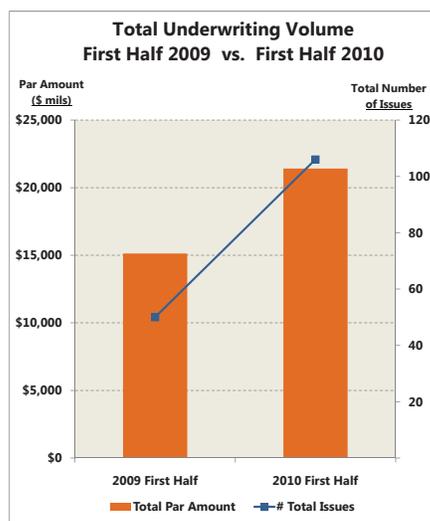


Rice Financial

Mid-Year Review

Rice Underwriting Volume Jumps 40% in First Half

Compared to this time last year, Rice Financial's bond underwriting volume has risen by 40%. During the first half of 2009, the firm served as a managing underwriter in transactions totaling \$14.9 billion. For the same time period this year, that number rose to \$21.1 billion.



Rice Financial's rapid growth rate is reflected in the numerous senior manager and co-senior manager appointments the

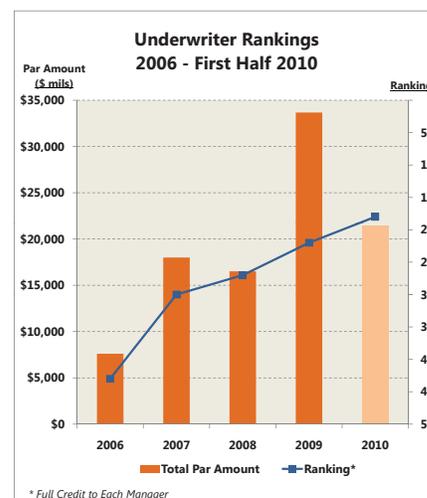
firm has garnered in the past 12 months from issuers that include:

Empire State Development Corporation (NY)
State of Ohio
Ohio Water Development Authority
Virgin Islands Water and Power Authority
Cook County (IL)
Miami-Dade County (FL)
Nassau County (NY)
Travis County (TX)
City of Akron (OH)
City of Chicago (IL)
City of Cleveland (OH)
District of Columbia
City of Inglewood (CA)
City of Jackson (MS)
City of Memphis (TN)
Charleston Water System (SC)
Franklin Co. (OH) Convention Facilities Authority
Harris County Toll Road Authority
Atlanta Metropolitan College
Houston Community College
Southern Assoc. of Colleges & Schools
University of the Virgin Islands

The firm's dramatic climb is also mirrored by a continued rise in rankings. As depicted below, Rice Financial has risen from a 43rd place ranking in 2006 to an 18th place ranking for the first half of 2010.

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Rice Promotions


Crista Baron

President
New York City


David Womack

Director of Northeast Region
New York City


Geoff Carey

Managing Director
Hoboken


Ken Kramer

Managing Director
Hoboken


Tim Barbera

Senior Vice President
Hoboken


Jerome Cox

Vice President
New York City


Vikas Dayal

Associate
New York City


Chia Siu

Associate
New York City

"It gives me great pleasure to announce these promotions for such deserving colleagues. Each has shown a dedication to the firm that goes above and beyond what is expected. These promotions are a reflection of their hard work and of the firm's desire to help our employees build professional careers over the long term."

- Don Rice, CEO

First BABs Issued in the U.S. Virgin Islands

On March 16, 2010, Rice Financial served as senior manager for an \$85 million Virgin Islands Water and Power Authority refunding and new money Electric System Revenue Bond financing. The Authority was seeking to refund a portion of its outstanding debt for savings, repay outstanding lines of credit and fund key capital projects without increasing its maximum annual debt service.



Rice Financial devised a financing plan centered around a refunding issue that restructured the amortization of the refunding bonds to reduce near-term debt service without extending the final maturity of the refunded bonds. The savings created by the refunding transaction provided capacity to support new money debt service

without exceeding the Authority's current maximum annual debt service.

The financing also included Build America Bonds (BABs) totaling \$37.3 million and marked the first issuance of BABs in the U.S. Virgin Islands. The BABs, along with bond insurance from Assured Guaranty, helped the Authority achieve financing costs of 4.7%.

Ohio Deals Take Center Stage in First Half of 2010

As a long-time resident of the state, Rice Financial has been active in Ohio public finance for more than two decades. During that time, we have served as a managing underwriter on bond financings totaling more than \$24.5 billion for Ohio issuers.

In the first half of 2010, Rice Financial served as an underwriter in Ohio transactions totaling \$1.26 billion, earning a 6th place ranking in the state for total par amount underwritten (full credit to each manager). To date this year, we have senior managed issues for the State of Ohio, the City of Cleveland and the Franklin County Convention Facilities Authority. We were also named to the senior manager

pool for the Ohio Water Development Authority and the Solid Waste Authority of Central Ohio.

State of Ohio

In February 2010, Rice Financial senior managed a \$30 million Special Obligation Cultural Facilities Bond financing for the State of Ohio. During the kick-off meeting, the State Treasurer's Office communicated very specific financing considerations, including a debt service cap of \$1.6 million for the fiscal year ending 6/30/2011, a \$1 million principal payment on 10/1/2011, a 10-year final maturity, and a minimum of \$1.4 million in premium for the capital project fund.

Working closely with representatives of the Treasurer's office and the financial advisor, Rice Financial analyzed a number of financing alternatives,

continued on page 3

Ohio Deals *continued from page 2*

including the use of tax-exempt securities and/or Build America Bonds. We also evaluated the cost of various redemption provisions, such as an 8-year par call, an 8-year make-whole call and a non-callable structure. Initial drafts of the documents were prepared to provide the greatest degree of flexibility possible, enabling the financing team to evaluate financing structures as market conditions changed. Based on our analyses and market conditions as the day of pricing approached, we concluded the best structure involved the issuance of non-callable, tax-exempt securities.

Although the bonds were structured to generate a significant amount of premium, typically considered an institutional structure, Rice Financial obtained retail orders totaling \$21.4 million. All of the retail orders generated were for Ohio retail investors.

Franklin County Convention Facilities Authority

On February 2, 2010, Rice Financial served as one of two senior managers on a \$160 million lease revenue anticipation bond financing for a Franklin County Convention Facilities Authority hotel project in Ohio. The transaction consisted entirely of Build America Bonds, with proceeds being used to pay the cost of constructing a 500-room hotel, fund a bond reserve fund, pay capitalized interest through August 31, 2012, and cover costs of issuance.

This proved to be an interesting and exciting project that required substantial analysis and keen market insight to structure a transaction that would generate the greatest amount of investor interest and the lowest cost of funds for the Authority. Rice Financial was selected for the transaction based on our long history with the Authority (we have served as an underwriter on five of the Authority's seven transactions) and our exceptional track record selling Ohio securities.

City of Cleveland

On June 8, 2010, Rice senior managed a \$27 million Subordinate Lien Income Tax Bond financing for the City of Cleveland. The transactions was challenging to structure as the City had very specific considerations, including a Recovery Zone Bond (RZEDB) limit of \$15.59 million, a gross debt service cap of \$1.85 million in 2011, a desire for aggregate level net debt service over 21 years and a need for specific amounts to fund three different projects, of which only two projects were eligible for Recovery Zone Bonds. Further, due to the different useful life of the three projects, project pay downs were restricted to certain years for the three series of bonds.

Working closely with the City and its financial advisors, Rice Financial analyzed a number of financing alternatives, including the use of tax-exempt securities, Build America Bonds, Recovery Zone Bonds and a combination thereof. We also evaluated the cost of various redemption provisions, such as a 10-year par call, a make-whole call and a non-callable structure. In addition, we analyzed the benefit of insurance.

Rice Financial marketed the bonds in a market made challenging by concerns about IRS inquiries into BAB transactions. The fears resulted in reduced liquidity and rising spreads, and many institutional accounts stopped purchasing BABs and RZEDBs.

At the end of the order period, the syndicate did not generate sufficient orders for the larger term bonds. After conversations with the City and its financial advisors, Rice reopened the order period and was able to secure a large institutional buyer to purchase two sizable maturities. We generated enough interest to reduce the spread in some of the maturities. The syndicate underwrote the balance of the transaction. Despite a challenging environment for BABs, an all-in TIC of 3.49% was achieved.

Work Study Program Offers Hands-on Training

Education has always been central to what we do at Rice Financial. We seek to hire the most highly educated personnel we can find, and we ensure our employees have access to all the tools and resources they need to excel.

In keeping with this theme, Rice Financial has established a work study program in conjunction with Kettering University in Flint, Michigan. To date, we have hired two interns through this program, Brian Jones and Kabir Maiga. We have also retained an intern in our Chicago office, Andrianna Montgomery, from the Chicago Summer Business Institute.

Rice Closes \$214 Million in HBCU Loans

Since being appointed the Designated Bonding Authority for the U. S. Department of Education Historically Black College and University (HBCU) Capital Financing Program last fall, Rice Financial has completed eight transactions through the program totaling \$214 million for HBCU institutions nationwide.

Don Rice Receives NYS Thruway Board Appointment



Earlier this year, CEO Don Rice was appointed by the Governor and confirmed by the New York State Senate to serve on the Board of Directors for the New York State Thruway Authority and its subsidiary, the New York State Canal Corporation, until June 2018.

Don is a member of several boards in the New York City area, including United Neighborhood Houses, New York City Head Start and the Council of Urban Professionals.

Unusual Spin on PILOT Notes Provides a Creative Solution for the District of Columbia



In a competitive procurement process, Rice Financial was selected in December 2007 by the District of

Columbia Housing Authority (DCHA) to senior manage a proposed \$55 million PILOT Revenue Bond financing for the Arthur Capper/Carrollsborg development site. Debt service on the proposed bonds was to be paid by PILOT payments from future mixed-use development on the site.

Rice Financial worked with DCHA staff to approve issuance of the bonds

and with real estate consultants to prepare the necessary market and feasibility studies. Responding to project delays caused by weak real estate markets and fragile credit markets, we coordinated closely with DCHA on strategies to downsize and phase the financing against expected PILOT revenues from project components nearing completion.

Rice Financial met with potential lenders and conducted board, staff and District briefings. Recognizing the opportunity presented by extraordinarily low short-term interest rates available in the tax-exempt market and the approaching completion of the first phase of residential development, we identified an opportunity for the Authority to access the short-term bond market, if an acceptable credit could be created. We developed and presented a proposal for the District to provide credit support for a \$29 million PILOT Bond Anticipation Note (BAN) financing.

We estimated that PILOT revenue from project components coming on line would be sufficient to pay interest on the notes and minimize the District's risk of making payments on its guarantee. In response, the District drafted legislation to provide credit support for a PILOT BAN issue with available tax increment revenues from the Downtown TIF district. Rice Financial led a rating strategy that resulted in initial public short-term ratings of SP-1 and preliminary long-term ratings of A-.

The BANs were priced March 22, 2010, with a final maturity of December 2012. The Notes will be refinanced at maturity with a PILOT Revenue Bond issue. While the Downtown TIF credit support will be available to support a long-term issue, the BAN issue will provide time for additional projects to secure financing and possibly permit the takeout financing to be issued without credit support.

Noteworthy Transactions, First Half 2010

<p>\$594,330,000</p>  <p>Miami-Dade County, Florida</p> <p>Water & Sewer System Revenue Bonds 02/23/10</p> <p>Co-Senior Manager</p>	<p>\$504,930,000</p>  <p>Miami-Dade County, Florida</p> <p>Aviation Revenue Bonds 07/21/10</p> <p>Co-Senior Manager</p>	<p>\$357,950,000</p>  <p>Cook County, Illinois</p> <p>General Obligation Refunding Bonds 06/11/10</p> <p>Co-Senior Manager</p>	<p>\$239,755,000</p>  <p>Miami-Dade County, Florida</p> <p>Aviation Double-Barreled GO Bonds 02/10/10</p> <p>Co-Senior Manager</p>	<p>\$160,000,000</p>  <p>Franklin County Convention Facilities Authority (OH)</p> <p>Revenue Bonds 01/20/10</p> <p>Senior Manager (1 of 2)</p>
<p>\$85,335,000</p>  <p>Virgin Islands Water and Power Authority</p> <p>Electric System Revenue Bonds 03/16/10</p> <p>Senior Manager</p>	<p>\$30,000,000</p>  <p>State of Ohio</p> <p>Special Obligation Cultural Facilities Bonds 02/02/10</p> <p>Senior Manager</p>	<p>\$29,515,000</p>  <p>Ohio Water Development Authority</p> <p>Water Development Revenue Bonds 06/29/10</p> <p>Co-Senior Manager</p>	<p>\$29,000,000</p>  <p>District of Columbia</p> <p>PILOT Revenue Notes 03/22/10</p> <p>Sole Underwriter</p>	<p>\$27,380,000</p>  <p>City of Cleveland</p> <p>Subordinate Lien Income Tax Bonds 06/10/10</p> <p>Senior Manager</p>

Five Senior Professionals and Two Analysts Join the Firm in New York, as well as Florida, New Jersey and Texas

Rice Financial bolstered its banking staff during the first half of 2010, bringing Kevin Schuyler on board as a Managing Director and hiring Karlos Allen and Jose Yandun as Vice Presidents. Kevin has opened a new office for the firm in Tampa, Florida. Karlos is based in the firm's Houston office, and Jose works out of the firm's corporate headquarters in New York City. Rice also grew its sales and trading operation in early 2010, welcoming Miguel Cepeda as Operations Manager and Peggy Carle as a Senior Vice President. Both Miguel and Peggy are based at the firm's national sales and trading desk in Hoboken, New Jersey. We also hired two former interns, Robert Moore and Peter Nahlen.



Kevin Schuyler, Managing Director, Southeast Investment Banker.

Kevin has 26 years of experience in municipal investment banking. While employed as a Managing Director at BB&T Capital Markets, he senior managed transactions across Florida, Louisiana and South Carolina and developed a new debt instrument allowing public insurers to obtain pre-event capital (DOVES) and created a unique financing structure enabling public and private entities to monetize long-term governmental leases. Kevin also previously held positions at Raymond James and Smith Barney.

"Bringing Kevin on board will significantly enhance our ability to grow in Florida and the Southeast, which are target markets for our firm," CEO Don Rice said.



Jose Yandun, Vice President, Northeast Investment Banker and Firmwide Quantitative Specialist.

Jose joined Rice Financial in 2010 from MFR Securities where he was a Vice President and a founding member of the firm's public finance practice. In an

earlier position with Ramirez & Co., he worked on senior managed financings totaling more than \$2.9 billion for such clients as the City of New York, the Dormitory Authority of the State of New York, the State of Illinois and Miami-Dade County (FL).



Karlos Allen, Vice President, Southwest Investment Banker.

Karlos joined Rice Financial from RBC Capital Markets. Karlos has provided financial advisory and underwriting services to numerous issuers throughout Texas and participated in the issuance of over \$7 billion in par amount over the last two years. He has also been employed with First Southwest Company. Karlos served in the U.S. Army Reserves from 1997 to 2005. He has been awarded the Army Achievement Medal, National Defense Service Medal, Global War on Terrorism Medal, Warrior Citizen (Award of Excellence), Iraq Campaign Medal, Reserve Components Achievement Medal and Army Commendation Medal.



Peggy Carle, Senior Vice President, Institutional Sales.

Peggy joined Rice Financial from M. R. Beal & Company where she was a Senior Vice President focused on the sale of municipal bonds in the primary and secondary markets. Peggy has 19 years of experience in institutional sales. She began her career at Kidder Peabody, later holding positions with Fiduciary Trust, Swiss Bank, RD White and Southwest Securities, among others.



Miguel Cepeda, Operations Manager, Sales and Trading.

Miguel joined Rice Financial from AIG/Royal Alliance, where he was Brokerage Service/Margin Control Supervisor. He has 24 years of experience in financial services.

Miguel is based at the firm's main trading desk in Hoboken, New Jersey, and is responsible for the day-to-day operations of the Sales and Trading Department. In an earlier position, Miguel was a Margin Analyst with Donaldson Lufkin and Jenrette.

"Peggy and Miguel are critical additions to our national sales and trading group," Howard Mackey, President of the firm's Broker/Dealer, said. "Having Peggy on the team will allow us to further broaden our institutional investor coverage, while Miguel will be key to the seamless execution of our senior managed and co-managed business."



Robert Moore, Analyst, Sales and Trading.

Robert joined Rice Financial in 2010 having previously served as an intern at the firm in 2007 and 2009. He currently works as an analyst on the firm's Sales and Trading Desk, providing analytical and transactional support to the firm's underwriters, traders and sales personnel. In an internship role with Merrill Lynch, he performed comprehensive analysis on mergers and acquisitions, equity and debt capital markets, and leveraged finance trends. Robert graduated *magna cum laude* with a BS in finance from Virginia Union University.



Peter Nahlen, Analyst, Investment Banking.

Peter first joined Rice Financial in May 2009 as an intern through Northeastern University's cooperative education program. Now a full-time analyst, he performs quantitative analysis and assists in the execution of bond transactions. Prior to joining Rice, Peter was an intern with Harvard University and State Street Corporation. Peter received a BA in Business Administration from Northeastern University.

Source for Volume Totals and Rankings: Thomson Financial Securities Data