



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

FOR IMMEDIATE RELEASE
June 4, 2008

Contact: Joe DeAnda
916-653-2995

Treasurer Lockyer Comments on Proposal to Restore CalSTRS Investment in U.S. Tobacco Companies

SACRAMENTO – State Treasurer Bill Lockyer today issued the following statement on a proposal to restore the California State Teachers’ Retirement System’s (STRS) investment in U.S. tobacco companies:

“Now is not the time for STRS to invest in U.S. Big Tobacco. In fact, now is the time for STRS to examine whether to divest its holdings in international companies and completely withdraw from the tobacco business. In this country, the tobacco industry has a history of fraud and disregard for public health. That culture of deception has been exported to Europe, Asia and other parts of the globe, where the industry’s marketing targets children. The tobacco industry’s products increase health care costs. When teachers suffer from tobacco-related diseases, taxpayers bear the burden of paying for their health care costs.

“STRS adopted the current policy following thorough analysis and scrutiny. As fiduciaries, we need to conduct that same level of due diligence before considering whether to abandon that policy. We should conduct a thorough study of tobacco’s long-term profitability, and determine whether similar results could be attained in alternative investments. In other words, can we fulfill our legal duty to teachers without investing in products that kill?”

Adopted in 2000, the Benchmark Modification Policy established separate criteria when evaluating investments on an industry-wide basis. Four criteria were established, and any industry meeting three or more were removed from STRS’ portfolio. Tobacco is the only industry to date to be removed from the portfolio based on the criteria.

As State Treasurer, Lockyer serves on the governing board of STRS, the nation’s second-largest public pension fund with assets totaling \$164 billion.

###