

News Release



Controller of the State of California - Kathleen Connell

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For Immediate Release

STATE CONTROLLER KATHLEEN CONNELL SELLS LARGEST ISSUE OF REVENUE ANTICIPATION WARRANTS

RAW Sale Receives 3 to 1 Coverage at Historically Low Interest Rates

SACRAMENTO, June 18, 2002 – State Controller Kathleen Connell today announced that the State awarded \$7.5 billion in short-term debt securities to a total of six firms submitting bids at the competitive sale.

“We are pleased with Wall Street’s excellent response to this offering,” stated Controller Connell. “With the sale of these securities, the State has funded its cash flow needs for the remainder of this fiscal year and the early parts of next.”

The short-term obligations, called “RAWs” (Revenue Anticipation Warrants), are rated MIG 1 rating from Moody’s Investors Service, SP-1 from Standard & Poor’s Rating Service, and F-1+ from Fitch Ratings. The RAWs mature beginning in late October and ending in January 2003. A total of 12 firms submitted bids in the amount of \$22.4 billion for \$7.5 billion worth of securities, and of those, six were successful. Investment firms bid a total of \$5.2 billion for Series A with a net interest cost of 1.69%-1.78%; \$8.475 billion for Series B with a net interest cost of 1.77%-1.86%; and \$8.725 billion for Series C with a net interest cost of 1.92%-1.96%.

“By selling the securities at a competitive sale, the State was able to ensure that it borrowed this money at the best possible rates,” stated Controller Connell. “I am gratified that California received the warm welcome that it got.”

Six Wall Street firms, including Morgan Stanley, J.P. Morgan, Lehman Brothers, Salomon Smith Barney, Goldman, Sachs, and Banc of America, were among the successful bidders. The RAWs were offered to the public through various securities firms.

The State will receive proceeds from the sale on June 24, 2002.

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***To arrange an interview with State Controller Kathleen Connell,
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