

SPECIAL COMMENT

U.S. States Credit Scorecard

Updated Results Include Addition of New Variables

Table of Contents:

SUMMARY	1
SCORECARD RESULTS: 21 STATES CHANGE TIERS, PARTLY REFLECTING NEW VARIABLES IN HEAVILY-WEIGHTED FINANCE AND GOVERNANCE CATEGORIES	2
SCORECARD REFLECTS STATE RATING METHODOLOGY; STATE RANKINGS AND TRENDS INFLUENCE, BUT DO NOT DETERMINE RATING	3
APPENDIX A: DETAILED DESCRIPTION OF VARIABLES	5
APPENDIX B	8
APPENDIX C	9
APPENDIX D	10
RELATED RESEARCH	11

Analyst Contacts:

NEW YORK	1.212.553.1653
Nicholas Samuels	212.553.7121
Vice President-Senior Analyst	
Nicholas.Samuels@moodys.com	
Nicole Johnson	212.553.4573
Senior Vice President	
Nicole.Johnson@moodys.com	
Emily Raimes	212.553.7203
Vice President-Senior Analyst	
Emily.Raimes@moodys.com	
Mark Tenenhaus	212.553.0849
Vice President-Senior Analyst	
Mark.Tenenhaus@moodys.com	

» contacts continued on the last page

Summary

This edition of Moody's U.S. States Credit Scorecard is the fourth annual publication of a quantitative analytic tool that enhances the consistency of our state general obligation (G.O.) credit analysis. The scorecard compares certain data and other variables in the four fundamental categories of state credit analysis outlined in Moody's State Rating Methodology: finances, economy, debt and governance framework. The scorecard helps to identify statistical trends within the state sector and enhances the statistical facets of our analysis. However, it is important to note a key limitation of the scorecard: the results are backward-looking, using only historical data. The results inform the rating process, but do not determine Moody's G.O. ratings.

- » The scorecard provides relative rankings of the 50 states on the most important statistical variables included in Moody's credit analysis of U.S. state governments.
- » The quantitative data and rankings are used in the rating process to enhance state comparative analysis and identify sector trends.
- » Variables related to states' financial best practices and measures of institutional financial flexibility are also incorporated into the scorecard. These are updated annually to reflect any changes in governance framework since our last report.

This version of the scorecard provides 2009 results and compares them to the 2008 results. It also adds variables to the finance and governance framework categories that further support our fundamental approach to state ratings. The new variables—which focus on variable rate debt, available liquid resources, swaps, and governance of state rainy day funds—are particularly timely additions in the context of recent credit market disruption and states' responses to the ongoing economic downturn. Going forward, we expect to introduce more variables into the scorecard to capture other important comparative data, such as one related to other post employment benefits (OPEB) liabilities.

Scorecard Results: 21 States Change Tiers, Partly Reflecting New Variables in Heavily-Weighted Finance and Governance Categories

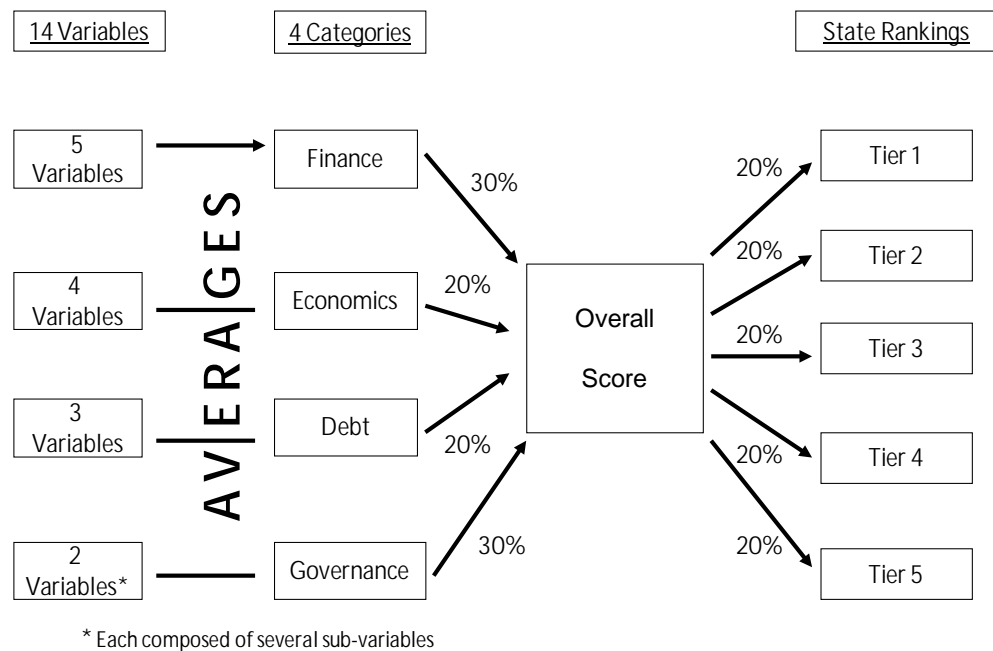
This edition of the scorecard reflects audited financial information through fiscal 2008 (which ended June 30, 2008 in most states). In many states, the ongoing economic downturn took hold during fiscal 2008. Robust growth in certain financial ratios presented in the scorecard began to weaken, due in particular to the housing market meltdown. Because the scorecard is backward looking, financial results are expected to be even weaker in the next version of the scorecard, which will include fiscal 2009 data. Tier movements in the current scorecard also were heavily influenced by the addition of variables in the finance and governance framework categories, both of which are more heavily weighted in factoring the overall score than are the economic and debt variables (see page 3 for the way in which the variables contribute to the overall score; see Appendix A for a full description of all of the scorecard variables). For example, keeping all other measures the same, the finance score of a state with a relatively large percentage of variable rate debt will be lower than a state with no variable rate debt. Because the finance score accounts for 30% of the total score, that new metric will have a greater affect on the total score. Another factor that influenced movements in the current scorecard relates to information available for the prior version: in three states (Illinois, New Mexico and South Dakota) audited fiscal year 2007 financial statements were not available in time to incorporate in the 2008 scorecard. In lieu of updated information, we used the prior year's accounting. This year, fiscal year 2008 audited financial information is available for every state.

STATE	OVERALL 2009 SCORECARD TIER	2008 TO 2009 SCORECARD TIER CHANGE
Alabama	4	Declined from Tier 3
Alaska	1	Improved from Tier 2
Arizona	4	Improved from Tier 5
Arkansas	2	Improved from Tier 3
Delaware	2	Declined from Tier 1
Hawaii	2	Improved from Tier 3
Idaho	3	Declined from Tier 2
Indiana	3	Declined from Tier 2
Louisiana	5	Declined from Tier 4
Maryland	2	Declined from Tier 1
Minnesota	3	Declined from Tier 2
Montana	1	Improved from Tier 2
Nevada	3	Declined from Tier 2
North Carolina	1	Improved from Tier 3
Oklahoma	2	Improved from Tier 4
Rhode Island	4	Declined from Tier 3
South Carolina	3	Declined from Tier 2
South Dakota	1	Improved from Tier 3
Vermont	2	Declined from Tier 1
Washington	3	Declined from Tier 1
West Virginia	2	Improved from Tier 4

Scorecard Reflects State Rating Methodology; State Rankings and Trends Influence, but Do Not Determine Rating

The states scorecard was developed to reflect and support Moody's fundamental approach to rating state governments by assembling and comparing select data points and other variables in the areas of economy, debt, finances, and governance framework, the four main areas of our state analyses. The approach generates relative rankings of the 50 states on each of 14 variables (listed on page 4 and described more fully in Appendix A), averages them by factor or category, and then generates an overall ranking by weighting each of the four factors. As discussed in our 2004 methodology report, the finances and governance framework categories are weighted more heavily relative to the economy and debt categories.

The resulting overall rankings are then grouped into quintiles that represent relative "tiers" of performance on the scorecard. This approach helps separate changes in relative position over time from general changes affecting the entire class of state credits. Moody's maintains G.O. or equivalent ratings on 47 states, 43 of which are in the Aa and Aaa categories. However, a strong upward or downward tier movement, especially if sustained over time, could be an indicator of a meaningful change in relative performance, and could warrant re-examination of a state's G.O. rating.




It is important to note the limitations of the scorecard. Most importantly, it provides a retrospective assessment of a state's financial performance and examines economic and debt trends over a five- and ten-year period, respectively. By comparison, our G.O. state ratings are forward-looking opinions of relative financial strength with emphasis on the quality of a state's governance framework. The scorecard's governance variables, in particular, can only capture a portion of the governance framework analysis that is included in our G.O. rating opinions. While backward looking, the historical performance statistics captured in the scorecard are important. Generally, higher ratings can be expected among the states with the highest statistical scores and rankings in the scorecard. However, a

particularly high or low scorecard ranking does not necessarily have implications for a state's bond rating, even if it persists over time.

SCORECARD VARIABLES

Financial Variables

1. Five-Year Average Fund Balance Ratio
2. Five-Year Tax Revenue Growth
3. Five-Year Expenditure Growth
4. Borrowing for Operations
 - a. Short-term cash-flow borrowing for either of the past two years
 - b. Long-term borrowing for budget purposes in the most recent fiscal year
 - c. Long-term borrowing for budget purposes in any of the three prior fiscal years
5. **New Variable**  Variable Rate Debt
 - a. Percentage of the state's total net tax-supported debt that is variable rate
 - b. Ratio of puttable variable rate debt to liquid resources
 - c. Swaps that are not tied to specific variable rate debt obligations


Debt Variables

1. 10-Year Growth in Net Tax-Supported Debt as % of State Personal Income
2. Net Tax-Supported Debt as % of State Tax Revenues
3. State Pension Funding Ratio

Economic Variables

1. 10-Year Growth in State Per-Capita Income as % of U.S. Average
2. Five-Year State Employment Growth
3. Five-Year Domestic Net Migration as % of U.S. Total
4. State Poverty Rate

Governance Framework Variables

1. Institutional Financial Flexibility - presence of each of the following either detracts from or enhances the score on this variable:
 - » Inflexible spending mandates and/or revenue restrictions in state constitution
 - » Voter initiative/referendum process in state constitution, and resulting constraints on the budget or revenue estimating process
 - » Super-majority requirement for budget passage or tax increases
 - » Timely budget adoption
 - » **New Variable**  Criteria for maintaining, accessing, and replenishing a rainy day fund
2. Fiscal Best Practices - presence of each of the following enhances the score on this variable:
 - » Consensus revenue forecasting process
 - » Multi-year financial planning oriented around structural budget balance
 - » Executive branch legal power to make mid-year spending adjustments without legislative approval
 - » Regular and effective debt affordability analysis
 - » Timely GAAP-basis audited financial reporting

*See Appendix A for detailed description of variables

Appendix A: Detailed Description of Variables

Financial Variables

1. **Five-Year Average Fund Balance Ratio**

The most recent five-year average of the ratio of Unrestricted Fund Balance plus Available Reserves to Operating Revenues. The data are for the state's primary operating funds, on a GAAP basis, as reported in Moody's Financial Ratio Analysis (MFRA.)

2. **Five-Year Tax Revenue Growth**

The most recent five-year total growth in state tax revenues. The data are for the state's primary operating funds, on a GAAP basis, as reported in MFRA.

3. **Five-Year Expenditure Growth**

The most recent five-year total growth in state operating expenditures. The data are for all governmental funds (including federal special revenue funds), on a GAAP basis.

4. **Borrowing for Operations**

This variable is an amalgamation of three yes/no questions: (i) Has the state incurred short-term cash-flow borrowing in any of the past two years? (ii) Has the state incurred long-term borrowing for operating budget purposes in the most recent fiscal year? (iii) Has the state incurred long-term borrowing for operating budget purposes in any of the three prior fiscal years? Borrowing for operations includes debt refundings for upfront savings but with dissavings in the outyears. The scoring for this variable is relatively more sensitive to question (ii), as this is an indicator of current structural budget imbalance pressure in addition to the recent incurrence of long-term deficit-related debt.

5. **New Variable ð Variable Rate Debt**

This variable aggregates three questions that measure the potential risks that variable rate debt and swaps can pose to a state's liquidity: (a) what percentage of the state's total net debt is variable rate? (b) what is the ratio of the state's puttable variable rate debt to its available liquid resources? and (c) does the state have any interest rate swaps that are not hedges to specific variable rate debt obligations? State rankings for this variable are generated in a manner that is proportionally consistent with the 1 to 50 rankings used for other variables.

Debt Variables

1. **Ten-Year Growth in Net Tax-Supported Debt as % of State Personal Income**

A measure of the growth of the state's debt over the past 10 years relative to the state's economic base, as measured by total state personal income. Each state's net tax-supported debt data are compiled annually by Moody's and published in our annual State Debt Medians Report. The last five years' of debt data and debt as a percent of personal income are also reported in Moody's MFRA.

2. **Net Tax-Supported Debt as % of State Tax Revenues**

A current measure of state tax-supported indebtedness, relative to the current tax revenue base of the state's operating funds. Both data points are reported in Moody's MFRA.

3. State Pension Funding Ratio

The most recently reported ratio of state defined benefit pension system assets (on an actuarial valuation basis) as a percent of the present value of actuarial accrued liabilities. If the state is involved in the funding of multiple defined benefit systems, a combined funding ratio is used. The data are collected by Moody's from publicly-available sources. The scorecard rankings are based on the most recent year for which a great majority of states have reported data: for this edition of the scorecard pension funding data are predominantly reported as of 2008. Despite the effort to ensure reporting period comparability, the use of differing actuarial methods and assumptions by the states may still limit the true comparability of the data.

Economic Variables

1. Ten-Year Growth in State Per-Capita Income as % of U.S. Average

The most recent 10-year growth in the ratio of state per-capita income to U.S. per-capita income. The data are on a calendar year basis, as reported by the U.S. Bureau of Economic Analysis.

2. Five-Year State Employment Growth

The most recent five-year total growth in the state's total payroll employment (both private sector and government sector), as reported by the U.S. Bureau of Labor Statistics. The data are on a calendar-year average basis, and are not seasonally adjusted.

3. Five-Year Domestic Net Migration as % of U.S. Total

The state's most recent five-year total net domestic migration, as reported by the U.S. Census Bureau, as a percentage of total net U.S. domestic migration over the same period. It is an indicator of the relative attractiveness of the state's economy, and is naturally skewed by absolute size of the economies in question. The largest states will typically be at either the top end (e.g. Florida) or the bottom end (e.g. California) of this ranking. Foreign migration, which can also be a positive state economic indicator, is not included in this measure.

4. State Poverty Rate

The current percentage of the state's population living in households with income below the national poverty level, as defined and reported by the U.S. Census Bureau. The data are for the most recent year reported by the Census Bureau (i.e. 2008 data in the 2009 scorecard), and are currently reported in MFRA.

Governance Framework Variables

1. Institutional Financial Flexibility

This variable is an amalgam of five yes/no questions:

- a. Inflexible spending mandates and/or revenue limits – does the state constitution contain (i) one or more significant and inflexible minimum spending mandates, or (ii) an inflexible limitation on overall revenue collection and/or requirement to refund “excess” revenues?
- b. Voter initiatives and referenda – does the state constitution authorize a process of voter initiatives and/or referenda, and if so, has it ever affected the budget or revenue estimating process?
- c. Super-majority requirements: does the state constitution require greater-than-majority approval of legislators for adoption of the budget and/or for raising new revenues?
- d. Timely budget adoption – has the state, on more than one occasion over the past five years, passed its budget later than one month after the start of the fiscal year or had a budget delay of any length that resulted in a partial or full state government shutdown?
- e. **New Variable** Δ Are their constitutional or statutory requirements that a rainy day fund be maintained at a certain level, and are their limits on how much can be appropriated from the fund in any particular fiscal year to balance the budget?

2. Fiscal Best Practices

This variable is an amalgam of five yes/no questions:

- a. Consensus revenue forecasting: does the state adhere to an institutionalized consensus revenue estimating process, supported by nonpartisan and objective economic analysis?
- b. Multi-year financial planning: does the state regularly publish multi-year financial plans, including out-year analysis of revenue and spending forecasts?
- c. Executive branch mid-year spending reduction powers – does the executive branch have the legal power to make mid-year spending reductions, without need for legislative approval, and is this authority supported by strong budget monitoring and control processes?
- d. Debt affordability analysis: does the state regularly publish a debt affordability analysis that effectively informs capital budgets and legislative debt authorization decisions?
- e. Timely audited financial reporting – for each of the past two fiscal years, has the state published its audited, GAAP basis financial statements within nine months of the fiscal year-end?

Appendix B

2008 Scorecard and 2009 Scorecard State Rankings
 (states listed alphabetically by quintile)

	2008	RATING AS OF JUL. 08	2009	CURRENT RATING
Tier 1	Delaware	Aaa	Alaska á	Aa2
	Florida	Aa1	Florida	Aa1
	Maryland	Aaa	Montana á	Aa2
	Nebraska	-	Nebraska	-
	North Dakota	Aa2	North Carolina á	Aaa
	Utah	Aaa	North Dakota	Aa2
	Vermont	Aaa	South Dakota á	-
	Virginia	Aaa	Utah	Aaa
	Washington	Aa1	Virginia	Aaa
	Wyoming	-	Wyoming	-
Tier 2	Alaska	Aa2	Arkansas á	Aa2
	Georgia	Aaa	Delaware â	Aaa
	Idaho	Aa2	Georgia	Aaa
	Indiana	Aa1	Hawaii á	Aa2
	Iowa	Aa1	Iowa	Aa1
	Minnesota	Aa1	Maryland â	Aaa
	Montana	Aa2	Oklahoma á	Aa3
	Nevada	Aa1	Tennessee	Aa1
	South Carolina	Aaa	Vermont â	Aaa
	Tennessee	Aa1	West Virginia á	Aa3
Tier 3	Alabama	Aa2	Idaho â	Aa2
	Arkansas	Aa2	Indiana â	Aa1
	Hawaii	Aa2	Kansas	Aa1
	Kansas	Aa1	Minnesota â	Aa1
	New Hampshire	Aa2	Nevada â	Aa2
	North Carolina	Aaa	New Hampshire	Aa2
	Pennsylvania	Aa2	Pennsylvania	Aa2
	Rhode Island	Aa3	South Carolina â	Aaa
	South Dakota	-	Texas	Aa1
	Texas	Aa1	Washington â	Aa1
Tier 4	Colorado	-	Alabama â	Aa2
	Connecticut	Aa3	Arizona á	A1
	Louisiana	A1	Colorado	Aa2
	Maine	Aa3	Connecticut	Aa3
	Missouri	Aaa	Maine	Aa3
	New Mexico	Aa1	Missouri	Aaa
	New York	Aa3	New Mexico	Aa1
	Oklahoma	Aa3	New York	Aa3
	Oregon	Aa2	Oregon	Aa2
	West Virginia	Aa3	Rhode Island â	Aa3
Tier 5	Arizona	Aa3	California	Baa1
	California	A1	Illinois	A2
	Illinois	Aa3	Kentucky	Aa2
	Kentucky	Aa2	Louisiana â	A1
	Massachusetts	Aa2	Massachusetts	Aa2
	Michigan	Aa3	Michigan	Aa3
	Mississippi	Aa3	Mississippi	Aa3
	New Jersey	Aa3	New Jersey	Aa3
	Ohio	Aa1	Ohio	Aa2
	Wisconsin	Aa3	Wisconsin	Aa3

Arrows next to a state's name indicate whether it moved up (á) or down (â) a tier in this edition of the scorecard compared to the prior edition.

Appendix C

	FINANCIAL RANKING		ECONOMIC RANKING		DEBT RANKING		GOVERNANCE RANKING	
	2008	2009	2008	2009	2008	2009	2008	2009
Tier 1	Alaska	Alaska	Colorado	Alaska á	Delaware	Delaware	Delaware	Alaska á
	Arizona	Arkansas	Florida	Montana	Florida	Florida	Indiana	Florida á
	Arkansas	Florida	Idaho	Nevada	Iowa	Iowa	Kansas	Indiana
	Delaware	Maryland á	Montana	North Dakota á	Minnesota	Montana á	Maryland	Maryland
	Florida	Missouri á	Nevada	Oklahoma á	Nebraska	Nebraska	Nevada	Nebraska á
	Hawaii	Montana	Texas	Texas	South Dakota	South Dakota	North Carolina	North Carolina
	Montana	Nebraska	Utah	Utah	Tennessee	Tennessee	Rhode Island	Rhode Island
	Nebraska	North Dakota	Virginia	Virginia	Utah	Utah	South Carolina	South Carolina
	North Dakota	South Dakota á	Washington	Washington	Vermont	Vermont	Utah	Utah
	Oklahoma	West Virginia á	Wyoming	Wyoming	Wyoming	Wyoming	Virginia	Virginia
Tier 2	Alabama	Alabama	Arizona	Alabama á	Arkansas	Arkansas	Florida	Delaware â
	Georgia	Arizona â	Delaware	Colorado â	Georgia	Georgia	Georgia	Georgia
	Idaho	Delaware â	Hawaii	Connecticut á	Idaho	Indiana	Iowa	Hawaii á
	Maryland	Hawaii â	Maryland	Florida â	Indiana	Michigan á	Massachusetts	Iowa
	Missouri	Idaho	New Hampshire	Hawaii	Montana	Minnesota â	Michigan	Kansas â
	Pennsylvania	Louisiana á	New Mexico	Idaho â	New Hampshire	New York	Minnesota	Minnesota
	Utah	Oklahoma â	North Dakota	Maryland	New York	North Dakota	Vermont	Nevada â
	Virginia	Oregon á	Oklahoma	Oregon á	North Dakota	Pennsylvania	Washington	New Mexico á
	Washington	Virginia	South Carolina	South Dakota á	Pennsylvania	Texas	West Virginia	Vermont
	Wyoming	Wyoming	Vermont	Vermont	Texas	Virginia á	Wyoming	West Virginia
Tier 3	Kansas	Georgia â	Alabama	Arizona â	Arizona	Arizona	Alabama	Arkansas á
	Louisiana	Illinois á	Alaska	Arkansas	Colorado	Colorado	Alaska	Connecticut
	Minnesota	Iowa á	Arkansas	Delaware â	Maine	Idaho â	Connecticut	Louisiana á
	Nevada	Kansas	Connecticut	Iowa á	Maryland	Maine	Hawaii	Massachusetts â
	New Mexico*	Maine á	Georgia	Massachusetts á	Michigan	Maryland	Illinois	Montana á
	New York	New Hampshire á	Minnesota	Nebraska	Missouri	New Hampshire â	Louisiana	North Dakota á
	South Carolina	New York	Nebraska	New Hampshire â	North Carolina	North Carolina	New Hampshire	Oregon
	South Dakota*	Pennsylvania á	North Carolina	New Mexico â	Ohio	Oklahoma á	New Jersey	South Dakota á
	Vermont	Utah â	Oregon	North Carolina	Virginia	Washington á	New Mexico	Tennessee á
	West Virginia	Washington â	South Dakota	South Carolina â	Wisconsin	Wisconsin	Oregon	Wyoming â
Tier 4	Colorado	Colorado	California	Georgia â	Alabama	Alabama	Idaho	Idaho
	Indiana	Connecticut á	Iowa	Kansas á	Alaska	Alaska	Maine	Michigan â
	Iowa	Indiana	Maine	Maine	California	California	Mississippi	New Hampshire â
	Massachusetts	Minnesota â	Massachusetts	Minnesota â	Connecticut	Connecticut	Nebraska	New Jersey â
	Mississippi	Mississippi	Missouri	Missouri	Hawaii	Hawaii	New York	New York
	New Hampshire	Nevada â	New Jersey	New Jersey	Kansas	Louisiana á	North Dakota	Ohio á
	New Jersey	New Jersey	Pennsylvania	Pennsylvania	Oklahoma	Missouri â	Pennsylvania	Oklahoma á
	North Carolina	North Carolina	Rhode Island	Tennessee	Oregon	Ohio â	Tennessee	Pennsylvania
	Tennessee	Tennessee	Tennessee	West Virginia	Rhode Island	Rhode Island	Texas	Texas
	Texas	Vermont â	West Virginia	Wisconsin á	Washington	West Virginia á	Wisconsin	Washington â
Tier 5	California	California	Illinois	California â	Illinois	Illinois	Arizona	Alabama â
	Connecticut	Kentucky	Indiana	Illinois	Kentucky	Kansas â	Arkansas	Arizona
	Illinois*	Massachusetts â	Kansas	Indiana	Louisiana	Kentucky	California	California
	Kentucky	Michigan	Kentucky	Kentucky	Massachusetts	Massachusetts	Colorado	Colorado
	Maine	New Mexico â	Louisiana	Louisiana	Mississippi	Mississippi	Kentucky	Illinois â
	Michigan	Ohio	Michigan	Michigan	Nevada	Nevada	Missouri	Kentucky
	Ohio	Rhode Island	Mississippi	Mississippi	New Jersey	New Jersey	Montana	Maine â
	Oregon	South Carolina â	New York	New York	New Mexico	New Mexico	Ohio	Mississippi â
	Rhode Island	Texas â	Ohio	Ohio	South Carolina	Oregon â	Oklahoma	Missouri
	Wisconsin	Wisconsin	Wisconsin	Rhode Island â	West Virginia	South Carolina	South Dakota	Wisconsin â

* When the prior version of the scorecard was published, these states had not yet released audited fiscal 2007 financial results, thus their 2008 Financial Rankings are not comparable to other states.

Arrows next to a state's name indicate whether it moved up (á) or down (â) a tier in this edition of the scorecard compared to the prior edition.

Appendix D

U.S. States Credit Scorecard

	HIGH	MEDIAN	LOW
Finance Variables			
Five Year Average Fund Balance Ratio			
2008	72.9%	5.8%	(20.0%)
2009	83.0%	7.3%	(19.3%)
Five-Year Tax Revenue Growth			
2008	232.8%	37.5%	10.1%
2009	564.5%	29.8%	8.4%
Five-Year Expenditure Growth			
2008	65.0%	24.2%	5.7%
2009	74.2%	26.6%	(0.1%)
Number of States that Incurred Deficit Borrowing in the Most Recent Year			
2008		0	
2009		3	
Economic Variables			
Ten-Year Growth in Per-Capita Income as a % of U.S. Average			
2008	21.2%	0.4%	(9.2%)
2009	35.0%	0.7%	(11.6%)
Five-Year State Employment Growth			
2008	18.7%	5.3%	(3.5%)
2009	16.9%	3.9%	(5.5%)
Five-Year Domestic Net Migration			
2008	913,873	12,335	(1,066,358)
2009	738,103	6,358	(978,004)
State Poverty Rate			
2008	20.1%	11.7%	5.6%
2009	19.3%	12.5%	7.0%
Debt Variables			
Ten-Year Growth in Net Tax-Supported Debt as % of State Personal Income			
2008	3.8%	0.4%	(2.2%)
2009	3.5%	0.4%	(2.2%)
Net Tax-Supported Debt to State Tax Revenues			
2008	157.8%	51.5%	1.2%
2009	143.8%	51.8%	0.9%
State Pension Funding Ratio			
2008	132.4%	82.9%	34.6%
2009	124.7%	82.9%	46.2%

Related Research

Median Reports:

- » [2008 State Debt Medians, March 2008 \(107917\)](#)

Rating Methodology:

- » [Moody's State Rating Methodology, November 2004 \(89335\)](#)

Special Comment:

- » [U.S. States Credit Scorecard, August 2006 \(98088\)](#)
- » [U.S. States Credit Scorecard 2007, August 2007 \(104389\)](#)
- » [U.S. States Credit Scorecard 2008, July 2008 \(109606\)](#)
- » [Rating Changes for the 50 States from 1973 to Date, October 2009 \(115372\)](#)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

» contacts continued from page 1

Report Number: 122962

Analyst Contacts:

NEW YORK	1.212.553.1653
John Ceffalio	212.553.0334
Assistant Vice President-Analyst	
John.Ceffalio@moodys.com	
Maria Coritsidis	212.553.4173
Assistant Vice President-Analyst	
Maria.Coritsidis@moodys.com	
Edward Hampton	212.553.2741
Assistant Vice President-Analyst	
Edward.Hampton@moodys.com	
Kimberly Lyons	212.553.4673
Analyst	
Kimberly.Lyons@moodys.com	
Robert Canfield	212.553.3801
Senior Associate	
Robert.Canfield@moodys.com	
Edith Behr	212.553.0566
Vice President-Senior Credit Officer	
Edith.Behr@moodys.com	
Robert A. Kurtter	212.553.4453
Team Managing Director	
Robert.Kurtter@moodys.com	

Author
Nicholas Samuels

Production Associate
Wing Chan

© 2010 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."