

# U|P|A|L

## MONEY MARKET FUND UPAL RETIREMENT PROGRAM

September 18, 2008

For its Retirement Program money market, UPAL utilizes the Institutional Vanguard Prime Money Market Fund (VMRXX).

The recent volatility in the financial markets sparked by the bankruptcy filing of Lehman Brothers Holdings Inc., the government loan to insurer AIG and the write-down of Prime Money Market Fund below \$1 per share have prompted a number of questions from UPAL members about the effect on the UPAL Money Market Fund.

UPAL is confident in the stability of its money market fund, which is managed by Vanguard with the objective of maintaining a stable net asset value of \$1 a share. Vanguard continues to manage its money market funds very conservatively and with extreme prudence, focusing on high quality, short-term money market instruments.

According to Vanguard, "All of the investments in our money market funds are closely examined by our Fixed Income Group's highly skilled and experienced credit analysts. Analysts assess the quality of each underlying issuer through in-depth credit analysis and do not rely on agency credit rating."

"Vanguard Prime Money Market Fund has no exposure to money market instruments issued by securities dealers, including Lehman Brothers. It also has no exposure to securities of AIG, the insurance concern that is being supported by loans from the federal government."

As of August 31, 2008, U.S. Treasuries and agencies accounted for approximately 53% of the Fund, with 46% comprised of CDs and high-quality commercial paper. 1% was invested in repurchase agreements.

*An investment in a money market fund is not insured or guaranteed by the FDIC of any other government agency. Money market funds seek to preserve value at \$1 per share. It is possible to lose money. Like all investments, money market funds are subject to risks of the underlying investments.*