STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Territory of Yukon

Primary Credit Analyst:
Stephen Ogilvie, Toronto (1) 416-507-2524; stephen.ogilvie@standardandpoors.com

Secondary Contact:
Bhavini Patel, CFA, Toronto (1) 416-507-2558; bhavini.patel@standardandpoors.com

Table Of Contents

Rationale

Outlook

The Canadian Intergovernmental System Is Very Predictable And Well-Balanced

Strong-But-Weakening Economy

Strong Financial Management

Large Federal Transfers Mean Weak Budgetary Flexibility

Strong Budgetary Results In Fiscal Years 2013-2014 And 2014-2015

Liquidity Continues To Be Exceptional

Debt Burden Remains Very Low

Contingent Liabilities Are Very Low

Key Statistics

Ratings Score Snapshot

Table Of Contents (cont.)

Key Sovereign Statistics

Related Criteria And Research

Territory of Yukon

Rationale

Issuer Credit Rating
AA/Stable/--

The ratings on the Territory of Yukon reflect Standard & Poor's Ratings Services' opinion of the territory's exceptional liquidity; very low debt burden and contingent liabilities; strong financial management and budgetary performance; and average economy. The ratings also reflect our view of the "very predictable and well-balanced" institutional framework for Canadian territories. In our opinion, the territory's budgetary flexibility is weak and its economy has a relatively high exposure to the mining industry, despite its high GDP per capita.

We view the territory's debt burden as very low. At fiscal year-end 2013-2014 (March 31, 2014), tax-supported and direct debt was C$63.0 million, or about 5% of consolidated operating revenues. Interest expense was stable, at 0.2% of adjusted operating revenues. We do not expect Yukon to borrow in fiscal years 2015-2016 and 2016-2017. Based on our base-case forecast, in the next two years, we expect tax-supported debt to remain stable or decline modestly, remaining lower than 5% of consolidated operating revenue. The territory's interest will also remain stable, at less than 0.5% of adjusted operating revenue. In our opinion, Yukon's tax-supported debt burden compares very favorably with those of its international and Canadian peers.

The territory's contingent liabilities are very low, in our opinion. Those liabilities consist mainly of standard postemployment benefits and environmental liabilities and represented about 10% of adjusted operating revenues at the end of fiscal year 2013-2014. Yukon owns its electric utility, YDC. We view YDC as a self-supporting entity and believe that in the event of the utility's financial stress, support for YDC would be very limited -- no greater than 2% of consolidated operating revenues.

In our view, the territory demonstrates strong financial management, which positively affects its credit profile. Its annual financial reports are comprehensive and detailed and are independently audited. Yukon's budgets provide visibility and are detailed: The territory provides three-year financial forecasts and a four-year capital plan. We believe management of debt and liquidity is prudent and related policies are risk-averse.

We believe Canadian territories benefit from a "very predictable and well-balanced" local and regional government framework that has demonstrated a high degree of institutional stability. Yukon benefits from significant revenue support through the Territorial Formula Financing (TFF) grant, Canada Health Transfer, and Canada Social Transfer payments from the federal government. In fiscal 2013-2014, total transfers represented 82% of total revenues. We expect total federal transfers will continue increasing modestly in the next two years.

The territory produced strong budgetary results in fiscal years 2013-2014 and 2014-2015. Its operating balances for those years were 11.0% and 8.4% of adjusted operating revenues, respectively. After-capital balances were positive 5.5% and negative 1.0% of adjusted total revenues, respectively. The small 2014-2015 after-capital deficit is mainly the result of elevated capital spending in that year and a smaller operating balance to a lesser degree. We expect that the territory's financial results will weaken in fiscal 2015-2016 as we are projecting under our base-case scenario that

Yukon will produce an operating surplus of about 6% of projected operating revenues and an after-capital deficit of 6% of projected total revenues. Based on our base-case forecast for fiscal years 2013-2014 to 2017-2018, we expect that Yukon will continue to produce strong budgetary results, with operating balances averaging 6% of operating revenues. After-capital balances, however, should average to deficits of about 2% of total revenues as capital spending remains high.

In our opinion, Yukon's economy is average, but has a relatively high exposure to the mining sector and swings in commodity prices, which tempers somewhat our assessment of the territory's economic strength. Because of the negative impact of lower mineral prices on exploration, development, and production, Yukon's economy contracted in 2014 for a second consecutive year. We believe that real GDP fell from 1%-2% in 2014 following a 0.9% decline in 2013. We expect that the economic growth will continue to be weak in the next two years and be lower than that of peers, which also tempers our assessment of Yukon's economic strength. We believe, however, that the territory's nominal GDP per capita remains high, at about US$65,200, based on the average of 2012-2014 data (as per our criteria). Despite the fall in real GDP, labor results improved. The unemployment rate dropped to 4.2% in 2014 from 5.4% in 2013. The labor force and employment increased about 2% and 3%, respectively. Yukon's unemployment rate remained well below the national average of 7.3%, and was the lowest of all Canadian provinces and territories except Saskatchewan. For 2015, we expect real GDP will contract again, by 1%-3%, before returning to growth in 2016.

Although transfers from the federal government provide a stable and predictable revenue source, we believe Yukon's budgetary flexibility is weak and somewhat constrained as a result. Modifiable revenues typically account for a relatively small percentage of operating revenues. As of March 31, 2014, modifiable revenues equaled about 17.8% of operating revenues. In addition, the territory's ability to increase its own-source revenues is somewhat constrained as a result of the Taxpayer Protection Act, which stipulates that the government cannot introduce a new tax or increase an existing one (in particular, personal and corporate income taxes and fuel taxes) without a referendum. As of March 31, 2014, Yukon recorded capital expenditures equal to 6.9% of total expenses. In our base-case scenario, we expect that the territory's capital expenditures will remain in line with historical results, representing less than 15% of total expenditures on average.

Liquidity

Yukon's liquidity remains exceptional, in our view. At the end of fiscal 2013-2014, the territory had cash and marketable securities of close to C$300 million. We expect that fiscal year-end 2014-2015 liquidity will be in line with fiscal year-end 2013-2014 or higher. We further expect that liquidity could fall in fiscal years 2015-2016 and 2016-2017 as the territory uses some of its cash to fund elevated capital spending. We believe that Yukon has "strong" access to external liquidity, in line with many of its Canadian peers. At fiscal year-end 2014-2015, the territory's free cash and liquid assets of close to C$280 million (Standard & Poor's-adjusted) represented more than 35x of its next year's debt service. Under our base-case scenario, we believe liquidity will remain exceptional, with free cash and liquid assets exceeding 100% of 12 months' debt service costs throughout our two-year outlook horizon.

Outlook

The stable outlook reflects our expectation that, in the next two years, Yukon will continue to produce small after-capital deficits and strong operating surpluses that exceed 5% of consolidated operating revenues. We also expect that its liquidity will remain exceptional despite some drawdown in the next two years, remaining well above 100% of the next 12 months' debt service; and that the territory's debt burden will remain low, at well under 30% of projected consolidated operating revenues. Although we believe it is very unlikely, we might consider a negative rating action if, under our downside scenario, a deterioration of financial management practices coupled with a significant and sustained weakening of budgetary performance such that the territory records average operating balances of less than 5% of consolidated operating revenues and after-capital deficits that are greater than 5%. We could raise our ratings if Yukon's economy expanded and diversified such that the territory's modifiable revenues became the dominant revenue source.

The Canadian Intergovernmental System Is Very Predictable And Well-Balanced

We view the Canadian federal-territorial intergovernmental system as being "very predictable and well-balanced" because of its maturity and stability, low degree of mismatching of revenues and expenditures, high level of transparency and accountability, and very strong likelihood of extraordinary support from the federal government.

The intergovernmental system is mature and has been stable. The division of powers between the two levels is established through federal statutes and agreements between the territories and the federal government. Unlike the constitution, which is almost never amended, agreements with the territories have evolved to reflect growing territorial populations and local decision-making.

Through legislation with the federal government, the TFF grant provides the bulk of the territories' revenues. Constraining the capability to increase own-source revenues are both territorial legislation and the narrowness of territorial economies. Limiting expenditure flexibility is the nature of key spending responsibilities, especially health care, which has been rising steadily.

Financial information is typically timely, accurate, and comprehensive. Although no national standards exist concerning disclosure, territorial financial administration statutes mandate certain requirements (such as budgets and public accounts). Strong national accounting standards exist for all governments based on accrual accounting.

The federal government has a substantial track record of extraordinary support for natural disaster recovery and infrastructure. It can provide extraordinary support through its grant-making powers and significant financial resources.

Strong-But-Weakening Economy

Yukon is one of Canada's three territories. It is on the northwest corner of Canada's continental mainland, and had a population of close to 37,200 at the end of March 2014. Based on the average of 2012-2014 data (as per our criteria), we believe that the territory's nominal GDP per capita was about US$65,200, which is strong, in our view. The public sector (public administration, health care and social assistance, and educational services) continues to be the most important sector in the Yukon economy, because it represents more than 20% of output and employment in 2014 and is a stabilizing force in the economy. We believe the economy does not have the depth and scale of domestic and international peers. Within the Canadian peer group, Yukon's economy is considerably less diversified than the larger economies of Ontario and Manitoba.

The primary sector, notably gold, silver, copper, and zinc mining, is also important to the economy. Mining sector output has risen in the past decade, representing more than 20% of Yukon's total output in recent years. Furthermore, mining output depends on the fortune of only a few mines -- the sector has yet to achieve any significant depth. Although this was not the case in 2014 (18% of real GDP), we believe this level of concentration leaves the economy susceptible to changes in commodity prices and this lowers our assessment of Yukon's economic strength.

Canada's outlook is dimmer as low oil prices result in a technical recession

Canada's economic recovery ended abruptly in the first half of 2015 as sharply lower oil prices cut business investment, increased unemployment, and reduced workers' income in oil-producing regions. Sluggish consumer spending and a decline in non-energy exports also helped set the stage for a 0.8% real GDP decline in the first-quarter. The economy contracted a further 0.5% in the second quarter, and with that, Canada is again flirting with recessionary conditions for the second time in less than a decade.

Although back-to-back GDP declines meet the technical definition of a recession, most of the weakness stems from Canada's shrinking energy sector, which adds more than C$150 billion annually to real GDP and is now almost C$10 billion smaller than it was in June 2014 before oil prices collapsed. The rest of the economy, on the other hand, benefits from lower oil prices, and has continued to expand since the middle of last year, suggesting Canada's downturn could be short-lived. Positive signals in the GDP report for the second-quarter include a pick-up in consumer spending and rebound in international trade: Canadian exports rose for the first time in six months. Standard & Poor's sees these developments helping Canada's economy regain enough momentum to push real GDP growth above 2% in the second half of 2015.

Real GDP contracts in 2014

We expect that the Yukon economy will have contracted in 2014 for a second consecutive year, as falling mineral output and low prices weakened the mining sector. We believe that real GDP fell 1%-2% in 2014 following a 0.9% decline in 2013. We believe that both declines were largely attributable to the negative impact of lower mineral prices on exploration, development, and production. Other sectors fared better in 2014, with other economic indicators performing well. Yukon has only one producing mine, which could conceivably suspend operations at some point. Before 2013, the territory had recorded nine consecutive years of positive real GDP growth. For 2015, we expect real GDP will contract again in 2015 by 1%-3%, before returning to growth in 2016.

Despite the fall in output in 2014, the labor market strengthened. The unemployment rate dropped to 4.2% in 2014 from 5.4% in 2013 and 6.9% in 2012. The labor force increased about 2% in 2014 as employment rose close to 3% in the year. Yukon's unemployment rate remained well below the national average of 7.3%, and was among the lowest of all Canadian provinces and territories except Saskatchewan. Yukon also had the highest participation rate in the country in 2014. However, we expect that the unemployment rate will rise in 2015 as a result of weak economic conditions.

The territory's population continued to increase in 2014, rising close to 1%. Net interprovincial and international migration are the dominant sources of this growth for the 2004-2005 to 2013-2014 period. We do not expect any material change in these trends. The territory expects a population increase of about 1%-2% in the next two years.

Other sectors fared reasonably well in 2014. Retail sales were up slightly but wholesale trade more than offset that gain. Building permits were up sharply from the previous year. Border crossings fell modestly but remained at elevated levels.

Although the territory's economic structure is fairly stable as a result of what we view as its relatively large public sector, its tax base faces volatility in its exposure to the mining sector, which has increased notably in the past 10 years, and to a small number of participants within the sector. In 2014, primary industries (mining, quarrying, and oil and gas extraction) represented about 18% of real GDP: the sector represented more than 20% in 2013 as it has in previous years. The sector represented only 4% of total output in 2003. This exposes Yukon to volatility in commodity prices. Nevertheless, we believe mining prospects are favorable in the medium-to-long-term because of the territory's mineral wealth. Other mines are at various stages of permitting and feasibility assessment.

Strong Financial Management

Yukon's financial management is strong, in our view. The level of transparency and disclosure in its financial statements is average: Notes and schedules provide good disclosure about core government, agencies and boards, and business enterprises. The legislature approves spending estimates and the territory's financial statements are independently audited. Yukon provides three-year financial forecasts and a four-year capital plan. In our opinion, the government has a strong track record of passing budgets and meeting goals. We believe management of debt and liquidity is prudent and related policies are risk-averse. The governing party is in its third term and supported by what we consider a capable and experienced administration.

Large Federal Transfers Mean Weak Budgetary Flexibility

Total transfers, mainly from the TFF grant, the Canada Health Transfer, and the Canada Social Transfer, represented more than 80% of operating revenues. The territory's dependence on federal transfers is the highest among all immediate peers. As a result, modifiable revenues typically account for a relatively small percentage of operating revenues. For fiscal 2015 (year ended March 31), modifiable revenues equaled about 19% of operating revenues. For the fiscal 2013-2014 to 2017-2018 base-case period, modifiable revenues will average about 18% of annual operating revenues.

We believe that Yukon's modifiable revenues as a share of adjusted operating revenues will increase as the mining sector grows and the economy expands. However, the territory's ability to increase some revenues is somewhat constrained as a result of the Taxpayer Protection Act, which stipulates that the Yukon government cannot introduce a new tax or increase an existing one (in particular, personal income, corporate income, and fuel taxes) without a referendum. This requirement would be more of a negative credit factor if the territory relied more heavily on own-source taxes.

TFF Grant

Yukon's primary source of revenue is the TFF grant from the federal government, which represented 83% of all federal government transfers in 2013-2014, which in turn was more than 80% of operating revenues. In the next two years, we expect total transfers to show modest annual growth with the three main grants remaining in their historical proportions.

The TFF is an unconditional grant that helps territorial governments fund essential government services such as hospitals, schools, social services, and related infrastructure in the country's north, where there are numerous small and isolated communities. The grant is legislated for five years and was renewed April 1, 2014. We also expect that, although there are some technical changes to the formula with respect to the measurement of tax bases and fiscal capacity, any changes will remain broadly revenue-neutral. The TFF grant limits its budgetary flexibility, in our view, but it also provides the territory with a large degree of revenue stability and predictability. Unlike the equalization formula, which is more revenue-based, the TFF is based on the difference between a proxy of Yukon's expenditure needs (the gross expenditure base) and its capacity to generate revenues. Of note, all components of the formula are lagged by two years and based on three-year averages.

Capital expenditures are ramping up. We expect capital spending to reach close to C$175 million for fiscal 2015-2016, which is up from C$135 million in fiscal 2014-2015 and about C$80 million the year before. As a share of total expenditures, capital spending is also rising. We expect it to reach 12.5% of total expenditures for fiscal 2015-2016 from 10.4% (fiscal 2014-2015) and 6.9% (fiscal 2013-2014). We expect that capital spending will fall in fiscal 2016-2017 and again in 2017-2018 when it reaches about C$100 million. Traditionally, the focus of the territory's capital expenditures has been infrastructure, namely highway and public works, community development (such as water and sewer infrastructure and lot development), social housing, and facilities. For the fiscal 2013-2014 to 2017-2018 base-case period, capital expenditures will average about 9.5% of annual operating revenues.

Strong Budgetary Results In Fiscal Years 2013-2014 And 2014-2015

To improve comparability across local and regional governments globally, Standard & Poor's makes adjustments to the published figures of all governments to reflect their budgetary balances on a cash basis. This includes making adjustments for major accruals and the increase in equity of government business enterprises, restating capital spending back to a cash basis by removing the influence of capital amortization and removing one-time revenue influences. Government-reporting entities include Yukon College, Yukon Hospital Corp., and Yukon Housing Corp. (YHC).

The territory produced what we consider strong budgetary results in fiscal years 2013-2014 and 2014-2015. Its operating balances for those years were 11.0% and 8.4% of adjusted operating revenues, respectively. Both are in line with previous years' results. After-capital balances were positive 5.5% and negative 1.0% of total adjusted revenues, respectively. The small 2014-2015 deficit was the result of elevated capital spending in that year and a smaller operating balance to a lesser degree. We expect that the territory's financial results will weaken in fiscal 2015-2016 because we are projecting, under our base-case scenario, that Yukon will produce an operating surplus of about 6% of projected operating revenues and an after-capital deficit of 6% of projected total revenues. We expect modest operating surpluses and after-capital deficits for fiscal years 2016-2017 and 2017-18.

Under our base-case scenario for fiscal years 2013-2014 to 2017-2018, the average operating balance will be close to 7% of annual operating revenues and the balance after-capital expenditures will average about negative 2%.

In fiscal years 2013-2014 and 2014-2015, operating expenditure growth of close to 6.5% and 7.8% outpaced operating revenue growth of 5.4% and 4.8% respectively. In both years, the growth in the three main transfers (the TFF notably) and in own-source tax revenues to a much lesser degree could not keep up with growth in operating spending. For fiscal years 2013-2014 to 2015-2016, the government's own source tax and general revenues will decline very slightly and transfers will rise only 7% over the three-year period. These two revenue lines represent more than 90% of the territory's revenues in any given year.

Health and social services, community and transportation, education, and general government are Yukon's main expense areas and represent close to 80% of all operating spending. For fiscal years 2013-2014 to 2015-2016, health and social services spending will rise 19% and community and transportation will increase 11% over the three-year period. Similarly, education will grow 9%. Some of the cost increase results from the population growth, while other elements are the result of cost escalation typical to all governments, such as wage increases and aging populations.

Liquidity Continues To Be Exceptional

In our view, Yukon's liquidity is exceptional. At the end of fiscal 2013-2014, the territory had cash and marketable securities of close to C$300 million. We expect that fiscal year-end 2014-2015 liquidity will be in line with that of fiscal year-end 2013-2014 or higher. At fiscal year-end 2014-2015, the territory's free cash and liquid assets likely represented more than 35x of its next year's debt service. We expect that liquidity could fall in fiscal years 2015-2016 and 2016-2017 as Yukon uses some of its cash to fund elevated capital spending. The territory's cash and investment holdings relative to its debt and debt service are superior to those of many of its province or regional governments peers globally that do not hold cash or investment balances, or rely on the banking sector as their primary source of liquidity. In our opinion, access to external liquidity is strong because Yukon has access to a deep and liquid capital market.

Debt Burden Remains Very Low

Total debt outstanding in fiscal 2013-2014 remained very low compared with that of international and domestic peers. At year-end, tax-supported and direct debt were C$63.0 million, or about 5% of consolidated operating revenues. Interest expense remained stable at 0.2% of adjusted operating revenues. The territory did not borrow in fiscal 2014-2015. The majority of all debt is in the form of bank loans, and we have little concern with respect to refinancing risk associated with maturing debt. In addition, floating-rate exposure is negligible and foreign exchange risk is nonexistent, because Yukon has not issued any foreign-currency debt. We believe that the territory's very low debt burden fits well within its peer group by all measures, unlike the Canadian provinces, which are typically more indebted than most governments in the 'AA' category.

Under the Yukon Act, the federal government limits the territory's borrowing to C$400 million and includes all drawn facilities. An existing debt regulation clarifies what entities are included under the government. They are: YDC, Yukon Energy Corp. (YEC), YHC, Yukon College, Yukon Liquor Corp., and Yukon Hospital.

Standard & Poor's direct debt measure includes long- and short-term financial debt assumed directly by the borrower, including capital lease obligations. We define tax-supported debt as direct debt plus guaranteed debt of government-related entities, which are not self-supporting. We view YDC as self-supporting and do not include its debt in Yukon's tax-supported debt.

Considering no expected borrowing requirements through to the end of fiscal 2017-2018 and an amortizing debt profile, we expect that the territory's tax-supported debt will continue to decrease modestly. In 2017, we expect that the government will borrow funds to help finance capital expenditure requirements at YDC. Using our conservative base-case estimates, we expect total tax-supported debt to remain stable or decline modestly, remaining less than 5% of consolidated operating revenue. The territory's interest will also remain stable at less than 0.5% of adjusted operating revenue.

Contingent Liabilities Are Very Low

Yukon's contingent liabilities are very low, in our view. In fiscal 2014, the territory's liabilities for postretirement benefits and compensated absences and known environmental liabilities totaled about C$127 million, or close to 10% of adjusted operating revenues. We believe that in the event of financial stress, Yukon's support for its wholly-owned, self-supporting utility, YDC, would be limited -- no greater than 2% of consolidated operating revenues.

Yukon Development Corp.

YDC was created in 1986 through the Yukon Development Corporation Act. Through its subsidiary, YEC, YDC participates with the private sector in developing Yukon by assuring a continuing and adequate supply of energy and cost-effective energy or energy-related infrastructure. YDC had assets of C$446.1 million and net income of C$6.1 million.

Through a provision in the Yukon Act, YDC's debt constitutes a direct obligation of the territory's government and is payable out of its Consolidated Revenue Fund.

Key Statistics

Table 1

Territory of Yukon -- Economic Statistics					
	--Year ended Dec. 31--				
(%)	**2010**	**2011**	**2012**	**2013**	**2014f**
Population (total)	34,596	35,402	36,247	36,623	37,183
Population growth	2.6	2.3	2.4	1.0	1.5
GDP per capita (C$)	66,857	70,646	69,054	69,328	68,795
Real GDP growth	4.5	3.4	3.3	(0.9)	(1.2)

Table 1

Territory of Yukon -- Economic Statistics (cont.)					
Unemployment rate	6.9	5.4	6.9	5.4	4.2

Note: The data and ratios above result in part from Standard & Poor's own calculations, drawing on national as well as international sources, reflecting Standard & Poor's independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. Sources typically include national statistical offices. f--Forecast.

Table 2

Territory of Yukon -- Financial Statistics

	--Budget year*--					
(Mil. C$)	**2012**	**2013**	**2014bc**	**2015bc**	**2016bc**	**2017bc**
Operating revenues	1,141	1,202	1,260	1,289	1,329	1,352
Operating expenditures	1,006	1,071	1,154	1,211	1,287	1,274
Operating balance	135	132	106	78	43	78
Operating balance (% of operating revenues)	11.9	11.0	8.4	6.0	3.2	5.8
Capital revenues	34	14	17	14	1	0
Capital expenditures	88	79	135	173	148	101
Balance after capital accounts	81	67	(12)	(81)	(105)	(23)
Balance after capital accounts (% of total revenues)	6.9	5.5	(1.0)	(6.2)	(7.9)	(1.7)
Debt repaid	3	24	6	5	5	5
Balance after debt repayment and onlending	78	43	(18)	(86)	(109)	(28)
Balance after debt repayment and onlending (% of total revenues)	6.6	3.5	(1.4)	(6.6)	(8.2)	(2.0)
Gross borrowings	19	0	0	0	0	0
Balance after borrowings	97	43	(18)	(86)	(109)	(28)
Operating revenue growth (%)	9.0	5.4	4.8	2.3	3.1	1.7
Operating expenditure growth (%)	5.1	6.5	7.8	5.0	6.2	(1.0)
Modifiable revenues (% of operating revenues)	16.9	17.8	18.6	17.8	19.2	19.0
Capital expenditures (% of total expenditures)	8.1	6.9	10.4	12.5	10.3	7.3
Direct debt (outstanding at year-end)	81	63	60	56	51	47
Direct debt (% of operating revenues)	7.1	5.2	4.7	4.4	3.9	3.4
Tax-supported debt (% of consolidated operating revenues)	6.9	5.1	4.6	4.2	3.8	3.3
Interest (% of operating revenues)	0.1	0.2	0.2	0.2	0.2	0.2
Debt service (% of operating revenues)	0.4	2.2	0.7	0.6	0.6	0.6

Note: The data and ratios above result in part from Standard & Poor's own calculations, drawing on national as well as international sources, reflecting Standard & Poor's independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. Base case (bc) reflects Standard & Poor's expectations of the most likely scenario. Downside case represents some but not all aspects of Standard & Poor's scenarios that could be consistent with a downgrade. Upside case represents some but not all aspects of Standard & Poor's scenarios that could be consistent with an upgrade. *Budget year 2015 equals fiscal year 2016. bc--Base case.

Ratings Score Snapshot

Table 3

Territory of Yukon -- Ratings Score Snapshot	
Key Rating Factors	**Assessment**
Institutional Framework	Very predictable and well-balanced
Economy	Average
Financial Management	Strong
Budgetary Flexibility	Weak
Budgetary Performance	Strong
Liquidity	Exceptional
Debt Burden	Very low
Contingent Liabilities	Very low

Note: 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," published on June 30, 2014, summarizes how the eight factors are combined to derive the foreign currency rating on the government.

Key Sovereign Statistics

- Sovereign Risk Indicators, Oct. 12, 2015. Interactive version available at http://www/spratings.com/sri

Related Criteria And Research

Related Criteria

- Methodology For Rating Non-U.S. Local And Regional Governments, June 30, 2014

Related Research

- Canada Economic Outlook: Low Oil Prices Ignite Recessionary Forces, Sept. 3, 2015
- 2014 Annual International Public Finance Default Study And Rating Transitions, June 8, 2015

Ratings Detail (As Of November 19, 2015)	
Yukon (Territory of)	
Issuer Credit Rating	AA/Stable/--
Issuer Credit Ratings History	
08-Jun-2010	AA/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.