

2002 Series Ratings:

Moody's: P-1
S&P: A-1+
Fitch: F1+

2009 Series A Ratings:

Moody's: P-1
S&P: A-1+
Fitch: F1+

2009 Series B Ratings:

Moody's: P-1
S&P: A-1+
Fitch: F1+

TAX-EXEMPT COMMERCIAL PAPER MEMORANDUM

MONTGOMERY COUNTY, MARYLAND

\$500,000,000

**Consolidated Public Improvement Commercial Paper
Bond Anticipation Notes**

Fortis Bank

Liquidity Facility Provider for 2002 Series Notes

JPMorgan Chase Bank

National Association

Liquidity Facility Provider for 2009 Series Notes

\$300,000,000

2002 Series

\$100,000,000

2009 Series A

\$100,000,000

2009 Series B

**Merrill Lynch & Co.
(Dealers)**

Barclays

**Merrill Lynch & Co.
(Dealers)**

Barclays

Dated: August 19, 2009

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Montgomery County, Maryland

\$500,000,000 **Consolidated Public Improvement** **Commercial Paper Bond Anticipation Notes,**

\$300,000,000
2002 Series

\$100,000,000
2009 Series A

\$100,000,000
2009 Series B

INTRODUCTION

This Commercial Paper Memorandum provides information concerning the Montgomery County, Maryland, Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2002 Series (the “2002 Series Notes”) in a total principal amount up to \$300,000,000, Montgomery County, Maryland, Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series A (the “2009 Series A Notes”) in a total principal amount up to \$100,000,000 and Montgomery County, Maryland, Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series B (the “2009 Series B Notes”) in a total principal amount up to \$100,000,000. The 2009 Series A Notes and the 2009 B Notes are sometimes referred to in this Commercial Paper Memorandum collectively as the “2009 Series Notes” and the 2009 Series Notes and the 2002 Series Notes are sometimes referred to in this Commercial Paper Memorandum collectively as the “Notes.”

Montgomery County, Maryland (the “County”) issues Notes from time to time to provide funds (i) to pay for the planning, design, construction, improvement and equipping of certain capital projects of the County under its Capital Improvements Program, (ii) to pay expenses of issuing the Notes and (iii) to pay the principal amount of maturing Notes. The Notes are general obligations of the County to the payment of which the County’s full faith and credit and unlimited taxing power are pledged. The County anticipates that it will pay the principal of the Notes not paid from other sources with proceeds of the issuance from time to time of its general obligation Bonds.

Liquidity support for the 2002 Series Notes is provided by Fortis Bank, acting through its New York Branch (“Fortis”) under a Credit Agreement with the County dated July 1, 2005, as amended (the “2002 Credit Agreement”). For more information regarding Fortis, see Appendix C. Liquidity support for the 2009 Series Notes is provided by JPMorgan Chase Bank, National Association (“JPMorgan Chase”) under a Credit Agreement with the County dated as of August 1, 2009 (the “2009 Credit Agreement”). For more information regarding JPMorgan Chase, see Appendix D. The 2002 Credit Agreement and the 2009 Credit Agreement, as the same may be amended and supplemented from time to time, are sometimes referred to in this Commercial Paper Memorandum individually as a “Credit Agreement” and collectively as the “Credit Agreements.”

U.S. Bank National Association serves as issuing and paying agent for the Notes (together with any successor issuing and paying agent, the “Issuing and Paying Agent”). U.S. Bank National

Association's offices are located at 100 Wall Street, Suite 1600, New York, New York 10005 (telephone: 212.361.2893; facsimile: 212.509.3384).

Merrill Lynch Pierce Fenner & Smith, Incorporated ("Merrill Lynch") and Barclays Capital, Inc. ("Barclays") have been appointed by the County as the Dealers of the 2002 Series Notes; Merrill Lynch has been appointed by the County as the Dealer of the 2009 Series A Notes; and Barclays has been appointed by the County as the Dealers of the 2009 Series B Notes.

The executive offices of the County are located at 101 Monroe Street, Rockville, Maryland 20850. The telephone number for the Department of Finance of the County is 240.777.8860, and its Internet home page is <http://bonds.montgomerycountymd.gov>.

This Commercial Paper Memorandum has been prepared by the County to provide information on the Notes. Prospective purchasers of the Notes should read this Commercial Paper Memorandum, including, without limitation, the County's Annual Information Statement dated January 15, 2009 (the "Annual Information Statement") published under separate cover and incorporated herein by reference, in its entirety before making an investment decision. For more information regarding the County's Annual Information Statement, see Appendix A – "Annual Information Statement."

Any descriptions and summaries of documents in this Commercial Paper Memorandum do not purport to be comprehensive or definitive, and reference is hereby made to each such document for a complete statement of its terms.

AUTHORITY

The Notes are authorized to be issued pursuant to Section 12 of Article 31 of the Annotated Code of Maryland, as amended, certain laws of the County, Resolution No. 14-1307 of the County Council for the County adopted on June 11, 2002 (as amended from time to time, the "Resolution"), and (i) in the case of the 2002 Series Notes, Executive Order No. B241-02 executed by the County Executive of the County on June 15, 2002 (the "2002 Series Note Order"), (ii) in the case of the 2009 Series A Notes, Executive Order No. B294-09 (the "2009 Series A Note Order") and (iii) in the case of the 2009 Series B Notes, Executive Order No. B295-09 (the "2009 Series B Note Order"). The 2002 Series Note Order, the 2009 Series A Note Order and the 2009 Series B Note Order, as the same may be amended and supplemented from time to time, are sometimes referred to in this Commercial Paper Memorandum individually as a "Note Order" and collectively as the "Note Orders."

The County has covenanted in each of the Note Orders to pay the Notes and any interest thereon, to the extent not paid from the proceeds of the sale of Notes or the proceeds of the Liquidity Facility Agreement, from proceeds of the County's consolidated public improvement general obligation bonds (the "Bonds").

The full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal of and interest on the Notes.

DESCRIPTION OF NOTES

The Notes are issuable in denominations of \$100,000 and integral multiples of \$1,000 in excess of \$100,000. The Notes will be dated the respective dates of their issue and bear interest from such dates until their respective maturity dates. The Notes will be issued in book-entry form, without coupons. Interest on the Notes will be payable at maturity and will be calculated based on a 365-day year (366 days in leap years), for the actual number of days elapsed. The Notes will not be subject to redemption prior to maturity. Each Note will mature on a Business Day not later than the earlier of (i) the latest date that is not more than 270 days after the date of issuance of such Note, (ii) the third Business Day prior to the stated expiration date of the Credit Agreement, and (iii) in the case of the 2002 Series Notes, June 25, 2022 and in the case of the 2009 Series Notes, August 25, 2029, in each case as such date may be extended in accordance with the Note Order. No Note shall bear interest at a rate higher than 10% per annum (the "Maximum Rate").

LIQUIDITY FACILITIES

2002 Series Notes

The County entered into the 2002 Credit Agreement with Fortis to provide liquidity for the 2002 Series Notes. Under the terms of the 2002 Credit Agreement, the County may borrow up to \$300,000,000 plus 270 days interest at the rate of 10% per annum based on a 365/366 day year (the "2002 Commitment") on a revolving basis to pay principal of and interest on the 2002 Series Notes. The conditions precedent to Fortis making an advance under the 2002 Credit Agreement are (a) a written notice for advance ("Advance Notice") shall have been given by the County to Fortis, (b) no Events of Default (defined below) shall have occurred and be continuing, and (c) the Termination Date (defined below) shall not have occurred. The 2002 Credit Agreement expires on July 1 2010, but may be extended under the terms and conditions provided in the 2002 Credit Agreement (such date, as the same may be extended from time to time, being referred to herein as the "2002 Series Stated Expiration Date"). "Termination Date" as defined in the 2002 Credit Agreement means the earliest of (i) 5:00 P.M. (New York City time) on the date set forth in a notice from Fortis of one of the Events of Default described below, (ii) 5:00 P.M. (New York City time) on the 2002 Stated Expiration Date, (iii) the date on which the principal of and interest on all of the Outstanding 2002 Series Notes shall have been paid in full, (iv) the date on which the 2002 Commitment shall have been reduced to zero, (v) the date on which the County obtains a Substitute Liquidity Facility and (v) the date on which an Event of Default described below shall have occurred.

The following events, among others, constitute an "Event of Termination" under and as defined in the 2002 Credit Agreement:

(a) the County shall become insolvent or admit in writing its inability to pay its debts as they mature or shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or

receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of 60 days; or the State of Maryland or any other governmental authority having jurisdiction over the County imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on any Debt (as defined in the 2002 Credit Agreement) by the County; or all, or any substantial part, of the property of the County shall be condemned, seized, or otherwise appropriated, or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the County (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of 60 days; or

(b) the County shall fail to pay any amount of principal of or interest on any advance under the 2002 Credit Agreement when the same shall become due and payable pursuant to the 2002 Credit Agreement or the promissory note evidencing the obligation of the County to repay any advance under the 2002 Credit Agreement to pay the principal of or interest on 2002 Series Notes (the “2002 Promissory Note”), or the County shall fail to pay any principal of or interest on any 2002 Series Note when the same shall become due and payable; or

(c) the 2002 Credit Agreement or the 2002 Series Note Order or any Material Provision (as defined in the 2002 Credit Agreement) thereof at any time after its execution and delivery, or the Promissory Note or any 2002 Series Note shall, for any reason, cease to be valid and binding on the County or in full force and effect, in each case as a result of federal or state legislative or administrative action, or shall be declared in a final non-appealable judgment by any court having jurisdiction over the County to be null and void, or the validity or enforceability of the 2002 Credit Agreement, the 2002 Promissory Note, the 2002 Series Note Order or any Note shall be contested (i) by the County or (ii) by any governmental agency or authority having jurisdiction over the County, unless with respect to clause (ii) above, the same is being contested by the County in good faith and by appropriate proceedings; or the County shall deny in a public proceeding that it has any or further liability or obligation under the 2002 Credit Agreement, the 2002 Promissory Note, the 2002 Series Note Order or any 2002 Series Note; or

(d) the obligation of the County to levy *ad valorem* taxes to provide for the payment of all of the Obligations (as defined in the 2002 Credit Agreement) and the principal of and interest on the 2002 Series Notes, and the Obligations under the 2002 Credit Agreement shall at any time cease to exist or be adjudged unenforceable, in each case pursuant to a final administrative determination or judicial decision from which there shall not exist any further right of appeal or against which a timely appeal shall not have been filed by the County, or the County shall assert that such obligation ceases to exist or is unenforceable; or

(e) the County shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Bonded Debt (as defined in the 2002 Credit Agreement) of the County, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Bonded Debt; or

(f) each rating agency shall have downgraded any Bonded Debt of the County to below Investment Grade (as defined in the Credit Agreement) or suspended or withdrawn its rating on any Bonded Debt of the County due to credit considerations; or

(g) one or more final and non-appealable judgments or court orders for the payment of money exceeding any applicable insurance coverage by more than \$25 million shall be rendered against the County, and such judgments or court orders shall continue unsatisfied and in effect for a period of 60 consecutive days without being vacated, discharged, satisfied or stayed; or

(h) pursuant to the provisions of any such indenture, contract or instrument, the maturity of any Bonded Debt of the County shall have been or, as a result of a payment default of any nature, may be accelerated or shall have been or, as a result of a payment default of any nature, may be required to be prepaid prior to the stated maturity thereof.

The County may provide a Substitute Liquidity Facility to replace the 2002 Credit Agreement provided that the County delivers to the Issuing and Paying Agent, among other things (a) an opinion of Bond Counsel to the effect that the delivery of the proposed Substitute Liquidity Facility will not adversely affect (i) the exclusion of the interest payable on the 2002 Series Notes from the gross income of the Owners of the 2002 Series Notes for federal income tax purposes, or (ii) the exemption of the 2002 Series Notes from state, county and municipal taxation in the State of Maryland; (b) written evidence from each rating agency which is then rating the 2002 Series Notes to the effect that such rating agency has reviewed the proposed Substitute Liquidity Facility and that the substitution of the proposed Substitute Liquidity Facility for the Liquidity Facility then in effect will not, by itself, result in a withdrawal, suspension or reduction of its ratings of the 2002 Series Notes from those which then prevail; (c) an opinion of Independent Counsel to the effect that the exemption of the 2002 Series Notes from the registration requirements of the Securities Act of 1933, as amended, and the exemption of this 2002 Series Note Order from qualification under the Trust Indenture Act of 1939, as amended, will not be impaired as a result of the delivery of the proposed Substitute Liquidity Facility and that the Substitute Liquidity Facility is exempt from the registration requirements of the Securities Act of 1933, as amended; and (d) an opinion of Independent Counsel to the effect that the Substitute Liquidity Facility has been duly authorized, executed and delivered by the Liquidity Facility Provider issuing the Substitute Liquidity Facility and constitutes the valid and legally binding obligation of the Liquidity Facility Provider issuing the Substitute Liquidity Facility, enforceable in accordance with its terms, subject only to standard exceptions for bankruptcy, receivership or conservatorship of the provider of the Substitute Liquidity Facility and to general principles of equity. The Issuing and Paying Agent is required under the 2002 Series Note Order to notify the Holders of any substitution of the Liquidity Facility no fewer than 30 days prior to acceptance of the Substitute Liquidity Facility.

2009 Series Notes

The County will enter into the 2009 Credit Agreement with JPMorgan Chase to provide liquidity with respect to the 2009 Series Notes. Under the terms of the 2009 Credit Agreement, the

County may borrow up to \$200,000,000 plus an amount calculated not to exceed 34 days' interest at the rate of 10% per annum calculated on the basis of a 365-day year on a revolving basis to pay principal of and interest on the 2009 Series Notes (the "2009 Commitment"). The conditions precedent to JPMorgan Chase making an advance under the 2009 Credit Agreement are (a) a written notice for advance shall have been made by the County to JPMorgan Chase, (b) no Termination Event or Suspension Event (each defined below) shall have occurred and be continuing, and (c) the Termination Date (as defined below) shall not have occurred. The Credit Agreement expires on August 24, 2012 (the "2009 Expiration Date"), but may be extended under the terms and conditions provided in the 2009 Credit Agreement. "Termination Date" as defined in the 2009 Credit Agreement means the earliest of (i) 5:00 P.M. (New York City time) on the date set forth in a notice from JPMorgan Chase of an Event of Default (as defined in the 2009 Credit Agreement), (ii) 5:00 P.M. (New York City time) on the 2009 Stated Expiration Date, (iii) the date on which the 2009 Commitment shall have been reduced to zero, (iv) the date on which the County obtains a Substitute Liquidity Facility for the 2009 Commitment and (v) the date on which a Termination Event described below shall have occurred for the 2009 Commitment.

The following events, among others, constitute a "Termination Event" under and as defined in the 2009 Credit Agreement:

(a) the County (i) shall become insolvent or admit in writing its inability to pay its debts as they mature or (ii) shall declare a moratorium on the payment of its debts or apply for, consent to or acquiesce in the appointment of a trustee, custodian, liquidator or receiver for itself or any substantial part of its property, or shall take any action to authorize or effect any of the foregoing; or (iii) in the absence of any such application, consent or acquiescence, a trustee, custodian, liquidator or receiver shall be appointed for it or for a substantial part of its property or revenues and shall not be discharged within a period of 60 days; or (iv) the State of Maryland or any other governmental authority having jurisdiction over the County imposes a debt moratorium, debt restructuring, or comparable restriction on repayment when due and payable of the principal of or interest on debts of the County; or all, or any substantial part, of the property of the County shall be condemned, seized, or otherwise appropriated, or (v) any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the County (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) and if instituted against it, shall be consented to or acquiesced in by it, or shall not be dismissed within a period of 60 days; or

(b) the County shall fail to pay any amount of principal of or interest on any advance under the 2009 Credit Agreement when the same shall become due and payable pursuant to the 2009 Credit Agreement or the promissory note evidencing the obligation of the County to repay any advance under the 2009 Credit Agreement to pay the principal of or interest on 2009 Series Notes (the "2009 Promissory Note"); or

(c) any provision of the 2009 Credit Agreement, the 2009 Series A Note Order, the 2009 Series B Note Order, the 2009 Promissory Note, the 2009 Series Notes, the Issuing and Paying Agent Agreement or the Resolution related to the payment of principal or interest on the 2009 Series Notes or the principal of or interest owed on any advances under the 2009 Credit

Agreement, the Pledged Collateral (as defined in the 2009 Credit Agreement) or the general obligation pledge of the County shall at any time for any reason cease to be valid and binding or fully enforceable on the County as determined by any court or Governmental Authority (as defined in the 2009 Credit Agreement) having appropriate jurisdiction over the County in a final non-appealable judgment, or (ii)(a) the validity or enforceability of any provision of the 2009 Credit Agreement, the 2009 Series A Note Order, the 2009 Series B Note Order, the 2009 Promissory Note, the 2009 Series Notes, the Issuing and Paying Agent Agreement or the Resolution related to the payment of principal or interest on the 2009 Series Notes or the principal of or interest owed on any advances under the 2009 Credit Agreement, the Pledged Collateral or the general obligation pledge of the County shall be contested by an authorized representative of the County or any Governmental Authority of appropriate jurisdiction, or (b) any Governmental Authority having appropriate jurisdiction over the County shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree that contests any provision of the 2009 Credit Agreement, the 2009 Series A Note Order, the 2009 Series B Note Order, the 2009 Promissory Note, the 2009 Series Notes, the Issuing and Paying Agent Agreement or the Resolution related to the payment of principal or interest on the 2009 Series Notes or the principal of or interest owed on any advances under the 2009 Credit Agreement, the Pledged Collateral or the general obligation pledge of the County, or (c) the County shall deny or repudiate that it has any further liability or obligation under the 2009 Credit Agreement, the 2009 Series A Note Order, the 2009 Series B Note Order, the 2009 Promissory Note, the 2009 Series Notes, the Issuing and Paying Agent Agreement or the Resolution; or

(d) the obligation of the County to levy *ad valorem* taxes to provide for the payment of all advances under the 2009 Credit Agreement and interest thereon and the principal of and interest on the 2009 Series Notes shall at any time cease to exist or be adjudged unenforceable, in each case pursuant to a final administrative determination or judicial decision from which there shall not exist any further right of appeal or against which a timely appeal shall not have been filed by the County, or the County shall assert that such obligation ceases to exist or is unenforceable; or

(e) the County shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any principal amount of any Bonded Debt (as defined in the 2009 Credit Agreement) of the County, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning such Bonded Debt; or

(f) Moody's Investors Service Inc. shall have downgraded any Bonded Debt of the County to below "Baa3" (or its equivalent) or suspended or withdrawn its rating on any Bonded Debt of the County due to credit considerations and Standard & Poor's Ratings Services and Fitch Ratings shall have downgraded any Bonded Debt of the County to below "BBB-" (or its equivalent) or suspended or withdrawn its rating on any Bonded Debt of the County due to credit considerations; or

(g) one or more final and non-appealable judgments or court orders for the payment of money exceeding any applicable insurance coverage by more than \$25 million shall be rendered against the County, and such judgments or court orders shall continue unsatisfied and in effect for a period of 60 consecutive days without being vacated, discharged, satisfied, or stayed; or

(h) pursuant to the provisions of any such indenture, contract or instrument, the maturity of any Bonded Debt of the County shall have been or may be accelerated, in each case as a result of a default in the payment of principal thereof or interest thereon or shall have been or may be required to be prepaid prior to the stated maturity thereof, in each case as a result of a default in the payment of principal thereof or interest thereon.

The following events constitute a “Suspension Events” under and as defined in the 2009 Credit Agreement:

(a) a trustee, custodian, liquidator or receiver shall be appointed for the County or for a substantial part of its property or revenues without the consent or acquiescence of the County; or

(b) any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding shall be instituted by or against the County (or any action shall be taken to authorize or effect the institution by it of any of the foregoing) without the consented acquiescence of the County.

The County is *not* permitted under the 2009 Series Note Orders to replace the 2009 Credit Agreement without the consent of the holders secured thereby.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, acts as securities depository for the Notes. The Notes are issued as fully registered securities registered in the name of Cede & Co., DTC’s partnership nominee. One fully registered Note certificate is issued for each series of the Notes and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transactions. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the County or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities

held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is the responsibility of the County or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Notes in certificate form are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes in certificate form are required to be printed and delivered.

The information provided immediately above under this caption concerning DTC and DTC’s book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy or completeness thereof.

THE COUNTY

General

Montgomery County, Maryland is a body politic and corporate and a political subdivision of the State of Maryland. For more information respecting the County, see the County’s Annual Information Statement.

Selected Debt and Financial Schedules

Tables 1 through 7 presented on the following pages have been updated to provide current information on the County’s financial position. For a complete overview of the County’s debt, see the County’s Annual Information Statement.

[table appears on next page]

Table 1
Statement of Direct and Overlapping Debt
as of June 30, 2009

Direct Debt:		
General Obligation Bonds Outstanding	\$1,496,561,371	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANS/Commercial Paper Outstanding	300,000,000	
Revenue Bonds Outstanding	<u>94,030,000</u>	
Total Direct Debt		\$1,990,591,371
Overlapping Debt (as of June 30, 2008):		
Gross Debt:		
Washington Suburban Sanitary Commission		
Applicable to Montgomery County	910,329,893	
Housing Opportunities Commission	786,897,454	
Montgomery County Revenue Authority	87,416,163	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County	42,134,866	
Kingsview Village Center Development District	2,145,000	
West Germantown Development District	15,270,000	
Towns, Cities and Villages within Montgomery County	<u>52,321,022</u>	
Total Overlapping Debt		<u>1,896,514,398</u>
Total Direct and Overlapping Debt		3,887,105,769
Less Self-Supporting Debt:		
County Government Revenue Bonds	94,030,000	
Washington Suburban Sanitary Commission		
Applicable to Montgomery County (as of June 30, 2008)	910,329,893	
Housing Opportunities Commission (as of June 30, 2008)	786,897,454	
Montgomery County Revenue Authority (as of June 30, 2008)	87,416,163	
Maryland-National Capital Park and Planning Commission		
Applicable to Montgomery County (as of June 30, 2008)	<u>5,630,044</u>	
Total Self-Supporting Debt		<u>(1,884,303,554)</u>
Net Direct and Overlapping Debt		<u>\$2,002,802,215</u>
Ratio of Debt to June 30, 2008 Assessed Valuation of (100% Assessment):		\$146,276,982,963
Direct Debt		1.36%
Net Direct Debt *		1.30%
Direct and Overlapping Debt		2.66%
Net Direct and Overlapping Debt		1.37%
Ratio of Debt to June 30, 2008 Market Value of:		\$149,181,195,934
Direct Debt		1.33%
Net Direct Debt *		1.27%
Direct and Overlapping Debt		2.61%
Net Direct and Overlapping Debt		1.34%

*Net Direct Debt of \$1,896,561,371 is derived by subtracting direct self-supporting debt, which consists only of County Government Revenue Bonds, from Total Direct Debt.

Table 2
Statement of Legal Debt Margin
as of June 30, 2009

June 30, 2008 Assessed Valuation – Real Property		\$142,306,435,593
Debt Limit (% of Assessed Valuation)		<u>6%</u>
Subtotal Limitation – Real Property		<u>\$ 8,538,386,130</u>
June 30, 2008 Assessed Valuation – Personal Property		\$3,970,547,370
Debt Limit (% of Assessed Valuation)		<u>15%</u>
Subtotal Limitation – Personal Property		<u>\$ 595,582,106</u>
Total Assessed Valuation – Real and Personal Property		\$146,276,982,963
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds		\$9,133,968,236
Less Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds Outstanding	\$1,496,561,371	
General Obligation Variable Rate Demand Obligations	100,000,000	
Short-Term BANs/Commercial Paper	<u>300,000,000</u>	
Net Direct Debt		<u>\$ 1,896,561,371</u>
Legal Debt Margin		<u>\$7,337,406,865</u>
Net Direct Debt as a Percentage of Assessed Valuation		<u>1.30%</u>

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Table 3
General Obligation Debt of the County
as of June 30, 2009

<u>Issue</u>	<u>Dated Date</u>	<u>Original Issue Size</u>	<u>Original Coupon Rates</u>	<u>TIC*</u>	<u>Maturity</u>	<u>Principal Outstanding June 30, 2009</u>
GO Refunding Bonds	07/01/92	\$273,038,054	2.75-5.80%	5.7431%	1993-10	\$ 5,541,371
GO Bonds	04/01/99	120,000,000	4.00-5.00	4.4764	2000-19	6,000,000
GO Bonds	01/01/00	130,000,000	5.00-6.00	5.4853	2001-13	13,000,000
GO Bonds	02/01/01	140,000,000	4.00-5.00	4.5447	2002-21	28,000,000
GO Refunding Bonds	11/15/01	146,375,000	3.60-5.25	4.5107	2003-19	120,470,000
GO Bonds	02/01/02	160,000,000	3.50-5.00	4.4619	2003-22	48,000,000
GO Refunding Bonds	11/15/02	93,595,000	2.75-5.25	3.2799	2005-13	55,145,000
GO Bonds	05/01/03	155,000,000	1.50-4.00	3.6304	2004-23	108,500,000
GO Refunding Bonds	05/01/03	49,505,000	2.00-5.00	2.2900	2004-11	16,955,000
GO Bonds	03/15/04	154,600,000	3.00-5.00	3.8290	2005-24	115,950,000
GO Refunding Bonds	08/15/04	97,690,000	3.00-5.25	3.7208	2008-17	93,285,000
GO Bonds	05/15/05	200,000,000	4.00-5.00	3.8806	2006-25	160,000,000
GO Refunding Bonds	06/01/05	120,355,000	5.00	3.7817	2011-21	120,355,000
GO Bonds	05/01/06	100,000,000	4.25-5.00	3.8711	2007-16	70,000,000
GO VRDO**	06/07/06	100,000,000	variable	variable	2017-26	100,000,000
GO Bonds	05/01/07	250,000,000	5.00	4.0821	2008-27	225,000,000
GO Refunding Bonds	03/12/08	70,295,000	2.75-5.00	2.8965	2009-15	60,360,000
GO Bonds	07/15/08	250,000,000	3.00-5.00	4.1809	2009-28	<u>250,000,000</u>
Total						<u>\$1,596,561,371</u>

* True Interest Cost

** Variable Rate Demand Obligations

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Table 4
General Obligation Bonds Authorized – Unissued
as of June 30, 2009

<u>Purpose</u>	<u>Chapter</u>	<u>Act</u>	<u>Amount</u>	<u>Amount Unissued</u>
General County, Parks, and Consolidated Fire Tax District	17	2003	\$ 63,600,000	\$ 3,090,000
	18	2004	31,200,000	31,200,000
	19	2005	44,100,000	44,100,000
	43	2006	92,000,000	92,000,000
	12	2007	51,300,000	51,300,000
	36	2008	<u>68,200,000</u>	<u>68,200,000</u>
			<u>350,400,000</u>	<u>289,890,000</u>
Road & Storm Drainage	19	2005	53,500,000	19,940,000
	43	2006	66,700,000	66,700,000
	12	2007	45,800,000	45,800,000
	36	2008	<u>36,000,000</u>	<u>36,000,000</u>
			<u>202,000,000</u>	<u>168,440,000</u>
Public Schools and Community College	43	2006	157,100,000	83,368,000
	12	2007	118,900,000	118,900,000
	36	2008	<u>222,500,000</u>	<u>222,500,000</u>
			<u>498,500,000</u>	<u>424,768,000</u>
Mass Transit	17	2001	6,700,000	2,705,000
	21	2002	1,600,000	1,600,000
	17	2003	900,000	900,000
	12	2007	2,400,000	2,400,000
	36	2008	<u>800,000</u>	<u>800,000</u>
			<u>12,400,000</u>	<u>8,405,000</u>
Public Housing	17	1981	2,650,000	2,590,000
	13	1982	995,000	995,000
	8	1983	230,000	230,000
	20	1985	900,000	900,000
	13	1986	<u>855,000</u>	<u>855,000</u>
			<u>5,630,000</u>	<u>5,570,000</u>
Parking Districts: Silver Spring	9	1983	2,945,000	2,045,000
	6	1984	<u>1,220,000</u>	<u>1,220,000</u>
			<u>4,165,000</u>	<u>3,265,000</u>
Bethesda	19	1981	7,325,000	3,040,000
	14	1982	775,000	775,000
	10	1983	<u>1,050,000</u>	<u>1,050,000</u>
			<u>9,150,000</u>	<u>4,865,000</u>
Total Parking Districts			<u>13,315,000</u>	<u>8,130,000</u>
Total General Obligation Bonds			<u>\$1,082,245,000</u>	<u>\$905,203,000</u>

In addition to the above noted authority, the County has authority under the provisions of section 56-13 of the Montgomery County Code 2004, as amended, to issue bonds, within statutory debt limits, to finance approved urban renewal projects.

Table 5
Bond Anticipation Notes Outstanding
as of June 30, 2009

<u>Issue</u>	<u>Balance</u> <u>July 1, 2008</u>	<u>BANs Issued</u>	<u>BANs Retired</u>	<u>Balance</u> <u>June 30, 2009</u>
BAN Series 2002-K	\$150,000,000	\$ --	\$150,000,000	\$ --
BAN Series 2002-L	150,000,000	--	100,000,000	50,000,000
BAN Series 2002-M	--	150,000,000	--	150,000,000
BAN Series 2002-N	<u>--</u>	<u>100,000,000</u>	<u>--</u>	<u>100,000,000</u>
Total	<u>\$300,000,000</u>	<u>\$250,000,000</u>	<u>\$ --</u>	<u>\$300,000,000</u>

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Table 6
Montgomery County, Maryland
Schedule of General Fund Revenues, Expenditures, & Transfers In (Out)
(Budgetary, Non-GAAP Basis)

	Fiscal Year Actual ⁽¹⁾			Fiscal Year	Actual July 1, 2008
	2006	2007	2008	Budget 2009 ⁽²⁾	to May 31, 2009 (Unaudited)
Revenues:					
Taxes:					
Property, including interest & penalty	\$ 782,131,830	\$ 791,299,455	\$ 796,770,740	\$ 965,098,723	\$ 947,885,128
Transfer tax and recordation tax	241,718,411	179,575,410	135,038,965	148,984,500	94,529,563
County income tax	1,044,561,989	1,265,377,139	1,291,339,613	1,325,440,000	1,028,905,867
Other taxes	<u>164,792,549</u>	<u>168,113,476</u>	<u>168,735,248</u>	<u>185,780,000</u>	<u>143,826,434</u>
Total Taxes	2,233,204,779	2,404,365,480	2,391,884,566	2,625,303,223	2,215,146,992
Licenses and permits	10,335,016	10,496,148	9,279,207	9,118,400	8,248,318
Intergovernmental revenue	137,164,714	138,069,464	132,669,827	101,031,438	84,606,054
Charges for services	12,814,029	11,979,461	12,220,040	14,145,350	13,376,597
Fines and forfeitures	9,381,741	10,216,457	20,335,482	25,579,750	21,748,252
Investment income	8,675,618	13,236,271	8,880,917	4,426,030	1,304,282
Miscellaneous	<u>11,024,284</u>	<u>10,125,190</u>	<u>10,418,813</u>	<u>11,028,690</u>	<u>14,377,587</u>
Total Revenues	<u>2,422,600,181</u>	<u>2,598,488,471</u>	<u>2,585,688,852</u>	<u>2,790,632,881</u>	<u>2,358,808,082</u>
Expenditures (including encumbrances):					
General County:					
General government	196,495,344	223,391,051	241,768,119	259,971,549	236,216,249
Public safety	281,263,093	313,532,989	343,516,856	361,515,317	324,223,484
Public works and transportation	47,335,525	58,265,269	56,432,172	52,569,804	50,935,151
Health and human services	197,337,883	208,632,008	232,979,224	216,209,867	189,387,917
Culture and recreation	46,412,919	53,032,039	55,872,703	53,528,217	49,313,869
Housing and community development	7,343,508	5,284,806	5,606,887	5,917,255	4,965,709
Environment	<u>3,574,260</u>	<u>3,795,318</u>	<u>4,473,884</u>	<u>5,855,871</u>	<u>4,716,934</u>
Total Expenditures	<u>779,762,532</u>	<u>865,933,480</u>	<u>940,649,845</u>	<u>955,567,880</u>	<u>859,759,313</u>
Transfers In (Out):					
Transfers In:					
Special Revenue Funds	12,448,820	13,915,724	15,470,240	17,164,980	17,164,980
Enterprise Funds	25,534,770	27,585,780	27,734,670	38,503,220	33,222,555
Component Units	<u>601,158</u>	<u>606,183</u>	<u>598,645</u>	<u>328,420</u>	<u>591,084</u>
Total Transfers In	<u>38,584,748</u>	<u>42,107,687</u>	<u>43,803,555</u>	<u>55,996,620</u>	<u>50,978,619</u>
Transfers Out:					
Special Revenue Funds	(18,657,868)	(27,614,179)	(26,366,223)	(13,463,067)	(13,484,028)
Debt Service Fund	(195,435,109)	(203,384,307)	(215,900,200)	(226,016,610)	(190,869,194)
Capital Projects Fund	(49,879,689)	(36,435,691)	(43,259,243)	(56,840,680)	(21,126,975)
Enterprise Funds	(2,702,365)	(4,270,955)	(3,121,110)	(3,068,957)	(2,988,617)
Internal Service Funds	(1,053,172)	(1,171,249)	(1,551,516)	(1,339,580)	--
Component Units	<u>(1,387,791,173)</u>	<u>(1,497,615,804)</u>	<u>(1,570,726,627)</u>	<u>(1,671,800,310)</u>	<u>(1,590,354,556)</u>
Total Transfers Out	<u>(1,655,519,376)</u>	<u>(1,770,492,185)</u>	<u>(1,860,924,919)</u>	<u>(1,972,529,204)</u>	<u>(1,818,823,370)</u>
Net Transfers In (Out)	<u>(1,616,934,628)</u>	<u>(1,728,384,498)</u>	<u>(1,817,121,364)</u>	<u>(1,916,532,584)</u>	<u>(1,767,844,751)</u>
Excess of revenues and transfers in over (under) expenditures, encumbrances and transfers out	<u>25,903,021</u>	<u>4,170,493</u>	<u>(172,082,357)</u>	<u>(81,467,583)</u>	<u>(268,795,982)</u>
Fund Balances, July 1 as previously stated	234,440,615	273,333,694	295,785,593	146,932,820	146,932,820
Net Adjustment for previous year encumbrances	<u>12,990,058</u>	<u>18,281,406</u>	<u>23,229,584</u>	<u>18,018,477</u>	<u>18,018,477</u>
Fund Balances, July 1 restated	247,430,673	291,615,100	319,015,177	164,951,297	164,951,297
Equity transfers in (out)	--	--	--	--	--
Budgetary Fund Balance – Subtotal	<u>\$ 273,333,694</u>	<u>\$ 295,785,593</u>	<u>\$ 146,932,820</u>	\$ 83,483,714	\$ (103,844,685)
Projections through year end:					
Revenue/Transfers In Remaining				--	359,112,151
Expenditures/Transfers Out Remaining				--	(142,319,710)
Budgetary Fund Balance Projected to June 30				<u>\$ 83,483,714</u>	<u>\$ 112,947,756</u>

(1) Amounts for FY06-08 are audited.

(2) Updated for budget adjustments as of May 31, 2009.

Table 7
General Fund
Schedule of Budgetary Fund Balance to
GAAP Fund Balance Reconciliation

	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Projected July 1, 2008 to June 30, 2009 (Unaudited)
Budgetary to GAAP Reconciliation:				
Budgetary Fund Balance as noted above	\$273,333,694	\$295,785,593	\$146,932,820	\$112,947,756
Plus encumbrances outstanding	19,184,118	24,603,431	24,158,117	24,000,000
Adjustment for prior year encumbrances	(909,010)	(902,723)	(1,373,849)	(1,400,000)
Unrealized investment gain (loss)	(4,788,474)	(5,473,442)	(641,355)	(641,355)
Net differences between beginning fund balances ⁽¹⁾	<u>1,966,087</u>	<u>2,738,749</u>	<u>3,737,073</u>	<u>8,502,864</u>
GAAP Fund Balance as Reported	<u>\$288,786,415</u>	<u>\$316,751,608</u>	<u>\$172,812,806</u>	<u>\$143,409,265</u>
Elements of GAAP Fund Balance:				
Reservations	\$ 7,016,227	\$ 7,774,404	\$ 8,465,100	\$ 8,000,000
Designated for General Fund	155,304,163	143,723,513	56,609,030	56,693,710
Unreserved – Designated for Encumbrances	19,184,118	24,603,431	24,158,117	24,000,000
Unreserved / Undesignated	<u>107,281,907</u>	<u>140,650,260</u>	<u>83,580,559</u>	<u>54,715,555</u>
	<u>\$288,786,415</u>	<u>\$316,751,608</u>	<u>\$172,812,806</u>	<u>\$143,409,265</u>

(1) Amount restated to break out the impact of unrealized investment gains (losses).

Note: All amounts are for fiscal years ended June 30.

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TAX MATTERS

McKennon Shelton & Henn LLP, Bond Counsel to the County, is of the opinion that, under existing statutes, regulations and decisions, upon compliance with certain conditions and covenants described in the Note Orders, the interest on the Notes will be excludable from gross income for federal income tax purposes and from taxation by the State of Maryland and by any county, municipal corporation or other political subdivision thereof. No opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Notes, their transfer or the income thereon.

Under the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), there are certain restrictions that must be met subsequent to the delivery of the Notes in order for interest on the Notes to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Notes. These include the following: (i) a requirement that certain earnings received from the investment of proceeds and amounts deemed to be proceeds of the Notes be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Notes; and (iii) other requirements applicable to the use of the proceeds of the Notes and the facilities financed or refinanced with proceeds of the Notes. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Notes in gross income for federal income tax purposes, effective from the date of issuance of the applicable issues of Notes. The County has made certain covenants regarding actions required to maintain the excludability of interest on the Notes from gross income for federal income tax purposes. It is the opinion of Bond Counsel that, assuming compliance with such covenants, the interest on the Notes will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

Further, Bond Counsel is of the opinion that interest on the Notes will not be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” could include, among other items, interest income from the Notes. In addition, interest income on the Notes will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

In rendering its opinion, McKennon Shelton & Henn LLP will rely on the accuracy of certain representations of the County with respect to certain material facts within the knowledge of the County without independent investigation.

Purchasers of Notes may continue to rely on the opinion of Bond Counsel with respect to the Notes only to the extent that (i) there is no change in existing law and (ii) the representations, agreements and covenants in the Note Orders and certain certificates executed and delivered by

the County with respect to the Notes, as supplemented and amended from time to time with the approval of Bond Counsel, remain true and accurate or are complied with (as the case may be) in all material respects. Bond Counsel has not undertaken to monitor any changes in applicable law or to monitor or confirm the accuracy of any of such representations or compliance with any of such agreements or covenants.

Copies of the form of the opinion of Bond Counsel with respect to the 2002 Series Notes and the proposed form of opinion of Bond Counsel with respect to the 2009 Series Notes are included in Appendix B hereto.

Additional Federal Income Tax Considerations

Certain Federal Tax Consequences of Ownership

There are other federal income tax consequences of ownership of obligations such as the Notes under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest, subject to adjustments for certain tax-exempt obligations issued in 2009 and 2010; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest received or accrued and the deductible portion of dividends received by such companies; (iii) interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; and (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, including interest on tax-exempt obligations such as the Notes, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status.

The sale or other disposition of a Note may result in capital gain or loss to its holder. A holder's initial tax basis in a Note will be its cost. Upon the sale or retirement of a Note, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such Note (including sale or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Note. Such gain or loss will be short-term capital gain or loss because at the time of the sale or retirement the Note will have been held for less than one year. Under present law, both long and short-term capital gains of corporations are taxed at the rates applicable to ordinary income. For noncorporate taxpayers, however, net capital gains will generally be taxed at a maximum rate of 15%, while short-term capital gains and other ordinary income will be taxed at a maximum rate of 35%. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses. Because of the limitation on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. The operation of sunset, effective date and similar timing provisions in current law would result in a change in the tax rates in certain future time periods.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the Notes should consult their own tax advisors as to the effects, if any, of the Code (and any proposed or subsequently enacted amendments to the Code) in their particular circumstances.

RATINGS

The ratings of the Notes are shown on the cover page of this Commercial Paper Memorandum. The following are the respective ratings of the long-term general obligation bonds of the County:

	Moody's	S&P	Fitch
General Obligation Bonds	Aaa	AAA	AAA

Any explanation of the significance of each of the above ratings may be obtained from the rating agency furnishing the same. In order to obtain the ratings on the Notes, the County furnished to the rating agencies certain materials and information concerning itself and the Notes and the Banks furnished to the rating agencies certain materials and information respecting themselves. Generally, rating agencies base their ratings on such materials and information, and on their own investigations, studies and assumptions. There is no assurance that any such ratings will obtain for any given period of time or that they may not be lowered or withdrawn entirely by such rating agencies, or any of them, if in their, or its, judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Notes.

CONTINUING DISCLOSURE

In connection with the issuance of other debt instruments, the County has previously covenanted to provide, or cause to be provided, certain annual financial information as of June 30 of each year, consistent with the financial information included in Appendix A to this Offering Memorandum. Such information will be provided to the Municipal Securities Rulemaking Board through its electronic platform known as "Electronic Municipal Market Access" or "EMMA."

FINANCIAL ADVISOR

Public Financial Management, Inc. serves as financial advisor to the County with regard to the issuance of the Notes.

COMMERCIAL PAPER DEALERS

Merrill Lynch and Barclays are serving as Dealers with respect to the Series 2002 Notes. Merrill Lynch is serving as Dealer with respect to the 2009 Series A Notes, and Barclays is serving as Dealer for the 2009 Series B Notes.

APPENDIX A

**ANNUAL INFORMATION STATEMENT
DATED JANUARY 15, 2009**

**(Provided under separate cover
and incorporated herein by reference)**

The County's Annual Information Statement dated January 15, 2009 may be downloaded from <http://bonds.montgomerycountymd.gov>, located at the tab for Annual Information Statement.

APPENDIX B

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

[Closing Date]

County Executive and County Council
of Montgomery County, Maryland
Rockville, Maryland

Dear County Executive and Council Members:

As Bond Counsel to Montgomery County, Maryland (the “County”), in connection with the issuance of its Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2002 Series (the “Notes”) as general obligations of the County, we have examined Order No. B241-02 issued by the County Executive of the County (the “County Executive”) and dated as of June 15, 2002, the First Supplemental Order No. B244-02 issued by the County Executive and dated as of December 9, 2002, the Second Supplemental Order No. B252-03 issued by the County Executive and dated as of November 6, 2003, the Third Supplemental Order No. B261-04 issued by the County Executive and dated as of December 1, 2004, the Fourth Supplemental Order No. B272-05 issued by the County Executive and dated as of November 15, 2005, the Fifth Supplemental Order No. B284-07 issued by the County Executive and dated as of May 16, 2007, the Sixth Supplemental Order No. B286-07 issued by the County Executive and dated as of December 21, 2007 and the Seventh Supplemental Order No. B292-09 issued by the County Executive and dated as of February 24, 2009 (collectively, the “Note Order”); the Charter of the County (November 4, 2008 Edition); relevant provisions of the Constitution and laws of the State of Maryland; the Internal Revenue Code of 1986, as amended (the “Code”); and other proofs submitted to us relative to the issuance and sale of the Notes. The County has made, and pursuant to the Note Order is required to make, certain representations in connection with the issuance from time to time of the Notes relevant to the tax-exempt status of interest on the Notes. Based upon the foregoing, under existing statutes, regulations and decisions, it is our opinion that:

(a) The County is duly authorized to issue the Notes pursuant to and subject to the provisions, terms and conditions of the Note Order. Upon due execution, authentication and delivery of and payment for the Notes as provided in the Note Order, and upon compliance with certain conditions and covenants therein, the Notes will constitute valid and binding general obligations of the County to which its full faith and credit and taxing power are pledged.

(b) Upon compliance with certain conditions and covenants in the Note Order, and assuming the accuracy of the representations of the County referred to above, the Notes, together with the interest payable on them, shall be and remain exempt from taxation of any kind and nature whatsoever by the State of Maryland and by any county, municipal corporation or

other political subdivision thereof; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Notes or the interest thereon.

(c) Upon compliance with certain conditions and covenants of the Note Order, and assuming the accuracy of the representations of the County referred to above, interest on the Notes will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Notes, including restrictions that must be complied with throughout the term of the Notes, in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Notes be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Notes, and (iii) requirements applicable to the use of proceeds of the Notes and the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Notes in gross income for federal income tax purposes, effective from the date of their issuance.

(d) Upon compliance with certain conditions and covenants in the Note Order, and assuming the accuracy of the representations of the County referred to above, interest on the Notes will not be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its "adjusted current earnings" exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, "adjusted current earnings" could include, among other items, interest income from the Notes. In addition, interest income on the Notes will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

This opinion may be relied upon only by the purchasers of Notes, who may continue to rely on this opinion only to the extent that (i) there is no change in existing law and (ii) the representations, agreements and covenants in the Note Order and certain certificates executed and delivered by the County, as such Note Order or certificates may be supplemented or amended from time to time with our approval, remain true and accurate or are complied with (as the case may be) in all material respects. Nothing contained in this opinion shall be construed as any undertaking on our part to monitor any changes in applicable law or to monitor or confirm the accuracy of any of such representations or compliance with any of such agreements or covenants.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

[Closing Date]

County Executive and County Council
of Montgomery County, Maryland
Rockville, Maryland

Dear County Executive and Council Members:

As Bond Counsel to Montgomery County, Maryland (the “County”), in connection with the issuance of its Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series A and Consolidated Public Improvement Commercial Paper Bond Anticipation Notes, 2009 Series B (collectively, the “Notes”) as general obligations of the County, we have examined Order No. B294-09 issued by the Chief Administrative Officer of the County (the “Chief Administrative Officer”) and dated as of August __, 2009 and Order No. B295-09 issued by the Chief Administrative Officer and dated as of August __, 2009 (collectively, the “Note Orders”), certain proceedings of the County, the Charter of the County (November 4, 2008 Edition), relevant provisions of the Constitution and laws of the State of Maryland, the Internal Revenue Code of 1986, as amended (the “Code”) and other proofs submitted to us relative to the issuance and sale of the Notes. The County has made, and pursuant to the Note Orders is required to make, certain representations in connection with the issuance from time to time of the Notes relevant to the tax-exempt status of interest on the Notes. Based upon the foregoing, under existing statutes, regulations and decisions, it is our opinion that:

(a) The County is duly authorized to issue the Notes pursuant to and subject to the provisions, terms and conditions of the Note Orders. Upon due execution, authentication and delivery of and payment for the Notes as provided in the Note Orders, and upon compliance with certain conditions and covenants therein, the Notes will constitute valid and binding general obligations of the County to which its full faith and credit and taxing power are pledged.

(b) Upon compliance with certain conditions and covenants in the Note Orders, and assuming the accuracy of the representations of the County referred to above, the Notes, together with the interest payable on them, shall be and remain exempt from taxation of any kind and nature whatsoever by the State of Maryland and by any county, municipal corporation or other political subdivision thereof; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Notes or the interest thereon.

(c) Upon compliance with certain conditions and covenants of the Note Orders, and assuming the accuracy of the representations of the County referred to above, interest on the Notes will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions. It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Notes, including restrictions that must be complied with throughout the term of the Notes, in order that

the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Notes be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of the proceeds of the Notes, and (iii) requirements applicable to the use of proceeds of the Notes and the facilities financed with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Notes in gross income for federal income tax purposes, effective from the date of their issuance.

(d) Upon compliance with certain conditions and covenants in the Note Orders, and assuming the accuracy of the representations of the County referred to above, interest on the Notes will not be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment. However, for purposes of calculating the corporate alternative minimum tax, a corporation subject to such tax may be required to increase its alternative minimum taxable income by 75% of the amount by which its “adjusted current earnings” exceed its alternative minimum taxable income (computed without regard to this current earnings adjustment and the alternative tax net operating loss deduction). For such purposes, “adjusted current earnings” could include, among other items, interest income from the Notes. In addition, interest income on the Notes will be includable in the applicable taxable base for the purposes of determining the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States of America.

This opinion may be relied upon only by the purchasers of Notes, who may continue to rely on this opinion only to the extent that (i) there is no change in existing law and (ii) the representations, agreements and covenants in the Note Orders and certain certificates executed and delivered by the County, as such Note Orders or certificates may be supplemented or amended from time to time with our approval, remain true and accurate or are complied with (as the case may be) in all material respects. Nothing contained in this opinion shall be construed as any undertaking on our part to monitor any changes in applicable law or to monitor or confirm the accuracy of any of such representations or compliance with any of such agreements or covenants.

The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

APPENDIX C

CERTAIN INFORMATION CONCERNING FORTIS BANK

Fortis Bank is a public company with limited liability under Belgian law and its registered office and headquarters are based in Brussels, Belgium.

Following the implementation on May 13, 2009 of a “protocole d’accord” dated October 10, 2008 (and as further amended) among BNP Paribas, the Belgian Federal Public Service for Participations and Investments (“SFPI”), Fortis Holding and Fortis Bank, Fortis Bank is now owned at 74.93% by BNP Paribas and at 25% by the Belgian State, through SFPI.

Fortis Bank provides banking products and services to personal, business and institutional customers through its own channels and via other partners.

The primary businesses of Fortis Bank are:

1. Retail Banking, which provides financial services to individuals, the self-employed, professionals and small businesses;
2. Commercial & Private Banking, which offers integrated asset and liability management solutions to high net worth individuals and their businesses;
3. Merchant Banking, which offers tailored financial products and services to medium-sized European-oriented businesses, large international companies and institutional clients; and
4. Fortis Investments Management, which is the asset management arm of Fortis Bank, providing a broad range of investment solutions.

APPENDIX D

CERTAIN INFORMATION CONCERNING JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association (“the Bank”) is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of March 31st, 2009, JPMorgan Chase Bank, National Association, had total assets of \$1,688.2 billion, total net loans of \$595.9 billion, total deposits of \$978.8 billion, and total stockholder’s equity of \$131.6 billion. These figures are extracted from the Bank’s unaudited Consolidated Reports of Condition and Income (the “Call Report”) as at March 31, 2009, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation. The Call Report, including any update to the above quarterly figures, can be found at www.fdic.gov.

Additional information, including the most recent annual report on Form 10-K for the year ended December 31, 2008, of JPMorgan Chase & Co., the 2008 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission (the “SEC”) by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Commercial Paper Memorandum is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017 or at the SEC’s website at www.sec.gov.

The information contained in this Appendix relates to and has been obtained from the Bank. The delivery of the Commercial Paper Memorandum shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.