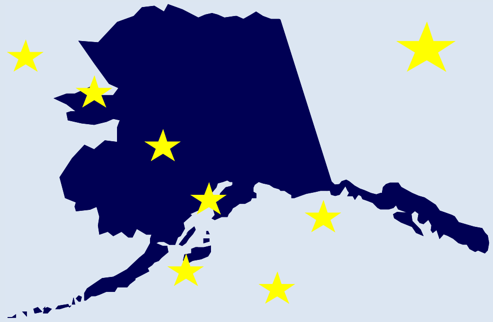
STATE OF ALASKA

STATE BOND COMMITTEE

Department of Revenue Commissioner's Conference Room

February 20, 2013

2:00 p.m.



MEMORANDUM

STATE OF ALASKA
DEPARTMENT OF REVENUE

To:
State Bond Committee

Date:
February 14, 2013

2013 C BOND ANTICIPATION NOTE
This is the initial issuance related to the$453 million of 2012 transportation projects. The size of the issue is based on the reported expected cash flows for the coming 12 months. The Bond Anticipation Note (BAN) will be issued with a fixed rate of interest based on a maturity 12 months after issuance. The Resolution limits the rate of interest to 1%, and in the current market we expect the rate to be in the .25-.35 percent interest rate. The Resolution limits the issue size to $150,000,000 which is the approximate total of projected cash flows for through March 31, 2014. The use of a Bond Anticipation Note does several things including:

- Retain flexibility in funding based on past experience with optimistic project cash flow projections.
- Better match expected earnings rate of the project fund with the interest rate on the bonds.
- Provide additional time to explore the pros and cons of variable rate versus fixed rate financing as well as develop transaction documents.

AIAS UPDATE
I have been providing periodic updates to the SBC over the course of the last several years regarding the Alaska International Airport System's (AIAS) revenue bonds. The AIAS is an enterprise located in the Department of Transportation and Public Facilities comprised of the Anchorage and Fairbanks International airports. Management of the AIAS is accomplished through the oversight of the DOT Deputy Commissioner for Aviation, Steve Hatter, implemented on an AIAS wide basis by the AIAS Controller, Keith Day, with day to day operations management provided by Anchorage and Fairbanks airport directors. The issuance of the revenue bonds is legally approved by the State Bond Committee, but as has been learned by historical trial and error, the bonds that are issued must be carefully woven into the management plan for the AIAS. Accordingly I work closely with the AIAS team to ensure their management goals are met in any financing undertaken on behalf of AIAS, and integrate their expertise into the development of the plan of finance, the AIAS credit analysis, the AIAS disclosure document and coordination of any required contract support.

The AIAS management team has requested that the currently variable rate 2009A AIAS revenue bonds be effectively converted to fixed rate. The primary reason for this is that the AIAS has a plan to draw down their cash position and will thus lose the natural hedge that they've historically had against rising interest rates (if rates go up their earnings go up, matching with the variable exposure). Additional reasons that have been sited include perceived credit risk (risk of the AIAS credit being downgraded – currently on negative outlook from Moody's), and lastly rate risk which ties into the primary reason of diminished cash position. The AIAS would like to accomplish this conversion prior to the end of the fiscal year.

The list of firms that has been identified by myself in conjunction with Keith Day as having reviewed the AIAS debt and worked to provide value to the process over the last several years by meeting with both Revenue and the AIAS is:
RBC Capital, Citigroup, Morgan Stanley, JP Morgan, KeyBanc, BofA Merrill Lynch, Goldman Sachs, Wells Fargo, US Bank

STATE BOND COMMITTEE
AGENDA FOR BOARD OF DIRECTOR'S MEETING

Alaska Department of Revenue
Commissioner's Conference Room
333 Willoughby Avenue
State Office Building, 11th Floor
Juneau, Alaska 99811

February 20, 2013 2:00 P.M.

I. **Call to Order**

II. **Roll Call**

III. **Public Meeting Notice**

IV. **Approval of Agenda**

V. **Minutes of December 14, 2012 State Bond Committee Meeting**

VI. **Public Participation and Comment**

VII. **New Business**

- **A.** **Resolution 2013-01 Authorizing State of Alaska General Obligation Bond Anticipation Note Series 2013 C**
- **B.** **Alaska International Airports System Update**
- **C.** **Debt Manager's Report**

VIII. **Committee Member Comments**

IX. **Schedule Next Meeting**

X. **Adjournment**

Notice is hereby given that the State of Alaska State Bond Committee will hold a meeting at the Alaska Department of Revenue Commissioner's Office, 333 Willoughby Avenue, 11th Floor, Juneau, Alaska 99811, on February 20, 2013 at 2:00 p.m.

Resolution 2013-01 Authorizing the issuance of 2013 Series of State of Alaska General Obligation Bond Anticipation Notes

Alaska International Airport System Update

Debt Manager's Report

The public is invited to attend and will be given the opportunity for public comment and participation. The State Bond Committee complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973.

Dated February 12, 2012
Deven Mitchell

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[Public]

Online Public Notice
State of Alaska

Public Notice
Notice of Meeting- Alaska State Bond Comitte
Submitted by: ljwilcox/(
Date Submitted: 02/12/2013 02:44 P
Date Modified: 02/12/2013 02:45:44 P
Submission Mode: dire
Approve Prior To Post: n
Approved By: n
Approval Date: n

Attachments: No files attach

Notice of Meeting- Alaska State Bond Comittee

Category: Agency Meetings
Publish Date: 02/12/2013
Event/Deadline Date: 02/20/2013 02:00 PM
Department: Revenue
Location: Statewide
Coastal District: N/A

Body of Notice:

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Dated February 12, 2012
Deven Mitchell

Revision History:
02/12/2013 02:44:28 PM by ljwilcox/04/State/Alaska/US
02/12/2013 02:45:44 PM by ljwilcox/04/State/Alaska/US
$$WebClient [Anon]

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OFFICIAL MINUTES
STATE BOND COMMITTEE
December 14, 2013

A meeting of the State Bond Committee was held at 2:30 p.m. on December 14, 2013 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present in Juneau were:
Angela Rodell, Deputy Commissioner, Department of Revenue
Michael Barnhill, Deputy Commissioner, Department of Administration

State Bond Committee Members present telephonically were:
Daniel Patrick O'Tierney, Deputy Commissioner, Department of Commerce, Community & Economic Development

Also present in Juneau were:
Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Department of Revenue
Pat Forgey, Associated Press

Also present telephonically were:
Kerry Salas, K & L Gates
Cynthia Weed, K & L Gates
Noreen White, Acacia Financial
Pete Nissen, Acacia Financial
Ben Selberg, CitiGroup
Dana Bunting, Goldman Sachs
Paul Bloom, Goldman Sachs
Brian Olin, Goldman Sachs

I. Call to Order

Mr. O'Tierney called the meeting to order at 2:37 p.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Ms. Rodell, Mr. Barnhill and Mr. O'Tierney were present.

III. Public Meeting Notice

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice.

IV. Approval of Agenda

Mr. O'Tierney asked that the agenda be modified to move current agenda item B to agenda item A, and move current agenda item A to agenda item B. Mike Barnhill moved approval of the Agenda with the modification and Ms. Rodell seconded. The motion was adopted without objection.

V. Minutes of October 8, 2012

The minutes were approved without objection.

VI. Public Comment

Mr. O'Tierney asked for public participation and comment. There was none.

VII. New Business

Resolution 2012-04
Mr. Mitchell described the documents contained in the committee members' packets including Resolution 2012-02, a draft of the preliminary official statement and, a summary of 2013 general obligation bond structuring alternatives. Mr. Mitchell noted that the resolution delegated authority to approve the terms and conditions of the remaining authority for the 2010 educational authority of approximately $196 million plus an additional $200 million related to the 2012 transportation authority approved this November 6. Ms. Weed emphasized the legal delegations and authority that the Resolution conveyed. After discussion the Committee determined that the authority related to the 2012 transportation authority should be stripped from the Resolution. Ms. Weed went through the Resolution and identified all required modifications. Mr. Barnhill moved approval of 2012-04 as amended to delete the authority related to the 2012 authorization, amend the Resolution further to the extent any required amendment to delete the 2012 transportation authority was overlooked, and proceed under the structuring alternative where bonds were amortized from 2015 to 2026 for the series B tax exempt bonds and the Qualified School Construction Bond was placed as far down the yield curve as possible. Ms. Rodell seconded the motion. The motion was carried with three yes votes.

Ratification of October 8, 2012 State Bond Committee Meeting Actions
Mr. Mitchell explained that there had been an inadvertent error in the public notice for the October 8, 2012 State Bond Committee Meeting. The public notice that was posted

indicated that the meeting would be held on October 1, 2012. After consulting with the Department of Law it was determined that the actions of the October 8, 2012 meeting were valid, but that in order to provide for the opportunity for public testimony the actions should be ratified at the next opportunity. This decision was predicated upon the fact that no interested party showed up on October 1, 2012 for the improperly noticed meeting time, and that even if an interested party attends a meeting they are only allowed the opportunity to provide public testimony. Ms. Rodell moved that the Committee's actions of the October 8, 2012 meeting be ratified. Mr. Barnhill seconded the motion. The motion was carried with three yes votes.

Debt Manager's Report

Mr. Mitchell reported on the following items:

The Clean Water and Drinking Water bond anticipation notes in the amounts of $1,691,000 and $1,802,000 respectively were issued on November 19, 2012 and redeemed on November 20, 2012. There were no issues with accomplishing the transaction.

The Department of Fish and Game requested to lease purchase a $200,000 twin engine plan for work conducted on Kodiak Island using the Master Lease Line of Credit. While KeyBank originally indicated that this would be possible, they denied the funding at the stage of underwriting. I am currently working with Fish and Game to determine if there are any funding options available.

On November 5, I participated in meetings at KABATA's offices focused on obtaining a rating indication for the proposed project.

On November 7 and 8, Ms. Rodell and I accompanied Moody's analysts Ted Hampton and Emily Raimes to Deadhorse for a tour of certain North Slope facilities. Our trip included visits to Kuparuk, Alpine and Prudhoe Bay oil fields. The trip was very informative and gave the analysts a first hand vision of the level of investment and activity in the region.

I have been working with DOT and CCED to obtain project cash flows for the $453 million of general obligation bond funded projects authorized in the November 6, 2012 election. I expect to have initial runs in December.

VIII. Committee Member Comments

There were none.

IX. Schedule Next Meeting

Mr. Mitchell indicated that the next meeting date will be at the call of the Chair.

X. Adjournment

The meeting was adjourned at 3:37 p.m..

____
Susan Bell, Commissioner
Department of Commerce and Economic Development
Chairman

ATTEST:

____
Bryan Butcher, Commissioner
Department of Revenue
Secretary

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2013C

RESOLUTION NO. 2013-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation bond anticipation notes of the State in the aggregate principal amount of not to exceed $150,000,000; approving the sale of such notes; and authorizing the Designated Representative to approve the interest rate, maturity date and final principal amount for the notes under the terms and conditions set forth herein.

ADOPTED ON FEBRUARY 20, 2013

PREPARED BY:

K&L GATES LLP
SEATTLE, WASHINGTON

STATE OF ALASKA
RESOLUTION NO. 2013-01
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* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 2013-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation bond anticipation notes of the State in the aggregate principal amount of not to exceed $150,000,000; approving the sale of such notes; and authorizing the Designated Representative to approve the interest rate, maturity date and final principal amount of the notes under the terms and conditions set forth herein.

WHEREAS, Sections 1, 3, 4 and 5 of Chapter 18, SLA 2012 (HB 286) (the "State Transportation Bond Act") authorized the issuance of general obligation bonds of the State of Alaska (the "State") in the principal amount of $453,499,200 for the purpose of paying the costs of design and construction of state transportation projects (as more fully set forth in the State Transportation Bond Act), pursuant to said act the question whether such bonds should be issued was submitted to the qualified voters of the State at the general election held on November 6, 2012, and said authorization was ratified by a majority of the qualified voters of the State who voted on the question; and

WHEREAS, AS 37.15.300 authorizes the State to issue notes in anticipation of the issuance of bonds; and

WHEREAS, it is deemed necessary and advisable that the State now issue and sell general obligation bond anticipation notes of such bonds so authorized in the principal amount of not to exceed $150,000,000; and

WHEREAS, the State Bond Committee (the "Committee") wishes to delegate authority to the State Debt Manager or his designee (the "Designated Representative"), for a limited time, to approve the interest rate, maturity date, and final principal amount under such terms and conditions as are approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

Approved Bid means the winning bid submitted for the Notes.

Beneficial Owner means the beneficial owner of all or a portion of a Note while such Note is in fully immobilized form.

Bonds means the State of Alaska General Obligation Bonds to be issued to pay and redeem the Notes or any refunding note or notes.

Bond Year means each one-year period that ends on the date selected by the State. The first and last Bond Years may be short periods. If no day is selected by the Designated Representative before the earlier of the final maturity date of the Notes or the date that is five years after the date of issuance of the Notes, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Notes.

Code means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

Commission means the United States Securities and Exchange Commission.

Competitive Sale means the process by which the Notes are sold through the public solicitation of bids from underwriting firms.

Debt Manager means the State Debt Manager.

Designated Representative means the Debt Manager or his designee.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Notes pursuant to Section 4 hereof.

Letter of Representation means a blanket issuer letter of representations from the State to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Net Proceeds, when used with reference to the Notes, means the principal amount of the Notes, plus accrued interest and original issue premium, if any, and less original issue discount.

Note Account means the General Obligation Bond Anticipation Note Account, 2013, established pursuant to Section 8.

Note Register means the registration books maintained by the Note Registrar setting forth the names and addresses of owners of the Notes.

Note Registrar means the financial institution selected by the Designated Representative pursuant to Section 4 of this resolution and acting as authenticating agent, paying agent and registrar with the duties and powers herein provided, including its successors, and any other corporation or association which may at any time be substituted in its place, as provided in Section 4.

Notes means the State of Alaska General Obligation Bond Anticipation Notes, Series 2013C, to be issued in the principal amount of not to exceed $150,000,000 pursuant to this resolution.

Official Notice of Sale means the notice of note sale authorized to be given in Section 11 of this resolution.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Registered Owner means the person named as the registered owner of a Note in the Note Register. For so long as the Notes are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State means the State of Alaska.

State Bond Committee means the duly constituted State Bond Committee established pursuant to AS 37.15.110.

State Transportation Bond Act means Chapter 18, SLA 2012 (HB 286).

2012 State Transportation Project Fund means the fund of that name authorized to be established by Section 2 of the State Transportation Bond Act.

Underwriter means the initial purchaser or representative of the purchasers (if more than one firm acts collectively with one or more additional underwriting firms) of the Notes.

Interpretation of Terms. In this resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds. For the purpose of providing funds necessary to repay the Notes or bond anticipation notes authorized to refund the Notes, the State shall issue its general obligation bonds (the "Bonds"), pursuant to the State Transportation Bond Act in such amount and form and with such terms, as shall be determined by resolution of the State Bond Committee. The proceeds of the Bonds shall be paid into the Note Account and applied, together with other available funds, in amounts sufficient to repay the Notes.

Section 3. Authorization of Notes. The State shall now issue and sell not to exceed $150,000,000 of general obligation bond anticipation notes authorized by the qualified electors of the State at a special election held on November 6, 2012 for the purposes provided in Sections 1, 3, 4 and 5 of the State Transportation Bond Act (the "Notes"). The Notes shall be dated as of their date of delivery, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof, shall be numbered separately in such manner and with any additional designation as the Note Registrar deems necessary for purposes of identification and control, and shall bear interest payable at maturity at the rate set forth in the Approved Bid; and shall mature on the date and in the principal amount set forth in the Approved Bid and as approved by the Designated Representative pursuant to Section 11.

Section 4. Registration.

(a) *Note Registrar/Note Register*. The State Bond Committee hereby authorizes the Designated Representative to solicit proposals for and select a financial institution to act as the registrar for the Notes (the "Note Registrar"), for the safeguarding and disbursement of the money for the payment of debt service on the Notes, and for the duties with respect to the authentication, delivery and registration of the Notes herein set forth. The Note Registrar shall also act as registrar on the Bonds. The Notes shall be issued only in registered form as to both principal and interest. The Note Registrar may resign at any time upon 30 days' prior written notice to the State Bond Committee and may be removed at any time at the option of the State Bond Committee upon prior notice to the Note Registrar and a successor Note Registrar appointed. No resignation or removal of the Note Registrar shall be effective until a successor shall have been appointed and until the successor Note Registrar shall have accepted the duties of the Note Registrar hereunder. If a successor Note Registrar has not been appointed within 30 days of the giving of such notice of resignation or removal, the retiring Note Registrar may petition a court of competent jurisdiction for the appointment of a successor.

The Note Registrar shall keep, or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Notes which shall at all times be open to inspection by the State (the "Note Register"). The Note Registrar is authorized, on behalf of the State, to authenticate and deliver Notes transferred or exchanged in accordance with the provisions of such Notes and this resolution and to carry out all of the Note Registrar's powers and duties under this resolution. The Note Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Notes.

(b) *Registered Ownership*. The State and the Note Registrar, each in its discretion, may deem and treat the Registered Owner of each Note as the absolute owner thereof for all purposes (except as provided in Section 13 of this resolution), and neither the State nor the Note Registrar shall be affected by any notice to the contrary. Payment of any such Note shall be made only as described in Section 4(h) hereof, but such Note may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the State upon such Note to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations*. To induce DTC to accept the Notes as eligible for deposit at DTC, the State has executed and delivered to DTC a Letter of Representations.

Neither the State nor the Note Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Notes in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Notes, any notice which is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Note Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Notes are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Notes.

If any Note shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Note until such Note is paid.

(d) *Use of Depository*.

(1) The Notes shall be registered initially in the name of "CEDE & Co.", as nominee of DTC, in the form of a single immobilized Note in a denomination corresponding to the total principal therein designated to mature on the maturity date. Registered ownership of such immobilized Notes, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Designated Representative pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Note Registrar shall, upon receipt of all outstanding Notes, together with a written request on behalf of the Designated Representative, issue a single new Note, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Designated Representative determines that it is in the best interest of the beneficial

owners of the Notes that such owners be able to obtain such notes in the form of Note certificates, the ownership of such Notes may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Designated Representative shall deliver a written request to the Note Registrar, together with a supply of definitive Notes, to issue Notes as herein provided in any authorized denomination. Upon receipt by the Note Registrar of all then outstanding Notes together with a written request on behalf of the Designated Representative to the Note Registrar, new Notes shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations*. The transfer of any Note may be registered and Notes may be exchanged, but no transfer of any such Note shall be valid unless such Note is surrendered to the Note Registrar with the assignment form appearing on such Note duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Note Registrar. Upon such surrender, the Note Registrar shall cancel the surrendered Note and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Note (or Notes at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Note, in exchange for such surrendered and cancelled Note. Any Note may be surrendered to the Note Registrar and exchanged, without charge, for an equal aggregate principal amount of Notes of the same date, maturity and interest rate, in any authorized denomination. The Note Registrar shall not be obligated to register the transfer or to exchange any Note during the 15 days preceding the date any such Note is to be redeemed.

(f) *Note Registrar's Ownership of Notes*. The Note Registrar may become the Registered Owner of any Note with the same rights it would have if it were not the Note Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Notes.

(g) *Registration Covenant*. The State covenants that, until all Notes have been surrendered and cancelled, it will maintain a system for recording the ownership of each Note that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment*. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America. Interest on the Notes shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Notes are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations.

In the event that the Notes are no longer in fully immobilized form, interest on the Notes shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Note Register on the 15th day of the month preceding the interest payment date, and principal of the Notes shall be payable upon presentation and surrender of such Notes by the Registered Owners at the designated office of the Note Registrar; provided, however, that if so requested in writing by the Registered Owner of at least $1,000,000 principal amount of Notes, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 5. Redemption and Purchase of Notes.

(a) *No Redemption*. The Notes shall not be subject to redemption prior to their stated maturity.

(b) *Purchase of Notes*. The State reserves the right to purchase any of the Notes offered to the State at any time at a price deemed reasonable by the Debt Manager.

Section 6. Form of Notes. The Notes shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _______ $__________

STATE OF ALASKA

GENERAL OBLIGATION BOND ANTICIPATION NOTE, SERIES 2013C

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The STATE OF ALASKA (the "State"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____________, 2013, or the most recent date to which interest has been paid or duly provided for until payment of this note at the Interest Rate set forth above, payable at maturity. Both principal of and interest on this note are payable in lawful money of the United States of America. For so long as the notes of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the State to DTC. The State Bond Committee has appointed ____ to act as registrar, paying agent and authenticating agent (the "Note Registrar").

This note is one of an authorized issue of notes of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of $_________ (the "Notes"), and is issued pursuant to Resolution No. 2013-01 (the "Note Resolution") passed by the State Bond Committee on February 20, 2013 to provide funds for certain state transportation projects approved by the qualified electors of the State at the general election held therein on November 6, 2012. Capitalized terms used in this note and not otherwise defined shall have the meanings given them in the Note Resolution.

The notes of this issue are not subject to redemption prior to their scheduled maturity.

The notes of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and resolutions duly passed by the State Bond Committee, including the Note Resolution.

The notes of this issue are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The notes of this issue are not "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The State has irrevocably covenanted that it will deposit in the General Obligation Bond Anticipation Note Account, 2013 of the State authorized to be maintained by the Note Resolution, money pledged, bond proceeds or refunding note proceeds, in amounts which, together with other moneys of the State legally available therefor, will be sufficient to pay the principal of and interest on this Note as the same shall become due. The notes of this issue are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal and interest on the notes of this issue.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Note Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist, to have happened, been done and performed precedent to and in the issuance of this note have happened, been done and performed and that the issuance of this note and the notes of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the State may incur.

IN WITNESS WHEREOF, the State of Alaska has caused this note to be executed by the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the seal of the State to be impressed, imprinted or otherwise reproduced hereon, as of this ___ day of _________, 2013.

STATE OF ALASKA

By /s/ facsimile
Governor of the State of Alaska

ATTEST:

/s/ facsimile
Lieutenant Governor of the
State of Alaska

The Note Registrar's Certificate of Authentication on the Notes shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This note is one of the notes described in the within-mentioned Note Resolution and is one of the State of Alaska, General Obligation Bond Anticipation Notes, Series 2013C, of the State, dated _________ ___, 2013.

_________________________, as Note Registrar

By ________________________________
Authorized Signer

Section 7. Execution of Notes. The Notes shall be executed on behalf of the State with the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the corporate seal of the State shall be impressed, imprinted or otherwise reproduced thereon.

Only such Notes as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who shall have executed the Notes shall cease to be officer or officers of the State before the Notes so signed shall have been authenticated or delivered by the Note Registrar, or issued by the State, such Notes may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Note may also be signed and attested on behalf of the State by such persons who are at the actual date of delivery of such Note the proper officers of the State although at the original date of such Note any such person shall not have been such officer of the State.

<u>Section 8</u>. <u>Note Account and Security for the Notes</u>.

(a) *Note Account*. A special account of the State to be known as the "State of Alaska General Obligation Bond Anticipation Note Account, 2013" (the "Note Account") is hereby authorized to be created by the Debt Manager. The Note Account shall be a trust account and shall be drawn upon for the sole purpose of paying the principal of and interest on the Notes. Money on deposit in the Note Account not immediately needed to pay such interest or principal may temporarily be deposited in such institutions or invested in such obligations that are legal investments for State funds. Any interest or profit from the investment of such money shall be deposited in the Note Account. Any money remaining in the Note Account after payment in full of the principal of and interest on the Notes may be transferred to the general fund of the State, and the Note Account shall be closed.

The State covenants that on or before the maturity dates of the Notes it will issue the Bonds, refunding bond anticipation notes, or a combination of the foregoing in an amount sufficient to pay the Notes when due.

(b) *Pledge*. The Notes are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes.

Before January 1, 2014, this Committee shall certify to the Commissioner of Administration of the State the amount needed for to meet principal and interest requirements for the Notes. The Commissioner of Administration shall set aside these amounts or make the necessary provisions for the setting aside of these amounts so that there will be sufficient money to pay the principal and interest on the due dates.

Pursuant to AS 37.15.012, the amounts required to pay the principal of and interest on the Notes are appropriated from the Alaska debt retirement fund to the State Bond Committee to make all required payments of principal of and interest on the Notes. If the balance in the Alaska debt retirement fund is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the general fund of the State to the State Bond Committee to make all required payments of principal of and interest on the Notes.

The pledge of such money may be discharged prior to maturity of the Notes by making full provision for the payment thereof.

Section 9. Defeasance. In the event that money and/or government obligations, which are noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Notes in accordance with their terms, as evidenced by a report of an independent accountant or verification agent (which report shall be required only if the defeasance is not a full cash defeasance (i.e., such report shall only be required if government obligations constitute all or part of the deposit from which payments to effect the defeasance will be made)), are set aside in a special account of the State to effect such redemption and retirement, and such moneys and the principal of and interest on such government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made for the payment of the principal of and interest on the Notes so provided for, and such Notes shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Notes shall be deemed not to be outstanding hereunder.

The Note Registrar shall provide notice of defeasance of Notes to registered owners and to each party entitled to receive notice pursuant to Section 13.

Section 10. Tax Covenants.

(a) *Arbitrage Covenant.* The State hereby covenants that it will not make any use of the proceeds of sale of the Notes or any other funds of the State which may be deemed to be proceeds of such Notes pursuant to Section 148 of the Code which will cause the Notes to be "arbitrage bonds" within the meaning of said section. The State will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) throughout the term of the Notes.

(b) *Private Person Use Limitation for Notes*. The State covenants that for as long as the Notes are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Notes to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Notes in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the State) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The State further covenants that, if:

(3) More than five percent of the Net Proceeds of the Notes are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Notes in a Bond Year are (under the terms of this resolution or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the State) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects financed with Note proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Notes used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such projects relates. The State further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption or tax advantaged status of the interest on the Notes.

The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Notes.

Section 11. Sale of Notes. The Designated Representative is authorized to negotiate terms for the purchase of the Notes and approve an Approved Bid, with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. The State Bond Committee has determined that it would be in the best interest of the State to delegate to the Designated Representative for a limited time the authority to determine the final interest rate, maturity date, and the final principal amount of the Notes. The Designated Representative is hereby authorized to approve the final interest rate, maturity date and final principal amount of the Notes in the manner provided hereafter so long as (i) the aggregate principal amount of the Notes does not exceed $150,000,000; (ii) the maturity is not later than 12 months following the date of issuance and (iii) the net interest cost for the Notes does not exceed one percent (1.0%).

Subject to the terms and conditions set forth in this Section 11, the Designated Representative is hereby authorized to approve the Approved Bid upon the Designated Representative's approval of the final interest rate, maturity date and final principal amount, set forth therein. Following the approval of an Approved Bid, the Designated Representative shall provide a report to the State Bond Committee, describing the final terms of the Notes approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 11 shall expire 120 days after the date of approval of this resolution. If an Approved Bid has not been accepted within 120 days after the date of final approval of this resolution, the authorization for the issuance the Notes shall be rescinded, and the Notes shall not be issued nor their sale approved unless the Notes shall have been re-authorized by resolution of the State Bond Committee. The resolution re-authorizing the issuance and sale of such Notes may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Notes not issued) or may be in the form of an amendatory resolution approving an approved bid or establishing terms and conditions for the authority delegated under this Section 11.

The Notes shall be sold by competitive sale. Bids will be received by the Designated Representative or the competitive sale will be undertaken by electronic means, in the manner and on such date and time as the Designated Representative hereafter shall determine. The Designated Representative will approve the bid offering to purchase the Notes at the lowest net interest cost to the State at such price as shall be determined at the time of sale by the Designated Representative, plus accrued interest to the date of delivery, on all the terms and conditions set out in the applicable Official Notice of Sale.

All bids submitted for the purchase of the Notes shall be as set forth in the Official Notice of Sale or otherwise as established by the Designated Representative which will be furnished upon request made to the Designated Representative. Such bids shall be accompanied by surety bond or a cashier's or certified check, as a good faith deposit, made payable to the order of the State, in an amount, if any, determined by the State's financial advisor. The good faith deposit of the successful bidder shall be security for the performance of its bid and shall be held as liquidated damages in case the successful bidder fails to take up and pay for the Notes within 45 days if tendered for delivery. All bids submitted shall be opened (but not read publicly) by the State. The State reserves the right to reject any and all bids and to waive any irregularity or informality in any bid.

Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt sale, execution and delivery of the Notes and further to execute all closing certificates and documents required to effect the closing and delivery of the Notes in accordance with the terms of the Official Notice of Sale.

The Designated Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the State, the official statement relating to the issuance and sale of the Notes and the distribution of such official statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate. The Designated Representative is hereby authorized to deem final one or more preliminary official statements relating to the Notes for the purposes of the Rule.

Section 12. Application of Note Proceeds. The money derived from the sale of the Notes shall be allocated and expended as described in the following provisions.

(a) A portion of the Note proceeds shall be used for the payment of the allocable costs of issuance of the Notes.

(b) The remaining proceeds derived from the Notes shall be allocated among the authorizations contained in Sections 3, 4 and 5 of the State Transportation Bond Act. The amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements to be financed by the Bonds shall be reimbursed to the fund from Note proceeds. Proceeds allocable to the State Transportation Bond Act shall be deposited in the 2012 State Transportation Project Fund. Proceeds of the Notes may be invested by the Debt Manager at the direction of the State in any legal investment for funds of the State, and the interest earnings shall be credited to the 2012 State Transportation Project

Fund. Any unexpended and unobligated balances allocated for the projects described in Sections 3, 4 and 5 of the State Transportation Bond Act lapse under AS 37.25.020 and are appropriated by Section 6 of the State Transportation Bond Act to pay and redeem Notes.

Section 13. Undertaking to Provide Ongoing Disclosure. The State Bond Committee hereby authorizes the Designated Representative to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Notes for the benefit of the Beneficial Owners of the Notes in order to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 14. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the State shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Notes.

Section 15. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 20th day of February, 2013.

STATE OF ALASKA
STATE BOND COMMITTEE

____
SUSAN K. BELL
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

____
BECKY HULTBERG
Commissioner, Department of Administration
Member
Alaska State Bond Committee

____
BRYAN BUTCHER
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

____
Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of State of Alaska (the "State"), and keeper of the records of the State Bond Committee (the "Committee"), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2013-01 of the Committee (the "Resolution"), duly passed at a meeting thereof held on February 20, 2013.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of February, 2013.

____

Secretary

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2013

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of K&L Gates LLP, Bond Counsel, interest on the Notes is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Notes may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the Notes is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the Notes may be indirectly subject to the Alaska alternative minimum tax imposed on corporations to the extent that interest on the Notes is subject to the federal alternative minimum tax on corporations. See "TAX MATTERS" herein for a discussion of the opinions of Bond Counsel.

$149,645,000*
STATE OF ALASKA
General Obligation Bond Anticipation Notes
Series 2013 C
(Non-Callable)
Interest Rate: ___%
Yield: ___%
CUSIP No.: 011770__

Dated: Date of Delivery **Due: March 25, 2014**

The State of Alaska (the "State") $149,645,000* General Obligation Bond Anticipation Notes Series 2013 C (the "Notes") will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Notes will not receive physical certificates representing their interest in the Notes purchased. DTC will act as securities depository for the Notes. Individual purchases of interests in the Notes will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. The principal of and interest on the Notes shall be paid at maturity. The Notes are ***not*** subject to redemption prior to redemption.

The Notes shall bear interest at the rate annum set forth above, calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The principal of and interest on the Notes will be payable directly to DTC by The Bank of New York Mellon Trust Company, N.A. of Seattle, Washington, as authenticating agent, paying agent and registrar for the Notes (the "Bond Registrar"). Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants (as such term is defined in Appendix E hereto) for subsequent disbursement to the purchasers of beneficial interests in the Notes, as described herein.

The Notes will be general obligations of the State and the full faith, credit and resources of the State are pledged to the payment of principal of and interest on the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes will be issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act"), Sections 1, 3, 4 and 5 of Chapter 18, SLA 2012 (HB 286) (the "State Transportation Bond Act") and the Resolution (as defined herein) for the purpose of paying the costs of design and construction of state transportation projects. See "THE NOTES – Application of Note Proceeds" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Notes are offered when, as and if issued, subject to the approval of their validity and enforceability by K&L Gates LLP, Seattle, Washington, Bond Counsel. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Notes in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about March 27, 2013*.

The date of this Official Statement is March __, 2013

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* **Preliminary, subject to change**

STATE OF ALASKA
Sean Parnell, Governor
Mead Treadwell, Lt. Governor
P.O. Box 110001
Juneau, Alaska 99811
http://www.alaska.gov*

STATE BOND COMMITTEE

Susan Bell, Chair Commissioner Department of Commerce, Community and Economic Development	**Bryan Butcher, Secretary** Commissioner Department of Revenue	**Becky Hultberg, Member** Commissioner Department of Administration
Daniel Patrick O'Tierney, Delegate for Department of Commerce, Community and Economic Development Deputy Commissioner	**Angela Rodell,** Delegate for Department of Revenue Deputy Commissioner	**Mike Barnhill,** Delegate for Department of Administration Deputy Commissioner

Deven J. Mitchell
Debt Manager, State of Alaska
Department of Revenue
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Telephone: (907) 465-3750

STATE DEPARTMENT OF LAW
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Juneau, Alaska 99811-0400

Christopher Poag
Assistant Attorney General

FINANCIAL ADVISOR TO THE STATE
Acacia Financial Group, Inc.
Anchorage, Alaska

BOND COUNSEL
K&L Gates LLP
Seattle, Washington

BOND REGISTRAR
The Bank of New York Mellon Trust Company, N.A.
Seattle, Washington

* The reference to the State's website is not a hyperlink and the State's website, by this reference, is not incorporated herein.

The information contained in this Official Statement has been obtained from the State of Alaska and other sources the State deems reliable. No representation is made, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied upon as, a promise or representation by the Underwriters. The information concerning DTC and its book-entry system has been obtained from DTC, and no representation is made by the State as to the completeness or accuracy of such information.

No dealer, broker, salesperson or other person has been authorized by the State or the State Bond Committee (the "Committee") to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes, and, if given or made, such other information or representations must not be relied upon as having been authorized by the State or the Committee.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. This Official Statement does not constitute a contract between the State and any one or more of the purchasers or registered owners of the Notes. All summaries of bond resolutions, agreements or other documents are made subject to the provisions of such documents, respectively, and do not purport to be complete or definitive statements of any or all of such provisions.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except for the historical information described in the continuing disclosure undertaking of the State, the State does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations or events, conditions or circumstances on which such statements are based occur.

IN CONNECTION WITH THE OFFERING OF THE NOTES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICIATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH NOTES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

TABLE OF CONTENTS

OFFICIAL STATEMENT

Relating to

$149,645,000*
STATE OF ALASKA
General Obligation Bond Anticipation Notes,
Series 2013 C
(Non-Callable)

INTRODUCTORY STATEMENT

This Introductory Statement is intended to be a brief description of, and is therefore qualified by, the information contained in this Official Statement. Each prospective purchaser reviewing this Introductory Statement is directed to review this entire Official Statement, including the Appendices attached hereto, as well as all the documents referenced, summarized or described in this Official Statement.

The purpose of this Official Statement, including the Appendices attached hereto, is to provide certain information concerning the State of Alaska (the "State") and the issuance of $149,645,000* aggregate principal amount of the State of Alaska General Obligation Bond Anticipation Notes, Series 2013 C, (the "Notes"). The Notes will be issued pursuant to Resolution No. 1 (the "Resolution"), adopted by the State Bond Committee (the "Committee") on February 20, 2013. See "THE NOTES" herein for a description of the Notes and the security therefor.

The Notes will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Notes. See "THE NOTES – Security for the Notes" herein.

The Notes are being issued for the purpose of paying the costs of design and construction of state transportation projects, as more fully described under the caption "THE BONDS – Application of Bond Proceeds" herein.

The audited general purpose financial statements for the State for the fiscal year ended June 30, 2012 are attached hereto as Appendix B. These financial statements reflect historical performance. The financial performance of the State reflected in these financial statements cannot be relied upon as a reliable indicator of subsequent performance. Historical trends cannot be used to anticipate results or trends in future periods.

This Official Statement includes brief descriptions of the Notes and the Resolution. These descriptions do not purport to be comprehensive or definitive. References to such documents are qualified in their entirety by reference to the complete texts thereof. Copies of such documents are available for inspection at the office of the Department of Revenue. All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. Summaries of, or references to, provisions of the Internal Revenue Code of 1986 (the "Code") contained herein are made subject to the complete provisions thereof and do not purport to be complete statements thereof. Certain capitalized

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* Preliminary, subject to change

terms used herein and not defined herein shall have the meanings assigned thereto in "APPENDIX E – INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY."

The forms of opinions of Bond Counsel are attached hereto as Appendix C.

THE NOTES

Authority for Issuance

The Notes will be issued pursuant to the Alaska Constitution, AS 37.15.010 through 37.15.220 (the "Bond Act"), Sections 1, 3, 4 and 5 of Chapter 18, SLA 2012 (HB 286) (the "State Transportation Bond Act") and the Resolution for the purpose of paying the costs of design and construction of state transportation projects. On November 6, 2012, a general obligation bond authorization was passed by a majority of the qualified voters in the State who voted in the election authorizing the issuance of $453,499,200 of general obligation bonds for the purpose of paying the costs of design and construction of state transportation projects.

Security for the Notes

The Notes will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Notes. The amounts required annually to pay the principal of, interest and redemption premium on all issued and outstanding general obligation bonds of the State are appropriated each fiscal year to the Committee to make all required payments of principal, interest and redemption premium. Pursuant to AS 37.15.012, if such appropriation is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the General Fund to the Committee to make all required payments of principal, interest and redemption premium.

For the payment of principal of and interest on general obligation indebtedness, including the Notes, the State has the power to levy taxes, including taxes on all taxable property and income in the State, without limitation as to rate or amount. For a description of the State's sources of revenues, see "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and for a more complete discussion of the authorization of general obligation bonds and the provisions for payment thereof, see "INFORMATION CONCERNING THE STATE OF ALASKA – Public Debt and Other Obligations of the State" herein.

Purpose of the Notes

The Notes are being issued for the purpose of paying $149,649,000[*] to fund an estimated $149,649,000 of paying the costs of design and construction of state transportation projects pursuant to the State Transportation Bond Act. For a further description of the Notes, see "THE NOTES – Application of Note Proceeds."

General Description of the Notes

The Notes will be issued solely as fully registered Notes without coupons (initially in the book-entry only system) in denominations of $5,000 or any integral multiple thereof. The Notes shall bear interest at the rate as set forth on the Cover, calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The notes will be dated March 27, 2013 and will mature on March 25, 2014. The principal of and interest on the Notes shall be paid at maturity.

[*] Preliminary, subject to change

So long as Cede & Co. is the registered owner of the Notes, principal of and interest on the Notes are payable by wire transfer by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to the Direct Participants for subsequent disbursement to the Beneficial Owners (as defined in Appendix E) of the Notes, as further described in “APPENDIX E – INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY.”

In the event that DTC or its successor (or substitute securities depository or its successor) resigns and no substitute securities depository can be obtained, or the State determines that it is in the best interests of the Beneficial Owners that they be able to obtain Notes in the form of bond certificates, new Notes are required to be issued and registered.

Application of Note Proceeds

[to come]

Redemption of the Notes

The Notes are ***not*** subject to redemption prior to maturity.

Defeasance

In the event that money and/or government obligations, which are noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Notes in accordance with their terms, as evidenced by a report of an independent accountant or verification agent (which report shall be required only if the defeasance is not a full cash defeasance), are set aside in a special account of the State to effect such redemption and retirement, and such moneys and the principal of and interest on such government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made for the payment of the principal of and interest on the Notes so provided for, and such Notes shall cease to be entitled to any lien, benefit or security of the Resolution except the right to receive the moneys so set aside and pledged, and such Notes shall be deemed to be no longer outstanding.

Book-Entry System

When issued, the Notes will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as securities depository for the Notes. Individual purchases will be made only in book-entry form through DTC, and purchasers will not receive physical certificates representing their interests in the Notes purchased. Except as provided in the Resolution so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Notes, as nominee of DTC, references in this Official Statement to Owners, Registered Owners or holders mean Cede & Co. (or such other name) and not the Beneficial Owners of the Notes. For information about DTC and its book-entry system, see “INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY” in Appendix E.

INFORMATION CONCERNING THE STATE OF ALASKA

General

Alaska is a sovereign state of the United States of America and is located in the far northwest corner of North America, to the west of Canada and approximately 500 miles north of the State of Washington. Most of the State’s revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and securities in funds owned by the State.

State Government

Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the "Statehood Act"). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

There are three branches of government: legislative, executive and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the "Legislature"). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court and the courts established by the Legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements and general administrative services.

State Bond Committee

The Legislature, by AS 37.15.110, has created the Committee. The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development, as chairperson, the Commissioner of the Department of Revenue, as secretary, and the Commissioner of the Department of Administration, or their designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

Overview of the Economy of the State

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and state government, seafood and tourism. While petroleum extraction accounts for approximately 90 percent of the State's revenues, more than 25 percent of the State's employment is derived from government. Tourism provides 11 percent of the State's employment with seafood providing 10 percent. The State's population continues to grow, increasing 13 percent from 2000 to 2010 (April 2010 Census). The State's major exports are oil, natural gas, seafood (primarily salmon, cod, pollock and crab), coal, gold and zinc.

For more information regarding the economy of the State, see "APPENDIX A – SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE."

State Ownership of Land and Natural Resources

Alaska includes approximately 586,412 square miles (approximately 365 million acres) in land and is the largest state in the United States, roughly equivalent in land to one-fifth of all of the other 49 states combined. Unlike the other 49 states, where most of the land is owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Native owners. In 1959, when Alaska became a state, 99.8 percent of the land was owned by the federal government. The Statehood Act, and later the Alaska Land Transfer Acceleration Act, enacted in 2004, gave the State the right to select and acquire approximately 104 million of the nearly 365 million acres of federal lands in Alaska. As of June 30, 2011, approximately 90 percent of this grant has been conveyed to the State. In addition, the State has acquired an estimated 65 million acres of submerged lands, some of which contain oil-producing and gas fields or areas that may have potential for oil and gas production.

The United States Congress enacted the Alaska Native Claims Settlement Act ("ANCSA") in 1971, following the discovery of a large oil and gas reservoir on the Alaska North Slope. Under ANCSA, 13 regional corporations and more than 200 village corporations were established with rights to select approximately 44 million acres of federal lands and associated subsurface and surface rights. Currently, the Native corporations own approximately 13 percent of Alaska lands, the State owns approximately 26 percent and the federal government owns approximately 60 percent, with less than 1 percent of Alaska lands owned by private, non-Native owners. As described below, the State obtains significant revenues from companies that lease State-owned lands for extraction of oil, natural gas, coal, gold, zinc and other minerals and shares with the federal government revenues from oil, natural gas and other assets extracted from federal lands leased by private companies.

Article 8, Section 1 of the Alaska Constitution provides that, "it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." The Department of Natural Resources ("DNR") oversees all activities that occur on the 100 million acres of State upland, 60 million acres of submerged lands and 40,000 miles of coastline. DNR's mission is to "responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest." As such, DNR has the stewardship and public trust responsibility for all State-owned land, water and resources in addition to certain regulatory responsibility on private lands. DNR manages the State's mineral, coal, oil and gas, geothermal, timber, material and water resources, provides land use authorizations for surface activities on State land, receives title from the federal government in accordance with the Statehood Act and the Alaska Land Transfer Acceleration Act and conveys land to private purchasers. DNR manages and distributes a large volume of technical data, public records, land records and geospatial information.

Oil and Gas Reserves. The State's finances have been dominated by oil exploration and production since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered. The Trans-Alaska Pipeline System (the "TAPS"), an 800-mile, 48-inch crude oil pipeline from the State's Arctic Coast to Valdez in south-central Alaska, was completed in June 1977, enabling the production and transmission from the North Slope of Alaska of more than 16.6 billion barrels of crude oil between fiscal years 1978 and 2012. Crude oil production on the North Slope peaked in 1988 at slightly above 2.0 million barrels per day from the large Prudhoe Bay field, Kuparuk, the State's second largest oil-producing area, and from the Endicott and Lisburne satellite fields. Currently producing oil fields face declining rates of production as production continues beyond field peak performance. Oil producers attempt to replace this depletion by finding, developing and producing new oil.

The Alaska North Slope has experienced new oil being produced at additional fields and new developments that will bring future production. New production on the North Slope has helped to offset some of the decline since 1988, with total production estimated to be 579,000 barrels per day in fiscal year 2012. In its Fall 2012 Revenue Sources Book, the State forecasted that crude oil production on the North Slope would continue to decline over the 10 year forecast period to 338,500 barrels per day by 2022. The forecast oil production in 2022 estimates 88,000 barrels of oil per day will come from projects currently under evaluation or under development. This estimate is a weighted average of many potential new projects coming on line at various times and production rates over the forecast period. In 2012, the Alaska Department of Revenue ("DOR") began reporting future production as a risk-weighted value in order to account for the risk involved in bringing new projects online as an appropriate measure to prepare the State's budget. While this ensures conservative financial planning further into the future, there is a reasonable expectation that production could be as high as 436,000 barrels of oil per day by 2022 under the right economic conditions. That number could be more than twice as high with technological breakthroughs or major changes in current conditions. Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has increased for the last two years as new participants enter the Alaska market. Production was almost 11,000 barrels per day in 2012 and is forecast to be at least 5,000 barrels per day in 2022, despite entering its 63rd year of production at that time.

Although crude oil production is decreasing, State revenues have been increasing as a result of changes to the State's oil-related tax structure and general increase in price for oil. In addition, the potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources in northern Alaska is considerable. In August 2007, the U.S. Department of Energy ("DOE") released "Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?" – a report that assessed the potential for Alaska to remain a major producer of oil and gas under various development scenarios. The report examined near-term potential (2007-2015) and long-term potential (2015-2050), mostly under a major gas sales scenario. According to the report, the North Slope is a relatively underexplored petroleum province that may provide oil and increasingly, natural gas, for years to come.

The 2007 U.S. DOE report evaluated geologic and commercial viability of future oil and gas production from five areas or provinces: 1) the central Arctic area between the Colville and Canning Rivers (and adjacent State waters), 2) the 1002 area of the Arctic National Wildlife Refuge, 3) the National Petroleum Reserve in Alaska ("NPR-A"), 4) the Beaufort Sea Outer Continental Shelf ("OCS"), and 5) the Chukchi Sea OCS. Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 38.2 billion barrels and mean technically recoverable gas resources of 186.5 trillion cubic feet ("TCF") from these five areas. The State benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits to some extent from the production of federal oil from non-State lands shipped through TAPS. These estimates are not included in the DOR's projections of oil production from the North Slope.

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Most of the opportunities to add production from State lands are from expanded heavy/viscous oil development, shale oil, continued satellite development at Alpine, and continued developments at Oooguruk and Nikaitchuq. Production from the Oooguruk field began during the summer of 2008 and is progressing as expected. The Nikaitchuq field began production on schedule in February of 2011. The Point Thomson field, 20 miles east of the existing Badami development, together with three known satellite fields, is estimated to hold more than eight TCF of gas reserves and more than 500 million barrels of liquid hydrocarbons. Production at Point Thomson is currently forecast based on a gas cycling production profile consistent with recent publicly available statements on the project. Another new field expected to begin production is Umiat, first discovered in the late 1940s by the U.S. Navy. It is estimated to have one billion barrels of oil in place with approximately 200 million recoverable barrels. It has not been developed due to its remoteness, but production at the Umiat field is expected to begin within approximately six years.

The State has also seen renewed interest in the bidding on leases of State land for oil and gas exploration and production. On November 7, 2012, the State received 132 bids on 122 tracts from 13 different bidding groups, encompassing approximately 310,500 acres. Bidders included the major producers on the North Slope as well as familiar smaller companies and at least two new entrants to the Alaska market. Winning bids totaled $14.2 million, $11.5 million of which came from the North Slope sale. This makes this recent North Slope area lease sale the fourth largest by dollar amount since area-wide lease sales began in 1998. The Beaufort Sea sale netted the State almost $1.8 million, making it the fifth largest by dollar amount in that area. The North Slope Foothills area, which had not seen any bidding in the past three years, received eight bids, the fourth best result ever by bonus bids for that area. A year earlier, on December 7, 2011, the State received more than 300 bids from more than 15 bidders for oil and gas lease tracts on the North Slope and the Beaufort Sea, totaling more than $21 million. Earlier, in June 2011, the State received 100 bids for 613,690 acres in Cook Inlet. The total $11.1 million in high bids made it the fourth most lucrative Cook Inlet lease sale in State history.

Natural Gas Pipeline Developments. Natural gas development on the Alaska North Slope has been limited because a pipeline to transport recovered natural gas to market outside Alaska has never been constructed. As a result, natural gas produced in conjunction with oil production on the North Slope is not yet sold commercially in significant volumes. Most of the produced gas is re-injected into the North Slope oil fields for use in enhanced oil recovery projects at the Prudhoe Bay field or at the Kuparuk field while some is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 35 TCF of known reserves on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates by the U.S. Geological Survey place the amount of technically recoverable resources at more than 100 TCF.

The State's tax and royalty provisions apply to natural gas products as well as to oil, and the State's long-term planning is based in part on efforts to develop natural gas resources as oil production declines. See "State Revenues—Oil and Gas Revenues" herein. To spur commercialization of Alaska natural gas, the Legislature enacted the Alaska Gasline Inducement Act ("AGIA") in 2007. In August 2008, following an extensive application and evaluation process, the Legislature authorized the State to award an AGIA license to TransCanada Alaska, a wholly-owned subsidiary of the TransCanada Corporation ("TransCanada"). TransCanada has partnered with ExxonMobil, one of the three major North Slope producers, on the pipeline project. Pursuant to the AGIA license, TransCanada commits to initiate pre-development activities and to obtain necessary permits to build a 1,715-mile natural gas pipeline from a natural gas treatment plant at Prudhoe Bay to the Alberta Hub in Canada. Under AGIA, the State agreed to provide matching funds of up to $500 million to reimburse TransCanada for a portion of the development costs of the proposed pipeline. The AGIA license obligates TransCanada to complete certain predevelopment and regulator steps but does not require them to proceed with construction. The project conducted its initial open season in 2010, receiving multiple bids from potential shippers. In 2012 TransCanada, ExxonMobil, ConocoPhillips and BP formally agreed on a work plan under the AGIA framework and pertinent milestones to explore and develop a concept for a liquefied natural gas project and associated pipeline to southcentral Alaska. The group is expected to announce a concept selection in the first half of 2013 and determine whether or not to proceed to the preliminary front-end engineering and design phase.

Since the award of the license, substantial natural gas supplies have been discovered and developed in the continental U. S. Further, a competitive pipeline project – the "Denali Project" – was undertaken in 2008 by ConocoPhillips and BP. Work on the Denali Project was subsequently suspended in 2011. The State is continuing to meet its obligations under the AGIA program while reviewing market developments which may impact the form and timing of an Alaska natural gas commercialization project.

Currently**,** the natural gas price differential between North American and Asian markets has meant that a project that exports Alaska natural gas as LNG is considered preferable over an overland North American project. As of Fall 2012, the major leaseholders of natural gas (Exxon, ConocoPhillips and BP), along with the AGIA license holder TransCanada, are undertaking early work toward concept selection of a potential LNG export project.

In addition to efforts to develop a project to bring Alaska gas to markets outside the State, in 2009, the Alaska Gasline Development Corporation ("AGDC"), a subsidiary of the Alaska Housing Finance Corporation, was formed pursuant to AS 38.34.010, et seq., as amended. The primary purpose of AGDC is to review and present options to the Legislature regarding a smaller pipeline project designed to bring gas from the North Slope to the Alaska 'railbelt' (the region between Fairbanks and the Kenai Peninsula where a majority of the State's population and economic activity are domiciled). AGDC is continuing to evaluate project costs, approaches to development and financing and how the various gas development efforts may impact each other. There can be no assurance that any of these or any other commercialization effort will result in a project moving forward.

Mineral Resources. Seven large mines that produce zinc, gold, lead, silver, coal, and gravel and sand are currently in operation and several other large mines are under development or exploration. There are also numerous placer and other small mining operations.

The seven major Alaska mines are:

- Red Dog Mine, a surface mine and mill that produces zinc, lead and silver in concentrates in the Northwest Arctic Borough. It is a joint venture between Teck and an Alaska Native Corporation (NANA Regional Corporation). Red Dog is one of the largest zinc mines in the world, both in terms of production and reserves.
- Fort Knox Mine, owned by Kinross, has been the largest gold producer in Alaska since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Pogo Mine is an underground gold mining operation that began producing gold in 2006, operated by Sumitomo Metal Mining.
- Usibelli Coal Mine, a family-owned mine located outside Healy, in the interior of the State, is the only operating coal mine in Alaska.
- Greens Creek Mine, located on Admiralty Island, in southeast Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead. It is owned by Hecla and is one of the world's top 10 silver producers.
- Nixon Fork Mine, located 35 miles northeast of McGrath in the interior of the State reopened in 2011 to produce gold and copper.
- Kensington Gold Mine, located on the east side of Lynn Canal about 45 miles north-northwest of Juneau, is owned by Coeur Alaska. It began production in 2010.

Of the approximately 100 million acres of land transferred to the State by the federal government, nearly 35 million acres were selected for transfer because of anticipated mineral value. As of the end of calendar year 2010, 3.6 million acres of State land are subject to mining claims.

In calendar year 2011, the cumulative value of Alaska's mining industry was approximately $4.4 billion, divided between exploration and development investments, and the gross value of the mineral products. At the same time, the value of large mine mineral production for 2011 was estimated at $3.8 billion, compared to $3.1 billion for 2010. The industry spent an estimated $300 million in Alaska mineral exploration in 2011, up 13 percent from the previous year. The industry spent $175 million on mine construction on developing and existing mines. Exploration spending in Alaska accounted for a large percentage of the total exploration monies spent in the U.S. each year. In 2011, there were 30 projects in Alaska that spent more than $1 million each. Alaska's mining industry provided nearly 9,500 mining industry jobs in Alaska in 2011. Mining companies serve as the largest taxpayers in the City and Borough of Juneau, the Fairbanks North Star Borough, the Denali Borough and the Northwest Arctic Borough. Minerals are the State's second largest export commodity. Mineral exports accounted for 31 percent of the State's export total and consist primarily of zinc and lead from the Red Dog Mine. Relatively strong prices for zinc have helped to sustain the high level of mineral export values over the past several years, as have the historically high prices received for lead.

Prospective mineral projects for Alaska include:

- The Donlin Gold Project in southwest Alaska, a gold deposit.
- The Chuitna Coal Project, located in the Beluga Coal Field of south-central Alaska.
- The Pebble Project, an initiative to develop a copper, gold and molybdenum deposit in the Bristol Bay region of southwest Alaska.
- The Livengood gold project north of Fairbanks, currently undergoing a feasibility project.
- The Niblack prospect in southeast Alaska, on Prince of Wales Island, for the production of gold,

silver, copper and zinc.

- The Bokan Mountain project, a rare earth minerals deposit in southeast Alaska, on Price of Wales Island.

As described below, the State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rentals and production royalties. Production is expected to end over the next decade at many of the seven mines that currently contribute most of the State's mining-related revenue. Overall, mining-related revenues to the State were approximately $76 million in fiscal year 2012. In most cases, as is common in the industry, new resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in advanced exploration or the permitting phase. See "State Revenues—Mineral Revenues."

Alaska has a number of deposits of rare earth elements, which are used in magnets, batteries, refining and other metallurgical applications. Finished products in which they are critical include smart phones, hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, which is located in Southeast Alaska, on Prince of Wales Island near Ketchikan, has inferred resources of between 1.0 and 6.7 million metric tons. While Bokan Mountain is the only project that is likely to be developed in the near future, there are three other known deposits located on Prince of Wales Island that are currently under evaluation, as well as deposits near Nome and Fairbanks. The Alaska Division of Geological & Geophysical Surveys is currently engaged in a major project to detail Alaska's potential to develop rare earth elements.

Other Major Resources. Fish and game have long been important resources in Alaska, and taxes on fish landings and processing represent a share of the State's non-petroleum revenues. With increased air and cruise services to Alaska in the last 10 years, tourism is now another important source of revenue for the State. Although passenger fee revenues are restricted revenue and not available for general appropriations, the large commercial passenger cruise vessels are subject to the State corporate income tax, the proceeds of which are unrestricted. See "State Revenues—Other Non-Oil and Non-Mineral Revenues" below.

State Revenues

The State does not currently impose personal income taxes and has never imposed general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of unrestricted non-investment General Fund revenue and about 7.0 percent of unrestricted non-investment total revenue in fiscal year 2012. Grants, contributions and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

From time to time, the State has implemented changes to its tax regime and/or tax rates. The State is currently considering changes to certain of its taxing systems, including the oil tax regime. There can be no assurance what, if any, changes may be implemented and, if implemented, what impact such changes may have on the near- and long-term revenues of the State.

The imposition of additional taxes would require authorization by the Legislature but would not require approval of the voters. It is possible that a referendum petition, if signed by the required number of voters, could be filed to challenge legislation imposing a tax. Such tax then would have to be approved by a majority of the voters voting on the referendum. State legislation has not been challenged by referendum in the past 20 years. Although some local taxes have been challenged by initiatives, State taxes have not.

There are 18 boroughs in Alaska and 144 cities, 96 of which are located within a borough. Of these, 13 boroughs and 23 cities impose property taxes and nine boroughs and 52 cities impose sales taxes.

Oil and Gas Revenues. The State's unrestricted General Fund revenues are generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, corporate income taxes, oil and gas production taxes, bonuses and rents, and oil and gas royalties.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed Statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the TAPS (including the terminal at Valdez) and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax as of January 1, 2012 was $24.5 billion compared with January 1, 2011, at just over $23.0 billion, $24.0 billion as of January 1, 2010, and $22.0 billion as of January 1, 2009.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (95 percent of which is TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

Local governments also may levy a property tax on oil and gas properties at individual mill rates up to 20 mills using the assessed values determined by the State. Taxpayers receive a credit against the State oil and gas property tax for property taxes paid to municipalities on such property up to the amount of State tax that would otherwise be due. Of the $490 million of property taxes collected in fiscal year 2012 on oil and gas property in the State, the State's share was approximately $111.6 million.

Revenue from oil and gas property taxes is deposited into the General Fund; settlement payments received by the State after a property tax assessment dispute, however, are deposited into the Constitutional Budget Reserve Fund. For additional information see "Government Funds—The Constitutional Budget Reserve Fund."

Corporate Income Tax. Alaska levies a corporate income tax on Alaska taxable net income of companies doing business in Alaska (other than insurance companies that pay premium tax and other than S corporations and limited liability companies). Corporate income tax rates are graduated and range from one percent to 9.4 percent of income earned in Alaska. Taxable income is generally calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending on whether the corporation does business solely in Alaska, does business both inside and outside Alaska or is part of a group of corporations that operate as a unit in the conduct of a single business (a "unitary" or "combined" group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited into the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited into the Constitutional Budget Reserve Fund.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. In November 2007, the Legislature amended the oil and gas production tax statutes and adopted the Alaska Clear and Equitable Share ("ACES") legislation. Under ACES, the tax on production is levied on all onshore oil and gas production except for the federal and State royalty shares, and on offshore developments within three miles of shore. A hazardous release surcharge (the revenues of which are for deposit to a restricted response fund) is levied only on crude oil production. The ACES tax is levied on the net value of oil and gas production (the volume of oil and gas produced, multiplied by the wellhead value), less the total of operating expenditures and capital expenditures, multiplied by the applicable tax rate and then minus credits for certain capital expenditures and certain transition expenditures.

The base tax rate under ACES is 25 percent, and the tax rate increases 0.4 percent for every dollar per-barrel (or the equivalent for natural gas) the net income exceeds $30 per barrel. At $92.50 per barrel, this progressive factor changes from 0.4 percent to 0.1 percent for every additional dollar of profit on a barrel up to a total tax rate of 75 percent. The ACES system authorizes a company to reduce its tax liability to the extent that it invests in equipment, projects or other items that are deemed to be "capital expenditures," by expensing such costs immediately instead of capitalizing them. As an incentive to reinvest in Alaska, capital costs that exceed $0.30 per barrel are eligible for an additional 20 percent credit against the company's ACES liability, to be taken over two years. Higher credits of 30 or 40 percent are available as an incentive for exploration expenditures from certain qualifying projects. An additional credit of up to $12 million base allowance is granted to companies that qualify as small producers. Figure 1 is a graphical depiction of the ACES tax liability calculation.

Figure 1. ACES Tax Liability Calculation

ACES Tax Liability Calculation

ACES Tax Liability = [Production Tax Value * Tax Rate] – Credits

The terms used in the equation are defined as follows:

Production Tax Value = (Value - Costs)

Value = Volume of Taxable Oil & Gas Produced * Wellhead Value

Costs = Operating Expenditures + Capital Expenditures

Tax Rate = 25% + 0.4% for every $1 per barrel that this "net income" exceeds $30, up to $92.50, then 0.1%

Credits = (20% * Capital Expenditures)[(1)] + (20% * Eligible Transition Expenditures)[(2)] + Small Producer Credit[(3)]

(1) Spread over two years

(2) Limited to those credits earned while the PPT was in effect and could not be used

(3) Credit is for companies producing less than 100,000 bbls/day. Available up to $12 million for North Slope and/or Cook Inlet Producers, and $6 million for production outside of North Slope and Cook Inlet annually. Small producer credits cannot be redeemed for cash certificates or carried forward.

Taxpayers are required under the ACES legislation to make monthly estimated payments, based upon activities of the preceding month, due on the last day of the following month and to file an annual tax return to "true up" any tax liabilities or overpayments made during the year. As an incentive for new exploration, companies without tax liability against which to apply credits available under the ACES tax may apply for a refund of the value of most of the credits. In fiscal year 2012 the State paid $353 million to companies claiming such credits. The ACES legislation also requires that the companies report the volumes and expenditures used to calculate their estimated monthly installments and requires that companies provide to the DOR semiannual best estimates of future oil production and lease expenditures.

Before April 2006 the production tax system was based upon the gross value of oil and gas at the point of production plus an economic limit factor. In April 2006, the Legislature adopted legislation that established a net income-based tax (the "Petroleum Profits Tax" or "PPT"), which established new tax rates on oil and gas production, repealed the economic limit factor volume-based tax and provided credit for certain qualifying expenditures and taxpayers. The PPT was replaced by ACES in 2007. As shown in Table 2 below, the PPT and ACES resulted in an increase in production tax revenue to the State as compared to the earlier tax system.

All unrestricted revenue generated by the oil and gas production taxes ($3.1 billion in fiscal year 2009, $2.9 billion in fiscal year 2010, $4.5 billion in fiscal year 2011 and $6.1 billion in fiscal year 2012) is deposited into the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the Constitutional Budget Reserve Fund.

<u>Oil and Gas Royalties, Rents and Bonuses</u>. Approximately 99 percent of all current oil production in the State, including the reserves at Prudhoe Bay, is from State land leased for exploration and development. As the land owner, the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land is leased based on a competitive bonus bid system. The State retains a royalty interest of at least 12.5 percent on oil and gas production from land leased from the State, although some leases contain royalty rates of up to 20 percent and some also include a net profit-share production agreement. The State reserves the right to take its royalty in cash or in-kind (according to a formula based upon spot prices plus a transportation charge). In fiscal year 2012, the State took approximately 34,500 royalty barrels per day of North Slope oil in-kind, which it sold to Flint Hills Resources Alaska, LLC refinery in Alaska.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the NPR-A. The State also receives revenues from federal royalties and bonuses on all other federal lands located within State borders and federal royalties and lease bonuses and rents from certain federal waters at rates negotiated on a field by field basis.

As shown in Tables 2 and 3 below, a portion of the State's oil-related revenue, including oil and other royalty and bonus payments, is restricted revenue and is not available for general appropriations. See "Government Funds." The State Constitution requires that a minimum of 25 percent (and State statutes currently require 50 percent for certain leases) of all mineral and oil and gas lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State be deposited to the Permanent Fund. Alaska statutes also require that at least 0.5 percent of all royalties and bonuses be contributed to the Public School Fund Trust and that most settlements with or judgments involving tax and royalty disputes be deposited to the Constitutional Budget Reserve Fund. See "Government Funds". In addition, the State is required to deposit its entire share of lease bonuses, rents and royalties from oil activity in the NPR-A to the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations.

Table 2 summarizes the sources and uses of oil and other petroleum-related revenue for fiscal years 2003 through 2012.

Table 2

Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2003 - 2012
($ millions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Oil Revenue to the General Fund										
Property Tax	$48.7	$47.3	$42.5	$54.5	$65.6	$81.5	$111.2	$118.8	$110.6	$111.2
Corporate Income Tax.....................	151.1	298.8	524.0	661.1	594.4	605.8	492.2	446.1	542.1	568.8
.Production Tax (1)	599.0	651.9	863.2	1,199.5	2,208.4	6,822.6	3,112.0	2,871.0	4,552.9	6,146.1
Royalties (including bonuses, rents and interest) (2) ..	840.3	1,056.1	1,419.9	1,784.1	1,613.0	2,446.1	1,465.6	1,477.0	1,843.3	2,031.7
Subtotal	$1,639.1	$2,054.1	$2,849.6	$3,699.2	$4,481.4	$9,956.0	$5,181.0	$4,912.9	$7,048.9	$8,857.8
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund (3)	$403.8	$361.8	$486.5	$611.5	$545.6	850.5	$670.8	$707.2	$870.9	$919.6
Tax settlements to CBRF	22.3	8.4	27.4	43.7	101.9	476.4	202.6	552.7	167.3	102.1
NPR-A royalties, rents and bonuses (4)	34.6	2.5	31.6	4.5	12.8	5.2	14.8	21.3	3.0	4.8
Subtotal	460.7	372.7	545.5	659.7	660.3	1,332.1	888.2	1,281.2	1,041.2	1,026.5
Total Oil Revenue..	$2,099.8	$2,426.8	$3,395.1	$4,358.9	$5,141.7	$11,288.1	$6,069.2	$6,194.1	$8,090.1	$9,884.3

(1) The standard deduction provided under ACES for production in the Prudhoe Bay and Kuparuk fields expired on December 31, 2009.
(2) Net of deposits to the Permanent Fund and the Constitutional Budget Reserve Fund. The Constitution requires the State to deposit at least 25 percent to the Permanent Fund, and between 1980 and 2003 Alaska statutes required the State to deposit at least 50 percent to the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. See "The Alaska Permanent Fund."
(3) Includes proceeds of royalties taken in-kind.
(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.
Source: State of Alaska Department of Revenue

Mineral Revenues. The minerals industry contributed approximately $76.0 million in State revenues in fiscal year 2012, received from corporate income tax, mining license tax, and mining rents and royalties.

Corporate Income Tax. The corporate income tax is based on the share of U.S. net income apportioned to Alaska, based upon the share of a company's property, payroll and sales in the State. State revenue from the corporate income tax on net income of mining companies rose from $41.1 million in fiscal year 2009 to $81.8 million in fiscal year 2011, but dropped to $15.0 million for fiscal year 2012.

Mining License Tax. The State's severance tax on mining, the mining license tax, is based on the net income of individual mines for all mining property in the State, whether or not mining occurs on State-owned land. New mining operations are exempt from the tax for the three and a half years after production begins. Tax rates are scaled from 0 percent to 7 percent depending upon net income, with the 7 percent rate applying to all net income over $100,000. Revenue from this tax was $49 million in fiscal year 2011 and $41 million in fiscal year 2012. Revenue from the mining license tax is deposited into the General Fund; settlement payments received by the State after a tax assessment dispute, however, are deposited into the Constitutional Budget Reserve Fund. See "Government Funds—The Constitutional Budget Reserve Fund." Beginning in calendar year 2012, sand and gravel, quarry rock and marketable earth mining operations are exempt from the mining license tax.

Production Royalties and Annual Rentals. The State charges a production royalty on mining operations conducted on State-owned lands in the amount of three percent of net income. The State is required by statute to deposit 50 percent of total minerals royalties to the Permanent Fund and 0.5 percent to the Public School Trust Fund, although deposits of 25 percent, the constitutionally-mandated minimum, were required to be made between July 1, 2003 and October 1, 2008. The proposed Pebble mine and the new Pogo mine are on State land but most of the existing mines are not. In fiscal year 2012, the State received $20.3 million in total mining royalty and rental income. See "-Government Funds—The Alaska Permanent Fund."

Other Non-Oil and Non-Mineral Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum and mining production. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers and mining companies, cigarette/tobacco excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, and miscellaneous revenues. In fiscal year 2012, unrestricted revenue from non-oil and non-minerals sources (including investments) was $560.1 million.

Corporate Income Tax and Insurance Premium Tax. In addition to corporate income taxes paid by mining companies and by oil and gas producers, the State collected approximately $83.5 million of other corporate income taxes in fiscal year 2012. Insurance companies doing business in Alaska pay a premium tax instead of paying corporate income tax. Unrestricted revenues from insurance premium taxes totaled approximately $54.8 million in fiscal year 2012.

Cigarette/Tobacco Excise Tax. The State levies a tax on cigarettes imported into the State for sale or personal consumption. The cigarette tax is paid through the purchase of cigarette tax stamps, which must be affixed to every pack of cigarettes imported into the State for sale or personal consumption. The tax rate on cigarettes was increased from $1.60/pack to $1.80/pack on July 1, 2006 and to $2.00/pack on July 1, 2007. $0.76/pack from the cigarette tax is deposited to the Public School Trust Fund, together with cigarette and other tobacco products license fees. The remaining $1.24/pack is deposited into the General Fund, with 8.9 percent of that amount going to the Tobacco Use Education and Cessation Fund, a subfund of the General Fund. In addition, the State levies a tax on other tobacco products imported into the State for sale, at a rate of 75 percent of the wholesale price, which is the established price at which a manufacturer sells other tobacco products to a distributor. All proceeds from the other tobacco products tax go to the General Fund.

Approximately $22.5 million of revenue from cigarette taxes and from the tobacco products taxes was deposited into the Public School Trust Fund in fiscal year 2012 to be used for the rehabilitation, construction, repair and associated insurance costs of State school facilities. Cigarette tax revenue deposited in the Tobacco Education and Cessation Fund in fiscal year 2012 was $3.3 million, and remaining General Fund cigarette tax revenue was $33.6 million. In addition, the General Fund received $12.0 million in other tobacco products tax revenue in fiscal year 2012.

Motor Fuel Taxes. The State generally levies a motor fuel tax at rates that vary from 3.2 cents per gallon for jet fuel to 8 cents per gallon for highway use, on almost all motor fuel sold, transferred or used within Alaska. Aviation-related fuel is restricted to airport-related uses, and 60 percent of aviation fuel taxes attributed to aviation fuel sales at municipal airports is shared with the municipalities (slightly under $150,000 in fiscal year 2012) and is considered restricted revenue. The motor fuel tax generated approximately $40.9 million in unrestricted revenue in fiscal year 2012, for total collections of about $41 million.

Fishery Business Taxes. The State imposes a number of fishery-related taxes and fees, including a fisheries business tax charged to fish processors (one percent to five percent of the value of raw fish) and a fishery resource landing tax of from one percent to three percent on the value of fish landed in Alaska but processed outside State boundaries. Proceeds from these fishery taxes are shared with qualified municipalities. The State's share of these fishery taxes in fiscal year 2011 was $22.8 million and in fiscal year 2012 was $32.7 million.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, as a result of procurement contracts, grants and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately $2.4 billion in fiscal year 2011 and $2.5 billion in fiscal year 2012. It is used for road and airport improvements, as aid to schools and Medicaid payments, all of which payments vary in amount and are restricted by legislative appropriation to specific uses. In general, federal funds are paid on a reimbursement basis and are subject to audit.

Investment Income. The State earns unrestricted and restricted investment earnings from a number of internal funds. Two primary sources of investment income for the State are two Constitutionally-mandated funds, the Permanent Fund and the Constitutional Budget Reserve Fund. The Permanent Fund had a fund balance (principal and the earnings reserve) of approximately $40.3 billion as of June 30, 2012, compared to $40.1 billion as of June 30, 2011, $33.3 billion as of June 30, 2010 and $29.9 billion as of June 30, 2009. The Constitutional Budget Reserve Fund had a fund balance of approximately $10.6 billion as of June 30, 2012, compared to $10.3 billion as of June 30, 2011, $8.7 billion as of June 30, 2010 and $8.3 billion as of June 30, 2009. Unrestricted, realized investment income from balances in both funds are available for appropriations, and as described below, the State borrows from the Constitutional Budget Reserve Fund when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year. See "Government Funds – The Constitutional Budget Reserve Fund" and "—The Alaska Permanent Fund."

Although not as significant, the State also receives the earnings on the Statutory Budget Reserve Fund, with a balance of $4.4 billion as of June 30, 2012, and $2.6 billion as of June 30, 2011, and these earnings are considered General Fund unrestricted revenue. See "Government Funds – The Statutory Budget Reserve Fund."

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other, unrestricted funds ($107.8 million in fiscal year 2012, $96.3 million in fiscal year 2011, $184.0 million in fiscal year 2010 and $247.6 million in fiscal year 2009). See "Government Funds."

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years 2003 through 2012.

Table 3

Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2003 – 2012
($ millions)

Revenue Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Unrestricted										
Oil Revenue	$1,639.1	$2,054.1	$2,849.6	$3,699.2	$4,481.4	$9,956.0	$5,181.0	$4,912.9	$7,048.9	$8,857.8
Non-Oil Revenue	249.5	281.8	314.5	447.9	537.1	544.4	402.6	414.0	527.7	519.6
Investment Earnings	59.0	9.7	24.7	53.3	140.1	248.8	247.6	184.0	96.3	107.8
Subtotal	$1,947.6	$2,345.6	$3,188.8	$4,200.4	$5,158.6	$10,749.1	5,831.2	5,513.3	7,672.9	9,485.2
Restricted										
Oil Revenue	$460.7	$372.7	$545.5	$659.7	$660.3	$1,332.1	$888.2	$1,281.2	$1,038.2	1,021.7
Non-Oil Revenue	535.6	449.2	514.7	536.5	684.9	604.4	545.8	467.1	473.6	184.5
Investment Earnings	1,151.7	3,516.1	2,773.6	3,173.3	3,737.8	(1,483.5)	(6,894.5)	4,291.9	7,928.5	109.7
Federal Revenue	1,769.1	1,941.0	1,924.9	1,966.2	1,971.9	1,902.5	2,088.4	2,387.9	2,407.9	2,460.3
Subtotal	$3,917.1	$6,279.0	$5,758.7	$6,335.7	$7,054.9	$2,355.5	($3,372.1)	$8,428.2	$11,851.2	4,079.0
Total	$5,864.7	$8,624.6	$8,947.5	$10,536.1	$12,213.5	$13,083.7	$2,459.1	$13,940.9	$19,524.2	13,564.2

Note: "Federal Revenue" includes oil revenue for NPR-A Rents, Royalties, and Bonuses shared by the Federal government. In fiscal year 2012 this constituted $4.8 million.
Source: State of Alaska Department of Revenue.

Government Budgets and Appropriations

The State is limited by its Constitution and statutes and by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without an appropriation from the Legislature.

Budgets. The State's fiscal year begins on July 1 and ends on the following June 30. The Constitution requires the Governor to submit to the Legislature by December 15 a budget for the next fiscal year, setting forth all proposed expenditures and anticipated income of all departments, offices and agencies of the State, and to submit bills covering recommendations in the budget for new or additional revenues. The Constitution prohibits the withdrawal from the treasury of any funds, regardless of source, without an appropriation, and so the Governor's proposed budget and the Legislature's appropriation bills include federal and other funds as well as funds generated by the State. In addition to the annual budgets described below, the Governor is required by statute to prepare a six-year capital budget covering the succeeding six fiscal years and beginning in fiscal year 2010, is required by statute to prepare a 10-year fiscal plan with estimates of significant sources and uses of funds, including among other requirements, operating expenditures, capital expenditures and debt service expenditures. To assist the Governor in preparing budgets and fiscal plans, the Tax Division of the Department of Revenue prepares forecasts of all anticipated revenues. See "Government Funds" and "General Fund Forecasts."

General Appropriations. The Governor is required to submit three budgets — an operating budget, a mental health budget and a capital budget — by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. The appropriation bills, with any changes made by the House Finance Committee, are voted upon first by the House of Representatives, which can amend the bills. The bills approved by the House of Representatives are then voted upon and may be amended by the Senate. Often a conference committee of three members from each house is required to work out differences between the House-approved bills and the Senate-approved bills. The new versions are then submitted to both houses for final votes. Once enacted by both houses, the appropriations bills are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a "line-item veto"). The Legislature may override a veto by the Governor, and either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors or for any other reason.

The Governor has the ability to prioritize or restrict expenditures, redirect funds within an operating appropriation to fund core services, and expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized expenditures during years when actual revenues were less than forecast and budgeted. Expenditure restrictions have included deferring capital expenditures, State employment hiring freezes, and restrictions on allowed non-core operating expenses.

The Legislature must appropriate to create the authority to expend General Fund revenue. If an expenditure of General Fund revenue is required mid-budget cycle, a special session of the Legislature would be required to provide the authority to expend.

Debt-Related Appropriations. The Governor's proposed appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. The amounts required annually to pay the principal of and interest and redemption premium on all issued and outstanding general obligation bonds of the State are appropriated each fiscal year to the Committee to make all required payments of principal, interest and redemption premium. Pursuant to AS 37.15.012, if such appropriation is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the General Fund to the Committee to make all required payments of principal, interest and redemption premium.

Appropriation Limits. The Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund dividends described below, appropriations for revenue bond proceeds, appropriations to pay general obligation bonds or appropriations of funds received in trust from a non-State source for a specific purpose. In general, under the Constitution, appropriations that do not qualify for an exception may not exceed $2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2012, the appropriations limit was approximately $9.4 billion.

Government Funds

Because the State is dependent upon taxes, royalties, fees and other revenues that can be volatile, the State has developed a number of long-term and short-term options to address cashflow mismatches and budgetary deficits. In addition to the General Fund, some of these include using earnings from the Permanent Fund, borrowing from the Constitutional Budget Reserve Fund and/or from the Statutory Budget Reserve Fund, reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax and instituting a State sales tax. Most of these options, including the imposition of personal income taxes or sales taxes, would require action by the Legislature.

Often, when the State expects it will receive revenues in an amount greater than the amount originally budgeted, the State prefunds deposits required for the following fiscal year. During the last five fiscal years, for example, the State "forward-funded" deposits in a total amount of $4.8 billion to pay for education, municipal revenue sharing, rural power cost reduction, and retirement system deposits. The fiscal year 2013 education operational budget was funded from prior year revenues.

The General Fund. The Constitution provides that with three exceptions, the proceeds of State taxes or licenses "shall not be dedicated to any special purpose." The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood and moneys to be placed in the Permanent Fund. As a result of these Constitutional provisions, most State revenue is deposited to the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than 55 subfunds and "cash pools" within the General Fund to account for funds allocated to particular purposes or reserves, including the Constitutional Budget Reserve Fund; a Statutory Budget Reserve Fund, created by the Legislature in 1986; an Alaska Capital Income Fund, created in 2005; and a debt retirement fund.

In terms of long-term and short-term financial flexibility, the Constitutional Budget Reserve Fund and the Statutory Budget Reserve Fund (subfunds within the General Fund) and the Permanent Fund Earnings Reserve (part of the Permanent Fund) are of particular importance to the State. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, either immediately, in the case of the Constitutional Budget Reserve Fund following a year-over-year revenue decline, or by a vote of the Legislature and with the approval of the Governor (by a three-quarters majority vote in the case of appropriations from the Constitutional Budget Reserve Fund and by a simple majority vote in the case of appropriations from the Statutory Budget Reserve Fund and from the Permanent Fund Earnings Reserve).

The Constitutional Budget Reserve Fund. The Constitution requires that oil and gas dispute-related revenue be deposited to the Constitutional Budget Reserve Fund. The Constitution provides that other than money required to be deposited to the Permanent Fund, all money received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses or involving taxes imposed on mineral income, production or property, are required to be deposited in the Constitutional Budget Reserve Fund. Money in the Constitutional Budget Reserve Fund may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of the members of each house of the Legislature; or (ii) if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The Constitution also provides that until the amount appropriated from the Constitutional Budget Reserve Fund is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the Constitutional Budget Reserve Fund.

The State historically has borrowed from the Constitutional Budget Reserve Fund as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget when necessary at the end of the fiscal year. The Legislature last appropriated funds from the Constitutional Budget Reserve Fund in fiscal year 2005. As of June 30, 2009, the balance owed by the General Fund to the Constitutional Budget Reserve Fund was completely repaid and there have been no draws or appropriations from the Constitutional Budget Reserve Fund in fiscal years 2012 or 2013.

The balance in the Constitutional Budget Reserve Fund as of June 30, 2012 was $10.6 billion.

The Statutory Budget Reserve Fund. The Statutory Budget Reserve Fund has existed in the State's accounting structure since 1986. The Statutory Budget Reserve Fund is available for use for legal purposes with a simple majority vote of the Legislature and with approval by the Governor. In fiscal year 2008, the Legislature authorized an initial transfer to the Statutory Budget Reserve Fund of $1.0 billion. Additional deposits have been made to the fund in fiscal years 2010, 2011, and 2012. As of June 30, 2012, the balance in the Statutory Budget Reserve Fund was $5.2 billion. The Legislature did not authorize any expenditures from the Statutory Budget Reserve Fund for fiscal year 2012. Earnings on the Statutory Budget Reserve Fund flow to the General Fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved Constitutional amendment that took effect February 21, 1977. The amendment provides that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments" and that "all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law."

In 1980, legislation was enacted that provided for the management of the Alaska Permanent Fund by the Alaska Permanent Fund Corporation, a public corporation and government instrumentality within the Department of Revenue, managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. For fiscal year 2012, State revenues deposited into the Permanent Fund were $915 million compared to $887 million in fiscal year 2011. In addition to these constitutionally and statutorily mandated transfers to the Permanent Fund, the Legislature has made special appropriations from the General Fund to the Permanent Fund several times, totaling approximately $2.7 billion as of June 30, 2012.

Pursuant to legislation enacted in 1982, annual appropriations are made from the earnings reserve of the Permanent Fund in accordance with appropriations, first for dividends and then for inflation-proofing. Between 1982 and 2012, $19.0 billion of dividends ($878 per person in fiscal year 2012) were paid to Alaska residents and $14.3 billion of Permanent Fund income has been added to principal for inflation proofing purposes (for fiscal year 2012 the inflation proofing transfer was $1.1 billion, up from the fiscal year 2011 amount of $533 million). In addition to the statutorily directed inflation proofing transfers, the Legislature has made special appropriations from the earnings reserve to the principal of the Permanent Fund, totaling approximately $4.2 billion as of June 30, 2012.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund's earnings reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund ($38.3 billion as of June 30, 2012, up from $37.8 billion as of June 30, 2011) may not be spent without amending the State Constitution. The earnings reserve portion of the Permanent Fund ($2.1 billion as of June 30, 2012, down from $2.3 billion as of June 30, 2011) may be spent with a simple majority vote of the Legislature. The Permanent Fund is valued at approximately $42.6 billion as of November 26, 2012.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as *State v. Amerada Hess, et al.*). The total of the settlements and retained income thereon, as of June 30, 2012, is approximately

$424.4 million. Earnings on the settlements are excluded from the dividend calculation in accordance with State law and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. Funds in the Alaska Capital Income Fund and interest thereon (approximately $17.1 million in fiscal year 2012) are unrestricted and have been appropriated for capital expenditures.

Table 4

State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2003-2012
($ millions)

Fiscal Year	General Purpose Unrestricted Revenue (1)	Recurring & Discretionary General Fund Expenditures (2)	Surplus/ (Deficit)	Net Draw on CBRF (3)	CBRF Available Balance (4)	Perm. Fund Earnings Reserve
2003	$1,948	$2,496	$(548)	$526	$2,092.4	$100.0
2004	2,346	2,319	26	0	2,064.2	859.3
2005	3,189	2,646	543	0	2,235.7	1,439.9
2006	4,200	3,247	953	0	2,267.1	2,584.8
2007	5,159	4,272	886	0	2,549.0	4,132.0
2008	10,749	5,473	5,256	0	5,601.0	4,969.0
2009	5,831	6,000	(169)	0	7,114.4	440.6
2010	5,515	4,995	520	0	8,664.0	1,209.8
2011	7,673	6,355	1,318	0	10,330.0	2,307.8
2012	**9,485**	**7,252**	**2,233**	**0**	**10,642.4**	**1,905.5**

(1) State of Alaska Department of Revenue, Tax Division.
(2) Excludes amounts expected to forward fund programs and reserve deposits. State of Alaska Office of Management & Budget. See "General Fund Expenditure Trends" and Table 6.
(3) Net draws differ from borrowing reported in the State's financial statements due to restricted revenue and cash accounting impact.
(4) CBRF available balance represents the market value of the Constitutional Budget Reserve Fund.
Source: State of Alaska Department of Revenue

General Fund Forecasts

The State regularly prepares General Fund financial forecasts for planning and budgetary purposes. Table 5 provides a summary of the State's most recent General Fund revenue and expenditure forecasts, including forecast beginning and ending balances of available funds in the Constitutional Budget Reserve Fund and in the Statutory Budget Reserve Fund through 2023 and forecast oil prices and production levels during the same time period.

Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production on State land and only current production and production expected from projects currently under development or evaluation on State land. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. See "Government Funds" for a description of some of the actions the State can take when revenues prove to be lower than expected.

On November 8, 2012, a $255 million settlement was announced between the State and BP Exploration (Alaska) Inc. The majority of the $255 million will be deposited into the CBRF. However, a portion will also be deposited into the Permanent Fund and Public School Fund Trust, and approximately $10 million will be paid to settle civil assessments for the spills. As this information was received late in the forecast process, the entire $255 million was included as a deposit to the CBRF for purposes of the Fall 2012 Revenue Sources Book. The DOR's Spring 2013 update will revise this information to include the actual amounts deposited to each applicable fund.

Table 5

State of Alaska General Fund and Budget Reserve Scenario
Fiscal Years 2013 through 2023[(1)]

Fiscal Year	General Purpose Unrestricted Revenues ($mil)	Recurring & Discretionary General Fund Expenditures ($mil) (1)	Surplus/ (Deficit) ($mil)	Ending CBRF/Statutory Budget Reserves Available Balance ($mil)	Oil Price Forecasts ($/barrel)	ANS Oil Production Forecasts (thousand barrels per day)
2013	$7,566.7[(2)]	$7,977.5	$(410.8)	$16,233.9	$108.67	552.8
2014	7,001.9	6,500.0	501.9	17,178.7	109.61	538.4
2015	6,659.5	6,996.6	(337.2)	17,338.8	111.67	518.6
2016	6,999.5	7,238.0	(238.5)	17,655.1	114.88	499.7
2017	7,105.5	7,427.1	(321.6)	17,951.1	116.22	476.1
2018	6,970.1	7,623.5	(653.4)	17,983.5	117.16	442.9
2019	6,719.2	7,849.4	(1,130.2)	17,612.6	118.29	421.6
2020	6,486.6	8,085.4	(1,598.8)	16,854.3	119.74	394.8
2021	6,208.6	8,334.0	(2,125.4)	15,629.3	121.42	365.9
2022	5,969.5	8,594.1	(2,624.6)	13,904.5	123.34	338.5
2023	5,829.2	8,864.8	(3,035.6)	11,709.2	126.43	315.6

Sources: State of Alaska; Department of Revenue, Tax Division and State of Alaska Office of Management and Budget FY2014 10-Year Plan Scenario 4.

(1) This table represents one possible scenario taken from the FY2014 10-Year Plan. Recurring and Discretionary General Fund Expenditures are based on the Enacted FY 2013 Budget, Governor's Budget for FY 2014, followed by 4 percent annual agency budget growth, $1.0 billion capital budgets, and increments for increased PERS/TRS contributions. Appropriations projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in fiscal year 2013, fiscal year 2014 or any future year.

(2) Fiscal year 2013 number includes $7,511.7 General Fund Unrestricted Revenue forecast plus $55.0 of funds reappropriated and/or carried forward from fiscal year 2012 for total of $7,566.7.

General Fund Expenditure Trends

From fiscal year 2002 through fiscal year 2012, recurring General Fund expenditures have grown by an average of over 12 percent annually. Although General Fund expenditures have increased by a greater percentage since fiscal year 2005, a significant portion of the increase in expenditures was for savings, to forward-fund future fiscal year obligations and to make targeted investments. Table 6 summarizes these expenditures from fiscal year 2007 through fiscal year 2012. "Savings" include deposits to the Statutory Budget Reserve Fund and the Constitutional Budget Reserve Fund, two of the State's most accessible reserve accounts. "Investments" include discretionary capital expenditures and supplemental operating expenditures (over $200 million annually) as well as direct payments and any credits to oil companies to underwrite a portion of exploration and development costs. The direct payments to oil exploration and development companies are intended as incentives to encourage more oil exploration activity with the intended result being an increase in oil production in the future. The expenditures under "Fund Future Obligations" include a number of expenditures designed to relieve the State of certain future obligations, such as annual deposits to the retirement systems to reduce the unfunded accrued actuarial liabilities; deposits to the Public Education Fund to set aside in advance in excess of a full year's State K-12 education expenditures; funding of the Power Cost Equalization Fund

Endowment, a program that underwrites a portion of the cost of rural consumer energy use; the Revenue Sharing Fund, a program that shares with local municipalities a portion of the State's resource income; and deposits to the Alaska Capital Income Fund, a fund set aside for future capital projects that could include the costs associated with developing a natural gas pipeline.

Table 6

State of Alaska Non-Recurring General Fund Expenditure Trends
Fiscal Years 2008 through 2012
($ millions)

Expenditure Category	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Savings	$4,683	$213	$600	$240	$2,865
Investments	1,477	1,310	731	583	1,697
Fund Future Obligations	694	784	444	609	1,260
Total	$6,854	$2,307	$1,775	$1,432	$5,822

Source: State of Alaska.

Other Funds Maintained by the State

The State maintains other types of funds, such as Enterprise Funds, Trust and Agency Funds, Capital Projects Funds and Special Revenue Funds.

Enterprise Funds are operated by the State for "self-supported" activities that provide goods and/or services to the public on a charged payment basis. The International Airports Revenue Fund and a number of State loan program funds are Enterprise Funds.

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of custodian or fiduciary agent. In addition to the Permanent Fund and the retirement systems funds, major funds in this category include the Public School Trust Fund, the Mental Health Trust Fund, the Alaska Children's Trust Fund, the Power Cost Equalization Endowment and the University of Alaska Endowment.

Capital Projects Funds account for the use of the proceeds of general obligation bond issues and matching federal funds for capital outlays. In general, all capital outlay projects are accounted for through Capital Projects Funds except capital projects being financed by the General Fund through direct appropriations and capital projects financed with moneys in the International Airports Revenue Fund.

Special Revenue Funds are maintained in connection with the State's issuance of revenue bonds, such as revenue bonds issued by the Alaska International Airports System and the Sport Fishing Revenue Bonds.

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates a school debt and capital project debt reimbursement program. These programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for general obligation bonds of State agencies and political subdivisions.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the State Bond Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. $575.8 million of general obligation bonds were outstanding as of June 30, 2012. See "—Summary of Outstanding Debt" and Tables 7 – 9 below.

On November 4, 2008, the voters approved $315,050,000 in general obligation bonds for the purpose of paying the cost of design and construction of certain transportation projects. Of this amount, $165 million aggregate principal amount of bonds were issued in 2009. The remaining $150,050,000 of authorization for transportation projects was rescinded by appropriation of current year revenues in the fiscal year 2012 capital budget. No additional bonds will be issued by the State to fund these projects.

On November 2, 2010, voters approved $397,200,000 in general obligation bonds for the purpose of paying the cost of design and construction of library, education and educational research facilities. The State issued $200,000,000 of the approved bonds in 2010 and $162,480,000 of the approved bonds in 2013.

On November 6, 2012, voters approved $453,499,200 in general obligation bonds for the purpose of design and construction of state transportation projects. The Notes will issue $149,645,000 of these bonds in 2013. It is anticipated that the remaining authority of $303,854,200 will be issued over the next two to four years.

The following other debt and debt programs of the State were outstanding as of June 30, 2012, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation for the purpose of purchasing mortgage loans made for residences of qualifying veterans. These bonds are general obligation bonds of the State, and they must be authorized by law, ratified by the voters and approved by the State Bond Committee. These bonds are known as "double-barrel bonds" because there are two distinct forms of security behind the bonds. The principal source of payment is the revenue stream generated by payments on the mortgage loans made from bond proceeds. Additional security to bondholders is provided by the general obligation pledge of the State to make the required debt service payments in the event that pledged revenues from mortgage repayments are insufficient. Approximately $180.1 million of State guaranteed debt was outstanding as of June 30, 2012. On November 7, 2010 the voters approved an additional $600 million of State guaranteed veteran's mortgage bonds, and the total current unissued authorization is $695.1 million.

State Supported Debt. State supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State supported debt is not considered "debt" under the Constitution, because the State's payments on this debt are subject to annual appropriation by the Legislature. Voter approval of such debt is not required. State supported debt includes lease-purchase financing obligations (including lease revenue capital lease bonds and certificates of participation issued by lessors of facilities used by the State) and the share of municipal general obligation bonds issued for school construction and other capital projects that is reimbursable by the State on a subject to appropriation basis. Approximately $1,190.3 million of State supported debt was outstanding as of June 30, 2012. As of June 30, 2012, the State was obligated on $11.4 million of lease purchase financing obligations, $282.2 million of capital lease bonds and $24.1 million of capital project reimbursement. As of June 30, 2012, the State was reimbursing local municipalities on the debt service of $872.6 million of bonds under the school reimbursement program.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund benefited by a discretionary replenishment provision that permits, but does not legally obligate, the Legislature to appropriate to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). State moral obligation debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue State moral obligation debt are: Alaska Aerospace Development Corporation ("AADC") which has not issued any debt; Alaska Energy Authority ("AEA"); Alaska Housing Finance Corporation ("AHFC"); Alaska Industrial Development and Export Authority ("AIDEA"); Alaska Municipal Bond Bank ("AMBB"); and Alaska Student Loan Corporation ("ASLC"). Approximately $1,080.1 million of State moral obligation debt was outstanding as of June 30, 2012.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State or of the University and does not require voter approval. Such debt is authorized by law and issued by the State Bond Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or the University of Alaska. This type of debt includes Sportfish Revenue Bonds, International Airports Revenue Bonds, various University Revenue Bonds and Notes and Toll Facilities Revenue Bonds. A total of $760.9 million of revenue bonds, including $154.4 million of University of Alaska Revenue Bonds, Notes and Contracts, $45.5 million of Sportfish Revenue Bonds and $561.1 million of airport revenue bonds were outstanding as of June 30, 2012.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2012, there was $768.8 million principal amount of State agency debt outstanding comprised of $68.7 million AHFC obligations; $10.7 million AMBB Coastal Energy Bonds payable to the National Oceanic and Atmospheric Administration; $162.4 million Alaska Railroad Notes; $368.6 million of obligations of the Northern Tobacco Securitization Corporation; and $158.4 million ASLC obligations.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State will assume responsibility for the debt. At June 30, 2012, the total principal amount outstanding of State agency collateralized or insured debt was approximately $2,419.2 million comprised of approximately $2,254.8 million issued by AHFC and $164.4 million issued by AIDEA.

Through the Alaska Pension Obligation Bond Corporation, the State is authorized to issue up to $5,000 million of bonds and/or enter into contracts to finance the payment by governmental employers of their share of the unfunded accrued actuarial liabilities ("UAALs") of the retirement systems. See also "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES" below.

Summary of Outstanding Debt. Table 7 lists, by type, the outstanding State-related debt as of June 30, 2012. There have been no general obligation bonds issued by the State since June 30, 2012. Other categories of debt have not been compiled beyond June 30, 2012.

Table 7

State of Alaska Debt and State-Related Debt by Type
as of June 30, 2012

($ in millions)

	Principal Outstanding	Interest to Maturity	Total Debt Service to Maturity
State Debt			
State of Alaska General Obligation Bonds	$575.8	$288.2	$864.0
State Supported Debt			
Lease-Purchase Financings	11.4	1.0	12.3
State Reimbursement of Municipal School Debt Service	872.6	286.7	1,159.3
State Reimbursement of capital projects	24.1	8.6	32.7
Capital Leases	282.2	182.0	464.2
Total State Supported Debt	1,190.3	478.3	1,668.5
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	180.1	135.6	315.7
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
1976, 2005 & 2010 General Resolution General Obligation Bonds	677.0	303.3	980.3
1998-2004 Revenue Bonds	47.9	26.0	73.9
Alaska Energy Authority:			
Power Revenue Bonds #1 through #5	93.1	27.8	120.9
Alaska Student Loan Corporation			
Student Loan Revenue Bonds	218.9	33.9	252.8
Student Capital Project Revenue Bonds	43.2	4.1	47.3
Total State Moral Obligation Debt	1,080.1	395.1	1,475.2
State Revenue Debt			
Sportfish Revenue Bonds	45.5	18.3	63.7
International Airports Revenue Bonds	561.1	292.4	853.5
University of Alaska Debt			
University of Alaska Revenue Bonds	136.6	52.0	188.6
University Indebtedness to AHFC (1)	16.1	1.9	18.0
Installment Contracts	1.7	0.1	1.8
Total University of Alaska Debt	154.4	54.0	208.4
Total State Revenue and University Debt	760.9	346.4	1,107.3
State Agency Debt			
Alaska Housing Finance Corporation			
Commercial Paper	68.7	N/A	68.7
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	10.7	6.3	17.0
Alaska Railroad	162.4	38.6	201.0
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds	368.6	504.1	872.7
Alaska Student Loan Corporation			
Loan with State of Alaska	67.5	2.4	69.9
Funding Note Purchase Agreement	90.9	0.9	91.8
Total State Agency Debt	768.8	552.3	1,321.1
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation			
Collateralized Home Mortgage Bonds & Mortgage Revenue Bonds:			
1998 Through 2011 (First Time Homebuyer Program)	1,164.8	739.7	1,904.5
General Mortgage Revenue Bonds 2002	110.3	86.1	196.4
Housing Development Bonds 2002 through 2004	225.8	181.0	406.8
General Housing Purpose Bonds 2005	274.5	201.1	475.6
Government Purpose Bonds 1997 & 2001	143.2	46.5	189.7
State Capital Project Bonds, 2002-2007	336.2	170.0	506.2
Alaska Industrial Development and Export Authority			
Revolving Fund and Refunding Revolving Fund Bonds	88.5	34.0	122.5
Power Revenue Bonds, First Series (Snettisham Hydro Project)	75.9	54.3	130.2
Total State Agency Collateralized or Insured Debt	2,419.2	1,512.7	3,931.9
Total State and State Agency Debt	6,975.2	$288.2	$864.0
Municipal Debt			
School G.O. Debt	1,292.9	$ N/A	$ N/A
Other G.O. Debt	1,131.4	N/A	N/A
Revenue Debt	714.3	N/A	N/A
Total Municipal Debt	3,138.6		
Less: State Reimbursable School Debt Reported by Municipalities	-1,178.9		
Less: Alaska Municipal Bond Bank Debt included in Municipal Debt	-735.6		
	1,224.1		
Total Alaska Public Debt (2)	**$8,199.3**		

(1) University debt owed to AHFC is double counted in detail, but eliminated from Total Alaska Public Debt.

(2) Reimbursable school G.O. debt is included in "State Supported Debt"; Capital Leases are included in "State Agency Collateralized or Insured Debt and Municipal Debt"; State Reimbursement of Capital Projects is included in "University and Municipal Debt."

Sources: Annual reports and financial statements of AHFC, AMBBA, AIDEA, AEA, University of Alaska, Alaska Railroad, and directly from agencies.

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding Alaska Public Debt. General Obligation Bonds are unconditionally supported, and Certificates of Participation and Capital Leases are subject-to-appropriation commitments with associated obligations. The School Debt and Capital Project Reimbursement Programs provide discretionary annual payments to municipal issuers for qualified general obligation bonds that are eligible by statute to participate in the programs. Over the last 20 years, the State has fully funded these programs. Tables 8 and 9 show the historical level of support the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations.

Table 8

State of Alaska
Debt Service on State Supported Debt
Fiscal Years Ended June 30, 1980 – 2012
($ millions)

Fiscal Year	State G.O.	University Revenue Debt	Lease / Purchase	Capital Leases (1)	School Debt Reimbursement	Capital Project Reimbursements	Total Debt Service (2)
1980	75.1	1.8	10.1	–	24.1	–	111.1
1981	97.6	2.2	10.0	–	38.4	–	148.2
1982	97.5	2.3	10.0	–	38.3	–	148.1
1983	143.6	2.3	9.9	–	36.2	–	192.0
1984	166.3	2.0	9.9	–	90.6	–	268.8
1985	169.5	2.0	10.7	–	93.2	–	275.4
1986	163.2	1.8	10.4	–	106.3	–	281.7
1987	154.9	1.8	11.2	–	115.8	–	283.7
1988	147.9	1.5	11.2	–	109.5	–	270.1
1989	135.5	2.2	11.7	–	109.5	–	258.9
1990	120.3	2.2	12.0	–	107.8	–	242.3
1991	95.5	2.7	12.0	–	116.7	–	226.9
1992	68.2	2.7	11.8	–	129.0	–	211.7
1993	59.7	3.7	11.2	–	127.6	–	202.2
1994	33.8	0.2	8.5	–	99.1	–	141.6
1995	22.9	0.2	10.2	–	103.3	–	136.6
1996	21.3	0.2	9.6	–	79.7	–	110.8
1997	16.5	0.2	9.5	–	62.5	–	88.7
1998	14.2	0.2	10.3	–	61.6	–	86.3
1999	8.8	0.2	15.5	–	62.0	–	86.5
2000	2.4	–	15.0	3.5	64.4	–	85.3
2001	–	–	12.8	3.5	52.1	–	68.4
2002	–	–	12.4	8.8	54.1	–	75.3
2003	–	–	11.9	8.8	52.0	–	72.7
2004	19.4	–	12.1	8.8	60.6	0.3	101.2
2005	46.4	–	13.8	8.8	71.4	0.2	140.6
2006	45.7	–	13.2	8.6	81.1	2.2	150.8
2007	45.0	–	13.2	9.1	86.9	3.6	157.8
2008	44.4	–	11.1	11.8	91.1	4.2	162.7
2009	43.9	–	8.0	20.4	93.3	3.9	169.5
2010	48.9	–	8.0	29.6	95.8	5.2	187.5
2011	53.8	–	8.0	29.7	99.6	5.3	196.4
2012	78.8	-	7.5	29.1	100.9	5.3	221.6

(1) Three facilities are financed with capital leases.
(2) Totals may not add due to rounding.
Source: State of Alaska.

Table 9

State of Alaska
Debt Service on Outstanding State Supported Debt
Forecast for Fiscal Years Ended June 30, 2013 – 2033
$ (millions)

Fiscal Year	State G.O. (1)	University Revenue Debt	Lease / Purchase (2)	Capital Leases (3)	School Debt Reimbursement (4)	Capital Project Reimbursements	Total Debt Service (5)
2013	76.3	-	7.0	28.7	107.5	5.2	224.6
2014	59.1	-	1.8	28.7	103.0	5.1	197.7
2015	46.6	-	1.8	28.7	100.0	5.0	182.1
2016	46.4	-	1.8	26.4	95.3	4.2	174.1
2017	46.2	-	0.0	25.5	92.2	4.2	168.1
2018	46.1	-	-	21.8	85.5	4.1	157.5
2019	45.9	-	-	21.1	78.6	4.1	149.7
2020	34.8	-	-	21.3	72.3	2.8	131.1
2021	34.8	-	-	21.1	69.4	2.8	128.0
2022	24.6	-	-	21.1	57.6	2.8	106.1
2023	24.6	-	-	21.1	53.2	2.8	101.7
2024	24.6	-	-	21.1	41.6	2.8	90.1
2025	17.0	-	-	21.1	32.5	2.8	73.3
2026	17.0	-	-	21.1	21.0	2.6	61.7
2027	36.0	-	-	21.1	17.1	-	74.2
2028	36.0	-	-	17.8	14.1	-	67.9
2029	36.0	-	-	17.8	8.8	-	62.6
2030	35.9	-	-	17.8	5.6	-	59.3
2031	23.4	-	-	17.8	2.9	-	44.1
2032	23.4	-	-	17.8	-	-	41.2
2033	23.4	-	-	17.8	-	-	41.2

(1) State G.O. debt service is net of federal subsidies for interest expenses from 2012 through 2034. Excludes debt service on the State's General Obligation Bonds, Series 2013A&B, debt service on the Notes and any other unissued general obligation bond authorization.
(2) A prison, a building and a parking garage have been financed with capital leases.
(3) Information as of January 23, 2013, provided by the Department of Education & Early Development.
(4) Fiscal Year 2013 – Fiscal Year 2033 payments are estimated. Totals may not add due to rounding.

Source: State of Alaska.

Payment History. The State has never defaulted on its bond obligations nor has it ever failed to appropriate funds for any outstanding lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State's relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State's policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds, certificates of participation and the University of Alaska bonds that are State supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the School Debt Reimbursement Program, the Capital Project Reimbursement Program and certain capital leases. With the more inclusive funding, the State's policy was amended to allow the annual payments on these items to range up to eight percent of unrestricted revenue. Using the official Fall 2012 State revenue forecast, the historical and projected ratio of debt service on outstanding obligations to unrestricted revenue is shown in Table 10.

Table 10

State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues*
Fiscal Years Ended June 30, 1980 – 2017

Fiscal Year	Unrestricted Revenues	State G.O. Debt Service (1)	State Supported Debt Service	Total State Debt Service	School Debt Transfers	Total Debt Service to Revenues
	($Millions)	%	%	%	%	%
1980	3,718.0	2.0	0.3	2.3	0.6	3.0
1981	4,108.4	2.4	0.3	2.7	0.9	3.6
1982	3,631.0	2.7	0.3	3.0	1.1	4.1
1983	3,587.8	4.0	0.3	4.3	1.0	5.4
1984	3,390.1	4.9	0.4	5.3	2.7	7.9
1985	3,260.0	5.2	0.4	5.6	2.9	8.4
1986	3,075.5	5.3	0.4	5.7	3.5	9.2
1987	1,799.4	8.6	0.7	9.3	6.4	15.8
1988	2,305.8	6.4	0.6	7.0	4.7	11.7
1989	2,186.2	6.2	0.6	6.8	5.0	11.8
1990	2,507.2	4.8	0.6	5.4	4.3	9.7
1991	2,986.6	3.2	0.5	3.7	3.9	7.6
1992	2,462.6	2.8	0.6	3.4	5.2	8.6
1993	2,352.0	2.5	0.6	3.2	5.4	8.6
1994	1,652.5	2.0	0.5	2.6	6.0	8.6
1995	2,082.9	1.1	0.5	1.6	5.0	6.6
1996	2,133.3	1.0	0.5	1.5	3.7	5.2
1997	2,494.9	0.7	0.4	1.1	2.5	3.6
1998	1,825.5	0.8	0.6	1.4	3.4	4.7
1999	1,348.4	0.7	1.2	1.8	4.6	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	3.6
2007	5,158.5	0.9	0.5	1.4	1.7	3.1
2008	10,749.1	0.4	0.3	0.6	0.8	1.4
2009	5,831.2	0.8	0.6	1.3	1.6	2.9
2010	5,513.3	0.9	0.8	1.7	1.7	3.4
2011	7,673.0	0.7	0.6	1.3	1.3	2.6
2012	9,485.2	0.8	0.4	1.3	1.1	2.3
Projected						
2013*	7,511.7	1.0	0.5	1.6	1.4	3.0
2014*	7,001.9	0.8	0.5	1.4	1.5	2.8
2015*	6,959.5	0.7	0.5	1.2	1.4	2.6
2016*	6,999.5	0.7	0.5	1.1	1.4	2.5
2017*	7,105.5	0.7	0.4	1.1	1.3	2.4

* Unrestricted revenue projection is based on Fall 2012 Revenue Source Book. Debt Service is based on June 30, 2012 balances, not adjusted for cash defeasances.

(1) Does not include debt service on the State's General Obligation Bonds, Series 2013A&B, debt service on the Notes and any other unissued general obligation bond authorization.

Source: State of Alaska.

STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES

General

The State, through the Department of Administration, administers five retirement systems, a healthcare trust, a deferred compensation plan and a supplemental annuity plan. The two largest retirement systems are Teachers' Retirement System ("TRS") and Public Employees' Retirement System ("PERS"). Smaller systems are the Alaska National Guard and Naval Militia Retirement System ("Military System") and the Judicial Retirement System ("JRS"). The fifth system, the smallest, is the Elected Public Officers Retirement System ("EPORS"), which provides benefits to elected officials who served in 1976.

PERS and TRS each had funding ratios in excess of 100 percent (*i.e.*, were "overfunded") as recently as 2001. Since that time, as a result of investment losses, recalibration of other post-employment benefit ("OPEB") liabilities and changes in actuarial assumptions and valuation methods, PERS and TRS each has had an unfunded accrued actuarial liability (a "UAAL") and increasing actuarially required employer contribution rates. The Military System and JRS, although much smaller systems, also had UAALs until June 30, 2008, when the Legislature made additional contributions in amounts calculated to eliminate the entire UAAL of both the Military System and JRS as of June 30, 2006. The Military System has been fully funded since June 30, 2010. Since that additional 2008 legislative contribution eliminating the UAAL as of 2006, JRS has carried a UAAL. The State maintains EPORS as a cash-funded, pay-as-you go arrangement and pays benefits each year as they arise. No assets are set aside to pay EPORS benefit costs.

The Alaska Retirement Management Board

The Alaska Retirement Management ("ARM") Board is the fiduciary for funds of three of the retirement systems: TRS, PERS and the Military System and oversees investments of all of the systems. The ARM Board's mission is to serve as the trustee of the assets of the State's retirement systems, the State Supplemental Annuity Plan, the deferred compensation program for State employees and the Retiree Healthcare Trusts.

Administration of the Systems

The Commissioner of the Department of Administration or the Commissioner's designee is the administrator, and the Attorney General is the legal counsel, for each of the State's retirement systems. The Treasury Division of the Department of Revenue provides investment and cash management services, together with 55 external money managers and consultants, for the ARM Board and for each of the retirement systems.

Valuation Reports

PERS and TRS are funded by a combination of mandatory employee contributions at rates that are determined by statute, investment income and employer contributions at rates determined by the ARM Board based upon recommendations of the actuary in its valuation reports. State law requires that actuarial valuation reports be prepared annually for TRS and PERS and that the work of the actuary be reviewed by a second, independent actuary. State law requires in addition that every four years a different independent actuary be retained to conduct a separate, complete valuation for comparison purposes.

Employer Contribution Rates. Employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations and the actuary's recommended employer contribution rates based upon results of the actuary's valuations. Individual employer rates represent a percentage of payroll based upon (i) the consolidated normal cost (a uniform rate for all employers within a specific pension program (e.g., PERS and TRS) calculated to reflect the cost of benefits accruing in the applicable fiscal year, less the value of the employees' contributions during that year, plus (ii) the individual employer's share of the program's UAAL. The PERS employer rate is set by law at 22 percent; the TRS employer rate is set by law at 12.56 percent. If the rate established by the actuary and adopted by the ARM Board to fund the plans exceeds these established rates, the State is required to pay an amount, when combined with the total employer contributions, sufficient to pay the plans' past service liability for that fiscal year.

Employee Contributions. Employee contributions are established by statute and vary for each program and for tiers within a program. Employees may also make additional, voluntary contributions, which are accounted for separately.

The Public Employees Retirement System

General. PERS, formed in 1961, is the largest of the State's retirement systems with 160 employers comprising three State entities, 77 municipalities, 53 school districts and 27 other public entities. The three State entities represent approximately 50 percent of active PERS members. PERS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The PERS DB plan was closed to all new members effective July 1, 2006.

At June 30, 2011, the PERS DB membership consisted of 24,393 active members and 27,359 retirees and beneficiaries and the PERS DC membership consisted of 11,736 active members. PERS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1, 2 and 3) and defined contribution (Tier 4) plans. PERS also provides a voluntary savings plan for the DB tiers and beginning in fiscal year 2007 is funding costs of healthcare benefits through the separate Retiree Healthcare Trust within PERS. Membership in PERS is mandatory for all full- and part-time (15-30 hours per week) employees of the State and of the other participating governmental employers (other than employees exempted by statute or employer participation agreements or who belong to another of the State's retirement systems).

Participants first hired before July 1, 1986 are Tier 1 participants of PERS and are eligible for retirement and for health insurance premiums paid by PERS earlier than members hired after June 30, 1986 (Tier 2). Members first hired after June 30, 1996 (Tier 3) have a 10-year requirement for system-paid premiums, and members who are not peace officer/firefighter members have a different final average earnings calculation than members from Tiers 1 and 2.

Shift to Defined Contribution Plan. In 2005 the Legislature closed the PERS DB plan to members first hired on or after July 1, 2006 and created for Tier 4 employees a DC retirement plan which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement and occupational disability and death benefits.

The PERS DC participant account is funded with employee contributions of 8 percent and an employer match of 5 percent. Each participant designates how both employee and employer contributions (regardless of vesting status) are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 11:

TABLE 11

PERS DC Vesting Schedule

Years of Service	Vested Percentage of Employer Contributions
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source is State of Alaska, Division of Retirement & Benefits

Employee Contributions. The PERS DB member contribution rates are 7.5 percent for peace officers and firefighters, 9.6 percent for certain school district employees, and 6.8 percent for general members, as required by statute. The DB member contributions earn interest at the rate of 4.5 percent per annum, compounded semiannually.

The PERS DC Plan member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined rate and the statutory employer effective rate is paid by the State as a direct appropriation.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Medical Plan, Occupational Death and Disability Plan and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations and the actuary's recommended employer contribution rates based upon results of the actuary's valuations. Table 12 provides a five year history of the employer contribution rates.

Table 12

PERS Employer Contribution Rates

Fiscal Year	ARM Board Adopted Rate	DB Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability - Police/Fire	DC Occupational Death and Disability – All Others	DC Health Reimbursement Arrangement (1)
2009	35.22%	22.00%	5.00%	0.99%	1.33%	0.58%	$ 1,616.81
2010	27.65%	22.00%	5.00%	0.83%	1.33%	0.30%	$ 1,699.71
2011	27.96%	22.00%	5.00%	0.55%	1.18%	0.31%	$ 1,720.70
2012	33.49%	22.00%	5.00%	0.51%	0.97%	0.20%	$ 1,778.09
2013	35.84%	22.00%	5.00%	0.48%	0.99%	0.14%	$ 1,848.43

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 39.35.280 provides that the State is required to contribute each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 22 percent, is sufficient to pay the PERS DB past service liability at the consolidated actuarially required contribution ("ARC") adopted by the ARM Board for the fiscal year. Table 13 provides a five year history of the PERS contributions from the State under AS 39.35.280.

Table 13

PERS Contribution from the State (under AS 39.35.280)

Fiscal Year	Legislative Bill	Amount Provided by State under AS 39.35.280 ($000s)	Total Employer Contributions to PERS DB ($000s)	% of Contributions made by State (1)
2008	Senate Bill 53	185,000	549,078	33.69%
2009	House Bill 310	241,600	649,052	37.22%
2010	House Bill 81	107,953	500,300	21.58%
2011	House Bill 300	165,841	566,450	29.28%
2012	House Bill 108	242,609	648,548	37.41%

(1) Percent of Contributions made by State under AS 39.35.280.
Source: State of Alaska Division of Retirement and Benefits.

Pension Benefits. PERS DB members are eligible for normal retirement at age 55 or early retirement at age 50 (Tier 1) or (for Tiers 2 and 3) retirement at age 60 and early retirement at 55, in each case with at least five years of paid-up PERS service or other qualifying service. Members may retire at any age when they have at least 30 years of paid-up service.

PERS DC members are immediately and fully vested in member contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service.

Other Post-Employment Benefits. PERS pays the premium for healthcare benefits for all Tier 1 retirees, for Tier 2 retirees who are at least 60, and for Tier 3 retirees with ten years of credited service. Retirees in Tiers 1, 2 and 3 with 30 years of service (20 years for Tier 1 peace officers and firefighters and 25 years for other peace officers and firefighters) receive benefits with premiums paid by PERS regardless of their age or Tier. For Tier 4 retirees who are eligible for Medicare, PERS pays a portion (70-90 percent of the cost, depending upon length of service) of health insurance premiums.

PERS DC members are eligible for major medical benefits through the retiree medical plan after certain requirements have been met. In addition PERS DC members have access to a health reimbursement arrangement plan and Occupational Death and Disability Benefits.

Actuarial Valuation – PERS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The fiscal year 2012 contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The payroll used to determine the contribution rates is the total payroll of all active members in the system, including those hired after July 1, 2006 who are in the DC plan. The amortization period is set by the ARM Board. Contribution rates are recommended by the actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however, they have not historically done so.

The funding objective of the plan, as adopted by the ARM Board, is to set a contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll.

Table 14 presents a summary of the funding status of PERS as a whole, including pension and post-employment healthcare benefits combined, as of June 30, 1999 through 2010. The information presented in Table 14 is derived from the 2010 PERS Valuation Report and differs from the information about PERS prepared for accounting purposes.

Table 14

PERS Funding Status (1)

(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation of Assets (000s)	Unfunded Liability (000s)	Funded Ratio (%)
2002 (2) (3)	$ 9,859,591	$ 7,412,833	$ 2,446,758	75.2 %
2003	10,561,653	7,687,281	2,874,372	72.8
2004 (2)	11,443,916	8,030,414	3,413,502	70.2
2005	12,844,841	8,442,919	4,401,922	65.7
2006	14,388,413	9,040,908	5,347,505	62.8
2007 (4)	14,570,933	9,900,960	4,669,973	68.0
2008	15,888,141	11,040,106	4,848,035	69.5
2009	16,579,371	10,242,978	6,336,393	61.8
2010	18,132,492	11,157,464	6,975,028	61.5
2011	18,740,550	11,813,774	6,926,776	63.0

(1) For PERS as a whole, all Tiers and pension and other post-employment benefits combined.
(2) Change in valuation assumptions (particularly the healthcare cost assumptions) and change in methods.
(3) Change in asset valuation method. In 2002, introduction of smoothing.
(4) Tier 4, the PERS defined contribution plan became effective for employees first hired after June 30, 2006 and the defined benefit plans were closed. Change in healthcare cost assumptions.

Source: 2010 PERS Valuation Report.

Table 15 presents the Schedule of Contributions from Employers and the State. This schedule shows the dollar amount of the annual required contribution and the percent of the ARC contributed by employers and by the State (under AS 39.35.280).

Table 15

PERS Schedule of Contributions from Employers and the State

(as of June 30)

		Annual required contribution			Pension percentage contributed			Postemployment healthcare percentage contributed		
Year Ended June 30	Actuarial Valuation year ended June 30 (1)	Pension (000s)	Postemployment healthcare (000s)	Total (000s)	By employer	By State	Total Percentage contributed	By employer	By State	Total Percentage contributed
2005	2002	$ 234,361	$ 142,393	$ 376,754	47.3%	—%	47.3%	47.3%	—%	47.3%
2006	2003	249,488	166,749	416,237	61.0	4.4	65.4	61.0	4.4	65.4
2007	2004	268,742	189,495	458,237	73.2	4.1	77.3	73.2	4.1	77.3
2008	2005	140,729	370,456	511,185	71.2	36.2	107.4	71.2	36.2	107.4
2009	2006	166,016	391,321	557,337	68.1	48.0	116.1	68.1	41.4	109.5
2010 (2)	2007	217,080	790,793	1,007,873	65.5	20.5	86.0	31.6	54.8	86.4
2011	2008	220,419	525,075	745,494	63.1	29.6	92.7	49.8	21.6	71.4

(1) Actuarial valuation related to annual required contribution for fiscal year.
(2) Beginning in the year ended June 30, 2010, the postemployment healthcare annual required contribution and percentage contributed includes the Medicare Part D subsidy.
Source: PERS Financial Statement as of June 30, 2011.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay for Pension Level Dollar for Healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	18 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions: Investment rate of return* Projected salary increases	 8.00% for pension, 7.43% for healthcare. Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes inflation at	3.12%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the PERS actuarial valuation. As a result of the experience analysis the following changes were made as of June 30, 2010 actuarial valuation. There have been no changes in methodology since the June 30, 2010 valuation.

	June 30, 2009	**June 30, 2010**
Investment Return	8.25% per year (geometric), compounded annually, net of expenses	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Based on actual experience from 2001 to 2005.	Others: Based on actual experience from 2005 to 2009. Increased most rates. Peace Officer/Firefighter: Rates are increased for the first 4 years. Decreased at year 5. Based on actual experience 2005 to 2009.
Payroll Growth	4.00% per year	3.62% per year
Inflation	3.50%	3.12%
Pre-termination Mortality	Peace Officer/Firefighter: 1994 GAM Table*, 1994 Base Year. Others: 42% of 1994 GAM Table, 1994 Base Year.	Peace Officer/Firefighter: Based upon the 2005-2009 actual mortality experience. 1994 GAM Table, sex distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 80% of the male table for males and 60% of the female table for females. Others: Based upon the 2005-2009 actual mortality experience. 1994 GAM Table, sex distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA, 75% of the male table for males and 55% of the female table for females.
Post-termination Mortality	1994 GAM Table, 1994 Base Year.	1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 using Projection Scale AA for males and with a 1- year set-forward for females.
Disability Mortality	1979 PBGC** Disability Mortality Table for those receiving Social Security disability benefits.	RP-2000 Disabled Retiree Mortality Table.
Turnover	Based on actual experience from 2001 to 2005.	Rates adjusted based on actual experience from 2005 to 2009.
Disability	Based on actual experience from 2001 to 2005.	Peace Officer/Firefighter: No change except to stop rates at earliest retirement age. Others: Male/Female rates decreased based on actual experience from 2005 to 2009 and stop rates at earliest retirement age.
Retirement	Based on actual experience from 2001 to 2005.	Rates were adjusted based on actual experience from 2005 to 2009.

* Group Annuity Mortality Table.
** Pension Benefit Guaranty Corporation.

Teachers' Retirement System

General. TRS was established in 1955 to provide pension and other post-employment benefits to teachers and other eligible participants. TRS includes 58 employers (including the 53 school districts). TRS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The TRS DB plan is closed to all new members effective July 1, 2006.

At June 30, 2010 the TRS DB membership consisted of 7,303 active members and 11,016 retirees and beneficiaries and the TRS DC membership consisted of 2,738 active members. TRS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1 and 2) and defined contribution (Tier 3) plans. TRS also funds costs of healthcare benefits through the separate Retiree Healthcare Trust within TRS. Membership in TRS is mandatory for all full- and part-time employees, including employees who are certificated elementary and secondary teachers, school nurses and certificated employees in positions requiring teaching certificates, employees in Department of Education and Early Development and Department of Labor and Workforce Development positions that require teaching certificates, University of Alaska full- and part-time teachers and with the approval of the TRS administrator, full-time administrative employees in positions requiring academic standing and certain full-time or part-time teachers of Alaska Native language or culture who elect to be covered under TRS.

Participants first hired before July 1, 1990 are Tier 1 participants of TRS and are eligible for retirement and for health insurance premiums paid by TRS earlier than members hired after July 1, 1990 (Tier 2).

Shift to Defined Contribution Plan. In 2005 the Legislature closed the TRS DB plan to members first hired on or after July 1, 2006 and created for Tier 3 employees a DC retirement plan which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The TRS DC participant account is funded with employee contributions of 8 percent and an employer match of 7 percent. Each participant designates how contributions are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 16:

TABLE 16

TRS DC Vesting Schedule

Years of Service	Vested Percentage of Employer Contributions
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source is State of Alaska, Division of Retirement & Benefits

Employee Contributions. The TRS DB member contribution rates are 8.65 percent as required by statute. Eligible TRS DB members contribute an additional 1.11 percent of their salary under a supplemental contribution provision. The DB member contributions earn interest at the rate of 4.50 percent per annum, compounded semiannually.

The TRS DC member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 14.25.070(a) sets the employer contribution rate at 12.56 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined rate and the statutory employer effective rate is paid by the State as a direct appropriation.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Medical Plan, Occupational Death and Disability Plan and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 17 provides a history of the employer contribution rates from fiscal year 2008 through 2013.

Table 17

TRS Employer Contribution Rates

Fiscal Year	ARM Board Adopted Rate	Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability	DC Health Reimbursement Arrangement (1)
2008	Varied	12.56%	7.00%	0.99%	0.62%	$1,531.27
2009	44.17%	12.56%	7.00%	0.99%	0.62%	1,616.81
2010	39.53%	12.56%	7.00%	1.03%	0.32%	1,699.71
2011	38.56%	12.56%	7.00%	0.68%	0.28%	1,720.70
2012	45.55%	12.56%	7.00%	0.58%	0.00%	1,778.09
2013	52.67%	12.56%	7.00%	0.49%	0.00%	1,848.43

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State. AS 14.25.085 provides that the State is required to contribute each July 1 or, if funds are not available on July 1, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 12.56 percent, is sufficient to pay the DB past service liability at the consolidated ARC adopted by the ARM Board for the fiscal year.

Table 18 provides a history of the TRS contributions from the State under AS 14.25.085 from fiscal year 2008 through 2013.

Table 18

TRS Contribution from the State (under AS 14.25.085)

Fiscal Year	Legislative Bill	Amount Provided by State under AS 14.25.085 ($000s)	Total Employer Contributions to TRS DB Plan ($000s)	% of Contributions made by State (1)
2008	Senate Bill 53	$269,992	$345,002	78.26%
2009	House Bill 310	206,300	292,428	70.55%
2010	House Bill 81	173,462	249,956	69.40%
2011	House Bill 300	190,850	266,871	71.51%
2012	House Bill 108	234,517	308,987	75.90%

(1) Percent of Contributions made by State under AS 14.25.085.
Source: State of Alaska Division of Retirement and Benefits.

Pension Benefits. Tier 1 members were hired before July 1, 1990 and are eligible for normal retirement at age 55 or for early retirement at age 50, and Tier 2 members were hired after June 30, 1990 and before July 1, 2006 and are eligible for normal retirement at age 60 and for early retirement at 55, and generally with at least eight years of paid-up membership service or other qualifying service. Members may retire at any age when they have at least 20 years of paid-up membership service or 20-25 years of a combination of paid-up membership service and other types of service. TRS members are also eligible for normal retirement if they have, for each of 20 school years, at least one-half year of membership service as a part-time teacher.

Tier 3 employees were hired after June 30, 2006 and are 100 percent vested in their own contributions from the beginning and vest in their employers' seven-percent contributions over five years: 25 percent after two years of service, 50 percent after three years of service, 75 percent after four years of service and 100 percent after five years of service. Tier 3 pension payments (the account balance plus investment income) are payable in a lump sum or over time at the employee's option.

Other Post-employment Benefits. Tier 1 members who are at least 50 or who are any age with at least 20 years of paid-up service receive healthcare benefits and Tier 2 members who are 60 or older or who have 25 years of paid-up membership service or are disabled also receive healthcare benefits with system-paid premiums. Tier 2 members may receive coverage prior to age 60 if they pay the premiums. Medical benefits are supplemental to Medicare. For both Tier 1 and Tier 2, coverage includes coverage for eligible dependents.

For Tier 3, the TRS healthcare plan is a coinsurance major medical and prescription drug plan intended to maintain over time coinsurance levels at approximately 80 percent by the plan and 20 percent by the participant, with a maximum annual coinsurance payable by the participant of $2,500 per person and a maximum lifetime benefit payable by the plan, less any amounts paid by Medicare.

Actuarial Valuation – TRS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The fiscal year 2011 contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent assumption changes and gains/losses. The payroll used to determine the contribution rates is the total payroll of all active members in the System, including those hired after July 1, 2006 who are in the Defined Contribution Retirement Plan. The amortization period is set by the ARM Board. Contribution levels are recommended by the actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however they have not historically done so.

The funding objective of the plan, as adopted by the ARM Board, is to set a contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll.

The information about TRS funding status included in Table 19 reflects the status of TRS as of June 30, 2010. Information about TRS assets and liabilities allocable to State employers alone is not shown because most non-State TRS employers make these contributions primarily from funds provided by the State.

Table 19

TRS Funding Status (1)

(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation Assets (000s)	Unfunded Liability	Funded Ratio
2002 (2) (3) (4)	$ 5,411,642	$3,689,036	$ 1,722,606	68.2 %
2003	5,835,609	3,752,285	2,083,324	64.3
2004 (2)	6,123,600	3,845,370	2,278,230	62.8
2005	6,498,556	3,958,939	2,539,617	60.9
2006	7,229,851	4,141,700	3,088,151	57.3
2007	7,189,403	4,424,399	2,765,004	61.5
2008	7,619,178	4,936,976	2,682,202	64.8
2009	7,847,514	4,472,958	3,374,556	57.0
2010	8,847,788	4,739,128	4,108,660	53.6
2011	9,128,795	4,937,937	4,190,858	54.1

(1) Includes pension benefits and other post-employment benefits.
(2) Change in asset valuation method.
(3) Change of assumptions
(4) Change of methods.
Source: 2010 TRS Valuation Report.

Table 20 presents the schedule of contributions from employers and the State. This schedule shows the dollar amount of the annual required contribution and the percent of the ARC contributed by employers and by the State (under AS 14.25.085).

Table 20

TRS Schedule of Contributions from Employers and the State

(as of June 30)

		Annual required contribution			**Pension percentage contributed**			**Postemployment healthcare percentage contributed**		
Year Ended June 30	**Actuarial Valuation year ended June 30 (1)**	**Pension (000s)**	**Postemployment healthcare (000s)**	**Total (000s)**	**By employer**	**By State**	**Total Percentage contributed**	**By employer**	**By State**	**Total Percentage contributed**
2005	2002	$ 152,168	$55,783	$207,951	45.0%	0.0%	45.0%	45.0%	0.0%	45.0%
2006	2003	170,019	66,719	236,738	54.1	0.0	54.1	54.1	0.0	54.1
2007	2004	169,974	76,879	246,853	62.2	0.0	62.2	62.2	0.0	62.2
2008	2005	134,544	185,271	319,815	23.3	82.7	106.0	23.6	85.7	109.3
2009	2006	94,388	164,171	258,559	28.7	110.6	139.3	28.7	62.1	90.8
2010 (2)	2007	170,788	312,922	483,710	19.8	58.8	78.6	13.6	38.8	52.4
2011	2008	167,978	167,686	335,664	19.5	65.1	84.6	25.8	51.5	77.3

(1) Actuarial valuation related to annual required contribution for fiscal year.
(2) Beginning in the year ended June 30, 2010, the postemployment healthcare annual required contribution and percentage contributed includes the Medicare Part D subsidy.
Source: PERS Financial Statement as of June 30, 2011.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay for Pension Level Dollar for Healthcare
Amortization Method	Level dollar, closed
Equivalent Single Amortization Period	18 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions: Investment rate of return* Projected salary increases	 8.00% for pension, 8.00% for healthcare 6.11% for first 5 years of service grading down to 3.2% after 20 years
*Includes inflation at	3.12%
Cost-of-living adjustment	Postretirement Pension Adjustment.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the TRS actuarial valuation. As a result of the experience analysis the following changes were made as of June 30, 2010 actuarial valuation. There have been no changes in actuarial method since June 20, 2010.

	June 30, 2009	**June 30, 2010**
Salary Scale	Based on actual experience from 2001 to 2005.	Rates adjusted on actual experience from 2005 to 2009.
Payroll Growth	4.00% per year.	3.62% per year.
Total Inflation	3.50%	3.12%
Investment Return/ Discount Rate	8.25% per year (geometric), compounded annually, net of expenses.	8.00% per year (geometric), compounded annually, net of expenses.
Pre-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year adjusted 55% for males, and 60% for females.	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, adjusted 45% for males, and 55% for females.
Post-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year, setback 1 year for females and 3-year setback for males.	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, setback 3 years for females and 4-year setback for males.
Disability Mortality	1979 PBGC Disability Mortality Table for those receiving Social Security disability benefits.	RP-2000 Disabled Retiree Mortality Table.
Turnover	Based on actual experience from 2001 to 2005.	Rates adjusted based on actual experience from 2005 to 2009.
Disability	Based on actual experience from 2001 to 2005.	Male/female rates decreased based on actual experience from 2005 to 2009 and stop rates at earliest retirement age.
Retirement	Based on actual experience from 2001 to 2005.	Rates adjusted based on actual experience from 2005 to 2009.
Part-time Service	.55 years of credited service per year.	.60 years of credited service per year.
Occupational Assumption	0% of deaths are assumed to be from occupational causes.	15% of deaths are assumed to be from occupational causes.
Deferred Vested Commencement Age	Earliest reduced age.	Earliest unreduced age.
Healthcare Participation	100% of members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.	100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

Recent Pension Reforms

In the past several years, to mitigate expected pension costs and rising employer contribution rates, the Legislature enacted a range of statutory changes to the retirement systems and to the State's approach to managing pension and OPEB costs. In 2005, during a special session, the Legislature enacted Senate Bill 141 to close the PERS and TRS DB plans and to establish DC plans, each with a healthcare component, for new employees.

In 2007 the Legislature enacted Senate Bill 123, which created the Alaska Retiree Health Care Trusts (the "Retiree Healthcare Trusts"). Senate Bill 123 directed that all separately calculated employer contributions for other post-employment benefits under the DB plans and all appropriations, earnings and reserves for the payment of retiree medical obligations be credited to these separate trusts. The State has received a ruling from the IRS confirming that the State may reallocate a portion of the assets of PERS and TRS to the Retiree Healthcare Trusts.

In 2008 the Legislature enacted two additional reform bills: Senate Bill 125 and the Retirement Cost Funding Act. The Retirement Cost Funding Act authorizes issuers, including the Alaska Pension Obligation Bond Corporation, to issue bonds and/or to enter into contracts to finance the payment by governmental employers of their share of the UAALs of the retirement systems.

Senate Bill 125 converted PERS to a cost-sharing system, similar to TRS, and shifted to the State more of the cost of funding the UAALs of PERS and TRS. Senate Bill 125 set employer contribution rates at the higher of (i) 22 percent of total payroll for PERS and 12.56 percent of payroll for TRS and (ii) in each case, the rate required to cover the actuarially determined normal cost plus amounts required to be contributed to the DC plans' Retiree Health Care Trusts.

The Other Retirement Systems

The Alaska National Guard and Alaska Naval Militia Retirement System. The Military System was established in 1973 and includes members of the Alaska National Guard and members of the Alaska Naval Militia. Members receive voluntary retirement benefits, which do not include healthcare benefits. The Legislature made a supplemental appropriation of $9.87 million to eliminate the Military System UAAL in May 2008. The total contribution for fiscal year 2011 was $895,611 and $739,100 for fiscal year 2012.

The Judicial Retirement System. The Judicial System was established in 1963 and provides pension and other post-employment benefits to Supreme Court Justices and Superior, District and Appellate Court judges and the administrative director of the court system. In May 2008, the Legislature made a supplemental appropriation to eliminate the Judicial System UAAL that existed as of June 30, 2006. The total contributions for fiscal year 2011 as a result of HB 300 were $727,183 for pensions and $61,754 for other postemployment benefits. The total contributions for fiscal year 2012 as a result of HB 108 were $125,827 for pensions and $2,205,898 for other postemployment benefits.

The Elected Public Officers Retirement System. The EPORS was enacted as a retirement system for elected State officials who held office between January 1, 1976 and October 14, 1976. As of June 30, 2010, the actuarial accrued liability was $23.8 million, with an expected annual benefit payment and claims cost of approximately $2.0 million. No assets are set aside to pay EPORS benefit costs.

State's Supplemental Benefits System

In 1979, State employees elected to withdraw from the Social Security system. The State established a benefit program, effective January 1, 1980, which supplements the existing public employee retirement plans. Participation in the supplemental benefits system is mandatory for each State employee and the 16 other employers participating in the supplemental benefits system. A combined employer/employee contribution of 12.26 percent of wages (one-half contributed by employees up to the wage limit in effect for Social Security in a current year) is deposited into each employee's annuity plan account. Separate contributions are allowed to a cafeteria style supplemental benefit plan to provide death, survivor, disability and health benefits.

As of January 31, 2012, the supplemental benefits system had approximately 39,000 participants. At January 31, 2012, net assets available for system benefits were $2.626 billion. These assets are held in trust by the State for the exclusive benefit of covered employees and their beneficiaries.

State's Deferred Compensation Plan

The State maintains an optimal Deferred Compensation Plan (the "Plan") for the benefit of its employees. Participants under the Plan defer receipt of a portion of their salary until termination of State employment. As of December 31, 2011, the Plan had approximately 9,300 participants. As of December 31, 2011, the net assets available for Plan benefits were $601.3 million. These assets are held in trust by the State for the exclusive benefit of the covered employees and their beneficiaries.

State's Annual/Personal Leave and Sick Leave

The cost of annual/personal leave and sick leave for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except when an employee's State service is terminated. In that instance, the accumulated annual/personal leave balance is charged to a terminal leave liability account that is funded by a charge to each agency's operating budget.

INVESTMENT POLICIES

General Fund, Constitutional Budget Reserve Fund and Other Subfunds

By statute, the Commissioner of the Department of Revenue is the fiduciary for many of the State's funds, including the Constitutional Budget Reserve Fund, General Fund and subfunds within the General Fund, such as the Statutory Budget Reserve Fund and the Alaska Capital Income Fund. The Commissioner's responsibilities for these funds include establishing investment policy, providing accounting and custody for the assets and monitoring and reporting the performance and characteristics of the funds and investment options. The Commissioner reviews capital market assumptions and sets an appropriate asset allocation for the General Fund, the Constitutional Budget Reserve Fund and the other subfunds, consistent with each fund's objectives and constraints. As of July 1, 2012, the target asset allocation for the Statutory Budget Reserve Fund is the same as the General Fund.

As of August 2, 2012, the target asset allocation for the General Fund is 53 percent short-term fixed income and 47 percent intermediate-term fixed income investments.

The Constitutional Budget Reserve Fund has two components, the main account with an intermediate time horizon and the subaccount with a moderately long-time horizon. The subaccount has the ability to accept higher risk in exchange for higher expected returns due to the longer time horizon. As of July 1, 2012, the Constitutional Budget Reserve Fund main account has a target asset allocation of 20 percent broad-market fixed income, 61 percent intermediate-term fixed income and 19 percent short-term fixed income. As of July 1, 2012, the Constitutional Budget Reserve Fund subaccount has an asset allocation of 42 percent broad-market fixed income, 38 percent domestic equity and 20 percent international equity.

Annually, the Commissioner of the Department of Revenue adopts specific investment policies for each asset class. These investment policies specify asset class characteristics, monitoring requirements and risk controls. The Commissioner may revise the investment policies as market conditions warrant. The State employs industry consultants and a professional staff to assist in monitoring and evaluating investments.

The Permanent Fund

A governor-appointed Alaska Permanent Fund Corporation (the "APFC") Board of Trustees (the "APFC Board") sets the APFC investment policy. The policy is required to be consistent with the prudent investor rule stated in AS 37.13.120, which provides: "The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital."

At least once each calendar year, the APFC Board reviews its asset allocation policy for the investment of fund assets for the coming year. This review is conducted under the guidance of APFC investment staff, with the assistance and advice of the APFC Board's investment consultant. The APFC Board's long-term investment goal is to achieve an average annual real rate of return of five percent at acceptable risk levels (measured by expected volatility).

The APFC Board has created a three-person investment advisory council to provide the APFC Board with independent advice from professionals with significant, direct experience in the management and operation of large investment funds. The role of the members of the investment advisory council is to make recommendations to the APFC Board concerning investment policies, investment strategy and investment procedures; and provide other advice as requested by the APFC Board.

The APFC Board's investment allocation includes multiple asset classes having varying risk and correlation assumptions. The APFC investment policy seeks to optimize expected return versus expected risk. The fund's current target asset allocation is: 36 percent stocks, 21 percent bonds, 12 percent real estate, 6 percent private equity, 6 percent absolute return, 4 percent infrastructure investments, 2 percent cash, 2 percent public and private credit and 11 percent other investments. The APFC Board also establishes polices and guidelines for the asset classes in which fund assets are invested.

To allow for market fluctuations and to minimize transaction costs, the APFC Board has adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the APFC Board can approve operating for longer than 30 days within a third range (the "red zone").

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the State of Alaska, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any proceedings of the State of Alaska taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Notes, or the existence or powers of the State of Alaska.

Upon the delivery of the Notes, the State will furnish a certificate, in form satisfactory to the Underwriters, to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the Notes or in any way contesting the validity or enforceability of the Notes.

At any given time, including the present, there are numerous civil actions filed by or pending against the State of Alaska, which could positively or negatively impact revenue sources or cash flow. A short description of such material litigation is provided below.

Oil and Gas Tax Litigation

Administrative Litigation: There are a number of disputed tax assessments against oil and gas corporations that are at the administrative level and thus confidential under AS 43.05.230(a). The assessments involve the corporate income tax (AS 43.20) or the oil and gas production tax (AS 43.55). Because the taxpayers, the tax years, and the amounts involved are confidential, a more detailed description of the cases cannot be given. Due to the confidentiality statute and because the disputed tax assessments are ongoing, the State cannot give an estimate of how much is expected to be eventually recovered through settlement, the administrative proceedings, or adjudication. Moneys recovered are required to be transferred to the Constitutional Budget Reserve Fund.

Litigation Pending Before the Alaska Supreme Court:

Corporate Income Tax Appeal: Tesoro Corporation appealed a decision from the Office of Administrative Hearings (administrative hearing agency) upholding most of the State's assessment against Tesoro for additional corporate tax liabilities and penalties for tax years 1994-1998. The superior court upheld the OAH decision and Tesoro filed an appeal with the Alaska Supreme Court. Briefing and oral argument took place in 2012 and this case is now ripe for a decision. At issue in this case is $12.5 million in additional taxes, penalties, and interest.

Trans Alaska Pipeline System (TAPS) Property Tax Appeal: The TAPS owners (BP, ExxonMobil, Unocal, ConocoPhillips, and Koch Alaska) appealed the State Assessment Review Board's (SARB's) 2006-2011 property tax assessments of TAPS, contending that the assessments were too high. The superior court upheld the valuation methodology used by the State for tax year 2006, but increased the value from $4.3 billion to $9.9 billion based upon new information previously not available to SARB. The TAPS owners appealed this decision to the Alaska Supreme Court. Briefing is complete and oral argument was held in December 2012. A decision from the superior court regarding tax assessments for 2007-2009 was issued in December 2011. That decision increased the TAPS property value to $8.941 billion for 2007, $9.644 billion for 2008 and $9.249 billion for 2009. The increased assessments will result in additional property tax revenue to the State. The parties have filed their respective notices of appeal and cross-appeal with the Alaska Supreme Court and opening briefs are due in January 2013.

Pipeline Tariff Litigation

The State is currently a party to TAPS tariff litigation matters before the Regulatory Commission of Alaska (RCA) and the Federal Energy Regulatory Commission (FERC) regarding TAPS carriers' inclusion of expenditures related to the TAPS strategic reconfiguration project in the tariff rate base. Hearings on this matter ended in September 2012 and briefing will be completed in January 2013.

Pharmaceutical Litigation

Merck & Co.: In 2006, the State, through outside counsel, filed a lawsuit against Merck & Co., the manufacturer of Vioxx, alleging that Merck knew about potential side effects of Vioxx but failed to warn physicians about them while at the same time promoting the drug for off-label use. The case has been consolidated in a multidistrict litigation proceeding in Louisiana, where it currently awaits a remand back to Alaska for trial. The only plaintiffs left in the case are five states: Alaska, Pennsylvania, Montana, Utah, and Mississippi. The court wants to keep the case in the MDL for discovery purposes, which is ongoing, but winding down. At an August, 2012 status conference, the court once again made reference to remanding the case back to Alaska for trial.

Astra Zeneca and Janssen: In October 2010, the State through outside counsel, filed a consumer protection lawsuit in state court against Astra Zeneca and Janssen Pharmaceuticals for their marketing and sale of Seroquel and Risperdal, two atypical antipsychotic medications that were promoted and sold for off-label uses, including sale to children. The defendants removed the case to federal court, where it currently resides before Judge Beistline. The State settled its claims with Astra Zeneca for $1.6 million in December, 2011. Janssen continues to litigate the case, and moved to dismiss the State's claims. On October 1, 2011, the court issued an order granting the defendant's motion in part, and denying it in part. The court dismissed the State's strict product liability claim under the economic loss rule. On the Consumer Protection Act, the court certified to the Alaska Supreme Court the issue of whether the safe harbor provision prevented the State from pursuing claims under the Act.

AWP: The State, through outside counsel, sued 41 drug manufacturers alleging they manipulated the "average wholesale price" ("AWP") of certain drugs to cause inflated Medicaid reimbursement. That case is pending in Alaska court. The State received over $30 million in settlements from several defendants since the case was filed in the fall of 2006, and is continuing to negotiate settlements with the remaining defendants. Trial dates have been set for several defendants and discovery is taking place with two defendants, McKesson and First Data Bank, the entities that reported the information to the drug companies. The next trial date is set for March, 2013.

Facility Funding Litigation

In a 1997 education lawsuit, *Kasayulie v. State*, plaintiffs claimed that the State's method of financing school construction was unconstitutional and that the State violated its trust duties in managing public school trust land and funds and in accounting for those funds. The superior court ruled against the State in both portions of the case and ordered that school trust lands be valued before the court would address a remedy. Since that ruling, the Legislature has spent hundreds of millions of dollars on rural school construction. The 2010 Legislature created a rural education attendance area fund and adopted a formula for identifying money available for appropriation for rural school construction. The parties have reached a settlement which includes the State funding five school construction projects over the years 2012-2015. The parties recognize that a settlement cannot bind the State to a promise to fund schools because appropriations are always subject to the Governor's and Legislature's discretion. Therefore, the settlement reserves the right of the plaintiffs to reopen the case if the projects are not funded. If the plaintiffs reopen the litigation, the State is free to contest the merits of the court's original ruling.

Fast Ferry Litigation

Engines on the State's fast ferries FAIRWEATHER and CHENEGA, delivered in 2004 and 2005, suffered accelerated degradation and will not last their expected 100,000 hours. The State has been negotiating replacement of the engines with the manufacturer. However, the manufacturer disputes causation. The State has filed a lawsuit against the manufacturer seeking money damages or specific performance. Trial is scheduled to commence in April 2013. Because of the condition of the engines, they may need replacement before the litigation is resolved. Consequently, the State may be required to fund the replacement of these engines during the upcoming legislative session at an estimated cost of $35 million.

Foster Care Payment Litigation

A putative class action was filed in superior court, Mulgrew v. State, DHSS, Office of Children's Services, claiming that the way the State funds its foster care program violates the Child Welfare Act by not covering the cost of care. The parties have filed cross motions for summary judgment. An adverse ruling in this case could increase the State's annual foster care payment obligation.

Tort Claims

The Attorney General's Office is involved in defending numerous tort claims asserted against the State and agencies. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Medicaid Payment Rate Appeals

The Attorney General's Office is involved in defending numerous Medicaid payment rate appeals filed by providers. No estimate can be given as to the likelihood or financial effect on the outcome of such appeals.

Employment Claims

The Attorney General's Office is involved in defending numerous employment-related claims filed by present or former employees. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Tobacco Company Litigation

In 1998, Alaska was among 46 states that entered into a settlement of claims against the nation's major tobacco companies. The companies agreed to pay $4.5 billion in 2000 with annual increases until payments reach $9 billion in 2019 and each year thereafter. The State's share, based upon its proportionate tobacco consumption, is about .034 percent of the yearly payment. This income stream is indefinite as long as Americans continue to consume tobacco products.

The Legislature authorized the State to sell to the AHFC 80 percent of the State's annual settlement income. AHFC's purchase was financed through the issuance of revenue bonds by the Northern Tobacco Securitization Corporation (the "NTSC"), a subsidiary the AHFC established and to which the right to receive 80 percent of the settlement revenues was transferred. In 2006, NTSC issued additional revenue bonds to refinance its purchase of the State's annual settlement income. The NTSC is using the income stream to pay debt service on the bonds. When the bonds are paid, the settlement income reverts to the State. The State is using the bond proceeds to pay for a variety of construction and maintenance projects including rural schools, ports and harbors.

The master settlement agreement has been challenged in federal court in other jurisdictions; if there is an adverse decision as to the enforceability of the agreement, the State could experience an impairment of its right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. Additionally, the master settlement agreement provides for a payment adjustment mechanism that, when triggered, could also result in the impairment of the State's right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. This payment adjustment mechanism has been triggered for the years 2003 - 2010. States that have diligently enforced their qualifying statute are exempted from the application of this adjustment mechanism. In July of 2010, an arbitration commenced regarding which states "diligently enforced" their qualifying statutes in 2003. In November 2011, Alaska and 15 other states/territories received notice that the participating manufacturers (tobacco companies that joined the master settlement agreement) are no longer contesting their diligence, rendering those states exempt from the 2003 adjustment. Arbitration for the 2004 adjustment could begin as soon as of the summer of 2013. Recently, however, 19 states (not including Alaska) and the Participating Manufacturers ("PM") entered into a Memorandum of Understanding to negotiate and execute a settlement of the Non-Participating Manufacturer ("NPM") adjustment dispute for years 2003-2012. Because Alaska believes it is exempt from the NPM adjustment in those years, Alaska did not join this settlement.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Notes are subject to the approval of K&L Gates LLP, Bond Counsel to the State. The forms of Bond Counsel's opinions are attached as Appendix C hereto. The Office of the Attorney General will issue a certificate regarding no litigation affecting the issuance of the Notes.

TAX MATTERS

In the opinion of Bond Counsel, interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Notes is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Interest on the Notes is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the Notes may be indirectly subject to the Alaska alternative minimum tax imposed on corporations to the extent that interest on the Notes is subject to the federal alternative minimum tax on corporations.

Federal income tax law contains a number of requirements that apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the Notes and the facilities financed with proceeds of the Notes and certain other matters. The State has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the State comply with the above-referenced covenants and, in addition, will rely on representations by the State and its advisors with respect to matters solely within the knowledge of the State and its advisors, respectively, which Bond Counsel has not independently verified. If the State fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Notes could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes, regardless of the date on which the event causing taxability occurs.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Notes. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Notes, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Notes. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations such as the Notes, are in many cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law, will not cause the interest on the Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Notes from realizing the full current benefit of the tax status of the interest on the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the State's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Notes. Owners of the Notes are advised that, if the IRS does audit the Notes, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the State as the taxpayer, and the owners of the Notes may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Not Qualified Tax-Exempt Obligations

The State has not designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements under Title I, Part 4 of ERISA, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to Title I of ERISA but are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons" (each a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the State, that are not purely historical, are forward-looking statements, including statements regarding the State's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the State on the date hereof, and the State assumes no obligation to update any such forward-looking statements. The State's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the State. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

RATINGS

Moody's Investors Service, Inc., Fitch Ratings and Standard & Poor's Ratings Services have assigned the Notes ratings of "___," "___" and "___," respectively, based on their research and investigation of the State. Moody's, Fitch and S&P are collectively referred to as the "Rating Agencies." The State furnished each of the Rating Agencies with certain information and materials concerning the Bonds and the State. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same.

Generally, each of the Rating Agencies bases its ratings on such information and materials and also on investigations, studies, and assumptions that it may undertake independently. The ratings assigned by Moody's, Fitch, and S&P express only the views of the Rating Agencies. An explanation of the significance of the ratings may be obtained from Moody's, Fitch, and S&P, respectively. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. of Marlton, New Jersey (the "Financial Advisor") serves as independent financial advisor to the State in connection with various matters relating to the planning, structuring, execution and delivery of the Bonds. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State. No guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

UNDERWRITING

_______ (the "Underwriter"), has agreed to purchase the Notes from the State subject to certain conditions precedent, and will purchase all of the Notes, if any of such Notes are purchased, at a purchase price of $____________ (being the par amount of the Notes, plus $____________ original issue premium, less underwriters' discount of ________).

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the public offering prices (or yields corresponding to such prices) stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

In the ordinary course of their various business activities, the Underwriter and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the State. The Underwriter and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CONTINUING DISCLOSURE

Annual audited financial statements of the State of Alaska will be available upon request from the State of Alaska Department of Revenue. The State has covenanted for the benefit of the holders and beneficial owners of the Notes to provide certain financial information and operating data (the "Annual Disclosure Report") within seven months after the end of each fiscal year (the "Report Date"), commencing January 31, 2014 for the Annual Disclosure Report for the fiscal year ending June 30, 2013, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of certain events is set forth in Appendix D hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

A failure by the State to comply with the undertaking pursuant to the Rule will not constitute a default under the Resolution. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes or their market price.

Other than for fiscal year 2010, the State has not failed to comply with any previous undertakings pursuant to the Rule. The State's CAFR for fiscal year 2010 was filed 16 days later than required and was linked to only a limited number of bonds by CUSIP numbers. The State subsequently re-filed its CAFR for fiscal year 2010 and correctly linked it to all required bonds by CUSIP numbers.

The State has procedures in place to assure the future compliance with its undertakings.

MISCELLANEOUS

The Notes qualify as collateral for State funds deposited by the Department of Revenue.

The purpose of this Official Statement is to supply information to prospective purchasers of the Notes. Quotations from and summaries and explanations of the Notes and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements as to their provisions. This Official Statement is not intended to be a contract or agreement between the State and the purchasers and owners of the Notes. This Official Statement may not be reproduced or used, in whole or in part, for any purpose other than in connection with the issuance and sale of the Notes.

All data contained herein, including the appendices hereto, have been taken from State records unless attributed to a specific source. Insofar as any statements contained in this Official Statement involve matters of estimates, projections, forecasts or matters of opinion, whether or not expressly stated, they are set forth as such and are not to be construed as representations of fact.

The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement. The appendices appended to this Official Statement are entitled: "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE," "STATE OF ALASKA COMPREHENSIVE ANNUAL FINANCIAL REPORT, Fiscal Year Ended June 30, 2012," "FORMS OF BOND COUNSEL OPINIONS," "FORM OF CONTINUING DISCLOSURE UNDERTAKING" and "INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY."

PRELIMINARY OFFICIAL STATEMENT

The State has deemed this Preliminary Official Statement pursuant to the Rule as final as of its date except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings and other terms of the Notes depending on such matters.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been authorized by the State.

STATE OF ALASKA

By ______________________________

Deven J. Mitchell
Debt Manager,
State of Alaska
For the State Bond Committee

APPENDIX A

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE

THE ECONOMY

The economic and demographic information provided below has been derived from State publications and services which the State considers to be reliable. Such information is accurate as of its date; however, no assurance can be given that such information has not changed since its date.

Population

Alaska's Statewide population of 722,140 (July 2011 Estimate) increased by 89,474, or 14 percent, from 2001 to 2011. Alaska's growth was greater than the 9 percent increase for the United States as a whole during the ten-year period. Alaska's annual rate of population growth was 1.8 percent for the period 2009-2010 and 1.7 percent for the period from 2010-2011. Alaska's recent growth was mainly due to in-migration, or people moving into the State.[1]

The following table summarizes the State's population growth since 2001, as well as the growth of population in each of the State's regions. The majority of the high-growth areas were those with access to the road system. Anchorage gained the most, with 31,597 residents, followed closely by Matanuska-Susitna Borough at 29,790. The Matanuska-Susitna Borough, the fastest growing area in the State on a percentage basis, grew 48 percent from 61,907 in 2001 to 91,697 in 2011. The results were mixed in rural areas, with over half of the rural boroughs and census areas losing residents.

Population of Alaska by Region, 2001-2011*

Area Name	Estimate July 2001	Estimate July 2002	Estimate July 2003	Estimate July 2004	Estimate July 2005	Estimate July 2006	Estimate July 2007	Estimate July 2008	Estimate July 2009	Census April 2010	Estimate July 2011
Alaska	632,716	641,729	649,466	659,653	667,146	674,583	680,169	686,818	697,828	710,231	722,190
Anchorage / Mat-Su Region	326,507	331,975	340,267	347,904	352,028	360,060	362,163	366,562	375,304	380,821	387,894
Gulf Coast Region	73,790	74,576	75,732	75,129	75,403	75,196	76,121	76,973	77,742	78,628	80,022
Interior Region	98,089	99,906	97,652	101,555	104,391	104,919	109,336	110,473	110,752	112,024	112,170
Northern Region	23,616	23,800	23,843	23,874	23,665	23,655	23,548	23,532	23,685	26,445	26,965
Southeast Region	71,853	72,214	72,250	71,546	71,712	71,399	70,219	70,504	71,141	71,664	73,526
Southwest Region	38,861	39,258	39,722	39,645	39,947	39,354	38,782	38,774	39,204	40,649	41,613

* Preliminary Intercensal 2001-2009, 2011 and 2010 Census. All numbers are based on 2010 Census geography.

Source: US Census Bureau and Alaska Department of Labor and Workforce Development, Research and Analysis Section

Income

In 2011, Alaska had a per capita personal income of $45,665, an increase of 3.3 percent from the 2010 per capita personal income of $44,205. In 2011 Alaska's per capita personal income ranked 10th in

[1] Alaska Department of Labor and Workforce Development, Research and Analysis Section. Population Data; Monthly Employment Statistics, October 2012.

the U.S. and was 110 percent of the national average of $41,560. This compares to a per capita personal income for the United States of $39,791 in 2010 and $38,637 in 2009.[1]

From 2010 to 2011, the inflation rate in Anchorage (the only Alaska city included in the Consumer Price Index) was 3.2 percent. The average in the United States was 3.2 percent. The average annual inflation rate in Anchorage from 2001 to 2011was 2.6 percent, approximately equal to the average annual inflation rate for the U.S. over the same period.[2]

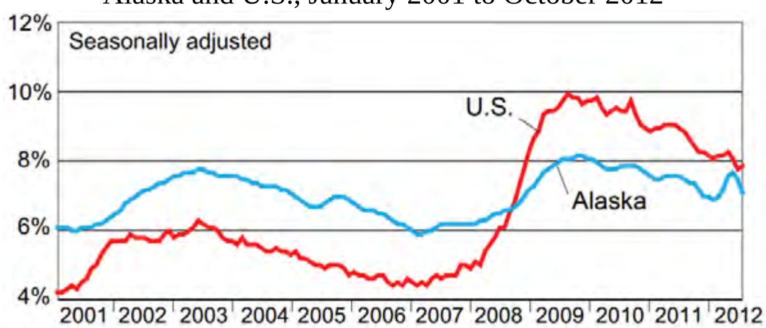
The cost of living in Alaska remains significantly higher than the national average. According to the Council for Community and Economic Research's ACCRA Cost of Living Index for 2011, which compares the living costs for about 300 urban areas in the United States, including four Alaska cities, Anchorage, Juneau, Fairbanks and Kodiak, the cost of living in those cities is 31, 34, 37 and 28 percent, respectively, more expensive than the average city in the index.[3]

Employment

Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted) for Alaska for October 2012 was 7.1 percent, as compared to a national unemployment rate for the same period of 7.9 percent. As noted in the table below, historically the State's unemployment rate has exceeded the national rate, but more recently Alaska's unemployment rate has been lower than that of the U.S.[4]

Unemployment Rates

Alaska and U.S., January 2001 to October 2012



The largest employment sector in Alaska is government comprised of federal, State and local government employees. Government employment in October 2012 was 86,200. The largest non-government sector of employment was Trade, Transportation and Utilities with 62,800.[5] The table below provides a summary of the employment of the Alaska labor force by industry.

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[1] Bureau of Economic Analysis, Regional Data.
[2] Department of Labor and Workforce Development, Research and Analysis Section, CPI Consumer Price Index; U.S. Bureau of Labor Statistics.
[3] Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2012.
[4] Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics.
[5] Alaska Department of Labor and Workforce Development, Research and Analysis Section.

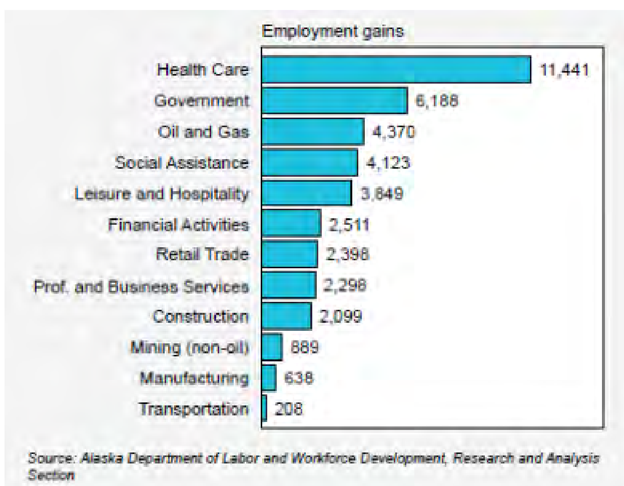
Alaska Labor Force Summary

	2001	2011	Change (2001 - 2011)	September 2011
Total Nonfarm	289,300	328,800	13.65%	325,800
Mining and Logging	11,600	15,900	37.07%	16,800
Oil and Gas	9,500	13,000	36.84%	13,400
Construction	14,900	15,200	2.01%	15,300
Manufacturing	11,700	13,200	12.82%	9,100
Wholesale Trade	6,200	6,200	0.00%	6,600
Retail Trade	33,200	35,500	6.93%	35,100
Transportation, Warehousing and Utilities	20,800	21,600	3.85%	21,100
Information	7,400	6,400	-13.51%	6,300
Financial Activities	13,800	14,800	7.25%	14,700
Professional and Business Services	22,800	27,300	19.74%	27,500
Educational and Health Services	28,300	44,500	57.24%	46,600
Health Care*	N/A	31,500	N/A	32,600
Leisure and Hospitality	28,300	32,400	14.49%	32,600
Other Services	11,900	11,000	-7.56%	11,400
Government	78,500	84,800	8.03%	86,200
Federal Government	16,800	17,000	1.19%	15,800
State Government	22,900	25,900	13.10%	26,700
Local Government**	38,800	41,900	7.99%	43,700

* Information not compiled in 2001.
**Tribal government was manually added to local government in 2000.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

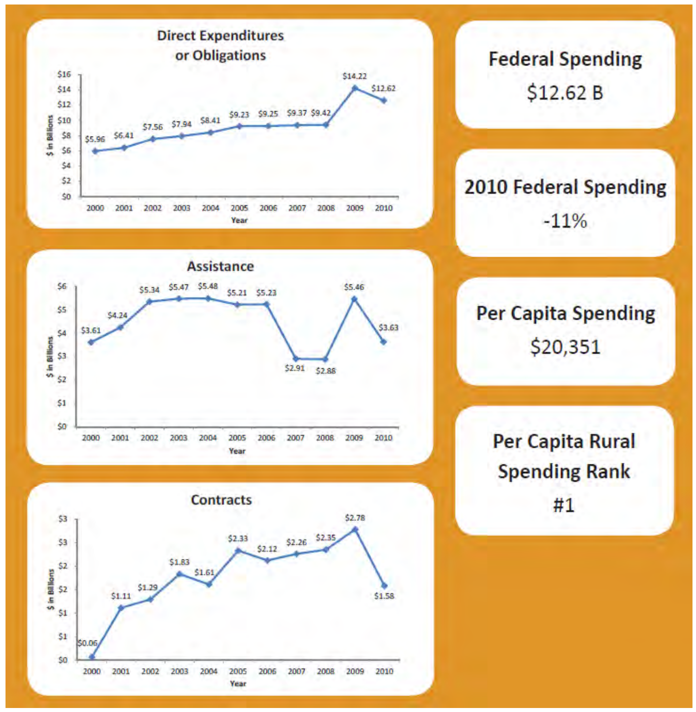
The following chart shows the employment growth by industry from 2000 to 2010.



Federal Spending[1]

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

2010 Federal Spending Indicators



Federal spending in Alaska has been on the rise since 2000. Most notably, the American Recovery and Reinvestment Act (ARRA) of 2009 resulted in a 48 percent increase in federal funding. Between 2009 and 2010, ARRA funding declined, but still remained significantly higher than pre-ARRA spending. During 2010, federal spending per capita in Alaska was $20,351. Alaska currently ranks first in total per capita federal spending, followed by Virginia and Maryland. Alaska ranks first in grants, second in salaries and wages, and fourth in procurement. In addition to direct expenditures, the federal government is also a significant employer and landowner in Alaska. The federal government is Alaska's largest landowner with 60 percent of Alaska total area including national parks, refuges, national forests, military installations, and the North Slope National Petroleum Reserve.[2] A strong federal presence spanning land management, military, and numerous public services also leads to significant employment opportunities as 40,000 Alaskans were on the federal payroll during 2010.[3]

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[1] United States Department of Commerce, Census Bureau. 2011. Consolidated Federal Funds Report for Fiscal Year 2010: State and County Areas. CFFR/10

[2] Alaska Department of Natural Resources (ADNR), Division of Mining, Land, and Water. 2000. Land Ownership in Alaska Fact Sheet. March 2000.

[3] Alaska Department of Labor and Workforce Development (ADLWD), Research and Analysis Section. 2012. Trends. February 2012

Oil and Gas[1]

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (2011), employment and payroll in the oil and gas industry from October 2009 through September 2010 included over 4,840 jobs and $764 million in payroll. The report also stated total direct and indirect jobs account for 13 percent of all private sector employment (10 percent of all employment) in Alaska and 18 percent of all private sector resident earnings (13 percent of all resident earnings). Oil and gas employment reached record levels despite the ongoing decline in oil production in Alaska.

Government[2]

Government was responsible for 84,800 jobs in 2011, over a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists. Government's total share of Alaska jobs shrank from 27.1 percent to 25.8 percent of jobs over the period 2001 - 2011 as the job growth in private industries outpaced government. Government jobs represented more than $4.2 billion in wages in 2011.

Local government employment grew by about 3,000 jobs — or 7.9 percent — from 2001 to 2011, with local administrations and school districts representing the largest employers. Within the local government sector, school district employment gained 12 percent and other city, municipal, and borough employment grew by 1 percent.

State government employment accounted for 13 percent of total employment over the last decade. The State-run University of Alaska's employment increased by 1,358 jobs, or 22 percent, while other State agencies' employment increased by 15 percent over the decade, for an overall increase of 17 percent in State government employment.

Federal government employment added about 200 jobs, or 1.1 percent, over the decade. Growth in the civilian defense sector, Veterans' Affairs, and the National Park Service was largely offset by reduced employment by the U.S. Postal Service, health services, agriculture, and aviation, as private firms stepped in or programs were phased out.

Before September 11, 2001, the military was reducing its presence in Alaska. However since then the U.S. funneled additional defense funds into the State. Though the Base Realignment and Closure Act of 2005 resulted in closures, the overall presence of armed forces in the State has increased. There were 3,100 more uniformed military personnel in Alaska in 2011 than there were in 2001. Other military growth includes civilian defense employment and federal spending on base and facility upgrades, salaries, and maintenance.[3]

Health Care[4]

Health care has been the State's fastest-growing industry. It employs nearly 31,500 people, and in 2011 its payroll exceeded $1.5 billion. Fifteen of the 100 largest private sector employers in the State are health care providers. Private sector health care employment increased from 18,100 in 2001 to 31,500

[1] McDowell Group, Inc. (2011). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. 52 pp. P. 1-2. Retrieved from http://www.aoga.org/wp-content/uploads/2011/10/2011-McDowell-Study.pdf
[2] Alaska Department of Labor and Workforce Development, Research and Analysis Section.
[3] State of Alaska, Comprehensive Annual Financial Report; July 1, 2011 – June 30, 2012.
[4] Alaska Economic Trends, September 2011, The Decade in Review: 2000 – 2010.

in 2011 and grew four times as fast as the average for all industries. As a result, health care made up over a quarter of all employment growth over the past decade in Alaska. It also grew twice as fast as the nation's health care sector.

The growing population of elderly Alaskans increased demand for services. Although only 7.7 percent of Alaskans are over 65 compared to the nation's 13 percent, the 65-plus group grew by 54 percent between 2000 and 2010, compared to 13 percent nationally. As the industry expanded and more health care choices emerged, more of Alaska's health care spending remained in-State. In 1990, health care accounted for 4 percent of Alaska's wage and salary employment versus 7 percent for the nation. By 2010, that difference narrowed to 9.3 percent for Alaska and 10.6 percent nationwide.

Fisheries[1]

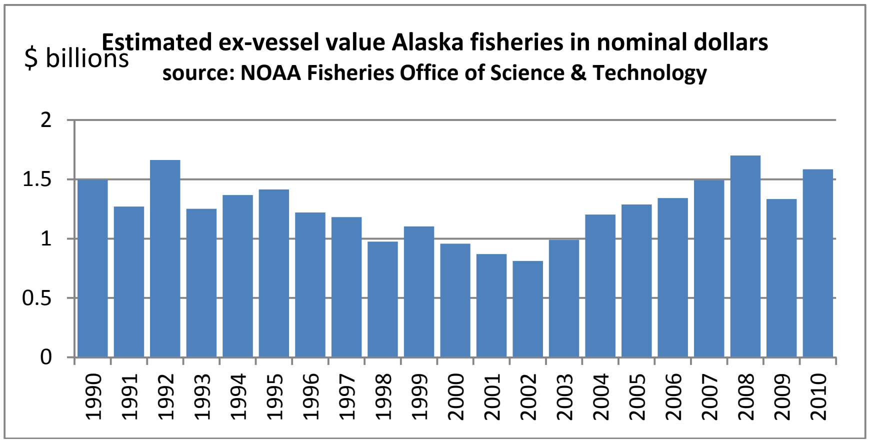
In 2010, Alaska's leading export was seafood, worth $1.8 billion and accounting for 44 percent of Alaska's total exports of $4.2 billion. Two countries, Japan and China, make up more than a billion dollars of Alaska's total seafood exports. Japan, long the State's largest seafood export market, purchased $523 million. China was a close second at $517 million. China has been steadily growing in importance in Alaska's seafood exports as evidenced by a 23 percent increase in exports during 2010.

During 2010, Alaska's commercial fishing fleet earned $1.76 billion, up 21 percent from $1.4 billion in 2009. Seafood processors sold this harvest for $3.87 billion, up six percent from 2009. During the past ten years, the combined seafood harvesting and processing workforce has averaged nearly 50,000 people.

Seafood processing employment grew by 700 jobs, or 8 percent, between 2000 and 2010. Seafood preparation and packaging is one of Alaska's most cyclical industries, since it mostly follows the changes in fish harvesting from season to season. At the beginning of the decade, fish stocks crashed and there were low prices in key fisheries. After that, developed and emerging nations' desire for more ocean-derived protein increased demand and boosted prices. Salmon prices were also boosted by marketing that differentiated Alaskan wild salmon from their farmed counterparts. Prices and values fell sharply in 2009, during the global recession, for cod, pollock, halibut, and crab.

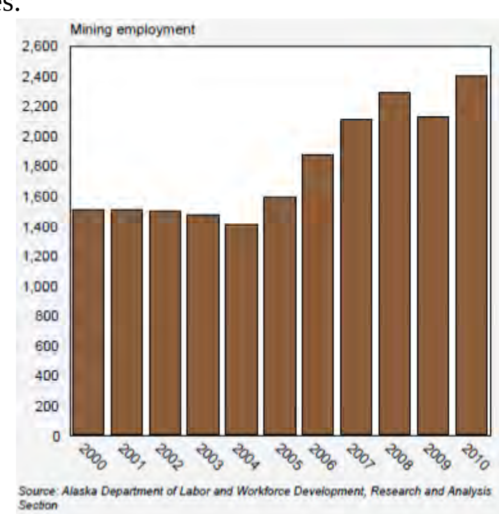
In 2011, five of the country's top ten fishing ports, ranked by value, were in Alaska -- Dutch Harbor ranked first in volume and second in value ($207 million), Kodiak was fifth in volume and third in value ($168 million), Naknek-King Salmon ranked eighth in value ($86 million), and Akutan ranked fourth in value ($114 million). Sitka was ranked ninth in value at $85 million.[2] The following chart shows the value of the Alaskan fisheries.[3]

[1] Alaska Economic Trends, September 2011, The Decade in Review, 2000 – 2010.
[2] "2010 Commercial Fishery Landings by Port Ranked by Dollars" and 201 Commercial Fishery Landings by Port Ranked by Poundage", NOAA Fisheries, Office of Science & Technology.
[3] State of Alaska, Office of International Trade, 2010. *2010 Export Update.*



Mining[1]

The economic picture of mining in Alaska has changed dramatically, from declining employment in the beginning of the 2000s to a growing industry by 2006. Despite a slight downturn in 2009, mining employment has grown 35 percent overall since 2001, outpacing the nationwide growth rate of just 1.4 percent. The decline in mining employment in 2009 was largely attributable to shifts in the exploration stages at several potential mines.



The growth in mining was supported by several large developments. Pogo Mine in the eastern interior of Alaska was commissioned in 2006, but began to create jobs in 2005. Fort Knox Mine in the Fairbanks North Star Borough built a heap-leach facility in 2009. And, after several delays, Kensington Mine opened in Southeast Alaska in June of 2010.

The value of Alaska's primary produced metals more than quadrupled from 2001 to 2007, from $786.6 million to $3.22 billion. The total value of Alaska's mineral industry in 2009 was nearly $2.9 billion, down $204 million from 2008's value of $3.2 billion, but in 2010 it recovered to $3.1 billion. The 2009 decline in total value was primarily a result of lower metal prices, increased operating costs and a worldwide economic slowdown.[2]

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[1] Alaska Economic Trends, September 2011, The Decade in Review, 2000 – 2010.
[2] 2009 Alaska Economic Performance Report.

The recent increase in mineral prices has renewed interest in a number of mining projects around the State.

Tourism[1]

The tourism sector is comprised of three major categories — recreation, food and drink, and accommodations — with the food and drink category accounting for approximately two-thirds of the employment. All three categories grew over the past decade. Over that period, food and drink added 2,500 jobs; accommodations grew by 600 jobs; arts, entertainment, and recreation added 700. As with the industry as a whole, each of accommodations and food and drink lost employment during the nationwide recession when fewer visitors came to the State. The highly seasonal leisure and hospitality industry was growing around 2 percent annually until the recession affected Alaska's tourism in 2009. The industry lost more than 2,500 jobs at the peak of that season. By the end of the decade, employment had recovered slightly, growing by just under 600 jobs from the 2009 to 2010 summer peaks. With this small recovery, leisure and hospitality ended the decade up 14 percent, or 3,800 average annual jobs, above its 2000 level but still 2,000 jobs below the 2008 peak.

Retail[2]

A number of new chain and homegrown retailers opened in Alaska during the past decade. Since 2000, the following retailers opened stores in Alaska: Kohl's, new Walmarts, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 35,500 jobs in Alaska in 2011.

Retail trade remains Alaska's largest private sector employer. During the 1980s and 1990s, retail trade in Alaska grew more rapidly than the overall economy. However, during this most recent decade, retail employment grew half as fast as overall employment, adding just 2,400 jobs compared to the 7,500 new jobs during the 1990s. At the end of the decade, retail's share of total Statewide employment was on par with the rest of the nation at 11 percent.

According to census data, Alaska's per-capita sales run 9 percent above the national average, with higher prices accounting for much of that difference.

Transportation[3]

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although Alaska is the largest state in terms of area, it has the fifth-lowest road mileage in the U. S.. The primary reasons for the low road miles in Alaska are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of Alaska and the rest of the world, through waterways or airports, rather than roads.

Most goods shipped to and from Alaska move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U. S. to Alaska

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[1] Alaska Economic Trends, September 2011, Decade in Review, 2000-2010.
[2] Alaska Economic Trends, September 2011, Decade in Review, 2000-2010.
[3] Alaska State Transportation Plan, adopted February 29, 2008.

generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in Alaska, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in Alaska, air transportation is critical for Alaska's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number five cargo airport in the world by Airports Council International in calendar year 2010. In fiscal year 2011, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 25,214,813 from 20,307,000 in 2000. In fiscal year 2011, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.08 million, as compared to 5.03 million in 2000. [1]

Alaska's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to Alaska's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of Alaska's transportation system and the service it provides is part of the National Highway System. AMHS serves 31 Alaska ports by transporting passengers and vehicles between coastal communities on 11 operating vessels. This service helps meet the social, educational, health and economic needs of Alaskans. AMHS experienced increases in passenger and vehicle traffic in each of the years from 2005 through 2008, when AMHS carried 340,412 passengers and 109,839 vehicles. AMHS experienced a decline in 2009 when it carried approximately 317,891 passengers and 108,541 vehicles. In 2010, AMHS saw a slight recovery, carrying 326,313 passengers and 110,075 vehicles[2] and further recovery in 2011 carrying 334,778 passengers and 114,100 vehicles.

The Alaska Railroad operates a total of 656 miles of railway miles in Alaska, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad plays an important economic role. In 2011, the Alaska Railroad carried 6.20 million tons of freight and 412,200 passengers. As of May 2012, the railroad employed 685 year-round employees.[3]

In 2010 the transportation sector represented 5.9 percent of Alaska's wage and salary employment versus 3.2 percent for the nation. Transportation also represents a greater share of gross domestic product in Alaska than it does nationwide, at 9 percent in-State versus the nation's 3 percent.

Transportation employment grew modestly in the last decade, with 18,900 jobs in 2010 compared to 18,700 jobs in 2000. The slowdown in Alaska's economy in 2009 resulted in steep declines in the visitor industry and international cargo. However, employment growth in Alaska's transportation sector was slightly positive between 2000 and 2010, in contrast to the nation's decline of more than 6 percent.

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[1] Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.
[2] Alaska Marine Highway, Annual Traffic Volume Report, 2010.
[3] Alaska Railroad Corporation Fact Sheet, http://www.akrr.com/arrc29.html.

APPENDIX B

STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT,
Fiscal Year Ended June 30, 2012

The Comprehensive Annual Financial Report for the State contained in Appendix B hereto is historical information that presents the State's financial position as of June 30, 2012. This report reflects historical performance. The financial performance of the State reflected in such report cannot be relied upon as a reliable indicator of subsequent performance. Historical trends cannot be used to anticipate results or trends in future periods.

APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

[TO BE PROVIDED]

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") constitutes the written undertaking of the State of Alaska (the "State"), for the benefit of the holders of the State's $___________ General Obligation Bond Anticipation Notes Series 2013 C (the "Notes"), required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2 12) (the "Rule"), for the benefit of the beneficial owners or holders of the Bonds. The State is an "obligated person" with respect to the Bonds within the meaning of the Rule.

SECTION 1. Definitions: The following capitalized terms shall have the following meanings:

Annual Financial Information means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles ("GAAP")) and operating and demographic data contained in the "Comprehensive Annual Financial Report" ("CAFR") of the State of Alaska, provided at least annually, and the annual "Alaska Public Debt Report" which together contain the type of financial and debt information included in the final official statement with respect to the Notes described in Exhibit B hereto; which Annual Financial Information shall include Audited Financial Statements.

Audited Financial Statements means the State's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or the Legislative Auditor of the State.

Disclosure Representative means the Chairman of the State Bond Committee or his or her designee or such other officer or employee as the State shall designate in writing from time to time.

Fiscal Year means the period commencing on the first day of July of any year and ending on the last day of June of the following year or such other period of twelve consecutive calendar months as shall be specified by the State.

Material Event means any of the following events with respect to the Notes:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves, if any, reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material or events affecting the tax-exempt status of the Notes;
(vii) Modifications to rights of the owners of the Notes if material;

(viii) Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property, if any, securing the repayment of the Notes if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the State;

(xiii) The consummation of a merger, consolidation, or acquisition of the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement to undertake such an action, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of the trustee, if material.

Material Event Notice shall mean the Notice required to be given in accordance with Section 4 hereof.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Participating Underwriter shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

Resolution shall mean the resolution of the State Bond Committee of the State authorizing the issuance of the Notes.

Rule shall mean Rule 15c2-12(b)(5)(i) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 2. Provision of Annual Financial Information.

(a) The State shall, while any Notes are outstanding, provide the Annual Financial Information to the MSRB on or before January 31 of each year (the "Report Date"), commencing January 31, 2014. The State may adjust the Report Date if the State changes its Fiscal Year by providing written notice of the change of Fiscal Year and the new Report Date to the MSRB; provided that the new Report Date shall be 210 days after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration.

(b) If the State is unable to provide to the MSRB the Annual Financial Information by the Report Date, the State shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A.

(c) If the State is unable to provide the Audited Financial Statements to the MSRB by the Report Date, the State shall provide to the MSRB unaudited financial statements of the State, and, as required by the Rule, Audited Financial Statements, when and if available, must thereafter be provided to the MSRB.

SECTION 3. Content of Annual Financial Information. The State's Annual Financial Information shall contain or incorporate by reference the information described in Exhibit B attached hereto, as well as the following:

(i) The Audited Financial Statements,

(ii) the accounting principles pursuant to which the Audited Financial Statements were prepared, and

(iii) that the above-described information has been provided directly by the State.

The State reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the State; provided that the State agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 6 hereof.

The Annual Financial Information may be included by specific reference to documents available to the public on the Internet Website of the MSRB or filed with the Securities and Exchange Commission.

SECTION 4. Reporting of Material Events.

(a) If a Material Event occurs while any Notes are outstanding, the State shall provide a Material Event Notice to the MSRB not in excess of ten business days after the occurrence of the event. Each Material Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Notes.

(b) The State shall provide, in a timely manner to the MSRB, notice of any failure while any Notes are Outstanding by the State to provide to the MSRB Annual Financial Information on or before the Report Date.

(c) The State may from time to time choose to provide notice of the occurrence of certain other events, in addition to Material Events, if, in the judgment of the State, such other event is material with respect to the Notes, but the State does not undertake to commit to provide any such notice of the occurrence of any material event except Material Events.

SECTION 5. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption in whole or payment in full of all of the Notes of a Series, respectively. In addition, any provision hereof and any provision relating to the Rule as set forth in the Resolution shall be null and void in the event that the State delivers to the Bond Registrar, an opinion of counsel expert in federal securities laws to the effect that those portions of the Rule which require this Disclosure Certificate, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Notes; provided that the State shall have provided notice of such delivery and the cancellation of this Disclosure Certificate and that portion of the Resolution relating to the Rule to the MSRB.

SECTION 6. Amendment; Waiver. Notwithstanding any provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not in and of itself cause the undertakings herein to violate, or adversely affect compliance with the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule.

Provided, however, that the following conditions must be satisfied prior to such amendment:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted;

(b) The undertaking hereunder, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the holders and the beneficial owners of the Notes, as determined either by parties unaffiliated with the State (such as bond counsel), or by approving vote of such holders in accordance with the terms of the Resolution at the time of the amendment.

Further, the Annual Financial Information containing the amended operating data or financial information shall explain in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

Further provided, if an amendment is made to an undertaking hereunder specifying the accounting principles to be followed in preparing the Audited Financial Statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the Audited Financial Statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the Audited Financial Statements, in order to provide information to investors to enable them to reevaluate the ability of the State to meets its obligations. To the extent reasonably feasible, the comparison also shall be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 7. EMMA; Format for Filing with the MSRB. Until otherwise designated by the MSRB or the Securities and Exchange Commission, any filing required to be made with the MSRB under the undertaking are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by the undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the

MSRB pursuant to the undertaking must be accompanied by identifying information as prescribed by the MSRB.

SECTION 8. Additional information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or Material Event Notice, in addition to that which is required by this Disclosure Certificate. If the State chooses to include any information in any Annual Financial Information or Material Event Notice in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

SECTION 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the State, the Participating Underwriters and the holders and the beneficial owners of the Notes, and shall create no rights in any other person or entity.

BY: ___________________________________

Deven J. Mitchell
Debt Manager, State of Alaska,
For the State Bond Committee

Date: _________________ ___, 2013

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	THE STATE OF ALASKA
Name of Obligated Person:	THE STATE OF ALASKA
Name of Bond Issue:	State of Alaska General Obligation Bond Anticipation Notes, Series 2013C
Date of Issuance:	January ___, 2013

NOTICE IS HEREBY GIVEN that the State has not provided Annual Financial Information with respect to the above-named Bonds as required by Continuing Disclosure Certificate of the State dated __________________, 2013. The State anticipates that the Annual Report will be filed by ____________.

Dated: _____________________

By: _______________________________________
Deven J. Mitchell
Debt Manager, State of Alaska
For the State Bond Committee

EXHIBIT B

(A) Names of the entities, enterprises, funds, accounts and other persons with respect to whom information will be provided:

Entity:

1. STATE OF ALASKA

(B) Types of information to be provided: (e.g., specific types of financial statements and general descriptions of operating, economic, statistical, utilization and trend data)

1. Audited Financial Statements

2. Comprehensive Annual Financial Report _________ ___, 20___.

(C) The accounting principles pursuant to which financial statements will be prepared:

Generally accepted accounting principles

APPENDIX E

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the Notes, the principal amount of the maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the State or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

Department of Commerce Totals	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
	24,188,500	34,041,375	8,702,875	57,545,375	6,650,875	16,347,870	17,597,870	11,437,870	6,743,370	5,119,020	3,950,000	75,000
Department of Transportation Totals	*CY 2013*				*CY 2014*				*CY 2015*			
Fiscal Year Quarters	*3*	*4*	*1*	*2*	*3*	*4*	*1*	*2*	*3*	*4*	*1*	*2*
	1,150,000	2,770,000	5,950,000	2,550,000	4,700,000	14,895,000	21,895,000	10,955,000	21,575,000	42,355,000	34,555,000	17,500,000
Costs of Issuance	400,000				1,000,000				1,000,000			
Total Cash Flow	25,738,500	36,811,375	14,652,875	60,095,375	12,350,875	31,242,870	39,492,870	22,392,870	29,318,370	47,474,020	38,505,000	17,575,000
questionable				50,000,000								
Cumulative Cash Flow	25,738,500	62,549,875	77,202,750	137,298,125	149,649,000	180,891,870	220,384,740	242,777,610	272,095,980	319,570,000	358,075,000	375,650,000
Impact of questionable	25,738,500	62,549,875	77,202,750	87,298,125	99,649,000	130,891,870	170,384,740	192,777,610	222,095,980	269,570,000	308,075,000	325,650,000

3/31/2016	6/30/2016										Total Projections	Grant Totals	no cash flow
0	0										192,400,000	195,400,000	3,000,000
CY 2016				*CY2017*				*CY2018*					
3	*4*	*1*	*2*	*3*	*4*	*1*	*2*	*3*	*4*		Total Project expenditures	project total authorization	
3,700,000	20,950,000	23,700,000	2,300,000	1,100,000	5,100,000	8,000,000	1,000,000	1,000,000	2,000,000	0	249,700,000	254,500,000	4,800,000
1,000,000											3,400,000	3,599,200	199,200
4,700,000	20,950,000	23,700,000	2,300,000	1,100,000	5,100,000	8,000,000	1,000,000	1,000,000	2,000,000	0	445,500,000	453,499,200	7,999,200
380,350,000	401,300,000	425,000,000	427,300,000	428,400,000	433,500,000	441,500,000	442,500,000	443,500,000	445,500,000	445,500,000			
330,350,000	351,300,000	375,000,000	377,300,000	378,400,000	383,500,000	391,500,000	392,500,000	393,500,000	395,500,000	395,500,000			

MEMORANDUM

STATE OF ALASKA
Department of Revenue

TO: State Bond Committee

DATE: February 14, 2013

FROM: Deven Mitchell
Debt Manager
Treasury Division

TELEPHONE: 465-3750

SUBJECT**:** Report

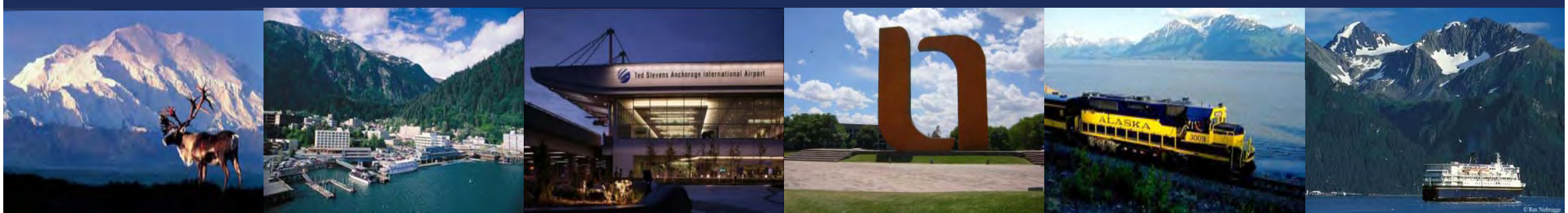
The 2013 Series A &B general obligation bonds authorized at the December 14 meeting were successfully sold on January 15, 2013. The blended all in true interest cost of the bonds is 1.436854% through a combination of tax exempt bonds (2003 B) and taxable direct issue tax credit Qualified School Construction Bonds (2003 A). This sale funded the remainder of the 2010 bond authorization projects. As part of the ratings process for the bonds the State received a rating upgrade from Fitch Ratings from AA+ to AAA. The State is now at the highest rating level with all three agencies.

FY 2012 ongoing disclosure was accomplished with posting of the State's CAFR, the fall 2012 Revenue Sources Book, and the 2012-2013 Alaska Public Debt Book with EMMA. The material event filing required for the Fitch rating upgrade to AAA was also posted.

There are several bills in the Alaska Legislature that have the potential to impact the debt capacity and policy of the State. Specifically, HB 4 related to the Alaska Gasline Development Corporation, HB 23/SB 13 related to the Knik Arm Bridge and Toll Authority, and HB 58/SB 23 related to an AIDEA facilitated North Slope LNG Project. All of the proposals obligate the state's balance sheet on a long term basis either on a fairly direct subject to appropriation basis or more contingent liability moral obligation basis. It is important that when Alaskans are considering these projects that they are aware of the impact of the Legislation on the State's finances and long term credit ratings.

POST SALE REPORT

STATE OF ALASKA



$162,480,000 GENERAL OBLIGATION BONDS

$11,945,000 GENERAL OBLIGATION BONDS, SERIES 2013A
(QUALIFIED SCHOOL CONSTRUCTION BONDS)
$150,535,000 GENERAL OBLIGATION BONDS, SERIES 2013B

WEDNESDAY, JANUARY 23, 2013

ACACIA
FINANCIAL GROUP, INC.

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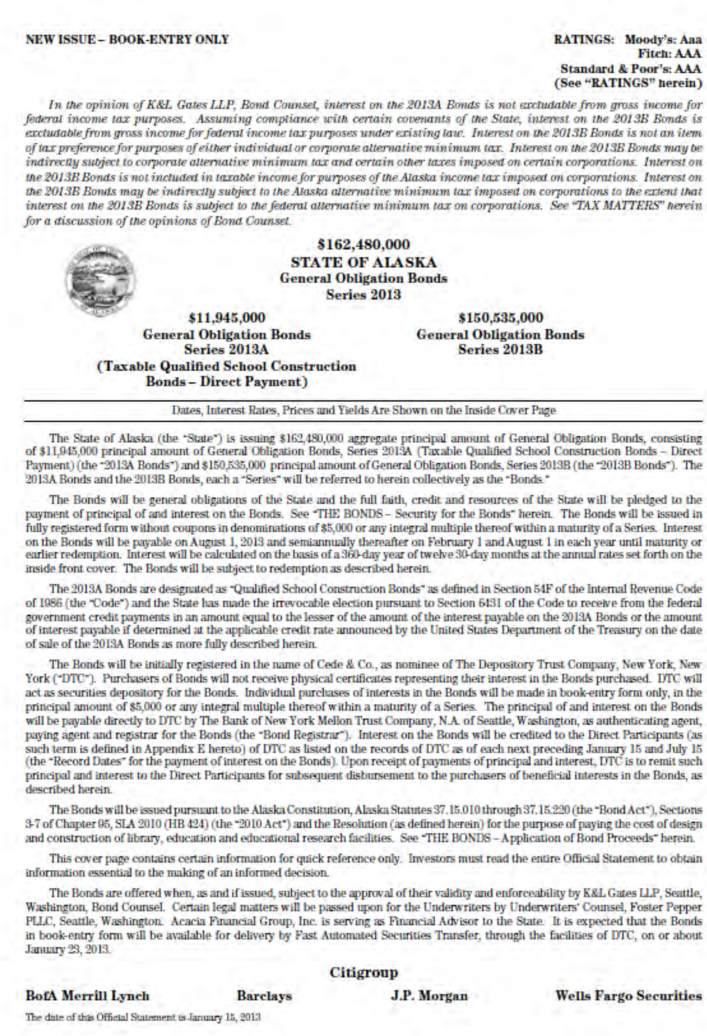


NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: Aaa
Fitch: AAA
Standard & Poor's: AAA
(See "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2013A Bonds is not excludable from gross income for federal income tax purposes. Assuming compliance with certain covenants of the State, interest on the 2013B Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the 2013B Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the 2013B Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the 2013B Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the 2013B Bonds may be indirectly subject to the Alaska alternative minimum tax imposed on corporations to the extent that interest on the 2013B Bonds is subject to the federal alternative minimum tax on corporations. See "TAX MATTERS" herein for a discussion of the opinions of Bond Counsel.

$162,480,000
STATE OF ALASKA
General Obligation Bonds
Series 2013

$11,945,000 **General Obligation Bonds** **Series 2013A** **(Taxable Qualified School Construction Bonds – Direct Payment)**	**$150,535,000** **General Obligation Bonds** **Series 2013B**

Dates, Interest Rates, Prices and Yields Are Shown on the Inside Cover Page

The State of Alaska (the "State") is issuing $162,480,000 aggregate principal amount of General Obligation Bonds, consisting of $11,945,000 principal amount of General Obligation Bonds, Series 2013A (Taxable Qualified School Construction Bonds – Direct Payment) (the "2013A Bonds") and $150,535,000 principal amount of General Obligation Bonds, Series 2013B (the "2013B Bonds"). The 2013A Bonds and the 2013B Bonds, each a "Series" will be referred to herein collectively as the "Bonds."

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein. The Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof within a maturity of a Series. Interest on the Bonds will be payable on August 1, 2013 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will be subject to redemption as described herein.

The 2013A Bonds are designated as "Qualified School Construction Bonds" as defined in Section 54F of the Internal Revenue Code of 1986 (the "Code") and the State has made the irrevocable election pursuant to Section 6431 of the Code to receive from the federal government credit payments in an amount equal to the lesser of the amount of the interest payable on the 2013A Bonds or the amount of interest payable if determined at the applicable credit rate announced by the United States Department of the Treasury on the date of sale of the 2013A Bonds as more fully described herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof within a maturity of a Series. The principal of and interest on the Bonds will be payable directly to DTC by The Bank of New York Mellon Trust Company, N.A. of Seattle, Washington, as authenticating agent, paying agent and registrar for the Bonds (the "Bond Registrar"). Interest on the Bonds will be credited to the Direct Participants (as such term is defined in Appendix E hereto) of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds will be issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act"), Sections 3-7 of Chapter 95, SLA 2010 (HB 424) (the "2010 Act") and the Resolution (as defined herein) for the purpose of paying the cost of design and construction of library, education and educational research facilities. See "THE BONDS – Application of Bond Proceeds" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by K&L Gates LLP, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel, Foster Pepper PLLC, Seattle, Washington. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about January 23, 2013.

Citigroup

BofA Merrill Lynch **Barclays** **J.P. Morgan** **Wells Fargo Securities**

The date of this Official Statement is January 15, 2013

I. Transaction Summary

Transaction Summary

- Pricing Date: January 15, 2013
- Closing Date: January 23, 2013
- Par Amount: $162,480,000
  - Series 2013A (QSCBs): $11,945,000
  - Series 2013B: $150,535,000
- Bond Proceeds: $196,349,629.30
- State Credit Ratings:
  - Moody's Credit Rating: Aaa
  - S&P Credit Rating: AAA
  - Fitch Credit Rating: AAA
- Bonds Maturities: 08/01/2014 – 08/01/2025 (Series 2013B Bonds); 08/01/2037 (Series 2013A Bonds)
- True Interest Cost: 1.415766%

Transaction Summary

State of Alaska General Obligation Bonds Series 2013A (Taxable Qualified School Construction Bonds) Series 2013B (Tax-Exempt Bonds)			
Source of Funds	Series 2013A, QSCB	Series 2013B, Tax-Exempt	Total
Bonds Proceeds:			
Par Amount	11,945,000.00	150,535,000.00	162,480,000.00
Premium		33,869,629.30	33,869,629.30
	11,945,000.00	184,404,629.30	196,349,629.30
Other Sources of Funds:			
COI Contribution	22,845.32	287,904.68	310,750.00
Total Sources of Funds:	11,967,845.32	184,692,533.98	196,660,379.30
Uses of Funds	Series 2013A, QSCB	Series 2013B, Tax-Exempt	Total
Project Fund Deposits:			
Project Funds	11,923,603.34	184,165,869.76	196,089,473.10
Delivery Date Expenses:			
Cost of Issuance	22,845.32	287,904.68	310,750.00
Underwriter's Discount	21,396.66	237,685.94	259,082.60
	44,241.98	525,590.62	569,832.60
Other Uses of Funds:			
Additional Proceeds		1,073.60	1,073.60
Total Uses of Funds:	11,967,845.32	184,692,533.98	196,660,379.30

Transaction Summary

State of Alaska Series 2013A (Taxable Qualified School Construction Bonds) and Series 2013B (Tax-Exempt Bonds) Pricing Adjustments on January 15, 2013																
	Summary of Managers' Price Views: 01/15/2013 Pre-Retail 9AM Call					Summary of Managers' Price Views: 01/15/2013 Pre-Institutional 12:05PM					Summary of Managers' Price Views: 01/15/2013 Post 2:15 Call (Spreads to Launch)					Difference 9AM Call to 2:15PM Call
Maturity	Par Amount (000's)	Coupon	Yield	Treasury/ MID MMD	Spread	Par Amount (000's)	Coupon	Yield	Treasury/ MID MMD	Spread	Par Amount (000's)	Coupon	Yield	Treasury/ MID MMD	Spread	
2014	9,525	SB	SB	0.25%	SB	9,525	SB	SB	0.25%	SB	9,525	SB	SB	0.25%	SB	SB
2015	3,000-6,825	2.00%-5.00%	0.41%	0.39%	0.02%	3,000-6,825	2.00%-5.00%	0.39%	0.39%	0.00%	3,000-6,825	2.00%-5.00%	0.39%	0.39%	0.00%	-0.02%
2016	3,000-7,250	3.00%-5.00%	0.56%	0.53%	0.03%	3,000-7,250	3.00%-5.00%	0.53%	0.53%	0.00%	3,000-7,250	3.00%-5.00%	0.53%	0.53%	0.00%	-0.03%
2017	3,000-7,715	3.00%-5.00%	0.71%	0.66%	0.05%	3,000-7,715	3.00%-5.00%	0.66%	0.66%	0.00%	3,000-7,715	3.00%-5.00%	0.66%	0.66%	0.00%	-0.05%
2018	3,000-8,200	3.00%-5.00%	0.87%	0.81%	0.06%	3,000-8,200	3.00%-5.00%	0.85%	0.81%	0.04%	3,000-8,200	3.00%-5.00%	0.84%	0.81%	0.03%	-0.03%
2019	4,000-7,725	4.00%-5.00%	1.02%	0.94%	0.08%	4,000-7,725	4.00%-5.00%	1.02%	0.94%	0.08%	4,000-7,725	4.00%-5.00%	1.02%	0.94%	0.08%	0.00%
2020	4,000-8,285	4.00%-5.00%	1.23%	1.15%	0.08%	4,000-8,285	4.00%-5.00%	1.23%	1.15%	0.08%	4,000-8,285	4.00%-5.00%	1.23%	1.15%	0.08%	0.00%
2021	4,000-8,875	4.00%-5.00%	1.44%	1.35%	0.09%	4,000-8,875	4.00%-5.00%	1.44%	1.35%	0.09%	4,000-8,875	4.00%-5.00%	1.44%	1.35%	0.09%	0.00%
2022	4,000-9,495	4.00%-5.00%	1.64%	1.55%	0.09%	4,000-9,495	4.00%-5.00%	1.64%	1.55%	0.09%	4,000-9,495	4.00%-5.00%	1.64%	1.55%	0.09%	0.00%
2023	4,000-10,145	4.00%-5.00%	1.81%	1.72%	0.09%	4,000-10,145	4.00%-5.00%	1.81%	1.72%	0.09%	4,000-10,145	4.00%-5.00%	1.79%	1.72%	0.07%	-0.02%
2024	4,000-13,680	4.00%-5.00%	1.91%	1.82%	0.09%	4,000-13,680	4.00%-5.00%	1.91%	1.82%	0.09%	4,000-13,680	4.00%-5.00%	1.88%	1.82%	0.06%	-0.03%
2025	4,000-14,560	4.00%-5.00%	2.00%	1.90%	0.10%	4,000-14,560	4.00%-5.00%	2.00%	1.90%	0.10%	4,000-14,560	4.00%-5.00%	1.95%	1.90%	0.05%	-0.05%
2037	11,945				0.95%	11,945				0.95%	11,945	3.858%	3.858%	3.008%	0.85%	-0.10%

Transaction Summary – Retail Order Period

Maturity	Amount	Total Priority Retail ($000's)	Total Priority Non-Retail ($000's)	Total Priority ($000's)	Total Member Retail ($000's)	Total Member Non-Retail ($000's)	Total Member ($000's)	Total ($000's)	Balance ($000's)
08/01/2014	9525	0	0	0	0	0	0	0	9525
08/01/2015	3000	2500	0	2500	980	0	980	3480	-480
08/01/2015	6825	17525	0	17525	295	0	295	17820	-10995
08/01/2016	3000	2775	0	2775	30	0	30	2805	195
08/01/2016	7250	28350	0	28350	510	0	510	28860	-21610
08/01/2017	3000	1875	0	1875	2600	0	2600	4475	-1475
08/01/2017	7715	25645	0	25645	545	0	545	26190	-18475
08/01/2018	3000	1300	0	1300	0	0	0	1300	1700
08/01/2018	8200	6000	0	6000	250	0	250	6250	1950
08/01/2019	4000	0	0	0	285	0	285	285	3715
08/01/2019	7725	2500	0	2500	300	0	300	2800	4925
08/01/2020	4000	300	0	300	150	0	150	450	3550
08/01/2020	8285	10300	0	10300	0	0	0	10300	-2015
08/01/2021	4000	4000	0	4000	200	0	200	4200	-200
08/01/2021	8875	12875	0	12875	40	0	40	12915	-4040
08/01/2022	4000	65	0	65	115	0	115	180	3820
08/01/2022	9495	4500	0	4500	30	0	30	4530	4965
08/01/2023	4000	4000	0	4000	0	0	0	4000	0
08/01/2023	10145	2500	0	2500	45	0	45	2545	7600
08/01/2024	4000	480	0	480	150	0	150	630	3370
08/01/2024	13680	4500	0	4500	600	0	600	5100	8580
08/01/2025	4000	0	0	0	405	0	405	405	3595
08/01/2025	14560	5000	0	5000	25	0	25	5025	9535
TOTAL:	**152280**	**136990**	**0**	**136990**	**7555**	**0**	**7555**	**144545**	**67025**

Transaction Summary – Institutional Order Period

Maturity	Amount	Total Priority Retail ($000's)	Total Priority Non-Retail ($000's)	Total Priority ($000's)	Total Member Retail ($000's)	Total Member Non-Retail ($000's)	Total Member ($000's)	Total ($000's)	Balance ($000's)
08/01/2014	9525	0	0	0	0	9525	9525	9525	0
08/01/2015	3000	2500	1500	4000	980	0	980	4980	-1980
08/01/2015	6825	9200	16650	25850	295	9825	10120	35970	-29145
08/01/2016	3000	2775	0	2775	30	0	30	2805	195
08/01/2016	7250	21100	19000	40100	510	5000	5510	45610	-38360
08/01/2017	3000	1875	0	1875	2600	0	2600	4475	-1475
08/01/2017	7715	17930	18930	36860	545	7715	8260	45120	-37405
08/01/2018	1300	1300	0	1300	0	0	0	1300	0
08/01/2018	9900	6000	27700	33700	250	19800	20050	53750	-43850
08/01/2019	285	0	0	0	285	0	285	285	0
08/01/2019	11440	2500	20440	22940	300	13440	13740	36680	-25240
08/01/2020	450	300	0	300	150	0	150	450	0
08/01/2020	11835	10300	1500	11800	0	16835	16835	28635	-16800
08/01/2021	4000	4000	0	4000	200	0	200	4200	-200
08/01/2021	8875	12875	0	12875	40	0	40	12915	-4040
08/01/2022	180	65	0	65	115	0	115	180	0
08/01/2022	13315	4500	13315	17815	30	0	30	17845	-4530
08/01/2023	4000	4000	0	4000	0	0	0	4000	0
08/01/2023	10145	2500	30435	32935	45	10000	10045	42980	-32835
08/01/2024	630	480	0	480	150	0	150	630	0
08/01/2024	17050	4500	68200	72700	600	10000	10600	83300	-66250
08/01/2025	405	0	0	0	405	0	405	405	0
08/01/2025	18155	5000	121930	126930	25	17000	17025	143955	-125800
TOTAL:	**152280**	**113700**	**339600**	**453300**	**7555**	**119140**	**126695**	**579995**	**195**

Maturity	Amount	Total Priority ($000's)	Total Member ($000's)	Total ($000's)	Balance ($000's)
08/01/2037	11945	85220	12445	97665	-85720
TOTAL:	**11945**	**85220**	**12445**	**97665**	

II. Pricing Analysis

ACACIA
FINANCIAL GROUP, INC.

Comparables – 2012 Series vs. Present

Issuer:	State of Alaska	State of Alaska
Series:	Series 2013 B	Series 2012 A
State:	AK	AK
Rating:	Aaa/AAA/AAA	Aaa/AAA/AA+
Enhancement:	None	None
Sale Date:	1/16/2013	1/18/2012
Par:	$153,595,000	$175,560,000
U/W:	Citigroup Global Markets Inc.	Goldman Sachs
Tax Provision:	Tax Exempt	Tax-Exempt
Issue Type:	GO Bonds	GO Bonds
Sale Type:	Negotiated	Negotiated
Purpose:	New Money	Refunding
Payment Date:	August, 1	August, 1
Call Provision:	2/1/2023 @ 100	08/01/2022 @ 100

Maturity	Yr	Par (000's)	Coupon	Yield	MID MMD 1/14/2013	Spread	Par (000's)	Coupon	Yield	MID MMD 1/18/2012	Spread
2014	1	9,525	SB	SB	0.25%	SB	1,990	2.00%	0.26%	0.24%	0.02%
2015	2	3,000-6,825	2.00%-5.00%	0.39%	0.39%	0.00%	11,205-11,210	3.00%-4.00%	0.45%	0.41%	0.04%
2016	3	3,000-7,250	3.00%-5.00%	0.53%	0.53%	0.00%	11,505-11,550	3.00%-4.00%	0.64%	0.58%	0.06%
2017	4	3,000-7,715	3.00%-5.00%	0.66%	0.66%	0.00%	6,755-17,135	4.00%-5.00%	0.74%	0.69%	0.05%
2018	5	3,000-8,200	3.00%-5.00%	0.84%	0.81%	0.03%	12,420-12,480	4.00%-5.00%	0.89%	0.82%	0.07%
2019	6	4,000-7,725	4.00%-5.00%	1.02%	0.94%	0.08%	12,955-12,980	4.00%-5.00%	1.09%	1.02%	0.07%
2020	7	4,000-8,285	4.00%-5.00%	1.23%	1.15%	0.08%	2,030-5,950-7,750	3.00%-5.00%	1.25%	1.18%	0.07%
2021	8	4,000-8,875	4.00%-5.00%	1.44%	1.35%	0.09%	8,160-8,285	4.00%-5.00%	1.44%	1.37%	0.07%
2022	9	4,000-9,495	4.00%-5.00%	1.64%	1.55%	0.09%	6,720	4.00%	1.62%	1.56%	0.06%
2023	10	4,000-10,145	4.00%-5.00%	1.79%	1.72%	0.07%	7,065	4.00%	1.78%	1.71%	0.07%
2024	11	4,000-13,680	4.00%-5.00%	1.88%	1.82%	0.06%	2,665-4,750	3.00%-4.00%	2.00%	1.87%	0.13%
2025	12	4,000-14,560	4.00%-5.00%	1.95%	1.90%	0.05%					

Alaskan Tax-Exempt Comparables

Issuer:		City of Valdez				Matanuska-Susitna Borough				Fairbanks North Star Borough			
State:		AK				AK				AK			
Rating:		nr/AA-/nr				Aa2/AA+/AA				nr/AA/AA			
Enhancement:		None				None				None			
Sale Date:		12/4/2012				11/28/2012				10/16/2012			
Par:		$33,865,000				$11,420,000				$16,670,000			
U/W:		Keybanc Capital Markets				RBC Capital Markets				FirstSouthwest			
Tax Provision:		Tax-Exempt				Tax-Exempt				Tax-Exempt			
Issue Type:		General Obligation				General Obligation				General Obligation			
Sale Type:		Negotiated				Negotiated				Negotiated			
Purpose:		New Money				New Money				Refunding			
Payment Date:		June, 30				April, 1				October, 1			
Call Provision:		6/30/22 @ 100				4/1/22 @ 100				Not Callable			
Maturity	Yr	Yield	MID MMD	Spread	Differential	Yield	Early/ MID MMD	Spread	Differential	Yield	MID/ LATE MMD	Spread	Differential
2014	1	0.30%	0.18%	0.12%		0.31%	0.17%	0.14%		0.30%	0.20%	0.11%	
2015	2	0.43%	0.27%	0.16%	0.14%	0.48%	0.27%	0.21%	0.19%	0.38%	0.30%	0.09%	0.07%
2016	3	0.58%	0.40%	0.18%	0.15%	0.64%	0.38%	0.27%	0.24%	0.46%	0.36%	0.10%	0.07%
2017	4	0.71%	0.54%	0.17%	0.12%	0.80%	0.48%	0.33%	0.28%	0.58%	0.46%	0.12%	0.07%
2018	5	0.86%	0.69%	0.17%	0.12%	0.97%	0.58%	0.40%	0.35%	0.77%	0.63%	0.15%	0.09%
2019	6	1.00%	0.84%	0.16%	0.10%	1.10%	0.69%	0.41%	0.35%	0.98%	0.78%	0.21%	0.15%
2020	7	1.13%	1.01%	0.12%	0.05%	1.28%	0.80%	0.49%	0.42%	1.22%	1.02%	0.20%	0.13%
2021	8	1.34%	1.19%	0.15%	0.08%	1.52%	0.96%	0.56%	0.49%	1.50%	1.28%	0.23%	0.16%
2022	9	1.58%	1.39%	0.19%	0.12%	1.74%	1.16%	0.59%	0.52%	1.72%	1.51%	0.21%	0.14%
2023	10	1.80%	1.60%	0.20%	0.13%	1.92%	1.38%	0.54%	0.47%	1.92%	1.71%	0.22%	0.15%
2024	11	1.92%	1.74%	0.18%	0.11%	1.99%	1.53%	0.47%	0.40%				
2025	12	2.00%	1.83%	0.17%	0.10%	2.05%	1.61%	0.44%	0.37%	2.14%	1.93%	0.21%	0.14%

Alaskan Tax-Exempt Comparables (cont'd)

Issuer:	North Slope Borough	Alaska Municipal Bond Bank	Municipality of Anchorage
State:	AK	AK	AK
Rating:	Aa3/AA-/AA	Aa2/nr/AA	nr/AA+/AA+
Enhancement:	None	None	None
Sale Date:	10/16/2012	10/10/2012	9/12/2012
Par:	$92,155,000	$21,190,000	$23,570,000
U/W:	KeyBanc Capital Markets	RBC Capital Markets	Wells Fargo
Tax Provision:	Tax-Exempt	Tax-Exempt	Tax-Exempt
Issue Type:	General Obligation	General Obligation	General Obligation
Sale Type:	Negotiated	Negotiated	Negotiated
Purpose:	New Money	New Money	New Money
Payment Date:	July, 1	July, 1	August, 1
Call Provision:	Not Callable	7/1/22 @ 100	8/1/22 @ 100

Maturity	Yr	Yield	MID MMD	Spread	Differential	Yield	MID MMD	Spread	Differential	Yield	MID MMD	Spread	Differential
2014	1	0.23%	0.18%	0.05%		0.25%	0.18%	0.07%		0.35%	0.18%	0.17%	
2015	2	0.40%	0.28%	0.12%	0.10%	0.41%	0.28%	0.13%	0.11%	0.47%	0.28%	0.19%	0.17%
2016	3	0.59%	0.34%	0.25%	0.22%	0.51%	0.34%	0.17%	0.14%	0.65%	0.37%	0.28%	0.25%
2017	4	0.75%	0.44%	0.31%	0.26%	0.66%	0.43%	0.23%	0.18%	0.88%	0.48%	0.40%	0.35%
2018	5	0.94%	0.60%	0.34%	0.29%	0.80%	0.59%	0.21%	0.16%	1.16%	0.69%	0.47%	0.42%
2019	6	1.12%	0.74%	0.38%	0.32%	1.02%	0.74%	0.28%	0.22%	1.47%	0.94%	0.53%	0.47%
2020	7	1.35%	0.99%	0.36%	0.29%	1.26%	0.98%	0.28%	0.21%	1.74%	1.22%	0.52%	0.45%
2021	8	1.62%	1.24%	0.38%	0.31%	1.56%	1.23%	0.33%	0.26%	1.93%	1.45%	0.48%	0.41%
2022	9	1.87%	1.48%	0.39%	0.32%	1.83%	1.47%	0.36%	0.29%	2.06%	1.68%	0.38%	0.31%
2023	10	2.07%	1.68%	0.39%	0.32%	2.05%	1.67%	0.38%	0.31%	2.21%	1.83%	0.38%	0.31%
2024	11					2.23%	1.81%	0.42%	0.35%	2.31%	1.96%	0.35%	0.28%
2025	12					2.61%	1.91%	0.70%	0.63%	2.40%	2.04%	0.36%	0.29%

Tax-Exempt Comparables

Issuer:		County of Mecklenburg				Town of Cary				State of Ohio			
State:		NC				NC				OH			
Rating:		Aaa/AAA/AAA				Aaa/AAA/AAA				Aa1/AA+/AA+			
Enhancement:		None				None				None			
Sale Date:		1/10/2013				1/9/2013				1/8/2013			
Par:		$210,695,000				$100,450,000				$150,000,000			
U/W:		Wells Fargo				Citi				BA Merrill Lynch			
Tax Provision:		Tax-Exempt				Tax-Exempt				Tax-Exempt			
Issue Type:		GO Bonds				Revenue				GO Bonds			
Sale Type:		Negotiated				Negotiated				Competitive			
Purpose:		Refunding				Refunding				New Money			
Payment Date:		December, 1				December, 1				February, 1			
Call Provision:		Non Callable				12/1/22 @ 100				8/1/22 @ 100			
Maturity	Yr	Yield	Late MMD	Spread	Difference	Yield	Late MMD	Spread	Difference	Yield	Early MMD	Spread	Difference
2014	1	0.30%	0.30%	0.00%						0.17%	0.22%	-0.05%	
2015	2	0.40%	0.42%	-0.02%	(0.04%)	0.44%	0.42%	0.02%	-	0.37%	0.36%	0.01%	(0.01%)
2016	3	0.57%	0.57%	0.00%	(0.03%)	0.60%	0.57%	0.03%	-	0.60%	0.50%	0.10%	0.07%
2017	4	0.72%	0.72%	0.00%	(0.05%)	0.78%	0.72%	0.06%	0.01%	0.80%	0.65%	0.15%	0.10%
2018	5	0.90%	0.87%	0.03%	(0.02%)	0.94%	0.87%	0.07%	0.02%	0.95%	0.80%	0.15%	0.10%
2019	6	1.07%	1.00%	0.07%	0.01%	1.09%	1.00%	0.09%	0.03%	1.15%	0.91%	0.24%	0.18%
2020	7	1.29%	1.23%	0.06%	(0.01%)	1.31%	1.22%	0.09%	0.02%	1.37%	1.12%	0.25%	0.18%
2021	8	1.49%	1.43%	0.06%	(0.01%)	1.52%	1.42%	0.10%	0.03%	1.64%	1.34%	0.30%	0.23%
2022	9	1.68%	1.63%	0.05%	(0.02%)	1.71%	1.61%	0.10%	0.03%	1.87%	1.54%	0.33%	0.26%
2023	10	1.83%	1.77%	0.06%	(0.01%)	1.87%	1.76%	0.11%	0.04%	2.06%	1.73%	0.33%	0.26%
2024	11	1.98%	1.86%	0.12%	0.05%	1.97%	1.86%	0.11%	0.04%	2.21%	1.86%	0.35%	0.28%
2025	12	2.09%	1.93%	0.16%	0.09%	2.04%	1.93%	0.11%	0.04%	2.34%	1.94%	0.40%	0.33%

Tax-Exempt Comparables (cont'd)

Issuer:	State of Ohio	State of Georgia	State of Connecticut
State:	OH	GA	CT
Rating:	Aa1/AA+/AA+	Aaa/AAA/AAA	Aa3/AA/AA
Enhancement:	None	None	None
Sale Date:	1/8/2013	12/12/2012	12/12/2012
Par:	$66,385,000	$234,915,000	$125,100,000
U/W:	JP Morgan	BA Merrill Lynch	RBC Capital Markets
Tax Provision:	Tax-Exempt	Tax-Exempt	Tax-Exempt
Issue Type:	GO Bonds	GO Bonds	Revenue
Sale Type:	Competitive	Competitive	Negotiated
Purpose:	Refunding	New Money	Refunding
Payment Date:	August, 1	January, 1	January, 1
Call Provision:	Not Callable	01/01/2023 @ 100	1/1/23 @ 100

Maturity	Yr	Yield	MID MMD	Spread	Difference	Yield	Early MMD	Spread	Difference	Yield	Early MMD	Spread	Difference
2014	1					0.19%	0.15%	0.04%					
2015	2					0.37%	0.23%	0.14%	0.12%	0.45%	0.23%	0.22%	0.20%
2016	3	0.70%	0.56%	0.14%	0.11%	0.49%	0.36%	0.13%	0.10%				
2017	4	0.92%	0.71%	0.21%	0.16%	0.60%	0.48%	0.12%	0.07%	0.76%	0.48%	0.28%	0.23%
2018	5	1.07%	0.86%	0.21%	0.16%	0.75%	0.60%	0.15%	0.10%	0.92%	0.60%	0.32%	0.27%
2019	6	1.19%	0.97%	0.22%	0.16%	0.92%	0.74%	0.18%	0.12%	1.13%	0.74%	0.39%	0.33%
2020	7	1.42%	1.18%	0.24%	0.17%	1.09%	0.91%	0.18%	0.11%	1.35%	0.91%	0.44%	0.37%
2021	8	1.65%	1.40%	0.25%	0.18%	1.28%	1.08%	0.20%	0.13%	1.57%	1.08%	0.49%	0.42%
2022	9	1.86%	1.60%	0.26%	0.19%	1.51%	1.27%	0.24%	0.17%	1.82%	1.27%	0.55%	0.48%
2023	10	2.02%	1.76%	0.26%	0.19%	1.65%	1.50%	0.15%	0.08%	1.99%	1.50%	0.49%	0.42%
2024	11	2.14%	1.88%	0.26%	0.19%	1.74%	1.64%	0.10%	0.03%	2.12%	1.64%	0.48%	0.41%
2025	12	2.21%	1.96%	0.25%	0.18%	1.79%	1.74%	0.05%	(0.02%)	2.18%	1.74%	0.44%	0.37%

Tax-Exempt Comparables (cont'd)

Issuer:	City of New York	State of Colorado	State of Hawaii
State:	NY	CO	HI
Rating:	Aa2/AA/AA	Aa2/AA-/nr	Aa2/AA/AA
Enhancement:	None	None	None
Sale Date:	as/12/12	11/27/2012	11/15/2012
Par:	$1,000,090,000	$195,965,000	$866,990,000
U/W:	Citi	RBC Capital Markets	Goldman Sachs
Tax Provision:	Tax-Exempt	Tax-Exempt	Tax-Exempt
Issue Type:	GO Bonds	Certificate of Participation	GO Bonds
Sale Type:	Negotiated	Negotiated	Negotiated
Purpose:	New Money	New Money	New Money
Payment Date:	February, 1	March, 15	November, 15
Call Provision:	2/1/23 @ 100	3/15/22 @ 100	11/15/22 @ 100

Maturity	Yr	Yield	Early MMD	Spread	Difference	Yield	Early MMD	Spread	Difference	Yield	Late MMD	Spread	Difference
2014	1	0.29%	0.15%	0.14%		0.48%	0.16%	0.32%					
2015	2	0.61%	0.23%	0.38%	0.36%	0.57%	0.26%	0.31%	0.29%				
2016	3	0.77%	0.36%	0.41%	0.38%	0.75%	0.35%	0.40%	0.37%				
2017	4	0.94%	0.48%	0.46%	0.41%	0.84%	0.45%	0.39%	0.34%	0.75%	0.65%	0.10%	0.05%
2018	5	1.12%	0.60%	0.52%	0.47%	1.04%	0.55%	0.49%	0.44%	0.88%	0.75%	0.13%	0.08%
2019	6	1.32%	0.74%	0.58%	0.52%	1.18%	0.66%	0.52%	0.46%	1.09%	0.92%	0.17%	0.11%
2020	7	1.51%	0.91%	0.60%	0.53%	1.42%	0.79%	0.63%	0.56%	1.33%	1.12%	0.21%	0.14%
2021	8	1.74%	1.08%	0.66%	0.59%	1.61%	0.95%	0.66%	0.59%	1.54%	1.34%	0.20%	0.13%
2022	9	1.95%	1.27%	0.68%	0.61%	1.86%	1.14%	0.72%	0.65%	1.72%	1.52%	0.20%	0.13%
2023	10	2.08%	1.50%	0.58%	0.51%	2.09%	1.37%	0.72%	0.65%	1.84%	1.64%	0.20%	0.13%
2024	11	2.13%	1.64%	0.49%	0.42%	2.25%	1.53%	0.72%	0.65%	2.00%/1.91%	1.70%	0.30%/0.21%	0.23%/0.14%
2025	12	2.18%	1.74%	0.44%	0.37%	2.36%	1.62%	0.74%	0.67%	1.96%	1.75%	0.21%	0.14%

Tax-Exempt Comparables (cont'd)

Issuer:	State of New Hampshire	State of Tennessee	State of Oregon
State:	NH	TN	OR
Rating:	Aa1/AA/AA+	Aaa/AA+/AAA	Aa1/AA+/AA+
Enhancement:	None	None	None
Sale Date:	11/14/2012	11/14/2012	11/6/2012
Par:	$90,000,000	$140,000,000	$10,975,000
U/W:	BA Merrill Lynch	BA Merrill Lynch	Goldman Sachs
Tax Provision:	Tax-Exempt	Tax-Exempt	Tax-Exempt
Issue Type:	GO Bonds	GO Bonds	GO Bonds
Sale Type:	Competitive	Competitive	Competitive
Purpose:	New Money	New Money	New Money
Payment Date:	November, 1	October, 1	November, 1
Call Provision:	11/1/22 @ 100	10/1/20 @ 100	11/1/22 @ 100

Maturity	Yr	NH Yield	NH Late MMD	NH Spread	NH Difference	TN Yield	TN MID/ Late MMD	TN Spread	TN Difference	OR Yield	OR Late MMD	OR Spread	OR Difference
2014	1	0.22%	0.21%	0.01%		0.20%	0.20%	0.01%		0.20%	0.21%	-0.01%	
2015	2	0.33%	0.31%	0.02%	(0.00%)	0.30%	0.30%	0.01%	(0.02%)	0.30%	0.31%	-0.01%	(0.03%)
2016	3	0.46%	0.43%	0.03%	-	0.43%	0.42%	0.02%	(0.02%)	0.44%	0.43%	0.01%	(0.02%)
2017	4	0.57%	0.53%	0.04%	(0.01%)	0.52%	0.51%	0.01%	(0.04%)	0.55%	0.53%	0.02%	(0.03%)
2018	5	0.71%	0.65%	0.06%	0.01%	0.64%	0.64%	0.01%	(0.05%)	0.71%	0.68%	0.03%	(0.02%)
2019	6	0.79%	0.75%	0.04%	(0.02%)	0.74%	0.73%	0.02%	(0.05%)	0.88%	0.84%	0.04%	(0.02%)
2020	7	0.98%	0.94%	0.04%	(0.03%)	0.93%	0.91%	0.02%	(0.05%)	1.10%	1.07%	0.03%	(0.04%)
2021	8	1.19%	1.15%	0.04%	(0.03%)	1.14%	1.11%	0.03%	(0.04%)	1.35%	1.30%	0.05%	(0.02%)
2022	9	1.42%	1.37%	0.05%	(0.02%)	1.37%	1.33%	0.04%	(0.03%)	1.59%	1.53%	0.06%	(0.01%)
2023	10	1.58%	1.55%	0.03%	(0.04%)	1.80%	1.52%	0.28%	0.21%	1.79%	1.72%	0.07%	-
2024	11	1.69%	1.68%	0.01%	(0.06%)	1.90%	1.66%	0.25%	0.18%	1.93%	1.87%	0.06%	(0.01%)
2025	12	2.05%	1.74%	0.31%	0.24%	2.00%	1.73%	0.27%	0.20%	2.00%	1.93%	0.07%	-

Taxable Comparables

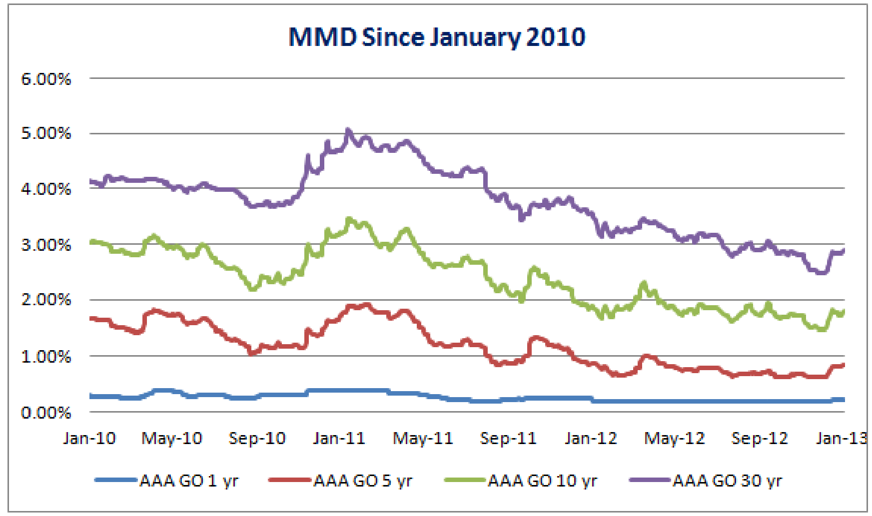
Issuer:	State of Alaska	City of Corpus Christi	Berks County	Baltimore County
State:	AK	TX	PA	MD
Rating:	Aaa/AAA/AAA	Aa2/AA-/AA	Aa1/nr/nr	Aaa/AAA/AAA
Enhancement:	None	None	None	None
Sale Date:	1/16/2013	12/10/2012	12/8/2012	11/28/2012
Par:	$11,945,000	$107,660,000	$18,260,000	$256,290,000
U/W:	Citigroup Global Markets Inc.	Citigroup	RBC	JP Morgan
Tax Provision:	Taxable	Taxable	Taxable	Taxable
Issue Type:	GO Bonds	GO Bonds	GO Bonds	GO Bonds
Sale Type:	Negotiated	Negotiated	Negotiated	Negotiated
Purpose:	New Money	Refunding	New Money	New Money
Payment Date:	August, 1	March, 1	November, 15	August, 1
Call Provision:	Make Whole Call	3/1/22 @ 100	11/15/21 @ 100	Not Callable

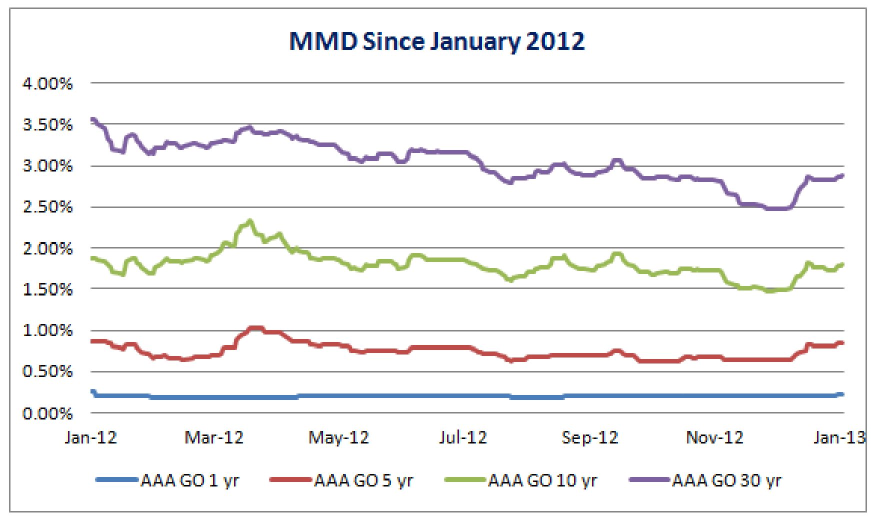
Maturity	Par (000's)	Coupon	Yield	30 Yr Treasury 3.008 1/15/2013	Spread	Yield	30 Yr Treasury 2.798 12/10/2012	Spread	Yield	30 Yr Treasury 2.840 12/8/2012	Spread	Yield	30 Yr Treasury 2.798 11/28/2012	Spread
2032						3.94%	2.80%	1.14%	3.84%	2.84%	1.00%	3.57%	2.80%	0.78%
2033														
2034														
2035														
2036														
2037	11,945	3.858%	3.858%	3.008%	0.85%									
2038						4.04%	2.80%	1.24%						
2039														
2040														
2041														
2042									3.74%	2.84%	1.10%	3.74%	2.80%	0.95%

III. The Municipal Bond Market

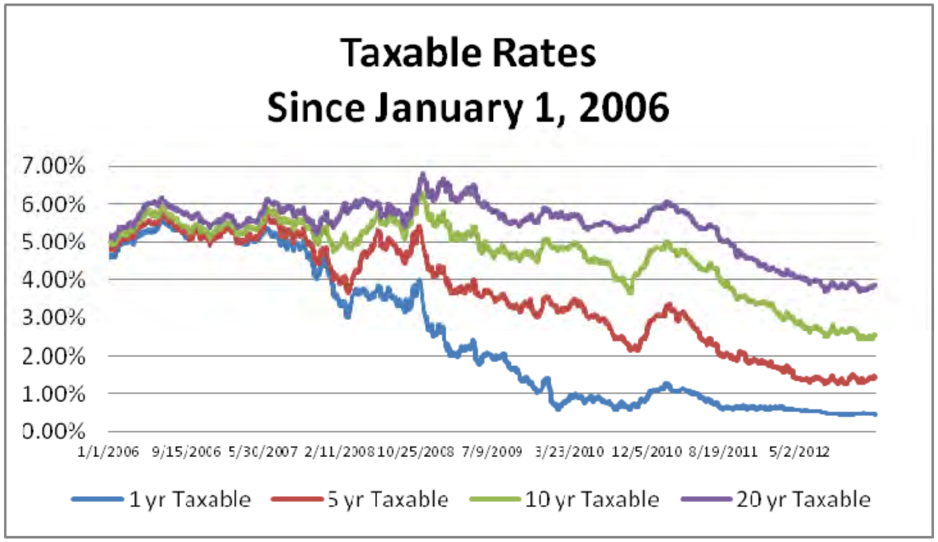
Historical Tax-Exempt Rates

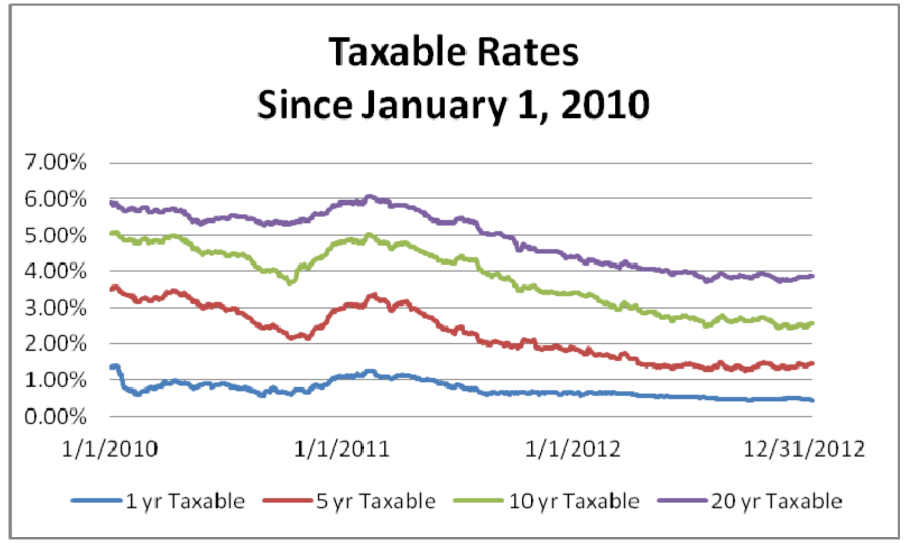
	MMD Yields						Change In Yields
	AAA GO 1/11/2013	AAA GO 1/14/2013	AAA GO 1/15/2013	AAA GO 1/16/2013	AAA GO 1/17/2013	AAA GO 1/18/2013	1/11/2013 to 01/18/2013
2014	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.00%
2015	0.34%	0.34%	0.33%	0.33%	0.33%	0.33%	-0.01%
2016	0.47%	0.47%	0.46%	0.46%	0.46%	0.46%	-0.01%
2017	0.61%	0.60%	0.59%	0.59%	0.59%	0.59%	-0.02%
2018	0.76%	0.75%	0.74%	0.72%	0.72%	0.72%	-0.04%
2019	0.88%	0.88%	0.88%	0.87%	0.90%	0.90%	0.02%
2020	1.09%	1.09%	1.09%	1.08%	1.11%	1.11%	0.02%
2021	1.31%	1.30%	1.30%	1.28%	1.30%	1.30%	-0.01%
2022	1.51%	1.50%	1.50%	1.47%	1.49%	1.49%	-0.02%
2023	1.70%	1.69%	1.68%	1.65%	1.67%	1.67%	-0.03%
2024	1.81%	1.80%	1.78%	1.75%	1.77%	1.77%	-0.04%
2025	1.89%	1.88%	1.86%	1.83%	1.85%	1.85%	-0.04%
2026	1.97%	1.96%	1.94%	1.91%	1.93%	1.93%	-0.04%
2027	2.05%	2.03%	2.01%	1.98%	2.00%	2.00%	-0.05%
2028	2.12%	2.10%	2.08%	2.05%	2.07%	2.07%	-0.05%
2029	2.19%	2.16%	2.14%	2.11%	2.13%	2.13%	-0.06%
2030	2.25%	2.22%	2.20%	2.17%	2.19%	2.19%	-0.06%
2031	2.31%	2.28%	2.26%	2.23%	2.25%	2.24%	-0.07%
2032	2.37%	2.34%	2.32%	2.29%	2.31%	2.29%	-0.08%
2033	2.43%	2.40%	2.38%	2.35%	2.37%	2.35%	-0.08%
2034	2.49%	2.46%	2.44%	2.41%	2.43%	2.41%	-0.08%
2035	2.55%	2.52%	2.50%	2.47%	2.49%	2.47%	-0.08%
2036	2.61%	2.58%	2.56%	2.53%	2.55%	2.53%	-0.08%
2037	2.67%	2.64%	2.62%	2.59%	2.61%	2.59%	-0.08%
2038	2.71%	2.68%	2.66%	2.63%	2.65%	2.65%	-0.06%
2039	2.73%	2.70%	2.68%	2.65%	2.68%	2.68%	-0.05%
2040	2.74%	2.71%	2.69%	2.66%	2.69%	2.69%	-0.05%
2041	2.75%	2.72%	2.70%	2.67%	2.70%	2.70%	-0.05%
2042	2.76%	2.73%	2.71%	2.68%	2.71%	2.71%	-0.05%
2043	2.77%	2.74%	2.72%	2.69%	2.72%	2.72%	-0.05%





Historical Taxable Rates

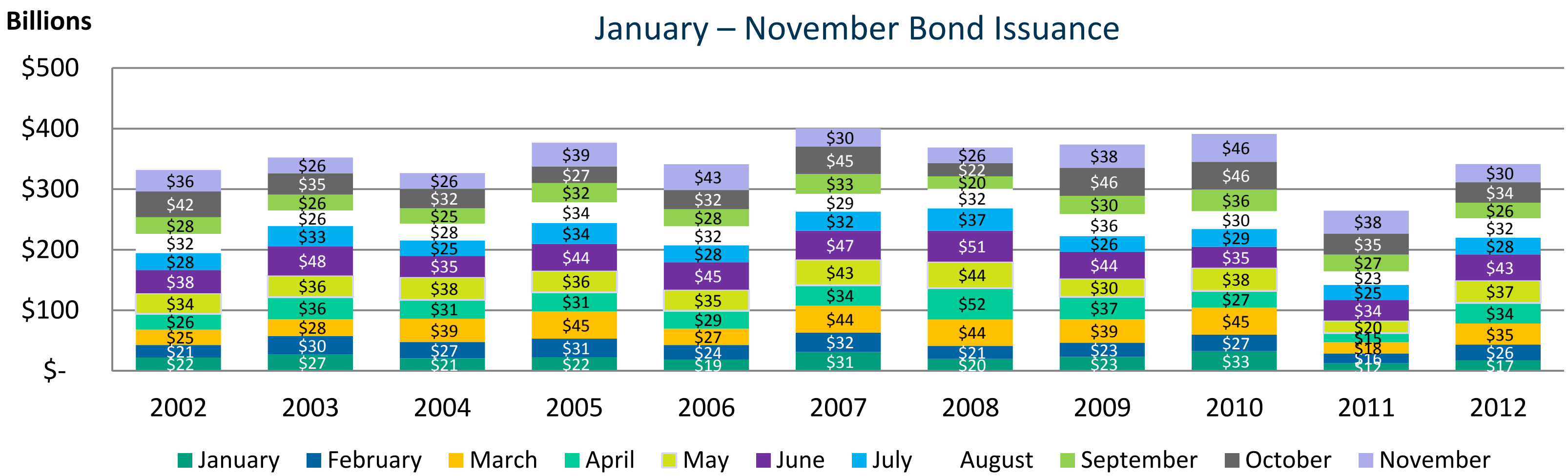


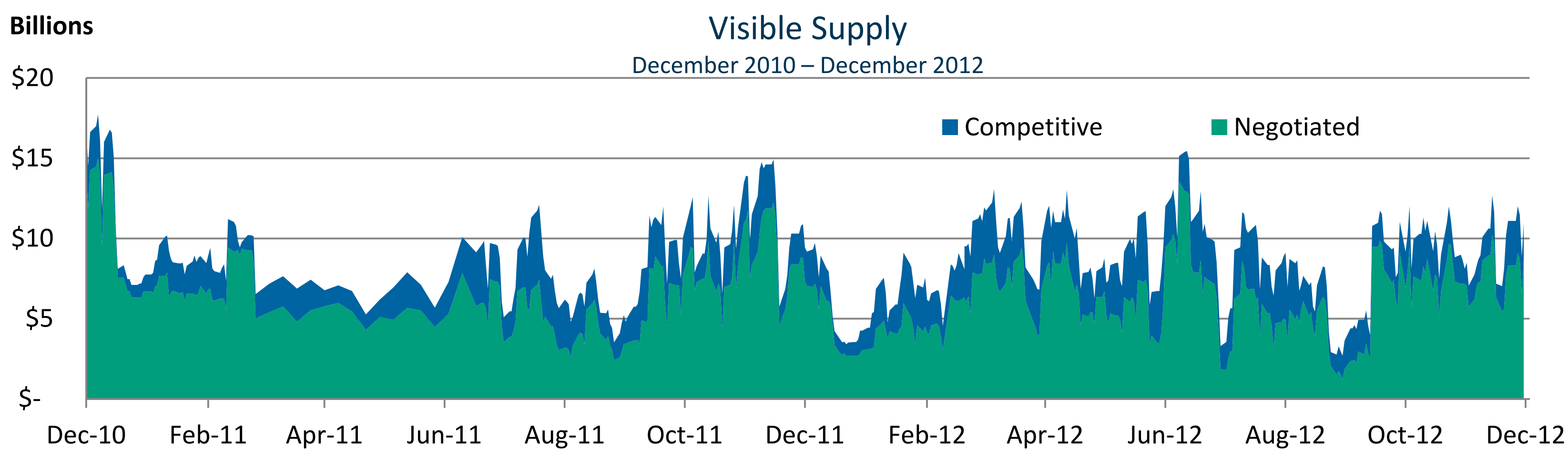


Treasury					
	1/11/2013	1/12/2013	1/13/2013	1/14/2013	1/15/2013
1-Year	0.13%	0.13%	0.13%	0.13%	0.14%
5-Year	0.78%	0.78%	0.78%	0.76%	0.75%
10-Year	1.87%	1.87%	1.87%	1.85%	1.84%
30-Year	3.05%	3.05%	3.05%	3.03%	3.03%

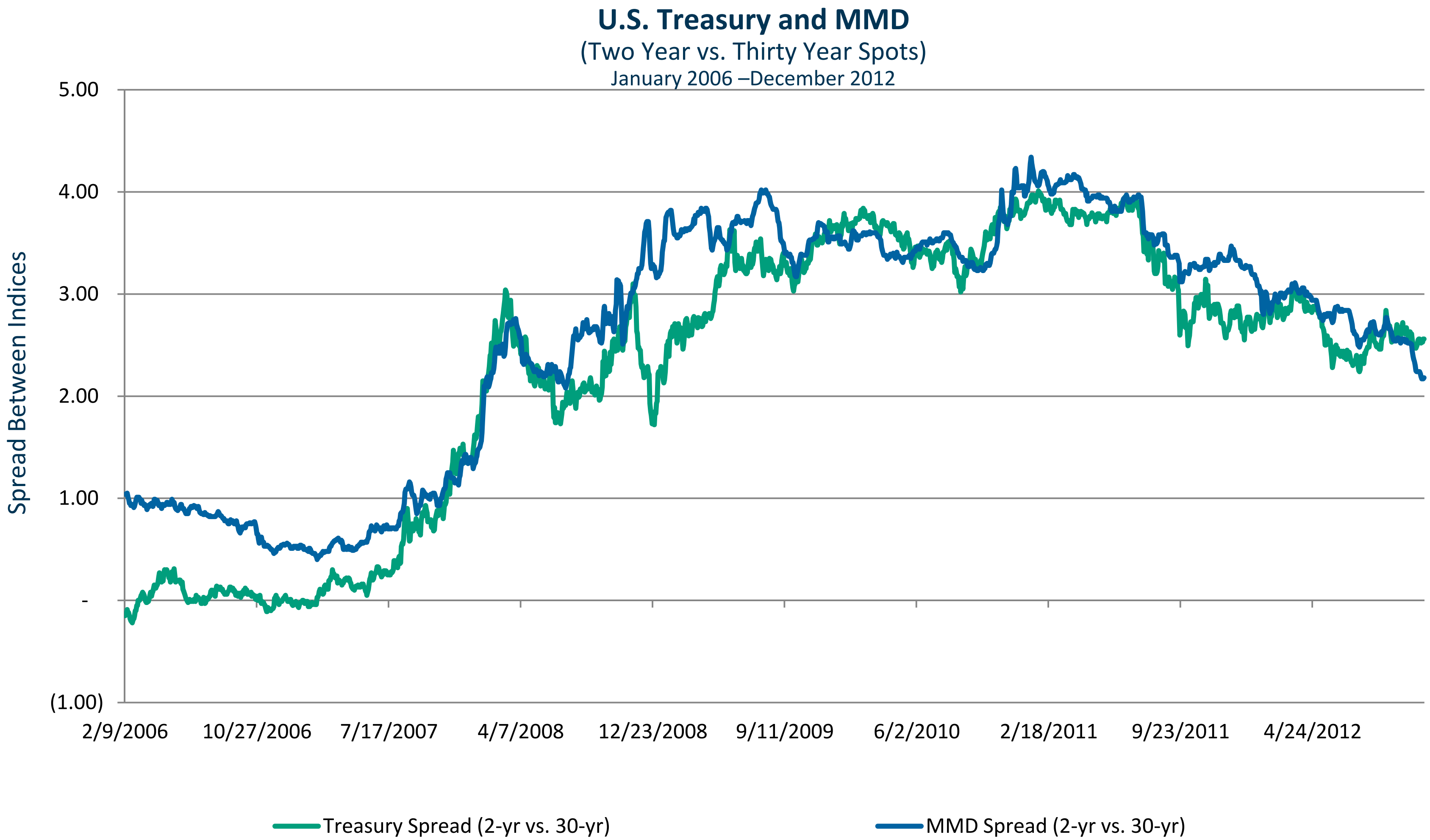
Increasing Bond Sales

2012 vs. 2011

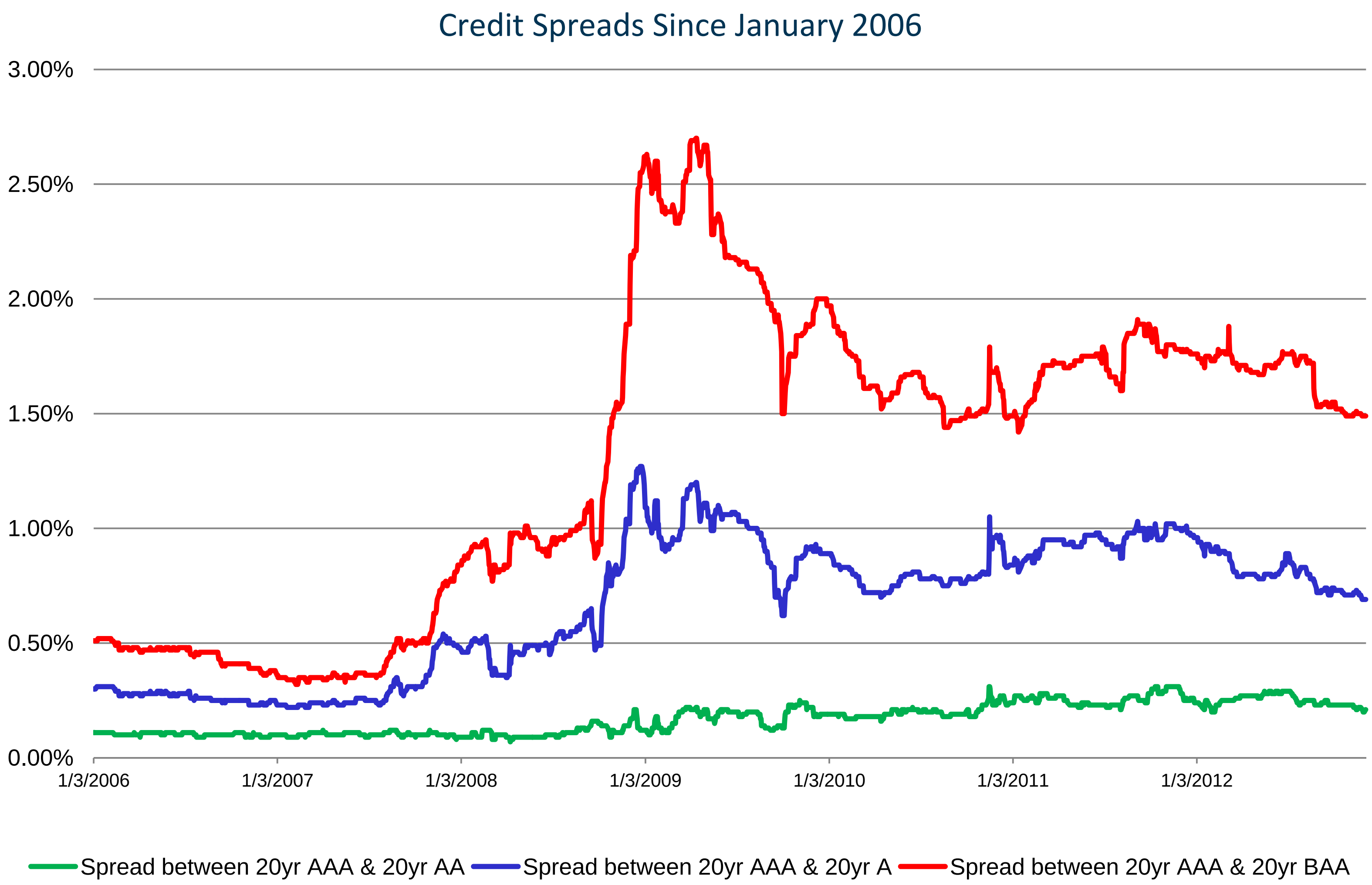




Historical Spread Trends



Credit Spreads



IV. Final Numbers

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State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

SOURCES AND USES OF FUNDS

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Dated Date	01/23/2013
Delivery Date	01/23/2013

Sources:	Series 2013A, QSCB	General Obligation Bonds, Series 2013B	Total
Bond Proceeds:			
Par Amount	11,945,000.00	150,535,000.00	162,480,000.00
Premium		33,869,629.30	33,869,629.30
	11,945,000.00	184,404,629.30	196,349,629.30
Other Sources of Funds:			
COI Contribution	22,845.32	287,904.68	310,750.00
	11,967,845.32	184,692,533.98	196,660,379.30

Uses:	Series 2013A, QSCB	General Obligation Bonds, Series 2013B	Total
Project Fund Deposits:			
Project Fund	11,923,603.34	184,165,869.76	196,089,473.10
Delivery Date Expenses:			
Cost of Issuance	22,845.32	287,904.68	310,750.00
Underwriter's Discount	21,396.66	237,685.94	259,082.60
	44,241.98	525,590.62	569,832.60
Other Uses of Funds:			
Additional Proceeds		1,073.60	1,073.60
	11,967,845.32	184,692,533.98	196,660,379.30

BOND SUMMARY STATISTICS

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Dated Date	01/23/2013
Delivery Date	01/23/2013
Last Maturity	08/01/2037
Arbitrage Yield	
True Interest Cost (TIC)	1.415766%
Net Interest Cost (NIC)	2.327090%
All-In TIC	1.436854%
Average Coupon	4.627881%
Average Life (years)	8.991
Duration of Issue (years)	7.773
Par Amount	162,480,000.00
Bond Proceeds	196,349,629.30
Total Interest	67,605,273.75
Net Interest	33,994,727.05
Total Debt Service	230,085,273.75
Maximum Annual Debt Service	19,462,313.10
Average Annual Debt Service	9,382,725.25
Underwriter's Fees (per $1000)	
Average Takedown	1.303287
Other Fee	0.291264
Total Underwriter's Discount	1.594551
Bid Price	120.685959

Bond Component	Par Value	Price	Average Coupon	Average Life
Series 2013B, Tax-Exempt Bonds Bifurcated)	20,250,000.00	114.053	3.654%	6.634
Series 2013B, Tax-Exempt Bonds	130,285,000.00	123.812	4.973%	7.933
Series 2013A, QSCBs	11,945,000.00	100.000	3.858%	24.522
	162,480,000.00			8.991

	TIC	All-In TIC	Arbitrage Yield
Par Value	162,480,000.00	162,480,000.00	
+ Accrued Interest			
+ Premium (Discount)	33,869,629.30	33,869,629.30	
- Underwriter's Discount	-259,082.60	-259,082.60	
- Cost of Issuance Expense		-310,750.00	
- Other Amounts			
Target Value	196,090,546.70	195,779,796.70	
Target Date	01/23/2013	01/23/2013	01/23/2013
Yield	1.415766%	1.436854%	

BOND PRICING

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Series 2013B, Tax-Exempt Bonds:										
	08/01/2014	9,295,000	3.000%	0.250%	104.175				388,066.25	0.150
	08/01/2015	6,640,000	5.000%	0.390%	111.559				767,517.60	1.250
	08/01/2016	7,055,000	5.000%	0.530%	115.577				1,098,957.35	1.250
	08/01/2017	7,510,000	5.000%	0.660%	119.304				1,449,730.40	1.250
	08/01/2018	9,705,000	5.000%	0.840%	122.401				2,174,017.05	1.250
	08/01/2019	11,270,000	5.000%	1.020%	125.051				2,823,247.70	1.250
	08/01/2020	11,695,000	5.000%	1.230%	127.006				3,158,351.70	1.250
	08/01/2021	8,745,000	5.000%	1.440%	128.454				2,488,302.30	1.250
	08/01/2022	13,195,000	5.000%	1.640%	129.509				3,893,712.55	1.500
	08/01/2023	10,040,000	5.000%	1.790%	129.330 C	1.910%	02/01/2023	100.000	2,944,732.00	1.500
	08/01/2024	17,000,000	5.000%	1.880%	128.378 C	2.199%	02/01/2023	100.000	4,824,260.00	1.500
	08/01/2025	18,135,000	5.000%	1.950%	127.643 C	2.427%	02/01/2023	100.000	5,013,058.05	1.500
		130,285,000							31,023,952.95	
Series 2013B, Tax-Exempt Bonds Bifurcated):										
	08/01/2015	3,000,000	2.000%	0.390%	104.036				121,080.00	1.250
	08/01/2016	3,000,000	3.000%	0.530%	108.607				258,210.00	1.250
	08/01/2017	3,000,000	3.000%	0.660%	110.408				312,240.00	1.250
	08/01/2018	1,300,000	3.000%	0.840%	111.631				151,203.00	1.250
	08/01/2019	285,000	4.000%	1.020%	118.757				53,457.45	1.250
	08/01/2020	450,000	4.000%	1.230%	119.843				89,293.50	1.250
	08/01/2021	4,000,000	4.000%	1.440%	120.461				818,440.00	1.250
	08/01/2022	180,000	4.000%	1.640%	120.726				37,306.80	1.500
	08/01/2023	4,000,000	4.000%	1.790%	120.193 C	1.876%	02/01/2023	100.000	807,720.00	1.500
	08/01/2024	630,000	4.000%	1.880%	119.282 C	2.106%	02/01/2023	100.000	121,476.60	1.500
	08/01/2025	405,000	4.000%	1.950%	118.580 C	2.285%	02/01/2023	100.000	75,249.00	1.500
		20,250,000							2,845,676.35	
Series 2013A, QSCBs:										
	08/01/2037	11,945,000	3.858%	3.858%	100.000					1.500
		162,480,000							33,869,629.30	

BOND PRICING

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Dated Date	01/23/2013	
Delivery Date	01/23/2013	
First Coupon	08/01/2013	
Par Amount	162,480,000.00	
Premium	33,869,629.30	
Production	196,349,629.30	120.845414%
Underwriter's Discount	-259,082.60	-0.159455%
Purchase Price	196,090,546.70	120.685959%
Accrued Interest		
Net Proceeds	196,090,546.70	

BOND MATURITY TABLE

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Maturity Date	Series 2013A, QSCBs	Series 2013B, Tax-Exempt Bonds	Series 2013B, Tax-Exempt Bonds Bifurcated)	Total
08/01/2014		9,295,000		9,295,000
08/01/2015		6,640,000	3,000,000	9,640,000
08/01/2016		7,055,000	3,000,000	10,055,000
08/01/2017		7,510,000	3,000,000	10,510,000
08/01/2018		9,705,000	1,300,000	11,005,000
08/01/2019		11,270,000	285,000	11,555,000
08/01/2020		11,695,000	450,000	12,145,000
08/01/2021		8,745,000	4,000,000	12,745,000
08/01/2022		13,195,000	180,000	13,375,000
08/01/2023		10,040,000	4,000,000	14,040,000
08/01/2024		17,000,000	630,000	17,630,000
08/01/2025		18,135,000	405,000	18,540,000
08/01/2037	11,945,000			11,945,000
	11,945,000	130,285,000	20,250,000	162,480,000

AGGREGATE DEBT SERVICE

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Period Ending	Series 2013A, QSCB	General Obligation Bonds, Series 2013B	Aggregate Debt Service
06/30/2014	471,078.95	7,161,024.45	7,632,103.40
06/30/2015	460,838.10	16,160,925.00	16,621,763.10
06/30/2016	460,838.10	16,170,500.00	16,631,338.10
06/30/2017	460,838.10	16,168,125.00	16,628,963.10
06/30/2018	460,838.10	16,169,000.00	16,629,838.10
06/30/2019	460,838.10	16,169,125.00	16,629,963.10
06/30/2020	460,838.10	16,169,550.00	16,630,388.10
06/30/2021	460,838.10	16,170,725.00	16,631,563.10
06/30/2022	460,838.10	16,170,725.00	16,631,563.10
06/30/2023	460,838.10	16,168,625.00	16,629,463.10
06/30/2024	460,838.10	16,169,150.00	16,629,988.10
06/30/2025	460,838.10	18,990,550.00	19,451,388.10
06/30/2026	460,838.10	19,001,475.00	19,462,313.10
06/30/2027	460,838.10		460,838.10
06/30/2028	460,838.10		460,838.10
06/30/2029	460,838.10		460,838.10
06/30/2030	460,838.10		460,838.10
06/30/2031	460,838.10		460,838.10
06/30/2032	460,838.10		460,838.10
06/30/2033	460,838.10		460,838.10
06/30/2034	460,838.10		460,838.10
06/30/2035	460,838.10		460,838.10
06/30/2036	460,838.10		460,838.10
06/30/2037	460,838.10		460,838.10
06/30/2038	12,175,419.05		12,175,419.05
	23,245,774.30	206,839,499.45	230,085,273.75

NET DEBT SERVICE

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Period Ending	Principal	Interest	Total Debt Service	QSCB Subsidy	Net Debt Service
06/30/2014		7,632,103.40	7,632,103.40	-471,078.95	7,161,024.45
06/30/2015	9,295,000	7,326,763.10	16,621,763.10	-460,838.10	16,160,925.00
06/30/2016	9,640,000	6,991,338.10	16,631,338.10	-460,838.10	16,170,500.00
06/30/2017	10,055,000	6,573,963.10	16,628,963.10	-460,838.10	16,168,125.00
06/30/2018	10,510,000	6,119,838.10	16,629,838.10	-460,838.10	16,169,000.00
06/30/2019	11,005,000	5,624,963.10	16,629,963.10	-460,838.10	16,169,125.00
06/30/2020	11,555,000	5,075,388.10	16,630,388.10	-460,838.10	16,169,550.00
06/30/2021	12,145,000	4,486,563.10	16,631,563.10	-460,838.10	16,170,725.00
06/30/2022	12,745,000	3,886,563.10	16,631,563.10	-460,838.10	16,170,725.00
06/30/2023	13,375,000	3,254,463.10	16,629,463.10	-460,838.10	16,168,625.00
06/30/2024	14,040,000	2,589,988.10	16,629,988.10	-460,838.10	16,169,150.00
06/30/2025	17,630,000	1,821,388.10	19,451,388.10	-460,838.10	18,990,550.00
06/30/2026	18,540,000	922,313.10	19,462,313.10	-460,838.10	19,001,475.00
06/30/2027		460,838.10	460,838.10	-460,838.10	
06/30/2028		460,838.10	460,838.10	-460,838.10	
06/30/2029		460,838.10	460,838.10	-460,838.10	
06/30/2030		460,838.10	460,838.10	-460,838.10	
06/30/2031		460,838.10	460,838.10	-460,838.10	
06/30/2032		460,838.10	460,838.10	-460,838.10	
06/30/2033		460,838.10	460,838.10	-460,838.10	
06/30/2034		460,838.10	460,838.10	-460,838.10	
06/30/2035		460,838.10	460,838.10	-460,838.10	
06/30/2036		460,838.10	460,838.10	-460,838.10	
06/30/2037		460,838.10	460,838.10	-460,838.10	
06/30/2038	11,945,000	230,419.05	12,175,419.05	-230,419.05	11,945,000.00
	162,480,000	67,605,273.75	230,085,273.75	-11,300,774.30	218,784,499.45

BOND DEBT SERVICE

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2014			7,632,103.40	7,632,103.40
06/30/2015	9,295,000	3.000%	7,326,763.10	16,621,763.10
06/30/2016	9,640,000	** %	6,991,338.10	16,631,338.10
06/30/2017	10,055,000	** %	6,573,963.10	16,628,963.10
06/30/2018	10,510,000	** %	6,119,838.10	16,629,838.10
06/30/2019	11,005,000	** %	5,624,963.10	16,629,963.10
06/30/2020	11,555,000	** %	5,075,388.10	16,630,388.10
06/30/2021	12,145,000	** %	4,486,563.10	16,631,563.10
06/30/2022	12,745,000	** %	3,886,563.10	16,631,563.10
06/30/2023	13,375,000	** %	3,254,463.10	16,629,463.10
06/30/2024	14,040,000	** %	2,589,988.10	16,629,988.10
06/30/2025	17,630,000	** %	1,821,388.10	19,451,388.10
06/30/2026	18,540,000	** %	922,313.10	19,462,313.10
06/30/2027			460,838.10	460,838.10
06/30/2028			460,838.10	460,838.10
06/30/2029			460,838.10	460,838.10
06/30/2030			460,838.10	460,838.10
06/30/2031			460,838.10	460,838.10
06/30/2032			460,838.10	460,838.10
06/30/2033			460,838.10	460,838.10
06/30/2034			460,838.10	460,838.10
06/30/2035			460,838.10	460,838.10
06/30/2036			460,838.10	460,838.10
06/30/2037			460,838.10	460,838.10
06/30/2038	11,945,000	3.858%	230,419.05	12,175,419.05
	162,480,000		67,605,273.75	230,085,273.75

COST OF ISSUANCE

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Cost of Issuance	$/1000	Amount
K&L Gates	0.50468	82,000.00
Acacia	0.36928	60,000.00
BNY Mellon	0.00985	1,600.00
Moody's	0.33173	53,900.00
Standard & Poor's	0.30988	50,350.00
Fitch	0.33850	55,000.00
Printing & Mailing	0.01785	2,900.00
Miscellaneous	0.03077	5,000.00
	1.91254	310,750.00

UNDERWRITER'S DISCOUNT

State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
FINAL PRICING

Underwriter's Discount	$/1000	Amount
Average Takedown	1.30329	211,758.00
Dalcomp	0.06450	10,479.96
Day Loan	0.02800	4,549.44
CUSIP	0.00374	608.00
DTC	0.00308	500.00
NEtRoadshow	0.04616	7,500.00
IPREO Order-Period	0.01500	2,437.20
Underwriters' Counsel	0.09232	15,000.00
Travel - Out of Pocket	0.03847	6,250.00
	1.59455	259,082.60

SOURCES AND USES OF FUNDS

State of Alaska
Series 2013A, QSCB

Dated Date	01/23/2013
Delivery Date	01/23/2013

Sources:	
Bond Proceeds:	
Par Amount	11,945,000.00
Other Sources of Funds:	
COI Contribution	22,845.32
	11,967,845.32

Uses:	
Project Fund Deposits:	
Project Fund	11,923,603.34
Delivery Date Expenses:	
Cost of Issuance	22,845.32
Underwriter's Discount	21,396.66
	44,241.98
	11,967,845.32

BOND SUMMARY STATISTICS

State of Alaska
Series 2013A, QSCB

Dated Date	01/23/2013
Delivery Date	01/23/2013
Last Maturity	08/01/2037
Arbitrage Yield	3.857947%
True Interest Cost (TIC)	0.007311%
Net Interest Cost (NIC)	3.865305%
All-In TIC	0.015132%
Average Coupon	3.858000%
Average Life (years)	24.522
Duration of Issue (years)	18.679
Par Amount	11,945,000.00
Bond Proceeds	11,945,000.00
Total Interest	11,300,774.30
Net Interest	11,322,170.96
Total Debt Service	23,245,774.30
Maximum Annual Debt Service	12,175,419.05
Average Annual Debt Service	947,947.30
Underwriter's Fees (per $1000)	
Average Takedown	1.500000
Other Fee	0.291265
Total Underwriter's Discount	1.791265
Bid Price	99.820874

Bond Component	Par Value	Price	Average Coupon	Average Life
Series 2013A, QSCBs	11,945,000.00	100.000	3.858%	24.522
	11,945,000.00			24.522

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,945,000.00	11,945,000.00	11,945,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-21,396.66	-21,396.66	
- Cost of Issuance Expense		-22,845.32	
- Other Amounts			
Target Value	11,923,603.34	11,900,758.02	11,945,000.00
Target Date	01/23/2013	01/23/2013	01/23/2013
Yield	0.007311%	0.015132%	3.857947%

BOND PRICING

State of Alaska
Series 2013A, QSCB

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Takedown
Series 2013A, QSCBs:						
	08/01/2037	11,945,000	3.858%	3.858%	100.000	1.500
		11,945,000				

Dated Date	01/23/2013	
Delivery Date	01/23/2013	
First Coupon	08/01/2013	
Par Amount	11,945,000.00	
Original Issue Discount		
Production	11,945,000.00	100.000000%
Underwriter's Discount	-21,396.66	-0.179126%
Purchase Price	11,923,603.34	99.820874%
Accrued Interest		
Net Proceeds	11,923,603.34	

BOND DEBT SERVICE

State of Alaska
Series 2013A, QSCB

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2014			471,078.95	471,078.95
06/30/2015			460,838.10	460,838.10
06/30/2016			460,838.10	460,838.10
06/30/2017			460,838.10	460,838.10
06/30/2018			460,838.10	460,838.10
06/30/2019			460,838.10	460,838.10
06/30/2020			460,838.10	460,838.10
06/30/2021			460,838.10	460,838.10
06/30/2022			460,838.10	460,838.10
06/30/2023			460,838.10	460,838.10
06/30/2024			460,838.10	460,838.10
06/30/2025			460,838.10	460,838.10
06/30/2026			460,838.10	460,838.10
06/30/2027			460,838.10	460,838.10
06/30/2028			460,838.10	460,838.10
06/30/2029			460,838.10	460,838.10
06/30/2030			460,838.10	460,838.10
06/30/2031			460,838.10	460,838.10
06/30/2032			460,838.10	460,838.10
06/30/2033			460,838.10	460,838.10
06/30/2034			460,838.10	460,838.10
06/30/2035			460,838.10	460,838.10
06/30/2036			460,838.10	460,838.10
06/30/2037			460,838.10	460,838.10
06/30/2038	11,945,000	3.858%	230,419.05	12,175,419.05
	11,945,000		11,300,774.30	23,245,774.30

PROOF OF ARBITRAGE YIELD

State of Alaska
Series 2013A, QSCB

Date	Debt Service	Present Value to 01/23/2013 @ 3.8579466%
08/01/2013	240,659.90	235,905.08
02/01/2014	230,419.05	221,592.11
08/01/2014	230,419.05	217,398.55
02/01/2015	230,419.05	213,284.35
08/01/2015	230,419.05	209,248.02
02/01/2016	230,419.05	205,288.06
08/01/2016	230,419.05	201,403.05
02/01/2017	230,419.05	197,591.56
08/01/2017	230,419.05	193,852.21
02/01/2018	230,419.05	190,183.62
08/01/2018	230,419.05	186,584.45
02/01/2019	230,419.05	183,053.40
08/01/2019	230,419.05	179,589.17
02/01/2020	230,419.05	176,190.51
08/01/2020	230,419.05	172,856.16
02/01/2021	230,419.05	169,584.91
08/01/2021	230,419.05	166,375.57
02/01/2022	230,419.05	163,226.96
08/01/2022	230,419.05	160,137.95
02/01/2023	230,419.05	157,107.39
08/01/2023	230,419.05	154,134.18
02/01/2024	230,419.05	151,217.24
08/01/2024	230,419.05	148,355.50
02/01/2025	230,419.05	145,547.92
08/01/2025	230,419.05	142,793.47
02/01/2026	230,419.05	140,091.15
08/01/2026	230,419.05	137,439.97
02/01/2027	230,419.05	134,838.96
08/01/2027	230,419.05	132,287.18
02/01/2028	230,419.05	129,783.69
08/01/2028	230,419.05	127,327.57
02/01/2029	230,419.05	124,917.94
08/01/2029	230,419.05	122,553.91
02/01/2030	230,419.05	120,234.61
08/01/2030	230,419.05	117,959.21
02/01/2031	230,419.05	115,726.87
08/01/2031	230,419.05	113,536.78
02/01/2032	230,419.05	111,388.13
08/01/2032	230,419.05	109,280.14
02/01/2033	230,419.05	107,212.05
08/01/2033	230,419.05	105,183.10
02/01/2034	230,419.05	103,192.54
08/01/2034	230,419.05	101,239.66
02/01/2035	230,419.05	99,323.73
08/01/2035	230,419.05	97,444.06
02/01/2036	230,419.05	95,599.96
08/01/2036	230,419.05	93,790.76
02/01/2037	230,419.05	92,015.80
08/01/2037	12,175,419.05	4,770,130.87
	23,245,774.30	11,945,000.00

Proceeds Summary

Delivery date	01/23/2013
Par Value	11,945,000.00
Target for yield calculation	11,945,000.00

SOURCES AND USES OF FUNDS

State of Alaska
General Obligation Bonds, Series 2013B

Dated Date	01/23/2013
Delivery Date	01/23/2013

Sources:	
Bond Proceeds:	
Par Amount	150,535,000.00
Premium	33,869,629.30
	184,404,629.30
Other Sources of Funds:	
COI Contribution	287,904.68
	184,692,533.98

Uses:	
Project Fund Deposits:	
Project Fund	184,165,869.76
Delivery Date Expenses:	
Cost of Issuance	287,904.68
Underwriter's Discount	237,685.94
	525,590.62
Other Uses of Funds:	
Additional Proceeds	1,073.60
	184,692,533.98

BOND SUMMARY STATISTICS

State of Alaska
General Obligation Bonds, Series 2013B

Dated Date	01/23/2013
Delivery Date	01/23/2013
Last Maturity	08/01/2025
Arbitrage Yield	1.486459%
True Interest Cost (TIC)	1.692737%
Net Interest Cost (NIC)	1.941297%
All-In TIC	1.716022%
Average Coupon	4.820972%
Average Life (years)	7.758
Duration of Issue (years)	6.778
Par Amount	150,535,000.00
Bond Proceeds	184,404,629.30
Total Interest	56,304,499.45
Net Interest	22,672,556.09
Total Debt Service	206,839,499.45
Maximum Annual Debt Service	19,001,475.00
Average Annual Debt Service	16,517,794.99
Underwriter's Fees (per $1000)	
Average Takedown	1.287677
Other Fee	0.291264
Total Underwriter's Discount	1.578941
Bid Price	122.341610

Bond Component	Par Value	Price	Average Coupon	Average Life
Series 2013B, Tax-Exempt Bonds Bifurcated)	20,250,000.00	114.053	3.654%	6.634
Series 2013B, Tax-Exempt Bonds	130,285,000.00	123.812	4.973%	7.933
	150,535,000.00			7.758

	TIC	All-In TIC	Arbitrage Yield
Par Value	150,535,000.00	150,535,000.00	150,535,000.00
+ Accrued Interest			
+ Premium (Discount)	33,869,629.30	33,869,629.30	33,869,629.30
- Underwriter's Discount	-237,685.94	-237,685.94	
- Cost of Issuance Expense		-287,904.68	
- Other Amounts			
Target Value	184,166,943.36	183,879,038.68	184,404,629.30
Target Date	01/23/2013	01/23/2013	01/23/2013
Yield	1.692737%	1.716022%	1.486459%

BOND PRICING

State of Alaska
General Obligation Bonds, Series 2013B

Bond Component	Maturity Date	Amount	Rate	Yield	Price		Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Series 2013B, Tax-Exempt Bonds:											
	08/01/2014	9,295,000	3.000%	0.250%	104.175					388,066.25	0.150
	08/01/2015	6,640,000	5.000%	0.390%	111.559					767,517.60	1.250
	08/01/2016	7,055,000	5.000%	0.530%	115.577					1,098,957.35	1.250
	08/01/2017	7,510,000	5.000%	0.660%	119.304					1,449,730.40	1.250
	08/01/2018	9,705,000	5.000%	0.840%	122.401					2,174,017.05	1.250
	08/01/2019	11,270,000	5.000%	1.020%	125.051					2,823,247.70	1.250
	08/01/2020	11,695,000	5.000%	1.230%	127.006					3,158,351.70	1.250
	08/01/2021	8,745,000	5.000%	1.440%	128.454					2,488,302.30	1.250
	08/01/2022	13,195,000	5.000%	1.640%	129.509					3,893,712.55	1.500
	08/01/2023	10,040,000	5.000%	1.790%	129.330	C	1.910%	02/01/2023	100.000	2,944,732.00	1.500
	08/01/2024	17,000,000	5.000%	1.880%	128.378	C	2.199%	02/01/2023	100.000	4,824,260.00	1.500
	08/01/2025	18,135,000	5.000%	1.950%	127.643	C	2.427%	02/01/2023	100.000	5,013,058.05	1.500
		130,285,000								31,023,952.95	
Series 2013B, Tax-Exempt Bonds Bifurcated):											
	08/01/2015	3,000,000	2.000%	0.390%	104.036					121,080.00	1.250
	08/01/2016	3,000,000	3.000%	0.530%	108.607					258,210.00	1.250
	08/01/2017	3,000,000	3.000%	0.660%	110.408					312,240.00	1.250
	08/01/2018	1,300,000	3.000%	0.840%	111.631					151,203.00	1.250
	08/01/2019	285,000	4.000%	1.020%	118.757					53,457.45	1.250
	08/01/2020	450,000	4.000%	1.230%	119.843					89,293.50	1.250
	08/01/2021	4,000,000	4.000%	1.440%	120.461					818,440.00	1.250
	08/01/2022	180,000	4.000%	1.640%	120.726					37,306.80	1.500
	08/01/2023	4,000,000	4.000%	1.790%	120.193	C	1.876%	02/01/2023	100.000	807,720.00	1.500
	08/01/2024	630,000	4.000%	1.880%	119.282	C	2.106%	02/01/2023	100.000	121,476.60	1.500
	08/01/2025	405,000	4.000%	1.950%	118.580	C	2.285%	02/01/2023	100.000	75,249.00	1.500
		20,250,000								2,845,676.35	
		150,535,000								33,869,629.30	

BOND PRICING

State of Alaska
General Obligation Bonds, Series 2013B

Dated Date	01/23/2013	
Delivery Date	01/23/2013	
First Coupon	08/01/2013	
Par Amount	150,535,000.00	
Premium	33,869,629.30	
Production	184,404,629.30	122.499505%
Underwriter's Discount	-237,685.94	-0.157894%
Purchase Price	184,166,943.36	122.341610%
Accrued Interest		
Net Proceeds	184,166,943.36	

BOND DEBT SERVICE

State of Alaska
General Obligation Bonds, Series 2013B

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2014			7,161,024.45	7,161,024.45
06/30/2015	9,295,000	3.000%	6,865,925.00	16,160,925.00
06/30/2016	9,640,000	** %	6,530,500.00	16,170,500.00
06/30/2017	10,055,000	** %	6,113,125.00	16,168,125.00
06/30/2018	10,510,000	** %	5,659,000.00	16,169,000.00
06/30/2019	11,005,000	** %	5,164,125.00	16,169,125.00
06/30/2020	11,555,000	** %	4,614,550.00	16,169,550.00
06/30/2021	12,145,000	** %	4,025,725.00	16,170,725.00
06/30/2022	12,745,000	** %	3,425,725.00	16,170,725.00
06/30/2023	13,375,000	** %	2,793,625.00	16,168,625.00
06/30/2024	14,040,000	** %	2,129,150.00	16,169,150.00
06/30/2025	17,630,000	** %	1,360,550.00	18,990,550.00
06/30/2026	18,540,000	** %	461,475.00	19,001,475.00
	150,535,000		56,304,499.45	206,839,499.45

PROOF OF ARBITRAGE YIELD

State of Alaska
General Obligation Bonds, Series 2013B

Date	Debt Service	Present Value to 01/23/2013 @ 1.4864586%
08/01/2013	3,658,349.45	3,630,165.22
02/01/2014	3,502,675.00	3,450,048.33
08/01/2014	12,797,675.00	12,512,397.86
02/01/2015	3,363,250.00	3,264,019.55
08/01/2015	13,003,250.00	12,526,497.17
02/01/2016	3,167,250.00	3,028,615.98
08/01/2016	13,222,250.00	12,550,220.63
02/01/2017	2,945,875.00	2,775,520.52
08/01/2017	13,455,875.00	12,584,217.16
02/01/2018	2,713,125.00	2,518,652.17
08/01/2018	13,718,125.00	12,640,879.17
02/01/2019	2,451,000.00	2,241,867.64
08/01/2019	14,006,000.00	12,716,421.36
02/01/2020	2,163,550.00	1,949,852.93
08/01/2020	14,308,550.00	12,800,138.75
02/01/2021	1,862,175.00	1,653,574.16
08/01/2021	14,607,175.00	12,875,187.08
02/01/2022	1,563,550.00	1,367,990.94
08/01/2022	14,938,550.00	12,973,705.18
02/01/2023	51,440,075.00	44,344,657.49
	202,888,324.45	184,404,629.30

Proceeds Summary

Delivery date	01/23/2013
Par Value	150,535,000.00
Premium (Discount)	33,869,629.30
Target for yield calculation	184,404,629.30

PROOF OF ARBITRAGE YIELD

State of Alaska
General Obligation Bonds, Series 2013B

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 01/23/2013 @ 1.4864586%
SERIAL	08/01/2023	5.000%	1.790%	02/01/2023	100.000	328,649.53
SERIAL	08/01/2024	5.000%	1.880%	02/01/2023	100.000	718,318.29
SERIAL	08/01/2025	5.000%	1.950%	02/01/2023	100.000	899,568.85
SERIAL_2	08/01/2023	4.000%	1.790%	02/01/2023	100.000	125,240.38
SERIAL_2	08/01/2024	4.000%	1.880%	02/01/2023	100.000	25,464.66
SERIAL_2	08/01/2025	4.000%	1.950%	02/01/2023	100.000	19,213.24

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 01/23/2013 @ 1.4864586%	Increase to NPV
SERIAL	08/01/2023	5.000%	1.790%			479,578.51	150,928.98
SERIAL	08/01/2024	5.000%	1.880%			1,479,347.22	761,028.93
SERIAL	08/01/2025	5.000%	1.950%			2,242,700.43	1,343,131.58
SERIAL_2	08/01/2023	4.000%	1.790%			168,257.35	43,016.97
SERIAL_2	08/01/2024	4.000%	1.880%			45,640.60	20,175.94
SERIAL_2	08/01/2025	4.000%	1.950%			40,671.62	21,458.38

V. Pricing Wires

Sent Date/Time (EST) Wire Type Custom Wire Title
01/15/13 08:07 AM Verification Wire Verification Wire

RE: $152,280,000*
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

MOODY'S: Aaa S&P: AAA FITCH: AAA

DATED:01/23/2013 FIRST COUPON:08/01/2013

DUE: 08/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
08/01/2014	9,525M	SEALED BID		
08/01/2015	3,000M	2.00%	0.41	1/8
	(Approx. $ Price 103.985)			
08/01/2015	6,825M	5.00%	0.41	1/8
	(Approx. $ Price 111.505)			
08/01/2016	3,000M	3.00%	0.56	1/8
	(Approx. $ Price 108.498)			
08/01/2016	7,250M	5.00%	0.56	1/8
	(Approx. $ Price 115.463)			
08/01/2017	3,000M	3.00%	0.71	1/8
	(Approx. $ Price 110.173)			
08/01/2017	7,715M	5.00%	0.71	1/8
	(Approx. $ Price 119.058)			
08/01/2018	3,000M	3.00%	0.87	1/8
	(Approx. $ Price 111.459)			
08/01/2018	8,200M	5.00%	0.87	1/8
	(Approx. $ Price 122.220)			
08/01/2019	4,000M	4.00%	1.02	1/8
	(Approx. $ Price 118.757)			
08/01/2019	7,725M	5.00%	1.02	1/8
	(Approx. $ Price 125.051)			
08/01/2020	4,000M	4.00%	1.23	1/8
	(Approx. $ Price 119.843)			
08/01/2020	8,285M	5.00%	1.23	1/8
	(Approx. $ Price 127.006)			
08/01/2021	4,000M	4.00%	1.44	1/8
	(Approx. $ Price 120.461)			
08/01/2021	8,875M	5.00%	1.44	1/8
	(Approx. $ Price 128.454)			
08/01/2022	4,000M	4.00%	1.65	0.15

(Approx. $ Price 120.629)
08/01/2022 9,495M 5.00% 1.65 0.15
(Approx. $ Price 129.407)
08/01/2023 4,000M 4.00% 1.82 0.15
(Approx. $ Price PTC 02/01/2023 119.888 Approx. YTM 1.905)
08/01/2023 10,145M 5.00% 1.82 0.15
(Approx. $ Price PTC 02/01/2023 129.012 Approx. YTM 1.939)
08/01/2024 4,000M 4.00% 1.92 0.15
(Approx. $ Price PTC 02/01/2023 118.880 Approx. YTM 2.142)
08/01/2024 13,680M 5.00% 1.92 0.15
(Approx. $ Price PTC 02/01/2023 127.958 Approx. YTM 2.234)
08/01/2025 4,000M 4.00% 2.00 0.15
(Approx. $ Price PTC 02/01/2023 118.081 Approx. YTM 2.327)
08/01/2025 14,560M 5.00% 2.00 0.15
(Approx. $ Price PTC 02/01/2023 127.122 Approx. YTM 2.469)

CALL FEATURES: Optional call in 02/01/2023 @ 100.00

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* - APPROXIMATE SUBJECT TO CHANGE

Series 2013B (Tax-Exempt Bonds) Priority of Orders and Designation Policies

1. Alaska Individual Retail
2. National Individual Retail
3. Net Designated (Professional Retail)

At least four (4) firms must be designated

No designation shall exceed 60%

The senior manager requests the identification of all priority orders at the time the orders are entered

Selling group members may not enter priority orders, and may not be designated

The State, financial advisor, and the senior manager reserve the right to terminate or extend the order period prior to, or later than, the prescribed date and time on the pricing wire and to confirm bonds at their discretion.

Retail Definition:
A Retail Order is defined as an order placed for the account of an individual with a maximum of $1,000,000 per account. Retail Orders do not include bank portfolios, insurance companies or mutual funds. Orders in excess of $1,000,000 may be submitted but will be subject to verification.

All professional retail orders will be taken on a Net Designated basis during the retail order period for the Series 2013 Bonds. Professional retail is defined as bank trust, investment advisors and money managers acting on behalf of individuals.

The State, financial advisor and senior manager may determine that oversold maturities should remain open during the institutional order period if deemed to be in the best interest of the State.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Wednesday, January 16, 2013.

Delivery is firm for Wednesday, January 23, 2013.

This Issue is book entry. This issue is clearing through DTC.

Citigroup Global Markets Inc
Bank of America Merrill Lynch
Barclays Capital Inc.
J.P. Morgan Securities LLC
Wells Fargo Securities (trade name for Wells Fargo
Bank, N.A.)

By: Citigroup Global Markets Inc New York, NY

Recipient State
Citigroup Global NY

Submitting request - please wait ...

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Michael Broadbent

To: Scott Beall
Subject: RE: Pre-Institutional Tax-Exempts

-----Original Message-----
From: Chandrasekhar, Archie [mailto:archie.chandrasekhar@citi.com]
Sent: Friday, January 18, 2013 10:14 AM
To: Scott 8eall
Subject: Pre-Institutional Tax-Exempts

Wires
View Sent Wire

Sent Date/Time (EST) Wire Type Custom Wire Title
01/15/13 12:05 PM Verification Wire Verification Wire

RE: $152,280,000*
STATE OF ALASKA
GENERAL O8LIGATION 8ONDS
SERIES 20138

MOODY'S: Aaa S&P: AAA FITCH: AAA

DATED:01/23/2013 FIRST COUPON:08/01/2013

DUE: 08/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
08/01/2014	9,525M	SEALED 8ID		
08/01/2015 NMO	3,000M	2.00%	0.39	1/8
		(Approx. $ Price 104.036)		
08/01/2015	6,825M	5.00%	0.39	1/8
		(Approx. $ Price 111.559)		
08/01/2016 NMO	3,000M	3.00%	0.53	1/8
		(Approx. $ Price 108.607)		
08/01/2016	7,250M	5.00%	0.53	1/8
		(Approx. $ Price 115.577)		
08/01/2017 NMO	3,000M	3.00%	0.66	1/8
		(Approx. $ Price 110.408)		
08/01/2017	7,715M	5.00%	0.66	1/8
		(Approx. $ Price 119.304)		
08/01/2018 NMO	1,300M	3.00%	0.85	1/8
		(Approx. $ Price 111.574)		
08/01/2018	9,900M	5.00%	0.85	1/8
		(Approx. $ Price 122.341)		
08/01/2019 NMO	285M	4.00%	1.02	1/8

		(Approx. $ Price 118.757)		
08/01/2019	11,440M	5.00%	1.02	1/8
		(Approx. $ Price 125.051)		
08/01/2020 NMO	450M	4.00%	1.23	1/8
		(Approx. $ Price 119.843)		
08/01/2020	11,835M	5.00%	1.23	1/8
		(Approx. $ Price 127.006)		
08/01/2021 NMO	4,000M	4.00%	1.44	1/8
		(Approx. $ Price 120.461)		
08/01/2021	8,875M	5.00%	1.44	1/8
		(Approx. $ Price 128.454)		
08/01/2022 NMO	180M	4.00%	1.64	0.15
		(Approx. $ Price 120.726)		
08/01/2022	13,315M	5.00%	1.64	0.15
		(Approx. $ Price 129.509)		
08/01/2023 NMO	4,000M	4.00%	1.81	0.15
		(Approx. $ Price PTC 02/01/2023 119.990 Approx. YTM 1.895)		
08/01/2023	10,145M	5.00%	1.81	0.15
		(Approx. $ Price PTC 02/01/2023 129.118 Approx. YTM 1.929)		
08/01/2024 NMO	630M	4.00%	1.91	0.15
		(Approx. $ Price PTC 02/01/2023 118.981 Approx. YTM 2.133)		
08/01/2024	17,050M	5.00%	1.91	0.15
		(Approx. $ Price PTC 02/01/2023 128.063 Approx. YTM 2.225)		
08/01/2025 NMO	405M	4.00%	2.00	0.15
		(Approx. $ Price PTC 02/01/2023 118.081 Approx. YTM 2.327)		
08/01/2025	18,155M	5.00%	2.00	0.15
		(Approx. $ Price PTC 02/01/2023 127.122 Approx. YTM 2.469)		

CALL FEATURES: Optional call in 02/01/2023 @ 100.00

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* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 9:00 PM, Eastern, Tuesday, 01/15/13.
Please use Electronic Order Entry to enter orders or call (212) 723-7093 .

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

Series 2013B (Tax-Exempt Bonds) Priority of Orders and Designation Policies

1. Alaska Individual Retail (PLEASE PROVIDE ZIP CODES)
2 Net Designated (Professional Retail)

At least four (4) firms must be designated

No designation shall exceed 60%

The senior manager requests the identification of all priority orders at the time the orders are entered

Selling group members may not enter priority orders, and may not be designated

The State, financial advisor, and the senior manager reserve the right to terminate or extend the order period prior to, or later than, the prescribed date and time on the pricing wire and to confirm bonds at their discretion.

Retail Definition:
A Retail Order is defined as an order placed for the account of an individual with a maximum of $1,000,000 per account. Retail Orders do not include bank portfolios, insurance companies or mutual funds. Orders in excess of $1,000,000 may be submitted but will be subject to verification.

All professional retail orders will be taken on a Net Designated basis during the retail order period for the Series 2013 Bonds. Professional retail is defined as bank trust, investment advisors and money managers acting on behalf of individuals.

The State, financial advisor and senior manager may determine that oversold maturities should remain open during the institutional order period if deemed to be in the best interest of the State.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Wednesday, January 16, 2013.

Delivery is firm for Wednesday, January 23, 2013.

This Issue is book entry. This issue is clearing through DTC.

Citigroup Global Markets Inc
Bank of America Merrill Lynch
Barclays Capital Inc.
J.P. Morgan Securities LLC
Wells Fargo Securities (trade name for Wells Fargo Bank, N.A.)

By: Citigroup Global Markets Inc New York, NY

Recipient State
Citigroup Global NY

Submitting request - please wait ...

Disclaimer for Non Sales & Trading Personnel

Michael Broadbent

To: Scott Beall
Subject: RE: FINAL - Taxables

-----Original Message-----
From: Chandrasekhar, Archie [mailto:archie.chandrasekhar@citi.com]
Sent: Friday, January 18, 2013 10:09 AM
To: Scott Beall
Subject: FINAL - Taxables

RE: $11,945,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013A
(TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS- DIRECT PAYMENT)

WE HAVE RECEIVED THE WRITTEN AWARD.

DELIVERY IS FIRM FOR 01/23/2013.

CUSIP AND TRADE DATE WIRE WILL FOLLOW SHORTLY.

*********************** ATTENTION ********************** THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aaa S&P: AAA FITCH: AAA

DATED:01/23/2013 FIRST COUPON:08/01/2013

DUE: 08/01

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT	COUPON	ADD'L TAKEDOWN (Pts)
08/01/2037	11,945M	3.858%	0.15

TAXABLE INFORMATION

MATURITY	TREASURY YIELD	SPREAD VS. TREASURY	TREASURY COUPON	COUPON MATURITY
08/01/2037	3.008	+85.00	2.750	08/15/2042

CALL FEATURES: Optional call in 02/01/2023 @ 100.00

CALL FEATURES: Optional call in 02/01/2023 @ 100.00 Prior to the par optional redemption date, the Series 2013A bonds are subject to Make- Whole call redemption provisions; the Make-Whole call will be the Reference Treasury Rate
+ 15 basis points.

PRIORITY OF ORDERS AS FOLLOWS:
1. Group Net
2. Member

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Wednesday, January 16, 2013 at Eastern .

Delivery is firm for Wednesday, January 23, 2013.

This Issue is book entry. This issue is clearing through DTC.

Award: 01/16/2013
Delivery: 01/23/2013 (Firm)
Initial trade:
Date of Execution:
Time of Execution:

MATURITY	CUSIP	COUPON
08/01/2037	0117702D5	3.858

	Participation
Citigroup Global Markets Inc	60.000%
Bank of America Merrill Lynch	10.000%
Barclays Capital Inc.	10.000%
J.P. Morgan Securities LLC	10.000%
Wells Fargo Securities (trade name for Wells Fargo Bank, N.A.)	10.000%

By: Citigroup Global Markets Inc New York, NY

Recipient State
Citigroup Global NY

Submitting request - please wait ...

Michael Broadbent

To: Scott Beall
Subject: RE: FINAL - Tax-Exempts

-----Original Message-----
From: Chandrasekhar, Archie [mailto:archie.chandrasekhar@citi.com]
Sent: Friday, January 18, 2013 10:08 AM
To: Scott Beall
Subject: FINAL - Tax-Exempts

RE: $150,535,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

WE HAVE RECEIVED THE WRITTEN AWARD.

DELIVERY IS FIRM FOR 01/23/2013.

CUSIP AND TRADE DATE WIRE WILL FOLLOW SHORTLY.

MOODY'S: Aaa S&P: AAA FITCH: AAA

DATED:01/23/2013 FIRST COUPON:08/01/2013

DUE: 08/01

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
08/01/2014	9,295M	3.00%	0.25	0.015
		(Approx. $ Price 104.175)		
08/01/2015	3,000M	2.00%	0.39	1/8
		(Approx. $ Price 104.036)		
08/01/2015	6,640M	5.00%	0.39	1/8
		(Approx. $ Price 111.559)		
08/01/2016	3,000M	3.00%	0.53	1/8
		(Approx. $ Price 108.607)		
08/01/2016	7,055M	5.00%	0.53	1/8
		(Approx. $ Price 115.577)		
08/01/2017	3,000M	3.00%	0.66	1/8
		(Approx. $ Price 110.408)		
08/01/2017	7,510M	5.00%	0.66	1/8
		(Approx. $ Price 119.304)		
08/01/2018	1,300M	3.00%	0.84	1/8
		(Approx. $ Price 111.631)		
08/01/2018	9,705M	5.00%	0.84	1/8
		(Approx. $ Price 122.401)		
08/01/2019	285M	4.00%	1.02	1/8
		(Approx. $ Price 118.757)		
08/01/2019	11,270M	5.00%	1.02	1/8
		(Approx. $ Price 125.051)		

08/01/2020	450M	4.00%	1.23	1/8
		(Approx. $ Price 119.843)		
08/01/2020	11,695M	5.00%	1.23	1/8
		(Approx. $ Price 127.006)		
08/01/2021	4,000M	4.00%	1.44	1/8
		(Approx. $ Price 120.461)		
08/01/2021	8,745M	5.00%	1.44	1/8
		(Approx. $ Price 128.454)		
08/01/2022	180M	4.00%	1.64	0.15
		(Approx. $ Price 120.726)		
08/01/2022	13,195M	5.00%	1.64	0.15
		(Approx. $ Price 129.509)		
08/01/2023	4,000M	4.00%	1.79	0.15
		(Approx. $ Price PTC 02/01/2023 120.193 Approx. YTM 1.876)		
08/01/2023	10,040M	5.00%	1.79	0.15
		(Approx. $ Price PTC 02/01/2023 129.330 Approx. YTM 1.910)		
08/01/2024	630M	4.00%	1.88	0.15
		(Approx. $ Price PTC 02/01/2023 119.282 Approx. YTM 2.106)		
08/01/2024	17,000M	5.00%	1.88	0.15
		(Approx. $ Price PTC 02/01/2023 128.378 Approx. YTM 2.199)		
08/01/2025	405M	4.00%	1.95	0.15
		(Approx. $ Price PTC 02/01/2023 118.580 Approx. YTM 2.285)		
08/01/2025	18,135M	5.00%	1.95	0.15
		(Approx. $ Price PTC 02/01/2023 127.643 Approx. YTM 2.427)		

CALL FEATURES: Optional call in 02/01/2023 @ 100.00

Series 2013B (Tax-Exempt Bonds) Priority of Orders and Oesignation Policies

1. Alaska Individual Retail (PLEASE PROVIDE ZIP CODES)
2 Net Designated (Professional Retail)

At least four (4) firms must be designated

No designation shall exceed 60%

The senior manager requests the identification of all priority orders at the time the orders are entered

Selling group members may not enter priority orders, and may not be designated

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Retail Definition:
A Retail Order is defined as an order placed for the account of an individual with a maximum of $1,000,000 per account. Retail Orders do not include bank portfolios, insurance companies or mutual funds. Orders in excess of $1,000,000 may be submitted but will be subject to verification.

All professional retail orders will be taken on a Net Designated basis during the retail order period for the Series 2013 Bonds. Professional retail is defined as bank trust, investment advisors and money managers acting on behalf of individuals.

The State, financial advisor and senior manager may determine that oversold maturities should remain open during the institutional order period if deemed to be in the best interest of the State.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Wednesday, January 16, 2013 at Eastern .

Delivery is firm for Wednesday, January 23, 2013.

This Issue is book entry. This issue is clearing through DTC.

Award: 01/16/2013
Delivery: 01/23/2013 (Firm)
Initial trade:
Date of Execution:
Time of Execution:

MATURITY	CUSIP	COUPON
08/01/2014	011770X66	3.000
08/01/2015	011770X74	2.000
08/01/2015	011770Z23	5.000
08/01/2016	011770X82	3.000
08/01/2016	011770Z31	5.000
08/01/2017	011770X90	3.000
08/01/2017	0117702C7	5.000
08/01/2018	011770Y24	3.000
08/01/2018	011770Z49	5.000
08/01/2019	011770Y32	4.000
08/01/2019	011770Z56	5.000
08/01/2020	011770Y40	4.000
08/01/2020	011770Z64	5.000
08/01/2021	011770Y57	4.000
08/01/2021	011770Z72	5.000
08/01/2022	011770Y65	4.000
08/01/2022	011770Z80	5.000
08/01/2023	011770Y73	4.000
08/01/2023	011770Z98	5.000

08/01/2024	011770Y81	4.000
08/01/2024	0117702A1	5.000
08/01/2025	011770Y99	4.000
08/01/2025	0117702B9	5.000

Citigroup Global Markets Inc
Bank of America Merrill Lynch
Barclays Capital Inc.
J.P. Morgan Securities LLC
Wells Fargo Securities (trade name for Wells Fargo Bank, N.A.)

By: Citigroup Global Markets Inc New York, NY

Recipient State
Citigroup Global NY

Submitting request - please wait ...

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VI. Orders and Allotments

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770X66

*** 9,525 BONDS DUE 08/01/2014 B ***

COUPON: 3.000 PRICE: 0.250 CONCESSION: - TAKEDOWN: 0.015 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
MORGANJP(1)	125	9,525	9,525	1		MEM	LIST	Web order #132 ALL		

Orders Displayed	9,525	9,525	Total Allotments
	9,525	9,525	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770X74

*** 3,000 BONDS DUE 08/01/2015 B ***

COUPON: 2.000 PRICE: 0.390 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
WELLSWNC(1)	42	2,500	1,135	23		ND	LIST	Web order #46 Retail Customer 1 MIN 1MM CITIZENS BK TRUST DEPT State Specific Zip: 02903		
CITIGROU(1)	75	375	375	24		MEM	LIST	Web order #82 MORGWITT Cust price: .39 - 1/8 pt. ALL OR NONE State Specific Zip: 10004		
CITIGROU(1)	76	50	50	25		MEM	LIST	Web order #83 MORGWITT Cust price: .39 - 1/8 pt. State Specific Zip: 60657		
CITIGROU TOTAL:		425	425							
MORGANJP(1)	24	250	250	26		MEM	LIST	Web order #24 State Specific Zip: 06880		
MORGANJP(1)	25	250				MEM	LIST	Web order #25 State Specific Zip: 06880		
MORGANJP TOTAL:		500	250							
FIDELIMA(2)	60	30	55	27		MEM	LIST	Web order #67 State Specific Zip: 60189		
FIDELIMA(2)	62	25				MEM	LIST	Web order #69 State Specific Zip: 02478		
FIDELIMA TOTAL:		55	55							
CITIGROU(1)	14	1,500	1,135	28		ND	LIST	Web order #14 Fiduciary Trust Company 535: NEW YORK 535 009: Joseph Resciniti FC 00911721 Credit: $1.25		

COUPON: 2.000 PRICE: 0.390 CONCESSION: - TAKEDOWN: 0.125 pts

Orders Displayed	4,980	3,000	Total Allotments
	3,000	3,000	BONDS SET UP FOR MATURITY
	============	============	
SHORT	-1,980	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z23

*** 6,825 BONDS DUE 08/01/2015 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 0.390 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	30	875	500	29		ND	LIST	Web order #30 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 75,800,500,250,50 99518 zip State Specific Credit: $1.25 Zip: 99518		
CITIGROU(1)	1	6,825	1,500	30		ND	LIST	Web order #1 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	34	1,500	500	31		ND	LIST	Web order #34 57M: HARTFORD 001: SAL MUSLIM 00000 FC 001 2ND 2015B2ND 2015B ** 500m denoms*** State Specific Credit: $1.25 Zip: 11111, R 00000		
CITIGROU TOTAL:		9,200	2,500							
MORGANJP(1)	13	75	275	32		MEM	LIST	Web order #13 State Specific Zip: 06830		
MORGANJP(1)	55	200				MEM	LIST	Web order #62 $50min, multiples of 50k. Alternative: 2% 8/1/15 State Specific Zip: 10022		
MORGANJP TOTAL:		275	275							
FIDELIMA(2)	59	10	20	33		MEM	LIST	Web order #66 State Specific Zip: 33436		

COUPON: 5.000 PRICE: 0.390 CONCESSION: - TAKEDOWN: 0.125 pts

FIDELIMA(2)	72	10			MEM	LIST	Web order #79 State Specific Zip: 77356
FIDELIMA TOTAL:		20	20				
CITIGROU(1)	84	6,825	1,500	34	ND	LIST	Web order #91 Bank of Montreal 535: NEW YORK 535 113: CURT NONE FC 113 Credit: $1.25
CITIGROU(1)	106	2,000	500	35	ND	LIST	Web order #113 Victory Capital Management 535: NEW YORK 535 050: N Mcmanus FC 050 Credit: $1.25
CITIGROU(1)	126	6,825	1,530	36	ND	LIST	Web order #133 BlackRock 290: NEW YORK, 290 554: CHRIS GALLIC FC 554 Credit: $1.25
CITIGROU(1)	112	1,000	500	37	ND	LIST	Web order #119 Bank of Hawaii 87K: SHORT HILLS 87K 321: 87K 321 FC 321 Credit: $1.25
CITIGROU TOTAL:		16,650	4,030				
BARCLAYS(1)	93	3,000			MEM	LIST	Web order #100 stock
WELLSWNC(1)	107	6,825			MEM	LIST	Web order #114 ALL stock min 1mm

Orders Displayed	35,970	6,825	Total Allotments
	6,825	6,825	BONDS SET UP FOR MATURITY
SHORT	-29,145	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770X82

*** 3,000 BONDS DUE 08/01/2016 B ***

COUPON: 3.000 PRICE: 0.530 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	29	275	275	20		ND	LIST	Web order #29 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 99603 zip State Specific Credit: $1.25 Zip: 99603		
MORGANJP(1)	64	2,500	2,500	21		ND	LIST	Web order #71 Retail Customer State Specific Zip: 04101		
FIDELIMA(2)	74	30	30	22		MEM	LIST	Web order #81 State Specific Zip: 70810		

Orders Displayed	2,805	2,805	Total Allotments
	3,000	3,000	BONDS SET UP FOR MATURITY
	============	============	
LONG	195	195	LONG

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z31

*** 7,250 BONDS DUE 08/01/2016 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 0.530 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	17	4,200				ND	LIST	Web order #17 Blackrock Financial Management SMA 535: NEW YORK 535 009: Joseph Resciniti 2mm min zip 99518 99603 99762 99801 State Specific Credit: $1.25 Zip: 99518		
CITIGROU(1)	31	150	150	38		ND	LIST	Web order #31 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 99801 zip State Specific Credit: $1.25 Zip: 99801		
CITIGROU(1)	3	7,250	1,250	39		ND	LIST	Web order #3 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	47	7,250	1,250	40		ND	LIST	Web order #54 PIMCO 535: NEW YORK 535 054: B Liven/ Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	23	2,250	500	41		ND	LIST	Web order #23 290: NEW YORK, 290 554: CHRIS GALLIC FC 554 State Specific Credit: $1.25 Zip: 11111		
CITIGROU TOTAL:		21,100	3,150							

COUPON: 5.000 PRICE: 0.530 CONCESSION: - TAKEDOWN: 0.125 pts

MORGANJP(1)	67	500	500	42	MEM	LIST	Web order #74 $50min, multiples of 50k. Alternative: 3% 8/1/16 State Specific Zip: 10022
FIDELIMA(2)	73	10	10	43	MEM	LIST	Web order #80 State Specific Zip: 77356
CITIGROU(1)	85	7,250	1,000	44	ND	LIST	Web order #92 Bank of Montreal 535: NEW YORK 535 113: CURT NONE FC 113 Credit: $1.25
CITIGROU(1)	110	3,500	750	45	ND	LIST	Web order #117 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/ Saporito FC 054 Credit: $1.25
CITIGROU(1)	127	7,250	1,250	46	ND	LIST	Web order #134 BlackRock 290: NEW YORK, 290 554: CHRIS GALLIC FC 554 Credit: $1.25
CITIGROU(1)	113	1,000	500	47	ND	LIST	Web order #120 Bank of Hawaii 87K: SHORT HILLS 87K 321: 87K 321 FC 321 Credit: $1.25
		------------	------------				
CITIGROU TOTAL:		19,000	3,500				
BARCLAYS(1)	94	5,000			MEM	LIST	Web order #101 stock
Orders Displayed		45,610	7,160 Total Allotments				
		7,250	7,250 BONDS SET UP FOR MATURITY				
		============	============				
SHORT		-38,360	90 LONG				

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770X90

*** 3,000 BONDS DUE 08/01/2017 B ***

COUPON: 3.000 PRICE: 0.660 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	32	1,875	1,000	48		ND	LIST	Web order #32 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 99518 zip State Specific Credit: $1.25 Zip: 99518		
BAMERRIL(1)	50	2,500	1,900	49		MEM	LIST	Web order #57 State Specific Zip: 10020		
FIDELIMA(2)	69	100	100	50		MEM	LIST	Web order #76 State Specific Zip: 84108		

Orders Displayed	4,475	3,000 Total Allotments
	3,000	3,000 BONDS SET UP FOR MATURITY
SHORT	-1,475	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 0117702C7

*** 7,715 BONDS DUE 08/01/2017 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 0.660 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	2	7,715	1,500	51		ND	LIST	Web order #2 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	48	7,715	1,500	52		ND	LIST	Web order #55 PIMCO 535: NEW YORK 535 054: B Liven/ Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	35	2,500	250	53		ND	LIST	Web order #35 57M: HARTFORD 001: SAL MUSLIM FC 001 2ND 2017B2ND 2017B ** 500m ** State Specific Credit: $1.25 Zip: 11111		
CITIGROU TOTAL:		17,930	3,250							
BAMERRIL(1)	43	200	200	54		MEM	LIST	Web order #47 State Specific Zip: 20852		
BARCLAYS(1)	41	95	95	55		MEM	LIST	Web order #45 vaughn-national retail State Specific Zip: 05602		
MORGANJP(1)	36	250	250	56		MEM	LIST	Web order #36 min 100m State Specific Zip: 07901		
CITIGROU(1)	109	3,500	1,000	57		ND	LIST	Web order #116 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/ Saporito FC 054 Credit: $1.25		

COUPON: 5.000 PRICE: 0.660 CONCESSION: - TAKEDOWN: 0.125 pts

CITIGROU(1)	91	7,715	1,420	58	ND	LIST	Web order #98 NORTHERN TRUST 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.25
CITIGROU(1)	128	7,715	1,500	59	ND	LIST	Web order #135 BlackRock 290: NEW YORK, 290 554: CHRIS GALLIC FC 554 Credit: $1.25
		------------	------------				
CITIGROU TOTAL:		18,930	3,920				
BAMERRIL(1)	86	7,715			MEM	LIST	Web order #93 ALL

Orders Displayed	45,120	7,715	Total Allotments
	7,715	7,715	BONDS SET UP FOR MATURITY
	============	============	
SHORT	-37,405	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y24

*** 1,300 BONDS DUE 08/01/2018 B ***

COUPON: 3.000 PRICE: 0.840 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	33	1,300	1,300	5		ND	LIST	Web order #33 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 99603 zip State Specific Credit: $1.25 Zip: 99603		

Orders Displayed	1,300	1,300	Total Allotments
	1,300	1,300	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z49

*** 9,900 BONDS DUE 08/01/2018 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 0.840 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	11	2,000	1,000	60		ND	LIST	Web order #11 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	49	4,000	2,000	61		ND	LIST	Web order #56 PIMCO 535: NEW YORK 535 054: B Liven/ Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU TOTAL:		6,000	3,000							
MORGANJP(1)	37	250	250	62		MEM	LIST	Web order #37 min 100m State Specific Zip: 07901		
CITIGROU(1)	130	7,900	2,000	63		ND	LIST	Web order #137 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/ Saporito FC 054 Credit: $1.25		
CITIGROU(1)	90	9,900	2,000	64		ND	LIST	Web order #97 NORTHERN TRUST 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.25		
CITIGROU(1)	129	9,900	2,650	65		ND	LIST	Web order #136 BlackRock 290: NEW YORK, 290 554: CHRIS GALLIC FC 554 Credit: $1.25		
CITIGROU TOTAL:		27,700	6,650							

COUPON: 5.000 PRICE: 0.840 CONCESSION: - TAKEDOWN: 0.125 pts

BAMERRIL(1)	87	9,900	MEM	LIST	Web order #94 ALL
WELLSWNC(1)	108	9,900	MEM	LIST	Web order #115 ALL stock min 1mm

Orders Displayed	53,750	9,900 Total Allotments
	9,900	9,900 BONDS SET UP FOR MATURITY
	============	============
SHORT	-43,850	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y32

*** 285 BONDS DUE 08/01/2019 B ***

COUPON: 4.000 PRICE: 1.020 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	46	185	185	6		MEM	LIST	Web order #53 Arvest Trust Company, N.A. 74K: COSTA MESA - 74K 025: WILLIAM BLACKWILL FC 025 State Specific Credit: $1.25 Zip: 11111		
FIDELIMA(2)	26	100	100	7		MEM	LIST	Web order #26 State Specific Zip: 34112		

Orders Displayed	285	285	Total Allotments
	285	285	BONDS SET UP FOR MATURITY
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z56

*** 11,440 BONDS DUE 08/01/2019 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.020 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	39	2,500	500	66		ND	LIST	Web order #40 57M: HARTFORD 001: SAL MUSLIM FC 001 2ND 2019B2ND 2019B ** 500m denoms ** State Specific Credit: $1.25 Zip: 11111		
FIDELIMA(2)	22	100	300	67		MEM	LIST	Web order #22 State Specific Zip: 02116		
FIDELIMA(2)	63	200				MEM	LIST	Web order #70 State Specific Zip: 99599		
FIDELIMA TOTAL:		300	300							
CITIGROU(1)	123	11,440	5,640	68		ND	LIST	Web order #130 Black Rock 535: NEW YORK 535 110: BILL MANGAN FC 110 Credit: $1.25		
CITIGROU(1)	120	9,000	5,000	69		ND	LIST	Web order #127 NORTHERN TRUST 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.25		
CITIGROU TOTAL:		20,440	10,640							
BAMERRIL(1)	88	11,440				MEM	LIST	Web order #95 ALL		
RAYMONNY(2)	82	2,000				MEM	LIST	Web order #89 min 500		

Orders Displayed	36,680	11,440 Total Allotments
	11,440	11,440 BONDS SET UP FOR MATURITY
SHORT	-25,240	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y40

*** 450 BONDS DUE 08/01/2020 B ***

COUPON: 4.000 PRICE: 1.230 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	18	300	300	8		ND	LIST	Web order #18 Blackrock Financial Management SMA 535: NEW YORK 535 009: Joseph Resciniti aon 99518 State Specific Credit: $1.25 Zip: 99518		
FIDELIMA(2)	27	100	150	9		MEM	LIST	Web order #27 State Specific Zip: 34112		
FIDELIMA(2)	77	50				MEM	LIST	Web order #84 State Specific Zip: 33431		
FIDELIMA TOTAL:		150	150							

Orders Displayed	450	450	Total Allotments
	450	450	BONDS SET UP FOR MATURITY
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z64

*** 11,835 BONDS DUE 08/01/2020 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.230 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	4	300	300	70		ND	LIST	Web order #4 Black Rock 535: NEW YORK 535 110: BILL MANGAN FC 110 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	6	2,000	2,000	71		ND	LIST	Web order #6 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	16	3,000	3,000	72		ND	LIST	Web order #16 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	21	5,000	5,000	73		ND	LIST	Web order #21 McDonnell Investment Management, LLC 87K: SHORT HILLS 87K 321: 87K 321 FC 321 State Specific Credit: $1.25 Zip: 11111		
CITIGROU TOTAL:		10,300	10,300							
CITIGROU(1)	111	1,500	1,500	74		ND	LIST	Web order #118 McDonnell Investment Management, LLC 87K: SHORT HILLS 87K 321: 87K 321 FC 321 Credit: $1.25		
BAMERRIL(1)	89	11,835				MEM	LIST	Web order #96 ALL		

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y57

*** 4,000 BONDS DUE 08/01/2021 B ***

COUPON: 4.000 PRICE: 1.440 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	19	4,000	3,800	10		ND	LIST	Web order #19 Blackrock Financial Management SMA 535: NEW YORK 535 009: Joseph Resciniti 99518 99603 99762 99801 State Specific Credit: $1.25 Zip: 99518		
FIDELIMA(2)	28	100	200	11		MEM	LIST	Web order #28 State Specific Zip: 34112		
FIDELIMA(2)	66	100				MEM	LIST	Web order #73 State Specific Zip: 02116		
FIDELIMA TOTAL:		200	200							

Orders Displayed	4,200	4,000	Total Allotments
	4,000	4,000	BONDS SET UP FOR MATURITY
SHORT	-200	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770272

*** 8,875 BONDS DUE 08/01/2021 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.440 CONCESSION: - TAKEDOWN: 0.125 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	15	8,875	6,835	75		ND	LIST	Web order #15 NORTHERN TRUST 535: NEW YORK 535 031: MIKE G FC 031 99801 State Specific Credit: $1.25 Zip: 99801		
CITIGROU(1)	40	2,000	1,000	76		ND	LIST	Web order #44 57M: HARTFORD 001: SAL MUSLIM FC 001 ** 500m denoms ** State Specific Credit: $1.25 Zip: 11111		
CITIGROU(1)	5	2,000	1,000	77		ND	LIST	Web order #5 Oppenheimer Asset Management Inc. 87K: SHORT HILLS 87K 321: 87K 321 FC 321 State Specific Credit: $1.25 Zip: 11111		
CITIGROU TOTAL:		12,875	8,835							
FIDELIMA(2)	71	40	40	78		MEM	LIST	Web order #78 State Specific Zip: 75248		

Orders Displayed	12,915	8,875 Total Allotments
	8,875	8,875 BONDS SET UP FOR MATURITY
SHORT	-4,040	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y65

*** 180 BONDS DUE 08/01/2022 B ***

COUPON: 4.000 PRICE: 1.640 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	53	65	65	12		ND	LIST	Web order #60 Arvest Trust Company, N.A. 74K: COSTA MESA - 74K 025: WILLIAM BLACKWILL FC 025 State Specific Credit: $1.50 Zip: 11111		
FIDELIMA(2)	38	115	115	13		MEM	LIST	Web order #38 State Specific Zip: 99508		

Orders Displayed	180	180	Total Allotments
	180	180	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Z80

*** 13,315 BONDS DUE 08/01/2022 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.640 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	8	2,500	2,500	79		ND	LIST	Web order #8 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.50 Zip: 11111		
CITIGROU(1)	12	2,000	2,000	80		ND	LIST	Web order #12 JP Morgan Asset Management 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.50 Zip: 11111		
CITIGROU TOTAL:		4,500	4,500							
FIDELIMA(2)	57	10	30	81		MEM	LIST	Web order #64 State Specific Zip: 19073		
FIDELIMA(2)	58	20				MEM	LIST	Web order #65 State Specific Zip: 19073		
FIDELIMA TOTAL:		30	30							
CITIGROU(1)	103	13,315	8,785	82		ND	LIST	Web order #110 TOB Capital 535: NEW YORK 535 110: BILL MANGAN FC 110 Credit: $1.50		

Orders Displayed	17,845	13,315	Total Allotments
	13,315	13,315	BONDS SET UP FOR MATURITY
SHORT	-4,530	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y73

*** 4,000 BONDS DUE 08/01/2023 B ***

COUPON: 4.000 PRICE: 1.790 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	20	4,000	4,000	14		ND	LIST	Web order #20 Blackrock Financial Management SMA 535: NEW YORK 535 009: Joseph Resciniti 99518 99603 99762 99801 State Specific Credit: $1.50 Zip: 99518		

Orders Displayed	4,000	4,000	Total Allotments
	4,000	4,000	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770298

*** 10,145 BONDS DUE 08/01/2023 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.790 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	10	2,500	1,000	83		ND	LIST	Web order #10 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.50 Zip: 11111		
FIDELIMA(2)	61	40	45	84		MEM	LIST	Web order #68 State Specific Zip: 48093		
FIDELIMA(2)	78	5				MEM	LIST	Web order #85 State Specific Zip: 75035		
FIDELIMA TOTAL:		45	45							
CITIGROU(1)	117	10,145	3,000	85		ND	LIST	Web order #124 State Farm Insurance Companies 326: CHICAGO, IL 326 001: LEAHY __WALSH FC 001 Credit: $1.50		
CITIGROU(1)	124	10,145	3,600	86		ND	LIST	Web order #131 Vanguard Funds 535: NEW YORK 535 251: GRANT DEWEY FC 251 Credit: $1.50		
CITIGROU(1)	97	10,145	2,500	87		ND	LIST	Web order #104 Citi Relative Value Trading 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.50		
CITIGROU TOTAL:		30,435	9,100							

COUPON: 5.000 PRICE: 1.790 CONCESSION: - TAKEDOWN: 0.150 pts

MORGANJP(1)	79	5,000	MEM	LIST	Web order #86 Stock; min 1mm
KEYCAPIT(2)	101	5,000	MEM	LIST	Web order #108 min 500

Orders Displayed	42,980	10,145 Total Allotments
	10,145	10,145 BONDS SET UP FOR MATURITY
	============	============
SHORT	-32,835	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y81

*** 630 BONDS DUE 08/01/2024 B ***

COUPON: 4.000 PRICE: 1.880 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	54	480	480	15		ND	LIST	Web order #61 Arvest Trust Company, N.A. 74K: COSTA MESA - 74K 025: WILLIAM BLACKWILL FC 025 State Specific Credit: $1.50 Zip: 11111		
BAMERRIL(1)	51	150	150	16		MEM	LIST	Web order #58 State Specific Zip: 10020		

Orders Displayed	630	630	Total Allotments
	630	630	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 0117702A1

*** 17,050 BONDS DUE 08/01/2024 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.880 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	7	2,500	1,000	88		ND	LIST	Web order #7 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.50 Zip: 11111		
CITIGROU(1)	45	1,000				ND	LIST	Web order #49 McDonnell Investment Management, LLC 87K: SHORT HILLS 87K 321: 87K 321 FC 321 State Specific Credit: $1.50 Zip: 11111		
CITIGROU(1)	56	1,000	500	90		ND	LIST	Web order #63 McDonnell Investment Management, LLC 87K: SHORT HILLS 87K 321: 87K 321 Different PM that my other order in 2024 State Specific Credit: $1.50 Zip: 11111		
CITIGROU TOTAL:		4,500	1,500							
BAMERRIL(1)	44	600	600	91		MEM	LIST	Web order #48 State Specific Zip: 20852		
CITIGROU(1)	114	17,050	3,725	92		ND	LIST	Web order #121 State Farm Insurance Companies 326: CHICAGO, IL 326 001: LEAHY WALSH FC 001 Credit: $1.50		
CITIGROU(1)	122	17,050	5,000	93		ND	LIST	Web order #129 Vanguard Funds 535: NEW YORK 535 251: GRANT DEWEY FC 251 Credit: $1.50		

COUPON: 5.000 PRICE: 1.880 CONCESSION: - TAKEDOWN: 0.150 pts

CITIGROU(1)	104	17,050	3,725	94	ND	LIST	Web order #111 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/ Saporito FC 054 Credit: $1.50
CITIGROU(1)	98	17,050	2,500	95	ND	LIST	Web order #105 Citi Relative Value Trading 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.50
CITIGROU TOTAL:		68,200	14,950				
BARCLAYS(1)	95	5,000			MEM	LIST	Web order #102 stock
MORGANJP(1)	80	5,000			MEM	LIST	Web order #87 Stock; min 1mm

Orders Displayed	83,300	17,050 Total Allotments
	17,050	17,050 BONDS SET UP FOR MATURITY
SHORT	-66,250	0 BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770Y99

*** 405 BONDS DUE 08/01/2025 B ***

COUPON: 4.000 PRICE: 1.950 CONCESSION: ~ TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	C F M	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
BAMERRIL(1)	52	55	55	17		MEM	LIST	Web order #59 State Specific Zip: 10020		
WELLSWNC(1)	68	300	300	18		MEM	LIST	Web order #75 NATL RETAIL - 2 State Specific Zip: 32207		
FIDELIMA(2)	70	50	50	19		MEM	LIST	Web order #77 State Specific Zip: 60601		

Orders Displayed	405	405	Total Allotments
	405	405	BONDS SET UP FOR MATURITY
	============	============	
	0	0	BALANCED

$152,280,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

CUSIP #: 011770289

*** 18,155 BONDS DUE 08/01/2025 B (assigned series: Z) ***

COUPON: 5.000 PRICE: 1.950 CONCESSION: - TAKEDOWN: 0.150 pts

U/W	ORD #	ORDERS	ALLOTED	ALT #	CFM	ORDER TYPE	PRICE	COMMENT	AGAINST RET/STOCK	RET/STOCK BALANCE
CITIGROU(1)	9	5,000	2,000	96		ND	LIST	Web order #9 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/Saporito FC 054 State Specific Credit: $1.50 Zip: 11111		
MORGANJP(1)	65	25	25	97		MEM	LIST	Web order #72 State Specific Zip: 33525		
CITIGROU(1)	116	18,155	3,000	98		ND	LIST	Web order #123 State Farm Insurance Companies 326: CHICAGO, IL 326 001: LEAHY __WALSH FC 001 Credit: $1.50		
CITIGROU(1)	119	18,155	2,000	99		ND	LIST	Web order #126 Unitrin Inc. 326: CHICAGO, IL 326 001: LEAHY __WALSH FC 001 Credit: $1.50		
CITIGROU(1)	118	10,000				ND	LIST	Web order #125 Deutche Bank Securities 535: NEW YORK 535 157: Dan Mulligan FC 157 Credit: $1.50		
CITIGROU(1)	121	18,155	4,000	100		ND	LIST	Web order #128 Vanguard Funds 535: NEW YORK 535 251: GRANT DEWEY FC 251 Credit: $1.50		
CITIGROU(1)	105	18,155	3,000	101		ND	LIST	Web order #112 Eaton Vance Tax Free/Md Sass 535: NEW YORK 535 054: B Liven/ Saporito FC 054 Credit: $1.50		

COUPON: 5.000 PRICE: 1.950 CONCESSION: - TAKEDOWN: 0.150 pts

CITIGROU(1)	92	18,155	3,880	102	ND	LIST	Web order #99 NORTHERN TRUST 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.50
CITIGROU(1)	99	18,155			ND	LIST	Web order #106 Citi Relative Value Trading 535: NEW YORK 535 057: JOE WYSE FC 057 Credit: $1.50
CITIGROU(1)	115	3,000	250	103	ND	LIST	Web order #122 Arvest Trust Company, N.A. 74K: COSTA MESA - 74K 025: WILLIAM BLACKWILL FC 025 Credit: $1.50
CITIGROU TOTAL:		121,930	16,130				
BARCLAYS(1)	96	5,000			MEM	LIST	Web order #103 stock
MORGANJP(1)	81	5,000			MEM	LIST	Web order #88 Stock; min 1mm
KEYCAPIT(2)	102	5,000			MEM	LIST	Web order #109 min 500
RAYMONNY(2)	83	2,000			MEM	LIST	Web order #90 min 500

Orders Displayed	143,955	18,155	Total Allotments
	18,155	18,155	BONDS SET UP FOR MATURITY
SHORT	-125,800	0	BALANCED

VII. Official Statement and Preliminary Official Statement Cover

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: Aaa
Fitch: AAA
Standard & Poor's: AAA
(See "RATINGS" herein)

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2013A Bonds is not excludable from gross income for federal income tax purposes. Assuming compliance with certain covenants of the State, interest on the 2013B Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the 2013B Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the 2013B Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the 2013B Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the 2013B Bonds may be indirectly subject to the Alaska alternative minimum tax imposed on corporations to the extent that interest on the 2013B Bonds is subject to the federal alternative minimum tax on corporations. See "TAX MATTERS" herein for a discussion of the opinions of Bond Counsel.

$162,480,000
STATE OF ALASKA
General Obligation Bonds
Series 2013

$11,945,000
General Obligation Bonds
Series 2013A
(Taxable Qualified School Construction Bonds – Direct Payment)

$150,535,000
General Obligation Bonds
Series 2013B

Dates, Interest Rates, Prices and Yields Are Shown on the Inside Cover Page

The State of Alaska (the "State") is issuing $162,480,000 aggregate principal amount of General Obligation Bonds, consisting of $11,945,000 principal amount of General Obligation Bonds, Series 2013A (Taxable Qualified School Construction Bonds – Direct Payment) (the "2013A Bonds") and $150,535,000 principal amount of General Obligation Bonds, Series 2013B (the "2013B Bonds"). The 2013A Bonds and the 2013B Bonds, each a "Series" will be referred to herein collectively as the "Bonds."

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein. The Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof within a maturity of a Series. Interest on the Bonds will be payable on August 1, 2013 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will be subject to redemption as described herein.

The 2013A Bonds are designated as "Qualified School Construction Bonds" as defined in Section 54F of the Internal Revenue Code of 1986 (the "Code") and the State has made the irrevocable election pursuant to Section 6431 of the Code to receive from the federal government credit payments in an amount equal to the lesser of the amount of the interest payable on the 2013A Bonds or the amount of interest payable if determined at the applicable credit rate announced by the United States Department of the Treasury on the date of sale of the 2013A Bonds as more fully described herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof within a maturity of a Series. The principal of and interest on the Bonds will be payable directly to DTC by The Bank of New York Mellon Trust Company, N.A. of Seattle, Washington, as authenticating agent, paying agent and registrar for the Bonds (the "Bond Registrar"). Interest on the Bonds will be credited to the Direct Participants (as such term is defined in Appendix E hereto) of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds). Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds will be issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act"), Sections 3-7 of Chapter 95, SLA 2010 (HB 424) (the "2010 Act") and the Resolution (as defined herein) for the purpose of paying the cost of design and construction of library, education and educational research facilities. See "THE BONDS – Application of Bond Proceeds" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by K&L Gates LLP, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel, Foster Pepper PLLC, Seattle, Washington. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about January 23, 2013.

Citigroup

BofA Merrill Lynch **Barclays** **J.P. Morgan** **Wells Fargo Securities**

The date of this Official Statement is January 15, 2013

$11,945,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013A
(Taxable Qualified School Construction Bonds – Direct Payment)

Dated: Date of Delivery Due: August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIP NUMBERS

Maturity August 1	Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
2037	$11,945,000	3.858%	3.858%	100.000	0117702D5

$150,535,000
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

Dated: Date of Delivery Due: August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIP NUMBERS

Maturity August 1	Principal Amount	Interest Rate	Yield	Price	CUSIP No.†
2014	$ 9,295,000	3.000%	0.250%	104.175	011770X66
2015	6,640,000	5.000%	0.390%	111.559	011770Z23
2015	3,000,000	2.000%	0.390%	104.036	011770X74
2016	7,055,000	5.000%	0.530%	115.577	011770Z31
2016	3,000,000	3.000%	0.530%	108.607	011770X82
2017	7,510,000	5.000%	0.660%	119.304	0117702C7
2017	3,000,000	3.000%	0.660%	110.408	011770X90
2018	9,705,000	5.000%	0.840%	122.401	011770Z49
2018	1,300,000	3.000%	0.840%	111.631	011770Y24
2019	11,270,000	5.000%	1.020%	125.051	011770Z56
2019	285,000	4.000%	1.020%	118.757	011770Y32
2020	11,695,000	5.000%	1.230%	127.006	011770Z64
2020	450,000	4.000%	1.230%	119.843	011770Y40
2021	8,745,000	5.000%	1.440%	128.454	011770Z72
2021	4,000,000	4.000%	1.440%	120.461	011770Y57
2022	13,195,000	5.000%	1.640%	129.509	011770Z80
2022	180,000	4.000%	1.640%	120.726	011770Y65
2023*	10,040,000	5.000%	1.790%	129.330*	011770Z98
2023*	4,000,000	4.000%	1.790%	120.193*	011770Y73
2024*	17,000,000	5.000%	1.880%	128.378*	0117702A1
2024*	630,000	4.000%	1.880%	119.282*	011770Y81
2025*	18,135,000	5.000%	1.950%	127.643*	0117702B9
2025*	405,000	4.000%	1.950%	118.580*	011770Y99

* Priced to par call date on February 1, 2023

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 7, 2013

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2013A Bonds is not excludable from gross income for federal income tax purposes. Assuming compliance with certain covenants of the State, interest on the 2013B Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the 2013B Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the 2013B Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the 2013B Bonds is not included in taxable income for purposes of the Alaska income tax imposed on corporations. Interest on the 2013B Bonds may be indirectly subject to the Alaska alternative minimum tax imposed on corporations to the extent that interest on the 2013B Bonds is subject to the federal alternative minimum tax on corporations. See "TAX MATTERS" herein for a discussion of the opinions of Bond Counsel.

$165,540,000*
STATE OF ALASKA
General Obligation Bonds
Series 2013

$11,945,000*
General Obligation Bonds
Series 2013A
(Taxable Qualified School Construction Bonds – Direct Payment)

$153,595,000*
General Obligation Bonds
Series 2013B

Dates, Interest Rates, Prices and Yields Are Shown on the Inside Cover Page

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The State of Alaska (the "State") is issuing $165,540,000* aggregate principal amount of General Obligation Bonds, consisting of $11,945,000* principal amount of General Obligation Bonds, Series 2013A (Taxable Qualified School Construction Bonds – Direct Payment) (the "2013A Bonds") and 153,595,000* principal amount of General Obligation Bonds, Series 2013B (the "2013B Bonds"). The 2013A Bonds and the 2013B Bonds, each a "Series" will be referred to herein collectively as the "Bonds."

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein. The Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof within a maturity of a Series. Interest on the Bonds will be payable on August 1, 2013 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will be subject to redemption as described herein.

The 2013A Bonds are designated as "Qualified School Construction Bonds" as defined in Section 54F of the Internal Revenue Code of 1986 (the "Code") and the State has made the irrevocable election pursuant to Section 6431 of the Code to receive from the federal government credit payments in an amount equal to the lesser of the amount of the interest payable on the 2013A Bonds or the amount of interest payable if determined at the applicable credit rate announced by the United States Department of the Treasury on the date of sale of the 2013A Bonds as more fully described herein.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof within a maturity of a Series. The principal of and interest on the Bonds will be payable directly to DTC by The Bank of New York Mellon Trust Company, N.A. of Seattle, Washington, as authenticating agent, paying agent and registrar for the Bonds (the "Bond Registrar"). Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants (as such term is defined in Appendix E hereto) for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds will be issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act"), Sections 3-7 of Chapter 95, SLA 2010 (HB 424) (the "2010 Act") and the Resolution (as defined herein) for the purpose of paying the cost of design and construction of library, education and educational research facilities. See "THE BONDS – Application of Bond Proceeds" herein.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to the approval of their validity and enforceability by K&L Gates LLP, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Underwriters' Counsel, Foster Pepper PLLC, Seattle, Washington. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about January 23, 2013*.

Citigroup

BofA Merrill Lynch **Barclays** **J.P. Morgan** **Wells Fargo Securities**

The date of this Official Statement is January __, 2013

* Preliminary, subject to change

$11,945,000*
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013A
(Taxable Qualified School Construction Bonds – Direct Payment)

Dated: Date of Delivery **Due:** August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIP NUMBERS

Maturity* August 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]
2037	$11,945,000	%	%	%	

* Preliminary, subject to change

$153,595,000*
STATE OF ALASKA
GENERAL OBLIGATION BONDS
SERIES 2013B

Dated: Date of Delivery **Due:** August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIP NUMBERS

Maturity* August 1	Principal Amount*	Interest Rate	Yield	Price	CUSIP[1]
2014	$ 9,905,000	%	%	%	
2015	10,155,000	%	%	%	
2016	10,465,000	%	%	%	
2017	10,840,000	%	%	%	
2018	11,280,000	%	%	%	
2019	11,740,000	%	%	%	
2020	12,285,000	%	%	%	
2021	12,915,000	%	%	%	
2022	13,575,000	%	%	%	
2023	14,270,000	%	%	%	
2024	17,625,000	%	%	%	
2025	18,540,000	%	%	%	

* Preliminary, subject to change

[1] Copyright 2010, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by Standard & Poor's. These numbers are not intended to create a database and do not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided in this Official Statement for convenience of reference only. CUSIP numbers are subject to change. Neither the State of Alaska nor the Underwriters take any responsibility for the accuracy of such CUSIP numbers

VIII. Rating Reports

Moody's

MOODY'S INVESTORS SERVICE

New Issue: Moody's assigns Aaa rating to State of Alaska's planned $165 million issuance of Series 2013 General Obligation Bonds

Global Credit Research - 04 Jan 2013

Stable outlook applies to current issue and $610 million of outstanding state debt

ALASKA (STATE OF)
State Governments (including Puerto Rico and US Territories)
AK

Moody's Rating

ISSUE		RATING
General Obligation Bonds, Series 2013B		Aaa
Sale Amount	$153,215,000	
Expected Sale Date	01/15/13	
Rating Description	General Obligation	
General Obligation Bonds, Series 2013A (Taxable Qualified School Construction Bonds - Direct Payment)		Aaa
Sale Amount	$11,945,000	
Expected Sale Date	01/15/13	
Rating Description	General Obligation	

Moody's Outlook

Opinion

NEW YORK, January 04, 2013 --Moody's Investors Service has assigned a Aaa rating and stable outlook to the State of Alaska's planned $165 million of Series 2013 General Obligation Bonds in the two series listed above. The bonds are expected to be priced on January 15 and 16. Proceeds will fund various state education projects. Series B will consist of standard debt that provides tax-exempt interest payments, while the Series A bonds will be issued as taxable Qualified School Construction Bonds (QSCBs). Under the American Recovery and Reinvestment Act of 2009 (ARRA), states and large municipalities were authorized to issue certain amounts of QSCBs, for which the federal government provides either tax credits or interest-subsidy payments. QSCB proceeds will finance design and construction of school facilities. The state will be issuing the bonds as direct-payment interest rate subsidy. Proceeds of the Series B bonds will finance design and construction of library, research and other education-related facilities.

SUMMARY RATING RATIONALE

Alaska's accumulation in recent years of large financial reserves has left it well positioned to manage potential fiscal challenges, supporting the state's Aaa rating. Alaska has benefitted from elevated oil prices and from conservative management of its petroleum-based revenues. Alaska's dependence on oil extraction leaves it vulnerable to both global economic conditions and to oil production logistical factors, but the state's financial reserves should help maintain fiscal strength during the next five to 10 years. During this period, we also expect the state will pursue revenue diversification by facilitating production and shipping of its vast natural-gas resources.

STRENGTHS:

- Very large revenue cushion in Constitutional Budget Reserve Fund (CBRF) and other funds

- History of conservative oil price and production-volume forecasting

- Conservative fiscal practices, highlighted by use of 2008 oil revenue windfall to rebuild CBRF

- Potential to transition over time to natural gas from oil as primary revenue source

- Low debt burden compared to available reserves

CHALLENGES:

- Revenue reliance on North Slope oil production, which is in a long-term decline and subject to price volatility and production disruptions

- Narrow economic base with concentration in government employment sector

- Lack of certain best practices for financial management

- Relatively weak pension funding

DETAILED CREDIT DISCUSSION

HEIGHTENED RESERVE LEVELS REFLECT PRUDENT MANAGEMENT OF OIL REVENUE WINDFALL

Alaska's financial reserves available through legislative action to offset revenue shortfalls amounted to more than $19 billion as of October 31. The total consists primarily of a balance of approximately $10.6 billion in the state's Constitutional Budget Reserve Fund (CBRF) and $5.2 billion in its Statutory Budget Reserve; it excludes amounts appropriated to future-year expenditures. It amounts to more than 30 times the state's general obligation debt ($610 million as of June 30, 2012), and is more than three times proposed fiscal 2014 unrestricted general operating appropriations. These reserve amounts are largely attributable to elevated oil prices in recent years. The state receives about 90% of its general fund unrestricted operating revenue (which excludes federal and certain other revenues) from oil producer royalties, and from taxes on property, production and income. The oil price trajectory - to current levels exceeding $100 per barrel from less than $20 per barrel in early 1999 - has enhanced producer profits and state tax revenues. The surge from $60 per barrel in 2007 to $147 the next year produced a windfall that Alaska used mostly to repay its CBRF for amounts drawn when prices were lower. Of Alaska's $6.9 billion fiscal 2008 surplus, about two thirds was allocated to reserve replenishment. The state also appropriated $694 million to fund future-year expenditures. Based on the state's audited figures for the year ended June 30, 2011, the state had available general fund balances of $13.1 billion, or almost 150% of general fund revenues excluding federal sources. The state's financial reserve build-up contrasted with the reserve depletion that most states experienced in recent years because of the US recession.

RESERVE REPLENISHMENT DEMONSTRATES CONSERVATIVE FISCAL PRACTICES

Alaska's rebuilding of reserves demonstrated conservative fiscal practices supported by legal and constitutional requirements. On an audited basis, combined CBRF and Statutory Budget Reserve Fund balances rose $5.5 billion, or 53%, in the two years ended June 30, 2012. The statutory reserve fund accounted for most of this growth, more than $4 billion. The state can spend from the statutory reserve subject to approvals from the governor and legislature, by a simple majority. The CBRF was created by constitutional amendment in 1990 to serve as a formal rainy-day fund. It receives all of the state's administrative and legal settlements in oil and gas production tax and royalty disputes. Its contents are available for appropriation when revenues fall below prior-year levels, or with legislative approval by a three-fourths majority in each chamber. Advances for operating purposes are treated as loans to the general fund, and must be repaid pursuant to Article IX, Section 17(d) of the state constitution. The fund's $8.3 billion audited balance as of June 30, 2009, represented full repayment of past borrowings, as well as additional settlement payments into the fund. The current $10.6 billion balance includes further settlement payments and investment gains through June 30, 2012.

AVAILABLE RESERVES OFFSET EXPOSURE TO OIL PRICE AND PRODUCTION RISK

Alaska's available reserves provide a significant offset to the oil price and production risks inherent in Alaska's G.O. pledge. Weak global economic conditions or disruption of Alaska's Trans-Alaska Pipeline System, for example, could both impair the state's ability to generate revenue. Nevertheless, the state has built a financial cushion large enough to allow it to manage any of these challenges. Financial reserves may ultimately necessary as oil production volumes fall off and the state transitions to large-scale natural gas production. Using its reserves, Alaska could pay for general fund unrestricted operating expenses for several years with no other revenues. It could pay down total net tax-supported debt and still retain substantial available resources. Further, Alaska could draw on reserves to offset low oil prices or production volumes. Production risks persist, and unexpectedly weak oil output may erode revenues. Environmental challenges oil producers face in Alaska were highlighted by the beaching of a Royal Dutch Shell Plc drilling rig on December 31. This incident is unlikely to have a direct impact on Alaska's oil revenues, because Shell was using the rig as part of an exploratory effort to drill in federal waters. Maintenance issues affecting North Slope oilfields and pipelines, such as the 2006 temporary closure of Prudhoe Bay oilfield, are a more likely source of revenue underperformance. Production at Prudhoe Bay, the state's largest source of oil, fell 19% to 274,000 barrels per day on average in the fiscal year of the 2006 shut-down. The daily average for Prudhoe Bay oil output wound up 17% less than had been projected before the year began. In the first four months of fiscal 2013, state revenues fell about 28%, largely because of oil-field maintenance issues. The Trans-Alaska Pipeline System, which has been functioning since 1977 and ships oil 800 miles from the North Slope to Valdez in south-central Alaska, may become more vulnerable to blockages, particularly as the volume of oil shipped through it declines. The state currently projects a 10-year production decline of about 42%, to 338,500 barrels per day in 2022 from 579,000 in 2012.

PERMANENT FUND FOR OIL REVENUES GREW 50% IN PAST DECADE

The primary repository for the state's oil wealth is the Alaska Permanent Fund, which citizens created by voting in favor of a 1976 constitutional amendment. The fund has increased by about 50% in the past decade and is currently valued at $43.6 billion. It receives both a constitutionally and statutorily defined portion of mineral revenues (lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses) paid to the state. The fund is managed by a state corporation, the Alaska Permanent Fund Corporation, which is overseen by a six-member board of gubernatorial appointees. The fund's principal can be used only for income-producing, eligible investments (as defined by statute) and is not available to pay for state operations. The fund pays annual dividends to qualifying state residents, including children. The dividend is calculated as 10.5% of the past five years' total realized income, though without exceeding 50% of the balance in the fund's Realized Earnings Account (REA). The dividend peaked at $2,069 per person in 2008. Within the permanent fund is the Permanent Fund Earnings Reserve account. This account, which is available for appropriation by the state, represents the Permanent Fund's earnings after dividend distributions and ``inflation-proofing'' payments to the fund. The earnings reserve account's balance was $2.98 billion as October 31.

CONSERVATIVE PRICE AND PRODUCTION FORECASTING REMAINS KEY CREDIT FACTOR

A conservative approach to forecasting oil revenues - with respect to assumptions for both price and production - has long been a key element of Alaska's credit profile. The state's fiscal 2008 windfall was a product of the fact that Alaska's forecast oil price ($82.51 per barrel) was substantially less than the actual, $96.51. Through the past decade, the state's long-range oil price projections have consistently proven conservative. Expectations that the state will continue to provide conservative forecasts support the Aaa rating. For its most recent forecast, issued late last year, the state refined its long-term projection methodology to become even more conservative. The new approach uses risk weighting, meaning that it incorporates probabilities surrounding production levels from individual wells into the forecast. The state notes that over the long term, actual output could exceed projected levels because of technological improvements or production beginning in new areas, which are not included in the forecast. The forecast doesn't assume production from a specified area within the Alaska National Wildlife Refuge or from most of the National Petroleum Reserve-Alaska. In addition, the state is likely to revise its current oil production tax regime to encourage producers to invest in new oil production efforts.

MULTI-YEAR FINANCIAL PLANNING WILL BOLSTER MANAGEMENT STRENGTHS

Alaska's financial management, including its conservative approach to oil forecasting, has led to improved financial strength in recent years. The state has addressed financial management weaknesses by adopting a practice of producing multi-year financial plans with out-year revenue and expenditure forecasts. The state does not use a binding consensus revenue estimating process, although the executive branch publishes comprehensive revenue forecasts twice a year. Alaska annually publishes an inventory of state and local debt, although the document lacks projections of future debt issuance and affordability effects. Strengths in the state's governance profile include the executive's ability to impose midyear spending cuts in response to revenue shortfalls. This statutorily defined power provides an alternative to borrowing from the CBRF. Budget monitoring and control is overseen by the state Department of Administration's Division of Finance. Agencies use a statewide accounting system that allows monitoring and summarization of encumbrances and expenditures. The state has not been subject to fiscal uncertainty caused by voter initiatives, although initiatives are allowed under the constitution.

PENSION FUNDING IS WEAK, BUT STATE HAS CLOSED DEFINED-BENEFIT PLANS

The state has implemented reforms to reduce pension funding needs; including closing the defined benefit pension plans to new members after July 1, 2006. This reform will have long-term benefits, but we expect funding needs for the state's plans to exert fiscal pressure in coming years. The state's two largest plans, the Public Employees Retirement System and the Teachers' Retirement System, had a combined aggregate funded ratio of 60% ratio as of June 30, 2011, including liabilities for pension and other post-employment benefits. The state in 2007 created retiree health benefits trusts.

OUTLOOK

The outlook for Alaska is stable, based on expectations the state will continue to make conservative oil revenue forecasts and plan for the eventual depletion of its oil resources, and that its large budgetary reserves will allow it to withstand short-term production disruptions.

WHAT COULD MOVE THE RATING DOWN

- Sustained oil price level below projection

- Deterioration in output volumes

- Rapid depletion of reserves

- Revision of tax regime projected to erode revenues over an extended period

The principal methodology used in this rating was Moody's State Rating Methodology published in November 2004. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Alaska; Appropriations; General Obligation; Moral Obligation

Credit Profile		
US$153.215 mil GO bnds ser 2013B due 08/01/2025		
Long Term Rating	AAA/Stable	New
US$11.945 mil GO bnds (Qscb) ser 2013A due 08/01/2035		
Long Term Rating	AAA/Stable	New
Alaska GO		
Unenhanced Rating	AAA(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank, Alaska		
Alaska		
Alaska Mun Bnd Bank GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AAA' rating to Alaska's $11.9 million series 2013A (taxable qualified school construction) and $153 million series 2013B general obligation (GO) bonds. We also affirmed our 'AAA' rating on Alaska's previously issued GO bonds, our 'AA+' rating on the state's appropriation-backed certificates of participation, and our 'AA' rating on the state's moral-obligation-backed debt. The outlook on all the ratings is stable.

The ratings reflect our view of the state's:

- Strong financial management and frequently accurate forecasting, which we view as beneficial to credit because of the state's reliance on volatile oil-derived revenue (which fluctuate with the price of oil);
- Financial flexibility enhanced by the maintenance of large reserves derived from windfall oil revenue since fiscal 2008 and the prefunding of a substantial portion of the proceeding years' expenditures with current year revenue; and
- Moderate debt burden, significant pay-as-you-go financing of capital needs, and closed defined-benefit retirement system, despite a relatively large lingering unfunded actuarial accrued liability (UAAL).

The GO bonds are backed by the state's full faith, credit, and resources.

Alaska's economy and finances are highly resource dependent, with more than 90% of general fund revenue being oil-related. To a significant extent, the state's financial management has helped offset the risk of revenue volatility, which is inherent to an oil-based economy, by constructing a fiscal structure layered with reserves and extensive operating flexibility. Among the most prominent of these are:

- An accumulation of multiple budget reserves equal to well over 200% of the general fund budget;
- A high level of pay-as-you-go financing of capital needs, which could be reduced to fund operations if the state deems doing so necessary;

- Extensive forward-funding of significant areas of the state's operating budget, a practice that could be halted in an underperforming revenue environment;
- Twice the constitutionally required contributions to the state permanent fund of revenue from oil and gas rentals, royalties, and leases; and
- Untapped potential sources of tax revenue, such as statewide sales or personal income taxes, neither of which the state levies at present.

State financial performance in fiscal years 2012 and 2013 and the governor's proposed budget for fiscal 2014 exhibit the manner in which the above features benefit the state's financial position. As of June 30, 2012, available state budget reserves totaled $17.96 billion, or 183% of the state's total general fund spending on a budgetary basis (170% of general fund spending on an audited basis, including spending of federal funds and for capital). Measured against just the state's general fund operating budget, total budget reserves equaled 293% (not including capital or spending of federal dollars from the general fund). For fiscal 2013, the state projects total reserves of $19.04 billion -- 227% of total general fund spending, or 295% when excluding capital spending.

Considering the importance of oil-related revenue to the state's budget, the state's forecasts of both oil prices and production are crucial to its fiscal condition. The state's department of revenue (DOR) has a good track record forecasting year-ahead prices and production levels. In recent years, the state's forecasts have tended to err slightly on the low side (except for fiscal 2009, when actual Alaska North Slope, or ANS, West Coast oil prices came in at $68.34, almost 18% below the $83.04 that the state had forecast the year prior). Similarly, the state's forecast of production levels has been highly accurate for the one-year horizon. For fiscal 2012 the state forecast was less than one percentage point below actual production, and for fiscal 2013 the state estimates that its forecast from the previous fall will prove to have been just 0.43% higher than the actual price.

A bigger issue for the state is measuring the long-term rate of oil production decline. Since peaking in 1988, the average annual rate of decline in production has been around 5.5%. However, the state's long-term forecasts have consistently projected a long-term rate of annual production decline of just 2.5% or less. As a result, the state's long-term forecast has tended to overestimate actual production levels. With its fall 2012 forecast, the DOR has revised the methodology used to develop its longer-term production forecast. The new approach applies risk factors to discount the projected oil production from oil fields that are still under development or in the evaluation stage. Previously, production estimates in the forecast from such fields were not adjusted downward to account for their higher level of uncertainty.

For fiscal 2014, the governor's recently proposed budget rests on projected ANS West Coast spot price per barrel of $109.61 and 538,000 barrels per day (bpd) in production. At these levels, the state is assuming a small 0.87% price increase and a 2.7% decline in production compared with fiscal 2013. Despite the very strong reserves, the governor's spending proposal for state general fund operations is restrained and would increase by just 0.8% if enacted. Total general fund spending, including for capital projects, would actually decline by 14.2% under the governor's proposal because of his request for less capital spending. For the fiscal year, the governor's budget proposal would include $10.9 billion in total spending. Of this, general fund outlays would total $7.36 billion, or $6.5 billion if capital spending is not included.

State revenue in fiscal 2012 produced a $2.9 billion budgetary surplus after cash funding of more than $1.66 billion in capital projects. Pay-as-you-go capital funding in fiscal 2013 increased to $1.92 billion, and the state still had essentially break-even fiscal results.

Beyond its budget reserves, the state has regularly prefunded some of its major expense items, including education and municipal revenue sharing. For example, in fiscal 2013 the state's prefunding activity totaled $1.4 billion. Of this, the state is prefunding education spending for fiscal 2014 of $1.1 billion in fiscal 2013. The governor's budget proposal for fiscal 2014 includes $1.2 billion in education funding for fiscal 2015. If, in any given year, the state anticipates weaker revenue, it could discontinue the prefunding practice and immediately recognize a like amount of increased one-time budget capacity. Since 2005, the state has prefunded almost $7 billion of operating expenses.

In the event of a revenue decline, the state could reduce the amount it appropriates for capital funding or the amount of operating budget expenses it prefunds before tapping its reserves. Finally, significant revenue potential resides in a possible statewide sales or personal income tax, which the state does not currently levy.

The unrestricted general fund balance includes the constitutional budget reserve fund (CBRF), which holds the proceeds of disputed oil tax settlement revenue and is available for general fund purposes but requires a three-quarters vote of the legislature for appropriation. However, the state has borrowed against it for general fund expenditures. This fund held $10.9 billion as of Oct. 31, 2012. In addition, the state constitution requires 25% of all mineral lease rentals and royalties to be deposited into a state permanent fund, with an additional 25% deposit required under state statute. Permanent fund principal can only be invested, but accumulated retained earnings from the fund are available for appropriation by a simple majority vote of the legislature. At the end of October 2012, the total permanent fund had a balance of $42.37 billion, up 5% since June 30, 2012. The October balance included $39.4 billion in the restricted principal and $2.98 billion in the unrestricted permanent fund earnings reserve. The state distributes 50% of the five-year average earnings of the permanent fund each year to residents, but deposits 50% of the fund's earnings into the unrestricted permanent fund earnings reserve (PFER).

Total state net tax-supported GO and general-fund-supported lease debt is moderate, in our view, at $1,203 per capita (not including municipal school debt and local government capital projects that the state has reimbursed or self-supporting GO bonds that the state has issued through its housing corporation and that are backed by veterans' housing loans). Fiscal 2012 tax-supported GO and appropriation debt service was moderate at 1.2% of general fund and non-major special governmental fund expenditures, not including discretionary state reimbursement for local school debt.

The state has taken steps to reform its pension and retirement systems, which will limit the accumulation of new liabilities. The state closed its defined-benefit retirement plans to new employees in 2006 in favor of a defined-contribution retirement plan. Nevertheless, the remaining unfunded pension liability in the state's multi-employer Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and three smaller plans is large and, on a combined basis, equals $7.07 billion, or $9,788 per capita. However, the liabilities include the participation of local governments and school districts. The pension funding level as of the most recent actuarial valuation, June 30, 2011, was low, in our opinion, at 61.9% for PERS and 54.0% for TRS. Alaska is amortizing the unfunded pension liability over a 25-year period. The state funds its other post-employment benefits (OPEB) obligations within the retirement systems through a retirement health care trust fund. The separate PERS and TRS unfunded OPEB liabilities total $4.04 billion and $2.04 billion, respectively. These amounts are, on a combined basis, down $120 million from 2010, when they were $4.6 billion and $1.6 billion, respectively. The more significant decline was in 2010, when the combined unfunded liabilities were $11.8 billion. The reduced actuarial liabilities reflect the application of a new higher assumed rate of return, of 7.2% instead of the prior 4.7%, on invested OPEB assets. As with pensions, the reported OPEB liabilities include the liabilities of the participating local governments and school districts, enlarging their value relative to those of most other states.

Based on the analytic factors we evaluate for states, on a four-point scale on which '1' is the strongest, Standard & Poor's has assigned a composite score of '1.7' to Alaska.

Outlook

The stable outlook reflects our anticipation that the state will manage its windfall from historically high oil prices, which have produced unprecedented budget surpluses, with a long-term focus, but that its unfunded pension and other postemployment liabilities will remain high for the foreseeable future despite the closure of its defined-benefit plans to new entrants. The state has built up substantial reserves to provide essential services in the event of a revenue downturn, while hedging against declines in North Slope oil production and fluctuations in oil prices. Outside of its oil economy, the federal government is an important economic actor, both through military and civilian employment as well as support for specific projects and various state programs. And yet, although the ongoing negotiations surrounding federal fiscal consolidation represent a material risk to the state economy, we believe the state's fiscal position is strong enough to cushion potential direct fiscal or indirect economic effects from reduced federal funding flowing into the state. As such, we continue to view the state's credit outlook as stable despite the threat posed by a reduced federal presence in the state.

Economy

Alaska's economy is largely dependent on the oil extraction and mining industry, but the fishing, timber, and tourism industries are also present. Current high energy prices indicate that economic growth could continue faster than the national average. However, Alaska's high cost of living and dispersed population could restrain growth in non-oil-and-gas-related industries. IHS Global Insight Inc. estimates that construction and mining together account for about 10% of state employment. Employment sectors differ from those of the nation as a whole in some key respects. Alaska's manufacturing employment is 4.0% of total employment compared with 8.1% for the nation, its business and professional services are 8.3% compared with the nation's 11.7%, and its governmental employment 25.8% compared with 15.7% for the nation. This introduces potential exposure to employment losses from federal fiscal consolidation efforts.

Although the state's population has been increasing faster than that of the U.S. as a whole, this fluctuates from year to year. Alaska's population increased 13.3% in 2000 to 2010 compared with 9.7% for the U.S. The state's age dependency ratio -- the ratio of dependent population to total population -- is 51.8% compared with the nation's rate of 58.9%.

Because of its sizable rural population, Alaska's unemployment rate has historically been higher than that of the nation, but in recent years, as national unemployment has increased and the state's unemployment rate has held steady, its seasonally adjusted unemployment rate has fallen below national rates. Alaska's unemployment rate in 2011 was 7.6% compared with 8.9% for the nation. The most recent monthly unemployment rate, for November 2012, was 6.8% compared with the national rate of 7.7%.

As the state's economy has gradually matured, the composition of its employment base has shifted. In recent years, new jobs in health care, construction, and government have offset job losses in timber and seafood processing. In addition to oil, gold and metal ore mining and the possible construction of a major natural gas line could also prove promising for new jobs.

We believe high value mineral production has helped boost Alaska's real gross state product per capita to 147% of per capita U.S. GDP in 2011. State GDP growth has also been strong in recent years, increasing by 2.47% a year on average since 2000 compared with 1.42% for the nation. The federal Bureau of Economic Analysis' 2011 estimate of Alaska's per capita personal income is $45,665, or 109.9% of the nation's.

Relative to other states, Alaska's income figures are more prone to volatility because of the economic linkages to oil prices, which tend to fluctuate in response to global economic and geopolitical forces. Alaska suffered a severe recession in the mid-1980s following a collapse in oil prices, but since 2004 higher oil prices have contributed to economic growth we consider strong.

Oil production on the North Slope of Alaska occurs primarily at the principal oil fields of Prudhoe Bay and Kuparak River. Production on the North Slope peaked in 1988 at 2.01 million bpd. Since 1989, production from the North Slope has fallen, offset by a more-than-tripling price of oil. Oil production on the North Slope averaged approximately 579,000 bpd in fiscal 2012. The state's fall 2012 forecast projects average production to continue to gradually decline to 458,000 bpd by 2021.

Alaska continues to exploit its potential for natural resources production aggressively, in our view. The state is exploring the possibility of developing a natural gas pipeline to derive economic benefit from an estimated 36.2 trillion cubic feet of natural gas reserves. The state awarded a license to TransCanada PipeLines Ltd. (A-/Stable) for development of such a pipeline. Through the Alaska Gasline Inducement Act, the state agreed to provide as much as $500 million in matching funds for the development costs of the project. Shifting market dynamics have led to changes in estimates about the timing and nature of the final project. Separately, in 2010, the legislature created the Alaska Gasline Development Corp. to ultimately deliver natural gas from the North Slope to south central Alaska. The goal of the project is to make deliveries to south central Alaska by 2016.

On a four-point scale, on which '1' is the strongest, Standard & Poor's has assigned a score of '1.4' to Alaska's economic structure.

Governmental Framework

The Alaska constitution requires the governor to submit a balanced budget proposal to the state legislature by Dec. 15

for each fiscal year, which begins on July 1. The governor is required to submit three budgets -- an annual operating budget, a mental health budget, and a six-year capital budget. The governor can line-item veto legislatively approved budget bills. An enacted state budget is not required to stay in balance during the course of the fiscal year after budget adoption, but the governor can hold back expenditures when revenue is below budget.

The state does not have an individual income tax or sales tax, but has occasionally adjusted its formula for oil production and other mining-related tax rates. The state legislature can impose new taxes by majority vote, but a qualifying referendum petition could be filed to challenge new tax legislation. Alaska has the legal authority to re-impose an income tax (which it had in place before 1978) or to impose a sales tax if it so chooses.

Alaska's constitution provides that proceeds of state taxes or licenses "shall not be dedicated to any special purpose" except for restricted federal revenue, money dedicated before statehood, and money required to be placed in the state's permanent fund. As a result, most revenue is placed in Alaska's general fund although the state has created numerous subaccounts within the general fund.

The state's permanent fund was established as a constitutional amendment in 1977, which requires that at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, and federal mineral sharing revenue and bonuses be placed in the fund. An additional 25% is currently deposited to the fund per state statute. Its principal is restricted, but income from the fund is available for use by the general fund.

Alaska has wide legal latitude to cut disbursements as it chooses. It has an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because state appropriations have never significantly approached the limit, Alaska does not believe the reservation has constrained state operations. The appropriation limit does not apply to the permanent fund.

Voter initiatives may be placed on the ballot upon collection of enough petition signatures to equal 10% of the votes cast at the latest general election. However, successful voter initiatives have the effect of only statutory law and can be overridden or repealed by the legislature after two years. Voter initiatives may not amend the state constitution. In Standard & Poor's opinion, voter initiative activity has not historically affected or hindered state operations.

The state issues GO debt, lease-secured debt secured by annual appropriations, moral obligation debt, and dedicated tax revenue bonds. GO bond authorization requires a simple majority voter approval. GO bonds may be issued only for capital purposes, except for veterans' mortgage guaranteed bonds. The state has issued moral obligation debt for its Bond Bank, for the Alaska Energy Authority, and for the Alaska Student Loan Corp. The state can also legally issue cash flow notes, but has not done so in the past 35 years because of its historically strong cash position.

The Alaska constitution does not specify a priority of payment for GO debt service compared with other expenditures, but annual GO debt service, as a constitutionally authorized debt, could be paid in absence of a specific annual budget appropriation. Generally, the state has appropriated both GO and lease-secured debt service under a separate line-item appropriation.

The state provides assistance to school districts, including discretionary payments since 1970 to subsidize pre-qualified local school district debt service, but also can cut funding if it deems doing so necessary, as long as cuts are distributed so as to preserve equitable per-pupil funding across the state. The state has provided 60% to 100% reimbursement, depending on different factors.

On a four-point scale on which '1' is the strongest, Standard & Poor's has assigned a '1.5 ' to the state's governmental framework.

Financial Management

Financial management assessment: 'Good'

We consider Alaska's formal management practices "good" under our financial management assessment (FMA) methodology. An FMA of "good" indicates our view that the state maintains many best practices deemed as critical to supporting credit quality, particularly within the finance department. These practices, however, may not be institutionalized or formalized in policy, may lack detail or long-term elements, or may have little recognition by decision makers outside of the finance department.

The state has a statutory budget reserve within its general fund that, although not always funded, is available to provide liquidity. In addition, the state has also established the constitutional budget reserve fund (CBRF), which voters approved. Funds may be appropriated for certain purposes by a vote of three-fourths of each house of the legislature, but money can be used for interfund borrowing for general fund expenditures. All appropriations from the fund are recorded as a general fund liability.

Budget assumptions are conservative, in Standard & Poor's opinion. The leading predictor of state revenue, the price per barrel of oil, is generally forecast at lower levels than in the current fiscal year. A level of production is forecast as part of this, and budget amendments can occur throughout the year.

Alaska produces detailed revenue forecasts, with the focus being the price of oil, the leading determinant of general fund revenue. Other revenue sources are also included in the revenue source book, which is released twice each year. The tax division of the Alaska Department of Revenue prepares the book, using numerous outside sources of information to help predict the price of oil. Alaska projects expenditures to rise at the rate of inflation.

The state's debt management policy is updated annually with the public debt report. The debt report describes the different types of debt that Alaska issues, mainly certificates of participation and GO bonds. For general-fund-supported bonds, the state has a debt capacity that it determines, by policy, to be 8% of unrestricted revenue.

Investment management is also covered by the investment policy statement, and the performance of the state's investment portfolio is monitored daily. Each year the fund undergoes a fiduciary audit, which includes a review of legal and administrative constraints for each invested fund. The audit policy's stated goal is to keep Alaska's investment process intact during periods of market upheaval.

Alaska enacts an annual capital budget. Expenditure assumptions for the state's operating budget are adjusted as appropriate when capital projects begin. A transportation agency capital plan provides an annually prioritized plan detailing three years of projects and funding sources.

Budget Management Framework

The Alaska Department of Revenue issues formal revenue forecasts twice a year, in the spring and fall. The forecast is based on consultation with an engineering firm and the state department of natural resources. As noted above, the methodology for forecasting oil production has been revised to incorporate the greater variability associated with production forecasts from some oil fields that are still under development or are in the evaluation phase of development. The net effect of these changes has been to increase the long-term rate of production decline. The revenue forecast has historically been used as presented for budget adoption and not adjusted during the budget adoption process.

The state has a recent history of advance funding part of a following year's expenditures for both operating and capital expenditures because of, in our view, the high level of mineral-related revenue Alaska has received. However, in the past, the state has used existing high fund balances to carry deficits, and is not legally required to make midyear budget adjustments in the event a midyear gap develops. The governor has the discretion to hold back spending in the middle of the fiscal year if a budget gap appears to be developing. Such adjustments were last made in fiscal 2009, during oil price fluctuations. The governor can unilaterally prioritize such holdbacks, but the holdbacks have no formal requirement or schedule.

On a four-point scale on which '1' is the strongest, Standard & Poor's has assigned a '2.0' to Alaska's financial management.

Budgetary Performance

The state has no legal requirement to fund reserves at any specified level. However, historically it has held what we believe to be very high total general fund balances, and for the past five years these balances were higher than annual expenditures. With its exceptionally strong cash liquidity, the state's intrayear cash flows are positive, averting the need for it to borrow for cash flow purposes. On an audited basis, the general fund held a $20.79 billion cash and investment position at fiscal year-end 2012, equal to 222% of general fund expenditures. Although the state has no legal minimum budget reserve requirement, it has created a CBRF that holds money received by the state as a result of legal settlement, administrative proceedings, or litigation of mineral-related revenue. For liquidity purposes, in the past the state has used the CBRF for temporary borrowing within the year or to balance the budget at the end of the year. The CBRF is also available for general expenditures with a three-fourths vote of the legislature and approval of the governor. The most recent borrowing from the CBRF was in fiscal 2005, and the cumulative loan balance from the CBRF was repaid in fiscal 2009; at fiscal year-end 2012, the CBRF held $10.6 billion.

In addition, the state's statutory budget reserve fund held $5.2 billion, but the budget reserve has not always been funded in the past. To the extent that the statutory budget reserve has an available balance, Alaska plans to use this reserve first for liquidity purposes before borrowing from the CBRF.

Alaska has no legal requirement to fund services at a specified level, but we believe that its annual distribution to residents of a permanent fund "dividend" might be politically difficult to cut even though it is under no legal requirement to make this annual payment. Although state per capita income is above the national level, rural areas have pockets of poverty. Nevertheless, we believe state expenditures are relatively predictable, and many in recent years have been funded from prior-year appropriations. In general, Alaska has had a policy of prudently maintaining high fund balances, in light of volatile oil-derived revenue, significant one-time capital and other spending, and the use of surplus revenue to prefund future years' operating expenditures.

The fiscal year ended June 30, 2012 had a significant generally accepted accounting principles general fund operating surplus of $3 billion, or 33% of expenditures. This left what we consider to be a very high fiscal year-end committed and unassigned general fund balance of $21.3 billion, or 228% of expenditures. The state has had either an unreserved or unrestricted general fund balance higher than annual expenditures since fiscal 2008, when it produced a record $7 billion financial windfall from high oil prices and a new tax structure that effectively increased tax rates.

On a four-point scale on which '1' is the strongest, Standard & Poor's has assigned a '1.3' to Alaska's budgetary performance.

Debt And Liability Profile

We calculate Alaska's tax-supported debt per capita as moderate at $1,203. The state has about $755.9 million of GO debt, but about $180.1 million of this is considered self-supporting veteran's-mortgage-revenue-secured debt, leaving about $575.8 million net tax-supported GO debt. At the end of fiscal 2012, Alaska also had about $292.6 million of annual appropriation-supported debt. Tax-supported debt (GO and appropriation) to personal income is 2.6%, and tax-supported debt to gross state product is somewhat lower at 1.7%. We believe this is because of the level of mining and resource extraction activity. Tax-supported debt service as a percentage of general government spending was about 1.2% in fiscal 2012, but increases to 2.3% when including the local municipal-school- and capital-reimbursement-related debt paid by the state on behalf of local jurisdictions. About 51% of combined GO and lease debt matures in the next 10 years. Following the planned issuance, Alaska anticipates having capacity for $453 million of unissued GO debt that voters authorized in November 2012 for transportation-related projects. The governor's fiscal 2014 budget proposal includes approximately $1.8 billion (all funds) in capital funding.

In 2006, Alaska moved all new employees to a defined-contribution retirement plan from a defined-benefit plan, but employees hired before that continue under the state's defined-benefit pension plan. The Alaska PERS multi-employer plan had a 62% pension-funded ratio at fiscal year-end 2011, the most recent fiscal year for which actuarial date are available, and an unfunded pension liability of $4.16 billion, which includes the unfunded obligations of other participating local governments. Beginning with the fiscal 2011 valuation, PERS revised down to 8.00% from 8.25% its assumed actuarial investment rate of return.

The separate TRS had a $2.85 billion unfunded pension liability and 54% funding ratio at its June 30, 2011 actuarial valuation date. We include the TRS liability in this total for across-state comparison purposes although Alaska does not have a direct obligation to fund TRS.

Combined with much smaller unfunded liabilities for public elected officials, judicial officials, and retired national guard and naval militia members, the total PERS, TRS, elected, and judicial officials' unfunded multi-employer actuarial pension liability was $7.07 billion as of June 30, 2011, which is 59% funded on a combined basis -- high in our view, at $9,708 per capita, and 29% of total state personal income.

The state's defined-benefit OPEB liability for PERS was $4.04 billion and 55.3% funded by health care trust funds as of the most recent, June 30, 2012, audit. This represents a marked improvement from 2009, when the funded ratio was 32% and the UAAL was $8.6 billion. The OPEB liability also includes those of other participating local governments. The state is required by statute to fund the annual contributions to the pension system at the actuarially recommended level. The state's judicial retirement system had an unfunded OPEB of $2.7 million, and the elected officials' retirement system had an unfunded OPEB of $4.7 million. The TRS defined-benefit OPEB liability was 43.8% funded as of 2011, up from 29.5% as of 2009. At these levels, the OPEB UAAL for TRS was $2.04 billion in 2010, down from $3.20 billion in 2009. The combined state and local governmental employers' unfunded OPEB for PERS, STRS, and other plans equals a much smaller $6.1 billion through 2011 as compared with the $11.9 billion as of the 2009 valuation date.

Alaska reports its PERS unfunded OPEB costs for its legacy defined-benefit plan as part of its combined reporting of the defined-benefit pension system's unfunded retirement costs. PERS defined-benefit pension and OPEB contributions in fiscal 2012 equaled 78% of the combined annual required contribution (ARC) of $745.5 million for the PERS pension and OPEB obligations. For TRS, the combined ARC for fiscal 2012 was $335.7 million, of which the state and other employers contributed 80%, or $272 million. However, on July 1 of each year or as soon as funds are available thereafter, the state is required by statute to contribute sufficient additional funds to bring the total pension contribution for the prior fiscal year to the ARC.

In addition to the state's direct debt, since 1970 Alaska has supported the bonds issued by pre-qualified school districts, with the legislature able to reimburse municipalities for 60% to 100% of debt service costs. The actual program funding depends on annual legislative appropriations, and although not contractually obligated to do so, Alaska has always made the payments. In fiscal 2012, it appropriated $100.9 million of payments to school districts on total local school district obligations of approximately $872.6 million.

The state also has about $1.1 billion of self-supporting state moral obligation debt issued by the Alaska Bond Bank, the Alaska Energy Authority, and the Alaska Student Loan Corp.

On a four-point scale on which '1' is the strongest, Standard & Poor's has assigned a score of '2.4' to Alaska's debt and liability profile.

The Alaska Permanent Fund

Recognizing that over the long term the state's oil reserves would eventually be depleted, voters approved in 1976 a constitutional amendment to effectively monetize the state's natural resource assets. Since then, the state has managed an investment fund that is one of the largest of its kind in the world although principal balances are not available for budgetary purposes. Alaska's permanent fund is capitalized with royalties paid by oil companies.

The Alaska constitution requires that "at least 25% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state will be placed in a permanent fund." The state legislature subsequently added by statute another 25% deposit, raising the combined rate to 50%, on mineral leases issued after Dec. 1, 1979, and for bonuses on mineral leases issued after Feb. 15, 1990. The combined rate was reduced back to 25% as of July 1, 2003, but raised again to 50% on Oct. 1, 2008. The state legislature has also made special appropriations to the principal account from other oil revenue and fund earnings. As a result, the Alaska permanent fund balance increased to $40.3 billion at the end of fiscal 2012 from an initial deposit of $734,000 in 1977. This includes both $38.3 billion restricted as to principal and the $2 billion unrestricted PFER, representing cumulative permanent fund earnings and past transfers from other sources. The PFER can be spent for any purpose by a simple majority vote of the legislature.

Alaska residents, particularly in poor rural areas, reap significant economic benefits from the fund through the state's politically popular annual dividend program, under which a portion of the permanent fund's annual earnings is distributed as dividends to every resident of the state. In fiscal 2012, Alaska paid a permanent fund dividend of $878 per state resident, not including PFER payments to maintain "dividend" payments to state residents. This is down from 2009, when the state paid a dividend payment of $2,069 plus a one-time, $1,200 per-resident "Alaska resource rebate" from accumulated nonrestricted permanent fund earnings reserves. Also, the state has made transfers to the PFER to "inflation-proof" the permanent fund's principal. PFER balances have also been paid out at other times to the general fund.

Before fiscal 2008, the permanent fund increased in every year except during the 2001-2002 bear market, when declines of 3% and 2%, respectively, were recorded. The permanent fund is managed by both the in-house staff of the state-owned Alaska Permanent Fund Corp. (established in 1980) and by external money managers.

Alaska's Oil Tax Structure

The state changed its method of taxing petroleum from a gross tax on petroleum production to a net income tax in 2006, with a modification in 2007 to its current form known as Alaska's Clear And Equitable Share (ACES). During the past several legislative sessions, the governor and legislature have debated various types of reforms to the state's tax regime, which ranks among the highest in the world, according to the state DOR. The current method of taxation was intended to promote exploration (by allowing for the deduction of development costs) while also generating more revenue for Alaska when oil prices are especially high. The tax is implemented at a progressive rate whereby the tax rate will rise with oil prices. The production tax rate is 25% of the value of the petroleum minus costs. A progressive surcharge of 0.4% is added for every dollar of per-barrel net income in excess of $30, increased by 0.1% for every dollar of net income in excess of $92.50. Alaska estimated previously that for every dollar that the per-barrel price of oil increased, the state would receive $122 million to $194 million in additional general purpose revenue. Although the current level of taxation has led to windfall-like revenue for the state in recent years of sustained higher oil prices, the DOR believes it discourages new development. In addition, under ACES various tax credits are granted to companies for certain types of expenditures. State officials are not clear that the tax credits are incentivizing enough exploration or development to warrant the estimated $850 million to $1 billion (in fiscal years 2013 and 2014, respectively) in forgone tax revenue. The governor, therefore, is supportive of reforming the oil tax structure to make it more globally competitive (less progressive with price) while encouraging new development. Specific elements of reforms he may support would include incentives for oil fields with special challenges, such as location far from existing infrastructure.

Related Criteria And Research

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Moral Obligation Bonds, June 27, 2006
- State And Local Government Ratings Are Not Directly Constrained By That Of The U.S. Sovereign, Aug. 8, 2011

Ratings Detail (As Of January 7, 2013)		
Alaska GO		
Long Term Rating	AAA/Stable	Affirmed
Alaska certs of part (Seafood & Food Safety Lab Fac) ser 2003A dtd 08/01/2003 due 01/15/2005-2019		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Alaska COPs ser 2005A		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Alaska COPs (State Virology Lab Facs)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Alaska Energy Auth, Alaska		
Alaska		
Alaska Energy Auth (Alaska) pwr rev (Bradley Lake Hydroelectric Proj)		
Long Term Rating	AA/Stable	Affirmed
Alaska Mun Bnd Bank, Alaska		
Alaska		
Alaska Mun Bnd Bank (Alaska) GO		
Long Term Rating	AA/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO moral oblig (MBIA) (National)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO (AMBAC)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO (Moral Ob)		
Long Term Rating	AA/Stable	Affirmed
Alaska Mun Bnd Bank GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Anchorage Municipality, Alaska		
Alaska		
Anchorage Municipality (Alaska) lse rev rfdg bnds (Correctional Facility) ser 2005		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed

Ratings Detail (As Of January 7, 2013) (cont.)		
Matanuska-Susitna Boro, Alaska		
Alaska		
Matanuska-Susitna Boro (Alaska) lse rev (Goose Creek Correctional Facs) (ASSURED GTY)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Fitch

FitchRatings

Fitch Rates Alaska's $165MM GOs 'AAA'; Upgrades Outstanding GO Debt to 'AAA'

Ratings Endorsement Policy
07 Jan 2013 2:39 PM (EST)

Fitch Ratings-New York-07 January 2013: Fitch Ratings assigns an 'AAA' rating to general obligation (GO) bonds of the state of Alaska (the state), consisting of the following:

--$11.945 million GO bonds, series 2013A (taxable qualified school construction bonds - direct payment);
--$153.215 million GO bonds, series 2013B.

The bonds are expected to sell via negotiation the week of Jan. 14, 2013.

Fitch upgrades to 'AAA' from 'AA+' the rating on approximately $575.8 million of outstanding state of Alaska GO bonds.

In addition, Fitch upgrades the ratings on the state's appropriation-backed debt and other related debt, which are detailed at the end of this release.

The Rating Outlook is Stable.

SECURITY

General obligations to which the full faith, credit and resources of the state are pledged.

KEY RATING DRIVERS

VERY LARGE RESERVES: Alaska has set aside very large reserves for general fund operating needs, principally in the Constitutional Budget Reserve Fund (CBR) and Statutory Budget Reserve Fund (SBR). The state has used recent windfalls from high oil prices to repay past CBR draws and remains committed to maintaining sizable reserves, a key rating factor given forecasted declines in oil production over time. The state's reserves provide multiple times coverage of its debt obligations.

CONSERVATIVE FINANCIAL MANAGEMENT: Conservative financial management is critical given the state's dependency on energy-related revenues and the volatility of energy prices and production. Fitch expects Alaska to prudently manage its reserve funds and promptly adjust its expenditures as needed, consistent with the state's historical practice.

ECONOMY AND FINANCES DEPENDENT ON NATURAL RESOURCES: While both natural resources and the federal government have provided sources of employment and income to Alaska's small population, the volatility inherent in the natural resource industry is the state's area of vulnerability. Petroleum-related revenue accounts for approximately 92% of unrestricted General Fund revenue.

MANAGEABLE LIABILITY POSITION: Alaska's debt burden is moderate. The state has prudently used available cash to fund its capital needs and cash-defeased outstanding obligations when cost-effective. Although the funded ratios of Alaska's major statewide pension systems are weak, the state has undertaken significant pension reforms and closed its defined benefit plans to new employees in 2006. In addition, about half of the state's other post-employment benefit (OPEB) obligations are pre-funded.

CREDIT PROFILE

The upgrade of Alaska's GO rating to 'AAA' from 'AA+' reflects the state's maintenance of very substantial and growing reserve balances and the continuation of conservative financial management practices at a time of strong revenue performance. State revenues are linked closely to oil production from the North Slope and global petroleum price trends, exposing the state to significant revenue volatility. Mitigating this risk, state fiscal practices are generally conservative, with the state dedicating a substantial share of oil-related revenue to reserves and employing long-range forecasting of revenues and expenses. Reserve balances have grown exponentially over the past several fiscal years, and Fitch believes the state is committed to keeping reserve levels high. Development of a natural gas pipeline from the North Slope, completion of which would help diversify state revenues, continues, with a settlement agreement reached with several large gas developers in March 2012. Debt practices are conservative, with limited issuance and average amortization. The economy remains stable. Although the state has potential exposure to federal employment cutbacks tied to budget pressures at the federal level, its revenue system limits its budget exposure.

RESOURCE-DEPENDENT REVENUE SYSTEM

Alaska's economic and financial performance is tied closely to its natural resource base, with 92% of unrestricted general fund revenues derived from petroleum-related activity estimated for fiscal year (FY) 2013. Fluctuating global energy prices in 2007, 2008, and 2009, led to sharp surges and drops in the state's unrestricted general fund revenues in the related fiscal years. Revenues have grown sizably since fiscal 2009 along with petroleum prices, enabling sizable growth in the state's various reserve funds. The CBR and SBR together have grown from $8.1 billion in FY 2009 to $15.9 billion in FY 2012 and the fund balance of the state's permanent fund has increased from $29.9 billion to $40.3 billion over this same time frame.

FY 2012 North Slope West Coast oil prices averaged $112.65 per barrel; well over the $94.70 per barrel forecast on which the budget was based. On a GAAP basis, FY 2012 ended on June 30 with a $3.8 billion general fund surplus, bringing the general fund balance to $21.6 billion; more than 2 times total general fund expenditures. In addition, there was a $192.8 million net positive fund balance change in the state's permanent fund, increasing the fund to $40.3 billion. The fall 2012 forecast projects FY 2013 oil prices at $108.67 per barrel; down from the $110.44 per barrel on which the budget was based. The revised estimate for oil production is also slightly lagging forecast in FY 2013; 0.553 bbl/day now anticipated, down from 0.563 bbl/day forecast.

The fall 2012 revenue forecast points to unrestricted general fund revenue in FY 2013 landing behind budget due to these lagging results. FY 2013 unrestricted general fund revenues are forecast at $7.57 billion, as compared to $7.7 billion in anticipated expenditures. The state maintains several options to close this modest forecast gap in addition to reducing discretionary expenditures, such as capital projects and statewide supplemental expenses.

The governor recently proposed a fiscal 2014 operating budget that forecasts oil prices increasing slightly to $109.61 per barrel, with a slight decline in oil production assumed. Fiscal 2014 unrestricted general fund revenues are forecast at $7 billion, a 6.8% decline from anticipated revenues in FY 2013. The proposed $6.5 billion in recurring and discretionary appropriations is 14.3% less than the prior year, primarily due to a $1.1 billion proposed cut in capital expenditures. The proposal includes a $508 million transfer to the SBR. The budget proposal will be considered in the 2013 legislative session. Fitch also expects the governor to pursue reforms to the oil tax structure, with the goal of encouraging additional investment and drilling to increase future oil production, and will review the details as they emerge.

VERY LARGE RESERVE FUNDS

As noted above, the state has prudently set aside much of its revenue windfall in the CBR and SBR. Deposits of surplus funds as well as dedicated petroleum dispute settlement funds have brought the CBR's balance to over $11 billion. The SBR has grown to $5.5 billion and over $1 billion has been set aside for prefunding school formula payments. Additional balances available to the state include realized earnings of the $40.3 billion Alaska Permanent Fund, measuring almost $3 billion. These reserves may be accessed by the state by a majority vote of the legislature; with access to the CBR restricted to a three-fourths majority vote of the legislature should the general fund not be in a deficit situation. The pre-funded balance for education, equal to about one year of education expense, does not require a vote of the legislature for its use.

The state's fall 2012 forecast of increasing future oil prices combined with declines in production is expected to result in fairly steady but modest unrestricted general fund revenue losses through the FY 2022 forecast period. Should the state take no action to reduce its recurring and discretionary general fund expenditures and baseline spending growth continue, the state forecasts General Fund operating deficits would begin in FY 2015 and grow through the forecast period (FY 2022), resulting in the use of the SBR through the period of the forecast to balance operations until the reserve is depleted in FY 2020.

In the forecast, the CBR continues to grow through the forecast period until 2021, peaking at $16 billion. The permanent fund earnings reserve (PFER) is also expected to grow through the forecast period, reaching $7 billion in FY 2022. On a combined basis, these three reserve funds have a forecast peak of $23 billion in FY 2019, declining to $21 billion in FY

2022. General fund expenses in FY 2022 are forecast at $8.6 billion, compared to $7.7 billion in the current fiscal year and $6.5 billion proposed for FY 2014. Fitch expects the state to prudently manage the application of these reserves, if such action is warranted, and realign its discretionary expenditures as necessary.

MANAGEABLE LIABILITY POSITION

The state is an infrequent debt issuer, meeting most capital needs from current revenues. The debt burden as of June 30, 2012 is manageable, with $894 million in net tax-supported debt measuring 2.7% of personal income after excluding guaranteed debt of the Housing Finance Corporation, which has never required state support, and reimbursable school debt. The debt burden will increase to 3.2% when including the current issue. Expected borrowing for state transportation projects will also increase the debt to per capita income ratio, although Fitch notes that as the majority of state debt is repaid from petroleum-related revenue the debt-to-income ratio is not as meaningful for Alaska as for other states.

The pensions for two major statewide systems, for general public employees and for teachers, were funded at 63% and 54.1%, respectively, as of June 30, 2011 based on the systems' 8% investment return assumption. Using Fitch's more conservative 7% assumption, the funded ratios decline to 56.2% and 48.9%, respectively. OPEBs alone are funded at 50.4% for general public employees and 48.1% for teachers, as of June 30, 2011. The state has undertaken multiple pension reforms in recent years, including switching to a defined contribution plans for new employees beginning July 1, 2006 and legislation enacted in 2007 obligating the state to assume local governments' contributions over a fixed percentage of payroll. Additional pension reform discussions are ongoing and Alaska has no stated plan to issue up to $5 billion in pension obligation bonds that were authorized in 2008.

As noted above, Fitch upgrades the ratings on the state's appropriation-backed debt and other related debt, which are listed below:

--Approximately $11.4 million state of Alaska state certificates of participation to 'AA+' from 'AA';
--Approximately $16 million municipality of Anchorage state lease revenue bonds to 'AA+' from 'AA';
--Approximately $216 million Matanuska-Susitna Borough state lease revenue bonds to 'AA+' from 'AA';
--Approximately $600 million Alaska Municipal Bond Bank GO bonds (2005 bond resolution) to 'AA+' from 'AA';
--Approximately $4.6 million Alaska Municipal Bond Bank GO bonds (2010 bond resolution) to 'AA' from 'AA-'; and
--Approximately $47.8 million Alaska Municipal Bond Bank bonds issued under various bond resolutions to 'AA' from 'AA-'.

The Rating Outlook is Stable.

State certificates of participation and state lease revenue bonds are backed by the state's appropriation commitment for debt service and therefore rated one notch below the state's GO rating.

State bond bank obligations incorporate multiple layers of security on both the borrower level and at the state level. For additional information on the bond bank, please see 'Fitch Rates Alaska Municipal Bond Bank GOs 'AA' dated Sept. 11, 2012.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

In addition to the sources of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from IHS Global Insight.

Applicable Criteria and Related Research:
--'Tax-Supported Rating Criteria', dated Aug. 14, 2012;
--'U.S. State Government Tax-Supported Rating Criteria', dated Aug. 14, 2012.

Applicable Criteria and Related Research:
Tax-Supported Rating Criteria
U.S. State Government Tax-Supported Rating Criteria

IX. Closing Memo

January 18, 2013

To: Working Group
From: *Citi*
Re: State of Alaska
General Obligation Bonds
Series 2013A (Taxable Qualified School Construction Bonds)
Series 2013B (Tax-Exempt Bonds)
Closing Instructions

Closing Timetable:

Pre - Closing: Pre-Closing for the above transaction will take place at 1:00 PM (Alaska Time) / 2:00 PM (Pacific Time), Tuesday, January 22, 2013 at the offices of K&L Gates LLP. Bond Counsel will confirm that all required documents have been received in order to proceed to closing on Wednesday, January 23, 2013.

Contacts: **Cynthia Weed and Kerry Salas**
K&L Gates LLP
206.370.7801 (Weed) & 206.370.5766 (Salas)

Closing: Closing for the above transaction will commence at 7:00 AM (Alaska Time) / 8:00 AM (Pacific Time), Wednesday, January 23, 2013 and will take place at the offices of K&L Gates LLP and via a conference call.

Conference Call Dial-In: 719.325.2771 // Passcode: 683 516 8351#

Please note funds will not be disbursed to accounts until the bond issue is closed. The State shall disburse funds only after the joint conference call with DTC.

Sources and Uses:

	Series 2013A	Series 2013B	Total
Sources			
Bond Proceeds			
Par Amount	$ 11,945,000.00	$ 150,535,000.00	$ 162,480,000.00
Premium	-	33,869,629.30	33,869,629.30
Other Sources of Funds			
COI Contribution	24,657.50	310,742.50	335,400.00
Total Sources	***$ 11,969,657.50***	***$ 184,715,371.80***	***$ 196,685,029.30***
Uses			
Fund Deposits			
2010 Education Project Fund	$ 11,923,603.34	$ 184,165,869.76	$ 196,089,473.10
Delivery Date Expenses			
Costs of Issuance	24,657.50	310,742.50	335,400.00
Underwriter's Discount	21,396.66	237,685.94	259,082.60
Other Uses of Funds			
Contingency	-	1,073.60	1,073.60
Total Uses	***$ 11,969,657.50***	***$ 184,715,371.80***	***$ 196,685,029.30***

Calculation of Purchase Prices:

Aggregate Purchase Price	
Aggregate Par Amount of the Bonds	$ 162,480,000.00
Plus Original Issue Premium	33,869,629.30
(Less Underwriter's Discount)	(259,082.60)
Aggregate Purchase Price	**$ 196,090,546.70**

Series 2013A (Taxable QSCBs) Purchase Price	
Aggregate Par Amount of the Bonds	$ 11,945,000.00
Plus Original Issue Premium	-
(Less Underwriter's Discount)	(21,396.66)
Aggregate Purchase Price	**$ 11,923,603.34**

Series 2013B (Tax-Exempt Bonds) Purchase Price	
Aggregate Par Amount of the Bonds	$ 150,535,000.00
Plus Original Issue Premium	33,869,629.30
(Less Underwriter's Discount)	(237,685.94)
Aggregate Purchase Price	**$ 184,166,943.36**

Responsibilities prior to Closing:

1.) Citi Wire to Bank: Not later than 6:00 AM (Alaska Time) / 7:00 AM (Pacific Time) on Wednesday, January 23, 2013, Citi will send one Federal Funds wire in the amount of **$11,923,603.34**, representing the purchase price of the 2013A Bonds, to State Street Bank & Trust Company, pursuant to the wire instructions detailed below:

Wire Instructions	
Amount:	**$11,923,603.34**
Bank:	State Street Bank & Trust Company
ABA number:	011000028
Account #:	10294064
Account Name:	State of Alaska – AY3W GO Bond 2013 Series A
Attention:	Deven Mitchell, 907.465.3750

2.) Citi Wire to Bank: Not later than 6:00 AM (Alaska Time) / 7:00 AM (Pacific Time) on Wednesday, January 23, 2013, Citi will send one Federal Funds wire in the amount of **$184,166,943.36**, representing the purchase price of the 2013B Bonds, to State Street Bank & Trust Company, pursuant to the wire instructions detailed below:

Wire Instructions	
Amount:	**$184,166,943.36**
Bank:	State Street Bank & Trust Company
ABA number:	011000028
Account #:	10294072
Account Name:	State of Alaska – AY3Z GO Bond 2013 Series B
Attention:	Deven Mitchell, 907.465.3750

3.) Confirmation: Upon confirmation of receipt of the Federal Funds wire transfer, representatives from the State, Financial Advisor, Bond Counsel, Underwriter's Counsel and Citi will jointly call DTC from the conference call to release the Bonds.

Responsibilities after Closing:

After Closing on January 23, 2013, the State will allocate the funds as follows:

1.) 2010 Education Project Fund. The State will keep $196,089,473.10 from the aggregate purchase price into the 2010 Education Project Fund subaccounts as follows:

a. $11,923,603.34 in subaccount AY3W for Series 2013A

b. $184,165,869.76 in subaccount AQ3Z for Series 2013B

2.) Payment of Costs of Issuance. The State will pay costs of issuance as outlined below.

Costs of Issuance	
K&L Gates (Bond Counsel)	$ 82,000.00
Acacia (Financial Advisor)	60,000.00
BNY Mellon (Bond Registrar)	1,600.00
Moody's (Rating Agency)	53,900.00
Standard & Poor's (Rating Agency)	60,000.00
Fitch (Rating Agency)	55,000.00
State Administrative/Travel Costs	15,000.00
Imagemasters (Printing & Mailing)	2,900.00
Miscellaneous	5,000.00
Total	**$ 335,400.00**

3.) Deposit into the Debt Service Fund. The State will transfer $1,073.60 from the aggregate purchase price into the Debt Service Fund.

MATERIAL EVENT NOTICE DATED JANUARY 9, 2013

Relating to the

State of Alaska

General Obligation Refunding Bonds, Series 2012A
General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment)
General Obligation Bonds, Series 2010B (Taxable Qualified School Construction Bonds – Direct Payment)
General Obligation Bonds, Series 2009A
General Obligation Bonds, Series 2003A (General Purpose)
General Obligation Bonds, Series 2003B (Transportation Grant Eligible Projects)

Base CUSIP Number
011770

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On January 7, 2013, Fitch Ratings upgraded its underlying rating on the State of Alaska's outstanding general obligation bonds from AA+ to AAA. An explanation of the significance of the current rating may be obtained only from the rating agency.