

Managing Credit & Bond Issuance in Turbulent Times

presentation to

Metropolitan Washington Council of Governments

October 8, 2008

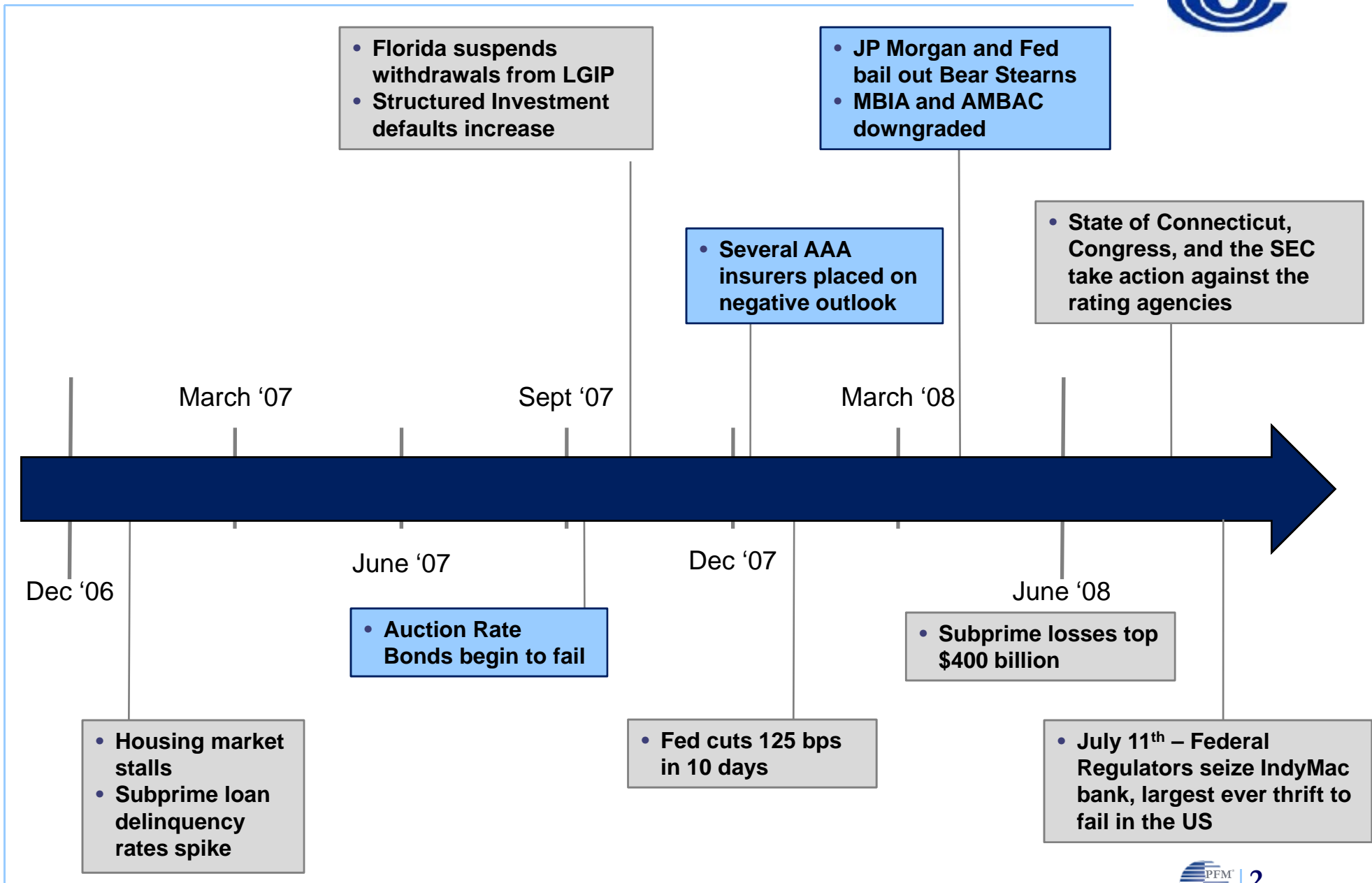
presented by

JoAnne Carter, Managing Director

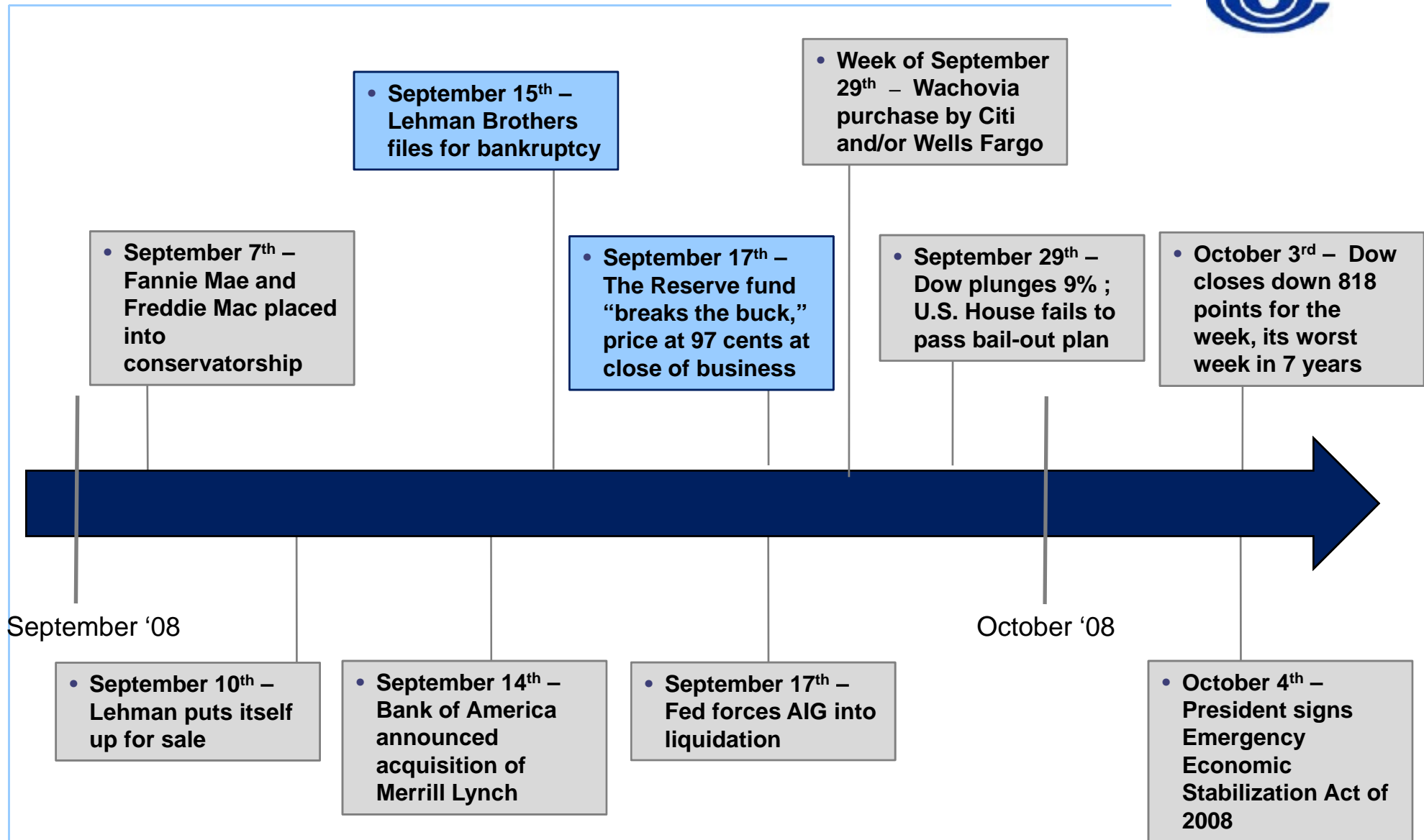
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Credit Crunch: Part 1



Credit Crunch: Part 2



Demise of Triple-A Bond Insurers

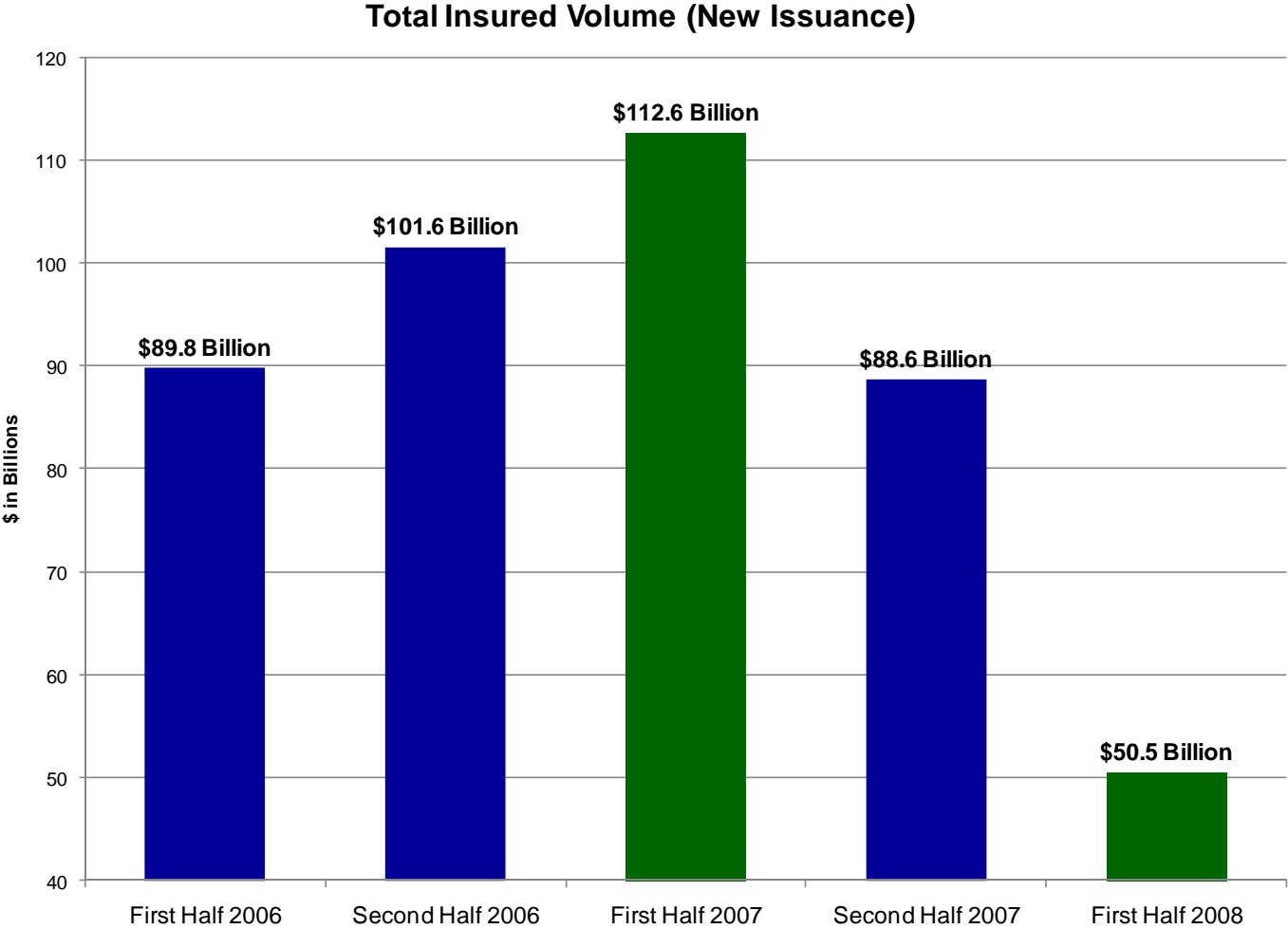


Only 2 of 7 triple A bond insurers still maintain triple-A ratings.

	Moody's	S & P	Fitch
AMBAC	Aa3 Negative Watch	AA Negative	Withdrawn
Assured Guaranty	Aaa Negative Watch	AAA Stable	AAA Stable
CIFG	Ba2 Watch Developing	B Developing Watch	CCC Evolving Watch
FGIC	B1 Negative	BB Negative Watch	CCC Evolving Watch
FSA	Aaa Negative Watch	AAA Negative	AAA Stable
MBIA	A2 Negative Watch	AA Negative	Withdrawn
Syncora*	B2 Positive Watch	BBB- Negative Watch	Withdrawn

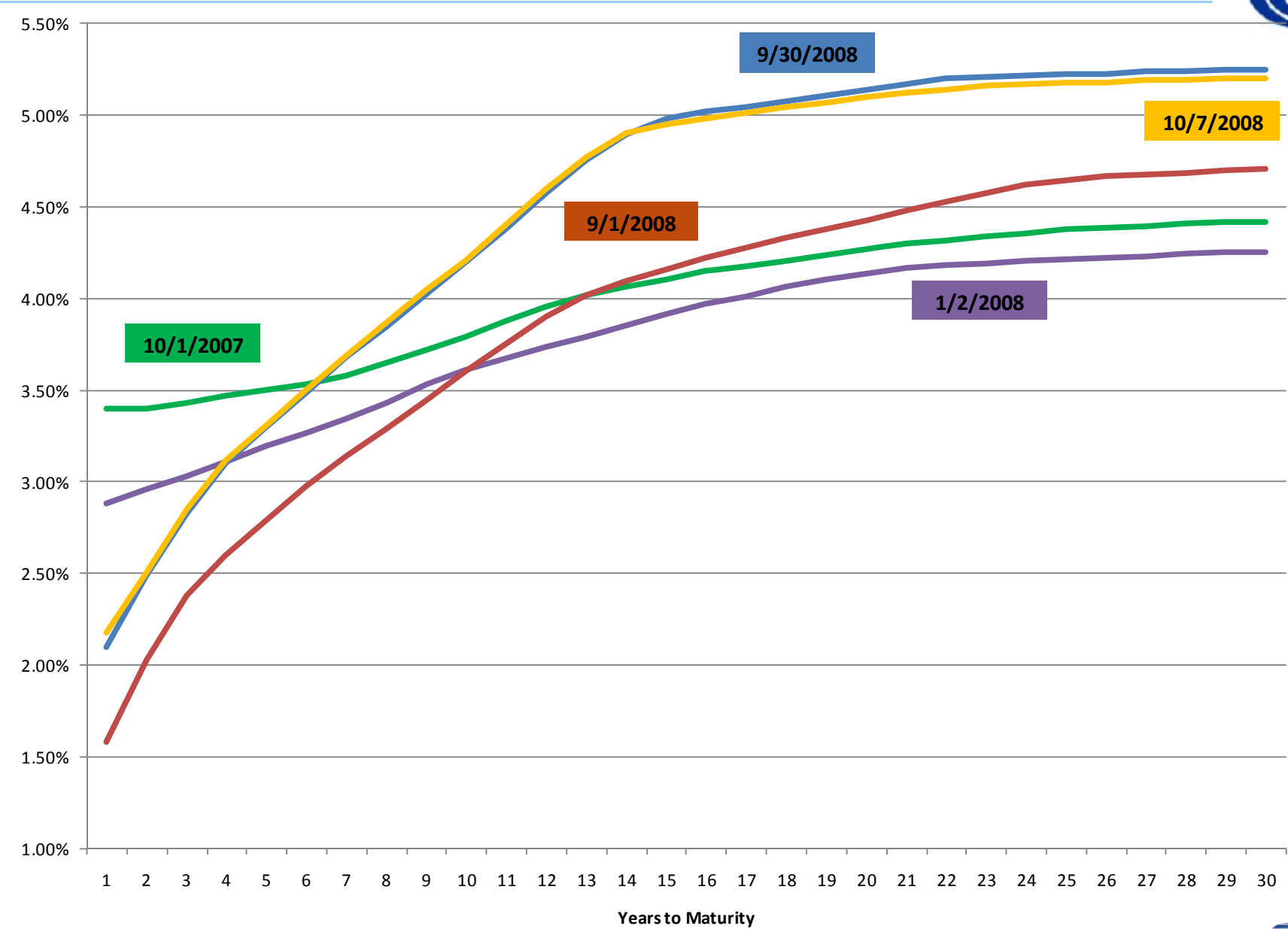
Data as of 10/2/2008. *Formerly XL Capital.

Decline of Insured Issuance



Source: The Bond Buyer, August 2008.

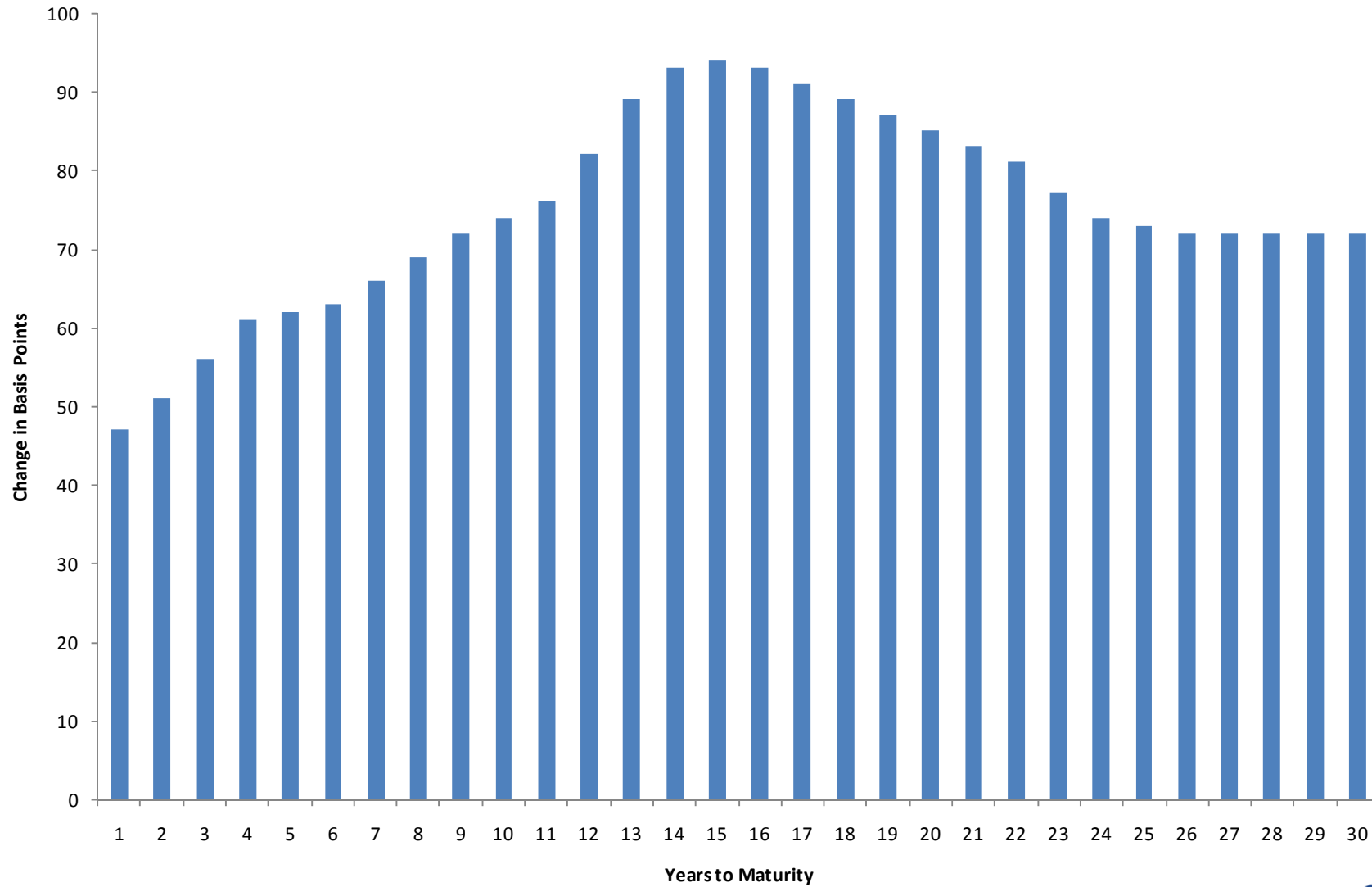
Municipal Bond Rates



Interest Rate Spike



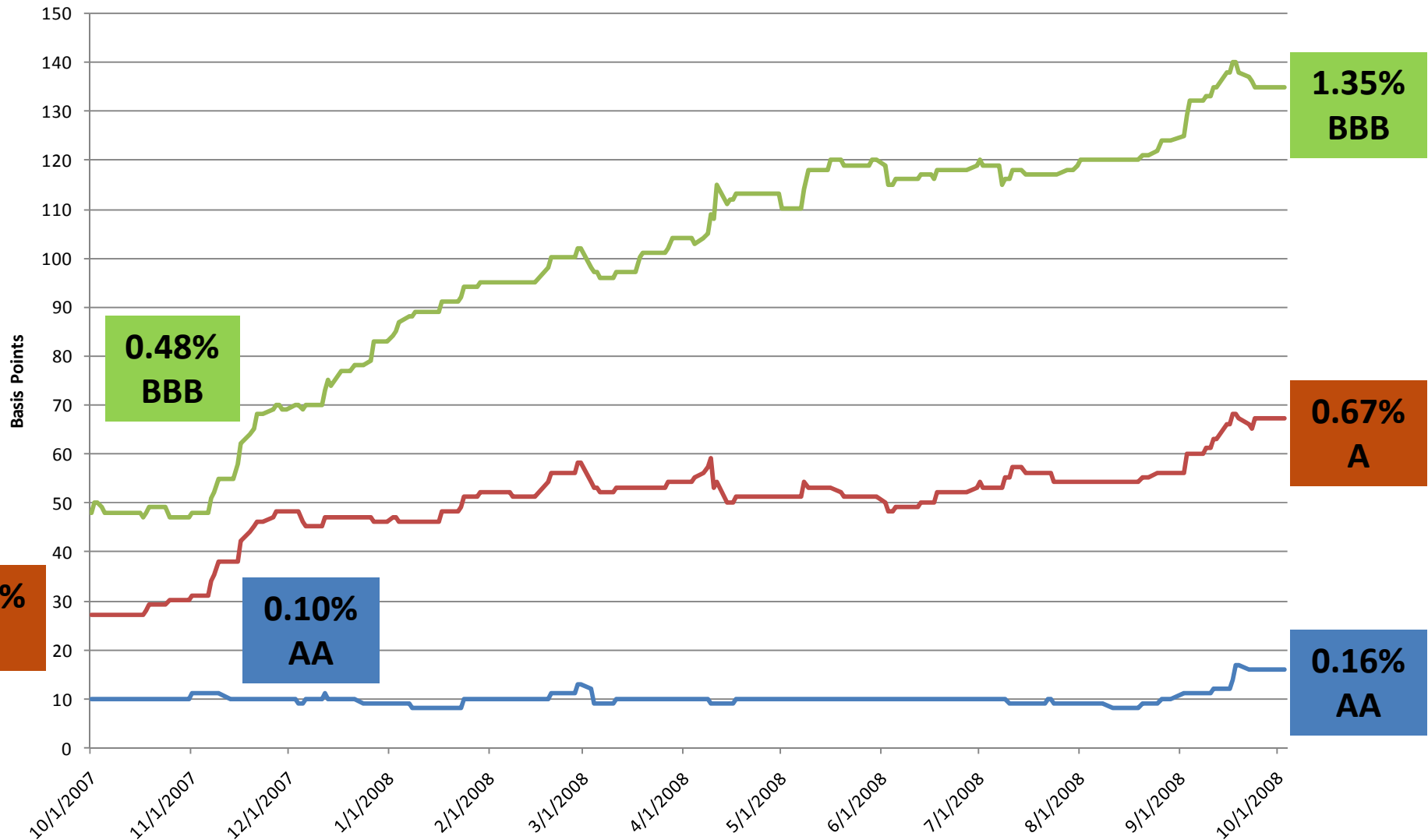
**Change in AAA GO Rates
9/12/2008 to 10/02/2008**



Credit Spreads Widen



General Obligation (G.O.) Spread vs. AAA G.O. Rates *



0.27%
A

0.48%
BBB

0.10%
AA

1.35%
BBB

0.67%
A

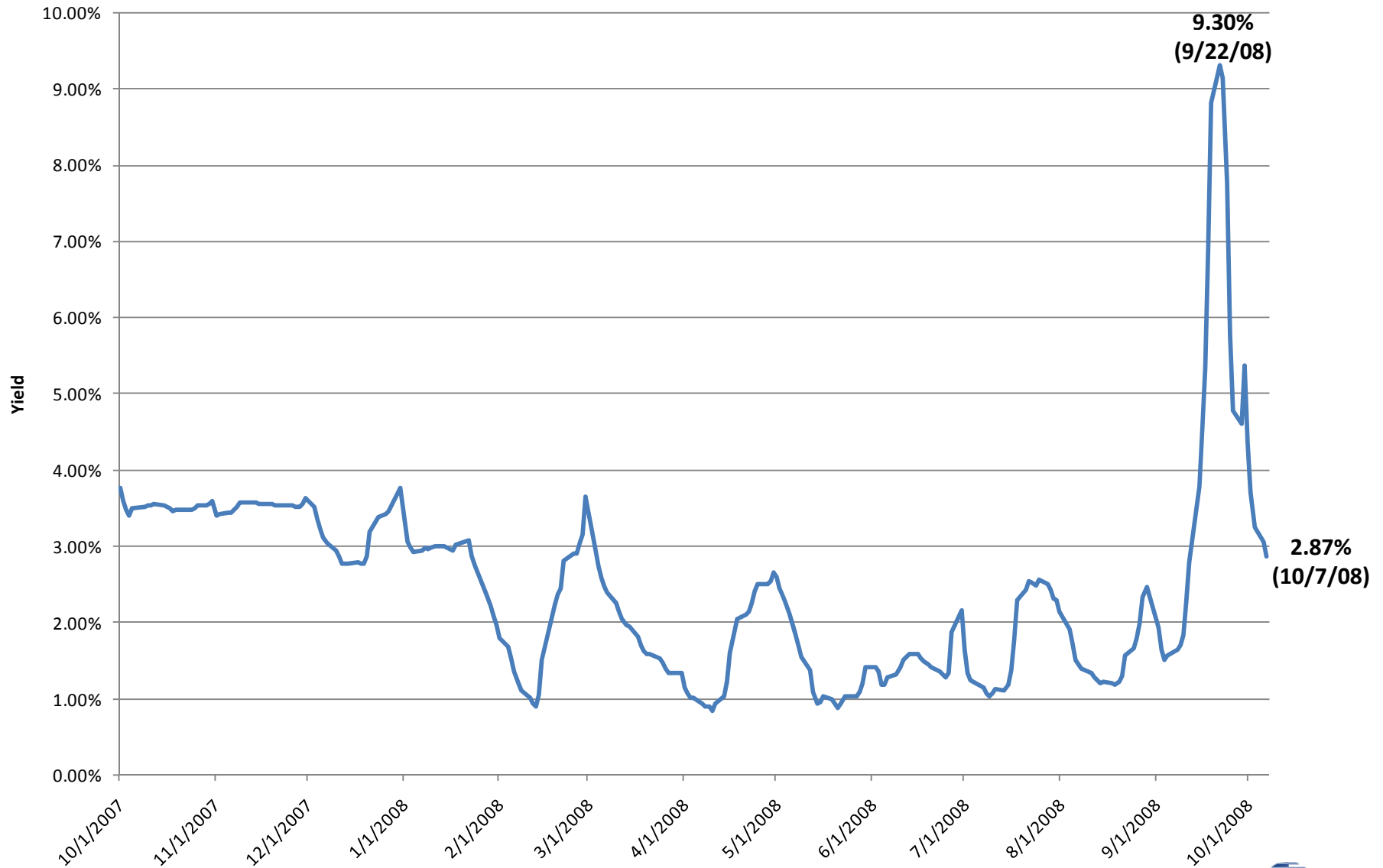
0.16%
AA

Source: TM3 *Ten Year Maturity

Variable Rate Bonds



Average of Daily Resets on Tax-Exempt Variable Rate Debt



What Next?

