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MUNICIPAL BOND CREDIT REPORT 2Q 2010

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The U.S. financial markets continued to recover, albeit at a moderate pace, in the second quarter of 2010. The Federal Reserve maintained its accommodative stance, keeping the target federal funds rate between 0 and 0.25 percent. Regulatory reform and the European sovereign debt crisis dominated concerns in 2Q'10, which concluded with the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Municipal Issuance Overview

According to Thomson Reuters, long-term municipal issuance volume, including both taxable and tax-exempt issuance, totaled $100.2 billion in the second quarter of 2010, down 3.6 percent from $104.0 billion in 1Q'10 and 9.7 percent below that in 2Q'09. Excluding taxables, tax-exempt issuance totaled $72.7 billion, an increase of 6.1 and a decline of 16.6 percent, respectively, from 1Q'10 and 2Q'09.

Taxable issuance modestly gained additional market share in 2Q'10, claiming 32.8 percent of all municipal issuance compared with 32.5 percent and 20.8 percent, respectively, in 1Q'10 and 2Q'09. While Build America Bonds (BABs) have accounted for the majority of taxable municipal issuance (76.7 percent of all taxables issued in 2Q'10), approximately $2.4 billion in non-BAB taxable bonds were issued following the enactment of the Hiring Incentives to Restore Employment Act (HIRE Act).

Tax-Exempt Issuance

Tax-exempt issuance continued to lose ground to taxables in the second quarter, with issuance of $66.3 billion, a decline of 3.2 percent from 1Q'10 and 23.9 percent from 2Q'09. The decline stands in stark contrast to tax-exempt fund inflows, which remained strong throughout 2Q'10; according to Investment Company Institute (ICI), inflows for the first half of 2010 into tax-exempt municipal funds have totaled $19 billion, a rise from $13 billion in 1Q'10 and $17.0 billion in 2Q'09.[1]

Eurozone sovereign debt concerns came to a head in 2Q'10, culminating in a €750 billion rescue package aimed at assuaging nervous investors. While the related "flight to quality" drove Treasury yields down across the yield curve, municipal yields were not similarly impacted, resulting in widening spreads between the 10-year AAA G.O. and Treasury yields; the ratio widened above 100 percent, ending at 104 percent at the end of 2Q'10, a ratio last seen in May 2009. The ratio averaged 91.7 throughout 2Q'10, higher than the 82.6 percent average in 1Q'10, but below the 110.22 average in 2Q'09.

Build America Bonds and Non-BAB Taxables

BAB issuance continued strongly throughout 2Q'10, with $25.1 billion sold, a modest decrease of 6 percent from 1Q'10 but still 60.9 percent that in 2Q'09, when the program officially began. Concerns over subsidy qualifications and offsetting payment disputes from the IRS have led several states to avoid using the BAB structure in late Q1'10 and Q2'10, including, among others, Florida and Iowa.[2]

The future of the BABs program continues to be uncertain, and the program remains set to expire at the end of 2010. Although H.R. 4213, which contained a BABs extension provision, failed a procedural vote in the U.S. Senate in June, language to extend the program was re-introduced in July in H.R. 5893, Investing in Americans Jobs and Closing Loopholes Act of 2010. As in the prior legislation, the proposed subsidy for BABs would shrink, to 32 percent and 30 percent, respectively, in 2011 and 2012.

To date, life insurers and foreign investor have been the two largest investor classes in BABs – two sectors that do not traditionally invest in the tax-exempt market. A presentation from the U.S. Treasury Borrowing Advisory Committee (TBAC) noted that life insurers were large purchasers, owning more than 50 percent of several BABs deals.[3] Collectively, the two sectors have invested approximately $47 billion in the municipal market since the launch of the BAB program in 2Q'09 through 1Q'10, suggesting a market share of over half of all of all BABs issuance ($47 billion compared to $90.8 billion issued as of Q1'10).[4]

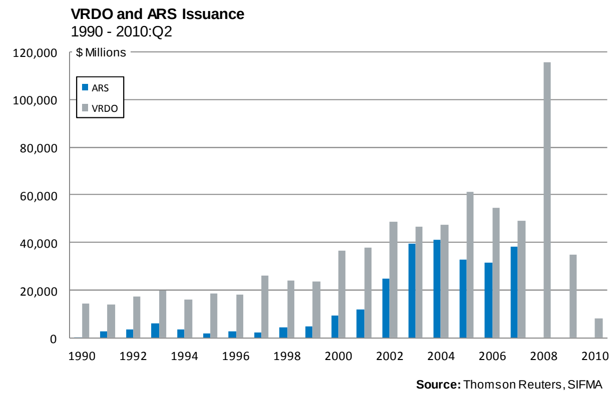
Non-BAB taxable issuance saw a slight uptick in 2Q'10 with $7.9 billion issued, up from $6.9 and $7.4 billion, respectively, in 1Q'10 and 2Q'09, partly due to the HIRE Act. To review, the HIRE Act authorized the use of a direct payment subsidy for four types of bonds (with guidance published by the U.S. Treasury in April[5]): Qualified School Construction Bonds (QSCBs), Qualified Zone Academy Bonds (QZABs), Clean Renewable Energy Bonds (CREBs), and Qualified Energy Conservation Bonds (QECBs). The direct payment subsidy varies by the type of bond: for QSCBs and QZABs, up to 100 percent of their interest costs (subject to a tax credit rate ceiling); for CREBs

[1] Investment Company Institute, Long-Term Mutual Fund Flows

[2] Thiruvengadam, Meena and Kelly Nolan. Iowa Avoids Build America Bonds, Citing Program Uncertainties, Wall Street Journal: June 25, 2010.
[3] U.S. Treasury, August 4, 2010. Minutes of the Meeting of the Treasury Borrowing Advisory Committee Of the Securities Industry and Financial Markets Association
[4] Federal Reserve, Flow of Funds.
[5] Treasury, IRS. April 26, 2010. Notice 2010-35: Direct Payment Subsidy Option for Certain Qualified Tax Credit Bonds and Build America Bonds

and QECBs, up to 70 percent. In 2Q’10, $94.3 million in CREBs were issued (from none in 1Q’10), $21.6 million in QECBs (from none in 1Q’10), $2.2 billion in QSCBs (from $246.2 million in 1Q’10), and $47.3 million in QZABs (from $2.0 million in 1Q’10).

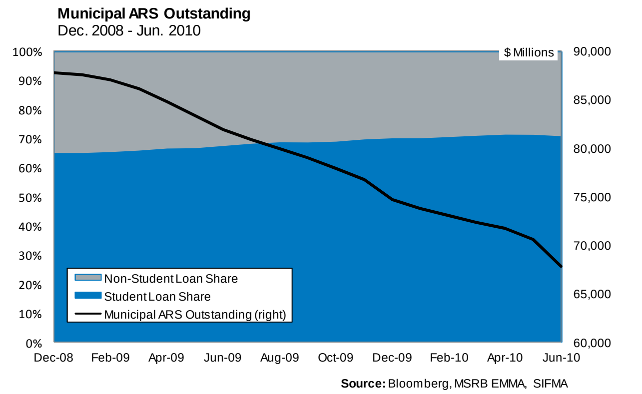
VRDO and ARS Issuance and Update



Issuance of variable rate demand obligations (VRDOs), long-term municipal bonds with a floating interest rate that resets daily or weekly and contains a put feature, continued to decline, with $4.0 billion issued in 2Q’10, a 4.3 and 57.6 percent decline from 1Q’10 and 2Q’09, respectively. Demand remained weak as investors continued to disfavor tax-exempt money market funds for more competitive returns elsewhere.[6] The SIFMA Municipal Swap Index, a 7-day high-grade market index comprised of tax-exempt VRDOs, ended at 0.25 percent end-June, averaging 0.29 throughout 2Q’10.

Although VRDO debt continues to remain attractive to issuers as absolute rates are at multi-decade lows, shrinking investor bases and third party liquidity costs remain a concern, especially in regards to expiring bank liquidity facilities. In the longer-term, forthcoming Basel capital regulations, particularly in regards to bank liquidity, may negatively impact the pricing and offering of certain short-term bank liquidity facilities for VRDOs.

Municipal auction rate securities (municipal ARS), long-term municipal bonds with a floating interest rate that reset through a Dutch auction process, stood at approximately $67.8 billion outstanding end-June. This once-vibrant market, which at its height nearly matched the VRDO market in yearly issuance, ceased production in late 2007, followed shortly after by the withdrawal of auction dealers en masse from the market in February 2008. Consequently, numerous and widespread auction failures resulted, with issuers paying (and still paying, in some cases, into 2Q’10) interest costs upwards of 18 percent as interest rates reset to maximum rates specified in their offering statements (although for some issuers, “penalty” rates are much lower).



Since the end of 2007, the ARS market has been slowly unwinding, largely through conversions to VRDOs in 2008[7] (and, to a much lesser extent, in 2009 and 2010), followed by bond tenders and calls. By number of CUSIPs outstanding as of end-June, the municipal ARS market stood at less than one-tenth the size of the VRDO market, with approximately 1,350 CUSIPs to the VRDO market’s 14,500.

While student loan issuers represented a significant portion of municipal ARS issuance, averaging a third of all issuance in the 10-year period 1998 to 2007 (as well as of amount outstanding at end-2007[8]), they currently dominate the remaining market, comprising 70.7 percent of outstanding end-June. The disproportionate representation reflects structural reasons why many student loan ARS are difficult to restructure and suggests that student loan issuers have found it preferable not to retire existing debt and/or were unable to do so elsewhere in a cost-effective manner; interest costs for student loan issuers averaged 104 basis points (bps) in 2Q’10, down from 132 bps and 121 bps in 1Q’10 and 2Q’09, respectively.

Government Update

On July 21, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. The Act directly impacts the municipal sector, containing provisions relating to financial advisors, municipal derivatives, swaps participation by state and local government, MSRB board composition, SEC divisions, rating agencies, and others.[9]

[6] According to ICI, tax-exempt money market funds ended 2Q’10 with $345.9 billion in assets under management (AUM), a decline of $27.5 billion from 1Q’10. Since the beginning of 2009, tax-exempt money market fund AUM has declined by approximately $155.6 billion, or 31 percent.

[7] The distinguishing difference between a VRDO and an ARS issue is principally the existence of a put feature in a VRDO, which allows an investor to sell the security at a specific price (typically par) and time. This feature is generally effected through a letter of credit or standby bond purchase agreement.

[8] Merrill Lynch (now Bank of America-Merrill Lynch) estimates suggest a similar representation outstanding at end-2007, with $86 billion estimated for student loan ARS and $166 billion for municipal, non-student loan ARS. Song, Han; Li, Dan. Liquidity Crisis, Runs, and Security Design: Lessons from the Collapse of the Auction Rate Municipal Bond Market, March 23, 2009, p. 11.

[9] See SIFMA Dodd-Frank Resources for more details.

Late in 2009, the U.S. Treasury unveiled several programs to provide support for housing finance agencies (HFAs) through a three-tier program through Fannie Mae and Freddie Mac: temporary credit and liquidity facilities (TCLF); a new issue bond program (NIBP); and a multifamily credit enhancement initiative (MCEI)[10]. With the exception of the TCLF program, facility use remained relatively low in the first half of 2010, especially compared to allocated caps; S&P noted that although uptake was less than expected in the first half of 2010, an uptick in housing bonds is expected in 4Q'10 when the programs will be nearing expiry.[11] At end-June, Fannie Mae reported $3.8 billion outstanding of three-year credit and liquidity support and $7.6 billion in single- and multi-family housing bonds from NIBP;[12] Freddie Mac reported $4.1 billion issued of pass-throughs backed by HFA bonds, $3.8 billion in liquidity guarantees on HFA securities, and $9.3 billion on multi-family housing revenue bonds as of end-June.[13]

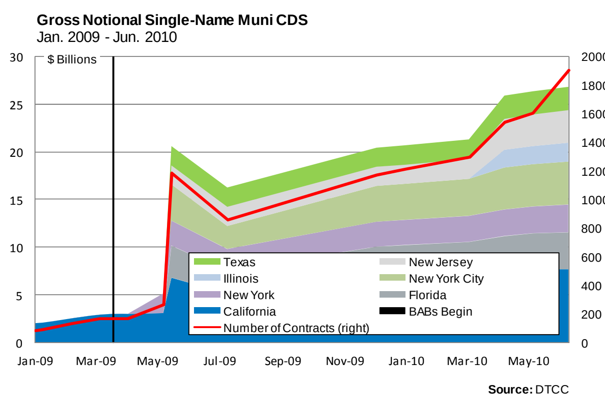
As alluded to earlier, H.R. 5893 was introduced in the House in July, which introduced provisions for: extending the BABs program through 2012; extending the AMT holiday by one year; extending bank-qualified bond limit for 2011; allocating additional funds to RZEDBs ($15 billion) and RZFBs ($10 billion), exempting water and sewer facility bonds from private activity caps; and extending direct payment options for state housing agencies in lieu of tax credits.

Municipal CDS: An Unlikely Factor in Driving Borrowing Costs

Recent sovereign debt concerns as well as persistent concerns over state and local government spending have ignited concerns over the municipal credit default swap (CDS) market, particularly as to its impact on borrowing costs. On March 29, the California State Treasurer sought information from major broker-dealer banks on the nature of the municipal CDS market and, in particular, their role in California CDS markets.[14]

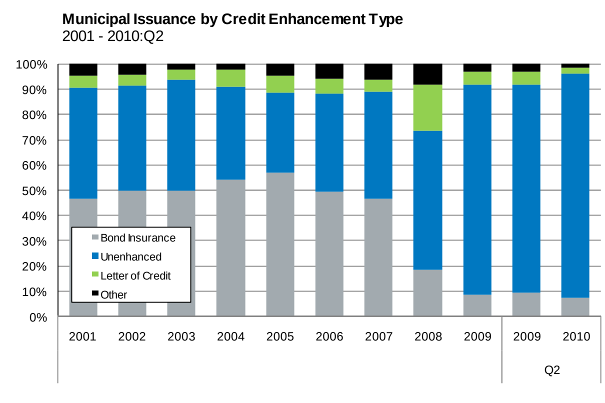
The TBAC report noted that, relative to corporate and sovereign CDS markets, the municipal CDS market was very small and illiquid, with only six names listed in the top 1,000 reference entities end-June, five of which are states (see chart) and the remaining one a city (the City of New York). Depository Trust Clearing Corp (DTCC) data suggest a $37.5 million average daily trading volume in 2009, while the municipal bond cash bond markets had an average daily trading volume of $12.5 billion, according to MSRB EMMA.

Bank responses to California's request suggested that the increase in municipal CDS market size was due to the expansion of the investor base relating to the inception of the BAB program in April 2009. DTCC data generally support this notion; prior to May 2009 only one reference entity was listed in the top 1,000 entities (State of California, beginning in January 2009), with Illinois entering in end-April 2010 and Florida, New York, New York City, New Jersey, and Texas entering the top 1,000 in end-May 2009.



Credit Quality Trends & Credit Enhancement

Credit enhancement for municipal bonds continues to wane. Non-enhanced issuance in 2Q'10 comprised 84.8 percent of total issuance, down from the 89.7 percent share in 1Q'10, but above the 82.4 percent share in 2Q'09. Insured bond issuance of $7.1 billion, represented 7.1 percent of total enhanced issuance, up modestly from 6.3percent in 1Q'10 but down from a 9.4 percent share in 2Q'09.



According to a June 2010 Nelson A. Rockefeller Institute of Government report, while two states (New York and California) reported growth in collections, 34 states saw declines in their overall tax collections in

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[10] TCLF is a $8.2 billion program, shared on a pro rata basis between Fannie Mae and Freddie Mac for VRDOs previously issued by HFAs; NIBP is a $15.3 billion issuance program, shared on a pro-rata basis between Fannie Mae and Freddie Mac for the issuance of pass-throughs backed by new single-family and certain new multi-family bonds; MCEI is a Freddie Mac-only program that provides a guarantee for new housing bonds issued by HFAs. The U.S. Treasury bears the first loss of 35 percent of the principal of the TCLF and NIBP combined. See www.financialstability.gov for more details.

[11] Standard and Poor's. June 7, 2010. "U.S. Treasury's New Issue Bond Program For Housing Finance Agencies Nears the Halfway Mark."

[12] Federal National Mortgage Association, 10-Q, August 5, 2010.

[13] Freddie Mac, 10-Q, August 11, 2010.

[14] California State Treasurer, California Bond Underwriters and Credit Default Swaps (CDS)

1Q'10.[15] Additionally, revenue growth was not particularly organic, as much of it could be attributed to enacted tax increases and tax processing changes.

The report also noted that after accounting for inflation, state tax revenue was at about the same level as ten years ago, although the nation's population has increased by approximately 10 percent during that period. Overall, while positive figures are beginning to trickle in, the road to fiscal recovery remains "bumpy." State tax revenue is driven largely by retail (31 percent) and income (36 percent) taxes, both correlated to unemployment, which remains stubbornly high; and budgetary problems have been pushed out from the near-term into subsequent fiscal years. Continued revenue weakness will require states to pursue additional measures to close budget gaps.

[15] The Nelson A. Rockefeller Institute of Government, Overall State Tax Revenue Is Up, But Losers Still Outnumber Gainers, June 2010.

LONG-TERM MUNICIPAL STATE ISSUANCE BY TYPE, 2Q'10

Long-Term Municipal State Issuance by Type

Second Quarter 2010

$ Millions

State	Total Amount	G.O.	Revenue
Alabama	923.4	303.4	620.0
Alaska	43.6	14.8	28.8
Arizona	1,998.6	388.5	1,610.1
Arkansas	732.0	574.5	157.5
California	13,835.7	1,811.5	12,024.2
Colorado	1,960.3	783.1	1,177.2
Connecticut	1,743.3	1,333.9	409.4
D. of Columbia	636.6	138.0	498.6
Delaware	356.5	313.0	43.5
Florida	3,628.9		3,628.9
Georgia	680.2	290.3	389.9
Guam			206.6
Hawaii	101.9		101.9
Idaho	67.0	25.0	42.0
Illinois	6,217.0	3,020.6	3,196.4
Indiana	987.0	33.6	953.4
Iowa	820.1	358.4	461.7
Kansas	933.7	342.5	591.2
Kentucky	1,479.1	116.6	1,362.5
Louisiana	846.4	134.7	711.7
Maine	378.4	79.5	298.9
Maryland	975.8	443.8	532.0
Massachusetts	4,770.7	1,020.3	3,750.4
Michigan	1,946.6	1,336.4	610.2
Minnesota	835.1	567.6	267.5
Mississippi	207.8	31.6	176.2
Missouri	2,242.5	399.2	1,843.3
Montana	275.5	51.5	224.0
Nebraska	441.6	217.2	224.4
Nevada	659.9	437.7	222.2
New Hampshire	456.2	238.3	217.9
New Jersey	3,650.3	1,091.0	2,559.3
New Mexico	610.9	92.5	518.4
New York	10,281.3	2,435.1	7,846.2
North Carolina	1,378.3	704.0	674.3
North Dakota	201.3	57.2	144.1
Ohio	2,807.8	657.1	2,150.7
Oklahoma	854.8	318.3	536.5
Oregon	1,035.4	517.7	517.7
Pennsylvania	5,356.7	2,411.4	2,945.3
Puerto Rico	3,509.7		3,509.7
Rhode Island	447.7	245.1	202.6
South Carolina	775.7	413.1	362.6
South Dakota	157.0	121.0	36.0
Tennessee	2,190.2	1,223.6	966.6
Texas	8,111.8	3,704.2	4,407.6
Utah	731.6	127.3	604.3
Vermont	11.1	11.1	
Virginia	1,979.5	649.3	1,330.2
Washington	3,735.1	1,603.3	2,131.8
West Virginia	128.6		128.6
Wisconsin	813.2	448.0	365.2
Wyoming	101.4		101.4

G.O. Issuance	31,519.2
Revenue Issuance	67,259.1
*Total L-T Issuance	98,778.3

Source: Thomson Reuters

*Note: Total Long-Term Issuance includes U.S. territories, such as Puerto Rico and Guam.

LONG-TERM MUNICIPAL ISSUANCE BY REGION, 2Q'10

Long-Term Municipal Issuance by Region

Second Quarter 2010

By Moody's Rating Category

$ Millions

General Obligation

	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	109.1	461.9	756.8	964.4	2,574.6
Aa	3,594.0	2,999.6	6,609.9	1,964.0	1,738.6
A	192.3	794.5	223.8	254.2	98.4
Baa	-	43.2	11.2	3.9	18.6
Below Baa	-	-	-	-	-
Total Rated	3,895.4	4,299.2	7,601.7	3,186.5	4,430.2
Not Rated	543.4	2,915.7	2,142.4	652.2	1,900.6
Totals	4,438.8	7,214.9	9,744.1	3,838.7	6,330.8
% of Total L-T Volume	14.1%	22.9%	30.9%	12.2%	20.1%

Unenhanced General Obligation

	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	104.7	461.7	754.5	964.4	1,903.5
Aa	3,105.2	2,751.2	6,245.8	1,826.7	1,569.3
A	188.4	760.1	220.5	250.4	49.9
Baa	-	43.2	11.2	3.9	18.6
Below Baa	-	-	-	-	-
Total Rated	3,398.3	4,016.2	7,232.0	3,045.4	3,541.3
Not Rated	355.2	1,775.1	951.3	567.2	1,123.1
Totals	3,753.5	5,791.3	8,183.3	3,612.6	4,664.4
% of Total L-T Volume	14.4%	22.3%	31.5%	13.9%	17.9%

Source: Thomson Reuters

Revenue

	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	743.3	1,313.5	1,650.8	360.2	1,072.4
Aa	9,055.2	2,451.0	9,845.2	6,995.2	3,128.6
A	3,552.6	2,953.5	7,007.3	1,435.5	1,278.7
Baa	49.4	161.0	807.8	473.3	1,418.8
Below Baa	-	131.5	-	-	-
Total Rated	13,400.5	7,010.5	19,311.1	9,264.2	6,898.5
Not Rated	1,993.5	1,993.5	3,502.6	1,087.6	2,704.3
Totals	15,394.0	9,004.0	22,813.7	10,351.8	9,602.8
% of Total L-T Volume	22.9%	13.4%	34.0%	15.4%	14.3%

Unenhanced Revenue

	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	652.3	191.8	800.9	279.3	1,044.4
Aa	8,761.8	1,976.1	7,820.3	6,279.9	2,209.7
A	3,536.0	2,158.1	5,270.6	1,393.5	1,178.3
Baa	34.4	107.2	807.8	473.3	1,418.8
Below Baa	-	131.5	-	-	-
Total Rated	12,984.5	4,564.7	14,699.6	8,426.0	5,851.2
Not Rated	1,634.3	2,730.5	2,714.4	432.7	2,053.4
Totals	14,618.8	7,295.2	17,414.0	8,858.7	7,904.6
% of Total L-T Volume	26.1%	13.0%	31.0%	15.8%	14.1%

Source: Thomson Reuters

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS, 2Q'10

Long-Term Municipal Issuance by General Use of Proceeds Second Quarter 2010
By Moody's Rating Category $ Millions

General Obligation Sector	Investment Grade	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
Development	32.4	2	-	-	32.4	2
Education	10,933.1	794	434.1	235	11,367.2	1,029
Electric Power	2.5	1	1.6	1	4.1	2
Environmental Facilities	52.5	2	-	-	52.5	2
General Purpose	15,520.0	741	458.9	146	15,978.9	887
Healthcare	353.5	10	28.6	3	382.1	13
Housing	220.8	9	-	-	220.8	9
Public Facilities	356.0	58	14.4	16	370.4	74
Transportation	2,174.6	56	18.5	16	2,193.1	72
Utilities	947.3	96	64.4	34	1,011.7	130
Total	30,592.7	1,769	1,020.5	451	31,613.2	2,220

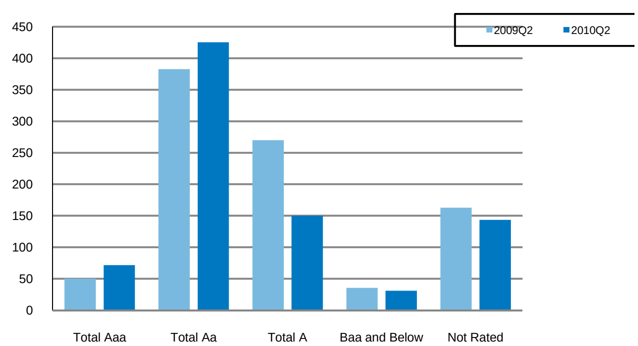
Source: Thomson Reuters

Revenue Sector	Investment Grade	Number of Issues	Sub-Investment Grade Rating	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
Development	1,099	34	-	-	67.2	7	1,165.9	41
Education	13,919	354	43	1	221.7	39	14,183.3	394
Electric Power	9,624	61	207	2	28.0	17	9,858.2	80
Environmental Facilities	2,193	24	89	1	5.8	2	2,287.8	27
General Purpose	9,515	200	-	-	132.6	40	9,647.5	240
Healthcare	8,763	103	-	-	403.0	32	9,165.8	135
Housing	1,604	47	-	-	22.1	4	1,625.7	51
Public Facilities	2,650	59	-	-	48.3	8	2,698.2	67
Transportation	10,328	75	-	-	1.9	2	10,330.1	77
Utilities	7,598	209	-	-	61.5	25	7,659.0	234
Total	67,291.3	1,166	338.1	4	992.1	176	68,621.5	1,346

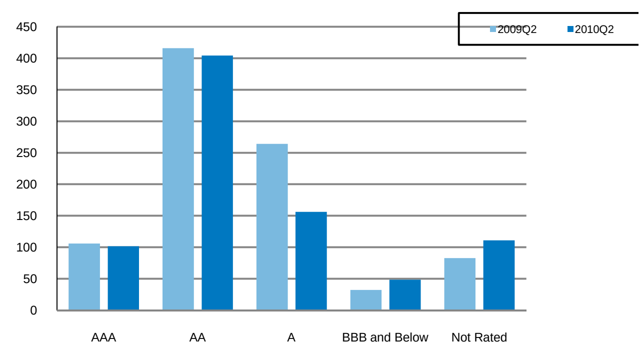
Source: Thomson Reuters

LONG-TERM UNENHANCED ISSUANCE BY RATING & ENHANCEMENT, 2Q'09 AND 2Q'10

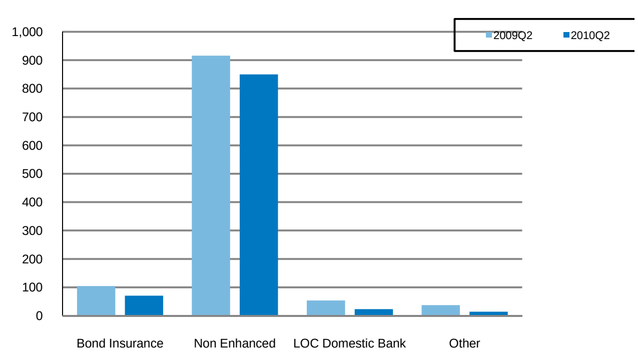
Long-Term Unenhanced Issuance by Rating As Rated by Moody's
2009:Q2 vs 2010:Q2



Long-Term Unenhanced Issuance As Rated by Standard & Poor's
2009:Q2 vs 2010Q2



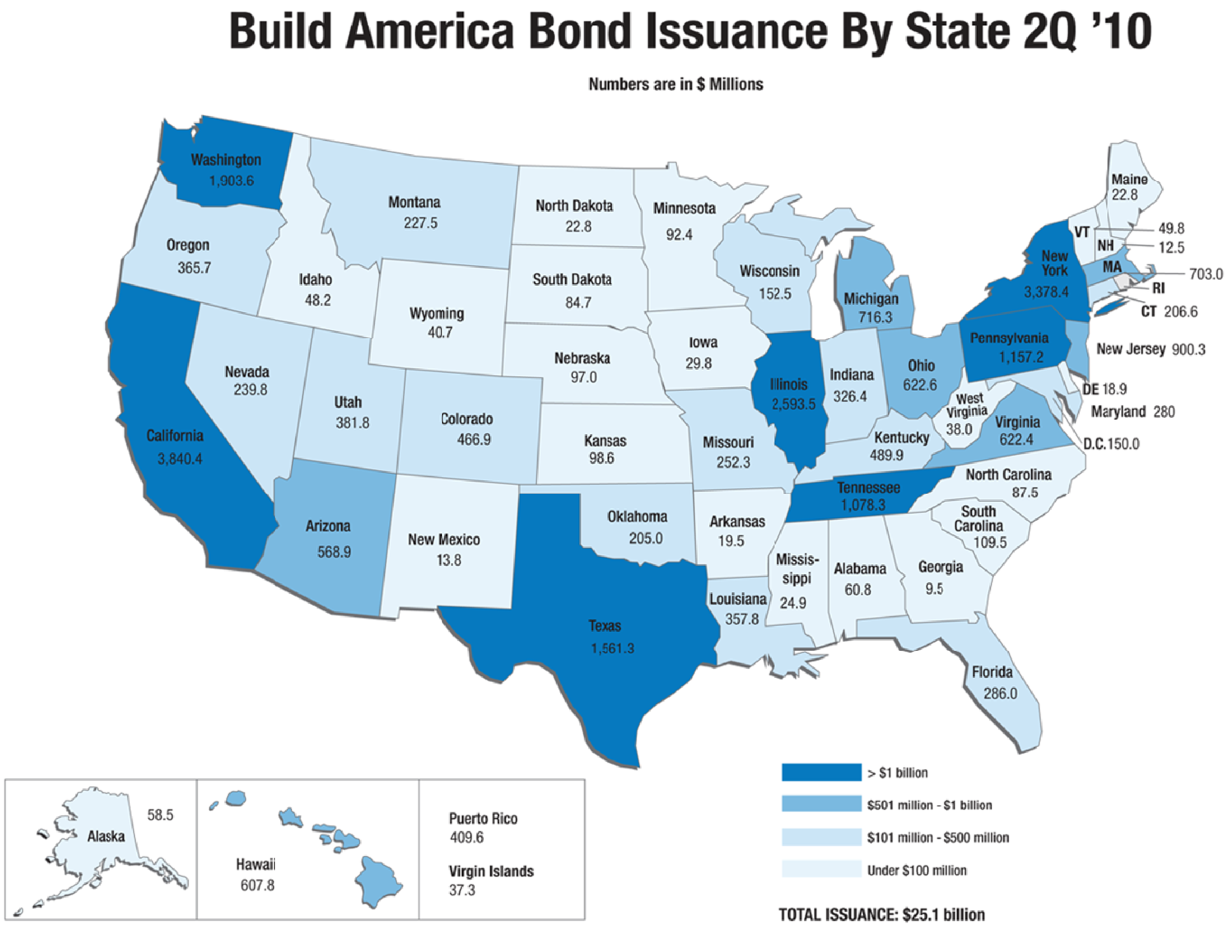
Long-Term Enhanced Issuance By Enhancement Type
2009:Q2 vs 2010:Q2



BUILD AMERICA BONDS 2Q'10

Build America Bond Issuance by State

Second Quarter 2010
$ Millions



Build America Bond Issuance by State and Month

Second Quarter 2010
$ Millions

State	Apr	May	Jun	State	Apr	May	Jun	State	Apr	May	Jun
AL	15.38	2.94	42.46	LA		357.84		NY	87.78	1399.61	1891.00
AZ	98.20	153.70	317.00	MA		450.00	252.60	OH	277.40	141.70	203.53
CA	274.02	1210.55	2355.86	MD	11.42	40.05	228.58	OK	81.60	76.05	47.34
CO		133.52	333.35	ME		22.77		OR	204.00	161.69	
CT	184.25		22.33	MI	439.19	118.85	158.22	PA	464.54	587.53	105.13
DC		150.00		MN	11.79	10.82	69.79	PR	320.18		89.44
DE			18.86	MO	67.68	40.54	144.11	SC	68.00		41.50
FL	162.33	25.72	97.94	MS			24.87	SD	18.37	7.20	59.14
GA		9.51		NC	59.57	27.97		TN	687.03	16.25	375.06
IA			29.81	ND		22.82		TX	282.30	354.65	924.39
ID	34.70	13.53		NE	22.62	2.80	71.54	UT	25.16	324.87	31.78
IL	1785.13	97.39	710.99	NH			12.54	VA	13.53	440.15	168.69
IN	168.01	158.34		NJ	104.12	750.00	46.15	WA	316.23	1515.74	71.61
KS	12.50	39.57	46.55	NM	13.80			WI	101.35	36.19	14.92
KY	97.83	125.82	266.21	NV		222.72	17.10	WY	20.98	19.73	
									Apr	May	Jun
Total									6,530.91	9,269.06	9,290.30

Source: Thomson Reuters

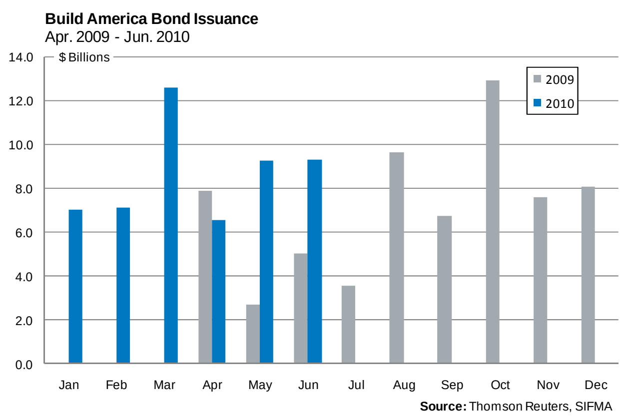
Build America Bond Issuance by Use of Proceeds

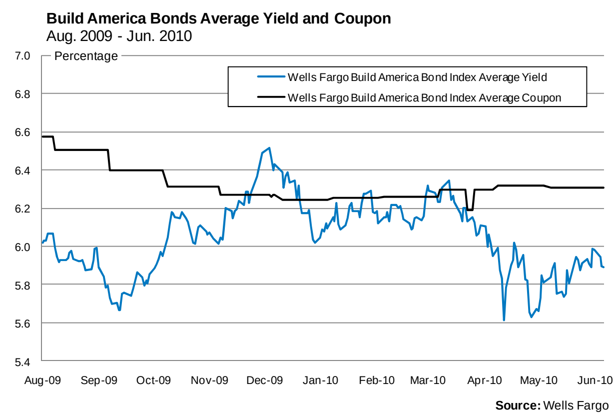
First Half 2010
$ Millions

Use of Proceeds	Jan	Feb	Mar	Apr	May	Jun
Airports		454.28		578.00		
Combined Utilities			380.00		50.38	3.87
Economic Development		6.16				
Education	1,263.50	2,157.36	1,745.28	2,407.20	1,492.65	1,802.20
Electric & Public Power	200.00	130.94	2,787.85	535.12	1,474.84	448.17
Genl Purpose/ Public Imp	2,574.07	1,984.92	4,906.74	2,349.54	2,734.52	3,119.58
Health Care	108.89	513.53	17.21	103.57	44.65	106.67
Industrial Development			7.33			
Multi Family Housing		12.72				1.24
Pollution Control			33.04			
Seaports/Marine Terminals					2.35	
Solid Waste/ Resource Rec				75.00		25.14
Transportation	1,143.39	939.15	1,973.84	228.97	2,245.22	2,291.68
Water, Sewer & Gas Facs	1,716.30	905.53	742.82	253.52	1,224.46	1,491.76
Total	7,006.14	7,104.57	12,594.09	6,530.91	9,269.06	9,290.30

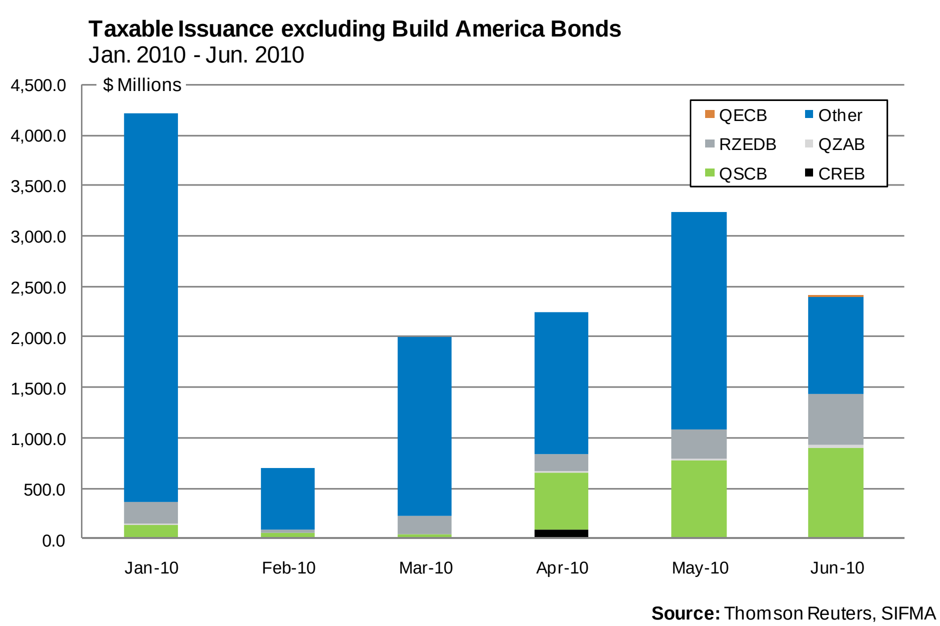
Source: Thomson Reuters

Other Build America Bond Charts





TAXABLE ISSUANCE EXCLUDING BABS, 2Q'10



Taxable Issuance Excluding BABs by Type

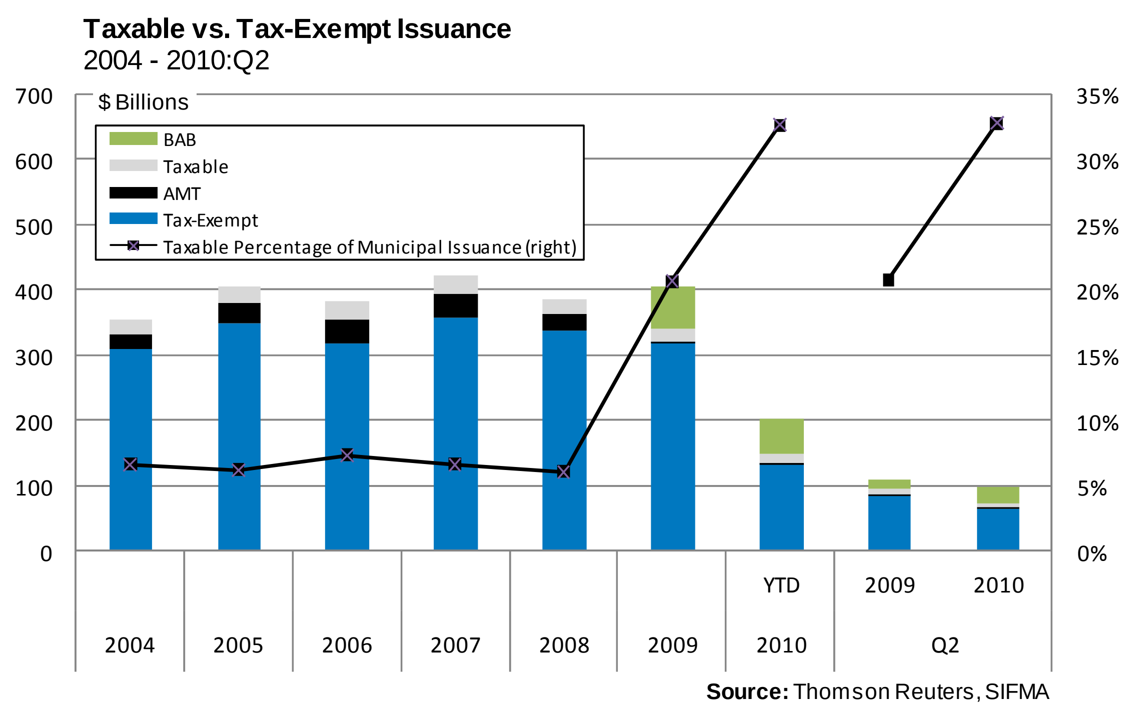
Second Quarter 2010
$ Millions

State	CREB	Other	QECB	QSCB	QZAB	RZEDB	State	CREB	Other	QECB	QSCB	QZAB	RZEDB
AK		11.4					NC		77.2		41.7		79.1
AL		13.8				27.0	ND				6.1		12.3
AR		70.5		3.0			NE						4.1
AZ		1.1	5.6				NH		2.3				
CA	2.3	722.4		509.7		40.4	NJ		201.7				13.0
CO		28.7	13.8			10.6	NM		16.4				
DC		138.0		32.9			NV		9.8		113.8		
DE		3.9					NY	2.0	292.4	2.2	250.0	23.5	11.9
FL		43.9		171.8		48.8	OH		202.8		62.2		83.5
GA		11.0		2.3		13.8	OK		99.4				
GU		56.1					OR		177.9		13.0	2.0	6.1
IA		28.4					PA		99.5				3.8
IL		329.5				59.3	PR						92.8
IN		15.8		57.4	6.0	0.8	RI		23.8		12.6		80.0
KS		27.3		4.6		20.3	SC				28.2		
KY		43.6		38.5		2.1	SD				22.6		15.3
LA		0.7					TN		111.2				26.9
MA		8.8		168.9			TX		122.6		105.2		
MD		51.6					UT				10.9		
ME		7.2				11.7	VA		94.0		72.7		
MI		328.4		252.8	3.7	61.5	VT				1.4		9.8
MN		52.1		45.7	8.3	15.5	WA	90.0	35.8		31.4		13.3
MO		851.1		63.0	0.8	144.4	WI		56.9		41.2	3.0	20.7
MS		44.6				20.0	WV				72.3		
MT				7.5			WY						18.0

Source: Thomson Reuters

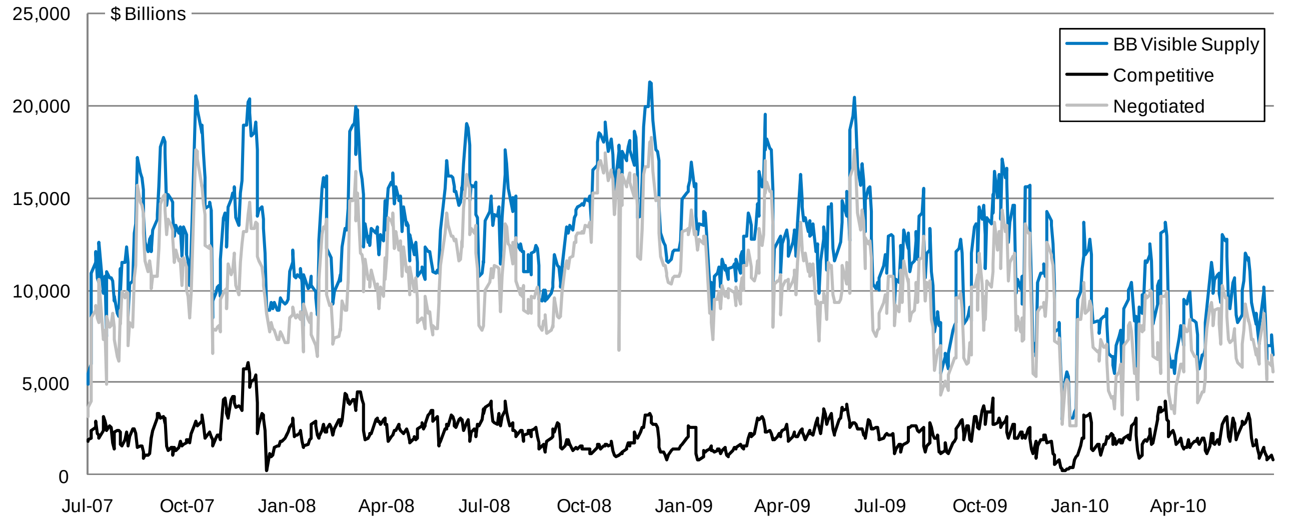
Taxable vs Tax-Exempt Issuance

Second Quarter 2010
$ Billions



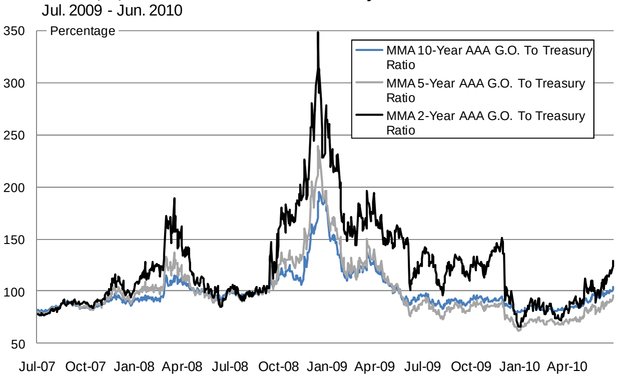
VISIBLE SUPPLY, YIELD CURVES, & RATIOS

Bond Buyer 30-Day Visible Supply
Jul. 1, 2007 - Jun. 30, 2010



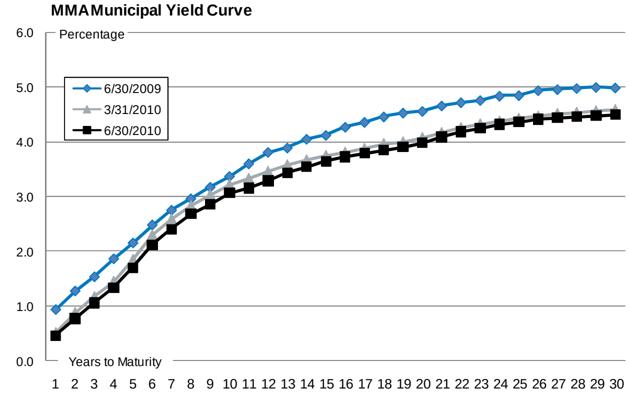
Source: Bond Buyer, Bloomberg

MMA 2-, 5-, and 10-Year AAA G.O. to Treasury Ratios
Jul. 2009 - Jun. 2010



Source: Bloomberg, MMA

MMA Municipal Yield Curve



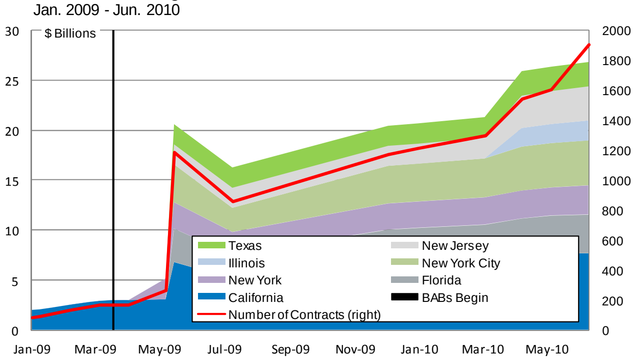
Source: Bloomberg, MMA

MUNICIPAL CDS

Gross and Net Notional of Single-Name Municipal CDS
(From Top 1,000 Reference Entities)

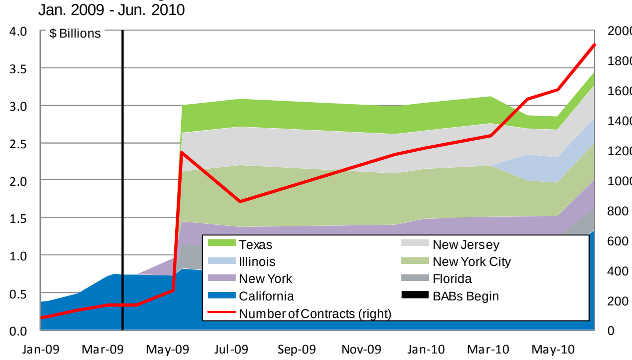
Second Quarter 2010
$ Millions

Gross Notional Single-Name Muni CDS
Jan. 2009 - Jun. 2010



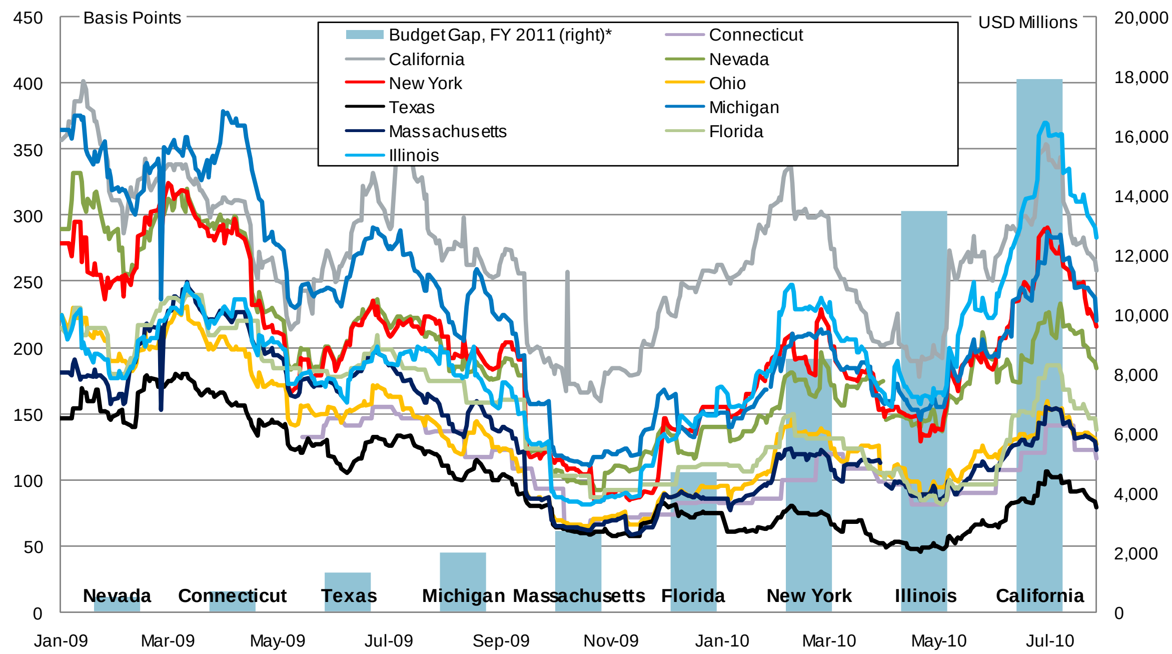
Source: DTCC

Net Notional Single-Name Muni CDS
Jan. 2009 - Jun. 2010



Source: DTCC

State Municipal CDS Spreads
Jan. 2009 - Jun. 2010



*Pre-budget adoption
Source: CMA Datavision, Center on Budget and Policy Priorities

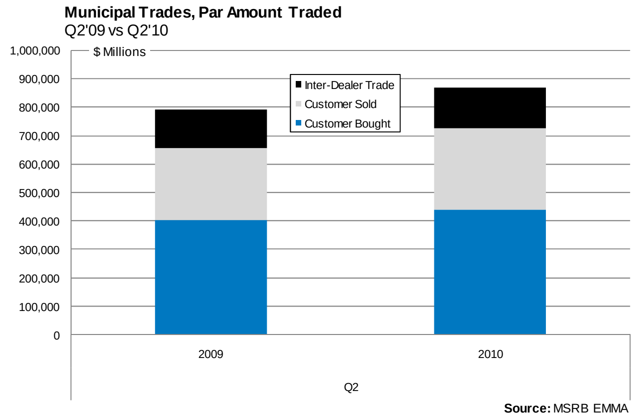
RATINGS

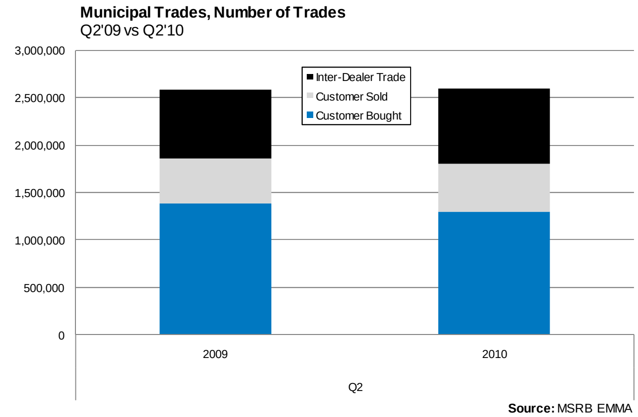
S&P Rating Changes 2009 – 2010:Q2

Source: Standard and Poor's

Upgrades / Downgrades	2010:Q1	2010:Q2	2010:Q3	2010:Q4	Total		2009:Q1	2009:Q2	2009:Q3	2009:Q4	Total
Healthcare	9/10				18/25		3/25	5/21	2/12	12/12	22/70
Higher Education	2/2				10/4		2/3	11/4	11/1	14/2	38/10
Housing	4/99				137/228		22/159	11/62	6/13	18/35	57/269
Utility Revenue	55/7				95/11		85/4	145/1	65/4	37/3	332/12
Tax-secured	515/47				961/100		516/15	327/16	219/3	316/13	1378/47
Transportation	3/2				4/4		3/7	6/0	6/4	1/4	16/15
Appropriation	93/197				164/212		140/143	132/40	76/3	74/28	422/214
Total	681/364				1389/584		771/356	637/144	385/40	472/97	2265/637

TRADING SUMMARY, 2Q'10





Total Number of Trades

	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
2009:Q2	1384356	468803	723941	2577100	$402,688	$253,064	$135,947	$791,699
2010:Q2	1299406	507182	792231	2598819	$439,158	$285,549	$141,608	$866,315

Daily Average Trade Summary

	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
2009:Q2	21,974	7,441	11,491	40,906	$6,392	$4,017	$2,158	$12,567
2010:Q2	20,625	8,051	12,575	41,251	$6,971	$4,533	$2,448	$13,751

# of Trades

	# of Trades					Par Amount (Millions)				
	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	All Trades
2009:Q2	82%	12%	3%	4%	2,577,100	9%	10%	7%	74%	$791,700
2010:Q2	82%	12%	2%	4%	2,598,819	8%	9%	8%	78%	$866,316

Trades by Sector

	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Housing	Total (Millions)
2009:Q2	18%	13%	12%	9%	9%	7%	32%	$791,700
2010:Q2	17%	13%	13%	7%	8%	6%	36%	$866,315

Trades by Maturity

	1 Year or Less	1+ Year to 5 Years	5+ Years to 10 Years	10+ Years to 20 Years	20+ Years	Total (Millions)
2009:Q2	2%	9%	12%	29%	48%	$791,700
2010:Q2	8%	9%	13%	27%	43%	$866,315

Trades by Source of Repayment

	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2009:Q2	73%	25%	2%	0%	$791,700
2010:Q2	72%	21%	2%	6%	$866,315

Trades by Coupon Type

	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2009:Q2	52%	44%	3%	0%	$790,008
2010:Q2	51%	47%	2%	0%	$866,315

Source: MSRB EMMA

OUTSTANDING MUNICIPAL DEBT BY INSURANCE

Outstanding and Insured Volume by State

Second Quarter 2010

$ Billions

State	Outstanding	Insured	AMBAC	NATL	FGIC	FSA	RADIAN	ASSURED	XLCA	BHAC	Other
ALABAMA	32.6	16.8	4.3	3.2	2.1	2.8	0.1	2.1	2.0	0.1	0.1
ALASKA	11.8	6.9	0.7	3.8	1.1	0.8	-	0.3	0.1	-	0.1
AMER SAMOA	-	-	-	-	-	-	-	-	-	-	-
ARIZONA	58.1	25.9	4.0	9.4	5.0	5.8	0.1	0.9	0.4	-	0.2
ARKANSAS	13.1	4.5	1.1	1.0	0.5	1.1	0.0	0.2	0.1	-	0.5
CALIFORNIA	546.9	245.0	43.9	93.9	36.7	52.0	1.3	10.2	5.3	0.2	1.5
CANAL ZONE	-	-	-	-	-	-	-	-	-	-	-
COLORADO	58.9	28.9	3.8	11.6	3.1	6.8	0.9	1.1	1.4	-	0.3
CONNECTICUT	45.2	15.7	3.0	6.7	2.0	2.7	0.5	0.5	0.4	-	0.1
D. OF COLUMBIA	28.5	14.5	2.0	5.0	2.8	2.6	-	1.3	0.1	0.5	0.2
DELAWARE	8.1	2.2	0.4	1.2	0.3	0.2	0.0	-	0.0	-	0.0
FLORIDA	174.1	95.6	19.3	35.9	12.9	18.0	0.6	5.7	2.1	0.4	0.8
GEORGIA	74.7	25.7	2.9	9.6	3.7	6.9	0.1	1.3	0.9	-	0.3
GUAM	1.8	0.4	0.1	0.2	-	0.1	-	-	-	-	0.0
HAWAII	14.7	10.0	1.8	4.5	1.8	1.8	0.1	-	0.1	-	0.1
IDAHO	12.1	2.4	0.2	1.0	0.3	0.6	0.0	0.2	0.1	-	0.0
ILLINOIS	151.8	85.5	13.5	31.6	13.8	19.5	0.4	3.5	2.1	0.2	0.8
INDIANA	58.2	26.9	4.1	9.5	3.8	7.8	0.1	0.9	0.7	-	0.2
IOWA	20.2	6.5	2.8	1.1	0.2	0.9	0.1	0.8	0.4	-	0.3
KANSAS	22.8	9.7	1.3	3.4	1.1	2.5	0.1	0.9	0.5	0.1	-
KENTUCKY	36.2	13.6	2.3	5.0	1.3	2.8	0.0	1.5	0.4	-	0.2
LOUISIANA	33.6	19.4	4.5	6.1	2.7	2.8	0.2	1.9	0.4	0.1	0.8
MAINE	9.7	3.3	0.7	0.8	0.2	1.1	-	0.3	0.1	-	-
MARYLAND	46.7	7.7	1.6	2.2	0.9	2.1	0.2	0.3	0.4	-	0.2
MASSACHUSETTS	93.8	34.7	7.7	10.6	3.8	9.7	0.4	1.2	1.0	-	0.5
MICHIGAN	84.0	46.9	6.0	15.5	8.0	13.7	0.1	1.5	1.1	0.8	0.2
MINNESOTA	50.3	13.3	1.8	4.4	0.7	4.1	0.1	1.2	0.8	-	0.2
MISSISSIPPI	18.8	5.3	1.3	1.3	0.7	1.3	0.1	0.4	0.2	-	0.1
MISSOURI	68.1	16.7	4.1	5.4	1.6	3.7	0.2	0.6	0.7	0.1	0.2
MONTANA	14.7	1.4	0.6	0.4	0.0	0.1	-	0.2	0.1	-	0.0
N. CAROLINA	58.0	12.9	3.1	3.9	0.9	2.9	0.2	1.7	0.2	-	0.0
N. DAKOTA	4.1	1.8	0.6	0.6	0.1	0.2	0.0	0.3	0.1	-	0.0
NEBRASKA	17.2	5.9	1.5	1.9	1.1	1.0	0.1	0.2	0.0	0.1	-
NEVADA	32.8	19.2	4.2	6.4	3.4	4.6	0.1	0.1	0.4	-	0.0
NEW HAMPSHIRE	11.7	3.3	0.5	1.3	0.3	0.8	0.0	0.0	0.0	-	0.2
NEW JERSEY	122.9	67.8	11.8	25.4	7.9	17.9	0.3	2.7	1.3	-	0.5
NEW MEXICO	16.8	4.8	1.4	1.9	0.2	1.0	0.0	0.1	0.1	-	0.1
NEW YORK	338.7	111.9	19.3	39.5	17.1	26.2	0.8	3.9	3.1	0.4	1.7
OHIO	101.4	33.5	6.0	11.0	5.0	8.1	0.4	2.0	0.7	-	0.4
OKLAHOMA	19.9	7.8	1.8	2.4	0.9	0.9	0.2	0.4	0.4	0.6	0.2
OREGON	54.9	19.4	2.2	7.3	4.0	5.3	0.1	0.2	0.3	-	0.1
OTHER TERR	6.1	0.3	0.1	0.2	0.0	0.1	-	-	-	-	-
PENNSYLVANIA	138.9	68.0	10.0	16.9	9.6	21.7	1.1	5.2	2.2	0.3	1.2
PUERTO RICO	86.5	26.6	5.8	9.2	4.5	4.9	-	1.0	0.5	-	0.8
RHODE ISLAND	14.3	6.4	1.6	1.6	0.4	1.7	0.2	0.6	0.2	-	0.1
S. CAROLINA	37.7	17.0	3.9	3.9	1.0	5.2	0.4	1.5	0.7	0.1	0.4
S. DAKOTA	7.9	1.4	0.2	0.3	0.1	0.6	-	0.2	0.0	-	0.0
TENNESSEE	46.6	12.4	1.9	4.3	1.0	3.1	0.1	1.6	0.5	-	0.0
TEXAS	295.8	94.6	18.2	30.3	11.4	20.1	2.4	8.6	2.2	0.5	1.0
TRUST TERR	0.3	-	-	-	-	-	-	-	-	-	-
UTAH	21.8	5.5	2.1	1.2	0.1	1.5	0.0	0.3	0.1	0.1	0.1
VERMONT	5.8	3.7	2.2	0.5	0.1	0.9	0.0	0.0	-	-	0.0
VIRGIN ISLANDS	2.1	0.8	0.1	0.2	0.2	0.1	0.1	-	-	-	0.1
VIRGINIA	62.1	10.4	1.5	4.6	0.8	2.9	0.1	0.4	0.1	-	0.1
WASHINGTON	77.1	44.0	6.4	17.2	6.2	12.0	0.3	0.7	0.8	-	0.4
WEST VIRGINIA	11.5	5.0	0.8	2.1	1.4	0.6	0.0	0.0	-	-	-
WISCONSIN	44.8	19.3	2.1	7.0	2.2	6.5	0.1	0.5	0.7	-	0.3
WYOMING	3.9	0.2	0.1	0.1	-	0.1	-	0.0	-	-	0.0
TOTAL (6/30/10)	3,431.0	1,389.0	249.0	485.1	190.9	324.9	12.6	70.5	36.4	4.4	15.4
TOTAL (3/31/10)	3,419.7	1,421.8	256.0	498.5	195.3	327.1	12.9	75.3	36.8	4.4	15.6
TOTAL (1/28/10)	3,384.4	1,438.2	259.0	506.7	198.5	328.6	13.1	75.1	37.3	4.4	15.6

Source: Bloomberg

A Description of the Terminology in the Municipal Bond Credit Report

Long-Term Municipal Issue: municipal securities with a maturity of 13 months or longer at the time the municipal security is issued.[16]

General Obligation (G.O.) Bonds: bonds issued by state or local units of government. The bonds are secured by the full faith, credit and taxing power of the municipal bond issuer. Such bonds constitute debts by the issuer and often require approval by election prior to issuance. In the event of default, bondholders of G.O. bonds have the right to compel a tax levy or legislative appropriation to cover debt service.

Revenue Bonds: bonds payable from a specific source of revenue and to which the full faith and credit of an issuer and its taxing power are not pledged. Revenue bonds are payable from identified sources of revenue and do not permit the bondholders to compel taxation or legislative appropriation of funds not pledged for payment of debt service. Pledged revenues may be derived from sources such as the operation of the financed project, grants or a dedicated specialized tax. Generally, no voter approval is required prior to issuance of such obligations.

Ratings: are evaluations of the credit quality of bonds and other debt financial instruments made by rating agencies. Ratings are intended to measure the probability of the timely repayment of principal and interest on municipal securities. Ratings are typically assigned upon initial bond issuance. Ratings are periodically reviewed and may be amended to reflect changes in the issue or issuer's credit position. The ratings may be affected by the credit worthiness of the issuer itself or from a credit enhancement feature of the security such as guarantor, letter of credit provider, and bond insurer. Some rating agencies provide both long-term and short-term ratings on variable rate demand obligations. The ratings described herein are "long-term" ratings – that is, ratings applied to municipal bond issues with original maturity of 13 months or longer.

State Rating: indicates the G.O. credit rating a rating agency may apply to a state. The rating on a specific municipal bond issue or issuer located with the state may differ from the state rating.

Rating Agency: is a company that provides ratings that indicate the relative credit quality or liquidity characteristics of municipal securities as well as other debt securities. Moody's Investors Service ("Moody's") and Standard and Poor's are the largest agencies in terms of municipal securities rated, followed by Fitch Ratings.

[16]Authors' own definition.

Moody's Ratings[17]

Moody's describes its municipal credit ratings as "opinions of the investment quality of issuers and issues in the U.S. municipal and tax-exempt markets. These ratings incorporate a rating agency's assessment of the probability of default and loss severity of issuers and issues."

Moody's ratings are based upon the analysis of four primary factors relating to municipal finance: economy, debt, finances and administrative/management strategies. The rating classifications are defined as:

Aaa: obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa: obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa: obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba: obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B: obligations rated B are considered speculative and are subject to high credit risk.

Caa: obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca: obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.[18]

Standard and Poor's Ratings[19]

Standard and Poor's describes a municipal issue credit rating as "a current opinion of the credit worthiness with respect to a specific financial obligation(s) or a specific program. It takes into consideration the credit worthiness of credit enhancement on the obligation."

Long-term issue credit ratings are based on:

[17]Moodys.com, "Ratings Definitions."
[18]The lowest rating is a "D" at both Moody's and Standard and Poor's.
[19]Standardandpoors.com "Long-Term Issue Credit Ratings," May 17, 2002.

- Likelihood of payment—capacity and willingness to meet the financial commitment in accordance with the terms of the obligation;
- Nature of and provisions of the obligation; and
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

AAA: extremely strong capacity to meet its financial commitments – the highest rating category.

AA: very strong capacity to meet financial commitments.

A: strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the higher rated categories.

BBB: adequate capacity to meet its financial commitments though adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to meet financial commitments.

Rating "BB", "B", "CCC, and "CC" are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'CC' the highest.

BB: less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet its financial commitments.

B: an obligation rated 'B' is more vulnerable to non-payment than obligations rated 'BB', but the capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the capacity or willingness to meet financial obligations.

CCC: currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet financial commitments.

CC: highly vulnerable and is dependent upon favorable business, financial and economic conditions.

Fitch Ratings

Fitch Ratings provides an opinion on the ability of an entity or a securities issue to meet financial commitments such as interest, preferred dividends, or repayment of principal, on a timely basis.

Credit ratings are used by investors as indications of the likelihood of repayment in accordance with the terms on which they invested. Thus, the use of credit ratings defines their function: "investment grade" ratings (long-term 'AAA' - 'BBB' categories) indicate a relatively low probability of default, while those in the "speculative" or "non-investment grade" categories (international long-term 'BB' - 'D') may signal a higher probability of default or that a default has already occurred. Entities or issues carrying the same rating are of similar but not necessarily identical credit quality since the rating categories do not fully reflect small differences in the degrees of credit risk.

The ratings are based on information obtained directly from issuers, other obligors, underwriters, their experts, and other sources Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of such information. Ratings may be changed or withdrawn as a result of changes in, or the unavailability of, information or for any other reasons.

Credit ratings do not directly address any risk other than credit risk. In particular, these ratings do not deal with the risk of loss due to changes in interest rates and other market considerations.

Note: "Not rated" refers to municipal bonds that were not rated by one of the major rating agencies listed above.

General Use of Proceeds: Refers to the type of project the proceeds or funds received from bond issuance are used. In the Municipal Bond Credit Report, the use of proceed classifications are general government use, education, water, sewer and gas, health care and a miscellaneous category, "other."[20]

Bond Buyer Sectors

The following divisions comprise the sectors in this report

Development: Office Building (non-governmental), Industrial Development, Economic Development

Education: Primary and Secondary Education, Higher Education, Student Loans, Other Education

Environmental Facilities: Pollution Control, Solid Waste, Recycling

Electric Power: Public Power Facilities

General Purpose: Veterans, General Purpose/Public Improvement, Agriculture

Healthcare: Nursing Homes, Single Specialty Hospitals, Hospital Equipment Loans, Assisted Living, Continuing Care Retirement, General Acute Care Hospitals, Children's Hospitals, General Medical

Housing: Single Family Housing, Multi Family Housing

Public Facilities: Libraries and Museums, Correction-

[20] Authors' own definition.

al Facilities, Convention and Civic Centers, Stadiums and Sports Complexes, Theatres, Other Recreation, Parks and Zoos, Police Stations and Equipment, Fire Stations and Equipment, Government Buildings

Transportation: Toll Roads and Street Improvements, Highways, Airports, Seaports/Marines, Other Transportation, Mass Transit, Public Parking, Tunnels, Bridges

Utilities: Combined Utilities, Water and Sewer, Gas, Telecommunications, Sanitation, Flood Control

Geographic Regions[21]

The following states comprise the regions in this report

Far West: Alaska, California, Hawaii, Idaho, Montana, Nevada, Oregon, Washington, Wyoming

Midwest: Iowa, Illinois, Indiana, Michigan, Minnesota, Missouri, North Dakota, Nebraska, Ohio, South Dakota, and Wisconsin

Northeast: Connecticut, District of Columbia, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont

Southeast: Virginia, Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, West Virginia

Southwest: New Mexico, Texas, Utah, Arkansas, Arizona, Colorado, Kansas, Oklahoma

Municipal G.O. to Treasury Ratio: is a common measure of credit risk of municipal bonds relative to risk-free securities, Treasuries. It is a measure comparable to the "spread to Treasury" measure in the taxable markets. Note that the municipal yield is typically less than 100 percent of the Treasury yield due to the tax-free nature of municipal securities.

Credit Enhancement: is the use of the credit of an entity other than the issuer to provide additional security in a bond. The term is usually used in the context of bond insurance, bank letters of credit state school guarantees and credit programs of federal and state governments and federal agencies but also may apply more broadly to the use of any form of guaranty secondary source of payment or similar additional credit-improving instruments.

Bond Insurance: is a guaranty by a bond insurer of the payment of principal and interest on municipal bonds as they become due should the issuer fail to make required payments. Bond insurance typically is acquired in conjunction with a new issue of municipal securities, although insurance also is available for outstanding bonds traded in the secondary market.

Letter of Credit: a commitment, usually made by a commercial bank, to honor demands for payment of a debt upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment. In municipal financings, bank letters of credit are sometimes used as additional sources of security with the bank issuing the letter of credit committing to in the event the issuer is unable to do so.

[21]The geographic region definitions are taken from the definitions provided by Thomson Financial SDC database (the source of the data for the geographic region section of the report) which in turn sources the *Bond Buyer* newspaper.

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