2011 ANNUAL REPORT

Dated as of August 9, 2012

This report has been prepared in compliance with the Public Authorities Reform Act of 2009. It is not intended to be a substitute for, or to replace the Suffolk Tobacco Asset Securitization Corporation's (herein referred to as either "STASC" or the "Corporation") Financial Statements prepared as of December 31, 2011.

1. The Corporation's mission statement is as follows:

The Suffolk Tobacco Asset Securitization Corporation ("STASC" or "Corporation") is a not-for-profit local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Corporation was formed exclusively for the purpose of acquiring from the County of Suffolk any and all of the right, title and interest in Tobacco Settlement Revenues ("TSR"s) of the County under the Master Settlement Agreement ("MSA") and the Decree and Final Judgment (the "Decree") with respect to tobacco-related litigation among various settling states and participating tobacco product manufacturers.

The STASC is legally separate and distinct from Suffolk County. The purpose of the STASC is to collect receipts from the tobacco settlement to service its debt in connection with the issuance of bonds that were made as part of the transaction.

2. Operations and Accomplishments.

During 2011, the Corporation received sufficient TSR to make the required debt service payments of $7,446,509 and a Turbo Principal Payment of $85,000 against its Series 2008 Bonds.

During 2012, the Corporation received sufficient TSRs to make the required debt service payments and a Turbo Principal Payment of $95,000 against its Series 2008 Bonds.

3. A summary of the Corporation's financial activity for the year ending 2011 are as follows:

Condensed Statement of Net Deficit
As of December 31,

		2011
Assets		
Current and other assets		$ 19,074,744
Deferred charges, net		195,081,562
	Total Assets	214,156,306
Liabilities		
Current liabilities		1,803,102
Non-current liabilities		253,738,295
	Total Liabilities	255,541,397
Net Deficit		
Restricted		18,832,725
Unrestricted		(60,217,816)
	Total Net Deficit	$ (41,385,091)

In the government-wide financial statements, principal and interest payable are recorded when incurred. Currently, per the Indenture Agreement ("Indenture"), the Corporation receives only 36% of the TSRs and uses those monies to fund its operations and debt service payments. The remaining TSRs must be transferred to the Residual Trust. In 2013, the Corporation will be able to utilize 75% of the TSRs received for operations and debt services payments. Upon receipt of these additional revenues, the deficit will begin to decrease and eventually be eliminated when all debt requirements are met.

Condensed Statement of Activities

	Year ended December 31, 2011
General Revenues	
Interest on investments	$ 865,597
Tobacco settlement revenue	18,394,272
Total General Revenues	19,259,869
Expenses	
General government support	106,722
Transfer to residual trust	11,772,335
Amortization of deferred charge	5,465,066
Interest on debt	16,136,542
Total Expenses	33,480,665
Increase in Net Deficit	(14,220,796)
Net Deficit at Beginning of Year	(27,164,295)
Net Deficit at End of Year	$ (41,385,091)

Summary of long-term obligations is as follows:

	Balance 1/1/11	Increases	Reductions	Balance 12/31/11
Primary Government:				
Bonds	$ 229,621,863		$ (1,400,000)	$ 228,221,863
Plus: accreted interest	20,646,191	$ 9,773,306		30,419,497
Less: unamortized deferred discounts	(3,769,455)		155,695	(3,613,760)
Total bonds	$ 246,498,599	$ 9,773,306	$ (1,244,305)	$ 255,027,600

4. Bonds of the Corporation outstanding as of December 31, 2011.

Tobacco Settlement Asset-Backed Bonds Series 2008 (Series 2008 Bonds) issued in 2008 for the purchase of future rights to TSRs are secured by a pledge of revenues to be derived from TSR receipts after the deduction of the amounts necessary to pay all operating charges and to fund the required revenue percentage to the Residual Trust, as required by the Indenture. Principal and interest paid on these bonds in 2011 totaled $7,531,510. Interest on the Series 2008 Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code. Any additional revenues received above the required debt service payments are used to turbo redeem the outstanding bonds. The Corporation received sufficient TSRs to make the required debt service payment of $7,446,509 and a Turbo Principal Payment of $85,000 against its Series 2008 Bonds during 2011.

Pledged revenues consist of a portion of the TSRs equal to 36% of future annual payments through December 31, 2012, and 75% thereafter and like percentages of any lump sum payment made in lieu of such annual payments. Pledged revenue received in 2011 amounted to $6,615,815, or 88 percent of total principal and interest payments made during the year.

Payments with respect to the Series 2008 Bonds are dependent upon receipt of TSRs. The Series 2008 Bonds are special obligations of the Corporation payable solely from the pledged revenues, the Liquidity Reserve Account, and other funds and accounts under the Indenture. The Corporation has no other assets available for the payment of the Series 2008 Bonds.

The amount of TSRs received is dependent on many factors, including future domestic cigarette consumption, the financial capability of the Participating Manufacturers (the "PMs"), litigation affecting the MSA and related legislation, enforcement of state legislation related to the MSA and the tobacco industry. Payments by the PMs under the MSA are subject to certain adjustments, which may be material.

Bonds outstanding at December 31, 2011, are as follows:

Description	Original Date Issued	Original Amount	Interest Rate	Maturity Date	Amount Outstanding
2008A	08/21/08	$ 9,765,000	4.000 - 5.000%	6/1/12-6/1/18	$ 7,260,000
2008B (2028)	08/21/08	40,045,000	5.375%	6/1/2028	37,620,000
2008B (2048)	08/21/08	62,295,000	6.000%	6/1/2048	62,295,000
2008C	08/21/08	107,671,781	6.625%	6/1/2044	107,671,781
2008D	08/21/08	13,375,082	8.000%	6/1/2048	13,375,082
					$ 228,221,863

For 2011, the aggregate Master Settlement Agreement (MSA) payment was 5% lower than the amount in 2010. This drop was driven by a large decline in tobacco consumption as well as an increase in the disputed payments not being released to the states. As a result, downgrades were taken on a number of turbo and capital appreciation bonds (CABs) which are typically more leveraged and are more negatively impacted by the MSA payment decline. No serial bonds were downgraded.

The Corporation's bond ratings, as assigned by Fitch Ratings, remained stable for the Series 2008A Current Interest Serial Bonds at BBB+, which are due in multiple increments through 2018. The Corporation's $40,045,000 Series 2008B Current Interest Turbo Term Bonds, due on June 1, 2028, decreased from BBB to BBB-, with a negative outlook during 2011. The Corporation's $62,295,000 Series 2008B Current Interest Turbo Term Bonds, due June 1, 2048, and $107,671,781 Series 2008C Convertible Capital Appreciation Turbo Term Bonds, due on June 1, 2044, decreased from BBB- to BB+ with a negative outlook during 2011. Lastly, the Corporation's $13,375,082 Series 2008D Convertible Capital Appreciation Turbo Term Bonds, due June 1, 2048, decreased during 2011 from BB- to B+ with a negative outlook.

5. The Corporation's compensation schedule.
   The Corporation had no employees.

6. Projects undertaken by the Corporation during 2011.
   The Corporation did not undertake any projects during 2011 or issue any new debt obligations during 2011.

7. Real property owned and or disposed of by the Corporation.
   The Corporation did not own or sell any real property during 2011 and does not currently own any real property.

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER OF SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION

The undersigned chief executive officer and chief financial officer of Suffolk Tobacco Asset Securitization Corporation, a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certify, pursuant to subdivision 3 of Section 2800 of the Public Authorities Law, as follows:

The financial information provided within the Annual Report of the Suffolk Tobacco Asset Securitization Corporation (the "Corporation"), dated as of August 9, 2012 (the "Annual Report"), is based upon audited financial statements and to the best of our knowledge, is accurate, correct and does not contain any untrue statement of material fact. The Annual Report does not omit any material fact which, if omitted, would cause the report to be misleading in the light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly represents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in said report. IN WITNESS WHEREOF, the undersigned chief executive officer and chief financial officer have executed this Certificate as of this 9th day of August, 2012.

Jim Morgo
President/CEO

Terrence Pearsall
Treasurer/CFO