



NEWS RELEASE

Teacher Retirement System of Texas - 1000 Red River Street - Austin, Texas 78701-2698 - (800) 223-8778
Contact: Howard Goldman, Director of Communications, Teacher Retirement System of Texas, (512) 542-6508

FOR IMMEDIATE RELEASE: February 13, 2009

TRS CHIEF INVESTMENT OFFICER FOREGOES 2008 PERFORMANCE PAY DUE TO ECONOMIC DOWNTURN

Other Investment staff performance pay deferred until fund achieves year with investment gains

AUSTIN – The Teacher Retirement System of Texas (TRS) Board of Trustees today accepted TRS Chief Investment Officer Britt Harris' offer to forego an estimated \$167,835 in performance incentive pay that he would have earned based upon the fund's 2008 performance. Harris announced at today's board meeting that he would waive his 2008 performance pay due to how the current economic downturn has impacted the TRS pension fund and its participants.

The TRS fund experienced a 27 percent drop in its market value in 2008. However, during the same period, global equity markets lost approximately 40 percent in value.

"We are all suffering during this virtually unprecedented period," said Harris. "The value of people's investments has decreased, and many are out of work or concerned about their jobs. As chief investment officer of the fund, it seems to me that I should also feel the effects of this difficult time -- just like many of our members."

At today's board meeting, TRS trustees not only voted to accept Harris' offer to forego his 2008 performance incentive pay, but also to defer all remaining Investment Division performance pay until the fund experiences a year of positive returns. Under the agency's current performance incentive pay plan, all payments that would have been made for 2008 performance had already been delayed until 2010 because of fund losses. As a result of today's board action, such payments will continue to be deferred until the fund achieves a year of investment gains.

-- more --

TRS CIO Forgoes Performance Incentive Pay

February 13, 2009

Page 2

“We place great value on the skills, expertise and performance of our staff, and we appreciate how they have helped us avoid bigger losses during the current economic downturn,” explained TRS Board Chairman Linus Wright. “However, the board agreed with Harris that deferring performance payments at this time was the responsible thing to do. “

“My fellow trustees and I admire and respect the selflessness shown by Britt and the entire investment staff,” Wright added. “It only reinforces what we have known all along -- the professional strength and character of the TRS team.”

In 2006, TRS, like many other large pension funds, initiated a performance incentive pay plan to attract the highest quality investment professionals while retaining the most skilled members of the existing staff. The plan was also designed to encourage a strong commitment to achieving the highest levels of performance and to motivate staff to focus on maximizing real, long-term returns while assuming appropriate levels of risk.

TRS delivers retirement and related benefits authorized by the Texas Legislature and manages a nearly \$81 billion trust fund established to finance member benefits. More than 1.2 million public education and higher education employees and retirees participate in the system.

#