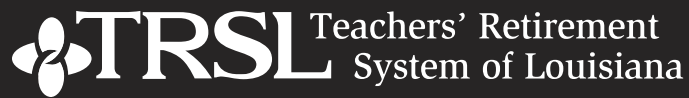


2005 Summary Annual Report



a component unit of the State of Louisiana
fiscal year ended June 30, 2005

Message from the Director

2005 TRSL Summary Annual Report

Dear TRSL Members and Benefit Recipients:

I am pleased to present you with this Summary Annual Financial Report of the Teachers' Retirement System of Louisiana for fiscal year ended June 30, 2005, written specifically with you in mind. This report will give you a basic understanding of TRSL's overall financial condition and investment performance and describes how we work to serve you.

Everything we do is guided by the trust you place in us. Our efforts are first and foremost for your benefit. We are dedicated to working together to provide the high quality service that you expect and deserve. I saw that dedication in action as TRSL staff swiftly mobilized to respond to those of you who were affected by Hurricanes Katrina and Rita. Many of us are still struggling in the wake of the destruction, but together we will rebuild our future.

Making the most of changing technology while maintaining personal service is a key part of carrying out the development of new services.

We are currently developing online account access for you to securely view your account information via the Internet. Whether you are an active or retired member, this new service will provide service credit, payroll information, check history, beneficiary information, and a variety of other pertinent information.

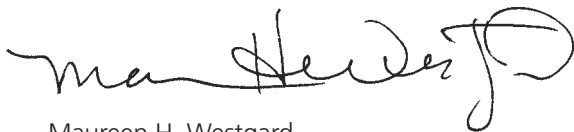
"Project Form 6" is a multi-department project currently underway to enhance employer reporting procedures and processes used to certify members' employment history before retirement. The streamlined process will provide a time- and money-saving electronic service for employers and expedite the retirement process for members.

In the next 18 to 24 months, TRSL will be adding two new asset classes—core real estate and market-neutral hedge funds—as a result of an asset allocation study. Existing asset classes will also be restructured and consolidated to mitigate risk and enhance returns.

The information in this report was derived from our more thorough Comprehensive Annual Financial Report (CAFR), which was prepared in accordance with generally accepted accounting principles. Our CAFR may be viewed on our website at www.trsl.org or you may contact us at 225-925-6446 to request a copy.

I am confident that you will appreciate the improvements you'll see in the coming months and years. As TRSL continues working for you, I will be working with the Board of Trustees, the management team, and staff to meet the challenges that lie ahead.

Sincerely,



Maureen H. Westgard
TRSL Director



TRSL's management team: (seated) Dana Vicknair, Assistant Director of Operations; Maureen Westgard, Director; Graig Luscombe, Assistant Director of Administration; (standing) Dan Bryant, Chief Investment Officer; Stuart Cagle, Audit Director; Doris Dumas, Retirement Education Manager; Keith Kent, Administrative Manager; Trudy Berthelot, Human Resource Director; Charlene Wilson, Accountant Administrator; Debbie Cannon, Public Information Director; Tommy Reeves, General Counsel; Doug Smith, Information Technology Director; (not pictured) Linda Strawbridge, Retirement Benefits Administrator.

One hundred fifty thousand copies of this public document were published at a cost of \$17,998, or about 12¢ per copy. This document was published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to make public TRSL's financial operations under the authority of LSA-R.S. 11:832B. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.

Financials

2005 TRSL Summary Annual Report

TRSL ended the 2005 fiscal year with \$12.7 billion in net assets held in trust and a 10.9 percent return on investments. The strong results increased system assets by \$792 million over last fiscal year and boosted the fund back to its all-time high, which was originally achieved in 2000.

Summary Comparative Statements of Plan Net Assets as of June 30

	2005	2004	2003
Assets			
Cash	\$ 24,677,100	\$ 30,677,716	\$ 7,808,257
Receivables	222,670,447	191,297,088	307,062,509
Investments (fair value)	12,491,032,538	11,774,998,309	10,376,121,923
Securities lending collateral	1,742,710,715	1,938,170,626	3,536,684,192
Capital assets	4,677,169	4,923,034	4,999,004
Total assets	14,485,767,969	13,940,066,773	14,232,675,885
Liabilities			
Accounts payable and other liabilities	57,144,665	108,499,255	175,314,083
Securities lending collateral	1,742,710,715	1,938,170,626	3,536,684,192
Total liabilities	1,799,855,380	2,046,669,881	3,711,998,275
Net assets held in trust	\$12,685,912,589	\$11,893,396,892	\$10,520,677,610



Summary Comparative Statements of Changes in Plan Net Assets as of June 30

	2005	2004	2003
Additions			
Member contributions	\$ 270,619,181	\$ 264,999,131	\$ 251,297,401
Employer contributions	517,815,361	444,104,350	421,838,213
ORP contributions retained	48,754,970	35,244,313	29,499,096
Other operating revenues	3,425,773	3,217,889	4,976,629
Total net investment income	1,134,823,923	1,738,551,936	221,365,576
Total additions	1,975,439,208	2,486,117,619	928,976,915
Deductions			
Benefit and refunds	1,170,268,708	1,102,103,488	1,025,614,573
Administrative expenses	12,178,533	10,786,450	10,688,003
Other operating expenses	476,270	508,399	490,780
Total deductions	1,182,923,511	1,113,398,337	1,036,793,356
Net increase (decrease)	792,515,697	1,372,719,282	(107,816,441)
Net assets beginning of year	11,893,396,892	10,520,677,610	10,628,494,051
Net assets end of year	\$12,685,912,589	\$11,893,396,892	\$10,520,677,610

Investments

2005 TRSL Summary Annual Report

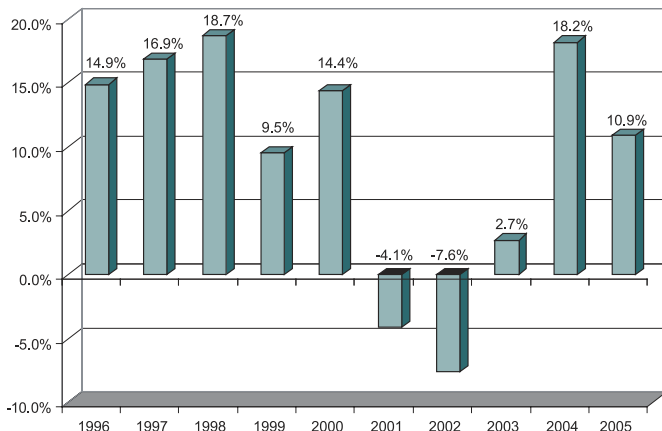
Summary of Investments as of:	June 30, 2005		June 30, 2004	
	Fair Value	% Total Fair Value	Fair Value	% Total Fair Value
Domestic bonds				
U S Treasury & government agency securities	\$ 676,616,833	5.417%	\$ 614,396,445	5.218%
Corporate bonds	805,058,598	6.445%	678,633,501	5.763%
Miscellaneous bonds	431,364,020	3.453%	366,530,046	3.113%
Total domestic bonds	1,913,039,451	15.315%	1,659,559,992	14.094%
International bonds	497,213,792	3.981%	560,651,839	4.761%
Domestic stocks*				
Common	5,792,730,189	46.375%	4,922,448,687	41.804%
Preferred	4,060,255	0.033%	4,296,859	0.037%
Total domestic stocks	5,796,790,444	46.408%	4,926,745,546	41.841%
International stocks*				
Common	1,951,295,177	15.622%	1,431,270,464	12.156%
Preferred	18,038,444	0.144%	22,865,839	0.194%
Total international stocks	1,969,333,621	15.766%	1,454,136,303	12.350%
Domestic short-term investments	256,739,631	2.055%	910,719,505	7.734%
International short-term investments	40,210,400	0.322%	0	0.000%
Alternative investments				
Private equity investments	1,357,823,698	10.870%	1,433,141,536	12.171%
Real estate investments	362,732,833	2.904%	494,342,545	4.198%
Mezzanine financing investments	297,148,668	2.379%	335,701,043	2.851%
Total alternative investments	2,017,705,199	16.153%	2,263,185,124	19.220%
Total investments	\$12,491,032,538	100.000%	\$11,774,998,309	100.000%

Your retirement system generated a 10.9 percent market rate of return on investments in fiscal year 2005. Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among asset classes (e.g. stocks, fixed income, real estate, etc.) TRSL invests in a mix of investments to minimize the overall risk of the portfolio while striving to reach its return objectives.

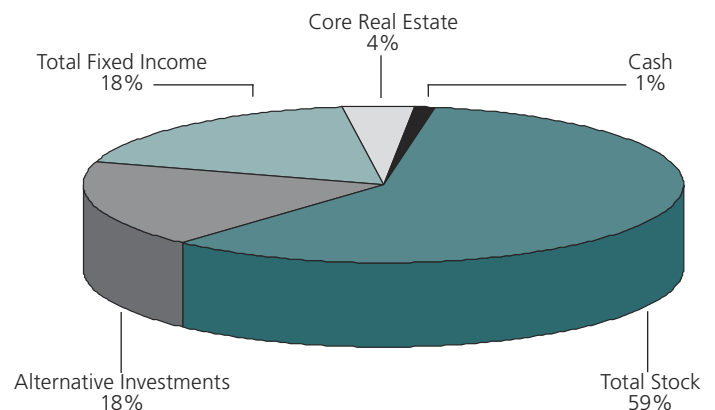


* The index portfolio at June 30, 2005, is \$829.6 million, which is 10.7% of total equity that has a market value of \$7.77 billion.

10-Year Rates of Return



Asset Allocation Targets



Funding a retirement plan is a long-term process similar to a home mortgage. It is not funded overnight, and not all of a system's liabilities come due at once. They are spread out over decades.

Each year, our actuary performs a study, called a valuation, to estimate the long-term costs of TRSL. To do the valuation, the actuary calculates the amount of money we must have on hand to pay all the retirement benefits earned to date for both retired and active members. This calculation relies on many assumptions, projections, and estimates.

The actuarial value of assets is not the current market value, because the market value is based on what assets could be sold for on a specific date, which can change significantly from day to day. On the other hand, the actuarial value of as-

sets is a more stable valuation method because it "smooths" short-term market gains and losses over a four-year period. This technique produces a valuation that approximates market value but removes much of the volatility. With less volatility, we can better meet long-term funding needs.

As of June 30, 2005, the date of our last valuation, TRSL had enough assets on hand to pay 64.6 percent of retirement benefits earned to date for both retired and active members.

TRSL has achieved a 15-year average rate of return of 9.6 percent, which well exceeds the required actuarial return of 8.25 percent. This includes a 36-month period when the entire nation endured one of the largest market downturns in U.S. history.

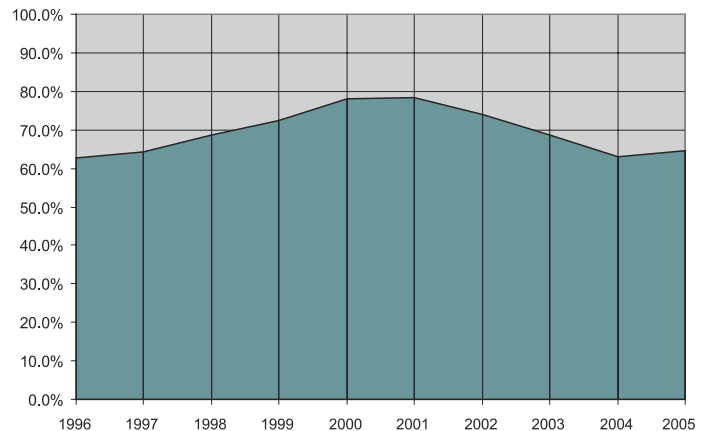


Summary of Actuarial Valuation

	2005	2004	2003
Membership census			
Retirees	54,525	52,900	50,903
Active	87,643	87,273	87,646
DROP	4,375	3,409	2,722
Terminated vested	4,454	5,610	5,720
Actuarial yield	9.87%	9.85%	-5.55%
Funded percentage	64.6%	63.1%	68.9%
Annual benefits	\$1,139,814,334	\$1,075,298,667	\$1,003,327,453
Member contribution	\$270,619,181	\$264,999,131	\$251,297,406
Employer contribution	\$564,922,509	\$479,348,663	\$451,337,304
Investment income	\$1,138,249,695	\$1,741,769,825	\$226,342,205



Percent Funded



Revenues and Expenses

2005 TRSL Summary Annual Report



Revenues by Source

Fiscal Year	Member Contributions	Employer Contributions	ORP Contributions Retained	Net Investment Income	Other Operating Revenues	Total
2002-2003	\$251,297,401	\$421,838,213	\$29,499,096	\$ 221,365,576	\$4,976,629	\$ 928,976,915
2003-2004	264,999,131	444,104,350	35,244,313	1,738,551,936	3,217,889	2,486,117,619
2004-2005	270,619,181	517,815,361	48,754,970	1,134,823,923	3,425,773	1,975,439,208

Revenues — TRSL is funded through three primary sources: investment income, employer contributions, and member contributions.

The Optional Retirement Plan (ORP) is available to employees

in higher education. Member contributions of ORP members are transferred to a third-party provider, less a 0.1 percent administrative fee. The funds from the collection of this fee are the "ORP Contributions Retained."

"Other Operating Revenues" are income from miscellaneous receipts related to the operation of the pension plan, such as litigation settlements and processing fees.

Expenses by Type

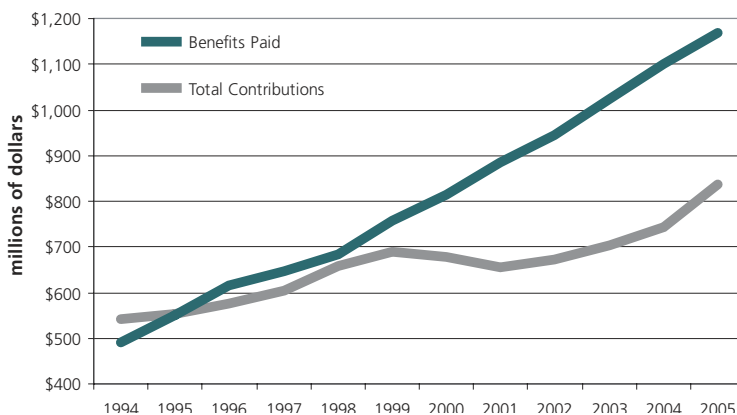
Fiscal Year	Benefits	Refunds	Administrative Expenses	Depreciation Expense	Total
2002-2003	\$1,003,327,453	\$22,287,120	\$10,688,003	\$490,780	\$1,036,793,356
2003-2004	1,075,298,667	26,804,821	10,786,450	508,399	1,113,398,337
2004-2005	1,139,814,334	30,454,374	12,178,533	476,270	1,182,923,511

Expenses — The primary expense incurred by TRSL is the payment of benefits.

Self-generated funds are budgeted for administrative expenses, which amount to approximately one cent of every one dollar paid in benefits.

In accounting, depreciation is an allowance made for loss in value of property over time due to wear or age. TRSL must account for the depreciation of the building, equipment, and furniture.

TRSL Contributions vs. Benefits



Since 1996 TRSL has paid benefits to retirees totaling \$1 billion **more** than the total employer and employee contributions it has received.

Major Achievements

2005 TRSL Summary Annual Report

Cost efficiency earns national recognition

For the second consecutive year, TRSL participated in an independent national study of public pension administrators, conducted by Cost Effective Measurement, Inc. This study compares several areas, such as costs for service delivery, service levels, and complexity of plans among similar pension systems. We are pleased that our administrative cost of \$68 per active member and annuitant is far below our peer average of \$89 per active member and annuitant.

Technology enhances member data access

Staff successfully completed two major migration projects. The first was a major platform upgrade in TRSL's ongoing efforts to maintain the security and integrity of member data. Hewlett Packard published

our successful migration story, titled "3000 Transitions—The Easy Way," in the March 2005 issue of their magazine. The article emphasized that most transition projects of this nature take about two years to complete. TRSL completed the transition in eight months. The second was a migration to put all of TRSL's internal network components on a main stream platform that allows staff to more effectively process requests for information.

We completed a five-year project to electronically image member files. Member data is now immediately accessible through TRSL's internal network, speeding response to member inquiries and creating a secure disaster recovery process. Over 90 percent of our retirement operations are now done through the imaging workflow process, and retirement backlogs have decreased by 27 percent.

Web services expanded

TRSL developed a benefit calculator so that members employed in higher education can compare future benefits of the regular defined benefit plan with future benefits of the Optional Retirement Plan's (ORP) defined contribution plan. This calculator will help members make a more knowledgeable decision regarding TRSL or the ORP.

We now have a "press room" on the TRSL website, which contains a media packet and an archive of press releases, making information more accessible to the public.

By the numbers

Staff processed more than 707,000 benefit payments totaling over \$1.2 billion. Over 78,000 updates were made to member records to ensure benefit accuracy. Approximately 1,400,000 pieces of outgoing mail was sent to TRSL members. TRSL's Member Information Center handled 60,732 telephone calls, which is about 233 calls per day.

Outstanding achievement in popular annual financial reporting

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to TRSL for its summary annual



report for the fiscal year ended June 30, 2004. This prestigious national award recognizes excellence for readily understood financial reports that are less technical in nature, while providing interesting financial, actuarial, and historical information. This is the third consecutive year that TRSL has received this award.

Public Pension Standards Award

TRSL also received the Public Pension Coordinating Council (PPCC) Public Pension Standards 2004 Award in recognition of achieving high professional standards in the areas of plan design and administration, benefits, actuarial valuations, financial reporting, investments, and disclosures to members. TRSL is proud to have received this award for the fifth time.



Legislation

2005 TRSL Summary Annual Report

Summary 2005 Legislation

The following is a brief synopsis of 2005 legislative action that affects TRSL members.

Act 9 requires consultants and money managers of each Louisiana public retirement system to provide semiannual written disclosure to the system of any conflicts of interest. The act also requires public retirement systems to provide semiannual reports of investments in foreign companies and their subsidiaries that have facilities or employees in countries that sponsor terrorist activities. These countries are defined as Iran, Libya, North Korea, Sudan, and Syria. (Effective May 27, 2005)

Act 223 authorizes the establishment of unclassified health care professional employee pools for medical centers of the Louisiana State University Health Sciences Center. This act also makes such employees ineligible for TRSL membership or participation in any programs of the Office of Group Benefits. "Health care professional" is defined as licensed registered nurses or licensed practical nurses and other such allied health professionals as agreed upon by the medical center and the Civil Service Commission. (Effective July 1, 2005)

Act 427 extends the operation of the Louisiana Broker Program from June 30, 2005 to June 30, 2007. The bill requires all state retirement systems to direct to broker-dealers incorporated in Louisiana at least 10% of the commissions on all trades of domestic equities held in actively managed portfolios and 10% of all trades of domestic investment grade fixed income investments in separately managed accounts. (Effective July 11, 2005)

Act 455 excludes the director of the Louisiana State University Laboratory School from the definition of "teacher." The person in this position will be a member of the Louisiana State Employees' Retirement System and eligible to participate in programs of the Office of Group Benefits. (Effective July 11, 2005)

Senate Resolution 175 requests the Senate Committee on Retirement to conduct a comprehensive investigation and study of the four state retirement systems and directs such systems to provide certain reports to the committee. The four systems are the Teachers' Retirement System of Louisiana, Louisiana State Employees Retirement System, Louisiana School Employees' Retirement System, and the State Police Pension and Retirement System.

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TRSL is an equal opportunity employer and complies with the Americans With Disabilities Act.



Teachers' Retirement System of Louisiana

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