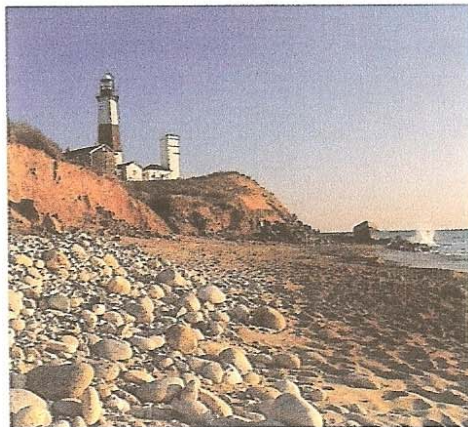


CLASS



New York CLASS[®]

Information Statement

MBIA

Capital Strength. Triple-A Performance.

General Information

Cooperative Liquid Assets Securities System (CLASS) is a short-term, highly liquid investment program, designed specifically for public-sector funds, that provides the opportunity to invest funds on a cooperative basis in short-term investments which are carefully selected to yield favorable returns while providing maximum safety and liquidity.

Participation is available to any municipal corporation or special-purpose district empowered under New York State statute, including counties not within The City of New York, cities, towns, villages, school districts, boards of cooperative educational services, and fire districts. Also eligible are county or town improvement districts where the respective county or town is required to pledge its faith and credit for the district's debt service.

New York CLASS is subject to the terms of the October 20, 1999, CLASS Municipal Cooperation Agreement (the Agreement), and is structured in accordance with New York State General Municipal Law (GML), Article 3-A and Article 5-G, Sections 119-n and o, and Chapter 623 of the Laws of 1998. All New York CLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992). The Agreement is between Putnam Northern Westchester BOCES (Lead Participant) and each district and/or municipal corporation that formed the original New York CLASS program, or that subsequently elects to participate; all parties to the Agreement are collectively referred to as "the Participants."

CLASS Governing Board

The Agreement is administered by an elected Governing Board (the Board) of fifteen members. A Board member must be either a Participant's Chief Fiscal Officer or another designated officer or employee of the Participant who has knowledge and expertise in financial matters.

The powers and responsibilities of the Board include:

- administering all aspects of the Agreement
- securing an Irrevocable Letter of Credit (LOC) in an amount sufficient to cover any potential losses to Participants
- entering into appropriate contracts to assist in the management of the Agreement
- monitoring compliance with the investment policy, maturity limitations, and reporting and disclosure requirements established under the Agreement
- testing the investments made pursuant to the Agreement, at least once a month, for sensitivity to changes in interest rates
- disclosing to Participants any rating or change in rating from a nationally recognized statistical rating organization

The Board invests cooperative funds only in securities that are legal for public funds investment in New York State. The Board limits these investments to obligations of the United States government and Repurchase Agreements collateralized at 102% by U.S. Treasury and Agency securities backed by the full faith and credit of the United States government. As of December 31, 2002, approximately 25 percent of the cooperative's assets were invested in obligations of the U.S. government, with the balance in Repurchase Agreements.

Professional services engaged by the Board

The Board enlists the services of several professionals to fulfill its administrative responsibilities: a Program Administrator, an Investment Advisor, an Independent Auditor and a Custodial Bank.

Program Administrator: MBIA Municipal Investors Service Corporation (MBIA-MISC) provides the Board with various administrative services including investment advisory services, securities transaction processing, program record keeping, portfolio valuation, and other client-related services. MBIA-MISC maintains the LOC with JP Morgan Chase and the "AAA/V1+" on the CLASS portfolio from Fitch Ratings. MBIA-MISC serves in a similar capacity for over 3600 participants in 13 states and Puerto Rico, with over \$11 billion under management.

MBIA-MISC's Investment Advisor, MBIA Capital Management Corporation (MBIA-CMC, an SEC-registered investment advisor), provides daily market reports and proposed investment strategies to the Board-appointed Executive Director who, in turn, directs investment transactions on behalf of all New York CLASS Participants. MBIA-CMC also performs a monthly "stress test" on the CLASS portfolio to determine its sensitivity to interest rate volatility.

Custodian: The Bank of New York provides third-party custody services for the New York CLASS portfolio. The Custodian is responsible for the receipt and safekeeping of all cooperatively invested New York CLASS assets, which are held in a segregated trust company institutional custody account.

Auditors: Bennett Kielson Storch DeSantis & Company LLP conducts an annual independent audit of the New York CLASS program. Copies of the audit are distributed to all Participants and the New York State Comptroller.

Program Objectives

In all its investments, New York CLASS seeks to maximize safety, liquidity, convenience, and competitive rates of return.*

Safety

Besides investing public-sector funds only in securities legally permitted under New York law, CLASS offers the additional strength of its AAA / V1+ rating (by Fitch Ratings), as well as the security of an annual audit by an independent outside audit firm (see above).

To further ensure safety, portfolio investments are carefully balanced to correspond with Participants' anticipated cash flow needs, as well as to minimize the effects of market volatility.

Several security features are also in place to protect against fraud or error. Only designated officials may conduct transactions, and funds may be wired only to previously authorized wire accounts. All conversations with the Program Administrator are recorded for accuracy and verification. As a further safety measure, an LOC, posted with the Custodian, provides funds for withdrawals, to the extent that the sales price of any securities sold is less than the amortized cost.

Liquidity

Participants may conduct transactions (deposits, withdrawals or transfers) on any normal business day. All portfolio investments are carefully selected to ensure that cash is available whenever needed. There is never a penalty for withdrawals of invested funds including all accrued interest. There are no limits on the dollar amount or number of daily transactions, except that total daily withdrawals may not exceed the total balance on deposit. There is no minimum balance requirement or transaction size.

Convenience

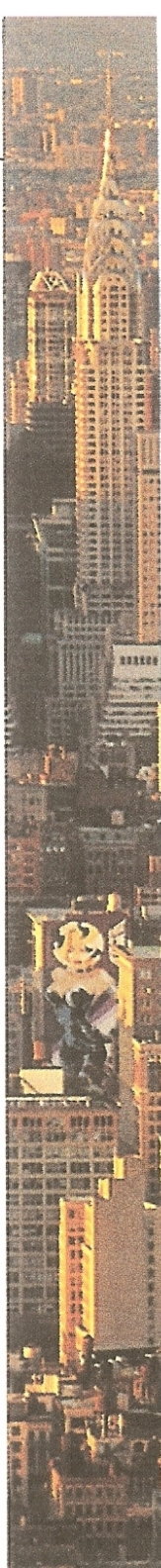
To make cash management simple and efficient, CLASS includes many features (designed by public-sector financial experts) that make it easy to access account information and simplify record keeping. Participants may make account transactions on any business day, using MBIA-MISC's toll-free phone number, toll-free fax number or internet connection (Client Connection).

Any transaction made with the proper notification to MBIA-MISC before 11:00 a.m. on a business day will be posted and, if appropriate, begin earning interest on that day; transactions made after 11:00 a.m. will be posted the next business day. All transactions are confirmed by same-day fax. Participants may also execute transaction notifications in advance, to anticipate important draw dates. This "pre-dating" function avoids timing problems and ensures that cash is available to meet specific payroll or other cash needs.

Participants may establish any number of CLASS accounts to track and parallel their own internal fund accounting structures. Although all investment and payment forms have been designed to be simple and user friendly, we can also customize account information to meet special needs. Participants may contact MBIA-MISC's client service desk on any business day to get specific account information or for other assistance.

Comprehensive monthly statements provide a detailed account history, including daily account

*The portfolio strategy is to be fully invested each night to maximize yields.



activity, transaction numbers, rate summaries, pledged collateral and a portfolio holding report. These statements have been designed specifically to facilitate public-sector fund accounting, and to establish a clear accounting and audit trail for Participants' investment records.

Competitive rates of return

New York CLASS, Participants can benefit from the professional investment expertise provided by MBIA-MISC and MBIA-CMC. Participants in the CLASS program can take advantage of economies of scale relative to purchasing power and transaction and clearance costs, as well as custody arrangements. Overall portfolio performance is also enhanced by the different cash flow cycles of the various Participants, effectively allowing the portfolio's duration to be extended.

The portfolio is valued daily using the amortized cost method of accounting, and is marked-to-market at least once a month. Net investment income is declared and distributed daily via a daily dividend factor, which is determined by dividing net investment income by joint value. The daily dividend factor is multiplied by the total dollars in each Participant's account to arrive at a dividend, which is then added to the Participant's balance. The daily dividend factor is also used to calculate the daily interest rate, which is the daily dividend factor multiplied by 365. For convenience, the daily interest rate is summarized in Participants' monthly statements.**

All expenses related to operating CLASS are encompassed in a single management fee, which is deducted from portfolio earnings prior to the recording of daily investment results. Since the inception of the program in September 1989, through fee waivers, no more than forty basis points (.0040%) has been charged. The CLASS rate of return is quoted net of the management fee.

The costs of program operation covered by the fee include all custodial and securities clearance and transaction charges; portfolio valuation expenses; the cost of the annual independent audit; all expenses of participant and portfolio record keeping, accounting and monthly statement preparation; all investment advisory fees paid to the Investment Advisor expenses related to legal and other professional fees associated with the normal operation and support of the program; reasonable expenses incurred in the course of hosting periodic Participant and board meetings, or for conducting participant surveys; and mailing, telephone, stationery, fax and wire charges. Participants receive no other bills, fees or charges associated with the normal operation of the program.

Joining CLASS

In order to join the New York CLASS program, Participants must approve the CLASS Agreement by a majority vote of their governing body. Once the Lead Participant has received and, through the Program Administrator, processed the fully executed Municipal Cooperation Agreement and Authorizing Resolution, the Custodian will be notified and participation can begin. A representative of the Program Administrator will then inform the new Participant of the program's contribution, withdrawal and transfer procedures, establish the requisite accounts and bank wiring instructions, obtain authorized signatures, set up security arrangements, and answer any questions. The new Participant will receive a binder to hold monthly statements, as well as detailed operational instructions. Participants will also be informed from time to time of the dates and locations of regional Participant meetings where issues relevant to the governance and operations of the CLASS program are discussed.

If you'd like to join others who are already benefiting from CLASS participation, or would like additional information about the program, contact MBIA-MISC's client service desk toll-free at 1-800-395-5505 or visit www.mbia.com.

Any Participant may withdraw from the Agreement at any time upon written notice to the Lead Participant and the Governing Board. This document is intended to provide general information about CLASS, a cooperative investment program designed for New York public entities. The specific terms of the program are fully defined by the terms of both the CLASS Municipal Cooperation Agreement and New York State General Municipal Law.

** Past performance is no guarantee of future results.



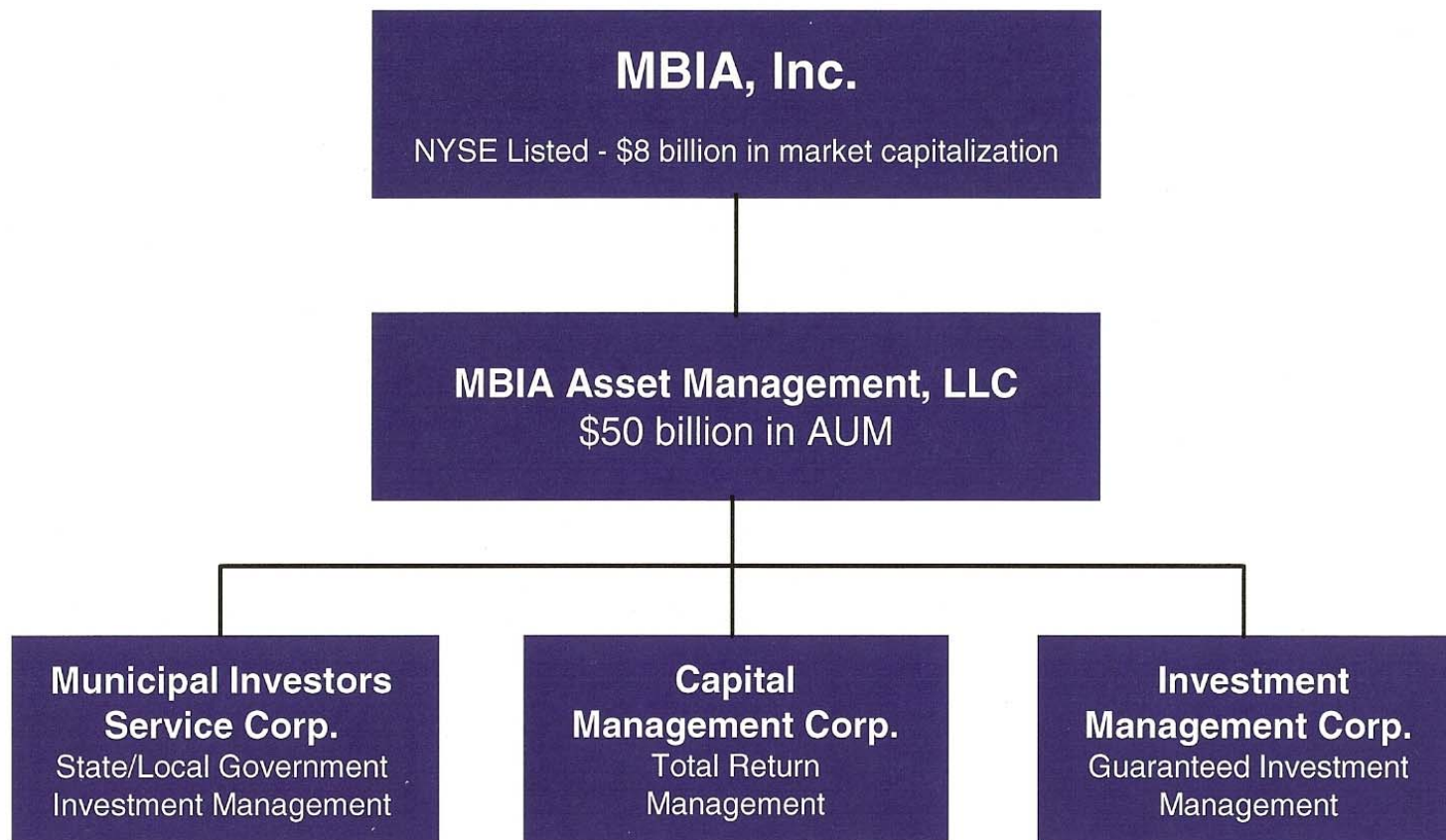
New York CLASS

An MBIA Investment Management Program

Presented by:

Nancy Weiss
MBIA Asset Management Group

April 10, 2007



- **A Forbes 500 Company**
- **Listed on the New York Stock Exchange**

MBIA Insurance Corporation

- Nation's leading financial guarantor for thirty-one consecutive years
- Triple-A rated by Moody's, Standard & Poor's and Fitch Ratings
- Saved state and local governments more than \$14.5 billion in interest cost
- Largest, most experienced research and surveillance staff in the industry
- Insurance regulation and supervision in all 50 states
- Subject to stringent capital and reserve requirements

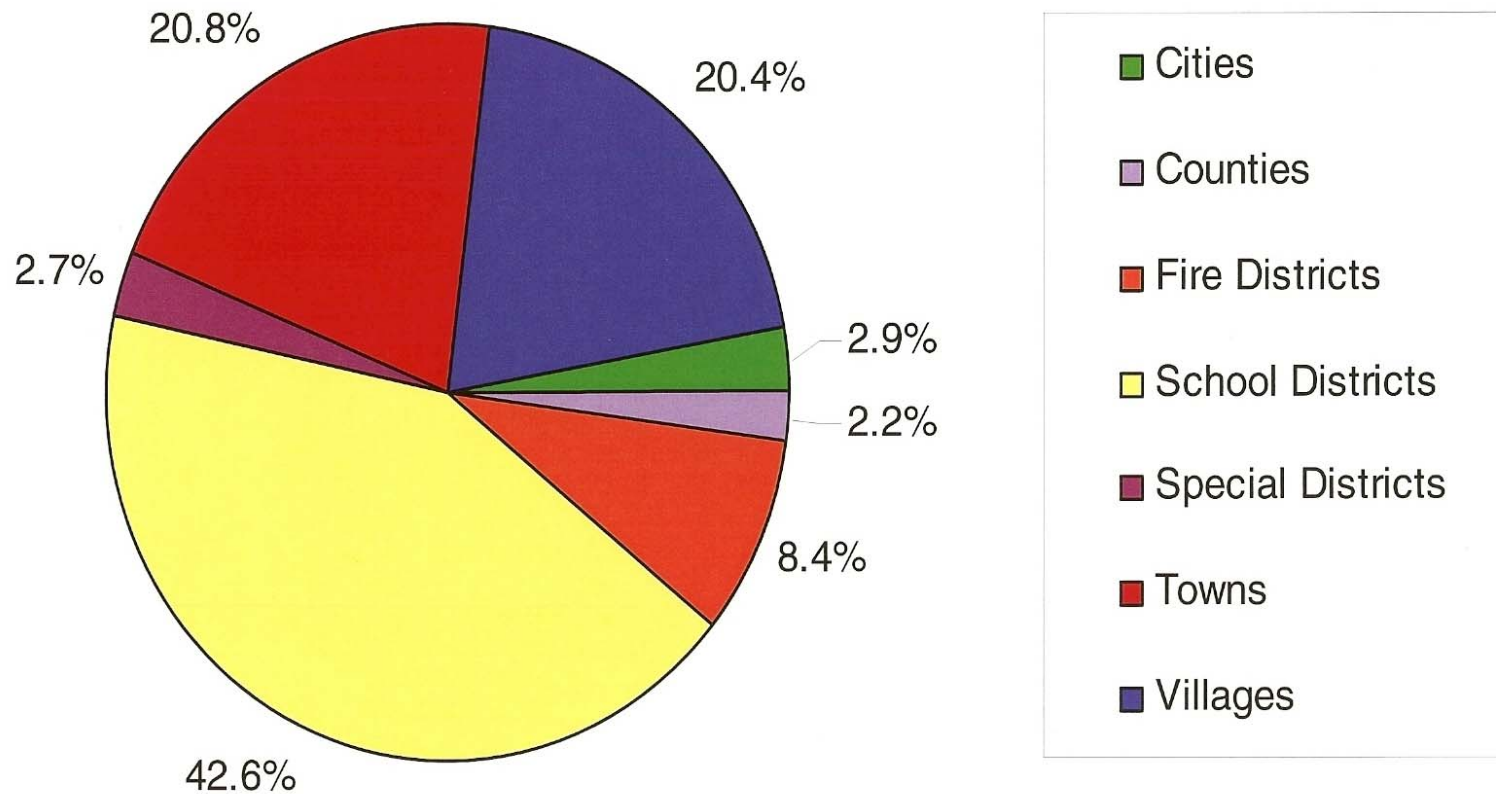
MBIA Insurance Corp. - New York Highlights

- Insured over 2,334 issues
- Saved New York public entities over \$1.2 billion in interest cost

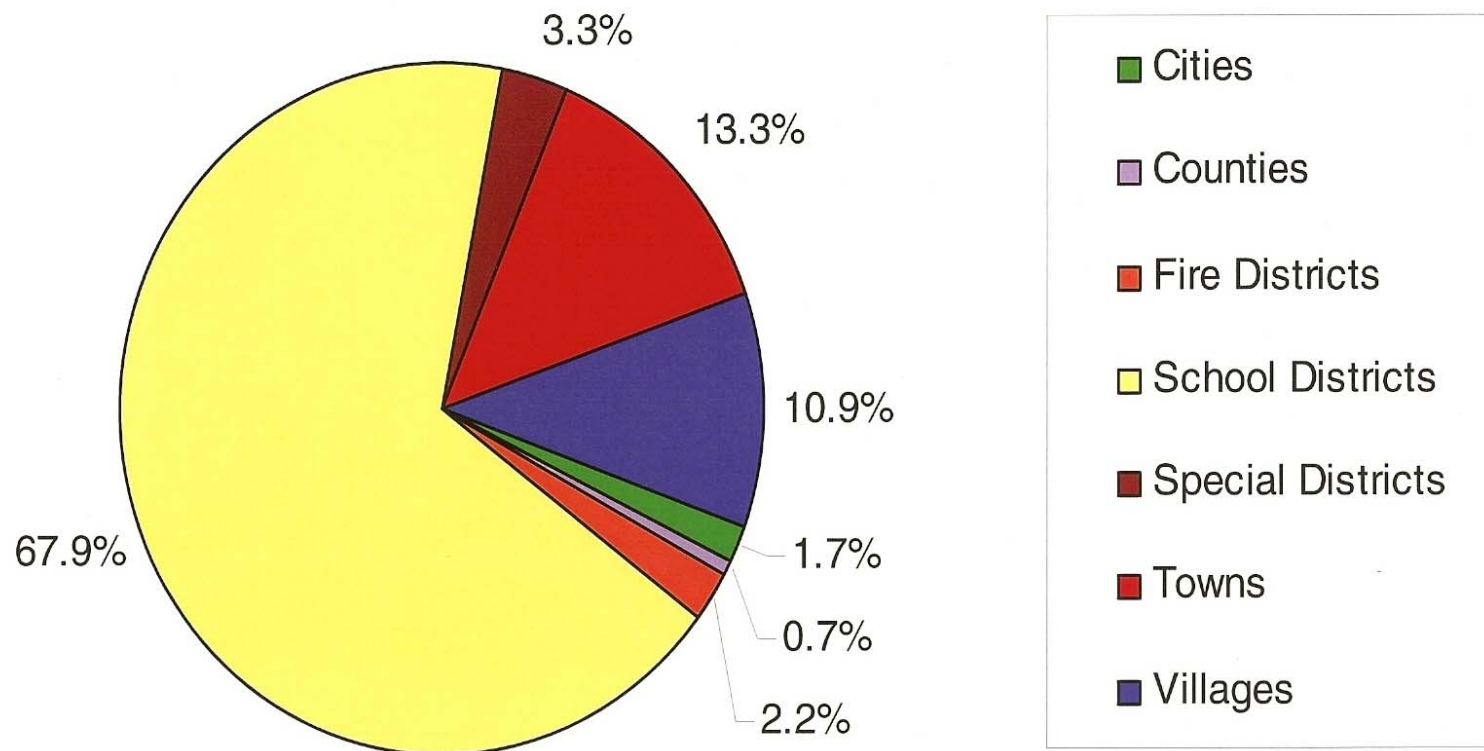
MBIA Municipal Investors Service Corporation

- Formed solely to assist public entities in managing their cash resources
- SEC-registered investment adviser
- Regulated by all required state authorities and agencies
- Operating in 13 states and the Commonwealth of Puerto Rico
- Servicing over 4,700 participants with over \$9 billion under management

New York – Distribution by Entity



New York CLASS– Distribution by Assets



Cooperative Liquid Asset Securities System

New York *CLASS*

The sound approach to the daily management of public funds through:

- *Safety*
- *Liquidity*
- *Convenience*
- *Market Rates of Return*
- *Dedicated Participant Services*

New York CLASS Safety Measures

- Triple-A rated by Fitch Ratings - **AAA/V1+**
- Adviser/Administrator, *MBIA-MISC*, is an SEC registered investment adviser
- All securities are held in a third-party New York bank custodial account
- Collateral marked-to-market daily
- Detailed records including monthly reports, custodial reports and independently audited financial statements provided to Participants
- Invests only in investments legally permissible for New York
- Fully compliant with Chapter 623 of the Laws of 1998 (GML Article 3A)

Risk Management: An MBIA Core Strength

- **Risk Manager**
 - performs on-going quantitative analysis of interest rate risks
 - conducts portfolio stress tests
 - reviews investment guidelines in light of changing market conditions
- **Compliance Department**
 - frequent review of portfolios to ensure compliance with investment guidelines
- **Investment Policy Committee**
 - policies reviewed by members including business managers, investment professionals and risk manager
- **Risk Strategy Committee**
 - periodic senior management review of investment strategies and business risks
- **Rating Agencies**

Liquid Facility: An MBIA Advantage

Protects participants that invest in CLASS against loss of principal and reinvested interest

- Letter of Credit provided by JPMorgan Chase & Co.
- Letter of Credit backed by MBIA
- Letter of Credit only available as long as MBIA serves as Investment Adviser

Liquidity

- Funds available on any business day
- No minimum investment
- No minimum balance
- No withdrawal penalties
- No minimum transaction size

Convenience

- Open as many accounts as needed
- Transactions made by toll-free phone and fax numbers, *Client Connection* online or ACH
- Same day confirmation of all deposits and withdrawals
- Comprehensive record keeping for each account with a clear audit trail
- Monthly statements including account activity, performance and portfolio holdings
- Access to client service representative

Market Rates of Return

- Advised by professional, experienced money managers
- Active portfolio management
 - professional securities research enhances ability to create appropriate portfolio strategy
 - adviser's market presence with network of dealer coverage provides for best execution on all trades
 - continuous market analysis through dealer coverage and market screens creates ability to reallocate portfolio as market dynamics change
 - economies of scale created through cooperative investing enhances trade execution and portfolio performance
- Interest compounded and paid daily for enhanced investment return
- Yield quoted is net of all costs, no additional fees or charges

MBIA/MISC Administered Pools

