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Research Update:

French Department of Eure 'AA-/A-1+' Ratings Affirmed; Then Withdrawn At Issuer's Request

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Rating Action

On April 8, 2016, Standard & Poor's Ratings Services affirmed its 'AA-' long- and 'A-1+' short-term issuer credit ratings on the French Department of Eure. We subsequently withdrew the ratings at the issuer's request. At the time of the withdrawal, the outlook was stable.

As defined in EU CRA Regulation 1060/2009 "EU CRA Regulation", the ratings on the Department of Eure are subject to certain publication restrictions set out in Art 8a of the EU CRA Regulation, including publication in accordance with a pre-established calendar (see "Calendar Of 2016 EMEA Sovereign, Regional, And Local Government Rating Publication Dates", published Dec. 22, 2015, on RatingsDirect). Under the EU CRA Regulation, deviations from the announced calendar are allowed only in limited circumstances and must be accompanied by a detailed explanation of the reasons for the deviation. In this case, the reason for the deviation is Eure's request that we withdraw the rating.

Rationale

At the time of the withdrawal, the long-term rating on the Department of Eure reflected our view of its strong financial management, strong liquidity position, strong budgetary performance, and strong economy by international standards. We also factored into our ratings our view of the evolving but balanced institutional framework for French departments. Eure's moderate debt burden and contingent liabilities had a neutral impact on the department's creditworthiness. The ratings were constrained by Eure's weak budgetary flexibility.

The long-term rating on Eure was at the same level as its stand-alone credit profile, which we assessed at 'aa-'.

The stable outlook at the time of the withdrawal reflected our expectation that, despite pressures on the operating section from decreasing state transfers and dynamic social expenditure, the department would maintain a strong budgetary performance thanks to management's close monitoring of financial trends.

Ratings Score Snapshot

Department of Eure Ratings Score Snapshot

Key rating factors

Institutional framework	Evolving but balanced
Economy	Strong
Financial management	Strong
Budgetary flexibility	Weak
Budgetary performance	Strong
Liquidity	Strong
Debt burden	Moderate
Contingent liabilities	Moderate

*Standard & Poor's ratings on local and regional governments are based on eight main rating factors listed in the table above. Section A of Standard & Poor's "Methodology For Rating Non-U.S. Local And Regional Governments" summarizes how the eight factors are combined to derive the rating.

Key Sovereign Statistics

- Sovereign Risk Indicators, Dec. 14, 2015. An interactive version is available at www.spratings.com/sri

Related Criteria And Research

Related Criteria

- Criteria - Governments - International Public Finance: Methodology For Rating Non-U.S. Local And Regional Governments - June 30, 2014
- Criteria - Governments - International Public Finance: Methodology And Assumptions For Analyzing The Liquidity Of Non-U.S. Local And Regional Governments And Related Entities And For Rating Their Commercial Paper Programs - October 15, 2009

Related Research

- Sovereign Risk Indicators - December 14, 2015. An interactive version is available at www.spratings.com/sri
- Default, Transition, and Recovery: 2014 Annual International Public Finance Default Study And Rating Transitions - June 8, 2015
- Institutional Framework Assessments For Non-U.S. Local And Regional Governments - February 05, 2015

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the

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relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria and Research').

Ratings List

	Rating	
	To	From
Eure (Department of)		
Issuer Credit Rating		
Foreign and Local Currency	AA-/Stable/A-1+	AA-/Stable/A-1+
Senior Unsecured		
Foreign and Local Currency	AA-	AA-
Commercial Paper		
Local Currency	A-1+	A-1+

Ratings Subsequently Withdrawn

Eure (Department of)		
Issuer Credit Rating		
Foreign and Local Currency	NR	AA-/Stable/A-1+
Senior Unsecured		
Foreign and Local Currency	NR	AA-
Commercial Paper		
Local Currency	NR	A-1+

NR--Not rated

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our

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criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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