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Contact:

Freddi Goldstein, Deputy Press Secretary, Mayor's Press Office

212-788-2958

Alan Anders, Deputy Director for Finance, Mayor's Office of Management & Budget

212-788-5872

Tyrone Stevens, Press Secretary, Office of NYC Comptroller Scott M. Stringer

212-669-4328

Carol Kostik, Deputy Comptroller for Public Finance, Office of NYC Comptroller Scott M. Stringer

212-669-8334

**TSASC, INC. ANNOUNCES \$653 MILLION
TOBACCO SETTLEMENT BOND SALE**

TSASC, Inc. ("TSASC") announced today the sale of approximately \$653 million Tobacco Settlement Bonds, comprised of \$613 million of Senior Bonds and \$40 million of Subordinate Serial Bonds. Proceeds from the sale will be used to refund TSASC's outstanding bonds.

The Senior Bonds have maturity dates ranging from 2017 – 2041, while the Subordinate Serial Bonds have maturity dates ranging from 2018 – 2025.

During the order period, approximately \$3.5 billion of institutional orders were received, representing an oversubscription of 5.3x the bonds being offered. Given the strong investor demand, final yields for the Senior Bonds were reduced by 3 – 8 basis points for the 2017 - 2019 maturities and 10 - 13 basis points for the 2020 – 2041 maturities. Yields were also reduced by 5 basis points for the Subordinate Serial Bonds. Final stated yields ranged from 1.22% to 4.43% for the Senior Bonds, and 2.02% to 3.76% for the Subordinate Serial Bonds.

The bonds were sold via negotiated sale through TSASC's syndicate, led by book-running lead manager Jefferies, with Citigroup and Siebert Cisneros Shank & Co., L.L.C. serving as co-lead managers on the transaction.

In conjunction with today's sale, TSASC also placed \$450 million of Subordinate Turbo Term Bonds with holders of existing TSASC bonds. The Subordinate Turbo Term Bonds have a 5% coupon and a turbo redemption feature which allows TSASC to redeem the bonds before their stated maturities in 2045 and 2048.