

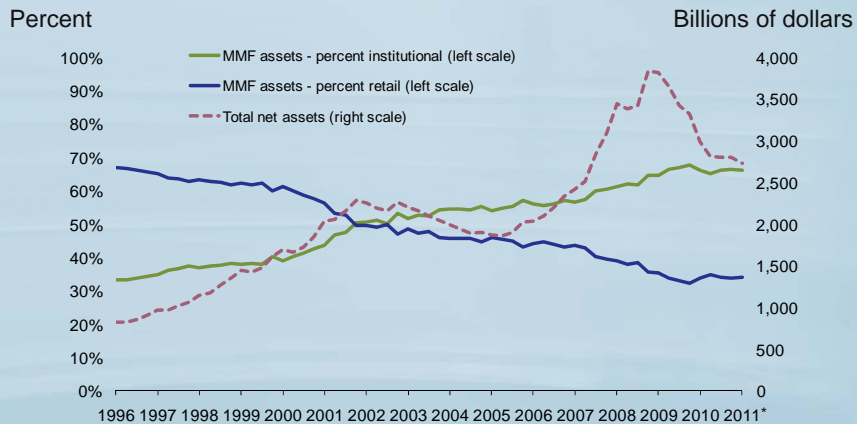
Understanding the Global Money Market Fund Industry

2011 Money Market Funds Summit
May 16, 2011

Richard K. Hoerner, Managing Director, BlackRock (Moderator)

Anthony J. Carfang, Partner & Director, Treasury Strategies
Robert F. Deutsch, Managing Director, J.P. Morgan Asset Management
Lloyd Wennlund, Executive VP & Managing Director, Northern Trust Global Investments

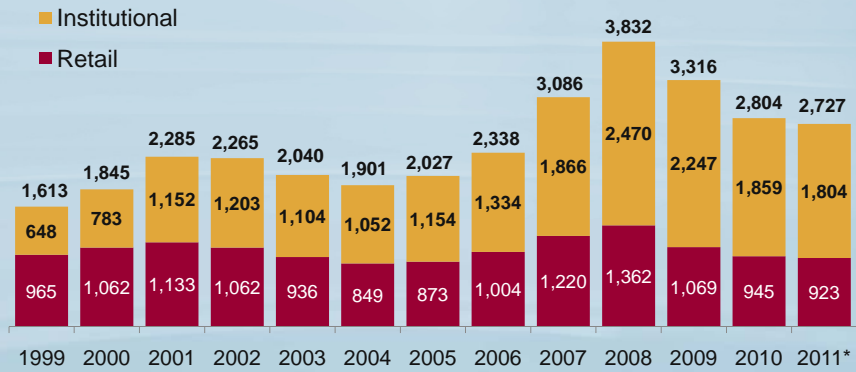
Retail and Institutional Money Market Fund Assets



*Data through March 2011.
Source: Federal Reserve

Money Market Fund Assets Remain Above Pre-2007 Levels

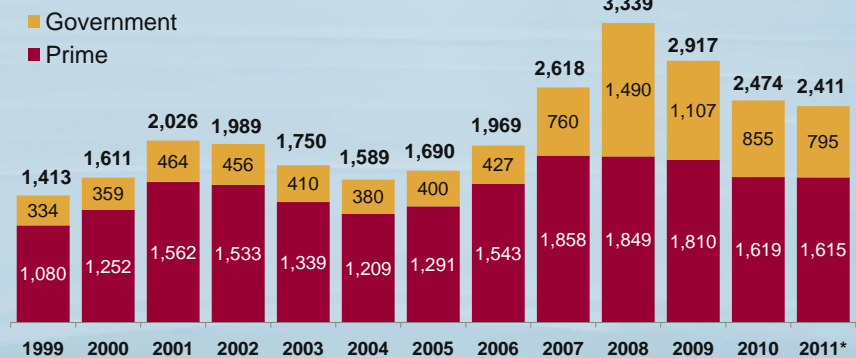
Billions of dollars, year-end, 1999-2011*



*Data through March 2011.
Source: Investment Company Institute

Taxable Money Market Fund Assets

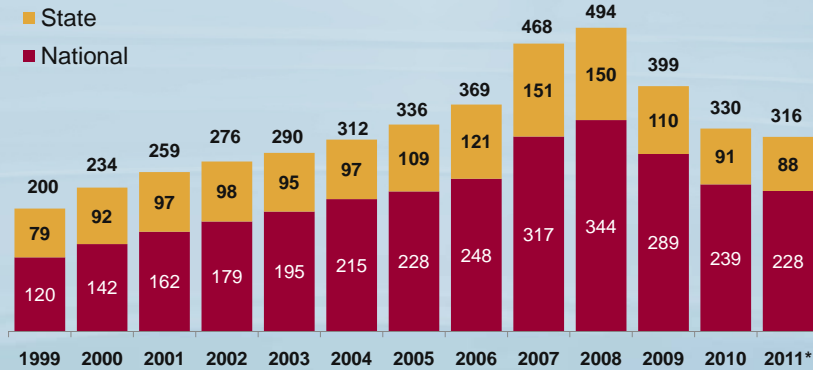
Billions of dollars, year-end, 1999-2011*



*Data through March 2011.
Source: Investment Company Institute

Tax-Exempt Money Market Fund Assets

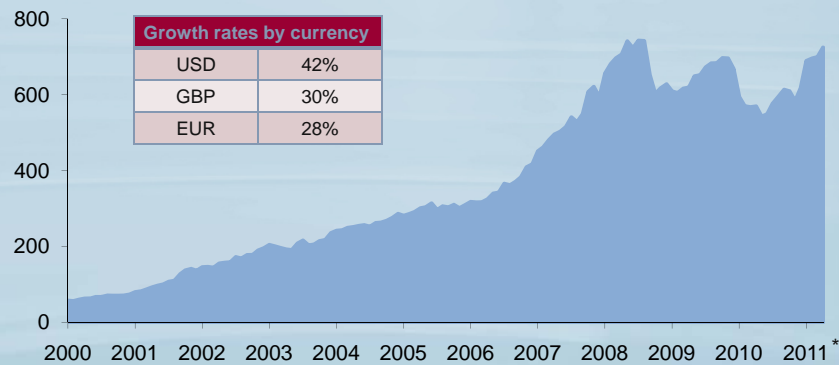
Billions of dollars, year-end, 1999-2011*



*Data through March 2011.
Source: Investment Company Institute

European Institutional Stable NAV Money Market Funds

Billions of dollars, 2000-2011*



*Data through April 2011.
Sources: iMoneyNet and IMMFA

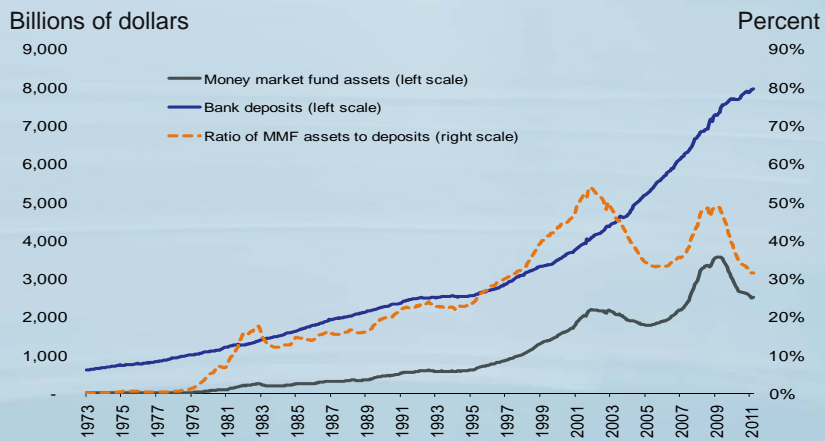
Selected Money Market Instruments*

January 2011

	Total	Money market fund holdings	
	Billions of dollars	Billions of dollars	Percentage of total
Total taxable instruments	\$12,007	\$2,179	18%
Agency securities	1,035	378	37
Commercial paper	1,078	405	38
Treasury securities	2,739	327	12
Repurchase agreements	2,611	508	19
Certificates of deposit	3,079	461	15
Eurodollar deposits	1,465	100	7

*Details and sources of data are available in the Report of the Money Market Working Group.

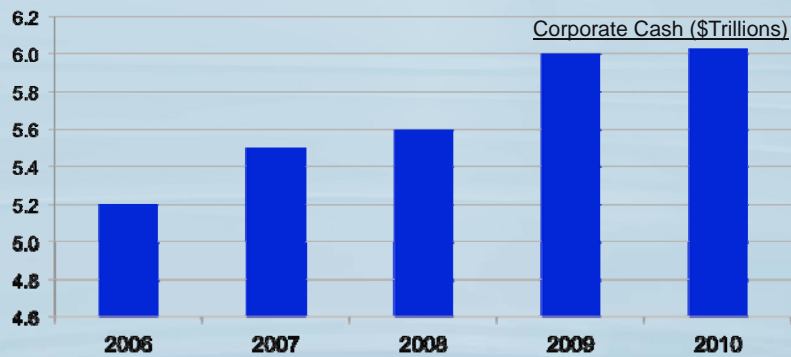
Money Market Fund Assets Versus Bank Deposits



Source: Federal Reserve

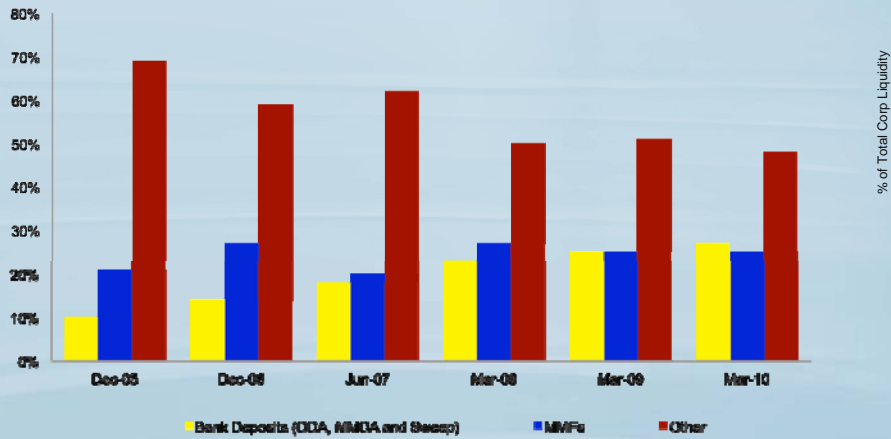
Disposition of Corporate Cash Assets

Corporate Cash Levels by Year



Source: Federal Reserve Data; Treasury Strategies, Inc.

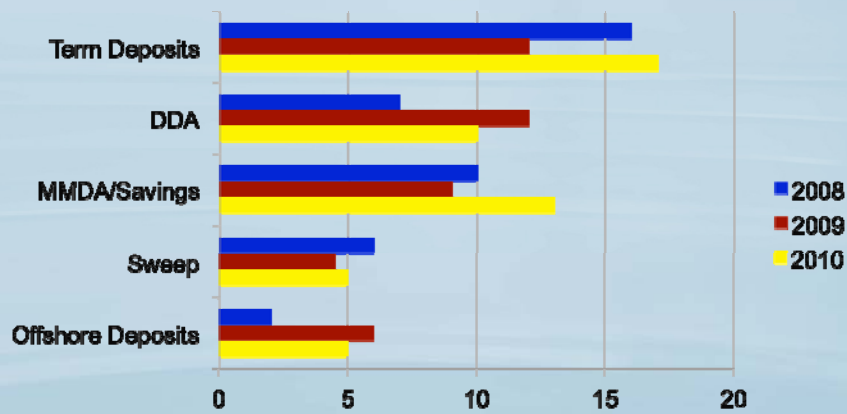
Historical Allocation of Corporate Cash



Source: Treasury Strategies, Inc.

10

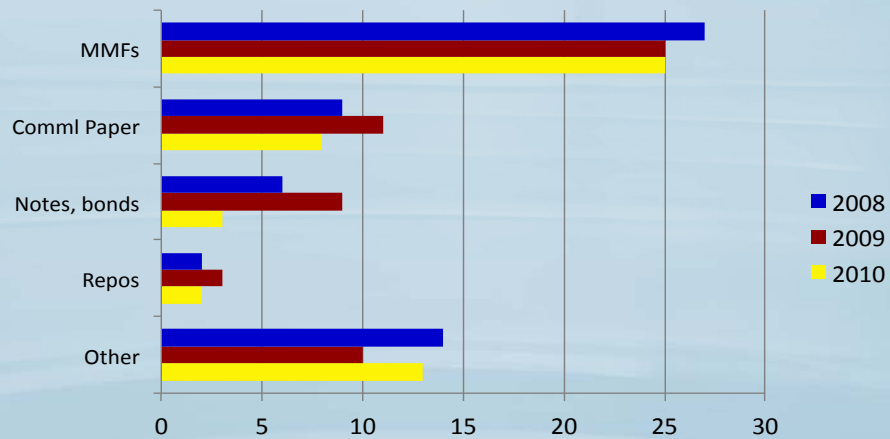
Allocation of Short-Term Liquidity Portfolio: Bank Instruments



Source: Treasury Strategies, Inc.

11

Allocation of Short-Term Liquidity Portfolio: Non-Bank Instruments



Source: Treasury Strategies, Inc.

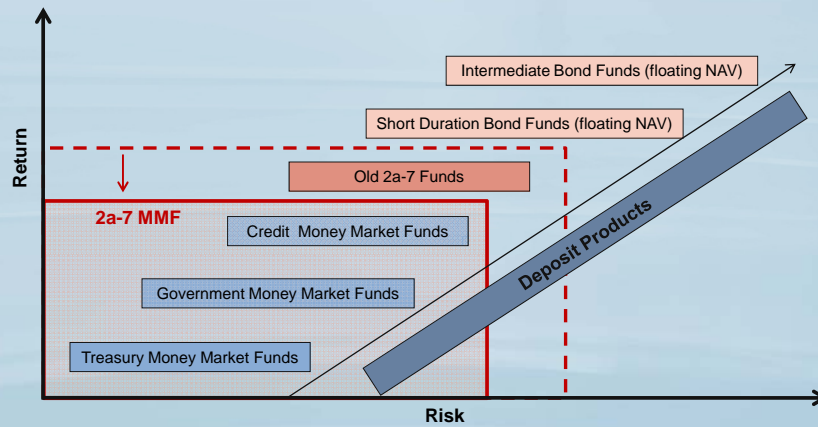
12

Regulatory Factors Impacting Corporate Liquid Assets

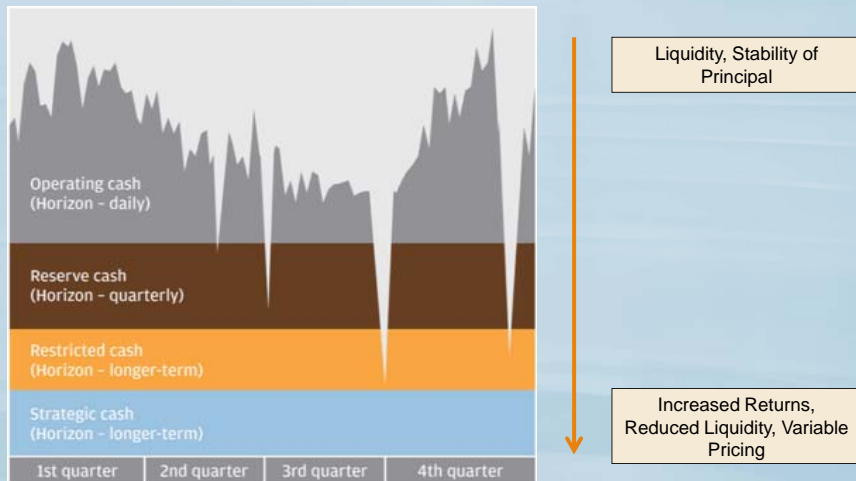
- Regulation Q repeal (Dodd-Frank Section 627)
- Basel III capital and liquidity pillars
- Rule 2a-7
- Solvency II
- OTC derivatives
- Accounting rules
- Regulatory arbitrage offshore

13

Money Market Fund Alternatives



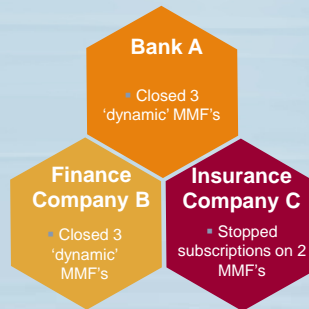
How Corporate Treasurers Segment Their Cash



This chart is shown for illustrative purposes only.

French Style Money Market Funds Have Floating NAVs

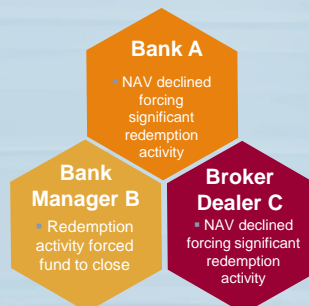
- 3 banks/asset managers froze redemptions on 'money market funds' in the summer of 2007.



Source: Les Echos, Le Figaro, Le Monde, Dow Jones, Le Revenue, Reuters. All 2007.

US Enhanced Cash Market with Floating NAVs

- Many asset managers had significant issues in the fall of 2008.



Nationally Rated Statistical Rating Organizations

NRSRO's Money Market Fund Ratings Criteria

Revised Rule 2a-7 is, in many respects, at least if not more stringent than previous NRSRO criteria for a highest rating

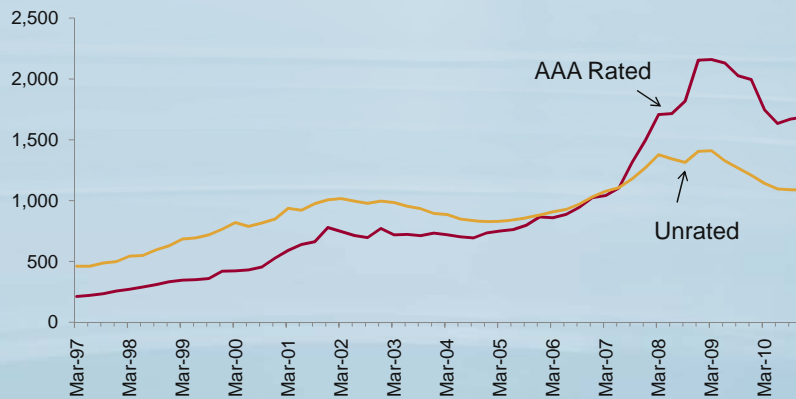
- Weighted average maturity of 60 days
- Weighted average life of 120 days
- Minimum liquidity requirements (10% overnight, 30% weekly)

NRSRO's recent changes include:

- Regularly performing stress tests or monitoring the adviser's stress test results. (Moody's and S&P)
- Liquidity requirements. 10% overnight and 25% within seven days (Fitch), overnight liquidity versus top three investors (Moody's)
- Weighted average life limit of 90 days (S&P)

Total Net Assets of Rated and Unrated U.S. Money Market Funds

Billions of dollars, March 1997- December 2010



Source: iMoneyNet.

Total Net Assets of Rated U.S. Money Market Funds

Billions of dollars, March 1997- December 2010



Source: iMoneyNet.

Total Net Assets of Prime Institutional Money Market Funds

Billions of dollars, March 1997- December 2010



Source: iMoneyNet.

Key Points

- Money market funds are an important financial product that serve 35 million American households and thousands of corporate and government clients.
- Despite a challenging environment and near zero yields, investors continue to trust money market funds as a secure and diversified option for their cash.
- Institutional investors continue to pay a premium for money markets funds over other strategies, despite less attractive returns.
- Stable NAV is an indispensable, core characteristic of money market funds.