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



May 11, 2004

**$1.168 BILLION BOND ISSUE SOLD BY THE PUERTO RICO PUBLIC BUILDINGS AUTHORITY (PBA)**

The Puerto Rico Public Buildings Authority (PBA) successfully placed today $1,167,965,000 in bonds in the U.S. tax-exempt market to refinance existing debt and accelerate (agilizar) its capital improvements program, prompt en bonos en el mercado exento de los Estados Unidos para refinanciar su deuda y agilizar su programa de mejoras capitales, announced Antonio Faría-Soto, president of the Government Development Bank for Puerto Rico (GDB).

"Once again, the market responded favorably to our bond issues, allowing PBA to take advantage of the still low interest rates to refinance its existing debt and achieve significant savings," the President said. "The bond issue captured the investors' attention even though it took place in the midsts of a fundamental readjustment in the exempt market and the resulting increase both in the offer of bonds and interest rates," stated Faría.

"The yield of the bonds for new money issued today was fixed at 4.97% in the case of the shortest maturity, in 2019, and at 5.43% in the case of the longest maturity, due in 2036," explained Carlos Piñeiro, GDB's executive vice president for Financing. "In the case of the refunding bonds, which mature in 2028 and 2036, the yields were fixed at 4.57% and 427%, respectively," the officer added.

(continues)

“These yields, in turn, generated a total issue cost of approximately 5.18%, Piñeiro said.

This bond issue allowed us to successfully refinance some $323 million in PBA debt, the GDB President said. “This could produce savings in the vecinity of 11%, a rate way over the usual 5% savings, which would amount to savings of approximately $40 million for the Commonwealth of Puerto Rico,” Faría commented. This significant saving, combined to the nearly $900 million we have saved during the last three years, place us very near our goal of achieving savings for a total of $1,000 million in present value for the people of Puerto Rico,” he added.

“On the other hand, the nearly $850 million raised in new money will be used to finance projects planned within the scope of PBA’s permanent public works program,” said the chief executive of the GDB.

According to Faría, a significant amount of the funds will go to finance improvement and enlargements in over 100 schools in a dozen municipalities, including: $51.3 million for the República de Costa Rica Vocational School in Caguas, $49.4 millions for the Luis Muñoz Rivera Vocational School in Utuado, $41.98 million for the Vocational High School in Mayagüez, $41.3 million for the Vocational High School with Special Education in Guayama, $30.46 million for the Carmen Bozello de Huyke High School in Arroyo. $26.39 milloion for the Area Vocational High School in Guaynabo, and $24.7 million for the Vocational High School in Loíza.

(continues)

Likewise, other schools to received benefits are the Urban High School in Yauco with $21.57 million, the Fine Arts High School in Humacao with $28.89 million; the Urban High School in Dorado with $27.5 million; the Salvador Busquest Elementary School in Juana Díaz with $20.99 million; the Urban Intermediate School in Barceloneta with $20.7 million, the José R. Rivera High School in Arecibo with $20.55 million; the Jaime Coira School in Ciales with $20.4 million, and the Luis Meléndez Vocational High Schook in Hatillo with $20.16 million.

The funds generated will also serve to finance Admission and Classification Centers of the Department of Correction in Bayamón and Ponce, with investments of $59 million and $46.86 million, respectively, according to Faría. Other projects include construction, expansion and improvements in government centers throughout the Island, and operating stations and command posts for the Puerto Rico Police and Justice Departments.

The PBA bonds share the credit ratings of the Commonwealth of Puerto Rico — Baa1 by Moody's and A- by Standard & Poor's (S&P)—which were confirmed in time for the most recent Commonwealth general obligation bonds issue. "Some $265 million of the total refinancing bonds were insured by AMBAC, hence receiving the maximum ratings of Aaa from Moody's and AAA from S&P, added the President.

The placing of this bond issue was managed by UBS Financial Services Inc., Lehman Brothers with Santander Securities Corporation and Merrill Lynch & Co., with BBVA Capital Markets of Puerto Rico, Inc. as senior comanagers," concluded Faría.