

FOR IMMEDIATE RELEASE
DATE: September 15, 2008

CONTACT: Dennis MacKee
PHONE: 850-413-1251
E-MAIL: dennis.mackee@sbafla.com

UPDATE ON STATE BOARD OF ADMINISTRATION'S (SBA) FINANCIAL SECTOR INVESTMENTS

The SBA and its fiduciary investment managers continue to closely monitor rapidly evolving financial market events involving Lehman Brothers, AIG, Merrill Lynch, Washington Mutual, Bank of America and other prominent financial institutions. Today's press reports are describing various private sector and government proposals to address these firms and general financial market turbulence, but without concrete information it would be premature to speculate on the effects on the SBA's investment portfolio and individual business arrangements.

The overwhelming majority of the assets managed by the SBA are conservatively invested for the long term in highly diversified portfolios. The SBA's professional investment staff and external investment managers have exercised their fiduciary duties to prudently steward trust assets during a number of historical periods of financial stress. Further, they recognize that such periods will continue to occur due to the normal ebb and flow of global economic and financial forces. Despite very sharp declines in global stock markets in 2001 and 2002 our conservative, diversified approach has continued to keep the FRS Pension Plan extremely healthy. In fact, the FRS Pension Plan is estimated to be in a surplus situation as of July 1, 2008; i.e., the FRS Pension Plan has assets exceeding future benefit payments by about 106% or \$6.9 billion. Under the SBA's stewardship, the FRS is one of only a handful of public pension systems to maintain full funding. Additionally, under Florida law, accrued FRS Pension Plan benefits are guaranteed to be paid regardless of investment performance.

We are also actively reviewing relevant relationships and investments to ascertain any potential impact on the principal or liquidity of any of the non-FRS trust funds under SBA stewardship.

Table 1 identifies recent SBA investments in several firms experiencing financial stress: 1) Lehman Brothers total holdings equal \$323 million (0.22% of total SBA assets); 2) Washington Mutual total holdings equal \$164 million (0.11% of total SBA assets); 3) AIG total holdings equal \$130 million (0.09% of total SBA assets); Bank of America total holdings equal \$1,070 million (0.72% of total SBA assets); and Merrill Lynch total holdings equal \$939 million (0.63% of total SBA assets). In total, these investments equal \$2,625 million or 1.76% of total SBA assets.

Table 1: Recent Market Values and Unrealized Gains/Losses of Select State Board of Administration Investments in the Financial Sector

Fund	Lehman	WaMu	AIG	BoA	Merrill Lynch	Market Value Totals	Unrealized Gains/Losses
FRS Pension Plan							
Equities	\$ 12,608,540	\$ 6,572,572	\$ 83,375,628	\$ 440,237,641	\$ 80,829,791	\$ 623,624,172	\$ (677,358,107)
Fixed Income	\$ 215,880,422	\$ 65,457,159	\$ 43,513,960	\$ 535,095,031	\$ 216,873,262	\$ 1,076,819,835	\$ (82,044,657)
CAMP							
Equities	\$ 89,262	\$ 67,517	\$ 517,884	\$ 2,842,985	\$ 433,735	\$ 3,951,383	\$ (4,023,816)
Fixed Income	\$ 1,687,877	\$ 150,649	\$ 206,779	\$ 506,323	\$ 984,642	\$ 3,536,270	\$ (439,225)
CHILES Endowment							
Equities	\$ 331,325	\$ 196,381	\$ 2,248,925	\$ 10,830,628	\$ 1,302,620	\$ 14,909,879	\$ (16,535,859)
Fixed Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAT Fund							
Equities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Income	\$ 87,406,866	\$ 91,452,356	\$ -	\$ 75,472,266	\$ 95,593,989	\$ 349,925,477	\$ (37,000,697)
LGIP							
Equities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Income	\$ -	\$ -	\$ -	\$ -	\$ 537,538,706	\$ 537,538,706	\$ (3,498,670)
Health Ins Subsidy (HIS)							
Equities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed Income	\$ 4,984,131	\$ -	\$ -	\$ 5,031,484	\$ 5,007,557	\$ 15,023,172	\$ (63,000)
Subtotals							
Equity	\$ 13,029,127	\$ 6,836,470	\$ 86,142,436	\$ 453,911,255	\$ 82,566,146	\$ 642,485,435	\$ (697,917,782)
Fixed Income	\$ 309,959,296	\$ 157,060,164	\$ 43,720,739	\$ 616,105,104	\$ 855,998,156	\$ 1,982,843,459	\$ (123,046,249)
Grand Totals	\$ 322,988,423	\$ 163,896,634	\$ 129,863,176	\$ 1,070,016,359	\$ 938,564,302	\$ 2,625,328,894	\$ (820,964,031)
% of Total Assets	0.22%	0.11%	0.09%	0.72%	0.63%	1.76%	-0.55%
1/ Does not include Securities Lending Program or commingled accounts							
2/ Recent market values are as of September 12, 2008 except Lehman and WaMu, which are as of September 10, 2008							