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FOR IMMEDIATE RELEASE

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**Maryland Retains AAA Bond Rating,
To Sell $922 million of General Obligation
Bonds**

ANNAPOLIS (February 23, 2012) – Maryland State Treasurer Nancy K. Kopp announced today that all three bond rating agencies have affirmed the State's strong Triple AAA bond rating in preparation for the upcoming retail sale of General Obligation Bonds and the competitive institutional sale on Wednesday, March 7, 2012 at the Board of Public Works meeting.

This offering will include the direct retail sale of approximately $150 million of bonds with first priority to Maryland citizens, similar to successful transactions in 2009, 2010, and 2011. "Marylanders get first preference in buying highly desirable, conservative quality bonds while investing in their State - a win-win situation," Treasurer Kopp said.

The retail bond sale begins March 2nd and likely will end on March 5th. For more information, potential buyers should check www.buymarylandbonds.com.

The bond sale will conclude with two competitive bids for the remaining bonds, which are expected to be sold to institutions. The sale will include approximately $450 million of tax-exempt bonds and approximately $322 million of tax-exempt refunding bonds.

As has always been the case with the issuance of Maryland's General Obligation Bonds, the State uses the proceeds to finance necessary capital projects, such as schools, community colleges, university projects and hospitals.

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Treasurer Kopp said, "Today's recognition of Maryland's fiscal strength and prudent management is an extraordinary accomplishment. While Maryland has historically received Triple AAA ratings from the three major bond rating agencies, given the uncertainties surrounding the federal deficit, we are pleased the rating analysts recognize Maryland's strong, stable and prudent financial management."

"Retention of the Triple AAA ratings allows us to continue to save millions of taxpayer dollars resulting from the low interest rates achieved because of these ratings," Treasurer Kopp said.

The Maryland Board of Public Works, comprised of Governor Martin O'Malley, Comptroller Peter Franchot and Treasurer Kopp, will preside over the competitive bond sale on Wednesday, March 7, 2012 in the Assembly Room in the Goldstein Treasury Building in Annapolis.

Maryland is one of only eight states to hold the coveted AAA rating, the highest possible rating, from all three bond rating agencies. Standard and Poor's has rated the bonds AAA since 1961. Moody's Investors has assigned the bonds a rating of Aaa since 1973, and Fitch Ratings has rated the bonds AAA since 1993.

Fitch, in assigning its AAA rating and stable outlook, said: "Debt oversight is strong and centralized, and the debt burden is moderate. The state has policies to maintain debt affordability, and the constitution requires GO and transportation bonds to amortize within 15 years. Pension funding levels have deteriorated, although the state has undertaken extensive pension and other post-employment benefit (OPEB) reforms."

Fitch Ratings further said: "Financial operations are conservative, with the state consistently demonstrating a strong commitment to budgetary balance through the downturn, including through repeated spending cuts, fund balance transfers and revenue increases. The state has also maintained flexibility in the form of the RDF (Rainy Day Fund), which has remained funded at or near 5% of general fund revenues in recent years."

Moody's, in explaining its Aaa rating and negative credit outlook said: "The highest quality rating reflects Maryland's strong financial management policies, stable economy with high personal income levels, and ability to maintain positive available reserves despite sustained pressure on its budget. The rating also acknowledges the state's above average debt burden and large unfunded pension liabilities relative to the size of its economy."

In specifically explaining its continuation of the negative credit outlook due to actions of the federal government, Moody's said: "Moody's negative outlook on Maryland's Aaa rating is due to its indirect linkages to the weakened credit profile of the US government. …We believe that Maryland's rating could be affected by a downgrade of the US government's rating. In the coming weeks we will assess Maryland's degree of vulnerability to sovereign risk in terms of its reliance on capital markets, dependence on federal revenues, sensitivity to macroeconomic cycles, and available financial resources to offset risks related to the US government, in order to determine whether to maintain the negative outlook."

In assigning its 'AAA' long-term rating and stable outlook, Standard & Poor's said, "The rating reflects what we view as the state's: [d]iverse, broad-based economy, which has historically outperformed the national economy; [s]trong wealth and income levels, coupled with unemployment that remains below the national average through economic cycles; [l]ong history of prudent fiscal management, including making difficult decisions to restore structural budget balance; and [m]oderate debt burden; enhancing this are a clearly defined debt-affordability model limiting annual issuance and the maintenance of ratios within reasonable limits, including a constitutional 15-year debt maturity schedule."

Standard and Poor's further states: "The stable outlook reflects what we view as Maryland's economic strength and historically strong financial and debt management policies. We believe the state has proactively responded to recent structural budget imbalance and we would expect it to continue to focus on achieving balance. Maryland has made a steady commitment to funding reserves, which we believe enhances its flexibility in the current economic environment."

Referring to pension reforms enacted during the 2011 Legislative Session, Standard & Poor's said, "The enacted reforms and improved investment results in fiscal 2011 are expected to raise the state funded ratio to 80% by 2020. The actuary also projects the system will reach full funding by fiscal 2030."

All three rating agencies point to the State's history of strong, sound financial management as a strength for Maryland. In assessing Maryland's management practices, Standard & Poor's assigned a rating of "strong" to this factor, noting "[b]ased on a review of several key financial practices, Maryland has made continuing efforts to institutionalize sound financial management practices. In reviewing its practices and policies, it was very apparent to us that the state's use of a five-year financial plan, which is updated annually with the adopted budget, provides the basis for future fiscal decisions and recognizes future fiscal year gaps. Monthly monitoring and reporting of key revenues allows the state to make midyear financial adjustments, if necessary, to maintain balance. Maryland has consistently maintained its statutory rainy-day fund at or above its legal minimum of 5% of revenues."

The Maryland State Treasurer's Office expects to conduct another bond sale in August 2012.

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