



MUNICIPAL BOND CREDIT REPORT

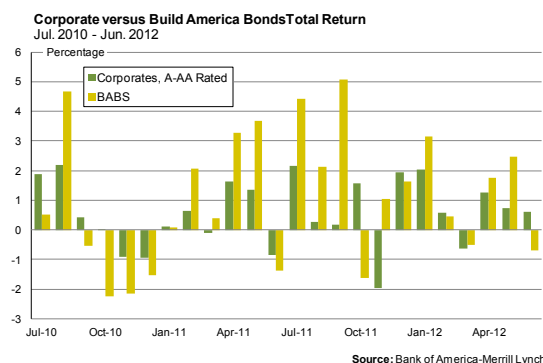
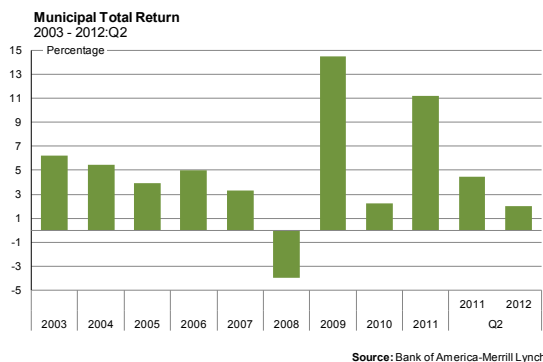
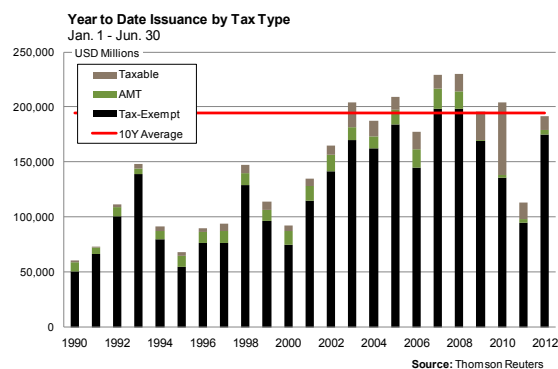
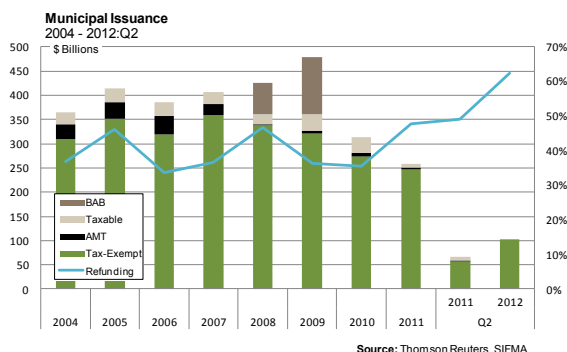
Second Quarter 2012

RESEARCH REPORT

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MARKET SUMMARY



The continued strain in the global markets, slower than expected U.S. growth in the first half of 2012, and continuing political stalemate in both the U.S. and Europe resulted in another uneasy quarter, closing with extension of “Operation Twist” by the Federal Reserve, the downgrade of several global banks by Moody’s, and the rise local government credit troubles in California and elsewhere. Despite a jump in issuance, municipal supply continues remain overall negative on net as refundings have continued to drive volumes. The attractiveness of municipals relative to another asset classes despite low yields helped contribute to another positive quarter in municipal bond returns.

Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$113.1 billion in the second quarter of 2012, a 44.8 percent and 70.1 percent increase, respectively, quarter-over-quarter (\$78.1 billion) and year-over-year (\$66.5 billion). Refundings as a percentage of issuance continued to stay elevated in the second quarter as issuers sought to take advantage of low rates, with approximately 62.5 percent of issuance in 2Q’12 derived from refundings, having abated slightly from the 66.7 percent in 1Q’12 but well above 48.9 percent in 2Q’11. Year-to-date, municipal issuance totaled \$191.2 billion, a smidge shy of the 10-year average (\$194.3 billion year-to-date).

Tax-exempt issuance totaled \$103.4 billion in 2Q’12, an increase of 44.9 percent and 83.6 percent, respectively, from 1Q’12 (\$71.3 billion) and 2Q’11 (\$56.3 billion). AMT issuance totaled \$3.4 billion in 2Q’12, double the amount from 1Q’12 (\$1.1 billion) and an increase of 44.7 percent from 2Q’11 (\$2.4 billion). Taxable issuance increased to \$6.6 billion in 2Q’12, an increase of 14.6 percent from 1Q’12 (\$5.7 billion) but a decline of 16.8 percent from 1Q’11 (\$7.9 billion), when several Congressionally-authorized taxable bond programs were active.

By use of proceeds, general purpose led issuance totals in 2Q’12 (\$32.4 billion), followed by primary & secondary education (\$17.3 billion), water and sewer facilities (\$12.0 billion), and hospital (\$10.8 billion), although a significant portion were refundings, rather than new money issues.

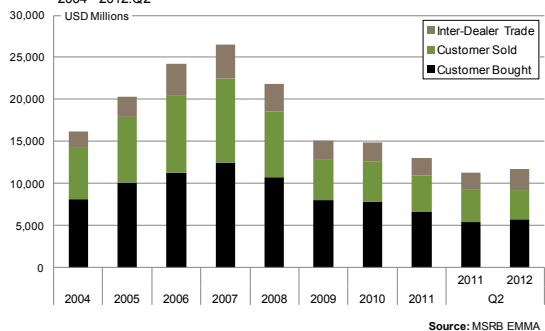
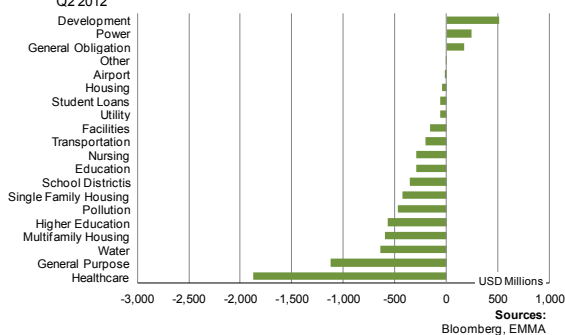
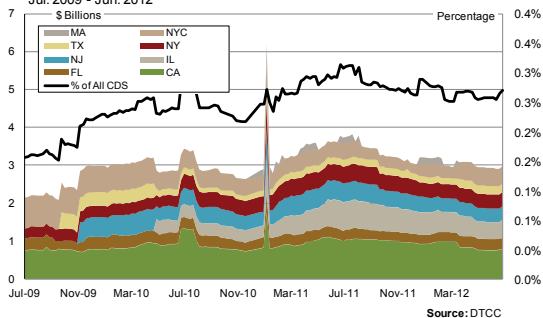
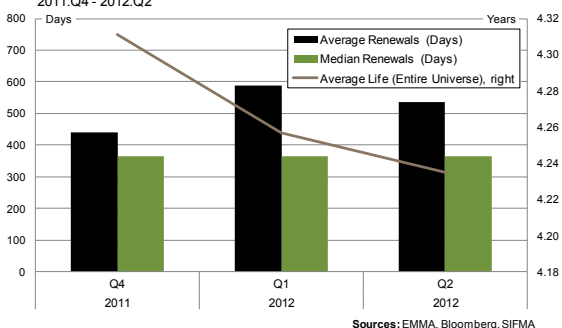
Year to date, sectors that saw a high percentage of new money proceeds were student loans (98.7 percent of 1H’12 issuance); multi-family housing (86.0 percent), gas (92.5 percent), industrial development (95.7 percent), and bridges (all issuance).

Yields, Inflows, and Total Return

Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries moved higher in the second quarter, ending at 116.8 percent, while short-term ratios continued to gradually decline to fall in line with the 10-year ratio.

Negative net supply and strong demand continued to firmly keep yields low. The municipal market returned 1.8 percent in the second quarter on a total return basis, compared to 2.08 percent in 1Q’12 and 4.5 percent in 2Q’11. Build America Bonds (BABs) continued to outperform similarly-rated corporates despite negative returns in June, returning 3.6 percent in the second quarter compared to 2.6 percent in A- to AAA-rated corporates.

According to the Investment Company Institute (ICI), second quarter inflow into long-term municipal funds continued to remain positive, with \$11.2 billion of inflow, compared to \$16.4 billion

Average Daily Trading Volume
2004 - 2012:Q2VRDO Net Issuance by Industry
Q2 2012Municipal Single-Name CDS Net Notional Outstanding
Jul. 2009 - Jun. 2012Liquidity Facility Renewals by Same Liquidity Provider
2011:Q4 - 2012:Q2

of inflow in 1Q'12 and \$2.8 billion of outflow in 2Q'11.

Trading Activity

Trading activity increased quarter-over-quarter in 2Q'12 to \$11.8 billion daily, a 7.1 percent increase from 1Q'12 (\$11.0 billion traded daily) and a 3.9 percent increase year-over-year (\$11.3 billion traded daily in 2Q'12). The average number of trades increased slightly q-o-q (an increase of 2.8 percent), but declined y-o-y (a decline of 8.5 percent).¹

Credit Default Swap Standardization

At the beginning of the second quarter, the 2012 US Municipal Reference Entity Credit Default Swap (CDS) protocol took effect on April 3. Similar to the 'Big Bang' protocol in 2009 in the North American sovereign and corporate markets, the municipal protocol effects a similar (although not identical) standardization for municipal CDS trades, such as fixed coupon trading and auction settlement.

While municipal CDS volume picked up slightly with the introduction of taxable Build America Bonds (BABs), volumes remain relatively light in both single names and indices, relative to both the CDS and municipal market. \$982 million of new risk activity was booked in 2Q'12, a decline of 6.8 percent and 47.2 percent, respectively, q-o-q (\$1.0 billion in 1Q'12) and y-o-y (\$1.9 billion) in 2Q'12. Approximately \$3.0 billion in municipal single-name CDS were outstanding as of the end of 2Q'12.

VRDO Issuance and Update

Issuance of variable-rate demand obligations (VRDOs), long-term municipal bonds with a floating interest rate that resets periodically and a put feature, increased in the second quarter. According to Thomson Reuters, \$3.8 billion were issued in 2Q'12, an increase of 125.7 percent and 14.5 percent, respectively, from 1Q'12 (\$1.7 billion) and 2Q'11 (\$3.3 billion).

On net, VRDO outstandings continue to decline, ending 2Q'12 at \$282.1 billion, a decline of 2.2 percent from 1Q'12. Declines in outstandings were led by school districts (8.6 percent), water (4.8 percent), and education (4.6 percent); on the flip side, net increases were seen in general obligation (0.9 percent), development (2.2 percent), and power (3.6 percent). Tax-exempt money market funds reported heavy declines in assets (5.3 percent) in 2Q'12, reporting a net decline of \$15.1 billion; year to date, money funds have declined by \$21.3 billion.

While the Municipal Securities Rulemaking Board (MSRB) encouraged state and local governments to disclose information about such bank loan financings on EMMA in the beginning of the second quarter, relatively few loan deals have been reported, with approximately \$483 million of past arrangements reported thus far².

As of end-June, \$47.2 billion of VRDO liquidity facilities were scheduled to expire in 2012, with an additional \$67.8 billion in 2013, for a total of \$115.0 billion.³ While there remains a significant bump in expirations at the end of

¹ Based on averaging daily values reported on EMMA's market activity; values reported in yearbooks and quarterly statistics will be higher as those statistics include short-term trades and non market-trades (e.g., for repo purposes).

² MSRB, Press Release: ["MSRB Encourages Voluntary Disclosure of Bank Loans by State and Local Governments"](#) April 3, 2012.

³ The number somewhat overstates the actual outstanding amount, as credit facilities are allotted the full amount of the bond outstanding in this analysis; a bond holding multiple credit facilities (with the possibility that each provider only partially funds the liquidity arrangement) would therefore be counted multiple times. This inflation is prevalent to a greater extent in 2012 due to the original scheduled expiration of the TCLP in December, which is a joint liquidity facility arrangement between Fannie Mae and Freddie Mac for certain single- and multi-family housing bonds.

Bank Liquidity Provider Rankings

Then...	31-Dec-10
Bank	Percentage
BOA	16.4%
JPM	14.6%
WF	9.2%
Dexia	7.7%
US Bank	5.3%
Landesbank Hessen-Thuringen	3.1%
PNC	2.4%
BBT	2.3%
State Street	2.1%
RBC	2.1%
Everyone Else	34.8%

...And Now	30-Jun-12
Bank	Percentage
JPM	18.3%
BOA	14.8%
WF	9.7%
US Bank	6.6%
Citi	3.9%
PNC	3.4%
RBC	3.4%
TD	2.9%
Landesbank Hessen-Thuringen	2.8%
State Street	2.5%
Everyone Else	31.8%

2012 due to the original expiration date of the U.S. Treasury's Temporary Credit and Liquidity Program ("TCLP"), the program's extension to 2015 is likely to lead to renewals closer to the end of the year.

VRDO liquidity facility renewals with the same provider on approximately 1,043 unique CUSIPs averaged 536.6 days on extension from original expiration date, compared to 513.9 days in 1Q'12. The median extension continues to remain unchanged at 1 year (365 days). Of the entire universe, the average liquidity facility length as of the end of the second quarter is 4.23 years, slightly lower than 1Q'12 (4.27 years), with the median length approximately a year and a half (534 days). The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended June at 0.18 percent, averaging 0.21 percent in 2Q'12, 9 basis points lower than the 1Q'12 average (0.12 percent).

On June 21, Moody's completed its credit review of several global banks, ultimately downgrading 15 banks by one to three notches.⁴ The downgrades in turn impacted approximately \$45 billion in municipal debt (1,675 obligations) that had been backed with bank support, either through letters of credit (LOCs), standby bond purchase agreements (SBPAs), or other liquidity facilities.⁵ Outside of VRDOs, tender option bonds (TOBs) and related custodial receipts were also impacted.

ARS Update

On June 19, the MSRB released its third annual report on auction rate securities (ARS) and VRDO trade activity, noting that ARS outstanding stood at approximately \$40 billion as of end-April.⁶ The run rate for ARS appears to have remained approximately the same since the market closed down in 2008 (\$1.2-\$1.4 billion per month). Student loans from failed ARS have largely been transferred to the consumer securitization market in 2012; year-to-date, approximately \$11.2 billion of student loan securitizations were issued, with collateral largely sourced from failed student loan ARS and the Straight-A Funding conduit.⁷

Government Update

In June 2012, the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) approved a pair of documents that modified accounting and financial pension reporting by state and local governments and pension plans.⁸

The U.S. Supreme court upheld the constitutionality of the Patient Protection and Affordable Care Act at the end of June.

A spate of California Chapter 9 filings occurred at the end of the quarter, beginning with the city of Stockton, California on June 28; Mammoth Lakes on July 2, 2012; and the authorization for a chapter 9 filing by San Bernardino in mid-July.

The U.S. Government Accountability Office (GAO) released a report in April on the fiscal outlook of state and local governments, noting that "the fiscal position of the sector will steadily decline through 2060 absent any policy changes."⁹ GAO attributed the operating balance decline to be driven primarily by "rising health-related costs of state and local expenditures on Medicaid and the cost of health care compensation for state and local government employees and retirees."

⁴ Moody's, "[Moody's downgrades firms with global capital markets operations](#)," June 21, 2012.

⁵ Moody's, "[Moody's downgrades US muni obligations backed by banks and securities firms with global capital markets operations](#)," June 22, 2012.

⁶ MSRB, "[Municipal Auction Rate Securities and Variable Rate Demand Obligations: Interest Rate and Trading Trends](#)," June 19, 2012.

⁷ Moody's, "Student Loan Scholar," July 10, 2012.

⁸ GASB, "[GASB Improves Pension Accounting and Financial Reporting Standards](#)," June 25, 2012.

⁹ U.S. Government Accountability Office, "[State and Local Governments' Fiscal Outlook](#)," April 2, 2012.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 2Q'12¹⁰\$ Millions¹¹

State	Total	G.O.	Revenue	AMT	Tax-Exempt	Taxable	Convertible	Fixed Rate	Linked Rate	Variable Rate Long	Variable Rate Short (VRDO)	Zero
Alabama	502.4	293.3	209.1	-	491.1	11.2	-	472.3	-	-	30.0	-
Alaska	262.8	64.3	198.5	-	212.8	50.0	-	212.8	-	-	50.0	-
Arizona	2,120.4	775.7	1,344.7	-	2,054.3	66.2	-	2,120.5	-	-	-	-
Arkansas	774.6	393.6	381.0	-	684.6	90.1	-	774.6	-	-	-	-
California	12,170.4	4,420.3	7,750.1	6.7	11,880.6	283.1	44.7	11,012.6	358.1	188.0	145.2	421.8
Colorado	1,505.6	134.7	1,370.9	-	942.4	563.2	13.3	1,483.3	-	-	9.0	0.0
Connecticut	2,495.5	1,445.2	1,050.3	94.0	2,299.9	101.6	-	2,238.0	208.5	-	49.0	-
District of Columbia	678.3	-	678.3	291.0	387.3	-	-	678.3	-	-	-	-
Delaware	241.2	-	241.2	-	241.2	-	-	241.2	-	-	-	-
Florida	4,399.6	286.2	4,113.4	217.1	4,158.5	24.0	0.0	4,058.2	277.2	58.8	5.4	-
Georgia	2,948.2	1,142.8	1,805.4	278.4	2,536.1	133.6	-	2,694.4	-	185.0	68.8	-
Guam	-	-	108.7	-	81.3	27.4	-	108.7	-	-	-	-
Hawaii	143.5	34.4	109.1	8.2	135.2	-	-	131.7	-	-	11.8	-
Idaho	288.3	123.5	164.8	-	288.2	0.2	-	288.4	-	-	-	-
Illinois	6,017.2	3,839.5	2,177.7	-	4,826.7	1,190.5	-	5,701.7	-	88.7	226.8	0.0
Indiana	1,134.2	240.0	894.2	-	1,003.0	131.1	-	1,034.1	-	-	100.0	-
Iowa	1,113.3	536.9	576.4	-	970.5	142.7	-	893.2	-	-	220.0	-
Kansas	627.8	427.3	200.5	-	611.3	16.6	-	627.8	-	-	-	-
Kentucky	784.4	135.8	648.6	-	543.6	240.9	-	784.4	-	-	-	-
Louisiana	1,527.7	606.8	920.9	-	1,378.6	149.1	-	1,527.7	-	-	-	-
Maine	473.3	204.7	268.6	118.7	317.0	37.6	-	473.3	-	-	-	-
Maryland	1,420.3	464.9	955.4	174.5	1,241.8	4.0	-	1,420.3	-	-	-	-
Massachusetts	3,365.5	877.0	2,488.5	168.3	3,190.0	7.1	-	3,365.5	-	-	-	-
Michigan	5,883.5	1,285.6	4,597.9	-	5,449.8	433.6	-	5,548.8	17.0	-	317.7	-
Minnesota	1,402.0	1,111.4	290.6	12.5	1,126.8	262.6	-	1,382.9	-	-	6.2	12.8
Mississippi	158.1	86.4	71.7	-	156.7	1.4	-	158.1	-	-	-	-
Missouri	1,017.3	330.8	686.5	31.4	972.8	13.1	-	745.9	256.1	-	9.8	5.5
Montana	124.9	78.7	46.2	-	109.3	15.6	-	124.9	-	-	-	-
Nebraska	1,136.6	322.5	814.1	-	1,127.2	9.5	-	1,136.7	-	-	-	-
Nevada	313.4	182.5	130.9	-	301.1	12.3	-	313.3	-	-	-	-
New Hampshire	401.5	209.0	192.5	25.7	373.3	2.5	-	401.5	-	-	-	-
New Jersey	4,137.1	1,009.0	3,128.1	329.8	3,509.7	297.6	-	4,087.1	-	-	50.0	-
New Mexico	304.2	200.4	103.8	-	304.2	-	-	304.2	-	-	-	-
New York	16,298.7	3,813.9	12,484.8	425.0	15,319.0	554.7	-	14,653.9	-	28.0	1,616.8	-
North Carolina	2,556.8	447.8	2,109.0	-	2,365.7	191.0	-	2,556.8	-	-	-	-
North Dakota	210.8	61.1	149.7	-	210.8	-	-	210.8	-	-	-	-
Ohio	4,372.6	1,210.2	3,162.4	-	4,308.6	63.9	-	4,209.4	-	-	100.0	63.1
Oklahoma	845.3	273.7	571.6	-	819.4	25.9	-	845.3	-	-	-	-
Oregon	1,199.1	236.1	963.0	0.9	969.9	228.2	-	1,094.3	-	-	104.7	-
Pennsylvania	4,391.9	2,162.8	2,229.1	21.1	4,324.2	46.6	-	4,067.5	266.0	-	58.5	-
Puerto Rico	1,721.4	-	1,721.4	-	1,718.8	2.6	-	1,721.4	-	-	-	-
Rhode Island	507.6	163.3	344.3	98.3	408.0	1.3	-	507.6	-	-	-	-
South Carolina	1,893.1	374.5	1,518.6	-	1,627.2	265.8	-	1,893.0	-	-	-	-
South Dakota	309.7	25.4	284.3	28.3	204.6	76.8	-	309.7	-	-	-	-
Tennessee	869.8	453.2	416.6	27.3	838.4	4.2	-	851.8	-	-	18.0	-
Texas	8,385.3	4,736.8	3,648.5	242.2	7,838.4	304.8	-	7,323.4	340.0	40.0	495.6	186.3
Utah	508.4	45.2	463.2	-	491.3	17.1	-	508.4	-	-	-	-
Vermont	274.7	50.3	224.4	76.5	198.2	-	-	274.7	-	-	-	-
Virgin Islands	-	-	69.2	-	17.4	51.8	-	69.2	-	-	-	-
Virginia	3,398.1	745.3	2,652.8	671.6	2,593.3	133.3	-	3,329.2	68.9	-	-	-
Washington	3,118.1	1,381.5	1,736.6	16.2	2,982.0	119.9	-	3,076.7	-	-	41.4	-
West Virginia	424.9	46.0	378.9	-	424.8	-	-	424.8	-	-	-	-
Wisconsin	1,894.3	1,072.4	821.9	-	1,736.6	157.7	-	1,855.9	-	-	38.5	-
Wyoming	89.1	30.0	59.1	38.2	50.9	-	-	89.1	-	-	-	-
ALL	113,142.8	38,592.7	74,728.0	3,401.9	103,354.4	6,564.0	58.0	106,419.3	1,791.8	588.5	3,773.2	689.5
QoQ	44.8%	-3.1%	95.0%	210.8%	44.9%	14.6%	N/A	42.8%	28.6%	236.5%	125.7%	77.3%
YoY	70.1%	65.3%	73.1%	44.7%	83.6%	-16.8%	-17.0%	82.6%	-47.5%	-44.7%	14.5%	69.2%

¹⁰ Issuance totals do not include private placements.¹¹ Due to securities falling into more than one category within subcategories, state breakouts are not identical to other non-state-specific breakdowns, particularly related to coupon types (e.g., zeros are higher by dollar amount when broken out by state but would instead be assigned to the convertible or fixed rate categories when not broken out by state). This is a quirk of the SDC database.

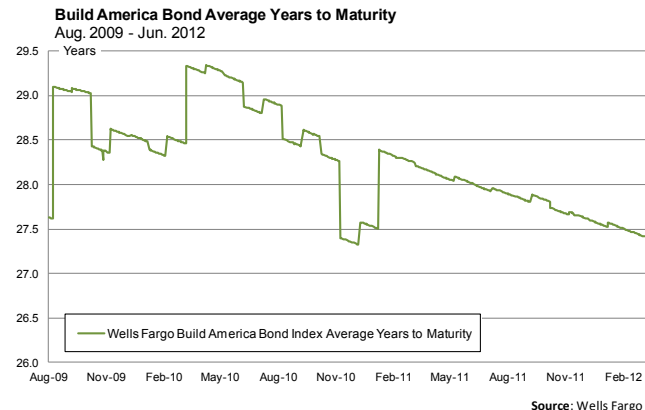
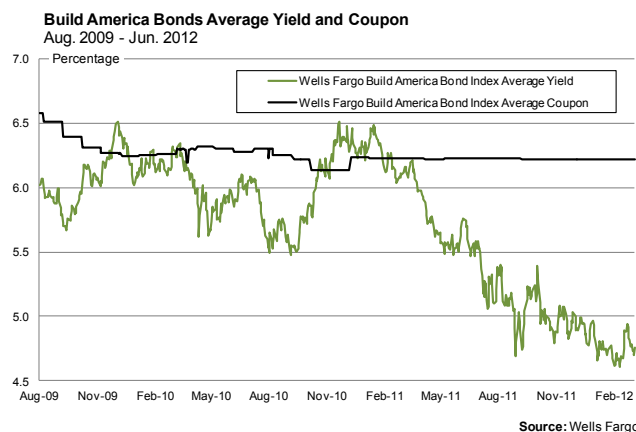
State	Total	Refunding & New		
		New Financing	Refinancing	Refunding
Alabama	502.4	151.6	163.0	187.7
Alaska	262.8	61.5	52.8	148.5
Arizona	2,120.4	513.9	549.3	1,057.3
Arkansas	774.6	117.5	256.8	400.3
California	12,170.4	3,611.3	3,180.8	5,378.3
Colorado	1,505.6	780.1	203.4	522.0
Connecticut	2,495.5	1,360.1	108.7	1,026.7
District of Columbia	678.3	-	-	678.3
Delaware	241.2	18.3	-	222.9
Florida	4,399.6	1,812.6	497.3	2,089.7
Georgia	2,948.2	1,936.6	314.8	696.7
Guam	-	108.7	-	-
Hawaii	143.5	70.1	-	73.4
Idaho	288.3	145.7	31.7	111.0
Illinois	6,017.2	1,635.1	1,893.2	2,488.9
Indiana	1,134.2	519.7	139.2	475.2
Iowa	1,113.3	722.4	99.7	291.1
Kansas	627.8	206.8	121.2	299.8
Kentucky	784.4	414.1	78.6	291.8
Louisiana	1,527.7	39.2	-	1,488.6
Maine	473.3	247.6	81.1	144.6
Maryland	1,420.3	878.7	407.8	133.8
Massachusetts	3,365.5	1,282.3	1,040.5	1,042.6
Michigan	5,883.5	597.0	1,281.9	4,004.6
Minnesota	1,402.0	515.5	155.7	730.7
Mississippi	158.1	31.5	2.5	124.1
Missouri	1,017.3	590.6	43.1	383.7
Montana	124.9	15.4	-	109.5
Nebraska	1,136.6	711.5	6.1	419.1
Nevada	313.4	8.1	-	305.2
New Hampshire	401.5	141.2	107.4	152.8
New Jersey	4,137.1	929.3	93.0	3,114.8
New Mexico	304.2	255.7	3.4	45.1
New York	16,298.7	8,147.6	2,102.4	6,048.7
North Carolina	2,556.8	749.6	788.7	1,018.5
North Dakota	210.8	10.3	115.4	85.1
Ohio	4,372.6	2,076.6	1,252.5	1,043.4
Oklahoma	845.3	452.7	200.1	192.5
Oregon	1,199.1	519.7	160.3	519.1
Pennsylvania	4,391.9	2,387.8	674.7	1,329.4
Puerto Rico	1,721.4	-	1,310.7	410.7
Rhode Island	507.6	178.5	162.0	167.1
South Carolina	1,893.1	810.6	30.9	1,051.5
South Dakota	309.7	97.4	195.2	17.1
Tennessee	869.8	433.0	137.0	299.8
Texas	8,385.3	2,033.1	2,025.3	4,326.9
Utah	508.4	184.5	3.7	320.2
Vermont	274.7	20.6	102.5	151.6
Virgin Islands	-	51.8	-	17.4
Virginia	3,398.1	2,094.2	823.4	480.5
Washington	3,118.1	1,009.2	815.3	1,293.6
West Virginia	424.9	25.6	132.2	267.1
Wisconsin	1,894.3	960.8	184.6	748.9
Wyoming	89.1	76.2	-	12.9
ALL	113,142.8	42,749.5	22,129.9	48,440.8
QoQ	44.8%	64.3%	44.0%	31.8%
YoY	70.1%	25.9%	71.4%	146.5%

LONG-TERM MUNICIPAL ISSUANCE BY GENERAL USE OF PROCEEDS

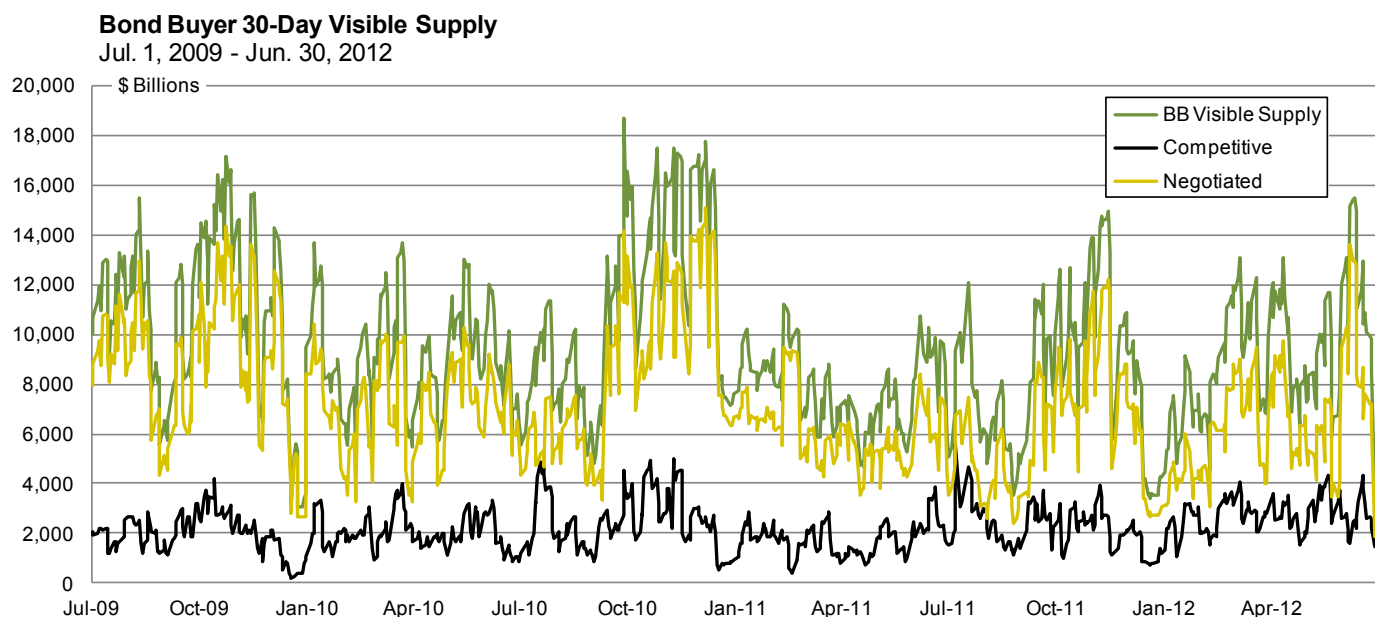
\$ Millions

State	2Q'11	1Q'12	2Q'12	Q-o-Q	Y-o-Y
Agriculture			281.1		
Airports	3,089.4	2,177.2	2,176.4	0.0%	-29.6%
Assisted Living	141.4	60.8	29.9	-50.8%	-78.9%
Bridges			741.1		
Childrens hospital		251.0	403.2	60.6%	
Civic & convention centers	10.4	216.1	1,086.7	402.9%	10349.0%
Combined utilities	670.3	272.6	419.9	54.0%	-37.4%
Cont Care Retirement Community	149.8	212.0	947.8	347.1%	532.7%
Correctional facilities	101.6	1,123.9	587.1	-47.8%	477.9%
Economic development	1,723.9	576.3	2,237.4	288.2%	29.8%
Fire stations & equipment	81.8	34.7	57.0	64.3%	-30.3%
Flood control	79.8	63.1	65.8	4.3%	-17.5%
Gas	50.6	34.3	626.7	1727.1%	1138.5%
General acute care hospital	4,633.6	2,097.6	10,753.2	412.6%	132.1%
General Medical	859.7	297.0	257.2	-13.4%	-70.1%
General purpose /public improvement	14,132.7	23,063.8	32,412.2	40.5%	129.3%
Government buildings	144.0	252.1	829.9	229.2%	476.3%
Higher education	6,062.2	9,145.7	6,899.9	-24.6%	13.8%
Hospital equipment loans	21.0				-100.0%
Industrial development	374.6	242.8	407.4	67.8%	8.8%
Libraries & museums	205.2	437.7	224.6	-48.7%	9.5%
Mass transportation	2,444.6	2,527.4	5,438.6	115.2%	122.5%
Multi family housing	667.5	353.9	1,376.5	289.0%	106.2%
Nursing homes	32.5	100.3	11.4	-88.6%	-64.9%
Office buildings	165.8	450.3	28.8	-93.6%	-82.6%
Other education	319.9	74.3	271.6	265.5%	-15.1%
Other recreation	80.8	56.9	172.3	202.8%	113.2%
Parking facilities	334.7	111.4	156.4	40.4%	-53.3%
Parks, Zoos & Beaches	137.8	172.2	298.5	73.3%	116.6%
Police stations & equipment	20.2	71.8	52.5	-26.9%	159.9%
Pollution control		264.7	786.2	197.0%	
Primary & secondary education	12,156.2	15,190.0	17,312.5	14.0%	42.4%
Public power	3,724.1	2,512.2	5,111.0	103.4%	37.2%
Recycling			2.5		
Sanitation	165.3	46.4	49.7	7.1%	-69.9%
Seaports /marine terminals	838.2	126.0	11.1	-91.2%	
Single family housing	1,006.5	624.5	1,666.4	166.8%	65.6%
Single speciality hospital	226.2	351.8	24.2	-93.1%	-89.3%
Solid waste	113.9	5.6	155.2	2671.4%	36.3%
Stadiums & sports complexes	50.4	68.8	400.9	482.7%	695.4%
Student loans	1,820.2	307.0	717.1	133.6%	-60.6%
Telecommunications	46.6	10.0	7.7	-23.0%	-83.5%
Theatres	31.1	3.0	5.4	80.0%	-82.6%
Toll roads, highways & streets	3,619.2	2,909.0	5,805.6	99.6%	60.4%
Veterans (exclusing housing)	20.3				-100.0%
Water & sewer facilities	5,967.3	11,250.6	12,013.1	6.8%	
ALL	66,521.3	78,146.4	113,319.5	45.0%	70.4%

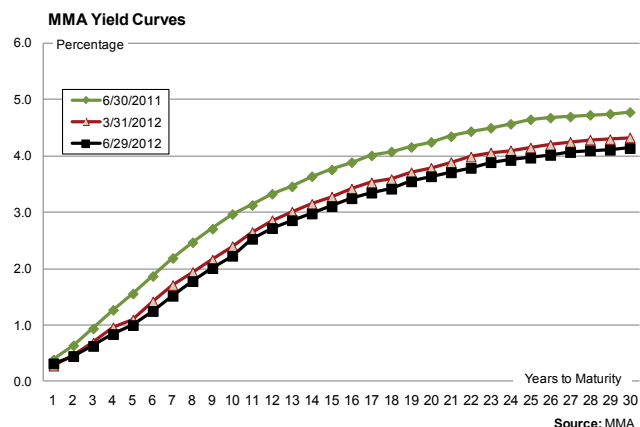
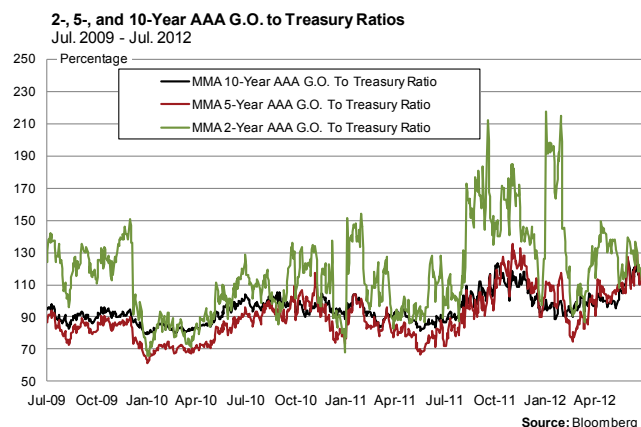
BUILD AMERICA BONDS



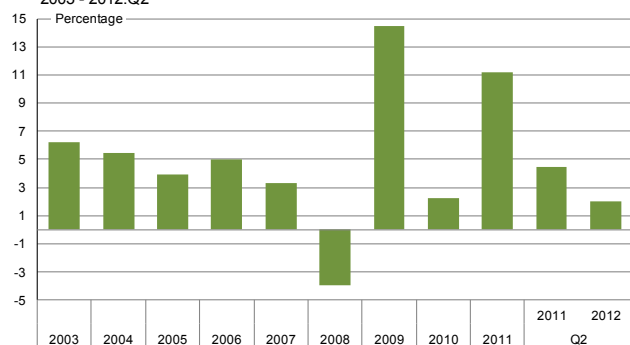
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS



Source: Bond Buyer, Bloomberg



Municipal Total Return
2003 - 2012:Q2



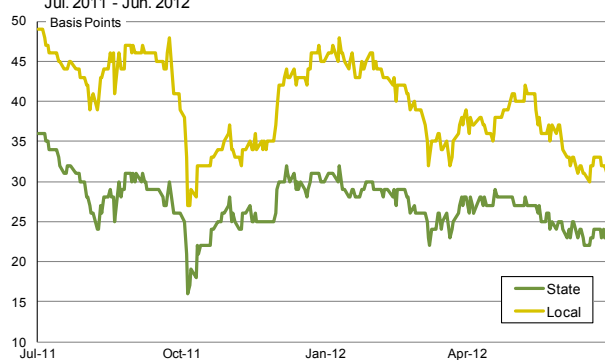
Source: Bank of America-Merrill Lynch

MCDX (5- and 10- Year)
Jul. 2011 - Jun. 2012



Source: Markit

Spreads: State and Local Government
Jul. 2011 - Jun. 2012



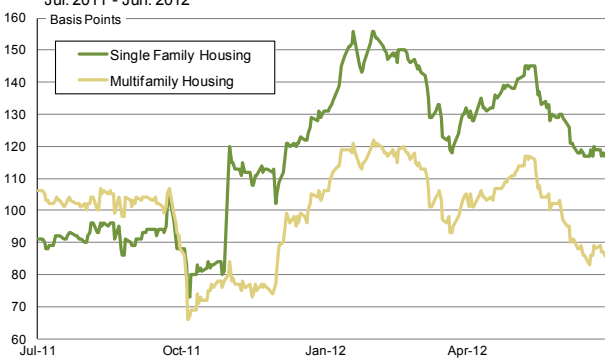
Source: Bank of America-Merrill Lynch

Spreads: General Obligation and Revenue
Jul. 2011 - Jun. 2012



Source: Bank of America-Merrill Lynch

Spreads: Single- and Multi- Family Housing
Jul. 2011 - Jun. 2012



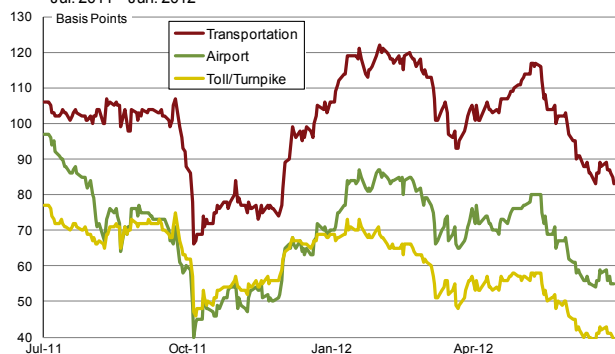
Source: Bank of America-Merrill Lynch

Spreads: Water, Pollution Control, Power, Utilities
Jul. 2011 - Jun. 2012



Source: Bank of America-Merrill Lynch

Spreads: Transportation, Airport, Toll/Turnpike
Jul. 2011 - Jun. 2012



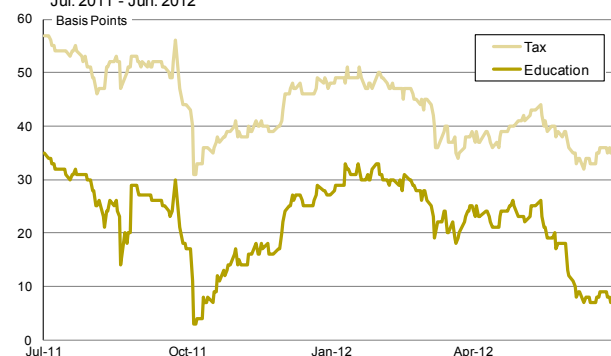
Source: Bank of America-Merrill Lynch

Spreads: Tobacco
Jul. 2011 - Jun. 2012



Source: Bank of America-Merrill Lynch

Spreads: Tax, Education
Jul. 2011 - Jun. 2012



Source: Bank of America-Merrill Lynch

Spreads: Health, Hospital
Jul. 2011 - Jun. 2012



Source: Bank of America-Merrill Lynch

TRADING SUMMARY

	Total Number of Trades							
	# of Trades				Par Amount (Millions)			
	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades	Customer Bought	Customer Sold	Inter-Dealer Trade	All Trades
2011:Q2	1,199,369	537,584	820,536	2,557,489	\$339,035	\$249,767	\$124,418	\$713,220
2012:Q2	1,097,042	519,486	891,561	2,508,089	\$361,125	\$223,155	\$156,421	\$740,701
%Change	-9%	-3%	9%	-2%	7%	-11%	26%	4%

	# of Trades					Par Amount (Millions)				
	# of Trades				All Trades	Par Amount (Millions)				All Trades
	0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+		0 - 100,000	100,001 - 500,000	500,001 - 1,000,000	1,000,000+	
2011:Q2	83%	11%	2%	3%	2,557,489	9%	10%	6%	74%	\$713,220
2012:Q2	81%	13%	2%	4%	2,508,089	9%	11%	7%	74%	\$740,701
%Change	-2%	18%	0%	33%	-2%	0%	10%	17%	0%	4%

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2011:Q2	17%	10%	11%	9%	9%	6%	38%	\$713,220
2012:Q2	17%	12%	12%	10%	7%	9%	33%	\$740,701
%Change	0%	20%	9%	11%	-22%	50%	-13%	4%

	Trades by Maturity					
	1 Year or Less		5+ Years to 10 Years		10+ Years to 20+ Years	
						Total (Millions)
2011:Q2	3%	10%	14%	30%	44%	\$713,220
2012:Q2	5%	10%	14%	30%	42%	\$740,701
%Change	67%	0%	0%	0%	-5%	4%

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2011:Q2	73%	24%	2%	0%	\$713,220
2012:Q2	72%	25%	2%	0%	\$740,701
%Change	-1%	4%	0%	N/A	4%

Trades by Coupon Type					
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2011:Q2	50%	45%	4%	0%	\$713,220
2012:Q2	57%	40%	3%	0%	\$740,701
%Change	14%	-11%	-25%	N/A	4%

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS, 2011- 2Q'12 (\$ millions) ¹²

State	California	Florida	Illinois	New Jersey	New York	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
Jan-11	241.0		276.6	192.9	20.4	64.5	71.8	0.5	867.7	2.7
Feb-11	107.0	10.0	120.9	115.2	41.4	15.5	60.0	10.0	480.0	4.2
Mar-11	262.2		175.7	90.0	12.0	40.0	30.0		609.9	6.8
Apr-11	203.5		192.5	10.0	10.5		60.0	15.0	491.5	6.0
May-11	249.5	100.0	223.7	16.1	11.1	20.0	113.0		733.4	6.0
Jun-11	236.2		255.2	86.9	16.0		41.1		635.3	5.0
Jul-11	321.8	565.0	238.8	11.2	50.7	10.0	91.3		1,288.7	10.1
Aug-11	250.3	90.0	169.6	13.4	15.7		665.0		1,204.0	8.7
Sep-11	165.9	137.5	88.0	16.1	35.3		23.1		465.9	3.8
Oct-11	101.8		116.1	90.0	25.5	10.0			343.4	5.5
Nov-11	50.0	5.0	16.1	10.0		10.0	70.0		161.1	7.3
Dec-11	125.0		225.6	0.5	12.0	10.3			373.4	6.4
Jan-12	74.2		35.3	151.0			52.3		312.8	10.4
Feb-12	103.4	20.0	91.8	15.0		15.0	16.5		261.7	6.4
Mar-12	148.4	20.0	214.5			40.0	56.5		479.4	13.0
Apr-12	56.0	30.0	383.8				35.0		504.8	3.9
May-12	173.0		26.2	1.0	35.0				235.2	9.4
Jun-12	67.8	5.0	140.4	2.9		0.2	25.9		242.2	6.1
2Q'12	296.8	35.0	550.4	3.9	35.0	0.2	60.9	0.0	982.2	5.0
Q-o-Q	-9.0%	-12.5%	61.1%	-97.7%		-99.6%	-51.4%		-6.8%	
Y-o-Y	-56.9%	-65.0%	-18.0%	-96.5%	-6.9%	-99.0%	-71.5%		-47.2%	

Source: DTCC

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

5-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
6/30/2010	369.0	352.9	141.0	226.0	289.0	159.0	288.0	N/A	187.0	291.0	154.0	147.0	82.0	N/A	107.0	69.7	N/A
9/30/2010	260.0	260.0	118.0	205.0	210.0	134.0	237.0	127.0	130.0	194.0	135.0	121.0	65.0	N/A	81.0	56.7	N/A
12/31/2010	348.0	299.2	165.0	212.0	219.0	152.0	238.0	143.0	155.0	215.0	160.0	136.0	106.0	100.0	102.0	65.1	94.0
3/31/2011	246.0	211.0	135.0	154.0	151.0	112.0	150.0	109.0	105.0	105.0	119.0	102.0	80.0	83.0	77.0	63.7	76.0
6/30/2011	201.0	141.4	122.0	128.0	138.0	101.0	130.0	90.0	91.0	99.0	92.0	78.0	69.0	73.0	60.0	46.6	67.0
9/30/2011	263.0	226.0	156.0	155.0	151.0	150.0	142.0	135.0	126.0	121.0	119.0	118.0	88.0	82.0	82.0	81.7	51.5
12/31/2011	285.0	234.1	134.0	116.0	176.0	171.0	154.0	152.0	137.0	151.0	143.0	124.0	90.0	85.0	91.0	N/A	108.0
3/30/2012	217.0	180.2	127.0	99.0	140.0	122.0	132.0	122.0	103.0	124.0	118.0	87.0	71.0	71.0	82.0	59.0	85.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
Q-o-Q	1.8%	5.3%	6.3%	18.2%	5.7%	6.6%	4.5%	9.0%	2.9%	-11.3%	9.3%	9.2%	56.3%	16.9%	-4.9%	15.3%	7.1%
Y-o-Y	10.0%	34.3%	10.7%	-8.6%	7.2%	28.7%	6.2%	47.8%	16.5%	11.1%	40.2%	21.8%	60.9%	13.7%	30.0%	46.0%	35.8%

Source: CMA Datavision

10-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
6/30/2010	369.0	361.7	155.0	230.0	294.0	162.0	285.0	N/A	200.0	291.0	160.0	162.0	87.0	N/A	110.0	83.0	N/A
9/30/2010	285.0	283.4	129.0	205.0	222.0	133.0	238.0	133.0	152.0	219.0	135.0	132.0	69.0	N/A	82.0	67.5	N/A
12/31/2010	349.0	298.4	163.0	212.0	221.0	152.0	238.0	151.0	155.0	214.0	160.0	145.0	106.0	107.0	100.0	77.0	101.0
3/31/2011	240.0	215.0	136.0	146.0	153.0	113.0	151.0	117.0	105.0	135.0	119.0	109.0	80.0	88.0	76.0	75.0	82.0
6/30/2011	215.0	185.0	124.0	125.0	140.0	112.0	129.0	96.0	91.0	117.0	93.0	89.0	69.0	77.0	65.0	54.8	77.0
9/30/2011	280.0	266.7	173.0	154.0	182.0	153.0	177.0	154.0	142.0	147.0	135.0	140.0	105.0	105.0	100.0	100.0	110.0
12/31/2011	297.0	269.4	166.0	154.0	207.0	173.0	188.0	172.0	155.0	167.0	160.0	147.0	108.0	108.0	109.0	N/A	125.0
3/30/2012	240.0	206.9	155.0	135.0	160.0	133.0	154.0	135.0	130.0	137.0	129.0	124.0	88.0	90.0	93.0	75.5	99.0
6/29/2012	278.0	247.0	167.0	157.0	175.0	146.0	173.0	144.0	138.0	142.0	137.0	131.0	110.0	105.0	105.0	87.0	109.0
Q-o-Q	15.8%	19.4%	7.7%	16.3%	9.4%	9.8%	12.3%	6.7%	6.2%	3.6%	6.2%	5.6%	25.0%	16.7%	12.9%	15.3%	10.1%
Y-o-Y	29.3%	33.5%	34.7%	25.6%	25.0%	30.4%	34.1%	50.0%	51.6%	21.4%	47.3%	47.2%	59.4%	36.4%	61.5%	58.8%	41.6%

Source: CMA Datavision

¹² "Market risk activity" (as defined by DTCC): The gross notional and contract counts include transaction types of new trades between two parties, a termination of an existing transaction, or the new leg of an assignment representing the trade between the step-in party and the remaining party. Excludes transactions which do not result in a change in the market risk position of the market participants, and are not market activity. For example, central counterparty clearing, and portfolio compression both terminate existing transactions and re-book new transactions or amend existing transactions. These transactions still maintain the same risk profile and consequently are not included as "market risk transfer activity."

OUTSTANDING MUNICIPAL DEBT

Outstanding and by State, Maturity, and Security Type¹³

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2012:Q1 Total Outstanding	% Change
AK Alaska	11,153.4	2,868.0	8,285.4	830.0	10,323.4	11,094.9	0.5%
AL Alabama	31,580.7	6,151.2	25,429.4	1,049.7	30,531.0	32,057.8	-1.5%
AR Arkansas	12,037.4	4,529.9	7,507.5	505.5	11,531.8	11,936.6	0.8%
AZ Arizona	56,116.0	11,400.8	44,715.2	3,785.1	52,330.9	55,749.3	0.7%
CA California	550,856.2	198,321.3	352,534.8	26,317.5	524,538.6	549,518.1	0.2%
CO Colorado	56,915.5	12,145.7	44,769.8	2,015.8	54,899.6	57,492.6	-1.0%
CT Connecticut	44,802.7	22,850.2	21,952.5	3,759.1	41,043.6	44,198.5	1.4%
DC District of Columbia	30,142.9	3,162.5	26,980.4	1,331.9	28,811.0	30,312.1	-0.6%
DE Delaware	7,749.7	2,470.6	5,279.1	504.3	7,245.5	7,983.1	-2.9%
FL Florida	163,991.4	17,561.9	146,429.5	11,062.1	152,929.3	166,378.8	-1.4%
GA Georgia	73,931.2	17,104.1	56,827.1	3,968.7	69,962.5	72,182.0	2.4%
GU Guam	2,287.0	444.4	1,842.5	40.3	2,246.7	2,179.4	4.9%
HI Hawaii	15,394.0	9,041.0	6,352.9	1,022.7	14,371.3	15,718.9	-2.1%
IA Iowa	20,751.9	5,602.6	15,149.3	1,121.3	19,630.6	20,836.4	-0.4%
ID Idaho	10,888.5	5,736.5	5,152.1	1,091.7	9,796.9	10,925.0	-0.3%
IL Illinois	159,788.8	80,074.8	79,713.9	5,797.7	153,991.0	158,311.0	0.9%
IN Indiana	53,720.7	1,045.3	52,675.4	3,231.5	50,489.2	53,648.5	0.1%
KS Kansas	22,098.9	8,837.2	13,261.8	1,361.9	20,737.0	22,277.2	-0.8%
KY Kentucky	34,833.4	1,694.6	33,138.8	1,746.3	33,087.1	35,113.4	-0.8%
LA Louisiana	34,915.0	6,328.7	28,586.3	1,234.6	33,680.4	35,414.6	-1.4%
MA Massachusetts	94,942.6	31,222.5	63,720.1	5,539.7	89,402.9	94,960.5	0.0%
MD Maryland	47,815.2	21,462.7	26,352.5	2,808.5	45,006.7	48,189.6	-0.8%
ME Maine	8,469.0	1,736.1	6,733.0	585.9	7,883.1	8,679.6	-2.4%
MI Michigan	83,601.4	25,730.6	57,871.2	4,242.4	79,359.4	84,561.1	-1.1%
MN Minnesota	50,688.4	23,372.1	27,316.3	3,217.5	47,470.9	50,810.8	-0.2%
MO Missouri	49,333.7	9,366.3	39,967.4	1,755.1	47,578.6	49,713.9	-0.8%
MS Mississippi	19,417.0	6,381.0	13,036.0	695.6	18,721.4	19,710.6	-1.5%
MT Montana	12,076.9	8,400.4	3,676.5	722.3	11,354.6	13,368.9	-9.7%
NC North Carolina	56,221.0	14,286.2	41,934.8	2,707.3	53,513.6	56,275.5	-0.1%
ND North Dakota	4,125.7	1,051.7	3,074.1	294.3	3,831.5	4,138.7	-0.3%
NE Nebraska	17,600.0	4,708.2	12,891.7	850.5	16,749.5	17,324.1	1.6%
NH New Hampshire	10,535.0	2,402.7	8,132.3	483.7	10,051.3	10,369.0	1.6%
NJ New Jersey	117,096.1	24,533.9	92,562.2	8,916.9	108,179.2	118,981.0	-1.6%
NM New Mexico	14,976.1	3,137.4	11,838.7	1,031.7	13,944.4	14,930.1	0.3%
NV Nevada	29,993.4	14,311.1	15,682.3	1,733.2	28,260.3	30,209.1	-0.7%
NY New York	364,085.7	80,139.5	283,946.3	19,563.2	344,522.5	360,817.5	0.9%
OH Ohio	106,207.4	28,767.8	77,439.6	5,298.6	100,908.8	104,431.7	1.7%
OK Oklahoma	19,418.5	3,405.1	16,013.4	1,610.8	17,807.7	19,338.8	0.4%
OR Oregon	34,668.2	18,536.1	16,132.1	2,294.6	32,373.5	35,485.7	-2.3%
OT Other Territories	8,892.3	50.6	8,841.7	11.9	8,880.3	9,212.9	-3.5%
PA Pennsylvania	131,449.5	44,412.1	87,037.4	6,994.4	124,455.1	131,147.4	0.2%
PR Puerto Rico	103,906.2	11,743.2	92,163.0	2,727.2	101,179.0	104,334.9	-0.4%
RI Rhode Island	13,541.7	2,005.2	11,536.5	482.6	13,059.0	13,801.2	-1.9%
SC South Carolina	36,754.0	8,464.9	28,289.0	1,742.5	35,011.4	36,842.4	-0.2%
SD South Dakota	7,354.7	3,280.8	4,073.9	385.1	6,969.6	7,521.2	-2.2%
TN Tennessee	40,342.7	13,426.7	26,916.0	1,768.8	38,573.9	44,573.5	-9.5%
TT Trust Territories	281.8	96.3	185.5	-	281.8	284.3	-0.9%
TX Texas	301,230.0	140,336.5	160,893.5	19,970.0	281,260.0	299,771.2	0.5%
UT Utah	21,301.5	7,049.5	14,252.0	1,415.4	19,886.1	21,819.6	-2.4%
VA Virginia	62,494.1	12,949.2	49,544.9	3,057.6	59,436.5	62,070.8	0.7%
VI Virgin Islands	2,376.7	-	2,376.7	55.6	2,321.0	2,325.8	2.2%
VT Vermont	5,608.1	595.1	5,013.0	212.2	5,395.9	5,609.4	0.0%
WA Washington	80,240.5	36,247.9	43,992.5	4,113.2	76,127.3	78,633.5	2.0%
WI Wisconsin	42,846.9	20,055.8	22,791.1	3,217.2	39,629.7	44,746.5	-4.2%
WV West Virginia	11,158.2	990.3	10,167.8	340.8	10,817.4	11,282.1	-1.1%
WY Wyoming	3,914.8	130.8	3,784.0	62.4	3,852.4	3,972.2	-1.4%
TOTAL (6/30/2012)	3,408,920.3	1,042,157.8	2,366,762.4	182,686.3	3,226,234.0	3,413,573.1	-0.1%
TOTAL (3/31/2012)	3,413,573.1	1,043,450.8	2,370,122.3	178,406.1	3,235,167.0		
TOTAL (12/31/2011)	3,426,117.7	1,040,006.3	2,386,111.4	174,771.7	3,251,346.0		
TOTAL (9/30/2011)	3,436,848.2	1,043,081.9	2,393,766.4	179,645.4	3,257,202.8		
TOTAL (6/30/2011)	3,449,943.9	1,038,453.5	2,411,490.5	171,638.7	3,278,305.2		

¹³ Outstanding includes both short- and long-term municipal debt, including certain preferred fund shares (e.g., VRDPS). "Due in 13 months" looks at original maturity and will not include securities with short puts unless original maturity is within 13 months. Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds, aggregate prerefunded with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg).

Outstanding and by Tax Status, Coupon, Use of Proceeds, Purpose; Addendum Tables on Build America Bonds, Variable Rate Debt Obligations, Prerefunded, and Derivatives¹⁴

\$ Millions

State	Total Outstanding	Tax-Exempt	AMT	Taxable	Fixed	Zero	Other	Industry	Total Outstanding	BAB Only	VRDO Only	Prerefunded Only	Derivatives Only
AK Alaska	11,153.4	8,882.8	1,168.0	1,102.5	8,495.3	286.4	2,371.7	Airport	83,662.7	357.7	1,557.4	816.2	412.9
AL Alabama	31,580.7	24,432.6	1,412.2	5,735.9	23,214.2	489.4	7,877.1	Development	131,643.4	608.0	2,897.9	2,528.5	1,180.1
AR Arkansas	12,037.4	6,805.0	640.0	4,592.4	10,710.1	392.3	934.9	Education	672,627.8	36.9	451.0	745.4	43.7
AZ Arizona	56,116.0	48,208.9	2,335.5	5,571.5	48,288.3	85.8	7,741.9	GO	672,688.3	1,993.0	2,913.6	4,919.2	2,550.9
CA California	550,856.2	433,965.5	22,478.8	94,411.8	384,161.2	77,184.0	89,511.0	Healthcare	279,133.3	37,709.1	37,555.9	23,803.4	28,256.5
CO Colorado	56,915.5	41,268.5	3,908.8	11,738.1	41,817.1	3,633.6	11,464.8	Housing	160,182.7	4,072.1	7,806.1	5,332.7	2,976.0
CT Connecticut	44,802.7	32,647.3	2,521.2	9,634.2	37,016.8	511.1	7,274.8	Other	637,007.3	1,910.0	3,428.6	2,826.8	875.4
DC District of Columbia	30,142.9	22,295.8	4,572.4	3,274.7	17,999.7	5,745.7	6,397.5	Public Facilities	44,084.0	1,935.5	2,551.0	1,391.3	2,069.7
DE Delaware	7,749.7	5,726.2	757.2	1,266.4	6,008.3	93.9	1,647.6	Student Loan	51,806.4	519.3	787.3	672.3	139.7
FL Florida	163,991.4	133,896.4	15,233.3	14,861.6	126,110.6	4,573.8	33,307.0	Transportation	229,630.0	5,536.0	11,116.9	5,392.1	8,919.8
GA Georgia	73,931.2	59,301.1	4,526.1	10,104.1	58,127.9	173.7	15,629.6	Utilities	446,455.9	3,727.6	6,663.6	3,902.7	2,529.8
GU Guam	2,287.0	2,093.1	114.9	79.1	2,171.5	115.5	-	TOTAL (6/30/2012)	3,408,921.9	-	-	-	6.2
HI Hawaii	15,394.0	12,542.4	1,363.3	1,488.2	14,662.3	51.2	680.5			1,267.6	166.8	1,034.9	988.4
IA Iowa	20,751.9	11,073.7	1,054.1	8,624.1	15,758.3	556.9	4,436.7			688.9	2,075.1	370.9	151.4
ID Idaho	10,888.5	4,755.8	1,146.2	4,986.6	5,375.0	87.4	5,426.2			129.3	1,021.2	338.2	80.5
IL Illinois	159,788.8	101,902.1	8,161.8	49,724.9	121,443.5	17,147.1	21,198.1			10,929.4	13,600.1	6,146.5	7,371.7
IN Indiana	53,720.7	37,502.1	3,476.9	12,741.8	38,023.8	1,269.8	14,427.1			1,997.2	5,462.7	4,069.9	2,225.3
KS Kansas	22,098.9	14,403.3	725.0	6,970.6	19,616.8	356.8	2,125.4			1,601.9	1,264.9	1,425.1	173.4
KY Kentucky	34,833.4	22,390.0	3,074.6	9,368.8	26,278.2	580.9	7,974.3			2,859.3	3,628.9	1,626.0	977.5
LA Louisiana	34,915.0	27,434.4	1,584.0	5,896.6	25,850.2	627.0	8,437.8			840.2	4,526.5	2,879.9	1,251.7
MA Massachusetts	94,942.6	79,056.0	4,843.5	11,043.1	74,671.5	1,174.0	19,097.1			4,835.4	10,641.7	9,078.2	6,999.5
MD Maryland	47,815.2	38,676.6	2,992.9	6,145.6	39,892.2	292.7	7,630.2			3,434.3	4,122.2	3,594.7	1,071.6
ME Maine	8,469.0	6,210.2	1,205.1	1,053.8	7,183.0	10.9	1,275.2			88.1	743.2	467.5	119.7
MI Michigan	83,601.8	61,658.8	5,712.1	16,230.9	58,200.3	8,282.7	17,118.7			2,584.2	10,320.5	4,096.6	3,727.3
MN Minnesota	50,688.4	34,205.0	3,200.1	13,283.2	41,296.6	844.7	8,547.0			1,421.8	3,450.1	1,887.1	833.7
MO Missouri	49,333.7	31,907.0	2,277.9	15,148.7	34,183.7	930.8	14,219.2			2,977.6	4,179.2	1,455.6	1,279.8
MS Mississippi	19,417.0	11,994.1	1,281.4	6,141.4	12,360.7	393.0	6,663.2			764.9	4,201.4	573.0	427.7
MT Montana	12,076.9	2,326.4	869.3	8,881.1	3,344.8	8.9	8,723.2			30.2	371.3	125.4	27.2
NC North Carolina	56,221.0	48,403.4	2,100.8	5,716.8	43,066.5	273.3	12,881.1			1,599.0	7,538.2	4,144.9	1,967.1
ND North Dakota	4,125.7	2,548.5	522.4	1,054.9	3,604.0	-	521.7			63.2	403.7	42.7	23.1
NE Nebraska	17,600.0	12,155.0	587.4	4,857.7	15,200.7	23.4	2,375.9			991.8	1,960.7	1,073.6	720.7
NH New Hampshire	10,535.0	7,246.9	1,285.9	2,002.2	7,370.6	162.2	3,002.1			354.9	1,564.4	663.9	199.1
NJ New Jersey	117,096.1	84,284.6	7,023.8	25,787.7	89,104.9	15,586.7	12,404.5			7,352.1	5,675.1	10,096.2	5,433.9
NM New Mexico	14,976.1	11,757.4	1,112.3	2,106.4	11,796.3	7.3	3,172.5			276.4	1,609.9	697.9	477.0
NV Nevada	29,993.4	22,919.1	3,773.0	3,301.4	22,845.3	974.1	6,174.0			2,544.6	2,514.4	1,836.6	1,837.6
NY New York	364,085.7	294,492.3	23,077.4	46,516.1	285,683.4	15,719.5	62,682.8			20,629.8	40,334.3	11,883.5	17,764.1
OH Ohio	106,207.4	74,113.5	4,916.5	27,177.5	73,350.0	8,332.3	24,525.1			8,263.2	9,587.4	7,439.6	3,476.7
OK Oklahoma	19,418.5	13,840.4	1,235.9	4,342.1	16,226.6	170.9	3,020.9			774.5	968.8	441.2	381.1
OR Oregon	34,668.2	21,539.4	1,639.9	11,488.8	28,360.9	3,222.2	3,085.1			971.0	2,032.3	1,386.2	361.3
OT Other Territories	8,892.3	1,388.4	7,166.1	337.8	873.9	-	8,018.4			-	-	-	21,633.7
PA Pennsylvania	131,449.5	93,905.7	7,127.5	30,416.4	92,560.3	9,624.8	29,264.5			5,012.2	13,273.9	6,163.3	6,127.4
PR Puerto Rico	103,906.2	89,822.8	681.4	13,402.0	60,597.7	33,662.2	9,646.3			692.8	504.1	5,702.4	4,049.2
RI Rhode Island	13,541.7	10,452.5	1,891.4	1,197.7	8,924.9	2,861.3	1,755.6			-	854.6	351.6	344.5
SC South Carolina	36,754.0	29,883.8	1,223.7	5,646.4	29,048.8	1,739.7	5,965.5			1,162.6	1,742.7	3,866.7	1,321.8
SD South Dakota	7,354.7	2,591.0	912.6	3,851.1	4,025.8	18.7	3,310.2			338.4	686.5	142.7	123.3
TN Tennessee	40,342.7	30,497.2	2,108.4	7,737.2	30,088.6	1,048.5	9,205.7			1,828.7	4,677.4	3,066.4	1,826.8
TT Trust Territories	281.8	236.3	45.5	-	141.8	-	140.0			-	-	36.2	-
TX Texas	301,230.0	230,513.9	18,231.2	52,484.8	229,763.0	19,423.7	52,043.3			16,649.9	19,259.7	16,546.3	21,275.4
UT Utah	21,301.5	14,768.3	1,259.6	5,273.6	15,814.6	452.6	5,034.3			2,890.0	2,531.6	1,359.3	850.2
VA Virginia	62,494.1	48,535.7	4,705.1	9,253.3	52,005.4	1,819.3	8,669.5			3,813.2	4,877.8	5,591.3	1,742.1
VI Virgin Islands	2,376.7	1,968.8	312.9	94.9	2,325.8	48.1	2.7			37.3	-	19.2	12.7
VT Vermont	5,608.1	3,068.2	1,941.8	598.1	2,902.6	4.4	2,701.1			126.3	726.2	302.2	35.6
WA Washington	80,240.5	61,376.2	5,423.4	13,440.8	70,256.9	2,680.5	7,303.2			6,111.0	4,329.1	5,236.8	3,548.7
WI Wisconsin	42,846.9	27,162.7	2,092.6	13,591.6	36,182.5	446.1	6,218.3			2,047.3	4,270.8	2,371.7	1,439.5
WV West Virginia	11,158.2	6,260.8	1,098.8	3,798.6	6,589.1	2,192.0	2,377.1			88.2	1,315.9	305.0	330.2
WY Wyoming	3,914.8	2,117.4	1,440.0	357.4	2,071.1	1.0	1,842.7			138.7	1,312.5	15.9	57.6
TOTAL (6/30/2012)	3,408,920.3	2,565,411.4	207,574.0	635,934.9	2,543,043.8	246,394.6	619,481.9			179,612.6	282,056.9	182,283.1	174,997.5
TOTAL (3/31/2012)	3,413,573.1	2,566,167.1	217,869.5	629,536.5	2,534,383.1	240,916.1	638,273.9			179,821.9	290,551.7	169,289.4	174,663.7
TOTAL (12/31/2011)	3,426,117.7	2,565,911.5	226,120.8	634,085.4	2,518,974.2	N/A	N/A			180,021.0	301,038.4	162,923.0	168,497.5
TOTAL (9/30/2011)	3,436,848.2	2,564,872.1	236,510.8	635,465.4	2,508,058.3	N/A	N/A			180,035.8	309,418.8	171,493.5	173,247.9
TOTAL (6/30/2011)	3,449,943.9	2,564,835.5	234,780.8	650,327.6	2,498,907.4	N/A	N/A			180,504.1	322,542.4	177,151.5	167,357.1

¹⁴ Outstanding does not include refunded (inclusive of prerefunded) debt and derivatives. See additional tables for prerefunded and derivatives debt. The chart replaces "Outstanding by Insurance" from prior municipal reports. For comparability against Federal Reserve's Flow of Funds aggregate prerefunded with outstanding but not derivatives; differences between the two aggregates afterward are due to underlying database differences (Fed: Mergent; these tables: Bloomberg). Fixed rate debt does not include those multimodal bonds that are currently in long-term fixed rate mode.

Addendum Tables – Outstanding by Rating¹⁵

\$ Millions

State	Total Outstanding	AAA	AA	A	BBB	HY	NonRated
AK Alaska	11,153.4	1,240.1	6,229.5	1,679.1	780.9	419.7	804.1
AL Alabama	31,580.7	1,003.6	16,554.4	5,190.3	1,736.9	3,409.5	3,686.0
AR Arkansas	12,037.4	497.3	7,737.9	1,123.5	574.4	54.3	2,049.9
AZ Arizona	56,116.0	4,119.9	32,069.3	10,288.3	4,844.3	390.8	4,403.3
CA California	550,856.2	7,751.5	221,136.4	174,647.0	55,549.0	20,263.2	71,508.9
CO Colorado	56,915.5	3,961.5	29,644.1	9,432.2	7,254.7	284.7	6,338.2
CT Connecticut	44,802.7	9,852.4	24,933.3	6,126.6	881.1	224.0	2,785.4
DC District of Columbia	30,142.9	416.9	14,353.8	6,163.4	2,749.8	3,369.3	3,089.8
DE Delaware	7,749.7	2,178.6	3,443.5	876.7	593.9	-	657.1
FL Florida	163,991.4	3,920.1	71,240.4	58,945.1	9,798.7	819.8	19,267.2
GA Georgia	73,931.2	15,167.2	23,342.6	21,718.4	4,242.8	400.1	9,060.2
GU Guam	2,287.0	-	-	389.1	561.5	865.9	470.5
HI Hawaii	15,394.0	19.8	11,469.5	2,228.5	1,053.4	61.0	561.6
IA Iowa	20,751.9	2,015.8	7,902.5	4,744.7	621.8	1,058.1	4,409.1
ID Idaho	10,888.5	5,164.9	2,230.7	2,152.6	199.6	138.8	1,001.9
IL Illinois	159,788.8	7,362.7	61,860.2	71,930.4	8,101.7	606.3	9,927.4
IN Indiana	53,720.7	3,444.0	26,671.9	11,972.3	4,856.4	276.2	6,499.9
KS Kansas	22,098.9	2,306.6	11,611.1	3,575.5	1,652.4	2.6	2,950.8
KY Kentucky	34,833.4	2,672.9	18,380.0	9,366.2	2,496.0	67.9	1,850.5
LA Louisiana	34,915.0	3,803.0	13,815.1	8,255.4	6,838.9	196.9	2,005.7
MA Massachusetts	94,942.6	12,569.1	61,999.7	10,515.8	4,096.6	314.2	5,447.2
MD Maryland	47,815.2	16,615.6	18,986.2	5,124.8	2,581.6	601.2	3,905.9
ME Maine	8,469.0	77.8	6,363.3	1,158.6	537.2	62.5	269.6
MI Michigan	83,601.8	7,705.0	36,879.3	16,326.4	6,739.1	9,720.5	6,231.5
MN Minnesota	50,688.4	6,670.4	28,602.5	7,076.7	2,100.0	256.5	5,982.3
MO Missouri	49,333.7	6,652.1	22,023.6	8,733.3	3,616.6	362.4	7,945.6
MS Mississippi	19,417.0	923.5	11,657.4	2,160.3	995.0	75.4	3,605.3
MT Montana	12,076.9	287.9	2,330.1	1,164.1	124.7	30.0	8,140.0
NC North Carolina	56,221.0	13,141.1	28,061.9	8,685.5	3,524.9	53.1	2,754.4
ND North Dakota	4,125.7	203.6	2,214.3	916.8	415.4	-	375.7
NE Nebraska	17,600.0	1,205.3	7,493.0	4,832.1	609.9	9.2	3,450.5
NH New Hampshire	10,535.0	280.3	5,941.3	2,602.2	791.9	150.5	768.8
NJ New Jersey	117,096.1	7,521.0	33,603.3	55,428.4	7,893.1	5,729.5	6,920.9
NM New Mexico	14,976.1	1,462.1	10,928.0	1,004.0	862.9	76.7	642.5
NV Nevada	29,993.4	241.6	19,046.4	4,791.7	1,520.3	502.6	3,890.8
NY New York	364,085.7	21,976.0	226,829.7	63,218.6	13,341.6	7,699.0	31,020.7
OH Ohio	106,207.4	9,972.9	46,262.5	17,218.3	6,541.3	12,238.2	13,974.3
OK Oklahoma	19,418.5	2,114.9	9,618.7	3,884.2	901.8	313.1	2,585.8
OR Oregon	34,668.2	963.7	25,306.8	5,752.5	749.1	62.8	1,833.4
OT Other Territories	8,892.3	5,043.7	2,089.8	255.6	177.7	-	1,325.5
PA Pennsylvania	131,449.5	3,587.3	65,112.3	38,493.6	13,340.7	1,541.6	9,374.0
PR Puerto Rico	103,906.2	183.2	24,855.8	12,296.3	50,292.3	10,146.9	6,131.7
RI Rhode Island	13,541.7	821.8	5,961.5	1,540.7	1,135.3	2,962.5	1,119.9
SC South Carolina	36,754.0	1,103.6	22,979.4	6,311.6	2,828.2	94.0	3,437.1
SD South Dakota	7,354.7	220.5	3,018.9	944.5	269.4	40.4	2,861.1
TN Tennessee	40,342.7	1,607.6	22,865.8	7,132.4	4,898.1	75.7	3,763.2
TT Trust Territories	281.8	-	-	-	-	47.2	234.6
TX Texas	301,230.0	88,809.7	115,566.7	38,296.2	20,728.6	2,852.7	34,976.1
UT Utah	21,301.5	8,616.4	8,146.0	2,272.9	317.1	140.9	1,808.1
VA Virginia	62,494.1	16,054.7	32,361.3	5,142.1	2,788.0	2,193.0	3,955.0
VI Virgin Islands	2,376.7	1.4	78.4	14.2	1,655.8	38.0	588.8
VT Vermont	5,608.1	28.0	1,984.6	988.0	2,222.5	21.6	363.4
WA Washington	80,240.5	2,159.3	64,053.0	8,983.4	2,136.9	17.5	2,890.3
WI Wisconsin	42,846.9	1,851.0	28,759.0	7,008.7	1,374.0	32.7	3,821.4
WV West Virginia	11,158.2	453.6	2,362.3	3,369.0	985.9	2,614.5	1,372.9
WY Wyoming	3,914.8	312.5	2,207.1	1,126.1	204.8	-	64.4
TOTAL (6/30/2012)	3,408,920.3	318,337.2	1,611,176.6	765,574.9	278,686.2	93,985.4	341,160.1
TOTAL (3/31/2012)	3,413,573.1	321,167.0	1,611,384.0	767,977.9	278,259.5	108,502.9	326,281.8
TOTAL (12/31/2011)	3,426,117.7	343,311.1	1,599,068.9	772,000.0	293,716.5	89,109.7	328,911.3
TOTAL (9/30/2011)	3,436,848.2	357,736.6	1,605,400.9	751,464.5	279,879.4	112,726.6	329,640.2
TOTAL (6/30/2011)	3,449,943.9	N/A	N/A	N/A	N/A	N/A	N/A

Source: Bloomberg, MSRB EMMA, Thomson Reuters, SIFMA

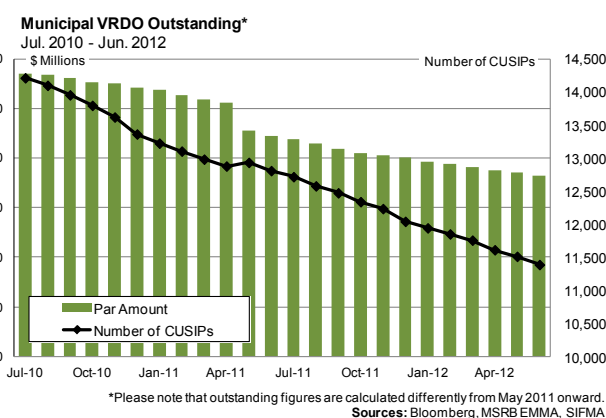
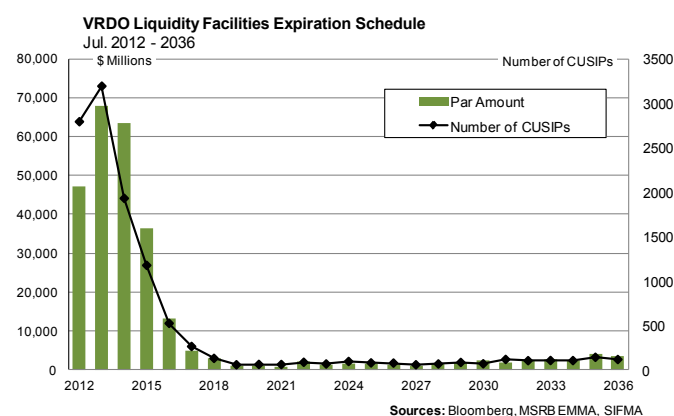
¹⁵ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's; split-rated debt are therefore included in the HY category.

VARIABLE-RATE DEMAND OBLIGATIONS

Liquidity Facility Expiration Schedule, Jul. 2012 - 2026¹⁶

As of June 30, 2012

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13
By Type of Provider (\$ Millions)												
Bank	4,811.0	5,072.0	5,702.8	6,471.0	5,456.0	7,046.2	3,925.6	3,539.5	6,841.8	5,681.4	7,854.2	7,282.5
Corporate/Other	166.1	274.9	60.0	1,172.6	38.6	96.7	8.1	164.8		150.0	37.1	29.1
US Agency	53.2	267.6	336.1	161.9	396.4	9,608.9	58.5	69.2	711.8	322.0	316.2	203.9
By Number of Facilities												
# CUSIPs	206	413	421	406	367	978	252	167	353	294	344	423
	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
By Type of Provider (\$ Millions)												
Bank	4,304.3	5,335.1	4,858.5	4,338.9	5,393.7	4,902.4	3,165.6	2,240.7	5,250.8	5,331.8	4,666.0	6,589.9
Corporate/Other	3.5	28.0	10.8	68.0	103.9	175.0	11.4	147.3	16.4	5.5	8.3	1.3
US Agency	154.6	435.8	69.5	11.6	173.6	220.4		24.3	95.8	125.8	117.1	459.1
By Number of Facilities												
# CUSIPs	282	249	202	163	223	239	101	85	159	169	143	246
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
By Type of Provider (\$ Millions)												
Bank	7,353.7	4,791.3	4,897.5	5,058.1	4,630.1	6,912.9	3,515.0	2,274.0	3,125.8	3,401.8	3,604.2	3,602.4
Corporate/Other	105.6	18.6	16.1	57.8	663.2	278.5	377.7		131.5	96.7		53.7
US Agency	97.5	13.8	3.0	114.4	8.6	92.3	57.3	0.7	113.3	91.3	107.3	64.3
By Number of Facilities												
# CUSIPs	178	146	138	157	163	243	99	71	103	104	121	127
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
By Type of Provider (\$ Millions)												
Bank	33,833.5	11,452.0	4,150.7	1,620.6	353.5	238.2	188.0	1,067.7	140.3	232.0	243.1	14.2
Corporate/Other	1,455.0	1,081.1	273.1	543.1	48.7	400.6	340.5	666.1	710.5	809.5	836.4	531.6
US Agency	1,025.0	685.6	499.7	699.5	503.8	234.8	267.7	390.3	377.5	431.1	524.7	674.4
By Number of Facilities												
# CUSIPs	1174	521	261	127	55	59	58	83	64	92	76	74



¹⁶ For more detailed breakouts of VRDO data, please refer to the Variable Rate Demand Obligations June 2012 update at sifma.org.

VRDO Interest Rate Snapshot – State and Remarketing Agent¹⁷
June 2012

State	Average	Median	# CUSIPs	Remarketing Agent (5 or more CUSIPs)	Average	Median	# CUSIPs
AK	0.215	0.173	17	Merrill Lynch, Pierce, Fenner	0.278	0.240	704
AL	0.382	0.229	64	J.P. Morgan Securities Inc.	0.229	0.184	496
AR	0.397	0.292	9	Wells Fargo Bank, N.A. Municipal Products Group	0.240	0.190	455
AZ	0.316	0.191	58	PNC Capital Markets LLC	0.215	0.178	366
CA	0.254	0.174	600	Citigroup Global Markets Inc.	0.189	0.170	356
CO	0.307	0.190	170	RBC Capital Markets LLC	0.306	0.178	244
CT	0.285	0.215	68	Goldman, Sachs & Company	0.203	0.168	240
DC	0.296	0.232	76	Morgan Stanley & Co. LLC	0.316	0.183	223
DE	0.230	0.183	16	BC Ziegler and Company	0.429	0.163	173
FL	0.247	0.186	245	Fifth Third Securities, Inc.	0.297	0.280	164
GA	0.267	0.184	136	Barclays Capital Inc.	0.249	0.170	154
HI	0.212	0.188	6	Scott & Stringfellow, LLC	0.195	0.184	147
IA	0.292	0.200	42	Manufacturers and Traders Trust Co.	0.217	0.226	139
ID	0.225	0.188	15	Stern Brothers & Co.	0.217	0.183	128
IL	0.273	0.188	318	Piper Jaffray & Co.	0.221	0.172	111
IN	0.269	0.193	162	Morgan Keegan & Company	0.460	0.288	110
KS	0.193	0.163	33	SunTrust Robinson Humphrey, Inc.	0.341	0.403	89
KY	0.249	0.229	74	George K Baum & Company	0.242	0.184	88
LA	0.422	0.222	77	KeyBanc Capital Markets Inc.	0.280	0.310	80
MA	0.272	0.176	161	Jefferies & Company, Inc.	0.293	0.188	78
MD	0.221	0.197	132	TD Securities (USA) LLC	0.166	0.150	72
ME	0.226	0.187	10	William Blair & Company, LLC	0.218	0.180	52
MI	0.295	0.226	180	Thornton Parish Inc.	0.417	0.249	50
MN	0.212	0.182	134	BMO Capital Markets GKST Inc.	0.188	0.180	49
MO	0.292	0.186	92	Robert W Baird & Co., Inc.	0.256	0.183	45
MS	0.390	0.206	51	Red Capital Markets, LLC	0.201	0.185	44
MT	0.191	0.190	3	Lancaster Pollard & Co.	0.375	0.233	43
NC	0.218	0.184	239	Frazer Lanier Company, Inc.(The	0.218	0.222	41
ND	0.218	0.192	5	Gates Capital Corporation	0.378	0.232	41
NE	0.294	0.234	19	Stone & Youngberg LLC	0.614	0.182	41
NH	0.276	0.178	37	Dougherty & Company LLC	0.256	0.193	40
NJ	0.324	0.174	135	Comerica Securities, Inc.	0.213	0.226	39
NM	0.402	0.185	18	U.S. Bank Municipal Securities Group	0.162	0.153	39
NV	0.225	0.190	18	BNY Mellon Capital Markets, LLC	0.398	0.180	37
NY	0.248	0.192	544	Zions First National Bank	0.277	0.173	30
OH	0.293	0.193	289	EJ De La Rosa & Co., Inc.	0.216	0.168	28
OK	0.299	0.313	17	DA Davidson & Company	0.475	0.193	27
OR	0.224	0.184	32	Merchant Capital, LLC	0.483	0.186	26
PA	0.253	0.188	450	Northern Trust Securities, Inc.	0.188	0.180	25
PR	0.266	0.210	4	Cain Brothers & Co.	0.323	0.241	24
RI	0.275	0.240	25	Roosevelt & Cross Incorporated	0.349	0.236	24
SC	0.262	0.193	58	Westhoff, Cone & Holmstedt	0.246	0.220	21
SD	0.257	0.246	17	Loop Capital Markets, L.L.C.	0.194	0.187	20
TN	0.366	0.224	92	WR Taylor & Company, LLC	0.321	0.213	17
TX	0.267	0.188	172	Stifel, Nicolaus & Company, Inc	0.462	0.207	16
UT	0.209	0.186	33	Prager & Co., LLC	0.191	0.183	13
VA	0.279	0.190	124	Raymond James & Assoc., Inc.	0.409	0.230	11
VT	0.402	0.166	14	Sterne, Agee & Leach, Inc.	0.464	0.178	11
WA	0.231	0.182	90	Huntington Investment Company	1.518	1.650	10
WI	0.297	0.186	126	Janney Montgomery Scott LLC	0.173	0.169	10
WV	0.254	0.223	28	Synovus Securities Inc.	0.481	0.233	10
WY	0.215	0.186	18	First Southwest Company	0.255	0.265	9
ALL	0.270	0.188	5553	A. BRIDGE - Realvest Securities Corp.	0.550	0.387	6
SIFMA SWAP	0.180	0.190		Mesirow Financial Inc	0.217	0.203	5
				Wells Fargo Securities, LLC	0.876	0.210	5
Sources: Bloomberg, EMMA, SIFMA				ALL	0.270	0.188	5553
				SIFMA SWAP	0.180	0.190	

¹⁷ Means and medians of currently outstanding CUSIPs resetting in June 2012. For CUSIPs resetting multiple times in the month, resets are averaged prior to being averaged against other CUSIPs so that each CUSIP has equal weight in the set. CUSIPs used are limited to 7-day tax-exempt VRDOs for comparability.

VRDO Interest Rate Snapshot – Bank Liquidity Provider, Industry, Type of Liquidity Provider and Credit Facility Type¹⁸
June 2012

Bank Liquidity Provider (6 or more CUSIPs)	Average	Median	# CUSIPs	Industry	Average	Median	# CUSIPs
JPM	0.205	0.184	672	Airport	1.155	0.780	36
BOA	0.299	0.272	626	Development	1.554	1.110	503
WF	0.213	0.187	546	Education	1.393	0.925	480
US Bank	0.186	0.175	372	Facilities	1.323	0.930	103
PNC	0.204	0.178	325	General Obligation	1.206	0.830	205
TD	0.170	0.156	194	General Purpose	1.295	0.910	634
BBT	0.191	0.184	172	Healthcare	1.152	0.880	1226
Fifth Third	0.307	0.284	170	Higher Education	1.060	0.860	671
M&T	0.221	0.226	142	Housing	0.908	0.825	26
Northern Trust	0.176	0.180	100	Multifamily Housing	1.066	0.870	607
RBS Citizens	0.256	0.233	85	Nursing	1.493	0.930	422
BMO Harris	0.188	0.181	78	Other	1.039	0.940	7
Suntrust	0.382	0.452	78	Pollution	1.184	0.910	129
Comerica	0.215	0.218	77	Power	1.026	0.850	70
Keybank	0.317	0.310	68	School Districts	1.058	0.790	51
Citi	0.235	0.204	61	Single Family Housing	0.957	0.810	58
Union Bank	0.284	0.178	54	Student Loans	0.925	0.840	4
Sovereign	1.448	1.520	50	Transportation	1.194	0.830	141
Barclays	0.156	0.158	47	Utility	1.042	0.915	36
Landesbank Hessen-Thrgn	0.258	0.234	47	Water	1.048	0.800	144
Bank of Nova Scotia	0.188	0.182	44	ALL	0.270	0.188	5553
HSBC	0.183	0.180	44	SIFMA SWAP	0.180	0.190	
National City	0.221	0.194	42				
RBC	0.171	0.162	38				
State Street	0.155	0.158	38				
BNY	0.190	0.168	28				
Dexia	0.987	0.450	28				
Regions	1.169	0.943	28				
Sumitomo Mitsui	0.175	0.166	25				
Tokyo Mitsubishi UFJ	0.189	0.174	25				
Bayerische Landesbank	0.338	0.284	22				
Lloyds TSB	0.211	0.212	15				
Compass	1.462	1.654	14				
KBC	0.754	0.605	14				
Bank of the West	0.424	0.483	13				
BNP	0.891	0.794	13				
Whitney National Bank	0.222	0.222	13				
Capital One	0.655	0.776	12				
Valley National	0.773	0.818	12				
Associated	0.366	0.176	11				
Fleet National	0.332	0.288	11				
Mizuho	0.180	0.158	11				
East West Bank	0.180	0.175	10				
Huntington	1.713	1.650	10				
Landesbank Baden-Wuerttemberg	0.478	0.400	10				
Bank of Montreal	0.170	0.160	9				
DB	0.189	0.204	9				
UBS	0.211	0.194	8				
Banco Santander	1.664	1.750	7				
California B&T	0.224	0.163	7				
City National	0.337	0.198	7				
Scotiabank	0.176	0.144	7				
BBVA	0.414	0.442	6				
Johnson Bank	1.314	1.625	6				
Rabobank	0.202	0.204	6				
ALL	0.275	0.190	4685				
SIFMA SWAP	0.180	0.190					

Liquidity Provider Type	Average	Median	# CUSIPs
Bank	0.275	0.190	4685
Corporate/Other	0.297	0.175	448
US Agency	0.184	0.176	569
ALL	0.270	0.188	5553
SIFMA SWAP	0.180	0.190	

Credit Facility	Average	Median	# CUSIPs
LOC	0.270	0.188	4435
SBPA	0.259	0.182	720
SELF	0.287	0.173	408
ALL	0.270	0.188	5553
SIFMA SWAP	0.180	0.190	

Sources: Bloomberg, EMMA, SIFMA

¹⁸ Means and medians of currently outstanding CUSIPs resetting in June 2012. For CUSIPs resetting multiple times in the month, resets are averaged prior to being averaged against other CUSIPs so that each CUSIP has equal weight in the set. CUSIPs used are limited to 7-day tax-exempt VRDOs for comparability.

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.¹⁹

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 Ratings²⁰

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

¹⁹Authors' own definition.

²⁰Moody'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.²¹

Standard and Poor's Ratings²²

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.

²¹The lowest rating is a "D" at both Moody's and Standard and Poor's.

²²Standardandpoors.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."²³

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.

²³ Authors' own definition.

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