



RICHARD H. MOORE
Treasurer
State of North Carolina

June 24, 2008

Members & Retirees of the N.C. Retirement Systems:

An advertisement about our pension fund ran in today's News & Observer, and I wanted to give you the facts directly. While it has not been immune to the economic downturn, North Carolina's pension fund is performing better than its peers. Our conservative investment strategy is protecting your benefits, even during this difficult period.

The first quarter of 2008 was turbulent for investors of all sizes, and especially for the stock market. For example the S&P 500, a bellwether for stock market performance, lost 9.5% that quarter, and the Dow Jones Industrial Average lost more than 1,000 points.

Fortunately, our investment strategy is focused on long-term performance and is actually structured to perform better in market downturns to protect your benefits. Our high allocation to quality bonds provides stability, and our diverse investments reduce risk overall. This conservative strategy and careful management have made North Carolina's pension fund one of the best in the nation for six years running.

Although North Carolina's returns were impacted by market conditions, the fund fared better than most of its peers. North Carolina's returns beat the median pension fund returns for both the quarter and the year as of March 31, according to Wilshire, the most widely accepted benchmark for the performance of pension funds. North Carolina's performance for the quarter was better than many other public pension funds, including The California Public Employees' Retirement System (CalPERS) and the New York State Common Retirement Fund.

In fact, our pension fund has already experienced a modest recovery. For the three months ending April 30th, the equity portfolio returned to posting gains, and the overall fund performance is holding steady. Know that we will continue to carefully manage the pension fund to protect your savings – in any market.

It is an honor to serve as your State Treasurer.

Sincerely,

A handwritten signature in cursive script that reads "Richard H. Moore".

Richard H. Moore