



## **Conference Call Summary 3/31/08**

### **SUBPRIME PROBLEM IS OVER!!!**

**Currently 238 billion written off out of 242 billion predicted.**

#### **Municipal Markets in crisis:**

- Real Estate prices dropping, tax revenue shrinking, while finance costs are doubling.
- Paying off the auction rates will be catalyst that drives spreads higher.
- As Ambac and MBIA are taking a step back investors will be taking a closer look at municipalities balance sheets and revenue.
- Municipalities already are extremely leveraged, not including auction rate debt.

**Tip: If the total tax revenues are less than 15% of the total outstanding debt, be wary.**

- Dow at 8800 by late Summer due to credit spread expansion and the mandate by investors on equities to pay more revenues in the form of dividends.

Dow at 13,000 Near Term

Dow at 8800 by Summer