PRESS RELEASE

Contact: María S. Rosario
Tel: (787) 728-9200 / (787) 722-2525 exts. 2013 / 2014
Cel. (939) 644-4606 / www.gdbpr.com

GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
COMMONWEALTH OF PUERTO RICO

FOR IMMEDIATE RELEASE

COMMONWEALTH OF PUERTO RICO ISSUES $887 MILLION OF TRANS NOTES PRODUCING SUBSTANTIAL SAVINGS OVER EXISTING BANK DEBT

SAN JUAN, PUERTO RICO, November 6, 2008 – The Commonwealth of Puerto Rico today successfully issued $887 million in Tax Revenue Anticipation Notes (TRANS) at the favorable interest rate of 4.65%, Jorge Irizarry, President of the Government Development Bank for Puerto Rico, announced.

"Although we had to delay issuance of the notes a month ago because of turmoil in the municipal bond market, we are pleased to come to market at a more favorable point in time and be able to get more attractive rates for the benefit of Puerto Rico taxpayers," said Mr. Irizarry. "We experienced solid demand, showing once again continued demand for Puerto Rico bonds."

A syndicate of four banks led by Bank of Nova Scotia (Scotiabank) guaranteed the TRANS notes through maturity, on June 30, 2009. Other members of the syndicate included BNP Paribas, a large French bank, Banco Bilbao Vizcaya Argentine S.A. (BVD), and Belgium-based KBC Bank, N.V.

The issue will partially replace a $1.5 billion revolving line of credit placed with a bank syndicate on July 1 by the Treasury Department, at variable rates tied to LIBOR. "The yield on the TRANS notes, which were issued at a fixed rate in four series, ranged from 1.65% to 2.40%, to which 2.25 % must be added for the cost of the letter of credit. Fixing the interest rate produces greater budget certainty," explained Luis Alfaro, Executive Vice-President and Financing Director.

The issue, lead by Wachovia Securities along with Loop Capital and Merrill Lynch as co-seniors and sold to institutional investors for the most part, generated orders totaling more than $4,000 million. The notes were rated MIG 1 by Moody's and SP-1+ by Standard & Poor's, which denotes superior credit quality.

Act No. 1 of June 1987 authorizes the Secretary of the Treasury of Puerto Rico to issue credit notes up to $1.5 billion in anticipation of revenues collected by income taxes to cover its operations in the corresponding fiscal year. These short-term notes mature on July 30, 2008 and allow for the effective management of cash flows.

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Additional Contacts for Government Development Bank for Puerto Rico

Anreder & Company

Steven Anreder, 212-532-3232, steven.anreder@anreder.com

or

Gary Fishman, 212-532-3232, gary.fishman@anreder.com