



CALIFORNIA STATE TREASURER JOHN CHIANG

NEWS RELEASE

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Rating Agency Increases California's Bond Rating To "High Grade" *The Upgrade By Fitch Is Sign of Confidence In State's Fiscal Management*

SACRAMENTO – California's credit rating is heading up.

Fitch Ratings Inc., one of three leading rating agencies, today announced that the Golden State's general obligation debt now enjoys an AA- classification. The upgrade places our bonds in the coveted "high grade" category.

The move by Fitch follows similar rating increases by two other firms, Standard & Poor's and Moody's Investor Services.

The rating upgrade is evidence that California's credit continues its steadily upward trend, said state Treasurer John Chiang.

"I am gratified that all three rating agencies clearly acknowledge the progress that the governor and the Legislature, working together, have made toward putting our fiscal house in order," said Chiang. "Strong fiscal management is the bedrock of sustainable prosperity. It not only saves taxpayers money but allows us access to more affordable capital to rebuild our crumbling infrastructure and invest in our future."

The upgrade signifies that the marketplace is confident of California's ability to manage its finances and that its general obligation bonds are safe and solid investments. General obligation bonds are backed by the state's full faith and credit.

"California is fundamentally better positioned to withstand a future economic downturn than has been the case in prior recessions due to numerous institutional improvements," Fitch said in a statement. "The state has demonstrated strong budget management during this period of economic recovery and expansion..."

The AA- rating helps the state treasury and the taxpayers by lowering interest costs for billions of dollars in future borrowing. Refinancing existing, higher-interest debt saved the state more than \$1.5 billion since January of 2015.

California should expect to benefit from the new high-grade rating as soon as a few weeks from now when Treasurer Chiang will be going to the market to sell general obligation bonds to finance important public works.

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