

U.S. Interest Rate Forecast

	Actual	1m ahead	2Q12	3Q12	4Q12	1Q13
	30-Mar-12	30-Apr-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Mar-13
<u>Rates</u>						
Effective funds rate	0.13	0.10	0.10	0.10	0.10	0.10
3-mo LIBOR	0.47	0.45	0.50	0.50	0.50	0.50
3-month T-bill (bey)	0.08	0.04	0.02	0.02	0.02	0.02
2-yr Treasury	0.33	0.29	0.30	0.30	0.30	0.30
3-yr Treasury	0.50	0.51	0.55	0.55	0.55	0.55
5-yr Treasury	1.04	1.15	1.25	1.25	1.25	1.25
7-yr Treasury	1.61	1.70	1.85	1.85	1.85	1.85
10-yr Treasury	2.22	2.30	2.50	2.50	2.50	2.50
30-yr Treasury	3.34	3.40	3.60	3.60	3.60	3.60

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Updated 09-10 Wis. Stats. Database

66.0603 Municipal Law. Definitions. (a) In this section, "governing board" has the meaning given under s. [34.01 \(1\)](#) but does not include a local cultural arts district board created under subch. [V of ch. 229](#).

(1m) Investments. (a) A county, city, village, town, school district, drainage district, technical college district or other governing board, other than a local professional football stadium district board created under subch. [IV of ch. 229](#), may invest any of its funds not immediately needed in any of the following:

1. **Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state if the time deposits mature in not more than 3 years.**
2. **Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.**
3. **Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.**

3m. Bonds issued by a local exposition district under subch. [II of ch. 229](#).

3p. Bonds issued by a local professional baseball park district created under subch. [III of ch. 229](#).

3q. Bonds issued by a local professional football stadium district created under subch. [IV of ch. 229](#).

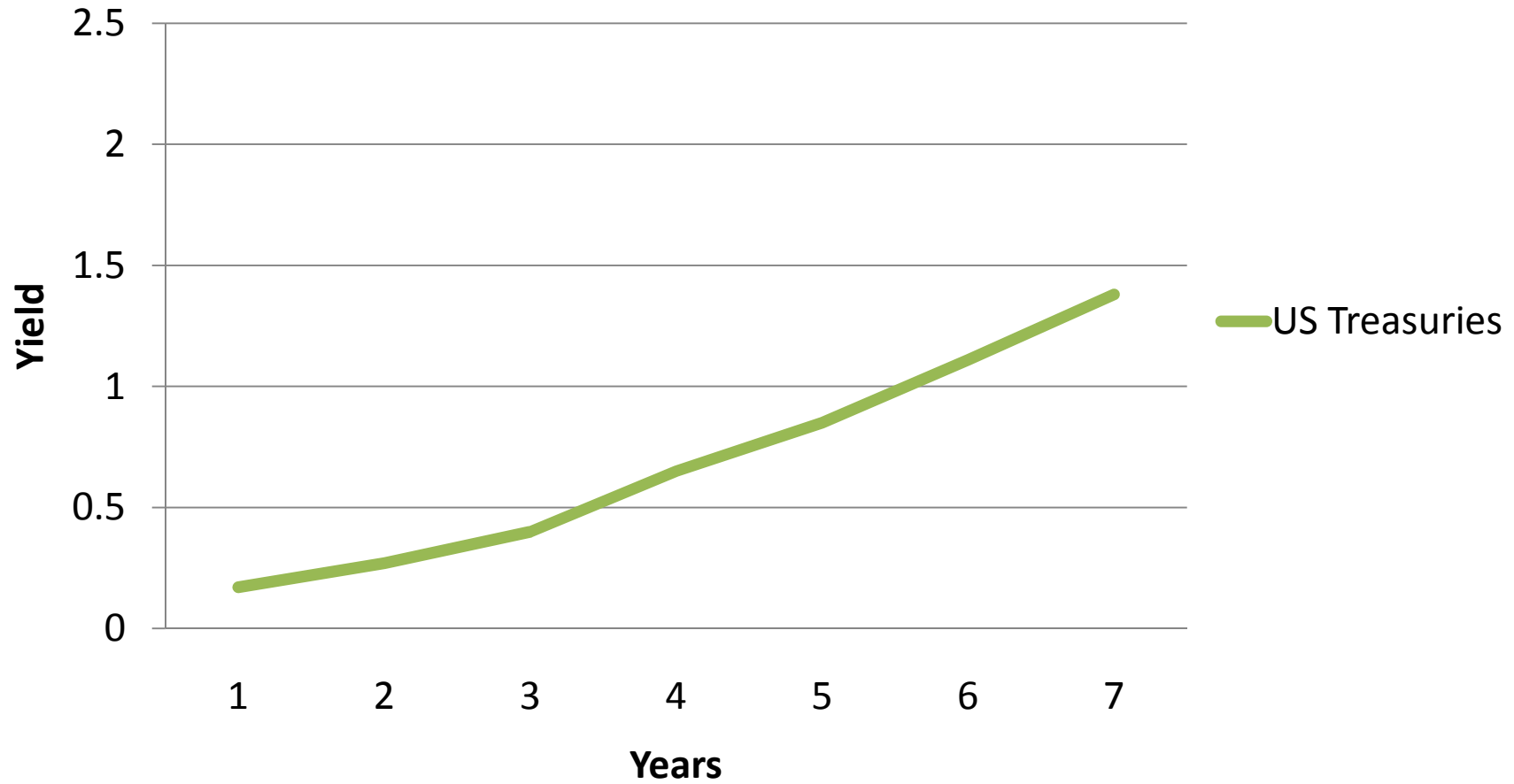
3s. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.

3t. Bonds issued by a local cultural arts district under subch. [V of ch. 229](#).

3u. Bonds issued by the Wisconsin Aerospace Authority

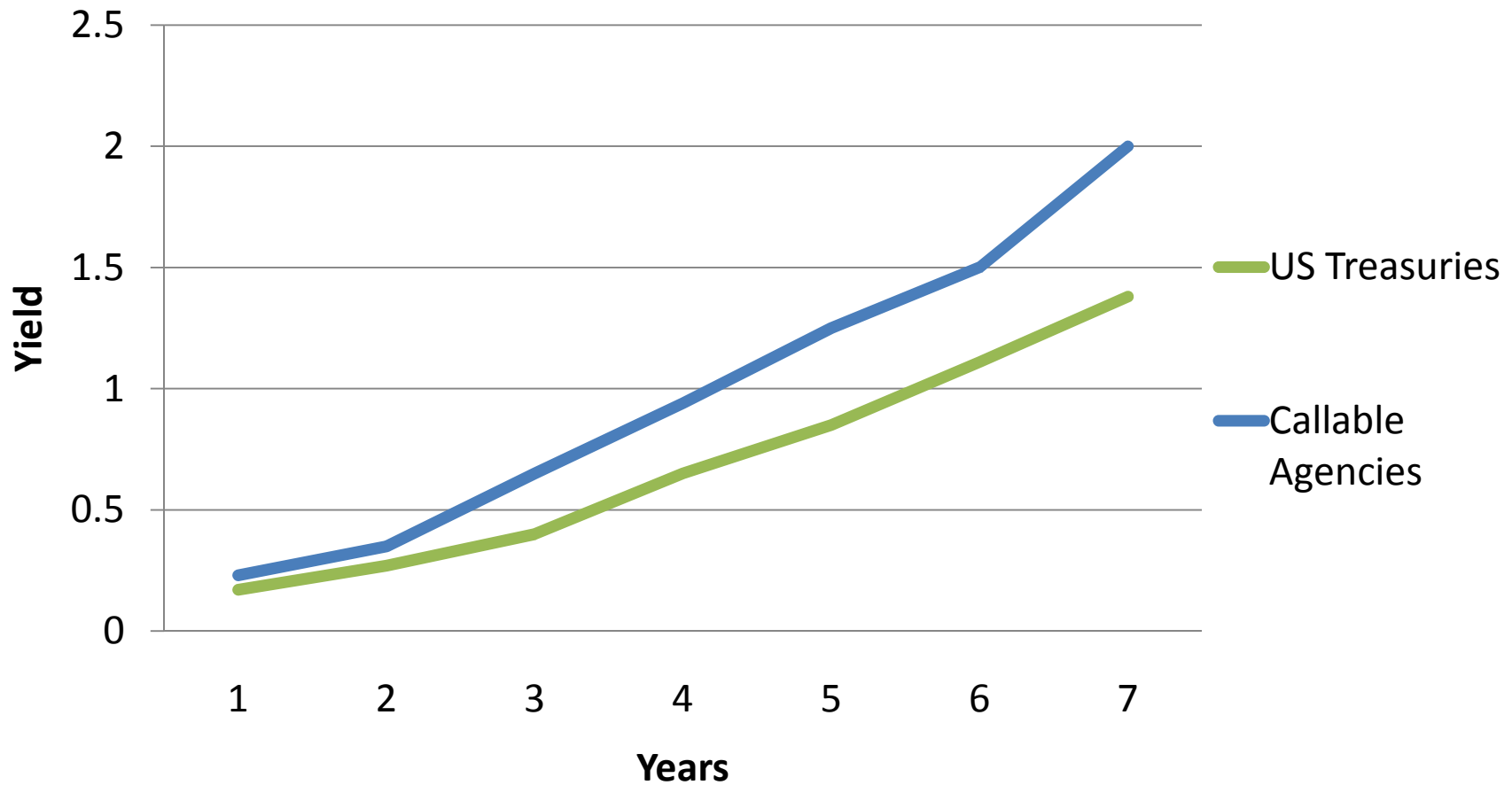
4. **Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.**

U.S. Treasuries 4-13-12



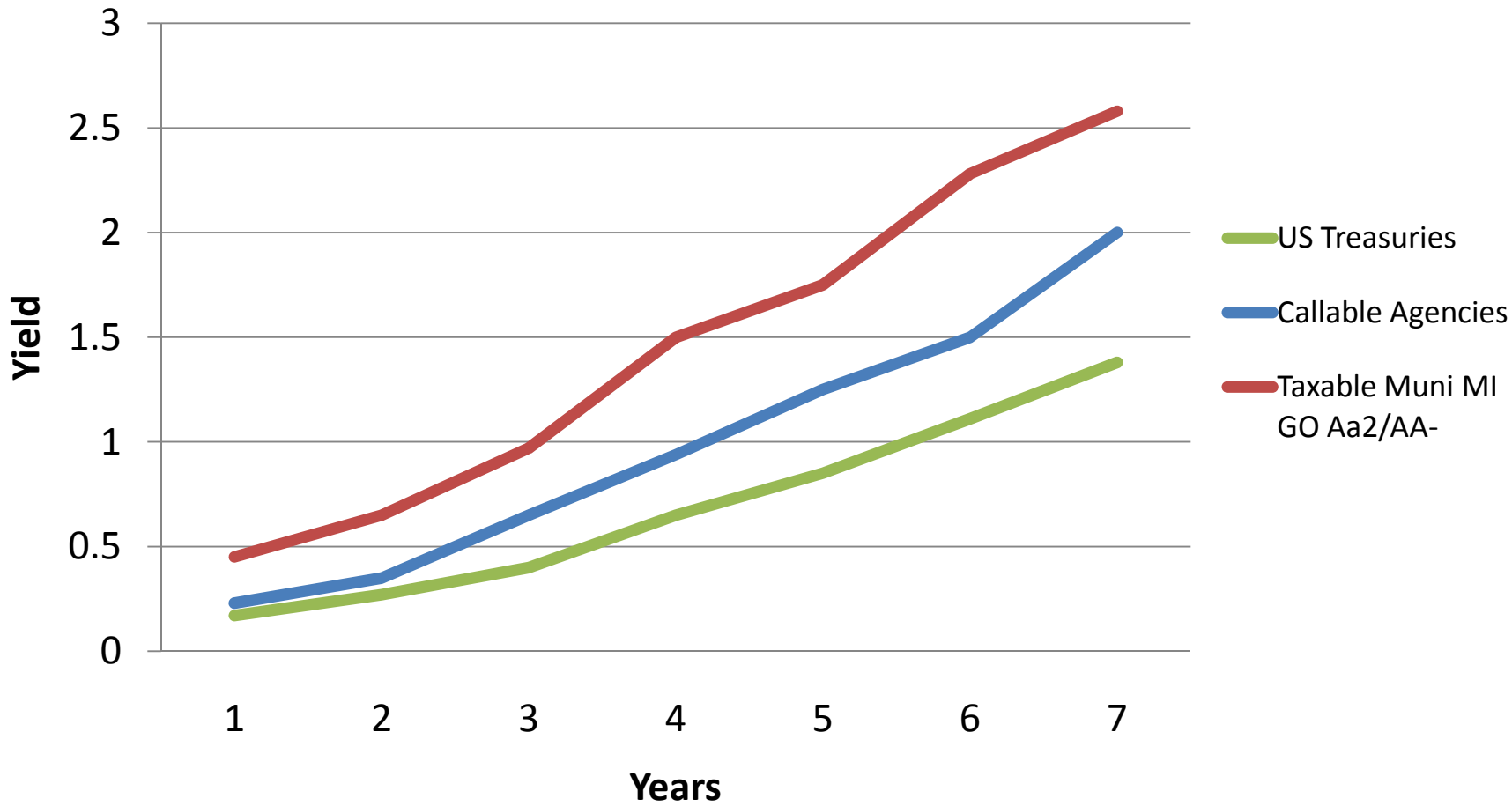
Source: Bloomberg

U.S. Treasuries vs. Callable Agencies 4-13-12



Source: Bloomberg

Treasuries vs. Agencies vs. Taxable MI Municipals 4-13-12



Source: Bloomberg

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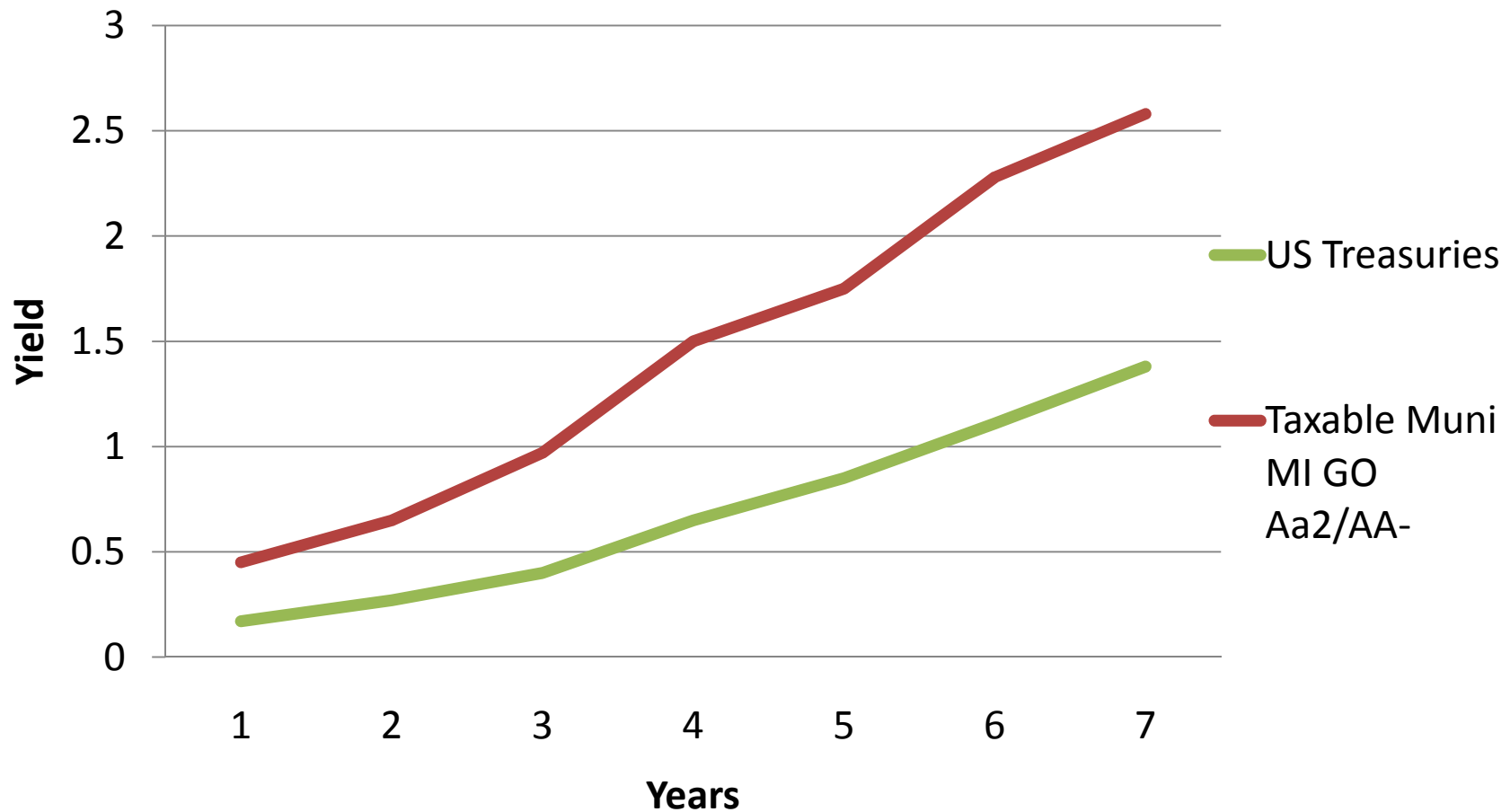
97) Options		Page 1/1	Municipal Fixed Rate Calendar: Deal Details									
MICHIGAN -A -REF -TXBL	ST MI	Tax	FED TAXABLE/ST TAXABLE	Type	COMP	99 Attachments						
Summary		Maturity	Amt(M)	Coupon	Price/Yield	Concession	CUSIP					
Sale Date	04/04/12	Time	11:00	1)	05/13	15535.0	.450	0.450		5946107P6		
Amount	225,000,000.00		2)	05/14	18070.0	.500	0.650		5946107Q4			
Manager	JP MORGAN SECURITIES LLC		3)	05/15	18415.0	.800	0.970		5946107R2			
Bond Type	GO ULT		4)	05/16	18735.0	1.375	1.500		5946107S0			
Dated Date	04/12/12		5)	05/17	19055.0	1.625	1.750		5946107T8			
1st Coupon	11/15/12		6)	05/18	19550.0	2.125	2.280		5946107U5			
Rating/Enhancement		7)	05/19	20080.0	2.600	2.580		5946107V3				
Moody's	Aa2		8)	05/20	5645.0	2.875	2.940		5946107W1			
S&P	AA-		9)	05/21	5785.0	3.125	3.190		5946107X9			
Fitch	AA-		10)	05/22	5990.0	3.300	3.390		5946107Y7			
Enhancement			11)	05/23	16765.0	3.450	3.540		5946107Z4			
Schedules		12)	05/24	21000.0	3.625	3.690		5946108A8				
Prem Call			13)	05/25	21000.0	3.750	3.790		5946108B6			
Par Call	05/15/22		14)	05/26	19375.0	3.850	3.890		5946108C4			
Other Info												
1st Settle	04/12/12											
Form/Dep	BOOK-ENTRY,DTC											
Price Status	AWARDED											
Notes		MP/MI: 5K/5K										

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2012 Bloomberg Finance L.P.
 SN 626762 G988-256-0 11-Apr-12 9:53:43 EDT GMT-4:00

Source: Bloomberg

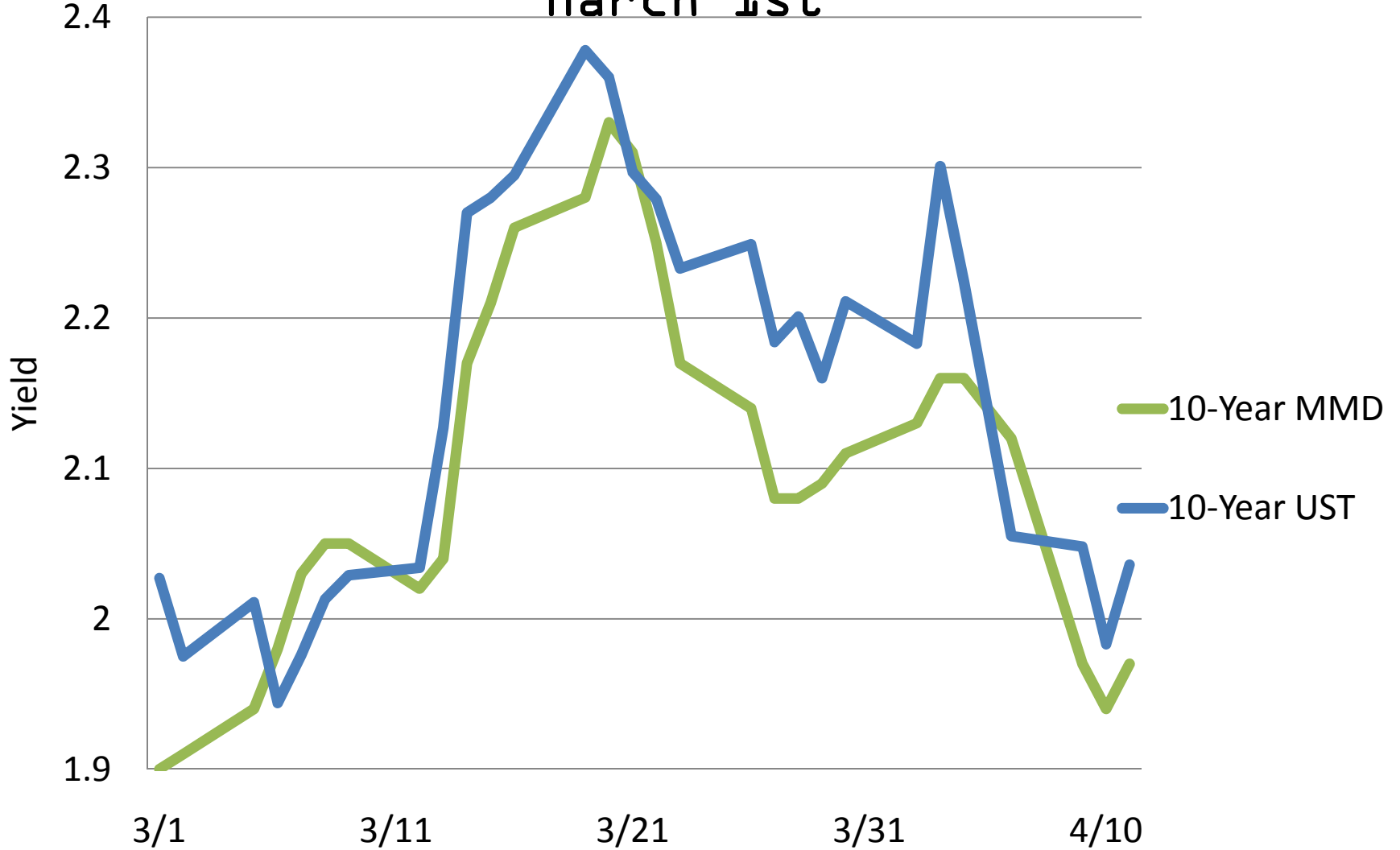


U.S. Treasuries vs. Taxable MI Municipals 4-13-12



Source: Bloomberg

10-Year UST and MMD Movements Since March 1st



Source: Municipal Market Data and J.P. Morgan

Tax-exempt and taxable rates have experienced significant volatility over the last five weeks as investors reacted to mixed U.S. economic reports and European headlines

7 yr US Treasury 1.375% Coupon

On March 6:

500M @ 100.22 = \$501,152.34

On March 19:

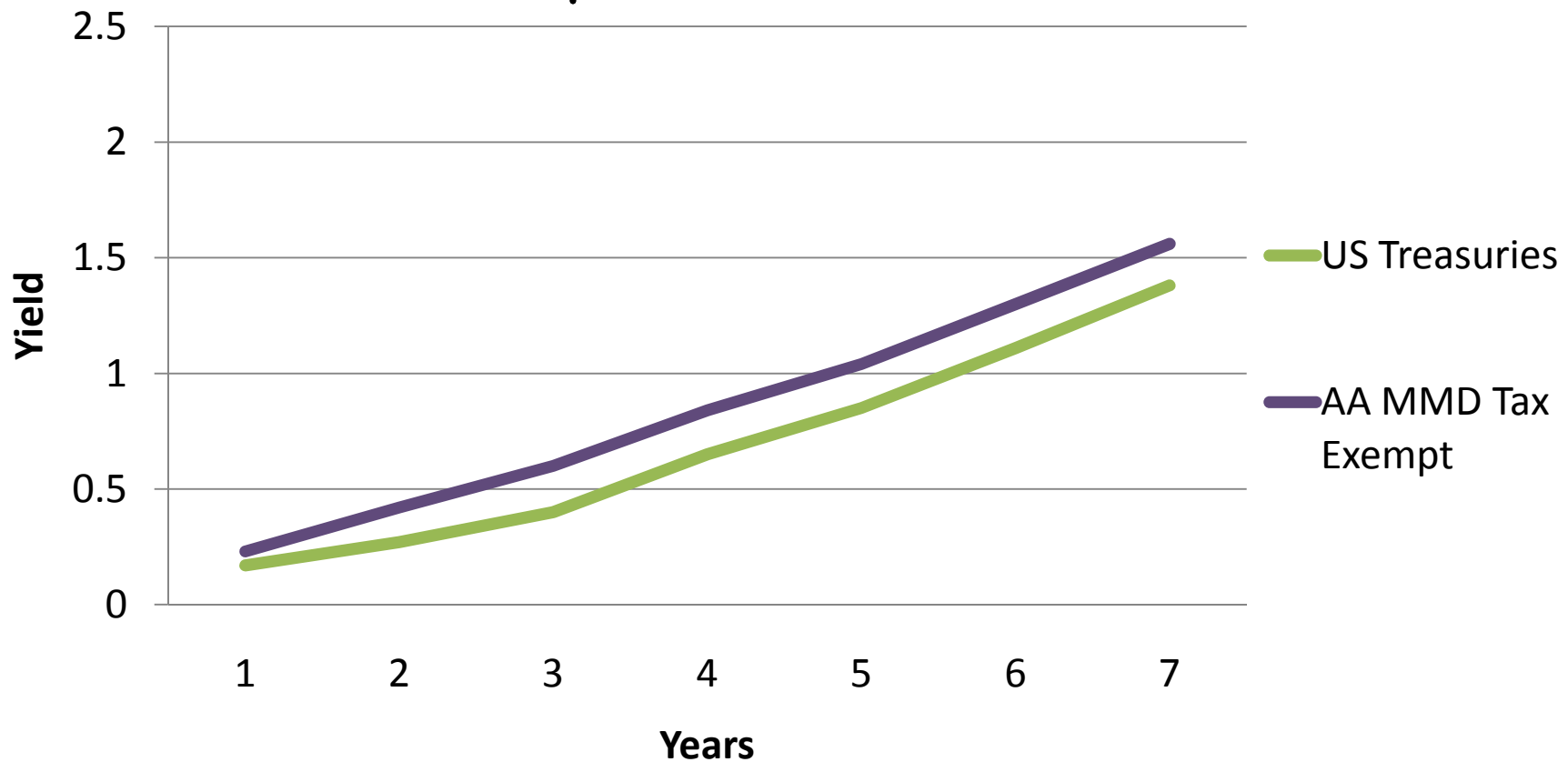
500M @ 97.48 = \$487,421.88



(\$13,730.46) -2.7%

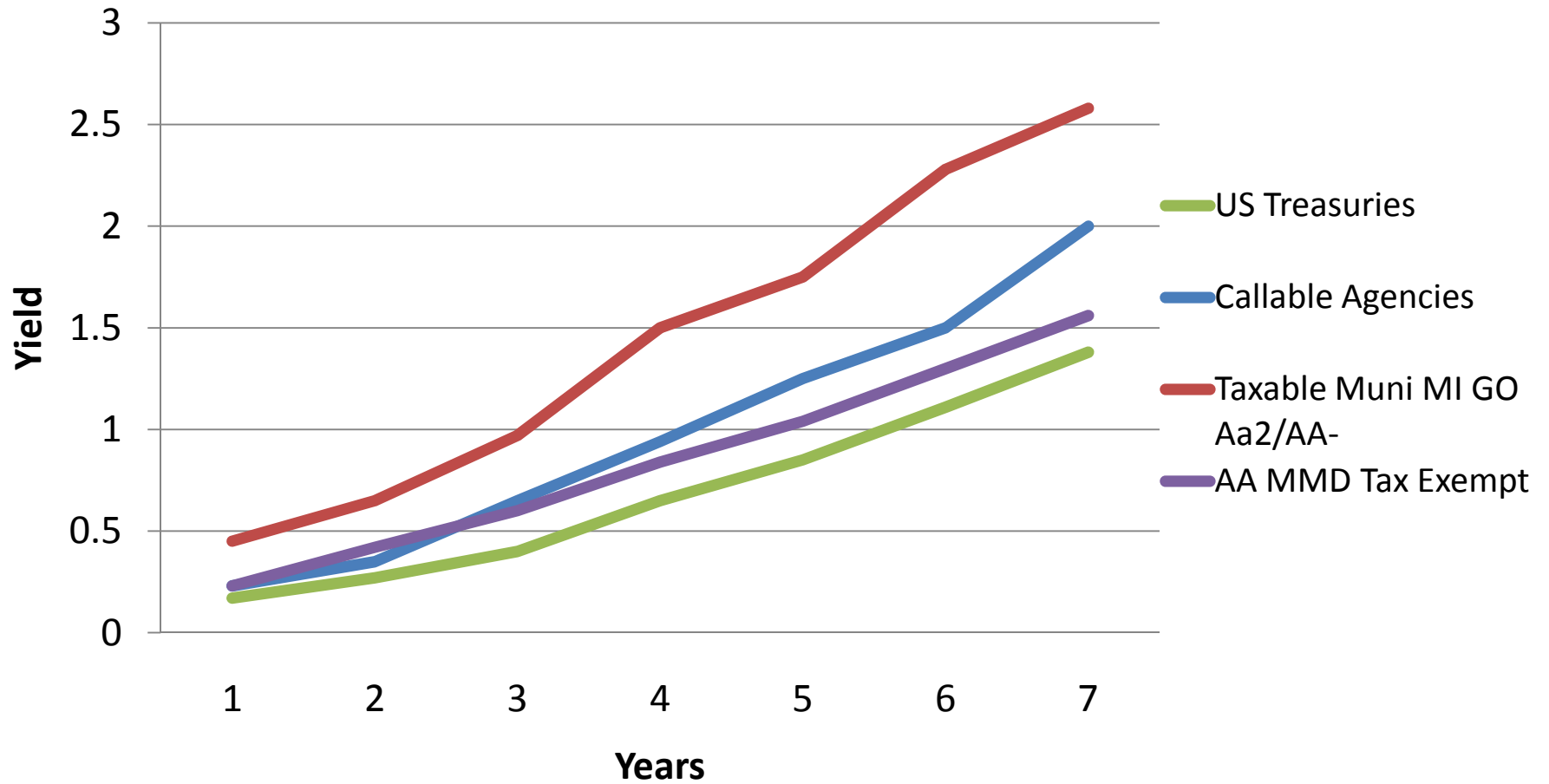
Source: Bloomberg

*"Crossover
Buyers"*
U.S. Treasuries vs. AA MMD Tax
Exempt 4-13-12



Source: Bloomberg

Fixed Income Security Comparisons 4-13-12



Source: Bloomberg