OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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NAPPIER REPORTS CONNECTICUT BOND SALE ATTRACTS STRONG INVESTOR DEMAND
Deficit Funding at Low Interest Rates Means Short-term Savings of $40M

Hartford – Connecticut State Treasurer Denise L. Nappier announced today that the Treasury's successful $1 billion general obligation bond issue, with the lion's share representing economic recovery notes, will save $40 million over the next five years beginning in 2012. The State borrowed at historically low interest rates of just 2.34% on the economic recovery notes, and was able to accelerate the issuance of certain general obligation bonds planned for later in the fiscal year. "Investors' reaction to our sale was more than we had expected. This week's bond sale speaks volumes about how the investment community continues to rate Connecticut's paper very highly, and our taxpayers will be the beneficiaries of that high regard," said Treasurer Nappier.

Due to exceptional retail and institutional investor demand, the State increased the size of the bond transaction from $600 million to $1.08 billion. "The stars were in alignment for us. Not only did we structure an efficient bond offering, we tapped into a favorable market climate. In just one transaction, we were able to negotiate very attractive pricing and, as a result, take advantage of economies of scale," said Nappier.

The notes and bonds are rated Aa3/AA/AA by Moody's Investor Service, Standard & Poor's and Fitch Ratings, respectively. The State's issuance attracted overwhelming interest from investors despite the recent negative outlook placed on the State by Moody's and Fitch. The three-day sale kicked off on Friday, November 6th with orders taken from individual investors over a two-day period. This gave individual investors the opportunity to purchase the State's bonds ahead of institutional investors, and they responded by generating an impressive $355 million of orders -- among the highest totals ever received for a general obligation issue.

This strong showing of support for the State's notes set the stage for the institutional order period on the third day of the sale. Sizeable orders came in from a variety of institutional investors, with the total amount exceeding the bonds offered by almost two-and-a-half times.

Economic Recovery Notes to Eliminate Fiscal Year 2009 Budget Deficit

Bond proceeds from the sale of $915,795,000 of the economic recovery notes will fund the deficit in the State's General Fund for the fiscal year ending June 30, 2009. The State has previously issued such notes in 1995, 2002 and 2004 with five-year maturities, but repaid those notes approximately two years early. Similar to these prior transactions, the current economic recovery notes are structured to mature in annual installments over a five-year period beginning in 2012. Under the Act authorizing the economic recovery notes, any General Fund surpluses will be used first to redeem any outstanding notes prior to maturity. Due to this provision, notes maturing in 2015 and 2016 include early redemption features.

Nappier's office negotiated the underwriting structure which produced yesterday's record-setting note sale. Citi led the offering, which included 16 other firms in the management group and a selling group. Other transaction participants included Day Pitney LLP and Finn Dixon & Herling LLP as co-disclosure counsel; Robinson & Cole and Soeder & Associates LLC as co-tax counsel; and P.G. Corbin & Company and Acacia Financial Group as co-financial advisors. The sale is scheduled to close on December 3rd.

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