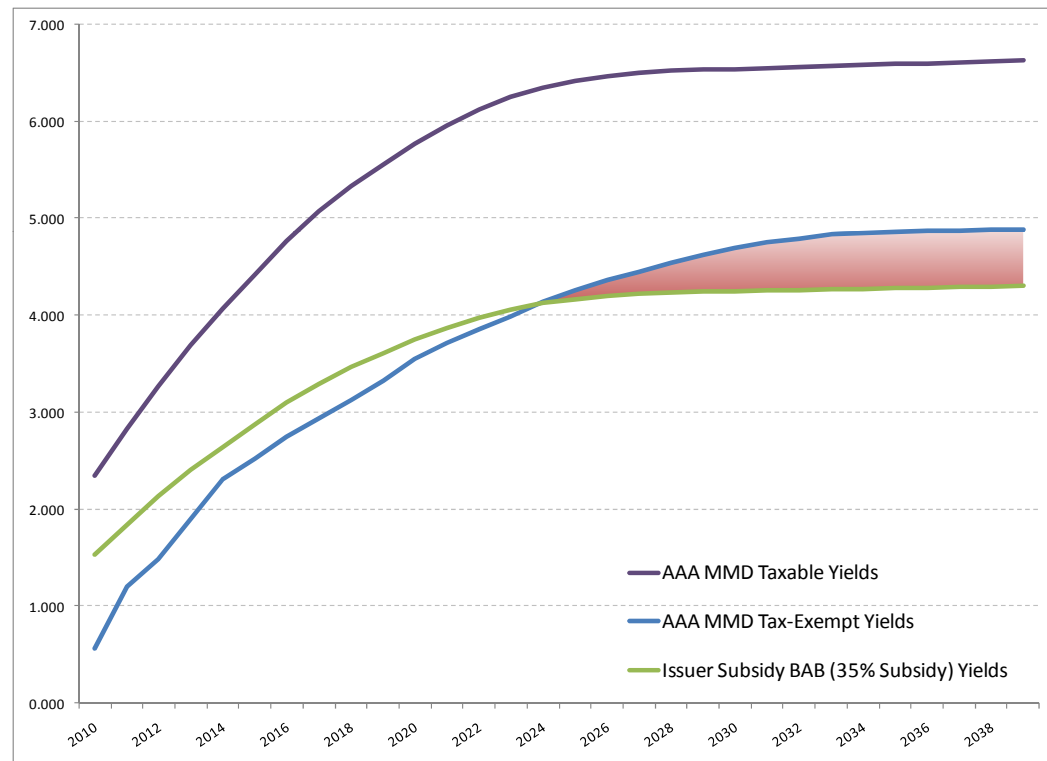


# Build America Bonds – Program Overview

- The Build America Bond Program creates two new types of tax subsidy/credit bonds that may be used by municipal issuers as an option for accessing the capital markets.
  - **Issuer Subsidy BABs:** Municipal issuers *receive a direct tax subsidy* from the U.S. Treasury equaling 35% of the interest on the bonds.
  - **Investor Subsidy BABs:** The *investor receives a tax credit* equaling 35% of the interest on the bonds.
- BAB issuance is limited to calendar years 2009 and 2010.
- **The intent of the BAB program is to expand municipal issuer reach into the global taxable bond market, enhancing market access and potentially lowering overall borrowing costs versus traditional tax-exempt debt.**

# Build America Bonds

- Issuer Subsidy BABs that are structured according to taxable market preferences may achieve savings versus traditional tax-exempt debt.



- Issuers may “wrap” BABs around traditional tax-exempt bonds in order to take advantage of the pricing differential on the long end of the yield curve.