New Hampshire Retirement System

A Component Unit Of The State Of New Hampshire

Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2008

NHRS
New Hampshire Retirement System

Introductory Section

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Comprehensive Annual Financial Report
For The Fiscal Year Ended
June 30, 2008

A Component Unit of the State of New Hampshire

Prepared by
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8507
www.nhrs.org

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Letter From The Chair

Dr. Lisa K. Shapiro
Chair
Board of Trustees

November 21, 2008

To: Members of the New Hampshire Retirement System

On behalf of the Board of Trustees, I am pleased to present New Hampshire Retirement System's (NHRS) *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2008. This report provides important information on the financial status of the Pension Plan and the Other Postemployment Benefit Plans (OPEB Plans) while also highlighting changes that occurred during the year.

The Board of Trustees has the responsibility to provide retirement benefits to eligible members for the valuable services they have rendered to the public. We serve to ensure that members' and beneficiaries' interests are properly safeguarded over the long term.

Despite the economic and market challenges facing the world at this writing, and discussed in more detail below, NHRS members and retirees should not be overly concerned about the safety of their current and future retirement benefits. NHRS retirement benefits are protected by legislation that sets forth the level of benefits based on the number of years worked by a member and his or her average final compensation (AFC) at retirement. NHRS's investment returns are not a factor in calculating a member's retirement benefit. While it is instinctive to react with concern to recent news in the financial markets, defined benefit pension plans, such as this one, are designed to withstand market downturns.

The performance of the investment markets is the single most important factor affecting the financial position of the Plans. All benefit payments must eventually be funded from contributions or from investment earnings. During the latter half of fiscal year 2008, most financial markets were extremely volatile and trended downward, impacted by housing-related declines, restrained credit markets, and higher energy costs.

The total fund investment returns for the fiscal year ended June 30, 2008 were disappointing, declining by 4.6%, falling short of the 8.5% increase assumed for actuarial funding purposes, and also falling short of the NHRS's total fund customized benchmark of -3.9%. Fortunately, due mostly to NHRS's broad diversity of investments, our results for fiscal year 2008 were better than the U.S. stock market as a whole, and significantly better than non-U.S. stock markets. For the twelve months ended June 30, 2008, the Standard & Poors 500 Index declined 13.1%. Measured over the longer term, the NHRS's total fund return advanced 6.8% and 8.9%, respectively, for the annualized three-year and five-year periods ended June 30, 2008.

Since June 30, 2008, the subprime mortgage loan crisis and a liquidity crisis in the mortgage and credit markets has blossomed into a global financial crisis of significant proportions. U.S. and foreign investment markets have experienced significant declines over the past four months. Despite government action to inject liquidity into the credit markets, investors world-wide remain deeply concerned about the potential prospects of a global recession. A recession, in turn, would lead to lower corporate earnings, higher unemployment, lower tax receipts for governments, and increased consumer delinquencies.

From June 30, 2008 through mid November 2008, the NHRS investment portfolio has experienced significant declines in investment value in the range of 20%–30%. Based on the System's current asset allocations and market index returns over the same period, the System's investment returns are consistent with investment market returns for our allocation of assets. There is not, at this writing, any indication that the System's investment results are any worse than would be expected given the general market environment.

The System is a long-term investor. We are hopeful that stability will return to the investment markets in the near term but no prediction can be made of the future investment prospects for the System's investment portfolio. The Trustees will make any adjustments that, in their judgment, need to be made to keep the System on its path.

The funding status of the NHRS remains a top concern and priority for the Board of Trustees and progress toward funding goals is assessed annually. The Pension Plan funded ratio increased slightly from 67.0% at June 30, 2007 to 67.8% at June 30, 2008, and the OPEB Plans experienced similar increases in funded status compared to the prior year, rising to 26.2% at June 30, 2008 from 24.6% at June 30, 2007. This improvement in the funded ratios for fiscal year 2008 over fiscal year 2007 occurred because the actuarial value of assets (5 year smoothed average of market values) grew at a rate in excess of the rate of growth in the actuarial accrued liabilities. The Pension Plan increase also reflected a $250 million transfer in from the Special Account as required by legislation.

Statutory provisions were enacted in fiscal year 2007 that changed the Plan's actuarial cost method from the open group aggregate actuarial method to the more generally accepted entry age normal cost method and provided for the amortization of unfunded accrued liabilities over a 30-year period. The funding ratios presented for both fiscal years 2008 and 2007 were calculated using the entry age normal cost method as required by statute.

Legislation was enacted in the 2007 legislative session that established a retirement commission to make recommendations to ensure the long-term viability of the NHRS. The commission met many times throughout the first half of fiscal year 2008, and in January 2008, the commission issued its report of recommendations to enhance the future viability of the NHRS. The recommendations made by the commission addressed diverse issues such as plan funding, governance, finance, investments, and benefits.

Based on the recommendations made by the retirement commission, legislation was introduced in the 2008 legislative session (HB 1645) to significantly reform retirement statutes. HB 1645 in its final form was signed into law on June 30, 2008 and it contains a series of important revisions to the laws that govern the NHRS. The changes enacted cover the areas of plan and board governance, including the appointment of an independent investment committee, cost-of-living-adjustments (COLAs) for fiscal year 2008, revised funding and benefit growth parameters for the OPEB Plans, and the transfer to the Pension Plan of $250 million from the Special Account to increase pension plan assets and restrain employer contribution rate increases. These extensive changes are designed to improve the long-term financial position of the Plans.

In addition, fiscal year 2008 legislation created two new study commissions to review future funding options for COLAs and the OPEB Plans. Those commissions are expected to issue a preliminary report in December 2008 and to complete their work and issue final reports by December 2009.

I would like to extend my gratitude to my fellow Board members, NHRS staff, the Legislative branch, the Executive branch, and other stakeholder groups who have worked diligently in the past year to help formulate solutions designed to ensure the future viability of the NHRS. The Board of Trustees is aware that many dynamic forces will shape and influence the NHRS in the coming years. The Board is committed to meeting these challenges and fulfilling its fiduciary responsibility to members and their beneficiaries.

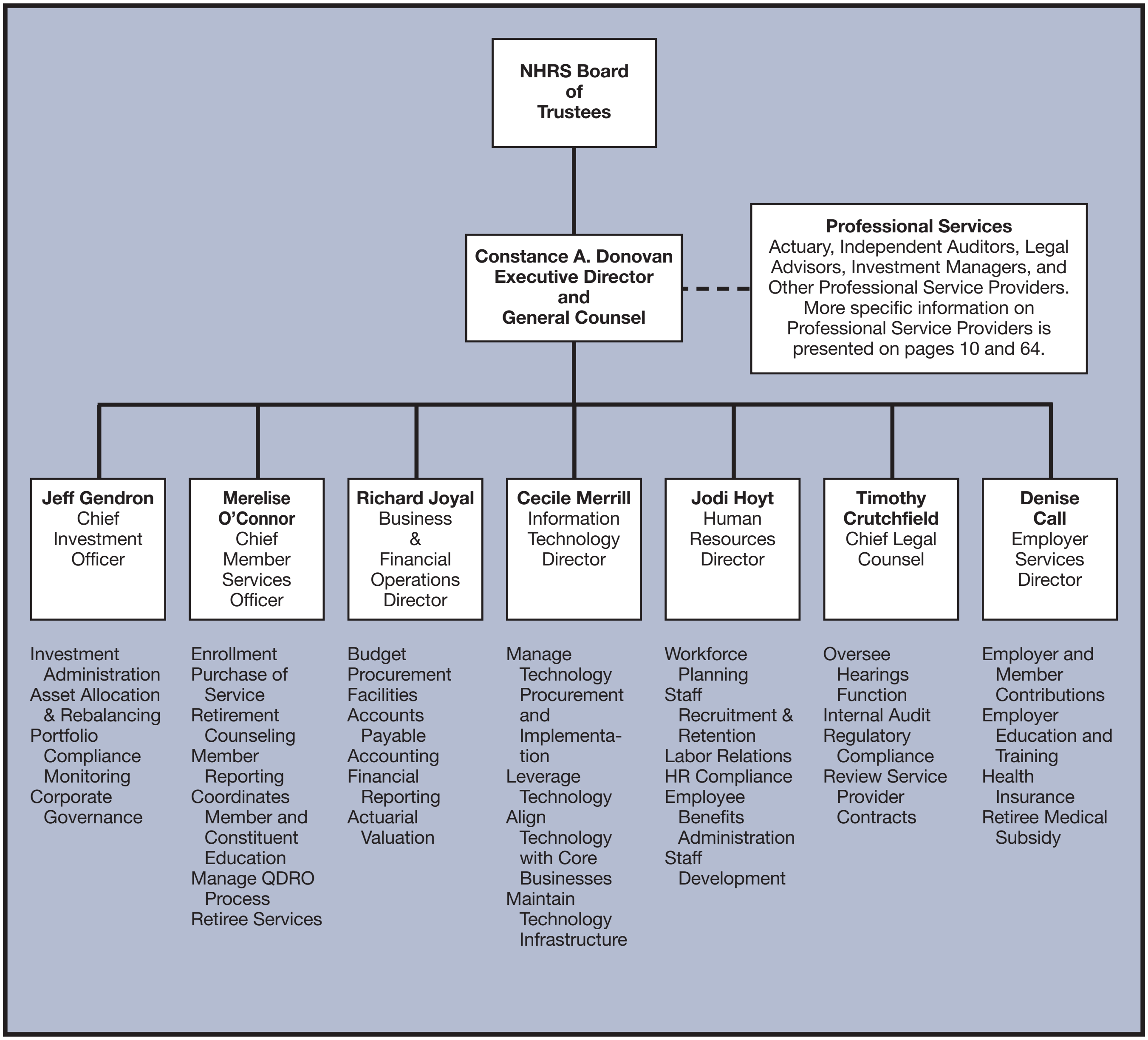
Sincerely,

Dr. Lisa K. Shapiro
Chair of the Board of Trustees
New Hampshire Retirement System

Board Of Trustees

Front row, left to right: Samuel J. Giarrusso, Vice Chair Debra M. Douglas, Chair, Dr. Lisa K. Shapiro, Germano Martins, Brian W. Morrissey. Back row, left to right: Stephen J. Arnold, Sr., Representative Patricia M. McMahon, Justin A. Cutting, Charles Koontz, Senator Harold Janeway, State Treasurer Catherine Provencher, Dean Crombie. Absent when photo was taken: Keith R. Hickey, Joseph G. Morris.

ADMINISTRATIVE ORGANIZATION



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RiskMetrics Group

New Hampshire Retirement System

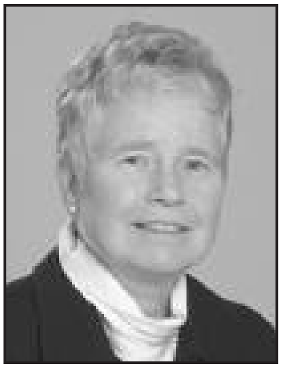
November 21, 2008

Dear Chair and Members of the Board of Trustees:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the New Hampshire Retirement System (NHRS) for the fiscal year ended June 30, 2008. This comprehensive report is designed to comply with the provisions of the Revised Statutes Annotated (RSA) 100-A:15, VI and VII of the State of New Hampshire.

NHRS's management is responsible for the complete and fair presentation of financial information and the accompanying disclosures in this report. This report fairly presents the combined assessment of the investment results and the financial condition of the Pension Plan and the Postemployment Medical Plans.

The Pension Plan was established in 1967 to consolidate and replace four separate pension plan systems: the New Hampshire Teachers Retirement System, the New Hampshire State Employees Retirement System, the New Hampshire Policemen's Retirement System, and the New Hampshire Permanent Firemen's Retirement System. The Pension Plan provides service retirement, disability and survivor benefits for all full-time state employees, public school teachers and administrators, permanent police officers, and permanent firefighters. Full-time employees of political subdivisions (such as county, municipal or school district employees) are also eligible to become members if the local governing body elects participation. The Pension Plan is a qualified governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code and has a separately appointed governing body. Based on financial reporting guidelines, the Pension Plan is deemed to be a single pension plan. In addition, NHRS administers four postemployment medical plans (OPEB Plans) for qualified Group I and Group II members.



Constance A. Donovan
Executive Director
and General Counsel

BUDGET CONTROLS AND NHRS ADMINISTRATION

The administrative budget for fiscal year 2008 was proposed by management, approved by the Board of Trustees, submitted under the budget preparation guidelines of the State of New Hampshire, and passed into law by the New Hampshire Legislature. In accordance with GASB Statement No. 14 guidelines for a reporting entity, NHRS is a component unit of the State of New Hampshire.

NHRS is administered by a 14 member board of trustees, which includes one State Senator, one State Representative, the State Treasurer as an ex-officio member, two employees, two teachers, two firefighters, two police officers, two public non-members, and one employer representative. The Board of Trustees formulates administrative policies, authorizes benefit payments to members and their beneficiaries and manages the trust funds. Administrative functions are directed by the Executive Director and are carried out by the administrative staff.

The Board of Trustees employs a qualified consulting actuary, a master custodian, investment managers, investment advisors and outside legal counsel.

ACCOUNTING SYSTEM AND INTERNAL CONTROL

The CAFR has been prepared in conformity with accounting principles generally accepted in the United States. The financial statements are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Investment income is recognized as it is earned. Benefits, refunds and investment expenses are recognized when they become due and payable. Net appreciation (depreciation) in the fair value of investment is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the financial statements. Trade commissions and related transaction costs are netted out against the fair value of investments. Capital assets are recognized in the financial statements in accordance with NHRS's established capital asset policy.

The management of NHRS is responsible for maintaining a system of internal controls which are designed to provide reasonable assurance that the assets are adequately safeguarded and the financial records and financial statements are fairly stated. We believe the existing internal accounting controls accomplish these objectives.

FINANCIAL PERFORMANCE

For the fiscal year ended June 30, 2008, Plan Net Assets decreased $370.9 million compared to an $855.6 million increase for the prior year. A detailed discussion of investment performance, the sources of additions, deductions, and results of operations is covered in the Management's Discussion and Analysis beginning on page 17.

FUNDING STATUS

In order to ensure that current and future retirement benefits are safeguarded and available to members at retirement, NHRS evaluates the actuarial value of the Plan's assets compared to the actuarial value of the Plan's liabilities as an indication of the extent to which the Plans are funded each year. This measure is called the plan funded ratio. Significant legislation has been enacted in both the 2007 and 2008 legislative sessions aimed at improving the funded ratios of the Plans.

The Pension Plan funded ratio at June 30, 2008 based on the June 30, 2008 actuarial valuation was 67.8%. The comparable funded ratio at June 30, 2007 based on the June 30, 2007 actuarial valuation was 67.0%. The improvement in the Pension Plan funded ratio for fiscal year 2008 is attributable to the actuarial value of assets increasing more than the increase in the actuarial value of accrued liabilities during the period.

The funded ratios of the four OPEB Plans as of June 30, 2008 and June 30, 2007 are as follows:

		June 30 2008	**June 30 2007**
Group II	Police Officers and Firefighters OPEB Plan	45.1%	44.1%
Group I	Teachers OPEB Plan	9.2%	8.4%
Group I	Political Subdivision Employees OPEB Plan	80.9%	71.1%
Group I	State Employees OPEB Plan	0.0%	0.0%

A comprehensive analysis of funding progress for the Plans is provided in Required Supplementary Information beginning on page 47.

INVESTMENTS

RSA 100-A:15 fully empowers the New Hampshire Retirement System Board of Trustees to invest funds under the "Prudent Investor Rule." This rule requires that fiduciaries shall discharge their duties solely in the interest of the Plans' participants and beneficiaries. In the management of the Plans' assets, the Board of Trustees shall exercise the judgment and care under circumstances then prevailing, that a prudent person acting in like capacity and familiar with such matters, would use in the conduct of plans of like character and like aims. The Prudent Investor Rule has enabled the Board of Trustees to invest in a broad range of asset classes generally resulting in increased returns at a moderate level of risk achieved through broad diversification.

The annualized total fund investment return for the one year, three year, and five year periods ended June 30, 2008 were -4.6%, 6.8%, and 8.9%, respectively. A discussion on comparative two year annualized returns, and related benchmark indices, for fiscal years 2008 and 2007 is presented in the Management's and Discussion and Analysis beginning on page 17.

MAJOR INITIATIVES

NHRS's Strategic Business Plan serves as its roadmap for navigating the challenges faced in responding to a growing retirement-eligible population with increasing demands for plan information and services. Objectives of the Strategic Business Plan include streamlining business processes, revising and improving workflow, strengthening internal controls, and building a solid foundation on which to improve services to our members. Some of the major initiatives accomplished during fiscal year 2008 were:

- Structured reviews were conducted of the private equity market and timberfund asset classes resulting in the sale of NHRS interests in 18 funds in the secondary markets. NHRS plans to increase its allocations to the private equity markets in fiscal year 2009.
- A new member contact center was launched in fiscal year 2008 providing members with direct "one-stop shopping" for all their NHRS information needs.
- A member records imaging project began to convert all members records currently stored on paper to digital images. This project will serve to safeguard member records, make them directly available to staff at their desktops and will eventually lead to members being able to access their records on-line in the future.

INDEPENDENT AUDIT

RSA 100-A:15 requires an annual audit to be performed by the Office of Legislative Budget Assistant, Audit Division (LBA) or their designated subcontractor. For fiscal year 2008, the LBA designated KPMG LLP to conduct the annual audit. The independent auditors' report, audited financial statements, required supplementary information, and supporting schedules are included in the Financial Section of this report.

ACTUARIAL REVIEW AND VALUATION

An actuarial review of the mortality, service, withdrawals, and compensation experience of members is required by statute at least once during each five year period. The last actuarial review was performed during fiscal year 2005 by NHRS's former actuary, Buck Consultants LLC. An actuarial valuation of the assets and liabilities is required by statute at least once during each two year period. The most recent actuarial valuation was performed as of June 30, 2008 by the NHRS's current actuary, Gabriel, Roeder, Smith and Company. The June 30, 2008 actuarial valuation is an interim year valuation and it will not be used to determine employer contribution rates. The actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined efforts of the administrative staff under the direction of the Board of Trustees. It is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and for determining responsible stewardship for the investment and accounting for assets of plan participants.

We would like to take this opportunity to express our gratitude to the Board of Trustees for its guidance and support and to the administrative staff for its dedication and commitment.

Respectfully submitted,

Constance A. Donovan
Executive Director and
General Counsel

Richard R. Joyal
Business & Financial Operations Director

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Financial Section

Independent Auditors' Report

KPMG

KPMG LLP
99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
Fax 617 988 0800
Internet www.us.kpmg.com

Independent Auditors' Report

The Fiscal Committee of the General Court:

We have audited the accompanying financial statements of the New Hampshire Retirement System (the System), a component unit of the State of New Hampshire, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's 2007 financial statements and, in our report dated August 11, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 System's internal control over financial reporting. Accordingly, we express no such opinion. 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 plan net assets of the System as of June 30, 2008, and the changes therein for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 17 through 22 and the historical pension information on pages 47 through 48 are not a required part of the financial statements, but are supplementary information required by U.S. generally accepted accounting principles. 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 conducted for the purpose of forming an opinion on the financial statements. The supporting schedules, introductory, investment, actuarial and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The supporting schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2008 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

November 21, 2008

Management's Discussion and Analysis—Required Supplementary Information

This section presents management's discussion and analysis of the New Hampshire Retirement System's (NHRS) financial performance during the fiscal year ended June 30, 2008 and is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal included in the Introductory Section of the System's Comprehensive Annual Financial Report. The report presents the combined assessment of the financial performance of the Pension Plan and the OPEB Plans.

The discussion and analysis is intended to serve as an introduction to the basic financial statements. These statements include the Statements of Plan Net Assets, the Statements of Changes in Plan Net Assets, the related Notes to the Financial Statements, and the Required Supplementary Information for the fiscal year ended June 30, 2008 with summarized comparable totals for fiscal year 2007. The excess of assets over liabilities is reported as "Net Assets Held in Trust for Benefits."

FINANCIAL HIGHLIGHTS

Net assets decreased by $370.9 million (6.2%) from the prior year's net asset balance. By comparison, the net asset balance for fiscal year 2007 was an increase of $855.7 million.

Net investment income during fiscal year 2008 declined by $1,131.8 million (134.9%). The decline in net investment income for fiscal year 2008 reflects a time-weighted return for the total fund during the year of –4.6% compared to a time-weighted investment return of 16.0% for the fiscal year ended June 30, 2007.

Combined, benefit payments and refunds of contributions in fiscal year 2008 were $477.5 million, exceeding by $69.6 million the total contributions received during the fiscal year of $407.9 million. For fiscal year 2007, combined benefit payments and refunds of contributions were $425.7 million and total contributions received were greater at $451.0 million.

Employer contributions for fiscal year 2008 increased 39.9% to $249.9 million compared with employer contributions in fiscal year 2007 of $178.6 million. The increase in employer contributions in fiscal year 2008 was primarily due to increased employer contribution rates.

Member contributions were $158.0 million in fiscal year 2008, a decrease of (42.0%) over fiscal year 2007 member contributions of $272.4 million. Member contribution rates remained the same for fiscal year 2008. The decrease in member contributions in fiscal year 2008 is primarily due to a significant reduction in voluntary member contributions as a result of the repeal of the non-qualified service purchase program.

Benefits paid during fiscal year 2008 were $445.2 million, an increase of 13.7% over the benefits paid in fiscal year 2007 of $391.6 million. The increase in benefits paid in fiscal year 2008 is primarily due to an increase in the number of retirees, increased average benefit levels for those new retirees and cost-of-living adjustments granted to retirees through legislative action.

FINANCIAL ANALYSIS

The following schedules report the Condensed Comparative Plan Net Assets and the Condensed Comparative Changes in Plan Net Assets for the NHRS for the fiscal years ended June 30, 2008 and June 30, 2007.

Condensed Comparative Plan Net Assets — Combined Plans
(Dollar Values Expressed in Millions)

	As Of June 30, 2008	As Of June 30, 2007	Amount Increase (Decrease)	Percentage Increase (Decrease)
Cash	$ 2.8	$ 3.0	($ 0.2)	(6.7%)
Receivables	114.7	183.5	(68.8)	(37.5%)
Investments	5,541.1	5,920.0	(378.9)	(6.4%)
Cash Collateral on Securities Lending	510.5	804.3	(293.8)	(36.5%)
Other Assets	2.1	3.3	(1.2)	(36.4%)
Total Assets	**$6,171.2**	**$6,914.1**	**($742.9)**	**(107.4%)**
Cash Collateral on Securities Lending	510.5	804.3	(293.8)	(36.5%)
Other Liabilities	63.7	141.9	(78.2)	(55.1%)
Total Liabilities	**$ 574.2**	**$ 946.2**	**($372.0)**	**(39.3%)**
Net Assets Held in Trust for Benefits	**$5,597.0**	**$5,967.9**	**($370.9)**	**(6.2%)**

Condensed Comparative Changes in Plan Net Assets — Combined Plans
(Dollar Values Expressed in Millions)

	Year Ended June 30, 2008	Year Ended June 30, 2007	Amount Increase (Decrease)	Percentage Increase (Decrease)
ADDITIONS:				
Employer Contributions	$249.9	$ 178.6	$ 71.3	39.9%
Member Contributions	158.0	272.4	(114.4)	(42.0%)
Net Investment Income (Loss)	(292.8)	839.0	(1,131.8)	(134.9%)
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	58.2	(58.2)	(100.0%)
Net Asset Transfers to Pension Plan	—	295.4	(295.4)	(100.0%)
Other Income	2.2	1.0	1.2	120.0%
Total Additions to Plan Net Assets	**$117.3**	**$1,644.6**	**($1,527.3)**	**(92.9%)**
DEDUCTIONS:				
Benefits Paid	$445.2	$ 391.6	$ 53.6	13.7%
Refunds of Contributions	32.3	34.1	(1.8)	(5.3%)
Postemployment Medical Plan Transfers from OPEB Plans on Behalf of Employers	—	58.2	(58.2)	(100.0%)
Net Asset Transfers from OPEB Plans	—	295.4	(295.4)	(100.0%)
Administrative Expenses	6.9	6.1	0.8	13.1%
Other Deductions	3.8	3.6	0.2	5.6%
Total Deductions from Plan Net Assets	**$488.2**	**$ 789.0**	**($ 300.8)**	**(38.1%)**
Total Changes in Plan Net Assets	**($370.9)**	**$ 855.6**	**($1,226.6)**	**(143.3%)**

Total assets decreased by $742.9 million (10.7%) in fiscal year 2008. Cash on hand at fiscal year end 2008 was $0.2 million (6.7%) lower than at fiscal year end 2007. Receivables decreased by $68.8 million (37.5%) over the prior fiscal year due to a decrease in the pending sale of securities at fiscal year end. Investments decreased by $378.9 million (6.4%) in fiscal year 2008. The investment markets declined in fiscal year 2008 due to concerns over a depressed housing market, rising energy prices and a lack of liquidity in the mortgage and credit markets. Cash collateral on security lending declined $293.8 million (36.5%) in fiscal year 2008 compared to fiscal year 2007. The decrease reflects an increased investment commitment in fiscal year 2008 to low-cost passive index investments. Passive index investments are loaned through the collective index trust and loaned securities are not reflected as on loan for the plans. Other assets decreased by $1.2 million (36.4%) for fiscal year 2008. Other assets consist primarily of the capitalized cost of a pension administration system, net of depreciation. The decrease is primarily due to depreciation expensed during the fiscal year 2008.

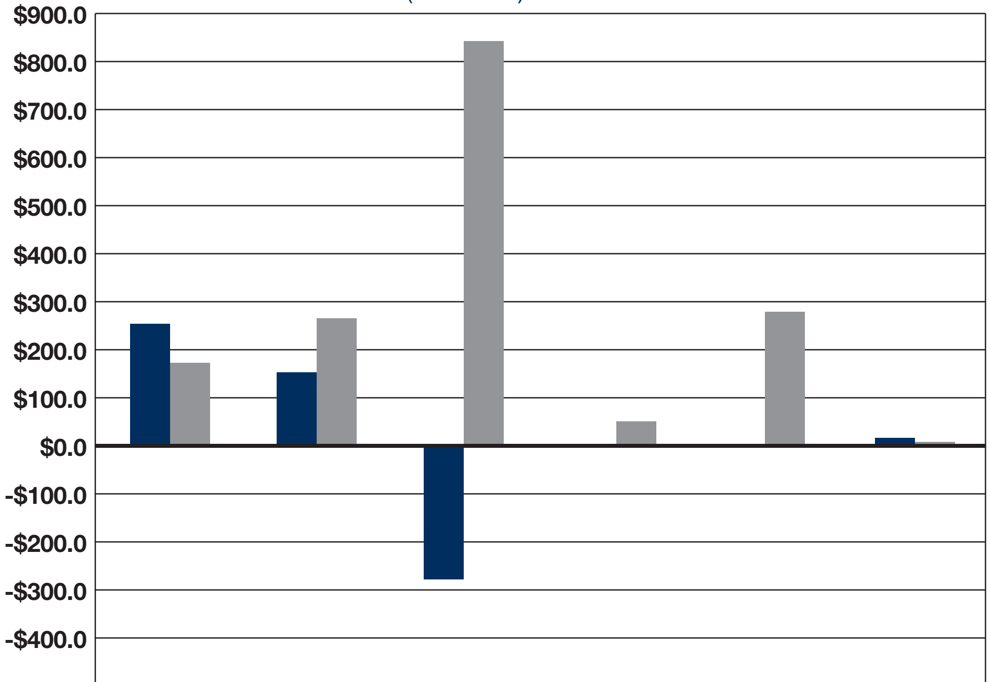
Total liabilities decreased by $372.0 million (39.3%) at the end of fiscal year 2008. Security lending cash collateral was lower by $293.8 million (36.5%) over the prior fiscal year. The reason for the decline is discussed in the preceding paragraph. Other liabilities declined $78.2 million (55.1%) over fiscal year 2007. The decrease in other liabilities is primarily due to a decrease in payables related to the pending purchase of securities.

ADDITIONS TO PLAN NET ASSETS

For fiscal year 2008, the combined total of employer and member contributions decreased by $43.1 million (9.6%). Employer contributions increased from $178.6 million in fiscal year 2007 to $249.9 million (39.9%) in fiscal year 2008. The increase in employer contributions is primarily due to increases in the fiscal year 2008 employer contribution rates and to a lesser degree an increase in the compensation paid to members in fiscal year 2008. Member contributions for fiscal year 2008 were $158.0 million and they decreased by $114.4 million (42.0%) from fiscal year 2007. The decrease is primarily due to a decrease in voluntary member contributions as a result of legislative repeal of the non-qualified service purchase program which was in operation in fiscal year 2007.

Over the long term, the Plan's investment portfolio has been a major source for additions to plan net assets. However, the investment markets declined in fiscal year 2008 compared to a robust market in fis-

Additions to Plan Net Assets
Comparative Data for FY 2008 and FY 2007
(in millions)



	Employer Contributions	Member Contributions	Net Investment Income	Postemployment Medical Transfers	Asset Transfers to Pension Plan	Other Additions
FY 2008	$249.9	$158.0	($292.8)	$ 0.0	$ 0.0	$2.2
FY 2007	$178.6	$272.4	$839.0	$58.2	$295.4	$0.1

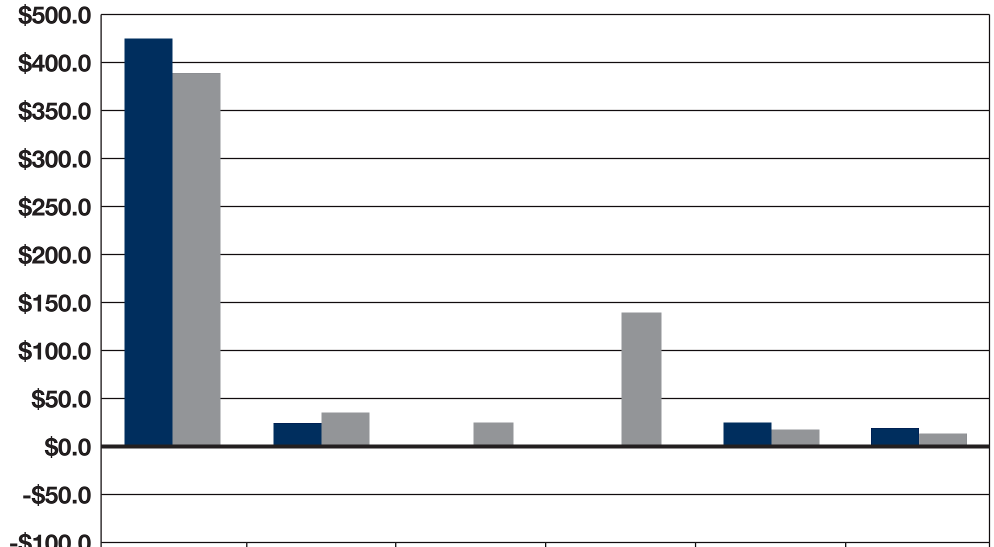
cal year 2007. There was a net investment loss in fiscal year 2008 of $292.8 million. For fiscal year 2007, there was net investment income of $839.0 million. The net change from year to year was $1,131.8 million, a decrease from fiscal year 2007 of 134.9%. Of this decrease, there was net depreciation in the fair value of investments of $393.2 million in fiscal year 2008 compared to net appreciation in fiscal year 2007 of $722.0 million.

DEDUCTIONS TO PLAN NET ASSETS

Benefits paid increased by $53.6 million or 13.7% over fiscal year 2007. The increase in benefits paid in fiscal year 2008 is primarily due to an increase in the number of retirees, increased average benefit levels for those new retirees and cost-of-living adjustments granted to retirees through legislative action. In addition, the postemployment medical subsidy to qualified retirees increased 8.0% on July 1, 2007 in accordance with State law. Refunds of contributions decreased by $1.8 million or 5.3% over 2007. The decrease reflects a reduction in the number and dollar value of refund requests from terminated members in 2008.

For fiscal year 2008, there were no transfers of assets from the OPEB Plans into the Pension Plan. In fiscal year 2007, asset transfers from the OPEB plans to the Pension Plan totaled $353.6 million. Of this total, $295.4 million was transferred in fiscal year 2007 because it was determined that these previously reported postemployment medical plan assets could no longer be reported as OPEB Plan assets, but rather, had to be reported as Pension Plan assets. The remaining $58.2 million of assets transferred from the OPEB Plans to the Pension Plan in fiscal year 2007 represents the final year of transfers whereby the

Deductions to Plan Net Assets
Comparative Data for FY 2008 and FY 2007
(in millions)



	Benefits Paid	Refunds	Postemployment Medical Transfers	Asset Transfers from OPEB Plans	Administrative Expenses	Other Deductions
FY 2008	$445.2	$32.3	$ 0.0	$ 0.0	$6.9	$3.8
FY 2007	$391.6	$34.1	$58.2	$295.4	$6.1	$3.6

OPEB Plans reimbursed the Pension Plan for employer contributions transfers from the Pension Plan that were used to fund the OPEB Plans. Based upon advice from legal counsel, this practice has been stopped effective with fiscal year 2008.

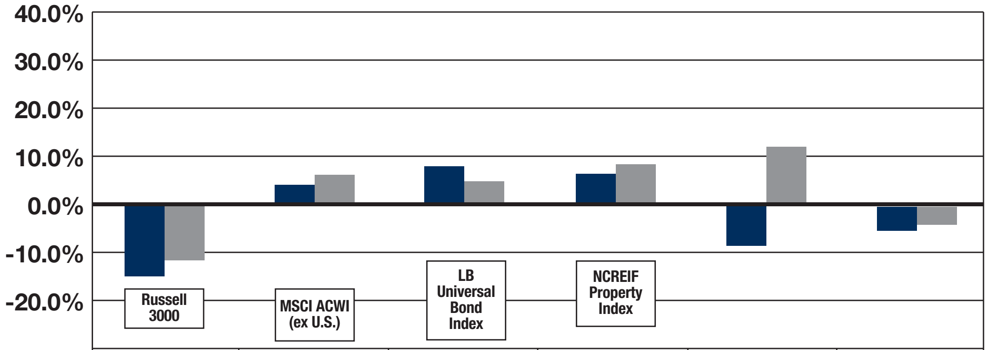
Administrative expenses increased by $0.8 million or 13.1% in fiscal year 2008. Administrative expenses increased primarily due to increased expenditures for information technology support and system development, including planning for and implementation efforts on a project to convert member records currently stored in paper files to digital images that will be stored on the pension administration system thereby safeguarding them and providing improved access to those records.

PLAN FUNDING STATUS

Funded ratios are a useful measurement that can be used in conjunction with many other factors to assess the financial soundness of a pension plan or OPEB plan. A plan's funded ratio is calculated by dividing its actuarial value of assets at year end (5 year smoothing of fair values) by its actuarial accrued liability at year end. The actuarial accrued liabilities that were used to determine the funded ratios that follow for the Pension Plan and the OPEB Plans were determined using the entry age normal actuarial cost method for both fiscal year 2008 and 2007.

The Pension Plan actuarial accrued liability at June 30, 2008, based on the June 30, 2008 actuarial valuation, was $7,821.3 million. The actuarial value of assets available to pay pension benefits at June 30, 2008 was $5,302.0 million resulting in an unfunded actuarial accrued liability of $2,519.3 million and a funded ratio of 67.8% at June 30, 2008. For fiscal year 2007, the Pension Plan actuarial accrued liability at June 30, 2007, based on the June 30, 2007 actuarial valuation, was $7,259.7 million. The actuarial value of assets available to pay pension benefits at June 30, 2008 was $4,862.2 million resulting in an unfunded actuarial accrued liability of $2,397.5 million and a funded ratio of 67.0%. The improvement in the funded ratio for fiscal year 2008 occurred because the actuarial value of assets grew at a rate of 9.0%

Investment Performance NHRS vs. Selected Indices
FY 2008



	Domestic Equity	International Equity	Fixed Income	Commercial Real Estate	Alternatives	Total Fund
NHRS	-14.2%	-3.9%	7.6%	6.9%	-9.8%	-4.6%
Indices	-12.7%	-6.6%	6.2%	9.2%	10.4%*	-3.9%**

* There is not a generally accepted index for alternative investments. However, the Consumer Price Index plus 5% is utilized for comparative purposes.

** The total fund index is a custom index comprised of major market indices in proportion to the System's asset allocation.

from fiscal year 2007 to fiscal year 2008 while the actuarial accrued liability grew at a lesser rate of 7.7% during the same period. The Pension Plan increase also reflected a $250 million transfer in from the Special Account as required by legislation.

The combined OPEB Plans actuarial accrued liability at June 30, 2008, based on the June 30, 2008 actuarial valuation, was $669.9 million. The actuarial value of assets available to pay postemployment medical benefits at June 30, 2008 was $175.2 million resulting in an unfunded actuarial accrued liability of $494.7 million and a funded ratio of 26.2% at June 30, 2008. For fiscal year 2007, the OPEB Plans actuarial accrued liability at June 30, 2007, based on the June 30, 2007 actuarial valuation, was $638.4 million. The actuarial value of assets available to pay OPEB benefits at June 30, 2008 was $157.0 million resulting in an unfunded actuarial accrued liability of $481.4 million and a funded ratio of 24.6%. The improvement in the funded ratio for fiscal year 2008 occurred because the actuarial value of assets grew at a rate of 11.6% from fiscal year 2007 to fiscal year 2008 while the actuarial accrued liability grew at a lesser rate of 4.9% during the same period.

INVESTMENT PERFORMANCE

NHRS recognizes that it operates in a dynamic economic environment. The challenges of investing the Plan's funds strategically to achieve above average returns balanced with controlled risk are greater than ever and NHRS has allocated assets to a broad range of asset classes to earn those above average investment returns and to maintain adequate levels of liquidity and risk.

The equity (56.8%) and fixed income investments (31.1%) comprise approximately 87.9% of invested assets at June 30, 2008. The remaining 12.1% of assets are predominantly invested in cash and cash equivalents, commercial real estate and alternative investments, including venture capital and absolute return strategy investments for the purpose of seeking to earn enhanced returns and for purposes of managing risk through diversification.

Investment performance results are measured by the relationship of the Plan's portfolio returns for equity and fixed income investments against widely accepted market indices. For the fiscal year ended June 30, 2008, the Plan's total fund return was –4.6% compared to 16.0% for the fiscal year ended June 30, 2007, a decrease of 20.6% on a year-to-year basis. The total NHRS fund performance of –4.6% for fiscal year 2008 fell short of the total fund custom index (a blended composition of major market indices in proportion to the NHRS's asset allocation) which returned –3.9% or 70 basis points better. After robust returns in fiscal year 2007, investments declined in fiscal year 2008 primarily due to concerns about a depressed housing market, sharply rising energy prices and liquidity issues in the mortgage and credit markets.

The domestic equity portfolio lost 14.2% for fiscal year 2008 lagging the Russell 3000 benchmark by 150 basis points. International equity investments were down 3.9% out-performing their MSCI ACWI (ex U.S.) benchmark by 270 basis points. Fixed income investments returned 7.6% out-performing their Lehman Brothers Universal Bond benchmark by 140 basis points.

The commercial real estate portfolio gained 6.9% for fiscal year 2008 but fell 230 basis points short of its NCREIF Property Index benchmark which returned 9.2%. Returns in the alternative investment asset class were a disappointment in fiscal year 2008 returning –9.8%.

CONTACTING NHRS

The Comprehensive Annual Financial Report is designed to provide a general overview of the NHRS's investment results and financial condition of the Pension Plan and OPEB Plans for the year ended June 30, 2008. Please contact the NHRS office for additional financial information or for questions related to this report.

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COMBINED STATEMENTS OF PLAN NET ASSETS
PENSION PLAN AND OTHER POSTEMPLOYMENT MEDICAL PLANS (OPEB)

FOR THE YEAR ENDED JUNE 30, 2008 (with summmarized financial information for the year ended June 30, 2007)

	PENSION PLAN 2008	GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN 2008
ASSETS:		
Cash	$ 2,750	$ 60
Receivables:		
Due from Employers	21,523	—
Due from State	7,229	—
Due from Plan Members	15,697	—
Due from Group I State Employees OPEB Plan	—	—
Due from Brokers for Securities Sold	34,486	751
Interest and Dividends	12,856	280
Other	4,349	95
Total Receivables	**96,140**	**1,126**
INVESTMENTS AT FAIR VALUE		
Cash and Cash Equivalents:	106,849	2,328
Equity Investments:		
Domestic	2,153,032	46,916
International	897,245	19,552
Fixed Income Investments:		
Domestic	1,480,212	32,255
International	190,275	4,146
Commercial Real Estate	399,709	8,710
Alternative Investments	142,262	3,100
TOTAL INVESTMENTS	**5,369,584**	**117,007**
Cash Collateral on Security Lending	494,741	10,781
Other Assets	2,060	45
TOTAL ASSETS	**5,965,275**	**129,019**
LIABILITIES:		
Cash Collateral on Securities Lending	494,741	10,781
Management Fees and Other Payables	6,276	137
Due to Group I Political Subdivision Employees OPEB Plan	—	—
Due to Brokers for Securities Purchased	39,054	850
TOTAL LIABILITIES	**540,071**	**11,768**
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER POST EMPLOYMENT BENEFITS (OPEB) NOTE: Schedules of Funding Progress are shown on pages 47 and 48.	**$5,425,204**	**$117,251**

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

(in thousands)

GROUP I TEACHERS OPEB PLAN 2008	GROUP I POLITICAL SUBDIVISION OPEB PLAN 2008	GROUP I STATE EMPLOYEES OPEB PLAN 2008	TOTAL 2008	TOTAL 2007
$ 11	$ 17	$ —	$ 2,838	$ 3,075
—	—	—	21,523	15,319
—	—	—	7,229	5,307
—	—	—	15,697	15,327
—	16,917	—	16,917	15,242
142	207	—	35,586	116,829
53	78	—	13,267	13,862
18	26	—	4,488	1,600
213	**17,228**	**—**	**114,707**	**183,486**
442	643	—	110,262	93,826
8,890	12,954	—	2,221,792	2,570,186
3,705	5,399	—	925,901	956,699
6,112	8,906	—	1,527,485	1,405,846
786	1,145	—	196,352	211,775
1,650	2,405	—	412,474	397,915
587	856	—	146,805	283,728
22,172	**32,308**	**—**	**5,541,071**	**5,919,975**
2,043	2,977	—	510,542	804,319
8	12	—	2,125	3,263
24,447	**52,542**	**—**	**6,171,283**	**6,914,118**
2,043	2,977	—	510,542	804,319
26	38	—	6,477	5,497
—	—	16,917	16,917	15,242
161	235	—	40,300	121,144
2,230	**3,250**	**16,917**	**574,236**	**946,202**
$22,217	**$49,292**	**($16,917)**	**$5,597,047**	**$5,967,916**

COMBINED STATEMENTS OF CHANGES IN PLAN NET ASSETS
PENSION PLAN AND OTHER POSTEMPLOYMENT MEDICAL PLANS (OPEB)

FOR THE YEAR ENDED JUNE 30, 2008 (with summmarized financial information for the year ended June 30, 2007)

	PENSION PLAN 2008	GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN 2008
ADDITIONS:		
Contributions (NOTE 6):		
Employers	$ 150,545	$ 12,368
State Contributions on Behalf of Local Employers	37,652	5,001
Total Employer Contributions	**188,197**	**17,369**
Plan Members	157,985	—
Total Contributions	**346,182**	**17,369**
Investment Income		
From Investment Activities:		
Net Appreciation (Depreciation) in Fair Value of Investments	(381,521)	(7,917)
Interest	61,879	1,284
Dividends	37,938	787
Net Commercial Real Estate Income	22,334	464
Alternative Investment Income (Loss)	1,690	35
Total Income from Investment Activities	**(257,680)**	**(5,347)**
Less: Investment Expenses:		
Investment Management Fees	19,540	405
Custodial Fees	462	10
Investment Advisor Fees	1,119	23
Total Investment Activity Expenses	**21,121**	**438**
Total Net Income from Investment Activities	**(278,801)**	**(5,785)**
From Securities Lending Activities (NOTE 3):		
Securities Lending Income	20,919	434
Less: Securities Lending Borrower Rebates	26,213	544
Less: Securities Lending Management Fees	—	—
Net Income from Securities Lending Activities	**(5,294)**	**(110)**
Total Net Investment Income	**(284,095)**	**(5,895)**
Postemployment Medical Plan Transfers on Behalf of Employers	—	—
Net Asset Transfers	—	—
Other	1,721	36
TOTAL ADDITIONS	**63,808**	**11,510**
DEDUCTIONS:		
Benefits Paid	391,929	15,229
Refunds of Contributions	32,297	—
Postemployment Medical Plan Transfers on Behalf of Employers	—	—
Net Asset Transfers	—	—
Administrative Expense (NOTE 7)	6,691	139
Professional Fees	1,382	29
Other	1,910	40
TOTAL DEDUCTIONS	**434,209**	**15,437**
CHANGE IN NET ASSETS	**($ 370,401)**	**(3,927)**
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)		
Beginning of the Year	$5,795,605	$121,178
End of the Year	$5,425,204	$117,251

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

(in thousands)

	GROUP I TEACHERS OPEB PLAN 2008	GROUP I POLITICAL SUBDIVISION OPEB PLAN 2008	GROUP I STATE EMPLOYEES OPEB PLAN 2008	TOTAL 2008	TOTAL 2007
	$15,338	$11,420	$10,030	$ 199,701	$ 142,534
	7,549	—	—	50,202	36,105
	22,887	**11,420**	**10,030**	**249,903**	**178,639**
	—	—	—	157,985	272,369
	22,887	**11,420**	**10,030**	**407,888**	**451,008**
	(1,544)	(2,191)	—	(393,173)	721,971
	250	355	—	63,768	63,570
	154	218	—	39,097	45,507
	90	128	—	23,016	26,817
	7	10	—	1,742	3,994
	(1,043)	**(1,480)**	**—**	**(265,550)**	**861,859**
	79	112	—	20,136	23,982
	2	3	—	477	621
	5	6	—	1,153	540
	86	**121**	**—**	**21,766**	**25,143**
	(1,129)	**(1,601)**	**—**	**(287,316)**	**836,716**
	84	120	—	21,557	42,838
	106	151	—	27,014	39,997
	—	—	—	—	572
	(22)	**(31)**	**—**	**(5,457)**	**2,269**
	(1,151)	**(1,632)**	**—**	**(292,773)**	**838,985**
	—	—	—	—	58,201
	—		—	—	295,392
	7	449	—	2,213	1,030
	21,743	**10,237**	**10,030**	**117,328**	**1,644,616**
	21,018	5,732	11,266	445,174	391,604
	—	—	—	32,297	34,080
	—	—	—	—	58,201
	—	—	—	—	295,392
	27	38	—	6,895	6,105
	5	8	—	1,424	705
	7	11	439	2,407	2,869
	21,057	**5,789**	**11,705**	**488,197**	**788,956**
	$ 686	**$ 4,448**	**($ 1,675)**	**($370,869)**	**$ 855,660**
	$21,531	$44,844	($15,242)	$5,967,916	$5,112,256
	$22,217	$49,292	($16,917)	$5,597,047	$5,967,916

NOTE 1 — NEW HAMPSHIRE RETIREMENT SYSTEM

The New Hampshire Retirement System (NHRS) is a public employee retirement system that administers one cost-sharing multiple-employer pension plan (Pension Plan) and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans. Collectively the Pension Plan and the postemployement medical subsidy healthcare plans are hereafter referred to as the Plans.

Although the assets of the Plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms. Accordingly, the results of each plan are presented separately in the accompanying financial statements.

NHRS participates as an employer in the Plans and its employees are members of the Plans. For the fiscal years ended June 30, 2008, 2007, and 2006, NHRS made its required employer contributions of $235,020, $178,448, and $153,755, respectively, to the Plans for its employees. NHRS employees contributed $134,452, $131,006, and $113,007, respectively, on their own behalf to the Pension Plan for the same time periods.

The administrative office of NHRS, which functions as a self-sustaining governmental entity, operates under a budget which is proposed by management, approved by the Board of Trustees, submitted under the budget preparation guidelines of the State of New Hampshire, and passed into law by the New Hampshire Legislature.

In accordance with Governmental Accounting Standards Board (GASB) No. 14, the New Hampshire Retirement System is a component unit of the State. This determination was made on the basis of fiscal dependence on the State solely for budget oversight over certain administrative expenses. A copy of the State of New Hampshire's CAFR may be viewed at www.admin.state.nh.us/accounting/.

PENSION PLAN

The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

As required by RSA 100-A:41-a, effective July 1, 1994, the Pension Plan provides for the possible payment of supplemental retirement allowances also known as cost-of-living adjustments (COLA). Effective July 1, 1999, any retired member who has been retired for at least 12 months (or beneficiary of such a member) could be entitled to receive on the member's retirement anniversary date a COLA from 1% to 5%. No later than May 31 of each year, the Fiscal Committee of the general court may approve such supplemental retirement allowances payable on the following July 1 based on the funds available in the Special Account of the Pension Plan.

The type and number of employers contributing to the Pension Plan during the years ended June 30, 2008 and 2007 are presented below.

EMPLOYERS CONTRIBUTING	2008	2007
State Government	5	5
City Governments	13	13
Town Governments and Related Entities	239	240
County Governments and Related Entities	12	12
School Districts and School Administrative Units	203	206
Total Employers	**472**	**476**

As of June 30, 2008 and 2007, membership data related to the Pension Plan was as follows:

MEMBERSHIP DATA	2008	2007
Retirees and beneficiaries currently receiving benefits	22,870	21,248
Terminated employees entitled to benefits but not yet receiving them	1,423	1,049
Active plan participants	50,988	50,802
Inactive plan participants	3,332	4,717
Total Membership	**78,613**	**77,816**

The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police officers and firefighters belong to Group II. All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each membership group are summarized below.

Group I Members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest three years. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC), multiplied by years of creditable service. AFC is defined as the average of the three highest salary years, and for benefit calculation purposes only, the final year's salary cannot exceed by more than 150% the higher of the previous year's salary or the salary for the highest year used in the calculation of AFC (not including the final year's salary). At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service. Members in service with 10 or more years of creditable service who are between age 50 and 60 or members in service with at least 20 years of creditable service, whose age plus service is equal to or greater than 70, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II Members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Members are required to contribute a percentage of gross earnings to the Pension Plan as more fully described in Note 6. The percentage rates, established by state statute, are dependent upon member group classification. The deductions are made from member wages and are remitted by the employer to the Pension Plan on a monthly basis. If a member leaves employment prior to retirement or vesting, accumulated member contributions plus earned interest are refunded to the withdrawing member or to the designated beneficiary in the case of death. However, accumulated contributions plus interest of a non-vested, non-contributing member may remain in the Pension Plan and earn interest for up to two years.

Employers make monthly contributions to the Pension Plan based on rates determined by periodic actuarial valuations as more fully described in Note 6.

OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the NHRS administers four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plans.

The OPEB Plans provide a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. The eligibility requirements for receiving OPEB Plan benefits differ for Group I and Group II members. Detailed descriptions of those eligibility requirements can be found in the Actuarial Section beginning on page 68.

Membership of each OPEB plan consisted of the following eligible retirees receiving benefits as of June 30, 2008.

Plan	Number Of Retirees	1 Person Plan Pre 65	1 Person Plan Post 65	2 Person Plan Pre 65	2 Person Plan Post 65
Group II Police Officer & Firefighters	2,400	525	1,010	842	23
Group I Teachers	3,690	955	2,227	368	140
Group I Political Subdivision Employees	1,167	225	825	106	11
Group I State Employees	2,327	250	1,790	210	77
Total OPEB Membership	**9,584**	**1,955**	**5,852**	**1,526**	**251**

The number of contributing employers for each of the OPEB plans at June 30, 2008 is:

Group II Police Officer & Firefighters	202
Group I Teachers	191
Group I Political Subdivision Employees	409
Group I State Employees	5

Membership of each OPEB plan consisted of the following eligible retirees receiving benefits as of June 30, 2007.

Plan	Number Of Retirees	1 Person Plan Pre 65	1 Person Plan Post 65	2 Person Plan Pre 65	2 Person Plan Post 65
Group II Police Officer & Firefighters	2,319	459	981	857	22
Group I Teachers	3,311	794	2,057	316	144
Group I Political Subdivision Employees	999	166	734	87	12
Group I State Employees	2,375	253	1,775	259	88
Total OPEB Membership	**9,004**	**1,672**	**5,547**	**1,519**	**266**

The number of contributing employers for each of the OPEB plans at June 30, 2007 is:

Group II Police Officer & Firefighters	197
Group I Teachers	188
Group I Political Subdivision Employees	403
Group I State Employees	5

The maximum monthly subsidy amounts paid during fiscal year 2008 and 2007 were as follows:

For qualified retirees not eligible for Medicare the amounts were $375.56 for a single person plan and $751.12 for a two person plan. For those qualified retirees eligible for Medicare, the amounts were $236.84 for a single person plan and $473.68 for a two person plan. The monthly maximum subsidy amount payable was increased by 8.0% on July 1, 2007. There will be no increase in the monthly maximum subsidy on July 1, 2008, 2009, 2010, and 2011. 4.0% annual increase will resume beginning on July 1, 2012 and each July 1st thereafter.

Benefit provisions of the OPEB Plans can be amended only by legislative action taken by the New Hampshire State Legislature pursuant to the authority granted them under the New Hampshire State Constitution. The Legislature may cease providing the medical subsidy benefits under the OPEB Plans, for any reason, at any time.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

Investment income and investment expenses are prorated between the Plans based on the net assets. The financial statements are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Investment income is recognized as it is earned. Benefits, refunds and investment expenses are recognized when they become due and payable. Net appreciation (depreciation) in the fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the financial statements.

The financial statements include certain prior year summarized comparative information in total but not by separate plan. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2007, from which the summarized information was derived. Certain amounts for fiscal year 2007 have been reclassified to conform to the fiscal year 2008 presentation.

INVESTMENTS

Investments in both domestic and international securities are valued at current market prices and international securities are expressed in U.S. dollars. Fixed income investments include investments in international and U.S. bonds. International equity represents investment in non-U.S. stocks only. NHRS uses the trade date basis for accounting of these investments.

Commercial real estate properties are organized into separate holding companies for the purpose of limiting liability to the carrying value of each individual property. The appraised value of the real estate, as well as the fair value of the related assumable mortgage notes payable are considered in determining the fair value of these investments. NHRS has adopted a cyclical approach for external appraisals. Properties are selected for external appraisals based on the advice of NHRS's consultant. Investment manager fair value estimates are used during the interim years. Properties held for sale are reported net of disposition costs.

Alternative investments include investments in venture capital funds, buyout funds, natural resources funds, mezzanine capital funds, timberfunds and absolute return strategies. Alternative investments are valued at fair value as estimated by NHRS. This estimated fair value is determined in good faith by NHRS and is based on the percentage ownership in the underlying alternative investments. Cash and cash equivalents are valued at cost which reflects approximate fair value. Cash and cash equivalents primarily represent investments in the pooled short term investment funds managed by NHRS's custodian. These funds invest mainly in high-grade money market instruments with maturity averaging less than three months. These funds provide daily liquidity and allow the Board to reinvest these funds to other asset classes.

The Plans hold no investments, either directly or indirectly, nor participate in any loans or leases, or other party-in-interest transactions with any NHRS officials, New Hampshire State Government officials, or parties related to these officials.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Fair values for commercial real estate and alternative investments have been estimated in the absence of readily available fair values, and these estimates may be materially different than values that would have been used had a ready market existed for these investments.

NOTE 3 — INVESTMENTS AND DEPOSITS

RSA 100-A:15, I, authorizes the members of the Board of Trustees to manage, invest and reinvest all of the assets and proceeds, and related income, and all contributions and payments made to the Plans exercising the judgment and care under the circumstances then prevailing, which persons of prudence, discretion and intelligence, acting in a like capacity and familiar with such matters, would use in the conduct of a pension plan of like character and with like aims of the Plans.

To aid in the prudent investment of the Plans' assets, NHRS adopted a formal statement of investment policy. This policy authorized and directed the appointment of an Investment Committee with the full power to act for the Board with regard to the investments of the Plans. Primary components of the policy include the delineation of roles and responsibilities of trustees, staff, and service providers; investment philosophy; asset allocation policy; and asset class performance measurement and monitoring policy. This policy may be modified by the Investment Committee as deemed necessary. In addition, NHRS maintains portfolio-level investment management objectives, guidelines and restrictions.

Each professional investment manager is bound by policy and contract to a standard of care that establishes a fiduciary relationship requiring the manager to act prudently and solely in the best interest of the Plans and its beneficiaries. The investment guidelines provide parameters for portfolio management including permissible investment types; security concentration thresholds; investment restrictions; and benchmarks for performance measurement and monitoring. NHRS utilizes a custodial bank compliance system to monitor the investment portfolios against the respective guidelines.

CUSTODIAL CREDIT RISK — DEPOSITS

Custodial credit risk for deposits is the risk that in an event of a bank failure, deposits may not be recovered. NHRS does not have a deposit policy to manage custodial credit risk on deposits.

At June 30, 2008 and June 30, 2007, NHRS held deposits of $2,838,169 and $3,074,812, respectively, in the local custodian bank. These deposits are used to support the daily working capital needs of NHRS. The following schedule shows NHRS's exposure to custodial credit risk at June 30, 2008 and June 30, 2007.

(in thousands)

	June 30 2008	June 30 2007
Insured	$ 100	$ 100
Uninsured and uncollateralized	$2,738	$2,975
Total Deposits	$2,838	$3,075

CUSTODIAL CREDIT RISK — INVESTMENTS

Investment securities are exposed to custodial credit risk if the investment securities are uninsured, are not registered in the name of the Plans, and are held by either:

a. The counterparty to a transaction or

b. The counterparty's trust department or agent but not in the Plans' name.

NHRS does not have a policy to control custodial credit risk on investments. All marketable investments are held by the Plans' master custodian. At June 30, 2008 and 2007, there were no investment securities held by the master custodian that were uninsured and not registered in the Plans' name.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of the Plans' investments in a single issuer. NHRS's investment policy limits investments in a single issuer to 10% of investments in order to control the overall risk of loss on a total portfolio level. Although NHRS may permit latitude to an individual investment manager to exceed the 10% limit, the goal is to maintain a broadly diversified investment portfolio and to limit investments on a total portfolio level to a concentration less than 10% in any single issuer.

At June 30, 2008 the Plans held investments in two commingled equity index funds and two commingled fixed income index funds that represented 25.3% and 15.2% of total investments, respectively. At June 30, 2008 and June 30, 2007, there were no securities held in the Plans' investment portfolio that exceeded 5% in a single issuer.

INTEREST RATE RISK — FIXED INCOME INVESTMENTS:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. NHRS does not have a formal policy to manage interest rate risk on fixed income investments.

To illustrate the Plans' interest rate risk exposure at June 30, 2008 and 2007, the schedule below groups fixed income investment maturities into sequential time periods. Fixed income investments with maturity dates farther out into the future are generally more sensitive to interest rate risk than fixed income investments with shorter maturity date periods.

Debt investment terms may cause fair value to be highly sensitive to interest rate changes. The analysis below also discloses the degree to which the Plans' investments are sensitive to interest rate changes due simply to the remaining term to maturity.

SEGMENTED TIME DISTRIBUTION — FIXED INCOME INVESTMENTS AT JUNE 30, 2008 (in thousands)

		Investment Maturities (In Years)				
Investment Type	**Fair Value June 30, 2008**	**Less Than 1 Year**	**1–6 Years**	**6–10 Years**	**10+ Years**	**Maturity Not Determined**
Asset Backed Securities	$ 3,735	$ —	$ —	$ —	$ 3,735	$ —
Commercial Mortgage Backed	43,495	—	—	598	42,897	—
Corporate Bonds	272,959	2,404	84,869	55,648	130,038	—
Government Agencies	41,071	12,008	5,799	12,687	10,577	—
Government Bonds	198,654	12,550	97,807	67,502	20,795	—
Government Mortgage Backed	230,335	—	10,674	8,064	211,597	—
Municipal/Provincial Bonds	17,968	840	4,143	11,810	1,175	—
Non-Government Backed C.M.O.'s	74,276	—	—	1,740	72,536	—
Other Fixed Income*	841,344	—	—	—	—	841,344
Totals	**$1,723,837**	**$27,802**	**$203,292**	**$158,049**	**$493,350**	**$841,344**

*Represents investment in commingled fixed income index fund ($554,244) with an average weighted maturity at June 30, 2008 of 7.2 years, and investment in commingled fixed income fund ($287,100) with an average weighted maturity at June 30, 2008 of 7.1 years.

SEGMENTED TIME DISTRIBUTION — FIXED INCOME INVESTMENTS AT JUNE 30, 2007 (in thousands)

		Investment Maturities (In Years)				
Investment Type	**Fair Value June 30, 2007**	**Less Than 1 Year**	**1–6 Years**	**6–10 Years**	**10+ Years**	**Maturity Not Determined**
Asset Backed Securities	$ 1,672	$ —	$ 1,672	$ —	$ —	$ —
Commercial Mortgage Backed	131,410	—	—	—	131,410	—
Corporate Bonds	203,678	4,546	73,609	36,216	89,307	—
Government Agencies	22,730	—	12,838	8,781	1,111	—
Government Bonds	335,466	58,631	111,101	74,792	90,942	—
Government Mortgage Backed	346,725	—	11,423	4,200	323,290	7,812
Municipal/Provincial Bonds	23,057	2,049	3,128	16,646	1,234	—
Non-Government Backed C.M.O.'s	36,995	—	—	—	36,995	—
Other Fixed Income*	515,888	—	—	—	—	515,888
Totals	**$1,617,621**	**$65,226**	**$213,771**	**$140,635**	**$674,289**	**$523,700**

*Represents investment in commingled fixed income index fund with an average weighted maturity at June 30, 2007 of 7.2 years.

CREDIT RISK-FIXED INCOME SECURITIES:

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

NHRS controls credit quality risk on debt securities by requiring that a minimum of 65% of the total fixed income portfolio have Standard & Poor's credit quality rating of "A" or better.

The following schedules show the Plans' fixed income investments as of June 30, 2008 and 2007, including the distribution of those investments by Standard & Poor's quality credit ratings.

CREDIT QUALITY RISK — FIXED INCOME SECURITIES AT JUNE 30, 2008

(in thousands)

		Quality Ratings				
Investment Type	Fair Value June 30, 2008	AAA	AA	A	BBB or Lower	Unrated
Asset Backed Securities	$ 3,735	$ 3,735	—	—	—	—
Commercial Mortgage Backed	43,495	30,683	—	—	—	12,812
Corporate Bonds	272,959	24,625	53,998	76,859	99,469	18,008
Government Agencies	39,596	39,397	—	199	—	—
Government Bonds*	117,052	51,652	—	33,704	14,172	17,524
Government Mortgage Backed*	—	—	—	—	—	—
Municipal/Provincial Bonds	17,968	8,154	5,558	3,082	1,174	—
Non-Government Backed C.M.O.'s	74,276	70,288	1,670	—	—	2,318
Other Fixed Income**	841,344	—	—	—	—	841,344
Totals	**$1,410,425**	**$228,554**	**$61,226**	**$113,844**	**$114,815**	**$892,006**
Percent of Total Fair Value		**16.2%**	**4.3%**	**8.1%**	**8.2%**	**63.2%**

*Government bonds ($81,602) and Government mortgage backed ($230,335) exclude U.S. government securities and securities explicitly guaranteed by the U.S. government because these securities are not considered to have credit risk.

**Represents investment in commingled fixed income index fund ($554,244) with an average credit quality rating at June 30, 2007 of AA and commingled fixed income fund ($287,100) with an average credit quality rating of A.

CREDIT QUALITY RISK — FIXED INCOME SECURITIES AT JUNE 30, 2007

(in thousands)

		Quality Ratings				
Investment Type	Fair Value June 30, 2007	AAA	AA	A	BBB or Lower	Unrated
Asset Backed Securities	$ 1,672	$ 872	—	—	—	$ 800
Commercial Mortgage Backed	131,410	108,146	—	—	—	23,264
Corporate Bonds	203,678	8,760	35,872	47,791	90,932	20,323
Government Agencies	22,730	22,536	—	194	—	—
Government Bonds*	148,272	79,971	—	19,745	16,242	32,314
Government Mortgage Backed*	328,714	327,806	—	—	—	908
Municipal/Provincial Bonds	23,057	13,565	5,450	—	1,234	2,808
Non-Government Backed C.M.O.'s	36,995	29,675	—	—	—	7,320
Other Fixed Income**	515,888	—	—	—	—	515,888
Totals	**$1,412,416**	**$591,331**	**$41,322**	**$67,730**	**$108,408**	**$603,625**
Percent of Total Fair Value		**41.9%**	**2.9%**	**4.8%**	**7.7%**	**42.7%**

*Government bonds ($187,194) and Government mortgage backed ($18,011) exclude U.S. government securities and securities explicitly guaranteed by the U.S. government because these securities are not considered to have credit risk.

**Represents investment in commingled fixed income index fund with an average credit quality rating at June 30, 2007 of AA.

FOREIGN CURRENCY RISK — INVESTMENTS:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NHRS manages its foreign currency risk primarily through its strategic asset allocation policy guidelines. Investments in international equity securities have a target asset allocation of 16% of total investments with an acceptable target range of 12–20%. International fixed income securities represent 3.5% of the investment portfolio and allocations are revisited periodically. Foreign investments in the alternative asset class which include venture capital, buyout funds, timber and absolute return strategy investments are permitted. However, NHRS's investment policy does not set limits for foreign investments in this asset class. Up to 20% of the Plans' non-core opportunistic commercial real estate allocation may be invested in international investments.

In addition, NHRS manages its foreign currency risk exposure by requiring that the international securities investment managers maintain diversified portfolios by country, sector and by issuer to limit both foreign currency risk and security risk. International investment managers may also use foreign currency forward contracts to hedge against foreign currency risk.

The Plans' exposure to foreign currency risk at June 30, 2008 and 2007 is presented on the schedules appearing on this and the next page.

FOREIGN CURRENCY RISK — INTERNATIONAL INVESTMENTS AS OF JUNE 30, 2008 (in thousands)

Currency	Equity	Fixed Income	Alternative Investments	Cash and Cash Equivalents	Totals
Marketable Investments:					
Argentine peso	$ —	$ —	$ —	$ 12	$ 12
Australian dollar	22,691	25,800	7,014	—	55,505
Brazilian real	11,825	11,070	—	—	22,895
Canadian dollar	31,779	20,438	—	110	52,327
Swiss franc	53,707	—	—	—	53,707
Czech koruna	932	—	—	—	932
Danish krone	14,079	—	—	—	14,079
Euro	171,211	—	—	—	171,211
British pound sterling	57,625	14,733	122	—	72,480
Hong Kong dollar	35,209	—	—	—	35,209
Indonesian rupiah	3,851	5,731	—	50	9,632
Iceland krona	—	4,347	—	—	4,347
Japanese yen	101,492	—	7,950	—	109,442
South Korean won	8,888	543	—	7	9,438
Mexican peso	8,178	13,852	—	596	22,626
Malayasian ringgit	1,076	14,350	—	—	15,426
Norwegian krone	6,455	2,757	—	—	9,212
New Zealand dollar	—	14,334	—	60	14,394
Polish zloty	516	11,839	—	—	12,355
Swedish krona	11,318	8,047	—	—	19,365
Singapore dollar	5,914	16,096	—	—	22,010
South African rand	835	7,870	—	—	8,705
Thai baht	—	1,578	—	—	1,578
Turkish lira	2,282	—	—	—	2,282
Total investments subject to foreign currency risk	**549,863**	**173,385**	**15,086**	**835**	**739,169**
United States dollars (securities held by international investment managers)	376,038	22,697	—	39,169	437,904
Total International Investments	**$925,901**	**$196,082**	**$15,086**	**$40,004**	**$1,177,073**

FOREIGN CURRENCY RISK — INTERNATIONAL INVESTMENTS AS OF JUNE 30, 2007 (in thousands)

Currency	Equity	Fixed Income	Alternative Investments	Cash and Cash Equivalents	Totals
Marketable Investments:					
Euro	$164,256	$ 22,979	$ —	$ —	$ 187,235
Japanese yen	193,961	—	4,668	—	198,629
British pound sterling	114,147	15,249	89	—	129,485
Canadian dollar	27,260	27,062	—	2,206	56,528
Australian dollar	28,493	21,199	6,465	—	56,157
Hong Kong dollar	55,282	—	—	85	55,367
Swiss franc	44,879	—	—	—	44,879
Singapore dollar	4,457	16,298	—	—	20,755
Mexican peso	11,010	13,242	—	383	24,635
Polish zloty	—	14,288	—	—	14,288
New Zealand dollar	—	12,897	—	—	12,897
Swedish krona	16,794	8,618	—	—	25,412
South Korean won	7,487	591	—	—	8,078
Danish krone	12,191	—	—	—	12,191
Norwegian krone	14,355	—	—	—	14,355
Thai baht	—	1,554	—	(3)	1,551
Brazilian real	6,794	10,884	—	—	17,678
Argentine peso	—	—	—	22	22
Indonesian rupiah	—	7,171	—	—	7,171
Malaysian ringgit	—	9,706	—	—	9,706
South African rand	901	10,576	—	—	11,477
Total investments subject to foreign currency risk	**702,267**	**192,314**	**11,222**	**2,693**	**908,496**
United States dollars (securities held by international investment managers)	254,432	19,461	—	—	273,893
Total International Investments	**$956,699**	**$211,775**	**$11,222**	**$2,693**	**$1,182,389**

DERIVATIVES

Derivative instruments are contracts whose value depends on the value of an underlying asset, reference rate or index. Derivatives include futures contracts, forward contracts, options contracts, forward foreign currency exchanges, asset-backed securities and mortgage-backed securities. NHRS enters into certain derivative instruments primarily to enhance the performance and reduce the volatility of its portfolio. NHRS's investment policy has pre-established thresholds to limit the risk exposure on these investments. The use of derivatives is permitted for defensive purposes only and any speculative hedging or leveraging of the portfolios is prohibited.

Investments in asset-backed and mortgage-backed securities are reported at fair value and are used to diversify risk. These investments are managed to closely match the weighting of the Plans' funds within the Lehman Brothers Universal Bond Index for fixed income securities. Asset-backed and mortgage-backed securities are based on the cash flows from interest and principal payments by the underlying assets and mortgages. As a result, they are sensitive to prepayments. As of June 30, 2008 and June 30, 2007, the Plans' investment in non-leveraged asset-backed and mortgage-backed securities totaled $338.2 million (6.1%) and $188.2 million (3.2%) of total investments, respectively.

NHRS may use futures, options, and currency forward contracts in order to manage current risk of global investments. The Plans could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. To mitigate this risk, investments are executed through large money center banks with credit rating standards. The fair value of open currency forward contracts including unrealized appreciation or depreciation is recorded on the Statements of Net Plan Assets as Due from Brokers for Securities Sold and as Due to Brokers for Securities Purchased.

Foreign currency exchange contracts open at June 30, 2008 and June 30, 2007 are shown below.

OPEN FOREIGN CURRENCY EXCHANGE CONTRACTS AT JUNE 30, 2008 (in thousands)

	Fair Value	Aggregate Cost Value	Delivery Dates	Unrealized Appreciation	Unrealized (Depreciation)
Foreign currency exchange contracts purchased:					
Australian dollar	$ 195	$ 195	07/01/08	$—	$—
Japanese yen	782	770	07/01/08	12	—
Norwegian krone	2,347	2,340	07/11/08	7	—
Swedish krona	361	363	07/01/08–07/03/08	—	(2)
Turkish lira	6,869	6,816	07/01/08–07/28/08	53	—
Foreign currency exchange contracts sold:					
British pound sterling	$13,319	$13,148	09/22/08	$—	($171)
Danish krone	155	155	07/01/08	—	—
Euro	4	4	07/03/08	—	—
Hong Kong dollar	26	26	07/01/08	—	—
Mexican peso	334	334	07/01/08	—	—
Norwegian krone	2,347	2,279	07/11/08	—	(68)
Turkish lira	3,451	3,459	07/01/08	8	—
Totals				**$80**	**($241)**

OPEN FOREIGN CURRENCY EXCHANGE CONTRACTS AT JUNE 30, 2007 (in thousands)

	Fair Value	Aggregate Cost Value	Delivery Dates	Unrealized Appreciation	Unrealized (Depreciation)
Foreign currency exchange contracts purchased:					
Japanese yen	$25,367	$25,920	10/18/07	$ —	($ 553)
British pound sterling	810	801	7/30/07–08/17/07	9	—
Danish krone	190	190	7/02/07–07/03/07	—	—
New Zealand dollar	2	2	07/10/07	—	—
Foreign currency exchange contracts sold:					
Euro	$23,962	$23,781	07/02/07–08/30/07	—	($ 181)
British pound sterling	14,216	13,623	08/17/08	—	(593)
Mexican peso	14,026	14,041	07/30/07–12/06/07	15	—
Japanese yen	2,824	2,835	07/03/07–07/05/07	11	—
Totals				**$ 35**	**($1,327)**

SECURITIES LENDING

NHRS has a Securities Lending agreement with its master custodian. In accordance with this agreement the Plans participate in a domestic and international equity securities lending program administered by the custodian. In management's opinion, the custodian is in full compliance with the contractual provisions of this agreement. The Plans receive a fee based on the fair value of the loaned securities. During the duration of the loan, the Plans receive dividends and coupon payments equivalent to amounts that would be received had the securities not been loaned.

Collateral loaned for securities may include U.S. and non U.S. currencies, Organization for Economic Cooperation and Development (OECD) government securities, equities, irrevocable letters of credit, approved certificates of deposits and approved corporate debt securities. U.S. securities are loaned in consideration of collateral valued at 102.0% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned against collateral valued at 105.0% of the fair value of the securities plus any accrued interest, except that fixed income securities can be loaned against same currency collateral at 102% plus any accrued interest. The actual collateral value was equal to 102.5% for U.S. securities and 105.8% for non-U.S. securities at June 30, 2008 and 102.1% for U.S. securities and 104.8% for non-U.S. securities at June 30, 2007. Collateral is marked-to-market daily. If the fair value of the collateral falls below the minimum collateral requirements, additional collateral is provided by the participating borrower subject to established minimum thresholds. The weighted average maturity of the collateral investment pool was 36 days as of June 30, 2008.

The liquidity crisis which struck the U.S. credit markets during fiscal year 2008 had an adverse impact on the collateral pool in which the Plans participated. A component of the custom collateral fund in which the Plans participated, was a mark-to-market fund. As a result of the lack of trading liquidity and depressed asset prices, the Plans experienced losses within the securities lending program totaling $5.457 million in fiscal year 2008. In light of this experience, the NHRS Investment Committee voted in March 2008 to shift assets to a more conservative securities lending collateral pool.

The Plans are indemnified by the custodian in the event a borrower does not return loaned securities due to the insolvency of the borrower or if the custodian has failed to live up to its contractual responsibilities. The custodian's responsibilities, as a lending agent, include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

The fair value of securities on loan, the collateral held, and the security lending income as of June 30, 2008 and June 30, 2007 are presented below.

SECURITIES LENDING ACTIVITIES	($ in millions) 2008	2007
Fair Value of U.S. and Non-U.S. Securities on Loan	$508.2	$862.7
Collateral Held Against U.S. and Non-U.S. Securities	$524.3	$886.8
Ratio of Collateral held to Loan Securities	103.2%	102.8%
Net Income From Securities Lending Program	($5.457)	$2.269

Credit risk on loaned securities is managed by restricting loans to parties on the custodian's approved list and by following established outstanding credit limits for each borrower, as set by the custodian. Due to the nature of the program's collateralization of all loans at 102.0% or 105.0%, plus accrued interest, management believes that credit risk is mitigated since the Plans owe borrowers more than borrowers owe the Plans.

Loaned securities are included in the Statement of Plan Net Assets since ownership is maintained. For loans collateralized by cash, the value of the collateral is recorded as a liability offsetting the cash collateral recorded as an asset. The cash collateral for U.S. and non-U.S. securities as of June 30, 2008 and June 30, 2007 were $510.5 million and $804.3 million, respectively. For loans having collateral other than cash, the related collateral securities are not recorded as assets in the Statement of Plan Net Assets, and a corresponding liability is not recorded, since the Plans cannot pledge or sell the collateral securities, except in the event of a borrower's default. The Plans do not use reverse repurchase agreements.

NOTE 4—FUNDING PROGRESS

The funding status of the Pension Plan as of the most recent actuarial valuation data is as follows (dollar amounts in thousands):

SCHEDULE OF FUNDING PROGRESS — PENSION PLAN ($ in thousands)

Fiscal Year Ended	Actuarial Value of Asets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) (b–a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL Percentage of Covered Payroll ([b–a]/c)
6/30/2008	$5,302,034	$7,821,316	$2,519,282	67.8%	$2,308,321	109.1%

Legislation was enacted during fiscal year 2007 that changed the actuarial cost method used to determine the annual required employer contributions to the entry age normal method. The actuarial cost method used for fiscal year 2006 and prior years was the open group aggregate cost method. The different methodology used for fiscal year 2006 and prior years does not provide for a consistent year-to-year measure. In future years, funding progress using the entry age normal cost method will be added prospectively.

SCHEDULE OF FUNDING PROGRESS — OPEB PLANS

($ in thousands)

The funding status of the OPEB Plans as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
Group II — Police Officers & Firefighters						
06/30/08	$119,533	$265,226	$145,694	45.1%	$341,221	42.7%
Group I — Teachers						
06/30/08	$ 22,650	$246,616	$223,967	9.2%	$957,068	23.4%
Group I — Political Subdivision Employees						
06/30/08	$50,250	$62,097	$11,846	80.9%	$534,329	2.2%
Group I — State Employees						
06/30/08	($17,246)	$95,936	$113,181	0.0%	$475,703	23.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and pension and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedules of funding progress reflect only results for fiscal years 2007 and 2008. Prior to fiscal year 2007 a different actuarial cost method was used and does not provide for a meaningful comparison.

The Schedule of Employer Contributions provided in required supplementary information presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

	Pension Plan	OPEB Plans
Valuation Date	06/30/2008	06/30/2008
Actuarial Cost Method	Entry age normal	Entry age normal
Amortization Method	Level percentage of payroll, closed	Level percentage of payroll, closed
Equivalent single amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:		
Investment rate of return*	8.5%	8.5%
Projected salary increases*	4.5% to 16.25%	4.5% to 16.25%
***Includes Price Inflation at**	3.5%	3.5%
Rate of Payroll Growth	4.50%	4.50%
Valuation Health Care Trend Rate	N/A	N/A — The OPEB Plans provide a specific dollar subsidy to be used for health care. The subsidy increased 8.0% for fiscal year 2007 by statute. Effective on July 1, 2008, the annual increase will be 0.0% for four years, until the annual escalation will resume at a 4% rate effective on July 1, 2012.

NOTE 5—SIGNIFICANT CHANGES IN ACTUARIAL ASSUMPTIONS AND BENEFIT PROVISIONS OCCURRING SINCE THE JUNE 30, 2005 ACTUARIAL VALUATION

Changes in actuarial assumptions for fiscal year 2008:

There were no changes in actuarial assumptions made during fiscal year 2008.

Legislation was enacted in the 2008 legislative session which:

HB 1645 was enacted during the 2008 legislative session. This legislation makes significant changes to current plan provisions which are summarized below.

(a) Non-vested employees who leave employment may leave their money in the Pension Plan and continue to earn the lesser of 2% below the Plan's assumed rate of return or 2% below the actual rate of return on their funds provided the rate of return shall not be less than zero.

(b) After July 1, 2007, the 8% annual escalation increase in medical subsidy payments was frozen at 0% for four years, through and including July 1, 2011. The annual escalation increase will resume at a 4% rate effective July 1, 2012.

(c) On June 30, 2008, $250 million was transferred from the Special Account reserve to the general account that funds the Pension Plan's annual annuity payments.

(d) On July 1, 2008, retirees or beneficiaries will receive a 1.5% increase added to their base pension for the first $30,000 of their pension amount. In addition, 3 additional lump sum temporary supplemental allowances were provided:

1. Only for the fiscal year beginning July 1, 2008 — a supplemental allowance of $1,000 for any retired member who has been retired at least 12 months whose annual retirement is based on at least 15 years of service and is $20,000 or less;
2. Only for the fiscal year beginning July 1, 2008 — a supplemental allowance of $500 for any retired member who retired prior to January 1, 1993 or any beneficiary of such member;
3. For the fiscal years beginning July 1, 2008 up to and including the fiscal year beginning July 1, 2011 — a temporary supplemental allowance of $500 for retirees taking a one-person med-

ical benefit and $1,000 for retirees taking a 2-person medical benefit. Provided, however, that once a recipient is entitled to Medicare, the additional allowance shall be reduced to 60 percent of the non-Medicare eligible retiree amounts.

The 1.5% increase and the additional lump sum temporary allowances will be provided to the extent funds are available in each member classification component of the Special Account.

(e) Effective beginning July 1, 2009, employer contributions to the OPEB Plans will be the lesser of 25% of the employers' contribution to the Pension Fund or the actuarial rate determined by the actuary to be the minimum amount necessary to maintain the benefits provided by statute.

(f) Establishes a Retiree Health Care Benefits Funding Commission to propose a future retiree health care benefits model and a Cost of Living Adjustment (COLA) Study Commission to examine the feasibility of authorizing future COLAs for retirees at different rates to or within each subgroup within the Special Account.

(g) Requires new or reappointed members of the Board of Trustees to have finance or business management experience and also requires two non-member trustees to have substantial experience in the field of institutional investment or finance. Establishes voting status for the Board Chairperson in any Board action or resolution. Authorizes the Audit Committee to engage the services of an independent auditor, and to conduct performance audits.

(h) Establishes an additional employer contribution in instances where a member's pension benefits are greater than 125% of the member's base pay. The employer is not restricted from making larger end-of-career compensation arrangements such as increased overtime, vacation or severance pay; however, the amendment makes the employer directly responsible for the excess pension to the extent it is greater than 125% of the member's base pay.

(i) Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 for members hired after June 30, 2009 shall not exceed $120,000 annually.

The provisions of HB 1645 are reflected in the June 30, 2007 actuarial valuation. Beginning with fiscal year 2010, items (a) through (i) will decrease the normal employer pension contribution rates by 0.57% for Employees, 0.72% for Teachers, 2.17% for Police Officers and 2.61% for Firefighters. In addition, the provisions HB 1645 will decrease the normal employer OPEB contribution rates by 3.22% for the Group I Political Subdivision Employee OPEB Plan, 2.23% for the Group I Teacher OPEB Plan and 4.88% for the Group II Police Officer and Firefighter OPEB Plan. The normal employer OPEB contribution rate for the Group I State Employee OPEB Plan will not change.

Additional legislation was approved in the 2008 legislative session that:

(j) Allows Employee and Teacher members of political subdivisions who are eligible to retire as of July 1, 2008, who have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 (extended from July 1, 2008) to be eligible for the medical subsidy provided under the OPEB plans. Members with less than 30 years of credited service are eligible to begin receiving subsidy benefits at age 60 and members with 30 or more years of credited service are eligible to begin receiving subsidy benefits at age 55.

(k) Permits a member of the New Hampshire Retirement System to purchase up to two years of service credit for the period of time in which a member served in the Peace Corps or Americorps, subject to certain specified eligibility requirements.

(l) Requires the New Hampshire Retirement System Board of Trustees to divest all assets held by the New Hampshire Retirement System in any firm with active business operations in the Sudan.

(m) Amends RSA 100-A by stating that New Hampshire civil unions law as described in RSA 457-A shall not apply to the retirement system to the extent that such application will violate the Internal Revenue Code of 1986, as amended, or other federal law.

Item (j) will increase normal employer contribution rates by 0.05% for Employees and 0.10% for Teachers. Items (k), (l) and (m) will have no impact on the normal employer contribution rates.

In addition, the Fiscal Committee, in accordance with RSA 100-A:41-a, II., approved the following cost-of-living-adjustments (COLAs):

(n) A 2.25% COLA for Employees, Teachers, Police Officers and Firefighters who retired prior to July 1, 2006, effective July 1, 2007.

Item (n) has no impact on the normal employer contribution rates determined using the entry age normal funding method because, as required by the legislation, the costs are terminally funded from the Special Account at a cost of $66.6 million.

Changes in actuarial assumptions for fiscal year 2007:
Actuarial valuations are performed biannually. The following changes have been incorporated into the June 30, 2007 actuarial valuation:

(a) The June 30, 2007 actuarial valuation has been completed by a new actuary resulting in minor changes in computation methods.
(b) The wage inflation assumption has been explicitly set at 4.5%. The remaining merit and longevity salary scale assumptions for each group have been reduced by 0.5%, so long as the combined increase (merit and longevity plus wage inflation) was not less than 4.5%.
(c) The assumption that all Group II retirees will have a 50% spousal allowance paid has been changed to reflect actual experience and reported data.
(d) The assumption that all retirees retire at mid-year has been changed for the Teacher group only to reflect that all Teachers are assumed to retire at the beginning of each fiscal year.
(e) Normal cost has been loaded to account for administrative expenses paid directly out of the Plans.
(f) The funding value of assets method was changed to a method that does not rely on the book value.

The changes above are expected to increase employer contribution rates by 0.09% for Employees, 0.40% for Teachers and decrease employer contribution rates for Police Officers and Firefighters by 0.33% and 0.92%, respectively.

Legislation was enacted in the 2007 legislative session which:

(a) Establishes that the maximum retirement benefit granted under RSA 100-A:5 or RSA 100-A:6 shall not exceed 100 percent of the member's highest year of earnable compensation.
(b) Adds one person representing management in local government to the System's Board of Trustees.
(c) Establishes that seven trustees constitute a quorum for the transaction of any business and that the Board chairman shall be a non-voting member except in the event of a tie vote.
(d) Changes the actuarial funding methodology from open group aggregate to entry age normal.
(e) Changes the amortization period for the unfunded accrued liability from 20 years to 30 years or the maximum period allowed by the Governmental Accounting Standards Board.
(f) Restricts any assets from being transferred to the Special Account until such time as the actuary determines that the funded ratio of the Plans as of June 30 of any given year is equal to or greater than 85%. Upon achievement of the 85% funded ratio, only returns in excess of 10 and one half percent will be allocated to the Special Account. Because the funded ratio was not determined to be equal to or greater than 85% by the actuary no money was allocated to the Special Account for FY 2007.
(g) Removes a provision in RSA 100-A16 II(h) that restricted the granting of additional benefits, other than COLA's, from being funded by Special Account assets unless there were reserves in the Special Account sufficient to pay for three years of COLA's at 5.0% per year.
(h) Establishes that effective July 1, 2008, and as calculated each year thereafter, the annual employer contribution requirements shall not be less than the employee contribution rates specified under RAS 100-A-16, I(a).
(i) Provided a 2.25% COLA for Employees, Teachers, Police Officers and Firefighters who retired prior to July 1, 2006, effective July 1, 2007.
(j) Established a commission to make recommendations to ensure the long-term viability of the Plans.
(k) Repealed the option to purchase nonqualified service credit in the Pension Plan.

Item (i) will have no effect on the normal rate determined using the entry age normal funding method because, as required by the legislation, the costs are terminally funded from the Special Account a cost of $66.6 million. Items (d) and (e) will increase the computed employer contribution rate by 1.58% for Employees, 1.56% for Teachers, 2.26% for Police Officers and 4.12% for Firefighters. Items (a), (b), (c), (g), (h), (j) and (k) will have no immediate effect on the normal contribution rate.

NOTE 6—CONTRIBUTIONS AND RESERVES

PENSION PLAN

As a condition of participation, members are required to contribute a set percentage of their salary to the Pension Plan. The percentage rates, as outlined below, are set by statute under RSA 100-A:16 and depend on the member's group affiliation.

RSA 100-A:16 outlines the employer contributions made to the Pension Plan. Employer contributions to the Pension Plan since fiscal year 1992 have been determined on an actuarial basis using the open group aggregate cost method. The results from the open group aggregate cost method are based on a 9% interest rate for fiscal years prior to July 1, 2007 and an 8.5% interest rate for fiscal years beginning on or after July 1, 2007. The results from the open group aggregate cost method for fiscal years beginning on or after July 1, 2003 and ending June 30, 2005 cannot be less than the normal rate determined to produce a funding ratio of 115% over a 20 year period and an 8% interest rate. The results from the open group aggregate cost method for fiscal years beginning on or after July 1, 2005 cannot be less than the normal rate determined to produce a funding ratio of 115% over a 30 year period and an 8% interest rate.

The State funds 100% of the employer normal costs for all State employees, and 35% of the employer normal costs for teachers, police officers, and firefighters employed by political subdivisions. The State does not participate in funding the employer cost of other political subdivision employees. The funding strategy for normal cost should provide sufficient resources to pay employee pension benefits on a timely basis.

The annual covered payroll for the year ended June 30, 2008 is $2,308.3 million and the annual covered payroll for the fiscal year ended June 30, 2007 was $2,195.3 million.

The table following shows the percentages of gross payroll contributed by the State, other contributing employers, and members.

PERCENT OF COVERED PAYROLL FOR RETIREMENT BENEFITS

	(FY 2008)				(FY 2007)			
	Member Normal	Employer Normal Share#			Member Normal	Employer Normal Share#		
Member Category	Share	State	Local	Total	Share	State	Local	Total
Employees								
State	5.00%	8.74%	—	8.74%	5.00%	6.81%	—	6.81%
Local	5.00%	—	8.74%	8.74%	5.00%	—	6.81%	6.81%
Teachers	5.00%	3.13%	5.80%	8.93%	5.00%	2.00%	3.70%	5.70%
Police Officers	9.30%	6.37%	11.84%	18.21%	9.30%	5.22%	9.68%	14.90%
Firefighters	9.30%	8.57%	15.92%	24.49%	9.30%	7.73%	14.36%	22.09%

The following tables show the amounts contributed by participating employers and members and these contributions expressed as a percentage of the respective covered payrolls.

AMOUNTS CONTRIBUTED*

(in thousands)

Member Category	(FY 2008) Member Normal Share##	Employer Normal Share#	Total Contributions	(FY 2007) Member Normal Share	Employer Normal Share#	Total Contributions
Employees	$ 62,123	$ 90,738	$152,861	$102,562	$ 66,534	$169,096
Teachers	59,814	87,217	147,031	101,570	53,626	155,196
Police Officers	25,998	46,546	72,544	52,021	36,060	88,081
Firefighters	10,050	25,402	35,452	16,216	22,419	38,635
Total Contributed	**$157,985**	**$249,903**	**$407,888**	**$272,369**	**$178,639**	**$451,008**

* Includes contributions made both by State and local employers and payments made on behalf of the employers.

\# Employer normal contributions include $58.2 million for the year ended June 30, 2007 that were transferred from the Special Account to the Pension Plan.

\## Includes voluntary member contributions of $28.5 million in FY 2008 and $147.0 million in FY 2007. The large increase for fiscal year 2007 was attributable to the non-qualified service purchase program. The non-qualified service purchase program was repealed for fiscal year 2008.

AMOUNTS CONTRIBUTED EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL

Member Category	Member Normal Share*	(FY 2008) Employer Normal Share	Total	Member Normal Share*	(FY 2007) Employer Normal Share	Total
Employees	6.2%	9.0%	15.2%	10.83%	7.06%	17.94
Teachers	6.2%	9.1%	15.3%	11.01%	5.81%	16.82
Police Officers	10.6%	19.1%	29.7%	22.29%	15.45%	37.74
Firefighters	10.4%	26.2%	36.6%	16.66%	23.03%	39.69
Total Contributed	**6.9%**	**10.8%**	**17.7%**	**12.41%**	8.14%	**20.55**

*Includes voluntary member contributions of $28.5 million in FY 2008 and $147.0 million in FY 2007.

The computation of the forecasted employer pension contribution rates effective for fiscal years 2007 and 2006 was performed as part of the interim June 30, 2004 actuarial valuation of the Pension Plan and was based on the open group aggregate method and a 9% interest assumption for fiscal years prior to July 1, 2007. As a matter of practice, actual contribution rates are determined by the previous valuation. Using the forecast rates delays implementation of the rates proposed by the actuary until the beginning of the subsequent biennium, allowing employers to budget for changes in employer rates. The employer normal contribution rates for the 2008 and 2007 fiscal years were based on the June 30, 2005 actuarial valuation.

A reconciliation of the normal rates determined in the June 30, 2005 valuation based on the target funding method to the normal rates determined in the June 30, 2007 valuation based on the entry age normal funding method is shown below. This reconciliation outlines the effects on the normal contribution rates of the changes in Pension Plan benefits and actuarial assumptions that have occurred since the June 30, 2005 actuarial valuation.

Reconciliation of the Actuarial Projected Employer Normal Contribution Rates

	Employees	Teachers	Police Officers	Firefighters
Employer Normal Rates as Determined by 6/30/2005 Valuation#	8.74%	8.93%	18.21%	24.49%
Asset (Gain)/Loss	(0.36)	(0.46)	(0.90)	(1.05)
Assumption Changes	0.41	0.80	0.31	0.21
Method Change	0.98	0.82	1.11	2.48
Effect of Legislation (see Note 10)	(0.57)	(0.72)	(2.17)	(2.61)
Other (Gains)/Losses	(0.11)	0.01	0.78	(1.00)
Employer Normal Rates as Determined by 6/30/2007 Valuation#	9.09%	9.38%	17.34%	22.52%

Based on an 8.5% interest rate.

The following table provides a breakdown of net assets held in trust for benefits:

NET ASSETS HELD IN TRUST FOR BENEFITS

(in thousands)

	JUNE 30 2008	JUNE 30 2007
Pension		
Employees	$1,642,713	$1,673,775
Teachers	2,052,126	2,113,603
Police Officers	986,054	995,510
Firefighters	463,233	461,223
Special Account	281,078	551,494
Subtotal Pension	**$5,425,204**	**5,795,605**
OPEB Plans		
Group II Police Officers & Firefighters	117,251	121,178
Group I Teachers	22,217	21,531
Group I Political Subdivision Employees	49,292	44,844
Group I State Employees	(16,917)	(15,242)
Subtotal OPEB Plans	**171,843**	**172,311**
TOTAL NET ASSETS HELD IN TRUST FOR BENEFITS	**$5,597,047**	**$5,967,916**

OPEB PLANS

In accordance with RSA 100-A:53, RSA 100-A:53-b, RSA 100-A:53-c and RSA 100-A:53-d, benefits are provided by a 401(h) subtrust of the Pension Plan. The OPEB Plans are funded by allocating 25% of all employer contributions made in accordance with RSA 100-A:16 to the 401(h) subtrust until such time as benefits are fully funded. Once benefits are fully funded, the subtrust is to receive only that portion of each year's employer contributions as is necessary to keep the benefits funded.

The State funds 100% of the employer normal costs for all State employees and 35% of the employer normal costs for teachers, police officers and firefighters employed by political subdivisions. The State does not participate in funding the employer cost of other political subdivision employees.

The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plans. Administrative costs are allocated to the OPEB Plans based on fund balances.

SPECIAL ACCOUNT

RSA 100-A:16, II(h) provides for a Special Account to fund or partially fund additional benefits as follows: first, to provide supplemental allowances, or cost-of-living adjustments (COLAs), pursuant to RSA 100-A:41-a and, second, to the extent that funds may be available in the Special Account to provide additional benefits to retired members and beneficiaries of the Pension Plan with the specific approval of the appropriate legislative policy committees and approval of the general court.

Prior to July 1, 2003, the Special Account was subdivided into four components representing the retirement system member classifications as defined in RSA 100-A:1. Effective July 1, 2003, the Special Account was further subdivided proportionally between employees of the State and employees of political subdivisions based upon the actuarial liabilities of the member and retiree groups.

The Special Account is credited annually with all of the earnings on an actuarial basis of the Special Account assets plus the earnings of the remaining assets of the Pension Plan in excess of the assumed rate of return plus 1/2 of 1%. The Board of Trustees set the rate of return on assets at 8.5% for the years ended June 30, 2007 and 2006. Therefore, earnings in excess of 9.0%, if any, would have been credited to the Special Account. However, legislation was enacted during fiscal year 2007 that restricts any funds from being credited to the Special Account until the funded ratio of the consolidated retirement system as of June 30th of any given year is equal to or greater than 85%. Upon achievement of the 85% funded ratio, only returns in excess of 10 and one-half percent will be allocated to the Special Account. Because the funded ratio of the Plans at June 30, 1008 and June 30, 2007 were below 85%, no funds were transferred to the Special Account for those years.

As of June 30, 2008, the balance of the Special Account was $281.1 million. The comparable figure for June 30, 2007 was $551.5 million. On June 30, 2008, $250.0 million was transferred from the Special Account reserve to the general account that funds the Pension Plan's annual annuity payments. Legislation costing $56.7 million that was enacted during the 2008 legislative session, with an effective date after June 30, 2008, will be terminally funded from assets in the Special Account. The assets held in the Special Account are not used in the actuarial determination of the normal contribution rate and by statute shall only be used to fund or partially fund additional benefits for members of the Pension Plan.

NOTE 7 — ADMINISTRATIVE EXPENSES

Certain expenses related to the administration of the Plans are budgeted and approved by the Board of Trustees, and are subject to appropriation biennially by the State Legislature. Administrative expenses are included in the accompanying financial statements.

Administrative expenses consist primarily of salaries and benefits for 66 full-time and part-time employees and the costs associated with operating and maintaining computer systems.

NOTE 8 — CONTINGENT MATTERS

Concurrent with the adoption of GASB 43, the NHRS undertook a comprehensive regulatory review of the administration and operation of the OPEB Plans administered by the NHRS, including their compliance with both federal and state laws and regulations. The external law firm conducting the regulatory review for the NHRS identified four separate federal and state compliance issues and recommended to the NHRS Board of Trustees that the issues be corrected. The Board of Trustees agreed with the recommendations of the external law firm and in April 2008 the NHRS took the following two related actions:

First, the NHRS made a filing with the Internal Revenue Service (IRS) through the IRS's Voluntary Correction Program (VCP) to seek approval of the NHRS's corrective action plan for addressing the compliance issues.

Second, the NHRS is seeking a favorable tax determination letter from the IRS consistent with Cycle C Government Plan filings due on or before January 31, 2009.

Discussions with the IRS on the VCP filing and the corrective action plan have begun. The NHRS has made no provisions in these fiscal year 2008 financial statements for any adverse IRS determination.

SCHEDULE OF FUNDING PROGRESS — PENSION PLAN*

($ in thousands)

Fiscal Year Ended	Actuarial Value of Asets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UALL) (b–a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL Percentage of Covered Payroll ([b–a]/c)
6/30/2008	$5,302,034	$7,821,316	$2,519,282	67.8%	$2,308,321	109.1%
6/30/2007	$4,862,256	$7,259,715	$2,397,459	67.0%	$2,195,339	109.2%

*Funding progress for fiscal years 2007 and 2008 were determined under the entry age normal actuarial cost method. Funding progress for fiscal years prior to 2007 were determined under a different actuarial cost method that does not provide for a meaningful comparison. Funding progress for future years will be added prospectively.

SCHEDULE OF EMPLOYER CONTRIBUTIONS — PENSION PLAN**

Fiscal Year	Classification	Annual Required Contribution (ARC)* (in thousands)	Percent of ARC** Recognized as Contributions
2008	Employees	$69,155	75.00%
	Teachers	64,171	75.00%
	Police Officers	35,537	75.00%
	Firefighters	19,027	75.00%
2007	Employees	66,083	100.00%
	Teachers	53,498	100.00%
	Police Officers	36,057	100.00%
	Firefighters	22,415	100.00%
2006	Employees	62,041	100.00%
	Teachers	51,459	100.00%
	Police Officers	34,860	100.00%
	Firefighters	22,218	100.00%
2005	Employees	51,028	100.00%
	Teachers	36,027	100.00%
	Police Officers	26,542	100.00%
	Firefighters	19,157	100.00%
2004	Employees	48,222	100.00%
	Teachers	32,563	100.00%
	Police Officers	24,609	100.00%
	Firefighters	17,966	100.00%
2003	Employees	32,413	100.00%
	Teachers	31,032	100.00%
	Police Officers	16,454	100.00%
	Firefighters	8,359	100.00%

*Includes unfunded accrued liability contributions excludes oversight contributions.

**For fiscal year 2008 and 2009, 75% of the pension plan annual required contributions (ARC) were paid or will be paid compared with an ARC of 100% in prior years.

The employer pension contribution rates for fiscal year 2008 and 2009 were established in the June 30, 2005 actuarial valuation. Those employer pension contribution rates were certified by the NHRS Board of Trustees in fiscal year 2006 and employers were notified in fiscal year 2006 of the fiscal year 2008-2009 rates to enable employers time to budget for their anticipated 2008-2009 employer contributions.

Through fiscal year 2008 and anticipated for 2009, 25% of all employer pension contributions were or will be transferred to the OPEB plans in accordance with State statute. Prior to fiscal year 2008, the Medical Special Account would reimburse the pension plan for all employer contributions transferred making the pension plan whole for any employer contributions transferred to the OPEB plans. In conjunction with a fiscal year 2007 federal and state compliance review conducted by external legal counsel, a recommendation was made to the NHRS Board of Trustees that the reimbursement process from the Medical Special Account be eliminated as it was not in compliance with federal tax regulations. The NHRS Board of Trustees eliminated the Medical Special Account reimbursement process for fiscal year 2008. In fiscal year 2008 and 2009, 25% of all employer contributions were or will continue to be transferred into the OPEB plans in accordance with State statute but there is no longer any reimbursement from the Medical Special Account leaving the pension plan with an ARC of 75% for fiscal year 2008 and for 2009.

Employers have paid or will pay 100% of the employer contributions rates certified to them for fiscal years 2008 and 2009. The shortfall in amounts paid by employers due to the elimination of the Medical Special Account reimbursement will be recovered through future employer rates staring with fiscal year 2010 when separate and distinct employer rates will be established for both the pension plan and the OPEB plans that will allow the ARC for the pension plan and OPEB plans to return to 100%.

SCHEDULE OF FUNDING PROGRESS — OPEB PLANS

($ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
Group II — Police Officers & Firefighters						
06/30/08	$119,533	$265,226	$145,694	45.1%	$341,221	42.7%
06/30/07	$109,475	$248,080	$138,605	44.1%	$330,713	41.9%
Group I — Teachers						
06/30/08	$ 22,650	$246,616	$223,967	9.2%	$957,068	23.4%
06/30/07	$ 19,880	$236,049	$216,169	8.4%	$922,308	23.4%
Group I — Political Subdivision Employees						
06/30/08	$ 50,250	$ 62,097	$ 11,846	80.9%	$534,329	2.2%
06/30/07	$ 41,845	$ 58,857	$ 17,012	71.1%	$507,311	3.4%
Group I — State Employees						
06/30/08	($ 17,246)	$ 95,936	$113,181	0.0%	$475,703	23.8%
06/30/07	($ 14,223)	$ 95,425	$109,648	0.0%	$435,007	25.2%

The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress reflects only results for fiscal years 2007 and 2008. Fiscal year 2007 was the first year for which an actuarial valuation of OPEB Plans was prepared.

SCHEDULE OF EMPLOYER CONTRIBUTIONS — OPEB PLANS

Fiscal Year	Classification	Annual Contribution (ARC)* (in thousands)	Percent of ARC Recognized as Contributions
2008	Group II Police Officers & Firefighters	$17,369	100%
	Group I Teachers	22,887	100%
	Group I Political Subdivision Employees	11,420	100%
	Group I State Employees	10,030	100%
2007	Group II Police Officers & Firefighters	18,078	100%
	Group I Teachers	17,791	100%
	Group I Political Subdivision Employees	11,858	100%
	Group I State Employees	10,474	100%

*The plans are funded by allocating 25% of all employer contributions made in accordance with RSA 100-A:16 to the OPEB Plans until such time as benefits are fully funded. The State funds 100% of the employer normal costs for all State employees and 35% of the employer normal costs for teachers, police officers, and firefighters employed by political subdivisions. The State does not participate in funding the employer cost of other political subdivision employees.

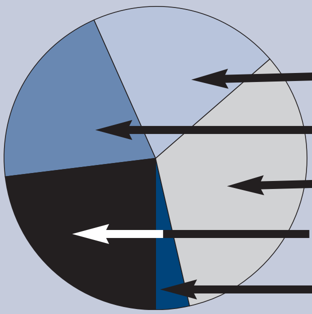
COMMERCIAL REAL ESTATE INVESTMENTS BY TYPE

(in thousands)

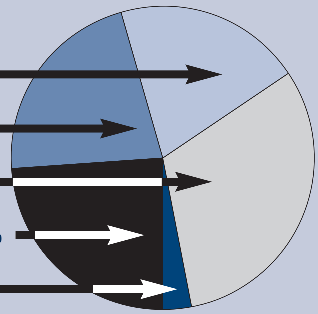
	JUNE 30 2008	2007
Office Buildings	$ 83,439	$ 86,180
Multi-Family Apartment Buildings	95,654	96,136
Retail Property	135,280	124,909
Industrial/Research & Development Property	83,885	79,583
Other	14,216	11,107
TOTAL COMMERCIAL REAL ESTATE INVESTMENTS BY TYPE	**$412,474**	**$397,915**

Property Type Diversification

At June 30, 2008



At June 30, 2007



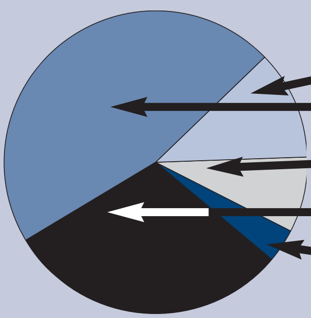
COMMERCIAL REAL ESTATE INVESTMENTS BY LOCATION

(in thousands)

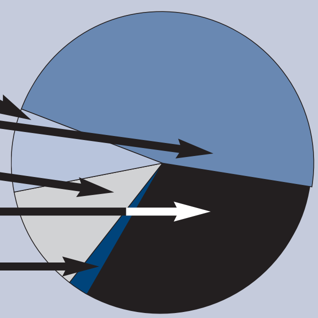
	JUNE 30 2008	2007
West	$190,690	$186,215
East	48,380	45,797
South	125,648	122,931
Midwest	33,757	34,523
International	13,999	8,449
TOTAL COMMERCIAL REAL ESTATE INVESTMENTS BY LOCATION	**$412,474**	**$397,915**

Property Location Diversification

At June 30, 2008



At June 30, 2007



ALTERNATIVE INVESTMENTS	(in thousands)	
	JUNE 30	
	2008	2007
Venture Capital:		
Early Stage	$ 3,684	$ 31,645
Balanced Stage	27,226	105,551
Late Stage	1,730	3,669
Buyout Funds:		
Small Buyouts	7,061	6,957
Medium Buyouts	14,992	7,910
Large Buyouts	4,674	5,184
Natural Resources	11	348
Mezzanine Capital	335	835
Distressed Debt	22,305	23,806
Timberfunds:		
Domestic	—	69
International	—	23,238
Absolute Return Strategies	64,787	74,516
TOTAL ALTERNATIVE INVESTMENTS	**$146,805**	**$283,728**

CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
CONTRIBUTIONS—PENSION PLAN		
EMPLOYER CONTRIBUTIONS:		
Employees	$ 69,288	$ 44,202
Teachers	41,682	23,225
Police Officers	26,942	18,205
Firefighters	12,633	10,736
TOTAL EMPLOYER CONTRIBUTIONS	**150,545**	**96,368**
STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS:		
Employees	—	—
Teachers	22,648	12,610
Police Officers	8,600	6,078
Firefighters	6,404	5,382
TOTAL STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS	**37,652**	**24,070**
PLAN MEMBER CONTRIBUTIONS:		
Employees	62,123	102,562
Teachers	59,814	101,570
Police Officers	25,998	52,021
Firefighters	10,050	16,216
TOTAL PLAN MEMBER CONTRIBUTIONS	**157,985**	**272,369**
TOTAL CONTRIBUTIONS—PENSION PLAN	**346,182**	**392,807**
CONTRIBUTIONS — OPEB PLANS		
EMPLOYER NORMAL:		
Group II — Police Officers and Firefighters	12,368	12,348
Group I — Teachers	15,338	11,486
Group I — Political Subdivision Employees	11,420	11,858
Group I — State Employees	10,030	10,474
TOTAL EMPLOYER NORMAL CONTRIBUTIONS	**49,156**	**46,166**
STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS:		
Group II — Police Officers and Firefighters	5,001	5,730
Group I — Teachers	7,549	6,305
Group I — Political Subdivision Employees	—	—
Group I — State Employees	—	—
TOTAL STATE CONTRIBUTIONS ON BEHALF OF LOCAL EMPLOYERS	**12,550**	**12,035**
TOTAL CONTRIBUTIONS — OPEB PLANS	**61,706**	**58,201**
TOTAL CONTRIBUTIONS	**$407,888**	**$451,008**

NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS

(in thousands)

	YEAR ENDED JUNE 30 2008	2007
Equity Investments:		
Domestic	($387,108)	$408,156
International	(46,131)	146,233
Fixed Income Investments	67,866	22,319
Commercial Real Estate	2,188	76,592
Alternative Investments:		
Venture Capital Funds	(17,687)	36,027
Buyout Funds	(499)	6,508
Mezzanine Funds	119	814
Natural Resource Funds	(14)	37
Distressed Debt Funds	(4,269)	7,620
Timberfunds	1,637	10,553
Absolute Return Strategies	(9,275)	7,112
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	**($393,173)**	**$721,971**

INTEREST INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
Fixed Income Investments	$62,893	$61,032
Cash and Cash Equivalents	875	2,538
TOTAL INTEREST INCOME	**$63,768**	**$63,570**

DIVIDEND INCOME	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
Equity Investments:		
Domestic	$20,201	$29,555
International	18,896	15,952
TOTAL DIVIDEND INCOME	**$39,097**	**$45,507**

ALTERNATIVE INVESTMENT INCOME (LOSS)	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
Venture Capital Funds	$ 429	$ 740
Buyout Funds	(141)	(390)
Mezzanine Funds	(41)	571
Natural Resource Funds	(8)	(37)
Distressed Debt Funds	313	(44)
Timberfunds	927	(437)
Absolute Return Strategies	263	3,591
TOTAL ALTERNATIVE INVESTMENT INCOME (LOSS)	**$ 1,742**	**$3,994**

COMMERCIAL REAL ESTATE INVESTMENTS INCOME AND EXPENSES

(in thousands)

	INCOME YEAR ENDED JUNE 30		EXPENSE YEAR ENDED JUNE 30		NET INCOME YEAR ENDED JUNE 30	
	2008	2007	2008	2007	2008	2007
Office Buildings	$15,266	$20,809	$ 9,966	$12,573	$ 5,300	$ 8,236
Multi-Family Apartment Buildings	11,915	12,136	7,890	7,233	4,025	4,903
Retail Property	17,563	17,310	8,959	8,768	8,604	8,542
Industrial/Research & Development Property	8,032	7,975	2,958	3,199	5,074	4,776
Other	191	618	178	258	13	360
TOTAL	**$52,967**	**$58,848**	**$29,951**	**$32,031**	**$23,016**	**$26,817**

INVESTMENT ACTIVITY FEES AND OTHER INVESTMENT RELATED EXPENSES

(in thousands)

	YEAR ENDED JUNE 30	
	2008	2007
INVESTMENT ACTIVITY FEES:		
Equity Investments:		
Domestic	$ 5,928	$ 8,085
International	4,459	3,944
Fixed Income Investments	3,400	3,181
Alternative Investments:		
Venture Capital Funds	3,120	5,324
Buyout Funds	201	65
Mezzanine Funds	—	10
Natural Resource Funds	42	54
Distressed Debt Funds	299	464
Timberfunds	98	477
Absolute Return Strategies	717	667
Commercial Real Estate	1,872	1,711
Custodial Fees	477	621
Investment Advisor Fees	1,153	540
TOTAL INVESTMENT ACTIVITY FEES	**$21,766**	**$25,143**
OTHER INVESTMENT RELATED EXPENSES:		
Securities Lending Borrower Rebates	27.014	39,997
Securities Lending Management Fees	—	572
TOTAL INVESTMENT ACTIVITY FEES AND OTHER INVESTMENT RELATED EXPENSES	**$48,780**	**$65,712**

BENEFITS	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
PENSION BENEFITS AND ADDITIONAL ALLOWANCES:		
Employees	$127,727	$113,716
Teachers	153,817	133,035
Police Officers	71,514	63,253
Firefighters	38,871	34,847
TOTAL PENSION BENEFITS AND ADDITIONAL ALLOWANCES	**$391,929**	**$344,851**
POSTEMPLOYMENT MEDICAL BENEFITS:		
Group II Police and Fire	$ 15,229	$ 13,672
Group I Teachers	21,018	17,260
Group I Political Subdivision Employees	5,732	4,880
Group I State Employees	11,266	10,941
TOTAL POSTEMPLOYMENT MEDICAL BENEFITS	**$ 53,245**	**$ 46,753**
TOTAL BENEFITS	**$445,174**	**$391,604**

REFUNDS OF CONTRIBUTIONS	(in thousands)	
	YEAR ENDED JUNE 30	
	2008	2007
Employees	$ 16,437	$16,901
Teachers	11,098	12,464
Police Officers	4,347	4,027
Firefighters	415	688
TOTAL REFUNDS OF CONTRIBUTIONS	**$ 32,297**	**$34,080**

ADMINISTRATIVE EXPENSES (in thousands)

	2008 EXPENSE	2008 BUDGET*	OVER (UNDER) BUDGET	2007 EXPENSE	2007 BUDGET*	OVER (UNDER) BUDGET
Salaries and Wages	$2,955	$3,827	($ 872)	$2,802	$2,760	$ 42
Fringe Benefits	1,508	1,955	(447)	1,366	1,368	(2)
Supplies, Utilities and Postage	531	458	73	447	368	79
Organizational Dues	8	9	(1)	9	11	(2)
Equipment	170	322	(152)	46	85	(39)
Travel						
Board of Trustees	14	29	(15)	14	22	(8)
Staff	19	83	(64)	34	40	(6)
State Services	53	75	(22)	78	113	(35)
Office Rents and Expenses	413	385	28	413	264	149
Computer Support and System Development	1,102	1,521	(419)	821	1,696	(875)
Consulting	121	110	11	63	138	(75)
Unemployment Compensation	—	5	(5)	5	1	4
Workers Compensation	1	5	(4)	7	15	(8)
TOTAL	**$6,895**	**$8,784**	**($1,889)**	**$6,105**	**$6,881**	**($776)**

* The NHRS budget is composed of the initial operating budget and supplemented by additional appropriations. These appropriations are generated by Governor and Council action, annual session laws, and existing statutes which require appropriations under certain circumstances. The budget therefore is a flexible budget. It is a biennial budget which consists of balances brought forward plus current year appropriations, less balances carried forward into the following fiscal year. The balances carried forward into the following fiscal year are comprised of encumbrances and non-lapsing appropriations.

PROFESSIONAL FEES (in thousands)

	YEAR ENDED JUNE 30 2008	2007
Actuarial Fees	$ 466	$390
Audit Fees	152	149
Legal Fees	806	166
TOTAL PROFESSIONAL FEES	**$1,424**	**$705**

MEMBERSHIP COMPOSITION

	JUNE 30 2008	2007
ACTIVE CONTRIBUTING MEMBERS:		
Employees	26,507	26,474
Teachers	18,509	18,477
Police Officers	4,332	4,263
Firefighters	1,640	1,588
TOTAL ACTIVE CONTRIBUTING MEMBERS	**50,988**	**50,802**

*Excludes inactives

	2008	2007
RETIRED MEMBERS:		
Employees	11,580	10,859
Teachers	7,654	6,928
Police Officers	2,436	2,293
Firefighters	1,200	1,168
TOTAL RETIRED MEMBERS	**22,870**	**21,248**

PAYMENTS FROM THE STATE GENERAL FUND

(in thousands)

	YEAR ENDED JUNE 30 2008	2007
State Share of Normal Contributions for Local Employers	$50,202	$36,105
TOTAL STATE GENERAL FUND PAYMENTS EXCLUSIVE OF NORMAL CONTRIBUTIONS FOR STATE MEMBERS	**$50,202**	**$36,105**

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INVESTMENT SECTION

Investment Consultant's Letter

ENNISKNUPP

November 21, 2008

The Board of Trustees
The Executive Director
The New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301-8507

Dear Trustees and Executive Director:

Ennis Knupp + Associates (EnnisKnupp) is pleased to report the results of the New Hampshire Retirement System (NHRS) investment program for the fiscal year ended June 30, 2008.

The goal of the NHRS investment program is to meet the long term funding requirements of the pension plan and to provide retirement benefits to members and beneficiaries. To support this objective, the NHRS maintains policies and guidelines that govern the investment program including a proxy voting policy. The Statement of Investment Policy sets specific investment objectives, performance standards and portfolio guidelines for the Total Fund and each of the asset classes. The NHRS is invested across an array of asset classes with varying risk and return characteristics as directed by the Statement of Investment Policy. In total, the NHRS has a well-diversified investment program.

During the 2008 fiscal year, the Investment Committee completed the thorough review of the entire investment program begun in fiscal year 2007. Notable among the activities during fiscal year 2008 was the restructuring of the private equity portfolio. In total, the resulting changes to the investment program are expected to provide for better risk management and future growth of the program. In response to legislation, an asset liability study was done late in the year resulting in a new asset allocation that targeted increases in the alternative investment portfolio (which includes private equity) and in the real estate portfolio, areas expected to enhance the results of the investment program. Implementation of the new asset allocation will continue into future years.

For fiscal year 2008, the Total Fund returned -4.6%, underperforming the Total Fund Custom Benchmark which returned -3.9% for the same period. The Total Fund Custom Benchmark is composed of the individual asset class benchmarks in the same proportion as the target asset class allocations.

Investment measurements and comparisons produced by EnnisKnupp have been made using standard performance evaluation methods, and results are presented in a manner consistent with the investment industry in general and public pension funds in particular. Rates of return were determined using a time-weighted return calculation and are net of investment management fees.

Sincerely,

Kristine L. Ford, CFA
Principal

Ennis Knupp + Associates
10 South Riverside Plaza, Suite 1600
Chicago, Illinois 60606-3709

vox 312 715 1700
fax 312 715 1952
www.ennisknupp.com

ANNUALIZED INVESTMENT RETURNS—ACTUAL VERSUS INDICES

	Current Year 2008	Annualized 3 Year	Annualized 5 Year
Total NHRS Fund	-4.6%	6.8%	8.9%
Total Fund Custom Index[1]	-3.9	7.1	9.3
Domestic Equity	-14.2	3.7	7.7
Russell 3000 Index	-12.7	4.7	8.4
International Equity	-3.9	15.6	17.3
MSCI ACWI (ex U.S.) Index	-6.6	15.7	18.9
Total Fixed Income	7.6	4.9	5.3
Lehman Brothers Universal Bond Index	6.2	4.0	4.2
Commercial Real Estate	6.9	15.9	18.9
NCREIF Property Index	9.2	13.6	13.9
Cash Equivalents	4.3	4.6	3.5
Lehman Brothers 90-Day T-Bill Index	3.8	4.4	3.2
Alternative Investments[2]	-9.8	3.3	3.2
Consumer Price Index +5%[3]	10.4	8.3	8.2

Performance returns are calculated on a net-of-fees time-weighted rate of return basis.

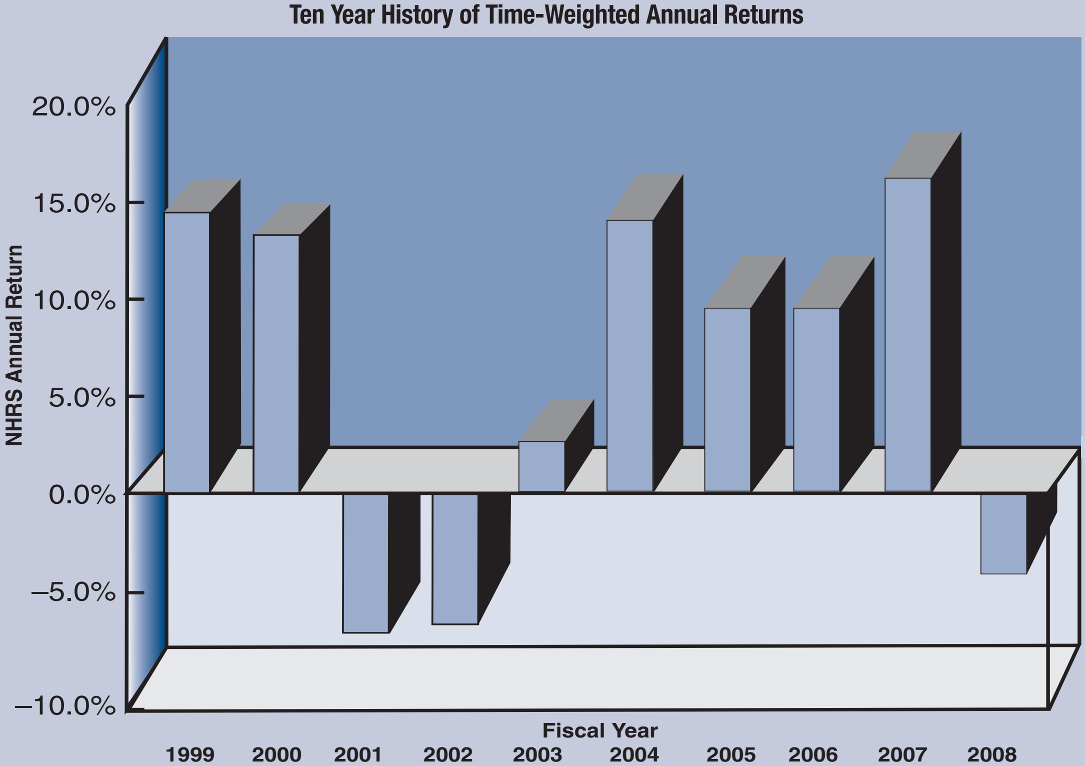
Performance returns for Commercial Real Estate and Alternative Investment asset classes reflect a one quarter lag calculation methodology.

1 The Total Fund Custom Index is comprised of major market indices in proportion to the System's asset allocation.

2 During fiscal year 2008, the NHRS sold fifteen private equity limited partnerships and three timber fund limited partnerships at an aggregate discount to fair market value in order to restructure the Alternative Investments portfolio.

3 There is not a generally accepted benchmark for Alternative Investments. However, the Consumer Price Index +5% is utilized for comparative purposes.

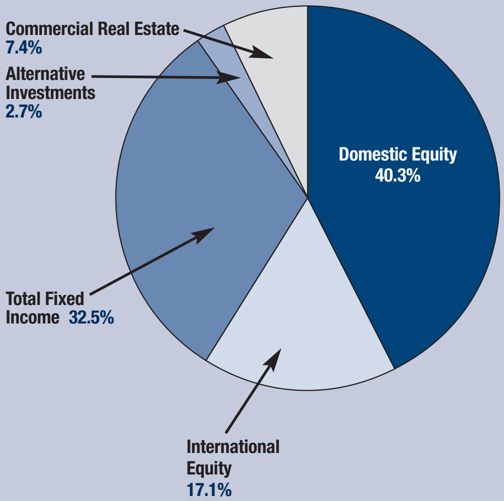
Ten Year History of Time-Weighted Annual Returns



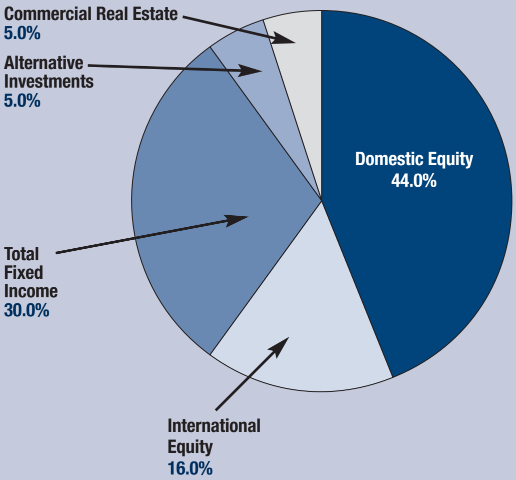
ACTUAL ASSET ALLOCATION VERSUS TARGET ASSET ALLOCATION

	As of June 30, 2008		
	Actual %	Target %	Target Range %
Domestic Equity	40.3 %	44.0 %	40–48
International Equity	17.1	16.0	12–20
Total Fixed Income	32.5	30.0	28–32
Alternative Investments	2.7	5.0	3–7
Commercial Real Estate	7.4	5.0	3–7
TOTAL FUND	**100.0 %**	**100.0 %**	

Actual Asset Allocation as of June 30, 2008



Target Asset Allocation as of June 30, 2008



TEN LARGEST STOCK HOLDINGS BY FAIR VALUE*

(in thousands)

	Shares	Stock	June 30, 2008 Fair Value
1	991,650	Cisco Systems, Inc.	$23,066
2	205,250	Exxon Mobil Corporation	18,089
3	870,700	Yahoo, Inc.	17,989
4	33,600	Google, Inc.	17,688
5	582,764	Vodafone Group Plc ADR	17,168
6	699,700	Nokia Corporation ADR	17,150
7	496,435	AT&T, Inc.	16,725
8	337,700	Qualcomm, Inc.	14,984
9	134,500	Schlumberger, Ltd.	14,449
10	527,900	eBay, Inc.	14,428

TEN LARGEST FIXED INCOME HOLDINGS BY FAIR VALUE*

(in thousands)

	Par	Security	June 30, 2008 Fair Value
1	27,558,000	U.S. Treasury Notes, 4.625%, AAA, Due 2/15/2017	$29,013
2	24,261,000	U.S. Treasury Notes, 4.250%, AAA, Due 8/15/2013	25,311
3	14,968,587	FHLMC Bonds, 6.000%, Agency, Due 8/15/2028	15,298
4	14,650,000**	New South Wales Treasury Bonds, 5.500%, AAA, Due 3/1/2017	12,687
5	27,753,000**	Republic of Poland Bonds, 5.250%, A, Due 10/25/2017	11,839
6	11,798,000	FNMA Bonds, 4.000%, Agency, Due 11/25/2018	11,095
7	9,670,000	U.S. Treasury Notes, 4.625%, AAA, Due 8/31/2011	10,138
8	10,000,000	FNMA Bonds, 4.000%, Agency, Due 2/25/2019	9,442
9	9,140,000	FNMA Bonds, 6.000%, AAA, Due 4/18/2036	9,391
10	14,750,000**	Federal Republic of Brazil Bonds, 12.500%, BBB-, Due 1/5/2016	9,204

The NHRS Also Invests in the following Collective Investment Trusts:

(in thousands)

Units	Security	June 30, 2008 Fair Value
1,591,939	NTGI Collective Daily Russell 3000 Index Fund	$1,145,405
1,503,650	NTGI Collective Daily Aggregate Bond Index Fund	554,244
24,025,040	Pyramis Core Plus Commingled Pool	287,100
21,135,598	NTGI Collective Daily All Country World Index ex-U.S. Fund	259,122

* A complete listing of portfolio holdings is available for review by contacting the NHRS offices.

** Par value is denoted in local currency.

SCHEDULE OF INVESTMENT MANAGEMENT AND SERVICE FEES

	YEAR ENDED JUNE 30, 2008		
	Assets Under Management (in thousands)	Fees (in thousands)	Basis Points
INVESTMENT MANAGEMENT FEES			
Equity Investments:			
Domestic	$2,221,792	$ 5,928	27
International	925,901	4,459	48
Fixed Income Investments	1,723,837	3,400	20
Alternative Investments:			
Venture Capital Funds*	32,640	3,120	166
Buyout Funds*	26,727	201	28
Mezzanine Funds*	335	—	—
Natural Resource Funds*	11	42	42
Distressed Debt*	22,305	299	100
Timberfunds**	—	98	—
Absolute Return Strategies	64,787	717	111
Commercial Real Estate	412,474	1,872	45
Cash and Cash Equivalents	110,262	—	—
TOTAL INVESTMENT MANAGEMENT FEES	**$5,541,071**	**$20,136**	**36**
INVESTMENT SERVICE FEES			
Custodial Fees	$4,981,792	$ 477	1
Investment Advisor Fees	5,541,071	1,153	2
Security Lending Management Fees	524,260	—	—
TOTAL INVESTMENT MANAGEMENT AND SERVICE FEES	**$5,541,071**	**$21,766**	**39**

* Basis point calculation is based on committed capital in accordance with investment management agreements.

** During the period, the NHRS sold its remaining timberfund limited partnership interest. For this reason, there are no assets shown on this schedule but fees paid during the fiscal year are reflected.

SCHEDULE OF BROKERAGE COMMISSIONS PAID

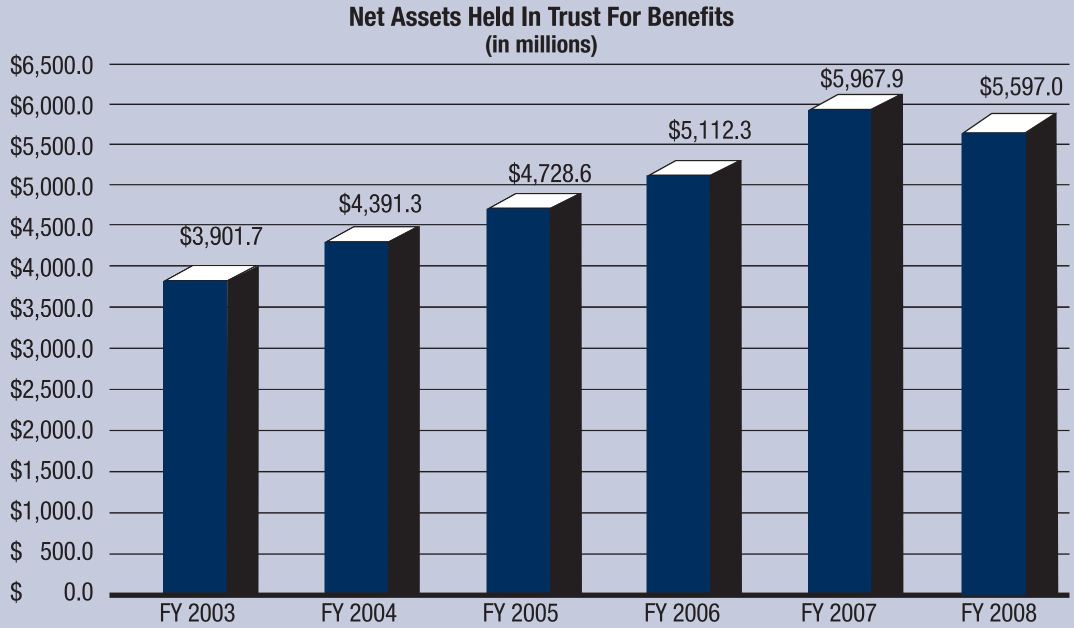
Brokerage Firm	Number of Shares Traded (in thousands)	Total Commissions (in thousands)	Commissions Per Share
	YEAR ENDED JUNE 30, 2008		
Merrill Lynch & Company, Inc.	8,714	$135	0.02
UBS AG	11,058	130	0.01
Credit Suisse First Boston Corporation	5,223	115	0.02
The Northern Trust Company	249,370	101	0.01
Goldman Sachs & Company, Inc.	6,309	83	0.01
J.P. Morgan Securities, Inc.	4,873	82	0.02
Morgan Stanley & Company, Inc.	1,939	76	0.04
Bear Stearns Securities Corporation	2,580	72	0.03
Lehman Brothers, Inc.	5,866	71	0.01
The Bank of New York Mellon Corporation	3,689	61	0.02
Brockhouse Cooper, Inc.	7,959	58	0.01
Abel/Noser Corporation	3,839	58	0.02
Investment Technology Group, Inc.	3,303	56	0.02
Citigroup Global Markets, Inc.	3,614	50	0.01
Instinet, LLC	1,786	43	0.02
Societe Generale	1,385	41	0.03
Deutsche Bank AG	4,518	39	0.01
Liquidnet, Inc.	1,693	37	0.02
Sanford C. Bernstein, Ltd.	1,521	33	0.02
Jeffries & Company, Inc.	861	31	0.04
All Others (143 not listed separately)	87,734	685	0.01
TOTAL BROKERAGE COMMISSIONS PAID	**417,834**	**$2,057**	**$0.01**

Commission detail is not included in the schedule above for the following funds because they are commingled investments:

- NTGI Collective Daily Aggregate Bond Index Fund
- NTGI Collective Daily All Country World Index ex-U.S. Fund
- NTGI Collective Daily Russell 3000 Index Fund
- Pyramis Core Plus Commingled Pool

SUMMARY OF INVESTMENTS

TYPE OF INVESTMENT	June 30, 2008 Fair Value (in millions)	Percent of Total Fair Value
FIXED INCOME		
Government and Agency Bonds	$ 488.0	8.8 %
Corporate Bonds	273.0	4.9
Commercial Mortgage Backed Bonds	43.5	0.8
Asset Backed Bonds	3.7	0.1
Collateralized Mortgage Bond Obligations	74.3	1.3
NTGI Collective Daily Aggregate Bond Index Fund	554.2	10.0
Pyramis Core Plus Commingled Pool	287.1	5.2
TOTAL FIXED INCOME	**1,723.8**	**31.1**
EQUITY		
Consumer Discretionary	169.6	3.1
Consumer Staples	119.5	2.2
Energy	223.9	4.0
Financial Services	257.0	4.6
Health Care	184.2	3.3
Industrials	229.1	4.1
Information Technology	309.9	5.6
Materials	116.3	2.1
Telecommunication Services	89.6	1.6
Utilities	44.1	0.8
NTGI Collective Daily Russell 3000 Index Fund	1,145.4	20.7
NTGI Collective Daily All Country World Index ex-U.S. Fund	259.1	4.7
TOTAL EQUITY	**3,147.7**	**56.8**
OTHER INVESTMENTS		
Alternative Investments	146.8	2.7
Commercial Real Estate	412.5	7.4
Cash and Cash Equivalents	110.3	2.0
TOTAL INVESTMENTS	**$5,541.1**	**100.0 %**



Actuarial Section

Actuarial Certification

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

November 21, 2008

Board of Trustees
New Hampshire Retirement System
54 Regional Drive
Concord, New Hampshire 03301-8509

Dear Board Members:

The basic financial objective of the New Hampshire Retirement System (NHRS) is to establish and receive contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of NHRS to present and future retirees and beneficiaries.

The financial objective is addressed within the biennial actuarial valuation. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over 30 years.

The most recent valuation was completed based upon population data, asset data, and plan provisions as of June 30, 2008. Contributions are established bi-annually for a two year period. The June 30, 2007 actuarial report established the contribution requirements for Fiscal Years 2010 and 2011. The June 30, 2008 measures the liabilities and funded status of the plan but does not establish a contribution rate. Instead, it estimates the rates that will be established by the June 30, 2009 valuation.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year to year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends.

The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report:

- Summary of Actuarial Assumptions
- Percent Retiring Within Next Year
- Probabilities of Becoming Disabled Within Next Year
- Percent Separating Within Next Year
- Individual Employee Pay Increases
- Retiree and Beneficiary Reconciliation
- Retiree and Beneficiary Age Distribution
- Active Members by Valuation Group
- Active Members Age and Service Distribution
- Historical Summary of Active Members Data

The Board of Trustees
November 21, 2008
Page 2

- Summary of Membership by Category
- Distribution of Retired Members by Year of Service
- Distribution of Retired Members by Type of Benefit
- Analysis of Financial Experience
- Schedule of Funding Progress
- Solvency Test
- Schedule of Employer Contributions

Information in historical schedules prior to June 30, 2007 was provided by the previous actuary.

Assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed five year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The actuarial funding method is the Individual Entry Age Actuarial Cost Method, in compliance with NHRS State Statutes. The assumptions and the methods comply with the requirements of Statements No. 25 and No. 43 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. Except as indicated below, actuarial methods and assumptions were adopted by the Board pursuant to the June 30, 2005 Experience Study (which was performed by the prior actuary).

There were no changes in methods or assumptions for the June 30, 2008 valuation.

We certify that the information contained in the June 30, 2008 actuarial valuation report of the NHRS is accurate and fairly presents the actuarial position of the New Hampshire Retirement System as of June 30, 2008. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

The undersigned actuaries are independent of the plan sponsor, are Members of the American Academy of Actuaries (M.A.A.A.) as indicated, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Kenneth G. Alberts

David T. Kausch, F.S.A., E.A., M.A.A.A.

Brian B. Murphy, F.S.A., E.A., M.A.A.A.
KGA:sc

Gabriel Roeder Smith & Company

Summary of Actuarial Assumptions And Methods

The actuarial methods and assumptions that were used in the development of the June 30, 2007 actuarial valuation are as follows. The June 30, 2007 actuarial valuation will be used to determine employer contributions for the fiscal years ended June 30, 2010 and June 30, 2011.

VALUATION METHODS

PENSION

Actuarial Cost Methods — Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an *Individual Entry-Age Actuarial Cost Method* having the following characteristics:

(i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;

(ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gain/(losses), as they occur, reduce (increase) the unfunded actuarial accrued liability.

Financing of Unfunded Actuarial Accrued Liabilities — unfunded actuarial accrued liabilities were amortized by level (principal and interest combined) percent-of-payroll contributions over 30 years from the contribution effective date (Fiscal Year 2010).

OPEB

(i) Liabilities are determined under the entry-age actuarial cost method.

(ii) Contribution rates to the 401(h) sub-trust are determined as the lesser of 25% of the employers' contributions or the actuarial required contribution rate that keeps the medical subsidy sub-trust solvent (the "solvency rate").

Actuarial Value of Assets — The actuarial value of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed 5 year period. During periods when investment performance exceeds the assumed rate, funding value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, funding value of assets will tend to be greater than market value. The funding value of assets is unbiased with respect to market value. If assumed rates are exactly realized for 4 consecutive years, it will become equal to market value. At any time it may be either greater or less than market value. Funding value was limited to a 20% corridor around the market value.

DEVELOPMENT OF AMORTIZATION PAYMENT

The employer contribution rate determined by this valuation will not be effective until two years after the valuation date. The unfunded actuarial accrued liability (UAAL) was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent of pay required to fully amortize the UAAL over a 30 year period beginning on July 1, 2009. This UAAL payment reflects any payments expected to be made between the valuation date and the date contributions determined by this report are scheduled to begin. It was assumed that the entire pension contribution as calculated in the June 30, 2005 valuation would be contributed to the net pension assets.

ECONOMIC ASSUMPTIONS

The investment return rate assumed in the valuation is 8.50% per year, compounded annually (net after investment expenses).

The wage inflation rate assumed in this valuation was 4.50% per year. The wage inflation rate is defined to be the portion of total pay increases for an individual that are due to macro economic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

No specific price inflation assumption is required to perform this valuation, since there are no benefits that are linked to price increases. However, a price inflation assumption on the order of 3.5% would be consistent with the other economic assumptions.

The assumed real rate of return over wage inflation is defined to be the portion of total investment return that is more than the assumed total wage growth rate. Considering other economic assumptions, the 8.50% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%. The assumed real rate of return over price inflation would be higher — on the order of 5.00%, considering both an inflation assumption and an average expense provision.

The active member population is assumed to remain constant. For purposes of financing the unfunded liabilities, total payroll is assumed to grow at the wage inflation rate — 4.50% per year.

Pay increase assumptions for individual active members are shown for sample ages on page 51. Part of the assumption for each age is for merit and/or seniority increase, and the other 4.50% recognizes wage inflation, including price inflation, productivity increases, and other macro economic forces.

GROUP I—EMPLOYEES

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and normal retirement are as follows:

	Annual Rate of					
	Withdrawal and Vesting#		Death*		Disability**	
Age	Men	Women	Men	Women	Men	Women
20	—	—	.06%	.02%	.03%	.02%
25	7.00%	8.00%	.06	.02	.04	.02
30	6.50	7.00	.06	.03	.05	.02
35	5.50	6.00	.06	.04	.10	.05
40	4.50	5.00	.06	.07	.18	.08
45	4.00	4.00	.10	.10	.22	.12
50	3.50	3.50	.15	.14	.27	.18
55	3.00	3.00	.20	.18	.29	.22
60	2.20	2.60	—	—	—	—

	Annual Rate of	
	Normal Retirement	
Age	Men	Women
60	12.50%	13.00%
61	15.00	15.00
64	21.00	18.50
67	24.00	19.00
70	100.00	100.00

#Withdrawal rates for the first two years of employment are multiplied by 2.0.
*98% are assumed to be ordinary death and 2% are assumed to be accidental death.
**50% are assumed to be ordinary disability and 50% are assumed to be accidental disability.

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Age	Merit & Seniority	Base	Annual Rate of Salary Increases
20	11.75%	4.50%	16.25%
25	8.75	4.50	13.25
30	4.25	4.50	8.75
35	3.25	4.50	7.75
40	1.85	4.50	6.35
45	1.65	4.50	6.15
50	1.45	4.50	5.95
55	1.25	4.50	5.75
60	1.05	4.50	5.55

DEATHS AFTER RETIREMENT:

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.08%	.05%	60	.74%	.36%
40	.10	.06	65	1.41	.78
45	.15	.10	70	2.49	1.56
50	.24	.16	75	4.18	2.57
55	.39	.23	80	6.93	4.20

GROUP I—TEACHERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and normal retirement are as follows:

	Annual Rate of					
	Withdrawal and Vesting#		Death*		Disability*	
Age	Men	Women	Men	Women	Men	Women
20	—	—	.02%	.03%	.01%	.01%
25	4.50%	4.50%	.02	.03	.01	.01
30	4.00	4.00	.03	.03	.01	.01
35	3.50	3.50	.04	.03	.01	.01
40	2.75	3.00	.05	.05	.01	.01
45	2.75	2.00	.06	.05	.02	.02
50	3.50	2.50	.12	.10	.05	.05
55	4.00	3.50	.18	.15	.20	.10
60	4.40	3.90	—	—	—	—

\# Withdrawal rates for first year of employment are multiplied by 3.0 and for second year of employment are multiplied by 2.0.

* 98% are assumed to be ordinary death and 2% are assumed to be accidental death.

** 92% are assumed to be ordinary disability and 8% are assumed to be accidental disability.

	Annual Rate of	
Age	Normal Retirement	
	Men	Women
60	20.50%	15.00%
61	22.00	18.00
64	25.00	24.00
67	28.00	27.00
70	100.00	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Age	Merit & Seniority	Base	Annual Rate of Salary Increases
20	3.75%	4.50%	8.25%
25	3.75	4.50	8.25
30	2.00	4.50	6.50
35	1.50	4.50	6.00
40	1.00	4.50	5.50
45	0.50	4.50	5.00
50	0.00	4.50	4.50
55	0.00	4.50	4.50
60	0.00	4.50	4.50

DEATHS AFTER RETIREMENT:

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.07%	.04%	60	.49%	.32%
40	.09	.06	65	.96	.66
45	.12	.09	70	1.79	1.39
50	.18	.14	75	3.06	2.34
55	.28	.21	80	5.13	3.78

GROUP II — POLICE OFFICERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal, vesting, death, disability, and retirement are as follows:

	Annual Rate of						
	Withdrawal and Vesting		Death		Disability		
Age	Men	Women	Men	Women	Ordinary	Accidental	Retirement
20	—	—	.04%	.04%	.00%	.01%	—
25	5.50%	5.50%	.05	.05	.01	.01	—
30	4.50	4.50	.06	.06	.02	.01	—
35	3.50	3.50	.07	.07	.02	.15	—
40	3.00	3.00	.10	.10	.06	.20	—
45	3.00	3.00	.14	.14	.14	.25	27.00%
50	3.00	3.00	.16	.16	.20	.30	30.00
55	2.00	2.00	.24	.24	.36	.35	33.00
60	2.00	2.00	—	—	—	—	27.00
64	—	—	—	—	—	—	27.92
67	—	—	—	—	—	—	29.17
70	—	—	—	—	—	—	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Age	Merit & Seniority	Base	Annual Rate of Salary Increases
20	7.75%	4.50%	12.25%
25	7.75	4.50	12.25
30	3.25	4.50	7.75
35	2.00	4.50	6.50
40	0.75	4.50	5.25
45	0.75	4.50	5.25
50	0.75	4.50	5.25
55	0.75	4.50	5.25
60	0.75	4.50	5.25

DEATHS AFTER RETIREMENT:

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.08%	.05%	60	.74%	.36%
40	.10	.06	65	1.41	.78
45	.15	.10	70	2.49	1.56
50	.24	.16	75	4.18	2.57
55	.39	.23	80	6.93	4.20

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

GROUP II — FIREFIGHTERS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of withdrawal and vesting, death, disability, and retirement are as follows:

	Annual Rate of						
	Withdrawal and Vesting		Death		Disability		
Age	Men	Women	Men	Women	Ordinary	Accidental	Retirement
20	—	—	.03%	.03%	.02%	.05%	—
25	1.00%	1.00%	.03	.03	.02	.05	—
30	1.00	1.00	.04	.04	.02	.07	—
35	1.00	1.00	.05	.05	.02	.09	—
40	1.00	1.00	.07	.07	.02	.20	—
45	1.00	1.00	.10	.10	.02	.25	15.00 %
50	1.00	1.00	.11	.11	.02	.30	15.00
55	1.00	1.00	.17	.17	.02	.35	25.00
60	1.00	1.00	—	—	—	—	30.00
64	—	—	—	—	—	—	26.00
67	—	—	—	—	—	—	25.00
70	—	—	—	—	—	—	100.00

SALARY INCREASES: Representative values of the assumed rates of future salary increases are as follows:

Age	Merit & Seniority	Base	Annual Rate of Salary Increases
20	9.00%	4.50%	13.50%
25	8.00	4.50	12.50
30	5.00	4.50	9.50
35	3.00	4.50	7.50
40	1.25	4.50	5.75
45	1.25	4.50	5.75
50	1.25	4.50	5.75
55	1.25	4.50	5.75
60	1.25	4.50	5.75

DEATHS AFTER RETIREMENT:

	MORTALITY RATE			MORTALITY RATE	
AGE	MEN	WOMEN	AGE	MEN	WOMEN
35	.10%	.05%	60	.56%	.44%
40	.10	.07	65	1.02	.86
45	.13	.08	70	1.93	1.56
50	.21	.12	75	3.43	2.59
55	.34	.23	80	5.54	4.33

NORMAL RETIREMENT: Age 45 with 20 years of service or age 60 if earlier.

TECHNICAL ASSUMPTIONS

Administrative & Investment Expenses	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the prior year's administrative expenses. Assumed administrative expenses are added to the Normal Cost, and were 0.35% of payroll in the June 30, 2008 valuation.
Benefit Service	Exact Fractional service is used to determine the amount of benefit payable.
COLA	None assumed.
Decrement Operation	Disability decrements do not operate during retirement eligibility. Only withdrawal operates in the select withdrawal period.
Decrement Timing	Normal and early retirement decrements for the Teachers group are assumed to occur at the beginning of the year. All other decrements were assumed to occur mid-year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Forfeitures	None.
Gain Sharing	When the plan becomes 85% funded, current statutes provide that 100% of investment return above 10.5% is to be transferred to the Special Account. Projections based on valuation assumptions suggest that this may begin to occur in approximately 2029. This effect was not included in the valuation and was judged to be small due to the length of time before gainsharing occurs. This is based upon current statutes.
Incidence of Contributions	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll at the time contributions are made.
Liability Adjustments	Normal, early, and vesting retirement liabilities are increased by 7.5%, 8.5%, 10.6%, and 11.2% for Employees, Teachers, Police, and Fire respectively to account for lump sum payments.
Marriage Assumption	Group I: 80% of males and 80% of females are assumed to be married for purposes of death-in-service benefits. Group II: 50% of males and 50% of females are assumed to be married for purposes of death-in-service and death after retirement benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
Normal Form of Benefit	Group I: The assumed normal form of benefit is a straight life benefit. Group II: The assumed normal form of benefit is straight life for single members and joint and 50% survivor for married members.
Pay Increase Timing	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Service Credit Accruals	It is assumed that members accrue one year of service credit per year.

Historical Membership Data—Active and Retired

The following 4 tables summarize the actuarial valuation data for the period from 1998 through 2008. Prior to fiscal year 2008, valuations ere prepared biennially.

EMPLOYEES

(aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2008	26,507	$1,010,032	$ 38,104	7.05%
2007	26,474	942,319	35,594	6.91
2005	26,414	879,419	33,294	9.99
2003	26,371	798,241	30,270	9.23
2001	24,413	676,536	27,712	6.08
1999	22,519	588,290	26,124	3.86

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
2008	1,083	$17,897	362	$4,199	11,580	$131,777	11.60 %	$11,380
2007	1,465	21,041	579	5,471	10,859	116,429	15.44	10,722
2005	1,620	19,183	739	5,972	9,973	100,859	18.56	10,113
2003	1,258	13,588	572	4,029	9,092	85,067	18.11	9,356
2001	1,095	10,078	617	3,965	8,406	72,025	17.11	8,568
1999	1,183	10,077	571	3,195	7,928	61,501	20.00	7,757

TEACHERS

(aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2008	18,509	$ 957,068	$ 51,708	3.59%
2007	18,477	922,308	49,917	8.28
2005	18,474	851,664	46,101	7.88
2003	18,710	799,544	42,734	8.11
2001	17,718	700,361	39,528	4.02
1999	16,034	609,275	37,999	3.27

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
2008	891	$23,743	165	$4,238	7,654	$153,745	14.53 %	$20,087
2007	1,254	27,313	230	4,004	6,928	132,203	21.41	19,082
2005	1,121	21,842	344	4,591	5,904	108,894	24.34	18,444
2003	848	15,910	239	2,735	5,127	87,580	26.86	17,082
2001	501	8,375	272	2,691	4,518	69,036	12.62	15,280
1999	685	11,458	292	2,504	4,289	61,301	25.29	14,293

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

POLICE OFFICERS (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2008	4,332	$ 244,314	$56,398	3.03%
2007	4,263	233,348	54,738	13.03
2005	4,573	221,456	48,427	6.35
2003	4,305	196,022	45,534	9.50
2001	4,124	171,489	41,583	8.49
1999	3,600	137,981	38,328	4.30

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
2008	179	$ 8,504	36	$1,376	2,436	$75,421	10.44 %	$30,961
2007	361	13,353	80	1,540	2,293	67,601	21.17	29,482
2005	308	8,934	83	1,492	2,012	55,788	17.68	27,728
2003	262	7,903	61	971	1,787	47,406	23.81	26,528
2001	280	6,085	63	960	1,586	38,290	25.58	24,142
1999	238	5,790	39	604	1,369	30,490	30.00	22,272

FIREFIGHTERS (aggregate compensation and annual allowance dollars in thousands)

ACTIVE MEMBERSHIP DATA

FISCAL YEAR	NUMBER OF ACTIVES***	AGGREGATE COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
2008	1,640	$96,907	$59,090	(3.63%)
2007	1,588	97,365	61,313	7.70
2005	1,599	91,029	56,929	9.72
2003	1,524	79,072	51,885	10.17
2001	1,433	67,485	47,094	8.57
1999	1,339	58,081	43,376	6.50

RETIRED MEMBERSHIP DATA

	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS END OF YEAR			
FISCAL YEAR	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	NO.*	ANNUAL** ALLOWANCES	% INCREASE IN ANNUAL ALLOWANCES	AVERAGE ANNUAL ALLOWANCES
2008	63	$3,456	31	$1,110	1,200	$39,497	6.31 %	$32,914
2007	131	6,879	24	1,066	1,168	36,626	18.87	31,358
2005	128	4,393	66	1,290	1,061	30,813	15.83	29,041
2003	142	4,747	49	1,067	999	26,602	30.26	26,629
2001	164	3,861	39	541	906	20,422	29.36	22,541
1999	108	2,684	41	514	781	15,787	25.03	20,214

* Includes beneficiaries in receipt but excludes deferred vested terminations.

** Includes additional COLA allowances. The benefit amounts shown are the monthly benefits as of the valuation date annualized and are not the actual benefits paid during the fiscal year.

*** Excludes temporary inactive members.

Solvency Test

TOTAL OF ALL GROUPS

(dollars in thousands)

	Projected Liabilities For				Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits		
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	(1)	(2)	(3)
2008	$2,312,069	$3,618,118	$1,891,129	$5,302,034	100.00%	83.00%	0.00%
2007	$2,228,853	$3,210,280	$1,820,582	$4,862,256	100.00%	82.00%	0.00%
2006	$2,133,842	$2,962,579	$1,306,454	$3,928,270	100.00%	60.57%	0.00%
2005	$2,016,420	$2,745,323	$1,229,283	$3,610,800	100.00%	58.08%	0.00%
2004	$1,864,275	$2,320,071	$ 845,531	$3,575,641	100.00%	73.76%	0.00%
2003	$1,754,619	$2,123,689	$ 790,884	$3,500,037	100.00%	82.19%	0.00%
2002	$1,575,703	$1,862,864	$ 757,747	$3,443,395	100.00%	100.00%	0.64%
2001	$1,481,974	$1,675,941	$ 684,687	$3,264,901	100.00%	100.00%	15.63%
2000	$1,309,395	$1,536,578	$ 614,286	$3,109,734	100.00%	100.00%	42.94%
1999	$1,229,239	$1,464,941	$ 535,011	$2,886,526	100.00%	100.00%	35.95%

EMPLOYEES

(dollars in thousands)

	Projected Liabilities For				Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits		
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	(1)	(2)	(3)
2008	$ 837,375	$1,124,075	$ 581,109	$1,696,189	100.00%	76.00%	0.00%
2007	$ 797,627	$ 997,992	$ 528,538	$1,539,196	100.00%	74.31%	0.00%
2006	$ 774,995	$ 933,225	$ 385,860	$1,243,228	100.00%	50.17%	0.00%
2005	$ 730,153	$ 882,684	$ 348,588	$1,134,798	100.00%	45.84%	0.00%
2004	$ 643,680	$ 750,839	$ 254,683	$1,115,321	100.00%	62.82%	0.00%
2003	$ 613,838	$ 684,995	$ 233,606	$1,080,554	100.00%	68.13%	0.00%
2002	$ 553,104	$ 617,708	$ 207,327	$1,058,702	100.00%	81.85%	0.00%
2001	$ 505,941	$ 561,718	$ 192,915	$ 997,539	100.00%	87.52%	0.00%
2000	$ 436,460	$ 515,947	$ 166,567	$ 955,057	100.00%	100.00%	1.59%
1999	$ 419,864	$ 501,219	$ 131,556	$ 888,554	100.00%	93.51%	0.00%

TEACHERS

(dollars in thousands)

	Projected Liabilities For				Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits		
Fiscal Year	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	(1)	(2)	(3)
2008	$ 943,611	$1,387,605	$ 828,084	$2,114,543	100.00%	84.00%	0.00%
2007	$ 925,813	$1,200,541	$ 797,922	$1,925,913	100.00%	83.30%	0.00%
2006	$ 907,835	$1,103,495	$ 545,132	$1,589,546	100.00%	61.78%	0.00%
2005	$ 855,779	$1,013,677	$ 525,782	$1,471,609	100.00%	60.75%	0.00%
2004	$ 823,534	$ 828,111	$ 313,582	$1,468,207	100.00%	77.85%	0.00%
2003	$ 771,525	$ 752,787	$ 302,246	$1,452,513	100.00%	90.46%	0.00%
2002	$ 681,141	$ 650,033	$ 303,105	$1,427,057	100.00%	100.00%	31.63%
2001	$ 656,208	$ 578,020	$ 265,108	$1,355,757	100.00%	100.00%	45.84%
2000	$ 579,900	$ 547,844	$ 281,655	$1,293,907	100.00%	100.00%	59.00%
1999	$ 537,114	$ 528,764	$ 245,278	$1,190,269	100.00%	100.00%	50.71%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

** Based on Actuarial Value of Assets excluding Special Account and reserve for medical subsidy for Fiscal Years 1999 to current and based on Fair Value of Assets for Fiscal Years prior to 1999.

NOTE: Based on an 8.5% interest rate for fiscal years 2005 and later and a 9% interest rate for fiscal years prior to 2005.

POLICE OFFICERS

(dollars in thousands)

Fiscal Year	(1) Aggregate Member Contributions	Projected Liabilities For (2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits (1)	(2)	(3)
2008	$359,611	$727,584	$339,186	$1,014,088	100.00%	90.00%	0.00%
2007	$344,485	$655,803	$339,086	$ 934,744	100.00%	90.01%	0.00%
2006	$298,887	$605,087	$238,488	$ 734,904	100.00%	72.06%	0.00%
2005	$287,254	$550,848	$226,793	$ 674,715	100.00%	70.34%	0.00%
2004	$263,985	$478,420	$178,048	$ 669,858	100.00%	84.84%	0.00%
2003	$245,172	$444,271	$162,351	$ 656,154	100.00%	92.51%	0.00%
2002	$226,996	$388,254	$155,059	$ 647,996	100.00%	100.00%	21.12%
2001	$210,063	$352,193	$143,042	$ 616,370	100.00%	100.00%	37.83%
2000	$190,592	$316,404	$106,288	$ 581,843	100.00%	100.00%	70.42%
1999	$175,847	$291,465	$102,361	$ 545,198	100.00%	100.00%	76.09%

FIREFIGHTERS

(dollars in thousands)

Fiscal Year	(1) Aggregate Member Contributions	Projected Liabilities For (2) Current Retirees & Beneficiaries	(3) Active & Inactive Members (Employer Financed Portion)*	Net Assets Held For Benefits**	Percentage of Accrued Liabilities Covered By Net Assets Held for Benefits (1)	(2)	(3)
2008	$171,471	$378,854	$142,751	$477,214	100.00%	81.00%	0.00%
2007	$160,927	$355,944	$155,036	$462,403	100.00%	84.70%	0.00%
2006	$152,125	$320,772	$136,974	$360,952	100.00%	64.99%	0.00%
2005	$143,234	$298,114	$128,120	$329,678	100.00%	62.54%	0.00%
2004	$133,076	$262,701	$ 99,218	$322,255	100.00%	72.01%	0.00%
2003	$124,084	$241,636	$ 92,681	$310,816	100.00%	77.28%	0.00%
2002	$114,462	$206,869	$ 92,256	$309,640	100.00%	94.35%	0.00%
2001	$109,762	$184,010	$ 83,622	$295,235	100.00%	100.00%	1.75%
2000	$102,443	$156,383	$ 59,776	$278,927	100.00%	100.00%	33.63%
1999	$ 96,414	$143,493	$ 55,816	$262,505	100.00%	100.00%	40.49%

* Liabilities for active members are based on service as of the valuation date and projected compensation at the member's expected retirement date. Also includes terminated vested members.

** Based on Actuarial Value of Assets excluding Special Account and reserve for medical subsidy for Fiscal Years 1999 to current and based on Fair Value of Assets for Fiscal Years prior to 1999.

NOTE: Based on an 8.5% interest rate for fiscal years 2005 and later and a 9% interest rate for fiscal years prior to 2005.

Analysis of Past Financial Experience

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

EMPLOYEES

YEAR ENDED	June 30 2007	June 30 2005	June 30 2003	June 30 2001	June 30 1999
Projected Normal Rate*	8.74%	6.06%	5.12%	4.14%	3.94%
Decremental Experience	—	.02	.08	.13	.15
Pensioner's Experience	—	.02	.04	.03	.01
Excess Salary Increases	—	(.01)	(.02)	—	(.05)
Method Change	0.98	—	—	—	—
Effect of Legislation	(0.57)	—	—	—	—
Asset (Gains)/Losses	(0.36)	.79	.65	.20	—
Current New Entrants	—	.04	—	(.05)	(.04)
Amendments	—	—	.08	—	—
Target Rate System Experience	—	1.03	—	—	—
Assumption Changes	0.41	.39	.06	.72	.18
Other (Gains)/Losses	(0.11)	.40	.05	(.05)	(.05)
ACTUAL NORMAL RATE	**9.09%**	**8.74%**	**6.06%**	**5.12%**	**4.14%**

TEACHERS

YEAR ENDED	June 30 2007	June 30 2005	June 30 2003	June 30 2001	June 30 1999
Projected Normal Rate *	8.93%	4.67%	3.44%	3.97%	4.11%
Decremental Experience	—	(.01)	(.04)	.04	.12
Pensioner's Experience	—	—	.03	.01	—
Excess Salary Increases	—	.09	.11	(.10)	(.15)
Method Change	0.82	—	—	—	—
Effect of Legislation	(0.72)	—	—	—	—
Asset (Gains)/Losses	(0.46)	1.52	1.03	.25	(.12)
Current New Entrants	—	.02	—	(.07)	(.07)
Amendments	—	—	.02	—	—
Target Rate System Experience	—	1.14	—	—	—
Assumption Changes	0.80	.90	(.10)	(.70)	.09
Other (Gains)/Losses	0.01	.60	.18	.04	(.01)
ACTUAL NORMAL RATE	**9.38%**	**8.93%**	**4.67%**	**3.44%**	**3.97%**

* Based on forecast valuations.

This presentation shows the experience of actual financial results relative to expected results. It is an analysis which focuses on actuarial gains and losses over the most recent five actuarial valuations and reconciles the difference in the actuarial normal contribution rates from the expected to actual values.

RECONCILIATION OF EMPLOYER NORMAL RATE *

POLICE OFFICERS

YEAR ENDED	June 30 2007	June 30 2005	June 30 2003	June 30 2001	June 30 1999
Projected Normal Rate *	18.21%	12.33%	10.47%	8.20%	7.13%
Decremental Experience	—	.38	.32	.32	.34
Pensioner's Experience	—	.01	.05	.04	.05
Excess Salary Increases	—	(.12)	—	.37	—
Method Change	1.11	—	—	—	—
Effect of Legislation	(2.17)	—	—	—	—
Asset (Gains)/Losses	(0.90)	1.85	1.69	.60	.05
Current New Entrants	—	.16	—	(.06)	(.01)
Amendments	—	—	.28	—	—
Target Rate System Experience	—	1.47	—	—	—
Assumption Changes	0.31	2.08	(.55)	1.24	.50
Other Asset (Gains)/Losses	0.78	.05	.07	(.24)	.14
ACTUAL NORMAL RATE	**17.34%**	**18.21%**	**12.33%**	**10.47%**	**8.20%**

FIREFIGHTERS

YEAR ENDED	June 30 2007	June 30 2005	June 30 2003	June 30 2001	June 30 1999
Projected Normal Rate *	24.49%	16.31%	14.41%	10.17%	8.30%
Decremental Experience	—	.04	.22	.38	.21
Pensioner's Experience	—	(.06)	(.06)	.12	.05
Excess Salary Increases	—	.17	.36	.57	.05
Method Change	2.48	—	—	—	—
Asset (Gains)/Losses	(1.05)	2.23	2.29	.67	.62
Effect of Legislation	(2.61)	—	—	—	—
Current New Entrants	—	.14	(.10)	(.06)	(.03)
Amendments	—	—	.33	—	—
Target Rate System Experience	—	6.22	—	—	—
Assumption Changes #	0.21	(.32)	(1.48)	2.67	.91
Other Asset (Gains)/Losses	(1.00)	(.24)	.34	(.11)	.06
ACTUAL NORMAL RATE	**22.52%**	**24.49%**	**16.31%**	**14.41%**	**10.17%**

* Based on forecast valuations.

Summary of Principal Plan Provisions As Interpreted For Valuation Purposes

1—GENERAL

Legal Plan Name	New Hampshire Retirement System.
Effective Date	July 1, 1967.
Membership	Prospectively, any employee, teacher, permanent police officer or permanent firefighter becomes a member as a condition of employment; except in the case of elected officials or officials appointed for fixed terms, membership is optional.
Average Final Compensation (AFC)	Average annual earnable compensation during highest 3 years of creditable service.
NOTE:	A more detailed description of the plan provisions is available from the System's administrative office.

2—BENEFITS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

Service Retirement

Eligibility

Age 60 years.

Amount of Benefit

A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity.

Prior to the member's attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/60 of AFC multiplied by years of service.

After attainment of age 65, the state annuity, together with the member annuity, shall be equal to 1/66 of AFC multiplied by years of service.

Reduced Service Retirement

Eligibility

Age plus service of at least 70, provided the member has at least 20 years of service or age 50 with at least 10 years of service.

Amount of Benefit

Service retirement benefit is reduced by the following percents for each month that benefits commence prior to age 60.

Years of Service at Retirement	Monthly Percent Reduction
35 or more	1/8 of 1%
30–35	1/4 of 1%
25–30	1/3 of 1%
20–25	5/12 of 1%
less than 20	5/9 of 1%

Ordinary Disability Retirement

Eligibility

10 years of service and permanent disability.

Amount of Benefit

Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 1.5% of AFC multiplied by the number of years of creditable service at the time of disability; provided that the benefit shall not be less than 25% of AFC.

Accidental Disability Retirement

Eligibility	Permanently disabled due to accident occurring while in the performance of duty.
Amount of Benefit	Service retirement benefit if age 60, otherwise a member annuity plus a state annuity which together equals 50% of AFC; provided that the benefit shall not be less than 50% of AFC.

Ordinary Death Benefit

Eligibility	Death, other than accidental death.
Amount of Benefit	(a) If 10 years of service or if eligible for service retirement and, (i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage; (ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of $3,600 or the member's annual compensation. (b) If less than 10 years of service and if not eligible for service retirement, a lump sum equal to the greater of $3,600 or the member's annual compensation.

Accidental Death Benefit

Eligibility	Accidental death occurring while in the performance of duty.
Amount of Benefit	Benefit equal to 50% of AFC.

Vested Deferred Retirement

Eligibility	10 years of service, if no withdrawal of contributions.
Amount of Benefit	Payable at age 60, a member annuity plus a state annuity which together equals the service retirement benefit that would be payable after age 60. The benefit changes at age 65 as for service retirement. At any time after attainment of age 50, a member may have his benefit commence early, however, the benefit will be reduced for early commencement using the same early retirement reduction factors as described under reduced service retirement.

Return of Members' Contributions

(a) Upon termination of service other than for retirement or death, and if vested deferred retirement benefit has not been elected, the member's accumulated contributions are returned to him.

(b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate.

(c) Upon death prior to age 60 of a member on deferred vested retirement, the member's accumulated contributions will be paid to the member's beneficiary or estate.

(d) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of his accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

Special Provisions Applicable to Certain Members Transferred from the Employees' Retirement System of the State of New Hampshire

Certain employee members transferred to the New Hampshire Retirement System effective January 1, 1976 have elected to have their benefits calculated on the basis of the provisions of the Predecessor System.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

Service Retirement

Eligibility

Age 45 and 20 years service or age 60 if earlier (age 65 before July 1,1989) regardless of number of years of service.

Amount of Benefit

A member annuity equal to the actuarial equivalent of the member's accumulated contributions plus a state annuity which together with the member annuity is equal to 2-1/2% of AFC times years of service, but not more than 40 years. Effective July 1, 1992, if a member retires on a full service retirement, the minimum annual benefit (prior to reduction for optional form of payment) is $10,000. The minimum annual benefit is reduced for benefits payable from Social Security and from any public body benefits.

Ordinary Disability Retirement

Eligibility

10 years service and permanent disability.

Amount of Benefit

A member annuity plus a state annuity which together equals the service retirement benefit; provided that the benefit shall not be less than 25% of the member's annual compensation.

Accidental Disability Retirement

Eligibility

Permanent disability occurring while in the performance of duty.

Amount of Benefit

A member annuity as for service retirement plus a state annuity which together with the member annuity is equal to 2/3 of AFC. If a member has completed more than 26-2/3 years of service, then a supplemental disability allowance will also be paid equal to 2-1/2% of AFC multiplied by service in excess of 26-2/3 years but not in excess of 40 years.

Ordinary Death Benefit

Eligibility

Death other than accidental death.

Amount of Benefit

(a) If 10 years service or if eligible for service retirement and,

(i) if survived by a spouse, 50% of the service retirement benefit payable until death or remarriage.

(ii) if no surviving spouse or member designated a beneficiary other than a spouse, a lump sum equal to the greater of $3,600 or member's annual compensation.

	(b) If less than 10 years service and not eligible for service retirement, a lump sum equal to the greater of $3,600 or the member's annual compensation.
Accidental Death Benefit	
Eligibility	Accidental death occurring while in the performance of duty.
Amount of Benefit	50% of the annual rate of compensation payable first to spouse until death or remarriage, then to children under age 18 or if no spouse or children, to dependent parent.
Death after Retirement	Retirement Prior to April 1, 1987
	Lump sum of $3,600 unless accidental disability retirement, then surviving spouse receives 50% of the retired member's disability benefits payable until death or remarriage.
	Retirement on or after April 1, 1987
	Benefit payable to surviving spouse until death or remarriage equal to 50% of the member's service, ordinary disability or accidental disability retirement allowance if member was married on the date of retirement plus a lump sum. The lump sum shall be equal to:

If retired prior to July 1, 1988:	$ 3,600
If retired on or after July 1, 1988:	
If Group II member as of June 30, 1988	$10,000
If becomes a Group II member after June 30, 1988 and prior to July 1, 1993	$ 3,600

Special Death Benefit—Old Firefighter's System	
	Continuance of duty-connected disability benefits to spouse of deceased retired member payable until death or remarriage.
Vested Deferred Retirement	
Eligibility	10 years of service, if no withdrawal of contributions.
Amount of Benefit	A benefit determined as for service retirement payable when the member would be age 45 with 20 years of service or age 60 if earlier.
Return of Members' Contributions	
	(a) Upon termination of service other than for retirement or death, and if vested deferred retirement has not been elected, the member's accumulated contributions are returned to the member. (b) Upon accidental death or upon other death for which no surviving spouse's benefit is payable, the member's accumulated contributions will be paid to the member's beneficiary or estate. (c) Upon death of a member on vested deferred retirement prior to the time benefits commence, the member's accumulated contributions will be paid to the member's benefi-

ciary or estate.

(d) Upon death of the survivor of a member retired on accidental disability and his spouse in receipt of the accidental disability survivor benefit, the excess of the member's accumulated contributions at retirement over the benefits received by the member and the spouse will be paid to the beneficiary or estate.

(e) Upon death of a retired member (or the survivor of a retired member, if an optional benefit was elected), the excess of accumulated contributions at retirement over the benefits received by the retired member (and, in the case of election of an optional benefit, the benefits received by the survivor) will be paid to the beneficiary or estate of the member.

Benefits for Call Firefighters

Accidental Disability — Annual benefit not to exceed $1,250 if permanently disabled while in the performance of duty.

Accidental Death — Annual benefit not to exceed $1,250 if death as a result of injury received while in the performance of duty. Paid to spouse until death or remarriage, then to children until age 18 or if no spouse or children under 18, to the dependent parent.

Death after Accidental Disability — Upon death of a call firefighter receiving accidental disability benefits, the benefit will continue to be paid to the spouse until death or remarriage, then to children under age 18.

3—CONTRIBUTIONS

GROUP I MEMBERS (EMPLOYEES AND TEACHERS)

By Members — 5.00% of compensation.

By Employer

For Employee Members — 100% of the normal contribution rate for their employees, plus accrued liability contributions, if any.

For Teacher Members — 65% of the normal contribution rate for their employees, plus 65% of accrued liability, if any.

By the State

For Employee Members — 100% of the normal contribution rate for its employees, plus accrued liability contributions, plus any deliquent accrued liability contributions.

For Teacher Members — 35% of the normal contribution rate for the employees of the employing subdivisions, plus 35% of the accrued liability contributions, if any, plus any delinquent accrued liability contributions. In the case of teacher members employed by the state, the state shall pay 100% of both normal and accrued liability contributions, if any.

GROUP II MEMBERS (POLICE OFFICERS AND FIREFIGHTERS)

By Members

Police Officers and Firefighters	9.30% of compensation.
Call Firefighters	$6 per year (not refundable).
By Employing Subdivisions	65% of the normal contribution rate for their employees.
By the State	35% of the normal contribution rate for the employees of the employing subdivision plus 35% of accrued liability contributions, in any, plus any delinquent accrued liability contributions. In the case of Group II members employed by the state, the state shall pay 100% of both the normal and accrued liability contributions, if any.

OPEB PLAN PROVISIONS

Medical subsidy benefits provided under the OPEB plans as of July 1, 2007 are as follows:

	Monthly Amounts	
	Pre-65	**Post-65**
Single	$375.56	$236.84
Couple	$751.12	$473.68

The above amounts will increase by July 1 each year in accordance with the following table:

July 1	Annual Increase %
2008	0%
2009	0%
2010	0%
2011	0%
2012 and after	4%

The following Group I members and their qualified spouses are eligible for coverage under the postemployment medical plans:

- Employee and teacher members of political subdivisions who are eligible to retire as of July 1, 2008, on Service, Early Service or Ordinary Disability, have at least 20 years of credited service as of July 1, 2008 and who actually retire on or before July 1, 2009 would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who retire on or before July 1, 2008, on Vested Deferred retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.
- Employee and teacher members of political subdivisions who retired on Accidental Disability Retirement on or before July 1, 2004.
- Employee members of the State who retired on or before July 1, 2004, on Service, Ordinary Disability or Vested Deferred Retirement would become eligible for the medical subsidy at age 60 with at least 20 years of creditable service; or as early as age 55 with at least 30 years of creditable service.

- Employee and teacher members of political subdivisions who retire on or before July l, 2008, on Service, Early Service, Vested Deferred or Ordinary Disability retirement after completing at least 20 years of creditable service and who subsequently attain age 60 or after completing at least 30 years of creditable service and who subsequently attain age 55.
- Surviving spouses of deceased employee and teacher members of political subdivisions who die while in service, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Surviving spouses and children of employee and teacher members of political subdivisions who die as the natural and proximate result of injuries suffered while in the performance of duty. Eligibility for the medical subsidy ceases when the dependent child attains age 18 or age 23, if attending school on a full-time basis, or upon the spouse's remarriage.
- Surviving spouses and children of employee members of the State who died as the natural and proximate result of injuries suffered while in the performance of duty. Payment of the subsidy ceases when (i) the dependent child attains age 18 or age 23, if attending school on a full-time basis, or (ii) the spouse remarries.
- Vested terminated employee members of the State (and spouses) who completed at least 20 years of creditable service and prior to July 1, 2004 receives an allowance and who subsequently attains age 60.
- Employee members of the State (and spouses) who retire after completing at least 20 years of creditable service and who subsequently attains age 60 before July 1, 2004 or after completing at least 30 years of creditable service and who subsequently attains age 55 before July 1, 2004.
- Surviving spouses of deceased employee members of the State who died while in service on or before July 1, 2004, provided that such surviving spouse was covered as the member's spouse in the employer-sponsored plan before the member's death and is entitled to a monthly allowance under Accidental Death, Ordinary Death, or an Optional Allowance.
- Any certifiably dependent child with a disability living in the household and being cared for by the qualified retired member, member's spouse, or qualified surviving spouse would also qualify.

The following Group II members are eligible for the postemployment medical plans:

- Active or Retired Group II police officer members (or beneficiaries) as of June 30, 2000.
- Active or Retired Group II firefighter members (or beneficiaries) as of June 30, 2000.
- Persons who prior to July 1, 1988 had completed at least 20 years of Group II service and are eligible as of July 1, 1993 for a vested deferred retirement benefit.
- Group II members retired as of July 1, 1991 with a split benefit under RSA 100-A:19-c who have at least 10 years of Group II service.
- Group II members as of June 30, 2005 who subsequently became disabled while in the performance of duty at any time in the future.
- Surviving spouses of deceased Group II members who retired prior to April 1, 1987 and who are not receiving a monthly allowance.

The NHRS medical subsidy covers the retired member's spouse and any of the retired member's certifiably dependent and disabled children.

Statistical Section

Schedules of Changes in Net Assets

CHANGES IN NET ASSETS — PENSION PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Additions:					
Employer Contributions	$188,197	$ 120,438	$109,372	$ 89,459	$ 80,557
Member Contributions	157,985	272,369	147,821	145,706	129,087
Net Investment Income (Loss)	($284,095)	769,701	417,927	373,602	500,511
Postemployment Medical Plan Transfers on Behalf of Employers	—	58,201	61,449	43,595	43,083
Net Asset Transfers	—	295,392	—	—	—
Other	1,721	86	745	1,198	817
Total Additions to Plan Net Assets	**63,808**	**1,516,187**	**737,314**	**653,560**	**754,055**
Deductions:					
Pension Benefits	$391,929	$ 344,851	$316,637	$291,915	$267,007
Refunds of Contributions	32,297	34,080	29,382	19,991	16,781
Administrative Expense	6,691	5,607	4,799	4,314	4,924
Professional Fees	1,382	665	965	705	625
Other	1,910	1,775	1,807	3,313	2,003
Total Deductions from Plan Net Assets	**434,209**	**386,978**	**353,590**	**320,238**	**291,340**
Change in Plan Net Assets	**($370,401)**	**$1,129,209**	**383,724**	**$333,322**	**$462,715**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Additions:					
Employer Contributions	$ 59,172	$ 57,558	$ 56,339	$ 61,791	$ 58,183
Member Contributions	117,412	103,211	93,999	88,237	81,568
Net Investment Income (Loss)	47,862	(288,289)	(330,304)	591,105	484,124
Postemployment Medical Plan Transfers on Behalf of Employers	29,305	25,958	18,317	8,037	3,159
Other	890	1,894	5,243	6,512	4,375
Total Additions to Plan Net Assets	**254,641**	**(99,668)**	**(156,406)**	**755,682**	**631,409**
Deductions:					
Pension Benefits	$244,725	$ 224,412	$200,116	$177,489	$156,436
Refunds of Contributions	15,223	15,278	16,979	19,485	17,411
Net Asset Transfers	—	160,374	64,437	108,000	36,100
Administrative Expense	4,619	4,263	4,074	3,191	3,218
Professional Fees	606	389	576	830	600
Other	1,830	811	601	404	206
Total Deductions from Plan Net Assets	**267,003**	**405,527**	**286,783**	**309,399**	**213,971**
Change in Plan Net Assets	**($ 12,362)**	**($505,195)**	**($443,189)**	**$446,283**	**$417,438**

CHANGES IN NET ASSETS — GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Additions:					
Employer Contributions	$17,369	$ 18,078	$20,891	$14,834	$15,148
Net Investment Income (Loss)	(5,895)	40,736	23,545	21,638	30,096
Net Asset Transfers	—	—	—	1,678	1,688
Other	36	2	75	129	95
Total Additions to Plan Net Assets	**$11,510**	**$ 58,816**	**$44,511**	**$38,279**	**$47,027**
Deductions:					
Benefits Paid	15,229	13,672	12,374	11,209	10,104
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	18,078	20,891	14,834	15,148
Net Asset Transfers	—	160,377	—	—	—
Administrative Expense	139	295	277	261	309
Professional Fees	29	25	87	60	52
Other	40	90	135	106	22
Total Deductions from Plan Net Assets	**$15,437**	**$192,537**	**$33,764**	**$26,470**	**$25,635**
Change in Plan Net Assets	**($ 3,927)**	**($133,721)**	**$10,747**	**$11,809**	**$21,392**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Additions:					
Employer Contributions	$ 8,011	$ 7,640	$ 5,974	$ 4,179	$ 3,159
Net Investment Income (Loss)	2,435	(17,495)	(17,294)	24,590	22,362
Net Asset Transfers	1,551	35,130	11,272	15,000	36,100
Other	81	227	426	331	202
Total Additions to Plan Net Assets	**$12,078**	**$25,502**	**$ 378**	**$44,100**	**$61,823**
Deductions:					
Benefits Paid	8,997	8,053	6,938	6,014	5,147
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	8,011	7,640	5,974	4,179	3,159
Net Asset Transfers	—	—	—	—	—
Administrative Expense	165	465	315	157	149
Professional Fees	28	34	36	37	27
Other	15	73	48	20	10
Total Deductions from Plan Net Assets	**$17,216**	**$16,265**	**$13,311**	**$10,407**	**$ 8,492**
Change in Plan Net Assets	**($ 5,138)**	**$ 9,237**	**($12,933)**	**$33,693**	**$53,331**

CHANGES IN NET ASSETS — GROUP I TEACHERS OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Additions:					
Employer Contributions	$22,887	$ 17,791	$19,857	$11,135	$11,741
Net Investment Income (Loss)	(1,151)	15,294	9,948	9,726	14,654
Net Asset Transfers	—	—	—	—	—
Other	7	—	—	—	—
Total Additions to Plan Net Assets	**$21,743**	**$ 33,085**	**$29,805**	**$20,861**	**$26,395**
Deductions:					
Benefits Paid	21,018	17,260	14,575	12,350	10,591
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	17,791	19,857	11,135	11,741
Net Asset Transfers	—	78,362	—	—	—
Administrative Expense	27	109	111	112	141
Professional Fees	5	7	6	9	11
Other	7	33	25	39	8
Total Deductions from Plan Net Assets	**$21,057**	**$113,562**	**$34,574**	**$23,645**	**$22,492**
Change in Plan Net Assets	**$ 686**	**($ 80,477)**	**($ 4,769)**	**($ 2,784)**	**$ 3,903**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Additions:					
Employer Contributions	$10,423	$ 9,862	$ 9,758	$ 3,858	$ —
Net Investment Income (Loss)	1,047	(9,509)	(7,626)	844	—
Net Asset Transfers	—	34,955	16,781	93,000	—
Other	—	—	—	—	—
Total Additions to Plan Net Assets	**$11,470**	**$35,308**	**$18,913**	**$97,702**	**—**
Deductions:					
Benefits Paid	8,747	7,235	5,536	2,110	—
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	10,423	9,862	9,758	3,858	—
Net Asset Transfers	—	—	—	—	—
Administrative Expense	132	24	13	5	—
Professional Fees	14	8	9	5	—
Other	5	15	1	—	—
Total Deductions from Plan Net Assets	**$19,321**	**$17,144**	**$15,317**	**$5,978**	**—**
Change in Plan Net Assets	**($ 7,851)**	**$18,164**	**$ 3,596**	**$91,724**	**$ —**

CHANGES IN NET ASSETS — GROUP I POLITICAL SUBDIVISION EMPLOYEES OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Additions:					
Employer Contributions	$11,420	$11,858	$11,102	$ 8,957	$ 8,126
Net Investment Income (Loss)	(1,632)	13,254	8,779	8,728	13,532
Net Asset Transfers	—	—	—	—	—
Other	449	942	983	906	736
Total Additions to Plan Net Assets	**$10,237**	**$26,054**	**$20,864**	**$18,591**	**$22,394**
Deductions:					
Benefits Paid	5,732	4,880	4,003	3,432	2,866
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	11,858	11,102	8,957	8,126
Net Asset Transfers	—	27,805	—	—	—
Administrative Expense	38	94	97	90	123
Professional Fees	8	8	5	7	10
Other	11	29	23	31	7
Total Deductions from Plan Net Assets	**$ 5,789**	**$44,674**	**$15,230**	**$12,517**	**$11,132**
Change in Plan Net Assets	**$ 4,448**	**($18,620)**	**$ 5,634**	**$ 6,074**	**$11,262**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Additions:					
Employer Contributions	$5,456	$ 5,825	$ 2,585	$ —	$ —
Net Investment Income (Loss)	860	(7,533)	(1,906)	—	—
Net Asset Transfers	—	90,289	36,384	—	—
Other	730	100	—	—	—
Total Additions to Plan Net Assets	**$7,046**	**$88,681**	**$37,063**	**—**	**—**
Deductions:					
Benefits Paid	2,294	1,659	596	—	—
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	5,456	5,825	2,585	—	—
Net Asset Transfers	—	—	—	—	—
Administrative Expense	122	22	3	—	—
Professional Fees	13	5	2	—	—
Other	5	9	—	—	—
Total Deductions from Plan Net Assets	**$ 7,890**	**$ 7,520**	**$ 3,186**	**$ —**	**$ —**
Change in Plan Net Assets	**($ 844)**	**$81,161**	**$33,877**	**$ —**	**$ —**

CHANGES IN NET ASSETS — GROUP I STATE EMPLOYEES OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Additions:					
Employer Contributions	$10,030	$10,474	$9,599	$8,669	$8,068
Net Investment Income (Loss)	—	—	—	—	—
Net Asset Transfers	—	—	—	—	—
Other	—	—	—	—	—
Total Additions to Plan Net Assets	**$10,030**	**$10,474**	**$9,599**	**$8,669**	**$8,068**
Deductions:					
Benefits Paid	11,266	10,941	10,687	10,211	8,931
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	—	10,474	9,599	8,669	8,068
Net Asset Transfers	—	28,848	—	—	—
Administrative Expense	—	—	—	—	—
Professional Fees	—	—	—	—	—
Other	439	942	983	906	736
Total Deductions from Plan Net Assets	**$11,705**	**$51,205**	**$21,269**	**$19,786**	**$17,735**
Change in Plan Net Assets	**($ 1,675)**	**($40,731)**	**($11,670)**	**($11,117)**	**($ 9,667)**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Additions:					
Employer Contributions	$ 5,415	$2,631	$ —	$ —	$ —
Net Investment Income (Loss)	—	—	—	—	—
Net Asset Transfers	—	—	—	—	—
Other	—	—	—	—	—
Total Additions to Plan Net Assets	**$ 5,415**	**$2,631**	**$ —**	**$ —**	**$ —**
Deductions:					
Benefits Paid	7,869	7,062	—	—	—
Postemployment Medical Plan Transfers to Pension Plan on Behalf of Employers	5,415	2,631	—	—	—
Net Asset Transfers	—	—	—	—	—
Administrative Expense	—	—	—	—	—
Professional Fees	—	—	—	—	—
Other	730	100	—	—	—
Total Deductions from Plan Net Assets	**$14,014**	**$9,793**	**$ —**	**$ —**	**$ —**
Change in Plan Net Assets	**($ 8,599)**	**($ 7,162)**	**$ —**	**$ —**	**$ —**

Schedule of Benefit Payments By Type

BENEFIT AND REFUND DEDUCTIONS BY TYPE — PENSION PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Type of Benefit					
Age and Service Benefits:					
Service Retirement	$216,344	$190,973	$176,207	$164,415	$152,955
Early Retirement	101,286	86,655	78,718	71,299	62,194
Survivors	21,961	19,915	18,438	16,908	15,234
Vested Deferred	18,573	16,054	14,064	12,373	11,022
Other	5,546	3,959	3,163	2,284	1,498
Death in Service Benefit	2,396	2,456	2,383	2,134	2,549
Disability Benefits					
Duty Related	16,869	16,198	15,575	14,785	14,246
Non Duty Related	7,567	7,253	6,753	6,452	6,200
Survivors	1,387	1,388	1,336	1,265	1,109
Total Benefits	**$391,929**	**$344,851**	**$316,637**	**$291,915**	**$267,007**
Type of Refund					
Separation	$ 29,613	$ 31,502	$ 26,630	$ 16,992	$ 16,781
Death	2,684	2,578	2,752	2,999	—
Total Refunds	**$ 32,297**	**$ 34,080**	**$ 29,382**	**$ 19,991**	**$ 16,781**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999*
Type of Benefit					
Age and Service Benefits:					
Service Retirement	$140,988	$131,838	$119,877	$107,723	$ —
Early Retirement	54,024	47,064	40,336	34,056	—
Survivors	13,507	12,391	10,603	8,452	—
Vested Deferred	9,616	8,603	7,406	6,334	—
Other	1,407	1,227	1,108	821	—
Death in Service Benefit	4,620	3,740	3,139	4,406	—
Disability Benefits					
Duty Related	13,506	12,816	11,695	10,415	—
Non Duty Related	6,012	5,730	5,017	4,431	—
Survivors	1,045	1,003	935	851	—
Total Benefits	**$244,725**	**$224,412**	**$200,116**	**$177,489**	**$ —**
Type of Refund					
Separation	$ 15,278	$ 16,979	$ 16,979	$ 19,485	
Death					
Total Benefits	**$ 15,278**	**$ 16,979**	**$ 16,979**	**$ 19,485**	**$ —**

*Data for fiscal year 1999 is not available.

BENEFIT AND REFUND DEDUCTIONS BY TYPE — GROUP II POLICE OFFICER & FIREFIGHTER OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Type of Benefit					
Medical Subsidy Payments	$15,229	$13,672	$12,374	$11,209	$10,104
Total Benefits	**$15,229**	**$13,672**	**$12,374**	**$11,209**	**$10,104**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Type of Benefit					
Medical Subsidy Payments	$ 8,997	$ 8,053	$ 6,938	$ 6,014	$ 5,147
Total Benefits	**$ 8,997**	**$ 8,053**	**$ 6,938**	**$ 6,014**	**$ 5,147**

BENEFIT AND REFUND DEDUCTIONS BY TYPE — GROUP I TEACHERS OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Type of Benefit					
Medical Subsidy Payments	$21,018	$17,260	$14,575	$12,350	$10,591
Total Benefits	**$21,018**	**$17,260**	**$14,575**	**$12,350**	**$10,591**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Type of Benefit					
Medical Subsidy Payments	$ 8,747	$ 7,235	$ 5,536	$ 2,110	$ —
Total Benefits	**$ 8,747**	**$ 7,235**	**$ 5,536**	**$ 2,110**	**$ —**

BENEFIT AND REFUND DEDUCTIONS BY TYPE — GROUP I POLITICAL SUBDIVISION EMPLOYEES OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Type of Benefit					
Medical Subsidy Payments	$5,732	$4,880	$4,003	$3,432	$2,866
Total Benefits	**$5,732**	**$4,880**	**$4,003**	**$3,432**	**$2,866**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Type of Benefit					
Medical Subsidy Payments	$2,294	$1,659	$ 596	$ —	$ —
Total Benefits	**$2,294**	**$1,659**	**$ 596**	**$ —**	**$ —**

BENEFIT AND REFUND DEDUCTIONS BY TYPE — GROUP I STATE EMPLOYEES OPEB PLAN LAST TEN FISCAL YEARS

(in thousands)

	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004
Type of Benefit					
Medical Subsidy Payments	$11,266	$10,941	$10,687	$10,211	$8,931
Total Benefits	**$11,266**	**$10,941**	**$10,687**	**$10,211**	**$8,931**

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Type of Benefit					
Medical Subsidy Payments	$ 7,869	$ 7,062	$ —	$ —	$ —
Total Benefits	**$ 7,869**	**$ 7,062**	**$ —**	**$ —**	**$ —**

Schedule of Retired Members By Type of Benefit

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS AS OF JUNE 30, 2008
PENSION PLAN

		Type of Retirement*						
Amount of Monthly Benefit	Number of Retirees	1	2	3	4	5	6	7
EMPLOYEES								
$1–500	3,951	3,280	54	—	5	—	504	108
501–1,000	3,659	2,753	241	157	5	2	327	174
1,001–1,500	2,196	1,544	53	204	4	4	114	273
1,501–2,000	1,155	886	14	63	3	2	56	131
2,001–2,500	631	525	3	16	—	2	41	44
2,501–3,000	342	294	2	7	—	1	21	17
3,001–3,500	166	152	1	1	—	—	10	2
3,501–4,000	119	116	—	1	—	—	2	—
Over 4,000	110	107	1	—	—	—	2	—
Totals	**12,329**	**9,657**	**369**	**449**	**17**	**11**	**1,077**	**749**
TEACHERS								
$1–500	911	773	—	—	—	—	53	85
501–1,000	1,343	1,121	61	—	1	—	79	81
1,001–1,500	1,509	1,130	62	6	4	—	60	247
1,501–2,000	1,431	1,236	22	6	4	1	44	118
2,001–2,500	1,279	1,158	19	4	1	1	38	58
2,501–3,000	877	845	—	1	1	—	19	11
3,001–3,500	549	529	1	—	1	—	15	3
3,501–4,000	223	214	—	—	1	—	8	—
Over 4,000	135	134	—	—	—	—	1	—
Totals	**8,257**	**7,140**	**165**	**17**	**13**	**2**	**317**	**603**
POLICE OFFICERS								
$1–500	141	100	1	—	—	3	26	11
501–1,000	274	145	11	5	—	2	102	9
1,001–1,500	274	160	22	12	—	2	68	10
1,501–2,000	299	191	14	45	—	1	28	20
2,001–2,500	338	240	3	70	—	3	14	8
2,501–3,000	301	226	—	59	—	1	14	1
3,001–3,500	240	201	—	32	1	2	3	1
3,501–4,000	197	181	—	11	—	—	5	—
Over 4,000	432	401	—	24	—	1	6	—
Totals	**2,496**	**1,845**	**51**	**258**	**1**	**15**	**266**	**60**
FIREFIGHTERS								
$1–500	37	22	—	1	—	2	11	1
501–1,000	84	28	1	—	—	—	53	2
1,001–1,500	151	60	7	14	—	5	65	—
1,501–2,000	149	87	10	18	—	2	29	3
2,001–2,500	175	124	2	25	1	3	16	4
2,501–3,000	148	115	2	24	—	1	5	1
3,001–3,500	128	119	1	7	—	—	1	—
3,501–4,000	104	92	—	7	1	1	3	—
Over 4,000	235	221	—	4	—	—	10	—
Totals	**1,211**	**868**	**23**	**100**	**2**	**14**	**193**	**11**

* Type of Retirement: 1—Service and early retirement. 2—Ordinary disability retirement. 3—Accidental disability retirement. 4—Ordinary death in active service. 5—Accidental death in active service. 6—Beneficiaries of deceased members who retired on a service or disability allowance. 7—Vested member with future benefit

Option Selected #									
No Option	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8	Option 9
2,403	265	262	66	695	142	9	1	—	—
2,042	196	227	92	674	245	6	3	—	—
996	109	161	75	400	177	2	3	—	—
468	38	113	45	274	84	2	—	—	—
236	19	54	26	197	54	—	1	—	—
108	14	41	15	97	49	—	1	—	—
51	6	31	9	48	19	—	—	—	—
35	3	12	9	45	15	—	—	—	—
20	3	19	12	38	16	1	1	—	—
6,359	**653**	**920**	**349**	**2,468**	**801**	**20**	**10**	**—**	**—**
464	70	43	15	178	49	2	5	—	—
723	159	61	26	235	55	3	—	—	—
636	88	92	41	299	105	1	—	—	—
584	71	108	37	373	134	1	5	—	—
513	54	83	42	385	140	1	3	—	—
344	34	75	30	272	107	—	4	—	—
243	29	48	21	155	48	1	1	—	—
87	15	19	10	65	27	—	—	—	—
52	6	13	5	39	20	—	—	—	—
3,646	**526**	**542**	**227**	**2,001**	**685**	**9**	**18**	**—**	**—**
80	1	6	15	7	21	—	—	—	—
198	11	12	12	11	21	—	—	—	—
171	12	11	11	20	39	—	—	—	—
159	20	8	31	15	45	1	—	—	—
155	22	12	40	21	80	—	—	—	—
129	18	5	47	12	89	—	—	—	—
81	17	2	65	5	69	—	—	—	—
64	8	3	44	9	69	—	—	—	—
110	10	4	131	11	166	—	—	—	—
1,147	**119**	**63**	**396**	**111**	**599**	**1**	**—**	**—**	**—**
24	—	2	1	2	7	—	—	—	—
73	—	1	2	1	5	—	—	—	—
115	11	8	6	5	6	—	—	—	—
88	13	7	14	11	13	—	—	—	—
79	15	8	24	6	39	—	—	—	—
53	8	2	29	8	47	—	—	—	—
37	7	2	26	2	54	—	—	—	—
28	6	2	20	1	47	—	—	—	—
73	9	1	54	3	94	—	1	—	—
570	**69**	**33**	**176**	**39**	**312**	**—**	**1**	**—**	**—**

#Option Selected: No option—Straight life. Option 1—Cash refund. Option 2—100% Joint & Survivorship. Option 3—50% Joint & Survivorship. Option 4—100% Pop-Up. Option 5—50% Pop-Up. Option 6—Other % Joint & Survivorship. Option 7—Other % Pop-Up. Option 8—Fixed amount to Beneficiaries. Option 9—Widow's benefit (accidental disability) 50%

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFITS AS OF JUNE 30, 2008
OPEB PLANS

		One Person		Two Person	
Amount of Monthly Benefit	Number of Retirees	Pre 65	Post 65	Pre 65	Post 65
GROUP II POLICE OFFICERS & FIREFIGHTERS					
$1–500	1,243	370	850	15	8
501–1,000	1,135	150	158	814	13
1,001–1,500	20	4	2	12	2
1,501–2,000	2	1	0	1	0
Over $2,000	0	0	0	0	0
Total	**2,400**	**525**	**1,010**	**842**	**23**
GROUP I TEACHERS OPEB PLAN					
$1–500	2,513	516	1,981	4	12
501–1,000	1,058	408	240	293	117
1,001–1,500	118	30	6	71	11
1,501–2,000	1	1	0	0	0
Over $2,000	0	0	0	0	0
Total	**3,690**	**955**	**2,227**	**368**	**140**
GROUP I POLITICAL SUBDIVISION EMPLOYEES OPEB PLAN					
$1–500	851	115	735	1	0
501–1,000	305	108	90	96	11
1,001–1,500	11	2	0	9	0
1,501–2,000	0	0	0	0	0
Over $2,000	0	0	0	0	0
Total	**1,167**	**225**	**825**	**106**	**11**
GROUP I STATE EMPLOYEES OPEB PLAN					
$1–500	1,862	190	1,628	1	43
501–1,000	462	59	161	209	33
1,001–1,500	2	0	1	0	1
1,501–2,000	1	1	0	0	0
Over $2,000	0	0	0	0	0
Total	**2,327**	**250**	**1,790**	**210**	**77**
TOTAL — OPEB PLANS					
$1–500	6,469	1,191	5,194	21	63
501–1,000	2,960	725	649	1,412	174
1,001–1,500	151	36	9	92	14
1,501–2,000	4	3	0	1	0
Over $2,000	0	0	0	0	0
Total	**9,584**	**1,955**	**5,852**	**1,526**	**251**

SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS PENSION PLAN — EMPLOYEES

2008

Years Credited Service

Service	0–4. yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$314	$368	$538	$785	$1,070	$1,428	$2,096	$948
Average final average salary	$30,781	$36,237	$35,989	$39,536	$42,625	$47,998	$57,600	$42,962
Number of retired members	838*	1,268	2,940	1,896	1,786	1,058	1,794	11,580**

* Includes 121 members who did not have service reported.
** Includes 8,377 members who did not have FAS reported.

2007

Service	0–4. yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$312	$338	$515	$751	$1,031	$1,380	$1,990	$906
Average final average salary	$30,208	$35,154	$35,536	$38,286	$41,757	$46,491	$54,769	$41,602
Number of retired members	685*	1,240	2,745	1,885	1,666	966	1,672	10,859**

* Includes 81 members who did not have service reported.
** Includes 8,518 members who did not have FAS reported.

SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS PENSION PLAN — TEACHERS

2008

Years Credited Service

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$418	$457	$636	$966	$1,381	$1,789	$2,528	$1,674
Average final average salary	$48,040	$53,161	$42,990	$50,213	$56,717	$60,162	$65,739	$58,253
Number of retired members	137*	171	929	886	1,531	1,347	2,653	7,654**

* Includes 59 members who did not have service reported.
** Includes 5,208 members who did not have FAS reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$392	$417	$614	$931	$1,348	$1,761	$2,446	$1,615
Average final average salary	$48,572	$51,663	$41,693	$49,356	$56,367	$58,937	$63,650	$56,556
Number of retired members	103*	163	842	855	1,390	1,245	2,330	6,928**

* Includes 37 members who did not have service reported.
** Includes 5,209 members who did not have FAS reported.

NOTE: Due to System changes, average final average salary data is only available for fiscal years 2008 and 2007. The available data is limited and represents average final average salary for those members who have retired since fiscal year of 2004. Additional years data will be added prospectively.

SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN — POLICE OFFICERS

2008

Years Credited Service

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$904	$1,319	$1,447	$2,012	$2,757	$3,631	$4,802	$2,580
Average final average salary	$42,170	$50,113	$45,063	$57,239	$69,092	$80,884	$87,128	$69,835
Number of retired members	191 *	137	281	221	1,044	424	138	2,436 **

* Includes 106 members who did not have service reported.
** Includes 1,806 members who did not have FAS reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$857	$1,229	$1,441	$1,924	$2,659	$3,417	$4,396	$2,482
Average final average salary	$42,069	$44,602	$45,745	$54,398	$68,606	$78,547	$82,489	$68,235
Number of retired members	162 *	130	264	225	959	411	142	2,293 **

* Includes 74 members who did not have service reported.
** Includes 1,810 members who did not have FAS reported.

SCHEDULE OF AVERAGE BENEFIT PAYMENT AMOUNTS
PENSION PLAN — FIREFIGHTERS

2008

Years Credited Service

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$958	$1,438	$1,545	$1,958	$2,488	$3,661	$4,526	$2,743
Average final average salary	$55,668	$42,455	$46,301	$64,705	$69,420	$83,187	$87,553	$76,307
Number of retired members	74 *	27	70	105	523	287	114	1,200 **

* Includes 56 members who did not have service reported.
** Includes 966 members who did not have FAS reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.	15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
Average monthly benefit	$924	$1,286	$1,534	$1,933	$2,396	$3,495	$4,229	$2,651
Average final average salary	$57,429	$0	$45,518	$64,027	$69,135	$82,005	$86,698	$75,540
Number of retired members	67 *	22	73	108	488	297	113	1,168 **

* Includes 47 members who did not have service reported.
** Includes 978 members who did not have FAS reported.

NOTE: Due to System changes, average final average salary data is only available for fiscal years 2008 and 2007. The available data is limited and represents average final average salary for those members who have retired since fiscal year of 2004. Additional years data will be added prospectively.

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SCHEDULES OF AVERAGE BENEFIT PAYMENT AMOUNTS — OPEB PLANS*

GROUP II — POLICE OFFICERS AND FIREFIGHTERS

2008

Service	0–4 yrs.*	5–9 yrs.	10–14 yrs.
Average Monthly Benefit	$438	$480	$493
Annual Benefits	$331,421	$512,554	$1,047,356
Number of retired members	63	89	177

**Includes 17 members who did not have service reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Total Retirees	51 **	77	175
Annual Benefits	$257,860	$402,482	$1,012,913
Avg. Monthly Benefit	$421	$436	$482

**Includes 11 members who did not have service reported.

GROUP I — TEACHERS

2008

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Average Monthly Benefit	$336	$376	$484
Annual Benefits	$28,218	$4,507	$23,224
Number of retired members	7	1	4

**Includes 7 members who did not have service reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Total Retirees	8 **	1	5
Annual Benefits	$28,759	$4,173	$24,135
Avg. Monthly Benefit	$300	$348	$402

**Includes 8 members who did not have service reported.

GROUP I — POLITICAL SUBDIVISION EMPLOYEES

2008

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Average Monthly Benefit	$327	$373	$472
Annual Benefits	$62,810	$49,275	$73,661
Number of retired members	16	11	13

**Includes 9 members who did not have service reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Total Retirees	13 **	10	15
Annual Benefits	$48,722	$39,286	$83,195
Avg. Monthly Benefit	$312	$327	$462

**Includes 10 members who did not have service reported.

GROUP I — STATE EMPLOYEES

2008

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Average Monthly Benefit	$405	$499	$437
Annual Benefits	$889,207	$419,431	$509,140
Number of retired members	183	70	97

**Includes 99 members who did not have service reported.

2007

Service	0–4 yrs.	5–9 yrs.	10–14 yrs.
Total Retirees	187 **	76	93
Annual Benefits	$838,008	$455,030	$456,490
Avg. Monthly Benefit	$373	$499	$409

**Includes 115 members who did not have service reported.

*Data for fiscal year 2007 is not available. Data for future fiscal years will be added prospectively.

		2008		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
$471	$551	$559	$527	$535
$982,995	$7,565,509	$3,682,116	$1,283,509	$15,405,460
174	1,145	549	203	2,400

		2007		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
181	1,080	549	170	27
$998,782	$6,377,170	$3,437,412	$1,020,156	$135,639
$460	$492	$522	$500	$419

		2008		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
$474	$420	$438	$513	$474
$11,368	$4,291,716	$4,272,710	$12,376,720	$21,008,154
2	851	813	2,012	3,690

		2007		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
2	754	737	1,112	60
$10,526	$3,465,731	$3,611,050	$6,355,084	$3,399,39
$439	$383	$408	$476	$47

		2008		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
$390	$423	$416	$512	$443
$18,717	$2,789,673	$1,334,025	$1,879,964	$6,208,125
4	550	267	306	1,167

		2007		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
5	442	243	171	72
$21,504	$2,100,042	$1,094,540	$981,376	$361,014
$358	$396	$375	$478	$418

		2008		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
$414	$392	$399	$427	$413
$223,432	$2,815,199	$2,051,632	$4,628,374	$11,536,415
45	599	429	904	2,327

		2007		
15–19 yrs.	20–24 yrs.	25–29 yrs.	30 or more yrs.	Total
54	570	437	536	306
$274,872	$2,281,923	$1,965,753	$2,696,756	$1,500,281
$424	$334	$375	$419	$409

Principal Participating Employers

PRINCIPAL PARTICIPATING EMPLOYERS — PENSION PLAN CURRENT YEAR AND NINE YEARS AGO

	As Of June 30, 2008			As Of June 30, 2004**		
Participating Government	# of Covered Employees	Rank	Percentage of Total System	# of Covered Employees	Rank	Percentage of Total System
State of New Hampshire	12,245	1	24.02%	11,768	1	23.33%
Manchester School District	1,428	2	2.80%	1,396	2	2.77%
SAU 42 (Nashua School District)	1,341	3	2.63%	1,313	3	2.60%
Timberlane School District	660	4	1.29%	645	4	1.28%
Merrimack School District	654	5	1.28%	481	9	0.95%
Concord School District	607	6	1.19%	623	5	1.24%
Londonderry School District	606	7	1.19%	593	7	1.18%
SAU 54 (Rochester School District)	588	8	1.15%	588	8	1.17%
City of Nashua	587	9	1.15%	603	6	1.20%
Merrimack County	583	10	1.15%	479	10	0.95%
All Other*	31,689		62.15%	31,931		63.33%
Total (472 Governments)	**50,988**		**100.00%**	**50,420**		**100.00%**

*As of June 30, 2008, "All Other" consisted of:

Type	Number	Employees
State Government	4	114
City Governments	12	2,656
Town Governments & Related Entities	239	5,447
County Governments & Related Entities	11	2,686
School Districts & School Administrative Units	196	20,786
Total	**462**	**31,689**

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2004 will be reported prospectively until such time as data is available for nine years ago.

A full list of participating employers as of June 30, 2008 begins on the page 112.

PRINCIPAL PARTICIPATING EMPLOYERS — GROUP II POLICE OFFICERS AND FIREFIGHTERS CURRENT YEAR AND NINE YEARS AGO

	As Of June 30, 2008		
Participating Government	# of Covered Employees	Rank	Percentage of Total OPEB Plan
State of New Hampshire	620	1	25.83%
City of Manchester	310	2	12.92%
City of Nashua	221	3	9.21%
City of Concord	118	4	4.92%
Town of Salem	98	5	4.08%
City of Portsmouth	80	6	3.33%
City of Dover	61	7	2.54%
City of Keene	50	8	2.08%
Town of Hampton	48	9	2.00%
Town of Derry	48	9	2.00%
All Other*	746		31.09%
Total (130 Governments)	**2,400**		**100.00%**

*As of June 30, 2008, "All Other" consisted of:

Type	Number	Employees
City Governments	7	206
Town Governments & Related Entities	104	461
County Governments & Related Entities	9	79
Total	**120**	**746**

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

PRINCIPAL PARTICIPATING EMPLOYERS — GROUP I TEACHERS
CURRENT YEAR AND NINE YEARS AGO

Participating Government	As Of June 30, 2008 # of Covered Employees	Rank	Percentage of Total OPEB Plan
Manchester School District	464	1	12.57%
SAU 42 (Nashua School District)	304	2	8.24%
Concord School District	181	3	4.91%
Keene School District	147	4	3.98%
Portsmouth School District	142	5	3.85%
Salem School District	90	6	2.44%
Dover School District	85	7	2.30%
Laconia School District	79	8	2.14%
SAU 54 (Rochester School District)	73	9	1.98%
Claremont School District	68	10	1.84%
All Other*	2,057		55.75%
Total (159 Governments)	**3,690**		**100.00%**

*As of June 30, 2008, “All Other” consisted of:

Type	Number	Employees
School Districts & School Administrative Units	149	2,057
Total	**149**	**2,057**

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

PRINCIPAL PARTICIPATING EMPLOYERS — GROUP I POLITICAL SUBDIVISION EMPLOYEES CURRENT YEAR AND NINE YEARS AGO

	As Of June 30, 2008		
Participating Government	# of Covered Employees	Rank	Percentage of Total OPEB Plan
City of Concord	71	1	6.08%
City of Nashua	37	2	3.17%
Hillsborough County	36	3	3.08%
City of Berlin	28	4	2.40%
Rockingham County	28	4	2.40%
Merrimack County	27	5	2.31%
City of Keene	27	5	2.31%
Concord School District	27	5	2.31%
City of Portsmouth	26	6	2.23%
Grafton County	26	6	2.23%
All Other*	834		71.48%
Total (198 Governments)	**1,167**		**100.00%**

*As of June 30, 2008, “All Other” consisted of:

Type	Number	Employees
City Governments	12	86
Town Governments & Related Entities	57	210
County Governments & Related Entities	8	61
School Districts & School Administrative Units	111	477
Total	**188**	**834**

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

PRINCIPAL PARTICIPATING EMPLOYERS — GROUP I STATE EMPLOYEES
CURRENT YEAR AND NINE YEARS AGO

	As Of June 30, 2008		
Participating Government	**# of Covered Employees**	**Rank**	**Percentage of Total OPEB Plan**
State of New Hampshire	2,320	1	99.70%
New Hampshire Retirement System	7	2	0.30%
Pease Development Authority	0	3	0.00%
Community Development Finance Authority	0	3	0.00%
Land & Community Heritage Investment Program	0	3	0.00%
All Other*	0		
Total (5 Governments)	**2,327**		**100.00%**

**Data for nine years ago is not available due to changes in accounting systems. Data for June 30, 2008 will be reported prospectively until such time as data is available for nine years ago.

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Listing of Participating Employers

STATE GOVERNMENT

State of New Hampshire E, P, F

Community Development Finance Authority E

Land & Community Heritage Investment Program E

New Hampshire Retirement System E

Pease Development Authority E

CITIES AND TOWNS (AND RELATED ENTITIES)

Albany E

Alexandria E, P

Allenstown E, P, F

Allenstown Sewer Commission E

Alstead P

Alton E, P, F

Amherst P, F

Andover P

Androscoggin Valley Regional Refuse Disposal Dist. E

Antrim E, P

Ashland E, P

Ashland Electric Department E

Atkinson E, P

Auburn E, P, F

Baker Free Library E

Barnstead E, P, F

Barrington E, P

Bartlett P, F

BCEP Solid Waste District E

Bedford E, P, F

Belmont E, P, F

Bennington E, P

Berlin E, P, F

Berlin Housing Authority E

Berlin Water Works E

Bethlehem E, P

Boscawen E, P

Bow E, P, F

Bradford P

Brentwood E, P, F

Bridgewater P

Bristol E, P, F

Brookline E, P, F

Brookline Public Library E

Campton E, P

Campton-Thornton Fire Department F

Canaan E, P

Candia P

Canterbury E, P

Carroll E, P, F

Center Harbor P

Central Hooksett Water Precinct E

Charlestown E, P

Chester E, P, F

Chesterfield E, P

Chichester P

Claremont E, P, F

Clarksville E

Colebrook E, P

Concord E, P, F

Concord Regional Solid Waste Resource Recovery Facility E

Conway E, P

Conway Village Fire District E, F

Cornish E

Danville P

Deerfield E, P

Deering P

Derry E, P, F

Derry Housing Authority E

Dorchester E

Dover E, P, F

Dover Housing Authority E

Dublin E, P

Dunbarton E, P

Durham E, P, F

East Kingston E, P, F

Effingham P

Eidelweiss Village District E

Enfield E, P

Epping E, P, F

Epsom E, P, F

Exeter E, P, F

Farmington P, F

Fitzwilliam E, P

Francestown E, P

Franconia P

Franklin E, P, F

Freedom P

Fremont P

Gilford E, P, F

Gilmanton E, P, F

Goffstown E, P, F

Goffstown Village Water Precinct E

Gorham E, P, F

Goshen E, P

Grafton E, P

Grantham E, P

Greenfield E, P

Greenland E, P

Greenville E, P

Groton E, P

Hampstead E, P, F

Hampton E, P, F

Hampton Falls E, P, F

Hancock P

Hanover E, P, F

Harrisville P

Haverhill E, P

Hebron E, P

Henniker E, P, F

Hillsborough P, F

Hinsdale E, P

Holderness E, P, F

Hollis E, P, F

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
SAU – School Administrative Unit

Hooksett E, P, F
Hooksett Public Library E
Hooksett Sewer Commission E
Hooksett Village Water Precinct E
Hopkinton E, P, F
Hudson E, P, F
Jackson E, P
Jaffrey E, P, F
Keene E, P, F
Kensington P
Kingston E, F, P
Laconia E, P, F
Laconia Housing & Redevelopment E
Laconia Water Works E
Lakes Region Mutual Fire Aid E, F
Lakes Region Planning Commission E
Lancaster E, P, F
Langdon P
Lebanon E, P, F
Lee E, P, F
Lempster E
Lincoln E, P
Lisbon P
Litchfield E, P, F
Littleton E, P, F
Littleton Public Library E
Littleton Water & Light Department E
Londonderry E, P, F
Loudon E, P, F
Lyme E, P
Lyndeborough P
Madison E, P
Manchester P, F
Marlborough E, P
Marlow E
Mason P
Meredith E, P, F
Meriden Village Water District E
Merrimack E, P, F
Merrimack Village District E
Middleton P
Milford E, P, F
Milford Area Communication Center E
Milton E, F, P
Monroe E
Mont Vernon E, P
Moultonborough E, P, F
Nashua E, P, F
Nashua Airport Authority E
Nashua Housing Authority E
Nelson E
New Boston P
New Castle E, P, F
New Durham E, P
New England Interstate Water Pollution Control Commission E
New Hampton E, P
New Ipswich E, P
New London E, P, F
New London-Springfield Water Precinct E
Newbury P
Newfields E, P
Newington E, P, F
Newmarket E, P
Newport E, P, F
Newton E, P
New Hampshire Municipal Bond Bank E
North Conway Water Precinct/ Fire Department E, F
North Hampton E, P, F
Northfield E, P
Northumberland E, P
Northwood E, P, F
Nottingham P, F
Orford E, P
Ossipee E, P
Pelham E, P, F
Pembroke E, P
Penacook-Boscawen Water Precinct E
Peterborough E, P, F
Pittsburg E, P
Pittsfield E, P, F
Plainfield E, P
Plaistow E, P, F
Plaistow Public Library E
Plymouth E, P, F
Plymouth Court Jurisdictional Association E
Plymouth Village Water & Sewer E
Portsmouth E, P, F
Portsmouth Housing Authority E
Raymond E, P, F
Rindge E, P, F
Rochester E, P, F
Rockingham Planning Commission E
Rollinsford P
Rumney E, P
Rye E, P, F
Rye Water District E
Salem E, P, F
Salem Housing Authority E
Salisbury E
Sanbornton E, P, F
Sanbornton Public Library E
Sandown E, P, F
Sandwich P
Seabrook P, F
Shelburne E
Somersworth E, P, F
Somersworth Housing Authority E
South Hampton P
Southern NH Planning Commission E

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
SAU – School Administrative Unit

Springfield E, P

Stark E

Stewartstown E, P

Strafford P

Stratford E

Stratham E, P

Sugar Hill E, P

Sunapee E, P

Sutton P

Swanzey P

SWNH District Fire Mutual Aid E, F

Tamworth E, P, F

Thornton E, P

Tilton E, P

Tilton/Northfield Fire District E, F

Troy E, P

Tuftonboro E, P, F

Unity E

Wakefield E, P, F

Walpole E, P

Warner E, P

Warner Village Water District E

Washington E, P

Waterville Estates Village District E

Waterville Valley E, P, F

Weare E, P

Webster E, P

Weeks Public Library E

Westmoreland E

West Ossipee Fire Precinct E

Whitefield E, P

Wilmot E, P

Wilton P

Winchester E, P

Windham E, P, F

Wolfeboro E, P, F

Woodstock E, P

Woodsville Fire District E

Woodsville Water & Light Department E

COUNTY GOVERNMENTS (AND RELATED ENTITIES)

Belknap County E, P

Belknap County Conservation District E

Carroll County E, P

Cheshire County E, P

Coos County E, P

Coos County Nursing Home E

Grafton County E, P

Hillsborough County E, P

Merrimack County E, P

Rockingham County E, P

Strafford County E, P

Sullivan County E, P

SCHOOL DISTRICTS

Academy for Equine Sciences T

Allenstown School District T

Alton School District E, T

Amherst School District E, T

Andover School District E, T

Ashland School District E, T

Auburn School District E, T

Barnstead School District E, T

Barrington School District E, T

Bartlett School District E, T

Bath School District E, T

Bedford School District E, T

Bethlehem School District E, T

Bow School District E, T

Brentwood School District E, T

Brookline School District T

Campton School District E, T

Candia School District E, T

Chester School District E, T

Chesterfield School District E, T

Chichester School District E, T

Claremont School District E, T

Cocheco Arts & Technology Academy T

Colebrook School District T

Concord School District E, T

Contoocook Valley Regional School District-SAU 1 E, T

Conway School District E, T

Cornish School District E, T

Croydon School District E, T

Deerfield School District T

Dover School District E, T

Dresden School District E, T

Dunbarton School District T

East Kingston School District E, T

Epping School District E, T

Epsom School District T

Errol School District T

Exeter School District E, T

Exeter Regional Co-Op School District E, T

Fall Mountain Regional School District E, T

Farmington School District E, T

Franklin Career Academy T

Franklin School District E, T

Freedom School District E, T

Fremont School District E, T

Gilford School District E, T

Gilmanton School District E, T

Goffstown School District E, T

Goshen-Lempster School District E, T

Governor Wentworth Regional School District E, T

Greenland School District E, T

Hampstead School District E, T

Hampton Falls School District E, T

Hampton School District E, T

Hanover School District E, T

Harrisville School District E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
SAU – School Administrative Unit

Haverhill Coop School District E, T

Henniker School District E, T

Hill School District T

Hillsboro-Deering School District E, T

Hinsdale School District E, T

Holderness School District E, T

Hollis School District E, T

Hollis/Brookline Coop School District E, T

Hooksett School District E, T

Hopkinton School District E, T

Hudson School District E, T

Inter-Lakes Cooperative School District E, T

Jackson School District E, T

Jaffrey-Rindge Co-op E, T

John Stark Regional School District E, T

Kearsarge Regional Cooperative School District E, T

Keene School District E, T

Kensington School District E, T

Laconia School District E, T

Lafayette Regional Cooperative School District E, T

Landaff School District T

Lebanon School District E, T

Lincoln Woodstock Coop School District E, T

Lisbon Regional School District E, T

Litchfield School District E, T

Littleton School District E, T

Londonderry School District E, T

Lyme School District E, T

Lyndeborough School District T

Madison School District E, T

Manchester School District E, T

Marlborough School District E, T

Marlow School District E, T

Mascenic Regional School District E, T

Mascoma Valley Regional School District E, T

Merrimack School District E, T

Merrimack Valley School District E, T

Milan School District E, T

Milford School District E, T

Milton School District E, T

Monadnock Regional School District E, T

Monroe School District E, T

Mont Vernon School District E, T

Moultonborough School District E, T

Nelson School District T

New Boston School District E, T

New Castle School District E, T

Newfields School District T

Newfound Area School District E, T

Newington School District E, T

Newmarket School District E, T

Newport School District E, T

North Country Education Service E, T

North Hampton School District E, T

Northumberland School District E, T

Northwood School District E, T

Nottingham School District E, T

Oyster River Coop School District E, T

Pelham School District E, T

Pembroke School District E, T

Pemi-Baker Regional School District E, T

Piermont School District E, T

Pittsburg School District E, T

Pittsfield School District E, T

Plainfield School District E, T

Plymouth School District E, T

Portsmouth School District — SAU 52 E, T

Portsmouth—Josie F. Prescott E

Profile Coop School District E, T

Propsect Mountain High School E, T

Raymond School District E, T

Rivendell Interstate School District E, T

Rollinsford School District E, T

Rumney School District T

Rye School District E, T

Salem School District E, T

Sanborn Regional School District E, T

Seabrook School District E, T

Seacoast Charter School T

Shaker Regional School District E, T

Somersworth School District E, T

Souhegan Cooperative School District E, T

South Hampton School District E, T

Stark School District E, T

Stewartstown School District T

Stoddard School District E, T

Strafford School District E, T

Stratford School District E, T

Stratham School District E, T

Sunapee School District E, T

Tamworth School District E, T

Thornton School District E, T

Timberlane Regional School District E, T

Unity School District E, T

Wakefield School District E, T

Warren School District E, T

Washington School District E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
SAU – School Administrative Unit

Waterville Valley School District E, T

Weare School District T

Wentworth School District T

Westmoreland School District E, T

White Mountains Regional School District E, T

Wilton School District E, T

Wilton-Lyndeborough Coop School District E, T

Winchester School District E, T

Windham School District E, T

Winnacunnet Coop School District E, T

Winnisquam Regional Coop School District E, T

SCHOOL ADMINISTRATIVE UNITS

SAU 2 E, T

SAU 3 E, T

SAU 6 E

SAU 7 E, T

SAU 9 E, T

SAU 10 E, T

SAU 13 E

SAU 15 E, T

SAU 16 E, T

SAU 18 E, T

SAU 19 E, T

SAU 20 E

SAU 21 E, T

SAU 23 E, T

SAU 24 E, T

SAU 28 E

SAU 29 E, T

SAU 34 E, T

SAU 35 E, T

SAU 38 E, T

SAU 39 E

SAU 41 E

SAU 42 E, T

SAU 43 E, T

SAU 44 E, T

SAU 46 E

SAU 48 E, T

SAU 50 E, T

SAU 51 E, T

SAU 53 E, T

SAU 54 E, T

SAU 55 E

SAU 56 E, T

SAU 58 E

SAU 63 E, T

SAU 64 E, T

SAU 67 E

SAU 70 E

SAU 75 E, T

KEY: E – Employees T – Teachers P – Police Officers F – Firefighters
SAU – School Administrative Unit

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CONCORD, NEW HAMPSHIRE 03301-8507