

## Standard & Poor's Underlying Ratings In Most Bond-Insured Transactions Are Strong And Stable

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Standard & Poor's Ratings Services currently maintains more than 19,000 SPURs on municipal issuers in the U.S. Standard & Poor's underlying ratings, or SPURs, represent our view of the creditworthiness of the primary obligor without regard to any form of third-party credit enhancement. SPURs provide value to investors holding bond-insured paper as they seek to differentiate among issuers by underlying credit quality in the enhanced sector. Over the years, we have seen several benefits to issuers that have requested assignment of underlying ratings, including:

- An ability to benchmark pricing on an uninsured entity;
- Negotiating premiums for bond insurance;
- Pricing and negotiating counterparty agreements; and
- Comparative peer analysis.

In an effort to provide issuers and other interested parties with a single consolidated source for viewing all Standard & Poor's Public Finance SPURs, today we have placed a file on [www.spviews.com](http://www.spviews.com) that lists over 19,000 SPUR ratings alphabetically by state. (On [spviews.com](http://spviews.com), choose "Research & Commentary" on the left hand navigation bar. On the dropdown menu, select "U.S. Public Finance" and the list is posted there.) This file will be updated as new SPURs are released on a twice-monthly basis.

### ***Underlying Credit Quality Is Healthy***

For most issuers, SPURs reflect our current view of the strength and stability underlying most public finance bond-insured issues.

Chart 1 shows the distribution of these ratings by category for all insured issues where a SPUR has been requested. The sample size represents approximately 60% of all public finance

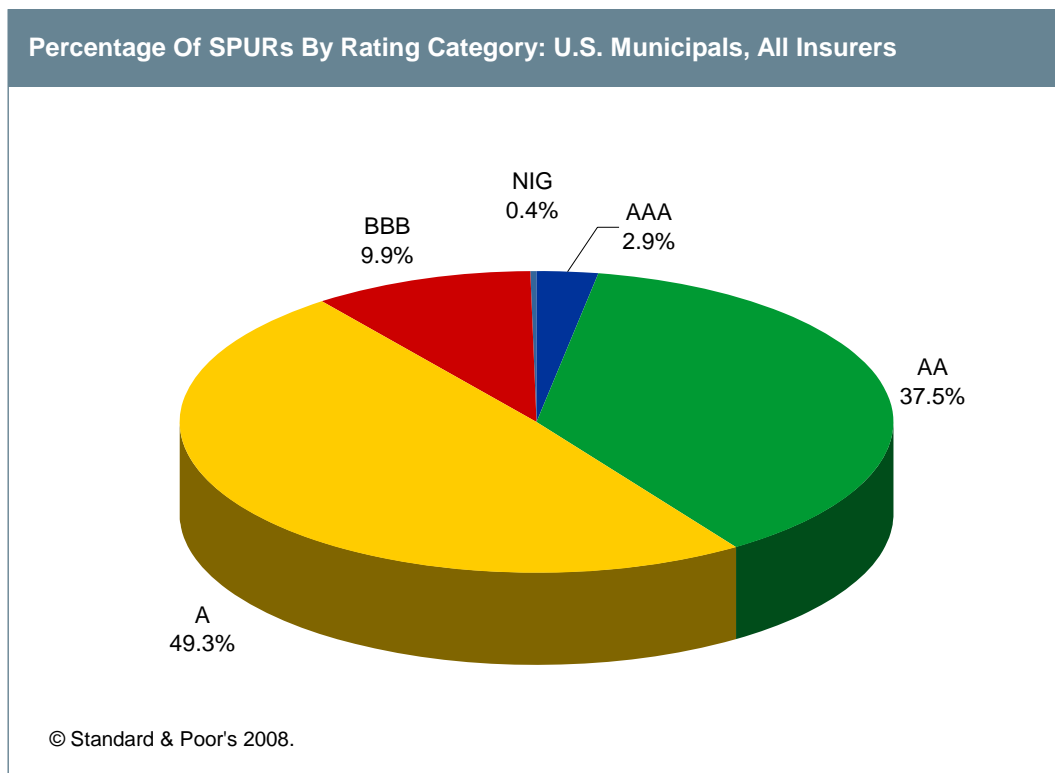
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insured issues rated by Standard & Poor's. As chart 1 shows, slightly over 40% are rated in the 'AAA/AA' categories, and nearly 90% are rated 'A' or above. Noninvestment grade SPURs are less than 0.5%.

Chart 1

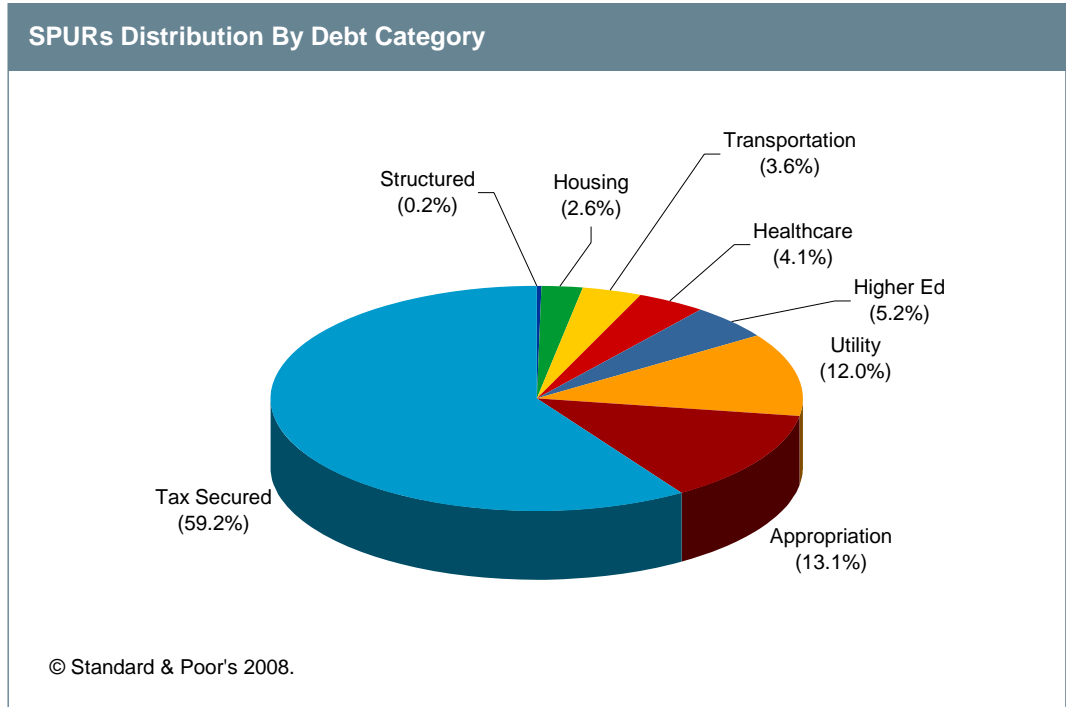


The table below shows the rating category distribution of SPURs by each insurer. The distribution is very similar for all insurers that have or recently had 'AAA' ratings.

	AAA	AA	A	BBB	BB	B	CCC	C
ACA	-	1.16	8.14	79.07	9.30	2.33	-	-
Ambac	2.42	32.66	53.88	10.75	0.20	0.05	-	0.05
Assured Guaranty	2.05	16.44	48.63	32.88	-	-	-	-
CIFG	1.50	30.42	54.86	13.22	-	-	-	-
FGIC	3.09	39.62	50.03	6.86	0.18	0.21	-	-
FSA	3.49	41.27	46.74	8.36	0.14	-	-	-
MBIA	3.49	42.05	47.60	6.37	0.23	0.15	0.06	0.04
RADIAN	-	0.70	18.18	78.32	2.45	0.35	-	-
XL Capital	0.63	30.53	58.37	10.47	-	-	-	-
Total	2.91	37.54	49.29	9.88	0.24	0.10	0.02	0.02

Industry-wide, the sector distribution of SPURs shows a significant 85% concentration in tax-backed, appropriation, and local utility sectors. The less stable health care, transportation, and housing sectors account for only 10% of these ratings (see chart 2).

Chart 2



***Standard & Poor's Policy Regarding Issuance Of SPURs***

If an issuer requests Standard & Poor's to rate a bond-insured transaction, we will provide the SPUR at no additional cost. Should the issuer come to Standard & Poor's seeking a rating on an issue prior to obtaining insurance, we charge for that rating. If insurance is subsequently obtained, we provide a rating on the insured obligation, if requested, at no additional cost. To underscore our policy: the issuer pays only one fee to Standard & Poor's.

For additional information on obtaining a SPUR from Standard & Poor's, please call any of these contacts: Geoff Buswick, Boston, (617) 530-8311; John McGowan, Chicago, (312) 233-7019; Mal Fallon, Dallas, (214) 871-1402; Steve Zimmermann, San Francisco, (415) 371-5004; Diane Brosen, New York, (212) 438-7973.

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