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STATE OF VERMONT
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NEWS RELEASE

FOR IMMEDIATE RELEASE—February 29, 2012

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Rating Agencies Reaffirm Vermont's Strong Bond Ratings

MONTPELIER, Vt.—State Treasurer Beth Pearce announced today that Moody's Investor Service, Fitch Ratings, and Standard & Poor's Ratings Service have reaffirmed their positive ratings for State of Vermont bonds. Vermont has the highest general obligation bond ratings of all the New England states.

As part of a rating review for an upcoming bond sale, all three agencies maintained their previous high rating with a stable outlook. Moody's and Fitch rated the bonds triple-A, the highest rating available to government issuers. Standard & Poor's rated Vermont's bonds AA+, the second highest rating. The higher the bond rating, the more creditworthy the rating agency evaluates a bond issuer to be.

"I am pleased that the agencies have once again recognized the financial stability and fiscal health of Vermont and acknowledged the State's unprecedented efforts to recover from Tropical Storm Irene," said State Treasurer Beth Pearce. "Favorable credit ratings allow the State to secure a lower interest rate when borrowing new money or refinancing outstanding debt. In turn, Vermont saves hundreds of thousands of dollars in taxpayer money by reducing our future debt payments."

On March 5, the State will offer \$25 million in State of Vermont Citizen Bonds and up to \$72 million in negotiated general obligation refunding bonds. Later that week, the State expects to issue \$28 million in additional general obligation bonds and \$10 million in taxable general obligation bonds on a competitive bid basis. Bonds are sold through registered broker/dealers. Money raised by Vermont's bond sales finance a wide range of legislatively authorized infrastructure and capital spending needs.

In reaffirming their ratings, the agencies cited Vermont's strong financial management, conservative debt management practices, prompt action to keep the budget in balance and maintenance of budgetary reserves at their statutory limits.

"Our ongoing goal is to eventually secure a triple-A rating from all three agencies. We can do that as we continue to build a positive fiscal foundation through collaboration between my office, the Governor and the State Legislature. We will further strengthen our position by proactively managing future debt obligations and building our rainy day reserves," Pearce explained.

Vermont recently weathered several ratings storms. In July, Moody's advised 15 states with the highest credit rating—including Vermont—that their status would be reviewed if the federal government defaulted. However, Moody's determined to review only five states and Vermont was not on that list. In August, Standard and Poor's downgraded the U.S. credit rating

from AAA to AA+ with a negative outlook amid concerns over the nation's political process and plans to address record budget deficits. Vermont's AA+ bond rating remained firm.

"Vermont's continued fiscal discipline is especially critical given the negative outlook on the United States' credit rating," said Pearce.

The upcoming March bond sale was originally scheduled for October 2011, but was postponed after Tropical Storm Irene caused widespread destruction in the state. The sale was delayed to allow the State to assess the impacts and costs related to the storm. The Preliminary Official Statement for the March 5 offering is available on the State Treasurer's web site at www.buybonds.vermont.gov .