

STANDARD & POOR'S CORPORATION
345 HUDSON STREET, NEW YORK, N.Y. 10014

June 9, 1975

Van Kampen Wauterlek & Brown, Inc.
300 West Washington Street
Chicago, Illinois 60606

Attention: Mr. Clayton Brown, President

Gentlemen:

Defaulted bonds in any Municipal Bond Fund, be it insured or not, would automatically be reduced in value. The range of reduction would be determined according to conditions (Temporary or Permanent) prevailing at the time.

Insured funds with guaranteed payments on Interest and Principal would have no recognizable element of value in the determination of the evaluation of such default bonds.

Our evaluations are not based on the AA assigned to an insured fund or units of the fund but by the original rating assigned to each separate issue in the fund.

As a result of these considerations, our evaluation of the portfolio of an insured bond fund would not reflect any element of value for portfolio insurance in respect of any of the bonds, including those which had gone into default in payment of either principal or interest or both.

Sincerely,

Richard H. Brandes, Manager
Municipal Fund Pricing Service

RHB:br
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