



FOR IMMEDIATE RELEASE

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Alaska's Credit Rating Raised to AAA by Standard & Poor's

January 6, 2012, Anchorage, Alaska – The Department of Revenue today confirmed the State of Alaska's bond rating has been upgraded to AAA, the highest grade, by Standard and Poor's (S&P) Ratings Services. This is the second AAA rating in the state's history, which reflects the state's practice of maintaining exceptionally large reserves, extensive fiscal flexibility, and despite its deep financial resources, budgetary restraint.

"This upgrade confirms what we know to be true about Alaska," Governor Parnell said. "We take the necessary steps to ensure our future with responsible resource development combined with budgetary discipline."

Standard and Poor's attributed the upgrade to:

- The state's strong financial management and generally conservative forecasting
- A strong track record of oil price forecasts that have proven somewhat conservative, with actual prices -- a key determinant in state revenues -- outpacing the state's projections
- The state's financial flexibility, enhanced by the maintenance of large reserves derived from windfall oil revenues since fiscal year 2008
- The state's moderate debt burden
- An accumulation of multiple budget reserves equal to more than 200 percent of the general fund budget
- A high level of pay-as-you-go financing of capital needs, which could be reduced to fund operations if necessary
- Extensive forward-funding of significant areas of the state's operating budget, a practice that could be halted in an underperforming revenue environment
- Untapped potential sources of tax revenue, such as statewide sales or personal income taxes, neither of which the state levies at present
- The aggressive steps the state has taken to reform its pension and retirement systems, which will limit the accumulation of new liabilities

Revenue Commissioner Bryan Butcher, who met with Standard & Poor's in December, said, "We were very upfront in making sure the rating agencies understood our reasons for proposing changes to the current tax structure, and that we believe we have the resources in place to successfully make those changes and provide a brighter long-term future for all Alaskans."

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