



JAMES L. McINTIRE  
State Treasurer

State of Washington  
Office of the Treasurer

July 7, 2010

Deven Sharma  
President  
Standard & Poor's  
55 Water Street  
New York, NY 10041

Dear Mr. Sharma:

On June 30, 2010 Standard and Poor's published a grossly inaccurate portrayal of the funding status for the Washington State public employee pensions in your report titled "Pension Funding and Policy Challenges Loom for U.S. States." Instead of accurately reporting the audited, actuarially certified 100 percent funded status for the state's 13 pension plans in 2008, you reported only the funded status for the state's two oldest plans that were closed to new members in 1977. This error places Washington 38<sup>th</sup> among the states instead of 4<sup>th</sup>.

As you must understand from your own recent experiences, it can be difficult to repair damage to a reputation after an inaccurate analysis like this is widely disseminated. That is why *immediately* after seeing the report, my office and financial advisors called this serious mistake to the attention of the state's S&P analysts. Although the error has been acknowledged, a week has now passed without a public correction.

The State of Washington's reputation in the markets could be irreparably harmed if your flawed report stays in the public eye while your agency struggles to find a remedy. This is a particularly critical time for the state as we have an upcoming general obligation bond sale at the end of the month. As a credit rating agency, you are responsible for assessing the state's reputation in the financial markets, not destroying it!

I understand that an error of this magnitude casts doubt on the veracity of the whole report and the general conclusions of the analysis. I understand it could necessitate major revisions. Nonetheless – to ensure investors' have a correct assessment of the credit of the State of Washington – *I insist that Standard & Poor's publicly retract this erroneous report immediately!* Should Standard & Poor's choose to issue a new corrected version, it must be clear that the earlier report was withdrawn to fix a material error.

This is the right thing to do. And, if done quickly might even enhance your company's reputation – while also protecting ours. If left to linger, this will not only damage us but besmirches Standard & Poor's reputation as well. An immediate response to this serious problem is needed.

Sincerely,

A handwritten signature in blue ink that reads "James L. McIntire".

James L. McIntire  
State Treasurer

Cc: SEC Commissioners, Senator Dodd, Congressman Frank, Paul Coughlin

