



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Treasurer Chiang Issues Statement About Greek Debt Crisis *No Measurable Impact on the Treasurer's Short-Term Investments*

SACRAMENTO – State Treasurer John Chiang today issued the following statement to investors:

“The deterioration of the Greek fiscal situation this week is most unfortunate and will have a long-term impact on the International Monetary Fund (IMF) and the European Union (EU). However, California’s Pooled Money Investment Account (PMIA) has no direct Greek exposure. As manager of these accounts, I have taken numerous steps in recent months to insulate the State of California’s funds, and those of the Local Agency Investment Fund (LAIF), from any adverse consequences of Greece’s debt crisis. These steps include increased monitoring of counterparty exposure of all obligations which are held in the PMIA, as well as diligent avoidance of any investments in banks and other firms with known exposure to Greece. At this point, the PMIA’s exposure to Greece (and southern Europe) is well understood and contains no direct obligations that are threatened by this week’s events. My investment managers and I will continue to monitor the situation and exercise great prudence in each investment decision. And we will advise you periodically of any changes to this situation that may affect the investment markets in which we are operating. At the minimum, if the determination is made that Greece should leave the EU, there will be a re-evaluation of its impact and any contagion effect it may have throughout Europe and the world.

The PMIA is a pool of approximately \$70 billion comprised of the State’s General Fund, LAIF and other surplus moneys that are invested in fixed-income instruments such as government securities and certificates of deposit/bank notes, interest-bearing time deposits, and commercial paper. The investment policy of the PMIA clearly states the priorities of safety, liquidity and yield in its daily investment decisions. Therefore, U.S. Treasury Notes and Bills comprise almost half of the portfolio. Government agencies make up another 10 percent, for a total of almost 60 percent in government securities. The remaining fixed-income instruments include certificates of deposit/bank notes, commercial paper, and time deposits. The international exposure of the PMIA is comparatively small for a complex portfolio of its size and European exposure is even smaller. The scheduled referendum election in Greece this upcoming Sunday may give us more actionable information. I invite you to return to our website next week for an update.”

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