THE OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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Treasurer Nappier Announces Unprecedented Bond Sale

-- State of Connecticut Taxable Pension Obligation Bonds--

Will put Teachers' Retirement Fund on Sound Financial Footing;
Touted as a High-Quality Opportunity for Investors

The State of Connecticut is about to launch its largest bond sale ever, State Treasurer Denise L. Nappier announced today. On Tuesday, April 1, 2008, the Treasury released the Preliminary Official Statement (POS) relating to the State's proposed sale of approximately $2 billion of Taxable General Obligation Bonds.

"This bond sale is historic, critically needed, well-timed and worthy of investor consideration," said Nappier.

Backed by the full faith and credit pledge of the State, the bonds will be issued to fund $2 billion of the State's unfunded liability in the Teachers' Retirement Fund, pay the costs of issuance and capitalize up to two years of interest. The bonds will be taxable for federal taxpayers but free from State of Connecticut personal income tax, and will carry a 24-year final maturity.

"This is a fiscally prudent, sound investment approach to ensure that the State will adequately meet its obligation to the state's educators and their beneficiaries," Nappier said. "Once and for all, it will secure the retirement benefits rightfully due our teachers and, at the same time, reduce the burden our taxpayers have borne for too long and which future taxpayers would otherwise have to bear. Improving the funded status of the Retirement Fund has been a goal since I first assumed office."

The Teachers' Retirement Fund provides benefits to approximately 63,000 active and former members accruing benefits and 28,000 retired members, along with their beneficiaries. Because Connecticut teachers do not participate in the Social Security System, the Teacher's Retirement Fund is therefore their only employer-based source of

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retirement income. During Legislative consideration of the bonds, the Connecticut Education Association (CEA), the American Federation of Teachers (AFT), the Association of Retired Teachers of Connecticut (ARTC), and other members of the education community launched a major campaign which proved vital in obtaining passage of the bonds and the Governor's sign-off.

"Connecticut's teachers have done so much in preparing our young people to contribute to the health and vibrancy of our state's economy," said Nappier. "Surely, the citizens of this state owe them a debt of gratitude, and I know this pension obligation bond will give them comfort in knowing their pension benefits will be there when they retire."

The Treasury expects the cost of borrowing to fall well below the average rate of return on the invested bond proceeds, and given the current low interest rate environment, the probability of achieving significant savings is high. Nappier also expressed confidence that investors worldwide will find Connecticut's bonds a very attractive investment as they look for quality, safe opportunities to grow their money.

Not only will the bond issue reduce a portion of the unfunded pension liability, it is the first time that any issuer has used a bond covenant to commit 100% annually to a pension fund based on what the Fund actuary says is needed for as long as the bonds are outstanding.

"We are putting the Teachers Retirement Fund on a path of sound financial footing and setting an example worthy of consideration by other government entities facing mounting pension liabilities," Nappier said.

The Bonds will be marketed to Connecticut individual investors from April 7 to April 14, 2008; and to institutional investors beginning April 14, 2008. The bond issue has received the following ratings: Standard & Poor's AA; Fitch AA; Moody's Aa3; and the Moody's Global Scale Rating: Aaa.

Interested investors should go to www.buyCTbonds.com for additional information and a full offering statement.

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