PRESS ROOM
U.S. DEPARTMENT OF THE TREASURY

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Treasury Announces Temporary Guarantee Program for Money Market Funds

Washington- The U.S. Treasury Department today opened its Temporary Guarantee Program for Money Market Funds. The U.S. Treasury will guarantee the share price of any publicly offered eligible money market mutual fund – both retail and institutional – that applies for and pays a fee to participate in the program.

All money market mutual funds that are regulated under Rule 2a-7 of the Investment Company Act of 1940, maintain a stable share price of $1, and are publicly offered and registered with the Securities and Exchange Commission will be eligible to participate in the program. Treasury first announced this program on Friday, September 19.

The temporary guarantee program provides coverage to shareholders for amounts that they held in participating money market funds as of the close of business on September 19, 2008. The guarantee will be triggered if a participating fund's net asset value falls below $0.995, commonly referred to as breaking the buck.

The program is designed to address temporary dislocations in credit markets. The program will exist for an initial three month term, after which the Secretary of the Treasury will review the need and terms for extending the program. Following the initial three month term, the Secretary has the option to renew the program up to the close of business on September 18, 2009. The program will not automatically extend for the full year without the Secretary's approval, and funds would have to renew their participation at the extension point to maintain coverage. If the Secretary chooses not to renew the program at the end of the initial three month period, the program will terminate.

To participate in the program, the Treasury Department will require money market funds with a net asset value per share greater than or equal to $0.9975 as of the close of business on September 19, 2008, to pay an upfront fee of 0.01 percent, 1 basis point, based on the number of shares outstanding on that date. Funds with net asset value per share of greater than or equal to $0.995 and below $0.9975 as of the close of business on September 19, 2008, will be required to pay an upfront fee of 0.015 percent, 1.5 basis points, based on the number of shares outstanding on that date. These fees will only cover the first three months of participation in the program.

Funds with a net asset value below $0.995 as of the close of business on September 19, 2008, may not participate in the program.

While the program protects the accounts of investors, each money market fund makes the decision to sign-up for the program. Investors cannot sign-up for the program individually. Funds should apply by October 8, 2008 for the program using the forms on the program webpage: http://www.treas.gov/offices/domestic-finance/key-initiatives/money-market-fund.shtml.

Eligible funds include both taxable and tax-exempt money market funds. The Treasury and the IRS issued guidance that confirmed that participation in the temporary guarantee program will not be treated as a federal guarantee that jeopardizes the tax-exempt treatment of payments by tax-exempt money market funds.

President George W. Bush approved the use of existing authorities by Secretary Henry M. Paulson, Jr. to make available as necessary the assets of the Exchange

Stabilization Fund to guarantee the payment

The Exchange Stabilization Fund was established by the Gold Reserve Act of 1934, as amended, and has approximately $50 billion in assets. This Act authorizes the Secretary of the Treasury, with the approval of the President, "to deal in gold, foreign exchange, and other instruments of credit and securities" consistent with the obligations of the U.S. government in the International Monetary Fund to promote international financial stability. More information on the Exchange Stabilization Fund can be found at http://www.treas.gov/offices/international-affairs/esf/

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