Exhibit E

S&P Global
Ratings

RatingsDirect®

Arkansas; Appropriations; General Obligation; General Obligation Equivalent Security

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Arkansas; Appropriations; General Obligation; General Obligation Equivalent Security

Credit Profile		
US$83.26 mil higher ed GO bnds (Arkansas) ser 2016 due 06/01/2029		
Long Term Rating	AA/Stable	New
Arkansas GO		
Long Term Rating	AA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA' long-term rating to Arkansas' series 2016 taxable refunding higher education general obligation (GO) bonds. At the same time, we affirmed our 'AA' long-term rating on the state's GO debt outstanding and our 'AA-' long-term rating on the state's appropriation debt outstanding. The outlook is stable.

The ratings reflect our view of Arkansas':

- Strong budget management framework, with a statutory requirement that the state adopt and maintain a balanced budget throughout the fiscal year;
- Conservative financial management practices and revenue forecasting, allowing Arkansas to enhance its financial flexibility;
- Strong liquidity position and cash flow monitoring practices that bolster the state's timely response to adjust expenditures when needed; and
- Low tax-supported debt levels.

Partly offsetting the above strengths, in our opinion, are the state's:

- Wealth and income indicators that continue to lag those of the U.S., although we believe these metrics will improve in the medium term; and
- Above-average funded level of state pension plans, although underfunding of the state teacher pension plan remains a credit weakness.

The series 2016 GO bonds and the GO bonds outstanding are secured by an irrevocable pledge of the state's full faith and credit, and the lease bonds outstanding are secured by state payments that are subject to annual appropriation. The series 2016 GO bond proceeds will be used to advance-refund GO bonds outstanding for savings throughout the life of the issue.

Arkansas' economic base has historically had some concentration in manufacturing, with 12.8% of the employment composition of the state in this area versus the U.S. rate of 8.7%. However, we believe the state's success in attracting companies such as Sprint, which will create 100 jobs in Arkansas with an average wage of $90,000, will begin diversifying the economic base. Offsetting the manufacturing concentration is stabilizing employment composition in government (17.6%), trade, transportation, and utilities (20.9%), and education and health services (14.5%), each of which account for larger or the same portions of employment compared with the U.S. as a whole. Other economic development projects underway include J.B. Hunt's expansion of its headquarters in northwest Arkansas by 1,000 employees, several technology companies' announcements for a combined 300 jobs (excluding Sprint), and various expansions and new development of health care facilities throughout the state totaling over $1 billion in investment. Although manufacturing employment is moderating, it continues to be an important aspect of the state's economy. Favorably, the manufacturing sector is evolving to include aviation (Dassault FalconJet), defense (Aerojet Rocketdyne), and e-waste recycling (Blue Oak).

Employment growth and economic development success has contributed to the state's low unemployment level, which in April 2016 was 3.9% versus the U.S. rate of 5.0%. The monthly rate is a vast decline from the calendar 2015 unemployment rate of 5.2%. Officials report that the labor market is tight, which has driven up the average state wage to 104.4% of the previous average. In addition, the state has undertaken a computer coding requirement for elementary and secondary education that will prepare students for technology jobs and provide companies with a labor force matching their skill needs. These initiatives have resulted in Arkansas' per capita personal income in 2015 increasing 3.9% to $39,107, equal to 82% of the nation's level.

The state's wealth and income indicators continue to lag U.S. averages, with 2014 per capita nominal gross state product at 75% of the U.S. level. We note that the Arkansas gross state product increased 1.5% in 2014, while the U.S. GDP increased 2.2%. Over 10 years, the gross state product improved 13.8% versus the U.S. GDP increase of 13.7%. Population growth has not occurred as rapidly in Arkansas as in the U.S., but we believe this is changing. The state's population grew 0.4% to nearly 3 million in 2015, an increase from the annual average of about 0.3% in the three years prior. Given the favorable tax climate and low cost of living, the state remains a favorable retirement area, contributing to a higher age dependency ratio than the U.S. In 2015 the gap between the state and U.S. proportion of population outside of working age was 5.0 percentage points, with the metrics at 65.2 and 60.2, respectively. Although the retirement age population will continue to play an important role in the state economy, the strong economic development trends lead us to believe the age dependency ratio gap will close over time.

The February 2016 revenue forecast projects that fiscal 2016 net available general revenue, which does not include federal funds or dedicated revenue, will increase to $4.72 billion (1.2% over actual fiscal 2015 net revenue). The largest portions of general revenue are net income taxes (56%) and the general revenue portion of sales and use taxes (43%). The fiscal 2016 revenue forecast includes a $100 million reduction in income taxes, reducing the top rate to 6% from 7% (for middle income tax payers only). As of April 2016, year-to-date net available general revenue was 2.5% (or $105 million) ahead of forecast and 3.5% (nearly $163 million) above the prior-year period result. Despite the income tax reduction, individual income taxes are running 0.5% over forecast while sales taxes are less than 1.0% below forecast. Officials report that expenditures are in line with budget estimates and that the general fund will likely generate a $140 million surplus in fiscal 2016, which will be available as unobligated reserves. We note that the National Assn. of State Budget Officers recognized the state as having the third-best forecasting accuracy among states in 2010 to 2014. We view this as a credit strength that demonstrates the state's strong management.

During the 2016 special session on transportation, in which the state passed a plan to leverage $50 million in state sources to gain $200 million in federal transportation revenue, legislators also created the long-term reserve fund, which will eventually be funded at $125 million. The fund will supplement the budget stabilization trust fund and general fund unobligated balances. The deposit to the fund, which will be initially funded in 2017, is composed of a portion of interest earnings on the state's treasury balances and discretionary transfers. Officials estimate the initial deposit to the long-term reserve fund at $23.3 million to $47.3 million at June 30, 2017. Before recommending proposed distributions to the governor from the long-term reserve fund, the state's chief financial officer must determine that funds are not required for Educational Adequacy or Amendment 82 bonds and that general revenue surpassed 3% growth over the prior year. If the fund is utilized, the state may replenish it at the end of each fiscal year.

The state has five pension plans, two of which are considered major: the teacher retirement plan and the public employees' retirement system. Based on Governmental Accounting Standards Board Statement No. 68 (GASB 68) accounting presentation, the state's allocable share of each is 4.3% and 67.6%, respectively. With GASB 68, the unfunded actuarial accrued liability (UAAL) per capita declines to a modest $515, reflecting only the state's portion of the liability. In addition, the combined funded ratio improves to an average 82% from 76% the prior year. Favorably, the state has begun reducing its assumed rate of return to better align actual experience with plan assumptions. For the employee retirement system, the assumed rate of return was previously 8.00%, which was lowered to 7.75% in fiscal 2015 and 7.50% in fiscal 2016. We anticipate the lower assumed rates of return may increase the unfunded liability over the medium term. Although the total actuarially determined contribution for the teacher's retirement plan has been underfunded since 2011, the state has been making its full portion of the contribution (equal to about $17 million).

The combined total UAAL for Arkansas' two OPEB plans (state employees and state police) increased to $2.2 billion, or about $700 per capita, as of June 30, 2014 with a funded ratio of 0%.The state is funding OPEB on a pay-as-you-go basis. In fiscal 2015, the state contributed approximately $50 million to the plans, while the total OPEB cost was about $160 million.

Based on the analytic factors we evaluate for states, on a four-point scale on which '1' is strongest, Arkansas' composite score is '1.9'.

Outlook

The stable outlook reflects our view of the state's improving economic diversification and codification of additional budget reserves through creation of the long-term reserve fund. In our view, as the economy continues to evolve, wealth and income indices will begin aligning with U.S. averages while the state executes its plan to fully fund the long-term reserve fund. In addition, the outlook reflects our view that Arkansas' good financial management practices and strong financial position will likely result in timely corrective budget measures in response to revenue declines. Should the state's economic diversification cease or legislators alter their expectations for full funding of the long-term reserve fund, we could lower the rating.

Government Framework

As is the case with many states, Arkansas has a statutory requirement, the Revenue Stabilization Act 311 of 1945, to adopt a balanced budget such that expenditures may not exceed state revenue. The state's revenue-raising flexibility is limited, as raising revenue requires voter approval or certain legislative majorities, depending on type of revenue. However, the state has more flexibility on the expenditure side and the governor is empowered to directly reduce appropriations to ensure budget balance. Furthermore, state law prohibits deficit spending. Arkansas is not a voter initiative state. The state constitution requires that money be appropriated each fiscal year for debt service with it also requiring no legal impairment of a contract, including for debt service. Consequently, the state's priority for repayment of debt has been high.

On a four-point scale on which '1' is the strongest, we have assigned a score of '1.6' to the state's government framework.

Financial Management

Arkansas' financial management is good, which indicates our view that practices are good but not comprehensive. The state maintains best practices deemed critical to supporting credit quality, but these practices may not all be institutionalized or formalized in policy. Arkansas uses sophisticated modeling for its revenue and expenditures assumptions and forecasting. It uses outside sources as part of its forecasting process for the biennium budget. Budget amendments are updated monthly. Arkansas has a two-year formal long-term financial plan as part of the biennium budget process and includes five-year projections for certain categories. A capital improvement plan is completed for each agency as part of the biennial planning process. The state lacks a formal reserve and liquidity policy, but the revenue stabilization trust fund (RSTF; Act 311) does provide the state with the ability to manage its internal liquidity. The RSTF receives half of the interest earnings from the investments of the state's daily treasury balance, and has been established and is utilized to assure proper cash flow during any period. The state has no formal debt management policies or affordability guidelines.

During the 2016 special session on transportation, in which the state passed a plan to leverage $50 million in state sources to gain $200 million in federal transportation revenue, legislators also created the long-term reserve fund, which will eventually be funded at $125 million. The fund will supplement the budget stabilization trust fund and general fund unobligated balances. The deposit to the fund, which will be initially funded in 2017, is composed of a portion of interest earnings on the state's treasury balances and discretionary transfers. Officials estimate the initial deposit to the long-term reserve fund at $23.3 million to $47.3 million at June 30, 2017. Before recommending proposed distributions to the governor from the long-term reserve fund, the state's chief financial officer must determine that funds are not required for Educational Adequacy or Amendment 82 bonds and that general revenue surpassed 3% growth over the prior year. If the fund is utilized, the state must replenish it at the end of each fiscal year.

On a four-point scale on which '1' is strongest, we have assigned a score of '1.5' to the state's government framework.

Budget Management

Pursuant to the Stabilization Law, the General Assembly establishes three levels of priority for general revenue spending: A, B, and C. Successive levels of appropriations are funded only in the event that sufficient revenue is available to fully fund any prior level. Accordingly, appropriations made to programs and agencies are only maximum spending authorizations. Actual expenditures are limited to the lesser of a) money flowing into a program or agencies' funds maintained by the treasurer, or b) the maximum appropriation by the General Assembly. This provides a strong and automatic mechanism for addressing budget gaps in a timely manner. The state has historically adhered to the funding mechanism described above. The revenue forecasts are conditionally based on the expected economic conditions in the state and the nation. The U.S. and state economic forecasts are compiled from simulations representing structural economic modeling at IHS Global Insight Inc. The Office of Economic Analysis and Tax Research and the Office of the Director of the Department of Finance and Administration prepare the general revenue forecast. The forecast is not compiled by either the executive or the legislative branch. The only way the revenue would change from the original forecast would be if the legislature voted on a revenue increase.

Fiscal 2017 supplemental budget appropriations

Gov. Asa Hutchinson was elected in November 2014 and introduced a biennial budget for fiscal 2015-2017 in January 2015. Highlights of the budget include a $100 million income tax cut and full adequacy funding for kindergarten through 12th-grade public schools. Funding for the biennial budget includes $90 million of one-time funds from the general improvement fund (less than 1% of the biennial revenue), which is a reduction from the $140 million of general improvement funds contained in the 2014-2015 budget. Supplemental appropriations were made for fiscal 2017 for education and the Department of Human Services, with the bulk ($112 million) allocated to increased Medicaid expenditures. The primary driver behind increased Medicaid costs is a lower-than-budgeted Federal Medical Assistance Percentage (FMAP) rate (about 69% instead of 70%). Medicaid spending growth in fiscal 2016 is 2% for non-expansion-program expenses, below the 5% projection in the budget. The FMAP rate correlates to the state's per capita income, which has improved year over year since budget adoption. Officials anticipate the FMAP rate will subsequently decline in fiscal 2018, too.

The February 2016 revenue forecast projects that fiscal 2016 net available general revenue, which does not include federal funds or dedicated revenue, will increase to $4.72 billion (1.2% over actual fiscal 2015 net revenue). The largest portions of general revenue are net income taxes (56%) and the general revenue portion of sales and use taxes (43%). The fiscal 2016 revenue forecast includes a $100 million reduction in income taxes, reducing the top rate to 6% from 7% (for middle income tax brackets). As of April 2016, year-to-date net available general revenue was 2.5% (or $105 million) ahead of forecast and 3.5% (nearly $163 million) above the prior-year period result. Despite the income tax reduction, individual income taxes are running 0.5% over forecast while sales taxes are less than 1.0% below forecast. Officials report that expenditures are in line with budget estimates and that the general fund will likely generate a $140 million surplus in fiscal 2016, which will be available as unobligated reserves. We note that the National Assn. of State Budget Officers recognized the state as having the third-best forecasting accuracy among states in 2010 to 2014. We view this as a credit strength that demonstrates the state's strong management.

The state recently approved Medicaid expansion under the Affordable Care Act, with legislative approval extended through Dec. 31, 2021 versus the original expiration date of Dec. 31, 2016. The state received a required federal waiver, which requires renewal from the federal government, to operate this private option. The state has been operating under the initial waiver since January 2014. Arkansas has a dedicated fund available as an additional source for Medicaid payments. The 2017 budget includes a net reduction in the state's FMAP to about 69% from 70%. Officials estimate that each percentage point increase for the state results in a $50 million expenditure increase.

Fiscal 2015 audited results

The total generally accepted accounting principles (GAAP) general fund balance remained strong, in our view, at the end of fiscal 2015 (June 30). The 2015 total general fund balance, which consists of the general revenue fund and hundreds of other funds, increased by $360 million to $4.06 billion, with $811 million unassigned (5.0% of expenditures) and $267 million assigned (1.6%). Fiscal 2015 GAAP general fund revenue was nearly $17 billion, a 8.8% increase. Arkansas' income tax results in fiscal 2015 contrasted with those of many other states, which had income tax collections below projections. The largest general fund revenue is intergovernmental, which is primarily federal Medicaid funding (45% of total general fund revenue). The largest tax sources are personal and corporate income taxes (19% of revenue) and sales taxes (17%).

On a four-point scale on which '1' is the strongest, we have assigned a score of '1.5' to the state's budgetary performance.

Economy

Arkansas' economic base has historically had some concentration in manufacturing, with this area accounting for 12.8% of the state's employment composition versus the 8.7% for the U.S. However, we believe the state's success in attracting companies such as Sprint, which will create 100 jobs in Arkansas with an average wage of $90,000, will begin diversifying the economic base. Offsetting the manufacturing concentration is stabilizing employment composition in government (17.6%), trade, transportation, and utilities (20.9%), and education and health services (14.5%), each of which account for larger or the same portions of employment compared with the U.S. as a whole. Other economic development projects underway include J.B. Hunt's expansion of its headquarters in northwest Arkansas by 1,000 employees, several technology companies' announcements for a combined 300 jobs (excluding Sprint), and various expansions and new development of health care facilities throughout the state totaling over $1 billion in investment. Although manufacturing employment is moderating, it continues to be an important aspect of the state's economy. Favorably, the manufacturing sector is evolving to include aviation (Dassault FalconJet), defense (Aerojet Rocketdyne), and e-waste recycling (Blue Oak).

Two large manufacturing projects are underway for a combined investment of $2.6 billion. Sun Paper produces paper pulp for infant hygiene products and will create 250 jobs in the southern portion of the state, where timber is readily available. In addition, the Big River Steel plant will produce 525 direct jobs, 1,000 indirect jobs, and 2,000 temporary construction jobs with the first melt scheduled for November 2016. State officials report Mississippi County will be the second-largest steel-producing county in the U.S. once Big River Steel is in operation. Unlike some plants, Big River will use recycled products and scrap steel to manufacture its product, thus potentially avoiding the operating difficulties that some steel plants have encountered in other states.

Employment growth and economic development have contributed to the state's low unemployment level, which in April 2016 was 3.9% versus the U.S. rate of 5.0%. The monthly rate is a vast decline from the calendar 2015 unemployment rate of 5.2%. Officials report that the labor market is tight, which has driven up the average state wage to 104.4% of the previous average. In addition, the state has undertaken a computer coding requirement for elementary and secondary education that will prepare students for technology jobs and provide companies with a labor force matching their skill needs. These initiatives have resulted in Arkansas' per capita personal income in 2015 increasing 3.9% to $39,107, equal to 82% of the nation's level.

The state's wealth and income indicators continue to lag U.S. averages, with 2014 per capita nominal gross state product at 75% of the U.S. level. We note that the Arkansas gross state product increased 1.5% in 2014, while the U.S. GDP increased 2.2%. Over 10 years, the gross state product improved 13.8% versus the U.S. GDP increase of 13.7%. Population growth has not occurred as rapidly in Arkansas as in the U.S., but we believe this is changing. The state's population grew 0.4% to nearly 3 million in 2015, an increase from the annual average of about 0.3% in the three years prior. Given the favorable tax climate and low cost of living, the state remains a favorable retirement area, contributing to a higher age dependency ratio than the U.S. In 2015 the gap between the state and U.S. proportion of population outside of working age was 5.0 percentage points, with the metrics at 65.2 and 60.2, respectively. Although the retirement age population will continue to play an important role in the state economy, the strong economic development trends lead us to believe the age dependency ratio gap will close over time.

On a four-point scale on which '1' is the strongest, we have assigned a score of '2.9' to the state's economy.

Debt And Liability Profile

The state constitution does not limit the amount of GO or revenue debt issued. However, GO bonds may be issued only with voter approval at a general or special election. In November 2004, the electorate authorized Amendment 82 to the constitution, which allows the state legislature to approve GO bonds for economic development projects through the Arkansas Development Finance Authority; two series of bonds are outstanding. Bond issuance under Amendment 82 is limited to 5% of the state's general revenue during the most recent fiscal year. A constitutional amendment that will appear on the ballot in November 2016 will allow voters to remove this limitation. Although removal of the limit could increase the state's debt profile over the long term, we believe that the state's strict consideration of projects could offset potential future use of the incentive.

The state's recent significant amount of debt issuance has increased the tax-supported debt per capita to $622 from $555. However, we still view this level of debt as moderate. In addition, when compared with gross state product and personal income, the ratios remain equally low at 1.5% and 1.6%, respectively. The carrying charge (which we calculate by excluding federal expenditures) was less than 3% of general state expenditures in fiscal 2015, which is moderate, in our view. The amortization schedule is rapid, with about 83% of GO and appropriation debt retired in 10 years. The state has identified only limited debt plans, so we expect that debt ratios should not increase significantly.

The state sponsors four public employee defined benefit retirement plans that are administered by the Arkansas Public Employees Retirement System (APERS): APERS, the Arkansas State Police Retirement System, the Arkansas Judicial

Retirement Plan, and the Arkansas Retirement System for District Judges. In addition, there are two pension systems apart from APERS: Arkansas Highway and Transportation Retirement System and Arkansas Teacher Retirement System. Combined, the six systems cover substantially all public employees in Arkansas. Of the plans, two are considered major: the teacher retirement plan and the public employees' retirement system. Based on GASB 68 accounting presentation, the state's allocable share of each is 4.3% and 67.6%, respectively. With GASB 68, the UAAL per capita declines to a modest $515, reflecting only the state's portion of the liability. In addition, the combined funded ratio improves to an average of 82% from 76% the prior year. Favorably, the state has begun reducing its assumed rate of return to better align actual experience with plan assumptions. For the employee retirement system, the assumed rate of return was previously 8.00%, which was lowered to 7.75% in fiscal 2015 and 7.50% in fiscal 2016. We anticipate the lower assumed rates of return may increase the unfunded liability over the medium term. Although the total actuarially determined contribution for the teacher's retirement plan has been underfunded since 2011, the state has been making its full portion of the contribution (equal to about $17 million).

The combined total UAAL for Arkansas' two OPEB plans (state employees and state police) increased to $2.2 billion, or about $700 per capita, as of June 30, 2014 with a funded ratio of 0%.The state is funding OPEB on a pay-as-you-go basis. In fiscal 2015, the state contributed approximately $50 million to the plans, while the total OPEB cost was about $160 million.

On a four-point scale on which '1' is the strongest, we have assigned a score of '1.9' to the state's debt and liability profile.

Related Criteria And Research

Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Methodology: Rating Approach To Obligations With Multiple Revenue Streams, Nov. 29, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Ratings Detail (As Of June 16, 2016)		
Arkansas go four-lane hwy construction and imp bnds ser 2013 dtd 10/01/2013 due 06/15/2023		
Long Term Rating	AA/Stable	Affirmed
Arkansas GO (AGM) (SEC MKT)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Arkansas GO		
Long Term Rating	AA/Stable	Affirmed
Arkansas Dev Fin Auth, Arkansas		
Arkansas		
Arkansas Dev Fin Auth (Arkansas)		

Ratings Detail (As Of June 16, 2016) (cont.)		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) state agy fac rev rfdg bnds ser 2015 dtd 10/29/2015 due 11/01/2019		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) APPROP		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) APPROP		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) APPROP		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) (Big River Steel Proj)		
Long Term Rating	AA/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) (Dept of Info Sys Data Ctr Proj)		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) (DHS Proj)		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) (DHS Proj)		
Long Term Rating	AA-/Stable	Affirmed
Arkansas Dev Fin Auth st agy (Donaghey Plaza Proj) ser 2004		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) ser 1997B GO Equiv		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Arkansas Dev Fin Auth (Arkansas) GO Equiv		
Long Term Rating	AA/Stable	Affirmed
Arkansas Dev Fin Auth, Arkansas		
Dept of Arkansas Heritage, Arkansas		
Arkansas Dev Fin Auth (Dept of Arkansas Heritage)		
Long Term Rating	AA-/Stable	Affirmed

Many issues are enhanced by bond insurance.