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**NEW YORK CITY TRANSITIONAL FINANCE AUTHORITY RECOVERY NOTES
RECEIVE HIGHEST EVER RETAIL PARTICIPATION**

The New York City Transitional Finance Authority (the "TFA") announced today that it successfully priced its Fiscal 2002 Recovery Notes in a negotiated sale. Retail buyers purchased almost 40% of the total issue during the two-day retail order period prior to today's sale, the greatest retail participation of any New York City issuer ever.

The tax-exempt Recovery Notes priced at 3 basis points over the MIG-1 short-term benchmark index. The tax-exempt fixed-rate Recovery Notes totaling \$1 billion were initially priced to yield 2.18%, and the yield was reduced to 2.13% in the final pricing.

The Recovery Notes were oversubscribed by over 4 times, with priority institutional orders of almost \$2 billion and total institutional orders of over \$2.7 billion for the \$613 million in bonds offered to institutional investors. The Recovery Notes have a maturity date of October, 2002, and if not previously funded with federal reimbursement, the Recovery notes will be taken out with new money TFA bonds at maturity.

Bear Stearns served as book-running senior manager on today's transaction, with Lehman Brothers and Morgan Stanley serving as co-senior managers.

Moody's Investors Service rates the TFA at Aa2, Standard & Poor's rates the TFA at AA+, and Fitch rates the TFA at AA+. Today's Recovery Notes received the highest short-term ratings from all three rating agencies.