

Steve Westly *California State Controller*



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FOR IMMEDIATE RELEASE

STATE CONTROLLER BRIEFS RATING AGENCIES ON CALIFORNIA'S CASH FLOW SITUATION

Sacramento, February 6, 2003 – California State Controller Steve Westly today advised rating agencies in New York that California is taking steps to meet its cash flow needs and will likely need to borrow between \$2 billion and \$8 billion before the end of the fiscal year.

"Wall Street should rest assured that we have a handle on our cash flow situation. We are prepared to borrow what we need to meet California's cash flow needs based on the level of cuts approved by the legislature," said Westly.

Westly said the Controller's Office is assembling a financing team to issue a Revenue Anticipation Warrant (RAW) in June 2003, and urged lawmakers to take action before then to minimize the borrowing.

"If lawmakers move quickly, we can limit the costs of borrowing. We have had some signs of progress, but compromise will be the key to our success," Westly said.

Controller Westly joined the discussions with Moody's and Standard and Poor's today via telephone and will join in a call to Fitch Ratings on Friday. The Treasurer and Director of Finance traveled to New York for the discussions.

The State Controller serves as the elected Chief Financial Officer for the State of California with direct responsibility for financial accounting, cash management, collections, disbursements, and auditing. In addition, the State Controller serves on 57 boards and commissions, including the State tax authorities (Board of Equalization and Franchise Tax Board), two of the country's largest pension funds (CalPERS and CalSTRS), and the State Lands Commission.

Controller Steve Westly began service on January 6, 2003 following his election last November. Westly was previously Senior Vice President of eBay, an investment banker, and a faculty member at the Stanford Business School, where he also received both his B.A. and M.B.A.

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