

Second Quarter 2005

Managing Underwriters & Financial Advisors

US Municipals Review

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In an environment that saw the Federal Reserve hike interest rates while yields on 10-year Treasury notes fell, the volume of public financing climbed during the second quarter of 2005 to over \$108.3 billion from \$102.6 billion in the year earlier period. That represents the busiest period in terms of proceeds since the second quarter 2003 when \$119 billion was raised. New financing accounted for more than 57%, or about \$62.3 billion, of the quarter's dollar volume. Refunding accounted for about 42.5% of issuance in the period. In total, public finance debt refunding for the quarter exceeded \$42 billion.

Leading the use of proceeds this quarter were financings for educational purposes totaling \$32.3 billion for the period, or about 30% of the industry total. Financings for transportation purposes totaled \$10.038 billion this period, basically unchanged from the prior year period. Electric power municipal finance issuance retreated to \$1.833 billion this period compared to less than \$2.94 billion a year ago. Municipal debt for housing purposes rose to \$6.668 billion this quarter from \$5.34 billion a year earlier. Healthcare related financing climbed to \$10.15 billion from \$9.06 billion in the year prior period. Additionally, the recent results for healthcare municipal finance were ranked as busiest period since the second quarter of 1998 and the fourth most active quarter ever.

With regard to coupon type, public finance borrowers sided with fixed-rate issues as 77%, or \$83.9 billion, of the recent quarter's volume was from fixed rate issues. That compares to a 68% share for fixed rate deals during the second quarter of 2004. Linked rate issue accounted for 6% of the industry wide total compared to 16% a year ago. Variable rate municipal debt issues, both long and short, comprised about 15.6% of this quarter's volume compared to a 14.7% share a year ago.

During the first six months of 2005, municipal debt new issuance exceeded \$200 billion. Citigroup ranked as the top bookrunner with more than \$31.7 billion in proceeds. UBS Financial Services placed second with \$24.1 billion while Merrill Lynch took third place with \$15.9 billion. The top bookrunner for the second quarter 2005 was Citigroup with \$15.9 billion in proceeds followed by UBS Financial Services with \$12.6 billion and Merrill Lynch with \$8.7 billion.

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US Long-term Municipal New Issues (AT1)

Managing Underwriter	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Citigroup	31,791.8	1	15.4	366	2	11.3	4.1
UBS Financial Services Inc	24,138.1	2	11.7	456	1	13.5	-1.8
Merrill Lynch & Co	15,954.3	3	7.7	174	5	6.8	0.9
Lehman Brothers	13,937.2	4	6.8	143	3	9.6	-2.8
Bear Stearns & Co	11,571.8	5	5.6	92	7	5.6	0.0
Morgan Stanley	11,242.8	6	5.5	134	8	5.2	0.3
J P Morgan Securities Inc	10,793.0	7	5.2	196	6	6.7	-1.5
Banc of America Securities LLC	8,563.8	8	4.2	200	10	3.6	0.6
RBC Dain Rauscher	8,434.3	9	4.1	377	9	4.1	0.0
Goldman Sachs & Co	7,478.4	10	3.6	75	4	7.9	-4.3
Top 10 Total	143,905.5	-	69.8	2,213	139,517.0	74.3	-4.5
Industry Total	206,289.0	-	100.0	7,004	188,078.1	100.0	-

Citigroup was the top bookrunner for the first half of 2005, underwriting \$31.8 billion in total proceeds from 366 issues. The firm gained 4.1 market share points to corner 15.4% of the market, with an average deal size increase of 36.6% to \$86.9 million.

UBS Financial Services placed second with \$24.1 billion in proceeds from 456 issues. Merrill Lynch climbed two spots to place third and Lehman Brothers and Bear Stearns rounded out the top five.

Overall volume in the first half of 2005 increased by 9.7% to \$206.3 billion from \$188.1 billion compared to the same period last year. Average deal size increased 6.4% to \$29.5 million

US Long-term Municipal New Issues - Composite Amount \$10m and Under (AT2)

Managing Underwriter	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
RBC Dain Rauscher	984.2	1	6.5	196	1	5.9	0.6
Morgan Keegan & Co Inc	653.7	2	4.3	124	2	4.6	-0.3
Piper Jaffray & Co	648.4	3	4.3	153	3	4.3	0.0
UBS Financial Services Inc	600.6	4	4.0	106	6	3.1	0.9
Robert W Baird & Co	572.6	5	3.8	143	7	3.0	0.8
Roosevelt & Cross Inc	557.3	6	3.7	132	4	3.4	0.3
A G Edwards & Sons Inc	492.3	7	3.3	84	11	2.3	1.0
Legg Mason Wood Walker Inc	469.2	8	3.1	76	14	1.8	1.3
First Southwest Company	405.6	9	2.7	91	15	1.8	0.9
George K Baum & Company Inc	402.5	10	2.7	85	5	3.2	-0.5
Top 10 Total	5,786.4	-	38.4	1,190	4,883.4	33.4	5.0
Industry Total	15,048.4	-	100.0	3,713	14,606.6	100.0	-

RBC Dain Rauscher has maintained the first place position since 1998. For the first six months of 2005, the firm oversaw nearly \$100 million in proceeds, with 6.5 market share, an increase of .6 points over last year.

A G Edwards, Legg Mason Wood Walker and First Southwest were new entrants to this category. Legg Mason Wood Walker saw the greatest increase in market share within the top 10 with an additional 1.3 market share points

Volume in the \$10 million and under category increased by 3%. Most of the volume was attributed to deals in the primary & secondary education sector and a large percentage of deals from the state of Pennsylvania.

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US Long-term Municipal New Issues - Negotiated Offerings (AT3)

Managing Underwriter	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Citigroup	25,054.3	1	15.1	207	2	11.0	4.1
UBS Financial Services Inc	21,274.8	2	12.8	321	1	14.5	-1.7
Lehman Brothers	11,233.8	3	6.8	125	3	10.4	-3.6
Bear Stearns & Co	11,167.8	4	6.7	90	6	6.5	0.2
J P Morgan Securities Inc	9,001.5	5	5.4	113	5	7.1	-1.7
Morgan Stanley	8,468.9	6	5.1	81	7	4.8	0.3
RBC Dain Rauscher	8,161.6	7	4.9	334	8	4.6	0.3
Merrill Lynch & Co	7,779.6	8	4.7	90	10	4.0	0.7
Banc of America Securities LLC	7,343.0	9	4.4	151	9	4.0	0.4
Goldman Sachs & Co	5,556.7	10	3.4	59	4	7.9	-4.5
Top 10 Total	115,042.0	-	69.3	1,571	115,909.3	74.8	-5.5
Industry Total	166,072.2	-	100.0	4,814	155,012.8	100.0	-

Citigroup replaced UBS Financial Services as the top underwriter in the negotiated offerings market in the first half of 2005. The firm increased market share by 4.1 points, the largest increase among the top ten.

UBS Financial Services placed second with a loss of 1.7 market share points. The firm underwrote 321 issues totaling \$21.3 billion in proceeds. Lehman Brothers remained in the number three spot, and Bear Stearns placed fourth.

Overall volume in the negotiated market increased by 7.1% to \$166.1 billion in proceeds and the number of issues increased by 5.7%. Average deal size increased by 1.3% compared to the same period last year.

US Long-term Municipal New Issues - Competitive Offerings (AT4)

Managing Underwriter	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Merrill Lynch & Co	8,174.6	1	20.3	84	1	19.8	0.5
Citigroup	6,737.6	2	16.8	159	2	13.0	3.8
UBS Financial Services Inc	2,863.2	3	7.1	135	3	9.0	-1.9
Morgan Stanley	2,773.9	4	6.9	53	5	7.2	-0.3
Lehman Brothers	2,703.4	5	6.7	18	6	5.8	0.9
Goldman Sachs & Co	1,921.7	6	4.8	16	4	7.5	-2.7
J P Morgan Securities Inc	1,791.5	7	4.5	83	7	4.5	0.0
Wachovia Securities	1,474.8	8	3.7	69	10	2.3	1.4
Banc of America Securities LLC	1,220.8	9	3.0	49	14	1.6	1.4
ABN AMRO Incorporated	990.4	10	2.5	48	8	2.9	-0.4
Top 10 Total	30,651.9	-	76.3	714	24,328.5	73.6	2.7
Industry Total	40,216.8	-	100.0	2,190	33,065.3	100.0	-

Merrill Lynch, Citigroup and UBS maintained the top three positions in that order. Citigroup can attribute its 3.8 market share point gain to a 214% increase in activity in the state of California over last year.

Lehman Brothers rose to fifth place from sixth place with a .9 point increase in market share and increased average deal size by 26%. An issue from Nashville Davidson Co Metro Govt totaling \$341 million was firm's largest issue this quarter.

The competitive market improved by more than 21% above last year, while the number of issues decreased by 2%. The lead state of California significantly increased in volume by 132% followed by the state of Florida.

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US Long-term Municipal New Issues (AT7)

Financial Advisor	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004		Market Share (%)	% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank		
Public Financial Management Inc	18,347.4	1	8.9	463	1	8.7	0.2
First Southwest Company	10,493.2	2	5.1	342	3	4.0	1.1
Public Resources Advisory Group	9,411.5	3	4.6	49	2	5.8	-1.2
RBC Dain Rauscher	5,290.5	4	2.6	143	6	1.8	0.8
Kaufman Hall & Associates Inc	3,310.0	5	1.6	27	9	1.2	0.4
Robert W Baird & Co	3,293.2	6	1.6	44	18	0.6	1.0
Kelling Northcross & Nobriga	2,577.6	7	1.3	46	7	1.3	0.0
Government Finance Associates Inc	2,515.4	8	1.2	14	38	0.3	0.9
Stauder Barch & Associates	2,378.9	9	1.2	175	15	0.8	0.4
P G Corbin & Company Inc	2,259.1	10	1.1	32	8	1.3	-0.2
Top 10 Total	59,876.8	-	29.2	1,335	48,562.1	25.8	3.4
Industry Total	206,289.0	-	100.0	7,004	188,078.1	100.0	-

Public Financial Management remained the number one advisory firm in the first half, serving as advisor on 463 issues totaling \$18.3 billion in proceeds. The firm held 8.9 percent of the market, a .2% increase over the year ago period.

First Southwest claimed second place having served as advisor on 342 issues totaling \$10.5 billion in proceeds. Public Resources Advisory Group dropped to number three following a loss of 1.2 market share points.

RBC Dain Rauscher and Kaufman Hall & Associates rounded out the top five, serving as advisors on issues totaling \$5.3 billion and \$3.3 billion, respectively.

US Long-term Municipal New Issues (AT7d)

Based on Number of Deals

Financial Advisor	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004		Market Share (%)	% Chg. in Mkt. Share
	No. Deals	Rank	Mkt. Share	Proceeds US\$m	Rank		
Public Financial Management Inc	463	1	6.6	18,347.4	1	5.9	0.7
First Southwest Company	342	2	4.9	10,493.2	2	3.9	1.0
Ehlers & Associates	195	3	2.8	1,426.4	3	2.6	0.2
Stauder Barch & Associates	175	4	2.5	2,378.9	7	1.4	1.1
RBC Dain Rauscher	143	5	2.0	5,290.5	10	1.1	0.9
Piper Jaffray & Co	108	6	1.5	1,858.9	8	1.4	0.1
Springsted Incorporated	103	7	1.5	1,334.1	4	2.1	-0.6
Stephen H McDonald & Associates Inc	101	8	1.4	99.6	5	1.6	-0.2
Fiscal Advisors & Marketing Inc	71	9	1.0	510.3	6	1.4	-0.4
Speer Financial Inc	67	10	1.0	649.5	11	1.0	0.0
Top 10 Total	1,768	-	25.2	42,388.8	1,520	22.4	2.8
Industry Total	7,004	-	100.0	206,289.0	6,792	100.0	-

Public Financial Management, First Southwest, and Ehlers & Associates retained the top three advisory rankings based on number of issues.

Stauder Barch & Associates moved up three notches to claim the number four spot and RBC Dain Rauscher moved up five to round out the top five.

Based on number of issues, the top ten financial advisory firms accounted for 25.2% of the market.

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US Long-term Municipal New Issues - Composite Amount \$10m and Under (AT7a)

Financial Advisor	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Public Financial Management Inc	874.4	1	5.8	184	1	6.0	-0.2
First Southwest Company	753.9	2	5.0	154	2	4.1	0.9
Stauder Barch & Associates	541.8	3	3.6	104	5	1.9	1.7
Ehlers & Associates	511.9	4	3.4	163	3	2.8	0.6
RBC Dain Rauscher	247.9	5	1.7	51	15	0.8	0.9
Piper Jaffray & Co	246.1	6	1.6	58	6	1.4	0.2
Springsted Incorporated	233.8	7	1.6	63	4	2.5	-0.9
Fiscal Advisors & Marketing Inc	186.4	8	1.2	56	8	1.3	-0.1
Speer Financial Inc	171.9	9	1.1	48	10	1.2	-0.1
Southwest Securiites	136.1	10	0.9	27	9	1.2	-0.3
Top 10 Total	3,904.2	-	25.9	908	3,384.7	23.2	2.7
Industry Total	15,048.4	-	100.0	3,713	14,606.6	100.0	-

Public Financial Management and First Southwest held first and second positions respectively. First Southwest saw the second largest market share increase of .9 points, in large part to a 38% increase in activity in home state of Texas.

Elhers and Associates dropped one notch to fourth place with 3% decrease in number of issues, however their average deal size increased by 29%.

Stauder Barch moved up two places to rank third. The firm underwrote 70% more issues this half, and gained 1.7 market share points. The firm's activity in primary and secondary education leaped by 122% over this time last year.

US Long-term Municipal New Issues - Negotiated Offerings (AT7b)

Financial Advisor	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Public Financial Management Inc	13,834.6	1	8.3	253	1	6.8	1.5
First Southwest Company	9,369.0	2	5.6	228	5	4.2	1.4
Public Resources Advisory Group	4,459.5	3	2.7	22	2	6.0	-3.3
RBC Dain Rauscher	3,966.0	4	2.4	90	6	1.9	0.5
Kaufman Hall & Associates Inc	3,310.0	5	2.0	27	8	1.5	0.5
Robert W Baird & Co	3,114.7	6	1.9	12	20	0.7	1.2
Government Finance Associates Inc	2,411.7	7	1.5	10	34	0.4	1.1
Stauder Barch & Associates	2,235.7	8	1.4	144	13	0.9	0.5
Kelling Northcross & Nobriga	2,088.4	9	1.3	19	9	1.4	-0.1
Goldman Sachs & Co	1,900.0	10	1.1	4	14	0.8	0.3
Top 10 Total	46,689.6	-	28.2	809	37,696.5	24.6	3.6
Industry Total	166,072.2	-	100.0	4,814	155,012.8	100.0	-

Public Financial Management remained the top ranked advisory firm in the negotiated offerings category. The firm served as advisor on 253 issues totaling \$13.8 billion in proceeds.

First Southwest gained 1.4 market share points to move into the number two spot, serving as advisor on 228 issues totaling \$9.4 billion in proceeds.

Public Resources Advisory Group placed third, serving as advisor on 22 issues with an average deal size of \$202.7 million. RBC Dain Rauscher and Kaufman Hall & Associates rounded out the top five.

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US Long-term Municipal New Issues - Competitive Offerings (AT7c)

Financial Advisor	1/1/2005 - 6/30/2005			1/1/2004 - 6/30/2004			% Chg. in Mkt. Share
	Proceeds US\$m	Rank	Mkt. Share	No. Deals	Rank	Market Share (%)	
Public Resources Advisory Group	4,952.0	1	12.3	27	2	5.0	7.3
Public Financial Management Inc	4,512.8	2	11.2	210	1	17.5	-6.3
RBC Dain Rauscher	1,324.6	3	3.3	53	13	1.4	1.9
Ehlers & Associates	1,201.8	4	3.0	172	9	1.7	1.3
First Southwest Company	1,124.1	5	2.8	114	3	3.2	-0.4
Seattle-Northwest Securities Corp	1,082.0	6	2.7	11	7	2.3	0.4
Springsted Incorporated	970.6	7	2.4	90	4	3.1	-0.7
Nevada State Bank Public Finance	779.0	8	1.9	8	14	1.3	0.6
Banc of America Securities LLC	641.1	9	1.6	10	29	0.7	0.9
Davenport & Company LLC	599.3	10	1.5	15	8	1.9	-0.4
Top 10 Total	17,187.3	-	42.7	710	12,550.4	38.1	4.6
Industry Total	40,216.8	-	100.0	2,190	33,065.3	100.0	-

Public Resource surpassed Public Financial Management for first place in competitive issuance, with a major market share increase of 7.3 points. The firm's second quarter advisory roles for the state of California totaled \$1.7 billion and aided their rise.

RBC Dain Rauscher scaled up to third place with the second greatest market share increase of 1.9 points, with a 141% increase in number of issues and 59% increase in activity from the state of Texas.

Ehlers & Associates ranked fourth from ninth with market share increase of 1.3 points. The firm's average deal size increased by 86% and issues in the primary and secondary education sector rose more than 200% since this time last year.