

# **P** R E S S R E L E A S E

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## **COMMONWEALTH ISSUES \$442.7 MILLION IN GENERAL OBLIGATION BONDS**

The Commonwealth of Puerto Rico successfully placed \$442,700,000 today in the U.S. tax-exempt market in the last general obligation bonds issue of this term, announced Antonio Faría-Soto, president of the Government Development Bank for Puerto Rico (GDB).

As in the last three years, once again we have captured such low interest rates that allowed us to achieve one of the narrowest margins ever against the Municipal Market Data index (MMA)", Faría-Soto explained.

We were able to secure low yields in spite of the recent increases in interest rates by the Federal Reserve, Faría-Soto said. "I also want to point out that the issue was oversubscribed threefold and investors were particularly interested in the long-term and uninsured bonds, which reaffirms the investor's confidence in Puerto Rico's credit", stressed Faría-Soto, who was also very pleased because the issue took place at the date scheduled in spite of the passing of Tropical Storm Jeanne through the Island.

"The issue was dedicated exclusively to generate new money to finance capital improvements in transportation, aqueducts and sewers, hospitals, schools, housing and solid waste disposal, among others," said the GDB President.

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According to Faría-Soto, both the traditional acceptance that our bonds enjoy, at the local, state and federal levels, and the attractive interest rates that the market continues to offer, allowed us to place these bonds at yields fluctuating between 3.44% for the shortest term – due in 2014 – and of 4.82% for the longest term – due in 2034. “This, in turn, allows us to capture a true interest cost (TIC) of 4.80%, which is still one of the lowest in the last decades,” indicated Faría-Soto.

The placement of this issue in the U.S. tax-exempt market coincides with a \$93 million issue placed in the local market. “Although the placement of the issue does not end until tomorrow, Thursday, all maturities for the local issue had been oversubscribed threefold after two hours of its release”, Faría-Soto stated.

“This same week we will come again to the market with the annual issue of the Tax Revenue Anticipation Notes (TRANS), this time for \$800 million,” added the President.

The GO’s issue was managed by Morgan Stanley and Popular Securities, while Citigroup and Bank of America Securities together with Oriental Financial served as senior comanagers.

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