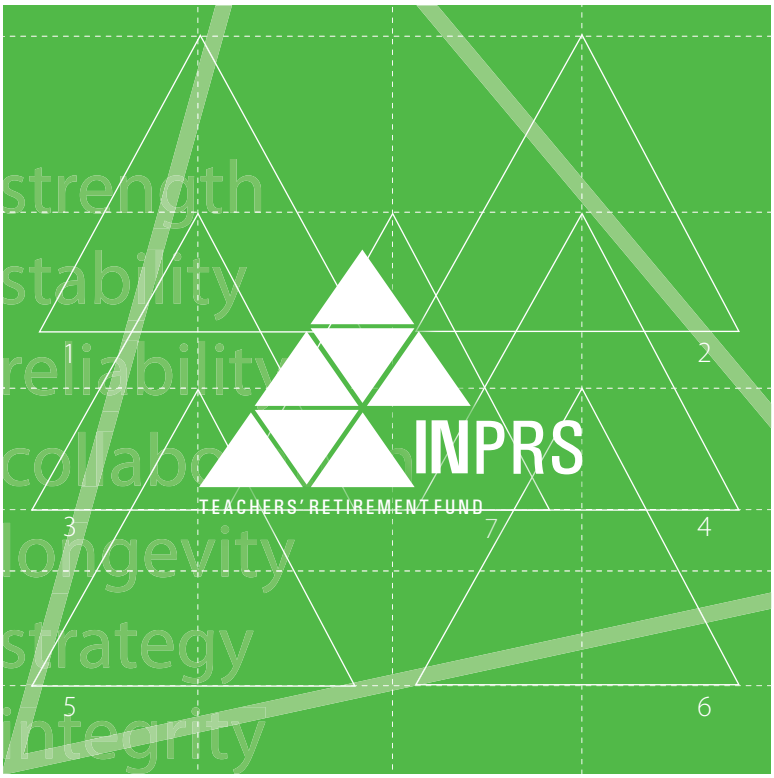
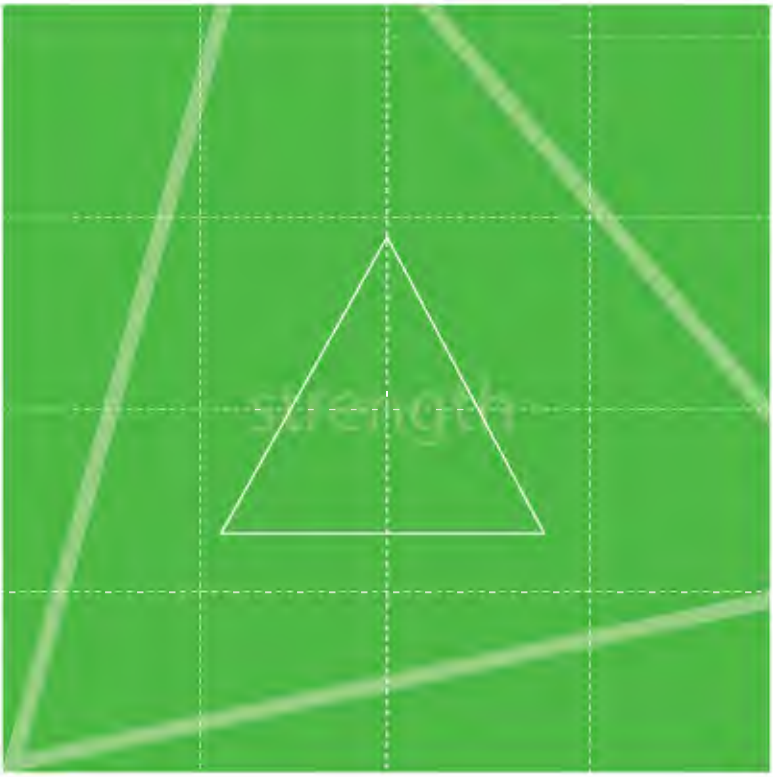


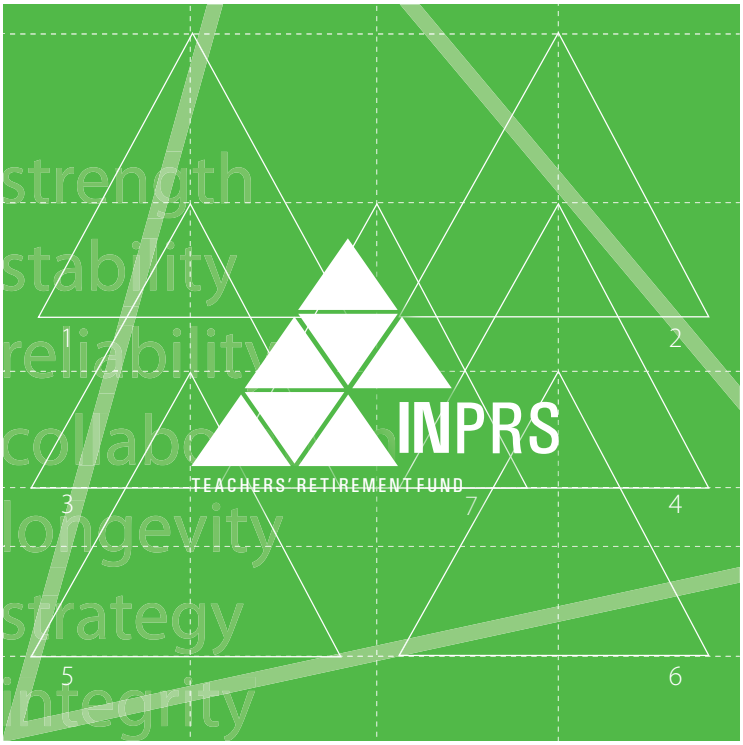
2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

The Teachers' Retirement Fund is a discretely presented component unit of the state of Indiana.





2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

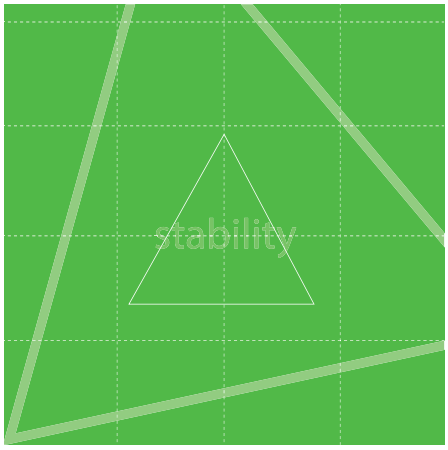
For the Fiscal Year Ended June 30, 2011

The Teachers' Retirement Fund is a discretely presented component unit of the state of Indiana.

Prepared By

Teachers' Retirement Fund | One North Capitol, Suite 001 | Indianapolis, IN 46204

Toll-free: (888) 286-3544 | www.inprs.in.gov | questions@inprs.in.gov



INPRS
TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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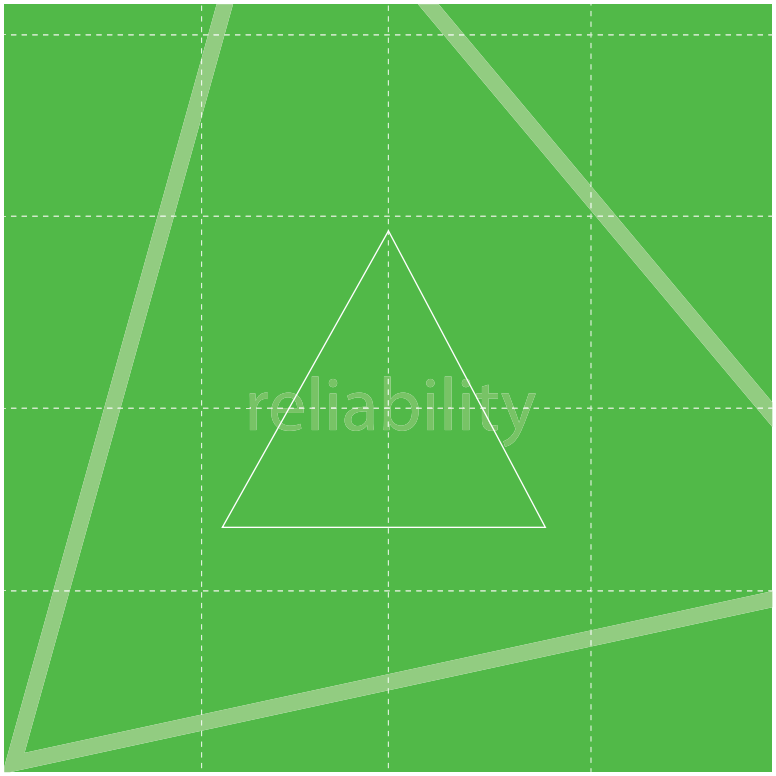

TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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Letter of Transmittal

Steve Russo
Executive Director

December 20, 2011

Dear Board Members:

It is with pleasure that we present the Comprehensive Annual Financial Report (CAFR) of the Indiana State Teachers' Retirement Fund (TRF) for the fiscal year ended June 30, 2011.

About the Indiana State Teachers' Retirement Fund

The Indiana General Assembly created the Indiana State Teachers' Retirement Fund (TRF or the Fund) in 1921 as a pay-as-you-go Defined Benefit retirement system to provide pension and disability benefits to its members and/or their beneficiaries. Pay-as-you-go means that the State decided not to pre-fund the teachers' retirements through employee and employer contributions while the members were actively teaching. Instead, the State chose to appropriate money for the retirement benefits as they became due for payment. Upon reaching age and service eligibility requirements, members are entitled to a Defined Benefit payment based in part upon a formula that takes into account the member's age, years of service, and the average of the member's highest five years of salary.

Since its establishment, the laws governing the administration of TRF have changed and expanded in response to the needs of our members, employers, and citizens. In 1955, the Annuity Savings Account (ASA) was established in its current form, requiring a percentage contribution based on member salary. This benefit is currently funded by a 3 percent member contribution; however, by statute, employers are allowed to make the 3 percent contribution on behalf of the member. Members are immediately vested in their ASAs. Upon retirement, members can withdraw their ASA balances in a lump sum or they can convert their balances into an annuitized amount that is added to their Defined Benefit.

The 1995 legislative session brought several significant changes to TRF. Legislation was passed that closed the pay-as-you-go plan (named the Pre-1996 Account) to newly hired members and created a new account named the 1996 Account. All teachers hired after June 30, 1995, would be members of the 1996 Account. This account was established to be actuarially

pre-funded by requiring school corporations to set aside a fixed percentage of payrolls for teacher retirement benefits. Also, in 1995, the General Assembly passed legislation creating the Pension Stabilization Fund (PSF), designed to partially fund TRF's unfunded liability of the Pre-1996 Account. The PSF was initially funded from $425 million of employer reserves from the Pre-1996 Account and, since that time, has received contributions from the Indiana State General Fund, contributions from the Indiana State Lottery, and interest earned from the investment of PSF assets. As of June 30, 2011, TRF's combined net assets had a market value of $9.12 billion, of which $2.26 billion resides in the PSF.

A public referendum held in 1996 approved an amendment to the Indiana Constitution to allow the Fund to invest in equities. Since that time, the Fund has been able to diversify its asset classes and grow its asset base. Beginning in 1998, TRF members were able to select from expanded investment choices that included equities, thereby diversifying their ASAs.

In 2000, legislation established that TRF was no longer a state agency but an "independent body corporate and politic", meaning it is not a department or agency of the State but is an independent instrument exercising essential government functions. Though TRF is under the authority of the governor and the Office of Management and Budget (OMB), it is not under the jurisdiction or authority of the State Personnel Department or the Department of Administration. By Executive Order of the Governor, the Fund is under the jurisdiction of the State Ethics Commission.

Indiana Code established a six-member Board of Trustees to oversee TRF. Five trustees, two of whom were required to be members of the Fund, were appointed by the governor. The sixth member of the Board was required to be a director of the budget agency or the director's designee.

In 2010, legislation required the boards of TRF and the Indiana Public Employees' Retirement Fund (PERF) to jointly appoint a common executive director and to cooperate to the extent practical and feasible in the investing of fund assets. In May 2010, the PERF and TRF Boards jointly appointed a common executive director to carry out the policies set by the Boards and to administer the Funds on a daily basis. During fiscal year 2011, a single common organization was implemented to most efficiently serve the needs of both TRF and PERF. In 2011, additional legislation was passed that created the Indiana Public Retirement System (INPRS), effective July 1, 2011. While the TRF fund remains a separate and distinct fund, this CAFR marks the end of a separate CAFR for TRF. Next year will be the inaugural year of a consolidated CAFR for all funds now administered by INPRS.

The TRF fund is comprised of approximately 162,000 members and approximately 370 employers. TRF provides a monthly benefit to approximately 46,000 retirees and maintains accounts for approximately 73,000 active members and 43,000 inactive members. Details about the demographics of TRF members can be found in the Statistical Section of this report.

Benefit Plan and Other Legislative Changes during Fiscal Year 2011

Several changes took effect during fiscal year 2011:

- One-time Check – Effective upon passage, in lieu of a Cost of Living Adjustment (COLA), the General Assembly provided a one-time check to members, survivors and beneficiaries who retired before January 1, 2010. The amount of the one-time check ranged from $125 to $400 depending upon a member's years of service and was to be paid to members no later than October 1, 2010.
- Beneficiaries – Effective July 1, 2010, permits a TRF member to allocate his or her benefit shares by percentages to more than one beneficiary.

- Appeal Rights – Effective July 1, 2010, provides that a TRF member may appeal his or her retirement or disability retirement benefit up to six years after his or her retirement effective date.
- Five Star Mortgages – Effective July 1, 2010, provides that TRF may offer Five Star Mortgages as an investment option to members.
- Indefinite Teacher Contracts – Effective July 1, 2010, removes the age limit for teachers who hold an indefinite contract.

Management's Responsibility for Financial Reporting

TRF's management has the fiduciary responsibility to safeguard the fund and is responsible for the contents of this report. TRF's management is also responsible for establishing and maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization. The internal control framework has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To ensure the validity of these controls, a system of both external and internal checks and balances exists. TRF's management is also charged with recording these transactions as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes the written policies and procedures of the Board of Trustees.

For financial reporting purposes, TRF follows Governmental Accounting Standards Board (GASB) Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. Assets of TRF are presented at fair value. The actuarial value of assets and the actuarial accrued liability are presented in the Required Supplemental Schedules following the Notes to the Financial Statements.

GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement establishes financial reporting standards for state and local governments. The Management's Discussion and Analysis is contained within the Financial Section of this report and serves to supplement the Introductory Section of this CAFR, as well as financial statements, notes, and supplementary information within the Financial Section.

Economic Condition

TRF's economic condition is based primarily upon appropriations from the Indiana State General Assembly, contributions from members and employers, and investment results. In fiscal year 2011, the State of Indiana met its funding obligations to the TRF Pre-1996 Account. The State provided all expected payments to Indiana school corporations, thus providing an added level of assurance that school corporations could meet their obligations to pay required employer contributions to the TRF 1996 Account. In fiscal year 2011, TRF received all required appropriations from the State of Indiana and all required contributions from members and employers. Strategic Investment Solutions, Inc. (SIS), TRF's primary investment management consultant, evaluated the impact of economic conditions on TRF's investments. SIS's report is located in the Investment Section of this report.

Investments

Fiscal year 2011 was an excellent year from an investment return perspective despite an ongoing uncertainty in overall global economic conditions. The Defined Benefit (DB) assets returned a positive 18.0 percent net of fees. A common measure of investment performance is to compare a portfolio's actual return to its benchmark return. TRF's investment performance was not only better than the target benchmark of 16.8 percent for fiscal year 2011, but it remains better than the benchmark

return over the past three- and five-year periods. While the DB assets' 5-year return rate of 4.2 percent remains below the fund's long-term actuarial assumed rate of 7 percent, the 8-year annualized net of fee rate of return is 7 percent.

Prudent diversification through strategic asset allocation is fundamental to TRF's overall investment policy. The policy is designed to provide an optimal mix of asset classes to meet TRF's long-term return objectives, while still minimizing risks. TRF continues to make progress in diversifying the mix of asset classes and adjusting its risk and return profile to deliver the earnings needed to meet benefit obligations. TRF has also begun the process of establishing a more robust risk management program. Detailed investment policies and performance results can be found in the Investment Section of this report.

Funding

An actuarial analysis of TRF is performed on an annual basis. An assumption experience study is performed every three to five years. The actuarial firm, Nyhart, completed the most recent annual actuarial analysis as of June 30, 2010. An assumption experience study was last completed in August of 2008. One of the purposes of the actuarial analysis is to measure the funding status, typically referred to as the funded percentage. The percentage is computed by dividing the actuarial value of net assets by the actuarial accrued liability. This ratio provides an indication of the funding status of the plan, and generally, the greater this percentage, the stronger the plan.

As discussed earlier in this letter, TRF is comprised of two separate accounts, the Pre-1996 Account and the 1996 Account. Each of these accounts is funded differently. Given that the Pre-1996 Account is funded on a pay-as-you-go basis from the State of Indiana, the funded percentage measurement is not as meaningful in measuring the strength of this account.

However, the application of the funded percentage to the 1996 Account is more meaningful, as this account is actuarially pre-funded by contributions from members and employers. The funded percentage of the 1996 Account is a healthy 94.7 percent. Another purpose of the actuarial analysis is to guide the Board of Trustees in the determination of the required contribution rate as a percent of payroll from employers. In fiscal year 2010, the required Defined Benefit contribution rate from employers for members in the 1996 Account was 7.5 percent of payroll.

Details of the actuarial analysis can be found in the Actuarial Section of the report. Supporting statistics can be found in the Statistical Section. In the Statement of Changes in Fiduciary Net Assets, contained in the Financial Section of this report, the accumulated balance of funds derived from the excess of additions over deductions is referred to as the net assets held in trust for pension benefits. The actuarial accrued liability is not disclosed in the Financial Statements but is disclosed in the Schedule of Funding Progress in the Required Supplemental Schedules following the Notes to the Financial Statements.

Accomplishments in 2011

TRF continued its pursuit of excellence throughout fiscal year 2011. TRF's commitment to outstanding customer service was demonstrated by the continued implementation of operational programs that have resulted in over 99 percent of new retirees receiving their first pension payment on time. Over 90 percent of members who received services from TRF rated their experience as good or excellent. A single administrative organization was implemented by bringing together the best practices of PERF and TRF without any interruption or impact on our members. The merging of TRF and PERF administrative functions delivered $1.5 million per year in ongoing administrative cost savings in addition to $10.6 million per year in investment costs. In total, the net present value of the savings represents over $170 million in savings to Indiana taxpayers. Significant progress continues in the implementation of new information technologies. TRF successfully completed its fourth year of a multi-year program to modernize its business processes and systems. Most notably, the ASA platform was

overhauled and modernized. Effective August 2010, TRF member ASA accounts are valued on a daily basis versus quarterly, members can securely access their accounts online 24/7, and can transfer fund balances between a greater variety of fund choices on a daily basis.

Following this letter, you will find a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) and an Achievement Award from the Public Pension Coordinating Council (PPCC). The GFOA certification for TRF's 2010 CAFR marks the third consecutive year that a TRF annual report has achieved this recognition. The PPCC award recognizes TRF's excellence in meeting professional standards for plan design and administration. This recognition rates TRF's system management and administration among an exclusive handful of public retirement systems in the nation and also marks the third consecutive year TRF has achieved this distinction.

Acknowledgements

The compilation of this report reflects the combined efforts of TRF staff and advisors. It is intended to demonstrate the spirit of full disclosure and to provide information for use as the basis for making management decisions, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the assets contributed by our members and employers.

We express our gratitude to the staff, advisors, and all who have contributed to the preparation of this report. The TRF staff also wishes to express our gratitude to Indiana Governor Mitch Daniels, the Indiana General Assembly, members of the Indiana Pension Management Oversight Commission, and the TRF Board of Trustees who provided TRF staff the privilege of serving the needs of our members and employers.

Sincerely,

Steve Russo
Executive Director

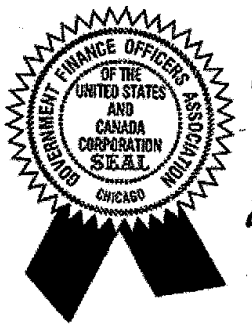
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Indiana State Teachers' Retirement Fund

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

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



President

Executive Director

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2011

Presented to

Indiana Public Retirement System (Teachers' Retirement Fund)

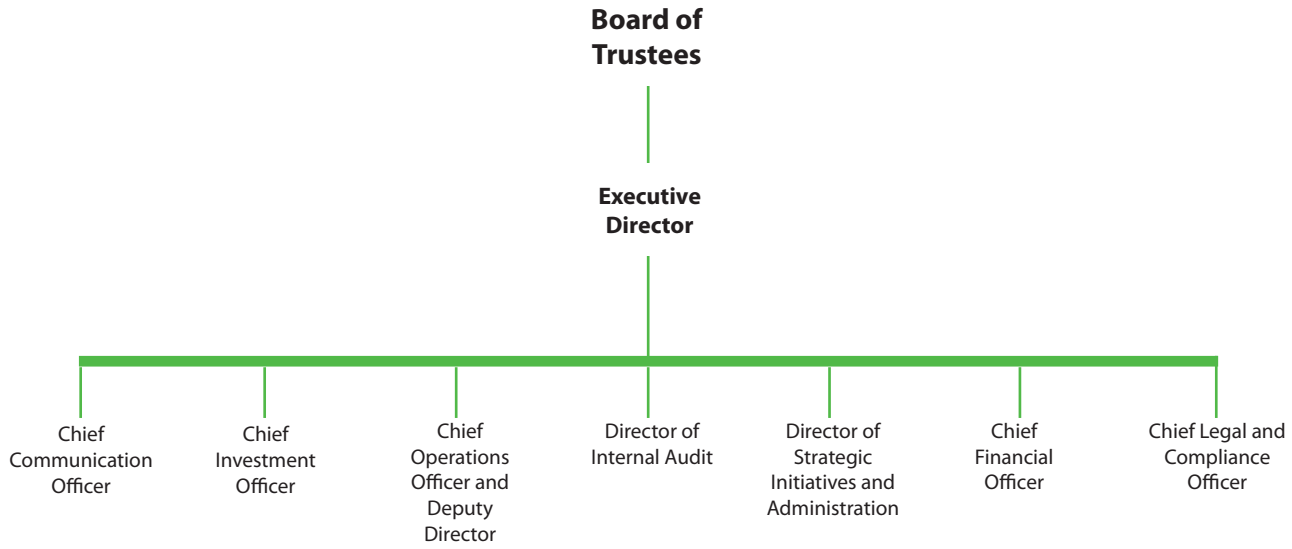
In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Organizational Chart



Mitch Daniels
Governor

Becky Skillman
Lt. Governor

Executive Team

Steve Russo
Executive Director

Steven Barley
Chief Operations Officer and Deputy Director

David Cooper
Chief Investment Officer

Donna Grotz
Director of Strategic Initiatives and Administration

Jeffrey Hutson
Chief Communication Officer

Julia Pogue
Chief Financial Officer

Teresa Snedigar
Director of Internal Audit

Andrea Unzicker
Chief Legal and Compliance Officer

Professional Consultants

Ice Miller
One American Square
Suite 2900
Indianapolis, IN 46282

Krieg DeVault LLP
One Indiana Square
Suite 2800
Indianapolis, IN 46204

KPMG
303 East Wacker Drive
Chicago, IL 60601

Nyhart
8415 Allison Pointe Boulevard,
Suite 300
Indianapolis, IN 46250

Strategic Investment Solutions, Inc.
333 Bush Street, Suite 2000
San Francisco, CA 94104

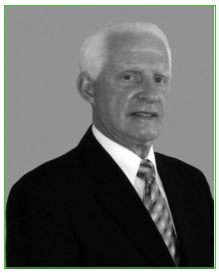
A list of investment professionals can be found on page 72.

Board of Trustees and Executive Team

Board of Trustees

Ken Cochran
Chair

Greg Hahn
Vice Chairman



Allen Clark

Chris Ruhl

Bret Swanson

Cari Whicker

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Executive Director

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Chief Operations Officer and Deputy Director

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Chief Investment Officer

Donna Grotz
Director of Strategic Initiatives and Administration

Jeffrey Hutson
Chief Communication Officer

Julia Pogue
Chief Financial Officer

Teresa Snedigar
Director of Internal Audit

Andrea Unzicker
Chief Legal and Compliance Officer

Membership and Eligibility

The membership of the Indiana State Teachers' Retirement Fund includes eligible educators and administrators.

Members Receiving Retirement Benefits

Age	Years of Service	Allowance Reduction
50 to 59	15 or more	11% at age 59, additional 5% for each year under age 59
55	Age at retirement plus total years of service equals 85 or more	None
60	15 or more	None
65	10 or more	None

BENEFIT FORMULA

Annual Benefit =
Average of Highest 5 Years of Annual Compensation x Total Years of Service x 1.1% (0.011)
+
Annuity Savings Account[1]

[1]At retirement, a member can elect to receive the Annuity Savings Account as a monthly supplement to the Defined Benefit or in a total distribution.

Cost of Living Adjustments (COLA)

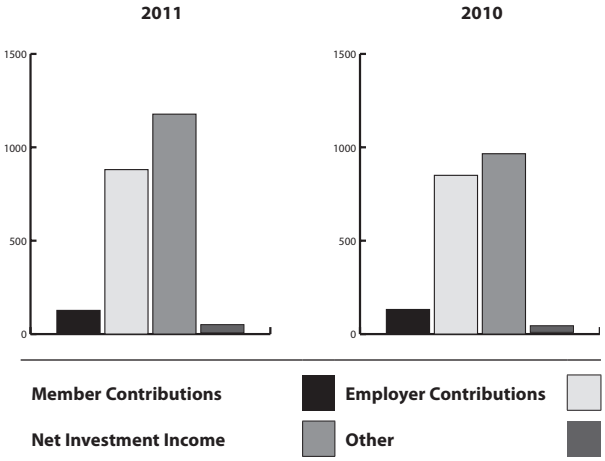
Cost of living adjustments are passed by the Indiana General Assembly on an ad-hoc basis.

Contribution Rates

- Members are required to contribute 3 percent of gross wages to their Annuity Savings Accounts. Employers have the option of making all or part of this 3 percent contribution on behalf of the member.
- Members may also voluntarily contribute up to an additional 10 percent of their wages into their Annuity Savings Accounts, under certain limitations.
- The amount (rate) of employer contributions in the 1996 Account is adopted by the Board of Trustees based on recommendations by the Indiana State Teachers' Retirement Fund's actuary.

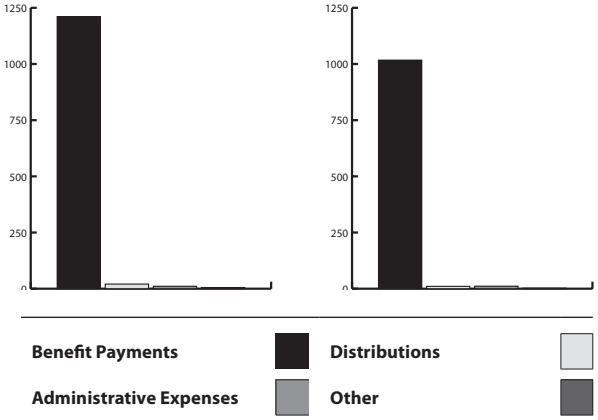
Fund Highlights, continued

Additions by Source
For fiscal year ended June 30 *(in millions)*



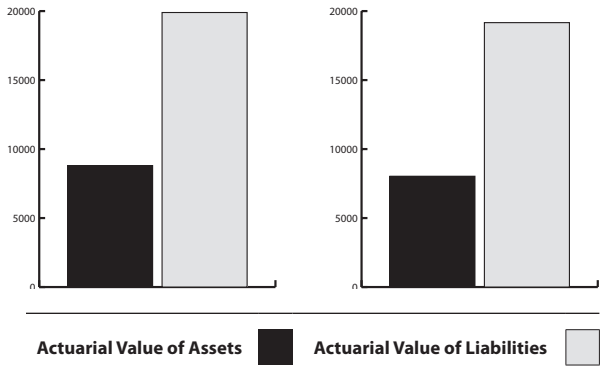
For fiscal year ended June 30 *(dollars in millions)*	2011	2010
Additions by Source		
Member Contributions	$ 126.8	$ 131.7
Employer Contributions	880.6	849.9
Net Investment Income	1,177.4	965.6
Other	43.8	35.4
Total Additions by Source	**$ 2,228.6**	**$ 1,982.6**

Deductions by Type
For fiscal year ended June 30 *(in millions)*

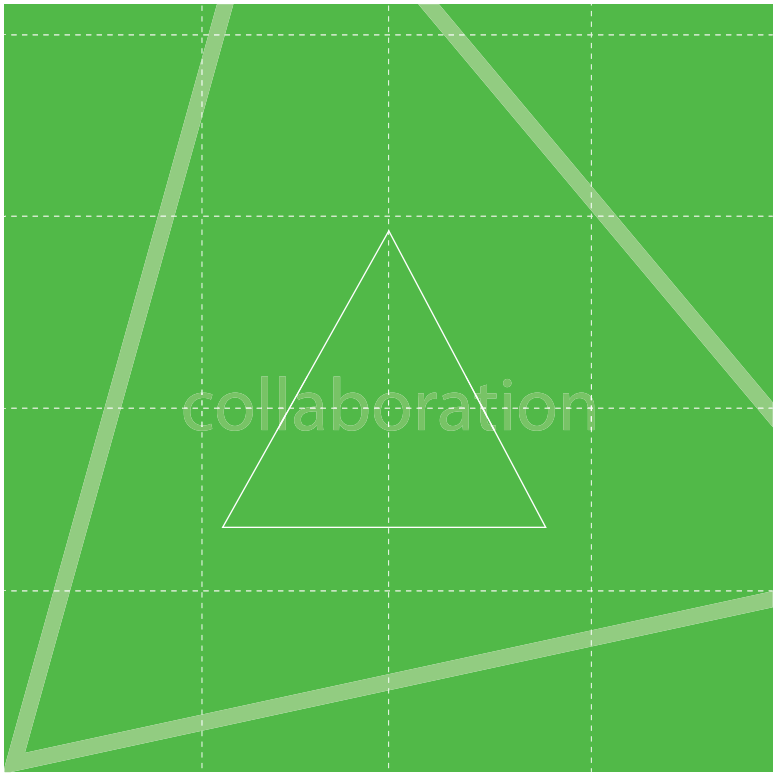


For fiscal year ended June 30 *(dollars in millions)*	2011	2010
Deductions by Type		
Benefit Payments	$ 1,211.0	$ 1,017.1
Distributions of Contributions and Interest	20.6	10.4
Administrative and Project Expenses	10.8	11.1
Other	5.2	2.4
Total Deductions by Type	**$ 1,247.6**	**$ 1,041.0**

Funding Progress
Actuarial valation as of June 30 *(in millions)*



Actuarial Valuation as of June 30 *(dollars in millions)*	2010	2009
Funding Progress		
Actuarial Value of Assets	$ 8,805.0	$ 8,029.8
Actuarial Value of Liabilities	19,896.6	19,162.6
Funding Ratios	**44.3%**	**41.9%**



TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TEACHERS' RETIREMENT FUND BOARD OF TRUSTEES

We have audited the accompanying financial statements of the Teachers' Retirement Fund Board of Trustees, as of, and for the year ended June 30, 2011. These financial statements are the responsibility of the Teachers' Retirement Fund Board of Trustees' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Teachers' Retirement Fund Board of Trustees' internal control over reporting. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Teachers' Retirement Fund Board of Trustees as of June 30, 2011, and the respective changes in the financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, Schedules of Funding Progress, and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 audit was performed for the purpose of forming opinions on the financial statements taken as a whole. The Introductory Section, Administrative Expenses, Investment Expenses, Contractual and Professional Service Expenses, Investment Section, Actuarial Section, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Administrative Expenses, Investment Expenses, and Contractual and Professional Service Expenses have been subjected to the auditing procedures applied in the audit 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. The Introductory Section, Investment Section, Actuarial Section, and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 14, 2011

Management's Discussion and Analysis

This section presents Management's Discussion and Analysis (MD&A) of the Indiana State Teachers' Retirement Fund (TRF) financial statements for the fiscal year ended June 30, 2011. The MD&A is presented as a narrative overview and analysis. The MD&A should be read in conjunction with the Financial Statements, the Notes to the Financial Statements, and the Required Supplemental Schedules.

Financial Highlights

- The net assets of TRF were $9.1 billion as of June 30, 2011.

- The net assets of TRF increased by $1.0 billion, or 12.1 percent, from the prior fiscal year. The increase was primarily due to positive total returns on Fund investments, resulting in higher investment values.

- The TRF rate of return on investments for the fiscal year was positive 14.9 percent on a market value basis, compared to last fiscal year's positive 13.5 percent, as stocks and bonds continued to provide positive returns. The Defined Benefit assets (i.e., TRF-controlled asset allocation) returned a positive 18.0 percent. The Annuity Savings Account (ASA) assets (i.e., member-controlled asset allocation) returned a positive 8.8 percent, since 68.3 percent of the members' ASA assets were invested in the Guaranteed Fund which returned 1.75 percent for fiscal year 2011.

- As of June 30, 2010, the date of the most recent actuarial valuation, the Pre-1996 Account (a pay as you go plan) is actuarially funded at 33.1 percent, which is more than the 31.9 percent funded level as of June 30, 2009. The 1996 Account is actuarially funded at 94.7 percent, which is more than the 93.1 percent funded level as of June 30, 2009. The Pre-1996 Account includes all members who were hired before July 1, 1995, and have been continuously employed by the same Board of Education as they were on that date. The 1996 Account includes all other members.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to TRF's Financial Statements, which are comprised of three components: (1) Financial Statements, (2) Notes to the Financial Statements, and (3) Required Supplemental Schedules. The information available in each of these sections is briefly summarized as follows:

1) Financial Statements

The Statement of Fiduciary Net Assets presents information on TRF's assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects TRF's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities. This statement indicates the net assets available to pay future pension benefits and gives a snapshot at a particular point in time.

The Statement of Changes in Fiduciary Net Assets presents information showing how TRF's net assets held in trust for pension benefits changed during the fiscal year ended June 30, 2011. It reflects contributions by members and employers, along with deductions for retirement and annuity benefits, administrative expenses, and other deductions. Investment income and losses, resulting from investing and securities lending activities during the period, are also presented.

2) Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in TRF's Financial Statements.

3) Required Supplemental Schedules

The Required Supplemental Schedules consist of a Schedule of Funding Progress and a Schedule of Contributions from the Employers and Other Contributing Entities.

Financial Analysis

TRF's total assets were $9.9 billion as of June 30, 2011, compared with $9.3 billion as of June 30, 2010. The increase in total assets was primarily due to increases in the market value of investments driven by a 14.9 percent return on investment and an increase in receivables for securities sold as of June 30, 2011, partially offset by the elimination of securities lending collateral as the program was temporarily discontinued due to the change of custodians on July 1, 2011.

Total liabilities were $0.8 billion as of June 30, 2011, compared with $1.2 billion as of June 30, 2010. The decrease in total liabilities was primarily due to the elimination of the securities lending program referenced above, partially offset by an increase in payables for securities purchased as of June 30, 2011.

As the table below shows, total net assets were $9.1 billion as of June 30, 2011, which represents an increase of $1.0 billion, or 12.1 percent, compared to the prior fiscal year, driven primarily by the increase in market value of investments during the year.

Net Assets
(dollars in thousands)

	June 30, 2011	June 30, 2010	Increase / (Decrease)	% Change
Assets				
Cash and Cash Equivalents	$ 730,869	$ 589,589	$ 141,280	24.0 %
Securities Lending Collateral	-	916,206	(916,206)	(100.0)
Receivables	442,546	199,744	242,802	121.6
Investments	8,704,940	7,611,007	1,093,933	14.4
Other Assets	3,009	2,144	865	40.3
Total Assets	**$ 9,881,364**	**$ 9,318,690**	**$ 562,674**	**6.0 %**
Liabilities				
Securities Lending Collateral	$ -	$ 916,206	$ (916,206)	(100.0)%
Other Current Liabilities	759,567	261,655	497,912	190.3
Long-term Liabilities	60	60	-	-
Total Liabilities	**$ 759,627**	**$ 1,177,921**	**$ (418,294)**	**(35.5)%**
Total Net Assets	**$ 9,121,737**	**$ 8,140,769**	**$ 980,968**	**12.1 %**
Investment, Administrative and Other Expenses as a Percent of Net Assets	0.57 %	0.67 %	(0.10) %	

The following table presents TRF's investment allocation for employer-controlled assets (i.e., Defined Benefit plan assets) as of June 30, 2011, compared to TRF's target investment allocation and the prior fiscal year's allocation.

Asset Allocation

	June 30, 2011 Actual	June 30, 2011 Target	June 30, 2010 Actual	Allowable Range For Investments
Global Equity	49.0%	41.0%	43.5%	26% to 56%
Global Fixed Income	37.3	37.0	43.0	28% to 47%
Inflation Sensitive	9.4	18.0	9.4	10% to 26%
Absolute Return	4.3	4.0	4.1	2% to 6%
Total	**100.0%**	**100.0%**	**100.0%**	

Due to the length of time needed to invest in illiquid alternative assets, such as private real estate, the Inflation Sensitive asset class is slightly below its range.

A summary of the changes in net assets during the fiscal years ended June 30, 2011 and 2010 is presented below:

Changes In Net Assets

(dollars in thousands)

	Fiscal Year Ended			
	June 30, 2011	June 30, 2010	Increase / (Decrease)	% Change
Additions				
Member Contributions	$ 126,784	$ 131,676	$ (4,892)	(3.7) %
Employer Contributions	880,611	849,855	30,756	3.6
Employer Contributions to Pension Stabilization Fund	35,000	30,000	5,000	16.7
Net Investment Income	1,177,389	965,556	211,833	21.9
Transfer from Public Employees' Retirement Fund	8,827	5,510	3,317	60.2
Total Additions	**$ 2,228,611**	**$ 1,982,597**	**$ 246,014**	**12.4 %**
Deductions				
Pension and Disability Benefits	$ 1,210,999	$ 1,017,104	$ 193,895	19.1 %
Distribution of Contributions and Interest	20,565	10,447	10,118	96.9
Administrative & Other Expenses	10,840	11,076	(236)	(2.1)
Transfer to Public Employees' Retirement Fund	5,239	2,339	2,900	124.0
Total Deductions	**$ 1,247,643**	**$ 1,040,966**	**$ 206,677**	**19.9 %**
Net Increase in Net Assets	**$ 980,968**	**$ 941,631**	**$ 39,337**	**4.2 %**
Net Assets - Beginning of Year	**$ 8,140,769**	**$ 7,199,138**	**$ 941,631**	**13.1 %**
Net Assets - End of Year	**$ 9,121,737**	**$ 8,140,769**	**$ 980,968**	**12.1 %**

Additions

Additions needed to fund benefit payments are accumulated through contributions from members and employers, as well as returns on invested funds. Member contributions for the year ended June 30, 2011 totaled $126.8 million. This represents a decrease of $4.9 million, or 3.7 percent, compared to the prior fiscal year. Employer contributions were $880.6 million, an increase of $30.8 million, or 3.6 percent. The increase was due to larger appropriations made by the State of Indiana and new employees in the 1996 Account for whom the employers were making contributions. Employer contributions of $35.0 million to the Pension Stabilization Fund came from the Indiana State Lottery.

TRF's recognized net investment income of $1,177.4 million for the fiscal year ended June 30, 2011, compares to the net investment income of $965.6 million in the prior fiscal year. The higher investment income was primarily due to the

continued recovery in the financial markets during the fiscal year. As a result, the total rate of return on TRF's investments was a positive 14.9 percent, compared to a positive 13.5 percent in the prior fiscal year. The positive rates of returns were experienced across all market segments.

Deductions

The deductions from TRF's net assets held in trust for pension benefits include primarily payments for retirement, disability, and survivor benefits, distribution of contributions and interest, and administrative expenses. For the fiscal year ended June 30, 2011, benefit payments amounted to $1,211.0 million, an increase of $193.9 million, or 19.1 percent, from the prior fiscal year due to the increase in the number of retirees. Distributions of contributions and interest were $20.6 million, which represents an increase of $10.1 million, or 96.9 percent, from the prior fiscal year. The increase of distributions of contributions and interest was primarily due to inactive members withdrawing their funds since the accounts were no longer receiving interest or earnings.

Administrative and other expenses were $10.8 million, which was a decrease of $0.2 million, or 2.1 percent, from the prior fiscal year.

Historical Trends

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The funded ratios of the Defined Benefit pension plans administered by TRF as of the latest actual valuations were as follows:

	June 30, 2010	June 30, 2009
Pre –1996 Account	33.1%	31.9%
1996 Account	94.7	93.1

An analysis of the funding progress and employer contributions is provided in the Required Supplemental Schedules section of the Financial Statements.

Statement of Fiduciary Net Assets

INDIANA STATE TEACHERS' RETIREMENT FUND

As of June 30, 2011 and June 30, 2010 *
(dollars in thousands)

	2011	2010
Assets		
Cash and Cash Equivalents	$ 730,869	$ 589,589
Securities Lending Collateral	0	916,206
Receivables:		
Employer Contributions	35,909	35,085
Member Contributions	24,500	27,433
Member Benefits Receivable	331	582
Interest and Dividends	34,167	33,830
Due from Public Employees' Retirement Fund	1,054	1,371
Securities Sold	346,585	101,443
Total Receivables	442,546	199,744
Investments:		
Debt Securities	4,438,726	4,406,995
Equity Securities	3,287,935	2,495,072
Other	978,279	708,940
Total Investments	8,704,940	7,611,007
Capitalized Assets (Original Cost of $3,775 Thousand):		
Net of $766 Thousand Accumulated Depreciation)	3,009	2,144
Total Assets	**9,881,364**	**9,318,690**
Liabilities		
Benefits Payable	99,075	70,463
Accounts Payable	10,656	5,419
Accrued Salaries Payable	111	141
Accrued Liability for Compensated Absences - Current	70	70
Due to Public Employees' Retirement Fund	738	167
Securities Lending Collateral	0	916,206
Payables for Securities Purchased	648,917	185,395
Total Current Liabilities	759,567	1,177,861
Accrued Liability for Compensated Absences - Long-Term	60	60
Total Liabilities	**759,627**	**1,177,921**
Net Assets Held in Trust for Pension Benefits	**$ 9,121,737**	**$ 8,140,769**

** The accompanying notes are an integral part of the financial statements.*

Statement of Changes in Fiduciary Net Assets

INDIANA STATE TEACHERS' RETIREMENT FUND

For the fiscal years ended June 30, 2011 and June 30, 2010 *
(dollars in thousands)

	2011	2010
Additions:		
Contributions:		
Member Contributions	$ 126,784	$ 131,676
Employer Contributions	880,611	849,855
Employer Contributions - Pension Stabilization Fund	35,000	30,000
Total Contributions	1,042,395	1,011,531
Investment Income:		
Net Appreciation in Fair Value of Investments	1,012,842	802,261
Interest and Dividend Income	202,562	204,202
Securities Lending Income	2,720	2,460
Total Investment Income	1,218,124	1,008,923
Less Investment Expenses:		
Investment Fees	(40,233)	(42,892)
Securities Lending Fees	(502)	(475)
Net Investment Income	1,177,389	965,556
Other Additions:		
Transfer from Public Employees' Retirement Fund	8,827	5,510
Total Additions	**2,228,611**	**1,982,597**
Deductions:		
Pension and Disability Benefits	1,210,999	1,017,104
Distributions of Contributions and Interest	20,565	10,447
Administrative Expenses	9,020	7,862
Project Expenditures	1,630	2,884
Depreciation and Amortization Expense	190	330
Transfer to Public Employees' Retirement Fund	5,239	2,339
Total Deductions	**1,247,643**	**1,040,966**
Net Increase in Net Assets Held in Trust for Pension Benefits	**980,968**	**941,631**
Net Assets - Beginning of Year	**8,140,769**	**7,199,138**
Net Assets - End of Year	**$ 9,121,737**	**$ 8,140,769**

** The accompanying notes are an integral part of the financial statements.*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity - The financial statements presented in this report represent only those funds that the Indiana State Teachers' Retirement Fund (TRF) has responsibility for and are not intended to present the financial position or results of operations of the State of Indiana or all of the retirement and benefit plans administered by the State. Effective July 1, 2000, TRF became an independent body corporate and politic (Public Law 119-2000). TRF is not a department or agency of the State; it is an independent body corporate and politic which exercises essential government functions. The members of the Board of Trustees of the Indiana State Teachers' Retirement Fund are appointed by the Governor of the State of Indiana, and a financial benefit/burden relationship exists between TRF and the State of Indiana. For these reasons, TRF is considered a component unit of the State of Indiana for financial statement reporting purposes.

B. Basis of Presentation - The financial statements of the Indiana State Teachers' Retirement Fund have been prepared using fund accounting in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for established governmental accounting and financial reporting principles. GASB Statement No. 25 has been implemented for the Defined Benefit pension plans.

C. Fund Accounting - Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The Indiana State Teachers' Retirement Fund is a pension trust fund. For a description of this Fund, see Note 2.

D. Basis of Accounting - The records of this Fund are maintained on a cash basis. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Member and Employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and Refund disbursements are recognized when due and payable in accordance with the terms of the Fund.

E. Budgets - A budget for the administrative, project, and investment expenses is prepared and approved by the Board of Trustees.

F. Deposits and Investments – The Board of Trustees of TRF has published an Investment Policy Statement. This document sets forth the investment policies which the Board judges to be appropriate and prudent, in consideration of the needs of the Fund, legal requirements applicable to the Fund, and to direct investment of the Fund's assets. An asset allocation review is conducted at least annually to determine the allocation in achieving the objectives of the Fund. A formal asset-liability study is conducted at least once every three years. The study analyzes the expected returns of various asset classes, projected liabilities, risks associated with alternative asset mix strategies and their effect on the projected market value of assets, funded status and contribution needs of the Fund. The outcome of the study and/or asset allocation review shall be a prudently diversified portfolio that is expected to meet the actuarial return target within the risk tolerance of the Board.

The investment guidelines authorize investments in government, corporate and international debt, domestic and international equities, mutual funds, derivatives, hedge funds, private equity investments, real estate and real assets. See Notes 4, 5 and 6 for more details.

G. Method Used to Value Investments – GASB No. 25 requires that investments of Defined Benefit plans be reported at fair value. The diversity of the investment types in which the Fund invests requires a wide range of techniques to determine fair value. The overall valuation processes and information sources by major asset classification are as follows:

Short Term

Short-term securities can consist of U.S. Treasury, Money Market Funds, Commercial Paper, and other allowable instruments that meet short-term maturity or average life, diversification and credit quality restrictions. Assets are reported at fair value or cost or amortized cost that approximates fair value. Fair value is determined based upon quoted market prices.

Debt Securities

Debt securities consist primarily of obligations of the U.S. Government and U.S. Government sponsored agencies, corporations, and securitized offerings backed by residential and commercial mortgages, credit cards, auto and student loans. Certain debt securities have an active market for identical securities. These securities can typically be valued using the close or last traded price on a specific date. The majority of other debt securities is not as actively traded and is thus valued using pricing vendors, which use modeling techniques that include market observable inputs required to develop a fair value. Typical inputs include recent trades, yields, price quotes, cash flows, maturity, credit ratings and other assumptions based on the specifics of the asset type.

Equity Securities

The majority of domestic and international equity securities held by the Fund are actively traded on major stock exchanges or over-the-counter. These securities are valued at the last reported sales price at current exchange rates.

Real Estate

Real Estate is held either directly or as a limited partner. Real estate investments are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of a limited partner to exit a partnership investment prior to its dissolution. Limited partnerships are reported at values provided by the general partner. These holdings are valued by the general partners on a regular basis. The valuation assumptions are based upon both market and property specific inputs such as discounted cash flows, comparative sales, and capitalization rates applied to net operating income which are not observable and involve a certain degree of expert judgment.

Alternative Investments

The Fund has investments in private equity limited partnerships and hedge funds which employ specific strategies. Private equity investments involve the purchase of unlisted, illiquid common and preferred stock and to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The strategies of all such funds are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit

distributions and restrict the ability of a limited partner to exit a partnership investment prior to its dissolution. Hedge funds may be subject to redemption restrictions which can limit distributions and restrict the ability of a limited partner to exit a partnership. Alternative investments are valued using their respective net asset value (NAV) which is supplied by the investment manager or general partner. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued using assumptions based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment. For alternative investments, the realized value received upon the sale of these investments in the open market might be different than the fair value reported in the accompanying financial statements.

H. Capitalized Assets – Equipment and software with a cost of $20 thousand or more are capitalized at the original cost. Depreciation and amortization are computed on the straight-line method over the estimated life of all assets. During fiscal year 2011, TRF capitalized approximately $1.1 million primarily for tenant improvements of the One North Capitol building as well as the development of internally generated computer software not placed into service at this time. Accumulated depreciation and amortization increased by approximately $250 thousand for tenant improvements and the financial system that was placed in service in November 2009.

I. Contributions Receivable – Contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. The contributions receivable was determined by using actual contributions received in July 2011, as well as estimated amounts yet to be received for days paid in the quarter ended June 30, 2011.

J. Inventories – Inventories of consumable supplies are not recognized on the balance sheet as they are considered immaterial. Purchases of consumable supplies are recognized as expenditures at the time of purchase.

K. Reserves and Designations

The following are the legally required reserves and other designations of Fund equity:

1. Member Reserve: The member reserve represents contributions made by or on behalf of the members, plus any interest or earnings, less amounts refunded or transferred to the Benefits in Force reserve for retirement, disability, or other benefit. For the Indiana State Teachers' Retirement Fund, this reserve includes the members' Annuity Savings Accounts.

2. Benefits in Force: This reserve represents the actuarial present value of future benefits for all members who are presently retired or disabled. The accumulated contributions of the members are transferred to the reserve upon retirement or disability for those members electing to annuitize their Annuity Savings Accounts. The remainder of the actuarial pension cost is transferred from the employer reserve to fund the benefits. This reserve also includes $2,263,549 thousand for the Pension Stabilization Fund. The Pension Stabilization Fund was established by Indiana Code (IC) 5-10.4-2-5. See Note 3 for further detail on the Pension Stabilization Fund. This reserve has an unfunded actuarial accrued liability.

3. Employer Reserve: This reserve consists of the accumulated employer contributions, plus earnings, less transfers made to the Benefits in Force reserve of the actuarial pension cost. This reserve has an unfunded actuarial accrued liability.

4. Undistributed Investment Income Reserve: This reserve was credited with all investment earnings. From this reserve, members' accounts are credited with interest and earnings. The remaining balance is distributed to the reserve accounts listed above. Costs of administering the Fund are financed by investment income and debited to this reserve before earnings are credited to the reserve accounts listed above.

The following are the balances of the reserves and designations of Fund equity as of June 30, 2011 (dollars in thousands):

	Member Reserve	Benefits in Force	Employer Reserve
Pre-1996 Account	$ 2,236,526	$ 3,109,370	$ -
1996 Account	858,271	495,353	2,422,217
Total	**$ 3,094,797**	**$ 3,604,723**	**$ 2,422,217**

L. Payables and Liabilities – Payables and liabilities are maintained throughout the year for monthly reporting purposes. They are calculated or estimated for financial statement reporting purposes. Benefits payable represents accrued monthly pensions as of the date of the financial statements that will be paid the first day of the following month. The Fund pays the Defined Benefits for the month on the first day of the following month.

M. Compensated Absences – TRF's full-time employees are permitted to accumulate earned but unused vacation and sick pay benefits. Vacation leave accumulates at the rate of one day per month and sick leave at the rate of one day every two months plus an extra day every four months. Bonus vacation days are awarded upon completion of five, ten and twenty years of employment with the State of Indiana. Personal leave days are earned at the rate of one day every four months; any personal leave accumulated in excess of three days automatically becomes part of the sick leave balance. Upon separation from service, employees in good standing will be paid for a maximum of thirty unused vacation leave days.

No liability is reported for unpaid accumulated sick leave. Vacation, personal leave and the salary-related payments that are expected to be liquidated are reported as Compensated Absences Liability.

N. Use of Estimates – In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, the Board makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

NOTE 2. FUND DESCRIPTION

The Indiana State Teachers' Retirement Fund is a cost-sharing, multiple-employer retirement fund established to provide pension benefits for persons who are engaged in teaching or in the supervision of teaching in the public schools of the State or persons who are employed by the Fund. As of June 30, 2011, the number of participating school unit employers was:

Public School Units	364
Higher Education Units	3
Auditor of State*	1
Associations	1
Total	**369**

**Consists of 13 state of Indiana agencies reported under one employer.*

Membership in the Fund is required for all legally qualified and regularly employed teachers who serve in the public schools of Indiana, including the faculty at Vincennes University and employees of the Fund. Additionally, faculty members at Ball State University and the University of Southern Indiana have the option of selecting membership in the Fund or the alternate University Plan. As of June 30, 2010, Indiana State Teachers' Retirement Fund membership consisted of:

Currently Receiving Benefits	45,659
Active Plan Members	72,872
Nonvested Inactive Members	35,847
Vested Inactive Members	7,670
Total	**162,048**

Retirement Benefits

The Indiana State Teachers' Retirement Fund provides retirement benefits, as well as death and disability benefits. Annual retirement benefits, disability benefits, and death benefits are computed as follows:

1. **Regular Retirement (No Reduction Factor for Age)**

   Eligibility – Members are eligible at age 65 or older with at least 10 years of service credit, or between ages 60 and 64 with at least 15 years of service credit, or between ages 55 and 59 if age and service credit total at least 85 (known as the Rule of 85).

   There is no mandatory retirement age.

   Annual Amount – The state pension is calculated by multiplying a member's total years of service by 1.1 percent of an average of the member's five highest years of compensation. An annuity purchased by the member's accumulated contributions is added to this amount, unless the member elects to withdraw the accumulated contributions in a lump sum or elects to leave the contributions invested with the Fund.

2. **Early Retirement (Age Reduction Factor Used)**

Eligibility – Members are eligible between ages 50 to 59 with 15 or more years of service credit. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime.

Annual Amount – For age 59, the early retirement percentage of the normal annual pension benefit is 89 percent. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84 percent) to age 50 being 44 percent.

3. **Deferred Retirement (Vested Benefit)**

Eligibility – Members are eligible once they have earned ten years of service. Benefit commences at age 65.

Annual Amount – The benefit is computed as a regular retirement benefit with state pension based on service and final average salary at termination.

4. **Classroom Disability Benefit**

Eligibility – Members are eligible once they have earned five years of service. Classroom disability refers to a medically confirmed inability to continue classroom teaching due to a mental or physical condition that is not necessarily of sufficient severity to meet Social Security disability guidelines.

Annual Amount – Members may receive $125 per month plus $5 for each additional year of service credit over five years.

5. **Disability Retirement (No Reduction Factor for Age)**

Eligibility – Members are eligible if they have earned five years of service and also qualify for Social Security Disability at time of termination.

Annual Amount – The benefit is computed as a regular retirement benefit with state pension based on service and final average salary at termination. The minimum benefit is $180 per month.

6. **Duty Death Before Retirement**

Eligibility – Eligibility is available once fifteen years of service are earned and the member had either a spouse to whom the member had been married for two or more years, or the member had a dependent under the age of 18.

Annual Amount – The benefit is computed as regular retirement benefit, but reduced in accordance with a 100% joint and survivor election.

7. **Benefit Increases After Retirement**

No automatic increases after retirement are provided. Cost of living increases, as passed by the State legislature, have been made from time to time.

Annuity Savings Account

Each member shall, as a condition of employment, contribute to the Fund 3 percent of his/her compensation. Effective July 1, 1986, each employing unit may elect to "pick up" the member contribution. No part of the member contributions to the Fund picked up by the employer is includable in the gross income of the member. The "pick up" amount does count in the salaries used to determine the final average at retirement. Any member who leaves covered employment has the option to withdraw accumulated contributions and interest, unless they are immediately eligible for retirement benefits, and then they must apply for retirement benefits to obtain their accumulated contributions and interest. In the event of a death of a member who has served less than fifteen years or does not meet the surviving spouse requirements, the designated beneficiary or estate is entitled to a lump sum settlement of contributions plus interest.

Indiana pension statutes stipulate that members of the Fund shall have the opportunity to direct their Annuity Savings Accounts. For fiscal year 2011, the number of investment options increased from five to the following seven current investment programs:

1. Guaranteed Fund – This fund's objective is to provide stability of principal and a competitive interest rate. The interest rate is set by the Board of Trustees each year and is guaranteed for the fiscal year. Market risk is assumed by the Fund.

2. Large Cap Equity Index Fund – This fund's objective is to seek investment growth/capital appreciation through passive investment in the stocks of the 500 largest U.S. companies. Market risk is assumed by the member.

3. Small / Mid Cap Equity Fund – This fund's objective is to seek investment growth/capital appreciation through active and passive investment in stocks of small- and mid-sized U.S. companies. Market risk is assumed by the member.

4. International Equity Fund – This fund's objective is to seek investment growth/capital appreciation through both active and passive investment in stocks of non-U.S. companies in both developed and emerging markets. Market risk is assumed by the member.

5. Fixed Income Fund – This fund's objective is to seek total return, consisting of income and capital appreciation. Market risk is assumed by the member.

6. Inflation-Linked Fixed Income Fund – This fund's objective is to provide investors inflation protection and income consistent with investment in inflation-indexed securities. Principal and interest payments are adjusted in response to changes in inflation. Market risk is assumed by the member.

7. Target Date Funds – The Funds are designed to seek an appropriate amount of total return, commensurate with risk, given the specific time horizon of each Fund. The Target Date Funds provide participants with a one-stop shop for investing. Participants simply choose the Fund most appropriate for them based on the year in which they plan to withdraw their money (usually their retirement year). Once a participant selects the appropriate Fund, the underlying asset allocation automatically adjusts over time. Market risk is assumed by the member.

The Guaranteed Fund, Large Cap Equity Index Fund, Small / Mid Cap Equity Fund, International Equity Fund, Fixed Income Fund, Inflation-Linked Fixed Income Fund and Target Date Funds are valued at market value. When a member retires, dies or suspends membership and withdraws from the Fund, the amount credited to the member shall be valued at the market value of the member's investment, plus accrued interest and/or earnings on his/her investment, less accrued investment expenses.

Effective August 2, 2010, members may make a selection or re-allocation of investment fund options on a daily basis, versus the quarterly basis previously provided. The changes are in effect the next business day following the request for change. Members may request allocations to one or all of the approved funds, as long as those allocations are made in 1 percent increments of the total balance in the member's account at the time of allocation. The total must equal 100 percent.

NOTE 3. EMPLOYER CONTRIBUTIONS REQUIRED AND EMPLOYER CONTRIBUTIONS MADE

The Indiana State Teachers' Retirement Fund is funded on a pay as you go basis for employees hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date. State appropriations are made for the amount of estimated pension benefit payouts for each fiscal year. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund. For employees hired on or after July 1, 1995; or hired before July 1, 1995, and prior to June 30, 2005, were either hired by another school corporation or institution covered by the Fund or were re-hired by a covered prior employer; the individual employer will make annual contributions. These contributions are set as a percentage of the employee's salary at a rate recommended by the Fund's actuary and approved by the Fund's Board of Trustees.

Based on the actuarial valuation at June 30, 2009, employer actuarially required contributions were $1,048,649 thousand for the fiscal year ended June 30, 2011. Contributions made by employers for the year ended June 30, 2011, were $915,611 thousand.

NOTE 4. DEPOSIT AND INVESTMENT RISK DISCLOSURES

The Fund's Investment Policy states the following:

Description of TRF

The Indiana State Teachers' Retirement Fund ("TRF" or the "Fund") is a Defined Benefit plan under Internal Revenue Code Section 401(a) and is governed by federal law, the Indiana Constitution, Indiana Code, Indiana Administrative Code, and policies set by the TRF Board of Trustees (the "Board"). Pursuant to Indiana law and the Internal Revenue Code, TRF must be operated for the exclusive benefit of, and solely in the interest of, members and their beneficiaries. In order to provide the ensuing tax advantages to its members, TRF is required by Indiana law to meet all rules applicable to a qualified plan under Section 401 of the Internal Revenue Code. In addition, TRF is a trust, exempt from taxation under Section 501 of the Internal Revenue Code.

Objectives

All aspects of this policy statement should be interpreted in a manner consistent with the Fund's objectives. The objectives of the Fund have been established in conjunction with a comprehensive review of the current and projected financial requirements. These objectives are:

1. To have the ability to pay all benefit and expense obligations when due;
2. To achieve the actuarial rate of return while limiting downside risk; and
3. To control the costs of administering the Fund and managing the investments.

Description of the Primary Statutory Investment Provision

The Indiana General Assembly enacted the prudent investor standard to apply to the Board and govern all its investments. See PL 37-1996. The primary governing statutory provision is that the Board must "invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." The Board is also required to diversify such investments in accordance with prudent investment standards. See IC 5-10.4-3-10.

Other pertinent investment requirements in the Indiana Code ("IC") include the following:

1. Fund investments must be held for the Fund by banks or trust companies under a custodial agreement or agreements. All Custodians must be domiciled in the United States. IC 5-10.4-3-13;
2. The Board may not engage in any prohibited transaction, as described in Section 503(b) of the Internal Revenue Code. IC 5-10.2-2-1.5(9); and
3. The Board must divest from firms that do business with Sudan under IC 5-10.2-9 and State Sponsors of Terror under IC 5-10.2-10.

It is the responsibility of the Board of Trustees to determine the allocation of assets among distinct capital markets. The strategic asset allocation for employer assets effective on June 30, 2011 is as follows:

Global Equity	41%
Global Fixed Income	37
Inflation Sensitive	18
Absolute Return	4
Total	**100%**

The asset allocation for the Guaranteed Fund, which is employee assets in the members' Annuity Savings Accounts, is 100 percent fixed income securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of interest rate risk. The longer the maturity, the more the value of the fixed-income investment will fluctuate with interest rate changes.

The Fund uses the Barclays Capital Aggregate Index as the benchmark for performance measurement of domestic fixed income managers and various other indices for international fixed income managers.

The Fund invests in securities with contractual cash flows, such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by residential and commercial real estate loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

As of June 30, 2011, the Fund had the following duration information:

(dollars in thousands)

Debt Security Type	Fair Value 6/30/2011	% of All Debt Securities	Portfolio Weighted Average Effective Duration (Years)
Cash & Cash Equivalents:			
Short Term Bills and Notes	$ 219,568	4%	0.44
Commercial Paper	3,575	0	0.03
Duration Not Available	507,726	10	N/A
Total Cash & Cash Equivalents	730,869	14	
Investments Debt Securities:			
Asset-Backed Securities	270,847	5	0.62
Commercial Mortgage-Backed Securities	257,296	5	2.22
Corporate Bonds	1,552,988	30	3.35
Collateralized Bonds	133	0	0.23
Government Issued Commerical Mortgage-Backed Securities	9,788	0	4.36
Index Linked Government Bonds	102,852	2	4.47
Guaranteed Fixed Income	24,569	1	1.47
Government Agencies	123,835	2	3.03
Government Bonds	585,744	11	5.46
Government Mortgage-Backed Securities	683,106	13	3.07
Bank Loans	2,846	0	0.18
Municipal/Provincial Bonds	21,040	1	5.65
Non-Government Backed C.M.O.s	147,890	3	0.95
Other Fixed Income	699	0	0.56
Duration Not Available	655,093	13	N/A
Total Investment Debt Securities	4,438,726	86	
Total Debt Securities	**$ 5,169,595**	**100%**	

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty's trust department or agent, but not in the name of the Fund.

There was no custodial credit risk for investments including investments related to securities-lending collateral. Per IC 5-10.4-3-13, all Fund investments are held by banks or trust companies under custodial agreements and all custodians must be domiciled in the United States.

Deposit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. Deposits held in the demand deposit account are carried at cost and are insured up to $250 thousand each. Deposits in the demand accounts held in excess of $250 thousand are not collateralized. Deposits with the Treasurer of State are entirely insured. Cash deposits held with the custodian, brokers and counterparty are carried at cost and are not insured or collateralized.

Assets Exposed (dollars in thousands):		
Demand Deposit Accounts - Bank Balance	$	122,768
Initial/Variation Margin		3,290
Cash Collateral with Counterparty		1,640
Cash Held with Custodian		9,754
Total Exposed	**$**	**137,452**

Credit Risk

The credit risk of investments is the risk that the issuer will default and not meet their obligation. This credit risk is measured by the credit quality ratings issued by national rating agencies such as Moody's and Standard and Poor's. The Fund's credit risk of investments policy is set on a manager by manager basis.

The following table (in thousands of dollars) provides information on the credit ratings associated with the Fund's investments in debt securities. Ratings were obtained from Moody's.

Moody's Rating	Cash and Cash Equivalents	Debt Securities	Total	Percentage of Debt & Cash Equivalents
Aaa	$ -	$ 1,118,720	$ 1,118,720	23.5%
US Government Guaranteed	216,715	830,035	1,046,750	21.9
Aa	-	281,646	281,646	5.9
A	-	475,970	475,970	10.0
Baa	2,852	654,156	657,008	13.8
Ba	-	188,244	188,244	3.9
B	-	65,742	65,742	1.4
Below B	-	21,117	21,117	0.4
Unrated	112,540	803,096	915,636	19.2
	332,107	4,438,726	4,770,833	100.0%
Cash - Not Applicable	398,762	-	398,762	
Total	**$ 730,869**	**$ 4,438,726**	**$ 5,169,595**	

Concentration of Credit Risk

As of June 30, 2011, TRF did not have investments in any one issuer, other than securities issued or guaranteed by the U.S. government that represented more than 5 percent of net investments.

Foreign Currency Risk

Foreign currency risk is defined as any deposit or investment that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. As of June 30, 2011, 11.0 percent of the Fund's investments were in foreign currencies. The objective of the Fund's foreign currency risk policy is to effectively manage portfolio return volatility associated with foreign currency risk, allowing for a structure that will manage the level of strategic currency risk to the Fund. The table below breaks down the Fund's exposure to each foreign currency (in thousands of dollars):

	Foreign Currency Held at June 30, 2011					
	Equity Securities	Debt Securities	Other Investments	Cash & Cash Equivalents	Total	% of Total
Currency:						
Australian Dollar	$ 42,550	$ 579	$ -	$ 54	$ 43,183	0.5%
Brazilian Real	5,312	2,250	70	-	7,632	0.1
British Pound Sterling	107,107	22,607	12,653	1,347	143,714	1.5
Canadian Dollar	31,795	16,960	319	74	49,148	0.5
Danish Krona	3,360	-	-	52	3,412	0.0
Euro Currency Unit	304,878	77,052	62,113	5,046	449,089	4.8
Hong Kong Dollar	32,262	-	-	82	32,344	0.3
Israel Shekel	2,794	-	-	97	2,891	0.0
Japanese Yen	148,859	33,485	(136)	835	183,043	1.9
Mexican Peso	-	8,215	-	294	8,509	0.1
New Zealand Dollar	513	-	-	15	528	0.0
Norwegian Krone	7,152	-	-	177	7,329	0.1
Philippine Peso	-	-	-	-	-	0.0
Polish Zloty	-	4,841	-	-	4,841	0.1
Singapore Dollar	10,521	-	-	40	10,561	0.1
South Korean Won	4,247	-	-	-	4,247	0.0
Swedish Krona	23,728	-	-	201	23,929	0.3
Swiss Franc	63,381	-	-	542	63,923	0.7
Thai Baht	725	-	-	-	725	0.0
Held in Foreign Currency	789,184	165,989	75,019	8,856	1,039,048	11.0
Held in USD	2,498,751	4,272,737	903,260	722,013	8,396,761	89.0
Total	**$ 3,287,935**	**$ 4,438,726**	**$ 978,279**	**$ 730,869**	**$ 9,435,809**	**100.0%**

Securities Lending

State statutes and the Board of Trustees permit the Fund to lend securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Fund's custodial bank manages the securities lending program and receives securities or cash as collateral. The Fund's custodial bank maintains a list of broker-dealers that have passed their credit analysis and are eligible to borrow securities. In addition, the Fund can have any borrower removed from this list by requesting the custodian not lend to this borrower. The collateral securities cannot be pledged or sold by the Fund unless the borrower defaults, but cash collateral may be invested by the Fund. Collateral securities and cash are initially pledged at 102 percent of the market value of domestic securities lent and 105 percent on international securities lent. Collateral is adjusted to the market on a daily basis. No more than 40 percent of TRF's total assets may be lent at any one time. Approximately 25 percent of the securities loans can be terminated on demand either by the Fund or by the borrower, although generally the average term of these loans is one day.

At year end, the Fund has no securities lending transactions. The custodian agreement with Northern Trust was terminated as of June 30, 2011 and as of July 1, 2011 the Fund's new custodian was Bank of NY Mellon.

Outstanding Short Sales

Short sales occur when investments have been sold which are not yet owned by the Fund. Prior to settlement of the sale, the investments will be procured. For the investments directly held by the Fund within the custody accounts, the outstanding short sales are included as accounts receivable from sales of investments and as negative investments. A schedule of the negative investments as of June 30, 2011, is listed below. These investments reduced the debt securities investments shown on the balance sheet. These transactions involve market risk, as the asset to be delivered may become more costly to procure and then losses would be realized.

A schedule of the outstanding short sales at June 30, 2011 follows (dollars in thousands):

Type of Investment:		
Government Mortgage-Backed	$	96,741
Total	**$**	**96,741**

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. The Fund's derivatives are all related to fiduciary activities. The fair value of all derivative financial instruments is reported in the Statement of Fiduciary Net Assets as either assets or liabilities, and the change in the fair value is recorded in the Statement of Changes in Fiduciary Net Assets as investment income. TRF's directly-held investments in derivatives are not leveraged. A derivative instrument could be a contract negotiated on behalf of the Master Trust and a specific counterparty. This would typically be referred to as an "OTC contract" (Over the Counter) such as swaps, forward contracts and TBAs (Mortgage To Be Announced). Alternatively, a derivative instrument, such as futures, could be listed

and traded on an exchange and referred to as "exchange traded". Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term, and such changes could affect the amounts reported in the financial statements. Investments in limited partnerships may include derivatives that are not shown in the derivative total.

During the year, the Fund's derivative investments included:

Futures

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date.

TRF's investment managers use financial futures to replicate an underlying security or index they intend to hold or sell in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, TRF's investment managers use futures contracts to adjust the portfolio risk exposure. Futures contracts may be used for the purpose of investing cash flows or modifying duration, but in no event may leverage be created by any individual security or combination of securities. As the market value of the futures contract varies from the original contract price, a gain or loss is recognized and paid to, or received from, the clearinghouse. The cash or securities to fulfill these obligations are held in the investment portfolio.

Options

Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call) or to sell (in the case of a put) a specific amount of an asset for a specific price on or before a specified expiration date.
The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of a call option receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. Interest rate swaptions are options to enter into an interest rate swap based off a set of predetermined conditions.

Options are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation. The fair value of exchange traded options is determined based upon quoted market prices.

The fair value of over the counter options is determined by external pricing services using various proprietary methods, based upon the type of option.

Rights/Warrants

Rights provide the holder with the right, but not the obligation, to buy a company's common stock at a predetermined price, the subscription price. The right is good until its expiration date. A right permits the investor to buy at a price that may be below the actual market price for that stock. A warrant is an option to buy an underlying equity security at a predetermined price for a finite period of time.

Forwards

Foreign Currency

A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. A contract is classified as a forward contract when the settlement date is more than two days after the trade date. Risks associated with such contracts include movement in the value of a foreign currency relative to the U.S. dollar. The contracts are valued at forward exchange rates and include net appreciation / depreciation in the Statement of Fiduciary Net Assets. Realized gains or losses on forward currency contracts is the difference between the original contract and the closing value of such contract and is included in the Statement of Changes in Fiduciary Net Assets.

The Fund enters into forward currency forwards to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings and to settle future obligations.

Bond Forwards

A bond forward is a contract for the purchase or sale of debt security, to be delivered at a future agreed-upon date. Bond forwards are used to achieve the desired market exposure of a security or asset class or adjust portfolio duration.

TBA

A TBA (Mortgage To Be Announced) is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed upon date. Associated gains are derived from the change in market value of the contract due to a change in price of the underlying security. Future settlement risk is the risk of not receiving the asset or associated gains specified in the contract.

TBAs are used to achieve the desired market exposure of a security or asset class or adjust portfolio duration.

The fair value is determined by external pricing services using various proprietary methods.

Swaps

Interest Rate Swaps

Interest rate swaps are derivative instruments in which one party exchanges a stream of fixed interest rate cash flows for floating interest rate cash flows. A notional amount of principal is required to compute the actual cash amounts and is determined at the inception of the contract.

Interest rate swaps are generally used to manage interest rate risk, adjust portfolio duration, or rebalance the total portfolio to the target asset allocation.

The fair value is determined by external pricing services using various proprietary methods.

Credit Default Swaps

Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other predetermined credit event for the referenced entity, obligation or index.

Credit default swaps are used to achieve the desired credit exposure of a security or basket of securities. One of the main advantages of a credit default swap is it allows for exposure to credit risk while limiting exposure to other risks, such as interest rate and currency risk.

The fair value is determined by external pricing services using various proprietary methods.

The table below summarizes TRF's derivative information for the year ending June 30, 2011 (dollars in thousands):

Investment Derivatives	Change in Fair Value	Fair Value	Notional (USD)
Futures			
Commodity Index Futures	$ (1,832)	$ (1,832)	$ 35,126
Bond Futures	(331)	(331)	563,284
Foreign Exchange Futures	2	2	67,781
	(2,161)	(2,161)	666,191
Options			
Call Swaptions (LIBOR)	(6)	(48)	8,400
Put Swaptions (LIBOR)	490	482	41,653
Inflation	3	(3)	600
Bond Options	669	5,338	21,000
	1,156	5,769	71,653
Swaps			
Interest Rate Swaps	(1,380)	(1,289)	44,027
Credit Default Swaps Single Name	(76)	(209)	61,467
Credit Default Swaps Index	906	928	55,565
	(550)	(570)	161,059
Rights/Warrants			
Rights	15	15	283
Warrants	73	73	76
	88	88	359
Forwards			
Bond Forwards	(67)	(297)	23,000
TBA	165	206,429	285,080
Total	**$ (1,369)**	**$ 209,258**	**$ 1,207,342**

	Swap Maturity Profile at June 30 , 2011 (dollars in thousands)					
Swap Type	< 1 yr	1 - 5 yrs	5-10 yrs	10 - 20 yrs	20 + yrs	Total
Credit Default - Single Name	$ (76)	$ (230)	$ 97	$ -	$ -	$ (209)
Credit Default - Index	-	74	406	-	448	928
Interest Rate Swaps	73	407	(274)	(1,459)	(36)	(1,289)
Total Swap Fair Value	**$ (3)**	**$ 251**	**$ 229**	**$ (1,459)**	**$ 412**	**$ (570)**

Interest Rate Risk

The Fund has exposure to interest rate risk due to the investment in interest rate swaps and TBAs. The required risk disclosures are included in the Interest Rate Risk schedule in Note 4.

Derivative Instruments Highly Sensitive to Interest Rate Changes (dollars in thousands)			
Investment Type	Reference Rate	Fair Value	Notional
TBA Securities	3.50%	$ (956)	$ 1,000
TBA Securities	4.00%	52,015	66,025
TBA Securities	4.50%	123,229	153,910
TBA Securities	5.00%	29,105	61,395
TBA Securities	5.50%	825	750
TBA Securities	6.00%	2,211	2,000
Total TBA Securities		**$ 206,429**	**$ 285,080**
Interest Rate Swap	Pay Variable 6 month BP / Receive Fixed 3.5%	$ 3	$ 642
Interest Rate Swap	Pay Variable BRL 1D LIBOR / Receive Fixed 11.57%	73	3,905
Interest Rate Swap	Pay Variable BRL LIBOR/Receive Fixed 11.49%	(3)	1,088
Interest Rate Swap	Pay Variable 6 month LIBOR / Receive Fixed 6.0%	409	5,940
Interest Rate Swap	Pay Variable 6 month LIBOR/Receive Fixed 3.5%	22	482
Interest Rate Swap	Pay Fixed 2.5% / Receive Variable 3 month LIBOR	(24)	1,000
Interest Rate Swap	Pay Fixed 4.0% / Receive Variable 3 month LIBOR	(244)	3,300
Interest Rate Swap	Pay Fixed 3.5% / Receive Variable 3 month LIBOR	(29)	1,300
Interest Rate Swap	Pay Variable CAD 3 month BBR / Receive Fixed 5.8%	323	13,263
Interest Rate Swap	Pay Fixed 5.0%/Receive Variable 3 month LIBOR	(1,782)	11,800
Interest Rate Swap	Pay Variable 3 month CDOR / Receive Fixed 5%	(1)	207
Interest Rate Swap	Pay Fixed 4.25% / Receive Variable 3 month LIBOR	(36)	1,100
Total Interest Rate Swaps		**$ (1,289)**	**$ 44,027**

Credit Risk

Inherent in the use of OTC derivatives, the Fund is exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative counterparty may fail to meet its payment obligation under the derivative contract. The Fund uses International Swaps and Derivatives Association Master Agreements and collateral to mitigate counterparty credit risk. Securities eligible as collateral are typically United States government bills and U.S. dollar cash. Generally, any positive movement in market value requires the counterparty to transfer a minimum of $250 thousand in collateral. This margin is adjusted at a minimum weekly and can be called as frequently as daily.

The maximum amount of loss due to credit risk that the Fund would incur if the counterparty to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangements is the total unrealized gain of derivatives at the end of the reporting period. The aggregate fair value of investment derivative instruments in asset positions at June 30, 2011, was $1,451 thousand of which $212 thousand was uncollaterized.

Some of the Fund's master agreements are subject to credit-related contingent features. In the event the Fund's assets decline by various, pre-specified rates over predetermined time periods, the Fund is either required to post more collateral or may be required to pay off the open liability contracts given the counterparties right to terminate the contract. Contingent features that could result in an immediate payment from the counterparty include a downgrade of the counterparty below a lower specified rating, commonly A-/A3. It is important to note that these contingent features are not compulsory, rather they are voluntary.

(dollars in thousands)

		Fair Value			Collateral	
Swaps Counterparty	S&P Rating	Receivable / Unrealized Gain	Payable / (Unrealized Loss)	Total Fair Value	Posted	Received
Bank of America Corp	A	$ -	$ (1,293)	$ (1,293)	$ 1,510	$ -
Barclays Bank	AA-	-	(454)	(454)	130	-
Citibank	A+	353	-	353	-	(440)
Credit Suisse	A+	-	(6)	(6)	-	-
Deutsche Bank	A+	340	-	340	-	(520)
Goldman Sachs Bank	A	406	-	406	-	(290)
Goldman Sachs International	A	-	(117)	(117)	-	-
JPMorgan Chase Bank	AA-	140	-	140	-	(260)
Merrill Lynch & Co	A	3	-	3	-	-
Morgan Stanley Capital Services	A	93	-	93	-	-
Royal Bank of Canada	AA-	116	-	116	-	(260)
Royal Bank of Scotland	A+	-	(71)	(71)	-	(270)
UBS	A+	-	(80)	(80)	-	-
Total		**$ 1,451**	**$ (2,021)**	**$ (570)**	**$ 1,640**	**$ (2,040)**

Credit Default Swaps (dollars in thousands)				
Investment Type		Reference	Fair Value	Notional
Index	Sold	CDX	$ 82	$ 16,530
Index	Bought	CDX	398	35,413
Index	Bought	ABX	448	3,622
Total CDS - Index			**$ 928**	**$ 55,565**
Single Name	Sold	Various	$ (54)	$ 6,967
Single Name	Bought	Various	(155)	54,500
Total CDS - Single Name			**$ (209)**	**$ 61,467**

Foreign Currency Risk

The Fund is exposed to foreign currency risk on its foreign currency forward contracts and futures contracts. The required risk disclosures are included in the Foreign Currency Risk schedule in Note 4.

At June 30, 2011, TRF's investments included the following currency forwards balances:

(dollars in millions)	
Forward Currency Contract Receivables	$ 261.1
Forward Currency Contract Payables	$ 260.9

NOTE 6. LONG TERM COMMITMENTS FOR ALTERNATIVE INVESTMENTS

TRF had entered into long term commitments for funding alternative investments in private equity and private real estate of $1,461 million as of June 30, 2011. These investments had a net asset value of $788 million as of June 30, 2011. The funding period for the amounts that TRF has already committed is from April 2002 to approximately June 2018. The outstanding commitments at June 30, 2011, totaled $728 million.

NOTE 7. DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees and employees of certain quasi-agencies and political subdivisions within the State, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of participants of the plan and their beneficiaries as required by section 457(g) of the Internal Revenue Code. The Indiana State Incentive Match Plan which provided $15 per pay period for each employee who contributed to the 457 Plan was discontinued January 1, 2010, due to budget reductions.

The State has established a deferred compensation committee that holds the fiduciary responsibility for the plan. The committee holds the deferred amounts in an expendable trust.

NOTE 8. RISK MANAGEMENT

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters.

The policy of the Fund is not to purchase commercial insurance for the risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. However, the Fund does carry property insurance and a blanket bond on its employees and Board.

NOTE 9. EMPLOYEE FUND MEMBERSHIP

Employees of the Indiana State Teachers' Retirement Fund are eligible for membership in the Fund. Effective July 1, 2001, IC 21-6.1-4-1(a)-10 (re-codified as IC 5-10.4-4-1) states that members of the Fund include persons who are employed by the Fund.

NOTE 10. RESERVE TRANSFERS WITH THE PUBLIC EMPLOYEES' RETIREMENT FUND (PERF)

Transfers of a member's reserves are made between TRF and PERF when a member has service at the time of retirement that is covered by both funds. Service covered by PERF and the related Annuity Savings Account balance will be used by TRF at the time of retirement in calculating the member's retirement benefit from TRF. If the member is retiring from PERF, PERF will use the member's TRF service and Annuity Savings Account balance. At the time the retirement is calculated, TRF sets up a receivable from PERF for both the Annuity Savings Account balance and the calculated reserve for the service credit brought in from PERF. This receivable is included as a line item in the "Receivables" section of TRF's Statement of Fiduciary Net Assets. On the reverse side, TRF recognizes a payable in the Liabilities section of the Statement of Fiduciary Net Assets for TRF amounts used in calculating a PERF retiree's benefit.

NOTE 11. GROUP HEALTH INSURANCE PROGRAM

Medicare eligible TRF members may enroll in a Medicare supplemental group health insurance plan offered by Anthem Blue Cross and Blue Shield. As of June 30, 2010, total designations and reserves for the retiree health insurance program were $18,897 thousand. A portion of these funds were held and invested by TRF in a Health Plan Reserve. During fiscal year 2011, TRF turned these funds over to Anthem Blue Cross and Blue Shield. These funds are now part of the fee stabilization reserve at Anthem and will be used to stabilize the premiums paid by retirees for health insurance. This reserve consists solely of retiree premiums. Total premiums paid to Anthem for the Medicare supplemental group health insurance will be funded through retiree paid premiums and contributions from the fee stabilization reserve.

NOTE 12. SUBSEQUENT EVENTS

Legislative Changes

Below is a summary of significant legislative changes that are effective July 1, 2011.

Indiana Public Retirement System

Legislation was passed that merged the Indiana Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund, and established the Indiana Public Retirement System to administer and manage:

1. The Public Employees' Retirement Fund;
2. The Teachers' Retirement Fund;
3. The Judges' Retirement System;
4. The Prosecuting Attorneys' Retirement Fund;
5. The State Excise Police, Gaming Agent, Gaming Control Officer, and Conservation Enforcement Officers' Retirement Fund;
6. The 1977 Police Officers' and Firefighters' Pension and Disability Fund;
7. The Legislators' Retirement System;
8. The Pension Relief Fund;
9. The Special Death Benefit Fund; and
10. The State Employees' Death Benefit Fund.

The bill creates a nine-member Board of Trustees (Board) for the system appointed by the Governor as follows:

1. One trustee with experience in economics, finance, or investments;
2. One trustee with experience in executive management or benefits administration;
3. The Director of the Budget Agency (or designee);
4. Two trustees who are TRF members;
5. One trustee who is a PERF member;
6. One trustee who is a 1977 Fund member;
7. The Auditor of State, or a designee, with experience in professional financial accounting or actuarial science; and
8. The Treasurer of State, or a designee, with experience in economics, finance, or investments.

Teachers' Retirement Fund

- TRF members, beneficiaries, and survivors will receive a thirteenth check based on years of service, to be paid not later than October 1, 2011.

Future Comprehensive Annual Financial Reports

Beginning with fiscal year 2012, the Indiana Public Retirement System will be issuing one CAFR, based on the merger of the Indiana Public Employees' Retirement Fund and the Indiana State Teachers' Retirement Fund effective July 1, 2011.

Custodian Change

Effective July 1, 2011, BNY Mellon was named as the custodian for the Indiana Public Retirement System. Previously, JP Morgan Chase was the custodian for the Indiana Public Employees' Retirement Fund and Northern Trust was the custodian for the Indiana State Teachers' Retirement Fund.

NOTE 13. ACTUARIAL FUNDING STATUS OF THE FUND

As of June 30, 2010, TRF was 44.3 percent funded. As stated in Note 3, members in the Pre-1996 Account are funded on a pay as you go method for the employer portion of the pension and members in the 1996 Account are funded with employer contributions as they work. TRF accounts for these two classes of members as Pre-1996 Account and 1996 Account, respectively. The Pre-1996 Account is 33.1 percent funded and the 1996 Account is 94.7 percent funded.

The actuarial methods and significant assumptions used by TRF are summarized in the table below:

Valuation Date	**June 30, 2010**
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	30 Years, Closed
Asset Valuation Method	4-year Smoothed Market Value with 20% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Projected Salary Increase	3.5% - 12.5%
Included Wage Inflation	3.0%
Cost of Living Adjustments	1.0% Compounded Annually on Pension Portion

The funded ratio of the Fund in total has increased from 43.4 percent at June 30, 2005, to the ratio of 44.3 percent at June 30, 2010. A historical look at the funded status of the Fund can be found in the Required Supplemental Schedules provided.

The actuarial value of the Fund's assets as of the June 30, 2010 valuation was $8,804,964 thousand and the actuarial accrued liability was $19,896,625 thousand. The difference is the Fund's unfunded actuarial accrued liability of $11,091,661 thousand. The annual covered payroll as of the June 30, 2010 actuarial valuation was $4,312,611 thousand and the ratio of the unfunded actuarial liability to the annual covered payroll was 257.2 percent.

SCHEDULE OF FUNDING PROGRESS

(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) -- Entry-Age -- (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a) / (b)	Annual Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b)-(a)) / (c)
Pre-1996 Account						
06/30/05	$ 5,796,724	$ 14,254,147	$ 8,457,423	40.7%	$ 2,305,725	366.8%
06/30/06	5,477,221	15,002,471	9,525,250	36.5	2,237,380	425.7
06/30/07	5,763,508	15,988,259	10,224,751	36.0	2,376,390	430.3
06/30/08	5,953,991	15,792,305	9,838,314	37.7	2,295,816	428.5
06/30/09	5,109,086	16,027,093	10,918,007	31.9	2,030,484	537.7
06/30/10	5,382,410	16,282,066	10,899,656	33.1	1,865,102	584.4
1996 Account						
06/30/05	$ 1,268,575	$ 2,010,746	$ 742,171	63.1%	$ 1,428,604	52.0%
06/30/06	2,209,468	2,363,101	153,633	93.5	1,565,341	9.8
06/30/07	2,713,051	2,827,554	114,503	96.0	1,891,605	6.1
06/30/08	3,080,057	2,957,758	(122,299)	104.1	2,052,720	(6.0)
06/30/09	2,920,735	3,135,533	214,798	93.1	2,308,548	9.3
06/30/10	3,422,554	3,614,559	192,005	94.7	2,447,509	7.8
Total						
06/30/05	$ 7,065,299	$ 16,264,893	$ 9,199,594	43.4%	$ 3,734,329	246.4%
06/30/06	7,686,689	17,365,572	9,678,883	44.3	3,802,721	254.5
06/30/07	8,476,559	18,815,813	10,339,254	45.1	4,267,995	242.3
06/30/08	9,034,048	18,750,063	9,716,015	48.2	4,348,536	223.4
06/30/09	8,029,821	19,162,626	11,132,805	41.9	4,339,032	256.6
06/30/10	8,804,964	19,896,625	11,091,661	44.3	4,312,611	257.2

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

(dollars in thousands)

Fiscal Year Ended	Valuation Date	Annual Required Contributions	Annual Employer Contributions	Percentage Contributed
Pre-1996 Account				
06/30/06	06/30/04	$ 556,460	$ 601,259	108.1%
06/30/07	06/30/05	602,904	636,039	105.5
06/30/08	06/30/06	678,050	675,682	99.7
06/30/09	06/30/07	700,307	706,366	100.9
06/30/10	06/30/08	850,493	731,149	86.0
06/30/11	06/30/09	894,507	748,978	83.7
1996 Account				
06/30/06	06/30/04	$ 116,096	$ 100,081	86.2%
06/30/07	06/30/05	139,978	117,001	83.6
06/30/08	06/30/06	122,009	132,446	108.6
06/30/09	06/30/07	119,331	147,425	123.5
06/30/10	06/30/08	101,627	154,491	152.0
06/30/11	06/30/09	154,142	166,633	108.1
Total				
06/30/06	06/30/04	$ 672,556	$ 701,340	104.3%
06/30/07	06/30/05	742,882	753,040	101.4
06/30/08	06/30/06	800,059	808,128	101.0
06/30/09	06/30/07	819,638	853,791	104.2
06/30/10	06/30/08	952,120	885,640	93.0
06/30/11	06/30/09	1,048,649	915,611	87.3

Administrative and Other Expenses

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30, 2011
(dollars in thousands)

Personnel Services:		
Salaries and Wages	$	1,752
Employee Benefits		647
Temporary Services		613
Total Personnel Services		**3,012**
Contractual and Professional Services:		
Information Technology		3,193
Benefit Payment Processing Fees		973
Consulting Services		529
Actuarial Services		85
Audit Services		46
Legal Services		41
Total Contractual and Professional Services		**4,867**
Communications:		
Printing		327
Postage		217
Telephone		41
Total Communications		**585**
Miscellaneous:		
Office Rent		309
Administrative Services		107
Travel		27
Office Expenses		26
Equipment Rental		15
Memberships and Training		14
Other Administrative Expenses		58
Total Miscellaneous		**556**
Total Administrative Expenses	**$**	**9,020**
Total Project Expenses	**$**	**1,630**
Total Depreciation and Amortization Expenses	**$**	**190**
Total Administrative and Other Expenses	**$**	**10,840**

Investment Expenses

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30, 2011
(dollars in thousands)

Custodial and Consulting:		
Investment Recordkeeper Fees	$	2,120
Investment Consultant		1,624
Investment Custodian		330
Total Custodial and Consulting Expenses		**4,074**
Investment Management Fees		34,232
Investment Staff Expenses		428
Administrative Investment Expenses		1,499
Total Investment Expenses	**$**	**40,233**

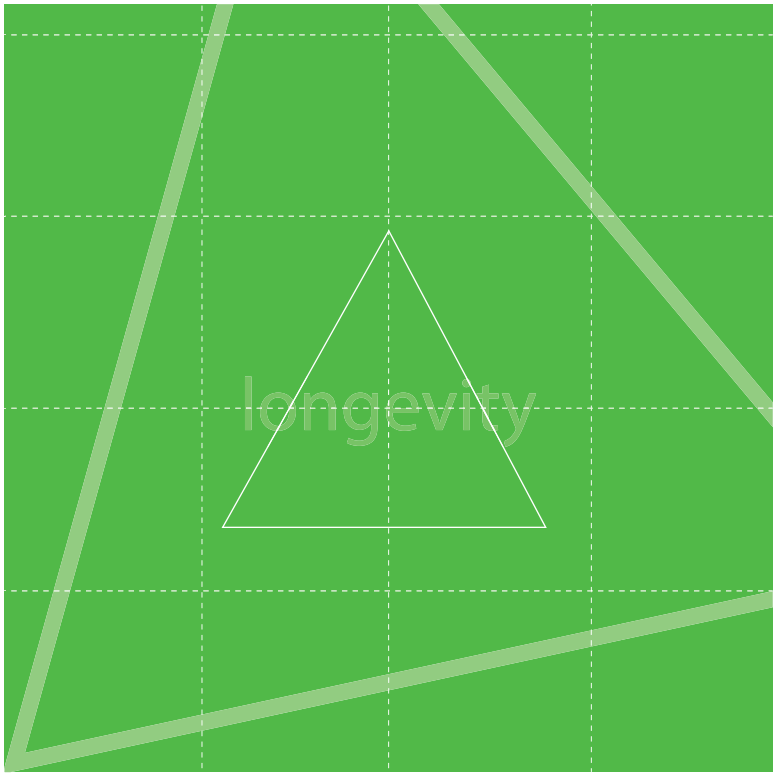
Contractual and Professional Services Expenses

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30, 2011
(dollars in thousands)

Individual or Firm	Fee	Nature of Services
Public Employees' Retirement Fund (PERF)	$ 3,421	Actuarial, Audit, Computer and Legal Shared Services
Affiliated Computer Services, Inc.	973	Record Keeper Services
Indiana Office of Technology	140	IT Network Support and Services
Ernst & Young LLP	91	Internal Audit
Nyhart, Inc.	88	Actuarial and Legislative Services
State Board of Accounts	46	Audit Services
CEM Benchmarking, Inc.	35	Benchmarking Services
AIRvan Consulting LLC	15	Market Research Services
Cortex Applied Research, Inc.	14	Research Services
Ice Miller LLP	10	Legal Services
Stephenson Morow & Semler	9	Legal Services
Policy Technologies International, Inc.	6	Software Services
LexisNexis	5	Address Search Services
Perimeter Technology	4	Software and Licensing Services
Word Systems, Inc.	3	Software Services
Qualtrics Labs, Inc.	3	Consulting Services
Other Legal Services	2	Legal Services
Crossroads Rehabilitation Center, Inc.	1	Interpretation Services
Government Finance Officers Association	1	Comprehensive Annual Financial Report Filing Fee
Total Contractual and Professional Services Expenses	**$ 4,867**	

Fees paid to investment professionals can be found in the Investments Section.



TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

INVESTMENT SECTION

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STRATEGIC INVESTMENT SOLUTIONS, INC.

333 BUSH STREET, STE. 2000
SAN FRANCISCO, CALIFORNIA 94104

TEL 415/362-3484 ■ FAX 415/362-2752

August 22, 2011

Board of Trustees
Indiana Public Retirement System
One North Capital Avenue
Indianapolis, IN 46204

Dear Trustees:
Strategic Investment Solutions is pleased to present the Indiana Public Retirement System (INPRS) investment results, for the fiscal year ended June 30, 2011, for the Indiana State Teachers' Retirement Fund (TRF).

As of June 30, 2011, TRF had combined assets of $9.1 billion, an increase of $1.0 billion since June 30, 2010. The increase in assets over the latest fiscal year was primarily due to strongly positive returns in several asset classes, particularly global equities.

Economic and Market Review

Risky assets enjoyed a strong upswing for the second fiscal year in a row, with hopes for a sustained economic recovery and a drop in unemployment. While unemployment in the US did in fact drop from its peak of 10.1% to 8.8% as of April, 2011, it has since risen and now stands at 9.1%. Concurrently, US GDP growth rose to a healthy 3.5% annual rate in the third quarter of 2010. While this was below the level seen in prior recoveries, it gave the markets optimism. Since then, US GDP growth has slowed dramatically. Fears of a "double-dip" recession in late 2011/early 2012 rose, as the housing market and consumer confidence continued to be weak while monetary stimulus related to QE2 expired at the end of June. As a result, during the second quarter of 2011, the equity market rally stalled, commodity spot prices moved sharply downward, and interest rates fell.

Equity markets were strong across the board during the year, with value and growth, large and small cap, domestic and international, and developed and emerging markets all doing well. Within the US, small cap stocks, represented by the Russell 2000 Index, led domestic markets with a 37.4% gain, outpacing the Russell 1000 Index of large cap stocks, which had a return of 31.9%. This was not surprising as small cap stocks typically lead the market during recoveries. Growth stocks outperformed value stocks, 35.7% to 29.1%.

Geographically, perhaps the only weak spot among major markets was Japan, which experienced a devastating earthquake in March, 2011, posting just a 13.0% gain during the year vs. 30.4% for the MSCI EAFE (Europe, Australasia, and Far East) Index.

While emerging markets began their downturn earlier than developed markets, they still managed to post a gain of 27.8% in part due to strong economic growth and surging commodity prices. A weakening dollar against all major currencies helped boost non-US equity returns.

Within sectors, Energy (53.4%) and Materials (47.1%) led the way due to strong oil and commodity prices. Conversely, Financials (15.2%) lagged the broader market as major banks continued to restructure their businesses and raise capital to comply with more stringent Basel III requirements.

Interest rates remained low and were little changed during the year. As a result, broad bond market indices posted modest gains, with the Barclays Capital Aggregate Index up 3.9% and the BC Government/Credit Index up 3.7%. Conversely, high yield bonds surged along with other risky assets: the BC High Yield Index was up 15.6% during the year. Boosted by a weaker dollar, non-US bonds performed well, with the Citigroup Non-US WGBI up 13.9%.

Real estate finally began to show signs of life from the market trough, with the NCREIF Property Index up 16.0% during the year. While public REITs have been even stronger than private real estate investments (the NAREIT Equity REIT Index was up 33.6% for the year), the CMBS market, representing commercial mortgage-backed securities, has been slow to keep pace with the recovery.

TRF Performance[1]

TRF Defined Benefit assets returned 18.0% in FY 2011, outperforming the Policy Index return of 16.8%. US small cap equity had the largest absolute positive impact on total fund fiscal year performance, while the Absolute Return program had the largest relative impact (outperforming its benchmark by the widest margin). Note that performance data is provided on a net-of-fees basis.

Specifically:

TRF's domestic equity managers outperformed their passive target over the trailing year, returning 33.3% versus the S&P 1500 Index return of 31.7%. This strong performance showing was particularly pronounced in small cap (combined 48.6% vs. 37.4% for the Russell 2000 Index), while the Fund's large cap manager composite (30.9%) kept pace with its benchmark, the S&P 500 Index.

TRF's international equity managers (30.9%) outperformed the MSCI ACWI ex-US Index by 1.2% over the fiscal year. All active managers surpassed expectations.

The TRF Global Fixed Income Composite (5.6%) beat the Barclays Capital Aggregate Bond Index (3.9%) over the trailing twelve months; all managers outperformed their respective benchmarks, with non-US fixed income posting strong absolute returns.

[1] *Rates of return are presented using a time-weighted rate of return methodology based upon market value, which is not materially different from the CFA Institute's Global Investment Performance Standards (GIPS).*

The Fund's alternative investments produced varying results over the trailing year:

- Private equity posted a 21.1% gain during the year, above the custom PE benchmark (+15.0%) but below the S&P 500 Index return (30.7%).
- The Inflation-Sensitive (Less Real Estate) asset class outperformed its custom benchmark (11.6% vs. 10.9%), led by strong commodity strategies performance.
- Private Real Estate, though starting to rebound from the 2008-2010 period, underperformed its benchmark (14.5% vs. 19.0%), with core real estate leading value-added strategies by a wide margin.
- Absolute Return performed well during the year (up 20.3% vs. 9.2% for the GTAA blended benchmark). While 2011 turned out to be a good year for these investments, many are still early in development and time will tell whether they will exceed their initial expectations.

TRF Changes during Fiscal Year 2011

During the prior fiscal year, TRF initiated a new asset allocation strategy. The following steps towards this plan were taken during the 2011 Fiscal Year, in order to improve TRF's long-term risk-adjusted returns:

- Four US Equity managers, and one International Equity manager, were terminated due to reduced exposure to global public equities;
- Due to a restructuring of the US Equity program and a desire for higher alpha, four separate portfolios were funded: two actively managed micro-cap, and two actively managed all-cap, portfolios. Additionally, multiple separate indexed portfolios were consolidated into a single broad large-cap indexed portfolio;
- One underperforming enhanced International Equity mandate was converted into an indexed portfolio;
- A Core Fixed Income portfolio was converted into a Corporate-only mandate;
- Three new credit-oriented hedge fund strategies were funded as part of the broad fixed income asset class;
- Another new fixed income strategy was funded, this one targeting the CMBS sector;
- Initial steps were taken to restructure the Private Equity asset class, with a discretionary separate account portfolio taken in-house to reduce the number of managers and develop a more concentrated, high-conviction, program.

In summary, Strategic Investment Solutions is pleased with the Indiana State Teachers' Retirement Fund performance, with the Total Fund outperforming its benchmark returns over the one, three, and five year periods. INPRS has continued to implement the new TRF asset allocation plan and restructure the Fund's assets to position the Fund to generate strong long-term results.

Pete Keliuotis, CFA
Managing Director

Outline of Investment Policies

The Board members are fiduciaries of the Fund. Indiana Code, Article 5-10.4 provides that a six-member Board of Trustees will oversee TRF. Five trustees shall be appointed by the Governor, two of who must be members of the Fund. The sixth member of the Board must be the Director of the budget agency or the Director's designee. An Executive Director appointed by the Governor carries out the policies set by the Board and administers the Fund on a daily basis. Pursuant to Indiana law, the Executive Director is also required to be a TRF member.

The Board establishes investment policies; however, Indiana law establishes guidelines on the investment of the Fund's assets. At all times, TRF must invest its assets in accordance with the "Prudent Investor" standard. Under this standard, investment decisions are based upon the same degree of care that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character with similar aims.

The Board's Investment Policy Statement (IPS) is designed to meet the objectives of the Fund. These objectives are:

- To have the ability to pay all benefit and expense obligations when due.
- To achieve the actuarial rate of return while limiting downside risk.
- To control the costs of administering the Fund and managing the investments.

The Board does intend the policy to be a dynamic document, and, as such, expects to review it periodically. The Board anticipates that changes will be made from time to time to reflect experience, investment product changes, benefit and structural changes, performance, and economic conditions. The purpose of the IPS is summarized below:

- Set forth the investment policies which the Board judges to be appropriate and prudent in consideration of the needs of the Fund and applicable legal requirements, as well as direct the assets of the Fund.
- Make clear distinctions between the responsibilities of the Board and those of the investment manager(s) selected by the Board.
- Establish criteria against which the investment manager(s) are to be measured.
- Communicate the investment policies, objectives, guidelines, and performance criteria of the Board to the Staff, investment managers, consultants, employers, members, and all other interested parties.
- Serve as a review document to guide the ongoing oversight of the investment of the Fund.
- Demonstrate that the Board is fulfilling its fiduciary responsibilities in the management of the investments of the Fund solely in the interests of members and beneficiaries of the Fund.

The Board recognizes that the allocation of assets, particularly the broadly-defined mix between stocks and bonds, is the most important determinant of investment rates of returns over long periods of time. The procedure for determining the allocation will consider the relevant characteristics of the liabilities and the potential assets of the Fund. An asset liability study will be conducted no less than every three years and will analyze the expected returns of various asset classes, projected liabilities, risks associated with alternative asset mix strategies and their effect on the projected market value of assets, funded status, and contributions to the Fund.

The investment portfolio includes long-term commitments to the following asset classes: domestic equity, domestic fixed income, international equity, non-US fixed income, and alternative investments.

Outline of Investment Policies, continued

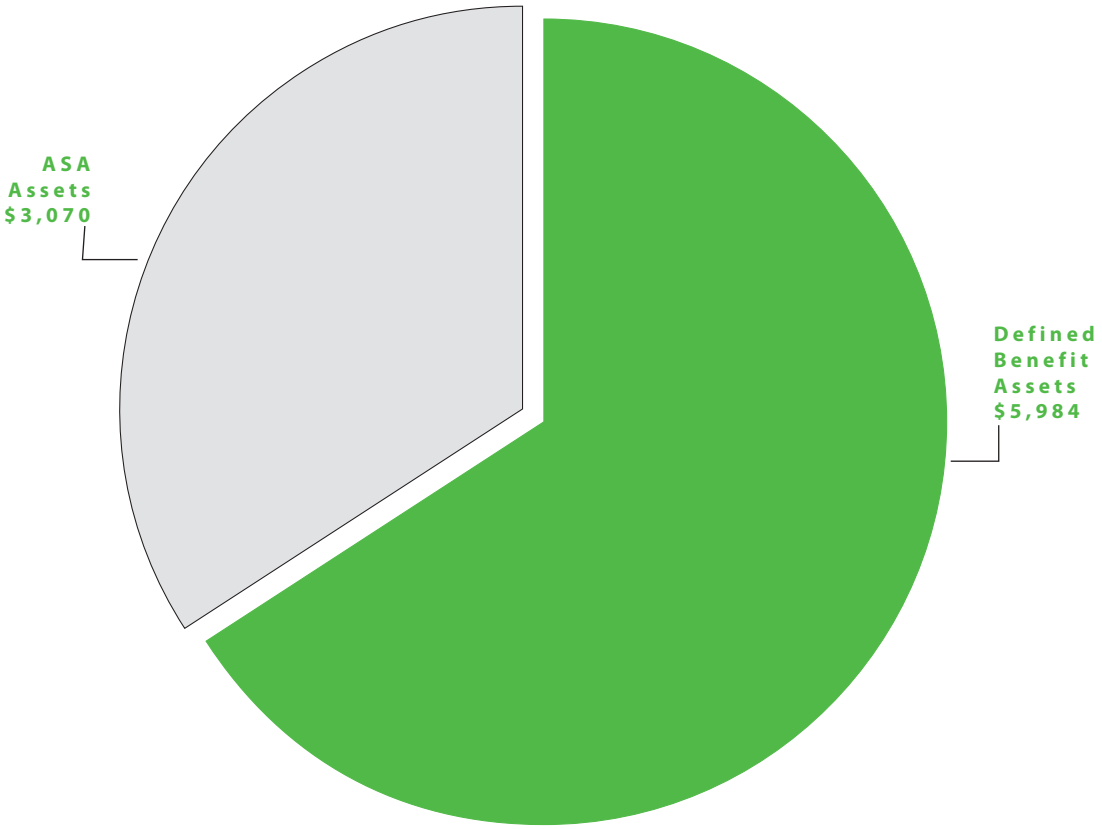
The Board employs investment managers to implement the asset allocation through a selective and thorough search process that embodies the principles of procedural due diligence. It is the intent of the Board to encourage the participation of all qualified organizations in this process. The Board encourages investment managers to develop long-term investment strategies consistent with the guidelines outlined in the Fund's IPS, as well as governing Indiana statutes. Additionally, investment managers will adhere to and comply with the CFA Institute Global Investment Performance Standards in calculating and reporting investment performance. Performance of each manager is measured against the rate of return associated with appropriate market index benchmarks and an appropriate universe or style peer group of investment managers.

Investment Summary

Fiscal Year Ended June 30, 2011

(dollars in millions)

		Actual Assets	Percent
Defined Benefit Assets	$	5,984	66.1%
Annuity Savings Account Assets		3,070	33.9
Total Fund	**$**	**9,054**	**100.0%**



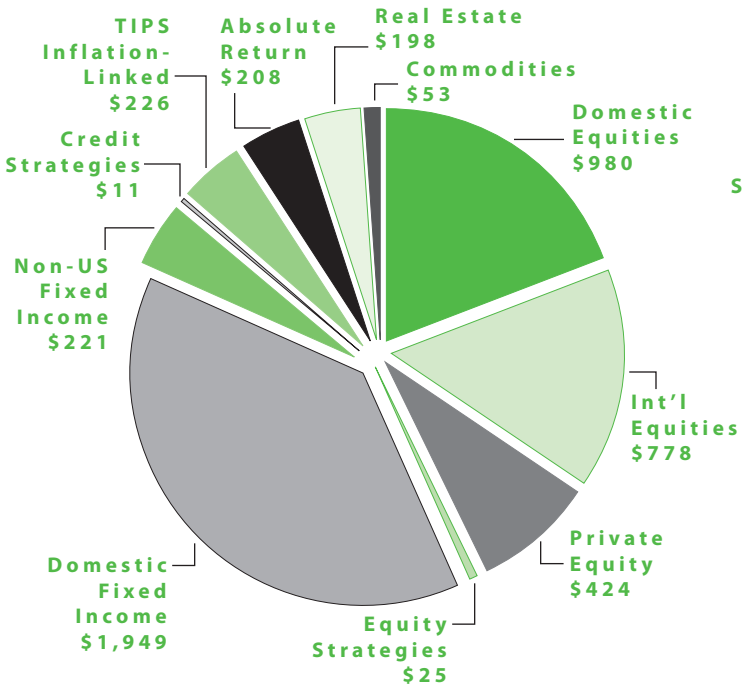
Defined Benefit Assets Investment Summary

Fiscal Year Ended June 30, 2011

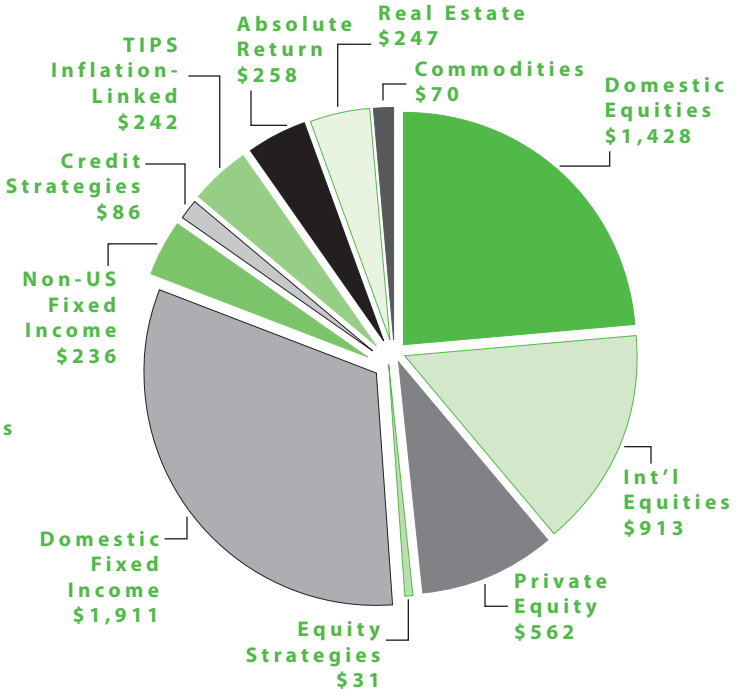
(dollars in millions)

	Beginning Account Balance	Ending Account Balance	Percent of Ending Balance
Domestic Equities	$ 980	$ 1,428	23.9%
International Equities	778	913	15.2
Private Equity	424	562	9.4
Equity Strategies	25	31	0.5
Total Equities	**2,207**	**2,934**	**49.0**
Domestic Fixed Income	1,949	1,911	31.9
Non-US Fixed Income	221	236	4.0
Credit Strategies	11	86	1.4
Total Fixed Income	**2,181**	**2,233**	**37.3**
TIPS / Inflation-Linked	226	242	4.1
Absolute Return	208	258	4.3
Real Estate	198	247	4.1
Commodities	53	70	1.2
Total DB Assets	**$ 5,073**	**$ 5,984**	**100.0%**

Beginning Balance



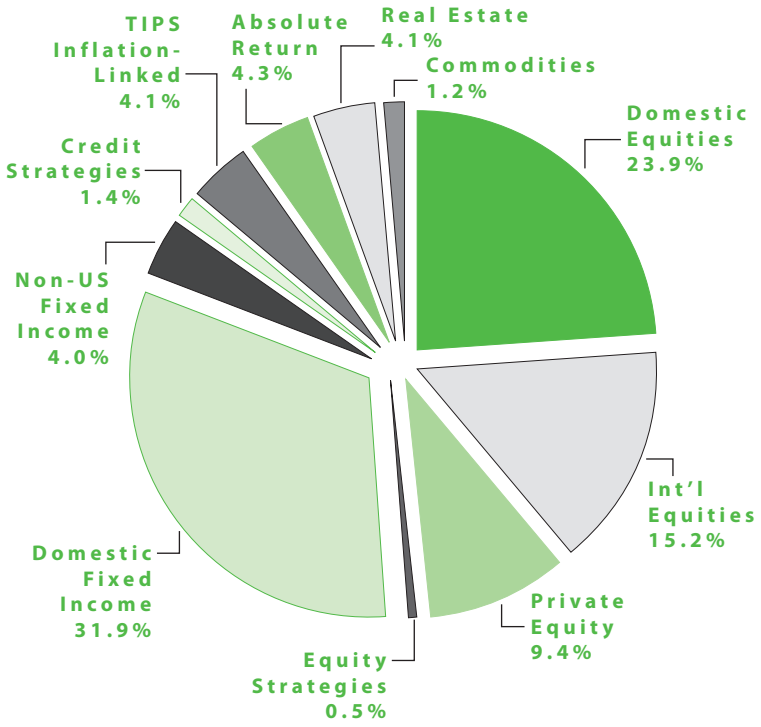
Ending Balance



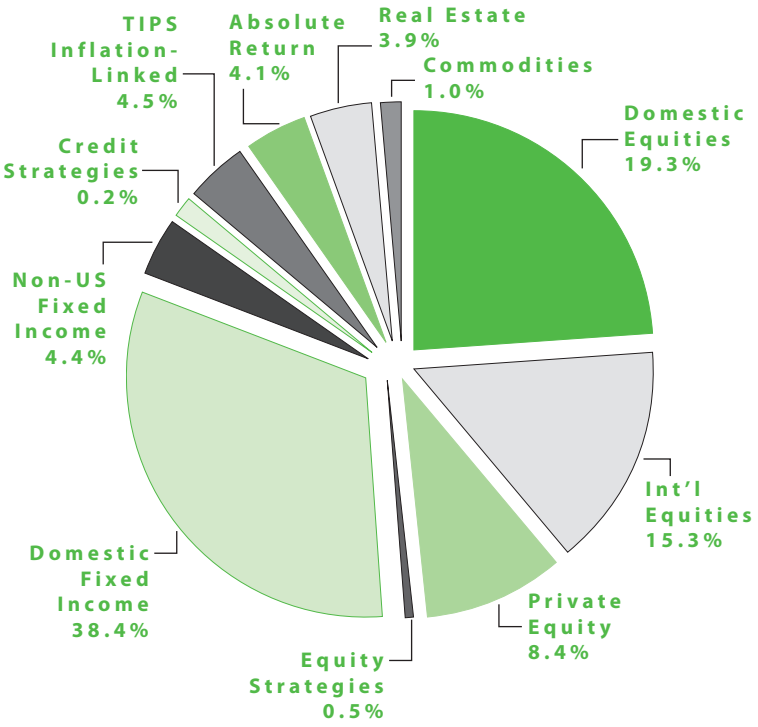
Defined Benefit Assets Investment Allocation Summary

	June 30, 2011	June 30, 2010
Total Equities:		
Domestic Equities	23.9%	19.3%
International Equities	15.2	15.3
Private Equity	9.4	8.4
Equity Strategies	0.5	0.5
Total Fixed Income:		
Domestic Fixed Income	31.9	38.4
Non-US Fixed Income	4.0	4.4
Credit Strategies	1.4	0.2
TIPS / Inflation-Linked	4.1	4.5
Absolute Return	4.3	4.1
Real Estate	4.1	3.9
Commodities	1.2	1.0
Total Fund	**100.0%**	**100.0%**

June 30, 2011



June 30, 2010



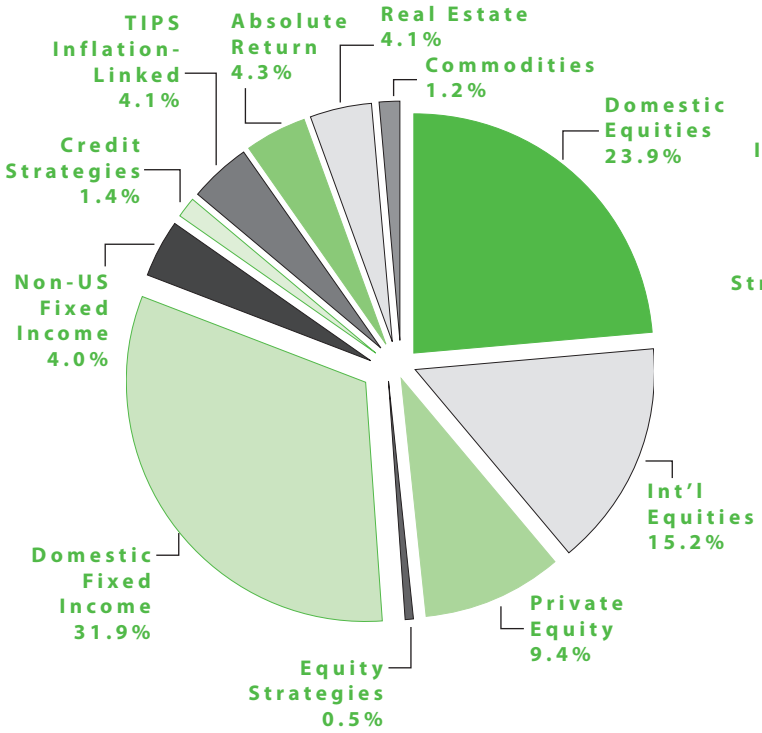
Defined Benefit Assets Actual vs. Target

Fiscal Year Ended June 30, 2011

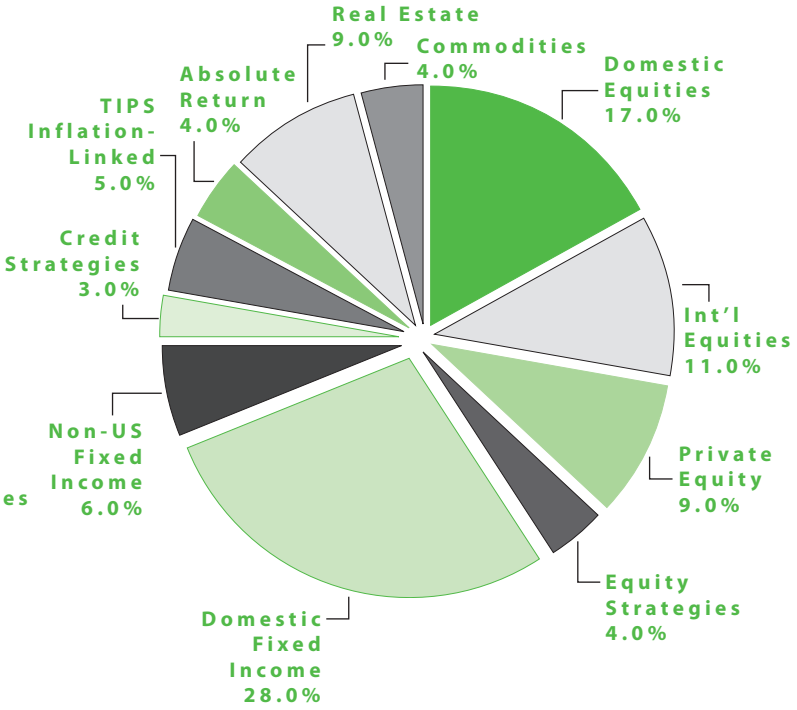
(dollars in millions)

Asset Class	Actual	Percent Actual	Percent Target	Percent Difference	Difference
Domestic Equities	$ 1,428	23.9%	17.0%	6.9%	$ 413
International Equities	913	15.2	11.0	4.2	251
Private Equity	562	9.4	9.0	0.4	24
Equity Strategies	31	0.5	4.0	(3.5)	(209)
Domestic Fixed Income	1,911	31.9	28.0	3.9	233
Non-US Fixed Income	236	4.0	6.0	(2.0)	(120)
Credit Strategies	86	1.4	3.0	(1.6)	(96)
TIPS / Inflation-Linked	242	4.1	5.0	(0.9)	(54)
Absolute Return	258	4.3	4.0	0.3	18
Real Estate	247	4.1	9.0	(4.9)	(293)
Commodities	70	1.2	4.0	(2.8)	(167)
Total DB Assets	**$ 5,984**	**100.0%**	**100.0%**	**-**	**-**

Percent Actual



Percent Target



Defined Benefit Assets
Comparative Investment Results

Fiscal Year Ended June 30, 2011

(percent return)[1]

		1-Year[2]	3-Year[2]	5-Year[2]
Total Defined Benefit Fund		18.0%	3.4%	4.2%
vs.	NTRS Public Fund Universe Median[3]	22.5	3.8	4.7
	Target Reference Index[4]	16.8	2.1	3.3
Total Domestic Equity		33.3	6.2	4.4
vs.	NTRS Public Fund Universe Median	33.2	4.7	3.8
	S&P 1500	31.7	3.9	3.3
Total International Equity		30.9	(0.9)	2.5
vs.	NTRS Public Fund Universe Median	29.8	0.4	3.8
	MSCI ACWI ex US Index	29.7	(0.4)	3.7
Total Domestic Fixed-Income		5.4	6.6	6.5
vs.	NTRS Public Fund Universe Median	5.9	8.4	7.5
	BC US Aggregate Index	3.9	6.5	6.5
Total Non-US Fixed-Income[5]		6.6	NA	NA
vs.	NTRS Public Fund Universe Median	10.2	NA	NA
	BC GL Agg ex US Hedged Index	0.8	NA	NA

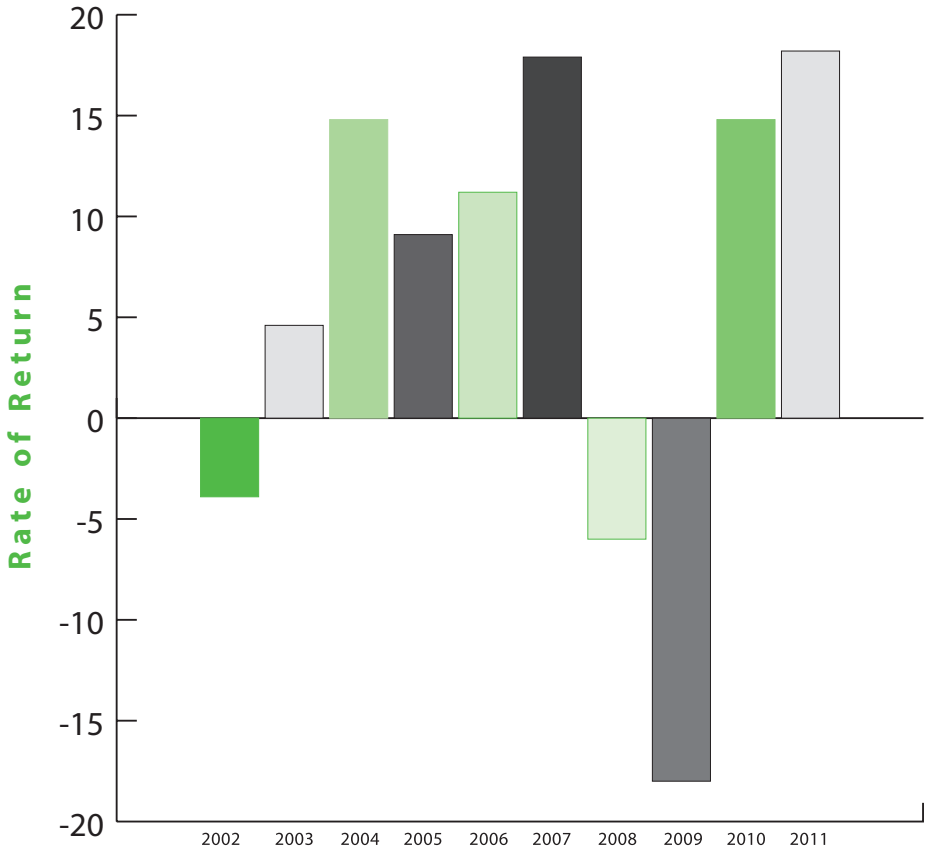
[1] Net of Fees.
[2] Investment performance for the fund is based on calculations made by the fund's custodian and consultant. The 1-year, 3-year, and 5-year performance returns are time-weighted rates of return based on the market rates of return.
[3] Universe of Public Funds.
[4] Composed of passive indices for each asset class held at the target asset allocation.
[5] Inception of Total Non-US Fixed Income, 11/30/2008.

Defined Benefit Assets
Ten-Year Investment Rates of Return

(dollars in millions)

Fiscal Year	Market Value	Rate of Return[1]	Actuarial Assumed Rate
2002	$ 3,032	(3.9)%	7.5%
2003	3,377	4.6	7.5
2004	3,738	14.8	7.5
2005	4,041	9.1	7.5
2006	4,521	11.2	7.5
2007	5,501	17.9	7.5
2008	5,252	(6.0)	7.5
2009	4,236	(18.0)	7.5
2010	5,073	14.8	7.5
2011	5,984	18.2	7.0

[1] *Gross of Fees*

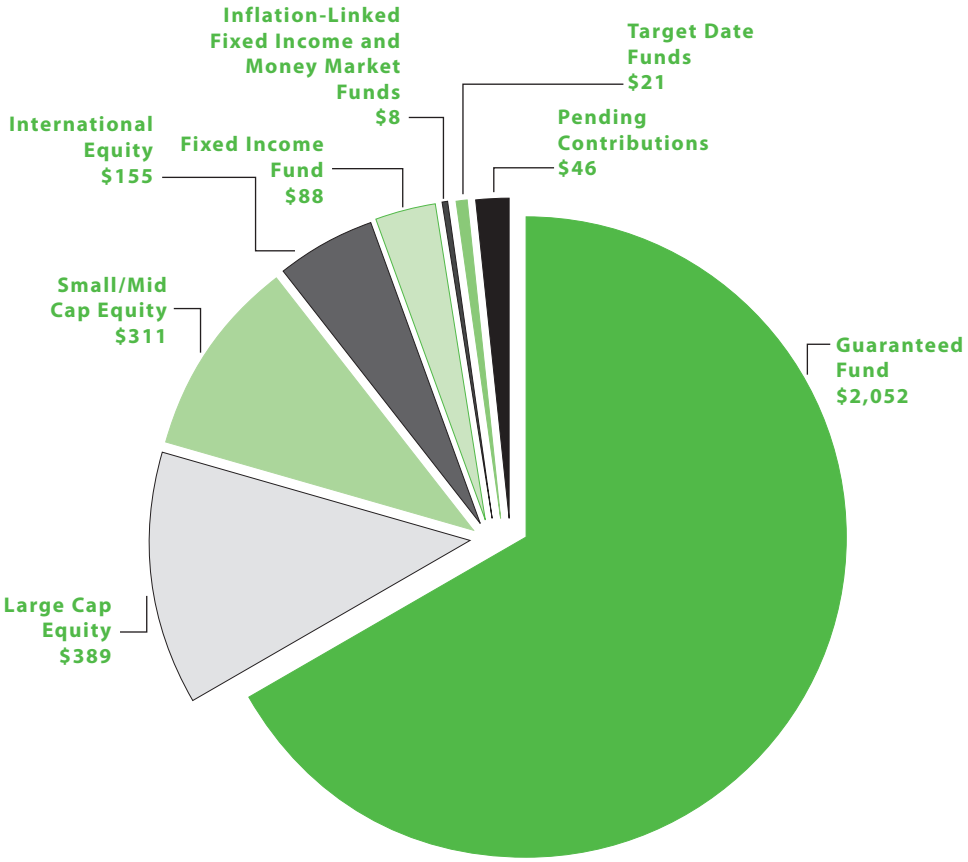


Annuity Savings Account Assets

Fiscal Year Ended June 30, 2011

(dollars in millions)

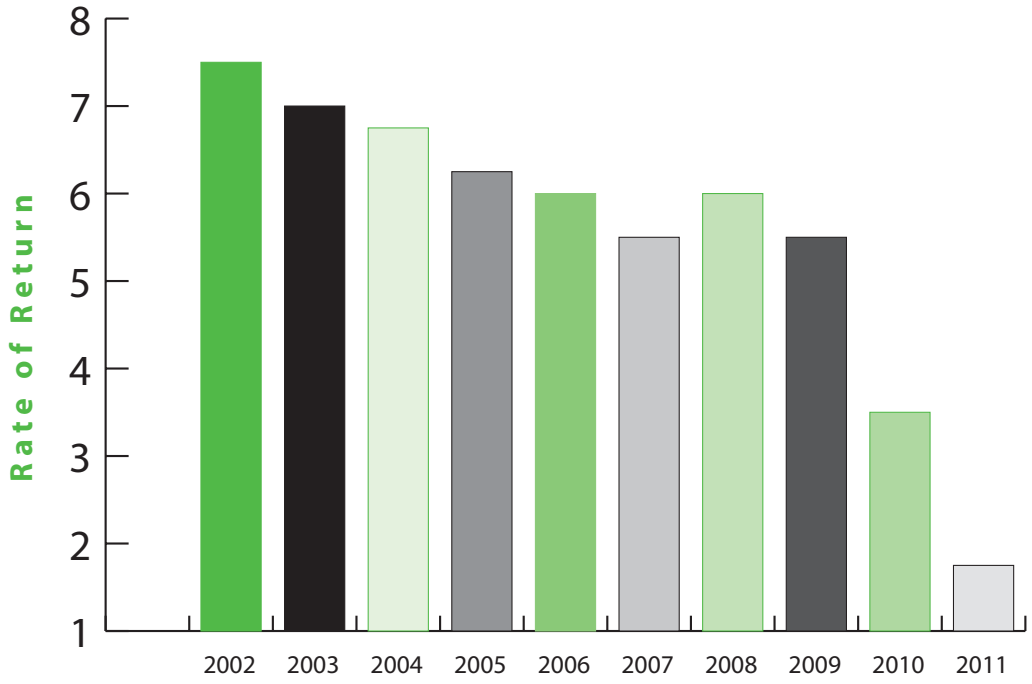
Investment Option		Actual	Percent
Guaranteed Fund	$	2,052	66.8%
Large Cap Equity Index Fund		389	12.7
Small / Mid Cap Equity Fund		311	10.1
International Equity Fund		155	5.1
Fixed Income Fund		88	2.9
Inflation-Linked Fixed Income Fund		7	0.2
Money Market Fund		1	0.0
Target Date Funds		21	0.7
Pending Contributions		46	1.5
Total ASA Assets	**$**	**3,070**	**100.0%**



Annuity Savings Account Guaranteed Fund Interest Crediting Rates

as of June 30

Fiscal Year	Interest Credit Rate
2002	7.50%
2003	7.00
2004	6.75
2005	6.25
2006	6.00
2007	5.50
2008	6.00
2009	5.50
2010	3.50
2011	1.75



Top 10 Equity Holdings Combined Defined Benefit and Annuity Savings Account Assets

Fiscal Year Ended June 30, 2011
(by Market Value)[1]

(dollars in thousands)

Company	Shares	Market Value
Apple	81,684	$ 27,419
Exxon Mobil	280,893	22,859
Novartis	241,375	14,763
IBM	79,698	13,672
Microsoft	461,180	11,991
Chevron	115,627	11,891
General Electric	625,898	11,804
Heineken NV	195,381	11,747
BNP Paribas	150,726	11,632
Total SA	200,757	11,608

Top 10 Fixed Income Holdings Combined Defined Benefit and Annuity Savings Account Assets

Fiscal Year Ended June 30, 2011
(by Market Value)[1]

(dollars in thousands)

Name	Coupon Rate	Maturity Date	Par Value	Market Value
FNMA TBA 4.50% 30 Years August	4.500	08/2011	$ 61,090	$ 63,009
FNMA TBA 4.00% 30 Years August	4.000	08/2011	53,775	53,615
US Treasury Note	3.125	05/2021	40,060	39,947
FNMA TBA 5.00% 30 Years August	5.000	08/2011	36,895	39,097
US Treasury Note	0.500	05/2013	35,345	35,382
US Treasury Note	1.375	04/2012	35,000	35,328
US Treasury Note	0.625	12/2012	33,065	33,201
FNMA TBA 4.50% 30 Years July	4.500	07/2011	30,100	31,139
US Treasury Note	0.375	06/2013	30,000	29,951
US Treasury Note	0.750	03/2013	29,695	29,869

[1] *A complete list of portfolio holdings is available upon request.*

Schedule of Fees and Commissions

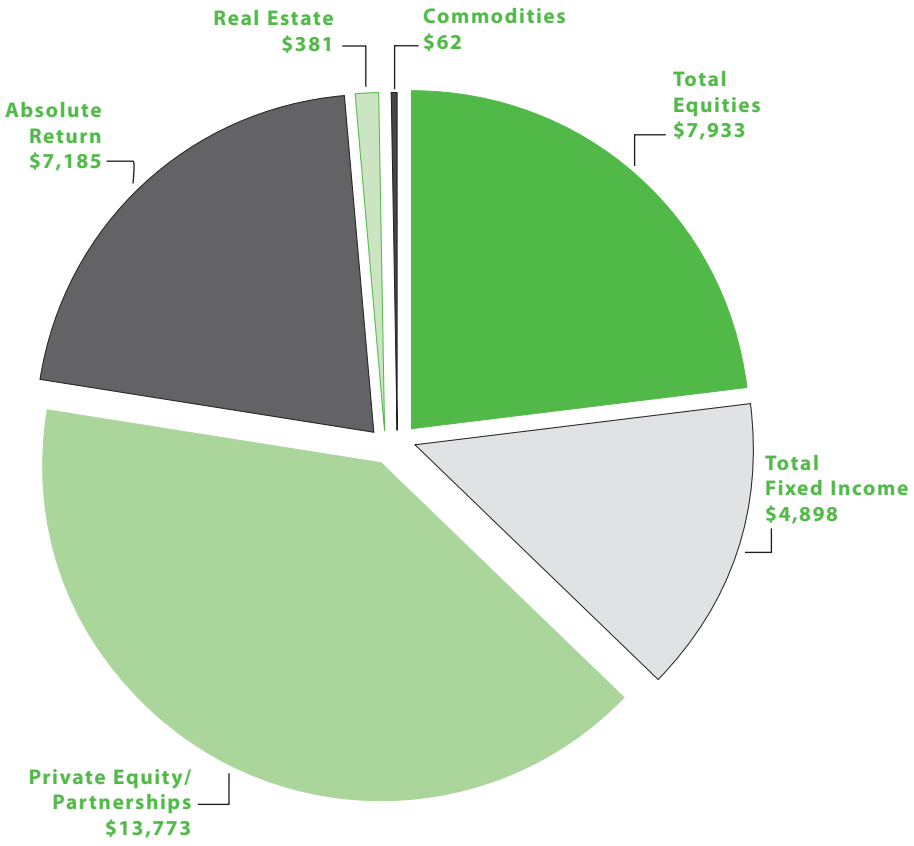
Fees by Asset Class

Fiscal Year Ended June 30, 2011

(dollars in thousands)

Asset Class		Amount Paid in Fees
Total Equities[1]	$	7,933
Total Fixed Income[2]		4,898
Private Equity / Partnerships		13,773
Absolute Return		7,185
Real Estate		381
Commodities		62
Total Fees	**$**	**34,232**

[1] *Includes Equity Strategies*
[2] *Includes Credit Strategies*



Custodian

Northern Trust
50 South LaSalle Street
Chicago, IL 60675

Consultants

Aksia
599 Lexington Avenue
New York, NY 10022

ORG Real Property
15305 SW Sequoia Parkway
Suite 195
Portland, OR 97224

Strategic Investment Solutions
333 Bush Street
Suite 2000
San Francisco, CA 94104

Domestic Equity

Barrow Hanley
2200 Ross Avenue
31st Floor
Dallas, TX 75201

BlackRock
One Financial Center
Boston, MA 00211

Columbus Circle
Metro Center
One Station Place
Stamford, CT 06902

Cortina
330 East Kilbourn
Suite 850
Milwaukee, WI 53202

CS McKee
One Gateway Center
Pittsburgh, PA 15222

Delaware
2005 Market Street
Philadelphia, PA 19103

DePrince Race & Zollo
250 Park Avenue South
Winter Park, FL 32789

Earnest
1180 Peachtree Street
Suite 2300
Atlanta, GA 30309

JP Morgan Asset Management
245 Park Avenue
7th Floor
New York, NY 10167

Loomis Sayles
One Financial Center
Boston, MA 02111

QMA
Two Gateway Center
4th Floor
Newark, NJ 07102

Rhumbline
30 Rowes Wharf
Boston, MA 02110

Wells
900 East 96th Street
Suite 310
Indianapolis, IN 46240

International Equity

Baillie Gifford
757 Third Avenue
New York, NY 10017

BlackRock
One Financial Center
Boston, MA 00211

Dimensional Fund Advisors
6300 Bee Cave Road
Building One
Austin, TX 78746

Fisher
13100 Skyline Boulevard
Woodside, CA 94062

Gryphon
20 Bay Street
Suite 1905
Toronto, ON M5J2N8

Manning & Napier
360 Central Avenue
Suite 1500
St. Petersburg, FL 33701

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111

Private Equity

Credit Suisse
315 Park Avenue South
12th Floor
New York, NY 10010

Private Equity, cont.

Hamilton Lane
7777 Fay Avenue
Suite 206
La Jolla, CA 92037

Equity Strategies

Highfields Capital
200 Clarendon Street
Boston, MA 02116

Fixed Income

Alliance Capital
1345 Avenue of the Americas
35th Floor
New York, NY 10105

BlackRock
One Financial Center
Boston, MA 00211

Logan Circle
1717 Arch Street
Suite 1500
Philadelphia, PA 19103

Mondrian
2001 Market Street
Suite 3810
Philadelphia, PA 19103

PIMCO
840 Newport Center Drive
Newport Beach, CA 92658

Prudential
Two Gateway Center, 4th Floor
100 Mulberry Street
Newark, NJ 07102

Reams
227 Washington Street
Suite 666
Columbus, IN 47201

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111

Taplin, Canida & Habacht
1001 Brickell Bay Drive
Suite 2100
Miami, FL 33131

Credit Strategies

BellPoint
1065 Avenue of the Americas
31st Floor
New York, NY 10018

Brigade
399 Park Avenue
16th Floor
New York, NY 10022

Citadel
131 South Dearborn Street
Chicago, IL 60603

Perella Weinberg
767 Fifth Avenue
New York, NY 10153

Inflation Sensitive

BlackRock
One Financial Center
Boston, MA 00211

State Street Global
1 Lincoln Street
33rd Floor
Boston, MA 02111

Absolute Return

Bridgewater
1 Glendinning Place
Westport, CT 06880

GMO
40 Rowes Wharf
Boston, MA 02110

Real Estate

Blackstone
345 Park Avenue
30th Floor
New York, NY 10154

JDM Partners
2400 East AZ Baltimore Circle
Building 2, Suite 1270
Phoenix, AZ 85016

LaSalle Investment Management
200 East Randolph Drive
Chicago, IL 60601

Prudential Real Estate
8 Campus Drive
Parsippany, NJ 07054

RREEF
975 North Michigan Avenue
41st Floor
Chicago, IL 60611

Real Estate, cont.

TA Associates

200 Clarendon Street

56th Floor

Boston, MA 02116

WestRiver

450 Park Avenue

Suite 1203

New York, NY 10022

Commodities

Blackstone Resources Select

345 Park Avenue

28th Floor

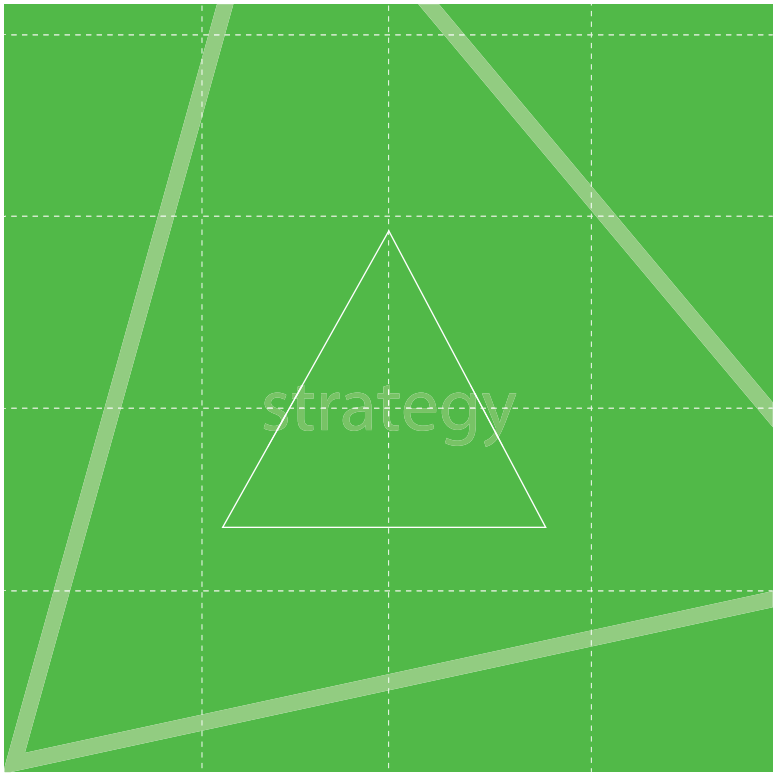
New York, NY 10154

Goldman Sachs

32 Old Slip Road

31st Floor

New York, NY 10005



TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

ACTUARIAL SECTION

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Actuary's Certification Letter

January 7, 2011

nyhart
www.nyhart.com

The Board of Trustees
Indiana State Teachers' Retirement Fund
Indianapolis, IN

Dear Board Members:

An actuarial valuation is prepared annually for the Indiana State Teachers' Retirement Fund. Submitted in this report are the results of the June 30, 2010 actuarial valuation.

Census Data and Asset Information
The member census data and the asset information for this valuation were furnished by the Chief Financial Officer and Staff. Their efforts and cooperation in furnishing these materials are acknowledged with appreciation. We did not audit the information provided, but we did review it thoroughly for reasonableness and compared it with the prior year's submission for consistency.

Assumptions and Methods
The actuarial assumptions used in the June 30, 2010 valuation were adopted by the Board pursuant to the Experience Study of August, 2008, which reflects the experience period from July 1,2002 to June 30, 2007. The June 30, 2010 valuation incorporates the changes in the interest rate, assumed COLA, and amortization method that were approved by the Board on September 16, 2010. Assumptions are summarized in the Assumptions and Methods section of this report. These assumptions and methods have been used to develop the Annual Required Contribution and are consistent with the accounting requirements detailed in GASB Statements No. 25, No. 27, and No. 50.

Funding Objective
The Indiana State Teachers' Retirement Fund Pre-1996 Account is funded on a pay-as-you go basis from the State of Indiana.

The funding objective of the Indiana State Teachers' Retirement Fund 1996 Account is to establish and receive contributions that, when invested at the assumed rate of return, will ultimately accumulate assets over each member's working lifetime that will be sufficient to pay expected retirement allowances. As such, an employer contribution rate is calculated each year. That rate is then considered in conjunction with the goal of maintaining a relatively stable contribution over time.

Certification
We have included several schedules and exhibits in this report, including the following:
Summary of Actuarial Assumptions and Methods
Analysis of Financial Experience
Solvency Test
Schedule of Active Members' Valuation Data
Schedule of Retirants and Beneficiaries
Schedule of Funding Progress
Schedule of Employer Contributions

The valuation was completed under the supervision of a Member of the American Academy of Actuaries with significant experience in valuing employee retirement systems, and was prepared using generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board. To the best of our knowledge, this report is complete and accurate and the actuarial methods and assumptions produce results that are reasonable.

Respectfully submitted,

John L. Dowell, FSA, EA, MAAA Michael Zurek, EA, MAAA

JD/lmw

Actuarial Summary

Fund Structure

The Indiana State Teachers' Retirement Fund (TRF) is one fund comprised of a two-account structure in compliance with Indiana Code Section 5-10.4-2-2:

1. The Pre-1996 Account consists of members who were hired prior to July 1, 1995, and who have maintained continuous employment with the same school corporation or covered institution since that date.

2. The 1996 Account consists of members who were:

   a. hired on or after July 1, 1995; or

   b. hired before July 1, 1995, and prior to June 30, 2005:

      i. were either hired by another school corporation or institution covered by TRF, or

      ii. were re-hired by a covered prior employer.

Characteristics of the Pre-1996 Account

1. Active membership in the Pre-1996 Account continues to decline as members quit, become disabled, die, retire, or incur a change in status as described in (2.b.) above, thereby automatically transferring to membership in the 1996 Account.

2. The Defined Benefits from the Pre-1996 Account are funded by State appropriations (including contributions of some revenue from the State Lottery). For members who annuitize their Annuity Savings Account (ASA) at the time of retirement, ASA benefits payable from the Pre-1996 Account are funded by the annuitization of Pre-1996 Account member contributions.

Characteristics of the 1996 Account

1. As members depart from active service in the Pre-1996 Account, their replacements will become members of the 1996 Account. If the 1996 Account were a stand-alone plan, this pattern of departures and hirings would produce a fairly constant population size.

2. Defined Benefits payable from the 1996 Account are funded by contributions from local school corporations or other institutions that employ covered members. For members who annuitize their Annuity Savings Account (ASA) at the time of retirement, ASA benefits payable at retirement from the 1996 Account are funded by the annuitization of 1996 Account member contributions.

Funding Arrangements

Prior to the legislation that established the two-account structure of TRF, the Defined Benefits of the Indiana State Teachers' Retirement Fund were funded with a pay-as-you-go method. Under this arrangement, amounts were appropriated to meet the current year's pension payment requirements. Defined Benefits payable from the Pre-1996 Account continue to be funded on this basis.

In 1995, the Pension Stabilization Fund was set up for the Pre-1996 Account. Since then, some pre-funding progress has been made via State appropriations to this account.

Actuarial Summary, continued

Defined Benefits payable from the 1996 Account are funded through employer percent-of-pay contributions. The Board of the Teachers' Retirement Fund sets this contribution rate after reviewing the most recent actuarial valuation report.

The contribution rate of 7.5 percent for fiscal year 2012 was set by the Board in fiscal year 2011 for the 1996 Account.

Plan Provisions

There was no ad-hoc COLA on January 1, 2011. Instead, retirees were paid a service-related lump sum in September 2010. These changes were reflected in the June 30, 2010 valuation. Any future COLA was estimated by an ongoing assumption of 1.0 percent annual increases in all Defined Benefit payments, beginning January 1, 2012. We are not aware of any other changes in the plan provisions since the June 30, 2009 actuarial valuation.

Assumptions and Methods

The actuarial assumptions used in the June 30, 2010 valuation are based on plan experience from July 1, 2002 to June 30, 2007. There were three assumption and method changes effective in the June 30, 2010 actuarial valuation that were approved by the TRF Board in September 2010:

- The interest rate assumption was reduced from 7.5 percent to 7.0 percent.
- The annual assumed COLA was reduced from 1.5 percent to 1.0 percent.
- The amortization method was changed from 30-year open amortization to 30-year closed amortization.

The asset valuation method continues to treat ASA account balances as fully funded and eliminates their investment experience from the smoothing process.

Investment Experience

Investment return for the year ended June 30, 2010, was higher than the assumed 7.5 percent return. The market value rate of return was 13.3 percent. Under the asset valuation method, market gains and losses are spread over a four-year period. The Market Value of Assets is currently $664 million lower than the Actuarial Value of Assets, meaning a portion of the recent losses have not yet been recognized but will be in the upcoming years.

Challenges

The 1996 Account has been steadily funded since its inception. As membership in this portion of the plan increases, the amount of required contributions will increase as a dollar amount, but should remain relatively stable as a percentage of covered payroll with plan experience causing gradual changes. The primary funding challenge will be for the State to meet the projected pay-as-you-go obligations for the Pre-1996 Account.

Actuarial Schedules

The schedules shown in the Actuarial Section, including a Summary of Actuarial Assumptions & Methods, Analysis of Financial Experience, Solvency Test, Schedule of Active Members' Valuation Data, and the Schedule of Retirants and Beneficiaries were prepared by the actuary.

The Schedule of Funding Progress and Schedule of Contributions from the Employers and Other Contributing Entities can both be found in the Financial Section.

Summary of Actuarial Assumptions and Methods

The assumptions used in this valuation primarily reflect the study of experience covering the period July 1, 2002, through June 30, 2007.

Investment Return Rate

The assumed investment return rate is 7.0 percent per year, compounded annually (net after administrative expenses).

Pay Increase Assumption

The assumption for each member consists of a merit and/or seniority increase, 3.0 percent for price inflation, and 0.25 percent for real wage growth.

Pay Increase Assumption

Years of Service	Merit & Seniority	Base (Economic)	Total
1	9.25%	3.25%	12.50%
5	4.50	3.25	7.75
10	3.25	3.25	6.50
15	2.00	3.25	5.25
20	0.75	3.25	4.00
25	0.25	3.25	3.50
30	0.25	3.25	3.50
35	0.25	3.25	3.50
40	0.25	3.25	3.50

Total Active Member Payroll

For purposes of calculating the projected contribution for the 2012 fiscal year, the total active member payroll is assumed to increase 10.0 percent annually for the 1996 Account and be partially offset by payroll decreases for the Pre-1996 Account.

Price Inflation

Price inflation is assumed at 3.0 percent per year. Price inflation is not directly tied to benefits; however, it is a component of the economic model used to determine total wage inflation.

Mortality

Healthy

2008 IRS Static Mortality Table projected an additional five years (sex specific).

Disabled

2008 IRS Static Mortality Table projected an additional five years (sex specific).

Retirement

Sample probabilities are shown in the chart below.

Probabilities of Age and Service Retirement

Age	Regular Retirement	Rule of 85 Retirement	Early Retirement
50-53	-	-	0.015
54	-	-	0.030
55	-	0.160	0.040
56	-	0.130	0.050
57	-	0.135	0.060
58	-	0.145	0.070
59	-	0.160	0.080
60	0.180	0.180	-
61	0.220	0.220	-
62	0.250	0.250	-
63	0.200	0.200	-
64	0.250	0.250	-
65	0.350	0.350	-
66	0.300	0.300	-
67	0.200	0.200	-
68	0.250	0.250	-
69	0.300	0.300	-
70	1.000	1.000	-

Summary of Actuarial Assumptions and Methods, continued

Withdrawal

Sample probabilities are shown in the chart below.

Probabilities of Withdrawal

	Service Based	
Years of Service	Male	Female
0	0.3500	0.3500
1	0.1400	0.1500
2	0.1000	0.1200
3	0.0800	0.0950
4	0.0600	0.0850
5	0.0500	0.0750
6	0.0450	0.0650
7	0.0400	0.0550
8	0.0350	0.0500
9	0.0300	0.0450
	Age Based*	
Attained Age	Male	Female
25	0.0250	0.0400
30	0.0250	0.0400
35	0.0230	0.0340
40	0.0180	0.0200
45	0.0130	0.0150
50	0.0350	0.0350
55	0.0350	0.0350
60	0.0350	0.0350

** Age-based rates apply only if 10 or more years of service.*

Disability

Sample probabilities are shown in the chart below.

Probabilities of Disability

	Age Based	
Attained Age	Male	Female
25	0.0001	0.0001
30	0.0001	0.0001
35	0.0001	0.0001
40	0.0001	0.0001
45	0.0002	0.0002
50	0.0005	0.0005
55	0.0009	0.0009
60	0.0010	0.0010

Summary of Actuarial Assumptions and Methods, continued

Actuarial Cost Method

Entry Age Normal (level percent of pay) method, with a 30-year closed, level dollar amortization of the Unfunded Accrued Liability arising from all sources including actuarial gains and losses.

Asset Valuation Method

The Actuarial Value of Assets recognizes investment gains and losses in equal installments over four years. However, the Actuarial Value is limited to no more than 20 percent greater than or 20 percent less than the Market Value of Assets. Investment experience on ASA account balances is not smoothed.

Marriage Assumption

100 percent of members are assumed to be married for purposes of valuing death-in-service benefits. Male spouses are assumed to be three years older than female spouses.

Pay Increase Timing

Beginning of (fiscal) year is used. Payroll amounts stated in the valuation data are amounts projected to be paid during the current year.

Decrement Timing

Decrements are assumed to occur at the beginning of the fiscal year.

Other

Disability and withdrawal decrements do not operate after member reaches retirement eligibility. Only the withdrawal and death decrements operate during the first ten years of service.

Miscellaneous Adjustments

The calculated liabilities and normal costs were increased by 1 percent to account for the inclusion of unused sick leave in the calculation of average compensation.

Actuarial Equivalence Basis for Optional Forms of Payment

The following is used: 7.5 percent interest with a 40 percent/60percent unisex blend of the 1983 Group Annuity Male Mortality Table set back three years and the 1983 Group Annuity Male Mortality Table set back seven years.

Explicit Expense Load

None

Cost of Living Adjustment Assumption

1.0 percent compounded annually on Defined Benefit portion is used.

Employee Census and Asset Data

Census and asset information was furnished as of the valuation date by the Fund's administrative staff. Although examined thoroughly for reasonableness and consistency with prior years, the data was not otherwise audited by the actuary.

The actuarial valuation computations were made under the supervision of a Member of the American Academy of Actuaries (MAAA).

Analysis of Financial Experience

INDIANA STATE TEACHERS' RETIREMENT FUND

(dollars in millions)

	Pre-1996 Account	1996 Account	Total
June 30, 2009 UAAL *	$ 10,928	$ 207	$ 11,135
Asset Investment (Gains) / Losses	(122)	(114)	(236)
Assumption/Methodology Changes **	163	108	271
Demographic Experience / 2010 Data	(139)	(1)	(140)
Miscellaneous Other Adjustments ***	86	(8)	78
Net Change	(12)	(15)	(27)
June 30, 2010 UAAL	$ 10,916	$ 192	$ 11,108

* *UAAL: Unfunded Actuarial Accrued Liabilities*

** *There were three assumption and method changes effective in the June 30, 2010 actuarial valuation:*
1. *The interest rate assumption was reduced from 7.5% to 7.0%.*
2. *The annual assumed Cost of Living Adjustment (COLA) was reduced from 1.5% to 1.0%.*
3. *The amortization method was changed from 30-year open amortization to 30-year closed amortization.*

*** *Miscellaneous Other Adjustments includes changes due to increases for benefit increases and expected net interest on assets and liabilities; offset by decreases for contributions and the 13th check to retirees in lieu of the 1.5% assumed 2011 COLA.*

Solvency Test

INDIANA STATE TEACHERS' RETIREMENT FUND

(dollars in thousands)

	Actuarial Accrued Liabilities					Portion of Actuarial Accrued Liabilities Covered by Assets			
Fiscal Year Ended June 30	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Active Member (Employer Financed Portion)	Total Actuarial Accrued Liabilities
Pre-1996 Account									
2005	$ 2,925,367	$ 5,653,502	$ 5,675,278	$ 14,254,147	$ 5,796,724	100.0%	50.8%	0.0%	40.7%
2006	2,898,891	6,238,115	5,865,465	15,002,471	5,477,221	100.0	41.3	0.0	36.5
2007	3,016,052	7,063,889	5,908,318	15,988,259	5,763,508	100.0	38.9	0.0	36.1
2008	2,613,138	7,244,422	5,934,745	15,792,305	5,953,991	100.0	46.1	0.0	37.7
2009	2,389,886	7,891,346	5,745,861	16,027,093	5,109,086	100.0	34.5	0.0	31.9
2010	2,353,715	8,153,240	5,775,111	16,282,066	5,382,410	100.0	37.1	0.0	33.1
1996 Account									
2005	$ 535,179	$ 219,722	$ 1,255,845	$ 2,010,746	$ 1,268,575	100.0%	100.0%	40.9%	63.1%
2006	602,051	282,638	1,478,412	2,363,101	2,209,468	100.0	100.0	89.6	93.5
2007	656,918	449,452	1,721,184	2,827,554	2,713,051	100.0	100.0	93.3	95.9
2008	649,840	514,933	1,792,985	2,957,758	3,080,057	100.0	100.0	100.0	104.1
2009	655,843	432,942	2,046,748	3,135,533	2,920,735	100.0	100.0	89.5	93.1
2010	750,575	483,117	2,380,867	3,614,559	3,422,554	100.0	100.0	91.9	94.7
Total									
2005	$ 3,460,546	$ 5,873,224	$6,931,123	$ 16,264,893	$ 7,065,299	100.0%	61.4%	0.0%	43.4%
2006	3,500,942	6,520,753	7,343,877	17,365,572	7,686,689	100.0	64.2	0.0	44.3
2007	3,672,970	7,513,341	7,629,502	18,815,813	8,476,559	100.0	63.9	0.0	45.1
2008	3,262,978	7,759,355	7,727,730	18,750,063	9,034,048	100.0	74.4	0.0	48.2
2009	3,045,729	8,324,288	7,792,609	19,162,626	8,029,821	100.0	59.9	0.0	41.9
2010	3,104,290	8,636,357	8,155,978	19,896,625	8,804,964	100.0	66.0	0.0	44.3

Schedule of Retirants and Beneficiaries

INDIANA STATE TEACHERS' RETIREMENT FUND

(dollars in thousands -- except average annual allowances)

Fiscal Year Ended June 30	Added to Rolls*		Removed from Rolls*		Net Transfers and Benefit Changes*		Rolls – End of Year		% Increase in Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
Pre-1996 Account										
2005							37,421	$ 586,597	7.2%	$ 15,676
2006							38,522	624,573	6.5	16,213
2007	2,292	$ 52,947	(1,063)	$ (12,167)	(423)	$ (7,056)	39,328	658,297	5.4	16,739
2008	2,296	52,167	(966)	(11,026)	(104)	1,717	40,554	701,155	6.5	17,289
2009	2,344	56,819	(929)	(11,062)	579	15,155	42,548	762,067	8.7	17,911
2010	1,940	47,657	(1,010)	(11,982)	0	(6,969)	43,478	790,773	3.8	18,188
1996 Account										
2005							1,091	$ 20,584	42.2%	$ 18,867
2006							1,327	25,459	23.7	19,185
2007	197	$ 3,658	(22)	$ (416)	423	$ 8,312	1,925	37,013	45.4	19,228
2008	255	5,126	(21)	(316)	104	1,659	2,263	43,482	17.5	19,214
2009	270	5,145	(10)	(119)	(579)	(12,196)	1,944	36,312	(16.5)	18,679
2010	249	4,859	(12)	(129)	0	(341)	2,181	40,701	12.1	18,662
Total										
2005							38,512	$ 607,181	8.1%	$ 15,766
2006							39,849	650,032	7.1	16,312
2007	2,489	$ 56,605	(1,085)	$ (12,583)	0	$ 1,256	41,253	695,310	7.0	16,855
2008	2,551	57,293	(987)	(11,342)	0	3,376	42,817	744,637	7.1	17,391
2009	2,614	61,964	(939)	(11,181)	0	2,959	44,492	798,379	7.2	17,944
2010	2,189	52,516	(1,022)	(12,111)	0	(7,310)	45,659	831,474	4.1	18,211

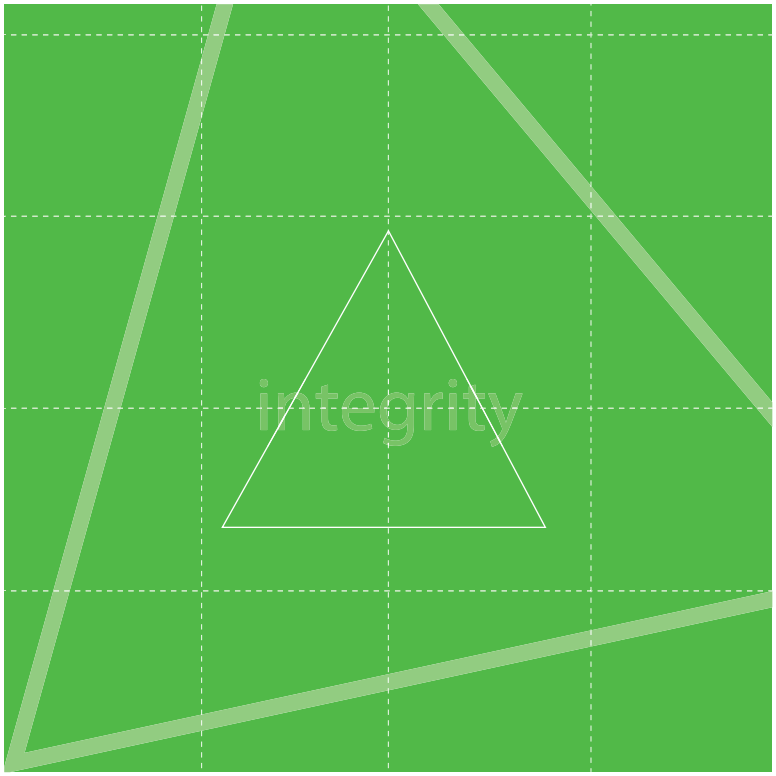
** TRF changed actuarial services beginning with the fiscal year ending June 30, 2007. The previous actuary did not provide data with this detail.*

Schedule of Active Members' Valuation Data

INDIANA STATE TEACHERS' RETIREMENT FUND

(dollars in thousands - except average pay)

As of June 30	Active Members	Annual Payroll	Average Pay	Percent Increase
		Pre-1996 Account		
2005	39,097	$ 2,305,725	$ 58,974	2.7%
2006	36,994	2,237,380	60,480	2.6
2007	36,526	2,376,390	65,060	7.6
2008	34,628	2,295,816	66,299	1.9
2009	29,297	2,030,484	69,307	4.5
2010	26,439	1,865,102	70,544	1.8
		1996 Account		
2005	34,826	$ 1,428,604	$ 41,021	3.6%
2006	36,356	1,565,341	43,056	5.0
2007	39,307	1,891,605	48,124	11.8
2008	41,628	2,052,720	49,311	2.5
2009	45,046	2,308,548	51,249	3.9
2010	46,433	2,447,509	52,711	2.9
		Total		
2005	73,923	$ 3,734,329	$ 50,516	1.7%
2006	73,350	3,802,721	51,844	2.6
2007	75,833	4,267,995	56,282	8.6
2008	76,256	4,348,536	57,025	1.3
2009	74,343	4,339,032	58,365	2.3
2010	72,872	4,312,611	59,181	1.4



TEACHERS' RETIREMENT FUND

2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

STATISTICAL SECTION

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Summary of Statistical Section

This part of the Comprehensive Annual Financial Report contains more detailed information regarding TRF's financial viability and pension benefit offerings for understanding the Financial Statements, Notes to the Financial Statements, and Required Supplemental Schedules.

Financial Trends

The following schedules contain historical trends to assist in understanding changes over time in financial performance:

- Schedule of Changes in Net Assets
- Schedule of Benefit Deductions by Type

Demographic and Economic Information

The following schedules contain benefit and member data to provide a better understanding of TRF's benefit offerings:

- Schedule of Benefit Recipients by Type
- Schedule of Average Benefit Payments
- Schedule of Participating Employers

Schedule of Changes in Net Assets

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30
(dollars in thousands)

	2011	2010	2009	2008	2007
Additions					
Member Contributions	$ 126,784	$ 131,676	$ 128,568	$ 123,928	$ 126,195
Employer Contributions	880,611	849,855	819,187	778,128	723,039
Employer – Pension Stabilization Fund	35,000	30,000	30,000	30,000	30,000
Investment Income / (Loss) – Net of Expenses	1,177,389	965,556	(1,390,148)	(381,080)	1,223,431
Transfer from Public Employees' Retirement Fund	8,827	5,510	4,260	3,188	3,841
Other	0	0	0	0	0
Total Additions to Plan Net Assets	**$2,228,611**	**$1,982,597**	**$ (408,133)**	**$ 554,164**	**$ 2,106,506**
Deductions					
Pension and Disability Payments	1,210,999	1,017,104	934,296	950,855	897,676
Distributions of Contributions and Interest	20,565	10,447	9,613	10,463	12,901
Administrative, Project, Depreciation & Amortization Expenses	10,840	11,076	10,254	6,920	6,522
Transfer to Public Employees' Retirement Fund	5,239	2,339	2,525	2,761	37
Total Deductions from Plan Net Assets	**$1,247,643**	**$1,040,966**	**$ 956,688**	**$ 970,999**	**$ 917,136**
Changes in Net Assets					
Beginning of Year	8,140,769	7,199,138	8,563,959	8,980,794	7,791,424
End of Year	9,121,737	8,140,769	7,199,138	8,563,959	8,980,794
Net Increase / (Decrease)	**$ 980,968**	**$ 941,631**	**$ (1,364,821)**	**$ (416,835)**	**$ 1,189,370**

Schedule of Changes in Net Assets, continued

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30
(dollars in thousands)

	2006	2005	2004	2003	2002
Additions					
Member Contributions	$ 130,496	$ 117,897	$ 115,833	$ 109,500	$ 107,052
Employer Contributions	671,340	454,779	408,180	575,066	541,083
Employer – Pension Stabilization Fund	30,000	30,000	30,000	30,000	30,000
Investment Income / (Loss) – Net of Expenses	572,290	560,890	723,094	344,777	(158,320)
Transfer from Public Employees' Retirement Fund	5,092	3,973	2,781	3,847	1,254
Other	0	864	1,424	1,354	2,153
Total Additions to Plan Net Assets	**$ 1,409,218**	**$ 1,168,403**	**$ 1,281,312**	**$ 1,064,544**	**$ 523,222**
Deductions					
Pension and Disability Payments	779,714	723,734	655,352	615,922	595,496
Distributions of Contributions and Interest	9,562	9,237	9,704	7,397	6,450
Administrative, Project, Depreciation & Amortization Expenses	6,750	7,025	7,628	6,677	8,032
Transfer to Public Employees' Retirement Fund	1,484	2,982	2,364	1,774	1,251
Total Deductions from Plan Net Assets	**$ 797,510**	**$ 742,978**	**$ 675,048**	**$ 631,770**	**$ 611,229**
Changes in Net Assets					
Beginning of Year	7,179,716	6,754,291	6,148,027	5,722,753	5,810,760
End of Year	7,791,424	7,179,716	6,754,291	6,148,027	5,722,753
Net Increase / (Decrease)	**$ 611,708**	**$ 425,425**	**$ 606,264**	**$ 432,774**	**$ (88,007)**

Schedule of Benefit Deductions by Type

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30
(dollars in thousands)

Year	Pension Benefits	Disability Benefits	Total Benefits
2002	$ 595,369	$ 127	$ 595,496
2003	615,782	140	615,922
2004	655,234	118	655,352
2005	723,626	108	723,734
2006	779,616	98	779,714
2007	897,580	96	897,676
2008	950,755	100	950,855
2009	934,216	80	934,296
2010	1,017,030	74	1,017,104
2011	1,210,936	63	1,210,999

Schedule of Benefit Recipients by Type of Benefit Option

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2010

Amount of Monthly Benefit *	Number of Benefit Recipients by Benefit Option								
	A-1	A-2	A-3	B-1	B-2	B-3	Survivors	Disability	Total
Pre-1996 Account									
$ 1 - 500	2,900	1,347	325	1,494	459	656	681	116	7,978
501 - 1,000	2,482	1,706	429	2,639	855	1,008	255	206	9,580
1,001 - 1,500	2,918	2,182	380	3,702	1,188	1,255	122	196	11,943
1,501 - 2,000	2,155	1,997	251	2,754	934	1,136	103	84	9,414
2,001 - 3,000	812	779	102	875	330	408	26	13	3,345
over 3,000	290	268	30	339	134	150	7	0	1,218
Total	**11,557**	**8,279**	**1,517**	**11,803**	**3,900**	**4,613**	**1,194**	**615**	**43,478**
1996 Account									
$ 1 - 500	132	70	12	86	8	17	19	40	384
501 - 1,000	142	97	38	127	23	38	12	26	503
1,001 - 1,500	134	83	20	129	36	45	2	7	456
1,501 - 2,000	101	75	14	126	33	55	4	5	413
2,001 - 3,000	55	39	9	91	16	26	3	2	241
over 3,000	30	41	3	58	18	33	1	0	184
Total	**594**	**405**	**96**	**617**	**134**	**214**	**41**	**80**	**2,181**

** Defined Benefit only*

A-1 – Provides a monthly benefit for retiree's life. In the event the retiree dies before receiving five years of payments, the beneficiary receives the remainder of the five years (60 months) of guaranteed Defined Benefit pension payments in a lump sum.

A-2 – Provides a monthly benefit for retiree's life. The benefit ceases upon the death of the retiree.

A-3 – Provides a monthly benefit for retiree's life, including monthly annuitization of member's Annuity Savings Account (ASA). In the event the retiree dies before receiving five years of payments, the beneficiary will receive the remainder of the five years of guaranteed pension payments. The ASA is reduced with each monthly benefit paid; if the retiree dies before reducing the balance to $0.00, the beneficiary will receive a single payment of the amount remaining.

B-1 – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 100% of the member's Defined Benefit for the remainder of the survivor's life.

B-2 – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 66 2/3% of the member's Defined Benefit for the remainder of the survivor's life.

B-3 – Provides a monthly benefit for retiree's life. Upon the death of the retiree, the qualified designated survivor receives 50% of the member's Defined Benefit for the remainder of the survivor's life.

*Survivors * – Provides a monthly benefit for the surviving spouse's or dependent's life. The benefit ceases upon the death of the survivor.*
*Disability ** – Available to members with five (5) or more years of creditable service who become disabled as determined by the Social Security Administration while teaching in Indiana.*

** (of members who die while in service)*

*** Includes Classroom Disability -- Provides a benefit of $125 per month plus $5 for each additional year of TRF-covered service over five years.*

Schedule of Average Benefit Payments

INDIANA STATE TEACHERS' RETIREMENT FUND

Fiscal Year Ended June 30, 2010

(amounts in dollars)

Description	Years of Credited Service						Total
	5-9*	10-14	15-19	20-24	25-29	30+	
Pre-1996 Account							
Average Monthly Defined Benefit	$ 248	$ 250	$ 477	$ 758	$ 1,103	$ 1,681	$ 1,334
Average Monthly Annuity **	$ 14	$ 97	$ 92	$ 123	$ 154	$ 217	$ 181
Average Final Average Salary	$ 18,579	$ 20,904	$ 32,341	$ 38,788	$ 44,299	$ 51,065	$ 46,074
Number of Benefit Recipients	40	1,149	3,696	5,100	7,273	26,220	43,478
1996 Account							
Average Monthly Defined Benefit	$ 247	$ 407	$ 655	$ 905	$ 1,341	$ 2,032	$ 1,399
Average Monthly Annuity **	$ 28	$ 73	$ 81	$ 117	$ 184	$ 204	$ 156
Average Final Average Salary	$ 39,220	$ 39,068	$ 45,668	$ 51,890	$ 57,228	$ 65,781	$ 56,817
Number of Benefit Recipients	27	193	356	279	309	1,017	2,181

** Members with less than 10 years of service who are receiving a disability benefit from TRF.*

*** Members may choose to take the distribution of the Annuity Savings Account (ASA) in two ways. This represents those retirees who elected to receive their ASAs as a supplemental monthly payment in addition to the Defined Benefit.*

Schedule of Participating Employers: Top 10

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

Participating Employer	City	Rank	Active Members	Percentage of Total TRF Members
Top 10 Employers				
Indianapolis Public Schools	Indianapolis	1	3,011	4.2%
Fort Wayne C.S.C.	Fort Wayne	2	2,348	3.3
Evansville-Vanderburgh Schools	Evansville	3	1,695	2.4
South Bend C.S.C.	South Bend	4	1,588	2.2
Vigo County School Corporation	Terre Haute	5	1,128	1.6
Hamilton Southeastern School Corporation	Fishers	6	1,127	1.6
Carmel Clay School Corporation	Carmel	7	1,122	1.6
Wayne Township - MSD of	Indianapolis	8	1,106	1.5
Hammond City School Corporation	Hammond	9	1,062	1.5
Gary C.S.C.	Gary	10	1,034	1.4
Total -- 10 Employers			15,221	21.3
All Other -- 359 Employers			56,122	78.7
Grand Total -- 369 Employers			71,343	100.0%

Total Employers and Active Members

as of June 30

Year	Employers*	Active Members
2011	369	71,343
2010	367	72,872
2009	360	74,343
2008	361	76,256
2007	360	75,833
2006	358	73,350
2005	357	73,923
2004	343	73,510
2003	334	73,641
2002	325	75,383

** Total number of employers includes the State of Indiana Agencies as one employer versus the number of different State Agencies.*

Schedule of Participating Employers

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

	Employer Name
1	21st Century Charter School at Fountain Square
2	21st Century Charter School at Gary
3	21st Century Charter School at Indianapolis
4	Adams Central C.S.C.
5	Adams-Wells C.S.C.
6	Alexandria C.S.C.
7	American Quality Schools
8	Anderson C.S.C.
9	Anderson Preparatory Academy (Charter)
10	Area 30 Career Center (Charter)
11	Argos C.S.C.
12	Attica C.S.C.
13	Auditor of State
14	Avon C.S.C.
15	Ball State University
16	Barr Reeve C.S.C.
17	Bartholomew C.S.C.
18	Batesville C.S.C.
19	Baugo C.S.C.
20	Beacon Academy Inc. (Charter)
21	Beech Grove City School Corporation
22	Benton C.S.C.
23	Blackford C.S.C.
24	Bloomfield School District
25	Bloomington Project School (Charter)
26	Blue River Career Programs
27	Blue River Valley School Corporation
28	Bluffton-Harrison - MSD of
29	Boone School Corporation
30	Bremen Public School Corporation
31	Brown County School Corporation
32	Brownsburg C.S.C.
33	Brownstown Central C.S.C.
34	Campagna Academy Charter School
35	Cannelton City School Corporation
36	Carmel Clay School Corporation
37	Carroll C.S.C.
38	Cass Township - LaPorte County
39	Caston School Corporation
40	Center Grove C.S.C.

	Employer Name
41	Centerville-Abington C.S.C.
42	Central Indiana Education Service Center
43	Central Nine Voc Tech School
44	Central Noble C.S.C.
45	Challenge Foundation Academy (Charter)
46	Charter School of the Dunes
47	Charles A. Beard Memorial School Corporation
48	Charles A. Tindley Accelerated School (Charter)
49	Christel House Academy (Charter)
50	Clark Pleasant C.S.C.
51	Clarksville C.S.C.
52	Clay C.S.C.
53	Clinton Central School Corporation
54	Clinton Prairie School Corporation
55	Cloverdale C.S.C.
56	Community Montessori School (Charter)
57	Concord C.S.C.
58	Covered Bridge Special Education
59	Covington C.S.C.
60	Cowan C.S.C.
61	Crawford County C.S.C.
62	Crawfordsville C.S.C.
63	Crothersville C.S.C.
64	Crown Point C.S.C.
65	Culver C.S.C.
66	Daleville C.S.C.
67	Danville C.S.C.
68	Daviess-Martin Special Education Co-op
69	Decatur County C.S.C.
70	Decatur Township - MSD of
71	DeKalb County Central United School Corporation
72	DeKalb County Eastern C.S.C.
73	Delaware C.S.C.
74	Delphi C.S.C.
75	Dewey Township - LaPorte County
76	Discovery Charter School
77	Duneland School Corporation
78	East Allen C.S.C.
79	East Central Indiana Educational Service Center, Inc.
80	East Chicago City School Corporation

Schedule of Participating Employers, continued

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

	Employer Name
81	East Chicago Urban Enterprise Academy (Charter)
82	East Gibson School Corporation
83	East Noble School Corporation
84	East Porter County School Corporation
85	East Washington School Corporation
86	Eastbrook C.S.C.
87	Eastern Greene Schools
88	Eastern Hancock County C.S.C.
89	Eastern Howard School Corporation
90	Eastern Pulaski School Corporation
91	Edinburgh C.S.C.
92	Elkhart C.S.C.
93	Elwood C.S.C.
94	Eminence C.S.C.
95	Evansville-Vanderburgh Schools
96	Fairfield C.S.C.
97	Fayette County School Corporation
98	Flanner House Elementary School (Charter)
99	Flat Rock-Hawcreek School Corporation
100	Fort Wayne C.S.C.
101	Frankfort, Community Schools of
102	Franklin C.S.C.
103	Franklin County C.S.C.
104	Franklin Township C.S.C.
105	Fremont - MSD of
106	Frontier School Corporation
107	Galileo Charter School
108	Garrett Keyser Butler C.S.C.
109	Gary C.S.C.
110	Gibson-Pike-Warrick Special Education Co-op
111	Goshen C.S.C.
112	Greater Clark C.S.C.
113	Greater Jasper C.S.C.
114	Greater Randolph Interlocal Corporation
115	Greencastle C.S.C.
116	Greene-Sullivan Special Education Co-op
117	Greenfield Central C.S.C.
118	Greensburg C.S.C.
119	Greenwood C.S.C.
120	Griffith Public School Corporation

	Employer Name
121	Hamilton C.S.C.
122	Hamilton Heights School Corporation
123	Hamilton Southeastern School Corporation
124	Hammond City School Corporation
125	Hammond Urban Academy (Charter)
126	Hanover C.S.C.
127	Heartland Career Center
128	Herron High School (Charter)
129	Highland Town School Corporation
130	Hobart City School Corporation
131	Hoosier Academy Inc. - Indianapolis (Charter)
132	Hoosier Academy Inc. - Muncie (Charter)
133	Hope Academy (Charter)
134	Huntington County C.S.C.
135	Indiana Aerospace Junior/Senior High School (Charter)
136	Indiana Math and Science Academy North (Charter)
137	Indiana Math and Science Academy West (Charter)
138	Indiana State Teachers' Association
139	Indiana Virtual Academy
140	Indiana Virtual Pilot School
141	Indianapolis Metropolitan Career Academy #1 (Charter)
142	Indianapolis Public Schools
143	International School of Columbus (Charter)
144	Irvington Community School (Charter)
145	Jac Cen Del C.S.C.
146	Jay School Corporation
147	Jennings County C.S.C.
148	Jesse-Special Education School Corporation
149	John Glenn School Corporation
150	Joshua Academy, Inc. (Charter)
151	Kankakee Valley School Corporation
152	Kipp Indianapolis Charter School
153	Kipp Lead College Prep Charter School
154	Knox C.S.C.
155	Kokomo Center Township C.S.C.
156	Lafayette School Corporation
157	Lake Central School Corporation
158	Lake Ridge School Corporation
159	Lake Station C.S.C.
160	Lakeland School Corporation

Schedule of Participating Employers, continued

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

	Employer Name
161	Lanesville C.S.C.
162	LaPorte C.S.C.
163	LaPorte County Auditor
164	Lawrence Early College High School Inc. (Charter)
165	Lawrence Township - MSD of
166	Lawrenceburg Community Schools
167	Lebanon C.S.C.
168	Liberty Perry C.S.C.
169	Linton Stockton School Corporation
170	Logansport C.S.C.
171	Loogootee C.S.C.
172	Lost River Career Co-op
173	Maconaquah School Corporation
174	Madison C.S.C.
175	Madison Grant United School Corporation
176	Madison Special Services Unit
177	Manchester C.S.C.
178	Marion Adams School Corporation (Sheridan C.S.C.)
179	Marion C.S.C.
180	Martinsville - MSD of
181	Medora C.S.C.
182	Merrillville C.S.C.
183	Michigan City Area School Corporation
184	Middlebury C.S.C.
185	Milan C.S.C.
186	Mill Creek C.S.C.
187	Mishawaka City School Corporation
188	Mississinewa C.S.C.
189	Mitchell - MSD of
190	Monroe Central School Corporation
191	Monroe County C.S.C.
192	Monroe-Gregg C.S.C.
193	Mooresville C.S.C.
194	Mt. Pleasant Township C.S.C.
195	Mt. Vernon - MSD of
196	Mt. Vernon C.S.C.
197	Muncie C.S.C.
198	Munster City School Corporation
199	Nettle Creek School Corporation
200	New Albany-Floyd County C.S.C.

	Employer Name
201	New Castle C.S.C.
202	New Community School (Charter)
203	New Durham Township - LaPorte Co. (Westville)
204	New Harmony Town/Township C.S.C.
205	New Prairie United School Corporation
206	Nineveh Hensley Jackson Union Schools
207	Noblesville School Corporation
208	North Adams School Corporation
209	North Daviess County C.S.C.
210	North Gibson School Corporation
211	North Harrison C.S.C.
212	North Judson San Pierre School Corporation
213	North Knox School Corporation
214	North Lawrence C.S.C.
215	North Miami C.S.C.
216	North Montgomery C.S.C.
217	North Newton C.S.C.
218	North Posey County - MSD of
219	North Putnam C.S.C.
220	North Spencer School Corporation
221	North Vermillion C.S.C.
222	North White School Corporation
223	Northeast Dubois County School Corporation
224	Northeast School Corporation
225	Northeastern Wayne School Corporation
226	Northern Wells C.S.C.
227	Northwest Allen County School Corporation
228	Northwest Hendricks School Corporation
229	Northwest Indiana Special Education Co-op
230	Northwestern Consolidated Schools of Shelby County
231	Northwestern School Corporation
232	Oak Hill United School Corporation
233	Old National Trail
234	Options Charter School - Carmel
235	Options Charter School - Noblesville
236	Oregon-Davis School Corporation
237	Orleans C.S.C.
238	Paoli C.S.C.
239	Paramount School of Excellence (Charter)
240	Penn-Harris Madison School Corporation

Schedule of Participating Employers, continued

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

	Employer Name
241	Perry Central C.S.C.
242	Perry Township - MSD of
243	Peru C.S.C.
244	Pike County School Corporation
245	Pike Township - MSD of
246	Pioneer Regional School Corporation
247	Plainfield C.S.C.
248	Plymouth C.S.C.
249	Portage Township School Corporation
250	Porter Co. Educational Services
251	Porter Township School Corporation
252	Prairie Heights C.S.C.
253	Randolph Central School Corporation
254	Randolph Eastern School Corporation
255	Randolph Southern School Corporation
256	Renaissance Academy (Charter)
257	Rensselaer Central School Corporation
258	Richland Bean Blossom C.S.C.
259	Richmond C.S.C.
260	Rising Sun-Ohio County C.S.C.
261	River Forest Community
262	Rochester C.S.C.
263	Rockville C.S.C.
264	Rossville Consolidated School District
265	Rural Community Academy (Charter)
266	Rush County School Corporation
267	Salem C.S.C.
268	Scott County School District No. 1
269	Scott County School District No. 2
270	Seymour C.S.C.
271	Shakamak - MSD of
272	Shelby Eastern School Corporation
273	Shelbyville Central School Corporation
274	Shenandoah School Corporation
275	Shoals C.S.C.
276	Signature Charter School
277	Smith-Green C.S.C.
278	South Adams School Corporation
279	South Bend C.S.C.
280	South Central C.S.C.

	Employer Name
281	South Central Special Education Co-op
282	South Dearborn C.S.C.
283	South Gibson School Corporation
284	South Harrison C.S.C.
285	South Henry School Corporation
286	South Knox School Corporation
287	South Madison C.S.C.
288	South Montgomery C.S.C.
289	South Newton C.S.C.
290	South Putnam C.S.C.
291	South Ripley C.S.C.
292	South Spencer County School Corporation
293	South Vermillion C.S.C.
294	Southeast Dubois County School Corporation
295	Southeastern Career Center
296	Southeastern Fountain School Corporation
297	Southeastern School Corporation
298	Southern Hancock County C.S.C.
299	Southern Neighborhood School of Excellence, Inc. (Charter)
300	Southern Wells C.S.C.
301	Southwest Allen County - MSD of
302	Southwest Dubois County School Corporation
303	Southwest Parke C.S.C.
304	Southwest School Corporation
305	Southwestern Consolidated Schools of Shelby County
306	Southwestern Jefferson C.S.C.
307	Special Services - Johnson County Schools
308	Speedway School, Town of
309	Spencer Owen C.S.C.
310	Spring Valley C.S.C.
311	Stueben County - MSD of
312	Sunman Dearborn C.S.C.
313	Switzerland County School Corporation
314	Taylor C.S.C.
315	Tell City Troy Township School Corporation
316	The Excel Center (Charter)
317	The Project School (Charter)
318	Thea Bowman Leadership Academy (Charter)
319	Tippecanoe School Corporation
320	Tippecanoe Valley School Corporation

Schedule of Participating Employers, continued

INDIANA STATE TEACHERS' RETIREMENT FUND

June 30, 2011

	Employer Name
321	Tipton C.S.C.
322	Tri-Central Community Schools
323	Tri-County School Corporation
324	Tri-Creek School Corporation
325	Triton School Corporation
326	Turkey Run C.S.C.
327	Twin Lakes School Corporation
328	Twin Rivers Vocational School
329	Union County School Corporation
330	Union North United School Corporation
331	Union School Corporation
332	Union Township School Corporation
333	University of Southern Indiana
334	Valparaiso C.S.C.
335	Veritas Academy (Charter)
336	Vigo County School Corporation
337	Vincennes C.S.C.
338	Vincennes University
339	Wabash City School Corporation
340	Wabash Schools -- MSD of
341	WaNee C.S.C.
342	Warren County - MSD of
343	Warren Township - MSD of
344	Warrick County School Corporation
345	Warsaw C.S.C.
346	Washington C.S.C.
347	Washington Township - MSD of
348	Wawasee C.S.C.
349	Wayne Township - MSD of
350	Wes-Del Community Schools
351	West Central C.S.C./Frankton Lapel
352	West Central Indiana Educational Center
353	West Central School Corporation
354	West Clark C.S.C.
355	West Lafayette C.S.C.
356	West Noble School Corporation
357	West Washington School Corporation
358	Western Boone County C.S.C.
359	Western Howard School Corporation
360	Western Wayne School Corporation

	Employer Name
361	Westfield Washington C.S.C.
362	Westview School Corporation
363	White River Valley School Corporation
364	Whiting School, City of
365	Whitko C.S.C.
366	Whitley County C.S.C.
367	Wilson Education Center
368	Xavier School of Excellence (Charter)
369	Zionsville Community Schools

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TEACHERS' RETIREMENT FUND