

Chart III

Total Return Performance Comparison - 5 Years

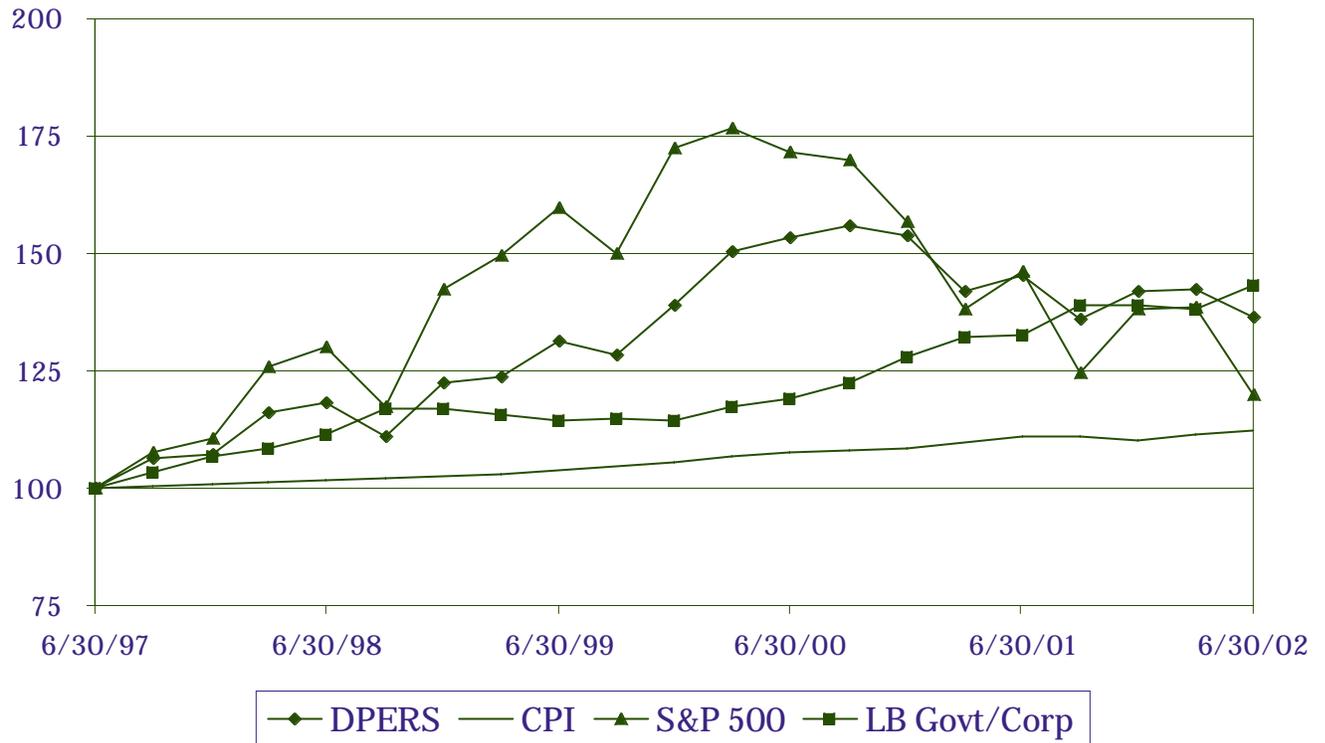
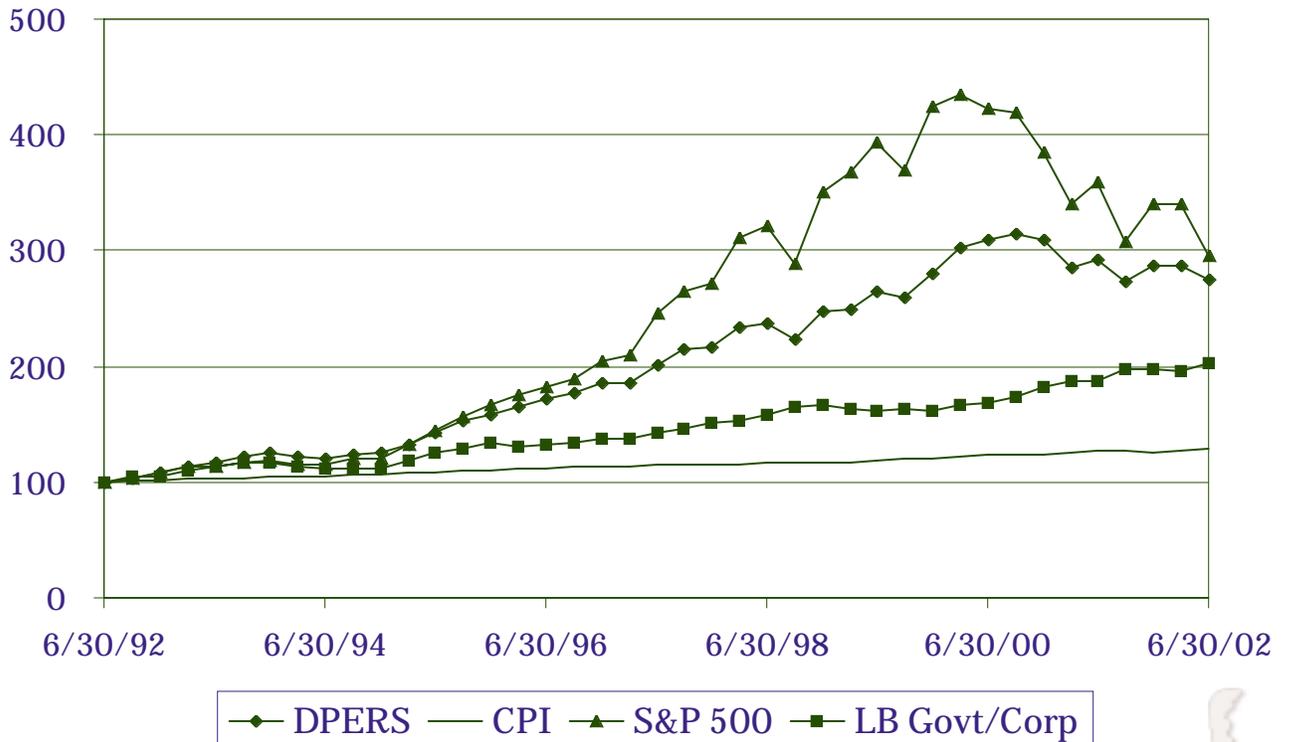


Chart IV

Total Return Performance Comparison - 10 Years



Investment Summary

(Dollar values expressed in thousands)

	Market Value as of June 30, 2002	Percent of Total Investment Assets	Total FY 2002 Investment Fees	Basis Points
<u>Equities</u>				
U.S. Equities	\$ 2,340,438	48.2%		
Intl. Equities	577,094	11.9%		
Sub-Total	\$ 2,917,532	60.1%	\$ 8,367	
<u>Fixed Income</u>				
U.S. Bonds	\$ 1,234,827	25.4%		
Intl. Bonds	132,129	2.7%		
Sub-Total	\$ 1,366,956	28.1%	\$ 2,458	
<u>Other Asset Allocations</u>				
Private Investments	\$ 480,912	9.9%		
Cash & Equivalents	92,296	1.9%		
Sub-Total	\$ 573,208	11.8%	\$ 1,024	
<u>Other Investment Services</u>				
Custodian/Investment Advisor Fees	\$ -	-	\$ 1,550	
Pension Office Support Staff Expenses	-	-	232	
Grand Totals	\$ 4,857,696	100.0%	\$ 13,631	27 bp*

* Other fees include Private Investment fees detailed on page 38. These fees have been excluded from the basis point calculation since they have already been netted from income. Basis point calculation is the weighted average based on the quarterly fund valuation.

Glossary of Terms Used

Fair Value (Market Value):

The value at which an investment could be sold in a transaction between a willing buyer and a willing seller. All assets with regularly traded markets are shown at the fair value as determined by the custodian bank based on quoted market values. All other assets are adjusted to market value monthly except real estate which is adjusted quarterly to appraised values, venture capital which is adjusted at least quarterly based on individual partnership procedures, and any private placement or partnership participation where values are supplied periodically by the respective management organizations in accordance with established procedures.

Time-Weighted Total Return:

The measure used for judging investment management of the System. It is based on market value and minimizes or eliminates any distortion in the rate of return caused by the timing of cash flows into or out of the System.

Private Investments

Private Investments include investments in Venture Capital, Private Equity, and certain Convertible Securities.

List of Largest Assets Directly Held*
as of June 30, 2002 (excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares/Par (\$)
APARTMENT INV & MGMT CO CL A	\$ 16,895,280	0.35%	343,400 shares
SUN COMMUNITIES INC	12,692,000	0.26%	304,000 shares
GENERAL GROWTH PROPERTIES INC	12,428,700	0.26%	243,700 shares
VORNADO REALTY TRUST	11,854,920	0.24%	256,600 shares
EQUITY OFFICE PROPERTIES TRUST	10,395,155	0.21%	345,354 shares
CITIGROUP INC	10,330,750	0.21%	266,600 shares
AMB PROPERTY CORP	9,938,600	0.21%	320,600 shares
CENTERPOINT PROPERTIES TRUST	9,809,491	0.20%	169,100 shares
AVALONBAY COMMUNITIES INC	8,807,620	0.18%	188,600 shares
GENERAL ELECTRIC CO	8,497,125	0.18%	292,500 shares
Total	\$ 111,649,641	2.30%	

Fixed Income	Market Value	% of Total Fund	Par (\$)
UNITED STATES TREAS NTS 5.875% 11/15/04	\$ 21,256,200	0.44%	\$ 20,000,000
FEDERAL HOME LN MTG CORP NT 7.00% 7/15/2005	16,425,000	0.34%	\$ 15,000,000
FEDERAL HOME LN BANK BND 5.375% 1/05/2004	10,936,900	0.21%	\$ 10,000,000
UNITED STATES TREAS NT/BND 5.875% 9/30/2002	10,106,300	0.21%	\$ 10,000,000
FEDERAL NATIONAL MTG ASSN NT 5.750% 4/15/2003	9,767,235	0.20%	\$ 9,500,000
UNITED STATES TREAS NTS 5/25% 5/15/2004	9,146,463	0.19%	\$ 8,750,000
UNITED STATES TREAS NTS 6.5% 5/15/2005	8,212,791	0.17%	\$ 7,565,000
UNITED STATES TREAS NTS 5.75 8/15/2003	7,800,000	0.16%	\$ 7,500,000
UNITED STATES TREAS NTS 7.0% 7/15/2006	6,991,669	0.14%	\$ 6,260,000
LOEWS CORP SUB NT CONV 3.125% 9/15/2007	6,893,870	0.14%	\$ 7,850,000
Total	\$ 107,536,428	2.20%	

* A complete list of portfolio holdings is available for review upon request.



Schedule of Broker Commissions

The System has no commission recapture, directed payment, or “soft dollar” arrangements; however, such arrangements may exist between brokers and investment managers. Increased broker commissions during this fiscal year are due to transactional costs associated with major manager changes during the period. During fiscal year 2002, the System received \$20,000 in unsolicited commission recapture. Broker selection is the responsibility of individual investment managers.

Appendix A (on page 62) is a schedule of commissions paid during fiscal 2002 which totaled over \$20,000. Appendix B (pages 63-65) is a complete schedule of all commissions paid during fiscal 2002.

**Appendix - A
Schedule of Broker Commissions Over \$20,000**

The following is a list of brokers who received \$20,000 or more in commissions during Fiscal Year 2002.

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
LEHMAN BROTHERS INC	5,976,519	\$0.05	\$162,504,961.89	\$269,248.90
CS FIRST BOSTON CORPORATION	5,194,492	\$0.05	\$140,134,644.40	\$244,483.74
DEUTSCHE BANC ALEX BROWN INC	10,893,282	\$0.02	\$222,464,883.71	\$240,599.61
INVESTMENT TECHNOLOGY GROUP	10,032,811	\$0.02	\$256,075,034.02	\$200,493.34
SALOMON SMITH BARNEY INC	3,778,740	\$0.05	\$103,363,997.77	\$175,851.60
B-TRADE SECURITIES LLC	8,165,142	\$0.02	\$126,324,746.53	\$162,002.94
BEAR STEARNS & CO INC	2,957,959	\$0.05	\$70,390,012.29	\$136,380.42
FIRST UNION CAPITAL MARKETS	2,034,200	\$0.06	\$64,974,981.23	\$114,118.00
MERRILL LYNCH PIER FEN SMITH	1,942,324	\$0.05	\$62,162,238.92	\$96,880.20
LEGG MASON WOOD WALKER	1,706,316	\$0.05	\$42,146,783.43	\$85,315.80
GOLDMAN SACHS & CO	1,434,062	\$0.05	\$34,853,207.90	\$73,400.60
CIBC OPPENHEIMER CORP	1,363,633	\$0.05	\$30,086,996.06	\$61,686.32
AUTRANET INC	1,540,800	\$0.04	\$35,866,388.71	\$61,211.00
MORGAN STANLEY & CO	1,249,947	\$0.05	\$21,437,252.90	\$58,976.55
SPEAR, LEEDS & KELLOGG	1,940,668	\$0.03	\$60,970,893.77	\$50,364.80
PRUDENTIAL SECURITIES	786,100	\$0.05	\$21,671,453.17	\$39,471.00
J. P. MORGAN SECURITIES INC	768,540	\$0.05	\$18,971,851.43	\$38,566.00
BANC/AMERICA SECURITIES LLC	779,313	\$0.04	\$14,212,334.78	\$34,690.65
JEFFERIES & CO INC	821,300	\$0.04	\$16,716,911.00	\$33,667.00
CANTOR FITZGERALD & CO	647,679	\$0.05	\$15,504,947.38	\$32,765.95
COWEN & COMPANY	623,310	\$0.05	\$11,757,018.30	\$31,163.50
CHARLES SCHWAB & CO	874,330	\$0.03	\$14,850,175.71	\$27,805.90
WARBURG DILLON READ INC	435,350	\$0.05	\$12,708,681.97	\$22,566.50
THOMAS WEISEL PARTNERS, LLC	436,000	\$0.05	\$7,092,197.15	\$21,800.00
RAYMOND JAMES & ASSOC	430,900	\$0.05	\$9,414,708.72	\$21,422.60