

committee amendments? Senator Schmit. Senator Wesely, did you wish to discuss the committee amendments? On the bill, okay. Senator Hartnett, the committee amendments.

SENATOR HARTNETT: Mr. Speaker, members of the body, Senator Landis, could I ask you a question? What do you mean by below grade bonds? Can you describe...can you...?

SENATOR LANDIS: Sure. There is an evaluation done of corporate bonds by a number of different sources, Standard and Poors, Moody's, the National Association of Insurance Commissioners, Office of Securities Review and they examine corporate bond offerings for their track record, their history, their assets support, their earnings, how well they are backed up, what the likelihood of an investor in those corporate bonds will get their payment back as per the face of the agreement and they are rated as to their quality, AAA, Number 1, whatever mechanism says, look, as far as we can tell this bond really has a very high chance of giving you back everything they promise; AA, this bond has a really good chance; A, this bond has a good chance; BBE, this bond has a pretty darn good chance. It is a gradation of quality. Now, the point at which the bond is...moves from being a reliable investment to a riskier investment, one that might or might not meet let's say a prudent man rule is the point at which you move from an investment grade bond to a noninvestment grade bond. Now the common usage of the word here is junk, junk bonds. Although I'll tell you this, junk bonds can have very high payoffs and can meet their standards. There is some very good below investment grade bonds out there, and if I could have just 10 more seconds.

SENATOR HARTNETT: Sure.

SENATOR LANDIS: What we're talking about here is a corporate bond. A corporate bond is a promise by a corporation that in return for lending them a certain amount of money, they will, after a certain amount of time, return the money and pay interest on the money. It's what a corporation does that you and I would do if we went to the bank except instead of going to the bank, they go to the general public and solicit this fund, short term, it's not stock, it's a bond, but it's a way for them to get capital and that's what is being measured in this way.

SENATOR HARTNETT: Thank you.