



OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

FOR IMMEDIATE RELEASE

Friday, September 26, 2003

Standard & Poor's Improves State Credit Outlook From Negative to Stable

\$200 Million Bond Issue Slated for Next Week

State Treasurer Denise L. Nappier announced today that Standard & Poor's Ratings Services has once again affirmed the State's AA credit rating, and has taken the extra step of changing the outlook on the State's rating from negative to stable.

"This action sends a message of confidence to the investment community regarding the creditworthiness of the State of Connecticut," Nappier said. "The State has already taken some strong measures, but we need to stay on top of our budgetary process and keep our fiscal house in order. Clearly, the rating agencies are watching."

Standard & Poor's issued the rating for an upcoming \$200,000,000 General Obligation bond issue scheduled to sell next week. A stable outlook indicates to investors that the current rating is not under review at this time by the agency. A negative outlook is considered a caution to investors that a credit rating may be under review for a possible downgrade.

The agency stated that the State still has some challenges to address but that recent efforts to achieve structural budget balance were significant enough to address their recent concerns. Standard & Poor's had placed the State's rating on negative outlook a little over a year ago (August 2002) based on concerns regarding revenue deterioration, projected budget deficits and the need to achieve structural balance in the budget.

"The change to a stable rating from Standard and Poor's should set a positive tone for investors in the upcoming bond sale," said Treasurer Nappier. "We will continue to work closely with the financial community to achieve results in the best interest of bond purchasers and Connecticut's taxpayers."

Nappier noted that the State Treasurer's Office has implemented an aggressive program of refinancing and defeasing outstanding debt to lower the cost and provide needed budget savings. In just over the past three years, the Office has refinanced or defeased about \$3.4 billion of General Obligation, Special Tax Obligation, Clean Water Fund, Second Injury Fund and UCONN debt obligations providing debt service savings of over \$275 million over the life of the bonds.

More...

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“As we follow through on bonding authorized by the General Assembly, our efforts to refinance existing debt will continue to help alleviate budget pressures and reduce the burden on taxpayers now and in the future,” Nappier said.

The upcoming bond sale is a \$200,000,000 General Obligation 2003 Series E transaction to fund various State capital improvements and grants. Moody’s Investors Service affirmed the State’s rating at Aa3 with a stable outlook and Fitch Ratings affirmed the rating at AA. The bonds will be offered in serial maturities from 2004 through 2023. Retail orders will be accepted by participating brokers on September 29 and 30. The bonds are scheduled to price on October 1 and close on October 15. The transaction will be senior managed by Advest, Inc.

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