STANDARD & POOR'S

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S&P Rated Local Government Investment Pools Weathering Storm

Primary Credit Analyst:
Peter Rizzo, New York (1) 212-438-5059; peter_rizzo@standardandpoors.com

Secondary Credit Analysts:
Michael Masih, New York (1) 212-438-1642; michael_masih@standardandpoors.com
Jaime Gitler, New York; jaime_gitler@standardandpoors.com

Media Contact:
Mimi Barker, New York (1) 212-438-5054; mimi_barker@standardandpoors.com

NEW YORK (Standard & Poor's) Nov. 30, 2007--Standard & Poor's Ratings Services reported today that its rated local government investment pools (LGIPs) have successfully managed through the recent credit and liquidity events with little or no impact on the pools' net asset values or ratings. In the past four months, Standard & Poor's has taken just one rating action on a LGIP, on Oct. 22 when it placed the King County, Wash. Investment Pool's 'AAAf' rating on CreditWatch with negative implications.

We currently maintain public ratings on 75 LGIPs from 26 states. As of mid November, only 17 rated LGIPs held investments in asset backed commercial paper (ABCP), with an average exposure 13.5%. Only nine held investments in structured investment vehicles (SIVs), with the average exposure of approximately 3%.

During the past few days, we have received numerous inquiries on recent events surrounding the Florida Local Government Investment Pool, operated by State Board of Administration of Florida. Standard & Poor's does not rate the Florida LGIP and therefore is not in a position to comment on the pool's investments.

TYPES OF POOL RATINGS

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Standard & Poor's, which began rating fixed-income LGIPs in 1992, assigns ratings on a request basis.

Of the 75 pools that we rate, 46 are assigned principal stability fund ratings (PSFRs, also called money market fund ratings) and 29 are assigned fund credit quality and volatility ratings. We assign PSFRs to pools that seek to provide a stable net asset value (NAV) of $1.00 per share (making them similar to money market funds) and whose investment guidelines are, in our opinion, consistent with that objective. PSFRs are identified by an 'm' after the traditional debt rating symbology (i.e. 'AAAm') and express our opinion regarding a pool's ability to maintain principal value and limit exposure to losses due to credit, market, and liquidity risks.

We assign fund credit quality and volatility ratings to fluctuating NAV pools or to pools whose investment guidelines are more like those of short-term fixed income funds than traditional money market funds. Fund credit quality ratings are identified by an 'f' after the traditional debt rating symbology (i.e. 'AAAf') and reflect our opinion of a pool's ability to provide protection against losses caused by credit defaults. Fund volatility ratings are assigned on a scale of S1 to S6 and indicate our opinion regarding a fixed income pool's sensitivity to changing market conditions. Some pools may be assigned an 'S1+' volatility rating with the '+' indicating extremely low sensitivity to changing market conditions.

SURVEILLANCE OF POOL RATINGS

We actively monitor our rated LGIPs. Our pool rating process has provided for and will continue to provide for the weekly review of all principal stability rated pools and a monthly review of all credit/volatility rated pools. This review includes an evaluation of cash-flow activity, asset allocation, maturity distribution, NAVs, credit quality, and all portfolio holdings. We evaluate this information to maintain current assessments of each pool's credit and market risk. If there is a specific event that we perceive might affect our rating, we review it promptly. Fund analysts maintain an open dialog with the pool management team throughout the year and we conduct annual, generally on-site, management review meetings for all rated pools.

SIZE OF LGIP MARKET

A report published in July 2007 by iMoneyNet, "Government Investment Pools: 2007 Update of Investment Strategies, Facts, Figures and Trends," said that 45 of the 50 states have one or more LGIPs and the total assets of the 100-plus pools covered in the study totaled more then $200 billion. With respect to the 75 Standard & Poor's-rated pools, assets have increased from $100 billion (October 2004) to over $150 billion (October 2007). Since the numbers above are a subsection of the investment pool market and there is not a uniform source of information on all LGIPs, the actual number of pools and total size of the LGIP market is likely to be materially larger.

INVESTMENT POOL SPONSORS

Investment pool sponsors can generally be divided into three categories: state-sponsored pools, county-sponsored pools, and other government/private-sponsored pools. State-sponsored LGIPs are generally managed by the state treasurer's office (i.e. New Mexico, Georgia, Illinois to name a few), but in some cases, an outside investment manager manages the pool. For example, the North Carolina Capital Management Trust–Cash Portfolio is managed by Fidelity Management & Research Co.. Most of the county-sponsored investment pools are located in California, Washington, and Florida. Most county pools usually seek to provide stability of principal, but some often have investment guidelines that are not as stringent as SEC-registered money market funds. Other government/private-sponsored investment pools can be formed through intergovernmental agreements or directly by private firms. For example, the Lone Star Investment Pool is sponsored by the Texas Association of School Boards (TASB), a voluntary nonprofit, statewide organization established to serve the local school districts in Texas. A handful of investment management firms customize their investment advisory services to LGIPs and some also provide administration and distribution services. The three most widely used organizations offering advisory services to LGIPs are Public Financial Management, Voyager Asset Management, and MBIA Asset Management.

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research, and data. With approximately 8,500 employees, including wholly owned affiliates, located in 21 countries, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit www.standardandpoors.com.