MUNICIPAL BOND MARKET MONTHLY

JANNEY FIXED INCOME STRATEGY

April 9, 2010

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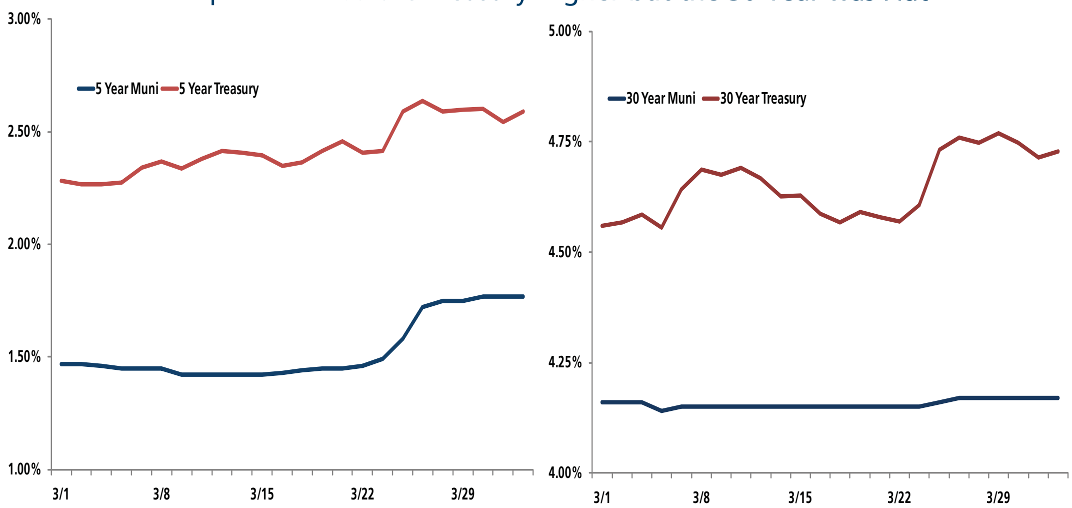
"In Like a Lamb and out Like a Salt Marsh Harvest Mouse"

- Tax free yields in the short and mid-range maturities moved higher by the end of March but thirty year yields finished almost unchanged.
- BABs spreads to Treasuries are still attractive and we expect tightening to continue.
- Recent healthcare reform will have mixed effects on the not-for-profit health care sector.
- Moody's put Ambac on watch for a possible upgrade after regulators moved the insurer's highest risk liabilities (including the Las Vegas Monorail exposure) into a segregated account.
- Fitch began on April 5, and Moody's will recalibrate their municipal ratings to match their global rating scales throughout April.
- SIFMA floating rate notes may be a good hedge against rising interest rates.
- Los Angeles' credit rating was downgraded by Moody's, Maine's outlook revised to negative by S&P, Illinois was placed on Negative Creditwatch by S&P and downgraded (pre-recalibration) by Fitch.

Market Commentary

In some ways municipal market activity in March was uneventful. To lift a John Belushi line from a classic Saturday Night Live skit, "March came in like a lamb and went out like a salt marsh harvest mouse." Tax free yields in short and mid range maturities moved higher in the final days of the month, but thirty year yields finished about unchanged, despite a big jump in corresponding thirty year Treasury yields. The graphs tell the tale - five year yields rose to higher ground, more or less in concert with five year Treasury yields, while the thirty year uncoupled, and remained flat in the face falling Treasury prices.

5 Year Municipal Followed the Treasury Higher but the 30 Year was Flat



Source: Thomson Reuters; Janney Fixed Income Strategy.

We note two primary drivers for this divergence. One is the lack of tax free supply. The first quarter saw near record volume of new municipal issuance, just shy of $100 billion, but with the introduction of taxable BABs a year ago, many new issues come in taxable form, appealing to a different universe of investor. The tax free slice of new issuance declined by 19% compared to the first quarter of 2009. Further skewing the impact of BABs is the fact that most issues are longer maturity.

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For the first time in ten years, the top federal tax bracket will revert to 39.6% in January making tax free income more valuable.

Supply of tax frees will continue to contract. BABs will continue to increase market share. Fewer new tax frees will be issued. The effect will be an increase in relative value of tax free bonds.

We believe that as the BABs market continues to gain acceptance, spread tightening will continue and BABs will outperform other taxable alternatives.

The federal government pays qualified issuers a 35% interest subsidy, which has a larger impact on longer maturities with their higher yields, so BABS are concentrated in the twenty and thirty year range. And BABs market share is growing, accounting for three of the five largest deals in March, including $3.4 billion of taxable California bonds ($2.5 billion issued as taxable BABs.)

The second driver is increased demand. Individual investors, through direct purchase, or proxies such as mutual funds, are seeking tax free income at an increasing pace because their tax rates will be rising. Barring unexpected intervention from Congress and the administration, for the first time in ten years, the top federal bracket will revert to 39.6% in January making tax free income more valuable. The Medicare tax on investment income, effective in 2013, will add another 3.8%, making the effective tax rate for top bracket investors 43.4%. One way to analyze the value of tax free income is through the use of taxable equivalent yield (TEY) as a comparison benchmark. TEY can be calculated by dividing tax free yield by the inverse of tax rate. If the tax free yield is 4%, and tax bracket is 35%, then the TEY is 4% divided by (1-.35) or 6.15%. An investor would need a 6.15% taxable yield to equal a 4% tax free yield. The table compares yields for AAA municipal bonds and corporate bonds using Bloomberg indexes from April 6 as reference points, and includes taxable equivalent yields for the top three tax brackets (assuming no legislative change). The AAA Muni% column illustrates a tax free yield of 4.46%, equating to 6.97% TEY for the 36% bracket investor, well above the 5.58% yield of the Bloomberg AAA corporate bond index. Depending on the inflation adjustment, the 31% will start at incomes of about $84,000 (single filer) and $141,000 (married-joint filers). The comparison is less favorable in two and five year maturities, but in longer maturities, the TEY exceeds corporate bond yields significantly. And this does not factor in the impact of the scheduled 2013, 3.8% Medicare tax.

New Issue Volume Comparison

Type	Jan-Mar 2009	Jan-Mar 2010	Change
Tax Fee	$82,706,000	$67,258,000	-19%
Taxable	2,680,000	32,705,000	1120%
Total	85,386,000	99,963,000	17%

Source: Thomson Reuters; Janney Fixed Income Strategy.

Taxable Equivalent Yield Summary

Bloomberg Indexes	AAA Muni%	TEY 39.6%	TEY 36%	TEY 31%	AAA Corp%
2 Year	0.76	1.26	1.19	1.10	1.51
5 Year	1.86	3.08	2.91	2.70	3.27
10 Year	3.32	5.50	5.19	4.81	4.71
20 Year	4.08	6.75	6.38	5.91	5.19
30 Year	4.46	7.38	6.97	6.46	5.58

Source: Thomson Reuters; Janney Fixed Income Strategy.

So it's all about supply and demand. Supply of tax frees will continue to contract. BABs will continue to increase market share. Fewer new tax frees will be issued. The effect will be an increase in relative value of tax free bonds. This is not a straight line process. For the first time since January 2009, inflows to municipal bond mutual funds turned negative for the week ending March 31, according to Lipper. Investors withdrew $187 million from municipal funds. This may be due to a combination of rate shock at recent low absolute yields, and tax season selling – the need to pay Uncle Sam on April 15. We don't expect the trend to sustain itself and believe that tax free bonds will outperform like rated taxable alternatives, on an after-tax basis, in coming years.

Build America Bonds

We continue to believe that BABs and other taxable municipals offer advantages investors should consider. Although the spread to Treasuries (yield differential between a BAB and a like maturity US Treasury benchmark issue) has narrowed significantly over the past year, we see further tightening as more buyers gain comfort with BABS. As it becomes more likely that authorization to issue BABs will be extended to at least 2013, the security class gains further credibility. Recent recalibration initiatives from Moody's and Fitch and resultant rating increases, will have a particularly beneficial impact. The graph shows the narrowing of spreads over recent months, but these spreads are still wide relative to like rated corporate issues. On March 24, Wal-mart (Aa2/AA/AA) sold thirty year bonds at a 5.68% yield - 95 basis points above the 30 year Treasury yield. By comparison, in the same week University of Oklahoma (NR/AA-/AA-) marketed 29 year bonds at 6.27% - a 155 basis point spread. We believe that as the BABs market continues to gain acceptance, spread tightening will continue and BABs will outperform other taxable alternatives.

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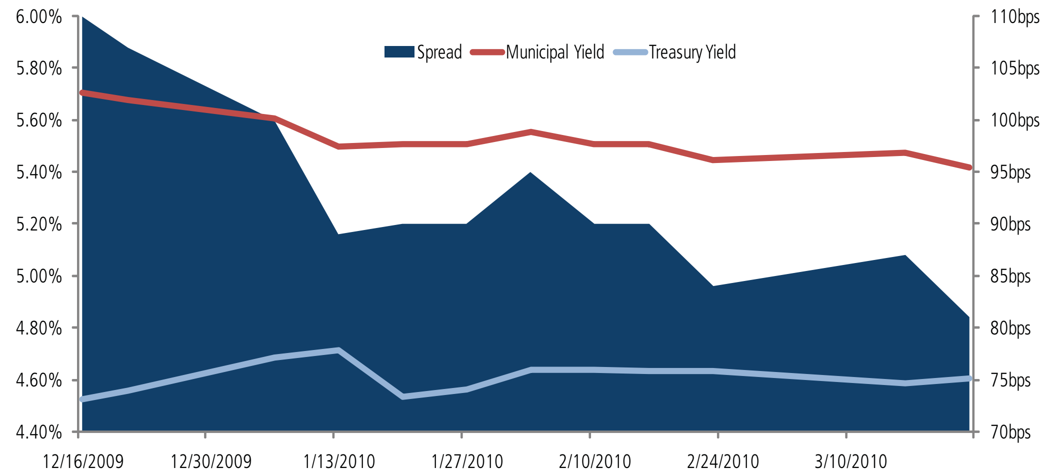
BAB spreads to Treasuries, including those AA rated, have tightened.

If passed by the Senate and signed into law, H.R. 4849, which cleared the House on March 24, would extend BABs to April 2013 and the subsidy would gradually decline to 30%.

We believe the municipal bond sector remains attractive despite recent headlines in the financial news media about municipal credit concerns.

30 Year AA BAB Spreads to the 30 Year Treasury



Source: Thomson Reuters; Janney Fixed Income Strategy.

Another consideration for investors is the diversification opportunity. Tax free municipal bonds are rarely appropriate investments for IRAs and other tax sheltered accounts, since there is no benefit to the tax free feature. BABs, with their higher taxable yields, offer an alternative asset class to traditional corporate and agency issues.

As noted, legislative developments will probably keep BABs in play until 2013 and beyond. A $17 billion "Jobs Bill" was signed by the president on March 18. Provisions will broaden the scope of direct pay BABs issuers by including some who up to now could only issue tax credit bonds. Another jobs bill, which cleared the House on March 24, will extend BABs authorization beyond the scheduled December 2010 sunset out to April 2013, although subsidies under this bill will be reduced gradually from the current 35% to 30% in 2013.

BAB Subsidy Levels from Proposed Bill

BAB Direct Pay Subsidy Rate	Expiration Date
(Current) 35%	Dec. 31, 2010
33%	Dec. 31, 2011
31%	Dec. 31, 2012
30%	Apr. 1, 2013

Source: H.R. 4849; Janney Fixed Income Strategy.

Ben Watkins, Florida's Bond Director, postponed a Florida Turnpike BABs sale, expressing concern about provisions which allow the federal government to offset BABs subsidy payments with amounts owed by a BABs issuer to the federal government. The worry is that, for example, in a dispute over Medicaid transfer payments, where Uncle Sam claims a state owes the federal government money, the amount might be deducted as an offset against BABs subsidy payments. There are reports of at least one issuer being impacted, and a few others have expressed concern, but we do not believe this offset will significantly impact future BABs issuance.

Janney Municipal Sector Outlook Review

We believe the municipal bond sector remains attractive despite recent headlines in the financial news media about municipal credit concerns. As noted in our March Municipal Monthly, we don't foresee a "municipal meltdown." Although the number of defaults, municipal bankruptcies or other credit events may increase moderately, the traditionally safe sectors (GO, water and sewer etc,) should emerge from the Great Recession in good shape. A particular problem cited in the press is the large unfunded pension fund liability faced by many states and municipalities. Although we believe this to be a serious problem, it is not a wide spread problem, and for the most part it is a long range issue. Based on recent data from the Pew Center on States only ten states have pension plans funded at levels below 70%, below the traditionally accepted "safe" level of 80%. We expect those states to continue to delay funding payments, reduce future pension awards and thus kick their liability down the road for future political administrations (and generations) to fund.

Janney Capital Markets

Janney kept its outlook on the not-for-profit healthcare sector "Cautious," after the healthcare legislation was signed into law.

We expect mixed results due to legislated changes from the recent healthcare reform.

Hospitals' competitive environment will likely increase, a factor which will hit smaller community hospitals harder than the larger groups.

Janney Municipal Sector Outlook

Sector	Janney Outlook	Last Month Change	Key Sector Trends	Recent Review
State Government	Stable	Same	Should see improvement as impact of economy recedes	Feb 12, MBMM
Local Government	Cautious	Same	Less support from states and declining revenue	-
School Districts	Stable	Same	State intercept programs generally offer strong security	-
Airports	Cautious	Same	Number of passenger and freight flights down YoY	Feb 8, FIW
Higher Education	Cautious	Same	Lower rated private schools face pressure	Jan 25, FIW
Health Care	Cautious	Same	Falling reimbursements and expect mixed results from new reform	This MBMM, see below
Housing	Stable	Same	Single family is stronger than multi despite lower mortgage demand	-
Public Power (Elec.)	Stable	Same	Essential purpose, but exposure to energy volatility mitigates	-
Tobacco	Cautious	Same	Cigarette consumption declining faster than anticipated	-
Toll Facilities	Stable	Same	Traffic down, but most still have positive debt service coverage	March 5, MBMM
Water and Sewer	Stable	Same	Essential purpose helps insulate from slow economy	-

Source: Janney Fixed Income Strategy.

Health Care Reform Impact

Janney kept its outlook on the not-for-profit healthcare sector "Cautious," after President Obama signed H.R. 4872- the Health Care and Education Affordability Act of 2010 into law on March 23. This "almost universal" healthcare reform legislation is expected to increase insurance coverage to 32 million uninsured individuals by 2019 but the majority of the new programs do not begin until 2014. Although there may be future adjustments to the bill they will most likely be small changes that will not significantly alter the program's larger structure.

We expect mixed results from the recent healthcare reform although it is difficult to forecast what changes will have the deepest impact because most do not become effective until 2014. On the one hand, uncompensated care expenses will likely decrease and hospitals should serve more paying customers as the insured patient pool is set to increase, through insurance exchanges and the expansion of Medicaid. This will result in more patients and revenue. Increased Medicaid eligibility is expected to make up about 16 million of the newly insured and since hospitals are not typically reimbursed

Governmental Payer Programs
Medicare- Funded by the federal government to provide health insurance to Americans aged 65 and older.
Medicaid- Funded by the federal and state governments to provide health insurance to targeted groups near or below the poverty line.

Source: Janney Fixed Income Strategy.

the entire amount for Medicaid insured procedures, it is possible that the increased number of Medicaid cases will dilute the benefit of the increase in the number of insured. Decreased funding for Medicare in the amount of $150 billion over 10 years is also a negative factor.

The efficiencies required when hospitals struggle to attract the best doctors and nursing staff in addition to acquiring the resources to best negotiate contracts with insurance companies are some factors which will drive hospitals to consolidate. Most recently, two significant acquisitions were announced:

- For profit Vanguard Health Systems signed a letter of intent to purchase the Detroit Medical Center (MI)
- Cerberus Capital Management announced plans to acquire Caritas Christi Health Care (of Boston, MA)

While it is not clear if the timing of these announcements is related to recent healthcare reform we do expect hospitals' competitive environment to increase, hitting smaller community hospitals harder than the larger groups.

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Hospitals will need to operate more efficiently and it is often challenging for smaller hospitals to create operating efficiencies and raise capital for new facilities and equipment in order to compete. This competitive weakness makes them acquisition targets of larger systems. We expect all hospital merger and acquisition activity to pick up, with smaller hospitals being increasingly attractive targets.

Increased Medicaid costs are going to hit state budgets just as lawmakers are hoping to get relief from a recovering economy.

A credit concern to keep in mind over the next few years surrounds how financial requirements from the new legislation will affect state government. Increased Medicaid costs are going to hit state budgets just as lawmakers are hoping to get relief from a recovering economy. The new law is increasing the number of people who qualify for Medicaid and states will need to fund this expansion, possibly a difficult task if state revenues do not make a drastic turnaround. Florida, for example, expects to spend an additional $1.6 billion to comply with the new Medicaid mandates. To combat the legislation, fourteen states, including Florida, Pennsylvania and Virginia filed lawsuits questioning the constitutionality of the Healthcare Act.

Ambac on Watch for a Possible Upgrade by Moody’s

Moody’s placed Ambac Assurance Corporation’s Caa2 rating on review for a possible upgrade as a result of recent regulator action. The Office of the Commissioner of Insurance of the State of Wisconsin (OCI) separated $35 billion of Ambac’s highest risk liabilities such as credit derivatives, residential mortgage-backed securities, and other structured financial transactions (including its Las Vegas Monorail exposure) into a segregated account. Ambac was paying out $100 million to $200 million each month, eating into reserves. The segregated account is now legally defined as being “under rehabilitation” by the OCI. In approximately six months, a court will rule as to its plan for rehabilitation of the insurer’s riskiest securities. Consequently, the insurer will not immediately honor claims against the bond insurance policy or surety bond helping to secure the Las Vegas Monorail’s July 1, 2010 debt service payment. The holders of the securities in the segregated account are expected to receive a pre-determined percentage of their investment, which may not equal 100%.

Ambac will not immediately honor claims securing the Las Vegas Monorail’s July 1, 2010 debt service payment.

This action, while not good for holders of Ambac’s toxic policies, including the Las Vegas Monorail bonds, will probably end up being a positive development for Ambac’s remaining $230 billion of municipal policies. The liabilities selected for the segregated account were separated in order to maximize the insurer’s claims paying ability, according to the OCI. Ambac’s rating may be upgraded, but the insurer will still likely be rated well below investment grade.

Moody’s placed Ambac Assurance Corporation’s Caa2 rating on review for a possible upgrade as a result of recent regulator action.

Summary of Municipal Insurer Rating (April 8, 2010)

Company	Moody's Rating	S & P Rating	Fitch Rating
ACA Financial Guaranty Corp.	Not Rated	Not Rated	Not Rated
Ambac Assurance Corp.	Caa2 Review for Upgrade	R	Not Rated
Assured Guaranty Corp.	Aa3 Negative Outlook	AAA Negative Outlook	Not Rated
Assured Guaranty (FSA) Municipal Corp.	Aa3 Negative Outlook	AAA Negative Outlook	Not Rated
Berkshire Hathaway Assurance Corp.	Aa1 Stable Outlook	AA+ Stable Outlook	Not Rated
CIFG Assurance	Not Rated	Not Rated	Not Rated
Financial Guaranty Insurance Co.	Not Rated	Not Rated	Not Rated
MBIA Insurance Corp.	B3 Negative Outlook	BB+ Negative Outlook	Not Rated
National Public Finance Guar. Corp. (formerly MBIA In. Corp. of Illinois)	Baa1 Outlook Developing	A Outlook Developing	Not Rated
Radian Asset Assurance Inc.	Ba1 Stable Outlook	BB- Negative Outlook	Not Rated
Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.)	Ca Outlook Developing	R	Not Rated

Source: Moody’s, S&P and Fitch.

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Moody's and Fitch are Recalibrating Municipal Ratings to their Global Scale

Moody's and Fitch (began April 5) will "recalibrate" the ratings of many of their municipal issuers in April.

For many years, municipal bond issuers, investors, analysts and more recently federal legislators have railed against the double standard applied to municipal bonds in determining credit ratings. Anecdotal and empirical evidence clearly shows that municipal bonds have stronger credit characteristics, lower default rates and higher recovery rates than like rated corporate bond issuers. In 2007 and 2008, there was discussion about rating agencies addressing this disparity by adjusting their methodology to make the playing field level (or more level), but the tumult which hit municipal markets during the credit crisis and Great Recession put efforts on the back burner.

On March 16, Moody's moved the issue forward and turned on the burner. The rating agency announced that beginning in mid-April, and lasting over a four week period, they would "recalibrate" many of their 70,000 ratings on 18,000 or so municipal issuers. Since 1918, Moody's has used a separate rating scale for municipal bonds. Moody's will migrate these ratings to a global rating scale leading to many higher ratings. Their explanation:

"GSRs are Global Scale Ratings which are currently used across the Moody's rated universe except U.S. municipal ratings. The global rating scale seeks to measure expected loss, which is the product of default probability and the loss that would occur following a default. In the upper investment grade rating portion of the scale, global scale ratings are more reflective of default probability than of expected loss due to low credit risk at these high rating levels. In the past, Moody's rated U.S. municipal credits on a unique rating scale which historically sought to measure distance to distress rather than expected loss."

The Moody's report on this massive effort includes technical explanations, algorithms to be applied, sector breakdowns, notching conventions and other information about the methodology to be used. The important takeaways for investors are:

Rating increases are not a reflection of improved individual credit quality, just an adjustment of the municipal scale.

- Rating increases are not a reflection of improved credit quality, just an adjustment of the scale.
- General obligation (tax backed) debt will be most impacted. Issues closely linked to or supported by states and local governments, such as municipal water and sewer revenue issues and guaranteed bonds, will likely see rating increases.
- Housing bonds, private universities and schools, health care issuers and transportation enterprises will see few if any changes. Their financial operations more closely resemble those of corporations and for profit operations, and are already ranked using the global scale.

Moody's Investment Grade Categories

Aaa	Aa1	A1	Baa1
	Aa2	A2	Baa2
	Aa3	A3	Baa3

Source: Moody's.

- Ratings for lower rated issues will likely increase more notches than those on in the upper range. For example Baa2 rated general obligation bonds will likely be upgraded to A2, three notches. Aa3 rated bonds will be bumped one notch to Aa2.
- Debt rated below investment grade will not be impacted by recalibration.

Fitch followed Moody's announcement with release of a similar plan – which began April 5. Standard and Poor's has indicated that they already use a global rating scale for municipals. A review of the 46 states which are rated by both Moody's and S&P shows S&P ratings to be one or more notches higher than those of Moody's in 21 cases, the same for 23 states and lower in only two instances, so S&P ratings apparently already reflect adjustments.

These rating adjustments reflect the generally strong credit quality of municipal issues, and will enable investors to better compare corporate bonds and municipal bonds.

These changes reflect the generally strong credit quality of municipal issues, and will enable investors to better compare corporate bonds and municipal bonds. It's important to emphasize the differences between these two types of bond issuers. States and to varying degrees other municipal issuers have unlimited taxing power. Tax increases are not market constrained as are price increases of corporations. Many municipal enterprises have monopoly positions.

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Also there is a hierarchical system whereby states provide financial or advisory support for troubled counties and cities. It's not unreasonable to believe the federal government would provide similar support should a state have extreme financial difficulties.

Corporations on the other hand must adhere to more stringent disclosure requirements – dissemination of negative information is likely to be more timely. Moody's notes that "many highly rated municipal issuers…may not share the strong liquidity and capital cushion characteristics that are common for similarly rated corporate credits."

Illinois was downgraded by Fitch from A to A- on March 30. Then, on April 5, the rating was raised two notches to A+.

The logistics of these changes can be tricky. For example the debt of Illinois (A2/A+/A+) was downgraded by Fitch from A to A- on March 30. Then, on April 5 the rating was raised two notches to A+. Illinois's creditworthiness had deteriorated enough to cause a rating downgrade, but after recalibration, Fitch believes the state's credit is approximately equal to the credit of Georgia Power Corp, also rated A+ by Fitch.

As emphasized by both Moody's and Fitch, these changes are not a reflection of improved credit quality, but we believe there will be some impact on municipal markets:

- Issuance of taxable Build America Bonds, which are structured to attract a wider investing audience than traditional tax frees, may increase. Currently, BABs rated Aa3 and above make up the majority of larger BABs issuers. Borrowers which see rating increases from A to Aa categories will give more consideration to BABs. If BABs issuance increases further, supply of traditional tax frees is likely to decrease.
- Although these rating increases do not reflect actual credit quality improvement, the perception of improvement, particularly from retail investors, should lead to marginal trading level increases for many of the bonds with increased ratings. For example, money managers whose investment guidelines include an A or better requirement may consider issues which are upgraded from Baa to A categories.
- With more A and Aa rated bonds, we could see a commoditization effect, as was experienced with Aaa insured issues pre-2008, before the credit deterioration of most bond insurers. There will be fewer Baa and more Aa rated bonds. Conceptually if more bonds are rated Aa, they could become more interchangeable.

The recalibrations are an important improvement to municipal markets, more accurately reflecting the generally strong credit quality of municipal issuers.

These actions by Moody's and Fitch are welcome and overdue. Investors may be gratified to see higher ratings on future monthly statements, and marketability of some municipal issues will see marginal improvements. Investors who focus on high quality should consider raising their standards a notch – perhaps Aa2 minimum rather than Aa3 for example. Of course this decision will vary with each investor. In any case, six months or a year from now, after the market has absorbed this change, this will be little more than an interesting news story from March, but the recalibrations are an important improvement to municipal markets, more accurately reflecting the generally strong credit quality of state and municipal general obligation issuers.

SIFMA Floating Rate Notes

SIFMA floating rate notes may offer investors a good hedge against rising interest rates.

The market for municipal floating rate products continues to evolve as issuers consider replacements for variable rate demand obligations (VRDOs). VRDOs, whose interest rates vary and are set based on supply and demand, have weekly or regular put features, whereby the holder can sell or put the bonds back. The issuers' ability to buy them back, if they are not remarketed, is typically secured by a letter of credit (LOC) or other liquidity facility. As a result of the liquidity crunch of the last few years, there are fewer LOC issuers in the market these days, and costs of these facilities have increased, diminishing their utility. SIFMA floaters are an alternative, rapidly gaining traction. These securities are more traditional bonds in the sense that they have a maturity date, usually within five years, but no liquidity provision or put agreement. The interest rate is variable – it floats. The rate is based on the Securities Industry and Financial Markets Association (SIFMA) floating rate index, which is published weekly. Each week the interest rate adjusts to the SIFMA index plus a spread established when the bonds are issued. The SIFMA rate was 0.24% on April 7. An issue which pays SIFMA plus fifty basis points would pay a 0.74% (.24 + .50) interest rate for the week after the setting, and the rate would adjust each subsequent week, depending on the weekly SIFMA reset. Using this structure, issuers have been able to achieve funding near all time low rates (for now) while investors have had access to shorter term investments, using the floating rates as a hedge against rising interest rates.

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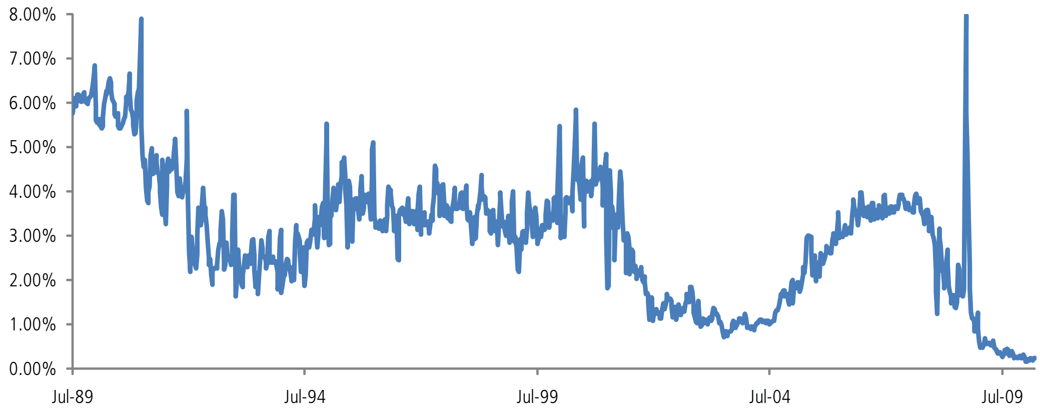
The most recent SIFMA floater was a $538 million issue sold by the Commonwealth of Massachusetts in the middle of March.

Historical SIFMA Pricing



Source: Bloomberg and Janney Fixed Income Strategy.

The most recent SIFMA floater was sold by the Commonwealth of Massachusetts in the middle of March. $538 million of bond proceeds were used to refund an outstanding VRDO at a considerable savings to that what would have been the cost for a new VRDO, especially considering the high cost to replace the letter of credit. The Mass SIFMA floater issue was oversubscribed, mostly from short and intermediate term bond funds. The Mass floaters are callable 6 months prior to their respective maturities and are rated Aa2/AA/AA+. Another notable SIFMA floater was sold in November 2009. The Pennsylvania Turnpike sold $208 million of SIFMA floating rate short term bonds with spreads higher than the Mass SIFMA floaters mainly because PA Turnpike's bonds are backed by revenues versus the general obligation of an entity with taxing power and because PA Turnpike's rating is lower.

We believe this product may be used more by the larger, higher rated issuers especially if the costs of replacement letters of credit remain high.

Comparison of SIFMA Floaters to Fixed Rate

Maturity	PA Turnpike (Aa3/A+/A+)	All-In Rate (SIFMA=.24%)	Comm. Of Mass. (Aa2/AA/AA+)	All-In Rate (SIFMA=.24%)	Fixed Rate MMD (4-8-10)
2011	SIFMA + .52%	.76%	SIFMA + .00%	.24%	.39%
2012	SIFMA + .62%	.86%	SIFMA + .24%	.48%	.81%
2013	SIFMA + .90%	1.14%	SIFMA + .38%	.62%	1.12%
2014	SIFMA + 1.05%	1 .29%	SIFMA + .53%	.77%	1.48%

Source: Thomson Rueters MMD; Janney FIS.

The PA turnpike's bonds were also callable six months prior to their respective maturities and rated Aa3/A+/A+. We believe this product may be used more by the larger, higher rated issuers especially if the costs of replacement letters of credit remain high. Demand among short funds will probably continue and we expect retail investors to increasingly become active buyers as well.

Select Recent Rating Outlook and Rating Changes (April 8, 2010)

Issuer	State	Recent Rating Action	Date	Underlying Ratings	Notes
Illinois (St)	IL	Fitch downgraded rating to A- from A (was then upped to A+ during April 5 recalibration)	March 30, 2010	A2/A+/A+	State's growing ($13 billion) budget gap.
Illinois (St)	IL	S&P placed on Creditwatch Negative, from Negative Outlook	March 26, 2010	A2/A+/A+	State's growing ($13 billion) budget gap.
Maine (St)	ME	S&P revised Outlook to Negative from Stable	March 10, 2010	Aa3/AA/AA+	State's weakened financials and lower liquidity.
Cornell University	NY	Moody's placed on negative watch	April 8, 2010	Aa1/AA	Lessening operating performance, presure on decreasing approporiations, declining donations, decreased finanical revenue in light of high debt load.
Los Angeles	CA	Moody's downgraded to Aa3 from Aa2	April 6, 1010	Aa3/AA/AA-	Falling revenues have cause the city to shut down non-essential service by two days a week. Affects $3.2 billion of debt.
Rhode Island Airport Corporation	RI	Moody's placed on negative watch	April 6, 2010	Baa1/BBB+	Weakened market position, lower utilization ratios, and increased competition.
Montgomery County	MD	Moody's placed rating on watch for a possible downgrade	April 5, 1010	Aaa/AAA/AAA	Income tax revenue shortfalls.
Coral Springs, FL Water and Sewer	FL	Fitch Downgrades to AA+ from AAA	March 26, 1010	Aa3/AA-/AA+	Debt service coverage and liquity is declining due to weakening residential housing and broader economic base.
Saint Barnabas	NY	Moody's removes from Watchlist for downgrade	March 26, 1010	Ba1/BB+	Improvement in financial results and liquidity.
Quinnipiac University	CT	Moody's downgrades to A2 from A3	March 26, 1010	A3/A	Highly leveraged balance sheet and operating position, weakened student market, plans to increase enrollment in the a challenging market.
Delaware River Port Authority	PA	Moody's outlook is negative from stable	March 25, 2010	A3/A-/NR	Additional pressures on the liquidity of the system including an increased share of variable debt, significant capital needs and borrowing needs, and narrowing debt service coverage ratios.
Port Authority of New York and New Jersey	NY	Moody's upgrade to Aa2 from Aa3	March 25, 2010	Aa2/AA-/AA-	Near monopoly over critical transportaiton infrastrucutre in the NYC region, favorable fiancial results, accumulation of large reserve balances, stready growth in facilities usage, recent toll and fare increases.
Hampton Roads Military Housing	VA	Moody's Downgraded to Ba2 from Baa2	March 22, 2010	Ba2/NR	Project's deteriorating performancy due to construction delays and declining demand for units.
Atlanticare Medical Center	NJ	Moody's upgrade to A1 from A2, outlook is positive from stable	March 22, 2010	A1/A+	Strong volume growth and operating performance after major expansion and renovation projects.
Passaic County (NJ)	NJ	Moody's upgrade to A2 from A3	March 19, 2010	A2/NR/NR	Expanding tax base, moderate debt position, cost cutting at city level.
Mayo Clinic	MN	Moody's increases outlook from stable to positive	March 17, 2010	Aa2/AA-	Improved operating performance, rebounding investment gains, better management.
Cleveland (OH)	OH	Moody's downgrade to A3 from A2	March 11, 2010	A3/A/NR	Lower revenues and weaker financial position after erosion of reserves.

Source: Moody's; S&P; Fitch and Janney FIS.

Janney CAPITAL MARKETS

Analyst Certification

We, Tom Kozlik and Alan Schankel, the Primarily Responsible Analysts for this report, hereby certify that all of the views expressed in this report accurately reflect our personal views about any and all of the subject sectors, industries, securities, and issuers. No part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Definition of Outlooks

Positive: Janney FIS believes there are apparent factors which point towards improving issuer or sector credit quality which may result in potential credit ratings upgrades

Stable: Janney FIS believes there are factors which point towards stable issuer or sector credit quality which are unlikely to result in either potential credit ratings upgrades or downgrades.

Cautious: Janney FIS believes there are factors which introduce the potential for declines in issuer or sector credit quality that may result in potential credit ratings downgrades.

Negative: Janney FIS believes there are factors which point towards weakening in issuer credit quality that will likely result in credit ratings downgrades.

Definition of Ratings

Overweight: Janney FIS expects the target asset class or sector to outperform the comparable benchmark (below) in its asset class in terms of total return

Marketweight: Janney FIS expects the target asset class or sector to perform in line with the comparable benchmark (below) in its asset class in terms of total return

Underweight: Janney FIS expects the target asset class or sector to underperform the comparable benchmark (below) in its asset class in terms of total return

Benchmarks

Asset Classes: Janney FIS ratings for domestic fixed income asset classes including Treasuries, Agencies, Mortgages, Investment Grade Credit, High Yield Credit, and Municipals employ the "Barclay's U.S. Aggregate Bond Market Index" as a benchmark.

Treasuries: Janney FIS ratings employ the "Barclay's U.S. Treasury Index" as a benchmark.

Agencies: Janney FIS ratings employ the "Barclay's U.S. Agency Index" as a benchmark.

Mortgages: Janney FIS ratings employ the "Barclay's U.S. MBS Index" as a benchmark.

Investment Grade Credit: Janney FIS ratings employ the "Barclay's U.S. Credit Index" as a benchmark.

High Yield Credit: Janney FIS ratings for employ "Barclay's U.S. Corporate High Yield Index" as a benchmark.

Municipals: Janney FIS ratings employ the "Barclay's Municipal Bond Index" as a benchmark.

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