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Alaska's 2016 A GO Bonds Assigned 'AA+' Rating

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SAN FRANCISCO (Standard & Poor's) March 1, 2016--Standard & Poor's Ratings Services assigned its 'AA+' rating to Alaska's \$151.2 million in general obligation (GO) bonds, series 2016 A. We also affirmed our 'AA+' rating on Alaska's previously issued GO bonds. The outlook on all debt ratings is negative.

The GO bonds are backed by the state's full faith, credit, and resources.

"Although the state is in the midst of grappling with large general fund operating deficits," said Standard & Poor's credit analyst Gabriel Petek, "we continue to view Alaska as having very strong credit quality."

This reflects our view that the state benefits from several favorable features, including:

- Budget reserves that, despite not representing a permanent solution to the state's unrestricted general fund deficit problem, remain large, equal to 298% of annual appropriations (as of February 2016);
- The potential to resolve much of the general fund gap by overhauling the flow and customary treatment of various legally unrestricted state revenues; and
- Its moderate debt burden and closed defined-benefit retirement system that should benefit actuarially from a recent large asset infusion.

Proceeds from the series 2016A GO bonds will be used to retire on March 18 the state's GO bond anticipation notes, issued on March 19, 2015.

RELATED CRITERIA AND RESEARCH

Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Bond Anticipation Note Rating Methodology, Aug. 31, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009
- USPF Criteria: Moral Obligation Bonds, June 27, 2006

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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