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New York City Transitional Finance Authority Fiscal 2001 Series B Bonds Receive Strong Investor Demand Despite Large Competing Supply of Bond Issuance

The New York City Transitional Finance Authority (the "TFA") announced today that it successfully priced its Fiscal 2001 Series B Bonds. The spreads to MMD triple-A general municipal market scale were consistent with the recent strong performance of the TFA. The spread over the MMD was 10 basis points or less in all but one maturity.

The tax-exempt fixed-rate new money bonds totaling $415 million were sold on a negotiated basis through the TFA's underwriting syndicate led by book-running senior manager Bear, Stearns & Co. Inc. Lehman Brothers and Morgan Stanley Dean Witter served as co-senior managers on the tax-exempt portion of the deal. An additional $100 million of daily mode variable rate bonds will be priced on or about the closing on March 15, 2001.

Institutional demand for TFA's bonds was strong and broad based. The approximately $343 million of bonds offered to institutions, net of retail pre-sale orders, were oversubscribed more than 2 times by the approximately $723 million of priority orders from institutions. There were an additional $446 million of member orders submitted by securities firms in the syndicate.

As a result of the strong investor demand, interest rates were reduced 01 to 03 basis points in six of the maturities following the institutional order period. The tax-exempt portion of the transaction was structured with serial maturities from 2003 through 2020, and did not include any term bonds. Serial bonds produce cost-savings because they capture lower interest rates in the earlier maturities resulting from the steeply positive municipal market yield curve. Yields (interest rates) after the repricing ranged from 3.45 percent in the 2003 maturity to 5.17 percent in the 2020 maturity.

The sale was preceded by a two-day retail order period that opened on Tuesday, February 20 and concluded on Wednesday afternoon, February 21. The $72 million of retail pre-sale orders totaled approximately 17 percent of the tax-exempt bonds offered. This was a strong order period for the TFA by historical standards despite the large volume of other issuance and prospective issuance in the municipal bond market much of which included retail order periods.

Moody's Investors Service rates the TFA at Aa2, Standard & Poor's rates the TFA at AA+, and Fitch rates the TFA at AA+.

The proceeds of this bond sale will be used to fund the ongoing capital improvement program of New York City. The TFA intends to come to market again in May, 2001.