

INTRODUCTION

The 1992 U.S. Municipal Counterparty Definitions (the "Definitions") are intended for use with agreements, such as the Local Currency—Single Jurisdiction version of the 1992 ISDA Master Agreement accompanied by the U.S. Municipal Counterparty Schedule (the "Standard Agreement") published by the International Swap Dealers Association, Inc. ("ISDA"), and in Confirmations of individual Transactions governed by those agreements. Copies of the Standard Agreement are available from the executive offices of ISDA. A sample form for a letter agreement or telex constituting a Confirmation is attached as Exhibit I to these Definitions. Sample forms of specific provisions for incorporation in a Confirmation to document different types of Transactions are attached as Exhibits II-A and II-B to these Definitions.

The Definitions are designed for use by participants in the markets for Transactions with U.S. municipal counterparties and may be used for such purposes without reference to the 1991 ISDA Definitions (the "1991 Definitions") for those Transactions covered by the Definitions. The 1991 Definitions remain a current and viable source for other types of transactions not covered by the Definitions.

The Definitions are essentially an abridged version of the 1991 Definitions. The Definitions include many of the definitions and provisions from the 1991 Definitions for the documentation of interest rate swap transactions and caps, collars and floors and also add certain definitions and provisions used in the markets for Transactions with U.S. municipal counterparties such as the definitions of Kenny Index, PSA Municipal Swap Index and Government Bond Basis. The Definitions can be incorporated into future Confirmations governed by an agreement such as the Standard Agreement. Existing Confirmations that incorporate the 1991 Definitions will not, without further action by the parties, be affected by the use of the Definitions for future Transactions.

The Definitions may be updated periodically to include additional definitions and provisions. While the definitions and provisions contained in these Definitions may be modified in any update, it is not anticipated that they will be changed substantively unless then prevailing market practice supports such a change. At any time a copy of the then current version of the Definitions may be obtained from the executive offices of ISDA.

ISDA has no relationship with the organizations that have created or publish or provide the information that serves as a basis for the rates referred to in the Definitions other than an agreement with Reuters Limited pursuant to which it calculates and publishes the rates listed on the Reuters Screen ISDA page. ISDA does not assume any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates referred to in these Definitions. ISDA assumes no responsibility for any use to which the Definitions may be put or for any use of any rate, price or index in connection with a Transaction or in connection with any other transaction. Parties may wish to consult with their legal or tax advisors before using the Definitions.

ISDA began the project to produce the Definitions in mid-1991. During the course of the project ISDA has received assistance from the Public Securities Association. ISDA gratefully acknowledges the contributions of the Public Securities Association to the Definitions as well as the U.S. Municipal Counterparty Schedule referred to above.