

# 2008 Review

January 2009

## Siebert Brandford Shank remains a top-ranked underwriter nationally

### 2008 Highlights

- Significant firm growth adding new bankers, sales professionals and offices
- Book-running senior manager for one of the largest deals of the year
- Book-running senior manager for largest deal in history managed by a minority-owned firm
- Ranked 9th as senior manager during turbulent final quarter of 2008
- 2008 negotiated senior manager annual ranking of 14th in the nation
- 2008 national rank of 11th as negotiated co-manager
- #1-ranked MWBE firm since 1998
- #1-ranked co-manager for all airport deals since 2000 (cumulative)

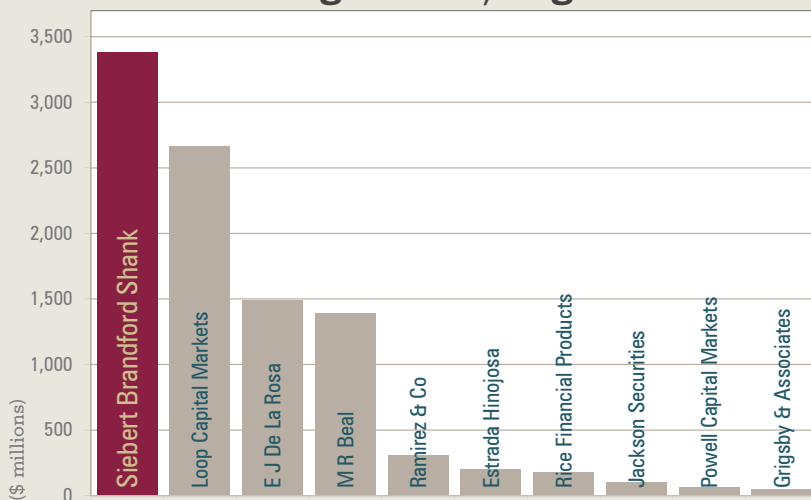
### National Rankings for the Year of 2008

Siebert Brandford Shank continued to move ahead nationally, ranking 14th as senior manager of negotiated new issues for the full year of 2008. In addition the firm remained the nation's number one minority-owned firm as senior manager of negotiated new issues, a position held since 1998.

### Senior Manager, Negotiated

Senior Manager (Bookrunner)	Par Amount (US\$ mil)	Rank
Citi	50,971.9	1
Bank of America Merrill Lynch	49,095.5	2
J P Morgan Securities	35,871.9	3
Morgan Stanley	30,988.0	4
Goldman Sachs & Co	29,480.0	5
Barclays Capital	21,151.4	6
UBS Securities LLC *	15,156.3	7
RBC Capital Markets	14,738.3	8
Wells Fargo & Co	10,127.1	9
Morgan Keegan & Co	8,452.4	10
Piper Jaffray & Co	5,312.6	11
George K Baum & Company	4,224.0	12
PNC Financial Services Group	3,693.9	13
<b>Siebert Brandford Shank &amp; Co</b>	<b>3,491.1</b>	<b>14</b>
Stone & Youngberg	2,974.5	15
DEPFA First Albany Securities	2,964.6	16
Loop Capital Markets	2,666.4	17
BB&T Capital Markets	2,405.0	18
SunTrust Capital Markets	2,154.1	19
Southwest Securities	2,137.3	20
First Southwest Company	2,088.1	21
E J De La Rosa & Co	1,490.1	22
Fifth Third Securities	1,423.6	23
Robert W Baird & Co	1,408.1	24

Minority Underwriters: Senior Manager Rank, Negotiated



Source for rankings: Thomson Financial: Securities Data Corp.

\*No longer in public finance business.

# Siebert Brandford Shank continued to expand its position in municipal finance throughout 2008

Even though the banking/financial crisis has hit many firms hard, Siebert Brandford Shank continues to expand and thrive in spite of increasingly difficult conditions in the financial markets. In 2008 our firm increased its staff by 20% and its capital base by 15%.

**New hires in sales and trading** In July the firm added three managing directors to its municipal sales and trading department, expanding when other firms were cutting back. All have extensive experience in municipal sales and trading operations that complement Siebert Brandford Shank's already formidable trading department.

**New bankers** Siebert Brandford Shank also added twelve new banking staff in the New York, Chicago and Seattle offices in 2008 ensuring that the firm will be sufficiently staffed to meet our clients' needs as business increases.

## Despite many pressures, Siebert Brandford Shank provided exceptional leadership in the market as an underwriter for numerous transactions during the volatile final quarter of 2008.

Between September 15, and December 31, 2008, Siebert Brandford Shank served as senior manager on 7 transactions (including as sole manager on 2 transactions), co-senior manager on 9 transactions and co-manager on 55 transactions. The senior-managed GO transaction for the State of Connecticut priced during that period was historic in that the sale garnered more retail orders than had ever been achieved for any previous Connecticut GO issue.

**"This Connecticut bond sale has set a new positive tone in the market for municipal securities: one that is welcomed and sorely needed. It would not be a stretch to say that this transaction has led the way to an overall decline in municipal yields market-wide, and heralded the return of investors to the municipal marketplace."**

*Connecticut Treasurer Denise Nappier, October 23, 2008*

## Senior Manager Rankings September 15 to December 31

Senior Manager (Bookrunner)	Par Amount (US\$ mil)	Rank
Bank of America Merrill Lynch	12,946.5	1
Citi	8,600.4	2
J P Morgan Securities Inc	8,289.2	3
Morgan Stanley	7,151.9	4
Goldman Sachs & Co	5,553.2	5
RBC Capital Markets	4,840.2	6
Wells Fargo & Co	2,121.9	7
Morgan Keegan & Co Inc	1,714.4	8
<b>Siebert Brandford Shank &amp; Co</b>	<b>1,451.2</b>	<b>9</b>
Barclays Capital	1,425.3	10
Piper Jaffray & Co	949.9	11
BB&T Capital Markets	938.2	12
PNC Financial Services Group	677.2	13
Ziegler Capital Markets	654.8	14
Loop Capital Markets	624.5	15

## U.S. Municipal New Issues: SBS ties as Bookrunning Manager for 6th Largest Deal in 2008

	Sale Date	Issuer	Issuer Description	Par (\$000s)	Bookrunner	SBS Role
1	16-Oct	State of California	RANs	\$ 5,000,000	Bank of America Securities	Co-senior Manager
2	7-Feb	State of California	Economic Recovery Bonds	3,179,260	Lehman Brothers	Co-manager
3	6-Mar	North Texas Tollway Authority	System Revenue Refunding Bonds	2,407,679	Lehman Brothers	Co-financial Advisor
4	16-Apr	Connecticut	General Obligation Bonds	2,276,578	Bear Stearns	Co-senior Manager
5	30-Jul	Chicago Transit Authority	Sales & Transfer Tax Receipts Bonds	1,936,855	Morgan Stanley	Co-manager
<b>6*</b>	<b>4-Mar</b>	<b>State of California</b>	<b>Various Purpose GO Bonds</b>	<b>1,750,000</b>	<b>Siebert Brandford Shank</b>	<b>Lead manager</b>
6*	10-Apr	State of California	Various Purpose GO and Refunding	1,750,000	Morgan Stanley	Co-manager
6*	19-Jun	Florida Citizens Prop. Ins. Corp.	Senior Secured Bonds	\$ 1,750,000	Morgan Stanley	

\* Tied for sixth place.

Note: Full credit given to the senior manager that served as bookrunner.

## Continued Leadership in Water and Sewer Financings

In 2008 Siebert Brandford Shank served as a senior manager for 21 water and sewer deals with a combined total par of \$9.61 billion and including three senior-managed and four co-senior managed transactions.

\$504,905,000  
NY Water Finance Authority  
Water & Sewer Rev Bonds,  
Series 2008DD



Senior Manager

\$385,305,000  
Detroit Water Supply System  
Series 2005B, 2001C  
(Remarketing)



Senior Manager

\$200,000,000  
LA Dept. of Water & Power  
Series 2008A



Senior Manager

## Notable 2008 Financings for State Issuers

<p>\$1,750,000,000 California State GO, Series 2008B</p>  <p>Senior Manager</p>	<p>\$680,580,000 Michigan Municipal Bond Authority, Series 2008A-2</p>  <p>Senior Manager</p>	<p>\$500,000,000 State of Connecticut GO, Series 2008C</p>  <p>Senior Manager</p>	<p>\$151,615,000 District of Columbia GO Series 2008F</p>  <p>Senior Manager</p>	<p>\$62,500,000 New Jersey Econ Dev Auth Series 2004 B (Remarketing)</p>  <p>Sole Manager</p>	<p>\$36,880,000 Ohio Capital Facil, Series II 2008A &amp; Cult/Sports, 2008A</p>  <p>Senior Manager</p>
<p>\$27,000,000 Michigan Municipal Bond Authority, Txbl Series 2008A</p>  <p>Senior Manager</p>	<p>\$11,560,000 District of Columbia HFA Series 2008</p>  <p>Sole Manager</p>	<p>\$5,000,000,000 California State RANS Series 2008A</p>  <p>Co-senior Manager</p>	<p>\$765,695,000 Dormitory Auth State of NY Series 2008B&amp; C</p>  <p>Co-senior Manager</p>	<p>\$672,100,000 New York State Urban Dev. Corp., 2008D1 &amp; 2008D2</p>  <p>Co-senior Manager</p>	<p>\$466,700,000 New York State Thruway Authority, Series 2008A</p>  <p>Co-senior Manager</p>

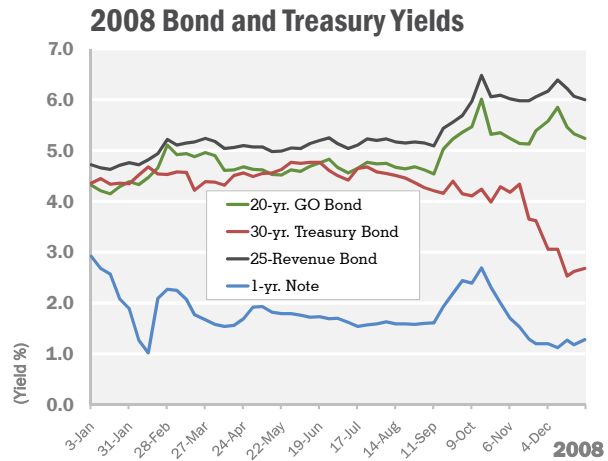
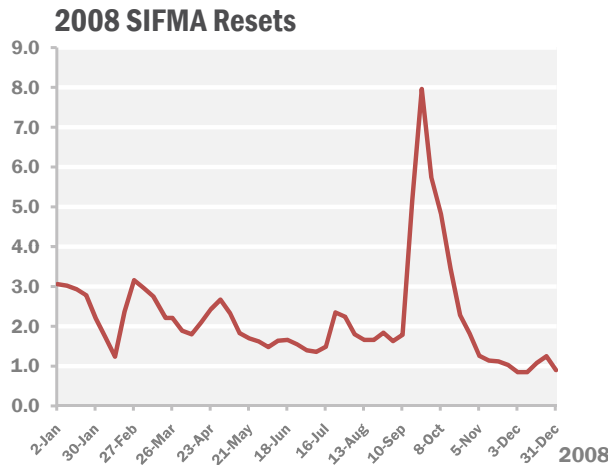
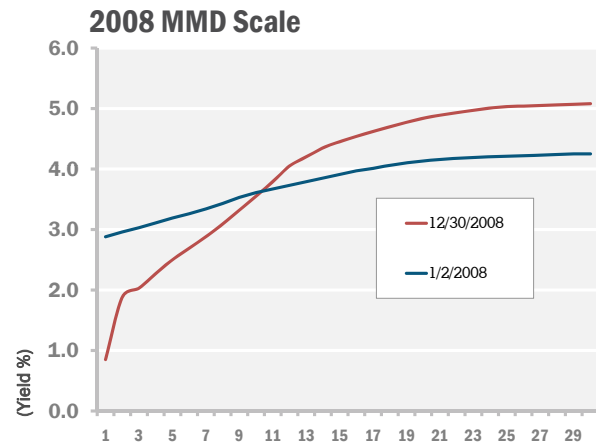
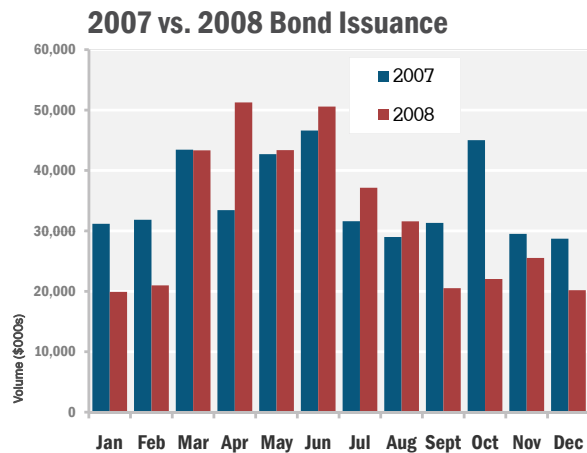
## Notable Local Government Senior-managed Financings in 2008

<p>\$175,000,000 Chicago Transit Authority Series 2008A</p>  <p>Senior Manager</p>	<p>\$160,065,000 San Antonio Tax &amp; Rev Series 2008</p>  <p>Senior Manager</p>	<p>\$120,145,000 Alameda County Joint Powers, Series 2008A</p>  <p>Sole Manager</p>	<p>\$86,500,000 North Slope Borough GO Series 2008A</p>  <p>Sole Manager</p>	<p>\$75,000,000 Indianapolis Airport Authority Series 2008C-1, C-2, C-3</p>  <p>Sole Manager</p>	<p>\$68,975,000 Bexar County Series 2008</p>  <p>Senior Manager</p>
<p>\$61,430,000 Clark County Airport Series 2008E</p>  <p>Senior Manager</p>	<p>\$54,540,000 Houston Community College, Series 2008</p>  <p>Senior Manager</p>	<p>\$46,145,000 Broward County Port Facilities, Series 2008</p>  <p>Sole Manager</p>	<p>\$45,000,000 St. Louis Muni Finance Corp, 2008A &amp; 2008B</p>  <p>Senior Manager</p>	<p>\$43,790,000 Los Angeles Municipal Improvement Corp, 2008B</p>  <p>Senior Manager</p>	<p>\$24,000,000 Kent Tax GO &amp; Rfdg Series 2008A &amp; 2008B</p>  <p>Senior Manager</p>
<p>\$17,730,000 Ann Arbor Public Schools GO Series 2008</p>  <p>Senior Manager</p>	<p>\$7,500,000 Union County Improvement Authority, Series 2008</p>  <p>Senior Manager</p>				

Siebert Brandford Shank & Company specializes in municipal finance and has 17 offices across the nation.  
1-800-529-3133 [www.sbsco.com](http://www.sbsco.com)

# Overview of 2008 Volatile Market

- The credit markets experienced extreme volatility in 2008
- Economic indicators reached historical levels as the federal government implemented massive intervention to counter instability
  - The Fed Funds rate ended the year at 0.25%, the lowest level on record dating to July 1954
  - The U.S. lost more jobs in 2008 than in any year since 1945 (2.589 million)
  - The unemployment rate ended the year at 7.2%, the highest level in almost 16 years
- Mergers and exits of large financial institutions led to the creation of a \$700 billion financial market rescue plan
- Municipal to treasury ratios reached historically high levels as investors pursued "flight to quality" investments, as Treasury yields plunged, while municipal yields substantially increased
- The MMD yield curve continued to steepen substantially from the flat yield curve we experience in 2007
- Bond insurers in crisis continued to be downgraded as we ended the year with only one bond insurer remaining AAA by Moody's and S&P
- As a result of the credit crisis and the lack of bond insurance, credit spreads continued to widen and issuers postponed transactions in hopes of more favorable yields.
- The use of bond insurance declined by 64% compared to 2007
- Despite bold government initiatives, the municipal market has not been able to fully recover from the global financial crisis



## Monoline Insurer Credit Ratings

	Moody's		S&P		Fitch	
	January 2008	December 2008	January 2008	December 2008	January 2008	December 2008
AMBAC	Aaa stable outlook	Baa1 developing outlook	AAA negative outlook	A negative outlook	AAA negative outlook	-- rating withdrawn
ASSURED	Aaa stable outlook	Aa2 stable outlook	AAA stable outlook	AAA stable outlook	AAA stable outlook	AAA stable outlook
BHAC <sup>1</sup>	N/A	stable outlook	N/R	AAA stable outlook	N/R	-- not rated
CIFG	Aaa negative outlook	Baa3 developing outlook	AAA negative outlook	BB developing outlook	AAA negative outlook	-- rating withdrawn
FGIC	Aaa negative watch	Caa1 negative outlook	AAA negative watch	CCC negative outlook	AAA negative watch	-- rating withdrawn
FSA	Aaa stable outlook	Aa3 developing outlook	AAA stable outlook	AAA negative watch	AAA stable outlook	AAA negative watch
MIAC <sup>2</sup>						
MBIA	Aaa negative outlook	Baa1 developing outlook	AAA negative outlook	AA negative outlook	AAA negative watch	-- rating withdrawn
SYNCORA <sup>3</sup>	Aaa negative watch	Caa1 direction uncertain	AAA negative outlook	B developing watch	AAA negative watch	-- rating withdrawn

<sup>1</sup> Ratings assigned in April 2008

<sup>2</sup> Backed by Macquarie Group and Citidel Investment Group hedge fund, has received license in New York

<sup>3</sup> Name changed from XL

Source for data: Thomson Financial and SourceMedia Inc.

