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Two Idaho State Treasurer's Portfolios Rated 'AAAF'

NEW YORK (Standard & Poor's) May 23, 2007—Standard & Poor's Ratings Services said today that it assigned its 'AAAF' fund credit quality and 'S1+' volatility rating to the Idaho State Treasurer's Local Government Investment Pool and its 'AAAF' fund credit quality and 'S2' volatility rating to the Idaho State Treasurer's Diversified Bond Fund.

The 'AAAF' fund credit quality rating is based on our analysis of the credit quality of the Fund's eligible investments, the counterparties, and overall management of the funds' investment managers. The 'AAAF' rating signifies that the portfolio holdings provide extremely strong protection against losses from credit defaults.

As part of our volatility analysis, we assessed the management, portfolio level risk, target durations, and comparable return strategies of the Funds. The 'S1+' volatility rating assigned to the Idaho State Treasurer's Local Government Investment Pool is based on the Idaho State Treasurer Office's target duration of one year or less, defensive interest rate strategy, and limited spread risk. The 'S1+' volatility rating signifies that a fund possesses extremely low sensitivity to changing market conditions and a level of risk that is less than or equal to that of a portfolio comprised of the highest-quality fixed-income instruments with an average maturity of one year or less. The 'S2' volatility rating assigned to the Idaho State Treasurer's Diversified Bond Fund indicates the fund's low to moderate sensitivity to changing market conditions. The fund's duration, currently at approximately three years, is managed to 0.75x and no more than 1.25x the Lehman Brothers Intermediate A+ Aggregate Fixed Income Index, the fund's benchmark.

Both portfolios are governed in accordance with Section 67-1210 and Section 67-1210A of the Idaho Code. The Code lays out conservative instructions concerning investment procedures such as diversification, maturities, security selection, repurchase agreements, insurance, and reporting.

The Idaho State Treasurer's Local Government Investment Pool is an investment pool with the primary purpose of providing a safe, liquid vehicle for investing idle funds and obtaining the best

Publication Date

May 23, 2007

interest rate available at the time of purchase. Portfolio holdings are typically comprised of highly rated securities including money market instruments, investment-grade corporate debt, and U.S. Treasury and Agency securities. The Pool uses the 90-day CMT as its benchmark and strives to maintain a duration of one year or less.

The investment adviser for the Idaho State Treasurer's Local Government Investment Pool is the Idaho State Treasurer's Office, led by Idaho's State Treasurer Ron G. Crane. As of April 30, 2007, the Treasurer's Office had approximately \$2.73 billion in assets under management.

The Idaho State Treasurer's Diversified Bond Fund was created by the Idaho State Treasurer's office as an alternative investment to short-term funds and is a voluntary investment vehicle for Idaho State and public agencies. The Fund's investment objective is to provide a reasonable level of current income, which, when combined with potential capital appreciation as measured on a long-term basis, will accommodate growth while satisfying all potential distributions. In attempting to achieve this objective, the investment guidelines require that assets be invested in high-quality securities. Typical securities held include U.S. Treasuries and Agencies including Agency CMOs, and highly rated corporate debt obligations and ABS. The investment manager for this fund, Capital Investment Advisors, a division of D.A. Davidson & Co., actively manages the fund. Capitol Investment Advisors currently has more than \$1 billion in consulting and assets under management.

To increase incremental income, both portfolios participate in securities lending, typically of the funds' treasury and agency securities. Securities lending is administered by Key Bank. The custodian for both portfolios is the Bank of New York.

Standard & Poor's credit quality and volatility ratings are based on its analysis of a fund's eligible portfolio investments and strategy, historical return volatility, and management. The seven-category credit quality rating scale ranges from 'AAAF' (highest level of protection) to 'CCCF' (least protection). The ratings from 'AAAF' to 'CCCF' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Volatility ratings range from lowest volatility ('S1', with certain funds designated a plus sign [+] to indicate the fund's extremely low sensitivity to changing market conditions) to highest volatility ('S6'). The ratings are based on analysis of a fund's investment strategy and portfolio risk, including interest rate risk, credit quality, liquidity, concentration, call and option risk, and currency risk. The effects of various portfolio strategies, such as the use of leverage, hedging, and derivative instruments, are also factored into the ratings.

Our analysis seeks to uncover risk sources in a managed fund's portfolio and investment strategies and to assess the likelihood of losses from credit defaults in the portfolio and the potential impact on returns and net asset-value variability. We monitor fixed-income funds monthly to ensure the consistency of the funds' credit quality and volatility profiles with the assigned ratings.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation area, select Find a Rating, then Credit Ratings Search.

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