



State of New Jersey

Department of the Treasury

For Immediate Release
September 23, 2010

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Rating Agency Reaffirms Strength of New Jersey's Economy and State Finances

"Favorably, an aggressive agenda for pension reform has recently been put forward by the administration."

--Moody's Outlook Report

Trenton, Sept. 23, 2010 – State Treasurer Andrew Sidamon-Eristoff issued the following statement in response to Moody's Investors Service decision to preserve its Aa2 rating on New Jersey's general obligation debt, while changing its outlook for the debt rating to negative from stable.

"I am pleased that Moody's along with Standard & Poor's and Fitch have affirmed their previous opinions and ratings of New Jersey's financial condition," the Treasurer said. "It is heartening to have all three rating agencies recognize the progress being made under Governor Christie's leadership, and preserve our ratings."

While the report was positive and supportive of the Christie administration's efforts to control spending and its judicious use of new debt, it also noted concerns for the future, including New Jersey's unfunded pension liabilities and substantial obligations for post-retirement medical expenses.

"The Moody's report does reinforce that rapid passage of Governor Christie's reform programs is critical to preserving the state's long-term fiscal integrity," Sidamon-Eristoff said. "The report recognized that the Governor had implemented notable spending reductions in the 2011 budget while indicating that future ratings would 'focus on the relative resiliency of the state's economy;

and the administration's ability to demonstrate progress toward reducing the state's structural budget imbalance and addressing unfunded long-term liabilities.' ”

Moody's praised the “aggressive agenda” for pension and benefit reform that the governor has initiated, while noting that the reforms still require legislative approval.

“The preservation of our rating by all three major agencies means that when the State borrows funds we will enjoy favorable interest rates,” the Treasurer said.