

Principal Stability Fund Ratings Unaffected By U.S. Sovereign Downgrade

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NEW YORK (Standard & Poor's) Aug. 8, 2011--Standard & Poor's Ratings Services said today that the funds to which it has assigned principal stability fund ratings (PSFRs) are unaffected by the lowering of the long-term rating on the United States of America to 'AA+' on Aug. 5, 2011 (see "United States of America Long-Term Rating Lowered To 'AA+' On Political Risks And Rising Debt Burden; Outlook Negative").

Funds with PSFRs seek to maintain a stable or accumulating net asset value. PSFRs are closely linked to the short-term ratings on the U.S. government because for a fund to be eligible for an investment-grade rating, all investments must carry a Standard & Poor's short-term rating of 'A-1+' or 'A-1'. Because we affirmed the 'A-1+' short-term rating on the U.S., the lowering of the long-term rating does not directly affect the ratings on these funds; the credit quality of the U.S. still meets the credit quality standards for all PSFR categories. (For details about our criteria, see "Methodology: Principal Stability Fund Ratings," published June 8, 2011.)

Stable net asset value (NAV) funds issue and redeem shares at \$1.00, provided that their marked-to-market NAV per share is between \$0.995 and \$1.005. Although the U.S. sovereign debt downgrade has no direct impact on our PSFRs, we will closely monitor any potential price volatility associated with the lower long-term rating on the marked-to-market NAVs of our rated funds. A decline in the prices of U.S. Treasury and government securities (and other short-term money market instruments) could cause money market funds to experience a decline in their NAVs. We will track movements (if any) in a rated fund's NAV to see if it remains within the criteria metrics for their specific rating category (i.e., +/- 0.25% for 'AAAm', which translates to \$0.9975-\$1.0025).

A PSFR, commonly referred to as a money market fund rating, is a forward-looking opinion about a fixed-income fund's ability to maintain

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principal value (that is, a stable NAV). PSFRs have an "m" suffix (for example, 'AAAm') to distinguish the principal stability rating from Standard & Poor's issue or issuer credit ratings.

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