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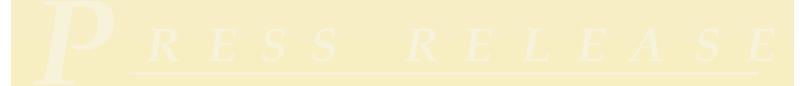
COMMONWEALTH SUCCESSFULLY REFINANCES \$1 BILLION IN GENERAL OBLIGATION BONDS

The Commonwealth of Puerto Rico refinanced yesterday \$1,023 million in General Obligation bonds in the U.S. tax-exempt market, achieving \$57 million in savings at present value, announced Government Development Bank for Puerto Rico (BGF) acting president, Jorge Irizarry.

"With this bond issue we reduce the debt service payment covered by the General Fund, which supports the efforts of reducing expenses from the central government budget," Irizarry said.

This general obligations issue is taken to market after selling a \$500 million issue on September 20 in a competitive bidding with the participation of nine broker firms to generated new money, in GO issue corresponding to fiscal year 2007. Of this amount, \$175 million will be used to repay previous loans made by the GDB to the public improvements fund, hence not representing new debt. The remaining \$325 million will be invested in infrastructure projects in the areas of education, health and transportation for the benefit of the 78 municipalities and several agencies, among others.

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Of the total amount of \$1,023 million of this issue, over \$800 million were insured by the main insurance companies, including MBIA, FGIC, FSA, Ambac, and Assured Guaranty, receiving a AAA rating, hence showing the continued confidence of these firms in Puerto Rico's good credit.

"With this transaction we continue to fulfill our objective of identifying financial strategies for the benefit of Puerto Rico's finances, as well as that of accessing the market only when it presents the most favorable conditions for us," Irizarry stated.

The bond issue achieved a 4.15% TIC, one of the lowest recorded in the last years. Also, it was oversubscribed two-fold, which reaffirms the bond buyer's interest in Puerto Rico bonds.

The issue was manager by UBS Financial Services, together with Lehman Brothers and Morgan Stanley. The bonds received Baa3 and BBB- ratings from Moody's and Standard & Poor's, respectively.

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