



FOR IMMEDIATE RELEASE  
October 30, 2007

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**Knik Arm Crossing Project Receives \$600 Million  
Private Activity Bond Capacity Allocation from USDOT**

Anchorage, Alaska—The Knik Arm Bridge and Toll Authority (KABATA) announced today that it has received conditional approval from the United States Department of Transportation of its application for a \$600 million allocation of Private Activity Bonds (PABs) capacity. Congress provided \$15 billion of national PABs capacity for qualifying transportation facilities under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users transportation bill, commonly referred to as SAFETEA-LU.

The issuance of PABs under the approved allocation is conditioned upon receiving a Record of Decision and selection of a private partner, among other conditions.

The approval makes tax-exempt PABs financing available to shortlisted consortia competing for the Knik Arm Crossing concession under a Public-Private Partnership Agreement. KABATA is qualified to act as the conduit issuer for the PABs on behalf of the successful consortium. The PABs would be issued concurrent with financial close.

“The ability of our prospective private partners to access lower cost tax-exempt financing as part of their financial proposal will improve the competitive nature of the proposals,” said Kevin Hemenway, KABATA’s CFO.

KABATA previously shortlisted through a Request for Qualifications process two consortia headed by Macquarie and Bouygues Travaux Publics and expects to issue a formal Request for Proposals in December 2007 and select the winning offer in the second half of 2008.

Additional information is available on KABATA’s website at [www.knikarmbridge.com](http://www.knikarmbridge.com).

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