



MUNICIPAL BOND CREDIT REPORT

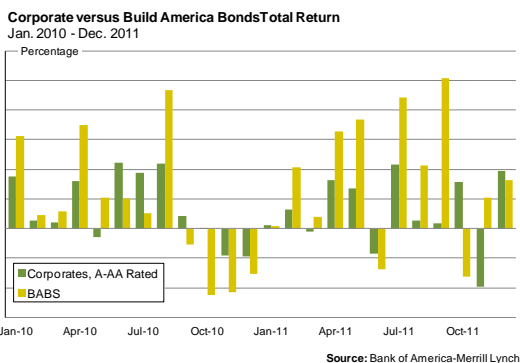
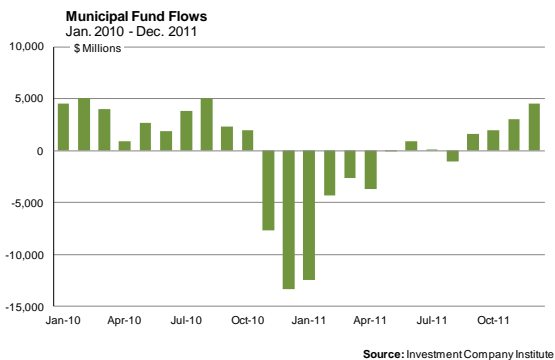
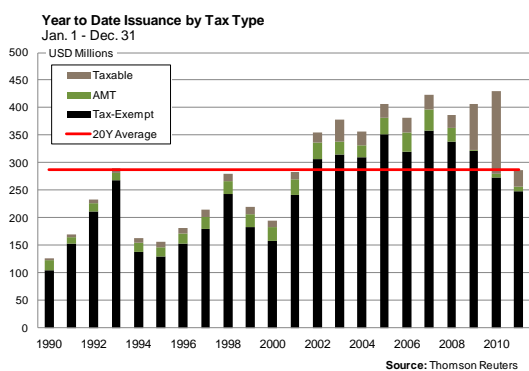
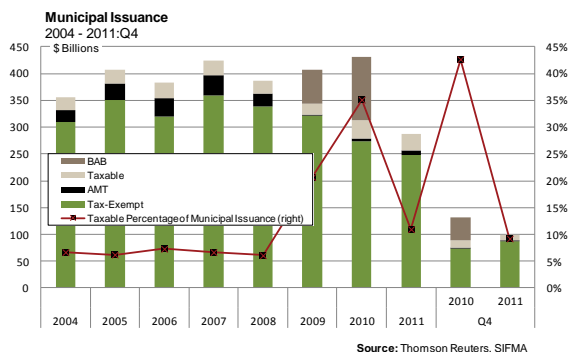
Fourth Quarter 2011

RESEARCH REPORT

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MARKET SUMMARY



In the capital markets generally, the fourth quarter continued its streak of bad news from the third quarter. Beyond the continuing Eurozone debt crisis and the subsequent negative credit watch pronouncements on European sovereigns (ultimately culminating in downgrades in early 2012), the fourth quarter contained the failure of MF Global; the Chapter 9 filings of both Jefferson County (AL) and Harrisburg (PA); and the failure of the U.S. Supercommittee, created by the Budget Control Act, to reach a deficit-reduction agreement by Thanksgiving. Despite the continuing litany of dismal news, the municipal market ended on a positive note, with the sector returning exceptional returns for the year and the primary market coming to life after a tepid three quarters.

Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$98.6 billion in the fourth quarter of 2011, a 34.7 percent increase from the prior quarter (\$73.2 billion), but a decline of 25.5 percent from 4Q'10 (\$132.3 billion). Issuance picked up in the last three months of the year in both new money and refunding deals, as issuers sought to take advantage of exceptionally low rates. Refunding deals as a percentage of total issuance dipped slightly, representing 30.7 percent of all issuance in 4Q'11, compared to 35.4 percent and 19.3 percent, respectively, from 3Q'11 and 4Q'10.

For the full year 2011, issuance totaled \$287.2 billion, down by a third from the record-breaking \$430.5 billion issued in 2010 and in line with the 2011 forecast of \$288 billion from the 2012 SIFMA Municipal Issuance Survey (“SIFMA Municipal Survey”).¹ The primary market for 2011 remained at levels last seen in 2001 (\$283.5 billion) and was generally in line with the 20-year average (\$287.4 billion). According to the respondents to the SIFMA Municipal Survey, issuance is expected to rise by 20.5 percent in 2012 to \$347 billion, led by general purpose deals. Risks to projections included the elimination and/or reduction in tax-exempt benefits, the implementation of the Dodd-Frank Act, and more aggressive direct bank lending/direct placements (respondents expect \$23 billion in direct placements in 2012).

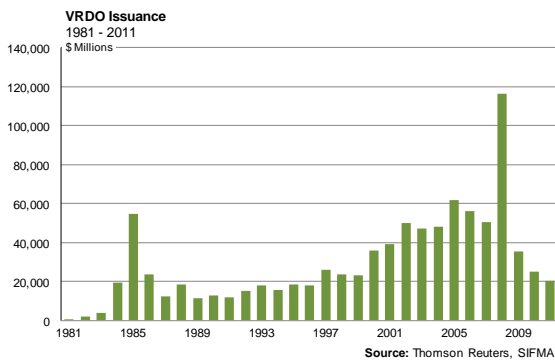
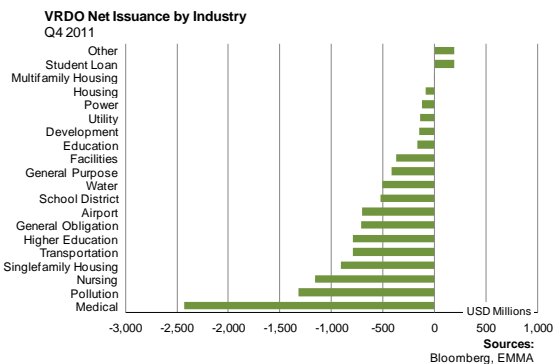
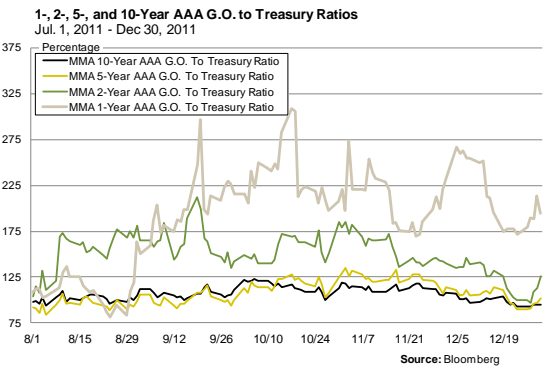
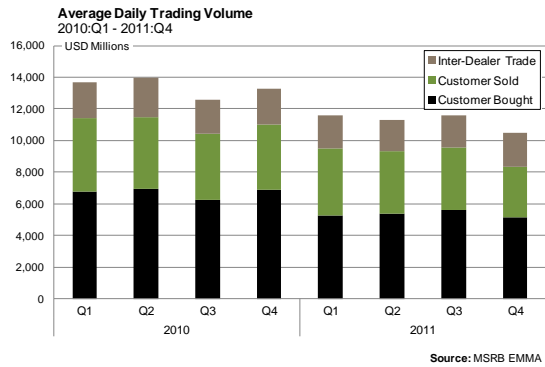
According to the Investment Company Institute (ICI), fourth-quarter inflow in long-term municipal mutual funds continued to remain positive, with about \$9.5 billion of inflow. For the full year, however, net inflow was negative, with about \$12.0 billion in outflows for 2011.

Tax-Exempt Issuance

Tax-exempt issuance totaled \$87.2 billion in 4Q'11, an increase of 18.5 percent and 37.1 percent, respectively, quarter-over-quarter (\$63.6 billion) and year-over-year (\$73.6 billion). For the full year, tax-exempt issuance was \$247.7 billion, a 9.5 percent decline from 2010. Respondents to the SIFMA Municipal Survey project \$303.0 billion in tax-exempt issuance for 2012.

Ratios of tax-exempt AAA GOs and similar-maturity Treasuries gradually declined over the fourth quarter, spiking briefly at the end of October before resuming its gradual decline toward 100 percent. Short-term ratios continued to remain elevated from flight-to-safety demand for Treasuries on the short end. Respondents to the SIFMA Municipal Survey expect the ratio of the 10-year AAA GO municipals to 10-year Treasuries to decline to 100 percent by the end of 2012.

¹ SIFMA US Municipal Issuance Survey, December 21, 2011.



Taxable Issuance

Taxable issuance was \$9.1 billion in 4Q’11, up by 29.9 percent from 3Q’11 (\$7.0 billion) but down by 26.2 percent year-over-year (\$12.3 billion when excluding Build America Bonds (“BABs”). Taxable issuance continues to remain above historical norms as remaining Congressional programs (e.g., New CREBs, CREBs, QECCBs, QSCBs, and QZABS²) continued to run their course. For the full year, taxable issuance was \$31.5 billion, a 6.9 percent decline from 2010, excluding BABs. Respondents to the SIFMA Municipal Survey expect the taxable issuance to rise in 2012 to \$35 billion.

BABs continued to enjoy another strong quarter as yields continued to fall. The sector returned another 1.04 percent in the fourth quarter and returned 22.6 percent on a total return basis for the full year. More generally, municipal debt enjoyed exceptionally good returns relative to volatility, returning 2.1 percent for the fourth quarter and 11.2 percent on a total return basis for the full year, compared to 1.51 percent and 7.12 percent, respectively, for 4Q’11 and full year for A- to AAA-rated corporates.

Trading Activity

Trading activity, however, continued to decline quarter-over-quarter in 4Q’11 to \$10.5 billion daily, a 9.9 percent decline from 3Q’11 (\$11.6 billion traded daily) and a 21.1 percent decline year-over-year (\$13.3 billion traded daily in 4Q’10). The average number of trades, however, remained relatively unchanged from the third quarter (0.1 percent decline), but declined by 10.7 percent year-over-year.

VRDO Issuance and Update

Issuance of variable-rate demand obligations (VRDOs), long-term municipal bonds with a floating interest rate that resets periodically and a put feature, rose in the fourth quarter. According to Thomson Reuters, \$11.4 billion were issued in 4Q’11, more than double the amount from 3Q’11 (\$3.5 billion), but a 6.5 percent decline year-over-year (\$11.4 billion). While the fourth quarter spike in issuance quarter-over-quarter is typically seasonal (in the last 10 years, fourth-quarter issuance composed on average 30.7 percent of annual issuance, compared to third quarter’s 21.5 percent), issuance in the fourth quarter composed nearly 60 percent of issuance in 2011. Despite the jump, only \$20.1 billion was issued in aggregate for 2011, a 19.5 percent decline from 2010 and the lowest issuance in 15 years. For 2012, survey participants in the SIFMA Municipal Survey project a continued decline in VRDO issuance to \$10 billion.

The continuing credit deterioration of European sovereigns and financials continued to play a role in the VRDO market. European financials and their U.S. bank subsidiaries continued to largely lead the withdrawal from providing liquidity in the VRDO market in the fourth quarter, with withdrawals coming predominantly from Dexia, BNP Paribas and Santander. While both Canadian and Japanese banks continued to pick up some renewals, both U.S. large and regional banks were more aggressive in picking up renewals in the fourth quarter. In addition, a strong trend emerged in 2011 of issuers placing outstanding VRDNs with bank directly in lieu of obtaining or extending bank-provided liquidity facilities (direct placements/direct lending).

On net, VRDO outstandings continue to decline, ending the year below \$300 billion, with \$293.6 billion outstanding as of the end of December 2011, a decline of 3.6 percent from 3Q’11 and an

² CREB – Clean Renewable Energy Bonds; QECCB – Qualified Energy Conservation Bonds; QSCB – Qualified School Construction Bonds; QZABs – Qualified Zone Academy Bonds.

estimated 13 percent decline year-over-year.³ Declines in outstandings were led by nursing (11.8 percent), airport (11.7 percent), and school districts (10.7 percent). Despite the decline in VRDO outstandings, tax-exempt money market funds, on the other hand, reported a net increase in assets in 4Q'11, adding \$3.2 billion in assets (1.1 percent).

As of end-December, \$88.0 billion in liquidity facilities were scheduled to expire in 2012, and an additional \$61.5 billion in 2013, for a total of \$149.5 billion⁴. While there remains a significant bump in expirations at the end of 2012 due to the original expiration date of the U.S. Treasury's Temporary Credit and Liquidity Program ("TCLP"), the program was extended to December 31, 2015, relieving some near-term pressure on housing agencies to seek alternative liquidity providers or tender bonds.

Liquidity facility renewals on more than 1,400 CUSIPs averaged 719.4 days on extension (compared to 599 days in 3Q'11). The median extension remained unchanged in 4Q'11 from 3Q'11 (366 days). Currently, of the entire universe of VRDOs, the average liquidity facility length is 4.34 years, with the median length 558 days, or approximately a year and a half. The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended December at 0.10 percent, averaging 0.13 percent in 4Q'11, 1 basis point lower than the 3Q'11 average.

State and Local Government Update: Sequestration and Chapter 9

While the housing markets continued to remain stagnant in the fourth quarter, the U.S. Treasury implemented extensions to two programs intended to aid housing agencies: the TCLP, a program intended to provide liquidity support to housing-related variable-rate bonds, was extended to 2015; while the New Issue Bond Program ("NIBP") was extended to 2012.

As the deadline for the debt ceiling to be breached neared in August 2011, a compromise was struck last minute and the Budget Control Act of 2011 enacted on August 2. The act contained agreements to reduce the deficit over the next 10 years by \$2.1 trillion to \$2.4 trillion; in addition, it also created a Supercommittee to recommend \$1.5 trillion in cuts by Thanksgiving to be passed and signed by Christmas. However, the Supercommittee failed to reach agreement by Thanksgiving. The failure means sequestration, with automatic budget cuts totaling \$1.2 trillion split primarily between defense and discretionary programs to take effect beginning the new fiscal year on October 1, 2012. According to SIFMA's 2011 End-Year Economic Outlook survey, the majority of respondents believed that Congress will attempt to change or avoid sequestration and that the scheduled cuts are *not* expected to go into effect as currently written.⁵

Toward the end of September but formalized in December, the city of Central Falls, Rhode Island, filed for Chapter 9 bankruptcy from its inability to repay its incinerator debt of \$310 million. In addition, after the Jefferson County Commission voted four to one authorizing a filing of Chapter 9 on November 9, Jefferson County, Alabama, filed the largest U.S. municipal bankruptcy in history the same day. The Jefferson County filing impacts \$200.5 million in GO warrants, \$814.08 million in limited-obligation school warrants and \$3.13 billion in sewer revenue warrants.⁶ Outside of municipalities, the municipal bond market was also generally impacted by the Chapter 11 filing by AMR Corp, the parent corporation of American Airlines, who had backed several airport conduit bonds.

According to Census data released mid-December, state revenue in fiscal year 2010 showed a recovery of 79 percent in 2010 from 2009 (\$2.0 trillion from 1.1 trillion), but was mainly through the recovery of trust system earnings (i.e., employee retirement and social insurance). Revenues from

³ Outstanding numbers no longer reflect aggregate par amounts at issuance and have been revised in 4Q'11 to subsequently reflect all amortization from sinking funds/partial calls, etc.

⁴ The number somewhat overstates the actual outstanding amount, as credit facilities are allotted the full amount of the bond outstanding in this analysis; a bond holding multiple credit facilities (with the possibility that each provider only partially funds the liquidity arrangement) would therefore be counted multiple times. This inflation is prevalent to a greater extent in 2012 due to the original scheduled expiration of the TCLP in December, which is a joint liquidity facility arrangement between Fannie Mae and Freddie Mac for certain single- and multi-family housing bonds.

⁵ SIFMA End-Year 2011 Economic Outlook, January 10, 2012.

⁶ Jefferson County, Alabama, [Material Event Notice](#), November 9, 2011.

taxes, however, declined 1.9 percent, whereas revenue from federal grants increased 16.7 percent, largely through monies distributed from the American Recovery and Reinvestment Act (“ARRA”).⁷ While 2011 data are not available, tax collections in the seven quarters following the end of 2009 have shown positive growth; as of preliminary data for the third quarter of 2011, the Nelson A. Rockefeller Institute noted that “overall state tax revenues have recovered to pre-recession figures. . . [but] [m]ost states have not yet returned to peak levels.”⁸ On the local government level, however, reduced funding and continuing stagnant housing conditions will serve to depress local government tax collections in the near- and medium-term.

Dodd-Frank Update

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law in July 2011, mandated studies of the municipal market, including mechanisms for trading, price discovery and price transparency. On January 17, the U.S. Government Accountability Office (“GAO”) released its report on the overview of municipal market structure, pricing, and regulation in response.⁹

⁷ U.S. Census, [2011 Annual Survey of State Government Finances](#), December 14, 2011.

⁸ The Nelson A. Rockefeller Institute of Government, [States Post Another Strong Quarter in Tax Collections](#), December 8, 2011.

⁹ GAO, [Overview of Market Structure, Pricing, and Regulation](#), January 17 2012.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE BY TYPE¹⁰

Long-Term Municipal State Issuance by Type, 4Q'11

\$ Millions

State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue
Alabama	854.1	287.7	566.4	Kentucky	955.7	127.0	828.7	Ohio	2,629.5	554.4	2,075.1
Alaska	399.6	98.9	300.7	Louisiana	853.8	94.6	759.2	Oklahoma	1,069.1	189.7	879.4
Arizona	1,636.7	142.4	1,494.3	Maine	238.2	37.7	200.5	Oregon	388.0	213.8	174.2
Arkansas	519.9	178.4	341.5	Maryland	1,796.4	917.4	879.0	Pennsylvania	4,366.5	2,199.6	2,166.9
California	10,399.8	3,569.0	6,830.8	Massachusetts	2,784.8	688.2	2,096.6	Puerto Rico	5,598.4		5,598.4
Colorado	1,441.7	244.9	1,196.8	Michigan	5,817.8	265.6	5,552.2	Rhode Island	59.2	5.9	53.3
Connecticut	1,960.2	1,120.8	839.4	Minnesota	2,116.0	925.3	1,190.7	South Carolina	719.2	367.1	352.1
D. of Columbia	824.2		824.2	Mississippi	1,239.9	752.5	487.4	South Dakota	184.9	35.7	149.2
Delaware	427.5	334.8	92.7	Missouri	998.1	169.6	828.5	Tennessee	1,318.2	728.6	589.6
Florida	2,659.2	658.9	2,000.3	Montana	61.3		61.3	Texas	6,084.7	2,691.6	3,393.1
Georgia	1,936.8	695.5	1,241.3	Nebraska	746.0	219.0	527.0	Utah	301.5	74.4	227.1
Guam	235.0		235.0	Nevada	607.4	375.9	231.5	Vermont	109.1		109.1
Hawaii	1,592.8	1,286.2	306.6	New Hampshire	313.9	214.6	99.3	Virginia	2,180.4	388.0	1,792.4
Idaho	65.3	20.2	45.1	New Jersey	3,135.8	421.5	2,714.3	Washington	2,215.9	1,587.5	628.4
Illinois	4,080.0	2,336.4	1,743.6	New Mexico	304.3	67.6	236.7	West Virginia	152.9	6.7	146.2
Indiana	1,165.0	110.6	1,054.4	New York	16,028.5	2,035.9	13,992.6	Wisconsin	796.0	738.2	57.8
Iowa	1,387.6	120.4	1,267.2	North Carolina	2,056.5	1,231.3	825.2	Wyoming	54.1		54.1
Kansas	712.1	195.9	516.2	North Dakota	178.8	133.1	45.7				

G.O. Issuance	29,859.0
Revenue Issuance	70,899.3
*Total L-T Issuance	100,758.3

Source: Thomson Reuters

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

Long-Term Municipal State Issuance by Type, 2011

\$ Millions

State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue
Alabama	2,668.9	779.8	1,889.1	Kentucky	3,259.8	248.2	3,011.6	Ohio	7,310.2	2,707.5	4,602.7
Alaska	1,391.7	331.7	1,060.0	Louisiana	3,022.5	811.5	2,211.0	Oklahoma	2,561.2	650.5	1,910.7
Arizona	4,264.7	973.8	3,290.9	Maine	1,164.7	376.7	788.0	Oregon	2,814.6	1,553.3	1,261.3
Arkansas	1,517.0	738.2	778.8	Maryland	5,590.8	3,697.4	1,893.4	Pennsylvania	12,831.2	5,126.6	7,704.6
California	37,383.8	14,128.6	23,255.2	Massachusetts	8,899.6	3,774.2	5,125.4	Puerto Rico	9,803.8	2,053.9	7,749.9
Colorado	4,357.5	771.5	3,586.0	Michigan	9,199.8	1,792.5	7,407.3	Rhode Island	573.6	237.3	336.3
Connecticut	5,443.0	3,031.5	2,411.5	Minnesota	5,389.5	3,319.0	2,070.5	South Carolina	3,314.5	1,677.8	1,636.7
D. of Columbia	1,714.2	82.6	1,631.6	Mississippi	1,822.6	932.5	890.1	South Dakota	425.7	113.8	311.9
Delaware	618.8	362.4	256.4	Missouri	3,873.3	1,102.4	2,770.9	Tennessee	2,932.1	1,446.7	1,485.4
Florida	11,538.8	2,226.3	9,312.5	Montana	202.3	47.6	154.7	Texas	23,332.1	11,874.5	11,457.6
Georgia	6,852.8	2,361.2	4,491.6	Nebraska	1,951.1	926.5	1,024.6	Utah	2,548.6	1,323.8	1,224.8
Guam	325.7		325.7	Nevada	1,679.2	1,119.1	560.1	Vermont	209.9	65.6	144.3
Hawaii	2,293.8	1,616.7	677.1	New Hampshire	1,480.5	247.1	1,233.4	Virginia	5,554.8	1,514.1	4,040.7
Idaho	517.3	147.1	370.2	New Jersey	8,874.9	1,820.1	7,054.8	Washington	8,419.6	3,778.3	4,641.3
Illinois	12,986.3	8,792.7	4,193.6	New Mexico	1,048.7	587.2	461.5	West Virginia	991.9	172.5	819.4
Indiana	5,978.6	469.6	5,509.0	New York	39,239.0	8,218.0	31,021.0	Wisconsin	4,491.0	3,555.3	935.7
Iowa	3,111.0	1,054.1	2,056.9	North Carolina	5,186.9	1,596.5	3,590.4	Wyoming	209.5	24.0	185.5
Kansas	2,416.7	1,211.0	1,205.7	North Dakota	700.1	253.7	446.4				

G.O. Issuance	107,824.5
Revenue Issuance	188,465.7
*Total L-T Issuance	296,290.2

Source: Thomson Reuters

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

¹⁰ Issuance totals do not include private placements.

LONG-TERM MUNICIPAL ISSUANCE BY REGION

Long-Term Municipal Issuance by Region, 4Q'11
\$ Millions

General Obligation					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	15.1	376.0	1,661.3	1,578.4	1,156.6
Aa	4,617.2	3,607.0	4,982.0	3,317.2	1,311.8
A	2,224.3	133.7	84.3	55.1	13.8
Baa					
Below Baa					
Total Rated	6,856.6	4,116.6	6,793.1	4,950.7	2,482.5
Not Rated	294.8	1,491.9	1,183.2	387.2	1,302.3
Totals	7,151.4	5,608.5	7,976.3	5,337.8	3,784.8
% of Total L-T Volume	24.0%	18.8%	26.7%	17.9%	12.7%

Unenhanced General Obligation					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	348.2		376.0	1,488.5	1,578.4
Aa	940.1	4,059.2	3,159.0	4,080.0	2,989.5
A	13.8	2,201.6	131.7	41.2	55.1
Baa					
Below Baa					
Total Rated	1,302.3	6,260.8	3,666.7	5,609.7	4,622.9
Not Rated	618.3	154.9	1,091.4	667.6	231.6
Totals	1,920.6	6,415.7	4,758.1	6,277.3	4,854.6
% of Total L-T Volume	7.9%	26.5%	19.6%	25.9%	20.0%

Revenue					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	500.4	875.9	4,459.4	343.7	309.4
Aa	3,883.6	3,932.5	11,811.7	5,741.4	3,757.7
A	2,245.9	1,674.8	5,135.7	962.7	1,344.0
Baa	183.8	41.3	4,102.3	260.0	113.5
Below Baa		87.0	48.0	17.1	156.3
Total Rated	6,813.5	6,611.9	25,557.7	7,325.0	5,680.7
Not Rated	1,819.3	7,879.4	4,108.5	2,263.8	2,604.4
Totals	8,632.8	14,491.3	29,666.2	9,588.8	8,285.0
% of Total L-T Volume	12.2%	20.5%	42.0%	13.6%	11.7%

Unenhanced Revenue					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	482.3	781.3	350.6	274.5	209.2
Aa	3,350.5	3,150.9	10,553.6	4,678.1	3,530.8
A	2,108.5	1,532.6	4,102.9	799.9	1,225.7
Baa	183.8		3,311.6	260.0	113.5
Below Baa		87.0	48.0	17.1	156.3
Total Rated	6,124.9	5,552.1	18,366.7	6,029.7	5,235.2
Not Rated	1,414.1	4,282.3	3,625.3	1,641.5	2,378.3
Totals	7,539.0	9,834.4	21,992.0	7,671.2	7,613.5
% of Total L-T Volume	13.8%	18.0%	40.2%	14.0%	13.9%

Source: Thomson Reuters

Long-Term Municipal Issuance by Region, 2011
\$ Millions

General Obligation					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	336.6	2,230.6	5,030.9	4,149.5	6,750.2
Aa	13,542.4	11,461.1	16,438.2	8,012.6	5,128.1
A	4,777.7	4,169.2	1,825.6	174.2	96.0
Baa			541.1		40.9
Below Baa			11.5		
Total Rated	18,660.8	17,861.3	23,849.4	12,336.3	12,018.8
Not Rated	4,085.7	6,225.9	5,244.0	1,430.8	6,111.8
Totals	22,746.4	24,087.2	29,093.4	13,767.2	18,130.5
% of Total L-T Volume	21.1%	22.3%	27.0%	12.8%	16.8%

Unenhanced General Obligation					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	3,093.6	248.9	2,136.1	4,650.7	4,149.5
Aa	3,650.8	11,490.4	10,081.1	13,629.7	6,900.7
A	80.2	4,751.4	4,162.7	413.1	174.2
Baa	40.9			461.6	
Below Baa				11.5	
Total Rated	6,865.6	16,494.8	16,380.4	19,166.6	11,224.4
Not Rated	3,483.9	3,549.2	4,036.0	3,406.0	998.5
Totals	10,349.5	20,043.9	20,416.4	22,572.7	12,222.9
% of Total L-T Volume	12.1%	23.4%	23.8%	26.4%	14.3%

Revenue					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	2,082.9	1,981.7	6,215.3	1,671.4	1,552.5
Aa	15,563.4	9,373.8	29,640.5	18,244.2	9,984.1
A	6,606.8	6,595.5	11,423.7	4,472.5	3,235.0
Baa	265.5	327.4	6,414.9	838.9	606.7
Below Baa	350.0	87.0	48.0	17.1	226.3
Total Rated	24,869.4	18,525.6	53,765.1	25,288.7	15,604.6
Not Rated	7,296.0	12,803.7	13,585.5	8,089.6	8,311.4
Totals	32,165.3	31,329.3	67,350.6	33,378.4	23,916.0
% of Total L-T Volume	17.1%	16.7%	35.8%	17.7%	12.7%

Unenhanced Revenue					
	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	1,998.3	1,550.5	1,791.9	1,212.0	891.3
Aa	13,713.6	7,193.5	26,172.6	14,308.3	8,236.4
A	6,384.1	6,228.6	9,534.1	3,327.9	3,016.8
Baa	258.5	286.1	4,516.6	787.4	606.7
Below Baa	350.0	87.0	48.0	17.1	226.3
Total Rated	22,705.2	15,346.1	42,085.5	19,697.4	12,977.6
Not Rated	22,705.2	15,346.1	42,085.5	19,697.4	12,977.6
Totals	28,705.8	23,846.6	54,212.5	24,369.4	19,663.2
% of Total L-T Volume	19.0%	15.8%	36.0%	16.2%	13.0%

Source: Thomson Reuters

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

Long-Term Municipal Issuance by General Use of Proceeds, 4Q'11

\$ Millions

General Obligation Sector	Investment Grade	Number of Issues	Sub-	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
			Investment Grade Rating					
Development	436.1	5.0			1.4	1	437.5	6
Education	8,804.2	676.0			197.8	97	9,002.0	773
Electric Power	3.0	1.0			4.4	3	7.4	4
Environmental Facilities	8.4	2.0					8.4	2
General Purpose	16,648.6	627.0			126.3	100	16,774.9	727
Healthcare	180.6	11.0			76.1	5	256.7	16
Housing	9.6	3.0			0.5	1	10.1	4
Public Facilities	417.4	74.0			23.9	19	441.3	93
Transportation	1,705.2	27.0			33.1	17	1,738.3	44
Utilities	1,013.8	114.0			168.7	66	1,182.5	180
Total	29,226.9	1,540	-	-	632.2	309.0	29,859.1	1,849.0

Revenue Sector	Investment Grade	Number of Issues	Sub-	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
			Investment Grade Rating					
Development	8,924.6	43.0			417.7	13	9,342.3	56
Education	8,988.3	223.0			279.1	40	9,267.4	263
Electric Power	1,995.1	31.0			34.3	14	2,029.4	45
Environmental Facilities	948.1	10.0	195	8	41.9	3	1,185.1	21
General Purpose	12,785.7	145.0			3,513.1	34	16,298.8	179
Healthcare	9,549.0	122.0			365.5	23	9,914.5	145
Housing	3,874.4	119.0			82.1	15	3,956.5	134
Public Facilities	1,971.5	51.0			20.5	6	1,992.0	57
Transportation	9,588.2	62.0	113	1	209.7	6	9,911.2	69
Utilities	6,888.8	176.0			113.3	40	7,002.1	216
Total	65,513.7	982.0	308.4	9.0	5,077.2	194.0	70,899.3	1,185.0

Source: Thomson Reuters

Long-Term Municipal Issuance by General Use of Proceeds, 2011

\$ Millions

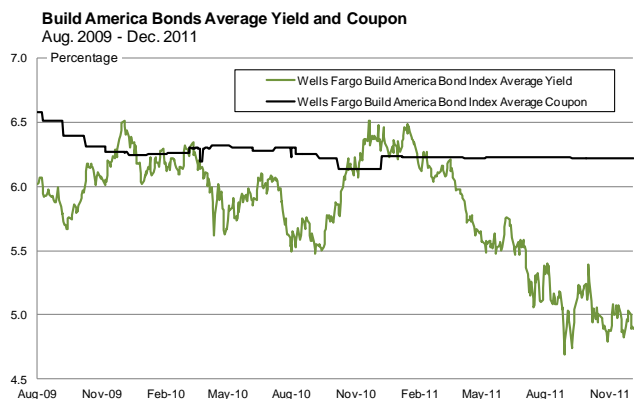
General Obligation Sector	Investment Grade	Number of Issues	Sub-Investment Grade			Number of Issues	Number of Issues	Total Amount	Number of Issues
			Grade Rating	Number of Issues	Not Rated				
Development	1,270.2	33.0			63.1	10	1,333.3	43	
Education	34,855.4	2,487.0			1,828.6	521	36,684.0	3,008	
Electric Power	47.2	6.0			5.0	4	52.2	10	
Environmental Facilities	24.2	5.0			1.8	1	26.0	6	
General Purpose	52,872.8	2,073.0	12	1	2,102.8	440	54,987.1	2,514	
Healthcare	765.8	32.0			303.2	22	1,069.0	54	
Housing	472.2	15.0			13.5	4	485.7	19	
Public Facilities	1,964.9	244.0			131.2	93	2,096.1	337	
Transportation	5,806.1	149.0			539.1	75	6,345.2	224	
Utilities	4,069.2	429.0			677.1	196	4,746.3	625	
Total	102,148.0	5,473	11.5	1.0	5,665.4	1,366.0	107,824.9	6,840.0	

Revenue Sector	Investment Grade	Number of Issues	Sub-Investment Grade			Number of Issues	Number of Issues	Total Amount	Number of Issues
			Grade Rating	Number of Issues	Not Rated				
Development	12,334.8	189.0			925.6	44	13,260.4	233	
Education	38,113.1	876.0			685.5	118	38,798.6	994	
Electric Power	10,800.9	126.0			427.4	53	11,228.3	179	
Environmental Facilities	2,139.8	34.0	195	8	382.5	10	2,717.4	52	
General Purpose	26,275.8	383.0			3,963.2	114	30,239.0	497	
Healthcare	23,822.9	324.0	350	1	1,072.4	60	25,245.3	385	
Housing	8,270.9	284.0			277.5	29	8,548.4	313	
Public Facilities	5,531.6	181.0			151.4	38	5,683.0	219	
Transportation	24,980.5	199.0	489	2	1,023.7	24	26,493.4	225	
Utilities	25,691.8	589.0			560.0	122	26,251.8	711	
Total	177,962.1	3,185.0	1,034.3	11.0	9,469.2	612.0	188,465.6	3,808.0	

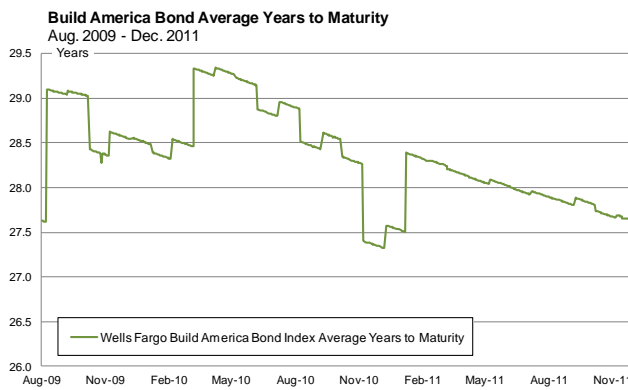
Source: Thomson Reuters

BUILD AMERICA BONDS

Other Build America Bond Charts



Source: Wells Fargo



Source: Wells Fargo

TAXABLE ISSUANCE

Taxable Issuance by Type, 4Q'11
\$ Millions

State	CREB/NCREB	Other	QECB	QSCB	QZAB	State	CREB/NCREB	Other	QECB	QSCB	QZAB
AK		28.9				MS		310.4			
AL		7.9				NC		196.8		51.0	
AR		0.3				NE		0.3		7.8	
AZ		93.6	1.0	21.1		NJ		241.4			
CA		881.1	9.9	51.8		NM		53.4			
CO		103.0				NV		21.8			
CT		23.7				NY		701.1		205.0	25.6
DE	2.7	17.5				OH		823.2			
FL		102.1				OK		0.6		28.7	
GA		395.2		14.3	2.0	PA		85.0	2.2	330.1	24.7
IA		260.4				PR		740.0			121.5
ID		2.2		17.8		RI		18.0			
IL		739.7			0.7	SC		38.7		5.1	20.0
IN		2.5			4.0	SD			4.0		0.5
KS		7.8				TN		230.5			
KY		97.7		108.6	2.8	TX		322.6		41.5	
LA		32.9		79.1		VA		490.5			129.0
MA		93.3	2.6			VT		3.1			
MD		79.9				WA		263.5			
ME				8.5		WI		107.6		0.8	3.2
MI		217.3				WV		6.7			
MN		105.2	3.5	4.3							
MO		26.7									

Total 9,309.3

Source: Thomson Reuters

Taxable Issuance by Type, 2011
\$ Millions

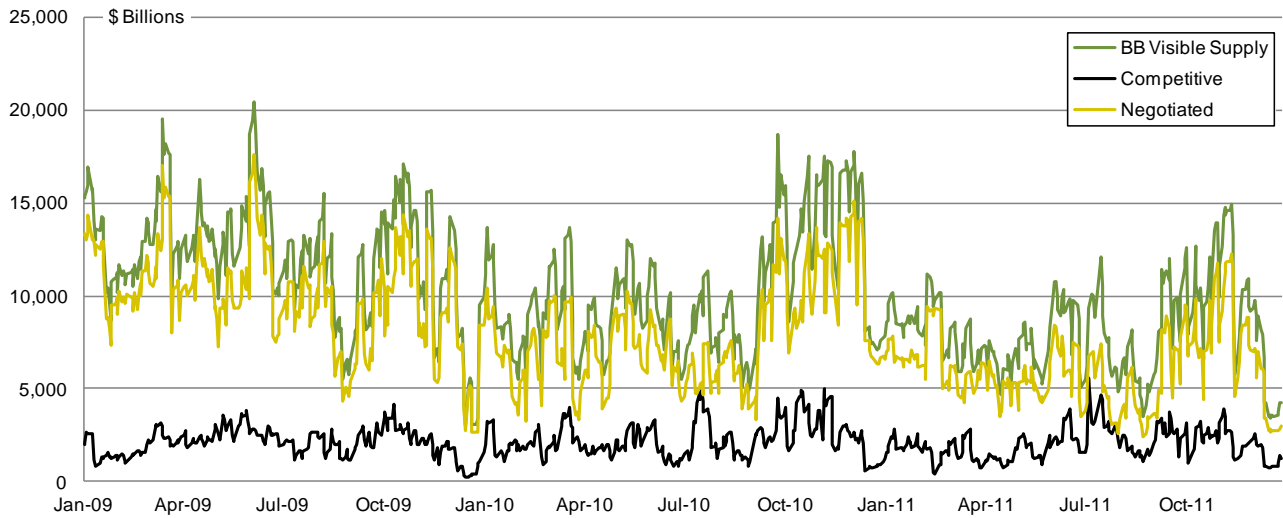
State	CREB/NCREB	Other	QECB	QSCB	QZAB	State	CREB/NCREB	Other	QECB	QSCB	QZAB
AK		28.9				MT		1.3		5.8	
AL		73.7			51.3	NC		1,159.7		93.5	
AR		22.9		26.9	3.9	ND		14.0	3.8		
AZ		221.9	2.4	75.9		NE		9.2		24.2	
CA	12.8	3,166.2	24.9	844.0	2.4	NH		648.0			
CO		908.9				NJ		642.7		3.7	
CT		283.6	3.6			NM		67.9			
DC		65.1				NV		209.6			
DE	2.7	17.8				NY		2,762.5		320.0	37.1
FL		248.4		27.0		OH		1,296.0		79.5	
GA		502.6	5.4	330.7	2.0	OK		322.7		44.6	
IA		329.9		24.6		OR		118.5		76.9	15.0
ID		71.1		22.4		PA		213.4	3.7	361.1	65.0
IL		4,935.2	14.0		17.3	PR		1,390.0		756.4	121.5
IN	4.6	232.8		24.2	30.0	RI		19.4			
KS		46.9	8.7	16.9		SC		379.4		45.3	20.0
KY		387.8		169.2	28.0	SD		1.8	4.9	1.8	0.5
LA		552.5		89.1		TN		343.7			
MA		406.8	5.8	184.0		TX		1,655.3		259.1	
MD		196.3	6.5	85.9	15.9	UT		406.0		16.1	
ME		53.1		36.0		VA		551.8		67.4	129.0
MI		693.5		116.9		VT		3.1		12.4	
MN		225.2	12.0	4.3		WA	10.0	469.5	6.5	51.9	
MO		129.9	11.4		35.8	WI		310.4	16.1	20.0	3.2
MS		365.0				WV		117.1			

Total 32,334.2

Source: Thomson Reuters

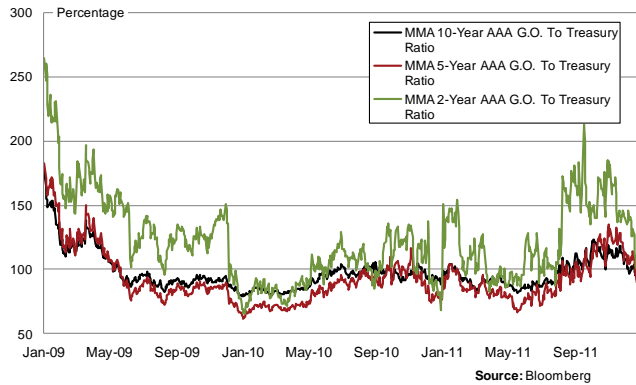
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS

Bond Buyer 30-Day Visible Supply
Jan. 1, 2009 - Dec. 31, 2011



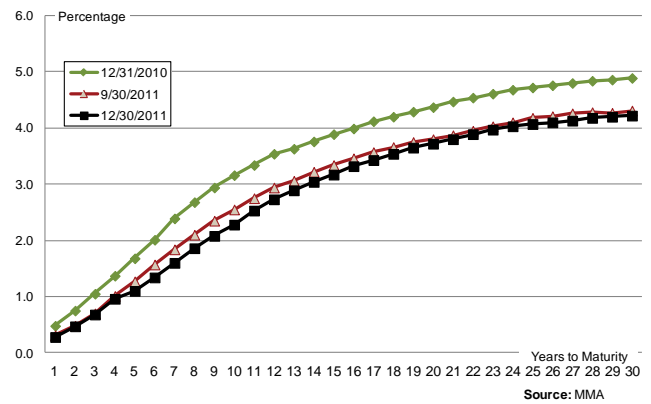
Source: Bond Buyer, Bloomberg

2-, 5-, and 10-Year AAA G.O. to Treasury Ratios
Jan. 2009 - Dec. 2011



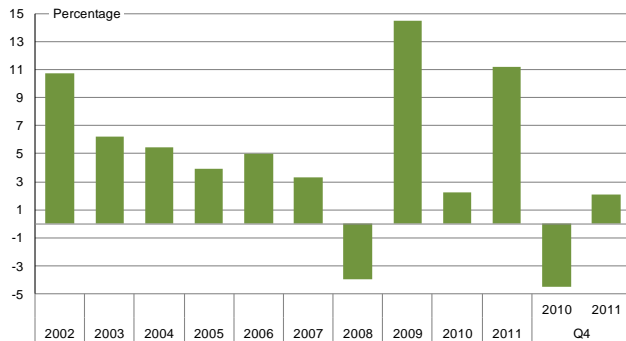
Source: Bloomberg

MMA Yield Curves



Source: MMA

Municipal Total Return
2002 - 2011:Q4



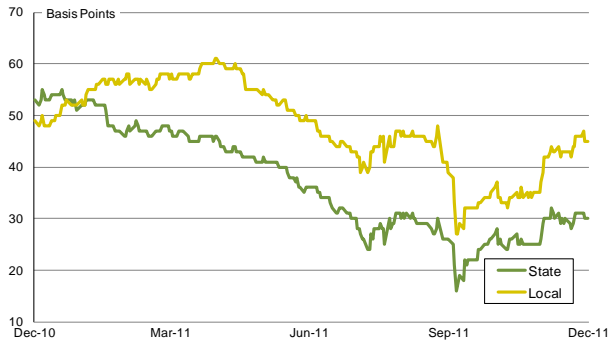
Source: Bank of America-Merrill Lynch

MCDX (5- and 10- Year)
Jan. 2010 - Dec. 2011



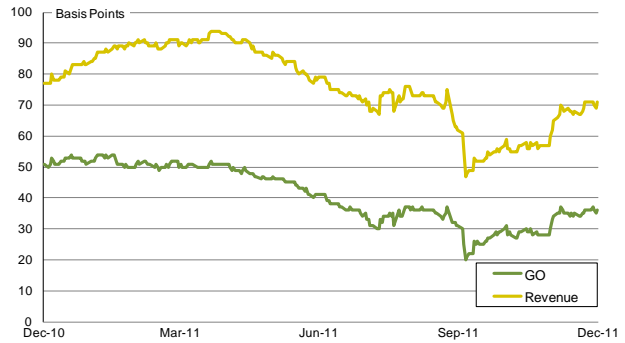
Source: Markit

Municipal Spreads, State and Local Government
Jan. 2010 - Dec. 2011



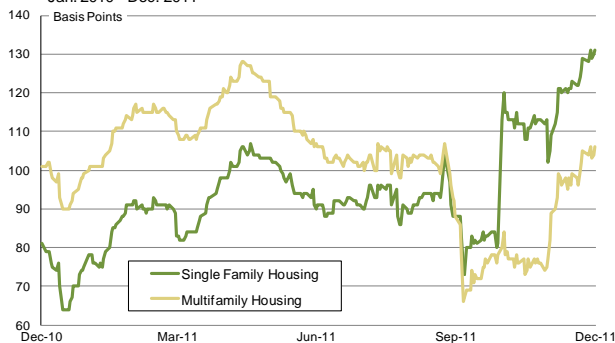
Source: Bank of America-Merrill Lynch

Municipal Spreads, General Obligation and Revenue
Jan. 2010 - Dec. 2011



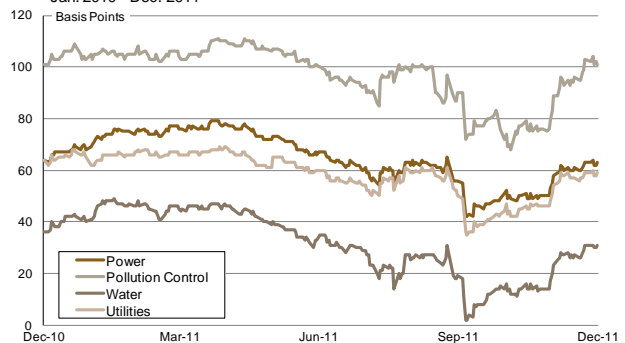
Source: Bank of America-Merrill Lynch

Municipal Spreads, Single- and Multi-Family Housing
Jan. 2010 - Dec. 2011



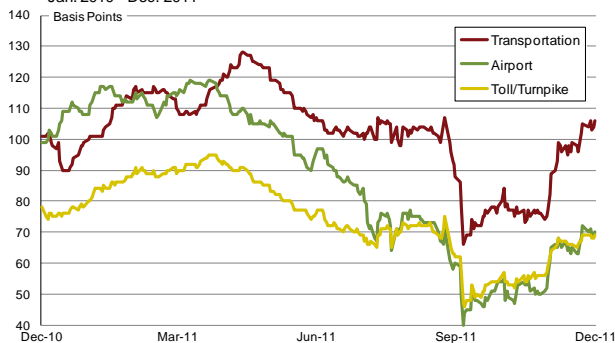
Source: Bank of America-Merrill Lynch

Municipal Spreads, Water, Pollution Control, Power, Utilities
Jan. 2010 - Dec. 2011



Source: Bank of America-Merrill Lynch

Municipal Spreads, Transportation, Airport, Toll/Turnpike
Jan. 2010 - Dec. 2011



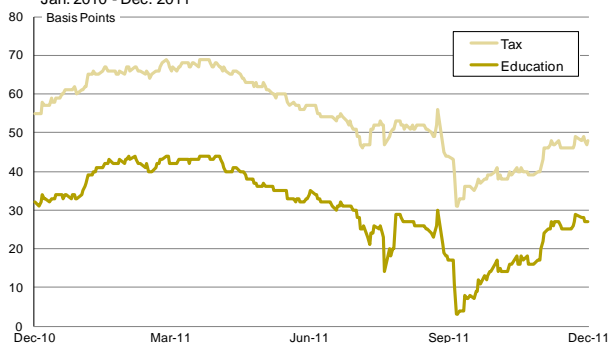
Source: Bank of America-Merrill Lynch

Municipal Spreads, Tobacco
Jan. 2010 - Dec. 2011



Source: Bank of America-Merrill Lynch

Municipal Spreads, Tax, Education
Jan. 2010 - Dec. 2011



Source: Bank of America-Merrill Lynch

Municipal Spreads, Health, Hospital
Jan. 2010 - Dec. 2011



Source: Bank of America-Merrill Lynch

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS, 2011¹¹

Date	Market Risk Activity, Gross Notional (USD Millions)							Market Risk Activity, Number of Contracts								
	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	9.80		30.00				21.80		7		3				6	
1/14/2011	55.00		76.60	40.00		10.00	20.00	0.50	19		84	14		1	2	1
1/21/2011	26.20		60.40	84.10	0.40		5.00		8		18	25	2	1	2	
1/28/2011	150.00		109.60	68.80	20.00	49.50	25.00		31		45	13	2	41	2	
2/4/2011	25.00		15.90	95.00	10.00	0.50	45.00		4		5	41	18	2	4	
2/11/2011	42.00		30.00	0.20	21.40			10.00	9		3	2	4			1
2/18/2011	30.00	10.00	25.00				15.00		6	1	1	1			3	
2/25/2011	10.00		50.00	10.00	10.00	15.00			1		5	1	1	1		
3/4/2011	45.60		40.00	55.00	12.00	20.00	15.00		11		5	3	2	2	3	
3/11/2011	30.60		70.70			20.00			5		7			2		
3/18/2011	145.00		65.00	35.00			15.00		35		6	3			1	
3/25/2011	41.00								5							
4/1/2011	15.00		25.00				25.00		1		2				2	
4/8/2011	71.10		52.50		0.50				6		11		1			
4/15/2011	25.90		20.26				35.00		4		3				3	
4/22/2011	51.50		79.74	10.00					23		8	4				
4/29/2011	40.00		15.00		10.00			15.00	10		2		1			1
5/6/2011	90.00	100.00	65.00	10.00	11.10	20.00	24.82		5	2	5	2	9	2	5	
5/13/2011	75.00		47.40				63.15		32		6				16	
5/20/2011	21.50		13.83	6.13			10.00		5		7	3			2	
5/27/2011	63.00		97.50				15.00		7		12				2	
6/3/2011	80.29		55.29	0.50	0.50		0.26		7		16	1	1		1	
6/10/2011	45.90		149.90	81.80			30.80		4		34	23			13	
6/17/2011	100.00		10.00	2.40	0.10				9		1	4	1			
6/24/2011	10.00		40.00	2.20	15.40		10.00		2		5	1	4		1	
7/1/2011	80.00		50.00	5.00			0.50		11		4	1			1	
7/8/2011	60.00		50.00				25.00		5		2				1	
7/15/2011			50.00		15.00						6		1			
7/22/2011	130.50	240.00	28.75	1.20	10.00		45.45		12	9	8	1	1		5	
7/29/2011	51.30	325.00	60.00	5.00	25.70	10.00	20.30		18	16	14	1	3	3	5	
8/6/2011	87.90	75.00	84.30	8.40	15.70		180.00		36	3	31	4	4		4	
8/12/2011	62.60		10.00				410.00		12		6				5	
8/19/2011	84.00	15.00	67.00	5.00			75.00		7	2	7	1			2	
8/26/2011	15.80		8.30						8		6					
9/2/2011	24.20	137.50	23.20	10.70	10.30		10.00		9	7	7	4	3		1	
9/9/2011	35.40		0.80						6		3					
9/16/2011	35.90		14.00	0.40					17		7	1				
9/23/2011	35.40		10.00				5.00		20		12				3	
9/30/2011	35.00		40.00	5.00	25.00		8.10		9		10	1	1		3	
10/7/2011	53.70		33.70	69.85	0.50	10.00			11		8	8	1	1		
10/14/2011			45.90	10.15							6	2				
10/21/2011	10.40		18.58		25.00				3		3		1			
10/28/2011	37.70		17.92	10.00					8		9	1				
11/4/2011	10.00					10.00	20.00		1					3	8	
11/11/2011	40.00		16.10						2		2					
11/18/2011				10.00			50.00					3			2	
11/25/2011		5.00								1						
12/2/2011	80.00		50.20	0.10		10.30			7		6	1		2		
12/9/2011	35.00		175.40	0.40					2		35	1				
12/16/2011	10.00				12.00				2				2			
12/23/2011																
12/30/2011																

Source: DTCC

¹¹ "Market risk activity" (as defined by DTCC): The gross notional and contract counts include transaction types of new trades between two parties, a termination of an existing transaction, or the new leg of an assignment representing the trade between the step-in party and the remaining party. Excludes transactions which do not result in a change in the market risk position of the market participants, and are not market activity. For example, central counterparty clearing, and portfolio compression both terminate existing transactions and re-book new transactions or amend existing transactions. These transactions still maintain the same risk profile and consequently are not included as "market risk transfer activity."

CDS Spreads for Single Name States

	CDS Spreads (5 Year), Basis Points							
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
Illinois	166	369	260	348	246	201	263	285
California	202	353	260	299	211	141	226	234
Connecticut	99	141	118	165	135	122	156	134
Nevada	175	226	205	212	154	128	155	116
New Jersey	156	289	210	219	151	138	151	176
Ohio	103	159	134	152	112	101	150	171
Michigan	159	288	237	238	150	130	142	154
Pennsylvania	N/A	N/A	127	143	109	90	135	152
Florida	105	187	130	155	105	91	126	137
New York	155	291	194	215	105	99	121	151
Massachusetts	112	154	135	160	119	92	119	143
Wisconsin	88	147	121	136	102	78	118	124
Maryland	48	82	65	106	80	69	88	90
North Carolina	N/A	N/A	N/A	100	83	73	82	85
Texas	52	107	81	102	77	60	82	91
Delaware	52	70	57	65	64	47	82	N/A
Minnesota	N/A	N/A	N/A	94	76	67	52	108

STATE GOVERNMENT FINANCES

State	Total Revenues, 2010	Total Expenses, 2010	Total Debt, 2010	GDP (2008-2009)	Interest Expense on Debt, 2010	Largest Industries by Revenue, 2011	Debt Service as % of Total Expenditures
AK Alaska	12,374,672.0	10,996,963.0	6,380,597.0	4,220,000.0	302,291.0	Industrials, Telecommunications, Oil & Gas	4.7%
AL Alabama	26,823,681.0	27,699,687.0	8,785,245.0	19,462,000.0	372,648.0	Financials, Utilities, Industrials	4.2%
AR Arkansas	19,595,441.0	17,353,711.0	4,260,547.0	11,000,000.0	148,633.0	Consumer Services, Consumer Goods, Oil & Gas	3.5%
AZ Arizona	32,841,609.0	33,015,591.0	13,956,433.0	25,341,000.0	598,023.0	Industrials, Basic Materials, Consumer Services	4.3%
CA California	278,494,901.0	257,248,691.0	148,929,107.0	175,437,000.0	6,711,987.0	Technology, Consumer Services, Oil & Gas	4.5%
CO Colorado	27,990,510.0	27,660,864.0	16,709,540.0	21,525,000.0	838,541.0	Consumer Services, Industrials, Oil & Gas	5.0%
CT Connecticut	26,840,365.0	27,437,324.0	30,215,550.0	20,402,000.0	1,457,931.0	Industrials, Health Care, Financials	4.8%
DE Delaware	7,975,651.0	7,826,826.0	5,515,150.0	4,566,000.0	288,297.0	Basic Materials, Financials, Consumer Services	5.2%
FL Florida	91,653,258.0	81,629,113.0	40,403,855.0	69,785,000.0	1,358,255.0	Consumer Services, Industrials, Technology	3.4%
GA Georgia	44,878,023.0	44,482,208.0	13,788,833.0	34,917,000.0	698,998.0	Consumer Services, Industrials, Consumer Goods	5.1%
HI Hawaii	11,565,500.0	11,178,392.0	7,700,654.0	6,103,000.0	308,715.0	Utilities, Industrials, Consumer Services	4.0%
IA Iowa	35,575,267.0	35,474,194.0	23,634,564.0	22,573,000.0	999,723.0	Utilities, Financials, Consumer Services	4.2%
ID Idaho	8,859,444.0	8,514,075.0	3,872,453.0	5,877,000.0	173,576.0	Consumer Services, Technology, Basic Materials	4.5%
IL Illinois	73,274,871.0	75,269,674.0	61,411,694.0	50,975,000.0	3,117,469.0	Industrials, Consumer Services, Consumer Goods	5.1%
IN Indiana	21,265,049.0	19,108,588.0	5,140,385.0	14,184,000.0	250,384.0	Health Care, Industrials, Financials	4.9%
KS Kansas	16,545,579.0	16,583,949.0	6,478,228.0	13,197,000.0	341,160.0	Industrials, Telecommunications, Consumer Services	5.3%
KY Kentucky	26,993,403.0	29,097,531.0	14,393,269.0	15,921,000.0	598,107.0	Health Care, Consumer Services, Basic Materials	4.2%
LA Louisiana	32,188,166.0	33,615,486.0	17,442,967.0	16,743,000.0	1,057,848.0	Utilities, Telecommunications, Industrials	6.1%
MA Massachusetts	50,471,792.0	51,730,861.0	73,939,716.0	26,643,000.0	3,504,595.0	Financials, Consumer Services, Health Care	4.7%
MD Maryland	37,394,440.0	37,487,628.0	24,474,671.0	24,856,000.0	1,032,742.0	Industrials, Consumer Services, Health Care	4.2%
ME Maine	9,539,306.0	9,024,322.0	6,034,227.0	4,985,000.0	255,152.0	Health Care, Consumer Services, Industrials	4.2%
MI Michigan	65,971,789.0	63,917,651.0	32,146,344.0	39,845,000.0	1,191,657.0	Consumer Goods, Basic Materials, Industrials	3.7%
MN Minnesota	39,887,029.0	37,942,727.0	11,682,878.0	23,847,000.0	552,335.0	Industrials, Consumer Services, Health Care	4.7%
MO Missouri	33,915,612.0	30,771,516.0	20,421,226.0	22,296,000.0	819,964.0	Health Care, Industrials, Consumer Goods	4.0%
MS Mississippi	20,978,550.0	20,022,653.0	6,467,833.0	12,525,000.0	235,282.0	Consumer Goods, Financials, Health Care	3.6%
MT Montana	7,141,352.0	7,052,380.0	4,373,930.0	4,052,000.0	170,356.0	Industrials, Basic Materials, Consumer Services	3.9%
NC North Carolina	57,467,430.0	52,189,891.0	18,853,155.0	39,331,000.0	602,425.0	Financials, Consumer Services, Consumer Goods	3.2%
ND North Dakota	6,118,449.0	5,134,130.0	2,198,282.0	3,149,000.0	114,460.0	Industrials, Consumer Services, Health Care	5.2%
NE Nebraska	10,062,763.0	9,584,493.0	2,330,277.0	9,258,000.0	97,340.0	Financials, Industrials, Consumer Goods	4.2%
NH New Hampshire	7,827,936.0	7,705,787.0	8,347,216.0	5,222,000.0	403,400.0	Consumer Services, Industrials, Financials	4.8%
NJ New Jersey	66,740,281.0	67,971,367.0	60,958,345.0	45,262,000.0	2,163,480.0	Health Care, Industrials, Financials	3.5%
NM New Mexico	17,566,599.0	17,996,038.0	8,739,878.0	10,461,000.0	339,592.0	Health Care, Utilities, Consumer Services	3.9%
NV Nevada	14,053,177.0	12,934,509.0	4,435,774.0	10,492,000.0	202,908.0	Consumer Services, Utilities, Health Care	4.6%
NY New York	195,460,010.0	174,307,538.0	129,529,501.0	102,787,000.0	5,333,051.0	Financials, Consumer Goods, Consumer Services	4.1%
OH Ohio	89,664,151.0	76,730,622.0	31,177,155.0	43,400,000.0	1,524,668.0	Consumer Services, Consumer Goods, Industrials	4.9%
OK Oklahoma	23,692,058.0	22,639,978.0	9,963,419.0	18,573,000.0	513,113.0	Oil & Gas, Utilities, Consumer Services	5.1%
OR Oregon	28,703,267.0	26,978,154.0	13,510,005.0	17,770,000.0	445,471.0	Consumer Goods, Industrials, Consumer Services	3.3%
PA Pennsylvania	83,287,051.0	87,285,286.0	44,737,622.0	42,705,000.0	1,736,913.0	Consumer Services, Basic Materials, Health Care	3.9%
RI Rhode Island	8,809,270.0	8,211,203.0	9,498,115.0	4,467,000.0	429,472.0	Consumer Services, Industrials, Consumer Goods	4.5%
SC South Carolina	28,867,808.0	28,927,120.0	15,770,780.0	20,536,000.0	705,380.0	Utilities, Industrials, Consumer Services	4.5%
SD South Dakota	4,492,586.0	4,429,197.0	3,483,142.0	3,398,000.0	126,229.0	Consumer Goods, Health Care, Utilities	3.6%
TN Tennessee	29,719,569.0	29,675,372.0	5,835,113.0	22,624,000.0	242,670.0	Health Care, Consumer Services, Industrials	4.2%
TX Texas	120,389,837.0	119,604,888.0	42,033,571.0	99,594,000.0	1,170,209.0	Oil & Gas, Consumer Services, Industrials	2.8%
UT Utah	16,022,191.0	16,262,957.0	6,477,933.0	10,968,000.0	255,337.0	Basic Materials, Consumer Services, Consumer Goods	3.9%
VA Virginia	46,356,567.0	43,457,150.0	24,966,916.0	34,793,000.0	1,070,371.0	Financials, Industrials, Consumer Services	4.3%
VT Vermont	6,001,197.0	5,726,034.0	3,492,873.0	2,663,000.0	154,143.0	Consumer Goods, Health Care, Industrials	4.4%
WA Washington	44,298,597.0	46,238,022.0	27,478,320.0	35,051,000.0	1,166,932.0	Consumer Services, Technology, Financials	4.2%
WI Wisconsin	48,088,136.0	38,589,815.0	22,318,551.0	23,089,000.0	976,323.0	Industrials, Consumer Goods, Consumer Services	4.4%
WV West Virginia	13,564,289.0	12,343,051.0	7,144,323.0	7,764,000.0	267,268.0	Industrials, Consumer Services, Basic Materials	3.7%
WY Wyoming	7,411,311.0	5,756,937.0	1,514,359.0	3,771,000.0	63,230.0	Basic Materials, Health Care, Consumer Services	4.2%
United States	2,035,699,790.0	1,942,822,144.0	1,113,354,521.0	1,310,973,000.0	47,489,054.0	N/A	4.3%

Sources: U.S. Department of Commerce: Bureau of Economic Analysis, Bloomberg Government, U.S. Census

TRADING SUMMARY

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
	2010:Q4	1,177,346	461,065	750,378	2,388,789	\$324,262	\$202,550	\$132,582
2011:Q4	1,370,424	537,353	811,352	2,719,129	\$439,845	\$265,109	\$143,886	\$848,840
%Change	16%	17%	8%	14%	36%	31%	9%	29%

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
	2010:Q4	18,688	7,318	11,911	37,917	5,147	3,215	2,104
2011:Q4	21,413	8,396	12,677	42,486	6,873	4,142	2,248	13,263
%Change	15%	15%	6%	12%	34%	29%	7%	27%

	# 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
	2010:Q4	82%	12%	2%	4%	2,719,129	8%	10%	6%	76%
2011:Q4	82%	12%	2%	4%	2,388,789	10%	11%	7%	72%	\$659,394
%Change	0%	0%	0%	0%	-12%	25%	10%	17%	-5%	-22%

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
	2010:Q4	16%	10%	12%	9%	10%	7%	37%
2011:Q4	15%	10%	11%	10%	9%	9%	35%	\$659,394
%Change	-6%	0%	-8%	11%	-10%	29%	-5%	-22%

	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)
	2010:Q4	8%	8%	11%	26%	47%
2011:Q4	4%	10%	14%	51%	40%	\$659,394
%Change	-50%	25%	27%	19%	-15%	-22%

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
	2010:Q4	73%	21%	3%	2%
2011:Q4	82%	24%	3%	1%	\$659,394
%Change	12%	14%	0%	-50%	-22%

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
	2010:Q4	55%	43%	2%	0%
2011:Q4	60%	37%	3%	0%	\$659,394
%Change	9%	-14%	50%	N/A	-22%

	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
	2010	5,175,224	2,045,639	3,151,250	10,372,113	\$1,694,592	\$1,101,115	\$561,120
2011	4,892,871	2,125,636	3,276,501	10,295,008	\$1,355,664	\$969,576	\$520,102	\$2,845,343
%Change	-5%	4%	4%	-1%	-20%	-12%	-7%	-15%

	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
	2010	20,537	8,118	12,505	41,160	6,725	4,370	2,227
2011	19,339	8,402	12,951	40,692	5,358	3,832	2,056	11,246
%Change	-6%	3%	4%	-1%	-20%	-12%	-8%	-16%

	# 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
	2010	82%	12%	2%	4%	10,372,113	8%	9%	6%	77%
2011	83%	12%	2%	3%	10,295,008	10%	11%	6%	74%	\$2,845,343
%Change	1%	0%	0%	-25%	-1%	25%	22%	0%	-4%	-15%

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
	2010	17%	12%	12%	900%	9%	6%	36%
2011	17%	11%	12%	9%	9%	7%	36%	\$2,845,343
%Change	0%	-8%	0%	-99%	0%	17%	0%	-15%

	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)
	2010	7%	8%	12%	27%	45%
2011	4%	10%	14%	30%	43%	\$2,845,343
%Change	-43%	25%	17%	11%	-4%	-15%

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
	2010	71%	22%	4%	2%
2011	73%	24%	3%	0%	\$2,845,343
%Change	3%	9%	-25%	-100%	-15%

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
	2010	52%	45%	3%	0%
2011	54%	42%	4%	0%	\$2,845,343
%Change	4%	-7%	33%	N/A	-15%

OUTSTANDING MUNICIPAL DEBT

Outstanding and by State, Rating, Maturity, and Security Type¹²

\$ Millions

State	Total Outstanding	G.O.	Revenue	Investment Grade	Non-Investment Grade	Due in 13 Months	Long-Term	2011:Q3 Total Outstanding	% Change
AK Alaska	11,209.3	2,718.3	8,491.0	10,106.1	1,103.2	568.4	10,640.9	11,302.3	0.8%
AL Alabama	33,259.4	6,138.2	27,121.2	26,083.3	7,176.1	977.9	32,281.5	33,384.1	0.4%
AR Arkansas	12,043.4	4,520.9	7,522.5	9,828.3	2,215.1	459.2	11,584.2	12,007.4	-0.3%
AZ Arizona	55,549.1	10,846.9	44,702.2	50,738.9	4,810.3	2,207.1	53,342.1	55,690.5	0.3%
CA California	547,778.7	193,885.0	353,893.6	468,149.4	79,629.3	26,204.6	521,574.0	548,961.2	0.2%
CO Colorado	56,674.8	12,164.5	44,510.3	49,768.4	6,906.4	2,419.3	54,255.5	58,149.1	2.6%
CT Connecticut	44,553.3	22,554.5	21,998.8	41,640.0	2,913.3	3,515.7	41,037.6	44,996.8	1.0%
DC District of Columbia	29,989.8	3,581.0	26,408.8	23,597.9	6,391.9	1,277.7	28,712.1	29,966.6	-0.1%
DE Delaware	8,516.7	2,471.5	6,045.3	7,938.1	578.6	356.1	8,160.6	8,336.6	-2.1%
FL Florida	165,543.4	18,776.4	146,767.1	145,507.2	20,036.2	9,626.9	155,916.6	169,411.4	2.3%
GA Georgia	72,268.9	16,110.4	56,158.5	63,026.4	9,242.5	3,148.8	69,120.1	73,186.8	1.3%
GU Guam	2,179.5	444.4	1,735.0	1,293.6	885.8	38.0	2,141.5	1,993.3	-8.5%
HI Hawaii	16,072.7	9,260.9	6,811.8	15,457.3	615.5	670.1	15,402.7	15,325.9	-4.6%
IA Iowa	20,939.2	5,658.3	15,281.0	17,723.5	3,215.7	995.7	19,943.5	20,694.5	-1.2%
ID Idaho	10,940.8	5,843.3	5,097.4	9,729.9	1,210.9	1,040.6	9,900.1	11,165.5	2.1%
IL Illinois	158,538.1	79,092.6	79,445.5	147,535.9	11,002.2	5,428.6	153,109.5	162,610.7	2.6%
IN Indiana	55,024.1	1,126.9	53,897.2	47,784.9	7,239.2	3,032.7	51,991.4	55,581.1	1.0%
KS Kansas	22,254.1	8,509.5	13,744.6	19,267.0	2,987.1	1,441.5	20,812.6	22,645.5	1.8%
KY Kentucky	35,700.6	1,625.0	34,075.5	33,517.7	2,182.8	1,773.1	33,927.5	36,351.5	1.8%
LA Louisiana	35,875.5	6,203.6	29,671.9	33,318.1	2,557.4	1,186.0	34,689.5	36,298.9	1.2%
MA Massachusetts	95,395.7	31,845.5	63,550.1	88,473.2	6,922.4	6,081.6	89,314.0	94,682.4	-0.7%
MD Maryland	48,463.6	21,455.7	27,007.9	43,826.6	4,637.0	2,421.3	46,042.2	48,204.5	-0.5%
ME Maine	8,587.3	1,651.5	6,935.8	8,274.2	313.1	530.1	8,057.2	8,815.7	2.7%
MI Michigan	84,331.5	26,475.2	57,856.3	69,750.5	14,580.9	4,020.5	80,311.0	81,149.3	-3.8%
MN Minnesota	51,537.3	23,628.8	27,908.5	45,668.1	5,869.1	3,002.9	48,534.4	51,645.0	0.2%
MO Missouri	55,468.6	16,061.2	39,407.4	49,335.9	6,132.7	2,222.3	53,246.3	56,143.9	1.2%
MS Mississippi	19,688.3	6,448.0	13,240.3	17,492.7	2,195.6	657.6	19,030.7	19,260.9	-2.2%
MT Montana	13,591.5	8,655.6	4,935.9	5,170.2	8,421.3	673.5	12,918.0	13,851.1	1.9%
NC North Carolina	56,236.3	14,676.2	41,560.1	53,458.0	2,778.3	2,551.1	53,685.1	56,302.2	0.1%
ND North Dakota	4,062.7	1,141.4	2,921.4	3,690.2	372.5	217.5	3,845.2	4,100.1	0.9%
NE Nebraska	17,407.6	4,738.7	12,668.9	14,401.9	3,005.7	825.7	16,581.9	17,453.2	0.3%
NH New Hampshire	11,323.3	2,273.8	9,049.5	9,799.0	1,524.3	393.1	10,930.3	11,689.3	3.2%
NJ New Jersey	121,019.6	24,351.9	96,667.7	107,355.5	13,664.1	9,687.9	111,331.7	118,950.7	-1.7%
NM New Mexico	15,510.3	3,021.4	12,488.9	14,346.9	1,163.4	798.4	14,712.0	15,644.9	0.9%
NV Nevada	30,487.5	14,816.4	15,671.1	26,311.7	4,175.7	1,274.1	29,213.4	31,402.7	3.0%
NY New York	358,555.4	80,171.2	278,384.2	321,833.0	36,722.3	19,406.7	339,148.6	356,227.6	-0.6%
OH Ohio	104,316.2	27,925.9	76,390.2	78,369.7	25,946.5	4,872.2	99,444.0	106,289.0	1.9%
OK Oklahoma	19,398.5	3,379.2	16,019.3	16,691.5	2,707.1	1,337.3	18,061.3	19,332.6	-0.3%
OR Oregon	35,504.4	15,566.5	19,937.9	33,333.4	2,170.9	2,273.7	33,230.7	36,165.0	1.9%
OT Other Territories	9,408.3	25.0	9,383.3	7,654.3	1,754.0	-	9,408.3	9,398.2	-0.1%
PA Pennsylvania	132,513.4	44,320.2	88,193.2	121,248.0	11,265.4	6,806.0	125,707.4	133,107.2	0.4%
PR Puerto Rico	102,752.1	10,154.0	92,598.0	87,412.3	15,339.8	2,588.9	100,163.1	96,843.2	-5.8%
RI Rhode Island	14,141.6	2,297.9	11,843.7	10,303.2	3,838.4	688.7	13,452.9	14,236.1	0.7%
SC South Carolina	38,103.0	9,104.2	28,998.8	34,087.6	4,015.4	2,387.6	35,715.4	38,557.2	1.2%
SD South Dakota	7,464.3	3,317.1	4,147.2	4,473.7	2,990.6	376.4	7,087.9	7,519.5	0.7%
TN Tennessee	44,116.9	13,667.6	30,449.3	40,110.0	4,006.9	1,734.9	42,382.1	44,872.7	1.7%
TT Trust Territories	285.8	98.7	187.1	262,854.5	(262,568.6)	-	285.8	286.8	0.4%
TX Texas	300,933.8	140,047.0	160,886.8	19,976.4	280,957.4	19,547.0	281,386.8	302,860.3	0.6%
UT Utah	21,972.7	7,144.1	14,828.6	56,552.6	(34,579.9)	945.7	21,027.0	22,921.2	4.3%
VA Virginia	62,292.1	12,735.4	49,556.8	1,985.0	60,307.2	2,721.6	59,570.5	62,146.9	-0.2%
VI Virgin Islands	2,389.7	-	2,389.7	-	2,389.7	48.3	2,341.4	2,437.0	2.0%
VT Vermont	5,730.9	554.4	5,176.5	5,369.1	361.8	225.8	5,505.1	5,774.5	0.8%
WA Washington	78,428.2	35,529.5	42,898.7	75,501.1	2,927.1	3,192.6	75,235.7	79,718.0	1.6%
WI Wisconsin	44,532.6	20,026.7	24,505.9	39,793.7	4,738.9	3,536.2	40,996.4	45,193.7	1.5%
WV West Virginia	11,370.3	1,056.6	10,313.7	7,368.0	4,002.3	287.0	11,083.3	11,657.7	2.5%
WY Wyoming	3,884.9	111.7	3,773.2	3,812.9	72.0	69.5	3,815.3	3,948.1	1.6%
TOTAL (12/31/2011)	3,426,117.7	1,040,006.3	2,386,111.4	3,008,096.6	418,021.1	174,771.7	3,251,346.0	3,436,848.2	0.3%
TOTAL (9/30/2011)	3,436,848.2	1,043,081.9	2,393,766.4	3,015,572.2	421,276.0	179,645.4	3,257,202.8	-	-
TOTAL (6/30/2011)	3,449,943.9	1,038,453.5	2,411,490.5	3,049,983.4	399,960.5	171,638.7	3,278,305.2	-	-
TOTAL (3/31/2011)	3,218,178.4	631,308.5	2,586,869.8	2,866,622.1	351,556.3	175,071.7	3,043,106.7	-	-
TOTAL (1/5/2011)	3,217,953.8	629,039.8	2,588,914.0	2,876,578.3	341,375.6	170,098.7	3,047,855.2	-	-

Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

¹² Investment-grade outstanding requires a minimum of 1 investment grade rating from either Moody's, Standard and Poor's, or Fitch Ratings and will therefore include split-rated issues (i.e., a bond with both an investment-grade and high yield rating); non-investment grade debt outstanding includes debt both rated junk as well as non-rated securities. Outstanding includes both short- and long-term municipal debt, VRDOs and ARS. "Due in 13 months" will include debt with an original maturity of 13 months or longer. Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives; prior to 6/30, did not include zero coupons. See addendum tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds aggregate prerefunded but not derivatives.

Outstanding and by Tax Status, Coupon, Use of Proceeds, Purpose; Addendum Tables on Build America Bonds, Variable Rate Debt Obligations, Prerefunded, and Derivatives¹³

\$ Millions

State	Tax-Exempt	AMT	Taxable	Fixed	Floating	Purpose	Total Outstanding	BAB Only	VRDO Only	Prerefunded Only	Derivatives Only
AK Alaska	8,787.4	1,351.1	1,070.8	8,734.9	2,474.4	Airport	83,229.2	357.7	1,582.0	534.8	449.1
AL Alabama	26,223.9	1,457.8	5,577.8	23,375.0	9,884.5	Development	136,367.4	609.5	3,921.7	2,400.4	1,326.1
AR Arkansas	6,919.4	795.3	4,328.7	10,647.4	1,396.0	Education	691,677.2	38.1	462.8	311.6	45.2
AZ Arizona	47,516.5	2,451.8	5,580.9	47,401.2	8,147.9	GO	657,545.0	1,993.0	2,967.0	3,265.6	2,375.4
CA California	435,012.5	24,577.1	88,189.0	384,347.6	163,431.0	Healthcare	276,759.8	37,758.7	40,663.0	24,322.6	27,461.9
CO Colorado	41,541.9	4,088.5	11,044.3	41,245.7	15,429.2	Housing	172,080.2	4,073.0	7,729.8	4,192.1	2,928.7
CT Connecticut	32,206.6	2,548.4	9,798.3	36,302.5	8,250.9	Other	640,017.4	1,911.1	3,879.0	2,515.2	863.2
DC District of Columbia	22,048.8	4,645.9	3,295.1	17,910.0	12,079.8	Public Facilities	47,268.7	1,949.9	2,896.6	533.3	1,886.5
DE Delaware	5,908.5	806.9	1,801.4	6,008.8	2,508.0	Student Loan	59,129.5	519.3	836.8	450.1	81.3
FL Florida	134,794.9	15,635.9	15,112.6	126,605.7	38,937.7	Transportation	228,747.5	5,536.0	12,198.3	4,542.9	8,147.9
GA Georgia	57,879.5	4,477.5	9,911.9	56,403.1	15,865.8	Utilities	433,297.8	3,728.4	6,804.7	3,632.0	2,343.2
GU Guam	2,012.8	114.9	51.7	2,064.0	115.5	TOTAL (12/31/2011)	3,426,119.7				6.2
HI Hawaii	12,843.1	1,739.5	1,490.2	15,147.5	925.2			1,267.6	155.0	1,118.7	990.8
IA Iowa	10,737.7	1,473.8	8,727.7	15,678.8	5,260.4			703.5	1,914.4	405.2	151.8
ID Idaho	4,581.9	1,235.6	5,123.3	5,208.7	5,732.0			129.3	1,078.9	162.0	80.6
IL Illinois	101,389.7	8,890.4	48,258.0	118,642.0	39,896.1			11,028.7	13,977.5	4,531.1	7,002.5
IN Indiana	38,136.8	3,954.3	12,933.0	38,711.0	16,313.1			2,059.5	5,671.1	3,688.7	2,077.3
KS Kansas	14,674.7	823.8	6,755.6	19,489.1	2,765.0			1,602.3	1,366.6	1,039.0	372.0
KY Kentucky	22,901.0	3,453.0	9,346.6	26,185.7	9,514.8			2,867.9	4,386.8	1,181.0	984.3
LA Louisiana	28,391.0	2,000.5	5,483.9	26,306.0	9,569.5			841.9	4,814.5	1,597.0	1,085.1
MA Massachusetts	79,473.6	4,698.7	11,223.4	74,456.6	20,939.1			4,835.7	11,877.9	8,205.4	6,200.9
MD Maryland	38,971.2	3,258.8	6,233.5	39,552.6	8,910.9			3,435.2	4,364.7	3,366.9	1,022.0
ME Maine	6,158.1	1,389.7	1,039.5	7,150.0	1,437.3			88.1	781.9	243.9	112.5
MI Michigan	62,156.7	5,907.1	16,267.8	55,655.9	28,675.6			2,605.1	7,363.1	3,605.7	3,553.2
MN Minnesota	34,588.0	3,542.0	13,407.3	41,834.5	9,702.8			1,462.6	3,562.6	1,852.9	940.5
MO Missouri	31,407.2	2,855.4	21,206.1	34,636.1	20,832.5			2,980.8	4,305.0	1,849.3	1,326.5
MS Mississippi	12,188.7	1,329.1	6,170.5	12,460.4	7,227.9			764.9	4,338.8	443.4	409.3
MT Montana	2,467.6	1,943.5	9,180.4	3,462.6	10,128.9			30.2	375.0	62.8	23.4
NC North Carolina	48,387.1	2,273.2	5,576.0	42,031.1	14,205.2			1,607.0	8,305.4	3,760.3	1,985.9
ND North Dakota	2,414.5	545.2	1,103.0	3,604.1	458.6			65.1	418.3	87.7	23.8
NE Nebraska	11,911.5	756.8	4,739.3	14,848.6	2,559.0			1,002.6	2,034.2	547.0	741.1
NH New Hampshire	7,150.1	1,931.0	2,242.3	7,138.4	4,185.0			354.9	1,525.8	510.7	119.1
NJ New Jersey	87,511.7	7,699.9	25,807.9	91,998.8	29,020.8			7,354.0	6,202.1	9,462.8	5,550.3
NM New Mexico	11,798.8	1,599.2	2,112.3	11,848.7	3,661.6			276.4	1,672.6	711.2	439.5
NV Nevada	23,340.1	3,834.3	3,313.2	23,206.9	7,280.6			2,547.9	2,435.9	1,984.6	1,811.4
NY New York	288,743.7	23,565.0	46,246.7	279,282.7	79,272.7			20,629.8	39,443.4	10,999.4	17,448.4
OH Ohio	72,029.9	5,124.5	27,161.8	70,978.7	33,337.5			8,264.5	9,872.4	6,177.1	3,429.8
OK Oklahoma	13,636.6	1,490.4	4,271.5	16,010.6	3,387.9			774.5	1,106.1	376.9	385.8
OR Oregon	22,365.5	1,766.8	11,372.0	28,645.5	6,858.9			971.0	2,174.1	976.6	422.6
OT Other Territories	1,117.2	7,828.9	462.2	753.6	8,654.8						20,177.6
PA Pennsylvania	93,546.6	7,725.6	31,241.1	92,489.8	40,023.6			5,014.7	14,439.9	6,308.3	6,254.5
PR Puerto Rico	91,299.3	683.1	10,769.7	57,509.8	45,242.3			692.8	518.5	5,738.8	4,287.0
RI Rhode Island	10,602.3	2,149.7	1,389.6	9,083.4	5,058.2				865.2	209.2	355.7
SC South Carolina	30,933.6	1,255.8	5,913.7	29,525.8	8,577.3			1,171.4	1,870.7	3,044.2	1,263.6
SD South Dakota	2,551.8	1,020.5	3,892.1	3,915.0	3,549.2			342.2	821.5	80.8	126.3
TN Tennessee	31,020.3	3,819.8	9,276.9	29,821.6	14,295.3			1,833.1	5,440.9	2,730.9	1,738.2
TT Trust Territories	238.7	47.1	-	145.8	140.0					36.2	
TX Texas	229,077.5	19,385.5	52,470.8	228,391.5	72,542.2			16,663.1	19,921.7	17,788.5	20,296.9
UT Utah	14,903.5	1,677.2	5,392.0	15,794.4	6,178.3			2,891.8	2,576.8	1,145.7	618.8
VA Virginia	48,311.6	4,815.3	9,165.3	50,603.5	11,688.7			3,817.3	5,206.7	3,776.2	1,571.3
VI Virgin Islands	1,969.8	376.0	43.9	2,337.6	52.1			37.3		19.2	12.9
VT Vermont	3,028.1	2,117.5	585.4	2,886.1	2,844.7			126.3	746.6	157.5	36.9
WA Washington	59,432.9	5,880.4	13,114.9	67,556.3	10,871.9			6,111.7	4,605.3	2,780.7	3,397.8
WI Wisconsin	28,197.4	2,692.5	13,642.7	37,138.5	7,394.1			2,066.2	4,506.7	3,328.3	1,359.2
WV West Virginia	6,442.8	1,140.1	3,787.4	3,789.9	7,580.5			88.2	1,296.2	111.5	336.1
WY Wyoming	2,028.7	1,473.2	382.9	2,013.9	1,871.0			139.2	1,331.4	19.2	59.5
TOTAL (12/31/2011)	2,565,911.5	226,120.8	634,085.4	2,518,974.2	907,143.5			180,021.0	293,614.4	162,923.0	168,497.5
TOTAL (9/30/2011)	2,564,872.1	236,510.8	635,465.4	2,508,058.3	928,789.9			180,035.8	304,526.4	171,493.5	173,247.9
TOTAL (6/30/2011)	2,564,835.5	234,780.8	650,327.6	2,498,907.4	951,036.5			180,504.1	315,754.3	177,151.5	167,357.1
TOTAL (3/31/2011)	2,357,528.1	234,195.1	626,455.2	2,498,453.8	719,724.5			N/A	357,225.9	N/A	N/A
TOTAL (1/5/2011)	N/A	N/A	N/A	N/A	N/A			N/A	373,797.7	N/A	N/A

¹³ Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives; prior to 6/30, did not include zero coupons. See addendum tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds aggregate prerefunded but not derivatives.

Addendum Tables – Outstanding by Rating¹⁴

\$ Millions

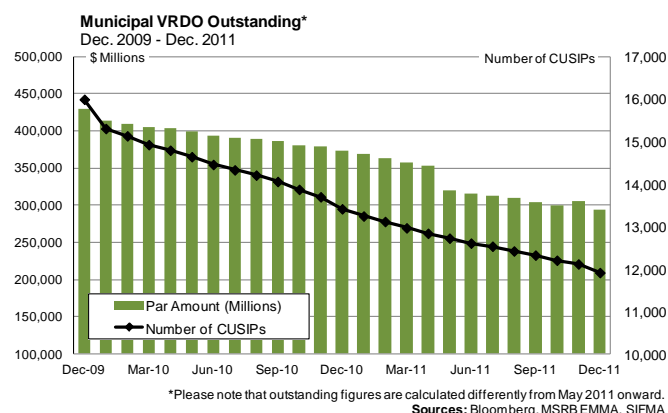
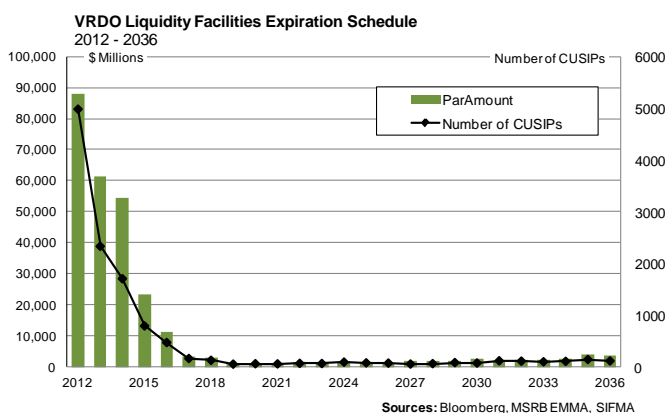
State	Rated	Unrated	AAA	AA	A	BBB	BB	B	CCC and Below
AK Alaska	10,525.8	683.5	1,365.7	5,770.5	2,103.8	866.1	282.4	137.3	-
AL Alabama	29,517.6	3,741.9	1,091.5	16,479.6	6,470.0	2,042.3	278.3	908.3	2,247.7
AR Arkansas	9,889.9	2,153.5	515.2	7,424.4	1,140.6	748.1	34.7	26.9	-
AZ Arizona	51,114.7	4,434.5	4,346.3	32,322.9	10,177.7	3,892.0	234.0	29.4	112.5
CA California	486,252.2	61,526.4	10,288.2	217,182.9	179,153.3	61,525.0	8,657.8	8,578.4	866.7
CO Colorado	50,066.4	6,608.4	4,226.8	28,618.2	9,585.9	7,337.4	-	285.1	13.0
CT Connecticut	41,869.1	2,684.2	10,197.8	24,684.5	5,663.1	1,094.5	130.6	-	98.5
DC District of Columbia	26,967.2	3,022.6	406.9	14,016.4	6,418.5	2,756.1	-	3,369.3	-
DE Delaware	7,938.1	578.6	2,706.5	3,351.6	945.1	935.0	-	-	-
FL Florida	146,329.8	19,213.7	6,149.2	72,178.1	56,661.7	10,518.3	664.2	2.7	155.7
GA Georgia	63,506.9	8,762.0	14,704.6	22,551.3	21,094.4	4,676.1	316.8	13.7	150.0
GU Guam	2,160.6	18.9	-	-	280.4	1,013.2	241.7	625.3	-
HI Hawaii	15,519.1	553.6	131.4	11,855.3	2,171.3	1,299.3	26.5	35.4	-
IA Iowa	18,047.4	2,891.8	2,129.3	8,007.3	6,397.6	1,189.3	319.1	-	4.7
ID Idaho	9,868.7	1,072.0	5,262.0	2,461.5	1,779.3	227.1	138.8	-	-
IL Illinois	148,143.2	10,395.0	7,469.7	60,606.6	70,942.0	8,517.6	442.1	97.3	67.8
IN Indiana	48,019.5	7,004.6	5,659.3	25,563.6	11,692.0	4,869.9	214.6	20.0	-
KS Kansas	19,272.6	2,981.5	2,461.2	11,564.4	3,370.3	1,871.1	3.0	2.6	-
KY Kentucky	33,587.5	2,113.1	3,383.2	17,640.9	9,402.0	3,091.5	57.9	-	11.9
LA Louisiana	33,520.7	2,354.8	4,150.8	14,032.9	7,655.5	7,478.8	165.1	37.5	-
MA Massachusetts	88,798.2	6,597.5	11,629.9	62,137.3	10,487.6	4,218.4	198.5	45.0	81.5
MD Maryland	44,459.8	4,003.8	16,616.9	19,365.6	5,200.0	2,644.1	545.5	87.7	-
ME Maine	8,315.3	272.0	582.7	5,794.3	1,354.3	543.0	-	41.1	-
MI Michigan	79,293.2	5,038.3	5,136.0	37,563.2	22,493.7	4,557.7	3,939.1	5,596.6	7.1
MN Minnesota	45,865.1	5,672.1	8,400.6	27,544.3	7,324.4	2,398.9	150.4	46.6	-
MO Missouri	49,681.8	5,786.8	7,538.0	29,010.3	9,030.2	3,757.4	171.6	39.5	134.8
MS Mississippi	17,568.8	2,119.5	2,090.9	11,700.0	2,203.6	1,498.2	48.8	27.4	-
MT Montana	5,200.2	8,391.3	1,660.7	2,144.7	1,197.7	167.1	-	30.0	-
NC North Carolina	53,490.6	2,745.6	13,512.1	28,512.6	8,298.4	3,134.9	21.5	11.2	-
ND North Dakota	3,690.2	372.5	262.7	2,265.8	985.7	175.9	-	-	-
NE Nebraska	14,435.2	2,972.4	1,204.3	7,835.1	4,656.4	706.1	-	33.3	-
NH New Hampshire	9,979.5	1,343.9	526.0	5,903.1	2,579.9	790.1	59.9	-	120.6
NJ New Jersey	112,027.5	8,992.1	7,825.8	34,559.7	55,317.6	9,652.4	2,364.1	2,307.9	-
NM New Mexico	14,438.5	1,071.9	1,527.9	10,896.4	1,025.2	897.4	91.6	-	-
NV Nevada	26,815.9	3,671.6	247.2	20,049.6	4,851.4	1,163.5	-	112.6	391.5
NY New York	328,455.8	30,099.6	22,814.9	223,985.0	57,429.4	17,603.7	4,310.6	1,623.7	688.5
OH Ohio	90,591.3	13,724.9	9,944.0	45,194.7	16,612.0	6,619.0	5,336.1	6,841.1	44.4
OK Oklahoma	16,903.0	2,495.6	2,881.1	8,825.8	3,957.5	1,027.1	211.5	-	-
OR Oregon	33,396.2	2,108.1	866.4	25,856.2	5,761.5	849.3	44.0	18.8	-
OT Other Territories	7,654.3	1,754.0	5,150.1	2,006.6	367.0	130.6	-	-	-
PA Pennsylvania	122,924.1	9,589.3	4,445.9	63,645.3	38,977.3	14,179.5	608.9	859.4	207.7
PR Puerto Rico	97,336.4	5,415.7	395.0	25,435.6	12,233.4	49,348.3	1,185.0	8,656.0	83.1
RI Rhode Island	13,236.2	905.4	913.1	6,008.4	1,754.8	1,626.9	112.3	2,798.8	21.9
SC South Carolina	34,182.0	3,921.1	2,530.3	22,223.1	6,298.6	3,035.5	45.0	49.4	-
SD South Dakota	4,514.1	2,950.2	167.0	3,134.7	886.1	285.9	10.2	-	30.2
TN Tennessee	40,202.9	3,914.1	4,624.3	23,377.1	9,017.7	3,090.9	92.9	-	-
TT Trust Territories	48.8	237.0	-	-	-	-	32.6	1.7	14.5
TX Texas	265,822.1	35,111.6	91,609.6	110,655.3	39,495.4	21,094.2	777.6	924.5	1,265.6
UT Utah	20,099.4	1,873.3	9,089.8	8,132.7	2,294.4	459.5	62.9	60.2	-
VA Virginia	58,753.6	3,538.6	17,326.9	30,777.5	5,721.2	2,726.9	1,169.6	1,023.4	7.9
VI Virgin Islands	2,378.7	11.0	1.4	79.2	15.5	1,888.8	355.7	38.0	-
VT Vermont	5,393.1	337.8	42.3	1,908.2	1,480.9	1,937.6	24.0	-	-
WA Washington	75,501.1	2,927.1	2,250.8	62,244.3	8,599.5	2,406.5	-	-	-
WI Wisconsin	39,834.7	4,697.9	2,038.4	29,211.6	6,711.0	1,832.7	22.0	19.1	-
WV West Virginia	9,989.1	1,381.3	496.7	2,482.6	3,295.9	1,092.8	806.8	1,814.3	-
WY Wyoming	3,812.9	72.0	315.8	2,289.9	980.2	226.9	-	-	-
TOTAL (12/31/2011)	3,097,206.3	328,911.3	343,311.1	1,599,068.9	772,000.0	293,716.5	35,005.7	47,276.2	6,827.8
TOTAL (9/30/2011)	3,107,208.1	329,640.2	357,736.6	1,605,400.9	751,464.5	279,879.4	36,285.4	47,445.2	7,905.3
TOTAL (6/30/2011)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL (3/31/2011)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL (1/5/2011)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹⁴ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's.

VARIABLE-RATE DEMAND OBLIGATIONS

Liquidity Facility Expiration Schedule, January 2012 - 2026¹⁵
As of December 31, 2011

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
By Type of Provider (\$ Millions)												
Bank	2,791.5	4,282.6	6,353.7	6,748.4	5,514.3	7,539.3	7,733.0	5,662.9	5,589.8	6,438.3	5,822.9	7,596.7
Corporate/Other		342.5		12.0	161.0		166.1	288.0	63.4	905.1	38.6	98.0
US Agency	13.4	27.3	40.5	105.3	275.7	336.4	212.5	455.9	353.7	151.4	405.0	11,431.1
By Number of Facilities												
# CUSIPs	132	218	318	327	364	449	421	492	431	415	383	1030
	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
By Type of Provider (\$ Millions)												
Bank	3,363.3	3,040.8	5,871.1	4,457.7	6,774.7	5,391.4	3,772.0	5,203.1	4,692.5	4,377.8	5,940.4	5,587.9
Corporate/Other	9.5	164.8		150.0	28.6	29.3	3.5	28.0	10.8	68.0	103.9	175.0
US Agency	46.2	57.9	660.6	255.3	210.7	168.5	87.6	265.8	69.6	26.4	182.9	244.7
By Number of Facilities												
# CUSIPs	201	106	209	158	204	219	182	196	193	166	237	260
	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
By Type of Provider (\$ Millions)												
Bank	2,768.9	1,961.8	4,297.5	4,836.9	4,902.2	5,508.1	3,513.6	4,769.2	4,656.9	4,787.3	4,663.9	5,152.9
Corporate/Other	16.7	172.4	16.4	12.7	2.0	23.0	105.6	14.9	3.1	61.0	663.2	203.5
US Agency	107.4	24.4	73.2	89.3	101.7	419.0	131.0	13.8	3.0	118.5	8.7	92.8
By Number of Facilities												
# CUSIPs	90	70	132	146	125	210	151	136	130	147	162	206
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
By Type of Provider (\$ Millions)												
Bank	21,753.7	9,543.5	2,754.2	1,627.4	385.4	265.1	242.6	519.8	138.1	276.5	243.3	20.8
Corporate/Other	1,013.4	1,198.5	273.3	655.9	48.7	400.6	311.6	694.5	734.0	813.0	845.2	568.4
US Agency	595.2	642.3	400.4	546.9	635.1	249.9	204.9	403.5	349.0	458.2	569.1	676.3
By Number of Facilities												
# CUSIPs	792	472	163	128	54	62	59	69	66	93	79	74



¹⁵ For more detailed breakouts of VRDO data, please refer to the Variable Rate Demand Obligations December 2011 update at sifma.org.

VRDO Interest Rate Snapshot – State and Remarketing Agent¹⁶
December 2011

State	Average	Median	# CUSIPs	Remarketing Agent (5 or more CUSIPs)	Average	Median	# CUSIPs
AK	0.136	0.095	18	J.P. Morgan Securities Inc	0.160	0.110	512
AL	0.431	0.165	67	Wells Fargo	0.180	0.103	512
AR	0.358	0.176	9	Banc of America Securities LLC	0.236	0.150	414
AZ	0.177	0.113	69	Merrill Lynch, Pierce, Fenner	0.218	0.113	407
CA	0.217	0.093	676	Citigroup Global Markets Inc	0.131	0.100	395
CO	0.210	0.118	180	PNC Capital Markets LLC	0.132	0.108	343
CT	0.239	0.120	77	Morgan Stanley & Co. Incorporated	0.203	0.103	279
DC	0.229	0.135	81	Goldman, Sachs & Company	0.155	0.101	276
DE	0.168	0.113	20	RBC Capital Markets Corporation	0.216	0.113	266
FL	0.169	0.113	276	BC Ziegler and Company	0.217	0.095	187
GA	0.227	0.118	151	Fifth Third Securities, Inc	0.228	0.222	177
HI	0.115	0.120	5	Scott & Stringfellow, LLC	0.123	0.118	162
IA	0.162	0.148	41	Bardays Capital Inc	0.307	0.100	148
ID	0.157	0.110	15	Piper Jaffray & Co.	0.304	0.145	124
IL	0.203	0.120	336	Stern Brothers & Co.	0.203	0.110	122
IN	0.193	0.130	176	Manufacturers and Traders Trust Co.	0.154	0.160	121
KS	0.153	0.110	35	Morgan Keegan & Company	0.446	0.160	119
KY	0.281	0.145	79	SunTrust Robinson Humphrey, Inc	0.322	0.375	114
LA	0.373	0.155	80	George K Baum & Company	0.183	0.113	111
MA	0.150	0.103	185	Jefferies & Company, Inc	0.211	0.110	90
MD	0.217	0.120	144	KeyBanc Capital Markets Inc	0.272	0.300	84
ME	0.477	0.113	11	TD Securities	0.092	0.093	60
MI	0.244	0.160	192	William Blair & Company, LLC	0.188	0.115	56
MN	0.161	0.143	143	BNY Mellon Capital Markets, LLC	0.266	0.110	54
MO	0.214	0.113	95	Red Capital Markets, Inc	0.114	0.098	49
MS	0.313	0.128	53	Thornton Farish Inc	0.362	0.180	49
MT	0.127	0.110	3	Lancaster Pollard & Co.	0.260	0.170	48
NC	0.140	0.110	258	Stone & Youngberg LLC	0.625	0.150	48
ND	0.156	0.120	5	Robert W Baird & Co., Inc	0.219	0.110	47
NE	0.213	0.164	20	Gates Capital Corporation	0.281	0.153	45
NH	0.165	0.113	38	BMO Capital Markets GKST Inc	0.123	0.130	40
NJ	0.247	0.099	140	Dougherty & Company LLC	0.262	0.128	39
NM	0.245	0.113	19	Cain Brothers & Co.	0.372	0.149	34
NV	0.209	0.108	19	Comerica Securities, Inc	0.150	0.160	34
NY	0.205	0.110	552	Zions First National Bank	0.169	0.105	33
OH	0.261	0.120	303	EJ De La Rosa & Co., Inc	0.148	0.088	30
OK	0.285	0.210	19	DA Davidson & Company	0.378	0.135	27
OR	0.162	0.110	36	Merchant Capital, LLC	0.354	0.136	27
PA	0.201	0.108	469	WR Taylor & Company, LLC	0.207	0.175	27
PR	0.073	0.076	4	Frazer Lanier Company, Inc	0.196	0.155	25
RI	0.303	0.153	25	Roosevelt & Cross Incorporated	0.355	0.170	25
SC	0.166	0.113	65	Westhoff, Cone & Holmstedt	0.217	0.138	21
SD	0.189	0.120	19	Loop Capital Markets, L.L.C.	0.372	0.115	18
TN	0.287	0.148	111	First Southwest Company	0.241	0.130	15
TX	0.195	0.113	181	Stifel, Nicolaus & Company, Inc	0.355	0.190	15
UT	0.155	0.111	34	Huntington Investment Company	1.447	1.650	14
VA	0.216	0.118	129	M&I Marshall & Ilsley Bank	0.500	0.133	14
VT	0.188	0.110	14	Northern Trust Securities, Inc	0.141	0.120	14
WA	0.174	0.116	102	Prager, Sealy & Co., LLC	0.108	0.090	14
WI	0.254	0.115	132	Sterne, Agee & Leach, Inc	0.397	0.100	12
WV	0.199	0.153	31	Raymond James & Assoc, Inc	0.125	0.108	10
WY	0.154	0.103	18	Synovus Securities Inc	0.441	0.162	9
ALL	0.213	0.113	5960	U.S. Bank	0.071	0.068	6
SIFMA SWAP	0.110			A. BRIDGE - Realvest Securities Corp.	0.387	0.383	5
				Mesirow Financial Inc	0.153	0.140	5
Sources: Bloomberg, EMMA, SIFMA				ALL	0.213	0.113	5960
				SIFMA SWAP	0.110		

¹⁶ Means and medians of currently outstanding CUSIPs resetting in December 2011. For CUSIPs resetting multiple times in the month, resets are averaged prior to being averaged against other CUSIPs so that each CUSIP has equal weight in the set. CUSIPs used are limited to 7-day tax-exempt VRDOs for comparability.

VRDO Interest Rate Snapshot – Bank Liquidity Provider, Industry, Type of Liquidity Provider and Credit Facility Type¹⁷
December 2011

Bank Liquidity Provider (5 or more CUSIPs)	Average	Median	# CUSIPs
BOA	0.179	0.148	724
JPM	0.122	0.110	702
WF	0.134	0.103	597
PNC	0.124	0.108	405
US Bank	0.111	0.108	394
TD	0.100	0.093	190
Fifth Third Bancorp	0.263	0.240	184
BBT	0.118	0.118	181
M&T	0.154	0.160	135
RBS	0.230	0.180	96
Bank of Montreal	0.122	0.120	95
Suntrust	0.363	0.473	94
Northern Trust	0.112	0.113	89
Tokyo Mitsubishi UFJ	0.176	0.108	82
Comerica	0.160	0.160	76
KeyCorp	0.283	0.300	71
Dexia	1.566	1.081	66
Citigroup	0.139	0.100	65
Landesbank Hessen-Thrhn	0.251	0.210	59
Santander	0.392	0.335	57
Bank of Nova Scotia	0.131	0.083	55
HSBC	0.120	0.110	50
Bardays	0.068	0.075	44
BNP Paribas	0.679	0.600	37
BNY Mellon	0.136	0.090	37
State Street	0.083	0.083	37
Regions	1.310	1.085	32
BBVA	0.639	0.650	28
Bayerische Landesbank	0.819	0.328	26
KBC Group N.V.	1.294	1.200	24
Lloyds Banking Group	0.104	0.088	22
Bank of America	0.218	0.170	19
Associated	0.804	0.191	18
Sumitomo Mitsui	0.097	0.083	17
Societe Generale	1.605	1.056	16
Hancock	0.260	0.155	15
Huntington	1.657	1.650	14
Landesbank Baden-Wurttemberg	0.378	0.280	14
Capital One	0.688	0.790	12
Deutsche Bank	0.156	0.163	12
Valley National	0.536	0.528	12
Allied Irish	4.009	4.163	10
Rabobank	0.171	0.191	10
Synovus	0.327	0.162	10
Zions	0.155	0.100	9
East West Bank	0.107	0.097	8
UBS	0.111	0.087	8
City National	0.276	0.120	7
Mizuho	0.386	0.080	7
Morgan Stanley	0.113	0.110	7
WestLB	0.266	0.276	6
Credit Agricole	0.597	0.500	5
Firstmerit Bank	0.220	0.200	5
Fulton Bank	1.512	1.475	5
ALL	0.222	0.118	5068
SIFMA SWAP	0.110		

Industry	Average	Median	# CUSIPs
Airport	0.230	0.100	37
Development	0.281	0.162	511
Education	0.256	0.139	530
Facilities	0.320	0.146	114
General Obligation	0.224	0.110	222
General Purpose	0.259	0.118	701
Healthcare	0.171	0.110	1346
Higher Education	0.149	0.110	707
Housing	0.316	0.106	24
Multifamily Housing	0.188	0.110	647
Nursing	0.215	0.130	445
Other	0.125	0.093	7
Pollution	0.216	0.122	139
Power	0.277	0.110	75
School Districts	0.218	0.110	59
Single Family Housing	0.283	0.110	58
Student Loans	0.107	0.095	4
Transportation	0.229	0.095	144
Utilities	0.251	0.110	34
Water	0.180	0.090	156
ALL	0.213	0.113	5960
SIFMA SWAP	0.110		

Liquidity Provider Type	Average	Median	# CUSIPs
Bank	0.222	0.118	5068
Corporate/Other	0.202	0.100	475
US Agency	0.118	0.110	600
ALL	0.213	0.113	5960
SIFMA SWAP	0.110		

Credit Facility	Average	Median	# CUSIPs
LOC	0.202	0.115	4735
SBPA	0.285	0.108	804
SELF	0.191	0.093	436
ALL	0.213	0.113	5960
SIFMA SWAP	0.110		

Sources: Bloomberg, EMMA, SIFMA

¹⁷ Means and medians of currently outstanding CUSIPs resetting in December 2011. For CUSIPs resetting multiple times in the month, resets are averaged prior to being averaged against other CUSIPs so that each CUSIP has equal weight in the set. CUSIPs used are limited to 7-day tax-exempt VRDOs for comparability. Certain bank liquidity facilities have been consolidated to the holding company level.

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.¹⁸

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.

Moody's Ratings¹⁹

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

¹⁸Authors' own definition.

¹⁹Moodys.com, "Ratings Definitions."

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.²⁰

Standard and Poor's Ratings²¹

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:

- 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 nonpayment 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.

²⁰The lowest rating is a "D" at both Moody's and Standard and Poor's.

²¹Standardandpoors.com "Long-Term Issue Credit Ratings," May 17, 2002.

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."²²

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, Correctional 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 Regions²³

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

²²Authors' own definition.

²³The 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.

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. Typically the 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.

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