



News release

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Strong investor interest keeps down cost of borrowing as NJTA sells \$1.85 billion of Build America Bonds

WOODBIDGE, December 8, 2010 – The New Jersey Turnpike Authority sold \$1.85 billion in Build America Bonds today at a cost well below its 2009 Build America Bonds issue. The proceeds will be used to fund the ongoing capital improvement program, including important projects such as the widening of the Turnpike and Parkway.

The spread to U.S. Treasury 30-year bonds was more than 100 basis points lower on the bonds sold today than it was on the April 2009 bond sale. The transaction received strong demand with broad distribution to investors. That interest enabled the credit spread to be reduced by 25 basis points over the course of pricing the bonds. The credit spread on this sale was 262.5 basis points, far below the 370 basis points spread on the \$1.375 billion of Build America Bonds issued by the Turnpike Authority in 2009. The interest rate achieved on today's sale is significantly lower than many comparable bond issues in the market over the past couple of weeks.

The expenses associated with issuing the bonds were also far below the 2009 sale. The Turnpike Authority used a competitive process for selecting the underwriters and other services. As a result, it expects to save between \$8 and \$9 million in fees and costs of issuance over what it paid last year.

“We’re saving millions of dollars at a time when we need to save every dollar we can,” said Turnpike Authority Chairman James Simpson. “Governor Christie has challenged every department, agency and authority in New Jersey to reduce the cost of doing business. We met that challenge today, while at the same time securing funding for critical capital projects that will make the Turnpike and the Garden State Parkway safer and less congested.”

“The success of this bond sale is a reflection of the credit strength of the Turnpike Authority and of our prudent financial approach,” said Turnpike Authority Executive Director Veronique Hakim. “We worked hard to have this financing ready this year so we could take full advantage of the Build America Bonds subsidy that may expire on Dec. 31.”

The New Jersey Turnpike Authority operates two of the busiest toll roads in North America – the New Jersey Turnpike and the Garden State Parkway. Its Board of Commissioners adopted a 10-year, \$7 billion capital program in 2008.

Goldman Sachs & Co. is the senior manager on the sale. Citigroup Global Markets is the co-senior manager. Eight other companies are serving as co-managers.

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