

Statement from State Treasurer Denise L. Nappier
Regarding the Ongoing Soundness of the Short-Term Investment Fund



DENISE L. NAPPIER
Connecticut State Treasurer

September 17, 2008

In light of recent financial market turmoil, I want to assure all investors of the ongoing soundness of Connecticut's Short-Term Investment Fund (STIF). In addition, I would like to address a number of specific questions that have been raised regarding events of the last few weeks.

First and foremost, due to our high-quality, diversified portfolio and our significant reserves, STIF's \$1 per share net asset value is strong and well-supported. Moreover, our liquidity remains at very high levels, with more than \$3 billion, or over 60 percent of our \$5 billion in assets, in overnight investments or investments that are available on a same-day basis. This level is more than double the total of municipal and local government deposits in STIF.

STIF does not own any Lehman Brothers or AIG securities.

Our positions with Fannie Mae and Freddie Mac are actually stronger due to the takeover by the United States Treasury, which upgraded the implied federal guarantee with an explicit guarantee. We directly own \$758 million, or 15 percent of our portfolio, in these securities. We also have exposure to Fannie Mae and Freddie Mac through U.S. government security money market mutual funds. Similarly, our Merrill Lynch securities, which total \$120 million, or 2 percent of our portfolio, have been strengthened by Bank of America's proposed acquisition of Merrill.

We will continue to vigilantly protect the value and liquidity of STIF for all of our investors. Please contact our STIF managers, Larry Wilson (860 702-3126 or lawrence.wilson@ct.gov) and Lee Ann Palladino (860 702-3229 or leeann.palladino@ct.gov) with any questions you may have.

Thank you.