OFFICE OF THE TREASURER-TAX COLLECTOR

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CHANGES IN ELIGIBILE CREDITS

In the month of December, there were two changes to the Treasurer's approved list of issuers.

The following was added to the approved lists:

1) BASF
2) Procter & Gamble Company

Please refer to the attached TIC memos for further information.

The following table summarizes the remaining SIV holdings that have had, or are being considered for further rating actions.

Extended Fund	Security Type	Maturity Date	Market Value	% of Fund	ST Ratings, LT Ratings
WhistleJacket Capital LLC	MTN	1/25/2009	32,572,634	1.27%	NR/NP, NR/B2
WhistleJacket Capital LLC	MTN	1/25/2009	19,628,295	.77%	NR/NP, NR/B2
			52,200,929	2.04%	

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BASF SE

Date: 12/31/2008
Analyst: Fahad Haider
Industry: Basic Material - Chemicals (1.1)
Credit Ratings: AA-/Aa3 *-/AA- A-1+/P-1/F1+
TIC Score: T7

Business Description

BASF is a Germany based chemical company, which was founded in 1865. It is the world's largest chemical production company with over 300 subsidiaries. The 6 major business segments and their respective percentage share of EBITDA are as follows: Chemicals (23%), Plastics (16%), Performance Products (11%), Functional Solutions (8%), Agricultural Solutions (7%) and Oil & Gas (35%). BASF is highly diversified with respect to geographic sales, product lines and business segments.

As of 12/10/08, BASF commercial paper program size is about $12.5 billion. Dealers under this program include Citibank, Goldman Sachs and JP Morgan. BASF has $17 billion in total outstanding debt, out of with $6.8 is short term (outstanding commercial paper) borrowing.

Our Opinion

Leadership Position:

1. BASF is the world's oldest chemical producer which has been operating for over 140 years. Over the years it has significantly diversified its product segments and its geographic presence.
2. BASF is an industry leader in chemical products with revenues over $79 billion followed by Dow Chemicals and DuPont with revenues of $53 Billion and $30 billion respectively.
3. BASF enjoys significantly high sales growth compared to its peers. Employing a conservative financial policy the company has managed to keep its debt ratios low compared to its competitors. Five-year debt to EBITDA average for BASF is around 0.67, compared to the ratios of 2.02 and 1.97 for DOW and DuPont.
4. Better positioned than any other company in its industry to take advantage of current market conditions in expanding its global presence and strengthening its product lines in areas where it does not enjoy a competitive edge.

Liquidity:

1. BASF mainly utilizes the $12.5 billion commercial paper program to fulfill its working capital needs.
2. BASF has $6 billion of maturing debt over the period of 2009-2012, with a billion or two maturing every year. The company also has two syndicate credit facilities of $3.75 billion and $2.25 billion. These mature in 2012 and 2014 respectively and were fully undrawn as of 3rd quarter of 2008
3. BASF primary sources of liquidity are cash flows from its operating activities, which were around $1.4 billion in 3rd quarter of 2008.

Challenges:

1. Liquidity position of the company is currently strong and revenues in 2008 3rd quarter are up 18% from last year. But, given the slump in the global economy it is unlikely to maintain growth. BASF has made it clear, in the letter to shareholders, that if growth is effected the company will stop growing its dividend payout rate to maintain liquidity.
2. They were placed on Watch negative by Moody's this year from 'Aa3' to 'Aa3 *-'. There was no change to short-term ratings. This was following the acquisition bid made by BASF for Switzerland based specialty chemical manufacturing company Ciba Holding Inc. This acquisition is likely to be financed with debt as the company's free-cash flows will be consumed in the $3 billion share buy back program and dividend payout.
3. The petrochemicals segment, which comprise of about 10% of the company's revenues, will face a significant slow down in 2009, given the drop in consumption.

Other Comments:

The Ciba Acquisition, which is expected to go through, might weaken BASF credit protection ratios. BASF has already committed its operating cash-flow to share buy-back program and dividend payout. However, Ciba is a significant player in the specialty chemicals business and the acquisition will make BASF the largest producer of specialty chemicals in the world. This will help BASF reduce its dependence on the heavily cyclical petrochemical industry. The petrochemical revenues look bleak in part due to the slump in demand, but mainly due to the arrival of new refineries in Asia and Middle-East. This makes the acquisition of Ciba even more crucial for BASF. It will strengthen its global leadership in chemicals manufacturing, which is BASF's core business.
The company has significantly high EBIT to Interest Expense ratio compared to its competitors. BASF ratio is 15.83 compared to 5.71 & 11.32 of DOW and DuPont, respectively. For cost reductions purposes, BASF has targeted fixed cost reduction in the petrochemical business. It has successfully reduced it to deter the effects of declining demand in the coming months.

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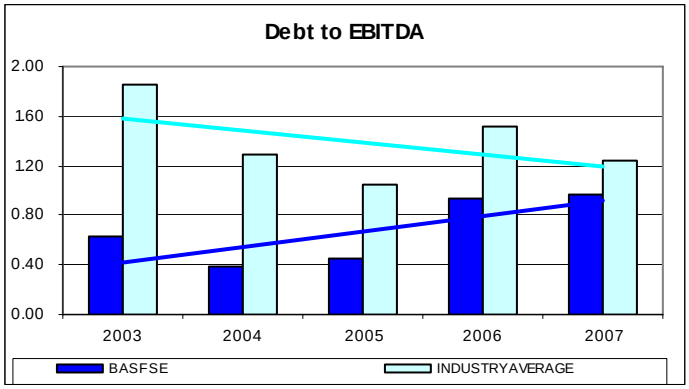

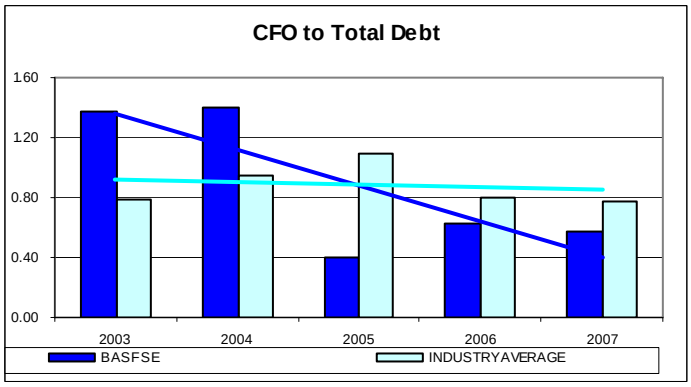

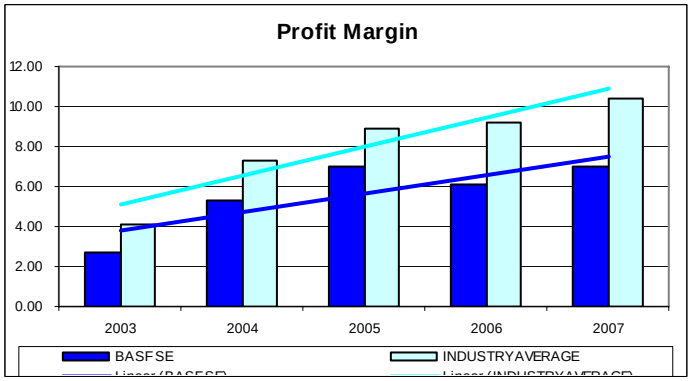

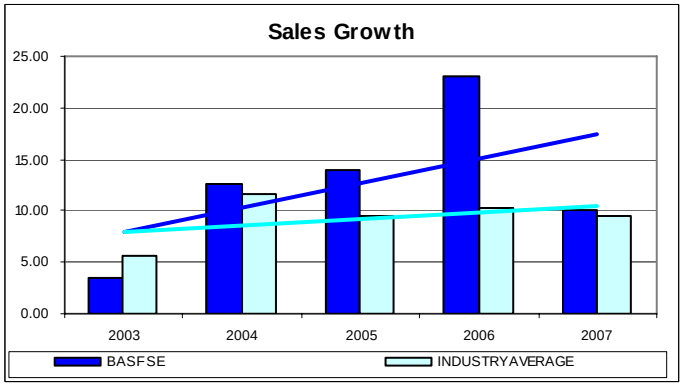

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PROCTER & GAMBLE

Date: December 24, 2008
Analyst: Fahad Haider
Industry: Consumer, Non-cyclical – Consumer products
Credit Ratings: A1+/P1/NR AA-/Aa3/NR
TIC Score: T7

Recommendation: Add Procter & Gamble to the Eligibility List
(Procter & Gamble International Funding and Procter & Gamble)

Business Description

Procter & Gamble was incorporated in 1905 and is based in Cincinnati, Ohio. They are the world leader in the consumer product industry with a portfolio of over 300 products selling in 180 countries. The company holds leading global positions in fabric and home care, beauty care, baby care and family care products. P&G also maintains strong global brands, including Tide, Pampers and Gillette. P&G's billion-dollar brands are the core of the company's product portfolio, representing about two-thirds of annual sales and a greater percentage of profit. Its business is divided into three global units: health, beauty, and household care. The company owns and operates 39 manufacturing facilities in the U.S. and 105 facilities in 41 other countries.

Goldman Sachs and Merrill Lynch are dealers of P&G's $10 billion commercial paper program with approximately $5.8 billion outstanding.

Our Opinion

Strengths:

- Diverse products portfolio
  - Household Care (Bounty, Charmin, Dawn, Downy, Duracell)represents 44% of fiscal 2008 sales
  - Beauty (Braun, Clairol, Cover Girl, Gillette) represents 33% of fiscal 2008 sales
  - Health and well-being (Feminine Care, Oral Care, Personal Health and Pharmaceuticals) represents 23% of fiscal 2008 sales
  - Total Sales $83.5 billion for fiscal 2008

- Short-term credit factors
  - Maintains strong cash and cash equivalent balances totaling $4.5 billion as of Sept. 30, 2008.
  - A $1.8 billion, 364 –day revolving credit facility, as well as $9 billion of revolving credit facilities that matures in 2012 support the company's commercial program.
  - Strong free cash flow generation supports their ability to meet operating needs and upcoming debt maturities:
    1. Cash flow from operations: $15,814 billion
    2. Total Debt: $36,665 billion (S&P adjusted for Operating Leases, Postretirement benefit Obligations and Surplus Cash fiscal year June 30, 2008)
    3. Debt Maturities:
       - 2009: $1.7 billion

- 2010: $5.5 billion
- 2011: $0.0 billion
- 2012: $1.6 billion
- 2013: $2.2 billion

- Excellent Cash Position
  - Generate $13 billion free cash flow in 2008
  - Funds form Operations (FFO) to total debt was 42% ($17,963.5 billion) for the last 12 months
  - Total debt stands at 2x the EBITDA for September 30, 2008

Challenges

- Highly competitive operating environment
- Aggressive stock buyback totaling $24 to $30 billion over the next three years, with annual repurchases of about $8 to $10 billion each year

NRSRO's Opinion

Moody's 06/30/2008	S&P 09/30/2008
Strengths ▪ Significant brand power and leading market shares result in strong margins and substantial operating cash flow ▪ Geographic and product diversification minimizes earnings and cash flow volatility ▪ Product innovation creates top line revenue growth ▪ Strong liquidity supported by free cash flow, and committed bank facilities Weaknesses ▪ Aggressive financial policies constrain ability to reduce debt ▪ Competitive marketplace may constrain ability to raise prices	Strengths ▪ A highly diversified product portfolio, significant brand equity, and product innovation ▪ Global Scale ▪ Geographic diversity ▪ Modest financial profile ▪ Excellent free cash flow generation Weaknesses ▪ Aggressive share repurchase activity ▪ Highly competitive operating environment

Recent Developments

In November 2008 the company sold its Folgers business to The J.M. Smucker Co for $3 billion (includes: Millstone and Dunkin' Donuts)

In September 2008, P&G acquired NIOXIN Research Laboratories for a reported sale of $300 million, which specializes in professional hair care to improve the appearance of thinning hair. The product line is distributed in 40 countries through salons and their stores.

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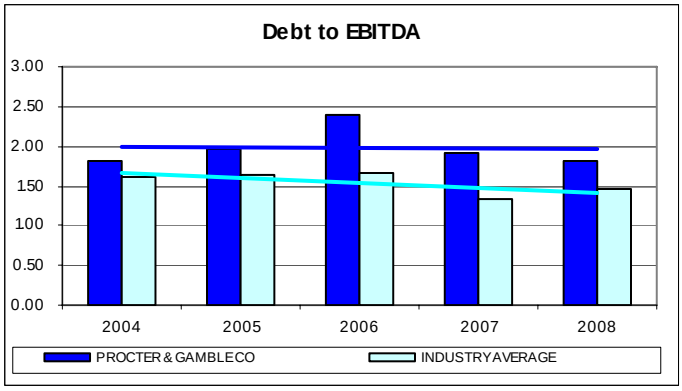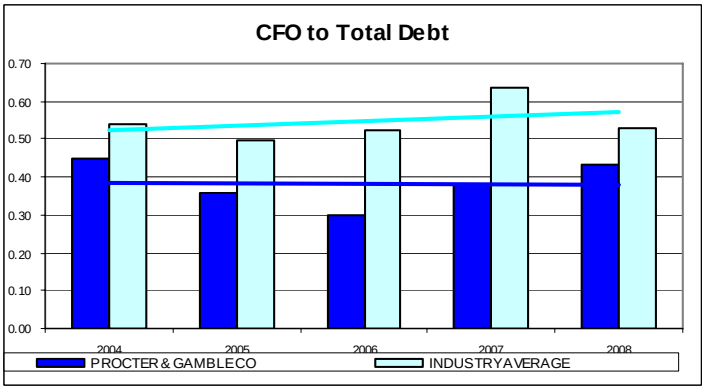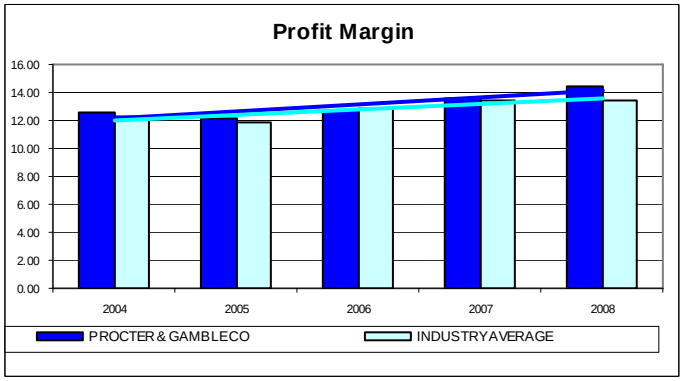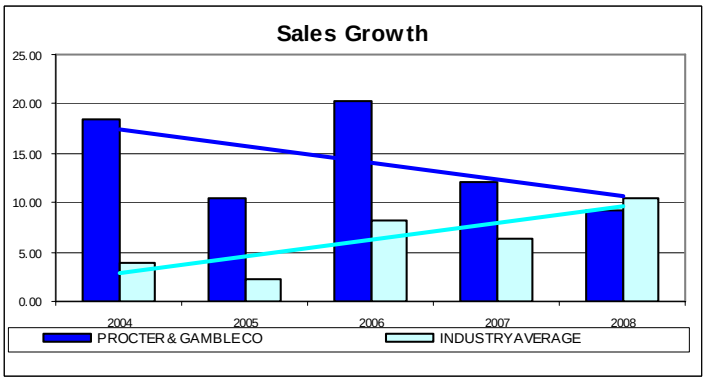
In 2005 P&G bought Gillette for $57 billion, the deal created the world's largest consumer products company, ahead of Unilever. The purchase added well-known products to P&G vast portfolio, such as Gillette razors and blades, Duracell batteries, Oral-B oral care items and Braun appliances.