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PRESS RELEASE

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TREASURER'S OFFICE SAVES ORANGE COUNTY TAXPAYERS FROM \$50,000,000 INVESTMENT LOSS

Timely Sale of Sigma Finance Saves County Taxpayers millions

(Santa Ana, CA) – Anticipating further deterioration in the credit markets and continued financial turmoil, the Orange County Treasurer's Office, took timely action to protect Orange County Schools, Cities, Agencies and County government from a devastating investment loss.

On Friday September 12, just a day before Lehman Brothers Investment Bank collapsed into bankruptcy, Treasurer Street sold all holdings in the Sigma Finance SIV for 91.5 cents on the dollar. Today Sigma Finance announced they have ceased all trading and may be initiating a wind down. It is now unclear what, if anything, investors will eventually recover.

- The County's holdings in Sigma Finance, with interest earned, returned a net profit over the life of the investment even though it was sold at a discount.
- Under current market conditions, losses to the County would have surpassed \$50 million had the position not been sold.
- The position in Sigma Finance was purchased in October 2006. Street took the helm of the Orange County Treasurer's office in December 2006.

"We recognized that challenges for Sigma Finance were mounting, and elected to sell the investment even though it was due to mature on October 30th," said Street. "This strategic decision not only saved the County money but, on a long term net basis, actually realized a profit on an increasingly unstable investment."

The Orange County Treasurer currently manages \$5.7 billion for Orange County Schools, Cities, Agencies and County government. Chriss Street, as Treasurer, has restructured the County investments to concentrate on ultra conservative US government bonds and Agencies. Investments in the Treasurer's office returned \$14.2 million in interest for the month of August and have earned \$250 million interest over the last 12 months.

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