

## Deal Spotlight: General Obligation

### The City of New Orleans, Louisiana

Public Improvement Bonds

\$75,000,000

Ratings: Aa3 (Moody's)/AA (S&P)

Underlying Ratings: Baa3 (Moody's)/BB (S&P)/BBB (Fitch)

UW: Merrill Lynch & Co., Inc.

FA: Public Financial Management, Inc.

Dated Date: 12/14/07

### Radian Insures the City of New Orleans' First G.O. Issue since Hurricane Katrina

The City of New Orleans (the "City") issued \$75 million of public improvement general obligation (G.O.) bonds through a competitive bid offering.

The City is located in southeastern Louisiana, approximately 110 miles from the mouth of the Mississippi River. With nearly 224,000 residents in 2006, the City estimates that its population for 2007 is 273,000.

The bonds are secured by the full faith and credit G.O. pledge of the City. Debt service on the bonds will be paid by the New Orleans Board of Liquidation (the "Board"). Established 127 years ago in 1880, the Board's primary purpose is to separate repayment of the City's G.O. bonds from the City's operating funds. This maintains a dedicated source and security for the payment of the City's G.O. bonds.

The City's total assessed valuation is \$2.1 billion for fiscal year 2007. Following a reappraisal of property for the 2008 tax roll, the assessed value is expected to rise above \$2.5 billion. The 2007 estimated market value is \$14.8 billion. Sales taxes are one of the City's largest sources of operating revenues. Sales tax collections rebounded by 7% in 2006 with unaudited collections of approximately \$125 million.

The bond proceeds will be used for various purposes ranging from street repairs to the improvement of parks, libraries and other facilities.

The City's underlying ratings from Moody's, Standard & Poor's and Fitch were upgraded earlier in the year to Baa3, BB and BBB, respectively. The City accessed the market at lower interest rates based on Radian's "AA" ratings. Attached are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2022	2027	2033	2036
Coupon	5.00%	5.00%	5.125%	5.25%
Yield	4.87%*	5.09%	5.23%	5.26%
Spread to MMDL High Grade (bps)	+ 81	+ 88	+ 91	+ 91

\* Priced to the 2017 par call.

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