NEWS RELEASE

NFMA COMMENTS ON YIELD BURNING

For immediate release
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The National Federation of Municipal Analysts (NFMA) is encouraged that recent settlements of yield burning charges have established a precedent for the allocation of financial penalties to the responsible parties and for the protection of the bond investors.

It is the NFMA's understanding that, in these settlements, the tax-exempt status of the bond issues in question will remain unchanged. The NFMA strongly believes that this resolution is appropriate and fair. Bondholders should not be held accountable for transgressions on the part of issuers, issuers' advisors, borrowers or underwriters. Bondholders do not participate in the structuring of escrows and are given very little, if any, information about the purchase of the escrow securities, which generally occurs after the bonds are evaluated and priced by investors. These issues are beyond the control and knowledge of bondholders. Under these circumstances, revocation of the tax-exempt status of even a few bond issues would be highly disruptive to the municipal bond marketplace and would result in a probable decline in value of all outstanding tax-exempt bond issues. Moreover, if the primary purpose of such enforcement actions is to punish transgressors and deter future violations, then it is important that the right parties be penalized and otherwise held accountable.

The NFMA notes, however, that until the yield burning matters are finally resolved, the potential continues to exist that an issue of bonds will lose its tax-exempt status. In order to ensure the continued efficient operation of the municipal market in light of this concern, it is imperative that the municipal market be given current and uniform information about any bond issue which may be vulnerable. The NFMA strongly believes that even a preliminary notification by the Internal

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Revenue Service that a bond issue is the subject of an investigation or audit with respect to yield burning constitutes a material event and is therefor required to be disclosed to the market as an "event affecting the tax-exempt status of the security" in accordance with SEC Rule 15c2-12, as amended. The NFMA does not believe that the materiality of the event should rest on an issuer's subjective determination as to its financial, strategic and political wherewithal to resolve the matter without jeopardizing the tax-exemption of the bonds. On the contrary, a consistently applied market standard in favor of disclosure should be encouraged.

Established in 1983, the NFMA is an organization of nearly 1,000 municipal securities professionals, primarily composed of research analysts who evaluate credit and other risks involved in the ultimate purchase or ownership of municipal securities. NFMA members represent a wide variety of institutional investors, bond rating agencies, bond insurance companies, investment firms and financial advisors.