STATE OF MONTANA
GENERAL OBLIGATION DEBT
2005

Presentation to:

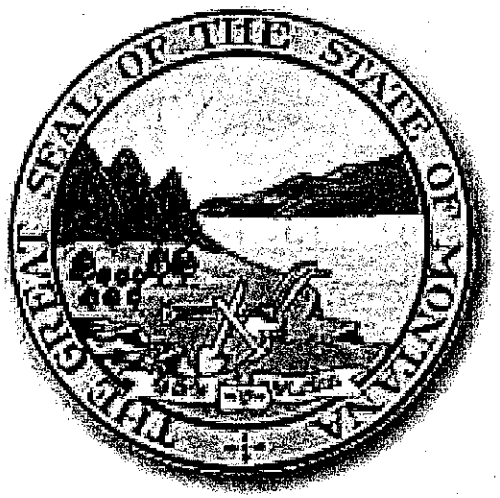

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EXHIBIT 13
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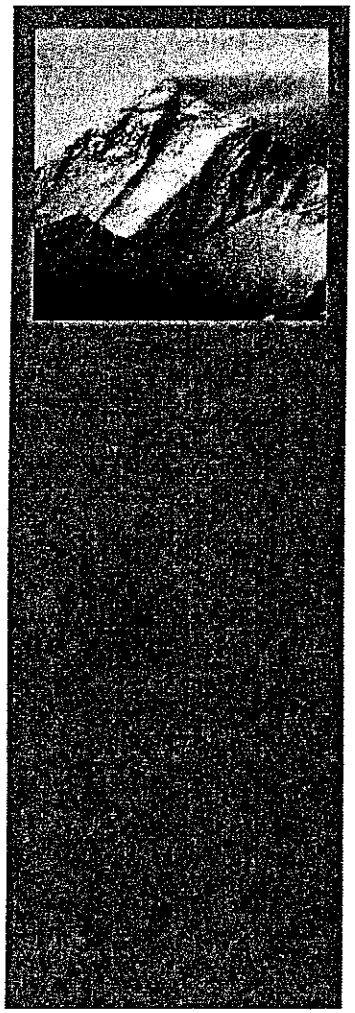

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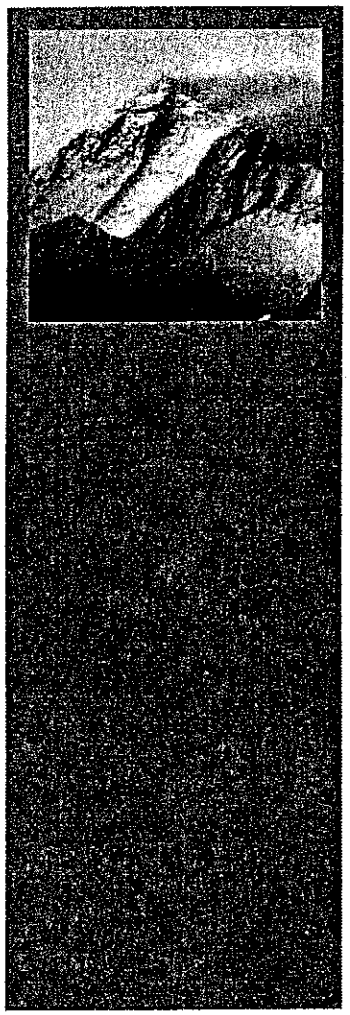
Appendix A: Rating Agency Reports

INTRODUCTION TO MUNICIPAL BONDS



What is a municipal bond?

- Interest-bearing securities issued by state and local governments to finance capital projects and certain cash flow needs
- Typically double tax exempt

How are payments made?

- Most common structure is fixed interest rate, but some bonds have a variable interest rate
- Annual principal payment
- Semi annual interest payment

What determines the interest rate?

- Rating of bond
- Maturity schedule
- Market place

INTEREST RATE HISTORY

OUTSTANDING GENERAL OBLIGATION DEBT BY ISSUE (IN THOUSANDS)

		Original Amount	Amount Outstanding as of 2/1/05
State Building Energy Conservation Bonds	Series 1996A	1,650	195
Wastewater Treatment Bonds	Series 1996C	2,765	1,905
Renewable Resource Bonds	Series 1997A	2,000	1,315
Long-Range Building Bonds	Series 1997B	12,640	7,515
Wastewater Treatment Bonds(2)	Series 1998A	3,510	2,745
Long-Range Building Bonds	Series 1998B	34,545	25,550
Information Technology Bonds	Series 1998C	41,390	11,730
Long-Range Building Refunding Bonds	Series 1998D	14,855	14,060
State Building Energy Conservation Bonds	Series 1998E	1,250	425
Drinking Water Bonds	Series 1998F	3,065	2,465
Renewable Resource Bonds(1)	Series 1999	1,035	790
Long-Range Building Bonds	Series 1999C	16,990	13,120
Drinking Water State Revolving Fund Bonds(2)	Series 2000A	2,990	2,605
Water Pollution Control State Revolving Fund Bonds(2)	Series 2000B	3,325	2,905
Long-Range Building Bonds	Series 2000C	17,195	13,805
Information Technology Bonds	Series 2000D	18,000	1,830
Long-Range Building Program Bonds	Series 2001B	11,430	9,475
Information Technology Bonds	Series 2001C	1,600	1,000
State Building Energy Conservation Bonds	Series 2001D	1,250	775
Renewable Resource Bonds(1)	Series 2001E	1,040	900
Drinking Water State Revolving Fund Bonds(2)	Series 2001G	3,190	2,870
Water Pollution Control State Revolving Fund Bonds(2)	Series 2001H	2,690	2,415
Long-Range Building Program Bonds	Series 2002B	10,475	9,705
State Hard Rock Mining Reclamation Bonds	Series 2002C	2,500	2,355
Long-Range Building Program Refunding Bonds	Series 2002D	15,805	13,205
Long-Range Building Program Bonds	Series 2003A	9,730	9,410
State Building Energy Conservation Program Bonds	Series 2003B	1,250	1,145
Renewable Resource Bonds(1)	Series 2003C	1,970	1,530
Water Pollution Control State Revolving Fund Bonds(2)	Series 2003D	2,730	2,585
Drinking Water State Revolving Fund Bonds(2)	Series 2003E	1,675	1,585
Long-Range Building Program Refunding Bonds	Series 2003G	26,610	24,640
Information Technology Refunding Bonds	Series 2003H	8,725	8,560
Water Pollution Control State Revolving Fund Bonds(2)	Series 2004A	2,665	2,665
Long-Range Building Program Bonds	Series 2004B	3,125	3,125
Total General Obligation Debt		285,665	200,905

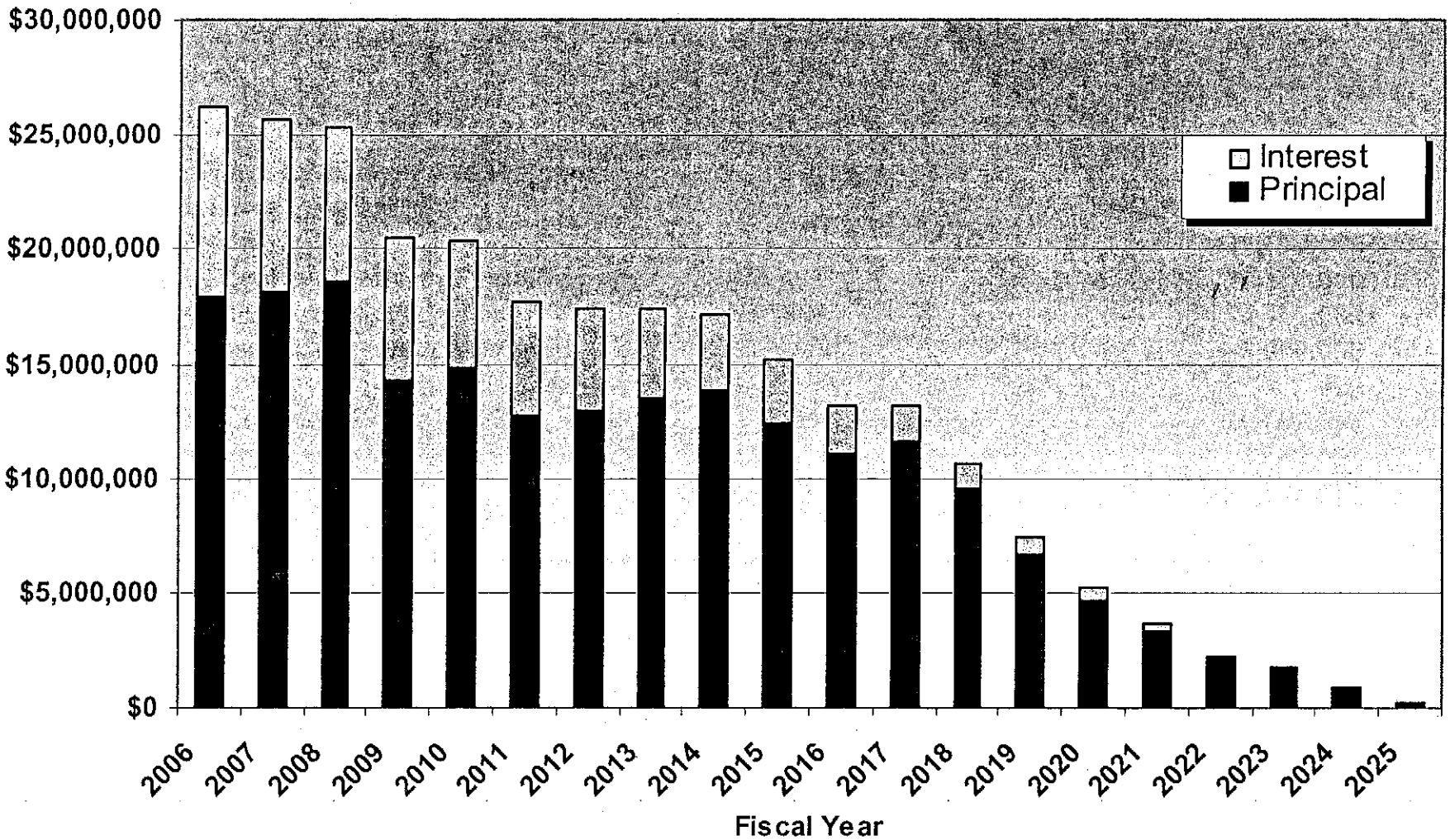
(1) Additionally secured by certain coal severance taxes and by certain loan repayments

(2) Additionally secured by certain loan repayments.

OUTSTANDING G.O. DEBT BY PROGRAM

Program	Par Amount
Long Range Building Program	$143,610,000
Information Technology	23,120,000
Wastewater SRF	15,220,000
Drinking Water SRF	9,525,000
Renewable Resource	4,535,000
Energy Conservation	2,540,000
Hard Rock Mining	2,355,000
Total:	**200,905,000**

EXISTING G.O. DEBT SERVICE REQUIREMENTS



AUTHORIZED BUT UNISSUED (AS OF 8/1/04)

Safe Drinking Water Revolving Fund Program	$19,080,000
Long-Range Building Program	2,699,529
Superfund Program	10,000,000
Water Pollution Control Revolving Fund Program	17,520,000
Renewable Resource Program*	14,166,000
State Building Energy Conservation Program	3,000,000
Information Technology Program	408
Aerospace Transportation Bonds	20,000,000
Hard Rock Mining Reclamation Bonds	5,500,000
Total	$91,965,937

* *In 1993, the State's Water Development Program was renamed the Renewable Resource Program.*

MONTANA DEBT RATIOS

Debt Ratios

	As of 8/1/04
Long Term Debt (Including Coal Severance Tax Bonds)	$297,300,000
Per Capita (1)	$323.86
Ratio to 2003 Assessed Value (2)	0.632%
Ratio to 2002 Personal Income (3)	1.312%

(1) Based upon a 2003 population of 918,000 estimated by the United States Bureau of the Census.
(2) The assessed value of taxable property in the State for fiscal year 2003, according to the State Department of Revenue, was $47,038,490,411.
(3) Personal income for 2002 was $22,664,460,000, according to the Bureau of Economic Analysis, U. S. Department of Commerce.

Debt Service Requirements – General Obligation Bonds

Some of the issues of general obligation bonds are additionally payable from and secured by pledged loan repayments or other dedicated revenues.

U.S. NET TAX-SUPPORTED DEBT PER CAPITA (SOURCE: MOODY'S)

Rank	Sate	Debt/Capita	Rating	Rank	Sate	Debt/Capita	Rating
1	Connecticut	$3,558	Aa3	26	Minnesota	$691	Aa1
2	Massachusetts	$3,333	Aa2	27	Michigan	$670	Aa1
3	Hawaii	$3,101	Aa3	28	Louisiana	$661	A1
4	New York	$2,420	A2	29	South Carolina	$599	Aaa
5	New Jersey	$2,332	Aa2	30	Arizona	$591	NGO**
6	Illinois	$1,943	Aa3	31	Nevada	$590	Aa2
7	Delaware	$1,800	Aaa	32	North Carolina	$556	Aa1
8	Washington	$1,580	Aa1	33	Virginia	$546	Aaa
9	Rhode Island	$1,385	Aa3	34	Alabama	$505	Aa3
10	Wisconsin	$1,325	Aa3	35	New Hampshire	496	Aa2
11	Oregon	$1,281	Aa3	36	Maine	492	Aa2
12	Mississippi	$1,169	Aa3	37	Missouri	461	Aaa
13	Kentucky	$1,119	Aa2*	38	Arkansas	420	Aa2
14	Maryland	$1,077	Aaa	39	Indiana	361	Aa1*
15	California	$1,060	Baa1	40	Oklahoma	315	Aa3
16	Florida	$1,023	Aa2	41	Montana	311	Aa3
17	Kansas	$963	Aa1*	42	Colorado	307	NGO**
18	New Mexico	$962	Aa1	43	South Dakota	254	NGO**
19	Alaska	$962	Aa2	44	Wyoming	250	NGO**
20	West Virginia	$859	Aa3	45	North Dakota	235	Aa3*
21	Utah	$846	Aaa	46	Texas	220	Aa1
22	Georgia	$827	Aaa	47	Tennessee	220	Aa2
23	Ohio	$806	Aa1	48	Iowa	139	Aa1*
24	Vermont	$724	Aa1	49	Idaho	115	Aa3*
25	Pennsylvania	$711	Aa2	50	Nebraska	43	NGO**
	MEAN:	**$944**			**MEDIAN:**	**$701**	

* Issuer Rating (No G.O. Debt)
** No General Obligation Debt

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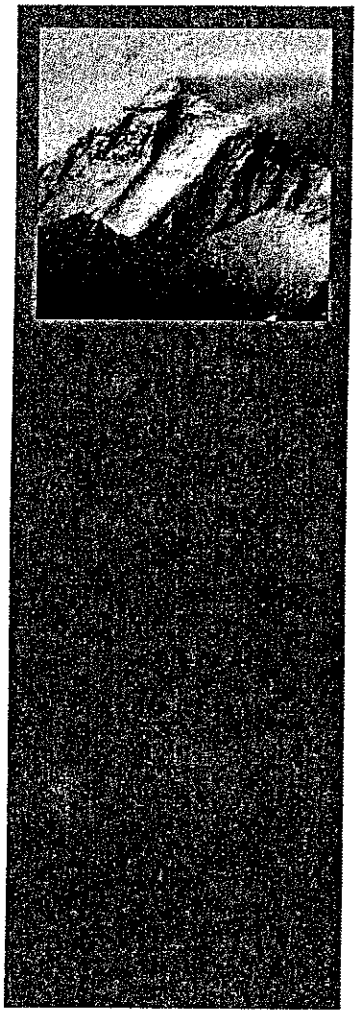
U.S. NET TAX-SUPPORTED DEBT AS A % OF 2002 PERSONAL INCOME

(SOURCE: MOODY'S)

Rank	State	Percent	Rank	State	Percent
1	Hawaii	10.40%	26	South Carolina	2.40%
2	Massachusetts	8.50%	27	Arizona	2.30%
3	Connecticut	8.40%	28	Pennsylvania	2.20%
4	New York	6.70%	29	Michigan	2.20%
5	New Jersey	5.90%	30	Minnesota	2.00%
6	Illinois	5.80%	31	North Carolina	2.00%
7	Delaware	5.60%	32	Nevada	2.00%
8	Mississippi	5.20%	33	Alabama	2.00%
9	Washington	4.90%	34	Arkansas	1.80%
10	Oregon	4.50%	35	Maine	1.80%
11	Wisconsin	4.50%	36	Virginia	1.70%
12	Rhode Island	4.40%	37	Missouri	1.60%
13	Kentucky	4.40%	38	New Hampshire	1.50%
14	New Mexico	4.10%	39	Indiana	1.30%
15	West Virginia	3.60%	40	Montana	1.30%
16	Utah	3.50%	41	Oklahoma	1.20%
17	Florida	3.50%	42	South Dakota	0.90%
18	Kansas	3.30%	43	Colorado	0.90%
19	California	3.20%	44	North Dakota	0.90%
20	Alaska	3.00%	45	Wyoming	0.80%
21	Maryland	3.00%	46	Tennessee	0.80%
22	Georgia	2.90%	47	Texas	0.80%
23	Ohio	2.70%	48	Iowa	0.50%
24	Louisiana	2.60%	49	Idaho	0.50%
25	Vermont	2.50%	50	Nebraska	0.10%
	MEAN:	3.10%		MEDIAN:	2.40%

RATING AGENCY REPORT HIGHLIGHTS



Moody's

Rating: Aa3
Outlook: Stable (Dated 1/19/2005)

"..rating reflects .. Well managed, though recently strained, financial operations and low debt levels, together with an economy that is growing and diversifying but nonetheless remains concentrated in the natural resource sectors."

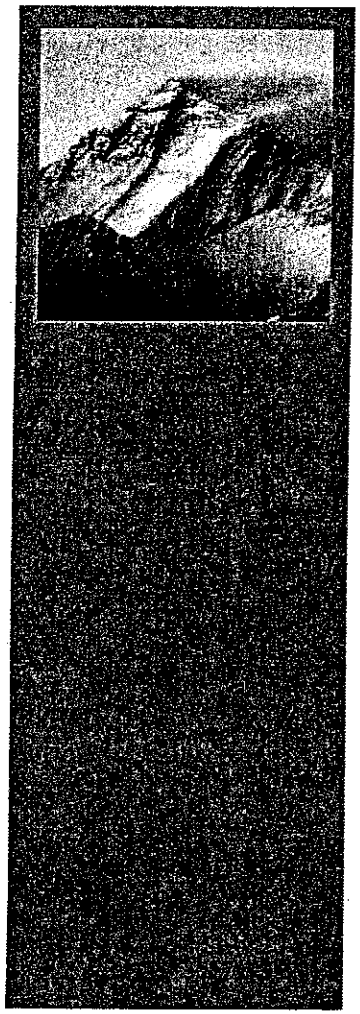
"The state's 2001 through 2004 annual unemployment rates (averaging 4.6%) are the lowest in a decade."

"Despite growth in personal income in recent years, per capita income levels remain low as compared to the nation."

"Historically, state financial operations have been maintained in a conservative manner..."

"..state debt ratios below national medians.."

RATING AGENCY REPORT HIGHLIGHTS



Standard & Poor's

Rating: AA-
Outlook: Stable (Dated 1/21/2005)

"The rating reflects...Diversifying, but still cyclical, economy, which is lessening its dependence on agriculture, mining, and tourism"

"Currently adequate financial position"

"Willingness to address weakened revenues with expenditure cuts and new revenue-generating items"

"Low debt burden"