Goldman Sachs

Tax Status – Highlighting the Distinctions Between a Tax-Exempt and Taxable Issuance

- Tax-exemption, provides value, more certainty and better execution for smaller, amortizing structures
- Taxable bonds provide use of proceeds flexibility and eliminate the need to track financed projects
- Municipal CUSIP taxable bonds provide greater structuring flexibility if the issuer prefers an amortizing structure or 10-year par call

	Taxable	Tax-Exempt
Typical Maturities	▪ 3, 5, 7, 10 or 30 years	▪ Structural flexibility ▪ Limited by underlying asset life
Time to Market	▪ 5-7 weeks	▪ 8-10 weeks
Conduit Issuer's Involvement (Fees, counsel, and processes)	▪ No (Corporate CUSIP) ▪ Yes (Municipal CUSIP)	▪ Yes
Use of Proceeds	▪ General Corporate Purposes	▪ Specific projects
Spending Limitations	▪ No limitations	▪ Must spend 85% within 3-5 years
On-Going Asset Tracking / Compliance Regulations	▪ None	▪ Yes
Bond Structure	▪ Best execution for bullet/long term maturities ▪ Municipal CUSIP investors are more amenable to amortizing structures and serialization	▪ Amortizing serial / term bonds or bullet maturities
Typical Coupon Structure	▪ Par bonds	▪ 5% and 4% premium bonds
Average Life Considerations	▪ None	▪ Limited by underlying asset life
Typical Call Provisions	▪ Make-whole call is typical ▪ Municipal CUSIP investors are more amenable to 10-year par call	▪ 10-year par call is typical
Market Size	▪ Larger, investors want large / liquid maturities ▪ Index eligibility benefit for maturities >$300mm	▪ Market acceptance for any size issue
Arbitrage Potential	▪ Yes	▪ IRS limitations