



# State of New Hampshire Banking Department

64B Old Suncook Road  
Concord, New Hampshire 03301

**PETER C. HILDRETH**  
BANK COMMISSIONER

**ROBERT A. FLEURY**  
DEPUTY BANK COMMISSIONER

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March 11, 2008

Dear NHPDIP Participant:

In light of the ongoing difficulties and continued pressures experienced by the financial services sector, the NHPDIP Advisory Committee and I felt it important to address some of the concerns that have been raised about the safety of your funds in the NHPDIP.

Please be assured that your funds in the NHPDIP remain safe. The PDIP pool of investments is a very conservative portfolio. According to MBIA Asset Management, of the 17 similar pools that it manages, New Hampshire has the second most conservative investment policy. That policy is based first and foremost on the need to protect the safety of the participant's funds and to maintain liquidity. Accordingly, the investments in the portfolio primarily consist of government securities, government agency securities, and the highest quality commercial paper. The investment guidelines in place today have been in effect since the fund's inception. Although the advisory committee has revisited the policy on occasion, to date the committee has not seen any need to amend it. The PDIP securities are held in a third-party custodial bank, further ensuring the safety of your funds.

In light of news coverage concerning MBIA, some participants have raised questions about the fund's guarantee. First, let me clarify that the news stories you have heard are largely about MBIA Insurance, an affiliate of MBIA Asset Management. At this time, the financial condition of MBIA Insurance does not appear to bear directly on our portfolio manager, MBIA Asset Management. The funds in the NHPDIP are protected through a Credit Facility backed by MBIA, Inc., the parent company of MBIA Asset Management. Currently, MBIA, Inc. has over \$600 million in capital. Remember that if the Credit Facility were ever to be needed, it would only be called upon to make up for the difference of the total pool's liquidation value and the pool's total principal.

While a challenging time for all of us, the NHPDIP Advisory Committee and I appreciate your continued participation in the NHPDIP program. The Advisory Committee will continue to meet with MBIA on a regular basis. Each participant should also continue to talk with their financial advisors and manage their own investments in accordance with a duly adopted investment policy that includes diversification and asset allocation as key factors in risk reduction. If we can be of further assistance, please feel free to contact any one of us or Jo Ann Klatskin, Regional Director for the NHPDIP.

Sincerely,

A handwritten signature in black ink that reads "Peter C. Hildreth".

Peter C. Hildreth  
Bank Commissioner

Enclosure – New Hampshire Public Investment Pool Advisory Committee List



## State Regulatory Authority:

### The Honorable Peter C. Hildreth

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## Statutory Members:

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## Appointed Members:

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