



MUNICIPAL BOND CREDIT REPORT

First Quarter 2013

RESEARCH REPORT

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MARKET SUMMARY

While the year began with the resolution of the fiscal cliff, the market remained shadowed by concerns regarding the fate of the tax-exemption during the first quarter.

Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$81.3 billion in the first quarter of 2013, a decline of 11.8 percent from the prior quarter (\$92.1 billion) but an increase of 4.0 percent year-over-year (y-o-y). Volumes were slightly below the 10-year average of \$83.0 billion.

Tax-exempt issuance totaled \$68.1 billion in 1Q'13, a decline of 14.8 percent and 4.6 percent q-o-q and y-o-y, respectively. Taxable issuance totaled \$10.7 billion, an increase of 23.1 percent and 86.3 percent q-o-q and y-o-y, respectively. AMT issuance was \$2.5 billion, an increase of 131.7 percent from the prior quarter but a decline of 29.6 percent y-o-y.

By use of proceeds, general purpose led issuance totals in 1Q'13 (\$18.7 billion), followed by primary & secondary education (\$18.2 billion), and higher education (\$7.9 billion).

Refunding volumes stayed elevated in the first quarter but declined slightly as percentage of issuance (62.8 percent) compared to 4Q'12 (66.8 percent), but was still above 1Q'13 (57.2 percent).¹ With refundings still driving most municipal issuance volume, municipal supply, net of redemptions, continues to remain overall negative in the first quarter.

Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries moved higher in the first quarter, ending at 106 percent. The municipal market returned 0.8 percent on a total return basis in 1Q'13, compared to 0.6 percent in 4Q'12 and 3.4 percent in 1Q'12.

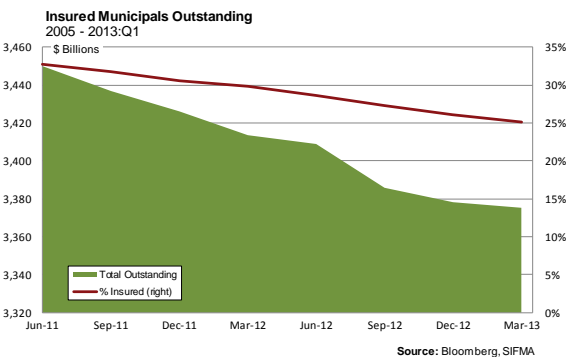
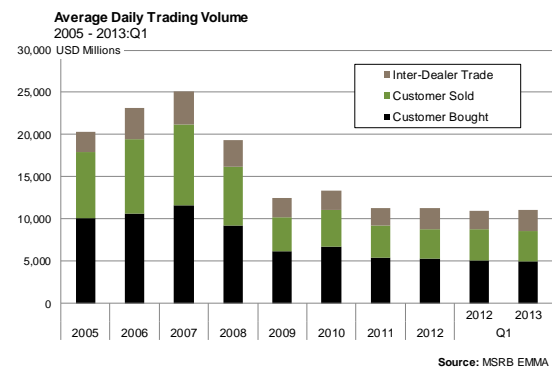
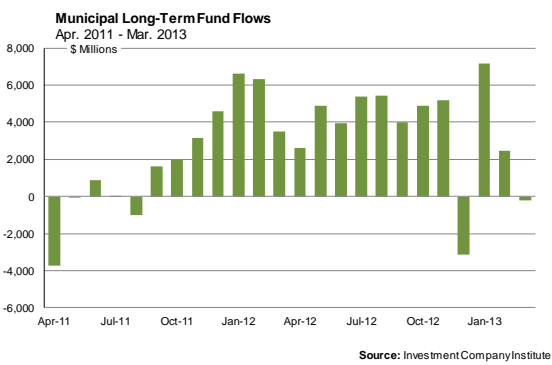
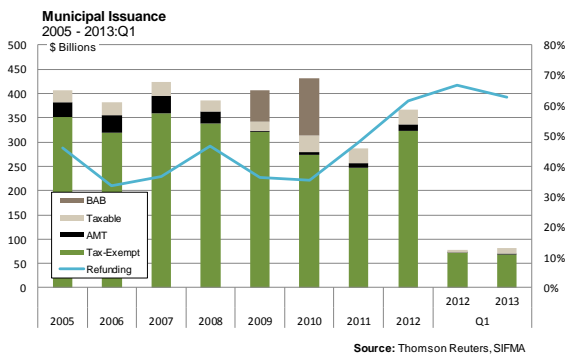
According to the Investment Company Institute (ICI), first quarter inflow into long-term municipal funds was positive, with \$9.4 billion of inflow, up from the prior quarter (\$6.9 billion of inflow), but down y-o-y (\$16.4 billion of inflow).

Tax-exempt money market funds reported a decline in assets in 1Q'13, reporting \$274.5 billion in assets under management, a drop of \$10.3 billion, or 3.6 percent of assets, from 4Q'12.

Trading Activity Declines Slightly; Dealer Inventories Decline Further

Trading activity declined q-o-q to \$11.05 billion in 1Q'13, a 1.5 percent decline from 4Q'12 (\$11.21 billion) but was an increase of 0.6 percent increase from 1Q'12 (\$10.98 billion). By number of trades, however, trading activity picked up by 7.6 percent and 3.0 percent q-o-q and y-o-y, respectively.

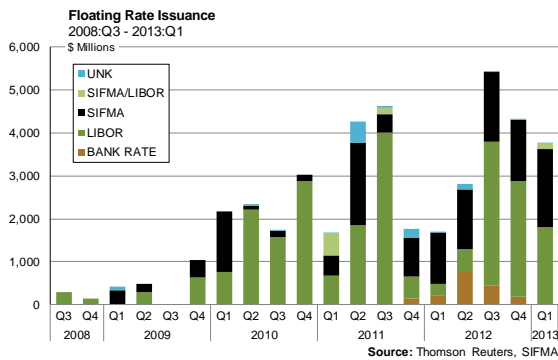
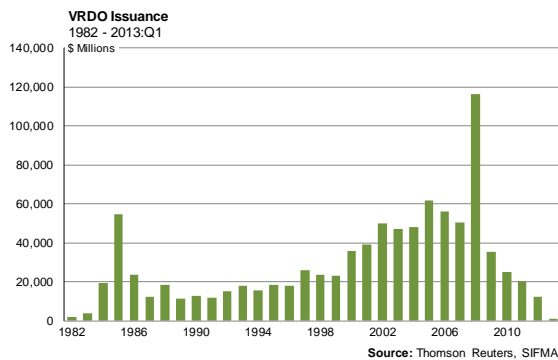
Broker-dealer inventories of municipals continue their steady decline. According to the Federal Reserve Flow of Funds, \$26.6 billion of municipals were held in broker-dealer inventories in the fourth quarter, compared to \$29.0 billion in 3Q'12 and \$30.9 billion in 4Q'11. Part of the decline may stem in part



¹ Percentages represent both full refundings and the full dollar amount of deals that contain both refundings and new financing.

Broker-Dealers Dropping Municipal Business Lines, 2012

Broker	Dealer
BC SECURITIES INC.	*
BERWYN FINANCIAL SERVICES CORP.	*
BIONDO ASSET MANAGEMENT LLC	*
CAPNET SECURITIES CORPORATION	*
CULLEN INVESTMENT GROUP, LTD.	*
FORETHOUGHT DISTRIBUTORS, LLC	*
GOLDMAN SACHS EXECUTION & CLEARING, L.P.	*
GOODWIN BROWNING & LUNA SECURITIES, INC.	*
HAVKIT CORPORATION	*
INTERCOASTAL CAPITAL MARKETS, INC.	*
J.D. NICHOLAS & ASSOCIATES, INC.	*
JBS LIBERTY SECURITIES, INC.	*
MS SECURITIES SERVICES INC.	*
NAVIGATE ADVISORS	*
PORTIGON SECURITIES INC.	*
RBS SECURITIES INC.	*
RIDEAU LYONS & CO.	*
THOMPSON DAVIS & CO., INC.	*
WELLS FARGO FUNDS DISTRIBUTOR, LLC	*



to the continuing deleverage in the broker-dealer industry.

Insured Bonds Reach New Lows

For the first quarter of 2013, \$2.1 billion of issuance, or 2.6 percent of all issuance in 1Q'12, was insured, reaching a new low, both by dollar amount and percentage represented. Despite the recent entry of a new insurer (Build America Mutual), currently only a quarter of all municipal deals outstanding are insured, compared to a third from only two years ago, in 2011.

VRDO Issuance Remains At All Time Lows, but Floating Rate Notes Pick Up

Issuance of variable-rate demand obligations (VRDOs), long-term municipal bonds with floating interest rates that reset periodically and a put feature, declined in the first quarter. According to Thomson Reuters, \$1.1 billion were issued in 1Q'13, a decline of 72.7 percent and 37.1 percent, respectively, q-o-q and y-o-y.

Basel III liquidity coverage requirements, which had originally required banks to hold liquid assets equal to 100 percent of liquidity commitments, were revised in early 2013.² Among changes were: expanding the definition of liquid assets; reducing the percentage of liquid assets required for liquidity commitments (revised downward from 100 percent to 30 percent); and lengthening the timeline to meet the liquidity coverage ratio, allowing for a gradual phase in by 2019.

In the first quarter of 2013, \$3.4 billion of floating rate notes (FRNs), were issued, representing 4.2 percent of all issuance, a new high. FRNs, which have historically been a rare phenomenon in the municipal market, have increasingly become popular with the demise of the auction rate market and the continued gradual decline in the VRDO market, with volumes picking up beginning in late 2008. Despite concerns over LIBOR, the use of the index remains pervasive; since 2009, approximately three-fifths (59.8 percent) of all FRNs issued have been LIBOR-indexed, while a third (35.3 percent) have been SIFMA-indexed. The balance of FRNs have been linked to rates privately set by banks in direct purchases.

Government Update

In early February, the U.S. Congress passed a short-term suspension of the federal debt ceiling, which would expire on May 19. Sequestration, the result of budget negotiations from 2011 and 2012, came into effect on March 1st, impacting approximately \$85 billion of federal spending. Among those programs affected by the sequester, the subsidy on Build America Bonds (“BABs”) and other direct pay municipal bonds were cut by 8.7 percent. Although a few issuers were reported to call their bonds on the sequestration – the majority of BABs hold an extraordinary redemption provision, but most of those are make-whole calls which are not currently “in the money” – most BAB issuers were well within the means to support their debt without the subsidy.

Shortly after the end of the first quarter, the Obama administration released its fiscal 2014 budget,³ which includes several provisions that would have an impact on the municipal market, which called to:

- cap the exemption of tax-exempt interest to 28 percent;

² Bank for International Settlements, [Basel Committee releases revised version of Basel III's Liquidity Coverage Ratio](#), January 7, 2013.

³ Executive Office of the President of the United States, [Budget of the U.S. Government, Fiscal Year 2014](#), April 10, 2013.

- reinstate the Build America Bonds program (now called “America Fast Forward” bonds) with a subsidy rate beginning from 28 percent (to upwards of 50 percent in certain sectors on a temporary basis);
- implement a “Fair Share Tax” on taxpayers with an adjusted gross income above a threshold;
- require current recognition of market discount accrual;
- simplify the arbitrage rules for tax-exempt bond issuers;
- eliminate the unrelated and disproportionate private use test;
- repeal remaining elements of the \$150 million cap for non-hospital 501(c)(3) bonds;
- increase volume cap for bonds for highway or surface freight transfer facilities;
- exclude private activity bonds for water infrastructure from state volume caps;
- eliminate certain private use restrictions for bond-financed research facilities;
- eliminate public ownership requirement for certain private-activity bond-financed facilities;
- provide tax-exempt bond issuance authority to tribal governments;
- amend New York City Liberty Zone tax credits;
- make New Markets Tax Credit permanent;
- amend and expand the Low-Income housing Tax Credit; and
- simplify the single-family mortgage bond qualification tests.

Housing continues to recover in nearly all regions, with the S&P Case-Shiller 20-city composite index reporting consecutive monthly increases from the low of 136.86 reached in January 2012. All metro regions reported recoveries in housing prices. The continued recovery in housing bodes well for property tax collections, albeit on a heavy lag.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 1Q'13⁴\$ Millions⁵

State	Total	G.O. Revenue		Tax-Exempt			Variable Rate (VRDO)					
		AMT	Tax-Exempt	Taxable	Convertible	Fixed Rate	Linked Rate	Rate Long	Rate Short	Zero		
Alabama	525.6	201.5	324.1	-	500.0	25.5	68.1	448.2	-	-	9.3	-
Alaska	459.5	283.7	175.8	-	302.8	156.7	-	314.7	144.7	-	-	-
Arizona	2,619.8	246.5	2,373.3	351.7	1,813.0	455.0	-	2,239.6	225.0	-	155.1	-
Arkansas	383.6	176.5	207.1	-	382.7	1.0	-	383.7	-	-	-	-
California	12,905.1	5,820.1	7,085.0	272.3	10,796.0	1,836.8	73.7	12,480.3	217.5	-	-	133.5
Colorado	1,274.1	425.8	848.3	-	1,128.3	145.9	-	1,273.7	-	-	-	0.4
Connecticut	1,217.9	921.8	296.1	-	1,217.8	-	-	923.2	244.6	-	50.0	-
District of Columbia	108.0	-	108.0	-	108.0	-	-	108.0	-	-	-	-
Delaware	638.8	374.2	264.6	-	550.9	87.9	-	581.3	-	57.5	-	-
Florida	3,092.6	788.2	2,304.4	170.1	2,911.3	11.1	-	2,860.8	200.0	-	-	31.8
Georgia	903.1	96.8	806.3	-	776.0	127.1	-	903.1	-	-	-	-
Guam	22.6	-	22.6	-	22.6	-	-	22.6	-	-	-	-
Hawaii	125.1	98.8	26.3	-	98.8	26.3	-	125.1	-	-	-	-
Idaho	40.1	2.8	37.3	-	39.9	0.1	-	40.0	-	-	-	-
Illinois	1,716.1	1,129.0	587.1	-	1,573.8	142.3	-	1,535.3	-	60.0	28.8	92.0
Indiana	1,192.4	77.0	1,115.4	676.8	432.3	83.3	-	1,192.4	-	-	-	-
Iowa	373.4	231.2	142.2	-	362.7	10.7	-	373.4	-	-	-	-
Kansas	527.7	303.2	224.5	-	499.6	28.1	-	381.2	-	-	146.5	-
Kentucky	1,122.7	56.2	1,066.5	-	405.6	717.1	-	558.9	563.8	-	-	-
Louisiana	715.3	111.8	603.5	59.9	537.9	117.5	-	708.8	-	6.5	-	-
Maine	484.0	103.5	380.5	-	379.7	104.4	-	484.1	-	-	-	-
Maryland	2,374.0	1,610.3	763.7	77.7	2,157.1	139.3	-	2,374.1	-	-	-	-
Massachusetts	2,116.6	1,311.5	805.1	59.7	1,761.1	295.7	-	1,886.0	230.5	-	-	-
Michigan	1,260.0	840.4	419.6	-	1,189.9	70.1	-	1,260.0	-	-	-	-
Minnesota	955.4	655.3	300.1	-	881.8	73.5	-	955.4	-	-	-	-
Mississippi	243.9	115.8	128.1	-	210.5	33.3	-	243.8	-	-	-	-
Missouri	838.2	370.3	467.9	-	650.0	188.2	-	838.1	-	-	-	0.2
Montana	70.7	41.4	29.3	-	65.4	5.3	-	58.7	-	-	12.0	-
Nebraska	261.0	165.2	95.8	-	249.9	11.1	-	261.0	-	-	-	-
Nevada	641.5	397.8	243.7	71.0	478.7	91.8	-	641.5	-	-	-	-
New Hampshire	208.2	14.1	194.1	-	88.2	120.0	-	208.2	-	-	-	-
New Jersey	4,978.1	713.2	4,264.9	268.3	4,295.8	414.0	-	4,452.6	380.5	-	145.0	-
New Mexico	282.1	197.5	84.6	-	282.0	-	-	282.0	-	-	-	-
New York	9,306.0	3,414.7	5,891.3	352.1	8,468.4	485.6	-	8,873.2	19.7	-	295.5	117.6
North Carolina	3,286.5	2,036.4	1,250.1	-	2,561.0	725.5	-	2,745.9	540.6	-	-	-
North Dakota	94.5	37.5	57.0	-	94.5	-	-	94.5	-	-	-	-
Ohio	4,268.5	1,425.7	2,842.8	-	2,924.2	1,344.4	-	4,252.2	-	-	-	16.3
Oklahoma	989.2	312.8	676.4	-	823.6	165.6	-	989.2	-	-	-	-
Oregon	1,613.2	1,246.4	366.8	-	1,276.4	336.8	-	1,613.2	-	-	-	-
Pennsylvania	2,064.6	1,012.2	1,052.4	-	1,942.0	122.6	-	1,824.9	176.1	-	63.6	-
Rhode Island	314.9	39.3	275.6	67.5	191.7	55.8	-	315.0	-	-	-	-
South Carolina	615.6	183.1	432.5	10.0	261.9	343.7	-	292.0	323.6	-	-	-
South Dakota	250.5	14.7	235.8	-	123.2	127.3	-	250.5	-	-	-	-
Tennessee	734.3	433.8	300.5	4.4	700.1	29.8	-	730.5	-	3.8	-	-
Texas	6,362.1	4,310.0	2,052.1	19.9	5,721.6	620.6	-	5,880.7	122.1	147.1	142.6	69.5
Utah	519.4	131.3	388.1	-	488.8	30.6	-	519.4	-	-	-	-
Vermont	34.2	-	34.2	-	34.2	-	-	18.2	-	16.0	-	-
Virginia	1,677.1	635.1	1,042.0	-	1,370.0	307.1	-	1,677.1	-	-	-	-
Washington	2,473.9	1,901.6	572.3	21.4	2,305.6	146.8	-	2,470.6	-	-	3.2	-
West Virginia	233.3	20.0	213.3	-	141.1	92.2	-	233.4	-	-	-	-
Wisconsin	1,641.9	749.5	892.4	27.8	1,399.9	214.2	-	1,641.9	-	-	-	-
Wyoming	103.4	16.1	87.3	25.1	78.2	-	-	103.4	-	-	-	-
ALL	81,260.3	35,801.6	45,458.7	2,535.7	68,056.5	10,667.7	141.8	75,925.6	3,388.7	290.9	1,051.6	461.3

⁴ Issuance totals do not include private placements.⁵ Due to securities falling into more than one category within subcategories, state breakouts are not identical to other non-state-specific breakdowns, particularly related to coupon types (e.g., zeros are higher by dollar amount when broken out by state but would instead be assigned to the convertible or fixed rate categories when not broken out by state). This is a quirk of the SDC database.

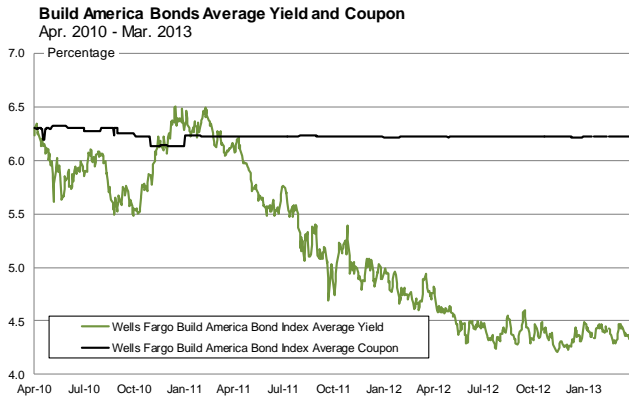
State	Total	Refunding		
		New Financing	& New Refinancing	Refunding
Alabama	525.6	322.5	49.3	153.7
Alaska	459.5	320.5	127.1	11.9
Arizona	2,619.8	420.2	1,291.2	908.3
Arkansas	383.6	22.9	20.3	340.5
California	12,905.1	5,877.2	945.0	6,083.0
Colorado	1,274.1	118.4	258.3	897.5
Connecticut	1,217.9	809.4	166.4	242.0
District of Columbia	108.0	108.0	-	-
Delaware	638.8	29.8	455.5	153.5
Florida	3,092.6	557.3	672.7	1,862.5
Georgia	903.1	298.4	157.6	447.1
Guam	22.6	-	-	22.6
Hawaii	125.1	-	98.8	26.3
Idaho	40.1	33.1	-	6.9
Illinois	1,716.1	686.0	391.0	639.0
Indiana	1,192.4	893.8	62.1	236.5
Iowa	373.4	191.0	51.3	131.1
Kansas	527.7	142.8	59.5	325.5
Kentucky	1,122.7	783.5	29.1	310.1
Louisiana	715.3	291.8	-	423.5
Maine	484.0	167.2	138.8	178.0
Maryland	2,374.0	869.5	847.7	656.9
Massachusetts	2,116.6	1,144.0	357.2	615.4
Michigan	1,260.0	155.9	113.2	990.9
Minnesota	955.4	499.1	47.4	408.8
Mississippi	243.9	27.1	-	216.7
Missouri	838.2	144.4	195.7	498.1
Montana	70.7	31.0	9.8	30.0
Nebraska	261.0	74.1	66.8	120.1
Nevada	641.5	174.5	-	467.0
New Hampshire	208.2	-	59.1	149.1
New Jersey	4,978.1	1,731.9	36.7	3,209.5
New Mexico	282.1	239.5	42.5	-
New York	9,306.0	4,047.6	2,250.5	3,007.9
North Carolina	3,286.5	924.0	439.1	1,923.4
North Dakota	94.5	59.6	-	34.8
Ohio	4,268.5	1,242.1	2,003.9	1,022.5
Oklahoma	989.2	667.3	167.8	154.1
Oregon	1,613.2	425.4	314.1	873.7
Pennsylvania	2,064.6	1,343.4	204.1	517.1
Rhode Island	314.9	82.9	139.0	93.1
South Carolina	615.6	449.0	37.2	129.4
South Dakota	250.5	199.6	12.0	39.0
Tennessee	734.3	53.4	43.3	637.5
Texas	6,362.1	2,077.7	1,361.9	2,922.5
Utah	519.4	65.5	8.4	445.5
Vermont	34.2	16.0	-	18.2
Virginia	1,677.1	186.2	904.5	586.5
Washington	2,473.9	817.8	188.5	1,467.5
West Virginia	233.3	20.0	210.5	2.8
Wisconsin	1,641.9	373.0	693.9	575.0
Wyoming	103.4	11.5	62.2	29.7
ALL	81,260.3	30,226.8	15,791.0	35,242.2

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

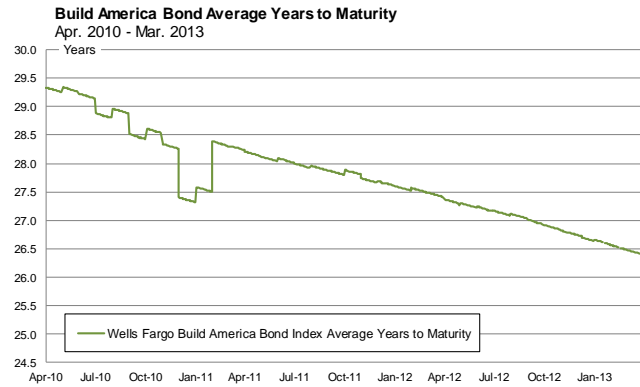
\$ Millions

Use of Proceeds	1Q'12	4Q'12	1Q'13	Q-o-Q	Y-o-Y
Agriculture					
Airports	2,177.2	3,330.5	950.3	-71.5%	-56.4%
Assisted Living	64.5	204.0	74.6	-63.4%	15.7%
Bridges		812.0	1,635.5	101.4%	
Childrens hospital	251.0		275.0		9.6%
Civic & convention centers	234.3	890.8	117.1	-86.9%	-50.0%
Combined utilities	239.2	845.0	70.2	-91.7%	-70.7%
Cont Care Retirement Community	225.0	1,110.6	664.0	-40.2%	195.1%
Correctional facilities	1,063.4	235.6	171.6	-27.2%	-83.9%
Economic development	591.3	561.8	3,082.4	448.7%	421.3%
Fire stations & equipment	33.1	88.2	56.0	-36.5%	69.2%
Flood control	63.1	108.1	116.2	7.5%	84.2%
Gas	34.3	1,476.4	12.8	-99.1%	-62.7%
General acute care hospital	2,087.9	5,876.1	4,093.8	-30.3%	96.1%
General Medical	305.5	21.8	390.9	1693.1%	28.0%
General purpose /public improvement	22,867.0	24,167.2	18,720.4	-22.5%	-18.1%
Government buildings	291.2	213.4	624.6	192.7%	114.5%
Higher education	9,176.9	5,638.0	7,891.8	40.0%	-14.0%
Hospital equipment loans					
Industrial development	242.8	876.0	91.2	-89.6%	-62.4%
Libraries & museums	335.1	295.6	417.4	41.2%	24.6%
Mass transportation	2,527.4	6,388.4	3,559.4	-44.3%	40.8%
Multi family housing	355.9	1,804.8	1,117.7	-38.1%	214.0%
Nursing homes	113.3	40.0	1.0	-97.5%	-99.1%
Office buildings	450.3		46.9		-89.6%
Other education	74.3	148.8	30.1	-79.8%	-59.5%
Other recreation	188.1	67.1	302.4	350.7%	60.8%
Other transportation					
Parking facilities	111.4	138.1	92.8	-32.8%	-16.7%
Parks, Zoos & Beaches	169.4	158.2	182.4	15.3%	7.7%
Police stations & equipment	75.0	25.2	16.4	-34.9%	-78.1%
Pollution control	264.7	639.0	562.6	-12.0%	112.5%
Primary & secondary education	15,184.9	13,551.0	18,229.8	34.5%	20.1%
Public power	2,512.2	3,840.3	1,873.3	-51.2%	-25.4%
Recycling					
Sanitation	46.4	107.3	59.7	-44.4%	28.7%
Seaports /marine terminals	126.0	73.6	147.2	100.0%	16.8%
Single family housing	624.5	2,187.1	1,696.3	-22.4%	171.6%
Single speciality hospital	351.8	64.6	41.6	-35.6%	-88.2%
Solid waste	5.6	338.3	357.3	5.6%	6280.4%
Stadiums & sports complexes	45.0	37.3	446.4	1096.8%	892.0%
Student loans	307.0	2,069.0	1,665.2	-19.5%	442.4%
Telecommunications	10.0	43.1	6.8	-84.2%	-32.0%
Theatres	3.0	22.4	45.2	101.8%	1406.7%
Toll roads, highways & streets	2,920.1	6,245.0	3,681.6	-41.0%	26.1%
Tunnels		44.7			
Veterans (exclusing housing)					
Water & sewer facilities	11,403.0	7,344.3	7,641.9	4.1%	-33.0%
ALL	78,151.9	92,128.7	81,259.6	-11.8%	4.0%

BUILD AMERICA BONDS

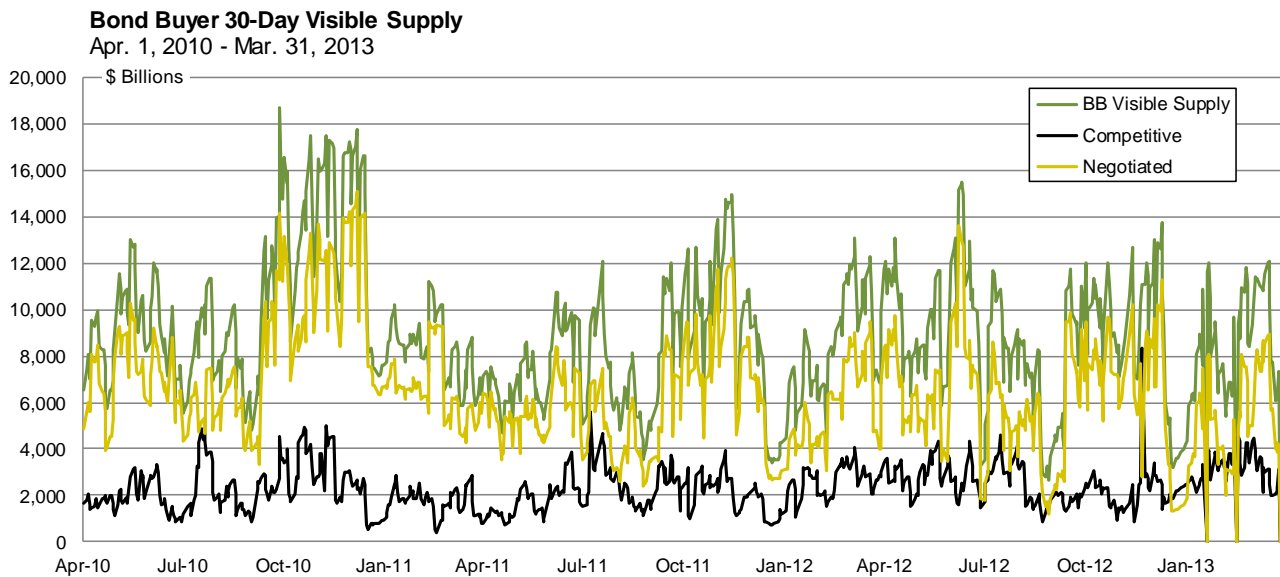


Source: Wells Fargo

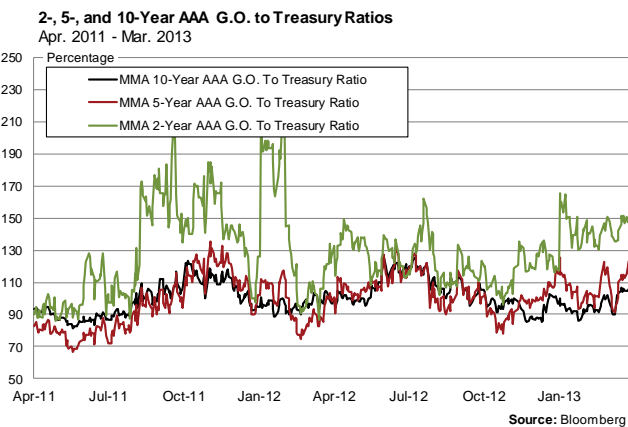


Source: Wells Fargo

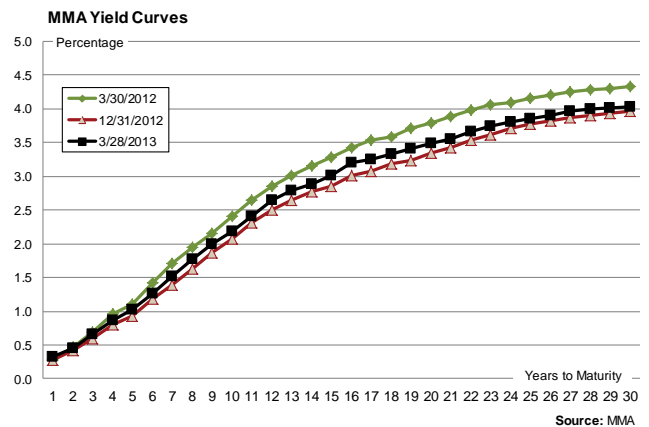
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS



Source: Bond Buyer, Bloomberg

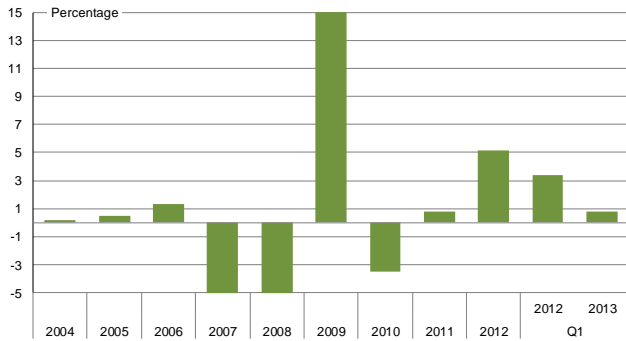


Source: Bloomberg



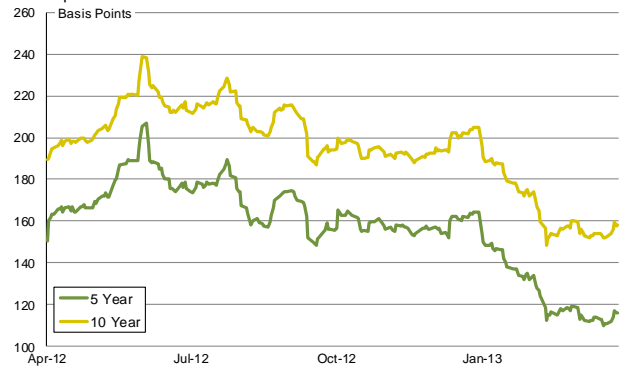
Source: MMA

Municipal Total Return
2004 - 2013:Q1



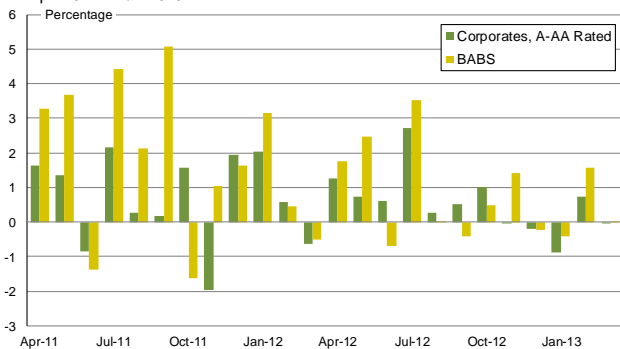
Source: Barclays

MCDX (5- and 10- Year)
Apr. 2012 - Mar. 2013



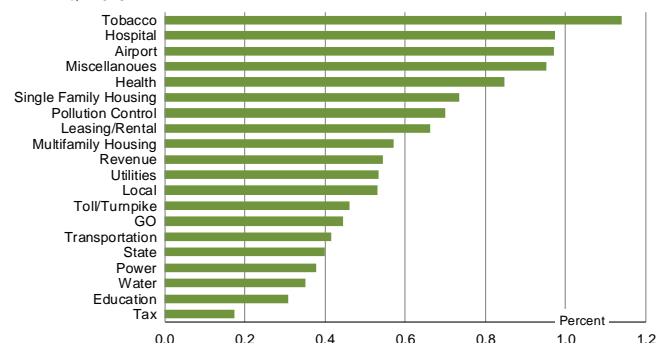
Source: Markit

Corporate versus Build America Bonds Total Return
Apr. 2011 - Mar. 2013



Source: Bank of America-Merrill Lynch

Total Return by Municipal Bond Sector
Q1 2013



Source: Bloomberg, EMMA

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
2012:Q1	1,072,857	529,180	798,916	2,400,953	316,269	226,685	137,657	\$680,611
2013:Q1	956,703	553,317	883,786	2,393,806	298,171	214,315	150,292	\$662,778
%Change	-11%	5%	11%	0%	-6%	-5%	9%	-3%

	# 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
2012:Q1	81%	13%	2%	4%	2,400,953	9%	11%	7%	72%	\$680,611
2013:Q1	82%	12%	2%	3%	2,393,806	10%	11%	7%	73%	\$662,778
%Change	1%	-8%	0%	-25%	0%	11%	0%	0%	1%	-3%

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
	2012:Q1	19%	11%	12%	11%	7%	8%	32%
2013:Q1	18%	11%	12%	9%	9%	8%	33%	\$662,778
%Change	-5%	0%	0%	-18%	29%	0%	3%	-3%

	Trades by Maturity					
	5+ Years to 10		10+ Years to 20		Total (Millions)	
	1 Year or Less	1+ Year to 5 Years	Years	Years		
2012:Q1	3%	9%	14%	31%	43%	\$680,611
2013:Q1	3%	9%	15%	30%	43%	\$662,778
%Change	0%	0%	7%	-3%	0%	-3%

	Trades by Source of Repayment				
	General Revenue	Obligation	Double Barrel	Not Available	Total (Millions)
	2012:Q1	69%	28%	2%	0%
2013:Q1	72%	26%	2%	0%	\$662,778
%Change	4%	-7%	0%	N/A	-3%

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
	2012:Q1	56%	38%	6%	0%
2013:Q1	56%	40%	3%	0%	\$662,778
%Change	0%	5%	-50%	N/A	-3%

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS (\$ millions) ⁶

State	California	Florida	Illinois	New Jersey	New York	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
Mar-12	148.4	20.0	214.5			40.0	56.5		479.4	13.0
Apr-12	56.0	30.0	383.8				35.0		504.8	3.9
May-12	173.0		26.2	1.0	35.0				235.2	9.4
Jun-12	67.8	5.0	140.4	2.9		0.2	25.9		242.2	6.1
Jul-12	54.1		48.8	5.0			10.0		117.9	2.0
Aug-12	116.4		37.0	75.0	10.0	10.0	75.0		323.4	5.4
Sep-12	474.1		125.0	56.1			5.0		660.2	2.7
Oct-12	35.7		45.0		20.0				100.7	12.6
Nov-12	64.3	68.9	31.8	62.7	18.0	33.0	12.0		290.7	5.9
Dec-12	20.0	27.0	28.2	1.0	21.5	10.0	1.4		109.1	4.7
Jan-13	200.0		21.7	5.2	5.0	0.4	13.1		245.3	9.8
Feb-13	235.0	40.0	161.0	15.0	2.2	54.9	119.1		627.2	10.5
Mar-13	85.0	25.0	105.1	10.0	25.0	40.0	60.0	10.0	360.1	7.8
1Q'13	520.0	65.0	287.8	30.2	32.2	95.3	192.2	10.0	1,232.6	9.4
Q-o-Q	333.3%	-32.2%	174.0%	-52.6%	-45.9%	121.8%	1334.0%		146.3%	
Y-o-Y	59.5%	62.5%	-15.8%	-81.8%		73.3%	53.4%		17.0%	

Source: DTCC

CDS Spreads for Single Name States (5- and 10-year, bps)

5-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
3/31/2011	246.0	211.0	135.0	154.0	151.0	112.0	150.0	109.0	105.0	105.0	119.0	102.0	83.0	88.0	77.0	63.7	76.0
6/30/2011	201.0	141.4	122.0	128.0	138.0	101.0	130.0	90.0	91.0	99.0	92.0	78.0	69.0	73.0	60.0	46.6	67.0
9/30/2011	263.0	226.0	156.0	155.0	151.0	150.0	142.0	135.0	126.0	121.0	119.0	118.0	88.0	82.0	82.0	81.7	51.5
12/31/2011	285.0	234.1	134.0	116.0	176.0	171.0	154.0	152.0	137.0	151.0	143.0	124.0	90.0	85.0	91.0	N/A	108.0
3/30/2012	217.0	180.2	127.0	99.0	140.0	122.0	132.0	122.0	103.0	124.0	118.0	87.0	71.0	71.0	82.0	59.0	85.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
9/30/2012	205.0	195.2	119.0	111.0	135.0	124.0	119.0	111.0	94.0	97.0	93.0	87.0	97.0	68.0	65.0	48.9	60.0
12/31/2012	179.0	151.5	108.0	110.0	111.0	112.0	114.0	82.0	75.0	83.0	88.0	79.0	86.0	52.0	62.0	43.3	62.0
3/31/2013	139.0	88.1	84.0	76.0	76.0	76.0	84.0	61.0	51.0	51.0	59.0	48.0	47.0	45.0	45.0	34.5	48.0
Q-o-Q	-22.3%	-41.8%	-22.2%	-30.9%	-31.5%	-32.1%	-26.3%	-25.6%	-32.0%	-38.6%	-33.0%	-39.2%	-45.3%	-13.5%	-27.4%	-20.2%	-22.6%
Y-o-Y	-35.9%	-51.1%	-33.9%	-23.2%	-45.7%	-37.7%	-36.4%	-50.0%	-50.5%	-58.9%	-50.0%	-44.8%	-33.8%	-36.6%	-45.1%		-43.5%

Source: CMA Datavision

10-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
3/31/2011	240.0	215.0	136.0	146.0	153.0	113.0	151.0	117.0	105.0	135.0	119.0	109.0	80.0	88.0	76.0	75.0	82.0
6/30/2011	215.0	185.0	124.0	125.0	140.0	112.0	129.0	96.0	91.0	117.0	93.0	89.0	69.0	77.0	65.0	54.8	77.0
9/30/2011	280.0	266.7	181.0	173.0	182.0	153.0	177.0	154.0	142.0	147.0	135.0	140.0	105.0	105.0	100.0	100.0	110.0
12/31/2011	297.0	269.4	166.0	154.0	207.0	173.0	188.0	172.0	155.0	167.0	160.0	147.0	108.0	108.0	109.0	N/A	125.0
3/30/2012	240.0	206.9	155.0	135.0	160.0	133.0	154.0	135.0	130.0	137.0	129.0	124.0	88.0	90.0	93.0	75.5	99.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
9/30/2012	254.0	209.4	157.0	146.0	157.0	141.0	152.0	124.0	121.0	123.0	120.0	121.0	96.0	86.0	88.0	75.6	79.0
12/31/2012	234.0	191.2	156.0	150.0	156.0	140.0	153.0	129.0	111.0	120.0	122.0	121.0	90.0	85.0	87.0	72.5	89.0
3/31/2013	191.0	130.4	124.0	111.0	117.0	100.0	124.0	99.0	87.0	87.0	96.0	79.0	71.0	67.0	68.0	60.9	68.0
Q-o-Q	-18.4%	-31.8%	-20.5%	-26.0%	-25.0%	-28.6%	-19.0%	-23.3%	-21.6%	-27.5%	-21.3%	-34.7%	-21.1%	-21.2%	-21.8%	-15.9%	-23.6%
Y-o-Y	-20.4%	-36.9%	-20.0%	-17.8%	-26.9%	-24.8%	-19.5%	-26.7%	-33.1%	-36.5%	-25.6%	-36.3%	-19.3%	-25.6%	-26.9%		-31.3%

Source: CMA Datavision

⁶ "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."

OUTSTANDING MUNICIPAL DEBT

Outstanding and by State, Maturity, and Security Type⁷

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2012:Q4 Total Outstanding	% Change
AK Alaska	11,028.2	3,040.9	7,987.4	847.8	10,180.5	10,547.4	4.6%
AL Alabama	31,648.9	5,929.5	25,719.3	1,017.3	30,631.6	31,905.2	-0.8%
AR Arkansas	12,273.3	4,755.3	7,518.0	469.7	11,803.6	12,385.6	-0.9%
AZ Arizona	54,877.7	10,670.5	44,207.2	2,179.2	52,698.5	54,114.0	1.4%
CA California	551,610.6	194,172.0	357,438.6	33,090.0	518,520.7	551,870.1	0.0%
CO Colorado	56,667.2	12,404.1	44,263.1	2,888.1	53,779.1	57,163.7	-0.9%
CT Connecticut	43,498.2	23,151.6	20,346.5	3,438.1	40,060.1	43,856.6	-0.8%
DC District of Columbia	29,475.8	2,679.6	26,796.2	1,266.9	28,208.9	29,531.2	-0.2%
DE Delaware	7,977.8	2,555.2	5,422.6	384.0	7,593.8	7,508.9	6.2%
FL Florida	153,582.4	17,927.4	135,655.0	6,098.9	147,483.5	154,584.2	-0.6%
GA Georgia	70,097.6	15,559.9	54,537.6	2,910.8	67,186.7	70,707.4	-0.9%
GU Guam	2,219.7	412.8	1,807.0	23.2	2,196.6	2,221.8	-0.1%
HI Hawaii	15,724.6	9,456.1	6,268.6	820.2	14,904.4	15,749.2	-0.2%
IA Iowa	20,791.0	5,964.2	14,826.8	1,047.2	19,743.7	20,662.2	0.6%
ID Idaho	9,997.9	5,445.6	4,552.2	1,075.5	8,922.4	10,097.4	-1.0%
IL Illinois	156,644.4	77,665.5	78,978.9	5,905.8	150,738.6	157,198.3	-0.4%
IN Indiana	53,991.3	1,028.1	52,963.1	2,242.6	51,748.7	54,490.6	-0.9%
KS Kansas	22,062.7	8,827.3	13,235.4	1,675.2	20,387.5	21,984.9	0.4%
KY Kentucky	34,062.3	1,666.0	32,396.3	1,746.7	32,315.7	33,752.4	0.9%
LA Louisiana	33,603.5	6,267.6	27,335.9	1,069.1	32,534.4	34,166.8	-1.6%
MA Massachusetts	93,768.5	32,445.8	61,322.8	6,118.6	87,649.9	93,113.1	0.7%
MD Maryland	47,918.9	22,684.9	25,234.0	2,624.9	45,294.0	47,381.1	1.1%
ME Maine	8,222.1	1,753.9	6,468.2	540.4	7,681.7	7,913.0	3.9%
MI Michigan	80,475.6	25,252.4	55,223.2	3,771.3	76,704.3	81,246.7	-0.9%
MN Minnesota	48,317.7	22,905.5	25,412.3	2,996.3	45,321.4	49,613.6	-2.6%
MO Missouri	46,768.3	9,075.6	37,692.7	1,747.6	45,020.6	47,456.4	-1.4%
MS Mississippi	18,375.5	6,321.2	12,054.3	674.7	17,700.8	18,496.4	-0.7%
MT Montana	11,553.1	8,517.5	3,035.6	738.0	10,815.1	12,035.0	-4.0%
NC North Carolina	55,282.2	13,569.8	41,712.4	2,545.8	52,736.4	55,242.9	0.1%
ND North Dakota	4,114.9	1,171.5	2,943.4	221.9	3,892.9	4,108.9	0.1%
NE Nebraska	17,488.1	4,700.4	12,787.7	994.4	16,493.7	17,547.4	-0.3%
NH New Hampshire	10,377.6	2,330.1	8,047.4	471.4	9,906.2	10,355.5	0.2%
NJ New Jersey	119,267.2	23,912.0	95,355.3	10,927.1	108,340.1	118,131.4	1.0%
NM New Mexico	14,452.8	3,046.4	11,406.5	833.4	13,619.5	14,392.3	0.4%
NV Nevada	29,375.0	14,507.8	14,867.1	1,264.3	28,110.7	29,466.4	-0.3%
NY New York	366,380.4	81,032.6	285,347.9	18,673.6	347,706.8	363,523.4	0.8%
OH Ohio	105,365.4	28,962.9	76,402.5	4,932.0	100,433.4	103,671.0	1.6%
OK Oklahoma	19,615.6	3,433.5	16,182.1	1,392.9	18,222.7	19,136.5	2.5%
OR Oregon	34,790.4	19,157.9	15,632.5	2,085.1	32,705.3	34,495.5	0.9%
OT Other Territories	9,058.0	25.0	9,032.9	20.7	9,037.3	9,123.0	-0.7%
PA Pennsylvania	130,992.1	43,258.7	87,733.4	6,643.2	124,348.9	131,064.4	-0.1%
PR Puerto Rico	105,052.9	11,019.1	94,033.8	1,277.3	103,775.6	105,259.7	-0.2%
RI Rhode Island	13,483.9	1,969.8	11,514.0	424.7	13,059.1	13,179.4	2.3%
SC South Carolina	35,905.5	8,222.4	27,683.1	2,060.5	33,845.0	36,241.2	-0.9%
SD South Dakota	7,008.3	3,115.4	3,892.9	366.9	6,641.4	7,114.4	-1.5%
TN Tennessee	38,696.3	13,378.8	25,317.5	1,704.9	36,991.4	39,513.3	-2.1%
TT Trust Territories	279.0	95.2	183.8		279.0	280.7	-0.6%
TX Texas	301,516.0	139,692.0	161,824.0	20,044.3	281,471.7	305,525.1	-1.3%
UT Utah	21,518.8	6,838.7	14,680.2	951.2	20,567.6	21,997.6	-2.2%
VA Virginia	63,224.6	12,749.7	50,475.0	2,855.7	60,368.9	63,385.1	-0.3%
VI Virgin Islands	2,367.7		2,367.7	48.5	2,319.2	2,368.6	0.0%
VT Vermont	6,253.2	637.6	5,615.6	273.8	5,979.4	5,578.1	12.1%
WA Washington	78,082.7	36,219.8	41,862.8	3,342.1	74,740.6	77,936.3	0.2%
WI Wisconsin	43,135.0	20,385.5	22,749.4	2,882.3	40,252.7	43,462.4	-0.8%
WV West Virginia	11,441.2	996.4	10,444.9	304.7	11,136.5	10,901.0	5.0%
WY Wyoming	3,532.7	136.8	3,395.9	83.6	3,449.1	3,482.5	1.4%
TOTAL (3/31/2013)	3,375,292.2	1,033,101.6	2,342,190.7	177,034.6	3,198,257.7	3,378,237.7	-0.1%
TOTAL (12/31/2012)	3,378,237.7	1,032,977.4	2,345,260.3	179,369.3	3,198,868.4		
TOTAL (9/30/2012)	3,385,831.1	1,034,909.2	2,350,921.9	180,072.7	3,205,758.5		
TOTAL (6/30/2012)	3,408,920.3	1,042,157.8	2,366,762.4	182,686.3	3,226,234.0		
TOTAL (3/31/2012)	3,413,573.1	1,043,450.8	2,370,122.3	178,406.1	3,235,167.0		

⁷ Outstanding includes both short- and long-term municipal debt, including certain preferred fund shares (e.g., VRDPS). "Due in 13 months" looks at original maturity and will not include securities with short puts unless original maturity is within 13 months. Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional 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 with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg).

Outstanding and by Tax Status, Coupon, Use of Proceeds, Purpose; Addendum Tables on Build America Bonds, Variable Rate Debt Obligations, Prerefunded, and Derivatives⁸

\$ Millions

State	Tax-Exempt	AMT	Taxable	Fixed	Zero	Other	Industry	Total Outstanding	Prerefunded Only	Derivatives Only
AK Alaska	8,851.0	897.1	1,280.2	8,349.4	285.5	2,393.3	Airport	84,272.6	642.4	365.4
AL Alabama	24,333.2	1,347.6	5,968.0	22,965.5	481.9	8,201.4	Development	133,856.0	2,003.0	1,118.5
AR Arkansas	6,973.6	511.4	4,788.2	10,850.6	384.7	1,038.0	Education	661,474.7	516.3	41.1
AZ Arizona	46,687.2	2,227.4	5,963.0	47,648.2	85.6	7,143.9	GO	666,301.3	4,228.2	2,011.6
CA California	435,082.6	21,123.8	95,404.2	390,639.6	77,535.2	83,435.8	Healthcare	271,928.2	30,260.4	24,419.9
CO Colorado	41,319.4	3,512.6	11,835.2	43,283.0	3,544.1	9,840.1	Housing	150,069.5	6,182.7	3,069.3
CT Connecticut	32,214.4	1,822.9	9,460.8	36,116.7	487.9	6,893.6	Other	678,708.7	2,311.4	700.0
DC District of Columbia	22,122.3	4,260.4	3,093.1	18,335.0	5,739.3	5,401.5	Public Facilities	16,420.0	1,028.7	1,861.2
DE Delaware	5,873.8	619.1	1,485.0	6,013.2	87.7	1,876.9	Student Loan	45,501.3	678.7	221.6
FL Florida	129,265.5	13,019.7	11,297.2	124,626.6	3,539.4	25,416.3	Transportation	225,551.1	5,570.7	9,347.2
GA Georgia	55,653.8	4,173.4	10,270.3	55,679.3	148.6	14,269.8	Utilities	441,210.5	3,986.3	2,117.2
GU Guam	2,044.9	108.0	66.9	2,104.3	115.5	-	TOTAL (3/31/2013)	3,375,293.8		6.2
HI Hawaii	12,586.0	1,273.5	1,865.1	15,014.0	51.2	659.4			1,762.1	965.1
IA Iowa	12,909.8	906.7	6,974.4	16,488.5	556.9	3,745.6			371.2	124.8
ID Idaho	4,505.5	797.0	4,695.4	5,103.3	79.7	4,814.9			469.3	92.1
IL Illinois	100,788.5	7,756.1	48,099.8	120,041.1	16,585.7	20,017.6			5,394.2	7,978.0
IN Indiana	37,702.2	3,990.2	12,298.9	38,205.6	1,201.4	14,584.3			3,742.9	1,973.9
KS Kansas	14,452.9	629.2	6,980.6	19,805.1	327.6	1,930.0			1,365.1	150.9
KY Kentucky	21,428.0	2,711.1	9,923.3	25,440.2	543.2	8,078.9			1,811.8	577.8
LA Louisiana	26,705.2	1,342.5	5,555.8	25,317.9	572.0	7,713.6			3,089.0	1,029.8
MA Massachusetts	77,894.9	4,445.7	11,427.9	74,396.5	1,157.9	18,214.1			7,790.2	5,962.0
MD Maryland	38,562.2	2,579.0	6,777.7	40,751.0	238.7	6,929.2			4,387.4	818.3
ME Maine	6,069.2	1,021.2	1,131.8	7,122.6	5.4	1,094.1			482.7	87.5
MI Michigan	59,488.9	4,906.9	16,079.8	56,717.9	8,237.6	15,520.2			4,522.0	3,072.8
MN Minnesota	33,189.6	2,647.8	12,480.4	40,215.0	818.2	7,284.6			1,374.6	693.6
MO Missouri	31,232.4	1,668.7	13,867.2	34,049.9	914.0	11,804.4			1,997.1	1,332.4
MS Mississippi	11,663.2	1,012.9	5,699.3	12,104.0	3.0	6,268.5			786.7	422.5
MT Montana	2,237.9	453.6	8,861.7	3,137.6	10.2	8,405.3			178.7	25.5
NC North Carolina	47,850.1	1,887.5	5,544.6	42,513.5	256.3	12,512.4			4,959.9	1,615.9
ND North Dakota	2,554.0	401.9	1,159.0	3,651.4		463.4			102.4	18.8
NE Nebraska	12,193.6	476.1	4,818.3	15,224.0	3.4	2,260.7			1,239.9	725.4
NH New Hampshire	6,994.2	1,098.4	2,285.0	7,195.9	155.2	3,026.5			565.4	241.6
NJ New Jersey	87,171.2	6,652.0	25,444.0	91,694.6	15,332.1	12,240.5			11,806.9	4,866.1
NM New Mexico	11,484.7	908.2	2,059.9	11,470.6	7.3	2,974.9			938.8	447.2
NV Nevada	22,310.4	3,586.8	3,477.7	22,353.7	963.4	6,057.9			1,863.7	1,631.8
NY New York	295,432.6	21,931.8	49,016.1	286,474.3	16,073.6	63,832.5			12,745.8	15,373.1
OH Ohio	73,601.7	3,883.2	27,880.5	74,255.6	8,247.2	22,862.6			8,396.1	2,864.2
OK Oklahoma	14,106.3	1,066.6	4,442.7	16,433.2	169.0	3,013.4			641.2	562.5
OR Oregon	21,513.1	1,522.4	11,754.9	28,641.0	3,258.3	2,891.2			2,393.3	340.2
OT Other Territories	2,067.4	6,470.0	520.6	843.7		8,214.2				19,368.9
PA Pennsylvania	94,219.3	6,449.8	30,323.1	94,929.5	8,414.2	27,648.4			5,742.5	5,202.9
PR Puerto Rico	84,366.1	677.9	20,008.9	58,707.3	37,336.2	9,009.4			3,536.7	3,035.1
RI Rhode Island	10,436.4	1,480.6	1,566.9	8,821.4	2,859.8	1,802.6			354.3	330.7
SC South Carolina	28,629.9	962.1	6,313.5	27,514.2	2,230.3	6,161.0			2,717.7	1,248.7
SD South Dakota	2,519.7	693.5	3,795.1	3,867.1	18.5	3,122.6			119.5	72.4
TN Tennessee	29,148.0	1,748.5	7,799.8	29,960.6	789.1	7,946.7			2,982.1	1,621.8
TT Trust Territories	235.2	43.8	-	139.0		140.0			36.2	
TX Texas	229,927.1	17,658.9	53,930.0	233,619.7	19,143.8	48,752.6			15,813.8	17,109.4
UT Utah	14,597.5	860.3	6,061.0	15,835.5	441.4	5,241.9			1,611.1	848.5
VA Virginia	49,116.9	4,465.2	9,642.6	52,873.8	2,068.3	8,282.5			5,923.0	1,411.8
VI Virgin Islands	2,222.4	20.2	125.1	2,316.8	48.1	2.7			19.2	9.5
VT Vermont	2,944.6	1,929.2	1,379.4	2,821.0	2.6	3,429.5			185.3	34.2
WA Washington	58,920.8	4,802.3	14,359.6	69,631.5	2,617.0	5,834.2			8,322.8	3,328.2
WI Wisconsin	27,927.8	1,846.0	13,361.3	36,836.0	449.2	5,849.8			2,743.7	1,316.7
WV West Virginia	5,904.8	1,002.4	4,534.0	6,454.9	2,851.4	2,135.0			513.5	309.0
WY Wyoming	2,194.3	992.8	345.6	2,003.2	1.0	1,528.5			41.2	29.6
TOTAL (3/31/2013)	2,542,428.2	187,283.7	645,580.4	2,547,604.4	247,474.8	580,213.0			193,249.7	154,550.6
TOTAL (12/31/2012)	2,553,983.5	192,376.7	631,877.5	2,540,851.4	246,906.5	590,479.8			180,504.7	156,857.9
TOTAL (9/30/2012)	2,552,093.8	200,319.3	633,418.1	2,532,844.3	248,206.1	604,780.7			179,492.4	156,204.4
TOTAL (6/30/2012)	2,565,411.4	207,574.0	635,934.9	2,543,043.8	246,394.6	619,481.9			182,283.1	174,997.5
TOTAL (3/31/2012)	2,566,167.1	217,869.5	629,536.5	2,534,383.1	240,916.1	638,273.9			169,289.4	174,663.7

⁸ Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional 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 with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg). Fixed rate debt does not include those multimodal bonds that are currently in long-term fixed rate mode.

Addendum Tables – Outstanding by Rating⁹

\$ Millions

State	Rated	AAA	AA	A	BBB	HY	NonRated
AK Alaska	10,199.6	1,721.0	5,609.1	1,857.5	518.4	493.6	828.7
AL Alabama	28,362.8	918.5	14,902.2	7,712.2	1,582.3	3,247.6	3,286.0
AR Arkansas	10,203.9	470.9	7,208.3	2,036.7	450.4	37.6	2,069.4
AZ Arizona	50,805.4	3,979.8	27,970.4	13,144.1	5,061.7	649.3	4,072.3
CA California	473,431.5	6,413.3	203,904.5	190,057.0	52,469.4	20,587.2	78,179.1
CO Colorado	49,813.1	3,699.4	28,570.2	10,667.3	6,575.5	300.7	6,854.1
CT Connecticut	40,995.6	8,896.5	24,843.2	6,615.7	422.3	217.9	2,502.6
DC District of Columbia	26,335.0	345.4	14,014.3	5,721.1	2,884.9	3,369.3	3,140.8
DE Delaware	7,425.5	2,420.0	3,465.2	899.2	566.2	75.0	552.3
FL Florida	134,401.8	3,639.3	59,276.7	63,426.7	7,064.8	994.3	19,180.6
GA Georgia	61,834.0	14,271.0	18,409.8	25,462.3	3,298.3	392.6	8,263.6
GU Guam	2,161.6	-	-	408.5	921.6	831.5	58.2
HI Hawaii	15,241.0	19.8	11,942.2	2,497.0	721.6	60.4	483.6
IA Iowa	16,745.6	2,061.2	7,045.5	5,793.1	792.8	1,053.0	4,045.3
ID Idaho	8,997.1	4,658.5	1,719.1	2,257.5	224.3	137.8	1,000.8
IL Illinois	147,215.3	7,433.0	55,309.1	76,684.6	7,072.8	715.9	9,429.1
IN Indiana	46,502.6	3,118.5	22,725.4	15,800.0	4,551.5	307.3	7,488.7
KS Kansas	19,219.2	2,110.1	10,999.8	5,058.7	940.6	110.0	2,843.4
KY Kentucky	32,283.8	2,269.8	15,123.7	12,606.3	2,190.8	93.3	1,778.5
LA Louisiana	31,359.7	3,056.5	12,214.9	9,995.4	5,966.3	126.6	2,243.8
MA Massachusetts	87,535.7	11,977.3	60,494.5	11,110.9	3,559.4	393.6	6,232.8
MD Maryland	44,232.0	17,986.9	17,847.6	5,481.0	2,348.2	568.3	3,687.0
ME Maine	8,000.2	61.6	4,485.2	2,694.5	696.4	62.5	221.9
MI Michigan	74,740.7	7,924.2	32,888.9	18,668.1	5,395.7	9,863.8	5,734.9
MN Minnesota	42,995.7	6,678.2	28,274.4	6,781.3	1,016.8	244.9	5,322.0
MO Missouri	39,182.6	4,868.6	20,332.7	10,806.4	2,922.2	252.8	7,585.7
MS Mississippi	15,325.4	706.2	11,052.6	2,354.9	1,199.3	12.4	3,050.1
MT Montana	3,466.5	-	2,256.7	1,073.5	106.3	30.0	8,086.6
NC North Carolina	52,882.2	12,303.2	27,307.2	9,988.8	3,225.2	57.9	2,400.0
ND North Dakota	3,730.4	191.9	2,141.9	998.9	397.7	-	384.4
NE Nebraska	14,119.3	663.0	8,007.6	4,936.5	503.4	8.9	3,368.7
NH New Hampshire	9,650.8	234.5	6,070.6	2,553.6	651.3	140.9	726.8
NJ New Jersey	110,081.6	6,908.6	26,970.0	63,470.3	6,893.3	5,839.4	9,185.7
NM New Mexico	13,874.7	1,384.1	10,243.9	1,184.4	905.2	157.1	578.2
NV Nevada	25,292.4	246.9	14,354.0	8,842.0	1,606.2	243.4	4,082.6
NY New York	334,817.9	21,218.9	224,428.7	70,134.4	10,676.8	8,359.0	31,562.5
OH Ohio	92,370.0	9,331.4	42,758.8	22,403.6	5,667.2	12,209.1	12,995.4
OK Oklahoma	17,111.4	2,313.3	9,086.1	4,636.3	749.8	325.8	2,504.1
OR Oregon	33,011.3	1,034.2	24,900.4	6,297.4	729.3	50.0	1,779.1
OT Other Territories	7,797.8	858.8	6,523.7	44.2	371.1	-	1,260.1
PA Pennsylvania	121,173.2	2,675.3	50,557.7	54,059.7	12,356.5	1,524.0	9,818.9
PR Puerto Rico	93,163.9	183.0	22,291.9	18,560.1	40,692.0	11,436.9	11,889.0
RI Rhode Island	12,511.0	783.4	4,970.2	2,667.7	1,133.1	2,956.5	972.9
SC South Carolina	31,766.9	1,028.2	20,880.4	7,561.4	2,213.5	83.5	4,138.6
SD South Dakota	4,302.1	210.3	2,641.8	1,366.7	83.3	-	2,706.2
TN Tennessee	34,084.1	1,431.4	21,585.0	7,347.9	3,700.6	19.2	4,612.2
TT Trust Territories	44.7	-	-	-	-	44.7	234.3
TX Texas	267,313.1	88,057.1	107,367.9	49,339.5	20,009.6	2,539.0	34,202.9
UT Utah	19,742.4	8,287.2	8,388.9	2,668.4	292.0	105.9	1,776.4
VA Virginia	59,072.1	16,310.9	31,917.2	5,397.4	3,289.3	2,157.3	4,152.5
VI Virgin Islands	2,081.2	1.2	-	87.2	1,954.7	38.0	286.5
VT Vermont	4,721.3	43.4	2,700.3	1,126.6	814.2	36.8	1,531.9
WA Washington	75,347.1	1,968.0	62,089.5	9,318.5	1,896.4	74.8	2,735.5
WI Wisconsin	39,141.1	1,883.3	27,691.3	8,051.9	1,422.4	92.1	3,993.9
WV West Virginia	9,483.3	371.4	2,047.7	3,501.5	956.5	2,606.2	1,958.0
WY Wyoming	3,475.7	312.5	1,769.8	1,200.7	192.8	-	57.0
TOTAL (3/31/2013)	3,021,176.0	301,941.0	1,492,578.5	885,416.9	244,904.2	96,335.3	354,116.3
TOTAL (12/31/2012)	3,024,755.1	402,778.6	1,501,326.7	761,662.8	263,449.6	95,537.5	353,482.6
TOTAL (9/30/2012)	3,040,293.3	303,302.9	1,598,735.4	768,698.4	272,665.2	96,891.4	345,537.8
TOTAL (6/30/2012)	3,067,760.2	318,337.2	1,611,176.6	765,574.9	278,686.2	93,985.4	341,160.1
TOTAL (3/31/2012)	3,087,291.3	321,167.0	1,611,384.0	767,977.9	278,259.5	108,502.9	326,281.8

⁹ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's; split-rated debt are therefore included in the HY category.

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.¹⁰

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 Ratings¹¹

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

¹⁰ Authors' own definition.

¹¹ Moodys.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.¹²

Standard and Poor's Ratings¹³

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.

Credit ratings are used by investors as indications of the likelihood of repayment in accordance

¹²The lowest rating is a "D" at both Moody's and Standard and Poor's.

¹³Standardandpoors.com "Long-Term Issue Credit Ratings," May 17, 2002.

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."¹⁴

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 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.

¹⁴Authors' own definition.

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