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

GDB Government Development Bank for Puerto Rico
COMMONWEALTH OF PUERTO RICO

October 18, 2006

$875 MILLION IN TAX AND REVENUE ANTICIPATION NOTES SOLD

The Commonwealth of Puerto Rico placed today $875 million in Tax and Revenue Anticipation Notes (TRANs) in the U.S. tax-exempt market, at the favorable interest rate of 3.5%, with the backing of six international banks, announced Alfredo Salazar, chairman of the Board of Directors of the Government Development Bank for Puerto Rico.

"Because of the letters of credit, the TRANs were rated favorably, SP-1+ by Standard & Poor's and MIG-1 by Moody's Investors Service, resulting in a lower financing cost," Salazar said.

"The issue had a good acceptance by individual investors, who bought $289 million of the notes," said GDB Financing Executive Vice President Jorge Irizarry. "Total interest cost was 4.18%, including the cost of the letters of credit."

The bank syndicate, which provided the letters of credit guaranteeing payment of the notes upon maturity, was comprised of six international banks led by The Bank of Nova Scotia. The group also included BNP Paribas, Dexia Credit Local, Fortis Bank, S.A./N.A., Banco Bilbao Vizcaya Argentaria S.A., and Banco Santander Central Hispano.

The TRANs issue provides cash flow for the government of the Commonwealth of Puerto Rico to comply with its financial commitments until the Department of the

PRESS RELEASE

Treasury receives the revenues collected from taxes in April of the corresponding fiscal year. These short term notes are payable on July 30, 2007.

The issue was managed by Merrill Lynch. 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 temporary needs of cash flow.

PRESS RELEASE