



OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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NAPPIER ANNOUNCES RECORD-SETTING BOND SALE; CONNECTICUT TAXPAYERS SAVE ON INTEREST COSTS

Connecticut Treasurer Denise L. Nappier today announced the most successful retail bond sale in Connecticut history. The State of Connecticut sold \$450,000,000 of General Obligation Bonds on June 20, 2000 on a negotiated basis through an underwriting syndicate led by Merrill Lynch & Co. \$211,000,000 of the bonds – the highest dollar amount ever in Connecticut – were sold to retail investors.

"I'm delighted to have been able to get these securities into the hands of so many retail investors," Nappier commented. "It's a good, secure investment for the individual purchasers and the state saves money as well."

"Retail investors in these numbers," Nappier said, "can reduce the cost of a bond transaction significantly – perhaps by as much as 3 to 5 basis points below the prices paid when institutions alone exercise their buying power. They increase demand for securities and thereby enable the State, as a seller, to get a better price or interest rate. As a result, every dollar of debt placed in the retail market saves Connecticut taxpayers from having to make higher interest payments during the life of the bonds. The savings on the \$211,000,000 retail sale will be realized over the 10.5 year average life of these bonds. I am pleased to have been able to put together a deal like this and produce these results for Connecticut taxpayers."

Nappier's Treasury negotiated the underwriting structure which produced today's record-setting bond sale. In selecting Merrill Lynch to lead the offering, Nappier expected that the firm's strong retail marketing network would result in a lower interest rate issue. That's just what happened, as retail investors scooped up approximately 47% of the bond offering.

The very presence of so many retail investors in this transaction kept the overall true interest cost of the transaction at 5.31%, so Connecticut taxpayers also will benefit from the relatively low interest rates at which the bonds sold. Even though the State's GO Bonds are rated Aa3/AA/AA by Moody's, Standard & Poor's and Fitch, respectively, today's bonds were priced at interest rate levels which were close to AAA benchmarks.

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Paul Kuhns, Managing Director of Merrill Lynch, commented, "The rating agencies consider Connecticut a strong credit with solid economic growth and exceptional wealth levels. In addition, the State's financial operations and management have proved solid with large budget surpluses for the last six fiscal years. These credit and financial management strengths were viewed very favorably by retail and institutional investors in this bond deal."

"The ability to structure the transaction to attract heavy retail and institutional investor participation was critical in keeping the State's interest rate costs for this deal low. Both institutional and retail investors recognized the State's impressive credit story and reacted positively to the new supply of Connecticut paper. This was especially evident in the enormous retail demand for the State's bond. It was a pleasure working with Connecticut's Office of the Treasurer on this transaction," Kuhns added.

The sale which closed today enabled retail investors to submit their orders beginning Friday, June 16 through the June 20, 2000 sale date. Institutional investors were able to submit their orders on June 20. The resultant 5.31% pricing was oversubscribed by investors who ordered, on average, more than 1.5 times the number of bonds that were available.

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