



MUNICIPAL BOND CREDIT REPORT

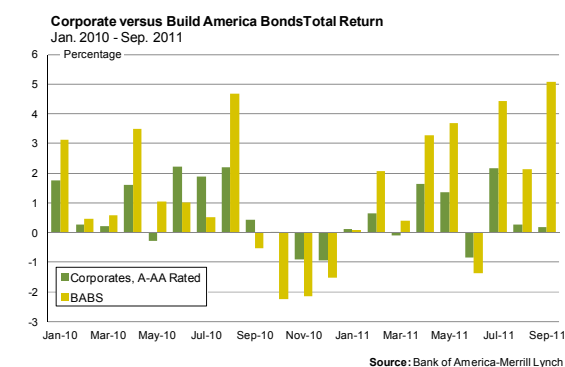
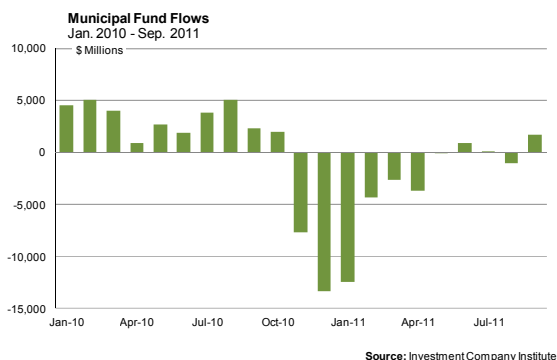
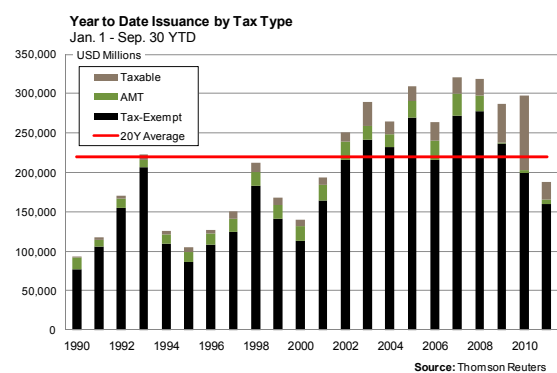
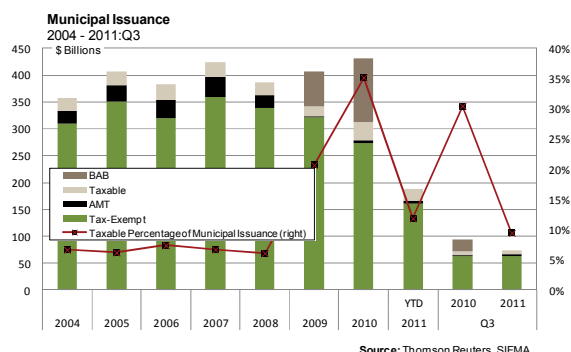
Third Quarter 2011

RESEARCH REPORT

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MARKET SUMMARY



Summer opened up to last-minute negotiations over the U.S. debt ceiling, culminating in the sovereign credit rating downgrade of the U.S. by Standard and Poor's. As the Eurozone crisis spread out to France, and proposals were issued capping the tax-exemption on municipal bonds, the quarter closed with continued uncertainty in the marketplace.

Municipal Issuance Overview

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$72.7 billion in the third quarter of 2011, a 6 percent increase from the prior quarter (\$68.6 billion), but a decline of 22.4 percent from 3Q'10 (\$93.7 billion). Issuance remained light in part due to seasonality, but also in part due to issuers avoiding the volatile period in early August around last-minute U.S. debt ceiling negotiations. A contributing factor was a spike this year in bank lending and direct bond placements, which cannibalized issuance in the public markets.

Year-to-date issuance totaled \$188.0 billion, remaining on course at issuance levels from 2000-2001 and well below the 20-year average (\$220.3 billion); however, given the exceptionally low rates in the fourth quarter, issuance may tick up slightly as issuers take advantage of the rate environment through refundings.

According to the Investment Company Institute (ICI), third-quarter inflow in long-term municipal mutual funds was the first positive quarter in 2011, with \$706 million inflow overall. Positive inflows were largely due to greater inflows in September, after \$1 billion was withdrawn in the tumultuous August period.

Tax-Exempt Issuance

Tax-exempt issuance totaled \$63.2 billion in 3Q'11, an increase of 8.3 percent from 2Q'11 (\$58.3 billion), but a decline of 0.4 percent from 3Q'10 (\$63.4 billion). Ratios of tax-exempt AAA GOs and similar-maturity Treasuries moved upward in the third quarter, especially on the short end of the maturity curve as Treasury yields plummeted.

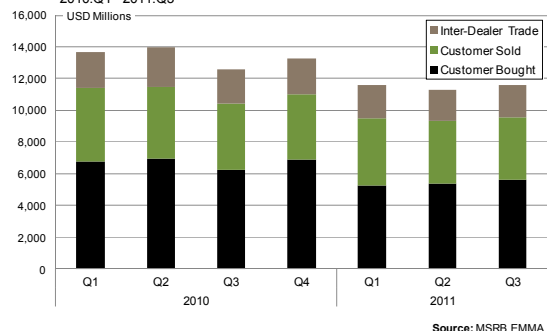
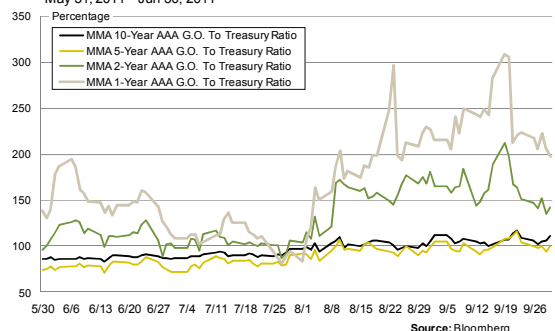
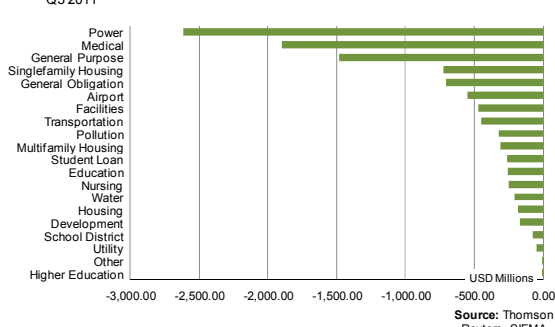
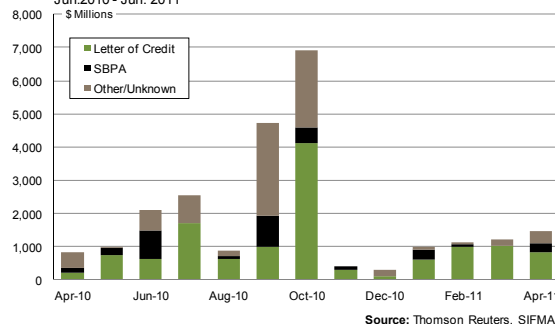
Taxable Issuance

Taxable issuance was \$6.9 billion in 3Q'11, down by 13.3 percent from 2Q'11 (\$7.9 billion), led by a \$1 billion issue from New York by the Port Authority for the expenditures on the World Trade Center¹ and a \$1.2 billion issue from the Regents of the University of California. Taxable issuance continues to remain above historical norms as remaining Congress-authorized programs (e.g., New CREBs, CREBs, QECBs, QSCBs, and QZABS² continue to run their course). Year-over-year, taxable issuance was down by 5.7 percent from 3Q'10 (\$7.3 billion) when excluding Build America Bonds (BABs).

BABs continued to enjoy an exceptionally strong quarter as yields continued to plummet. The sector ended the third quarter at sub-5 percent yields, a decline of 85 basis points in the three-month period ending September 30. According to Bank of America-Merrill Lynch indices, BABs returned 12.03 percent on a total return basis in 3Q'11 (21.3 percent year to date), compared to 3.9 percent for municipals generally and 2.6 percent for A- to AAA-rated corporates.

¹ [The Port Authority of New York and New Jersey Consolidated Bonds, 168th Series.](#)

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

Average Daily Trading Volume
2010:Q1 - 2011:Q31-, 2-, 5-, and 10-Year AAA G.O. to Treasury Ratios
May 31, 2011 - Jun 30, 2011VRDO Net Issuance by Industry
Q3 2011VRDO Issuance by Credit Enhancement Type
Jun 2010 - Jun. 2011

Trading Activity

While primary issuance has remained relatively flat in the third quarter, trading activity increased slightly quarter-over-quarter to \$11.6 billion daily, a 2.6 percent increase from 2Q'11 (\$11.3 billion traded daily), but remained 7.9 percent below activity year-over-year (\$12.6 billion traded daily). While dollar trading increased by all trade types (customer bought, customer sold, and inter-dealer), the number of trades declined quarter-over-quarter, suggesting a larger institutional element in trading volume, particularly crossover buyers.

VRDO Issuance and Update; Direct Placement Trend?

Issuance of variable-rate demand obligations (VRDOs), long-term municipal bonds with a floating interest rate that resets periodically and a put feature, remained flat from the prior quarter. For 3Q'11, \$3.9 billion were issued, remaining flat from 2Q'11 and declining 29.7 percent from 3Q'10. Of the \$3.9 billion issued in 3Q'11, \$21.1 million was reported to have been directly placed with a bank. To date, according to Thomson Reuters, \$264.6 million out of \$9.5 billion VRDOs issued in 2011 have been issued through direct placements. Other direct bank placements also affected activity in the VRDO sector.

With the recent deterioration of bank liquidity providers credit quality, particularly European banks, as well as the recent deleveraging by Bank of America, the VRDO market has been impacted both from the withdrawal of these providers from extending credit and from money funds continuing to trim their European exposures. On the fund side, tax-exempt money market mutual funds pared off another \$14.4 billion (4.8 percent) in assets in 3Q'11, while also defensively trimming both maturities and exposures to Europe in the third quarter in response to the situation in Europe.³ On the credit provider side, Dexia notably continued to reduce its VRDO LOC/SBPA exposures down to \$10.6 billion in aggregate⁴ on 176 CUSIPs (\$845 million LOC arrangements; \$9.7 billion in SBPA arrangements); shortly after the end of the quarter, the banking unit (Dexia Bank Belgium) was sold to the Belgian state, assuaging some concerns over the troubled bank.⁵ On the other hand, some U.S. regional banks, as well as some Canadian and Japanese banks, have generally stepped up their footprint as replacement liquidity providers from those firms withdrawing from the market.

On net, VRDO outstandings continue to decline, with \$332.3 billion outstanding end-September, a decline of 13.9 percent year-over-year. The decline in outstandings has slowed slightly, with an annualized 10.4 percent decline quarter-over-quarter in 3Q'11.⁶ Declines in outstandings were led by power (26.0 percent), student loans (10.0 percent) and airport (7.9 percent).

As of end-September, \$27.4 billion of liquidity facilities were scheduled to expire in 2011, and an additional \$102.8 billion in 2012, for a total of \$130.1 billion.⁷ Liquidity renewals averaged 599 days on extension, with the median extension 366 days. The SIFMA Municipal Swap index, a seven-day high-grade market index composed of tax-exempt VRDOs, ended September at 0.16 per-

³ See Fitch Ratings, "U.S. Money Funds and European Banks: Exposures and Maturities Deline Further," September 23, 2011.

⁴ These numbers are par amount at issuance and do not reflect any partial amortizations; numbers also do not include some liquidity arrangements Dexia arranged for TOBs.

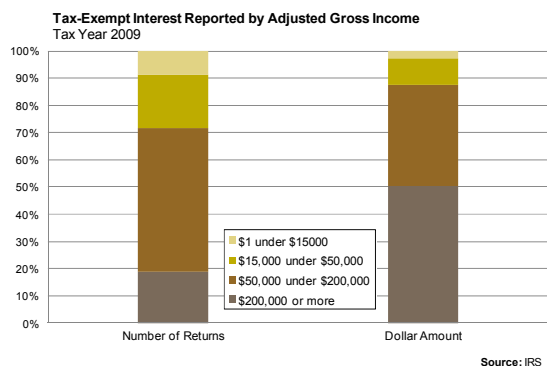
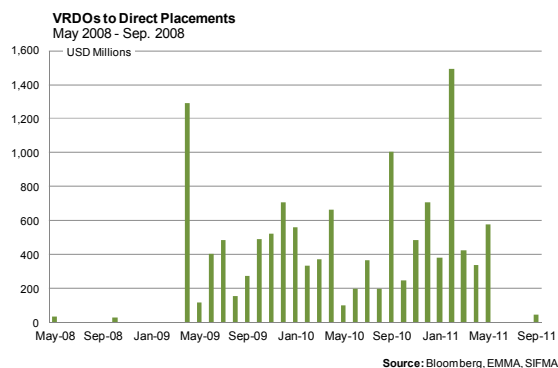
⁵ See [Dexia Press Release](#), "Ongoing restructuring of the Dexia Group," October 20, 2011.

⁶ Numbers are par amounts at issuance and do not reflect amortization factors such as sinking funds, partial calls, etc.

⁷ 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.

cent, averaging 0.14 percent throughout 3Q'11, 3 basis points lower than the average in 2Q'11.

Direct placements, a financing tool used beginning in 2008, continues to be used to refund variable-rate bonds. In a direct placement, a municipal issue is privately placed with a single lender, typically a bank. Like a letter of credit (LOC) or standby bond purchase arrangement (SBPA), the direct placement is usually for a specified period of time (Fitch notes that these periods have ranged from 3 to 7 years) with an amortization schedule at the end of the period or a put. While the financing structure eliminates the bank counterparty and remarketing risk associated with a liquidity credit enhancement structure, the issuer continues to retain the market access/interest rate risk at the expiration of the commitment period.⁸ Given capital requirements from Basel III forthcoming in 2013/2014, direct placements (whether with a bank or some other entity) may continue to be a viable option for some issuers. Given the limited nature of disclosure associated with this market, the size of this market is uncertain, but based on VRDO data on CUSIPs still outstanding but no longer resetting, some \$13.0 billion may have been retired from the VRDO market since 2008 through restructurings as direct placements, with about \$3.2 billion retired in 2011. Direct placements, however, have not been limited to the VRDO market, and according to Bond Buyer, some \$13 billion of direct placement loans were done in 2011.⁹



Government Update: From One Shutdown to the Next

As the deadline for the debt ceiling to be breached neared in August, the rating agencies placed the United States on negative watch shortly after the end of the second quarter. A compromise was struck last minute over the debt ceiling and the Budget Control Act of 2011 enacted on August 2. The act contained agreements to reduce the deficit over the next 10 years by \$2.1 trillion to \$2.4 trillion; in addition, it also created a super committee to recommend \$1.5 trillion in cuts by Thanksgiving to be passed and signed by Christmas (with an automatic default cut of \$1.2 trillion between defense and discretionary programs if an agreement was not reached). The compromise reached, however, was insufficient to stave off a rating downgrade and on August 5, Standard & Poor's downgraded the United States long-term rating to AA+ with a negative outlook,¹⁰ stating their opinion that the fiscal consolidation plan from the U.S.

Congress and Administration fell short of what was needed to "stabilize the government's medium-term debt dynamics." While state and local governments were not immediately affected by the downgrade – state and local governments do not move lockstep with the sovereign rating – the resulting fallout on public finance asset classes were on defeased bonds (typically secured by Treasury and agency securities), and those asset classes heavily reliant on entities with direct linkages with the U.S. sovereigns such as the U.S. agencies (e.g., the government-sponsored enterprises (GSEs), the Federal Home Loan Banks, Federal Farm Credit System, etc).

At the end of the third quarter, President Obama unveiled the American Jobs Act of 2011, which proposes to cap deductions and exclusions for high-income taxpayers at a 28 percent tax rate, including tax-exempt interest on municipal bonds; over 50 percent of tax-exempt interest by dollar amount (over 20 percent by number of tax returns) reported by individual filers would be affected by the cap, based on 2009 tax year statistics. The act also proposes to extend the alternative minimum tax (AMT) holiday on private activity bonds (PABs) and authorize the creation of a federal infrastructure bank, the American Infrastructure Financing Authority, to provide direct loans or

⁸ Fitch Ratings, "[Special Report: Direct Bank Placements](#)," October 25, 2011. For an example of a direct bank placement structure and pricing, see [City of Pasadena's Rose Bowl Direct Placement Agenda](#), April 11, 2011.

⁹ Bond Buyer, "Muni Market Participants Are Still Struggling With the Direct-Purchase Sector," October 18, 2011.

¹⁰ Standard and Poor's, "[United States of America Long-Term Rating Lowered to 'AA+' On Political Risks and Rising Debt Burden; Outlook Negative](#)," August 5, 2011.

guarantees to facilitate infrastructure projects.¹¹

Dodd-Frank Continues to Grind On

Shortly after the end of the third quarter, the Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC) and the Securities and Exchange Commission (SEC) released the proposed regulation for comment that implements the “Volcker Rule” requirements, section 619 of Dodd-Frank¹². The proposed rule would generally prohibit federally insured deposit institutions and affiliates from engaging in proprietary trading and limit ownership or sponsorship of hedge funds and/or private equity funds. While the rule made several exceptions for certain government, agency, and municipal securities, it was not clear how certain municipal-related securities would be affected. There may be other segments of the municipal market, such as bonds issued by local government agencies, tender option bonds (TOBs), and others which may not be covered by the municipal exclusion from the Volcker Rule.

Revenue Gains in State, But Not Local, Government Tax Collections

According to the Nelson A. Rockefeller Institute of Government, total state tax collections showed growth in the second quarter of 2011, increasing 10.8 percent in 2Q’11 from 2Q’10, or 8.6 percent after adjusting for inflation.¹³ All three categories – personal, sales, and corporate income taxes – showed growth, especially personal income tax collections (16.5 percent year-over-year). Growth was especially pronounced in states with oil and natural gas industries (Alaska, North Dakota).

On the other hand, local government tax collections reflected a 1.7 decline year-over-year, reflecting its heavy reliance on property tax collections, which have been impacted by declines in housing values. Although home prices have come up from their lows in March 2011, home prices have fallen 30 percent from their peak as of August data, 22.5 percent of all mortgages were in negative equity and a shadow inventory of about 1.6 million units are still remaining as of 2Q’11.¹⁴ These factors will serve to depress local government tax collections in the near- and medium-term.

¹¹ [The American Jobs Act](#), September 11, 2011.

¹² Notice of Proposed Rulemaking, [“Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds,”](#) October 11, 2011.

¹³ The Nelson A. Rockefeller Institute of Government, [“State Revenue Report: PIT, Overall Tax Revenues Show Strong Growth in Second Quarter,”](#) October 2011.

¹⁴ American Corelogic Loan Performance data.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE BY TYPE, 3Q'11¹⁵

Long-Term Municipal State Issuance by Type, 3Q'11

\$ Millions

State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue	State	Total Amount	G.O.	Revenue
Alabama	573.8	353.4	220.4	Louisiana	728.2	161.8	566.4	Oklahoma	315.0	82.2	232.8
Alaska	83.7	83.7		Maine	413.8	41.8	372.0	Oregon	524.7	380.9	143.8
Arizona	1,046.7	50.4	996.3	Maryland	2,079.8	1,728.4	351.4	Pennsylvania	3,511.5	962.1	2,549.4
Arkansas	295.4	162.5	132.9	Massachusetts	1,316.3	906.1	410.2	Puerto Rico	1,752.8	450.0	1,302.8
California	13,444.9	4,774.4	8,670.5	Michigan	1,403.8	407.8	996.0	Rhode Island	301.2	184.6	116.6
Colorado	892.4	382.4	510.0	Minnesota	1,402.0	1,238.9	163.1	South Carolina	1,115.1	617.2	497.9
Connecticut	1,826.9	804.4	1,022.5	Mississippi	266.9	41.8	225.1	South Dakota	117.3	20.5	96.8
D. of Columbia	384.3		384.3	Missouri	1,343.3	490.4	852.9	Tennessee	623.6	279.8	343.8
Delaware	111.4	7.2	104.2	Montana	62.4	34.0	28.4	Texas	7,333.6	4,268.1	3,065.5
Florida	2,886.2	270.5	2,615.7	Nebraska	433.6	371.1	62.5	Utah	831.4	194.7	636.7
Georgia	1,314.1	83.8	1,230.3	Nevada	783.1	568.1	215.0	Vermont	53.6	53.6	
Hawaii	605.3	304.4	300.9	New Hampshire	773.6	1.0	772.6	Virginia	1,139.3	326.4	812.9
Idaho	319.2	104.1	215.1	New Jersey	1,098.2	578.6	519.6	Washington	2,131.3	1,146.2	985.1
Illinois	1,450.1	1,297.5	152.6	New Mexico	262.9	151.7	111.2	West Virginia	473.3	55.4	417.9
Indiana	2,827.8	119.8	2,708.0	New York	8,047.3	2,441.4	5,605.9	Wisconsin	1,447.4	1,105.0	342.4
Iowa	379.9	197.8	182.1	North Carolina	662.9	54.6	608.3	Wyoming	54.4		54.4
Kansas	952.8	625.3	327.5	North Dakota	262.6	85.8	176.8				
Kentucky	641.7	31.7	610.0	Ohio	2,080.0	1,412.0	668.0				

G.O. Issuance	30,495.3
Revenue Issuance	44,687.5
*Total L-T Issuance	75,182.8

Source: Thomson Reuters

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

LONG-TERM MUNICIPAL ISSUANCE BY REGION, 3Q'11

Long-Term Municipal Issuance by Region, 3Q'11

\$ Millions

General Obligation						Unenhanced General Obligation					
	Far West	Midwest	Northeast	Southeast	Southwest		Far West	Midwest	Northeast	Southeast	Southwest
Aaa	27.4	1,147.3	2,062.7	430.9	2,449.2	Aaa	3.5	1,094.8	1,935.3	430.9	1,290.7
Aa	4,407.2	3,763.8	4,193.3	1,332.3	1,510.9	Aa	3,827.5	3,439.1	3,428.4	837.3	1,033.3
A	2,485.3	79.0	154.1	83.6	14.1	A	2,482.2	76.3	44.0	83.6	10.8
Baa			450.0		40.9	Baa			450.0		40.9
Below Baa						Below Baa					
Total Rated	6,919.9	4,990.5	6,862.3	1,846.8	4,015.2	Total Rated	6,313.3	4,610.7	5,857.8	1,351.8	2,375.6
Not Rated	475.7	1,756.1	1,296.8	429.5	1,902.1	Not Rated	308.0	1,044.3	808.5	293.9	979.6
Totals	7,395.6	6,746.6	8,159.2	2,276.3	5,917.3	Totals	13,242.6	5,654.9	6,666.3	1,645.7	3,355.2
% of Total L-T Volume	24.3%	22.1%	26.8%	7.5%	19.4%	% of Total L-T Volume	43.3%	18.5%	21.8%	5.4%	11.0%

Revenue						Unenhanced Revenue					
	Far West	Midwest	Northeast	Southeast	Southwest		Far West	Midwest	Northeast	Southeast	Southwest
Aaa	66.4	540.2	418.0	333.2	602.4	Aaa		381.2	143.2	310.4	117.4
Aa	6,785.0	1,840.5	4,524.3	4,884.2	2,634.6	Aa	6,058.4	1,411.4	3,682.1	3,708.4	2,358.4
A	2,262.8	1,845.8	2,119.2	1,367.4	1,279.8	A	2,194.4	1,649.1	1,573.9	1,226.4	1,179.8
Baa	23.8	4.2	1,973.1	111.5	145.9	Baa	16.8	4.2	865.6	61.9	145.9
Below Baa	350.0					Below Baa	350.0				
Total Rated	9,487.9	4,230.7	9,034.4	6,696.3	4,662.6	Total Rated	8,619.5	3,445.8	6,264.7	5,307.1	3,801.6
Not Rated	1,125.3	2,170.7	4,477.0	1,452.5	1,350.2	Not Rated	978.4	2,044.5	3,758.5	999.0	1,070.9
Totals	10,613.2	6,401.3	13,511.4	8,148.8	6,012.8	Totals	9,598.0	5,490.3	10,023.2	6,306.0	4,872.6
% of Total L-T Volume	23.7%	14.3%	30.2%	18.2%	13.5%	% of Total L-T Volume	26.4%	15.1%	27.6%	17.4%	13.4%

Source: Thomson Reuters

¹⁵ Issuance totals do not include private placements.

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS, 3Q'11

Long-Term Municipal Issuance by General Use of Proceeds, 3Q'11

\$ Millions

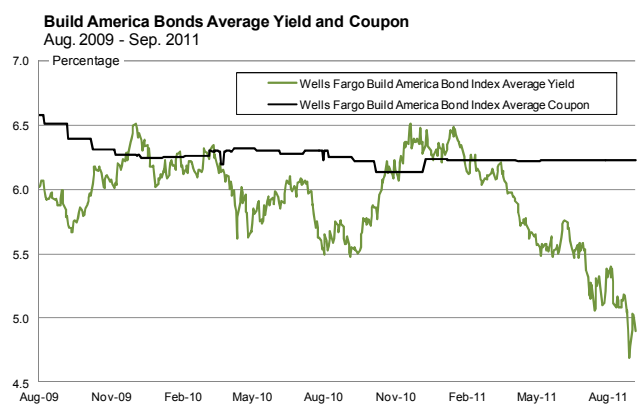
General Obligation Sector	Investment Grade	Number of Issues	Sub-Investment Grade Rating	Number of Issues	Not Rated	Number of Issues	Total Amount	Number of Issues
Development	330.4	8.0			36.2	3	366.6	11
Education	9,592.2	585.0			203.6	101	9,795.8	686
Electric Power	9.9	1.0					9.9	1
Environmental Facilities	1.2	1.0					1.2	1
General Purpose	15,061.5	575.0			250.6	120	15,312.1	695
Healthcare	380.6	6.0			75.7	7	456.3	13
Housing	281.0	6.0			0.3	1	281.3	7
Public Facilities	822.3	58.0			31.1	27	853.4	85
Transportation	1,482.8	41.0			17.9	13	1,500.7	54
Utilities	1,633.8	117.0			284.0	49	1,917.8	166
Total	29,595.7	1,398	-	-	899.4	321.0	30,495.1	1,719.0

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	699.0	34.0			67.7	15	766.7	49
Education	11,102.6	187.0			71.3	25	11,173.9	212
Electric Power	3,662.7	28.0			317.1	11	3,979.8	39
Environmental Facilities	393.0	5.0			258.0	3	651.0	8
General Purpose	4,769.4	97.0			134.3	33	4,903.7	130
Healthcare	3,536.8	51.0	350	1	228.1	22	4,114.9	74
Housing	1,532.4	51.0			167.6	8	1,700.0	59
Public Facilities	1,696.7	46.0			29.6	10	1,726.3	56
Transportation	5,851.3	52.0			14.9	6	5,866.2	58
Utilities	9,676.1	176.0			129.5	37	9,805.6	213
Total	42,920.0	727.0	350.0	1.0	1,418.1	170.0	44,688.1	898.0

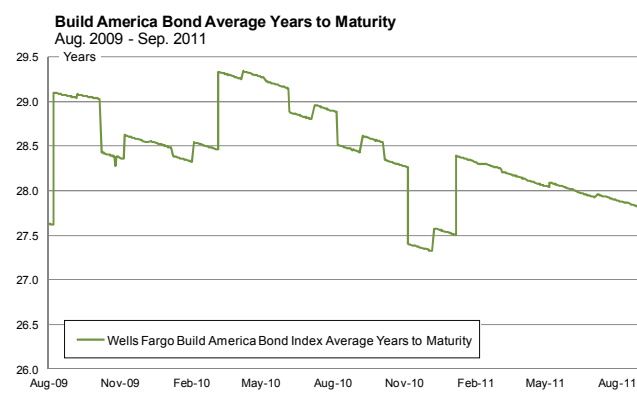
Source: Thomson Reuters

BUILD AMERICA BONDS 3Q'11

Other Build America Bond Charts

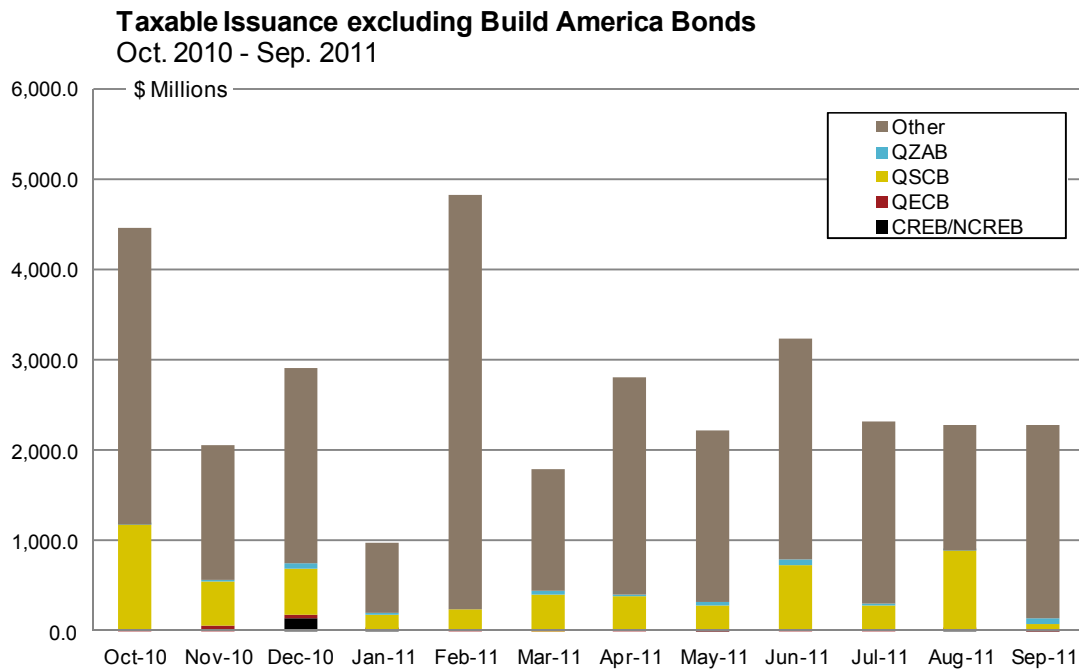


Source: Wells Fargo



Source: Wells Fargo

TAXABLE ISSUANCE, 3Q'11



Source: Thomson Reuters, SIFMA

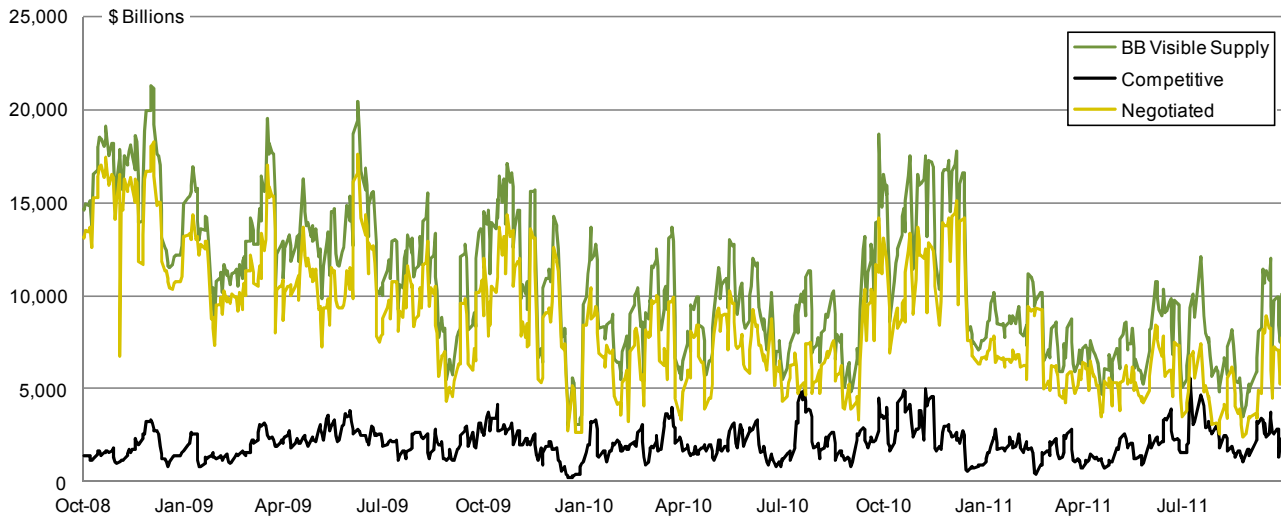
Taxable Issuance by Type, 2Q'11
\$ Millions

State	CREB/NCREB	Other	QECB	QSCB	QZAB	State	CREB/NCREB	Other	QECB	QSCB	QZAB
AL		15.3				MT				2.3	
AR				10.1	3.9	NC		1.9			
AZ		2.4		5.7		ND		14.0			
CA	9.3	1,617.9		50.8		NE		4.0			0.6
CT		115.1				NH		648.0			
DC		50.0				NJ		69.9			
DE		0.3				NM		14.5			
FL		90.0				NV		129.7			
GA		41.8	5.4	43.9		NY		1,194.8			
IA		14.4				OH		37.8		10.7	
ID		1.1				OK		10.9		9.9	
IL		41.9	14.0			OR		53.2		26.9	15.0
IN	2.3	22.0		0.4	3.9	PA		32.9	1.5		
KS		18.5				PR				756.4	
KY		4.7		18.4	11.0	SC		0.9			
LA		0.6				TN		97.3			
MA		0.8	3.1	142.4		TX		433.2		107.6	
MD		37.9	6.5		15.9	UT		397.0			
ME		3.4		5.6		VA		7.0			
MI		15.7				VT				2.9	
MN		28.2				WA		27.7		6.0	
MO		22.4			35.0	WI		93.4	5.8	1.0	
MS		34.0				WV		104.7			

Source: Thomson Reuters

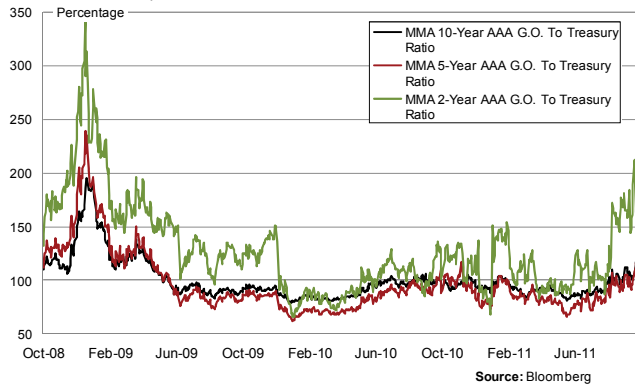
SUPPLY, YIELD CURVES, TOTAL RETURN, & RATIOS

Bond Buyer 30-Day Visible Supply
Oct. 1, 2008 - Sep. 30, 2011



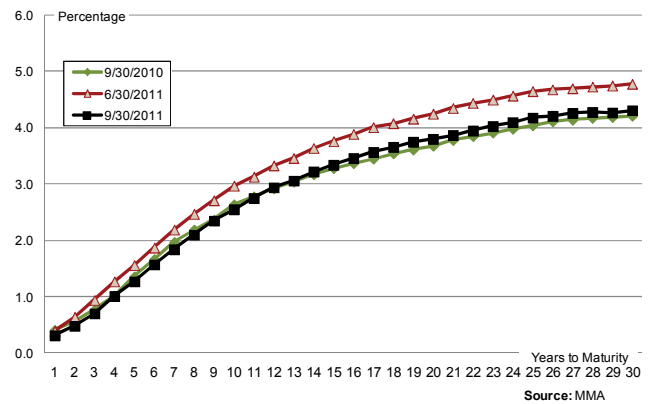
Source: Bond Buyer, Bloomberg

2-, 5-, and 10-Year AAA G.O. to Treasury Ratios
Oct. 2008 - Sep. 2011



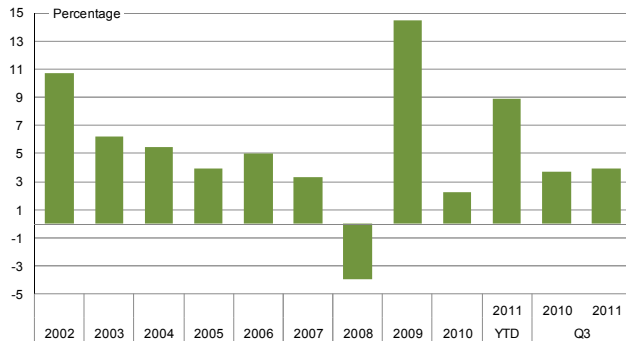
Source: Bloomberg

MMA Yield Curves



Source: MMA

Municipal Total Return
2002 - 2011:Q3



Source: Bank of America-Merrill Lynch

MCDX (5- and 10- Year)
Jul. 2009 - Sep. 2011



Source: Markit

MUNICIPAL CDS

Gross and Net Notional of MCDX, 3Q'11¹⁶

(From Outstanding Indices with 10 or greater contracts)

MCDX Notional Outstanding (USD Billions) (Gross / Net)							
Date	MCDX.NA.10	MCDX.NA.11	MCDX.NA.12	MCDX.NA.13	MCDX.NA.14	MCDX.NA.15	MCDX.NA.16
4/1/2011	5.68 / 1.21	1.87 / 0.71	0.71 / 0.34	1.12 / 0.26	2.49 / 0.55	6.6 / 1.79	
4/8/2011	5.68 / 1.21	1.87 / 0.71	0.71 / 0.34	1.07 / 0.21	2.51 / 0.55	6.28 / 1.44	
4/15/2011	5.68 / 1.21	1.87 / 0.71	0.71 / 0.34	1.07 / 0.21	2.51 / 0.55	6.39 / 1.41	0.8 / 0.49
4/22/2011	5.7 / 1.21	1.84 / 0.71	0.74 / 0.34	1.07 / 0.21	2.48 / 0.55	6.37 / 1.38	1.09 / 0.68
4/29/2011	5.7 / 1.21	1.84 / 0.71	0.74 / 0.34	1.07 / 0.21	2.48 / 0.55	6.37 / 1.36	1.29 / 0.66
5/6/2011	5.78 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.48 / 0.52	6.33 / 1.36	1.65 / 0.8
5/13/2011	5.88 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.48 / 0.52	6.29 / 1.3	2.1 / 0.88
5/20/2011	5.88 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.47 / 0.51	6.29 / 1.3	2.85 / 1.12
5/27/2011	5.96 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.52 / 0.51	6.37 / 1.3	3.55 / 1.31
6/3/2011	5.7 / 1.21	1.84 / 0.71	0.74 / 0.34	1.07 / 0.21	2.48 / 0.55	6.37 / 1.36	1.29 / 0.66
6/10/2011	5.96 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.52 / 0.51	6.36 / 1.29	3.99 / 1.55
6/17/2011	5.96 / 1.24	1.89 / 0.76	0.74 / 0.34	1.07 / 0.21	2.52 / 0.51	6.34 / 1.29	4.72 / 1.76
6/24/2011	5.96 / 1.24	1.88 / 0.76	0.76 / 0.36	1.07 / 0.21	2.52 / 0.51	6.34 / 1.29	5.4 / 1.89
7/1/2011	5.58 / 1.04	1.88 / 0.76	0.76 / 0.36	1.07 / 0.21	2.52 / 0.51	6.34 / 1.29	6.01 / 2.07

Number of Contracts Outstanding							
Date	MCDX.NA.10	MCDX.NA.11	MCDX.NA.12	MCDX.NA.13	MCDX.NA.14	MCDX.NA.15	MCDX.NA.16
4/1/2011	275	100	46	90	224	1,013	
4/8/2011	275	100	46	87	225	931	
4/15/2011	275	100	46	87	225	870	34
4/22/2011	276	100	48	87	222	863	86
4/29/2011	276	100	48	87	222	861	173
5/6/2011	279	101	48	87	222	855	216
5/13/2011	280	101	48	87	222	851	273
5/20/2011	280	100	48	87	200	851	396
5/27/2011	281	100	48	87	201	853	510
6/3/2011	276	100	48	87	222	861	173
6/10/2011	281	100	48	87	201	851	577
6/17/2011	281	100	48	87	201	848	696
6/24/2011	281	99	49	87	201	848	773
7/1/2011	271	99	49	87	201	848	820

¹⁶ Indices with less than 10 contracts outstanding are not listed.

Market Risk Activity of MCDX, 3Q'11¹⁷

Market Risk Activity, Gross Notional (USD Millions)							
Date	MCDX.NA.10	MCDX.NA.11	MCDX.NA.12	MCDX.NA.13	MCDX.NA.14	MCDX.NA.15	MCDX.NA.16
7/1/2011	25.0						599.5
7/8/2011	50.0						390.1
7/15/2011						31.0	869.0
7/22/2011	50.0	30.0			31.0	67.0	744.8
7/29/2011			56.0			132.9	632.7
8/5/2011		25.0			17.8	193.7	713.7
8/12/2011						184.1	1,099.2
8/19/2011		25.0				255.5	296.6
8/26/2011						25.0	53.8
9/2/2011						15.0	348.0
9/9/2011						100.0	254.8
9/16/2011	25.0					60.0	278.9
9/23/2011	25.0					0.4	342.9
9/30/2011		25.0				174.0	176.9

Market Risk Activity, Number of Contracts							
Date	MCDX.NA.10	MCDX.NA.11	MCDX.NA.12	MCDX.NA.13	MCDX.NA.14	MCDX.NA.15	MCDX.NA.16
7/1/2011	1						49
7/8/2011	2						22
7/15/2011						6	63
7/22/2011	2	2			1	8	75
7/29/2011			3			39	48
8/5/2011		1			7	21	143
8/12/2011						25	91
8/19/2011		1				16	32
8/26/2011						1	8
9/2/2011						13	42
9/9/2011						5	49
9/16/2011	1					9	128
9/23/2011	1					2	90
9/30/2011		1				15	30

CDS Spreads for Single Name States

CDS Spreads (5 Year), Basis Points							
	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011
Illinois	166	369	260	348	246	201	263
California	202	353	260	299	211	141	226
Connecticut	99	141	118	165	135	122	156
Nevada	175	226	205	212	154	128	155
New Jersey	156	289	210	219	151	138	151
Ohio	103	159	134	152	112	101	150
Michigan	159	288	237	238	150	130	142
Pennsylvania	N/A	N/A	127	143	109	90	135
Florida	105	187	130	155	105	91	126
New York	155	291	194	215	105	99	121
Massachusetts	112	154	135	160	119	92	119
Wisconsin	88	147	121	136	102	78	118
Maryland	48	82	65	106	80	69	88
North Carolina	N/A	N/A	N/A	100	83	73	82
Texas	52	107	81	102	77	60	82
Delaware	52	70	57	65	64	47	82
Minnesota	N/A	N/A	N/A	94	76	67	52
Virginia	N/A	83	61	83	N/A	N/A	N/A

Source: CMA Datavision

¹⁷ "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."

Gross and Net Notional of Single-Name Municipal CDS, 2Q'11¹⁸
(From Top 1,000 Reference Entities)

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
7/1/2011	10.33 / 0.99	4.66 / 0.27	3.29 / 0.76	4.48 / 0.49	3.31 / 0.44	2.74 / 0.18	5.62 / 0.42	1.71 / 0.18
7/8/2011	10.38 / 1.03	4.66 / 0.27	3.34 / 0.73	4.48 / 0.49	3.31 / 0.44	2.74 / 0.18	5.65 / 0.42	1.7 / 0.18
7/15/2011	10.37 / 1.03	4.66 / 0.27	3.38 / 0.74	4.48 / 0.49	3.32 / 0.46	2.74 / 0.18	5.65 / 0.42	1.7 / 0.18
7/22/2011	10.44 / 1.05	4.57 / 0.28	3.39 / 0.75	4.47 / 0.49	3.33 / 0.47	2.74 / 0.18	5.64 / 0.43	1.7 / 0.18
7/29/2011	10.49 / 1.06	4.6 / 0.29	3.4 / 0.74	4.48 / 0.5	3.36 / 0.44	2.75 / 0.19	5.64 / 0.42	
8/5/2011	10.51 / 1.05	4.63 / 0.27	3.48 / 0.73	4.48 / 0.49	3.37 / 0.46	2.75 / 0.19	5.59 / 0.42	1.7 / 0.18
8/13/2011	10.47 / 1.05	4.63 / 0.27	3.49 / 0.73	4.48 / 0.49	3.37 / 0.46	2.75 / 0.19	6 / 0.31	
8/20/2011	10.54 / 1.04	4.64 / 0.27	3.56 / 0.72	4.48 / 0.48	3.37 / 0.46	2.75 / 0.19	6.07 / 0.31	
8/26/2011	10.5 / 1.04	4.64 / 0.27	3.55 / 0.71	4.46 / 0.48	3.37 / 0.46	2.74 / 0.19	5.99 / 0.31	
9/2/2011	10.5 / 1.04	4.78 / 0.24	3.55 / 0.71	4.47 / 0.49	3.38 / 0.47	2.74 / 0.19	6 / 0.3	
9/9/2011	10.53 / 1.04	4.78 / 0.24	3.55 / 0.71	4.47 / 0.49	3.38 / 0.47	2.74 / 0.19	6 / 0.3	
9/17/2011	10.5 / 1.03	4.78 / 0.24	3.55 / 0.71	4.47 / 0.49	3.38 / 0.47	2.74 / 0.19	6 / 0.3	
9/23/2011	10.26 / 1.01	4.78 / 0.24	3.51 / 0.69	4.39 / 0.41	3.33 / 0.42	2.74 / 0.19	6 / 0.3	
9/30/2011	10.29 / 1.02	4.78 / 0.24	3.48 / 0.69	4.39 / 0.41	3.35 / 0.42	2.74 / 0.19	6 / 0.3	

Source: DTCC

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
7/1/2011	967	315	380	432	279	161	348	118
7/8/2011	972	315	391	432	280	161	348	118
7/15/2011	974	315	394	432	280	161	352	118
7/22/2011	997	315	389	428	280	161	352	118
7/29/2011	1,008	315	393	428	281	161	352	119
8/5/2011	1,006	313	392	421	275	156	351	
8/13/2011	1,037	313	395	421	275	156	356	
8/20/2011	1,044	317	402	424	276	159	359	
8/26/2011	1,050	317	427	425	276	159	361	
9/2/2011	1,052	317	419	426	277	159	361	
9/9/2011	1,055	317	413	419	277	159	362	
9/17/2011	1,064	317	414	418	277	159	362	
9/23/2011	1,065	316	418	417	280	159	362	117
9/30/2011	1,065	316	421	418	280	159	362	117

Source: DTCC

Market Risk Activity of Single-Name Municipal CDS, 2Q'11¹⁹

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
7/1/2011	1,065.0	316.0	421.0	418.0	280.0	159.0	362.0	117.0
7/8/2011	1,069.0	316.0	423.0	418.0	280.0	159.0	363.0	117.0
7/15/2011	1,068.0	316.0	427.0	418.0	281.0	159.0	363.0	117.0
7/22/2011	1,075.0	314.0	426.0	414.0	280.0	159.0	364.0	117.0
7/29/2011	1,089.0	318.0	430.0	415.0	281.0	162.0	365.0	
8/5/2011	1,098.0	319.0	453.0	415.0	283.0	162.0	363.0	117.0
8/13/2011	1,099.0	319.0	459.0	415.0	283.0	162.0	368.0	
8/20/2011	1,102.0	321.0	465.0	415.0	283.0	162.0	370.0	
8/26/2011	1,095.0	321.0	463.0	413.0	282.0	160.0	362.0	
9/2/2011	1,098.0	328.0	464.0	414.0	283.0	160.0	363.0	
9/9/2011	1,100.0	328.0	467.0	414.0	283.0	160.0	363.0	
9/17/2011	1,090.0	328.0	462.0	414.0	283.0	160.0	363.0	
9/23/2011	905.0	328.0	447.0	351.0	221.0	160.0	366.0	
9/30/2011	901.0	328.0	445.0	351.0	221.0	160.0	369.0	

Source: DTCC

Date	California (CA)	Florida (FL)	Illinois (IL)	New Jersey (NJ)	New York (NY)	Texas (TX)	New York City (NYC)	Massachusetts (MA)
7/1/2011	11		4	1			1	
7/8/2011	5		2				1	
7/15/2011			6		1			
7/22/2011	12	9	8	1	1		5	
7/29/2011	18	16	14	1	3	3	5	
8/6/2011	36	3	31	4	4		4	
8/12/2011	12		6				5	
8/19/2011	7	2	7	1			2	
8/26/2011	8		6					
9/2/2011	9	7	7	4	3		1	
9/9/2011	6		3					
9/16/2011	17		7	1				
9/23/2011	20		12				3	
9/30/2011	9		10	1	1		3	

Source: DTCC

¹⁸ Data are missing for some weeks for Massachusetts as they do not make it to the top 1,000 reference entities for some weeks.

¹⁹ "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."

TRADING SUMMARY, 3Q'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:Q3	1,247,290	503,641	779,391	2,530,322	\$400,385	\$267,238	\$139,286	\$806,909
2011:Q3	1,139,140	520,265	771,071	2,430,476	\$359,143	\$251,066	\$133,087	\$743,296

	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:Q3	19,489	7,869	12,178	39,536	\$6,256	\$4,176	\$2,176	\$12,608
2011:Q3	17,799	8,129	12,048	37,976	\$5,612	\$3,923	\$2,079	\$11,614

	# 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:Q3	82%	12%	2%	4%	2,530,322	8%	10%	6%	76%	\$806,909
2011:Q3	82%	12%	2%	4%	2,430,476	9%	10%	6%	75%	\$743,296

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2010:Q3	17%	12%	10%	9%	9%	6%	38%	\$806,909
2011:Q3	17%	10%	12%	9%	8%	8%	37%	\$743,296

	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:Q3	7%	8%	12%	28%	45%	\$806,909
2011:Q3	6%	9%	13%	30%	42%	\$743,296

	Trades by Source of Repayment				
	General				Total (Millions)
	Revenue	Obligation	Double Barrel	Not Available	
2010:Q3	70%	23%	4%	2%	\$806,909
2011:Q3	73%	24%	3%	0%	\$743,296

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2010:Q3	53%	44%	3%	0%	\$806,909
2011:Q3	51%	44%	4%	0%	\$743,296

Source: MSRB EMMA

OUTSTANDING MUNICIPAL DEBT

Outstanding and by State, Rating, Maturity, and Security Type²⁰

\$ Millions

State	Total Outstanding	G.O.	Revenue	Investment Grade	Non-Investment Grade	Due in 13 Months	Long-Term	Insured
AK Alaska	11,302.3	2,794.1	8,508.2	10,071.7	1,230.6	715.9	10,586.4	4,870.4
AL Alabama	33,384.1	6,021.5	27,362.6	26,947.0	6,437.0	1,067.4	32,316.7	15,178.4
AR Arkansas	12,007.4	4,516.9	7,490.5	9,775.1	2,232.3	487.5	11,519.9	3,415.8
AZ Arizona	55,690.5	10,764.5	44,926.0	50,713.2	4,977.3	2,290.5	53,400.0	18,637.3
CA California	548,961.2	193,308.1	355,653.1	467,585.7	81,375.5	27,750.0	521,211.2	193,490.3
CO Colorado	58,149.1	12,624.8	45,524.4	51,239.6	6,909.5	2,406.7	55,742.5	22,453.1
CT Connecticut	44,996.8	22,680.5	22,316.3	42,089.7	2,907.1	3,558.0	41,438.8	11,469.6
DC District of Columbia	29,966.6	3,716.9	26,249.7	23,564.6	6,402.0	1,481.7	28,484.9	10,599.6
DE Delaware	8,336.6	2,268.8	6,067.7	7,756.7	579.9	370.3	7,966.2	1,572.5
FL Florida	169,411.4	18,590.0	150,821.4	149,542.8	19,868.6	11,132.0	158,279.4	73,953.9
GA Georgia	73,186.8	16,686.2	56,500.6	63,393.3	9,793.5	3,999.9	69,186.9	19,674.2
GU Guam	1,993.3	451.1	1,542.2	1,100.4	892.9	69.9	1,923.4	347.7
HI Hawaii	15,325.9	8,437.1	6,888.9	14,700.8	625.2	653.3	14,672.6	7,511.1
IA Iowa	20,694.5	5,562.2	15,132.2	17,422.6	3,271.9	1,043.1	19,651.4	5,679.6
ID Idaho	11,165.5	5,913.9	5,251.6	10,004.3	1,161.2	1,044.3	10,121.2	2,002.5
IL Illinois	162,610.7	82,574.5	80,036.2	151,274.2	11,336.5	7,242.9	155,367.8	68,405.7
IN Indiana	55,581.1	1,131.7	54,449.4	48,260.8	7,320.3	2,616.0	52,965.1	19,665.9
KS Kansas	22,645.5	8,731.7	13,913.7	19,540.5	3,104.9	1,689.0	20,956.5	7,380.2
KY Kentucky	36,351.5	1,589.4	34,762.1	34,342.8	2,008.7	1,533.4	34,818.2	10,570.8
LA Louisiana	36,298.9	6,132.3	30,166.6	33,525.2	2,773.7	1,263.1	35,035.8	15,396.5
MA Massachusetts	94,682.4	31,070.9	63,611.5	88,363.5	6,318.8	4,966.7	89,715.7	27,833.4
MD Maryland	48,204.5	20,921.9	27,282.6	43,694.6	4,509.9	2,379.8	45,824.7	6,258.7
ME Maine	8,815.7	1,713.4	7,102.3	8,381.3	434.4	542.9	8,272.8	2,504.4
MI Michigan	81,149.3	26,724.5	54,424.9	66,365.8	14,783.6	4,450.8	76,698.5	35,726.3
MN Minnesota	51,645.0	24,088.8	27,556.2	45,902.1	5,742.9	3,127.5	48,517.5	10,919.2
MO Missouri	56,143.9	16,234.4	39,909.6	50,270.5	5,873.5	2,319.1	53,824.9	13,110.8
MS Mississippi	19,260.9	6,036.0	13,225.0	16,964.3	2,296.7	749.3	18,511.6	4,074.4
MT Montana	13,851.1	8,797.1	5,054.0	5,249.3	8,601.8	696.9	13,154.2	1,188.0
NC North Carolina	56,302.2	14,665.8	41,636.3	53,422.0	2,880.2	2,410.9	53,891.3	10,885.4
ND North Dakota	4,100.1	1,036.9	3,063.2	3,740.8	359.3	230.0	3,870.2	1,328.9
NE Nebraska	17,453.2	4,852.0	12,601.2	14,368.9	3,084.3	765.9	16,687.3	4,147.6
NH New Hampshire	11,689.3	2,207.2	9,482.1	10,653.7	1,035.6	501.4	11,187.9	2,639.6
NJ New Jersey	118,950.7	24,254.0	94,696.8	106,857.0	12,093.7	7,707.4	111,243.3	54,263.5
NM New Mexico	15,644.9	2,987.1	12,657.8	14,423.4	1,221.5	821.9	14,823.0	3,474.6
NV Nevada	31,402.7	15,574.9	15,827.7	26,978.9	4,423.7	1,306.5	30,096.2	14,639.5
NY New York	356,227.6	79,506.0	276,721.5	319,540.3	36,687.3	19,260.9	336,966.7	87,531.3
OH Ohio	106,289.0	28,908.2	77,380.8	80,122.8	26,166.2	4,925.8	101,363.2	26,008.9
OK Oklahoma	19,332.6	3,265.2	16,067.4	16,565.0	2,767.6	1,455.5	17,877.1	5,670.9
OR Oregon	36,165.0	15,615.8	20,549.2	33,947.9	2,217.1	2,351.1	33,813.9	13,944.4
OT Other Territories	9,398.2	25.0	9,373.2	7,863.3	1,534.9	-	9,398.2	184.8
PA Pennsylvania	133,107.2	43,715.9	89,391.3	121,638.6	11,468.6	7,646.2	125,461.0	53,043.6
PR Puerto Rico	96,843.2	10,154.0	86,689.2	81,501.2	15,341.9	1,767.3	95,075.9	28,508.2
RI Rhode Island	14,236.1	2,127.7	12,108.5	10,599.3	3,636.9	528.5	13,707.6	5,645.0
SC South Carolina	38,557.2	9,134.8	29,422.4	34,404.0	4,153.1	2,322.2	36,234.9	13,860.8
SD South Dakota	7,519.5	3,353.2	4,166.3	4,470.3	3,049.1	383.3	7,136.1	1,110.9
TN Tennessee	44,872.7	13,254.6	31,618.1	40,689.2	4,183.5	1,851.5	43,021.1	9,773.0
TT Trust Territories	286.8	99.7	187.1	286.8	286.8	-	286.8	-
TX Texas	302,860.3	140,122.1	162,738.2	262,982.2	39,878.1	19,935.0	282,925.3	74,905.0
UT Utah	22,921.2	7,207.9	15,713.4	20,613.0	2,308.3	1,022.2	21,899.0	4,590.8
VA Virginia	62,146.9	12,708.8	49,438.1	56,376.8	5,770.1	2,921.4	59,225.5	8,242.7
VI Virgin Islands	2,437.0	-	2,437.0	2,032.3	404.7	88.7	2,348.3	592.3
VT Vermont	5,774.5	554.4	5,220.0	5,415.1	359.4	194.6	5,579.9	3,355.9
WA Washington	79,718.0	36,051.0	43,667.1	76,611.2	3,106.8	3,299.8	76,418.2	31,322.6
WI Wisconsin	45,193.7	20,407.9	24,785.9	40,236.9	4,956.8	3,893.4	41,300.3	14,628.6
WV West Virginia	11,657.7	1,091.2	10,566.5	7,602.4	4,055.3	336.9	11,320.8	3,038.4
WY Wyoming	3,948.1	117.7	3,830.4	3,873.4	74.8	69.4	3,878.7	144.1
TOTAL (9/30/2011)	3,436,848.2	1,043,081.9	2,393,766.4	3,015,572.2	421,276.0	179,645.4	3,257,202.8	1,091,371.7
TOTAL (6/30/2011)	3,449,943.9	1,038,453.5	2,411,490.5	3,049,983.4	399,960.5	171,638.7	3,278,305.2	1,128,729.2
TOTAL (3/31/2011)	3,218,178.4	631,308.5	2,586,869.8	2,866,622.1	351,556.3	175,071.7	3,043,106.7	1,027,347.9
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

Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

²⁰ Investment-grade outstanding requires a minimum of 1 investment grade rating from either Moody's, Standard and Poor's, or Fitch Ratings and will therefore include split-rated issues (i.e., a bond with both an investment-grade and high yield rating); non-investment grade debt outstanding includes debt both rated junk as well as non-rated securities. Outstanding includes both short- and long-term municipal debt, VRDOs and ARS. "Due in 13 months" will include debt with an original maturity of 13 months or longer. Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives; prior to 6/30, did not include zero coupons. See addendum tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability discussions regarding the size of the outstanding municipal market, see Berger, Daniel (Thomson Reuters) "[Long-Term Outlook – June 2011 – The Volume of Outstanding Municipal Debt](#)," June 29, 2011.

Outstanding and by Tax Status, Coupon, and Use of Proceeds²¹

\$ Millions

State	Total Outstanding	Tax-Exempt	AMT	Taxable	Fixed	Floating	Purpose	Total Outstanding
AK Alaska	11,302.3	8,766.9	1,478.0	1,057.4	8,791.3	2,511.0	Airport	84,884.8
AL Alabama	33,384.1	26,264.1	1,508.8	5,611.1	23,411.0	9,973.1	Development	142,112.1
AR Arkansas	12,007.4	6,819.0	847.8	4,340.5	10,591.2	1,416.1	Education	696,095.9
AZ Arizona	55,690.5	47,629.7	2,549.8	5,511.0	47,330.3	8,360.2	GO	657,603.6
CA California	548,961.2	435,881.6	25,105.2	87,974.4	383,939.5	165,021.7	Healthcare	282,188.9
CO Colorado	58,149.1	42,201.1	4,473.3	11,474.7	41,896.2	16,252.9	Housing	178,758.9
CT Connecticut	44,996.8	32,585.4	2,584.8	9,826.6	36,302.0	8,694.8	Other	609,905.1
DC District of Columbia	29,966.6	21,720.3	4,947.7	3,298.5	17,940.2	12,026.4	Public Facilities	50,906.9
DE Delaware	8,336.6	5,685.5	864.2	1,786.9	5,822.0	2,514.5	Student Loan	62,387.7
FL Florida	169,411.4	137,705.6	16,523.3	15,182.6	128,680.2	40,731.2	Transportation	232,323.7
GA Georgia	73,186.8	58,682.5	4,819.5	9,684.8	57,032.3	16,154.5	Utilities	439,680.7
GU Guam	1,993.3	1,815.8	121.3	56.1	1,877.8	115.5	TOTAL (9/30/2011)	3,436,848.2
HI Hawaii	15,325.9	11,767.0	2,068.8	1,490.2	14,385.9	940.1		
IA Iowa	20,694.5	10,452.3	1,104.9	9,137.3	14,963.2	5,731.3		
ID Idaho	11,165.5	4,681.5	1,294.0	5,190.1	5,295.8	5,869.7		
IL Illinois	162,610.7	104,390.7	9,245.1	48,974.9	119,242.1	43,368.6		
IN Indiana	55,581.1	38,395.2	4,165.0	13,020.9	38,640.2	16,940.9		
KS Kansas	22,645.5	15,010.0	878.1	6,757.4	19,835.2	2,810.2		
KY Kentucky	36,351.5	23,503.7	3,656.4	9,191.3	25,988.7	10,362.8		
LA Louisiana	36,298.9	28,829.4	2,085.3	5,384.3	26,335.9	9,963.0		
MA Massachusetts	94,682.4	78,496.2	4,903.9	11,282.3	72,688.4	21,994.0		
MD Maryland	48,204.5	38,628.3	3,399.3	6,176.9	38,895.9	9,308.6		
ME Maine	8,815.7	6,233.3	1,513.1	1,069.3	7,267.7	1,548.0		
MI Michigan	81,149.3	58,747.6	6,124.3	16,277.5	55,520.4	25,629.0		
MN Minnesota	51,645.0	34,424.1	3,878.5	13,342.4	41,639.2	10,005.8		
MO Missouri	56,143.9	31,681.1	2,927.8	21,335.0	34,742.1	21,401.9		
MS Mississippi	19,260.9	11,889.4	1,346.5	6,025.1	12,153.2	7,107.7		
MT Montana	13,851.1	2,535.0	1,999.6	9,316.5	3,544.9	10,306.2		
NC North Carolina	56,302.2	48,273.6	2,633.2	5,395.3	41,485.1	14,817.1		
ND North Dakota	4,100.1	2,453.7	608.9	1,037.5	3,634.7	465.5		
NE Nebraska	17,453.2	11,786.6	866.0	4,800.7	14,841.5	2,611.7		
NH New Hampshire	11,689.3	7,121.2	2,120.1	2,448.0	7,126.8	4,562.5		
NJ New Jersey	118,950.7	85,219.9	7,827.1	25,903.7	88,648.1	30,302.7		
NM New Mexico	15,644.9	11,795.1	1,727.8	2,121.9	11,942.1	3,702.7		
NV Nevada	31,402.7	24,171.0	3,926.9	3,304.8	23,826.9	7,575.7		
NY New York	356,227.6	286,077.3	23,936.2	46,214.0	273,845.3	82,382.2		
OH Ohio	106,289.0	73,849.1	5,507.2	26,932.7	71,945.4	34,343.5		
OK Oklahoma	19,332.6	13,470.4	1,550.8	4,311.4	15,643.7	3,688.9		
OR Oregon	36,165.0	22,915.0	1,823.3	11,426.8	28,987.9	7,177.1		
OT Other Territories	9,398.2	1,085.8	7,847.9	464.5	756.1	8,642.1		
PA Pennsylvania	133,107.2	94,016.2	8,066.6	31,024.3	91,226.2	41,881.0		
PR Puerto Rico	96,843.2	86,136.8	551.8	10,154.5	53,576.9	43,266.3		
RI Rhode Island	14,236.1	10,589.5	2,251.6	1,395.0	9,020.3	5,215.8		
SC South Carolina	38,557.2	31,332.2	1,331.6	5,893.4	29,723.4	8,833.7		
SD South Dakota	7,519.5	2,534.9	1,047.2	3,937.3	3,889.0	3,630.4		
TN Tennessee	44,872.7	31,349.6	4,266.4	9,256.7	29,785.5	15,087.2		
TT Trust Territories	286.8	239.7	47.1	-	146.8	140.0		
TX Texas	302,860.3	229,234.3	20,607.1	53,018.9	226,963.8	75,896.5		
UT Utah	22,921.2	15,032.4	2,101.1	5,787.7	15,889.6	7,031.6		
VA Virginia	62,146.9	48,131.6	5,134.8	8,880.5	49,977.0	12,170.0		
VI Virgin Islands	2,437.0	2,010.4	376.0	50.5	2,384.9	52.1		
VT Vermont	5,774.5	3,038.6	2,160.1	575.8	2,882.7	2,891.8		
WA Washington	79,718.0	60,390.6	6,229.3	13,098.2	68,580.7	11,137.3		
WI Wisconsin	45,193.7	28,602.2	2,740.2	13,851.4	37,665.2	7,528.5		
WV West Virginia	11,657.7	6,563.9	1,284.9	3,808.9	6,878.9	4,778.8		
WY Wyoming	3,948.1	2,028.4	1,525.2	394.5	2,030.8	1,917.4		
TOTAL (9/30/2011)	3,436,848.2	2,564,872.1	236,510.8	635,465.4	2,508,058.3	928,789.9		
TOTAL (6/30/2011)	3,449,943.9	2,564,835.5	234,780.8	650,327.6	2,498,907.4	951,036.5		
TOTAL (3/31/2011)	3,218,178.4	2,357,528.1	234,195.1	626,455.2	2,498,453.8	719,724.5		
TOTAL (1/5/2011)	3,217,953.8	N/A	N/A	N/A	N/A	N/A		

Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

²¹ Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives; prior to 6/30, did not include zero coupons. See addendum tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability discussions regarding the size of the outstanding municipal market, see Berger, Daniel (Thomson Reuters) "Long-Term Outlook – June 2011 – The Volume of Outstanding Municipal Debt." June 29, 2011.

Addendum Tables – Build America Bonds, VRDOs, and Prerefunded²²

\$ Millions

State	Total Outstanding	BAB Only	VRDO Only	Prerefunded Only	Derivatives Only
AK Alaska	11,302.3	357.7	1,432.9	519.0	415.8
AL Alabama	33,384.1	609.9	4,347.2	2,657.8	1,345.2
AR Arkansas	12,007.4	39.0	536.6	479.1	47.8
AZ Arizona	55,690.5	1,951.6	3,236.2	3,133.6	2,585.0
CA California	548,961.2	37,625.8	44,459.0	23,912.0	28,097.9
CO Colorado	58,149.1	4,073.5	9,405.9	5,082.4	2,986.5
CT Connecticut	44,996.8	1,911.1	4,052.3	2,906.2	863.5
DC District of Columbia	29,966.6	1,949.9	3,105.2	397.5	1,912.2
DE Delaware	8,336.6	519.3	907.4	460.3	81.1
FL Florida	169,411.4	5,536.6	14,012.6	5,201.8	8,573.4
GA Georgia	73,186.8	3,728.4	7,489.5	3,711.4	2,454.4
GU Guam	1,993.3				6.2
HI Hawaii	15,325.9	1,267.6	137.2	704.7	708.2
IA Iowa	20,694.5	719.8	2,216.0	371.6	165.3
ID Idaho	11,165.5	129.3	1,266.7	142.6	80.6
IL Illinois	162,610.7	11,063.0	16,602.3	5,717.1	7,236.1
IN Indiana	55,581.1	2,059.9	6,348.6	3,774.5	2,166.7
KS Kansas	22,645.5	1,607.9	1,517.2	1,019.4	371.0
KY Kentucky	36,351.5	2,916.9	5,725.1	1,543.8	667.5
LA Louisiana	36,298.9	843.2	5,049.4	1,589.1	1,127.9
MA Massachusetts	94,682.4	4,835.7	12,854.9	8,562.3	7,048.3
MD Maryland	48,204.5	3,447.3	5,479.6	2,977.5	1,025.6
ME Maine	8,815.7	88.1	846.0	278.8	130.6
MI Michigan	81,149.3	2,606.9	8,795.2	4,812.5	3,621.3
MN Minnesota	51,645.0	1,465.1	4,266.1	1,979.8	1,047.8
MO Missouri	56,143.9	2,984.0	5,124.0	1,678.7	1,344.5
MS Mississippi	19,260.9	764.9	4,794.6	524.8	369.6
MT Montana	13,851.1	30.2	340.2	66.5	25.1
NC North Carolina	56,302.2	1,607.3	9,845.5	3,458.9	2,028.5
ND North Dakota	4,100.1	65.5	473.9	81.2	27.1
NE Nebraska	17,453.2	1,006.3	2,291.2	448.0	713.4
NH New Hampshire	11,689.3	354.9	1,715.7	484.3	235.5
NJ New Jersey	118,950.7	7,357.0	6,844.1	10,183.6	5,804.4
NM New Mexico	15,644.9	276.4	1,840.7	645.3	475.9
NV Nevada	31,402.7	2,550.9	2,872.7	1,650.4	1,906.8
NY New York	356,227.6	20,629.8	41,709.6	13,072.2	17,327.2
OH Ohio	106,289.0	8,281.6	11,645.6	6,651.2	3,492.5
OK Oklahoma	19,332.6	778.8	1,851.5	442.9	369.8
OR Oregon	36,165.0	971.0	2,752.0	950.8	345.3
OT Other Territories	9,398.2				21,126.3
PA Pennsylvania	133,107.2	5,017.0	16,600.4	7,157.9	6,098.7
PR Puerto Rico	96,843.2	692.8	341.4	6,669.4	4,322.2
RI Rhode Island	14,236.1		998.1	213.1	371.6
SC South Carolina	38,557.2	1,171.6	2,242.1	3,386.5	1,342.6
SD South Dakota	7,519.5	343.5	921.5	85.2	122.5
TN Tennessee	44,872.7	1,833.1	7,614.8	2,565.3	1,742.8
TT Trust Territories	286.8			36.2	9.1
TX Texas	302,860.3	16,663.1	21,713.9	16,596.5	21,148.0
UT Utah	22,921.2	2,891.8	3,040.1	1,239.5	621.6
VA Virginia	62,146.9	3,817.3	6,118.6	3,809.4	1,685.6
VI Virgin Islands	2,437.0	37.3		19.2	13.3
VT Vermont	5,774.5	126.3	839.1	148.3	38.4
WA Washington	79,718.0	6,117.7	5,329.4	4,011.1	3,586.2
WI Wisconsin	45,193.7	2,084.7	5,523.2	3,158.8	1,390.5
WV West Virginia	11,657.7	88.2	1,409.0	111.5	336.4
WY Wyoming	3,948.1	139.6	1,405.6	12.0	60.9
TOTAL (9/30/2011)	3,436,848.2	180,035.8	332,287.7	171,493.5	173,247.9
TOTAL (6/30/2011)	3,449,943.9	180,504.1	343,271.6	177,151.5	167,357.1
TOTAL (3/31/2011)	3,218,178.4	N/A	357,225.9	N/A	N/A
TOTAL (1/5/2011)	3,217,953.8	N/A	373,797.7	N/A	N/A

Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

²² Prefunded and derivatives tables are not incorporated in outstanding totals and are hence standalone. The chart replaces “Outstanding by Insurance” from prior municipal reports. For comparability discussions regarding the size of the outstanding municipal market, see Berger, Daniel (Thomson Reuters) “[Long-Term Outlook – June 2011 – The Volume of Outstanding Municipal Debt](#),” June 29, 2011.

Addendum Tables – Outstanding by Rating²³

\$ Millions

State	Total Outstanding	Rated	Unrated	AAA	AA	A	BBB	Split-Rated	BB	B	CCC and Below
AK Alaska	11,302.3	10,491.4	810.9	1,470.4	5,592.9	2,198.1	729.9	80.4	282.4	137.3	-
AL Alabama	33,384.1	29,567.6	3,816.5	1,014.6	17,747.7	5,121.4	2,172.2	891.2	270.1	190.4	2,160.0
AR Arkansas	12,007.4	9,829.9	2,177.4	452.3	7,426.3	1,122.9	773.6	-	27.9	26.9	-
AZ Arizona	55,690.5	51,089.5	4,601.0	4,458.8	32,695.1	9,758.1	3,731.3	69.9	234.0	29.7	112.6
CA California	548,961.2	485,713.4	63,247.8	9,883.7	217,882.7	178,336.4	56,296.3	5,186.6	8,683.4	8,844.9	599.4
CO Colorado	58,149.1	51,552.8	6,596.3	4,670.1	29,525.9	9,503.8	7,535.6	4.2	-	300.3	13.0
CT Connecticut	44,996.8	42,321.0	2,675.8	10,267.2	24,771.3	5,620.1	1,431.1	-	130.6	-	100.8
DC District of Columbia	29,966.6	26,938.1	3,028.5	390.4	13,997.3	6,420.5	2,756.5	-	3.6	3,369.8	-
DE Delaware	8,336.6	7,756.7	579.9	2,893.4	3,146.1	988.9	595.3	133.0	-	-	-
FL Florida	169,411.4	150,536.7	18,874.8	7,036.9	73,543.2	57,862.0	10,403.2	697.6	826.0	12.1	155.7
GA Georgia	73,186.8	63,887.1	9,299.7	14,777.7	22,863.7	20,846.6	4,761.6	143.8	330.0	13.8	150.0
GU Guam	1,993.3	1,974.4	18.9	-	15.3	48.5	575.8	460.8	241.7	632.3	-
HI Hawaii	15,325.9	14,762.6	563.3	145.1	10,749.2	2,507.2	1,299.3	-	26.5	35.4	-
IA Iowa	20,694.5	17,747.6	2,946.9	1,846.5	8,554.8	3,903.5	470.3	2,647.5	319.9	-	5.1
ID Idaho	11,165.5	10,143.1	1,022.4	5,466.5	2,550.7	1,758.1	229.0	-	138.8	-	-
IL Illinois	162,610.7	151,990.2	10,620.5	7,622.8	63,765.1	71,020.0	8,674.2	192.1	442.1	97.3	176.5
IN Indiana	55,581.1	48,443.6	7,137.5	5,504.6	26,285.4	11,109.6	5,295.2	65.9	162.8	20.0	-
KS Kansas	22,645.5	19,546.3	3,099.2	2,504.4	11,602.2	3,367.6	1,956.4	109.9	3.0	2.7	-
KY Kentucky	36,351.5	34,423.6	1,928.0	3,831.5	18,348.6	9,105.1	2,971.9	85.7	68.8	-	11.9
LA Louisiana	36,298.9	33,784.3	2,514.6	4,752.6	13,629.6	7,525.9	7,580.3	36.8	221.7	37.5	-
MA Massachusetts	94,682.4	88,700.2	5,982.1	11,799.8	61,541.7	10,834.1	4,187.9	-	255.2	-	81.5
MD Maryland	48,204.5	44,375.4	3,829.1	16,206.1	19,581.5	5,191.4	2,715.7	-	556.5	88.5	35.9
ME Maine	8,815.7	8,422.4	393.3	574.8	5,820.1	1,433.4	553.1	-	-	41.1	-
MI Michigan	81,149.3	75,834.6	5,314.7	5,209.2	37,907.2	18,041.9	4,762.2	445.3	3,902.5	5,559.4	7.1
MN Minnesota	51,645.0	46,106.5	5,538.5	8,618.1	28,254.4	7,302.9	1,466.2	260.5	147.6	56.9	-
MO Missouri	56,143.9	50,618.6	5,525.3	9,804.4	27,814.9	8,843.6	3,807.6	-	186.5	26.8	134.8
MS Mississippi	19,260.9	17,051.1	2,209.9	2,094.2	11,147.9	2,076.8	1,034.1	611.3	59.4	27.4	-
MT Montana	13,851.1	5,279.3	8,571.8	1,660.7	2,235.5	1,052.4	172.5	128.2	-	30.0	-
NC North Carolina	56,302.2	53,500.8	2,801.4	14,284.9	27,662.4	8,196.0	3,278.7	-	67.1	11.7	-
ND North Dakota	4,100.1	3,740.8	359.3	284.6	2,260.8	1,000.3	195.2	-	-	-	-
NE Nebraska	17,453.2	14,402.1	3,051.1	1,240.1	7,591.4	4,322.7	753.0	461.6	-	33.3	-
NH New Hampshire	11,689.3	10,839.1	850.2	1,860.7	5,335.1	2,550.7	805.4	101.8	60.8	-	124.5
NJ New Jersey	118,950.7	111,558.3	7,392.5	7,958.5	34,844.0	54,263.4	8,366.7	1,424.5	2,375.0	2,308.4	17.9
NM New Mexico	15,644.9	14,514.9	1,129.9	1,677.7	10,820.4	1,025.0	879.9	20.4	91.6	-	-
NV Nevada	31,402.7	27,518.0	3,884.6	279.2	20,900.2	4,760.0	939.5	100.0	22.3	125.8	391.0
NY New York	356,227.6	327,025.6	29,201.9	24,693.1	224,743.7	51,913.6	14,949.2	3,240.6	4,404.0	2,860.2	221.2
OH Ohio	106,289.0	92,285.1	14,003.9	10,416.4	45,588.5	17,131.1	6,655.7	331.1	5,273.1	6,844.8	44.4
OK Oklahoma	19,332.6	17,014.0	2,318.5	3,243.2	8,295.1	3,957.4	1,056.2	13.1	211.5	125.2	112.4
OR Oregon	36,165.0	34,011.5	2,153.5	931.9	26,030.8	6,071.6	913.6	-	44.9	18.8	-
OT Other Territories	9,398.2	7,863.3	1,534.9	5,140.1	2,251.8	340.8	130.7	-	-	-	-
PA Pennsylvania	133,107.2	123,414.6	9,692.6	4,782.1	63,731.8	38,985.8	13,971.7	167.2	1,413.9	136.0	226.1
PR Puerto Rico	96,843.2	91,540.9	5,302.3	397.9	24,050.8	11,815.1	45,044.0	193.4	1,222.9	8,656.0	160.8
RI Rhode Island	14,236.1	13,522.4	713.8	981.9	6,035.0	1,779.9	1,061.0	741.4	109.4	2,799.3	14.4
SC South Carolina	38,557.2	34,503.5	4,053.6	3,457.4	21,480.4	6,374.6	3,091.6	-	49.8	49.7	-
SD South Dakota	7,519.5	4,500.6	3,018.9	165.3	3,271.1	695.6	338.4	-	-	30.2	-
TN Tennessee	44,872.7	40,782.9	4,089.8	4,651.1	24,423.7	6,698.0	3,104.3	1,812.1	93.7	-	-
TT Trust Territories	286.8	49.5	237.3	-	-	-	-	-	32.6	2.4	14.5
TX Texas	302,860.3	267,505.8	35,354.5	93,343.1	108,814.0	38,515.5	22,238.8	70.7	867.2	830.4	2,826.0
UT Utah	22,921.2	20,785.0	2,136.2	9,653.2	8,227.6	2,137.0	505.2	90.0	34.3	137.8	-
VA Virginia	62,146.9	58,586.4	3,560.5	17,915.0	29,973.7	5,603.6	2,884.4	-	1,178.3	1,023.4	7.9
VI Virgin Islands	2,437.0	2,426.0	11.0	1.4	82.8	15.5	1,932.5	-	355.7	38.0	-
VT Vermont	5,774.5	5,439.9	334.6	26.1	2,092.0	1,353.3	1,943.8	-	24.8	-	-
WA Washington	79,718.0	76,611.2	3,106.8	2,455.7	62,824.3	8,731.1	2,600.1	-	-	-	-
WI Wisconsin	45,193.7	40,278.0	4,915.7	2,069.5	30,096.0	6,167.0	1,899.3	5.2	22.0	19.1	-
WV West Virginia	11,657.7	10,226.2	1,431.5	521.2	2,536.6	3,305.7	1,171.9	67.0	809.6	1,814.3	-
WY Wyoming	3,948.1	3,873.4	74.8	348.5	2,440.9	853.8	230.2	-	-	-	-
TOTAL (9/30/2011)	3,436,848.2	3,107,208.1	329,640.2	357,736.6	1,605,400.9	751,464.5	279,879.4	21,090.8	36,285.4	47,445.2	7,905.3
TOTAL (6/30/2011)	3,449,943.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL (3/31/2011)	3,218,178.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL (1/5/2011)	3,217,953.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

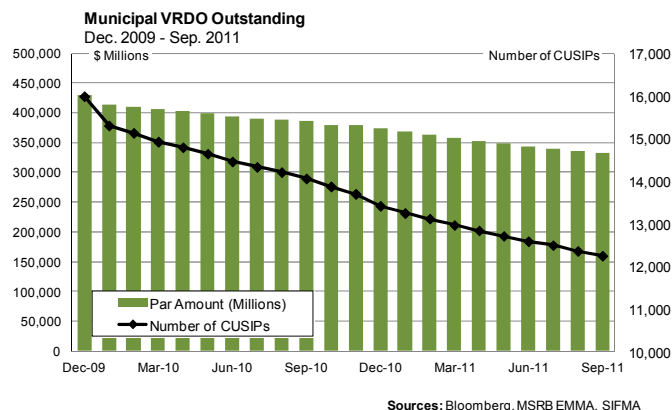
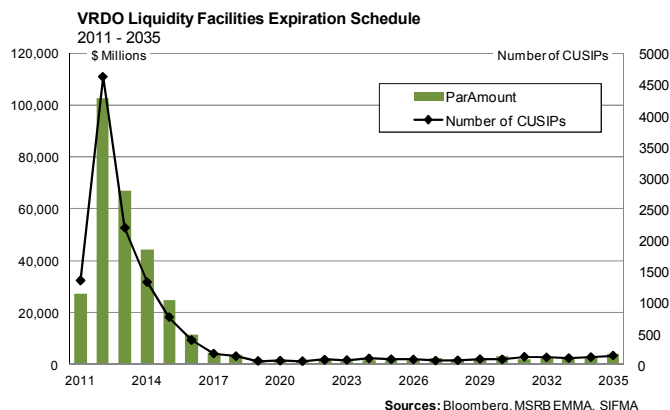
Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

VARIABLE RATE DEMAND OBLIGATIONS, 3Q'11 UPDATE

Liquidity Facility Expiration Schedule, October 2011- September 2014²⁴²³ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's.²⁴ For more detailed breakouts of VRDO data, please refer to the Variable Rate Demand Obligations September 2011 update at sifma.org.

As of September 30, 2011

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
By Type of Provider (\$ Millions)												
Bank	5,121.7	8,841.7	10,756.2	5,062.1	4,781.1	7,374.9	7,985.8	6,932.4	8,934.4	9,651.4	7,414.1	6,963.1
Corporate/Other	65.0	917.6	593.1				12.0	171.9		166.1	371.4	63.4
US Agency	198.6	157.2	723.2	36.2	232.9	162.5	146.8	290.6	326.9	179.1	552.3	383.3
By Number of Facilities												
# CUSIPs	274	449	624	232	230	332	330	390	453	415	501	436
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
By Type of Provider (\$ Millions)												
Bank	6,393.3	5,051.7	6,944.5	3,177.2	3,411.5	6,788.2	5,530.1	7,000.2	5,967.3	4,982.9	5,987.9	5,295.8
Corporate/Other	906.7	54.5	41.3	18.1	165.8		150.0	39.2	39.5	5.3	121.7	10.8
US Agency	112.2	274.0	14,777.8	25.5	55.2	195.9	339.6	249.0	170.5	98.0	268.5	75.5
By Number of Facilities												
# CUSIPs	311	211	782	136	99	201	164	207	221	191	197	189
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-11	Jul-11	Aug-11	Sep-11
By Type of Provider (\$ Millions)												
Bank	4,160.2	6,065.5	5,709.9	2,570.3	2,245.2	4,617.3	4,031.3	5,064.3	4,963.0	3,348.8	4,542.1	3,855.1
Corporate/Other	81.9	260.2	169.2	6.5	153.0	16.4	6.3	2.0	23.2	50.0	23.2	5.9
US Agency	34.2	204.0	303.1	114.9	22.7	155.3	141.1	128.4	466.7	136.6	13.8	7.6
By Number of Facilities												
# CUSIPs	141	209	239	87	65	132	121	119	186	131	112	115



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 Ratings²⁶

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

²⁵Authors' own definition.

²⁶Moody's.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 Ratings²⁸

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.

²⁷The lowest rating is a "D" at both Moody's and Standard and Poor's.

²⁸Standardandpoors.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 Regions³⁰

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

²⁹Authors' own definition.

³⁰The 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 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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