



RICHARD H. MOORE
Treasurer
State of North Carolina

A MESSAGE FROM TREASURER MOORE

With the stream of bad news about Wall Street and the financial sector, pension fund members have been concerned about our investments. I want you to know that I am carefully monitoring the unfolding situation in the market, as is our team of investment experts. While recent developments are serious for all investors, the pension fund is conservatively invested and diversified in order to protect members' benefits over the long haul.

As of June 30th, the companies being watched most carefully made up about 0.3 percent of the pension fund. Many of our holdings in those companies have decreased, some dramatically, since that time. That shows that our managers have seen the problems coming and responded appropriately.

Our insistence on being diversified, within our stock portfolio and across different kinds of investments, is more important now than ever. While the stock market, and especially financial sector stocks, have been volatile, many of the fund's other investments are doing well. The fund's bonds, alternative investments and real estate holdings continue to perform well and provide support to the pension fund. In our stock and bond portfolios, we have remained committed to high quality investments, something that continues to pay off.

I want to reassure members of our pension fund that your fund is structured to weather market downturns and shifts. That is why we carefully invest the pension fund and responsibly manage the retirement systems.