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**State of Wisconsin**  
**Additional/Voluntary Filing #2014-21**  
Dated November 21, 2014

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This Additional/Voluntary Filing does not concern an event described in Securities and Exchange Act Rule 15c2-12, as amended. The State of Wisconsin provides this information as it may be material to financial evaluation of one or more obligations of the State of Wisconsin.

**Issuer:** State of Wisconsin  
General Obligation Bonds

**CUSIP Numbers:** 977055 Prefix (All) 977056 Prefix (All)  
97705L Prefix (All)

**Type of Information:** Additional/Voluntary Disclosure  
Other Event-Based Disclosures; Rating Outlook Change

Moody's Ratings Service has revised the outlook on the State's general obligation bonds from "stable" to "positive". The bond rating is affirmed at Aa2. Attached is a **report issued by Moody's Investors Service**.

The State of Wisconsin is providing this Additional/Voluntary Filing with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This Additional/Voluntary Filing is also available on the State of Wisconsin Capital Finance Office web site at:

[doa.wi.gov/capitalfinance](http://doa.wi.gov/capitalfinance)

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing additional/voluntary filings, annual reports, and Event Filings pursuant to the State's Master Agreement on Continuing Disclosure (Amended and Restated December 1, 2010), and is authorized to distribute this information publicly.

/s/ KEVIN D. TAYLOR

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# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's revises Wisconsin's outlook to positive from stable; assigns Aa2 rating to planned issuance of \$296.9 million of G.O. Refunding Bonds of 2014, Series 4**

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Global Credit Research - 20 Nov 2014

#### **Approximately \$7.7 billion in G.O. Bonds Outstanding**

New York, November 20, 2014 --

Moody's Rating

Issue: General Obligation Refunding Bonds of 2014, Series 4; Rating: Aa2; Sale Amount: \$296,985,000; Expected Sale Date: 11-25-2014; Rating Description: General Obligation

Opinion

Moody's Investors Service has changed the outlook to positive for the State of Wisconsin, assigned the Aa2 rating to the current \$296.9 million General Obligation Refunding Bonds of 2014, Series 4 and affirmed the Aa2 rating on the state's \$7.7 billion in outstanding general obligation bonds. Moody's has also affirmed the Aa3 rating on the states appropriation bonds. The bonds are expected to sell no earlier than November 25, 2014. Proceeds of the 2014 Series 4 bonds will be used to advance refund bonds at a future redemption date for debt service savings.

#### SUMMARY RATING RATIONALE

The positive outlook reflects an improved liquidity position, conservative management of retiree benefits that limits future budgetary pressures, and reductions in the state's long standing negative GAAP fund balance that, if continued, would allow the state to improve its reserves and balance sheet.

The states Aa2 general obligation rating incorporates as a fully funded pension system and limited OPEB liability, moderate economic growth, as well as governance constraints evidenced by limited executive authority to reduce mid-year appropriations. The rating also acknowledges the current 2013-2015 biennium budget does not include any fund transfers or debt restructuring to balance the budget, actions the state relied heavily on in the past, as well as remaining risks evidenced by continued revenue volatility and a fund balance position that remains below average.

#### STRENGTHS

- Pension obligations that are well funded supplemented by structural plan enhancements that will insulate the plan from significant market volatility
- Improved liquidity position bolstered by the \$1.8 billion in alternate liquidity for FY 2015
- Recent actions taken to reduce the long-standing negative GAAP fund balances
- Minimal OPEB liability

#### CHALLENGES

- Sizeable negative GAAP balances
- Lack of certain fiscal best practices (binding consensus revenue forecasting, and multi-year revenue and expenditure plans)
- Exposure to cyclical manufacturing economy

#### OUTLOOK

The positive outlook reflects improvements in the state's liquidity and financial position that, if continued, would

allow the state to improve its reserves and draw closer to structural balance. The state's ability to make progress toward structural budget balance and continued improvement in its fund balances will be important to future credit analysis.

#### WHAT COULD CHANGE THE RATING UP

- Elimination of negative fund balance
- Established trend of improving structural budget balance
- Continued strengthening of liquidity
- Funding and maintenance of the budget stabilization fund to a level sufficient to provide a meaningful financial cushion in times of revenue volatility
- Sustained job and economic growth

#### WHAT COULD CHANGE THE RATING DOWN

- Further economic deterioration and employment losses that further depress revenues
- Accelerated deterioration of the state's financial position resulting in further weakening of liquidity or larger GAAP-negative fund balances
- A reversal in the level of funding for the states pension system

The principal methodology used in this rating was US States Rating Methodology published in April 2013. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

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