

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.gdb-pur.com



July 17, 2006

TO REINVEST PRT SHARE DIVIDENDS FOR THE BENEFIT OF THE RETIREMENT SYSTEM

The Government of Puerto Rico will sell its 28% share in Puerto Rico Telephone (PRT) stocks, which is worth approximately \$550 million, to América Móvil, S.A., to redirect the investment in PRT to other higher-yield investment instruments and begin to handle the actuarial deficit of the Commonwealth of Puerto Rico Employees' Retirement System, informed the president of the Board of Directors of the Puerto Rico Telephone Authority, Alfredo Salazar.

On April 2, 2006 Verizon Communications Inc. announced it had reached a final agreement to sell its interests in telecommunications operations in the Caribbean and Latin America, which include the Puerto Rico Telephone, to América Móvil. To that effect, the Puerto Rico Telephone Authority contracted independent financial advisors Duff & Phelps, LLC, to evaluate if the price of \$72.13 per share that América Móvil offers to pay for the Telpri shares, which is subject to adjustments at the time of closing, was a fair and reasonable price.

Duff & Phelps was selected for its experience, expertise and reputation in the field of financial advising. Recently it did the evaluation for the sale of the shares that a Telpri subsidiary owned in Caribe Information Investment. This provided Duff & Phelps with a broader and more updated understanding on Telpri than any of the other company could have.

“In that sense, after the assessment and analysis conducted by Duff & Phelps, we have advised the Retirement System's Board of the merits of exercising our tag-along right to include the Government of Puerto Rico as minority shareholder in Verizon's sale of shares to guarantee the best interest of the government,” Salazar said. “This is provided for in the shareholders agreement subscribed in 1999, which allows minority

shareholders to sell their shares at the same price as Verizon or remain as a minority shareholder with the buyer,” explained Salazar, who is also Chairman of the GDB Board of Directors.

“This transaction will provide the Retirement System the unique opportunity of receiving a lump sum and redirect it to other higher-yield investment instruments”, Salazar stated. From 1999 to this date, the yield from these shares has been very low, 4.3% in average, with periods in which the yield has been less than 1%—as it occurred in 2004. Whereas, the average return of the Retirement Systems investments is 9.82%. Investing the funds that could be raised from the sale of these shares would generate \$35 million in income per year, which would help to improve the actuarial deficit of the Retirement System.

América Móvil is one of the leading telecommunications providers in Latin America with more than 93.3 million cellular clients and over 2 million fixed line clients in Latin America. In this regard, Salazar said that “the billionaire investment by this Latin American group in our country represents a proof of trust in the strength of our economy and its capacity to develop”.

América Móvil is a subsidiary of Telemex, the principal telecommunications company in Mexico. Both are part of the conglomerate that form Grupo Carso, which is presided by businessman Carlos Slim.

P RESS RELEASE