PRESS RELEASE

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GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO
COMMONWEALTH OF PUERTO RICO

Departamento de Transportación y Obras Públicas

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PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY SAVES $100 MILLION WITH NEW DEBT REFUNDING BOND ISSUE

The Puerto Rico Highways and Transportation Authority (PRHTA) realized savings of approximately $100 million in interest costs as the result of the successful sale today in the U.S. tax-exempt market, of a $2,194 million bond issue ($1,514 million per Resolution 1998 and $430 million per Resolution 1968) to refinance existing debt, along with another $250 million in new money that was also raised to continue PRHTA's road repaving program, it was announced by Alfredo Salazar, Chairman and Acting President of the Government Development Bank for Puerto Rico, and Gabriel Alcaraz, Transportation and Public Works Secretary.

"Once again the Government of Puerto Rico has accessed the bond market at the right time to take advantage of low interest rates and save money for the Commonwealth," Mr. Salazar said. "With this issue we will save over $100 million in interest payments on PRHTA's debt service over the XX-year life of the issue, a record sum for a refinancing done by the Highways Authority."

In addition, Mr. Salazar pointed out that the new money bonds included in the offering will provide funds to advance the PRHTA rebuilding program. "This financing also generated $250 million in new money that will enable us to continue with the repaving projects in several sections of highways PR-22, PR-52, and PR-2, as well as funds to complete other projects, such as the PR-10 section from Utuado to Adjuntas," he said.

The yield for the bonds placed today was fixed at 3.75% for the shortest maturity in 2008, and at 4.49% for the longest maturity term in 2046, according to Jorge Irizarry, GDB Executive Vice President for Financing. This resulted in an "all in" interest cost of 4.49% for the bond issue, he said.

Mr. Irizarry also pointed out that the offering was well received by investors, underscoring the preference among buyers for Puerto Rico bonds. Other factors benefiting the issue's reception were favorable market conditions and the triple tax exemption aspect of Puerto Rico bonds sold in the municipal market.

The issue, which received ratings of Baa2 by Moody's and BBB+ by S&P, was sold after both credit agencies last week raised the ratings for the bonds issued under the 1968 Resolution to A- with stable outlook and Baa2 with stable outlook, respectively. The moves represented a step forward in the objective of improving the credit ratings of Puerto Rico's public debt and the debt of its bond issuers.

The bond issue was managed by Citigroup, with Goldman Sachs, RBC Capital Markets, and BBVA.