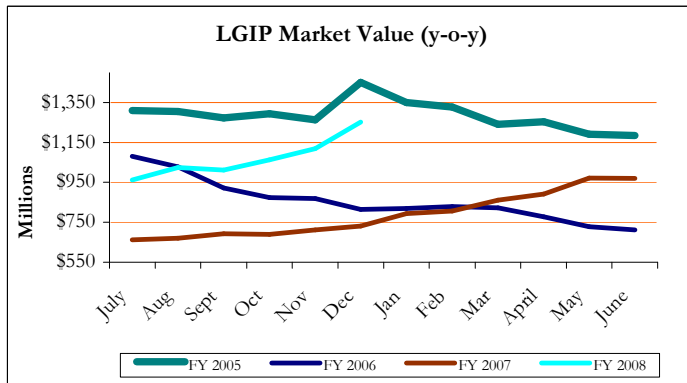


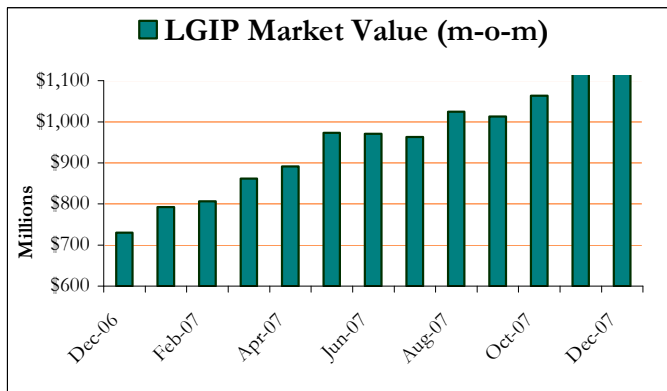
NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of December 31, 2007

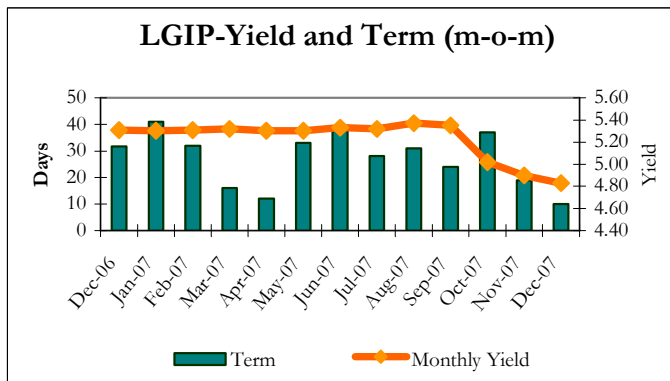
NEW MEXIGROW LOCAL GOVERNMENT INVESTMENT POOL (LGIP)



- The year-over-year market value of the LGIP portfolio as of December 31 was \$1.25 billion, compared to a market value of \$730 million at the same period last year and \$815 million at the same period two years ago.



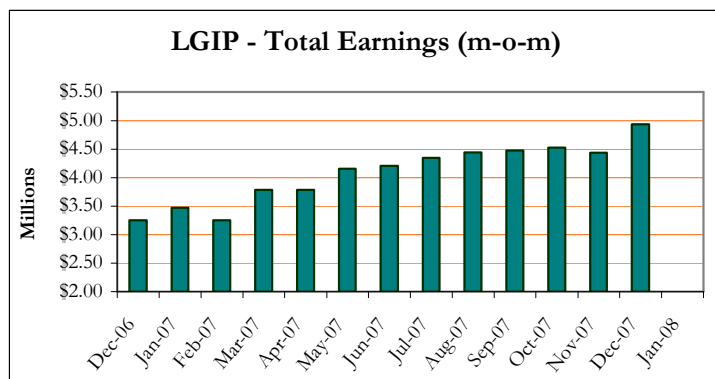
- During the month the market value of the portfolio increased 10%, from \$1.12 billion in November to \$1.25 billion. Participant contributions for December were \$165 million; withdrawals totaled \$36 million for the month.



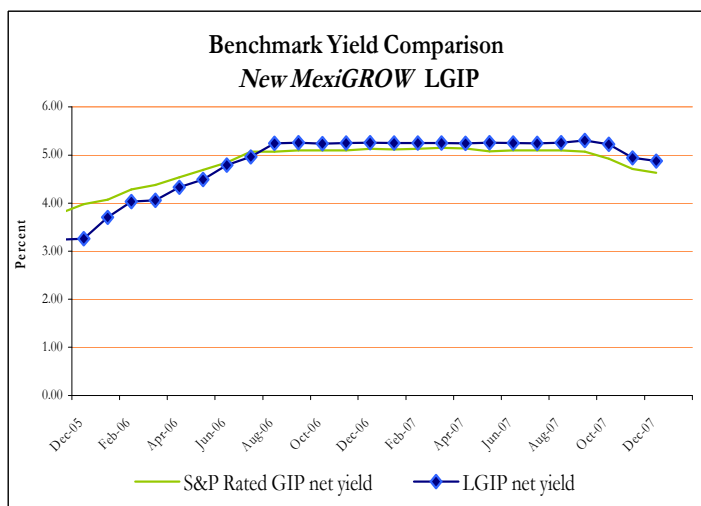
- The gross yield was 4.83% at December 31, a 1.24% decrease from November month-end of 4.89%. The weighted average maturity at December 31 was 10 days, down from the November 30 weighted average maturity of 19 days and within the S&P rating limit of 60 days.

Asset Type	Yield	Market Value	% of Portfolio	Term (days)
Agencies	4.50%	\$143,431,000	11.45%	36.9
Commercial Paper	4.91%	\$119,441,281	9.53%	35.1
Money Market Funds	4.86%	\$989,210,000	78.97%	1.21
LGIP Bank Account	4.21%	\$579,450	.05%	2
Total:	4.83%	\$1,252,661,731	100.0%	10

- The month-end portfolio holdings were 11.45% in U.S. government agency securities, 9.53% in A-1+ commercial paper, 78.97% in AAA money market funds, and .05% in the bank account balance.
- There were no purchases during the month of December.



- LGIP earnings for December totaled \$4.93 million, a 9.9% increase from November earnings of \$4.44 million. Fiscal year-to-date earnings totaled \$27 million compared to \$18 million through the same period last fiscal year.



- The 30-day net yield of the LGIP as of December 7 was 4.87%, outperforming the 30-day net S&P Rated Government Investment Pool (GIP) index (4.63%) by 24 basis points. The 30-day gross yield of the LGIP at December 7, 4.92%, surpassed the 30-day gross S&P Rated GIP index of 4.86%. The administrative fee assessed to participants for December was 3.2 basis points; fees collected through December 31 totaled \$192,013.

NEW MEXICO STATE TREASURER'S EXECUTIVE SUMMARY OF INVESTMENT ACTIVITY

As of December 31, 2007

Investment Strategy Employed During the Past Quarter

- **New MexiGROW LGIP:** Asset mix and asset types purchased for the portfolio maintained a 99% level of A-1+ rated investments. The weighted average maturity (WAM) was maintained at 50 days or less, averaging a 22 day WAM during the quarter. Money market funds have outperformed the overnight repo rate, therefore money market funds were utilized for investment and, as a result, the LGIP WAM decreased. In mid-October STO analyzed and compiled an approved DOCP list for LGIP investment. The list is systematically reviewed and submitted to a due diligence process in order to provide the highest possible safety level for LGIP investment. Maturity dates of purchased securities were laddered by week to provide constant cash inflows; however, the money market funds continued to be the primary instrument used for liquidity needs due to their competitive short-term rates. As a result of headlines regarding the Florida LGIP program, STO received numerous inquiries during the quarter concerning credit risk within the NM LGIP. Two published articles (Albuquerque Journal and Business Week) emphasized that the *New MexiGROW* LGIP does not invest in sub-prime investments. An announcement was also sent to all LGIP participants providing information of the types of investments held in the *New MexiGROW* LGIP and indicating that *New MexiGROW* LGIP does not invest in any type of sub-prime investment or any type of mortgage security.

Investment Strategy Plan For the Next Quarter

- **New MexiGROW LGIP:** Compliance with rating criteria will continue to mandate the investing strategy for the LGIP. Investment in agency discount notes will be utilized for shorter-term investments, callable agency securities will be utilized to enhance yields and extend WAM, and AAA rated money market funds will continue to be used for liquidity cash flows. An overnight repurchase program has been established with Columbia Management, however the LGIP will continue to utilize money market funds due to the higher returns. More active investment in fixed income securities is planned for the next quarter in order to redirect liquidity from the money market funds. On-going investment training of the LGIP Portfolio Manager will continue into the second quarter. STO has contracted with PFM for investment advisory services and the LGIP will be utilizing their services for direction during this turbulent market.

Asset Mix and Maturity Targets

- **New MexiGROW LGIP:** The WAM for the LGIP will be maintained at 60 days or less. Asset allocation will fluctuate between direct issue commercial paper, agency discount notes and callable bonds, money market funds, and the overnight repurchase pool depending on the most favorable yield and portfolio investment compliance limits. Commercial paper and agency discount notes will be utilized for shorter-term maturities, agency callable securities for longer-term maturities, and money markets for liquidity needs.