

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.gdbpr.com



October 17, 2007

PUERTO RICO PLACES \$1 BILLION IN REVENUE ANTICIPATION NOTES WITH THE HIGHEST RATING

The Commonwealth of Puerto Rico placed today over \$1 billion in Tax and Revenue Anticipation Notes (TRANs) in the market at the favorable interest rate of 3.40% with the highest rating for short-term debt, announced today Juan Carlos Méndez, Secretary of the Treasury, and Jorge Irizarry, acting president of the Government Development Bank for Puerto Rico (GDB).

The TRANs received an SP-1+ rating from Standard & Poor's and MIG 1 with stable outlook from Moody's, the highest ratings assigned by the rating agencies to short-term debt. The comparable rating for long-term debt would be AAA.

“Once again we access the market backed by a seven-bank syndicate, with The Bank of Nova Scotia acting as leading bank, with the support of BNP Paribas, Dexia Credit Local, Fortis Bank, S.A./N.A., Banco Bilbao Vizcaya Argentaria, S.A., KBC Bank, and Banco Santander Central Hispano, which jointly issued a letter of credit guaranteeing the payment the notes at maturity, Irizarry said.

“The conditions for this issuance allowed us to take more that \$1 billion in TRANs to the U.S. tax-exempt market at a lower financing cost for the General Fund, which allows the Commonwealth to financing its central government operations in

anticipation of the usual increase in revenues that the Treasury receives during the second half of the fiscal year,” Mendez said.

The total interest cost was 4.33%, including the cost of the letter of credit for 52 basis points. The bond issue was managed by Wachovia Capital Markets.

Act No. 1 of June 26, 1987, as amended, authorizes the Secretary of the Treasury to issue notes for up to \$1.5 billion to finance government operations for the corresponding fiscal year in anticipation of the tax revenues. These short-term notes mature on July 30, 2008.

P RESS RELEASE