State of Wisconsin
Event Filing #2014-05
Dated March 18, 2014

This Event Filing concerns an event described in Securities and Exchange Act Rule 15c2-12, as amended.

Issuer: State of Wisconsin
Transportation Revenue Bonds

CUSIP Numbers: 977123 (Prefix) All

Type of Information: New Rating.

On March 17, 2014, Kroll Bond Rating Agency assigned the long-term rating of AAA with a stable outlook to the State of Wisconsin transportation revenue bonds. This is a new rating for this credit. In connection with the pending sale and issuance of Transportation Revenue Bonds, 2014 Series 1 and Transportation Revenue Refunding Bonds, 2015 Series 1, the State has also requested confirmation of ratings from agencies that previously rated this credit, namely Fitch Ratings, Moody's Investors Service, Inc., and Standard & Poor's Ratings Services. Attached to this filing is a copy of the rating report provided by Kroll.

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

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 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.

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State of Wisconsin Transportation Revenue Bonds, 2014 Series 1 and 2015 Series 1

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March 18, 2014

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Executive Summary

Kroll Bond Rating Agency (KBRA) has assigned a long-term rating of AAA with a stable outlook to the State of Wisconsin's $393.6 million Transportation Revenue Bonds, 2014 Series 1 and 2015 Series 1. This rating applies to all of the State's outstanding first lien Transportation Revenue Bonds. After issuance of the 2014 Series 1 and 2015 Series 1 Bonds, the State will have a total of approximately $2.0 billion in Transportation Revenue Bonds outstanding. This rating is based on KBRA's **U.S. Special Tax Rating Methodology**, published on August 21, 2012.

Security

The 2014 Series 1 and 2015 Series 1 Bonds are issued as revenue obligations of the State and secured by a first lien pledge of motor vehicle registration fees collected statewide and certain other vehicle registration-related fees. The Bonds will not be secured by a debt service reserve fund.

Use of Proceeds

A portion of the proceeds of the 2014 Series 1 Bonds will be used to finance certain State transportation facilities and highway projects and pay costs of issuance of the bonds. The remaining proceeds of the 2014 Series 1 Bonds will be used to refund certain outstanding Transportation Revenue obligations on a current basis on July 1, 2014. Proceeds of the 2015 Series 1 bonds will be used to refund certain outstanding Transportation Revenue obligations on a current basis on July 1, 2015. The 2015 Series 1 Bonds will be issued with a forward settlement date of on or after April 2, 2015 under a forward delivery bond purchase agreement.

Key Rating Strengths
▪ Very strong coverage of maximum annual debt service (MADS) of 3.04x from FY 2013 pledged revenues.
▪ Strong additional bonds test requires historical coverage of 2.25x MADS for issuance of additional first lien Bonds.
▪ The State has covenanted in the General Resolution to charge sufficient vehicle registration fees and registration-related fees to pay principal and interest on the Bonds.
▪ Pledged revenues consist largely of motor vehicle registration fees which are imposed state-wide and collected annually.
▪ The State DOT monitors pledged revenue levels and recommends adjustments to Governor and Legislature.

Key Rating Concerns
▪ Pledged revenues have not shown consistent growth over the last five years.

Rating Summary

KBRA's rating of AAA with a stable outlook is based on the strong current coverage of over 3x MADS, the stability of the pledged revenue base and the strong legal protections offered by the legal documents. KBRA views Wisconsin State statutes and the financing documents as providing a strong legal framework for issuance of the State's first lien Transportation Revenue Bonds. The State has covenanted in the General Resolution that as long as Bonds are outstanding, it will charge and cause to be deposited with the Trustee sufficient pledged revenues to pay principal and interest on the Bonds and make all payments required under the General Resolution. While the State covenant does not function as a legal rate covenant, KBRA views both the State covenant and the Legislature's history of raising fees as very positive indicators of the intention and the ability to maintain sufficient coverage.

The 2014 Series 1 and 2015 Series 1 Bonds will be issued as revenue obligations of the State and are secured by a first lien pledge of Program Income and certain Funds pledged under the General Resolution. Program Income includes motor vehicle registration fees authorized under State statutes and certain other vehicle registration-related fees added in 2003 under the 2003 Wisconsin Act 33. All Program Income collected by the Department of Transportation (DOT) is deposited directly with the Bond Trustee into the Redemption Fund under the General Resolution. Program Income revenues are not considered revenues of the State until all required quarterly payments are made under the General Resolution, at which time, these revenues are transferred to the State's Transportation Revenue Fund held by the DOT, free of any lien or pledge.

The Bonds are being issued on parity with the State's outstanding first lien Transportation Revenue Bonds under the General Resolution. After this issuance, there will be approximately $2 billion in first lien Transportation Revenue Bonds outstanding. The General Resolution also allows for issuance of subordinate lien revenue obligations; there is currently $163.7 million in Commercial Paper (CP) Notes outstanding. Additional first lien debt may be issued on parity with outstanding debt under the General Resolution if historical Program Income, including interest earnings, for any 12 consecutive months of the preceding 18 months provides at least 2.25x MADS on outstanding and proposed first lien Bonds.

Both vehicle registration fees and the other registration-related fees are collected by DOT throughout the year. Vehicle registration fees are mostly imposed on an annual basis and are due on a staggered basis during the year. In FY 2013, quarterly collections of vehicle registration fees ranged from approximately 22% to 27% of the total collections, which represent fairly even cash flow quarter to quarter. A small number of vehicle types are registered only on a biennial basis.

KBRA views the pledged vehicle registration fees and the registration-related fees as providing a very stable source of payment for the 2014 Series 1 and 2015 Series 1 Bonds in that motor vehicle registration fees are levied state-wide and payment of the fee on an annual basis is mandatory. All owners of motor vehicles throughout the state are required to annually or biennially renew their vehicle registration on all their vehicles. Though the level of annual motor vehicle registrations generally show some sensitivity to economic cycles, KBRA views this revenue source as generally fairly stable as compared to many other special taxes and fees. The registration-related fees, comprising approximately 17% of the pledged revenues in 2013, are also fairly stable. Total Program Income has generally shown moderate growth or minimal declines since FY 2004, after adjusting for fee increases, reflecting the relative stability of all fees connected with vehicle registration in times of economic growth and recession. The DOT will monitor vehicle registration fee and other registration-related fee revenue in relation to scheduled debt service payments on the Bonds and Notes and recommend appropriate adjustments to the registration fees or other registration-related fees to the Governor and Legislature. The Legislature raised the vehicle registration fee in FY 2004 and FY 2008 and raised registration-related fees in FY 2004, FY 2006 and FY 2008. In KBRA's view, the ongoing oversight of pledged revenues by the DOT is very positive. KBRA views the ongoing over sight of pledged revenues by DOT as very positive.

KBRA views the current coverage on MADS on first lien Bonds from pledged Program Income revenues to be very strong at 3.04x. The protection provided by the first lien additional bonds test is also strong at 2.25x and excess pledged revenues are an important source of transportation program funding for the State Actual FY 2013 Program Income provides 3.04x coverage of projected MADS, which KBRA views as very strong. Since FY 2005, historical Program Income revenue numbers have provided over 2x coverage of the MADS after issuance of the 2014 Series 1 and 2015 Series 1 Bonds.

KBRA views Wisconsin's economy to be moderately strong and fairly broad based. This is based on an unemployment rate which has been lower than the U.S. since 2008, growth in employment over the past two years, and three years of growth in GDP. While KBRA views these as positive indicators of the State's economy, Wisconsin has a slower post-recession rate of job growth compared to the U.S. and a lower level of personal income per capita than the U.S. at 97% of the U.S. average. The State's employment base is more concentrated in manufacturing than the U.S., however, the State continues to have strong growth in manufacturing employment and this sector is forecasted to grow. From 2002 to 2012, Wisconsin's population grew 5.2%, faster than the Great Lakes region at 2.2% but slower than the U.S. at 9.1%. The State's personal income per capita for the third quarter 2013 was $43,630 which is 97% of the national level, up from 94% in 2012.

Manufacturing and agriculture have historically been the two major components of Wisconsin's economy. Historically, the State's manufacturing base had been heavy manufacturing but has diversified in recent years. Today, the State's manufacturing base is broad and robust with growth in many areas including advanced technology sectors, industrial controls, robotics, healthcare services data systems, and medical imaging.

Outlook: Stable

The stable outlook reflects KBRA's expectation that MADS coverage on the State's first lien Transportation Revenue Bonds will remain high and that the State will continue to monitor pledged revenues and the Legislature will make adjustments, as necessary, to maintain funding levels for the Transportation revenue Bonds and the State transportation program.

In KBRA's view, the following factors may contribute to a downgrade:

- A history of consistent declines in pledged revenues.
- A significant decline in MADS coverage levels.

Key Rating Determinants

Rating Determinant 1: Legal Framework

KBRA views Wisconsin State Statutes and the financing documents as providing a strong legal framework for issuance of the first lien Transportation Revenue Bonds. These Bonds are being issued under the General Resolution, dated June 26, 1986, as amended, and Chapter 18 and Section 84.59 Wisconsin Statutes. Issuance is specifically authorized by the State of Wisconsin State Building Commission. The General Resolution clearly defines the pledge of revenues, establishes a clear flow of funds and defines the conditions under which additional parity debt can be issued. Approximately $2.0 billion of Transportation Revenue obligations will be outstanding after this issuance. Under existing statutory authorization, $613 million remains unissued for new money projects prior to the issuance of the 2014 Series 1 and 2015 Series 1 Bonds. The State Legislature generally increases the authorization as part of the biennial budget process. Under existing statutory authorization, there is no limit on the issuance amount for refunding purposes.

The State has covenanted in the General Resolution that as long as Bonds and Notes are outstanding, it will charge and cause to be deposited with the Trustee, sufficient Program Income, including vehicle registration fees to and other registration-related fees, to pay principal and interest on the Bonds and

Notes and make all payments required under the General Resolution. KBRA views this covenant by the State as very positive.

Nature and Strength of Pledge

The 2014 Series 1 and 2015 Series 1 Bonds will be issued as revenue obligations of the State and are secured by a first lien pledge of Program Income and certain Funds pledged under the General Resolution. Program Income includes motor vehicle registration fees authorized under certain State statutes and certain other vehicle registration-related fees added in 2003 under the 2003 Wisconsin Act 33. All Program Income is collected by DOT and deposited in an account (Redemption Fund) held by the Trustee, outside of the State Treasury. Program Income includes all investment income generated by funds in the Redemption Fund.

Lien Structure

The Bonds are being issued on parity with the State's outstanding first lien Transportation Revenue Bonds under the General Resolution. The State generally issues Transportation Revenue Bonds on an annual basis; the last issuance was in March of 2013. The General Resolution also allows for the issuance subordinate lien revenue obligations; there is currently $163.7 million in Commercial Paper (CP) Notes outstanding. Under the General Resolution, the State has covenanted to issue no obligations with a prior or parity lien on Program Income, except as permitted under the General Resolution.

Timing of Deposits

Both vehicle registration fees and the registration-related fees are collected by DOT throughout the year. Vehicle registration fees, which represented approximately 83% of Program Income in FY 2013, are imposed on an annual basis and are due on a staggered basis to even out DOT workflow. In FY 2013, quarterly collections of vehicle registration fees ranged from approximately 22% to 27% of the total collections, which represent fairly even cash flow quarter to quarter.

All Program Income collected by the DOT is deposited directly with the Bond Trustee into the Redemption Fund (Program Income Account) under the General Resolution. Program Income revenues are not considered revenues of the State until all required quarterly payments are made under the General Resolution, at which time, these revenues are transferred to the State's Transportation Fund held by the DOT, free of any lien or pledge, to fund state transportation projects.

Under the General Resolution, the Trustee is required to commence transfer of funds from the Program Income Account, as outlined below, on each Redemption Fund Deposit Day, defined as January 1, April 1, July 1 and October 1 and continue the transfer funds until the full requirement is met. All of the outstanding and proposed first lien Transportation Revenue Bonds are fixed lien obligations. Transfers are required to be made from the Program Income Fund, as follows:

- Interest Account to fund required interest, defined as interest previously unpaid and the amount of any interest accruing in the period before the Redemption Fund Deposit Date (three months).
- Principal Account to fund required principal, defined as any principal previously unpaid and the amount of principal accruing in the period before the Redemption Fund Deposit Date (three months).
- Debt Service Reserve Fund to fund a deficiency, if any.
- Program Expense Fund to fund program expenses until the next Redemption Fund Deposit Date.

- Subordinated Debt Service Fund to fund the subordinated debt service requirement. Principal and interest on subordinate debt is funded on the same basis as the first lien debt.
- Excess amounts in the Redemption Fund, after meeting the above requirements is paid to the State Treasury for deposit into the State Transportation Fund.

Debt Service Reserve Fund

The General Resolution provides for funding a debt service reserve fund, however, the reserve fund requirement is set by the State for each specific series issued. Since 2003, the State has not established a requirement for a funded reserve fund and has stated that it does not expect to in the future. The current debt service reserve fund requirement is $9 million, however, the State expects to liquidate this amount and reduce the requirement to $0 on July 1, 2014, as allowed under the General Resolution. In light of the breadth of the revenue base and the high debt service coverage, KBRA views the lack of a reserve requirement to be reasonable.

Additional Bonds Test

Additional first lien debt may be issued on parity with outstanding debt under the General Resolution if historical Program Income, including interest earnings, for any 12 consecutive months of the preceding 18 months provides at least 2.25x MADS on outstanding and proposed first lien Bonds. MADS is defined as the highest current or future aggregate annual debt service requirement, on all outstanding and proposed Bonds.

Additional subordinated indebtedness issued on parity with outstanding CP Notes may be issued under the General Resolution if historical Program Income, including interest earnings, for any 12 consecutive months of the preceding 18 months provides at least 1.75x combined MADS on outstanding first lien Bonds and outstanding and proposed subordinate lien debt. The maximum allowable interest rate under the document would be used to calculate interest expense.

Subordinate Debt

The subordinate lien CP Notes are issued as part of the State's overall debt management strategy for its transportation revenue obligations. The CP Notes are issued as variable rate obligations and each Note will mature from 1 to 270 days from each issuance date. Notes may be redeemed from the proceeds of additional Notes, long term Transportation Revenue Bonds previously issued for this purpose, or funds of the State outside of the General Resolution. The CP Notes are retired under specific amortization schedules. The CP Notes are issued with liquidity support in the form of a line of credit and the amount of CP Note issuance is limited to the amount of liquidity made available (currently $175 million). Current liquidity support is provided by State Street Bank and California State Teacher's Retirement System (CalSTRS). Under the Credit Agreement with the current liquidity providers, the obligation to provide funds is subject to certain conditions and may terminate without notice or demand upon the occurrence of certain events.

KBRA views the structure of the flow of funds as providing strong security for the first lien obligations and offering protection against potential liquidity risk connected with the periodic remarketing of the subordinate lien Commercial Paper Notes, in that all principal and interest due on the Commercial Paper Notes on a given maturity date would be payable on a quarterly basis after the senior lien bonds.

Bankruptcy Assessment

Under Chapter 9 of the U.S. Bankruptcy Code, State governments are not permitted to petition courts for protection from creditors, including holders of their general obligation debt.

Based on the foregoing, KBRA views the State of Wisconsin's legal framework for the issuance of the 2014 Series 1 and 2015 Series 1 Bonds as being consistent with a rating of AAA. This rating is based on the strength and clarity of the pledge of revenues on a first lien basis and a clearly defined flow of funds under the General Resolution. The rating also reflects a strong additional bonds test. While the State covenant does not function as a legal rate covenant, KBRA views both the State covenant and the Legislature's history of raising fees as very positive indicators of the intention and the ability to maintain sufficient coverage.

Rating Determinant 2: Nature of Pledged Revenue Tax Base

KBRA views the pledged vehicle registration fees and the registration-related fees as providing a very stable source of payment for the Bonds. Motor vehicle registration fees, which comprise 83% of pledged Program Income, are levied statewide on all motor vehicles and payment of the fee on an annual or biennial basis is mandatory. Though motor vehicle registrations generally show some sensitivity to economic cycles, this revenue source is generally fairly stable as compared to many other special taxes and fees. The other registration-related fees, comprising approximately 17% of the pledged revenues in FY 2013, are also fairly stable. Based on the foregoing, KBRA views the nature of the pledged revenue tax base as being consistent with an AAA rating.

Rating Determinant 3: Economic Base and Demographics

KBRA views Wisconsin's economy as moderately strong based on an unemployment rate which has been lower than the U.S. since 2008, growth in employment over the past two years, and three years of growth in GDP. While KBRA views these as positive indicators of the State's economy, Wisconsin has a slower post-recession rate of job growth compared to the U.S. and a lower level of personal income per capita than the U.S. at 97% of the U.S. average. The State's employment base is more concentrated in manufacturing than the U.S., however, the State continues to have strong growth in manufacturing employment and this sector is forecasted to grow.

The State of Wisconsin is located in the Midwest, situated between Lake Michigan to the east and the Mississippi River to the west, covers 54,310 square miles and serves a population of 5.7 million. The State's largest city is Milwaukee and accounts for 10.6% of the State's population; the State's capital and second largest city is Madison accounting for 4.1% of the State's population. From 2002 to 2012, Wisconsin's population grew 5.2%, faster than the Great Lakes region at 2.2% but slower than the U.S. at 9.1%.

The State's personal income, as of the third quarter of 2013, was $250.5 billion and its personal income per capita for the third quarter 2013 is $43,630 which is 97% of the national level, up from 94% in 2012. Personal income per capita has grown 31.6% between 2002 and 2012 which is slightly below growth in the U.S. of 35.6% during this same period. From the third quarter of 2012 to the third quarter 2013, the State's personal income grew 4.4% which was higher than both the U.S. and the region at 3.6% respectively.

Table 1	Wisconsin			Great Lakes[1]				U.S.		
	2012	% Chg from 2002[2]	2012 U.S. Percentile	2012	% Chg from 2002*	2012 U.S. Percentile	WI as % of GL Avg	2012	% Chg from 2002*	WI as % of U.S. Avg
Population	5,726,398	5.2%		46,566,572	2.2%		**12.3%**	313,914,040	9.1%	**1.8%**
Age Dependency Ratio[3]	59.8%	(2.8%)		60.0%	(2.4%)			57.7%	(4.6%)	
Population with B.A. Degree or higher[4]	27.1%	21.0%	57%	26.7%	18.7%	61%	**101.5%**	29.1%	19.3%	**93.1%**
Poverty Level	13.2%	51.7%		15.4%	51.0%		**85.7%**	15.9%	28.2%	**83.0%**
Personal Income (in billions)	$232.1	38.4%		$1,874.5	33.0%			$13,402	48.0%	
Personal Income per capita	$40,537	31.6%	52%	$40,255	30.1%	54%	**100.7%**	$42,693	35.6%	**94.9%**
Real Gross Domestic Product (in billions)	$225.1	10.1%		$1,858.9	4.8%			$13,431	16.2%	
Real GDP per capita	$39,308	4.7%	58%	$39,919	2.5%	56%	**98.5%**	$42,784	6.5%	**91.9%**

Source: U.S. Census Bureau, U.S. Bureau of Economic Analysis

[1] Great Lakes region is defined as Illinois, Indiana, Michigan, Ohio and Wisconsin.

[2] Population with a B.A. degree or higher and the poverty levels are percent changes from 2000 due to lack of data for these two variables in 2002.

[3] Age dependency ratio is the sum of the population under 18 yrs and 65 yrs and older divided by persons age 18 to 64 yrs

[4] Percent of the population aged 25 and over

Employment Base

Wisconsin has a diverse employment base anchored by manufacturing at 16.4% of total non-farm employment, education and health services at 14.9%, government at 14.6% and wholesale and retail trade at 14.6%. The State is more concentrated in manufacturing compared to the U.S. where it accounted for 8.8% of 2013 total non-farm employment.

Manufacturing and agriculture have historically been the two major components of Wisconsin's economy. Historically, the State's manufacturing base had been heavy manufacturing but has diversified in recent years. Today, the State's manufacturing base is broad and robust with growth in many areas including advanced technology sectors, industrial controls, robotics, healthcare services data systems, and medical imaging. The State is poised to benefit from forecasted growth in high technology manufacturing as well as additional growth from re-shoring. Re-shoring is the process of firms moving operations back to the U.S., or closer to it, from overseas. Manufacturing in particular will benefit from re-shoring as manufacturing processes become more complicated and challenging to manage from overseas. The University of Wisconsin is also one of the world's leading centers of research and development of biotechnology. In 2011, Wisconsin's $2.85 billion in agricultural exports ranked 16th among U.S. states, moving up one spot from 2010. Companies headquartered in Wisconsin include Harley Davidson, Trek Bicycles, Northwestern Mutual, Johnson Controls, Oshkosh, and Rockwell Automation and American Family Insurance Group. However, the majority of the State's employers are small businesses. The 10 largest employers in the State for 2012 can be seen in Table 2.

Table 2: Wisconsin's 10 Largest Employers as of 2013		
Company	**Number of Employees**	**Rank in 2013**
Wal-Mart Associate Inc.	Greater than 9,999	1
University of Wisc-Madison	Greater than 9,999	2
Milwaukee Public Schools	Greater than 9,999	3
US Postal Service	Greater than 9,999	4
Menard Inc.	7,500-9,999	5
Department of Corrections	7,500-9,999	6
Marshfield Clinic	7,500-9,999	7
Department of Veterans Affairs	7,500-9,999	8
City of Milwaukee	5,000-7,499	9
University of Wisconsin Hospitals	5,000-7,499	10

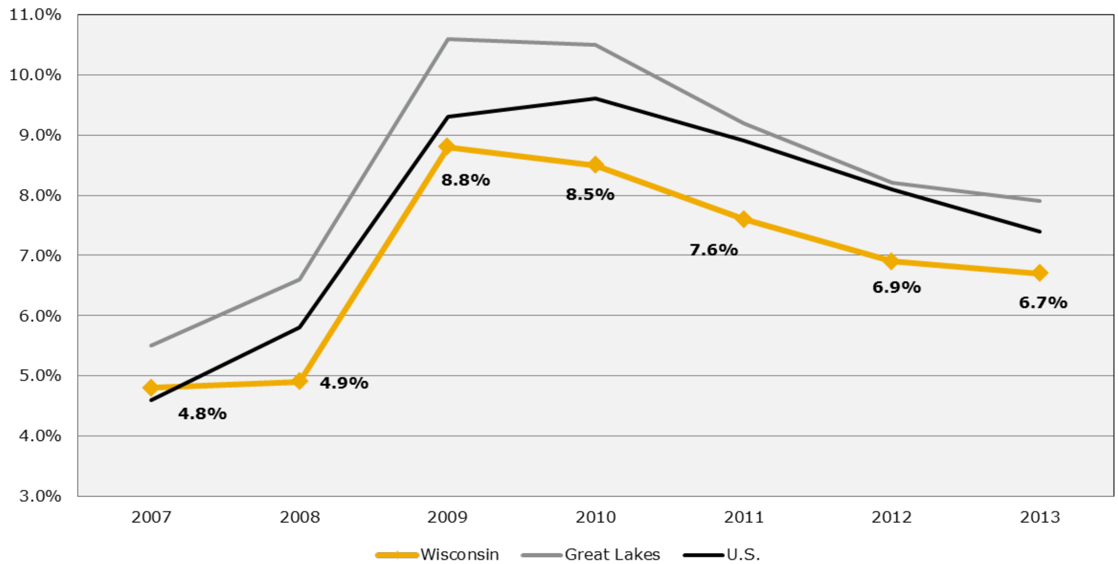
Source: State of Wisconsin 2013 CAFR

Moderate Economic Growth Post-Recession

Since the Great Recession, Wisconsin has had moderate economic growth compared to the U.S. as evidenced by gains in total non-farm employment, unemployment rates lower than the U.S. and Great Lakes region, and three years of growth in GDP; however, the State has had slower growth in terms of job recovery and GDP when compared to the US and Great Lakes. Total non-farm employment in Wisconsin increased 1.1% in 2011 and 1.0% in 2012 and 2013 compared to increases in the U.S. of 1.2% and 1.7%, respectively. As of December 2013, the State had recovered 73.7% of the jobs lost in the recession which is lower than the U.S.' recovery rate of 92.3%. KBRA does take into account that job estimates from the U.S. Bureau of Labor Statistics (BLS) have previously underestimated job growth in the State. Therefore the number of jobs recovered in the State may be somewhat higher than currently reported. The sectors contributing the most to the State's job recovery are manufacturing accounting for 43.1% of the total non-farm jobs recovered, followed by professional and business services at 39.8% and leisure and hospitality at 26.2%. However, two sectors continue to hinder the State's job recovery rate: trade and construction. Together these two sectors account for 33.4% of the jobs lost but currently only account for 5.5% of the jobs recovered compared to the U.S. where these two sectors account for 19.6% of the jobs recovered.

Following the recession in 2009, the State's unemployment rate has continued to decline and has been lower than both the region and the U.S. As can be seen in Chart 1, the unemployment rate for the State declined from 8.8% in 2009 to 8.5% in 2010 and 7.6% in 2011. This is lower than the U.S. unemployment rates of 9.6% in 2010 and 8.9% in 2011. In 2012, Wisconsin's unemployment rate was 6.9% which was lower than both the region at 8.2% and the U.S. at 7.3%. The State's unemployment rate has continued to decline throughout 2013 reaching 6.7% average annual employment in 2013 compared to 7.9% for the region and 7.4% for the U.S.

Chart 1: Annual Unemployment Rate (seasonally adjusted)



Source: U.S. Bureau of Labor Statistics.

KBRA views Wisconsin's resource base as being consistent with an AA rating based on an unemployment rate which has been lower than the U.S. since 2008, continued growth in the non-farm employment, and three years of growth in GDP. However, the rating also reflects the post-recession rate of job growth which is lower than the U.S., moderate levels of personal income per capita, and an employment base more concentrated than the U.S. However, manufacturing continues to play a strong role in the State's job recovery rate and the State is poised to benefit from the forecasted growth in this sector which KBRA views positively.

Rating Determinant 4: Revenue Analysis

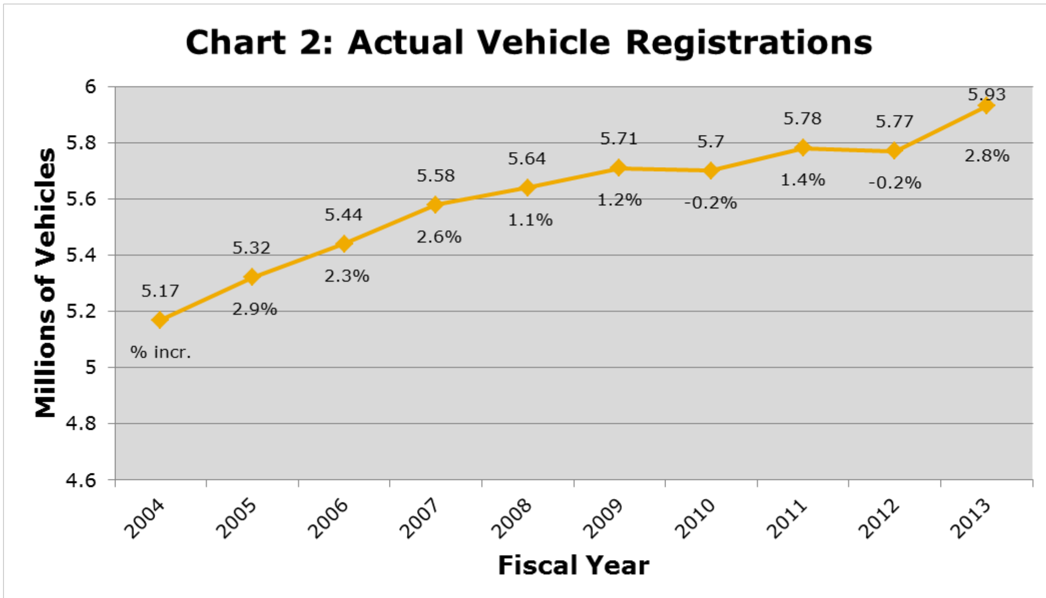
Based on an historical analysis of the pledged revenue history, KBRA views the pledged revenues as providing a strong source of security for the Bonds. Total Program Income has generally shown moderate growth or minimal declines since FY 2004, after adjusting for fee increases. The DOT monitors vehicle registration fees and other registration-related fee revenue in relation to scheduled debt service payments on the Bonds and Notes and recommends appropriate adjustments to the registration fees or other registration-related fees to the Governor and Legislature. The Legislature raised the vehicle registration fee in FY 2004 and FY 2008 and raised registration-related fees in FY 2004, FY 2006 and FY 2008.

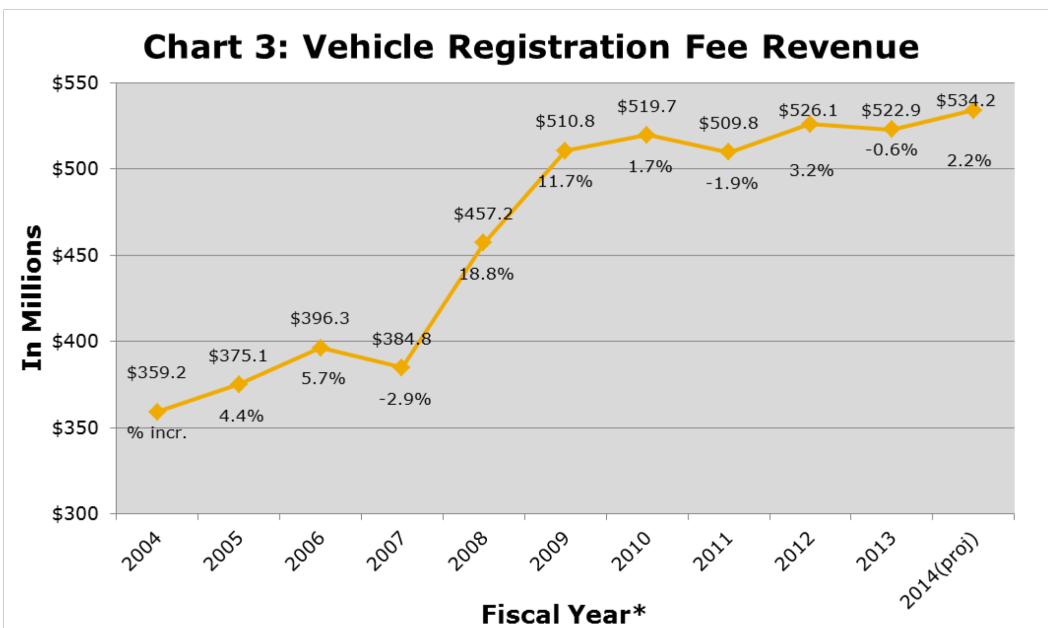
Vehicle Registration Fees

In FY 2013, Vehicle registration fees represented 83% of total Program income while other registration-related fess represented 17%. Vehicle registration fees imposed under Section 341.25 of Wisconsin State statutes are collected annually or biennially by the DOT on owners of most motor vehicles, including automobiles, trucks, buses, trailer, motorhomes and motorcycles. Indicative levels of fees include $75 for an automobile and various weight based fee levels for trucks and trailers.

As discussed previously, collection of vehicle registrations fees are staggered throughout the year by the DOT and quarterly collections are fairly even. Vehicle registration fees are collected through a number of means, including through the mail, via the Internet, at field registration offices and in municipal courts.

The total amount of vehicle registration fees were generated primarily by registration of passenger vehicle (55%) and large trucks (29%). Some vehicle types, including motorcycles and mopeds, are required to be registered on a biennial basis rather than annually; this schedule impacts the vehicle registration history, as can be seen in the charts below.





Source: State of Wisconsin Continuing Disclosure Annual Report Dec. 2013

* Increase in FY 2004 reflects increase in registration fees for automobiles which went into effect Oct. 1, 2003. Increase in FY 2008 and FY 2009 reflects increase in registration fees for automobiles, along with other fee increases for other vehicle types, which went into effect on Jan. 1, 2008.

The history of actual vehicle registrations for the last ten years in the State as seen above reflect the stability of this revenue source. Actual motor vehicle registrations shows moderate increases in periods of economic and slow to flat growth during economic recession. Generally, the history of actual number of motor vehicle registrations since FY 2004 show growth over 2% through FY 2007 with growth slowing to

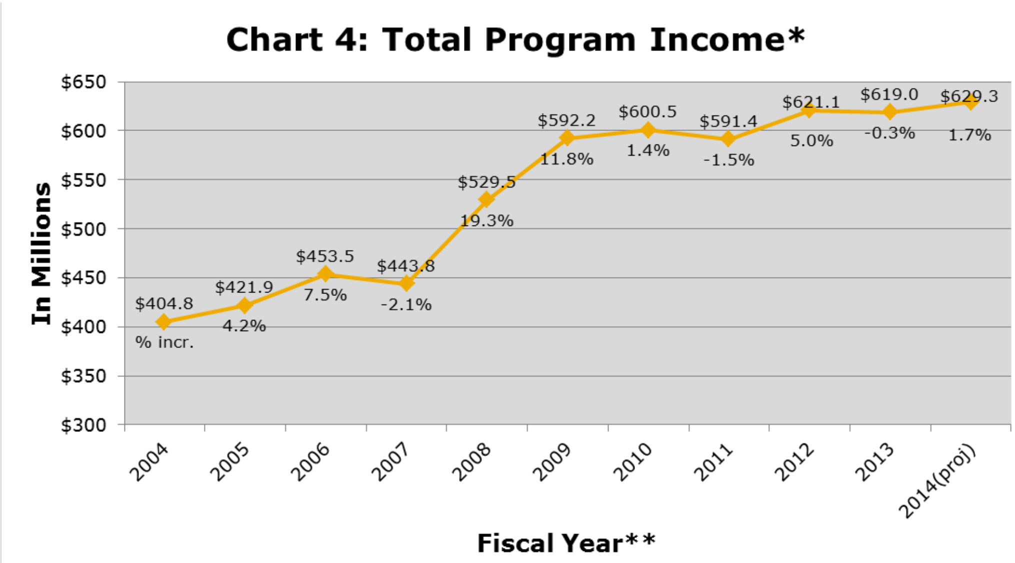
1% in FY 2008 and FY 2009 in response to economic recession. Slow growth continued in FY 2010 through FY 2012 and declines in these years reflect, in part, the biennial schedule of renewal on some vehicles, the effect of which becomes clearer at lower growth rates. In FY 2013, the growth rate increased to 2.7%.

Analysis of the history of vehicle registration fee revenues received since FY 2004 is impacted by fee changes which increased FY 2004 revenues and dramatically increased FY 2008 and FY 2009 revenues by 18.8% and 11.7%, respectively, thereby masking any impact of the recession. In FY 2010, revenues grew by 1.7%, followed by a decline of 1.9% in FY 2011. Growth of 3.2% in FY 2012 was followed by a slight decline in FY 2013. Comparison of the history of actual motor vehicle registrations and vehicle registration fee revenues show there is a lag between vehicle registration renewals and registration revenue received. FY 2014 Program Income revenue numbers are DOT projections.

Other Registration-Related Fees

Other registration-related fees were added to the definition of Program Income pursuant to 2003 Wisconsin Act 33 and comprised 17% of pledged revenue in FY 2013. These registration-related fees include more than 60 types of fees enumerated in the Statute, however title transaction fees, counter service fees and personalized license plate issuance and renewal fees account for approximately 90% of these other fees. The State has committed to provide ongoing disclosure on these specific fees.

Title transaction fees are generated when the ownership of a vehicle changes and is not an annual recurring fee. Counter service fees are generated when a person processes a title change or renews their registration in person and personalized license plate fees are annual fees. Since FY 2004, total other registration-related fees have shown increases through economic growth and recession times, with the exception of FY 2005. A significant portion of growth for these fees is due to increases in fee levels in FY 2004, FY 2006 and FY 2008.



Source: State of Wisconsin Continuing Disclosure Annual Report Dec. 2013

* Total program income reflects motor vehicle registration fees and certain other registration-related fees (title transaction, counter service fees and personalized license plate fees).

** Increase in FY 2004 reflects increase in registration fees for automobiles which went into effect Oct. 1, 2003. Increase in FY 2008 and FY 2009 reflects increase in registration fees for automobiles, along with other fee increases for other vehicle types, which went into effect on Jan. 1, 2008.

Increase in FY 2004 reflects increase in title transaction fees which went into effect Oct. 1, 2003. Increase in FY 2006 reflects increase in title transaction fees which went into effect Oct. 1, 2005. Increase in FY 2008 reflects increase in title transaction fees which went into effect Jan. 1, 2008.

Total Program Income

Total Program Income has generally shown growth or minimal declines since FY 2004, after adjusting for fee increases, reflecting the relative stability of all fees connected with vehicle registration in times of economic growth and recession. FY 2014 Program Income revenue numbers are DOT projections. For the purposes of the chart above, Program Income is comprised of total motor vehicle registration fees and certain other registration-related fees, including title transaction fees, counter service fees and personalized license plate fees.

Based on the foregoing, KBRA views the revenue analysis as being consistent with a rating of AA. This rating reflects the stability of the Program Income revenue stream as well as the actions of the DOT in monitoring the levels of pledged revenues and the history of the State Legislature raising these fees.

Rating Determinant 5: Coverage and Bond Structure

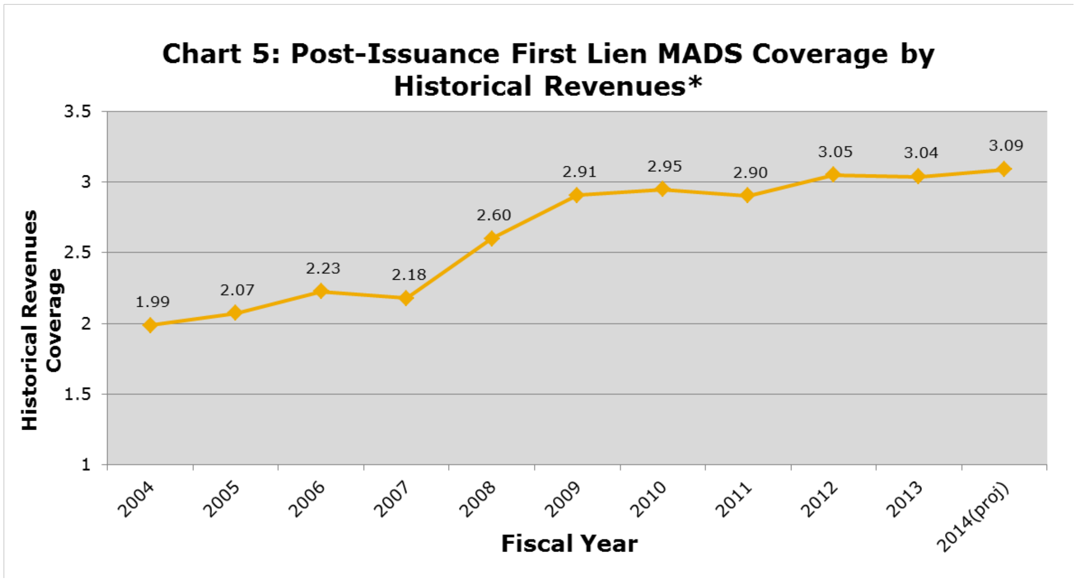
KBRA views the current coverage on MADS on first lien Bonds from pledged Program Income revenues to be very strong. The protection provided by the first lien additional bonds test is also strong at 2.25x, in KBRA's view. The State will continue to leverage this pledged revenue however, excess pledged revenues will also continue to represent a major source of transportation program funding for the State.

Table 3:
First Lien Maximum Annual Debt Service Coverage (2015): $203.6*

Fiscal Year	Revenues (m)	Coverage
Actual FY 2013	619.0	3.04x
Projected FY 2014	629.3	3.09x

*MADS reflects preliminary amortization schedule for the new money 2014 Series 1 and 2015 Series 1 Bonds; debt service savings from refunding bonds not reflected.

Based on preliminary amortization numbers the 2014 Series 1 and 2015 Series 1 Bonds, MADS after issuance will be $203.6 million, occurring in FY 2015. Actual FY 2013 Program Income provides 3.04x coverage of projected MADS, which KBRA views as very strong. DOT projections for FY 2014 Program Income provides 3.09x coverage of projected MADS. Since FY 2005, historical Program Income revenue numbers have provided over 2x coverage of MADS after the issuance of the 2014 Series 1 and 2015 Series 1 Bonds, as seen in Chart 5 below.



Source: Preliminary Official Statement State of Wisconsin Transportation Revenue Bonds, 2014, Series 1 and 2015, Series 1 (Appendix A).

*MADS reflects preliminary amortization schedule for the new money 2014 Series 1 and 2015 Series 1 Bonds; debt service savings from refunding bonds not reflected.

Both the outstanding and proposed first lien Transportation Revenue Bonds are fixed rate securities. Management states that the State has no plans to issue variable rate first lien obligations or enter into any related derivative transactions in relation to the first lien Transportation Revenue Bonds. After issuance of the Bonds, debt service will peak in FY 2015 at $203.6 million and decline thereafter. Final maturity is 2034. The State plans to continue regular issuance of Transportation Revenue Bonds.

Combined MADS for both first lien Bonds and subordinate lien CP Notes, based on preliminary amortization numbers for the Bonds is $237.8 million, occurring in FY 2015. Combined MADS coverage by actual FY 2013 Program Income is 2.66x, which KBRA also views as very strong. As discussed previously, KBRA views the structure of the flow of funds as providing strong security for the first lien obligations and offering protection against potential liquidity risk connected with the periodic remarketing of the subordinate lien Commercial Paper Notes.

Based on the foregoing, KBRA views coverage and bond structure as being consistent with an AAA rating. This rating reflects the extremely strong coverage on projected MADS by actual FY 2013 and projected FY 2014 Program Income, as well as the strong coverage of MADS from historical levels of Program Income. The rating also reflects the conservative debt structure used by the State its first lien Transportation Bond issuance program.

Appendix 1: Tear Sheet

KBRA LONG-TERM RATING: AAA

OUTLOOK: Stable

Issuance

State of Wisconsin Transportation Revenue Bonds, 2014 Series 1 and 2015 Series 1.

Security

The 2014 Series 1 and 2015 Series 1 Bonds are issued as revenue obligations of the State and secured by a first lien pledge of motor vehicle registration fees collected statewide and certain other vehicle registration-related fees. The Bonds will not be secured by a debt service reserve fund.

Use of Proceeds

A portion of the proceeds of the 2014 Series 1 Bonds will be used to finance certain State transportation facilities and highway projects and pay costs of issuance of the bonds. The remaining proceeds of the 2014 Series 1 Bonds will be used to refund certain outstanding Transportation Revenue obligations on a current basis on July 1, 2014. Proceeds of the 2015 Series 1 Bonds will be used to refund certain outstanding Transportation Revenue obligations on a current basis on July 1, 2015. The 2015 Series 1 Bonds will be issued with a forward settlement date of on or after April 2, 2015, under a forward delivery bond purchase agreement.

Key Rating Strengths

- Very strong coverage of maximum annual debt service (MADS) of 3.04x from FY 2013 pledged revenues.
- Strong additional bonds test requires historical coverage of 2.25x MADS for issuance of additional first lien Bonds.
- The State has covenanted in the General Resolution to charge sufficient vehicle registration fees and registration-related fees to pay principal and interest on the Bonds.
- Pledged revenues consist largely of motor vehicle registration fees which are imposed state-wide and collected annually.
- The State DOT monitors pledged revenue levels and recommends adjustments to Governor and Legislature.

Key Rating Concerns

- Pledged revenues have not shown consistent growth over the last five years.

KBRA's rating of AAA with a stable outlook is based on the strong current coverage of over 3x MADS, the stability of the pledged revenue base and the strong legal protections offered by the legal documents. KBRA views Wisconsin State statutes and the financing documents as providing a strong legal framework for issuance of the State's first lien Transportation Revenue Bonds. The State has covenanted in the General Resolution that as long as Bonds are outstanding, it will charge and cause to be deposited with the Trustee sufficient pledged revenues to pay principal and interest on the Bonds and make all payments required under the General Resolution. While the State covenant does not function as a legal rate covenant, KBRA views both the State covenant and the Legislature's history of raising fees as very positive indicators of the intention and the ability to maintain sufficient coverage.

The 2014 Series 1 and 2015 Series 1 Bonds will be issued as revenue obligations of the State and are secured by a first lien pledge of Program Income and certain Funds pledged under the General Resolution. Program Income includes motor vehicle registration fees authorized under State statutes and certain other vehicle registration-related fees added in 2003 under the 2003 Wisconsin Act 33. All Program Income collected by the Department of Transportation (DOT) is deposited directly with the Bond Trustee into the Redemption Fund under the General Resolution. Program Income revenues are not considered revenues of the State until all required quarterly payments are made under the General Resolution, at which time, these revenues are transferred to the State's Transportation Revenue Fund held by the DOT, free of any lien or pledge.

The Bonds are being issued on parity with the State's outstanding first lien Transportation Revenue Bonds under the General Resolution. After this issuance, there will be approximately $2 billion in first lien Transportation Revenue Bonds outstanding. The General Resolution also allows for issuance of subordinate lien revenue obligations; there is currently $163.7 million in Commercial Paper (CP) Notes outstanding. Additional first lien debt may be issued on parity with outstanding debt under the General Resolution if historical Program Income, including interest earnings, for any 12 consecutive months of the preceding 18 months provides at least 2.25x MADS on outstanding and proposed first lien Bonds.

Both vehicle registration fees and the other registration-related fees are collected by DOT throughout the year. Vehicle registration fees are mostly imposed on an annual basis and are due on a staggered basis during the year. In FY 2013, quarterly collections of vehicle registration fees ranged from approximately 22% to 27% of the total collections, which represent fairly even cash flow quarter to quarter. A small number of vehicle types are registered only on a biennial basis.

KBRA views the pledged vehicle registration fees and the registration-related fees as providing a very stable source of payment for the 2014 Series 1 and 2015 Series 1 Bonds in that motor vehicle registration fees are levied state-wide and payment of the fee on an annual basis is mandatory. All owners of motor vehicles throughout the state are required to annually or biennially renew their vehicle registration on all their vehicles. Though the level of annual motor vehicle registrations generally show some sensitivity to economic cycles, KBRA views this revenue source as generally fairly stable as compared to many other special taxes and fees. The registration-related fees, comprising approximately 17% of the pledged revenues in 2013, are also fairly stable. Total Program Income has generally shown moderate growth or minimal declines since FY 2004, after adjusting for fee increases, reflecting the relative stability of all fees connected with vehicle registration in times of economic growth and recession. The DOT will monitor vehicle registration fee and other registration-related fee revenue in relation to scheduled debt service payments on the Bonds and Notes and recommend appropriate adjustments to the registration fees or other registration-related fees to the Governor and Legislature. The Legislature raised the vehicle registration fee in FY 2004 and FY 2008 and raised registration-related fees in FY 2004, FY 2006 and FY 2008. In KBRA's view, the ongoing oversight of pledged revenues by the DOT is very positive. KBRA views the ongoing over sight of pledged revenues by DOT as very positive.

KBRA views the current coverage on MADS on first lien Bonds from pledged Program Income revenues to be very strong at 3.04x. The protection provided by the first lien additional bonds test is also strong at 2.25x and excess pledged revenues are an important source of transportation program funding for the State Actual FY 2013 Program Income provides 3.04x coverage of projected MADS, which KBRA views as very strong. Since FY 2005, historical Program Income revenue numbers have provided over 2x coverage of the MADS after issuance of the 2014 Series 1 and 2015 Series 1 Bonds.

Outlook: Stable

The stable outlook reflects KBRA's expectation that MADS coverage on the State's first lien Transportation Revenue Bonds will remain high and that the State will continue to monitor pledged revenues and the Legislature will make adjustments, as necessary, to maintain funding levels for the Transportation revenue Bonds and the State transportation program.

In KBRA's view, the following factors may contribute to a downgrade:

- A history of consistent declines in pledged revenues.
- A significant decline in MADS coverage levels.

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