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Fitch: U.S. Public Finance Upgrades Exceed Downgrades for Sixth Straight Quarter.

Fitch Ratings-New York-28 October 2015: During the third quarter of 2015 (3Q'15) and for the sixth straight quarter, U.S. public finance rating upgrades outnumbered downgrades, according to Fitch Ratings. The tax-supported sector had the largest share with 17 out of 42 upgrades across U.S. public finance. Despite ongoing spending pressures, the tax-supported sector has experienced modest revenue and financial stability. The number of tax-supported downgrades also decreased to four from 10 in 2Q'15.

Par value for upgrades exceeded downgrades this quarter. Moreover, the majority of downgraded par value (81%) was due to downgrades of debt in the Chicago area. The amount of downgraded par value reduced drastically from the quarter prior, largely due to the downgrades of Puerto Rico debt in 2Q'15.

Fitch downgraded 17 credits, which represented approximately 2.2% of all rating actions and \$11.6 billion in par value. Fitch upgraded 42 credits, which represented 5.5% of all rating actions and \$19.4 billion in par value. Strong financial position and operations were common factors cited for credit upgrades.

The number of Positive Rating Outlooks (119) in 3Q'15 exceeded the number of Negative Rating Outlooks (118) for the first time since 1Q'08. The number of Positive Rating Outlooks increased from the prior quarter, and the number of Negative Rating Outlooks continued to decrease. The number of Negative Rating Outlooks was at its lowest since 3Q'08.

A majority of the rating actions (84%) during the third quarter were affirmations. Furthermore, 93% of ratings had a Stable Rating Outlook at the end of the third quarter. Based on the present distribution of Rating Outlooks and Watches within U.S. Public Finance, Fitch expects ratings to remain stable for most sectors throughout the year.

The full report 'U.S. Public Finance Rating Actions Third-Quarter 2015' summarizes these rating actions by sector and can be found at 'www.fitchratings.com'.