



MBIA Asset Management
1700 Broadway, Suite 2050
Denver, CO 80290
303 860 1100
Fax: 303 860 0016

TOWN OF ATHERTON

Reports for the period June 1, 2009 – June 30, 2009

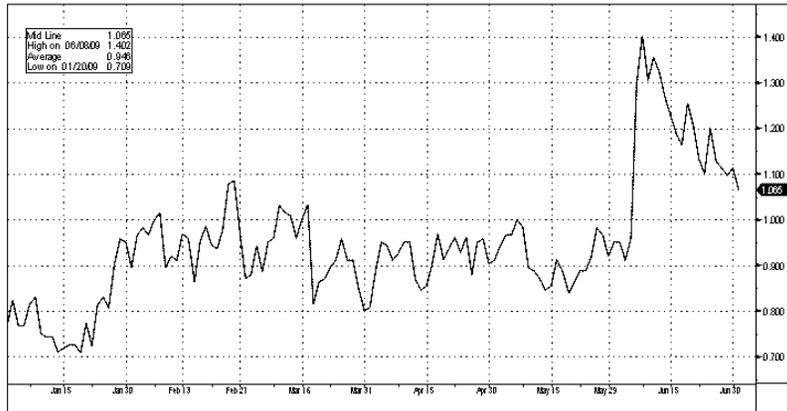
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Fixed Income Market Review

June 30, 2009

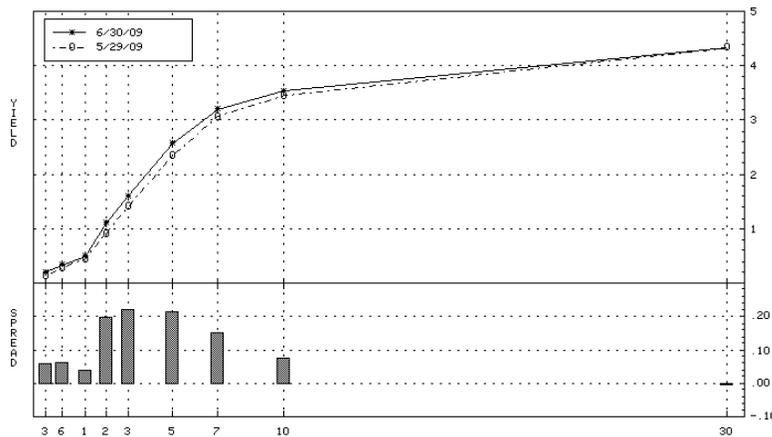
Two-Year Treasury Note Yield
01/01/09 - 07/01/09

Chart 1



Treasury Yield Curves
05/29/09 - 06/30/09

Chart 2



Economic Indicators & Monetary Policy – May’s employment report showed fewer job losses than expected with a decline of 345,000 for the month compared to an expected 525,000. The economy has lost over 6 million jobs since the recession began with more than 4 million jobs lost since last October when job losses averaged around 572,000 per month. The market interpreted May’s employment report as a sign that the Fed would have to shift monetary policy sooner than expected and increase the federal funds target rate before yearend. As such, the yield on the two-year Treasury jumped to 1.40 percent following this report after trading below the one percent level for most of 2009. The market changed this assessment rather quickly, and the two-year Treasury is back to the one percent level once again. (See Chart 1.)

Despite an unemployment rate of nearly 10 percent, the economy appears to be close to finding a bottom in the worst recession to hit the U.S. in over 50 years. There have been positive signs from fewer job losses, improvement in consumer and business sentiment, stabilizing housing market, and better than expected household spending that suggest the worst may be over. In addition, leading indicators show that the economy will recover in the latter half of 2009, consistent with consensus economic forecasts. Things will likely remain challenging with unemployment still rising, but there appears to be a light at the end of the tunnel in what could be a long recovery process.

At the latest Federal Open Market Committee (FOMC) meeting on June 23-24, the Federal Reserve kept its target rate unchanged as well as its planned purchases of government securities. It indicated that the pace of the economic downturn is slowing and noted that financial conditions have improved. Even though commodity prices have risen as of late, the Fed stated that it expects inflation to “remain subdued for some time” considering the amount of economic slack both at home and abroad.

Yield Curve & Spreads – In June, Treasury yields moved higher, primarily in the 2-7 year area of the curve. The market’s concerns about supply and inflation may have been overdone at this time with successful Treasury bond auctions in June and inflation likely to remain low.

At the end of June, three-month Treasury bills yielded 0.19 percent, six-month Treasury bills yielded 0.34 percent, two-year Treasuries yielded 1.11 percent, five-year Treasuries yielded 2.56 percent, 10-year Treasuries yielded 3.53 percent, and 30-year bonds yielded 4.33 percent. (See Chart 2.)

Additional Information
June 30, 2009

A current version of the investment adviser brochure, for MBIA Municipal Investors Service Corporation, in the form of the Firm's ADV Part II is available for your review. Please contact our Client Service Desk at 1-800-395-5505 or mail your request to:

MBIA Municipal Investor Service Corporation
Attention: Client Services
113 King Street
Armonk NY 10504

A copy of the brochure will be sent to you either by mail or electronically at your option.

Town of Atherton
Activity and Performance Summary
for the period June 1, 2009 - June 30, 2009

<u>Amortized Cost Basis Activity Summary</u>	
Beginning Amortized Cost Value	16,587,449.06
Additions	
Contributions	1,493,323.68
Interest Received	0.00
Accrued Interest Sold	0.00
Gain on Sales	0.00
Total Additions	1,493,323.68
Deductions	
Withdrawals	0.00
Fees Paid	358.00
Accrued Interest Purchased	172.92
Loss on Sales	0.00
Total Deductions	(530.92)
Accretion (Amortization) for the Period	766.29
Ending Amortized Cost Value	18,081,008.11
Ending Fair Value	18,089,288.29
Unrealized Gain (Loss)	8,280.18

<u>Detail of Amortized Cost Basis Return</u>				
	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	17,072.80	0.00	0.00	17,072.80
Commercial Paper	0.00	500.00	0.00	500.00
U.S. Treasury	0.00	744.16	0.00	744.16
U.S. Instrumentality	2,696.45	(477.87)	0.00	2,218.58
Total	19,769.25	766.29	0.00	20,535.54

<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.72%	0.18%	0.21%
Overnight Repo	0.58%	0.13%	0.15%
3 Month T-Bill	0.55%	0.19%	0.18%
6 Month T-Bill	0.84%	0.36%	0.32%
1 Year T-Note	1.06%	0.55%	0.51%
2 Year T-Note	1.38%	0.96%	1.18%
5 Year T-Note	2.33%	2.00%	2.70%

<u>Summary of Amortized Cost Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	19,769.25	2,696.45
Accretion (Amortization)	766.29	766.29
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	20,535.54	3,462.74
Average Daily Historical Cost	17,880,477.76	4,295,973.97
Annualized Return	1.40%	0.98%
Annualized Return Net of Fees	1.37%	0.88%
Annualized Return Year to Date Net of Fees	2.96%	0.79%
Weighted Average Effective Maturity in Days	85	337

Town of Atherton
Activity and Performance Summary
for the period June 1, 2009 - June 30, 2009

<u>Fair Value Basis Activity Summary</u>		
Beginning Fair Value		16,593,687.29
Additions		
Contributions	1,493,323.68	
Interest Received	0.00	
Accrued Interest Sold	0.00	
Total Additions		1,493,323.68
Deductions		
Withdrawals	0.00	
Fees Paid	358.00	
Accrued Interest Purchased	172.92	
Total Deductions		(530.92)
Change in Fair Value for the Period		2,808.24
Ending Fair Value		18,089,288.29

<u>Detail of Fair Value Basis Return</u>			
	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	17,072.80	0.00	17,072.80
Commercial Paper	0.00	160.50	160.50
U.S. Treasury	0.00	166.44	166.44
U.S. Instrumentality	2,696.45	2,481.30	5,177.75
Total	19,769.25	2,808.24	22,577.49

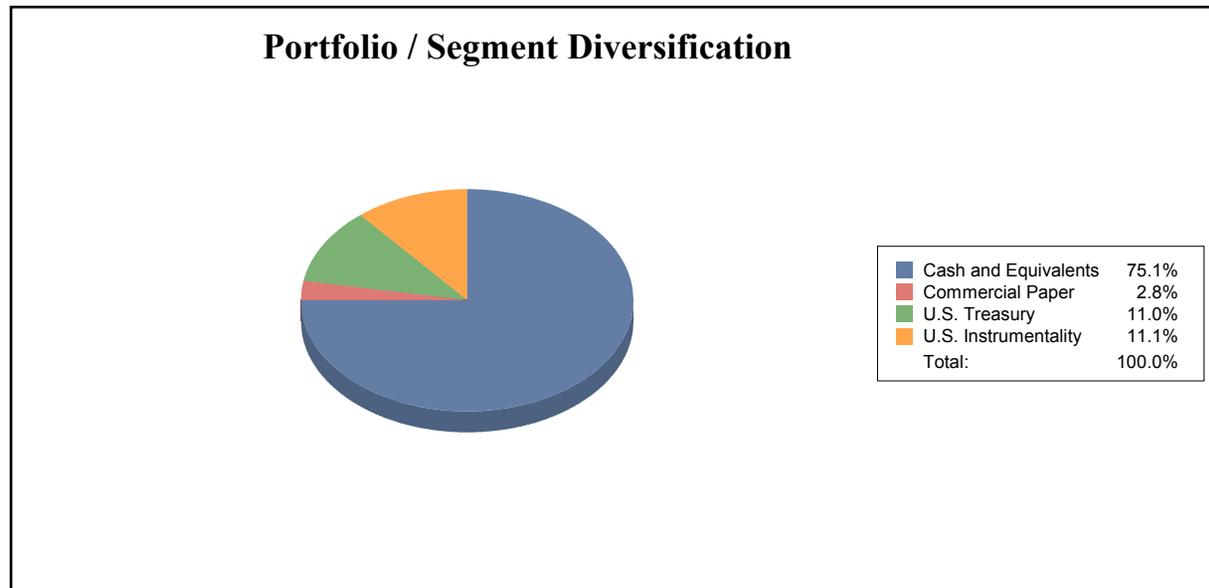
<u>Annualized Comparative Rates of Return</u>			
	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.72%	0.18%	0.21%
Overnight Repo	0.58%	0.13%	0.15%
3 Month T-Bill	1.03%	0.22%	0.12%
6 Month T-Bill	2.33%	0.63%	0.24%
1 Year T-Note	2.96%	0.73%	0.49%
2 Year T-Note	5.51%	0.58%	(2.31%)
5 Year T-Note	8.23%	(5.55%)	(8.52%)

<u>Summary of Fair Value Basis Return for the Period</u>		
	Total Portfolio	Excl. Cash Eq.
Interest Earned	19,769.25	2,696.45
Change in Fair Value	<u>2,808.24</u>	<u>2,808.24</u>
Total Income on Portfolio	22,577.49	5,504.69
Average Daily Historical Cost	17,880,477.76	4,295,973.97
Annualized Return	1.54%	1.56%
Annualized Return Net of Fees	1.51%	1.46%
Annualized Return Year to Date Net of Fees	3.16%	1.89%
Weighted Average Effective Maturity in Days	85	337

**Town of Atherton
Recap of Securities Held
June 30, 2009**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	13,584,503.79	13,584,503.79	13,584,503.79	0.00	1	1	75.14	1.53	0.00
Commercial Paper	498,550.00	499,866.67	499,970.50	103.83	9	9	2.76	1.22	0.02
U.S. Treasury	1,992,880.70	1,994,686.67	1,995,605.00	918.33	207	207	11.02	0.47	0.57
U.S. Instrumentality	2,003,232.20	2,001,950.98	2,009,209.00	7,258.02	640	549	11.08	1.44	1.48
TOTAL	18,079,166.69	18,081,008.11	18,089,288.29	8,280.18	95	85	100.00	1.39	0.23

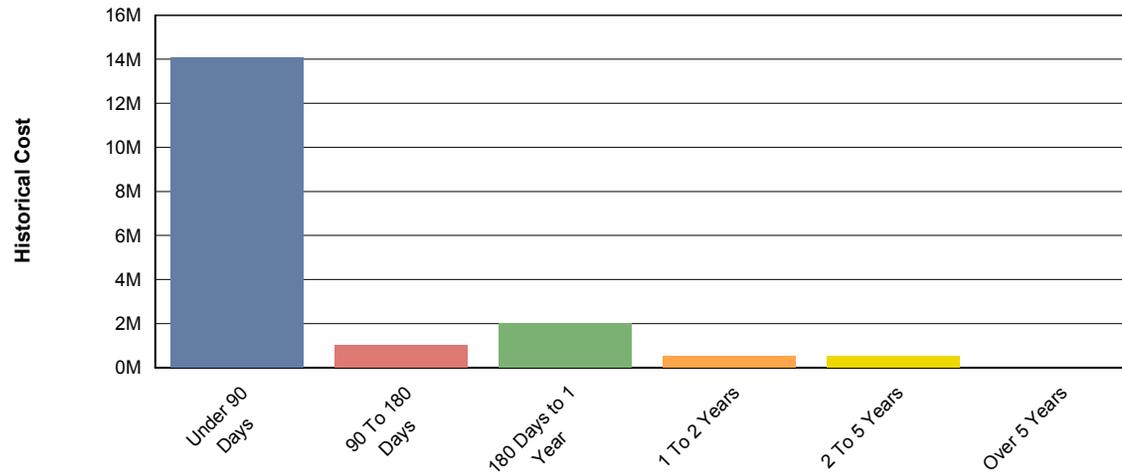
* Weighted Average Yield is calculated on a "yield to worst" basis.



Town of Atherton
Maturity Distribution of Securities Held
June 30, 2009

Maturity	Historical Cost	Percent
Under 90 Days	14,083,053.79	77.90%
90 To 180 Days	997,365.56	5.52%
180 Days to 1 Year	2,003,730.14	11.08%
1 To 2 Years	496,367.20	2.75%
2 To 5 Years	498,650.00	2.76%
Over 5 Years	0.00	0.00%
	18,079,166.69	100.00%

Maturity Distribution



**Town of Atherton
Securities Held
June 30, 2009**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
Cash and Equivalents													
LAIF	06/30/09	1.530V		7,426,661.82	7,426,661.82 0.00	7,426,661.82 0.00	7,426,661.82 0.00	0.00	0.00	9,413.96	30,691.24	41.08	1.53
San Mateo County Pool	06/30/09	1.530V		6,157,841.97	6,157,841.97 0.00	6,157,841.97 0.00	6,157,841.97 0.00	0.00	0.00	7,658.84	25,013.83	34.06	1.53
TOTAL				13,584,503.79	13,584,503.79 0.00	13,584,503.79 0.00	13,584,503.79 0.00	0.00	0.00	17,072.80	55,705.07	75.14	
Commercial Paper													
90262CU96 UBS Finance	04/13/09	0.000	07/09/09	500,000.00	498,550.00 0.00	499,866.67 500.00	499,970.50 160.50	103.83	0.00	0.00	0.00	2.76	1.22
TOTAL				500,000.00	498,550.00 0.00	499,866.67 500.00	499,970.50 160.50	103.83	0.00	0.00	0.00	2.76	
U.S. Treasury													
912795P54 T-Bill	04/07/09	0.000	10/01/09	500,000.00	499,041.25 0.00	499,501.67 162.50	499,757.00 62.00	255.33	0.00	0.00	0.00	2.76	0.40
912795S69 T-Bill	04/07/09	0.000	12/17/09	500,000.00	498,324.31 0.00	498,885.07 197.91	499,225.50 46.50	340.43	0.00	0.00	0.00	2.76	0.48
912795T27 T-Bill	04/07/09	0.000	02/11/10	500,000.00	497,739.58 0.00	498,359.37 218.75	498,869.00 80.00	509.63	0.00	0.00	0.00	2.75	0.53
912795U58 T-Bill	06/04/09	0.000	06/03/10	500,000.00	497,775.56 0.00	497,940.56 165.00	497,753.50 (22.06)	(187.06)	0.00	0.00	0.00	2.75	0.45
TOTAL				2,000,000.00	1,992,880.70 0.00	1,994,686.67 744.16	1,995,605.00 166.44	918.33	0.00	0.00	0.00	11.02	
U.S. Instrumentality													
31398APV8 FNMA	04/24/09	2.375	05/20/10	500,000.00	508,340.00 0.00	506,889.57 (639.89)	508,533.00 16.50	1,643.43	0.00	989.58	1,352.43	2.81	0.81
3128X8WC2 FHLMC	Call 04/20/09	1.750	04/20/11 04/20/10	500,000.00	499,875.00 0.00	499,887.33 5.14	502,450.00 (744.00)	2,562.67	0.00	729.16	1,725.69	2.76	1.76
3133XTV45 FHLB	06/08/09	1.125	06/03/11	500,000.00	496,367.20 62.50	496,482.45 115.25	498,832.00 2,464.80	2,349.55	0.00	359.38	421.88	2.75	1.50
31331GWS4 FFCB	Call 06/03/09	1.590	11/28/11 08/28/09	500,000.00	498,650.00 110.42	498,691.63 41.63	499,394.00 744.00	702.37	0.00	618.33	728.75	2.76	1.70
TOTAL				2,000,000.00	2,003,232.20 172.92	2,001,950.98 (477.87)	2,009,209.00 2,481.30	7,258.02	0.00	2,696.45	4,228.75	11.08	

**Town of Atherton
Securities Held
June 30, 2009**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
GRAND TOTAL				18,084,503.79	18,079,166.69 172.92	18,081,008.11 766.29	18,089,288.29 2,808.24	8,280.18	0.00	19,769.25	59,933.82	100.00	

V = variable rate, current rate shown, average rate for Cash & Equivalents

Town of Atherton
GASB 40 - Deposit and Investment Risk Disclosure
June 30, 2009

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<u>LAIF</u>												
	Cash and Equivalents	1.530			AAA	Aaa	7,426,661.82	7,426,661.82	41.08	7,426,661.82	41.06	0.00
	Cash and Equivalents	1.530			AAA	Aaa	6,157,841.97	6,157,841.97	34.06	6,157,841.97	34.04	0.00
ISSUER TOTAL							13,584,503.79	13,584,503.79	75.14	13,584,503.79	75.10	0.00
<u>T-Bill</u>												
912795P54	U.S. Treasury	0.000	10/01/2009		AAA	Aaa	500,000.00	499,041.25	2.76	499,757.00	2.76	0.25
912795S69	U.S. Treasury	0.000	12/17/2009		AAA	Aaa	500,000.00	498,324.31	2.76	499,225.50	2.76	0.46
912795T27	U.S. Treasury	0.000	02/11/2010		AAA	Aaa	500,000.00	497,739.58	2.75	498,869.00	2.76	0.62
912795U58	U.S. Treasury	0.000	06/03/2010			Aaa	500,000.00	497,775.56	2.75	497,753.50	2.75	0.92
ISSUER TOTAL							2,000,000.00	1,992,880.70	11.02	1,995,605.00	11.03	0.56
<u>FNMA</u>												
31398APV8	U.S. Instrumentality	2.375	05/20/2010		AAA	Aaa	500,000.00	508,340.00	2.81	508,533.00	2.81	0.88
ISSUER TOTAL							500,000.00	508,340.00	2.81	508,533.00	2.81	0.88
<u>FHLMC</u>												
3128X8WC2	U.S. Instrumentality	1.750	04/20/2011	04/20/2010	AAA	Aaa	500,000.00	499,875.00	2.76	502,450.00	2.78	0.80
ISSUER TOTAL							500,000.00	499,875.00	2.76	502,450.00	2.78	0.80
<u>FFCB</u>												
31331GWS4	U.S. Instrumentality	1.590	11/28/2011	08/28/2009	AAA	Aaa	500,000.00	498,650.00	2.76	499,394.00	2.76	2.35
ISSUER TOTAL							500,000.00	498,650.00	2.76	499,394.00	2.76	2.35
<u>UBS Finance</u>												
90262CU96	Commercial Paper	0.000	07/09/2009		A-1	P-1	500,000.00	498,550.00	2.76	499,970.50	2.76	0.02
ISSUER TOTAL							500,000.00	498,550.00	2.76	499,970.50	2.76	0.02
<u>FHLB</u>												
3133XTV45	U.S. Instrumentality	1.125	06/03/2011		AAA	Aaa	500,000.00	496,367.20	2.75	498,832.00	2.76	1.90
ISSUER TOTAL							500,000.00	496,367.20	2.75	498,832.00	2.76	1.90
GRAND TOTAL							18,084,503.79	18,079,166.69	100.00	18,089,288.29	100.00	0.23

Highlighted totals are issuers representing 5.00% or more of the portfolio's market value.

**Town of Atherton
Securities Purchased
for the period June 1, 2009 - June 30, 2009**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<u>U.S. Treasury</u>								
912795U58 T-Bill	06/04/2009	0.000	06/03/2010	500,000.00	99.555	497,775.56	0.00	0.45
TOTAL				500,000.00		497,775.56	0.00	
<u>U.S. Instrumentality</u>								
31331GWS4 FFCB	Call 06/03/2009	1.590	11/28/2011 08/28/2009	500,000.00	99.730	498,650.00	110.42	1.70
3133XTV45 FHLB	06/08/2009	1.125	06/03/2011	500,000.00	99.273	496,367.20	62.50	1.50
TOTAL				1,000,000.00		995,017.20	172.92	
GRAND TOTAL				1,500,000.00		1,492,792.76	172.92	

**Town of Atherton
Securities Sold and Matured
for the period June 1, 2009 - June 30, 2009**

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Accr / (Amort)	Sale/ Maturity Price	Fair Value at Sale or Maturity / Chg. In Fair Value	Realized Gain (Loss)	Accrued Interest Sold	Interest Received	Interest Earned	Yield
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NOTE: There is no activity for the period.

**Town of Atherton
Transaction Report
for the period June 1, 2009 - June 30, 2009**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance	
06/03/2009	31331GWS4	Bought	INS	FFCB	11/28/2011	500,000.00	498,650.00	110.42	(498,760.42)	(498,760.42)	
06/04/2009	912795U58	Bought	TSY	T-Bill	06/03/2010	500,000.00	497,775.56	0.00	(497,775.56)	(996,535.98)	
06/08/2009	3133XTV45	Bought	INS	FHLB	06/03/2011	500,000.00	496,367.20	62.50	(496,429.70)	(1,492,965.68)	
									Portfolio Activity Total	(1,492,965.68)	
Net Contributions		1,493,323.68	Net Withdrawals		0.00	Fees Charged		358.00	Fees Paid		358.00

Town of Atherton
Securities Purchased Bid and Offer
for the period June 1, 2009 – June 30, 2009

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
6/3/2009	FFCB	1.590	11/28/2011 8/28/2009	500,000.00	Jefferies & Co.	YTM 1.70	FFCB Call 1.59% 11/28/11	x
					CitiGroup	YTM 1.41	FHLB 4.875% 11/18/11	
					Banc of America	YTM 1.19	T-Note 1.75% 11/15/11	
6/4/2009	T-Bills	0.000	6/3/2010	500,000.00	Jefferies & Co.	d 0.44	T-Bill 06/03/10	x
					CitiGroup	d 0.44	T-Bill 06/03/10	
					UBS Financial Services	d 0.44	T-Bill 06/03/10	
6/8/2009	FHLB	1.125	6/3/2011	500,000.00	Banc of America	YTM 1.47	FHLB 1.125% 06/03/11	x
					CitiGroup	YTM 1.44	FHLB 3.375% 06/24/11	
					UBS Financial Services	YTM 1.25	T-Note 0.875% 05/31/11	

Town of Atherton
Securities Sold Bid and Offer
for the period June 1, 2009 – June 30, 2009

Date	Description	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Broker	Bid/Offer	Comments	Accepted
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No Sale Activity

Town of Atherton
Upcoming Cash Activity
for the next 45 days

Date	Transaction	CUSIP	Description	Coupon	Maturity Date	Next Call Date	Par / Shares	Principal	Interest	Transaction Total
07/09/2009	Maturity	90262CU96	UBS Finance	0.000	07/09/2009		500,000.00	500,000.00	0.00	500,000.00
