



MUNICIPAL BOND CREDIT REPORT

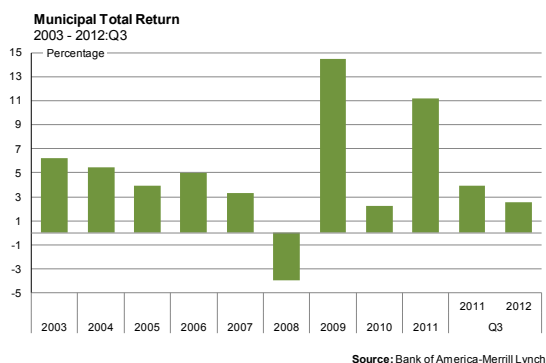
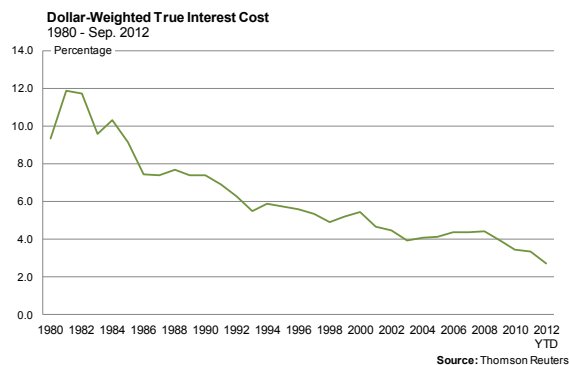
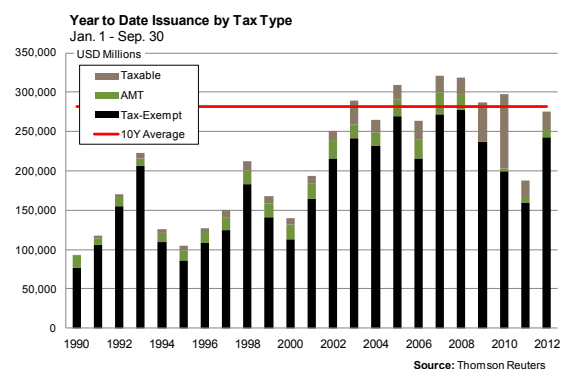
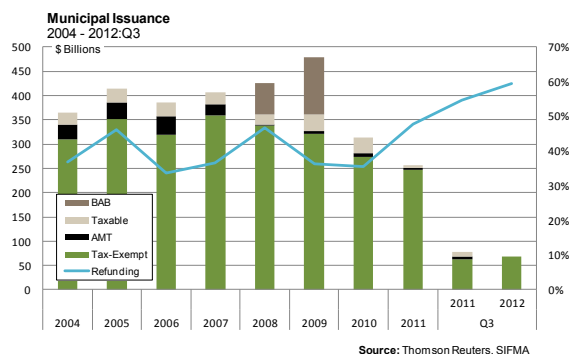
Third Quarter 2012

RESEARCH REPORT

TABLE OF CONTENTS

Table of Contents	i
Market Summary	2
Charts & Data.....	6
Long-Term Municipal State Issuance, 3Q'12	6
Long-Term Municipal Issuance by General Use of Proceeds	8
Build America Bonds.....	9
Supply, Yield Curves, Total Return, Spreads & Ratios	9
Trading Summary	11
Municipal CDS	12
Outstanding Municipal Debt.....	13
Variable-Rate Demand Obligations	16
A Description of the Terminology in the Municipal Bond Credit Report.....	17

MARKET SUMMARY



Continued strains in the global markets and weak U.S. growth continued to play out in the third quarter, ultimately culminating in an unlimited bond buying program from the ECB and the third round of quantitative easing in September. On the flip side, U.S. housing prices have started recovering in nearly all regions, a sign that bodes well for future property tax collections in the long-term. Despite the volatility of the November elections, the uncertainty of sequestration and its impact on municipal direct pay subsidies, and the continued threat to cap or eliminate the municipal tax exemption, demand for the municipal asset class has remained relatively strong with yields near multi-decade lows. Municipal supply net of redemptions continues to remain overall negative on net as refundings still drive volumes.

Municipal Issuance Overview – Primary Market

According to Thomson Reuters, long-term municipal issuance volume, including taxable and tax-exempt issuance, totaled \$83.6 billion in the third quarter of 2012, a decline of 26.9 percent from the second quarter (\$113.4 billion) and an increase of 11.9 percent year-over-year (\$74.7 billion). Year-to-date, municipal issuance totaled \$275.1 billion, tracking the 10-year average closely (\$281.4 billion year-to-date) and will close the year at approximately \$384.2 billion if it remains on pace with the 10-year average (as it had done in the prior quarter).

Tax-exempt issuance totaled \$67.9 billion in 3Q'12, a decline of 34.3 percent but an increase of 7.6 percent, respectively, from 2Q'12 (\$103.4 billion) and 3Q'11 (\$63.1 billion). AMT issuance totaled \$4.9 billion in 3Q'12, an increase of 45.2 percent and 85.9 percent, respectively, quarter-over-quarter (\$3.4 billion) and year-over-year (\$2.7 billion). Taxable issuance increased \$10.8 billion in 3Q'12, an increase of 63.3 percent and 53.9 percent, respectively, from 2Q'12 (\$6.6 billion) and 3Q'11 (\$7.0 billion). Part of the relatively large taxable issuance was due to a consolidated bond issue from the Port Authority of NY and NJ (\$1 billion) and an additional \$1.8 billion through refinancing of student loan-backed bond issues.

By use of proceeds, general purpose led issuance totals in 3Q'12 (\$20.2 billion), followed by primary & secondary education (\$12.4 billion), water and sewer facilities (\$8.4 billion) and higher education (\$6.0 billion).

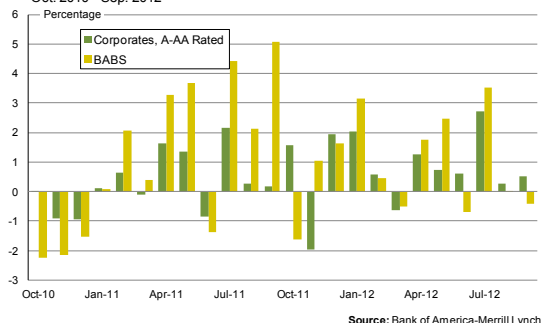
Refundings, while still relatively elevated in the third quarter, declined slightly as a percentage of issuance (59.4 percent) compared to 2Q'12 (62.8 percent) but still above 2Q'11 (54.6 percent). Refundings will likely continue to remain elevated as true interest costs continue to slide to new lows for issuers; as of 3Q'12, municipal issuers enjoyed a dollar-weighted true interest cost of 2.49 percent in 3Q'12, compared to 2.82 percent in 2Q'12 and 3.10 percent in 3Q'11.

Yields, Inflows, and Total Return

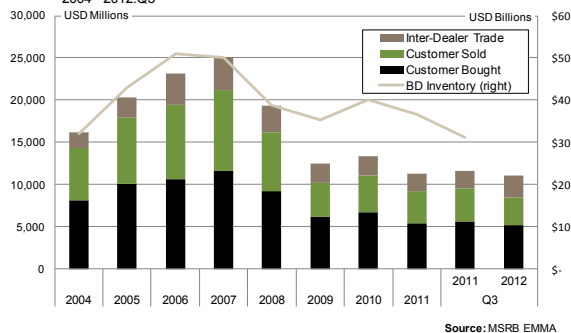
Ratios of 10-year tax-exempt AAA GOs and similar-maturity Treasuries moved lower in the third quarter, ending at 105.1 percent. Continuing negative net supply and demand continued to keep yields low. The municipal market returned an additional 2.51 percent in 3Q'12 on a total return basis, compared to 1.96 in 2Q'12 and 3.94 in 3Q'11. On the other hand, Build America Bonds (BABs) underperformed similarly-rated corporates in part due to subsidy concerns, returning 2.74 percent 3Q'12 compared to 3.53 percent in A- to AAA-rated corporates.

According to the Investment Company Institute (ICI), third quarter inflow into long-term munici-

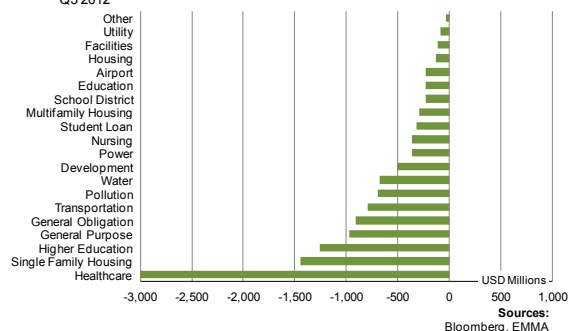
Corporate versus Build America Bonds Total Return
Oct. 2010 - Sep. 2012



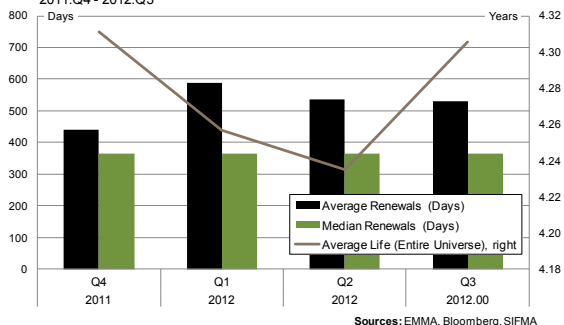
Average Daily Trading Volume
2004 - 2012:Q3



VRDO Net Issuance by Industry
Q3 2012



Liquidity Facility Renewals by Same Liquidity Provider
2011:Q4 - 2012:Q3



pal funds was strongly positive, with \$14.9 billion of inflow, compared to \$11.4 billion of inflow in 2Q'12 and \$662 million of inflow in 3Q'12.

Trading Activity and Dealer Inventories

Trading activity decreased quarter-over-quarter in 3Q'12 to \$11.1 billion daily, a 5.6 percent increase from 2Q'12 (\$11.8 billion traded daily) and a 4.5 percent decrease year-over-year (\$11.6 billion traded daily in 3Q'11). The average number of trades also declined slightly q-o-q (a decline of 5.8 percent) and y-o-y (a decline of 1.3 percent).

The general decline in trading volume since 2007 has also been mirrored in broker-dealer inventories, although this trend has been prevalent in nearly all asset classes. According to the Federal Reserve's Flow of Funds, broker-dealers have also reported municipal bond inventory declines since 2006; as of the end of 2Q'12, broker-dealers reported \$31.2 billion of inventory, compared to \$36.6 billion of inventory at the end of 2011 and \$50.9 billion at its peak in 2006.

The Bond Insurer is Dead, Long Live the Bond Insurer

Build America Mutual Assurance Co (BAM), a mutual insurance company cooperatively owned by municipalities, launched in late July and insured its first municipal bond in late September (York Suburban School District). The company is the first new bond insurer entering the market since Berkshire Hathaway Assurance Corp. (2007) and is currently rated AA by Standard and Poor's. Although insured municipal bonds now constitute a negligible portion in issuance (only 2.7 percent by dollar amount of municipal bonds were insured in 3Q'12 and 3.6 percent year-to-date, compared to the height of 57.3 percent in 2005) due to the significant downgrades of the municipal bond insurance companies, they still constitute a significant fraction of municipal bonds outstanding. As of 3Q'12, approximately 27.3 percent of all municipal bonds were insured, compared to 31.8 percent one year ago.

Standard and Poor's opined that there was "still a need for municipal bond insurance . . . [particularly by] smaller and less-frequent issuers [that] rely on the credit enhancement that bond insurers provide" and noted that insurance helped "homogenize the market's view of insured credits, which typically increases market liquidity and access."¹ With BAM currently the highest rated insurer in the municipal market, the benefit of municipal insurance would be largely limited to those bonds rated A and below, which, including unrated bonds, represent approximately one third of the outstanding market (33.6 percent).

VRDO Issuance and Update

Issuance of variable-rate demand obligations (VRDOs), long-term municipal bonds with a periodically resetting floating interest rate and a put feature, increased in the third quarter. According to Thomson Reuters, \$3.1 billion were issued in 3Q'12, a decline of 16.9 percent and 9.1 percent, respectively, from 2Q'12 (\$3.8 billion) and 3Q'11 (\$3.4 billion); a number of these were direct purchase transactions.

On net, VRDO outstandings continue to decline, ending 3Q'12 at \$273.8 billion, a decline of 4.6 percent from 2Q'12 (\$286.9 billion). Declines in outstandings were led by student loans (15.6 percent), single family housing (10.5 percent), and healthcare (6.7 percent). Some of the declines, particularly student loans, were due to refinancing into fixed rate student loan backed bonds or

¹ Standard and Poor's, "The U.S. Bond Insurance Industry is On a Path to Reemergence, But of a Different Profile," July 23, 2012.

funded through the securitization market. There were no net increases in the third quarter. Tax-exempt money market funds continued to report a decline in assets in 3Q'12, reporting \$268.5 billion in assets under management in 3Q'12, a decline of 0.4 percent from the prior quarter; year-to-date, money funds have declined by \$22.4 billion.

As of end-September, \$28.4 billion of VRDO liquidity facilities were scheduled to expire in 2012, with an additional \$69.1 billion in 2013, for a total of \$97.5 billion.² While there remains a significant bump in expirations at the end of 2012 due to the original expiration date of the U.S. Treasury's Temporary Credit and Liquidity Program ("TCLP"), the program'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 938 unique CUSIPs averaged 530.6 days on extension from original expiration date, compared to 536.6 days in 2Q'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 third quarter is 4.31 years, slightly higher than 2Q'12 (4.23 years), with the median length approximately a year and a half (569 days). The SIFMA Municipal Swap index, a seven-day high-grade market index comprised of tax-exempt VRDOs, ended September at 0.18 percent, averaging 0.15 percent in 2Q'12, 3 basis points lower than the 2Q'12 average (0.18 percent).

Basel III liquidity coverage requirements, which become effective in 2015, requires banks to hold liquid assets equal to 100 percent of liquidity commitments, and have played a part in the declining size of the market. New letter of credit structures, however, have been recently introduced that mitigate the impact of liquidity coverage by avoiding their inclusion in the liquidity coverage ratio.

Government and Regulatory Update

In July, the Securities and Exchange Commission released its report on the municipal securities market, which included recommendations on disclosure and market structure (e.g., improving pre- and post-trade price transparency).³

On August 1, the county of San Bernardino, California, officially filed for Chapter 9 bankruptcy.

Following the LIBOR scandal, the Municipal Securities Rulemaking Board, after a meeting between index contributors, published a document in September, describing in detail the major municipal market indices, yield curves, and benchmarks.⁴

The Office of Management and Budget released its preliminary sequestration impact estimates on government budgetary accounts for fiscal year 2013.⁵ Sequestration, in particular, would impact almost all the direct pay bonds as it would reduce the authorized subsidy. The report estimated the impact on direct pay bonds by applying the 7.6 percent sequester percentage to the subsidies, which would result in cuts of approximately \$324.1 million in total potential impact.

² 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.

³ SEC, "Report on the Municipal Securities Market," July 31, 2012.

⁴ MSRB, "[Understanding Municipal Market Indices, Yield Curves, and Benchmarks](#)," September 2012.

⁵ Office of Management and Budget, "[OMB Report Pursuant to the Sequestration Transparency Act of 2012](#)," September 12, 2012.

Direct Pay Bonds and Sequestration Cut Estimates					
Program	Issuance (\$ millions)			FY 2013 Subsidy (\$ millions)	Sequestration Estimate (\$ millions)****
	2009	2010	2011		
Build America Bonds, Recovery Act***	64,601.47	122,820.94	432.89	3,351.0	254.7
Build America Bonds (BAB)	64,150.05	117,347.11	432.89		n.a.
Recovery Zone Economic Development Bonds (RZEDB)*	451.42	5,473.83	n.a.		n.a.
New Clean Renewable Energy Bonds (NCREB)		293.05	15.82	24.0	1.8
Qualified Energy Conservation Bonds (QECB)		286.48	129.67	32.0	2.4
Qualified School Construction Bonds (QSCB)	2,836.07	7,304.25	4,317.75	820.0	62.3
Qualified Zone Academy Bonds (QZAB)	25.71	197.15	578.49	38.0	2.9
Total	67,463.25	130,901.86	5,474.62	4,265.0	324.1

*RZEDBs are counted in the budget under Build America Bonds as they are technically a BAB subtype.

**There is no estimate for NCREBs from OMB although it is subject to sequestration; most likely estimates are too small to display and SIFMA has used OMB's calculation to arrive at an equivalent estimate.

***2011 deals are refinancings/refundings/remarking of earlier deals.

****OMB estimate calculations adjusted slightly for greater precision

While the majority of BABs contain some sort of extraordinary call provision (90.4 percent by dollar amount as of end-September) related to the loss or reduction of the subsidy, the impact of sequestration is unlikely to result in a negative outlook on the credit of any one issuer given the strong credit profiles of BAB issuers.

CHARTS & DATA

LONG-TERM MUNICIPAL STATE ISSUANCE, 3Q'12⁶\$ Millions⁷

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%

⁶ Issuance totals do not include private placements.⁷ 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.

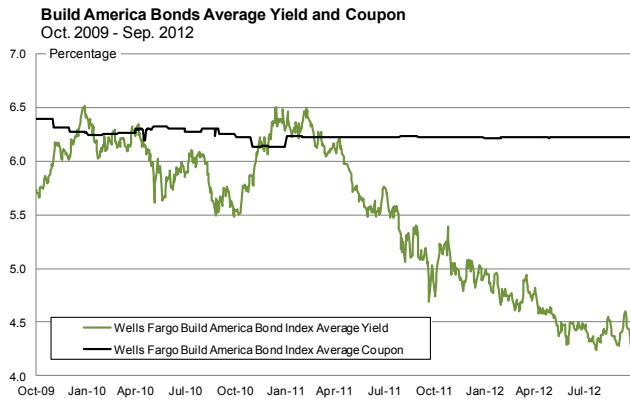
State	Total	Refunding & New		
		New Financing	Refinancing	Refunding
Alabama	502.4	151.6	163.0	187.7
Alaska	262.8	61.5	52.8	148.5
Arizona	2,120.4	513.9	549.3	1,057.3
Arkansas	774.6	117.5	256.8	400.3
California	12,170.4	3,611.3	3,180.8	5,378.3
Colorado	1,505.6	780.1	203.4	522.0
Connecticut	2,495.5	1,360.1	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

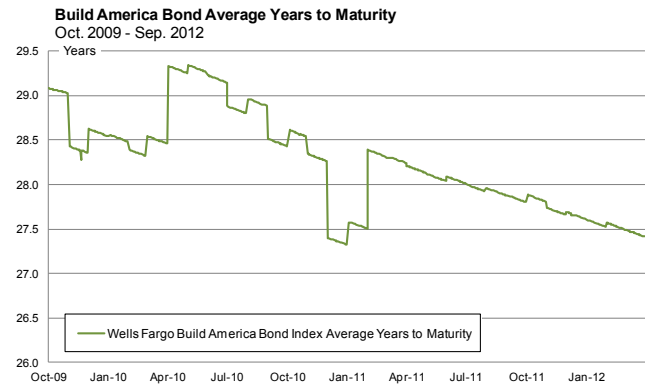
\$ Millions

State	3Q'11	2Q'12	3Q'12	Q-o-Q	Y-o-Y
Agriculture		281.1	2.5	-99.1%	
Airports	2,801.4	2,176.4	4,020.7	84.7%	43.5%
Assisted Living	67.8	23.9	168.9	606.7%	149.1%
Bridges	24.1	741.1	2,200.8	197.0%	9032.0%
Childrens hospital	25.6	403.2	647.0	60.5%	2427.3%
Civic & convention centers	459.3	1,122.5	278.2	-75.2%	-39.4%
Combined utilities	225.3	406.7	552.8	35.9%	145.4%
Cont Care Retirement Community	181.5	841.9	797.2	-5.3%	339.2%
Correctional facilities	401.8	581.5	73.0	-87.4%	-81.8%
Economic development	549.4	2,235.7	2,280.2	2.0%	315.0%
Fire stations & equipment	77.2	54.8	72.4	32.1%	-6.2%
Flood control	104.2	103.6	39.5	-61.9%	-62.1%
Gas	202.6	626.7	64.0	-89.8%	-68.4%
General acute care hospital	3,723.8	10,780.0	5,758.0	-46.6%	54.6%
General Medical	32.6	257.2	43.7	-83.0%	34.0%
General purpose /public improvement	19,864.4	32,154.9	20,217.6	-37.1%	1.8%
Government buildings	632.6	920.8	195.8	-78.7%	-69.0%
Higher education	7,158.9	6,911.3	6,060.0	-12.3%	-15.4%
Hospital equipment loans	511.9	406.4	957.0	135.5%	87.0%
Industrial development	226.1	219.6	231.7	5.5%	2.5%
Libraries & museums	1,907.7	5,613.3	3,822.6	-31.9%	100.4%
Mass transportation	394.0	1,419.2	762.2	-46.3%	93.5%
Multi family housing	39.2	9.7	70.1	622.7%	78.8%
Nursing homes	14.5	28.8		-100.0%	-100.0%
Office buildings	122.0	243.8	157.6	-35.4%	29.2%
Other education	39.0	195.0	116.1	-40.5%	197.7%
Other recreation			15.9		
Parking facilities	151.7	131.8	87.0	-34.0%	-42.6%
Parks, Zoos & Beaches	301.2	303.6	109.7	-63.9%	-63.6%
Police stations & equipment	48.8	52.5	9.4	-82.1%	-80.7%
Pollution control	749.0	786.2	188.2	-76.1%	-74.9%
Primary & secondary education	10,172.6	17,165.3	12,421.7	-27.6%	22.1%
Public power	3,955.7	5,082.1	3,119.3	-38.6%	-21.1%
Recycling		2.5		-100.0%	
Sanitation	309.5	49.7	68.9	38.6%	-77.7%
Seaports / marine terminals	695.6	4.9	601.7	12179.6%	-13.5%
Single family housing	1,624.7	1,617.3	1,550.6	-4.1%	-4.6%
Single speciality hospital	282.8	57.3	136.4	138.0%	-51.8%
Solid waste	101.3	155.2	78.1	-49.7%	-22.9%
Stadiums & sports complexes	496.7	444.1	415.9	-6.3%	-16.3%
Student loans	1,781.9	717.1	2,390.4	233.3%	34.1%
Telecommunications	71.2	7.7	15.4	100.0%	-78.4%
Theatres	20.4	5.4	29.3	442.6%	43.6%
Toll roads, highways & streets	2,083.5	5,775.5	4,340.1	-24.9%	108.3%
Tunnels		195.6		-100.0%	
Veterans (exclusing housing)	15.9	8.8	9.0	2.3%	-43.4%
Water & sewer facilities	10,093.8	12,034.0	8,428.2	-30.0%	-16.5%
ALL	66,521.3	78,146.4	113,319.5	45.0%	70.4%

BUILD AMERICA BONDS

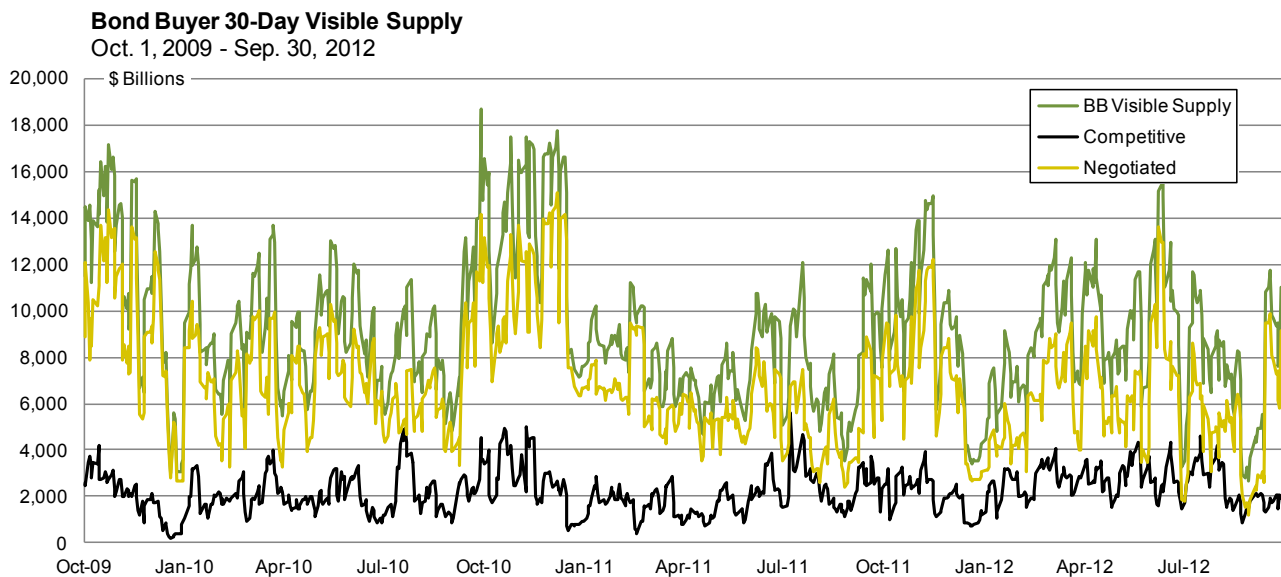


Source: Wells Fargo

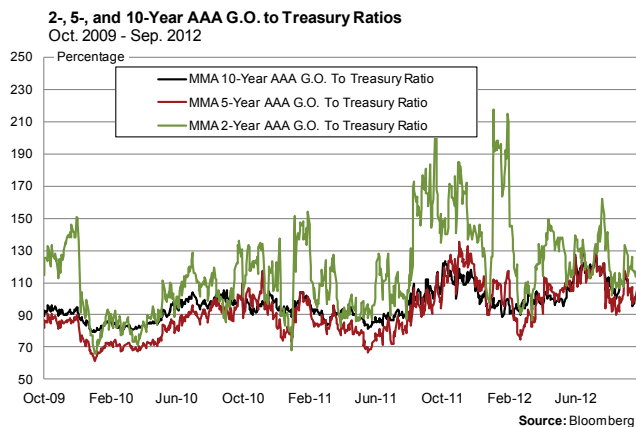


Source: Wells Fargo

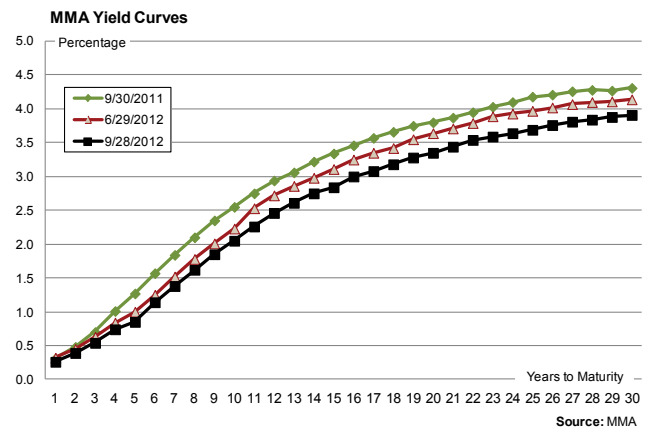
SUPPLY, YIELD CURVES, TOTAL RETURN, SPREADS & RATIOS



Source: Bond Buyer, Bloomberg

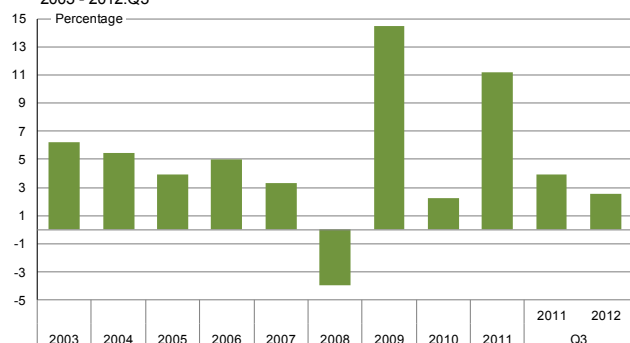


Source: Bloomberg



Source: MMA

Municipal Total Return
2003 - 2012:Q3



Source: Bank of America-Merrill Lynch

MCDX (5- and 10- Year)
Oct. 2011 - Sep. 2012



Source: Markit

Yields: State and Local Government
Oct. 2011 - Sep. 2012



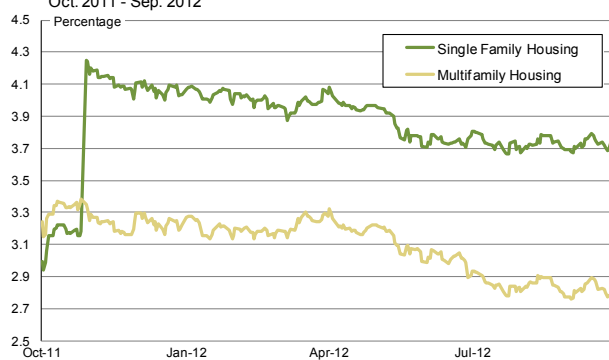
Source: Bank of America-Merrill Lynch

Yields: General Obligation and Revenue
Oct. 2011 - Sep. 2012



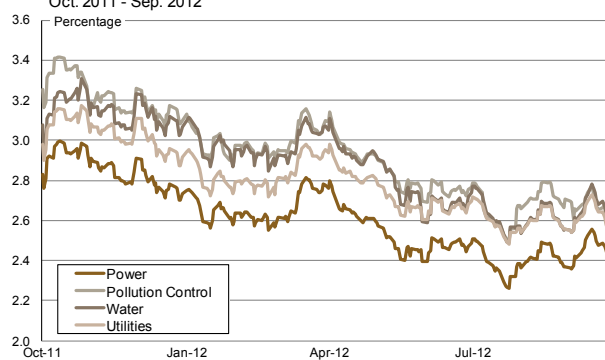
Source: Bank of America-Merrill Lynch

Yields: Single- and Multi- Family Housing
Oct. 2011 - Sep. 2012



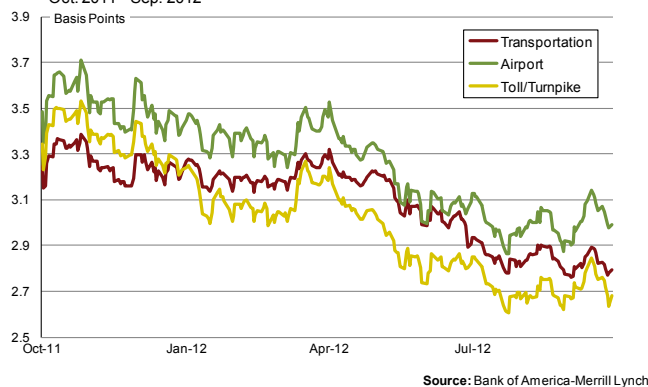
Source: Bank of America-Merrill Lynch

Yields: Water, Pollution Control, Power, Utilities
Oct. 2011 - Sep. 2012



Source: Bank of America-Merrill Lynch

Yields: Transportation, Airport, Toll/Turnpike
Oct. 2011 - Sep. 2012



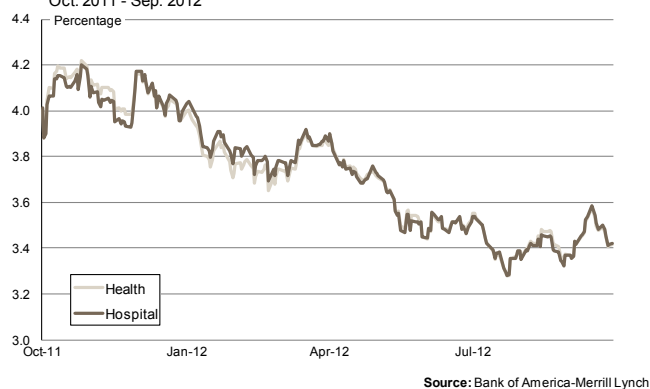
Yields: Tobacco
Oct. 2011 - Sep. 2012



Yields: Tax, Education
Oct. 2011 - Sep. 2012



Yields: Health, Hospital
Oct. 2011 - Sep. 2012



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:Q3	1,139,152	520,264	771,072	2,430,488	359,144	251,065	133,087	\$743,296
2012:Q3	982,779	502,358	876,635	2,361,772	326,283	208,078	164,490	\$698,851
%Change	-14%	-3%	14%	-3%	-9%	-17%	24%	-6%

	# 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
2011:Q3	82%	12%	2%	4%	2,430,488	9%	10%	6%	75%	\$743,296
2012:Q3	82%	12%	2%	4%	2,361,772	9%	11%	6%	74%	\$698,851
%Change	0%	0%	0%	0%	-3%	0%	10%	0%	-1%	-6%

	Trades by Sector							
	Education	Health	Utility	Various Purpose	Transportation	Tax-Revenue	Other	Total (Millions)
2011:Q3	17%	10%	12%	9%	8%	8%	36%	\$743,296
2012:Q3	17%	11%	12%	9%	8%	9%	34%	\$698,851
%Change	0%	10%	0%	0%	0%	13%	-6%	-6%

	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)
2011:Q3	6%	9%	13%	30%	42%	\$743,296
2012:Q3	6%	9%	13%	30%	42%	\$698,851
%Change	0%	0%	0%	0%	0%	-6%

	Trades by Source of Repayment				
	Revenue	General Obligation	Double Barrel	Not Available	Total (Millions)
2011:Q3	73%	24%	3%	0%	\$743,296
2012:Q3	74%	24%	3%	0%	\$698,851
%Change	1%	0%	0%	N/A	-6%

	Trades by Coupon Type				
	Fixed Rate	Variable Rate	Zero Coupon	Not Available	Total (Millions)
2011:Q3	51%	44%	4%	0%	\$743,296
2012:Q3	58%	38%	4%	0%	\$698,851
%Change	14%	-14%	0%	N/A	-6%

Source: MSRB EMMA

MUNICIPAL CDS

Market Risk Activity of Single-Name Municipal CDS, 2011- 3Q'12 (\$ millions) ⁸

State	California	Florida	Illinois	New Jersey	New York	Texas	New York City	Massachusetts	TOTAL	Average Contract Size
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
Jul-12	54.1		48.8	5.0			10.0		117.9	2.0
Aug-12	116.4		37.0	75.0	10.0	10.0	75.0		323.4	5.4
Sep-12	474.1		125.0	56.1			5.0		660.2	2.7
3Q'12	644.6	0.0	210.8	136.1	10.0	10.0	90.0	0.0	1,101.5	3.0
Q-o-Q	117.2%	-100.0%	-61.7%	3389.7%	-71.4%	4900.0%	47.8%		12.2%	
Y-o-Y	-12.7%	-100.0%	-57.5%	234.4%	-90.2%	0.0%	-88.5%		-62.8%	

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
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
9/30/2012	205.0	195.2	119.0	111.0	135.0	124.0	119.0	111.0	94.0	97.0	93.0	87.0	97.0	68.0	65.0	48.9	60.0
Q-o-Q	-7.2%	2.8%	-11.9%	-5.1%	-8.8%	-4.6%	-13.8%	-16.5%	-11.3%	-11.8%	-27.9%	-8.4%	-12.6%	-18.1%	-16.7%	-28.1%	-34.1%
Y-o-Y	-22.1%	-13.6%	-23.7%	-28.4%	-10.6%	-17.3%	-16.2%	-17.8%	-25.4%	-19.8%	-21.8%	-26.3%	10.2%	-17.1%	-20.7%	-40.2%	16.5%

Source: CMA Datavision

10-Year	Illinois	California	Connecticut	Nevada	New Jersey	Ohio	Michigan	Pennsylvania	Florida	New York	Massachusetts	Wisconsin	Maryland	North Carolina	Texas	Delaware	Minnesota
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	181.0	173.0	182.0	153.0	177.0	154.0	142.0	147.0	135.0	140.0	105.0	105.0	100.0	100.0	110.0
12/31/2011	297.0	269.4	166.0	154.0	207.0	173.0	188.0	172.0	155.0	167.0	160.0	147.0	108.0	108.0	109.0	N/A	125.0
3/30/2012	240.0	206.9	155.0	135.0	160.0	133.0	154.0	135.0	130.0	137.0	129.0	124.0	88.0	90.0	93.0	75.5	99.0
6/29/2012	221.0	189.8	135.0	117.0	148.0	130.0	138.0	133.0	106.0	110.0	129.0	95.0	111.0	83.0	78.0	68.0	91.0
9/30/2012	254.0	209.4	157.0	146.0	157.0	141.0	152.0	124.0	121.0	123.0	120.0	121.0	96.0	86.0	88.0	75.6	79.0
Q-o-Q	14.9%	10.4%	16.3%	24.8%	6.1%	8.5%	10.1%	-6.8%	14.2%	11.8%	-7.0%	27.4%	-13.5%	3.6%	12.8%	11.1%	-13.2%
Y-o-Y	-9.3%	-21.5%	-13.3%	-15.6%	-13.7%	-7.8%	-14.1%	-19.5%	-14.8%	-16.3%	-11.1%	-13.6%	-8.6%	-18.1%	-12.0%	-24.4%	-28.2%

Source: CMA Datavision

⁸ "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 Type⁹

\$ Millions

State	Total Outstanding	G.O.	Revenue	Due in 13 Months	Long-Term	2012:Q2 Total Outstanding	% Change
AK Alaska	10,787.3	2,589.9	8,197.4	535.4	10,251.9	11,153.4	-3.3%
AL Alabama	31,433.1	6,035.8	25,397.2	935.6	30,497.4	31,580.7	-0.5%
AR Arkansas	12,173.8	4,718.5	7,455.3	477.5	11,696.3	12,037.4	1.1%
AZ Arizona	54,070.1	10,471.1	43,599.1	2,200.1	51,870.0	56,116.0	-3.6%
CA California	554,721.9	194,876.1	359,845.8	33,540.4	521,181.5	550,856.2	0.7%
CO Colorado	57,200.9	12,044.2	45,156.8	2,475.7	54,725.2	56,915.5	0.5%
CT Connecticut	44,091.3	23,132.8	20,958.5	3,383.7	40,707.6	44,802.7	-1.6%
DC District of Columbia	28,639.6	2,342.5	26,297.1	497.8	28,141.8	30,142.9	-5.0%
DE Delaware	7,511.4	2,395.3	5,116.0	396.9	7,114.4	7,749.7	-3.1%
FL Florida	158,099.2	17,441.5	140,657.8	10,143.8	147,955.4	163,991.4	-3.6%
GA Georgia	72,373.4	16,480.6	55,892.8	3,667.4	68,706.0	73,931.2	-2.1%
GU Guam	2,251.0	444.4	1,806.6	30.6	2,220.4	2,287.0	-1.6%
HI Hawaii	15,150.8	8,777.6	6,373.2	785.0	14,365.8	15,394.0	-1.6%
IA Iowa	19,256.9	5,772.2	13,484.7	1,018.3	18,238.5	20,751.9	-7.2%
ID Idaho	10,490.3	5,592.2	4,898.2	1,048.5	9,441.8	10,888.5	-3.7%
IL Illinois	160,843.6	80,222.4	80,621.2	5,768.6	155,075.0	159,788.8	0.7%
IN Indiana	53,214.5	999.9	52,214.6	2,561.1	50,653.4	53,720.7	-0.9%
KS Kansas	21,852.6	8,561.5	13,291.1	1,571.9	20,280.7	22,098.9	-1.1%
KY Kentucky	34,153.8	1,663.4	32,490.4	1,743.9	32,409.9	34,833.4	-2.0%
LA Louisiana	34,064.9	6,255.6	27,809.3	992.3	33,072.6	34,915.0	-2.4%
MA Massachusetts	94,020.0	32,097.0	61,923.1	6,071.3	87,948.7	94,942.6	-1.0%
MD Maryland	46,905.5	21,466.2	25,439.4	2,627.0	44,278.5	47,815.2	-1.9%
ME Maine	8,140.4	1,748.6	6,391.8	454.4	7,686.0	8,469.0	-3.9%
MI Michigan	82,619.4	25,678.5	56,940.9	3,897.1	78,722.3	83,601.8	-1.2%
MN Minnesota	50,671.4	23,857.7	26,813.7	2,978.0	47,693.4	50,688.4	0.0%
MO Missouri	47,703.1	9,373.4	38,329.6	1,656.1	46,047.0	49,333.7	-3.3%
MS Mississippi	18,525.0	6,315.2	12,209.9	664.1	17,860.9	19,417.0	-4.6%
MT Montana	11,711.8	8,242.9	3,468.9	676.5	11,035.3	12,076.9	-3.0%
NC North Carolina	55,196.4	14,187.9	41,008.6	2,611.1	52,585.3	56,221.0	-1.8%
ND North Dakota	4,174.0	1,094.3	3,079.7	226.7	3,947.3	4,125.7	1.2%
NE Nebraska	18,097.1	4,806.6	13,290.5	806.7	17,290.5	17,600.0	2.8%
NH New Hampshire	10,381.2	2,373.2	8,008.0	476.7	9,904.5	10,535.0	-1.5%
NJ New Jersey	118,410.0	25,340.0	93,070.0	10,677.0	107,733.0	117,096.1	1.1%
NM New Mexico	14,587.6	2,915.6	11,672.0	798.5	13,789.1	14,976.1	-2.6%
NV Nevada	29,804.6	14,652.6	15,152.1	1,313.0	28,491.6	29,993.4	-0.6%
NY New York	363,477.5	78,449.8	285,027.7	17,732.1	345,745.4	364,085.7	-0.2%
OH Ohio	105,741.8	29,315.4	76,426.4	5,282.9	100,458.9	106,207.4	-0.4%
OK Oklahoma	18,999.6	3,268.4	15,731.2	1,374.8	17,624.8	19,418.5	-2.2%
OR Oregon	34,546.9	18,560.5	15,986.4	2,122.4	32,424.5	34,668.2	-0.3%
OT Other Territories	8,804.2	27.0	8,777.2	13.1	8,791.1	8,892.3	-1.0%
PA Pennsylvania	128,602.0	43,491.7	85,110.4	6,215.9	122,386.1	131,449.5	-2.2%
PR Puerto Rico	105,600.4	11,406.4	94,194.0	1,699.0	103,901.3	103,906.2	1.6%
RI Rhode Island	13,099.1	1,903.9	11,195.1	421.8	12,677.3	13,541.7	-3.3%
SC South Carolina	36,680.7	8,721.9	27,958.8	2,022.7	34,658.0	36,754.0	-0.2%
SD South Dakota	7,158.8	3,223.3	3,935.5	352.9	6,806.0	7,354.7	-2.7%
TN Tennessee	39,739.0	13,391.3	26,347.7	1,509.9	38,229.0	40,342.7	-1.5%
TT Trust Territories	280.7	95.2	185.5		280.7	281.8	-0.4%
TX Texas	301,779.3	139,606.2	162,173.1	20,575.1	281,204.3	301,230.0	0.2%
UT Utah	21,067.8	6,932.7	14,135.2	1,030.6	20,037.2	21,301.5	-1.1%
VA Virginia	62,129.8	12,906.6	49,223.2	2,805.6	59,324.2	62,494.1	-0.6%
VI Virgin Islands	2,171.5		2,171.5	49.3	2,122.2	2,376.7	-8.6%
VT Vermont	5,603.6	662.3	4,941.3	188.6	5,415.0	5,608.1	-0.1%
WA Washington	78,825.7	36,450.1	42,375.5	3,371.7	75,454.0	80,240.5	-1.8%
WI Wisconsin	43,326.6	20,412.5	22,914.2	3,234.2	40,092.5	42,846.9	1.1%
WV West Virginia	10,953.2	991.2	9,962.1	300.6	10,652.7	11,158.2	-1.8%
WY Wyoming	3,914.7	125.9	3,788.9	60.4	3,854.4	3,914.8	0.0%
TOTAL (9/30/2012)	3,385,831.1	1,034,909.2	2,350,921.9	180,072.7	3,205,758.5	3,408,920.3	-0.7%
TOTAL (6/30/2012)	3,408,920.3	1,042,157.8	2,366,762.4	182,686.3	3,226,234.0		
TOTAL (3/31/2012)	3,413,573.1	1,043,450.8	2,370,122.3	178,406.1	3,235,167.0		
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		

⁹ 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 Derivatives¹⁰

\$ Millions

State	Tax-Exempt	AMT	Taxable	Fixed	Zero	Other
AK Alaska	8,504.1	1,145.9	1,137.3	8,099.6	286.4	2,401.4
AL Alabama	24,291.0	1,383.7	5,758.4	22,720.4	489.4	8,223.3
AR Arkansas	7,005.3	598.2	4,570.3	10,863.8	384.7	925.4
AZ Arizona	46,451.1	2,247.1	5,372.0	46,703.9	85.8	7,280.4
CA California	438,824.4	21,941.2	93,956.2	390,039.1	77,371.3	87,311.5
CO Colorado	41,752.5	3,707.0	11,741.4	42,661.0	3,592.4	10,947.6
CT Connecticut	32,310.3	2,285.2	9,495.8	36,327.7	509.1	7,254.5
DC District of Columbia	20,998.2	4,373.4	3,268.0	16,900.4	5,739.3	5,999.8
DE Delaware	5,513.0	696.8	1,301.6	5,706.6	93.3	1,711.5
FL Florida	129,673.5	13,587.4	14,838.4	123,523.9	4,414.1	30,161.3
GA Georgia	57,875.2	4,367.4	10,130.8	56,835.5	168.8	15,369.2
GU Guam	2,076.1	108.0	66.9	2,135.6	115.5	-
HI Hawaii	12,386.3	1,280.6	1,483.9	14,439.0	51.2	660.7
IA Iowa	11,552.9	999.3	6,704.7	16,278.8	556.9	2,421.2
ID Idaho	4,563.0	1,061.0	4,866.3	5,076.4	87.4	5,326.6
IL Illinois	102,747.2	8,418.6	49,677.8	123,357.9	17,088.5	20,397.3
IN Indiana	37,196.9	3,567.0	12,450.6	37,946.5	1,249.2	14,018.8
KS Kansas	14,352.6	700.5	6,799.4	19,421.0	355.6	2,076.0
KY Kentucky	22,065.9	2,866.2	9,221.7	25,706.3	559.7	7,887.9
LA Louisiana	26,738.7	1,457.7	5,868.4	25,494.3	594.5	7,976.1
MA Massachusetts	78,169.3	4,683.6	11,167.1	74,285.7	1,165.1	18,569.2
MD Maryland	37,695.3	2,933.2	6,277.1	39,313.6	248.8	7,343.2
ME Maine	5,959.7	1,142.3	1,038.5	6,958.2	5.4	1,176.7
MI Michigan	61,035.3	5,523.3	16,060.8	57,816.0	8,253.9	16,549.5
MN Minnesota	34,172.3	3,168.9	13,330.2	41,526.9	844.8	8,299.7
MO Missouri	31,677.3	2,030.0	13,995.7	34,296.4	927.4	12,479.3
MS Mississippi	11,616.6	1,171.7	5,736.8	12,070.0	25.0	6,430.1
MT Montana	2,318.3	695.9	8,697.7	3,297.5	8.9	8,405.4
NC North Carolina	47,438.9	1,933.0	5,824.5	42,134.2	269.4	12,792.8
ND North Dakota	2,597.2	467.1	1,109.7	3,666.3	-	507.8
NE Nebraska	12,617.1	562.9	4,917.0	15,704.6	3.4	2,389.2
NH New Hampshire	7,228.9	1,173.2	1,979.1	7,303.6	158.5	2,919.1
NJ New Jersey	85,484.8	7,072.3	25,852.9	87,926.7	15,539.6	14,943.7
NM New Mexico	11,533.3	1,019.7	2,034.6	11,446.0	7.3	3,134.3
NV Nevada	22,763.2	3,744.7	3,296.8	22,664.6	974.1	6,166.0
NY New York	291,673.6	22,866.9	48,937.0	283,229.0	15,700.5	64,548.0
OH Ohio	73,801.6	4,661.5	27,278.7	73,211.0	8,299.7	24,231.1
OK Oklahoma	13,675.5	1,131.0	4,193.0	15,878.7	170.4	2,950.5
OR Oregon	21,504.2	1,574.3	11,468.3	28,419.9	3,262.7	2,864.2
OT Other Territories	1,326.5	7,142.5	335.3	848.8	-	7,955.4
PA Pennsylvania	91,675.0	6,592.0	30,335.1	91,799.7	8,630.4	28,171.9
PR Puerto Rico	93,266.4	681.4	11,652.5	58,991.1	37,341.9	9,267.4
RI Rhode Island	10,319.2	1,617.2	1,162.7	8,624.1	2,861.3	1,613.7
SC South Carolina	29,909.1	1,040.0	5,731.6	29,210.6	1,739.7	5,730.4
SD South Dakota	2,503.9	861.2	3,793.7	3,876.0	18.7	3,264.1
TN Tennessee	29,863.2	1,925.5	7,950.3	29,807.4	1,041.1	8,890.4
TT Trust Territories	235.2	45.5	-	140.7	-	140.0
TX Texas	230,460.5	18,328.1	52,990.7	230,556.5	19,260.4	51,962.4
UT Utah	14,516.0	1,076.5	5,475.3	15,598.7	448.8	5,020.3
VA Virginia	47,945.6	4,783.2	9,401.0	51,966.2	1,846.3	8,317.2
VI Virgin Islands	2,057.0	20.3	94.1	2,120.6	48.1	2.7
VT Vermont	3,049.1	1,947.6	606.9	2,940.7	2.6	2,660.3
WA Washington	59,237.9	5,300.0	14,287.8	69,748.0	2,654.8	6,422.9
WI Wisconsin	27,644.5	2,129.9	13,552.3	36,664.3	462.6	6,199.7
WV West Virginia	6,101.9	1,059.8	3,791.5	6,474.7	2,190.7	2,287.9
WY Wyoming	2,142.1	1,420.9	351.7	2,090.1	1.0	1,823.7
TOTAL (9/30/2012)	2,552,093.8	200,319.3	633,418.1	2,532,844.3	248,206.1	604,780.7
TOTAL (6/30/2012)	2,565,411.4	207,574.0	635,934.9	2,543,043.8	246,394.6	619,481.9
TOTAL (3/31/2012)	2,566,167.1	217,869.5	629,536.5	2,534,383.1	240,916.1	638,273.9
TOTAL (12/31/2011)	2,565,911.5	226,120.8	634,085.4	2,518,974.2	N/A	N/A
TOTAL (9/30/2011)	2,564,872.1	236,510.8	635,465.4	2,508,058.3	N/A	N/A

Industry	Total Outstanding
Airport	83,900.9
Development	132,590.9
Education	664,668.6
GO	667,970.2
Healthcare	273,745.4
Housing	153,366.4
Other	656,142.9
Public Facilities	41,993.6
Student Loan	46,152.6
Transportation	223,911.7
Utilities	441,387.9
TOTAL (9/30/2012)	3,385,831.1

BAB Only	VRDO Only	Prerefunded Only	Derivatives Only
357.7	1,751.4	599.8	380.8
606.4	3,089.1	1,700.6	1,047.2
36.9	441.4	637.1	41.4
1,989.4	2,639.1	3,862.6	2,222.3
37,707.5	36,684.6	22,878.4	24,579.9
4,072.1	7,760.0	5,740.7	2,539.6
1,906.5	3,272.4	2,778.9	739.3
1,935.5	2,481.2	1,028.7	1,801.3
519.3	701.3	600.6	209.1
5,534.5	10,596.7	4,946.7	8,149.8
3,726.6	6,857.6	3,813.6	2,271.7
1,267.6	213.0	760.0	902.7
688.9	2,070.0	244.8	123.7
129.1	998.1	426.2	92.2
10,880.5	14,093.9	5,647.4	7,336.3
1,991.6	5,471.4	3,614.3	2,084.2
1,593.6	1,060.5	1,091.0	147.5
2,843.3	3,511.6	1,615.1	890.9
840.2	4,385.6	2,870.5	1,124.0
4,835.4	9,581.9	8,036.9	6,591.9
3,433.2	3,730.5	3,539.5	981.7
88.1	826.1	480.1	94.7
2,581.5	7,147.3	4,220.0	3,059.0
1,419.4	3,216.6	1,850.4	738.0
2,928.2	3,917.5	1,777.7	1,394.0
764.9	3,901.0	793.9	408.1
30.2	522.2	122.6	27.1
1,599.0	7,338.2	4,202.4	1,659.9
62.7	398.9	76.5	13.1
991.8	1,914.1	1,205.8	702.4
354.9	1,562.9	525.4	213.3
7,350.6	6,049.6	10,369.9	4,596.4
275.6	1,561.5	659.0	407.6
2,544.0	2,429.4	1,952.3	1,680.4
20,629.8	41,382.4	16,565.1	15,620.9
8,263.2	10,007.0	8,250.4	2,679.8
752.8	857.4	457.9	565.6
971.0	1,959.3	1,402.7	358.9
5,002.0	13,327.5	6,293.4	5,594.2
692.8	607.5	3,536.7	3,166.2
840.4	292.3	411.4	411.4
1,162.6	1,543.6	3,432.8	1,191.8
338.3	687.4	147.9	78.0
1,827.3	4,435.3	2,648.8	1,711.7
16,640.6	18,055.4	15,435.3	18,156.2
2,889.7	2,279.6	1,196.0	824.7
3,813.2	4,440.5	5,182.9	1,589.7
37.3	19.2	9.5	9.5
126.3	687.7	242.2	35.4
6,105.1	3,828.8	6,992.1	3,383.3
2,034.0	4,086.7	2,344.0	1,183.1
88.2	1,237.1	317.0	322.4
138.3	1,321.4	30.0	40.2
179,399.1	273,761.5	179,492.4	156,204.4
179,612.6	282,056.9	182,283.1	174,997.5
179,821.9	290,551.7	169,289.4	174,663.7
180,021.0	301,038.4	162,923.0	168,497.5
180,035.8	309,418.8	171,493.5	173,247.9

¹⁰ 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 Rating¹¹

\$ Millions

State	Total Outstanding	Rated	Unrated	AAA	AA	A	BBB	HY	NonRated
AK Alaska	10,787.3	10,185.7	601.6	1,015.2	6,250.9	1,537.9	887.9	493.8	601.6
AL Alabama	31,433.1	28,012.0	3,421.1	959.5	16,621.2	5,323.6	1,773.9	3,333.7	3,421.1
AR Arkansas	12,173.8	10,147.8	2,026.0	461.4	7,924.0	1,147.7	561.4	53.3	2,026.0
AZ Arizona	54,070.1	50,147.1	3,923.0	3,882.8	30,695.1	9,755.6	5,417.6	396.0	3,923.0
CA California	554,721.9	475,522.9	79,198.9	6,700.6	220,164.0	171,907.8	55,958.3	20,792.3	79,198.9
CO Colorado	57,200.9	50,390.9	6,810.0	3,728.9	30,146.8	8,938.5	7,292.1	284.5	6,810.0
CT Connecticut	44,091.3	41,615.9	2,475.4	9,569.7	25,188.8	6,014.3	622.8	220.3	2,475.4
DC District of Columbia	28,639.6	26,452.1	2,187.5	371.9	13,922.1	6,041.9	2,746.9	3,369.3	2,187.5
DE Delaware	7,511.4	6,889.2	622.2	2,157.7	3,269.3	856.1	562.6	43.5	622.2
FL Florida	158,099.2	138,957.0	19,142.2	3,733.4	66,677.3	58,539.2	9,199.5	807.6	19,142.2
GA Georgia	72,373.4	63,054.4	9,319.0	14,482.5	20,503.1	23,567.9	4,137.0	363.9	9,319.0
GU Guam	2,251.0	2,192.8	58.2	-	-	385.9	943.3	863.6	58.2
HI Hawaii	15,150.8	14,671.9	478.9	19.8	11,418.6	2,384.2	789.0	60.4	478.9
IA Iowa	19,256.9	16,480.4	2,776.5	2,036.9	7,758.3	4,784.4	847.3	1,053.4	2,776.5
ID Idaho	10,490.3	9,500.6	989.8	5,037.1	2,162.5	1,973.6	189.5	137.8	989.8
IL Illinois	160,843.6	151,182.3	9,661.3	7,426.6	62,407.1	71,981.8	8,668.8	698.0	9,661.3
IN Indiana	53,214.5	46,557.5	6,657.0	3,333.0	26,318.1	12,001.9	4,607.8	296.7	6,657.0
KS Kansas	21,852.6	19,083.7	2,768.9	2,240.4	11,413.1	3,636.5	1,682.1	111.5	2,768.9
KY Kentucky	34,153.8	32,356.9	1,796.9	2,452.1	17,882.7	9,480.4	2,477.8	64.0	1,796.9
LA Louisiana	34,064.9	31,977.2	2,087.6	3,303.6	13,896.1	7,917.3	6,670.7	189.6	2,087.6
MA Massachusetts	94,020.0	87,505.3	6,514.7	11,895.7	61,382.8	10,058.6	3,943.1	225.1	6,514.7
MD Maryland	46,905.5	43,012.5	3,893.0	16,638.2	18,793.5	4,515.9	2,471.5	593.4	3,893.0
ME Maine	8,140.4	7,910.2	230.2	77.2	6,079.9	1,156.4	534.2	62.5	230.2
MI Michigan	82,619.4	76,878.0	5,741.4	7,681.6	36,330.8	16,683.5	6,388.8	9,793.3	5,741.4
MN Minnesota	50,671.4	44,894.0	5,777.4	6,734.6	29,585.1	6,165.2	2,093.6	315.5	5,777.4
MO Missouri	47,703.1	39,917.8	7,785.2	5,233.0	22,077.7	8,807.6	3,471.5	328.0	7,785.2
MS Mississippi	18,525.0	15,453.3	3,071.8	892.2	11,547.7	1,726.7	1,221.4	65.3	3,071.8
MT Montana	11,711.8	3,738.6	7,973.2	133.5	2,363.7	1,093.9	117.5	30.0	7,973.2
NC North Carolina	55,196.4	52,396.5	2,799.9	13,006.4	27,341.0	8,665.6	3,331.9	51.7	2,799.9
ND North Dakota	4,174.0	3,796.0	378.0	191.9	2,217.7	975.4	411.0	-	378.0
NE Nebraska	18,097.1	14,626.8	3,470.3	679.9	8,552.9	4,815.6	569.6	8.9	3,470.3
NH New Hampshire	10,381.2	9,603.0	778.2	265.7	5,916.9	2,620.5	654.8	145.1	778.2
NJ New Jersey	118,410.0	109,133.5	9,276.5	6,817.4	33,561.6	55,292.4	7,746.1	5,716.1	9,276.5
NM New Mexico	14,587.6	13,991.8	595.8	1,431.3	10,615.0	943.7	853.8	148.1	595.8
NV Nevada	29,804.6	26,093.2	3,711.4	237.5	15,609.5	8,041.7	1,702.1	502.4	3,711.4
NY New York	363,477.5	333,551.1	29,922.4	21,109.6	229,255.3	62,643.5	11,891.4	8,655.3	29,922.4
OH Ohio	105,741.8	92,006.1	13,735.7	10,002.6	45,296.7	18,178.1	6,257.4	12,271.3	13,735.7
OK Oklahoma	18,999.6	16,529.6	2,470.0	2,076.1	9,141.6	4,115.8	888.5	307.7	2,470.0
OR Oregon	34,546.9	32,749.0	1,797.9	1,005.5	25,515.4	5,373.9	796.2	58.0	1,797.9
OT Other Territories	8,804.2	7,506.3	1,297.9	370.2	6,718.4	44.2	373.5	-	1,297.9
PA Pennsylvania	128,602.0	119,916.8	8,685.2	2,993.2	61,412.0	40,570.3	13,441.3	1,500.1	8,685.2
PR Puerto Rico	105,600.4	99,464.9	6,135.4	183.2	24,820.2	16,076.9	46,922.7	11,461.9	6,135.4
RI Rhode Island	13,099.1	12,121.4	977.6	785.5	5,445.3	1,726.6	1,206.3	2,957.7	977.6
SC South Carolina	36,680.7	33,080.3	3,600.5	1,068.0	23,143.4	6,023.2	2,752.5	93.1	3,600.5
SD South Dakota	7,158.8	4,348.4	2,810.4	210.3	2,999.5	830.2	268.1	40.4	2,810.4
TN Tennessee	39,739.0	35,939.6	3,799.3	1,466.3	22,996.9	6,669.7	4,740.1	66.7	3,799.3
TT Trust Territories	280.7	46.4	234.3	-	-	-	-	46.4	234.3
TX Texas	301,779.3	266,474.8	35,304.5	88,046.4	116,097.0	39,031.2	20,570.1	2,730.2	35,304.5
UT Utah	21,067.8	19,236.0	1,831.8	8,407.0	8,133.6	2,245.2	309.5	140.7	1,831.8
VA Virginia	62,129.8	58,296.4	3,833.4	15,865.6	32,474.5	4,795.7	2,972.2	2,188.4	3,833.4
VI Virgin Islands	2,171.5	1,884.9	286.6	1.3	73.9	14.2	1,757.6	38.0	286.6
VT Vermont	5,603.6	4,086.5	1,517.1	27.2	2,083.2	927.8	1,027.0	21.3	1,517.1
WA Washington	78,825.7	76,010.5	2,815.1	2,107.8	63,180.2	8,421.3	2,234.9	66.4	2,815.1
WI Wisconsin	43,326.6	39,241.5	4,085.1	2,011.5	28,816.2	6,849.2	1,548.5	15.9	4,085.1
WV West Virginia	10,953.2	9,618.8	1,334.4	424.1	2,334.8	3,283.8	962.8	2,613.4	1,334.4
WY Wyoming	3,914.7	3,850.8	63.9	312.5	2,202.7	1,138.4	197.3	-	63.9
TOTAL (9/30/2012)	3,385,831.1	3,040,293.3	345,537.8	303,302.9	1,598,735.4	768,698.4	272,665.2	96,891.4	345,537.8
TOTAL (6/30/2012)	3,408,920.3	3,067,760.2	341,160.1	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	-	326,281.8	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	3,097,206.3	328,911.3	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	3,107,208.1	329,640.2	357,736.6	1,605,400.9	751,464.5	279,879.4	112,726.6	329,640.2

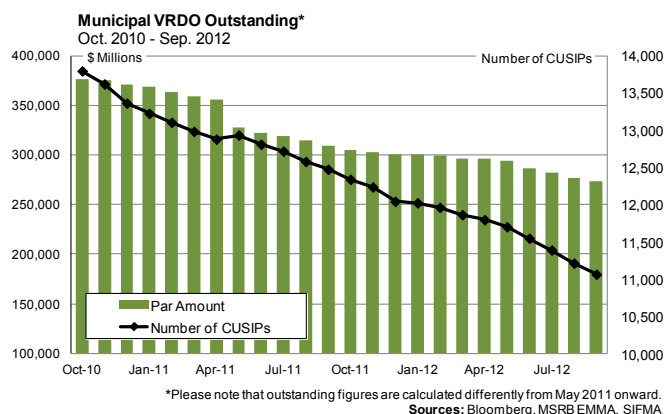
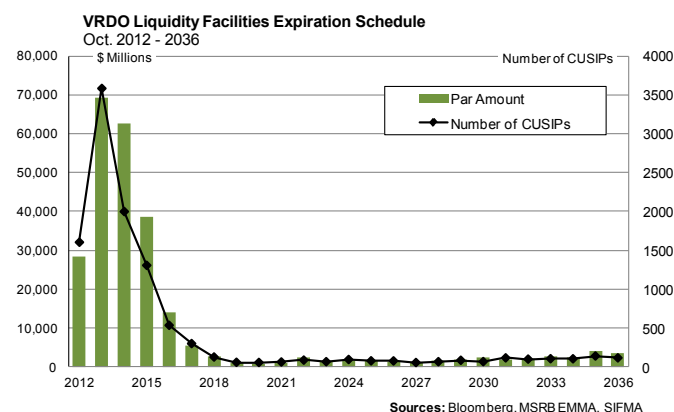
¹¹ Rating based on the lowest long-term rating assigned to the bond by Fitch Ratings, Moody's Investor Services, or Standard and Poor's; split-rated debt are therefore included in the HY category.

VARIABLE-RATE DEMAND OBLIGATIONS

Liquidity Facility Expiration Schedule, Sep. 2012 - 2026¹²

As of September 30, 2012

	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	5,988.8	5,569.3	7,249.2	3,819.4	3,437.0	6,959.0	5,584.8	7,145.0	6,922.7	4,818.1	5,874.8	5,843.2
Corporate/Other	1,147.4	28.9	96.7	8.1	5.2		150.0	36.1	29.1	3.5	24.6	5.0
US Agency	135.9	304.0	7,872.6	67.4	65.7	693.3	303.4	385.9	211.6	183.9	550.5	118.5
By Number of Facilities												
# CUSIPs	322	356	924	245	167	351	291	339	414	343	401	350
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
By Type of Provider (\$ Millions)												
Bank	4,586.8	5,623.7	5,111.5	3,286.3	1,806.7	5,359.6	5,433.9	4,549.6	7,310.4	4,508.3	5,210.3	4,778.0
Corporate/Other	68.0	63.0	25.0	11.4	111.0	16.4	12.6	8.3	1.3	105.4	18.0	16.1
US Agency	13.2	170.0	219.2		34.2	98.3	117.3	178.0	702.9	97.5	13.8	87.5
By Number of Facilities												
# CUSIPs	211	228	242	102	85	162	168	144	252	186	162	148
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
By Type of Provider (\$ Millions)												
Bank	4,754.4	4,806.4	7,744.1	3,853.2	2,699.1	3,186.5	3,302.1	3,530.7	3,865.8	2,460.2	2,063.5	1,787.9
Corporate/Other	57.8	1,013.2	199.2	609.7		131.5	96.7		53.7	218.1	144.6	108.9
US Agency	80.0	7.0	88.6	57.3	7.1	109.2	88.2	100.6	68.3	170.2	96.0	95.0
By Number of Facilities												
# CUSIPs	155	173	260	107	86	105	105	118	134	115	96	105
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
By Type of Provider (\$ Millions)												
Bank	35,938.9	12,230.2	4,729.5	1,562.2	350.6	188.4	282.9	1,065.4	134.1	231.8	243.1	14.2
Corporate/Other	1,716.0	990.1	266.8	443.1	45.5	400.6	340.1	712.6	853.5	854.0	836.2	585.2
US Agency	1,051.2	661.2	528.7	698.6	629.6	234.2	265.7	639.4	392.2	432.8	513.6	673.8
By Number of Facilities												
# CUSIPs	1305	533	298	125	57	55	61	85	65	93	76	75



¹² For more detailed breakouts of VRDO data, please refer to the Variable Rate Demand Obligations September 2012 update at sifma.org.

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.¹³

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 Ratings¹⁴

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

¹³Authors' own definition.

¹⁴Moody'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.¹⁵

Standard and Poor's Ratings¹⁶

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.

¹⁵The lowest rating is a "D" at both Moody's and Standard and Poor's.

¹⁶Standardandpoors.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."¹⁷

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.

¹⁷ Authors' own definition.

Kyle Brandon

Managing Director, Director of Research

SIFMA RESEARCH

Sharon Sung – Director, Research

ssung@sifma.org

General Research Contact: research@sifma.org

MUNICIPAL DIVISION

Leslie Norwood

Managing Director, Associate General Counsel, Co-Head of the Municipal Division

Michael Decker

Managing Director, Co-Head of the Municipal Division

David Cohen

Managing Director, Associate General Counsel