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S&P Corrects Outlook On Several Grant Anticipation Bonds To Negative From Stable

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NEW YORK (Standard & Poor's) Sept. 13, 2012--Standard & Poor's Ratings Services has corrected the outlook to negative from stable on the following debt issues (which we rate 'AA'):

- State of California's federal highway grant anticipation revenue vehicle (GARVEE) bonds (issued for the California Department of Transportation), series 2004A;
- California Department of Transportation's federal highway grant anticipation bonds, series 2008A;
- District of Columbia's federal highway grant anticipation revenue bonds, series 2011;
- Kentucky Asset Liability Commission's federal highway trust fund project notes, series 2005, 2007, and 2010;
- Montana Department of Transportation's GARVEE bonds (Highway 93 Advance Construction Project), series 2005 and 2008;
- New Hampshire's federal highway grant anticipation bonds, series 2010 and 2012;
- State of Washington's GARVEE program bonds, series 2012F; and
- West Virginia Commissioner of Highways' surface transportation improvements special obligation notes, series 2006A, 2007A, and 2009A.

On March 12, 2012, we published Federal Future Flow Securitization criteria. Subsequently, we reviewed the above bonds. However, after publishing the criteria we did not revise the outlook to negative to reflect the criteria's implementation. The ratings and outlook now include our assessment of the U.S. (AA+/Negative/A-1+). These ratings are tied directly to the funding that state departments of transportation use to support GARVEE bond or GAN

payments.

The criteria's application resulted in a score of '1.1' or '1.2' for the stand-alone GARVEE or GAN programs that we rate. An overall score of '1.1' or '1.2' for federal cash flow issues yields a maximum indicative rating level one notch below the rating on the U.S. For more information on the stand-alone GARVEE or GAN programs, see the media release published Sept. 13, 2012, on RatingsDirect on the Global Credit Portal.

RELATED CRITERIA AND RESEARCH

USPF Criteria: Federal Future Flow Securitization, March 12, 2012

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