New York City TRANSITIONAL FINANCE AUTHORITY
255 Greenwich Street, 6th Floor ▪ New York, NY 10007-2106
Telephone: (212) 788-5877 ▪ Fax: (212) 788-9197

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Strong Demand for New York City Transitional Finance Authority Fiscal 2001 Series A Bonds Produces Largest Retail Orders and Lowest Relative TFA Borrowing Cost Ever

The New York City Transitional Finance Authority (the "TFA") announced today that it successfully priced its Fiscal 2001 Series A Bonds. The spreads to MMD triple-A general municipal market scale, which for example were 02 basis points in the 15 year maturity and 09 basis points in the 20 year maturity, were the lowest for the TFA since its inception in 1997.

The tax-exempt bonds totaling approximately $420 million were sold on a negotiated basis through the TFA's underwriting syndicate led by book-running senior manager Lehman Brothers. Morgan Stanley Dean Witter and Bear, Stearns & Co served as co-senior managers on the tax-exempt portion of the deal.

The tax-exempt portion of the transaction was structured with serial maturities from 2002 through 2024, the greatest number of serial bonds ever employed on a TFA bond issue, and included a single term bond in 2026. 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) ranged from 4.27 percent in the 2002 maturity to 5.625 percent in the 2026 term maturity. Although the market tone was soft during the institutional order period, TFA was able to reduce its yields 02 basis points each in the 2013-2017 maturities.

The sale was preceded by a two-day retail order period that opened on Friday afternoon, October 20 and concluded on Monday afternoon, October 23. The $105 million of retail pre-sale orders totaled approximately 25 percent of the tax-exempt bonds offered, equaling the highest percent ever on a TFA financing. Maturities 2002 through 2004 were completely pre-sold in the retail order period.

Institutional demand for TFA's bonds was strong and broad based. The approximately $285 million of bonds offered to institutions, net of retail pre-sale orders and retention, were oversubscribed more than one and a half times by the approximately $430 million of priority orders from institutions. There were an additional $430 million of member orders submitted by securities firms in the syndicate.

Lehman Brothers will be the remarketing agent for an additional $100 million of tax-exempt variable rate bonds which will be priced on or about the closing date of October 31.

Last week, the TFA received ratings upgrades from Moody's Investors Service (from Aa3 to Aa2) and Standard & Poor's (from AA to AA+). Fitch affirmed the TFA rating at AA+.

The proceeds of this bond sale will be used to current refund the outstanding TFA Fiscal 2000 Series 3 Bond Anticipation Notes which mature on November 1. This bond sale is the

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first of three TFA bond sales scheduled for issuance in Fiscal Year 2001 the next of which is scheduled for February 2001.