



NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

FOR IMMEDIATE RELEASE
October 2, 2007

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Treasurer Lockyer Urges Californians to Participate in First Stem Cell Bond Issue *\$250 Million Sale Makes State Leader in Embryonic Stem Cell Research*

SAN FRANCISCO – State Treasurer Bill Lockyer today called on individuals to participate in a \$250 million bond sale that will make California the nation's leader in human embryonic stem cell research, and mark the first time ever general obligation (GO) bonds will be used to directly finance the development of intellectual capital.

"Californians made history three years ago when they went to the ballot box and approved a \$3 billion investment in stem cell research," said Lockyer. "Now, they can be part of history again by investing in the medical science voyage they launched, which hopefully will lead to cures for diseases and suffering that ravage lives and families. This sale will be the nation's largest-ever investment in human embryonic stem cell research, and an unprecedented investment in intellectual capital."

"Three years ago, Californians committed the state to the most ambitious biomedical research program ever undertaken without federal support," said Robert N. Klein, chairman of the governing board of the California Institute for Regenerative Medicine (CIRM), which administers the State's stem cell research program. "They gave us a broad, bold mandate: turn stem cells into therapies and cures that can alleviate suffering for millions of patients in California and around the globe. This week's bond sale brings us one step closer to making that dream a reality. It is fitting that the most innovative bonds in history are available to individual investors early in the sale. Individual patients and families have the most to gain from stem cell research. The California Stem Cell Research and Cures bonds are the state's down payment on the medical research mandate to relieve human suffering."

The \$250 million in bonds will be issued under the California Stem Cell Research and Cures Act of 2004, approved by voters as Proposition 71. Of the \$250 million, roughly \$200 million will be new money to fund grants for human embryonic stem cell (hESC) research. Another \$45 million will pay back "bond anticipation notes" that also have financed hESC research grants. The BANs were provided by private individuals and foundations to keep Proposition 71's research program running while an ultimately unsuccessful legal challenge delayed the measure's bond financing.

(MORE)

The \$250 million bond issue will place California in the forefront of global research using hESCs. It will provide the largest investment in hESC research in the nation's history. Lockyer and CIRM officials believe it also ranks as the world's largest-ever investment in hESC research. To help illustrate the magnitude of the investment made possible by the \$250 million bond sale, Lockyer noted the National Institute of Health since the 2002 fiscal year has funded a total of \$131 million in hESC research.

Experts believe embryonic stem cells hold more potential to help develop treatments and cures for diseases than other types of human or animal stem cells.

The \$250 million bond sale will take place on Thursday, but individual Californians will be able to place their orders on Wednesday. This early order period allows individual investors to purchase these historic stem cell bonds before large, institutional investors such as mutual funds or insurance companies. Not only does the early order period put individual buyers at the head of the investment line, but it allows them to pay the same price as institutional purchasers – and avoid paying an up-front sales commission to their broker.

The minimum buy-in for individual investors is \$5,000. Interest earned on the bonds will be subject to federal income tax, but not state income tax.

Californians interested in buying the stem cell bonds should visit www.buycaliforniabonds.com, a first-of-its-kind web site operated by Lockyer's office. The site provides information on how to purchase stem cell bonds in the early order period, and links to brokers who will place investors' orders. The site also contains the official prospectus for the sale, information to help new investors understand and interpret the bonds' credit ratings, and answers to basic questions about these GO bonds and investing in them.

As Treasurer, Lockyer manages the sale of all GO bonds issued by the State, including the stem cell bonds.

The 29-member governing board of the CIRM already has approved \$208 million in hESC research grants. The \$200 million raised by the bond sale will provide money to help fund those grants. The approved grants include: \$50 million to finance construction of shared research laboratories at academic and nonprofit institutions; and \$158 million to researchers at 23 academic and nonprofit facilities in California.

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