt.3	331.03		1497.51
75627	JODY C HILLIARD	66	Opt.2	196.66		233.01
75628	VICKIE J HINKLE	58	Opt.2	105.78		264.92
75629	JOSEPHINE HOFFMAN	60	Opt.4	143.50		484.55
75630	DEWEY R HOLLAND	62	Max.	162.20		495.79
75631	HIROMI HOOD	63	Opt.1	44.34		122.06
75632	TERESA P JACKSON	62	Opt.1	80.72		241.29
75633	BECKY L JAMES	55	Opt.1	271.00		642.89
75634	BERNICE K LANIER	62	Max.	108.10		791.84

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
NOVEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75635	EVELYN L LOUDERBACK	62	Opt.1	50.91		251.56
75636	EDDIE L MANUEL	70	Max.	204.47		561.90
75637	CAROL J MARTINEZ	65	Opt.2	110.90		380.03
75638	JAYNE MAYS	53	Opt.2	321.49		1602.74
75639	DEBRA A MCBROOM	58	Opt.2	424.85		1895.02
75640	ROGER L MCCOY	62	Opt.1	231.01		695.11
75641	SANDRA F MELOT	62	Max.	245.90		765.54
75642	CASSANDRA L MOSES	52	Opt.1	423.71		2366.60
75643	LINDA K ODEN	58	Opt.2	390.63		1118.42
75644	KATHLEEN M OHALLARAN	58	Opt.2	488.22		2484.63
75645	TERYL A PEARSON	51	Opt.2	418.98		2275.88
75646	CAROLYN S PHILLIPS	56	Opt.2	280.91		1794.51
75647	EDNA K PITTS	59	Max.	369.91		1538.13
75648	WAYNE B POWELL	60	Opt.1	247.14		958.16
75649	BOBBIE D QUALLS	52	Opt.2	397.48		1880.61
75650	KATHY B REESE	60	Opt.2	481.02		2041.15
75651	DOROTHY A ROPER	61	Opt.2	114.63		448.97
75652	JEANIE SCHELL	63	Max.	33.33		98.17
75653	ETHEL L SMITH	62	Max.	334.71		1197.33
75654	KAREN E STARKEY	58	Max.	192.12		518.20
75655	SALLY O STREBIG	57	Max.	285.58		861.53
75656	NELDA J TABOR	66	Opt.2	179.60		763.95
75657	WANDA L THOMAS	69	Opt.1	218.58		674.34
75658	BETTY S THREADGILL	63	Max.	52.49		143.47
75659	BERTHA J TOALSON	78	Max.	170.25		442.97
75660	CYNTHIA A TRENT	57	Max.	251.03		957.43
75661	BEVERLY J TURNER	62	Opt.2	59.96		240.51
75662	KAREN L VESS	62	Opt.2	198.11		588.83
75663	BARBARA J WALKER	62	Opt.1	139.54		557.98
75664	DORA J WEST	62	Opt.1	151.27		554.04
75665	WILLIAM T WHALEN	63	Max.	620.96		2081.96
75666	CARLA J WINNER	58	Opt.2	212.17		872.08
75667	JUDY A WOODARD	56	Opt.1	461.82		2511.62
75668	LINDA G WOODS	57	Opt.2	363.66		1593.95
75669	VIRGINIA K WRIGHT	60	Max.	290.79		1243.20
D3198	JACQUELINE L ANDERSON	38	Dis.	163.64		735.08
D3199	CHERYL J BROWN	51	Dis.	191.62		714.44
D3200	DANA R EVERSOLE	49	Dis.	230.79		857.06
D3201	JANE M LANGSTON	55	Dis.	373.22		1219.13
D3202	RHONDA K STAGGS	43	Dis.	265.44		1445.12

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
 RECOMMENDATIONS FOR RETIREMENT
 NOVEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
D3203	KENNETH R UNDERWOOD JR	58	Dis.	385.80		1259.85
Total				21,183.95	0.00	83,618.61

THIS IS TO CERTIFY THE 75 REGULAR MEMBERS, 0 SPECIAL RETIREES, AND 6 DISABLED MEMBERS LISTED ON THIS REPORT HAVE MET THE REQUIREMENTS FOR RETIREMENT UNDER THE TEACHERS' RETIREMENT LAW, AND THE MONTHLY ALLOWANCE OPPOSITE EACH NAME IS THE AMOUNT CALCULATED BY THE ACTUARY UNDER THE PLAN OF RETIREMENT SELECTED BY THE MEMBER. I RECOMMEND THESE MEMBERS BE APPROVED FOR RETIREMENT ON A MONTHLY BASIS IN THE AMOUNTS SHOWN AND THE FIRST RETIREMENT CHECKS BE MAILED NOVEMBER 30, 2010

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
11812	LARRY CADE	BROWNSBURG IN	DEATH 09-10	5,000.00	MAX OPTION	-838.15
12011	RUTH MINTON	ENID	DEATH 09-10	5,000.00	MAX OPTION	-789.52
14932	WILMA GUTHRIE	TULSA	DEATH 09-10	5,000.00	OPTION-1	-681.10
14950	DOLLIE MILLICAN	JOHNSTOWN CO	DEATH 08-10	5,000.00	MAX OPTION	-1,189.86
15086	MARION DIEI	YUKON	DEATH 08-10	5,000.00	MAX OPTION	-1,228.94
15541	VERCIE PRICE-BRYANT	ADA	DEATH 09-10	5,000.00	OPTION-1	-1,810.80
16010	WILLIAM CERVENY	LAWTON	DEATH 09-10	5,000.00	OPTION-1	-599.41
16317	RENA KERR	MCALESTER	DEATH 09-10	5,000.00	OPTION-1	-1,915.66
16599	EVELYN HUFFMAN	NEWCASTLE	DEATH 09-10	.00	OP-2 BENEF	-879.76
16789	DIXIE KNIGHT	NORMAN	DEATH 09-10	5,000.00	OPTION-1	-1,485.42
16815	MILDRED BOURASSA	PUEBLO CO	DEATH 09-10	5,000.00	OP-3 POPUP	-1,342.55
17416	NANNIE WINCHESTER	STILLWATER	DEATH 08-10	5,000.00	OPTION-1	-1,612.22
17553	FRANCES SILL	SHAWNEE	DEATH 09-10	5,000.00	MAX OPTION	-644.57
17698	NELL KISNER	NEWKIRK	DEATH 09-10	5,000.00	OPTION-1	-1,449.31
18819	MARY MONNETT	STILLWATER	DEATH 09-10	.00	OP-2 BENEF	-1,353.93
19217	NADINE WILSON	FAYETTEVILLE AR	DEATH 09-10	5,000.00	MAX OPTION	-923.62
19246	HERBERT WHELCHER	ADA	DEATH 09-10	5,000.00	MAX OPTION	-824.62
19471	ELIZABETH BOVEE	SALEM OR	DEATH 09-10	5,000.00	MAX OPTION	-688.07
19556	JOHN DAWES	ANADARKO	DEATH 09-10	5,000.00	OPTION-1	-1,721.02
19781	EILAIN KNOX	OKLAHOMA CITY	DEATH 08-10	5,000.00	MAX OPTION	-2,073.09
20113	MATTIE WHITE	TULSA	DEATH 09-10	5,000.00	MAX OPTION	-1,913.27
20557	MILDRED HIBBERT	PONCA CITY	DEATH 09-10	5,000.00	MAX OPTION	-1,628.07
21035	ALOIS WILSON	BROKEN BOW	DEATH 09-10	5,000.00	OP-2 POPUP	-1,393.04
21463	AGATHA NELMS	WYNNEWOOD	DEATH 09-10	5,000.00	OPTION-1	-528.04
21724	BETTY MCGOWAN	TULSA	DEATH 08-10	.00	OP-2 BENEF	-1,336.06
21765	ALLEN WATSON	EDMOND	DEATH 09-10	5,000.00	OPTION-1	-405.07

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
21865	AGNES	ALLSUP	TULSA	DEATH 09-10	5,000.00	OPTION-1 -258.76
21946	FRANK	ROSE	NORMAN	DEATH 09-10	5,000.00	OPTION-2 -657.58
22027	WILMA	BURLESON	TULSA	DEATH 09-10	5,000.00	OPTION-1 -1,603.47
22030	FAY	DAVENPORT	LAWTON	DEATH 09-10	5,000.00	OPTION-1 -425.39
22158	JANE	BELL	TYRONE GA	DEATH 09-10	5,000.00	MAX OPTION -1,156.60
22182	L	BLACK	DESOTO TX	DEATH 09-10	5,000.00	OPTION-1 -1,884.96
22438	FANNIE	HOLLAND	FT WORTH TX	DEATH 09-10	5,000.00	OPTION-1 -756.51
22732	JUANITA	SODOWSKY	BLACKWELL	DEATH 09-10	5,000.00	OPTION-1 -758.60
23169	JAMES	ELLIS	LA VETA CO	DEATH 09-10	5,000.00	OP-2 POPUP -925.76
23346	ARTIE	BRITT	ENID	DEATH 09-10	5,000.00	OPTION-1 -432.62
23424	GEORGIA	WILLIAMS	OKLAHOMA CITY	DEATH 09-10	5,000.00	MAX OPTION -218.72
23443	CHARLES	LAND	VINITA	DEATH 09-10	5,000.00	OPTION-1 -441.32
23453	JAMES	ROBBINS	FORT GIBSON	DEATH 09-10	5,000.00	OPTION-2 -791.06
23473	NANCY	ALLEN	TULSA	Continued	OP-2 BENEF	1,789.41
23639	MAXINE	EAGON	BETHANY	DEATH 08-10	.00	OP-2 BENEF -883.13
23673	DOROTHY	GARY	DURANT	DEATH 09-10	5,000.00	MAX OPTION -2,087.04
23690	HAROLD	GOODMAN	PONCA CITY	DEATH 09-10	5,000.00	OPTION-1 -693.59
23973	WILLIAM	REESE	WHITESBORO TX	DEATH 09-10	5,000.00	OPTION-1 -712.46
23977	BETTY	REYNOLDS	TUTTLE	Continued	OP-2 BENEF	1,925.80
24258	NOBLE	JOBE	TISHOMINGO	DEATH 09-10	5,000.00	OPTION-3 -1,647.93
24391	FRANK	KENNON	SHAWNEE	DEATH 09-10	5,000.00	OPTION-2 -1,429.43
24463	HENRY	JOHNSON	STILWELL	DEATH 09-10	5,000.00	MAX OPTION -599.98
24574	MILDRED	MARK	WETUMKA	DEATH 09-10	.00	OP-2 BENEF -996.00
24682	GLADYS	HENDERSON	ALTUS	DEATH 09-10	5,000.00	OPTION-1 -330.19
24777	THOMAS	DUCKETT	MUSTANG	DEATH 09-10	5,000.00	OP-3 POPUP -1,623.08
24832	EMMA	CARNAHAN	LAWTON	DEATH 09-10	5,000.00	MAX OPTION -352.94

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
25065	IRMA ANTHONY	TULSA	DEATH 09-10	5,000.00	MAX OPTION	-1,023.23
25316	MAXINE CASE	TULSA	DEATH 08-10	5,000.00	OPTION-1	-1,926.67
25846	ANDREW HILL	LAWTON	DEATH 09-10	5,000.00	OP-2 POPUP	-2,434.45
25881	WILLIAM HORVATH	9 MILE FALLS WA	DEATH 09-10	5,000.00	MAX OPTION	-1,242.37
26072	HELLEN LEGAKO	WELLSTON	DEATH 09-10	5,000.00	OPTION-1	-401.04
26196	BOBBIE MCGEE	RYAN		Continued	OP-2 BENEF	2,060.40
26502	ALFRED ROACH	TULSA	DEATH 08-10	5,000.00	OPTION-1	-1,775.87
26990	AGNES JONES	STONEWALL	DEATH 08-10	.00	OP-2 BENEF	-353.22
27186	VERNON PETERSON	MUSKOGEE	DEATH 09-10	5,000.00	OPTION-2	-2,199.89
27204	VAL SEURER	GEARY	DEATH 09-10	5,000.00	MAX OPTION	-514.20
27501	IMOGENE CHISM	TULSA	DEATH 09-10	5,000.00	OP-2 POPUP	-1,557.67
27681	DOROTHY JENSEN	DECATUR GA	DEATH 09-10	.00	OP-2 BENEF	-2,316.83
27821	WANDA REDDEN	WAGONER	DEATH 09-10	5,000.00	OPTION-1	-2,075.06
28144	LAYMON KENNEDY	TULSA	DEATH 09-10	5,000.00	OPTION-3	-1,927.41
28198	GRACE GEROCK	WYANDOTTE	DEATH 09-10	5,000.00	OPTION-1	-220.11
28259	VIRGINIA RICHTER	OKLAHOMA CITY	DEATH 09-10	5,000.00	OP-2 POPUP	-1,790.52
29070	ROBERT REED	MIAMI	DEATH 09-10	5,000.00	OPTION-3	-2,901.35
29345	MARY OSTAFIN	OKLAHOMA CITY	DEATH 09-10	5,000.00	MAX OPTION	-978.31
29402	ALVIN MCDOWELL	OKLAHOMA CITY	DEATH 09-10	5,000.00	OPTION-1	-639.62
29893	GERALDINE WOODS	SHAWNEE	DEATH 09-10	5,000.00	MAX OPTION	-212.65
30799	MAX SULLINS	RED ROCK	DEATH	5,000.00	OPTION-3	-1,627.66
30799	CAROLYN SULLINS	PERKINS		Continued	OP-2 BENEF	813.83
31263	HELEN SMITH	TULSA	DEATH 08-10	5,000.00	OPTION-1	-507.58
31264	HELEN SMITH	TULSA	DEATH 08-10	.00	OP-2 BENEF	-1,080.88
31929	BETTY MILLER	APACHE	DEATH 09-10	5,000.00	OPTION-1	-1,647.82
32149	LORA STEARNS	CHOCTAW		Continued	OP-2 BENEF	2,190.21

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
32711	WILMA	HENSHAW	CACHE	DEATH 09-10	5,000.00	OP-3 POPUP	-546.11
32906	BETTIE	BELL	ADA	DEATH 09-10	5,000.00	MAX OPTION	-1,201.29
33298	MARVIN	BEST	SULPHUR	DEATH 09-10	5,000.00	OPTION-1	-1,972.86
33415	NAOMI	DUNN	BUFFALO	DEATH 09-10	5,000.00	OPTION-3	-1,139.26
34593	NANCY	BRUMFIELD	STILLWATER	DEATH 09-10	5,000.00	MAX OPTION	-467.76
35013	OTIS	HARLAN	BIG CABIN	DEATH 09-10	5,000.00	OPTION-3	-2,253.64
35230	NORMA	PENNINGTON	CHANDLER	DEATH 09-10	5,000.00	MAX OPTION	-1,571.38
35231	NORMA	PERKINS	SKIATOOK		Continued	OP-3 BENEF	865.65
35529	STANLEY	HARRISON	TULSA	DEATH 09-10	5,000.00	MAX OPTION	-2,931.56
36877	LOTTIE	ROSS	STRATFORD	DEATH 09-10	5,000.00	MAX OPTION	-1,190.86
36987	JUANITA	VARNER	COWETA		Continued	MAX OPTION	121.54
39685	BETTY	MCGOWAN	TULSA	DEATH 08-10	5,000.00	OP-2 POPUP	-1,825.75
40195	MODELL	DUNHAM	ANTLERS	DEATH 08-10	5,000.00	OPTION-1	-979.23
41292	RAYMOND	SCANTLIN	MINCO	DEATH 09-10	5,000.00	OP-2 POPUP	-1,079.12
41538	GERHARDT	SCHULZE	CHOUTEAU	DEATH 08-10	5,000.00	OPTION-1	-759.16
41703	DOROTHY	STAGGS	HASKELL	DEATH 09-10	5,000.00	MAX OPTION	-1,479.56
42346	BARBARA	PARKER	EDMOND	DEATH 09-10	5,000.00	OPTION-1	-2,031.62
42605	SHIRLEEN	HAUENSTEIN	EL RENO	DEATH 07-10	5,000.00	MAX OPTION	-672.24
42812	BUEL	GARNER	GOTEBO	DEATH 09-10	5,000.00	OPTION-2	-1,738.29
43146	RALPH	WEDDLE	HAVANA	AR DEATH 09-10	.00	OP-2 BENEF	-187.85
43543	SONDRA	COPELAND	PAULS VALLEY	DEATH 08-10	5,000.00	OPTION-1	-879.43
44558	DIXIE	KEARNS	TULSA	DEATH 08-10	5,000.00	OPTION-2	-136.25
44710	DOUGLAS	WARD	EDMOND	DEATH 09-10	5,000.00	OP-3 POPUP	-2,038.08
46626	ADALOU	PENNER	CORDELL		Continued	OP-3 BENEF	1,390.85
48349	PATRICIA	BRONSON	MCALESTER	DEATH 09-10	5,000.00	OPTION-1	-942.60
48473	WILLIAM	LOLLER	LONE WOLF	DEATH 09-10	5,000.00	OPTION-2	-1,116.00

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
48992	LYLE	PHELPS	SHIDLER	DEATH	5,000.00	OPTION-2	-357.08
48992	SHARON	PHELPS	SHIDLER		Continued	OP-2 BENEF	357.08
49310	MYRTLE	JONES	OKLAHOMA CITY	DEATH 09-10	5,000.00	OP-2 POPUP	-1,309.90
49637	MARY	CHILDS	BROKEN BOW		Continued	OP-2 BENEF	291.32
50884	CLOVIS	WEATHERFORD	EDMOND		Continued	OP-2 POPUP	3,038.47
50885	CLOVIS	WEATHERFORD	EDMOND	CANCL 11-10		OP-4 BENEF	-1,494.74
53617	DANNY	BLAKLEY	DOUGLAS	DEATH 09-10	5,000.00	MAX OPTION	-2,198.44
60660	VERAL	VANSANDT	KETCHUM	DEATH 09-10	5,000.00	OPTION-2	-2,005.28
62943	CAROLYN	CUNNINGHAM	STILLWATER	DEATH 09-10	5,000.00	MAX OPTION	-1,364.80
70249	BEATRICE	EDNIE	LAWTON	DEATH 09-10	12,465.71	MAX OPTION	-820.35
70697	JULIA	CRAWFORD	OKARCHE	TEACH 11-10		OPTION-1	-1,732.51
71601	DWIGHT	BRUSS	OKLAHOMA CITY	DEATH 09-10	5,000.00	OPTION-2	-2,641.53
73030	SHERLYN	MCBEE	TULSA	DEATH 09-10	25,545.24	MAX OPTION	-847.95
73510	ANITA	FREAM	NORMAN	TEACH 11-10		MAX OPTION	-858.97
73797	MARILYN	KOONTZ	TULSA	TEACH 11-10		OPTION-2	-2,476.34
74521	KIM	ANDERSON	STILLWATER	TEACH 11-10		OPTION-2	-3,443.65
75099	SUE	WILLIAMS	STILLWATER	TEACH 11-10		MAX OPTION	-3,029.51

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
D0514	GWYN	MILLER	APACHE	DEATH 09-10	5,000.00	DISABILITY	-1,329.91
D0580	CLAUDE	GILLETT	CHICKASHA	DEATH 09-10	5,000.00	DISABILITY	-1,794.48
D0653	MARY	CURY	TULSA	DEATH 09-10	5,000.00	DISABILITY	-629.51
D1173	ROBERTA	MORRIS	OKLAHOMA CITY	DEATH 09-10	5,000.00	DISABILITY	-1,437.75
D1739	ANITA	ALLEN	ARDMORE	DEATH 09-10	5,000.00	DISABILITY	-1,692.71
D2359	BARBARA	PITTMAN	CHOCTAW	CANCL 11-10		DISABILITY	-1,241.02
D3042	STEPHEN	SHUEY	CLAREMORE		Continued	OP-2 BENEF	1,118.12
D3068	SUZANNE	ATTOCKNIE	NORMAN	DEATH 09-10	23,528.44	DISABILITY	-1,059.75
D3163	BARBARA	PITTMAN	CHOCTAW		Continued	DISABILITY	1,241.02

TOTALS:

Payroll-Chg -129,979.08

Deceased 110

Retirement Canceled 2

Return To Teaching 5

Continued - Max Ben 1

Continued - Option1 0

Continued - Option2 8

Continued - Option3 2

Continued - Option4 0

Continued - Disable 1

Francis C. Jackson
ADMINISTRATIVE ASSISTANT

11-5-2010
DATE PREPARED