STANDARD & POOR'S RATINGS SERVICES

RatingsDirect®

Washington; Appropriations; General Obligation

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Credit Profile		
US$263.22 mil var purp GO bnds ser 2013A due 08/01/2037		
Long Term Rating	AA+/Stable	New
US$190.925 mil mtr veh fuel tax GO bnds ser 2013B-1&2 due 08/01/2042		
Long Term Rating	AA+/Stable	New
US$78.455 mil GO rfdg bnds ser R-2013T due 01/01/2016		
Long Term Rating	AA+/Stable	New
US$40.585 mil GO bnds ser 2013T due 08/01/2018		
Long Term Rating	AA+/Stable	New
Washington GO		
Long Term Rating	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to the state of Washington's:

- $263.22 million various purpose general obligation (GO) bonds, series 2013A;
- $190.93 million motor vehicle fuel tax (MVFT) GO bonds, series 2013B-1/B-2;
- $40.59 million GO bonds, series 2013T (taxable); and
- $78.46 million GO refunding bonds series R-2013T (taxable).

At the same time, we affirmed our 'AA+' long-term rating and underlying rating (SPUR) on the state's existing GO and MVFT GO debt. In addition, we affirmed our 'AA/A-1+' rating on the state's variable rate 1996 series A and B GO bonds.

The short-term rating reflects our short-term rating on the bank providing liquidity support to the bonds (Landesbank Hessen-Thueringen Girozentrale). Finally, we also affirmed our 'AA' rating on the state's appropriation-backed debt. The outlook on all long-term and underlying ratings is stable.

The ratings reflect our view of the state's:

- Relatively well-educated workforce and good income indicators;
- Sales tax based revenue structure that exhibits sensitivity to economic cycles but to a lesser degree than those of states that rely primarily on personal and corporate income taxes;
- Good internal liquidity;
- Strong -- and strengthening -- financial policies and practices, including new statutory provisions requiring that the state's biennial budget and projected subsequent two fiscal years' spending plans be balanced; and
- Moderately high per capita debt burden but well-funded pension plans.

The state's full faith, credit, and taxing powers secure the new and refunding series of GO bonds. The state's MVFT GO bonds are first payable from state excise taxes on motor vehicle and special fuels. We understand that the series 2013A bonds are being issued to finance various capital and infrastructure projects in the state, including state buildings and facilities for higher education and certain water supply projects. Proceeds from the series 2013B-1/B-2 bonds will be directed toward transportation related projects within the state. The refunding bonds are being issued to refund portions of the state's existing GO bonded debt.

The state will have a total of $18.05 billion of GO bonds outstanding after the current offering. Of this, $7.0 billion of the state's GO debt is payable first from state excise taxes on motor vehicle and special fuels. The state also has $568 million of certificate of participation (COP), appropriation-backed debt outstanding. Of this, $77.8 million is GO debt of various local agencies within the state and is a contingent obligation of the state government in the event of nonpayment by a local government agency.

An important element in our rating and outlook for the state is the way it has and continues to respond to fiscal imbalances, responses which are evaluated in our financial management assessment (FMA) and budget management scores. For its 2011-2013 biennial budget of $31.7 billion, the state confronted a $4.9 billion deficit. During the 2011 session, the legislature enacted $4.5 billion of ongoing fiscal adjustments. Still in the midst of a weakened economy, the new budget fell out of balance and, by the fall of 2011, entailed a new, $1.9 billion shortfall. The legislature adopted measures fixing around $480 million of the gap in a special session in December 2011. Political and policy differences emerged during the regular legislative session that began in January, and the legislature was unable to reach agreement on the balance of the needed solutions. A key policy difference among legislators in the regular and two subsequent consecutive special sessions, lasting 30 days and one day, respectively, was whether and to what extent the budget solutions should include payment deferrals as part of the gap-closing effort for the fiscal 2011-2013 biennium. State fiscal pressure eased somewhat naturally due to a relatively small upward revision to the biennial revenue forecast of $96 million and a downward revision to the state's caseloads (mostly in Medicaid), saving $300 million. To eliminate the remaining approximately $1 billion deficit, the state legislature agreed to $475 million in other spending reductions, including $127 million to the Temporary Assistance for Needy Families (welfare) program. The state also adopted some nonrecurring measures to restore balance to the biennial budget. Most notably was the reduction of its working capital requirement, which freed up $238 million of funds on a one-time basis. The change reflects modernization of the state's cash management practices that allows the state general fund to retain for a longer period of time some sales and use tax receipts ultimately destined for local agencies. However, unlike some initial policy proposals that the legislature considered, the state did not defer state aid to school districts or pension contributions, both of which were funded at regular levels in the state budget.

Although the state ended fiscal year 2012 in a negative position on a budgetary basis, the result of the legislative session and the most current revenue forecasts suggest it may end fiscal year 2013 with a positive $289 million total reserve. This comprises $266 million in the state's budget stabilization account and a $23 million unrestricted ending fund balance. On a combined basis, the budget reserves are, thus, expected to equal a low 1.3% of fiscal year 2013 general fund expenditures. The balance could be somewhat higher, by up to $55 million, due to a recent downward revision to state caseloads, mostly in the Medicaid program. Partially offsetting this, however, could be a recent court decision against the state's ability to levy a tax on certain tobacco products. Depending on the final outcome, the ruling could reduce the state's ending balance by $28 million, still leaving the state with a $50 million ending unrestricted fund balance. Regardless, we view the state's ending reserve as low relative to its general fund budget.

If the state Supreme Court finds in favor of the state in the tobacco case, however, we believe there could be favorable fiscal implications. In effect, such a ruling would imply that the initiative requiring a two-thirds vote of the legislature (pursuant to Initiative 1053) to raise taxes is unconstitutional. We may consider revising upward our score of the state's governmental framework if the state were able to adjust tax rates with a simple majority legislative vote.

Other notable changes in the 2012 legislative session include a new statute requiring the legislature to balance its budget, not only in each biennium, but also for the two year period subsequent to the biennium. The basis of revenues for the longer-term forecast will continue to be a product of the state's independent Economic and Revenue Forecast Council, which will add the state treasurer as a voting member of the seven member council. In addition, the state legislature repealed Initiative 728, passed by voters in 1999, which provided funding for reduced class sizes in the state's public education system. It had already been suspended for the current biennium, saving $861 million, but its repeal removes $900 million of expense for the 2013-2015 biennium and forward. Also, the legislature approved putting a constitutional amendment related to the state debt limit before the voters in November 2012. The amendment would lower the limit on the state's annual debt service to 8% of a six-year moving average of general fund revenue from 9% of a three-year moving average. Finally, in 2012 the legislature approved reducing early retirement benefits for newly hired employees in three state pension plans and began phasing in a reduction of the assumed rate of return for its pensions.

As of its June forecast, the state's Economic and Revenue Forecast Council continues to anticipate a slow economic recovery and notes that material downside risks remain. The state's forecast for the U.S. economy is premised on that of the Blue Chip Consensus and, at 2.3% and 2.5% for 2012 and 2013, respectively, is somewhat more optimistic than Standard & Poor's forecast for U.S. economic growth of 2.0% and 2.1% for the same years. Most negative influences on the state's forecast relate to macroeconomic risk, such as the European sovereign debt crisis and a tightening of federal fiscal policy that is currently scheduled to take effect in January 2013. Washington state's economy, nonetheless, remains well-poised for recovery albeit at a slower pace than in recoveries from previous recessions. Total employment in Washington is expected to match the nation's growth rate in 2012 at 1.4% before outpacing it in 2013 at 1.6% versus 1.3% for the U.S. Washington's real state gross domestic product has increased at an average (compound average annual growth) annual rate of 1.7% versus the nation's 1.4% since 2000. The forecast for real state GDP growth is 2.1% in 2012 and 2.16% in 2013. Strong performance in the high wage industries of aerospace and high technology suggest continued increases in total state personal income, which the state forecasts will grow by 1.5% in 2012 and 3.0% in 2013. These stronger parts of the economy are offset by flat performance in the state and local government and construction sectors.

As in other states, the housing sector has been a source of drag on the state's economy. Home construction troughed in 2009 and, according to the state's economist, is unlikely to rebound until home prices recover. Home prices in the Seattle metropolitan area increased 2.0% in April, according to the Standard & Poor's/Case-Shiller home price index; on a year-over-year basis, prices were down 1.0%, which is a marked improvement compared with several months ago and better than the 10- and 20-city national indices, which were down 2.2% and 1.9%, respectively. As they had forecasted in January 2012, downward pressure on the real estate market appears to be dissipating as there is a trend toward fewer newly delinquent mortgages in the state.

Washington's financial liquidity remains adequate despite its negative $467 million general fund cash balance at the end of June 2012. This is lower than the negative $70 million at the end of June 2011. The weaker general fund cash reflects that in September 2011, the state revenue forecast was reduced by $1.4 billion, with around $500 million of the deterioration anticipated to occur in fiscal year 2012, and the balance attributed to fiscal year 2013. The state has access to cash for liquidity in its treasury and treasury trust funds, the former of which is subject to legislative appropriation. This cash is held in the custody of and invested on a comingled basis by the state treasurer. As a result of its good access to internal liquidity, the state does not rely on external borrowing for cash flow management. As such, we continue to view the state's internal liquidity sources as sufficient to support its general fund budget operations.

For June 2012, the treasury and treasurer's trust fund's average cash balance was $4.34 billion, which is above the $3.54 billion balance at the same time in 2011. Investments are conservative in our view, with 53% of funds invested in U.S. Treasurys and agencies. Repurchase agreements, which are subject to a maximum term of 180 days, represent 28% of investments. In addition to the state's investment guidelines, state policies require that collateral in repurchase agreements for U.S. Treasury, agency, and money market instruments be priced at 102% of market value. Mortgage-backed repurchase agreements of more than seven days are subject to a higher, 105% requirement.

Subsequent to the currently planned issuance, the state's direct tax supported debt burden (GO and appropriation-backed) is moderately high, in our opinion, at $2,776 per capita (based on U.S. Census 2011 state population), 6.3% of total personal income, and 5.3% of gross state product (GSP). Gross GO and lease appropriation backed debt service is moderate, at 4.5% of general government-wide (all funds) spending in fiscal year 2011 (audited). Gross GO and COP debt service as a portion of general fund expenditures is equal to 6.6% of fiscal year 2012 expenditures. Portions of the state's debt are funded from self-supporting or reimbursable sources, however. When adjusting for these offsetting revenues, we estimate that debt service is 4.36% of general fund expenditures, moderate in our view. We anticipate that continuing transportation needs, including two major urban highway projects, will likely translate into continuing GO issuance in the next two to three years. The state currently projects that it may issue up to approximately $502 million and $574 million in new GO and MVFT GO bonds, respectively, in early 2013. The state also estimates that it may issue around $300 million of additional GARVEE bonds in the spring of 2013 to finance a portion of its State Route-520 transportation projects.

Unlike 22 other states in the U.S., Washington maintains a positive balance in its unemployment insurance fund of $2.5 billion as of March 2012, sufficient to fund benefits for an estimated 13 months.

Based on the analytic factors we evaluate for states, on a scale of 1 (strongest) to 4, we have assigned Washington a composite score of '1.8'.

Outlook

The stable outlook reflects our view that the state's financial management is strong, as demonstrated by its continued willingness to make timely and proactive budget amendments as it deems necessary to maintain budgetary balance. The state's automatic budget stabilization fund deposits serve its credit well when the economy -- and revenues -- take a negative turn. However, at present, the state's reserves are low and could deteriorate further despite its practice of making regular reserve contributions -- a reflection, we believe, of the slow economic recovery that remains subject to downside risk. The low reserves limit the state's rating from moving upward. But the state's strong response to budget shortfalls, demonstrated again in the 2012 regular and special legislative sessions, reduce the likelihood of a lower rating even if the state economy generates less revenue than expected. This is because, we believe, the state would respond in a timely and assertive manner to correct any potential imbalance that could result from such a scenario.

Governmental Framework

The state's statutory requirement to adopt a balanced budget, as well as the state's discretion, subject to a majority vote of the legislature, to adjust the major components of its revenue base encourage the state to manage toward ongoing fiscal solvency. Legal protections for the state's GO debt include a specific constitutional requirement that the legislature make appropriations in the budget for the interest and principal installment payments on its debt. Although neither state stature nor the state constitution provide debt service a priority relative to other state payment obligations, no other payment obligation enjoys a specific requirement that an appropriation be made. This has the practical effect of providing debt service with a strong legal position among the state's various payment obligations, in our view.

The governor has authority to make across-the-board reductions to spending allotments when a cash deficit in a particular fund is projected. However, authority to impose disbursement reductions does not include allotments for basic education, pension benefits, or general obligation debt service. The state's office of financial management monitors and makes recommendations about cash management activities to the governor.

An active voter initiative environment complicates the state's governmental framework. We have viewed the active voter initiative environment as limiting the state's fiscal flexibility somewhat. However, the legislature's willingness and ability to set aside provisions of voter-approved initiatives when fiscal conditions warrant has proven beneficial to credit quality, in our view. (Initiatives may be amended with a two-thirds vote of the legislature within two years of passage and a simple majority of the legislature thereafter.) We noted, for instance, that as they did during the fiscal 2010 and 2011 biennium and during six of the past 12 years, the legislature temporarily suspended Initiatives 732 and 728 (for teacher cost of living salary increases and smaller class sizes, respectively). The initiatives were suspended again in the 2011-2013 biennium and in the 2012 legislative session, the legislature repealed I-728 altogether.

Similar to many other states, significant spending areas in the budget are largely nondiscretionary. The state approximates that as much as 60% of spending, primarily for kindergarten through grade 12 (K-12) education, Medicaid, foster care, debt service, and pensions, is effectively legally required by some combination of state constitution, statute, court decision, or federal mandate. In addition, Washington voters have, over the years, approved initiatives that have reduced the revenue and spending autonomy of the state. In the current budget cycle, a voter initiative added $281 million to the state deficit (through fiscal year 2013) by repealing certain temporary taxes the legislature had adopted as a component of balancing the state budget.

During the 2011 legislative session, the legislature added a debt commission to the state's recently approved inaugural debt affordability study. The debt commission will evaluate the state's use of debt and make policy or constitutional change recommendations. Moreover, the legislatively approved reforms direct the state finance committee to develop a plan to gradually reduce the state's debt burden relative to its operating budget. Without altering the state's 9% of budget constitutional limit, the new law envisions implementing incrementally lower working debt limits to reach a target of 7.75% by 2021. Above, we noted that voters will decide on a constitutional amendment proposing to reduce the state's debt service limit to 8% from 9% and to adjust the way the ratio is computed in favor of a longer measurement of general fund revenues. Given that Washington's debt levels are somewhat higher than other states, we believe steps to contain the growth of its debt burden could have favorable implications for the state's credit quality.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.8' to Washington's governmental framework.

Financial Management

Financial management assessment: "strong"

We consider the state's management practices "strong" under our FMA methodology. An FMA of "strong" indicates our view that practices are strong, well embedded, and likely sustainable. The state Economic and Revenue Forecast Council, which is made up of representatives appointed by the governor's office, both houses of the legislature, and both major political parties, as well as the state treasurer, produces an analytical report on economic and revenue performance each month and, by statute, presents quarterly revenue forecasts covering the current and upcoming biennium. The state uses the council's forecasts, which are based on a modified IHS Global Insight model of the U.S. economy, to set revenue parameters at biennial budget adoption. The state has a record of making budget adjustments within the biennium when the forecast council materially changes its projections. As we have noted, beginning with the fiscal 2013-2015 biennium, new state law will require the legislature to balance not just the biennial budget but also the spending and revenues anticipated for the subsequent two-year period. In addition, the state convenes a Caseload Forecast Council three times per year, which forecasts service requirements in such areas as public assistance, state corrections, medical assistance, and K-12 education. The executive branch uses these forecasts, along with historical expenditures, to formulate budget proposals and mid-biennium revisions.

Further guiding budgeting decisions is a rolling, four-year general fund forecast maintained by the governor's Office of Financial Management. The state uses these forecasts to quantify the timing and scope of potential deficits in the subsequent biennium and, in some cases, to begin to address structural imbalances before the next budget cycle begins. Although the state does not have a minimum reserve policy, the state constitution requires the state to set aside 1% of most unrestricted state revenues in each fiscal year into a budget stabilization fund, a form of "rainy day" fund. That fund can and is being tapped in the current biennium under a provision allowing the state to draw on the fund when employment growth falls below 1%, in the event of a catastrophic emergency, or by 60% supermajority vote of the legislature. When the fund reaches 10% of estimated general state revenues in that fiscal year, the state can also draw excess funds for education capital projects. In addition, in November 2011, voters approved a measure requiring that any revenue growth that exceeds by one-third the average biennial growth in state revenues during the prior five biennia be transferred to the budget stabilization account.

Other policies and practices include:

- Capital spending that the state budgets for on a biennial schedule but plans on a rolling, 10-year basis and includes funding sources;
- A formal investment management policy that covers eligible investments, maximum maturities (10 years), allocations of nongovernment securities, and internal and external controls; and
- Debt management under an issuance policy that, among other elements, addresses refunding savings thresholds.

Budget management framework

Washington adheres to budget management practices we consider generally strong. Across different gubernatorial administrations, when confronted with projected budget gaps, the state's political leadership has demonstrated a willingness to consider difficult fiscal adjustments, including both expenditure and revenue measures. In addition, when deficits emerge mid-cycle, the state has generally responded with timely corrective actions. Revenue projections are apolitical and developed according to the state's independent revenue forecasts. When deficits do emerge, however, the state tends to include nonrecurring measures among its solutions and its updates to actual fiscal performance, considering both revenue and spending trends are not regularly available at intra-year intervals.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.5' to Washington's financial management.

Economy

Washington's economy enjoys several fundamental strengths, including an above-average education level among its populace (30% of whom have bachelor's degree or higher). Other positive features of the state's economy are its consistently strong population growth trends (more than 4% higher than the U.S.), relatively low age-dependency ratio (55.8), good per capita GSP (108% of the nation), and good per capita incomes (106% of the U.S. Similar to other states, recent private sector job gains have been offset by public sector losses. As of May 2012, the state has added 48,600 jobs relative to May 2011, a 1.7% increase. However, public sector jobs declined by 9,200, or 1.7%, during the same period. As of May 2012, unemployment stood at 8.3% in Washington, just above the national jobless rate. Economic development prospects remain good in our view. In addition to the aforementioned health of Boeing, the state is also home to a vibrant high-technology sector, particularly in and around the Seattle metropolitan area. In addition to Microsoft, the state's second-largest private sector employer, there are approximately 4,200 software companies in the state. Of the approximately 2,500 software jobs lost during the recession, 2,100 jobs have been added back since December 2009. The outlook for economic growth is currently favorable due to relatively strong rates of expansion in China and other Asian economies to which Washington exports. Washington's economy is trade-intensive and frequently at the top of per capita measures of export value in the U.S. Although during the past five years the state's annual rates of GSP growth have exceeded those of the nation's, in five of the past 12 years, national GDP grew at a faster clip, indicating some propensity for economic volatility.

High-paying jobs with both of the state's largest employers, Microsoft and Boeing, support the state's forecast's for a personal income growth rate in excess of that of the U.S. through the forecast's timeframe of 2015 despite a similar overall rate of job growth. Construction employment is still down and somewhat limits the state's recovery although the trend in building permits has stabilized. The extent of the drop-off in the sector is evidenced by the forecast, which indicates that, even through 2015, total construction jobs are expected to remain approximately 45,000 below their peak in 2007.

State-projected 3.4% and 3.5% rates of nominal personal income growth in 2012 and 2013, respectively, compare to the state's 7% projected general fund revenue growth over the same period. The divergence in the growth rates indicates relatively stronger economic activity among the higher value sectors in the state.

State revenue growth, which depends on consumer activity via the retail sales tax (47% of total tax revenues), could be restrained if residents focus more on repairing their personal balance sheets and increasing savings than on returning to pre-recession levels of spending. A backlog of aircraft orders from Boeing represents seven years' worth of orders. Boeing's less severe experience through the recent recession (5,000 layoffs) pales compared with the 2001 recession (50,000 layoffs), suggesting that jobs are likely to be restored at a more tempered pace.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.4' to Washington's economy.

Budgetary Performance

Since 2009, the state has addressed approximately $19 billion of budgetary deficits with a heavy reliance on ongoing measures.

Audited financial performance

The state has a strong track record of maintaining good reserves, but the recession's toll fully materialized in the state's budget reserve by fiscal year 2011. At June 30, 2011, however, the state's ending assigned and unassigned fund balance (per Governmental Accounting Standards Board Statement 54) of about $1 billion was equal to 4.1% of expenditures on a Generally Accepted Accounting Principle basis, which we consider good. During expansionary phases of the economic cycle, the state consistently returns operating surpluses and good reserve positions. State authority to defer payments, to borrow from the treasury and treasurer trust funds, and to issue cash flow notes, if needed, all serve as contingency liquidity measures, but they have not been needed thus far. The absence of a formal policy for the state's budget reserve level allows for low balances to persist through protracted periods of economic and revenue softness.

The state's reliance on retail sales and business and occupation (gross receipts) taxes for a combined 69% of general fund tax revenues (on a budgetary basis) typically affords more revenue stability than other states enjoy because many of them rely on personal income tax revenues. Spending priorities are regularly evaluated through the state's "priorities of government" approach to zero-based budgeting. Independent and formal revenue and caseload forecasts inform budget decisions, and political leaders have demonstrated a willingness to make difficult adjustments when necessary.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.9' to Washington's budget performance.

Debt And Liability Profile

As noted, Washington's debt is moderately high by several of our measures. Debt paydown is average, in our view, with 44% of outstanding principal amortized over 10 years.

Pension reform is benefitting funded status

We believe pension reform will likely reduce unfunded actuarial liabilities. Long-term state liabilities include those related to the state's pension system and retiree health care. As of June 30, 2010, the actuarial accrued liability (AAL) of the defined-benefit portion of the state's 12 pension plans totaled $58.6 billion, of which actuarial assets ($61.75 billion) in aggregate accounted for 94.9%. The funded ratio improved after recent changes to the plan 1 (Public Employee Retirement System (PERS) and Teacher Retirement System--TRS). During its 2011 session, the legislature rescinded automatic cost of living adjustments (COLAs) to the PERS plan 1 and the TRS plan 1. Elimination of the uniform cola (UCOLA) generates $344 million in general fund savings for the fiscal 2012 and 2013 biennium. More importantly, in our view, over the long run, elimination of the UCOLA reduces the plan 1 unfunded actuarial accrued liabilities (UAAL) to $4.66 billion from $6.88 billion. This represents a 32% reduction of the prior plan 1 UAAL, according to the state actuary, and in our view is a significant improvement in the state's overall pension funded status.

Based on the most recent comprehensive annual financial report, in 2011, the state's total UAAL for its pension plans was $3.14 billion, equal to $459 per capita (using 2011 U.S. Census population figures), which we view as moderate. However, relative to total personal income, it is just 1.04%, which is low in our view. Contributions to pension funding are generally less than the actuarial required contribution (ARC), and for fiscal 2011, total actual contributions were 64% of the ARC.

OPEB is funded on a pay-as-you-go basis

Other postemployment benefits (OPEB) are funded on a pay-as-you-go basis. The state's OPEBs produce an implicit liability from allowing retired employees to purchase health, life, and vision insurance in the same pool as current employees at a subsidized rate. The explicit benefit subsidizes retired members' monthly premiums for enrollment in Medicare parts A and B. On an actuarial basis, the state's portion of the AAL made up $3.49 billion of the total, and the annual OPEB cost was $329 million in fiscal year 2011, according to the most recent actuarial valuation report as of June 30, 2011. In fiscal year 2011, the state contributed $78.7 million for current pay-as-you-go expenses for retiree benefits, equal to less than 1% of annual general fund expenditures. We understand that the state does not plan to fully fund the ARC for the foreseeable future.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '2.3' to Washington's debt and liability profile.

Related Criteria And Research

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Ratings Detail (As Of July 5, 2012)		
Washington adj rate GO bnds ser VR-96A&B due 06/01/2020		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Washington certs of part (Washington St Dept of Gen Admin Tacoma Co-Location Proj) dtd 12/01/1996		
Long Term Rating	AA/Stable	Affirmed
Washington motor veh fuel tax GO rfdg bnds		
Long Term Rating	AA+/Stable	Affirmed

Ratings Detail (As Of July 5, 2012) (cont.)		
Washington mtr veh fuel tax go bnds ser 2004C dtd 08/06/2003 due 06/01/2009-2030		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington various purp gen oblig bnds		
Long Term Rating	AA+/Stable	Affirmed
Washington GO		
Long Term Rating	AA+/Stable	Affirmed
Washington GO bnds		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO Mtr Veh Fuel Tx		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (wrap of insured) (AMBAC) (ASSURED GTY - SEC MKT)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (wrap of insured) (FGIC & AGM) (SEC MKT)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (Motor Vehicle Fuel Tax)		
Long Term Rating	AA+/Stable	Affirmed
Washington certs of part rfdg (Dept of Ecology St Office Bldg Proj) ser RE-2003-B		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Washington GO		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Aberdeen, Washington		
Washington		
Aberdeen (Washington) spl rfdg rev bnds (Stafford Creek Corrections Ctr) ser 2009		
Long Term Rating	AA/Stable	Affirmed
FYI Properties, Washington		
Washington		
FYI Properties (Washington) Lease rev bnds (State Of Washington Dis Proj) ser 2009		
Long Term Rating	AA/Stable	Affirmed

Many issues are enhanced by bond insurance.