



**THE OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

NEWS

FOR IMMEDIATE RELEASE

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**STATEMENT BY CONNECTICUT TREASURER DENISE L. NAPPIER
ON THE CONSERVATORSHIP OF FREDDIE MAC/FANNIE MAE**

The takeover of mortgage giants Fannie Mae and Freddie Mac is an expedient first step to avoid a catastrophe that could have obliterated the underpinnings of the U.S. housing market and sent shock waves throughout the financial services industry and the global economy. The action taken by the U.S. Treasury will quell the restlessness of investors, and ensure that these entities continue to have access to capital which is critically needed during these unsettled times.

Connecticut's pension funds invest in both Fannie Mae and Freddie Mac, and the majority of our holdings are in debt positions valued at roughly \$1.8 billion. In addition, we directly own approximately \$1.58 billion of the debt of these companies, held in other portfolios including the Short-Term Investment Fund. The U.S. Treasury's takeover has clearly strengthened the implied guarantee that this debt will be paid. So from this vantage point, the takeover is a good thing.

We also have stock positions in each of the companies, with a book value of roughly \$54 million. The current market value of these stocks has been eroded to approximately \$1 million. These holdings were invested in a strategy that mirrors the performance of the S&P 500 (an index fund). It is important to point out that these stocks represent just two-tenths of one percent of our entire portfolio. Moreover, the overall integrity of our investment portfolios remains intact.

The action taken by the U.S. Treasury is not a cure all, however. As market upheavals continue, we remain vigilant in protecting the State's financial interests during these uncertain times, including the pursuit of every available alternative strategy to mitigate risk.

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