

P R E S S R E L E A S E

Contact : María S. Rosario

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



COMMONWEALTH PLACES \$250 MILLION IN GENERAL OBLIGATION BONDS TO FINANCE PUBLIC WORKS Credit Rating Reaffirmed

September 4, 2008 - The Commonwealth of Puerto Rico placed today \$250 million in General Obligation Bonds in the U.S. tax-exempt market to finance more than 860 infrastructure projects throughout the Island, announced Jorge Irizarry, President of the Government Development Bank for Puerto Rico (GDB).

The new money generated by this issue will be used to finance important capital developments, among which is the construction and equipment of Level I of the Trauma Unit at the Río Piedras Medical Center, construction of the Trauma Room at the Mayagüez Medical Center, with an \$8 million investment, and another \$8 million will be channeled to the extension of the Urban Train to Caguas.

This General Obligation (GO) issue, a transaction that is ordinarily done every year by the government to finance infrastructure projects, was sold after Standard & Poor's and Moody's rating agencies confirmed yesterday their investment grade ratings of BBB- and Baa3, respectively, with stable outlook for the Commonwealth bonds.

With this issue, \$250 million will be invested in capital improvements, such as remodeling and improvements to schools, construction of sports and recreational facilities, market places, communal centers, and repaving or roads, in all municipalities.

The issue attained a total interest cost of 5.5% in the 103 Market and the spread was 80 basis points, which compares favorably with the most recent GO refinancing issue sold in May 2008, which registered a spread of 108 basis points. Orders were received from 37 institutional investors, a two-fold oversubscription.

The issue was managed by Morgan Stanley, with Bank of America Securities and UBS Financial Services, with the participation of 16 other firms that form part of the syndicate designated by the Commonwealth of Puerto Rico.

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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

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