

# PRESS RELEASE

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GOVERNOR-ELECT  
ALEJANDRO GARCÍA PADILLA

## **COMMONWEALTH OF PUERTO RICO GOVERNOR-ELECT ALEJANDRO GARCIA PADILLA COMMENTS ON MOODY'S DOWNGRADE AND NEW ECONOMIC AND FISCAL TEAM**

December 17, 2012, San Juan, Puerto Rico – Governor-elect Alejandro Garcia Padilla commented on the recent announcement by Moody's Investors Service of its ratings downgrade of the Commonwealth of Puerto Rico General Obligation (GO) bonds: "Moody's actions further signal the need for fiscal discipline at the Central Government and in our Public Corporations. In working towards fiscal balance and stability, my administration will focus on job creation and economic development initiatives, meaningful pension reform, and implementing prudent austerity measures."

On December 11, Governor-elect Garcia Padilla named his economic and fiscal team, which includes long-time banker David H. Chafey, Jr. as Chairman of the Board of Directors of the Government Development Bank for Puerto Rico (GDB), corporate attorney Javier D. Ferrer as President of the GDB, attorney and CPA Melba Acosta as Secretary of the Treasury, and attorney Carlos D. Rivas as the Director of the Office of Management and Budget.

Governor-elect Garcia Padilla, together with his economic and finance team and other transition team members, continue a smooth transition with the outgoing administration. The Governor-elect added: "I recently named our new economic and fiscal team who will reach out to the rating agencies and the investor community as soon as possible after the inauguration in January. We fully recognize that timely action is required. As it has done in the past, Puerto Rico will continue to honor its obligations and protect the investment quality of our debt in the marketplace."

Separately, Mr. Chafey added the following comments: "We will act swiftly and decisively to continue on the road towards a balanced budget, a return to economic growth and stability in our bond ratings. The Moody's ratings report highlights the challenges that we know we face, but that the new Administration will tackle head on, without delay."

Mr. Ferrer added, "Although the transition process is still under way, our team is working on specific budget control and revenue enhancing measures. GDB transition reports show adequate levels of GDB liquidity. We are also evaluating various strategies to address the budget gap for the current fiscal year. We remain committed to delivering timely and accurate economic and financial information to the market."

Finally, incoming Treasury Secretary Acosta noted, "Our team is seasoned, with significant experience in both public and private sectors. I look forward to simplifying the tax code, increasing tax compliance and identifying measures to increase revenues in order to tackle the recurring structural deficit."

The new economic and fiscal team will be meeting with the rating agencies and investors as soon as practicable to discuss its goals and objectives for the remainder of fiscal year 2012-2013 and fiscal year 2013-2014 and the measures they propose to implement to achieve them.

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