MUNICIPAL BOND CREDIT REPORT

First Quarter 2011

RESEARCH REPORT

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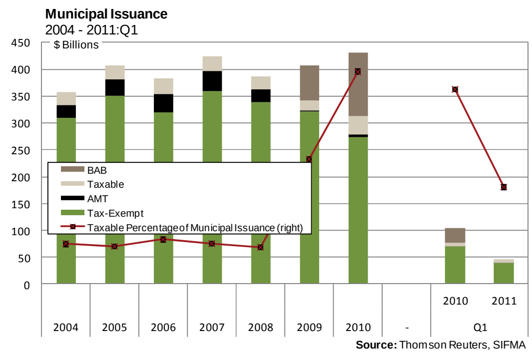
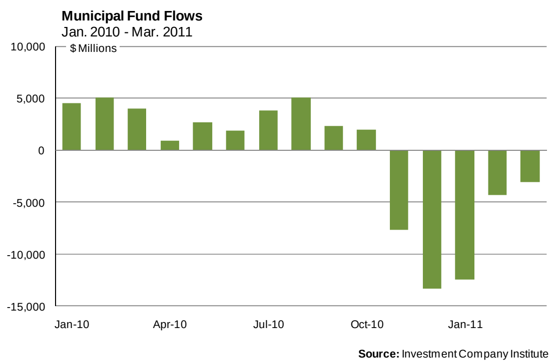
MARKET SUMMARY

The loss of the Build America Bond (BAB) program, negative headlines on municipal credit risks, light supply, price volatility and extremely weak demand from the traditional retail investor base led to a significantly soft first quarter in the municipal markets.

Municipal Issuance Overview



According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled $46.8 billion in the first quarter of 2011, less than a third of issuance than the prior quarter ($132.3 billion in 4Q'10) and less than half from first quarter of 2010. The increase in issuance in 4Q'10 partly contributed to weak supply in 1Q'11, but weak demand from the traditional retail investor base, high yields and a certain level of fiscal austerity stemming from negative headlines also contributed to light supply. At the current pace, full year issuance could fall short of $200 billion, a level not seen since 1996. However, a seasonal spike in issuance this summer could boost issuance for the year.



First quarter outflows from long-term municipal funds generally continued at the same pace as 4Q'10, although the outflows began slowing at the end of the quarter. According to Investment Company Institute (ICI) data, on net about $19.8 billion was withdrawn from municipal funds in 1Q'11, compared to outflows of $19.1 billion in 4Q'10 and inflows of $13.6 billion in 1Q'10. Continued headlines of state fiscal distress and the threat of government shutdown in 1Q'11 most likely contributed to the exit by the traditional investor base.

Tax-Exempt Issuance

Tax-exempt issuance totaled $38.6 billion in 1Q'11, a decline of 47.6 percent and 44.6 percent, respectively, from 4Q'10 ($73.6 billion) and 1Q'10 ($69.6 billion).

Weak demand for tax-exempt bonds and flight to safety from the European debt crisis and the earthquake in Japan drove ratios between the 30-year tax-exempt AAA G.O. yield and 30-year Treasury back above 100 percent. The curve steepened considerably in 1Q'11, with the difference between 1- and 30-year yields in 1Q'11 20 basis points (bps) greater than at the end of 4Q'10, and 53 bps year-over-year.

Taxable Issuance and the Build America Bond Program's Future

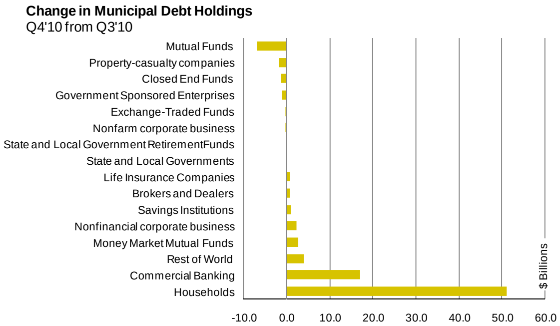
Due to the expiration of the BAB program, taxable issuance fell sharply in the first quarter of 2011 to $7.5 billion, down 86.7 percent from 4Q'10 ($56.4 billion, inclusive of BABs) and 77.6 percent from 1Q'10 ($33.5 billion, inclusive of BABs). Despite the expiration of BABs, taxable issuance continues to represent a relatively high share of issuance (16.1 percent in 1Q'11, compared to 7 percent in the 10 year period from 1999 to 2008, outside of the BAB program). While a few Congress-authorized programs have continued to sell (e.g., New CREBs, QECBs, QSCBs, and QZABS[1]), the high taxable share of issuance is due mainly to a single $3.7 billion taxable issue from the state of Illinois, issued primarily to fund its pension obligations.[2] It is the third pension obligation bond to be issued by the state since 2003 (the first and second respectively were a $10 billion issue in June 2003, the largest municipal issuance on record and $3.5 billion issued in January 2010 after the enactment of Public Act 96-0043).

Illinois' funded pension ratio, however, has continued to drift downward, from 60.9 percent in fiscal 2004 to 45.4 percent in fiscal 2010. According to data compiled from Standard and Poor's, Illinois

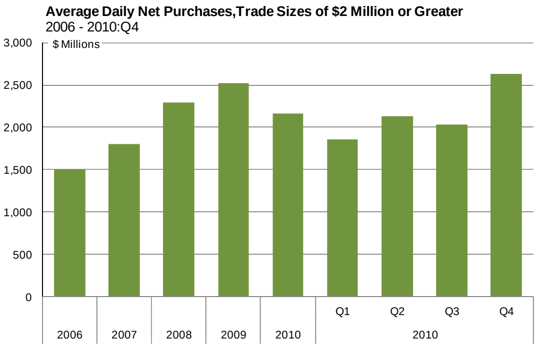
[1] CREB – Clean Renewable Energy Bonds; QECB – Qualified Energy Conservation Bonds; QSCB – Qualified School Construction Bonds; QZABs – Qualified Zone Academy Bonds.
[2] State of Illinois, General Obligation Bond Taxable Series of February 2011: http://emma.msrb.org/EP504139-EP393014-EP790226.pdf

has one of the lowest funded ratios among the states, although more generally state funded ratios for state pension funds have generally declined.[3] S&P noted that the combination of depleted rainy day reserves, fading federal stimulus funds, and increased social service demands meant that higher pension contributions would put pressure on stressed state budgets or force deferral.

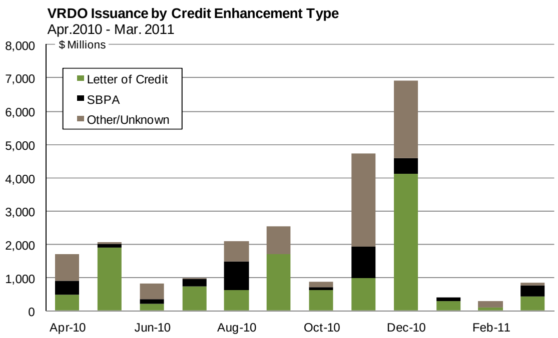
Efforts to revive the BAB program are not likely to gain traction. In February, President Obama unveiled his Fiscal 2012 Budget proposal,[4] which included a provision to reinstate the BAB program permanently (similar to the administration's last two budget proposals), albeit at a lower 28 percent Federal subsidy rate. The provision would also expand eligible uses for BABs.[5]



Source: Federal Reserve



Source: MSRB



Source: Thomson Reuters, SIFMA

While a number of bills (at least four within the first quarter) were introduced proposing to extend the BABs program, none have been formally considered by either the House of Representatives or Senate. Most of the bills propose to reinstate the BABs program for two additional years at reduced subsidy rates but include refundings; in addition, other extensions of the American Recovery and Reinvestment Act (ARRA) provisions, such as the small issuer bank qualified limit, were included in some of the legislation.

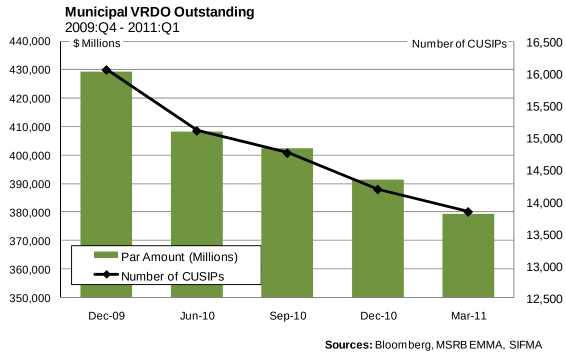
While tax-exempt bond yields have drifted upward in 1Q'11, BAB yields have declined in 1Q'11 from end-December 2010. According to the Wells Fargo BABs yield index, BAB yields fell 12 bps over 1Q'11, ending at 6.16 percent in March from 6.27 percent on December 31.

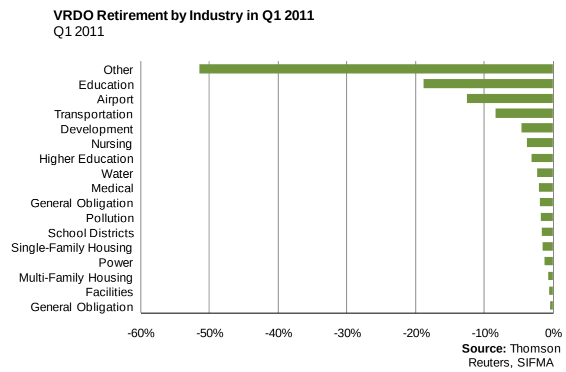
Who Were the Real Buyers of Municipal Debt in 4Q'10?

Despite significant outflows from municipal market funds in 4Q'10 and 1Q'11, suggesting a general flight from municipal debt by the traditional retail investor, Federal Reserve data implies otherwise. Fourth quarter data revealed a significant uptick (both by dollar amount and annualized percentage basis) on holdings of the so-called "household sector": an increase of $51.1 billion (a 21.0 percent increase on an annualized basis); other increases in holdings were from the commercial banking sector ($17.0 billion, an increase of 33.2 percent annualized); foreign buyers ($4 billion, a 25.3 percent increase annualized); savings institutions ($0.9 billion, an increase of 40.2 percent annualized); and nonfinancial corporates ($2.2 billion, an increase of 43.0 percent increase annualized). MSRB trading data for the fourth quarter, however, reveals a significant jump in net purchases from large block trades (trades of $2 million or greater): on net, large block trades bought $2.6 billion of municipal debt per trading day in the fourth quarter,[6] an increase of 29.7 percent from 3Q'10 (net $2.0 billion per trading day). As institutional buyers are generally the source of large block trades, both the increase in net purchases from large trading blocks and distribution of municipal debt holdings suggests that domestic hedge funds, rather than traditional households, may have been the primary contributor to the increase in "household" holdings.[7] Nonetheless, opportunistic buying from non-traditional investors remain generally insufficient to overcome weak demand from a retail investor base, particularly as the municipal market remains bifurcated on a tax basis.

[3] Standard and Poor's. "U.S. States' Pension Funded Ratios Drift Downward," March 31, 2011.
[4] Budget of the United States, Fiscal Year 2012. http://www.whitehouse.gov/omb/budget/Overview
[5] U.S. Treasury, General Explanations of the Administration's Fiscal Year 2012 Revenue Proposals
[6] As calculated by customer sold subtracted from customer bought from MSRB's Fact Book 2011 data.
[7] The L.100 table, Households and Nonprofit Organizations, is essentially a remainder category that not only includes households, but domestic hedge funds as well. Other research suggests the same; see Morgan Stanley (Zezas, Powers), "Muni Strategy Brief - Who Really Bought the Dip?" March 18, 2011.

VRDO Issuance and Update





Issuance of variable rate demand obligations (VRDOs), long-term municipal bonds with a floating interest rate that resets periodically (daily, weekly, or some other specified short-term period) and a put feature, continued to decline. In 1Q'11, $1.5 billion of VRDOs were issued, a decline of 88 percent and 62 percent respectively from 4Q'10 and 1Q'10. Net issuance remains deeply negative; with $379.2 billion outstanding at the end of 1Q'11, down 3.1 percent from $387.5 billion outstanding at end-December 2010. Certain sectors experienced deeper declines in outstanding: education (18.8 percent), airport (12.5 percent), and transportation (12.5 percent).

As of end-March 2011, $114.2 billion of letters of credit (LOCs) and standby bond purchase arrangements (SBPAs) were scheduled to expire in 2011, and $94.1 billion in 2012, for a total of $208.3 billion over the next two years.[8] About 27 percent of expiring facilities were from foreign banks[9] and 69 percent were from US banks in 2011. For 2012, 19 percent of expiring facilities were from foreign banks and 49 percent from US banks, but 16 percent of expiring facilities were those offered by the U.S. agencies and government sponsored enterprises (GSEs): the Federal Home Loan Banks (FHLB), Fannie Mae, or Freddie Mac. The jump in expiration share in 2012 by the US agencies and GSEs primarily stems from the pending expiration of the U.S. Treasury's Temporary Credit and Liquidity Program (TCLP) in December 2012. The TCLP was a 3-year $8.2 billion program enacted at the end of 2009 in which the GSEs, Fannie Mae and Freddie Mac, acted as a credit and liquidity provider (with the U.S. Treasury as the ultimate backstop) for VRDO programs of state and local government housing finance agencies. The program was jointly shared by the two GSEs on a 50-50 pro rata basis. Several covenants in the TCLP program were designed to encourage a transition to private liquidity providers while reducing the exposure of the GSEs from bank bonds/VRDO financing, but it remains to be seen whether housing finance agencies can successfully find private liquidity providers, make alternative arrangements (e.g., convert to fixed rate bonds or simply mandatorily tender), or whether the TCLP program might be extended. At an event co-hosted by SIFMA's Asset Management Group and Investment Company Institute, "Myth vs. Reality: What's Really Happening in the World of Municipal Bonds," a panelist noted that while their firm's pricing was "aggressive," liquidity was available in the VRDO space,[10] so private liquidity provider renewals may be available, but perhaps quite costly.

More generally, as the two GSEs are a significant provider of liquidity facilities to housing VRDOs outside the TCLP program[11] (although such facilities generally do not expire every few years as those from bank providers do), municipal housing finance agencies are exposed to the uncertainty of the future of the two GSEs. In February 2011, the U.S. Treasury released its white paper on housing reform, which included several possibilities on the future shape, form, and function of the GSEs.[12] While their future remain in flux, the Federal government has continued to reiterate its commitment in "ensuring Fannie Mae and Freddie Mac have sufficient capital to honor any guaran-

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[8] The number somewhat overstates the actual outstanding amount; as credit facilities are allotted the full amount of the bond par amount 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. For example, a bond with a liquidity facility provided from the U.S. Treasury's Temporary Credit and Liquidity Program would be counted twice as Fannie Mae and Freddie Mac jointly share the liquidity arrangement for all bonds they act as liquidity provider under this program. Actual outstanding commitments for the TCLP are reported to be $3.7 billion for Fannie Mae and $3.5 billion from Freddie Mac as of December 31, 2010.
[9] Based on domicile of ultimate parent holding company as of March 31, 2011.
[10] SIFMA, ICI, Myth vs. Reality: What's Really Happening in the World of Municipal Bonds?, March 17, 2011.
[11] As of December 31, 2010, Fannie Mae held $17.8 billion in commitments and Freddie Mac $9.7 billion; these numbers are inclusive of commitments from the TCLP. Fannie Mae & Freddie Mac 10ks. Approximately half of all housing related VRDOs outstanding (whether single or multifamily) have a liquidity arrangement from one or both the GSEs.
[12] U.S. Treasury, Reforming America's Housing Finance Market, February 2011.

tees issued now or in the future and meet any of their debt obligations."

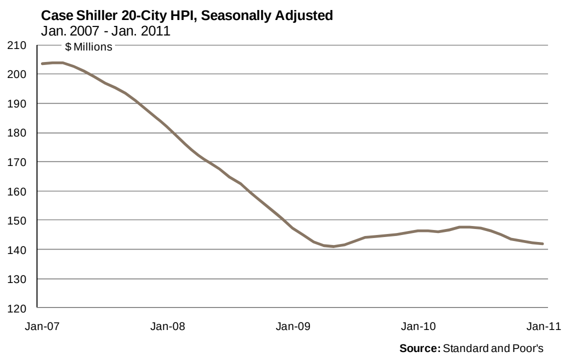
The SIFMA Municipal Swap Index, a seven-day high grade market index composed of tax-exempt VRDOs, ended March at 0.25 percent, and averaged 0.26 percent through 1Q'11.

Government Hearings & State and Local Government Update

The spate of news regarding state and local governments' fiscal straits prompted a number of Congressional hearings about the fiscal condition of municipal issuers, their effect on the municipal markets, whether states should be allowed to seek Federal bankruptcy protection and the status of their pension liabilities. Four hearings were conducted in the first quarter of 2011 regarding state bankruptcy and other issues: "State and Municipal Debt: The Coming Crisis?" (February 9, 2011: Oversight & Government Reform Subcommittee on TARP and Financial Services); "The Role of Public Employee Pensions in Contributing to State Insolvency and the Possibility of a State Bankruptcy Charter" (February 14, 2011: Judiciary Subcommittee on Courts, Commercial and Administrative Law); and "State and Municipal Debt: The Coming Crisis? Part II" (March 15, 2011: Oversight & Government Reform Subcommittee on TARP and Financial Services) and "State and Municipal Debt: Tough Choices Ahead" (Committee on Oversight and Government Reform).

No formal legislative proposals to allow states to seek Chapter 9 have been introduced and lawmakers on both sides of the aisle generally have backed off from the idea. However, Reps. Devin Nunes (R-Calif.), Paul Ryan (R-Wis.) and Darrell Issa (R-Calif.) introduced a bill, the Public Employee Pension Transparency Act, which would prohibit the federal government from bailing out any state or locality overwhelmed by pension liabilities. It would require that pension funds disclose internal assumptions for their liabilities and mandate that they determine their funding levels based on a more conservative set of benchmarks determined by Treasury bond rates. Public employee pension plans would also have to report their liabilities using a uniform accounting standard. Those governments that do not file the reports will not be able to issue tax-exempt bonds or receive federal government subsidy payments on taxable bonds. That legislation has yet to be formally considered by any committees.

To review, generally default (the missed payment of principal and/or interest) is rare and bankruptcy (specifically through Chapter 9) rarer still in the municipal market. In the 30-year period from 1980 to 2009, only 232 Chapter 9 cases were filed (compared to 14,000 Chapter 11s alone in 2009), predominantly from utilities (90) and special districts (53).[13] Beyond the various hurdles required to be overcome in a Chapter 9 filing (states cannot file; certain municipal issuers may not qualify; various state restrictions on issuer filings, etc.), CBO opined that it was not a panacea, as a Chapter 9 filing ultimately did not eliminate political dynamics and state laws that limited the ability of municipalities from addressing their fiscal problems, nor did fiscal gains from filing significantly outweigh the costs.[14]



The three credit rating agencies uniformly believe that most rated issuers were not considered expected to default on debt in the near- and medium-term, reiterating the strength of municipal credits generally; with Fitch stating that "significant credit deterioration . . . would likely be over multiple years."[15] Nonetheless, downgrades, rather than default, are more likely to be the biggest risk to municipal credit in 2011, as the three rating agencies expect downgrades to outpace upgrades in the upcoming year and have generally placed state and local government credits on negative outlook (with varying outlooks on specific subsectors in the municipal industry).

State and local governments will continue to experience budgetary pressure, both in the near- and long-term. Moodys noted that 2011 would be the toughest year for local governments since beginning of the economic downturn and expected a modest uptick in defaults as

[13] Chapman and Cutler. "Chapter 9: The Last Resort for Financially Distressed Municipalities", April 29, 2010.
[14] Congressional Budget Office. "Fiscal Stress Faced by Local Governments", December 9, 2010.
[15] Fitch Ratings. "2011 Outlook: U.S. Public Finance Sector Profiles," March 30, 2011.

revenues were expected to decline while costs on expenditure side were only expected to grow.[16] According to the Nelson A. Rockefeller Institute of Government, preliminary tax collection data for the fourth quarter of 2010 grew at 7.8 percent year-over-year, although underlying composition of the revenues have shifted.[17] While income and sales tax revenue showed growth (in part aided by stronger consumer spending in the fourth quarter of 2010), revenue collections from property taxes were finally impacted (the average lag between house values and collections is approximately three years[18]), falling by 3 percent year-over-year, and will continue to remain a drag for local governments who rely on property taxes for revenue. Preliminary data for the first quarter of 2011, however, suggest that tax revenue will continue to improve.

[16] Moodys. "Sector Outlook for US Local Governments – Toughest Year Yet." March 16. 2011.
[17] Nelson A. Rockefeller Institute of Government, "Tax Revenues Finished 2010 Strong; Growth Continues in Early 2011", April 19, 2011.
[18] Federal Reserve (Lutz, Molloy, Shan), "The Housing Crisis and State and Local Government Tax Revenue: Five Channels," August 2010.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE BY TYPE, 1Q'11[19]

Long-Term Municipal State Issuance by Type, 1Q'11
$ Millions

State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue
Alabama	347.2	39.4	307.8	Louisiana	412.0	328.3	83.7	Oklahoma	521.1	168.3	352.8
Alaska	180.6	75.4	105.2	Maine	178.8	98.5	80.3	Oregon	725.3	200.5	524.8
Arizona	665.0	413.1	251.9	Maryland	1,274.0	901.8	372.2	Pennsylvania	2,104.1	887.2	1,216.9
Arkansas	102.1	96.6	5.5	Massachusetts	1,939.4	1,123.5	815.9	Puerto Rico	884.5	798.5	86.0
California	4,286.3	823.8	3,462.5	Michigan	336.4	234.8	101.6	Rhode Island	76.8	29.9	46.9
Colorado	161.6	42.7	118.9	Minnesota	950.0	705.8	244.2	South Carolina	844.3	536.6	307.7
Connecticut	419.2	224.6	194.6	Mississippi	92.7	64.7	28.0	South Dakota	38.8	12.2	26.6
D. of Columbia	109.8	82.6	27.2	Missouri	386.1	205.7	180.4	Tennessee	420.2	127.5	292.7
Delaware	7.7	7.7		Montana	8.6	8.5	0.1	Texas	3,209.4	1,773.6	1,435.8
Florida	2,022.9	664.6	1,358.3	Nebraska	187.8	133.9	53.9	Utah	380.5	286.0	94.5
Georgia	1,271.1	288.4	982.7	Nevada	118.6	118.6		Vermont	20.3		20.3
Hawaii	3.6		3.6	New Hampshire	169.2	31.5	137.7	Virginia	412.1	283.2	128.9
Idaho	47.6	5.4	42.2	New Jersey	2,491.0	350.1	2,140.9	Washington	2,328.0	871.9	1,456.1
Illinois	4,942.6	4,499.8	442.8	New Mexico	261.1	261.1		West Virginia	168.2	52.8	115.4
Indiana	568.6	68.1	500.5	New York	6,675.9	2,107.2	4,568.7	Wisconsin	940.7	805.2	135.5
Iowa	350.1	151.3	198.8	North Carolina	1,356.9	158.6	1,198.3	Wyoming	73.4	19.9	53.5
Kansas	290.2	172.1	118.1	North Dakota	152.2	17.1	135.1				
Kentucky	449.3	21.6	427.7	Ohio	962.3	339.0	623.3				

G.O. Issuance	21,719.2
Revenue Issuance	25,607.0
*Total L-T Issuance	47,326.2

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

LONG-TERM MUNICIPAL ISSUANCE BY REGION, 1Q'11

Long-Term Municipal Issuance by Region, 1Q'11
$ Millions

General Obligation	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	21.4	211.0	1,121.3	781.0	1,170.2
Aa	1,677.9	2,117.0	3,661.8	1,440.3	932.6
A	31.4	3,771.8	591.3	29.5	39.8
Baa			11.5		
Below Baa			20.7		
Total Rated	1,730.6	6,099.8	5,395.1	2,250.6	2,142.6
Not Rated	393.4	1,073.2	1,248.1	315.1	1,071.0
Totals	2,124.0	7,173.0	6,643.1	2,565.7	3,213.6
% of Total L-T Volume	9.8%	33.0%	30.6%	11.8%	14.8%

Unenhanced General Obligation	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	306.7		211.0	1,121.3	781.0
Aa	875.7	1,344.7	1,901.3	3,070.9	1,360.3
A	39.5	31.4	3,770.1	169.2	29.5
Baa					
Below Baa				11.5	
Total Rated	1,221.9	1,376.1	5,882.4	4,373.0	2,170.6
Not Rated	637.5	263.8	677.4	789.2	225.3
Totals	1,859.4	1,639.9	6,559.8	5,162.1	2,395.9
% of Total L-T Volume	10.6%	9.3%	37.2%	29.3%	13.6%

Source: Thomson Reuters

Revenue	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	556.3	121.3	788.1	664.9	432.0
Aa	2,444.1	948.6	7,159.8	2,152.4	509.9
A	1,030.1	636.2	628.6	623.4	95.8
Baa	39.2	240.8	216.6	219.8	31.5
Below Baa					
Total Rated	4,070.5	1,946.8	8,793.0	3,660.5	1,069.2
Not Rated	1,577.5	695.8	914.5	1,570.6	1,308.2
Totals	5,648.0	2,642.6	9,707.5	5,231.2	2,377.5
% of Total L-T Volume	22.1%	10.3%	37.9%	20.4%	9.3%

Unenhanced Revenue	Far West	Midwest	Northeast	Southeast	Southwest
Aaa	556.3	117.8	788.1	664.9	432.0
Aa	2,137.2	871.0	6,685.2	1,632.4	412.8
A	1,013.1	617.2	628.6	389.2	95.8
Baa	39.2	240.8	216.6	217.9	31.5
Below Baa					
Total Rated	3,746.6	1,846.8	8,318.4	2,904.4	972.1
Not Rated	1,491.9	601.3	802.1	671.7	1,045.2
Totals	5,238.5	2,448.1	9,120.5	3,576.1	2,017.3
% of Total L-T Volume	23.4%	10.9%	40.7%	16.0%	9.0%

Source: Thomson Reuters

[19] Issuance totals do not include private placements.

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS, 1Q'11

Long-Term Municipal Issuance by General Use of Proceeds, 1Q'11
$ Millions

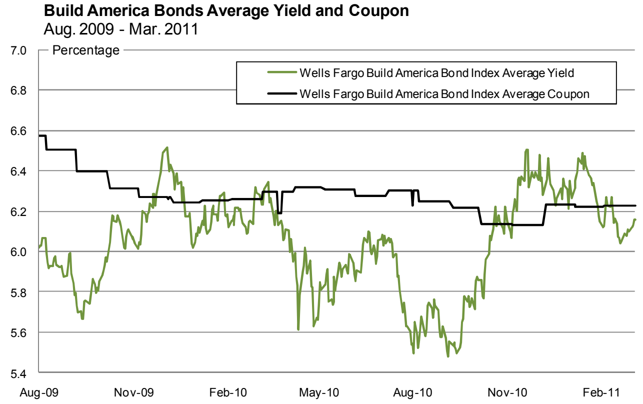
General Obligation Sector	Investment Grade	Number of Issues	Sub-Investment Grade Rating	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
Development	74.9	8.0			12.2	2	87.1	10
Education	6,854.1	524.0			196.5	84	7,050.6	608
Electric Power	34.3	4.0					34.3	4
Environmental Facilities	-	1.0			1.8	1	1.8	2
General Purpose	11,965.9	334.0	12	1	104.8	75	12,082.2	410
Healthcare	177.6	9.0			112.7	4	290.3	13
Housing	78.2	2.0			0.4	1	78.6	3
Public Facilities	513.0	63.0			35.3	24	548.3	87
Transportation	722.4	37.0			105.8	19	828.2	56
Utilities	605.8	83.0			149.9	49	755.7	132
Total	21,026.2	1,065	11.5	1.0	719.4	259.0	21,757.1	1,325.0

Revenue Sector	Investment Grade	Number of Issues	Sub-Investment Grade Rating	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
Development	988.2	51.0			198.1	11	1,186.3	62
Education	6,812.9	177.0			157.2	18	6,970.1	195
Electric Power	1,379.8	20.0			14.1	7	1,393.9	27
Environmental Facilities	370.5	12.0					370.5	12
General Purpose	3,770.0	52.0			70.9	22	3,840.9	74
Healthcare	4,106.1	46.0			97.8	5	4,203.9	51
Housing	1,088.2	45.0					1,088.2	45
Public Facilities	596.8	25.0			37.9	9	634.7	34
Transportation	2,022.0	24.0			6.2	3	2,028.2	27
Utilities	3,790.7	95.0			29.3	14	3,820.0	109
Total	24,925.2	547.0	-	-	611.5	89.0	25,536.7	636.0

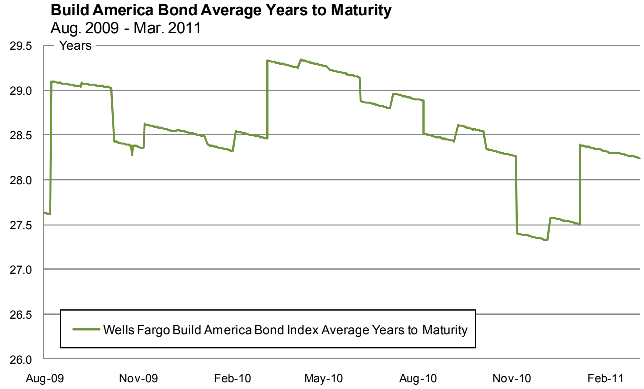
Source: Thomson Reuters

BUILD AMERICA BONDS 1Q'11

Other Build America Bond Charts

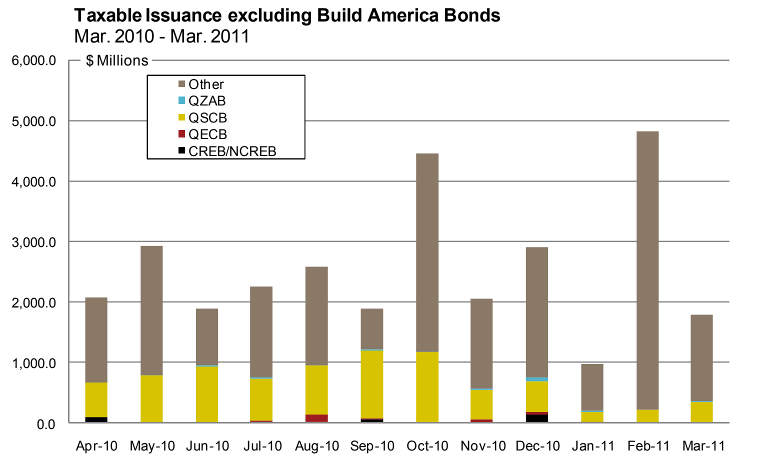


Source: Wells Fargo



Source: Wells Fargo

TAXABLE ISSUANCE, 1Q'11



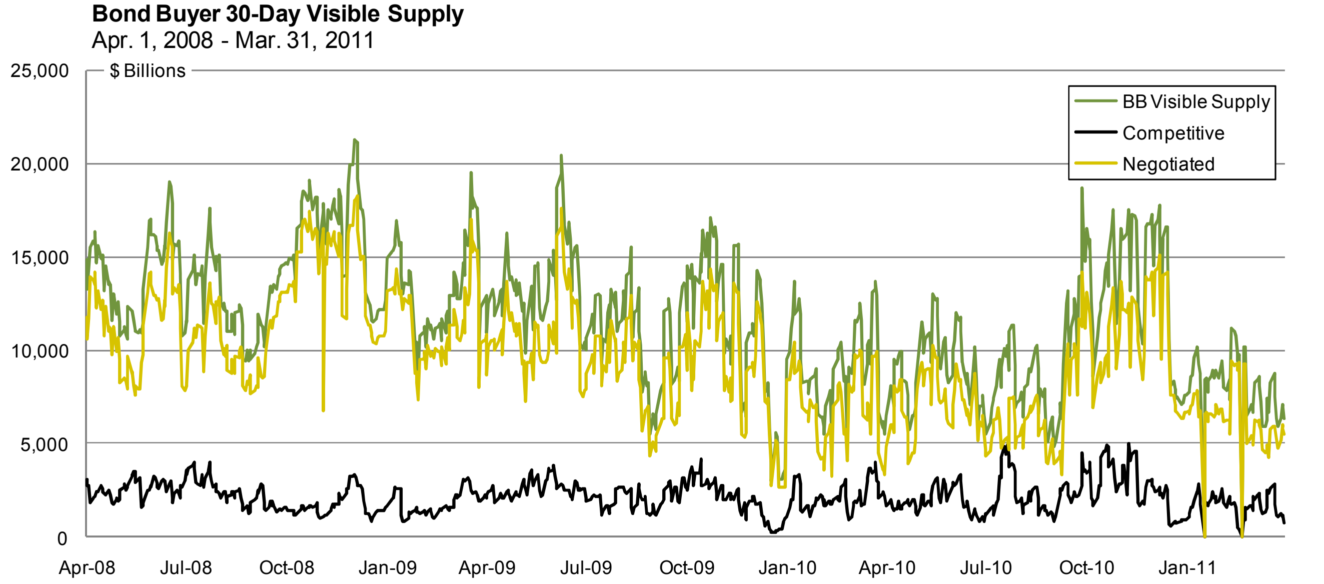
Source: Thomson Reuters, SIFMA

Taxable Issuance by Type, 1Q'11
$ Millions

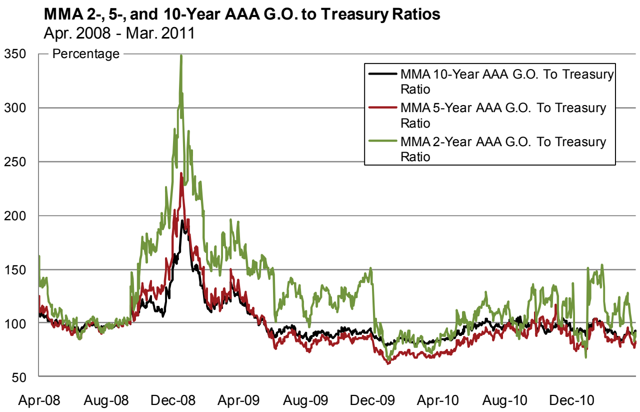
State	CREB/NCREB	Other	QECB	QSCB	QZAB	State	REB/NCRE	Other	QECB	QSCB	QZAB
AL		50.0				MT				3.5	
AZ		5.3		49.0		NC		445.0		29.4	
CA		374.2		168.8	2.4	ND			2.6		
CO		0.1				NE		4.8		4.8	
FL		0.2				NJ		223.6		1.5	
GA		25.7		44.3		NY		391.7			9.7
IA		11.4		16.4		OH		0.7		58.2	
ID				4.5		OK		34.9			
IL		4,075.8			8.6	OR		37.7		20.0	
IN		34.8		12.9	11.0	PA		52.0			
KS		11.6	8.7	5.4		RI		1.4			
KY		269.8			5.0	SC		1.9		35.7	
LA				10.0		SD		1.8			
MA		0.5		41.6		TN		12.2			
MD		50.9		85.9		TX		299.2		53.5	
ME				9.2		UT		0.2		16.1	
MI		31.6		37.7		VA		23.7			
MN		89.6	5.7			VT				9.5	
MO		3.1	1.1			WA	10.0	155.8			
MS		3.4				WI		58.0	3.8	13.8	

Source: Thomson Reuters

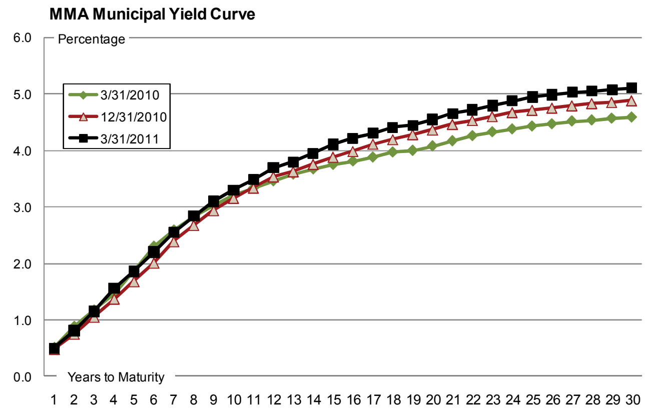
SUPPLY, YIELD CURVES, TOTAL RETURN, & RATIOS



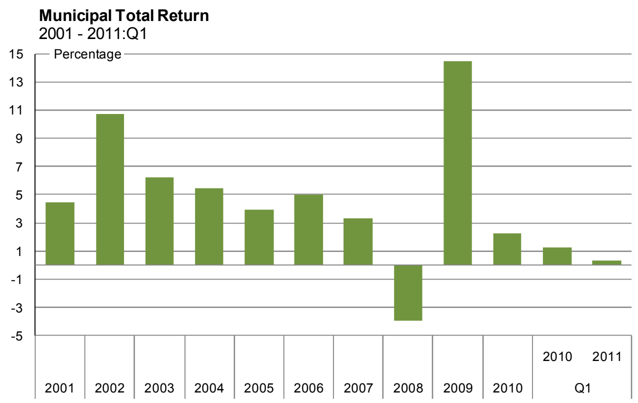
Source: Bond Buyer, Bloomberg



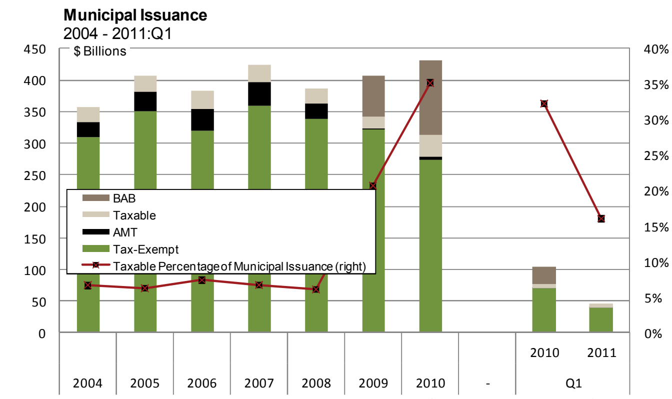
Source: Bloomberg, MMA



Source: Bloomberg, MMA



Source: Bank of America-Merrill Lynch



Source: Thomson Reuters, SIFMA

MUNICIPAL CDS

Gross and Net Notional of Single-Name Municipal CDS, 1Q'11[20]
(From Top 1,000 Reference Entities)

Gross Notional Outstanding (USD Billions)

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	9.18	4.53	2.18	3.83	3.23	2.58	5.22	1.68
1/14/2011	9.18	4.53	2.25	3.88	3.23	2.59	5.24	1.68
1/21/2011	9.18	4.53	2.29	3.97	3.23	2.60	5.30	
1/28/2011	9.19	4.53	2.40	4.05	3.25	2.64	5.33	1.68
2/4/2011	9.20	4.53	2.44	4.16	3.25	2.63	5.38	
2/11/2011	9.26	4.53	2.50	4.17	3.27	2.64	5.38	1.69
2/18/2011	9.29	4.54	2.53	4.18	3.27	2.65	5.38	
2/25/2011	9.30	4.54	2.58	4.21	3.28	2.66	5.38	
3/4/2011	9.34	4.54	2.65	4.26	3.30	2.68	5.37	
3/11/2011	9.42	4.55	2.78	4.32	3.33	2.74	5.45	
3/18/2011	9.55	4.55	2.84	4.36	3.33	2.74	5.46	
3/25/2011	9.56	4.55	2.84	4.36	3.33	2.74	5.46	1.73

Source: DTCC

Net Notional Outstanding (USD Billions)

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	0.83	0.27	0.34	0.35	0.41	0.16	0.43	0.17
1/14/2011	0.81	0.27	0.37	0.34	0.41	0.16	0.43	0.17
1/21/2011	0.81	0.27	0.34	0.39	0.41	0.15	0.42	
1/28/2011	0.84	0.27	0.38	0.43	0.43	0.18	0.41	0.17
2/4/2011	0.85	0.27	0.42	0.49	0.42	0.17	0.42	
2/11/2011	0.89	0.27	0.43	0.48	0.44	0.18	0.42	0.17
2/18/2011	0.92	0.28	0.46	0.48	0.44	0.18	0.42	
2/25/2011	0.92	0.28	0.46	0.48	0.45	0.18	0.42	
3/4/2011	0.90	0.28	0.50	0.52	0.45	0.18	0.42	
3/11/2011	0.87	0.28	0.51	0.52	0.45	0.18	0.42	
3/18/2011	0.89	0.28	0.50	0.53	0.45	0.18	0.43	
3/25/2011	0.90	0.28	0.50	0.53	0.45	0.18	0.43	0.17

Source: DTCC

Number of Contracts Outstanding

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	855	311	176	294	252	107	328	112
1/14/2011	877	311	258	309	252	108	330	113
1/21/2011	872	311	275	328	250	109	333	
1/28/2011	907	311	326	356	252	150	335	113
2/4/2011	908	311	347	414	267	151	340	
2/11/2011	924	311	358	417	271	152	340	114
2/18/2011	930	312	359	418	271	152	339	
2/25/2011	927	312	362	420	272	153	339	
3/4/2011	938	312	370	423	274	155	338	
3/11/2011	948	315	380	429	279	161	345	
3/18/2011	967	315	386	432	279	161	346	
3/25/2011	964	315	386	432	279	161	346	118

Source: DTCC

[20] Data are missing for some weeks for Massachusetts as they do not make it to the top 1,000 reference entities for some weeks.

Market Risk Activity of Single-Name Municipal CDS, 1Q'11[21]

Market Risk Activity, Gross Notional (USD Millions)								
Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	9.8		30.0				21.8	
1/14/2011	55.0		76.6	40.0		10.0	20.0	0.5
1/21/2011	26.2		60.4	84.1	0.4	5.0	5.0	
1/28/2011	150.0		109.6	68.8	20.0	49.5	25.0	
2/4/2011	25.0		15.9	95.0	10.0	0.5	45.0	
2/11/2011	42.0		30.0	0.2	21.4			10.0
2/18/2011	30.0	10.0	25.0	10.0			15.0	
2/25/2011	10.0		50.0	10.0	10.0	15.0		
3/4/2011	45.6		40.0	55.0	12.0	20.0	15.0	
3/11/2011	30.6		70.7			20.0		
3/18/2011	145.0		65.0	35.0			15.0	
3/25/2011	41.0							
								Source: DTCC

Market Risk Activity, Number of Contracts								
Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
1/7/2011	7		3				6	
1/14/2011	19		84	14		1	2	1
1/21/2011	8		18	23	2	1	2	
1/28/2011	31		45	13	2	41	2	
2/4/2011	4		5	41	18	2	4	
2/11/2011	9		3	2	4			1
2/18/2011	6	1	1	1			3	
2/25/2011	1		5	1	1	1		
3/4/2011	11		5	3	2	2	3	
3/11/2011	5		7			2		
3/18/2011	35		6	3			1	
3/25/2011	5							
								Source: DTCC

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
Illinois	166	369	260	348	246
California	202	353	260	299	211
Nevada	175	226	205	212	154
New Jersey	156	289	210	219	151
Michigan	159	288	237	238	150
Conneticut	99	141	118	165	135
Masschusetts	112	154	135	160	119
Ohio	103	159	134	152	112
Pennsylvania	N/A	N/A	127	143	109
New York	155	291	194	215	105
Florida	105	187	130	155	105
Wisconsin	88	147	121	136	102
North Carolina	N/A	N/A	N/A	100	83
Maryland	48	82	65	106	80
Texas	52	107	81	102	77
Minnesota	N/A	N/A	N/A	94	76
Delaware	52	70	57	65	64
Virginia	N/A	83	61	83	N/A
					Source: CMA Datavision

[21] "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."

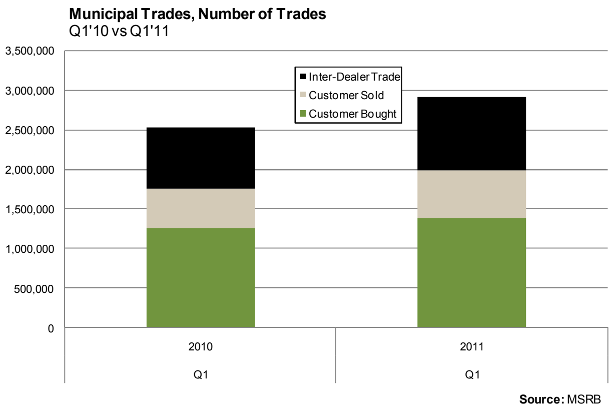
RATINGS

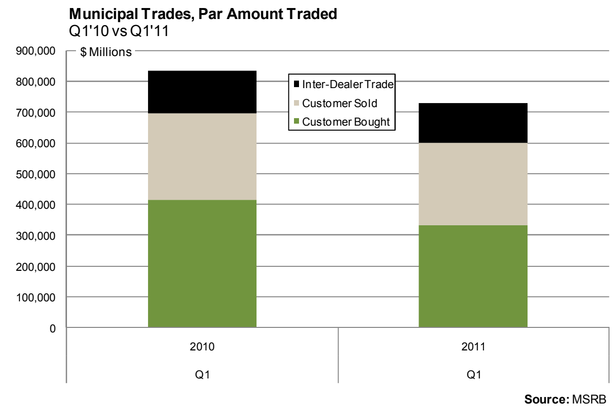
S&P Rating Changes[22]

Upgrades / Downgrades	2010:Q1	2010:Q2	2010:Q3	2010:Q4	Total		2009:Q1	2009:Q2	2009:Q3	2009:Q4	Total
Healthcare	9/10	9/15	8/10	20/6	46/41		3/25	5/21	2/12	12/12	22/70
Higher Education	2/2	8/2	9/2	20/1	39/7		2/3	11/4	11/1	14/2	38/10
Housing	4/99	133/129	5/38	30/83	172/349		22/159	11/62	6/13	18/35	57/269
Utility Revenue	55/7	40/4	41/2	30/3	166/16		85/4	145/1	65/4	37/3	332/12
Tax-secured	515/47	446/53	157/16	147/28	1265/144		516/15	327/16	219/3	316/13	1378/47
Transportation	3/2	1/2	0/3	4/2	8/9		3/7	6/0	6/4	1/4	16/15
Appropriation	93/197	71/15	36/2	19/20	219/234		140/143	132/40	76/3	74/28	422/214
Total	681/364	708/220	256/73	270/143	1915/800		771/356	637/144	385/40	472/97	2265/637

Source: Standard and Poor's

TRADING SUMMARY, 1Q'11





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:Q1	1,257,948	496,961	768,272	2,523,181	$414,793	$282,518	$136,339	$833,650
2011:Q1	1,377,415	606,670	934,428	2,918,513	$333,136	$266,001	$129,981	$729,118

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:Q1	20,622	12,595	8,147	41,364	$6,800	$4,631	$2,235	$13,666
2011:Q1	21,864	9,630	14,832	46,326	$5,288	$4,222	$2,063	$11,573

# 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
2010:Q1	82%	12%	2%	4%	2,523,181	8%	9%	8%	77%	$833,650
2011:Q1	84%	11%	2%	3%	2,918,513	11%	11%	6%	72%	$729,118

Trades by Sector

	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2010:Q1	16%	12%	12%	10%	9%	6%	35%	$833,650
2011:Q1	17%	11%	12%	10%	9%	7%	34%	$729,118

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:Q1	6%	8%	13%	29%	45%	$833,650
2011:Q1	4%	9%	14%	28%	46%	$729,118

Trades by Source of Repayment

	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2010:Q1	70%	23%	4%	2%	$833,650
2011:Q1	73%	24%	2%	1%	$729,118

Trades by Coupon Type

	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2010:Q1	49%	48%	3%	0%	$833,650
2011:Q1	53%	41%	5%	0%	$729,118

Source: MSRB EMMA

[22] Due to timing of publication, ratings figures may be a quarter behind.

OUTSTANDING MUNICIPAL DEBT

Outstanding and by State, Rating, Maturity, and Security Type[23]
$ Millions

State	Total Outstanding	G.O.	Revenue	Investment Grade	Non-Investment Grade	Due in 13 Months	Long-Term	Insured	VRDO Only
AK Alaska	10,586.6	2,456.2	8,130.4	9,955.5	631.1	515.0	10,071.6	5,059.2	1,662.9
AL Alabama	32,440.8	5,165.1	27,275.7	25,250.4	7,190.3	907.1	31,533.7	15,203.6	4,443.2
AR Arkansas	11,681.0	982.4	10,698.7	9,010.5	2,670.5	462.6	11,218.4	3,427.7	563.4
AZ Arizona	57,181.1	6,135.2	51,045.9	51,981.8	5,199.2	2,662.5	54,518.5	19,740.8	3,393.0
CA California	483,036.0	107,822.6	375,213.5	416,553.9	66,482.1	29,055.8	453,980.2	163,885.5	51,364.1
CO Colorado	55,236.0	1,968.8	53,267.2	48,977.6	6,258.4	2,557.2	52,678.8	21,305.2	11,059.4
CT Connecticut	44,481.0	21,261.0	23,220.0	41,243.5	3,237.5	3,724.2	40,756.9	12,509.1	4,379.1
DC District of Columbia	24,021.3	3,620.6	20,400.6	22,176.0	1,845.3	1,236.5	22,784.8	10,282.7	3,475.2
DE Delaware	8,646.3	2,270.8	6,375.5	8,103.9	542.4	293.1	8,353.3	1,683.2	1,496.7
FL Florida	171,533.4	6,905.1	164,628.3	149,987.0	21,546.4	9,129.2	162,404.2	74,627.6	16,865.0
GA Georgia	74,435.8	12,110.0	62,325.8	64,726.4	9,709.4	3,950.8	70,485.0	21,267.1	9,118.8
GU Guam	1,823.6	451.1	1,372.5	1,045.7	778.0	42.1	1,781.6	381.3	
HI Hawaii	15,179.1	8,545.5	6,633.7	14,585.1	594.1	606.3	14,572.8	7,996.3	201.0
IA Iowa	20,293.9	4,170.4	16,123.5	17,327.0	2,966.9	995.4	19,298.5	5,898.4	2,289.2
ID Idaho	11,262.3	96.3	11,166.0	10,161.0	1,101.3	1,000.8	10,261.5	2,087.3	1,545.3
IL Illinois	144,585.0	55,575.6	89,009.5	132,454.5	12,130.6	6,252.1	138,332.9	51,450.1	18,366.9
IN Indiana	55,069.0	718.0	54,351.1	47,507.5	7,561.5	2,361.8	52,707.2	20,764.4	7,315.5
KS Kansas	22,395.5	4,119.0	18,276.5	19,248.9	3,146.6	1,531.4	20,864.1	7,929.3	1,587.9
KY Kentucky	36,022.9	1,638.2	34,384.7	33,881.8	2,141.1	1,839.1	34,183.8	10,988.6	5,755.4
LA Louisiana	36,224.6	3,849.9	32,374.7	33,717.0	2,507.6	1,013.2	35,211.4	15,850.4	5,847.7
MA Massachusetts	94,828.6	29,943.9	64,884.7	87,199.9	7,628.7	5,813.0	89,015.6	28,347.0	14,675.7
MD Maryland	47,653.3	19,981.2	27,672.1	43,385.3	4,268.0	2,318.5	45,334.8	6,504.2	6,266.4
ME Maine	8,604.3	1,551.4	7,052.9	8,099.6	504.7	584.0	8,020.4	2,761.5	857.7
MI Michigan	75,634.7	9,980.7	65,653.9	65,671.8	9,962.9	5,662.0	69,972.7	35,479.2	9,883.7
MN Minnesota	50,295.6	15,175.0	35,120.6	44,515.2	5,780.4	3,307.4	46,988.2	10,520.9	4,520.1
MO Missouri	55,148.6	1,782.8	53,365.8	49,399.8	5,748.8	2,235.4	52,913.2	13,468.0	5,778.5
MS Mississippi	19,239.8	5,051.1	14,188.7	17,162.1	2,077.7	723.1	18,516.7	4,326.0	5,114.3
MT Montana	14,193.5	382.0	13,811.5	5,260.6	8,932.9	684.8	13,508.7	1,183.2	355.5
NC North Carolina	56,628.4	14,532.3	42,096.1	54,004.4	2,623.9	2,361.1	54,267.3	11,066.4	11,027.8
ND North Dakota	4,106.7	719.4	3,387.3	3,722.4	384.2	217.6	3,889.1	1,461.7	473.2
NE Nebraska	17,736.5	2,586.5	15,150.0	14,767.4	2,969.2	714.2	17,022.3	4,331.7	2,331.0
NH New Hampshire	11,797.6	1,975.3	9,822.4	10,771.4	1,026.2	387.3	11,410.3	2,874.8	1,905.1
NJ New Jersey	104,653.0	16,800.7	87,852.3	94,498.3	10,154.7	8,677.7	95,975.3	45,924.1	7,064.4
NM New Mexico	16,801.0	1,243.4	15,557.7	15,690.1	1,110.9	1,071.6	15,729.5	3,834.9	2,164.3
NV Nevada	30,931.9	10,209.5	20,722.5	27,691.1	3,240.8	1,120.0	29,811.9	15,032.1	3,023.0
NY New York	339,952.3	62,077.8	277,874.5	314,782.9	25,169.4	19,349.2	320,603.1	90,174.3	44,643.1
OH Ohio	98,716.2	15,548.8	83,167.4	83,824.5	14,891.7	4,743.4	93,972.7	25,570.3	13,096.0
OK Oklahoma	19,677.2	1,601.4	18,075.8	16,815.2	2,861.9	1,399.6	18,277.6	6,011.7	2,265.2
OR Oregon	33,151.3	9,399.5	23,751.8	30,811.4	2,339.9	2,280.3	30,871.0	12,317.4	3,026.0
OT Other Territories	7,489.1	25.0	7,464.1	5,204.0	2,285.1	10.1	7,479.0	184.8	1,877.6
PA Pennsylvania	128,354.5	20,157.6	108,196.9	116,596.0	11,758.5	7,045.8	121,308.7	49,811.6	20,328.6
PR Puerto Rico	63,689.2	10,674.4	53,014.8	58,434.1	5,255.1	1,312.2	62,377.1	16,238.4	1,864.7
RI Rhode Island	11,797.3	2,396.9	9,400.4	10,638.4	1,158.9	865.2	10,932.1	5,882.0	1,034.4
SC South Carolina	36,833.2	3,931.2	32,902.0	34,455.8	2,377.4	2,038.9	34,794.3	14,172.8	3,667.2
SD South Dakota	7,604.6	62.7	7,542.0	4,481.1	3,123.5	361.5	7,243.1	1,149.4	936.4
TN Tennessee	44,908.0	12,464.5	32,443.5	40,820.4	4,087.6	1,596.4	43,311.7	10,075.7	9,743.8
TT Trust Territories	289.1	102.0	187.1		289.1		289.1		
TX Texas	277,717.8	54,555.0	223,162.9	241,780.6	35,937.3	16,541.6	261,176.3	70,292.7	24,228.2
UT Utah	21,782.1	4,208.1	17,574.1	19,593.2	2,189.0	938.3	20,843.8	4,451.0	3,598.3
VA Virginia	60,045.9	12,656.6	47,389.2	56,621.5	3,424.4	3,095.6	56,950.3	8,662.6	6,723.8
VI Virgin Islands	2,440.9		2,440.9	2,419.5	21.4	48.9	2,392.0	615.7	
VT Vermont	5,882.1	568.0	5,314.1	5,514.3	367.8	165.1	5,717.0	3,454.8	856.1
WA Washington	75,519.5	23,452.3	52,067.2	72,527.9	2,991.7	2,887.4	72,632.1	30,735.2	6,017.9
WI Wisconsin	44,400.7	15,054.6	29,346.1	39,492.7	4,907.9	3,953.7	40,447.0	14,864.8	5,746.2
WV West Virginia	9,391.8	513.4	8,878.4	8,038.1	1,353.7	362.0	9,029.8	3,070.6	1,584.2
WY Wyoming	4,146.4	82.1	4,064.3	4,035.8	110.6	62.6	4,083.9	158.9	1,780.1
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	1,027,347.9	379,188.1
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	1,039,623.6	391,432.4

[23] 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. The chart replaces "Outstanding by Insurance" from prior municipal reports.

Outstanding and by Tax and Coupon Type[24]
$ Millions

State	Tax-Exempt	AMT	Taxable	Fixed	Floating
AK Alaska	7,986.1	1,542.7	1,057.8	8,403.8	2,182.8
AL Alabama	25,276.1	1,558.2	5,606.4	23,068.3	9,372.5
AR Arkansas	6,122.0	977.4	4,581.6	10,806.3	874.8
AZ Arizona	48,754.5	2,786.3	5,640.3	48,345.1	8,836.0
CA California	381,446.5	13,979.1	87,610.5	385,542.5	97,493.6
CO Colorado	39,685.7	4,569.6	10,980.8	42,184.5	13,051.5
CT Connecticut	32,070.8	2,624.2	9,786.1	36,644.3	7,836.7
DC District of Columbia	16,043.3	4,950.2	3,027.8	17,699.5	6,321.8
DE Delaware	5,700.4	1,246.2	1,699.8	5,883.1	2,763.2
FL Florida	136,385.6	17,370.0	17,777.8	129,666.3	41,867.1
GA Georgia	59,654.2	5,011.7	9,769.8	56,367.3	18,068.5
GU Guam	1,646.1	121.4	56.1	1,823.6	-
HI Hawaii	11,844.1	1,817.7	1,517.3	14,250.1	929.0
IA Iowa	9,751.9	1,192.4	9,349.6	15,093.7	5,200.2
ID Idaho	4,523.5	1,400.4	5,338.5	5,234.7	6,027.6
IL Illinois	87,459.4	9,538.3	47,587.3	118,806.4	25,778.6
IN Indiana	36,700.0	5,148.6	13,220.5	37,751.6	17,317.5
KS Kansas	14,739.3	930.1	6,726.2	19,749.1	2,646.4
KY Kentucky	23,060.7	3,750.1	9,212.1	26,064.9	9,958.0
LA Louisiana	27,693.2	2,911.5	5,619.8	26,299.8	9,924.7
MA Massachusetts	78,384.1	4,926.7	11,517.8	73,017.2	21,811.4
MD Maryland	37,886.3	3,506.0	6,261.0	38,310.0	9,343.3
ME Maine	5,731.5	1,752.2	1,120.6	7,108.5	1,495.8
MI Michigan	53,555.8	6,255.1	15,823.8	57,271.8	18,362.9
MN Minnesota	33,096.0	4,022.2	13,177.4	40,898.2	9,397.4
MO Missouri	29,993.8	3,572.7	21,582.2	34,501.1	20,647.5
MS Mississippi	12,284.3	1,395.2	5,560.3	12,216.7	7,023.1
MT Montana	2,573.6	2,057.8	9,562.1	3,631.8	10,561.6
NC North Carolina	47,742.4	3,582.7	5,303.2	41,608.3	15,020.1
ND North Dakota	2,385.4	663.3	1,058.0	3,607.6	499.0
NE Nebraska	11,727.9	1,279.2	4,729.4	14,822.0	2,914.6
NH New Hampshire	7,281.6	2,472.6	2,043.4	7,258.9	4,538.7
NJ New Jersey	75,778.3	7,232.0	21,642.7	91,031.5	13,621.5
NM New Mexico	12,629.8	1,917.8	2,253.5	12,677.4	4,123.7
NV Nevada	23,715.4	4,063.4	3,153.1	23,982.7	6,949.2
NY New York	267,739.7	24,111.6	48,101.0	270,624.6	69,327.7
OH Ohio	65,984.9	5,807.4	26,923.8	70,876.8	27,839.4
OK Oklahoma	13,558.0	1,789.3	4,329.9	16,002.5	3,674.7
OR Oregon	21,825.7	1,946.6	9,379.0	28,923.1	4,228.2
OT Other Territories	1,064.1	5,390.5	1,034.5	752.2	6,736.9
PA Pennsylvania	89,200.2	8,628.3	30,526.0	93,089.8	35,264.7
PR Puerto Rico	55,833.8	539.0	7,316.4	52,057.2	11,632.0
RI Rhode Island	8,013.3	2,371.3	1,412.7	9,401.9	2,395.4
SC South Carolina	28,827.6	1,551.1	6,454.5	29,119.6	7,713.6
SD South Dakota	2,461.1	1,118.4	4,025.2	3,877.7	3,726.9
TN Tennessee	31,019.6	4,548.1	9,340.3	29,872.9	15,035.1
TT Trust Territories	242.0	47.1	-	149.1	140.0
TX Texas	203,564.1	21,891.6	52,262.1	219,614.7	58,103.2
UT Utah	14,331.6	2,040.7	5,409.8	15,666.0	6,116.1
VA Virginia	45,619.1	5,279.7	9,147.1	49,018.1	11,027.8
VI Virgin Islands	2,013.4	376.3	51.3	2,435.8	5.2
VT Vermont	3,060.1	2,239.9	582.2	2,919.7	2,962.4
WA Washington	56,268.4	6,460.5	12,790.6	66,942.3	8,577.3
WI Wisconsin	27,412.0	2,893.1	14,095.6	36,599.1	7,801.6
WV West Virginia	6,127.6	1,362.0	1,902.1	6,779.1	2,612.7
WY Wyoming	2,052.2	1,677.5	416.8	2,103.0	2,043.5
TOTAL (3/31/2011)	2,357,528.1	234,195.1	626,455.2	2,498,453.8	719,724.5
TOTAL (1/5/2011)	N/A	N/A	N/A	N/A	N/A

Purpose	Total Outstanding
Development	72,202.4
Education	716,275.4
Environmental Facilities	69,404.3
General Purpose	631,308.6
Healthcare	300,013.7
Housing	172,643.4
Other	430,562.1
Public Facilities	109,179.3
Transportation	289,130.8
Utilities	427,458.5
TOTAL (3/31/2011)	3,218,178.4

[24] 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. The chart replaces "Outstanding by Insurance" from prior municipal reports.

VARIABLE RATE DEMAND OBLIGATIONS, 1Q'11 UPDATE

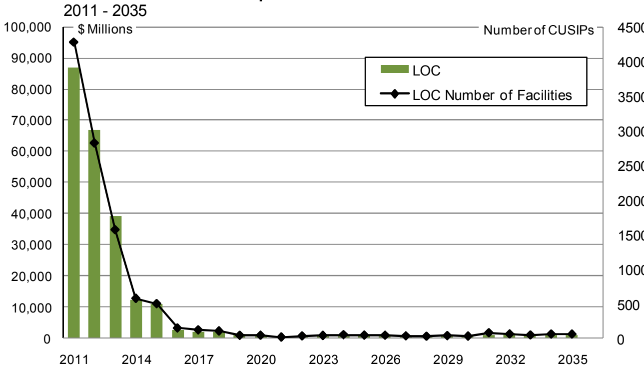
Liquidity Facility Expiration Schedule, April 2011- March 2014
As of March 31, 2011

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
By Par Amount ($ Millions)												
LOC	6,640.7	9,837.6	12,491.9	11,619.6	8,796.6	9,414.4	7,316.2	10,668.0	10,151.2	3,369.0	4,398.2	5,520.0
SBPA	2,974.2	5,590.9	3,771.1	3,475.8	2,114.5	2,630.8	1,388.8	2,398.3	2,881.2	2,060.6	1,542.9	3,072.3
By Type of Provider ($ Millions)												
FHLB/FHLMC/FNMA	73.7	243.7	66.6	82.8	269.9	91.0	212.3	184.7	733.6	28.8	27.7	365.2
Foreign Bank	3,216.0	4,618.2	3,945.7	3,507.6	2,689.5	2,941.6	2,225.2	3,529.2	4,193.6	1,210.9	1,180.5	2,323.0
US Bank	6,132.0	10,535.7	12,102.7	11,413.4	7,328.1	8,986.3	6,171.8	8,482.8	7,850.7	4,188.0	4,710.8	5,904.0
Other/Unknown	193.4	30.9	148.0	91.5	623.5	26.3	95.8	869.6	254.5	1.9	22.0	
By Number of Facilities												
LOC	288	459	609	496	526	486	360	457	596	205	210	288
SBPA	67	121	92	63	49	70	53	57	65	57	29	59

	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
By Par Amount ($ Millions)												
LOC	4,258.8	4,117.1	4,367.5	3,465.6	4,439.8	3,012.8	5,550.4	4,322.3	19,909.5	1,673.9	1,886.7	4,283.3
SBPA	2,946.1	958.7	2,110.7	2,636.6	1,633.4	1,759.5	2,005.4	2,685.5	3,972.3	1,535.8	1,627.4	3,613.8
By Type of Provider ($ Millions)												
FHLB/FHLMC/FNMA	139.1	168.6	302.6	138.3	561.7	364.5	148.0	322.9	15,364.5	37.5	55.2	195.9
Foreign Bank	2,444.8	1,732.5	2,280.4	1,913.9	1,231.0	1,226.6	1,543.7	1,377.0	3,311.9	618.1	803.3	2,589.1
US Bank	4,451.2	3,012.5	3,895.3	4,050.1	4,194.3	3,121.1	4,977.4	5,177.1	5,178.0	2,543.4	2,489.7	5,112.2
Other/Unknown	169.9	162.1			86.2	60.2	886.7	130.7	27.4	10.6	165.8	
By Number of Facilities												
LOC	184	190	195	169	200	165	198	174	640	101	80	157
SBPA	59	25	36	40	33	37	44	38	169	33	22	54

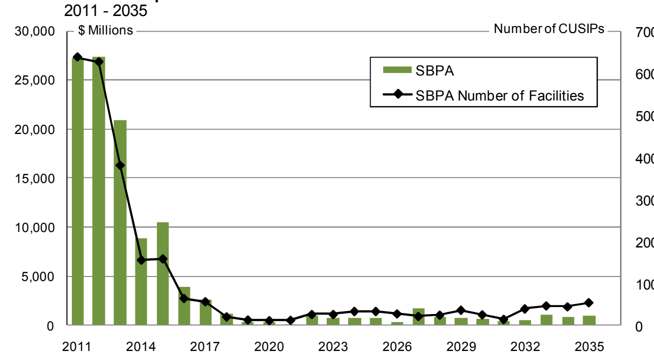
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
By Par Amount ($ Millions)												
LOC	3,213.4	4,428.9	3,634.8	2,299.3	4,146.8	2,934.2	2,187.4	4,743.9	3,649.8	1,723.5	951.5	2,466.8
SBPA	2,749.1	2,448.2	2,641.9	1,255.1	1,125.2	538.9	1,226.6	1,085.7	1,062.8	695.8	1,133.8	1,785.4
By Type of Provider ($ Millions)												
FHLB/FHLMC/FNMA	337.0	249.0	166.5	98.0	267.7	26.7	34.2	200.4	288.0	114.9	22.7	140.5
Foreign Bank	1,845.6	1,807.1	2,343.8	1,050.4	1,578.1	843.2	1,193.7	1,735.5	896.6	990.0	216.3	934.4
US Bank	3,629.9	4,455.6	3,748.8	2,400.6	3,344.6	2,603.2	2,181.4	3,534.0	3,358.8	1,310.5	1,693.3	3,176.4
Other/Unknown	150.0	365.3	17.5	5.3	81.7		4.8	359.7	169.2	4.0	153.0	1.0
By Number of Facilities												
LOC	112	136	159	113	141	127	106	167	167	63	48	76
SBPA	44	48	49	22	23	15	18	20	32	22	13	33

VRDO Letters of Credit Expiration Schedule
2011 - 2035



Sources: Bloomberg, MSRB EMMA, SIFMA

VRDO Standby Bond Purchase Arrangements and Other Liquidity Facilities Expiration Schedule
2011 - 2035



Sources: Bloomberg, MSRB EMMA, SIFMA

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.[25]

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 Ratings[26]

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

[25] Authors' own definition.
[26] 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.[27]

Standard and Poor's Ratings[28]

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.

[27] The lowest rating is a "D" at both Moody's and Standard and Poor's.
[28] Standardandpoors.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."[29]

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 Regions[30]

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

[29] Authors' own definition.

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

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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