



Florida Hurricane Catastrophe Fund

DRAFT

Estimated Loss Reimbursement Capacity

October 2008

Executive Summary: The Big Picture

- The FHCF is a statutorily created reinsurer of covered residential hurricane losses in Florida.
- The FHCF reimburses participating insurers for covered losses.
- Potential sources of reimbursement include:
 - Fund balance available to pay claims (i.e. surplus)
 - Pre-event borrowing proceeds and related liquidity instruments (e.g. put option)
 - Post-event borrowing proceeds (secured by emergency assessments)
 - Reinsurance proceeds (if any)
- In May and October of each year, the FHCF is required to publish an estimate of its “*estimated borrowing capacity and projected balance of the fund as of December 31.*”
- The presentation is meant to provide information and perspective to assist the FHCF in meeting this requirement.

Executive Summary: The Approach

- Past “Estimated Claims-Paying Capacity” presentations have included a calculation of the FHCF’s borrowing capacity based on statutorily available revenue repayment streams.
 - The implicit assumption was that there was a strong likelihood the FHCF could actually access the market for the full amount of its bonding needs over time; previous market conditions were conducive to such an assumption.
- The ongoing global financial crisis has made access to the capital markets significantly more difficult for institutions around the world.
 - Given the FHCF’s reliance on post-event financing, this has a negative impact on the FHCF’s funding capability.
- This presentation incorporates both a theoretical calculation of loss reimbursement capacity AND an estimate of the loss reimbursement capacity for the 2008/2009 contract year.
 - This estimated loss reimbursement capacity is based primarily on input from the FHCF’s three senior managing underwriters (Citi, Goldman Sachs and JP Morgan) of borrowing capacity given current market conditions.

Executive Summary: The Results

- The single season maximum loss reimbursement obligation for the FHCF is currently approximately \$27.8 billion (approximately \$55.6 billion for two seasons).
- **THEORETICAL CAPACITY:**
 - Given its statutory capabilities, available resources, and currently outstanding debt, the FHCF has a theoretical multi-year loss reimbursement capacity of \$42.189 billion, broken down as follows:

	Projected Fund Balance	Pre-Event & Other Liquidity Resources*	Post-Event Borrowing Capacity	Total Loss Reimbursement Capacity	Annual Assessment %
Initial Season	\$2.786 B	\$7.500 B	\$16.167 B	\$26.453 B	6%
Subsequent Season	\$1.191 B	-	\$14.545 B	\$15.736 B	4% **
Total	\$3.977 B	\$7.500 B	\$30.712 B	\$42.189 B	10%

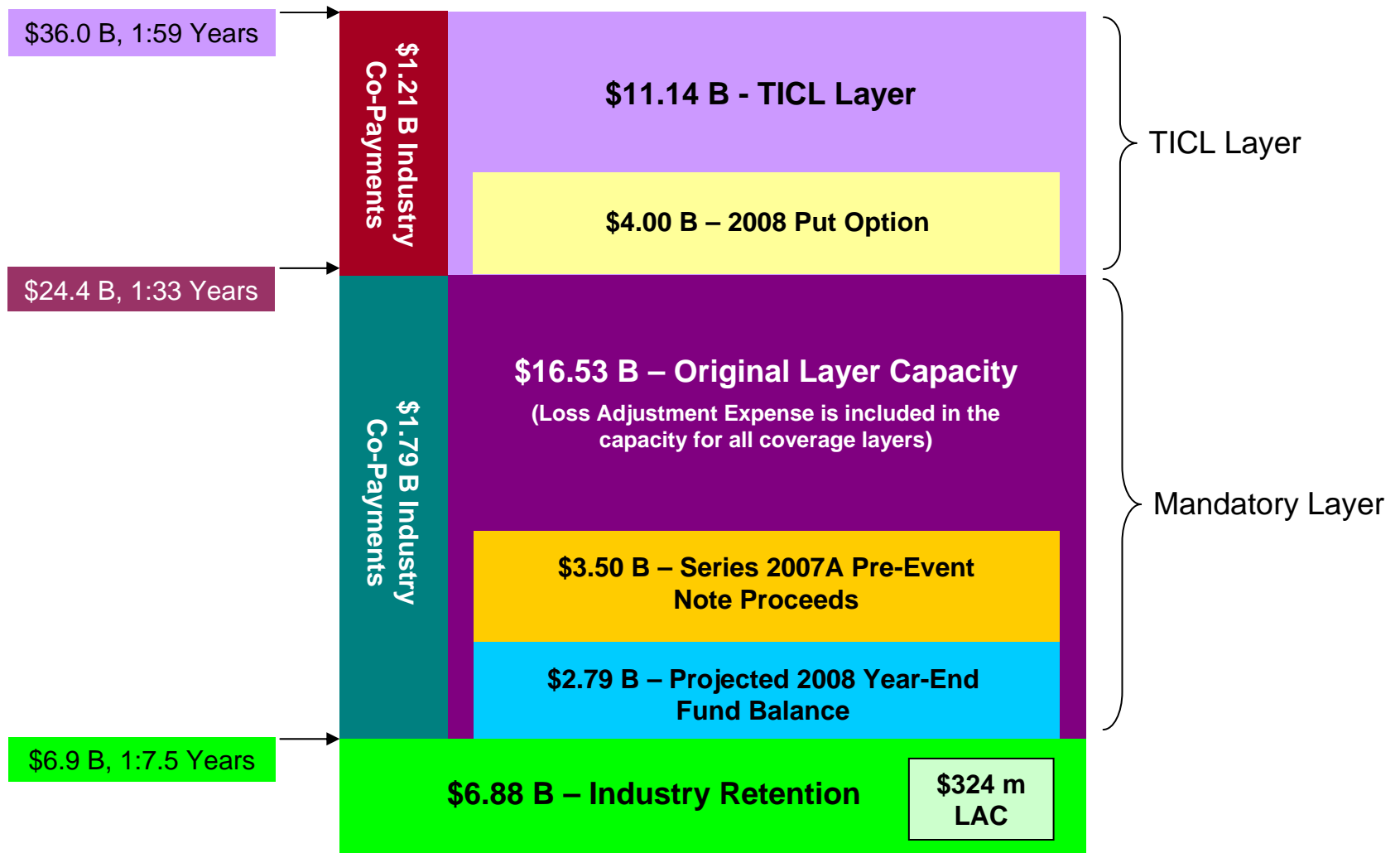
- **ESTIMATED CAPACITY:**
 - Given the state of the financial markets and the FHCF’s senior managing underwriters’ estimate of current borrowing capacity, the FHCF has an estimated loss reimbursement capacity of \$11.786 billion over the next 6 months and \$13.286 billion over the next 12 months, broken down as follows:

	Projected Fund Balance	Pre-Event & Other Liquidity Resources*	Post-Event Borrowing Capacity	Total Loss Reimbursement Capacity	Annual Assessment %
Initial Season	\$2.786 B	\$7.500 B	\$1.500 B (6-mo) \$3.000 B (12-mo)	\$11.786 B \$13.286 B	2.3% (6-mo) 2.7% (12-mo)

* Includes Series 2007A Notes and 2008 Put Option, but does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims. The 2008 Put Option is designed not to trigger until FHCF reported losses reach the TICL layer.

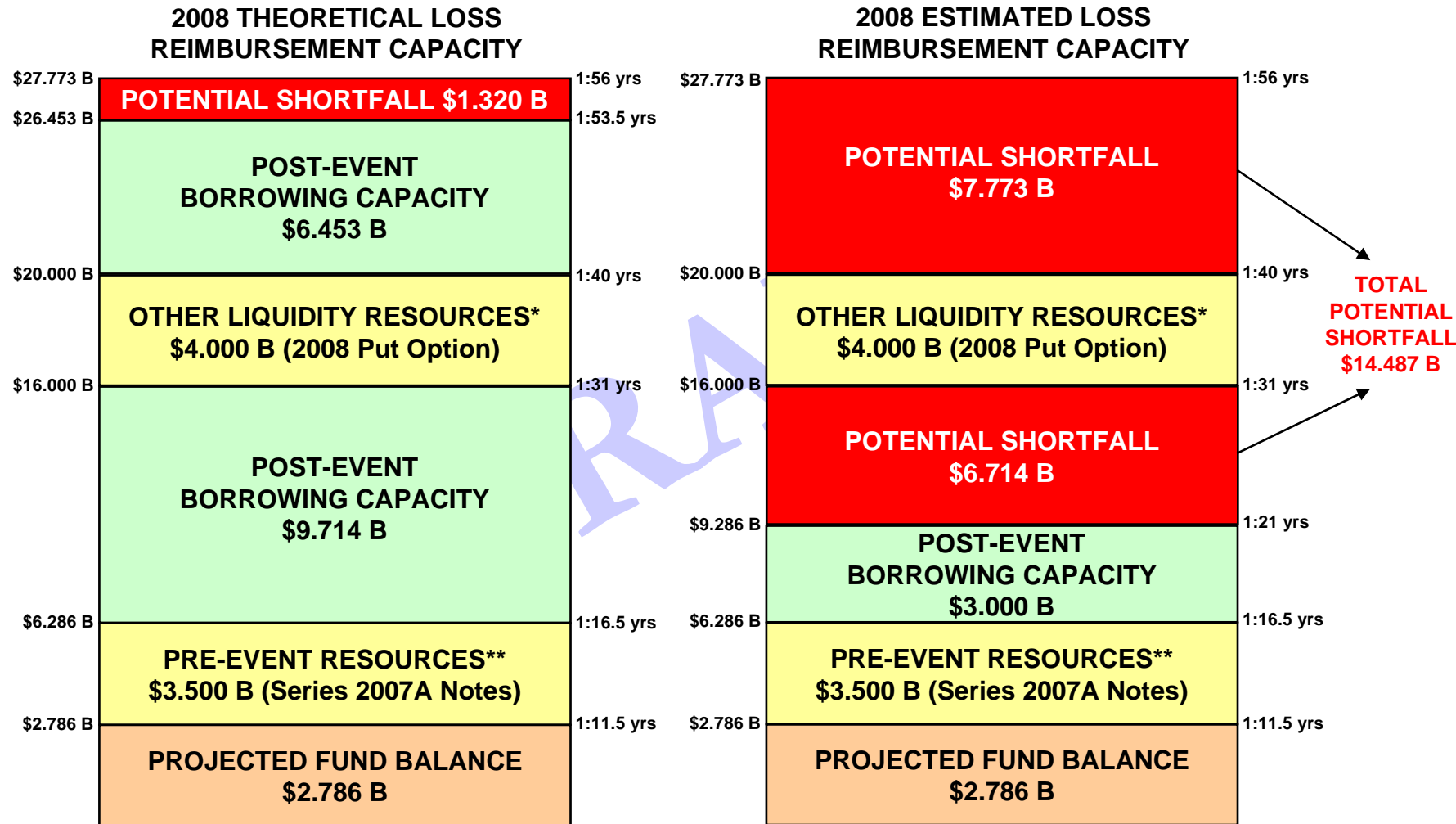
** Uses a maximum of 3% of total emergency assessments until 2014 when the Series 2006A Bonds and Series 2008A Bonds reach final maturity.

The FHCF's Potential Obligations



* Group up losses only.

Overview of Loss Reimbursement Funding Sources



* The 2008 Put Option is designed not to trigger until FHCF reported losses reach the TICL layer (approximately \$16 billion in FHCF losses).

** Does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims.

Breakdown of Three Main Funding Sources

▪ **Fund Balance:**

• As of 6/30/08	\$2,087,428,000
• Additions	\$1,325,322,000
• Subtractions	<u>(\$626,478,000)</u>
• Projected 12/31/08	\$2,786,272,000

▪ **Pre-Event & Other Liquidity Resources*:**

• Floating Rate Notes, Series 2007A	\$3,500,000,000
• 2008 Put Option	<u>\$4,000,000,000</u>
• Total	\$7,500,000,000

**TOTAL
POTENTIAL
LIQUIDITY
\$10.286 B**

▪ **Post-Event Borrowing Capacity (Initial Season):**

• Theoretical Borrowing Capacity	\$16,167,000,000
• Estimated Borrowing Capacity (6-mo)	\$1,500,000,000 (provided by senior managers)
• Estimated Borrowing Capacity (12-mo)	\$3,000,000,000 (provided by senior managers)

▪ **Total Loss Reimbursement Capacity (Initial Season):**

• Theoretical Capacity	\$26,453,272,000
• Estimated Capacity (6-mo)	\$11,786,272,000
• Estimated Capacity (12-mo)	\$13,286,272,000

* Does not include Series 2006B Extendible Notes as 95% of these Notes will be defeased by March 2009 and are therefore not available to pay claims. The 2008 Put Option is designed not to trigger until FHCFC reported losses reach the TICL layer.

Fund Balance

- The FHCF fund balance is comprised primarily of Accumulated Reimbursement Premiums and Net Investment Income
 - The FHCF available fund balance is currently approximately \$2.316 billion and is projected to be approximately \$2.786 billion as of 12/31/08.

Description	\$ in '000s
Balance as of 6/30/08	2,087,428
Reimbursement Premiums (8/1 & Portion of 10/1)	814,839
Investment Income	11,795
2008 Put Option Agreement Cost	(224,779)
2008 Operating and Mitigation Expenses	(17,583)
Net Realized Investment Losses	(216,959)
Mark-to-Market Adjustment on Investments	(139,118)
Net Current Available Balance as of 10/3/08	2,315,624
Projected Reimbursement Premiums (Portion of 10/1 & 12/1)	479,057
Projected Pre-Event Net Debt Service (2006B & 2007A)	(28,040)
Projected Investment Income	19,630
Projected Balance as of 12/31/08	2,786,272

- The investments are managed by the State Board of Administration in three separate accounts: Operating Funds, Series 2006B Pre-Event Funds and Series 2007A Pre-Event Funds.
 - Total invested balances are currently \$8.655 billion.

Pre-Event & Other Liquidity Resources

- Pre-Event funding is designed to provide cash to the FHCF to pay future loss reimbursements.
 - The FHCF has \$10.078 billion in outstanding pre-event and other liquidity resources (excluding fund balance), of which \$7.500 represents available liquidity for loss reimbursements.

▪ Series 2007A Floating Rate Notes:

- Description: Taxable floating rate debt sold to various institutional investors in 10/2007
- Par Amount: \$3,500,000,000
- Interest Rate: 1-month LIBOR + 78 bps (reset every month)
- Final Maturity: October 15, 2012 (“bullet” maturity)
- Optional Redemption: October 15, 2008 @ 101%

▪ 2008 Put Option:

- Description: Contingent liquidity instrument purchased from Berkshire Hathaway in 08/2008
- Par Amount: \$4,000,000,000
- Exercise Period: Until May 15, 2009 for 2008 hurricane season
- Trigger Point: Based on PCS Index; designed to trigger when FHCF losses reach TICL layer

If trigger point is reached and bonds are issued:

- Interest Rate: 6.50%
- Final Maturity: July 1, 2039
- Optional Redemption: July 1, 2018 @ 100%

Pre-Event & Other Liquidity Resources (cont.)

- **Series 2006B Extendible Floating Rate Notes:**

- Description: Taxable floating rate debt sold to various institutional investors in 07/2006
- Par Amount: \$2,800,000,000
- Outstanding Par Amount: \$2,577,750,000
- Interest Rate: 1-month LIBOR + 22 bps

- Maturity Schedule:

<u>Date</u>	<u>Defeased</u>	<u>Outstanding</u>
Current	\$-	\$2,577,750,000
10/14/08	\$75,000,000	\$2,502,750,000
11/14/08	\$80,000,000	\$2,422,750,000
12/12/08	\$952,500,000	\$1,470,250,000
1/14/09	\$30,000,000	\$1,440,250,000
3/13/09	\$1,295,250,000	\$145,000,000
6/15/09	\$100,000,000	\$45,000,000
7/15/09	\$10,000,000	\$35,000,000
8/14/09	\$35,000,000	\$-

- These proceeds are not included as available liquidity due to their pending maturity.

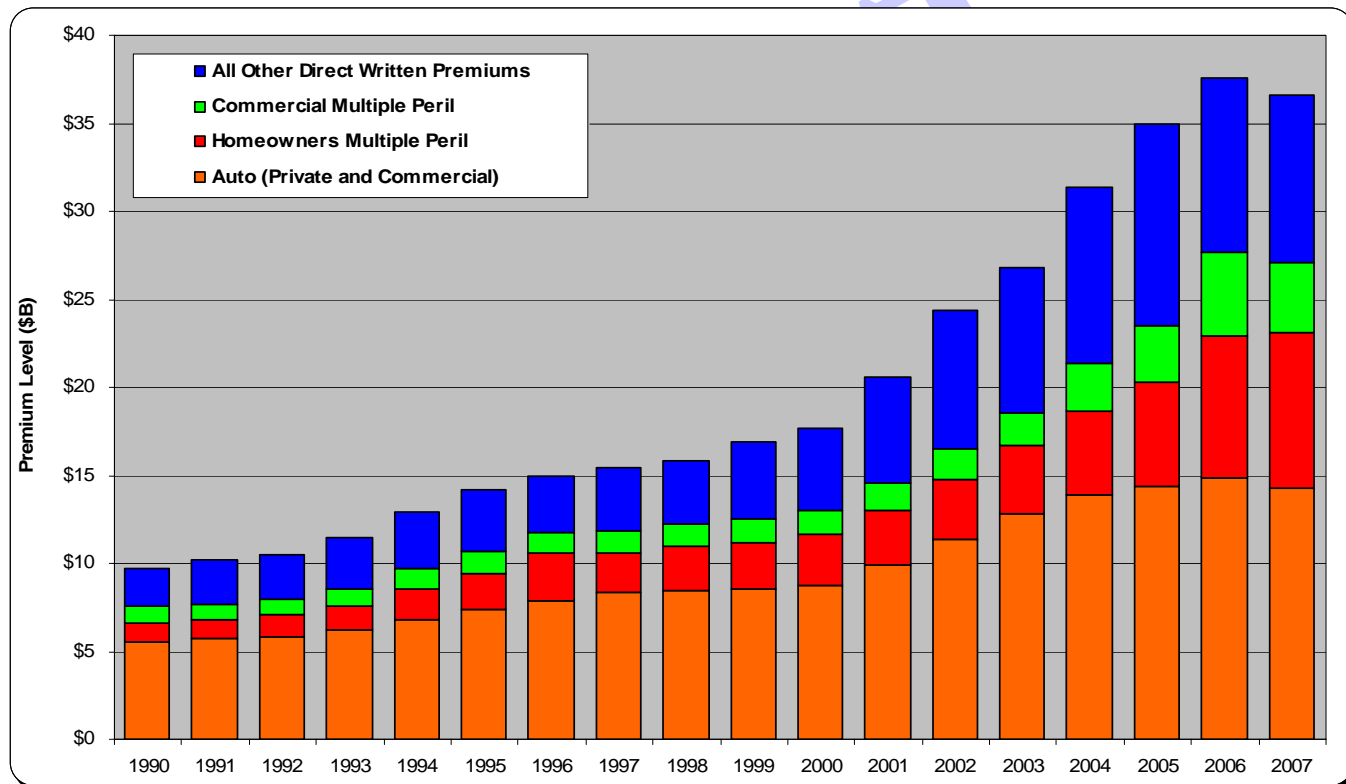
Post-Event Borrowing Capacity

- The FHCF has the statutory ability to issue tax-exempt bonds secured by emergency assessments to meet its loss reimbursement obligations after a hurricane.
 - Current long-term bond ratings of Aa3/AA-/AA-.
- **Constraints:**
 - Ongoing emergency assessment limit of 6% per year and total combined emergency assessment limit of 10% for both initial and subsequent seasons.
 - Final maturity limit of 30 years from the time of issuance.
 - Coverage requirement on all post-event bonds of 1.25 times.
 - Existing tax-exempt post-event debt:

	<u>Series 2006A Bonds</u>		<u>Series 2008A Bonds</u>		<u>Total Post-Event Debt Service</u>			<u>Annual Assessment %</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>P&I</u>	
2009	\$256,655,000	\$55,369,575	\$0	\$27,459,536	\$256,655,000	\$82,829,111	\$339,484,111	1.00%
2010	269,485,000	42,536,825	0	29,865,356	269,485,000	72,402,181	341,887,181	1.00%
2011	282,660,000	29,362,575	0	29,865,356	282,660,000	59,227,931	341,887,931	1.00%
2012	296,795,000	15,229,575	0	29,865,356	296,795,000	45,094,931	341,889,931	1.00%
2013	0	0	300,000,000	29,865,356	300,000,000	29,865,356	329,865,356	1.00%
2014	0	0	325,000,000	15,450,425	325,000,000	15,450,425	340,450,425	1.00%
Total	\$1,105,595,000	\$142,498,550	\$625,000,000	\$162,371,386	\$1,730,595,000	\$304,869,936	\$2,035,464,936	-

The FHCF Assessment Base

- The FHCF assessment base includes all property & casualty lines except worker's comp, medical malpractice, accident and health, and Federal flood insurance.
- Current base (as of April 2008) is \$36.6 billion.



Direct Written Premiums

Line of Business	Total Market (as of 4-1-08)
Fire	\$824,354,624
Allied Lines	\$2,392,242,751
Multiple Peril Crop	\$2,225,194
Farmowners Multiple Peril	\$47,484,082
Homeowners Multiple Peril	\$8,546,080,433
Commercial Multiple Peril (Non-Liability Portion)	\$1,072,175,013
Commerical Multiple Peril (Liability Portion)	\$634,931,884
Mortgage Guaranty	\$105,490,814
Ocean Marine	\$292,276,684
Inland Marine	\$892,879,153
Financial Guaranty	\$112,171,883
Earthquake	\$6,566,446
Other Liability	\$2,032,198,217
Products Liability	\$145,895,711
Private Passenger Auto No-Fault (PIP)	\$2,212,308,589
Other Private Passenger Auto Liability	\$6,312,234,932
Commercial Auto No-Fault (PIP)	\$74,033,500
Other Commercial Auto Liability	\$1,458,908,754
Private Passenger Auto Physical Damage	\$3,800,809,502
Commercial Auto Physical Damage	\$412,423,678
Aircraft (all perils)	\$117,418,168
Fidelity	\$53,194,886
Surety	\$357,097,367
Burglary and Theft	\$8,870,780
Boiler & Machinery	\$48,431,057
Credit	\$60,813,728
Aggregate Write-ins For Other Lines of Business	\$513,774,596
Independently Procured Coverage (IPC)	\$7,823,742
Total	\$32,545,116,166

2006 DWP:
\$33,346,228,384
% Change in DWP:
-2.40%

Surplus Lines Premiums

Coverage	2007 Surplus Lines Premiums (as of 4-23-08)
[1000] Commercial Property	1,711,827,414.05
[1001] Builders Risk	57,156,962.19
[1002] Business Income	2,833,217.49
[1003] Apartments (Commercial)	10,617,658.55
[1004] Boiler and Machinery	123,954.51
[1005] Commercial Package (Property & Casualty)	246,207,331.70
[1006] Condominium Package (Commercial)	21,680,302.67
[1008] Difference In Conditions	25,456,204.52
[1009] Earthquake	294,327.67
[1010] Flood	9,194,780.94
[1011] Glass (Commercial)	150.00
[1012] Mortgagee Impairment	650,800.00
[1013] Windstorm &/or Hail	57,737,022.09
[1014] Mold Coverage - Commercial	16,649.00
[1016] Excess Flood - Commercial	8,153,225.39
[1100] Bankers Blanket Bond	619,130.00
[1101] Blanket Crime Policy	81,399.00
[1102] Employee Dishonesty	56,681.00
[1103] Identity Theft	25,321.00
[1201] Credit Insurance	407,470.53
[1202] Animal Mortality	35,975.25
[1203] Mortgage Guaranty	152,242.00
[1205] Product Recall	362,339.00
[1206] Kidnap/Ransom	108,993.70
[1207] Surety	575,035.00
[1208] Weather Insurance	(47,010.00)
[1209] Prize Indemnification	786,032.84
[1210] Accident Travel	364,007.00
[1211] Terrorism	5,753,770.63
[2000] Homeowners-HO-1	34,002,827.66
[2001] Homeowners-HO-2	175,298.37
[2002] Homeowners-HO-3	177,349,783.09
[2003] Tenant Homeowners-HO-4	4,646,729.14
[2004] Homeowners-HO-5	6,139,151.71
[2005] Condo Unit-Owners HO-6	18,497,352.03
[2006] Homeowners-HO-8	12,245,732.25
[2007] Dwelling Builders Risk	8,414,121.18
[2008] Dwelling Flood	422,073.00
[2009] Dwelling Property	25,858,384.45
[2010] Farmowners Multi-Peril	1,066,154.00
[2011] Mobile Homeowners	6,515,255.22
[2012] Windstorm	831,239.00
[2015] Excess Flood (Residential)	16,511,618.12
[3000] Marina Operations Legal	2,204,023.93
[3001] Marine Liabilities Package	6,095,296.00
[3002] Ocean Marine-Hull &/or Protection & Indemnity	7,813,991.95
[3003] Ocean Cargo Policy	2,424,343.01
[3004] Ship Repairers Legal Liability	7,017,633.93
[3005] Stevedores Legal Liability	305,646.45

Coverage	2007 Surplus Lines Premiums (as of 4-23-08)
[3006] Personal & Pleasure Boats & Yachts	31,055,047.76
[3007] Ocean Marine Builder's Risk	6,068,387.58
[4000] Inland Marine (Commercial)	17,658,070.50
[4001] Inland Marine (Personal)	19,749,825.94
[4002] Motor Truck Cargo	9,681,908.36
[4003] Jewelers Block	145,224,771.32
[4005] Contractors Equipment	13,764,218.12
[4006] Electronic Data Processing	1,185.00
[5000] Commercial General Liability	487,717,476.48
[5001] Commercial Umbrella Liability	55,564,397.54
[5002] Directors & Officers Liability (Profit)	6,019,038.00
[5003] Directors & Officers Liability (Non-Profit)	3,112,559.68
[5004] Educator Legal Liability	15,105,869.28
[5005] Employment Practices Liability	7,917,092.02
[5006] Excess Commercial General Liability (Not Umbrella)	40,822,328.73
[5007] Excess Personal Liability (Not Umbrella)	1,389,720.00
[5008] Liquor Liability	5,796,451.59
[5009] Owners & Contractors Protective	3,481,248.58
[5010] Personal Umbrella	9,099,587.00
[5011] Personal Liability	3,954,510.81
[5012] Pollution & Environment Liability	16,867,817.69
[5013] Product & Completed Operations Liability	7,198,422.57
[5014] Public Officials Liability	179,695.00
[5015] Police Professional Liability	382,220.00
[5016] Media Liability	1,152,997.20
[5017] Railroad Protective Liability	812,590.18
[5019] Guard Service Liability	4,878,034.21
[5020] Special Events Liability	3,566,535.94
[7000] Architects & Engineers Liability	17,677,696.31
[7001] Insurance Agents & Brokers E&O	26,215,853.45
[7002] Lawyers Professional Liability	19,248,727.17
[7003] Miscellaneous E&O Liability	43,327,886.91
[7004] Real Estate Agents E&O	3,630,383.26
[7005] Software Design Computer E & S	1,602,415.47
[8000] Commercial Auto Liability	5,274,985.95
[8001] Commercial Auto Excess Liability	5,007,223.16
[8002] Commercial Auto Physical Damage	14,514,698.59
[8003] Dealers Open Lot	6,134,419.87
[8004] Garage Liability	13,419,477.01
[8005] Garage Keepers Legal	1,006,624.13
[8006] Private Passengers Auto-Physical Damage Only	1,447,510.24
[8007] Personal Excess Auto Liability	2,030,360.00
[9000] Commercial Aircraft Hull &/or Liability	2,179,812.55
[9001] Airport Liability	4,312,859.36
[9002] Aviation Cargo	175,470.00
[9003] Aviation Product Liability	261,470.00
[9005] Personal & Pleasure Aircraft	81,602.00
Independently Procured Coverage (IPC)	515,653,164.00
Total as of 4-23-08	4,101,192,688.72

**2006 Surplus Lines
Premiums:
\$4,207,911,564**

**% Change in Surplus
Lines Premiums:
-2.54%**

Historical Assessment Base

Calendar Year	Admitted lines DWP	Surplus Lines & Independently Procured Premium	Total Aggregate Premium	6% Emergency Assessment	% Premium Increase From Prior Year
1995	\$13,782,528,507	-	\$13,782,528,507	-	-
1996	\$14,994,283,493	-	\$14,994,283,493	-	8.79%
1997	\$15,401,838,211	-	\$15,401,838,211	-	2.72%
1998	\$15,817,192,766	-	\$15,817,192,766	-	2.70%
1999	\$16,036,013,133	-	\$16,036,013,133	-	1.38%
2000	\$16,780,114,935	-	\$16,780,114,935	-	4.64%
2001	\$19,195,286,560	-	\$19,195,286,560	-	14.39%
2002	\$22,150,290,949	-	\$22,150,290,949	-	15.39%
2003	\$24,410,590,887	\$2,434,696,171	\$26,845,287,058	\$1,610,717,223	21.20%
2004	\$28,648,648,240	\$2,695,485,410	\$31,344,133,650	\$1,880,648,019	16.76%
2005	\$31,713,757,522	\$3,275,286,947	\$34,989,044,469	\$2,099,342,668	11.63%
2006	\$33,346,228,384	\$4,207,911,564	\$37,554,139,948	\$2,253,248,397	7.33%
2007	\$32,545,116,166	\$4,101,192,689	\$36,646,308,855	\$2,198,778,531	-2.42%

- * Source: OIR and FLSO
- * Prior to 2007, DWP is as of 12/31 as reported by the companies to the NAIC on the Annual Statement and is subject to change as company/agent adjustments are reported. The DWP for 2007, which is based on company reports to OIR for the 1% FHC emergency assessment, is currently being verified and is subject to change.
- * In 2004, the Florida legislation excluded medical malpractice for 3 years and included surplus lines.
- * In 2007, the Florida legislation excluded medical malpractice until 2010.
- * Average assessment increase from 1995-2007 (geometric mean) is 8.49%.

Estimated Interest Rate Scale

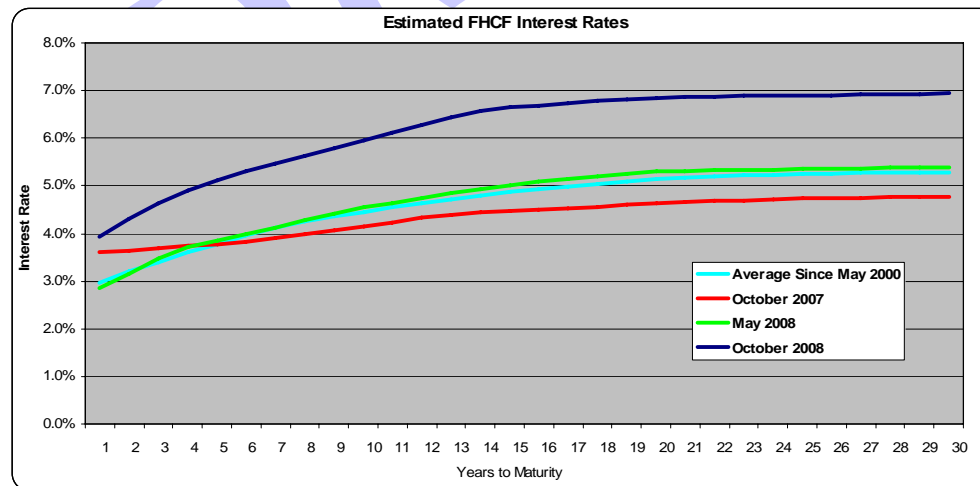
Years	MMD Scale (9/29/08)	Spread at Pricing of Series 2006A	Spread at Pricing of Series 2008A	Estimated Current Spread	Estimated Current Yields
1	2.10%	-	-	1.83%	3.93%
2	2.45%	0.20%	-	1.85%	4.30%
3	2.77%	0.23%	-	1.86%	4.63%
4	3.01%	0.24%	-	1.88%	4.89%
5	3.21%	0.25%	1.44%	1.91%	5.12%
6	3.40%	0.25%	1.40%	1.90%	5.30%
7	3.59%	-	-	1.89%	5.48%
8	3.76%	-	-	1.87%	5.63%
9	3.93%	-	-	1.86%	5.79%
10	4.10%	-	-	1.84%	5.94%
11	4.28%	-	-	1.82%	6.10%
12	4.48%	-	-	1.80%	6.28%
13	4.65%	-	-	1.78%	6.43%
14	4.79%	-	-	1.78%	6.57%
15	4.87%	-	-	1.78%	6.65%
16	4.92%	-	-	1.77%	6.69%
17	4.97%	-	-	1.77%	6.74%
18	5.01%	-	-	1.77%	6.78%
19	5.04%	-	-	1.77%	6.81%
20	5.07%	-	-	1.77%	6.84%
21	5.09%	-	-	1.77%	6.86%
22	5.11%	-	-	1.77%	6.88%
23	5.12%	-	-	1.77%	6.89%
24	5.12%	-	-	1.77%	6.89%
25	5.13%	-	-	1.77%	6.90%
26	5.13%	-	-	1.77%	6.90%
27	5.14%	-	-	1.78%	6.92%
28	5.14%	-	-	1.78%	6.92%
29	5.15%	-	-	1.78%	6.93%
30	5.16%	-	-	1.78%	6.94%

* Scale assumes tax-exempt bonds rated Aa3/AA-/AA- and 5.50% coupons throughout; rates were determined from an average of the estimated scales provided by the FHC's three senior managing underwriters on September 29, 2008.

Interest Rate Sensitivity Analysis

- A decline of approximately 50 bps would be required to reach theoretical maximum loss reimbursement capacity in the initial season.
- A decline of 200+ bps would be required to reach theoretical maximum loss reimbursement capacity in the subsequent season.

Theoretical Claims Reimbursement Capacity			
	Initial Season	Subsequent Season	Total
Current Rates + 200 bps	\$21,514,898,047	\$11,990,740,670	\$33,505,638,717
Current Rates + 150 bps	\$22,603,343,056	\$12,724,272,284	\$35,327,615,340
Current Rates + 100 bps	\$23,782,449,494	\$13,592,430,244	\$37,374,879,738
Current Rates + 50 bps	\$25,061,947,749	\$14,652,773,776	\$39,714,721,525
Current Rates	\$26,452,822,238	\$15,735,839,590	\$42,188,661,828
Current Rates - 50 bps	\$27,967,427,050	\$16,725,053,787	\$44,692,480,837
Current Rates - 100 bps	\$28,000,000,000	\$19,425,277,334	\$47,425,277,334
Current Rates - 150 bps	\$28,000,000,000	\$22,413,297,166	\$50,413,297,166
Current Rates - 200 bps	\$28,000,000,000	\$25,686,424,971	\$53,686,424,971



Summary of Credit Crisis

- Due in large part to the fallout from the subprime mortgage crisis and the weakening economy, the last 6-9 months have been some of the most tumultuous times ever seen in the financial services industry.
 - The auction rate securities market has collapsed and the VRDO market is in disarray as banks have become more and more reluctant to provide letters of credit to issuers.
 - The Fed has stepped in on several occasions to assist with bailouts and buyouts, including taking Freddie Mac and Fannie Mae into conservatorship, bailing out AIG, assisting with the sale of Bear Stearns to JP Morgan, seizing and subsequently selling Washington Mutual to JP Morgan, and providing \$700 billion to buy troubled asset backed securities.
 - Several other firms have either declared for bankruptcy or been purchased by other financial institutions, including Bank of America acquiring Merrill Lynch, Lehman Brothers declaring bankruptcy, and Wells Fargo acquiring Wachovia.
 - Large financial services firms such as Goldman Sachs and Morgan Stanley have recently announced their conversion to bank holding companies.
 - The seven “AAA” bond insurers that existed at the beginning of 2008 have dwindled down to two (along with Berkshire Hathaway as a new entrant into the market) as rating agencies have downgraded these entities’ ratings due to lack of sufficient capital.
 - Credit spreads have widened dramatically and municipal market activity has declined significantly as investors sit on the sideline and wait for the markets to improve.

Recent Tax-Exempt Bond Issuance Trends

- The number and par amount of tax-exempt financings completed has recently had a significant drop as the financial crisis has continued to hurt the municipal market.

Tax-Exempt Issues (Past 12 Months)				
Month	Par Amount (\$mm)	# of Issues	Avg. Issue Size (\$mm)	Largest Issue (\$mm)
Oct-07	\$39,115.0	825	\$47.4	\$7,000.0
Nov-07	\$23,884.2	858	\$27.8	\$3,487.2
Dec-07	\$23,608.5	749	\$31.5	\$1,350.0
Jan-08	\$18,213.2	657	\$27.7	\$1,588.8
Feb-08	\$19,649.8	661	\$29.7	\$1,748.6
Mar-08	\$36,302.3	788	\$46.1	\$2,407.7
Apr-08	\$42,050.8	967	\$43.5	\$1,700.0
May-08	\$38,877.0	1,050	\$37.0	\$675.0
Jun-08	\$42,338.4	1,113	\$38.0	\$1,500.0
Jul-08	\$31,366.9	831	\$37.7	\$1,322.6
Aug-08	\$28,929.4	801	\$36.1	\$1,050.0
Sep-08	\$18,801.9	600	\$31.3	\$1,750.0
Average	\$30,261.5	825	\$36.2	\$2,131.7

Tax-Exempt Issues (Past 5 Weeks)				
Week	Par Amount (\$mm)	# of Issues	Avg. Issue Size (\$mm)	Largest Issue (\$mm)
9/1 - 9/7	\$4,694.6	130	\$36.1	\$1,750.0
9/8 - 9/14	\$8,386.4	214	\$39.2	\$950.0
9/15 - 9/21	\$3,494.6	151	\$23.1	\$609.0
9/22 - 9/28	\$1,539.2	83	\$18.5	\$253.1
9/29 - 10/5	\$1,690.7	60	\$28.2	\$428.5
Average	\$3,961.1	128	\$29.0	\$798.1

Conclusion

- The FHCF has significant liquid resources available to it – over \$10 billion – more than at any time in its history.
 - These resources would enable the FHCF to avoid bonding after small events, and would provide a time cushion before bonding was required after a large event.
 - If bonding is required, the FHCF would not need to access the markets all at once in order to meet its reimbursement obligations.
 - The FHCF is a highly rated credit – its long-term debt ratings are Aa3/AA-/AA-
- However, because of the expanded size of the FHCF, it is more reliant on funding from the post-event bond market – measured in terms of total dollars needed to fulfill its maximum potential obligation – than it has ever been.
 - Maximum potential bonding needs are almost \$18 billion.
 - The ongoing global credit crisis has hampered the ability of all institutions, including the FHCF, to access the financial markets.
 - Based on estimates from its three senior managing underwriters, the FHCF could have a potential bonding shortfall of between \$10 billion and \$15 billion over a 12-month period given current market conditions.