MSRB
Municipal Securities Rulemaking Board

Glossary of Municipal Securities Terms

ALL IN COST OR ALL INCLUSIVE COST (AIC)

(1) A measurement of the total cost of a bond financing, expressed as a discount rate calculated using the present value of all debt service payments on the issue and the total proceeds of the issue. For purposes of this calculation, the amount of proceeds is adjusted by any accrued interest, original issue discount, original issue premium and costs of the financing (e.g., costs of issuance, credit enhancement fees, underwriter's spread, etc.).

(2) For a variable rate demand obligation issue, the measure of costs expressed as a percentage that includes the cost of the liquidity facility, remarketing fees, interest payments and administrative fees.

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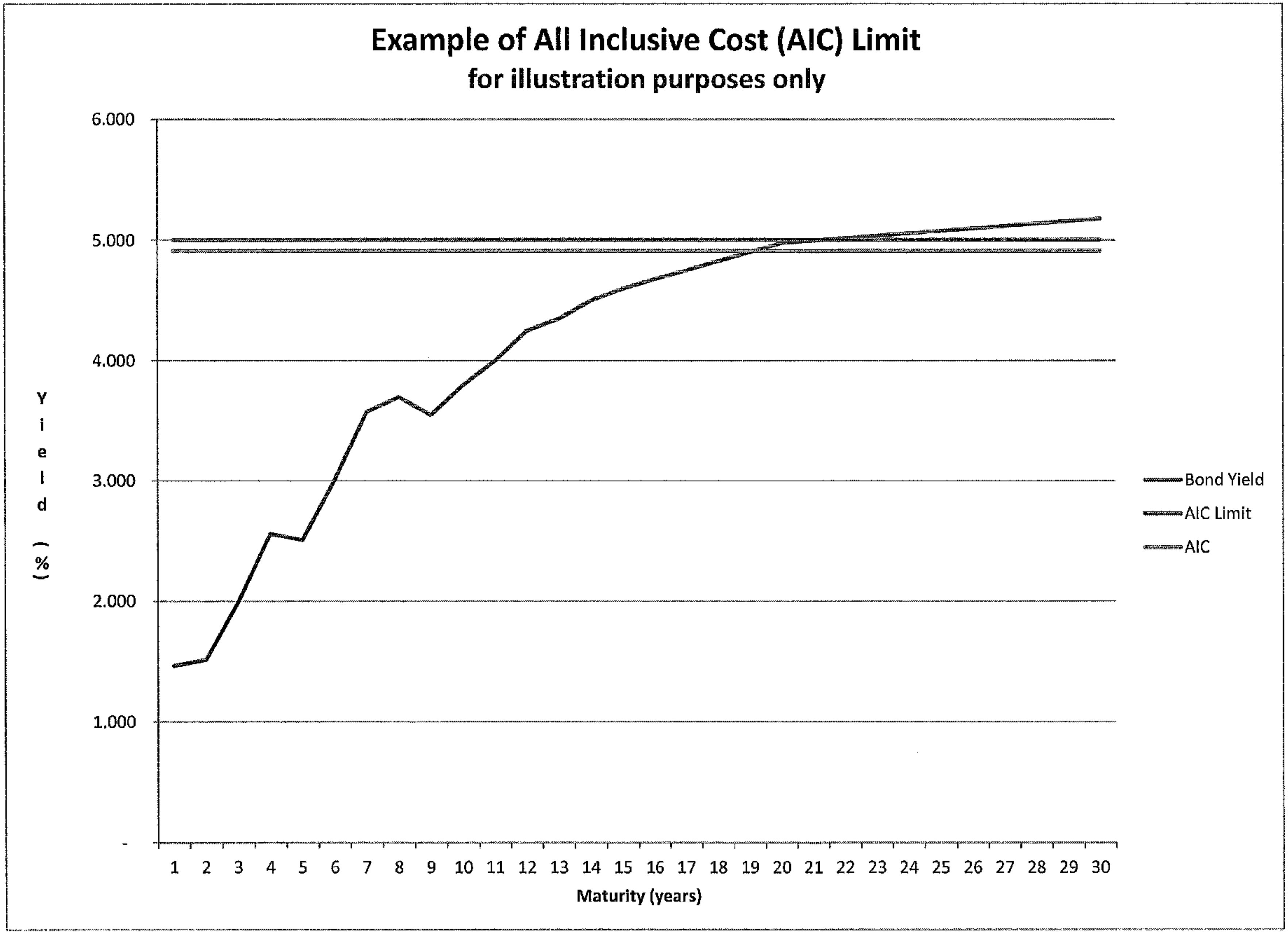

Example of All Inclusive Cost (AIC) Limit
for illustration purposes only
6.000
5.000
4.000
3.000
2.000
1.000
-
Yield (%)
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
Maturity (years)
Bond Yield
AIC Limit
AIC